Banque Cantonale Vaudoise

BCV Structured Product
Base Prospectus of 22/11/2024

In accordance with the Federal Act on Financial Services (FinSA) and approved by SIX Exchange Regulation SA on 22 November 2024

CLASSIFICATION

The Product does not represent a participation in any of the collective investment schemes pursuant to article 7 et seq. of the Swiss Federal Act on Collective Investment Schemes (CISA) and thus does not require an authorisation of the Swiss Financial Market Supervisory Authority (FINMA). Therefore, investors in this Product are not eligible for the specific investor protection under the CISA. Moreover, investors in this Product bear the issuer risk.

CONTENTS

1. SUMMARY

1.1. BASE PROSPECTUS

1.1.1. This summary should be read as an introduction to This Base Prospectus.

1.1.2. An investor's decision to invest must be based on the information in This Base Prospectus in its entirety and not on the summary.

1.1.3. Liability for the summary is limited to cases where the information contained therein is misleading, inaccurate or inconsistent when read together with the other parts of This Base Prospectus.

1.1.4. Corporate name

Banque Cantonale Vaudoise

1.1.5. Registered office

Lausanne

1.1.6. Legal form

Banque Cantonale Vaudoise is a société anonyme de droit public (i.e., a corporation organized under public law) within the meaning of Article 763(2) of the Swiss Code of Obligations (hereinafter "CO").

1.1.7. Types of securities

According to the Swiss Derivative Map available at www.svsp-verband.ch:

1.1.7.1. Capital Protection Products (SSPA Category 11)

1. Capital Protection Certificate with Participation (renamed as from 2021: "Capital Protection Note with Participation") (**SSPA Category 1100**)
2. Barrier Capital Protection Certificate (renamed as from 2021: "Barrier Capital Protection Note") (**SSPA Category 1130**)
3. Capital Protection Certificate with Twin Win (renamed as from 2021: "Capital Protection Note with Twin Win") (**SSPA Category 1135**)
4. Capital Protection Certificate with Coupon (renamed as from 2021: "Capital Protection Note with Coupon") (**SSPA Category 1140**)

1.1.7.2. Yield Enhancement Products (SSPA Category 12)

1. Discount Certificate (**SSPA Category 1200**)
2. Barrier Discount Certificate (**SSPA Category 1210**)
3. Reverse Convertible (**SSPA Category 1220**)
4. Barrier Reverse Convertible (**SSPA Category 1230**)
5. Express Certificate without Barrier (renamed as from 2021: "Reverse Convertible with Conditional Coupon") (**SSPA Category 1255**)
6. Express-Barrier-Certificate (renamed as from 2021: "Barrier Reverse Convertible with Conditional Coupon") (**SSPA Category 1260**)

1.1.7.3. Participation Products (SSPA Category 13)

1. Tracker Certificate (**SSPA Category 1300**)
2. Outperformance Certificate (**SSPA Category 1310**)
3. Bonus Certificate (**SSPA Category 1320**)
4. Bonus Outperformance Certificate (**SSPA Category 1330**)
5. Twin Win Certificate (**SSPA Category 1340**)
6. Airbag Certificate

1.1.8. The key information on the securities for a specific public offer or a specific admission to trading is supplemented in the Termsheet (Final Terms/Listing Notice).

1.1.9. The key information on any specific public offer is supplemented in the "Final Terms."

1.1.10. The key information is supplemented in the Termsheet (Final Terms/Listing Notice).

1.1.11. Approval

Base prospectus of 22 November 2024 approved by SIX Exchange Regulation SA on 22 November 2024.

The Termsheet (Final terms/Listing Notice) are to be published and filed with the reviewing body SIX Exchange Regulation SA as soon as possible after the final information is available. In the case of an admission to trading, this shall be by no later than the time that the securities in question are admitted to trading.

2. INFORMATION ON THE ISSUER

2.1. RISKS

2.1.1. Risks related to the Issuer

The Issuer is exposed to a variety of risks which could adversely affect its results of operations or its financial position and prospects. If one or more of these risks materialize, the Issuer may be unable to meet its obligations under Securities, or may be able to meet them only partially, and investors in Securities may lose all or part of their capital invested in Securities and the expected return thereon.

The Issuer is exposed to the credit risk of third parties and financial or other problems of third parties which could affect the business operations, earnings and financial position and prospects of the Issuer. The Issuer is exposed to market risks from open positions, e.g. in relation to interest rates, currency exchange rates, share prices and commodity prices, which may have a negative impact on the earnings position of the Issuer. In addition, the Issuer is exposed to model, operational and reputational risks as well as possible changes in the regulatory and macroeconomic environment.

All of the above-mentioned risks may have a negative impact on the Issuer's business activities and adversely affect the Issuer's net assets, financial and profit situation.

2.1.2. Risks in connection with economic activity

In principle, there is a risk that the Issuer will not be able to meet its obligations under the Securities, or will only be able to meet them in part. The investor therefore bears the Issuer's insolvency risk. This risk may be reduced by means of collateralisation via TCM Security Agreement but cannot be completely excluded. Any TCM is indicated in the Final Terms in the case may be.

Investors should therefore take the creditworthiness of the Issuer into account in their investment decisions. Liability risk is the risk of the Issuer's insolvency or illiquidity, i.e. a possible temporary or permanent inability to meet its payment obligations on time. Issuers with a low credit rating are typically associated with an increased risk of insolvency. The Issuer currently has a credit rating from a rating agency. However, investors should note that the **credit rating agency's assessment regarding deposits with the Issuer** has been made and is not necessarily transferable to Securities and the performance of the Issuer in this respect. **A downgrade of the credit rating of the Issuer could result in increased financing costs, adversely affect the perception of customers towards the Issuer and/or significantly affect the liquidity of the Issuer and/or the market value of Securities issued by the Issuer.**

The Securities are direct and unsecured liabilities of the Issuer which are equal to each other and to all other unsecured and non-subordinated liabilities of the Issuer, with the exception of those liabilities which take precedence under mandatory statutory provisions. **In the event of the Issuer's insolvency, an investment in a Security of the Issuer may mean a total loss for the investor.**

The Issuer is not a member of any deposit guarantee fund or similar scheme which would cover all or part of the claims of Investors in the event of the insolvency of the Issuer. **In the event of the Issuer's insolvency, investors therefore have no claims under deposit guarantee schemes.**

2.1.3. Risks in connection with market developments

The Issuer's activities are also influenced by developments in the markets in which it conducts its business. Among other things, this concerns macroeconomic and/or company-specific developments during the term of the Securities, particularly in Switzerland, as well as changes in the framework conditions on the financial markets. Causes for these changes can be, for example, economic, regulatory or tax changes.

The general market development of Securities depends in particular on the development of the capital markets, which in turn are influenced by the general situation of the world economy and the economic and political framework conditions in the respective countries (so-called market risk).

A difficult macroeconomic situation may, among other things, result in a lower issue volume and adversely affect the Issuer's net assets, financial and profit situation as well as liquidity.

2.1.4. Risks in connection with hedging transactions

The Issuer enters into individually negotiated hedging transactions (so-called OTC hedging transactions) with third parties to hedge its obligations arising from Securities.

The holders of the Issuer's Securities are not entitled to any claims in respect of such hedging transactions.

2.2. GENERAL INFORMATION ON THE ISSUER

2.2.1. Company name

Banque Cantonale Vaudoise was founded on 19 December 1845 by the Vaud Cantonal Parliament and was first registered with the Vaud Commercial Register on 6 January 1883 under the corporate name “Banque Cantonale Vaudoise” (CH-550-1000040-7).

It is governed by the Cantonal Act Governing the Organization of Banque Cantonale Vaudoise of 20 June 1995, as amended on 25 June 2002, 30 January 2007, and 2 March 2010 (hereinafter the “LBCV”). Its duration is unlimited.

2.2.2. Registered office

Its registered office is located at Place St-François 14, 1003 Lausanne, Switzerland, and its Executive Board is based at Place St-François 14, 1003 Lausanne, Switzerland. It may have branches and representative offices.

2.2.3. Legal form

Banque Cantonale Vaudoise is a société anonyme de droit public (i.e., a corporation organized under public law) within the meaning of Article 763(2) of the CO. The CO only applies to Banque Cantonale Vaudoise to the extent that the LBCV, its Articles of Association and federal banking legislation do not contain provisions to the contrary.

2.2.4. Legal system applicable to the issuer

Banque Cantonale Vaudoise is entirely subject to banking legislation. It is a cantonal bank within the meaning of Article 3a of the Swiss Federal Act on Banks and Savings Banks (hereinafter the “Banking Act” or “BA”). That status is subject to Vaud Canton continuing to own more than a third of the bank’s capital and voting rights.

Neither Banque Cantonale Vaudoise’s status as a cantonal bank nor its status as a corporation organized under public law means that its liabilities are guaranteed by Vaud Canton. Only a limited guarantee of CHF 40,000 per depositor applies to deposits with Caisse d’Epargne Cantonale Vaudoise, a savings institution managed by Banque Cantonale Vaudoise.

With respect to the Swiss Federal Act on Financial Institutions (hereinafter the “Financial Institutions Act” or “FinIA”), Banque Cantonale Vaudoise is a Swiss securities firm. It is also a listed company, subject to obligations linked to its listed-company status.

2.2.5. Group

The Banque Cantonale Vaudoise group (the “Group”) consists of the parent company Banque Cantonale Vaudoise, subsidiary companies and their own subsidiaries, along with branches and representative offices in Switzerland and abroad.

2.3. INFORMATION ON THE BOARD OF DIRECTORS, MANAGEMENT, AUDITORS AND OTHER BODIES OF THE ISSUER

2.3.1. Composition of the Board of Directors

Chairman

Eftychia Fischer

- Member of the Board of Directors of Vaudoise Assurances SA, Lausanne
- Member of the Board of Directors of Alberca Foundation (single family office), Bahamas
- Member of the Board of Directors of the Swiss School of Archaeology in Greece
- Member of the Board of Trustees, the Management Committee, and the Nomination Committee of Avenir Suisse, Lausanne and Zurich
- Member of the Advisory Boards of the University of Lausanne and of ACAD, Lausanne

Vice Chairman

Jean-François Schwarz

- Member of the Board of the Fondation pour le Maintien du Patrimoine Aéronautique (FMPA), Lausanne

Members

Fabienne Freymond Cantone

- Member of the regional committee of Radio Télévision Suisse Romande (RTSR), Lausanne, and Swiss Association of Broadcasting and Television (SRG-SSR), Bern
- Committee Member of the Innovaud Association, Lausanne • Member of the Board of Directors of Transitec SA – optimized mobility, Lausanne
- Committee member of EGW CCL – Central Financing Cooperative for Non-profit Housing Development, Olten
- Chair of the Association Les Amis de la Rose de Nyon
- Member of the following foundation boards: Fondation pour les Arts et la Culture, Fondation pour le Développement du Musée Romain, Fondation Abraham Hermanjat, Fondation Guido Comba, Nyon; Fondation Pro Vapore – Fondation pour la Sauvegarde des Huit Bateaux Belle Epoque du Lac Léman, Geneva; Fondation Rosa Helvetica, Zurich
- Director of Fondation Esp'Asse, Nyon

George Nigel John (Jack) Clemons

- Fellow of the Institute of Chartered Accountants in England and Wales
- Member of the International Board and Chair of the Audit Committee of the World Wide Fund for Nature (WWF), Gland
- Member of the Board of Directors of DKSH Holding AG, Zurich

Ingrid Deltenre

- Member of the Board of Directors of Givaudan SA, Vernier
- Member of the University of Zurich's EMBA Executive Committee
- Member of Aufsichtsrat Deutsche Post/DHL, Bonn • Member of the Foundation Board of Aide Suisse à la Montagne, Adliswil
- Member of the Board of Directors of SPS Holding AG, Zurich

Stefan Fuchs,

- Member of the Board of Directors of Schroders Capital Holding (Switzerland) AG, Zurich
- Member of the Board of Directors of Schroders Capital Management (Switzerland) AG, Zurich

Pierre Alain Urech.

- Vice-Chairman of the Board of Directors, Chairman of the Risk and Compliance Committee, Chairman of the Personnel Committee, Member of the Political Dialogue Committee, Member of the Ad-hoc Nominations Committee (responsible for analyzing and hearing applications for the appointment of members of the Board of Directors and the CEO) of SBB, Bern
- Chair of the Board of Directors of Télé-Villars-Gryon-Diablerets SA, Villars-sur-Ollon
- Member of the Board of Directors of the Magic Mountains Cooperation cooperative, Crans-Montana
- Member of the Board of Directors and the Ad Hoc Energy Committee of Compagnie du Chemin de Fer Lausanne-Echallens-Bercher SA (LEB), Lausanne
- Chair of the Board of Directors of nco-ing SA, Monthey

2.3.2. Composition of the Executive Board

Chairman

Pascal Kiener.

- Member of the Board of Directors and the Board of Directors Committee of the Swiss Bankers Association
- Member of the Board of Directors and the Board Committee of the Union of Swiss Cantonal Banks
- Member of the Board of Directors and the Steering Committee of the Vaud Chamber of Commerce and Industry
- Chair of the Fonds de Prévoyance en Faveur du Personnel de la BCV
- Member of the Board of the BCV Foundation • Member of the Board of the Geneva Financial Center Foundation
- Member of the Foundation Board of the Swiss Finance Institute, Zurich
- Member of the Strategic Advisory Board of the Swiss Federal Institute of Technology in Lausanne (EPFL)
- Member of the Foundation Board of Foot Avenir, Paudex
- Member of the CHUV (Lausanne University Hospital) Foundation Board, Lausanne
- Member of the Enterprise for Society (E4S) Advisory Board, Lausanne
- Member of the Board of economiesuisse

Executive Board members

Andreas Diemant

- Committee member of the Chambre Vaudoise Immobilière
- Member of the Board of the Caisse de Pensions de la Banque Cantonale Vaudoise

Christian Meixenberger

- Member of the Board of Directors and the Audit and Risk Committee of Viseca Holding SA
- Member of the IT Infrastructure Committee of the Canton of Fribourg

Thomas W. Paulsen

- Vice Chair of the Board of Directors and member of the Audit and Risk Committee of Piguet Galland & Cie SA
- Chair of the Swiss Cantonal Bank Issuing Committee
- Member of the Board of Directors of the Swiss Cantonal Banks' Central Mortgage Bond Institution
- Member of the Board of the Fonds de Prévoyance en Faveur du Personnel de la BCV
- Member of the Foundation Board of ISREC

Bertrand Sager

- Member of the Board of Directors of GEP SA
- Member of the Board of the Caisse de Pensions de la Banque Cantonale Vaudoise
- Vice Chair of the Board of the Fondation de Prévoyance en Faveur de l'Encadrement Supérieur de la BCV
- Member of the Board of the Fonds de Prévoyance en Faveur du Personnel de la BCV
- Member of the Board of Directors and Treasurer of the Vaud Banking Association
- Member of the Board of Directors and Treasurer of the Vaud Foundation for Banking Education
- Judge for property disputes at the Eastern Vaud District Court
- Member of the Management Committee of the Fonds Cantonal de Lutte Contre la Précarité

José François Sierdo

- Member of the Board of Directors of TWINT AG and TWINT Acquiring AG.

Christian Steinmann

- Member of the Board of the Institute for Studies in Finance and Banking (ISFB).

Fabrice Welsch

- Member of the Board of Directors and the Audit and Risk Committee of Banque Cantonale du Jura, Porrentruy
- Member of the Board of Directors of Gérifonds, Lausanne
- Member of the Tax Committee of the Vaud Chamber of Commerce and Industry (CVCI)
- Vice president of the Board of the Caisse de Pensions de la Banque Cantonale Vaudoise

2.3.3. Internal Audit

The head of Internal Audit has been **Patrick Borcard**, since 30 June 2003.

2.3.4. Auditor

PwC Lausanne, Av. Charles Ferdinand Ramuz 45, 1009 Pully, Switzerland, was appointed as BCV's auditor for 2024 at the Shareholders' Meeting of 25 April 2024.

2.4. BUSINESS ACTIVITIES OF THE ISSUER

2.4.1. Principal activities

Banque Cantonale Vaudoise's objective as a full-service bank with a local focus is to contribute to the development of all sectors of the economy across the Canton of Vaud and to the financing of public-sector entities, and to help meet demand for mortgages in the Canton; it therefore carries out all usual banking transactions, on its own account and on behalf of third parties (Article 4 of the LBCV and Article 4 of its Articles of Association).

It operates mainly in Vaud Canton but, in the interests of the Vaud economy, is authorized to operate elsewhere in Switzerland and abroad.

As a cantonal bank, it contributes to the Canton's economic development in keeping with the principles of economically, environmentally, and socially sustainable development.

2.4.2. Court, arbitration and administrative proceedings

As part of its ordinary business activities, BCV may be a party to civil, administrative or criminal legal proceedings. No arbitration proceedings are currently underway. Most current civil proceedings relate to the recovery of money owned by debtors.

The amounts sought from BCV in current or potential civil proceedings are relatively small overall, and so do not have a decisive impact when assessing its business or profitability.

On 28 December 2023, BCV signed an agreement with the trustee for Bernard L. Madoff Investment Securities LLC (BLMIS) that terminates the Fairfield fund proceedings against BCV initiated by that trustee and the liquidators of the Fairfield Sentry feeder fund. BCV signed that agreement, with no admission of liability or fault, to put an end to the burdens inherent in protracted litigation. It has thus definitively closed this case with an out-of-court settlement. The proceedings brought by the Fairfield liquidators against BCV's subsidiary Piguet Galland & Cie SA are ongoing.

2.5. CAPITAL AND VOTING RIGHTS OF THE ISSUER

2.5.1. Capital structure

BCV's fully paid-up share capital amounts to CHF 86,061,900, and consists of 86,061,900 registered shares with par value of CHF 1 each. Each share entitles its holder to one vote, subject to applicable restrictions on transferability.

The Bank issues its shares as individual securities, certificates, global certificates or uncertificated securities within the meaning of the CO, and intermediated securities within the meaning of the Swiss Federal Act on Intermediated Securities (FISA). Each share is indivisible with respect to the Bank, which only recognizes one owner per share. Shareholders cannot require the Bank to print and provide them with certificates in relation to their shares. However, if shareholders are registered with the Share Register, they are entitled to written confirmation of the number of shares they own. Such confirmations, provided solely for evidential purposes, do not constitute certificated securities (see also Articles 9 and 10 of the Articles of Association).

The Bank's share capital is determined by shareholders at a shareholders' meeting, subject to approval by the Vaud Cantonal Government.

Vaud Canton and its various institutions own 66.95% of the Bank's capital. No other shareholder is known to own more than 5% of its capital.

Shareholder notices appear, in French and German, in at least two Swiss national newspapers, and are also available in English on the Bank's website. Invitations to shareholders' meetings appear in the Swiss Official Gazette of Commerce and registered shareholders may be invited to attend them by letter.

The Bank's shares are listed according to SIX Swiss Exchange's Swiss Reporting Standard (ticker BCVN; ISIN CH0531751755).

Banque Cantonale Vaudoise may carry out authorized or conditional capital increases in accordance with the conditions set out in the CO. According to the Articles of Association, shareholders' preferential subscription rights may be cancelled depending on the purpose; for issues of convertible or warrant bonds, compliance with market conditions is sufficient.

Conditional capital There is not currently any conditional capital.

Authorized capital There is not currently any authorized capital.

Participation capital There is not currently any participation capital.

2.5.2. Outstanding bonds presented in summary form

Coupon	Term	Amount
1.625%	30 Nov. 2011 - 30 Nov. 2026	CHF 125,000,000
0.400%	7 April 2016 - 7 April 2031	CHF 150,000,000
0.500%	13 Dec. 2016 - 13 Dec. 2028	CHF 150,000,000
0.500%	12 July 2017 - 12 July 2029	CHF 150,000,000
0.250%	28 Nov. 2017 - 28 Nov. 2025	CHF 150,000,000
0.400%	05 May 2021 - 05 May 2036	CHF 150,000,000
0.200%	22 Dec. 2021 - 22 Dec. 2033	CHF 125,000,000
2.100%	07 June 2023 - 07 June 2032	CHF 150,000,000
1.700%	04 June 2024 – 04 June 2038	CHF 130'000'000

2.6. ANNUAL AND INTERIM FINANCIAL STATEMENTS OF THE ISSUER

2.6.1. Annual financial statements and Current Balance sheet

For the audited financial statements for the last two full financial years, the current balance sheet and the report of the auditor of the last audited annual financial statements, please refer to the corresponding annual reports (see Appendix I – 2023 Annual Reports & 30 June 2024 Interim Report).

The annual reports can also be ordered free of charge from Banque Cantonale Vaudoise, Investor's Relations, Case Postale 300, 1001 Lausanne, Switzerland (T +41 0844 228 228).

Reporting date

The reporting date for the annual financial statement 2023, consisting of balance sheet, earnings statement, equity statement and Appendix is 31 December 2023.

BCV Group FY 2023 net profit up 21%, dividend and dividend target range increased

BCV Group delivered record results for FY 2023. Revenues were up 12% to CHF 1.16bn on higher interest rates. Operating profit was CHF 541m and net profit was CHF 469m, both up 21%. At the upcoming Annual Shareholders' Meeting, the Board of Directors will recommend an ordinary dividend of CHF 4.30 per share, up CHF 0.50 on the prior-year figure. After extending its distribution policy last year, BCV has now increased the dividend target range to CHF 4.30 to 4.70 per share.

Revenues up 12% to CHF 1.16bn

Total revenues were up 12% year on year to CHF 1.16bn. Net interest income grew 28% to CHF 596m on higher interest rates. Fee and commission income was stable at CHF 339m (–1%), as stronger business in the personal banking segment offset the impact of a reduction in trade finance exposures due to the current geopolitical situation. Net trading income was stable at CHF 190m (+1%). Other ordinary income declined 19% to CHF 35m, reflecting a real-estate disposal in 2022**Operating profit up 21% to CHF 541m**

Operating expenses rose 5% to CHF 541m. Personnel costs were up 3% to CHF 364m. Other operating expenses grew 8% to CHF 177m, reflecting higher costs on IT and financial information providers as well as the general inflationary environment. Depreciation and amortization increased 9% to CHF 76m. Operating profit was up 21% to CHF 541m.

Record net profit of CHF 469m

The Bank recorded a tax expense of CHF 74m. Net profit was up 21% to CHF 469m. That corresponds to an ROE of 12.5% – one of the highest in BCV's peer group.

Total assets stable

Total assets amounted to CHF 58.9bn, edging down 1% (CHF 0.5bn) from the end-2022 figure. Cash and cash equivalents, which are mainly held as SNB sight deposits, totaled CHF 12.6bn (down 2%). Mortgage lending expanded 4%, or CHF 1.4bn, to CHF 31.8bn in a real-estate market that was slightly softer, especially in the first half. Other loans remained stable at CHF 6.1bn (–1%), as an increase in lending to SMEs and large corporates offset continued Covid-19 loan reimbursements and a reduction in trade finance activity. On the liabilities side, customer deposits decreased 5% to CHF 36.5bn, owing primarily to a treasury withdrawal by a large institutional client.

Continued net fund inflows

The Group's assets under management rose by 4%, or CHF 4.1bn, to CHF 112.9bn. Net new money totaled CHF 539m on inflows across all business lines (individuals, SMEs, large corporates, and institutional clients) less the abovementioned treasury withdrawal and an outflow concerning the custody-only assets of another institutional client. The Bank's investment performance drove AuM up by CHF 3.5bn. **Solid financial position**

Shareholders' equity rose 4% to CHF 3.9bn. The Bank's CET1 ratio stood at 17.9%, attesting to BCV's financial solidity. 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.

Very solid ESG ratings

BCV's longstanding commitment to sustainable economic development is reflected in the Bank's ESG scores. In 2022, MSCI upgraded the Bank's ESG rating to AA, the agency's second-highest rating, placing BCV in the "Leader" category. Ethos reaffirmed the Bank's A– rating, its second-highest score, while CDP's climate rating for the Bank is B, the third-highest of eight scores.

Proposed CHF 370m payout

At the upcoming Annual Shareholders' Meeting, the Board of Directors will recommend an ordinary dividend of CHF 4.30 per share, up CHF 0.50 on the prioryear figure. If the payout is approved, BCV will distribute CHF 370m to its shareholders. The Canton of Vaud will receive CHF 248m in dividends together with CHF 34m in cantonal and municipal taxes, for a total of CHF 282m, or a CHF 35m increase on the prior year. Higher dividend range and target financial ratios

Given the record 2023 results and BCV's confidence going forward, the Bank is raising its target dividend range. This comes after BCV extended its distribution policy last year for another five years, as announced with its full-year 2022 earnings. Beginning with the 2023 reporting period, the Bank intends to pay an ordinary dividend of CHF 4.30 to 4.70, barring significant changes in the economic or regulatory environment or in the Bank's situation. BCV has also raised its target financial ratios. It now targets a cost/income ratio of 55% to 57% and an ROE (based on shareholders' equity) of 10% to 12%.

Outlook

Barring a significant change in the financial markets or the overall economic situation, FY 2024 business development is expected to trend along the same lines as in prior years. However, the 2024 results are expected to come in below the record 2023 numbers.

2.6.2. Material changes since the most recent annual financial statements

General information

Banque Cantonale Vaudoise regularly publishes information on its website for the attention of:

- the media (https://www.bcv.ch/en/home/la-bcv/news-and-media.html) and
- investors (https://www.bcv.ch/en/About-us/Investor-Relations).

Persons who come into possession of This Base Prospectus are encouraged to consult that information and join the mailing lists shown on the BCV website.

Press release of 25 April 2024

All resolutions approved at BCV's annual meeting

https://www.bcv.ch/en/home/la-bcv/actualite-et-medias/actualites/2024/relations-investisseurs/assemblee-generale-bcv-les-actionnaires-approuvent-toutes-les-propositions.html

Press release of 22 August 2024

BCV Group posts CHF 221m net profit in H1 2024

https://www.bcv.ch/en/home/la-bcv/actualite-et-medias/actualites/2024/relations-investisseurs/groupe-bcv-au-premier-semestre-2024-benefice-net-de-chf-221-millions.html

3. INFORMATION ON THE SECURITIES

3.0. INFORMATION IN THE BASE PROSPECTUS

3.0.1. Information on the diversity of type of Securities

From time to time Issuer issue Securities with different structures (the "Securities" or "types of Securities"). The types of Securities to be issued under This Base Prospectus include, but are not limited to, the investment products designated as a main type by the Swiss Structured Products Association (SSPA). The SSPA regularly reviews the categorization model and adapts it to take of new developments in the market into account.

The payoff or payout of a product serves as the criterion for classifying it into a category. This can be defined more precisely by additional characteristics. The categorization may change at any time: for example, new categories may be created or types of Securities may be created with a completely new product structure, whereby it can be assumed in principle that the general Terms and Conditions set out in section 3.2 of This Base Prospectus also apply to such newly created types of Securities and, together with the Termsheet (Final terms/Listing notice), form the legally binding Product Documentation.

The Issue Price of the Securities will be determined by the Issuer, or another entity appointed by the Issuer as Market Maker. As the issue size (i.e. the number of securities), the amenities as well as the specific conditions of the offer will only be determined upon issue and not on the date of This Base Prospectus, this information and the general Terms and Conditions set out in section 3.2 of This Base Prospectus below must be read in conjunction with the Termsheet (Final terms/Listing notice) which supplement This Base Prospectus and will be fixed and published upon Initial Fixing.

The following presentation serves to illustrate the basic functioning of the Securities. The Securities are described in detail in the Termsheet (Final terms/Listing notice).

The description of the function generally assumes an acquisition at the Issue Price upon issue of the Security. When buying or selling Securities on the secondary market, particular attention must be paid to the so-called spread, i.e. the spread determined by the Market Maker between the Ask and Bid price of the Securities.

3.0.2. General description of Securities

The Securities to be issued under This Base Prospectus are tradable rights with basically the same function as (physical) securities and give the respective Investor (Investor), in accordance with the Terms and Conditions of the Securities, the right to payment of a payout amount or delivery of shares, Securities representing shares (ADRs/GDRs) or other equity securities, bonds, fund shares, index certificates and exchange traded products (ETPs) ("Assets") vis-à-vis the Issuer specified in the Termsheet (Final terms/Listing notice).

The common feature of all Securities represented in This Base Prospectus is that investors can participate with the Securities in the performance of a specific Underlying (share, securities representing shares (ADRs/GDRs) or other dividend-bearing securities, debt securities, index, commodities, future or interest future, exchange rate, interest rate, investment share or virtual currency) or several Underlyings of the aforementioned type (securities with the designation "Multi") without having to purchase the respective Underlying directly. An investment in these Securities is not comparable to a direct investment in the respective Underlying due to the different features of the Securities. These include in particular the limited term, the possible payment of the payout amount as Redemption, the lack of entitlement to distributions (e.g. dividends), subscription rights or other similar return as well as the insolvency risk of the Issuer. Depending on the type of Security, other features exist that distinguish the Securities from a direct investment.

In particular, the Securities of the type "Reverse" or - "Bear" in the case of Reverse Convertible structures - presented in This Base Prospectus are not comparable with a direct investment in the Underlying because the performance of the Security is inversely related to the performance of the Underlying.

The investor must therefore form an informed opinion about the performance of the respective Underlying or Underlyings when making his purchase decision and must always be aware that the past performance of an Underlying is not indicative of its future performance.

The acquisition of the Securities may result in a loss of the capital invested by the investor. In extreme cases, the risk of loss can mean the total loss of the capital invested and the transaction costs incurred. This risk materialises at a price of the Underlying or the Underlyings of zero (0) or, in the case of Securities of the type "Reverse" or "Bear" in the case of Reverse Convertible structures, a price of the Underlying at or above the reverse level, irrespective of the financial capacity of the Issuer. The Securities will only yield a positive return if the payout amount or the value of the assets delivered is higher than the purchase price paid by the investor for the Security (including any associated costs and fees). If the payout amount or the value of the assets delivered is less than the purchase price paid (including any associated costs and fees), the investor suffers a loss.

Investors must always be aware that the market may develop differently than they had hoped. In view of the limited term of the Securities, it cannot be relied upon that the value of the Security will recover to the level of the purchase price paid by the investor before the end of the term in the event of a previously disadvantageous development of purchase price of the Security for the respective investor.

3.0.3. Description of rights

With the acquisition of the Securities, the Issuer grants each Investor the right to redemption, i.e. to payment of a payout amount or delivery of assets (shares, securities representing shares (ADRs/GDRs) or other dividend-bearing securities, bonds, fund shares, index certificates or ETPs) when the Securities mature. All rights and obligations in connection with the Securities are governed by Terms and Conditions (see section 3.2 of This Base Prospectus).

Restrictions on rights

In addition to special rights in the event of a Market Disruption, as described in section 3.2.16.4. Adjustments, extraordinary termination of the Securities by the Issuer, Market Disruption Events, the Issuer has the option, in accordance with the Terms and Conditions, to give in certain cases extraordinary notice of termination of the Securities. Such extraordinary termination rights may be exercised, for example, in the event of changes in the Underlying where the Issuer believes that it is not economically feasible to adjust the Securities related to the Underlying in question. In the event of an extraordinary termination, the investors lose all of the rights described above. There is a risk that the amount of notice paid out will be zero (0).

Ranking of Securities

The Securities create direct and unsecured liabilities of the Issuer which are equal to each other and to all other present and future unsecured and non-subordinated liabilities of the Issuer, with the exception of those liabilities which have priority under mandatory statutory provisions.

A detailed description of the rights attaching to the Securities - including any restrictions - is contained in the Terms and Conditions (see section 3.2 of This Base Prospectus).

3.0.4. Functioning of the Securities

The individual types of Securities (excluding taxes, levies and transaction costs) are explained below. The respective category shall be specified in accordance with the SSPA's categorisation model referred to above, if any.

First, the respective basic structure of a Security type is explained. Subsequently, the essential additional features are described, which can be combined individually or together with the basic structure. Frequently occurring combinations of additional features are also presented. Additional features, which are presented below only in connection with a basic structure, e.g. Knock-in in Reverse Convertibles, may in Termsheet (Final terms/Listing notice) also be combined with another basic structure, e.g. bonus certificate with Knock-in.

The payout profiles shown are of an exemplary nature. The payout profiles as described in the Termsheet (Final terms/Listing notice) are decisive.

3.0.5. General cross-product information

The following description contains a basic description of the functioning and essential features of the various Securities types that are the subject of This Base Prospectus. The final features of the Securities are specified in the Termsheet (Final terms/Listing notice).

Rights and obligations in connection with Securities

Rights and obligations in connection with Securities are governed by the Terms and Conditions, i.e. the General Terms and Conditions (section 3.2.) and the Termsheet (Final terms/Listing notice) as defined in the Termsheet (Final terms/Listing notice). Among other things, these contain regulations concerning the right to payment of a Redemption amount or the delivery of an asset. In addition, the Terms and Conditions also regulate the rights of the Issuer to adjust the features and the Underlying of the Securities or their components or, in the event of a Market Disruption, on relevant observation dates or on the Final Fixing Date.

In the case of Securities with an unlimited term, and - insofar as the relevant Termsheet (Final terms/Listing notice) expressly provide so - also in the case of Securities with a limited term, the investor also has the right to redeem these Securities (holder's right to exercise), provided that he fulfils the conditions of the General Terms and Conditions in con-junction with the Termsheet (Final terms/Listing notice) for effective exercise. The Issuer has granted itself an ordinary right to call the Securities (see General Terms and Conditions in connection with the Termsheet (Final terms/Listing notice)). The term of the Securities ends prematurely in the event of an ordinary termination - as in the case of an extraordinary termination. The rights and obligations of the Issuer and the Investor are conclusively regulated in the Terms and Conditions.

No current income

The Securities do not generate current income such as interest or dividends, except for interest income on Reverse Convertible structures, or where the Termsheet (Final terms/Listing notice) provide for payouts upon the occurrence of certain conditions, e.g. Coupon Payments on Express Certificate structures. The only income possibility is an increase in the price of the Securities. Investors must always be aware that the market may develop differently from what they had expected. The investor's potential income or loss always depends on the purchase price paid for the Securities and is calculated from the difference between the purchase price and the payout amount or from the difference between the purchase price and the sale price in the event of an early sale of the Securities (taking into account transaction costs and any applicable taxes).

Securities settlement type

The Securities are issued either with the settlement type "Payment (Cash Settlement)" or with the settlement type "(Physical) Delivery" as described in the Termsheet (Final terms/Listing notice).

In the case of Securities with the settlement type "Payment (Cash Settlement)", the redemption of the Securities by the Issuer on the maturity date is always effected by payment of a cash settlement, the amount of which - depending on the type of Security - is determined in accordance with the relevant product conditions, as specified in the Termsheet (Final terms/Listing notice).

In the case of Securities with the settlement type "(Physical) Delivery", the product terms may provide in certain cases that the Issuer delivers an asset (as defined above) instead of a cash settlement. The relevant Termsheet (Final terms/Listing notice) will in this case specify the asset(s) to be delivered (referred to in the Terms and Conditions as the "Delivery Items") and, if the Delivery Items do not correspond to the Underlying or one of the Underlying(s), will contain information about the Delivery Item(s) or indicate where information about the Delivery Item(s) can be found.

The number of assets (Delivery Items) to be delivered per Security in these cases depends on the number of Delivery Items specified in the relevant Termsheet (Final terms/Listing notice).

Fractions of assets are not delivered. Instead of delivering the respective fraction, the Issuer will pay an amount in the Base Currency of the Securities (fractional Settlement Amount) as specified in the relevant Termsheet (Final terms/Listing notice). The grouping of several fractional Settlement Amounts into claims for delivery of assets is excluded.

Term, early termination

The types of Securities explained below are issued either with or without a maturity limit. In particular, if the Securities have a limited maturity or the maturity ends prematurely as a result of a termination by the Issuer or for other reasons (as may be described below under the individual types of Securities), it cannot be relied upon that the value of the Security will recover before the end of the term to a level at which the respective investor will at least not suffer a loss in the event of a previously unfavourable development of the price of the Security for the respective investor. In all cases, the term of the products ends with redemption on the relevant day. Participation in any subsequent price recovery of the Underlying is excluded.

Subscription ratio (Ratio)

The Securities can be issued with a Subscription Ratio. The Subscription Ratio can be expressed as a number or fraction and indicates how many units of the Underlying a Security refers to.

For example, if the Subscription Ratio expressed as a number is 10, a Security refers to 10 units of the Underlying. On the other hand, a ratio expressed as a fraction, for example 10:1, means that 10 Securities refer to 1 unit of the Underlying. Since in this example a Security would thus refer to one tenth of an Underlying, this Subscription Ratio could also be expressed as the number 0.1.

With the exception of Securities with a nominal value, the Subscription Ratio is primarily decisive for the calculation of the payout amount. In the case of Securities with (Physical) Settlement, the Subscription Ratio determines the number of assets to be delivered by the Issuer (if applicable).

Securities with nominal amount

Certain types of Securities may be issued with a nominal amount. In this case, it should be noted that - with the exception of Securities with a minimum Redemption of 100% or more - Redemption at the respective nominal amount is not guaranteed and the corresponding payout amount may be (significantly) lower than the nominal amount and, in extreme cases, zero (0). Similarly, in the type of settlement (Physical) Delivery, the counter value of the delivered assets may be (significantly) lower than the nominal amount of the respective Security and, in extreme cases, zero (0).

Currency conversions / Quanto Structure

If the Underlying of the Securities is wholly or partly denominated in a currency other than the Base Currency, the respective exchange rate between the currency of the Underlying and the Base Currency is significant for the calculation of the payout amount. The exchange rate may change continuously and may differ on the day of currency conversion from the exchange rate at the time of purchase of the Securities. Changes in the exchange rate between the currency of the Underlying and the Base Currency already affect the value of the Securities during the term of the Securities, as the bid and ask prices are quoted in the relevant Base Currency.

The Issuer may provide in the Termsheet (Final terms/Listing notice) for all types of Securities described below that the Securities are equipped with a currency hedge so that the development of the exchange rate between the currency of the Underlying and the Base Currency has no influence on the payout amount of the security. The Issuer and/or Market Maker realises this with a so-called Quantity Adjusted Option, abbreviated to Quanto ("Quanto Structure") and determines the conversion rate between the two currencies at the time of issue. In the case of Securities with a Quanto Structure, the currency of the Underlying is therefore converted into the Base Currency of the Securities at a conversion rate of 1:1.

For Securities without a Quanto Structure, the payout amount is converted into the Base Currency at the relevant exchange rate. In this case, the Issuer will specify in the Terms and Conditions the exchange rate to be used for the conversion of any payments from the Securities.

3.0.6. Capital Protection Products (SSPA 11)

3.0.6.1. *General information*

Securities with a minimum Redemption Amount, the so-called minimum redemption level, on the basis of which the minimum Redemption Amount is calculated. The minimum Redemption Amount will be determined as a percentage of either the nominal amount or the Issue Price, depending on the structure of the Security. The minimum redemption level may be at least 100% of the nominal amount or the Issue Price or - in the case of so-called partial protection products - lower.

These Securities offer, in addition to the unconditional minimum redemption in the amount of the minimum redemption level, the possibility of participating in a positive performance of the Underlying based on the exercise price, e.g. through conditional Coupon Payments.

3.0.6.2. *Capital Protection Note with Participation (SSPA 1100)*

In addition to the unconditional minimum redemption, Capital Protection Note with Participation offer the possibility of participating in a positive performance of the Underlying based on the exercise price. This is done taking into account the Participation, which is either less than 100% (under-proportional participation), equal to 100% (participation 1: 1) or greater than 100% (over-proportional participation).

The securities may also have a Cap. The Cap limits the potential participation in price increases (partial and capital protection products) of the Underlying. This means that with this type of Security with Cap, the Redemption at maturity continues to be at least the amount of the minimum Redemption, but is limited upwards.

3.0.6.3. *Barrier Capital Protection Note (SSPA 1130)*

The profit opportunities with this type of Security are generally limited. In addition to unconditional minimum redemp-tion, Barrier Capital Protection Note also offer the possibility of participating in a positive performance of the Underlying based on the Strike. If, however, the Underlying reaches the Barrier, participation ceases and the investor receives only the minimum Redemption Amount. If provided for in the Termsheet (Final terms/Listing notice), an investor may in this case additionally receive a so-called rebate payment.

3.0.6.4. *Capital Protection Note with Twin Win (SSPA 1135)*

The profit opportunities with this type of Security are generally limited. Capital Protection Note with Twin Win also offer the possibility of participating in a positive and negative performance of the Underlying based on the Strike, in addition to the unconditional minimum redemption. If, however, the Underlying reaches the upper or lower Barrier, participation ceases and the Investor receives only the minimum redemption. If provided for in the Termsheet (Final terms/Listing notice), an investor may in this case additionally receive a so-called rebate payment.

3.0.6.5. *Capital Protection Note with Coupon (SSPA 1140)*

The profit opportunities with this type of security are generally limited. Capital Protection Note with Coupon also offer, in addition to the unconditional minimum redemption, the possibility of receiving a single or multiple Coupon Payment in the event of a positive performance of the Underlying. However, if the Underlying achieves the necessary performance defined in the Termsheet (Final terms/Listing notice), the Investor will receive only the minimum redemption.

3.0.7. Yield Enhancement Products (SSPA Category 12)

3.0.7.1. *Discount Certificate (SSPA Category 1200)*

Discount Certificates are quoted at a discount to the current price of the Underlying on issue. At maturity, the value of the Discount Certificate corresponds to the Underlying, but is limited to a maximum amount.

If the Underlying has risen to or above the Cap on the Final Fixing Date, the investor cannot benefit from this. The achievable performance of the investment is therefore limited to the percentage spread between the purchase price (price of the Security when the investor enters the market) and the maximum amount (i.e. the Cap taking into account the Subscription Ratio). However, the reduced purchase price compared to the listing of the Underlying offers two advantages: On the one hand, there is a risk buffer, because at maturity the investor only suffers losses when the Underlying has fallen below the purchase level of the Discount Certificate. On the other hand, there are yield opportunities in the sideways market or with slightly falling prices of the Underlying.

The Issuer will redeem the Securities on maturity by paying the maximum amount if the Reference Price of the Underlying on the Final Fixing Date is at or above the Cap. In this case, the investor achieves the maximum possible return with his discount investment.

If the Reference Price of the Underlying is determined below the Cap on the Final Fixing Date, the Issuer pays a cash settlement for Securities with the settlement type Payment (Cash Settlement). The investor continues to achieve a positive return if the Underlying (taking into account the Subscription Ratio) is quoted on the Final Fixing Date between the maximum amount and the purchase price of the Security. If the Underlying (taking into account the Subscription Ratio) is quoted below the purchase price of the Security on the Final Fixing Date, the investor suffers a loss, which, however, is lower than with a direct investment due to the discounted entry.

In the case of Securities with the settlement type (Physical) Delivery, the Issuer will deliver an asset (Delivery Item) corresponding to the number of Delivery Items instead of a cash settlement.

3.0.7.2. *Barrier Discount Certificate (SSPA Category 1210)*

The special feature of this further development of the Discount Certificate is an additional Barrier that is below the price of the Underlying when it is issued.

The Issuer will redeem the Barrier Discount Certificates at maturity by paying the maximum amount, provided that the observation price of the Underlying has not fallen below the Barrier during the Observation Period or - if provided for in the Termsheet (Final terms/Listing notice) - has touched it, irrespective of the price of the Underlying on the valuation day.

If the Barrier is crossed or touched during the Observation Period, the Barrier Discount Certificate is converted into a conventional Discount Certificate with the corresponding payment and delivery modalities at maturity of the Securities (taking into account the respective settlement type).

In the event that the Barrier is considered exclusively on the Final Fixing Date at the time the Reference Price is determined (closing price observation), the Issuer will redeem the Securities on maturity by paying the maximum amount, provided that the Reference Price of the Underlying is above or, if applicable, on the Barrier on the Final Fixing Date.

If the Reference Price of the Underlying is below or, if applicable, on the Barrier on the Final Fixing Date, the Issuer will pay a cash settlement for Securities with the settlement type Cash Settlement, which is determined on the basis of the Reference Price of the Underlying. In the case of Securities with the settlement type (physical) Delivery, the Issuer will in this case deliver an asset (cf. the description of Discount Certificates above).

Autocall Discount Certificates

Discount Certificates in the Autocall (also called "Express") variant are additionally equipped with an Autocall Level for the Underlying and thus offer one or more early redemption options, which can lead to rapid achievement of the return targets.

An Autocall Level is a certain price threshold of the respective Underlying, which is determined when the Security is issued.

The Autocall variant results in premature automatic redemption by payment of the maximum amount if the price of the Underlying is quoted during a period specified in the Termsheet (Final terms/Listing notice) or at a time specified in the Termsheet (Final terms/Listing notice) above or - if provided for in the Termsheet (Final terms/Listing notice) - at the (respective) Autocall Level.

Multi Discount Certificates

With Multi Discount Certificates, the investor invests indirectly in several Underlyings at a discount to the current prices of the respective Underlyings. In return, however, he does not participate indefinitely in rising prices, but only up to the maximum amount. The maximum profit to be achieved is therefore also fixed at the time of issue.

The Issuer will redeem the Securities on maturity by paying the maximum amount, provided that the Reference Prices of all Underlyings on the Final Fixing Date are equal to or higher than the Strike.

If at least one Reference Price of an Underlying is determined on the Final Fixing Date to be below the relevant Strike, the Issuer will pay a cash settlement for Securities with the settlement type Payment (Cash Settlement).

In the case of Securities with the settlement type (physical) Delivery, the Issuer will deliver an asset (Delivery Item) corresponding to the number of Delivery Items instead of a cash settlement. Which asset is delivered is determined depending on the Underlying with the lowest or highest percentage performance (as specified in the relevant Termsheet (Final terms/Listing notice)).

Barrier Multi Discount Certificates

Barrier Multi Discount Certificates combine the additional features Barrier and Multi. For each Underlying, they are equipped with an individual Barrier that is below the price of the respective Underlying at the time of issue.

The Issuer will redeem the Securities on maturity by paying the maximum amount if none of the observation prices of the Underlyings has fallen below the relevant Barrier during the Observation Period or - if provided for in the Termsheet (Final terms/Listing notice) – has touched it, irrespective of the prices of the Underlyings on the Final Fixing Date.

If at least one Underlying falls below the respective Barrier during the Observation Period or, if applicable, reaches it, the Barrier Multi Discount Certificate converts into a Multi Discount Certificate with the corresponding redemption and delivery modalities at maturity of the Securities (taking into account the respective type of settlement).

In the event that the relevant Barrier is considered exclusively on the Final Fixing Date at the time the relevant Reference Price is determined (closing price observation), the Issuer will redeem the Securities on maturity by paying the maximum amount, provided that all Reference Prices of the Underlyings are above or - if provided for in the Termsheet (Final terms/Listing notice) - on the relevant Barrier on the Final Fixing Date.

If at least one Reference Price of an Underlying is quoted below or, if applicable, on the relevant Barrier on the Final Fixing Date, the Issuer will pay a cash settlement for Securities with the settlement type Payment (Cash Settlement). In the case of Securities with the settlement type (physical) Delivery, the Issuer will deliver the Underlying with the worst performance or assets related to the Underlying with the worst performance instead of cash settlement (see the description of Multi Discount Certificates above).

3.0.7.3. ***Reverse Convertible (SSPA Category 1220)***

Reverse Convertible structures generally offer return opportunities in the event of stagnating, slightly rising or slightly falling prices of the Underlying(s). It is sufficient for a positive return if the Underlyings maintain their level or fall only slightly. In principle, the investor benefits maximally if the Underlying reaches or exceeds its corresponding Strike.

In any case, the investor receives interest payments that are independent of the performance of the Underlyings.

The investor receives the nominal amount on maturity of the Securities, provided that the Reference Price of the Underlying is above or - if provided for in the Termsheet (Final terms/Listing notice) - at the Strike at the time of the Final Fixing on the Final Fixing Date.

If, on the other hand, the Reference Price of the Underlying on the Final Fixing Date is lower than or - if provided for in the Termsheet (Final terms/Listing notice) - at the Strike, the Investor will receive - in the case of Securities with the settlement type Payment (Cash Settlement) - a cash settlement calculated on the basis of the Reference Price of the Underlying on the Final Fixing Date, taking into account the Subscription Ratio or by multiplying the nominal amount by the performance of the Underlying. In the case of Securities with the settlement type (physical) Delivery, the Issuer will deliver an asset (Delivery Item) corresponding to the number of Delivery Items instead of a cash settlement.

In addition, the Investor will receive a Coupon (interest amount) on one or more Coupon Payment Days specified in the Termsheet (Final terms/Listing notice). The Coupon Payment is independent of the performance of the Underlying.

3.0.7.4. ***Barrier Reverse Convertibles (SSPA 1230)***

Barrier Reverse Convertibles, in contrast to Reverse Convertibles, also have a specific Barrier at the time of issue.

The Investor will receive the nominal amount at maturity if (i) a Barrier breach has not occurred or (ii) if a Barrier breach has occurred but the Reference Price of the Underlying on the Final Fixing Date is above or - if provided for in the Termsheet (Final terms/Listing notice) - at the Strike.

On the other hand, the Issuer will pay a cash settlement - in the case of Securities with the settlement type Payment (Cash Settlement) - if a Barrier breach has occurred and the Reference Price is quoted below or - if provided for in the Termsheet (Final terms/Listing notice) - on the Strike on the Final Fixing Date. The cash settlement is calculated from the Reference Price of the Underlying on the Final Fixing Date, taking into account the Subscription Ratio, or by multiplying the nominal amount by the performance of the Underlying. In the case of Securities with the settlement type (physical) Delivery, the Issuer will deliver an asset (Delivery Item) corresponding to the number of Delivery Items instead of cash settlement.

A Barrier breach occurs if either (i) the observation price of the Underlying during the Observation Period is at least once below or - if provided for in the Termsheet (Final terms/Listing notice) - on the Barrier, or (ii) - if the Barrier is viewed exclusively at the closing price - the Reference Price of the Underlying on the Final Fixing Date is below or - if provided for in the Termsheet (Final terms/Listing notice) - on the Barrier.

In addition, the Investor will receive a Coupon (interest amount) on one or more Coupon Payment Days specified in the Termsheet (Final terms/Listing notice). The Coupon Payment is independent of the performance of the Underlying.

Multi Reverse Convertibles

In contrast to Reverse Convertibles, Multi Reverse Convertibles do not refer to only one Underlying, but to several.

The investor receives the nominal amount when the Securities mature, provided that the Reference Prices of all Underlyings on the Final Fixing Date are above or - if provided for in the Termsheet (Final terms/Listing notice) - on the respective Strikes.

If the Reference Price of at least one Underlying on the Final Fixing Date is below or - if provided for in the Termsheet (Final terms/Listing notice) - on the relevant Strike, the Issuer will pay a cash settlement - in the case of Securities with the settlement type Payment (Cash Settlement) - which is calculated on the basis of the Reference Price or the performance of the Underlying with the lowest (Worst of) or highest (Best of) performance or any other performance specified in the Termsheet (Final terms/Listing notice). In the case of Securities with the settlement type (physical) Delivery, the Issuer will deliver the relevant Underlying or an asset related to this Underlying (Delivery Item) in accordance with the number of Delivery Items instead of cash settlement.

In addition, the Investor will receive a Coupon (interest amount) on one or more Coupon Payment Days specified in the Termsheet (Final terms/Listing notice). The Coupon Payment is independent of the performance of the Underlying.

Barrier Multi Reverse Convertibles

Barrier Multi Reverse Convertibles combine the functions of Multi Reverse Convertibles and Barrier Reverse Convertibles.

Upon maturity of the Securities, the investor will receive the nominal amount if (i) a Barrier breach has not occurred or (ii) if a Barrier breach has occurred but the Reference Price of all Underlyings on the Final Fixing Date is above or - if provided for in the Termsheet (Final terms/Listing notice) - on the respective Strike.

If a Barrier breach has occurred and the Reference Price of at least one Underlying on the Final Fixing Date is below or - if provided for in the Termsheet (Final terms/Listing notice) - on the relevant Strike, the Issuer will pay a cash settlement in the case of settlement type Payment (Cash Settlement), which is calculated on the basis of the Reference Price or the performance of the Underlying with the lowest (Worst of) or highest (Best of) performance, or any other performance specified in the Termsheet (Final terms/Listing notice). In the case of Securities with the settlement type (physical) Delivery, the Issuer will deliver the relevant Underlying or an asset related to this Underlying (Delivery Item) in accordance with the number of Delivery Items instead of cash settlement.

A Barrier breach occurs if either (i) the observation price of at least one Underlying during the Observation Period is at least once below or - if provided for in the Termsheet (Final terms/Listing notice) - on the relevant Barrier for the relevant Underlying or (ii) - in the case of an exclusive closing price observation - the Reference

Price of at least one Underlying on the Final Fixing Date is below or - if provided for in the Termsheet (Final terms/Listing notice) - on the relevant Barrier for the relevant Underlying.

In addition, the Investor will receive a Coupon (interest amount) on one or more Coupon Payment Days specified in the Termsheet (Final terms/Listing notice). The Coupon Payment is independent of the performance of the Underlying.

Reverse Convertible Structures with Participation

In contrast to Reverse Convertibles (without participation), Reverse Convertibles with Participation also offer the investor the possibility of participating in increases in the value of the Underlying(s) above the (respective) Strike or Initial Reference Price as determined in the Termsheet (Final terms/Listing notice) at the end of the term (so-called upside participation). The Termsheet (Final terms/Listing notice) may provide that the possible upside participation is limited by a certain maximum amount or Cap.

However, the prerequisite for the possibility of upside participation is that at maturity the Reference Price of the Underlying or the Reference Prices of all Underlyings is above or - if provided for in the Termsheet (Final terms/Listing notice) - on the (respective) Strike or - in the case of structures with Barriers - a Barrier breach has not occurred. In such a case, at the maturity of the Securities, the investor will receive either (i) the nominal amount or (ii) the nominal amount plus the product of the nominal amount and the upside performance of the Underlying or, in the case of multi-structures, the arithmetic average of the upside performance of all Underlyings, depending on which amount is higher. If provided for in the Termsheet (Final terms/Listing notice), however, the investor will receive no more than the maximum amount.

The upside performance of an Underlying is the performance of the (relevant) Underlying exceeding the (relevant) Strike or Initial Reference Price. If the Termsheet (Final terms/Listing notice) so provide, this can be calculated taking a Participation into account, i.e. in this case the investor participates disproportionately but also under proportionately in the upside performance.

If the conditions for a possible upside participation are not met, i.e. the Reference Price of the Underlying or the Reference Price of at least one Underlying at maturity is below or - if provided for in the Termsheet (Final terms/Listing notice) - equals the (respective) Strike or - in the case of structures with Barriers - a Barrier breach has occurred, the Investor will receive a cash settlement corresponding to the Reverse Convertibles (without Participation) as described above.

Reverse Convertible structures with Participation in another reference object

Reverse Convertibles with Participation can be equipped in addition to the Underlying(s) with an additional reference object, the so-called Participation Reference Value. Like the Underlying(s), the Participation Reference Value may be a share, a security representing shares (ADRs/GDRs) or other dividend-bearing security, a debt security, an index, commodity, future or interest rate future, exchange rate, interest rate, fund share or virtual currency. However, its type may differ from the type of the Underlying (e.g. the Underlying(s) is/are equities, while the Participation Reference Value is a commodity).

In the event that the conditions for a possible upside participation (see above) are met, at the maturity of the Securities the investor will receive either (i) the principal amount or (ii) the principal amount plus the product of the principal amount and the upside performance of the Participation Reference Value, depending on which amount is higher. If provided for in the Termsheet (Final terms/Listing notice), however, the investor will receive no more than the maximum amount. In this variant of the additional feature with Participation, the investor cannot participate in the possible upside performance of the Underlying(s), but in that of the Participation Reference Value.

The upside performance of the Participation Reference Value is the performance of the Participation Reference Value exceeding its initial price (as defined in the Termsheet (Final terms/Listing notice)). If the Termsheet (Final terms/Listing notice) so provide, this can be calculated taking a Participation into account, i.e. in this case the investor participates disproportionately but also under proportionately in the upside performance.

Reverse Convertible structures with the designation Floater or Floored Floater

Reverse Convertibles in the Floater variant are not subject to a fixed interest rate, but have a variable interest rate.

This variable interest rate is dependent on a reference interest rate and is determined during the term of the Securities on the dates specified in the Termsheet (Final terms/Listing notice) for the respective Interest/Coupon Period.

The determination of the interest rate applicable to a Coupon Period is generally made before the beginning of a Coupon Period. The Coupons are then generally paid retrospectively at the end of the Coupon Period. The Termsheet (Final terms/Listing notice) may also provide for a combination of fixed and variable interest rates, i.e. a fixed interest rate is paid for certain Coupon Periods, while a variable Coupon Payment is determined for other Interest Periods.

(Barrier) (Multi) Reverse Convertibles in the Floored Floater variant also have variable interest rates. However, for the variable interest rate, a minimum interest rate is defined as the Floor, which is paid to the investor at least.

Reverse Convertible structures with the designation Look Back and Best Entry

In the case of Reverse Convertibles with the designation Look Back, the Initial Reference Price is not determined at the time of issue, but at a later point in time. During a period specified in the Termsheet (Final terms/Listing notice) (Look Back Observation Period), an observed Reference Price (or, if applicable, another price specified in the Termsheet (Final terms/Listing notice)) of the Underlying is determined as the Initial Reference Price at the Initial Fixing on the Initial Fixing Date.

For Reverse Convertibles with the designation Best Entry, the lowest Reference Price (or, if applicable, another price determined in the Termsheet (Final terms/Listing notice)) of the Underlying observed during a period specified in the Termsheet (Final terms/Listing notice) (/Best Entry Observation Period) is generally used as the Initial Reference Price on the Initial Fixing Date for determining the Initial Reference Price.

Reverse Convertible structures with the designation Double Coupon or Chance

Reverse Convertibles can be designed in such a way that the investor receives an additional cash amount (also referred to as a Conditional Coupon) on certain observation dates, provided that the Reference Price of the Underlying or all Underlyings on an observation date is above – or if provided for in the Termsheet (Final terms/Listing notice) - at the (respective) coupon threshold of the Underlying or Underlyings. The coupon amount is either fixed or depends on the Underlying's Level (and is calculated according to a specific formula specified in the Termsheet (Final terms/Listing notice)). A different amount may be determined for each observation date.

Reverse Convertible structures with the designation Knock-in

Reverse Convertibles may also be equipped with a so-called Knock-in level, which is usually set above the (respective) Strike. On certain observation dates (the so-called Knock-in observation dates) it is checked whether the conditions for a so-called Knock-in event are met, i.e. whether the Reference Price of the Underlying or all Underlyings is above or - if provided for in the Termsheet (Final terms/Listing notice) - at the (respective) Knock-in level of the Underlying(s). If this is the case on any of the Knock-in observation dates, the Investor will receive the nominal amount on the maturity date irrespective of the Reference Price of the Underlying(s) on the Final Fixing Date or, if applicable, the occurrence of a Barrier breach. The Knock-in level may be set at different levels for each Knock-in observation date.

Reverse Convertible structures with Partial Redemption during the term

The Termsheet (Final terms/Listing notice) may stipulate that part of the nominal amount of the Reverse Convertibles will already be repaid during the term. In this case, either the correspondingly reduced nominal amount will be paid out or the cash settlement or the delivery of assets will be determined on the maturity date (if the respective other conditions as described above are met) on the basis of a correspondingly reduced Subscription Ratio.

In this case, the interest rate is also calculated from the Partial Redemption on the basis of the reduced nominal amount.

3.0.7.5. ***Reverse Convertible with Conditional Coupon (SSPA 1255)***

Reverse Convertible with Conditional Coupon are based on an Underlying and have a Strike and one (or more) Autocall Level(s). The Strike generally corresponds to the price of the Underlying at the Initial Fixing on the issue date or Initial Fixing Date, but may also be set below or above this price. Reverse Convertible with Conditional Coupon are additionally equipped with one (or more) coupon level(s). The Autocall Level and the coupon level are one or more price thresholds that are determined as a percentage of the price of the Underlying on the issue date or Initial Fixing Date. A different Autocall Level or coupon level may be set for each Valuation Day.

Early Redemption / Redemption at end of term

Reverse Convertible with Conditional Coupon are characterised by the fact that the time of their redemption depends on whether the Reference Price or the Observation Price (as determined in the respective Termsheet (Final terms/Listing notice)) of the Underlying on an observation date is above or - if provided for in the Termsheet (Final terms/Listing notice) - at the relevant Autocall Level. If this is the case, the term of the Securities ends prematurely and the investor receives a cash settlement after the observation date on which the Autocall Level was exceeded or - if provided for in the Termsheet (Final terms/Listing notice) - was reached (so-called "Early Redemption"). The amount of the cash settlement in the event of Early Redemption (so-called "Early Redemption Amount") is generally equal to the nominal amount. However, the Termsheet (Final terms/Listing notice) may also provide that the Early Redemption Amount shall be equal to the nominal amount multiplied by the performance of the Underlying (but not less than the nominal amount) or the nominal amount multiplied by any redemption factor specified in the Termsheet (Final terms/Listing notice). If the Reference Price of the Underlying is below the relevant Autocall Level on an observation date, the Security continues to run until the next observation date, on which the conditions for Early Redemption are re-examined.

If there is no Early Redemption on any of the observation dates, the Reference Price of the Underlying at the time of the Final Fixing on the Final Fixing Date is decisive for the amount and type of redemption:

1. If, on the Final Fixing Date, the Reference Price of the Underlying is above or - if provided for in the Termsheet (Final terms/Listing notice) - on the Strike or the Final Autocall Level, the investor will receive the nominal amount.
2. However, if the Reference Price of the Underlying on the Final Fixing Date is below or - if provided for in the Termsheet (Final terms/Listing notice) - on the Strike or Final Autocall Level, the investor will receive either a cash settlement equal to the nominal amount multiplied by the performance of the Underlying, or – if (physical) Delivery is specified as the settlement type in the Termsheet (Final terms/Listing notice) - an asset (Delivery Item) equal to the number of Delivery Items. In this case, the cash settlement or the counter value of the delivered asset will be less than the nominal amount.

Coupon Payments

In addition, Reverse Convertible with Conditional Coupon offer the possibility of receiving an additional cash amount (so-called Coupon). The Coupon is determined upon issue either exactly in terms of the amount or, if applicable, depending on objective Reference Values (e.g. status of the Underlying and/or performance of the Underlying). The Coupon may be different for each observation date or Coupon Payment Date or individual observation dates or Coupon Payment Dates.

Coupon Payments are made depending on the Reference Price or observation price of the Underlying ("Conditional Coupon Payment").

In the case of a Conditional Coupon Payment, it is determined whether a Coupon Event defined in the Product Terms has occurred on an observation date. If this is the case, the investor receives the Coupon assigned to this observation date. Otherwise he will not receive a coupon for this observation date.

No (further) Coupon Payments are made on the Securities after Early Redemption.

3.0.7.6. ***Barrier Reverse Convertible with Conditional Coupon (SSPA 1260)***

Reverse Convertible with Conditional Coupon can also be equipped with a Barrier (so-called Barrier Reverse Convertible with Conditional Coupon). This is usually set below the Strike at the time of issue. If the Observation Price of the Underlying is at no time during the Observation Period below or - if provided for in the Termsheet (Final terms/Listing notice) - on the Barrier, the investor will receive at least the nominal amount at the end of the term, even if the Reference Price is below or - if provided for in the Termsheet (Final terms/Listing notice) - on the Strike at the Final Fixing. However, if the Barrier has been crossed or touched, the investor participates in the losses of the Underlying.

In the case of Barrier Reverse Convertible with Conditional Coupon, it is often specified that the Barrier will only be considered at the Final Fixing on the Final Fixing Date (Barrier Observation at maturity). In this case, the investor will receive at least the nominal amount if the Reference Price is above or - if provided for in the Termsheet (Final terms/Listing notice) - on the Barrier on the Final Fixing Date. Only when the Reference Price is below or - if provided for in the Termsheet (Final terms/Listing notice) - on the Barrier the investor will participate in the losses of the Underlying.

As long as the Barrier has not been crossed, it will at least ensure Redemption of the nominal amount. For the investor, however, the investment may in this case be without any return, provided that no coupons are paid.

Memory Reverse Convertible with Conditional Coupon

Reverse Convertible with Conditional Coupon with the designation Memory also offer the option of making up for lost Coupon Payments. If the investor does not receive a Coupon for an observation date, but the prerequisites for a Coupon Payment are met on a subsequent observation date, any Coupon Payment defaulted on the relevant observation date will be paid out additionally.

Best Entry Reverse Convertible with Conditional Coupon

In the case of Reverse Convertible with Conditional Coupon with the designation Best Entry, the Initial Reference Price is not determined at the time of issue, but at a later point in time. The lowest Reference Price (or, if applicable, another price specified in the Termsheet (Final terms/Listing notice)) of the Underlying observed during a period specified in the Termsheet (Final terms/Listing notice) (Best Entry Observation Period) is usually set as the Initial Reference Price on the Initial Fixing Date.

Multi Reverse Convertible with Conditional Coupon

Multi Reverse Convertible with Conditional Coupon refer not only to one Underlying, but to several.

In the case of these Securities, any Early Redemption, the payment of a Coupon and also the payment of the Redemption Amount on maturity of the Securities are dependent on the respective price of all Underlyings. For example, the Early Redemption of Reverse Convertible with Conditional Coupon is subject to the condition that the Reference Prices of all Underlyings on an observation date are above - if provided for in the Termsheet (Final terms/Listing notice) – on their respective Autocall Level. Where applicable, Coupon Payments will only be made if the Reference Prices of all Underlyings on a relevant observation date are above - if provided for in the Termsheet (Final terms/Listing notice) - on their respective coupon levels.

If no Early Redemption has occurred, the type and amount of redemption at maturity is also determined on the basis of the Reference Price of all Underlyings at the Final Fixing on the Final Fixing Date: If the Reference Price of at least one Underlying is below or - if provided for in the Termsheet (Final terms/Listing notice) - at its Strike or Autocall Level and - in the case of Structures with a Barrier - additionally the Barrier has been crossed, the payout amount or the counter value of the assets to be delivered is generally determined on the basis the Underlying with the lowest (Worst of) or highest (Best of) performance (as determined in the relevant Termsheet (Final terms/Listing notice)). Otherwise, the investor will receive the nominal amount.

3.0.7.7. ***Tracker Certificates (SSPA 1300)***

What all the Tracker Certificates described below have in common is that they are high-risk investment instruments. All Tracker Certificates have a derivative component; they are financial instruments whose value is derived from the value of another financial instrument, which is the Underlying.

Tracker Certificates with maturity limit

Tracker certificates with a maturity limit are Securities with which the investor, taking a number of parameters de-scribed below into account, can participate almost 1:1 in an increase but also in a decrease of the Underlying.

Redemption

Tracker Certificates with a fixed term generally entitle the holder to payment of the Redemption Amount on the maturity date.

The Redemption Amount of the Tracker Certificates depends to a large extent on the performance of the Underlying. The Redemption Amount is determined on the Final Fixing Date.

Depending on the Underlying and the existence of other factors influencing the Redemption Amount (e.g. management fee or Quanto interest rate), there are different calculation methods for the Redemption Amount.

Calculation of the Redemption Amount in the case of an individual Underlying

The Redemption Amount of the Securities can be calculated on the basis of alternative calculation methods, of which the two generally occurring variants are described in more detail below. The calculation method applicable to the Redemption Amount in each individual case will be determined in the Termsheet (Final terms/Listing notice). Two alternatives may be considered:

1. The Redemption Amount corresponds to the Reference Price of the Underlying, taking the Subscription Ratio into account.
2. The Redemption is determined on the basis of the performance of the Underlying and corresponds to the product of the Strike and the percentage performance of the Underlying.

The performance of the Underlying is generally calculated as follows: On each Trading Day (i.e. a day on which the Underlying is calculated), the relevant performance for that Trading Day is calculated by dividing the price of the Underlying on the relevant Trading Day by the price of the Underlying on the Trading Day immediately preceding the relevant Trading Day. The product of each of these calculated performances over the term is the performance of the Underlying. The relevant Termsheet (Final terms/Listing notice) may provide for a different calculation of the performance of the Underlying.

If a management fee or a Quanto interest rate has been determined, these - like any other fees specified in the Termsheet (Final terms/Listing Notice) - will be deducted reducing the value when calculating the Redemption Amount.

If the calculated Redemption Amount is not positive, the Securities right expires worthless and the investor suffers a total loss.

Calculation of the Redemption Amount in the case of a basket as the Underlying

In the case of a basket as the Underlying, the Redemption Amount is generally also determined in accordance with the calculation methods described above; however, the Reference Price of an individual Underlying is replaced by the value of the entire basket on the relevant Trading Day or Final Fixing Date (the so-called basket value). The basket value corresponds to the sum of the values of all basket components. The value of a basket component is determined by multiplying the number of a basket component by its Reference Price on the Trading Day or Final Fixing Date.

Open-End Tracker Certificates

Open-End Tracker Certificates are Securities with which the investor, taking a number of parameters described below into account, can participate in an increase of the Underlying.

Adjustments to the Underlying for futures contracts as the Underlying due to the so-called Roll-Over

In the case of futures contracts as the Underlying, the (current) Underlying and the Subscription Ratio of the Securities also change regularly in the case of Open-End Tracker Certificates. Since futures and interest rate futures always have a certain date of maturity, Securities in relation to these Underlyings must regularly be subject to a Roll-Over which is carried out on a date specified in the relevant Termsheet (Final terms/Listing notice) (the "Roll-Over Day"). The Current Underlying is replaced by another Underlying (futures contract), which has the same or comparable contract specifications except for the expiration date later in the future. In order to take account of differences in value between the previous futures contract and the new futures contract, the Subscription Ratio of the Security is changed accordingly as part of the Roll-Over in the case of Securities with a Subscription Ratio. The Termsheet (Final terms/Listing notice) may also provide for a different adjustment rule.

If, in the opinion of the Issuer, no futures contract exists at this point in time whose underlying conditions or contract characteristics match those of the respective Current Underlying to be replaced, the Issuer may also terminate the Securities extraordinarily (furthermore, an ordinary termination is possible at any time).

Redemption upon exercise or ordinary termination by the Issuer

Open-End Tracker Certificates do not have a fixed term and therefore do not entitle the holder to payment of the Redemption Amount on a specific date already fixed at the time of issue.

If the Investor is unable or unwilling to sell his Securities off-market, he can only obtain redemption if he effectively exercises the Open-End Tracker Certificates or if the Issuer terminates the Securities early, which in both cases results in payment of the Redemption Amount. In both cases, the rights arising from the Securities expire upon redemption.

The Redemption Amount of the Open Participation Certificated depends to a large extent on the performance of the respective Underlying. The Redemption Amount will be determined by the Issuer in the event off effective exercise or ordinary termination by the Issuer as follows.

If the rights arising from the Securities are exercised by exercising them, the Final Fixing Date shall generally be the day on which the securities right is effectively exercised by the Investor in accordance with the General Terms and Conditions and the relevant Termsheet (Final terms/Listing notice), so that the Redemption Amount is also determined accordingly at that time. In the case of ordinary termination by the Issuer, the Final Fixing Date and thus the time of calculation of the Redemption Amount will depend on the time and content of the termination (details in the General Terms and Conditions and the relevant Termsheet (Final terms/Listing notice)). Redemption will be made a few days after the respective Final Fixing Date.

Depending on the Underlying and the existence of other factors influencing the amount of the Redemption (e.g. management fee, Quanto interest rate), there are different calculation methods for the Redemption Amount.

Calculation of the Redemption Amount

The Redemption Amount of the Securities can be calculated on the basis of alternative calculation methods, of which the two generally occurring variants are described in more detail below. The calculation method applicable to the Redemption Amount in each individual case will be determined in the Termsheet (Final terms/Listing notice).

1. The Redemption Amount corresponds to the Reference Price of the Underlying, taking the Subscription Ratio into account.
2. The Redemption Amount is determined on the basis of the performance of the Underlying and corresponds to the product of the Strike and the percentage performance of the Underlying.

The performance of the Underlying is generally calculated as follows: On each Trading Day (i.e. a day on which the Underlying is calculated), the relevant performance for that Trading Day is calculated by dividing the price of the Underlying on the relevant Trading Day by the price of the Underlying on the Trading Day immediately preceding the relevant Trading Day. The product of each of these calculated performances over the term is the performance of the Underlying. The relevant Termsheet (Final terms/Listing notice) may provide for a different calculation of the performance of the Underlying.

If a management fee or a Quanto interest rate has been determined, these - like any other fees specified in the Termsheet (Final terms/Listing notice) - will be deducted reducing the value when calculating the Redemption Amount.

If the calculated Redemption is not positive, the securities right expires worthless and the investor suffers a total loss.

3.0.7.8. ***Outperformance Certificates (SSPA 1310)***

Outperformance Certificates have at least one (upper) Participation that determines the ratio in which the investor participates in price gains of the Underlying above the Strike. In addition, the Termsheet (Final terms/Listing notice) may also provide for a lower Participation, which determines the extent to which investors participate in price losses of the Underlying below the Strike. If no lower Participation is provided for in the Termsheet (Final terms/Listing notice), the investor participates 1:1 in the losses of the Underlying.

If the Reference Price of the Underlying is quoted above the Strike on the Final Fixing Date, the investor receives a cash settlement upon maturity of the Securities, which is calculated by adding the Strike to the difference between the Reference Price of the Underlying on the Final Fixing Date and the Strike multiplied by the (upper) Participation (taking the Subscription Ratio into account).

For Securities with a settlement type (physical) Delivery and a Participation of at least 1, it may be provided that the investor receives an asset (Delivery Item) corresponding to the number of Delivery Items instead of the predetermined cash settlement. If the Participation is above 1, the investor receives the participation exceeding the factor 1 as a cash settlement.

If the Reference Price of the Underlying on the Final Fixing Date is lower than the Strike, the investor will receive a cash settlement for Securities with the settlement type Payment (Cash Settlement) which corresponds to the sum of the Strike and the difference between the Reference Price of the Underlying and the Strike, multiplied by the lower Participation if applicable (taking the Subscription Ratio into account). In the case of Securities with the settlement type (physical) Delivery, the Issuer will deliver an asset (Delivery Item) corresponding to the number of Delivery Items instead of a cash settlement.

Barrier Outperformance Certificates

In contrast to Outperformance Certificates, Barrier Outperformance Certificates have an additional Barrier.

As long as this Barrier has not been crossed by the observation price of the Underlying during the Observation Period, the investor receives at least the Strike (taking the Subscription Ratio into account) upon maturity of the Securities, even if the Reference Price of the Underlying is quoted below the Strike on the Final Fixing Date.

However, if the Barrier has been crossed during the Observation Period, this partial protection is removed by the Barrier, and the Barrier Outperformance Certificate behaves - as incidentally - like a normal Outperformance Certificate, as described above.

In the event that the Barrier is only considered at Final Fixing on the Final Fixing Date at the time the respective Reference Price is determined (Barrier Observation at maturity), the investor receives a cash settlement upon maturity of the Securities which is calculated by adding the Strike to the difference between the Reference Price of the Underlying on the Final Fixing Date and the Strike multiplied by the (upper) Participation (taking the Subscription Ratio into account) if the Reference Price of the Underlying on the Final Fixing Date is quoted above the Strike. If the Reference Price is quoted below the Strike but above the Barrier, the investor receives the Strike (taking the Subscription Ratio into account). If, however, the Reference Price of the Underlying is below the Barrier on the Final Fixing Date, the cash settlement for Securities with the settlement type Payment (Cash Settlement) corresponds to the sum of the Strike and the difference between the Reference Price of the Underlying and the Strike multiplied, if applicable, by the lower Participation (taking the Subscription Ratio into account). In the case of Securities with the settlement type (physical) Delivery, the Issuer will deliver an asset (Delivery Item) corresponding to the number of Delivery Items instead of a cash settlement.

Capped Outperformance Certificates

In the case of a Capped Outperformance Certificate, the investor participates in the performance of the Underlying above the Strike in accordance with the Participation, but limited to the cap. If the price of the Underlying rises above the cap, the investor no longer benefits. The Participation may be greater or less than 1. A Participation greater than 1 means that the investor participates disproportionately in price increases of the Underlying above the Strike. A Participation of less than 1, on the other hand, means that the investor participates under-proportionally in price increases of the Underlying above the Strike.

The investor therefore receives the maximum possible cash settlement (maximum amount) on maturity of the Securities if the Reference Price of the Underlying is quoted on or above the Cap on the Final Fixing Date. The maximum amount is calculated by adding the Strike to the difference between the Cap and the Strike multiplied by the Participation, taking the Subscription Ratio into account.

If the Reference Price of the Underlying is quoted between the Strike and the Cap on the Final Fixing Date, the Investor will receive the Strike plus the difference between the Reference Price and the Price multiplied by the Participation, taking the Subscription Ratio into account.

For securities with a settlement type (physical) Delivery and a Participation of at least 1, it may be provided that the investor receives an asset in accordance with the Subscription Ratio instead of the predetermined cash settlement. If the Participation is higher than 1, the investor will then receive the participation exceeding the factor 1 as a cash settlement.

If, however, the Underlying is below the Strike on the Final Fixing Date, the investor participates 1:1 in the price losses of the Underlying and receives the Reference Price of the Underlying (taking the Subscription Ratio into account) for Securities with the settlement type Payment (Cash Settlement). In the case of Securities with the settlement type (physical) Delivery, the Issuer will deliver an asset (Delivery Item) corresponding to the number of Delivery Items instead of a cash settlement.

3.0.7.9. ***Bonus Certificates (SSPA 1320)***

The bonus mechanism for Bonus Certificates consists of a Bonus and a Barrier. The Bonus is set above or corresponding to the current price of the Underlying at the time of issue and remains constant throughout the term. The Barrier is set below the current price of the Underlying at the time of issue.

As long as the Observation Price of the Underlying does not fall below the Barrier during the Observation Period or - if provided for in the Termsheet (Final terms/Listing notice) - reaches the Barrier, the Investor will receive the Reference Price of the Underlying, taking the Subscription Ratio into account, but at least the bonus amount (which, taking the Subscription Ratio into account, corresponds to the Bonus) on maturity of the Securities. This construction enables the investor to achieve positive returns compared to direct investments (any distributions of the Underlying are not taken into account) even if the markets tend sideways or fall slightly. In the case of prices above the Bonus, the investor participates one-to-one in the performance of the Underlying.

If the Barrier is crossed during the Observation Period or - if provided for in the Termsheet (Final terms/Listing notice) - if the Barrier is touched, the bonus mechanism will be suspended and the Issuer will pay a cash settlement for Securities with the settlement type Payment (Cash Settlement) which corresponds to the Reference Price of the Underlying (taking the Subscription Ratio or - in the case of Bonus Certificates with Airbag - the Airbag Subscription Ratio into account). In the case of Securities with the settlement type (physical) Delivery, the Issuer will in this case deliver an asset (Delivery Item) corresponding to the number of Delivery Items instead of paying a cash settlement.

In the event that the Barrier is only considered at Final Fixing on the Final Fixing Date at the time the Reference Price is determined and the Reference Price of the Underlying on the Final Fixing Date is above or - if provided for - on the Barrier, the investor receives the Reference Price of the Underlying, taking the Subscription Ratio into account, but at least the bonus amount.

If the Reference Price of the Underlying is below or, if applicable, on the Barrier on the Final Fixing Date, the Issuer will pay a cash settlement in the case of Securities with the settlement type Payment (Cash Settlement) which corresponds to the Reference Price of the Underlying (taking the Subscription Ratio or - in the case of Bonus Certificates with Airbag - the Airbag Subscription Ratio into account).

In the case of Securities with the settlement type (physical) Delivery, the Issuer will also pay a corresponding cash settlement if the Reference Price of the Underlying on the Final Fixing Date is above or - if provided for in the Termsheet (Final terms/Listing notice) - at the Bonus. If, on the other hand, the Reference Price of the Underlying on the Final Fixing Date is below the Barrier– if provided for – on the barrier, the Issuer will deliver an asset as described above in the case of Securities with (physical) Delivery.

Bonus Cap Certificates

Bonus Cap Certificates correspond in their functionality to the conventional Bonus Certificates with one decisive exception: In addition to Bonus and Barriers, these Securities also have a Cap that is set above or equal to the Bonus. For the investor, this means that if the price of the Underlying rises, he can only participate up to the cap.

The Issuer will redeem the Securities on maturity by paying the bonus amount, provided that the Observation Price of the Underlying has not fallen below the Barrier during the Observation Period or - if provided for in the Termsheet (Final terms/Listing notice) - has touched the Barrier and the Reference Price is quoted below or - if provided for - at the Bonus on the Final Fixing Date.

If, on the Final Fixing Date, the Reference Price of the Underlying is above or - if provided for in the Termsheet (Final terms/Listing notice) - on the Bonus, or if the Barrier is crossed during the Observation Period, the Issuer will pay a cash settlement in the case of Securities with the settlement type Payment (Cash Settlement) which (taking the Subscription Ratio into account) corresponds to the Reference Price of the Underlying. However, the amount of the cash settlement is limited by the maximum amount (i.e. the Cap taking the Subscription Ratio into account).

In the case of Securities with the settlement type (physical) Delivery, the Issuer will also pay a cash settlement (limited to the maximum amount) if the observation price of the Underlying has not fallen below or - if applicable - touched the Barrier during the Observation Period and the Reference Price of the Underlying on the Final Fixing Date is above or, if applicable, at the Bonus. If the observation price of the Underlying breaches the Barrier during the Observation Period and if the Reference Price of the Underlying is below the Cap on the Final Fixing Date, the Issuer will deliver an asset (as described in Bonus Certificates) for Securities with the settlement type (physical) Delivery. If the observation price of the Underlying breaches the Barrier during the Observation Period, but the Reference Price of the Underlying is quoted again at or above the Cap on the Final Fixing Date, the investor receives – in the case of Securities of the settlement type (physical) Delivery -the payment of the maximum amount instead of the delivery of an asset.

In the event that the Barrier is only considered at Final Fixing on the Final Fixing Date at the time the Reference Price is determined (Final Fixing consideration), the Issuer will redeem the Securities on maturity by paying the bonus amount, provided that the Reference Price of the Underlying on the Final Fixing Date is above or - if provided for - on the Barrier and below or - if provided for - on the Bonus.

If, on the Final Fixing Date, the Reference Price of the Underlying is below or, if applicable, on the Barrier or above or - if provided for - on the Bonus, the Issuer will pay a cash settlement (limited to the maximum amount) for Securities with the settlement type Payment (Cash Settlement).

In the case of Securities with the settlement type (physical) Delivery, the Issuer will also pay a cash settlement (limited to the maximum amount) if the Reference Price of the Underlying is above or, if applicable, at the Bonus on the Final Fixing Date. However, if the Reference Price of the Underlying on the Final Fixing Date is below – if provided for - on the Barrier, the Issuer will deliver an asset in the case of Securities with (physical) Delivery, as described above.

Multi Bonus Certificates

With Multi Bonus Certificates, the investor participates in the performance of several Underlyings. The bonus mechanism consists of a nominal amount, a Bonus, a Strike per Underlying and a Barrier per Underlying that is below the Strike of the respective Underlying.

If none of the Observation Prices of the Underlyings has fallen below the relevant Barrier during the Observation Period or - if provided for in the Termsheet (Final terms/Listing notice) - has touched it, the Issuer will pay a cash settlement when the Securities mature. The cash settlement corresponds to the nominal amount multiplied by either the performance of the Underlying with the highest or lowest performance or the average percentage performance of all Underlyings calculated on the basis of the Reference Prices of the relevant Underlyings on the Final Fixing Date in relation to the relevant Strike, but at least the Bonus.

If at least one Observation Price of an Underlying has fallen below the relevant Barrier during the Observation Period or - if provided for in the Termsheet (Final terms/Listing notice) - has touched the Barrier, the Bonus Mechanism shall be suspended.

The Issuer will pay a cash settlement in the case of Securities with the settlement type Payment (Cash Settlement) which corresponds to the nominal amount multiplied by either the performance of the Underlying with the highest or lowest performance or the average percentage performance of all Underlyings. In the case of Securities with the settlement type (physical) Delivery, however, the Issuer will deliver an asset in accordance with the Subscription Ratio.

In the event that the respective Barrier is considered exclusively on the Final Fixing Date at the time the Reference Prices are determined (Final Fixing consideration), the Issuer will pay a cash settlement upon maturity of the Securities, provided that the Reference Prices of all Underlyings are above or - if provided for in the Termsheet (Final terms/Listing notice) - on the respective Barrier. The cash settlement corresponds to the nominal amount multiplied by either the performance of the Underlying with either the lowest or the highest performance or the average percentage performance of all Underlyings calculated on the basis of the Reference Prices of the relevant Underlyings on the Final Fixing Date in relation to the relevant Strike, but at least the Bonus.

If the Reference Price of at least one Underlying falls below the relevant Barrier on the Final Fixing Date or, if applicable, reaches it, the Issuer will pay a cash settlement for Securities with the settlement type Payment (Cash Settlement). The cash settlement corresponds to the nominal amount multiplied by either the lowest or highest performance or the average percentage performance of all Underlyings.

In the case of Securities with the settlement type (physical) Delivery, the Issuer will deliver an asset (Delivery Item) corresponding to the number of Delivery Items instead of a cash settlement. Which asset is delivered is determined depending on the Underlying with the lowest or highest percentage performance (as specified in the relevant Termsheet (Final terms/Listing notice)).

Multi Bonus Cap Certificates

Compared to Multi Bonus Certificates, Multi Bonus Cap Certificates have the special feature that there is also a Cap that is set as a percentage above or equal to the Bonus.

If none of the Observation Prices of the relevant Underlyings has fallen below the relevant Barrier during the Observation Period or - if provided for in the Termsheet (Final terms/Listing notice) - has touched the relevant Barrier, the Issuer will pay a cash settlement when the Securities mature. The cash settlement corresponds to the nominal amount multiplied by - in accordance with the Termsheet (Final terms/Listing notice) - either the performance of the Underlying with the best or worst performance or the average percentage performance of the Underlyings calculated on the basis of the Reference Prices of the relevant Underlyings on the Final Fixing Date in relation to the relevant Strike, but not less than the Bonus and not more than the maximum amount.

If at least one Observation Price of the respective Underlyings has fallen below the respective Barrier during the Observation Period or - if provided for in the Termsheet (Final terms/Listing notice) - has touched it, the bonus mechanism is suspended.

In the case of Securities with the settlement type Payment (Cash Settlement), the Issuer will in this case pay a cash settlement equal to the nominal amount multiplied by the percentage performance of the Underlying with - in accordance with the Termsheet (Final terms/Listing notice) - the best (Best of) or worst (Worst of) performance or the average percentage performance of the Underlyings calculated on the basis of the Reference Prices of the relevant Underlyings on the Final Fixing Date in relation to the relevant Strike, but not exceeding the maximum amount.

In the case of Securities with the settlement type (physical) Delivery, the Issuer will deliver an asset (Delivery Item) corresponding to the number of Delivery Items instead of a cash settlement. Which asset is delivered is determined depending on the Underlying with the lowest or highest percentage performance. In the event that the value of the assets to be delivered equals or exceeds the maximum amount, the investor will receive payment of the maximum amount instead of delivery of the assets.

In the event that the respective Barrier is considered exclusively on the Final Fixing Date at the time the Reference Prices are determined (Final Fixing consideration), the Issuer will pay a cash settlement on maturity of the Securities if none of the Reference Prices of the respective Underlyings has fallen below the respective Barrier on the Final Fixing Date or - if provided for - has touched it. The cash settlement corresponds to the nominal amount multiplied by either the performance of the Underlying with the best or worst performance or the average percentage performance of the Underlyings calculated on the basis of the Reference Prices of the relevant Underlyings on the Final Fixing Date in relation to the relevant Strike, but not less than the Bonus and not more than the maximum amount.

If at least one Reference Price of an Underlying has fallen below the relevant Barrier on the Final Fixing Date or - if provided for - touched it, the entitlement to payment of the bonus amount described above will be lost and the Issuer will pay a cash settlement for Securities with the settlement type Payment (Cash Settlement). The cash settlement corresponds to the nominal amount multiplied by the percentage performance of the Underlying with the worst performance or the average percentage performance of the Underlyings calculated on the basis of the Reference Prices of the relevant Underlyings on the Final Fixing Date in relation to the relevant Strike, but not exceeding the maximum amount. In the case of Securities with the settlement type (physical) Delivery, the Issuer will deliver an asset (Delivery Item) corresponding to the number of Delivery Items instead of a cash settlement. Which asset is delivered is determined depending on the Underlying with the lowest or highest percentage performance. In the event that the counter value of the assets to be delivered equals or exceeds the maximum amount, the investor will receive payment of the maximum amount instead of the delivery of the assets.

3.0.7.10. ***Bonus Outperformance Certificates (SSPA 1330)***

Bonus Outperformance Certificates combine the functionality of Bonus Certificates with that of Outperformance Certificates. In addition to the bonus mechanism consisting of Bonus and Barrier, they have at least one (upper) Participation which determines the ratio in which the investor participates in price gains of the Underlying above the Strike.

As long as the Observation Price of the Underlying does not fall below the Barrier during the Observation Period or - if provided for in the Termsheet (Final terms/Listing notice) - reaches the Barrier, the Investor will receive a cash settlement upon maturity of the Securities, which is calculated by adding the Strike (Bonus) to the difference between the Reference Price of the Underlying on the Final Fixing Date and the Strike multiplied by the (upper) Participation (taking the Subscription Ratio into account). At a minimum, however, the investor receives the bonus amount (which corresponds to the Bonus taking the Subscription Ratio into account). This construction enables the investor to achieve positive returns compared with direct investments (any distributions of the Underlying are not taken into account) even if the markets tend sideways or fall slightly. In the case of prices above the Bonus, the investor participates disproportionately in the performance of the Underlying.

If the Barrier is crossed during the Observation Period or - if provided for in the Termsheet (Final terms/Listing notice) - touched, the bonus mechanism is suspended and the Security becomes a pure Outperformance Certificate, see section 3.0.7.8. above.

Bonus Outperformance Certificates with further additional features may also be issued under This Base Prospectus, including these which have already been described above in connection with other types of Securities, e.g. Multi or Cap, or which are described below.

In addition, the Termsheet (Final terms/Listing notice) may also provide for a lower Participation, which determines the extent to which the investor participates in price losses of the Underlying below the Strike. If no lower Participation is provided for in the Termsheet (Final terms/Listing notice), the investor participates 1:1 in the losses of the Underlying.

3.0.7.11. ***Twin Win Certificates (SSPA 1340)***

With a Twin-Win Certificate, the investor has the opportunity to participate unlimitedly in price increases of the Underlying above the Strike in accordance with the (upper) Participation, as well as to generate profits up to the Barrier in the event of falling prices of the Underlying. This positive participation in falling prices for the investor can be directly proportional in a ratio of 1:1. However, the Termsheet (Final terms/Listing notice) may also provide for a (lower) Participation, which determines the extent of positive participation in price losses of the Underlying as disproportionate (greater than 1) or under proportionate (less than 1). If the Barrier is crossed during the Observation Period by the observation price of the Underlying, any positive participation in falling prices of the Underlying will cease and the Investor will participate in losses of the Underlying below the Strike 1 : 1 or - if provided for in the Termsheet (Final terms/Listing notice) - according to the lower Participation.

If the Reference Price of the Underlying is quoted above the Strike on the Final Fixing Date, the investor receives a cash settlement upon maturity of the Securities, which is calculated by adding the Strike to the difference between the Reference Price of the Underlying on the Final Fixing Date and the Strike multiplied by the (upper) Participation (taking the Subscription Ratio into account).

If the Reference Price of the Underlying on the Final Fixing Date is below the Strike, the investor will receive as cash settlement the sum of the Strike and the difference between the Strike and the Reference Price of the Underlying (taking the Subscription Ration into account) - multiplied, if applicable, by the lower Participation - if the Barrier was not crossed during the Observation Period. If, however, the Barrier was crossed during the Observation Period, the investor receives a cash settlement equal to the sum of the Strike and the difference between the Reference Price of the underlying and the Strike multiplied, if applicable, by the lower Participation (taking the Subscription Ratio into account). In the case of Securities with the settlement type (physical) Delivery, the Issuer will deliver an asset (Delivery Item) corresponding to the number of Delivery Items instead of a cash settlement.

Twin-Win Certificates can also be designed in such a way that the Barrier is only considered at Final Fixing on the Final Fixing Date (so-called Final Fixing consideration).

Capped Twin Win Certificates

Capped Twin Win Certificates function in the same way as Twin Win Certificates, but have a Cap as a special feature. This Cap has the effect that the investor cannot participate in price increases of the Underlying beyond this cap. The maximum cash settlement (maximum amount) for Capped Twin Win certificates is therefore limited from the beginning.

If the Reference Price of the Underlying on the Final Fixing Date is thus above the cap, the investor receives only a maximum amount equal to the sum of the Strike and the difference between the Cap and the Strike multiplied by the (upper) Participation (taking the Subscription Ratio into account). Furthermore, this type of Security functions in the same way as Twin Win certificates without a Cap.

3.0.8. Airbag Certificate structures

3.0.8.1.1. Airbag Certificates

Airbag Certificates are based on an Underlying and have a Strike, a lower Strike and two Participations, whereby one Participation influences participation in any price gains of the Underlying (the so-called upper Participation) and the other influences participation in any price losses of the Underlying (the so-called lower Participation). With Airbag Certificates, Investors may participate in any price gains of the Underlying above Strike either 1:1 or disproportionately or under-proportionately, depending on the amount of the upper Participation in the individual case. Below the Strike down to the lower Strike, Investors do not participate in the price losses of the Underlying (Airbag). Investors participate in any price losses below the lower Strike. This participation can also be either 1:1 or disproportional or under-proportional, depending on the level of the lower Participation in the individual case. The payment options are in particular as follows:

1. If, on the Final Fixing Date, the Reference Price of the Underlying is above or - if provided for in the Termsheet (Final terms/Listing notice) - on the Strike, Securities Holders will receive a cash settlement calculated as follows: The first step is to determine the difference between the Reference Price of the Underlying on the Final Fixing Date and the Strike. This difference is then multiplied by the upper Participation and then added to the Strike. Finally, the result is multiplied by the Subscription Ratio.

2. If, on the Final Fixing Date, the Reference Price is below or - if provided for in the Termsheet (Final terms/Listing notice) - on the Strike, but above or - if provided for in the Termsheet (Final terms/Listing notice) - on the lower Strike, Securities Holders will receive a cash settlement equal to the Strike multiplied by the Subscription Ratio.
3. If, on the Final Fixing Date, the Reference Price of the Underlying is lower than or - if provided for in the Termsheet (Final terms/Listing notice) - higher than the lower exercise price, Securities Holders will receive a cash settlement calculated as follows: The first step is to determine the difference between the lower Strike and the Reference Price of the Under-lying on the Final Fixing Date. This difference is then multiplied by the lower Participation and then subtracted from the Strike. In the end, the result is multiplied by the Subscription Ratio.

Capped Airbag Certificates

Airbag Certificates can also be equipped with a so-called Cap. In contrast to Airbag Certificates without a Cap, the Cap limits the participation of Investors in any price gains of the Underlying above the Strike to the maximum amount. The maximum amount is calculated as follows: In a first step, the difference between the Cap and the Strike is determined. This difference is then multiplied by the Participation and then added to the Strike. In the end, the result is multiplied by the Subscription Ratio.

3.0.9. Additional features

The types of Securities described above may be combined with other additional features. The relevant Termsheet (Final terms/Listing notice) each contain a corresponding description, if provided for. The main additional features that the SSPA has included in its categorisation model are described below. The list and description is not conclusive. Only the Termsheet (Final terms/Listing notice) contain the respective relevant and binding features of a Security. Additional features can be combined individually or together with the different types of Securities.

3.0.9.1. *Asian Option*

In the case of Securities with the additional feature Asian Option, the value of the Underlying is not determined at a single point in time but as an average of several points in time (e.g. monthly, quarterly, annually). Such price fixing may, for example, be provided for the purposes of calculating the Redemption Amount (instead of a single Reference Price) or for determining the Strike in the Termsheet (Final terms/Listing notice) at the time of issue.

3.0.9.2. *American Barrier*

In contrast to the European Barrier, any day during the term of the Security is relevant for monitoring the barrier.

3.0.9.3. *Autocallable*

Securities with the additional feature Autocallable are automatically matured and redeemed prematurely if the price of the Underlying - in accordance with the detailed provisions of the Termsheet (Final terms/Listing notice) - on an observation date is at or above (Bull) respectively at or below (Bear) a predefined threshold (Autocall Level).

3.0.9.4. *Bearish*

Securities with the additional feature Bearish enable investors to benefit from falling prices of the Underlying. A rising price of the Underlying, on the other hand, regularly has a negative effect for the investor. Therefore, the value of these certificates generally increases - subject to other factors and features relevant to the value of the Securities - when the price of the Underlying falls and vice versa.

In this case, the Termsheet (Final terms/Listing notice) usually determine a reverse level for the Securities, which determines the level at which the participation in a negative performance is tracked. Potential investors should bear in mind that the descriptions above relate to the Bullish variants of the security types and, in the case of the Bearish type, the redemption profile is reversed. The respective Termsheet (Final terms/Listing notice) each contain a corresponding description of the Bearish Securities.

3.0.9.5. *Best-of*

The return of the Security depends on the performance of the best performing Underlying Asset.

3.0.9.6. ***Bullish***

The Security benefits from rising prices of the Underlying Asset.

3.0.9.7. ***Callable***

Securities with the additional feature Callable may be terminated and redeemed early by the Issuer in accordance with the relevant Termsheet (Final terms/Listing notice).

3.0.9.8. ***Capped Participation***

Securities with the additional feature Cap respectively Capped Participation restrict the investor's opportunities to participate in generally positive performance. The maximum return of such a Security is therefore limited.

3.0.9.9. ***Conditional Coupon***

In the case of the additional feature Conditional Coupon, there is the possibility (a scenario) that the Coupon will not be paid out (Coupon at risk) or that a Coupon that has not been paid out can be made up at a later date (Memory Coupon). This feature is mainly used for Reverse Convertible with Conditional Coupon and is also their regular characteristic.

3.0.9.10. ***European Barrier***

In the case of Securities with the additional feature European Barrier, only the last day of the term or even only the Reference Price of the Underlying relevant for the Final Fixing is relevant for determining whether an underlying price has touched the Barrier, i.e. whether a Barrier Event has occurred.

3.0.9.11. ***Floor***

Represents a minimum amount which is redeemed at the Security's expiry, independent of the performance of the Underlying Asset.

3.0.9.12. ***Inverse***

The value of Securities with the additional feature Inverse develops inversely proportional to the price of the Underlying.

3.0.9.13. ***Knock-in***

In the case of Securities with the additional feature Knock-in, redemption is made at least at a predetermined value once the underlying price has touched the Knock-in level in the relevant period. The further price development of the Under-lying is then no longer relevant for the redemption of the Security.

3.0.9.14. ***Look-back***

In the case of Securities with the additional feature Look-back, individual features of the Security, e.g. Strike, Barrier, are only defined after a time delay and not when the Securities are issued.

3.0.9.15. ***Open-end***

The Security does not have a predetermined fixed maturity.

3.0.9.16. ***Participation***

Specifies the proportion at which the investor profits from the performance of the Underlying Asset. This can be 1:1, disproportionately high or disproportionately low.

3.0.9.17. ***Physical delivery***

Depending on the Product’s structure, a physical delivery may be made at maturity, i.e, the Underlying Asset may be transferred to the holders' custody account.

3.0.9.18. ***Puttable***

In the case of Puttable Securities, the investor has the right to redeem the product to the Issuer on certain days during the term and to demand payment of the Redemption Amount.

3.0.9.19. ***Variable Coupon***

In the case of Securities with the additional feature Variable Coupon, the amount of the Coupon may vary depending on a scenario defined in the Termsheet (Final terms/Listing notice).

3.0.9.20. ***Worst-of***

The return of the Security depends on the performance of the worst performing Underlying Asset.

3.0.10. Securities with TCM collateralization

Securities with TCM collateralization are collateralized in accordance with the terms of the relative Triparty Collateral Management Security Agreement ("**TCM Security Agreement**"; see Section "Documentation" below) concluded between the respective Issuer (BCV), Banque Cantonale Vaudoise (the "**Collateral Provider**"), SIX Repo AG acting for and on behalf as direct representative of the holder of the Structured Products (the "**Collateral Taker**") and SIX SIS AG acting as Depository and Triparty Collateral Agent.

“Specific Structured Product” is a security which:

a) is by its Terms and Conditions designated and determined to be a structured product becoming secured in accordance with the TCM Security Agreement;

b) has a term of not more than five years or can be terminated by the Issuer with a notice period of not more than five years;

c) is issued through an account held by the Collateral Provider with SIX SIS.

Collateral Taker acquires a security interest over the intermediated securities in accordance with article 25 paragraph 2(b) of the Swiss Federal Intermediated Securities Act ("**FISA**”) and a pledge according to article 899 et seq. of the Swiss Code of Obligations over the cash provided as collateral (eligible assets). The Current Value of a Specific Structured Product is calculated by the Collateral Provider, communicated to SIX Financial Information AG every business day and published on the respective webpage of SIX Financial Information AG. SIX SIS AG value and adjust the collateral several times on every business day on the basis of the Securities prices and/or the currency conversion prices made available by SIX Financial Information AG. Eligible assets are taken by SIX SIS AG and used for the collateralisation. The Collateral Provider, upon inquiry, informs investors about the collateral that is eligible for collateralisation of the Product at any given time.

Capitalized terms used but not otherwise defined herein shall have the meaning as defined in the Final Terms of the Specific Structured Product or the TCM Collateral Management Security Agreement respectively.

Documentation: The collateralization in favor of the Collateral Takers with respect to the Structured Products issued by the Issuer Banque Cantonale Vaudoise is based on the TCM Security Agreement between the Collateral Provider, the Collateral Takers, represented by SIX Repo AG (the "**Collateral Agent**"), and SIX SIS AG.

This TCM Security Agreement constitute an integral part of the Binding Issue Terms. In the event of any contradiction between the respective Binding Issue Terms and the TCM Security Agreement, the TCM Security Agreement shall prevail. The Issuer shall, upon request, provide the TCM Security Agreement to investors free of charge. In addition, the TCM Security Agreements may be obtained from BCV - 276-1598, CP 300, 1001 Lausanne, Suisse, or via e-mail (structures@bcv.ch).

The acquisition by an investor of a Specific Structured Product secured according to TCM Security Agreement automatically entails acceptance of the Collateral Agent as its representative for the purpose of Triparty Collateral Management. **In dealings with SIX Repo AG as the Collateral Agent and SIX SIS AG, investors are bound by the provisions of the TCM Security Agreement.**

Collateralization method: The collateral that must be provided by the Collateral Provider is determined by the value of the Specific Structured Product at any given time (hereinafter "**Current Value**"). The Current Value of the Specific Structured Product is calculated exclusively by, and with full responsibility of, the Collateral Provider in accordance with acknowledged accounting principles but without any independent review. Neither the Collateral Agent, nor SIX SIS AG nor SIX Financial Information AG recalculates or otherwise reviews the calculation of the Current Value. The Current Value is communicated by the Collateral Provider to SIX Financial Information AG which publishes it. SIX SIS AG calculates whether the coverage requirements for the collateral on the basis of the Current Value as published by SIX Financial Information AG are met. Neither the Collateral Agent, nor SIX SIS AG nor SIX Financial Information AG shall be liable for any losses or damages suffered by any Collateral Taker as a consequence of an inaccurate calculation of the Current Value or of an inaccurate communication of such value to SIX Financial Information AG. The collateral provided for a Specific Structured Product will be earmarked for this product (the “**Earmarked Collateral**”) and will not secure any other Specific Structured Product.

Risks: Collateralization reduces the Issuer's default risk only to the extent that the proceeds from the liquidation of collateral upon occurrence of a Realization Event (less the costs of liquidation and payout) are able to meet the investors' claims. The investor bears the following risks, among others: (i) the Collateral Provider is unable to supply the additionally required collateral if the value of the Product rises or the value of the collateral decreases; (ii) in a Realization Event, the collateral cannot be liquidated immediately by the Collateral Agent because of factual hindrances or because the collateral must be handed over to the executory authorities for liquidation (iii) the market risk associated with the collateral results in insufficient liquidation proceeds or, in extreme circumstances, the collateral might lose its value entirely until the liquidation can take place; (iv) the maturity of the Specific Structured Product in a foreign currency may result in losses for the investor because the Current Value (determinant for the investor's claim against the Issuer) is set in the foreign currency, while payment of the pro-rata share of net liquidation proceeds (determinant for the extent to which the investor's claim against the Issuer is satisfied) may be made in a different currency (v) the collateralization is challenged according to the laws governing debt enforcement and bankruptcy, so that the collateral cannot be liquidated according to the terms of the TCM Security Agreement. The collateralization does not eliminate the risk that there might not be a buyer for the Structured Product during its lifetime and that the investor might have to hold the Specific Structured Product until maturity.

Liquidation of collateral: If the Collateral Provider fails to fulfil its obligations, the collateral will be liquidated by the Collateral Agent or a liquidator under the terms of the applicable legal regulations. Collateral may be liquidated ("**Realization Events**") in particular if (i) the Collateral Provider fails to furnish the required collateral or fails to do so in due time, unless this is remedied within five (5) Bank Business Days; (ii) the Issuer fails to fulfil a payment or delivery obligation under the Structured Product upon maturity according to the issuing conditions or fails to do so in due time, unless this is remedied within five (5) Bank Business Days; (iii) the Swiss Financial Market Supervisory Authority (FINMA) orders protective measures with regard to the Issuer or the Collateral Provider under article 26 paragraph 1 letter (f) or (h) of the Federal Act on Banks and Savings Banks ("**Banking Act**"), or restructuring proceedings under article 28 et seq. of Banking Act or liquidation (winding-up proceedings) under article 33 et seq. of the Banking Act.

Determination of a Realization Event: The Collateral Agent is not required to undertake investigations with regard to the occurrence of a Realization Event. In determining the occurrence of a Realization Event, it bases its decision on information received from Collateral Provider or the official sources of information (e.g. FINMA). The Collateral Agent determines with binding effect for the investors whether an incident qualifies as a Realization Event and at what point in time the Realization Event occurred.

Procedure in the case of a Realization Event: If a Realization Event occurs, the Collateral Agent acting in its reasonable discretion is entitled to publicly announce the following immediately or at a later stage: (i) the fact that a Realization Event did occur, (ii) any relevant procedures applied by it in connection with the liquidation of the Earmarked Collateral, (iii) any relevant procedures applied in connection with the application and the payment to Collateral Taker the proceeds from such liquidation and (iv) any other information relevant to the Collateral Taker.

Maturity of the Specific Structured Product and investors' claims against the Issuer: The Realization Event with regard to a Specific Structured Product triggers the immediate maturity of such Specific Structured Product but does not trigger the occurrence of the Realization Event with respect to other secured Structured Products of the Issuer. Upon the occurrence of a specific Realization Event, the liabilities of the Issuer pertaining to the Specific Structured Products in relation to which the specific Realization Event did occur shall become immediately due and payable. The Collateral Agent informs the issuer, the Collateral Provider and SIX SIS.

At the maturity of the Specific Structured Product with regard to a Realization Event in accordance with the respective TCM Security Agreement the investors' claims are determined by the respective Current Values for the affected Specific Structured Products**.** If a Realization Event with regard to a Specific Structured Product has occurred, the Collateral Agent will determine the last Current Value available before the occurrence of Realization Event at the liquidation value for that product. The liquidation value is binding for the Issuer, the Collateral Provider and the investors.

If a Realization Event with regard to a Specific Structured Product has occurred and the collateral value exceeds the amount of the liquidation value and the relevant liquidation costs, the Collateral Agent shall transfer to the Collateral Provider any such excess amount. For avoidance of doubt, such excess amount shall not be applied towards any other relevant Specific Structured Product.

Costs of liquidation and the payout for the benefit of the Investors: Any costs of the Collateral Agent and in connection with the liquidation of the collateral (including fees, taxes and duties) shall, in advance, be covered out of the proceeds of the liquidation of the collateral. The liquidation proceeds are available for payout to the investors in the Specific Structured Product. The pro-rata share of net liquidation proceeds due to investors will be transferred to SIX SIS AG participants on a "Delivery versus Payment" basis. In doing so the Collateral Agent is released from all further obligations. The claim of the investors is non interest-bearing. The payment to the investors may be delayed for factual or legal reasons. The Collateral Agent and SIX SIS AG are not liable to pay either default interest or damages should the payout be delayed for any reason. Each Specific Structured Product is secured by its Earmarked Collateral. Therefore, the maximum claim of an investor to satisfaction from the net liquidation proceeds from the Earmarked Collateral is determined by the Current Value of the Specific Structured Product.

An investor's maximum claim to satisfaction from the net liquidation proceeds of the Earmarked Collateral is based on the liquidation value of the Specific Structured Product. The claims of the investors in the Specific Structured Product against the Issuer shall be reduced by the amount of the payment of the net liquidation proceeds. After payment of the net liquidation proceeds, the investors have no further claims under the TCM Security Agreement against the Collateral Agent, SIX SIS AG, the Collateral Provider or other persons involved in the collateralization of the Specific Structured Product.

Liability: The liability of the parties to pay damages exists only in the cases of gross negligence or intentional misconduct. Further liability is excluded.

No regulatory authorization: Specific Structured Products subject to TCM Security Agreement do not constitute collective investment schemes pursuant to the Federal Act on Collective Investment Schemes (CISA). They do not require authorization or supervision by FINMA.

Congruence with the Binding Issue Terms: The information provided in this Section 3.0.10 corresponds to the provisions of the above mentioned TCM Security Agreements. The provisions of this Section take precedence in the event of contradiction between this Section and the other content of the Binding Issue Terms.

3.1. RISKS

The principal objective of this section is to protect potential purchasers of the Securities from investments that are not suitable for them, and to make investors aware of the related economic contexts that could result in significant changes in the value of the Securities.

