Final Basel III Accord
Pillar 3 Report
Market discipline

Final Basel III Accord – Pillar 3 Report at 31 December 2025
12 February 2026/Banque Cantonale Vaudoise/Version 1.0

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1. OBJECTIVE AND SCOPE OF THIS REPORT

The objective of this report is to provide in-depth information on risk management at BCV Group to investors, analysts, ratings agencies, and supervisory bodies. In particular, it describes the Bank's capital adequacy, its risk-assessment methods, and the level of risk taken at BCV. This document was prepared in accordance with the Pillar 3 disclosure requirements set forth under FINMA Ordinance on the Disclosure Obligations of Banks and Securities Firms (DisO-FINMA), which is based on the recommendations of the final Basel III Accord (DIS Chapter).[1]

1.1 Disclosure policy

For ease of access, this report is available in the investor relations section of BCV's website. It has been updated on a half-yearly basis ever since BCV became subject to Basel II on 1 January 2009. It is published within two months following the end of the first half of the financial year and within four months following the end of the financial year, in accordance with Swiss regulations (DisO-FINMA, Article 14).

This version of the report corresponds to the closing of accounts on 31 December 2025.[2] The description of the Bank's governance, methods, and processes reflects the situation at 31 December 2025; subsequent changes are not included.

The Bank's external auditor verifies, as a general rule every three years, compliance with financial disclosure requirements based on FINMA Circular 2025/1 "Auditing," and states its opinion in its detailed audit report. The data contained in the Bank's Pillar 3 reports are calculated in accordance with the final Basel III Accord regulatory capital requirements. This calculation process was audited during FINMA's IRB approval process and is subject to oversight as part of the regulatory supervision process. Furthermore, BCV's Internal Audit Department periodically reviews the process for calculating capital requirements (final Basel III Accord, Chapter CRE36.59).

The appendix to this report contains information that is useful for understanding this document, including a description of business segments and a list of abbreviations.

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.

1.2 Scope

The parent company within BCV Group is Banque Cantonale Vaudoise, a corporation organized under public law with its headquarters in Lausanne.

The companies that the Group is required to include in its regulatory reporting include companies over which BCV has control and companies in which it has significant influence over operations. These companies are fully consolidated. Significant influence is generally recognized by the Bank when it makes a profit from or bears the risks of a company's operations.

Companies in which BCV has significant influence but no outright control (holdings of 20% to 50%) are accounted for using the equity method.

[1] The correspondence between the tables in this Pillar 3 report and those in DisO-FINMA is given in the Appendix (Section 8.4.1).

[2] End-June figures are taken from BCV's interim financial statements, which are not audited by an independent auditor.

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 held for strategic purposes and intended to be sold or liquidated within 12 months.

Table 1. Group companies included in the regulatory scope of consolidation
At 31 December 2025, BCV Group

Group companies included in the supervisory review		Capital in millions	Shareholding (%)
Private banks			
Piguet Galland & Cie SA, Yverdon-les-Bains (Switzerland)	CHF	24.4	99.7
Fund-management companies			
Gérifonds SA, Lausanne (Switzerland)	CHF	2.9	100.0
Gérifonds (Luxembourg) SA, Luxembourg	EUR	0.1	100.0
Société pour la gestion de placements collectifs GEP SA, Lausanne (Switzerland)	CHF	1.5	100.0

The regulatory scope of consolidation did not change in 2025.

Companies taken into account for calculating capital requirements are the same as those included in the Group's consolidated accounts. All these companies are fully consolidated in the financial statements. No company is currently accounted for using the equity method. The Group has no subsidiaries in the field of insurance.

2. CAPITAL ADEQUACY AND LIQUIDITY

Monitoring capital adequacy and liquidity is a key component of BCV's financial strategy. Management carefully considers the potential impact on the Bank's capital and liquidity ratios before making any major decisions about the Bank's operations and the orientation of its business.

The Executive Board monitors the capital and liquidity ratios monthly for the parent company. Both the Executive Board and the Board of Directors monitor these ratios every quarter for the parent company and every six months for the Group as a whole. FINMA monitors the parent company's capital adequacy and liquidity each quarter and the Group's capital adequacy and liquidity every six months using regulatory-required reports.

2.1 Key ratios

FINMA's capital ratio requirement[3] is based on the final Basel III Accord and is set forth in Article 41 of Switzerland's Capital Adequacy Ordinance (CAO). The minimum required total capital ratio for BCV was 14.0% at 31 December 2025. It comprises the permanent requirement for a category 3 bank (12.0%), a countercyclical capital buffer (1.0%), and an additional capital requirement (1.0%). The permanent requirement consists of the absolute minimum requirement for a banking license (8.0%) and the capital buffer for a category 3 bank (4.0%). The countercyclical capital buffer is a temporary requirement introduced by the Swiss Federal Council at the recommendation of the Swiss National Bank (SNB). The additional capital requirement is a temporary requirement set by FINMA in light of the low interest rates.

[3]The capital ratio is equal to regulatory capital divided by risk-weighted assets.

Given those low rates, and BCV's interest-rate-risk exposure as determined by FINMA, FINMA has set an additional capital requirement of 1.0% for BCV.

BCV Group's total capital ratio was 18.1% at 31 December 2025, higher than the regulatory requirement of 14.0%. The Bank's Common Equity Tier 1 (CET1) ratio was 18.0%, also above FINMA's requirement of 9.8%. The difference between the Bank's total capital ratio and CET1 ratio is due to the fact that its Tier 2 capital (T2) comprises reserves on debt and equity securities carried under financial investments and stated at lower of cost or market, subject to a limit of 45% of unrealized gains.

The increase in the capital ratio in 2025 (+1.4 percentage points) is due mainly to the entry into force of the final Basel III Accord. Regulatory changes in the areas of credit risk (+1.3 percentage points) and operational risk (+0.2 percentage points) contributed to the increase, while the new approach for calculating market risk lowered the capital ratio (–0.1 percentage points). The overall output floor, set at 72.5% of risk-weighted assets calculated using the standardized approach, is not binding (the transitional arrangements set out in Article 148(e) of the CAO are not applied).

The leverage ratio[4] was 5.4% at 31 December 2025 (see tables in Section 8.3). This ratio is above the regulatory requirement of 3% effective as of 1 January 2018.

BCV Group's liquidity coverage ratio (LCR) was an average of 133% in the second half of 2025, above the minimum regulatory requirement of 100% (see Section 5.4).

BCV Group's net stable funding ratio (NSFR) was 120% at 31 December 2025, above the minimum regulatory requirement of 100% in force since 1 July 2021 (see Section 5.4).

[4]The leverage ratio is equal to Tier 1 capital divided by the total exposure measure.

Table 2. Key metrics
In CHF millions, BCV Group, KM1[5]

		a	c	e
		31/12/2025	30/6/2025	31/12/2024
Available capital				
1	Common Equity Tier 1 (CET1)	3,528	3,534	3,519
2	Tier 1 (T1)	3,528	3,534	3,519
3	Total capital	3,550	3,554	3,539
Risk-weighted assets (RWA)				
4	Total RWA	19,617	19,259	20,894
4a	Total pre-floor RWA (CAO, Art. 45a.3)	19,617	19,259	n.a.
Risk-based capital ratios as % of RWA				
5	CET1 ratio	18.0%	18.4%	16.8%
6	Tier 1 ratio	18.0%	18.4%	16.8%
7	Total capital ratio	18.1%	18.5%	16.9%
FINMA capital ratio requirements				
	Minimum total capital ratio (CAO, Art. 42)	8.0%	8.0%	8.0%
12a	Total capital buffer (CAO, Annex 8)	4.0%	4.0%	4.0%
12b	Countercyclical buffer (CAO, Art. 44 and 44a)	1.0%	1.0%	1.0%
12e	Total regulatory capital requirement in accordance with Annex 8 of the CAO plus the countercyclical buffer (CAO, Art. 44 and 44a)	13.0%	13.0%	13.0%
	Additional capital requirement (CAO, Art. 45)*	1.0%	1.0%	1.0%
	Total FINMA capital requirement	14.0%	14.0%	14.0%
Basel III leverage ratio				
13	Total Basel III leverage ratio exposure measure	65,074	64,120	63,442
14	Basel III leverage ratio (Tier 1 capital as % of total Basel III leverage ratio exposure measure)	5.4%	5.5%	5.5%
Liquidity coverage ratio (LCR)				
15	Total high-quality liquid assets (HQLA)	11,428	11,694	11,845
16	Total net cash outflow	8,602	8,767	9,180
17	LCR	133%	133%	129%
Net stable funding ratio (NSFR)				
18	Available stable funding	42,863	42,057	40,314
19	Required stable funding	35,572	34,471	34,072
20	NSFR	120%	122%	118%

*FINMA has set a temporary additional capital requirement of 1% for BCV, given the low interest-rate environment and BCV's interest-rate-risk exposure as determined by FINMA.

[5]This table is a summary version of the Table KM1 required by FINMA. Only the FINMA capital ratio requirements are shown in this table; the Basel Committee requirements are less stringent and have not been included to avoid confusion. The full Table KM1 is provided in the Appendix (Table 32). The LCR figures represent the average for the six months preceding the indicated date.

2.2 Capital structure

BCV Group's regulatory capital is composed almost entirely of CET1 capital, with a marginal amount of T2 capital. Regulatory capital is based on the Group's financial statements, which are drawn up in accordance with the FINMA Accounting Ordinance (FINMA-AO) of 31 October 2019, and the Swiss accounting rules for banks, securities firms, financial groups, and financial conglomerates of 31 October 2019 (FINMA Circular 2020/1 "Accounting – banks").

CET1 capital comprises paid-in capital, disclosed reserves, and minority interests. At 31 December 2025, BCV's share capital amounted to CHF 86,061,900 and consisted of 86,061,900 fully paid-in registered shares with a par value of CHF 1. CET1 capital is adjusted for regulatory deductions such as any shortfall of provisions to regulatory expected losses and the net long position in own CET1 instruments. BCV has not issued any capital instruments that meet the criteria for inclusion in Additional Tier 1 (AT1) capital. In particular, BCV has no authorized or conditional capital and has not issued any dividend-right certificates. There are no outstanding convertible bonds or options issued by the Bank involving the BCV share.

T2 capital comprises reserves on debt and equity securities carried under financial investments and stated at lower of cost or market, subject to a limit of 45% of unrealized gains, and general provisions allocated under the International Standardized Approach. BCV has not issued any capital instruments that meet the criteria for inclusion in T2.

Table 3. Composition of regulatory capital
In CHF millions, BCV Group, CC1[6]

		a	a-1	b
		Net figures		**References**
		31/12/2025	**30/6/2025**	
Common Equity Tier 1 (CET1)				
1	Issued and paid-in capital, fully eligible	86	86	a
2	Retained earnings, including reserves for general banking risks and net profit (loss) for the period	3,493	3,459	
3	Capital reserve, currency translation reserve, and other reserves	34	34	
5	Minority interests eligible as CET1	0	0	
6	**CET1 before regulatory adjustments**	**3,613**	**3,579**	
CET1 regulatory adjustments				
12	IRB shortfall of provisions to expected losses	33	30	
16	Net long position in own CET1 instruments	16	15	
19	Amount exceeding threshold 2 (10%) for CET1-eligible significant investments in the common stock of other financial entities	35	-	
28	**Total regulatory adjustments to CET1**	**84**	**45**	
29	**Net CET1**	**3,528**	**3,534**	
Additional Tier 1 capital (AT1)				
36	AT1 before regulatory adjustments	-	-	
43	Total regulatory adjustments to AT1	-	-	
44	Net AT1	-	-	
45	**Net Tier 1 capital (net T1)**	**3,528**	**3,534**	
Tier 2 capital (T2)				
46	Issued and paid-in instruments, fully eligible, net of amortization (CAO, Art. 30.2)	-	-	
48	Minority interests eligible as T2	-	-	
50	Valuation adjustments; provisions and impairments for prudential reasons; compulsory reserves on financial investments	21	20	
51	**T2 before regulatory adjustments**	**21**	**20**	
T2 regulatory adjustments				
52	Net long position in own T2 instruments	-	-	
57	Total regulatory adjustments to T2	-	-	
58	**Net T2**	**21**	**20**	
59	**Total regulatory capital (Net T1 & Net T2)**	**3,550**	**3,554**	

Regulatory capital was largely unchanged in the second half of 2025. The recognition of 2025 net profit less the recommended dividend payout (subject to approval at the Annual Shareholders' Meeting) resulted in a CHF 34m increase in CET1 capital before regulatory adjustments (Table 3, row 6) in the second half. BCV's commitment to contribute to the capital increase of the Central Mortgage-Bond Institution resulted in a CHF 35m decrease in CET1 capital (row 19, Amount exceeding threshold 2, as specified in CAO, Article 38).

[6]The calculation of regulatory capital at 30 June includes 70% of first-half net profit after deducting 50% of the dividend distributed for the 2024 financial year. This table is a summary version of Table CC1, which is provided in full in the Appendix (Table 34).

2.3 Risk-weighted assets

Credit risk accounts for over 80% of the Bank's total risk exposure, in keeping with its business model and risk-taking strategy.

Table 4. Overview of RWA
In CHF millions, BCV Group, OV1[7]

		a	b	c
		RWA		Minimum capital requirements
		31/12/25	30/6/25	31/12/25
1	**Credit risk (excluding counterparty credit risk)**	**16,151**	**16,011**	**1,292**
2	Standardized approach (SA)	2,618	2,671	209
	Of which: non-counterparty-related assets	473	475	38
3	Internal ratings-based approach (IRB)	5,072	4,926	406
4	Supervisory slotting approach	6,776	6,593	542
5a	Effect of sector output floor for banks that apply the IRB approach for their Swiss mortgage portfolio	1,685	1,821	135
6	**Counterparty credit risk (CCR)**	**244**	**245**	**20**
7	Standardized approach for counterparty credit risk (SA-CCR)	236	229	19
9	Other CCR approach	8	16	1
10	**Credit valuation adjustments for derivatives and securities financing transactions**	**185**	**198**	**15**
11	**Equity positions in banking book under market-based approach**		**-**	
13	**Equity investments in funds – mandate-based approach**	**0**	**0**	**0**
14	**Equity investments in funds – fall-back approach**	**6**	**6**	**0**
14a	**Equity investments in funds – simplified approach**	**35**	**35**	**3**
15	**Settlement risk**	**-**	**-**	**-**
20	**Market risk**	**261**	**207**	**21**
20a	Simplified standardized approach	**261**	**207**	**21**
24	**Operational risk**	**1,835**	**1,774**	**147**
25	**Amounts below the thresholds for deduction (250% risk weighting)**	**899**	**782**	**72**
26	**Output floor applied**	**72.5%**	**72.5%**	**n.a.**
27	**Floor adjustment (before application of transitional cap)**	**-**	**-**	**-**
28	**Floor adjustment (after application of transitional cap)**	**-**	**-**	**-**
29	**Total**	**19,617**	**19,259**	**1,569**

Risk-weighted assets increased in the second half of 2025 owing mainly to an increase in loans to customers.

[7] An additional row has been added under "Credit risk" to indicate non-counterparty-related assets, which consist primarily of real estate and other tangible assets.

3. COMPREHENSIVE RISK MANAGEMENT APPROACH

The framework for risk governance, risk exposure (risk appetite), risk-assessment principles, and risk reporting, as well as other operational guidelines relating to risk management, are defined in the Bank's Risk Management Policy and Strategy (RMPS). The RMPS is the institution-wide risk management framework. It is an internal framework document that is reviewed and approved each year by the Board of Directors.

This section of the report sets out the Bank’s risk-management principles, as required by FINMA for Pillar 3 disclosure.

3.1 Risk management objectives and governance

Risk-management objectives

BCV manages all its risks in an integrated and consistent way, using a process that encompasses all of the Bank’s activities. The overall goals 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.

Risk-management governance

All risks are managed according to the same basic principles of governance and organization. The main responsibilities can be summarized as follows:

- The Board of Directors establishes the Bank’s policy for managing risk and determines the strategy the Bank will pursue in taking on risk.
- The Board of Directors’ Audit & Risk Committee ensures that the risk-management policy set by the Board of Directors is implemented and operational.
- The Executive Board is responsible for ensuring that the risk-management procedures are implemented and operational, and for monitoring the Bank’s risk profile. The Executive Board monitors strategic and business risk and supervises the Executive Board Risk Management Committee (EBRMC) in monitoring and reporting these risks. The EBRMC is chaired by the Chief Financial Officer (CFO), and includes the CEO, other division heads, and the Chief Risk Officer (CRO).
- 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 puts forward the 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, with the support of the Risk Management Department. 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 Chief Credit Officer (CCO) is responsible for analyzing risk for all types of credit-risk exposure assumed by the Bank and, up to the limit of his approval authority (see below), for credit decisions and for monitoring risk exposure 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 CRO, as the head of the Risk Management Department, is responsible for developing and improving 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. The CRO 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. It is also responsible for monitoring implementation of investor protection measures. The Department 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.

Audit function

The remits of the Internal Audit Department and external auditors are set out in their respective audit programs and involve assessing the Bank's functioning and processes, and the methods of levels 1 and 2 of the internal control system.

3.2 Risk-taking strategy

BCV's risk appetite (or acceptable risk profile) is determined in accordance with the Bank's business strategy and capital-management strategy. The risk appetite is set so as to be consistent with the Bank's business model as a full-service bank with strong local roots and focused on moderate-growth activities. Granting loans in Vaud Canton is a core element of the Bank's mission and strategy and one that gives rise to credit risk. Market risk arising from the trading book is intended to remain only a marginal source of risk for the Bank.

The Bank has adopted a risk-taking strategy that spells out its risk-taking principles, overall limits, and target values, in order to keep its risk profile at appropriate levels. For credit and market risk, the Bank's RMPS establishes overall risk-exposure limits for a given portfolio or business line. It also includes risk-concentration limits for exposures to a given counterparty, underlying asset, or other risk-concentration factor.

The Executive Board Risk Management Committee, through the CFO, oversees compliance with the RMPS. Any crossed limits or instances of non-compliance with the principles set out in the RMPS are escalated to the Executive Board, which then reports to the Board of Directors.

3.3 Classification of risks and risk-assessment principles

Classification of risks

The Bank's approach to analyzing risk comprises four dimensions:

- Risk exposure, which relates to the fact that its activities and operations expose the Bank to risk;
- Risk factors, which are sources of uncertainty that may adversely affect the Bank's risk exposure;
- Risk events, which are triggered by a change in a risk factor, which, in turn, has an adverse effect on the Bank's risk exposure;
- Risk impact, which is the negative impact that a risk event has on the Bank's interests.

Throughout the Bank, four categories of risk are used to classify risk events:

- Strategic and business risk. Strategic risk arises from economic or regulatory changes that have an adverse effect on the Bank's strategic choices; business risk is the result of competitive or economic changes that have an adverse effect on business decisions for a given strategy;

- Credit risk. This arises from the possibility that a counterparty may default. Credit risk is inherent in all lending exposure;
- Market risk. This arises from potential adverse changes in market parameters – particularly prices and implied volatility – and other market effects (e.g., correlation between asset prices and market liquidity). Liquidity risk, both in terms of the structural funding of activities and short-term liquidity management, is also deemed to be a component of market risk. Market risk is inherent in all market exposure;
- Operational risk. This arises from a possible failure relating to inadequate processes, people, and/or information systems, or even 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.

For all risk types, the Bank seeks to protect itself against three types of potential impact:

- The financial impact, that is, a decrease in the Bank's net profit and/or a drop in the book or economic value of the Bank's 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. For example, there could be negative newsflow in the press or on social media, or a parliamentary inquiry or other major incident affecting relations between the Bank and the Vaud Cantonal Government or the general public.

Risk assessment

Throughout the Bank's businesses and portfolios and for every position and transaction, the Bank assesses and monitors its risk profile, i.e., its exposure to strategic, business, credit, market, and operational risks. The Bank assesses the potential financial, regulatory, and reputational impact of these risks.

Risk assessment generally involves analyzing the following:

- *Risk exposure*

  This involves determining which risk factors the Bank is exposed to as a result of its activities or operational processes.

- *Risk factors and events*

  This involves identifying relevant risk factors and determining potential risk events. For strategic and business risk, this includes all economic and regulatory factors that may affect the Bank's business activities and its operational processes. For credit, market, and operational risk, the relevant risk factors and risk events are defined according to the nature of the Bank's activities.

  These risk factors include climate-related risk factors. Details of these risk factors and how they are incorporated into the Bank's risk assessments are provided in Section 7, "Climate-related risks," and in BCV's sustainability report, which has an appendix on this topic.

- *The impact of risks*

  This involves determining the potential financial, regulatory, and reputational impact.

  For risks with a potential financial impact, i.e., that may result in a decrease in the Bank's net profit and/or in the value of its capital, this means defining *loss metrics* and *risk metrics* and determining *capital requirements* (in keeping with FINMA requirements). *Loss metrics*, which are used to determine the potential financial impact, are calculated in accordance with the guidelines set out in the RMPS; they are developed for each risk category set out above.

Risk reports

Risk-related reports are intended to provide an overview of the Bank’s risk profile at a given point in time, in order to identify any increases in risk exposure or changes in risk profile. The CRO has overall responsibility for compiling these reports. If the reports show a material deterioration in the Bank’s risk profile, the CRO informs the CFO, who then informs the Executive Board, the Chair of the Audit and Risk Committee, the Chair of the Board of Directors, and the Internal Audit Department.

The Bank’s Risk Report gives insight into the overall economic climate and trends in the Bank’s business and strategic risk, credit risk, market risk, and operational risk. This report also helps assess the financial impact of those risks and determine whether risk exposure is within the limits set by the RMPS.

For credit risk, the Risk Report provides information on the following items in particular:

- For portfolios: breakdown between banks and non-banks and by industry, segment, region, and exposure to climate-related risk factors (based mainly on the energy profile of financed real estate, corporate clients’ business sectors, and the type of goods involved in trade-finance transactions); impaired vs. non-impaired loans; provisions; expected losses; capital requirements; and compliance with limits in the RMPS for specific portfolios;
- For counterparties: major risks; counterparties with the largest provisions; a watchlist for each business line; and compliance with limits in the RMPS for specific counterparties.

