

BCV at a glance 2023



BCV at a glance

Key figures

| (in CHF millions) | 2023 | 2022 | Change as % |
|-------------------------|---------|---------|-------------|
| Total assets | 58 870 | 59 397 | - 1 |
| Total income | 1 160 | 1 039 | + 12 |
| Operating profit | 541 | 448 | + 21 |
| Net profit | 469 | 388 | + 21 |
| Assets under management | 112 944 | 108 879 | + 4 |

| Ratios | | | |
|----------------------|-------|-------|--|
| Cost/income ratio | 53.2% | 56.6% | |
| ROE | 12.5% | 10.7% | |
| Tier 1 capital ratio | 17.9% | 17.6% | |
| Total capital ratio | 18.0% | 17.7% | |

2023 highlights

Global growth decelerated as visibility decreased

- Global growth is expected to come in at 3.1% for 2023, below the 3.8% average over the past 20 years.
- Despite heightened uncertainty – particularly in the geopolitical arena – the Swiss and Vaud economies remained resilient, with both expanding by around 1%.
- The banking sector was impacted early in the year by the failure of several US banks and the takeover of Credit Suisse by UBS.

We posted record results driven by positive interest rates

- Our revenues rose 12% on the prior year to CHF 1.16bn, driven by the return of positive interest rates.
- Operating expenses were up 5% reflecting higher costs on IT and financial information providers as well as the general inflationary environment. Operating profit increased 21% to CHF 541m, the highest in our history.
- Net profit also climbed 21%, to CHF 469m, corresponding to an ROE of 12.5% – one of the best in BCV's peer group.

We are proposing an increase in our 2023 dividend and raising our distribution range and target ratios

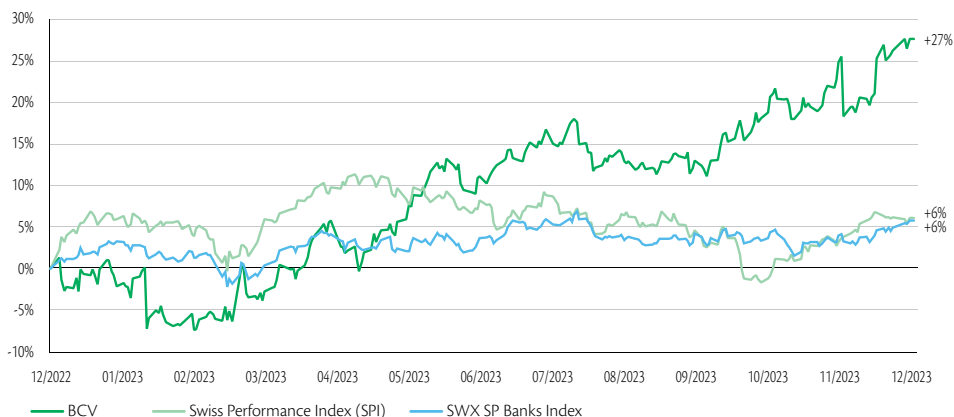
- Given the strength of our results, the Board of Directors is recommending that shareholders approve a CHF 0.50 increase in our ordinary dividend to CHF 4.30 per share, for a total payout of CHF 370m.
- As a sign of our confidence going forward, we are raising our dividend target range to CHF 4.30–4.70 per share, barring significant changes in the economic or regulatory environment or in the Bank's situation.
- We have also raised our target ratios: we are now targeting a cost/income ratio of 55% to 57% and an ROE of 10% to 12%.

We continued to make progress in our strategic focus areas

- We pressed ahead with our digital strategy, rolling out a dozen new features across all our platforms.
- Several years ago, we launched a major bank-wide program to improve our service quality. Our hard work in this area has paid off: BCV has now been the most-recommended bank in Vaud Canton for five straight years.
- We stepped up our sustainability efforts on multiple fronts, including by training our advisors in socially responsible investing (SRI) and by communicating with customers about the energy transition. And in the area of social responsibility, we are putting in place a range of employee benefits designed to enhance our employer value proposition and help us hire and retain talent.
- These and other initiatives are detailed in our 2023 Sustainability Report, which will be published at the same time as our annual report. This year for the first time, the Sustainability Report will be submitted to a vote at our Annual Shareholders' Meeting, which will be held on 25 April 2024.