No-one should purchase the Securities without having detailed knowledge of the method of operation, the total costs involved and the related risk factors. Only those who are in no doubt about the risks and are financially able to bear the losses that may be associated with them should purchase these types of Securities. When making a decision about the purchase of the Securities issued under This Base Prospectus, investors should therefore **carefully read** the risk factors and conflicts of interest described below, together with the other information contained in This Base Prospectus, **understand the Terms and Conditions in detail and assess the suitability of the relevant investment, in each case taking into account their own financial, tax and other circumstances.** Prospective investors should carefully study all information contained in This Base Prospectus and in the brochure published by the Swiss Bankers' Association (*Schweizerische Bankiervereinigung*, "**SBA**") entitled "Risks Involved in Trading Financial Instruments", while taking into account their financial situation and their investment objectives before making any decision to acquire the Securities. **If in doubt, prospective investors should seek advice from qualified investment, legal or tax advisers.**

The occurrence of these risks, individually or collectively, may have a material adverse effect (**up to and including a total loss of the capital invested** plus the costs incurred, such as custodian fees or brokerage commissions) on the value of the Securities issued under This Base Prospectus or on the ability to trade them in the secondary market, have a material adverse effect on the business activities of the Issuer, and have material adverse effects on the assets and liabilities, financial position and profits and losses of the Issuer.

The following discussion and analysis is intended to illustrate the risks relating to the method of operation of the Securities issued under This Base Prospectus and the risks associated with the Issuer. The following discussion, analysis and the examples it contains do not permit any conclusions to be drawn about specific product features of the Securities.

The following discussion and analysis of the risks relating to the Securities is divided into the following categories

1. Significant risk factors applicable to all Securities (see section 3.1.1. of This Base Prospectus)

   In this section, risks are presented that generally apply to all types of Securities (product types) covered by This Base Prospectus.

2. Significant underlying-specific risks (see section 3.1.2. of This Base Prospectus)

   The performance of the Securities described in This Base Prospectus primarily depends on the performance of the Underlying to which they are linked. The investor may be exposed to further risks - in addition to those already described under (i) - resulting from the link to a specific Underlying. They are explained in this section.

3. Significant security-specific risks (see section 3.1.3. of This Base Prospectus)

   In addition to section 3.1. of This Base Prospectus, risk factors are described here that only apply to certain product types due to their specific features. Together with the risk factors applicable to all Securities, these risk factors indicate the risks for certain types of Securities (product types).

4. Risks relating to the Issuer (see section 2.1.1. of This Base Prospectus)

   These sections discuss the principal risks relating to the Issuer, Banque Cantonale Vaudoise.

The chosen order and extent of the discussion and analysis does not represent a statement either on the probability of occurrence or on the severity and/or significance of the individual risks. In addition, there is a possibility that the Issuer will not be able, for reasons other than the risk factors described in this section, to make payments on the Securities or in connection with them. This may be due, for example, to the fact the that Issuer did not identify material risks as such or did not foresee their occurrence on the basis of the information available at the time of preparing This Base Prospectus.

References in the following to "**Securities**", are intended to include any type and form (global certificate or book-entry securities) in which Securities may be issued under This Base Prospectus.

3.1.1. Significant risks applicable to all Securities

It should be noted as a general principle that the Securities are **high-risk investments instruments** with the consequence that the capital invested by an investor may be completely lost (risk of **total loss**). In such case the loss will include the price paid for the Security and the costs incurred, such as depository fees or brokerage commissions. This risk of loss exists irrespective of the financial condition of the Issuer.

The Securities described in This Base Prospectus are negotiable bearer securities and entitle the respective Investor to the payment of a cash amount (the so-called payout amount) or - in the case of settlement type (physical) delivery - to the delivery of shares, securities representing shares (ADRs/GDRs) or other dividend-bearing securities, debt-securities, fund shares (units in collective investment schemes), index certificates and exchange traded securities (so called *exchange traded products,* "**ETPs"**) ("**Assets**") from the Issuer. The rights of the respective holders of securities are governed by the solely applicable Terms and Conditions of issue.

The investor's potential loss always depends on the purchase price paid for the Securities and is calculated as the difference between (i) the purchase price plus costs incurred, such as depository fees or brokerage commissions, and (ii) the redemption paid by the Issuer. In the event of a premature sale of the Security, the potential loss is calculated as the difference between the purchase and selling price of the Securities (taking into account the additional costs incurred in each case).

Investors should be aware that in the case of Securities with a nominal value (if applicable alternatively referred to as "nominal amount"), redemption at the respective nominal value is not guaranteed - unless the specific Terms and Conditions of issue explicitly provide for a corresponding minimum redemption - and the corresponding payout amount may be (significantly) lower than the nominal amount and in extreme cases a total loss may occur. In the case of the Redemption method (physical) delivery, the value of the assets delivered may be (significantly) lower than the corresponding nominal amount and, in extreme cases, zero (0).

3.1.1.1. *Market price risks*

Investors should be aware that the price of the Securities during the term may be significantly lower than the purchase price.

The price of a Security depends primarily on the price of the respective Underlying, but does not usually reflect this development exactly. All of the positive and negative factors affecting an Underlying therefore have, in principle, an effect on the price of a Security.

In particular, the following circumstances may affect the market price of the Securities, with individual market factors mutually reinforcing or cancelling each other out, i.e. demonstrating a certain correlation to each other:

1. Change in the intensity of fluctuations in price of the Underlying (Volatility)
2. Exchange rate movements
3. Residual maturity of the Securities
4. General changes in interest rates
5. Development of dividend payments where the Underlying consist of shares and distributions on the Underlyings generally
6. Range of an Underlying to any Barriers or other relevant price thresholds
7. Changes in the creditworthiness or perceived creditworthiness of the Issuer

3.1.1.2. *Option risks with respect to the Securities*

The vast majority of the Securities presented in This Base Prospectus are derivative financial instruments incorporating an option right and may therefore have many features in common with options. Transactions with options may involve a high level of risks. An investment in the Securities may be subject to very pronounced fluctuations in value and in some circumstances the embedded option will be completely worthless on expiry. In this event, the investor may lose the entire amount invested in the Securities.

The performance of the Securities is influenced by the performance of the respective option. If the value of the option declines, the value of the Securities may also decline in consequence.

3.1.1.3. *Correlation Risks*

The correlation describes the extent to which in the past a certain dependency between an Underlying and a circumstance (such as a change in another Underlying or an index) could be determined. If, for example, an Underlying regularly moves in the same direction when a certain circumstance changes, a high positive correlation can be assumed. The correlation assumes a value between '-1' and '+1', where a correlation of '+1', i.e. a high positive correlation, means that the performance of the Underlying and the circumstance are closely aligned to each other. With a correlation of '-1', i.e. a high negative correlation, the underlying value moves in exactly the opposite direction. A correlation of '0' means that it was not possible to make a statement about the relationship between the performance of the Underlying and the circumstance.

Against this background, a fundamentally positive Underlying may, for example, result in an unfavorable performance for the investor in an Underlying and/or in a Security due to a change in fundamental data at sector or country level.

3.1.1.4. *Volatility Risk*

The term Volatility refers to the degree of fluctuation or extent of the movement in price of an Underlying or a Security within a defined period. Volatility is calculated on the basis of historical data and particular statistical procedures. The higher the Volatility is the greater are the movements in price both upwards and downwards. An investment in Securities and/or Underlyings with a high Volatility is therefore fundamentally riskier, as it entails greater potential for incurring losses.

3.1.1.5. *Risks in connection with the historical performance*

Investors should note that past performance of an Underlying and/or a Security is not an indicator of future performance. It is not possible to predict on the basis of historical data whether the market price of an Underlying and/or a Security will rise or fall.

If the value of an Underlying develops contrary to its historical performance and if investors have selected a Security trusting in such past performance, investors may suffer a loss up to a total loss of the capital invested.

3.1.1.6. *Risks in connection with financing the purchase of Securities with loans*

If the purchase of the Securities is financed with credit, investors should note that if the investment expectations are not met, not only a possible loss of the invested capital is to be accepted, but also the credit must be interest-bearing and repaid. In this case, investors are thus exposed to a considerably increased risk of loss. Before purchasing Securities on credit, investors must therefore consider whether they will still be able to pay the loan interest and repay the credit at short notice if necessary, in the event that a loss or even a total loss of the capital invested is incurred.

As some of the Securities described in This Base Prospectus do not provide any current income (such as interest or dividends), the investor must not assume that they will be able to use such current income to service any loan interest falling due during the term of the Securities.

3.1.1.7. ***Transactions assigned to exclude or limit risk***

Given the limited duration of the securities, investors cannot rely on the Underlying moving in a direction that is favorable from the investors' point of view or assume that - in the event of price decrease - the value of the Securities will recover in good time by the end of the term. The investor may not be able to adequately hedge against the risks associated with the Securities.

Furthermore, purchasers of Securities should not assume that they will able to purchase other securities and/or enter into legal transactions during the term of the Securities that could exclude or limit the risks arising from the purchase of such Securities. The extent to which this is possible in specific circumstances depends on the prevailing market conditions and the respective Terms and Conditions. It may therefore not be possible to enter into such transactions at all or only at an unfavorable (i.e. loss-making) price.

3.1.1.8. ***Inflation risk, risk of losing purchasing power***

Investors should always take into account the decline in the value of money in the future when considering the intended duration of the investment or term of the Securities and the expected return for an investment in the Securities. The so-called monetary depreciation has a negative effect on the real value of existing assets held and on the return generated in real terms. The higher the rate of inflation, the lower the real return of a Security. If the rate of inflation equals or exceeds the return, the real return will be zero (0) or even negative.

3.1.1.9. ***Risks due to the economic cycle***

Losses from a fall in prices may arise because the investor does not take the cyclical performance of the economy with its corresponding upward and downward phases into account, or does not do so correctly, when making his investment decision and consequently makes an investment, holds or sells securities at phases of the economic cycle that are unfavorable from their point of view. In particular, prices of securities and currencies vary in the strength of their reaction to announced, proposed and actual changes in government economic and financial policy. For example, the effect of domestic and/or European measures on a country's general economic situation may be such that setbacks are experienced on the money and capital markets even though the prospects of future developments were originally considered to be favorable, or vice versa.

3.1.1.10. ***Psychological market risk***

Factors of a psychological nature may also have a considerable influence on the price of the Underlyings and thus on the performance of the Securities. These frequently irrational factors are almost impossible to assess. For example, moods, opinions and rumors may cause the price of the Underlying to fall or rise, even though the fundamental data (e.g. the earnings situation or future prospects of a stock corporation or the demand for a commodity) have not necessarily changed. If this affects the price of the Underlying contrary to the investor's market expectations, the investor may suffer a loss.

3.1.1.11. ***Risks in connection with trading in Securities, liquidity risk***

The rules and regulations of off-exchange trading may provide for so-called mistrade rules according to which a trading participant may apply for the cancellation of transactions in a Security which, in the opinion of the applicant, have not been concluded in line with market conditions or as a result of a technical malfunction. For example, a mistrade may be considered in the event of an error in the technical system of the Market Maker in the case of an obvious error made while inputting a price or a limit for an order or in the case of a buy or sell price (so called quote) provided by the responsible party that was obviously not determined at a price justified by the market, though the price formed the basis of the transaction.

Banque Cantonale Vaudoise, Lausanne ("**BCV**") or another company acting on behalf of BCV assumes the function of Market Maker ("**Market Maker**") for the Securities. Under normal market conditions, the Market Maker will provide Bid and Ask prices for the Securities pertaining to an issue. However, BCV (or another commissioned company) is under no obligation to the holders of the Securities to assume the function of the Market Maker or to maintain the function of the Market Maker once it has assumed this function.

In extraordinary market conditions or extremely volatile markets, the Market Maker does not normally provide bid or ask prices. The Market Maker only quotes bid and ask prices for the Securities under regular market conditions. However, even in cases of regular market conditions, the Market Maker does not assume any legal responsibility towards the Investors to provide such prices and/or to ensure that the prices provided by the Market Maker are reasonable.

Investors cannot therefore rely on being able to sell the Securities at a certain time or price. In particular, the Market Maker is not obliged to repurchase the Securities.

Even if market making activities take place at the beginning or during the term of the Securities, this does not mean that there will be market making activities for the full duration of the term of the Securities.

Consequently, it cannot be guaranteed that a secondary market will develop with regard to the respective Securities that would provide the investors with an opportunity to sell their Securities. The more restricted the secondary market, the more difficult it may be for investors to sell their Securities in the secondary market. Even if a secondary market develops, no prediction can be made about the price at which the Securities will be traded in the secondary market.

Potential investors must therefore not assume that it will be possible to sell the Securities during their term and must in any case be prepared to hold the Securities either until the Final Fixing Date (for securities with a limited term) or at least until the next Exercise Date (for securities without a limited term) in order to redeem the Securities in accordance with the Terms and Conditions (by submitting an exercise notice).

A Investor may not assume, in the case of off-market trading, that market participants other than the Market Maker will quote bid and ask prices for the Securities. Investors must expect bigger spreads between bid and ask prices determined by the Market Maker in the case of derivative securities in comparison to shares. When purchasing or selling the Securities on the secondary market, the spread has to be considered in off-exchange trading.

Delays in determining prices or wider spreads may occur, in particular, in the case of Market Disruptions and system problems. System problems may include telephone problems, technical faults with the trading systems or power failures. Market disruptions occur in unusual market circumstances (e.g. exceptional market movements of the Underlying or special situations in the home market) or due to serious disturbances of the economic and political environment (such as terrorist attacks or a very sharp drop in stock exchange prices within a short period of time – so called crash situation).

The number of Securities specified in the Termsheet (Final terms/Listing notice) shall be the maximum number of Securities offered and the total nominal amount specified in the Termsheet (Final terms/Listing notice) shall be the maximum total nominal amount, but neither shall be construed as an indication of the volume of the Securities actually issued and deposited with the relevant depository in accordance with its applicable rules. This volume depends on market conditions and may change during the term of the Securities. It should be noted that the issue size does not allow any conclusions to be drawn about the liquidity of the Securities in the secondary market.

BCV may buy or sell securities based on the Reference Value of the Underlying or the Underlying itself at any time in off-market transactions. There is no obligation to inform Investors of such purchases or sales. Such purchases or sales may have a negative impact on the respective price of the Securities.

3.1.1.12. ***Risks in connection with the price determination for the Securities and the effect of transaction costs and commissions***

Price determination for the Securities

Investors should note that the Issue Price (also referred to as the offering price) or the bid and ask prices for the Securities quoted on the secondary market may include a premium (so-called margin) over the original mathematical value of the Securities (so-called fair value) that is not apparent to the investor. This so-called margin and the actuarial value of the Securities are calculated by the Issuer or the Market Maker at their own discretion on the basis of internal pricing models and a number of other factors. The determined margin may differ from premiums charged by other issuers or market makers for comparable securities. When calculating the margin, the following parameters, among others, are taken into account in addition to return aspects: the actuarial value of the securities, price and Volatility of the Underlying, supply and demand for the Securities, costs for risk hedging, premiums for risk assumption, costs for structuring and distribution of the Securities and license fees or management fees, if any.

Some influencing factors may not have a consistent effect on the price of the Securities based on the relevant pricing models for the duration of the term, but may be taken into account at the discretion of the Market Maker at an earlier stage in the pricing of the Securities. This might include, for example, the margin included in the Issue Price.

For the aforementioned reasons, the prices quoted by the Market Maker may deviate from the actual value of the Securities or the economically expected price which would have formed in a liquid market at the relevant time in which various independently operating Market Makers provide prices. In addition, the Market Maker may, at its discretion, change the method based on which it determines the prices quoted by it at any time, e.g. by changing its pricing models or using other calculation models and/or by increasing or decreasing the bid/ask spread.

If the Underlying is also traded on the Market Maker's home market during the opening hours of the secondary market, the price of this Underlying is taken into account in the calculation of the Underlying and thus indirectly in the price calculation of the Securities. However, if the home market of the Underlying is closed while the Securities are being traded, the price of the Underlying must be estimated. If the price of the Underlying is estimated because its home market is closed, such an estimate may prove to be accurate, too high or too low within a very short time if the home market starts trading in the Underlying. Accordingly, the prices provided by the Market Maker prior to the opening of the relevant home market in respect of the Securities will then turn out to be comparatively high or too low.

Insofar as bid and ask prices for the Securities issued under This Base Prospectus are quoted also at times during which the home markets of the Underlyings are closed, this risk may affect any Security. The same risk occurs if the Securities are traded on days during which the home market of the Underlying is closed due to a public holiday.

Effect of transaction costs and commissions

Investors will be charged transaction costs and commissions associated with the purchase or selling of the Securities as well as any taxes payable by the Investor. This may lead to additional costs, especially in connection with a low order value.

It should be noted that the selling price of the Securities may include distribution fees and other commissions which the Issuer or the Market Maker may charge for the issue and/or which the Issuer or the Market Maker may pass on in whole or in part to third parties (such as sales partners or investment advisors). This may result in a deviation between the fair value of the Securities and the bid and ask prices provided by the Market Maker; this difference is generally higher at the start of trading in the Securities and is (swiftly, as the case may be) reduced over time. Any commissions included in the price will reduce the return the investor is able to achieve. Where issue premiums are provided for, these are generally paid to the respective sales partner.

It should also be noted that the payment of these commissions to sales partners may result in conflicts of interest to the disadvantage of the investor, as this could create an incentive for the sales partner to sell products with a higher commission to its customers in preference to other products. Investors should therefore seek information from their local bank and/or their financial advisor about the existence of such conflicts of interest.

Any commissions included in the price may be dependent on the volume of sales and may be passed on to third parties as a single payment or pro rata over the term of the Securities. With regard to commissions in general, a distinction can be made between placement commission and renewal commission. Placing commissions are dependent on sales and are paid as a one-off payment or pro rata over the term; alternatively, the Issuer and/or the Market Maker may grant the relevant sales partner a corresponding discount on the Issue Price or the selling price quoted in the secondary market. Renewal commissions, also known as trail commission, are paid to the sales partner on a recurring basis depending on the volume of the investment.

3.1.1.13. ***Risks related to administrative fees and other fees and costs***

Management Fee

The Terms and Conditions may provide for a management fee (administrative fee) for the Securities, which is charged for the compilation, calculation or maintenance of the Underlying or basket (including a proprietary basket). The management fee will be fixed at the beginning of the offer of the Securities and may be adjusted by the Issuer during the term of the Security if the Terms and Conditions so provide; the amount of the management fee, if any, being limited upwards by the maximum management fee set out in the Terms and Conditions. A management fee will usually be charged mainly in the case of indices and baskets as the Underlying.

The management fee is generally calculated on an annual basis and deducted pro rata temporis from the payout amount (if necessary indirectly by including it in the calculation of the performance of the Underlying). Investors should note that the management fee not only reduces the payout amount payable by the Issuer on the maturity date, but also has a corresponding negative effect on secondary market pricing during the term of the Securities, as the bid and ask prices charged for the Securities in the secondary market include such a management fee in the respective prices in arithmetical terms corresponding to the maturity of the Securities that has already expired.

Quanto Fee

In the case of Securities that are equipped with a currency hedge (so-called Quanto Structure), a quanto fee (in the amount of a quanto interest rate) may also be provided for in the Terms and Conditions. Such a quanto interest rate serves to cover the costs incurred by the Issuer for currency-hedged Securities in connection with hedging currency risks. The quanto interest rate is determined by the Issuer at its reasonable discretion upon issue and may be adjusted by the Issuer during the term of the Security.

The quanto fee is generally calculated on an annual basis and deducted pro rata temporis from the payout amount (if necessary indirectly by including it in the calculation of the performance of the Underlying). Investors should note that the quanto fee not only reduces the payout amount payable by the Issuer on the maturity date, but also has a corresponding negative effect on secondary market pricing during the term of the Securities, as the bid and ask prices charged for the Securities in the secondary market include such a quanto fee in the respective prices in arithmetical terms corresponding to the maturity of the Securities that has already expired.

Other Fees and Charges

In addition to the management fee, the Terms and Conditions of a proprietary basket may also provide for other fees. All these fees and costs are fixed at the beginning of the offer of the Securities and may be adjusted during the term of the Security if the Terms and Conditions or the relevant index rules so provide. Where these fees and charges are calculated on an annual basis and deducted pro rata temporis from the payout amount (if necessary indirectly by including them in the calculation of the performance of the Underlying), investors should note that these fees and charges not only reduce the payout amount payable by the Issuer on the maturity date, but also have a corresponding negative effect on secondary market pricing during the term of the Securities (see the details on the management fee above).

In the case of an index or basket as the Underlying, there is a risk that certain fees may be levied on individual components of the index or basket itself by the Reference Agent (Index Calculation Agent) or a third party, which reduce the value of the relevant components and consequently indirectly the payout amount or the value of the Security itself.

In connection with the public offering and sale of the Securities, BCV may engage external advisors, who may receive a remuneration (fee) for their advisory services, which will be described in more detail in the relevant index rules and which may reduce the value of the Underlying and thus the payout amount or the value of the Security.

Cumulatively applicable Fees and Charges

Investors should note that in individual cases several of the above fees and charges may apply simultaneously to the Securities. This increases the risk, since in such a case the various fees and costs have a cumulative effect and thus reduce the payout amount or the value of the Security in several respects.

3.1.1.14. ***Risks in connection with the taxation of the Securities***

It is not the Issuer but the respective Investor who is responsible to pay taxes, levies, fees, deductions or other amounts incurred with the Securities. All payments made by the Issuer may be subject to any taxes, levies, fees, deductions or other payments to be made, paid, withheld or deducted.

The information contained in This Base Prospectus regarding the taxation of Securities merely reflects the opinion of the Issuer on the basis of the laws in force at the date of the Base Prospectus and do not constitute tax or legal advice. A different tax treatment by the tax authorities and tax courts cannot be excluded.

Tax law and practice are subject to change, possibly with retrospective effect. This could have a negative effect on the value of the Investor's Securities and/or the market price of the Securities. Such a change may mean (i) that the tax treatment of the relevant Securities may be different from the treatment that the Investor thought was applicable on the date of purchase of the Securities; or (ii) that the information contained in This Base Prospectus regarding the applicable tax law and tax practice with respect to Securities issued under the Base Prospectus is incorrect or no longer applicable in particular or all respects, or mean that material tax considerations relating to particular Securities are not included in This Base Prospectus.

In addition, the tax information contained in This Base Prospectus must not serve as the sole basis for assessing an investment in the Securities from a tax point of view, since the particular situation of each individual investor must also be taken into account. Investors should always consult their personal tax advisors before deciding whether to purchase the Securities. Also the Issuer will only provide tax consideration on the Securities from a Swiss tax perspective for individual whose tax domicile is in Switzerland and who hold these investments as part of their private assets.

3.1.1.15. ***Risks in connection with the withholding tax pursuant to Section 871(m) of the U.S. Internal Revenue Code***

Section 871(m) of the U.S. Internal Revenue Code ("**IRC**") and the provisions issued thereunder stipulate that for certain financial instruments (such as for the Securities) a withholding tax (of up to 30% depending on the application of income tax treaties) shall be imposed if the payment (or deemed payment) on the financial instruments is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States. Pursuant to these U.S. legal provisions, certain payments (or deemed payments) under certain equity-linked instruments that refer to the performance of U.S. equities or certain indices that contain U.S. equities, as an Underlying, shall be treated as dividend equivalents ("**Dividend Equivalents**") and shall be subject to U.S. withholding tax of 30% (or a lower income tax treaties rate).

This tax liability shall apply even if pursuant to the Terms and Conditions of the Securities no actual dividend-related amount is paid or an adjustment is made and thus investors can only determine with difficulty or not at all any connection to the payments to be made in respect of the Securities.

In withholding this tax, the Issuer will regularly apply the general tax rate of 30% to the payments subject to U.S. provisions (or deemed payments) and not any lower tax rate pursuant to any potentially applicable double taxation agreements. In such case, an investor's individual tax situation can therefore not be taken into account.

The Issuer's determination of whether the Securities are subject to this withholding tax is binding for the Investors, but not for the United States Internal Revenue Service (the "**IRS**"). The rules of Section 871(m) require complex calculations in respect of the Securities that refer to U.S. equities and application of these rules to a specific issuance of Securities issue may be uncertain. Consequently, the IRS may determine they are to be applied even if the Issuer initially assumed the rules would not apply. There is a risk in such case that Investors are subject to withholding tax with retroactive effect.

There is also the risk that Section 871(m) must also be applied to Securities that were not initially subject to withholding tax. This case could arise in particular if the Securities' economic parameters change such that the Securities are in fact subject to tax liability and the Issuer continues to issue and sell these Securities.

As the Issuer is not obliged to offset any withholding tax pursuant to Section 871(m) on interest, capital or other payments to the Investors by paying an additional amount or by paying the tax amount out of the own margin, Investors will receive smaller payments in such case than they would have received without withholding tax imposed.

3.1.1.16. ***Risks in connection with the effect of hedging transactions by the Issuer***

In the course of their normal business activities, the Issuer, or another company acting on behalf of BCV, trades in the Underlying of the Securities or derivative products based on them. In addition, the Issuer, or another company acting on behalf of BCV, hedges against the financial risks associated with the Securities by entering into off-market hedging transactions negotiated individually between two parties (so-called over-the-counter ("OTC") hedging transactions) in the relevant Underlyings or in derivatives on the Underlyings. These activities performed by the Issuer, or another company acting on behalf of BCV, in particular hedging transactions linked to the Securities - may influence the price of the Underlying and thus indirectly the value of the Securities. In particular, the possibility cannot be ruled out that the entering into or termination of such hedging transactions may have an adverse effect on the value of the Securities and/or on the level of the cash amount to which the Investor is entitled. This applies in particular to the termination of hedging transactions towards the end of the term of the Securities.

Hedging transactions or trading transactions carried out by the Issuer, or another company acting on behalf of BCV, in an Underlying of the Securities may have a negative impact on the value of the Securities.

In the case of abnormal market situations in which hedging transactions are not possible at all or only subject to more onerous conditions, the spreads between bid and ask prices determined by the Market Maker, may widen. This may, in particular, be the case outside the trading hours of an Underlying of a Security at the relevant Reference Agent or at times when trading in the Underlying is illiquid or unusually volatile for other reasons. To the extent that the Issuer enters into so-called hedging transactions to internally hedge the payment obligations arising from the issue of Securities, the investor is not entitled to any claims arising therefrom.

3.1.1.17. ***Risks in connection with adjustments, Market Disruptions, extraordinary termination and settlement***

Pursuant to the Terms and Conditions, the Issuer may make adjustments to reflect relevant changes or events in relation to the respective Underlying. The nature of the adjustment and the method of implementing the adjustments depend on the particular Underlying and may therefore have varying consequences.

Adjustments are intended to ensure, as far as possible, the same financial (theoretical) value of the Securities before and after the occurrence of an Adjustment Event and to maintain the financial relationship between the Security and the Underlying. If, in the opinion of the Issuer, this objective cannot be achieved by a sensible and reasonable adjustment measure, the Issuer also has the right, in accordance with the Terms and Conditions, to terminate the Securities extraordinarily and thus end the term of the Securities (early). In the case of adjustment measures in respect of an Underlying, it cannot be ruled out that the estimations on which the adjustment measure is based may subsequently prove to be incorrect, that the adjustment measure may later prove to be disadvantageous to the investor and that as a result he will be placed in a worse financial position than he was prior to the adjustment measure or would be placed in by another adjustment measure.

If the Issuer exercises its right to extraordinary termination, it is in this case not obliged to redeem the Securities by payment of the payout amount specified in the Terms and Conditions, but only to the extent of the market price determined at that time or an amount which is determined at its reasonable discretion. This entails the risk that the amount payable may be significantly lower than the payout amount required being determined in accordance with the Terms and Conditions and that, at the date of redemption of the Securities, the investment may show a (significantly) lower return than would be expected if the Securities were exercised. In the most unfavorable case, the value of the redemption may even be zero (0), resulting in not just a partial, but a total loss of the invested capital.

In principle, the Investor has no ordinary or extraordinary right of termination.

For the purpose of determining the appropriate market price in the event of extraordinary termination, the Calculation Agent may take various market factors into account. In the case of Securities with a finite term linked to shares as the Underlying, the calculation of the extraordinary Termination Amount in the event of termination following a takeover offer can in principle be based on the price of the Underlying after the takeover offer has been announced, in accordance with thus usual procedure on derivatives exchanges for determining the theoretical fair value, provided that the consideration consists entirely or mainly in cash. However, dividend expectations and the average implied Volatility for the ten Trading Days preceding the announcement of a takeover offer, in particular, must also be taken into account (so-called “fair value method”). The fair value method ensures that the remaining time value of the underlying option is taken into account. The Issuer may determine on the basis of defined parameters that a Market Disruption has occurred and is persisting. In this event, there may be a delay the valuing the Underlyings, which may affect the value of the Securities and/or delay the payment of the payout amount or the delivery of assets.

In the case of Adjustment Events, Market Disruptions or extraordinary termination, the Issuer acts at its reasonable discretion. It is not bound by actions and estimates of third parties in this regard. The Issuer may also, in certain cases specified in the Terms and Conditions (e.g. if a Market Disruption persists for a certain period), determine at its own discretion certain prices which, in accordance with the Terms and Conditions, are relevant for the redemption or monitoring of the occurrence of a Barrier Event.

During settlement, the Issuer is not liable for acts or omissions of settlement agents.

3.1.1.18. ***Risks in connection with potential conflicts of interest***

A variety of conflicts of interest may arise.

Trading transactions relating to the Underlying

The Issuer, or another company acting on behalf of BCV, may participate in trading transactions relating directly or indirectly to the Underlying during the term of the Securities for its own account or for the account of a client. Such trading and hedging transactions may have a negative impact on the value of the Underlying and thus on the value of the Securities.

Other functions performed by the Issuer

The Issuer may also perform other functions in relation to the Securities, e.g. as Calculation Agent, Index Sponsor and/or Market Maker. Such a function may enable the Issuer to determine the composition of the Underlying or to calculate its value. These functions can lead to conflicts of interest both among the Issuer and the investors when determining the prices of the Securities and other related assessments.

In the case of Securities with debt-securities as Underlying, conflicts of interest may also arise if the Issuer acts as Market Maker for the debt-securities and, in this capacity, set the prices for them. It is possible that the Issuer may generate additional income through the offer of Securities related to these debt-securities.

Issuance of further derivative instruments on an Underlying

The Issuer may also issue other derivative instruments in connection with the relevant Underlying; the introduction of such products may affect the value of the Securities.

Obtaining non-public information

The Issuer may receive non-public information relating to the Underlying and is not obliged to disclose such information to the Investors unless they are required to do so by the listing regulations of SIX Exchange Regulation AG.

Publication of research reports relating to an Underlying

In addition, the Issuer may publish research reports relating to the respective Underlying. Such activities may lead to conflicts of interest both among the Issuer and investors, and have a negative impact on the value of the Securities.

Payment of distribution fees and other commissions, own interests of sales partners and investment advisors

It should also be noted that the payment of distribution fees and other commissions to sales partners may result in conflicts of interest to the detriment of the investor, as this could create an incentive for the sales partner to distribute Securities with a higher commission preferentially to its customers. Such commissions are included in the Securities price. Placement commissions are paid from the proceeds of the sale in the form of a single or multiple payment; alternatively, the respective distributor is granted a corresponding discount on the selling price. If BCV is involved in sales, the corresponding amounts are credited to the distribution agent within the bank.

Sales partners and investment advisors may have their own interests in the sale of the Securities and their related advisory activities. A conflict of interest on the part of the advisors may result in the advisors making or giving the investment decision or recommendation not in the interest of the investors but in their own interest.

Trading as Market Maker for the Securities

The Issuer (or another authorized company) will act as Market Maker for the Securities. Through such Market Making, the Market Maker himself will significantly determine the price of the Securities.

The Market Maker determines the ranges between purchase and selling prices (also referred to as bid and ask prices) (so-called spread) depending on various factors and earnings aspects. The main factors include the pricing model used by the Market Maker, the value of the Underlying, the Volatility of the Underlying, the remaining term of the Securities and the supply and demand situation for hedging instruments. In special market situations, in which hedging transactions are not possible or only possible under difficult conditions, the spreads between bid and ask prices may widen.

Accordingly, the prices quoted by the Market Maker may deviate significantly from the fair value or the financially expected value of the Securities at the respective time due to the factors mentioned above. In addition, the Market Maker may at any time change the methodology used to determine the prices quoted, e.g. by widening or narrowing the spreads between bid and ask prices.

3.1.1.19. ***Information risk***

There is a possibility that the investor may make incorrect decisions due to missing, incomplete or incorrect information which may be outside the Issuer's sphere of influence. Incorrect information may result from unreliable sources of information, a misinterpretation of correct information, or transmission errors. In addition, an information risk may arise from too much or too little information or as a result of outdated information.

3.1.1.20. ***Currency risk (costs of currency hedging, Quanto Structure)***

If the Underlying is denominated in a currency other than the Base Currency in whole or in part, the Issuer will specify in the Termsheet (Final terms/Listing notice) how the conversion into the Base Currency will take place and whether the Securities are equipped with a so-called "Quanto Structure". The Issuer and/or Market Maker realizes this with a so-called Quantity Adjusted Option, abbreviated to Quanto ("**Quanto Structure**") and determines the conversion rate between the two currencies at the time of issue. For Securities with a Quanto Structure, the currency of the Underlying is therefore converted into the Base Currency of the Securities at a conversion rate of 1:1. In the case of Securities with physical delivery and a simultaneous Quanto Structure, the number of assets to be delivered is only determined at the end of the term at the then current exchange rate in order to rule out an exchange rate effect.

Regardless of this, potential investors should be aware that an investment in the Securities may be subject to exchange rate risk even if the Securities relate to one or more exchange rates as the Underlying or if the Base Currency of the Securities is different from the home currency of the investor or the currency in which an investor wishes to receive payments.

Exchange rates between currencies are determined by supply and demand in the international currency markets, which are influenced by various factors, including speculation, economic factors and intervention by central banks and government agencies, or other political factors (including exchange controls and restrictions). Fluctuations in exchange rates may affect the value of Securities and the amounts payable. The aforementioned risks may increase if the currency in question is the currency of an emerging market.

The following currency risk exists for Securities **without a Quanto Structure:**

If the Reference Price is converted into the Base Currency at the relevant exchange rate for the purpose of Redemption or redemption in accordance with the Termsheet (Final terms/Listing notice), the investor is exposed to currency risk as the exchange rate between the currency of the Underlying and the Base Currency on the day of the currency conversion for redemption may differ from the exchange rate at the time of purchase of the Securities.

Changes in the exchange rate between the currency of the Underlying and the Base Currency already affect the value of the Securities during the term of the Securities, as the bid and ask prices are quoted in the relevant Base Currency.

Fluctuations in exchange rates may reduce the value of the Securities, even if the price of the Underlying expressed in a foreign currency has performed positively for the investor compared to the time the Securities were purchased. The investor's risk of loss is then not only linked to the performance of the Underlying. In addition, it should be noted that the exchange rate used for currency conversion may change between the date on which the relevant price of the Underlying used to calculate the payout amount is determined and the date on which the applicable exchange rate is determined, so that a payout amount converted into the Base Currency may be reduced accordingly.

In the case of Securities **with a Quanto Structure,** the following risk exists with regard to currency hedging:

Hedging against currency risks using a Quanto Structure can prove unfavorable for the investor in retrospect if the exchange rate - without hedging - would have developed in a direction that is beneficial for him, since he does not participate in this development.

In addition, currency hedging is generally associated with costs that are included in the Issue Price as an unrecognizable premium to the mathematical value of the Securities and can therefore have a negative impact on the yield of the Securities.

3.1.1.21. ***Interest rate risk***

Depending on the type of product, an investment in the Securities is associated with an interest rate risk due to fluctuations in the interest payable on deposits in the Base Currency of the Securities. This may have an impact on the market value of the Securities.

Interest rates are generally determined by supply and demand on the international money markets. However, they are influenced by various factors, such as speculation, general economic influences, intervention by central banks and government agencies or other political measures. Fluctuations in short-term or long-term interest rates may affect the value of the Securities in ways, which are unfavorable from the investor’s points of view.

3.1.1.22. ***Aspects and risks relating to specific client objective and needs, such as sustainable investment***

In respect of any Securities issued with specific client objective and needs, such as a sustainable investment, there can be no assurance that such client objective and needs will be suitable for the investment criteria of an investor. The respective Final Terms relating to any specific Securities may provide that it aims to fit specific client objective and needs, such as the client objective and need for a “sustainable”, “environmental”, “ESG” (Environmental, Social and Governance) or equivalently-labelled investment which – in case of a “environmental” investment – may provide a substantial contribution to a given environmental objective for a given economic activity ("ESG Contribution"). However, there is a risk that the specific client objectives and needs do not match the individual objectives and expectations or the relevant objectives and needs of an investor. Potential investors should therefore assess the information relating to specific client objectives and needs, such as the sustainability of the product, on an ongoing basis and decide for themselves whether an investment in the product meets their individual objectives, needs and expectations or the relevant investment criteria and preferences. Prospective investors should have regard to the information set out in the Final Terms regarding such specific client objective and needs and must determine for themselves the relevance of such information for the purpose of any investment in such Securities together with any other investigation such investor deems necessary. In particular no assurance is given by the Issuer that the identification of client objective and needs will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any ESG Contribution. Furthermore, it should be noted that there is currently no clearly defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a “sustainable”, “environmental”, “ESG” or an equivalently-labelled Structured Product or as to what precise attributes are required for a particular product to be defined as “sustainable” or such other equivalent label nor can any assurance be given that such a clear definition or consensus will develop over time. Accordingly, no assurance is or can be given to investors that any product the subject of, or related to, any ESG Contribution will meet any or all investor expectations regarding such “sustainable”, “environmental”, “ESG” or other equivalently-labelled objectives or that any adverse environmental, social and/or other impacts will not occur during the term of a respective Securities, the implementation of any economic activity or uses the subject of, or related to, any ESG Contribution. No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Issuer) which may be made available in connection with the issue of any Securities and in particular with any ESG Contribution to fulfil any environmental, sustainability, social and/or other criteria. For the avoidance of doubt, any such opinion or certification is not, nor shall be deemed to be, incorporated in and/or form part of the Base Prospectus. Any such opinion or certification is not, nor should be deemed to be, a recommendation by the Issuer or any other person to buy, sell or hold any such Securities. Any such opinion or certification is only current as of the date that opinion was initially issued. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in such Securities. Currently, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight. In the event that any such Securities are listed or admitted to trading on any dedicated “environmental”, “ESG”, “environmental” or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Issuer or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any ESG Contribution. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Issuer or any other person that any such listing or admission to trading will be obtained in respect of any such Securities or, if obtained, that any such listing or admission to trading will be maintained during the life of the Securities.

3.1.1.23. ***Risks relating to sustainability, a product’s sustainability classification and ESG risks***

3.1.1.24. ***Risks in connection with Securities with sustainability features***

This section describes significant and specific risks associated with the sustainability features of securities.

There is a risk that the issuer's allocation of sustainability features may not align with an investor's individual goals and expectations or the relevant investment criteria and guidelines for securities with sustainability features. Potential investors should therefore independently and continuously assess the information related to specific goals and needs, such as sustainability features, and determine whether an investment in the securities meets individual goals and expectations or relevant investment criteria and guidelines. The SRI approach and methodology of BCV can be further developed at any time. Securities can be classified and publicly offered according to certain sustainability features in accordance with BCV's rules for the allocation and classification of products from a sustainability perspective (the "SRI approach and methodology of BCV"). It sets further requirements, especially for the prerequisites for selecting a base value (if the product conditions for the securities provide for a base value). The classification of products with sustainability features is generally carried out at the time of issuance according to the "SRI approach and methodology of BCV", which can be obtained free of charge from the Issuer or at https://www.bcv.ch/en/home/asset-management/investment-selection/structured-products.html. The allocation of sustainability features for a particular security and their content design may differ from product strategies and rules of other market participants, other market standards, and other published sustainability ratings for certain companies or industry sectors. The SRI approach and methodology of BCV is a voluntary framework that was developed based on market standards, but these market standards can change - especially during the term of the securities. Currently, there is neither a clearly defined (legal, regulatory or other) definition nor a market consensus on what a "sustainable", "ecological", "ESG" or similarly labeled securities must meet. For example, with the introduction of the EU Taxonomy Regulation, comparability of ecologically oriented financings and financial products was generally created, but the EU Taxonomy Regulation does not uniformly directly or indirectly cover financial instruments, which is why a market standard in connection with securities with sustainability aspects is still in development and can also change again. In addition, legal, regulatory or supervisory measures can cover financial instruments after the date of the base prospectus and thereby supersede existing market standards. In connection with the allocation of sustainability features or their content design, certain sustainability goals (such as measures to In addition, ESG risks may materialize. ESG risks are events or conditions in the areas of environment, social affairs and corporate governance that may have a current or future negative impact on the profitability, costs, reputation and thus on the value of a company as well as on the price of financial instruments. In this context, ESG risks can have different effects on individual asset classes, regions, economic sectors and/or individual companies and thus also on the Securities. Events such as climate change and environmental degradation, as well as the need to move towards a sustainable economy, can lead to changes in the real economy that may open up new risk factors for investors. This can lead to the fact that (potential) investors should always take ESG risks into account in the context of risk diversification.

3.1.1.25. ***Risks with securities featuring sustainability characteristics classified according to BCV's SRI approach and methodology***

There is a risk that the allocation of suitable assets to a specific pool may change over the term of the securities, meaning, for example, that an allocated asset may be removed from the pool and replaced with a new asset. This can change the composition of the assets in the pool as well as the quota according to the EU Taxonomy Regulation or the EU Disclosure Regulation; in some cases, this may result in the sustainability features no longer corresponding to the sustainability preference pursued by the investor. It is also possible that changes related to the pool may have negative effects on the market value of the respective security.
Unless there is a legal or regulatory obligation, it is at BCV's discretion to make adjustments to the SRI approach and methodology of BCV; investors do not have to be informed about changes made. Therefore, investors should consider that not every asset in the pool also meets an investor's future expectations and sustainability preferences and should monitor this independently.

3.1.2. Significant risk applicable to specific Underlyings

The Securities relate to one or more Underlyings. Underlyings may be shares, securities representing shares (ADRs/GDRs) and other dividend-bearing securities, indices, debt securities, exchange rates, commodities, futures, interest rate futures, interest rates, fund shares or virtual currencies. The Issuer will indicate in the Termsheet (Final terms/Listing notice) to which Underlying the Security to be issued relates.

All the Securities presented in This Base Prospectus have in common that the payout amount is linked to the performance of the Underlying. The performance of the Underlying may fluctuate over time. Depending on the structure of the Securities, an increase or decrease in the Underlying may be unfavorable for the investor. There is no guarantee that the Underlying will develop in a direction that is favorable to the investor and in line with his expectations.

Experience has shown that the risks specific to the Underlying described below will predominantly lead to a falling price of the Underlying or, in extreme cases, to a worthless decline in the value of the Underlying. For investors in the Securities described in This Base Prospectus (with the exception of securities of the type "Reverse" or - "Bear" in the case of Reverse Convertible structures -, "Put" or "Short") such developments in the Underlying are unfavorable and therefore represent a risk in relation to the Securities. For investors in Securities of the type "Reverse", "Bear", "Put" or "Short", however, the risk lies in rising prices or quotation of the Underlying. Depending on the structure of the Security and the impact of the risks described below on the quote, status or price of the Underlying, the realization of these risks may lead to a total or partial loss of the investment for the investor.

The amounts payable in respect to the Securities at maturity or termination will therefore be fully determined by the price or value of these Underlyings as set out in the relevant Termsheet (Final terms/Listing notice). Accordingly, investors should carefully review This Base Prospectus and the relevant Termsheet (Final terms/Listing notice) to be aware of the impact of such a linking of the respective Underlyings on the relevant Security.

3.1.2.1. *Risks associated with equities, securities representing shares and other dividend-bearing securities as Underlyings*

The price of a share, a security representing share or another dividend-bearing security (e.g. profit participation certificate, participation certificate) depends on various market and industry-specific factors that are outside the Issuer's sphere of influence. The price of the aforementioned Securities may be subject to fluctuations, whereby the price development depends on macro-economic factors, such as the interest rate or the price level on the capital market, the development of the currency, political or economic events as well as other factors specifically affecting the company which issued the aforementioned Securities (hereinafter the "**Share Issuer**"). The Share Issuer and/or its affiliated companies may become insolvent or illiquid and the shares may even become worthless.

The intensity of the risks is also influenced by the respective market capitalization. Shares of companies with low market capitalization may be extremely illiquid due to low trading volumes.

Furthermore, the regional situation should be taken into account. For example, shares of companies that have their registered office or principal place of business in countries where there is little legal certainty are subject to the risk of adverse and unexpected government action and/or nationalization.

If the Securities relate to shares that were issued under the law of another country rather than the investor's home country, the rights to and in these shares may be based exclusively or partially on the law of that country that is foreign to the investor. In this case, the legal system applicable to the shares may provide for regulations which, for example, may result in the corresponding shares losing value more quickly or to a greater extent than would be the case if the shares were (only) subject to the investor's home country law in the event of the company's asset collapse or insolvency. Such a devaluation or fall in price may have a negative effect on the value of the Securities.

In the case of Securities related to shares, the Securities do not represent a claim to dividend payments or other cash distributions. Therefore, no dividends or other cash distributions will be paid to the investor if a dividend payment or other cash distribution is made on the Underlying.

In the case of securities representing shares - usually in the form of so-called "**ADRs"** ("**American Depositary Receipts**") or "**GDRs**" ("**Global Depositary Receipts**") - as the Underlying, further risks must be considered.

ADRs are share certificates or certificate of deposit issued by depository banks in the USA securitizing a portion of foreign shares. The shares on which the ADRs are based are usually held in the country in which the Issuer of these shares is domiciled outside the USA. ADRs are traded on stock exchanges around the world on behalf of the original shares. GDRs also securitize a portion of foreign shares. The foreign original shares are usually held in the country of domicile of the Issuer of these shares. They differ from ADRs in that they are generally offered or placed to the public outside the USA.

Each security representing a share securitizes a certain portion of the underlying foreign shares, i.e. an ADR or GDR can refer to one, several or even only a fraction of a share (so-called subscription volume). The market price essentially corresponds to the market price of the underlying shares, taking into account the respective subscription volume. Negative deviations are possible, for example, due to fees charged by the depository bank. The issuer of the underlying shares may make distributions in respect of its shares which are not passed on to the purchasers of the securities representing the shares, which may affect the value of the securities representing the shares and thus of the Securities. Securities representing shares and the shares underlying them may be traded in various currencies. Fluctuations in exchange rates between these currencies may adversely affect the value of equity Securities.

Fees charged by the depository, which normally has its registered office in the country in which the Issuer of the shares has its registered office, and by the depository bank may have a negative impact on the value of the ADRs or GDRs and thus on the value of the Securities.

In the event of the insolvency of the depository bank and/or enforcement measures against it, it cannot be ruled out that the share portfolio underlying the securities representing shares may be realized and/or subject to restrictions on disposal. This may result in the securities representing shares and the Securities relating to them being worthless. With the exception of Securities of the type "Reverse Bonus Certificates", the investor thus has an additional risk of loss, in the worst case up to total loss.

In addition, It should be noted in particular that, in the event of the insolvency of the depository bank or if the depository bank changes the Terms and Conditions or discontinues the offer of the securities representing share or the securities representing shares are delisted, the Issuer has the right to amend the Terms and Conditions or is entitled to an extraordinary termination.

3.1.2.2. ***Risks in the case of indices as Underlyings***

If the Underlying is an index, its performance is influenced by the performance of the index constituents.

Indices as the Underlying of the Securities presented in This Base Prospectus are not designed by BCV but by other providers. The investor must observe the respective index descriptions and understand the functioning of the respective index. Investors cannot trust that the index will be successful and must therefore form their own opinion on the index.

The value of the index is generally derived from the value of its constituents in accordance with the investment and calculation rules. The level of an index therefore depends to a large extent on the performance of the individual constituents of which the respective index is composed. Changes in the composition of the index and factors that affect and may affect the value of the constituents will affect the value of the index and may therefore affect the return from an investment in the Securities. Fluctuations in the value of one constituent may be reinforced by fluctuations in the value of another constituent. If the value of at least one constituent is denominated in a currency different from the currency in which the index is calculated, the investor may be exposed to an implicit currency risk as the value of the index is calculated by converting the value of the constituents into the currency of the Index. Exchange rate fluctuations may mean that the value of the index constituent expressed in the currency of the index has fallen, although its price has in principle risen. Notwithstanding the aforesaid, there may also be a potential currency risk due to a deviation of the currency of the index from the currency of the Securities.

It should be noted that the constituents of such an index may be deleted or replaced, new constituents may be added or that changes may be made to the index methodology which may change the level of one or more constituents. The replacement of the constituents of an index may affect the level of the index since, e.g. a newly added company may perform significantly better or worse than the company replaced, which in turn may affect the amounts payable by the Issuer to the Investor. In addition, the calculation or distribution of the index may be changed, terminated or suspended. The Index Sponsor of such an index or a Reference Agent will not participate in the offering and sale of the Securities and will not have any obligation to any Investor. Any measure relating to the index may be taken without regard to the interests of the Investor and any such measure may adversely affect the market value of the Securities.

Influence of distributions of index constituents

If the index to which the Securities relate is a price index (Price Return, PR), then it should be noted that the distributions and income attributable to the index constituents (e.g. in the case of share indices: dividend or other cash distributions) are not included in the calculation of the index level and have no effect on the calculation of securities right. The investor in Securities which refer to price indices therefore cannot participate in such distributions of the index constituents. On the contrary, the treatment of dividend payments from the index constituents in this case generally results in a reduction in the index level and thus in principle in a fall in the Underlying.

In contrast, in the case of the so-called performance indices (Total Return, TR), distributions and income of the index constituents are included in the calculation of the index level by the Index Calculation Agent. However, if the Index Calculation Agent does not fully include these amounts in the calculation, but reduces such distributions and income by a theoretical withholding tax, the calculation method is also referred to as net return; however, a clear distinction between total return and net return is not made on a uniform market basis.

Investors must therefore read the respective index descriptions to establish whether and, where relevant, to what extent distributions and income of individual index constituents are included in the calculation of the index level.

Correlation risk

In the case of Securities based on indices, the special feature is that the amount of redemption depends on the performance of several index constituents. Therefore, another factor affecting the value of the Securities is the correlation between the index constituents, i.e. - expressed simply - the degree to which the performance of the individual constituents depends on the performance of the other constituents. If, for example, all constituents originate from the same sector and country, a high positive correlation can be assumed. The correlation assumes a value between '-1' and '+1', whereby a correlation of '+1', i.e. a high positive correlation, signifies that changes in the value of the constituents move in the same direction. With a correlation of '-1', i.e. a high negative correlation, the constituents always move in exactly the opposite direction. A correlation of '0' indicates that it is not possible to make any statement about the connection between the changes in the value of the constituents. Depending on the structure of the redemption structure, a high correlation between the individual constituents increases or decreases the risk for the investor, since no diversification is achieved and/or attempted via different investment strategies. A high positive correlation of the individual constituents can be associated with an additional risk of loss for the investor in the case of Securities with a Barrier, as the probability of touching a Barrier may increase as a result of an Underlying.

Special Risks of Dividend Indices

If the Securities are related to an index which in turn refers to the dividends of certain shares, the performance of the index depends on the determination and payment of such dividends, if any, by the issuers of the relevant shares. Such determination and payment of dividends, if any, may be subject to unforeseeable fluctuations over time.

In addition, the risks under section 3.1.2.5. Risks with Commodities as the Underlying and under section 3.1.2.6. Risks in the case of futures and interest rate futures as the Underlying" must be observed with regard to the index constituents.

3.1.2.3. ***Risks associated with debt securities as the Underlying***

In the case of Securities with debt securities as Underlying, investors should note that the secondary market for such debt securities may be restricted. This is often due to the fact that the Issuer of the respective debt securities is the sole Market Maker for them. It therefore remains uncertain whether and to what extent a secondary market for the debt securities will develop and whether this secondary market will be liquid or not. The consequence of this is that the price of the debt security depends on the price determination by the issuer in its capacity as Market Maker.

In the case of debt securities as the Underlying, the investor bears the insolvency risk of the issuer of the debt securities (in addition to the insolvency risk of the Issuer of the Securities described in This Base Prospectus). The insolvency of the issuer of the debt securities may result in the debt security and, where applicable, the Securities relating thereto becoming worthless. With the exception of Securities of the type "Reverse Bonus Certificates", the investor thus has an additional risk of loss, in the worst case even total loss.

3.1.2.4. ***Risks associated with exchange rates as the Underlying***

Exchange rates between currencies are determined by supply and demand in the international currency markets, which are influenced by various factors, such as speculation, economic factors, intervention by central banks and government agencies or other political factors (including exchange controls and restrictions). Fluctuations in exchange rates may affect the value of Securities and the amounts payable. The aforementioned risks may increase if the currency in question is the currency of an emerging market.

In the case of exchange rates as the Underlying, it should be noted that the currency of a country may appreciate, for example through an increase in the country's key interest rate, as in this case the demand for the country's government bonds usually increases. Conversely, the currency of a country may depreciate if the key interest rate falls.

In the case of Securities with a Barrier, it should also be noted that exchange rates in so-called interbank trading are traded 24 hours a day through the time zones in Australia, Asia, Europe and America, during which time the Barrier may be touched and crossed or crossed. For this reason, it is possible that Securities based on these Underlyings, in particular, may also touch or exceed the Barrier outside of local trading hours.

3.1.2.5. ***Risks with Commodities as the Underlying***

Permissible Commodity Underlyings under This Base Prospectus are limited to precious metals (e.g. gold, silver and platinum) (hereinafter collectively referred to as "**Commodities**").

Price risks for Commodities are often complex. Prices are subject to greater Volatility than other asset classes (high Volatility). In particular, commodity markets generally have lower liquidity than bond, currency and equity markets. As a result, changes in supply and demand have a more drastic impact on prices and Volatility, making investments in Commodities riskier and more complex. Some typical factors which are reflected in commodity prices are listed below as examples:

Planning and managing the supply of Commodities takes a lot of time. Therefore, the scope for supply of Commodities is limited and it is not always possible to adapt production quickly to changes in demand. Demand may also vary from region to region. The cost of transporting Commodities to regions where they are needed also has an impact on prices. The cyclical behavior of some Commodities, such as agricultural products produced during certain seasons, can lead to large price fluctuations.

Direct investments in Commodities entail storage, insurance and tax costs. Furthermore, no interest or dividends are paid on Commodities. The total return on Commodities is influenced by these factors.

Not all commodity markets are liquid and can respond quickly and sufficiently to changes in supply and demand. Since only a few market participants are active on the commodity markets, strong speculation can have negative consequences and lead to price distortions.

Commodities are often produced in emerging markets and demanded by industrialized countries. However, the political and economic situation in emerging markets is usually far less stable than in the industrialized countries. They are far more exposed to the risks of rapid political changes and cyclical setbacks. Political crises can shatter investor confidence, which in turn can affect commodity prices. Wars or conflicts can change the supply and demand of certain Commodities. In addition, it is possible for industrialized countries to impose an embargo on the export and import of goods and services. This can have a direct or indirect impact on the price of Commodities. In addition, a number of Commodities producers have formed organizations or cartels to regulate supply and thus influence prices.

Changes in tax rates and duties can reduce or increase the profitability of Commodities producers. If these costs are passed on to purchasers, such changes will affect the prices of the Commodities concerned.

The factors and circumstances described in this section which directly or indirectly affect or may affect the value of Commodities may also adversely affect the price of the Securities. For example, a shortage of availability usually has the effect of increasing the price of the Commodity, which represents a risk for investors in Securities of the "Reverse Bonus Certificates" type described in This Base Prospectus.

In the case of Securities with a Barrier, it should also be noted that Commodities in so-called interbank trading are traded 24 hours a day through the time zones in Australia, Asia, Europe and America, during which time the Barrier may be touched and crossed or crossed. For this reason, it is possible that Securities based on these Underlyings, in particular, may also touch or exceed the Barrier outside of local trading hours.

3.1.2.6. ***Risks in the case of futures and interest rate futures as the Underlying***

Futures and interest rate futures are standardized forward transactions based on financial instruments (e.g. shares, indices, interest rates, foreign exchange, bonds), so-called financial futures, or Commodities (i.e. precious metals), so-called commodity futures. The price of a futures or interest rate futures therefore depends primarily on the performance of the relevant reference object.

A forward contract represents the contractual obligation to buy or sell a certain quantity of the respective object of the contract (the so-called reference object) at an agreed price at a pre-determined date. Futures contracts are traded on derivative exchanges and are standardized for this purpose with regard to contract size, nature and quality of the object of the contract and. If applicable, places of delivery and delivery dates.

Generally, there is a high positive correlation between the price performance of an Underlying on a spot market and the corresponding futures market. However, future contracts are generally traded at a premium to, or discount from, the spot price of the Underlying. This difference between spot and futures prices, referred to as the “basis” in terminology used on Futures Exchanges, is the result of the inclusion of costs usually incurred in connection with spot transactions (storage, delivery, insurance, etc.) and/or income usually generated through spot transactions (interest, dividends, etc.) on the one hand, and differences in the evaluation of general market factors prevailing on the spot and futures markets on the other hand. Furthermore, the liquidity on the spot market may differ considerably from that on the corresponding futures market, depending on the reference object.

As the Securities are linked to the market price of the underlying future contracts (Futures) specified in the Termsheet (Final terms/Listing notice), in addition to knowledge of the market for the underlying reference object of the respective forward contract, knowledge of the functioning and valuation factors of future transactions is necessary for a proper valuation of the risks associated with the purchase of these Securities.

Special risks with regard to dividend futures contracts as Underlyings

Dividend futures contracts represent the sum of the distributed dividends of all companies included in the index underlying the dividend futures contract, taking into account the index divisor in index points. The dividend flow of a calendar year is shown, i.e. the contract only shows the dividends expected for the calendar year in question. The performance of the index underlying the dividend futures contract depends on the determination and payment of such dividends, if any, by the Issuers of the relevant shares. Such determination and payment of dividends, if any, may be subject to unforeseeable fluctuations over time. In calculating the dividend futures contract, all ordinary gross dividends of the companies included in the underlying index are included. However, special dividends, capital Redemptions or similar distributions shall not be taken into account to the extent that the respective Index Sponsor makes an adjustment to the underlying index. Securities Holders cannot rely on the fact that the companies currently included in the index underlying the dividend futures contract will continue to be included in the index in the future. The composition of the companies included in the index may change during the life of the Securities, which may have a negative impact on the Underlying and the value of the Securities.

Futures contract with the next expiry date and Rollover

Since futures and interest rate futures each have a specific expiry date, the Issuer may, in the case of Securities with a longer term, replace the Underlying by a future or interest rate future at a time specified in the Termsheet (Final terms/Listing notice) which, except for a later expiry date, has the same contract specifications as the initially underlying future or interest rate future (so-called "**Rollover**"). If at that time no future or interest rate future exists whose underlying conditions or relevant contract characteristics coincide with those of the Underlying to be replaced, the Issuer has the right to replace the future or interest rate future or to terminate the Securities in accordance with the Terms and Conditions.

The rollover will be carried out on one Trading Day (the "**Rollover Day**") within a time frame specified in the Terms and Conditions shortly before the expiry date of the current forward contract. The Reference Values against which the Rollover from the Underlying to the new Underlying will be carried out may be determined by the Issuer at its reasonable discretion within the limits specified in the Terms and Conditions. In the case of Securities with a Barrier, this futures contract, which is determined at equitable discretion, is also decisive for the assessment of whether the price of the underlying has touched, exceeded or fallen below the Barrier in question until the next Rollover.

With regard to the Rollover, it plays a decisive role whether the price of the futures next due for Rollover is above or below the price of the maturing futures. In a so-called "**Contango Market",** the price of the futures contract next due for Rollover is higher than the price of the expiring futures contract. The opposite is true for a so-called "**Backwardation Market**". In this case, the price of the next futures contract to be rolled into is lower than the price of the expiring futures contract. **Depending on the price deviation and the structure of the Security, the execution of the Rollover can influence the price of the Securities to the disadvantage of the Investor.**

Since the prices of the previous and the new futures contracts generally differ, there is also a risk for the investor that a Barrier or other relevant threshold for the redemption of the Securities will be touched in connection with the execution of the Rollover. In this case, the investor may suffer a loss up to and including the total loss of the invested capital.

Investors should also note that during the execution of a Rollover in the secondary market, no continuous bid and ask prices can be set for the Securities, i.e. the Securities cannot be purchased or sold during the execution of a Rollover, or only with difficulty.

3.1.2.7. ***Risks associated with interest rates as Underlying or as reference interest rate***

Interest rates are dependent on supply and demand for investments in currencies on the international money and capital markets, which are influenced by speculation, economic factors, intervention by central banks and government agencies or other political factors. The level of market interest rates on the money and capital markets is often subject to strong fluctuations, which is why the holder of Securities with interest rates as the Underlying or as the reference object of an interest rate futures serving as the Underlying is exposed to this interest rate risk.

If the Underlying is a fixed-interest financial instrument, it is to be expected that the value of the Securities will be particularly affected by interest rate fluctuations. For example, a change in the level of market interest rates influences the price development of a fixed-interest financial instrument in opposite directions: When the level of market interest rates increases, the price of the financial instrument usually falls until its yield roughly corresponds to the market interest rate, which is unfavorable for investors in the Securities presented in This Base Prospectus (with the exception of Securities of the type "Reverse Bonus Certificates"). Conversely, if the market interest rate level falls, the price of the fixed-interest financial instrument rises until its yield roughly corresponds to the market interest rate. However, such a development is unfavorable for investors in Securities of the type "Reverse Bonus Certificates".

3.1.2.8. ***Risks associated with fund shares as the Underlying***

In the case of fund shares as Underlying, the investor must note that, depending on the type of fund, e.g. equity fund, bond fund, pension fund, real estate fund, etc., or funds that invest in different assets, the capital accruing to the fund is also invested on the capital market. In this respect, the risks essentially result from the type of fund. The value of an investment share is therefore subject to the same risks, influences and fluctuations as the assets contained in the fund. The investor must be able to assess for himself the particularities of the assets contained in the fund and the risks associated therewith in order to make an assessment of the performance of the Underlying.

In addition, in the case of fund shares as the Underlying, the investor must note with regard to the performance of the Underlying that the value of a fund share may only be determined by the relevant Reference Agent (as the price, redemption price or a value designated accordingly) on the determination days applicable to the fund. Other values determined for the relevant investment unit, in particular any prices of the relevant fund share determined and published on a stock exchange will not be taken into account, unless the Termsheet (Final terms/Listing notice) expressly state otherwise.

Exchange Traded Funds ("ETF")

Where the Securities relate to units of an ETF, the following specific risks arise which may adversely affect the value of the underlying units of an ETF and hence the value of the Securities.

The aim of an ETF is to replicate an index, a basket or certain individual securities such as gold (gold ETF) as accurately as possible. The value of an ETF therefore depends in particular on the price performance of the individual index or basket constituents or the individual securities. However, it cannot be ruled out that divergences may occur between the performance of the ETF and that of the index or basket or the individual securities (so-called tracking error).

In contrast to other investment funds, ETFs are not actively managed by the investment company issuing the ETF. This means that the decisions on the acquisition of assets are determined by the index, basket or individual values. In the event of a downward movement in the prices of the assets underlying an ETF, the price of the ETF generally falls.

In addition to the value of the underlying assets, the price of an ETF may also depend on fees charged for the management of the ETF, which may have an indirect impact on the value of the Securities.

3.1.2.9. ***Risks related to the regulation and reform of benchmarks***

Due to regulation and reform of benchmarks, the Securities may be subject to adjustment or extraordinary termination and this may adversely affect the redemption of the Securities for the Security holders.

For example, on May 31, 2019, the European Money Market Institute announced that the Euro Overnight Index Average ("EONIA") will no longer be made available by the administrator after January 3, 2022. Further, on March 5, 2021, the ICE Benchmark Administration announced, for example, that some London Interbank Offered Rate ("LIBOR") settings will no longer be made available by the administrator after December 31, 2021 or June 30, 2023. This may result in the substitution of LIBOR or EONIA as the Underlying or interest rate pursuant to the Final Terms of the Securities. Further national or international regulatory reforms may have additional effects which cannot be foreseen at present.

The Underlyings to which the Securities relate may be so-called reference values within the meaning of Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (the "Benchmark Regulation").

According to the Benchmark Regulation, supervised entities may only use a reference instrument as Underlying or basket constituent if the reference instrument or the administrator of the respective reference instrument is registered in a register established and maintained by the European Securities and Markets Authority ("ESMA") pursuant to Article 36 Benchmark Regulation. For administrators domiciled outside the EU (so-called third country administrators), a transitional arrangement is provided until December 31, 2023.

The Benchmark Regulation could have a material adverse effect on the Securities linked to a benchmark, including the following events:

• an index that is a benchmark may not be used as such, or may only be used for a limited transitional period, as determined by the competent authority, if the administrator's accreditation or registration is suspended or withdrawn or, if in the case of third country administrators (subject to applicable transitional provisions), fails to satisfy the equivalence requirements or, pending such determination, fails to obtain recognition and fails to obtain the adoption provided for such purposes; and

• the methodology or other provisions of the benchmark may be modified to conform to the provisions of the Benchmark Regulation. Such changes may have the effect of reducing or increasing the relevant level of the benchmark or may affect the volatility of the published level of the benchmark.

The Benchmark Regulation has resulted in increased regulatory scrutiny of reference assets and may increase the costs and risks associated with managing reference assets or have other effects on the determination of reference assets and compliance with such regulations and requirements.

This may result in market participants not continuing to administer or participate in the establishment of certain reference values or in changes to the rules and methodology under which certain reference values are calculated. Further, these factors may result in the discontinuation of certain reference values.

The discontinuation of reference values or the changes with respect to the administration of reference values entail the risk for the Security holders that there may be an adjustment of the terms of the Securities, an early redemption, a discretionary assessment by the calculation agent or other consequences in connection with the securities linked to such reference value. Any of these consequences may have a material adverse effect on the value and yield of such Securities.

3.1.2.10. ***Significant security-specific risks***

Every investor in one of the Securities described below is exposed to the risk that the invested capital will not be repaid in full, or at least not in all cases, due to the link to the performance of an Underlying.

If the payout amount is positive but less than the purchase price paid by the Investor, the Investor suffers a loss. **The capital loss can assume a considerable extent, so that a total loss can arise.** Even if no capital loss occurs, there is a risk that the return on a capital market investment with a comparable term (in the case of Open-End participation certificates based on the relevant Exercise Date) and market interest rate will not be achieved. In addition, the investor generally does not participate in regular distributions (e.g. dividends in the case of shares as the underlying or comparable distributions from an underlying or its constituents). In the case of Securities for which a cash distribution (either in the form of a reinvestment or a cash portion) is indicated as applicable in the Termsheet (Final terms/Listing notice), the investor participates in distributed amounts, interest or interest-bearing income (e.g. dividends in the case of shares as well as fund shares as underlying or basket component).

In the case of securities with a minimum redemption, the risk of loss is generally limited or minimized in the amount of the minimum Redemption Amount (100% of the Issue Price or part thereof). Investors should note, however, that this minimum redemption only applies to the extent that the Issuer does not exercise an existing right to extraordinary termination of the Securities or - in the case of Securities with collateral (TCM) – to the extent that no liquidation has occurred in accordance with the Binding Issue Terms.

The main risks of the various product types are described below to the extent that they have not already been described in general terms above. The heading of each type shall indicate the code of that type according to the categorization model of the Swiss Structured Products Association ("**SSPA**") (if available). The risks described apply mutatis mutandis to Securities which, in individual cases and depending on their additional features, cannot be assigned to one or more categories of the SSPA, but which functionally correspond at least in part to the corresponding categories.

3.1.2.11. ***Securities without interest***

Securities without interest are volatile investments. The payout amount for these Securities depends on the performance of one or more Underlyings and/or the reference interest rate during the term or the price or price level of these at the end of the term. Any returns are therefore uncertain. In the event of a negative price development, investors are exposed to a capital loss risk, ranging up to a total loss depending on the product type.

3.1.2.12. ***Securities with fixed interest***

In the case of Securities with a fixed interest rate for at least one interest period, there is a risk that the price of these Securities may fall as a result of changes in the market interest rate. While the nominal interest rate of fixed-interest Securities is fixed during the term of the Securities or - depending on the structure of the Securities - during at least one interest period, the current interest rate on the capital market for the same term (the "**Market Interest Rate**") usually changes daily.

With the fluctuations in the market interest rate, the price of fixed-interest Securities also changes, but typically in the opposite direction. When the market interest rate rises, the price of fixed-rate securities typically falls until the yield on these securities is approximately equal to the market interest rate. When the market interest rate falls, the price of fixed-income securities typically rises until the yield on these securities is approximately equal to the market interest rate.

3.1.2.13. ***Securities with variable interest rates***

Risk of fluctuating interest rates and thus uncertain interest income

Variable interest securities ("**Floaters**") are often volatile investments. A holder of variable interest securities bears the risk of a change in the relevant reference interest rate and thus uncertain interest income.

Fluctuating reference interest rates make it impossible to determine the yield of variable interest securities in advance. In the case of variable interest securities with a fixed minimum interest rate ("**Floored Floater**"), it is only possible to determine a minimum yield in advance.

Even if the relevant reference interest rate is zero (0) or even negative, the variable interest rate cannot become negative, i.e. less than zero (0). However, investors should note that any negative reference interest rate may also serve as the basis for calculating the variable interest rate. As a result, any spread on the reference interest rate may be partially or completely lost if it is offset against a (negative) reference interest rate. In this case, for Securities without a minimum interest rate, the variable interest rate for the respective interest period may be zero (0), i.e. investors do not receive any interest payment on the Securities for this interest period.

Securities with an upper interest rate limit (cap)

Due to a cap, the amount of interest payable will never rise above that cap, whereby the Investor will not be able to benefit from a favorable development of the reference interest rate or swap rate above that cap. The yield could therefore be considerably lower than that of similar variable interest securities without an upper interest rate limit.

3.1.2.14. ***Risks in connection with the payout amount***

The following sections explain in more detail the risks associated with the payout amount for each type of security at maturity or, in the case of securities with an indefinite maturity, upon termination by the Issuer or exercise by the Investor.

3.1.2.14.1. Capital Protection Products

Products with minimum redemption in general

In the case of Products with a minimum redemption, the payout amount at the end of the term, irrespective of the performance of the Underlying, will be at least equal to the minimum Redemption Amount specified in the Termsheet (Final terms/Listing notice). Accordingly, the investor's risk of loss is minimized to the difference between the capital invested in the purchase of the Securities (including transaction costs incurred) and the minimum Redemption Amount. However, the investor remains exposed to the risks associated with the Issuer (unless reduced by collateral (TCM) so that in the event of the insolvency of the Issuer he may lose all of the capital invested in the purchase of the Securities (including transaction costs incurred). This is one of the reasons why products with a minimum Redemption can be traded during their term at a price below the minimum Redemption amount. The capital protection therefore only applies at maturity, whereas during the term of the minimum redemption products investors cannot rely on being able to sell the purchased securities at any time at a price at least equal to the minimum Redemption Amount.

Capital Protection Note with Participation (SSPA 1100)

In addition, investors in products with minimum redemption and simultaneous participation in an Underlying should note that if the Participation specified in the Termsheet (Final terms/Listing notice) is less than 100%, they will only participate under proportionally in the performance of the Underlying.

In the case of products with minimum redemption and simultaneous participation in an underlying instrument in the version with cap, investors should also note that the amount of the payout amount is limited upwards by the cap. This means that the investor can only participate in the positive performance of the Underlying up to the cap in each case, which is why the earnings potential of products with a cap is limited upwards.

If and to the extent that the minimum Redemption Amount is lower than the Issue Price or the capital invested in the purchase of the securities (including transaction costs incurred), investors should note that a positive performance of the Underlying at maturity up to a certain price threshold of the Underlying (break-even) is necessary in order to achieve a positive return on the Security at all and to avoid a loss.

Barrier Capital Protection Note (SSPA 1130)

In the case of products with minimum redemption and Barrier, investors should also note that if the Underlying touches the Barrier, participation in the performance of the Underlying will cease. In this case, investors in these Securities are only entitled to payment of the minimum Redemption Amount and a rebate, if one is specified in the Termsheet (Final terms/Listing notice). The chances of a positive return for the investor are therefore limited in this case.

If and to the extent that the minimum Redemption Amount is lower than the Issue Price or the capital invested in the purchase of the Securities (including transaction costs incurred), investors should note that a positive performance of the Underlying at maturity up to a certain price threshold of the Underlying (break-even) is necessary in order to achieve a positive return on the Security at all and to avoid a loss.

Capital Protection Note with Twin Win (1135)

For products with minimum redemption and Twin-Win, investors should note that if the upper or lower Barrier is touched by the Underlying, participation in the performance of the Underlying will cease. In this case, investors in these Securities are only entitled to payment of the minimum Redemption Amount and a rebate, if one is specified in the Termsheet (Final terms/Listing notice). The chances of a positive return for the investor are therefore limited in this case.

If and to the extent that the minimum Redemption Amount is lower than the Issue Price or the capital invested in the purchase of the Securities (including transaction costs incurred), investors should note that a positive performance of the Underlying at maturity up to a certain price threshold of the Underlying (break-even) is necessary in order to achieve a positive return on the Security at all and to avoid a loss.

Products with Minimum Redemption and Coupon (SSPA 1140)

For minimum redemption and coupon products, investors should note that payment of the coupon(s) may depend on the performance of one or more Underlyings or reference interest rates. In this case, the amount of the coupons is not determined from the beginning, but rather by the performance of these Underlyings or reference interest rates. If these develop adversely during the term of the Securities, one, several or all Coupon Payments may default and the investor receives no payments from the Security other than the minimum redemption. Accordingly, the investor's profit opportunities are limited exclusively to the possible Coupon Payments.

3.1.2.14.2. Yield Enhancement Products

Discount Certificate (SSPA 1200) / Barrier Discount Certificate (SSPA 1210)

(Barrier) Discount Certificates are issued at a discount, i.e. at a price that is below the current price of the Underlying at the time of issue. In such cases, the possible cash amount or the cash value of the assets to be delivered is always limited by a maximum amount (taking into account the Subscription Ratio) by determining a maximum price ceiling per Underlying (so-called cap). Due to this construction, the Investor cannot participate in increases in the value of the Underlying above the cap. The maximum profit potential is therefore limited from the beginning.

In the case of Discount Certificates, the investor suffers a loss if the Underlying (taking into account the Subscription Ratio) is quoted below the purchase price of the Securities at maturity and - an additional prerequisite for Barrier Discount Certificates - the Barrier has been crossed during the Observation Period.

In the case of Barrier Discount Certificates - in contrast to the Discount Certificates (without Barrier) - the investor receives the maximum amount (taking into account the Subscription Ratio) irrespective of the Reference Price of the Underlying at the Final Fixing, provided that during the Observation Period the Observation Price of the Underlying has not fallen below the Barrier or - if specified in the Termsheet (Final terms/Listing notice)

- has not touched it. In the case of Securities with the indication that the Barrier Observation only takes place at the time of the Final Fixing, the investor receives the maximum amount (taking into account the Subscription Ratio) if the Reference Price of the Underlying exceeds or, if applicable, touches the Barrier on the Final Fixing Date. In this context, it is also not possible to participate in increases in the value of the Underlying above the maximum amount. If the price falls below the Barrier or - if provided for - if the Barrier is touched during the Observation Period, the Barrier mechanism does not apply and the Security behaves like a discount certificate without a Barrier.

(Barrier) Discount Certificates with the designation "**Autocallable**" are additionally equipped with a so-called redemption or autocall level. If the Underlying exceeds or - if provided for in the Termsheet (Final terms/Listing notice) - reaches the Redemption Level in accordance with the Termsheet (Final terms/Listing notice), the Securities are automatically redeemed prematurely. If the Termsheet (Final terms/Listing notice) provides for the possibility of early redemption, this may have a negative effect on the market value of the Securities. This applies in particular to the period before and during the event triggering the early maturity of the Securities. Investors should be aware that if the Securities are redeemed prematurely, they may only be able to make a follow-up investment on less favorable terms.

Reverse Convertible (SSPA 1230) / Barrier Reverse Convertible (SSPA 1230)

(Barrier) Reverse convertibles are high-risk investment instruments. If the Reference Price of the Underlying is below the exercise price on the Final Fixing Date and - in the case of reverse convertibles known as "**Barriers**" - the Barrier was also crossed during the Barrier Observation or - in the case of a Barrier active only at the end of the term - during the Final Fixing and - in the case of reverse convertibles known as "**Knock-in**" - the Reference Price of the Underlying is not above any Knock-in observation date or - if provided for in the Termsheet (Final terms/Listing notice) - at the Knock-in level, the payout amount or the cash value of the assets delivered plus interest may be less than the purchase price of the Security. In this case, the investor suffers a loss (assuming that the Securities are purchased at the Issue Price or nominal amount/nominal value).

Apart from interest, reverse convertibles do not generate any current income (such as dividends), which could be used to fully or partially compensate for losses in value of the reverse convertibles. If reverse convertibles are purchased during the term, accrued interest may accrue in addition to the purchase price.

Reverse convertibles known as **Floaters** do not bear interest at a fixed rate, but at a variable rate. Any interest payments will be made in accordance with the Termsheet (Final terms/Listing notice) either periodically during the term or once at the end of the term of the respective Security, depending on the development of a reference interest rate or other Reference Values specified in the Termsheet (Final terms/Listing notice). This means a further "price risk" for the investor, as the return on an investment in the Securities depends not only on the performance of the Underlying, but also on this additional Reference Value. In the event of a correspondingly unfavorable price development of these Reference Values, the variable interest rate can therefore also fall to zero (0), i.e. the interest rate is omitted.

Autocallable (Barrier) Reverse Convertibles can be prematurely redeemed on any relevant observation date if they exceed or - if provided for in the Termsheet (Final terms/Listing notice) - reach a certain Autocall Level. Otherwise, the Security will continue to run unchanged until the next observation date. If the respective Autocall Level is not exceeded or not touched, the investor is subject to the risk that the redemption will only take place after a later observation date or on the Redemption Date.

Investors cannot participate in any appreciation of the Underlying above the Autocall Level. If no early redemption occurs during the term of the Underlying due to the Underlying exceeding or, if applicable, reaching the Autocall Level, the investor may also suffer a loss (assuming that the Securities are purchased at the Issue Price or nominal amount/nominal value) if the Reference Price of the Underlying is below or, if applicable, on the Strike at the time of Final Fixing (and, in the case of Barrier Reverse Convertibles, the Barrier was also crossed during the Observation Period).

Investors should be aware that in the event of early redemption of the Securities, the expected return from an investment in the Securities may not be achieved.

In addition, investors should be aware that in the event of early redemption of the Securities, they may only be able to conclude reinvestments on less favorable terms.

Callable (Barrier) Reverse Convertibles may be terminated prematurely by the Issuer on any observation date and redeemed prematurely by payment of the nominal amount/value. If the Issuer does not call the Securities on an observation date, the Security continues to run unchanged until the next observation date. Investors should be aware that the Issuer will normally consider termination if the yield on the Security is more expensive for the Issuer than the current market environment. The Issuer will therefore prematurely terminate and redeem particularly in those cases in which an equally profitable reinvestment will not be possible for the investor.

If the respective Autocall Level is not exceeded or not touched, the investor is subject to the risk that the redemption will only take place after a later observation date or on the Redemption Date.

In the case of **Bear** (Barrier) Reverse Convertibles, the performance of the Security is conversely dependent on the performance of the Underlying, which means that these Securities enable the investor to participate positively in a loss in value of the Underlying.

Reverse Convertible with Conditional Coupon (SSPA 1255) / Barrier Reverse Convertible with Conditional Coupon (1260)

(Barrier) Reverse Convertible with Conditional Coupon - with the exception of possible coupons that depend on the performance of the Underlying - no current income (such as dividends) that could fully or partially compensate for losses in value of the Reverse Convertible with Conditional Coupon.

(Barrier) Reverse Convertible with Conditional Coupon may be redeemed prematurely on any observation date if they exceed a certain Autocall Level or - if provided for in the Termsheet (Final terms/Listing notice) - if they reach a certain Autocall Level. Otherwise, the Security will continue to run unchanged until the next observation date. If the respective Autocall Level is not exceeded or not touched, the investor is subject to the risk that the redemption will only take place after a later observation date or on the Redemption Date.

Investors cannot participate in any appreciation of the Underlying above the Autocall Level. If no early redemption occurs during the term due to the Underlying exceeding or, if applicable, reaching the Autocall Level, the investor may also suffer a loss (assuming that the Securities are purchased at the Issue Price or nominal amount/nominal value) if the Strike of the Underlying is below or, if applicable, at the exercise price at the time of the Final Fixing (and, in the case of Barrier Reverse Convertible with Conditional Coupon, the Barrier was also crossed during the Observation Period).

Investors should be aware that in the event of early redemption, the expected return on an investment in the Securities may not be achieved. If the conditions for conditional bonus payments are not met, the investment in an express certificate can be without any return for the investor.

In addition, investors should be aware that in the event of early redemption of the Securities, they may only be able to conclude reinvestments on less favorable terms.

Callable (Barrier) Reverse Convertible with Conditional Coupon may be prematurely terminated by the Issuer on any observation date and redeemed prematurely by payment of the nominal amount/value. If the Issuer does not call the Securities on an observation date, the Security continues to run unchanged until the next observation date. Investors should be aware that the Issuer will normally consider termination if the yield on the Security is more expensive for the Issuer than the current market environment. The Issuer will therefore prematurely terminate and redeem particularly in those cases in which an equally profitable reinvestment will not be possible for the investor.

If the respective Autocall Level is not exceeded or not touched, the investor is subject to the risk that the redemption will only take place after a later observation date or on the Redemption Date.

In the case of **Reverse** (Barrier) Reverse Convertible with Conditional Coupon, the performance of the Security is conversely dependent on the performance of the Underlying, which means that these Securities enable the investor to participate positively in a loss in value of the Underlying.

3.1.2.14.3. Participation Products

Tracker Certificate (SSPA 1300)

Tracker or participation certificates are characterized by the fact that they track the performance of the underlying almost 1:1, taking into account the other features of the Securities as determined in the Termsheet (Final terms/Listing notice). Investors should note that, in particular, any management fee and/or quanto fee (quanto interest rate) will result in a deviation from the 1:1 replication of the performance of the Underlying.

If the value of the Underlying **falls**, all participation certificates carry a risk of loss depending on the value of the Underlying. A total loss occurs if the relevant price of the Underlying (the so-called Reference Price) for calculating the payout amount (at maturity in the case of participation certificates with a limited term or at exercise by the Investor or at ordinary termination by the Issuer in the case of Open-End participation certificates) is zero (0).

In the case of **Reverse** or **Short** Tracker Certificates, the performance of the Security is conversely dependent on the performance of the Underlying, which means that these Securities enable the investor to participate positively in a loss in value of the Underlying.

Outperformance Certificate (SSPA 1310)

In the case of Outperformance Certificates, price movements of the Underlying during the term (due to the Participation, if applicable the upper and lower Participations) cause a disproportionate change in the value of the certificate. This leverage effect works in both directions, i.e. especially to the disadvantage of the investor in the event of an unfavorable development of the Underlying. A negative effect of the leverage effect may occur particularly in the case of an investment by the investor at a time when the Underlying is quoted above the exercise price.

The investor participates in losses of the Underlying according to the (lower) Participation. With a (lower) Participation of more than 100%, there is the risk of a total loss of the invested capital even if the Underlying itself does not become worthless.

Outperformance certificates can be equipped with a Cap that limits the maximum possible payout amount. Investors should therefore note that they can only participate to a limited extent in price increases of the Underlying up to the level of the cap.

Bonus Certificates (SSPA 1320) / Bonus Outperformance Certificate (SSPA 1330)

The holder of a Bonus (Outperformance) Certificate will receive at least a defined amount equal to the Bonus (taking into account the Subscription Ratio) if the observation price of the Underlying does not fall below the Barrier Observation level or - if provided for in the Termsheet (Final terms/Listing notice) - touches it or - in the case of Securities with **Barrier Observation only at the time of the Final Fixing** - if the Reference Price of the Underlying does not exceed the Barrier at the time of the Final Fixing or, if applicable, touches it.

In the event that the value falls below or - if provided for - touches the Barrier, the entitlement to the Bonus is lost, but the certificate continues to run until the end of the term like a Tracker Certificate (in the case of a Bonus Outperformance Certificate, like an Outperformance Certificate) and the investor finally receives the Reference Price of the Underlying at the Final Fixing (taking into account the Subscription Ratio) or a number of Underlyings corresponding to the Subscription Ratio is delivered.

In the case of Bonus **Outperformance** Certificates, price movements of the Underlying during the term cause a disproportionate change in the value of the certificate due to the upper Participation.

The Investor is therefore exposed to a risk of loss comparable to that of a direct investment in the Underlying (without taking dividend payments into account). If - taking into account the Subscription Ratio - the purchase price for the Security was higher than the price of the Underlying at the time of the investment in the Security (Security price less price of Underlying results in the so-called Premium), the risk of loss is even higher than it would have been with a direct investment. In any event, in the case of falling below or – if provided for – touching the Barrier, there is a risk of total loss for the Investor with regard to the capital invested by him. A total loss occurs if the Underlying is worthless at the end of its term.

The special feature of the **Capped** Bonus (Outperformance) Certificates is that the cash amount or the cash value of the assets to be delivered is limited to the maximum amount (taking into account the Subscription Ratio), i.e. the Investor cannot participate in increases in the value of the Underlying above the defined cap. The maximum profit potential is therefore limited from the beginning.

In the case of **Reverse** Bonus (Outperformance) Certificates, the performance of the Security is conversely dependent on the performance of the Underlying. In contrast to conventional participation Securities, which securitize a so-called long position (fictitious "purchase" of the Underlying), reverse bonus certificates securitize a so-called short position (fictitious "short selling" of the Underlying). This means that these Securities allow the investor to participate positively in any loss in the value of the Underlying.

Investors should note that due to the reverse structure, the earnings potential is limited even without taking a Cap into account, as the negative development of the underlying cannot exceed 100%, i.e. in the case of reverse bonus certificates with Subscription Ratio, the maximum payout amount corresponds to the reverse level (taking into account the Subscription Ratio and, if applicable, converted into the Base Currency).

In the case of Reverse Bonus Certificates, the economic value of the Securities is correlated with the economic value of the Underlying as follows: A Reverse Bonus Certificate regularly loses value (i.e. excluding other features and other factors relevant to the pricing of Securities) when the value of the Underlying rises. Accordingly, the investor may suffer a total loss of the invested capital if the price of the Underlying increases accordingly and reaches or exceeds the reverse level.

In the case of Reverse Capped Bonus (Outperformance) Certificates, the possible payout amount is limited accordingly by the cap. This means that the Investor does not participate in any negative development of the Underlying beyond the cap, which is why the earnings potential of Reverse Capped Bonus (Outperformance) Certificates with an upper Cap is even more limited than would be the case anyway due to the reverse structure, as described above.

Investors should note that in the case of Reverse Bonus Certificates, if the Barrier is exceeded or - if provided for - is touched, the entitlement to the bonus amount lapses and the investor participates 1:1 in the inverse performance of the Underlying. In this case, there is a risk of total loss for the investor with regard to the capital invested by him. A total loss occurs when the Underlying equals or exceeds the reverse level at the end of the term.

Twin Win Certificate (SSPA 1340)

With Twin-Win Certificates, the investor suffers a loss and participates one-to-one in price losses of the Underlying if the Barrier was crossed during the relevant Barrier Observation and the Reference Price is quoted at or below the Strike on the Final Fixing Date.

During the term of the certificate, price movements of the Underlying (due to the Participation, and, if applicable, the upper and lower Participations) cause a disproportionate change in the value of the certificate. This leverage effect works in both directions, i.e. especially to the disadvantage of the investor in the event of an unfavorable development of the Underlying towards the exercise price, and - if the Barrier is crossed - in the event of prices of the Underlying falling below the Strike. The leverage effect can have a negative effect, especially if the investor enters the market at a time when the Underlying is not listed close to the Strike.

Investors should note that the Twin Win Certificate's special feature of being able to profit up to the Barrier even from falling prices of the Underlying is lost if the price falls below the Barrier only once or - if provided for - if the Barrier is touched during Barrier Observation. The investor then participates in losses of the Underlying according to the (lower) Participation. With a Participation of more than 100%, a total loss of the invested capital may occur even if the Underlying itself does not become worthless.

Twin-Win Certificates with a **Cap** have a maximum amount that limits the maximum possible payout amount, i.e. the investor can only participate to a limited extent in price increases of the Underlying.

3.1.2.15. *Risks in connection with the settlement type payment (cash settlement)*

In accordance with the Termsheet (Final terms/Listing notice), the purchase of Securities with the settlement type "payment (cash settlement)" entitles the investor to payment of an amount of money, which depends on the performance of the Underlying (taking into account the respective Subscription Ratio). Assets are not delivered. The cash settlement per Security is generally calculated on the basis of the Reference Price of the Underlying on the Final Fixing Date (taking into account the Subscription Ratio and, if applicable, converted into the Base Currency of the Securities). A redemption of the Securities at the respective purchase price or at an amount characteristic of the individual types of Securities is not guaranteed.

3.1.2.16. *Risks in connection with the type of settlement (physical) delivery*

In the case of Securities with the settlement type "(physical) Delivery", the redemption of the Securities is affected either by payment of a cash amount or by delivery of assets (shares, securities representing shares (ADRs/GDRs) or other dividend-bearing securities, debt securities, fund shares, index certificates or ETPs).

In the event of the delivery of assets, the Issuer will deliver a number of assets (delivery items) per Security corresponding to the Subscription Ratio.

Potential investors should also note that any fluctuations and/or depreciation in the price of the respective asset between the Final Fixing Date and the date on which the assets are booked into the investor's custody account will be borne by the investor. The actual impact on the investor's assets is therefore not known until the assets have been delivered. A sale of the delivered assets is also possible at the earliest booking entry into the investor's custody account. Until the assets have been transferred to the investor's custody account, there are no claims from the assets, e.g. the investor is not entitled to any dividends distributed in the meantime. The investor must note that a sale of the delivered assets may incur transaction costs which must be taken into account when calculating a potential loss per Security.

If the assets to be delivered are registered shares, the exercise of rights arising from the shares (e.g. participation in the annual stockholders meeting and exercise of voting rights) is in principle only possible for shareholders who are entered in the share register or a comparable official register of shareholders of the company. In the case of registered shares, an obligation on the part of the Issuer to deliver the shares is limited only to the provision of the shares in a form and configuration available on the stock exchange and does not include entry in the share register. For entry in the share register, the investor may be charged the costs and fees of his custodian bank.

3.1.2.17. *Risks related to Securities with multiple Underlyings*

Risk due to the significance of the worst performing Underlying

Securities designated "Multi" refer to several Underlyings. This means an increased risk, since not one Underlying determines the payout amount at maturity and the price during the term for the Security, but several. In the case of Securities with a Barrier, the probability of a Barrier violation also increases, as Barrier violation is already the case if the observation price or Reference Price of even one of the Underlying falls below the respective Barrier or - if provided for in the Termsheet (Final terms/Listing notice) - reaches it. Furthermore, during the term of the Securities, the risk of strong price fluctuations of the Securities increases if the price of one of the Underlyings already approaches the respective Barrier.

Investors should also note that in the case of multiple Underlyings, the determination of the Redemption Amount or the assets to be delivered is generally based on the Underlying that has performed worst during the term of the Securities ***(Worst of)***, i.e. the risk of loss is significantly greater in the case of multi-structures than in the case of single Underlyings.

3.1.2.18. *Correlation risk*

Since the redemption of Securities depends on the performance of several Underlyings, the correlation between the Underlyings, i.e. - to put it simply - the degree to which the performance of the Underlyings depends on each other, is also important for the value and redemption of the Security. The degree of this correlation is also essential for assessing the risk that at least one Underlying reaches a significant threshold for determining the redemption payment.

If, for example, all Underlyings originate from the same sector and the same country, a high positive correlation can be assumed.

The correlation assumes a value between '-1' and '+1', whereby a correlation of '+1', i.e. a high positive correlation, means that the performance of the Underlyings is always in the same direction. With a correlation of '-1', i.e. a high negative correlation, the Underlyings always move in exactly the opposite direction. A correlation of '0' means that it is not possible to make a statement about the relationship between the performance of the Underlyings.

For Securities with the designation "Multi", a low correlation between the individual Underlyings additionally increases the risk for the investor, as no uniform development of the Underlyings can be expected.

3.1.2.19. ***Risks related to Triparty Collateral Management (TCM)***

The Securities are collateralized in accordance with the provisions of the respective Triparty Collateral Management Collateral Agreement (each a "**TCM Security Agreement**"; see Section "Documentation" below) between the respective Issuer, Banque Cantonale Vaudoise (the "**Collateral Provider**"), SIX Repo AG acting as direct representative for and on behalf of the Security Holder (the "**Collateral Taker**") and SIX SIS AG acting as Depository and Triparty Collateral Agent.

"**Specific structured product**” means a structured product which:

a) is collateralized in accordance with a TCM Security Agreement;

b) is issued through an account of the Collateral Provider at SIX SIS; and

c) is not traded on a stock exchange which is licensed, regulated and organized under public law and which is supervised by public authorities, with the exception of Actively Managed Certificates (AMCs).

The Collateral Taker acquires a security interest pursuant to Article 25 para 2(b) of the Swiss Federal Intermediated Securities Act ("**FISA**") in the intermediated securities provided as collateral and a lien pursuant to Article 899 ff. of the Swiss Code of Obligations (CO) in the cash provided as collateral. The current value of a Specific Structured Product is calculated by the Collateral Provider, notified to SIX Financial Information AG on each business day and published on the corresponding SIX Financial Information AG website. The collateral is valued and adjusted by SIX SIS AG on each business day several times on the basis of the Securities prices and/or exchange rates provided by SIX Financial Information AG. SIX SIS AG continuously selects the eligible collateral from various security categories, including those Securities that serve as direct or indirect underlyings of the Specific Structured Product. The Collateral Provider shall, upon request, inform investors of the collateral that is eligible for the collateralization of the product.

Defined terms used in this document and not otherwise defined have the meaning given in the Final Terms of the Specific Structured Product or the relevant TCM Security Agreement.

Documentation: The collateralization in favor of the Collateral Takers in respect of the Securities issued by Banque Cantonale Vaudoise is based on the "Triparty Collateral Management - Collateral Agreement" between Banque Cantonale Vaudoise as Issuer and Collateral Provider, the Collateral Taker - represented by SIX Repo AG (the "**Collateral Agent**") - and SIX SIS AG.

This TCM Security Agreement is an integral part of the Base Prospectus and the Final Terms. In the event of contradictions between the Base Prospectus, the Final Terms and the TCM Security Agreement, the TCM Security Agreement shall prevail. The Issuer shall make the TCM Security Agreement available to investors free of charge upon request. In addition, the TCM Security Agreement is also available from BCV - 276-1598, CP 300, 1001 Lausanne, Suisse, or via e-mail (structures@bcv.ch).

The purchase by an investor of a Specific Structured Product collateralized in accordance with the TCM Security Agreement automatically implies the acceptance of the Collateral Agent as its representative for the purposes of Triparty Collateral Management. Investors are bound towards the Collateral Agent and SIX SIS AG by the provisions of the TCM Security Agreement and in particular by the choice of Swiss law and the exclusive jurisdiction of the courts of BCV's head office in Lausanne (Switzerland).

Collateral method: The collateral to be provided by the Collateral Provider depends on the respective value of the Specific Structured Product (hereinafter referred to as the "**Current Value**"). The Current Value of the Specific Structured Product is calculated exclusively by the Collateral Provider and under its sole responsibility in accordance with recognized accounting principles, but without independent verification. Neither the Collateral Agent nor SIX SIS AG or SIX Financial Information AG shall carry out any recalculation or other verification of the calculation of the Current Value. The Current Value is communicated to SIX Financial Information AG by the Collateral Provider, which then publishes it. On the basis of the Current Value published by SIX Financial Information AG, SIX SIS AG calculates whether the cover requirements for the collateral have been met. Neither the Collateral Agent nor SIX SIS AG or SIX Financial Information AG shall be liable for any loss or damage incurred by a Collateral Taker as a result of an incorrect calculation of the Current Value or an incorrect notification of this value to SIX Financial Information AG. The Collateral provided for a Specific Structured Product is intended exclusively for the relevant Product (the "**Earmarked Collateral**") and does not collateralize any other Specific Structured Product.

Risks: The collateral eliminates the default risk in respect of the Issuer only to the extent that the proceeds from the liquidation of the collateral are sufficient to cover the claims of the investors upon occurrence of a Realization Event (less the costs of liquidation and redemption). Investors bear the following risks, among others: (i) the Collateral Provider is not in a position to provide the additional collateral required when the value of the product increases or when the value of the collateral decreases; (ii) the collateral cannot be liquidated immediately by the Collateral Agent in the event of a liquidation because actual obstacles exist or the collateral must be handed over to the foreclosure authority for liquidation; (iii) the market risk associated with the collateral results in insufficient liquidation proceeds or, in extreme circumstances, the collateral might lose its value entirely until the liquidation can take place; (iv) the maturity of the Specific Structured Product in a foreign currency may cause losses for the investor because the Current Value (decisive for the investor's claim against the Issuer) is determined in the foreign currency, whereas the redemption of the pro rata net liquidation proceeds (decisive for the extent to which the investor's claim against the Issuer is satisfied) is made in another currency; (v) the collateralization is contested in accordance with the rules of foreclosure law so that the collateral cannot be realized in accordance with the provisions of the TCM Security Agreement. The collateral does not eliminate the risk that no buyer may be found for a Security during its term and that the investor may be forced to hold the Specific Structured Product until maturity.

Liquidation of collateral: If the Collateral Provider fails to comply with its obligations, the collateral shall be liquidated by the Collateral Agent or a liquidator in accordance with the applicable laws and regulations. In particular, the collateral may be liquidated ("**Realization Events**") if (i) the Collateral Provider fails to provide the required collateral or fails to do so on time, unless the deficiency is remedied within five (5) Bank Business Days; (ii) the Issuers fail to meet or fail to meet in a timely manner a payment or delivery obligation under a Security at maturity under the Final Terms unless the deficiency is remedied within five (5) Bank Business Days or (iii) the Swiss Financial Market Supervisory Authority FINMA takes protective measures with regard to the Issuer or the Collateral Provider pursuant to Article 26 para 1 letter (f) or (h) of the Swiss Federal Act on Banks and Savings Banks ("**Banking Act**"), reorganization measures pursuant to Article 28 ff. of Banking Act or instructs the liquidation (insolvency) pursuant to Art. 33 ff. of the Banking Act.

Determination of a Realization Event: The Collateral Agent is not subject to any investigation obligation with regard to the occurrence of a Realization Event. When determining the occurrence of a Realization Event, it bases its decision on information received from the Collateral Provider or from official sources of information (e.g. FINMA). The Collateral Agent shall determine with binding effect for the investors whether an event is to be classified as a Realization Event and at what time the Realization Event occurred.

Procedure in the event of a Realization Event: In the event of a Realization Event, the Collateral Agent shall be entitled, at its reasonable discretion, to publicly disclose the following immediately or at a later date: (i) the existence of a Realization Event, (ii) any applicable procedures applied by it in connection with the liquidation of the Earmarked Collateral, (iii) any applicable procedures applied in connection with the use of the liquidation proceeds and their payment to the Collateral Taker, and (iv) any other information relevant to the Collateral Taker.

Maturity of the Specific Structured Product and investors' claims against the Issuer: The Realization Event in respect of a Specific Structured Product will only trigger the Realization Event for the Specific Structured Product concerned and not the occurrence of a Realization Event in respect of other collateralized securities of the Issuer. Upon the occurrence of a specific Realization Event, the Issuer's obligations under the Specific Structured Product for which the Realization Event has occurred shall become due and payable with immediate effect. The Collateral Agent shall publish a notice regarding the occurrence of the Realization Event.

When the Specific Structured Product fall due as result of the occurrence of a Realization Event in accordance with the provisions of the respective TCM Security Agreement, the claims of the investors shall be determined according to the respective Current Values for the Specific Structured Product concerned. Following the occurrence of a Realization Event in respect of a product, the Collateral Agent shall determine the last Current Value available before the occurrence of the Realization Event as the liquidation value for that product. This liquidation value is binding for the Issuer, the Collateral Provider and the investors.

If a Realization Event occurs in respect of a Specific Structured Product and the value of the collateral exceeds the size of the liquidation value and the relevant liquidation costs, the Collateral Agent must transfer such amount to the Collateral Provider. Such excess amount may not be used for other relevant Specific Structured Product.

Liquidation costs and redemption to Investors: All costs of the Collateral Agent and all costs related to the liquidation of the collateral (including fees, taxes and duties) will be covered in advance from the liquidation proceeds of the collateral. The liquidation proceeds are available for payment to the investors of the Specific Structured Product. The pro rata net liquidation proceeds owed to the investors will be transferred to the participants of SIX SIS AG on a "delivery against payment" basis. This releases the Collateral Agent from any further obligations. The claim of the investors is not interest-bearing. Payment to investors may be delayed for objective or legal reasons. Should redemption be delayed for any reason whatsoever, the Collateral Agent and SIX SIS AG shall not be liable to pay default interest or damages. Each Specific Structured Product is collateralized by its Earmarked Collateral.

An investor's maximum claim to satisfaction from the net liquidation proceeds of the Earmarked Collateral shall be based on the liquidation value of the Specific Structured Product. The claims of the investors under the Specific Structured Product against the Issuer shall be reduced to the extent of the redemption of the pro rata net liquidation proceeds. After redemption of the net liquidation proceeds, the investors have no further claims under the TCM Security Agreement against the Collateral Agent, SIX SIS AG, the Collateral Provider or other persons involved in the collateralization of the Specific Structured Product.

Liability: The parties shall only be liable for damages in the event of gross negligence or intent. Any further liability is excluded.

No regulatory approval: Specific Structured Product subject to the TCM Security Agreement do not constitute collective investment schemes pursuant to the Federal Act on Collective Investment Schemes ("**CISA**"). They do not require FINMA approval or supervision.

Compliance with the Binding Issue Terms: The information in this Section complies with the provisions of the TCM Security Agreements mentioned above. In the event of inconsistencies between this Section and the other contents of the Binding Issue Terms, the provisions of this Section shall prevail.

3.2. CONDITIONS

3.2.0. General information

The information set out below in this section sets forth the **General Terms and Conditions** applying to the Securities. The General Terms and Conditions are intended to be generally valid for all Securities, but it should be noted that specific Terms and Conditions apply to particular categories of Securities, which are valid only for products of that category. The specific Terms and Conditions relating to an individual product category take precedence over the General Terms and Conditions.

Together with the final (product) terms specified in the Termsheet (Final terms/Listing notice), the General Terms and Conditions form the relevant Terms and Conditions for a Security.

3.2.0.1. *General information and definitions*

The following definitions of individual terms apply in principle to all Securities and types of Securities. Alternative definitions – such as those indicated in the Termsheet (Final terms/Listing notice) – may apply to individual Securities. In the event of any inconsistencies, the definitions, terms and meanings set forth in the Termsheet (Final terms/Listing notice) take precedence. If a term is not defined in the list below nor in the Termsheet (Final terms/Listing notice), it shall have the meaning in relation to a particular Security that is derived after taking into account (i) the features of the respective product type and (ii) any standard market practices that apply.

Strike Price or Strike

The term "Strike Price" or “Strike” (sometimes also “Exercise Price” or “Underlying Price”) refers to the price at which the investor can purchase or sell the Underlying (physical settlement) or the basis of which the difference is calculated at the time of exercise by which the Strike Price is lower than or higher than the Relevant Valuation Price of the defined Underlying (cash settlement).

Reference price or Reference values

The term "Reference price" or "Reference values" refers to the value of the Underlying at a specific valuation time or period.

Automatic Exercise

The term "Automatic Exercise" means that Securities are exercised by the Issuer on their maturity date if they have an intrinsic value at maturity.

Bank Business Day as the case may be.

The term "Bank Business Day" refers to a day on which the commercial banks, clearing and settlement systems in Zurich are open for business.

Cash Settlement

The term "Cash Settlement" refers to the redemption of Securities by means of a payment in cash.

Barrier(s)

A "Barrier" means the price of the Underlying at which the payoff or payout diagram/profile or the redemption terms of a Security are modified if that price is touched or passed (i.e. if the price of the Underlying falls below or exceeds that Barrier). The new or revised redemption terms should be taken in each case from the applicable Termsheet (Final terms/Listing notice) contained in the respective Definitive Termsheet (Final terms/Listing notice); only the Termsheet (Final terms/Listing notice) are authoritative.

Underlying

The term "Underlying" means the reference object underlying the relevant Security, to whose performance the respective Security is linked (e.g. shares, securities representing shares (ADRs/GDRs), other dividend-bearing securities, debt securities, indices and proprietary baskets, commodities, futures, interest rate futures, exchange rates, units of account, interest rates and fund shares or on baskets consisting of one or more of these instruments), respectively what is relevant for the price of the Security (see the relevant details in section 3.3 Underlying instruments.

Type of Barrier

The “Type of Barrier” defines whether the relevant “Observation Period / Monitoring Period” is observed on a specific date for an “European Barrier” or is observed “continuously” during the entire life of the product which is an “American Barrier”.

Observation Period / Monitoring Period

The relevant "Observation Period" (sometimes also "Barrier Observation") or "Monitoring Period" of the Underlying in relation to a particular barrier or barriers may be "continuous", i.e. in principle at all times during the trading hours of the Underlying, or on a specific date (such as "at maturity") or on specific dates (e.g. monthly) and denotes the period or time within or at which it is observed whether a certain barrier is touched.

Final Fixing Date

The term "Final Fixing Date" refers to the Exchange Trading Day on which the Final Fixing of the relevant underlying prices takes place and the relevant Redemption Amount of the Security is determined by the Calculation Agent. The respective Final Fixing Date is determined in accordance with the applicable Terms and

Conditions of the Security. The Final Fixing Date may occur prior to the expiry of a specified term if the relevant Terms and Conditions provide for this, e.g. in the event of (a) early termination by the Issuer or, where relevant, by the holder of the Security, or (b) the exercise of an exercise right, whereby the occurrence of such an event precedes the exercise of the holder or the termination by the Issuer.

Exchange Trading Day

The term "Exchange Trading Day" refers to a day on which the respective Reference Stock Exchange of the Underlying is open for trading. Where the Reference Agent is not a trading venue or system and is also not an exchange or a corresponding institution, the term “Exchange Trading Day” means a Bank Business Day with the exception of days on which commercial banks and currency markets in the country in which the Reference Agent is located are closed.

Bull/Long and Bear/Short

Securities can be structured both as Bull or Long investments as well as Bear or Short investments: A Security structured as a "Bull" or "Long" offers the investor the opportunity to wager that the Underlying will rise (the value of a Bull or Long Security rises if the corresponding Underlying increases in value, leaving aside other factors contributing to value). A Security structured as a "Bear" or "Short" offers the investor the opportunity to wager that the Underlying will fall (the value of a Bear or Short Security rises if the corresponding Underlying decreases in value, leaving aside other factors contributing to value).

Cap / Maximum Limit

Securities may have a "Maximum Limit" or a "Cap", which represents the upper threshold of a Security's participation in the Underlying or in the performance of the Underlying.

Ex-Day respectively Ex-Date

Securities may provide for the payment of coupons, premiums or other payouts during term life of the Securities.

If a Security is listed and traded on the secondary market "dirty" or in "units", i.e. any coupons, premiums, etc. or other future payouts of the Security are taken into account pro rata temporis and are included in the price of the Securities, the purchaser of a Security is only entitled to the coupon, premium or other payout on the respective payout or redemption date if he has acquired the Security before the respective ex-date ("**Ex-Date").** However, investors who purchase the Security on or after the Ex-Date are not entitled to receive payment of the relevant coupon, premium or any other payout on the relevant payout or redemption date.

If the payment of the coupon, premium or other payout is subject to the occurrence of certain conditions (e.g. the achievement of certain price thresholds by the Underlying), the Ex-Date for this payment is generally the day following the observation day on which the last condition occurs. If a payment is not subject to the fulfilment of certain conditions, the Ex-Date for such payment shall normally be the second Bank Business Day prior to the relevant Payment or Redemption Date for such payment.

The respective Termsheet (Final terms/Listing notice) of a Security may specify an Ex-Date different from the rule described above for one, several or all (possible) payments of a Security. In addition, the Issuer is entitled to modify an upcoming Ex-Date during the term of a Security providing that prior notice is given to investors in accordance with the procedure.

Business Day Convention respectively Interest Rate Convention

If the redemption date, an interest payment date or any other day on which a due payment is to be made pursuant to the Terms and Conditions (each a "**Payment Date**") is not a Bank Business Day, the following provisions shall apply to the extent that they are determined to be applicable in the Termsheet (Final terms/Listing notice).

Following unadjusted

If a payment day falls on a day that is not a Bank Business Day, the payment in question is made on the next following Bank Business Day (this method is also referred to as the "Following Business Day Convention (unadjusted)"). In such a case, the Investor shall not be entitled to any further interest or other payment resulting from such adjustment.

Modified following unadjusted

If a payment day falls on a day which is not a Bank Business Day, the payment in question shall be made on the next following Bank Business Day, unless the payment would thereby fall into the next calendar month, in which case the payment shall be made on the immediately preceding Bank Business Day (this method is also referred to as "Modified Following Business Day Convention (unadjusted)"). However, if the day of payment is postponed pursuant to the above provision, the Investor shall not be entitled to further interest or other payments. In the case of an earlier payment pursuant to the above provision, the amount to be paid shall not be reduced either.

Following adjusted

If a payment day falls on a day that is not a Bank Business Day, this day is postponed to the next following Bank Business Day (this method is also referred to as the "Following Business Day Convention (adjusted)"). If an interest payment date is postponed due to the above provision, the length of the relevant interest period(s) will change and so will the interest amount(s) to be paid for the relevant interest period(s).

Modified following adjusted

If a payment day falls on a day which is not a Bank Business Day, this day shall be postponed to the following Bank Business Day, unless this would cause the payment to fall into the next calendar month; in this case, the interest payment day or the scheduled redemption day or the delayed interest payment day or the delayed redemption day shall be the immediately preceding Bank Business Day (this method is also referred to as "Modified Following Business Day Convention (adjusted)"). If an interest payment date is postponed due to the above provision, the length of the relevant interest period(s) will change and so will the interest amount(s) to be paid for the relevant interest period(s).

Trading Day

The term "Trading Day" means a day on which the relevant Reference Agent (i.e. a trading market, trading system or stock exchange) relating to the Underlying (or a component of the Underlying) is open for trading; where the Reference Agent is not a trading market or trading system and is also not an exchange or corresponding institution, the term "Trading Day" means a business day, other than days on which commercial banks and currency markets are closed in the country in which the Reference Agent is located.

In the Money

The term "In the Money" refers to the situation in which the Intrinsic Value (see the corresponding definition below) of a security is positive, i.e. greater than zero.