For market risk, the Risk Report provides information on the following items in particular:

- Trading book – Value of the trading book; use of funding limits; use of VaR limits; and compliance with limits in the RMPS;
- Interest-rate risk in the banking book – Equity duration; the sensitivity of the net interest margin to major stress scenarios; and compliance with limits in the RMPS;
- Liquidity risk – Short-term funding structure; total liquidity; concentration risk on short-term deposits; and compliance with limits in the RMPS.

For operational risk, the Risk Report provides information on the following items in particular:

- Key risk indicators (KRIs) for the main operational risks;
- Provisions and losses resulting from operational risk, and risk-tolerance tracking (number of incidents having an impact each year, and the amount of the impact in Swiss francs each year);
- The most significant new provisions and losses.

Most data in the Risk Report are updated monthly. Every six months a report on the Risk Management Department’s operations is included. The Executive Board Risk Management Committee reviews the Risk Report every month; the Executive Board, Audit and Risk Committee, and Board of Directors review it every quarter. Once approved, the quarterly Risk Report is also sent to the head of the Internal Audit Department, the Chief Compliance Officer, and the entity responsible for the Bank’s independent audits.

4. CREDIT RISK

4.1 Credit-risk framework

Strategy and processes

Guidelines for taking on credit risk

The Bank's lending activities are focused on Vaud Canton; lending does however take place to a lesser extent in other parts of Switzerland and other countries for specific client segments and products. Through its lending activities, the Bank aims to contribute to the development of all areas of the private-sector economy, to mortgage lending, and to the financing of public-sector entities within the Canton. The Bank pays particular attention to the principles of economically, environmentally, and socially sustainable development.

Lending at the Bank is based on the principle that a borrower must be able to fully repay any loan within a given period, or that the Bank may be released from any commitments it may have in regard to counterparties, while receiving fair compensation for the risks incurred and the work undertaken.

The Bank applies a differentiated pricing policy according to the estimated degree of risk. Where preferential terms are requested due to the extent of the Bank's business relationship with the counterparty or business group, the overall return on the business relationship is taken into consideration.

The Bank does not engage in name lending. The lending decision is based on the solvency of the counterparty, the project's earnings capacity, and the management's capabilities.

The Bank avoids financing or supporting illegal or immoral activities through its lending facilities. The Bank also avoids facilitating, through its lending facilities, activities that could entail a risk of money laundering, insider trading, corruption, or activities that would breach in any other way the Swiss banks' code of conduct with regard to the exercise of due diligence or the money-laundering act and its ordinances. The Bank avoids operations that may damage its reputation or image.

The Bank takes account of lending-related environmental and social risks and impacts. It has put in place a set of rules to ensure that it does not finance activities, projects, or counterparties that do not comply with its related standards (see BCV's Sustainability Policy). It has also developed indicators that it uses to monitor the lending portfolio and track specific risks (see also Section 7, "Climate-related risks").

Standards and procedures for lending and loan renewals

Before taking on credit risk, the Bank conducts an analysis of the nature and complexity of lending commitments, using the appropriate internal methods for that type of transaction. BCV will not grant, increase, or renew loans to debtors until it has assessed solvency, i.e., until it has determined the appropriate internal counterparty rating of the probability of default using established methods. Risks relating to transactions and the return on commitments are also analyzed. It is in this context that the collateral for the commitment is identified and evaluated. The Bank also takes account of how counterparties are managing the transition to a low-carbon economy and their level of cyber-risk preparedness.

For both new and existing banking relationships, the Bank studies the economic background, the nature of and the reasons for the transaction, as well as the relationship between the parties involved. The Bank seeks to obtain a detailed view of the economic and personal situation of counterparties, and, as necessary, of the beneficial owners, the guarantors, or the beneficiaries of guarantees. The information obtained is carefully verified.

The Bank develops, reviews, and uses standard criteria for lending decisions. For financing owner-occupied homes and income-producing real estate, these criteria were chosen, in particular, for their reliability and clarity.

The Bank seeks to ensure its legal requirements are met, in particular with regard to the place of jurisdiction and the Bank's capacity to enforce its rights arising from its lending commitments. It also seeks to avoid any operations in which the risks are not managed. Contractual documentation for standard lending operations is drawn up using models and/or guidelines that have been validated by the Bank's Legal Department. For some lending operations, the Bank's legal department or, if necessary, external experts may be called upon. Contractual provisions aim to ensure that the funds are used in accordance with the stated purpose of the lending facility and that the Bank obtains any requested financial information within the stated deadlines. For medium- and long-term lending commitments, the contract is written in such a way as to ensure that the Bank's position as lender is not subordinated to that of other creditors without its agreement, in terms of both collateral and the counterparty's position within a business group. For long-term commitments that cannot be terminated at any time based on the Bank's General Conditions, or for which the Bank cannot call in additional collateral at any time, the Bank adds a termination clause to hedge against the increased risk.

An application is prepared for all lending decisions. The application clearly states the reasons, conditions and contractual terms associated with the risk taken, and in particular the credit limit granted to the counterparty or business group. These applications are submitted for approval to the competent body according to a defined delegation chain.

Reexamination of lending commitments and collateral

Lending commitments are reviewed to assess any change in the counterparty's solvency or the value of the collateral, and to determine whether the commitments should be maintained at the existing level or reduced. The Bank uses an internal timetable to ensure that a periodic review is conducted of all lending commitments associated with a business group together with the contractual terms. A similar timetable is also used to review the level of collateral.

In addition to these regular reviews, the Bank uses a system of alerts under which specific commitments are reviewed outside of the normal timetable if any deterioration is detected. These alerts could be triggered and a review required, for example, if payment deadlines are missed or if there is a delay in the submission of information required to properly monitor lending commitments.

Decisions made on the basis of these reviews are subject to a delegation chain similar to the one used to assess whether to grant a new line of credit.

Limits, portfolio monitoring, and special measures

Within the credit portfolio, global risk limits are defined, mainly for the purpose of tallying up exposures that taken together could have a major impact on the Bank's net profit and economic capital. These limits are defined and monitored:

- For the exposure, the expected loss and the capital requirement for various client segments and for activities outside Vaud Canton and outside Switzerland.
- For the amount and term of the lending commitments in each foreign country in which the Bank takes on credit risk. The limits are determined through an internal analysis of the financial and settlement risks associated with the financing in place in the various countries.
- For the amount of aggregate positions for a given business group in order to monitor concentration risk.

If necessary, in addition to setting and monitoring these limits, the Bank analyzes specific portfolios that are deemed to be exposed to potential or actual adverse conditions. These analyses may lead to proactive measures for a sub-grouping of the counterparties in question in order to enhance credit-risk monitoring.

Furthermore, in case of extraordinary events, such as a significant decline in the local or broader property market, the dates on which collateral is reviewed may be moved forward for groups of collateral identified in accordance with various criteria (by region, property type, age of existing valuation, etc.) to avoid a situation in which the Bank's information systems contain obsolete and overestimated amounts for the market value of properties.

Monitoring and treating counterparties reputed to be in financial difficulty and counterparties in default

Counterparties that present a particularly high risk of default but are nevertheless considered to be performing are said to be “reputed to be in financial difficulty” (RD). These counterparties, along with counterparties that are “in default” (ID), are subject to closer monitoring.

Lending commitments to RD or ID counterparties are treated by the Bank individually, quickly and with the necessary rigor, in accordance with ethical and compliance-related rules. These positions must generally be made sound over the course of three to four years. Where this strategy cannot be applied, the Bank takes the appropriate measures to minimize its losses.

Structure and organization

Responsibilities in the credit process

In processing credit operations, the Bank as a general rule separates its client-facing divisions (Corporate Banking, Retail Banking, Private Banking, and Asset Management & Trading), which are responsible for advising, selling, selecting, pre-analyzing, and pricing the transactions, from the Credit Management Division, whose departments are in charge of the other phases of the lending process, such as analysis, granting loans, arranging the financing, and monitoring credit limits. In addition to the principle of separation, rules exist to avoid potential conflicts of interest between counterparties, on the one hand, and analysts and specialists, on the other.

Delegation chain for credit-related decisions

The decision-making process involves approving or reviewing a position and validating the internal counterparty rating of the probability of default as well as any overrides. To determine the competent body, the Bank applies a differentiated delegation chain that ensures that large and high-risk commitments are dealt with at the highest level, guaranteeing that Management is appropriately involved in taking on credit risk.

The competent body depends on the nature of the commitments and the level of credit risk of the business group to which the counterparty belongs. Decision-making authority is attributed individually or to credit committees, in accordance with a set of approval limits for each type of commitment (e.g., loans and advances to customers, interbank lending, and loans to employees and members of the governing bodies). These limits, which are different for credit decisions and reviews of existing commitments, depend on the internal counterparty rating of the probability of default, the nature, amount and term of the lending commitment, and the level and quality of the collateral for the financing. In addition, should certain lending criteria not be met, any decision to grant or increase financing for single-family homes and income-producing real estate would have to be made higher up the credit-decision-making chain. For each type of lending commitment, there is a distinct set of approval limits for decisions relating to short-term overruns or overdrafts.

The Board of Directors is at the top of the decision-making hierarchy and systematically reviews the most important credit-related decisions. Immediately below the Board of Directors are the Executive Board's Credit Committee (EBCC) and the Chief Credit Officer (CCO), who heads the Credit Management Division. The EBCC and the CCO have widespread lending authority, which encompasses all of the Bank's activities. For lower amounts, lending authority is allocated according to the activity, beginning with the sector-specific credit committees. Lower down still, the analysts in the Credit Management Division, with different levels of authority, have certain powers that are specific to their field. Finally, 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.

Lending commitments to RD or ID counterparties are subject to a separate delegation chain. There is an additional set of approval limits for decisions relating to taking on credit risk abroad.

Decisions taken at a given approval level are checked *a posteriori* by the level above, through a full or selective review of lending decisions deemed to be significant.

Responsibility for identifying and monitoring RD/ID loans

Any entity within the Bank that is involved in the lending process may suggest that a counterparty be included in the RD and ID categories on the basis of criteria that are defined in the same way for all of the Bank's activities. Entities with lending authority are authorized to decide whether to include a client in these categories.

A specialized department within the Credit Management Division monitors these commitments. It is separate from the front-line units that generate lending commitments. Once lending commitments are sound again, they are monitored by the front line.

Internal documentation and regulations

The guidelines for lending activities are set out in the Bank's Credit Policy. In particular, it sets out the basic principle for how authority for granting and reviewing loans is allocated. The delegation chain is then explained in detail in the Bank's Lending Policy Rule Book. Together with the Technical Standards (technical criteria and limits for lending), these documents form the framework for the Bank's lending activities, which is established in accordance with the Bank's RMPS.

The Executive Board defines and develops the Credit Policy, upon the recommendation of the CCO, and submits it to the Board of Directors (BoD) for approval. The BoD reviews the Credit Policy periodically. All those involved in the lending process are responsible for monitoring the Credit Policy and ensuring that it is adhered to. The CCO oversees its application.

The Lending Policy Rule Book sets out the rules and guidelines for decisions concerning the Bank's credit risk at the parent company level (delegation chain). It is established in accordance with the Bank's by-laws and Credit Policy.

The EBCC develops and submits the Lending Policy Rule Book and its updates to the BoD.

The Technical Standards define the type of collateral recognized by the Bank and, for each type of collateral, the loan-to-value ratio required for a loan to be consider secured. The Technical Standards are subject to validation by the BoD.

At the operational level, lending activities are structured around a series of internal directives that provide details of the guidelines set forth in the framework documents.

Risk assessment

Risk event

A credit-risk event is a default by a counterparty: the Bank considers a counterparty to be in default when the counterparty is past due more than 90 days 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. Impaired loans are the same as loans to counterparties in default, also known as defaulted loans.

In accordance with accounting principles, loans where the counterparty is more than 90 days late on a payment obligation to the Bank are considered past due and interest on these loans is not recognized as interest income. All past-due loans are classified as defaulted loans through an operating procedure and lending decision. The volume of past-due loans that have not yet been classified as defaulted loans is very low.

The Bank does not use the concept of a restructured exposure.

Risk exposure

The Bank considers all credit-risk exposure that arises from its activities, including its activities as a custodian bank, with the following counterparties or groups of counterparties:

- Retail and private banking clients;
- Corporates, excluding trade finance;
- Trade finance;
- Fund-management companies;
- Public-sector entities (municipalities and regional, local, and national governments);
- Bank counterparties.

For any counterparty, exposure to credit risk in the trading book and banking book (both on and off the balance sheet) occurs in the following forms:

- Exposure in the form of a financial claim (mortgage loans, fixed-term advances, current accounts with credit limits, overdrafts, investments, and current accounts held by the Bank with other banks);
- Off-balance-sheet exposure resulting from undrawn portions of notified limits, contingent liabilities (guarantees) issued by the Bank on behalf of the counterparty, guarantees or other forms of commitment (letters of credit, avalized drafts) received from the counterparty as collateral or for which the Bank takes over the risk;
- Exposure resulting from forward contracts and OTC derivatives, taking into account netting agreements and collateral management agreements;
- Exposure in terms of shares and other equity securities (including equity derivatives) for which the counterparty is the issuer (in the banking book and net positions in the trading book);
- Exposure resulting from repos/reverse repos and securities lending/borrowing transactions;
- Settlement exposure, especially on currency transactions. It should be noted that when positions are unwound through a simultaneous settlement system, such as CLS (Continuous Linked Settlement), settlement risk is not considered.

The methods defined determine the amount of exposure by category.

Loss metrics

The Bank uses the following credit loss metrics:

- *Expected credit loss on non-impaired exposure:* This is the amount that the Bank expects to lose in a "normal" year as a result of its credit-risk exposure to non-defaulted counterparties. The expected loss is usually determined individually for each loan on the basis of the probability of default and the loss given default. A general description of the method used for analytical purposes is provided below.[8]
- *New provisions on impaired exposure*: The Bank sets aside provisions on newly impaired loans so that the expected credit loss over the loans' remaining lifetime is recognized as an expense during the period in which they became impaired. This approach ensures that the Bank's credit-risk provisions cover effective credit losses. The amount of these provisions is generally determined using a parameter-based method in which the provisioning ratio is determined and applied to credit-risk exposure. In some cases, for large commitments or for special or complex situations, the amount of the provision is based on a scenario analysis.
- *Effective credit loss*: This is the actual loss recorded by the Bank *a posteriori* on its exposure to counterparties in default. It results from the write-down or write-off of loans on the balance sheet.

For performing loans not relating to trade finance or real-estate development, the expected loss is determined on the basis of the probability of default and the loss given default.

- *Counterparties' probability of default, and rating of default risk*

  Each counterparty is assigned an internal counterparty default rating depending on its probability of default. Throughout the Bank (parent company), there are seven main internal ratings (B1 to B7) and 16 sub-ratings (B1.1 to B7).

  The ratings B1 to B5.2 are used for counterparties that are neither RD nor ID; B6 is used for counterparties that are RD, which are also considered performing. Counterparties rated B7 are ID or non-performing.

  A rating method is used to assign an internal rating to each performing counterparty. Counterparties (individuals, companies, banks, etc.) are distinguished by factors that may affect their solvency, the nature of available explanatory data and the level of loss-risk they represent. Rating methods are segmented into groups of counterparties so that counterparties that are deemed similar according to these analytical factors are handled in the same way.

  For each rating segment the rating method for performing clients comprises a "score" and an "analyst's assessment." Considered together, the score and the analyst's assessment are used to assign an internal rating to each performing counterparty.

  - For the score component of the rating method, an internal rating is identified using one of the following three procedures: applying a calculation function for the probability of default calibrated statistically or based on an expert's assessment, assigning the counterparty to a default probability slot, or transferring a counterparty from one rating to another in accordance with a system of rules. The Bank also employs standards and methods to recognize the impact on the probability of default of factors such as the business group or government support at a local, regional, or national level.

  - The "analyst's assessment" component of the rating method defines the guidelines to be followed by an expert when analyzing the counterparty's debt quality, alongside the score. The competent

[8] In order to meet the requirement to set aside provisions for inherent credit risk on non-impaired loans (FINMA-AO, Articles 25 and 28), the Bank also uses expected loss models to determine the provisions for each non-impaired credit-risk exposure. For non-impaired exposures that are not classified as having a high risk of default, provisions are set aside based on the 12-month expected loss using the method described in this section. For non-impaired exposures that are classified as high-risk (i.e., counterparties "reputed to be in financial difficulty"), provisions are set aside based on the expected loss at maturity. More detailed information on provisions for inherent credit risk is provided in the Annual Report.

body sets and approves the internal rating that is eventually determined as well as the override, if necessary.

Specific criteria are defined for the purpose of identifying RD counterparties. A counterparty is deemed RD when one of the following two conditions is met:

- The Bank believes there to be a high risk that part of its exposure to credit risk on the counterparty will not be recovered.
- A significant breach of the 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 definitive exemption being granted.

- *Loss given default*

  To calculate the loss given default, the Bank takes into account the expected exposure at the time of default, the expected coverage ratio at the time of default, the nature of the collateral, and the rate of loss on secured and unsecured parts. The internal models used are calibrated so that the loss given default produced by the calibrated model corresponds to an effective loss that takes into account discounted values of all cash flows paid and collected by the Bank after the default, including fees associated with managing the loans of counterparties in default and with recovering loans.

A supervisory slot is allocated to loans relating to real-estate development and trade finance in order to estimate the expected loss. The slot assignment is based on a structured analysis of the corresponding transactions. It meets the supervisory slotting criteria for specialized lending in Chapter CRE33 of the final Basel III Accord.

Risk metrics

The Bank's main credit-risk metrics are:

- The expected loss (see above);
- Loss under stress scenarios. The Bank applies cyclicality stress tests and global stress tests:
  - Cyclicality stress tests for credit risk indicate the extent of the change in capital requirements in the event of an economic slowdown. They are based on changes in two key credit-risk variables, which are probability of default and loss given default.

- Global stress tests are part of the broad approach for estimating (by risk category) the impact of a number of stress scenarios on the Bank's net profit in order to assess capital adequacy. For credit risk, this allows the need for new provisions to be estimated for each stress scenario, should it occur. The stress scenarios are defined for the entire lending portfolio on the basis of historical observations (for example, the property market correction in the early 1990s) and macroeconomic analyses.

Unless otherwise indicated, credit-risk metrics address a risk horizon of 12 months.

Capital requirements for credit risk

For most of its credit-risk exposure (around 80% of risk-weighted assets), the Bank determines its regulatory capital requirements (Pillar 1) using the foundation internal ratings-based approach (F-IRB). For exposure outside the scope of the F-IRB approach, capital requirements are determined using the International Standardized Approach (SA-BIS).

Table 5. Credit-risk exposure by approach applied
In CHF millions, at 31 December 2025, BCV Group, CRE[9]

	Credit risk		Counterparty credit risk		
Category	**F-IRB**	**SA-BIS**	**F-IRB**	**SA-BIS**	**Total**
Central governments, central banks, and supranational institutions	-	100%	-	0%	9,617
Banks	48%	34%	18%	0%	1,656
Swiss mortgage bonds	-	100%	-	-	4,400
Non-central govt. public-sector entities and multilateral development banks	33%	64%	2%	0%	3,383
Corporates	92%	7%	1%	1%	18,553
Retail	96%	3%	0%	0%	23,892
Other positions	-	100%	-	-	541
Total	**68%**	**31%**	**1%**	**0%**	**62,042**

Exposures outside the scope of the F-IRB approach include those for which the Bank does not intend to put in place a rating model that meets the F-IRB criteria. These exposures include the SNB; the Swiss Federal Government; Swiss cantonal governments; the Mortgage-Bond Bank of Swiss Mortgage Institutions; the Central Mortgage-Bond Institution; some foreign bank and sovereign bond issuers; SMEs that do not have financial statements or that only have loans that are fully secured by cash, securities, or a joint and several loan guarantee as described in Article 3 of Switzerland's Covid-19 Joint and Several Loan Guarantee Ordinance; insurance companies; investment funds; counterparties with no loan agreement (i.e., for overdrafts); and exposures at the Bank's subsidiaries.

[9] Exposure at default (EAD) after applying credit conversion factors. Credit risk and counterparty credit risk excluding credit valuation adjustments and central counterparties. Asset classes defined by FINMA (Tables CR4 and CR7), also described in Section 8.4.2.

Table 6. Risk-weighted assets by approach applied
In CHF millions, at 31 December 2025, BCV Group, CRE

	Credit risk		Counterparty credit risk		
Category	**F-IRB**	**SA-BIS**	**F-IRB**	**SA-BIS**	**Total**
Central governments, central banks, and supranational institutions	-	100%	-	-	0
Banks	64%	23%	13%	0%	537
Swiss mortgage bonds	-	100%	-	-	440
Non-central govt. public-sector entities and multilateral development banks	44%	53%	3%	0%	728
Corporates	91%	8%	0%	1%	9,900
Retail	86%	13%	0%	0%	2,536
Other positions	-	100%	-	-	554
Total	**81%**	**18%**	**1%**	**1%**	**14,695**

4.2 Loans and debt securities

This section covers loans to customers and banks (excluding securities financing transactions and derivatives) and debt securities in the financial investments portfolio. These loans and debt securities correspond to the credit-risk exposure set out in DisO-FINMA. Securities financing transactions (repo and reverse repo agreements) and derivatives are discussed in Section 4.3, “Counterparty credit risk.”

4.2.1 Portfolio quality

Most loans to customers are located in Vaud Canton (76%). They are composed primarily of on-balance-sheet exposure in the form of mortgage loans and various financing in the form of current accounts (e.g., loans for construction, operational, investment, or cash-management purposes).

