

BCV at a glance 2015



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Key figures

(in CHF millions)	2015	2014	Change as %
Total assets	43 418	41 819	4
Total income	1 026	1 010	2
Operating profit	399	379	5
Net profit	336	296	14
Assets under management	87 972	86 382	2

Ratios

Cost/income ratio ¹⁾	57%	60%
ROE	10.1%	9.0%
CET1 capital ratio	17.6%	17.1%
Total capital ratio	17.7%	17.2%

¹⁾ Excluding goodwill amortization and write-downs

2015 highlights

Net profit was up 14% in a challenging environment

- Volumes grew across most core businesses, helped by the resilience of the Vaud economy.
- Total revenues were up 2% year-on-year, surpassing the CHF 1bn mark despite the negative-interest-rate environment.
- In line with the trend seen in recent years, operating expenses were down 1% to CHF 514m, and operating profit rose 5% to CHF 399m.
- Net profit was up 14% to CHF 336m, driven in part by the sale of our stake in Swisscanto.

BCV's credit ratings were reaffirmed, underscoring our financial solidity

- For the fifth year running, Standard & Poor's reaffirmed our long-term rating of AA and stable long-term outlook.
- Moody's raised our long-term rating by two notches, from A1 to Aa2, and our stand-alone rating by one notch, from A3 to A2 with a stable outlook.

We continued to improve our key processes as part of *stratégie2018*

- All BCV employees received a full day of training on delivering high-quality customer service, in partnership with EHL, the renowned Lausanne school of hotel management.
- We further enhanced our online presence, with overhauls of both our website and e-banking platform.
- We revised our offering for clients living outside Switzerland to keep pace with a changing regulatory environment.

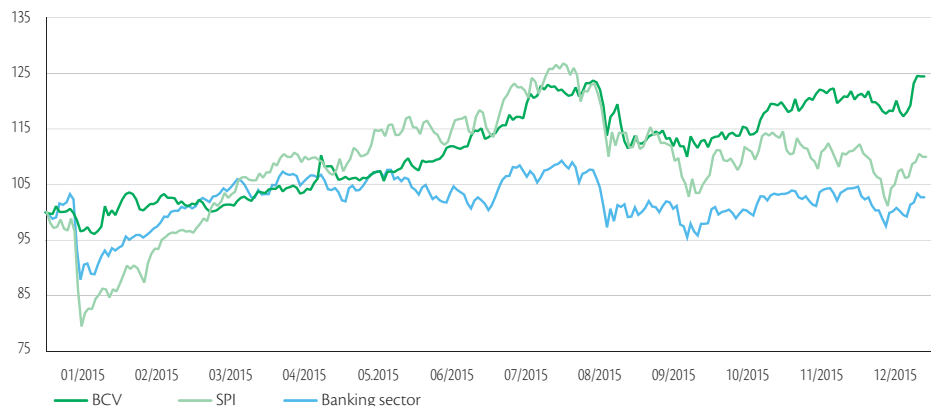
We reached a satisfactory settlement with the U.S. Department of Justice regarding the USA/Switzerland tax program

Our shareholders received CHF 32 per share

- We paid an ordinary dividend of CHF 22 per share and distributed CHF 10 per share out of paid-in reserves, thus returning a total of more than CHF 275m to our shareholders.
- This payout, together with the appreciation in our share price, equates to a total return of 24% – one of the best among banking stocks listed on the SIX Swiss Exchange.

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

	2011	2012	2013	2014	2015
Number of shares outstanding (in thousands)	8 606	8 606	8 606	8 606	8 606
Period-end share price (in CHF)	456.25	484.75	486.50	539.00	636.50
Share price high/low (unadjusted, in CHF) - high	547.00	519.00	559.50	541.00	640.00
- low	392.00	441.50	445.00	472.75	510.50
Dividend per share (in CHF)	22.0	22.0	22.0	22.0	23.0 ¹⁾
Dividend yield ²⁾ (in %)	4.8	4.5	4.5	4.1	3.6
Total payout ³⁾ (in CHF)	32.0	32.0	32.0	32.0	33.0 ¹⁾
Total payout yield ²⁾ (in %)	7.0	6.6	6.6	5.9	5.2

¹⁾ Dividend to be proposed at the Shareholders' Meeting on 21 April 2016

²⁾ Relative to the period-end share price

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

Share ownership structure

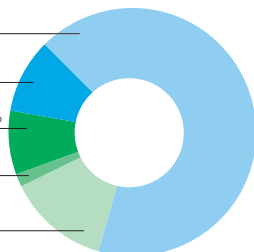
Registered shares owned by the Canton of Vaud 67%