Intrinsic Value

The "Intrinsic Value" of a Security) is the amount that the holder would receive if he exercised his right immediately (before taking into account the costs and fees payable as a result).

Leverage

The term "Leverage" (also referred to as effective or actual leverage or omega) refers to an indicator used to assess the leveraged performance of Securities. It shows the percentage increase (decrease) in the price of a Security if the price of the Underlying rises by one percentage point, and it therefore provides an indication of the extent to which the investor participates positively or negatively in a change in price of the Underlying.

Relevant Valuation Price

The term "Relevant Valuation Price" indicates the price that is to apply for the purpose of calculating the Redemption Amount based on the Underlying of the relevant Reference Stock Exchange/Determination Agent/Futures Exchange. If, with respect to the determination of the Relevant Valuation Price, discrepancies arise between the rules of the Reference Stock Exchange/Determination Agent/Futures Exchange and those applying to the Security (e.g. exercise and maturity rules, Exchange Trading Days or Trading Days, etc.) the Paying and Calculation Agent may adopt the rules of the Futures Exchange that differ from the provisions of the Security (incl. Termsheet (Final terms/Listing notice)).

Minimum Exercise Volume

The term "Minimum Exercise Volume" indicates the minimum number of Securities that must be tendered to the Exercise Agent in the event of an exercise. As a general rule, only a number of Securities, as determined according to the Ratio, that relate to a whole Underlying or an integer multiple thereof may be exercised.

Fractional Amount

The term "Fractional Amount" means the fractions of an Underlying that are not deliverable (mainly Equities). Fractional Amounts of Underlyings are settled in the form of a cash payment calculated on the basis of the Relevant (Valuation) Price of the Underlying determined on the maturity date. It is not possible to cumulate Fractional Amounts originating from several Securities into deliverable units of the Underlying.

Nominal Value (also referred to as "Nominal")

The term "Nominal Value" or “Nominal” means the (claim) amount indicated for the respective particular Security as defined in the applicable Termsheet (Final terms/Listing notice).

Physical Settlement / Physical Delivery

The term "Physical Delivery" or “Physical Settlement” of the Underlying refers to the redemption of Securities by means of delivery of the Underlying of the Security upon maturity or the agreement to deliver the Underlying that is deliverable in accordance with the Termsheet (Final terms/Listing notice) upon exercise of the Securities. When Physical Delivery or Physical Settlement occurs, it should always be noted that any Fractional Amounts (see the corresponding definition above) are generally not deliverable, and a cash payment is therefore made to the investor in settlement of them. The Calculation Agent shall determine the value on the basis of the market price of the Underlying established at the time of exercise.

Quanto

Where the respective Underlying or basket constituent is denominated wholly or partly in a currency other than the Base Currency of the Security, the Issuer will specify in the Termsheet (Final terms/Listing notice) how conversion into the settlement currency will take place and whether the features of the Security include a "Quanto Structure". The Issuer achieves this using a quantity adjusted option, or Quanto for short ("Quanto Structure"), and specifies the conversion rate between the two currencies at the time of the issue. In the case of Securities with a Quanto Structure, therefore, conversion from the currency of the Underlying into the Base Currency of the Security uses a conversion rate of 1:1. In case of physically settled Securities with Quanto Structure the number of deliverable Underlyings or other financial instruments will be determined only at Final Fixing to compensate exchange rate changes occurred since Initial Fixing

Reference Stock Exchange, Reference Market, Reference Agent or Determination Agent

The terms "Reference Stock Exchange", "Reference Market" or "Reference Agent" or "Determination Agent" mean the stock exchange, market or trading platform on which the prices for the respective type of Underlying (such as shares, precious metals, interest rates or exchange rates) can be determined for any envisioned Barrier Observation and/or for a fixing (Initial and/or Final Fixing) of the Underlying(s). In the case of Underlyings such as indices or futures that have their own Futures Exchange on which futures or option contracts for the Underlying are traded, the relevant Barrier Observation and/or Final Fixings can be carried out on the basis of the prices determined on the indicated Futures Exchange (e.g. the Final Settlement Price) (see also **"**Futures Exchange**"**).

Roll-Over or Prolongation

“Roll-Over” or “Prolongation” refers to the process of renewing or prolonging a forward hedging position (i.e. a hedging position relating to the future) on one or more occasions. For example, if the value of an item is hedged using a particular futures position whose term ends on a date short of the intended hedging horizon (i.e. the final date of a hedge is later than the delivery dates of all of the futures contracts available at a particular time), then the party executing the hedge (i.e. the Hedger) is faced with the task, on one or more occasions during the hedging transaction, of closing out the futures position being used as a hedge in a timely manner and then immediately thereafter creating on the same market a new futures position that is identical – except that it has a longer maturity (later delivery date).

Redemption Amount

“Redemption Amount” or “Settlement Amount” means the cash amount that is calculated by the Calculation Agent on the Final Fixing Date/ Termination Date/ Expiry Date/ Final Fixing Date on the basis of the Relevant Valuation Price of the Underlying and paid out to the investor in Securities. This process may be subject to delays in the event of Market Disruption Events.

Spot Reference Price or Initial Reference Price

The term "Spot Reference Price" or "Initial Reference Price” means the price/value/rate of the Underlying determined and theoretically calculated by the Calculation Agent at the time of Initial Fixing on which the calculation of the various parameters of a particular Security is based.

Stop-Loss Event

A “Stop-Loss Event” means the case where the relevant price of the Underlying determined in accordance with the Terms and Conditions reaches or falls below the current Stop-Loss Level, or reaches or exceeds the current Stop-Loss Level. With respect to Strategic Certificates, the Issuer may in this case terminate the Strategic Certificates for early redemption.

“TCM”

The term "TCM" means the service provided by SIX SIS AG that enables the reduction of issuer-related default risk for Structured Products.

Futures Exchange

“Futures Exchange” means the exchange, market or trading platform on which futures and/or options contracts for the respective Underlying (in particular equities, indexes and futures) are traded. The Termsheet (Final terms/Listing notice) specify whether and, where applicable, which prices determined by a Futures Exchange apply for the purpose of any Barrier Observation or the determination of the Relevant Valuation Price. Adjustments to the conditions of the Securities that may be necessary – for example, as a result of corporate actions relating to the Underlying (i.e. a measure which affects the capital and voting rights of the shareholders, such as a capital increase, a capital reduction or an exchange of shares, for example in the context of spin-offs or a merger)– are generally carried out in accordance with the rules and regulations of the Futures Exchange on which derivatives based on the Underlying are traded. If there are several Futures Exchanges, the Issuer designates the relevant Futures Exchange in each case in its discretion.

Volatility

“Volatility” refers to the degree of fluctuation in the price of an Underlying or to fluctuations in the return on the Underlying over a particular period of time.

3.2.0.2. ***Form of the Termsheet (Final terms/Listing notice)***

Termsheet (Final terms/Listing notice) model

(see Appendix II – Termsheet (Final terms/Listing notice) model).

3.2.1. Issuer

Information about the Issuer, either Banque Cantonale Vaudoise, Lausanne, or its Guernsey branch is available in the Termsheet (Final terms/Listing notice) under point 1 "Product description."

3.2.2. Base currency

The applicable base currency is available in the Termsheet (Final terms/Listing notice) under point 1 "Product description."

3.2.3. Nominal amount

The nominal amount of the Security where applicable is available in the Termsheet (Final terms/Listing notice) under point 1 "Product description."

3.2.4. Redemption

The redemption arrangements are described under point 1 "Product description." in the Termsheet (Final terms/Listing notice).

3.2.5. Interest rate / Coupon / Distribution

If the Security gives rise to the payment of interest or a distribution, the relevant information is provided in the Termsheet (Final terms/Listing notice) under point 1 "Product description."

3.2.6. Interest / Coupon / Distribution dates

If the Security gives rise to the payment of interest or a distribution, information relating to payment or distribution dates and ex-dates is provided in the Termsheet (Final terms/Listing notice) under point 1 "Product description." Other provisions apply in the event of extraordinary market or emergency conditions, or inconvertibility events.

3.2.7. Term

The term of the issue and the date of the last trading day are set out in the Termsheet (Final terms/Listing notice) under point 1 "Product description". Other provisions apply in the event of extraordinary market or emergency conditions, or inconvertibility events.

3.2.8. Limitation period

The time limit for claiming the payment of interest is five years and the time limit for claiming the payment of capital is ten years from the relevant due dates.

3.2.9. Subordination

If the Issuer's liability arising from the Security were to be specifically subordinated relative to other current or future liabilities, the terms of that subordination are set out in the Termsheet (Final terms/Listing notice) under point 1 "Product description."

It is expressly stated that other provisions apply if preferential claims are granted under Swiss statutory provisions (including in Article 219 of the Swiss Debt Collection and Bankruptcy Act, and Articles 37a, 37b and 37d of the BA) to certain categories of creditors in the event of the Issuer's default.

3.2.10. Applicable law and competent court

All legal relations in connection with this issue and the Security to which it relates are subject to Swiss law, as stated in the Termsheet (Final terms/Listing notice) under point 1 "Product description."

The place of performance, the exclusive place of jurisdiction for any litigation and the place of collection proceedings shall be the place of BCV's head office in Lausanne, Switzerland. The mandatory places of jurisdiction specified by Swiss legislation and international agreements to which Switzerland is a party are unaffected.

However, Banque Cantonale Vaudoise shall remain free to commence proceedings before any other court of competent jurisdiction.

3.2.11. Paying, calculation and exercise agents

Banque Cantonale Vaudoise, Place St-François 14, 1003 Lausanne, Switzerland (postal address: Banque Cantonale Vaudoise, Structurés, case postale 300, 1001 Lausanne, Switzerland) as described in the Termsheet (Final terms/Listing notice) under point 1 “Product description.”

3.2.12. Form of the Securities

As a rule and unless otherwise stated in the relevant Termsheet (Final terms/Listing notice), the Securities are issued as uncertificated "Book-Entry Securities" (i.e. rights with basically the same function as certificated securities) within the meaning of Art. 973c of the Swiss Code of Obligations “CO”). The Book-Entry Securities arise with the entry of the book-entry securities (issued by the Issuer) in the so-called book-entry securities register pursuant to Art. 973c para. 2 CO.

The entry of Book-Entry Securities in a publicly kept main register (cf. Art. 6 para. 2 of the Federal Act on Intermediated Securities ["FISA"]) of a recognised depository within the meaning of Art. 4 FISA and their crediting in one or more securities accounts of one or more participants of this depository creates so-called "Intermediated Securities" (cf. Art. 6 para. 1 lit. c FISA): In this case (and unless otherwise specified in the relevant Termsheet (Final terms/Listing notice)), the Book-Entry Securities shall, in accordance with the FISA, regularly be entered in the main register maintained by the relevant depository, i.e. SIX SIS AG (hereinafter referred to as "SIX SIS" or "Standard Depository"), such main register being publicly accessible and informing the public, respectively, about the number of Intermediated Securities deposited with the respective depository and circulating in such depository’s book-entry or giro system.

The Issuer reserve the right to appoint, in their sole discretion and in derogation from the above-mentioned Standard Depository, the depository institution relevant for the registration of Book-Entry Securities, which has to be, at any time, an institute pursuant to Art. 4 FISA (i.e., amongst others, banks, securities dealers and operators of clearing/settlement systems for securities transactions within the meaning of Swiss law) (see the respective Termsheet (Final terms/Listing notice)).

As long as the Securities qualify as Intermediated Securities, they can only be transferred in accordance with the provisions of the FISA, i.e. by crediting the securities account of the acquirer.

The investor is not entitled to demand the issue of certificated securities (global certificates, etc.) or the issuance of certificates of evidence. The conversion of Book-Entry Securities into certificated securities is also excluded.

The records of the relevant depository bindingly determine the number of Securities held through each participant with such depository. The owners in respect of the Securities held in the form of Intermediated Securities, shall be the investors pursuant to Art. 5 lit. c FISA, i.e. the account holders (other than the depository in accordance with the FISA), or the depository in accordance with the FISA holding the uncertificated Securities for its own account.

3.2.13. Rights and modification modalities attached to the securities

Rights related to the Security are described in the Termsheet (Final terms/Listing notice) under point 1 “Product description” in this Prospectus. Other provisions apply in the event of adjustments to the underlying instrument, extraordinary market or emergency conditions, or inconvertibility events.

In the case of a dynamic certificate, the issuer defines the key elements of the investment strategy in the Finals Terms, in particular the investment universe, security selection criteria and management rules. The issuer reserves the right to modify these key elements during the life of the product, which it will be communicated in the web address: www.bcv.ch/invest.

3.2.14. Exercise procedure

Any exercise procedure is described in the Termsheet (Final terms/Listing notice) under point 1 “Product description”.

3.2.15. Exercise arrangements

Any exercise arrangements and exercise-related constraints are described in the Termsheet (Final terms/Listing notice) under point 1 “Product description”.

3.2.16. Possibilities to make modifications

General rules

The Terms and Conditions may provide that the Securities incorporate a right to exercise and may specify the related exercise modalities and restrictions on the ability to exercise.

The rules applying to the individual Securities can be found in the respective Termsheet (Final terms/Listing notice). The following paragraphs reproduce the terms applying in connection with exercise rights in summarised form and as a supplement to section 3.2 Conditions:

Physical Settlement / Physical Delivery

In the case of Securities with physical delivery or physical settlement, the respective Underlying is delivered physically – where applicable – on exercise or maturity (i.e. in the case of the Call product type, the investor's right to buy the Underlying or, in the case of the Put product type, the investor's right to sell).

In the case of certain (extraordinary) circumstances, events or incidents (e.g. the determination of existing or newly introduced taxes or other levies, certain regulatory requirements, reporting obligations, missing disclosure/waiver notices etc.), Market Disruption Events (e.g. extraordinary market fluctuations experienced by the Underlying, unusual conditions on the relevant Reference Stock Exchange or domestic market or relating to factors affecting the value), or major disturbances in the economic and political situation (e.g. terrorist attacks, crash scenarios, i.e. a very rapid fall in exchange prices within a short time), as a result of which physical delivery in accordance with the Terms and Conditions becomes partially or wholly impossible, disproportionately difficult, excessively expensive, or otherwise adversely affected from an economic or practical point of view, the **Issuer is entitled** to settle the Redemption Amount due at the end of the term or upon maturity or (early) termination by paying a corresponding cash settlement (in place of the physical delivery originally provided for in the Terms and Conditions).

The Issuer or Calculation Agent decides at its own discretion whether extraordinary circumstances, events or incidents, Market Disruption Events, or major disturbances in the economic and political situation have occurred.

The Issuer assumes no liability for any (consequential) damages suffered by the investor as a result of or on the basis of such cash settlement (instead of Physical Delivery as originally provided for in the Terms and Conditions), unless the (consequential) damages are attributable to a breach by the Issuer of its duties of care or to its gross negligence.

The Issuer shall inform investors as soon as possible of decisions relating to the **payment** of a corresponding cash settlement (instead of physical delivery as originally provided for in the Terms and Conditions) in accordance with the procedure set out.

Cash Settlement

In the case of Securities with the cash settlement, payment (usually of the Intrinsic Value) is made upon exercise/maturity in the form of a cash settlement.

Arrangement concerning the value date

In the case of physical delivery or physical settlement, the value date for the delivery of the Underlying and payment of the Strike Price is five Bank Business Days following exercise.

In the case of cash settlement, the value date for the payment is five Bank Business Days following exercise.

Application for entry in the share register

In the case of physical delivery or physical settlement (and only in such case), the following applies with respect to application for entry in the share register: In the case of registered shares that are delivered as a result of the exercise of call options, it is the responsibility of the acquirer to submit the application for entry in the share register of the relevant company. If the application to be recognised as a shareholder entitled to vote is rejected, this does not affect the validity of the exercise of the options.

3.2.16.1. ***Redemption and termination***

General rules

The Terms and Conditions may specify that the Securities cannot be redeemed prematurely (except where there are grounds for termination and for tax reasons) or the Issuer or the investor may choose to redeem them prematurely by giving notice of termination to the investor or to the Issuer, as the case may be, in compliance with the notice period specified in the Terms and Conditions, effective on the date or dates specified in the Terms and Conditions, at a specified price or upon other conditions that the Issuer and the Lead Manager may agree.

The Issuer will notify investors of termination in accordance with the procedure set forth.

If, in connection with a redemption or premature redemption or with termination by the issuer or investor, discrepancies with respect to the determination of the Relevant Valuation Price arise between the rules of the Reference Stock Exchange/Determination Agent/Futures Exchange and those applying to the Security (such as exercise and expiry rules, Exchange Trading Days or Trading Days etc.), the Paying and Calculation Agent may adopt rules of the Futures Exchange that differ from the provisions of the Security (including Termsheet (Final terms/Listing notice)).

3.2.16.2. ***PREMATURE EXPIRATION, DELAYED REDEMPTION AND CREDIT EVENT***

Securities with price thresholds

Securities may also contain conditions in the Terms and Conditions, for example, that the term is ended immediately if the Underlying reaches a particular barrier (i.e. a price for the Underlying at which the payoff or payout diagram/profile or the redemption conditions of a Security change in the event that such price is touched or passed, i.e. if the price of the Underlying falls below or exceeds such barrier). In such cases, the redemption payment and/or the calculation of the corresponding Redemption Amount, which in the case of certain Securities may amount to zero in the worst case, is derived from the relevant Termsheet (Final terms/Listing notice).

In connection with the matters discussed in this section, the investor should be sure to also read the related information provided in sections 3.2.14.

3.2.16.3. ***Early terminantion or redemption for tax or other reasons***

The Issuer expressly reserves the right to prematurely terminate or redeem the Securities for tax reasons at any time (e.g. in the event that the Issuer were obliged to pay additional amounts arising as a result of the withholding or deduction of current or future taxes, levies, assessments or fees of any nature). In this regard, the Issuer may at its reasonable discretion determine whether tax reasons entitle it to terminate or redeem.

The Issuer also expressly reserves the right to prematurely terminate at any time Securities in which investors do not or no longer have any outstanding holdings.

In such cases, the term of the Securities ends prematurely, and cash settlement is made. The Issuer shall within at most five Bank Business Days following the Termination Date pay each investor and holder of a minimum trading unit of a Security an amount for each minimum trading unit of the Security that it determines at its reasonable discretion to be the appropriate market price per minimum trading unit of a Security.

The relevant Issuer shall notify investors in a timely manner of any termination or (early) redemption in accordance with the procedure set out.

3.2.16.4. ***Adjustements, extraordinary termination of the Securities by the Issuer, market Disruption Events***

a) General regulation

The Issuer reserves the right to modify all of the parameters and Terms and Conditions for the Securities (such as the Strike Price, Subscription Ratio, Barrier, weighting etc.) on the basis of standard market practices and in an appropriate manner upon the occurrence of certain events (in particular, extraordinary events or Market Disruption Events), which are listed hereinafter for certain types of Securities by way of example and are not exhaustive.

Similarly, the Issuer reserves the right to reasonably modify agreed maturity dates and times, as well as every other date/deadline/time/period specified in the Definitive Termsheet (Final terms/Listing notice) in order to conform to the given conditions where circumstances so require (including those relating to the relevant (Barrier) Monitoring Period(s), monitoring time(s) or monitoring point(s) in the case of Securities, especially in the case of Securities with Barriers or Knock-Out etc.). If, for example, a date would, without modification, fall on a day that is not a Bank Business Day, such date is to be deferred to the next Bank Business Day, or if a maturity date and time is postponed, the redemption date is postponed accordingly.

In particular, in the event of extraordinary circumstances or the occurrence of extraordinary events (e.g. the determination of existing or newly introduced taxes or other levies, reporting obligations etc.), Market Disruption Events (e.g. extraordinary market fluctuations experienced by the Underlying, unusual conditions on the relevant Reference Stock Exchange or domestic market or relating to factors affecting the value), or major disturbances in the economic and political situation (e.g. terrorist attacks, crash scenarios, i.e. a very rapid fall in exchange prices within a short time) as a result of which physical delivery in accordance with the Terms and Conditions becomes partially or wholly impossible, disproportionately difficult, excessively expensive, or otherwise adversely affected from an economic or practical point of view, the Issuer is also entitled to comply with any obligation to deliver physical securities by making payment in the form of a corresponding cash settlement instead.

The existence of extraordinary circumstances, Market Disruption Event or major disturbances in the economic and political situation shall be determined by the Issuer or the Calculation Agent at their own discretion.

Adjustments to the Terms and Conditions of the Securities will be made by the relevant Issuer in accordance with the following provisions of sections b) to j) and are binding on the holders of the Securities unless there is an obvious error. The Termsheet (Final terms/Listing notice) may also contain specific provisions and adjustment rights for events that result in a change in the Underlying.

To the extent that the Issuer or the Calculation Agent makes or does not make adjustments and takes or does not take other measures in accordance with the Terms and Conditions, it is liable only if it is in breach of its duties of care or in the event of gross negligence.

The relevant Issuer shall notify the Investors as soon as possible about decisions relating to adjustments and extraordinary events and Market Disruptions relating to the Securities, in accordance with the procedure set out in section 3.11 Notices.

b) Securities related to shares, securities representing shares (ADRs and GDRs) or other dividend-bearing securities

1. In the event of the announcement or occurrence of any of the following events relating to an Underlying (the "**Adjustment Event**"):

    a. Capital increase by issuing new shares or other dividend bearing securities in return for contributions with subscription rights, capital increase from company resources, issue of securities with option or conversion rights into shares, distribution of special dividends, capital reduction, equities split, subdivision, consolidation or reclassification of the shares,
    b. spin-off of a division of the company in such a manner that a new independent company is created or the division of the company is absorbed by a third company,
    c. the probable or definite cessation of exchange trading in the shares as a result of a merger by absorption or new company formation or as a result of takeover of the company of the Underlying by another company, or
    d. or any other event which, as determined by the Issuer, results in a dilution or concentration of the theoretical value of the relevant share, the Issuer may amend the securities right in accordance with the following provisions.

2. In the event of an Adjustment Event pursuant to “paragraph 1.” , the Issuer shall, subject to termination pursuant to “paragraph 3.”, adjust the securities right at its reasonable discretion, provided that the effective date for the Adjustment Event is before or falls on the or a Final Fixing Date.
   If a Futures Exchange is indicated in the Termsheet (Final terms/Listing notice), the Issuer may, within the scope of its discretionary exercise, orient itself in terms of time and content when carrying out the adjustment on the basis of how corresponding adjustments for futures or options contracts on the Underlying (share) traded on the respective Futures Exchange are made there, but is not obliged to do so. In the event of any doubt as to the application of the adjustment rules of the Futures Exchange, the Issuer shall decide at its reasonable discretion.

The above list is not exhaustive. The decisive factor is whether the Futures Exchange considers it necessary to adjust the contract size, a contract underlying or the reference to the relevant Reference Agent for determining the price of the shares if futures or option contracts on the underlying were traded there. If futures or options contracts on the shares of the company are not traded on the Futures Exchange, the adjustment shall be made in the same manner as it would be made by the Futures Exchange if corresponding futures or options contracts were traded there. If, in this case, questions arise in connection with the application of the adjustment rules of the Futures Exchange, the Issuer shall decide on these questions at its reasonable discretion. The Issuer shall endeavour - as far as legally and practically possible - to ensure that the holder of the securities is treated equally in economic terms before and after the Adjustment Event.

The Issuer is entitled to deviate from the adjustments made by the Futures Exchange, if it deems this necessary at its reasonable discretion, in order to take account of differences between these Securities and the futures and options contracts traded on the Futures Exchange. This applies in particular to measures pursuant to “paragraph 1.b. and c.”. Irrespective of whether and which adjustments are made at which time on the Futures Exchange, the Issuer may make adjustments with the aim of placing the Investors economically as close as possible to the position they were prior to the measures pursuant to “paragraph 1.b. and c.”.

"**Reference Date**" within the meaning of Terms and Conditions means the first Trading Day on which the relevant futures or options contracts are traded, taking the adjustment into account. If no corresponding futures or options contracts are traded on a Futures Exchange, the Issuer will, taking the time of the change, adjustment or other measure into account, also determine at its reasonable discretion the effective date on which the adjusted features are to be applied for the first time.

Such adjustments may relate in particular to the features and to the replacement of the underlying share of the Security by a basket of shares or, in the event of a merger, by an adjusted number of shares of the absorbing or newly established company and, where appropriate, to the designation of another Reference Agent as the new Reference Agent.

3. If, at the reasonable discretion of the Issuer or the Futures Exchange, an appropriate adjustment is not possible for any reason whatsoever (or if the Futures Exchange prematurely terminates the relevant futures or options contracts on the Underlying, or if it would do so if such futures or options contracts were traded there), the Issuer shall be entitled, but not obliged, to extraordinarily terminate the Securities prematurely by notice in accordance with section 3.11 stating the Termination Amount defined below. The termination shall become effective on the date of notice pursuant to section 3.11 (the "Extraordinary Termination Date"). In this case, the term of the Securities ends on the Extraordinary Termination Date. In the event of an extraordinary termination, the Issuer shall pay each Investor within five Bank Business Days of the Termination Date an amount per Security (the "Termination Amount") which is an appropriate market price of a Security immediately prior to the Termination Date as determined by the Calculation Agent at its reasonable discretion taking the remaining fair value into account. When determining the Redemption Amount for Securities with a limited maturity in the event of a termination following a merger event in the form of a takeover bid in which the consideration consists exclusively or predominantly of cash, the Calculation Agent may, in addition to the above factors, consider the price of the relevant share immediately after the announcement of the takeover bid as well as other market parameters, which prevailed immediately prior to the announcement of the takeover bid and, in particular, include any rules that a Futures Exchange would use or normally uses to determine the accounting fair value of the shares, such as expected dividends and implied volatilities.
4. The adjustments and determinations as well as the effective date thereof shall be announced by the Issuer in accordance with section 3.11
5. In addition to the aforementioned provisions, the regulations of the Reference Agent and the Futures Exchange shall apply.
6. Insofar as the Underlying is a security representing shares, the provisions in “paragraphs 1. to 5”. shall apply mutatis mutandis to the shares underlying the securities representing shares.
   In addition, the events described below are also considered possible Adjustment Events:
   a. Change in the Terms and Conditions of securities representing shares by their issuers;
   b. Discontinuation of the stock exchange listing of the securities representing shares or the shares on which they are based;
   c. Insolvency of the issuer or the depository bank of the securities representing shares;
   d. end of the term of the securities representing shares due to termination by the Issuer of the securities representing the shares;
   e. or for any other reason comparable in its economic effects.

The Issuer may, subject to termination pursuant to" paragraph 3.", adjust the securities right by making the adjustments, which are made on the Futures Exchange for futures or options contracts traded there, to the securities representing shares, provided that the effective date for the Adjustment Event is before or falls on the or a Final Fixing Date. The same applies in the event that the issuer of the securities representing shares makes adjustments to the securities representing shares upon the occurrence of one of the Adjustment Events described above, even if such adjustments are not made or would not be made on the Futures Exchange if futures or option contracts on the securities representing shares were traded there.

7. If the Underlying is other dividend-bearing securities (e.g. profit participation certificate, participation certificate), the provisions in paragraphs (1) to (5) shall apply mutatis mutandis with respect to the other dividend-bearing securities and the issuing company.

c) Securities based on indices

1. In the event of the announcement or occurrence of any of the following events relating to an Underlying (the "**Adjustment Event**")
   a. change, adjustment or other measure relating to the relevant concept and calculation of the Underlying with the consequence that, in the opinion of the Issuer, the relevant concept or calculation of the Underlying is no longer comparable to those at the issue date. Comparability is in particular no longer given if, as a result of a change, adjustment or other measure, there is a material change in the Underlying despite the fact that the prices of the individual assets included in the Underlying remain the same and their weighting is the same.
   b. cancellation of the Underlying and/or replacement by another index concept,
   c. or for any other reason comparable in its economic effects, the Issuer may amend the securities right in accordance with the following provisions.
2. In the case of an Adjustment Event pursuant to "paragraph 1.", the Issuer shall, subject to termination pursuant to "paragraph 3.", adjust the securities right at its reasonable discretion and taking the last determined price of the Underlying into account, provided that the Reference Date for the Adjustment Event is before or falls on the or a Final Fixing Date, and determine the features to be adjusted for this purpose which correspond in their economic result as closely as possible to the previous regulation.
   If a Futures Exchange is indicated in the product terms, the Issuer may, within the scope of its discretionary exercise, orient itself in terms of time and content when carrying out the adjustment on the basis of how corresponding adjustments for futures or options contracts on the Underlying (index) traded on the respective Futures Exchange are made there, but is not obliged to do so. In the event of any doubt as to the application of the adjustment rules of the Futures Exchange, the Issuer shall decide at its reasonable discretion. The Issuer is entitled to deviate from the adjustments made by the Futures Exchange, if it deems this necessary at its reasonable discretion, in order to take account of differences between these Securities and the futures and options contracts traded on the Futures Exchange.
   "Reference Date" within the meaning of Terms and Conditions means the first Trading Day on which the relevant futures or options contracts are traded, taking the adjustment into account. If no corresponding futures or options contracts are traded on a Futures Exchange, the Issuer will, taking the time of the change, adjustment or other measure into account, also determine at its reasonable discretion the effective date on which the adjusted features are to be applied for the first time.
   If the index is cancelled or replaced by another index concept, or if the license agreement between the Reference Agent and the Issuer or the Calculation Agent cannot be continued, the Issuer will determine whether and which other index concept is to be used in the future for the calculation of the securities right, if necessary adjusting the features accordingly.
   If the index is no longer calculated and determined or published by the Reference Agent but by another person, company or institution which the Issuer deems appropriate at its reasonable discretion (the "Substitute Reference Agent"), the amount payable shall be calculated, where applicable, on the basis of the index calculated and published by the Substitute Reference Agent. Any reference in these Terms and Conditions to the Reference Agent shall be construed as a reference to the Substitute Reference Agent mutatis mutandis.

3. If, at the reasonable discretion of the Issuer, an appropriate adjustment or determination of any other relevant index concept is not possible for any reason whatsoever (or if the Futures Exchange prematurely terminates the relevant futures or options contracts on the Underlying, or if it would do so if such futures or options contracts were traded there), the Issuer shall be entitled, but not obliged, to extraordinarily terminate the Securities prematurely by notice in accordance with section 3.11 stating the Termination Amount defined below. The termination shall become effective on the date of notice pursuant to section 3.11 (the "Extraordinary Termination Date"). In this case, the term of the Securities ends on the Extraordinary Termination Date.
   In the event of an extraordinary termination, the Issuer shall pay each Investor, within five Bank Business Days of the Termination Date, an amount per Security (the "Termination Amount") which shall be determined by the Issuer or the Calculation Agent at its reasonable discretion as the fair market price of a Security.
4. The adjustments and determinations as well as the effective date thereof shall be announced by the Issuer in accordance with section 3.11.
5. In addition to the aforementioned provisions, the regulations of the Reference Agent and the Futures Exchange shall apply.

d) Securities related to debt securities, bonds

1. In the event of the announcement or occurrence of any of the following events relating to an Underlying (the "**Adjustment Event**"):
   a. termination or repurchase or (early) redemption of the Underlying by its issuer,
   b. the probable or final cessation of trading in the Underlying or the replacement of the issuer of the Underlying,
   c. insolvency of the issuer of the Underlying,
   d. limitation of the tradability of the Underlying,
   e. negative rating change of the Underlying and/or its issuers,
   f. introduction of taxes on income from the Underlying,
   g. for any other reason comparable in its economic effects, the Issuer may amend the securities right in accordance with the following provisions.
2. In the case of an Adjustment Event pursuant to “paragraph 1.”, the Issuer shall, subject to termination pursuant to “paragraph 3.”, adjust the securities right at its reasonable discretion, provided that the effective date for the Adjustment Event is before or falls on the or a Final Fixing Date.
   If a Futures Exchange is indicated in the Termsheet (Final terms/Listing notice), the Issuer may, within the scope of its discretionary exercise, orient itself in terms of time and content when carrying out the adjustment on the basis of how the Issuer of the Under-lying makes corresponding adjustments to the Underlying or how corresponding adjustments for futures or options contracts on the Underlying (debt securities) traded on the respective Futures Exchange are there, but is not obliged to do so. In the event of any doubt as to the application of the adjustment rules of the Futures Exchange, the Issuer shall decide at its reasonable discretion. The Issuer is entitled to deviate from the adjustments made by the Futures Exchange, if it deems this necessary at its reasonable discretion, in order to take account of differences between these Securities and the futures and options contracts traded on the Futures Exchange
   "Reference Date" within the meaning of Terms and Conditions means the first Trading Day on which the relevant futures or options contracts are traded, taking the adjustment into account. If no corresponding futures or options contracts are traded on a Futures Exchange, the Issuer will, taking the time of the change, adjustment or other measure into account, also determine at its reasonable discretion the effective date on which the adjusted features are to be applied for the first time.
   Such adjustments may relate in particular to the features as well as, for example, to the replacement of one Underlying (debt security) by another Underlying (debt security) or basket of debt securities and, where applicable, the designation of another Reference Agent as the new Reference Agent. To the extent legally and actually possible, the Issuer will endeavour to ensure the economic equality of the Investor before and after the Adjustment Event.

3. If, at the reasonable discretion of the Issuer or the Futures Exchange, an appropriate adjustment is not possible for any reason whatsoever (or if the Futures Exchange prematurely terminates the relevant futures or options contracts on the Underlying, or if it would do so if such futures or options contracts were traded there), the Issuer shall be entitled, but not obliged, to extraordinarily terminate the Securities prematurely by notice in accordance with section 3.11, stating the Termination Amount defined below. The termination shall become effective on the date of notice pursuant to section 3.11 (the "Extraordinary Termination Date"). In this case, the term of the Securities ends on the Extraordinary Termination Date. In the event of an extraordinary termination, the Issuer shall pay each Investor, within five Bank Business Days of the Termination Date, an amount per Security (the "Termination Amount") which shall be determined by the Issuer or the Calculation Agent at its reasonable discretion as the fair market price of a Security.
4. The adjustments and determinations as well as the effective date thereof shall be announced by the Issuer in accordance with section 3.11.
5. In addition to the aforementioned provisions, the regulations of the Reference Agent and the Futures Exchange shall apply.

e) Securities related to commodities

1. In the event of the announcement or occurrence of one of the measures described below in relation to an Underlying (the "**Adjustment Event**"):
   a. the Underlying is traded by the Reference Agent responsible for determining the Reference Price of the Underlying in a different quality, in a different composition (e.g. different purity or different place of origin) or in a different standard unit of measure,
   b. on the introduction, suspension or alteration of a tax levied on the Underlying, if this affects the price of the Underlying and if such introduction, suspension or alteration takes place after the issue date, or
   c. other changes in the Underlying, the Issuer may amend the securities right in accordance with the following provisions.
2. In the case of an Adjustment Event pursuant to “paragraph 1.”, the Issuer shall, subject to termination pursuant to “paragraph 3.”, adjust the securities right at its reasonable discretion, provided that the effective date for the Adjustment Event is before or falls on the or a Final Fixing Date.

   The Issuer may, within the scope of its discretionary exercise, orient itself in terms of time and content when carrying out the adjustment on the basis of how the relevant Reference Agent itself or the Futures Exchange for futures or options on the Underlying traded on there makes corresponding adjustments to the Underlying, but is not obliged to do so. In the event of any doubt as to the application of the adjustment rules of the Reference Agent or Futures Ex-change, the Issuer shall decide at its reasonable discretion.

   "Reference Date" within the meaning of Terms and Conditions means the first Trading Day on the Futures Exchange on which the relevant futures or options contracts are traded, taking the adjustment into account. If no corresponding futures or options contracts are traded on a Futures Exchange, the Issuer will, taking the time of the change, adjustment or other measure into account, also determine at its reasonable discretion the effective date on which the adjusted features are to be applied for the first time.

   Such adjustments may relate in particular to the features. The Issuer will endeavour - as far as legally and actually possible - to ensure that the holder of the securities is treated equally in economic terms before and after the Adjustment Event.

   If the Reference Price for an Underlying is no longer calculated and published by the Reference Agent but by another person, company or institution which the Issuer deems appropriate at its reasonable discretion (the "Substitute Reference Agent"), the securities right shall be calculated on the basis of the price for the Underlying calculated and published by the Substitute Reference Agent. In addition, any reference in these Terms and Conditions to the Reference Agent shall, where the context permits, be construed as a reference to the Substitute Reference Agent.
3. If, at the reasonable discretion of the Issuer an appropriate adjustment is not possible for any reason whatsoever the Issuer shall be entitled, but not obliged, to extraordinarily terminate the Securities prematurely by notice in accordance with section 3.11, stating the Termination Amount defined below. The termination shall become effective on the date of notice pursuant to section 3.11 (the "Extraordinary Termination Date"). In this case, the term of the Securities ends on the Extraordinary Termination Date. In the event of an extraordinary termination, the Issuer shall pay each Investor, within five Bank Business Days of the Termination Date, an amount per Security (the "Termination Amount") which shall be determined by the Issuer or the Calculation Agent at its reasonable discretion as the fair market price of a Security.

4. The adjustments and determinations as well as the effective date thereof shall be announced by the Issuer in accordance with section 3.11.
5. In addition to the aforementioned provisions, the regulations of the Reference Agent and the Futures Exchange shall apply.

f) Securities related to futures or interest rate futures

1. In the event of the announcement or occurrence of one of the measures described below in relation to an Underlying (the "**Adjustment Event**"):
   a. adjustment of the Underlying at the Reference Agent,
   b. cessation of trading or early settlement of the Underlying at the Reference Agent,
   c. significant change in the concept of the Underlying or the contract specifications underlying the Underlying,
   d. the introduction, suspension or change of a tax levied on the reference object underlying the Underlying, provided that this affects the price of the Underlying and provided that such introduction, suspension or alteration takes place after the issue date; or
   e. other changes in the Underlying, the Issuer may amend the securities right in accordance with the following provisions.
2. In the case of an Adjustment Event pursuant to “paragraph 1.”, the Issuer shall, subject to termination pursuant to “paragraph 3.”, adjust the securities right at its reasonable discretion, provided that the effective date for the Adjustment Event is before or falls on the or a Final Fixing Date.
   The Issuer may, within the scope of its discretionary exercise, orient itself in terms of time and content when carrying out the adjustment on the basis of how the relevant Reference Agent itself or the Futures Exchange for futures or options on the Underlying traded on there makes corresponding adjustments to the Underlying, but is not obliged to do so. In the event of any doubt as to the application of the adjustment rules of the Reference Agent or Futures Ex-change, the Issuer shall decide at its reasonable discretion.
   "Reference Date" within the meaning of Terms and Conditions means the first Trading Day on the Futures Exchange on which the relevant futures or options contracts are traded, taking the adjustment into account. If no corresponding futures or options contracts are traded on a Futures Exchange, the Issuer will, taking the time of the change, adjustment or other measure into account, also determine at its reasonable discretion the effective date on which the adjusted features are to be applied for the first time.
   Such adjustments may relate in particular to the features. The Issuer will endeavour - as far as legally and actually possible - to ensure that the holder of the securities is treated equally in economic terms before and after the Adjustment Event.
   If the Reference Price for an Underlying is no longer calculated and published by the Reference Agent but by another person, company or institution which the Issuer deems appropriate at its reasonable discretion (the "Substitute Reference Agent"), the securities right shall be calculated on the basis of the price for the Underlying calculated and published by the Substitute Reference Agent. In addition, any reference in these Terms and Conditions to the Reference Agent shall, where the context permits, be construed as a reference to the Substitute Reference Agent.
3. If, at the reasonable discretion of the Issuer an appropriate adjustment is not possible for any reason whatsoever the Issuer shall be entitled, but not obliged, to extraordinarily terminate the Securities prematurely by notice in accordance with section 3.11, stating the Termination Amount defined below. The termination shall become effective on the date of notice pursuant to section 3.11 (the "Extraordinary Termination Date"). In this case, the term of the Securities ends on the Extraordinary Termination Date. In the event of an extraordinary termination, the Issuer shall pay each Investor, within five Bank Business Days of the Termination Date, an amount per Security (the "Termination Amount") which shall be determined by the Issuer or the Calculation Agent at its reasonable discretion as the fair market price of a Security.
4. The adjustments and determinations as well as the effective date thereof shall be announced by the Issuer in accordance with section 3.11.
5. In addition to the aforementioned provisions, the regulations of the Reference Agent and the Futures Exchange shall apply.

g) Securities based on exchange rates

1. In the event of the announcement or occurrence of one of the measures described below in relation to an Underlying (the "**Adjustment Event**"):
   a. significant changes in the way the Underlying is calculated,

b. other changes in the Underlying, the Issuer may amend the securities right in accordance with the following provisions.

2. In the case of an Adjustment Event pursuant to “paragraph 1.”, the Issuer shall, subject to termination pursuant to “paragraph 3.”, adjust the securities right at its reasonable discretion, provided that the effective date for the Adjustment Event is before or falls on the or a Final Fixing Date.
The Issuer may, within the scope of its discretionary exercise, orient itself in terms of time and content when carrying out the adjustment on the basis of how the relevant Reference Agent itself or the Futures Exchange for futures or options on the Underlying traded on there makes corresponding adjustments to the Underlying, but is not obliged to do so. In the event of any doubt as to the application of the adjustment rules of the Reference Agent or Futures Ex-change, the Issuer shall decide at its reasonable discretion.
"Reference Date" within the meaning of Terms and Conditions means the first Trading Day on the Futures Exchange on which the relevant futures or options contracts are traded, taking the adjustment into account. If no corresponding futures or options contracts are traded on a Futures Exchange, the Issuer will, taking the time of the change, adjustment or other measure into account, also determine at its reasonable discretion the effective date on which the adjusted features are to be applied for the first time.
Such adjustments may relate in particular to the features. The Issuer will endeavour - as far as legally and actually possible - to ensure that the holder of the securities is treated equally in economic terms before and after the Adjustment Event.
If the Reference Price for an Underlying is no longer calculated and published by the Reference Agent but by another person, company or institution which the Issuer deems appropriate at its reasonable discretion (the "Substitute Reference Agent"), the securities right shall be calculated on the basis of the price for the Underlying calculated and published by the Substitute Reference Agent. In addition, any reference in these Terms and Conditions to the Reference Agent shall, where the context permits, be construed as a reference to the Substitute Reference Agent.
3. If, at the reasonable discretion of the Issuer an appropriate adjustment is not possible for any reason whatsoever the Issuer shall be entitled, but not obliged, to extraordinarily terminate the Securities prematurely by notice in accordance with section 3.11, stating the Termination Amount defined below. The termination shall become effective on the date of notice pursuant to section 3.11 (the "Extraordinary Termination Date"). In this case, the term of the Securities ends on the Extraordinary Termination Date. In the event of an extraordinary termination, the Issuer shall pay each Investor, within five Bank Business Days of the Termination Date, an amount per Security (the "Termination Amount") which shall be determined by the Issuer or the Calculation Agent at its reasonable discretion as the fair market price of a Security.
4. The adjustments and determinations as well as the effective date thereof shall be announced by the Issuer in accordance with section 3.11.
5. In addition to the aforementioned provisions, the regulations of the Reference Agent and the Futures Exchange shall apply.

h) Securities based on interest rates

1. In the event of the announcement or occurrence of one of the measures described below in relation to an Underlying (the "**Adjustment Event**"):
   a. significant changes in the way the Underlying is calculated,
   b. Underlying is no longer provided or is permanently omitted,
   c. inadmissibility of use of the Underlying,
   d. other changes in relation to the Underlying, the Issuer may amend the securities right in accordance with the following provisions.
2. In the case of an Adjustment Event pursuant to “paragraph 1.”, the Issuer shall, subject to termination pursuant to “paragraph 3.”, adjust the securities right at its reasonable discretion, provided that the effective date for the Adjustment Event is before or falls on the or a Final Fixing Date.
The Issuer may, within the scope of its discretionary exercise, orient itself in terms of time and content when carrying out the adjustment on the basis of how the relevant Reference Agent itself or the Futures Exchange for futures or options on the Underlying traded on there makes corresponding adjustments to the Underlying, but is not obliged to do so. In the event of any doubt as to the application of the adjustment rules of the Reference Agent or Futures Ex-change, the Issuer shall decide at its reasonable discretion.

"Reference Date" within the meaning of Terms and Conditions means the first Trading Day on the Futures Exchange on which the relevant futures or options contracts are traded, taking the adjustment into account. If no corresponding futures or options contracts are traded on a Futures Exchange, the Issuer will, taking the time of the change, adjustment or other measure into account, also determine at its reasonable discretion the effective date on which the adjusted features are to be applied for the first time.

Such adjustments may relate in particular to the features. The Issuer will endeavour - as far as legally and actually possible - to ensure that the holder of the securities is treated equally in economic terms before and after the Adjustment Event.

If the Reference Price for an Underlying is no longer calculated and published by the Reference Agent but by another person, company or institution which the Issuer deems appropriate at its reasonable discretion (the "Substitute Reference Agent"), the securities right shall be calculated on the basis of the price for the Underlying calculated and published by the Substitute Reference Agent. In addition, any reference in these Terms and Conditions to the Reference Agent shall, where the context permits, be construed as a reference to the Substitute Reference Agent.

3. If, at the reasonable discretion of the Issuer an appropriate adjustment is not possible for any reason whatsoever the Issuer shall be entitled, but not obliged, to extraordinarily terminate the Securities prematurely by notice in accordance with section 3.11, stating the Termination Amount defined below. The termination shall become effective on the date of notice pursuant to section 3.11 (the "Extraordinary Termination Date"). In this case, the term of the Securities ends on the Extraordinary Termination Date. In the event of an extraordinary termination, the Issuer shall pay each Investor, within five Bank Business Days of the Termination Date, an amount per Security (the "Termination Amount") which shall be determined by the Issuer or the Calculation Agent at its reasonable discretion as the fair market price of a Security.
4. The adjustments and determinations as well as the effective date thereof shall be announced by the Issuer in accordance with section 3.11.
5. In addition to the aforementioned provisions, the regulations of the Reference Agent and the Futures Exchange shall apply.

i) Securities related to collective investment schemes, fund shares

1. In the event of the announcement or occurrence of one of the measures described below in relation to an Underlying (the "**Adjustment Event**"):
   a. merger, transfer, consolidation, dissolution or termination of the fund;
   b. restrictions on the issue or redemption of fund shares by the fund;
   c. change in the currency in which the fund shares are calculated;
   d. change in the number of fund shares in the fund without any corresponding cash inflows or cash outflows into or out of the fund;
   e. any other event comparable to " a. to d." in respect of the fund or the fund shares which may either have a similar effect on the value of the fund or the fund shares or is comparable to the events referred to in " a. to d.", the Issuer may amend the securities right in accordance with the following provisions.
2. In the case of an Adjustment Event pursuant to "paragraph 1.", the Issuer shall, subject to termination pursuant to "paragraph 3.", adjust the securities right at its reasonable discretion, provided that the effective date for the Adjustment Event is prior to or falls on the or a Final Fixing Date and provided that this is, at the reasonable discretion of the Issuer, necessary and appropriate in order to place the Investors in the same economic position as they were immediately prior to the Adjustment Event.

   The Issuer may, within the scope of its discretionary exercise, but is not obliged to, orient itself in terms of time and content when carrying out the adjustment to how the corresponding adjustments of the Underlying are made by the Reference Agent or the investment company. In the event of any doubt as to the application of the adjustment rules of the Reference Agent, the Issuer shall decide at its reasonable discretion.

   "Reference Date" within the meaning of the Terms and Conditions means the day on which the relevant adjustment becomes effective by the Reference Agent or the investment company.

   Such adjustments may relate in particular to the features. The Issuer will endeavour - as far as legally and actually possible - to ensure that the Investor is treated equally in economic terms before and after the Adjustment Event

If the Reference Price for the relevant Underlying is no longer calculated and published by the Reference Agent but by another person, company or institution which the Issuer deems appropriate at its reasonable discretion (the "Substitute Reference Agent"), the securities right shall be calculated on the basis of the price for the Underlying calculated and published by the Substitute Reference Agent. In addition, any reference in these Terms and Conditions to the Reference Agent shall, where the context permits, be construed as a reference to the Substitute Reference Agent.

3. If, at its reasonable discretion, the Issuer is unable to make an appropriate adjustment, for any reason whatsoever, and/or if the Issuer determines that, as a result of the adjustment measure, it is not in a position, or is in a position only under disproportionately difficult economic or practical conditions, to enter into the hedging transactions required to hedge its payment obligation arising from the issue of the Securities, or if there is an Extraordinary Fund Event in accordance with “paragraph .4”, the Issuer shall be entitled, but not obliged, to extraordinarily terminate the Securities prematurely by notice in accordance with section 3.11, stating the Termination Amount defined below. The termination shall become effective on the date of notice pursuant to section 3.11 (the "Extraordinary Termination Date"). In this case, the term of the Securities ends on the Extraordinary Termination Date.
   In the event of an extraordinary termination, the Issuer shall pay each Investor, within five Bank Business Days of the Termination Date, an amount per security (the "Termination Amount") which shall be determined by the Issuer or the Calculation Agent at its reasonable discretion as the fair market price of a security.
4. An "Extraordinary Fund Event" within the meaning of these Terms and Conditions is the occurrence of one of the events listed below:
   a. the review or regulatory measure by the competent supervisory authority with regard to the activities of the relevant Reference Agent or the investment company with regard to the existence of tortious acts, the violation of a statutory, regulatory provision or rule;
   b. merger, transfer, consolidation, dissolution or termination of the investment company;
   c. Revocation of the authorisation or marketing authorisation of the investment company or for the fund;
   d. the compulsory redemption of fund shares by the fund;
   e. a change in the tax laws applicable to the fund or a change in the tax status of the fund pursuant to Article 5 of the Investment Tax Act (Investmentsteuergesetz);
   f. an event that is likely to make it impossible to determine the price of the Underlying during the term of the Securities.
5. The adjustments and determinations as well as the effective date thereof shall be announced by the Issuer in accordance with section 3.11.
6. In addition to the aforementioned provisions, the regulations of the Reference Agent and the investment company shall apply.

j) Securities related to virtual currencies

1. In the event of the announcement or occurrence of one of the measures described below in relation to an Underlying ("**Adjustment Event**"):
   a. significant changes in the way the Underlying is calculated,
   b. adjustment of the Underlying at one of the Reference Agents,
   c. cessation of trading or early settlement of the Underlying at one of the Reference Agents,
   d. significant change in the concept of the Underlying or in the technical specifications underlying the Underlying,
   e. the introduction, suspension or alteration of a tax levied on the Underlying, provided that this affects the price of the Underlying and provided that such introduction, suspension or alteration occurs after the issue date; or
   f. other changes in relation to the underlying, the Issuer may amend the securities right in accordance with the following provisions.
2. In the case of an Adjustment Event pursuant to “paragraph 1.”, the Issuer shall, subject to termination pursuant to “paragraph 3.”, adjust the securities right at its reasonable discretion, provided that the effective date for the Adjustment Event is before or falls on the or a Final Fixing Date.
   The Issuer may, within the scope of its discretionary exercise, but is not obliged to, orient itself in terms of time and content when carrying out the adjustment to how the corresponding adjustments of the Underlying are made by the Reference Agent itself. In the event of any doubt as to the application of the adjustment rules of the Reference Agent, the Issuer shall decide at its reasonable discretion.
   "Reference Date" within the meaning of the Terms and Conditions means the first Trading Day on one of the Reference Agent on which the relevant virtual currency is traded, taking the adjustment into account.

Such adjustments may relate in particular to the features and to a replacement of the Underlying. The Issuer will endeavour - as far as legally and actually possible - to ensure that the holder of the Securities is treated equally in economic terms before and after the Adjustment Event and to maintain the continuity of the development of the reference values underlying the Securities.

If the Reference Price for the relevant Underlying is no longer calculated and published by the Reference Agent but by another suitable trading venue which the Calculation Agent deems appropriate at its reasonable discretion (the "Substitute Reference Agent"), the amount paid out shall be calculated on the basis of the price for the Underlying calculated and published by the Substitute Reference Agent. In addition, any reference in these Terms and Conditions to the Reference Agent shall, where the context permits, be construed as a reference to the Substitute Reference Agent.

"Suitable Trading Venues" are trading venues which are not an affiliated company of the Issuer or the Calculation Agent and which the Calculation Agent determines at its reasonable discretion (for Securities under German law §§ 315, 317 BGB apply). Suitable trading venues must meet the following criteria:

a. the trading venue must, on a continuous or regular basis, publish (i) a bid-ask spread for an immediate sale (offer) and an immediate purchase (bid) and (ii) the last price paid for the Underlying in the exchange rate pair relevant to the Underlying (e.g. in USD);
b. the activities related to trading and/or the publication of prices on the trading venue have not been prohibited or declared unlawful by any authority legally responsible for that trading venue;
c. the trading venue must have at least five (5) percent of the total volume of the respective virtual currency within the past thirty (30) Trading Days; and
d. an exchange (deposit or withdrawal) of national currencies in virtual currencies, and vice versa, must be carried out within two (2) to seven (7) Bank Business Days.

3. If, at the reasonable discretion of the Issuer or the Reference Agent an appropriate adjustment is not possible for any reason whatsoever the Issuer shall be entitled, but not obliged, to extraordinarily terminate the Securities prematurely by notice in accordance with section 3.11, stating the Termination Amount defined below. The termination shall become effective on the date of notice pursuant to section 3.11 (the "Extraordinary Termination Date"). In this case, the term of the Securities ends on the Extraordinary Termination Date.

   In the event of an extraordinary termination, the Issuer shall pay each Investor, within five Bank Business Days of the Termination Date, an amount per Security (the "Termination Amount") which shall be determined by the Issuer or the Calculation Agent at its reasonable discretion as the fair market price of a Security.
4. The adjustments and determinations as well as the effective date thereof shall be announced by the Issuer in accordance with section 3.11.
5. In addition to the aforementioned provisions, the regulations of the Reference Agents shall apply, if any, and applicable at the Issuer's reasonable discretion.

k) Market disruption

1. If a Market Disruption as defined in « paragraph 6.” occurs or exists on the Final Fixing Date or on a Final Fixing Date or on an observation date at the time when the Reference Price of an Underlying is determined or during the preceding hour, or if the Reference Price of the Underlying is not determined, the Final Fixing Date or observation date for the Underlying concerned shall be the next stock Exchange Trading Day on which the Market Disruption ceases to exist or on which the Reference Price of the Underlying is determined again. The maturity date is postponed accordingly. The Issuer will endeavour to immediately announce, in accordance with section 3.11, that a Market Disruption has occurred. However, there is no obligation to notify.
2. If the or a Final Fixing Date or observation date has been postponed by five consecutive Exchange Trading Days, this fifth Exchange Trading Day shall be deemed to be the Final Fixing Date or observation date. The Issuer will, at its reasonable discretion, determine a relevant value of the Underlying as the Reference Price which, in its opinion, corresponds to the market conditions prevailing on the Final Fixing Date.
3. In addition to the aforementioned provisions, the regulations of the Reference Agent and the Futures Exchange shall apply.
4. If there is a Market Disruption pursuant to “paragraph 6.” during an Observation Period specified in the product Terms and Conditions, the determination as to whether an observation price specified in the product Terms and Conditions has crossed a Barrier specified in the product Terms and Conditions shall be suspended at the reasonable discretion of the Issuer for the duration of such Market Disruption; the Issuer shall endeavour to immediately announce such suspension in accordance with section 3.11. However, there is no obligation to notify.

The Issuer is entitled, but not obliged, during the duration of the Market Disruption for the purposes of monitoring the price of an Underlying required under this paragraph (4) in connection with the product Terms and Conditions, to use a price other than the observation price of the Underlying determined in the product Terms and Conditions as a substitute price at its reasonable discretion, taking current market conditions into account, or - if necessary after consultation with an expert - to calculate a substitute price for the Underlying itself at its reasonable discretion.

5. If the end of the Observation Period corresponds to the or a Final Fixing Date and if this valuation day is postponed in accordance with “paragraphs 1. and 2.”, the end of the Observation Period shall be postponed accordingly.

   If the Underlying is shares, securities representing shares (ADRs and GDRs) or other dividend-bearing securities, the following “paragraph 6.” shall apply:

6. "**Market Disruption**" means temporary suspension or substantial restriction of trade
   a. at the Reference Agent in general;
   b. in the Underlying at the Reference Agent; or
   c. in futures or options contracts relating to the Underlying on the Futures Exchange, if such contracts are traded there.

      A restriction of trading hours or Trading Days shall not be deemed a Market Disruption if it is attributable to an announced change in the regular business hours of the Reference Agent or the relevant Futures Exchange. The trading restriction imposed by the Reference Agent or the relevant Futures Exchange during a Trading Day to prevent price changes that would exceed certain specified thresholds shall be deemed a Market Disruption if this restriction continues until the end of the trading hours on that day. The cases described above (b) that trigger an Adjustment Event do not fall under the above definition.

If the Underlying is an index, the following “paragraph 6.” shall apply:

6. "**Market Disruption**" means the temporary suspension or substantial restriction of trade
   a. in one or more index components or in options or other futures contracts relating to one or more index components of the Underlying;
   b. relating to the Underlying; or
   c. in options or other futures contracts relating to the Underlying or the index components on the Futures Exchange.
   d. A restriction of trading hours or Trading Days shall not be deemed a Market Disruption if it is attributable to an announced change in the regular business hours of the Reference Agent or the relevant Futures Exchange. The trading restriction imposed by the Reference Agent or the relevant Futures Exchange during a Trading Day to prevent price changes that would exceed certain specified thresholds shall be deemed a Market Disruption if this restriction continues until the end of the trading hours on that day. The cases described above that trigger an Adjustment Event do not fall under the above definition.

If the Underlying is debt securities, bonds, the following “paragraph 6.” shall apply:

6. "**Market Disruption**" means the temporary suspension or substantial restriction of trade
   a. on the trading venues in general where the Underlying is traded;
   b. in the Underlying or in the benchmark underlying the Underlying, if any, or in the shares of the Issuer of the Underlying on its relevant stock exchange;
   c. in futures or options contracts relating to the benchmark, if any, underlying the Underlying or to the shares of the Issuer of the Underlying on the Futures Exchange.

      A restriction of trading hours or Trading Days shall not be deemed a Market Disruption if it is attributable to an announced change in the regular business hours of the Reference Agent or the relevant Futures Exchange. The trading restriction imposed by the Reference Agent or the relevant Futures Exchange during a Trading Day to prevent price changes that would exceed certain specified thresholds shall be deemed a Market Disruption if this restriction continues until the end of the trading hours on that day. The cases described above that trigger an Adjustment Event do not fall under the above definition.

If the Underlying is a commodity, the following “paragraph 6.” shall apply:

6. "**Market Disruption**" means the temporary suspension or substantial restriction of trade
   a. in the Underlying on the interbank market for the Underlying; or
   b. in futures or options contracts relating to the Underlying on the Futures Exchange.
   A restriction of trading hours or Trading Days shall not be deemed a Market Disruption if it is attributable to an announced temporal change in the fixing practices of the Reference Agent. The trading restriction imposed by the Futures Exchange to prevent price changes that would exceed certain specified thresholds shall be deemed a Market Disruption if this restriction continues until the end of the trading hours on the relevant day. The cases described above that trigger an Adjustment Event do not fall under the above definition.

If the Underlying is a future or interest rate future, the following “paragraph 6.” shall apply:

6. "**Market Disruption**" means the temporary suspension or substantial restriction of trade
   a. at the Reference Agent; or
   b. in relation to the Underlying at the Reference Agent.
   A restriction of trading hours or Trading Days shall not be deemed a Market Disruption if it is attributable to an announced change in the regular business hours of the Reference Agent. The trading restriction imposed by the Reference Agent during a Trading Day to prevent price changes that would exceed certain specified thresholds shall be deemed a Market Disruption if this restriction continues until the end of the trading hours on that day. The cases described above that trigger an Adjustment Event do not fall under the above definition.

If the Underlying is an exchange rate, the following “paragraph 6.” shall apply:

6. “**Market Disruption**” shall mean a suspension or substantial restriction of foreign exchange trading in at least one of the currencies of the exchange rates of the Underlying, a restriction on the convertibility of the corresponding currencies or the economic impossibility of obtaining an exchange rate. The cases described above that trigger an Adjustment Event do not fall under the above definition.

If the Underlying is an interest rate, the following “paragraph 6.” shall apply:

6. A "**Market Disruption**" occurs when it is impossible to determine the Underlying for any reason whatsoever. The cases described above that trigger an Adjustment Event do not fall under the above definition.

If the Underlying instrument is a collective investment scheme or fund share, the following paragraph (6) shall apply:

6. A "**Market Disruption**" occurs if the value of the Underlying is not determined by the Reference Agent on an Exchange Trading Day. The cases described above that trigger an Adjustment Event do not fall under the above definition.

If the Underlying is a virtual currency, the following “paragraph 6.” shall apply:

6. "**Market Disruption**" means the suspension or temporary suspension or substantial restriction of trading in at least one of the currencies of the exchange rates of the Underlying, a restriction on the convertibility of the corresponding currencies or of the economic impossibility of obtaining an exchange rate.
   A restriction of trading hours or Trading Days shall not be deemed a Market Disruption if it is attributable to an announced change in the regular business hours of the Reference Agent. The trading restriction imposed by the relevant Reference Agent during a Trading Day to prevent price changes that would exceed certain specified thresholds shall be deemed a Market Disruption if this restriction continues until the end of the trading hours on that day. The cases described above that trigger an Adjustment Event do not fall under the above definition.

Equity securities

If specific adjustment arrangements are provided for, they are set out in the Termsheet (Final terms/Listing notice) under point 1 “Product description”.

Otherwise, if, before the Securities mature, the issuer of the underlying instrument:

1. increases its capital by issuing new shares, participation certificates or other equity securities while granting holders of underlying assets a preferential subscription right or an early subscription right; and/or
2. issues bonds with conversion or option rights, or subscription rights relating to shares, participation certificates or other equity securities while granting holders of underlying instruments a preferential subscription right or an early subscription right; and/or

3. issues options free of charge while granting holders of underlying instruments a preferential subscription right or an early subscription right;
4. carries out a split of shares, participation certificates or other equity securities;
5. announces the payment of a special dividend, resulting in dilution or concentration, at the Issuer's discretion;

the Securities are adjusted by the Issuer in accordance with regulations applicable to the main market for trading derivatives related to the underlying instrument in question (including EUREX), where the principle of "unchanged contract values" applies when adjusting the terms of the underlying instrument; the adjustment arrangements are described in the "Adjustments to Eurex Equity Options and Single Stock Futures due to corporate actions" in the following document

https://www.eurex.com/ex-en/rules-regs/corporate-actions/corporate-actions-procedures and, in the absence of any such regulation, that of the main market for the trading of the underlying instrument (including SIX Swiss Exchange and XETRA) or for the calculation and publication of the index value (hereinafter the "Reference Exchange"). If the rights are not traded or if the Reference Exchange does not have relevant regulations, the Issuer determines the arrangements for adjusting the Securities according to standard practice and the requirements of good faith.

In the event of capital restructurings and mergers, and provided that specific provisions are not contained in the Termsheet (Final terms/Listing notice), the Securities are adjusted by the Issuer according to regulations applicable to the Reference Exchange. In the absence of such regulations, the Issuer shall do the following:

1. If the underlying instruments are consolidated or exchanged, the new underlying instruments replace the previous ones, with an adjustment of the exercise price as the case may be. Holders of the underlying instruments are free to make any choices available to them. Any balancing payments are made in cash.
2. If the issuer of the underlying instruments announces, during the exercise period of a call option, its intention to merge with a third company, resulting in the issuer of the underlying instruments being wound up, the Issuer adjusts the delivery obligation arising from the Securities for all underlying instruments and may, at its discretion:
    a. after the Securities have been exercised, instead of delivering the underlying instruments or other replacement pecuniary rights allotted by the third company to the holder of the underlying instruments, deliver an amount corresponding to the number of underlying instruments multiplied by the underlying instruments' closing price on the Reference Exchange on the last day of listing before the merger takes effect; or
    b. after the Securities have been exercised, deliver the replacement underlying instruments or other pecuniary rights allotted by the third company to the holder of the underlying instruments as part of the merger.

    This rule applies *mutatis mutandis* to put options.

3.2.17. Capital protection

If a level of capital protection is determined, that level is set out in the Termsheet (Final terms/Listing notice) under point 1 "Product description".

3.3. UNDERLYING INSTRUMENTS

3.3.1. General information

The Securities described in This Base Prospectus may be based on a very wide range of underlyings (on the basis of whose performance the value of these Securities will develop or change). The specific underlying or underlyings (referred to as “**Underlying**” or “**Underlyings**”) on which a particular Security is based may be found in the Termsheet (Final terms/Listing notice), which are solely authoritative.

The eligible Underlyings may include investments (quoted or admitted to trading on a (foreign) securities exchange or otherwise) such as shares, participation certificates, profit-sharing certificates and securities representing shares such as ADRs or GDRs, although this list is not definitive. In addition, bonds and collective investment schemes (i.e. funds) may also be admissible as Underlyings. Furthermore, derivatives (quoted or admitted to trading on a (foreign) securities exchange or otherwise) may also be admissible as Underlyings, as are standardised options and futures contracts traded on a regulated Futures Exchange such as Eurex or the Chicago Mercantile Exchange (CME). Also permitted as Underlyings are indices and various reference rates such as freely convertible foreign currencies, standard market interest and swap rates such as 3-month SARON or Euribor, precious metals, namely gold, silver, platinum and palladium, and commodities (that are traded on a recognised exchange or otherwise) and whose spot prices are published. Baskets, i.e. baskets of the Underlyings described above, may also form the Underlying for the Securities being described here. Baskets may be “static”, i.e. basically unchanging during the term of the Securities, or may be “dynamic”, i.e. needing to be adjusted or reweighted at specified dates according to specified criteria. Where futures or forward contracts form the Underlying for Securities have no fixed maturity (open-ended), an automatic rollover procedure can ensure that the existing Underlying is periodically replaced by a new one.

At this juncture, it is specifically pointed out that in connection with Securities whose Underlying(s) are domestic or foreign funds/collective investment schemes, certain events occurring or measures prescribed at the level of the Underlying(s) – usually as a result of liquidity shortfalls – may also indirectly affect the Securities. This applies especially in the event of postponement of the redemptions from collective investment schemes, e.g. to introduce so-called “Side Pockets” (i.e. separation of the illiquid assets from the liquid assets of a collective investment scheme and concurrent suspension of the investors’ right to redemption for this separated, illiquid portion of the portfolio) and so-called “Suspensions” or “Gates” (i.e. temporary limitations of investor’s ability to redeem) and to liquidate and dissolve collective investment schemes.

At its own discretion, the Issuer/Paying Agent may take any events that occur at the level of the Underlying(s) or measures implemented there (e.g. introduction of Side Pockets, Suspensions, Gates or full or partial Liquidation) into consideration in the (Issue) Terms and Conditions of the (indirectly) affected Securities and make due adjustments concerning the redemption modalities or other modalities of the Securities in a suitable way (e.g. introduction of delayed redemption of the Securities).

3.3.2. Additional information for securities on participation rights or claims

The Issuer may provide for delivery of the underlying instruments and will state this in the Termsheet (Final terms/Listing notice) as the case may be. The same applies in the event of limited transferability.

The Issuer shall state, in the Termsheet (Final terms/Listing notice), where the current annual reports for the issuers of the underlying instruments may be obtained free of charge for the term of the securities, provided they are not available on the website of the issuer of the underlying instruments or cannot be consulted via the latter.

3.3.3. Additional information for securities on collective investment schemes

The Issuer shall state, in the Termsheet (Final terms/Listing notice) for securities in collective investment schemes, the name of the fund management or issuing company, and shall provide details of the composition or investment universe of the collective investment scheme in question, if this information is not publicly accessible.

3.3.4. Additional information for securities on indices

3.3.4.1. *Euro indices*

Euro Stoxx 50® index

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The **Euro Stoxx 50® index** (NV 846480 / ISIN EU0009658145 / Price return) features 50 leading stocks in the eurozone (11 countries), selected on the basis of their market capitalization, liquidity and sector weighting. A stock's index weighting is proportional to its market capitalization, adjusted for shares held permanently in treasury (i.e. its "free float"). The Euro Stoxx 50® measures the general trend in share prices across the eurozone's various stock markets. Its base value was set at 1,000 on 31 December 1991.

Additional information on the index's composition and its application regulations can be found on the STOXX website at the following address: https://www.stoxx.com/index-details?symbol=sx5e&searchTerm=sx5e

3.3.4.2. *Swiss indices*

SMI® Index

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The **SMI® Index** is the Swiss blue chip index and Switzerland's most important share-price index. It represents around 85% of the free float of the Swiss equity market. The SMI is made up of the 20 most liquid large-cap stocks on the SPI®. The SMI is in principle regarded as a non-dividend-adjusted index (i.e., as a price index); however, a performance-index version is available under the name SMIC (SMI Cum Dividend).

The index was calculated for the first time on 30 June 1988. The capital factor was defined so that the overall market capitalization multiplied by the capital factor produced an index level of 1,500.

Companies' market capitalizations are calculated on the basis of the tradable portion of their shares. The SMI® is calculated in real time: when a trade is completed on one or more SMI® stocks, the index is recalculated by EXFEED AG and published by Swiss Market Feed (SMF). Only prices resulting from trades taking place on the SIX Swiss Exchange are taken into account when calculating the index. Given that trading in EUREX products such as equity options and futures is only available for SMI® stocks, this index plays a much more important role than the SPI for market professionals.

Additional information on the index's composition and its methodology can be found on the SIX Swiss Exchange website at the following address:

https://www.six-group.com/exchanges/downloads/indexinfo/online/share_indices/smi/smifamily_rules_en.pdf.

3.3.4.3. ***US Indices***

Standard & Poor's 500® index

The Standard & Poor's 500® index, also known as the S&P 500®, features 500 stocks that are flagships of the US economy and leaders in their sectors. Those 500 companies represent most of the total market capitalization of ordinary shares traded on the New York Stock Exchange (NYSE), the American Stock Exchange (AMEX), and Nasdaq (National Association of Securities Dealers Automated Quotations). The S&P 500® index is weighted by the market capitalizations of its constituents and does not take into account the reinvestment of dividends (Price return). It was launched on 4 March 1957, with a base value set at 10 for the 1941–1943 period. The index is calculated and published by Standard & Poor's every 15 seconds during the trading hours of the NYSE, AMEX, and Nasdaq exchanges.

Additional information on the index's composition and its methodology can be found on the S&P website at the following address: https://www.spglobal.com/spdji/en/indices/equity/sp-500/

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Nasdaq-100 Index ®

The Product(s) is not sponsored, endorsed, sold or promoted by The Nasdaq Stock Market, Inc. (including its affiliates) (Nasdaq, with its affiliates, are referred to as the *Corporations*). The Corporations have not passed on the legality or suitability of, or the accuracy or adequacy of descriptions and disclosures relating to, the Product(s). The Corporations make no representation or warranty, express or implied to the owners of the Product(s) or any member of the public regarding the advisability of investing in securities generally or in the Product(s) particularly, or the ability of the **Nasdaq-100 Index ®** to track general stock market performance (Price return). The Corporations' only relationship to Banque Cantonale Vaudoise (*Licensee*) is in the licensing of the Nasdaq-100® Nasdaq-100 Index®, and Nasdaq® trademarks or service marks, and certain trade names of the Corporations and the use of the Nasdaq-100 Index® which is determined, composed and calculated by Nasdaq without regard to Licensee or the Product(s). Nasdaq has no obligation to take the needs of the Licensee or the owners of the Product(s) into consideration in determining, composing or calculating the Nasdaq-100 Index®. The Corporations are not responsible for and have not participated in the determination of the timing of, prices at, or quantities of the Product(s) to be issued or in the determination or calculation of the equation by which the Product(s) is to be converted into cash. The Corporations have no liability in connection with the administration, marketing or trading of the Product(s).

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The Nasdaq-100®, Nasdaq-100 Index®, is a stock index of the 100 largest companies by market capitalization traded on NASDAQ. The NASDAQ 100 Index includes publicly-traded companies from most sectors in the global economy, the major exception being financial services. Various exchange-traded funds follow the NASDAQ 100 Index. Its symbol on the NASDAQ ticker is QQQ. It is informally called the Cubes.

Further information on the composition of the index and its application rules can be found on the NASDAQ website at the following address: https://www.nasdaq.com/nasdaq-100

3.3.4.4. *Asian Indexes*

Nikkei 225®

The Nikkei Stock Average ("Index") is an intellectual property of Nikkei Inc.* "Nikkei", "Nikkei Stock Average", and "Nikkei 225" are the service marks of Nikkei Inc. Nikkei Inc. reserves all the rights, including copyright, to the index. Nikkei Digital Media, Inc., a wholly owned subsidiary of Nikkei Inc. calculates and disseminates the Index under exclusive agreement with Nikkei Inc. Nikkei Inc. and Nikkei Digital Media Inc. are collectively "Index Sponsor". * Formerly known as Nihon Keizai Shimbum, Inc. Name changed on January 1, 2007.

The Products are not in any way sponsored, endorsed or promoted by the Index Sponsor. The Index Sponsor does not make any warranty or representation whatsoever, express or implied, either as to the results to be obtained as to the use of the Index or the figure as which the Index stands at any particular day or otherwise. The Index is compiled and calculated solely by the Index Sponsor. However, the Index Sponsor shall not be liable to any person for any error in the Index and the Index Sponsor shall not be under any obligation to advise any person, including a purchase or vendor of the Products, of any error therein. In addition, the Index Sponsor gives no assurance regarding any modification or change in any methodology used in calculating the Index and is under no obligation to continue the calculation, publication and dissemination of the Index.

The **Nikkei 225®** (NV 998407/ISIN XC0009692440) is the benchmark index for the Tokyo Stock Exchange (TSE), part of the world's second-largest financial center. It contains 225 stocks. Its calculation method is similar (Price return) to that of the S&P 500, but constituents are equally weighted.
It was calculated for the first time in the 1950s by the daily newspaper Nihon Keizai Shimbun (Nikkei). It reflects movements in the Japanese market and the health of its largest companies.

Additional information on the index's composition and its methodology can be found on the Nikkei website at the following address: https://indexes.nikkei.co.jp/en/nkave/index/component?idx=nk225

3.3.4.5. *UK Indexes*

FTSE 100® index

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The **FTSE 100® index** – also known as the FTSE or more familiarly as the "Footsie" – is an index of the 100 UK companies with the largest market capitalizations listed on the London Stock Exchange (Price return). Together, they account for more than 70% of the London market's total market cap. FTSE stands for Financial Times Stock Exchange. The index was launched on 3 January 1984, when it stood at 1,000 points.

The FTSE 100 is the most widely used of all the indices offered by FTSE Group, and is frequently used (particularly in financial news reporting) as a measure of the UK economy's health. The FTSE 100 is calculated as an arithmetic mean of the share prices of 100 stocks, weighted by market capitalization. It is calculated in real time every trading day between 8am and 4:30pm, and published every 15 seconds. A fall in the FTSE 100 means that the value of the UK's largest listed companies has decreased. If the FTSE reaches a new high, this means that the aggregate value of the index's constituents has increased.

Additional information on the index's composition and its methodology can be found on the FTSE Group website at the following address: https://www.ftserussell.com/products/indices/uk

3.3.5. Additional information for securities on standardised options and futures contracts

Any additional information is contained in the Termsheet (Final terms/Listing notice) at the time of issue and can be obtained from the issuer at any time.

3.3.6. Additional information for securities on baskets of underlying instruments

Any additional information is contained in the Termsheet (Final terms/Listing notice) at the time of issue and can be obtained from the issuer at any time.

3.3.7. Actively managed certificates Reference to active management in This Base Prospectus and the Termsheet (Final terms/Listing notice)

The Issuer can entrust the discretionary management of the underlying instruments to an investment manager. In that case, the Issuer will include the following information in the Termsheet (Final terms/Listing notice):

a. key data on the investment strategy, such as the securities universe, criteria for selecting securities, and information on how income from underlying instruments is treated;

b. name or company name and place of residence or registered office of the manager of the investment strategy as well as information on the supervisory authority or, if applicable, a declaration that the manager is not prudentially supervised;

c. details of all compensation paid, such as, in particular, management fees for the manager of the investment strategy for the product;

d. note on where the information on the investment strategy can be obtained free of charge;

e. note on where the monthly updated percentage-weighted composition of the underlying instrument is accessible.

The items (a)-(e) above are covered in the Termsheet (Final terms/Listing notice) under point 1 “Product description”.

3.4. PUBLICATION

Announcements relating to the Securities will be published in electronic form only on the SIX Swiss Exchange website (http://www.six-swiss-exchange.com) in the case of listed products, or on the BCV website in the case of unlisted products.

Information relating to the Issuer is published on the BCV website at https://www.bcv.ch/en/About-us/Investor-Relations.

3.5. RESTRICTIONS ON TRANSFERABILITY, TRADABILITY

In principle, the Issuer does not impose any restrictions on the transferability or tradability of the securities it issues. Where it does so, it will disclose this in the Termsheet (Final terms/Listing notice) or Listing Notice.

3.6. SECURITIES IDENTIFICATION NUMBER

The Security’s VALOR number and ISIN are stated in the Termsheet (Final terms/Listing Notice) under point 1 “Product description”.

3.7. COST AND CHARGES

The structuring and issuing of the Securities to be issued under this Base Prospectus generally entails one-off costs. One-off costs are generally already included in the price of the Security but may also be incurred beyond that. An example of such additional one-off costs is the issue surcharge (also called Agio). The issue surcharge for Securities designates the surcharge or premium that the investor must pay in addition to the Issue Price of the Security. The issue surcharge is usually expressed as a percentage of the Issue Price. The issue surcharge may be paid to the respective distributor; alternatively, the Issuer and/or the Market Maker will deliver the Securities to the respective distributor at the Issue Price without the issue surcharge.

If so specified in the Final Terms, ongoing costs may be incurred. In the case of Securities where fees at product level or at the level of the proprietary underlying (e.g. index fees) or other ongoing costs are charged and deducted at the expense of the investor, these fees or costs are indicated as ongoing costs.

If so specified in the Final Terms, distribution fees may apply. Distribution fees may be included in the one-off costs or paid additionally by the investor. In addition, distribution fees may be paid as a discount on the Issue Price or as a one-off and/or regular payment by the Issuer to one or more financial intermediaries. For example, the relevant distributor may receive a placement commission if this is specified in the Final Terms. The so-called placement commission is paid as a revenue-dependent distribution charge to the respective distributor. Placement commissions are paid from the sales proceeds as one-time or recurring payments; alternatively, the Issuer and/or the Market Maker grant the relevant distributor a corresponding discount on the selling price (with no issue surcharge). If the Final Terms specifies that a Security may only be distributed to qualified investors, the indication of the distribution fee may be omitted. Investors may obtain the relevant information from their distributor on request.

As a further example, the respective distributor may receive a corresponding trailer fee if so specified in the Final Terms. The trailer fee (also referred to as portfolio or trail commission) is a recurring payment to the distributor depending on the size of the portfolio.After the issue, the Issuer may charge a maximum fee of 2% per annum to the investor throughout the product’s life. Any fees are mentioned in the Termsheet (Final terms/Listing notice) under point 1 “Product description” in This Base Prospectus.

3.8. PROVISION OF SECURITY

The Issuer does not make use of security interests, guarantees or keepwell agreements in relation to its issues.

3.9. INFORMATION ON ADMISSION TO TRADING

3.9.1. Duration of trading

The duration of trading is set out in the Termsheet (Final terms/Listing notice) under point 1 “Product description”.

3.9.2. Trading volume

The trading volume is stated in the Termsheet (Final terms/Listing notice) under point 1 “Product description”.

3.9.3. Type of quoting

Any accrued interest is generally included in the price (dirty price). Otherwise, the type of quoting is stated in the Termsheet (Final terms/Listing notice).

3.10. INFORMATION ON THE OFFER

3.10.1. Issue price

The issue price is stated in the Termsheet (Final terms/Listing notice) under point 1 “Product description”. Additional tranches shall be issued at market prices.

3.10.2. Selling restrictions

No measures have been taken to register or authorize the Securities in jurisdictions other than Switzerland. Selling of the Securities may be limited or prohibited by law in certain jurisdictions. The Issuer asks persons who have come into possession of This Base Prospectus to inform themselves about the existence of such prohibitions in their jurisdiction and to comply with them. This Base Prospectus is not an offer or an invitation for offers to buy the Securities in a jurisdiction in which such an offer or an invitation for offers would be unlawful.

The delivery, dissemination or distribution of This Base Prospectus and the relevant Termsheet (Final terms/Listing notice) - in whole or in parts - and the offer of the Securities may be subject to legal restrictions in certain jurisdictions. The Securities may therefore not be offered or sold, directly or indirectly, in any country and This Base Prospectus, advertising of any kind or other marketing material may not be distributed or published except in compliance with the legal requirements applicable in each case.

No actions have been taken to register or qualify the Security or the offer or otherwise to permit the offering of the Security in any jurisdiction outside of Switzerland. The Issuer does not provide any assurance as to the lawfulness of the distribution of This Base Prospectus or an offer of the Securities outside Switzerland and accepts no responsibility for the fact that the distribution of This Base Prospectus or an offer of the Securities is permitted there in each case. In particular, restrictions apply with regard to the distribution of This Base Prospectus and the offer of the Securities issued hereunder within Australia, the European Economic Area, the Dubai International Financial Centre (DIFC), Hong Kong, South Korea, Monaco, Singapore, the United Kingdom, and the United States of America (USA).

The Securities may only be offered or sold in compliance with any applicable security law and any further applicable rules and regulations in the respective legal system, in which a purchase, offer, sale or delivery of Securities is intended or in which This Base Prospectus is disseminated or kept, and only if any necessary approval and authorization which is required for the purchase, supply, sale or delivery of Securities in such jurisdiction has been obtained. The Issuer hereby requests any person who comes into possession of This Base Prospectus and the respective Termsheet (Final terms/Listing notice) must review and comply with any applicable restriction.

The Securities may not be offered or sold to a sanctioned party or a legal entity, organization or institution located in a sanctioned territory. Each provider must ensure that the offer or sale of the securities does not result in a sanctioned party benefiting from it.

Here, "sanctioned party" means a natural or legal person or another party, including official and de facto authority, which (i) is subject to sanctions, (ii) is located in a sanctioned territory, has its headquarters or residence there, is registered or active there, or (iii) is directly or indirectly owned or controlled by a person, organization or another party in the sense of the above numbers (i) and (ii). "Sanctions" mean all sanctions or restrictive measures imposed by the United Nations, Switzerland, the European Union, the United States of America (Office of Foreign Asset Control of the Department of Treasury), the United Kingdom and any other applicable jurisdiction. "Sanctioned territory" refers to any country or territory subject to comprehensive sanctions, currently including Belarus, Iran, North Korea, Russia, Syria; and the regions of Crimea, Donetsk, Kherson, Luhansk and Zaporizhia.

3.10.2.1. ***Restrictions in the Commonwealth of Australia***

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia ("Corporations Act")) in relation to the Product Documentation or the Securities has been or will be, lodged with the Australian Securities and Investments Commission ("ASIC"). Each person dealing in the Securities represents and agrees that it:

1. has not (directly or indirectly) offered or invited applications, and will not offer or invite applications, for the issue, sale or purchase of the Securities in Australia (including an offer or invitation which is received by a person in Australia); or
2. has not distributed or published, and will not distribute or publish, This Base Prospectus, any information memorandum or any other offering material or advertisement relating to the Securities in Australia, unless:
    a. the aggregate consideration payable by the offeree is at least A$500,000 (or its equivalent in an alternate currency, in either case, disregarding monies lent by the offeror or its associates) or the offer otherwise does not require disclosure to investors under Parts 6D.2 or 7.9 of the Corporations Act
    b. such action complies with all applicable laws, regulations and directives (including, without limitation, the licensing requirements set out in Chapter 7 of the Corporations Act);
    c. the offer or invitation is not made to a person who is a 'retail client' within the meaning of section 761G of the Corporations Act; and
    d. such action does not require any document to be lodged with ASIC.

3.10.2.2. ***Restrictions within the European Economic Area***

In relation to each Member State of the European Economic Area any offeror of Securities represents and agrees that it has not made and will not make an offer of the Securities which are the subject of the offering contemplated by This Base Prospectus as completed by the Termsheet (Final terms/Listing notice) to the public in that Member State other than at any time:

1. to persons who are qualified investors as defined in the Prospectus Regulation;
2. to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
3. in any other circumstances falling within Articles 1(3), 1(4) and/or 3(2)(b) of the Prospectus Regulation (as may be locally implemented),

provided that no such offer of Securities shall require the Issuer or Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Regulation.

For the purposes of the provision above, the expression an “offer of Securities to the public” in relation to any Securities in any Member State means the communication in any form and by means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Securities, and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129, and includes any relevant implementing measure in the relevant Member State.

3.10.2.3. ***Restrictions in the Dubai International Financial Centre (DIFC)***

The Securities, including the relevant documents, may only be offered in DIFC in accordance with the provisions of the Market Rules Module (MKT) of the Dubai Financial Services Authority (DFSA). The Product Documentation is intended only for persons who are entitled to receive it in accordance with Rule 2.3.1 MKT within the framework of an *Exempt Offer*; it may not be passed on to other persons, nor may other persons refer to or rely on it. The DFSA is not responsible for any review or verification of any documents related to any *Exempt Offers.* The DFSA has not reviewed the Product Documentation, nor has it taken any steps to verify the information contained therein, nor is it responsible for any such action.

3.10.2.4. ***Restrictions in the Hong Kong Special Administrative Region of the People's Republic of China***

The contents of this document have not been reviewed by the Hong Kong Securities and Futures Commission or any other regulatory authority in Hong Kong, nor has any copy of this document been registered by the Registrar of Companies in Hong Kong. If investors have questions about the content of this document, they should seek the advice of an independent professional adviser.

In Hong Kong or elsewhere, it is not permitted to issue or possess for the purpose of issue any advertising material, solicitation or document relating to the Securities which is addressed to the public or the contents of which may be available to or read by the public in Hong Kong (except to the extent permitted by Hong Kong securities laws), except structured products which are only available to persons outside Hong Kong or to "professional investors" within the meaning of Hong Kong Securities and Futures Ordinance (Cap. 571) and other provisions under this Regulation.

Accordingly, the Securities may not be offered or sold in Hong Kong by solicitation, advertising or document, except to (i) "professional investors" within the meaning of Hong Kong Securities and Futures Ordinance (Cap. 571) and all regulations under this Ordinance; or (ii) in any other circumstances which do not result in the document being considered a "prospectus" within the meaning of Hong Kong Companies Ordinance (Cap. 32) or which do not constitute a public offer in Hong Kong within the meaning of Hong Kong Companies Ordinance (Cap. 32).

3.10.2.5. ***Restrictions in the Principality of Monaco***

The Securities may not be offered or sold, directly or indirectly, to the public in Monaco other than by a Monaco Bank or a duly authorized Monegasque intermediary acting as a professional institutional investor which has such knowledge and experience in financial and business matters as to be capable of evaluating the risks and merits of an investment in the Fund. Consequently, the Product Documentation may only be communicated to (i) banks, and (ii) portfolio management companies duly licensed by the "Commission de Contrôle des Activités Financières ("CCAF") by virtue of Law n° 1.338, of September 7, 2007, and authorized under Law n° 1.144 of July 26, 1991. Such regulated intermediaries may in turn communicate the Product Documentation to potential investors.The sale of financial products (including Securities) in the Principality of Monaco by unauthorized companies is strictly prohibited. Such activity is reserved only for a company licensed by the CCAF.

3.10.2.6. ***Restrictions in the Republic of Korea***

The Lead Manager has given assurances, warranties and undertakings and each further purchaser or holder of the Securities gives assurances, warranties and undertakings with respect to the acquisition of the Securities, that the Securities are not or will not be registered under the Financial Investment Services and Capital Markets Act of the Republic of Korea and that the Securities have not been or will not be offered, delivered or sold, directly or indirectly, in Korea or to persons resident in Korea (within the meaning of the Foreign Exchange Transaction Act and the regulations issued thereunder) or to other persons for the purpose of a re-offer or resale, except to the extent permitted by the applicable Korean laws and regulations.

In addition, a holder of securities is prohibited from directly or indirectly offering, delivering or selling Securities in Korea or to persons resident in Korea, except to the extent permitted by Korean laws and regulations. Each purchaser of Securities is obliged to ensure that each investor to whom he sells Securities confirms that he acquires that Security as principal and must agree with the purchaser that the latter will comply with the restrictions set out above.

3.10.2.7. ***Restrictions in the Republic of Singapore***

The Product Documentation has not been, and will not be, registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act (Chapter 289) of Singapore (the "SFA"). Accordingly, the Product Documentation and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the products to be issued from time to time by the Issuer pursuant to the offer may not be circulated or distributed, nor may the products be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the SFA and prescribed in the Securities and Futures (Classes of Investors) Regulations 2018 (the "Regulations")) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA and the Regulations) pursuant to Section 275(1) of the SFA, or any person pursuant to an offer referred to in Section 275(1A) of the SFA, and in accordance with the applicable conditions specified in Section 275 of the SFA or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the products are acquired by persons who are relevant persons specified in Section 275 of the SFA, namely:

1. a corporation (which is not an accredited investor (as defined in Section 4A of the SFA and the Regulations) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

2. a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six (6) months after that corporation or that trust has acquired the products pursuant to an offer made under Section 275 of the SFA except:

1. to an institutional investor (under Section 274 of the SFA) or to a relevant person as defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

2. where no consideration is or will be given for the transfer;

3. where the transfer is by operation of law;

4. (4) as specified in Section 276(7) of the SFA; or

5. (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Recipients of the Product Documentation and/or other documents or documents related to the issue, offer or sale of the Securities may not republish, circulate or distribute the aforementioned documents or documents or parts thereof in any way, except to persons who are "institutional investors" or "accredited investors" within the meaning of Section 4A of the SFA or to persons who acquire and/or subscribe for the Securities as principal for a minimum amount of 200,000 SGD (or a corresponding amount in another currency) for each transaction.

Pursuant to Section 309C(1) of the SFA, no person is permitted, in describing or referring to any capital market product which is, will be or has been the subject of an offer or contemplated offer, to use the terms "capital-protected" or "principal-protected" or similar terms in any language whatsoever in the name of or in the description or in any representation of such capital market product or in any prospectus relating to such capital market product.

Nothing in This Base Prospectus or in the Termsheet (Final terms/Listing notice) should be read, construed or understood as describing or referring in any way (expressly or tacitly) to the Securities offered or to be offered in Singapore, their names, Terms and Conditions, nature and/or features as "capital protected" or "capital protected" or similar terms.

The Securities offered or to be offered in Singapore are not listed as capital-protected products. Accordingly, no expression or statement or description in the Product Documentation containing terms such as or references to "capital protected" or "with capital protection" or similar terms should be construed, read or interpreted as meaning that the Securities offered or to be offered in Singapore are provided with capital protection.

The Issuer and the Lead Manager (or their respective affiliates, officers, employees, advisors or agents) have made only the declarations and notifications (whether written or oral, expressly or tacitly) contained in the Product Documentation with respect to the Securities offered or to be offered in Singapore regarding their name, Terms and Conditions, nature or features and only such declarations and notifications shall be deemed to have been made; no declaration or notification made by any of the foregoing should be construed, read or interpreted as if the Securities offered or to be offered in Singapore were provided with capital protection.

3.10.2.8. ***Restrictions within the United Kingdom of Great Britain and Northern Ireland***

In relation to the United Kingdom, any person offering the Securities has represented and agreed that it has not made and will not make a public offer of Securities contemplated by this Program, except that it may make an offer of such Securities to the public in the United Kingdom:

(a) to any legal entity which is a qualified investor as defined the Prospectus Regulation;

(b) to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the respective dealer or dealers nominated by the Issuer for any such offer;

or

(c) in any other circumstances falling within Articles 1(3), 1(4) and/or 3(2)(b) of the Prospectus Regulation,

provided that no such offer of Securities shall require the Issuer or any person offering the Securities to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "offer of Securities to the public" in relation to any Securities in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe. The term "Prospectus Regulation" means Regulation (EU) 2017/1129 (including delegated and implementing acts adopted thereunder) as implemented, maintained, amended, extended, re-enacted or otherwise made effective in the United Kingdom at the end of the transitional period agreed between the European Union and the United Kingdom pursuant to the European Union (Withdrawal) Act 2018 and as thereafter amended or supplemented in the United Kingdom.

Furthermore, any offeror of Securities issued under this Program shall represent and agree that:

(a) in relation to any Securities which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Securities other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Securities would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 ("FSMA") by the Issuer;

(b) has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Securities in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the relevant Guarantor; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Securities in, from or otherwise involving the United Kingdom.

3.10.2.9. ***Restrictions in the United States of America (USA)***

The securities neither have been nor will be registered under the United States Securities Act of 1933, as amended (the "Securities Act") and the securities may neither be offered nor sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act).

Trading in the securities has not been and will not be approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act or by any other state securities commission nor has the Commodity Futures Trading Commission or any other state securities commission passed upon the accuracy or the adequacy of This Base Prospectus. This Base Prospectus may not be used in the United States and may not be delivered in the United States.

The securities will not be directly or indirectly offered, sold, traded or delivered within the United States or to or for the account or benefit of U.S. persons (as defined in Regulation S under the Securities Act) or to U.S. persons within the meaning of the US Internal Revenue Code of 1986 (as amended).

Each offeror is required to agree that it will not offer or sell the securities as part of their distribution at any time within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act).

The term "United States" as used herein means the United States of America, its territories or possessions, any state of the United States, the District of Columbia or any other enclave of the United States government, its agencies or instrumentalities.

3.10.2.10. ***Restrictions in Russia and Belarus***

The securities must not be sold to any Russian national or natural person residing in Russia or any legal person, entity or body established in Russia in accordance with article 5f of Regulation (EU) 833/2018 and article 23 of Regulation SR 946.231.176.72 of the Swiss Federal Council dated 4 March 2022 (each as amended, a “Restrictive Measure”), except under the respective circumstances stated therein. The securities must also not be sold to any Belarusian national or natural person residing in Belarus or any legal person, entity or body established in Belarus in accordance with article 1y of Regulation (EU) 765/2006 and article 21 of Regulation SR 946.231.116.9 of the Swiss Federal Council dated 16 March 2022 (each as amended, also a “Restrictive Measure”), except under the respective circumstances stated therein. These restrictions shall apply as long as the respective Restrictive Measure is in force.

3.10.3. Taxes

3.10.3.1. ***Taxation in Switzerland***

The Federal Tax Administration issued Circular No. 15 concerning bonds and derivative financial instruments as objects of direct federal tax, withholding tax and stamp duties. The Securities are categorised as derivative financial instruments. The Definitive Termsheets specify which taxation presumably applies to the relevant Security in accordance with the aforementioned Circular.

The information about taxation contained in the Definitive Termsheets is merely a non-binding summary of the Issuer’s understanding of the taxation of the Security under currently applicable law and the established practice of the Federal Tax Administration. Because this summary does not take into account every aspect of Swiss tax law and, in particular, does not take into account the specific tax situation of an investor who resides in a foreign country, potential investors should seek the advice of their personal tax advisor with regard to the tax consequences of the purchase, ownership, sale or redemption of a Security, particularly the tax consequences under another legal system. In addition, it should be noted that the tax legislation and administrative practices of the cantons may vary from those of the Federal Tax Administration.

All taxes, fees and other levies that may arise in connection with a Security (for example, in connection with payment of the Redemption Amount) are borne in full by the investor and/or holder of the Security. The Issuer and/or the Paying Agent are entitled to charge any such taxes, fees or levies to the investor and/or holder of the Security, and it may do so, at its own discretion, either by including the amount in the calculation of the price of the Securities or by withholding the corresponding amount upon redemption of the Securities or by means of another appropriate method.

The Issuer will inform investors and/or holders of the Securities as soon as possible of decisions relating to any incurred taxes, fees, or other levies and the charging of them to investors in accordance with the procedure set out.

3.10.3.2. ***US withholding tax***

Tax description in connection with U.S. withholding tax pursuant to Section 871(m) of the U.S. Internal Revenue Code.

Section 871(m) of the U.S. Internal Revenue Code ("**IRC**") and the provisions issued thereunder stipulate that for certain financial instruments (such as for the Securities) a withholding tax (of up to 30% depending on the application of double tax treaties) shall be imposed if the payment (or deemed payment) on the financial instruments is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States.

Pursuant to these U.S. legal provisions, certain payments (or deemed payments) under certain equity-linked instruments that refer to U.S. equities or certain indices that contain U.S. equities, as an Underlying or a basket component, shall be treated as dividend equivalents ("**Dividend Equivalents**") and shall be subject to U.S. withholding tax of 30% (or a lower double tax treaties rate**). This tax liability shall apply even if pursuant to the Terms and Conditions of the Securities no actual dividend-related amount is paid or an adjustment is made and thus investors can only determine with difficulty or not at all any payments to be made in respect of the Securities**.

It is thus possible that these U.S. provisions also apply to the Securities, particularly if an Underlying contains dividends from sources within the United States. In such case U.S. withholding tax may be due, pursuant to the relevant US provisions, on payments (or deemed payments) made in respect of Securities issued.

The Issuer intends, if possible, to take any tax liability pursuant to Section 871(m) into account in original and continuous pricing of the Securities and to comply with the tax liability using internal provisions that have been made accordingly. Investors should note that compliance with tax liability in this manner may preclude the issue of tax certificates for tax payments rendered for individual investors and that no potential tax refund pursuant to the relevant U.S. provisions may be claimed either. Moreover, due to the mandatory uniform determination of the deduction for all investors, a tax rate of 30% is regularly applied in all cases mentioned.

If, however, on the basis of Section 871(m), an amount of interest, principal or other payments on the Securities is deducted or withheld, neither the Issuer nor any Paying Agent or other person pursuant to the Terms and Conditions of the Securities would be obliged to pay additional amounts to the Investors as a result of the deduction or withholding, in which case the Investors would thus potentially receive less interest or principal than expected. In the worst case, any payments to be made in respect of the Security would be reduced to zero (0) or the amount of tax due would even exceed the payments to be made in respect of the Security.

3.11. NOTICES AND PUBLICATIONS

All notices to investors concerning the Securities issued by BCV will be published with legal effect at the Internet address www.bcv.ch/emission.

The Definitive Termsheets and/or Termsheet (Final terms/Listing notice) set forth the Termsheet (Final terms/Listing notice) and current market data as definitively fixed on the effective date (i.e. upon issue). The Definitive Termsheets and/or Termsheet (Final terms/Listing notice) are generally not revised following issue (subject to specific exceptions), for which reason any adjustments occurring after issue are generally not evident from the Definitive Termsheets and/or Termsheet (Final terms/Listing notice) but instead are made public on the aforementioned website.

Notices from investors to the Issuer or to the Paying Agent and Calculation Agent

Notices from investors to BCV or to the Paying Agent and Calculation Agent are to be sent in written form to the following addresses:

Banque Cantonale Vaudoise

Support Produits Structures et Emissions

283-1404, Case postale 300

1001 Lausanne,

Switzerland

4. RESPONSIBILITY FOR THE BASE PROSPECTUS

4.1. INFORMATION ABOUT THE INDIVIDUALS TAKING RESPONSIBILITY FOR THE BASE PROSPECTUS

The undersigned, who represent Banque Cantonale Vaudoise, take responsibility for the content of This Base Prospectus and state that, to their knowledge, the information provided in This Base Prospectus is accurate and that no important facts have been omitted.

Lausanne, 22 November 2024

Banque Cantonale Vaudoise

Eric Vauthey	Vincenzo Bochicchio
Senior Vice President	Vice President

APPENDIX I

1. Annual Report of Banque Cantonale Vaudoise, Lausanne
2. Interim Report of Banque Cantonale Vaudoise, Lausanne

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2023 Annual Report

BCV

BCV at a glance

2023 highlights

Global growth decelerated as visibility decreased

- Global growth is expected to come in at 3.1% for 2023, below the 3.8% average over the past 20 years.
- Despite heightened uncertainty – particularly in the geopolitical arena – the Swiss and Vaud economies remained resilient, with both expanding by around 1%.
- The banking sector was impacted early in the year by the failure of several US banks and the takeover of Credit Suisse by UBS.

We posted record results driven by positive interest rates

- Our revenues rose 12% on the prior year to CHF 1.16bn, driven by the return of positive interest rates.
- Operating expenses were up 5% reflecting higher costs on IT and financial information providers as well as the general inflationary environment. Operating profit increased 21% to CHF 541m, the highest in our history.
- Net profit also climbed 21%, to CHF 469m, corresponding to an ROE of 12.5% – one of the best in BCV's peer group.

We are proposing an increase in our 2023 dividend and raising our distribution range and target ratios

- Given the strength of our results, the Board of Directors is recommending that shareholders approve a CHF 0.50 increase in our ordinary dividend to CHF 4.30 per share, for a total payout of CHF 370m.
- As a sign of our confidence going forward, we are raising our dividend target range to CHF 4.30–4.70 per share, barring significant changes in the economic or regulatory environment or in the Bank's situation.
- We have also raised our target ratios: we are now targeting a cost/income ratio of 55% to 57% and an ROE of 10% to 12%.

We continued to make progress in our strategic focus areas

- We pressed ahead with our digital strategy, rolling out around a dozen new features across all our platforms.
- Several years ago, we launched a major bank-wide program to improve our service quality and enhance peer-recommendation of our Bank. Our hard work in this area has paid off: BCV has now been the most-recommended bank in Vaud Canton for six straight years.
- We stepped up our sustainability efforts on multiple fronts, including by training our advisors in socially responsible investing (SRI) and by communicating with customers about the energy transition. And in the area of social responsibility, we are putting in place a range of employee benefits designed to enhance our employer value proposition and help us hire and retain talent.
- These and other initiatives are detailed in our 2023 Sustainability Report, which will be published alongside our annual report. This year for the first time, the Sustainability Report will be submitted to a vote at our Annual Shareholders' Meeting, which will be held on 25 April 2024.

Key figures – 5-year overview

Balance sheet (in CHF millions)	2019	2020	2021	2022	2023
Total assets	48 352	53 186	55 952	59 397	58 870
Advances to customers	32 768	33 849	35 582	36 626	37 908
Customer deposits	33 048	35 424	38 195	38 395	36 475
Shareholders' equity	3 586	3 574	3 644	3 713	3 855

Assets under management (in CHF millions)					
Assets under management	97 840	103 159	112 887	108 879	112 944
cash and cash equivalents	*29 837*	*31 729*	*33 736*	*34 863*	*33 199*
investment funds	*25 217*	*27 402*	*30 927*	*27 165*	*28 776*
shares	*20 934*	*22 336*	*23 906*	*21 298*	*23 581*
bonds	*9 746*	*8 536*	*8 925*	*9 088*	*10 262*
other	*12 106*	*13 156*	*15 393*	*16 464*	*17 126*

Headcount					
Full-time equivalents	1 921	1 909	1 932	1 957	1 982

Income statement (in CHF millions)					
Total income	1 002	945	1 005	1 039	1 160
Operating expenses	505	495	505	517	541
Depreciation and amortization of fixed assets and impairment on equity investments	71	72	72	70	76
Other provisions and losses	7	5	– 1	5	2
Operating profit	419	373	429	448	541
Net profit	363	331	379	388	469

Liquidity and capital ratios[1]					
Liquidity Coverage Ratio (LCR)	129%	136%	157%	129%	129%
Leverage Ratio	6.3%	5.8%	5.6%	5.5%	5.6%
Tier 1 capital ratio	17.1%	17.7%	17.2%	17.6%	17.9%
Total capital ratio	17.3%	17.8%	17.3%	17.7%	18.0%

Income ratios					
Operating profit/average shareholders' equity	11.9%	10.5%	12.0%	12.3%	14.5%
Cost/income ratio[2]	57.7%	58.7%	56.7%	56.6%	53.2%
Operating profit per employee (in CHF thousands)	219.3	195.8	221.9	230.5	276.7
ROE	10.4%	9.3%	10.7%	10.7%	12.5%

Credit ratings					
Standard & Poor's					
Long term	AA / stable	AA / stable	AA / stable	AA / stable	AA / stable
Short term	A-1+	A-1+	A-1+	A-1+	A-1+
Moody's					
Long term	Aa2 / stable	Aa2 / stable	Aa2 / stable	Aa2 / stable	Aa2 / stable
Short term	Prime-1	Prime-1	Prime-1	Prime-1	Prime-1

[1] More detailed information on Group and parent company liquidity and capital ratios can be found in the Basel III Pillar 3 report, which is available at www.bcv.ch.
[2] Excluding goodwill amortization and write-downs

Here are some examples of how we've executed on our commitment to **corporate social responsibility**

1 in **2** people in Vaud banks with BCV

75% of our customers use our digital banking services

We provide **1** in **3** mortgage loans in Vaud

45% 55%

Retail banking advisors

35 High school graduate trainees

37 Apprentices

19 University interns

59% 41%

Staff

1 in **2** Vaud small businesses banks with BCV

Over **120** new businesses financed

3 in **4** Vaud pension funds count on BCV

Our target for cutting CO_2 emissions: **-35%** by 2030

We work with **600** local vendors

Fair-ON-Pay+
equal pay certification

For more details on CSR at BCV please see our 2023 Sustainability Report.

Our reports

Annual report

This report contains BCV's consolidated and parent-company financial statements. It also provides information on our activities in 2023, including a review of each of our business sectors and an overview of the overall economic environment. You will find other key information as well, especially in the chapters on risk management and corporate governance.

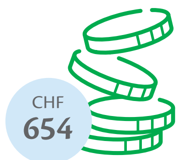
Sustainability report

Our sustainability report provides a detailed look at the progress we made and the steps we took as a responsible corporate citizen in 2023. It offers a broad, transparent view of what we are doing to fulfill our commitment to promoting economically, socially, and environmentally sustainable development. The report is drawn up in line with the Global Reporting Initiative standards (www.globalreporting.org), which are the worldwide reference for reporting on sustainable development issues.

Pillar 3 report

Our Pillar 3 report provides investors, analysts, rating agencies, and regulators with in-depth information on risk management at BCV, including detailed information about the Bank's capital adequacy, risk-assessment methods, and risk levels in 2023. The report was drawn up in accordance with the Pillar 3 disclosure requirements set forth in the Basel III Accord and in Circular 2016/1 "Disclosure – banks" issued by the Swiss Financial Market Supervisory Authority (FINMA). The Pillar 3 report is issued on a half-yearly basis with reporting dates at 30 June and 31 December.

100%
of our discretionary agreements and Swiss asset allocation funds incorporate ESG criteria



The equivalent amount per household that BCV paid out to Vaud Canton and municipalities

Standard & Poor's rating

Contents

Letter from the Chair and the CEO

Slower economic growth worldwide and in Switzerland

While the world economy proved fairly resilient in 2023, the interest-rate hikes enacted to counter the surge in inflation weighed on growth. According to the International Monetary Fund's World Economic Outlook Update, global growth edged down from 3.5% in 2022 to 3.1% in 2023. At the same time, regional disparities increased: growth in the eurozone was weak, while it strengthened somewhat in the US and a number of emerging markets.

The Swiss and Vaud economies were held back by the sluggish macro trend in neighboring countries. Under the latest estimates, GDP growth eased in the country, from around 2.5% to 1.3%, and in the Canton, from 2.6% to 0.9%, last year. But stable domestic demand, underpinned by low unemployment and relatively upbeat sentiment among business leaders, enabled the economy to remain relatively solid both locally and nationwide. Inflation in Switzerland and Vaud fell below the 2% mark in June, and the Swiss National Bank kept its policy rate on hold in the second half of the year after raising it from 1% to 1.75% in the first half. In the banking sector, UBS's takeover of Credit Suisse was a major development in 2023.

Record financial results

BCV Group delivered record results in 2023 as interest rates rose rapidly back into positive territory. With the normalization of rates, customer deposits once again became a revenue stream, which was not the case during the period of negative interest rates that lasted from 2015

Eftychia Fischer
Chair of the Board of Directors

Pascal Kiener
CEO

to 2022, and total revenue increased 12% to CHF 1.16bn. Operating profit was up 21% to CHF 541m and net profit was also up 21%, to CHF 469m. Our return on equity was 12.5% – one of the highest in our peer group.

Dividend and dividend target range increased

Given these record results and our confidence going forward, we will recommend that shareholders approve a CHF 0.50 increase in our ordinary dividend to CHF 4.30 per share, for a total payout of CHF 370m. We have also raised our target dividend range, after extending our distribution policy last year for another five years as announced with our full-year 2022 earnings. Beginning with the 2023 reporting period, we intend to pay an ordinary dividend of CHF 4.30 to 4.70, barring significant changes in the economic or regulatory environment or our Bank's situation. In addition, we have raised our financial ratio targets.

Sustainability at BCV

BCV is committed to sustainability, and our 2023 Sustainability Report describes our many initiatives in this area – we encourage you to read it. It is being published alongside this Annual Report. This year's Sustainability Report follows the new non-financial reporting requirements set forth in the Swiss Code of Obligations and, for the first time, will be submitted to a vote at our Annual Shareholders' Meeting, which is set for 25 April 2024. In 2023 we also introduced several measures to strengthen BCV's position as a benchmark employer in Vaud Canton.

In recognition of our extensive efforts to address all aspects of sustainability, a number of rating agencies gave our Bank strong ESG scores last year. MSCI ESG and Ethos reaffirmed their respective ratings of AA and A-, their second-highest scores, while CDP gave us a B climate rating, the third-highest on its scale. These scores mean that BCV is one of the best-rated cantonal banks in terms of non-financial metrics. We're also one of the highest-rated banks in the world when it comes to to financial metrics, with AA and Aa2 ratings from Standard & Poor's and Moody's.

The BCV share

In a turbulent year for equities, BCV shares did extremely well. Our share price rose 22.3% over the period to close at CHF 108.50. This, combined with the dividend payout of CHF 3.80 per share for the 2022 financial year, represents a total shareholder return of 26.5% – one of the highest among banks listed on the SIX Swiss Exchange.

Ongoing implementation of our strategy and expansion of our digital services

We're continuing to execute successfully on our strategy of serving as a universal bank with solid local roots. For instance, our efforts to enhance service quality were again recognized by the people of Vaud, who have named BCV the most-recommended bank in Vaud Canton for the past six years in a row. In digital banking, our developers are working hard to constantly improve the features and user experience of our online services. Today, our mobile applications are among the highest-rated banking apps in Switzerland and have strong traction with our customers.

Changes to the Board of Directors

In 2023, we were pleased to welcome Stefan Fuchs to the Board of Directors. Mr. Fuchs was appointed by the Vaud Cantonal Government to succeed Peter Ochsner, who stepped down from the Board on 30 June after seven years of service. Upon joining the board, Mr. Fuchs also took over as chair of the Audit and Risk Committee.

