



2021 Annual Report



BCV at a glance

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.¹
- 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 CET1 ratio of 17.2% 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 4.0bn – slightly more than the shareholders' equity on our balance sheet – 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 in Lausanne), the University of Lausanne's Faculty of Business and Economics (HEC), and the Institute for Management Development (IMD).

¹ According to the GDP growth forecast and unemployment rate published by CREA and SECO, respectively, in January 2022

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

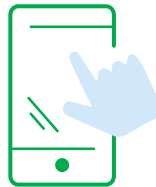
¹ More detailed information on Group and parent company liquidity and capital ratios can be found in the Basel III Pillar 3 report, which is available at www.bcv.ch and on the BCV Investor Relations iPad app.

² Excluding goodwill amortization and write-downs

Here are some examples of how we've executed on our commitment to corporate social responsibility



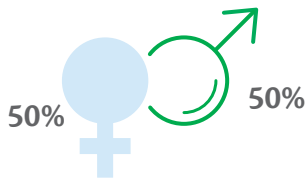
1 of 2 people in Vaud banks with BCV



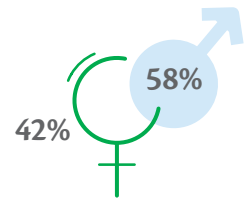
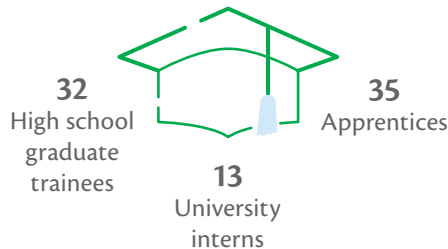
70% of our customers use our digital banking services



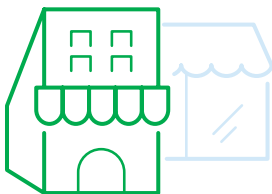
We provide **1 of 3** mortgage loans in Vaud



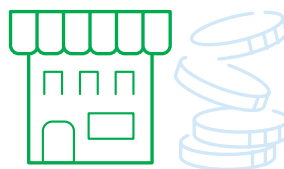
Retail banking advisors



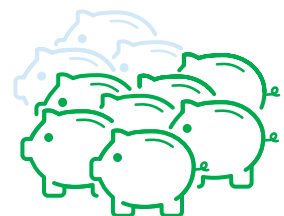
Staff



1 of 2 Vaud small businesses banks with BCV



More than **150** new businesses financed



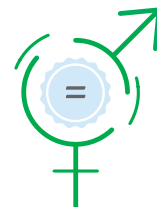
7 of 10 Vaud pension funds count on BCV



Our 2030 target for cutting CO₂ emissions



We work with over **600** local vendors



Fair-ON-Pay+ equal pay certification

Our reports

Annual Report

This report contains BCV's consolidated and parent-company financial statements. It also provides information on our activities in 2021, including a review of each of our business sectors and an overview of the overall economic environment. You will find other key information as well, especially in the chapters on risk management and corporate governance.

Sustainability Report

Our Sustainability Report provides a detailed look at the progress we made and the steps we took as a responsible corporate citizen in 2021. It offers a broad, transparent view of what we are doing to fulfill our commitment to promoting economically, socially, and environmentally sustainable development. The report is drawn up in line with the Global Reporting Initiative standards (www.globalreporting.org), which are the worldwide reference for reporting on sustainable development issues.

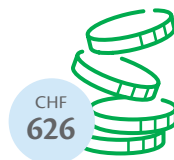
Pillar 3 Report

Our Pillar 3 Report provides investors, analysts, rating agencies, and regulators with in-depth information on risk management at BCV, including detailed information about the Bank's capital adequacy, risk-assessment methods, and risk levels in 2021. The report was drawn up in accordance with the Pillar 3 disclosure requirements set forth in the Basel III Accord and in Circular 2016/1 "Disclosure – banks" issued by the Swiss Financial Market Supervisory Authority (FINMA). The Pillar 3 Report is issued on a half-yearly basis with reporting dates at 30 June and 31 December.



100%

of our discretionary agreements
and strategic asset allocation funds
incorporate ESG criteria



The equivalent amount per household
that BCV paid out to Vaud Canton and
municipalities



Standard & Poor's
rating

Our commitment to sustainable development in Vaud Canton

Sustainability is at the heart of our business model, and we take concrete steps to make a positive difference in our local community. In addition to providing financial services to the people of our Canton, we sponsor cultural, sports, and community activities in Vaud. We also run and back events, support the work of other organizations, and promote diversity – always with an eye towards long-term sustainability. The photos in this report illustrate just a few of our initiatives in 2021.

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Letter from the Chair and the CEO

A year of recovery

The global economy made a strong comeback in 2021 after contracting sharply in 2020 due to the pandemic. GDP expanded by 5.9%, although the pace of recovery slowed in the second half due to supply-chain disruptions and higher prices for raw materials and intermediate and finished goods. Those headwinds had only a modest impact here in Switzerland, with Vaud Canton's GDP growing 4.5% and the Swiss economy as a whole expanding 3.6%. The economic upswing in Vaud was broad-based, with only a few sectors experiencing pandemic-related difficulties. Unemployment fell and job creation continued. The outlook for 2022 has deteriorated owing to the conflict in Ukraine, but according to economic forecasts growth should continue.

Highest net profit since 2007

Amid the economic recovery we delivered very strong 2021 results. Revenues were up 6% to CHF 1.0bn, driven mainly by an increase in fee and commission income, while operating profit rose 15% to CHF 429m on firm cost control. Net profit grew 14% to CHF 379m – our highest net earnings since 2007.

Our pandemic response

For the second year in a row, we applied measures and procedures to protect our customers and employees while continuing to deliver our full range of high-quality banking products and services. We adapted our work-from-home arrangements in response to developments



Pascal Kiener
CEO

Eftychia Fischer
Chair of the Board of Directors

in the pandemic, and our customers were able to do their banking and speak with our advisors at their local branch or remotely. We also partnered with a local healthcare group to offer on-site vaccinations for our employees and their families.

To help support local SMEs during the pandemic, we gave them the option of deferring the 31 March and 30 June 2021 principal repayments on their loans, including mortgage loans, overdraft facilities, and capital goods loans. This followed a similar measure we implemented in 2020.

Clear sustainability goals

For a cantonal bank like BCV, sustainability is fundamental. To keep our stakeholders informed of our many sustainability-related initiatives, we started releasing our sustainability report on an annual basis three years ago. This comprehensive report is prepared in accordance with the Global Reporting Initiative (GRI) Standards. One highlight covered in the 2021 report, due for release in English in May, is our Fair-ON-Pay+ certification. This certification, awarded by independent experts following a payroll analysis, confirms that we meet Swiss federal equal pay requirements.

We have also set a number of sustainability targets. For example, by 2030 we aim to have 25% of our upper management positions held by women and to cut carbon emissions from our operations by 35%. Other commitments will follow, and we will work diligently and pragmatically to put all these commitments into action.

Proven financial strength

Financial solidity is a mainstay of sustainability for a bank like BCV. It's what enables us to fulfill our mission and take a long-term approach to managing our organization – something that is in the interest of our customers, shareholders and other stakeholders, and the Vaud economy as a whole. It also means that our business model remains robust to periods of economic turmoil.

With a CET1 ratio of 17.2%, BCV is among the industry's best-capitalized banks. We are also one of the top-rated banks in the world: last year, Standard & Poor's and Moody's reaffirmed their respective AA and Aa2 ratings, both with a stable outlook.

Highest dividend payout since 2007

Given BCV's sound finances and strong outlook, our Board of Directors will recommend a CHF 0.10 increase in the ordinary dividend to CHF 3.70 per share at our upcoming Annual Shareholders' Meeting – the highest dividend payout since 2007. If the increase is approved, our shareholders will receive a total of CHF 318m, representing 84% of 2021 net profit and a dividend yield of 5.2% at 31 December 2021. This means that we will have paid out a total of CHF 4.0bn to shareholders – slightly more than the shareholders' equity on our balance sheet – since we first introduced our current dividend policy in 2008.

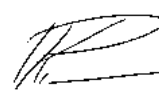
Acknowledgements

We would like to conclude this message by expressing our warmest thanks to Jacques de Watteville, whose term as Chairman of our Board of Directors expired on 31 December 2021. His guidance helped keep our Bank running smoothly over the past four years.

On behalf of BCV's Board of Directors and Executive Board, we would also like to sincerely thank our customers for the trust they place in us day in and day out, as well as our shareholders for their loyal support and encouragement as we execute on our strategy. Lastly, we are extremely grateful to all of our BCV Group employees for their formidable efforts in making 2021 an excellent year for our Bank.



Eftychia Fischer



Pascal Kiener

MUSÉE CANTONAL DES
BEAUX-ARTS LAUSANNE
Unique et multiple
Œuvres récentes de la
collection d'art BCV



24.9.2021-
31.10.2022

Espace Projet
Entrée gratuite mcba.ch





The BCV art collection at the Musée cantonal des Beaux-Arts
Works by 25 contemporary artists from Vaud Canton were shown in
Unique et multiple: Recent acquisitions from the BCV art collection.

Who We Are

Overview of BCV

Our legal status

BCV (Banque Cantonale Vaudoise) 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. In addition, until end-2021, a limited cantonal guarantee applied to deposits with Caisse d'Epargne Cantonale Vaudoise (CECV), a savings institution that, although a separate legal entity, was managed by the Bank. Following the Vaud Cantonal Parliament's vote on 8 December 2020, the CECV was dissolved on 31 December 2021, and its assets and liabilities were transferred to BCV; all CECV passbooks and accounts became BCV products.

Our core businesses

With revenues of CHF 1.0bn in 2021 and total assets of CHF 56.0bn, we rank among Switzerland's top five universal banks by total 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 organizational structure 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 the private bank Piguet Galland & Cie SA and two fund management firms, Gërifonds SA and GEP SA (*société pour la gestion de placements collectifs*). The full scope of consolidation at 31 December 2021 is described on page 143.

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 LBCV 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 recent history

Since the Bank was founded in 1845, it has considerably expanded its business in the Canton. In the 1990s, the banking industry in Vaud underwent major consolidation. BCV acquired Banque Vaudoise de Crédit in 1993 and merged with Crédit Foncier Vaudois in 1995. From 1996 to 2000, we moved to diversify our operations, particularly in international trade finance, offshore wealth management, and trading. Total assets more than doubled between 1990 and 2000 as a result. In 2001 and 2002, following an in-depth assessment of loan-book quality, BCV Group carried out two recapitalizations, in 2002 and 2003. The Canton provided most of the funds raised on both occasions.

From 2003 to 2005, we successfully refocused operations on our four core businesses while remaining active in selected niche activities offering strong potential in terms

of both growth and profitability. From 2005 to 2008, we implemented the second phase of that strategy to take full advantage of our unrivaled presence in our local market, the Canton of Vaud. That project included the reorganization of our local distribution structure into nine regions in order to strengthen ties with customers.

In 2007, the Bank repurchased the final tranche of the participation-certificate capital created in the 2003 recapitalization. On 15 April 2008, the Vaud Cantonal Parliament voted to authorize the Cantonal Government to reduce the Canton's stake in our share capital from 66.95% to 50.12%. The Cantonal Government's decision not to sell any shares, first announced on 25 November 2008 and reaffirmed on 16 July 2010, remains unchanged.

Starting in 2008, we implemented a series of strategic plans based on our business model as a universal bank with solid local roots. These strategic phases have driven the Bank forward following the 2002–2007 phase where we refocused our activities on the Canton of Vaud, and have paved the way for new strategic focus areas – leveraging our high-quality service to set ourselves apart from the competition, further expanding our multichannel products and services to meet our customers' needs across all channels (branches, call centers, and online), and continuing to enhance our digital offering.

As part of the growth strategy for our onshore wealth management business, BCV Group acquired Banque Franck Galland & Cie SA in 2011. This bank was merged with Banque Piguet & Cie SA, a BCV subsidiary since 1991, creating Piguet Galland & Cie SA, a major wealth manager in French-speaking Switzerland.

In 2019, the Board of Directors and Executive Board conducted a new in-depth review of the Bank's strategy, in light of the numerous challenges facing the banking sector and the overall economy. The review confirmed that the strategy would continue on the same course and identified additional targeted improvements.

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 omnichannel 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.

We reviewed our strategic framework and maintained or slightly adjusted our key financial targets. In the prevailing low-interest-rate environment, 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.

Our values

We have defined four values that are central to our strategy and culture: responsibility, performance, professionalism, and close ties with our customers and the broader community. We believe that a key to long-term success is ensuring that all our employees share a common culture built around core values. The values described below underpin all our actions – as well as our interactions with customers and colleagues.

Close ties

As a Swiss cantonal bank, BCV maintains a deep connection with the local community that goes back a century and a half. Our employees use their on-the-ground presence in Vaud Canton and knowledge of the local community to fully appreciate and understand the needs and expectations of BCV's customers.

Professionalism

Every employee is committed to delivering the best possible service to customers. To achieve this, our people draw on the best practices in their respective fields of expertise and constantly seek to expand their skills and knowledge.

Performance

At BCV, we set ourselves ambitious goals across the board. Our people are results-oriented. They systematically seek pragmatic and effective solutions to the challenges that arise every day.

Responsibility

BCV employees demonstrate responsible professional behavior. This includes taking responsibility for their actions, being conscientious in their work, and being loyal to the company.

Given the importance that we ascribe to our core values, we have put in place a long-term employee information and training program. Our values are also an integral part of employee performance reviews.

Who We Are

The BCV Share

Stock markets turned optimistic in 2021 after flagging in 2020 due to the Covid-19 pandemic. Massive vaccine rollouts across most of Europe and North America set the stage for a gradual return to a semblance of normal life – and to global economic growth. Most major indices turned bullish again on the back of this optimism, with some hitting record highs. The SMI ended 2021 up 20.3%, posting an all-time high on 30 December. The other main European indices also turned in a strong performance: the DAX gained 15.8%, the CAC40 climbed 28.9%, and the STOXX Europe 600 added 22.2%. In the US, the Dow Jones, S&P 500, and Nasdaq 100 all posted double-digit gains, rising 18.7%, 26.9%, and 26.6%, respectively. In Asia, gains were more limited, as the Shanghai Stock Exchange grew 4.8% and the Nikkei was up 4.9%. By contrast, the MSCI Emerging Markets Index ended the year down 4.6%.

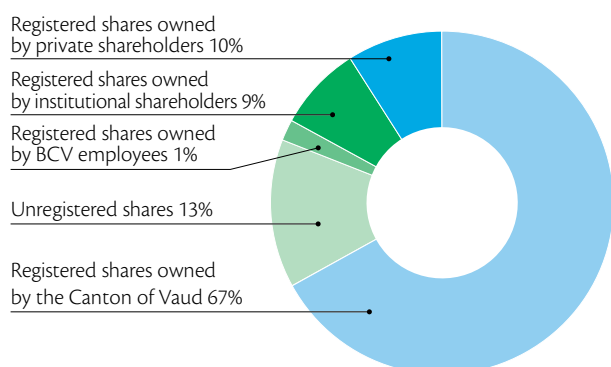
At the height of the pandemic in 2020, the BCV share was up 22%, while the SPI was flat and the Swiss SP Banks index dropped more than 15% over the same period.

After that significant rise, our share's appeal declined in 2021 as investors moved toward cyclical stocks during the economic recovery. These price movements were amplified by the share's inclusion in the STOXX Europe 600 and MSCI World indices in 2020 and its subsequent removal in 2021, triggering significant purchases – and then sales – by funds that track those indices. Despite its 2021 underperformance, the BCV share has delivered a total return of 157% over the past ten years, making it one of the best performing stocks in the Swiss banking industry.

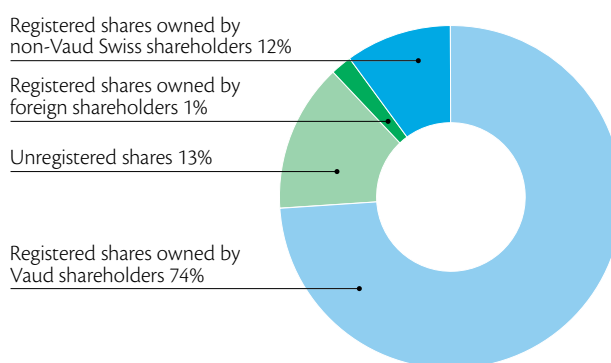
And while its performance was down last year, the BCV share was the sixth most liquid banking stock on the SIX Swiss Exchange, a key indicator for investment professionals. Over 21 million shares changed hands in 2021 – representing 75% of BCV's float – for an average of CHF 6.8m bought and sold daily.

At 31 December 2021, 16,247 shareholders were listed in the share register, 15,358 of which were individuals.

Share ownership structure



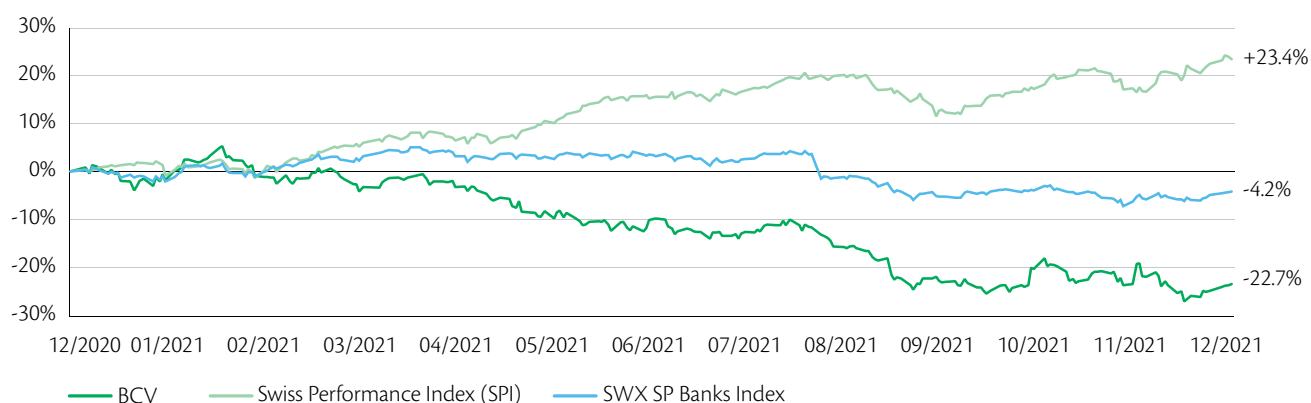
Share ownership by geographical zone



Listed on: SIX Swiss Exchange
 Par value: CHF 1
 Swiss security number: 53 175 175
 ISIN code: CH0531751755
 Ticker symbols: Bloomberg: BCBVN
 Telekurs: BCBVN
 Reuters: BCBVN.S

Standard & Poor's
 Long-term credit rating: AA / stable
 Short-term credit rating: A-1+
 Moody's
 Long-term credit rating: Aa2 / stable
 Short-term credit rating: Prime-1

Total shareholder return¹



¹ Stockmarket performance over the period plus dividends and capital distributions

	2017	2018	2019	2020 ²	2021
Number of shares outstanding (in thousands)	8,606	8,606	8,606	86,062	86,062
Period-end share price (in CHF)	735.00	741.00	790.00	96.30	70.80
Share price high / low (unadjusted, in CHF)					
– high	764.50	823.00	820.00	101.40	101.60
– low	644.00	688.00	708.00	67.50	67.30
EPS ³ (in CHF)	37.2	40.6	42.2	3.84	4.40
Adjusted EPS ⁴ (in CHF)	37.2	40.6	42.2	3.84	4.40
Dividend per share (in CHF)	23.0	35.0	36.0	3.60	3.70 ⁵
Dividend yield ⁶ (in %)	3.1	4.7	4.6	3.7	5.2
Total payout (in CHF)	33.0 ⁷	35.0	36.0	3.60	3.70 ⁵
Total payout yield ⁶ (in %)	4.5	4.7	4.6	3.7	5.2

² Amounts adjusted for the 10-for-1 stock split on 28 May 2020

³ Reported net profit after minority interests over total number of shares in issue

⁴ Reported net profit after minority interests, excluding an allocation to the reserves for general banking risks, over total number of shares in issue

⁵ Dividend to be proposed at the 2022 Shareholders' Meeting

⁶ Relative to the period-end share price

⁷ Total amount distributed to shareholders in the form of an ordinary dividend together with a distribution drawn from paid-in reserves

Who We Are

Our Missions

Under the Cantonal Act Governing the Organization of Banque Cantonale Vaudoise (LBCV), BCV's objective as a full-service bank with a community focus is to contribute to the development of all sectors of the economy of our home region, the Canton of Vaud, and to the financing of public-sector entities as well as to help meet demand for mortgage lending in the Canton. Furthermore, these missions apply across the Canton and entail a particular focus on the principles of economically, environmentally, and socially sustainable development. Our role as a cantonal bank is to produce positive impacts for all our stakeholders – our customers, shareholders, and the people of Vaud. As a modern company mindful of our duties and obligations, we have defined a series of objectives in the area of corporate social responsibility:

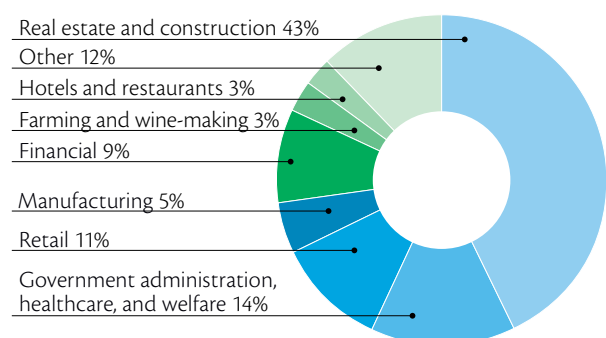
1. Contributing to the development of all sectors of the economy of our home region, the Canton of Vaud, and to the financing of public-sector entities, as well as helping meet demand for mortgage lending in the Canton.
2. Meeting our clients' needs with high-quality financial products and services.
3. Paying particular attention to the principles of economically, environmentally, and socially sustainable development.
4. Creating lasting value for shareholders.
5. Being a benchmark employer.
6. Playing an active role in the community.