Most of the exposure to banks and debt securities is in Switzerland (86%) but outside of Vaud Canton. These exposures mainly comprise cash held with the SNB, investments with the Central Mortgage-Bond Institution and the Mortgage-Bond Bank of Swiss Mortgage Institutions, and exposures to other Swiss banks. Exposure in Europe arises mainly from cash-management and trading transactions, whereas exposure in the rest of the world is a result of trade-finance activities.

Table 7. Credit-risk exposure by type of exposure and region
In CHF millions, at 31 December 2025, BCV Group, CRB[10]

	Exposure			Provisions and impairments		
Region	**Total**	**Non-impaired**	**Impaired**	**Total**	**Non-impaired**	**Impaired**
Customer loans	**49,529**	**49,330**	**199**	**105**	**27**	**79**
Vaud Canton	37,433	37,291	143	69	15	54
Rest of Switzerland	10,546	10,508	38	20	5	15
European Union and North America	622	612	10	3	3	0
Rest of world	927	920	7	13	4	9
Bank loans and debt securities	**17,046**	**17,046**	**-**	**1**	**1**	**0**
Vaud Canton	0	0	-	0	0	-
Rest of Switzerland	14,664	14,664	-	0	0	-
European Union and North America	1,784	1,784	-	0	0	-
Rest of world	597	597	-	1	1	0
Total	**66,574**	**66,376**	**199**	**106**	**27**	**79**

Table 8. Credit-risk exposure by risk segment
In CHF millions, at 31 December 2025, BCV Group, CRB

	Exposure			Provisions and impairments		
Risk segment	**Total**	**Non-impaired**	**Impaired**	**Total**	**Non-impaired**	**Impaired**
On- and off-balance-sheet exposure	**58,628**	**58,430**	**199**	**106**	**27**	**79**
Retail	13,613	13,586	27	4	2	2
Private banking	9,517	9,465	52	14	1	13
SMEs	6,192	6,123	69	42	7	35
Real-estate professionals	12,888	12,874	14	5	4	0
Large corporates	3,248	3,220	28	28	6	21
Public-sector entities	2,499	2,499	-	0	0	-
Trade finance	1,032	1,023	9	14	5	9
Banks	9,640	9,640	-	1	1	0
Debt securities	**7,405**	**7,405**	**-**	**-**	**-**	**-**
Equity securities	**32**	**32**	**-**	**-**	**-**	**-**
Non-counterparty-related assets	**508**	**508**	**-**	**-**	**-**	**-**
Total	**66,574**	**66,376**	**199**	**106**	**27**	**79**

The Bank classifies counterparties into eight risk segments according to their type, main business, and extent of the banking relationship with BCV.[11]

[10]Tables 7 through 9 show exposure at default (EAD) before applying credit conversion factors.

[11]Risk segments are described in Section 8.4.2.

A large percentage of the Bank's exposure (35%) represents lending to retail and private banking customers in the form of mortgages and Lombard loans.

Companies account for 35% of total exposure, which is divided among SMEs, real-estate professionals, large corporates, and trade-finance counterparties.

Public-sector exposure mainly consists of limits granted to the Swiss Federal Government, municipalities, and the Vaud Cantonal Government.

Bank counterparties account for 14% of total exposure, comprised mostly of cash deposited with the SNB.

Debt securities account for 11% of total exposure and include investments with the Mortgage-Bond Bank of Swiss Mortgage Institutions and the Central Mortgage-Bond Institution in the amount of CHF 4.4bn.

Table 9. Breakdown of exposure by residual contractual maturity
In CHF millions, at 31 December 2025, BCV Group, CRB

Category	< 1 yr	1-5 yrs	> 5 yrs	No maturity	Subsidiaries	Total Group
Central governments, central banks, and supranational institutions	195	239	489	8,480	217	9,620
Banks	679	415	143	329	28	1,595
Swiss mortgage bonds	243	1,510	2,647	-	-	4,400
Non-central govt. public-sector entities and multilateral development banks	243	1,585	1,660	581	0	4,069
Corporates	5,042	2,049	1,111	13,360	142	21,704
Retail	1,145	354	297	21,880	968	24,645
Other positions	-	-	-	541	0	541
Total	**7,547**	**6,154**	**6,348**	**45,171**	**1,355**	**66,574**

There is no contractual maturity date for repayment on 68% of the Bank's exposure. This is the case for cash held with the SNB, all mortgage loans, and some credit limits. Most mortgage loans are currently fixed-rate loans, which means there are maturity dates on which the loans can be renewed. At the maturity dates, most fixed-rate loans are renewed with new interest rates. For tax reasons, it is rare for clients residing in Switzerland to fully pay down their mortgage loan.

Table 10. Credit quality of assets
In CHF millions, BCV Group, at 31 December 2025, CR1[12]

		a	b	c	d
		Gross carrying value of			
		Defaulted exposure	Non-defaulted exposure	Provisions and impairments	Net value
1	Loans (excl. debt securities)	196	51,574	99	51,670
2	Debt securities	-	7,405	-	7,405
3	Off-balance-sheet exposure	2	7,397	7	7,393
4	**Total**	**199**	**66,376**	**106**	**66,468**

Impaired or defaulted loans amounted to CHF 199m at 31 December 2025 and accounted for 0.3% of total exposure. A provision of CHF 79m was recognized for these loans; this represents an average provisioning rate of 40%, reflecting the high quality of the collateral provided on these loans. Provisions are determined individually for each defaulted loan, taking into account the liquidation value of collateral and the characteristics of the counterparty.

Non-impaired loans amounted to CHF 66.376bn. Provisions for inherent credit risks on those loans stood at CHF 27m. The provisions were calculated based on the 12-month expected loss for loans relating to B1 to B5 counterparties (CHF 24m at 31 December 2025) and on the expected loss at maturity for high-risk loans to counterparties “reputed to be in financial difficulty” (CHF 3m at 31 December 2025). Provisions for country risk (zero at 31 December 2025) cover non-defaulted exposure in countries where the financial or settlement risk rating is below a given threshold.

Table 11. Changes in the stock of defaulted loans and debt securities
In CHF millions, BCV Group, CR2

		a
		Defaulted loans
1	**Defaulted loans and debt securities at end of previous reporting period**	**192**
2	Loans and debt securities that have defaulted since the last reporting period	35
3	Amounts returned to non-defaulted status	22
4	Amounts written down or written off	1
5	Other changes	-6
6	**Defaulted loans and debt securities at end of reporting period**	**199**

92% of defaulted loans relate to counterparties that went into default in or after 2014.

[12] Columns d, e, and f are not included because BCV does not apply the “expected credit loss” approach set out in IFRS and US GAAP standards and in FINMA-AO (Article 25.4).

4.2.2 Risk mitigation

The Bank seeks to appropriately secure its exposure through the use of collateral. Various types of collateral are recognized. They include:[13]

- Pledges on real estate (primarily mortgage deeds on various types of real estate);
- Pledges on financial assets (mainly cash and securities accounts);
- Guarantees (mainly loan guarantees and bank guarantees).

The valuation of collateral recognized by the Bank is based on the principle of market value, and is carried out as often as appropriate for the type of collateral. Pledges on real estate and financial assets are valued as follows:

- The valuation of pledged real estate is carried out using methods appropriate to the type of real estate: models are used for standard real estate like houses and apartments, while other types of properties, like hotels, are appraised. The frequency at which real estate is valued depends on the type of property, as do the standard loan-to-value ratios for the loans secured by this collateral.
- Securities portfolios and other financial assets pledged as collateral for Lombard loans are valued daily. Loan-to-value ratios are defined by type (shares, debt securities, fund units, fiduciary accounts, precious metals, or structured products), country of domicile, currency risk, the liquidity of the security, the counterparty’s default risk, and the residual term for debt securities, together with portfolio diversification.

Table 12. Credit-risk mitigation techniques – overview
In CHF millions, at 31 December 2025, BCV Group, CR3

		a	b	c	d
		Exposures unsecured: carrying amount	**Exposures secured**	**Exposures secured by collateral**	**Exposures secured by financial guarantees**
1	Loans (excl. debt securities)	17,992	33,678	32,697	981
2	Debt securities	7,122	283	-	283
3	**Total**	**25,114**	**33,961**	**32,697**	**1,264**
4	Of which: defaulted	44	74	71	3

4.2.3 IRB approach

4.2.3.1 IRB approach (excluding specialized lending)

BCV obtained approval from FINMA to use the F-IRB approach to determine regulatory capital requirements for credit risk beginning on 1 January 2009.

Structure of IRB rating systems

The rating system for default risk is composed of a series of rating models. In all cases, the aim is to assess the one-year probability of default, in the form of an internal counterparty default rating. The following models are used for the categories for which the Bank obtained F-IRB approval (they are named after the population to which they apply):

- BCV staff (default probability pool);
- Private banking (default probability pool);
- Retail (default probability statistical scores);

[13] BCV does not net out on- or off-balance-sheet items (except for securities financing transactions and derivatives, which are discussed in the “Counterparty credit risk” section).

- SMEs (several default probability statistical scores, depending on the nature of the client and the data available);
- Large corporates (expert default-probability scores);
- Banks (expert default-probability scores);
- Municipalities in Vaud Canton (expert default-probability scores).

The Bank has also defined and implemented a system of rules governing the transmission of internal ratings for counterparties that are related in terms of credit risk. The scores are accompanied by the analyst assessment rules.

All these models, with the exception of the rating model for bank counterparties, generate an estimate of the probability of default without using external ratings. When assessing default risk, the rating model used for bank counterparties takes into account, among other factors, the ratings issued by the main ratings agencies (Moody's, Fitch, and Standard & Poor's).

The Bank determined the scope of application of its models by grouping together similar counterparties; i.e., counterparties that could all default for related reasons and for which the Bank has a set of common data that can be used for modeling. The scope of its models matches these groups where they present a material, coherent risk.

Internal loss given default (LGD) and exposure at default (EAD) models are used to calculate regulatory capital requirements for retail portfolios.

LGD is the economic loss to the Bank if a counterparty defaults. The economic loss is calculated as the difference between the Bank's exposure to the counterparty at the time of default and the present value of all cash flows that the Bank stands to receive from the counterparty after its default. The Bank's internal LGD model factors in both the loss on the exposure and the workout costs. LGD is calculated by loan tranche, as each tranche is secured by different collateral (e.g., real estate, other securities, and guarantees); there may also be a portion not secured by collateral. Each tranche is given a loss rate. The LGD for the total loan is generally the weighted average of the loss rates for each tranche, including any unsecured tranches. The loss rates for each type of collateral are determined using data from a recessionary period in Vaud Canton (the early 1990s) to include the downturn characteristics required by regulators. A counterparty's LGD is separate from its probability of default (PD).

The credit conversion factors (CCFs) used for the Bank's internal EAD model are either calculated using a conservative approach (100% for undrawn credit limits) or based on prudential CCFs (contingent liabilities).

Use of ratings

In addition to being used to calculate regulatory capital requirements under the F-IRB approach, internal ratings are used for numerous purposes (in the front, middle, and back offices). Here are the main uses:

- Decision-making support when credit facilities and other commitments are granted or renewed;
- Defining lending authority and the intensity of monitoring;
- Setting risk-adjusted prices;
- Creating provisions;
- Monitoring the performance of business units;
- Analyzing risk on the lending book;
- Strategic planning.

The scope of application of certain models for internal needs goes significantly beyond the scope of the corresponding F-IRB approval. Internal LGD/EAD models are used to estimate the expected loss on most of the Bank's credit portfolios and not only on the retail portfolios. Furthermore, internal rating models for default risk are used for a number of portfolios for which the Bank does not intend to seek IRB approval.

Managing and integrating the reduction in credit risk

The principles used to recognize and value collateral are the same for the portfolios for which BCV has obtained F-IRB approval for calculating regulatory capital requirements as for the rest of its lending portfolio.

Rating system's control mechanism

The rating system's control mechanism obeys the principles of the Bank's internal control system. It is composed of three levels of internal oversight. The first two levels are under the responsibility of the Executive Board, while the third level falls under the Board of Directors:

- Level 1: operational and managerial oversight of business activities, in accordance with the chain of command.
- Level 2: monitoring the appropriateness and effectiveness of level 1 by independent entities.
- Level 3: periodic independent review of levels 1 and 2 by the Internal Audit Department.

For the rating models (PD, LGD, and EAD), or other models affecting the assessment of credit risk, three steps are defined. The objectives and responsibilities for each step are as follows:

Step 1: initial validation

Key components of the initial validation include monitoring the following: the logic of the design; the quality of the data; the selection of variables; the modeling process; the development of results; documentation; programming; and implementation.

Preparatory work for the initial validation is conducted by the units responsible for developing the models as part of their development and improvement work. Operational and managerial oversight of this work (level 1) is also done by these units.

The Validation of Rating Models unit, under the CFO's responsibility, challenges and monitors in both qualitative and quantitative terms the development and improvement work and the initial validation (level 2 oversight) and issues an opinion for the purposes of the initial validation by the Executive Board's Risk Management Committee (EBRMC).

The unit does this using documents drawn up by the unit responsible for developing the models, explaining the main choices made in the design process and describing the quantitative methods used and the results obtained. The documents also indicate the results expected from the models using a set of standardized indicators for explanatory power (for PD models) and indicators of the degree of prudence. The design document for each model is tailored to the type and complexity of the model in question (i.e., whether it is based on a statistical calculation or an expert assessment).

As part of its monitoring work, the Validation of Rating Models unit issues a report of this assessment and its conclusions.

The EBRMC is responsible for the initial validation of a new or improved model, and, by extension, for authorizing its implementation. It bases its validation decisions on reports from the unit responsible for developing the models that summarize the design documents, and on reports from the Validation of Rating Models unit that summarize the findings of the unit's independent assessment and include a recommendation for the initial validation.

Step 2: monitoring the use of models

This refers to the application of models in the Bank's credit and piloting processes.

For the credit process, analysts from the Credit Management Division and the front office are responsible for using the models and thus for calculating the estimators produced by the models. Analysts and the front office are also responsible for ensuring that the estimators are appropriately used in the context of credit decisions (decisions to grant credit as well as pricing decisions). These activities are subject to operational and managerial oversight which is defined by the analysts and the front office (level 1).

For piloting needs, various departments use the estimators produced by these models in the lending process. The Risk Management Department in particular uses rating models to analyze and monitor risk on the loan book and to calculate capital requirements.

Step 3: ongoing validation

Key components of ongoing validation include ensuring appropriate use of the models and compliance with structural and design-related hypotheses, and backtesting performance (precision and discriminating capacity).

Preparatory work for ongoing validation is conducted by the units responsible for developing the models. These units also propose any necessary measures to be taken in response to the results obtained. Operational and managerial oversight of this work (level 1) is carried out by these units.

As during the initial validation, the Validation of Rating Models unit, under the supervision and responsibility of the CFO, challenges and monitors in both qualitative and quantitative terms the ongoing validation (level 2) and issues an opinion on the results of the ongoing validation and the measures proposed, for ongoing validation by the EBRMC.

The unit does this using documents drawn up by the unit responsible for developing the models that describe all the models and characterize their results using a set of standardized indicators for explanatory power (for PD models) and indicators of the degree of prudence.

As part of its monitoring work, the Validation of Rating Models unit issues a report of this assessment and its conclusions.

The EBRMC is responsible for the ongoing validation of a model and for possible measures to be taken in this regard. It is therefore responsible for authorizing a model’s continued use, including constraints and measures to be taken. It bases its validation decisions on reports from the unit responsible for developing the models that summarize the ongoing-validation documents, and on reports from the Validation of Rating Models unit that summarize the findings of the unit’s independent assessment and include a recommendation for the ongoing validation.

Operational principle behind model validation

The core principle underlying the activities of the Validation of Rating Models unit is “close, but independent.” Proximity is achieved by involving the unit in the entire process, starting with the initial steps taken by the design teams, both through regular support and regular discussions. Independence is achieved through the use of operational principles overseen by the EBRMC itself.

Table 13. IRB approach – Credit-risk exposure by portfolio and PD range
In CHF millions, at 31 December 2025, BCV Group, CR6

	a	b	c	d	e	f	g	h	i	j	k	l
PD range	**On-balance-sheet exposure**	**Off-balance-sheet exposure**	**Average CCF**	**EAD post-CRM and post-CCF**	**Average PD**	**Number of obligors**	**Average LGD**	**Average maturity**	**RWA**	**RWA density**	**EL**	**Provisions**
3 Banks and securities firms (F-IRB)												
0.00 to <0.15	403	179	31%	459	0.07%	85	45%	2.16	139	30%	0	
0.15 to <0.25	27	3	18%	28	0.21%	3	45%	2.38	16	59%	0	
0.25 to <0.50	239	154	38%	297	0.37%	79	45%	0.97	171	58%	0	
0.50 to <0.75	9	0	100%	9	0.57%	1	45%	2.50	9	96%	0	
0.75 to <2.50	4	-	-	4	1.77%	1	45%	1.00	4	115%	0	
2.50 to <10.00	2	-	-	2	5.13%	1	45%	1.00	3	160%	0	
10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	
100.00 (default)	-	-	-	-	-	-	-	-	-	-	-	
Subtotal	**684**	**337**	**34%**	**798**	**0.21%**	**170**	**45%**	**1.72**	**342**	**43%**	**1**	**1**
4 Non-central govt. public-sector entities and multilateral development banks (F-IRB)												
0.00 to <0.15	980	528	16%	1,056	0.06%	236	44%	3.62	281	27%	0	
0.15 to <0.25	68	15	10%	69	0.21%	6	45%	4.00	41	59%	0	
0.25 to <0.50	-	-	-	-	-	-	-	-	-	-	-	
0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	
0.75 to <2.50	1	-	-	1	2.04%	2	45%	4.26	1	136%	0	
2.50 to <10.00	-	-	-	-	-	-	-	-	-	-	-	
10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	
100.00 (default)	-	-	-	-	-	-	-	-	-	-	-	
Subtotal	**1,049**	**543**	**16%**	**1,126**	**0.07%**	**244**	**44%**	**3.64**	**323**	**29%**	**0**	**0**
7 Corporates – other lending (F-IRB)												
0.00 to <0.15	2,034	1,292	24%	2,340	0.09%	426	40%	2.40	515	22%	1	
0.15 to <0.25	790	328	28%	880	0.21%	168	40%	2.37	321	36%	1	
0.25 to <0.50	504	212	18%	538	0.37%	125	40%	2.38	257	48%	1	
0.50 to <0.75	413	157	31%	461	0.57%	95	40%	1.86	257	56%	1	
0.75 to <2.50	907	294	23%	967	1.28%	243	40%	1.92	711	73%	5	
2.50 to <10.00	92	17	20%	95	4.61%	28	41%	2.05	104	109%	2	
10.00 to <100.00	23	0	13%	22	21.00%	7	30%	2.50	31	139%	1	
100.00 (default)	40	1	29%	41	100.00%	15	45%	2.39	23	55%	18	
Subtotal	**4,803**	**2,301**	**24%**	**5,345**	**0.57%**	**1,107**	**40%**	**2.25**	**2,217**	**41%**	**30**	**26**

	a	b	c	d	e	f	g	h	i	j	k	l
PD range	**On-balance-sheet exposure**	**Off-balance-sheet exposure**	**Average CCF**	**EAD post-CRM and post-CCF**	**Average PD**	**Number of obligors**	**Average LGD**	**Average maturity**	**RWA**	**RWA density**	**EL**	**Provisions**
9 Mortgage-backed retail exposure												
0.00 to <0.15	9,903	68	100%	9,971	0.10%	18,834	12%	2.50	292	3%	1	
0.15 to <0.25	4,979	35	100%	5,013	0.21%	6,824	15%	2.50	320	6%	2	
0.25 to <0.50	3,371	58	100%	3,429	0.37%	4,066	19%	2.53	414	12%	2	
0.50 to <0.75	1,013	25	100%	1,037	0.57%	1,263	19%	2.54	172	17%	1	
0.75 to <2.50	1,618	27	99%	1,645	1.29%	2,159	18%	2.51	436	26%	4	
2.50 to <10.00	274	2	96%	276	4.88%	305	18%	2.49	163	59%	3	
10.00 to <100.00	16	1	100%	17	21.00%	26	28%	2.54	27	160%	1	
100.00 (default)	64	-	-	64	100.00%	71	-	2.50	62	97%	2	
Subtotal	**21,238**	**216**	**100%**	**21,453**	**0.36%**	**33,549**	**15%**	**2.51**	**1,885**	**9%**	**15**	**5**
11 Other retail exposure												
0.00 to <0.15	604	471	99%	1,072	0.11%	2,258	24%	1.49	66	6%	0	
0.15 to <0.25	89	59	97%	146	0.21%	753	48%	1.83	30	20%	0	
0.25 to <0.50	83	34	95%	115	0.37%	368	59%	2.22	41	36%	0	
0.50 to <0.75	36	18	89%	52	0.57%	180	62%	1.76	25	48%	0	
0.75 to <2.50	106	61	95%	163	1.36%	590	58%	1.79	106	65%	1	
2.50 to <10.00	24	6	90%	29	4.93%	113	65%	2.03	28	95%	1	
10.00 to <100.00	3	0	98%	3	21.00%	18	65%	2.26	4	148%	0	
100.00 (default)	18	1	98%	19	100.00%	86	-	2.36	5	28%	14	
Sub-total	**961**	**650**	**98%**	**1,598**	**0.40%**	**4,366**	**34%**	**1.64**	**304**	**19%**	**17**	**16**
Total	**28,734**	**4,046**	**40%**	**30,320**	**0.38%**	**39,437**	**22%**	**2.44**	**5,072**	**17%**	**64**	**48**

In Tables 13 and 15, the average PD and average LGD subtotals do not include defaulted exposure.

The segmentation of the Bank's default rating system into groups of counterparties is adapted to the Bank's risk management needs and to its business activities. Within the Bank, both the initial and ongoing model validations are conducted according to these groups. The validation process is distinct from the exposure categorization set forth under the final Basel III Accord.