Acknowledgments

None of these achievements would have been possible without the unfailing dedication of all BCV Group employees, and we offer them our sincere gratitude on behalf of BCV's Board of Directors and Executive Board. We would also like to thank our customers – both individuals and businesses – for the trust they place in us every day. Lastly, we're grateful to all our shareholders for their continued loyalty and support.

Eftychia Fischer

Pascal Kiener

Who We Are

Who We Are

Overview of BCV

Our legal status

BCV (Banque Cantonale Vaudoise) was founded on 19 December 1845 by the Vaud Cantonal Parliament (Grand Conseil Vaudois) as a *société anonyme de droit public* (i.e., a corporation organized under public law). The Canton of Vaud is BCV's majority shareholder, with 66.95% of the share capital. BCV is listed in the Vaud Commercial Register and is subject to all applicable legislation. Its legal status is defined in the Cantonal Act Governing the Organization of Banque Cantonale Vaudoise (LBCV) of 20 June 1995, as amended on 25 June 2002, 30 January 2007, 2 March 2010, and 8 December 2020. BCV's commitments are not underwritten by the Canton. However, customer deposits are covered by a nationwide system of investor protection concerning Swiss banks and securities dealers. This system insures deposits of up to CHF 100,000 per person and per bank.

Our core businesses

With revenues of CHF 1.16bn in 2023 and total assets of CHF 58.9bn, BCV Group is Switzerland's sixth-largest banking group. BCV, the Group's main entity, is the country's fourth-largest universal bank and second-largest cantonal bank. It is also the largest bank in Vaud, with a network of nearly 60 staffed branches and approximately 180 ATMs at over 100 locations throughout the Canton. BCV can also be easily reached online and by telephone. The Bank's organizational structure is based on four client-oriented divisions: Retail Banking, Private Banking, Corporate Banking, and Asset Management & Trading. We offer a comprehensive range of financial services to all client segments. BCV Group had 1,982 full-time-equivalent employees at 31 December 2023. At that date, in addition to the parent company, BCV Group comprised the private bank Piguet Galland & Cie SA, the fund management firm Gérifonds SA (with its Luxembourg-based subsidiary), and the real-estate fund management company GEP SA (Société pour la gestion de placements collectifs). The full scope of consolidation at 31 December 2023 is described on page 141.

Our missions

Pursuant to Article 4 of the LBCV, BCV's corporate mandate is to offer a comprehensive range of banking services to the local community and to contribute to the development of all sectors of the Vaud economy and to the financing of the Canton's public-sector institutions and entities. Also, as part of our community focus, we provide mortgage financing in Vaud. The LBCV also stipulates that BCV is to be guided by the principles of economically, environmentally, and socially sustainable development. More generally, our missions are to create value for our shareholders and clients, to be a benchmark employer, and to be a good corporate citizen.

Our recent history

Since the Bank was founded in 1845, it has considerably expanded its business in the Canton. In the 1990s, the banking industry in Vaud underwent major consolidation. BCV acquired Banque Vaudoise de Crédit in 1993 and merged with Crédit Foncier Vaudois in 1995. From 1996 to 2000, we moved to diversify our operations, particularly in international trade finance, offshore wealth management, and trading. Total assets more than doubled between 1990 and 2000 as a result. Following an in-depth assessment of loan-book quality in 2001 and 2002, BCV Group carried out two recapitalizations, in 2002 and 2003. The Canton provided most of the funds raised on both occasions.

From 2003 to 2005, we successfully refocused operations on our four core businesses while remaining active in selected niche activities offering strong potential in terms of both growth and profitability. From 2005 to 2008, we implemented the second phase of that strategy to take full advantage of our unrivaled presence in our local market, the Canton of Vaud. That project included the reorganization of our local distribution structure into nine regions in order to strengthen ties with customers.

In 2007, the Bank repurchased the final tranche of the participation-certificate capital created in the 2003 recapitalization. On 15 April 2008, the Vaud Cantonal Parliament voted to authorize the Cantonal Government to reduce the Canton's stake in our share capital from 66.95% to 50.12%. The Cantonal Government's decision not to sell any shares, first announced on 25 November 2008 and reaffirmed on 16 July 2010, remains unchanged.

Starting in 2008, we implemented a series of strategic plans based on our business model as a universal bank with solid local roots. These strategic phases have driven the Bank forward following the 2002–2007 phase where we refocused our activities on the Canton of Vaud, and have paved the way for new strategic focus areas – leveraging our high-quality service to set ourselves apart from the competition, further expanding our multichannel products and services to meet our customers' needs across all channels (branches, call centers, and online), and continuing to enhance our digital offering.

As part of the growth strategy for our onshore wealth management business, BCV Group acquired Banque Franck Galland & Cie SA in 2011. This bank was merged with Banque Piguet & Cie SA, a BCV subsidiary since 1991, creating Piguet Galland & Cie SA, a major wealth manager in French-speaking Switzerland.

In 2019, the Board of Directors and Executive Board conducted a new in-depth review of the Bank's strategy, in light of the numerous challenges facing the banking sector and the overall economy. The review confirmed that the strategy would continue on the same course and identified additional targeted improvements.

Our strategy

Our current strategy - *vista* - was rolled out in 2019 and builds on those enacted in previous years. Our aim is to maintain the positive trend that the Bank's business lines have been experiencing over the past few years. This strategy is also designed to position the Bank to respond to the main challenges we will face in the coming years, such as heightened competition, advancements in digital technology, and ever-changing customer needs.

For the business lines, we are targeting:

- above-market growth in asset management, SMEs, and onshore private banking
- at least market growth in retail banking
- a focus on the profitability of our commodities trade finance and large corporates businesses
- continued development of our other business lines.

We have identified several strategic focus areas that will enable us to meet future challenges. These goals include:

- continuing to improve our service quality along the entire value chain to create an even better customer experience
- enhancing our distribution channels (branches, digital services, and call centers) to give customers an integrated omnichannel experience
- capturing more of the cross-selling potential inherent in our universal bank business model
- implementing operational improvements through targeted measures
- increasing our attractiveness as an employer and fostering continuous skills development among our employees
- sharpening our focus on corporate social responsibility (CSR) measures, including a wider range of sustainable banking products, socially responsible investment options, and mortgage solutions.

The Group aims to achieve sustainable growth, with revenues and operating profit trending along the same lines as in recent years. We are targeting a cost/income ratio of 55% to 57% and an ROE (based on current shareholders' equity) of 10% to 12%. We consider a CET1 ratio of 13% to be a minimum threshold.

In line with the approach adopted over the last 15 years, BCV decided in 2022 to extend its dividend policy for another five years. And in view of our record financial results in 2023, we have also increased our dividend target range. Beginning with the 2023 reporting period, the Bank intends to pay an ordinary dividend of CHF 4.30 to 4.70 per share, barring significant changes in the economic or regulatory environment or in the Bank's situation.

Our values

We have defined four values that are central to our strategy and culture: responsibility, performance, professionalism, and close ties with our customers and the broader community. We believe that a key to long-term success is ensuring that all our employees share a common culture built around core values. The values described below underpin all our actions – as well as our interactions with customers and colleagues.

Close ties

As a Swiss cantonal bank, BCV maintains a deep connection with the local community that goes back a century and a half. Our employees use their on-the-ground presence in Vaud Canton and knowledge of the local community to fully appreciate and understand the needs and expectations of BCV's customers.

Professionalism

Every employee is committed to delivering the best possible service to customers. To achieve this, our people draw on the best practices in their respective fields of expertise and constantly seek to expand their skills and knowledge.

Performance

At BCV, we set ourselves ambitious goals across the board. Our people are results-oriented. They systematically seek pragmatic and effective solutions to the challenges that arise every day.

Responsibility

BCV employees demonstrate responsible professional behavior. This includes taking responsibility for their actions, being conscientious in their work, and being loyal to the company.

Given the importance that we ascribe to our core values, we have put in place a long-term employee information and training program. Our values are also an integral part of employee performance reviews.

Who We Are

The BCV Share

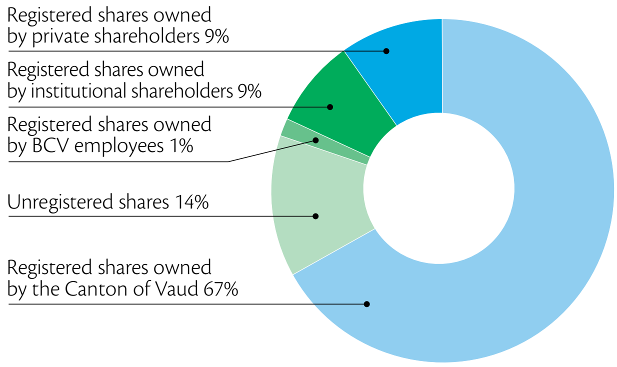
After being battered by inflation, monetary tightening, and the energy crisis in 2022, stock markets appeared set for a better year in 2023. However, markets were impacted in the first quarter by the turmoil in the US banking sector, with repercussions that spread all the way to Europe with UBS's takeover of Credit Suisse. Although 2023 was a turbulent year, most of the main stock markets ended in positive territory, helped by a bull run in the last two months. The SMI rose 3.8% over the year to close at 11,138 points. Other European indices posted even stronger gains: the STOXX Europe 600 added 12.7%, the DAX climbed 20.3%, and CAC40 was up 16.5%. In the US, where economic growth proved resilient, flagship indices rallied to new peaks – the Nasdaq composite gained an impressive 53.8%, the S&P 500 moved 24.2% higher, and the Dow Jones Industrial Average added 13.7%. In Asia, the Nikkei erased all of its 2022 losses and ended 2023 up 28.2%. The Shanghai Stock Exchange Composite Index, however, dropped 3.7%.

The BCV share continued the upwards trajectory that began in 2022. Our share price rose 22.3% to CHF 108.50 at year-end. This appreciation, together with the dividend payout of CHF 3.80 per share (disbursed in May), brought the total shareholder return to 26.5% – one of the highest among banks listed on the SIX Swiss Exchange.

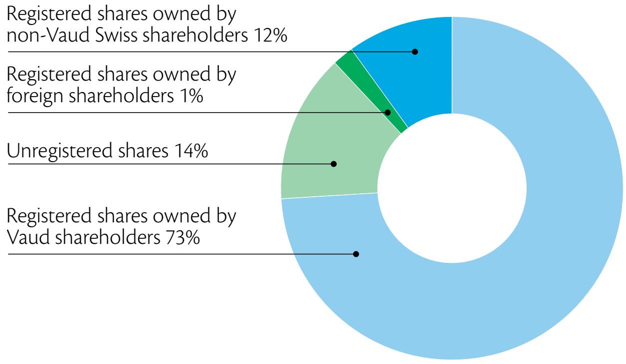
With an average of CHF 6.7m changing hands daily, the BCV share was the third most liquid Swiss banking stock in 2023, behind UBS and Julius Baer.

At 31 December 2023, 16,058 shareholders were listed in the share register (down 2% from the prior year), 15,120 of which were individuals.

Share ownership structure



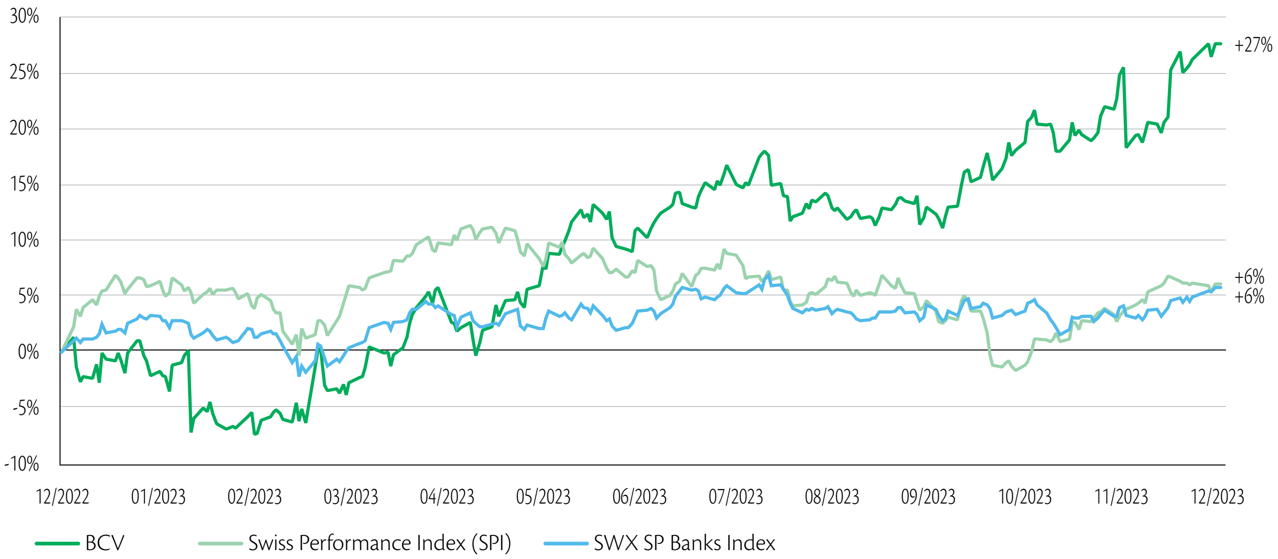
Share ownership by geographical zone



Listed on:	SIX Swiss Exchange
Par value:	CHF 1
Swiss security number:	53 175 175
ISIN code:	CH0531751755
Ticker symbol:	BCVN

Standard & Poor's	
Long-term credit rating:	AA / stable
Short-term credit rating:	A-1+
Moody's	
Long-term credit rating:	Aa2 / stable
Short-term credit rating:	Prime-1

Total shareholder return[1]



[1] Stockmarket performance over the period plus dividends and capital distributions

		2019	2020[2]	2021	2022	2023
Number of shares outstanding (in thousands)		8,606	86,062	86,062	86,062	86,062
Period-end share price (in CHF)		790.00	96.30	70.80	88.75	108.50
Share price high / low (unadjusted, in CHF)	– high	820.00	101.40	101.60	98.80	108.50
	– low	708.00	67.50	67.30	70.70	81.20
Adjusted EPS[3] (in CHF)		42.3	3.85	4.41	4.52	5.46
Dividend per share (in CHF)		36.0	3.60	3.70	3.80	4.30[4]
Dividend yield[5] (in %)		4.6	3.7	5.2	4.3	4.0

[2] Amounts adjusted for the 10-for-1 stock split on 28 May 2020
[3] Reported net profit after minority interests over average number of shares outstanding over the period
[4] Dividend to be proposed at the 2024 Shareholders' Meeting
[5] Relative to the period-end share price

Who We Are

Our Missions

Under the Cantonal Act Governing the Organization of Banque Cantonale Vaudoise (LBCV), BCV's objective as a full-service bank with a regional focus is to contribute to the development of all sectors of the economy of our home region, the Canton of Vaud, and to the financing of public-sector entities as well as to help meet demand for mortgage lending in the Canton. Furthermore, these missions apply across the Canton and entail a particular focus on the principles of economically, environmentally, and socially sustainable development. Our role as a cantonal bank is to produce positive impacts for all our stakeholders – our customers, shareholders, employees, and the people of Vaud. As a modern company mindful of our duties and obligations, we have defined a series of objectives for our Bank:

1. Contributing to the development of all sectors of the economy of our home region, the Canton of Vaud, and to the financing of public-sector entities, as well as helping meet demand for mortgage lending in the Canton.

2. Meeting our clients' needs with high-quality financial products and services.

3. Paying particular attention to the principles of economically, environmentally, and socially sustainable development.

4. Creating lasting value for shareholders.

5. Being a benchmark employer.

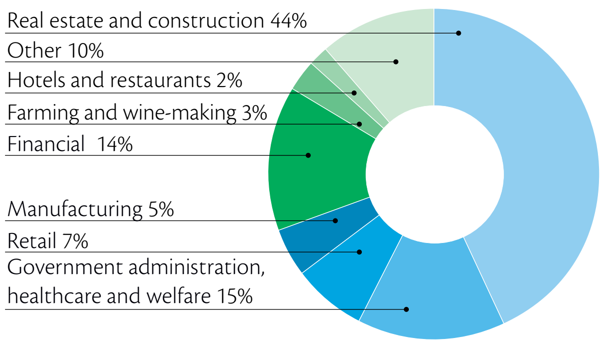
6. Playing an active role in the community.

1. Contributing to the economic development of the Canton of Vaud

We are the leading bank in Vaud. The surveys and studies we regularly conduct to assess our market position, along with the fact that half of the Canton's people and companies bank with us, show that we are an integral part of life in Vaud. Thanks to our concerted and ongoing efforts to improve service quality, and despite increasingly fierce competition, BCV is perceived as solid, reliable, and competent. Indeed, we have witnessed a significant influx of new funds as a result of expanded business with existing clients and the arrival of many new clients. According to representative surveys, BCV has been the most recommended bank in the Canton since 2018.

Our strong market position in the Canton is the result of several factors: our extensive on-the-ground presence, our understanding of the needs of both individual and business customers, our know-how, our professionalism, and our responsible approach to banking. As the leading bank in Vaud Canton and in accordance with Article 4 of the LBCV, we are committed to contributing to the development of all sectors of the economy across our home region and to the financing of public-sector entities, as well as helping meet demand for mortgage lending in the Canton.

Business loans by sector



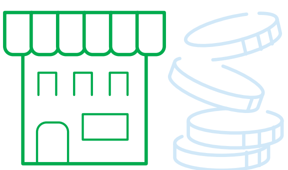
Source: BCV

The way we kept executing on our mission during the Covid-19 pandemic was appreciated by people and businesses across Vaud. In 2020, BCV worked with the federal and cantonal authorities and other banks to develop the federally backed Covid-19 bridge-loan program and its equivalent for Vaud startups. Overall, we granted more than 6,000 bridge loans for a total of over CHF 700m; at end-2023, around 70% of those loans had been paid off.

Around **80% of our lending is local**

Our loan book covers all of our client segments across the entire Canton, with the people and businesses of Vaud accounting for 79% of total lending volumes. At end-2023, 50% of our outstanding customer loans were to individuals and 50% to companies across all sectors of the economy as well as public-sector entities.

We work with companies through every stage of their development: from startup and growth to maturity and succession. Our partnerships with growing and mature businesses are well known, but our role in business creation and succession is less so. In 2023, we financed over 60 business successions for a total of over CHF 50m and provided more than CHF 70m in financing to get over 120 startups off the ground in Vaud Canton.



Over
120
new businesses financed

In addition, BCV supports Innovaud, the Vaud Cantonal Government's platform for promoting innovation in Vaud Canton, through an annual contribution of CHF 50,000. As part of the Innovaud project, in 2022 we renewed our commitment to the Foundation for Technological Innovation (FIT), agreeing to provide CHF 500,000 in funding per year for a further eight years.

These activities are part of an initiative launched several years ago. For example, we have published guides to setting up a business, in collaboration with the Vaud Chamber of Commerce and Industry (CVCI). We also conduct seminars in collaboration with the CVCI and GENILEM (a startup support organization). For example, more than 300 people participated in the "Financer son entreprise" ("Finance your business") webinar in 2023.

Working with clients in difficulty

In line with our mission, we aim to continue our relationship for as long as possible with businesses and individuals that, for one reason or another, run into temporary difficulties. Specialized staff work with these clients in order to find solutions that will help them restore their financial stability.

Naturally, continuing the business relationship is only possible if the company or individual can be reasonably expected to return to a sustainably sound financial position without any distortion of competition. Our procedures in this respect follow clearly defined rules that meet the highest ethical standards. We have shown that we can manage difficult cases effectively by looking for constructive solutions and working proactively on a case-by-case basis.

2. Meeting our clients' needs

Close ties with our customers

Our local presence is of key strategic importance. We are the Canton's top employer in banking and the most widely accessible bank in Vaud thanks to our dense retail network, which includes nine regional centers of expertise and nearly 60 branch offices across the Canton (see our retail map and list of branch addresses on pages 206–209).

We believe that our branch footprint effectively aligns with the needs of the dynamic and diversified community and economy that we serve, and we enhance our network each year to meet those needs.

Being close to our customers also means being increasingly accessible and in step with changing lifestyles. This is reflected in the convenient opening hours of our branches, with appointments with BCV advisors available

Monday through Friday from 8am to 7pm and on Saturday mornings in some of our shopping center branches. Our customers may also speak with an advisor remotely. Our Customer Service Center is available every weekday from 7:30am to 7:30pm, and customers can contact our center's advisors through traditional channels – such as telephone, email, and the post – or through our instant messaging service. Our advisors provide answers to customers' questions on topics spanning day-to-day banking, investments, and loans in videoconference sessions or via call-back for individuals who make a request on bcv.ch. In 2023, our Customer Service Center handled 640,000 customer contacts – a decrease compared to 2022, as more and more customers took advantage of our FAQ and related resources to find answers to their questions in just a few clicks. Our banking hotline for businesses and self-employed people is available between 8am and 6pm, Monday to Friday. Last year, our advisors handled around 100,000 customer contacts, which was on par with the 2022 figure.

We also offer automated services through our network of around 180 ATMs in more than 100 locations across Vaud. For greater ease of use, our ATMs feature touchscreens and an interface for the visually impaired and run on the new ATM Futura software for Swiss bank ATMs. In 2023, around 6.4 million transactions were carried out via our ATMs – a slight decrease on the previous year, reflecting the growing use of paperless payment methods. In 2023, debit card transactions (with a Maestro or Visa Debit card) were up 7% and BCV TWINT transactions were up 60%.

A broad digital proposition

Our corporate and individual clients are also increasingly taking advantage of the 24/7 access provided by our online banking services through our website, www.bcv.ch, and our online banking platform accessible via BCV-net on a computer or via BCV Mobile on a smartphone. Currently, some 75% of our customers bank online and more than nine out of every ten payments are made on BCV-net or BCV Mobile. Our customers are increasingly using their smartphones to access our online banking services. More than 90% of e-banking logins are via our BCV Mobile app, and over 60% of users now do their online banking exclusively on their smartphones.

We have significantly expanded our online banking services in recent years. From our website, anyone can now open an account or use our enhanced investment proposal tool, which includes an option to filter for funds that integrate environmental, social, and governance criteria (ESG) into their investment process. On our online banking platform BCV-net, customers can do far more than just check their account balances and enter and view payments. For example, they can use the financial cockpit functions to monitor their income and expenses and manage their cards, and corporate clients can manage employees' access rights. Customers can also schedule a videoconference meeting with their advisor, apply for and manage certain loans (e.g., fixed-term advances for businesses or mortgage-loan renewals for individual customers), and pay and issue QR bills.

Comparison of mortgage loans, other loans, and workforce distribution, by region

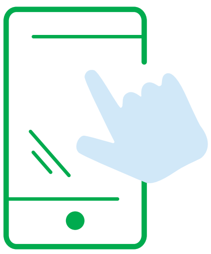
	Broye	Lavaux	Nord Vaudois	Nyon	Morges	Riviera	Chablais	Gros-de-Vaud	Lausanne
Mortgages	4%	11%	16%	16%	13%	10%	8%	9%	14%
Other loans	3%	9%	16%	14%	11%	7%	11%	8%	19%
Workforce distribution	3%	5%	11%	10%	9%	9%	5%	6%	43%

Sources: BCV; Statistique Vaud
Mortgages: real-estate lending including fixed-term loans secured by a mortgage
Workforce distribution: Structural Business Statistics, 2021

BCV Mobile offers the same features and more. For example, customers can sign up for standard banking packs, foreign currency accounts, savings accounts, and retirement investment accounts directly in the app. We are constantly upgrading BCV-net and BCV Mobile, and in 2023 we made them more user-friendly through enhanced interfaces. Thanks to its features and continual upgrades, BCV Mobile is now one of the highest-rated banking apps in Switzerland.

BCV TWINT mobile payment

Our BCV TWINT app has been growing in popularity every year since it was launched in 2017. In 2023, the number of active users grew by nearly 20% to 160,000. TWINT is a payment app developed by the Swiss banking sector that allows users to pay for in-store and online purchases, transfer money to other TWINT users, buy public transportation tickets, and pay for parking in many locations. The total number of transactions surpassed 20 million in 2023. We have also added features, such as the ability to add loyalty cards, pay for gas at the pump, and delay payments for up to 30 days.



75%
of our customers use our digital banking services

BCV's TradeDirect platform remains one of the most competitively priced online brokerage services in Switzerland. This platform provides access to 35 stock exchanges and over 100,000 investment vehicles and has powerful market-tracking, search, and analytical tools. Users can enter orders, manage their portfolios, track individual stocks, stay up to date with the latest market news, and view ratings and analyses provided by research firm TheScreener. TradeDirect continued to attract new customers in 2023 at the same pace as in the previous year.

In Wealth Management, our BCV Conseil advisory services include an online platform – fully integrated into our BCV Mobile app – where customers can speak with their dedicated advisor, manage their portfolio, and stay informed with our expert analysis of the latest financial news.

In addition to the content on our website, BCV publishes economic news and information on a single platform (www.bcv.ch/pointsforts). This includes analyses from our specialists, videos of their guest appearances on the "Votre argent" segments broadcast on La Télé Vaud Fribourg, and an array of articles covering investments, financial planning, real estate, and the Vaud economy.

These various physical and digital distribution channels allow us to offer rapid, practical, and efficient services that customers can access whenever and wherever they need.

High-quality customer care and a full range of banking services

We constantly strive to fulfill our mission as Vaud's cantonal bank by providing a wide range of products and services through various digital and physical channels, meeting the needs of the individuals, businesses, pension funds, and public-sector entities in our community. We focus in particular on service quality – a strategic priority and differentiating factor for our Bank – and in 2015 we set up a bank-wide program to continually improve the quality of our customer interactions and the wider BCV customer experience. That long-term, ongoing effort has been recognized by the people of Vaud. Since 2018, BCV has consistently been named the most recommended bank in the Canton, according to independent surveys carried out among representative samples of Vaud residents.

We have a comprehensive service-quality monitoring system based on data gathered from customer satisfaction surveys and other key indicators within the organization. This system enables us to meet our objectives in this area and measure customer satisfaction. It also helps us identify concrete ways in which we can improve our products and services.

For example, in response to feedback we obtained via this system, BCV Mobile users can now receive alerts when a service that is free of charge up to a certain level reaches that level, such as after a certain number of withdrawals from their savings account.

As for our specific banking solutions, we offer our personal banking customers a comprehensive and constantly evolving range of products and services, and in 2023, we enhanced the interface of our digital services. Customers of all ages, whether working or in school, can choose the BCV banking pack that best fits their daily banking needs and open it online or at a BCV branch.

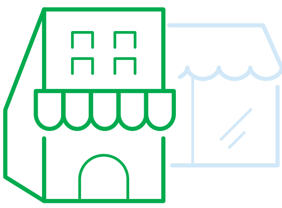
We provide 1 in 3
mortgage loans in Vaud

Personal banking customers can also take out mortgage loans to meet their home financing needs. Our Start Immo offer, with its preferential lending terms, has had strong traction with first-time home buyers. In addition, our Green Bonus loans offer preferential terms on financing for properties with an eco-rating of A or that are undergoing energy-efficient renovations eligible for a cantonal subsidy (both primary residences and rental properties). What's more, thanks to our partnership with Romande Energie, homeowners can use the calculator available on our website, www.bcv.ch, to estimate how much they would save by installing solar panels or a new heating system. They can also carry out a CECB® Plus energy audit – which consists of a cantonal energy certificate for buildings plus an analysis of potential green renovations – for a reduced price. Our guide on energy-efficient renovations helps our customers learn more about this topic.

In addition, our customers can use our asset allocation funds, which incorporate ESG criteria, to invest their savings for the long term. They can even open an investment savings account as a gift for a child. Personal-banking customers can sign up for third-pillar individual retirement accounts, with the option of investing part or all of their savings in investment funds. BCV offers a comprehensive advisory service that addresses all financial, tax, pension, and estate-planning issues that customers and their loved ones may face. Our advisors provide personalized financial planning support that takes into account customers' overall financial situation, helping them build their savings, prepare for retirement, and achieve other financial goals. Through our partnership with the Swiss Philanthropy Foundation, our personal-banking customers can donate all or part of their estate to existing philanthropic initiatives or to a new initiative that aligns with their interests.

In Wealth Management, we offer a full range of investment solutions: clients may enter into a discretionary management agreement, where we manage their assets, or they may choose to simply benefit from our advice through an advisory agreement. All our wealth management customers can draw on the support of their advisor and, through an online platform accessible via BCV-net and BCV Mobile, manage their portfolio and stay informed with financial news articles written by our experts. In the area of socially responsible investing, BCV offers a range of ESG products, and our advisors make a point of understanding our customers' expectations in order to provide relevant guidance. Our regional footprint means we have advisors throughout the Canton; customers appreciate knowing that our specialists are close by when they want to talk over their financial situation or the larger economic picture. We help our customers stay on top of market and economic news through talks and round-tables, both online and in-person, and a regular newsletter.

In Corporate Banking, BCV offers a comprehensive range of products and services, including financing, treasury management, hedging, occupational pension solutions, and advisory services at all stages of the company's life, from startup to succession. That means we can meet the needs of a very diverse clientele, from artisans serving the local market to multinationals conducting business the world over. We also provide various e-banking services geared towards businesses, such as a QR-bill generator, which is available free of charge. And for help navigating the energy transition, our corporate clients can enjoy a reduced price on PEIK energy-efficiency audits and CECB® Plus audits, while our Green Bonus offer provides them with preferential terms on loans used to finance energy-efficiency renovations. BCV also keeps pace with changing standards on incoming and outgoing payments in Switzerland. One way we do this is through BCV-Connect EBICS, a standardized interbank communications protocol that businesses can use to automate their cash flows. Since 2022, we have been partnering with the main Vaud business associations and other trusted local companies to offer BCV clients special deals to help them create or manage their businesses – such as discounts on Worldline payment terminals and the bexio online accounting software. We also continued our efforts to support businesses and keep them informed of developments affecting them. To that end, we held various events and released short videos on key topics such as interest-rate risks, cybersecurity, the energy transition, and hiring difficulties faced by businesses. We also issued a guide in association with PME magazine to help companies find ways of hiring and retaining talent.



1 in 2 Vaud small businesses
banks with BCV

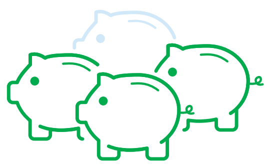
In Asset Management & Trading, investors can take advantage of BCV's investment strategy and proven expertise through our comprehensive range of advisory and other services together with investment products, from investment funds and structured products to management agreements and asset allocation funds in both specific and global investment universes. To continue meeting our clients' needs in private and institutional asset management – areas in which BCV is a leading player – we have focused on investment solutions that incorporate ESG criteria. Our Bank is playing an active role in this field. In discretionary asset management, for example, all of our asset allocation funds and asset management agreements for private clients incorporate ESG criteria. And we have been marketing an ESG fund investing in physical gold since 2022. We also work with several organizations to support our socially responsible investment (SRI) approach, including Swiss SRI specialist Ethos, with which we entered into a strategic partnership in 2020.

In structured products, our AMC Access360 tool – which allows investment professionals to manage their actively managed certificates directly online – continued to add new features, such as generating reports for asset managers. We also continued to expand the range of structured products we issue via deritrade®, Vontobel's multi-issuer platform for derivative instruments, with the goal of eventually offering one of the most comprehensive product ranges on the platform.

We have also developed capital-protected investment solutions specifically for our individual customers.

All this shows that we are continually striving to meet our customers' needs and improve our service quality.

Given the current and upcoming regulatory changes affecting financial products, we are adapting our service model and product range accordingly. Our aim is to ensure that all individual and corporate customers are well-informed and provided with a high degree of protection and high-quality service across all our physical and digital distribution channels. With regard to our institutional clients, BCV's Asset Management Department complies with the ISAE 3402 Type II standard on the effectiveness of internal controls for the full range of services we provide – from client onboarding to performance reporting.



3 in 4 Vaud pension funds
count on BCV

3. Acting on the principles of sustainable development

The principles of economically, environmentally, and socially sustainable development are innately linked to BCV's mission and our success in the Vaud market. We see this link as a chance to create a virtuous circle that allows us to be both competitive and socially responsible. That is how we can maximize the benefits we bring to all our stakeholders – by creating value for our customers, shareholders, employees, and the people of Vaud all while doing our part to address economic, social, and environmental issues. For more than 15 years, we have shared the details of our sustainable development performance as well as the impacts of our Bank's activities across Vaud in our sustainability report.

As part of the strategic plan we defined in 2019, called *vista* (see the Overview of BCV and BCV in 2023 sections), we have enhanced our approach to sustainability. We have created dedicated CSR organizational and governance structures and, since 2020, have been publishing our sustainability report annually in both French and English (it was previously published in French every two years), with added content in line with the international Global Reporting Initiative Standards. This year, our sustainability report is being published alongside our annual report and, for the first time, will be submitted to a vote at our Annual Shareholders' Meeting, which will be held on 25 April 2024 in Lausanne. This document, available in both English and French, is available on our website at www.bcv.ch/en/home/la-bcv/responsabilite-d-entreprise/isr.html. This page also contains our Sustainability Policy, which describes the guidelines and principles we have adopted in our business lines and operations.

Our CSR approach is reflected in our range of banking solutions. For example, our Green Bonus offer consists of preferential terms on loans used to finance owner-occupied properties with an eco-rating of A as well as energy-efficiency renovations and commercial equipment. In addition, we entered into a partnership with Romande Energie to provide an online tool to calculate savings from a new heating system or newly installed solar panels, and to offer preferential rates on CECBR Plus energy audits. And in conjunction with the Swiss government's PEIK program, we set up a similar arrangement for businesses to obtain energy audits for their commercial equipment at preferential rates.

BCV is a signatory to the United Nations Principles for Responsible Investment (UNPRI) and is a member of Swiss Sustainable Finance, which aims to strengthen Switzerland's position as a hub for sustainable finance. We have made it possible for institutional and private clients to build portfolios that integrate ESG criteria, in accordance with SRI principles. We incorporate ESG factors into our stock-picking and investment management process primarily through negative screening, ESG integration, positive screening, best-in-class selection, and stewardship (active ownership). We also offer thematic products that invest in companies whose products and services offer sustainable solutions to environmental and social issues. More information can be found on our website at https://www.bcv.ch/en/home/la-bcv/responsabilite-d-entreprise/isr.html.

100%
of our discretionary agreements and Swiss asset allocation funds incorporate ESG criteria

Our range of products incorporating ESG criteria includes investment funds, management agreements, and certificates. We also offer products managed in collaboration with Swiss SRI specialist Ethos. This partnership, which we entered into in 2020, currently covers six Ethos funds. Under our agreement, Ethos is responsible for carrying out ESG analyses, exercising voting rights at shareholders' meetings in accordance with its own guidelines, and actively engaging in dialogue with investee companies to encourage them to improve their ESG practices. BCV's Asset Management Department's role is to select investments and build the portfolio, taking Ethos's ratings into account, and to conduct financial and risk analyses. Ethos and BCV's asset management team will work together closely in order to strengthen this partnership over the coming years and create a new center of expertise in sustainable finance in Switzerland.

Our partnership is already seeing results. BCV-managed funds Ethos II - Ethos Swiss Sustainable Equities and Ethos - Equities Sustainable World ex-CH were again awarded FNG's three-star label, the highest ranking awarded by FNG, in 2023. This independent label was created by Forum Nachhaltige Geldanlagen, an association specializing in SRI in Germany, Austria, and Switzerland. It is awarded to funds that meet FNG's quality standards for sustainable investments and pass an independent audit conducted by the University of Hamburg.

We guide our customers towards ESG investments and we aim to progressively gear their portfolios toward the goals of the Paris Agreement, the Swiss government's commitments, and the Vaud Canton climate plan. We also work with the Center for Risk Management (CRML) at the University of Lausanne's Faculty of Business and Economics (HEC) to analyze Switzerland's real-estate investment market. The second version of the CRML report, published in spring 2023, shows that progress has been made on incorporating ESG criteria into this asset class. At the end of 2023, the CRML also released a new ESG rating system for Swiss real-estate funds, called PRESS (Public Real Estate Sustainability Switzerland) scores. These scores are derived from publicly available to ensure they are comparable and to boost transparency on this market.

Among the three dimensions of sustainable development, economic development is, of course, fundamental for a bank. The previous sections of this chapter have illustrated some of the ways we contribute to the local economy and serve individuals and businesses in Vaud. To continue achieving our objective of contributing to the economic development of our Canton, we must ensure that our foundations are solid and that our vision for BCV leads to steady profitability going forward. In keeping with this mission, our strategy targets sustainable growth and a moderate risk profile. This approach benefits all our stakeholders. For the 2023 financial year, for example, BCV will pay out CHF 282m to our majority shareholder (the Canton of Vaud) and to Vaud municipalities. This amount comprises a dividend and cantonal and municipal taxes.

The principles of sustainable development underpin the actions we take to enable employees to reach their full potential and are reflected in our involvement in the local community. Yet another example of this approach concerns the environment. We continued our efforts to reduce our energy consumption and environmental footprint in 2023. For several years now, we have been commissioning an environmental assessment in order to quantify our impact and suggest targeted mitigation measures. While we regularly take steps to reduce our consumption of paper and other supplies and to make our IT system more energy efficient, most of the potential savings are to be found in our infrastructure, an area we have been investing in for a number of years. For example, we cut our electricity consumption by a quarter in five years, in part by installing new electrical equipment.

We have committed to cutting the CO_2 emissions from our operations by at least 35% from 2019 levels by 2030, in line with Vaud Canton's Climate Plan and the targets set by the federal government.

We offset 100% of the greenhouse gas emissions from our operations by financing projects in Vaud and outside Switzerland in conjunction with Swiss Climate. These projects eliminate the equivalent amount of carbon emissions that are associated with our direct impacts. BCV's longstanding commitment to sustainable economic development is reflected in the Bank's ESG scores. In 2022, MSCI upgraded the Bank's ESG rating to AA, the agency's second-highest rating, placing BCV in the "Leader" category. MSCI reaffirmed this rating in 2023, and Ethos reaffirmed our A– rating, its second-highest score. CDP's climate rating for the Bank is B, its third-highest score.

4. Creating lasting value for shareholders

At BCV, we are committed to creating lasting value for our shareholders. In keeping with this mission, our strategy targets sustainable growth and a moderate risk profile. We have therefore adopted a dividend policy aimed at generating attractive returns for all our shareholders over the long term.

Under our distribution policy, which we set out in 2008, we will have paid out a total of CHF 4.7bn to our shareholders for the 2008 to 2023 financial years. Over the same period, the BCV share price more than doubled, making it one of the best-performing stocks in the Swiss banking sector. That share-price appreciation, coupled with the distributions paid out over the years, equates to an average total shareholder return of over 10% per year.

Our financial strength, solid market position and status as a cantonal bank have won recognition from the rating agencies. Standard & Poor's maintained our AA rating for the 12th year running, and Moody's reaffirmed our long-term rating of Aa2 for the eighth year in a row. Both agencies' ratings are accompanied by a stable outlook. Our ratings attest to the Bank's ongoing efforts in recent years, in terms of both strategy and operations. All of the rating agencies' credit opinions can be found in the Investor Relations section of our website, www.bcv.ch/en/home/la-bcv/investor-relations/for-bondholders/ratings-history.html.

5. Being a benchmark employer

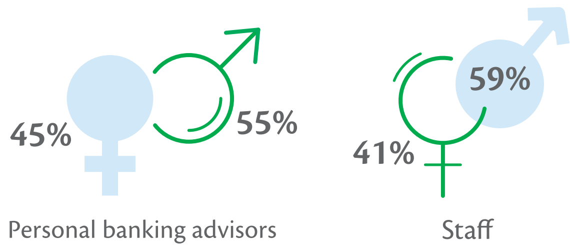
BCV is one of Vaud's leading employers and the largest employer in the Canton's banking sector. We consider our dynamic human resources policy to be crucial to both our mission and our strategy. Alongside clear job descriptions and performance objectives, skills development is a key employee success factor. We encourage training as a driver of staff motivation and knowledge management. Moreover, we are dedicated to creating workplace equality, promoting diversity, and offering the same opportunities to all staff.

A common corporate culture is an integral part of our human resources policy. At the heart of this culture are BCV's four core values: responsibility, performance, professionalism, and close ties with our customers and the broader community. These values are also central to the ethical principles described in the code of conduct in force within BCV Group. This code of conduct, which is available on our website, was reviewed and expanded in 2021.

Staff

At the end of 2023, BCV Group had 1,982 employees on a full-time-equivalent (FTE) basis, up slightly from the prior year. The parent company accounts for the largest share of the workforce, with a total of 1,956 employees, or 1,773 FTEs. In 2023 we filled 346 positions: there were 248 outside hires and 98 people transferred internally. Apart from retiring staff, average staff turnover was 8.6% in 2023.

In terms of gender equality, the parent company had 796 female employees (41% of the workforce) at the end of 2023. Women accounted for 31% of managers (421 positions) and 17% of all senior managers (58 positions). We aim to have 25% of our senior leadership positions held by women by 2030. In addition, women run 30% of our branches (nine positions), where they play a key role in running our retail network. There were 495 employees (25% of the Bank's staff) working part time at the end of the year.

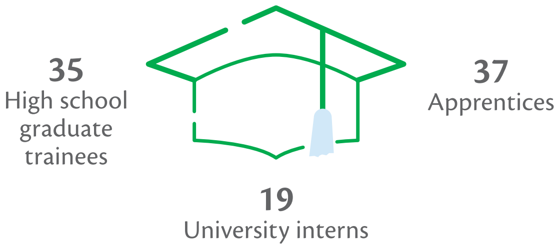


Every two years, BCV commissions a third-party polling service to conduct an anonymous survey of all staff members in order to obtain their opinions on working conditions, workplace relations, and satisfaction with supervisors and, more generally, to determine employee buy-in and commitment. 83% of employees took part in the last survey, which took place in 2022. The findings showed that employee buy-in remains high. Once again, the results were considered very good in comparison with those at other companies in almost all areas studied, but especially in terms of support for the Bank's strategy and confidence in senior management.

Equal pay

In compliance with the amended Swiss Federal Gender Equality Act, in 2021 we hired Comp-On SA, a human-resources consulting firm specializing in employee compensation, to conduct a pay analysis of all employees. The results showed that BCV's compensation meets Swiss federal requirements on gender-equal pay. The analysis was approved by the Consortium of Social Partners for Equal Pay in Banks (CeParEB).

Beyond meeting Swiss legal requirements, we were awarded the Fair-ON-Pay+ certification by Comp-On SA and SGS. This certification, which is valid for four years and included an interim audit in 2023, recognizes BCV's equal pay practices over the long term.



Focus on training

In 2023, BCV provided job training for 96 trainees, including 37 apprentices, 35 high school graduate trainees, 19 university interns, and five participants in our "Rejoignez-nous" training program for people moving into banking after a career break.

BCV is one of the Canton's main providers of professional training. We have our own training center with around 200 instructors, more than three-quarters of whom work elsewhere within the Bank.

In 2023, the training center focused on skills development for all of the Bank's employees. Client advisors in particular require regular training to be able to keep pace with constant changes in client needs and the regulatory environment. To that end, we set up courses on socially responsible investing and on addressing the issue of energy-efficiency renovations in the mortgage-lending advisory process. We also adopted a certification system used by several other banks that is in line with the ISO 17024 standard and recognized by the Swiss Association for Quality (SAQ). Some 248 client advisors had received their certification by end-2023.

The ninth edition of BCV's Micro MBA program, offered in collaboration with the Entrepreneurial Leadership program at the University of Geneva's School of Economics and Management, started in March 2023. The 17 participants are developing interdisciplinary and project management skills. In addition, 19 BCV employees received post-secondary degrees from outside institutions in 2023, with BCV's support. Through these actions, we are laying the groundwork to fill future leadership roles within the Bank.

Employee benefits

BCV Group provides its employees with comprehensive pension coverage well in excess of the minimum legal requirements. The staff pension fund is run as a defined-contribution plan for purposes of retirement benefits, and as a defined-benefit plan for purposes of death and disability benefits.

At the end of 2023, pension fund members comprised 2,109 employees, 1,891 of whom were working at the parent company, and another 1,507 pension recipients, including 1,077 retirees.

BCV takes several kinds of action in the interest of employees' health. A key focus is on prevention, for instance by providing flu shots and financing the Bank's employee sports association.

6. Playing an active role in the community

Our local community is important to us, and we take our responsibilities as a corporate citizen in Vaud Canton seriously. In addition to the purely economic aspects of our mission, we provide support for cultural and sporting activities as well as outreach initiatives. Our commitment has not wavered.

Cultural activities are a fundamental part of life in Vaud and a key component of our sponsorship policy. Last year we supported the following cultural events and organizations: the Paléo Music Festival, the Cully Jazz Festival, the 4 Seasons Festival, the Blues Rules Crissier Festival, the Red Pigs Festival, the Théâtre du Jorat, the Théâtre de Beausobre, the Vevey Festival of Images, the Lausanne International Percussion Festival, Lausanne-Pully Museum Night, the Maison d'Ailleurs science-fiction museum, the Fondation Vaudoise pour la Culture, the Fondation du Conservatoire de Lausanne, Plateforme 10 (i.e., the Musée cantonal des Beaux-Arts, or MCBA, in Lausanne), and Organissima & Lux (an event marking the 20th anniversary of the installation of organs in the Lausanne Cathedral).

We also support a number of outreach initiatives that help bring together the local community. In 2023, these included: Société Vaudoise d'Utilité Publique (an association of social-service institutions), Pro Senectute

Vaud (an organization that helps senior citizens), La Paternelle (a not-for-profit mutual insurance company for orphans), the Vaud Red Cross, Ma Vie Ton Sang, the Fondation Mère Sofia, the Ligue Vaudoise contre le Cancer, Association Cerebral Vaud (an organization that supports people with cerebral palsy and their families), Fondation Pro-XY (which supports caregivers), Vaud Famille (an information platform for local families), and the Fondation Compétences Bénévoles (an organization that provides support services to charities).

The future of Vaud is taking shape in its schools. Last year we presented prizes at schools across the Canton (including primary schools, secondary schools, and universities) and provided support for Lausanne's Centre Sports-Etudes for school-age athletes and the 42 Lausanne computer programming school.

Sports activities are also a key part of the social fabric of Vaud and are central to our sponsorship policy. Last year we sponsored a number of sports clubs and events, including: FC Lausanne-Sport, the Association Cantonale Vaudoise de Football, the Lausanne Hockey Club, the Lausanne 20K, the Villars Ultraks trail races, the Fondation d'Aide aux Sportifs Vaudois, the Mérite Sportif Vaudois, Vaud Générations Champions, the Vevey Lavaux Up car-free event, the Traîne-Savates running race, the La Favorite cycling race, and the Leysin Tobogganing Park.

We also support various other important initiatives in the Canton, including the Forum de l'Economie Vaudoise, the Forum des 100, the Forum Economique de la Côte, the Forum Economique de l'Ouest Lausannois, the PERL awards, the Prix Strategis for the best Swiss startup, the Mérites de l'Economie awards, the Numerik Games Festival in Yverdon-les-Bains, and the Enterprise for Society Center (E4S).

Bike to work:

20,350 km

covered by bike or on foot

We have links with programs that allow staff members to take part in humanitarian and environmental initiatives in association with non-governmental organizations. In 2023, we supported the following programs: Don du Sang, a blood-donation program; the yearly orange-sale fundraiser by the NGO Terre des Hommes; and the "bike to work" challenge, which encourages people to ride their bikes on a daily basis. Groups of employees also took part in environmental initiatives, including a community effort to remove invasive plants and to plant trees. Other employees took part in a volunteer event run by Samedi du Partage Vaud at four shopping centers in Vaud where they collected non-perishable food items for charities and other social-service institutions.

In 2023, we put in place a new initiative, Terre Vaud Eau, as part of our commitment to nature and biodiversity conservation. Each time someone opens an Epargne 3 Youth account with us, we donate CHF 10 to selected projects. For 2023–2024, three projects were selected: converting a reservoir into a natural habitat in the village of L'Isle; protecting the common midwife toad in the Vallée de Joux, working with staff from the Parc Jura vaudois; and creating a biodiversity-rich wet meadow in Yens with the association Maison de la Rivière. In the area of biodiversity, BCV also supports the Printemps d'abeilles association.

BCV acts on its commitments in other ways too. The Château de Montagny is a BCV-owned property nestled among 3.4 hectares of vineyards above the village of Lutry. The estate, operated by J&M Dizerens, received the Bourgeon Bio Suisse label after opting to forgo synthetic chemicals. Last year, a new exhibition in the Espace Projet exhibition space at the Musée Cantonal des Beaux-Arts in Lausanne drew on BCV's art collection, which comprises more than 2,400 works. BCV and other cantonal banks, together with educators, backed FinanceMission, a Swiss-wide initiative to promote financial literacy and teach adolescents how to manage their money, and www.jeunesetbudget.ch, an online resource that helps parents talk about money matters with their children.

Another initiative close to our heart is BCV Solidarity. In 2012, we decided to replace the end-of-year gift to employees with an annual donation in our employees' name to a humanitarian project somewhere in the world. Every year, a different project is chosen by a working group selected from a pool of volunteers.

In 2023, BCV Solidarity supported a project run by SURGIR Foundation for young women leaders in Guinea. The project aims to equip participants with the knowledge and skills to combat gender-based violence in their communities and to protect young women survivors.

In addition, BCV supports its employees' involvement in the community, thereby contributing to their personal development. In 2023, over 200 staff members were actively involved in a variety of societies, associations, and other organizations of a social, political, cultural, or sporting nature. However, BCV has a policy not to provide any type of formal support to any political party or organization.

Year in Review

Year in Review

Economic Environment

The world economy slowed again in 2023, with GDP growth falling to 3.1% from 3.5% in 2022 against a backdrop of geopolitical tensions. The eurozone fared particularly badly, with the German economy experiencing a sharp slowdown. However, inflation fell and the upward pressure on interest rates eased, allowing central banks to pause monetary tightening.

The slowdown also affected Switzerland and Vaud Canton. In 2022 Swiss GDP had grown by 2.5%, with Vaud's GDP gaining 2.6%, but in 2023 the pace slowed to 1.3% for Switzerland as a whole and 0.9% for Vaud. However, both Vaud and Switzerland as a whole had lower inflation and a smaller increase in interest rates than neighboring countries in Europe did. The local job market also remained solid, with the unemployment rate close to a 20-year low.

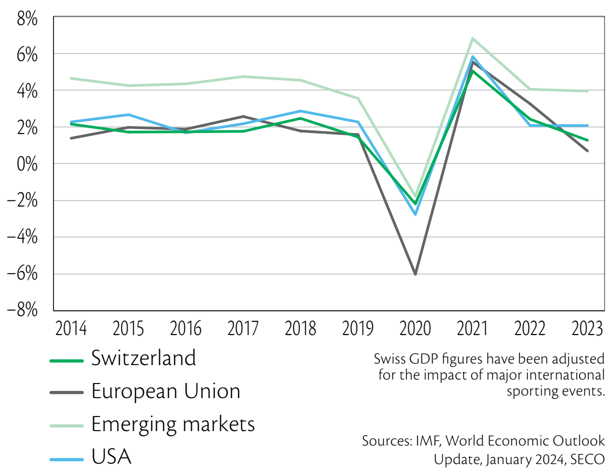
Further slowdown in global growth

2023 did not get off to the most auspicious start, with tension and a risk of shortages in the energy market, high inflation, tighter central-bank monetary policies, slowing growth, and a risk of recession. As the year wore on, though, the situation improved. The risk of energy shortages receded and energy prices fell. Inflation also eased, although it remained above 2% – except in Switzerland, where it went lower. This decline gave central banks more leeway, and they started to space out their policy rate hikes or leave rates unchanged. Long-term bond yields even fell. Although there were widespread recession fears at the start of the year, only the German economy – where manufacturing is heavily reliant on exports – saw a slight contraction in output.

Growth forecasts were not downgraded repeatedly as they had been in 2022. In January 2024, the IMF estimated that the world economy grew by 3.1% in 2023, close to the rate it had predicted a year previously but below the

GDP growth around the world

as %

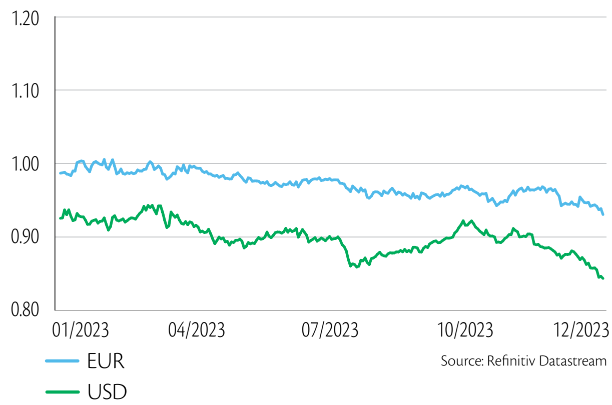


Swiss GDP figures have been adjusted for the impact of major international sporting events.

Sources: IMF, World Economic Outlook Update, January 2024, SECO

Exchange rates

versus CHF



Source: Refinitiv Datastream

2022 figure of 3.5%. Growth slowed from 2.6% to 1.6% in industrialized economies, while it remained flat at 4.1% in emerging economies. The US economy held firm, with growth accelerating from 1.9% in 2022 to 2.5% in 2023, while eurozone growth was hit hard by the deterioration in the economic environment, falling from 3.4% to 0.5%. Germany, whose manufacturing sector is a major exporter, was especially affected by higher energy prices.

Mixed financial-market and macro climates

In the financial markets, 2023 was totally different from 2022, with equities rallying and long-term sovereign bond yields again falling. The steady improvement in the outlook meant that the main stock-market indices gained ground. In the US, the S&P 500 rose 24.2% to 4,770 points, and the eurozone's blue-chip EURO STOXX 50 Index gained 19.2%. In Switzerland, the Swiss Market Index (SMI), made up of the largest companies listed on the SIX Swiss Exchange, saw a limited rally of 3.8%, closing at 11,138 points, while the MSCI emerging-market index gained 7.0% in US dollar terms.

In the bond markets, long-term sovereign bond yields leveled off or fell in 2023, while official interest rates stabilized in the summer as lower inflation gave central banks more room for maneuver. The yield on 10-year US Treasuries fluctuated, starting the year at 3.83% and ending it at 3.87%, while the Federal Reserve hiked its Fed funds target range from 4.25–4.50% in January to 5.25–5.50% in July, before leaving it unchanged for the rest of the year. In the eurozone, the 10-year German Bund yield fell back from 2.56% to 2.00%. The European Central Bank raised its deposit facility rate from 2.0% to 4.0% between January and September and then held it steady. In Switzerland, the 10-year government bond yield fell from 1.62% at the start of the year to 0.70% at the end, and the Swiss National Bank increased its policy rate from 1.00% to 1.75% in the first half of the year, with no changes in the second.

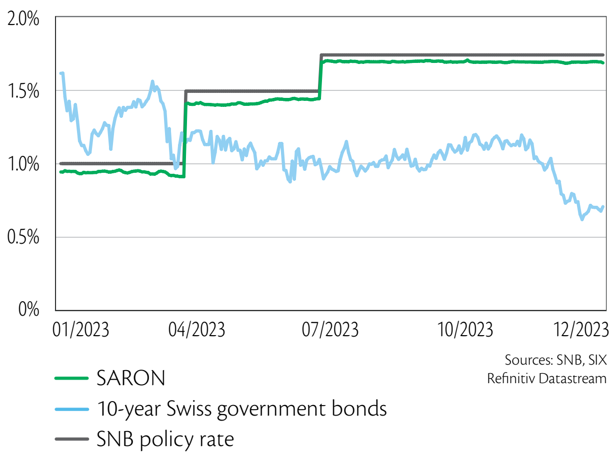
These movements were linked to the decline in inflation around the world, resulting particularly from lower commodity and energy prices. After ending 2022 at 6.5% in the US, annual inflation was back down to 3.4% a year later. In the eurozone, inflation ended 2023 at 2.9% as opposed to 9.2% a year earlier. Switzerland was less affected by inflation, partly because of the strong franc, and it fell from 2.8% in December 2022 to 1.7% in December 2023.

In the precious metals market, the gold price ended the year up 13.8% at USD 2,065 per ounce. In Swiss-franc terms, gold rose 2.9% to CHF 55,578 per kilo.

In the currency markets, the Swiss franc strengthened against the euro and dollar. The euro was worth CHF 0.99 at the start of the year and CHF 0.93 at the end, a decline of 5.8%. The dollar, meanwhile, fell 9.0% from CHF 0.92 to CHF 0.84.

Interest rates

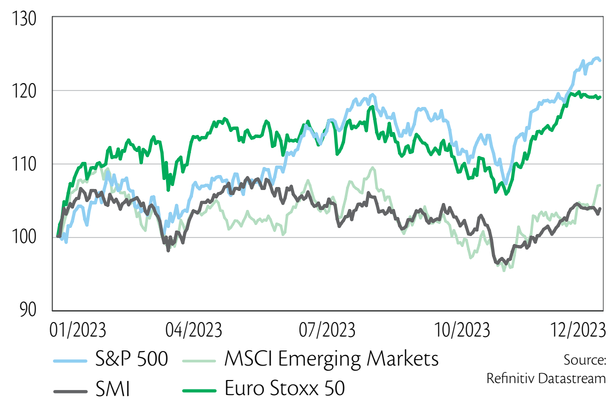
as %



Sources: SNB, SIX Refinitiv Datastream

Stock-market indices in local currency terms

base of 100 at 31 December 2023



Source: Refinitiv Datastream

Economic slowdown in Switzerland

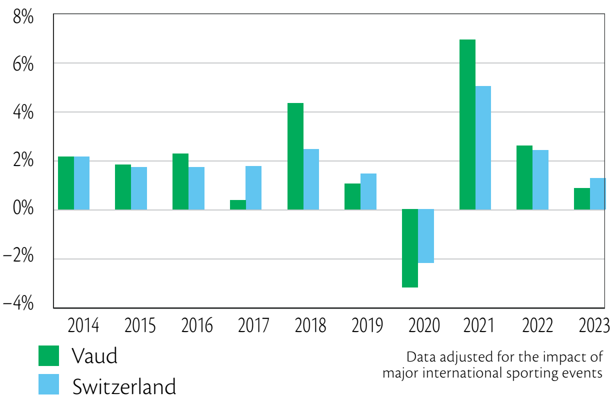
Switzerland was also affected by the worsening global economic climate, with growth decelerating from 2.5% in 2022 to 1.3% in 2023, based on March 2024 estimates. The domestic economy remained solid, but some export-focused industries were held back by slower growth in their destination markets.

Conditions remained good in the labor market. The number of full-time-equivalent jobs rose by 1.7% to 4.3m in 2023. In the fourth quarter of 2023, employment was up 0.8% year on year to 1.0m in the secondary sector and up 2.0% to 3.2m in the tertiary sector. The unemployment rate declined from an average of 2.2% in 2022 to 2.0% in 2023, a 20-year low.

Exports fell 1.2% to CHF 274.3bn, although they remained close to the record level achieved in 2022. The decrease was mainly due to lower prices. In terms of the volume of goods sold – i.e., in real terms – exports rose 2.5% according to the Federal Office for Customs and Border Security. The decline in the value of exports was driven particularly by metals (down 9.0% in nominal terms and 7.7% in real terms), precision instruments (–2.0%, +9.2%), food (–2.8%, –5.8%), and machinery (–0.5%, –3.8%). On the upside, there was an increase in Swiss exports of chemicals and pharmaceuticals (up 0.7% in nominal terms and up 5.3% in real terms) and watches (+7.6%, +3.1%).

Vaud and Swiss GDP growth

as %



Year-over-year change in real terms

Sources: QUANTITAS/HES-SO, FSO, SECO

Slower growth in Vaud Canton

The Vaud economy followed a similar trajectory to the rest of Switzerland, with GDP growth slowing from 2.6% in 2022 to 0.9% in 2023. Manufacturing, which is more sensitive to the global economy than services, saw a sharper slowdown according to estimates published by the Commission Conjoncture Vaudoise (CCV) in January 2024. The fall economic survey of the Vaud Chamber of Commerce and Industry (CVCI) showed that although the trend had weakened, business sentiment remained solidly positive in both services and manufacturing.

The Vaud job market was firm. The number of jobs (on a full-time-equivalent basis) in the Canton was up 2.4%, with a 2.2% increase in the secondary sector and a 3.2% increase in the tertiary sector. The unemployment rate was unchanged at 3.3% in 2023.

Real-estate market still dynamic

The Vaud real-estate market softened in 2023 because of higher mortgage rates. The number of properties changing hands fell, while price increases were subdued. On average across the Canton, prices of detached single-family homes rose 1.5% year on year and condominium apartment and townhouse prices were 0.3% higher, according to Wüest Partner figures. Despite rising much more slowly than in previous years, prices still hit new all-time highs.

Although high prices limited the pool of potential buyers, demand was boosted by interest rates – which remained low in historical terms and fell in the second half of the year – and by population growth. However, the supply of homes remained limited. There have been around 5,000 new home starts per year in Vaud since 2013, but the proportion intended for owner-occupiers has fallen from around two-thirds between 2005 and 2015 to less than half since 2018. In absolute terms, this has reduced the number of new homes for owner-occupiers from 3,000 per year to around 2,000.

The investment real-estate market remains strong. Prices rose 3.7% nationally in 2023 and are now at historically high levels. However, rental property construction has fallen in recent years and the vacancy rate in Vaud Canton declined again, from 1.1% in 2022 to 1.0% in 2023. Asking rents rose by 7.0% in 2023 after having fallen by around 20% between 2014 and 2022.

Outlook

As 2024 began, the outlook was mixed. Global economic growth remained moderate, owing in particular to increases in interest rates in 2022 and 2023, but inflation was down from its 2022 peak, leaving central banks room to pivot towards looser policy-rate stances going forward.

In 2024, economic growth could move in opposite directions in the US and Europe. The IMF forecasts a decline in GDP growth in the US from 2.5% in 2023 to 2.1% in 2024. In the eurozone, however, growth could rise from 0.5% to

Vaud Canton and Switzerland in figures

	Vaud	Switzerland
Area	3,212 km^2	41,285 km^2
Population (end-2023)[1]	846,303 residents	8,969,946 residents
Population density	263 residents/km^2	217 residents/km^2
Working population[2]	424,917	4,686,630
Number of companies[3]	62,251	703,957
Primary sector	6.0%	7.3%
Secondary sector	13.0%	13.7%
Tertiary sector	81.1%	78.9%
Jobs	475,903	5,417,999
Primary sector	2.8%	3.0%
Secondary sector	15.9%	20.1%
Tertiary sector	81.3%	77.0%
Unemployment rate (2023 average)	3.3%	2.0%
GDP (2023 est.)[4]	CHF 64.4bn	CHF 797.2bn
GDP/inhabitant	CHF 76,112	CHF 88,880

[1] Vaud: Source = Statistique Vaud; Switzerland: Source = estimate based on quarterly FSO data
[2] Permanent residents aged 15 and over, 2022
[3] A company or part of a company (e.g., a workshop or factory) located in a given place, 2021
[4] Data adjusted for the impact of major international sporting events

Sources: FSO, Statistique Vaud, SECO, Commission Conjoncture Vaudoise

BCV Immobilier

In 2023, BCV published two more issues of BCV Immobilier, a half-yearly report on the Vaud real-estate market that first appeared in 2017. These latest issues take a closer look at the Broye-Vully region as well as Switzerland's plans to abolish imputed rental value as a component of an individual's taxable income. Although no substitute for advice from a real-estate professional, these 24-page guides provide valuable information to prospective buyers, homeowners, individuals, and businesses wanting to keep up to date with market developments.

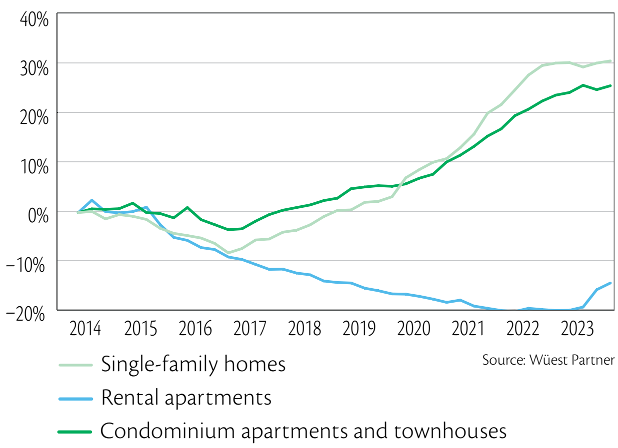
The reports (in French only) can be downloaded from the BCV website at bcv.ch.

0.9%. Overall, growth in industrialized economies is likely to slow slightly, from 1.6% to 1.5%. Emerging economies should fare a little better, with growth expected to be 4.1% in 2024, the same as in 2023.

Switzerland posted GDP growth of 1.3% in 2023, and the State Secretariat for Economic Affairs is forecasting 1.1% this year. In Vaud Canton, the CCV expects the economy to grow by 1.4% after expanding by 0.9% in 2023. A gradual upswing could take place in 2025.

Real-estate prices in Vaud

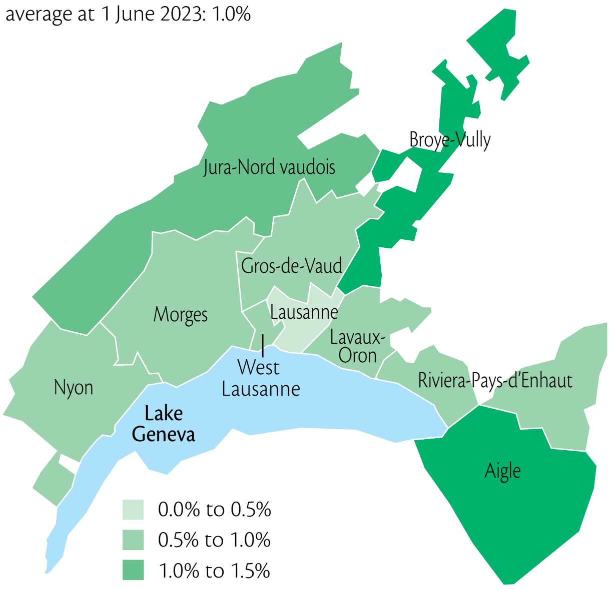
indices, base of 100 in Q1 2014



Source: Wüest Partner

Housing vacancy rates in Vaud

average at 1 June 2023: 1.0%



Source: Statistique Vaud

Economic sectors in the Canton

Primary sector

2023 was the second-warmest year since records began in 1864, and weather conditions were challenging for farmers according to a report published by AGIR (the agricultural information agency for French-speaking Switzerland). A cold spring and adverse weather conditions in the summer pushed down the production of fruit and vegetables, particularly potatoes and beets, while grain yields were variable.

The value of Vaud's farming output rose 2.1% according to data from the Federal Statistical Office (FSO). Income from arable farming increased, with higher income from feed crops and wine-growing more than offsetting a decline in major crops. Income from livestock fell by 0.2% owing to lower revenue from dairy production.

Sharp increase in the Vaud population

Vaud Canton's population rose by 15,500 (+1.9%) to 846,300 in 2023 according to estimates from Statistique Vaud. The pace of growth was therefore twice the average over in the previous five years (7,300 people or 0.9% per year), and a rate not seen since 2008–2013.

The increase was due in part to people fleeing the war in Ukraine (4,500 people), who are counted as permanent residents after living in the Canton for 12 months. However, most of the population growth was attributable to immigration driven by Vaud's strong economy.

The Canton's foreign-born population rose by 3.2%, while its Swiss population grew by 1.2%. Foreigners make up 33.6% of Vaud's population, and two thirds of them come from the European Union. The Canton's largest foreign communities consist of people from France (21% of the foreign-born population), Portugal (19%), Italy (11%), Spain (6%) and Kosovo (4%).

For winegrowers, weather conditions meant that the 2023 harvest was a good one in terms of both quantity and quality. The amount of grapes collected rose 5.0% year on year to 35.9m kilos according to Vaud's Department of Agriculture and Winegrowing. Although the combination of warm weather and low rainfall encouraged mildew, grapes remained very healthy and the 2023 vintage is set to be full-bodied, fruity, and balanced.

Secondary sector

Despite the deteriorating global economic environment, Vaud's manufacturers had a good 2023 overall. However, the CVCI's fall survey showed a deterioration in business sentiment among manufacturing companies. Domestically oriented firms, particularly those in the construction industry, saw business conditions remain broadly stable in 2023.

2023 growth by economic segment in Vaud

Growth above 2%
Hotels and restaurants
Wholesale and retail distribution, repairs, etc.
Water and electricity production and distribution
Transport, postal services, telecommunications, and publishing

Growth of 0.5% to 1.5%
Government administration, healthcare, education, sports, etc.

Growth of −0.5% to +0.5%
Real estate, business services, etc.

Contraction of 0.5% to 2%
Machinery, instruments, watches, etc.
Primary sector

Contraction of more than 2%
Chemicals, pharmaceuticals, rubber, glass, metallurgy, etc.
Finance and insurance
Construction
Food, textiles, leather, wood, and paper

Sources: QUANTITAS/HES-SO, FSO, SECO

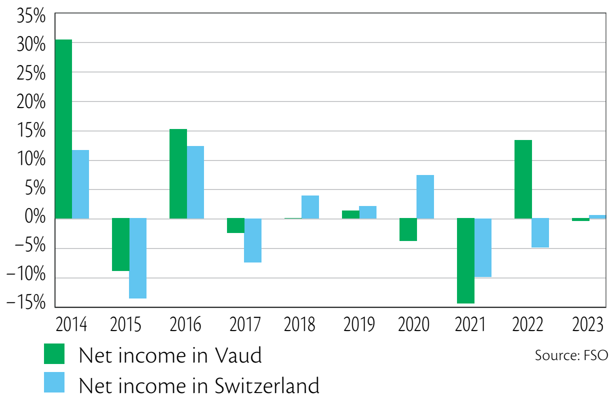
Manufacturing

In its assessment of the manufacturing sector in late 2023, the CCV concluded that it had been a subdued year and that the outlook was mixed. Its indicator of current business conditions was negative, with the proportion of companies reporting "good" business levels falling from 25% in 2022 to 14% in 2023, while the percentage of companies with a pessimistic outlook rose from 12% to 35%. Weak demand, cited by almost half of all businesses (45%), was the main factor holding back production. However, manufacturing output remained firm and order books represented seven months of production on average for Vaud's manufacturers, slightly more than the 10-year average of six months.

Construction

Business conditions in the construction industry were good, with a large number of building projects underway in Vaud Canton. The number of people working in the sector rose by 1.6% year on year to 29,303. Employment rose particularly sharply in energy-related trades: for example, the number of electricians in Vaud has risen 13.6% over two years according to the CCV. Like other parts of the economy, building firms are finding it hard to recruit staff, with the CCV reporting that labor shortages are hampering the businesses of 64% of survey respondents. Recruitment problems were particularly severe in mechanical, electrical, and plumbing installation work.

Change in farming income
as %



Source: FSO

Tertiary sector

In services, although the CVCI's fall 2023 survey also showed a decline in the business sentiment indicator, it was less pronounced than the decline in manufacturing. Overall, the indicator remained relatively high. The situation varied between different types of services, but the sector in general played its traditional supportive role for the economy as a whole.

Wholesale and retail distribution

Local retailers, already dealing with the rise of e-commerce, again faced competition from their foreign counterparts as Swiss consumers responded to the rising Swiss franc by shopping abroad. Inflation was also a concern for retailers. According to the FSO's national retail sales figures, food sales were up 3.1% in nominal terms, but down 1.0% in real terms. With the exception of information and communication hardware, where sales have been on an uptrend for several years, sales in other categories – such as clothing and furniture – fell in both nominal and real terms. CCV figures show that business sentiment deteriorated among Vaud Canton's retailers and wholesalers. Store footfall and sales volumes fell, and the sector's profitability eroded. The situation was tougher for small and medium-sized retailers and wholesalers than for large chains, which actually saw an increase in footfall.

Hospitality services

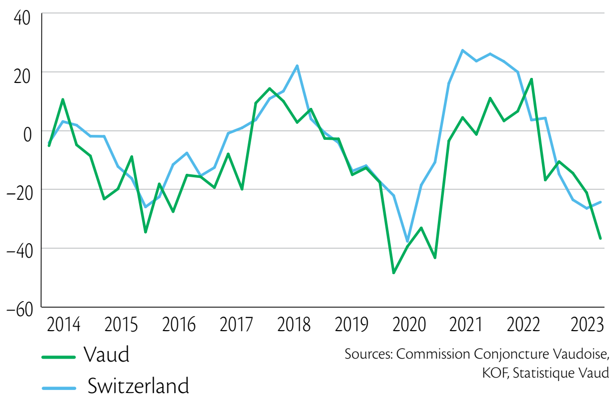
Hotels and restaurants had mixed fortunes in 2023. Hotels welcomed back foreign guests, and the number of overnight stays rose by 8.6%, taking it almost back to its 2019 level. The CCV found a shift in the origin of hotel guests: overnight stays fell among Swiss guests, were stable among European guests, and rose sharply among those from further afield, particularly the US and Asia. For restaurants, however, revenues and profits fell or were stable at best. The summer season was particularly below par. The main problems were a lack of demand, staff shortages, and higher costs.

Services

As in 2022, business levels remained robust in services. CCV indicators show that demand continued to rise for IT services, but fell for personal services. Demand for personal services was particularly weak, and was the main factor holding back business levels in this segment (reported by 30% of respondents). Staff shortages (41%) were also widespread, particularly in IT services (75%).

Composite index of business sentiment in manufacturing

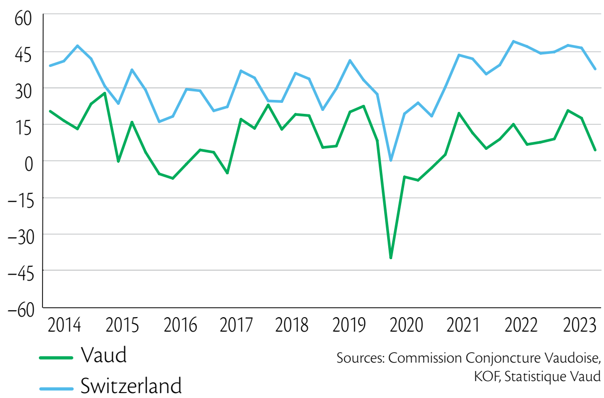
net positive responses



Sources: Commission Conjoncture Vaudoise, KOF, Statistique Vaud

Business sentiment in construction

net positive responses



Sources: Commission Conjoncture Vaudoise, KOF, Statistique Vaud

Structure of the Vaud economy

Sectors and segments	Share of Vaud GDP (2023)	Full-year growth (2014–2023)	Jobs (2021)	Share of total jobs (2021)
Primary sector	**0.9%**	**-0.7%**	**13,359**	**2.8%**
Agriculture, forestry, hunting, fishing	0.9%	-0.7%	13,359	2.8%
Secondary sector	**23.1%**	**3.5%**	**75,556**	**15.9%**
Food, textiles, leather, wood, paper	2.1%	-1.1%	11,130	2.3%
Chemicals, pharmaceuticals, rubber, glass, metallurgy, etc.	11.4%	12.9%	11,297	2.4%
Machinery, instruments, watches, etc.	4.9%	0.5%	18,092	3.8%
Water and electricity production and distribution	1.5%	-1.8%	4,368	0.9%
Construction	4.1%	-0.5%	30,669	6.4%
Tertiary sector	**76.2%**	**1.5%**	**386,988**	**81.3%**
Wholesale and retail distribution, repairs, etc.	12.2%	0.0%	55,202	11.6%
Hotels and restaurants	1.6%	-0.6%	20,719	4.4%
Transport, postal services, telecommunications, publishing	4.3%	-0.8%	24,704	5.2%
Finance and insurance	7.5%	2.2%	18,428	3.9%
Real estate, business services, etc.	23.8%	2.0%	97,425	20.5%
Government administration, healthcare, education, sports, etc.	25.9%	2.2%	163,530	34.4%
Other	0.9%	0.8%	6,980	1.5%
Total Vaud GDP (after adjustments)	**100.0%**	**1.9%**	**475,903**	**100.0%**

Sources: FSO. SECO. Commission Conjoncture Vaudoise. GDP figures have been adjusted for the impact of major international sporting events.

Regional overview

The broad trends discussed in the previous pages were reflected in the various regions of Vaud Canton. However, each region has specific points worth mentioning.

Aigle

In demographic terms, Aigle was Vaud's fastest-growing region in 2023, with a population increase of 2.8% – and one of the Canton's fastest-growing regions in recent years. The region's housing vacancy rate remained stable at 1.6% at 1 June 2023. Higher interest rates caused momentum in the real-estate market to slow, and residential prices fell slightly year on year – by 0.2% for detached single-family homes and 1.3% for condominium apartments and townhouses, according to Wüest Partner indices. Residential construction was also lower than the ten-year average. The unemployment rate rose very slightly, from 3.4% on average in 2022 to 3.6% in 2023. In the region's mountain resorts, improved weather conditions boosted overnight stays in hotels by 8.0% compared to 2022.

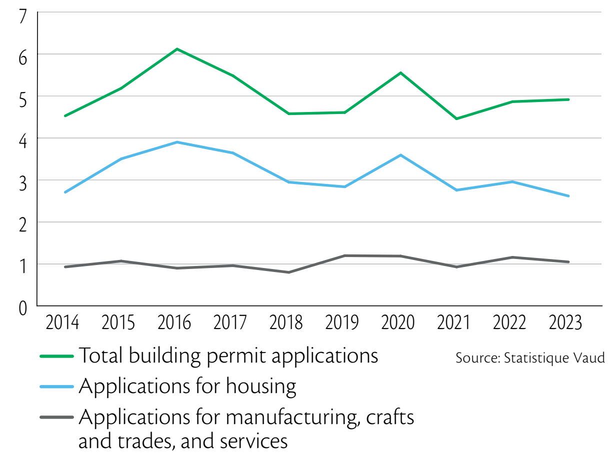
Broye-Vully

This region has experienced one of the Canton's highest rates of population growth for several years now, and the number of people living in Broye-Vully rose by a further 2.6% in 2023, the second-largest increase in Vaud. The housing vacancy rate fell from 1.8% to 1.5%. Residential construction was lower than the ten-year average, and home prices rose slightly despite higher interest rates: Wüest Partner indices show a 1.6% increase for detached single-family homes and 1.9% for condominium apartments and townhouses. The local unemployment rate fell from 3.7% in 2022 to 3.6% in 2023. Among the region's business hubs, Swiss Aeropole celebrated its tenth year of existence and continued to grow, both as a commercial airport – with the IATA airport code of "VIP", standing for "Very welcome In Payerne" – and as a technology park home to around 30 companies.

Gros-de-Vaud

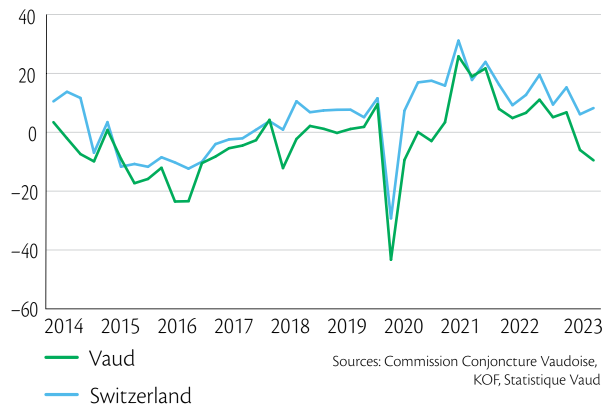
Gros-de-Vaud had been one of the Canton's fastest-growing regions from 2000 to around 2020, but its population growth (2.0% in 2023) has moved closer to the Vaud average since then. The housing vacancy rate tightened from 1.1% to 0.9%. Residential construction recovered following a dip, boosted by projects such as the Osiris eco-district in Echallens, which has the potential to house around 800 people. Osiris is being developed by the Fonds Immobilier Romand (FIR) and various partners, and welcomed its first residents in 2023. In Gros-de-Vaud's residential real-estate market, prices of detached single-

Value of work from building permit applications in Vaud
in CHF billions



Source: Statistique Vaud

Business sentiment in the retail sector
net positive responses



Sources: Commission Conjoncture Vaudoise, KOF, Statistique Vaud

family homes edged up 0.7% according to Wüest Partner figures, while condominium apartment and townhouse prices rose 2.4%. The region's unemployment rate fell from 2.1% to 2.0%, the lowest in Vaud. In the secondary sector, the new training center for construction trades in Echallens began dispensing its courses. In the primary sector, Gros-de-Vaud's agricultural development plan was greenlighted by the federal and cantonal authorities.

Jura-Nord Vaudois

This region's population rose by 1.4% in 2023 and that of Yverdon-les-Bains, Vaud Canton's second-largest city, rose back above 30,000. Although residential construction was relatively solid, the proportion of homes lying vacant fell from 1.4% to 1.2%. Jura-Nord Vaudois remains popular among homebuyers: according to Wüest Partner indices, prices for detached single-family homes (up 1.4%) and condominium apartments and townhousess (up 4.1%) rose faster than the cantonal average in 2023. The region's unemployment rate was unchanged at 3.0%. Business trends remained positive for manufacturers in segments like machinery, precision instruments, and plastic injection molding, while business levels were stable in watchmaking. In the primary sector, major crops (except potatoes) and open-field vegetables fared well.

Lausanne

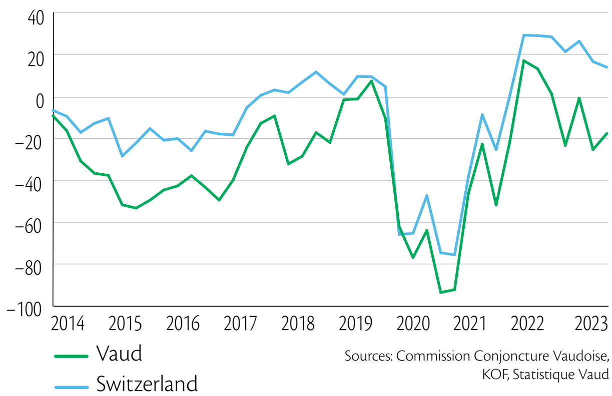
The population of the region around Vaud Canton's capital city grew by 2% last year. Its housing market remained as stretched as ever, and its vacancy rate was unchanged at 0.6% – the Canton's second-lowest figure after West Lausanne. Construction activity remained solid, with a number of ongoing projects including the Plaines-du-Loup eco-district. In the residential real-estate market, prices of detached single-family homes were up 1.1% according to Wüest Partner indices, while condominium apartment and townhouse prices were unchanged overall. The unemployment rate rose from 4.0% to 4.1%. Overall, the region's economy – which is heavily dependent on services and retail – performed well despite occasional disruptions resulting from major construction projects in the area. The region's hotels recorded a 7.8% increase in overnight stays.

Lavaux-Oron

The Lavaux-Oron region's population grew 1.0% and its housing vacancy rate fell from 1.0% to 0.9% in 2023. Although they were already high, local housing prices rose faster than the cantonal average: by 1.9% for detached single-family homes and by 2.3% for condominium apartments and townhouses, according to Wüest Partner figures. Residential construction activity remained robust, underpinned by

Sales index in the hotel and restaurant industry

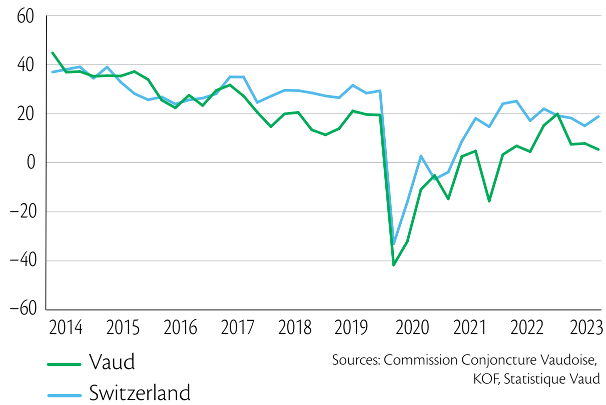
net positive responses



Sources: Commission Conjoncture Vaudoise, KOF, Statistique Vaud

Sales index in the services sector

net positive responses



Sources: Commission Conjoncture Vaudoise, KOF, Statistique Vaud

strong demand. Because of a lack of available land, some houses are being demolished to clear land for new blocks of condominium apartments or townhouses intended for sale or rent. Lavaux-Oron's unemployment rate fell from 2.5% to 2.4% and its economic outlook is good, with businesses reporting strong order books and stable pricing. However, all sectors are experiencing a shortage of staff.

Morges

The number of people living in the Morges region increased by 1.4% in 2023. In terms of residential construction, although some projects are taking place, for example in the town of Morges itself, activity is limited in the region and the proportion of homes lying vacant fell from 1.0% in 2022 to 0.8% in 2023. Prices of detached single-family homes were up 0.8% last year according to Wüest Partner, while condominium apartment and townhouse prices rose 1.5%. The region's unemployment rate was unchanged at 2.5%. Its economy is highly diverse, and most of its companies reported business conditions that were at least satisfactory. Overnight stays in hotels in the Nyon-Morges region rose by 22.8%. Businesses continued to have trouble hiring staff and struggled to find sites for manufacturing and light-industrial activities.

Nyon

The Nyon region's population grew 1.6% in 2023. Residential construction activity was solid, particularly in the rental segment. The housing vacancy rate rose slightly, from 1.1% to 1.2%, and Wüest Partner figures show that prices of detached single-family homes fell 0.7%, while condominium apartment and townhouse prices rose 2.3%. While the region is very diverse economically – it is home to the headquarters of various multinationals as well as a life sciences hub – its unemployment rate rose from 2.8% to 2.9% last year. Nyon's private school sector saw growth as institutions added new buildings. Overnight stays in hotels in the Nyon-Morges region rose by 22.8%.

West Lausanne

The West Lausanne region is undergoing rapid development, including numerous construction projects and an extension of the Lausanne tram network. Its population rose 2.2% in 2023. Despite high levels of residential construction, mainly for rental properties, the housing vacancy rate fell sharply, from 1.3% to 0.5% – the lowest in the Canton. Prices of detached single-family homes fell 1.1% according to Wüest Partner, while condominium apartment and townhouse prices rose 2.4%. The unemployment rate rose from 3.7% to 3.8%.

Riviera-Pays-d'Enhaut

This region's population increased by 2.1% in 2023. Although residential construction activity declined, the proportion of homes lying vacant remained stable at 1.2%. Regarding residential real-estate prices, Wüest Partner indices show a 0.3% decline for detached single-family homes and a 1.7% increase for condominium apartments and townhouses. The local unemployment rate rose from 3.8% to 3.9%. Hotels in the Montreux-Riviera area recorded a 7.1% rise in overnight stays. There are some major construction projects underway or planned in the region, such as the refurbishment of the Montreux Music & Convention Centre (2M2C) and the redevelopment of Grand-Rue in the center of Montreux. Montreux was also named a UNESCO City of Music and joined UNESCO's Creative Cities Network.

Economic structure by BCV region

	Aigle	Broye-Vully	Gros-de-Vaud	Jura-Nord vaudois	Lausanne	Lavaux-Oron	Morges	Nyon	Ouest lausannois	Riviera-Pays-d'Enhaut
Population at end-2023	49,205	47,143	48,115	95,950	173,876	65,135	88,437	106,963	82,666	88,813
Population growth in 2023	+2.8%	+2.6%	+2.0%	+1.4%	+2.0%	+1.0%	+1.4%	+1.6%	+2.2%	+2.1%
Proportion of Canton's population	5.8%	5.6%	5.7%	11.3%	20.5%	7.7%	10.4%	12.6%	9.8%	10.5%
Jobs (2021)	22,986	19,185	17,434	51,612	143,133	24,059	46,831	47,335	62,610	40,718
Proportion of Canton's jobs	4.8%	4.0%	3.7%	10.8%	30.1%	5.1%	9.8%	9.9%	13.2%	8.6%
Jobs in the primary sector	5.9%	9.2%	7.3%	4.7%	0.2%	5.8%	5.2%	3.5%	0.2%	1.8%
Jobs in the secondary sector	20.6%	23.7%	29.9%	28.7%	6.7%	15.0%	21.3%	15.1%	19.0%	9.9%
Jobs in the tertiary sector	73.5%	67.1%	62.8%	66.7%	93.2%	79.2%	73.5%	81.4%	80.8%	88.2%
Average unemployment in 2023	3.6%	3.6%	2.0%	3.0%	4.1%	2.4%	2.5%	2.9%	3.8%	3.9%
Change in unemployment in 2023	+0.2%	-0.2%	-0.1%	-0.0%	+0.1%	-0.1%	-0.0%	+0.0%	+0.1%	+0.1%

Sources: Statistique Vaud, FSO

Year in Review

BCV in 2023

BCV Group delivered record results for FY 2023. Revenues were up 12% to CHF 1.16bn on higher interest rates. Operating profit was CHF 541m and net profit was CHF 469m, both up 21%.

Further slowdown in global growth

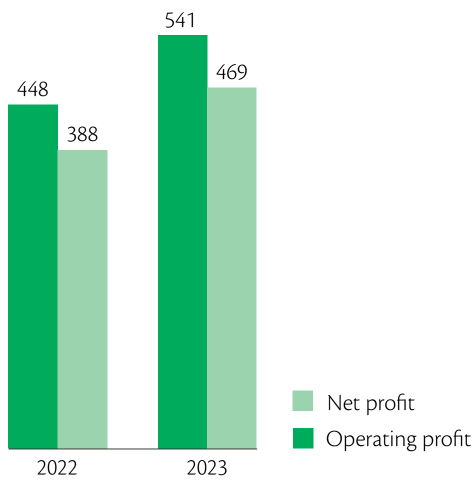
2023 did not get off to the most auspicious start, with tension and a risk of shortages in the energy market, high inflation, tighter central-bank monetary policies, slowing growth, and a risk of recession. As the year wore on, though, the situation improved. The risk of energy shortages receded and energy prices fell. Inflation also eased, giving central banks more leeway, and they started to space out their policy rate hikes or leave rates unchanged. In January 2024, the International Monetary Fund (IMF) put its GDP growth estimate for 2023 at 3.1% – a similar level to its 2023 forecast from a year earlier but down on the 2022 figure of 3.5%. The global slowdown hit the eurozone economy particularly hard, with GDP growth dropping from 3.4% to 0.5%. The German economy, which is heavily export-oriented, was particularly affected by rising energy prices.

Even though domestic demand remained robust, the Swiss and Vaud economies were not left unscathed by the global economic slowdown, with both recording weaker growth in 2023. Swiss GDP growth came in at 2.5% in 2022 and slowed to 1.3% in 2023, based on the State Secretariat for Economic Affairs' March 2024 estimates. Vaud recorded economic growth of 2.6% in 2022, with that figure falling to 0.9% for 2023, according to data published by the Commission Conjoncture Vaudoise in January 2024. However, inflation fell back below 2%, mainly owing to the rising Swiss franc, and unemployment hit a two-decade low.

The Vaud real-estate market softened in 2023 as mortgage rates rose. The number of transactions was down, and the price trend was largely flat. On average across the Canton,

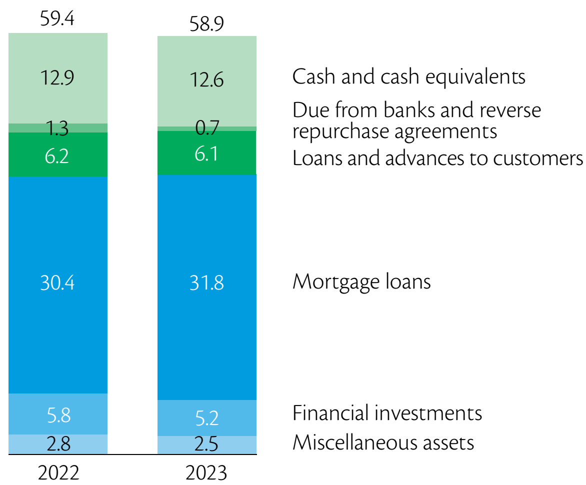
Operating and net profit

in CHF millions



Assets

in CHF billions



prices of detached single-family homes rose 1.5% year on year and condominium apartment and townhouse prices were 0.3% higher, according to Wüest Partner figures. Although these growth rates were sharply down on those recorded in prior years, prices still hit an all-time high.

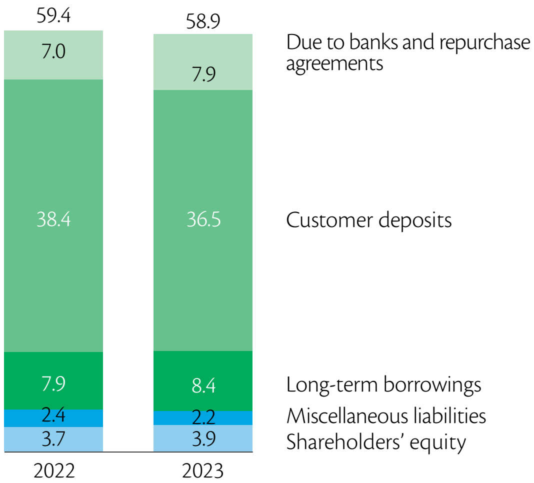
Continued growth in customer-driven business volumes

Mortgage lending expanded 4%, or CHF 1.4bn, to CHF 31.8bn in a real-estate market that was slightly softer, especially in the first half. Other loans remained stable at CHF 6.1bn (–1%), as an increase in lending to SMEs and large corporates offset continued Covid-19 loan reimbursements and a reduction in trade finance activity. On the liabilities side, customer deposits decreased 5% to CHF 36.5bn, owing primarily to a treasury withdrawal by a large institutional client.

The Group's assets under management rose by 4%, or CHF 4.1bn, to CHF 112.9bn. Net new money totaled CHF 539m on inflows across all business lines (individuals, SMEs, large corporates, and institutional clients) less the abovementioned treasury withdrawal and an outflow concerning the custody-only assets of another institutional client. The Bank's investment performance drove AuM up by CHF 3.5bn.

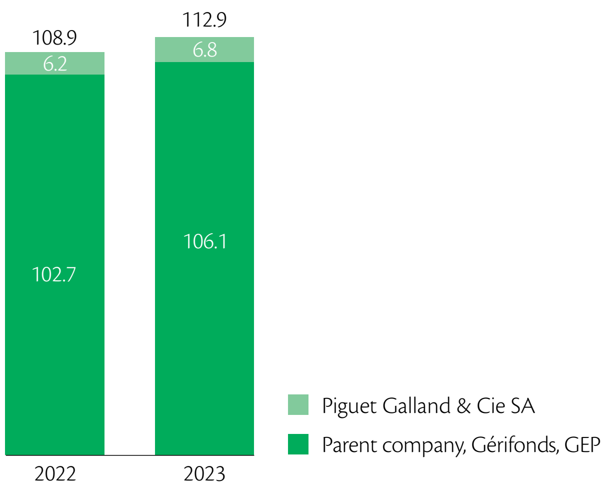
Liabilities and shareholders' equity

in CHF billions

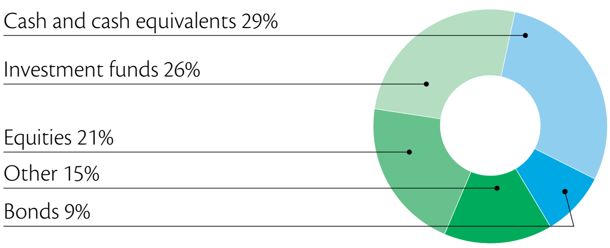


Assets under management

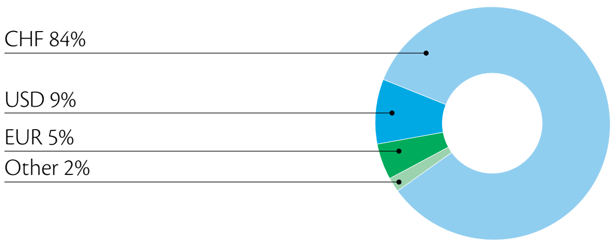
in CHF billions



Assets under management by investment type



Assets under management by currency



Financial results

Total revenues were up 12% year on year to CHF 1.16bn. Net interest income grew 28% to CHF 596m on higher interest rates. Fee and commission income was stable at CHF 339m (–1%), as stronger business in the personal banking segment offset the impact of a reduction in trade finance exposures due to the current geopolitical situation. Net trading income was stable at CHF 190m (+1%). Other ordinary income declined 19% to CHF 35m, reflecting a real-estate disposal in 2022.

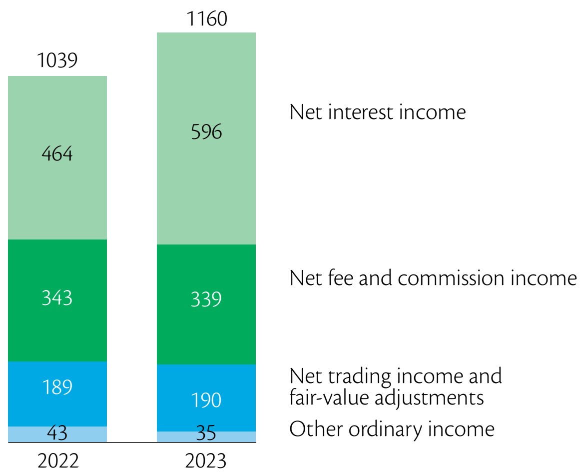
Operating expenses rose 5% to CHF 541m. Personnel costs were up 3% to CHF 364m. Other operating expenses grew 8% to CHF 177m, reflecting higher costs on IT and financial information providers as well as the general inflationary environment. Depreciation and amortization increased 9% to CHF 76m. Operating profit was up 21% to CHF 541m.

The Bank recorded a tax expense of CHF 74m. Net profit was up 21% to CHF 469m. That corresponds to an ROE of 12.5% – one of the highest in BCV's peer group.

The cost/income ratio improved from 56.6% to 53.2%. The net interest margin increased from 0.79% to 1.01%. Shareholders' equity rose 4% to CHF 3.9bn. The Group's Common Equity Tier 1 (CET1) ratio at 31 December 2023 was 17.9%, and the leverage ratio was 5.6%.

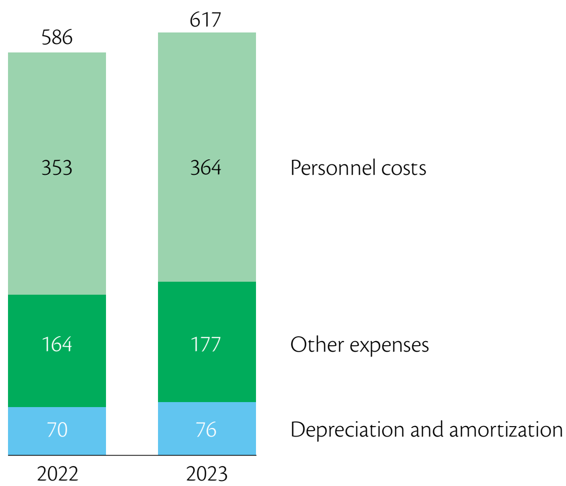
Revenues

in CHF millions



Operating expenses, depreciation, and amortization

in CHF millions



Business sector overview

Retail Banking

The Retail Banking Sector experienced a strong business trend, as in 2022. The mortgage book expanded by 3% to CHF 9.9bn despite rising interest rates and the softening real-estate market, particularly in the first half of the year. Customer deposits continued to expand, reaching CHF 12.0bn (+2%). Sector revenues rose 20% to CHF 231.5m, driven by positive interest rates. The sharp rise in revenues underpinned a 56% jump in operating profit to CHF 79.5m. The Digital & Multichannel Banking Department, part of the Retail Banking Sector, continued to build out its offering and rolled out around a dozen new features and functions across all channels.

Corporate Banking

The Corporate Banking Sector achieved firm business growth in 2023, overcoming the sluggish economy. The SME segment, which drives the Sector's business, held up well despite the Swiss franc's continued rise. The Real-Estate segment also gained momentum, even though the property market softened in the first half, while the business trend was firm in Large Corporates. Trade finance activity continued to be impacted by a lower risk appetite resulting from the current geopolitical tensions. The decline in commodity prices also pushed down volumes. Lending and commitments grew to CHF 19.5bn, while deposits decreased 3% to CHF 12.0bn, owing primarily to a treasury withdrawal by a large institutional client. The Sector's revenues increased by 4% to CHF 273.3m, and operating profit rose 5% to CHF 162.0m. The corporate loan book remained healthy, and new provisioning needs were low throughout the year.

Wealth Management

The Wealth Management Sector had a solid year in 2023 thanks to the return of positive interest rates as well as to the financial market recovery after a very tough 2022. With both private-banking and institutional clients increasingly drawn to socially responsible investing, the Sector continued to work actively to keep pace with best practices in this area. The Sector's assets under management rose 3% to CHF 80.3bn thanks in part to the financial markets' positive performance. Sector revenues and operating profit were both sharply up, with revenues gaining 12% to CHF 438.4m and operating profit up 23% to CHF 205.5m.

Trading

BCV's Trading Sector focuses on customer-driven transactions for personal-banking and corporate clients. In 2023, the Sector's currency trading business was slightly down on the previous year. Despite the decline in volumes, currency trading is still the Sector's main revenue stream. The slowdown in forex in 2023 was partly offset by an increase in structured products activity. Trading revenues were stable at CHF 58.0m, and operating profit held steady at CHF 29.8m (−1%). Risk levels stayed extremely low, as the Sector does not engage in proprietary trading.

Highlights of the year

Dividend

Given our record full-year 2023 results, the Board of Directors is recommending that shareholders approve an ordinary dividend of CHF 4.30 per share, up CHF 0.50 on the prior-year figure, for a total payout of CHF 370m. This is in line with the distribution policy that we first adopted in 2008. For the 2008 to 2023 financial years, we will have paid out a total of CHF 4.7bn to our shareholders.

We have also raised our target dividend range. This comes after we extended our distribution policy last year for another five years, as announced with our full-year 2022 earnings. Beginning with the 2023 reporting period, we intend to pay an ordinary dividend of CHF 4.30 to CHF 4.70, barring significant changes in the economic or regulatory environment or in the Bank's situation.

Credit ratings reaffirmed

Standard & Poor's maintained our long-term rating of AA, with a stable outlook, a rating we were first assigned in 2011. Moody's reaffirmed our long-term rating of Aa2, also with a stable outlook.

Very solid ESG ratings

Our longstanding commitment to sustainable economic development is reflected in the Bank's ESG scores. In 2022, MSCI upgraded the Bank's ESG rating to AA, the agency's second-highest rating, placing BCV in the "Leader" category. Ethos reaffirmed the Bank's A– rating, its second-highest score, while CDP's climate rating for the Bank is B, its third-highest score.

Change to the Board of Directors

Stefan Fuchs, took up his position on BCV's Board of Directors on 1 July 2023. He was appointed by the Vaud Cantonal Government to replace Peter Ochsner, who stepped down from the Board on 30 June 2023 after seven years of service. Upon joining the Board, Mr. Fuchs became the chair of the Audit and Risk Committee.

Key projects and investments

Key projects

In 2023, we continued to invest in our digital banking services. We made our online banking platform – accessible via BCV-net on a computer or via BCV Mobile on a smartphone – even more user-friendly and added a number of new features.

We continued to execute on our corporate social responsibility strategy. We made progress in a number of areas, including socially responsible investing (SRI), lending, reducing our direct environmental footprint, and being a responsible employer. In SRI, we continued to build out our product range for all customers, integrate ESG criteria into our investment products, and further develop the partnership we entered into in 2020 with Ethos, a foundation that plays a leading role in SRI in Switzerland. And in the area of social responsibility, we put in place a range of employee benefits designed to enhance our employer value proposition and help us hire and retain talent. We intend to press ahead on all these initiatives going forward.

Investments

In recent years, we have been investing regularly in our IT system, spread over infrastructure, equipment, maintenance, and development. Detailed figures are available on page 142.

Outsourcing of services

We entrusted IT service provider Kyndryl (formerly the IBM banking IT center) with carrying out activities that include data storage, operating and maintaining databases, and operating IT systems. Bank employee workstations have been provided and maintained by Swisscom since 2019. For printing and mailing banking documents to customers, our service provider is Swiss Post Solutions SA. This form of IT systems management meets the legal requirements relative to outsourcing. The maintenance and development of our banking platform are handled in-house.

In addition, BCV uses valuation models supplied by Wüest Partner (hedonic valuation functions for private residential properties and a capitalization valuation model for income-producing real estate). Our contract with Wüest Partner complies with legal requirements for the outsourcing of data storage.

Strategy and outlook

In 2019, the Board of Directors and Executive Board conducted a review of the strategy in place since 2014 and defined a new strategic plan for the years to come. This plan builds on those we have been implementing for more than ten years and positions the Bank to respond to future challenges.

The strategic plan developed in 2019 – called *vista* – aims to maintain the positive trend that the Bank's business lines have been experiencing over the past few years. It is also designed to position the Bank to respond to the main challenges we will face in the coming years, such as heightened competition, advancements in digital technology, and ever-changing customer needs.

For the business lines, we are targeting:

- above-market growth in asset management, SMEs, and onshore private banking
- at least market growth in retail banking

- a focus on the profitability of our commodities trade finance and large corporates businesses
- continued development of our other business lines.

We have identified several strategic focus areas. These goals include:

- continuing to improve our service quality along the entire value chain to create an even better customer experience
- enhancing our distribution channels (branches, digital services, and call centers) to give customers an integrated omnichannel experience
- capturing more of the cross-selling potential inherent in our universal bank business model
- implementing operational improvements through targeted measures
- increasing our attractiveness as an employer and fostering continuous skills development among our employees
- sharpening our focus on corporate social responsibility (CSR) measures, including a wider range of sustainable banking products, socially responsible investment options, and mortgage solutions.

In addition, the focus on service quality and our core values reflects our belief that a common culture shared by all employees is one of the key success factors for our strategy. From this foundation, we intend to generate sustainable growth and stable earnings going forward.

Financial targets

The Group aims to achieve sustainable growth, with revenues and operating profit trending along the same lines as in recent years. We are targeting a cost/income ratio of 55% to 57% and an ROE (based on current shareholders' equity) of 10% to 12%; we consider a CET1 ratio of 13% to be a minimum threshold.

Business trends at the main subsidiaries

Piguet Galland & Cie SA

Piguet Galland & Cie SA is a private bank with its head office in Yverdon-les-Bains and five other branch offices across French-speaking Switzerland, in Geneva, Lausanne, Nyon, Neuchâtel, and La Chaux-de-Fonds. It provides comprehensive wealth advisory services and personalized investment solutions to private and institutional clients based primarily in Switzerland.

In 2023, Piguet Galland & Cie recorded a 93% increase in net profit to CHF 13.6m. Revenues from banking operations were up 19% and operating expenses increased 8%. AuM rose CHF 604m, or 10%, to CHF 6.8bn on the financial-market uptrend and net new money of CHF 484m for the year.

Gérifonds SA

Gérifonds SA is the fund administrator for BCV and 11 other fund managers. At year-end, assets of funds under management were up CHF 1.2bn (+7%) to CHF 18.7bn, with net new money totaling CHF 534m. At 31 December 2023, Gérifonds managed 135 funds, 90 of which were registered in Switzerland and 45 in Luxembourg.

Gérifonds' 2023 revenues held steady at CHF 17.6m, and net profit fell 2% to CHF 5.1m.

GEP SA

GEP SA manages and administers the Fonds Immobilier Romand (FIR), a listed, Swiss-registered real-estate fund launched in 1953 and open to private investors. According to its latest annual report, FIR had a portfolio of 4,166 residences in 151 buildings, most of which are in the Lake Geneva region.

At 31 December 2023, total assets were CHF 1.6bn (+5%) and rental income stood at CHF 77m (+2%). In recent years, FIR has applied a highly selective growth strategy. This, coupled with its low debt ratio (13%) meant that FIR was able to weather the rise in interest rates, which weighed on the indirect real-estate investment segment.

In addition to its ongoing efforts to enhance the energy efficiency of the buildings in its portfolio, FIR purchases buildings in prime locations and embarks on new construction projects, with 96 units in the new OSIRIS eco-district in Echallens becoming available for rent in Q3 2023.

In an increasingly uncertain environment, FIR intends to keep its dividend stable while also generating capital appreciation over the long term.

Year in Review

Business Sector Reports

Retail Banking

- The Retail Banking Sector experienced a strong business trend, as in 2022. The mortgage book expanded by 3% to CHF 9.9bn despite rising interest rates and the softening real-estate market, particularly in the first half of the year. Customer deposits continued to expand, reaching CHF 12.0bn (+2%).

- Sector revenues rose 20% to CHF 231.5m, driven by positive interest rates. The sharp rise in revenues underpinned a 56% jump in operating profit to CHF 79.5m.

- The Digital & Multichannel Banking Department, part of the Retail Banking Sector, continued to build out its offering and rolled out around a dozen new features and functions across all channels.

Business and strategy

In 2023, Retail Banking employed 362 people. They serve the banking needs of over 400,000 individuals with assets of up to CHF 500,000 or mortgages of up to CHF 1.2m. In addition to current accounts, savings accounts, and home loans, BCV offers a full range of banking products such as investments, financial planning services, and trading via our online platform, TradeDirect (www.tradedirect.ch).

Most of BCV's customers first came to the Bank for retail banking services. We offer a comprehensive range of distribution channels: close to 60 branch offices providing dense coverage of Vaud, a network of around 180 ATMs across the Canton, a highly efficient call center, and one of Switzerland's most comprehensive online banking platforms, which can be accessed using a computer or smartphone.

Our retail banking operations are an integral part of our image as the bank of choice for the people of Vaud. We provide advice to customers in all phases of their lives, offering ongoing support through our broad array of products and services.

Retail Banking's experienced management and comprehensive product range also make it a key training ground for BCV's staff. Many employees working in BCV's other business areas started their careers as trainees, interns, or employees in Retail Banking. Retail continues to fulfill this role and frequently transfers staff to BCV's other divisions.

2023 business report

In the first half of the year, the Vaud real-estate market showed some signs of a slowdown in connection with the higher interest rates. While transaction volumes shrank by 15% to 20% on average, transaction prices were flat for detached single-family homes and continued to edge upward on condominium apartments and townhouses. Despite this early-year softness, the Sector's mortgage book grew by 3% to CHF 9.9bn. Customer deposits continued to expand throughout the year, expanding by 2% to CHF 12.0bn.

We kept pushing ahead on distribution-channel enhancements last year, delivering around a dozen new features and improvements such as the ability to carry out advanced transaction searches and import electronic bills into BCV-net. Our customers' needs are changing fast, particularly since remote working has become more widespread. One direct result of changing consumption patterns is that the number of connections to our digital platforms – BCV-net and BCV Mobile – has sharply risen. More than 75% of our customers now use our digital banking services, and more than nine out of every ten payments are carried out online.