1. Contributing to the economic development of the Canton of Vaud

We are the leading bank in Vaud. The surveys and studies we regularly conduct to assess our market position, along with the fact that half of the Canton's people and companies bank with us, show that we are an integral part of life in Vaud. Thanks to our concerted and ongoing efforts to improve service quality, and despite increasingly fierce competition, BCV is perceived as solid, reliable, and competent. Indeed, we have witnessed a significant influx of new funds as a result of expanded business with existing clients and the arrival of many new clients. For the fourth year in a row, BCV has been the most recommended bank in the Canton according to surveys published by LINK Institut.

Our strong market position in the Canton is the result of several factors: our extensive on-the-ground presence, our understanding of the needs of both individual and business customers, our know-how, our professionalism, and our responsible approach to banking. As the leading bank in Vaud Canton and in accordance with Article 4 of the LBCV, we are committed to contributing to the development of all sectors of the economy across our home region and to

Business loans by sector



Source: BCV

the financing of public-sector entities, as well as helping meet demand for mortgage lending in the Canton.

The way we kept executing on our mission during the Covid-19 pandemic was appreciated by people and businesses across Vaud. In 2020, BCV worked with the federal and cantonal authorities and other banks to develop the federally backed Covid-19 bridge-loan program and its equivalent for Vaud startups. Overall, we granted more than 6,000 bridge loans for a total of over CHF 700m. In 2021, we supported Vaud businesses during the rollout of the government's hardship assistance program in choosing and using the type of assistance best suited to them. As in 2020, BCV's research and customer analysis team conducted a survey of Vaud SMEs to better understand their concerns and the measures they were taking in response to the pandemic. We also offered these firms the option of deferring the 31 March and 30 June principal repayments on their loans (including mortgage loans, overdraft facilities, and capital goods loans), leaving them with nearly CHF 40m of additional cash. This followed a similar measure we implemented in 2020. We also advised businesses on the types of assistance available to them in order to help them determine the best course of action for their situation. For example, in early 2021 we created a series of explanatory videos on the hardship assistance program, in collaboration with the Vaud Department of the Economy, Innovation and Sport and the Vaud Office of Economic Affairs and Innovation. In all this, we fulfilled our role as the Canton's largest lender.

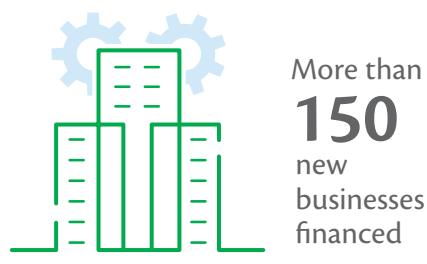
As the pandemic continued, we maintained the measures we had implemented in 2020 to protect our customers and employees (remote working, teams working in separate areas, masks, social distancing, hand sanitizing, etc.), while continuing to provide a full range of banking services to the people and businesses of Vaud. Customers were able to do their banking and speak with our advisors at their local BCV branch or remotely. The Bank also offered on-site vaccination for employees and their families.

80% of our lending is local

Our loan book covers all of our client segments across the entire Canton, with the people and businesses of Vaud accounting for 80% of total lending volumes. At end-2021, 51% of our outstanding customer loans were to individuals

and 49% to companies across all sectors of the economy as well as public-sector entities.

We work with companies through every stage of their development: from startup and growth to maturity and succession. Our partnerships with growing and mature businesses are well known, but our role in business creation and succession is less so. In 2021, we financed over 60 business successions for a total of CHF 60m and provided CHF 80m in financing to get around 150 startups off the ground in Vaud Canton.



In addition, BCV is part of Innovaud, the Vaud Cantonal Government's platform for promoting innovation in Vaud Canton. As part of the Innovaud project, we have committed CHF 500,000 in financing per year for ten years to the Foundation for Technological Innovation (FIT).

These activities are part of an initiative launched several years ago. Back in 2011, we published guides to setting up a business, in collaboration with the Vaud Chamber of Commerce and Industry (CVCI). We also conduct seminars for new business owners of all ages, in collaboration with the CVCI, GENILEM (a startup support organization), and SAWI (a marketing and communications organization). In 2021, seminar attendance was strong, with a total of around 60 people taking part despite the public health crisis and most of the workshops being held online rather than in person.

Working with clients in difficulty

In line with our mission, we aim to continue our relationship for as long as possible with businesses and individuals that, for one reason or another, run into

temporary difficulties. Specialized staff work with these clients in order to find solutions that will help them restore their financial stability.

Naturally, continuing the business relationship is only possible if the company or individual can be reasonably expected to return to a sustainably sound financial position without any distortion of competition. Our procedures in this respect follow clearly defined rules that meet the highest ethical standards. We have shown that we can manage difficult cases effectively by looking for constructive solutions and working proactively on a case-by-case basis.

2. Meeting our clients' needs

Close ties with our customers

Our local presence is of key strategic importance. We are the Canton's top employer in banking and the most widely accessible bank in Vaud thanks to our dense retail network, which includes nine regional centers of expertise and nearly 60 branch offices across the Canton (see our retail map and list of branch addresses on pages 208–211).

We believe that our branch footprint effectively aligns with the needs of the dynamic and diversified community and economy that we serve. And we continue to enhance our network each year to meet those needs. Between 2006 and 2013, most of our branch offices were partially or totally renovated, with the aim of making them more

comfortable and user-friendly for our customers. This program came to an end with the refurbishment of our head office at Place Saint-François in Lausanne. Since then, we have carried out several smaller-scale projects.

Being close to our customers also means being increasingly accessible and in step with changing lifestyles. This is reflected in the convenient opening hours of our branches, with appointments with BCV advisors available Monday through Friday from 8am to 7pm and on Saturday mornings in some of our shopping center branches. Our customers may also speak with an advisor remotely. Our Customer Service Center is available every weekday from 7:30am to 7:30pm, and customers can contact our center's advisors through traditional channels – such as telephone, email, and the post – or through our instant messaging service. Our advisors provide answers to customers' questions on topics spanning day-to-day banking, investments, and loans in videoconference sessions or via call-back for individuals who make a request on bcv.ch. In 2021, our Customer Service Center handled 800,000 customer contacts – a 15% increase compared with 2020 – driven by the public health situation. Our branch advisors stepped in to provide additional help handling customer requests, attesting to our success in integrating our various customer channels. Our banking hotline for businesses and self-employed people is available between 8am and 6pm, Monday to Friday. Last year, our advisors handled nearly 110,000 customer contacts – close to the record number chalked up in 2020 – in a clear demonstration of the central role our

Comparison of mortgage loans, other loans, and workforce distribution, by region

	Broye	Lavaux	Nord Vaudois	Nyon	Morges	Riviera	Chablais	Gros- de-Vaud	Lausanne
Mortgages	4%	11%	15%	16%	12%	10%	8%	9%	15%
Other loans	4%	8%	16%	14%	11%	9%	10%	10%	18%
Workforce distribution	3%	5%	11%	10%	9%	9%	5%	6%	43%

Sources: BCV; Statistique Vaud

Mortgages: real-estate lending including fixed-term loans secured by a mortgage

Workforce distribution: Structural Business Statistics, 2019

hotline plays in providing businesses with information in an economic climate still affected by the pandemic.

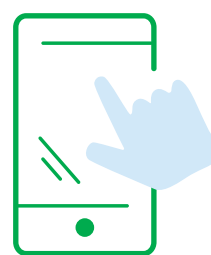
We also offer automated services through our network of over 210 ATMs in more than 120 locations across Vaud. For greater ease of use, our ATMs feature touchscreens and an interface for the visually impaired and run on the new ATM Futura software for Swiss bank ATMs. In 2021, around 6.2 million transactions were carried out via our ATMs, a 4% decline compared with the previous year. At the other end of the spectrum, payment methods such as BCV Maestro cards and BCV TWINT were used with increasing frequency for purchases in Switzerland: debit card transactions were up 10% and BCV TWINT transactions were up 211%.

A broad digital proposition

Our corporate and individual clients are also increasingly taking advantage of the 24/7 access provided by our online banking services through our website, bcv.ch, and our online banking platform accessible via BCV-net on a computer or via BCV Mobile on a smartphone or tablet.

Currently, nearly 70% of our customers bank online and more than eight out of every ten payments are made on BCV-net. Our customers are increasingly using their smartphones to access our online banking services. Four-fifths of e-banking logins are via our BCV Mobile app, and nearly half of users now do their online banking exclusively on their smartphones. We have significantly expanded our online banking services in recent years. For example, anyone can now open an account from our website, bcv.ch, and we enhanced our investment proposal tool so that customers can filter for funds that integrate environmental, social, and governance criteria (ESG) into their investment process. On our online banking platforms, customers can do far more than just check their account balances and enter and view payments. For example, they can use the new financial cockpit functions to monitor their income and expenses and manage their cards, and corporate clients can also manage employees' access rights. Customers can also schedule a videoconference meeting with their advisor, apply for and manage certain loans (e.g., fixed-term advances for businesses or mortgage-loan renewals for individual customers), and pay and issue QR bills.

In 2021, we continued to improve and add features to BCV-net and BCV Mobile. We revamped our BCV-net interface in order to enhance the browsing experience and make the online payment process more intuitive. Several other functions were also upgraded, including the secure messaging system, file transfers, and user settings. And in partnership with the Vaud cantonal government, we began making e-tax statements available on BCV-net in early 2022. Our customers can now use these electronic statements to fill out their online tax returns.



70%
of our customers
use our digital
banking services

What's more, users will soon be able to sign up for certain accounts and services directly via our BCV Mobile app. This new function will initially be rolled out for bank accounts in both Swiss francs and other currencies. It will then be gradually expanded to include other products and services, such as purchasing shares in asset allocation funds, setting up a BCV Start Invest savings plan, and opening personal retirement savings and investment accounts. Thanks to our continual upgrades, BCV Mobile is now one of the highest-rated banking apps in Switzerland.

BCV TWINT mobile payment

Our BCV TWINT app has been growing in popularity every year since it was launched in 2017. With the public health crisis, the number of active TWINT users has now soared both at BCV and nationwide. In 2021, TWINT recorded 110,000 new users, for a total of over three million people in Switzerland who use the app. TWINT is a payment app developed by the Swiss banking sector that allows users to pay for in-store and online purchases, transfer money to other TWINT users, buy public transportation tickets, and pay for parking.

BCV's TradeDirect platform remains one of the most competitively priced online brokerage services in Switzerland. The TradeDirect website was completely redesigned in 2020, and our TradeDirect app for smartphones followed suit in 2021. This platform provides access to 35 stock exchanges and over 100,000 investment vehicles and has powerful market-tracking, search, and analytical tools. Users can enter orders, manage their portfolios, track individual stocks, stay up to date with the latest market news, and view ratings and analyses provided by research firm TheScreener. In 2021, the number of new clients joining TradeDirect was close to the 2020 record, while transaction volumes also neared the 2020 peak owing to stock-market volatility.

In Wealth Management, our BCV Conseil advisory services include an online platform where customers can speak with their dedicated advisor, manage their portfolio, and stay informed with our expert analysis of the latest financial news. In addition to the content on our website, BCV publishes economic news and information on a single platform (www.bcv.ch/pointsforts). This includes analyses from our experts, videos of their guest appearances on the "Votre argent" segments broadcast on La Télé Vaud Fribourg, and an array of articles covering investments, financial planning, real estate, and the Vaud economy.

These various physical and digital distribution channels allow us to offer rapid, practical, and efficient services that customers can access whenever and wherever they need.

High-quality customer care and a full range of banking services

We constantly strive to satisfy the changing needs of our customers – individuals, businesses, pension funds, and public-sector entities. Through our various digital and physical channels, we provide products and services that cover the full range of banking requirements, with a special focus on service quality and how we can continuously improve it. Those efforts have been recognized by the people of Vaud. BCV was named the most recommended bank in the Canton, according to surveys published in 2019, 2020, 2021, and 2022 by LINK Institut on a representative sample of Vaud residents.

At BCV, we see customer feedback as a key element to improving our products, services, and processes, and we

run a customer feedback center that can be accessed across all our channels. We also carry out customer satisfaction surveys and systematically follow up on complaints. In 2021, BCV received 708 customer complaints, 91% of which were processed within the target deadlines. Thanks to the feedback we received, we were quickly able to make concrete improvements. Some were relatively simple, such as explaining our fee schedule more clearly in advisory meetings. Others were more complex, like changing how we draw up documents confirming corporate clients' business relationship with BCV.

As for our specific banking solutions, we offer our personal banking customers a comprehensive range of products and services. Customers of all ages, whether working or in school, can simply choose the BCV banking pack that best fits their daily banking needs. Our banking packs can be opened online or at a BCV branch. Our Youth and Family accounts are particularly popular.



We provide 1 of 3
mortgage loans in Vaud

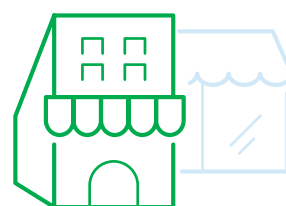
Personal banking customers can take out mortgage loans to meet their home financing needs. Our Start Immo offer has had strong traction with first-time home buyers, who like the fact that it allows them to pay no interest for the first six months on a fixed-rate loan with a term of at least five years. We continued to expand the scope of our Green Bonus offering, which consists of preferential terms on loans used to finance properties that have an eco-rating of A or that are undergoing energy-efficient renovations. We had already expanded the eligibility criteria on energy standards and cantonal subsidies in 2020, and in 2021, we replaced the reduced interest rate with a zero-interest rate for the first 12 months and extended the offer to cover not just primary residences but also other types of real estate, such as income-generating properties. What's

more, thanks to our partnership with Romande Energie, homeowners can now carry out a CECB® Plus energy audit, which consists of a cantonal energy certificate for buildings plus an analysis of potential green renovations, for a reduced price. We also created a guide on energy-efficient renovations for our customers.

In addition, our customers can use our asset allocation funds, which incorporate sustainability criteria, and third-pillar individual retirement accounts to invest their savings for the long term. All individual customers, regardless of their wealth, can receive comprehensive financial planning advice and wealth management services. In Wealth Management, we offer a full range of banking and investment solutions and advisory services. With our BCV Conseil advisory services, customers can speak with their dedicated advisor, manage their portfolio on the online platform, and stay informed with financial news articles written by our experts. We have made a full range of ESG investment solutions available to customers to meet their expectations in sustainable investing, and understanding customers' expectations in this area is one of the key steps covered by our advisors. Our regional footprint means we have advisors throughout the Canton; customers appreciate knowing that our specialists are close by when they want to talk over their financial situation or the larger economic picture. With BCV's digital channels, those interactions were still possible despite the public health crisis and social distancing measures in place. We also enhanced our newsletters and held a series of web conferences so our customers could stay on top of market and economic news.

In Corporate Banking, BCV offers a comprehensive range of products and services, including financing, treasury management, hedging, occupational pension solutions, and advisory services at all stages of the company's life, from startup to succession. That means we can meet the needs of a very diverse clientele, from artisans serving the local market to multinationals conducting business the world over. We regularly enhance our online banking features; last year, BCV's digital offering for corporate clients received third place in a study conducted by think tank e.foresight and the Lucerne University of Applied Sciences and Arts. We expanded our Green Bonus offer to include loans for commercial and administrative properties, as well as capital goods loans (which feature zero interest for the first six months for companies that carry out a PEIK

energy-efficiency audit or receive a cantonal subsidy). Like our individual customers, BCV's corporate clients can carry out a CECB® Plus audit at a reduced price through our partnership with Romande Energie and finance their renovations with our Green Bonus loan. Corporate clients can now take advantage of the flexibility provided by our new mortgage loan based on the recently introduced SARON reference rate. And for small businesses, we rolled out an easy-to-manage forex hedging solution called Flexiterme. In 2021, we continued to support businesses and keep them informed of developments affecting them. We held five web conferences – attended by over 1,000 people – on current events and topics relevant to companies, including the energy transition. We also released short videos on current topics such as corporate social responsibility, the rise in interest rates, inflation, SARON, and the changeover to QR bills.

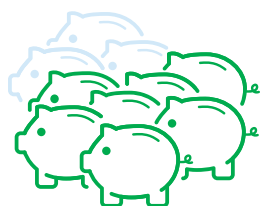


**1 of 2 Vaud small
businesses
banks with BCV**

In Asset Management & Trading, investors can take advantage of BCV's investment strategy and proven expertise through our comprehensive range of advisory and other services together with investment products, from investment funds and structured products to management agreements and asset allocation funds in both specific and global investment universes. To continue meeting our clients' needs in private and institutional asset management – areas in which BCV is a leading player – we focused on socially responsible investment solutions that comply with ESG criteria. Our Bank is playing an active role in this field. In discretionary asset management, for example, 80% of our asset allocation funds and asset management agreements for private clients incorporate ESG criteria. We work with several organizations to make this happen, including Swiss SRI specialist Ethos, with which we entered into a strategic partnership in 2020. In structured products, our new online tool AMC Access360 allows investment professionals to manage and rebalance

their actively managed certificates to take advantage of market opportunities. In addition, structured products issued by BCV are now available on deritrade®, Vontobel's multi-issuer platform for derivative instruments.

All this shows that we are continually striving to meet our customers' needs and improve our service quality. At the 2021 Swiss Derivative Awards, BCV's structured products team won the Top Service award for the sixth time. And for the first time, we received the Climate Protection award; this came in recognition of one of our certificates, managed in collaboration with CONINCO Explorers in finance SA, that invests in companies with high scores for sustainable development and the circular economy. Given the current and upcoming regulatory changes affecting financial products, we are adapting our service model and product range accordingly. Our aim is to ensure that all individual and corporate customers are well-informed, protected, and provided with high-quality service across all our physical and digital distribution channels. With regard to our institutional clients, BCV's Asset Management Department complies with the ISAE 3402 Type II standard on the effectiveness of internal controls for the full range of services we provide – from client onboarding to performance reporting.



