



BCV at a glance 2013



BCV at a glance

Key figures

(in CHF millions)	2013	2012	Change as %
Total assets	40 454	39 800	2
Total income	991	1 010	-2
Operating profit	471	486	-3
Net profit	280	311	-10
Assets under management ¹	83 850	79 129	6

Ratios

Cost/income ratio ²	61%	60%
ROE	8.5%	9.5%
FINMA Tier 1 capital ratio ³	17.8%	14.4%
BIS Total capital ratio	17.9%	18.4%

¹⁾ The 2012 figure for assets under management was adjusted to exclude custody-only assets

²⁾ Excluding goodwill amortization and write-downs

³⁾ Determined according to the Basel III approach since 1 January 2013

2013 highlights

Our business remained on firm track in a mixed environment

- Business volumes in Vaud were up, boosted by a resilient local economy.
- Nevertheless, the low-interest-rate environment and the cyclical decline in international trade finance activities weighed on revenues, which came in at CHF 991m.
- Firm cost control kept operating profit at CHF 471m (-3%).

BCV's AA rating was maintained by S&P

- Standard & Poor's confirmed BCV's long-term rating of AA and raised the Bank's outlook from negative to stable.

We launched *stratégie2018*

- We achieved virtually all of the goals we had set in our previous strategy, *BCVPlus*, with concrete results in all targeted areas.
- Our new strategy builds on this success and takes its cue from two key words: onwards and upwards. We intend to:
 - Press onwards with our winning formula and execute on all planned and ongoing projects.
 - Move upwards by making impeccable service quality our differentiating factor, further improving our internal operations, and adjusting our business-line strategies to take account of changes in regulatory and market environments.

BCV decided to take part in the US Department of Justice's program aimed at settling the tax dispute between Switzerland and the USA

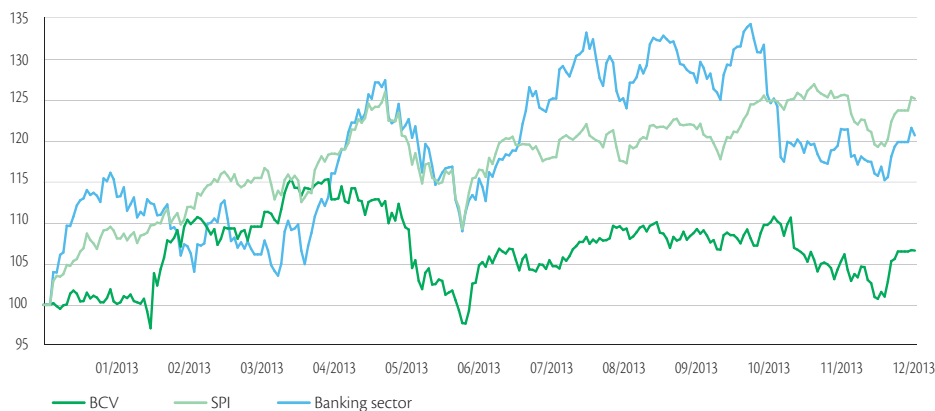
- Given the uncertainty surrounding the program and in keeping with the Bank's sound approach to risk management, BCV decided to participate in the program, for the time being as a category 2 financial institution.

We maintained our distribution policy

- We paid out an ordinary dividend of CHF 22 and distributed a further CHF 10 per share out of paid-in reserves, thus returning a total of more than CHF 275m to our shareholders.

The BCV share

Total shareholder return¹



¹⁾ Stockmarket performance over the period plus dividends and capital distributions

Listed on:	SIX	Ticker symbols:
Par value:	CHF 10	– Bloomberg: BCVN
Swiss security number:	1 525 171	– Telekurs: BCVN
ISIN code:	CH0015251710	– Reuters: BCVN.S