Following the return to positive interest rates, the Retail

Banking Sector turned in its best performance in over ten years, with full-year revenues up 20% to CHF 231.5m and operating profit up 56% to CHF 79.5m.

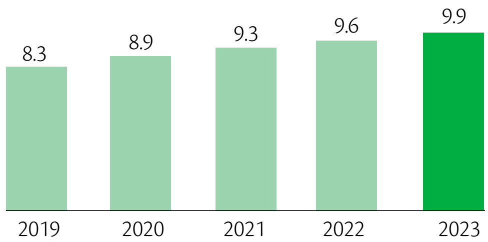
Objectives and outlook

Over the next few years, Retail Banking will aim to maintain its position as the bank of choice for the people of Vaud while constantly adapting to evolving customer expectations and market trends. We will continue implementing various initiatives to deliver an improved customer experience embracing all of our distribution channels. Our aim is to offer our customers a seamless and efficient experience across all distribution channels.

2019–2023 financial data

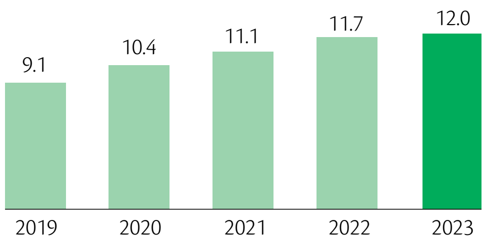
Mortgage loans

In CHF billions



Customer deposits

In CHF billions



Key figures

	2023	2022
Total revenues (CHF millions)	231.5	192.7
Operating profit (CHF millions)	79.5	51.0
Cost/income ratio (excluding goodwill amortization and write-downs)	65%	72%
ROE	25.8%	16.0%
Headcount	362	355

2022 figures were adjusted to facilitate like-for-like comparisons.

Corporate Banking

- **The Corporate Banking Sector achieved firm business growth in 2023, overcoming the sluggish economy. The SME segment, which drives the Sector's business, held up well despite the Swiss franc's continued rise. The Real-Estate segment also gained momentum, even though the property market softened in the first half, while the business trend was firm in Large Corporates. Trade finance activity continued to be impacted by a lower risk appetite resulting from the current geopolitical tensions. The decline in commodity prices also pushed down volumes.**

- **Lending and commitments grew to CHF 19.5bn, while deposits decreased 3% to CHF 12.0bn, owing primarily to a treasury withdrawal by a large institutional client.**

- **The Sector's revenues increased by 4% to CHF 273.3m, and operating profit rose 5% to CHF 162.0m.**

- **The corporate loan book remained healthy, and new provisioning needs were low throughout the year.**

Business and strategy

The Corporate Banking Sector comprises four front-line departments: SMEs, Real-Estate Professionals, Large Corporates, and Trade Finance. The product range covers all financing needs (e.g., construction loans, financing of production equipment, working capital, and international trade finance) and provides cash-management services along with instruments for hedging exchange-rate and interest-rate risk.

Corporate Banking is continuing to expand its SME customer base in order to consolidate its already-strong presence in the Vaud economy. More than half of the Canton's SMEs bank with BCV. The Sector's Large Corporates Department offers a broad range of services to companies elsewhere in French-speaking Switzerland and, on a more selective basis, in German-speaking areas of the country. The Lake Geneva region is a global center for commodities trading and is home to a large number of trading firms. BCV has recognized strengths in serving these companies, particularly in the key markets in which we specialize, such as metals, soft commodities, and energy. The Sector focuses on certain key markets and systematically monitors all of its trade finance transactions.

2023 business report

The Corporate Banking Sector's four business lines held up well in 2023 despite various economic headwinds, including the stronger Swiss franc, rising energy prices, and geopolitical tensions.

Vaud SMEs again showed resilience despite the Swiss franc's ongoing rise against the euro and the dollar. In the latest surveys, business leaders in this segment were generally optimistic, which suggests that volumes will remain similar to those seen in the past two years.

Business development in the Real-Estate Professionals segment was firm even though the local market softened in the first half, with transaction volumes down and prices flat. Transaction prices again headed upward in the second half, driven in part by firm population growth.

Large Corporates fared well despite the slowdown in global growth, especially among Switzerland's main trading partners.

Trade Finance volumes were relatively low throughout the year and are not expected to recover in the near term. They were pulled down by geopolitical tensions, declining commodity prices, and the US dollar's slide against the Swiss franc.

Overall, Sector lending and commitments rose 5% to CHF 19.5bn. Deposits continued to fluctuate, ending the year down 3% at CHF 12.0bn, owing to one client. The Corporate Banking Sector's revenues grew 4% to CHF 273.3m, while operating profit climbed 5% to CHF 162.0m. New provisioning needs were very low in 2023 despite the economic slowdown and geopolitical tensions, and the loan book remained healthy.

Objectives and outlook

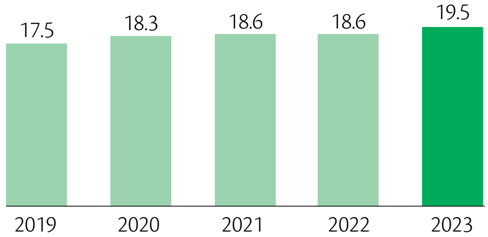
Corporate Banking will seek to increase its presence among local SMEs and Real-Estate Professionals and ensure maximum responsiveness to their needs, standing with them during these still-uncertain economic times and throughout their life cycle – from creation to succession.

The Trade Finance and Large Corporates businesses will maintain their approach, based on maximizing profitability in line with the Bank's risk profile.

2019–2023 financial data

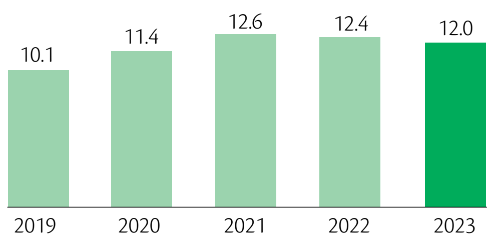
Lending and off-balance-sheet commitments

In CHF billions



Customer deposits

In CHF billions



Key figures

	2023	2022
Total revenues (CHF millions)	273.3	263.7
Operating profit (CHF millions)	162.0	154.3
Cost/income ratio (excluding goodwill amortization and write-downs)	37%	37%
ROE	10.2%	9.8%
Headcount	187	189

2022 figures were adjusted to facilitate like-for-like comparisons.

Wealth Management

- **The Wealth Management Sector had a solid year in 2023 thanks to the return of positive interest rates as well as to the financial market recovery after a very tough 2022.**
- **With both private-banking and institutional clients increasingly drawn to socially responsible investing, the Sector continued to work actively to keep pace with best practices in this area.**
- **The Sector's assets under management rose 3% to CHF 80.3bn thanks in part to the financial markets' positive performance.**
- **Sector revenues and operating profit were both sharply up, with revenues gaining 12% to CHF 438.4m and operating profit up 23% to CHF 205.5m.**

Business and strategy

BCV Group's wealth management business comprises the activities of the parent company and those of its subsidiaries Piguet Galland & Cie SA, Gérifonds SA (which has its own subsidiary in Luxembourg), and GEP SA. Within the parent company, wealth management is shared by two divisions: the Private Banking Division serves affluent and high-net-worth individuals, whereas the Asset Management & Trading Division works with institutional clients. With 549 employees in wealth management, BCV Group has a major regional presence in private banking. We are also Vaud Canton's leading institutional asset manager.

Because BCV operates in all areas of banking, efforts to attract private clients can be coordinated with other business sectors, creating valuable synergies. For example, the Bank's private banking business benefits from a steady stream of high-potential referrals from Retail Banking, whose client base includes most of the people living in the Canton, and from Corporate Banking, which is very active on the local business scene. BCV is already the leading institutional asset manager in Vaud Canton. We are now pressing ahead with our strategy to grow this business elsewhere in Switzerland. To achieve this, we are capitalizing on the occupational pension expertise we have gained through AVENA, which manages the assets of around 1,000 member companies for over 17,000 fund members. Having traditionally focused our activities in French-speaking Switzerland, we have expanded our business in the German-speaking part of the country by leveraging our investment skills and our ability to create high-value-added financial products.

Piguet Galland & Cie SA is a 99.7%-owned subsidiary of BCV. It was created following the merger between Banque Piguet & Cie SA and Banque Franck Galland & Cie SA, which BCV acquired in 2011. It operates out of Geneva, Lausanne, Yverdon-les-Bains, Nyon, Neuchâtel, and La Chaux-de-Fonds. Piguet Galland & Cie SA aims to be one of the leading wealth managers in French-speaking Switzerland.

Gérifonds SA, which is a wholly owned subsidiary, provides BCV and other partners with valuable expertise in creating, distributing, managing, and administering investment funds. Its expertise and leading position in the fund market in French-speaking Switzerland have enabled it to build a solid and rapidly expanding portfolio of clients outside BCV Group.

GEP SA, founded in 1953, is a wholly owned subsidiary of BCV. It has unique expertise in real-estate fund management. It manages Fonds Immobilier Romand (FIR), a Swiss-registered real-estate fund listed on the SIX Swiss Exchange that invests mainly in residential properties in French-speaking Switzerland.

2023 business report

Contrary to the 2022 trend, the financial markets – with the exception of China – gained ground in 2023. Overall, BCV's investment products turned in an excellent performance. The private wealth management segment continued to evolve its approach to keep pace with this mature and highly competitive market, in part by training its advisors in socially responsible investing (SRI). Mortgage lending to private-banking clients expanded by 2% to CHF 8.7bn in a local real-estate market that was slightly softer, especially in the first half. Our institutional asset management segment made further progress on SRI-related projects in response to its clients' growing interest in environmental, social, and governance (ESG) issues. Margins came under further pressure both on traditional discretionary management agreements and as a result of competition from index funds. The Sector's assets under management rose 3% to CHF 80.3bn, thanks mainly to the financial markets' positive performance in 2023. Net new money was positive on inflows across all business lines, but this figure was sharply reduced by an outflow concerning the custody-only assets of an institutional client. Wealth Management revenues increased 12% to CHF 438.4m, and operating profit rose 23% to CHF 205.5m.

Objectives and outlook

We will press ahead with the growth strategy that we implemented several years ago in private onshore wealth management, with the aim of becoming the market leader in Vaud Canton.

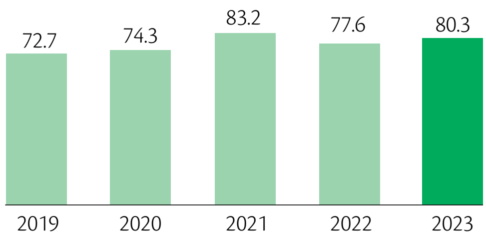
In institutional asset management, we aim to continue growing our business in Vaud and the rest of French-speaking Switzerland, as well as in the German-speaking part of the country through our representative office in Zurich. As a creator and distributor of investment products, Asset Management will continue to design innovative investment strategies. We will keep developing our product range in line with client needs and new investment styles, particularly in the area of socially responsible investing.

Piguet Galland & Cie SA is aiming to grow its business in French-speaking Switzerland's wealth management market with the ongoing support of its parent company, BCV.

2019–2023 financial data

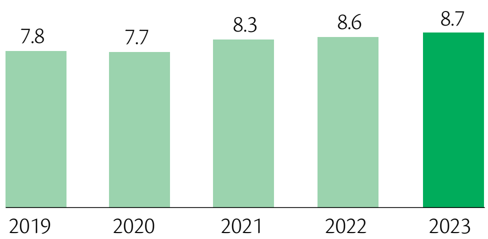
Assets under management

In CHF billions



Mortgage loans

In CHF billions



Key figures

	2023	2022
Total revenues (CHF millions)	438.4	391.5
Operating profit (CHF millions)	205.5	167.6
Cost/income ratio (excluding goodwill amortization and write-downs)	53%	57%
ROE	47.7%	39.1%
Headcount	549	549

2022 figures were adjusted to facilitate like-for-like comparisons.

Trading

- **BCV's Trading Sector focuses on customer-driven transactions for personal-banking and corporate clients. In 2023, the Sector's currency trading business was slightly down on the previous year. Despite the decline in volumes, currency trading is still the Sector's main revenue stream. The slowdown in forex in 2023 was partly offset by an increase in structured products activity.**
- **Trading revenues were stable at CHF 58.0m, and operating profit held steady at CHF 29.8m (−1%).**
- **Risk levels stayed extremely low, as the Sector does not engage in proprietary trading.**

Business and strategy

We aim to meet our customers' trading needs and to offer them a broad array of products and services. To achieve this, we have one of the largest trading floors in French-speaking Switzerland. Our traders operate directly on the SIX Swiss Exchange. Our Trading Sector focuses on investment and hedging products (currencies, equities, bonds, derivatives, and structured products) that are aimed at clients based mainly in Switzerland. Customers can also use our free BCV e-FOREX app to carry out spot, forward, and swap forex transactions, 24 hours a day, six days a week.

Our trading floor focuses on client transactions. This means that the Bank's risk levels are low.

The Sector's activities come under the Asset Management & Trading Division, which encompasses asset management, investment policy, occupational pensions, and the trading floor. That combination enables us to make the most of synergies between the trading floor and the Asset Management Department, helping us to provide investment products that are responsive to customer needs and consistent with our investment policy.

2023 business report

Global stock markets all gained ground last year, with the notable exception of Chinese markets, despite the economic slowdown and other headwinds. The SMI ended 2023 up 4% to 11,138 points although transaction volumes were down 20%.

The euro continued to lose ground against the Swiss franc; it opened 2023 at CHF 0.99 and fell to CHF 0.93 by year-end – a record low – remaining below parity for most of the year. The US dollar also weakened against the Swiss franc, dropping from CHF 0.92 to CHF 0.84 (−9%) over the course of the year. The Sector's currency trading business slowed versus 2022, a year in which forex volatility was high. Our structured products business picked up, however, helping to offset the slowdown in currency trading.

Full-year revenues for the Sector as a whole were stable at CHF 58.0m, and operating profit held steady at CHF 29.8m (−1%).

The Sector's risk profile remained very low, with an average Value-at-Risk (1-day, 99%) of around CHF 0.2m over the course of the year. In other words, at any point in the year, there was a 99% chance that our trading floor would not lose more than CHF 0.2m on a given day.

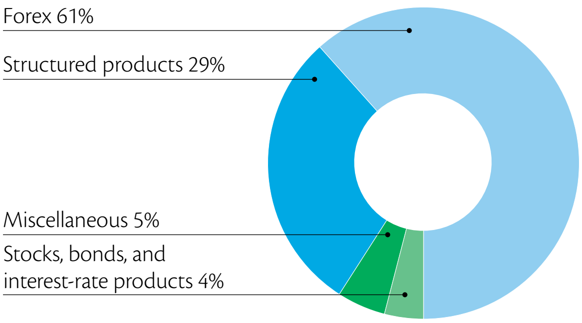
Objectives and outlook

In the coming years, the Trading Sector will further develop its range of services to focus on customers' core trading needs. Our products for both hedging and investment purposes will continue to meet strict transparency criteria.

In forex and structured products, the Sector will seek to win new customers and build on existing relationships by offering excellent service and products.

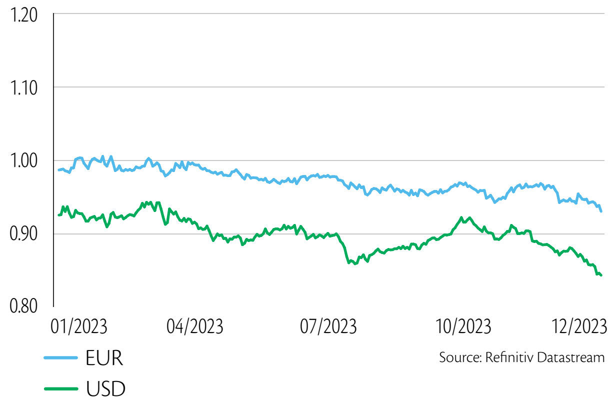
2023 financial data

Breakdown of trading income by market segment



Exchange rates

versus CHF



Key figures

	2023	2022
Total revenues (CHF millions)	58.0	57.8
Operating profit (CHF millions)	29.8	30.1
Cost/income ratio (excluding goodwill amortization and write-downs)	48%	47%
ROE	29.0%	27.4%
Headcount	50	49

2022 figures were adjusted to facilitate like-for-like comparisons.

Risk Management

Risk Management

1. General approach

1.1 Objectives

The business of banking is to take on strategic and business risk, market risk, and credit risk in order to create economic profit. Indirectly, this entails exposure to operational risk. BCV manages these risks in an integrated and coherent manner, using a process that encompasses all of the Bank's activities. The goals of the risk-management process at BCV are to ensure that:

- BCV's risk exposure is evaluated, monitored, and reported in a manner that is appropriate to the economic and regulatory environment
- BCV's risk-taking capacity is in line with its risk profile
- BCV earns optimal returns on the risks that it takes and hence on the equity capital committed.

1.2 Principles

Risk management at BCV is based on the following ten principles:

1. BCV takes on strategic and business risk, credit risk, and market risk with the aim of generating economic profit.
2. BCV seeks to minimize its exposure to the operational risk it is exposed to as a result of its activities.
3. Every risk that BCV takes must fall clearly within the purview of the Bank's businesses and be in line with the targeted risk profile.
4. The level of risk taken by BCV is in keeping with its risk tolerance with regard to net profit fluctuations and the targeted level of share capital.
5. BCV takes and maintains positions only when it knows the risks and is able to manage them.
6. BCV assesses and monitors all risks for their potential financial impact (decreases in profit and/or capital), regulatory impact (that could lead to restrictions on the right to conduct business), and impact on the Bank's reputation.
7. The same definitions, methodological approaches, and organizational principles are applied in managing risk bank-wide.
8. BCV continually refines its methods and its risk-assessment and monitoring processes, selecting the most appropriate approach for each set of risks taken.
9. BCV fosters a culture of risk management and aims to be highly skilled in this field. The Bank follows industry best practices and the recommendations of the Basel Committee.
10. BCV strives for full in-house expertise in all the risk-management models and tools that it uses.

1.3 Classification of risks

BCV monitors four categories of risk in all of its activities:

- **Strategic and business risk**, which arises from economic or regulatory changes that could have an adverse effect on the Bank's strategic choices in the case of strategic risk, or from competitive or economic changes that could have an adverse effect on business decisions for a given strategy in the case of business risk.
- **Credit risk,** which arises from the possibility that a counterparty may default. Credit risk is inherent in all lending exposure.
- **Market risk,** which arises from potential adverse changes in market parameters, particularly prices, implied volatility, and other market base effects (e.g., correlation between asset prices and market liquidity). Liquidity risk, both in terms of possible difficulties with the structural funding of activities and potential problems with short-term liquidity management, is also deemed to be a component of market risk. Market risk is inherent in all market exposure.
- **Operational risk,** which arises from a possible deficiency or failure relating to inadequate processes, people, and/or information systems, or malicious behavior. Operational risk includes the risk of non-compliance, i.e., the risk of the Bank breaching legal requirements, standards, and regulations. Operational risk is inherent in all business activity.

BCV analyzes and manages these risks on the basis of their potential impact. Three kinds of impact are considered:

- the **financial impact,** that is, a decrease in the Bank's net profit, the book value of its capital, and/or the economic value of its capital
- the **regulatory impact**, that is, an intervention by the authorities as a result of a failure by the Bank to comply with its legal and regulatory obligations
- the **reputational impact**, that is, negative publicity concerning the Bank; the severity of the impact will depend on the reaction of the Bank's main stakeholders.

1.4 Governance

All risks in all areas of the Bank are managed according to the same basic principles of governance and organization. The main responsibilities in the area of risk management may be summarized as follows:

- The Board of Directors establishes BCV's fundamental risk-management principles and decides the strategy it will pursue in taking on risk. It is also responsible for high-level oversight of the Bank's risk profile. As part of this, the Board of Directors monitors the Bank's main risk factors and exposures, including those related to the climate.
- The Audit and Risk Committee ensures that risk management at BCV is implemented and operational, as decided by the Board of Directors.
- The Executive Board is responsible for ensuring that risk-management procedures are implemented and operational, and for monitoring the Bank's risk profile. It monitors and assesses the Bank's main risk factors and exposures, including those related to the climate. As part of this, it monitors strategic and business risk and supervises the Executive Board Risk Management Committee in monitoring and reporting these risks. The committee is chaired by the Chief Financial Officer (CFO) and includes the CEO, other division heads, and the head of the Risk Management Department.
- Division heads are responsible for conducting and monitoring the activities of their divisions, regardless of whether the division has a front-line, steering, or business-support role. They have initial responsibility for overseeing, identifying, and managing the strategic, business, credit, market, and operational risks arising from the activities of their divisions.
- The CFO also assumes the role of Chief Risk Officer. The CFO, with the support of the Risk Management Department, puts forward risk-management policy and strategy, monitors the Bank's aggregate risk profile, is responsible for capital adequacy, and helps foster a culture of risk management among staff. Together with the Compliance Department, the CFO ensures that due diligence is taken to combat money laundering and the financing of terrorism, monitor market abuse, and comply with economic sanctions.
- The Credit Management Division, under the Chief Credit Officer (CCO), is responsible for analyzing risk for all types of credit risk assumed by the Bank and, up to the limit of its approval authority (see below), for credit decisions, as well as for monitoring risk exposures on a counterparty basis. The CCO is also responsible for developing and monitoring the models used to measure credit risk, particularly those used in the lending process, and for setting and implementing the criteria and rules governing lending decisions and monitoring.
- The Risk Management Department is responsible for setting up, implementing, monitoring, and adapting the Bank's oversight principles and methods for credit, market, and operational risk; monitoring the Bank's risk profile; and overseeing and executing risk reporting. It ensures that the Bank's main risk factors and exposures, including those related to the climate, are taken into consideration in these processes. The Department also ensures that the Bank's operational internal control system is effective and in keeping with the Bank's needs by coordinating the work of the entities responsible for level 2 oversight; it is also in charge of submitting all risk reports to the Bank's governing bodies. Finally, it is responsible for the overnight monitoring of market risk for BCV's trading floor.
- The Compliance Department is responsible for setting up, implementing, monitoring, and adapting the internal regulations and control system needed to combat money laundering and the financing of terrorism, monitor market abuse, and comply with economic sanctions and tax law. The Department also has oversight responsibility in the area of investor protection. It is actively involved in raising employees' awareness of the respective obligations and carries out independent checks to ensure that internal regulations are in line with the Bank's activities.
- The Security Department is responsible for setting up, implementing, monitoring, and adapting the system that keeps the Bank's operations, IT systems, and data

secure, and the people, infrastructure, and assets within the Bank safe and secure. It pays particular attention to cybercrime. It also makes sure that measures put in place to manage crisis situations and ensure business continuity remain effective and adequate over time.

2. Credit risk

Managing credit risk is a core competency at BCV. Each phase of the business of extending credit calls for particular expertise in managing risk.

- First, the lending decision involves processes and methods for analyzing credit risk that ensure an objective and factual assessment while still meeting the operational imperatives of the business.
- Second, outstanding loans are continuously monitored, not just on an individual basis but also at the level of the loan portfolio as a whole. This approach allows the credit-risk profile to be monitored to ensure that it remains consistent with strategic objectives, and makes early detection of increases in risk possible.
- Third, impaired loans are managed differently, following clearly defined procedures that are designed to assist the debtor in distress as much as possible and thereby protect the interests of the Bank, as well as those of its depositors, creditors, and shareholders.

The three phases of customer credit activities are described in more detail below.

2.1 Lending decisions

Risk strategy and credit policy

Loans to customers represent the Bank's largest asset position. BCV takes on credit risk with the aim of building a high-quality loan portfolio. Its customer credit risk stems primarily from mortgage loans to individuals and businesses, as well as other types of business loans. For each of the various customer segments, the Bank sets limits in terms of maximum exposure, types of credit services offered, and targeted average quality expressed in terms of expected loss and required capital. Credit risk exposure to other banks arises mainly from treasury management, from BCV's trading activities in over-the-counter derivatives, from securities and payment transactions (settlement), and from bank guarantees on trade-finance operations. The Bank reviews the limits applicable to each counterparty at least once a year. The risk strategy and credit policy are reviewed regularly.

Separation of powers and lending authority

Sales (i.e., front-office) functions are kept strictly separate from credit analysis and approval functions. Employees in front-office departments are responsible for developing customer relationships, and promoting and pricing loan products, whereas the Finance & Risks Division is responsible for managing relationships with and credit limits for financial institutions.

BCV risk profile

		31/12/20	31/12/21	31/12/22	31/12/23
BCV Group capital adequacy[1]	• Risk-weighted assets (CHF billions)	18.4	19.3	19.1	19.4
	• Total capital ratio	17.8%	17.3%	17.7%	18.0%
	• Tier 1 capital ratio	17.7%	17.2%	17.6%	17.9%
Non-impaired loans (parent company)	• Customer loans, on and off balance sheet[2] (CHF billions)	35.2	36.6	37.4	38.6
	• Expected loss ratio (relative to amount drawn)	10 bps	9 bps	7 bps	7 bps
Impaired loans (parent company)	• Impaired loans[3] (CHF billions)	0.2	0.1	0.1	0.1
	• As a % of total customer loans and due from banks	0.5%	0.3%	0.3%	0.3%
	• Specific provisioning ratio	49%	57%	60%	56%
Market risk in the trading book (parent company)	• Trading Dept.: VaR[4] (CHF millions, 1-day, 99%)	0.2	0.1	0.1	0.2
	• Asset mgt. nostro portfolio: VaR[4] (CHF millions, 180-day, 99%)	0.1	0.1	0.1	0.0
Market risk in the banking book (parent company)	• Sensitivity of capital to a 100-bp rise in interest rates (CHF millions)	−412.3	−399.8	−299.2	−335.4
Operational risk (parent company)	• New provisions and direct losses (CHF millions)[5]	1.6	−0.9	5.5	1.0

[1] Determined according to Basel III since 2013
[2] Excluding financial investments (bonds)
[3] Net commitments (commitments to impaired borrowers for which the provision is above 0)
[4] Average VaR for the year
[5] Including gains and changes in provisions

Credit analysis and approval, along with the monitoring of credit limits, are the domain of the Credit Management Division, headed by the CCO. Analysis of credit risk is based on tools (rating models) developed by dedicated independent teams, and on assessments by credit analysts. Some low-risk forms of lending, such as standard mortgage loans, are approved on the basis of standardized criteria through an automated credit analysis, using scores obtained from rating models defined by the Bank.

Approval limits for lending are based on the amount of the loan and the level of expected loss. Depending on the magnitudes of these two factors, a loan may require the approval of an analyst, a sector credit committee, the CCO, the Executive Board Credit Committee, or the Board of Directors. Approval limits are specified in the Bank's lending policy rule book, which is validated by the Board of Directors.

Analysis of default risk

Assessing a counterparty's default risk is the centerpiece of credit-risk analysis. Each counterparty is assigned an internal default rating that reflects its probability of default. The Bank applies seven main ratings, which are divided into a further 16 clearly defined sub-ratings. Default-risk assessment consists of applying a rating model and supplementing this evaluation with analysts' assessments, which are based on established guidelines and criteria. Different rating models are used for counterparties with different characteristics, but the choice of rating model for a particular counterparty is governed by strictly defined considerations. Barring a few exceptions, the rating models that the Bank uses meet the requirements of the Basel III Accord for Internal Ratings-Based (IRB) approaches. The models are under the responsibility of the Risk Management Department and are subject to independent validation and continuous improvement.

Analysis of collateral

For any loan, the calculated loan-to-value ratio and expected loss given default depend directly on the valuation of the collateral. Collateral is valued according to current market conditions and the assessments of real-estate experts. The valuation is reviewed at predetermined intervals and whenever certain clearly defined events occur. The Bank determines the value of real estate in accordance with the recommendations of the Swiss Bankers Association. Single-family homes are valued using a hedonic method. Multi-unit residential and commercial properties are valued on the basis of their revenue yield. When a loan is granted, the loan-to-value ratio and expected loss given default are established on the basis of the current value of the collateral. The Bank applies loan-to-value criteria that are in line with common practice in the Swiss banking industry.

Expected loss and risk-adjusted pricing

For all loan products, interest rates are determined individually, taking into account the cost of the loan and the Bank's ROE objectives. The cost of the loan includes the funding or replacement cost, the administrative cost, and the expected loss. Expected loss is determined as a function of the counterparty's probability of default (i.e., its internal counterparty default rating) and the loss given default. The loss given default depends in turn on the amount exposed to credit risk and the value of the collateral.

In trade finance, expected loss is calculated for each transaction in accordance with a model based on the Basel III slotting criteria. This approach enables the Bank to price all loans in a way that best reflects the quality of each transaction.

Collateral management

BCV has entered into collateral management agreements with most of its bank counterparties, covering all its trading activities in derivatives. These agreements significantly reduce the Bank's exposure to credit risk.

2.2 Credit monitoring

Monitoring

A system of alerts and internal renewal reviews is used to detect individual situations in which risk has increased. The system of alerts is based on close monitoring of exceeded limits and on other factors (including automatic re-ratings) that may indicate situations of increased risk or even impairment. Whenever instances of exceeded limits are detected, specific actions are taken by BCV's credit advisors and analysts. The system of internal renewal reviews sets a maximum time interval between credit analyses for positions of a given size and for counterparties for which no intervention has been required because no alert has been triggered. This time interval is set according to the nature of the credit and the type of counterparty.

Analyzing the loan portfolio

The risk profile of the loan portfolio is reviewed quarterly. For each customer segment, credit-risk exposures, risk-weighted assets, expected loss (amount and rate), provisioned commitments, value adjustments, and risk concentration indicators are analyzed and compared with prior years. Changes in the exposures on specific portfolios, including portfolios exposed to climate-related risk factors, are also analyzed. The results of these analyses are reported to management. Every year, the Bank evaluates the potential impact of adverse economic scenarios in order to assess its capital adequacy. This type of evaluation is also applied to specific loan portfolios so as to better understand their risk profiles.

2.3 Managing impaired loans

Credit recovery management policies

Impaired loans are managed by the Credit Recovery Management Department within the Credit Management Division. Each case is handled according to a strategy that has been developed using criteria which, for business borrowers, take into account the possibility of successful turnaround as well as the borrower's willingness to collaborate actively with the Bank.

Provisioning

The Bank establishes specific provisions for each impaired loan. The need for provisions is determined individually for each impaired loan based on an analysis performed according to a clearly defined procedure. In this analysis, collateral is taken at its liquidation value. This is the net amount that the Bank could expect to obtain by liquidating the collateral at current market conditions, after deducting the expenses of realizing the transaction and any costs of owning the collateral. The liquidation value is obtained by applying a haircut.

2.4 Exposure to credit risk

The parent company's total credit-risk exposure amounted to CHF 40.0bn at 31 December 2023, a year-on-year increase of 2.3%. At CHF 1.2bn, bank-counterparty lending represented 3% of total credit-risk exposure.

For non-bank-counterparty lending, the Bank's business is largely with customers located in Vaud Canton and accounts for 79% of this type of lending. BCV's corporate loan book reflects the economic structure of the Canton, albeit with a somewhat larger exposure to real estate and construction (44%).

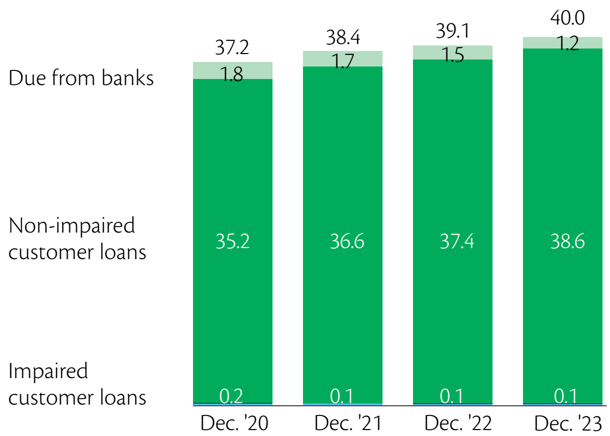
The 2023 breakdown by sector was generally stable compared with 2022. Retail and private banking clients remained the largest sector in total non-impaired loan-book exposures, at 50% at end-2023.

The low expected-loss ratio and impaired-loan level attest to the quality of the Bank's loan book. The expected loss ratio on drawn loans reflects counterparty quality, the degree of credit coverage, and the amount of undrawn limits. For non-impaired customer loans as a whole, the expected loss ratio was 7 basis points, or 6 basis points excluding trade-finance exposures. Impaired loans were CHF 121m and represented 0.3% of total exposures.

The Basel III Pillar 3 report, available on the Bank's website, www.bcv.ch, contains more detailed information on the risk profile of the Bank's loan portfolio.

Customer loans and amounts due from banks

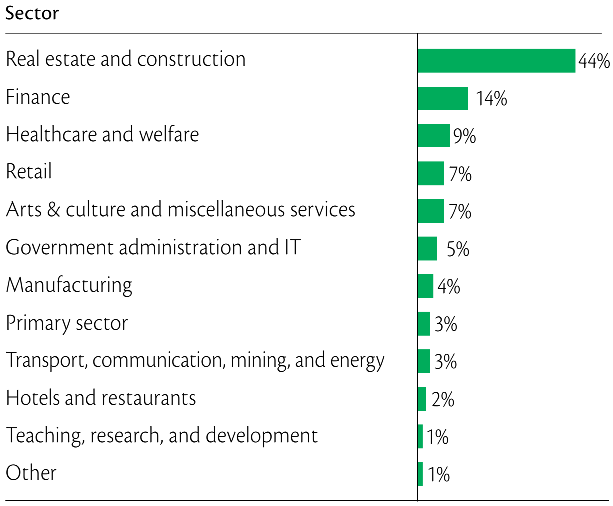
CHF billions, on and off balance sheet, for the parent company[1]



[1] Excluding financial investments

Customer loans by economic sector

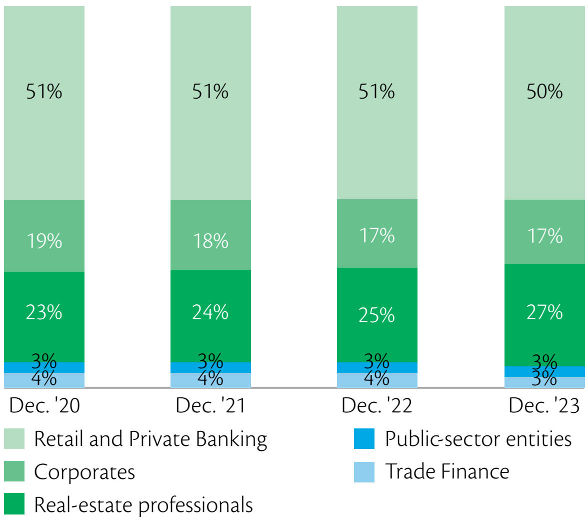
as a % of on-balance-sheet corporate loan exposure, for the parent company,[1] at 31 December 2023



[1] Excluding financial investments

Customer loans by segment

as a % of total non-impaired customer loan exposure, for the parent company



Customer loans by geographical zone

as a % of on-balance-sheet customer loan exposure, for the parent company[1]

Client domicile	31/12/2022	31/12/2023
Vaud Canton	80%	79%
Rest of Switzerland	17%	19%
European Union + North America	1%	1%
Other	3%	2%

[1] Excluding financial investments

3. Market risk

BCV takes on market risk in conducting its trading activities and also in managing its interest-rate risk on the banking book. With appropriate risk management, the Bank can expect to earn a return commensurate with the risk that it takes.

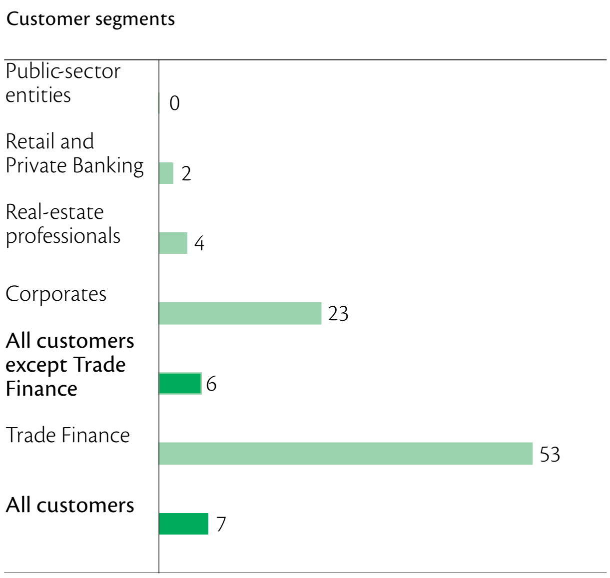
3.1 Market risk on the trading book

All trading activities are managed by the Trading Department within the Asset Management & Trading Division. The Trading Department carries out market transactions primarily in equities, fixed-income instruments, forex, and precious metals on behalf of clients. It has also acquired expertise in structured products. The Trading Department is active along the entire structured product value chain, from issuing to market-making.

All new types of products and instruments issued by the Asset Management & Trading Division are validated by the Division's Product and Instrument Committee (PIC), which is chaired by the Executive Board member in charge of the Asset Management & Trading Division and includes the head of the Asset Management

Expected loss rate

excluding workout costs, expressed in basis points of drawn customer loans, including OTC derivatives, at 31 December 2023



Department, the head of the Back Office Department, the head of the Investment Policy Department, the head of the Risk Management Department, and the head of the Trading Department. This process ensures that before a new type of product is launched, all requirements in the areas of risk management, asset and liability management (ALM), treasury management, back offices, legal, compliance, and IT have been met.

For all trading positions, overnight monitoring of market risk is under the responsibility of the Market Risk Unit within the Finance & Risks Division's Risk Management Department. This ensures that control of market risk is performed independently of the Asset Management & Trading Division. The Market Risk Unit uses the following risk control metrics in particular:

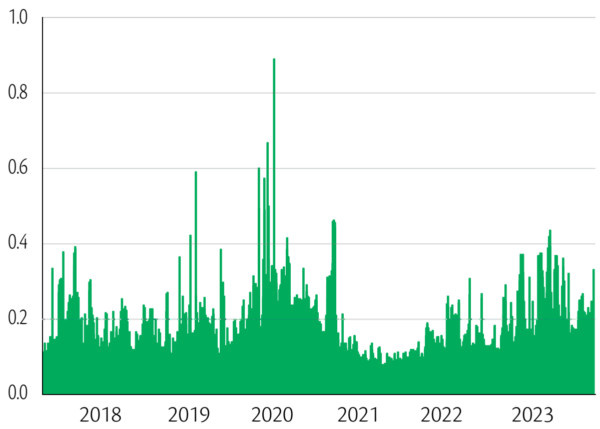
- historical overnight value-at-risk (VaR) with a one-day time horizon and a confidence level of 99%
- analysis of potential losses using static stress tests
- sensitivity metrics.

Limits have been established for each of the metrics currently in use. Limit utilization is monitored and reported daily by the Market Risk Unit.

Market risk arising from the trading book remains only a marginal source of risk for the Bank. Throughout 2023, VaR for the trading book remained low, at an average of around CHF 0.2m.

VaR in the trading portfolio (1-day, 99%)

in CHF millions



3.2 Market risk on the banking book

The main components of market risk on the banking book are interest-rate risk and liquidity risk.

3.2.1 Interest-rate risk on the banking book

Exposure to interest-rate risk on the banking book arises from differences between the size and term maturities of assets and liabilities. Movements in the yield curve and changes in customer behavior give rise to interest-rate risk, which has a direct effect on the Bank's interest income and the economic value of its equity capital.

The strategy and limits for interest-rate risk are defined by the Executive Board's Asset and Liability Management Committee (ALCO) and then approved by the Board of Directors. The ALM and Financial Management (ALM-FM) Department of the Finance & Risks Division is responsible for operational management of interest-rate risk on the banking book.

Here, the goal is to control the interest margin and the duration of equity.

Exposure to interest-rate risk is measured in terms of equity duration, yield-curve sensitivity of the economic value of equity capital, and loss of interest margin under interest-rate and client-behavior stress scenarios.

3.2.2 Liquidity risk on the banking book

Exposure to liquidity risk arises from the Bank's obligation to honor its commitments to its clients and counterparties, meet regulatory requirements, and ensure that it can continue funding its activities. Liquidity risk is addressed through short-term liquidity management and long-term funding management. BCV's strategy is to minimize liquidity risk using these two dimensions. The Bank limits its exposure to liquidity risk by ensuring that it has a sound balance sheet, including a liquidity reserve to cover the impact of a major liquidity outflow, as well as a sustainable and diversified long-term funding structure so that it can expand its activities. This involves maintaining the safety margins set by the Board of Directors relative to regulatory requirements and balance sheet ratios.

The framework for liquidity management is drawn up by the Executive Board's ALCO and approved by the Board of Directors. The ALM-FM Department, which includes the Bank's treasury management team, is responsible for operational management of long-term funding and short-term liquidity.

Exposure to liquidity risk is calculated using a broad spectrum of indicators, including components of the liquidity reserve, market indicators, regulatory ratios, and simulations of funding needs based on several scenarios.

4. Operational risk

The Bank takes a comprehensive approach to managing operational risk in general and has designed specific approaches to the key risks managed by Compliance and Security. Further information on these types of risk is provided below.

The Bank's operational-risk management concept is based on the Basel Committee's principles of best practice and is in keeping with FINMA Circular 2008/21 on operational risks. It is designed to mitigate operational risk factors by identifying areas for improvement and strengthening the Bank's operational and management control systems. In particular, the Bank aims to reduce its exposure to:

- breaches of laws, regulations, standards, and Bank directives, including the potential occurrence of a control-related risk event (i.e., resulting from a design flaw in the internal control system, non-compliant implementation of that system, or a lack of rigor in carrying out internal controls)
- erroneous or malicious actions taken by employees, suppliers, bank counterparties, customers, or other parties external to the Bank
- inadequacies of IT systems (e.g., applications, interfaces, and hardware) and communication systems (e.g., telephone, fax, email, and social networks)
- inappropriate infrastructure
- an organizational structure that is not adapted to the Bank's activities, both in terms of processes (methods, procedures, organizational structure, etc.) and governance (rules, policies, directives, manuals, etc.)
- natural hazards.

Operational risk factors can give rise to risk events. The Bank categorizes potential risk events as follows:

- non-compliance, that is, a failure to comply with laws, regulations, standards, and Bank directives
- internal fraud
- external fraud, including cyberattacks that specifically target the Bank's clients
- events related to human resources
- events linked to customer relations and business practices
- loss of operating resources
- failure of BCV's information systems, including those connected with cyberattacks
- events related to transaction and process management.

Reviews are carried out periodically to assess the extent to which the main operational risks are mitigated. These are supplemented by ad-hoc reviews, for instance if a potential new threat emerges, if FINMA submits a specific request, or if a major risk materializes at another bank. These reviews and analyses are conducted by the Risk Management Department and by functional skills centers (e.g., the Compliance and Security departments). The aim of the reviews is to reveal possible improvements to the Bank's risk-management system, and particularly to operational and managerial controls.

In addition to identifying risks, the Bank exhaustively and systematically gathers information on and analyzes the main operational events arising from the Bank's activities. These events are recorded in a dedicated operational-risk-management application and analyzed on a monthly basis. In order to monitor the Bank's operational-risk profile, tolerance limits are set for operational events in general and for each category of event.

If an important operational-risk event occurs, the Bank bases its response on clearly defined incident management measures, such as the Business Continuity Plan.

5. Key compliance risks

The key risks managed by Compliance relate to the risks inherent in money laundering and the financing of terrorism, in market abuse, in conducting a business relationship with – or receiving or transferring funds for – an individual or legal entity that is subject to economic sanctions, or that is tax non-compliant, and in providing inappropriate investment advice. It also covers the respective control-related risks, such as the possibility that there is a design flaw in the internal control system, that implementation of the internal control system is non-compliant, or that internal controls are not rigorously carried out. These control-related risks stem from the

Bank's regulatory requirement to have due diligence systems in place.

The Bank's approach to these inherent risks is in line with its position as a full-service bank with solid local roots. BCV's client relationships are representative of its locally focused core businesses and the other business activities that BCV conducts as a full-service bank, either because these activities offer strong synergies with the Bank's core businesses or because they offer solid profitability (e.g., trade finance). In all its business activities, the Bank prioritizes high-quality client relationships and does not enter into client relationships if there is a higher inherent risk in terms of money laundering and the financing of terrorism, market abuse, economic sanctions, or tax compliance, and it aims to provide appropriate investment advice.

To manage control-related risks, the Bank makes sure that the internal control system it sets up and implements is in line with its risk profile and relevant reference standards. It also ensures that the system is properly applied throughout the Bank. The internal control system is periodically reviewed so that it remains adapted to the above inherent risks as they evolve.

The Compliance Department acts as the support and control function for these areas across the Bank. It has primary responsibility for conducting regulatory intelligence and monitoring and implementing changes to compliance-related rules, procedures, and processes. In addition, it provides employees with training and ongoing support on how to implement compliance-related rules and procedures. The Compliance Department also conducts level 2 oversight, which consists of controlling front-line businesses' implementation of the regulations within the Department's purview.

5.1 Risk of money laundering and the financing of terrorism

By accepting funds and executing payment and financing transactions, the Bank is exposed to the inherent risk that one or several of its clients may be directly or indirectly involved in money laundering or the financing of terrorism. Banking supervision rules require banks to play a key role in combating money laundering and the financing of terrorism. For this purpose, they must have systems in place to detect signs of these activities. Determining the economic background of client funds and the purpose of transactions is a central component of the due diligence process, which consists of monitoring client relationships and transactions made through the Bank.

The Bank's front-line businesses take initial responsibility for identifying money-laundering and terrorist-financing risks relating to both client relationships and transactions. The Compliance Department sets out the framework to be followed within the Bank, provides tools for implementing that framework, and supports and monitors the work of the front-line businesses.

Monitoring client relationships

For each client relationship, the Bank systematically identifies the contracting party, the beneficial owner, and/or the controlling owner. The entire client portfolio is constantly monitored in order to detect any individuals who have been convicted or are suspected of money laundering or terrorist financing, as well as politically exposed persons (PEPs) listed in public databases.

Each client relationship is categorized based on money-laundering and terrorist-financing risk factors, in alignment with the regulatory requirements set out in the Swiss Federal Anti-Money Laundering Act (AMLA) and the FINMA Anti-Money Laundering Ordinance (FINMA-AMLO), and with the risk profiles of the Bank's business activities. These categories are then used to determine the extent of monitoring and the decision-making authority applicable to each client relationship.

Client relationships showing signs of an increased risk of money laundering or terrorist financing must go through an approval process before they can be entered into and when periodically reviewed. This involves various levels of management, and approval by the Compliance Department is required in each case. The approval process draws on information provided by the Bank's front-line businesses and meets the strict in-house requirements set for each business line, especially regarding supporting documentation that must be provided.

For Private Banking and Trade Finance, client relationships are approved by specific review committees when relationships are entered into and reviewed. The Compliance Department takes part in those committee meetings and has veto power on client relationships.

Monitoring transactions

The Bank categorizes client transactions based on their size and the criteria set out in the AMLA and FINMA-AMLO relative to the Bank's risk profile. Dedicated software, configured for each of the Bank's business lines, is used to detect transactions that are at a high risk of money laundering or terrorist financing. The software's detection algorithms are calibrated to identify indicators relating to transaction frequency, volume, and type, as well as any unusual client behavior. If customer advisors become aware of any indications of money laundering or terrorist financing, particularly during interactions with clients or based on information from third parties, the Compliance Department is informed directly.

Clarifications on potential increased-risk transactions are made in accordance with the strict in-house requirements set for each of the Bank's business lines, and transactions representing the highest level of risk are approved by the Compliance Department.

Reporting suspected cases of money laundering

The Compliance Department, on behalf of the Bank, systematically reports suspected cases of money laundering or terrorist financing involving a client relationship or a transaction to the Money Laundering Reporting Office (MROS).

5.2 Risk of non-compliance with economic sanctions

Ensuring compliance with economic sanctions is an important obligation for the Bank. To the best of its knowledge, the Bank complies with the various sanction regimes that it is required to follow as a result of its business activities, the most important of which are the Swiss sanctions imposed by the State Secretariat for Economic Affairs (SECO), the US sanctions imposed by the Office of Foreign Assets Control (OFAC), and the European Union's sanctions. This mainly involves sanctions against countries or specific economic sectors, or sanctions intended to freeze individuals' or companies' assets.

The Compliance Department conducts due diligence at the start of each client relationship and continuously on its entire client portfolio, in order to detect individuals or companies that are subject to applicable economic sanctions. It also monitors incoming and outgoing transactions through its detection system and blocks suspicious transactions where necessary. It likewise monitors the securities of companies that are subject to sanctions and prohibits clients from trading in those securities.

5.3 Risk of market abuse

Monitoring market abuse involves identifying instances of insider trading and market manipulation, in keeping with FINMA Circular 2013/8 and the Financial Market Infrastructure Act (FinMIA).

Trades by clients and employees are monitored through a dedicated computer system that detects any atypical returns and possible access to insider information. Individuals who are categorized as insiders based on information gathered from external databases are recorded as such in the Bank's computer systems, and their transactions are closely monitored by the Compliance Department.

The Bank's computer system also monitors trades in order to detect behavior that could constitute market manipulation, including buy and sell trades conducted on the same day on the same security.

6. Key security risks

The key risks managed by Security cover risks to IT security and to physical security:

- IT security risks, particularly risks relating to cybercrime, arise from exposure to the IT systems, data, and operations needed for the Bank to run smoothly.
- Physical security risks relate to the safety of people – clients, employees, partners, and external service providers – and the security of infrastructure, i.e., buildings and other premises containing Bank property, and all of the equipment that the Bank needs to operate.

The Bank is constantly evolving its security system to keep pace with these threats.

The Security Department is responsible for setting up, implementing, monitoring, and adapting the Bank's security system. It also makes sure that the safeguards and measures put in place to manage crisis situations and ensure business continuity remain effective and adequate over time. Its main missions are to:

- protect the Bank's IT systems, data, and operations by setting up and implementing a security system based on an analysis of threats, particularly regarding cybercrime
- keep people, infrastructure, and assets safe by setting up and implementing a range of related security measures, also based on an analysis of threats
- manage crisis situations and ensure business continuity by setting up and implementing measures to make sure that crises are handled effectively and the Bank can keep running its mission-critical business functions.

6.1 IT security risk

Three of the units within the Bank's Security Department are involved in protecting the Bank's IT systems, data, and operations. One unit is responsible for safeguarding the Bank against cybercrime, for developing the Bank's security architecture, and for managing cybersecurity incidents. A second unit covers the operational aspects of security, which include managing access rights and user IDs, ensuring continuous service and surveillance, and carrying out controls. A third unit is responsible for the Bank's security management system and for crisis and business continuity management. It also supervises the management and financial oversight of security-related projects for the Bank. The Bank has a series of security measures in place to protect its IT systems and data. The measures are based on an analysis of the Bank's inherent exposure to threats, or to potential risk events, and are adapted to the Bank's specific needs and areas of business. The main threats and mitigating measures are summarized below.

Risk of system hacking and unauthorized access to data. Potential risk events include intrusions (e.g., as a result of malware or an insider's malicious intent) and attacks (e.g., denial of service) aimed at making certain IT channels unusable or causing a massive data breach. To limit this risk, the Bank has put in place a security system providing constant surveillance; it records and analyzes hacking attempts, conducts IT security intelligence, hires external providers to test the resilience of its IT systems, and works closely with the Swiss federal authorities in charge of combating cybercrime, such as the National Cyber Security Center (NCSC). In addition, it has a crisis management plan, which is regularly tested and updated.

Risk of data theft or the breach of client data privacy. Potential risk events include a massive leak of confidential data by one or more employees of the Bank or by external individuals. Access to client data is centrally managed and access rights are granted strictly on a need-to-know basis to limit this risk. Confidentiality levels are set by type of client data, and access is restricted accordingly. The Bank also controls all outgoing data streams (e.g., internal emails, internet, USB flash drives, and CDs) using data loss prevention technology, and an alert is triggered if client-identifying data are detected.

Risk of client identity theft. Potential risk events include the theft of client usernames and passwords or the misuse of resources made available to clients (e.g., payment software) in order to conduct fraudulent transfers of client funds. To limit this risk, the Bank puts in place various procedures adapted to each channel and client segment; these include client-authentication procedures, aimed in particular at ensuring the non-repudiation of transactions, and transaction-confirmation procedures. For BCV-net and TradeDirect, strong authentication is applied, and the level of protection is routinely reassessed. At the same time, the Bank regularly seeks to raise clients' awareness of the risks of hacking through articles, recommendations, and other information published on its website, bcv.ch.

6.2 Physical security risk

The Security Department has a unit responsible for protecting people, physical assets, and infrastructure within the Bank.

The Bank has implemented a series of measures to keep its people, assets, and infrastructure safe and secure. The measures are based on an analysis of the Bank's inherent exposure to threats, or to potential risk events, and are adapted to the Bank's specific needs and areas of business. The main threats and mitigating measures are described below.

Risks to personal safety. Potential risk events include accidents and verbal and physical attacks. To limit these risks, the Bank applies the Swiss government's directives on workplace health and safety and on prevention. It takes steps to raise employees' awareness and trains first aiders at its main sites. The Bank also focuses its efforts on managers, raising their awareness by providing training and putting in place employee monitoring tools.

Risk of physical theft. Potential risk events include the theft of assets, goods, or documents by individuals from inside or outside the Bank. Access to certain areas of the Bank's premises is restricted and buildings are kept under constant surveillance to limit this risk. It is also insured against theft and raises branch employees' awareness of the issue through training.

Risk of damage to infrastructure. Potential risk events include a loss of operating resources as a result of events like a fire, power outage, pandemic, or natural disaster. To limit this risk, the Bank performs daily backups to its two data centers and has a data recovery plan that is tested regularly. In addition, the Bank has plans in place to ensure the continuity of critical business functions in the event of situations like a pandemic or a disaster. It also performs annual checks and updates on critical infrastructure.

7. Climate-related risk

7.1 Introduction

The socioeconomic impacts of the physical hazards caused by climate change and of the transition to a low-carbon economy are increasing and can affect all economic agents, including the financial sector and banks.

The Bank integrates climate-related risk into its risk-management framework, in order to protect its interests and those of its clients. In keeping with the recommendations of supervisory authorities (i.e., FINMA and the Basel Committee), the Bank considers the physical hazards caused by acute and chronic climate events and the transition to a low-carbon economy to be risk factors that could impact all categories of risk to which the Bank is exposed – strategic and business risk, credit risk, market risk, and operational risk.

The Bank's Risk Management Policy and Strategy, which is approved each year by the Board of Directors and the Executive Board, defines how these climate-related risk factors should be taken into consideration when assessing risks, and assigns related responsibilities. The regular risk reports submitted to the Board of Directors and Executive Board include information on monitoring the Bank's exposure to climate-related risk factors.

The key aspects of the Bank's approach to managing climate-related risks are described below; they are presented in accordance with the recommended structure and the fundamental principles for effective disclosure established by the Task Force on Climate-related Financial Disclosures (TCFD).

7.2 Governance

The Bank manages climate-related risks according to the same basic principles of governance and organization as all other risks (see section 1.4 above). Under these principles, risk-monitoring authority is assigned to the Board of Directors, while the Executive Board is given responsibility for managing and assessing risks, and the Risk Management Department for developing risk-assessment methods. This explicitly includes climate-related risk factors.

The Board of Directors establishes the Bank's policy for managing risk and determines the strategy the Bank will pursue in taking on risk. It is also responsible for high-level oversight of the Bank's risk profile. As part of this, the Board of Directors monitors the Bank's main risk factors and exposures, including those related to the climate. This monitoring is conducted each quarter as part of the quarterly risk reports and on an annual basis as part of the analysis of key risks.

The Executive Board is responsible for ensuring that the risk-management procedures are implemented and operational, and for monitoring the Bank's risk profile. It monitors and assesses the Bank's main risk factors and exposures, including those related to the climate. This monitoring is conducted each quarter as part of the quarterly risk reports and on an annual basis as part of the analysis of key risks.

The Risk Management Department is responsible for developing and improving the Bank's risk-control principles and methods, monitoring the Bank's risk profile, and executing risk reporting. The Department ensures that the Bank's main risk factors and exposures, including those related to the climate, are taken into consideration in these processes.

7.3 Risk management

The Bank's approach to managing climate-related risks is fully aligned with its overall risk-assessment principles. The physical impacts of climate change and the transition to a low-carbon economy are among the main risk factors capable of adversely affecting the Bank's exposure to risk. Climate-related risk can therefore be defined as the possibility that a risk event will occur as a result of changes in one or several climate-related risk factors that, in turn, will have a negative impact on the Bank. Climate-related risks may relate to strategic, credit, market, or operational risk.

Climate-related risk factors

- *Climate-related laws, regulations, and the range of societal norms* may evolve significantly in order to speed up the transition to a low-carbon economy. This could involve tighter restrictions on emissions from buildings, vehicles, and industry, stricter disclosure requirements, significant adverse effects on the public image of certain companies and business sectors, and even an increase in climate-related lawsuits.
- *Economic development* may be heavily affected by structural shifts in the economy that occur in response to changes in demand for goods and services and to technological progress. The transition to a low-carbon economy will alter the value of resources; sectors and industries (e.g., the automobile sector) will undergo transformations, and jobs will be relocated.
- *Climate-related physical hazards* are becoming increasingly frequent and more intense as a result of global warming, particularly in certain regions of the world. There are two main types of climate-related physical hazards:
  - extreme weather events, such as storms (causing flooding, landslides, and avalanches) heat waves, droughts, and forest fires (i.e., acute physical hazards)
  - longer-term changes in the climate leading to desertification, coastal erosion, coastal flooding, and less snowfall and melting glaciers in mountain areas (i.e., chronic physical hazards).

As a full-service bank with solid local roots, BCV is exposed to climate-related risk factors in various ways: through its strategic positioning, daily business decisions, lending activities, trading and investment activities, and operational procedures. In all of the Bank's business activities, climate-related risk factors are an integral part of managing risks. Detected sources of exposure are analyzed and monitored by the Board of Directors and Executive Board, in particular via risk reporting.

7.4 Strategy

The Bank operates primarily in Vaud Canton, which has a diverse, strongly services-oriented economy; the transition to a low-carbon economy has less of an impact on services than on manufacturing. The Bank makes sure its strategy and objectives are consistent with the commitments made by the Swiss government and Vaud Cantonal Government to combat global warming (i.e., both current commitments and the roadmap to 2030 and 2050 targets).

Below is an assessment of climate-related risk factors for the main sources of exposure: the Bank's lending activities, trading and investment activities, and operational procedures.

Lending activities

The Bank's lending activities mainly comprise mortgage financing, primarily in Vaud Canton, and corporate financing (primarily to companies located in Vaud, but also to select large corporates throughout Switzerland and, to a limited extent, through its international trade-finance activities).

As the Bank's core region has little exposure to climate-related physical hazards, it prioritizes analyzing transition-related risk factors. When assessing credit risk, the Bank systematically examines and monitors the proportion of its exposure that could be put at an increased risk of default by transition-related risk factors. The main exposures are as follows:

- Mortgage exposures: The proportion of residential real-estate financing with a heightened exposure to transition-related risk factors is deemed to be very low (less than 5% of total exposures) and trending downward. Most of these exposures are loans granted to clients with a default rating below the portfolio average and are on residential properties (i.e., rental properties, single-family homes, and condominiums) that were built before the year 2000 and use fuel oil or natural gas as the main energy source for heating. The impact of climate-transition risk factors on the Bank's risk of credit loss is considered marginal. In its mortgage lending, the Bank helps to fund the energy transition by offering clients preferential interest rates on environmentally friendly real-estate purchases and green renovations. In line with the relevant guidelines published by the Swiss Bankers Association, BCV advisors address the question of energy efficiency, and its importance, with their clients when discussing home financing for properties that meet the Bank's criteria for necessary renovation work.
- Corporate exposures (excluding trade finance): The proportion of corporate loans granted to companies in sectors most affected by the energy transition is moderate (around 20%); these loans are not concentrated in any one sector, and no loans are granted to companies involved in fossil-fuel production. Most of the companies concerned are Swiss companies active in air, sea, or road transportation, construction, manufacturing, and chemicals and pharmaceuticals. The impact of transition-related risk factors on their default risk is deemed to be low and is factored into each individual credit-risk analysis. BCV's corporate lending process now includes a specific analysis of environmental and social risks.
- Trade-finance exposures: Financing of fossil-fuel-derived commodities makes up around 25%–30% of the Bank's trade-finance business (in US dollar terms). A large proportion of this exposure is to liquid and gas petroleum products, while a smaller proportion relates to steam coal (concentrated on trade to developing countries that cannot yet undertake the energy transition). All of this financing is transaction-based and granted for terms of under a year; transition-related risk factors have no material impact on the Bank's risk of credit loss. In 2019, the Bank committed to reducing its transaction-based exposure to coal at a slightly faster pace than in the Paris Agreement-compatible scenario (i.e., the rate at which global coal use needs to be phased out of the energy mix in order to meet the emissions target set out in the Paris Agreement, as defined by the International Energy Agency).

Trading and investment activities

Climate-related risk factors have only a limited impact on market risks. The Bank does not have a proprietary trading business and does not invest in a portfolio of equity holdings. For the purposes of liquidity management, the Bank has a portfolio of investment-grade financial investments, which is not concentrated on any one sector and mainly comprises securities issued by the Mortgage-Bond Bank of the Swiss Mortgage Institutions and the Central Mortgage-Bond Institution and bonds issued by the Swiss federal government, Swiss cantons, and other, supranational state entities.

As part of its asset-management activities, BCV makes investments at the request of its private and institutional clients. The value of these client-driven investments may be affected by climate-related risk factors, such as stricter carbon emission laws, adverse public-image trends for certain business sectors and/or companies, changes in the value of resources, and extreme weather events like storms and heatwaves.

Since 2021, the Bank has asked its personal-banking clients with discretionary or advisory agreements about their expectations in terms of incorporating environmental, social, and governance (ESG) criteria into their investments. When evaluating whether investment portfolios are aligned with clients' investor profiles, the Bank applies non-financial criteria, in addition to conventional financial criteria, in order to monitor the approaches used in the portfolios, such as sustainable investment themes to prioritize or business activities to exclude. The Bank conducts portfolio reviews and provides reports to ensure transparency on how clients' socially responsible investing (SRI) expectations have been taken into account in their discretionary agreements. This process will be expanded to include institutional clients in 2024. In addition, ESG factors have been incorporated into the Bank's internal control system to ensure that all business lines are operating in accordance with the Bank's SRI policy. The Bank deployed this enhancement in ESG controlling and risk management in 2023, and these efforts will be stepped up in the coming years.

In 2022, BCV took part in the PACTA climate compatibility test run by the Swiss Federal Office for the Environment, which analyzed the exposure of a representative set of the Bank's asset portfolios to carbon-intensive sectors, and therefore to transition-related risk factors. The test showed that BCV's portfolios are less exposed to these sectors than the market as a whole (i.e., in comparison to the MSCI World Index and the aggregate portfolios of all banks taking part in the test). In its asset management activities, the Bank has a policy of excluding from its direct investments companies that generate 25% or more of their revenues from thermal coal mining or power generation, or from unconventional fossil fuels.

Operational procedures

Changes to climate-related legislation, regulations, and the range of societal norms will have an impact on the regulatory requirements governing the Bank's operational procedures. If climate-related transparency requirements become stricter, this could have an impact on the Bank's institutional reporting. Each year, the Bank publishes a sustainability report, which is prepared in accordance with Global Reporting Initiative (GRI) Standards, the reference for reporting on sustainable development issues. The Bank is also involved in various external initiatives and partnerships: for instance, BCV is a signatory of the United Nations Principles for Responsible Investment (UNPRI) and a member of Swiss Sustainable Finance; it takes part in the Carbon Disclosure Project (CDP) survey and has entered into a strategic partnership with Ethos. Starting with the 2024 fiscal year, the Bank will issue a climate report that follows the TCFD recommendations, as required by the Swiss federal ordinance on mandatory climate disclosures for large companies.

BCV is taking numerous measures to reduce its carbon footprint, especially when it comes to heating its buildings. It also encourages employees to walk or bike to and from work.

Although BCV is located in a region that has relatively little exposure to climate-related physical hazards, extreme weather events – such as storms, flooding, landslides, and heatwaves – may give rise to operational-risk events affecting individuals (e.g., accidents and illnesses) or operating resources (e.g., damage to buildings). The Bank keeps individuals and infrastructure safe by implementing a set of measures that are based primarily on the Swiss government directives on security planning and business-continuity planning.

7.5 Metrics and targets

BCV actively monitors climate-related risk metrics and uses standard methodologies as the basis for its approach, particularly in its lending and client-driven investment activities. For these activities, the Bank also examines other ways to add to its climate and environmental data in order to strengthen its measurement of climate-related risks.

As an example, monitoring the lending portfolio's exposure to transition-related risk factors entails:

- rating mortgage exposures based on the buildings' CO_2 emissions, calculated by modeling each building's energy use and applying specific emissions factors for the energy sources used for heating (e.g., natural gas, fuel oil, or a heat pump) and electricity
- rating corporate exposures (excluding trade finance) based on whether they are linked to climate-policy-relevant sectors (based on Battiston, S. et al., "A climate stress-test of the financial system")
- rating trade-finance exposures using an in-house methodology based on carbon-footprinting the financed goods.

In the coming years, the Bank will continue to develop its methods for assessing climate-related risks by seeking to adopt best practices and improving the data needed for its assessments.

BCV is committed to cutting its direct CO_2 emissions by at least 35% from 2019 levels by 2030. The Bank's direct emissions are published annually in its sustainability report, prepared in accordance with GRI Standards.

Principles governing the Bank's internal control system

The Bank's internal control system (ICS) was developed in accordance with the recommendations of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the Basel Committee, and pursuant to FINMA Circulars 2017/1 on corporate governance and 2008/21 on operational risk. The purpose of the ICS is to ensure that the Bank's activities are in line with its overall objectives. More specifically, the ICS enables the Bank to:

- achieve its performance objectives both in terms of profit and controlling profit fluctuations
- provide reliable information both internally and externally
- comply with legal, regulatory, and self-regulatory requirements.

The Bank has an overall ICS along with an operational ICS. The overall ICS is designed to ensure that the Bank's risk appetite is in keeping with its risk-taking capacity and that the overall risk-management framework appropriately addresses the risks identified. It comprises a set of measures and procedures that structure the Bank's operations and the orientation of its business. They include: robust governance mechanisms; a clearly defined organizational structure; coherent business goals that will ensure the Bank's longevity; established operating procedures for the Executive Board, the Board of Directors, and their committees; regular reviews of the Bank's overall and business-specific strategies, financial strategy, and risk policy (including key risk limits); and reports that are in line with the Bank's business activities and risk-management framework.

In terms of procedures, implementing an overall risk-management framework involves assigning tasks, responsibilities, and decision-making authority to employees and managers, and setting out the limits, deadlines, procedures, and rules to be followed and the forms and other documents to be used. The overall risk-management framework therefore touches upon all aspects of the Bank's operations.

The operational ICS ensures that managers and other employees comply with the operational procedures governing their work. Department heads are in charge of implementing and updating the procedures for their department and the related operational ICS, with the relevant division head having ultimate responsibility in this regard.

The operational ICS covers execution-related operational risks (EORs) and the controls put in place to mitigate them. An EOR arises from potential errors, failures, or non-compliance with rules, limits, or documentation requirements. EORs with Bank-wide relevance are referred to as key EORs. Controls are set up and documented at Bank level for each key EOR. These controls always include operational oversight by employees, conducted in the course of their work, and managerial oversight, conducted at each management level (up to the department head) to ensure that the previous level of oversight was properly carried out.

The ICS comprises three levels. The Executive Board is responsible for the first two levels (the Executive Board's ICS), while the Board of Directors oversees the third level:

- level one: operational oversight (1a) and managerial oversight (1b) based on the chain of command
- level two: controlling the appropriateness and effectiveness of level-one oversight by entities independent of the chain of command (e.g., Risk Management and Compliance)
- level three: periodic reviews of levels one and two by the Internal Audit Department, which is responsible for determining the principles, content, and schedule for these reviews.

The Executive Board assigns extensive oversight responsibility to managers, with centralized functional units providing support. The Executive Board also ensures the requisite separation of tasks to prevent conflicts of interest between level-one and level-two oversight.

Executive Board members collectively and individually attach great importance to ensuring that the operational ICS is of a high quality, effective, and adapted to the Bank's needs, and they implement the operational ICS rigorously, thereby serving as an example for department heads and all other Bank employees.

The operational ICS is set up and implemented factoring in the Bank's organizational structure, the characteristics of its business lines and functions, its risk levels, and the need to make effective use of the know-how available within the Bank.

Corporate Governance

Corporate Governance

General principles

BCV is aware of its responsibilities and meets corporate governance requirements. It strives to:

- communicate transparently. The information provided in this chapter complies with the information-disclosure requirements contained in the Corporate Governance Directive issued by the SIX Swiss Exchange.[1]

- apply the principal standards of corporate governance. BCV follows the recommendations contained in the Swiss Code of Best Practice for Corporate Governance[2] whenever they are compatible with its status as a corporation organized under public law.

- carry out regular reviews of its organization with regard to the Bank's present needs and future growth, and ensure that all members of management are involved in its operational procedures.

- materially and continuously improve the information it publishes, in particular by means of its annual report, Basel III Pillar 3 report, and sustainability report.

This chapter explains how the Bank puts these principles into practice. Additional information can be found in the Articles of Incorporation(i) and the Cantonal Act of 20 June 1995 Governing the Organization of Banque Cantonale Vaudoise (LBCV),(ii) both of which are available on the BCV website.[3]

BCV is a corporation organized under public law that is exempt from the provisions of the Swiss Code of Obligations (CO) applicable to business corporations, in accordance with Article 763, paragraph 2, of the CO. Nevertheless, in the interest of good governance and given that BCV is publicly listed on the SIX Swiss Exchange, shareholders attending the 1 May 2014 Annual Shareholders' Meeting approved the inclusion of provisions into the Articles of Incorporation(i) regarding:

- the Independent Proxy (Article 18a of the Articles of Incorporation(i))
- electronic voting (Article 18a, paragraph 5, of the Articles of Incorporation(i))
- the maximum number of positions outside BCV that may be held by members of the Board of Directors (Article 23 of the Articles of Incorporation(i)) and the Executive Board (Article 29 of the Articles of Incorporation(i))
- the duties of the Compensation, Promotions and Appointments Committee (Article 30a of the Articles of Incorporation(i))
- the length of the employment contracts of the members of the Executive Board (Article 28, paragraph 2, of the Articles of Incorporation(i))
- the compensation structure (Article 30b of the Articles of Incorporation(i))
- the approval of compensation (Article 30c of the Articles of Incorporation(i))
- unauthorized compensation (Article 30d of the Articles of Incorporation(i)).

The election and term of office of members of the Board of Directors continue to be governed by the LBCV(ii) (see Article 12). In addition, BCV is required to continue providing compensation reports in the form of a section of its annual report (Article 30e of the Articles of Incorporation(i)).

[1] See the English translation of this text on the SIX website: https://www.ser-ag.com/en/resources/laws-regulations-determinations/regulations.html.

[2] An English translation of this text, by Prof. Peter Böckli, may be found at www.economiesuisse.ch.

[3] See page 112 for the links to these documents.

1. Group structure and shareholders

1.1 Group structure

1.1.1 Group operational structure (at 31 December 2023)

Details of all BCV Group companies are shown in note 10.7 (consolidated and non-consolidated holdings) to the consolidated financial statements, on page 141. BCV is the only listed company in the Group's scope of consolidation.

1.1.2 Listed companies included in the scope of consolidation

Company name	Banque Cantonale Vaudoise
Legal status	Corporation organized under public law, established on 19 December 1845 by Council Decree of the Vaud Cantonal Parliament (Grand Conseil vaudois) and governed by the Act[ii] of 20 June 1995, as amended on 25 June 2002, 30 January 2007, 2 March 2010, and 8 December 2020
Registered office	Place Saint-François 14 1003 Lausanne, Switzerland
Stock exchange listing	BCV shares are listed on the SIX Swiss Exchange
Market capitalization	At 31 December 2023, the value of BCV's listed shares with a par value of CHF 1 was CHF 9.3bn
Security number	53.175.175
ISIN code	CH0531751755

1.1.3 Unlisted companies included in the scope of consolidation (at 31 December 2023)

The parent company's Board of Directors and Executive Board also serve as the Board of Directors and Executive Board of the Group, which is not a holding company. Furthermore, relations between the Bank and its subsidiaries are governed by a Group directive.

At the operational level, each of the subsidiaries reports to a BCV division according to the type of business in which it engages.

Upon the recommendation of the parent company's Executive Board, the parent company's Board of Directors submits proposals to the subsidiaries' boards of directors concerning the appointment of, as a general rule, the majority of the members of those boards (including the chair) and of their CEOs.

The share capital of BCV's subsidiaries and the holdings of the parent company are shown in note 10.7 on page 141 of the consolidated financial statements.

1.2 Major shareholders

At 31 December 2023, the Canton of Vaud held 66.95% of the Bank's share capital. No other shareholder is known to hold an interest of 3% or more in either the voting rights or capital. BCV Group is currently unaware of any shareholders' pacts. Registered shareholders other than the Canton of Vaud represented 19.0% of the Group's capital at 31 December 2023.

1.3 Cross-shareholdings

There are no cross-shareholdings between the Bank and any other company which exceed the limit of 5% of either the voting rights or capital.

2. Capital structure

Share capital (registered shares)	CHF 86,061,900
Authorized capital	None
Conditional capital	None
Employee stock options	None

2.1 Share capital

Information on the Bank's share capital and changes in 2021, 2022, and 2023 may be found in notes 3 and 5.12 to the parent company financial statements (pages 177 and 185). Additional information on the Group's capital is shown on page 123 of the consolidated financial statements.

At 31 December 2023, the Bank's share capital stood at CHF 86,061,900 and consisted of 86,061,900 registered shares with a par value of CHF 1.

2.2 Authorized and conditional capital

There was no authorized or conditional capital at 31 December 2023.

2.3 Capital structure at the end of the 2021, 2022, and 2023 financial years

There were no other changes in the capital structure over the past three financial years.

Number of shares

Share capital	31/12/2021	31/12/2022	31/12/2023
Share capital (fully paid-in registered shares)	86,061,900	86,061,900	86,061,900

Equity – Group

CHF millions

Equity	31/12/2021	31/12/2022	31/12/2023
Share capital (fully paid-in)	86	86	86
Capital reserves and retained earnings	2,892	2,961	3,103
Reserves for general banking risks	666	666	666
Minority interests in shareholders' equity	0	0	0
Total	**3,644**	**3,713**	**3,855**

2.4 Shares and participation certificates

Registered shares at 31 December 2023

Number of shares	86,061,900
Proposed ordinary dividend	CHF 4.30
Par value	CHF 1
Stock exchange listing	SIX Swiss Exchange
Voting rights	One voting right per share

2.5 Dividend-right certificates

BCV has not issued any dividend-right certificates.

2.6 Restrictions on transfers and registration of nominees

The terms governing transfers of registered shares are set out in Article 13 of BCV's Articles of Incorporation.

2.6.1 Restrictions on transfers

Excerpt from the Articles of Incorporation:

Article 13 – Transfers of registered shares
The transfer of any registered share and its entry in the share register shall be subject to approval by the Board of Directors. (...) If the Board of Directors does not reject the request within 20 days, the acquirer shall be recognized as a shareholder with voting rights.

The Board of Directors may refuse to register an acquirer as a shareholder with voting rights:

a) in respect of a shareholding exceeding 5% of the Bank's share capital held by a single shareholder or group of shareholders as defined by the Financial Market Infrastructure Act (FinMIA). (...) That limit shall not apply to the Canton of Vaud or any third party to which the Canton of Vaud sells part of its shareholding, or to the takeover of a company or part of a company;

b) if a shareholder does not expressly state, when requested to do so, that he/she has acquired the shares in his/her own name and for his/her own account;

c) if and so long as his/her recognition could prevent the Bank from furnishing proof of the shareholder base required under Swiss law.

End of excerpt from the Articles of Incorporation.

2.6.2 Exemptions granted during the financial year

No exemptions were granted during the financial year.

2.6.3 Registration of nominees

The Board of Directors may refuse the registration of an acquirer as a shareholder with voting rights unless the acquirer expressly states, when requested to do so, that they have purchased the shares in their name and for their own account.

2.6.4 Privileges under the articles and transfer restrictions

At any Shareholders' Meeting convened to vote on the removal of a clause relating to restrictions on the transfer of registered shares, such removal shall be decided by an absolute majority of votes attached to the shares represented, where each share shall entitle the holder to one vote (Article 11, paragraphs 3 and 4, of the LBCV[ii]), in compliance with the rules applicable to any resolution of the Shareholders' Meeting.

2.7 Convertible bonds and options

At 31 December 2023, there were no outstanding convertible bonds, warrants, structured products, or OTC options involving the BCV share and issued by BCV.

3. Board of Directors

3.1 Members of the Board of Directors

At 31 December 2023, the Board of Directors comprised only non-executive members. The Chair and members of the Board perform no other functions within BCV Group, and have not done so during the past three years.

The members of the Board of Directors maintain normal business relations with BCV and Group companies.

In accordance with Article 12, paragraph 2bis, of the LBCV[ii] and Article 21, paragraph 3, of the Bank's Articles of Incorporation,[i] the Vaud Cantonal Government (VCG) gives an appointment letter to the members that it appoints to the Board of Directors. The VCG appoints four of the seven members of the Board; its appointees in 2023 were Eftychia Fischer, Fabienne Freymond Cantone, Stefan Fuchs (who replaced Peter Ochsner on 1 July 2023), and Jean-François Schwarz. The purpose of the appointment letter is to describe the general framework of the mission entrusted to these members as VCG appointees to the Board and to define the full extent of their relationship with the Canton of Vaud in this regard. It addresses, in particular, the issues of loyally safeguarding the interests of both BCV and the Canton, complying with BCV's legal mandate, and exercising the VCG's power to appoint certain members of the Bank's governing bodies. The letter sets out the various factors that must be considered with respect to the governing bodies' organization, operation, and composition, as well as BCV's mission and strategy. Board members are called upon to ensure the implementation of a strategy that will allow the Bank to carry out its mandate under the best possible conditions, while generating a sufficient return to guarantee its financial soundness over the long term, and to contribute to defining objectives that take into account both its mission and its profitability (see also Article 24, paragraph 2, of the Bank's Articles of Incorporation[i]). It also states what the VCG expects in terms of communication with Vaud Canton, BCV's shareholders, the financial community, and the public, bearing in mind the information-exchange agreement pursuant to the above Act[ii] and the Bank's Articles of Incorporation[i] (see in particular Article 24, paragraph 2). In 2023, the Audit and Risk Committee included two Board members appointed by the VCG (Mr. Ochsner, Committee Chair until 30 June 2023, then Stefan Fuchs, who replaced him as the Committee Chair on 1 July 2023, and Jean-François Schwarz) – who therefore hold such an appointment letter – and one elected by shareholders (Jack G. N. Clemons). The Board members are assigned to the various committees on the basis of their personal and professional abilities and their preferred fields, the aim being to protect the interests of the Bank, its shareholders, and all of its partners.

The seven members of the Board of Directors are independent members within the meaning of FINMA Circular 2017/1 "Corporate governance – banks." Three members are elected by shareholders and four are appointed by the VCG. Although the four members appointed by the VCG are given appointment letters, they are independent members in that they receive compensation for any BCV board-related activities from the Bank alone and do not receive any specific instructions from the VCG.

Name Year of birth Nationality	Education	Career experience
Eftychia Fischer **1963** **Dual Swiss and Greek citizen**	Bachelor's degree in physics from Imperial College London Graduate of the Advanced Management Program (AMP) at the Wharton School at the University of Pennsylvania Certified Chartered Financial Analyst (CFA) and Financial Risk Manager (FRM)	Chair of the Board of Directors since 1 January 2022. After graduating with a Bachelor's degree in physics from Imperial College London, she began her career in 1986 as an interest-rate derivatives trader at Société Générale Strauss Turnbull in London. She then held managerial positions at firms in Paris and Zurich, including J.P. Morgan & Co., Julius Baer, and EFG International, and joined UBP in 2010 as the Head of the Treasury & Trading Division. She took on an additional role as the Head of Asset Management at UBP from 2012 to 2015. Since 2015, she has served on the Board of Vaudoise Assurances.
Jean-François Schwarz **1955** **Swiss citizen**	Master's degree in economics with a specialization in business administration from the University of Lausanne	Jean-François Schwarz was appointed to the Board by the Vaud Cantonal Government, taking up his position on 1 January 2019. He was then appointed Vice Chair of the Board by the Vaud Cantonal Government on 1 January 2020. He has over 40 years of experience in the banking sector. He began his career at BCV in 1976 in corporate lending. From 1986 to 2003, he worked for Credit Suisse in Lausanne, New York, Zurich, and Geneva, where he took on important roles in the bank's lending and SME businesses. In 2003, he returned to BCV as a member of the Executive Board with responsibility for the Corporate Banking Division, which comprises the SME, Large Corporates, and Trade Finance departments. He retired from the Executive Board in June 2017.
Jack G. N. Clemons **1966** **Dual Swiss and British citizen**	Master's degree from Cambridge University and MBA from INSEAD, France Fellow of the Institute of Chartered Accountants in England & Wales	Jack G. N. Clemons was elected by shareholders at the Annual Shareholders' Meeting held on 21 April 2016 and joined the Board of Directors on that date. He started his career in auditing and subsequently became a partner at Deloitte. He then served as Chief Operating and Financial Officer for a pan-European internet group. In 2006, Mr. Clemons joined Lausanne-based Bata, a leading global manufacturer and retailer of footwear, as Chief Financial Officer; he was later appointed CEO, a position he held until 2015. Since then, he has served on the boards of several companies and foundations.
Ingrid Deltenre **1960** **Dual Swiss and Dutch citizen**	Master's degrees in education, journalism, and biological anthropology from the University of Zurich	Ingrid Deltenre was elected at the Annual Shareholders' Meeting on 1 May 2014 and joined the Board on that date. She has been Chair of the Compensation, Promotions and Appointments Committee since 1 May 2020. Ms. Deltenre held various executive positions in publishing before becoming CEO of Publisuisse in 2000. She was appointed to head up Schweizer Fernsehen, the leading public TV broadcaster in German-speaking Switzerland, in 2004, and held this position for six years. From 2010 until 2017, Ms. Deltenre was Director General of the European Broadcasting Union. She has since joined the boards of several companies.

Fabienne Freymond Cantone **1963** **Dual Swiss and Italian citizen**	Master's degree in economics with a specialization in political economy from the University of Geneva	Fabienne Freymond Cantone was appointed to the Board by the Vaud Cantonal Government, taking up her position on 26 April 2018. Ms. Freymond Cantone began her professional career at Arthur Andersen and then worked at Banca della Svizzera Italiana. She served on and subsequently presided over the finance committee of the Nyon municipal legislature from 1998 to 2006. She then served in the Nyon municipal government until 30 June 2021, including as the head of finance from 2006 to 2011. Ms. Freymond Cantone was a member of the Vaud Cantonal Parliament from 2002 to 2018. She served on its finance committee until 2012 and became chair of the parliament's control committee in 2017. Since then, she has served on the boards of several companies and foundations.
Stefan Fuchs **1960** **Swiss citizen**	Apprenticeship in banking Degree in business economics from ESCEA Management School, Zurich Swiss-certified accountant	Stefan Fuchs was appointed by the Vaud Cantonal Government and joined the Board on 1 July 2023. He also became Chair of the Audit and Risk Committee on that date. In 1991 he was licensed by the Swiss Federal Banking Commission as a lead auditor for banks, securities firms, and investment funds. He worked for over 35 years first for the auditing and consulting firm Andersen and then for Ernst & Young (EY) following the merger of those two firms in 2002. Mr. Fuchs has acquired extensive experience through auditing assignments in banking and asset management. From 2002, he served in various audit-related executive functions at EY, and in 2017 he took over responsibility for compliance, risk management, and professional standards in the financial sector as the professional practice director in EY's financial services division. He joined the financial services committee for EY Switzerland in 2020.
Peter Ochsner **1956** **Swiss citizen**	Degree in business economics from ESCEA Management School, Zurich Swiss-certified accountant	Peter Ochsner was appointed by the Vaud Cantonal Government and joined the Board on 1 July 2016. He also became Chair of the Audit and Risk Committee on that date. Mr. Ochsner joined PricewaterhouseCoopers SA (PwC) in 1982 after gaining experience in the Internal Audit & Organization Department of the Swiss National Bank. He served on PwC's management board and headed the firm's auditing practice in Switzerland from 2006 to 2014. Mr. Ochsner is a Swiss-certified accountant and, while at PwC, was a lead bank auditor. He has extensive experience with clients in the banking and insurance industries, both in Switzerland and internationally. Mr. Ochsner retired from PwC in 2014. He stepped down from the BCV Board of Directors on 30 June 2023.
Pierre-Alain Urech **1955** **Swiss citizen**	Civil engineering degree from the Swiss Federal Institute of Technology Zurich (ETH Zurich) Postgraduate degree in railways business management from the Swiss Federal Institute of Technology Lausanne (EPFL) Courses in executive leadership, management, marketing, finance, and human resources in Switzerland and New York	Pierre-Alain Urech was elected at the Annual Shareholders' Meeting on 29 April 2021 and joined the Board on 1 January 2022. He served on the Executive Board of Swiss Federal Railways (SBB) from 1995 to 2003, and as CEO of Romande Energie from 2004 to 2019. He is currently Vice Chair of the SBB Board of Directors. Mr. Urech has extensive experience in business management and strategy, risk management, and serving on boards of directors, and has deep roots in Vaud Canton. He serves on the boards of several companies.

3.2 Other activities and business relations (at 31 December 2023)

Eftychia Fischer	• Member of the Board of Directors of Vaudoise Assurances SA, Lausanne • Member of the Board of Directors of Alberca Foundation (single family office), Bahamas • Member of the Board of Directors of the Swiss School of Archaeology in Greece • Member of the Board of Trustees, the Management Committee, and the Nomination Committee of Avenir Suisse, Lausanne and Zurich • Member of the Advisory Boards of the University of Lausanne and of ACAD, Lausanne
Jean-François Schwarz	• Member of the Board of the Fondation pour le Maintien du Patrimoine Aéronautique (FMPA), Lausanne
Jack G. N. Clemons	• Fellow of the Institute of Chartered Accountants in England and Wales • Member of the International Board and Chair of the Audit Committee of the World Wide Fund for Nature (WWF), Gland • Member of the Board of Directors of DKSH Holding AG, Zurich
Ingrid Deltenre	• Member of the Board of Directors of Givaudan SA, Vernier • Member of the University of Zurich's EMBA Executive Committee • Member of Aufsichtsrat Deutsche Post/DHL, Bonn • Member of the Foundation Board of Aide Suisse à la Montagne, Adliswil • Member of the Board of Directors of SPS Holding AG, Zurich
Fabienne Freymond Cantone	• Member of the regional committee of Radio Télévision Suisse Romande (RTSR), Lausanne, and Swiss Association of Broadcasting and Television (SRG-SSR), Bern • Committee Member of the Innovaud Association, Lausanne • Member of the Board of Directors of Transitec SA – optimized mobility, Lausanne • Committee member of EGW CCL – Central Financing Cooperative for Non-profit Housing Development, Olten • Chair of the Association Les Amis de la Rose de Nyon • Member of the following foundation boards: Fondation pour les Arts et la Culture, Fondation pour le Développement du Musée Romain, Fondation Abraham Hermanjat, Fondation Guido Comba, Nyon; Fondation Pro Vapore – Fondation pour la Sauvegarde des Huit Bateaux Belle Epoque du Lac Léman, Geneva; Fondation Rosa Helvetica, Zurich • Director of Fondation Esp'Asse, Nyon
Stefan Fuchs	• None
Pierre-Alain Urech	• Vice Chair of the Board of Directors (Chair of the Risk and Compliance Committee and member of the Personnel and Organization Committee, Ad Hoc Appointments Committee, and Political Dialogue Committee) of SBB, Bern • Chair of the Board of Directors of Télé-Villars-Gryon-Diablerets SA, Villars-sur-Ollon • Member of the Board of Directors of the Magic Mountains Cooperation cooperative, Crans-Montana • Member of the Board of Directors and the Ad Hoc Energy Committee of Compagnie du Chemin de Fer Lausanne-Echallens-Bercher SA (LEB), Lausanne • Chair of the Board of Directors of nco-ing SA, Monthey

Eftychia Fischer

Chair of the Board of Directors

Pierre-Alain Urech

Member of the Board of Directors

Stefan Fuchs

Member of the Board of Directors

Ingrid Deltenre

Member of the Board of Directors

Jean-François Schwarz

Vice Chair of the Board of Directors

Fabienne Freymond Cantone

Member of the Board of Directors

Jack G. N. Clemons

Member of the Board of Directors

3.3 Limits on external mandates

Article 23 of the Articles of Incorporation[i] sets out limits on the number of positions outside BCV that may be held by members of the Board of Directors. In short, the maximum number of positions in the management or on the boards of directors of legal entities other than the Bank that must be recorded in the Commercial Register or a similar register abroad is 15, five of which may be held in publicly traded companies. These limits do not apply to positions at companies within the Group, companies in which the Bank holds a material interest, real-estate companies, pension funds, associations, foundations, and unpaid positions.

No member of the Board of Directors exceeded either of those limits in 2023.

3.4 Election and term of office

3.4.1 Principles

Pursuant to the Articles of Incorporation, the Board of Directors is composed of seven, nine, or eleven members. The Chair and half of the other members are appointed by the Vaud Cantonal Government (Article 12, paragraph 1, of the LBCV[ii] departs from Articles 698 and 710 of the Swiss Code of Obligations on this point). The remaining members are elected individually by shareholders at the Annual Shareholders' Meeting, with the Cantonal Government abstaining from voting.

Pursuant to Article 12, paragraph 5, of the LBCV[ii] and in derogation of Article 710 of the Swiss Code of Obligations, the Chair and other members of the Board of Directors are appointed for a period of four years. Their terms of office may be renewed, but the total term of each member may not exceed 16 years. They are required to step down at the end of the calendar year in which they reach the age of 70.

3.4.2 First election and term of office

The table opposite shows the terms of office of the current members of the Board.

3.5 Internal organization

3.5.1 Allocation of tasks

Eftychia Fischer, who was appointed by the Vaud Cantonal Government, chaired the Board of Directors in 2023. The current Vice Chair is Jean-François Schwarz. The other members are Jack G. N. Clemons, Ingrid Deltenre, Fabienne Freymond Cantone, Stefan Fuchs (who replaced Peter Ochsner on 1 July 2023), and Pierre-Alain Urech.

Pursuant to the Articles of Incorporation[i] and the by-laws, the Board of Directors may delegate some of its responsibilities to committees drawn from among its members, except as otherwise provided by law.

The Board of Directors has set up an Audit and Risk Committee and a Compensation, Promotions and Appointments Committee. In principle, neither committee has decision-making powers. Their responsibility is to prepare Board resolutions and submit opinions. The Board of Directors may create other special committees to deal with matters that are submitted to the Board.

Members of the Board of Directors	Year of birth	Date of first election	Latest possible expiration of term of office	Appointed by
Eftychia Fischer (Chair)	1963	30 April 2020	2033	Vaud Government
Jean-François Schwarz (Vice Chair)	1955	1 January 2019	2025	Vaud Government[1]
Jack G. N. Clemons	1966	21 April 2016	2032	Shareholders' Meeting[2]
Ingrid Deltenre	1960	1 May 2014	2030	Shareholders' Meeting[3]
Fabienne Freymond Cantone	1963	26 April 2018	2033	Vaud Government[4]
Stefan Fuchs	1960	1 July 2023	2030	Vaud Government
Pierre-Alain Urech	1955	1 January 2022	2025	Shareholders' Meeting

[1] Term of office renewed for three years by the Vaud Cantonal Government in 2023
[2] Term of office renewed for four years at the 2020 Annual Shareholders' Meeting
[3] Term of office renewed for four years at the 2022 Annual Shareholders' Meeting
[4] Term of office renewed for four years by the Vaud Cantonal Government in 2022

3.5.2 Committees: composition and terms of reference

Audit and Risk Committee

In 2023, the Audit and Risk Committee was made up of Peter Ochsner (Chair until 30 June 2023), Stefan Fuchs (who replaced Mr. Ochsner as Chair upon joining the Board of Directors on 1 July 2023), Jack G. N. Clemons, and Jean-François Schwarz.

The Audit and Risk Committee is tasked with ensuring the application and operation of risk control and management at BCV. It assists the Board of Directors in assessing the various types of risk faced by BCV, and in structuring and organizing the Bank's risk-management and control processes. It draws up opinions and recommendations for the Board after conducting a critical examination on a regular or case-by-case basis of the Group's main risks, the risk-management policy and strategy, reports on risks, and compliance with regulatory capital requirements.

The Committee reviews the Bank's financial data and the reports from the Chief Risk Officer, the head of Asset and Liability Management (ALM), and the Chief Compliance Officer every quarter and the reports from the head of Internal Audit and the head of the Legal Department every six months. It has no decision-making authority and submits its conclusions to the Board of Directors.

The Committee supervises the work of both the internal and external auditors. Together with the external auditors' representative, it examines the external auditors' recommendations concerning BCV's organization and risk-assessment policy and gives its opinion on the qualifications of the internal auditors and the cooperation of Bank units in audit procedures. The head of Internal Audit also briefs the Committee on matters pertaining to BCV's organization and operations and provides a risk analysis. Furthermore, the Committee gives its own appraisal of the Internal Audit Department and reviews the status of litigation involving BCV.

The Committee meets for at least one full day every quarter to accomplish its duties, which are set out in detail in an Audit and Risk Committee Charter,[iii] and to review other matters related to its activities. An additional meeting is dedicated essentially to the closing of the annual accounts.

The head of Internal Audit, representatives of the external auditor, and the CFO attend all Committee meetings, with exceptions for certain specific subjects. Depending on the agenda, the meetings are also attended by other members of the Executive Board, the head of the Risk Management Department, the Chief Compliance Officer, the head of ALM and Financial Management, the head of Accounting, and the head of the Legal Department.

In addition to its risk-related role described above, the main task of the Audit and Risk Committee is to assist the Board of Directors in carrying out its supervisory duties and ensuring the integrity of the consolidated financial statements and financial reports. Furthermore, the Committee is responsible for ensuring the quality and independence of the work performed by both the internal and external auditors. It discusses the contents of the parent company's audit reports, together with those of the subsidiaries, as part of a consolidated review. It also oversees implementation of the auditors' recommendations. The Committee agrees on the annual and six-year audit plans for the internal auditor and is informed of the external auditor's prudential and financial audit strategy.

Apart from its regular duties, the Audit and Risk Committee attended a one-day training seminar in 2023 that focused on a number of topics related to risks and the evolving regulatory landscape, particularly in the areas of risks and new technology.

Once a year, the Audit and Risk Committee conducts a detailed evaluation of the internal (see section 3.7 below) and external auditors as well as a self-assessment.

Compensation, Promotions and Appointments Committee

In 2023, the Compensation, Promotions and Appointments Committee, which is expressly provided for in the Articles of Incorporation[i] (Article 30a), consisted of Ingrid Deltenre (Chair), Fabienne Freymond Cantone, and Pierre-Alain Urech. The Chair of the Board and the CEO take part in an advisory capacity.

A charter adopted by the Compensation, Promotions and Appointments Committee stipulates that the Committee is to aid the Board of Directors in fulfilling its oversight obligations under the LBCV,[ii] Articles of Incorporation,[i] and internal directives and regulations, especially in the areas of compensation, appointments, succession planning, corporate social responsibility (CSR), and governance.

The Committee, which has no decision-making authority, thus defines the profile required for the Chair and the other members of the Board of Directors, as well as for the CEO and the other members of the Executive Board. It draws up and prioritizes proposals for the selection and hiring of the Bank's senior executives and examines the Board of Directors' compensation system. It also prepares and prioritizes recommendations for the Board of Directors and the Shareholders' Meeting on decisions concerning the compensation of the Chair of the Board of Directors (in his or her absence), the CEO, and the Executive Board members. It also makes recommendations to the Board of Directors on the compensation of the head of Internal Audit, and on the Bank's overall compensation policy and level.

In addition, it is responsible for making recommendations on the Bank's CSR strategy for the Board of Directors and periodically reassessing the strategy's suitability. It also provides recommendations to the Board concerning CSR-related decisions and the annual sustainability report. The head of CSR regularly submits reports to the Committee on the different projects being carried out at the Bank as part of the CSR strategy.

The Committee has the additional tasks of preparing and making recommendations for the Board of Directors on decisions concerning rules of good governance, including with respect to external positions held by members of governing bodies and conflicts of interest. Lastly, it is responsible for assessing the independence of the members of the Board of Directors at least once a year.

3.5.3 Operational procedures of the Board of Directors and its committees

In 2023, the Board of Directors held 11 ordinary plenary meetings and one conference call. Each meeting generally lasted three-quarters of a day, with the exception of a few full-day meetings. The Board of Directors also went on a two-and-a-half-day retreat, in part with the Executive Board. The retreats provide the Board of Directors with the opportunity to address strategic topics in greater depth, including the Bank's overall strategy and its strategies in the areas of human resources, finance, IT, and risk management.

The Board committees meet whenever required by the business at hand. In 2023, the Audit and Risk Committee met seven times (four full-day meetings and three meetings that lasted a few hours) and took part in a full-day training seminar; the Compensation, Promotions and Appointments Committee met five times (for an average of three hours each time) and took part in a full-day training seminar.

Members of the Board of Directors	2023 attendance rates
Eftychia Fischer	100%
Jack G. N. Clemons	100%
Ingrid Deltenre	100%
Fabienne Freymond Cantone	100%
Stefan Fuchs (from 1 July)	100%
Peter Ochsner (until 30 June)	100%
Jean-François Schwarz	100%
Pierre-Alain Urech	100%

Board members receive the minutes and all documents provided to the committees. The chair of each committee informs members at Board meetings of important issues addressed by the committees and answers any questions raised by them. See section 3.5.2 above for information on the committees' operational procedures.

The CEO attends all regularly scheduled Board meetings and retreats. Executive Board members attend whenever issues relating to their divisions are on the agenda.

Where necessary, outside specialists are invited to attend Board or committee meetings to present a specific topic.

The Board of Directors has adopted an operational procedure for working with the Executive Board, with a subject-by-subject description and schedule of the tasks to be performed. This modus operandi, which is periodically reviewed, establishes the frequency with which matters are handled by the two Boards, including their committees, and in which form. The objective is good governance by ensuring that all pertinent issues are addressed at the right level, that the time available to the boards and committees is allocated optimally, and that their involvement is fully consistent with their responsibilities (see also section 3.7). Since 2009, the Board of Directors has delegated more matters to the committees. Decision-making authority nevertheless rests with the Board.

3.5.4 Performance appraisal of the Board of Directors

The Board of Directors sets itself annual objectives, taking into account the goals set forth in the Articles,(i) as well as the Bank's strategy and risk policy. The Board carries out an analysis every six months to determine whether these objectives have been achieved and reviews and improves its procedures on a regular basis.

Furthermore, the Board meets once a year to evaluate the Chair's performance.

3.6 Powers

The Board of Directors establishes the Bank's general policy. It directs the Bank's affairs at the highest level and issues the necessary instructions. It also supervises the Bank's management and those entrusted with it. In addition, it verifies the accomplishment of BCV's corporate mandate, as defined in Article 4 of the LBCV. (ii)

The Board of Directors exercises the inalienable powers described in Article 24, paragraph 4, of the Articles of Incorporation(i) and carries out all duties that have not been assigned to BCV's other governing bodies pursuant to the LBCV,(ii) the Articles of Incorporation,(i) or the by-laws.

It also has the following responsibilities:

The Board of Directors determines which companies belong to BCV Group, in accordance with the legal provisions applicable to the scope of consolidated supervision. Subject to the non-transferable and inalienable powers of the subsidiaries, it exercises the same powers relative to the Group, through the directives that BCV issues and the instructions that BCV gives its representatives within the Group.

It decides on the creation, acquisition, sale, and liquidation of subsidiaries, branches, and retail banking offices and of representative offices abroad. It validates the Bank's investment and growth policy and reviews it periodically. It ensures that systems for the preparation of financial statements and for financial planning are implemented and maintained and that these systems meet regulatory requirements and those related to internal and external audits.

The Board of Directors regulates, establishes, maintains, supervises, and regularly validates the internal control system (ICS). The relevant internal framework directive has been implemented. The Board regularly discusses its assessment of the appropriateness and effectiveness of the ICS with the Executive Board.

In terms of appointments, the Board of Directors has a number of responsibilities that fall outside the powers defined in Article 24, paragraph 4, of the Articles of Incorporation.(i) In agreement with the Vaud Cantonal Government, it determines the conditions governing the appointment of its Chair. It appoints and removes the head of Internal Audit along with all executives in that department with the rank of lead auditor or equivalent, and appoints and removes Bank executives with signing authority. It proposes its own compensation, together with that of its Chair and the Executive Board, to the Shareholders' Meeting (Article 30c of the Articles of Incorporation(i)). It sets the Bank's overall compensation level and the compensation of the head of Internal Audit. The Board also validates the conditions applicable to the Executive Board. It determines the method of signing used by the Bank, i.e., the joint signature of two persons.

The Board of Directors determines the organization and defines terms of reference by means of by-laws, the organization chart for divisions and departments, other regulations, and tables of terms of reference. In particular, it draws up the quantified terms of reference assigned to the Executive Board. It approves the Bank's lending policy upon the recommendation of the Executive Board, and the technical standards and regulations governing lending authority upon the recommendation of the Executive Board's Credit Committee. It also decides on the granting of loans to members of the Board of Directors and Executive Board.

It reviews the external auditor's annual reports and the activity reports submitted by the Internal Audit Department. It prepares the reports, accounts, and other documents and proposals to be presented to the Shareholders' Meeting and approves the strategic development and investment plans. It approves the budget and the objectives defined by the Executive Board.

The Board of Directors determines the Bank's financial strategy and risk-management policy and strategy and reviews their appropriateness periodically. In this way, it sets out the overall framework for balance-sheet and risk management for the Executive Board. It monitors implementation of balance-sheet and risk-management policy, in particular by reviewing periodic risk-assessment reports prepared in accordance with its instructions, as well as those required by the regulatory authorities.

For all other matters, refer to the operational procedure set up by the Board of Directors and described in section 3.5.3.

The Executive Board is responsible for managing and directly monitoring the Bank's business. Its powers include drawing up the terms and procedures of operations listed in Article 4 of the Articles of Incorporation,(i) as defined in Article 4 of the LBCV.(ii) It has the power to institute legal proceedings and represent the Bank in a court of law; it keeps the Board of Directors informed of any such situation.

Furthermore, the Executive Board implements the decisions made by the Board of Directors. It ensures that the organization and internal audit procedure in place at BCV meet FINMA requirements on the supervision and internal control of banks and the relevant framework directive issued in this regard by the Board of Directors; to this effect, the Executive Board issues the necessary directives and exercises appropriate oversight. It has adopted the ICS implementing directive.

The Executive Board draws up the Bank's financial strategy through the CFO, the risk-management policy and strategy through its Risk Management Committee, and the lending policy through its Credit Committee. It is responsible for preparing periodic risk-assessment reports in accordance with the instructions of the Board of Directors and prepares all documents that will be used in the decision-making and monitoring processes relative to operations and business dealings that involve special risks. It is responsible for overall risk management within the framework set by the Board of Directors, regularly verifies compliance with disclosure and reporting requirements defined by the regulatory authorities, and monitors compliance with risk-exposure limits set by the Board of Directors.

The Executive Board publishes the financial statements after they are approved by the Board of Directors. It then prepares the cash-flow and shareholders' equity statements, which it publishes in accordance with current regulations. It draws up the budget of foreseeable revenues and expenses and submits it to the Board of Directors. It sets the rates and conditions applicable to the Bank's various types of operations. It also coordinates the activities and processes of the divisions and the strategic units.

It may issue or decide to participate in public or private bond offerings for the Bank's own account; buy, sell, equip, or renovate buildings within the limits set by the Board of Directors; and carry out other own-account operations within the criteria specified by the Board of Directors. It may approve the outsourcing of activities in compliance with the FINMA directive.

Subject to the powers of the Board of Directors, it hires and dismisses employees, whose rights, obligations, and responsibilities are defined in the employee handbook. It appoints and removes senior executives in accordance with the powers granted to it under the by-laws. It makes recommendations on the Bank's overall compensation level to the Board of Directors through the Compensation, Promotions and Appointments Committee.

3.7 Monitoring the Executive Board

The Board of Directors supervises the Executive Board with the support of the Internal Audit Department, the external auditors, and the Board of Directors' committees in accordance with the operational procedures described in section 3.5.3, the objective of which is to ensure good governance.

The CEO attends all meetings of the Board of Directors, including retreats. The CFO is always present when there are items on the agenda concerning the financial statements, risks, asset and liability management (ALM), compliance, and legal matters. In principle, Executive Board members attend whenever issues relating to their division are under discussion. Executive Board members in charge of front-office divisions present a business review to the Board of Directors once a year. In addition to approving the half-year and full-year financial statements provided by the Financial Accounting Department and presented in detail to both the Audit and Risk Committee and the Board of Directors, the Executive Board sends (and in some cases presents) quarterly reports on the following issues to the Board of Directors: risks, compliance, equity, human resources, and investment policy. It also provides half-yearly reports on ALM, legal matters, and investor relations. The Board of Directors also reviews the parent company and consolidated financial statements for the first and third quarters.

The Risk Management section (pages 60–75) provides a summary of BCV's risk management procedures and an overview of its risk profile. Note 7 of the financial statements (pages 131–135) explains the principles applied by the Bank in assessing and managing risk. The Bank publishes a Basel III Pillar 3 report, which is updated every six months and can be found in the Investor

Relations section of the BCV website (www.bcv.ch/en/About-us/Investor-Relations).

A Management Information System (MIS) was approved by the Board of Directors to monitor and steer performance across the Bank, broken down by segment. Monthly reports are sent to each manager of a specific segment and presentations are made to the Executive Board each month. The MIS contains information not only on financial performance but also on business activity, margins, risk, operational indicators, and human resources. In addition, it includes market watches. At each Board of Directors meeting, the CEO provides updates on the budget and the operating environment based on the MIS reports. In addition, MIS summary reports are presented to the Board every quarter.

No member of the Board of Directors belongs to the Executive Board or exercises any management function whatsoever at the Bank or its subsidiaries, in compliance with the principle of independence stipulated in Swiss banking regulations.

Internal Audit Department

The Internal Audit Department is a constituent entity of BCV pursuant to Article 14 of the Articles of Incorporation.(i) It reports directly to the Board of Directors. It performs regular audits of all the Bank's operations and has an unlimited right to access information for this purpose. Its organization, sphere of operations, procedures, and cooperation with the external auditors are defined in its regulations. The Department is independent of the Executive Board. Its responsibilities extend to all entities directly or indirectly controlled by the Bank in the areas of banking, finance, and IT.

Every year, the head of the Internal Audit Department coordinates with the external auditors to draw up a six-year plan. That annual, multi-year audit plan is discussed with the executive boards of the parent company and BCV Group companies, approved by the Audit and Risk Committee, and submitted for information purposes to the Board of Directors. It may be changed during the year by the head of the Internal Audit Department, subject to approval by the Audit and Risk Committee.

The Internal Audit Department has complete freedom in preparing and executing its tasks and presenting its conclusions. After completing its work, the Department submits detailed audit reports to the Executive Board, the Audit and Risk Committee, and the Board of Directors and provides copies to the external auditor, with which it shares all of its conclusions. It also draws up half-yearly activity reports, which include an overview of all ongoing auditing activities within BCV Group. The report is intended for the Audit and Risk Committee and is also discussed at meetings of the Executive Board and the Board of Directors.

Supervision and regular evaluations of the Internal Audit Department are delegated to the Audit and Risk Committee. Every year, the Committee assesses the Department's cooperation with the external auditor, decides whether the Department is efficient and has the necessary resources and appropriate skills, and ensures that it performs its activities independently and objectively. The Audit and Risk Committee also has an objective external audit carried out at least once every five years, in accordance with international standards. This audit looks at all of the Internal Audit Department's systems and activities; the most recent one was conducted in 2021 and found that the Bank is in compliance with the standards issued by the Institute of Internal Auditors (IIA) and with the requirements of FINMA Circular 2017/01. Lastly, the Internal Audit Department is required to regularly develop and present a five-year internal audit strategy to the Risk and Audit Committee for approval; the most recent one was approved in 2019. The strategy is discussed at the meetings of the Executive Board and the Board of Directors and is communicated to the boards of other BCV Group companies.

The head of the Internal Audit Department attends all meetings of the Audit and Risk Committee, as well as meetings of the Executive Board and Board of Directors when required.

4. Executive Board

4.1 Members of the Executive Board

The CEO and other members of the Executive Board work under an employment contract with a 12-month notice period.

Information about members of the Executive Board at 31 December 2023 can be found on the following pages (NB: pursuant to Article 27 of the Articles of Incorporation(i) only the CEO is appointed by the Vaud Cantonal Government, while the other members are appointed by the Board of Directors).