7 of 10 Vaud pension funds
count on BCV

3. Acting on the principles of sustainable development

The principles of economically, environmentally, and socially sustainable development are innately linked to BCV's mission and our success in the Vaud market. We see this link as a chance to create a virtuous circle that allows us to be both competitive and socially responsible. That is how we can maximize the benefits we bring to all our stakeholders – by creating value for our customers, shareholders, and the people of Vaud all while doing our part to address economic, social, and environmental issues. For more than ten years, we have shared the details of our sustainable development performance as well as the impacts of our Bank's activities across Vaud in our Sustainability Report, which we previously published in French every two years.

As part of the new strategic plan we defined in 2019, called *vista* (see the Overview of BCV and BGV in 2021 sections), we have enhanced our approach to sustainability. We created dedicated CSR organizational and governance structures and, since 2020, have been publishing our Sustainability Report annually in both French and English, with added content in line with the international Global Reporting Initiative Standards. The French version of this year's report was published at the same time as this annual report, and the English version is scheduled for release in May 2022. Our Sustainability Reports are available on our website at <https://www.bcv.ch/en/About-us/Corporate-Social-Responsibility>.

We also continued to reinforce our CSR approach in the range of solutions we offer. For example, we broadened the scope of our Green Bonus offer, which consists of preferential terms on loans used to finance energy-efficient properties and renovations. In 2020, we extended these loans to include properties that have an eco-rating of A. In 2021, the 0.5 percentage-point reduction on the interest rate was replaced by a zero-interest rate for the first 12 months. We also extended the offer to cover not just primary residences but also other types of real estate, such as income-generating properties and commercial and administrative properties, as well as capital goods loans (which feature a zero-interest rate for the first six months). In addition, we have entered into partnerships that allow BCV customers to get energy-efficiency audits at preferential prices, including a CECB® Plus audit for buildings, with Romande Energie, and a PEIK audit for commercial equipment.

BCV is a signatory to the United Nations Principles for Responsible Investment (UNPRI) and is a member of Swiss Sustainable Finance, which aims to strengthen Switzerland's position as a hub for sustainable finance. We have made it possible for institutional and private clients to build portfolios that integrate ESG criteria, in accordance with SRI principles. We incorporate ESG factors into our stock-picking and investment management process primarily through exclusion, integrating ESG ratings, taking a best-in-class approach, positive screening, and active ownership. We also offer thematic products that invest in companies whose products and services offer sustainable solutions to environmental and social issues. More information can be found on our website at <https://www.bcv.ch/en/About-us/Corporate-Social-Responsibility/SRI>.



100%

of our discretionary agreements and
strategic asset allocation funds incorporate
ESG criteria

Our ESG product range includes investment funds, management agreements, and certificates. We also offer products managed in collaboration with Swiss SRI specialist Ethos. This partnership, which we entered into in 2020, currently covers six Ethos funds. Under our agreement, Ethos is responsible for carrying out ESG analyses, exercising voting rights at shareholders' meetings in accordance with its own guidelines, and actively engaging in dialogue with investee companies to encourage them to improve their ESG practices. BCV's Asset Management Department's role is to select investments and build the portfolio, taking Ethos's ratings into account, and to conduct financial and risk analyses. Ethos and BCV's asset management team will work together closely in order to strengthen this partnership over the coming years and create a new center of expertise in sustainable finance in Switzerland.

Our partnership is already seeing results. BCV-managed fund Ethos II - Ethos Swiss Sustainable Equities was awarded the two-star FNG label for 2022. The independent FNG label was created by the Nachhaltige Geldanlagen Forum, an association specializing in SRI in Germany, Austria, and Switzerland. It is awarded to funds that meet the quality standards for sustainable investments and pass an independent audit conducted by the University of Hamburg. Among the three dimensions of sustainable development, economic development is, of course, fundamental for a bank. The previous sections of this chapter have illustrated some of the ways we contribute to the local economy and serve individuals and businesses in Vaud. To continue achieving our objective of contributing to the economic development of our Canton, we must ensure that our foundations are solid and that our vision for BCV leads to steady profitability going forward. In keeping with this mission, our strategy targets sustainable growth and a moderate risk profile. This approach benefits all our stakeholders. In 2021, for example, we paid out CHF 229m to our majority shareholder (the Canton of Vaud) and to Vaud municipalities. This amount comprised a dividend and cantonal and municipal taxes.

The principles of sustainable development underpin the actions we take to enable employees to reach their full potential and are reflected in our involvement in the local community. Yet another example of this approach concerns the environment. We continued our efforts to reduce our energy consumption and environmental footprint in 2021. For several years now, we have been commissioning an environmental assessment in order to quantify our impact and suggest targeted mitigation measures. While we regularly take steps to reduce our consumption of paper and other supplies and to make our IT system more energy efficient, most of the potential savings are to be found in our infrastructure, an area we have been investing in for a number of years. For example, we cut our electricity consumption by 32% between 2014 and 2021, in part by installing new electrical equipment. In recent years, we have invested several million francs in our Aigle and Nyon regional decision-making centers so that the buildings meet "Minergie" energy-efficiency certification criteria and to reduce energy consumption in both buildings by at least 60%. We have committed to cutting the CO₂ emissions from our operations by at least 35% from 2019 levels by 2030, in line with Vaud Canton's Climate Plan and the targets set by the federal

government. And when it comes to our equity funds, we have screened out companies that generate a significant proportion of their income from thermal coal.

We offset 100% of the greenhouse gas emissions from our operations by financing carbon reduction and sequestration projects with myclimate, a Swiss non-profit organization. In 2021, BCV earned a B grade from the CDP (formerly Carbon Disclosure Project) survey. This is the third highest of eight grades, ranging from A to D-. The Bank has been taking part in the CDP, which measures the greenhouse gas emissions of companies, since 2010.

4. Creating lasting value for shareholders

At BCV, we are committed to creating lasting value for our shareholders. In keeping with this mission, our strategy targets sustainable growth and a moderate risk profile. We have therefore adopted a dividend policy aimed at generating attractive returns for all our shareholders over the long term.

We paid out a total of CHF 3.7bn to our shareholders for the 2009 to 2021 financial years. Over the same period, the BCV share price more than doubled, making it one of the best-performing stocks in the Swiss banking sector. That share-price appreciation, coupled with the distributions paid out over the years, equates to an average total shareholder return of about 12% per year.

Our financial strength, solid market position and status as a cantonal bank have won recognition from the rating agencies. Standard & Poor's maintained our AA rating for the tenth year running, and Moody's reaffirmed our long-term rating of Aa2 for the seventh year in a row. Both agencies' ratings are accompanied by a stable outlook. Our ratings attest to the Bank's ongoing efforts in recent years, in terms of both strategy and operations. All of the rating agencies' credit opinions can be found in the Investor Relations section of our website, bcv.ch, or via the free BCV Investor Relations iPad app.

5. Being a benchmark employer

BCV is one of Vaud's leading employers and the largest employer in the Canton's banking sector. We consider our dynamic human resources policy to be crucial to

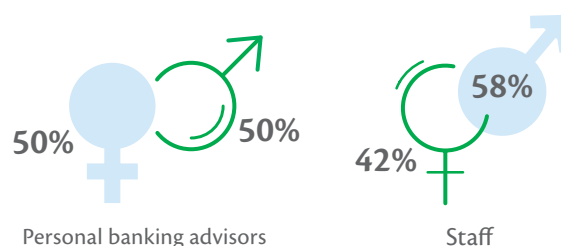
both our mission and our strategy. Alongside missions and objectives, skills development is a key employee performance factor. We encourage training as a driver of staff motivation and knowledge management. Moreover, we are dedicated to creating workplace equality, promoting diversity, and offering the same opportunities to all staff.

A common corporate culture is an integral part of our human resources policy. At the heart of this culture are BCV's four core values: responsibility, performance, professionalism, and close ties with our customers and the broader community. These values are also central to the ethical principles described in the code of conduct in force within BCV Group. This code of conduct, which is available on our website, was reviewed and expanded in 2021.

Staff

At the end of 2021, BCV Group had 1,932 employees on a full-time-equivalent (FTE) basis, up slightly from the prior year. The parent company accounts for the largest share of the workforce, with a total of 1,911 employees, or 1,738 FTEs. In 2021 we filled 287 positions: there were 181 outside hires and 74 internal transfers, and 32 people were kept on after they completed BCV internships or training programs. Apart from retiring staff, average staff turnover was 8.0% in 2021.

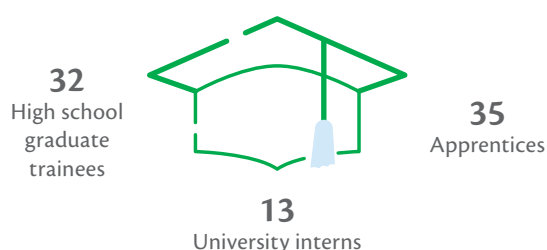
In terms of gender equality, the parent company had 795 female employees (42% of the workforce) at the end of 2021. Women accounted for 45% of managers (406 positions) and 16% of all senior managers (53 positions). We aim to have 25% of our senior management positions held by women by 2030. In addition, women run 39% of our branches (14 positions), where they play a key role in running our retail network. There were 489 employees (26% of the Bank's staff) working part time at the end of the year.



Every two years, BCV commissions a third-party polling service to conduct an anonymous survey of all staff members in order to obtain their opinions on working conditions, workplace relations, and satisfaction with supervisors and, more generally, to determine employee buy-in and commitment. 84% of employees took part in the last survey, which took place in 2020. The findings showed that employee buy-in remains high. Once again, the results were considered very good in comparison with those at other companies in almost all areas studied, but especially in terms of support for the Bank's strategy and confidence in senior management.

Equal pay

In compliance with the amended Swiss Federal Gender Equality Act, we hired Comp-On SA, a human-resources consulting firm specializing in employee compensation, to conduct a pay analysis of all employees. The results showed that BCV's compensation meets Swiss federal requirements on gender-equal pay. The analysis was approved by the Consortium of Social Partners for Equal Pay in Banks (CeParEB). Beyond meeting Swiss legal requirements, we were awarded the Fair-ON-Pay+ certification by Comp-On SA and SGS. This certification, which is valid for four years and includes a follow-up audit in the third year, recognizes BCV's equal pay practices over the long term.



Focus on training

In 2021, BCV provided job training for 83 trainees, including 35 apprentices, 32 high school graduate trainees, 13 university interns, and 3 participants in our "Rejoignez-nous" training program.

BCV is one of the Canton's main providers of professional training. We have our own training center with around 200 instructors, more than three-quarters of whom work elsewhere within the Bank.

In 2021, the training center focused on skills development for all of the Bank's employees. Client advisors in particular require regular training to be able to keep pace with constant changes in client needs and the regulatory environment. To that end, we adopted a certification system used by several other banks that is in line with the ISO 17024 standard and recognized by the Swiss Association for Quality (SAQ). Over 240 client advisors had received their certification by end-2021.

March 2021 marked the beginning of the eighth edition of BCV's Micro MBA program, offered in collaboration with the Entrepreneurial Leadership program at the University of Geneva's School of Economics and Management. The 21 participants will develop interdisciplinary and project management skills. In addition, 22 BCV employees received post-secondary degrees from outside institutions in 2021, with BCV's support. Through these actions, we are laying the groundwork to fill future leadership roles within the Bank.

Employee benefits

BCV Group provides its employees with comprehensive pension cover well in excess of the minimum legal requirements. The staff pension fund is run as a defined-contribution plan for purposes of retirement benefits, and as a defined-benefit plan for purposes of death and disability benefits.

At the end of 2021, pension fund members comprised 2,069 employees, 1,867 of whom were working at the parent company, and another 1,330 pension recipients, including 1,031 retirees.

BCV takes several kinds of action in the interest of employees' health. Our focus is on prevention, for instance by providing flu shots and financing a sports association. In 2021, we partnered with a local healthcare group to offer on-site Covid-19 vaccinations to employees and their families; we repeated this measure for booster shots in 2022.

6. Playing an active role in the community

Our local community is important to us, and we take our responsibilities as a corporate citizen in Vaud Canton seriously. In addition to the purely economic aspects of our mission, we provide support for cultural and sporting activities as well as outreach initiatives. Our commitment has not wavered. We continued to support events and activities, especially those related to culture and sports, that could not take place because of the pandemic-related public health measures. Our goal there was to contribute to sustaining these events through a difficult period.

Cultural activities are a fundamental part of life in Vaud and a key component of our sponsorship policy. Last year we supported the following cultural events and organizations: the Paléo Music Festival, Rock Oz'Arènes, the Cully Jazz Festival, the Paillote Festival in Morges, the Théâtre du Jorat, the Théâtre de Beausobre, the Théâtre Benno Besson in Yverdon-les-Bains, the Vevey Festival of Images, the 4 Seasons Festival, Lausanne-Pully Museum Night, the Maison d'Ailleurs science-fiction museum, the Fondation Vaudoise pour la Culture, the Fondation du Conservatoire de Lausanne, and Plateforme 10 (i.e., the Musée cantonal des Beaux-Arts, or MCBA, in Lausanne).

We also support a number of outreach initiatives that help bring together the local community. In 2021, these included: Société Vaudoise d'Utilité Publique (an association of social-service institutions), La Paternelle (a not-for-profit mutual insurance company for orphans), the Vaud Red Cross, Ma Vie Ton Sang, the Fédération Vaudoise des Cartons du Coeur (an organization that distributes food to people in need), Association Romande des Familles d'Enfants atteints d'un Cancer (a charity that provides support services to children with cancer and to their families), Fondation Pro-XY (an organization that supports caregivers), Association Cerebral Vaud (an organization that supports people with cerebral palsy and their families), the Blue Cross (a charity that helps alcoholics and their families), and the Fondation Compétences Bénévoles (an organization that provides support services to charities).

The future of Vaud is taking shape in its schools. Last year we presented prizes at schools across the Canton (including primary schools, secondary schools, and universities) and provided support for Lausanne's Centre

Sports-Etudes for school-age athletes and the 42 Lausanne computer programming school.

Sports activities are also a key part of the social fabric of Vaud and are central to our sponsorship policy. Last year we sponsored a number of sports clubs and events, including: FC Lausanne-Sport, the Fondation Foot Avenir, the Association Cantonale Vaudoise de Football, the Lausanne Hockey Club, the Lausanne 20K, the International Hot Air Balloon Festival in Château-d'Oex, the Villars Ultraks trail races, the Fondation d'Aide aux Sportifs Vaudois, the Mérite Sportif Vaudois, the Vevey Lavaux Up car-free event, and the Leysin Tobogganing Park.

We also support various other important initiatives in the Canton, including the Forum de l'Economie Vaudoise, the Forum des 100, the Ouest Forum, the PERL awards, the Prix Strategis for the best Swiss startup, the Mérites de l'Economie awards, the Numerik Games Festival in Yverdon-les-Bains, and the Enterprise for Society Center (E4S).



Bike to work:
nearly
15,000 km
covered by bike or
on foot

For over ten years we have had links with programs that allow staff members to take part in humanitarian and environmental initiatives in association with non-governmental organizations. In 2021, we supported the following programs: Don du Sang, a blood-donation program; the sale of oranges by the NGO Terre des Hommes; and the Red Cross flower-selling initiative Mimosa du Bonheur. BCV also partnered with the Lausanne Climathon to support its challenge on increasing the rate of building renovations. We sponsored a carbon emissions targets project from UCreate3, an acceleration program for innovative projects that is run by the University of Lausanne's HUB Entrepreneurship and Innovation. We backed the Webeelong Association's "CHF 1 for the climate" initiative, which lets restaurant owners and their customers support both the environment and

the local economy. Finally, BCV took part in the “bike to work” challenge, which encourages people to ride their bikes on a daily basis.

Another initiative close to our heart is BCV Solidarity. In 2012, we decided to replace the end-of-year gift to employees with an annual donation in our employees’ name to a humanitarian project somewhere in the world. Every year, a different project is chosen by a working group selected from a pool of volunteers. In 2021, BCV Solidarity supported Fondation Sentinelles in its awareness-raising efforts aimed at preventing noma in southern Niger. Our donation is also being used to renovate the Sentinelles reception center in that region.

In addition, BCV supports its employees’ involvement in the community, thereby contributing to their personal development. In 2021, over 200 staff members were actively involved in a variety of societies, associations, and other organizations of a social, political, cultural, or sporting nature. However, BCV has a policy not to provide any type of formal support to any political party or organization.





42 Lausanne

BCV backs this computer programming school, which opened in July 2021. The school is entirely free and does not have any educational prerequisites for admission.

Year in Review

Economic Environment

In 2021, economic activity picked up all over the world. After falling by 3.1% in 2020 because of the Covid-19 pandemic, global GDP grew by 5.9% last year, with an upturn in confidence outweighing new waves of Covid infections and fears of higher inflation in some regions.

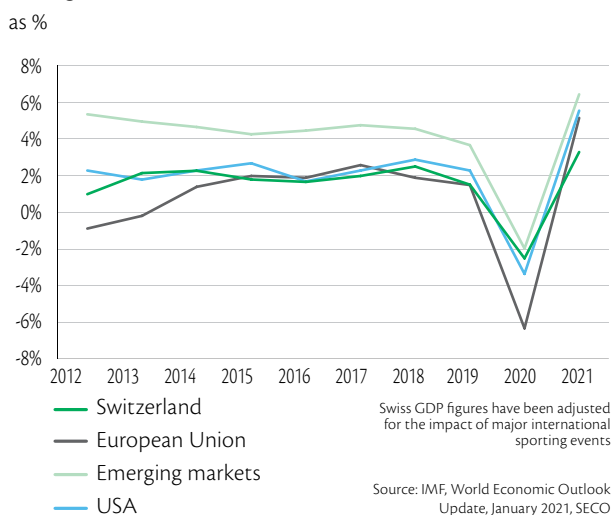
Both Vaud Canton and Switzerland as a whole saw a significant improvement in their economic situation. In Vaud, GDP rose 4.5% after declining by 1.9% in 2020, while the Swiss economy grew by 3.6% after contracting 2.4% the previous year. Companies adapted to the pandemic where they could, while businesses affected by measures to stop the spread of Covid-19 received various types of support.

Rapid recovery in the global economy

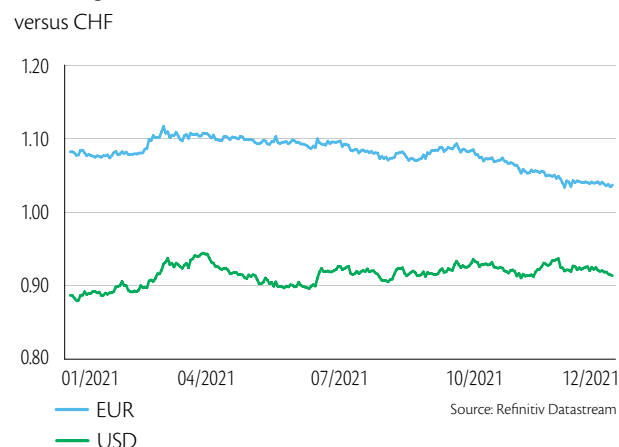
After the shock caused by lockdowns around the world starting in spring 2020, consumers and businesses quickly regained confidence last year and economic activity rebounded in all regions of the world. Although 2020 was certainly a bad year for the global economy, with GDP contracting by 3.1%, the decline was much less than initially forecast by the International Monetary Fund (IMF), which in June 2020 predicted a 4.9% contraction. Business support measures and large-scale liquidity injections by central banks, together with the easing of public health measures and the vaccination rollout, mitigated the downturn.

There were, however, significant differences across geographies: total output in emerging economies fell by only 2.0% in 2020, while in industrialized countries it shrank by 4.5%. That latter decline was due in particular to the 6.4% drop in the eurozone GDP, whereas in the US, the 2020 contraction was limited to 3.4%. The 2021 recovery followed a similar pattern: it was stronger in emerging-

GDP growth around the world



Exchange rates



market countries (6.5% growth) than in industrialized economies (5.0%). According to the IMF's 2021 estimates, GDP growth in the eurozone (5.2%) lagged behind that of the US (5.6%). Overall, global GDP growth was 5.9% last year, a very strong performance in historical terms.