	2009	2010	2011	2012	2013
Number of shares outstanding (in thousands)	8 606	8 606	8 606	8 606	8 606
Period-end share price (in CHF)	411.00	491.00	456.25	484.75	486.50
Share price high/low (unadjusted, in CHF) - high	427	507	547	519	560
- low	260	397	392	442	445
Dividend per share (in CHF)	21.0	22.0	22.0	22.0	22.0 ¹⁾
Dividend yield ² (in %)	5.1	4.5	4.8	4.5	4.5
Total payout ³ (in CHF)	31.0	32.0	32.0	32.0	32.0 ¹⁾
Total payout yield ² (in %)	7.5	6.5	7.0	6.6	6.6

¹⁾ Dividend to be proposed at the Shareholders' Meeting on 1 May 2014

²⁾ Relative to the period-end share price

³⁾ Total amount distributed to shareholders in the form of an ordinary dividend together with a par-value reimbursement or a distribution out of paid-in reserves

Share ownership structure

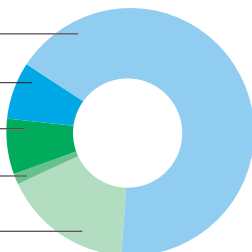
Registered shares owned by the Canton of Vaud 67%

Registered shares owned by private shareholders 9%

Registered shares owned by institutional shareholders 8%

Registered shares owned by BCV employees 2%

Unregistered shares 14%



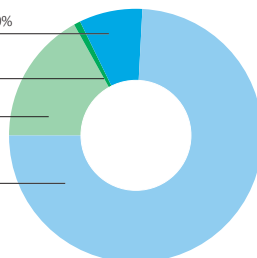
Share ownership by geographical zone

Registered shares owned by non-Vaud Swiss shareholders 10%

Registered shares owned by foreign shareholders 1%

Unregistered shares 14%

Registered shares owned by Vaud shareholders 75%



Consolidated balance sheet

(in CHF millions)	31 / 12 / 13	31 / 12 / 12	Change absolute	Change as %
Cash and cash equivalents	4 669	4 735	- 66	- 1
Money-market instruments	39	26	13	50
Due from banks	1 609	2 007	- 398	- 20
Loans and advances to customers	5 434	5 094	340	7
Mortgage loans	23 375	22 864	511	2
Trading portfolio assets	932	667	265	40
Financial investments	3 146	3 101	45	1
Non-consolidated holdings	50	52	- 2	- 4
Tangible fixed assets	602	621	- 19	- 3
Intangible assets	32	37	- 5	- 14
Accrued income and prepaid expenses	196	198	- 2	- 1
Other assets	370	398	- 28	- 7
Assets	40 454	39 800	654	2
Total subordinated assets	0	0	0	0
Total claims on non-consolidated holdings and significant shareholders	8	8	0	0
<i>of which claims on the Canton of Vaud</i>	5	5	0	0
Money-market paper issued	43	3	40	1 333
Due to banks	1 921	2 444	- 523	- 21
Customer savings and investment accounts	12 799	12 295	504	4
Other customer accounts	15 452	14 908	544	4
Medium-term notes	81	131	- 50	- 38
Bonds and mortgage-backed bonds	6 064	5 837	227	4
Accrued expenses and deferred income	224	231	- 7	- 3
Other liabilities	377	461	- 84	- 18
Value adjustments and provisions	171	175	- 4	- 2
Liabilities	37 132	36 485	647	2
Reserves for general banking risks	704	704	0	0
Equity capital	86	86	0	0
Capital reserve	192	275	- 83	- 30
Own equity securities	- 11	- 11	0	0
Retained earnings	2 071	1 949	122	6
Minority interests - equity	0	1	- 1	- 100
Net profit before minority interests	280	311	- 31	- 10
<i>Minority interests</i>	0	0	0	0
Shareholders' equity	3 322	3 315	7	0
Total liabilities and shareholders' equity	40 454	39 800	654	2
Total subordinated liabilities	0	0	0	0
Total liabilities to non-consolidated holdings and significant shareholders	1 287	1 331	- 44	- 3
<i>of which liabilities to the Canton of Vaud</i>	1 284	1 327	- 43	- 3