Name Year of birth Nationality	Position and start date	Education	Career experience
Pascal Kiener **1962** **Swiss citizen**	CEO since 1 May 2008 and CFO from 1 June 2003 until 31 December 2008	MSc in mechanical engineering from the Swiss Federal Institute of Technology in Lausanne (EPFL) in 1985 MBA from INSEAD in Fontainebleau in 1992	Between 1985 and 1991, Mr. Kiener worked as an engineer for Fides Informatics in Zurich and Hewlett Packard in Geneva. In 1993, he joined the consulting firm McKinsey & Company. In 2000, he was made partner and a member of the Management Committee of McKinsey Switzerland. He acquired experience in financial services, and in banking in particular, during these years as an advisor for leading financial institutions in Switzerland and other European countries. He managed large projects involving strategy, risk management, controlling, and business process re-engineering. Mr. Kiener joined BCV as CFO on 1 June 2003 and was appointed CEO on 1 May 2008.
Andreas Diemant **1968** **Swiss citizen**	Member of the Executive Board with responsibility for the Corporate Banking Division since 1 September 2017	BSc in business administration from the Bern University of Applied Sciences Executive MBA from the Universities of Bern and Rochester	Mr. Diemant began his career in insurance, working for Zürich Versicherungs-Gesellschaft and subsequently for La Suisse Assurances in Lausanne. He moved into banking in 1994 when he took a position at UBS in corporate banking for Switzerland's Mittelland region. Mr. Diemant then rose through the ranks across all corporate segments to reach the position of head of Institutional Clients, Switzerland & Global Asset Servicing. On 1 September 2017, he joined BCV's Executive Board as head of the Corporate Banking Division.
Christian Meixenberger **1960** **Swiss citizen**	Member of the Executive Board with responsibility for the Business Support Division since 1 January 2017	Degree in electronic engineering from the University of Neuchâtel in 1987 MBA from the University of Lausanne in 1993	From 1987 to 1993, Mr. Meixenberger worked as a software engineer at the Swiss Center for Electronics and Microtechnology (CSEM) in Neuchâtel before joining Credit Suisse in Geneva, where he was in charge of business processes and IT. In 1997, he became head of IT at Banque Cantonale de Fribourg. He was then appointed to that bank's Executive Board as head of the Services Division in 2000. He took up his position as head of BCV's Business Support Division on 1 January 2017.
Thomas W. Paulsen **1965** **Swiss citizen**	CFO, member of the Executive Board with responsibility for the Finance & Risks Division since 1 January 2009	Degree in economics from the Business and Economics Faculty of the University of Lausanne in 1988 MSc in economics from the London School of Economics in 1989 PhD in economics from the University of Lausanne in 1992	Mr. Paulsen started his career in energy trading. In 1995, he joined the consulting firm McKinsey & Company, where he was elected Principal Associate in 2000. During his time at McKinsey, he managed a large number of strategic projects for financial institutions and major energy companies in Switzerland and throughout Europe, focusing particularly on the risk management aspects. Mr. Paulsen joined BCV in July 2002 as Chief Risk Officer (CRO), and in this capacity created and led the Risk Management Department. He was named CFO and head of the Finance & Risks Division on 1 January 2009.
Bertrand Sager **1966** **Swiss citizen**	CCO, member of the Executive Board with responsibility for the Credit Management Division since 15 February 2010	Master of Law from the University of Lausanne in 1990 Advanced Management Certificate from INSEAD in Fontainebleau in 2007	Mr. Sager began his career at Credit Suisse in 1991, where he was involved in various lending activities. He joined BCV in 1998 and was appointed to lead BCV's Credit Recovery Management Department in 2003. In this position, he played a key role in strengthening the Bank's balance sheet by reducing the volume of impaired loans. In addition, as a member of the Executive Board's Credit Committee since 2008, he has acquired a thorough understanding of BCV's lending activities. Mr. Sager was named Chief Credit Officer and appointed to the Executive Board with responsibility for the Credit Management Division as of 15 February 2010.

José François Sierdo **1963** **Swiss citizen**	Member of the Executive Board with responsibility for the Retail Banking Division since 3 March 2014	Degree in economics and business administration from the Business and Economics Faculty of the University of Lausanne in 1992 MBA from IMD in Lausanne in 2001	Mr. Sierdo began his banking career in 1993 in retail banking at UBS. He went on to do project finance in New York and lending in Zurich before working at Lombard Odier & Cie from 1998 to 2002. He then returned to UBS, where he held key managerial positions in retail, private, and corporate banking, including head of Private Banking for French-speaking Switzerland, CEO of UBS Luxembourg, and head of Corporate Clients for Switzerland. Before becoming a banker, he was a military pilot and a member of the Swiss Air Surveillance Wing. He joined BCV's Executive Board as head of the Retail Banking Division on 3 March 2014.
Christian Steinmann **1971** **Swiss citizen**	Member of the Executive Board with responsibility for the Private Banking Division since 1 December 2022	Swiss certified fiduciary advisor and Swiss certified tax expert in 2002 MBA from the New York University Stern School of Business, HEC Paris, and London School of Economics in 2012	Mr. Steinmann began his career at the Vaud Cantonal Tax Administration in 1987. He then moved to Credit Suisse in 1995, where he worked in wealth planning for private banking clients and SMEs. After holding various management positions in the private banking division, Mr. Steinmann became responsible for all private clients for the greater Lausanne area in 2013, then regional head of private banking for French-speaking Switzerland in 2017. In 2020, he was also named regional head of French-speaking Switzerland. He took up his position as head of the Private Banking Division on 1 December 2022.
Fabrice Welsch **1966** **Dual Swiss and French citizen**	Member of the Executive Board with responsibility for the Asset Management & Trading Division since 1 January 2021	Graduate of the École Nationale de la Statistique et de l'Administration Économique (ENSAE) in Paris, 1989 Master of Advanced Studies in Finance, 1990 Certified actuary, 1996 Executive MBA from the Centre for Advanced Studies in Insurance (CHEA), 2002 Graduate of the Swiss Finance Institute (Senior Management Program in Banking), 2009	After working briefly for the International Trade Centre, Mr. Welsch joined BNP Paribas as a financial controller and actuary. In 1996, he became the chief actuary at Phenix Assurance (Allianz Group) before becoming the company's head of life insurance, IT, and external partnerships. Mr. Welsch joined BCV on 1 January 2004 as head of the Bank's occupational pension and financial planning department. Under his leadership, the department has gained recognition as a center of expertise in this area. He took up his position as head of the Asset Management & Trading Division on 1 January 2021.

Pascal Kiener

CEO

Christian Meixenberger

Member of the Executive Board,
Head of Business Support

Fabrice Welsch

Member of the Executive Board,
Head of Asset Management & Trading

Andreas Diemant

Member of the Executive Board,
Head of Corporate Banking

Thomas W. Paulsen

Member of the Executive Board,
CFO, Head of Finance & Risks

Jose F. Sierdo

Member of the Executive Board,
Head of Retail Banking

Bertrand Sager

Member of the Executive Board,
Head of Credit Management

Christian Steinmann

Member of the Executive Board,
Head of Private Banking

4.2 Other activities and business relations (at 31 December 2023)

Executive Board members also perform the following functions:

Pascal Kiener	• Member of the Board of Directors and the Board of Directors Committee of the Swiss Bankers Association • Member of the Board of Directors and the Board Committee of the Union of Swiss Cantonal Banks • Member of the Board of Directors and the Steering Committee of the Vaud Chamber of Commerce and Industry • Chair of the Fonds de Prévoyance en Faveur du Personnel de la BCV • Member of the Board of the BCV Foundation • Member of the Board of the Geneva Financial Center Foundation • Member of the Foundation Board of the Swiss Finance Institute, Zurich • Member of the Strategic Advisory Board of the Swiss Federal Institute of Technology in Lausanne (EPFL) • Member of the Foundation Board of Foot Avenir, Paudex • Member of the CHUV (Lausanne University Hospital) Foundation Board, Lausanne • Member of the Enterprise for Society (E4S) Advisory Board, Lausanne
Andreas Diemant	• Committee member of the Chambre Vaudoise Immobilière
Christian Meixenberger	• Member of the Board of Directors and the Audit and Risk Committee of Viseca Holding SA • Member of the IT Infrastructure Committee of the Canton of Fribourg
Thomas W. Paulsen	• Vice Chair of the Board of Directors and member of the Audit and Risk Committee of Piguet Galland & Cie SA • Chair of the Swiss Cantonal Bank Issuing Committee • Member of the Board of Directors of the Swiss Cantonal Banks' Central Mortgage Bond Institution • Member of the Foundation Board of the Caisse de Pensions de la Banque Cantonale Vaudoise • Member of the Board of the Fonds de Prévoyance en Faveur du Personnel de la BCV • Member of the Foundation Board of ISREC
Bertrand Sager	• Member of the Board of Directors of GEP SA • Member of the Board of the Caisse de Pensions de la Banque Cantonale Vaudoise • Chair of the Board of the Fondation de Prévoyance en Faveur de l'Encadrement Supérieur de la BCV • Member of the Board of the Fonds de Prévoyance en Faveur du Personnel de la BCV • Member of the Board of Directors and Treasurer of the Vaud Banking Association • Member of the Board of Directors and Treasurer of the Vaud Foundation for Banking Education • Judge for property disputes at the Eastern Vaud District Court • Member of the Management Committee of the Fonds Cantonal de Lutte Contre la Précarité
José F. Sierdo	• Member of the Board of Directors of TWINT AG and TWINT Acquiring AG
Christian Steinmann	• Member of the Board of the Institut Supérieur de Formation Bancaire (ISFB)
Fabrice Welsch	• Member of the Board of Directors and the Audit and Risk Committee of Banque Cantonale du Jura, Porrentruy • Member of the Board of Directors of Gérifonds, Lausanne • Member of the Tax Committee of the Vaud Chamber of Commerce and Industry (CVCI) • Member of the Board of the Caisse de Pensions de la Banque Cantonale Vaudoise • Chair of the Board of BCV Fondation Epargne 3 (until 31 December 2023) • Chair of the Board of BCV Fondation de Libre Passage (until 31 December 2023)

Internal organization of the Executive Board

The Executive Board may delegate its powers and duties as provided for in the by-laws, subject to applicable laws, Swiss Bankers Association agreements, circulars issued by FINMA and other supervisory authorities, and directives of the Board of Directors.

In particular, the Board may appoint committees to prepare and implement its decisions, make decisions, and oversee various matters.

The Executive Board has set up several committees, each of which consists of a chair and members appointed for an indefinite period by the Board and drawn from its own ranks or among senior executives.

In accordance with BCV's by-laws, the CEO has a right of veto, which must be duly recorded when used. In such cases, the CEO must inform the Chair of the Board of Directors.

Committee name, composition (at 31 December 2023)	Main roles
Risk Management Committee Thomas W. Paulsen (Chair) Pascal Kiener Andreas Diemant Bertrand Sager Fabrice Welsch Maxime Mermier	• Submits risk management policy and strategy proposals to the Executive Board for approval by the Board of Directors • Ensures risk management and control processes are implemented and updated for the entire Bank and for all risk categories • Monitors the Bank's overall risk profile • Steers all the Bank's risk management projects
Asset and Liability Management Committee (ALCO) Pascal Kiener (Chair) Thomas W. Paulsen Christian Steinmann Andreas Diemant José François Sierdo Christopher Cherdel Bruno Férolles Sébastien Gyger	• Examines the exposure of the banking book to interest-rate risk and exchange-rate risk, as well as the Bank's exposure to liquidity risk • Manages interest-rate-risk exposure on the balance sheet • Manages the Bank's liquidity and funding
Credit Committee Bertrand Sager (Chair) Pascal Kiener Andreas Diemant José François Sierdo Eric Longchamp	• Submits proposals concerning the Bank's lending policy, technical standards, and regulations governing lending authority to the Executive Board for approval by the Board of Directors • Makes decisions on the granting of lending authority • Makes decisions regarding the granting and renewing of major lending facilities, within the limits of its powers • Monitors the Bank's loan portfolio, particularly the sector breakdown • Oversees credit-limit and overdraft management
Information Technology Committee Christian Meixenberger (Chair) Pascal Kiener Thomas W. Paulsen José François Sierdo Martin Dion Serge Messin Denys Papeil	• Submits IT strategy proposals and ensures that the strategy is aligned with BCV's overall business strategy • Makes decisions concerning BCV's IT sourcing strategy and ensures that strategy is correctly implemented • Establishes the budgetary framework and medium-term plan • Manages all aspects of the IT budget • Stays informed about major IT incidents and corrective measures that are planned or have been taken • Monitors strategic projects carefully and the Bank's project portfolio and IT developments more broadly • Oversees relations with suppliers, particularly for FINMA outsourcing contracts or major contracts

4.3 Limits on external mandates

Article 29 of the Articles of Incorporation[i] sets out limits on the number of positions outside BCV that may be held by members of the Executive Board. In short, the maximum number of positions on the boards of directors of legal entities other than the Bank that must be recorded in the Commercial Register or a similar register abroad is five, two of which may be held in publicly traded companies. These limits do not apply to positions at companies within the Group, companies in which the Bank holds a material interest, real-estate companies, pension funds, associations, foundations, and unpaid positions.

No member of the Executive Board exceeded either of those limits in 2023.

4.4 Management contracts

The Bank has not entered into any management contracts.

5. Compensation, shareholdings, and loans

5.1 Philosophy and principles underpinning BCV's compensation system

BCV is a universal bank with solid local roots that offers a large selection of products and services to both individuals and businesses. For this reason, it employs a wide range of profiles and skills in order to provide its customers with high-quality service. BCV offers attractive working conditions and a competitive compensation system designed to promote employee skills development and professionalism, and to attract and retain the talent that is integral to its long-term success and sustainable approach to doing business.

BCV's values

The Bank has defined four values that are central to its strategy and culture: responsibility, performance, professionalism, and close ties with customers and the broader community. The Bank's leadership believes that a key to long-term success is ensuring that all employees share a common culture built around core values. These values underpin all employees' actions, including their interactions with customers and colleagues. These values are also an integral part of employee performance reviews.

BCV's strategic plan: *vista*

BCV's current strategy - *vista* - was rolled out in 2019 and builds on those enacted in previous years. This strategy aims to maintain the positive trend that the Bank's business lines have been experiencing over the past few years. It is designed to position the Bank to respond to the main challenges it will face in the coming years. Its focus areas include:

- continuing to improve **service quality** along the entire value chain to create an even better customer experience
- enhancing the Bank's **distribution channels** (branches, digital services, and call centers) to give customers an integrated omnichannel experience
- capturing **more of the cross-selling potential** inherent in BCV's universal bank business model
- implementing **operational improvements** through targeted measures
- increasing **BCV's attractiveness as an employer** and fostering continuous skills development among its employees
- sharpening the Bank's focus on **corporate social responsibility** (CSR) measures, including a wider range of sustainable banking products, socially responsible investment options, and mortgage solutions.

To ensure that the entire Bank – from the Executive Board on down – is working to execute this strategy, each employee is given individual performance objectives that stem directly from the focus areas set out in *vista*.

Performance reviews

BCV's performance review system is designed to help manage individual and team performance. This includes:

- encouraging employees to give their best in the workplace
- promoting a performance-based corporate culture
- recognizing employees for their performance
- promoting skills development
- fostering behavior that aligns with BCV's core values.

At an initial, mid-year review, line managers assess the progress made toward the main performance objectives set for each employee at the beginning of the year. The final performance review is carried out at the end of the year and covers four main points:

- the extent to which the performance objectives set at the beginning of the year were achieved
- the degree to which the position requirements, i.e., the responsibilities inherent in the post, were fulfilled
- whether the Bank's values were upheld and the appropriate behaviors demonstrated
- whether specific skills were acquired, if applicable.

Equal pay

BCV's compensation system guarantees equal pay regardless of origin or gender, in accordance with the principles set out in the Swiss Federal Act on Gender Equality (GEA).

Beyond meeting Swiss legal requirements, BCV was awarded the Fair-ON-Pay+ certification by Comp-On SA and SGS. This certification, which is valid for four years and includes a follow-up audit in the third year, recognizes the Bank's equal pay practices over the long term.

Say on pay

As stated in section 5.4 below, shareholders have been able to vote on the compensation of the Board of Directors and the Executive Board at the Annual Shareholders' Meeting since 2014. Specifically, shareholders vote on the fixed compensation of these bodies for the period from one Meeting to the next. The annual performance-based compensation for the entire Executive Board for the previous year and the number of shares available as long-term performance-based compensation under the plan beginning in the current financial year are also subject to votes at the Meeting.

Unauthorized compensation

Payment of the following types of compensation to members of the Board of Directors or the Executive Board is not authorized:

- any and all types of severance pay, although compensation due until the end of the contractual relationship is authorized
- advance payments
- success fees on the transfer or takeover of all or part of a company by the Bank or by companies controlled directly or indirectly by the Bank.

Payment of any of the above types of compensation to members of the Board of Directors or the Executive Board of the Bank by other companies that are directly or indirectly controlled by the Bank is also not authorized.

Benchmarks and external consultants

In order to keep compensation in line with the market, every year the Bank participates in a salary survey carried out by specialized firm Willis Towers Watson. The survey is used to produce statistics on salary trends for virtually all banking positions, and they provide these numbers to BCV.

In 2023, apart from these statistical sources, the Bank did not call on the services of any other external consultants in order to determine the amounts that would be paid at each level of responsibility within the Bank, or to modify its compensation system. The Bank did not carry out any comparative studies on the compensation of the Executive Board last year.

5.2 Components of the compensation system

The components of the compensation system are base salary, annual performance-based compensation, and the employee share-ownership plan. In addition, the members of the Executive Board and department heads are eligible for long-term performance-based compensation.

No stock-option plans are offered as part of compensation.

	Base salary	Annual performance-based compensation	Long-term performance-based compensation	Share-ownership plan
Board of Directors	✓			
Executive Board	✓	✓	✓	✓
Department heads	✓	✓	✓	✓
All other employees	✓	✓		✓

	Cash	BCV shares
Board of Directors	-	-
Executive Board	70%	30% with at least a 5-yr lock-up period
Department heads	70%	30% with at least a 5-yr lock-up period
All other employees	> CHF 21,000: Choice of 100% or 70%	Choice of 0% or 30% with a 3-yr lock-up period
	< CHF 21,000: 100%	0%

Base salary

The base salary is the core component of compensation for all Bank employees. It is set individually, taking into account the person's job description, scope of responsibilities, and experience, as well as market values for equivalent positions obtained through salary surveys of a group of comparable companies.

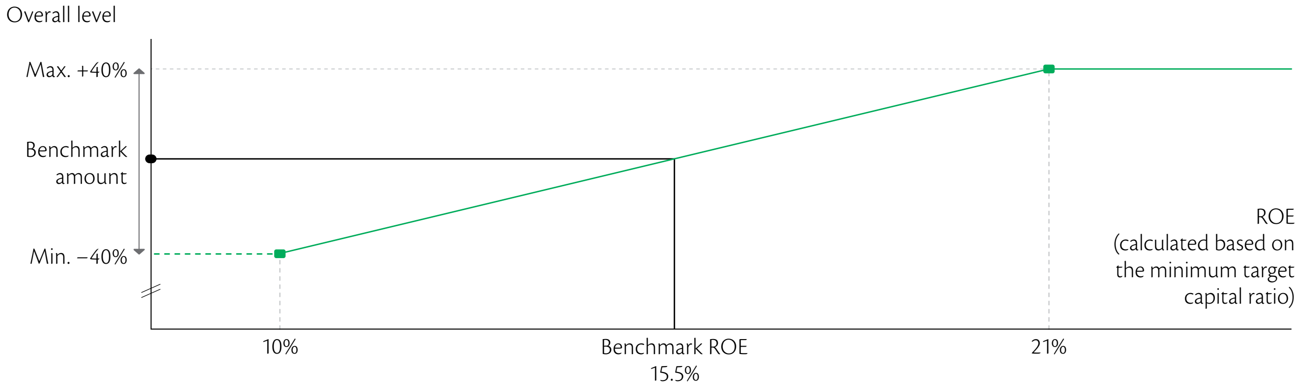
Annual performance-based compensation

Annual performance-based compensation is compensation that varies each year based on the Bank's financial performance, adjusted following a qualitative evaluation. It is allocated to each employee on the basis of their individual year-end evaluation and the overall level of annual performance-based compensation allotted to their division and department.

Financial performance is measured by the return on equity (ROE), calculated taking shareholders' equity at the minimum target capital ratio of 13%. The overall level of annual performance-based compensation is calibrated to a benchmark amount. It varies linearly within a range of +/–40% of the benchmark amount, based on the Bank's ROE.

The *qualitative evaluation* measures the achievement of objectives stemming directly from the strategic plan *vista* and the completion of key projects; it is used to adjust the overall level of annual performance-based compensation within a range of +/–20%.

Annual performance-based compensation - Financial performance



A portion of annual performance-based compensation is allocated in BCV shares with a lock-up period of between three and ten years, depending on the employee's level of responsibility. All BCV shares allocated for annual performance-based compensation are acquired by the Bank on the Swiss stock exchange in advance at market price, over several trading days. No new market shares are issued, so there is no shareholder dilution.

Long-term performance-based compensation

The purpose of long-term performance-based compensation is to further long-term strategic development by generating lasting shareholder value and achieving the Bank's strategic objectives. Only members of the Executive Board and department heads are eligible for long-term performance-based compensation, which is paid exclusively in BCV shares. Based on the overall share allocation, all eligible employees with the same level of responsibility receive the same number of shares; no distinctions are made between employees in the same category.

The share allocation for long-term performance-based compensation is determined based on the extent to which the financial objective and the strategic and qualitative objectives set at the start of each three-year plan have been achieved, with a new plan beginning each year.

The *financial objective* is measured in terms of economic profit, which is calculated on the basis of the profit generated after deducting the cost of equity using an approach that factors in the Bank's risk level. The Bank's three-year plan is considered fully executed if it generates the targeted level of economic profit, in which case 100% of the plan's share allocation can be distributed. However, if economic profit is below 60% of the target, the share allocation linked to financial performance is reduced to zero.

The share allocation is then adjusted to reflect the extent to which the *strategic and qualitative objectives* have been achieved. These objectives relate to implementing the Bank's strategy and driving change within its operations. An overall evaluation of the Bank's achievement of its strategic and qualitative objectives is used to adjust the share allocation linked to financial performance. However, the number of shares distributed can never exceed 100% of the share allocation set for each plan.

Overall evaluation of strategic and qualitative objectives	Adjustment factor
Objectives achieved greatly above expectations	+40%
Objectives achieved above expectations	+20%
Objectives achieved	0%
Objectives partially achieved	-20%
Objectives not achieved	-40%

Starting in 2023, the long-term performance-based compensation plans now include a malus provision. If an employee eligible for long-term performance-based compensation commits a serious breach of BCV's internal regulations or of professional standards, that person will be excluded from all ongoing plans under which they could have expected to receive BCV shares.

All BCV shares allocated for long-term performance-based compensation are acquired by the Bank on the Swiss stock exchange in advance at market price, over several trading days. No new market shares are issued, so there is no shareholder dilution.

Employee share ownership

An in-house subscription program is offered to all BCV employees each year in order to promote employee share ownership, which is considered an essential element of staff loyalty and identification with the Bank. This program entitles employees to subscribe shares at a reduced price. The number of shares that may be purchased under this program is determined by the level of responsibility inherent in an employee's position and can range from 100 to 1,000 shares. The subscription price is set every year by the Board of Directors, typically by subtracting a fixed amount of around CHF 15 from the current share price.

With the aim of promoting a medium-term vision, the shares subscribed under this plan are subject to a three-year lock-up period.

All BCV shares allocated for employee share ownership are acquired by the Bank on the Swiss stock exchange in advance at market price, over several trading days. No new market shares are issued, so there is no shareholder dilution.

Members of the Board of Directors do not take part in the employee share-ownership plan.

Other compensation

BCV does not pay sign-on bonuses to compensate new hires for any loss of bonus due to changing jobs. This policy applies for hires at all levels of responsibility, including the Executive Board.

A seniority bonus equivalent to a month's salary is payable to all employees when they complete 10, 20, 30, or 40 years' service at BCV. Employees may opt to take extra vacation, i.e., up to 20 days for full-time staff, instead of the bonus, or they may opt to take half the bonus and half the extra vacation days. Members of the Executive Board must take their seniority bonus in the form of vacation days.

An amount for incidental expenses is paid to department heads and members of the Executive Board.

Occupational pension plans

Pursuant to the Federal Act on Occupational Retirement, Survivors' and Disability Pension Plans of 25 June 1982, the Caisse de Pensions de la Banque Cantonale Vaudoise (the "Pension Fund") insures BCV's employees against the economic consequences of retirement, disability, and death.

The Pension Fund is an occupational pension institution independent from BCV. It is run by a pension board made up of at least six members, half of whom are appointed by the Bank and half of whom are elected by insured members. Its assets mainly comprise members' regulatory and voluntary contributions, the employer's regulatory and voluntary contributions, and the Pension Fund's investment income. The Pension Fund's assets are managed by the pension board in accordance with the commonly accepted principles of sound asset management, with the goal of obtaining the highest possible return while ensuring a careful distribution of risk.

Joining the Pension Fund is mandatory for all permanent and temporary employees and for all members of BCV's Board of Directors who have not yet reached retirement age or who are not receiving retirement benefits.

Senior executives (i.e., employees at management levels C, D, or E) and members of the Board of Directors insured with the Pension Fund are also members of the Fondation de Prévoyance Complémentaire de la Banque Cantonale Vaudoise (the "Supplementary Fund").

The Supplementary Fund is run by a pension board made up of at least four members, half of whom are appointed by the employer and half of whom are elected by insured members.

The Supplementary Fund also has a separate pool of assets mainly comprising members' regulatory and voluntary contributions, the employer's regulatory and voluntary contributions, and the Supplementary Fund's investment income. The Supplementary Fund's assets are managed in accordance with recognized principles and in compliance with the provisions of federal investment law.

The Fonds de Prévoyance en Faveur du Personnel de la BCV is an employer-operated fund that assists BCV employees in dealing with the economic consequences of old age, disability, illness, and early retirement.

5.3 Compensation paid in 2023

Board of Directors

BCV's compensation system is designed in part to guarantee the independence of the Board of Directors in carrying out its various oversight and organizational functions. To this end, the members of the Board of Directors receive only fixed compensation composed of fees, compensation for sitting on the various committees, and expenses. Members of the Board do not receive separate annual variable performance-based compensation or long-term variable performance-based compensation.

The Bank does not make any occupational-pension contributions for the seven members of the Board of Directors. By law and in accordance with pension-fund regulations, members of the Board of Directors who are not receiving retirement benefits must join the Caisse de Pensions de la Banque Cantonale Vaudoise and pay all of their occupational-pension contributions themselves.

Overall fixed compensation between one Shareholders' Meeting and the next is subject to approval at the Shareholders' Meeting. In 2023, 98.98% of voting shareholders approved a maximum of CHF 1.4m in fixed compensation for the members of the Board of Directors for the period ending at the next Shareholder's Meeting on 25 April 2024..

Details of the compensation paid to the members of the Board of Directors in 2023 can be found in the tables on page 190.

In order to strengthen the Board of Directors' commitment to the Bank's long-term development, each member is required to own a minimum of 1,000 BCV shares. These shares must be acquired before the end of the member's first term and held throughout any subsequent terms served. Each member must acquire the shares on the market using their own funds and is not offered a preferential price.

Serving members of the Board of Directors are not granted any preferential terms for banking services. The Bank may grant loans and credits to members of the Board of Directors on the same terms and conditions as those granted to customers.

Executive Board

Members of the Executive Board receive a base salary, annual performance-based compensation, long-term performance-based compensation, and incidental expenses. Members of the Executive Board may also take part in the annual employee share-ownership plan.

Details on the compensation paid to the members of the Executive Board in 2023 are given on page 191.

Base salary

The base salary of each member of the Executive Board is set individually, taking into account the person's experience, job description, and scope of responsibilities, as well as market values for equivalent positions.

The base salary is paid exclusively in cash, in 12 monthly installments.

Annual performance-based compensation

All members of the Executive Board are eligible for annual performance-based compensation.

Annual performance-based compensation paid to members of the Executive Board cannot exceed 100% of their base salary.

30% of the performance-based compensation for Executive Board members must be taken in BCV shares with a lock-up period of between five and ten years, according to each Executive Board member's choice.

For the 2023 financial year, these shares will be allocated at the closing price on 6 May 2024, subject to shareholder approval of Executive Board compensation at the Annual Shareholders' Meeting. Based on the amount submitted to shareholders at the Annual Shareholders' Meeting, the ratio of the annual performance-based compensation to the base salary will be 95.5% for the 2023 financial year.

Long-term performance-based compensation

All members of the Executive Board are eligible for long-term performance-based compensation. At the start of each plan, the maximum number of BCV shares that can be allocated to the Executive Board cannot exceed a total value of CHF 1.2m (rounded), or CHF 150,000 for each Executive Board member.

The 2021–2023 plan, which ended on 31 December 2023, was based on the Bank's cumulative economic profit and the following strategic and qualitative objectives:

- growing the Bank's customer base in line with population growth in Vaud
- evolving the Bank's digital banking/multichannel services in line with its position as a "smart follower"
- improving service quality indicators under the Bank's "Smile" system
- strengthening the Bank's CSR/sustainability strategy
- achieving greater gender equality in management positions.

Economic profit reached 176% of the objective. In addition, the Board of Directors determined that the strategic and qualitative objectives were achieved.

For the plan ending on 31 December 2023, 12,631 shares were set aside for the members of the Executive Board, corresponding to a value of CHF 1,199,945 on the date on which the Board of Directors made its decision. After assessing the degree to which the objectives were achieved and taking into account the departure of an Executive Board member, 11,046 shares were distributed, equal to 87.5% of the total number approved at the 2021 Annual Shareholders' Meeting.

A new three-year plan, for which 14,296 shares have been set aside as approved by 95.60% of voting shareholders at the 2023 Annual Shareholder's Meeting, began in 2023.

Employee share ownership
Executive Board members have the right to subscribe at most 1,000 shares at a subscription price set every year by the Board of Directors. With the aim of promoting a medium-term vision, the shares are subject to a three-year lock-up period.

Other employees
Compensation for non-executive employees includes the following components:

- base salary
- annual performance-based compensation
- long-term performance-based compensation (only for department heads)
- employee share-ownership plan.

Base salary
The base salary of each employee is set according to the job description and in line with current market practice. Salary increases depend on the extent to which skills-development objectives have been achieved.

The base salary is paid out in cash, in 13 monthly installments.

Annual performance-based compensation
All employees are eligible for annual performance-based compensation, provided their contracts have not been terminated. The overall level of annual performance-based compensation is broken down by division and then by department. Each employee then receives annual performance-based compensation based on their annual performance review. The annual performance review results in an overall evaluation on a scale from one to five, where one corresponds to "does not meet expectations" and five to "greatly exceeds expectations." Each score and level of employee responsibility corresponds to an authorized range of annual performance-based compensation.

Overview of long-term performance-based compensation plans for the Executive Board

Starting year	Performance period	Year distributed	Number of shares set aside	Average cost per share	Initial cost of the plan for the Bank	Number of shares distributed	Market value (per share)	Market value of distributed shares
2017	2017 to 2019	2020	1,738	690.50	1,200,089	1,519	810.00	1,230,390
2018	2018 to 2020	2021	1,504	796.00	1,197,184	15,040[1]	95.00[1]	1,428,800
2019	2019 to 2021	2022	1,504	797.00	1,198,688	14,030[1]	74.00[1]	1,038,220
2020	2020 to 2022	2023	1,480	810.00	1,198,800	11,960[1]	83.90[1]	1,003,444
2021	2021 to 2023	2024	12,631	95.00	1,199,945	11,046	105.80	1,168,667

[1] Number of shares and market value adjusted for the 10-for-1 stock split on 28 May 2020

All employees are given the opportunity to express their level of satisfaction with their work situation over the past year and their career-development interests. This information is made available to their line manager and discussed during their review.

For department heads, 30% of annual performance-based compensation must be taken in BCV shares with a lock-up period of five to ten years. Other employees receiving annual performance-based compensation of CHF 21,000 or more may opt for full payment in cash, or 70% in cash and 30% in BCV shares with a lock-up period of three years. In the latter case, BCV increases the amount paid in shares by 30%. For the 2023 financial year, these shares will be allocated at the closing price on 14 March 2024. All other employees receive full payment of their annual performance-based compensation in cash.

Long-term performance-based compensation
Department heads receive long-term performance-based compensation on the same terms as Executive Board members.

Employee share ownership
All BCV employees may subscribe BCV shares at a reduced price. The number of shares that may be purchased is determined by the level of responsibility inherent in an employee's position and can range from 100 to 1,000 shares. The subscription price is set every year by the Board of Directors. With the aim of promoting a medium-term vision, the shares are subject to a three-year lock-up period.

5.4 Governance

Compliance with regulations

All Bank employees work in Switzerland and sign an employment contract governed by the Swiss Code of Obligations and federal legislation on employment and social insurance, including the related implementing ordinances.

In complying with Swiss federal law, the Bank undertakes to fulfill the commitments made by Switzerland with regard to the international conventions and standards issued by the International Labour Organization, particularly in the areas of forced labor and child labor.

BCV is a corporation organized under public law that is exempt from the provisions of the Swiss Code of Obligations (CO) applicable to business corporations, in accordance with Article 763, paragraph 2, of the CO.

Nevertheless, shareholders attending the 1 May 2014 Annual General Meeting approved the recommendation of the Board of Directors to incorporate provisions into the Articles of Incorporation[i] regarding the duties of the Compensation, Promotions and Appointments Committee (Article 30a of the Articles of Incorporation[i]), the length of the employment contracts of the members of the Executive Board (Article 28, paragraph 2, of the Articles of Incorporation[i]), the compensation structure (Article 30b of the Articles of Incorporation[i]), the approval of compensation (Article 30c of the Articles of Incorporation[i]), and unauthorized compensation (Article 30d of the Articles of Incorporation[i]).

Entities responsible for compensation

Shareholders' Meeting
Each year at the Shareholders' Meeting, shareholders approve the total maximum amount of fixed compensation for the Board of Directors and the Executive Board up to the following Meeting. They also approve the total amount of annual performance-based compensation for the Executive Board for the past financial year, and the maximum total number of BCV shares available for long-term performance-based compensation under the plan beginning in the current year.

Board of Directors
The Board of Directors determines the Bank's compensation policies and corresponding payroll budget. It determines how the compensation system is implemented, in particular by making adjustments to base salaries, the overall levels of annual performance-based compensation, the number of shares that can be individually subscribed through the employee share-ownership plan, and the objectives to be met in connection with long-term performance-based compensation.

The Board of Directors sets the compensation of its members and the CEO. On the recommendation of the Compensation, Promotions and Appointments Committee, it also sets the compensation of the other members of the Executive Board.

Compensation, Promotions and Appointments Committee
In accordance with its committee regulations, the Compensation, Promotions and Appointments Committee analyzes all matters and proposals relating to compensation policies put forward by the Executive Board and makes recommendations to the Board of Directors for decision.

The Committee assesses the performance of the CEO in the CEO's absence, reviews the CEO's assessment report on members of the Executive Board, and makes recommendations to the Board of Directors on the compensation of Board members, the CEO, and the other members of the Executive Board.

Executive Board
The Executive Board examines and makes recommendations on all matters of compensation policy to the Compensation, Promotions and Appointments Committee, taking into account the Bank's business strategy and objectives.

CEO
The CEO sets annual objectives for each member of the Executive Board and assesses the extent to which they have been achieved at the end of the financial year. The CEO also determines the individual compensation of the other members of the Executive Board and recommends that compensation to the Compensation, Promotions and Appointments Committee for approval by the Board of Directors.

Human Resources
The Human Resources Department works with the CEO to put forward proposals to the Executive Board on all aspects of compensation policy. The Department is responsible for implementing the decisions taken by the Board of Directors and the Executive Board and for ensuring that compensation is accurately booked. These bookings are also reviewed each year by an external auditor.

5.5 Transparency concerning compensation, shareholdings, and loans by issuers with their registered office abroad

This point does not apply to BCV.

6. Shareholders' rights

Article 18 of the Articles of Incorporation – Voting Rights
Each share entitles the holder to one vote. No shareholder shall be entitled to vote at a Shareholders' Meeting either personally or by proxy, or to exercise associated rights, unless entered in the shareholder register. Shareholder status and the right to appoint a proxy shall be determined on the basis of the share register on the 20th day prior to the Shareholders' Meeting.

6.1 Restrictions on voting rights and shareholder proxies

6.1.1 Restrictions on voting rights

Restrictions on voting rights are set out in Articles 12 and 13 of the Articles of Incorporation, the main provisions of which are described below.

Article 12 – Shareholder register
The Bank shall recognize as shareholders only those persons validly entered in the shareholder register. Only those whose names appear in the register may exercise the rights attached to BCV shares, subject to the restrictions provided herein.

Shareholders without the right to vote may not exercise such a right or any other associated right. Shareholders with the right to vote may exercise all rights attached to the shares.

Article 13 – Transfers of registered shares
The transfer of any registered share and its entry in the share register shall be subject to approval by the Board of Directors. (...) If the Board of Directors does not reject the request within 20 days, the acquirer shall be recognized as a shareholder with voting rights.

The Board of Directors may refuse to register an acquirer as a shareholder with voting rights:
a) in respect of a shareholding exceeding 5% of the Bank's share capital held by a single shareholder or group of shareholders as defined by the Financial Market Infrastructure Act (FinMIA). (...) That limit shall not apply to the Canton of Vaud or any third party to which the Canton of Vaud sells part of its shareholding, or to the takeover of a company or part of a company;
b) if a shareholder does not expressly state, when requested to do so, that he/she has acquired the shares in his/her own name and for his/her own account;

c) if and so long as his/her recognition could prevent the Bank from furnishing proof of the shareholder base required under Swiss law.

Under Article 16 of the Articles of Incorporation[i] (convening a Shareholders' Meeting – see section 6.4 below for the text of the article), one or more shareholders together representing no less than one-tenth of the share capital may also request the convening of a Shareholders' Meeting. Shareholders representing shares with an aggregate par value of 30,000 Swiss francs may request that an item of business be entered on the agenda. The calling of a Shareholders' Meeting and the inclusion of an item of business on the agenda must be requested in writing, stating the business to be discussed and motions to be submitted.

Any individual motion requiring a vote shall be submitted to the Chair of the Board of Directors in writing at least 45 days prior to the Meeting.

At any Shareholders' Meeting convened to vote on the removal of a clause relating to restrictions on the transfer of registered shares, such removal shall be decided by an absolute majority of votes attached to the shares represented, where each share shall entitle the holder to one vote (Article 11, paragraphs 3 and 4, of the LBCV[ii]), in compliance with the rules applicable to any resolution of the Shareholders' Meeting.

6.1.2 Exemptions granted during the financial year

During the 2023 financial year, no exemptions from the above restrictions were granted.

The rules governing attendance at Shareholders' Meetings are set forth in Articles 16 and 18 of the Articles of Incorporation,[i] the main provisions of which are shown in sections 6.3, 6.4, and 6.5 below.

6.2 Quorum provisions

Provisions for quorums are set out in Article 19 of the Articles of Incorporation.

Article 19 – Quorum provisions; resolutions
The Shareholders' Meeting shall have the power to transact business irrespective of the number of shares represented.

Resolutions put to the vote shall be decided by an absolute majority of votes attached to the shares represented, and in the event of a tie, the Chair shall have the casting vote. Shares held by the Canton do not vote on the election of members of the Board of Directors carried out pursuant to Article 15(b).

6.3 Convening Shareholders' Meetings

Article 16 – Meetings
Shareholders' Meetings shall be convened by the Board of Directors at least once a year.

The Annual Meeting shall take place within six months of the close of the financial year at the headquarters of the Bank or at any other place in Vaud Canton as may be determined by the Board of Directors.

Special Shareholders' Meetings may be convened as often as required. (…)

A Shareholders' Meeting may, if necessary, be convened by the Auditors.

6.4 Agenda

Article 16 (excerpt) – Meetings
One or more shareholders together representing no less than one-tenth of the share capital may also request the convening of a Shareholders' Meeting. Shareholders representing shares with an aggregate par value of 30,000 Swiss francs may request that an item of business be entered on the agenda. The calling of a Shareholders' Meeting and the inclusion of an item of business on the agenda must be requested in writing, stating the business to be discussed and motions to be submitted.

Any individual motion requiring a vote shall be submitted to the Chair of the Board of Directors in writing at least 45 days prior to the Meeting.

6.5 Shareholder registration

Article 18, paragraph 2, of the Articles of Incorporation[i] stipulates that shareholder status and the right to appoint a proxy shall be determined on the basis of the shareholder register on the 20th day prior to a Shareholders' Meeting.

Pursuant to paragraph 1 of the same Article, the right to vote at the Meeting shall be exercised by the shareholder registered in the share register or by his or her proxy, who may not necessarily be a shareholder. At the Meeting held on 4 May 2023, Christophe Wilhelm, a Lausanne-based attorney, was elected to be the Independent Proxy until the end of the next Meeting, scheduled for 25 April 2024. Pursuant to Article 18a, paragraph 5, of the Articles of Incorporation,[i] BCV will offer shareholders an electronic means of providing their instructions to the Independent Proxy for the Meeting.

7. Takeovers and defense measures

7.1 Obligation to make a bid

The Articles of Incorporation[i] do not contain an opting-out or opting-up clause based on the Financial Market Infrastructure Act (FinMIA).

7.2 Takeover clauses

There are no agreements or programs that would benefit members of the Board of Directors or the Executive Board or other BCV executives in the event of a takeover.

8. Auditors

8.1 Term of audit and length of service of lead auditor

The Board of Directors chose PricewaterhouseCoopers SA as its external auditor, within the meaning of the FINMA law and the Swiss Banking Act, for the 2023 financial year. At the Annual Shareholders' Meeting on 4 May 2023, BCV shareholders approved the Board's recommendation to appoint PricewaterhouseCoopers SA as the Bank's external auditor for 2023. PricewaterhouseCoopers SA has served as the external auditor within the meaning of the FINMA law and the Swiss Banking Act, as well as the external auditor for the Bank, since 2023. The lead auditor since 2023 has been Beresford Caloia, an audit expert licensed by the Federal Audit Oversight Authority and by FINMA.

Under Article 20 of the LBCV,[ii] the Bank is required to regularly rotate the individuals and firms serving as the auditor in charge and external auditor. A regular rotation is considered to be every seven years, according to the interpretation of the Article by both the Canton of Vaud's Legal and Legislative Service and the Bank.

8.2 Audit fees

Fees invoiced by PricewaterhouseCoopers SA for its audits of the full-year consolidated financial statements, its prudential audit, and other statutory audits amounted to CHF 1,291,255 for the 2023 financial year.

Fees invoiced by PricewaterhouseCoopers SA in Switzerland and abroad for financial and statutory audits of other BCV Group companies were CHF 427,451 for the 2023 financial year.

Total fees invoiced by PricewaterhouseCoopers SA for audit services supplied to all the companies that make up BCV Group therefore amounted to CHF 1,718,706 in the reporting year.

8.3 Additional fees

Fees invoiced by companies within the PricewaterhouseCoopers SA group for other auditing and assurance services totaled CHF 198,200 for the parent company.

BCV subsidiaries paid no additional fees to companies within the PricewaterhouseCoopers SA group.

Total additional fees for the 2023 reporting period invoiced by PricewaterhouseCoopers SA in Switzerland and abroad for all BCV Group companies therefore amounted to CHF 198,200.

Full compliance with regulations concerning the independence of auditors has been verified by the Audit and Risk Committee.

8.4 Monitoring of external auditors

The Audit and Risk Committee scrutinizes the work of the external auditors. In particular, it monitors their independence and performance on behalf of the Board of Directors so that the Board can make an informed recommendation to the Shareholders' Meeting on whether to extend the appointment of the auditors. The external auditors submit a half-yearly activity report to the Audit and Risk Committee, which reviews the report at a meeting in the presence of representatives of the external auditors. Furthermore, the Audit and Risk Committee conducts a detailed evaluation of the external auditors once a year.

The Audit and Risk Committee advises the Board of Directors on whether to approve the external auditors' fees on the basis of a retainer letter, which is reviewed every year. It also discusses how the audit should be planned and approached, as well as risk-evaluation procedures and coordination between the Bank's internal and external auditors. Non-auditing assignments are submitted for prior approval to the Audit and Risk Committee, which, together with the external auditors, verifies compliance with the rules of independence.

The Chair of the Board of Directors and the Chair of the Audit and Risk Committee receive copies of all the reports, certifications, and opinions issued by the external auditors in the course of their duties. Every year, the Audit and Risk Committee reviews the parent company's financial statements and regulatory reports and a summary of the reports submitted by the subsidiaries. The external auditors are regularly invited to attend Audit and Risk Committee meetings to discuss the results of their work, make recommendations on internal audit procedures, and be informed of reports by other persons invited to the meetings. In 2023, representatives of the external auditors partially attended three meetings of the Board of Directors and all ordinary meetings of the Audit and Risk Committee.

The Chair of the Board of Directors meets with the auditor in charge of the audit approximately once every quarter to see whether the work is proceeding as planned; the Chair of the Audit and Risk Committee attends once a year. The Chair of the Audit and Risk Committee also holds regular meetings with the auditor, at least once per quarter. If the Chair of the Audit and Risk Committee identifies any important issues, they submit their observations to all members of the Board of Directors, the Audit and Risk Committee, and the Executive Board.

9. Disclosure policy

9.1 Transparency

Pursuant to paragraphs 8 and 9 of Article 24 of the Bank's Articles of Incorporation,[i] the Board of Directors shall see that it is kept informed. It shall also see that shareholders are properly and fairly informed about the Bank's situation to the greatest extent possible, consistent with legitimate compliance with business and banking confidentiality and securities laws. In particular, it shall reach an agreement governing disclosure of information to the Canton of Vaud.

9.2 Information-exchange agreement

BCV and the Canton of Vaud entered into an initial information-exchange agreement on 13 September 2004, which was followed by a second agreement on 7 October 2009. In 2015, the two parties negotiated a new information-exchange agreement, which was signed on 16 December 2015 and took effect on 1 January 2016.

This agreement commits the parties to increased transparency. In particular, it:
- sets out the content and frequency of information exchanges and the procedures for providing information, together with the type and frequency of meetings between representatives of the Canton and BCV
- defines the confidentiality rules governing these exchanges
- designates the persons who are to provide and receive information on behalf of the Bank and the Canton
- prohibits each party from exploiting for its own purposes the information received and provided
- specifies the legal principles that shall apply, in particular the obligation to make public any information that may affect the price of BCV shares.

9.3 Other information

Regular publications intended for shareholders are the annual report (published in late March/early April), the report on non-financial matters (published alongside the annual report), and the interim report at 30 June (published in August). Printed versions of these reports are available upon request from the following address: BCV, Publications, Post Office Box 300, 1001 Lausanne, Switzerland.

Information is provided to the public soon after the consolidated financial statements are approved by the Board of Directors, by means of a press release and press conference. In 2015, the Bank began publishing its financial statements in accordance with the new Swiss accounting standards for banks. As a result of these new accounting rules, the Bank reports its financial results on a half-yearly rather than a quarterly basis, which means that only results at 30 June and 31 December are released.

BCV also issues special press releases on important developments and business trends at the Bank as often as necessary.

The annual report, report on non-financial matters, interim report, and press releases are all posted on the BCV website (www.bcv.ch/en/home/la-bcv/investor-relations/reports.html). The annual report, report on non-financial matters, and interim report are published in French and English, while press releases are normally available in French, English, and German.

Basel III Pillar 3 reports, which are published half-yearly, and other data of particular interest to investors may also be consulted in the Investor Relations section of the BCV website (www.bcv.ch/en/home/la-bcv/investor-relations/reports.html).

BCV publishes notice of its Annual Shareholders' Meeting approximately 60 days in advance in the FOSC (Feuille officielle suisse du commerce). The invitation and the agenda of the Meeting are also published in the FOSC and several local daily newspapers. In addition, shareholders listed on the shareholder register at least 20 days before the Annual Shareholders' Meeting receive a personal invitation by mail or email, depending on their preference.

9.4 Links to main documents referenced

Document	Link
(i) Articles of Incorporation	https://www.bcv.ch/content/dam/bcv/fichiers/publications/publications-institutionnelles/rapports/ra-et-rse/la-bcv/Art_Association.pdf
(ii) Cantonal Act of 20 June 1995 Governing the Organization of Banque Cantonale Vaudoise (LBCV)	https://www.bcv.ch/content/dam/bcv/fichiers/publications/publications-institutionnelles/rapports/ra-et-rse/la-bcv/11-129-loi-du-20-juin-10-2017 (in French only)
(iii) Audit and Risk Committee Charter	https://www.bcv.ch/content/dam/bcv/fichiers/la-bcv/relations-investisseurs/240201-charte-du-comite-audit-et-risque.pdf (in French only)

10. Restriction periods

The Bank's internal directives prohibit specific groups of employees and third parties from trading BCV shares during scheduled restriction periods related to BCV's financial results and during ad hoc restriction periods related to having access to privileged information.

10.1 Scheduled restrictions related to BCV's financial results

The following employees and members of governing bodies are subject to scheduled restrictions related to BCV's financial results:

- the Chair and other members of the Board of Directors
- the CEO and other members of the Executive Board, as well as their chiefs of staff and assistants
- the secretary of the Board of Directors and the corporate secretaries of the Executive Board
- department heads and regional managers
- all employees in the following departments: Controlling, Financial Accounting, ALM & Financial Management, Risk Management, Compliance, and Corporate Communications
- employees in other departments involved in processing financial results before they are announced to the press

and who may be aware of these figures. The heads of these departments inform the employees concerned and draw up and send a list of their names to the Compliance Department
- the Investor Relations Officer
- employees in the Internal Audit Department.

The representatives of Vaud Canton designated in the information-exchange agreement between BCV and the Canton of Vaud (see section 9.2 on page 111) are also subject to these restriction periods. This concerns the members of the Vaud Cantonal Government, as well as certain related parties.

The restriction periods are determined based on the financial results release dates. They begin ten business days before the close of the half-year and full-year accounts and end the day after the results are released. The Compliance Department informs employees of the start and end date of each restriction period and checks that no transactions have been conducted by the people concerned during that period. Limit orders (both buy and sell, including stop-profit and stop-loss orders) placed by employees subject to scheduled restrictions are canceled at the start of a restriction period.

10.2 Ad hoc prohibitions on trading BCV shares

Employees and third parties who hold privileged information about the BCV share are subject to an ad hoc trading prohibition. If an event occurs that could significantly affect the BCV share, an ad hoc restriction period may be ordered by the Chair of the Board of Directors or by the CEO, who informs the Compliance Department of the decision.

On the basis of a list of employees and third parties who have access to the privileged information, the Compliance Department will:
- identify the individuals subject to confidentiality
- draw up a watchlist that includes the confidential information held, the people with access to that information, and the periods of confidentiality
- inform the individuals concerned of the ad hoc prohibition on distributing the privileged information and trading the share for their own account
- verify that the individuals concerned confirm by email that they are aware of the ad hoc restriction period
- check that no transactions are conducted on the BCV share by the individuals concerned during the restriction period
- notify those involved of the end of the prohibition when the privileged information is publicly distributed.

The procedure for putting in place an ad hoc prohibition is set out in the related internal directive.

10.3 Permanent prohibition on trading derivatives of the BCV share

All Bank employees are permanently prohibited from trading derivatives on the BCV share. This includes, for example, warrants, futures, and structured products for which over one-third of the return depends on the performance of the BCV share.

11. Contacts

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2024 corporate calendar

25 April	Annual Shareholders' Meeting
29 April	Ex-dividend date[1]
30 April	Dividend record date[1]
2 May	Dividend payment[1]
22 August	2024 half-year results

[1] Ordinary dividend of CHF 4.30 per share, subject to approval at the Annual Shareholders' Meeting

Financial Statements

Financial Statements

Financial Statements

Consolidated Financial Statements

1. Balance sheet (in CHF millions)

	Notes	31 / 12 / 23	31 / 12 / 22	Absolute change	Change as %
Cash and cash equivalents		12 602	12 916	– 314	– 2
Due from banks		662	1 187	– 525	– 44
Reverse repurchase agreements	10.1	0	79	– 79	– 100
Loans and advances to customers	10.2	6 128	6 201	– 72	– 1
Mortgage loans	10.2	31 780	30 425	1 355	4
Trading portfolio assets	10.3	229	206	23	11
Positive mark-to-market values of derivative financial instruments	10.4	719	1 160	– 442	– 38
Other financial assets at fair value	10.3	934	897	37	4
Financial investments	10.5/10.7	5 196	5 757	– 560	– 10
Accrued income and prepaid expenses		122	70	52	74
Non-consolidated holdings	10.6/10.7	87	87	0	0
Tangible fixed assets	10.8	381	376	5	1
Intangible assets	10.9	0	0	0	n/a
Other assets	10.10	30	37	– 7	– 20
Assets	10.20/10.21/10.22/10.24	**58 870**	**59 397**	**– 527**	**– 1**
Total subordinated assets		0	0	0	n/a
of which subject to mandatory conversion and/or conditional write-off		*0*	*0*	*0*	*n/a*

	Notes	31 / 12 / 23	31 / 12 / 22	Absolute change	Change as %
Due to banks		5 953	5 975	– 22	– 0
Repurchase agreements	10.1	1 977	1 008	969	96
Customer deposits		36 475	38 395	– 1 920	– 5
Trading portfolio liabilities	10.3	2	3	– 1	– 26
Negative mark-to-market values of derivative financial instruments	10.4	426	450	– 23	– 5
Other financial liabilities at fair value	10.3/10.14	1 132	1 006	127	13
Medium-term notes		2	0	2	n/a
Bonds and mortgage-backed bonds	10.14/10.15	8 443	7 942	500	6
Accrued expenses and deferred income		182	154	29	19
Other liabilities	10.10	400	725	– 325	– 45
Provisions	10.16	22	27	– 5	– 18
Liabilities	10.20	**55 015**	**55 683**	**– 669**	**– 1**
Reserves for general banking risks	10.16	666	666	0	0
Share capital		86	86	0	0
Capital reserve		35	35	0	1
Retained earnings		2 615	2 554	61	2
Currency translation reserve		– 2	– 2	– 0	– 7
Own shares		– 14	– 14	– 0	– 2
Minority interests in equity		0	0	0	n/a
Net profit		469	388	81	21
of which minority interests		*0*	*0*	*0*	*n/a*
Shareholders' equity		**3 855**	**3 713**	**142**	**4**
Total liabilities and shareholders' equity	10.21/10.24	**58 870**	**59 397**	**– 527**	**– 1**
Total subordinated liabilities		0	0	0	n/a
of which subject to mandatory conversion and/or conditional write-off		*0*	*0*	*0*	*n/a*

Consolidated off-balance-sheet transactions (in CHF millions)	Notes	31 / 12 / 23	31 / 12 / 22	Absolute change	Change as %
Contingent liabilities	10.2/11.1	1 050	1 116	– 65	– 6
Irrevocable commitments	10.2	1 400	1 494	– 94	– 6
Commitments relating to calls on shares and other equity securities	10.2	243	243	0	0
Confirmed credits	10.2/11.2	35	37	– 2	– 5

2. Income statement (in CHF millions)

	Notes	2023	2022	Absolute change	Change as %
Interest and discount income		936.0	524.5	411.5	78
Interest and dividend income from financial investments		36.7	21.4	15.3	71
Interest expense		– 376.0	– 84.2	291.8	346
Net interest income before loan impairment charges/reversals	12.1	**596.7**	**461.7**	**135.0**	**29**
Loan impairment charges/reversals		– 0.5	2.8	3.3	120
Net interest income after loan impairment charges/reversals (NII)		**596.1**	**464.5**	**131.7**	**28**
Fees and commissions on securities and investment transactions	12.2	288.4	291.6	– 3.2	– 1
Fees and commissions on lending operations		30.5	39.1	– 8.7	– 22
Fees and commissions on other services	12.3	79.3	73.1	6.2	9
Fee and commission expense		– 59.1	– 60.4	– 1.4	– 2
Net fee and commission income		**339.1**	**343.4**	**– 4.3**	**– 1**
Trading income on fixed-income instruments and equity securities		27.9	27.5	0.4	2
Trading income on foreign currencies, banknotes, and precious metals		169.8	168.7	1.0	1
Trading fee and commission expense		– 7.6	– 7.5	0.1	2
Net trading income and fair-value adjustments	12.4	**190.1**	**188.7**	**1.4**	**1**
Gains/losses on disposals of financial investments		0.5	10.1	– 9.6	– 95
Income from equity investments		6.8	5.5	1.3	23
of which other non-consolidated holdings		*6.8*	*5.5*	*1.3*	*23*
Real-estate income		5.0	6.6	– 1.6	– 24
Miscellaneous ordinary income		23.4	22.9	0.5	2
Miscellaneous ordinary expenses		– 1.0	– 2.3	– 1.2	– 54
Other ordinary income		**34.6**	**42.8**	**– 8.2**	**– 19**
Total income from ordinary banking operations		**1 160.0**	**1 039.4**	**120.6**	**12**
Personnel costs	12.5	– 364.1	– 352.9	11.2	3
Other operating expenses	12.6	– 176.6	– 163.7	12.9	8
Operating expenses		**– 540.8**	**– 516.7**	**24.1**	**5**
Depreciation and amortization of fixed assets and impairment on equity investments	12.7	– 76.1	– 69.6	6.4	9
Other provisions and losses	12.8	– 1.7	– 5.4	– 3.8	– 69
Operating profit	12.12	**541.5**	**447.7**	**93.8**	**21**
Extraordinary income	12.9	1.9	1.2	0.7	56
Extraordinary expenses	12.10	– 0.0	– 0.0	0.0	n/a
Taxes	12.11	– 74.2	– 60.6	13.6	22
Net profit		**469.2**	**388.3**	**80.9**	**21**
Minority interests		– 0.0	– 0.0	0.0	n/a
Net profit attributable to BCV shareholders		**469.2**	**388.3**	**80.8**	**21**

3. Cash flow statement (in CHF millions)

	Notes	2023 Source of funds	2023 Use of funds	2023 Net cash inflow / outflow	2022 Source of funds	2022 Use of funds	2022 Net cash inflow / outflow
Net profit for the year		469			388		
Change in reserves for general banking risks							
Depreciation and amortization of fixed assets and impairment on equity investments	12.7	76			70		
Provisions and other impairment charges/reversals	10.16	6	5		11	8	
Loan impairment charges/reversals	10.16	26	25		18	21	
Accrued income and prepaid expenses			52			3	
Accrued expenses and deferred income		29			14		
Extraordinary income: disposals of tangible fixed assets and equity holdings			2			1	
Dividend for the previous year			327			318	
Cash flow from operations		**605**	**410**	**195**	**501**	**351**	**150**
Distribution drawn from paid-in reserves		0				1	
Own shares		23	24		25	24	
Change in scope of consolidation, minority interests, and currency translation differences							
Cash flow from equity transactions		**24**	**24**	**– 0**	**25**	**25**	**– 0**
Non-consolidated holdings	10.6		0			0	
Real estate	10.8	2	5		2	3	
Computer programs	10.8		69		0	45	
Other tangible fixed assets	10.8	0	8		0	6	
Intangible assets	10.9						
Cash flow from investments		**2**	**82**	**– 80**	**2**	**54**	**– 52**
Cash flow from banking operations							
Due to banks							
Customer deposits			44		24		
Medium-term notes		2				2	
Long-term borrowings	10.15	1 636	1 136		1 394	766	
Other liabilities			328		541		
Due from banks							
Loans and advances to customers			45			153	
Mortgage loans			1 355			1 050	
Financial investments			159			1 479	
Other receivables		7			9		
Medium- and long-term operations (over 1 year)		**1 646**	**3 067**	**– 1 422**	**1 969**	**3 449**	**– 1 481**
Due to banks			22		2 597		
Repurchase agreements		969				450	
Customer deposits			1 875		175		
Trading portfolio liabilities			1		1		
Negative mark-to-market values of derivative financial instruments			23		177		
Other financial liabilities at fair value		127				335	
Due from banks		524				233	
Reverse repurchase agreements		79			79		
Loans and advances to customers		115			162		
Trading portfolio assets			23			5	
Positive mark-to-market values of derivative financial instruments		442				792	
Other financial assets at fair value			37		315		
Financial investments		719			9		
Short-term operations		**2 974**	**1 981**	**993**	**3 515**	**1 816**	**1 699**
Cash and cash equivalents		**314**		**314**		**316**	**– 316**
Total		**5 565**	**5 565**	**0**	**6 012**	**6 012**	**0**

A net positive amount represents a cash inflow, while a net negative amount represents a cash outflow.

4. Statement of changes in equity (in CHF millions)

	Share capital	Capital reserve	Retained earnings	Reserves for general banking risks	Currency translation reserve	Own shares	Equity - minority interests	Net profit for the year	Total equity
Status at 1 January 2021	**86**	**36**	**2 472**	**666**	**– 2**	**– 15**	**0**	**331**	**3 574**
2020 dividend								– 310	– 310
Retained earnings			21					– 21	0
Purchases of own shares (at cost)						– 23			– 23
Disposals of own shares (at cost)						24			24
Gain on disposals of own shares and dividends		0							0
Effect of exchange-rate differences					– 0				– 0
Changes in scope and/or minority interests			– 0						– 0
Net profit for the year							0	379	379
Status at 31 December 2021	**86**	**36**	**2 493**	**666**	**– 2**	**– 15**	**0**	**379**	**3 644**
2021 dividend								– 318	– 318
Retained earnings			60					– 60	0
Purchases of own shares (at cost)						– 24			– 24
Disposals of own shares (at cost)						25			25
Gain on disposals of own shares and dividends		– 1							– 1
Effect of exchange-rate differences					– 0				– 0
Changes in scope and/or minority interests			– 0						– 0
Net profit for the year							0	388	388
Status at 31 December 2022	**86**	**35**	**2 554**	**666**	**– 2**	**– 14**	**0**	**388**	**3 713**
2022 dividend								– 327	– 327
Retained earnings			61					– 61	0
Purchases of own shares (at cost)						– 23			– 23
Disposals of own shares (at cost)						23			23
Gain on disposals of own shares and dividends		0							0
Effect of exchange-rate differences					– 0				– 0
Changes in scope and/or minority interests									0
Net profit for the year							0	469	469
Status at 31 December 2023	86	35	2 615	666	– 2	– 14	0	469	3 855

5. Company name, operations, and headcount

5.1 Company name, legal status, and head office

Banque Cantonale Vaudoise (BCV) was founded on 19 December 1845 by the Vaud Cantonal Parliament as a *société anonyme de droit public* (i.e., a corporation organized under public law). Its legal status is defined in the Cantonal Act Governing the Organization of Banque Cantonale Vaudoise (LBCV) of 20 June 1995, and its head office is in Lausanne.

5.2 Overview of operations

BCV operates as a full-service bank with a community focus. Its corporate mandate is to contribute to the economic development of its home region, the Canton of Vaud.

It offers a full range of services in retail banking, wealth management, corporate banking, and trading. Along with its traditional areas of business (savings & loans and wealth management), BCV engages in large-corporate financing and selected trade-financing operations in commodities (primarily softs and metals). It offers a broad portfolio of financial-market services, including equity and derivatives trading and fixed-income instruments. The Bank is also active in foreign-exchange trading and in developing and issuing structured products.

BCV is the parent company of a banking and financial group, which encompasses a private bank and three fund management companies. The Bank also had a branch in Guernsey (Banque Cantonale Vaudoise Guernsey Branch) that was active in structured products until it ceased operating in December 2023.

5.3 Headcount

Full-time equivalents	31 / 12 / 23	31 / 12 / 22
Group	1982	1957
of which parent company	1773	1757

6. Accounting principles for the consolidated financial statements

6.1 Basis of preparation of consolidated financial statements

The consolidated financial statements of BCV Group have been prepared in accordance with the provisions of the Swiss Code of Obligations, the Swiss Federal Act on Banks and Savings Institutions and its implementing ordinance, the FINMA Accounting Ordinance (FINMA-AO), and FINMA Circular 2020/1 on accounting rules for banks. The financial statements provide a true and fair view of the assets, financial position, and results of BCV Group.

The consolidated financial statements are based on Group companies' full-year accounts, which are prepared in accordance with generally accepted accounting principles. The accounts are closed at 31 December of every year.

6.2 Scope of consolidation

Companies over which BCV has control and companies in which it has significant influence over their operations are fully consolidated. Significant influence is generally recognized by BCV when it makes a profit on and bears the risks of a company's operations.

Companies over which BCV has significant influence but no outright control (holdings of 20% to 50%) are accounted for using the equity method.

The following companies are not included in the scope of consolidation:

- holdings of no material significance in terms of financial reporting and risk
- significant holdings not acquired for strategic purposes and intended to be sold or liquidated within 12 months.

6.3 Basis of consolidation

Equity is consolidated using the acquisition method. The acquisition cost of a holding is offset against the equity existing on the date on which control is transferred. Any goodwill is carried on the balance sheet under "Intangible assets."

6.4 Accounting and valuation principles

6.4.1 Cash and cash equivalents

Cash and cash equivalents comprise ordinary coins and banknotes and assets held with the Swiss National Bank; they are carried at nominal value.

6.4.2 Due from banks

Amounts due from banks are carried at nominal value less any impairment, as set out in note 7.2 under "Risk-assessment and risk-management principles."

6.4.3 Reverse repurchase agreements

Receivables from cash collateral related to reverse repurchase agreements are carried at nominal value.

Reverse repurchase agreements are not recognized on the balance sheet unless the ownership rights pass to the Group.

6.4.4 Loans and advances to customers and Mortgage loans

Loans and advances to customers and Mortgage loans are carried at nominal value less any impairment, as set out in note 7.2 under "Risk-assessment and risk-management principles."

6.4.5 Trading portfolio assets

Trading portfolio assets include positions in equity securities, debt securities, and precious metals and are held in order to take advantage of market-price fluctuations.

These positions are carried at fair value with reference to the prices quoted on the most representative market.

6.4.6 Positive mark-to-market values of derivative financial instruments

Derivative financial instruments recorded at the balance-sheet date are carried at fair value with reference to the prices quoted on the most representative market. For positions that are not traded on sufficiently liquid markets, fair value is determined using a valuation model. Any resulting positive mark-to-market values are recognized under this item.

Mark-to-market values relating to transactions with the same counterparty and hedged by a netting agreement are carried on the balance sheet at net value.

6.4.7 Other financial assets at fair value

Securities needed to hedge structured products issued by BCV and recorded as a liability are carried under this line item. These positions are carried at fair value with reference to the prices quoted on the most representative market. For positions that are not traded on sufficiently liquid markets, fair value is determined using a valuation model.

6.4.8 Financial investments

Financial investments include securities and precious metals acquired for medium- and long-term investment purposes, as well as equity securities held neither for trading nor as a long-term investment. Available-for-sale real estate acquired in connection with lending operations is also carried under this item.

Held-to-maturity interest-bearing securities are carried at cost, with premiums or discounts amortized over the remaining term of the instrument using the accrual method. Gains and losses arising from their sale or early redemption are recorded proportionally up to the initial maturity date of the securities. Any related loan impairment charges or reversals are recorded on the income statement under the corresponding line item.

Interest-bearing securities not intended to be held until maturity, as well as equity securities and available-for-sale real estate, are carried at the lower of cost or market value. As a general rule, impairment charges and reversals on these assets are recorded under "Miscellaneous ordinary expenses" or "Miscellaneous ordinary income." Where impairment can be broken down into loan impairment and market-related impairment, loan impairment charges and reversals are recorded on the income statement under the corresponding line item.

6.4.9 Accrued income and prepaid expenses

This item mainly consists of accrued interest and other transitory assets.

6.4.10 Non-consolidated holdings

Non-consolidated holdings comprise equity securities that are held as a long-term investment, irrespective of voting rights. They also include the Group's infrastructure-related holdings, particularly joint ventures. They are carried at cost less any impairment.

These holdings are reviewed for impairment at each balance-sheet date, based on whether there is an indication of a loss in value. If there is such an indication, the Group determines the realizable value of each asset.

The realizable value is the higher of the net fair value and the value in use. The asset is written down if its carrying value exceeds its realizable value. In this case, the carrying value is reduced to the realizable value and the difference is charged to the income statement under "Depreciation and amortization of fixed assets and impairment on equity investments."

6.4.11 Tangible fixed assets

Tangible fixed assets are carried at cost. Software developed by the Bank for in-house use is carried at direct production cost, and the corresponding income is recorded under "Miscellaneous ordinary income."

Tangible fixed assets are depreciated on a straight-line basis over their estimated useful lives within the following limits:
- 50 years for real estate
- 10 years for technical facilities
- 5 years for machinery, furniture, and fittings
- 5 years for computer software and hardware.

Any depreciation recorded over an asset's remaining estimated useful life or additional write-downs made subsequent to impairment reviews are charged to the income statement for the period, under "Depreciation and amortization of fixed assets and impairment on equity investments."

These assets are reviewed annually for impairment. If there is a decline in value or a change in the useful life, the carrying value of the asset is written down and the written-down value is depreciated over the remaining estimated useful life of the asset.

6.4.12 Intangible assets

Any goodwill is carried on the balance sheet and amortized on a straight-line basis over its estimated useful life, up to a maximum of ten years.

Goodwill is reviewed for impairment at each balance-sheet date, based on whether there is an indication of a loss in value. In this case, the carrying value is reduced to the realizable value and the difference is charged to the income statement under "Depreciation and amortization of fixed assets and impairment on equity investments."

6.4.13 Other assets

This item mainly comprises coupons, indirect taxes to be recovered, and any positive offset account balances.

6.4.14 Due to banks

Amounts due to banks are carried at nominal value.

6.4.15 Repurchase agreements

Commitments from cash collateral related to repurchase agreements are carried at nominal value.

Repurchase agreements are carried on the balance sheet and valued in the same way as financial investments, provided that the Group continues to be the beneficial owner.

6.4.16 Customer deposits

This item comprises all amounts due to non-bank customers, carried at nominal value.

6.4.17 Trading portfolio liabilities

Trading portfolio liabilities result from short positions in debt and equity securities that are established in order to take advantage of market price fluctuations. They are carried at fair value with reference to the prices quoted on the most representative market.

Securities borrowed to establish short positions are not recorded on the balance sheet insofar as BCV Group does not take ownership of the attached rights.

6.4.18 Negative mark-to-market values of derivative financial instruments

Derivative financial instruments recorded at the balance-sheet date are carried at fair value with reference to the prices quoted on the most representative market. For positions that are not traded on sufficiently liquid markets, fair value is determined using a valuation model. Any resulting negative mark-to-market values are recognized under this line item.

Mark-to-market values relating to transactions with the same counterparty and hedged by a netting agreement are carried on the balance sheet at net value.

6.4.19 Other financial liabilities at fair value

This item includes structured products that are issued by the Bank and carried at fair value with reference to a quoted market price or a valuation model. Subsequent revaluations are carried under "Net trading income and fair value adjustments."

6.4.20 Medium-term notes

Medium-term notes issued by the Bank are carried at nominal value.

6.4.21 Bonds and mortgage-backed bonds

This item consists of borrowings from the Central Mortgage-Bond Institution of Swiss Cantonal Banks, as well as bonds issued by the Bank. They are carried at nominal value; any discount or premium is recorded under accrued or deferred items and amortized over the term of the instrument under "Interest expense."

This line item also includes structured products that are issued by the Bank and whose host instrument and embedded derivatives are treated separately. In this case, the host instrument is recorded under this line item at nominal value as a debt issued by the Bank, while the embedded derivatives are carried as either positive or negative mark-to-market values. Any subsequent changes in fair value are recognized under "Net trading income and fair-value adjustments." Interest accrued in the interest-rate component is recorded under "Interest expense" using the accrual method.

Positions in bonds and structured products issued by BCV are deducted from this item.

6.4.22 Accrued expenses and deferred income

This item mainly consists of accrued interest, taxes due on Group companies' earnings and capital, and other transitory liabilities.

Direct tax is calculated in accordance with the matching principle and is recognized in the income statement under "Taxes."

6.4.23 Other liabilities

This item mainly comprises coupons, indirect taxes to be paid, and any negative offset account balances.

6.4.24 Provisions

This line item includes provisions necessary for business operations, provisions for hedging recognized and inherent risks of loss, credit-risk provisions for off-balance-sheet transactions, and provisions for deferred taxes.

Deferred taxes are calculated based on differences between tax values and book values. They are recognized in the income statement under "Taxes."

6.4.25 Reserves for general banking risks

To cover risks inherent in the banking business that are not already covered by specific provisions, the Group can set aside "Reserves for general banking risks." These reserves are part of shareholders' equity and are taxed or subject to a deferred tax.

6.4.26 Share capital

This line item consists of the Bank's share capital.

6.4.27 Capital reserve

The capital reserve comprises additional paid-in capital obtained through the issue of equity securities and the exercise of conversion rights and options, along with gains and losses realized and dividends received on own shares.

6.4.28 Retained earnings

This line item represents capital accrued by the Group; it consists primarily of appropriated retained earnings and the effect of changes in the scope of consolidation.

6.4.29 Currency translation reserve

Exchange-rate differences resulting from the translation of Group company accounts denominated in foreign currencies are recorded under this line item and not through profit or loss.

6.4.30 Own shares

Own shares (i.e., registered shares of Banque Cantonale Vaudoise) are deducted from shareholders' equity at cost. Dividend payments and gains and losses on disposals are allocated directly to the capital reserve.

6.4.31 Contingent liabilities

Contingent liabilities mainly comprise commitments to secure credits, issued in the form of bills of exchange, surety bonds, and guarantees, including irrevocable letters of credit, endorsements of re-discounted bills, advance payment guarantees, and similar facilities, such as pledges in favor of third parties.

This type of liability is contingent if, when the transaction is entered into, the main debtor has no debt towards a third party but may incur such debt at a later date.

6.4.32 Irrevocable commitments

This line item includes commitments to grant loans and other services that are unused but firm and irrevocable at the balance-sheet date, together with payment commitments relative to depositor-protection schemes.

6.4.33 Commitments relating to calls on shares and other equity securities

This line item includes commitments relating to calls on shares and other equity securities.

6.4.34 Confirmed credits

Commitments arising from deferred payments, as well as from acceptances and other confirmed credits, are included under this line item.

6.4.35 Pension-fund liabilities

Pension-fund liabilities are understood to mean obligations arising under pension plans and pension funds which provide retirement, death, and disability benefits.

When preparing its year-end accounts, the Group determines, for each pension fund, whether there are any assets (benefits) or liabilities (obligations) other than the contribution benefits and related adjustments. This assessment is based on the financial situation of the pension funds as shown in their interim accounts at 30 September.

Any liabilities are carried on the balance sheet under “Provisions,” while any economic benefit is carried under “Other assets.” Any changes from the corresponding value in the previous financial year are recognized for each pension fund under “Personnel costs.”

Adjusted contributions for the period are also carried under “Personnel costs.”

An economic liability arises if the Group decides or is obliged to participate in the financing of an underfunded pension fund, while an economic benefit arises if there is a potential positive effect on future cash flows as a result of pension-fund overfunding. Moreover, in the case of overfunding, an economic benefit exists if there is a lawful intention to use the overfunding to reduce the employer’s contributions, to refund the contributions to the employer by virtue of local legislation, or to use them for any economic purpose of the employer other than regulatory benefits.

6.5 Changes to accounting principles

No changes were made to the accounting principles in 2023.

6.6 Registration of business transactions

All transactions concluded up until the balance-sheet date are recorded on the date they are concluded and are valued according to the above accounting principles.

6.7 Foreign-currency translation

Transactions in foreign currencies during the year are translated at the exchange rates prevailing on the transaction date.

Assets and liabilities held in foreign currencies at the close of the financial year are translated into Swiss francs at the exchange rates prevailing on that date, provided that they are not valued at their historical rates.

Foreign-exchange gains and losses, including unrealized gains and losses on forward foreign-exchange contracts open at the balance-sheet date, are carried in the income statement. Balance-sheet items and off-balance-sheet transactions of foreign holdings are translated at year-end exchange rates set for the Group, with the exception of shareholders’ equity invested in these holdings, which is translated at historical rates.

Income-statement items are translated at the average annual exchange rates set for the Group. Differences arising from the translation of shareholders’ equity and the income statement are recorded directly in shareholders’ equity.

Major currencies		2023		2022
in CHF	Close	Average	Close	Average
Euro	0.9297	0.9714	0.9874	1.0046
U.S. dollar	0.8417		0.9252	

6.8 Funding of trading positions

The cost of funding securities held in the trading portfolios is netted against interest and dividend income from these portfolios and recorded under "Net trading income and fair-value adjustments."

6.9 Rounding

The figures contained in the tables have each been properly rounded depending on the number of significant digits used for the table; this may result in discrepancies between listed column and row totals and the sum of individual column or row items.

7. Risk-assessment and risk-management principles

7.1 Introduction

The Board of Directors periodically analyzes the Bank's main risks. The analyses are based on the risk-management processes and methods in place, and contain a forward-looking evaluation of the risks to which BCV is exposed. In these analyses, the Board of Directors takes into account the Bank's existing control system for managing and mitigating risks.

BCV's risk-management objectives and approach are presented in the Risk Management chapter. This section explains in more detail the principles that the Bank applies in assessing risks.

7.2 Credit risk

7.2.1 Exposure to credit risk

Credit risk arises from the possibility that a counterparty might default on its financial obligations to the Bank. It corresponds to the default risk set out in FINMA-AO and includes settlement risk. All forms of credit commitments to bank and non-bank counterparties, whether on or off the balance sheet, represent a credit risk for the Bank.

The Bank distinguishes five types of exposure to credit risk:
- financial exposures, which are characterized by an outflow of funds
- off-balance-sheet commercial exposures, stemming from guarantees given by the Bank or obtained in respect of counterparties
- exposures resulting from derivatives contracts with positive mark-to-market values
- exposures resulting from repos/reverse repos and securities lending/borrowing transactions
- settlement exposures, which result from a time lag between when funds or securities are sent and when funds or securities are received in exchange.

Every position that entails credit risk is clearly assigned to one of these exposure categories. The Bank uses clearly defined methods for determining exposure levels by exposure category. Overall or specific limits are set for financial, off-balance-sheet commercial, and OTC derivatives exposures. Limits are likewise set for settlement exposures to bank counterparties. When positions are unwound through a simultaneous settlement system, such as CLS (Continuous Linked Settlement), settlement risk is not considered.

For trade-finance activities, credit risk is closely linked to country risk in emerging markets. In order to monitor this type of risk, the Bank analyzes and limits both its financial exposure (financial transfer risk) and non-financial exposure (risk that a physical transaction will not be unwound), particularly with respect to emerging markets.

7.2.2 Internal counterparty default ratings

The Bank considers a counterparty to be "in default" if one or more criteria are met (see definition of "in default" in note 7.2.5). Each counterparty is assigned a default rating based on clearly defined models. Each default rating is defined by an interval of default probabilities. Seven main ratings and 16 sub-ratings are used to classify counterparties according to their risk of default.

7.2.3 Loss given default and expected loss

Loss given default is the amount that the Bank stands to lose on a credit-risk exposure at the time that the counterparty defaults. Loss given default is determined for each credit-risk exposure by taking into account the credit limit and the coverage ratio, which is the value of the risk mitigants expressed as a percentage of the limit. For this purpose, collateral is taken at market value (see note 7.2.4).

For non-impaired credit-risk exposure, the Bank estimates the amount that it expects to lose in a "normal" year (i.e., in the middle of the economic cycle). This amount is called the 12-month expected loss.

For credit-risk exposures not relating to trade finance and real-estate development, the expected loss is determined based on the probability of default (PD), reflected in the counterparty default rating, loss given default (LGD), and exposure at default (EAD). These three risk variables are calculated using internal models, many of which have received FINMA approval to be used as Internal Ratings-Based (IRB) approaches for determining regulatory capital requirements (see note 7.2.8). LGD and EAD models are structurally identical to the internal models used to determine regulatory capital requirements but are calibrated through the cycle to produce a conservative estimate of the expected loss over the entire cycle.

For trade-finance and real-estate-development exposures, the expected loss is estimated for each transaction, using an approach based on Basel III slotting criteria.

7.2.4 Market value of collateral

The Bank measures collateral on the basis of its market value, provided a suitable market exists. Various valuation methods are used, depending on the characteristics of the collateral and the sources of information about it. Each item of collateral is clearly assigned to a valuation method.

More specifically, the market value for a real-estate asset is the estimated price at which the asset would be likely to change hands on the measurement date, between knowledgeable, willing parties in an arm's length transaction, after an appropriate marketing process.

Provided their value is below a set amount, single-family homes, condominium apartments, and income-generating real estate are valued using hedonic pricing models or capitalization pricing models in collaboration with experts. Other types of real estate and real estate with values above the set amount are valued by experts.

7.2.5 Impaired loans and off-balance-sheet exposures

A loan or off-balance-sheet exposure is impaired when the counterparty is unlikely to be able to meet its future credit obligations. The counterparty is then "in default" and all its debts to the Bank are considered "non-performing."

A counterparty is "in default" when it is more than 90 days past due on any material credit obligation to the Bank or when the Bank considers that the counterparty is unlikely to pay its credit obligations to the Bank in full.

7.2.6 Overdue-interest loans

A loan is considered to be an "overdue-interest" loan when at least one of the following three criteria is met:
- Advances and mortgage loans: interest and fees are more than 90 days past due.
- Current-account credits: the agreed credit limit has been exceeded owing to insufficient payments in respect of interest and fees for more than 90 days.
- The credit has been called in by the Bank.

"Overdue-interest" loans are in principle impaired.

7.2.7 Provisions for credit risk

The purpose of credit-risk provisions is to recognize, at the balance-sheet date, the expected loss on impaired and non-impaired credit-risk exposures.

Provisions for non-impaired credit-risk exposures are determined individually by counterparty and meet the requirement to set aside provisions for inherent credit risks (Articles 25 and 28 FINMA-AO). The aim is to ensure that the Bank's provisions for non-impaired loans cover the expected loss. For provisioning purposes, the expected loss is calculated differently depending on the level of credit risk.

Provisions for non-impaired credit-risk exposures that have not been identified as high-risk are determined based on the 12-month expected loss, as described in note 7.2.3. These provisions are set aside for all bank and client loans, with the exception of derivatives contracts and securities lending and borrowing transactions, which have a low expected loss. The base assumption is that the Bank's expected-loss models provide reliable estimates of future annual losses. This assumption is tested each year by the units responsible for developing models and checked by an independent validation unit. The internal models have been approved for use under the IRB approach to determine the regulatory capital requirements for a large part of the Bank's credit-risk exposure (see the Bank's Basel III Pillar 3 report). They are calibrated using over ten years of past data (which includes periods of stress for the Bank).

Provisions for non-impaired credit-risk exposures that have been identified as high-risk are determined based on the expected loss at maturity. The probability of default for these exposures corresponds to the probability of default at maturity. Heightened credit risks are identified for counterparties that are “reputed to be in financial difficulty” (RD). A counterparty is classified as RD when the criteria for “in default” are not met, but when the Bank considers there to be a high risk that part of its exposure to credit risk on the counterparty will not be recovered, or when a significant breach of contract on any of the forms of credit extended to the counterparty by the Bank has occurred and has not been remedied without a temporary or permanent exemption being granted.

Provisions for impaired credit-risk exposures, as defined in note 7.2.5, are determined individually by counterparty, pursuant to Article 24 FINMA-AO. The provision calculation takes into account total credit exposures to the counterparty on and off the balance sheet, the liquidation value of the collateral, market conditions, the quality of the counterparty’s management, and the counterparty’s ability and willingness to honor its commitments.

The liquidation value is the estimated net realizable value of the asset. It is calculated on the basis of the current market value of the asset, taking into account sell-by objectives, current market conditions, and selling costs (including any costs of holding the asset until sale and transaction-related costs).

As an exception, in the event of a major crisis, provisions for inherent credit risks can be used to cover impaired loans. A major crisis occurs when the new provisions for impaired exposures over a 12-month period are significantly higher (by a factor of two) than the expected loss on non-impaired exposures. However, once the crisis has ended, those provisions must be steadily built up again over a five-year period.

7.2.8 Regulatory capital requirements for credit risk

BCV has been applying the Foundation Internal Ratings-Based (FIRB) approach to determine the regulatory capital requirements for a large part of its credit-risk exposure since 2009, having obtained approval from FINMA in December 2008. The scope of this approach is detailed in the Bank’s Basel III Pillar 3 report. The International Standardized Approach (SA-BIS) is used for the remaining credit-risk exposure.

7.3 Market risk on the trading book

Market risk arises from the possibility of losses on the Bank’s trading book as a result of changes in market parameters, in particular the price and price volatility of the underlying security. Trading positions are positions in equities, fixed-income instruments, currencies, and precious metals. Positions in underlying instruments are classified as “simple” positions, whereas positions in futures contracts, swaps, or options are classified as “derivative” positions.

Each trading position is valued at the price quoted on a reference market or on the basis of price information calculated using a valuation model that incorporates observable market parameters.

The Bank manages its market risk on the trading book by setting limits in terms of net portfolio value, value-at-risk (VaR), stress loss, and sensitivity measures (Greeks).

VaR is a statistical measure. It is calculated with a 99% confidence interval. For a given time horizon, VaR represents the distribution of results by showing the best result among the worst 1% of possible results. It is measured at the portfolio and sub-portfolio levels. It is calculated on the basis of complete revaluations of positions by subjecting them to past changes in the various market parameters. For trading positions, the liquidation horizon is one day. For the nostro (i.e., proprietary) portfolio managed by the Asset Management Department, the liquidation horizon is six months.

Stress-loss analyses are used to measure potential losses that are not taken into account by VaR analysis. Stress scenarios seek to model the most adverse possible movements in risk factors. Scenarios are determined for all trading positions taken together as well as for the various sub-portfolios.

For all trading positions, the Bank uses static-portfolio stress scenarios to model short-term stress. Six-month scenarios are used for the nostro portfolio managed by the Asset Management Department, analyzing cumulative results over that period.

Sensitivity measures are used to monitor local exposure to risks arising from trading positions (i.e., marginal variations in risk factors). For trading book portfolios, the main sensitivity measures used are delta, gamma, vega, theta, and rho.

The Bank determines its capital requirements for market risk using the Standardized Approach (SA-BIS).

7.4 Market risk on the banking book

The Bank assesses market risk on positions in the banking book by measuring interest-rate risk and liquidity risk.

7.4.1 Interest-rate risk on the banking book

Interest-rate risk on the banking book arises from mismatches between the size and terms (dates on which interest rates are fixed) of asset and liability positions. It is attributable to movements in the yield curve and changes in customer behavior. These variations directly affect the Bank's interest income and the economic value of its share capital.

The Bank monitors two measures of loss arising from interest-rate risk on the balance sheet:
- loss of interest margin, which is both an economic loss and an accounting loss
- loss of economic value of share capital, which by definition is not reflected in the accounts.

Every month, the Bank calculates various measures of interest-rate risk, which enable it to monitor the impacts on the interest margin and the economic value of share capital:
- Static indicators: to monitor the economic value of share capital, the Bank calculates the duration of share capital and the sensitivity of share capital to an interest-rate shock. To monitor the net interest margin, the Bank calculates interest-rate gaps by residual maturity.
- Dynamic indicators: every month, the Bank prepares scenarios regarding interest rates and business volumes, combined with various hedging strategies. These dynamic simulations take into account customer behavior with respect to interest rates in order to simulate the interest margin and potential losses in circumstances that lie between a probable scenario and a stress scenario. For each scenario, indicators showing the duration and value of share capital are calculated for several future dates to measure the future exposure of share capital to interest-rate risk. These dynamic simulations are carried out for a three-year horizon.

In calculating all indicators, models are used to replicate variable-rate positions (adjustable-rate mortgages, traditional savings deposits with no fixed term, and sight deposits) in order to simulate as faithfully as possible the pace and magnitude of changes in customer interest rates as the market rate changes.

7.4.2 Liquidity risk

Liquidity risk arises from the possibility that the Bank does not have the resources on hand to deal with the potential outflow of funds that could occur at any time in view of the liabilities that it holds, changes in its assets, and its off-balance-sheet exposures. This risk is determined by the pace of withdrawals, the concentration of liabilities, the Bank's ability to raise funds, and prevailing terms and conditions in the interbank and capital markets.

The Bank monitors its exposure to liquidity risk in the medium/long term, as well as in the short term, by preparing maturity schedules for on-balance-sheet exposures, by calculating balance-sheet ratios, and by modeling the future structure of its balance sheet using dynamic simulations. When conducting these simulations, the Bank also calculates regulatory ratios – i.e., the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR) – at different time horizons. These simulations enable the Bank to determine its long-term approach to funding, particularly as regards raising funds from the Central Mortgage-Bond Institution and on the bond market, as well as the size and composition of its liquidity reserve. The Bank also stress-tests its regulatory liquidity ratios.

7.5 Operational risk

Operational risk is inherent in the Bank's activities and arises from possible inadequacies or failures relating to processes, people, and information systems within or external to the Bank. Operational risk factors arise from:
- changes in legislation, regulations, and values – particularly in Swiss and other legal and regulatory frameworks that are applicable to BCV – and in the expectations of customers and other stakeholders, and public opinion of the Bank
- erroneous or malicious behavior of employees, suppliers, bank counterparties, customers, or other parties external to the Bank
- inadequacies of information systems, infrastructure, or

the Bank's organization
- natural hazards, including climate-related physical hazards, pandemics, and other natural phenomena (e.g., seismic, hydrological, and geological hazards).

The Bank monitors its exposure to operational-risk events using a classification with eight categories :
- non-compliance
- internal fraud
- external fraud
- incidents related to human resources, including workplace safety
- incidents linked to customer relations and commercial practices
- losses of operating resources
- failure of information systems
- incidents related to transaction and process management.

An operational-risk event that has occurred is booked directly as an outright loss. Provisions are recognized for the additional costs expected but not yet incurred. The Bank determines its regulatory capital requirements for operational risk according to the Standardized Approach (SA-BIS).

8. Use of hedge accounting

The Group uses derivatives as part of its asset- and liability-management strategy, primarily to hedge interest-rate risk. These transactions are recognized as macro and micro hedges, and net gains or losses after interest are recorded under "Interest and discount income" or "Interest expense." Changes in the fair value of hedging instruments are recognized in the offset accounts under "Other assets" or "Other liabilities."

Whenever derivatives are used for hedging purposes, records are kept of the transactions, the objectives and strategies of the Bank's unit in charge of managing market risk on the balance sheet, and the system used to monitor the effectiveness of the hedge.

The hedging instruments used are almost exclusively interest-rate swaps (IRSs), in which the Bank may be either the payer or the receiver; the large majority of these IRSs is denominated in Swiss francs. Micro hedges are used mainly to hedge the Bank's long-term borrowings (i.e., its own bond issues or issues made through the Central Mortgage-Bond Institution) and financial investments. Macro hedges are used mainly to hedge fixed-rate mortgages.

Micro hedges are used to reduce the risk on a clearly defined underlying position. The hedges have the same nominal value and the same maturity as the hedged position, although a large underlying position may require several hedges.

Most macro hedges are used to hedge mortgage loans. The hedging instruments mature during the same month that the interest rates on the underlying mortgage loans expire.

In order to prevent any over-hedged positions, the nominal value of the underlying positions must be 10% higher than that of the hedging instrument in order to take account of any depreciation, impairment, early redemption, or repayment. When entering into a hedging relationship, the Bank draws up documents stipulating the designation of the hedging instrument and the underlying transaction or group of transactions, together with their main features. The type of risk hedged and the system for assessing the effectiveness of the hedge are also provided.

As the Bank uses linear hedging (i.e., without an options component), there is a very close economic relationship between the underlying positions and the hedging instruments. For mortgage loans, the main difference between the hedging instrument and the underlying position is the interest rate, as the rate on the mortgage loans includes the Bank's margin.

Hedges are tested for their effectiveness every quarter. The main aim of the test is to ensure that the nominal value of the underlying positions is still at or above the nominal value of the hedging instrument. A forward-looking assessment of the hedging relationship is also conducted by measuring how the economic value of the hedging instrument and the hedged positions would be affected by a 100bp rise or fall in interest rates. To qualify as a hedge, the change in the value of the hedging instrument must offset the change in value of the underlying positions by between 80% and 125%.

Given that linear hedging is used, the hedges are unlikely to be ineffective. In the event of an over-hedged position, the excess portion of the derivative financial instrument is treated as a trading portfolio asset and recorded under "Net trading income and fair-value adjustments."

9. Significant events and events taking place after the closing date

9.1 Significant events

On 28 December 2023, BCV signed an agreement with the trustee for Bernard L. Madoff Investment Securities LLC (BLMIS) that terminates the Fairfield fund proceedings against BCV initiated by that trustee and the liquidators of the Fairfield Sentry feeder fund. BCV signed that agreement, with no admission of liability or fault, to put an end to the burdens inherent in protracted litigation. It has thus definitively closed this case with an out-of-court settlement. The proceedings brought by the Fairfield liquidators against BCV's subsidiary Piguet Galland & Cie SA are ongoing.

9.2 Events taking place after the closing date

No event liable to have a material influence on the Group's financial statements took place after the closing date.

10. Notes to the consolidated balance sheet

10.1 Repurchase and reverse repurchase agreements (in CHF millions)

	31 / 12 / 23	31 / 12 / 22
Book value of claims arising from cash collateral pledged in connection with securities borrowing or reverse repurchase agreements[1]	0	79
Book value of liabilities arising from cash collateral received in connection with securities lending or repurchase agreements[1]	1 977	1 008
Book value of securities held for own account, lent or transferred as collateral in connection with securities borrowing or repurchase agreements	2 035	1 038
of which those that can be sold or repledged without restriction	*2 035*	*1 038*
Fair value of securities received as collateral in connection with securities lending and those received in connection with securities borrowing and under reverse repurchase agreements, which can be sold or repledged without restriction	0	85
of which securities repledged as collateral	*0*	*0*
of which sold securities	*0*	*0*

[1]Before netting agreements

10.2 Risk mitigants for loans and off-balance-sheet transactions Impaired loans (in CHF millions)

		Type of risk mitigant			
		Mortgage	Other	Unsecured	Total
Loans and advances to customers		643	2 602	2 967	6 212
Mortgages		31 327	205	258	31 791
Residential real estate		*25 194*	*78*	*70*	*25 342*
Office and business premises		*862*	*1*	*20*	*882*
Commercial and industrial property		*694*	*2*	*81*	*778*
Other		*4 577*	*125*	*87*	*4 789*
Loans (before impairment charges/reversals)	31 / 12 / 23	**31 970**	**2 807**	**3 225**	**38 003**
	31 / 12 / 22	**31 029**	**2 543**	**3 146**	**36 718**
Loans (after impairment charges/reversals)	31 / 12 / 23	**31 970**	**2 807**	**3 130**	**37 908**
	31 / 12 / 22	**31 019**	**2 543**	**3 064**	**36 626**
Contingent liabilities		4	215	831	1 050
Irrevocable commitments		190	7	1 203	1 400
Commitments relating to calls on shares and other equity securities				243	243
Confirmed credits				35	35
Off-balance-sheet transactions	31 / 12 / 23	**193**	**222**	**2 312**	**2 728**
	31 / 12 / 22	**338**	**327**	**2 223**	**2 889**

		Gross receivables	Realization value of risk mitigants	Net receivables	Individual impairment charge/reversal
Impaired loans and off-balance-sheet commitments	31 / 12 / 23	**133**	**– 57**	**77**	**73**
	31 / 12 / 22	**151**	**– 65**	**86**	**81**
Change (absolute)		– 17	– 8	– 9	– 8
Change (as %)		– 11	– 13	– 11	– 10

10.3 Trading portfolio assets and liabilities and other financial assets and liabilities at fair value (in CHF millions)

Assets	31 / 12 / 23	31 / 12 / 22
Debt securities	0	0
of which listed	*0*	*0*
Equity securities	6	7
Commodities and precious metals	223	198
Trading portfolio assets	**229**	**206**
Debt securities	4	4
Structured products	0	0
Other assets held in order to hedge issued structured products	930	893
Other financial assets at fair value	**934**	**897**
Total	**1 163**	**1 103**
of which determined using a valuation model	*0*	*0*
of which securities eligible for repurchase agreements in accordance with liquidity regulations	*0*	*0*

Liabilities	31 / 12 / 23	31 / 12 / 22
Debt securities	0	0
of which listed	*0*	*0*
Equity securities	2	3
Other trading portfolio liabilities	0	0
Trading portfolio liabilities	**2**	**3**
Debt securities	0	0
Structured products	1 132	1 006
Other financial liabilities at fair value	**1 132**	**1 006**
Total	**1 134**	**1 008**
of which determined using a valuation model	*10*	*22*

10.4 Derivative financial instruments (in CHF millions)

		Trading instruments			Hedging instruments		
		Positive mark-to-market value	Negative mark-to-market value	Value of underlying asset	Positive mark-to-market value	Negative mark-to-market value	Value of underlying asset
Swaps		2	1	88	423	61	9 058
Futures				41			
Options (OTC)		0	0	50			
Interest-rate instruments		**2**	**2**	**179**	**423**	**61**	**9 058**
Forward contracts and swaps		706	783	46 477			
Options (OTC)		28	24	1 415			
Foreign currencies and precious metals		**735**	**808**	**47 892**	**0**	**0**	**0**
Futures				51			
Options (OTC)		37	35	551			
Equity securities and indices		**37**	**35**	**602**	**0**	**0**	**0**
Total	31 / 12 / 23	774	844	48 672	423	61	9 058
of which determined using a valuation model		*774*	*844*	–	*423*	*61*	–
	31 / 12 / 22	**1 281**	**1 272**	**68 818**	**740**	**39**	**8 866**
of which determined using a valuation model[1]		*1 281*	*1 272*	–	*740*	*39*	–

[1] 2022 figures were adjusted; the value of all unlisted derivative financial instruments is determined using a model.

		Positive mark-to-market value	Negative mark-to-market value	Value of underlying asset
Breakdown				
Trading instruments		774	844	48 672
Hedging instruments		423	61	9 058
Total before netting agreements	31 / 12 / 23	1 197	905	57 729
	31 / 12 / 22	**2 021**	**1 310**	**77 684**
Total after netting agreements	31 / 12 / 23	719	426	57 729
	31 / 12 / 22	**1 160**	**450**	**77 684**
Change	absolute	– 442	– 23	– 19 955
	as %	– 38	– 5	– 26

Breakdown by counterparty

	Central clearing houses	Banks and securities dealers	Other clients
Positive mark-to-market value (after netting agreements)	415	179	124

10.5 Financial investments (in CHF millions)

	31 / 12 / 23		31 / 12 / 22	
	Book value	Fair value	Book value	Fair value
Debt securities	5 134	4 983	5 695	5 315
of which securities intended to be held until maturity	*5 134*	*4 983*	*5 694*	*5 314*
of which securities available for sale	*0*	*0*	*0*	*0*
Equity securities	27	82	27	73
of which significant holdings (minimum of 10% of capital or voting rights)	*3*	*3*	*4*	*4*
Available-for-sale real estate and goods acquired in connection with lending operations	36	37	35	37
Financial investments	**5 196**	**5 102**	**5 757**	**5 425**
of which securities eligible for repurchase agreements in accordance with liquidity regulations	*5 114*	*–*	*5 674*	*–*

Counterparty breakdown by rating	AAA to AA–	A+ to A–	BBB+ to BBB–	BB+ to B–	Below B–	Not rated	Total
Book value of debt securities	4 891	9	7			228	5 134

The rating categories are based on Standard & Poor's ratings; they are used for the specific instruments to which the Bank has subscribed. If an instrument is not rated by Standard & Poor's, then a rating from another agency is used. Where there is no specific rating for a given instrument, the issuer's long-term rating is used, with the same order of rating agencies.

The Bank's unrated positions are in investment-grade debt securities issued by Swiss public-sector entities or by Switzerland's housing-construction bond issuer (EGW/CCL).

10.6 Non-consolidated holdings (in CHF millions)

	Cost	Accumulated impairment charges/ reversals	Book value at year-end 2022	Changes in allocation or scope	Additions	Disposals	Impairment charges/ reversals	Book value at year-end 2023	Market value 2023
Holdings accounted for using the equity method	–		–					–	–
Other equity holdings	92	– 6	87					87	1
listed	*0*	*0*	*0*					*0*	*1*
unlisted	*92*	*– 6*	*86*					*86*	
Non-consolidated holdings	**92**	**– 6**	**87**	**0**	**0**	**0**	**0**	**87**	**1**

10.7 Companies in which the Group has a significant long-term direct or indirect holding

With the exception of the parent company, none of the Group companies is listed on a stock exchange.

Fully consolidated Group companies

Company name and headquarters	Main business		Capital	31 / 12 / 23 % of share capital held	% of voting rights held	% of stake held directly /indirectly
			in millions	as %	as %	as %
Piguet Galland & Cie SA, Yverdon-les-Bains (Switzerland)	Private bank	CHF	24.4	99.7	99.7	99.7 / 0
Gérifonds SA, Lausanne	Fund management	CHF	2.9	100	100	100 / 0
Gérifonds (Luxembourg) SA, Luxembourg	Fund management	EUR	0.1	100	100	0 / 100
Société pour la gestion de placements collectifs GEP SA, Lausanne	Fund management	CHF	1.5	100	100	100 / 0

The scope of consolidation did not change relative to end-2022.

No companies are accounted for using the equity method.

Main non-consolidated holdings

Company name and headquarters	Main business		Capital	31 / 12 / 23 % of share capital held	% of voting rights held	% of stake held directly /indirectly
			in millions	as %	as %	as %
Central Mortgage-Bond Institution of Swiss Cantonal Banks Ltd, Zurich *of which CHF 1.8 billion unpaid*	Central mortgage-bond institution	CHF	2 225.0	13.6	13.6	13.6 / 0
SIX Group Ltd, Zurich	Swiss stock exchange operator and provider of payment and other services	CHF	19.5	2.5	2.5	2.4 / 0.1
Société vaudoise pour le logement (SVL) SA, Crissier (Switzerland)	Property developer for low-income housing	CHF	2.0	45.0	45.0	45 / 0
Swiss Bankers Prepaid Services Ltd, Grosshöchstetten (Switzerland)	Development and sale of prepaid cards	CHF	10.0	3.2	3.2	3.2 / 0
TWINT Ltd., Zurich	Swiss mobile payment system	CHF	12.8	3.2	3.2	3.2 / 0
Viseca Payment Services Ltd., Zurich	Cashless payment services	CHF	25.0	4.8	4.8	4.8 / 0

As the Bank's holding in SVL is not material in terms of the consolidated financial statements, it is not included in the scope of consolidation. At end-2022, SVL had total assets of CHF 11m and equity of CHF 1m.

Main equity security positions held under "Financial investments"

Company name and headquarters	Main business		Capital	31 / 12 / 23 % of share capital held	% of voting rights held	% of stake held directly /indirectly
Swiss-listed companies			in millions	as %	as %	as %
Banque Cantonale du Jura SA, Porrentruy (Switzerland)	Bank	CHF	42.0	4.8	4.8	4.8 / 0
Romande Energie Holding SA, Morges (Switzerland)	Purchase, sale, and management of equity holdings in the energy sector	CHF	28.5	3.0	3.0	3.0 / 0

10.8 Tangible fixed assets (in CHF millions)

	Cost	Accumulated depreciation and write-offs	Book value at year-end 2022	Changes in allocation or scope	Additions	Disposals	Depreciation and write-offs	Book value at year-end 2023
Group premises	439	– 221	219	– 0	5		– 10	213
Other real estate	123	– 64	59	0	0	– 1	– 3	56
Furniture and fixtures	30	– 15	15	– 0	3		– 4	14
Computer programs	155	– 79	76		69		– 56	90
Other tangible fixed assets	199	– 191	7	0	5	– 0	– 3	9
Tangible fixed assets	**945**	**– 569**	**376**	**0**	**82**	**– 1**	**– 76**	**381**

The Group has not entered into any significant operating lease or finance lease contracts.

10.9 Intangible assets (in CHF millions)

The Group has no intangible assets.

10.10 Other assets and liabilities (in CHF millions)

	31 / 12 / 23 Other assets	31 / 12 / 23 Other liabilities	31 / 12 / 22 Other assets	31 / 12 / 22 Other liabilities
Offset accounts	0	328	0	690
Indirect taxes	15	34	16	11
Coupons/coupons and securities due	1	1	0	0
Settlement accounts	2	10	11	6
Miscellaneous assets and liabilities	12	27	10	18
Other assets and liabilities	**30**	**400**	**37**	**725**

10.11 Assets pledged or assigned as collateral for own liabilities, and assets with reservation of title (in CHF millions)

	31 / 12 / 23 Amount or book value of pledge	31 / 12 / 23 Real liability	31 / 12 / 22 Amount or book value of pledge	31 / 12 / 22 Real liability
Cash and cash equivalents	2	0	0	0
Due from banks	179	175	297	294
Loans and advances to customers	294	278	423	416
of which Covid-19 loans granted to customers[1]	*213*	*200*	338	335
Mortgages pledged or assigned to Central Mortgage-Bond Institution of Swiss Cantonal Banks	8 555	6 548	7 883	6 106
Financial investments	952	538	1 003	819
Total assets pledged or assigned	**9 982**	**7 539**	**9 607**	**7 635**

[1] 2022 figures have been adjusted to include Covid-19 bridge loans.

The Group has no assets with reservation of title.

Securities serving as collateral in connection with securities borrowing or repurchase agreements and that can be sold or repledged are shown in note 10.1.

10.12 Commitments relating to own occupational pension funds BCV shares held by own occupational pension funds (in CHF millions)

	31 / 12 / 23	31 / 12 / 22
Customer deposits	153	212
Accrued income and prepaid expenses	0	0
Total	**153**	**212**

BCV's own occupational pension funds held no BCV shares at 31 December 2023.

10.13 Economic situation of own occupational pension funds (in CHF millions)

There were no employer contribution reserves at end-2023 or end-2022.

Economic benefit/liability and pension expenses	Surplus / deficit[1]	Economic benefit/liability			Contributions adjusted for the period	Pension expenses included in "Personnel costs"	
	31 / 12 / 23	31 / 12 / 23	31 / 12 / 22	Change	2023	2023	2022
Employer-financed pension funds: "Fonds de prévoyance en faveur du personnel de la BCV"	53.5	0	0	0	0.0	0.0	0.0
Pension funds with no surplus or deficit: "Caisse de pensions de la BCV"		0	0	0	35.7	35.7	37.3
Pension funds with surpluses: "Fondation de prévoyance complémentaire en faveur de l'encadrement supérieur de la BCV"	0.6	0	0	0	1.9	1.9	1.7
Total[2]	**54.1**	**0**	**0**	**0**	**37.6**	**37.6**	**39.0**

[1]The surplus or deficit of a pension fund is based on its unaudited interim accounts at 30 September 2023.
[2]Since the intention is not to apply the surpluses to reduce or refund the employer's contributions, or for the employer to use them for any economic purpose other than regulatory benefits, there is no identifiable economic benefit to be recognized on the balance sheet.

Pension funds

BCV Group employees are members of the "Caisse de pensions de la Banque Cantonale Vaudoise" (CP BCV). Its purpose is to insure its members against the economic consequences of retirement, disability, and death by guaranteeing benefits in accordance with the terms of the pension-fund regulations. It is a provider of the compulsory insurance introduced under the Federal Act on Occupational Retirement, Survivors' and Disability Pension Plans (LPP) and provides coverage in excess of the minimum LPP requirements.

Senior executives insured with the CP BCV are also members of the "Fondation de prévoyance complémentaire de la Banque Cantonale Vaudoise," the purpose of which is to insure its members against the economic consequences of retirement, disability, and death by guaranteeing benefits in accordance with the terms of the pension-fund regulations.

The "Fonds de prévoyance en faveur du personnel de la BCV" is an employer-operated fund that assists BCV employees in dealing with the economic consequences of old age, disability, illness, and early retirement.

10.14 Issued structured products (in CHF millions)

Underlying risk of embedded derivative		Carrying value: Single treatment – Recognized in trading portfolio liabilities	Carrying value: Single treatment – Recognized in other financial liabilities at fair value	Carrying value: Separate treatment – Value of the host instrument	Carrying value: Separate treatment – Value of the derivative	Total
Interest-rate instruments		–	0			0
Equity securities		–	1 108	640	– 28	1 719
Foreign currencies		–	24			24
Commodities and precious metals		–	0			0
Total	31 / 12 / 23	–	1 132	640	– 28	1 744
	31 / 12 / 22	–	1 006	731	– 68	1 669

All structured products issued by BCV comprise own debt securities.

Single accounting treatment

Structured products issued by the Bank and carried at fair value are booked under "Other financial liabilities at fair value," with reference to a quoted market price or a valuation model. Subsequent revaluations are recognized under "Net trading income and fair-value adjustments."

Separate accounting treatment

Structured products whose host instrument and embedded derivatives are treated separately are recognized as follows: the host instrument is recorded under "Bonds" at nominal value as a debt issued by the Bank, and the embedded derivatives are carried as either positive or negative mark-to-market values. Any subsequent changes in fair value are recognized under "Net trading income and fair-value adjustments."

Interest accrued in the interest-rate component is recorded under "Interest expense" using the accrual method.

10.15 Bonds and mortgage-backed bonds (in CHF millions)

Rate	Year of issue	Nominal value	Maturity	Group-held	31 / 12 / 23 Amount outstanding	31 / 12 / 22
1.625%	2011	125	30/11/2026	30	95	
1.500%	2014	135	28/03/2024		135	
0.500%	2016	150	13/12/2028		150	
0.400%	2016	150	07/04/2031		150	
0.500%	2017	150	12/07/2029		150	
0.250%	2017	150	28/11/2025		150	
0.400%	2021	150	05/05/2036		150	
0.200%	2021	125	22/12/2033		125	
2.100%	2023	150	07/06/2032		150	
Bond issues by BCV Lausanne[1]		**1 285**		**30**	**1 255**	**1 105**
of which subordinated bonds		*0*		*0*	*0*	*0*
Structured products issued (value of the host instrument)					640	731
Central Mortgage-Bond Institution of Swiss Cantonal Banks					6 548	6 106
Bonds and mortgage-backed bonds					**8 443**	**7 942**

[1]None of these issues can be called in for redemption before the maturity date..

Long-term borrowings by maturity — 31 / 12 / 23

	2024	2025	2026	2027	2028	2029–2042	Total	Average
Bond issues	135	150	95		150	725	1 255	0.7%
Structured products	287	215	22	18	98		640	1.5%
Central Mortgage-Bond Institution of Swiss Cantonal Banks	434	338	515	499	343	4 419	6 548	1.0%
Total	**856**	**703**	**632**	**517**	**591**	**5 144**	**8 443**	

	Status at year-end 2022	New issues	Redemptions	Net change in own securities	Status at year-end 2023
Bond issues	1 105	150			1 255
Structured products	731	583	– 711	36	640
Central Mortgage-Bond Institution of Swiss Cantonal Banks	6 106	867	– 425		6 548
Total	**7 942**	**1 600**	**– 1 136**	**36**	**8 443**

10.16 Provisions
Reserves for general banking risks (in CHF millions)

	Status at year-end 2022	Used as allocated	Changes in scope of consolidation	Currency translation differences	Recoveries, overdue interest	New provisions charged to income statement	Releases credited to income statement	Status at year-end 2023
Provisions for deferred taxes	1					0	– 0	1
Provisions for credit risk	18				0	4	– 5	18
of which provisions under Art. 28.1 FINMA-AO	*9*				*0*	*1*	*– 1*	*10*
of which provisions for inherent credit risk	*9*				*0*	*3*	*– 4*	*8*
of which provisions for latent credit risk	*0*							*0*
Other provisions	7	– 6		– 0	0	1	– 0	3
Total provisions	**27**	**– 6**	**0**	**– 0**	**0**	**6**	**– 5**	**22**
Reserves for general banking risks[1]	**666**							**666**
Provisions for credit risk and country risk	**94**	**– 5**			**8**	**26**	**– 25**	**97**
of which provisions for impaired loans	*71*	*– 5*			*8*	*7*	*– 18*	*63*
of which provisions for inherent credit risk	*22*				*0*	*18*	*– 7*	*33*
of which provisions for latent risks	*0*				*0*	*1*		*2*

[1]Reserves for general banking risks are taxable.