However, the recovery should be considered in its wider context. The Covid-19 crisis came at a time when the world economy had still not fully recovered from the 2008–2009 financial crisis, and it has forced some heavily indebted countries to increase their debts even further.

Mixed financial-market and macro climates

2021 was an excellent year for stock markets. As central banks kept policy rates very low – and even negative in some cases – and their overall monetary policies very loose, the main stock-market indices rallied strongly. In the US, the S&P 500 gained 26.9% in 2021, reaching an all-time high of 4,793 points a few days before the end of the year, which it closed at 4,766. In Switzerland, the Swiss Market Index (SMI), made up of the largest companies listed on the SIX Swiss Exchange, rose 20.3% and also hit a new record high. The eurozone's blue-chip EURO STOXX 50 Index gained 21.0%. However, the MSCI Emerging Markets Index (USD) lost 4.3%.

In the bond markets, 2021 brought a slight increase in long-term sovereign bond yields, while central banks

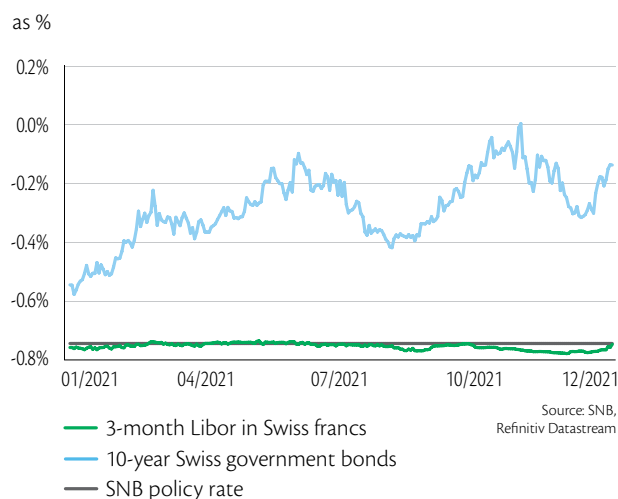
maintained the highly accommodative monetary policies that they introduced at the start of the Covid-19 crisis and kept policy rates low. The yield on 10-year US Treasuries rose from 0.91% to 1.50%, while the Federal Reserve kept its Fed funds target range of 0%–0.25%. In the eurozone, the 10-year German Bund yield rose from –0.58% to –0.18%, while the European Central Bank kept its deposit facility rate at –0.5%. In Switzerland, the 10-year government bond yield went from –0.55% at the start of the year to –0.14% at the end, and the Swiss National Bank (SNB) maintained an interest rate of –0.75% on sight deposits in excess of a given exemption threshold.

Rising yields were driven in particular by the strength of the economic recovery and the accompanying inflationary pressure. Prices rose by an average of 4.7% in the US and 2.6% in the eurozone in 2021. In Switzerland, inflation turned positive again, rising from –0.7% in 2020 to +0.6% in 2021, due to higher prices for items such as petroleum products.

In the precious metals market, the gold price ended the year down 4.0% at USD 1,822 per ounce; in Swiss-franc terms, gold was down 1.6% to CHF 53,612 per kilo.

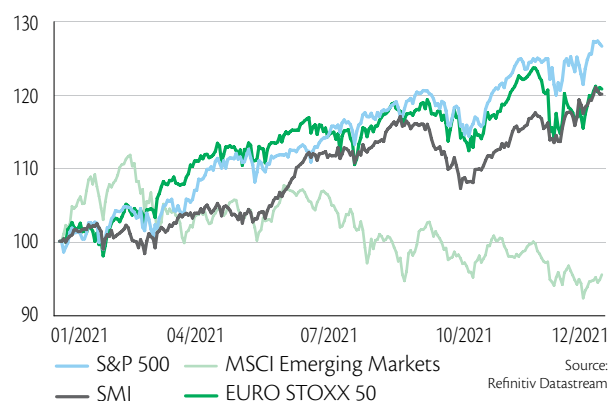
In currency markets, the Swiss franc strengthened against the euro. The euro was worth CHF 1.08 at the start of the year and CHF 1.04 at the end, a decline of 4.2%. The dollar, meanwhile, rose 3.1% from CHF 0.89 to CHF 0.91.

Interest rates



Stock-market indices in local currency terms

base of 100 at 31 December 2020



Economic upturn in Switzerland

In Switzerland, GDP grew by 3.6% in 2021 (February 2022 estimate), less than in other industrialized economies. However, Switzerland was much less affected by the Covid-19 crisis in 2020, with only a 2.4% contraction in GDP. The 2021 rebound was seen in both export industries, which benefited from the improved global economic climate, and industries that focus on the domestic market. Some segments – particularly hospitality, events, entertainment, and sports – were affected by protection measures adopted during periods of rising Covid-19 cases. However, business support mechanisms such as partial unemployment and hardship subsidies partly made up for the negative impact caused by those measures.

The Swiss labor market improved. Following a 0.4% drop in full-time-equivalent jobs in 2020, total jobs rose by 1.6% to 4.1m in 2021. In the fourth quarter of 2021, employment was up 0.9% year on year at 1.0m in the secondary sector and up 1.9% at 3.1m in the tertiary sector. The unemployment rate fell slightly, averaging 3.0% in 2021 as opposed to 3.1% in 2020. There were also fewer people receiving partial unemployment benefits. According to Switzerland's State Secretariat for Economic Affairs

(SECO), the number of people receiving those benefits fell by almost 90%, from around 380,000 in December 2020 to roughly 42,000 a year later.

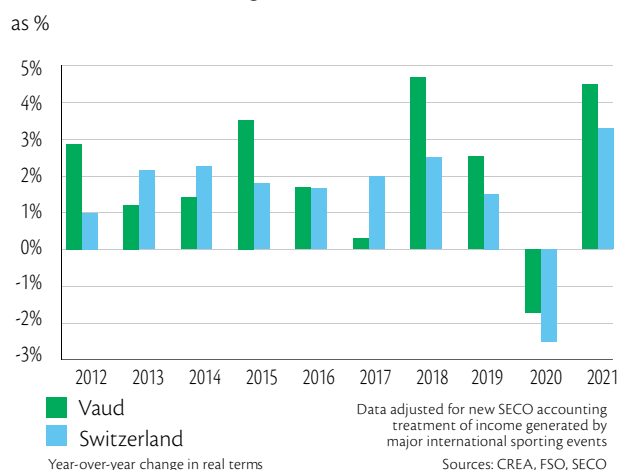
After a 7.1% decline in 2020, exports rebounded 15.2% in 2021, hitting a record CHF 259.5bn. That increase was driven in particular by exports of chemicals and pharmaceuticals, watches, machinery and precision instruments, and food. Switzerland increased its exports to all its main markets, i.e., Europe, North America, and Asia. Exports to the US increased by 18.8% last year, and the US overtook Germany as the leading destination for Swiss exports, a position that Germany had held since 1954, according to Switzerland's Federal Office for Customs and Border Security.

Rapid recovery in the Vaud economy

The Vaud economy followed a similar trajectory to the rest of Switzerland, although its GDP growth of 4.5% was higher than that of the country as a whole. As was the case across Switzerland, most Vaud industries posted positive growth, according to January 2022 figures from the CREA Institute of Applied Economics in the Business and Economics Faculty of the University of Lausanne. The fall economic survey of the Vaud Chamber of Commerce and Industry (CVCI) also showed a sharp upturn in business in both services and manufacturing.

The Vaud job market was firm. The number of jobs (on a full-time-equivalent basis) in the Canton was up 1.7%, with a 0.8% increase in the secondary sector and a 1.9% rise in the tertiary sector. As in Switzerland as a whole, the unemployment rate in Vaud fell, going from an average of 4.5% in 2020 to 4.1% in 2021. However, that figure masks regional differences. Unemployment was below the Vaud Canton average in Gros-de-Vaud (2.7%), Morges (3.2%), Lavaux-Oron (3.3%), Nyon (3.7%), and Jura-Nord Vaudois (3.7%), while it was close to the average in Aigle (4.2%). Unemployment was above average in Riviera-Pays-d'Enhaut (4.6%), West Lausanne (4.6%), Broye-Vully (4.8%), and Lausanne (5.0%). The number of people receiving partial unemployment benefits also declined, from approximately 26,000 in December 2020 to less than 2,000 a year later.

Vaud and Swiss GDP growth



Real-estate market still dynamic

The Vaud real-estate market continued to show strong momentum in 2021. Prices of owner-occupied housing continued the upward trend that started in 2017. On

average across the Canton, prices of single-family homes rose 9.8% year on year and condominium apartment and townhouse prices were 6.1% higher, according to Wüest Partner figures. Although prices rose more slowly than they did between 2006 and 2012, they still hit new all-time highs in almost all regions.

Although high prices limited the pool of potential buyers, demand was boosted by low interest rates and greater interest in comfortable homes with a decent amount of outdoor space – the result of the Covid-19 pandemic and the protective measures taken to combat it. However, the supply of homes remained limited. There have been around 5,000 new home starts per year in Vaud since 2013, but the

proportion intended for owner-occupiers has fallen from around two-thirds between 2005 and 2015 to one-third in 2021. In absolute terms, this has reduced the number of new homes for owner-occupiers from 3,400 to around 1,630.

Prices are rising rapidly across Switzerland, and the SNB believes that the risk of a correction in the residential real-estate market has increased. Accordingly, in January 2022, the Swiss government announced the reactivation of the counter-cyclical capital buffer. Starting in the fourth quarter of 2022, bank regulatory capital requirements on residential mortgages in Switzerland will increase by 2.5 percentage points. The counter-cyclical buffer was introduced and initially set at 1 percentage point in 2013,

Vaud Canton and Switzerland in figures

	Vaud	Switzerland
Area	3,212 km ²	41,285 km ²
Population (end-2021) ¹	823,881 residents	8,732,706 residents
Population density	257 residents/km ²	212 residents/km ²
Working population ²	415,714	4,636,099
Number of companies ³	62,704	696,371
Primary sector	6.2%	7.6%
Secondary sector	13.1%	13.8%
Tertiary sector	80.7%	78.6%
Jobs	461,946	5,322,704
Primary sector	2.9%	3.0%
Secondary sector	16.2%	20.5%
Tertiary sector	80.9%	76.5%
Unemployment rate (2020 average)	4.1%	3.0%
GDP (2021 est.) ⁴	CHF 61.3bn	CHF 741.7bn
GDP/inhabitant	CHF 74,352	CHF 84,928

¹ Vaud: Source = Statistique Vaud; Switzerland: Source = estimate based on quarterly FSO data

² Permanent residents aged 15 and over, 2015–2017 average

³ A company or part of a company (e.g., a workshop or factory) located in a given place

⁴ Data adjusted for new SECO accounting treatment of income generated by major international sporting events

Sources: FSO, Statistique Vaud, SECO, CREA



BCV Immobilier

In 2021, BCV published two more issues of BCV Immobilier, a half-yearly report on the Vaud real-estate market that first appeared in 2017. These latest issues covered the development of the Gros-de-Vaud region and rising prices for raw materials and building materials. Although no substitute for advice from a real-estate professional, these 24-page guides provide valuable information to prospective buyers, homeowners, individuals, and businesses wanting to keep up to date with market developments.

The reports (in French only) can be downloaded from the BCV website at bcv.ch.

subsequently rising to 2 points in 2014. It was deactivated during the Covid-19 crisis in order to give banks more leeway. By reactivating it, the SNB is looking to cool the Swiss real-estate market.

The investment real-estate market remains very buoyant. It is continuing to attract both institutional investors and individuals seeking alternatives to putting their money in fixed income. Prices rose 5.9% nationally in 2021 and are

now at historically high levels. Ongoing heavy spending on rental property construction has helped ease conditions in the rental market. Since hitting a low of 0.4% in 2009, the vacancy rate has been rising, reaching 1.3% in 2021, and rents have fallen by around 20% overall in Vaud since 2014. Some observers are concerned that there will eventually be a correction in prices of investment properties, caused by a combination of high prices, large-scale construction activity, and moderate population growth.

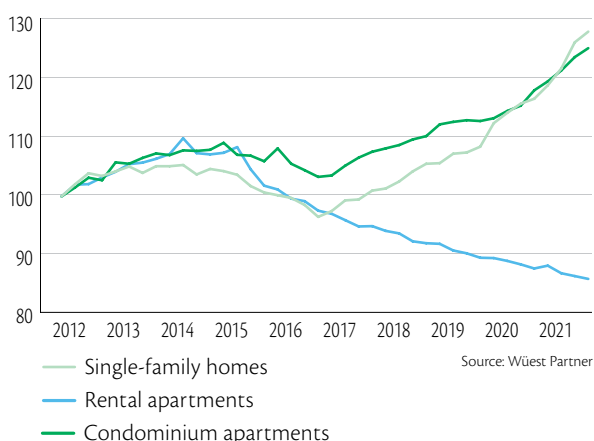
Outlook

The global economic recovery remained buoyant as we headed into 2022, with the improving public health situation in many countries offsetting inflation uncertainty. But the economic outlook deteriorated when war broke out in Ukraine in February. As we write this, in mid-March 2022, visibility is extremely low and it is hard to gauge the impact that the conflict will have on the global economy.

In its March 2022 economic outlook report, the Organisation for Economic Co-operation and Development (OECD) indicated that the conflict could shave around one percentage point off global GDP growth in 2022.

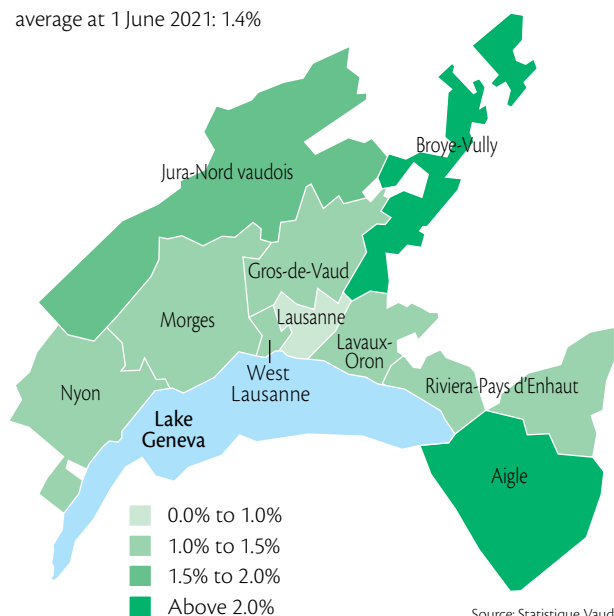
Real-estate prices in Vaud

indices, base of 100 in Q1 2012



Housing vacancy rates in Vaud

average at 1 June 2021: 1.4%



Further population growth

Vaud Canton's population rose by 8,581 (+1.1%) to 823,881 in 2021 according to estimates from Statistique Vaud. After slowing to 0.8% on average between 2017 and 2019, population growth accelerated to 1.1% in each of the last two years, although this remains slower than the 1.7% annual growth seen on average between 2008 and 2016.

Vaud's foreign residents, who make up a third of the people living in the Canton, remain a major driver of population growth. French people now represent Vaud's largest foreign community: the number of French people living in Vaud has risen in recent years to 54,980 (20% of the Canton's foreign population), overtaking the number of Portuguese people, which fell to 54,320 in 2021 (also 20%).

The population increased in all regions of the Canton, with the strongest growth recorded in Aigle (+1.9%), Morges (+1.7%), Broye-Vully (+1.6%), and West Lausanne (+1.6%).

That means that the world economy would expand by approximately 3.5%, down from the OECD's December 2021 forecast of 4.5%. The eurozone would be hit slightly harder, with the forecast revised down from 4.5% to around 3.0%. The US economy would be less affected – growth is now expected to come in at 2.8% instead of 3.7%.

In March, SECO revised down its 2022 growth forecast by 0.2 percentage points, to 2.8%, stating that, although uncertainty remains high, the public health situation has improved more quickly than expected. Updated growth forecasts for Vaud are not yet available at the time of writing.

Economic sectors in the Canton

Primary sector

"In 2021, the main weather issue in Switzerland was not high temperatures for a change, but heavy precipitation." In its review of 2021 weather conditions, MétéoSuisse highlights heavy precipitation and mild temperatures in the winter, the cold, wet spring, and one of the rainiest summers since records began to be kept on the northern flank of the Alps. Although weather conditions in the fall

were milder, this did not make up for the damage to crops that had occurred in previous months.

The value of crops produced fell by 7.2%, resulting mainly from low yields for main crops (grains, potatoes, etc., down 10.2%) and feed crops (silage maize, hay, etc., down 10.0%). A 3.6% increase in livestock revenue did not make up for those shortfalls, and the total value of farming output fell 3.0% according to data from the Federal Statistical Office (FSO). In addition, production costs rose slightly, and total farm income was down 12.0%.

Winegrowers also had a tough year, as adverse weather conditions brought spring frosts, mildew, and hail. Harvests started late and the amount of grapes collected fell nearly 20% year on year to 23.9m kilograms, according to Vaud's Department of Agriculture and Winegrowing, making the 2021 harvest one of the lowest-yielding this century. Volumes fell more for red varieties than for whites. However, weather conditions were good during the five-week harvesting period, with cool nights, hot sunny days, and the prevailing north wind – the winegrower's friend, as the Office des Vins Vaudois points out, since the north wind helps remove excess moisture. As a result, 2021 looks set to be a good vintage.

However, the winemaking industry's economic difficulties will not disappear overnight. Covid-19 has even made things worse: in addition to falling consumption, as well as competition from foreign wines, restaurants struggled in 2021 and numerous events were canceled. To overcome

2021 growth by economic segment in Vaud

Growth above 2%

Chemicals, pharmaceuticals, rubber, glass, metallurgy, etc.
Hotels and restaurants
Machinery, instruments, watches, etc.
Wholesale and retail distribution, repairs, etc.
Government administration, healthcare, education, sports, etc.
Real estate, business services, etc.
Finance and insurance

Growth of 0.5% to 1.5%

Water and electricity production and distribution
Transport, postal services, telecommunications, and publishing
Construction
Primary sector

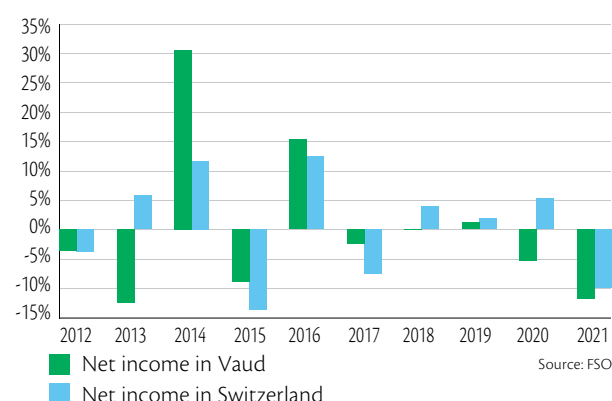
Growth of -0.5% to +0.5%

Food, textiles, leather, wood, and paper

Sources: CREA, FSO, SECO

Change in farming income

as %



these deep-seated problems, the industry is working to promote itself more actively – including by encouraging people to “drink local” – and to increase online sales.

Secondary sector

Vaud's manufacturers benefited from the global economic upturn. Some industries – such as machinery and watchmaking – were badly affected by the 2020 recession, but order books started to fill up again last year. The CVCI's fall 2021 survey showed a sharp improvement in business sentiment among manufacturing companies. Domestically oriented firms, particularly those operating in the construction industry, saw only a limited impact from the Covid-19 crisis in 2020 and had a good 2021 on the whole.

Manufacturing

After a difficult 2020 because of Covid-19's impact on the global economy, the end-2021 review by the Commission Conjoncture Vaudoise (CCV) showed that Vaud's manufacturers experienced a gradual recovery in 2021. The composite index of business sentiment recovered to pre-pandemic levels, and at the end of 2021 most companies surveyed regarded their business trend as satisfactory (50%) or good (20%). However, some difficulties remained, such as the Swiss franc's rise against the euro, and more than 40% of companies continued to feel that their order books were thin.