The "Banks and securities firms (F-IRB)" portfolio is covered by the bank rating model. The "Non-central government public-sector entities and multilateral development banks (F-IRB)" portfolio is covered by the rating model for Vaud municipalities. The "Corporates – other lending (F-IRB)" portfolio is covered by three rating models (for large corporates, SMEs, and joint and several co-debtors). The "Mortgage-backed retail exposure" portfolio is covered by three rating models (one for retail customers, one for BCV employees, and one for private banking clients). The "Other retail exposure" portfolio is covered by four rating models (one for retail customers, one for BCV employees, one for private banking clients, and one for SMEs).

Table 14. IRB approach – RWA flow statements of credit-risk exposure
In CHF millions, BCV Group, CR8[14]

		a
		RWA amount
1	**RWA at end of previous reporting period**	**4,926**
2	Asset size	+184
3	Asset quality	+67
4	Model updates	-107
5	Methodology and policy	0
6	Acquisitions and disposals	0
7	Foreign exchange movements	+2
8	Other	0
9	**RWA at end of reporting period**	**5,072**

The amount of risk-weighted assets determined using the IRB approach (excluding specialized lending) increased by CHF 146m in the second half of 2025 due to an increase in loans to customers (individuals, companies, and Vaud municipalities) and the downgrading of certain corporate counterparties. The re-rating of bank counterparties using the new probability-of-default rating model for banks resulted in a decrease in risk-weighted assets.

[14] The impact of the sector output floor is excluded from the table (see Table 4, row 5a).

Table 15. IRB approach – Backtesting of PD per portfolio
In CHF millions, at 31 December 2025, BCV Group, CR9

a	b	d	e	f	g	h	i	j
				Number of obligors				
	PD range	Weighted average PD	Arithmetic average PD by obligors	End of previous year	End of year	Defaulted obligors in the year	Of which: new defaulted obligors in the year	Average historical annual default rate, 2010-2025
3	**Banks and securities firms (F-IRB)**							
	0.00 to <0.07	0.05%	0.05%	76	37	-	-	-
	0.07 to <0.28	0.12%	0.12%	22	51	-	-	-
	0.28 to <1.44	0.38%	0.37%	38	80	-	-	-
	1.44 to <4.30	1.77%	1.77%	5	1	-	-	-
	4.30 to <8.99	5.13%	5.13%	32	1	-	-	0.26%
	8.99 to <100.00	-	-	-	-	-	-	-
	100.00 (default)	-	-	-	-	-	-	-
	Subtotal	**0.21%**	**0.26%**	**173**	**170**	**-**	**-**	**0.02%**
4	**Non-central govt. public-sector entities and multilateral development banks (F-IRB)**							
	0.00 to <0.07	0.05%	0.05%	215	218	-	-	-
	0.07 to <0.28	0.15%	0.14%	32	24	-	-	-
	0.28 to <1.44	1.22%	1.22%	1	1	-	-	-
	1.44 to <4.30	2.46%	2.46%	-	1	-	-	-
	4.30 to <8.99	-	-	-	-	-	-	-
	8.99 to <100.00	-	-	-	-	-	-	-
	100.00 (default)	-	-	-	-	-	-	-
	Subtotal	**0.07%**	**0.07%**	**248**	**244**	**-**	**-**	**-**
7	**Corporates – other lending (F-IRB)**							
	0.00 to <0.07	0.05%	0.05%	69	72	-	-	-
	0.07 to <0.28	0.15%	0.14%	462	522	-	-	0.02%
	0.28 to <1.44	0.67%	0.67%	350	359	6	-	0.23%
	1.44 to <4.30	2.11%	2.19%	81	117	2	-	1.83%
	4.30 to <8.99	6.09%	5.86%	14	16	-	-	7.41%
	8.99 to <100.00	21.00%	21.00%	2	7	1	-	23.40%
	100.00 (default)	100.00%	100.00%	10	15	-	-	-
	Subtotal	**0.57%**	**0.74%**	**988**	**1,107**	**9**	**-**	**0.59%**

a	b	d	e	f	g	h	i	j
				Number of obligors				
	PD range	**Weighted average PD**	**Arithmetic average PD by obligors**	**End of previous year**	**End of year**	**Defaulted obligors in the year**	**Of which: new defaulted obligors in the year**	**Average historical annual default rate, 2010-2025**
9	**Mortgage-backed retail exposure**							
	0.00 to <0.07	0.05%	0.05%	6,986	6,886	4	-	0.05%
	0.07 to <0.28	0.15%	0.15%	18,553	18,773	15	-	0.07%
	0.28 to <1.44	0.53%	0.54%	6,689	6,877	10	-	0.23%
	1.44 to <4.30	2.34%	2.29%	761	768	6	-	0.98%
	4.30 to <8.99	6.45%	6.41%	155	149	5	-	3.88%
	8.99 to <100.00	21.00%	21.00%	21	26	4	-	14.33%
	100.00 (default)	100.00%	100.00%	83	71	-	-	-
	Subtotal	**0.36%**	**0.30%**	**33,249**	**33,549**	**44**	**-**	**0.18%**
11	**Other retail exposure**							
	0.00 to <0.07	0.05%	0.05%	67	175	-	-	0.25%
	0.07 to <0.28	0.13%	0.14%	2,617	2,835	7	-	0.17%
	0.28 to <1.44	0.62%	0.64%	846	864	10	-	0.73%
	1.44 to <4.30	2.24%	2.21%	270	327	15	-	2.43%
	4.30 to <8.99	6.17%	6.37%	60	60	9	-	6.61%
	8.99 to <100.00	21.00%	21.00%	20	18	2	-	20.07%
	100.00 (default)	100.00%	100.00%	80	86	-	-	-
	Subtotal	**0.63%**	**0.57%**	**3,960**	**4,366**	**43**	**-**	**0.97%**
	Total	**0.39%**	**0.34%**	**38,618**	**39,437**	**96**	**-**	**0.30%**

In Tables 13 and 15, the average PD and average LGD subtotals do not include defaulted exposure.

	b	c
Internal rating	**PD range**	**External rating equivalent**
B1	0.00 to <0.07	AAA/Aaa to A-/A3
B2	0.07 to <0.28	BBB+/Baa1 to BBB/Baa2
B3	0.28 to <1.44	BBB-/Baa3 to BB-/Ba3
B4	1.44 to <4.30	B+/B1
B5	4.30 to <8.99	B/B2 to B-/B3
B6	8.99 to <100.00	CCC+/Caa1 to C/C
B7	100.00 (default)	D

Within the IRB scope, the average number of defaults in the period analyzed (2010 to 2025) was lower than the expected number based on the PD rating models. The difference is mainly due to the conservative nature of the models and to general economic growth during the period.

4.2.3.2 Slotting approach for specialized lending

The Bank uses slotting criteria for the financing of income-producing real estate (real-estate professionals) and for commodities financing (trade finance). For these two categories, FINMA has authorized BCV to assign preferential risk weights to “strong” and “good” exposures (final Basel III Accord, Chapter CRE33.4).

For real-estate professionals (except real-estate development), the slots are determined on the basis of the probability of default (PD), loss given default (LGD), and exposure at default (EAD) models that are internally applied to each credit exposure in the real-estate professionals category. A specific mechanism used to calculate capital requirements has been set up to determine the PD of real-estate professionals in order to reduce the sensitivity of regulatory capital to the business cycle.

For real-estate development projects intended for sale, a slot is allocated directly to each credit exposure without applying the PD, LGD, and EAD models used for other exposures in the real-estate professionals category. A similar direct slotting system is in place for trade finance transactions.

These slotting systems meet the supervisory slotting criteria for specialized lending in Chapter CRE33 of the final Basel III Accord.

Table 16. IRB approach – Specialized lending under the simple risk-weight method
In CHF millions, at 31 December 2025, BCV Group, CR10[15]

				Exposure amount				
Regulatory category	**On-balance-sheet amount**	**Off-balance-sheet amount**	**RW**	**CF**	**IPRE**	**Total**	**RWA**	**Expected loss**
Strong	7,751	929	50%	402	7,661	8,064	4,032	0
Good	3,020	365	70%	534	2,731	3,265	2,286	13
Satisfactory	359	68	115%	87	296	383	440	11
Weak	3	-	250%	0	3	3	7	0
Default	20	-	–	9	12	20	12	10
Total	**11,152**	**1,361**		**1,032**	**10,703**	**11,735**	**6,776**	**35**

Lending to real-estate professionals under the slotting criteria method amounted to CHF 10.703bn at 31 December 2025, up by around CHF 203m in the second half of 2025. The vast majority (97%) of the Bank’s real-estate exposure is in the “strong” and “good” slots. This is because this exposure is mainly associated with financing for real-estate investors that is adequately secured by property.

The Bank’s trade-finance exposure increased by CHF 61m in the second half of 2025. 91% of trade-finance transactions are in the “strong” and “good” slots, as they are secured by recognized collateral (especially cash and merchandise).

4.2.4 Standardized approach

FINMA defines the risk weightings to be applied for exposure calculated using the SA-BIS by type of counterparty (CAO, Annexes 2 and 3). In this case, FINMA authorizes the use of external ratings (CAO, Article 64) provided that:

[15] This table does not include remaining maturities since preferential weights have been applied.

1. The ratings are supplied by ratings agencies recognized by FINMA.
2. External ratings are applied systematically by the Bank using a precise and specific approach.
3. Where the Bank uses external ratings to determine the risk weightings for a category of positions, the entire category must in principle be weighted through the use of external ratings.

The Bank uses external ratings to determine the risk weightings of almost all counterparties for which the SA-BIS is applied and which have an external rating from a ratings agency recognized by FINMA. These counterparties are essentially counterparties for debt securities in the financial investments portfolio. For corporate clients with no external rating, a weighting of 100% ("no rating") is used.

The exposure calculated under the standardized approach consists primarily of exposure to the SNB and the Swiss Federal Government (45%; weighting of 0%). Bonds from the Central Mortgage-Bond Institution and the Mortgage-Bond Bank of Swiss Mortgage Institutions (weighting of 10%), account for 21% of the exposure calculated using the standardized approach. The remaining positions are commercial loans that are outside the scope of the parent company's F-IRB approach (i.e., SMEs that do not have financial statements or that only have loans that are secured by cash, securities, or a joint and several loan guarantee as described in Article 3 of Switzerland's Covid-19 Joint and Several Loan Guarantee Ordinance, insurance companies, and investment funds), credit exposures at the Bank's subsidiaries, equity securities, and non-counterparty-related assets.

The impact of risk mitigation measures is low in the scope of the SA-BIS. This is due to the predominance of exposure to the SNB, the Central Mortgage-Bond Institution, the Mortgage-Bond Bank of Swiss Mortgage Institutions, and the Swiss federal and cantonal governments, which are generally not secured by financial guarantees. The Bank recognizes the export risk guarantees provided by the Swiss Export Risk Insurance (SERV) program. The amount covered by these guarantees is less than CHF 2m.

Table 17. Standardized approach – Credit-risk exposure and credit-risk mitigation (CRM) effects
In CHF millions, at 31 December 2025, BCV Group, CR4

		a	b	c	d	e	f
		Exposure pre-CCF and pre-CRM		**Exposure post-CCF and post-CRM**			
	Asset class	**On-balance-sheet amount**	**Off-balance-sheet amount**	**On-balance-sheet amount**	**Off-balance-sheet amount**	**RWA**	**RWA density**
1	Central governments, central banks, and supranational institutions	9,606	11	9,606	1	0	0%
2	Non-central govt. public-sector entities	1,657	400	1,657	100	383	22%
3	Multilateral development banks	420	-	420	-	-	-
4	Banks	563	11	563	1	124	22%
5	Covered bonds	4,400	-	4,400	-	440	10%
	Of which: Swiss mortgage bonds	4,400	-	4,400	-	440	10%
6	Corporates	562	805	492	206	398	57%
7	Subordinated debt, equity, and other capital	32	0	32	0	81	250%
8	Retail	341	413	53	78	110	84%
9	Real estate	1,142	350	1,125	103	592	48%
	Of which: owner-occupied residential real estate	630	178	615	71	225	33%
	Of which: other residential real estate	292	44	291	4	169	57%
	Of which: owner-occupied commercial real estate	128	128	128	28	112	72%
	Of which: other commercial real estate	89	-	89	-	84	94%
	Of which: land acquisition, development, and construction	2	-	2	-	3	150%
10	Defaulted exposures	17	0	17	0	17	96%
11	Other assets	508	-	508	-	473	93%
12	**Total**	**19,249**	**1,991**	**18,875**	**489**	**2,618**	**14%**

Table 18. Standardized approach – Exposure by asset class and risk weight
In CHF millions, exposure after applying the credit conversion factors and risk-mitigation measures

at 31 December 2025, BCV Group, CR5a[16]

		a	b	c	d	e	f	g	j
	Asset class / Risk weight	**0%, 10% and 15%**	**20% and 25%**	**30% and 35%**	**40%, 45%, 50% and 55%**	**60%, 70%, 75%, 80% and 85%**	**90%, 100%. 110% and 115%**	**130%, 150% and 250%**	**Total exposure**
1	Central governments, central banks, and supranational institutions	9,607	-		-		0	0	9,607
2	Non-central govt. public-sector entities		1,653		104		-	-	1,757
3	Multilateral development banks	420	-	-	-		-	-	420
4	Banks		537	1	-	27	-	-	564
5	Covered bonds	4,400	-	-	-		-	-	4,400
	Of which: Swiss mortgage bonds	4,400							4,400
6	Corporates		318		80	29	271	-	698
7	Subordinated debt, equity, and other capital							32	32
8	Retail				-	86	45		131
9	Real estate	-	274	474	142	251	21	67	1,228
	Of which: owner-occupied residential real estate	-	274	325	68	19	-	-	686
	Of which: other residential real estate			149	74	34	-	38	295
	Of which: owner-occupied commercial real estate	-	-	-	-	135	21	-	156
	Of which: other commercial real estate					63	-	26	89
	Of which: land acquisition, development, and construction						-	2	2
10	Defaulted exposures	3					11	4	17
11	Other assets	35	0				473	-	508
12	**Total**	**14,043**	**2,782**	**475**	**326**	**393**	**820**	**103**	**19,364**

[16] Past-due loans with a 0% risk weight (column a, row 10) are past-due loans to counterparties that are guaranteed by a central government; the risk weight for central governments is applied to these loans in accordance with the substitution approach. Columns h and i are not included because they are not relevant for BCV.

Table 19. Standardized approach – Exposure by credit conversion factor and risk weight
In CHF millions, at 31 December 2025, BCV Group, CR5b[17]

		a	b	c	d
	Risk weight	**On-balance-sheet exposure**	**Off-balance-sheet exposure (pre-CCF)**	**Weighted average CCF**	**Exposure post-CCF and post-CRM**
1	Less than 40%	17,450	817	33%	17,722
2	40% to 70%	511	131	22%	539
3	75%	47	395	18%	117
4	85%	62	14	11%	63
5	90% to 100%	704	470	25%	820
6	105% to 130%	-	-	0%	-
7	150%	70	6	12%	70
8	250%	32	0	100%	32
11	**Total**	**18,875**	**1,834**	**27%**	**19,364**

4.3 Counterparty credit risk

The Bank’s counterparty credit risk (CCR) exposure includes securities financing transactions and derivative transactions. The framework for such exposure is set forth in the RMPS as well as in a BCV directive on collateralized contracts, which addresses governance, risk-taking limits, collateral eligibility, monitoring, and reporting.

Securities financing transactions (SFTs)

The majority of the Bank’s SFTs are repo and reverse repo agreements. The Bank also began conducting securities borrowing transactions in 2017, but this is a marginal activity.

The Bank uses repo and reverse repo agreements to manage liquidity. These agreements are processed using a triparty system in which the triparty agent (SIX) is responsible for clearing. Throughout the lifetime of a repurchase agreement, the triparty agent carries out margin calls at least once per day to account for any change in the market value of the securities and any thresholds, and directly carries out any necessary transfers using securities or cash held with the triparty agent.

The Bank’s repo and reverse repo agreements are based on standard contracts such as the GMRA or the Swiss Master Agreement for Repo Trades. Collateral eligibility is determined by the triparty agent SIX (SNB basket). Collateral must meet the eligibility criteria set forth in the BCV directive (e.g., be a readily marketable stock, a bond with a rating of at least BBB- or equivalent, or a security independent of the counterparty’s solvency).

SFT counterparties are banks, insurance companies, and large corporates. Limits are granted according to the lending process and lending authority described in Section 4.1. They are monitored daily on an individual basis. The Bank monitors the quality of securities received daily as collateral using a portfolio approach, with particular attention paid to risk concentration.

When calculating capital requirements, the Bank’s exposure is determined using the comprehensive approach (CAO, Article 62.1(b)). Capital requirements are determined using the IRB or SA-BIS approach depending on the type of counterparty.

[17] Rows 9 and 10 are not included because they are not relevant for BCV.

Non-centrally cleared OTC derivatives

Limits for OTC derivatives (including forward contracts) that are not centrally cleared (cleared bilaterally) are mainly granted to bank counterparties in order to carry out trading operations and interest-rate-risk hedging transactions. They are also granted to companies or public-sector entities so that they can hedge typically against exchange-rate and interest-rate risk.

These limits are granted according to the lending process and lending authority described in Section 4.1. They are monitored daily on an individual basis.

In principle, the Bank handles OTC derivative transactions only on the basis of ISDA netting agreements or an equivalent agreement. For its main bank counterparties in terms of pre-settlement exposure, the Bank takes the necessary measures to ensure that OTC derivative transactions can be carried out in accordance with a credit support annex (CSA) for collateral management. Alternatively, blocked cash deposits can be set up as a risk mitigant for OTC derivative exposure.

Credit-risk exposure is measured according to the principle of “positive mark-to-market value plus add-on.” The add-on is determined by type of underlying and by maturity, on the basis of internal models. These models are based on the standardized approach for counterparty credit risk (SA-CCR) but are slightly more conservative. Where the Bank has entered into an ISDA netting agreement with the counterparty, contracts with negative mark-to-market values can be taken into account to reduce credit-risk exposure. Where the Bank has entered into a CSA collateral management agreement with the counterparty, credit-risk exposure is determined according to the same principle, taking into account the amount of the cash collateral and based on a reduced add-on, in order to take into consideration the frequency of revaluation and the option to make margin calls.

When calculating capital requirements, the Bank’s derivatives exposure is determined according to the SA-CCR (as specified in Article 3 *et seq.* of FINMA Ordinance on the Credit Risks of Banks and Securities Firms (CreO-FINMA)), taking account of netting and collateral management agreements. Capital requirements are determined according to the appropriate approach (IRB or SA-BIS), which since 1 January 2013 includes the credit valuation adjustment (CVA).

Table 20. IRB approach – CCR exposure by portfolio and PD range
In CHF millions, at 31 December 2025, BCV Group, CCR4

		a	b	c	d	e	f	g
	PD range	**EAD post-CRM**	**Average PD**	**Number of obligors**	**Average LGD**	**Average maturity**	**RWA**	**RWA density**
3	**Banks (F-IRB)**							
	0.00 to <0.15	252	0.10%	46	45%	0.68	54	21%
	0.15 to <0.25	27	0.21%	12	45%	0.25	9	32%
	0.25 to <0.50	9	0.37%	6	45%	0.81	5	55%
	0.50 to <0.75	5	0.57%	5	45%	0.19	3	60%
	0.75 to <2.50	2	0.86%	2	45%	0.03	1	72%
	2.50 to <10.00	-	-	-	-	-	-	-
	10.00 to <100.00	-	-	-	-	-	-	-
	100.00 (default)	-	-	-	-	-	-	-
	Subtotal	**294**	**0.13%**	**71**	**45%**	**0.63**	**71**	**24%**
4	**Non-central govt. public-sector entities and multilateral development banks (F-IRB)**							
	0.00 to <0.15	64	0.05%	2	45%	4.66	20	32%
	0.15 to <0.25	-	-	-	-	-	-	-
	0.25 to <0.50	-	-	-	-	-	-	-
	0.50 to <0.75	-	-	-	-	-	-	-
	0.75 to <2.50	-	-	-	-	-	-	-
	2.50 to <10.00	-	-	-	-	-	-	-
	10.00 to <100.00	-	-	-	-	-	-	-
	100.00 (default)	-	-	-	-	-	-	-
	Subtotal	**64**	**0.05%**	**2**	**45%**	**4.66**	**20**	**32%**
7	**Corporates – other lending (F-IRB)**							
	0.00 to <0.15	32	0.09%	18	40%	0.69	4	13%
	0.15 to <0.25	17	0.21%	8	40%	1.10	5	28%
	0.25 to <0.50	4	0.37%	5	40%	0.85	2	38%
	0.50 to <0.75	12	0.57%	6	40%	0.42	5	44%
	0.75 to <2.50	7	0.98%	12	40%	0.45	4	57%
	2.50 to <10.00	0	5.84%	1	43%	0.57	0	110%
	10.00 to <100.00	-	-	-	-	-	-	-
	100.00 (default)	-	-	-	-	-	-	-
	Subtotal	**73**	**0.30%**	**50**	**40%**	**0.73**	**20**	**27%**
11	**Other retail exposure**							
	0.00 to <0.15	1	0.11%	17	53%	0.52	0	14%
	0.15 to <0.25	0	0.21%	6	95%	0.84	0	40%
	0.25 to <0.50	1	0.37%	38	97%	0.31	0	58%
	0.50 to <0.75	-	-	1	-	-	-	-
	0.75 to <2.50	1	2.01%	15	94%	0.63	1	118%
	2.50 to <10.00	0	3.41%	1	98%	0.08	0	139%
	10.00 to <100.00	-	-	1	-	-	-	-
	100.00 (default)	-	-	-	-	-	-	-
	Subtotal	**3**	**0.59%**	**78**	**75%**	**0.51**	**1**	**49%**
	Total	**434**	**0.15%**	**200**	**44%**	**1.25**	**113**	**26%**

Table 21. Standardized approach – CCR exposure by regulatory portfolio and risk weight
In CHF millions, at 31 December 2025, BCV Group, CCR3

		a	b	c	d	e	f	g	h
	Asset class/Risk weight	**0%, 10%, and 15%**	**20% and 25%**	**30% and 35%**	**40%, 45%, and 50%**	**75%, 80%, and 85%**	**90% and 100%**	**130% and 150%**	**Total CCR exposure**
1	Central governments, central banks, and supranational institutions	6	-	-	-	-	-	-	6
2	Non-central govt. public-sector entities	-	-	-	3	-	-	-	3
3	Multilateral development banks	13	-	-	-	-	-	-	13
4	Banks	-	-	0	-	-	-	-	0
5	Corporates	-	11	-	-	0	92	-	102
6	Regulatory retail portfolios	-	-	-	-	-	3	-	3
7	Other assets	-	-	-	-	-	-	-	-
8	**Total**	**19**	**11**	**0**	**3**	**0**	**94**	**-**	**127**

CCR positions for which risk-weighted assets are calculated using the standardized approach consist of derivative positions and repo agreements with supranational institutions, insurance companies, and investment funds.