10.17 Stock options and shares granted to members of the Board of Directors, Executive Board members and other employees
Employee share-ownership plans

	2023		2022	
	Shares (in units)	Value (in CHF)	Shares (in units)	Value (in CHF)
Members of the Board of Directors	0	0	0	0
Executive Board members	29 995	2 267 233	31 289	2 188 511
Other employees	255 010	12 416 937	265 501	10 752 804
Total	**285 005**	**14 684 170**	**296 790**	**12 941 315**

No stock options have been granted to members of the Board of Directors, Executive Board members, or other employees.

Employee share ownership

Annual performance-based compensation

For Executive Board members and department heads, 30% of their annual performance-based compensation must be taken in BCV shares with a lock-up period of five to ten years.

Other employees receiving annual performance-based compensation of CHF 21,000 or more may opt for full payment in cash, or 70% in cash and 30% in BCV shares with a lock-up period of three years. In the latter case, BCV increases the portion of shares by 30%.

Executive Board members are allocated their shares subject to approval at the Shareholders' Meeting. The number of shares allocated will be calculated based on the closing market price on 6 May 2024, rounded up to the nearest whole number.

Other employees will receive their shares at the end of April 2024. The number of shares allocated will be calculated based on the closing market price on 14 March 2024, rounded up to the nearest whole number. These employees have until 27 March 2024 to decide on the proportion they wish to receive in the form of shares. As their decision was not known at the time this report was published, the number of shares taken into account in the above table corresponds to the maximum possible number of shares.

The market prices used to calculate the number of shares will be those on 14 March 2024 and 6 May 2024, so they were not known at the time of writing. As a result, the maximum possible number of shares was calculated based on the closing market price on 8 March 2024, the date of the Board of Directors' final decision on this compensation.

Share-ownership plan

The Executive Board and other Group employees, with the exception of employees of Piguet Galland & Cie SA, were given the opportunity to subscribe to the share-ownership plan in April 2023 on the following terms:
- The number of shares that may be purchased is determined by the level of responsibility inherent in the employee's position.
- The subscription period ran from 16 to 29 March 2023.
- The subscription price was set at CHF 68 per share, and the market price used was CHF 83.25 (closing price on 15 March, the day before the subscription period started).

The amounts (number of shares and value) shown in the table above correspond to the number of shares subscribed multiplied by CHF 15.25, which is the difference between the market price of CHF 83.25 and the subscription price of CHF 68.

Long-term performance-based compensation

At the beginning of each three-year share-ownership plan, participants are informed of the number of shares that will be allocated if all objectives are met in full. At the end of each plan, the Bank informs participants of the extent to which objectives have been met based on the Bank's financial results and strategic and qualitative performance. The number of shares initially allocated is multiplied by the level of attainment of the objectives in order to determine the number of shares allocated to each participant.

The amounts taken into account in the table on the previous page correspond to the expense recorded in 2023 for the various plans in progress.

Free shares

The Bank awards 20 BCV shares to apprentices, high school graduate trainees, and university interns who join the Bank after their training.

The number allocated and their value, based on the market price on the last business day of the month before the shares are awarded, are also shown in the table.

10.18 Receivables and commitments with respect to related parties (in CHF millions)

	31 / 12 / 23		31 / 12 / 22	
	Receivable	Commitment	Receivable	Commitment
Qualified shareholder	0	2 495	0	3 868
Affiliated companies	286	371	215	376
Governing bodies	27	17	37	18

Individuals and companies that hold at least 10% of voting rights are considered qualified shareholders.

Corporations organized under public law in Vaud Canton and public-private entities in which Vaud Canton has a qualified holding are considered affiliated companies.

Transactions with members of the Board of Directors were conducted on market terms. Receivables and commitments with respect to Executive Board members were granted on the standard terms for BCV employees. Transactions with related parties were conducted on market terms.

10.19 Own shares

Number of shares (in units)	Average transaction price	Total	Own shares
Status at 1 January 2023		**86 061 900**	**179 226**
of which shares reserved for long-term performance-based compensation			*108 219*
Purchases	88		265 874
Sales	84		– 271 790
Status at 31 December 2023		86 061 900	173 310
of which shares reserved for long-term performance-based compensation			*110 023*

Own shares were traded at market prices. The proceeds of the sale of own shares were allocated directly to the capital reserve.

10.20 Maturity structure of financial instruments (in CHF millions)

				Maturity					
		Sight	Callable	up to 3 months	3 to 12 months	12 months to 5 years	over 5 years	Fixed assets	Total
Cash and cash equivalents		12 600	2						12 602
Due from banks		430		121	111				662
Reverse repurchase agreements									0
Loans and advances to customers		115	1 277	1 718	437	1 215	1 365		6 128
Mortgage loans		895	412	2 881	2 673	12 504	12 415		31 780
Trading portfolio assets		229							229
Positive mark-to-market values of derivative financial instruments		719							719
Other financial assets at fair value		934							934
Financial investments		27	100	259	354	1 495	2 926	36	5 196
Current assets	31 / 12 / 23	**15 950**	**1 791**	**4 978**	**3 575**	**15 215**	**16 706**	**36**	**58 251**
	31 / 12 / 22	**17 107**	**1 768**	**5 933**	**3 618**	**14 310**	**16 056**	**35**	**58 827**

		Sight	Callable	up to 3 months	3 to 12 months	12 months to 5 years	over 5 years	Fixed assets	Total
Due to banks		3 090	245	2 611	7				5 953
Repurchase agreements				1 977					1 977
Customer deposits		15 290	14 018	6 596	551	0	20		36 475
Trading portfolio liabilities		2							2
Negative mark-to-market values of derivative financial instruments		426							426
Other financial liabilities at fair value		1 132							1 132
Medium-term notes						2	0		2
Bonds and mortgage-backed bonds				226	629	2 443	5 144		8 443
Borrowed funds	31 / 12 / 23	**19 940**	**14 263**	**11 411**	**1 187**	**2 445**	**5 164**		**54 410**
	31 / 12 / 22	**20 948**	**14 422**	**10 408**	**1 921**	**2 439**	**4 640**		**54 778**

10.21 Breakdown of assets and liabilities by Swiss and foreign domicile (in CHF millions)

	31 / 12 / 23		31 / 12 / 22	
	Swiss	Foreign	Swiss	Foreign
Cash and cash equivalents	12 602		12 916	
Due from banks	248	414	444	743
Reverse repurchase agreements				79
Loans and advances to customers	5 764	364	5 759	442
Mortgage loans	31 780		30 425	
Trading portfolio assets	229		206	
Positive mark-to-market values of derivative financial instruments	207	512	191	970
Other financial assets at fair value	310	624	300	597
Financial investments	4 107	1 089	4 443	1 313
Accrued income and prepaid expenses	121	0	70	0
Non-consolidated holdings	86	1	86	1
Tangible fixed assets	381		376	0
Intangible assets				
Other assets	28	2	35	2
Assets	55 863	3 007	55 250	4 147
Total as %	95	5	93	7
Due to banks	3 098	2 855	1 728	4 247
Repurchase agreements	1 977		1 008	
Customer deposits	34 065	2 410	35 615	2 780
Trading portfolio liabilities	2		3	
Negative mark-to-market values of derivative financial instruments	215	212	212	238
Other financial liabilities at fair value	1 132		1 006	
Medium-term notes	2			
Bonds and mortgage-backed bonds	8 443		7 896	46
Accrued expenses and deferred income	182	0	153	1
Other liabilities	400	0	722	3
Provisions	22		27	
Reserves for general banking risks	666		666	
Share capital	86		86	
Capital reserve	35		35	
Retained earnings	2 615		2 554	
Currency translation reserve	– 2		– 2	
Own shares	– 14		– 14	
Minority interests in equity	0		0	
Net profit	469		388	
Total liabilities and shareholders' equity	53 392	5 478	52 082	7 314
Total as %	91	9	88	12

10.22 Breakdown of assets by country/country group based on domicile (in CHF millions)

	31 / 12 / 23		31 / 12 / 22	
	Absolute value	as % of total	Absolute value	as % of total
Europe	2 375	4	3 383	6
Germany	*910*	*2*	*1 369*	*2*
France	*375*	*1*	*614*	*1*
Luxembourg	*308*	*1*	*336*	*1*
United Kingdom	*236*	*0*	*462*	*1*
Netherlands	*135*	*0*	*128*	*0*
Sweden	*77*	*0*	*87*	*0*
Ireland	*64*	*0*	*69*	*0*
Other	*270*	*0*	*316*	*1*
Asia	183	0	336	1
Latin America, the Caribbean	66	0	98	0
United States, Canada	214	0	206	0
Other	169	0	125	0
Foreign assets	**3 007**	**5**	**4 147**	**7**
Switzerland	55 863	95	55 250	93
Assets	**58 870**	**100**	**59 397**	**100**

10.23 Breakdown of assets by solvency of the country group in which the risk is domiciled (in CHF millions)

		31 / 12 / 23		31 / 12 / 22	
Internal country rating	Standard & Poor's rating	Absolute value	as % of total	Absolute value	as % of total
1&2	AAA to AA–	2 714	88	3 825	91
3	A+ to A–	88	3	101	2
4	BBB+ to BBB–	29	1	50	1
5	BB+ to BB–	33	1	56	1
6	B+ to B–	174	6	120	3
7	CCC+ to C	18	1	17	0
Not rated	Not rated	24	1	29	1
Foreign exposure		**3 080**	**100**	**4 199**	**100**

10.24 Breakdown of assets and liabilities by currency (in CHF millions)

		CHF	EUR	USD	Other	Total
Cash and cash equivalents		12 576	24	2	1	12 602
Due from banks		18	252	186	206	662
Reverse repurchase agreements						0
Loans and advances to customers		5 253	335	524	17	6 128
Mortgage loans		31 777	3			31 780
Trading portfolio assets		6			223	229
Positive mark-to-market values of derivative financial instruments		670	37	11	0	719
Other financial assets at fair value		307	177	359	90	934
Financial investments		4 439	757	0	0	5 196
Accrued income and prepaid expenses		108	13	1	0	122
Non-consolidated holdings		86		1		87
Tangible fixed assets		381				381
Intangible assets						0
Other assets		23	8	1	– 2	30
Positions carried as assets		**55 644**	**1 606**	**1 084**	**536**	**58 870**
Delivery claims arising from spot and forward transactions and options		15 527	13 340	16 764	3 660	49 290
Assets	31 / 12 / 23	71 170	14 946	17 849	4 196	108 160
	31 / 12 / 22	75 401	20 449	28 174	4 996	129 020
Due to banks		4 609	461	660	223	5 953
Repurchase agreements		1 503	474			1 977
Customer deposits		33 080	1 595	1 449	352	36 475
Trading portfolio liabilities		2				2
Negative mark-to-market values of derivative financial instruments		409	9	8	0	426
Other financial liabilities at fair value		672	157	302	1	1 132
Medium-term notes		2				2
Bonds and mortgage-backed bonds		8 443				8 443
Accrued expenses and deferred income		174	4	4	0	182
Other liabilities		296	28	71	5	400
Provisions		10	1	11	0	22
Reserves for general banking risks		666				666
Share capital		86				86
Capital reserve		35				35
Retained earnings		2 615				2 615
Currency translation reserve		– 2				– 2
Own shares		– 14				– 14
Minority interests in equity		0				0
Net profit		469				469
Positions carried as liabilities		**53 055**	**2 729**	**2 504**	**581**	**58 870**
Delivery commitments arising from spot and forward transactions and options		18 202	12 145	15 508	3 497	49 352
Total liabilities and shareholders' equity	31 / 12 / 23	71 257	14 874	18 013	4 078	108 222
	31 / 12 / 22	75 466	20 372	28 287	4 886	129 011
Net position by currency	31 / 12 / 23	– 87	72	– 164	117	
	31 / 12 / 22	– 65	77	– 114	111	

11. Notes to off-balance-sheet transactions

11.1 Contingent liabilities
Contingent receivables (in CHF millions)

	31 / 12 / 23	31 / 12 / 22	Absolute change	Change as %
Irrevocable and similar guarantees	602	673	– 70	– 10
Other guarantees	448	443	5	1
Contingent liabilities	**1 050**	**1 116**	**– 65**	**– 6**
Contingent receivables	**0**	**0**	**0**	**0**

11.2 Confirmed credits (in CHF millions)

	31 / 12 / 23	31 / 12 / 22	Absolute change	Change as %
Commitments arising from deferred payments	**35**	**37**	**– 2**	**– 5**

11.3 Fiduciary transactions (in CHF millions)

	31 / 12 / 23	31 / 12 / 22	Absolute change	Change as %
Fiduciary investments with third parties	799	651	148	23
Fiduciary loans	0	0	0	n/a
Fiduciary transactions	**799**	**651**	**148**	**23**

11.4 Assets under management (in CHF millions)

Breakdown	31 / 12 / 23	31 / 12 / 22	Absolute change	Change as %
Assets held by collective investment vehicles under own management	32 723	31 334	1 389	4
Assets under discretionary management agreements	19 890	18 007	1 883	10
Other assets under management	60 331	59 537	793	1
Total assets under management (incl. double-counted)	**112 944**	**108 879**	**4 065**	**4**
of which double-counted	*12 142*	*11 058*	*1 084*	*10*

Change	31 / 12 / 23	31 / 12 / 22	Absolute change	Change as %
Initial total assets under management (incl. double-counted)	**108 879**	**112 887**	**– 4 009**	**– 4**
Net fund inflows/outflows	539	2 995	– 2 457	– 82
Changes in prices, interest, dividends, and exchange rates	3 527	– 7 004	10 531	– 150
Final total assets under management (incl. double-counted)	**112 944**	**108 879**	**4 065**	**4**

Assets under management

All customer assets held or managed for investment purposes are included under “Assets under management.” As defined in the new Swiss accounting rules for banks, assets under management mainly comprise customer deposits in the form of savings and investments and term accounts, together with fiduciary investments and all duly valued assets in custody accounts. Assets held for investment purposes by institutional investors, companies, and individual customers, along with investment fund assets, are included unless they are custody-only assets for which the Group provides only safekeeping and corporate-action services. Deposits for which additional services are provided (such as investment management, advice, and fund administration) also come under “Assets under management.”

Net new money

Net new money, which is determined in accordance with the same scope as assets under management, is the sum of inflows from new customers, outflows from departing customers, and movements in the assets of existing customers during the financial year. Changes in assets under management resulting from price fluctuations, exchange-rate movements, interest and dividend payments, and commissions and fees are not part of the net new money calculation. Nor does it include changes in assets under management resulting from the acquisition, disposal, or closure of companies or complete business lines.

12. Notes to the consolidated income statement

12.1 Net interest income before loan impairment charges/reversals Funding of trading positions and negative interest (in CHF millions)

	2023	2022	Absolute change	Change as %
Banks and reverse repurchase agreements	190.3	20.9	169.3	809
Customers	621.2	493.1	128.0	26
Interest and dividends on financial investments	36.7	21.4	15.3	71
Other interest income	124.6	10.5	114.1	1 087
Total interest income	**972.7**	**546.0**	**426.8**	**78**
Banks and repurchase agreements	110.1	33.7	76.4	227
Customers	182.8	– 5.7	188.5	n/a
Medium-term notes and bonds	83.2	55.9	27.3	49
Other interest expense	0.0	0.4	– 0.4	– 100
Total interest expense	**376.0**	**84.2**	**291.8**	**346**
Net interest income before loan impairment charges/reversals	**596.7**	**461.7**	**135.0**	**29**

Net interest income before loan impairment charges/reversals was not affected by negative interest, while in 2022 CHF 2.5m in negative interest was deducted from interest income and CHF 45.8m in negative interest was deducted from interest expense.

The cost of funding trading positions, credited to other interest income, was not material for 2023 or for 2022.

12.2 Fees and commissions on securities and investment transactions (in CHF millions)

	2023	2022	Absolute change	Change as %
Securities administration	47.0	47.0	0.0	0
Brokerage	30.6	31.5	– 0.9	– 3
Income from new issues	7.6	8.2	– 0.6	– 8
Management fees	72.7	72.1	0.6	1
Investment-fund operations	126.1	129.3	– 3.1	– 2
Other	4.3	3.5	0.8	23
Total	**288.4**	**291.6**	**– 3.2**	**– 1**

12.3 Fees and commissions on other services (in CHF millions)

	2023	2022	Absolute change	Change as %
Payment cards, ATMs, transfers, and checks	30.0	23.5	6.6	28
Administrative services for institutional clients, and statements	18.6	17.8	0.8	4
Account management fees	21.1	21.1	0.0	0
Document collection fees and bancassurance	4.3	5.3	– 1.0	– 19
Safe rentals, numbered accounts, and mail holding services	5.3	5.4	– 0.1	– 3
Total	**79.3**	**73.1**	**6.2**	**9**

12.4 Net trading income and fair-value adjustments (in CHF millions)

Breakdown by business sector	2023	2022	Absolute change	Change as %
Retail Banking	18.2	19.2	– 1.0	– 5
Corporate Banking	10.6	10.9	– 0.3	– 3
Wealth Management	24.1	21.4	2.7	12
Trading	55.8	58.5	– 2.7	– 5
Corporate Center	81.5	78.7	2.7	3
Total	**190.1**	**188.7**	**1.4**	**1**

Trading income and fair-value adjustments				
Trading income on fixed-income instruments and equity securities	27.9	27.5	0.4	2
Trading income on foreign currencies, banknotes, and precious metals	169.8	168.7	1.0	1
Total trading income and fair-value adjustments	**197.7**	**196.2**	**1.5**	**1**
of which fair-value adjustments	*25.8*	*26.0*	*– 0.3*	*– 1*
of which fair-value adjustments on assets	*172.5*	*– 410.6*	*583.1*	*142*
of which fair-value adjustments on liabilities	*– 146.7*	*436.7*	*– 583.4*	*– 134*
Trading fee and commission expense	– 7.6	– 7.5	0.1	2
Net trading income and fair-value adjustments	**190.1**	**188.7**	**1.4**	**1**

12.5 Personnel costs (in CHF millions)

	2023	2022	Absolute change	Change as %
Fixed and variable compensation	281.8	268.7	13.1	5
of which charges related to share-based compensation and other variable compensation (including the portion paid in cash)	*48.8*	*41.6*	*7.2*	*17*
Employee benefits	28.6	28.7	– 0.1	– 0
Contributions to staff pension funds	37.6	39.0	– 1.4	– 4
Other personnel expenses	16.2	16.5	– 0.3	– 2
Total	**364.1**	**352.9**	**11.2**	**3**

12.6 Other operating expenses (in CHF millions)

	2023	2022	Absolute change	Change as %
Premises	26.0	21.3	4.7	22
IT	75.3	72.2	3.1	4
Machinery, furniture, vehicles, etc.	3.8	2.6	1.2	48
Office supplies	1.1	1.1	0.1	7
Telecommunications and shipping	5.7	6.4	– 0.6	– 10
Marketing and communications, gifts, and subscriptions	17.7	17.5	0.2	1
Financial information	15.4	15.1	0.3	2
Auditor fees	1.9	2.3	– 0.4	– 18
of which for financial and prudential audits	*1.7*	*2.2*	*– 0.5*	*– 22*
of which for other services	*0.2*	*0.1*	*0.1*	*39*
Other professional fees	5.9	4.6	1.3	29
Payment transactions	13.7	11.4	2.2	20
Issuing fees	1.6	1.5	0.0	3
Miscellaneous operating expenses	8.4	7.8	0.6	8
Total	**176.6**	**163.7**	**12.9**	**8**

12.7 Depreciation and amortization of fixed assets and impairment on equity investments (in CHF millions)

	2023	2022	Absolute change	Change as %
Real estate	17.0	17.4	– 0.4	– 2
Computer programs	55.9	49.0	6.9	14
Other investments	3.2	3.3	– 0.1	– 3
Holdings	0.0	0.0	0.0	n/a
Total	**76.1**	**69.6**	**6.4**	**9**

12.8 Other provisions and losses (in CHF millions)

	2023	2022	Absolute change	Change as %
Provisions for credit risk	– 0.4	– 1.3	– 0.9	– 71
Miscellaneous provisions	1.1	4.9	– 3.7	– 77
Miscellaneous losses	0.9	1.9	– 0.9	– 51
Total	**1.7**	**5.4**	**– 3.8**	**– 69**

12.9 Extraordinary income (in CHF millions)

	2023	2022	Absolute change	Change as %
Disposals of tangible fixed assets	1.5	0.8	0.7	85
Other extraordinary income	0.4	0.4	– 0.0	– 6
Total	**1.9**	**1.2**	**0.7**	**56**

12.10 Extraordinary expenses (in CHF millions)

	2023	2022	Absolute change	Change as %
Miscellaneous extraordinary expenses	0.0	0.0	0.0	n/a
Total	**0.0**	**0.0**	**0.0**	**n/a**

12.11 Taxes (in CHF millions)

	2023	2022	Absolute change	Change as %
Direct federal tax	38.7	31.7	7.0	22
Cantonal and municipal taxes	35.2	28.7	6.5	23
Foreign taxes	0.2	0.3	– 0.0	– 7
Deferred taxes	0.0	– 0.0	0.0	16
Total	**74.2**	**60.6**	**13.6**	**22**
Weighted average tax rate, based on operating profit	14%	14%		

Tax breakdown by country	2023		2022	
	Absolute value	As % of total	Absolute value	As % of total
Switzerland	73.9	99.7	60.3	99.6
Luxembourg	0.2	0.3	0.3	0.4
Total	**74.2**	**100.0**	**60.6**	**100.0**

12.12 Breakdown of operating profit by Swiss and foreign origin (in CHF millions)

	2023		2022	
	Swiss	Foreign	Swiss	Foreign
Net interest income	596.2	– 0.1	464.1	0.4
Net fee and commission income	326.1	13.0	328.6	14.8
Net trading income	190.0	0.1	188.4	0.3
Other ordinary income	34.6		42.8	– 0.0
Total income from ordinary banking operations	**1 146.9**	**13.1**	**1 024.0**	**15.4**
Personnel costs	363.2	0.9	352.1	0.9
Other operating expenses	175.3	1.3	162.4	1.3
Operating expenses	**538.5**	**2.3**	**514.5**	**2.2**
Depreciation and amortization of fixed assets and impairment on equity investments	76.1	0.0	69.6	0.0
Other provisions and losses	1.7		5.4	
Operating profit	**530.7**	**10.8**	**434.4**	**13.3**

12.13 Earnings per share

	2023	2022
Net profit attributable to BCV Group shareholders (CHF millions)	469.2	388.3
Average number of shares in issue during the period (in units)	86 061 900	86 061 900
Average number of own shares held during the period (in units)	– 200 186	– 197 572
Average number of outstanding shares during the period (in units)	85 861 714	85 864 328
Basic earnings per share (CHF)	5.46	4.52

There are no ongoing financial transactions that would dilute earnings per share.

13. Other information

13.1 Regulatory capital requirements (in CHF millions)

	31 / 12 / 23	31 / 12 / 22
Common Equity Tier 1 (CET1) capital	**3 465**	**3 369**
Instruments and reserves	3 499	3 400
Regulatory adjustments	– 34	– 31
Additional Tier 1 (AT1) capital	**0**	**0**
Instruments	0	0
Regulatory adjustments	0	0
Tier 2 (T2) capital	**25**	**22**
Compulsory reserves in equities and general provisions	25	21
Regulatory adjustments	0	1
Total eligible capital	**3 490**	**3 391**
Risk-weighted assets		
Credit risk	16 810	16 749
Non-counterparty-related assets	491	474
Market risk	141	119
Operational risk	1 909	1 789
BIS required capital	**19 352**	**19 132**
BIS ratios		
CET1 ratio	17.9%	17.6%
T1 ratio	17.9%	17.6%
Total capital ratio	18.0%	17.7%
Leverage Ratio	5.6%	5.5%
Liquidity ratios		
Liquidity Coverage Ratio (LCR)	129%	129%
Net Stable Funding Ratio (NSFR)[1]	120%	124%

[1]Ratio provided on a voluntary basis and calculated according to FINMA's most recent directive

In December 2008, the Bank obtained approval from FINMA to use the Basel Foundation Internal Ratings-Based approach to determine regulatory capital requirements for credit risk. It began applying this approach in 2009.

In accordance with Basel III Pillar 3 disclosure requirements, the Bank publishes a report containing information on its capital adequacy, risk-assessment methods, and the level of risk taken. The report also gives information on the Group and parent-company leverage and liquidity ratios.

The report is available in the Investor Relations section of the BCV website.

13.2 Business sector information

13.2.1 Methodology

Results by business sector are presented at BCV Group level and are broken down according to the Bank's activities.

Retail Banking covers operations with retail customers who have up to CHF 500,000 in assets and no wealth-management services, or a mortgage loan worth up to CHF 1.2m. It also includes the Digital and Multichannel Banking Department, which works to expand the Bank's digital offering.

Corporate Banking handles SMEs (including micro-businesses), real-estate professionals, large corporations, public-sector enterprises, and trade finance.

Wealth Management addresses the needs of private and institutional clients. This sector also includes custody activities, occupational pensions, and the subsidiaries Piguet Galland & Cie SA, Gérifonds SA, and GEP SA.

Trading encompasses financial market transactions (forex, equities, fixed-income instruments, metals, options, derivatives, and structured products) conducted by the Bank on behalf of customers and for its own account, as well as custody activities.

The Corporate Center comprises the Board of Directors, executive management, the Human Resources Department, the Strategy & Organization Department, the Corporate Communications Department, the Service Quality Unit, the Finance & Risks Division (Risk Management, Financial Accounting, Controlling, ALM & Financial Management, Compliance, and Legal), the Credit Management Division (Credit Analysis, Credit Analysis Support, and Credit Recovery Management), and the Business Support Division (IT Solutions, IT Services, Facility Management & General Services, Back Office, and Security).

As a general rule, revenue is allocated to the sector to which the client or his/her advisor is attached.

For sectors dealing with clients, "Net interest income before loan impairment charges/reversals" corresponds to the gross commercial margin, i.e., the difference between the customer rate and the money-market rate, taking into account the nature and duration of the transaction (Funds Transfer Pricing, or FTP, method).

Because interest rates were still negative during part of 2022, commercial margins on accounts are calculated with a minimum of zero for our retail, private banking, and corporate clients (except Large Corporates and Trade Finance).

For the Corporate Center, net interest income before loan impairment charges/reversals comprises the net gain/loss on asset and liability management, on interbank activities, and on fixed assets as well as gross interest on impaired loans handled by the Credit Recovery Management Department.

Loan losses correspond to expected losses for sectors dealing with clients. The difference between new provisioning needs and expected loan losses, together with loan impairment charges/reversals, changes in existing provisions, recoveries on repaid loans, and changes in provisions for non-impaired loans, are booked to the Corporate Center.

Income from customer-driven forex and structured-products trading is allocated to Trading, which reallocates part of this income to the business sector to which the client is attached.

"Other income" is allocated based on the nature of the item.

Operating expenses and depreciation and amortization are allocated in two stages. The first of these involves charging direct expenses to the sector that uses the resources (personnel, premises, IT, etc.). In the second stage, indirect expenses are allocated on the basis of services provided among sectors.

Taxes are calculated per sector according to the tax rates in effect.

Balance-sheet and off-balance-sheet volumes reflect client-related business. In general, following the same rule used for income, business volumes are allocated to the sector to which the client or his/her advisor is attached.

Customer business volumes and revenues in foreign currencies are booked to the relevant client-facing business sector using exchange rates set at the start of the year; any subsequent foreign-currency translation differences (see note 6.7) are booked to the Corporate Center.

The definition of assets under management can be found in note 11.4 to the consolidated financial statements.

Shareholders' equity is allocated to the business sectors at 13.0% of RWAs. Surplus equity is booked to the Corporate Center.

13.2.2 Customer business volumes by sector

(in CHF millions)

	Retail Banking 2023	Retail Banking 2022	Corporate Banking 2023	Corporate Banking 2022
Loans and advances to customers[1]	127	162	5 113	5 000
Mortgage loans	9 947	9 613	12 422	11 527
Total customer loans	**10 074**	**9 775**	**17 535**	**16 527**
Customer deposits[1]	**11 976**	**11 710**	**12 043**	**12 446**
Off-balance-sheet commitments[1]	**62**	**100**	**1 915**	**2 073**
Assets under management (including double-counted)	**14 681**	**13 997**	**16 851**	**15 661**

13.2.3 Results by business sector (in CHF millions)

	Retail Banking 2023	Retail Banking 2022	Corporate Banking 2023	Corporate Banking 2022
Net interest income before loan impairment charges/reversals	153.0	121.9	242.8	227.9
Loan impairment charges/reversals[2]	– 2.7	– 3.0	– 21.2	– 23.8
Net interest income after loan impairment charges/reversals	150.3	118.9	221.6	204.1
Net fee and commission income	62.1	53.5	38.4	45.5
Net trading income	18.2	19.2	10.6	10.9
Other income	0.9	1.1	2.7	3.1
Revenues	**231.5**	**192.7**	**273.3**	**263.7**
Personnel costs	– 47.1	– 44.3	– 33.4	– 32.8
Operating expenses	– 39.5	– 36.1	– 11.5	– 10.8
Depreciation, amortization, and write-offs	– 14.2	– 14.1	– 1.9	– 1.8
Interdivisional billing	– 50.4	– 46.2	– 61.3	– 59.8
Other provisions and loses	– 0.9	– 1.1	– 3.1	– 4.2
Operating profit	**79.5**	**51.0**	**162.0**	**154.3**
Extraordinary income and expenses	0.0	0.0	0.0	0.0
Taxes[3] and minority interests	– 11.0	– 7.0	– 22.4	– 21.3
Net profit	**68.5**	**43.9**	**139.7**	**133.0**

13.2.4 Indicators

	Retail Banking 2023	Retail Banking 2022	Corporate Banking 2023	Corporate Banking 2022
Average shareholders' equity (in CHF millions)[4]	265	275	1 371	1 360
ROE (%)	25.8	16.0	10.2	9.8
Cost/income ratio (%)[5]	64.5	71.9	36.7	36.6
Average headcount	362	355	187	189

2022 figures were adjusted to facilitate like-for-like comparison.

1 Customer business volumes and revenues in foreign currencies are booked to the relevant client-facing business sector using exchange rates set at the start of the year; any subsequent foreign-currency translation differences (see section 6.7) are booked to the Corporate Center.
2 Expected loan losses are allocated to the business sectors. The difference between new provisioning needs and expected loan losses is booked to the Corporate Center.
3 Taxes are calculated per business sector according to the tax rates in effect.
4 Equity is allocated to the business sectors at 13.0% of RWAs; surplus equity is booked to the Corporate Center.
5 Costs used for calculating the cost/income ratio per sector comprise: personnel costs; operating expenses; depreciation, amortization, and write-offs; and interdivisional billing. Income comprises income before loan impairment charges.

Wealth Management		Trading		Corporate Center		BCV Group	
2023	2022	2023	2022	2023	2022	2023	2022
903	886	7	0	– 22	153	6 128	6 201
8 722	8 570	0	0	690	715	31 780	30 425
9 625	**9 456**	**7**	**0**	**668**	**868**	**37 908**	**36 626**
11 551	**12 582**	**17**	**23**	**888**	**1 633**	**36 475**	**38 395**
67	**83**	**9**	**9**	**675**	**626**	**2 728**	**2 889**
80 281	**77 575**	**0**	**0**	**1 132**	**1 645**	**112 944**	**108 879**
173.5	128.0	7.0	2.1	20.3	– 18.2	596.7	461.7
– 2.5	– 3.0	– 0.0	– 0.0	25.9	32.5	– 0.5	2.8
171.0	125.0	7.0	2.1	46.2	14.4	596.1	464.5
242.5	244.4	– 4.8	– 2.8	1.0	2.8	339.1	343.4
24.1	21.4	55.8	58.5	81.5	78.7	190.1	188.7
0.8	0.8	0.0	0.0	30.1	37.8	34.6	42.8
438.4	**391.5**	**58.0**	**57.8**	**158.8**	**133.6**	**1 160.0**	**1 039.4**
– 117.9	– 115.8	– 13.2	– 12.9	– 152.5	– 147.3	– 364.1	– 352.9
– 44.2	– 40.9	– 8.5	– 8.2	– 72.9	– 67.6	– 176.6	– 163.7
– 9.8	– 9.9	– 2.4	– 2.8	– 47.8	– 41.0	– 76.1	– 69.6
– 60.2	– 56.6	– 3.6	– 3.3	175.6	165.9	0	0.0
– 0.7	– 0.7	– 0.5	– 0.5	3.6	1.1	– 1.7	– 5.4
205.5	**167.6**	**29.8**	**30.1**	**64.7**	**44.7**	**541.5**	**447.7**
0.0	0.0	0.0	0.0	1.8	1.2	1.9	1.2
– 28.6	– 23.3	– 4.1	– 4.2	– 8.2	– 4.9	– 74.2	– 60.6
177.0	**144.4**	**25.7**	**26.0**	**58.3**	**41.0**	**469.2**	**388.3**
371	370	89	95	1 643	1 536	3 739	3 635
47.7	39.1	29.0	27.4	0	0	12.5	10.7
52.7	56.6	47.8	47.0	0	0	53.2	56.6
549	549	50	49	808	800	1 957	1 943

13.3 Consolidated income statement – 5-year overview (in CHF millions)

	2019	2020	2021	2022	2023
Interest and discount income	570.3	511.2	480.5	524.5	936.0
Interest and dividend income from financial investments	27.9	22.6	18.0	21.4	36.7
Interest expense	– 101.4	– 59.4	– 26.0	– 84.2	– 376.0
Net interest income before loan impairment charges/reversals	**496.9**	**474.4**	**472.6**	**461.7**	**596.7**
Loan impairment charges/reversals	9.8	– 15.1	– 8.2	2.8	– 0.5
Net interest income after loan impairment charges/reversals (NII)	**506.7**	**459.4**	**464.4**	**464.5**	**596.1**
Fees and commissions on securities and investment transactions	259.4	266.6	312.1	291.6	288.4
Fees and commissions on lending operations	44.5	36.2	42.1	39.1	30.5
Fees and commissions on other services	73.6	63.0	67.8	73.1	79.3
Fee and commission expense	– 54.6	– 55.5	– 64.7	– 60.4	– 59.1
Net fee and commission income	**322.9**	**310.2**	**357.3**	**343.4**	**339.1**
Trading income on fixed-income instruments and equity securities	22.8	21.6	38.2	27.5	27.9
Trading income on foreign currencies, banknotes, and precious metals	111.6	124.9	117.5	168.7	169.8
Trading fee and commission expense	– 6.3	– 7.4	– 12.5	– 7.5	– 7.6
Net trading income and fair-value adjustments	**128.1**	**139.2**	**143.2**	**188.7**	**190.1**
Gains/losses on disposals of financial investments	0.5	2.0	4.3	10.1	0.5
Income from equity investments	13.7	6.5	5.5	5.5	6.8
of which other non-consolidated holdings	*13.7*	6.5	5.5	5.5	6.8
Real-estate income	7.5	7.1	7.0	6.6	5.0
Miscellaneous ordinary income	22.9	21.2	24.3	22.9	23.4
Miscellaneous ordinary expenses	– 0.3	– 0.4	– 0.6	– 2.3	– 1.0
Other ordinary income	**44.3**	**36.4**	**40.5**	**42.8**	**34.6**
Total income from ordinary banking operations	**1 002.0**	**945.2**	**1 005.4**	**1 039.4**	**1 160.0**
Personnel costs	– 339.3	– 339.2	– 349.3	– 352.9	– 364.1
Other operating expenses	– 165.2	– 156.2	– 155.8	– 163.7	– 176.6
Operating expenses	**– 504.5**	**– 495.4**	**– 505.2**	**– 516.7**	**– 540.8**
Depreciation and amortization of fixed assets and impairment on equity investments	– 71.3	– 72.1	– 72.0	– 69.6	– 76.1
Other provisions and losses	– 7.2	– 5.0	0.6	– 5.4	– 1.7
Operating profit	**418.9**	**372.7**	**428.8**	**447.7**	**541.5**
Extraordinary income	0.7	4.8	12.6	1.2	1.9
Extraordinary expenses	– 0.2	– 0.1	– 0.2	– 0.0	– 0.0
Change in reserves for general banking risks	0.0	0.0	0.0	0.0	0.0
Taxes	– 56.6	– 46.7	– 62.5	– 60.6	– 74.2
Net profit	**362.9**	**330.8**	**378.7**	**388.3**	**469.2**
Minority interests	– 0.0	– 0.0	– 0.0	– 0.0	– 0.0
Net profit attributable to BCV Group shareholders	**362.9**	**330.8**	**378.7**	**388.3**	**469.2**

13.4 Consolidated balance sheet – 5-year overview (in CHF millions)

	31 / 12 / 19	31 / 12 / 20	31 / 12 / 21	31 / 12 / 22	31 / 12 / 23
Cash and cash equivalents	8384	11550	12600	12916	12602
Due from banks	1186	1347	952	1187	662
Reverse repurchase agreements	239	236	158	79	0
Loans and advances to customers	5752	5812	6209	6201	6128
Mortgage loans	27016	28037	29373	30425	31780
Trading portfolio assets	277	312	200	206	229
Positive mark-to-market values of derivative financial instruments	273	321	368	1160	719
Other financial assets at fair value	784	886	1212	897	934
Financial investments	3811	4084	4287	5757	5196
Accrued income and prepaid expenses	85	87	67	70	122
Non-consolidated holdings	69	69	86	87	87
Tangible fixed assets	433	412	393	376	381
Intangible assets	5	2	0	0	0
Other assets	36	31	46	37	30
Assets	**48352**	**53186**	**55952**	**59397**	**58870**
Due to banks	1703	2948	3378	5975	5953
Repurchase agreements	1502	2781	1458	1008	1977
Customer deposits	33048	35424	38195	38395	36475
Trading portfolio liabilities	2	1	2	3	2
Negative mark-to-market values of derivative financial instruments	213	329	273	450	426
Other financial liabilities at fair value	918	969	1340	1006	1132
Medium-term notes	3	2	2	0	2
Bonds and mortgage-backed bonds	7094	6911	7313	7942	8443
Accrued expenses and deferred income	154	145	139	154	182
Other liabilities	114	75	183	725	400
Provisions	16	27	24	27	22
Liabilities	**44766**	**49612**	**52308**	**55683**	**55015**
Reserves for general banking risks	701	666	666	666	666
Share capital	86	86	86	86	86
Capital reserve	35	36	36	35	35
Retained earnings	2419	2472	2493	2554	2615
Currency translation reserve	– 2	– 2	– 2	– 2	– 2
Own shares	– 18	– 15	– 15	– 14	– 14
Minority interests in equity	0	0	0	0	0
Net profit	363	331	379	388	469
Shareholders' equity	**3586**	**3574**	**3644**	**3713**	**3855**
Total liabilities and shareholders' equity	**48352**	**53186**	**55952**	**59397**	**58870**

Report of the statutory auditor

to the General Meeting of Banque Cantonale Vaudoise, Lausanne

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Banque Cantonale Vaudoise and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2023, consolidated income statement, consolidated cash flow statement, consolidated statement of changes in equity for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 119 to 160) give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting rules for banks and comply with Swiss law.

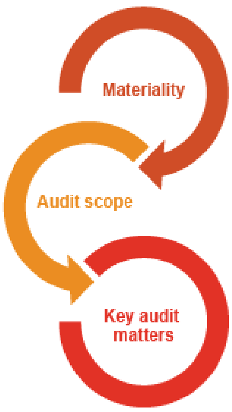
Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview



Overall group materiality: CHF 27'000'000

We conducted full scope audit work at Banque Cantonale Vaudoise and Piguet Galland & Cie SA. In addition, specific audit procedures were carried out at GEP SA, Gérifonds SA and Gérifonds (Luxembourg) SA. Our audit scope addressed 100% of the operating result and 100% of the Group's assets.

As key audit matter the following area of focus has been identified:

Identification and valuation of the value adjustments related to amounts due from customers and mortgage loans which are impaired or presenting increased risks

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

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Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall group materiality	CHF 27'000'000
Benchmark applied	Operating result (profit before tax and changes in reserves for general banking risks and extraordinary elements operating result)
Rationale for the materiality benchmark applied	We chose this benchmark because it is a generally accepted reference to measure the results of a group.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Identification and valuation of the value adjustments related to amounts due from customers and mortgage loans which are impaired or presenting increased risks

Key audit matter	How our audit addressed the key audit matter
Mortgages and loans are one of the bank's main activities and represent approximately two thirds of its balance sheet as at 31 December 2023. The valuation of a counterparty's default risk relies largely on the use of rating methods developed by the Bank. The valuation of the loans which are impaired or presenting increased risks relies on an analysis method that takes into account various elements such as market factors, the client's estimated willingness to repay and financial capacity or the estimation of the collateral's value. The analysis method used considers hypotheses and parameters over which the Bank benefits from a margin of appreciation. Exposures that create greater uncertainty are typically those that result from unsecured loans or those that are subject to a collateral's loss of value. For further information on methods regarding identification and valuation of the value	Our procedures consisted in particular in assessing and testing the key controls related to the granting, recording and monitoring of mortgages and loans as well as the methodology used for the identification of default risk and the valuation of the loan impairment charges. For non-impaired exposures, we have verified and tested the following controls: - controls to assess the risk of default as part of the counterparty rating process; - annual review by the Risk Management department of the credit risk model used as part of the IRB approach. For exposures considered impaired, we tested and verified the following controls: - controls relating to the identification of signs of failure in order to determine the scope of overdue and/or impaired exposures; - controls relating to the relevance and approval of the hypotheses and parameters of the internal model used to determine value adjustments;

Key audit matter	How our audit addressed the key audit matter
adjustments related to amounts due from customers and mortgage loans which are impaired or presenting increased risks and value adjustments for non-impaired loans, refer to the following notes to the consolidated and parent company financial statements of Banque Cantonale Vaudoise as at 31 December 2023: - Note 7.2 «Risk credit» (p. 131 à 133 of the Annual report) - Note 10.2 «Risk mitigants for loans and off-balance-sheet transactions, impaired loans» (p. 137 of the Annual report)	- controls relating to the determination of the amount of value adjustments for default risk. We have concluded that we can rely on the key controls verified. In addition, on the basis of sample tests, we verified that: - the selected credit files were assigned to the corresponding rating class; - automatically generated alert reports are reliable; - the retained value of the collateral (market or liquidation value) has been established, respectively updated, in accordance with market practices; - the amount of value adjustments was determined in accordance with accounting principles; - the amount of value adjustments for non-impaired receivables which are not identified as increased risks was determined using the IRB approach implemented by the Bank. The methods applied to determine the need for value adjustments for both impaired and non-impaired receivables are appropriate.

Other matter

The consolidated financial statements for the year ended 31 December 2022 were audited by another statutory auditor whose report, dated 28 March 2023, expressed an unmodified opinion on those consolidated financial statements.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the consolidated financial statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with accounting rules for banks and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate to the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them regarding all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with art. 728a para. 1 item 3 CO and PS-CH 890, we confirm the existence of an internal control system that has been designed for the preparation of the consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers SA

Beresford Caloia	Marie-Eve Fortier
Licensed audit expert Auditor in charge	Licensed audit expert

Lausanne, 21 March 2024

Financial Statements

Parent Company Financial Statements

1. Balance sheet (in CHF millions)

	Notes	31 / 12 / 23	31 / 12 / 22	Absolute change	Change as %
Cash and cash equivalents		12 329	12 631	– 302	– 2
Due from banks		887	1 329	– 442	– 33
Reverse repurchase agreements	5.1	0	79	– 79	– 100
Loans and advances to customers	5.2	5 874	5 932	– 58	– 1
Mortgage loans	5.2	31 109	29 773	1 336	4
Trading portfolio assets	5.3	229	206	23	11
Positive mark-to-market values of derivative financial instruments	5.4	717	1 158	– 440	– 38
Other financial assets at fair value	5.3	934	897	37	4
Financial investments	5.5	5 172	5 732	– 560	– 10
Accrued income and prepaid expenses		121	69	52	75
Holdings		194	194	0	0
Tangible fixed assets		357	353	4	1
Other assets	5.6	20	29	– 9	– 32
Assets	5.18	**57 944**	**58 383**	**– 438**	**– 1**
Total subordinated assets		0	0	0	n/a
off which subject to mandatory conversion and/or conditional write-off		*0*	*0*	*0*	*n/a*

	Notes	31 / 12 / 23	31 / 12 / 22	Absolute change	Change as %
Due to banks		5 980	5 984	– 3	– 0
Repurchase agreements	5.1	1 977	1 008	969	96
Customer deposits		35 582	37 412	– 1 830	– 5
Trading portfolio liabilities	5.3	2	3	– 1	– 26
Negative mark-to-market values of derivative financial instruments	5.4	424	458	– 34	– 7
Other financial liabilities at fair value	5.3/5.10	1 132	1 006	127	13
Medium-term notes		2	0	2	n/a
Bonds and mortgage-backed bonds		8 443	7 942	500	6
Accrued expenses and deferred income		165	139	26	19
Other liabilities	5.6	389	710	– 321	– 45
Provisions	5.11	19	24	– 5	– 21
Liabilities		**54 115**	**54 684**	**– 569**	**– 1**
Reserves for general banking risks	5.11	666	666	0	0
Share capital	5.12/5.15/5.16	86	86	0	0
Regulatory capital reserve		7	7	0	0
of which tax-exempt paid-in capital		*7*	*7*	*0*	*0*
Regulatory retained earnings		86	86	0	0
Optional retained earnings		2 540	2 481	59	2
Own shares		– 14	– 14	– 0	– 2
Profit for the year		458	386	72	19
Shareholders' equity		**3 829**	**3 698**	**131**	**4**
Total liabilities and shareholders' equity		**57 944**	**58 383**	**– 438**	**– 1**
Total subordinated liabilities		0	0	0	n/a
of which subject to mandatory conversion and/or conditional write-off		*0*	*0*	*0*	*n/a*

Off-balance-sheet transactions (in CHF millions)	Notes	31 / 12 / 23	31 / 12 / 22	Absolute change	Change as %
Contingent liabilities	5.2	1 047	1 120	– 72	– 6
Irrevocable commitments	5.2	1 393	1 491	– 98	– 7
Commitments relating to calls on shares and other equity securities	5.2	243	243	0	0
Confirmed credits	5.2	35	37	– 2	– 5

2. Income statement (in CHF millions)

	Notes	2023	2022	Absolute change	Change as %
Interest and discount income		916.5	514.2	402.3	78
Interest and dividend income from financial investments		36.5	21.2	15.2	72
Interest expense		– 372.9	– 83.1	289.8	349
Net interest income before loan impairment charges/reversals	7.1	**580.1**	**452.3**	**127.8**	**28**
Loan impairment charges/reversals		– 0.9	2.8	3.7	132
Net interest income after loan impairment charges/reversal (NII)		**579.2**	**455.1**	**124.1**	**27**
Fees and commissions on securities and investment transactions		188.8	192.2	– 3.4	– 2
Fees and commissions on lending operations		30.4	39.1	– 8.6	– 22
Fees and commissions on other services		75.9	69.6	6.3	9
Fee and commission expense		– 20.3	– 20.9	– 0.6	– 3
Net fee and commission income		**274.8**	**280.1**	**– 5.2**	**– 2**
Trading income on fixed-income instruments and equity securities		27.9	27.5	0.4	2
Trading income on foreign currencies, banknotes, and precious metals		155.2	157.2	– 2.0	– 1
Trading fee and commission expense		– 8.4	– 8.4	0.0	0
Net trading income and fair-value adjustments	7.2	**174.7**	**176.3**	**– 1.6**	**– 1**
Gains/losses on disposals of financial investments		0.5	9.9	– 9.5	– 95
Income from equity investments		20.0	20.3	– 0.3	– 2
Real-estate income		4.9	6.4	– 1.5	– 23
Miscellaneous ordinary income		23.8	23.4	0.5	2
Miscellaneous ordinary expenses		– 1.1	– 2.0	– 0.8	– 42
Other ordinary income		**48.1**	**58.0**	**– 10.0**	**– 17**
Total income from ordinary banking operations		**1 076.8**	**969.6**	**107.2**	**11**
Personnel costs	7.3	– 317.0	– 308.4	8.6	3
Other operating expenses	7.4	– 158.4	– 147.0	11.5	8
Operating expenses		**– 475.4**	**– 455.4**	**20.1**	**4**
Depreciation and amortization of fixed assets and impairment on equity investments		– 72.9	– 66.4	6.5	10
Other provisions and losses	7.5	– 1.1	– 5.0	– 3.9	– 78
Operating profit		**527.4**	**442.8**	**84.6**	**19**
Extraordinary income	7.6	0.5	1.1	– 0.6	– 55
Extraordinary expenses	7.7	– 0.0	0.0	0.0	n/a
Taxes	7.8	– 70.0	– 57.7	12.2	21
Profit for the year		**457.9**	**386.2**	**71.7**	**19**
Appropriations	8				
Profit for the year		457.9	386.2		
Profit shown on the balance sheet		457.9	386.2		
Appropriation of profit					
- Allocation to optional retained earnings		87.8	59.2		
- Allocation to regulatory retained earnings		0.0	0.0		
- Distribution from distributable profit		370.1	327.0		

3. Statement of changes in equity (in CHF millions)

	Share capital	Capital reserve	Regulatory retained earnings	Reserves for general banking risks	Optional retained earnings	Own shares	Profit/loss for the year	Total equity
Status at 1 January 2021	**86**	**7**	**87**	**666**	**2 399**	**– 15**	**335**	**3 565**
Allocation to other reserves					25		– 25	0
2020 dividend							– 310	– 310
Purchases of own shares						– 23		– 23
Disposals of own shares						23		23
Gain on disposals of own shares and dividends			0					0
Profit/loss for the year							375	375
Status at 31 December 2021	**86**	**7**	**87**	**666**	**2 425**	**– 15**	**375**	**3 631**
Allocation to other reserves					56		– 56	0
2021 dividend							– 318	– 318
Purchases of own shares						– 23		– 23
Disposals of own shares						24		24
Gain on disposals of own shares and dividends			– 1					– 1
Profit/loss for the year							386	386
Status at 31 December 2022	**86**	**7**	**86**	**666**	**2 481**	**– 14**	**386**	**3 698**
Allocation to other reserves					59		– 59	0
2022 dividend							– 327	– 327
Purchases of own shares						– 23		– 23
Disposals of own shares						22		22
Gain on disposals of own shares and dividends			0					0
Profit/loss for the year							458	458
Status at 31 December 2023	86	7	86	666	2 540	– 14	458	3 829

4. Parent company name and accounting principles

4.1 Company name, legal status, and head office

Banque Cantonale Vaudoise (BCV) was founded on 19 December 1845 by the Vaud Cantonal Parliament as a *société anonyme de droit public* (i.e., a corporation organized under public law). Its legal status is defined in the Cantonal Act Governing the Organization of Banque Cantonale Vaudoise (LBCV) of 20 June 1995, and its head office is in Lausanne.

4.2 Accounting principles for the parent company financial statements

BCV's financial statements have been prepared in accordance with the provisions of the Swiss Code of Obligations, the Swiss Federal Act on Banks and Savings Institutions and its implementing ordinance, the FINMA Accounting Ordinance (FINMA-AO), and FINMA Circular 2020/1 on accounting rules for banks. The financial statements present the economic situation of the Bank such that a third party can form a reliable opinion.

4.3 Accounting and valuation principles

The valuation principles used to draw up the parent company financial statements are the same as those used for the consolidated financial statements, with the exception of the following items:

4.3.1 Holdings

This line item comprises shares and other equity securities held as long-term investments. They are carried at cost less any impairment.

4.3.2 Own shares

Dividend payments on own shares and gains and losses on own-share disposals are allocated directly to regulatory retained earnings, while for the consolidated financial statements they are allocated to the capital reserve.

4.4 Changes to accounting principles

No changes were made to the accounting principles in 2023.

4.5 Risk-assessment and risk-management principles

Risk-assessment and risk-management principles for the parent company are the same as those for the Group; they are detailed in note 7 to the consolidated financial statements.

4.6 Use of hedge accounting

Information on the use of hedge accounting by the parent company is the same as for the Group; it is provided in note 8 to the consolidated financial statements.

4.7 Events taking place after the closing date

No event liable to have a material influence on the parent company's financial statements took place after the closing date.

5. Notes to the balance sheet

5.1 Repurchase and reverse repurchase agreements (in CHF millions)

	31 / 12 / 23	31 / 12 / 22
Book value of claims arising from cash collateral pledged in connection with securities borrowing or reverse repurchase agreements[1]	0	79
Book value of liabilities arising from cash collateral received in connection with securities lending or repurchase agreements[1]	1 977	1 008
Book value of securities held for own account, lent or transferred as collateral in connection with securities borrowing or repurchase agreements	2 035	1 038
of which those that can be sold or repledged without restriction	*2 035*	*1 038*
Fair value of securities received as collateral in connection with securities lending and those received in connection with securities borrowing and under reverse repurchase agreements, which can be sold or repledged without restriction	0	85
of which securities repledged as collateral	*0*	*0*
of which sold securities	*0*	*0*

[1] Before netting agreements

5.2 Risk mitigants for loans and off-balance-sheet transactions Impaired loans (in CHF millions)

		Type of risk mitigant			
		Mortgage	Other	Unsecured	Total
Loans and advances to customers		634	2 364	2 954	5 951
Mortgages		30 657	205	258	31 120
Residential real estate		*24 536*	*78*	*70*	*24 684*
Office and business premises		*850*	*1*	*20*	*870*
Commercial and industrial property		*694*	*2*	*81*	*778*
Other		*4 577*	*125*	*87*	*4 789*
Loans (before impairment charges/reversals)	31 / 12 / 23	**31 290**	**2 569**	**3 212**	**37 071**
	31 / 12 / 22	**30 370**	**2 289**	**3 132**	**35 791**
Loans (after impairment charges/reversals)	31 / 12 / 23	**31 290**	**2 569**	**3 124**	**36 984**
	31 / 12 / 22	**30 359**	**2 289**	**3 057**	**35 705**
Contingent liabilities		11	205	832	1 047
Irrevocable commitments		187	7	1 199	1 393
Commitments relating to calls on shares and other equity securities				243	243
Confirmed credits				35	35
Off-balance-sheet transactions	31 / 12 / 23	**197**	**212**	**2 308**	**2 718**
	31 / 12 / 22	**345**	**324**	**2 221**	**2 890**

		Gross receivables	Realization value of risk mitigants	Net receivables	Individual impairment charge/reversal
Impaired loans and off-balance-sheet commitments	31 / 12 / 23	**121**	**– 50**	**71**	**67**
	31 / 12 / 22	**124**	**– 45**	**79**	**74**
Change (absolute)		– 3	5	– 8	– 7
Change (as %)		– 2	11	– 10	– 9

5.3 Trading portfolio assets and liabilities and other financial assets and liabilities at fair value (in CHF millions)

Assets	31 / 12 / 23	31 / 12 / 22
Debt securities	0	0
of which listed on a recognized stock exchange	*0*	*0*
Equity securities	6	7
Commodities and precious metals	223	198
Trading portfolio assets	**229**	**206**
Debt securities	4	4
Structured products	0	0
Other assets held in order to hedge issued structured products	930	893
Other financial assets at fair value	**934**	**897**
Total	**1 163**	**1 103**
of which determined using a valuation model	*0*	*0*
of which securities eligible for repurchase agreements in accordance with liquidity regulations	*0*	*0*

Liabilities	31 / 12 / 23	31 / 12 / 22
Debt securities	0	0
of which listed on a recognized stock exchange	*0*	*0*
Equity securities	2	3
Other trading portfolio liabilities	0	0
Trading portfolio liabilities	**2**	**3**
Debt securities	0	0
Structured products	1 132	1 006
Other financial liabilities at fair value	**1 132**	**1 006**
Total	**1 134**	**1 008**
of which determined using a valuation model	*10*	*22*

5.4 Derivative financial instruments (in CHF millions)

		Trading instruments			Hedging instruments		
		Positive mark-to-market value	Negative mark-to-market value	Value of underlying asset	Positive mark-to-market value	Negative mark-to-market value	Value of underlying asset
Swaps		2	1	92	424	68	9 167
Futures				41			
Options (OTC)		0	0	50			
Interest-rate instruments		**2**	**2**	**183**	**424**	**68**	**9 167**
Forward contracts and swaps		714	783	46 690			
Options (OTC)		29	25	1 422			
Foreign currencies and precious metals		**743**	**808**	**48 113**	**0**	**0**	**0**
Futures				51			
Options (OTC)		37	35	551			
Equity securities / indices		**37**	**35**	**602**	**0**	**0**	**0**
Total	31 / 12 / 23	782	844	48 897	424	68	9 167
of which determined using a valuation model		*782*	*844*	–	*424*	*68*	–
	31 / 12 / 22	1 283	1 272	69 108	740	51	8 975
of which determined using a valuation model[1]		*1 283*	*1 272*	–	*740*	*51*	–

[1]2022 figures were adjusted; the value of all unlisted derivative financial instruments is determined using a model.

		Positive mark-to-market value	Negative mark-to-market value	Value of underlying asset
Breakdown				
Trading instruments		782	844	48 897
Hedging instruments		424	68	9 167
Total before netting agreements	31 / 12 / 23	1 206	912	58 064
	31 / 12 / 22	2 023	1 323	78 083
Total after netting agreements	31 / 12 / 23	717	424	58 064
	31 / 12 / 22	1 158	458	78 083
Change	absolute	– 440	– 34	– 20 019
	as %	– 38	– 7	– 26

Breakdown by counterparty

	Central clearing houses	Banks and securities dealers	Other clients
Positive mark-to-market value (after netting agreements)	415	179	123

5.5 Financial investments (in CHF millions)

	31 / 12 / 23		31 / 12 / 22	
	Book value	Fair value	Book value	Fair value
Debt securities	5 114	4 964	5 674	5 296
of which securities intended to be held until maturity	*5 114*	*4 964*	*5 674*	*5 296*
of which securities available for sale	*0*	*0*	*0*	*0*
Equity securities	22	77	23	69
of which significant holdings (minimum of 10% of capital or voting rights)	*3*	*3*	*4*	*4*
Available-for-sale real estate and goods acquired in connection with lending operations	36	37	35	37
Financial investments	**5 172**	**5 078**	**5 732**	**5 402**
including securities eligible for repurchase agreements in accordance with liquidity regulations	*5 114*	*–*	*5 674*	*–*

Counterparty breakdown by rating

	AAA to AA–	A+ to A–	BBB+ to BBB–	BB+ to B–	Below B–	Not rated	Total
Book value of debt securities	4 886					228	5 114

The rating categories are based on Standard & Poor's ratings; they are used for the specific instruments to which the Bank has subscribed. If an instrument is not rated by Standard & Poor's, then a rating from another agency is used. Where there is no specific rating for a given instrument, the issuer's long-term rating is used, with the same order of rating agencies.

The Bank's unrated positions are in investment-grade debt securities issued by Swiss public-sector entities or by Switzerland's housing-construction bond issuer (EGW/CCL).

5.6 Other assets and liabilities (in CHF millions)

	31 / 12 / 23		31 / 12 / 22	
	Other assets	Other liabilities	Other assets	Other liabilities
Offset accounts	0	322	0	678
Indirect taxes	15	33	16	11
Coupons/coupons and securities due	1	0	0	0
Settlement accounts	2	10	11	6
Miscellaneous assets and liabilities	3	24	3	15
Other assets and liabilities	**20**	**389**	**29**	**710**

5.7 Assets pledged or assigned as collateral for own liabilities, and assets with reservation of title (in CHF millions)

	31 / 12 / 23		31 / 12 / 22	
	Amount or book value of pledge	Real liability	Amount or book value of pledge	Real liability
Cash and cash equivalents	0	0	0	0
Due from banks	176	175	294	294
Loans and advances to customers	290	278	419	416
of which Covid-19 loans granted to customers[1]	*213*	*200*	338	335
Mortgages pledged or assigned to Central Mortgage-Bond Institution of Swiss Cantonal Banks	8 555	6 548	7 883	6 106
Financial investments	952	538	1 003	819
Total assets pledged or assigned	**9 973**	**7 539**	**9 599**	**7 635**

[1]2022 figures have been adjusted to include Covid-19 bridge loans.

BCV has no assets with reservation of title.

Securities serving as collateral in connection with securities borrowing or repurchase agreements and that can be sold or repledged are shown in note 5.1.

5.8 Commitments relating to own occupational pension funds BCV shares held by own occupational pension funds (in CHF millions)

	31 / 12 / 23	31 / 12 / 22
Customer deposits	153	212

BCV's own occupational pension funds held no BCV shares at 31 December 2023.

5.9 Economic situation of own occupational pension funds (in CHF millions)

There were no employer contribution reserves at end-2023 or end-2022.

Economic benefit/liability and pension expenses	Surplus / deficit[1]	Economic benefit/liability			Contributions adjusted for the period	Pension expenses included in "Personnel costs"	
	31 / 12 / 23	31 / 12 / 23	31 / 12 / 22	Change	2023	2023	2022
Employer-financed pension funds: "Fonds de prévoyance en faveur du personnel de la BCV"	53.5	0	0	0			0.0
Pension funds with no surplus or deficit: "Caisse de pensions de la BCV"		0	0	0	31.1	31.1	32.7
Pension funds with surpluses: "Fondation de prévoyance complémentaire en faveur de l'encadrement supérieur de la BCV"	0.6	0	0	0	1.5	1.5	1.3
Total[2]	**54.1**	**0**	**0**	**0**	**32.6**	**32.6**	**34.0**

[1]The surplus or deficit of a pension fund is based on its unaudited interim accounts at 30 September 2023.
[2] Since the intention is not to apply the surpluses to reduce or refund the employer's contributions, or for the employer to use them for any economic purpose other than regulatory benefits, there is no identifiable economic benefit to be recognized on the balance sheet.

Pension funds

BCV Group employees are members of the "Caisse de pensions de la Banque Cantonale Vaudoise" (CP BCV). Its purpose is to insure its members against the economic consequences of retirement, disability, and death by guaranteeing benefits in accordance with the terms of the pension-fund regulations. It is a provider of the compulsory insurance introduced under the Federal Act on Occupational Retirement, Survivors' and Disability Pension Plans (LPP) and provides coverage in excess of the minimum LPP requirements.

Senior executives insured with the CP BCV are also members of the "Fondation de prévoyance complémentaire de la Banque Cantonale Vaudoise," the purpose of which is to insure its members against the economic consequences of retirement, disability, and death by guaranteeing benefits in accordance with the terms of the pension-fund regulations.

The "Fonds de prévoyance en faveur du personnel de la BCV" is an employer-operated fund that assists BCV employees in dealing with the economic consequences of old age, disability, illness, and early retirement.

5.10 Issued structured products (in CHF millions)

		Carrying value				
		Single treatment		Separate treatment		
Underlying risk of embedded derivative		Recognized in trading portfolio liabilities	Recognized in other financial liabilities at fair value	Value of the host instrument	Value of the derivative	Total
Interest-rate instruments		–	0			0
Equity securities		–	1 108	640	– 28	1 719
Foreign currencies		–	24			24
Commodities and precious metals		–	0			0
Total	31 / 12 / 23	–	1 132	640	– 28	1 744
	31 / 12 / 22	–	1 006	731	– 68	1 669

All structured products issued by the Bank have a debenture component.

Single accounting treatment

Structured products issued by the Bank and carried at fair value are booked under "Other financial liabilities at fair value," with reference to a quoted market price or a valuation model. Subsequent revaluations are recognized under "Net trading income and fair-value adjustments."

Separate accounting treatment

Structured products whose host instrument and embedded derivatives are treated separately are recognized as follows: the host instrument is recorded under "Bonds" at nominal value as a debt issued by the Bank, and the embedded derivatives are carried as either positive or negative mark-to-market values. Any subsequent changes in fair value are recognized under "Net trading income and fair-value adjustments."

Interest accrued in the interest-rate component is recorded under "Interest expense" using the accrual method.

5.11 Provisions

Reserves for general banking risks (in CHF millions)

	Status at year-end 2022	Used as allocated	Changes in scope of consolidation	Currency translation differences	Recoveries, overdue interest	New provisions charged to income statement	Releases credited to income statement	Status at year-end 2023
Provisions for credit risk	18				0	4	– 5	18
of which provisions under Art. 28.1 FINMA-AO	*9*				*0*	*1*	*– 1*	*10*
of which provisions for inherent credit risk	*9*				*0*	*3*	*– 4*	*8*
of which provisions for latent credit risk	*0*							*0*
Other provisions	6	– 5			0	1	– 0	1
Total provisions	**24**	**– 5**	**0**	**0**	**0**	**5**	**– 5**	**19**
Reserves for general banking risks[1]	**666**							**666**
Provisions for credit risk and country risk	**87**	**– 5**			**7**	**24**	**– 23**	**90**
of which provisions for impaired loans	*65*	*– 5*			*7*	*7*	*– 16*	*57*
of which provisions for inherent credit risk	*22*				*0*	*18*	*– 7*	*33*
of which provisions for latent risks	*0*							*0*

[1] Reserves for general banking risks are taxable

5.12 Share capital (in CHF millions)

		2023 Number of shares (in units)	2023 Total par value	2022 Number of shares (in units)	2022 Total par value
Share capital					
Registered share, fully paid-in	Par value	CHF 1.00		CHF 1.00	
Status at 1 January		86 061 900	86	86 061 900	86
No movement		0	0	0	0
Status at 31 December		**86 061 900**	**86**	**86 061 900**	**86**
of which share capital qualifying for dividends			*86*		*86*

Participation certificate capital

BCV does not have any participation certificate capital.

Conditional capital

BCV does not have any conditional capital.

Authorized capital

BCV does not have any authorized capital.

5.13 Stock options and shares granted to members of the Board of Directors, Executive Board members, and other employees
Employee share-ownership plans

		2023		2022
	Shares (in units)	Value (in CHF)	Shares (in units)	Value (in CHF)
Members of the Board of Directors	0	0	0	0
Executive Board members	29 995	2 267 233	31 289	2 188 511
Other employees	248 645	12 307 352	258 931	10 623 443
Total	**278 640**	**14 574 585**	**290 220**	**12 811 954**

No stock options have been granted to members of the Board of Directors, Executive Board members, or other employees.

Employee share ownership

Annual performance-based compensation

For Executive Board members and department heads, 30% of their annual performance-based compensation must be taken in BCV shares with a lock-up period of five to ten years.

Other employees receiving annual performance-based compensation of CHF 21,000 or more may opt for full payment in cash, or 70% in cash and 30% in BCV shares with a lock-up period of three years. In the latter case, BCV increases the portion of shares by 30%.

Executive Board members are allocated shares subject to approval at the Shareholders' Meeting. The number of shares allocated will be calculated based on the closing market price on 6 May 2024, rounded up to the nearest whole number.

Other employees will receive their shares at the end of April 2024. The number of shares allocated will be calculated based on the closing market price on 14 March 2024, rounded up to the nearest whole number. These employees have until 27 March 2024 to decide on the proportion they wish to receive in the form of shares. As their decision was not known at the time this report was published, the number of shares taken into account in the above table corresponds to the maximum possible number of shares.

The market prices used to calculate the number of shares will be those on 14 March 2024 and 6 May 2024, so they were not known at the time of writing. As a result, the maximum possible number of shares was calculated based on the closing market price on 8 March 2024, the date of the Board of Directors' final decision on this compensation.

Share-ownership plan

The Executive Board and other BCV employees were given the opportunity to subscribe to the share-ownership plan in April 2023 on the following terms:

- The number of shares that may be purchased is determined by the level of responsibility inherent in the employee's position.
- The subscription period ran from 16 to 29 March 2023.
- The subscription price was set at CHF 68 per share, and the market price used was CHF 83.25 (closing price on 15 March, the day before the subscription period started).

The amounts (number of shares and value) shown in the table above correspond to the number of shares subscribed multiplied by CHF 15.25, which is the difference between the market price of CHF 83.25 and the subscription price of CHF 68.

Long-term performance-based compensation

At the beginning of each three-year share-ownership plan, participants are informed of the number of shares that will be allocated if all objectives are met in full. At the end of each plan, the Bank informs participants of the extent to which objectives have been met based on the Bank's financial results and strategic and qualitative performance. The number of shares initially allocated is multiplied by the level of attainment of the objectives in order to determine the number of shares allocated to each participant. The amounts taken into account in the table on the previous page correspond to the expense recorded in 2023 for the various plans in progress.

Free shares

The Bank awards 20 BCV shares to apprentices, high school graduate trainees, and university interns who join the Bank after their training.

The number allocated and their value, based on the market price on the last business day of the month before the shares are awarded, are also shown in the table.

5.14 Receivables and commitments with respect to related parties (in CHF millions)

	31 / 12 / 23		31 / 12 / 22	
	Receivable	Commitment	Receivable	Commitment
Qualified shareholder	0	2 494	0	3 868
Group companies	238	63	156	54
Affiliated companies	286	371	215	376
Governing bodies	26	9	36	10

Individuals and companies that hold at least 10% of voting rights are considered qualified shareholders.

Corporations organized under public law in Vaud Canton and public-private entities in which Vaud Canton has a qualified holding are considered affiliated companies.

Transactions with members of the Board of Directors were conducted on market terms. Receivables and commitments with respect to Executive Board members were granted on the standard terms for BCV employees. Transactions with related parties were conducted on market terms.

5.15 Significant shareholder (in CHF millions)

	31 / 12 / 23			31 / 12 / 22		
	Number of shares (in units)	Total par value	Stake	Number of shares (in units)	Total par value	Stake
Voting rights						
Vaud Canton, direct interest	57 622 520	57.6	66.95%	57 622 520	57.6	66.95%

Shareholders with more than 5% of voting rights are considered significant shareholders.

5.16 Own shares and breakdown of share capital

Number of shares (in units)	Average transaction price	Total	Own shares
Status at 31 December 2022		86 061 900	179 226
of which shares reserved for long-term performance-based compensation			*108 219*
Purchases	88		265 874
Sales	84		– 271 790
Status at 31 December 2023		86 061 900	173 310
of which shares reserved for long-term performance-based compensation			*110 023*

The breakdown of share capital is provided in note 5.12.

Own shares were traded at market prices. The proceeds of the sale of own shares were allocated directly to the capital reserve.

Non-distributable reserves

If the combined total of regulatory retained earnings and the regulatory capital reserve does not exceed half the amount of the Bank's share capital (i.e., CHF 43m), these line items can be used only to cover losses. There are no regulatory restrictions on how optional reserves can be used.

The Bank must set part of its reserves aside in order to meet regulatory capital requirements.

5.17 Compensation and loans granted to the Board of Directors and Executive Board

5.17.1 Compensation and loans granted to members of the Board of Directors and the Executive Board

Compensation breakdown (see pages 190–191)

Members of the Board of Directors

For 2023, the members of the Board of Directors in office in 2023 (including the member who stepped down on 30 June) were accorded total compensation of CHF 1,400,000. Benefit expense resulting from compensation to the Board of Directors totaled CHF 140,717 (social security, unemployment insurance, accident insurance, and family allowances). The Bank does not make any occupational-pension contributions on behalf of the members of the Board. By law and in accordance with pension-fund regulations, members of the Board of Directors who are not receiving retirement benefits must join the "Caisse de pensions de la Banque Cantonale Vaudoise" and pay all of their occupational-pension contributions themselves.

Compensation comprises fees, remuneration, and expenses.

The Vice Chair receives additional fixed compensation of CHF 20,000. For the members of the Board committees – the Audit and Risk Committee and the Compensation, Promotions and Appointments Committee – annual compensation was set as follows: CHF 40,000 for the chair and CHF 20,000 for the other members of the Audit and Risk Committee; and CHF 20,000 for the chair and CHF 10,000 for the other members of the Compensation, Promotions and Appointments Committee.

The average compensation of Board members, excluding the Chair, amounted to CHF 128,333.

Since 1 November 2002, serving members of the Board of Directors have not been granted any preferential terms for banking services.

Members of the Executive Board
For 2023, the eight members of the Executive Board in office in 2023 were accorded total compensation of CHF 8,675,397. This includes annual performance-based compensation for an aggregate amount of CHF 4,450,000.

This compensation will be submitted to shareholders for approval at the Shareholders' Meeting on 25 April 2024. If approved, this amount will be paid in May 2024 in two parts: CHF 3,115,000 in cash and the remaining CHF 1,335,000 in the form of shares locked up for between five and ten years. Benefit expense resulting from compensation to the Executive Board totaled CHF 1,286,297 for occupational pensions and CHF 832,930 for other benefits (social security, unemployment insurance, accident insurance, income replacement, and family allowances), subject to approval of the proposed annual performance-based compensation at the Shareholders' Meeting.

Allocation of shares during 2023

Members of the Board of Directors
Since 2018, the members of the Board of Directors receive their compensation entirely in cash.

Members of the Executive Board
For 2023, Executive Board members in office at 31 December 2023 will receive a number of locked-up BCV shares equivalent to 30% of their annual performance-based compensation. The number of locked-up shares will be determined in accordance with the closing share price on 6 May 2024. They also subscribed to 6,000 locked-up shares under the employee share-ownership program.

Other fees and compensation

Members of the Board of Directors and Executive Board received no fees or other compensation from BCV that are not included in the above compensation. Moreover, all fees and other amounts received by Executive Board members representing BCV on the boards of directors of other companies are remitted to the Bank. In 2023, such payments to the Bank amounted to CHF 311,222.

Loans to members of the Board of Directors and Executive Board

Serving members of the Board of Directors are not accorded preferential terms on loans granted to them. For members of the Executive Board, as well as for all employees, the interest on variable-rate first mortgages was 1.9% at 31 December 2023. In 2023, the interest charged on short-term mortgage loans and on medium- and long-term fixed-rate loans was between 0.3 and 0.35 percentage points above market rates, depending on the term of the loan.

Share ownership

Members of the Board of Directors
Under a resolution adopted by the Board of Directors on 7 October 2002, each director is required to own a minimum of 1,000 BCV shares, which must be acquired before the end of their first term. At 31 December 2023, directors and their close relations held a total of 43,012 BCV shares.

Members of the Executive Board
At 31 December 2023, Executive Board members and their close relations held 133,192 BCV shares.

Compensation of members of the Board of Directors for the 2023 financial year (in CHF)

		Fees	Committee-related compensation	Other	Total	Other benefits[1]
Eftychia Fischer	Chair	600 000	0	30 000	**630 000**	44 390
Jean-François Schwarz	Vice Chair	115 000	20 000	10 000	**145 000**	16 746
Jack G. N. Clemons	Member	95 000	20 000	10 000	**125 000**	15 698
Ingrid Deltenre	Member	95 000	20 000	10 000	**125 000**	16 710
Fabienne Freymond Cantone	Member	95 000	10 000	10 000	**115 000**	15 042
Stefan Fuchs	Member from 1 July 2023	47 500	20 000	5 000	**72 500**	11 262
Peter Ochsner	Member until 30 June 2023	47 500	20 000	5 000	**72 500**	8 373
Pierre-Alain Urech	Member	95 000	10 000	10 000	**115 000**	12 496
Total		1 190 000	120 000	90 000	1 400 000	140 717
Average compensation	Excluding Chair	98 333	20 000	10 000	**128 333**	16 055

[1] Social security, unemployment insurance, accident insurance, and family allowances. The Bank does not make any occupational-pension contributions on behalf of the members of the Board. By law and in accordance with pension-fund regulations, members of the Board of Directors who do not receive retirement benefits must join the "Caisse de pensions de la Banque Cantonale Vaudoise" and pay all of their occupational-pension contributions themselves.

Compensation of members of the Board of Directors for the 2022 financial year (in CHF)

		Fees	Committee-related compensation	Other	Total	Other benefits[1]
Eftychia Fischer	Chair	600 000	0	30 000	**630 000**	42 779
Jean-François Schwarz	Vice Chair	115 000	20 000	10 000	**145 000**	16 739
Jack G. N. Clemons	Member	95 000	20 000	10 000	**125 000**	15 601
Ingrid Deltenre	Member	95 000	20 000	10 000	**125 000**	16 595
Fabienne Freymond Cantone	Member	95 000	10 000	10 000	**115 000**	13 932
Peter Ochsner	Member	95 000	40 000	10 000	**145 000**	16 738
Pierre-Alain Urech	Member	95 000	10 000	10 000	**115 000**	12 490
Total		1 190 000	120 000	90 000	1 400 000	134 874
Average compensation	Excluding Chair	98 333	20 000	10 000	**128 333**	15 349

[1] Social security, unemployment insurance, accident insurance, and family allowances. The Bank does not make any occupational-pension contributions on behalf of the members of the Board. By law and in accordance with pension-fund regulations, members of the Board of Directors who do not receive retirement benefits must join the "Caisse de pensions de la Banque Cantonale Vaudoise" and pay all of their occupational-pension contributions themselves.

Compensation of members of the Executive Board for the 2023 financial year (in CHF)

	Total		Pascal Kiener CEO	
	Shares (in units)		Shares (in units)	
Fixed salary		4 660 068		960 000
Annual performance-based compensation paid in cash[1]		3 115 000		539 000
Annual performance-based compensation paid in shares[1, 2]		866 139		128 988
Shares acquired under employee share-ownership program[3]	6 000	11 390	1 000	1 898
Stock options (BCV has no employee stock-option plan)	0		0	
Other		22 800		6 000
Total		**8 675 397**		**1 635 886**
Previous year[4]		*8 377 266*		*1 524 839*
2021–2023 long-term performance-based compensation plan				
Shares allocated at CHF 105.80 per share[5]	11 046	1 168 667	1 578	166 952
Previous year[4]	*11 960*	*1 003 444*	*1 850*	*155 215*
Total		**9 844 064**		**1 802 838**
Previous year[4]		*9 380 710*		*1 680 054*
Occupational pension		1 286 297		150 381
Other benefits[6]		832 930		150 337
Previous year[4]				
Occupational pension		*1 317 320*		*152 721*
Other benefits[6]		*721 142*		*145 214*

[1]Subject to approval at the 2024 Annual Shareholders' Meeting
[2]The number of shares will be calculated based on the market price on 6 May 2024, and rounded up to the nearest unit. The value of the shares (in Swiss francs) is discounted according to the duration of the share lock-up period.
[3]Difference between the subscription price (CHF 68) and the market price on 15 March 2023 (CHF 83,25) at its discounted value
[4]Eight Executive Board members until 31 October 2022; nine Executive Board members from 1 November to 31 December 2022 due to the leadership transition in the Private Banking Division
[5]Market price on 8 March 2024
[6] Social security, unemployment insurance, accident insurance, income replacement and family allowances

Loans to members of governing bodies (in CHF)

					31 / 12 / 23
	Position	Nominal	Secured	Unsecured	Drawn down
Board of Directors					
Eftychia Fischer	Chair	2 100 000	2 100 000		2 100 000
Jean-François Schwarz	Vice Chair	11 050 000	11 050 000		10 700 000
Jack G. N. Clemons	Member	365 000	365 000		365 000
Ingrid Deltenre	Member	0			
Fabienne Freymond Cantone	Member	0			
Stefan Fuchs	Member	0			
Pierre-Alain Urech	Member	0			
Total		**13 515 000**	**13 515 000**	**0**	**13 165 000**
Previous year		*13 515 000*	*13 515 000*	*0*	*13 165 000*
Executive Board					
Total		**15 203 000**	**15 203 000**		**13 609 000**
Previous year		*26 657 000*	*26 552 000*		*23 694 000*
Thomas W. Paulsen[1]	Member	5 554 000	5 554 000	0	4 831 000

[1] Largest individual loan granted to an Executive Board member

No loans were granted to close relations (i.e., persons living under the same roof) of the members of the Board of Directors and Executive Board on terms not in keeping with market practice.

Loans to companies with links to members of governing bodies (in CHF)

No loans were granted to companies with links to members of governing bodies.

Share and option ownership

		31 / 12 / 23 Shares (in units)	31 / 12 / 22 Shares (in units)
Board of Directors			
Eftychia Fischer	Chair	1 060	1 060
Jean-François Schwarz	Vice Chair	36 910	36 910
Jack G. N. Clemons	Member	1 000	1 000
Ingrid Deltenre	Member	1 740	1 740
Fabienne Freymond Cantone	Member	1 002	1 002
Stefan Fuchs[1]	Member	1 000	
Pierre-Alain Urech	Member	300	300
Total		**43 012**	**42 012**

[1]Joined BCV on 1 July 2023

		31 / 12 / 23 Shares (in units)	31 / 12 / 22 Shares (in units)
Executive Board			
Pascal Kiener	CEO	27 006	21 937
Andreas Diemant	Corporate Banking	9 434	8 865
Christian Meixenberger	Business Support	17 003	13 752
Thomas W. Paulsen	CFO	9 245	9 281
Bertrand Sager	Credit Management	42 790	49 499
José François Sierdo	Retail Banking	11 660	14 663
Christian Steinmann	Private Banking	449	0
Fabrice Welsch	Asset Management & Trading	15 605	12 330
Total		**133 192**	**130 327**

Members of the Board of Directors and Executive Board held no options at 31 December 2023.

5.17.2 Compensation and loans granted to former members of the Board of Directors and Executive Board

Compensation of former members of the Board of Directors and Executive Board for the 2023 financial year

No compensation was paid directly or indirectly to former members of the Board of Directors or Executive Board, or to their close relations, for the 2023 financial year.

Loans granted to former members of the Board of Directors and Executive Board

Since 1 November 2002, serving members of the Board of Directors have not been granted any preferential terms for banking services, while former members who held office prior to this date continue to receive preferential terms that are in line with market practice for the banking industry.

Retired Executive Board members continue to receive preferential terms that are in line with market practice for the banking industry.

Jean-François Schwarz, a retired Executive Board member who receives a pension from the "Caisse de pensions de la Banque Cantonale Vaudoise," joined the Board of Directors on 1 January 2019 and will continue to receive preferential terms, in line with market practice for the banking industry, on his fixed-term mortgage loans until they mature. He will receive no other preferential terms during his time in office, like the other members of the Board of Directors.

5.18 Breakdown of assets by solvency of the country group in which the risk is domiciled (in CHF millions)

Internal country rating	Standard & Poor's rating	31 / 12 / 23 Absolute value	31 / 12 / 23 as % of total	31 / 12 / 22 Absolute value	31 / 12 / 22 as % of total
1&2	AAA to AA–	2 593	88	3 703	91
3	A+ to A–	87	3	101	2
4	BBB+ to BBB–	27	1	49	1
5	BB+ to BB–	33	1	55	1
6	B+ to B–	172	6	118	3
7	CCC+ to C	18	1	17	0
Not rated	Not rated	12	0	19	0
Foreign exposure		**2 943**	**100**	**4 062**	**100**

6. Notes to off-balance-sheet transactions

6.1 Fiduciary transactions (in CHF millions)

	31 / 12 / 23	31 / 12 / 22	Change absolute	Change as %
Fiduciary investments with third parties	504	388	115	30

6.2 Assets under management

As BCV is not required to disclose these figures, they are provided voluntarily and only on a consolidated basis (see note 11.4 to the consolidated financial statements).

7. Notes to the income statement

7.1 Net interest income before loan impairment charges/reversals Funding of trading positions and negative interest (in CHF millions)

	2023	2022	Absolute change	Change as %
Banks and reverse repurchase agreements	189.4	20.6	168.8	819
Customers	604.3	483.1	121.2	25
Interest and dividends on financial investments	36.5	21.2	15.2	72
Other interest income	122.9	10.5	112.4	1 071
Total interest income	**953.0**	**535.4**	**417.6**	**78**
Banks and repurchase agreements	110.1	33.6	76.5	228
Customers	179.7	– 5.8	185.5	n/a
Medium-term notes and bonds	83.2	55.9	27.3	49
Other interest expense	0.0	– 0.5	0.5	100
Total interest expense	**372.9**	**83.1**	**289.8**	**349**
Net interest income before loan impairment charges/reversals	**580.1**	**452.3**	**127.8**	**28**

Net interest income before loan impairment charges/reversals was not affected by negative interest, while in 2022 CHF 2.5m in negative interest was deducted from interest income and CHF 45.8m in negative interest was deducted from interest expense.

The cost of funding trading positions, credited to other interest income, was not material for 2023 or for 2022.

7.2 Net trading income and fair-value adjustments (in CHF millions)

Breakdown by business sector	2023	2022	Absolute change	Change as %
Retail Banking	18.2	19.2	– 1.0	– 5
Corporate Banking	10.6	10.9	– 0.3	– 3
Wealth Management	9.5	9.9	– 0.4	– 4
Trading	55.8	58.5	– 2.7	– 5
Corporate Center	80.6	77.8	2.8	4
Total	**174.7**	**176.3**	**– 1.6**	**– 1**

Trading income and fair-value adjustments				
Trading income on fixed-income instruments and equity securities	27.9	27.5	0.4	2
Trading income on foreign currencies, banknotes, and precious metals	155.2	157.2	– 2.0	– 1
Total trading income and fair-value adjustments	**183.1**	**184.7**	**– 1.6**	**– 1**
of which fair-value adjustments	*25.8*	*26.0*	*– 0.3*	*– 1*
of which fair-value adjustments on assets	*172.5*	*– 410.6*	*583.1*	*142*
of which fair-value adjustments on liabilities	*– 146.7*	*436.7*	*– 583.4*	*– 134*
Trading fee and commission expense	– 8.4	– 8.4	0.0	0
Net trading income and fair-value adjustments	**174.7**	**176.3**	**– 1.6**	**– 1**

7.3 Personnel costs (in CHF millions)

	2023	2022	Absolute change	Change as %
Fixed and variable compensation	245.2	235.0	10.2	4
of which charges related to share-based compensation and other variable compensation (including the portion paid in cash)	*41.5*	*35.7*	*5.7*	*16*
Employee benefits	25.1	25.1	– 0.0	– 0
Contributions to staff pension funds	32.6	34.0	– 1.4	– 4
Other personnel expenses	14.0	14.2	– 0.2	– 2
Total	**317.0**	**308.4**	**8.6**	**3**

7.4 Other operating expenses (in CHF millions)

	2023	2022	Absolute change	Change as %
Premises	23.7	19.0	4.7	25
IT	69.4	66.4	3.0	5
Machinery, furniture, vehicles, etc.	3.8	2.6	1.2	48
Office supplies	0.9	0.9	0.0	3
Telecommunications and shipping	5.4	6.1	– 0.7	– 11
Marketing and communications, gifts, and subscriptions	15.8	16.0	– 0.2	– 2
Financial information	13.3	13.1	0.2	1
Auditor fees	1.5	1.9	– 0.4	– 20
of which for financial and prudential audits	*1.3*	*1.7*	*– 0.4*	*– 25*
of which for other services	*0.2*	*0.1*	*0.1*	*39*
Other professional fees	4.8	3.9	0.8	21
Payment transactions	13.7	11.4	2.2	20
Issuing fees	1.6	1.6	0.0	2
Miscellaneous operating expenses	4.6	4.2	0.5	11
Total	**158.4**	**147.0**	**11.5**	**8**

7.5 Other provisions and losses (in CHF millions)

	2023	2022	Absolute change	Change as %
Provisions for credit risk	– 0.4	– 1.3	0.9	71
Miscellaneous provisions	0.6	4.7	– 4.2	– 88
Miscellaneous losses	0.9	1.6	– 0.7	– 44
Total	**1.1**	**5.0**	**– 3.9**	**– 78**

7.6 Extraordinary income (in CHF millions)

	2023	2022	Absolute change	Change as %
Disposals of tangible fixed assets	0.2	0.8	– 0.6	– 77
Other extraordinary income	0.3	0.3	0.0	4
Total	**0.5**	**1.1**	**– 0.6**	**– 55**

7.7 Extraordinary expenses (in CHF millions)

	2023	2022	Absolute change	Change as %
Miscellaneous extraordinary expenses	0.0	0.0	0.0	n/a
Total	**0.0**	**0.0**	**0.0**	**n/a**

7.8 Taxes (in CHF millions)

	2023	2022	Absolute change	Change as %
Direct federal tax	36.6	30.3	6.3	21
Cantonal and municipal taxes	33.4	27.5	5.9	21
Total	**70.0**	**57.7**	**12.2**	**21**
Weighted average tax rate, based on operating profit	13%	13%		

8. Proposal by the Board of Directors

At the Annual Shareholders' Meeting to be held on 25 April 2024, the Board of Directors will recommend the following appropriation of profit and distributions:

The proposed allocation of available earnings of CHF 457.9m is as follows:

	Dividend in CHF per registered share	Number of shares (in units)	Appropriation (in CHF millions)
Payment of an ordinary dividend	4.30	86 061 900	370.1
Allocation to regulatory retained earnings			0.0
Allocation to optional retained earnings			87.8
			457.9

If this resolution is adopted, the dividend will be payable, after deduction of Swiss withholding tax, at the Bank's head office and branches beginning on 2 May 2024.

Report of the statutory auditor

to the General Meeting of Banque Cantonale Vaudoise, Lausanne

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Banque Cantonale Vaudoise (the Company), which comprise the balance sheet as at 31 December 2023, income statement and statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 174 to 197) comply with Swiss law and the Company's articles of incorporation.

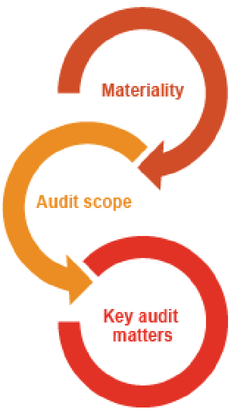
Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview



Overall materiality: CHF 26'000'000

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

As key audit matter the following area of focus has been identified:

Identification and valuation of the value adjustments related to amounts due from customers and mortgage loans which are impaired or presenting increased risks

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 26'000'000
Benchmark applied	Operating result (profit before tax and changes in reserves for general banking risks and extraordinary elements operating result)
Rationale for the materiality benchmark applied	We chose this benchmark because it is a generally accepted reference to measure the results of a bank.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Identification and valuation of the value adjustments related to amounts due from customers and mortgage loans which are impaired or presenting increased risks

Key audit matter	How our audit addressed the key audit matter
Mortgages and loans are one of the bank's main activities and represent approximately two thirds of its balance sheet as at 31 December 2023. The valuation of a counterparty's default risk relies largely on the use of rating methods developed by the Bank. The valuation of the loans which are impaired or presenting increased risks relies on an analysis method that takes into account various elements such as market factors, the client's estimated willingness to repay and financial capacity or the estimation of the collateral's value. The analysis method used considers hypotheses and parameters over which the Bank benefits from a margin of appreciation. Exposures that create greater uncertainty are typically those that result from unsecured loans or those that are subject to a collateral's loss of value. For further information on methods regarding identification and valuation of the value adjustments related to amounts due from customers and mortgage loans which are impaired or presenting increased risks and value adjustments for non-impaired loans, refer to the following notes to the consolidated and parent	Our procedures consisted in particular in assessing and testing the key controls related to the granting, recording and monitoring of mortgages and loans as well as the methodology used for the identification of default risk and the valuation of the loan impairment charges. For non-impaired exposures, we have verified and tested the following controls: - controls to assess the risk of default as part of the counterparty rating process; - annual review by the Risk Management department of the credit risk model used as part of the IRB approach. For exposures considered impaired, we tested and verified the following controls: - controls relating to the identification of signs of failure in order to determine the scope of overdue and/or impaired exposures; - controls relating to the relevance and approval of the hypotheses and parameters of the internal model used to determine value adjustments; - controls relating to the determination of the amount of value adjustments for default risk.

Key audit matter	How our audit addressed the key audit matter
company financial statements of Banque Cantonale Vaudoise as at 31 December 2023: - Note 7.2 «Risk credit» (p. 131 à 133 of the Annual report) - Note 5.2 «Risk mitigants for loans and off-balance-sheet transactions, impaired loans» (p. 179 of the Annual report)	We have concluded that we can rely on the key controls verified. In addition, on the basis of sample tests, we verified that: - the selected credit files were assigned to the corresponding rating class; - automatically generated alert reports are reliable; - the retained value of the collateral (market or liquidation value) has been established, respectively updated, in accordance with market practices; - the amount of value adjustments was determined in accordance with accounting principles; - the amount of value adjustments for non-impaired receivables which are not identified as increased risks was determined using the IRB approach implemented by the Bank. The methods applied to determine the need for value adjustments for both impaired and non-impaired receivables are appropriate.

Other matter

The financial statements for the year ended 31 December 2022 were audited by another statutory auditor whose report, dated 28 March 2023, expressed an unmodified opinion on those financial statements.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the financial statements and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate to the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them regarding all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with art. 728a para. 1 item 3 CO and PS-CH 890, we confirm the existence of an internal control system that has been designed for the preparation of the financial statements according to the instructions of the Board of Directors.

Furthermore, we confirm that the proposed appropriation of available earnings complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers SA

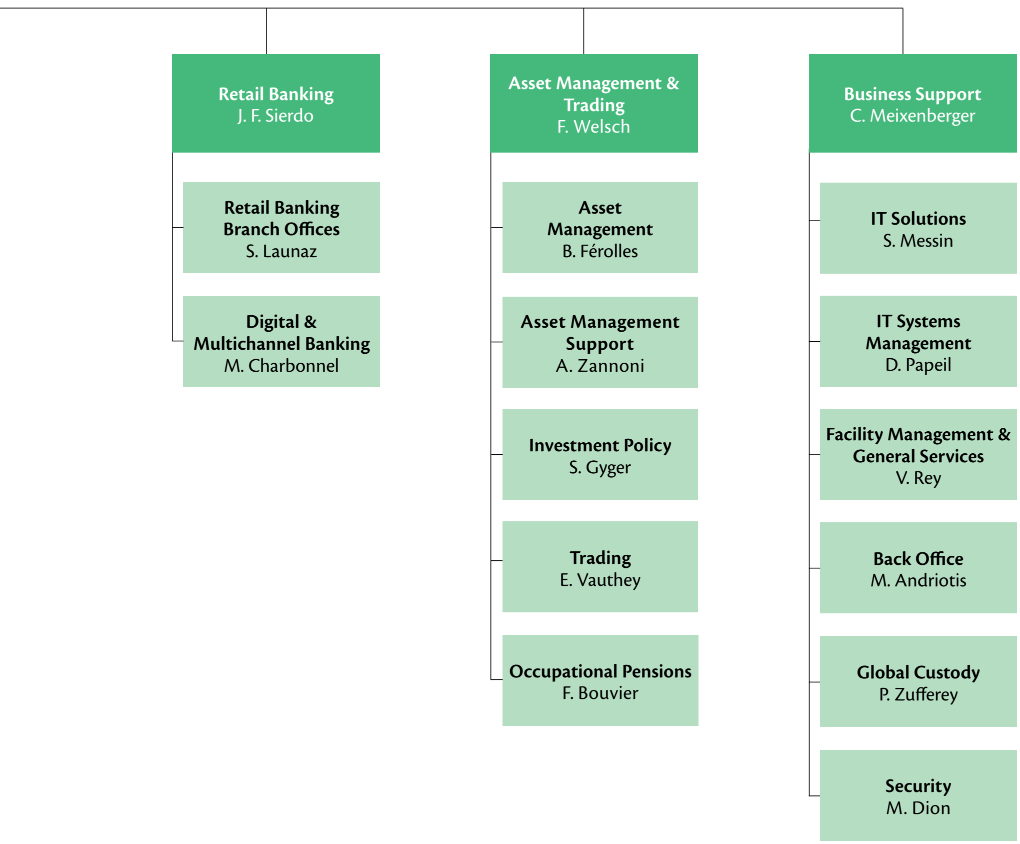
Beresford Caloia	Marie-Eve Fortier
Licensed audit expert Auditor in charge	Licensed audit expert

Lausanne, 21 March 2024

Organization Chart

As at 1 March 2024

- **Board of Directors**
  E. Fischer
  Chair
  - **Internal Audit**
    P. Borcard
  - **Secretary**
    C. Monnier
  - **CEO**
    P. Kiener
    - **Corporate Secretary**
      L. Gherardi
    - **Human Resources**
      O. Seppey, ad int.
    - **Strategy & Organization**
      J. A. Brinca
    - **Corporate Communications**
      D. Herrera
    - **Finance & Risks**
      T. W. Paulsen
      - **Risk Management**
        M. Mermier
      - **Financial Accounting**
        B. Werro
      - **Controlling**
        J.-B. Millais
      - **ALM & Financial Management**
        C. Cherdel
      - **Compliance**
        L. Burkhalter
      - **Legal**
        P. L'Eplattenier
    - **Credit Management**
      B. Sager
      - **Credit Analysis – Retail**
        E. Allemann
      - **Credit Analysis – SMEs and Real-Estate Professionals**
        P. Stalder
      - **Credit Analysis – Large Corporates**
        E. Longchamp
      - **Credit Analysis – TF, Country and Banks**
        F. Manfredi
      - **Credit Analysis Support**
        E. Despont
      - **Credit Recovery Management**
        M. Grandchamp
    - **Corporate Banking**
      A. Diemant
      - **SMEs**
        D. Muller
      - **Large Corporates**
        S. Kuleli
      - **Trade Finance**
        A. Krieger
      - **Real-Estate Professionals**
        S. Roduit
    - **Private Banking**
      C. Steinmann
      - **Private Banking Key Clients**
        J. de Vries
      - **Onshore Private Banking**
        S. Fragnière
      - **International Private Banking**
        R. Bugliari
      - **Independent Asset Managers**
        B. Rytz
      - **Private Banking Center of Expertise**
        P. Botteron


Retail Banking
J. F. Sierdo
Retail Banking Branch Offices
S. Launaz
Digital & Multichannel Banking
M. Charbonnel
Asset Management & Trading
F. Welsch
Asset Management
B. Férolles
Asset Management Support
A. Zannoni
Investment Policy
S. Gyger
Trading
E. Vauthey
Occupational Pensions
F. Bouvier
Business Support
C. Meixenberger
IT Solutions
S. Messin
IT Systems Management
D. Papeil
Facility Management & General Services
V. Rey
Back Office
M. Andriotis
Global Custody
P. Zufferey
Security
M. Dion

Retail Network

As at 1 March 2024

Regional Managers

As at 1 March 2024

Broye region

Retail banking	Cristina Martinez
Private banking	Hubert Joye
SME	Gilles Verdon

Chablais region

Retail banking	Dario Bucci
Private banking	Vincent Mottier
SME	David Hunacek

Gros-de-Vaud region

Retail banking	Aleksandar Radic
Private banking	Pierre-Yves Zimmermann
SME	Stéphane Binggeli

Lausanne region

Retail banking	Jean-Daniel Dreifuss
Private banking	Christophe Millius
SME	Henri-Pierre Monney

Lavaux region

Retail banking	David Platel
Private banking	Cédric Molleyres
SME	Cédric Ottet

Morges region

Retail banking	Cédric Weissert
Private banking	Daniel Vuffray
SME	Patrick Blanc

Nord Vaudois region

Retail banking	Pascal Udry
Private banking	Hubert Joye, ad int.
SME	Alexandre Berthoud

Nyon region

Retail banking	Christophe Chérix
Private banking	Valérie Grivel
SME	Jean-Marc Pichon

Riviera region

Retail banking	Elena Lederrey
Private banking	Vincent Mottier, ad int.
SME	Rachel Perroud

Branch Offices

As at 1 March 2024

Broye region

Avenches
Route de Lausanne 9
Case postale
1580 Avenches

Lucens
Avenue de la Gare 4 A
Case postale
1522 Lucens

Payerne
Rue du Temple 9
Case postale
1530 Payerne

Chablais region

Aigle
Rue du Collège 2
Case postale
1860 Aigle

Bex
Rue Centrale 5
Case postale
1880 Bex

Château-d'Œx
Grand-Rue 82
Case postale
1660 Château-d'Œx

Les Diablerets
Les Ormonts 7
Case postale
1865 Les Diablerets

Leysin
Place du Marché
Case postale
1854 Leysin

Villars
Avenue Centrale 119
Case postale
1884 Villars

Villeneuve
Grand-Rue 1
Case postale
1844 Villeneuve

Gros-de-Vaud region

Cheseaux-sur-Lausanne
Rue du Pâquis 1
Case postale
1033 Cheseaux-sur-Lausanne

Echallens
Place de la Gare 7
Case postale
1040 Echallens

Moudon
Rue du Temple 10
Case postale
1510 Moudon

Penthalaz
Place Centrale 3
Case postale
1305 Penthalaz

Lausanne region

Bellevaux
Route Aloys-Fauquez 116
1018 Lausanne

Bergières
Avenue Bergières 42
Case postale
1000 Lausanne 22

Bussigny
Rue St-Germain 2 A
Case postale
1030 Bussigny

Chauderon
Place Chauderon 8
Case postale
1001 Lausanne

CHUV
Rue du Bugnon 46
Case postale
1011 Lausanne

Crissier
Centre MMM
Case postale
1023 Crissier

Écublens
Chemin du Croset 3
Case postale
1024 Écublens

Épalinges
Place de la Croix-Blanche 17
Case postale
1066 Épalinges

Lausanne – Gare
Place de la Gare 10
Case postale
1001 Lausanne

Ouchy
Avenue d'Ouchy 76
1006 Lausanne

Prilly
Route de Cossonay 21
Case postale
1008 Prilly

Renens
Rue du Midi 15
Case postale
1020 Renens

UNIL
Internef – Dorigny
Case postale
1015 Lausanne

Lausanne – St-François
Place St-François 14
Case postale
1001 Lausanne

Lavaux region

Chailly
Avenue de Chailly 10
Case postale
1000 Lausanne 12

Cully
Place de l'Hôtel de Ville 7
Case postale
1096 Cully

Lutry
Route de Lavaux 166
Case postale
1095 Lutry

Mézières
Rue du Théâtre 2
Case postale
1083 Mézières

Oron-la-Ville
Le Bourg 16
Case postale
1610 Oron-la-Ville

Pully
Rue de la Poste 8
Case postale
1009 Pully

Savigny
Place du Forum 2
Case postale
1073 Savigny

Morges region

Aubonne
Chemin du Mont-Blanc 2
Case postale
1170 Aubonne

Cossonay
Rue des Etangs 5
Case postale
1304 Cossonay-Ville

Denges
Route de Genève 107 B
Case postale
1026 Denges

Morges Hôtel-de-Ville
Place de l'Hôtel-de-Ville 2
Case postale
1110 Morges 1

St-Prex
Route de Rolle 2
Case postale
1162 St-Prex

Nord Vaudois region

Chavornay
Route d'Yverdon 2
Case postale
1373 Chavornay

Grandson
Place du Château 8
Case postale
1422 Grandson

Le Sentier
Grand-Rue 36
Case postale
1347 Le Sentier

Orbe
Place du Marché 9
Case postale
1350 Orbe

Ste-Croix
Rue Neuve 2
Case postale
1450 Ste-Croix

Vallorbe
Rue de l'Horloge 1
Case postale
1337 Vallorbe

Yverdon-les-Bains
Rue des Remparts 17
Case postale
1401 Yverdon-les-Bains

Nyon region

Coppet
Rue Froide 1
Case postale
1296 Coppet

Gland
Avenue du Mont-Blanc 14 A
Case postale
1196 Gland

Nyon
Rue Perdtemps 6
Case postale
1260 Nyon 1

Rolle
Grand-Rue 60
Case postale
1180 Rolle

Riviera region

Blonay
Route du Village 7
Case postale
1807 Blonay

Chexbres
Grand-Rue
Case postale
1071 Chexbres

Clarens
Avenue Vinet 15
Case postale
1815 Clarens

La Tour-de-Peilz
Grand-Rue 38
Case postale
1814 La Tour-de-Peilz

Montreux
Grand-Rue 50
Case postale
1820 Montreux

Vevey – Gare
Place de la Gare
Case postale
1800 Vevey 1

Vevey – Nestlé
Avenue Nestlé 55
Case postale
1800 Vevey 1

Thanks
BCV would like to thank its employees as well as the various external service providers involved in preparing this document.

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BCV

Interim Report

Consolidated financial statements at 30 June 2024

BCV

Letter from the Chair and the CEO

The global economy has been subject to geopolitical tensions and central banks' efforts to strike the right balance between encouraging growth and taming inflation. In H1 2024, economic growth remained strong in the US but was somewhat weaker in the eurozone, and inflation eased on both sides of the Atlantic. While the US Federal Reserve did not lower the fed funds rate, the European Central Bank carried out its first rate cut in June. The Swiss National Bank cut its policy rate twice – in March and June – against a backdrop of declining inflation, upward pressure on the Swiss franc, and a resilient Swiss economy.

After the record financial results we delivered in 2023, it came as no surprise that our H1 2024 earnings were down – but we still achieved the second-best H1 performance in BCV's history, excluding exceptional items. Our overall business-volume trend was positive, with mortgage lending expanding 5% to CHF 33.3bn in a strong real-estate market and customer deposits up 1% to CHF 36.7bn thanks to inflows from our personal banking and SME clients. Total revenues remained stable year on year at CHF 581m. Operating expenses increased by 5% as a result of the higher headcount in IT and cybersecurity and our Bank projects, including in Asset Management. Operating profit came in at CHF 258m (-6%), and net profit stood at CHF 221m (-8%).

These very solid numbers show once again that our strategy is sound. We take a long-term strategic approach, in line with the principles of economic, social, and environmental sustainability. As part of this, we've been sharpening our focus on the climate for many years now. For example, we've been tracking the carbon footprint of our operations since 2012, and we've been working to cut our emissions at a pace consistent with the Swiss federal government's goal of reaching net-zero by 2050, with an interim target of shrinking our carbon footprint by 35% from 2019 levels between 2021 and 2030. We'll continue to actively develop our climate strategy, most notably to remain in step with the targets set by the federal government and the Canton of Vaud. More information on these commitments and many others, including those relating to social sustainability, can be found in our 2023 Sustainability Report, which was prepared in accordance with the 2021 Global Reporting Initiative (GRI) norms and published in April.

Eftychia Fischer
Chair of the Board of Directors

Pascal Kiener
CEO

At our Annual Shareholders' Meeting on 25 April 2024, the Sustainability Report was for the first time submitted to shareholders as BCV's "report on non-financial matters," in compliance with the new provisions in the Swiss Code of Obligations. The report was approved by more than 99% of the votes cast. Every other item on the agenda was also approved. That included a dividend payout of CHF 4.30 per share on 2 May, which returned a total of CHF 370m to our shareholders.

We remain confident in our business model as a universal bank with strong local roots. We intend to maintain sustainable growth that focuses on our Canton; a low risk profile that aligns with our role as a cantonal bank; and the financial solidity that enables us to pursue an attractive distribution policy. All our stakeholders play a part in BCV's continued success, and on behalf of the Board of Directors and the Executive Board, we would like to thank our customers for their trust, our shareholders for their steadfast support, and all our BCV Group employees for their dedication and loyalty.

Eftychia Fischer

Pascal Kiener

Business sector review

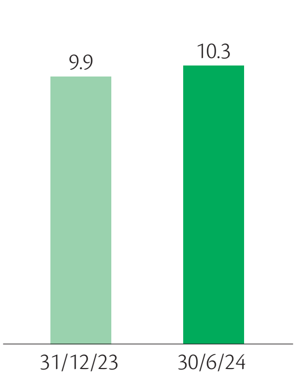
Retail Banking

Real-estate market still dynamic

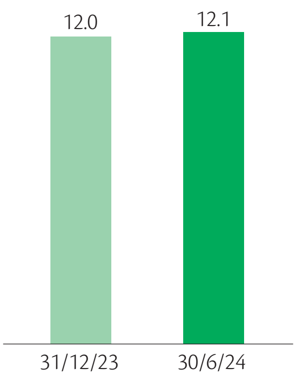
Lower interest rates and continued population growth underpinned a strong residential real-estate market in H1. Mortgage lending once again expanded, surpassing the CHF 10bn mark (+4%). Total customer deposits also rose, to CHF 12.1bn (+1%).

The Retail Banking sector posted sharp growth in both revenues, up 12% to CHF 124.6m, and operating profit, up 29% to CHF 46.2m.

Mortgage loans
in CHF billions



Customer deposits
in CHF billions



	H1 2023	H1 2024
Total revenues (CHF millions)	111.0	124.6
Operating profit (CHF millions)	35.9	46.2
Cost/income ratio (excluding goodwill amortization and write-downs)	66%	62%
ROE	23.3%	29.1%
Headcount	363	364

2023 figures were adjusted to facilitate like-for-like comparison.

Corporate Banking

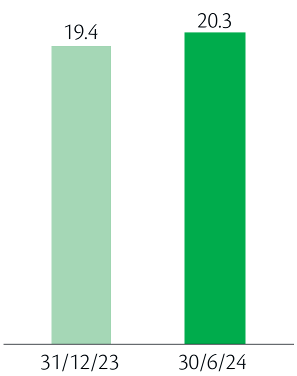
Vaud economy resilient

Despite a low visibility global macro environment, the Vaud economy has proven resilient. Vaud SMEs continued to hold up well overall despite uncertainties surrounding the global economy and the appreciation of the Swiss franc. Large corporates also fared well amid moderate economic growth in Switzerland. The Real-Estate Clients segment had strong traction in H1. In light of geopolitical tensions, BCV has scaled back its trade finance exposure, with average volumes down 9%.

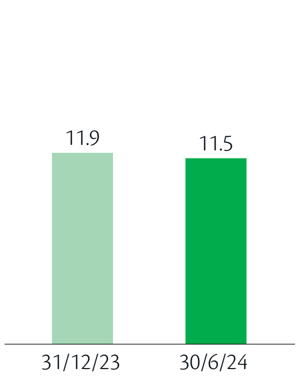
Total lending and off-balance-sheet commitments rose 5% to CHF 20.3bn despite the ongoing repayment of Covid-19 loans. Customer deposits were down 4% to CHF 11.5bn, reflecting the usual seasonal volatility in cash and cash equivalents held by large corporates.

The loan book remained healthy, as shown by the Sector's low new provisioning needs. Corporate Banking revenues climbed 1% to CHF 138.1m, and operating profit was up 2% to CHF 82.5m.

Lending and off-balance-sheet commitments
in CHF billions



Customer deposits
in CHF billions



	H1 2023	H1 2024
Total revenues (CHF millions)	136.4	138.1
Operating profit (CHF millions)	81.1	82.5
Cost/income ratio (excluding goodwill amortization and write-downs)	37%	36%
ROE	10.4%	9.8%
Headcount	188	188

2023 figures were adjusted to facilitate like-for-like comparison.