Construction

Business conditions in the construction industry were good, with a large number of building projects underway in Vaud Canton. The number of people working in construction rose by 2.3% year on year, to 28,536. After a good first six months, however, the outlook deteriorated in the second half of the year, according to the CCV. The economic recovery in the US and China led to strong demand, which, combined with supply-chain bottlenecks, led to shortages, delivery delays, and higher prices for raw materials and building materials. This disrupted certain building projects and adversely affected sentiment among contractors.

Tertiary sector

The tertiary sector was also buoyed by the recovery. As in the manufacturing sector, the CVCI's fall 2021 survey



With GDP growth of 41.9% and a 31.0% increase in the number of jobs between 2005 and 2020, the Vaud economy grew at an impressive rate despite the multiple crises that occurred during that period. Five years after publishing its study entitled *Vaud rhymes with grow*, the Observatoire BCV de l'Economie Vaudoise (an economic think tank housed at BCV), the CVCI, and CREA took another detailed look at the Canton's economy. Their new study, *De la crise des subprimes à celle du Covid*, published on 28 September 2021, confirms that the Vaud economic miracle is not a myth.

Vaud's housing market is likely to remain well-balanced over the next few years. *Logements vaudois: entre équilibre et excédents*, the fifth in a series of studies on the Canton's housing market published by the Observatoire BCV, came out in November 2021. It shows that the amount of land available for building new housing should remain in step with Vaud's population growth, at least in the near future. However, there is a risk that the supply of housing could exceed demand across Vaud as a whole. The study was put together by Yvan Schmidt and François Yenny from CBRE Switzerland and published with the support of the Canton of Vaud, BCV, the Fédération vaudoise des entrepreneurs, and the Société coopérative d'habitation Lausanne.

The reports (in French only) can be downloaded from the BCV website at bcv.ch.

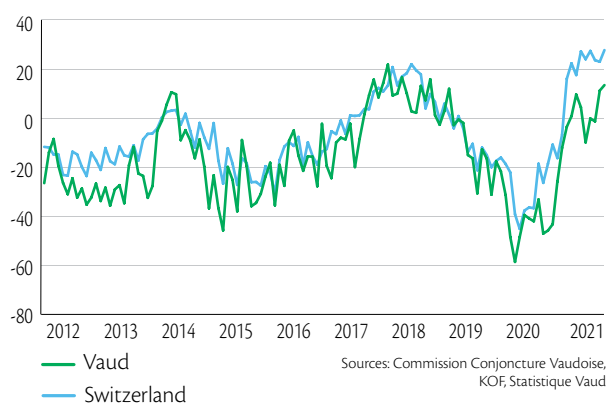
Structure of the Vaud economy

Sectors and segments	Share of Vaud GDP (2021)	Full-year growth (2012–2021)	Jobs (2019)	Share of total jobs (2019)
Primary sector	0.8%	–1.1%	13,455	2.9%
Agriculture, forestry, hunting, fishing	0.8%	–1.1%	13,455	2.9%
Secondary sector	22.0%	3.0%	74,879	16.2%
Food, textiles, leather, wood, paper	2.4%	–1.0%	11,093	2.4%
Chemicals, pharmaceuticals, rubber, glass, metallurgy, etc.	9.0%	10.4%	11,809	2.6%
Machinery, instruments, watches, etc.	4.6%	0.4%	18,019	3.9%
Water and electricity production and distribution	1.7%	–2.1%	4,077	0.9%
Construction	4.5%	0.4%	29,881	6.5%
Tertiary sector	77.3%	1.8%	373,612	80.9%
Wholesale and retail distribution, repairs, etc.	15.4%	2.9%	54,127	11.7%
Hotels and restaurants	1.3%	–2.8%	21,682	4.7%
Transport, postal services, telecommunications, publishing	4.3%	–1.3%	24,564	5.3%
Finance and insurance	7.1%	1.7%	17,764	3.8%
Real estate, business services, etc.	23.3%	1.7%	91,755	19.9%
Government administration, healthcare, education, sports, etc.	24.9%	2.2%	156,790	33.9%
Other	0.8%	0.2%	6,930	1.5%
Total Vaud GDP (after adjustments)	100.0%	1.9%	461,946	100.0%

Sources: CREA, SECO, FSO. Swiss GDP figures have been adjusted for the impact of major international sporting events.

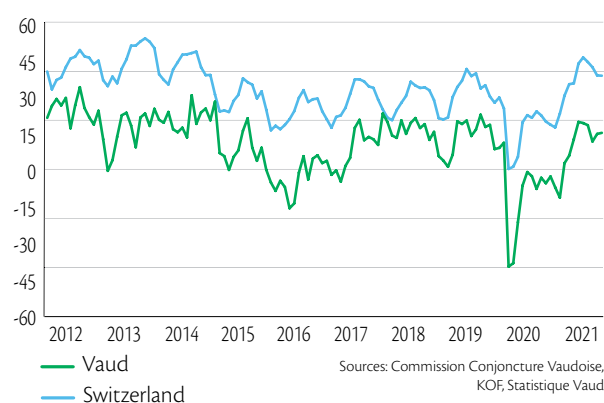
Composite index of business sentiment in manufacturing

net positive responses



Business sentiment in construction

net positive responses



showed an upturn in sentiment among business leaders. This meant that the tertiary sector resumed its traditional role as Vaud's growth driver. However, in some segments such as hospitality and events, the recovery started later, was slower, and remained incomplete because protection measures were lifted only gradually after the second wave of Covid infections in the second half of 2020 and the first half of 2021.

Wholesale and retail distribution

Retailers were affected by the closure of non-food stores at the start of the year and by the continuing rise of online shopping. However, they had a good year overall. National retail sales figures show that business levels remained firm among food retailers. They benefited from the partial or total closure of restaurants for part of the year, along with travel restrictions, which led to fewer Swiss residents shopping in neighboring countries. In non-food retail, sales of home electronics and household goods continued to rise. Sales of cultural goods and clothing rebounded after falling in 2020. According to the CCV's analysis of business sentiment in Vaud's retail sector, both large and small retailers saw an improvement. As a result, most Vaud retailers became optimistic again, despite upward pressure on prices in some segments.

Hospitality services

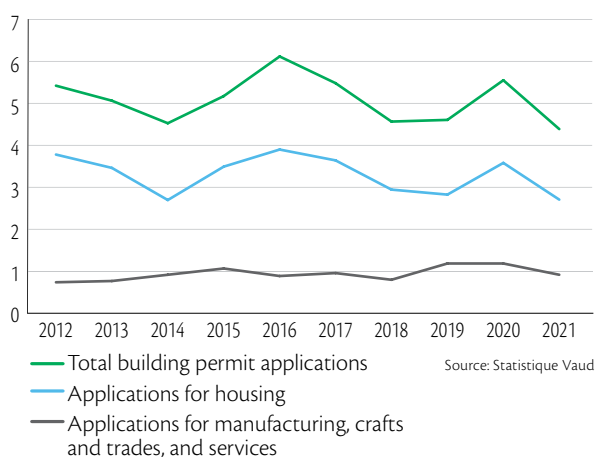
The situation remained difficult overall in hospitality services. Swiss vacationers remained loyal to Vaud Canton's resorts during vacation periods, and there were slightly more foreign guests than in 2020, resulting in a 36.3% increase in overnight stays. However, overnight stays in Vaud's hotels were still down 29.5% compared with 2019. The decline relative to pre-pandemic levels was particularly sharp in Lausanne (–39.6%), while in mountain resorts the decline was only half as severe, at 21.1%. Restaurants suffered because they were forced to close entirely until April and then were only allowed to operate in outdoor spaces until June. Although the situation improved, poor weather conditions in the summer, Covid protection measures, and labor shortages created new obstacles for business. CCV surveys showed that sentiment in the hospitality sector was not as bad as it was in 2020 but that businesses remained pessimistic, particularly restaurants.

Services

The services sector was buoyed by the economic recovery, with the CCV business indicator moving back into positive territory in 2021 after declining sharply in 2020. The recovery was strongest in business services, IT services, transport,

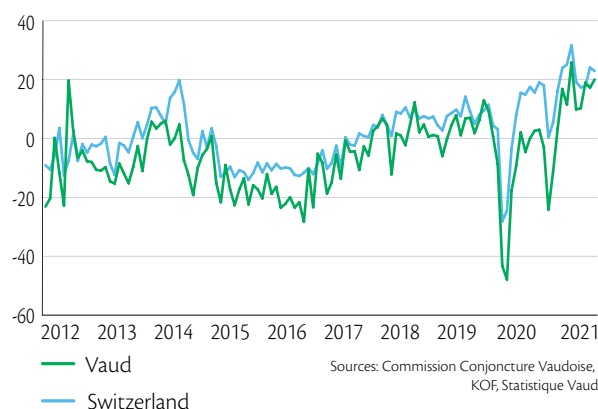
Value of work from building permit applications in Vaud

in CHF billions



Business sentiment in the retail sector

net positive responses



and information and communication services; business sentiment remained poor in personal services. In general, insufficient demand remained a concern for businesses, although less so than in 2020, and labor shortages had more of an impact.

Regional overview

The broad trends discussed in the previous pages were reflected in the various regions of Vaud Canton. However, each region has specific points worth mentioning.

Broye

In 2021, Broye remained one of Vaud's fastest-growing regions demographically, with a 1.8% increase in its population. Strong demand and lower construction activity, particularly in rental housing, meant that the proportion of residential properties lying vacant fell from 2.7% to 2.1%. However, it remained higher than the cantonal average of 1.3%. The economic recovery pushed the unemployment rate down from an average of 5.0% in 2020 to 4.8% in 2021. The development of Swiss Aeropole in Payerne continued, with plans to bring new companies to this business and technology hub focused on the aerospace industry. In the primary sector, crop growth was hampered by heavy

rainfall and cool temperatures until the summer, leading to lower production.

Chablais

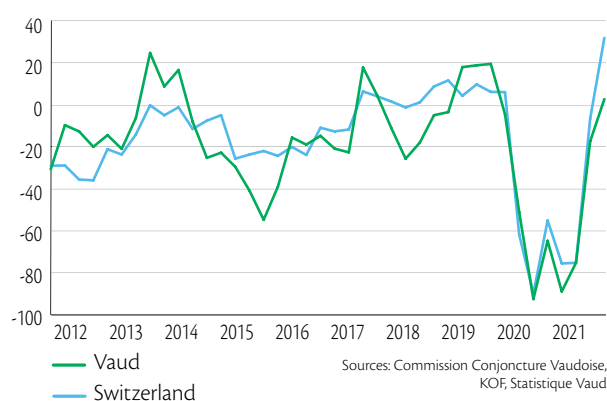
Although 2021 got off to a poor start because of the Covid-19 situation, tourism was less affected in the Chablais region than in other parts of the Canton. Overall, the Chablais economy participated in the economic recovery, with its unemployment rate falling from 4.5% in 2020 to 4.1% in 2021. The real-estate market was strong and the housing vacancy rate fell from 2.8% to 2.3%, although that is still higher than the cantonal average. House prices are attractive compared with other regions of Vaud, and this led to particularly strong demographic growth, with the number of people living in Chablais rising by 1.9%. The construction sector was also boosted by the development of retail and industrial parks. Winegrowers had a smaller harvest than usual, which put further pressure on a sector that was already suffering from Covid-related restrictions.

Gros-de-Vaud

The region's economy rebounded, with its unemployment rate falling from 3.4% in 2020 to 3.0% in 2021. Businesses adjusted to the pandemic and received financial support,

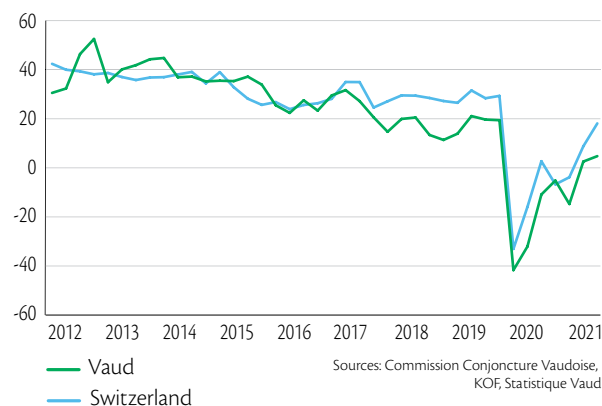
Sales index in the hotel and restaurant industry

net positive responses



Sales index in the services sector

net positive responses



but economic development was held back by a lack of available land. Population growth slowed to 1.1% in 2021, in line with the cantonal average. Nevertheless, some major developments are taking place, such as the Osiris residential eco-district in Echallens and a business center featuring modular workspaces in Cheseaux-sur-Lausanne. As in 2020, the region saw a large number of real-estate transactions. In the primary sector, crops suffered from poor weather conditions up into the summer.

Lausanne

Lausanne's highly service-oriented economy benefited from the recovery, although sectors such as hospitality and events continued to experience difficulties because of the Covid situation. The region's unemployment rate fell from 5.7% to 4.9%, and its population increased by 0.8%, due in particular to the rising number of people living in West Lausanne. Construction activity was robust, especially in the rental housing segment. In owner-occupied housing, high demand and scarce supply pushed prices to record levels. There has been a great deal of development in the region in recent years, including major projects such as the modernization of the train station, the construction of a new eco-district in the north of the city, and a new tram line running between Lausanne and Renens.

Lavaux

Just east of Lausanne, Lavaux also saw rapid development in 2021. Its population increased by 1.5%, driven in particular by population growth in towns along Lake Geneva such as Lutry and Pully. Construction activity remained firm, mainly in condominium apartments. However, available land is scarce, demand remains strong, and prices of single-family homes are at record levels. 2021 was a good year for construction companies, although raw material shortages caused some delays and price increases. The region's unemployment rate fell from 3.6% to 3.3%. It was a difficult year for wine producers, with production limited by weather conditions and disease.

Morges

This region's population rose by 1.8%, with a particularly sharp increase in the town of Morges itself. Residential construction activity remained solid, to a large extent because of the rental market. Available single-family homes

were scarce and in demand, causing prices to rise to a very high level. Construction firms had a good year even though their productivity fell because of the pandemic, raw material prices rose, and margins were tight. The economic recovery pushed down the region's unemployment rate from 3.5% to 3.2%. Manufacturers had a good year, and exporters in particular seem to have coped well with the stronger Swiss franc. The hospitality sector was again adversely affected by the Covid-19 crisis. Although hotels and restaurants were able to reopen gradually, they continued to struggle for profitability and suffered a lack of skilled workers.

Nord Vaudois

The region benefited from the economic upturn, as seen in its unemployment rate, which fell from 4.1% to 3.7%. The watchmaking industry saw decent growth overall in 2021 despite the Covid-19 pandemic. Manufacturers in segments like machinery, precision instruments, and plastic injection also fared well, with partial unemployment benefits helping them through the crisis. The Y-Parc technology park continued to grow, with several large businesses interested in moving there. The real-estate market remained relatively stable. The region's population grew by 0.9%, so demand for housing was less strong than in other parts of the Canton, while at the same time a large amount of construction activity took place, particularly in the rental segment. Farmers suffered from poor weather conditions. Orchards were hit by spring frosts, vines by July hailstorms, and major crops and open-field vegetables by the wet summer.

Nyon

The development of the region's status as a life sciences hub continued, driven by major investments. In services, despite support from Swiss vacationers, the hospitality and events sectors suffered from Covid restrictions and event cancellations. The real-estate market experienced strong demand, even though the Nyon region's population growth slowed to 0.9%. The supply of housing remained limited because of a downturn in new homebuilding. Nevertheless, and despite sourcing difficulties, the construction sector as a whole fared well. The region's unemployment rate fell from 3.8% to 3.7%. Winemakers saw lower production volumes than in previous years, although direct sales to consumers partly offset the negative impact of restaurant closures at the start of the year.

Riviera

Tourism is important in this region and was again pulled down by the Covid-19 pandemic in 2021. Although the Montreux Jazz Festival went ahead and hotel occupancy rates rose in the summer, revenue was lower than pre-pandemic levels. Restaurants were also affected by Covid-19 restrictions. Nevertheless, the region's economy as a whole benefited from the economic upturn, and its unemployment rate fell from 5.1% to 4.6%. In the real-estate market, the Swiss Federal Supreme Court's decision to overturn the Montreux land-use plan that had been approved in 2019 remained an obstacle for numerous

projects, and this situation is likely to last for several more years. The region's population rose by only 0.2%, less than the cantonal average. However, demand for single-family homes remained strong, and prices were historically high.

Economic structure by BCV region

	Broye	Chablais	Gros-de-Vaud	Lausanne	Lavaux	Morges	Nord Vaudois	Nyon	Riviera
Population at end-2021	35,887	52,159	66,157	241,670	63,625	80,572	95,239	104,181	84,391
Population growth in 2021	+1.8%	+1.9%	+1.1%	+0.8%	+1.5%	+1.8%	+0.9%	+0.9%	+0.2%
Proportion of Canton's population	4.4%	6.3%	8.0%	29.3%	7.7%	9.8%	11.6%	12.6%	10.2%
Jobs (2019)	15,118	23,422	25,394	197,506	22,263	41,970	50,176	45,911	40,186
Proportion of Canton's jobs	3.3%	5.1%	5.5%	42.8%	4.8%	9.1%	10.9%	9.9%	8.7%
Jobs in the primary sector	9.4%	7.2%	6.0%	0.1%	6.2%	5.6%	5.1%	3.6%	1.5%
Jobs in the secondary sector	23.9%	22.2%	30.2%	10.3%	16.1%	20.8%	29.7%	15.4%	9.6%
Jobs in the tertiary sector	66.8%	70.6%	63.8%	89.6%	77.7%	73.6%	65.1%	81.1%	88.9%
Average unemployment in 2021	4.8%	4.1%	3.0%	4.9%	3.3%	3.2%	3.7%	3.7%	4.6%
Change in unemployment in 2021	-0.2%	-0.5%	-0.4%	-0.7%	-0.3%	-0.2%	-0.4%	-0.1%	-0.4%

Sources: Statistique Vaud, FSO, SECO

Year in Review

BCV in 2021

We delivered very strong FY 2021 financial results, with net profit at its highest since 2007. Revenues were up 6% to CHF 1.0bn, driven mainly by an increase in fee and commission income. Operating profit rose 15% year on year to CHF 429m on firm cost control. Net profit was up 14% to CHF 379m.

Uptick in the global economy

Output picked up again in 2021 after the Covid-19 pandemic caused the global economy to shrink by 3.1% in 2020. The International Monetary Fund (IMF) estimates that global GDP grew by 5.9% last year. Renewed confidence more than offset the impact of further Covid-19 waves and fears of rising inflation in some regions. The recovery was stronger in emerging markets than in industrialized countries, which recorded economic growth of 6.5% and 5.0%, respectively. According to IMF estimates, the eurozone economy expanded by 5.2%, lagging behind the US, which saw a 5.6% rise in GDP.

Both Vaud Canton and Switzerland as a whole experienced a sharp uptick in economic growth in 2021. According to estimates by Switzerland's State Secretariat for Economic Affairs (SECO) in February 2022 and the CREA Institute of Applied Economics in January 2022, Swiss GDP grew by 3.6% in 2021, after contracting 2.4% in 2020, and Vaud GDP increased by 4.5%, following a 1.9% decline in the prior year. Many companies were able to adjust to the pandemic environment, while those in the sectors hit hardest by Covid-19 received various forms of support.

The Vaud real-estate market remained very dynamic. Prices of owner-occupied housing continued the upward trend that started in early 2017. On average across the Canton, prices of detached single-family homes rose 9.8% year on year and condominium apartment and townhouse prices were 6.1% higher, according to Wüest Partner figures. Although prices rose more slowly than they did between 2006 and 2012, they still hit new all-time highs in almost all regions.

Continued growth in customer-driven business volumes

Mortgage lending expanded 5%, or CHF 1.3bn, to CHF 29.4bn, in a very dynamic real-estate market. Other loans increased 7% to CHF 6.2bn, primarily driven by a gradual uptick in Trade Finance business volumes. On the liabilities side, customer deposits continued to expand significantly, rising 8%, or CHF 2.8bn, to CHF 38.2bn.