The BCV share

Total shareholder return¹



¹ Stockmarket performance over the period plus dividends and capital distributions

| | | | |
|------------|--------------------|------------------------|--------------|
| Listed on: | SIX Swiss Exchange | Ticker symbols: | BCVN |
| Par value: | CHF 1 | Swiss security number: | 53 175 175 |
| | | ISIN code: | CH0531751755 |

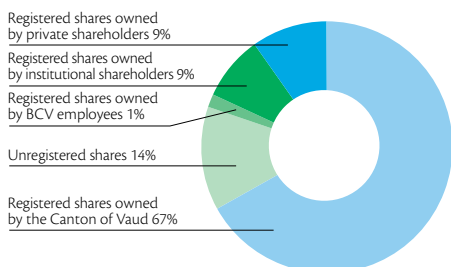
| | 2019 | 2020 ² | 2021 | 2022 | 2023 |
|--|--------|-------------------|--------|--------|-------------------|
| Number of shares outstanding (in thousands) | 8 606 | 86 062 | 86 062 | 86 062 | 86 062 |
| Period-end share price (in CHF) | 790.00 | 96.30 | 70.80 | 88.75 | 108.50 |
| Share price high/low (unadjusted, in CHF) - high | 820.00 | 101.40 | 101.60 | 98.80 | 108.50 |
| - low | 708.00 | 67.50 | 67.30 | 70.70 | 81.20 |
| Dividend per share (in CHF) | 36.0 | 3.60 | 3.70 | 3.80 | 4.30 ³ |
| Dividend yield ⁴ (as %) | 4.6 | 3.7 | 5.2 | 4.3 | 4.0 |

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

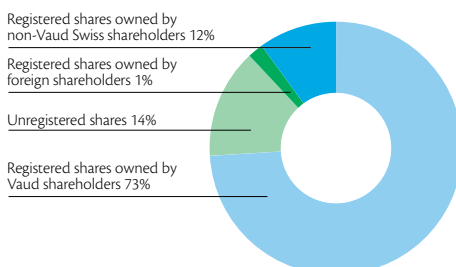
³ Dividend to be proposed at the 2024 Shareholders' Meeting

⁴ Relative to the period-end share price

Share ownership structure



Share ownership by geographical zone



Consolidated balance sheet

| (in CHF millions) | 31 / 12 / 23 | 31 / 12 / 22 | Absolute change | Change as % |
|--|---------------|---------------|-----------------|-------------|
| Cash and cash equivalents | 12 602 | 12 916 | - 314 | - 2 |
| Due from banks | 662 | 1 187 | - 525 | - 44 |
| Reverse repurchase agreements | 0 | 79 | - 79 | - 100 |
| Loans and advances to customers | 6 128 | 6 201 | - 72 | - 1 |
| Mortgage loans | 31 780 | 30 425 | 1 355 | 4 |
| Trading portfolio assets | 229 | 206 | 23 | 11 |
| Positive mark-to-market values of derivative financial instruments | 719 | 1 160 | - 442 | - 38 |
| Other financial assets at fair value | 934 | 897 | 37 | 4 |
| Financial investments | 5 196 | 5 757 | - 560 | - 10 |
| Accrued income and prepaid expenses | 122 | 70 | 52 | 74 |
| Non-consolidated holdings | 87 | 87 | 0 | 0 |
| Tangible fixed assets | 381 | 376 | 5 | 1 |
| Intangible assets | 0 | 0 | 0 | n/a |
| Other assets | 30 | 37 | - 7 | - 20 |
| Assets | 58 870 | 59 397 | - 527 | - 1 |
| Total subordinated assets | 0 | 0 | 0 | n/a |
| <i>of which subject to mandatory conversion and/or conditional write-off</i> | 0 | 0 | 0 | n/a |
| Due to banks | 5 953 | 5 975 | - 22 | - 0 |
| Repurchase agreements | 1 977 | 1 008 | 969 | 96 |
| Customer deposits | 36 475 | 38 395 | - 1 920 | - 5 |
| Trading portfolio liabilities | 2 | 3 | - 1 | - 26 |
| Negative mark-to-market values of derivative financial instruments | 426 | 450 | - 23 | - 5 |
| Other financial liabilities at fair value | 1 132 | 1 006 | 127 | 13 |
| Medium-term notes | 2 | 0 | 2 | n/a |
| Bonds and mortgage-backed bonds | 8 443 | 7 942 | 500 | 6 |
| Accrued expenses and deferred income | 182 | 154 | 29 | 19 |
| Other liabilities | 400 | 725 | - 325 | - 45 |
| Provisions | 22 | 27 | - 5 | - 18 |
| Liabilities | 55 015 | 55 683 | - 669 | - 1 |
| Reserves for general banking risks | 666 | 666 | 0 | 0 |
| Share capital | 86 | 86 | 0 | 0 |
| Capital reserve | 35 | 35 | 0 | 1 |
| Retained earnings | 2 615 | 2 554 | 61 | 2 |
| Currency translation reserve | - 2 | - 2 | - 0 | - 7 |
| Own shares | - 14 | - 14 | - 0 | - 2 |
| Minority interests in equity | 0 | 0 | 0 | n/a |
| Net profit | 469 | 388 | 81 | 21 |
| <i>of which minority interests</i> | 0 | 0 | 0 | n/a |
| Shareholders' equity | 3 855 | 3 713 | 142 | 4 |
| Total liabilities and shareholders' equity | 58 870 | 59 397 | - 527 | - 1 |
| Total subordinated liabilities | 0 | 0 | 0 | n/a |
| <i>of which subject to mandatory conversion and/or conditional write-off</i> | 0 | 0 | 0 | n/a |

