

BCV at a glance 2021



BCV at a glance

Key figures

(in CHF millions)	2021	2020	Change as %
Total assets	55 952	53 186	+ 5
Total income	1 005	945	+ 6
Operating profit	429	373	+ 15
Net profit	379	331	+ 14
Assets under management	112 887	103 159	+ 9

Ratios

Cost/income ratio ¹	56.7%	58.7%
ROE	10.7%	9.3%
Tier 1 capital ratio	17.2%	17.7%
Total capital ratio	17.3%	17.8%

¹ Excluding goodwill amortization and write-downs

2021 highlights

The local economy is back on a firm track

- Vaud Canton's GDP grew 4.5% and unemployment fell from 4.9% to 3.7% over the course of the year.²
- The economic upswing was broad, with just a few sectors still experiencing pandemic-related headwinds.
- The recovery helped push up volumes in nearly all of our business lines.

We posted record financial results

- Our revenues increased 6% to just over CHF 1bn.
- Operating profit grew 15% to CHF 429m, as we kept the rise in operating expenses under firm control.
- Net profit for the period climbed 14% to CHF 379m, the highest since 2007, corresponding to an ROE of 10.7% – one of the top ROEs in our peer group.
- Given the strength of these results and our confidence going forward, the Board of Directors is recommending that shareholders approve a CHF 0.10 increase in our dividend to CHF 3.70 per share.

Our financial solidity was reaffirmed by the two main rating agencies

- Standard & Poor's and Moody's maintained our credit ratings of AA and Aa2, respectively, each with a stable outlook.
- The rating agencies cited our diverse revenue streams as well as our strong capital base, as illustrated by our total capital ratio of 17.3% at end-2021.

Our dividend remained unchanged

- In line with our dividend policy, in May 2021 we paid our shareholders an ordinary dividend of CHF 3.60 per share, unchanged from the prior year.
- If we include the recommended dividend for 2021 (CHF 3.70 per share), our shareholders will have received CHF 4.4bn – or 1.2 times our shareholders' equity – since 2008.

We continued to roll out new corporate social responsibility initiatives

- We announced several new partnerships – including with Romande Energie and PEIK – designed to help our clients navigate the energy transition.
- We set several targets, including reducing the CO₂ emissions from our operations by at least 35% by 2030.
- We started backing the 42 Lausanne school of computer programming that opened in Lausanne last summer; we also became a partner of the Enterprise for Society (E4S) initiative jointly led by EPFL (Swiss Federal Institute of Technology), the University of Lausanne's Faculty of Business and Economics (HEC), and the Institute for Management Development (IMD).

² According to the GDP growth forecast and unemployment rate published by CREA and SECO, respectively, in January 2022

The BCV share

Total shareholder return¹



¹ Stockmarket performance over the period plus dividends and capital distributions

Listed on: SIX Swiss Exchange Ticker symbols:
 Par value: CHF 1 – Bloomberg: BCVN
 Swiss security number: 53 175 175 – Telekurs: BCVN
 ISIN code: CH0531751755 – Reuters: BCVNS

	2017	2018	2019	2020 ²	2021
Number of shares outstanding (in thousands)	8 606	8 606	8 606	86 062	<u>86 062</u>
Period-end share price (in CHF)	735.00	741.00	790.00	96.30	<u>70.80</u>
Share price high/low (unadjusted, in CHF) - high	764.50	823.00	820.00	101.40	<u>101.60</u>
- low	644.00	688.00	708.00	67.50	<u>67.30</u>
Dividend per share (in CHF)	23.0	35.0	36.0	3.60	<u>3.70³</u>
Dividend yield ⁴ (as %)	3.1	4.7	4.6	3.7	<u>5.2</u>
Total payout (in CHF)	33.0 ⁵	35.0	36.0	3.60	<u>3.70³</u>
Total payout yield ⁴ (as %)	4.5	4.7	4.6	3.7	<u>5.2</u>

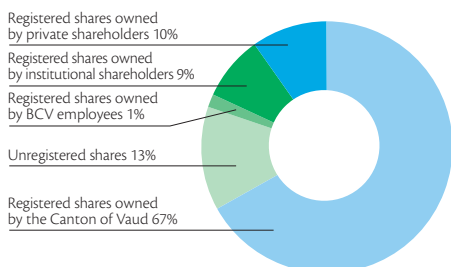
² All figures have been restated post 10-for-1 stock split of the BCV share on 28 May 2020

³ Dividend to be proposed at the 2022 Shareholders' Meeting

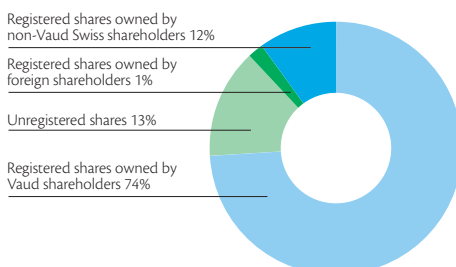
⁴ Relative to the period-end share price