Consolidated income statement

(in CHF millions)	2013	2012	Change absolute	Change as %
Interest and discount income	672.7	712.3	-39.6	-6
Interest and dividend income from financial investments	56.3	57.9	-1.6	-3
Interest expense	-227.5	-250.9	-23.4	-9
Net interest income	501.5	519.3	-17.8	-3
Fees and commissions on lending operations	44.5	50.2	-5.7	-11
Fees and commissions on securities and investment transactions	285.4	281.9	3.5	1
Fees and commissions on other services	76.7	79.1	-2.4	-3
Fee and commission expense	-65.3	-64.2	1.1	2
Net fee and commission income	341.3	347.0	-5.7	-2
Net trading income	112.8	113.1	-0.3	-0
Profit on disposal of financial investments	1.8	5.9	-4.1	-69
Total income from holdings	9.6	4.8	4.8	100
<i>of which other non-consolidated holdings</i>	9.6	4.8	4.8	100
Real-estate income	11.5	11.3	0.2	2
Miscellaneous ordinary income	15.2	9.5	5.7	60
Miscellaneous ordinary expenses	-3.1	-1.1	2.0	182
Other ordinary income	35.0	30.4	4.6	15
Total income from ordinary banking operations	990.6	1 009.8	-19.2	-2
Personnel costs	-337.3	-334.7	2.6	1
Other operating expenses	-182.1	-189.3	-7.2	-4
Operating expenses	-519.4	-524.0	-4.6	-1
Operating profit	471.2	485.8	-14.6	-3
Depreciation and write-offs on fixed assets	-85.7	-86.2	-0.5	-1
Value adjustments, provisions and losses	-42.7	-3.9	38.8	995
Profit on ordinary banking operations before extraordinary items and taxes	342.8	395.7	-52.9	-13
Extraordinary income	21.3	9.0	12.3	137
Extraordinary expenses	-0.1	-1.6	-1.5	-94
Taxes	-83.9	-92.0	-8.1	-9
Net profit before minority interests	280.1	311.1	-31.0	-10
Minority interests	0.0	-0.1	-0.1	-100
Net profit	280.1	311.0	-30.9	-10

Overview of BCV

Our legal status

Banque Cantonale Vaudoise (BCV) was founded on 19 December 1845 by the Vaud Cantonal Parliament (Grand Conseil vaudois) as a société anonyme de droit public (i.e., a corporation organized under public law). The Canton of Vaud is BCV's majority shareholder, with 66.95% of the share capital. BCV is listed in the Vaud Commercial Register and is subject to all applicable legislation. Its legal status is defined in the Cantonal Act Governing the Organization of Banque Cantonale Vaudoise (LBCV) of 20 June 1995, as amended on 25 June 2002, 30 January 2007 and 2 March 2010. BCV's commitments are not underwritten by the Canton. However, customer deposits are covered by a nationwide system of investor protection concerning Swiss banks and securities dealers. This system insures deposits of up to CHF 100,000 per person and per bank. In addition, a limited cantonal guarantee applies to deposits with Caisse d'Épargne Cantonale Vaudoise, a savings institution managed by the Bank.

Our core businesses

With revenues of around CHF 1.0bn in 2013 and total assets of CHF 40.5bn, we rank among Switzerland's top five banks by assets. BCV is the country's second-largest cantonal bank and the largest bank in Vaud, with a network of 66 staffed branches and more than 220 ATMs throughout the Canton. The Bank's organization is based on four client-oriented divisions: Retail Banking, Private Banking, Corporate Banking and Asset Management & Trading. We offer a comprehensive range of financial services to all client segments. BCV Group had 1,987 full-time equivalent employees at 31 December 2013. At that date, in addition to the parent company, BCV Group comprised a private bank, Piguët Galland & Cie SA, and two fund management firms, GÉRIFONDS SA and GEP SA (Société pour la gestion de placements collectifs).

Our missions

Pursuant to Article 4 of the LBCV, BCV's corporate mandate is to offer a comprehensive range of banking services to the local community and to contribute to the development of all sectors of the Vaud economy and to the financing of the Canton's public sector institutions and entities. Also, as part of our community focus, we provide mortgage financing in Vaud. The law also stipulates that BCV is to be guided by the principles of economically, environmentally and socially sustainable development. More generally, our missions are to create value for our shareholders and clients, to be a benchmark employer, and to be a good corporate citizen.