Table 22. Composition of collateral for CCR exposure
In CHF millions, at 31 December 2025, BCV Group, CCR5[18]

		a	b	c	d	e	f
		Collateral used in derivative transactions				**Collateral used in SFTs**	
		Fair value of collateral received		**Fair value of posted collateral**			
	Type of collateral	**Segregated**	**Non-segregated**	**Segregated**	**Non-segregated**	**Fair value of collateral received**	**Fair value of posted collateral**
1	Cash in CHF	-	6	-	127	1,761	-
2	Cash in other currencies	-	81	-	24	32	79
3	Swiss sovereign debt	-	-	5	16	-	347
4	Other sovereign debt	-	-	-	32	0	44
5	Government agency debt	-	-	-	-	73	42
6	Corporate bonds	-	-	315	78	2	1,285
7	Equity securities	-	-	-	-	-	-
8	Other collateral	-	-	-	-	-	175
9	**Total**	**-**	**87**	**320**	**277**	**1,867**	**1,972**

Risks inherent in credit valuation adjustments (CVAs)

Over-the-counter derivative positions are exposed to a risk of loss in market value in the event that the counterparty’s credit quality deteriorates (CVA risk). The Bank hedges this risk through capital requirements calculated using the reduced basic approach (CAO, Article 77h.1(a)) since 1 January 2025. Valuation adjustments are calculated based on the economic sector and the counterparty’s external credit rating; internal ratings are not used.

In accordance with Article 155 of CreO-FINMA, the Bank does not calculate capital requirements for CVA risk on derivatives that are offset by central counterparties, on SFTs, or on internal Group positions.

[18]This table includes collateral received and posted for SFTs and derivative transactions. It does not include collateral posted to central banks and other institutions that form part of the financial market infrastructure for the purposes of securing credit lines and payment and settlement transactions.

Table 23: Reduced basic approach for CVA risk (BA-CVA)
In CHF millions, at 31 December 2025, BCV Group, CVA1

		a	b	a-1	b-1
		31/12/2025		30/6/2025	
		Components	Minimum capital requirements (BA-CVA)	Components	Minimum capital requirements (BA-CVA)
1	Aggregation of systematic components of CVA risk	41		44	
2	Aggregation of idiosyncratic components of CVA risk	11		12	
3	**Total**		**15**		**16**

Centrally cleared derivatives

Centrally cleared derivatives include exchange-traded derivatives (ETDs) and OTC derivatives cleared by a central counterparty.

Exchange-traded derivatives whose settlement is guaranteed by a central counterparty (see Table 24, row 4) mainly relate to transactions on behalf of clients (investment funds, banks, companies, and individuals). Nostro positions make up a small portion of the total exposure to central counterparties. The contracts traded are mainly options and futures on equities and major indexes. The major organized markets are Eurex, the Chicago Mercantile Exchange, and LIFFE.

OTC derivatives cleared by a central counterparty are interest-rate swaps used to manage the Bank's interest-rate risk and cleared by Eurex (see Table 24, row 3).

The Bank's exposure to central counterparties results from derivative positions, initial margins, variation margins, and default fund contributions. For derivatives, the exposure is determined according to the SA-CCR (CreO-FINMA, Article 3 *et seq.*); other exposures are determined using the comprehensive approach (as specified in CAO, Article 62.1(b)). This type of exposure is subject to a credit limit if it gives rise to credit risk for the Bank.

Capital requirements for these positions have been calculated since Basel III came into force on 1 January 2013.

Table 24. Exposure to central counterparties (CCPs)
In CHF millions, at 31 December 2025, BCV Group, CCR8

		a	b
		EAD post-CRM	**RWA**
1	Total exposure to qualified central counterparties (QCCPs)		16
2	Exposure for trades at QCCPs (excl. initial margin and default fund contributions)	302	6
3	Of which: OTC derivatives	292	6
4	Of which: exchange-traded derivatives	11	0
7	Segregated initial margin	563	
8	Non-segregated initial margin	26	1
9	Pre-funded default fund contributions	54	9

5. MARKET RISK

5.1 Market risk in the trading book

Strategy and process

All trading activities are managed within the Asset Management & Trading Division. A distinction is made between the trading portfolio, which includes all the trading teams' positions, and the financial management nostro portfolio, which is composed of the nostro positions managed by the Asset Management Department.

The Trading Department carries out market transactions in equities, fixed-income instruments, forex, and precious metals on behalf of internal and external counterparties. 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. Since BCV completely withdrew from proprietary equity-derivative trading at the end of 2009, the Trading Department has focused primarily on customer-driven transactions.

The Asset Management Department is responsible for the financial management nostro portfolio. While this portfolio used to focus on providing a return, it was given a new role under the Bank's strategy and significantly reduced in 2009 and early 2010. It is now used to assist in the creation of new Asset Management funds, while keeping risk-taking to a minimum. This portfolio may be invested in stocks, bonds, simple derivatives, structured products, funds, and funds of funds. All of these positions (apart from those in funds and funds of funds) are on recognized exchanges or representative markets.

Structure and organization

All new Asset Management & Trading products and instruments must be approved by the Division’s Product and Instrument Committee (PIC). This committee is chaired by the Executive Board member in charge of the Asset Management & Trading Division and includes the Division’s department heads, the CRO (right of veto), and the head of the Back Office Department (right of veto). The process ensures that before a product is launched, all requirements have been met in the areas of risk management, ALM, treasury management, back offices, legal, compliance, tax, and IT.

For all trading positions, the overnight monitoring of market risk is under the responsibility of the Market Risk Unit within the Risk Management Department. The Market Risk Unit also defines the risk control measures and monitors the appropriateness of risk control for new trading products.

Risk assessment

Various techniques are used to measure risk exposure on the Asset Management & Trading Division's trading portfolio:

- 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 such as delta, gamma, vega, theta, and rho.

Limit utilization is controlled and reported daily by the Market Risk Unit.

Various techniques are used to measure risk in the Asset Management & Trading Division's financial management nostro portfolio:

- Historical VaR with a six-month time horizon and a confidence level of 99%;
- Analysis of potential losses using static stress tests and dynamic six-month stress tests.

Market-risk-weighted assets correspond to the minimum capital requirements multiplied by 12.5. Minimum capital requirements for market risk on BCV's trading book are determined based on market values (mark-to-market) and in accordance with the simplified standardized approach under the final Basel III Accord (CAO, Article 82.1(a)) without the use of in-house models. For options trading, the calculation is based on the delta-plus method: the market value of the underlying is multiplied by the delta for the options positions. This method also takes gamma and vega into account. Listed equity securities in the subsidiaries' banking book are included in the prudential trading book when calculating capital requirements (as set out in CAO, Article 5.3(d), without exception). Hedge-fund positions in the financial management nostro portfolio are not included in the capital-requirement calculations for the trading book (stable exposure, around CHF 0.2m). These positions are calculated using the regulatory approach intended for equity investments in funds in the banking book in accordance with Article 4b(f) of the CAO.

The minimum capital requirements for equity risk accounted for the largest portion of the trading book at 31 December 2025. This equity risk relates to the remaining positions held as part of the Bank's structured products business, nostro positions managed by the Asset Management Department in order to create a track record for new investment products, and the Bank's role as market maker for real-estate investment funds. Most of the increase in the minimum capital requirements in the second half of 2025 is due to the increase in nostro positions managed by the Asset Management Department in order to create a track record for new investment products.

Table 25. Market risk under the simplified standardized approach
In CHF millions, BCV Group, MR3[19]

		a	a-1	c	c-1
				Options	
		Outright products		**Delta-plus method**	
		31/12/2025	**30/6/2025**	**31/12/2025**	**30/6/2025**
1	Interest-rate risk	7	9	-	-
2	Equity risk	10	6	0	0
3	Commodity risk	0	0	0	0
4	Forex and gold price risk	2	1	2	0
6	**Total**	**18**	**16**	**2**	**0**

[19] Columns b and d are not included because they are not relevant for BCV.

5.2 Risk on equity securities in the banking book

Equity securities in the banking book are recorded on the balance sheet in the line items Financial investments and Non-consolidated holdings.

Strategy and processes

Financial investments are composed of strategic holdings with a long time horizon that are acquired in accordance with the Bank's strategy. The Bank defined an upper limit of CHF 200m for these equity securities and, in principle, does not invest directly in private-equity positions.

The authority to acquire and change long-term holdings is held by the Executive Board for holdings of up to CHF 20m and the Board of Directors for larger amounts. The Board of Directors has responsibility for setting up and selling subsidiaries.

Risk assessment

Equity securities included in Financial investments are mainly listed or unlisted shares and fund units that are not held for trading purposes or for long-term investment. They are valued at lower of cost or market.

The “Non-consolidated holdings” line item comprises corporate equity securities, which are held as long-term investments irrespective of voting rights. It also includes the Group's infrastructure-related holdings, particularly joint ventures. They are stated at cost, less any required impairment. The Group’s main non-consolidated holdings at 31 December 2025 were investments in financial companies (a 13.6% stake in the Swiss Central Mortgage-Bond Institution, a 4.8% stake in Viseca Payment Services SA, a 3.2% stake in TWINT, and a 2.5% stake in SIX).

Capital requirements are determined for both equity securities recorded under Financial investments and those entered under Non-consolidated holdings. A 250% risk weighting is applied to shareholdings of more than 10% in financial companies for the portion below threshold 2 under CAO (threshold 3 under CAO, Article 40, not reached). The portion above threshold 2 is subtracted from regulatory capital. The weightings set out in Annex 4 of the CAO are applied to all other equity securities. As an exception to Article 5.3(d) of the CAO, the regulatory approach applied to the banking book is used for the parent company’s listed equity securities carried under Financial investments,[20] as these positions meet the required conditions (CAO, Articles 5.2 and 5.4). The equity securities carried under Financial investments are strategic holdings with a long time horizon that are acquired in accordance with the Bank's strategy; they are managed by the Accounting Department, and transactions (buy and sell) in an amount of up to CHF 20m are the responsibility of the Executive Board while those in an amount that exceeds CHF 20m are the responsibility of the Board of Directors.

5.3 Interest-rate risk in the banking book

5.3.1 Management of interest-rate risk in the banking book

Interest-rate risk in the banking book (IRRBB) is defined here as the potential loss in the Bank’s net interest income (NII) or economic value of equity (EVE) arising from the effects that an adverse change in interest rates could have on the Bank’s banking-book positions (on- and off-balance sheet).

The main IRRBB risk factors for the Bank are:

- Instantaneous and progressive changes in the yield curve;
- Changes in customer behavior, including customer allocation among different financial instruments.

The Bank’s IRRBB exposure is of three types:

- Gap risk – Mismatches within the term structure of banking-book positions (i.e., among volumes and repricing maturities) for the assets, liabilities, and off-balance-sheet positions in the Bank’s banking book;
- Behavioral option risk – Positions, especially non-maturity deposits, that could be affected by

[20] Balance-sheet value of CHF 9.5m and market value of CHF 55.9m at 31 December 2025

competitive pricing practices or changes in customer behavior;
- Basis risk – The risk arising from an imperfect correlation in the adjustment of rates earned and paid on different instruments with otherwise similar rate-change characteristics.

Strategy and processes

The Board of Directors establishes the Bank's principles for managing risk and decides on the risk-taking strategy it will pursue, which includes the target profile for IRRBB. This target profile is defined in the Bank’s Financial Strategy and reviewed annually as part of its Financial Management Policy (FMP). The target profile is defined within limits that are expressed in the form of equity duration. Those limits are approved by the Board of Directors.

Structure and organization

The Executive Board is responsible for organizing and implementing IRRBB management. The Executive Board delegates management of this type of risk to its Asset and Liability Management Committee (ALCO). This committee meets monthly. It is chaired by the CEO and comprises four other Executive Board members, including the CFO.

In the Finance & Risks Division, IRRBB management is centralized within the ALM & Financial Management (ALM-FM) Department, which reports directly to the CFO. This department is responsible for:

- Defining and maintaining the models and principles used to manage IRRBB as part of the Bank's Financial Strategy. These models and principles are approved by the Model Validation team, the Executive Board’s Risk Management Committee, and the Board of Directors.
- Producing monthly reports on IRRBB management and presenting them to the ALCO. This report is also presented to the Executive Board and the Audit and Risk Committee each quarter and to the Board of Directors every six months.

Risk assessment

The ALM-FM Department continuously manages interest-rate risk for the parent company’s entire banking book, and, at each month-end, calculates the sensitivity indicators for its equity capital. Interest-rate risk in the trading book represents a market risk and is outside the scope of IRRBB.

Interest-rate risk relating to the activities of Piguet Galland & Cie SA is managed independently by its Executive Board under the supervision of BCV Group. Each quarter, the interest-rate position for the entire Group is determined by the ALM-FM Department, in accordance with the approach used by the parent company. It is then presented to the ALCO, the Executive Board, and the Audit & Risk Committee; it is also presented to the Board of Directors every six months. At 31 December 2025, in terms of sensitivity, the parent company’s IRRBB accounted for 98% of the Group’s IRRBB exposure.

Risk measurement

The Bank measures and monitors IRRBB using two types of indicators:

- Static indicators, which measure the sensitivity of the net present value of the banking book:
  - The present value of equity;
  - The sensitivity of the economic value of equity to a 100bp change in interest rates;
  - The duration of equity;
  - The VaR of the net present value of equity;
  - Key rate durations;
  - Future changes in the value and duration of equity.
- Dynamic indicators, which are based on interest-rate and balance-sheet scenarios for the current year and subsequent two years. The results of these simulations are used to calculate NII forecasts and the NII at risk over rolling 12-, 24-, and 36-month periods. The NII at risk is a measure of the sensitivity of NII to fluctuations in interest rates.

Scenarios

IRRBB is measured using standard scenarios that combine an interest-rate scenario with a balance-sheet simulation that considers the impact of new business production in order to incorporate assumptions about customer behavior. The projected interest rates are calculated at various confidence intervals so as to cover a wide range of possible interest-rate movements; these confidence intervals are based on historical interest-rate data dating back to 1988. The interest-rate scenarios that the Bank uses are:

- Spike scenario: A spike in interest rates, with a 99% confidence interval;
- Probable scenario: The most likely movements in interest rates over the next three years, according to expert estimates. The Bank also generates Probable+ and Probable- scenarios at 66% confidence intervals around the Probable scenario;
- Crash scenario: A sharp decrease in interest rates, with a 99% confidence interval;
- Inversion scenario: An inversion of the yield curve based on expert estimates.

To measure its ability to withstand extreme changes in interest rates, the Bank also conducts ad-hoc stress tests in response to market conditions.

Risk mitigation

IRRBB hedging decisions are made by the ALCO and executed on the market by the ALM-FM Department's Treasury team. Interest-rate swaps are currently the main type of hedging instrument used. Any options positions in the banking book are systematically hedged through market transactions.

All hedging instruments must be matched to a fixed-rate position in the banking book; these hedges are recognized under accrual accounting.

Every quarter, the ALM-FM Department tests the effectiveness of the hedges by making sure that the hedge ratio is high enough for the associated derivatives to be classified as hedging instruments.

Table 26. Interest-rate risk – Quantitative information on the structure of positions, and maturity repricing
At 31 December 2025, parent company, IRRBBA1[21]

		a	b	c	d	e	f	g
		Volume in CHF millions			Average repricing maturity (in years)		Longest repricing maturity (in years) assigned to non-maturity positions	
		Total	Of which CHF	Of which other currencies	Total	Of which CHF	Total	Of which CHF
Positions with a set repricing maturity	Due from banks	525	260	-	0.8	1.5		
	Loans and advances to customers	5,212	4,782	-	3.3	3.5		
	Money-market mortgage loans	455	455	-	0.0	0.0		
	Fixed-rate mortgage loans	34,178	34,176	-	4.0	4.0		
	Financial investments	7,337	6,369	-	6.0	6.2		
	Other assets	-	-	-				
	Receivables on interest-rate derivatives	12,887	9,316	-	0.3	0.4		
	Due to banks	-4,147	-3,188	-	0.2	0.2		
	Customer deposits	-6,656	-5,337	-	0.3	0.4		
	Medium-term notes	-4	-4	-	1.2	1.2		
	Bonds and mortgage-backed bonds	-11,238	-11,173	-	6.8	6.8		
	Other liabilities	-	-	-				
	Liabilities on interest-rate derivatives	-12,883	-11,710	-	3.5	3.5		

[21]As the Bank's swap positions (interest-rate and FX swaps) have two legs – a receivables leg and a payables leg – they are recorded under both "Receivables on interest-rate derivatives" and "Liabilities on interest-rate derivatives." Column c ("Of which other currencies") gives positions in other currencies that account for over 10% of balance-sheet assets or liabilities.

		a	b	c	d	e	f	g
		Volume in CHF millions			**Average repricing maturity (in years)**		**Longest repricing maturity (in years) assigned to non-maturity positions**	
		Total	**Of which CHF**	**Of which other currencies**	**Total**	**Of which CHF**	**Total**	**Of which CHF**
Positions with no set repricing maturity	Due from banks	222	58	-	0.0	0.0	-	-
	Loans and advances to customers	855	239	-	0.1	0.1	0.1	0.1
	Variable-rate mortgage loans	138	138	-	2.5	2.5	5.0	5.0
	Other sight receivables	8,472	8,384	-	-	-	-	-
	Customer sight deposits	-17,112	-12,812	-	1.8	1.8	5.0	5.0
	Other sight liabilities	-1,406	-549	-	-	-	-	-
	Callable but non-transferrable customer savings deposits	-13,319	-15,889	-	1.8	1.8	10.0	10.0
	Total	**3,517**	**3,517**	**-**	**6.5**	**6.7**	**-**	**-**

5.3.2 Prescribed modeling and parametric assumptions used to calculate the values in Table IRRBB1

The values given in Table IRRBB1 (Table 26) have been calculated in accordance with DisO-FINMA. The six interest-rate scenarios used are those given in FINMA Circular 2019/2, "Interest-rate risk – banks." The following sections describe the key modeling and parametric assumptions used to calculate changes in the economic value of equity (ΔEVE) and changes in net interest income (ΔNII) as per regulatory requirements.

Calculation of ΔEVE

Cash flows from fixed-rate positions are calculated using the interest rates on these positions. These calculations are aggregated by month using a median date.

The Bank includes non-maturity exposures in its calculation of static indicators using replication models. The main features of these models are:

- A parameter designed to smooth out the monthly volatility inherent in these types of exposures. This parameter is calculated using the monthly volume above the 12-month rolling average. It is updated at one-month intervals.
- A simulation of the core stable volume of exposures, which is done using an interest-rate replication model for the rates applied to customers.
- This interest-rate replication model is based on market interest rates with repricing maturities spanning from one month to ten years (the average and the longest repricing maturities are given in Table IRRBBA1).
- The models are calibrated every year using a 10-year calculation window. Periods when a zero interest rate is applied to customers are omitted.

The benchmark interest rates used to discount the cash flows for the calculation of EVE are based on the interest-rate-risk hedging instruments used. For the Swiss franc, the interest rates used are the SAR up to 1 month and the SARON-based mid-swap rate beyond 1 month. For the euro, the interest rates used are the Euribor up to 12 months and the Euribor mid-swap rate beyond 12 months. For the US dollar, the interest rates used are the Secured Overnight Financing Rate (SOFR) and the SOFR-based mid-swap rate. For pound sterling, the interest rates used are the Sterling Overnight Index Average (SONIA) and the SONIA-based mid-swap rate. For the Japanese yen, the interest rates used are the Tokyo Overnight Average Rate (TONAR) and the TONAR-based mid-swap rate.

Intermediate interest rates are calculated using linear interpolation.

Calculation of ΔNII

The repricing of fixed-rate exposures is based on the initial maturities of exposures that will reach their term in the next 12 months.

Cash flows from new fixed-rate positions are calculated using the interest rates on the new positions as follows:

Market interest rate for the term of the position + Additional funding rate + Expected margin

Where:

- Market interest rate is the rate taken from the simulated rate curve (same benchmark interest rates as for the calculation of EVE).
- Additional funding rate is the spread at each maturity that the Bank must pay above the benchmark interest rates for its senior and covered debt funding.
- Expected margin is based on recent and projected trends, taking into account business objectives and competitive pressure.

For exposures with variable rates set by the Bank (mainly sight deposits and savings accounts), the interest rates are modeled using historical data that compare market rates to customer rates. These historical data are used in stress tests to determine the interest rate that would be applied to customers after an interest-rate shock.

Behavioral and automatic option risks

Customers who pay a loan off early are charged an early redemption fee, which is calculated by multiplying the outstanding amount on the loan by an interest rate equal to the difference between the rate on the loan and the Bank’s replacement rate for the remaining term of the loan. This policy ensures that the Bank does not incur any losses when customers pay off their loans early. As a result, the Bank does not use any specific models for early repayments.

The Bank applies the same policy to early withdrawals on term deposits, meaning the Bank does not use any specific models for these deposits either.