Consolidated income statement

| | 2023 | 2022 | Absolute change | Change as % |
|--|----------------|----------------|-----------------|-------------|
| (in CHF millions) | | | | |
| Interest and discount income | 936.0 | 524.5 | 411.5 | 78 |
| Interest and dividend income from financial investments | 36.7 | 21.4 | 15.3 | 71 |
| Interest expense | -376.0 | -84.2 | 291.8 | 346 |
| Net interest income before loan impairment charges/reversals | 596.7 | 461.7 | 135.0 | 29 |
| Loan impairment charges/reversals | -0.5 | 2.8 | 3.3 | 120 |
| Net interest income after loan impairment charges/reversals (NII) | 596.1 | 464.5 | 131.7 | 28 |
| Fees and commissions on securities and investment transactions | | | | |
| | 288.4 | 291.6 | -3.2 | -1 |
| Fees and commissions on lending operations | 30.5 | 39.1 | -8.7 | -22 |
| Fees and commissions on other services | 79.3 | 73.1 | 6.2 | 9 |
| Fee and commission expense | -59.1 | -60.4 | -1.4 | -2 |
| Net fee and commission income | 339.1 | 343.4 | -4.3 | -1 |
| Trading income on fixed-income instruments and equity securities | | | | |
| | 27.9 | 27.5 | 0.4 | 2 |
| Trading income on foreign currencies, banknotes, and precious metals | 169.8 | 168.7 | 1.0 | 1 |
| Trading fee and commission expense | -7.6 | -7.5 | 0.1 | 2 |
| Net trading income and fair-value adjustments | 190.1 | 188.7 | 1.4 | 1 |
| Gains/losses on disposals of financial investments | | | | |
| | 0.5 | 10.1 | -9.6 | -95 |
| Income from equity investments | 6.8 | 5.5 | 1.3 | 23 |
| <i>of which other non-consolidated holdings</i> | 6.8 | 5.5 | 1.3 | 23 |
| Real-estate income | 5.0 | 6.6 | -1.6 | -24 |
| Miscellaneous ordinary income | 23.4 | 22.9 | 0.5 | 2 |
| Miscellaneous ordinary expenses | -1.0 | -2.3 | -1.2 | -54 |
| Other ordinary income | 34.6 | 42.8 | -8.2 | -19 |
| Total income from ordinary banking operations | 1 160.0 | 1 039.4 | 120.6 | 12 |
| Personnel costs | | | | |
| | -364.1 | -352.9 | 11.2 | 3 |
| Other operating expenses | -176.6 | -163.7 | 12.9 | 8 |
| Operating expenses | -540.8 | -516.7 | 24.1 | 5 |
| Depreciation and amortization of fixed assets and impairment on equity investments | | | | |
| | -76.1 | -69.6 | 6.4 | 9 |
| Other provisions and losses | -1.7 | -5.4 | -3.8 | -69 |
| Operating profit | 541.5 | 447.7 | 93.8 | 21 |
| Extraordinary income | | | | |
| | 1.9 | 1.2 | 0.7 | 56 |
| Extraordinary expenses | -0.0 | -0.0 | 0.0 | n/a |
| Taxes | -74.2 | -60.6 | 13.6 | 22 |
| Net profit | 469.2 | 388.3 | 80.9 | 21 |
| Minority interests | -0.0 | -0.0 | 0.0 | n/a |
| Net profit attributable to BCV shareholders | 469.2 | 388.3 | 80.8 | 21 |

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 1.16bn in 2023 and total assets of CHF 58.9bn, we rank among Switzerland's top four 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 around 180 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 1,982 full-time-equivalent employees at 31 December 2023. 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

Our current strategic phase – *vista* – was rolled out in 2019 and builds on those enacted in previous years.