Registered shares owned by private shareholders 9%

Registered shares owned by institutional shareholders 8%

Registered shares owned by BCV employees 2%

Unregistered shares 14%



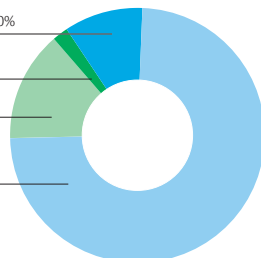
Share ownership by geographical zone

Registered shares owned by non-Vaud Swiss shareholders 10%

Registered shares owned by foreign shareholders 2%

Unregistered shares 14%

Registered shares owned by Vaud shareholders 74%



Consolidated balance sheet

(in CHF millions)	31 / 12 / 15	31 / 12 / 14	Change absolute	Change as %
Cash and cash equivalents	6 861	4 960	1 901	38
Due from banks	1 810	1 482	328	22
Reverse repurchase agreements	280	415	- 135	- 33
Loans and advances to customers	4 935	5 675	- 740	- 13
Mortgage loans	24 522	24 045	477	2
Trading portfolio assets	155	194	- 39	- 20
Positive mark-to-market values of derivative financial instruments	343	433	- 90	- 21
Other financial assets at fair value	581	485	96	20
Financial investments	3 140	3 259	- 119	- 4
Accrued income and prepaid expenses	106	117	- 11	- 9
Non-consolidated holdings	48	54	- 6	- 11
Tangible fixed assets	558	577	- 19	- 3
Intangible assets	23	27	- 4	- 15
Other assets	56	96	- 40	- 42
Assets	43 418	41 819	1 599	4
Total subordinated assets	0	0	0	0
<i>of which subject to mandatory conversion and/or conditional write-off</i>	0	0	0	0
Due to banks	1 224	1 156	68	6
Repurchase agreements	1 738	960	778	81
Customer deposits	28 877	28 532	345	1
Negative mark-to-market values of derivative financial instruments	331	446	- 115	- 26
Other financial liabilities at fair value	666	564	102	18
Medium-term notes	40	57	- 17	- 30
Bonds and mortgage-backed bonds	6 873	6 439	434	7
Accrued expenses and deferred income	219	217	2	1
Other liabilities	35	44	- 9	- 20
Provisions	18	63	- 45	- 71
Liabilities	40 021	38 478	1 543	4
Reserves for general banking risks	704	704	0	0
Share capital	86	86	0	0
Capital reserve	292	106	186	175
Retained earnings	1 999	2 163	- 164	- 8
Currency translation reserve	- 2	- 1	- 1	100
Treasury shares	- 18	- 13	- 5	38
Minority interests in equity	0	0	0	0
Net profit	336	296	40	14
<i>of which minority interests</i>	0	0	0	0
Shareholders' equity	3 397	3 341	56	2
Total liabilities and shareholders' equity	43 418	41 819	1 599	4
Total subordinated liabilities	0	0	0	0
<i>of which subject to mandatory conversion and/or conditional write-off</i>	0	0	0	0

Consolidated income statement

(in CHF millions)	2015	2014	Change absolute	Change as %
Interest and discount income	628.7	652.5	- 23.8	- 4
Interest and dividend income from financial investments	47.4	54.2	- 6.8	- 13
Interest expense	- 186.9	- 202.4	- 15.5	- 8
Net interest income before loan impairment charges/reversals	489.2	504.3	- 15.1	- 3
Loan impairment charges/reversals	0.9	16.3	- 15.4	- 94
Net interest income after loan impairment charges/reversals (NII)	490.1	520.6	- 30.5	- 6
Fees and commissions on securities and investment transactions	263.3	280.0	- 16.7	- 6
Fees and commissions on lending operations	42.7	44.9	- 2.2	- 5
Fees and commissions on other services	80.9	82.5	- 1.6	- 2
Fee and commission expense	- 54.6	- 64.0	- 9.4	- 15
Net fee and commission income	332.3	343.4	- 11.1	- 3
Net trading income and fair-value adjustments	150.5	106.4	44.1	41
Gains/losses on disposals of financial investments	11.4	3.2	8.2	256
Income from equity investments	15.3	4.3	11.0	256
<i>of which other non-consolidated holdings</i>	15.3	4.3	11.0	256
Real-estate income	10.7	11.0	- 0.3	- 3
Miscellaneous ordinary income	22.1	21.9	0.2	1
Miscellaneous ordinary expenses	- 6.8	- 0.8	6.0	n/s
Other ordinary income	52.7	39.6	13.1	33
Total income from ordinary banking operations	1 025.6	1 010.0	15.6	2
Personnel costs	- 337.2	- 339.0	- 1.8	- 1
Other operating expenses	- 177.0	- 178.9	- 1.9	- 1
Operating expenses	- 514.2	- 517.9	- 3.7	- 1
Depreciation and amortization of fixed assets and impairment on equity investments	- 75.6	- 79.7	- 4.1	- 5
Other provisions and losses	- 37.1	- 33.8	3.3	10
Operating profit	398.7	378.6	20.1	5
Extraordinary income	28.6	2.6	26.0	n/s
Extraordinary expenses	0	0	0	0
Taxes	- 91.0	- 85.1	5.9	7
Net profit	336.3	296.1	40.2	14
Minority interests	0.0	0.0	0.0	0
Net profit attributable to BCV Group shareholders	336.3	296.1	40.2	14