The Bank currently has no on- or off-balance-sheet positions that include embedded automatic options such as loans with a cap or floor, interest-rate options, and swaptions.

Any instruments on the balance sheet that include embedded automatic options would be accounted for as delta-weighted positions.

Foreign currencies

The vast majority of positions on the Bank’s balance sheet are in CHF. The main foreign currencies are EUR and USD, which accounted for 4.0% and 1.9% of balance-sheet positions, respectively, at 31 December 2025. All foreign-currency exposures are fully included in the calculation of static indicators (as are CHF exposures). For dynamic indicators, a simplified calculation is used, although in keeping with DisO-FINMA. In 2025, the NII from foreign-currency transactions, excluding treasury-management transactions, amounted to 13% of total NII.

Differences in the assumptions used to calculate indicators

The main differences in the assumptions used to calculate the Bank’s internal indicators vs. those used to calculate the indicators given in Table IRRBB1 are as follows:

- The NII values in Table IRRBB1 are calculated using a constant balance sheet, but internal indicators are calculated using a range of different balance-sheet scenarios based on different interest rates. This enables the Bank to account for how customer behavior may change in response to higher or lower interest rates;
- The NII values in Table IRRBB1 are calculated to reflect the effects of an instantaneous interest-rate shock, while internal indicators are calculated assuming the upwards or downwards pressure on interest rates occurs linearly over the first six months of the simulation;
- The NII values in Table IRRBB1 are calculated for a rolling 12-month period, while internal NII indicators are calculated for the current year and the subsequent two years.

Table 27. Interest-rate risk – Quantitative information on the economic value of equity and net interest income
In CHF millions, at 31 December 2025, parent company, IRRBB1

	a	b	c	d
	ΔEVE		ΔNII	
Period	**31/12/2025**	**30/6/2025**	**31/12/2025**	**30/6/2025**
Parallel up	-467	-527	78	85
Parallel down	488	574	-3	25
Steepener	-138	-216		
Flattener	40	106		
Short rate up	-120	-91		
Short rate down	125	95		
Maximum	-467	-527	-3	25

Period	**31/12/2025**	**30/6/2025**
Tier 1 capital	3,484	3,508

The economic value of equity is sensitive to a change in interest rates. The maximum sensitivity decreased in the second half of 2025.

Regarding the change in NII at 31 December 2025, the two scenarios tested would lead to a small decline in NII relative to the Bank's core scenario in the event of a steep decline in interest rates. This is because interest rates are now at 0% following the steep declines since 2024, especially in short-term interest rates (reflecting the 175 bp rate cut by the SNB). As a result, applying the parallel down scenario to interest rates at 31 December 2025 would bring the entire interest-rate curve into negative territory. Under such a scenario, in the first few months, the Bank could offset the impact of the negative interest rates on loans and on derivative hedging instruments in two ways: with the gains obtained from depositing cash with the SNB, assuming there is an exemption cap; and with negative-interest-rate commissions on certain customer deposits, as occurred in 2015–2022.

In the parallel up scenario, NII would be higher relative to the Bank's core scenario. This is due to the higher income from interest-rate swaps used as hedging instruments and to a smaller increase in the interest paid on customer deposits, as shown in Swiss banks' pricing behavior in 2022–2023.

5.4 Liquidity risk

Strategy and processes

The Board of Directors sets out the principles for managing liquidity risk and the target liquidity-risk profile. The liquidity-risk profile is expressed through metrics such as the liquidity coverage ratio (LCR) and other indicators used to analyze the balance sheet's structure. The target liquidity-risk profile is reviewed annually by the ALCO.

Structure and organization

The Executive Board delegates responsibility for managing liquidity risk to the ALCO, which does so in accordance with the principles set out by the Board of Directors. Every month, the ALCO monitors liquidity risk via the monthly ALCO report. The reports are also submitted to the Executive Board and the Board of Directors every quarter.

Within the Finance & Risks Division, the ALM-FM Department, which includes ALM and Treasury, is responsible for the centralized and operational management of liquidity risk.

- Treasury manages the parent company's liquidity position on a daily basis and ensures that the internal LCR limit is complied with. Treasury is also the counterparty for Group subsidiaries when managing their liquidity positions.

- ALM submits proposals to the ALCO concerning strategic balance-sheet management (e.g., long-term borrowings and financial investments) and draws up the ALCO reports.
- ALM is also in charge of determining and maintaining liquidity-risk management principles and models. The principles are approved by the ALCO and the Board of Directors, while models are approved by the EBRMC.

Risk assessment

There are two types of liquidity-risk metrics:

- Static metrics, which calculate the risk on a given date in order to assess the risk level instantaneously and monitor changes over time;
- Dynamic metrics, which calculate the risk on future dates in order to anticipate changes in the risk level. Dynamic metrics are determined by simulating changes in balance-sheet items over the following three years using three different scenarios of how the Bank's business could develop.

The following metrics are calculated both statically and dynamically and analyzed by the ALCO in order to assess the Bank's liquidity position and the robustness of its balance sheet:

- Basel III liquidity ratios (LCR and NSFR);
- The net funding requirements of the Bank's business lines;
- The long-term funding plan.

Other static indicators are also monitored by the ALCO:

- Maturities distribution/concentration for long-term borrowings;
- Funding costs on the interbank and bond markets.

In addition to these risk metrics, stress tests are conducted to quantify the impact that different adverse scenarios would have on the Bank's liquidity position over a given time. These stress tests are the starting point for determining the target liquidity-risk profile.

Funding structure

BCV is funded primarily by client deposits. These account for 62% of total liabilities and shareholders' equity and come in the form of savings, sight deposits, term deposits, and medium-term notes.

Long-term borrowings account for 18% of total liabilities and shareholders' equity. Most long-term borrowings are mortgage-backed bonds issued through the Central Mortgage-Bond Institution, which represents a stable source of long-term funding. Other long-term borrowings are made for diversification purposes.

Unsecured amounts due to banks make up 6% of total liabilities and shareholders' equity. Secured amounts due to banks (i.e., repurchase agreements) account for 3%.

The remaining items are shareholders' equity (6%) and other liabilities (around 5%).

Contingency funding plan

Pursuant to Article 10 of the Swiss Federal Liquidity Ordinance, the Bank has a contingency funding plan in place to cover a potential liquidity shortage. The plan has three components:

- An early warning system that determines the risk level using specific and systemic risk indicators;
- Escalation rules stipulating the management level that must be informed depending on how the situation develops;
- Checklists setting out the procedure to be followed, the measures to be taken by each business line, and the responsibilities of those tasked with managing the liquidity shortage.

The contingency funding plan is reviewed annually by the ALCO.

Liquidity coverage ratio (LCR)

The LCR is an international regulatory standard set out in the Basel III Accord. It became mandatory on 1 January 2015. The LCR ensures that a bank has enough liquidity to withstand a 30-calendar-day liquidity stress scenario. It is the ratio between the amount of high-quality liquid assets (HQLA) available and potential net cash outflows over a 30-day period. The term net cash outflows is defined as the total potential cash outflows (such as withdrawals from sight deposits and non-renewals of borrowings with a maturity of less than 30 days) less the total potential cash inflows (such as the repayment of receivables with a maturity of less than 30 days) in a stress situation. The minimum requirement for the LCR is 100%.

The average LCR for all BCV Group currencies was 134% in the third quarter of 2025 and 132% in the fourth quarter of 2025.

The Bank’s SIC account makes up 47% of its HQLA. The remaining HQLA are primarily Swiss-issued securities that have a credit rating of between AAA and AA- (Central Mortgage-Bond Institution, the Mortgage-Bond Bank, the Swiss Federal Government and cantonal governments) and that are eligible as collateral for SNB open-market transactions.

Withdrawals from retail and corporate client deposits account for around 87% of total potential cash outflows. This reflects the fact that client deposits are the Bank's primary source of funding and also therefore the primary source of potential fund outflows in the event of a liquidity run.

Other cash outflows relate mainly to:

- Derivatives maturing within 30 days and margin calls relating to credit support annexes;
- The undrawn part of credit facilities granted to clients;
- Contingent liabilities (e.g., guarantees and letters of credit).

Loans to clients and banks maturing within 30 days account for around 85% of potential cash inflows. The remaining cash inflows primarily come from derivatives maturing within 30 days.

The LCR in CHF is higher than the LCR for all currencies combined, as almost all HQLA are denominated in CHF (cash deposited at the SNB). Conversely, the LCR in EUR and USD is lower than the LCR for all currencies combined.

Table 28. Liquidity coverage ratio (LCR)
In CHF millions, BCV Group, LIQ1[22]

		Q4 2025		Q3 2025	
		Total unweighted value	Total weighted value	Total unweighted value	Total weighted value
High-Quality Liquid Assets (HQLA)					
1	**Total HQLA**		**11,307**		**11,548**
Cash outflows					
2	Retail deposits	23,981	1,981	23,932	1,968
3	Of which: stable deposits	7,881	394	7,875	394
4	Of which: less stable deposits	16,100	1,587	16,058	1,575
5	Unsecured wholesale funding	15,663	6,803	16,167	7,144
6	Of which: operational deposits (all counterparties) and deposits in networks of cooperative banks	2,270	568	2,700	675
7	Of which: non-operational deposits (all counterparties)	13,327	6,169	13,447	6,450
8	Of which: unsecured debt	67	67	19	19
9	Secured wholesale funding		119		34
10	Additional requirements	3,476	992	3,546	1,073
11	Of which: cash outflows related to derivative exposure and other collateral requirements	1,453	683	1,552	732
13	Of which: cash outflows related to credit and liquidity facilities	2,023	309	1,994	341
14	Other contractual funding obligations	132	116	134	119
15	Other contingent funding obligations	2,590	130	2,512	126
16	**Total cash outflows**		**10,142**		**10,464**
Cash inflows					
17	Secured lending (e.g., reverse repos)	-	-	-	-
18	Inflows from fully performing exposure	1,922	1,318	2,191	1,574
19	Other cash inflows	231	231	279	279
20	**Total cash inflows**	**2,153**	**1,549**	**2,470**	**1,853**
Adjusted values					
21	**Total HQLA**		**11,307**		**11,548**
22	**Total net cash outflows**		**8,593**		**8,610**
23	**Liquidity coverage ratio**		**132%**		**134%**

[22] The figures shown are calculated as the quarterly average of end-of-month figures (using three data points).

Net stable funding ratio (NSFR)

The NSFR is the other liquidity-related international regulatory standard set out in the Basel III Accord. It became mandatory on 1 July 2021. The NSFR is the ratio of available stable funding, in the form of deposits, wholesale funding, and capital, to required stable funding for assets, primarily in the form of loans, over a one-year time horizon. It limits overreliance on short-term wholesale funding and encourages better assessment of funding risk across all on- and off-balance-sheet items. The minimum requirement for the NSFR is 100%.

BCV Group’s NSFR was 121% at 30 September 2025 and 120% at 31 December 2025.

Around 65% of available stable funding is in the form of deposits from private clients, SMEs, and non-financial companies. Interbank borrowing and other liabilities account for around 26%, and shareholders’ equity makes up the remaining 9%. Close to 86% of required stable funding is in the form of mortgage loans and loans to non-financial companies. The remaining 14% is made up of off-balance-sheet assets and other on-balance-sheet assets.

“Interdependent liabilities and assets” corresponds to a regulatory category of balance-sheet positions that are contractually paired, i.e., each liability directly funds a corresponding asset. In view of their economic nature, these positions do not create liquidity risk and can thus be assigned a 0% weighting when calculating the NSFR. At BCV, assets and liabilities composed of precious metals are recorded as “interdependent liabilities and assets” because they meet the criteria set out in margin numbers 414 to 416 in FINMA Circular 2015/2 “Liquidity risks – banks.”

Table 29. Net stable funding ratio (NSFR)
In CHF millions, BCV Group, LIQ2

		a	b	c	d	e	a-1	b-1	c-1	d-1	e-1
		31/12/2025					30/9/2025				
		Unweighted value by residual maturity				Weighted value	Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	≥ 6 months to < 1 year	≥ 1 year		No maturity	< 6 months	≥ 6 months to < 1 year	≥ 1 year	
Available stable funding (ASF)											
1	Capital:										
2	Regulatory capital	-	-	-	3,930	3,930	-	-	-	3,859	3,859
3	Other capital instruments	-	-	-			-	-	-		
4	Retail deposits and deposits from small business customers:										
5	Stable deposits	8,047	9	0		7,653	7,882				7,488
6	Less stable deposits	14,119	483	32	1,066	14,237	14,552	525	40	1,013	14,620
7	Wholesale funding:										
8	Operational deposits	1,650				825	1,715				858
9	Other wholesale funding	4,364	4,904	376	458	5,152	4,372	4,262	404	508	4,848
10	Liabilities with matching interdependent assets	512					496				
11	Other liabilities:										
12	NSFR derivative liabilities			478					819		
13	All other liabilities and equity not included in the above categories	5,350	4,927	1,136	10,170	11,065	5,874	3,819	1,254	9,992	10,977
14	**Total ASF**					**42,863**					**42,649**

		a	b	c	d	e	a-1	b-1	c-1	d-1	e-1
		31/12/2025					30/9/2025				
		Unweighted value by residual maturity				Weighted value	Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	≥ 6 months to < 1 year	≥ 1 year		No maturity	< 6 months	≥ 6 months to < 1 year	≥ 1 year	
Required stable funding (RSF)											
15	Total NSFR high-quality liquid assets (HQLA)					1,175					1,298
16	Deposits held at other financial institutions for operational purposes	58				29	30				15
17	Performing loans and securities:										
18	Performing loans to financial institutions secured by Level 1 and 2a HQLAs										
19	Performing loans to financial institutions secured by non-Level 1 and 2a HQLAs and unsecured performing loans to financial institutions	300	529	87	1,059	1,234	726	719	52	940	1,192
20	Performing loans to nonfinancial corporate clients, retail and small business customers, central governments, central banks, subordinated regional companies, non-central govt. public-sector entities, and multilateral development banks, of which:	144	3,096	715	7,023	7,940	141	3,145	554	7,046	7,903
21	With a risk weight of less than or equal to 35% under the Basel II standardized approach for credit risk	-	7	1	42	32	-	8	0	40	31
22	Performing residential mortgages, of which:	187	3,385	1,668	24,133	22,831	168	3,455	1,438	23,894	22,481
23	With a risk weight of less than or equal to 35% under the Basel II standardized approach for credit risk	146	2,569	1,213	18,918	17,672	131	2,681	1,149	18,554	17,331
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	570	6	0	1,035	1,188	519	0	1	776	920
25	Assets with matching interdependent liabilities	23			489		32			464	
26	Other assets:										
27	Physical traded commodities, including precious metals	32				27	30				25
28	Assets posted as initial margin for derivative contracts and contributions to default funds of central counterparties		-	-	-	-		-	-	-	-
29	NSFR derivative assets		-	393	-	34		-	621	-	102
30	NSFR derivative liabilities before deduction of variation margin posted		-	63	-	63		-	94	-	94
31	All other assets not included in the above categories	793	21	9	103	925	853	17	7	113	990
32	Off-balance-sheet items		6,127	-	-	126		5,811	-	-	119
33	**Total RSF**					**35,572**					**35,140**
34	**NSFR**					**120%**					**121%**

6. OPERATIONAL RISK

The Bank takes a comprehensive approach to managing operational risk in general (see Section 6.1), and has designed specific approaches to the key risks managed by Compliance (see Section 6.2) and Security (see Section 6.3) in particular.

6.1 Overview

Strategy and processes

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 2023/01 on operational risks and resilience.

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 information systems, including potential cyberattacks that specifically target the Bank;
- Events related to transaction and process management.

Structure and organization

The Operational Risk Unit within the Finance & Risks Division's Risk Management Department is in charge of conducting periodic analyses to monitor the Bank's operational-risk profile and gathering and analyzing information on operational incidents that have occurred. This unit develops the methods used for managing operational risk and submits them for approval to the Executive Board's Risk Management Committee. The unit is also responsible for implementing these methods. In addition, the Operational Risk Unit contributes to creating and implementing assessment methods and tools for the Bank's operational internal control system.

Risk reviews and analysis of incidents

Periodic reviews are carried out to assess how well the main operational risks are managed. These are supplemented by ad-hoc reviews, for instance if a potential new threat arises, if FINMA submits a specific request, or if a major risk event 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. In order to monitor the Bank's operational-risk profile, tolerance limits are set for operational events (i.e., number and financial impact) and for various indicators relating to the main operational-risk threats. Operational events and tolerance limits are monitored via the Bank's risk reports, which fall under the responsibility of the CRO (see Section 3.1).

If an important operational-risk event occurs, the Bank bases its response on clearly defined incident-management measures, such as the Business Continuity Plan (BCP).

The Bank has determined its regulatory capital requirements for operational risk in accordance with the standardized approach under the final Basel III Accord (CAO, Article 90). The minimum capital requirements at 31 December 2025 were calculated by multiplying the business indicator by 12%. The business indicator is the sum of the "interest and dividend component," the "services component," and the "financial component" under Article 92 of the CAO (see Table). The data required for this calculation come from the Accounting Department's IT system. Internal losses resulting from operational-risk events are not taken into account when calculating capital requirements (i.e., the internal loss multiplier (ILM) is set at 1), because the business indicator is below CHF 1.25bn (CHF 1.22bn at 31 December 2025).

Table 30. Business indicator and subcomponents
In CHF millions, BCV Group, OR2[23]

		a	b	c
	BI and its subcomponents	**12/25**	**12/24**	**12/23**
1	**Interest, lease and dividend component**	**572**		
1a	- Interest and lease income	783	1,024	978
1b	- Interest and lease expense	250	464	376
1c	- Interest-earning assets	50,184	47,499	43,919
1d	- Dividend income	7	7	7
2	**Services component**	**457**		
2a	- Fee and commission income prestations de services	463	435	398
2b	- Fee and commission expense prestations de services	69	66	59
2c	- Other operating income	24	24	25
2d	- Other operating expense	8	4	3
3	**Financial component**	**195**		
	- Net P&L on the trading book	195	195	190
	- Net P&L on the portion of the banking book used to calculate the minimum capital requirements for operational risk	1	3	-
4	**BI**	**1,223**		
5	**Business indicator component (BIC)**	**147**		

[23] Lines 6a and 6b are not included because no activities have been divested.

Table 31. Minimum capital requirements for operational risk
In CHF millions, BCV Group, OR3

		a
		31/12/2025
1	Business indicator component (BIC)	147
2	Internal loss multiplier (ILM)	1
3	**Minimum capital requirements for operational risk (ORC)**	**147**
4	**Operational risk RWA**	**1,835**

6.2 Key compliance risks

Strategy and processes

The key risks managed by Compliance relate to the risks inherent in money laundering and the financing of terrorism, in market abuse, and 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. 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 in order to mitigate compliance risk.

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, and tax compliance.

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.

Structure and organization

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. The Department also carries out the necessary controls in the area of investor protection. It is actively involved in raising employees’ awareness of the respective obligations and performs independent checks to ensure that internal regulations are in line with the Bank’s activities.

Risk reviews and analysis of incidents

The Bank is inherently exposed to the key risks managed by Compliance (i.e., money laundering and the financing of terrorism, market abuse, economic sanctions, and tax compliance) when it provides banking services such as administering accounts, accepting funds, and executing transactions for clients. The Bank is also exposed to these risks when it decides whether to take on a client based on characteristics such as the client’s place of domicile, the size of their assets, their lending commitments, and their business activities.

The Bank assesses its exposure to the risks inherent in money laundering and the financing of terrorism, economic sanctions, market abuse, and tax compliance on a yearly basis. As part of this process, it categorizes client relationships and transactions based on money-laundering and terrorist-financing risk factors.

The Bank is also exposed to control-related compliance risks arising from the choices it makes concerning:

- The principles and methods used to detect, record, categorize, analyze, and clarify compliance risks;
- Its expertise in accepting and reviewing client relationships and transactions, and the related support and control processes;
- The skills and experience of those involved in the control system, and the tools made available to them.

The Bank periodically assesses its control-related compliance risks based on key performance indicators. It looks in particular at the level of compliance with quality standards and money-laundering and terrorist-financing clarification deadlines; how operational-risk controls are carried out and any related delays or non-compliance issues; and the internal and external audits, particularly in terms of criticality, specific issues that arise, and any postponements.

6.3 Key security risks

Strategy and processes

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.

Structure and organization

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 also makes sure that measures put in place to manage crisis situations and ensure business continuity remain effective and adequate over time.

Risk reviews and analysis of incidents

The Bank’s level of exposure to each of the main types of risk event is assessed in terms of risk type.

In particular, cyberattack scenarios are identified, compiled, and mapped out by network zone (i.e., the internet, the demilitarized network zone, and the Bank's internal network). In this way, any weaknesses or shortcomings in the security system can be detected and recorded. The Security Department re-assesses the Bank’s level of exposure on a quarterly basis. Data-breach scenarios are also identified and recorded. A catalog is kept of security measures and controls used to reduce the likelihood of risk events occurring and mitigate their impact. The controls needed for each data-breach scenario are identified from this catalog, and the residual risk is determined. The scenarios and catalog of measures and controls are reviewed annually.

6.4 Principles governing the Bank’s internal control system (ICS)

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 2023/1 on operational risk and resilience. 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 in terms of both 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 responsible for 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 (EOR) 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-1 and level-2 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 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.

7. CLIMATE-RELATED RISK

The Bank's approach to managing climate-related risks is described in more detail in the climate-risk appendix of its 2024 Sustainability Report.

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 customers. 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 – which is being driven in particular by changing legislation and societal expectations and by economic and technological developments – 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.

As a full-service bank with solid local roots, BCV is exposed to climate-related risk factors in various ways. The main sources of exposure taken into account are:

• its lending activities, including mortgage financing and corporate financing, as well as trade finance

• its trading and investment activities, i.e., client-driven investments and proprietary assets;

• its operations, in particular the buildings it uses for its banking activities.