BCV Group's assets under management rose 9% to CHF 112.9bn. Net new money totaled CHF 5.7bn and came from all client segments – individuals, SMEs, institutional clients, and large corporates. Investment performance drove AuM up by CHF 4.0bn.

Financial results

Total revenues were up 6% year on year to CHF 1.0bn. Net interest income before loan impairment charges was steady at CHF 473m, with growth in lending helping to offset the downward pressure on the Bank's net interest margin resulting from the continued negative-interest-rate environment. Net interest income grew 1% to CHF 464m on lower loan impairment charges. Fee and commission income increased 15% to CHF 357m, driven by bullish financial markets, a strong business trend in private and institutional wealth management, and an uptick in the Trade Finance business. Net trading income was bolstered by volume growth in the structured products business, rising 3% to CHF 143m. Other ordinary income rose 11% to CHF 40m.

Operating expenses rose 2% to CHF 505m. Personnel costs increased 3% to CHF 349m, reflecting in part the insourcing of around 20 IT specialists from an external service provider. Other operating expenses were stable at CHF 156m. Depreciation and amortization was flat at CHF 72m. Operating profit was up 15% to CHF 429m.

The Bank recorded a tax expense of CHF 63m. Net profit

was up 14% to CHF 379m. That corresponds to an ROE of 10.7% – one of the highest in BCV's peer group.

The cost/income ratio went from 58.7% to 56.7%. The ongoing negative-interest-rate environment continued to weigh on the net interest margin, which fell from 0.94% to 0.86%. Shareholders' equity rose 2% to CHF 3.6bn. The Group's Common Equity Tier 1 (CET1) ratio at 31 December 2021 was 17.2%, and the leverage ratio was 5.6%.

Business sector overview

Retail Banking

A semblance of normal life returned in 2021 despite further waves of the pandemic, thanks in large part to the vaccination campaigns run throughout the year. As a result, the Retail Banking Sector's business volumes were nearly back at their pre-pandemic levels. The mortgage book grew 6% to CHF 9.4bn as the local real-estate market continued to be driven by low interest rates and, more recently, by growing demand for owner-occupied housing – particularly detached homes. Customer deposits increased sharply once again, reaching CHF 11.4bn (+9%). Sector revenues rose 9% to CHF 185m and operating profit jumped 35% to CHF 47m as operating expenses remained broadly stable. The Digital & Multichannel Banking Department, part of the Retail Banking Sector, continued to implement its growth plan and rolled out around a dozen new features and functions across all digital channels.

Corporate Banking

The Corporate Banking Sector bounced back after being affected by Covid-19 restrictions in 2020, with business in 2021 back to nearly pre-Covid levels. The vast majority of Vaud SMEs resumed relatively normal operations. The Sector's Trade Finance business picked up gradually, helped by rising commodity prices. The Large Corporates business saw lower volumes on the loan book and off-balance-sheet commitments. Lending and commitments climbed 2% to CHF 18.6bn, while deposits, which remained volatile, were up 11% to CHF 12.7bn. Amid the broader economic recovery, revenues increased 7% to CHF 268m and operating profit rose 13% to CHF 161m. The corporate loan book remained healthy and new provisioning needs were low throughout the year, apart from an isolated default in the first half.

Wealth Management

The Wealth Management Sector experienced a very strong business trend throughout the year, helped by bullish financial markets. The Sector continued to expand its portfolio of socially responsible investment products. For private banking and institutional clients, that included the rollout of a full range of discretionary management agreements that apply ESG criteria. The Sector's assets under management rose sharply to CHF 82.7bn (+11%) thanks to net new money from individual and institutional clients and the financial markets' positive performance. The mortgage book expanded by 5% to CHF 8.1bn. Sector revenues and operating profit both rose sharply, reaching CHF 402m (+11%) and CHF 181m (+29%), respectively.

Trading

The Trading Sector's volumes were mixed: the structured products business expanded firmly throughout the year, while currency trading was less robust than in previous years – owing in part to a decline in volatility in connection with central bank policies. Trading revenues climbed 6% to CHF 56m, and operating profit rose 15% to CHF 29m. Risk levels stayed low, as BCV's trading activities are focused primarily on customer-driven transactions.

Highlights of the year

Dividend payment

In 2021, we executed on our dividend policy for the thirteenth consecutive year, with an ordinary dividend of CHF 3.60 per share. We thus distributed CHF 310m to shareholders in May 2021, with the Canton of Vaud receiving CHF 207m of that amount. For the 2008 to 2020 financial years, we paid out a total of nearly CHF 3.7bn to our shareholders.

Credit ratings reaffirmed

Standard & Poor's maintained our long-term rating of AA, with a stable outlook, a rating we were first assigned in 2011. Moody's reaffirmed our long-term rating of Aa2, also with a stable outlook.

Changes to the Board of Directors on 1 January 2022

The Vaud Cantonal Government appointed Eftychia Fischer as the new Chair of BCV's Board of Directors. Ms. Fischer, who was first elected to the Board at the 2020 Shareholders' Meeting, replaced Jacques de Watteville on 1 January 2022. Mr. de Watteville, whose term expired on 31 December 2021, had reached the age limit stipulated by the cantonal act governing BCV (LBCV).

At the Shareholders' Meeting on 29 April 2021, Pierre-Alain Urech, former CEO of Romande Energie and current Vice Chairman of the Swiss Federal Railways (SBB) Board of Directors, was elected to the Board as from 1 January 2022.

Fulfilling BCV's mission as Vaud's cantonal bank throughout the pandemic

In 2021, we maintained the measures we had implemented to protect our customers and employees, while continuing to provide a full range of banking services to the people and businesses of Vaud. Remote working arrangements for employees were adapted in line with the evolving public health situation, and customers could visit BCV's branches or use various remote banking channels to carry out their day-to-day transactions and speak with their advisors. In collaboration with Hirslanden Group, a local healthcare company, we also offered on-site vaccination for employees and their families.

To help support local SMEs during the pandemic, we gave them the option of deferring the 31 March and 30 June principal repayments on their loans (including mortgage loans, overdraft facilities, and capital goods loans). We took a similar measure in 2020.

Key projects and investments

Key projects

In 2021, we continued to invest in our digital banking services. For example, we revamped our BCV-net interface in order to enhance the browsing experience. We also upgraded several other functions, including the online payment process, secure messaging system, file transfers, and user settings. In partnership with the Vaud cantonal government, we began making e-tax statements available

on BCV-net in early 2022. Our customers can now use these electronic statements to fill out their online tax returns.

We also pressed ahead with our corporate social responsibility strategy. As part of that work, we further extended our range of socially responsible investment solutions so that they cover all our personal-banking client segments. And we continued to integrate ESG criteria into our investment funds, discretionary management agreements, and equity certificates. We intend to keep evolving our approach to socially responsible investing, particularly through the partnership we entered into in 2020 with Ethos, a foundation that plays a leading role in socially responsible investing (SRI) in Switzerland.

Investments

In each of the past three years, we invested between CHF 50m and CHF 60m in our IT, spread over infrastructure, equipment, maintenance, and development.

Outsourcing of services

We once again entrusted the IBM banking IT center in Lausanne with carrying out activities that include data storage, operating and maintaining databases, and operating IT systems. Bank employee workstations have been provided and maintained by Swisscom since 2019. For printing and mailing banking documents to customers, our service provider is Swiss Post Solutions SA. This form of IT systems management meets the legal requirements relative to outsourcing. The maintenance and development of our banking platform are handled in-house.

In addition, BCV uses valuation models supplied by Wüest Partner (hedonic valuation functions for private residential properties and a capitalization valuation model for income-producing real estate). Our contract with Wüest Partner complies with legal requirements for the outsourcing of data storage.

Strategy and outlook

In 2019, the Board of Directors and Executive Board conducted a review of the strategy in place since 2014 and defined a new strategic plan for the years to come. This plan builds on those we have been implementing for more than ten years and positions the Bank to respond to future challenges. The strategic plan developed in 2019 – called *vista* – 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. 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 omnichannel 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.

In addition, the focus on service quality and our core values reflects our belief that a common culture shared by all employees is one of the key success factors for our strategy. From this foundation, we intend to generate sustainable growth and stable earnings going forward.

Financial targets

In today's low-interest-rate environment, we are seeking sustainable growth, with revenues and operating profit trending along the same lines as in recent years. We maintained or slightly adjusted our financial targets: we are still 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.

Business trends at the main subsidiaries

Piguet Galland & Cie SA

Piguet Galland & Cie SA is a private bank with its head office in Yverdon-les-Bains and five other branch offices across French-speaking Switzerland, in Geneva, Lausanne, Nyon, Neuchâtel, and La Chaux-de-Fonds. It provides comprehensive wealth advisory services and personalized investment solutions to private and institutional clients based primarily in Switzerland. In 2021, Piguet Galland & Cie SA recorded net profit for the year of CHF 7.7m, compared with CHF 2.7m in 2020, an increase of 182%. Revenues from banking operations were up 10% and operating expenses increased 1%. At end-2021, AuM was up CHF 915m, or 16%, to CHF 6.6bn.

Gérifonds SA

Gérifonds SA is the fund administrator for BCV and ten other fund managers. At year-end, assets of funds under management were up CHF 3.4bn (+20%) to CHF 20.2bn, with net new money totaling CHF 1.9bn. At 31 December 2021, Gérifonds managed 129 funds, 87 of which were registered in Switzerland and 42 in Luxembourg. Gérifonds' 2021 revenues were up 12% to CHF 17.7m and net profit rose 32% to CHF 5.6m.

GEP SA

GEP SA manages the Fonds Immobilier Romand (FIR), a listed, Swiss-registered real-estate fund launched in 1953 and open to private investors. At end-2021, FIR had a portfolio of some 4,000 residences in 147 buildings, most of which are located in the Lake Geneva region.

At 31 December 2021, total assets were CHF 1.4bn (+6%) and rental income stood at CHF 73m. In light of the increasingly competitive property market, FIR has adopted a highly selective growth strategy based on acquiring buildings in prime locations and developing new projects. One of the highlights of 2021 was the purchase of a project to construct five buildings containing a total of 96 residences in an eco-district currently being built in Echallens, Vaud. The total cost of this investment is estimated at CHF 31.4m, for an annual rental income of CHF 1.4m. The first rentals are planned for spring 2023. FIR also conducted a CHF 63m rights issue, with all shares

subscribed. The funds will be used primarily to expand FIR and make several of the buildings in its portfolio more energy-efficient. The FIR portfolio had relatively little exposure to the Covid-19 crisis, as commercial properties account for just 12.5% of rental income. The rental loss rate edged up to 2.9%.

Year in Review

Business Sector Reports

Retail Banking

- A semblance of normal life returned in 2021 despite further waves of the pandemic, thanks in large part to the vaccination campaigns run throughout the year. As a result, the Retail Banking Sector's business volumes were nearly back at their pre-pandemic levels.
- The mortgage book grew 6% to CHF 9.4bn as the local real-estate market continued to be driven by low interest rates and, more recently, by growing demand for owner-occupied housing – particularly detached homes. Customer deposits increased sharply once again, reaching CHF 11.4bn (+9%).
- Sector revenues rose 9% to CHF 185m and operating profit jumped 35% to CHF 47m, as we kept operating expenses under firm control.
- The Digital & Multichannel Banking Department, part of the Retail Banking Sector, continued to implement its growth plan and rolled out around a dozen new features and functions across all digital channels.

Business and strategy

In 2021, Retail Banking employed 354 people. They serve the banking needs of nearly 400,000 individuals with assets of up to CHF 500,000 and no wealth management services, or mortgages of up to CHF 1.2m. In addition to current accounts, savings accounts, credit cards, and home loans, BCU offers a full range of banking products such as investments, financial planning services, and trading via our online platform, TradeDirect (tradedirect.ch).

Most of BCU's customers first came to the Bank for retail banking services. We offer a comprehensive range of distribution channels: close to 60 branch offices

providing dense coverage of Vaud, a network of more than 210 ATMs across the Canton, a highly efficient call center, and an online banking platform, BCU-net, that can be accessed using a computer or a mobile device such as a smartphone or tablet. BCU-net is used by nearly 70% of our customers, and more than eight out of every ten payments are made via this platform. Our retail banking operations are an integral part of our image as the bank of choice for the people of Vaud. We provide advice to customers in all phases of their lives, offering ongoing support through our broad array of products and services.

Retail Banking's experienced management and comprehensive product range also make it a key training ground for BCU's staff. Many employees working in BCU's other business areas started their careers as trainees, interns, or employees in Retail Banking. Retail continues to fulfill this role and frequently transfers staff to BCU's other divisions.

2021: business report

The Sector's business activity was almost back at pre-pandemic levels in 2021. All our branch offices were again open to walk-in visits, and the public health restrictions had little impact on customer footfall.

Our remote banking channels had strong traction with customers, who are using them with growing frequency, taking advantage of the fact that they are easy to use and available 24/7.

The Vaud real-estate market was very dynamic, buoyed by firm demand and persistently low interest rates. The pandemic and the related lockdown and remote working requirements fueled interest in owner-occupied housing – particularly detached homes.

And, thanks in part to the vaccine rollout, the people of

Vaud were once again able to head abroad during lulls in the pandemic, generating a rise in currency transactions.

Overall, Retail Banking revenues grew by 9% to CHF 185m, which is above their pre-pandemic level. The Sector's operating profit jumped 35% to CHF 47m, as we kept operating expenses under firm control.

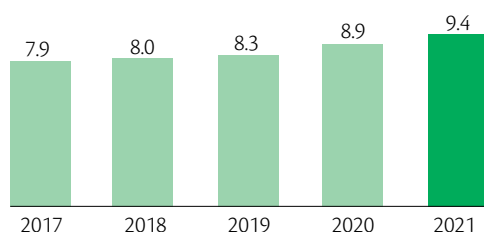
Objectives and outlook

Over the next few years, Retail Banking will continue implementing various initiatives to deliver an improved customer experience embracing all of its distribution channels. Through our close ties with customers and highly professional approach, we aim to maintain our position as the bank of choice for the people of Vaud, while continuously adapting to customers' changing behaviors and market trends. Our aim is to offer a customer experience that seamlessly and efficiently combines all distribution channels.

2017–2021 financial data

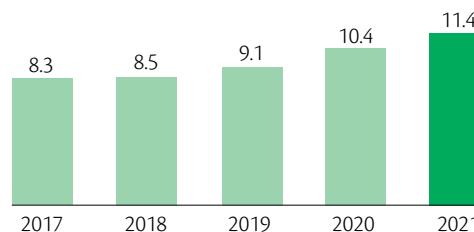
Mortgage loans

in CHF billions



Customer deposits

in CHF billions



Key figures

	2021	2020
Total revenues (CHF millions)	185.0	170.0
Operating profit (CHF millions)	47.3	35.1
Cost/income ratio (excluding goodwill amortization and write-downs)	72%	77%
ROE	14.8%	11.2%
Headcount	354	353

2020 figures were adjusted to facilitate like-for-like comparisons.

Corporate Banking

- The Corporate Banking Sector bounced back after being affected by Covid-19 restrictions in 2020, with business in 2021 back to nearly pre-Covid levels. The vast majority of Vaud SMEs resumed relatively normal operations. The Sector's Trade Finance business picked up gradually, helped by rising commodity prices. The Large Corporates business saw lower volumes on the loan book and off-balance-sheet commitments.
- Lending and commitments climbed 2% to CHF 18.6bn, while deposits, which remained volatile, were up 11% to CHF 12.7bn.
- Amid the broader economic recovery, revenues increased 7% to CHF 268m and operating profit rose 13% to CHF 161m.
- The corporate loan book remained healthy and new provisioning needs were low throughout the year, apart from an isolated default in the first half.

Business and strategy

The Corporate Banking Sector comprises four front-line departments: SMEs, Real-Estate Clients, Large Corporates, and Trade Finance. The product range covers all financing needs (e.g., construction loans, financing of production equipment, working capital, and international trade finance) and provides cash-management services along with instruments for hedging exchange-rate and interest-rate risk.

Corporate Banking is continuing to expand its SME customer base in order to consolidate its already-strong presence in the Vaud economy. More than half of the Canton's SMEs bank with BCU, and BCU has relationships with most of Vaud's major corporations. The Sector's Large Corporates Department offers a broad range of services to companies elsewhere in French-speaking Switzerland and, on a more selective basis, in German-speaking areas of the country. The Lake Geneva region is a global center for commodities trading and is home to a large number of trading firms. BCU has recognized strengths in serving these companies, particularly in the key markets in which we specialize, such as metals, soft commodities, and

energy. The Sector focuses on certain key markets and systematically monitors all of its trade finance transactions.

2021: business report

Economic activity picked up in 2021 following the slowdown in 2020 caused by the Covid-19 crisis and the Swiss government's lockdown measures. Both Swiss and Vaud GDP expanded by 3.6% and 4.5%, respectively.

Once again, Vaud SMEs were able to adapt to an evolving situation, and ultimately most held up well. Some economic sectors were still subject to at times significant pandemic-related constraints, yet the SME segment as a whole recovered nicely. At end-2021, over 20% of the CHF 700m in Covid-19 bridge loans that we granted had already been paid back.

A very small number of large corporates took out a Covid-19 bridge loan. This segment's lending and off-balance-sheet commitments actually declined by 9%, while deposits, which remain highly volatile in the negative-interest-rate environment, rose sharply (+18%).

Our Trade Finance business was gradually returning to pre-crisis levels last year, with revenues boosted by the surge in commodity prices.

The Sector's lending and commitments rose 2% to CHF 18.6bn. Deposits continued to fluctuate in 2021, ending the year 11% higher at CHF 12.7bn.

2021 was a year of recovery for the Corporate Banking Sector, as revenues climbed 7% to CHF 268m, which is just above the 2019 level. Operating profit was up 13% to CHF 161m.

With a healthy loan book, new provisioning needs were very low in 2021, other than a loan impairment charge booked on a default unrelated to the Covid-19 crisis.

Objectives and outlook

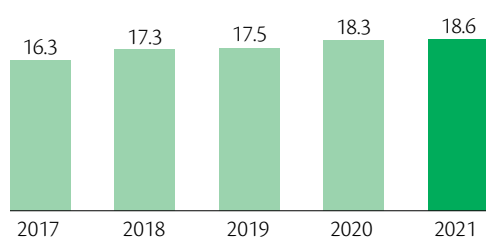
Corporate Banking will seek to increase its presence among local SMEs and ensure maximum responsiveness to their needs, standing with them during these still-uncertain economic times and throughout their life cycle – from creation to succession.

The Trade Finance and Large Corporates businesses will maintain their approach, based on maximizing profitability in line with the Bank's risk profile.

2017–2021 financial data

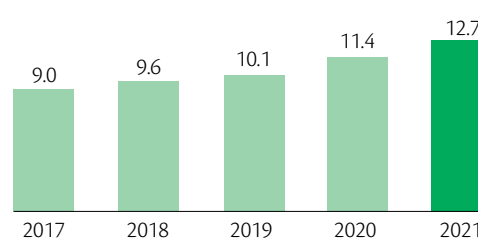
Lending and off-balance-sheet commitments

in CHF billions



Customer deposits

in CHF billions



Key figures

	2021	2020
Total revenues (CHF millions)	267.7	250.4
Operating profit (CHF millions)	161.1	142.2
Cost/income ratio (excluding goodwill amortization and write-downs)	34%	36%
ROE	10.4%	9.5%
Headcount	192	190

2020 figures were adjusted to facilitate like-for-like comparisons.

Wealth Management

- The Wealth Management Sector experienced a very strong business trend throughout the year, helped by bullish financial markets.
- The Sector continued to expand its portfolio of socially responsible investment products. For private banking and institutional clients, that included the rollout of a full range of discretionary management agreements that apply environmental, social, and governance (ESG) criteria.
- The Sector's assets under management rose sharply to CHF 82.7bn (+11%) thanks to net new money from individual and institutional clients and the financial markets' positive performance. The mortgage book expanded by 5% to CHF 8.1bn.
- Sector revenues and operating profit both rose sharply, reaching CHF 402m (+11%) and CHF 181m (+29%), respectively.