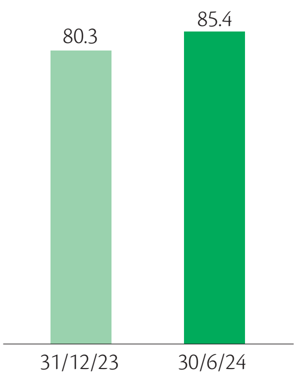
Wealth Management
Markets perform well

The Sector's assets under management rose 6% over the first half, to CHF 85.4bn. This reflected significant inflows, mainly from institutional clients, and strong financial market performance.

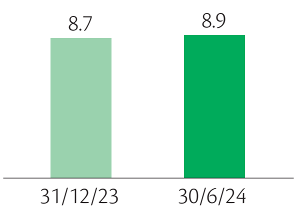
Private-banking mortgage loans were up 2% to CHF 8.9bn in a dynamic real-estate market.

Against the backdrop of rising financial markets, Wealth Management revenues increased 4% to CHF 227.1m and operating profit rose 1% to CHF 105.9m.

Assets under management
in CHF billions



Mortgage loans
in CHF billions



	H1 2023	H1 2024
Total revenues (CHF millions)	219.1	227.1
Operating profit (CHF millions)	104.4	105.9
Cost/income ratio (excluding goodwill amortization and write-downs)	52%	53%
ROE	48.5%	48.3%
Headcount	542	574

2023 figures were adjusted to facilitate like-for-like comparison.

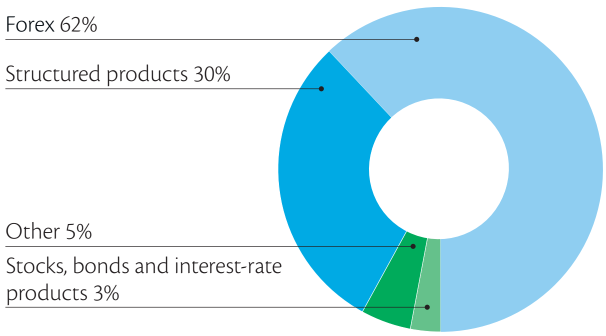
Trading
Forex trading volumes up

In the first half of 2024, the Swiss franc lost value against the major currencies as the Swiss National Bank lowered its policy rate in March and again in June. The Swiss franc/euro pair traded in a range between 1.07 and 1.01 during H1.

Forex trading income was up 6% in the first half, accounting for more than 2/3 of overall Trading revenues. Structured product issuance decreased year on year.

Trading revenues edged down to CHF 30.2m (-1%), while operating profit grew 3% to CHF 16.6m.

Breakdown of trading income by market segment



	H1 2023	H1 2024
Total revenues (CHF millions)	30.6	30.2
Operating profit (CHF millions)	16.1	16.6
Cost/income ratio (excluding goodwill amortization and write-downs)	46%	44%
ROE	35.1%	42.1%
Headcount	50	51

2023 figures were adjusted to facilitate like-for-like comparison.

Consolidated financial statements at 30 June 2024 (Unaudited)

BCV Group posts CHF 221m net profit in H1 2024

BCV Group delivered strong H1 2024 results. Revenues were stable at CHF 581m in a less favorable interest-rate environment. Compared with H1 from the Bank's record 2023 year, operating profit decreased 6% to CHF 258m, while net profit declined 8% to CHF 221m. These figures nevertheless represent the second-best H1 performance in BCV's history, excluding exceptional items.

Revenues stable at CHF 581m

Total revenues were stable year on year at CHF 581m. Net interest income held steady at CHF 290m, with expanding business volumes offsetting an interest-rate environment that was less favorable than in H1 2023. Fee and commission income was up 7% to CHF 181m, reflecting favorable financial-market trends and high personal-banking transaction volumes. Net trading income fell 15% to CHF 89m, mainly on lower income streams from active balance-sheet management in the current interest-rate environment. Other ordinary income rose 11% to CHF 21m.

Operating profit of CHF 258m

Operating expenses were up 5% to CHF 283m. Personnel costs climbed 7% to CHF 194m, owing largely to higher staff numbers in IT and cybersecurity and to Bank projects, including in Asset Management. Other operating expenses remained flat at CHF 89m (+1%). Depreciation and amortization rose by 8% to CHF 39m. Operating profit declined by 6% to CHF 258m.

Net profit of CHF 221m

The Bank's tax expense was unchanged at CHF 37m despite the decline in taxable income, following Switzerland's June 2023 decision to implement the OECD's minimum corporate tax rate. Net profit contracted 8% to CHF 221m. This nonetheless represents the second-best H1 bottom line in the Bank's history, excluding exceptional items. The ROE of 11.5% is one of the highest in BCV's peer group.

Balance sheet growth

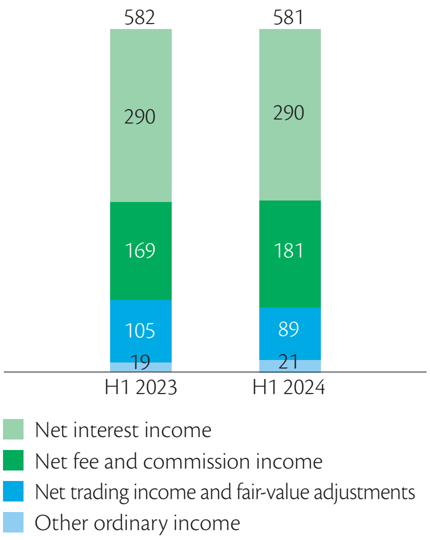
Total assets amounted to CHF 60.5bn, up CHF 1.7bn (3%) on the end-2023 figure. Cash and cash equivalents, which are mainly held as SNB sight deposits, were flat at CHF 12.6bn. Mortgage lending expanded 5%, or CHF 1.5bn, to CHF 33.3bn, in a dynamic real-estate market. Other loans remained stable at CHF 6.1bn (-1%), as increased corporate lending offset ongoing Covid-19 loan reimbursements.

On the liabilities side, customer deposits were stable at CHF 36.7bn (+1%).

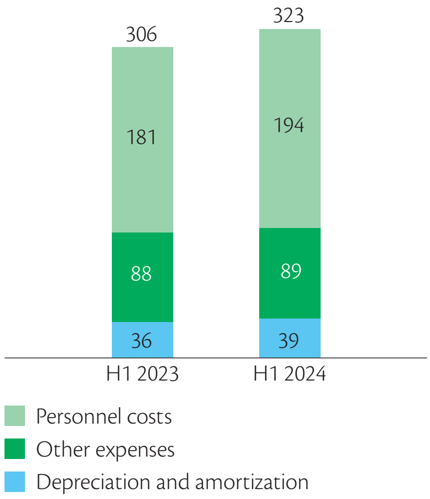
Net fund inflows

The Group's assets under management rose 4% to CHF 117.2bn. Net new money totaled CHF 1.1bn (+1%) and came from individuals in Switzerland, SMEs, and institutional clients. Investment performance drove AuM up by CHF 3.2bn (+3%).

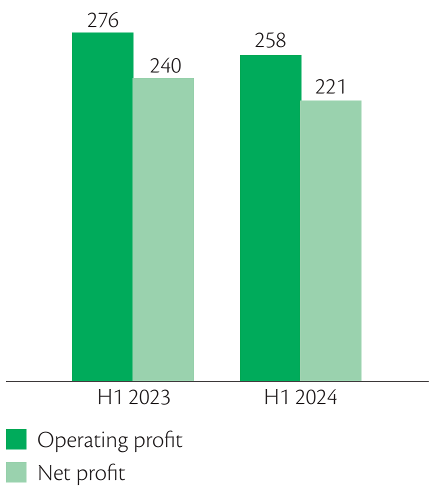
Revenues
in CHF millions



Operating expenses, depreciation and amortization
in CHF millions



Operating and net profit
in CHF millions



CHF 370m paid out to shareholders

In accordance with its dividend policy, BCV distributed CHF 4.30 per share to its shareholders in May, for a total payout of CHF 370m. The dividend was up CHF 0.50 per share and represents a total dividend yield of 4.0% based on BCV's 2023 closing share price.

Solid financial position

The Bank's CET1 ratio stood at 17.0% at 30 June 2024 and shareholders' equity amounted to CHF 3.7bn, attesting to BCV's financial solidity. 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.

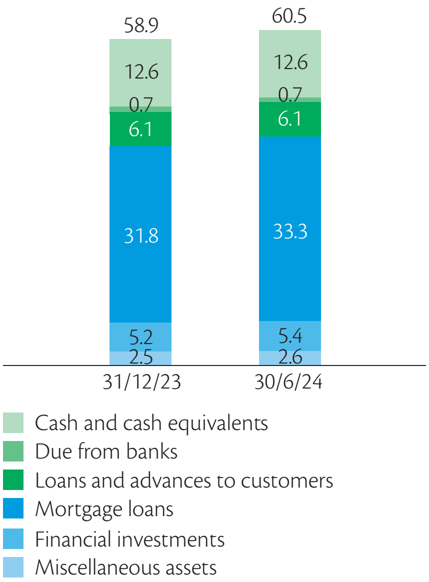
Very solid ESG ratings

BCV's longstanding commitment to sustainable economic development is reflected in the Bank's ESG scores. MSCI has given the Bank an ESG rating of AA, the agency's second-highest score, placing BCV in the "Leader" category. Ethos has reaffirmed the Bank's A- rating, the second-highest score.

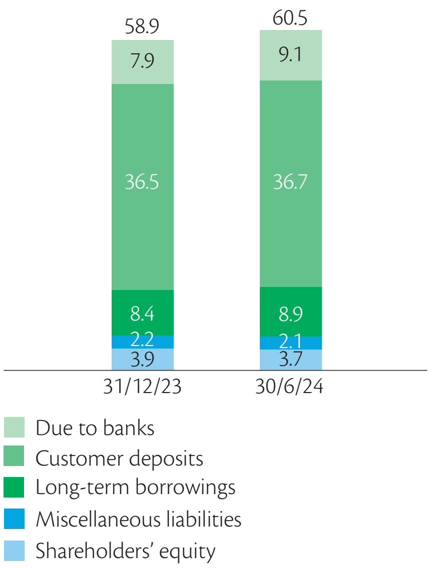
Outlook

Barring a significant change in the financial markets or the overall economic situation, FY 2024 business development is expected to trend along the same lines as in previous reporting periods. However, as announced earlier this year, BCV's 2024 results are expected to come in below the record 2023 numbers.

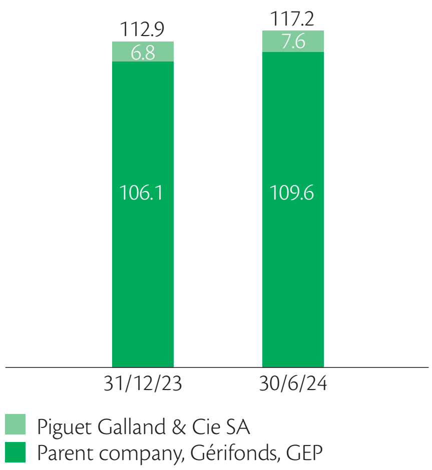
Assets
in CHF billions



Liabilities and shareholders' equity
in CHF billions



Assets under management
in CHF billions



BCV Group
Consolidated balance sheet (unaudited)

(in CHF millions)	30 / 6 / 24	31 / 12 / 23	Change absolute	Change as %
Cash and cash equivalents	12 564	12 602	– 38	– 0
Due from banks	658	662	– 4	– 1
Reverse repurchase agreements	0	0	0	n/a
Loans and advances to customers	6 083	6 128	– 45	– 1
Mortgage loans	33 294	31 780	1 514	5
Trading portfolio assets	281	229	52	23
Positive mark-to-market values of derivative financial instruments	539	719	– 180	– 25
Other financial assets at fair value	1 017	934	83	9
Financial investments	5 388	5 196	192	4
Accrued income and prepaid expenses	125	122	4	3
Non-consolidated holdings	87	87	0	0
Tangible fixed assets	376	381	– 6	– 1
Intangible assets	0	0	0	n/a
Other assets	128	30	98	332
Assets	**60 538**	**58 870**	**1 668**	**3**
Total subordinated assets	0	0	0	n/a
of which subject to mandatory conversion and/or conditional write-off	*0*	*0*	*0*	*n/a*

Due to banks	7 623	5 953	1 670	28
Repurchase agreements	1 526	1 977	– 451	– 23
Customer deposits	36 700	36 475	225	1
Trading portfolio liabilities	2	2	– 1	– 25
Negative mark-to-market values of derivative financial instruments	255	426	– 172	– 40
Other financial liabilities at fair value	1 296	1 132	164	14
Medium-term notes	3	2	1	59
Bonds and mortgage-backed bonds	8 881	8 443	439	5
Accrued expenses and deferred income	190	182	8	4
Other liabilities	335	400	– 65	– 16
Provisions	21	22	– 1	– 2
Liabilities	**56 831**	**55 015**	**1 816**	**3**
Reserves for general banking risks	666	666	0	0
Share capital	86	86	0	0
Capital reserve	35	35	0	0
Retained earnings	2 714	2 615	99	4
Currency translation reserve	– 2	– 2	0	4
Own shares	– 13	– 14	1	6
Minority interests in equity	0	0	0	n/a
Accrued expenses and deferred income	221		221	
Net profit for 2023		469	– 469	
of which minority interests	*0*	*0*	*– 0*	*n/a*
Shareholders' equity	**3 707**	**3 855**	**– 148**	**– 4**
Total liabilities and shareholders' equity	**60 538**	**58 870**	**1 668**	**3**
Total subordinated liabilities	0	0	0	n/a
of which subject to mandatory conversion and/or conditional write-off	*0*	*0*	*0*	*n/a*

Consolidated off-balance-sheet transactions (in CHF millions)	30 / 6 / 24	31 / 12 / 23	Change absolute	Change as %
Contingent liabilities	1 027	1 050	– 23	– 2
Irrevocable commitments	1 398	1 400	– 2	– 0
Commitments relating to calls on shares and other equity securities	243	243	0	0
Confirmed credits	81	35	46	133

BCV Group
Consolidated income statement (unaudited)

(in CHF millions)	2024 H1	2023 H1	Change absolute	Change as %
Interest and discount income	509.0	438.4	70.6	16
Interest and dividend income from financial investments	24.0	18.1	5.9	33
Interest expense	– 242.2	– 168.5	73.7	44
Net interest income before loan impairment charges/reversals	**290.9**	**288.0**	**2.9**	**1**
Loan impairment charges/reversals	– 0.7	2.0	2.7	134
Net interest income after loan impairment charges/reversals (NII)	**290.2**	**290.0**	**0.2**	**0**
Fees and commissions on securities and investment transactions	155.8	144.0	11.8	8
Fees and commissions on lending operations	15.9	16.0	– 0.2	– 1
Fees and commissions on other services	40.2	37.8	2.3	6
Fee and commission expense	– 31.0	– 29.3	1.7	6
Net fee and commission income	**180.9**	**168.6**	**12.3**	**7**
Trading income on fixed-income instruments and equity securities	13.9	16.9	– 3.0	– 18
Trading income on foreign currencies, banknotes, and precious metals	79.1	91.3	– 12.2	– 13
Trading fee and commission expense	– 3.9	– 3.6	0.3	9
Net trading income and fair-value adjustments	**89.1**	**104.6**	**– 15.5**	**– 15**
Gains/losses on disposals of financial investments	3.0	0.4	2.6	582
Income from equity investments	4.4	4.4	0.0	1
of which other non-consolidated holdings	*4.4*	*4.4*	*0.0*	*1*
Real-estate income	1.8	2.6	– 0.8	– 31
Miscellaneous ordinary income	11.6	11.6	– 0.0	– 0
Miscellaneous ordinary expenses	0.0	– 0.3	– 0.3	– 100
Other ordinary income	**20.8**	**18.8**	**2.0**	**11**
Total income from ordinary banking operations	**580.9**	**581.9**	**– 1.0**	**– 0**
Personnel costs	– 194.4	– 181.2	13.2	7
Other operating expenses	– 89.1	– 88.0	1.1	1
Operating expenses	**– 283.5**	**– 269.2**	**14.2**	**5**
Depreciation and amortization of fixed assets and impairment on equity investments	– 39.2	– 36.4	2.8	8
Other provisions and losses	– 0.0	– 0.5	– 0.4	– 90
Operating profit	**258.2**	**275.8**	**– 17.6**	**– 6**
Extraordinary income	0.1	1.4	– 1.4	– 96
Extraordinary expenses	– 0.0	– 0.0	– 0.0	n/a
Taxes	– 37.1	– 37.1	– 0.0	– 0
Net profit	**221.1**	**240.0**	**– 18.9**	**– 8**
Minority interests	– 0.0	– 0.0	– 0.0	n/a
Net profit attributable to BCV shareholders	**221.1**	**240.0**	**– 18.9**	**– 8**

BCV Group
Statement of changes in equity (unaudited)

(in CHF millions)	Share capital	Capital reserve	Retained earnings	Reserves for general banking risks	Currency trans-lation reserve	Own shares	Equity - minority interests	Net profit for the period	Total equity
Status at 31 December 2023	**86**	**35**	**2 615**	**666**	**– 2**	**– 14**	**0**	**469**	**3 855**
2023 dividend								– 370	– 370
Retained earnings			99					– 99	0
Purchases of own shares (at cost)						– 28			– 28
Disposals of own shares (at cost)						29			29
Gain on disposals of own shares and dividends		0							0
Currency translation differences					0				0
Changes in scope and/or minority interests							– 0		– 0
Net profit for reporting period							0	221	221
Status at 30 June 2024	86	35	2 714	666	– 2	– 13	0	221	3 707

BCV Group
Abridged notes to the financial statements

Company name, legal status and head office
BCV (Banque Cantonale Vaudoise) was founded on 19 December 1845 by the Vaud Cantonal Parliament as a *société anonyme de droit public* (i.e., a corporation organized under public law). Its legal status is defined in the Cantonal Act Governing the Organization of Banque Cantonale Vaudoise (LBCV) of 20 June 1995, and its head office is in Lausanne.

Overview of operations and scope of consolidation
BCV operates as a full-service bank with a community focus. Its corporate mandate is to contribute to the economic development of its home region, the Canton of Vaud.

It offers a full range of services in retail banking, wealth management, corporate banking, and trading. Along with its traditional areas of business (savings & loans and wealth management), BCV engages in large-corporate financing and selected trade-financing operations in commodities (primarily softs and metals). It offers a broad portfolio of financial-market services, including equity and derivatives trading and fixed-income instruments. The Bank is also active in foreign-exchange trading and in developing and issuing structured products.

BCV is the parent company of a banking and financial group. At 30 June 2024, in addition to the parent company, BCV Group comprised the private bank Piguet Galland & Cie SA and two fund management firms, Gérifonds SA and GEP SA (Société pour la gestion de placements collectifs).

The scope of consolidation did not change relative to end-2023.

Basis of preparation of consolidated financial statements
The consolidated financial statements of BCV Group have been prepared in accordance with the provisions of the Swiss Code of Obligations, the Swiss Federal Act on Banks and Savings Institutions and its implementing ordinance, the FINMA Accounting Ordinance (FINMA-AO), and FINMA Circular 2020/1 on accounting rules for banks. The financial statements provide a true and fair view of the assets, financial position, and results of BCV Group.. The interim accounts have been drawn up in accordance with the same rules, principles, and structure as the year-end accounts.

The accounting principles for the consolidated financial statements can be found on pages 124 to 130 of the 2023 Annual Report.

Changes to accounting principles
No changes were made to the accounting principles in H1 2024.

Factors that affected the Group's financial situation, and extraordinary income
There were no factors that had a significant impact on the Group's financial situation in H1 2024.

No extraordinary income of a material amount was recorded in H1 2024.

Events taking place after the closing date
As at 20 August 2024, when this interim report was completed, the Group was not aware of any event liable to have a material influence on the Group's H1 2024 financial statements.

Business sector information

Customer business volumes by sector (in CHF millions)	Retail Banking 30 / 6 / 24	Retail Banking 31 / 12 / 23	Corporate Banking 30 / 6 / 24	Corporate Banking 31 / 12 / 23
Loans and advances to customers	113	127	5 037	5 044
Mortgage loans	10 333	9 947	13 369	12 422
Total customer loans[1]	**10 445**	**10 074**	**18 407**	**17 466**
Customer deposits[1]	**12 084**	**11 958**	**11 509**	**11 933**
Off-balance-sheet commitments[1]	**72**	**62**	**1 914**	**1 917**
Assets under management (including double-counted)	**15 166**	**14 681**	**15 568**	**16 851**

Results by business sector (in CHF millions)	Retail Banking H1 2024	Retail Banking H1 2023	Corporate Banking H1 2024	Corporate Banking H1 2023
Net interest income before loan impairment charges/reversals	85.1	73.8	123.3	120.4
Loan impairment charges/reversals[2]	– 1.4	– 1.4	– 11.3	– 10.5
Net interest income after loan impairment charges/reversals	83.7	72.4	112.0	109.9
Net fee and commission income	31.4	29.6	19.4	19.7
Net trading income	8.9	8.5	5.5	5.3
Other income	0.5	0.5	1.2	1.4
Revenues	**124.6**	**111.0**	**138.1**	**136.4**
Personnel costs	– 24.2	– 23.1	– 16.7	– 16.5
Operating expenses	– 19.9	– 18.9	– 5.7	– 5.5
Depreciation, amortization and write-offs	– 7.5	– 7.4	– 1.0	– 1.0
Interdivisional billing	– 26.6	– 25.2	– 30.7	– 30.7
Other provisions and losses	– 0.3	– 0.5	– 1.5	– 1.7
Operating profit	**46.2**	**35.9**	**82.5**	**81.1**
Extraordinary income and expenses	0.0	0.0	0.0	0.0
Taxes[3] and minority interests	– 6.9	– 5.0	– 12.4	– 11.2
Net profit	**39.3**	**30.9**	**70.1**	**69.9**

Indicators	Retail Banking H1 2024	Retail Banking H1 2023	Corporate Banking H1 2024	Corporate Banking H1 2023
Average shareholders' equity (in CHF millions)[4]	270	265	1 430	1 349
ROE	29.1	23.3	9.8	10.4
Cost/income ratio[5]	62.0	66.4	36.2	36.5
Average headcount	364	363	188	188

2023 figures were adjusted to facilitate like-for-like comparison

1 Customer business volumes and revenues in foreign currencies are booked to the relevant client-facing business sector using exchange rates set at the start of the year; any subsequent foreign-currency translation differences are booked to the Corporate Center.

2 Expected loan losses are allocated to the business sectors. The difference between new provisioning needs and expected loan losses is booked to the Corporate Center.

3 Taxes are calculated per business sector according to the tax rates in effect.

4 Equity is allocated to the business sectors at 13.0% of RWAs; surplus equity is booked to the Corporate Center.

5 Costs used for calculating the cost/income ratio per sector comprise: personnel costs; operating expenses; depreciation, amortization and write-offs; and interdivisional billing. Income comprises income before loan impairment charges.

	Wealth Management		Trading		Corporate Center		BCV Group
30 / 6 / 24	31 / 12 / 23	30 / 6 / 24	31 / 12 / 23	30 / 6 / 24	31 / 12 / 23	30 / 6 / 24	31 / 12 / 23
838	903	0	6	95	48	6 083	6 128
8 885	8 722	0	0	708	690	33 294	31 780
9 723	9 625	0	6	802	738	39 377	37 908
11 748	11 454	22	17	1 335	1 113	36 700	36 475
67	67	9	9	687	673	2 748	2 728
85 362	80 281	0	0	1 116	1 132	117 212	112 944

H1 2024	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023
84.2	86.5	4.6	2.8	– 6.3	4.6	290.9	288.0
– 1.3	– 1.4	0.0	0.0	13.3	15.3	– 0.7	2.0
82.9	85.1	4.6	2.8	7.0	19.8	290.2	290.0
130.8	121.6	– 1.3	– 2.8	0.5	0.5	180.9	168.6
12.8	11.8	26.9	30.6	35.0	48.3	89.1	104.6
0.6	0.5	0.0	0.0	18.5	16.4	20.8	18.8
227.1	219.1	30.2	30.6	61.0	84.9	580.9	581.9
– 61.7	– 57.4	– 6.6	– 6.5	– 85.3	– 77.7	– 194.4	– 181.2
– 23.7	– 22.0	– 4.3	– 4.5	– 35.6	– 37.1	– 89.1	– 88.0
– 5.1	– 4.9	– 1.1	– 1.4	– 24.5	– 21.8	– 39.2	– 36.4
– 30.2	– 30.1	– 1.4	– 1.8	88.9	87.8	0.0	0.0
– 0.5	– 0.2	– 0.2	– 0.2	2.4	2.2	0.0	– 0.5
105.9	104.4	16.6	16.1	6.9	38.3	258.2	275.8
0.0	0.0	0.0	0.0	0.0	1.4	0.0	1.4
– 15.9	– 14.5	– 2.5	– 2.2	0.6	– 4.3	– 37.1	– 37.1
90.0	90.0	14.1	13.9	7.6	35.3	221.1	240.0

H1 2024	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023
372	371	67	79	1 696	1 667	3 836	3 731
48.3	48.5	42.1	35.1	0.0	0.0	11.5	12.9
52.9	51.9	44.3	46.4	0.0	0.0	55.5	52.7
574	542	51	50	846	802	2 024	1 945

The BCV share

Despite geopolitical tensions, moderate global growth, and election-year uncertainties, stock markets turned in a generally positive performance in the first half of 2024.

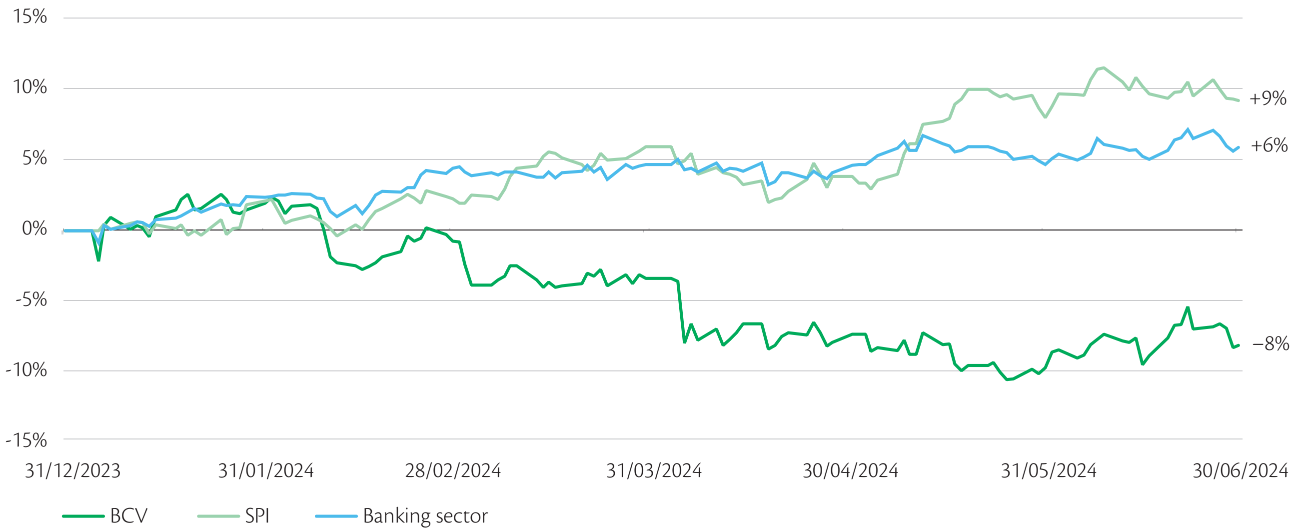
The SMI rose 8%, just ahead of the EURO STOXX 600 (+7%) and just behind the DAX (+9%). The CAC40 ended the half slightly down (-1%) following a strong start to the year. The three leading US indices posted solid gains, with the Dow Jones up 4%, the S&P 500 up 14%, and the Nasdaq up 17%. The Nasdaq was powered by its exposure to artificial intelligence – more than three percentage points of its surge came from Nvidia , whose share price soared by over 150%. In Asia, the Shanghai Stock Exchange treaded water (-0.3%), while the Nikkei advanced 18%.

The BCV share rose by a total of 53% over the course of 2022 and 2023, so it was no surprise that it lost some ground in the first half of 2024. The share price dropped from CHF 108.50 at end-2023 to CHF 95.35 at 28 June 2024 (-12%) as investors locked in gains. Factoring in the dividend payout of CHF 4.30 per share (disbursed in May), the total shareholder return was -8.2%.

The average daily trading volume in H1 was CHF 5.8m, making the BCV share the fourth most-liquid banking stock on the SIX Swiss Exchange.

At 30 June 2024, 16,556 BCV shareholders were listed in the share register (up 3%, or 498 shareholders, from end-2023), 15,948 of which were individuals.

Total shareholder return[1]



[1] Stockmarket performance over the period plus dividends and capital distributions

Key figures – 5-year overview

Balance sheet (in CHF millions)	31 / 12 / 20	31 / 12 / 21	31 / 12 / 22	31 / 12 / 23	30 / 6 / 24
Total assets	53 186	55 952	59 397	58 870	60 538
Advances to customers	33 849	35 582	36 626	37 908	39 377
Customer deposits	35 424	38 195	38 395	36 475	36 700
Shareholders' equity	3 574	3 644	3 713	3 855	3 707

Assets under management (in CHF millions)					
Assets under management	103 159	112 887	108 879	112 944	117 212
cash and cash equivalents	*31 729*	*33 736*	*34 863*	*33 199*	*32 917*
investment funds	*27 402*	*30 927*	*27 165*	*28 776*	*31 165*
shares	*22 336*	*23 906*	*21 298*	*23 581*	*24 494*
bonds	*8 536*	*8 925*	*9 088*	*10 262*	*11 103*
other	*13 156*	*15 393*	*16 464*	*17 126*	*17 532*

Headcount					
Full-time equivalents	1 909	1 932	1 957	1 982	2 060

H1 income statement (in CHF millions)	2020	2021	2022	2023	2024
Total income	477	493	524	582	581
Operating expenses	253	256	261	269	283
Depreciation and amortization of fixed assets and impairment on equity investments	37	37	36	36	39
Other provisions and losses	8	– 3	1	0	0
Operating profit	179	203	227	276	258
Net profit	158	173	197	240	221

Liquidity and capital ratios[1]	31 / 12 / 20	31 / 12 / 21	31 / 12 / 22	31 / 12 / 23	30 / 6 / 24
Liquidity Coverage Ratio (LCR)	136%	157%	129%	129%	127%
Leverage Ratio	5.8%	5.6%	5.5%	5.6%	5.4%
Tier 1 capital ratio	17.7%	17.2%	17.6%	17.9%	17.0%
Total capital ratio	17.8%	17.3%	17.7%	18.0%	17.1%

H1 income ratios	2020	2021	2022	2023	2024
Operating profit/average shareholders' equity	10.0%	11.3%	12.4%	14.7%	13.4%
Cost/income ratio[2]	58.8%	58.2%	56.5%	52.7%	55.5%
Annualized operating profit per employee (in CHF thousands)	188	210	234	284	255
ROE	8.8%	9.7%	10.8%	12.9%	11.5%

Credit ratings	31 / 12 / 20	31 / 12 / 21	31 / 12 / 22	31 / 12 / 23	30 / 6 / 24
Standard & Poor's					
Long term	AA / stable	AA / stable	AA / stable	AA / stable	AA / stable
Short term	A-1+	A-1+	A-1+	A-1+	A-1+
Moody's					
Long term	Aa2 / stable	Aa2 / stable	Aa2 / stable	Aa2 / stable	Aa2 / stable
Short term	Prime-1	Prime-1	Prime-1	Prime-1	Prime-1

[1] More detailed information on Group and parent company liquidity and capital ratios can be found in the Basel III Pillar 3 report, which is available at www.bcv.ch.

[2] Excluding goodwill amortization and write-downs

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APPENDIX II

Termsheet (Final terms/Listing notice) model form:

- I. Securities with Capital Protection
- II. Securities with Yield Enhancement
- III. Securities with Participation
- IV. Actively Managed Certificate

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Securities with Capital Protection

In case of Products which are subject to This Base Prospectus or in case the Products provide for certain special or additional features, the Issuer is free to deviate from the model form standard as appropriate irrespective of whether or not the text in a specific section is bracketed.

[PRODUCT NAME]

[Underlying[s] [asset] [index]: [●]]

[Protection: [●]] – [Participation: [●]] – [Coupon: [●][%][p.a.] [(guaranteed)[- [●][%][p.a.] (conditional)]]] [Continuous] Barrier [In Fine]: [●][%]] - [[Continuous] Upside Barrier [In Fine]: [●][%]] - [[Continuous] Downside Barrier [In Fine]: [●][%]] – [Cap: [●][%]] [(Quanto) [CCY]] - [Maturity: [●]]

The Product does not represent a participation in any of the collective investment schemes pursuant to article 7 and seq. of the Swiss Federal Act on Collective Investment Schemes (CISA) and thus does not require an authorisation of the Swiss Financial Market Supervisory Authority (FINMA). Therefore, investors in this Product are not eligible for the specific investor protection under the CISA. Moreover, investors in this Product bear the issuer risk.

This document will be filed with a Swiss reviewing body required under Article 45 of the Federal Act on Financial Services ("FinSA").

[Open for subscription until [●] on [Initial fixing date: [●]]

[The issuer reserves the right to reduce the size of the issue or to withdraw such product from the issue at its sole and reasonable discretion. The issuer also has the right to close the subscription period early]

[* Figures are indicative and will be finalized at the initial fixing]

Summary

[Note to investors]	This summary is an introduction to the final terms (the "Termsheet (Final terms)" or this "Document") for the financial instruments referred in this Document (the "Product") and must be read together with the Base Prospectus. Any investment decision in relation to the Product should not be made based only on this Summary but on the information contained in the Base Prospectus and this Document. Investors should, in particular, read the section "Risk Factors" in the Base Prospectus and the section "3. Significant Risks incurred by the Investor" in this Document. **Any liability for information contained in this Summary is limited to cases where the information contained herein is misleading, inaccurate or inconsistent when read together with the Base Prospectus and the other parts of this Document.**
Issuer	[BCV Guernsey, subsidiary of BCV Lausanne, Switzerland (S&P AA/stable)][Banque Cantonale Vaudoise Lausanne Switzerland (S&P AA/stable)]
[SSPA category][SVSP-Classification]	[Capital protection – [[Capital Protection Note with Participation (1100) [●] [*]] [Barrier Capital Protection Note (1130) [●]] [Capital Protection Note with Twin Win (1135) [●]] [Capital Protection Note with Coupon (1140) [●]]] [according to the Swiss Derivative Map available at www.svsp-verband.ch.] [*Partial capital protection]]
Underlyings	[Underlying information may be presented as a table or in any other form.] [●]
[Sec. No.] / [ISIN] / [Symbol]	[●] / [ISIN [●]] / [No listing planned] [●]
[Capital protection]	[[●][%]]
[Participation rate]	[[●][%]]

[Base currency]	[CCY]
[Settlement Type]	[Cash] [Physical]] [•]
[Initial fixing date]	[[•] [(official closing price of the underlying asset(s) on the reference stock exchange)]]
[Final fixing date]	[[•] [(official closing price of the underlying asset(s) on the reference stock exchange)]]
[Offer]	[Public offer CH under an exemption of article 36 FinSA, not listed][Listed] [Public offer CH] [•]
[Quotation Type]	Prices may be consulted on Bloomberg and SIX Telekurs.

1. Product description

[ISSUE DETAILS]

[Sec. No.] / [ISIN] / [Symbol]	[•] / [ISIN [•]] / [No listing planned] [•]
Issuer	[BCV Guernsey, subsidiary of BCV Lausanne, Switzerland (S&P AA/stable)][Banque Cantonale Vaudoise Lausanne Switzerland (S&P AA/stable)]
[Lead manager] / [Calculation agent] / [Paying agent]	[Banque Cantonale Vaudoise, Lausanne, Switzerland]
[Prudential supervision]	[BCV, Lausanne, Switzerland is subject to prudential supervision by the Swiss Financial Market Supervisory Authority (FINMA).]
[Nominal amount]	[[CCY] [•]]
[Issue size]	[[•] [Product Name] (includes an increase and reopening clause)]
[Minimum investment]	[[CCY] [•]]
[Issue price]	[[•][%]]
[Base currency]	[CCY]
[Distribution fees]	[No distribution fees] [[•][%]][Max. [•][%]p.a. ot the Nominal amount]
[Initial fixing date]	[[•] [(official closing price of the underlying asset(s) on the reference stock exchange)]]
[Payment date]	[•]
[Final fixing date]	[[•] [(official closing price of the underlying asset(s) on the reference stock exchange)]]
[Redemption date][Payout Date]	[•]
[Definition]	[*Insert product specific description as applicable*][•]
[SSPA category][SVSP-Classification]	[Capital protection – [[Capital Protection Note with Participation (1100) [•] [*]] [Barrier Capital Protection Note (1130) [•]] [Capital Protection Note with Twin Win (1135) [•]] [Capital Protection Note with Coupon (1140) [•]]] [according to the Swiss Derivative Map available at www.svsp-verband.ch.] [*Partial capital protection]]

[UNDERLYING]

[Underlying information may be presented as a table or in any other form.] [•]

[Name]	[ISIN]	[Reference exchange]	[Initial fixing price (S_0)]	[Barrier = ($S_0 \times B$)]	[Downside barrier = ($S_0 \times B_d$)]	[Upside barrier = ($S_0 \times B_u$)]	[Strike price (Ki)]
[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]

[PRODUCT TERMS AND CONDITIONS]

[Changes that are unplanned or not agreed contractually]	[Information about any changes that are unplanned or not agreed contractually (e.g., capital transactions that affect the underlying assets such as splits, par-value reimbursements or conversions) shall be provided at www.bcv.ch/invest/en.]
[Capital protection]	[[•][%] [of the nominal amount]]
[Participation rate]	[[•][%]]
[Cap]	[[•][%]]
[Barrier]	[[•][%]]
[Strike price]	[[•][%] [of the initial fixing price]
[Performance]	[The performance of each security is expressed as a percentage and calculated by dividing the difference between the final fixing price and the initial fixing price by the initial fixing price.]
[Upside Barrier]	[[•][%]]
[Downside Barrier]	[[•][%]]
[Type of Barrier]	[American (the price of each underlying asset on the reference stock exchange is observed continuously)][European (the official closing price of each underlying asset on the reference stock exchange is observed only once, at maturity)]
[Coupon (Guaranteed)]	[Insert information on coupon (including formula(s)) as applicable or delete.] [•]
[Coupon observation dates]	[•]
[Coupon payment]	[•]
[Coupon payment dates]	[•]
[Coupon (Conditional)]	[Insert information on coupon (including formula(s)) as applicable or delete.] [•]
[Coupon observation dates]	[•]
[Coupon payment]	[•]
[Coupon payment dates]	[•]
[Worst-performing underlying asset]	[The worst-performing underlying asset is determined according to the following formula: $\mathrm{Min}_i \left(\frac{Si,T}{Si,0}\right)$ where Si,0 is the initial fixing for underlying i Si,t is the closing price of underlying i on the observation date]
[Payout at maturity]	[*insert return details (including formula(s)) as applicable or delete.*] [•]

[SECONDARY MARKET, LISTING AND CLEARING]

[Listing, market segment]	[No listing on the SIX Swiss Exchange is planned.][Listing will be requested on the main market of the SIX Swiss Exchange and maintained until closing on the final fixing date (currently [•] at 5:15 pm).]
[Secondary market]	[No secondary market on the SIX Swiss Exchange. If there is an organized secondary market, the issuer shall, under normal market conditions, regularly propose bid and ask prices for the product daily between 9:15am and 5:15pm. However, the issuer makes no firm commitment to provide liquidity by means of bid and ask prices and is under no legal obligation with respect to the provision or determination of these prices.][The price on the secondary market is dirty, i.e., accrued interest is included. Prices may be consulted on Bloomberg and SIX Telekurs.]

[Clearing]	[SIX SIS SA]
[Certification][Materialisa-tion]	[This security takes the form of a book-entry security registered in the SIX SIS SA clearing system. It is thus not certificated and no individual securities will be printed or delivered.]

[TAXATION]

[General information]	[The following information is an overview of the main Swiss tax consequences related to the product. Under no circumstances should it be interpreted as tax advice. It provides only a general overview and is not meant to cover all Swiss tax consequences relating to the purchase, holding, sale, and redemption of products. It does not take into account the specific situation of each investor. Tax laws and regulations, the interpretation thereof, and the practice of the Swiss tax authorities can change, at times with retroactive effect. This overview is based on the laws, regulations, and practices applied in Switzerland and in force at the beginning of the subscription period or the initial fixing date. The product may be subject to other foreign taxes, fees, and stamp duties, which shall be paid by the investor. Payments and delivery of the underlying assets shall be made after deduction of any foreign taxes, fees, and stamp duties. Investors should always consult with their tax advisor for a specific evaluation of their profile before carrying out any transaction.]
[Switzerland]	[Insert tax information as applicable or delete.] [●]
[US taxation]	[Insert tax information as applicable or delete.] [●]
[Negative interest]	[Insert tax information as applicable or delete.] [●]

[LEGAL INFORMATION]

[Jurisdiction and applicable law]	[Lausanne, Swiss law]

[(indicative) Product Documentation]	**[FOR [Indicative [Final terms/Listing notice]], PLEASE INSERT:** [This document, the Termsheet (**Indicative [Final terms/Listing notice]**) contains the non-binding indicative final terms for the Product. The Termsheet (**Indicative [Final terms/Listing notice]**) contain indicative terms and conditions subject to change. The Termsheet (**Indicative [Final terms/Listing notice]**) will be made available on the Initial fixing date. The Termsheet (**Indicative [Final terms/Listing notice]**) together with the Base Prospectus for the Issuance of Securities', stipulated in English and as amended from time to time, ("**Base Prospectus**") shall form the non-binding and indicative documentation for this Product ("**Indicative Product Documentation**"), and accordingly the [(Indicative) [Final terms/Listing notice]] should always be read together with the Base Prospectus and any supplements thereto. Definitions used in the [(Indicative) [Final terms/Listing notice]], but not defined herein shall have the meaning given to them in the Base Prospectus. The Indicative Product Documentation can be obtained free of charge from [BCV - 276-1598, CP 300, 1001 Lausanne, Switzerland] or via e-mail structures@bcv.ch. The Indicative Product Documentation is also available at www.bcv.ch/invest. Notices in connection with this Product shall be validly given by publication as described in the Base Prospectus. Furthermore, any changes with regard to the terms of this Product shall be published at www.bcv.ch/invest. Upon the replacement of the Base Prospectus by a successor version of the Base Prospectus the [(Indicative) [Final terms/Listing notice]] are to be read together with the latest valid successor version of the Base Prospectus (each, a "**Successor Base Prospectus**") which has succeeded either (i) the Base Prospectus, or (ii) if one or more Successor Base Prospectuses to the Base Prospectus have already been published, the most recently published Successor Base Prospectus, and the term "Indicative Product Documentation" shall be interpreted accordingly. The Issuer consents to the use of the Base Prospectus (including any Successor Base Prospectus) together with the relevant Termsheet [Indicative **[Final terms][Listing notice]]** in connection with a public offer of the Products by any financial intermediary that is authorised to make such offers.] **[FOR [Final terms/Listing notice], PLEASE INSERT:]** [This document, the Termsheet **[Final terms/Listing notice]** contains the final terms for the Product. The Termsheet [**[Final terms][Listing notice]]** together with the Base Prospectus for the Issuance of Securities', stipulated in English and as amended from time to time ("**Base Prospectus**") shall form the entire documentation for this Product ("**Product Documentation**"), and accordingly the Termsheet [**[Final terms][Listing notice]]** should always be read together with the Base Prospectus and any supplements thereto. Definitions used in the Termsheet [**[Final terms][Listing notice]]**, but not defined herein shall have the meaning given to them in the Base Prospectus. The Product Documentation can be obtained free of charge from [BCV - 276-1598, CP 300, 1001 Lausanne, Switzerland] or via e-mail (structures@bcv.ch). The Product Documentation is also available at www.bcv.ch/invest. Notices in connection with this Product shall be validly given by publication as described in the Base Prospectus. Furthermore, any changes with regard to the terms of this Product shall be published at www.bcv.ch/invest. Upon the replacement of the Base Prospectus by a successor version of the Base Prospectus the Final Terms are to be read together with the latest valid successor version of the Base Prospectus (each, a "**Successor Base Prospectus**") which has succeeded either (i) the Base Prospectus, or (ii) if one or more Successor Base Prospectuses to the Base Prospectus have already been published, the most recently published Successor Base Prospectus, and the term "Product Documentation" shall be interpreted accordingly. The Issuer consents to the use of the Base Prospectus (including any Successor Base Prospectus) together with the relevant Termsheet [**[Final terms][Listing notice]]** in connection with a public offer of the Products by any financial intermediary that is authorised to make such offers.]

2. Profit and loss expectations

[Market forecast]	[Insert product specific market forcast information as applicable or delete.] [●]
[Potential profit]	[Insert product specific potential profit information as applicable or delete.] [●]

[Potential loss]	[Insert product specific potential loss information as applicable or delete.] [●]
[Scenarios]	[Underlying information may be presented as a table or in any other form.] [●]

3. Significant risks incurred by the investor

[Risk tolerance]	[The value of this Capital Protection Note with Participation at maturity may be lower than the purchase price. The risks inherent in certain investments, particularly derivatives, may not be suitable for all investors. Before conducting any transaction, investors should evaluate their risk profile and seek information on inherent risks, and are urged to read the SwissBanking brochure " Risks Involved in Trading Financial Instruments " (available at BCV offices or online at: http://www.bcv.ch/static/pdf/en/risques_particuliers.pdf).]
[Issuer risk]	[Investors are exposed to the risk of insolvency of the issuer, which could lead to the loss of all or part of the invested capital. Whether an investment product retains its value does not depend solely on the performance of the underlying asset(s) but also on the solvency of the issuer, which may change during the product's lifetime. The rating stated in this document for the issuer was valid at the time of issuance and may change during the product's lifetime.]
[Exchange-rate risk]	[Investors whose base currency is not the settlement currency for the product should be aware of exchange-rate risk.]
[Market risk]	[Investors are exposed to the risks of adjustments in the underlying asset, non-convertibility, extraordinary market situations and emergencies, such as the suspended listing of the underlying asset, trading restrictions, and any other measures that materially restrict the tradability of the underlying asset. Investors are subject to the legal and contractual obligations of the markets on which the underlying asset is traded and to the legal and contractual obligations provided by or governing the issuer. Such market events could affect the dates and other terms and conditions in this document.]
[Market liquidity]	[Under special market conditions, if the issuer is unable to enter into hedging transactions, or if such transactions prove difficult, the spread between bid and ask prices may be temporarily expanded in order to limit the economic risk for the issuer.]
[Secondary market/market liquidity]	[In the event that a regulated secondary market exists, the issuer endeavors, under normal market conditions, to provide bid and ask prices for the product on a regular basis. However, the issuer makes no firm commitment to provide liquidity by means of bid and ask prices and is under no legal obligation with respect to the provision or determination of these prices. Under special market conditions, if the issuer is unable to enter into hedging transactions, or if such transactions prove difficult, the spread between bid and ask prices may be temporarily expanded in order to limit the economic risks for the issuer.]

[Important information]

[General information]	[Past performance does not guarantee present or future performance. This document is for information purposes only; it does not constitute financial analysis within the meaning of the Swiss Bankers' Association's "Directives on the Independence of Financial Research," nor is it an offer, invitation or personalized recommendation to buy or sell specific products. The issuer is under no obligation to acquire the underlying asset(s).]
[Subscription period]	[During the subscription period, the terms and conditions are for information purposes only and may be changed; the issuer is under no obligation to issue this product.]
[Conflicts of interest]	[In addition to distribution fees, BCV or an entity within BCV Group may receive from third parties one-time or recurrent compensation relative to this issuance or product. The contents of this document may have been used for transactions by BCV Group prior to the document's publication. BCV Group may hold, acquire and/or dispose of interests or positions in the components of this product.]

[Selling restrictions]	[Distribution of this document and/or the sale of this product are subject to restrictions (e.g., US, US Persons, UK, Guernsey, EU) and are authorized only in accordance with applicable law.]
[●][Index] [Disclaimer]	[Insert index specific disclaimer information as applicable or delete.] [●]
[Publication date]	[●]

[Contact information]

[Sales team]	[Structured products sales team / BCV Asset Management & Trading Division]
[Phone]	[021 212 42 00 Please note that phone calls to this number may be recorded. By calling us, you tacitly agree to this practice.]
[Fax]	[021 212 13 61]
[Website/Email]	[www.bcv.ch/invest / structures@bcv.ch]
[Mailing address]	[BCV - 276-1598, CP 300, 1001 Lausanne, Switzerland]

Securities with Yield Enhancement

In case of Products which are subject to This Base Prospectus or in case the Products provide for certain special or additional features, the Issuer is free to deviate from the model form standard as appropriate irrespective of whether or not the text in a specific section is bracketed.

[Product Name]

[Underlying[s] [asset] [index]: [●]]
[Coupon: [●][%][p.a.] [(guaranteed)[- [●][%][p.a.] (conditional)]]] – [Autocall: [[●][%]] – [Conditional coupon: [●][%][p.a.]]- [(Quanto) [CCY]] [Barrier Cont. [●][%]] [Barrier In Fine [●][%]][Participation: [●][%]] [Maturity: [●]]

[The Product does not represent a participation in any of the collective investment schemes pursuant to article 7 and seq. of the Swiss Federal Act on Collective Investment Schemes (CISA) and thus does not require an authorisation of the Swiss Financial Market Supervisory Authority (FINMA). Therefore, investors in this Product are not eligible for the specific investor protection under the CISA. Moreover, investors in this Product bear the issuer risk.

This document will be filed with a Swiss reviewing body required under Article 45 of the Federal Act on Financial Services ("FinSA").]

[Open for subscription until [●] on [Initial fixing date: [●]]

[The issuer reserves the right to reduce the size of the issue or to withdraw such product from the issue at its sole and reasonable discretion. The issuer also has the right to close the subscription period early]

[* Figures are indicative and will be finalized at the initial fixing]

Summary

[Note to investors]	This summary is an introduction to the final terms (the "Termsheet (Final terms)" or this "Document") for the financial instruments referred in this Document (the "Product") and must be read together with the Base Prospectus. Any investment decision in relation to the Product should not be made based only on this Summary but on the information contained in the Base Prospectus and this Document. Investors should, in particular, read the section "Risk Factors" in the Base Prospectus and the section "3. Significant Risks incurred by the Investor" in this Document. **Any liability for information contained in this Summary is limited to cases where the information contained herein is misleading, inaccurate or inconsistent when read together with the Base Prospectus and the other parts of this Document.**
[Issuer]	[BCV Guernsey, subsidiary of BCV Lausanne, Switzerland (S&P AA/stable)][Banque Cantonale Vaudoise Lausanne Switzerland (S&P AA/stable)]
[SSPA category][SVSP-Classification]	[Yield enhancement – [[Discount Certificate (1200) [●]] [Barrier Discount Certificate(1210) [●]] [Reverse Convertible (1220) [●]] [Barrier Reverse Convertible (1230) [●]] [Reverse Convertible with Conditional Coupon (1255) [●]] [Barrier Reverse Convertible with Conditional Coupon (1260) [●]]] [, according to the Swiss Derivative Map available at www.svsp-verband.ch]]
Underlyings	[Underlying information may be presented as a table or in any other form.] [●]
[Sec. No.] / [ISIN] / [Symbol]	[●] / [ISIN [●]] / [No listing planned] [●]
[Participation]	[[●][%]]
[Coupon]	[[●][%]]

[Type of Barrier]	[American (the price of each underlying asset on the reference stock exchange is observed continuously)][European (the official closing price of each underlying asset on the reference stock exchange is observed only once, at maturity)]
[Barrier]	[•]
[Autocall]	[Insert product specific information as applicable or delete][•][%] - [•][%] [of the initial fixing]]
[Barrier Level]	[[•][%]]
[Base currency]	[CCY]
[Settlement Type]	[•]
[Subscription End Date]	[•]
[Initial fixing date]	[[•] [(official closing price of the underlying asset(s) on the reference stock exchange)]]
[Final fixing date]	[[•] [(official closing price of the underlying asset(s) on the reference stock exchange)]]
[Offering]	[Public offer CH under an exemption of article 36 FinSA, not listed][Listed] [Public offer CH] [•]

1. Product description

[ISSUE DETAILS]

[Sec. No.] / [ISIN] / [Symbol]	[•] / [ISIN [•]] / [No listing planned] [•]
[Issuer]	[BCV Guernsey, subsidiary of BCV Lausanne, Switzerland (S&P AA/stable)][Banque Cantonale Vaudoise Lausanne Switzerland (S&P AA/stable)]
[Lead manager] / [Calculation agent] / [Paying agent]	[Banque Cantonale Vaudoise, Lausanne, Switzerland]
[Prudential supervision]	[BCV, Lausanne, Switzerland is subject to prudential supervision by the Swiss Financial Market Supervisory Authority (FINMA).]
[Nominal amount]	[[CCY] [•]]
[Issue size]	[[•]Certificates (includes an increase and reopening clause)]
[Minimum investment]	[[CCY] [•]]
[Issue price]	[[•][%]]
[Base currency]	[CCY]
[Distribution fees]	[No distribution fees] [[•][%]][Max. [•][%]p.a. ot the Nominal amount]
[Initial fixing date]	[[•] [(official closing price of the underlying asset(s) on the reference stock exchange)]]
[Payment date]	[•]
[Final fixing date]	[[•] [(official closing price of the underlying asset(s) on the reference stock exchange)]]
[Redemption date][Payout Date]	[•]
[Definition][Product description]	[*Insert product specific description as applicable*][•]
[Lead manager] / [Calculation agent] / [Paying agent]	[Banque Cantonale Vaudoise, Lausanne, Switzerland]

[SSPA category][SVSP-Classification]	[Yield enhancement – [[Discount Certificate (1200) [•]] [Barrier Discount Certificate(1210) [•]] [Reverse Convertible (1220) [•]] [Barrier Reverse Convertible (1230) [•]] [Reverse Convertible with Conditional Coupon (1255) [•]] [Barrier Reverse Convertible with Conditional Coupon (1260) [•]]] [, according to the Swiss Derivative Map available at www.svsp-verband.ch]]

[UNDERLYING]

[Underlying information may be presented as a table or in any other form.] [•]

[Name]	[ISIN]	[Reference exchange]	[Initial fixing price (S_0)]	[Barrier = ($S_0 \times B$)]	[Downside barrier = ($S_0 \times B_d$)]	[Upside barrier = ($S_0 \times B_u$)]	[Strike price (Ki)]
[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]

[PRODUCT TERMS AND CONDITIONS]

[Changes that are unplanned or not agreed contractually]	[Information about any changes that are unplanned or not agreed contractually (e.g., capital transactions that affect the underlying assets such as splits, par-value reimbursements or conversions) shall be provided at www.bcv.ch/invest/en.]
[Strike level]	[[•][%] [of the initial fixing]]
[Participation]	[[•][%]
[Early redemption level (autocall)]	[[•][%] [of the initial fixing]]
[Early redemption (autocall) range]	[Insert product specific information as applicable or delete][•][%] - [•][%] [of the initial fixing]]
[Barrier]	[[•][%] [of the initial fixing]]
[Type of Barrier]	[American (the price of each underlying asset on the reference stock exchange is observed continuously)][European (the official closing price of each underlying asset on the reference stock exchange is observed only once, at maturity)]
[Lock-in]	[[•][%] [of the initial fixing]]
[Lock-in event]	[A lock-in event occurs when all the underlying assets close above their respective lock-in level on one of the observation dates.]
[Observation dates]	[•]
Trigger level	[[•][%] [of the initial fixing]]
[Coupon trigger range]	[[•][%] - [•][%] [of the initial fixing]]
[Coupon]	[Insert information on coupon (including formula(s)) as applicable or delete.] [•]
[Coupon at risk]	[[•][%]
[Ratio]	[•]
[Coupon-Frequency]	[Every [•] ([•][%]per Period)] []
Coupon observation dates	[•]
[Trigger observation dates]	[•]
[Coupon payment dates]	[Coupons payments will occur on the following dates :] [•]
[Coupon calculation method]	[30/360, Modified following, unadjusted]

[Early redemption]	[The issuer is entitled (but not obliged) to call the product, i.e., redeem it early, on specific predetermined dates. If the issuer calls in the product, the investor receives 100% of the nominal amount plus the coupon for the period. However, no subsequent coupons will be paid.][If the underlying asset is above its early redemption level on the observation date, the product expires immediately and the nominal amount is redeemed at 100%.][]
[Call observation date]	[●]
[Early redemption observation dates]	[●]
[Early redemption dates]	[●]
[Redemption][Payout][Payout at maturity]	[*insert return details (including formula(s)) as applicable or delete.*] [●]

[SECONDARY MARKET, LISTING AND CLEARING]

[Listing, market segment]	[No listing on the SIX Swiss Exchange is planned.][Listing will be requested on the main market of the SIX Swiss Exchange and maintained until closing on the final fixing date (currently [●] at 5:15 pm).]
[Secondary market]	[No secondary market on the SIX Swiss Exchange. If there is an organized secondary market, the issuer shall, under normal market conditions, regularly propose bid and ask prices for the product daily between 9:15am and 5:15pm. However, the issuer makes no firm commitment to provide liquidity by means of bid and ask prices and is under no legal obligation with respect to the provision or determination of these prices.][The price on the secondary market is dirty, i.e., accrued interest is included. Prices may be consulted on Bloomberg and SIX Telekurs.]
[Clearing]	[SIX SIS SA]
[Certification][Materialisation]	[This security takes the form of a book-entry security registered in the SIX SIS SA clearing system. It is thus not certificated and no individual securities will be printed or delivered.]

[TAXATION]

[General information]	[The following information is an overview of the main Swiss tax consequences related to the product. Under no circumstances should it be interpreted as tax advice. It provides only a general overview and is not meant to cover all Swiss tax consequences relating to the purchase, holding, sale, and redemption of products. It does not take into account the specific situation of each investor. Tax laws and regulations, the interpretation thereof, and the practice of the Swiss tax authorities can change, at times with retroactive effect. This overview is based on the laws, regulations, and practices applied in Switzerland and in force at the beginning of the subscription period or the initial fixing date. The product may be subject to other foreign taxes, fees, and stamp duties, which shall be paid by the investor. Payments and delivery of the underlying assets shall be made after deduction of any foreign taxes, fees, and stamp duties. Investors should always consult with their tax advisor for a specific evaluation of their profile before carrying out any transaction.]
[Switzerland]	[Insert tax information as applicable or delete.] [●]
[US taxation]	[Insert tax information as applicable or delete.] [●]
[Negative interest]	[Insert tax information as applicable or delete.] [●]

[LEGAL INFORMATION]

[Jurisdiction and applicable law]	[Lausanne, Swiss law]

[(indicative) Product Documentation]	**[FOR [Indicative [Final terms/Listing notice]], PLEASE INSERT:** [This document, the Termsheet (**Indicative [Final terms/Listing notice]**) contains the non-binding indicative final terms for the Product. The Termsheet (**Indicative [Final terms/Listing notice]**) contain indicative terms and conditions subject to change. The Termsheet (**Indicative [Final terms/Listing notice]**) will be made available on the Initial fixing date. The Termsheet (**Indicative [Final terms/Listing notice]**) together with the Base Prospectus for the Issuance of Securities', stipulated in English and as amended from time to time, ("**Base Prospectus**") shall form the non-binding and indicative documentation for this Product ("**Indicative Product Documentation**"), and accordingly the [(Indicative) [Final terms/Listing notice]] should always be read together with the Base Prospectus and any supplements thereto. Definitions used in the [(Indicative) [Final terms/Listing notice]], but not defined herein shall have the meaning given to them in the Base Prospectus. The Indicative Product Documentation can be obtained free of charge from [BCV - 276-1598, CP 300, 1001 Lausanne, Switzerland] or via e-mail structures@bcv.ch. The Indicative Product Documentation is also available at www.bcv.ch/invest. Notices in connection with this Product shall be validly given by publication as described in the Base Prospectus. Furthermore, any changes with regard to the terms of this Product shall be published at www.bcv.ch/invest. Upon the replacement of the Base Prospectus by a successor version of the Base Prospectus the [(Indicative) [Final terms/Listing notice]] are to be read together with the latest valid successor version of the Base Prospectus (each, a "**Successor Base Prospectus**") which has succeeded either (i) the Base Prospectus, or (ii) if one or more Successor Base Prospectuses to the Base Prospectus have already been published, the most recently published Successor Base Prospectus, and the term "Indicative Product Documentation" shall be interpreted accordingly. The Issuer consents to the use of the Base Prospectus (including any Successor Base Prospectus) together with the relevant Termsheet [Indicative **[Final terms][Listing notice]]** in connection with a public offer of the Products by any financial intermediary that is authorised to make such offers.] **[FOR [Final terms/Listing notice], PLEASE INSERT:]** [This document, the Termsheet **[Final terms/Listing notice]** contains the final terms for the Product. The Termsheet [**[Final terms][Listing notice]]** together with the Base Prospectus for the Issuance of Securities', stipulated in English and as amended from time to time ("**Base Prospectus**") shall form the entire documentation for this Product ("**Product Documentation**"), and accordingly the Termsheet [**[Final terms][Listing notice]]** should always be read together with the Base Prospectus and any supplements thereto. Definitions used in the Termsheet [**[Final terms][Listing notice]]**, but not defined herein shall have the meaning given to them in the Base Prospectus. The Product Documentation can be obtained free of charge from [BCV - 276-1598, CP 300, 1001 Lausanne, Switzerland] or via e-mail (structures@bcv.ch). The Product Documentation is also available at www.bcv.ch/invest. Notices in connection with this Product shall be validly given by publication as described in the Base Prospectus. Furthermore, any changes with regard to the terms of this Product shall be published at www.bcv.ch/invest. Upon the replacement of the Base Prospectus by a successor version of the Base Prospectus the Final Terms are to be read together with the latest valid successor version of the Base Prospectus (each, a "**Successor Base Prospectus**") which has succeeded either (i) the Base Prospectus, or (ii) if one or more Successor Base Prospectuses to the Base Prospectus have already been published, the most recently published Successor Base Prospectus, and the term "Product Documentation" shall be interpreted accordingly. The Issuer consents to the use of the Base Prospectus (including any Successor Base Prospectus) together with the relevant Termsheet [**[Final terms][Listing notice]]** in connection with a public offer of the Products by any financial intermediary that is authorised to make such offers.]

2. Profit and loss expectations

[Market forecast]	[Insert product specific market forcast information as applicable or delete.] [●]
[Potential profit]	[Insert product specific potential profit information as applicable or delete.] [●]

[Potential loss]	[Insert product specific potential loss information as applicable or delete.] [●]

3. Significant risks incurred by the investor

[Risk tolerance]	[The value of this Capital Protection Note with Participation at maturity may be lower than the purchase price. The risks inherent in certain investments, particularly derivatives, may not be suitable for all investors. Before conducting any transaction, investors should evaluate their risk profile and seek information on inherent risks, and are urged to read the SwissBanking brochure " Risks Involved in Trading Financial Instruments " (available at BCV offices or online at: http://www.bcv.ch/static/pdf/en/risques_particuliers.pdf).]
[Issuer risk]	[Investors are exposed to the risk of insolvency of the issuer, which could lead to the loss of all or part of the invested capital. Whether an investment product retains its value does not depend solely on the performance of the underlying asset(s) but also on the solvency of the issuer, which may change during the product's lifetime. The rating stated in this document for the issuer was valid at the time of issuance and may change during the product's lifetime.]
[Exchange-rate risk]	[Investors whose base currency is not the settlement currency for the product should be aware of exchange-rate risk.]
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[Market liquidity]	[Under special market conditions, if the issuer is unable to enter into hedging transactions, or if such transactions prove difficult, the spread between bid and ask prices may be temporarily expanded in order to limit the economic risk for the issuer.]
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[Important information]

[General information]	[Past performance does not guarantee present or future performance. This document is for information purposes only; it does not constitute financial analysis within the meaning of the Swiss Bankers' Association's "Directives on the Independence of Financial Research," nor is it an offer, invitation or personalized recommendation to buy or sell specific products. The issuer is under no obligation to acquire the underlying asset(s).]
[Subscription period]	[During the subscription period, the terms and conditions are for information purposes only and may be changed; the issuer is under no obligation to issue this product.]
[Conflicts of interest]	[In addition to distribution fees, BCV or an entity within BCV Group may receive from third parties one-time or recurrent compensation relative to this issuance or product. The contents of this document may have been used for transactions by BCV Group prior to the document's publication. BCV Group may hold, acquire and/or dispose of interests or positions in the components of this product.]

[Selling restrictions]	[Distribution of this document and/or the sale of this product are subject to restrictions (e.g., US, US Persons, UK, Guernsey, EU) and are authorized only in accordance with applicable law.]
[●][Index] [Disclaimer]	[Insert index specific disclaimer information as applicable or delete.] [●]
[Publication date]	[●]

[Contact information]

[Sales team]	[Structured products sales team / BCV Asset Management & Trading Division]
[Phone]	[021 212 42 00 Please note that phone calls to this number may be recorded. By calling us, you tacitly agree to this practice.]
[Fax]	[021 212 13 61]
[Website/Email]	[www.bcv.ch/invest / structures@bcv.ch]
[Mailing address]	[BCV - 276-1598, CP 300, 1001 Lausanne, Switzerland]

Securities with Participations

In case of Products which are subject to This Base Prospectus or in case the Products provide for certain special or additional features, the Issuer is free to deviate from the model form standard as appropriate irrespective of whether or not the text in a specific section is bracketed.

[Product Name]

[Underlying[s] [asset] [index]: [●]]

[Bonus: [●][%]]- [Participation: [●]][Upside participation: [●][%]] [Downside participation: [●][%]] - [Cap: [●][%]]

[Continuous] Barrier [In Fine]: [●][%]] - [Maturity: [●]]

The Product does not represent a participation in any of the collective investment schemes pursuant to article 7 and seq. of the Swiss Federal Act on Collective Investment Schemes (CISA) and thus does not require an authorisation of the Swiss Financial Market Supervisory Authority (FINMA). Therefore, investors in this Product are not eligible for the specific investor protection under the CISA. Moreover, investors in this Product bear the issuer risk.

This document will be filed with a Swiss reviewing body required under Article 45 of the Federal Act on Financial Services ("FinSA").

[Open for subscription until [●] on [Initial fixing date: [●]]

[The issuer reserves the right to reduce the size of the issue or to withdraw such product from the issue at its sole and reasonable discretion. The issuer also has the right to close the subscription period early]

[* Figures are indicative and will be finalized at the initial fixing]

Summary

[Note to investors]	This summary is an introduction to the final terms (the "Termsheet (Final terms)" or this "Document") for the financial instruments referred in this Document (the "Product") and must be read together with the Base Prospectus. Any investment decision in relation to the Product should not be made based only on this Summary but on the information contained in the Base Prospectus and this Document. Investors should, in particular, read the section "Risk Factors" in the Base Prospectus and the section "3. Significant Risks incurred by the Investor" in this Document. **Any liability for information contained in this Summary is limited to cases where the information contained herein is misleading, inaccurate or inconsistent when read together with the Base Prospectus and the other parts of this Document.**
[Issuer]	[BCV Guernsey, subsidiary of BCV Lausanne, Switzerland (S&P AA/stable)][Banque Cantonale Vaudoise Lausanne Switzerland (S&P AA/stable)]
[SSPA category][SVSP-Classification]	[Participation product – [[Tracker Certificate (1300) [●]] [Outperformance Certificate (1310) [●]] [Bonus Certificate (1320) [●]] [Bonus Outperformance Certificates (1330) [●]] [Twin-Win Certificate (1340) [●]]] [, according to the Swiss Derivative Map available at www.svsp-verband.ch]]
[Underlying asset]	[*Inser product specific basket underlyings as applicable*[●]]
[Sec. No.] / [ISIN] / [Symbol]	[●] / [ISIN [●]] / [No listing planned] [●]
[Participation]	[[●][%]]
[Coupon]	[[●][%]]
[Type of Barrier]	[American (the price of each underlying asset on the reference stock exchange is observed continuously)][European (the official closing price of each underlying asset on the reference stock exchange is observed only once, at maturity)]

[Barrier]	[●]
[Bonus]	[[●][%]]
[Cap]	[[●][%]]
[Barrier Level]	[[●][%]]
[Base currency]	[CCY]
[Settlement Type]	[●]
[Subscription End Date]	[●]
[Initial fixing date]	[[●] [(official closing price of the underlying asset(s) on the reference stock exchange)]]
[Final fixing date]	[[●] [(official closing price of the underlying asset(s) on the reference stock exchange)]]
[Offering]	[Public offer CH under an exemption of article 36 FinSA, not listed][Listed] [Public offer CH] [●]
[Quoting]	[The price on the secondary market is dirty, i.e., accrued interest is included]

1. Product description

[ISSUE DETAILS]

[Sec. No.] / [ISIN] / [Symbol]	[●] / [ISIN [●]] / [No listing planned] [●]
[Issuer]	[BCV Guernsey, subsidiary of BCV Lausanne, Switzerland (S&P AA/stable)][Banque Cantonale Vaudoise Lausanne Switzerland (S&P AA/stable)]
[Lead manager] / [Calculation agent] / [Paying agent]	[Banque Cantonale Vaudoise, Lausanne, Switzerland]
[Prudential supervision]	[BCV, Lausanne, Switzerland is subject to prudential supervision by the Swiss Financial Market Supervisory Authority (FINMA).]
[Underlying asset]	[*Inser product specific basket underlyings as applicable*[●]] [The basket's current composition can be found on the last page of this document.] [●]
[Issue volume]	[[●] [Product Name] (includes an increase and reopening clause)]
[Minimum investment]	[[CCY] [●]][[●] Certificate]
[Base currency]	[CCY]
[Issue price]	[[●][%]][[CCY] [●]]
[Reference price]	[[●][%]][[CCY] [●]]
[Distribution fees]	[No distribution fees] [[●][%]][Max. [●][%]p.a. ot the Nominal amount] [●]
[Initial valuation date/period]	[[●] [(official closing price of the underlying asset(s) on the reference stock exchange)]]
[Payment date]	[●]
[Effective termination date/Final valuation date]	[[●] [(official closing price of the underlying asset(s) on the reference stock exchange)]]
[Redemption date]	[●]
[Product description]	[*Insert product specific description as applicable*][●]
[SSPA category][SVSP-Classification]	[Participation product – [[Tracker Certificate (1300) [●]] [Outperformance Certificate (1310) [●]] [Bonus Certificate (1320) [●]] [Bonus Outperformance Certificates (1330) [●]] [Twin-Win Certificate (1340) [●]]] [, according to the Swiss Derivative Map available at www.svsp-verband.ch]]

[PRODUCT TERMS AND CONDITIONS]

[Changes that are unplanned or not agreed contractually]	[Information about any changes that are unplanned or not agreed contractually (e.g., capital transactions that affect the underlying assets such as splits, par-value reimbursements or conversions) shall be provided at www.bcv.ch/invest/en.]
[Income treatment]	[*insert return details (including formula(s)) as applicable or delete.*] [●]
[Dividends]	[The dividends from the underlying securities will be fully reinvested in the Certificate, net of any tax paid or to be paid.][Dividends will not be reinvested. The investor receives all dividends in advance in the form of a discount on the issue price compared with the reference price.][During the Certificate's lifetime, any dividends received (net of any taxes and fees) will be held in the cash component.]
[[●] distribution yield]	[The Investor will receive a [●] payment in the place of dividends paid by the basket stocks. This compensatory payment will be decided each [●] on the reference date. Payment will take place five trading days after the reference dates in question.]
[Reference dates]	[●]
[Redemption of Certificate]	[*insert redemption details (including formula(s)) as applicable or delete.*] [●]
[Bonus level]	[[●][%]]
[Bonus level / Strike price]	[[●][%] of the initial fixing]
[Barrier [level]]	[[●] ([[●][%] of the initial fixing)]
[Upside participation]	[[●][%]]
[Downside participation]	[[●][%]]
[Strike price]	[[●][%] of the initial fixing]
[Cap]	[[●][%]]
[Barrier]	[[●][%] of the initial fixing]
[Participation]	[[●][%]]
[Redemption][Payout]	[*insert return details (including formula(s)) as applicable or delete.*] [●]
[Duties and execution fees]	[When the product's component securities are traded on an exchange that levies fees and duties, these fees and duties affect the Certificate's performance. These fees and duties could include a federal stamp duty, financial transaction tax, or any other ad-hoc fee for purchasing or selling a component security or incurred during the life of the portfolio.]
[Certificate redemption]	[The redemption amount per Certificate in the base currency is equal to the value of the Certificate as determined by the Calculation Agent at its reasonable discretion on the final valuation date or the effective termination date. The Calculation Agent will use the value of the Reference Portfolio or one of its multiples as well as the sum of the values of all of the Reference Portfolio's component securities.]
[Stop Loss]	[As the value of forward contracts can, in theory, be negative, the product will be immediately terminated if its liquidation value reaches 7% of the Issue price. Early redemption will be carried out as detailed below based on the execution prices following initiation of the stop loss procedure and less any transaction fees.]
[Liquidity risk at redemption]	[If a lack of daily liquidity is likely to have a significant impact on the sale of component securities, the Issuer reserves the right to place sale orders over several days so as not to adversely affect the Certificate's redemption price.]
[Issuer's right of termination]	[The Issuer has the right to terminate all certificates in circulation at any time, but no earlier than 9 months after the issue. Termination must be announced at least 1 month prior to the effective termination date. The final valuation date for calculating the redemption amount will then be the effective termination date.] [If the Certificate's price drops to 25% of the Issue price or lower during the product's life, the Issuer has the right to terminate the Certificate immediately and without prior notice. The effective termination date will then be announced as soon as possible.]

[Investor's right of termination]	[Investors may sell their certificates on the secondary market. They also have the right to terminate any or all of the certificates they hold provided that the Issuer has not already exercised its right of termination. Investors may sell their certificates once per quarter, on the last Tuesday of the quarter, but no earlier than 9 months after the issue date.] [The notice of termination must be sent to the Calculation Agent at least 1 month before the effective termination date, in keeping with the termination procedure set out below. The final valuation date for calculating the redemption amount may be up to 30 trading days after the effective termination date. As some of the component securities are illiquid, no guarantee can be made as to the length of the final valuation period.]
[Termination procedure for investors]	[Investors must send their notice of termination (provided that the Issuer has not already exercised its right of termination) to the Calculation Agent at least one month before the effective termination date. This notice must be sent by mail or email to the address given under "Contacts for redeeming certificates." The investor's custodian bank must provide the following information to the Calculation Agent: ▪ Name, address, and clearing number ▪ The Certificate's security number ▪ The number of certificates concerned ▪ The effective termination date (which must be at least one month after the date the Issuer receives the notice) The Calculation Agent will then send confirmation of the termination to the investor's custodian bank and indicate the effective termination date.]

[SECONDARY MARKET, LISTING AND CLEARING]

[Listing, market segment]	[No listing on the SIX Swiss Exchange is planned.][Listing will be requested on the main market of the SIX Swiss Exchange and maintained until closing on the final fixing date (currently [●] at 5:15 pm).]
[Secondary market]	[No secondary market on the SIX Swiss Exchange. If there is an organized secondary market, the issuer shall, under normal market conditions, regularly propose bid and ask prices for the product daily between 9:15am and 5:15pm. However, the issuer makes no firm commitment to provide liquidity by means of bid and ask prices and is under no legal obligation with respect to the provision or determination of these prices.][The price on the secondary market is dirty, i.e., accrued interest is included. Prices may be consulted on Bloomberg and SIX Telekurs.]
[Clearing]	[SIX SIS SA]
[Certification][Materialisation]	[This security takes the form of a book-entry security registered in the SIX SIS SA clearing system. It is thus not certificated and no individual securities will be printed or delivered.]

[TAXATION]

[General information]	[The following information is an overview of the main Swiss tax consequences related to the product. Under no circumstances should it be interpreted as tax advice. It provides only a general overview and is not meant to cover all Swiss tax consequences relating to the purchase, holding, sale, and redemption of products. It does not take into account the specific situation of each investor. Tax laws and regulations, the interpretation thereof, and the practice of the Swiss tax authorities can change, at times with retroactive effect. This overview is based on the laws, regulations, and practices applied in Switzerland and in force at the beginning of the subscription period or the initial fixing date. The product may be subject to other foreign taxes, fees, and stamp duties, which shall be paid by the investor. Payments and delivery of the underlying assets shall be made after deduction of any foreign taxes, fees, and stamp duties. Investors should always consult with their tax advisor for a specific evaluation of their profile before carrying out any transaction.]
[Switzerland]	[Insert tax information as applicable or delete.] [●]
[US taxation]	[Insert tax information as applicable or delete.] [●]

[Negative interest]	[Insert tax information as applicable or delete.] [●]

[LEGAL INFORMATION]

[Jurisdiction and applicable law]	[Lausanne, Swiss law]

[(indicative) Product Documentation]	**[FOR [Indicative [Final terms/Listing notice]], PLEASE INSERT:** [This document, the Termsheet (**Indicative [Final terms/Listing notice]**) contains the non-binding indicative final terms for the Product. The Termsheet (**Indicative [Final terms/Listing notice]**) contain indicative terms and conditions subject to change. The Termsheet (**Indicative [Final terms/Listing notice]**) will be made available on the Initial fixing date. The Termsheet (**Indicative [Final terms/Listing notice]**) together with the Base Prospectus for the Issuance of Securities', stipulated in English and as amended from time to time, ("**Base Prospectus**") shall form the non-binding and indicative documentation for this Product ("**Indicative Product Documentation**"), and accordingly the [(Indicative) [Final terms/Listing notice]] should always be read together with the Base Prospectus and any supplements thereto. Definitions used in the [(Indicative) [Final terms/Listing notice]], but not defined herein shall have the meaning given to them in the Base Prospectus. The Indicative Product Documentation can be obtained free of charge from [BCV - 276-1598, CP 300, 1001 Lausanne, Switzerland] or via e-mail structures@bcv.ch. The Indicative Product Documentation is also available at www.bcv.ch/invest. Notices in connection with this Product shall be validly given by publication as described in the Base Prospectus. Furthermore, any changes with regard to the terms of this Product shall be published at www.bcv.ch/invest. Upon the replacement of the Base Prospectus by a successor version of the Base Prospectus the [(Indicative) [Final terms/Listing notice]] are to be read together with the latest valid successor version of the Base Prospectus (each, a "**Successor Base Prospectus**") which has succeeded either (i) the Base Prospectus, or (ii) if one or more Successor Base Prospectuses to the Base Prospectus have already been published, the most recently published Successor Base Prospectus, and the term "Indicative Product Documentation" shall be interpreted accordingly. The Issuer consents to the use of the Base Prospectus (including any Successor Base Prospectus) together with the relevant Termsheet [Indicative **[Final terms][Listing notice]]** in connection with a public offer of the Products by any financial intermediary that is authorised to make such offers.] **[FOR [Final terms/Listing notice], PLEASE INSERT:]** [This document, the Termsheet **[Final terms/Listing notice]** contains the final terms for the Product. The Termsheet [**[Final terms][Listing notice]]** together with the Base Prospectus for the Issuance of Securities', stipulated in English and as amended from time to time ("**Base Prospectus**") shall form the entire documentation for this Product ("**Product Documentation**"), and accordingly the Termsheet [**[Final terms][Listing notice]]** should always be read together with the Base Prospectus and any supplements thereto. Definitions used in the Termsheet [**[Final terms][Listing notice]]**, but not defined herein shall have the meaning given to them in the Base Prospectus. The Product Documentation can be obtained free of charge from [BCV - 276-1598, CP 300, 1001 Lausanne, Switzerland] or via e-mail (structures@bcv.ch). The Product Documentation is also available at www.bcv.ch/invest. Notices in connection with this Product shall be validly given by publication as described in the Base Prospectus. Furthermore, any changes with regard to the terms of this Product shall be published at www.bcv.ch/invest. Upon the replacement of the Base Prospectus by a successor version of the Base Prospectus the Final Terms are to be read together with the latest valid successor version of the Base Prospectus (each, a "**Successor Base Prospectus**") which has succeeded either (i) the Base Prospectus, or (ii) if one or more Successor Base Prospectuses to the Base Prospectus have already been published, the most recently published Successor Base Prospectus, and the term "Product Documentation" shall be interpreted accordingly. The Issuer consents to the use of the Base Prospectus (including any Successor Base Prospectus) together with the relevant Termsheet [**[Final terms][Listing notice]]** in connection with a public offer of the Products by any financial intermediary that is authorised to make such offers.]

2. Profit and loss expectations

[Market forecast]	[Insert product specific market forcast information as applicable or delete.] [●]
[Potential profit]	[Insert product specific potential profit information as applicable or delete.] [●]

[Potential loss]	[Insert product specific potential loss information as applicable or delete.] [●]
[Scenarios]	[Underlying information may be presented as a table or in any other form.] [●]

3. Significant risks incurred by the investor

[Risk tolerance]	[The value of this Capital Protection Note with Participation at maturity may be lower than the purchase price. The risks inherent in certain investments, particularly derivatives, may not be suitable for all investors. Before conducting any transaction, investors should evaluate their risk profile and seek information on inherent risks, and are urged to read the SwissBanking brochure " Risks Involved in Trading Financial Instruments " (available at BCV offices or online at: http://www.bcv.ch/static/pdf/en/risques_particuliers.pdf).]
[Issuer risk]	[Investors are exposed to the risk of insolvency of the issuer, which could lead to the loss of all or part of the invested capital. Whether an investment product retains its value does not depend solely on the performance of the underlying asset(s) but also on the solvency of the issuer, which may change during the product's lifetime. The rating stated in this document for the issuer was valid at the time of issuance and may change during the product's lifetime.]
[Exchange-rate risk]	[Investors whose base currency is not the settlement currency for the product should be aware of exchange-rate risk.]
[Market risk]	[Investors are exposed to the risks of adjustments in the underlying asset, non-convertibility, extraordinary market situations and emergencies, such as the suspended listing of the underlying asset, trading restrictions, and any other measures that materially restrict the tradability of the underlying asset. Investors are subject to the legal and contractual obligations of the markets on which the underlying asset is traded and to the legal and contractual obligations provided by or governing the issuer. Such market events could affect the dates and other terms and conditions in this document.]
[Market liquidity]	[Under special market conditions, if the issuer is unable to enter into hedging transactions, or if such transactions prove difficult, the spread between bid and ask prices may be temporarily expanded in order to limit the economic risk for the issuer.]
[Secondary market/market liquidity]	[In the event that a regulated secondary market exists, the issuer endeavors, under normal market conditions, to provide bid and ask prices for the product on a regular basis. However, the issuer makes no firm commitment to provide liquidity by means of bid and ask prices and is under no legal obligation with respect to the provision or determination of these prices. Under special market conditions, if the issuer is unable to enter into hedging transactions, or if such transactions prove difficult, the spread between bid and ask prices may be temporarily expanded in order to limit the economic risks for the issuer.]

[Important information]

[General information]	[Past performance does not guarantee present or future performance. This document is for information purposes only; it does not constitute financial analysis within the meaning of the Swiss Bankers' Association's "Directives on the Independence of Financial Research," nor is it an offer, invitation or personalized recommendation to buy or sell specific products. The issuer is under no obligation to acquire the underlying asset(s).]
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[●][Index] [Disclaimer]	[Insert index specific disclaimer information as applicable or delete.] [●]
[Publication date]	[●]

[Contact information]

[Sales team]	[Structured products sales team / BCV Asset Management & Trading Division]
[Phone]	[021 212 42 00 Please note that phone calls to this number may be recorded. By calling us, you tacitly agree to this practice.]
[Fax]	[021 212 13 61]
[Website/Email]	[www.bcv.ch/invest / structures@bcv.ch]
[Mailing address]	[BCV - 276-1598, CP 300, 1001 Lausanne, Switzerland]

[Contact for redeeming Certificates]

[Mailing address]	[BCV, Support Produits Structurés et Emissions, 283-1404, CP 300, 1001 Lausanne, Switzerland]
[Website/Email]	[spf@bcv.ch]

4. [Basket Composition]

[Basket composition]	[Insert basket information that may be presented as a table or in any other form.] [●]

Actively Managed Certificate

In case of Products which are subject to This Base Prospectus or in case the Products provide for certain special or additional features, the Issuer is free to deviate from the model form standard as appropriate irrespective of whether or not the text in a specific section is bracketed.

[Product Name]

[Maturity: [●][Open-end]]

The Product does not represent a participation in any of the collective investment schemes pursuant to article 7 and seq. of the Swiss Federal Act on Collective Investment Schemes (CISA) and thus does not require an authorisation of the Swiss Financial Market Supervisory Authority (FINMA). Therefore, investors in this Product are not eligible for the specific investor protection under the CISA. Moreover, investors in this Product bear the issuer risk.

This document will be filed with a Swiss reviewing body required under Article 45 of the Federal Act on Financial Services (“FinSA”).

[Open for subscription until [●] on [Initial fixing date: [●]]

[The issuer reserves the right to reduce the size of the issue or to withdraw such product from the issue at its sole and reasonable discretion. The issuer also has the right to close the subscription period early]

[* Figures are indicative and will be finalized at the initial fixing]

Summary

[Note to investors]	This summary is an introduction to the final terms (the “Termsheet (Final terms)” or this “Document”) for the financial instruments referred in this Document (the "Product") and must be read together with the Base Prospectus. Any investment decision in relation to the Product should not be made based only on this Summary but on the information contained in the Base Prospectus and this Document. Investors should, in particular, read the section "Risk Factors" in the Base Prospectus and the section "3. Significant Risks incurred by the Investor" in this Document. **Any liability for information contained in this Summary is limited to cases where the information contained herein is misleading, inaccurate or inconsistent when read together with the Base Prospectus and the other parts of this Document.**
Issuer	[BCV Guernsey, subsidiary of BCV Lausanne, Switzerland (S&P AA/stable)][Banque Cantonale Vaudoise Lausanne Switzerland (S&P AA/stable)]
[SSPA category][SVSP-Classification]	[Participation product – [[Tracker Certificate (1300) [●]] [, according to the Swiss Derivative Map available at www.svsp-verband.ch]]
[Underlying asset]	[*Inser product specific basket underlyings as applicable*[●]]
[Sec. No.] / [ISIN] / [Symbol]	[●] / [ISIN [●]] / [No listing planned] [●]
[Base currency]	[CCY]
[Settlement Type]	[●]
[Subscription End Date]	[●]
[Initial fixing date]	[[●] [(official closing price of the underlying asset(s) on the reference stock exchange)]]
[Final fixing date]	[[●] [(official closing price of the underlying asset(s) on the reference stock exchange)]]
[Offering]	[Public offer CH under an exemption of article 36 FinSA, not listed][Listed] [Public offer CH] [●]
[Quoting]	[The price on the secondary market is dirty, i.e., accrued interest is included]

1. Product description

[Product description]	[Insert product specific description as applicable][●]

[ISSUE DETAILS]

[SSPA category][SVSP-Classification]	[Participation product – [[Tracker Certificate (1300) [●]]
[Sec. No.] / [ISIN] / [Symbol]	[●] / [ISIN [●]] / [No listing planned] [●]
[Issuer and lead Manager]	[BCV Guernsey, subsidiary of BCV Lausanne, Switzerland (S&P AA/stable)][Banque Cantonale Vaudoise Lausanne Switzerland (S&P AA/stable)]
[Prudential supervision]	[BCV, Lausanne, Switzerland is subject to prudential supervision by the Swiss Financial Market Supervisory Authority (FINMA).]
[Calculation agent] / [Paying agent]	[Banque Cantonale Vaudoise, Lausanne, Switzerland]
[Investment Manager]	[●][*Insert Investment Manager address*]
[Advisor]	[●][*Insert Advisor address*]
[Underlying asset]	[*Inser product specific basket underlyings as applicable*[●]] [The basket's current composition can be found on the last page of this document.] [●]
[Investment style]	[Discretionary and dynamic]
[Issue volume]	[[●] [Product Name] (includes an increase and reopening clause)]
[Minimum investment]	[[CCY] [●]][[●] Certificate]
[Base currency]	[CCY]
[Base currencyof the Reference Portfolio]	[CCY]
[Issue price]	[[●][%]][[CCY] [●]]
[Reference price]	[[●][%]][[CCY] [●]]
[Distribution fees]	[No distribution fees] [[●][%]][Max. [●][%]p.a. ot the Nominal amount] [●]
[Initial valuation date/period]	[[●] [(official closing price of the underlying asset(s) on the reference stock exchange)]]
[Payment date]	[●]
[Effective termination date/Final valuation date]	[Open end] [●]
[Redemption date]	[The sixth working day following the termination date set by either the investor or the Issuer (barring extraordinary market situations and emergencies).]
[Product description]	[*Insert product specific description as applicable*][●]
[Definition of the cash component]	[The cash component is an integral part of the underlying basket] [The cash component (does not) pay out interest(, but it could generate negative interes. [●]] [The following currencies may be represented: [●]]

[FEES]

[Management fee]	[[●][%] per year, to be deducted on a prorata basis from the [CCY]-denominated cash component. If the amount available in the [CCY]-denominated cash component is insufficient to cover the management fee, weightings will be adjusted in order to cover the fee. Adjusting the weighting of a stock, either up or down, counts as a rebalancing.][[●]
[Rebalancing fees]	[If the Reference Portfolio is adjusted, a rebalancing fee will be applied to the adjusted volume and deducted from the value of the Reference Portfolio by the Calculation Agent. Specific fees for the various component securities are provided in section 5 ("Rebalancing fees").]

[Duties and execution fees]	[When the product's component securities are traded on an exchange that levies fees and duties, these fees and duties affect the Certificate's performance. These fees and duties could include a federal stamp duty, financial transaction tax, or any other ad-hoc fee for purchasing or selling a component security or incurred during the life of the portfolio.]
[Transparency on fees on component securities]	[Some of the Reference Portfolio's component securities may be subject to fees, such as distribution costs on funds or structured products that are included notionally in the Reference Portfolio. These fees are described in the prospectuses, fund agreements, and KIIDs, for funds, and in the termsheets or KIDs, for structured products.
[Commissions on component securities]	[Any retrocessions that the Investment Manager receives from the issuers or distributors of investment funds, structured products, or other investments will be reinvested in the Reference Portfolio.]
[Outperformance fee]	[[Outperformance participation rate (PF%)] = [10.00%]] [[Outperformance fee limit (L)] = [10.00%]] [[Outperformance observation periods: Calendar quarter; the first observation period ends on] [30.09.2022]] [[Outperformance measurement date: The outperformance fee is determined on the last business day of each observation period and deducted from the value of the Certificate on the ex-date. The Investment Manager receives the corresponding amount every quarter].] [Ex-dates: First business day of the following observation period.]
[High-water mark definition]	[The high-water mark principle is used to ensure that the Investment Manager receives an outperformance fee only if the Certificate's theoretical value on the outperformance measurement date exceeds the high-water mark of the preceding observation (t-1).] [High-water mark HW(t) = MAX [HW(t-1) ; C(t)] where HW(0) = C(0) = Issue price]
[Amount of the outperformance fee]	[MCS (t) = MIN [PF% x MAX [C(t) - MAX [HW(t-1) ; HV] ; 0] ; L x HW(t-1)]] Where: MCS (t) : Outperformance fee for period t C(0) : Issue price C(t) : Theoretical value of the Certificate on the outperformance measurement date for period t HW(t-1) : High-water mark for period t-1 The theoretical value of the Certificate C(t), as determined by the Calculation Agent at its reasonable discretion, is defined as the value of the Reference Portfolio on the outperformance measurement date for period t, net of all costs, including for currency hedging, and of all fees associated with implementing the Reference Portfolio. The Certificate's theoretical value is determined before the outperformance fee for the observation period is deducted.]

[INVESTMENT STRATEGY]

[Description of the investment strategy]	[*Insert specific investment universe of the certificate if applicable*] [●] [Investors can obtain information about the investment strategy free of charge from the Investment Manager.]
[Roles and responsibilities]	[The Investment Manager decides on the composition of the Reference Portfolio, the weighting of the component securities, and the size of the cash component, in accordance with the investment universe and management rules (see below). The Investment Manager alone is responsible for monitoring and complying with the management rules described below. The product's performance therefore depends on the Investment Manager's investment decisions. The Investment Manager takes full responsibility for the composition of the Reference Portfolio and its impact on the Certificate's performance. The Issuer will, on a best-effort basis, execute the buy and sell orders necessary to issue or rebalance the Certificate. The Issuer disclaims all liability with regard to compliance with the management rules and the Certificate's performance.]

[INVESTMENT UNIVERSE AND MANAGEMENT RULES]

[Cash component]	[The cash component is an integral part of the underlying basket] [The cash component (does not) pay out interest(, but it could generate negative interes. [●]] [The following currencies may be represented: [●]] [The cash component is denominated in the base currency of the Reference Portfolio.]
[Investment funds]	[Only investment funds that publish their Net Asset Value (NAV) on a daily basis will be included in the basket.]
[Additional information]	[If the rules governing the investment universe are violated (following a corporate action, for example), the Investment Manager will adjust the allocation during the following rebalancing in order to restore compliance.]

[Management rules]

[*Insert product specific management rules (rules described below are set for examples and may be adjusted for a specific certificate)*]

[The Investment Manager may rebalance the basket up to [●] times per year.]

[The basket will contain at least five stocks but no more than [●].]

[Given the low liquidity of some of the underlying securities, each rebalancing make take up to [●] trading days from the rebalancing date to be fully implemented. As some of the underlyings are illiquid, no guarantee can be given as to the length of the rebalancing period.]

[The use of Futures on [●] is authorized only for hedging purposes. No techniques that would create a leveraged position in the basket are permitted.]

[The stocks in the basket must be denominated in one of the following currencies: [●].]

[The companies must have a market capitalization of at least USD [●] million (or the equivalent in another currency).]

[At each rebalancing, the weighting of any new security may not exceed [●] of its average daily trading volume over the previous [●] days.]

[The cash component may not exceed [●][%] of the total nominal amount invested (based on the average allocation over a calendar year).]

[During the Certificate's lifetime, dividends (net of any taxes and fees) will be reinvested in the corresponding stocks.]

[All net income from the shares making up the Certificate (i.e., dividend payments) will be held as part of the cash component and will be paid out [●] to the Investor. The cash component does not pay out interest but could generate negative interest.]

[During the Certificate's lifetime, any distributions and dividends (net of any taxes and fees) will be held in the cash component; any distributions and dividends denominated in [CCY] (net of any taxes and fees) will be converted into [CCY] (using the [●] reference exchange rate on the dividend payment date) and will also be held in the cash component.]

[Secondary-market trading of the Certificate will be suspended during rebalancing periods.]

[If the allocation limit for a given security is exceeded, then its allocation will be adjusted at the next rebalancing.]

[Only vanilla derivatives (calls and/or puts) on equities and equity indices traded on Eurex, Euronext and US Equity Options exchanges are admitted. The underlying of the option must be part of the investment universe of the certificate. The purchase of put options on equities is permitted. The sale of puts on equities and equity must be covered by the cash component. The sale of calls on equities must be covered by the underlying of the derivative; the notional amount of the call option may under no circumstances exceed the notional amount held in the portfolio of the underlying. The purchase of calls on equities and equity indices is limited to a maximum of 5% of the portfolio. Any discrete instruction (exercise of an option, renewal of an option position after assignment, etc.) must be made by email. Any discrete instruction (exercise of an option, renewal of a post-assignment option position, etc.) that differs from the standard rules of the exchange must be communicated to the issuer with sufficient notice and taking office hours into account.]

[Currency hedges may be used to hedge the risk against [●] (except for [●]). These hedges may be created [(for a [default] [●] for currency swaps)][or wound up during the lifetime of the Certificate, at the discretion of the Investment Manager.]]

[Exchange-rate risk is systematically hedged by forward exchange contracts (standard maturity: [●] month(s)).]

[No leveraged positions (i.e., where the Certificate's gains or losses on a stock are not exactly equal to the stock's performance) or short positions (i.e., short selling) are allowed in the basket.]

[●]

[Investment restrictions]	[It may take the Issuer several business days to implement the Investment Manager's investment decisions, depending on market liquidity or if a transaction cannot be executed for technical reasons. Based on these factors only, no guarantee can be made that investment decisions will be implemented on the same day that instructions are received. The Issuer reserves the right to refuse to execute a buy order if the component security in question is subject to an investment restriction for technical reasons or any other reason. Securities with an investment restriction include those issued by companies that represent a reputational risk for the Issuer or that are not in keeping with the Issuer's code of conduct (for instance, the Issuer currently does not invest in companies involved in cluster munitions). If a component security is not in compliance with the Issuer's investment restrictions, it will be replaced at the next rebalancing of the Reference Portfolio. If the next rebalancing does not take place within a reasonable period of time, the Issuer reserves the right to sell the component security at its discretion.]
[[●] distribution]	[The Investor will receive an [●] payment for the dividends on the securities in the basket. The amount of this payment will be decided each [●]r on the reference date. Payment will take place five trading days after the reference dates in question.]
[Reference dates for compensatory payments]	[[●] of each [●] (modified business day convention).]
[Basket composition]	[The basket's current composition can be found on the last page of this document.]

[PRODUCT TERMS AND CONDITIONS]

[Changes that are unplanned or not agreed contractually]	[Information about any changes that are unplanned or not agreed contractually (e.g., capital transactions that affect the underlying assets such as splits, par-value reimbursements or conversions) shall be provided at www.bcv.ch/invest/en.]
[Income treatment]	[*insert return details (including formula(s)) as applicable or delete.*] [●]
[Dividends]	[The dividends from the underlying securities will be fully reinvested in the Certificate, net of any tax paid or to be paid.][Dividends will not be reinvested. The investor receives all dividends in advance in the form of a discount on the issue price compared with the reference price.][During the Certificate's lifetime, any dividends received (net of any taxes and fees) will be held in the cash component.]
[[●] distribution yield]	[The Investor will receive a [●] payment in the place of dividends paid by the basket stocks. This compensatory payment will be decided each [●] on the reference date. Payment will take place five trading days after the reference dates in question.]
[Certificate redemption]	[The redemption amount per Certificate in the base currency is equal to the value of the Certificate as determined by the Calculation Agent at its reasonable discretion on the final valuation date or the effective termination date. The Calculation Agent will use the value of the Reference Portfolio or one of its multiples as well as the sum of the values of all of the Reference Portfolio's component securities.]
[Liquidity risk at redemption]	[If a lack of daily liquidity is likely to have a significant impact on the sale of component securities, the Issuer reserves the right to place sale orders over several days so as not to adversely affect the Certificate's redemption price.]
[Stop Loss]	[As the value of forward contracts can, in theory, be negative, the product will be immediately terminated if its liquidation value reaches 7% of the Issue price. Early redemption will be carried out as detailed below based on the execution prices following initiation of the stop loss procedure and less any transaction fees.]

[Issuer's right of termination]	[The Issuer has the right to terminate all Tracker Certificates in circulation at any time, but no earlier than [●] months after the issue date. (Please note that if the total number of Certificates in circulation falls below [●], the Issuer will automatically redeem all Certificates.) Termination must be announced at least [●] month(s) prior to the effective termination date. The redemption amount will be calculated on the effective termination date.] [If the Certificate's price drops to [[●][%]] of its issue price or below, the Issuer has the right to terminate the Certificates immediately and without prior notice. The effective termination date would then be announced as soon as possible.]
[Investor's right of termination]	[Investors may sell their Certificates on the secondary market. They also have the right to terminate any or all of the Certificates they hold provided that the Issuer has not already exercised its right of termination. Investors may sell their Certificates [●] per [●], on the last [●] of the [●], but no earlier than [●] months after the issue date.] [The notice of termination must be sent to the calculation agent at least [●] month before the effective termination date, in keeping with the termination procedure set out below. The redemption amount will be calculated on the effective termination date.]
[Termination procedure for investors]	[Investors must send their notice of termination (provided that the Issuer has not already exercised its right of termination) to the calculation agent at least [●] month before the effective termination date. This notice must be sent by mail or email to the address given under Contacts for redeeming Certificates.] [The investor's custodian bank should provide the following information to the calculation agent: ▪ Name, address, and clearing number ▪ The Certificate's security number ▪ The number of Certificates concerned ▪ The effective termination date (which must be at least [●] month after the date the Issuer receives the notice) The calculation agent will then send confirmation of the termination to the custodian bank and indicate the effective termination date.]

[SECONDARY MARKET, LISTING AND CLEARING]

[Listing, market segment]	[No listing on the SIX Swiss Exchange is planned.][Listing will be requested on the main market of the SIX Swiss Exchange and maintained until closing on the final fixing date (currently [●] at 5:15 pm).]
[Secondary market]	[OTC Prices can be viewed on Bloomberg and SIX Telekurs (prices are calculated once each business day).] [No secondary market on the SIX Swiss Exchange. If there is an organized secondary market, the issuer shall, under normal market conditions, regularly propose bid and ask prices for the product daily between 9:15am and 5:15pm. However, the issuer makes no firm commitment to provide liquidity by means of bid and ask prices and is under no legal obligation with respect to the provision or determination of these prices.][The price on the secondary market is dirty, i.e., accrued interest is included. Prices may be consulted on Bloomberg and SIX Telekurs.] [On days that the SIX Swiss Exchange is open for trading, the Issuer will operate a daily secondary market between 9:15am and 5:15pm (Swiss time, CET). The bid-ask spread will not under any circumstances exceed [[●][%]] (and will usually be under [[●][%]]), and a minimum of [[CCY] [●]] will be offered for sale and purchase. However, in the case of unusual market conditions or any other unforeseeable event (for example, if an exchange on which one of the stocks in the basket is listed suspends trading), the Issuer reserves the right to suspend quotations. Trading in the Certificate will be suspended during rebalancing for a maximum of [●] day (i.e. a banking day from 9:15am to 5:15pm, Swiss time). Prices are also available from]
[Clearing]	[SIX SIS SA]
[Certification][Materialisation]	[This security takes the form of a book-entry security registered in the SIX SIS SA clearing system. It is thus not certificated and no individual securities will be printed or delivered.]

[TAXATION]

[General information]	[The following information is an overview of the main Swiss tax consequences related to the product. Under no circumstances should it be interpreted as tax advice. It provides only a general overview and is not meant to cover all Swiss tax consequences relating to the purchase, holding, sale, and redemption of products. It does not take into account the specific situation of each investor. Tax laws and regulations, the interpretation thereof, and the practice of the Swiss tax authorities can change, at times with retroactive effect. This overview is based on the laws, regulations, and practices applied in Switzerland and in force at the beginning of the subscription period or the initial fixing date. The product may be subject to other foreign taxes, fees, and stamp duties, which shall be paid by the investor. Payments and delivery of the underlying assets shall be made after deduction of any foreign taxes, fees, and stamp duties. Investors should always consult with their tax advisor for a specific evaluation of their profile before carrying out any transaction.]
[Switzerland]	[Insert tax information as applicable or delete.] [●]
[US taxation]	[Insert tax information as applicable or delete.] [●]
[Negative interest]	[Insert tax information as applicable or delete.] [●]

[LEGAL INFORMATION]

[Jurisdiction and applicable law]	[Lausanne, Swiss law]

[(indicative) Product Documentation]	**[FOR [Indicative [Final terms/Listing notice]], PLEASE INSERT:** [This document, the Termsheet (**Indicative [Final terms/Listing notice]**) contains the non-binding indicative final terms for the Product. The Termsheet (**Indicative [Final terms/Listing notice]**) contain indicative terms and conditions subject to change. The Termsheet (**Indicative [Final terms/Listing notice]**) will be made available on the Initial fixing date. The Termsheet (**Indicative [Final terms/Listing notice]**) together with the Base Prospectus for the Issuance of Securities', stipulated in English and as amended from time to time, ("**Base Prospectus**") shall form the non-binding and indicative documentation for this Product ("**Indicative Product Documentation**"), and accordingly the [(Indicative) [Final terms/Listing notice]] should always be read together with the Base Prospectus and any supplements thereto. Definitions used in the [(Indicative) [Final terms/Listing notice]], but not defined herein shall have the meaning given to them in the Base Prospectus. The Indicative Product Documentation can be obtained free of charge from [BCV - 276-1598, CP 300, 1001 Lausanne, Switzerland] or via e-mail structures@bcv.ch. The Indicative Product Documentation is also available at www.bcv.ch/invest. Notices in connection with this Product shall be validly given by publication as described in the Base Prospectus. Furthermore, any changes with regard to the terms of this Product shall be published at www.bcv.ch/invest. Upon the replacement of the Base Prospectus by a successor version of the Base Prospectus the [(Indicative) [Final terms/Listing notice]] are to be read together with the latest valid successor version of the Base Prospectus (each, a "**Successor Base Prospectus**") which has succeeded either (i) the Base Prospectus, or (ii) if one or more Successor Base Prospectuses to the Base Prospectus have already been published, the most recently published Successor Base Prospectus, and the term "Indicative Product Documentation" shall be interpreted accordingly. The Issuer consents to the use of the Base Prospectus (including any Successor Base Prospectus) together with the relevant Termsheet [Indicative **[Final terms][Listing notice]]** in connection with a public offer of the Products by any financial intermediary that is authorised to make such offers.] **[FOR [Final terms/Listing notice], PLEASE INSERT:]** [This document, the Termsheet **[Final terms/Listing notice]** contains the final terms for the Product. The Termsheet [**[Final terms][Listing notice]]** together with the Base Prospectus for the Issuance of Securities', stipulated in English and as amended from time to time ("**Base Prospectus**") shall form the entire documentation for this Product ("**Product Documentation**"), and accordingly the Termsheet [**[Final terms][Listing notice]]** should always be read together with the Base Prospectus and any supplements thereto. Definitions used in the Termsheet [**[Final terms][Listing notice]]**, but not defined herein shall have the meaning given to them in the Base Prospectus. The Product Documentation can be obtained free of charge from [BCV - 276-1598, CP 300, 1001 Lausanne, Switzerland] or via e-mail (structures@bcv.ch). The Product Documentation is also available at www.bcv.ch/invest. Notices in connection with this Product shall be validly given by publication as described in the Base Prospectus. Furthermore, any changes with regard to the terms of this Product shall be published at www.bcv.ch/invest. Upon the replacement of the Base Prospectus by a successor version of the Base Prospectus the Final Terms are to be read together with the latest valid successor version of the Base Prospectus (each, a "**Successor Base Prospectus**") which has succeeded either (i) the Base Prospectus, or (ii) if one or more Successor Base Prospectuses to the Base Prospectus have already been published, the most recently published Successor Base Prospectus, and the term "Product Documentation" shall be interpreted accordingly. The Issuer consents to the use of the Base Prospectus (including any Successor Base Prospectus) together with the relevant Termsheet [**[Final terms][Listing notice]]** in connection with a public offer of the Products by any financial intermediary that is authorised to make such offers.]

2. Profit and loss expectations

[Market forecast]	[Insert product specific market forcast information as applicable or delete.] [●]
[Potential profit]	[Insert product specific potential profit information as applicable or delete.] [●]

[Potential loss]	[Insert product specific potential loss information as applicable or delete.] [●]
[Scenarios]	[Underlying information may be presented as a table or in any other form.] [●]

3. Significant risks incurred by the investor

[Risk tolerance]	[The value of this Capital Protection Note with Participation at maturity may be lower than the purchase price. The risks inherent in certain investments, particularly derivatives, may not be suitable for all investors. Before conducting any transaction, investors should evaluate their risk profile and seek information on inherent risks, and are urged to read the SwissBanking brochure " Risks Involved in Trading Financial Instruments " (available at BCV offices or online at: http://www.bcv.ch/static/pdf/en/risques_particuliers.pdf).]
[Issuer risk]	[Investors are exposed to the risk of insolvency of the issuer, which could lead to the loss of all or part of the invested capital. Whether an investment product retains its value does not depend solely on the performance of the underlying asset(s) but also on the solvency of the issuer, which may change during the product's lifetime. The rating stated in this document for the issuer was valid at the time of issuance and may change during the product's lifetime.]
[Exchange-rate risk]	[Investors whose base currency is not the settlement currency for the product should be aware of exchange-rate risk.]
[Market risk]	[Investors are exposed to the risks of adjustments in the underlying asset, non-convertibility, extraordinary market situations and emergencies, such as the suspended listing of the underlying asset, trading restrictions, and any other measures that materially restrict the tradability of the underlying asset. Investors are subject to the legal and contractual obligations of the markets on which the underlying asset is traded and to the legal and contractual obligations provided by or governing the issuer. Such market events could affect the dates and other terms and conditions in this document.]
[Market liquidity]	[Under special market conditions, if the issuer is unable to enter into hedging transactions, or if such transactions prove difficult, the spread between bid and ask prices may be temporarily expanded in order to limit the economic risk for the issuer.]
[Secondary market/market liquidity]	[In the event that a regulated secondary market exists, the issuer endeavors, under normal market conditions, to provide bid and ask prices for the product on a regular basis. However, the issuer makes no firm commitment to provide liquidity by means of bid and ask prices and is under no legal obligation with respect to the provision or determination of these prices. Under special market conditions, if the issuer is unable to enter into hedging transactions, or if such transactions prove difficult, the spread between bid and ask prices may be temporarily expanded in order to limit the economic risks for the issuer.]

[Important information]

[General information]	[Past performance does not guarantee present or future performance. This document is for information purposes only; it does not constitute financial analysis within the meaning of the Swiss Bankers' Association's "Directives on the Independence of Financial Research," nor is it an offer, invitation or personalized recommendation to buy or sell specific products. The issuer is under no obligation to acquire the underlying asset(s).]
[Subscription period]	[During the subscription period, the terms and conditions are for information purposes only and may be changed; the issuer is under no obligation to issue this product.]

[Conflicts of interest relating to actively managed certificates]	[In addition to distribution costs, BCV or an entity within BCV ») Group may pay or receive from third parties one-time or recurrent compensation relative to this issue or product. Any compensation received from collective investment instruments will be credited to the cash component. The contents of this document may have been used for transactions by BCV Group prior to their publication. BCV Group may hold, acquire, and/or dispose of interests or positions in the component securities of this product. The Investment Manager may be subject to a conflict of interest if it concomitantly serves as the Certificate distributor and a final investor's wealth manager or financial advisor..]
[Selling restrictions]	[Distribution of this document and/or the sale of this product are subject to restrictions (e.g., US, US Persons, UK, Guernsey, EU) and are authorized only in accordance with applicable law.]
[●][Index] [Disclaimer]	[Insert index specific disclaimer information as applicable or delete.] [●]
[Publication date]	[●]

[Contact information]

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4. [Basket Composition]

[Basket composition]	[Insert basket information that may be presented as a table or in any other form.] [●]