For each source of exposure, the Bank uses a specific approach to assess and monitor the associated climaterelated risk factors. That approach is based on various time horizons that can exceed 10 years (short term: 0 to 3 years; medium term: 3 to 10 years; and long term: more than 10 years).

7.2 The Bank's overall exposure to climate-related risk factors

BCV's exposure to climate-related risk is very low. That stems from the fact that BCV operates primarily in Vaud Canton, which has a strongly services-oriented economy; the transition to a low-carbon economy has less of an impact on the services sector. In addition, BCV does not have significant operations in regions that are particularly exposed to physical hazards.

Based on current estimates, the potential impact of climate related risk factors is well below that of the main risk factors for BCV's banking activities, such as a rise in interest rates, a sharp increase in the value of the Swiss franc, or a marked decline in immigration in the Canton of Vaud.

A summary of the assessment of the Bank's overall exposure to climate-related risk factors is discussed below with regard to the Bank's business activities and operational procedures (more detailed information about our exposures, mitigation measures, methodologies and monitoring approach is set out in our sustainability report, in particular in the climate-risk appendix).

7.2.1 Exposure to climate-related risk factors in lending activities

BCV's lending activities mainly comprise mortgage financing and corporate financing in the Canton of Vaud and, to a limited extent, trade finance. The mortgage lending business has little exposure to transition risk (relating to regulatory changes in heating and construction standards, for example) and very limited exposure to physical risk (i.e., through loans on properties in regions subject to natural hazards). The proportion of loans granted to companies in sectors that emit the most greenhouse gases according to the TCFD[24] (energy, transportation, materials and building, agriculture and food) is considered low; these loans are not concentrated in any one sector. The overall impact of climate-related risk factors on potential credit losses at the Bank is considered very low and well below that of other risk factors affecting lending, such as a rise in interest rates, a sharp increase in the value of the Swiss franc, or a marked decline in immigration in the Canton of Vaud.

7.2.2 Exposure to climate-related risk factors in client investments

As part of its asset-management activities, BCV makes investments at the request of its individual and institutional clients. The value of these client-driven investments may be affected by climate-related risk factors, such as stricter laws on greenhouse gas emissions, adverse public-image trends for certain business sectors or companies, changes in the value of resources, and extreme weather events like storms and heatwaves. These client-driven investments are considered to have only a very low overall exposure to market risk factors related to the energy transition. This is based on the results of the PACTA climate compatibility test run by the Swiss Federal Office for the Environment (SFOE), in which BCV took part for the third time in 2024. The 2024 test showed that BCV's portfolios have low overall exposure to the most carbon-intensive sectors of the economy and are less exposed than an aggregate portfolio of all banks participating in the test.

With regard to asset management activities, the Bank could be affected by controversies such as accusations of greenwashing. To mitigate this risk, BCV has introduced control processes and systems along its entire asset-management value chain, in accordance with FINMA guidelines and the recommendations of Asset Management Association Switzerland (AMAS), Swiss Sustainable Finance (SSF), and the Swiss Bankers Association (SBA).

7.2.3 Exposure to climate-related risk factors in the Bank's operations

With regard to its operations, and in particular the buildings it uses for its banking activities, BCV has very little exposure to climate-related risk. The Bank has taken various measures over the past several years to reduce its carbon footprint, especially when it comes to heating its buildings. It also encourages employees to commute using public transportation or by walking or biking.

[24] Task Force on Climate-related Financial Disclosures

8. APPENDIX

Table 32. Key metrics
In CHF millions, BCV Group, full table, KM1

		a	c	e
		31/12/2025	**30/6/2025**	**31/12/2024**
Available capital				
1	Common Equity Tier 1 (CET1)	3,528	3,534	3,519
2	Tier 1 (T1)	3,528	3,534	3,519
3	Total capital	3,550	3,554	3,539
Risk-weighted assets (RWA)				
4	Total RWA	19,617	19,259	20,894
4a	Total pre-floor RWA (CAO, Art. 45a.3)	19,617	19,259	n.a.
Risk-based capital ratios as % of RWA				
5	CET1 ratio	18.0%	18.4%	16.8%
5b	CET1 ratio (pre-floor)	18.0%	18.4%	n.a.
6	Tier 1 ratio	18.0%	18.4%	16.8%
6b	Tier 1 ratio (pre-floor)	18.0%	18.4%	n.a.
7	Total capital ratio	18.1%	18.5%	16.9%
7b	Total capital ratio (pre-floor)	18.1%	18.5%	n.a.
Additional CET1 buffer requirements (Basel Committee; as % of RWA)				
8	Capital conservation buffer requirement (2.5%)	2.5%	2.5%	2.5%
9	Countercyclical buffer requirement (extended; CAO, Art. 44a)	-	-	-
11	Total of bank CET1 specific buffer requirements	2.5%	2.5%	2.5%
12	CET1 available after meeting the bank's minimum capital requirements (i.e., after the CET1 allocated to cover minimum capital requirements)	10.1%	10.5%	8.9%
Capital ratio requirements (as % of RWA; CAO, Annex 8)				
12a	Capital buffer (CAO, Annex 8)	4.0%	4.0%	4.0%
12b	Countercyclical buffer (CAO, Art. 44 and 44a)	1.0%	1.0%	1.0%
12c	CET1 requirement in accordance with Annex 8 of the CAO plus the countercyclical buffer (CAO, Art. 44 and 44a)	8.8%	8.8%	8.8%
12d	Tier 1 requirement in accordance with Annex 8 of the CAO plus the countercyclical buffer (CAO, Art. 44 and 44a)	10.6%	10.6%	10.6%
12e	Total regulatory capital requirement in accordance with Annex 8 of the CAO plus the countercyclical buffer (CAO, Art. 44 and 44a)	13.0%	13.0%	13.0%
Basel III leverage ratio				
13	Total Basel III leverage ratio exposure measure	65,074	64,120	63,442
14	Basel III leverage ratio (Tier 1 capital as % of total Basel III leverage ratio exposure measure, including the impact of any applicable temporary exemption of central bank reserves)	5.4%	5.5%	5.5%

14b	Basel III leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	5.4%	5.5%	n.a.
14e	Minimum capital requirements (CAO, Art. 42), i.e., the higher of the following two amounts: 1. minimum capital requirements under Art. 42.1(a and b), CAO (3% of the Basel III leverage ratio exposure measure and 8% of RWA); 2. minimum capital of CHF 10m (BO, Art. 15) for banks and CHF 1.5m (FinIO, Art. 69.1) for securities firms	1,952	1,924	n.a.
Net stable funding ratio (NSFR)				
18	Available stable funding	42,863	42,057	40,314
19	Required stable funding	35,572	34,471	34,072
20	NSFR	120%	122%	118%

		a	b	c	d	e
		Q4 2025	**Q3 2025**	**Q2 2025**	**Q1 2025**	**Q4 2024**
Liquidity coverage ratio (LCR)						
15	Total high-quality liquid assets (HQLA)	11,307	11,548	11,813	11,574	11,404
16	Total net cash outflow	8,593	8,610	8,883	8,652	9,173
17	LCR	132%	134%	133%	134%	124%

8.1 Reconciliation of financial statements and regulatory exposure

Table 33. Reconciliation of regulatory capital to balance sheet
In CHF millions, BCV Group, CC2[25]

	a	a-1	c
	Balance sheet as in published financial statements		**Reference**
	31/12/2025	**30/6/2025**	
Assets			
Cash and cash equivalents	8,699	10,053	
Due from banks	667	734	
Reverse repurchase agreements	-	-	
Loans and advances to customers	6,357	6,387	
Mortgage loans	35,577	34,774	
Trading portfolio assets	523	428	
Positive mark-to-market values of derivative financial instruments	273	430	
Other financial assets at fair value	1,440	1,167	
Financial investments	7,449	6,570	
Accrued income and prepaid expenses	107	112	

[25]Column b, “Under regulatory scope of consolidation,” is not included because the numbers are identical to those in column a, “Balance sheet as in published financial statements.”

Non-consolidated holdings	87	87	
Tangible fixed assets	366	365	
Intangible assets	-	-	
Other assets	76	113	
Capital not paid in	-	-	
Total assets	**61,620**	**61,219**	
Liabilities			
Due to banks	3,610	3,589	
Repurchase agreements	1,743	2,255	
Customer deposits	38,257	38,565	
Trading portfolio liabilities	1	1	
Negative mark-to-market values of derivative financial instruments	318	552	
Other financial liabilities at fair value	2,269	1,920	
Medium-term notes	4	5	
Bonds and mortgage-backed bonds	11,143	10,287	
Accrued expenses and deferred income	223	198	
Other liabilities	59	69	
Provisions	17	16	
Total liabilities	**57,645**	**57,458**	
Shareholders' equity			
Reserves for general banking risks	666	666	
Share capital	86	86	
Of which: amount eligible as CET1 capital	86	86	a
Statutory reserves, voluntary reserves, retained earnings, and net profit (loss) for the period	3,239	3,024	
Treasury shares	-16	-15	
Minority interests shown in the consolidated financial statements	0	0	
Total shareholders' equity	**3,975**	**3,762**	

Table 34. Composition of regulatory capital
In CHF millions, BCV Group, full table, CC1[26]

		a	a-1	b
		Amounts		**References**
		31/12/2025	**30/6/2025**	
Common Equity Tier 1 (CET1)				
1	Issued and paid-in capital, fully eligible	86	86	a
2	Retained earnings, including reserves for general banking and net profit (loss) for the period	3,493	3,459	
3	Capital reserve, currency translation reserve, and other reserves	34	34	
5	Minority interests eligible as CET1	0	0	
6	**CET1 before regulatory adjustments**	**3,613**	**3,579**	
CET1 regulatory adjustments				
12	IRB shortfall of provisions to expected losses	33	30	
16	Net long position in own CET1 instruments	16	15	
18	Amount exceeding threshold 1 (10%) for CET1-eligible non-significant investments in the common stock of other financial entities	-	-	
19	Amount exceeding threshold 2 (10%) for CET1-eligible significant investments in the common stock of other financial entities	35	-	
22	Amount exceeding threshold 3 (15%)	-	-	
28	**Total regulatory adjustments to CET1**	**84**	**45**	
29	**Net CET1**	**3,528**	**3,534**	
Additional Tier 1 capital (AT1)				
36	**AT1 before regulatory adjustments**	**-**	**-**	
43	**Total regulatory adjustments to AT1**	**-**	**-**	
44	**Net AT1**	**-**	**-**	
45	**Net Tier 1 capital**	**3,528**	**3,534**	
Tier 2 capital (T2)				
46	Issued and paid-in instruments, fully eligible, net of amortization (CAO, Art. 30.2)	-	-	
48	Minority interests eligible as T2	-	-	
50	Valuation adjustments; provisions and impairment for prudential reasons; compulsory reserves on financial investments	21	20	
51	**T2 before regulatory adjustments**	**21**	**20**	
T2 regulatory adjustments				
52	Net long position in own T2 instruments	-	-	
57	**Total regulatory adjustments to T2**	**-**	**-**	
58	**Net T2**	**21**	**20**	
59	**Total regulatory capital (Net T1 & Net T2)**	**3,550**	**3,554**	
60	**Total risk-weighted assets (RWA)**	**19,617**	**19,259**	
Capital ratios (as % of RWA)				
61	CET1 ratio (row 29)	18.0%	18.4%	

[26]The calculation of regulatory capital at 30 June includes 70% of first-half net profit after deducting 50% of the dividend distributed for the 2024 financial year. Rows not applicable to BCV are not included. The “Impact of transitional arrangements” column is not included because BCV does not apply any transitional arrangements.

62	T1 ratio (row 45)	18.0%	18.4%
63	Total capital ratio (row 59)	18.1%	18.5%
64	Specific CET1 buffer (capital conservation buffer + extended countercyclical buffer (CAO, Art. 44a) + capital buffer for systemically important banks)	2.5%	2.5%
65	Of which: in accordance with Basel minimum standards	2.5%	2.5%
68	CET1 available to meet buffer requirements in accordance with Basel minimum standards, after deducting the CET1 covering minimum requirements	10.1%	10.5%
68a	CET1 total requirement in accordance with Annex 8 of the CAO plus the countercyclical buffer	8.8%	8.8%
68b	Of which: countercyclical buffer in accordance with CAO, Art. 44 and 44a	1.0%	1.0%
68c	CET1 available	18.0%	18.4%
68d	T1 total requirement in accordance with Annex 8 of the CAO plus the countercyclical buffer	10.6%	10.6%
68e	T1 available	18.0%	18.4%
68f	Total regulatory capital requirement in accordance with Annex 8 of the CAO plus the countercyclical buffer (CAO, Art. 44 and 44a)	13.0%	13.0%
68g	Regulatory capital available	18.1%	18.5%
Amounts below the thresholds for deduction (before risk weighting)			
72	Non-significant investments in the common stock of other financial entities	28	23
73	Significant investments in the common stock of financial entities (CET1-eligible)	360	313
Applicable caps on the inclusion of value adjustments in Tier 2 capital (T2)			
78	T2-eligible value adjustments on exposures subject to the IRB approach (prior to application of cap)	-	-
79	Cap for inclusion of T2 value adjustments under the IRB approach	72	70

Table 35. Main features of regulatory capital instruments
In CHF millions, BCV Group, CCA[27]

		Quantitative or qualitative information
1	Issuer	Banque Cantonale Vaudoise (BCV), corporation organized under public law, founded by the Vaud Cantonal Parliament on 19 December 1845
2	Unique identifier	ISIN CH0531751755
3	Governing laws of the instrument	Cantonal Act Governing the Organization of Banque Cantonale Vaudoise; BCV's articles of association; Swiss Code of Obligations
	Regulatory treatment	
4	Transitional rules under CAO	CET1
5	Post-transitional rules under CAO	CET1
6	Eligible at solo/group/group and solo	Group and solo
7	Instrument type	Equity
8	Amount recognized in regulatory capital (currency in millions, as of most recent reporting date)	86
9	Par value of instrument	CHF 1
10	Accounting classification	Share capital
11	Original date of issuance	31 December 1995
12	Perpetual or dated	Perpetual
14	Issuer call subject to prior supervisory approval	No
	Coupons and dividends	
17	Fixed or variable coupon or dividend	Variable
19	Existence of a dividend stopper, where the absence of a dividend indicates a dividend waiver for ordinary shares	No
20	Fully discretionary, partially discretionary, or mandatory	Fully discretionary
21	Existence of step-up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
30	Writedown feature	No
36	Non-compliant transitioned features under Basel minimum standards as set out in Annex 1 of the CAO	No

[27] Rows not used are not included.

Table 36. Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories
In CHF millions, at 31 December 2025, BCV Group, LI1[28]

	a	c	d	f	g
	Carrying values				
	As reported in published financial statements	**Subject to credit risk framework**	**Subject to counterparty credit risk framework**	**Subject to market risk framework**	**Not subject to capital requirements or subject to deduction from capital**
Assets					
Cash and cash equivalents	8,699	8,697	2		
Due from banks	667	513	154		
Reverse repurchase agreements					
Loans and advances to customers	6,357	6,341	16		
Mortgage loans	35,577	35,577			
Trading portfolio assets	523			523	
Positive mark-to-market values of derivative financial instruments	273		273	273	
Other financial assets at fair value	1,440	0		1,440	
Financial investments	7,449	7,449	1,729		
Accrued income and prepaid expenses	107	107			
Non-consolidated holdings	87	87			
Tangible fixed assets	366	366			
Intangible assets					
Other assets	76	76			
Total assets	**61,620**	**59,213**	**2,173**	**2,236**	
Liabilities					
Due to banks	3,610		87		3,524
Repurchase agreements	1,743		1,743		
Customer deposits	38,257		0		38,257
Trading portfolio liabilities	1			1	
Negative mark-to-market values of derivative financial instruments	318		318	318	
Other financial liabilities at fair value	2,269			2,269	
Medium-term notes	4				4
Bonds and mortgage-backed bonds	11,143				11,143
Accrued expenses and deferred income	223				223
Other liabilities	59				59
Provisions	17	-			17
Total liabilities	**57,645**	**-**	**2,147**	**2,588**	**53,227**

[28]Column b is not included since the accounting scope of consolidation is identical to the regulatory scope of consolidation.

Exposures relating to the following line items are assessed across several risk categories:

- Mark-to-market values of derivative financial instruments: derivative transactions generate both counterparty credit risk and market risk;
- Financial investments: bonds used in repo transactions or held as collateral with other financial institutions generate both credit risk and counterparty credit risk.

Table 37. Main sources of differences between regulatory exposure amounts and carrying values in financial statements
In CHF millions, at 31 December 2025, BCV Group, LI2

		a	b	d	e
			Items subject to:		
		Total	Credit risk framework	CCR framework	Market risk framework
1	**Asset carrying value under regulatory scope of consolidation (as per Table LI1)**	**63,622**	**59,213**	**2,173**	**2,236**
2	Liabilities carrying value under regulatory scope of consolidation (as per Table LI1)	4,736	-	2,147	2,588
3	Total net amount under regulatory scope of consolidation	58,886	59,213	26	-353
4	Off-balance sheet amounts	7,400	2,721	-	-
5	Differences in the valuation of SFTs (regulatory haircut)	66	-	66	-
6	Differences in the valuation of derivatives transactions (due to regulatory add-ons)	524	-	524	-
7	Differences due to consideration of value adjustments and provisions	98	98	-	-
8	Other valuation differences	-57	-57	-	-
10	**Exposure amounts considered for regulatory purposes**	**66,917**	**61,976**	**616**	**-353**

Differences between the values reported in the financial statements and the regulatory amounts can be attributed to the following factors:

- Off-balance-sheet positions (contingent liabilities and undrawn revocable and irrevocable credit limits);
- Valuation differences for repo transactions (exposure after regulatory haircut);
- Provisions that are deducted from total exposure amounts according to the accounting standard applied at BCV;
- Add-ons to derivative positions and forward contracts.

Assets in the trading book are measured at fair value based on their prices in liquid markets. Fair values are checked daily by the Market Risk Unit within the Risk Management Department (see Section 5.1). Given the valuation method that the Bank uses, no prudential valuation adjustments are made (and, as such, Table PV1 is not applicable).

Table 38. Asset encumbrance
In CHF millions, BCV Group, ENC

	a	a-1	b	b-1	c	c-1	d	d-1
	Encumbered assets, excl. central bank facilities		**Central bank facilities**		**Unencumbered assets, excl. central bank facilities**		**Total**	
	31/12/25	**30/6/25**	**31/12/25**	**30/6/25**	**31/12/25**	**30/6/25**	**31/12/25**	**30/6/25**
Cash and cash equivalents	2	2	-	-	8,697	10,052	8,699	10,053
Due from banks	154	204	-	-	513	530	667	734
Loans and advances to customers	18	125	68	95	6,270	6,168	6,357	6,387
of which: Covid-19 loans	*2*	*2*	*68*	*95*	*1*	*2*	*71*	*98*
Mortgage loans	10,882	10,388	-	-	24,695	24,386	35,577	34,774
of which: mortgages pledged or assigned to the Central Mortgage-Bond Institution of Swiss Cantonal Banks	*10,882*	*10,388*	-	-	-	-	*10,882*	*10,388*
Other financial assets at fair value	6	-	-	-	1,434	-	1,440	-
Financial investments	2,347	2,847	5,019	3,642	83	80	7,449	6,570

CHF 10.882bn in mortgage loans is pledged to cover loans from the Central Mortgage-Bond Institution of Swiss Cantonal Banks. Financial investments include CHF 2.347bn in encumbered securities and CHF 5.019bn in securities eligible to be held with the SNB, CHF 173m of which are pledged to the SNB in the event that overnight liquidity requirements are tightened (this facility was not in use at

31 December 2025). The remaining amount, CHF 4.846bn, may be pledged to the SNB for intraday funding and is thus shown in the "Central bank facilities" column. The Bank provides a total of CHF 172m in cash collateral, of which CHF 154m is to banking counterparties and CHF 18m is to institutional clients. These amounts are shown in the "Encumbered assets, excluding central bank facilities" column for the "Due from banks" and "Loans and advances to customers" rows. The Covid-19 facility represents SNB funding for the Bank's Covid-19 loans. CHF 68m in Covid-19 loans were pledged at 31 December 2025.

8.2 Modeled versus standardized approach

Table 39. Comparison of modeled and standardized RWA, by risk type
In CHF millions, BCV Group, CMS1

		a	b	c	d
	Risk type	**RWA for modeled approaches that banks have supervisory approval to use**	**RWA for portfolios where standardized approaches are used**	**Total actual RWA (a + b)**	**RWA calculated using full standardized approach (i.e., for the output floor under CAO, Art. 45a.3)**
1	Credit risk (excluding CCR)	13,533	2,618	16,151	21,690
2	CCR	131	113	244	307
3	CVAs for derivatives and SFTs		185	185	185
5	Market risk	-	261	261	261
6	Operational risk		1,835	1,835	1,835
7	Residual RWA	-	940	940	940
8	**Total**	**13,664**	**5,953**	**19,617**	**25,219**

Total risk-weighted assets as calculated under the modeled approach accounts for 78% of risk-weighted assets as calculated under the standardized approach, which is above the 72.5% output floor (the transitional arrangements are not used). The differences between the risk-weighted positions calculated under the modeled approach and those calculated under the standardized approach can be fully attributed to the credit risk and counterparty credit risk, which were calculated using the IRB approach. For an explanation of the difference in the credit risk calculations (row 1 in the table above), see the next table.