⁵ Total amount distributed to shareholders in the form of an ordinary dividend together with a distribution out of paid-in reserves

Share ownership structure



Share ownership by geographical zone



Consolidated balance sheet

(in CHF millions)	31 / 12 / 21	31 / 12 / 20	Change absolute	Change as %
Cash and cash equivalents	12 600	11 550	1 050	9
Due from banks	952	1 347	- 395	- 29
Reverse repurchase agreements	158	236	- 78	- 33
Loans and advances to customers	6 209	5 812	397	7
Mortgage loans	29 373	28 037	1 336	5
Trading portfolio assets	200	312	- 112	- 36
Positive mark-to-market values of derivative financial instruments	368	321	47	15
Other financial assets at fair value	1 212	886	327	37
Financial investments	4 287	4 084	203	5
Accrued income and prepaid expenses	67	87	- 20	- 23
Non-consolidated holdings	86	69	17	25
Tangible fixed assets	393	412	- 19	- 5
Intangible assets	0	2	- 2	- 100
Other assets	46	31	15	49
Assets	55 952	53 186	2 765	5
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	3 378	2 948	430	15
Repurchase agreements	1 458	2 781	- 1 322	- 48
Customer deposits	38 195	35 424	2 771	8
Trading portfolio liabilities	2	1	0	33
Negative mark-to-market values of derivative financial instruments	273	329	- 55	- 17
Other financial liabilities at fair value	1 340	969	371	38
Medium-term notes	2	2	- 0	- 15
Bonds and mortgage-backed bonds	7 313	6 911	402	6
Accrued expenses and deferred income	139	145	- 5	- 4
Other liabilities	183	75	108	144
Provisions	24	27	- 3	- 12
Liabilities	52 308	49 612	2 696	5
Reserves for general banking risks	666	666	0	0
Share capital	86	86	0	0
Capital reserve	36	36	0	1
Retained earnings	2 493	2 472	21	1
Currency translation reserve	- 2	- 2	- 0	- 5
Own shares	- 15	- 15	0	3
Minority interests in equity	0	0	0	1
Net profit	379	331	48	14
<i>of which minority interests</i>	0	0	0	158
Shareholders' equity	3 644	3 574	69	2
Total liabilities and shareholders' equity	55 952	53 186	2 765	5
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)	2021	2020	Change absolute	Change as %
Interest and discount income	480.5	511.2	-30.7	-6
Interest and dividend income from financial investments	18.0	22.6	-4.6	-20
Interest expense	-26.0	-59.4	-33.4	-56
Net interest income before loan impairment charges/reversals	472.6	474.4	-1.9	-0
Loan impairment charges/reversals	-8.2	-15.1	-6.9	-46
Net interest income after loan impairment charges/reversals (NII)	464.4	459.4	5.0	1
Fees and commissions on securities and investment transactions	312.1	266.6	45.5	17
Fees and commissions on lending operations	42.1	36.2	5.9	16
Fees and commissions on other services	67.8	63.0	4.8	8
Fee and commission expense	-64.7	-55.5	9.2	16
Net fee and commission income	357.3	310.2	47.1	15
Trading income on fixed-income instruments and equity securities	38.2	21.6	16.6	77
Trading income on foreign currencies, banknotes, and precious metals	117.5	124.9	-7.4	-6
Trading fee and commission expense	-12.5	-7.4	5.1	69
Net trading income and fair-value adjustments	143.2	139.2	4.0	3
Gains/losses on disposals of financial investments	4.3	2.0	2.3	117
Income from equity investments	5.5	6.5	-1.0	-16
<i>of which other non-consolidated holdings</i>	5.5	6.5	-1.0	-16
Real-estate income	7.0	7.1	-0.1	-2
Miscellaneous ordinary income	24.3	21.2	3.1	14
Miscellaneous ordinary expenses	-0.6	-0.4	0.2	43
Other ordinary income	40.5	36.4	4.1	11
Total income from ordinary banking operations	1005.4	945.2	60.2	6
Personnel costs	-349.3	-339.2	10.2	3
Other operating expenses	-155.8	-156.2	-0.4	-0
Operating expenses	-505.2	-495.4	9.8	2
Depreciation and amortization of fixed assets and impairment on equity investments	-72.0	-72.1	-0.1	-0
Other provisions and losses	0.6	-5.0	-5.6	-113
Operating profit	428.8	372.7	56.1	15
Extraordinary income	12.6	4.8	7.8	161
Extraordinary expenses	-0.2	-0.1	0.1	142
Taxes	-62.5	-46.7	15.8	34
Net profit	378.7	330.8	47.9	14
Minority interests	-0.0	-0.0	0.0	158
Net profit attributable to BCV shareholders	378.7	330.8	47.9	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, 2 March 2010 and 8 December 2020. BCV's commitments are not underwritten by the Canton. However, customer deposits are covered by a nationwide system of investor protection concerning Swiss banks and securities dealers. This system insures deposits of up to CHF 100,000 per person and per bank.