Our strategy

In 2013 our *BCVPlus* strategy, launched in 2008, came to an end. The five-year program proved to be a great success overall. Almost all of our business lines grew in line with expectations even though the environment was not always favorable. In light of these achievements, the Board of Directors and Executive Board reaffirmed that the best way to ensure profitable growth going forward is the business model of a universal bank with solid local roots. Thus, the next phase of our strategy – *stratégie2018* – will continue on the course set in late 2008.

We aim to keep up the positive trend in our core businesses, even as the environment remains challenging for banks. In particular, we are targeting:

- Growth in retail banking and SMEs at least at market pace;
- Above-market growth in onshore private banking;
- Pursuit of new growth drivers in asset management, structured products and trade finance;
- Continued development of our other business lines.

Management is convinced that operational excellence is a key factor in setting ourselves apart from the competition and driving our success. With this in mind, we launched a series of internal initiatives in 2009 to simplify processes, develop our employees' skill sets, improve customer service and revitalize our sales and marketing approach. These initiatives continue.

We aim to achieve sustainable growth, with revenues and operating profit trending along the same lines as in recent years. We have set long-term targets of 12-13% for ROE, 57-59% for the cost/income ratio, and 13% for Core Equity Tier 1 (CET1). These targets will be reached over a period of several years.

The Bank intends to pay an ordinary dividend of CHF 22-27 per share, as well as a special dividend of CHF 10 per share out of paid-in reserves. As announced with the full-year 2012 results, we plan to maintain this distribution level for the next five years, barring significant changes in the economic and regulatory environment or in the Bank's situation.

Our business strategy is guided by our ultimate goal of creating value for shareholders, clients and employees.

Key figures – 5-year overview

(in CHF millions)	2009	2010	2011	2012	2013
Balance sheet at 31 December					
Total assets	35 733	35 585	37 903	39 800	40 454
Advances to customers	24 312	25 501	27 965	27 958	28 809
Customer deposits and bonds	29 517	29 323	31 300	33 171	34 396
Shareholders' equity	3 222	3 271	3 301	3 315	3 322
Assets under management¹					
	74 793	74 426	75 063	79 129	83 850
Income statement					
Total income	976	996	1 017	1 010	991
Operating expenses	506	516	531	524	519
Operating profit	470	480	486	486	471
Depreciation and write-offs	79	78	84	86	86
Value adjustments, provisions and losses	18	5	20	4	43
Net profit	301	314	301	311	280
Headcount					
Full-time equivalents	1 939	1 986	2 042	1 931	1 987
Ratios					
Shareholders' equity/total assets	9.0%	9.2%	8.7%	8.3%	8.2%
FINMA capital adequacy ratio ²	176%	175%	165%	180%	224%
FINMA Tier 1 capital ratio ²	14.1%	14.0%	13.2%	14.4%	17.8%
BIS Total capital ratio ²	17.8%	17.6%	16.8%	18.4%	17.9%
Operating profit/average shareholders' equity	14.7%	14.9%	14.9%	14.8%	14.3%
Cost/income ratio ³	59.8%	59.5%	60.1%	60.0%	60.6%
Operating profit per employee (in CHF thousands)	244.4	245.0	237.3	246.2	241.0
ROE	9.5%	9.8%	9.3%	9.5%	8.5%
Credit ratings					
Standard & Poor's					
Long term	AA- / stable	AA- / positive	AA / stable	AA / negative	AA / stable
Short term	A-1+	A-1+	A-1+	A-1+	A-1+
Moody's					
Long term	A1 / stable	A1 / stable	A1 / stable	A1 / stable	A1 / stable
Short term	Prime-1	Prime-1	Prime-1	Prime-1	Prime-1

¹⁾ 2009-2012 figures for assets under management were adjusted to exclude custody-only assets

²⁾ Determined according to the Basel III approach since 1 January 2013

³⁾ Excluding goodwill amortization and write-downs



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