Business and strategy

BCV Group's wealth management business comprises the activities of the parent company and those of its subsidiaries Piguet Galland & Cie SA, G rifonds SA, and GEP SA. Within the parent company, wealth management is shared by two divisions. The Private Banking Division serves affluent and high-net-worth individuals, whereas the Asset Management & Trading Division works with institutional clients. With 545 employees in wealth management, BCV Group has a major regional presence in private banking. We are also the Canton of Vaud's leading institutional asset manager.

Because BCV operates in all areas of banking, efforts to attract private clients can be coordinated with other business sectors, creating valuable synergies. For example, the Bank's private banking business benefits from a steady stream of high-potential referrals from Retail Banking, whose client base includes most of the people living in the Canton, and from Corporate Banking, which is very active on the local business scene. BCV is already the leading institutional asset manager in Vaud Canton. We are now pressing ahead with our strategy to grow this business elsewhere in Switzerland. To achieve this, we are capitalizing on the occupational pension expertise we have gained

through AVENA Fondation BCV Deuxi me Pilier, which manages the assets of around 800 member companies for over 17,000 fund members. Having traditionally focused our activities in French-speaking Switzerland, we have expanded our business in the German-speaking part of the country by leveraging our investment skills and our ability to create high-value-added financial products.

Piguet Galland & Cie SA is a 99.7%-owned subsidiary of BCV. It was created following the merger between Banque Piguet & Cie SA and Banque Franck Galland & Cie SA, which BCV acquired in 2011. It operates out of Geneva, Lausanne, Yverdon-les-Bains, Nyon, Neuch tel, and La Chaux-de-Fonds. Piguet Galland & Cie SA aims to be one of the leading wealth managers in French-speaking Switzerland.

G rifonds SA, which is a wholly owned subsidiary, provides BCV and other partners with valuable expertise in creating, distributing, managing, and administering investment funds. Its expertise and leading position in the fund market in French-speaking Switzerland have enabled it to build a solid and rapidly expanding portfolio of clients outside BCV Group.

GEP SA, founded in 1953, is a wholly owned subsidiary of BCV. It has unique expertise in real-estate fund management. It manages Fonds Immobilier Romand (FIR), a Swiss-registered real-estate fund listed on the SIX Swiss Exchange that invests mainly in residential properties in French-speaking Switzerland.

2021: business report

The Wealth Management Sector experienced a very strong business trend driven in part by the bullish financial markets.

As in recent years, the Sector continued to expand its portfolio of socially responsible investment products. For private banking and institutional clients, that included the rollout of a full range of discretionary management agreements that apply ESG criteria.

Just a year after inception, the Ethos II - Ethos Swiss Sustainable Equities fund managed by BCV was awarded the FNG label, with two-star rating out of a maximum of three. This label certifies that the fund pursues a recognized, transparent sustainability approach whose implementation has been verified by an independent audit carried out by the University

of Hamburg and overseen by an external committee.

The Sector's assets under management rose sharply to CHF 82.7bn (+11%) thanks to net new money from individual and institutional clients and the financial markets' positive performance.

The mortgage book expanded by 5% to CHF 8.1bn in a very dynamic real-estate market.

In this buoyant environment, Sector revenues increased 11% to CHF 402m and operating profit was up 29% to CHF 181m.

Objectives and outlook

We will press ahead with the growth strategy that we implemented several years ago in private onshore wealth management, with the aim of becoming the market leader in Vaud Canton.

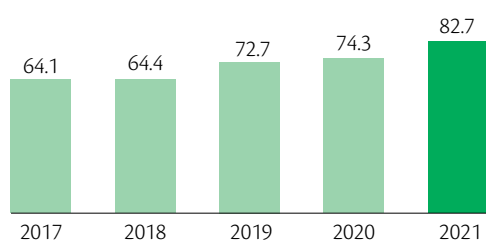
In institutional asset management, we aim to continue growing our business in Vaud and the rest of French-speaking Switzerland, as well as in the German-speaking part of the country through our representative office in Zurich. As a creator and distributor of investment products, Asset Management will continue to design innovative investment strategies. We will keep developing our product range in line with client needs and new investment styles, particularly in the area of socially responsible investing.

Piguet Galland & Cie SA is aiming to grow its business in French-speaking Switzerland's wealth management market and will continue to generate synergies with BGV.

2017–2021 financial data

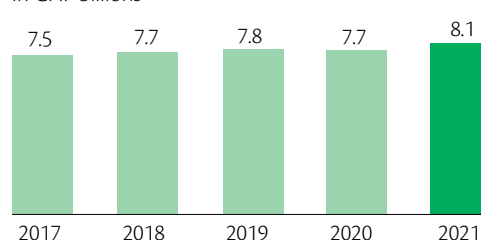
Assets under management

in CHF billions



Mortgage loans

in CHF billions



Key figures

	2021	2020
Total revenues (CHF millions)	401.8	360.6
Operating profit (CHF millions)	181.2	140.9
Cost/income ratio (excluding goodwill amortization and write-downs)	54%	59%
ROE	43.6%	34.2%
Headcount	545	542

2020 figures were adjusted to facilitate like-for-like comparisons.

Trading

- The Trading Sector's volumes were mixed: the structured products business expanded firmly throughout the year, while currency trading was less robust than in previous years – owing in part to a decline in volatility in connection with central bank policies.
- Trading revenues climbed 6% to CHF 56m, and operating profit rose 15% to CHF 29m.
- Risk levels stayed low, as BCU's trading activities are focused primarily on customer-driven transactions.

Business and strategy

We aim to meet our customers' trading needs and to offer them a broad array of products and services. To achieve this, we have one of the largest trading floors in French-speaking Switzerland. Our traders operate directly on the SIX Swiss Exchange. Our Trading Sector focuses on investment and hedging products (currencies, equities, bonds, derivatives, and structured products) that are denominated primarily in Swiss francs and aimed at clients based mainly in Switzerland. Customers can also use our free BCU e-FOREX app to carry out spot, forward, and swap forex transactions, 24 hours a day, six days a week.

Our trading floor focuses on client transactions. This means that the Bank's risk levels are low.

The Sector's activities come under the Asset Management & Trading Division, which encompasses asset management, investment policy, and the trading floor. That combination enables us to make the most of synergies between the trading floor and the Asset Management Department, helping us to provide investment products that are responsive to customer needs and consistent with our investment policy.

2021: business report

Global economies recovered in 2021 after most contracted the previous year, and stock markets resumed their upward trend. The main indices posted double-digit growth; the SMI gained more than 20% over the year, reaching an all-time high of 12,980.14 on the last trading day of the year.

The euro continued to lose ground against the Swiss franc, going from CHF 1.08 to CHF 1.04 over the course of the year. The US dollar gained against the Swiss franc on the robust recovery.

The Trading Sector's structured products business grew throughout 2021. This helped offset the decline in currency trading compared with a strong 2020.

Full-year revenues for the Sector as a whole rose 6% to CHF 56m and operating profit increased 15% to CHF 29m. The Sector's risk profile remained very low, with an average Value-at-Risk (1-day, 99%) of around CHF 0.1m over the course of the year. In other words, at any point in the year, there was a 99% chance that our trading floor would not lose more than CHF 0.1m on a given day.

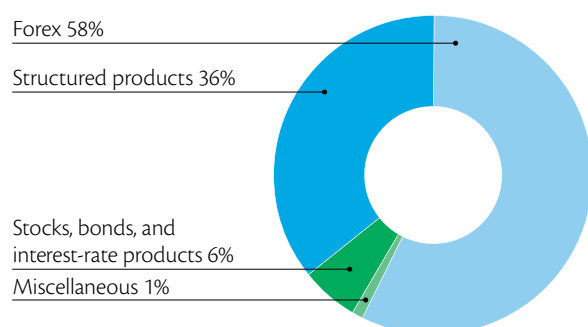
Objectives and outlook

In the coming years, the Trading Sector will further develop its range of services to focus on customers' core trading needs. Our products for both hedging and investment purposes will continue to meet strict transparency criteria.

In forex and structured products, the Sector will seek to win new customers and build on existing relationships by offering excellent service and products.

2017–2021 financial data

Breakdown of trading income by market segment



Exchange rates

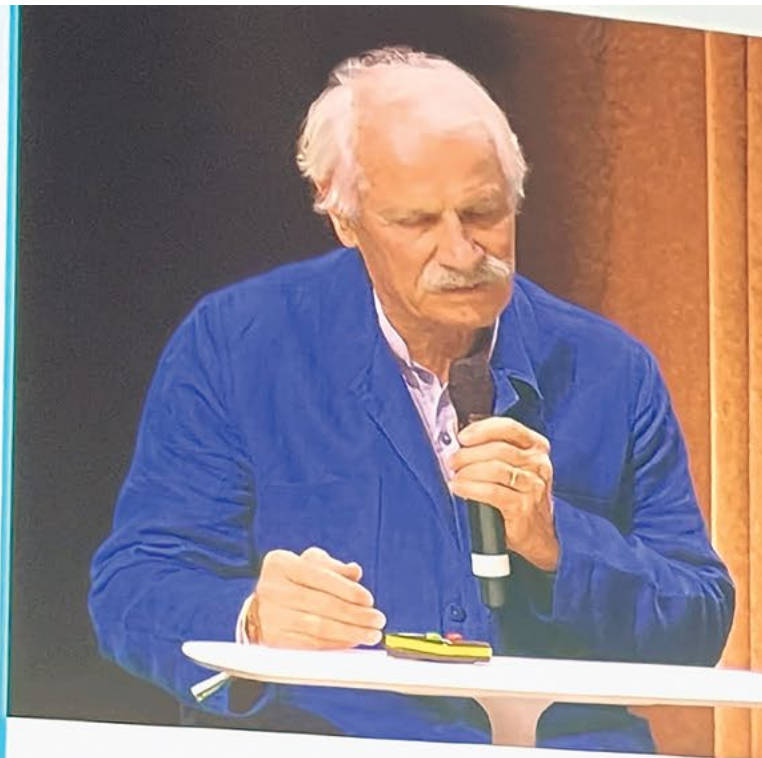
versus CHF



Key figures

	2021	2020
Total revenues (CHF millions)	55.9	52.9
Operating profit (CHF millions)	29.4	25.6
Cost/income ratio (excluding goodwill amortization and write-downs)	46%	50%
ROE	36.6%	32.5%
Headcount	50	51

2020 figures were adjusted to facilitate like-for-like comparisons.



 BCV



Résumé



Conjoncture & Perspectives

Photographer Yann Arthus-Bertrand was a special guest at this BCV-organized conference on sustainability.

Risk Management

1. General approach

1.1 Objectives

The business of banking is to take on strategic and business risk, market risk, and credit risk in order to create economic profit. Indirectly, this entails exposure to operational risk. BCV manages these risks in an integrated and coherent manner, using a process that encompasses all of the Bank's activities. The goals of the risk-management process at BCV 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.

1.2 Principles

Risk management at BCV is based on the following ten principles:

1. BCV takes on strategic and business risk, credit risk, and market risk with the aim of generating economic profit.
2. BCV seeks to minimize its exposure to the operational risk it is exposed to as a result of its activities.
3. Every risk that BCV takes must fall clearly within the purview of the Bank's businesses and be in line with the targeted risk profile.
4. The level of risk taken by BCV is in keeping with its risk tolerance with regard to net profit fluctuations and the targeted level of share capital.
5. BCV takes and maintains positions only when it knows the risks and is able to manage them.
6. BCV assesses and monitors all risks for their potential financial impact (decreases in profit and/or capital), regulatory impact (that could lead to restrictions on the right to conduct business), and impact on the Bank's reputation.
7. The same definitions, methodological approaches, and

organizational principles are applied in managing risk bank-wide.

8. BCV continually refines its methods and its risk-assessment and monitoring processes, selecting the most appropriate approach for each set of risks taken.
9. BCV fosters a culture of risk management and aims to be highly skilled in this field. The Bank follows industry best practices and the recommendations of the Basel Committee.
10. BCV strives for full in-house expertise in all the risk-management models and tools that it uses.

1.3 Classification of risks

BCV monitors four categories of risk in all of its activities:

- **Strategic and business risk**, which arises from economic or regulatory changes that could have an adverse effect on the Bank's strategic choices in the case of strategic risk, or from competitive or economic changes that could have an adverse effect on business decisions for a given strategy in the case of business risk.
- **Credit risk**, which arises from the possibility that a counterparty may default. Credit risk is inherent in all lending exposure.
- **Market risk**, which arises from potential adverse changes in market parameters, particularly prices, implied volatility, and other market base effects (e.g., correlation between asset prices and market liquidity). Liquidity risk, both in terms of possible difficulties with the structural funding of activities and potential problems with short-term liquidity management, is also deemed to be a component of market risk. Market risk is inherent in all market exposure.
- **Operational risk**, which arises from a possible deficiency or failure relating to inadequate processes, people, and/or information systems, or 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.

BCV analyzes and manages these risks on the basis of their potential impact. Three kinds of impact are considered:

- The **financial impact**, that is, a decrease in the Bank's net profit, the book value of its capital, and/or the economic value of its 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.

1.4 Governance

All risks in all areas of the Bank are managed according to the same basic principles of governance and organization. The main responsibilities in the area of risk management may be summarized as follows:

- The Board of Directors establishes BCV's fundamental risk-management principles and decides the strategy it will pursue in taking on risk. It is also responsible for high-level oversight of the Bank's risk profile. As part of this, the Board of Directors monitors the Bank's main risk factors and exposures, including those related to the climate.
- The Audit and Risk Committee ensures that risk management at BCV is implemented and operational, as decided by the Board of Directors.
- The Executive Board is responsible for ensuring that risk-management procedures are implemented and operational, and for monitoring the Bank's risk profile. It monitors and assesses the Bank's main risk factors and exposures, including those related to the climate. As part of this, it monitors strategic and business risk and supervises the Executive Board Risk Management Committee in monitoring and reporting these risks. The committee is chaired by the Chief Financial Officer (CFO) and includes the CEO, other division heads, and the head of the Risk Management Department.
- 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 also assumes the role of Chief Risk Officer.

The CFO, with the support of the Risk Management Department, puts forward 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. 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 Credit Management Division, under the Chief Credit Officer (CCO), is responsible for analyzing risk for all types of credit risk assumed by the Bank and, up to the limit of its approval authority (see below), for credit decisions, as well as for monitoring risk exposures 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 Risk Management Department is responsible for setting up, implementing, monitoring, and adapting 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. It ensures that the Bank's main risk factors and exposures, including those related to the climate, are taken into consideration in these processes. The Department also 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. 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.

2. Credit risk

Managing credit risk is a core competency at BGV. Each phase of the business of extending credit calls for particular expertise in managing risk.

- First, the lending decision involves processes and methods for analyzing credit risk that ensure an objective and factual assessment while still meeting the operational imperatives of the business.
- Second, outstanding loans are continuously monitored, not just on an individual basis but also at the level of the loan portfolio as a whole. This approach allows the credit-risk profile to be monitored to ensure that it remains consistent with strategic objectives, and makes early detection of increases in risk possible.
- Third, impaired loans are managed differently, following clearly defined procedures that are designed to assist the debtor in distress as much as possible and thereby protect the interests of the Bank, as well as those of its depositors, creditors, and shareholders.

The three phases of customer credit activities are described in more detail below.

2.1 Lending decisions

Risk strategy and credit policy

Loans to customers represent the Bank's largest asset position. BGV takes on credit risk with the aim of building a high-quality loan portfolio. Its customer credit risk stems primarily from mortgage loans to individuals and businesses, as well as other types of business loans. For each of the various customer segments, the Bank sets limits in terms of maximum exposure, types of credit services offered, and targeted average quality expressed in terms of expected loss and required capital. Credit risk exposure to other banks arises mainly from treasury management, from BGV's trading activities in over-the-counter derivatives, from securities and payment transactions (settlement), and from bank guarantees on trade-finance operations. The Bank reviews the limits applicable to each counterparty at least once a year. The risk strategy and credit policy are reviewed regularly.

Separation of powers and lending authority

Sales (i.e., front-office) functions are kept strictly separate from credit analysis and approval functions. Employees in front-office departments are responsible for developing customer relationships, and promoting and pricing loan products, whereas the Finance & Risks Division is responsible for managing relationships with and credit limits for financial institutions.

BCV risk profile

		31/12/18	31/12/19	31/12/20	31/12/21
BCV Group capital adequacy ¹	• Risk-weighted assets (CHF billions)	18.4	18.8	18.4	19.3
	• Total capital ratio	17.2%	17.3%	17.8%	17.3%
	• Tier 1 capital ratio	17.1%	17.1%	17.7%	17.2%
Non-impaired loans (parent company)	• Customer loans, on and off balance sheet ² (CHF billions)	33.3	33.9	35.2	36.6
	• Expected loss ratio (relative to amount drawn)	11 bps	10 bps	10 bps	9 bps
Impaired loans (parent company)	• Impaired loans ³ (CHF billions)	0.2	0.2	0.2	0.1
	• As a % of total customer loans and due from banks	0.6%	0.5%	0.5%	0.3%
	• Specific provisioning ratio	42%	45%	49%	57%
Market risk in the trading book (parent company)	• Trading Dept.: VaR ⁴ (CHF millions, 1-day, 99%)	0.2	0.2	0.2	0.1
	• Asset mgt. nostro portfolio: VaR ⁴ (CHF millions, 180-day, 99%)	0.1	0.1	0.1	0.1
Market risk in the banking book (parent company)	• Sensitivity of capital to a 100-bp rise in interest rates (CHF millions)	-390.4	-396.3	-412.3	-399.8
Operational risk (parent company)	• New provisions and direct losses (CHF millions) ⁵	1.0	0.6	1.6	-0.9

¹ Determined according to Basel III since 2013

² Excluding financial investments (bonds)

³ Net commitments (commitments to impaired borrowers for which the provision is above 0)

⁴ Average VaR for the year

⁵ Including gains and changes in provisions

Credit analysis and approval, along with the monitoring of credit limits, are the domain of the Credit Management Division, headed by the CCO. Analysis of credit risk is based on tools (rating models) developed by dedicated independent teams, and on assessments by credit analysts. 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.

Approval limits for lending are based on the amount of the loan and the level of expected loss. Depending on the magnitudes of these two factors, a loan may require the approval of an analyst, a sector credit committee, the CCO, the Executive Board Credit Committee or the Board of Directors. Approval limits are specified in the Bank's lending policy rule book, which is validated by the Board of Directors.

Analysis of default risk

Assessing a counterparty's default risk is the centerpiece of credit-risk analysis. Each counterparty is assigned an internal default rating that reflects its probability of default. The Bank applies seven main ratings, which are divided into a further 16 clearly defined sub-ratings. Default-risk assessment consists of applying a rating model and supplementing this evaluation with analysts' assessments, which are based on established guidelines and criteria. Different rating models are used for counterparties with different characteristics, but the choice of rating model for a particular counterparty is governed by strictly defined considerations. Barring a few exceptions, the rating models that the Bank uses meet the requirements of the Basel III Accord for Internal Ratings-Based (IRB) approaches. The models are under the responsibility of the Risk Management Department and are subject to independent validation and continuous improvement.

Analysis of collateral

For any loan, the calculated loan-to-value ratio and expected loss given default depend directly on the valuation of the collateral. Collateral is valued according to current market conditions and the assessments of real-estate experts. The valuation is reviewed at predetermined intervals and whenever certain clearly defined events occur. The Bank determines the value of real estate in accordance with the recommendations of the Swiss Bankers Association. Single-family homes are valued using a hedonic method.

Multi-unit residential and commercial properties are valued on the basis of their revenue yield. When a loan is granted, the loan-to-value ratio and expected loss given default are established on the basis of the current value of the collateral. The Bank applies loan-to-value criteria that are in line with common practice in the Swiss banking industry.

Expected loss and risk-adjusted pricing

For all loan products, interest rates are determined individually, taking into account the cost of the loan and the Bank's ROE objectives. The cost of the loan includes the funding or replacement cost, the administrative cost, and the expected loss. Expected loss is determined as a function of the counterparty's probability of default (i.e., its internal counterparty default rating) and the loss given default. The loss given default depends in turn on the amount exposed to credit risk and the value of the collateral.