Our aim is to maintain the positive trend that the Bank's business lines have been experiencing over the past few years. This phase is also designed to position the Bank to respond to the main challenges we will face in the coming years, such as heightened competition, advancements in digital technology, and ever-changing customer needs.

For the business lines, we are targeting:

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

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

- Continuing to improve our service quality along the entire value chain to create an even better customer experience;
- Enhancing our distribution channels (branches, digital services, and call centers) to give customers an integrated 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 55%–57% and an ROE of 10%–12%. Our minimum threshold for the CET1 ratio is 13%.

In line with the approach adopted over the last 15 years, BCV decided to extend its dividend policy for another five years beginning with the 2023 reporting period. We intend to pay an ordinary dividend of CHF 4.30–4.70 per share, 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) | 2019 | 2020 | 2021 | 2022 | 2023 |
|---------------------------------|--------|--------|--------|--------|--------|
| Total assets | 48 352 | 53 186 | 55 952 | 59 397 | 58 870 |
| Advances to customers | 32 768 | 33 849 | 35 582 | 36 626 | 37 908 |
| Customer deposits | 33 048 | 35 424 | 38 195 | 38 395 | 36 475 |
| Shareholders' equity | 3 586 | 3 574 | 3 644 | 3 713 | 3 855 |

Assets under management (in CHF millions)

| | | | | | |
|----------------------------------|--------|---------|---------|---------|---------|
| Assets under management | 97 840 | 103 159 | 112 887 | 108 879 | 112 944 |
| <i>cash and cash equivalents</i> | 29 837 | 31 729 | 33 736 | 34 863 | 33 199 |
| <i>investment funds</i> | 25 217 | 27 402 | 30 927 | 27 165 | 28 776 |
| <i>shares</i> | 20 934 | 22 336 | 23 906 | 21 298 | 23 581 |
| <i>bonds</i> | 9 746 | 8 536 | 8 925 | 9 088 | 10 262 |
| <i>other</i> | 12 106 | 13 156 | 15 393 | 16 464 | 17 126 |

Headcount

| | | | | | |
|-----------------------|-------|-------|-------|-------|-------|
| Full-time equivalents | 1 921 | 1 909 | 1 932 | 1 957 | 1 982 |
|-----------------------|-------|-------|-------|-------|-------|

Income statement (in CHF millions)

| | | | | | |
|--|-------|-----|-------|-------|-------|
| Total income | 1 002 | 945 | 1 005 | 1 039 | 1 160 |
| Operating expenses | 505 | 495 | 505 | 517 | 541 |
| Depreciation and amortization of fixed assets and impairment on equity investments | 71 | 72 | 72 | 70 | 76 |
| Other provisions and losses | 7 | 5 | -1 | 5 | 2 |
| Operating profit | 419 | 373 | 429 | 448 | 541 |
| Net profit | 363 | 331 | 379 | 388 | 469 |

Liquidity and capital ratios¹

| | | | | | |
|--------------------------------|-------|-------|-------|-------|-------|
| Liquidity Coverage Ratio (LCR) | 129% | 136% | 157% | 129% | 129% |
| Leverage Ratio | 6.3% | 5.8% | 5.6% | 5.5% | 5.6% |
| Tier 1 capital ratio | 17.1% | 17.7% | 17.2% | 17.6% | 17.9% |
| Total capital ratio | 17.3% | 17.8% | 17.3% | 17.7% | 18.0% |

Income ratios

| | | | | | |
|--|-------|-------|-------|-------|-------|
| Operating profit/average shareholders' equity | 11.9% | 10.5% | 12.0% | 12.3% | 14.5% |
| Cost/income ratio ² | 57.7% | 58.7% | 56.7% | 56.6% | 53.2% |
| Operating profit per employee (in CHF thousands) | 219.3 | 195.8 | 221.9 | 230.5 | 276.7 |
| ROE | 10.4% | 9.3% | 10.7% | 10.7% | 12.5% |

Credit ratings

Standard & Poor's

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

Moody's

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

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

²⁾ Excluding goodwill amortization and write-downs

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