Table 40:
Comparison of modeled and standardized RWA for credit risk, by asset class
In CHF millions, BCV Group, CMS2

		a	b	c	d
	Asset class	**RWA for modeled approaches that banks have supervisory approval to use**	**RWA for column (a) if re-computed using the standardized approach**	**Total actual RWA**	**RWA calculated using full standardized approach (i.e., for the output floor under CAO, Art. 45a.3)**
1	Central governments, central banks, and supranational institutions	-	-	0	0
4	Banks	342	281	466	404
5	Non-central govt. public-sector entities and multilateral development banks	323	527	706	910
6	Corporates – specialized lending	6,776	6,362	6,780	6,366
7	Of which: specialized lending, under supervisory slotting approach	6,776	6,362		6,362
10	Corporates – other lending	2,217	4,215	3,256	5,254
11	Of which: other lending, under F-IRB approach	2,217	4,215		4,215
13	Retail	2,189	7,688	2,704	8,202
14	Of which: retail mortgages	1,885	7,270		7,270
15	Of which: qualifying revolving retail	-	-		-
16	Of which: other retail	304	418		418
17	Equity			81	81
18	Others	1,685	-	2,158	473
19	**Total**	**13,533**	**19,072**	**16,151**	**21,690**

Risk-weighted assets as calculated under the IRB approach are less than those calculated under the standardized approach for the Retail and Corporates asset classes, excluding specialized lending, because the IRB risk weightings are more precise in their inclusion of lower risks related to counterparty solvency and to the amounts BCV stands to receive if the counterparty defaults. For the “Corporates - specialized lending” asset class, the slotting approach takes into account the higher risk of unexpected loss in connection with income-producing real estate and Trade Finance positions. The “Others” asset class shows the impact of the sector output floor applied by FINMA for the mortgage loan portfolio in Switzerland.

8.3 Leverage ratio

Table 41. Summary comparison of accounting assets vs. leverage ratio exposure measure
In CHF millions, BCV Group, LR1

		31/12/2025	30/6/2025
1	Total consolidated assets as per published financial statements	61,620	61,219
5	Adjustment for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-	-
8	Adjustment for derivative financial instruments	576	334
9	Adjustment for SFTs	0	1
10	Adjustment for off-balance-sheet items	2,927	2,611
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	-49	-45
12	Other adjustments	-	-
13	**Leverage ratio exposure measure**	**65,074**	**64,120**

The decrease in total assets mainly reflects a decline in amounts due from banks and in cash and cash equivalents (see Table 33). The difference between the financial assets reported on the balance sheet and the leverage ratio exposure measure stems primarily from off-balance-sheet transactions (CHF 2.927bn at 31 December 2025). Starting with the Q1 2019 financial statements, the leverage ratio for derivatives exposures is calculated using the SA-CCR.

Table 42. Leverage ratio common disclosures
In CHF millions, BCV Group, LR2

		31/12/2025	30/6/2025
On-balance-sheet exposure			
1	On-balance-sheet exposure (excluding derivatives and SFTs, but including collateral)	59,613	58,546
2	Gross-up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework	-	-
3	Deduction of receivables assets for cash variation margin provided in derivatives transactions	-163	-321
4	Adjustment for securities received under SFTs that are recognized as an asset	-	-
5	Value adjustments associated with on-balance sheet exposures that are deducted from Tier 1 capital (T1)	-	-
6	Assets deducted in determining T1	-49	-45
7	**Total on-balance-sheet exposures within the leverage ratio framework, excluding derivatives and SFTs**	**59,401**	**58,180**
Derivative exposure			
8	Replacement cost associated with all derivatives transactions, including those with central counterparties (net of eligible cash variation margin and/or with bilateral netting)	216	260
9	Add-ons associated with all derivatives transactions	796	824
10	Deduction relating to exposure to QCCPs if there is no obligation to reimburse the client in the event of the QCCP defaulting	-	-
11	Adjusted effective notional amount of written credit derivatives, after deduction of negative replacement values	-	-

12	Adjusted effective notional offsets of bought/written credit derivatives and add-on deductions for written credit derivatives	-	-
13	**Total derivative exposure**	**1,012**	**1,085**
SFT exposure			
14	Gross SFT assets with no recognition of netting, except in the event of novation with QCCPs, adjusted for sales accounting transactions	1,735	2,244
15	Netted amounts of cash payables and cash receivables relating to SFT counterparties	-	-
16	CCR exposure for SFT assets	0	1
17	Agent transaction exposure for SFT assets	-	-
18	**Total SFT exposure**	**1,735**	**2,245**
Other off-balance-sheet exposure			
19	Off-balance-sheet exposure at gross national amounts before application of CCFs	9,863	9,547
20	Adjustments for conversion to credit equivalent amounts	-6,936	-6,937
21	Specific and general provisions associated with off-balance sheet exposures deducted in determining T1	-	-
22	**Total off-balance-sheet exposure**	2,927	2,611
Capital and total exposure			
23	**T1**	**3,528**	**3,534**
24	**Total exposure**	**65,074**	**64,120**
Leverage ratio			
25	**Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)**	**5.4%**	**5.5%**
25a	**Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)**	**5.4%**	**5.5%**
26	**National minimum leverage ratio requirement**	**1,952**	**1,924**
27	**Applicable leverage buffers**	**3.0%**	**3.0%**

The difference between the amount of total accounting assets on the balance sheet and the balance-sheet exposure used to calculate the leverage ratio (row 1 of Table 42) is due to the Bank's repo agreements (CHF 1.735bn at 31 December 2025) and derivatives (mark-to-market value of CHF 216m at 31 December 2025).

8.4 Disclosure map, analytical classifications, and abbreviations

8.4.1 Disclosure map

The relationships between the tables in DisO-FINMA and those in this report are described below.

Table 43. Disclosure map

Basel reference code	Description	BCV table no.	Frequency under FINMA	Comment
Overview				
KM1	Key metrics	2, 32 and 47	Semiannual	
OVA	Bank risk management approach	Sec. 3	Annual	

OV1	Overview of RWA	4	Semiannual	
CCyB1	Geographical distribution of credit exposure used in the extended countercyclical buffer under Basel minimum standards		Annual	Not required for BCV
Linkages between financial statements and regulatory exposure				
CCA	Main features of regulatory capital instruments	35	Annual	
CC1	Composition of regulatory capital	3 and 34	Annual	Updated half-yearly
CC2	Reconciliation of regulatory capital to balance sheet	33	Annual	
LIA	Explanations of differences between accounting and regulatory exposure amounts	Sec. 8.1	Annual	
LI1	Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories	36	Annual	
LI2	Main sources of differences between regulatory exposure amounts and carrying values in financial statements	37	Annual	
ENC	Asset encumbrance	38	Annual	
PV1	Prudential valuation adjustments		Annual	No prudential valuation adjustments
Leverage ratio				
LR1	Summary comparison of accounting assets vs leverage ratio exposure measure		Annual	Updated half-yearly
LR2	Leverage ratio common disclosures	Sec. 4	Annual	
Credit risk				
CRA	General qualitative information about credit risk	Sec. 4	Annual	
CR1	Credit quality of assets	10	Annual	Updated half-yearly
CR2	Changes in stock of defaulted loans and debt securities	11	Annual	
CRB	Additional disclosure related to the credit quality of assets	Sec. 4	Annual	Updated half-yearly
CRC	Qualitative disclosure requirements related to credit risk mitigation (CRM) techniques	Sec. 4	Annual	
CR3	CRM techniques – overview	12	Annual	Updated half-yearly
CRD	Qualitative disclosure on the Bank's use of external credit ratings under the standardized approach for credit risk	Sec. 4	Annual	

CR4	Standardized approach – credit risk exposure and CRM effects	17	Annual	Updated half-yearly
CR5	Standardized approach – exposure by asset class and risk weight	18 and 19	Annual	
CRE	Qualitative disclosures related to IRB models	Sec. 4	Annual	Updated half-yearly
CR6	IRB approach – credit risk exposure by portfolio and probability of default (PD) range	13	Semiannual	
CR7	IRB approach – effect on RWA of credit derivatives used as CRM techniques		Semiannual	No credit derivatives
CR8	RWA flow statements of credit risk exposure under IRB approach	14	Semiannual	
CR9	IRB approach – backtesting of PD per portfolio	15	Annual	
CR10	IRB approach – specialized lending and equities under the simple risk weight method	16	Semiannual	
CCRA	Qualitative disclosure related to counterparty credit risk (CCR)	Sec. 4.3	Annual	
CCR3	Standardized approach – CCR exposure by regulatory portfolio and risk weight	21	Annual	Updated half-yearly
CCR4	IRB – CCR exposure by portfolio and PD range	20	Semiannual	
CCR5	Composition of collateral for CCR exposure	22	Annual	Updated half-yearly
CCR6	Credit derivatives exposures		Annual	No credit derivatives
CCR7	RWA flow statements of CCR exposure under the Internal Model Method (IMM)		Semiannual	IMM approach not used at BCV
CCR8	Exposure to central counterparties (CCPs)	24	Annual	Updated half-yearly
CVAA	CVA risk: general qualitative information on CVA risk management	Sec. 4.3	Annual	
CVA1	CVA risk: reduced basic approach (BA-CVA)	23	Annual	Updated half-yearly
CVA2	CVA risk: full basic approach (BA-CVA)		Annual	Full BA-CVA not applied at BCV
CVAB	CVA risk: qualitative information on the use of the advanced approach (A-CVA)		Annual	A-CVA not applied at BCV
CVA3	CVA risk: quantitative information on the use of the advanced approach (A-CVA)		Annual	
CVA4	CVA risk: change in RWA under the advanced approach (A-CVA)		Annual	

CMS1	Comparison of modeled and standardized RWA by risk type	39	Semiannual	
CMS2	Comparison of RWA for credit risk calculated under the IRB approach and under SA-BIS, by asset class	40	Semiannual	
Market risk and liquidity				
SECA	Qualitative disclosure requirements related to securitization exposure		Annual	No securitization
SEC1	Securitization exposure in the banking book		Annual	
SEC2	Securitization exposure in the trading book		Annual	
SEC3	Securitization exposure in the banking book and associated regulatory capital requirements – bank acting as originator or sponsor		Annual	
SEC4	Securitization exposure in the banking book and associated regulatory capital requirements – bank acting as investor		Annual	
MRA	General qualitative disclosure requirements related to market risk	Sec. 5	Annual	
MR1	Market risk under the standardized approach (SA)		Annual	Standard approach not used at BCV (simplified standard approach used)
MRB	Qualitative disclosures for banks using the Internal Models Approach (IMA)		Annual	IMA approach not used at BCV
MR2	RWA flow statements of market risk exposure under the IMA		Semiannual	
MR3	Market risk under the simplified standardized approach	25	Annual	Updated half-yearly
IRRBBA	IRRBB risk management objectives and policies	Sec. 5.3	Annual	Updated half-yearly
IRRBBA1	Quantitative information on the structure of IRRBB positions and maturity repricing	26	Annual	
IRRBB1	Quantitative information on the economic value of equity and net interest income	27	Annual	
LIQA	Liquidity risk management	Sec. 5.4	Annual	
LIQ1	Liquidity coverage ratio	28	Semiannual	
LIQ2	Net stable funding ratio	29	Semiannual	

Operational risk				
ORA	General qualitative information about operational risk management	Sec. 6	Annual	
OR1	Historical losses		Annual	Not required for BCV
OR2	Business indicator (BI) and subcomponents	30	Annual	
OR3	Minimum capital requirements for operational risk	31	Annual	
Remuneration				
REMA	Remuneration policy		Annual	Not required for BCV
REM1	Remuneration awarded during the financial year		Annual	
REM2	Special payments		Annual	
REM3	Deferred remuneration		Annual	

8.4.2 Analytical classifications

This section describes the different analytical classifications used in this document that are not already defined within the framework of the final Basel III Accord.

Table 44. Final Basel III Accord asset classes

Asset class	Description
Central governments, central banks, and supranational institutions	The Swiss national government, BIS, central banks, multilateral development banks eligible for a 0% risk weighting, and foreign governments
Banks	Bank counterparties
Swiss mortgage bonds	Securities issued by the Central Mortgage-Bond Institution of Swiss Cantonal Banks and the Mortgage-Bond Bank of Swiss Mortgage Institutions
Non-central govt. public-sector entities and multilateral development banks (F-IRB)	Cantonal governments and municipal authorities
Corporates – specialized lending (F-IRB)	Real-estate financing for counterparties rated with the “real-estate professionals” rating model, together with trade-finance transactions
Corporates – other lending (F-IRB)	Companies that do not meet the retail criteria
Mortgage-backed retail exposure	Mortgage-backed exposure to individuals and companies that meet the retail criteria
Other retail exposure	Other exposure to individuals and companies that meet the retail criteria
Other positions	Non-counterparty-related assets and equity securities

Table 45. Risk segments

Type of counterparty	Description
Retail	Individuals with no business loan who have a mortgage loan of up to CHF 1.2m or assets of less than CHF 250,000 invested in an asset allocation fund
Private banking	Individuals with no business loan who meet at least one of the following criteria: a mortgage loan of over CHF 1.2m, assets of more than CHF 250,000, or an advisory and/or discretionary management agreement
SMEs	Small and medium-sized businesses, excluding real-estate professionals and trade-finance counterparties, that do not meet the criteria for “large corporates”
Real-estate professionals	Counterparties whose main professional activity is investing in real estate for their own account
Large corporates	Listed companies that use the capital markets and have complex financial needs (e.g., syndicated loans, international exposure, etc.)

Public-sector entities	Swiss national, cantonal, and municipal governments
Trade finance	Non-bank counterparties involved in trade-finance activities
Banks	Bank counterparties, including central counterparties since 1 January 2013

Table 46. Supervisory slotting and PD rating model (scope of F-IRB approach)

BCV rating model	Description
BCV staff	Individuals who are BCV employees
Private banking	Individuals or groups of individuals with no commercial loans and with at least CHF 300,000 in assets with BCV or who are financed exclusively with Lombard loans
Retail	Individuals or groups of individuals with no commercial loans and who do not meet the criteria for “Private banking” or “BCV employees”
SME	Small and mid-sized businesses
Large corporates	Large businesses
Banks	Banking institutions
Vaud municipalities	Municipalities in Vaud Canton
Real-estate professionals	Counterparties whose main professional activity is investing in real estate for their own account
Trade finance (supervisory slotting criteria for specialized lending)	Transactions to finance international commodities trading
Real-estate development (supervisory slotting criteria for specialized lending)	Transactions to finance real-estate development

8.4.3 List of abbreviations

ALCO Asset and Liabilities Management Committee

ALM Asset and Liability Management

ALM-FM The Bank's ALM and Financial Management Department

BCV Banque Cantonale Vaudoise

BIS	Bank for International Settlements
BO	Swiss Federal Ordinance on Banks and Savings Banks
BoD	Board of Directors
CAO	Swiss Federal Ordinance of 1 June 2012 concerning capital adequacy and risk diversification for banks and securities traders (known as the “Capital Adequacy Ordinance”)
CCF	Credit conversion factor
CCO	Chief Credit Officer
CCP	Central counterparty, an institution that acts as an intermediary between two parties to secure a transaction by becoming the counterparty to the buyer and the seller
CCR	Counterparty credit risk
CEO	Chief Executive Officer
CF	Commodities finance
CFO	Chief Financial Officer
CreO-FINMA	FINMA Ordinance of 6 March 2024 on the Credit Risks of Banks and Securities Firms
CRM	Credit risk mitigation
CSA	Credit Support Annex, an optional annex for ISDA netting agreements
CVA	Credit valuation adjustment, a capital requirement aimed at covering the risk of loss in market value as a result of deterioration in the counterparty’s credit quality
ΔEVE	Change in the economic value of equity
ΔNII	Change in net interest income
EAD	Exposure at default
EBCC	Executive Board Credit Committee
EBRMC	Executive Board Risk Management Committee
EL	Expected loss
ESG	Environmental, social, and governance

EURIBOR	Euro Interbank Offered Rate, the set of benchmark rates published by the European Money Markets Institute for unsecured interbank funding in euros for periods of up to 12 months
F-IRB	Foundation internal ratings-based approach
FinIO	Swiss Federal Ordinance on Financial Institutions
FINMA	Swiss Financial Market Supervisory Authority
FINMA-AO	FINMA accounting ordinance of 31 October 2019
GMRA	Global Master Repurchase Agreement of the Public Securities Association/International Securities Market Association (PSA/ISMA)
HQLA	High-quality liquid assets
ICS	Internal control system
ID	BCV's "in default" provisioning category
IMA	Internal Models Approach
IMM	Internal Model Method, a method for calculating counterparty credit risk exposure using internal models
IPRE	Income-producing real estate
IRB	Internal ratings-based
IRRBB	Interest-rate risk in the banking book
ILM	Internal loss multiplier, a coefficient that reflects the extent to which operational events affect the calculation of risk-weighted assets
ISDA	International Swaps and Derivatives Association
LCR	Liquidity coverage ratio
LGD	Loss given default
LIBOR	London Interbank Offered Rate
NII	Net interest income
NSFR	Net stable funding ratio
DisO-FINMA	FINMA Ordinance of 6 March 2024 on the Disclosure Obligations of Banks and Securities Firms
OTC	Over the counter

PD	Probability of default
QCCP	Qualified central counterparty
RD	BCV's "reputed to be in financial difficulty" provisioning category
RMPS	BCV's Risk Management Policy and Strategy
RW	Risk weighting
RWA	Risk-weighted assets
SAR	Swiss Average Rate, the Swiss benchmark rate for repos
SARON	Swiss Average Rate Overnight, the Swiss benchmark rate for overnight repos
SFT	Securities financing transaction
SIC	Swiss Interbank Clearing
SNB	Swiss National Bank
SOFR	Secured Overnight Financing Rate, the benchmark rate published by the US Federal Reserve for secured overnight interbank funding
SONIA	Sterling Overnight Interbank Average rate, the benchmark rate published by the Bank of England for unsecured interbank funding in pound sterling
SRI	Socially responsible investing
SA-BIS	International Standardized Approach in accordance with the CAO
SA-CCR	Standardized approach for measuring counterparty credit risk
TCFD	Task Force on Climate-related Financial Disclosures
TONAR	Tokyo Overnight Average Rate, the benchmark rate published by the Bank of Japan for unsecured interbank funding in yen
VaR	Value at risk

8.5 Parent-company disclosures

When capital and liquidity requirements are calculated at group level, the Group is generally only required to provide consolidated disclosures (known as the disclosure exemption).

Under DisO-FINMA, the Bank is nevertheless required to disclose the following parent-company figures.

Table 47. Main parent-company figures
In CHF millions, at 31 December 2025, KM1

		a	c	e
		31/12/2025	**30/6/2025**	**31/12/2024**
Available capital				
1	Common Equity Tier 1 (CET1)	3,484	3,508	3,490
2	Tier 1 (T1)	3,484	3,508	3,490
3	Total capital	3,505	3,528	3,509
Risk-weighted assets (RWA)				
4	Total RWA	19,345	19,000	20,773
4a	Total pre-floor RWA (CAO, Art. 45a.3)	19,345	19,000	n.a.
Risk-based capital ratios as % of RWA				
5	CET1 ratio	18.0%	18.5%	16.8%
5b	CET1 ratio (pre-floor)	18.0%	18.5%	n.a.
6	Tier 1 ratio	18.0%	18.5%	16.8%
6b	Tier 1 ratio (pre-floor)	18.0%	18.5%	n.a.
7	Total capital ratio	18.1%	18.6%	16.9%
7b	Total capital ratio (pre-floor)	18.1%	18.6%	n.a.
Additional CET1 buffer requirements (Basel Committee; as % of RWA)				
8	Capital conservation buffer requirement	2.5%	2.5%	2.5%
9	Countercyclical buffer requirement	-	-	-
11	Total of bank CET1 specific buffer requirements	2.5%	2.5%	2.5%
12	CET1 available after meeting the bank's minimum capital requirements (i.e., after the CET1 allocated to cover minimum capital requirements)	10.1%	10.6%	8.9%
Capital ratio requirements (as % of RWA; CAO, Annex 8)				
	Minimum requirement (CAO, Art. 42)	8.0%	8.0%	8.0%
12a	Total capital buffer (CAO, Annex 8)	4.0%	4.0%	4.0%
	CET1 buffer (CAO, Annex 8)	3.3%	3.3%	3.3%
12b	Countercyclical buffers (CAO, Art. 44 and 44a)	1.0%	1.0%	1.0%
12c	CET1 requirement in accordance with Annex 8 of the CAO plus the countercyclical buffer (CAO, Art. 44 and 44a)	8.8%	8.8%	8.8%
12d	Tier 1 requirement in accordance with Annex 8 of the CAO plus the countercyclical buffer (CAO, Art. 44 and 44a)	10.6%	10.6%	10.6%
12e	Total regulatory capital requirement in accordance with Annex 8 of the CAO	13.0%	13.0%	13.0%

	plus the countercyclical buffer (CAO, Art. 44 and 44a)			
	Additional capital (CAO, Art. 45)	1.0%	1.0%	1.0%
	Total FINMA capital requirement	14.0%	14.0%	14.0%
Basel III leverage ratio				
13	Total Basel III leverage ratio exposure measure	64,037	63,155	62,876
14	Basel III leverage ratio (Tier 1 capital as % of total Basel III leverage ratio exposure measure, including the impact of any applicable temporary exemption of central bank reserves)	5.4%	5.6%	5.6%
14b	Basel III leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	5.4%	5.6%	n.a.
14e	Minimum capital requirements (CAO, Art. 42), i.e., the higher of the following two amounts: 1. minimum capital requirements under Art. 42.1(a and b), CAO (3% of the Basel III leverage ratio exposure measure and 8% of RWA); 2. minimum capital of CHF 10m (BO, Art. 15) for banks and CHF 1.5m (FinIO, Art. 69.1) for securities firms	1,921	1,895	n.a.
Net stable funding ratio (NSFR)				
18	Available stable funding	41,914	41,208	39,495
19	Required stable funding	34,933	33,896	33,510
20	NSFR	120%	122%	118%

		a	b	c	d	e
		Q4 2025	**Q3 2025**	**Q2 2025**	**Q1 2025**	**Q4 2024**
Liquidity coverage ratio (LCR)						
15	Total high-quality liquid assets (HQLA)	11,094	11,306	11,589	11,323	11,186
16	Total net cash outflow	8,503	8,509	8,784	8,527	9,070
17	LCR	130%	133%	132%	133%	123%