Our core businesses

With revenues of CHF 1.0bn in 2021 and total assets of CHF 55.9bn, we rank among Switzerland's top five universal banks by assets. BCV is the country's second-largest cantonal bank and the largest bank in Vaud, with a network of nearly 60 staffed branches and more than 210 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 1,932 full-time-equivalent employees at 31 December 2021. 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

In 2019, we defined a new strategic phase – *vista* – that builds on those we have been implementing for more than ten years. This phase aims to maintain the positive trend that the Bank's business lines have been experiencing over the past few years. It is also designed to position the Bank to respond to the main challenges we will face in the coming years, such as heightened competition, persistently low interest rates, advancements in digital technology, and ever-changing customer needs.

For the business lines, we are targeting:

- Above-market growth in asset management, SMEs, and onshore private banking;
- At least market growth in retail banking;
- A focus on the profitability of our commodities trade finance and large corporates businesses;
- Continued development of our other business lines.

We have identified several strategic focus areas that will enable us to meet future challenges. These goals include:

- Continuing to improve our service quality along the entire value chain to create an even better customer experience;
- Enhancing our distribution channels (branches, digital services, and call centers) to give customers an integrated multichannel experience;
- Capturing more of the cross-selling potential inherent in our universal bank business model;
- Implementing operational improvements through targeted measures;
- Increasing our attractiveness as an employer and fostering continuous skills development among our employees;
- Sharpening our focus on corporate social responsibility (CSR) measures, including a wider range of sustainable banking products, socially responsible investment options, and mortgage solutions.

The Group aims to achieve sustainable growth, with revenues and operating profit trending along the same lines as in recent years. We are targeting a cost/income ratio of 57%–59% and a CET1 ratio of at least 13%; our ROE target based on this minimum target CET1 ratio is now 13.5%–14.5%. These targets should be viewed from a long-term perspective.

In line with the approach adopted over the last decade, BCV decided in early 2018 to extend its dividend policy for another five years beginning with the 2018 reporting period. Following the reduction in our tax expense due to the implementation of Vaud Canton's corporate tax reform, the Bank intends to pay an ordinary dividend of CHF 3.40–3.80 per share (adjusted for the 10-for-1 stock split on 28 May 2020), barring significant changes in the economic or regulatory environment or in the Bank's situation.

Key figures – 5-year overview

Balance sheet (in CHF millions)	2017	2018	2019	2020	2021
Total assets	45 415	47 863	48 352	53 186	55 952
Advances to customers	30 233	31 756	32 768	33 849	35 582
Customer deposits	30 512	31 375	33 048	35 424	38 195
Shareholders' equity	3 457	3 522	3 586	3 574	3 644

Assets under management (in CHF millions)

Assets under management	86 490	87 620	97 840	103 159	112 887
<i>cash and cash equivalents</i>	26 977	28 062	29 837	31 729	33 736
<i>investment funds</i>	21 807	21 817	25 217	27 402	30 927
<i>shares</i>	19 871	18 485	20 934	22 336	23 906
<i>bonds</i>	9 764	9 413	9 746	8 536	8 925
<i>other</i>	8 071	9 843	12 106	13 156	15 393

Headcount

Full-time equivalents	1 922	1 896	1 921	1 909	1 932
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Income statement (in CHF millions)

Total income	967	977	1 002	945	1 005
Operating expenses	508	500	505	495	505
Depreciation and amortization of fixed assets and impairment on equity investments	70	69	71	72	72
Other provisions and losses	1	5	7	5	- 1
Operating profit	387	403	419	373	429
Net profit	320	350	363	331	379

Liquidity and capital ratios¹

Liquidity Coverage Ratio (LCR)	121%	113%	129%	136%	157%
Leverage Ratio	6.5%	6.2%	6.3%	5.8%	5.6%
Tier 1 capital ratio	17.1%	17.1%	17.1%	17.7%	17.2%
Total capital ratio	17.3%	17.2%	17.3%	17.8%	17.3%

Income ratios

Operating profit/average shareholders' equity	11.4%	11.6%	11.9%	10.5%	12.0%
Cost/income ratio ²	58.3%	57.6%	57.7%	58.7%	56.7%
Operating profit per employee (in CHF thousands)	201.6	211.8	219.3	195.8	221.9
ROE	9.4%	10.1%	10.4%	9.3%	10.7%

Credit ratings

Standard & Poor's

Long term	AA / stable	AA / stable	AA / stable	AA / stable	AA / stable
Short term	A-1+	A-1+	A-1+	A-1+	A-1+

Moody's

Long term	Aa2 / stable	Aa2 / stable	Aa2 / stable	Aa2 / stable	Aa2 / stable
Short term	Prime-1	Prime-1	Prime-1	Prime-1	Prime-1

¹ More detailed information on Group and parent company liquidity and capital ratios can be found in the Basel III Pillar 3 report, which is available at www.bcv.ch and on the BCV Investor Relations iPad app

² Excluding goodwill amortization and write-downs



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