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 CHF 1.03bn in 2015 and total assets of CHF 43.4bn, we rank among Switzerland's top six 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 230 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 1,947 full-time-equivalent employees at 31 December 2015. At that date, in addition to the parent company, BCV Group comprised a private bank, Piguet 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

The *BCVPlus* strategy begun in 2008 was based on the business model of a universal bank with solid local roots. The success of this strategy led the Board of Directors and Executive Board in 2014 to maintain this model as the best way to ensure profitable growth going forward.

The new strategic phase – *stratégie2018* – follows on from our previous strategy and aims primarily to continue developing all of the Bank's business lines and improving internal processes. A moderate risk profile and active approach to equity capital management remain central to this strategy.

For the business lines, we are targeting:

- At-or-above market-rate growth in the retail banking and SME segments;
- Above-market growth in onshore private banking;
- Pursuit of niche growth drivers in asset management, structured products and trade finance;
- Continued development of our other business lines.

With *stratégie2018*, we will also work to improve our internal processes and sharpen our focus on the customer experience. This will involve:

- Improving customer-service quality through a series of targeted initiatives;
- Expanding multi-channel access to our products and services;
- Embarking on various projects to enhance our internal operations;
- Pressing ahead with our human resources strategy to continue developing our employees' skills sets.

BCV aims 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. In early 2013, we announced that we planned 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.

Key figures – 5-year overview

(in CHF millions)	2011	2012	2013	2014	2015
Balance sheet at 31 December^{1,2}					
Total assets	37 606	39 483	40 177	41 819	43 418
Advances to customers	27 807	27 829	28 729	29 720	29 457
Customer deposits	25 155	26 544	27 557	28 532	28 877
Shareholders' equity	3 301	3 315	3 322	3 341	3 397
Assets under management³					
	75 063	79 129	83 850	86 382	87 972
Income statement^{1,2}					
Total income	1 022	1 015	999	1 010	1 026
Operating expenses	532	525	520	518	514
Depreciation and amortization of fixed assets and impairment on equity investments	84	86	86	80	76
Other provisions and losses	12	3	41	34	37
Operating profit	395	401	353	379	399
Net profit	301	311	280	296	336
Headcount					
Full-time equivalents	2 042	1 931	1 987	1 946	1 947
Ratios					
Shareholders' equity/total assets	8.8%	8.4%	8.3%	8.0%	7.8%
FINMA capital adequacy ratio ⁴	165%	180%	224%	215%	222%
FINMA Tier 1 capital ratio ⁴	13.2%	14.4%	17.8%	17.1%	17.6%
BIS Total capital ratio ⁴	16.8%	18.4%	17.9%	17.2%	17.7%
Operating profit/average shareholders' equity	12.2%	12.3%	10.8%	11.5%	12.0%
Cost/income ratio ⁵	60.1%	60.0%	60.6%	59.6%	57.2%
Operating profit per employee (in CHF thousands)	192.8	203.2	180.5	192.2	205.5
ROE	9.3%	9.5%	8.5%	9.0%	10.1%
Credit ratings					
Standard & Poor's					
Long term	AA / stable	AA / negative	AA / stable	AA / stable	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	Aa2 / stable
Short term	Prime-1	Prime-1	Prime-1	Prime-1	Prime-1

¹⁾ Financial results are presented in accordance with the new Swiss accounting rules for banks, applicable from the 2015 financial year

²⁾ 2011-2014 figures have been adjusted to facilitate like-for-like comparison

³⁾ 2011-2012 figures for assets under management were adjusted to exclude custody-only assets

⁴⁾ Determined according to the Basel III approach since 1 January 2013

⁵⁾ Excluding goodwill amortization and write-downs



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