In trade finance, expected loss is calculated for each transaction in accordance with a model based on the Basel III slotting criteria. This approach enables the Bank to price all loans in a way that best reflects the quality of each transaction.

Collateral management

BCV has entered into collateral management agreements with most of its bank counterparties, covering all its trading activities in derivatives. These agreements significantly reduce the Bank's exposure to credit risk.

2.2 Credit monitoring

Monitoring

A system of alerts and internal renewal reviews is used to detect individual situations in which risk has increased. The system of alerts is based on close monitoring of exceeded limits and on other factors (including automatic re-ratings) that may indicate situations of increased risk or even impairment. Whenever instances of exceeded limits are detected, specific actions are taken by BCV's credit advisors and analysts. The system of internal renewal reviews sets a maximum time interval between credit analyses for positions of a given size and for counterparties for which no intervention has been required because no alert has been triggered. This time interval is set according to the nature of the credit and the type of counterparty.

Analyzing the loan portfolio

The risk profile of the loan portfolio is reviewed quarterly. For each customer segment, credit-risk exposures, risk-weighted assets, expected loss (amount and rate), provisioned commitments, value adjustments, and risk concentration indicators are analyzed and compared with prior years. Changes in the exposures on specific portfolios, including portfolios exposed to climate-related risk factors, are also analyzed. The results of these analyses are reported to management. Every year, the Bank evaluates the potential impact of adverse economic scenarios in order to assess its capital adequacy. This type of evaluation is also applied to specific loan portfolios so as to better understand their risk profiles.

2.3 Managing impaired loans

Credit recovery management policies

Impaired loans are managed by the Credit Recovery Management Department within the Credit Management Division. Each case is handled according to a strategy that has been developed using criteria which, for business borrowers, take into account the possibility of successful turnaround as well as the borrower's willingness to collaborate actively with the Bank.

Provisioning

The Bank establishes specific provisions for each impaired loan. The need for provisions is determined individually for each impaired loan based on an analysis performed according to a clearly defined procedure. In this analysis, collateral is taken at its liquidation value. This is the net amount that the Bank could expect to obtain by liquidating the collateral at current market conditions, after deducting the expenses of realizing the transaction and any costs of owning the collateral. The liquidation value is obtained by applying a haircut.

2.4 Exposure to credit risk

The parent company's total credit-risk exposure amounted to CHF 38.4bn at 31 December 2021, a year-on-year increase of 3.2%. At CHF 1.7bn, bank-counterparty lending represented 4% of total credit-risk exposure.

For non-bank-counterparty lending, the Bank's business is largely with customers located in Vaud Canton and accounts for 80% of this type of lending. BCV's corporate

loan book reflects the economic structure of the Canton, albeit with a somewhat larger exposure to real estate and construction (43%).

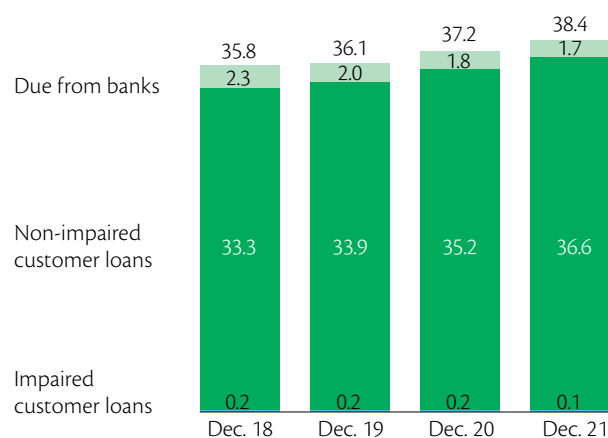
The 2021 breakdown by sector was generally stable compared with 2020. Retail and private banking clients remained the largest sector in total non-impaired loan-book exposures, at 51% at end-2021.

The low expected-loss ratio and impaired-loan level attest to the quality of the Bank's loan book. The expected loss ratio on drawn loans reflects counterparty quality, the degree of credit coverage, and the amount of undrawn limits. For non-impaired customer loans as a whole, the expected loss ratio was 9 basis points, or 7 basis points excluding trade-finance exposures. Impaired loans were CHF 126m and represented 0.3% of total exposures.

The Basel III Pillar 3 Report, available on the BCV Investor Relations iPad app and the Bank's website, www.bcv.ch, contains more detailed information on the risk profile of the Bank's loan portfolio.

Customer loans and amounts due from banks

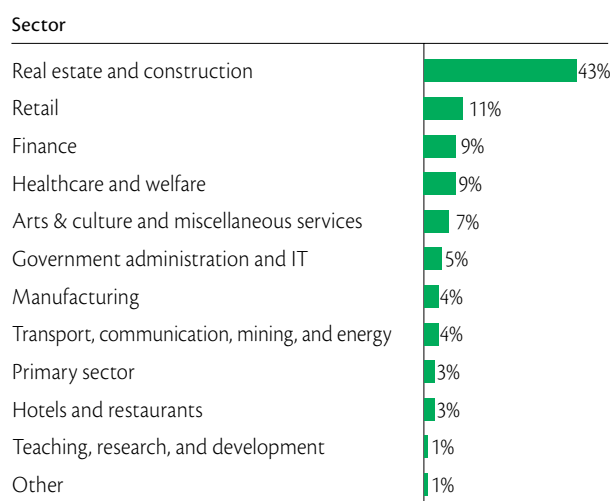
CHF billions, on and off balance sheet, for the parent company¹



¹ Excluding financial investments

Corporate loans by economic sector

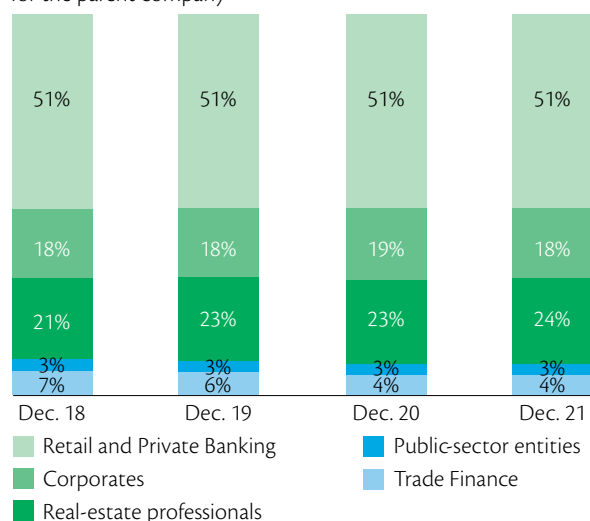
as a % of on-balance-sheet corporate loan exposure, for the parent company,¹ at 31 December 2021



¹ Excluding financial investments

Customer loans by segment

as a % of total non-impaired customer loan exposure, for the parent company



Customer loans by geographical zone

as a % of on-balance-sheet customer loan exposure, for the parent company¹

Client domicile	31/12/2020	31/12/2021
Vaud Canton	80%	80%
Rest of Switzerland	16%	16%
European Union + North America	1%	1%
Other	3%	3%

¹ Excluding financial investments

3. Market risk

BCV takes on market risk in conducting its trading activities and also in managing its interest-rate risk on the banking book. With appropriate risk management, the Bank can expect to earn a return commensurate with the risk that it takes.

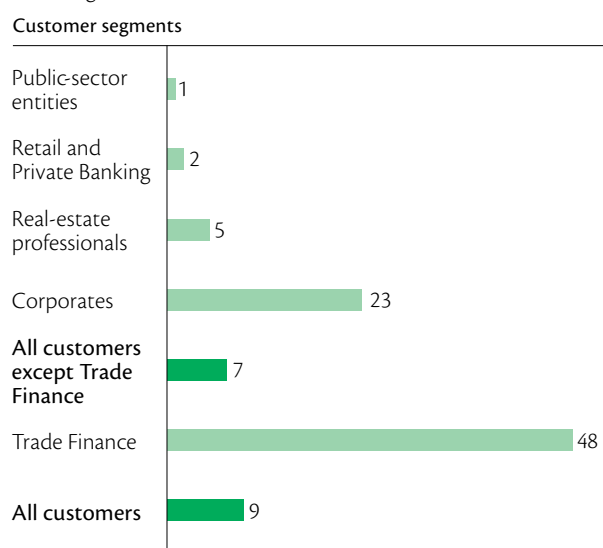
3.1 Market risk on the trading book

All trading activities are managed by the Trading Department within the Asset Management & Trading Division. The Trading Department carries out market transactions primarily in equities, fixed-income instruments, forex, and precious metals on behalf of clients. 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.

All new types of products and instruments issued by the Asset Management & Trading Division are validated by the Division's Product and Instrument Committee

Expected loss rate

expressed in basis points of drawn customer loans, including OTC derivatives, at 31 December 2021



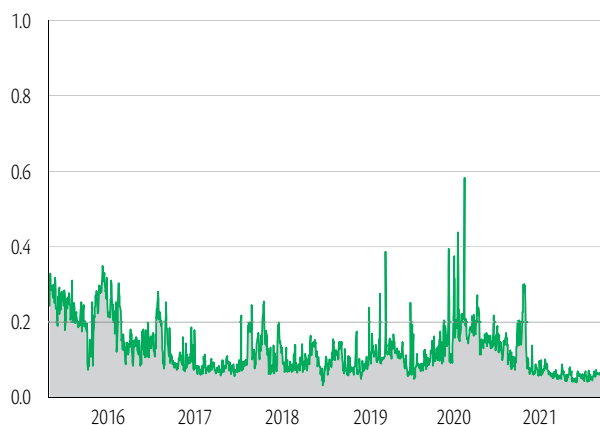
(PIC), which is chaired by the Executive Board member in charge of the Asset Management & Trading Division and includes the head of the Asset Management Department, the head of the Back Office Department, the head of the Investment Policy Department, the head of the Risk Management Department, and the head of the Trading Department. This process ensures that before a new type of product is launched, all requirements in the areas of risk management, asset and liability management (ALM), treasury management, back offices, legal, compliance, and IT have been met.

For all trading positions, overnight monitoring of market risk is under the responsibility of the Market Risk Unit within the Finance & Risks Division's Risk Management Department. This ensures that control of market risk is performed independently of the Asset Management & Trading Division. The Market Risk Unit uses the following risk control metrics in particular:

- 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.

VaR in the trading portfolio (1-day, 99%)

in CHF millions



Limits have been established for each of the metrics currently in use. Limit utilization is monitored and reported daily by the Market Risk Unit.

Market risk arising from the trading book remains only a marginal source of risk for the Bank. Throughout 2021, VaR for the trading book remained low, at an average of around CHF 0.1m.

3.2 Market risk on the banking book

The main components of market risk on the banking book are interest-rate risk and liquidity risk.

3.2.1 Interest-rate risk on the banking book

Exposure to interest-rate risk on the banking book arises from differences between the size and term maturities of assets and liabilities. Movements in the yield curve and changes in customer behavior give rise to interest-rate risk, which has a direct effect on the Bank's interest income and the economic value of its equity capital.

The strategy and limits for interest-rate risk are defined by the Executive Board's Asset and Liability Management Committee (ALCO) and then approved by the Board of Directors. The ALM and Financial Management (ALM-FM) Department of the Finance & Risks Division is responsible for operational management of interest-rate risk on the banking book.

Here, the goal is to control the interest margin and the duration of equity.

Exposure to interest-rate risk is measured in terms of equity duration, yield-curve sensitivity of the economic value of equity capital, and loss of interest margin under interest-rate and client-behavior stress scenarios.

3.2.2 Liquidity risk on the banking book

Exposure to liquidity risk arises from the Bank's obligation to honor its commitments to its clients and counterparties, meet regulatory requirements, and ensure that it can continue funding its activities. Liquidity risk is addressed through short-term liquidity management and long-term funding management. BCV's strategy is to minimize liquidity risk using these two dimensions. The Bank limits

its exposure to liquidity risk by ensuring that it has a sound balance sheet, including a liquidity reserve to cover the impact of a major liquidity outflow, as well as a sustainable and diversified long-term funding structure so that it can expand its activities. This involves maintaining the safety margins set by the Board of Directors relative to regulatory requirements and balance sheet ratios.

The framework for liquidity management is drawn up by the Executive Board's ALCO and approved by the Board of Directors. The ALM-FM Department, which includes the Bank's treasury management team, is responsible for operational management of long-term funding and short-term liquidity.

Exposure to liquidity risk is calculated using a broad spectrum of indicators, including components of the liquidity reserve, market indicators, regulatory ratios, and simulations of funding needs based on several scenarios.

4. Operational risk

The Bank takes a comprehensive approach to managing operational risk in general and compliance risk and physical and IT security risk in particular. Further information on these types of risk is provided below.

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 2008/21 on operational risks. 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 and external fraud, including cybercrime
- events related to human resources
- events linked to customer relations and business practices, including money laundering and the financing of terrorism, market abuse, and non-compliance with economic sanctions
- loss of operating resources
- failure of information systems
- events related to transaction and process management.

Reviews are carried out periodically to identify the main operational risks. These are supplemented by ad-hoc reviews, for instance if a potential new threat emerges, if FINMA submits a specific request, or if a major risk materializes at another bank. These reviews and analyses are conducted by Management and by functional skills centers (e.g., the Compliance and Security departments) with support from the Operational Risk function within the Risk Management Department. 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 and analyzed on a monthly basis. In order to monitor the Bank's operational-risk profile, tolerance limits are set for operational events in general and for each category of event.

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

5. Compliance risk

Compliance risk relates 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. 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, or economic sanctions.

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.

The Compliance Department acts as the support and control function for these three areas across the Bank. It has primary responsibility for conducting regulatory intelligence and monitoring and implementing changes to compliance-related rules, procedures, and processes. In addition, it provides employees with training and ongoing support on how to implement compliance-related rules and procedures. The Compliance Department also conducts level 2 oversight, which consists of controlling front-line businesses' implementation of the regulations within the Department's purview, as well as their implementation of cross-border and tax-compliance rules.

5.1 Risk of money laundering and the financing of terrorism

By accepting funds and executing payment and financing transactions, the Bank is exposed to the inherent risk that one or several of its clients may be directly or indirectly involved in money laundering or the financing of terrorism. Banking supervision rules require banks to play a key role in combating money laundering and the financing of terrorism. For this purpose, they must have systems in place to detect signs of these activities. Determining the economic background of client funds and the purpose of transactions is a central component of the due diligence process, which consists of monitoring client relationships and transactions made through the Bank.

The Bank's front-line businesses take initial responsibility for identifying money-laundering and terrorist-financing risks relating to both client relationships and transactions. The Compliance Department sets out the framework to be followed within the Bank, provides tools for implementing that framework, and supports and monitors the work of the front-line businesses.

Monitoring client relationships

For each client relationship, the Bank systematically identifies the contracting party, the beneficial owner, and/or the controlling owner. The entire client portfolio is constantly monitored in order to detect any individuals who have been convicted or are suspected of money laundering or terrorist financing, as well as politically exposed persons (PEPs) listed in public databases.

Each client relationship is categorized based on money-laundering and terrorist-financing risk factors, in alignment with the regulatory requirements set out in the Swiss Federal Anti-Money Laundering Act (AMLA), the FINMA Anti-Money Laundering Ordinance (FINMA-AMLO), and the risk profiles of the Bank's business activities. These categories are then used to determine the extent of monitoring and the decision-making authority applicable to each client relationship.

Client relationships showing signs of an increased risk of money laundering or terrorist financing must go through an approval process before they can be entered into and when periodically reviewed. This involves various levels of management, and approval by the Compliance

Department is required in each case. The approval process draws on information provided by the Bank's front-line businesses and meets the strict in-house requirements set for each business line, especially regarding supporting documentation that must be provided.

For Private Banking and Trade Finance, client relationships are approved by specific review committees when relationships are entered into and reviewed. The Compliance Department takes part in those committee meetings and has veto power on client relationships.

Monitoring transactions

The Bank categorizes client transactions based on their size and the criteria set out in the AMLA and FINMA-AMLO relative to the Bank's risk profile. Dedicated software, configured for each of the Bank's business lines, is used to detect transactions that are at a high risk of money laundering or terrorist financing. The software's detection algorithms are calibrated to identify indicators relating to transaction frequency, volume, and type, as well as any unusual client behavior. If customer advisors become aware of any indications of money laundering or terrorist financing, particularly during interactions with clients or based on information from third parties, the Compliance Department is informed directly.

Clarifications on potential increased-risk transactions are made in accordance with the strict in-house requirements set for each of the Bank's business lines, and transactions representing the highest level of risk are approved by the Compliance Department.

Reporting suspected cases of money laundering

The Compliance Department, on behalf of the Bank, systematically reports suspected cases of money laundering or terrorist financing involving a client relationship or a transaction to the Money Laundering Reporting Office (MROS).

5.2 Risk of non-compliance with economic sanctions

Ensuring compliance with economic sanctions is an important obligation for the Bank. To the best of its knowledge, the Bank complies with the various sanction regimes that it is required to follow as a result of its business activities, the most important of which are the Swiss sanctions imposed by the State Secretariat for Economic

Affairs (SECO), the US sanctions imposed by the Office of Foreign Assets Control (OFAC), and the European Union's sanctions. This mainly involves sanctions against countries or specific economic sectors, or sanctions intended to freeze individuals' or companies' assets.

The Compliance Department conducts due diligence at the start of each client relationship and continuously on its entire client portfolio, in order to detect individuals or companies that are subject to applicable economic sanctions. It also monitors incoming and outgoing transactions through its detection system and blocks suspicious transactions where necessary. It likewise monitors the securities of companies that are subject to sanctions and prohibits clients from trading in those securities.

5.3 Risk of market abuse

Monitoring market abuse involves identifying instances of insider trading and market manipulation, in keeping with FINMA Circular 2013/8 and the Financial Market Infrastructure Act (FMIA).

Trades by clients and employees are monitored through a dedicated computer system that detects any atypical returns and possible access to insider information. Individuals who are categorized as insiders based on information gathered from external databases are recorded as such in the Bank's computer systems, and their transactions are closely monitored by the Compliance Department.

The Bank's computer system also monitors trades in order to detect behavior that could constitute market manipulation, including buy and sell trades conducted on the same day on the same security.

6. Physical and IT security risks

The main aims of the Security function are to protect the Bank and mitigate the impact of a crisis or serious incident. It protects:

- the IT systems, data, and operations needed for the Bank to run smoothly;
- stakeholders such as clients, employees, partners, and external service providers;
- the physical assets that the Bank uses in its work or that are stored on its premises, e.g., banknotes, precious metals, paper contracts, and mortgage deeds;

- infrastructure, i.e., buildings and other premises containing Bank property, and all of the equipment that the Bank needs to operate.

The Security Department is responsible for setting up, implementing, monitoring, and adapting the Bank's security system. It also makes sure that the safeguards and measures put in place to manage crisis situations and ensure business continuity remain effective and adequate over time. Its main missions are to:

- protect the Bank's IT systems, data, and operations by setting up and implementing a security system based on an analysis of threats, particularly regarding cybercrime;
- keep people, infrastructure, and assets safe by setting up and implementing a range of related security measures, also based on an analysis of threats;
- manage crisis situations and ensure business continuity by setting up and implementing measures to make sure that crises are handled effectively and the Bank can keep running its mission-critical business functions.

6.1 IT security risk

Three of the units within the Bank's Security Department are involved in protecting the Bank's IT systems, data, and operations. One unit is responsible for safeguarding the Bank against cybercrime, for developing the Bank's security architecture, and for managing cybersecurity incidents. A second unit covers the operational aspects of security, which include managing access rights and user IDs, ensuring continuous service and surveillance, and carrying out controls. A third unit is responsible for the Bank's security management system and for crisis and business continuity management. It also supervises the management and financial oversight of security-related projects for the Bank.

The Bank has a series of security measures in place to protect its IT systems and data. The measures are based on an analysis of the Bank's inherent exposure to threats, or to potential risk events, and are adapted to the Bank's specific needs and areas of business. The main threats and mitigating measures are summarized below.

Risk of system hacking and unauthorized access to data.

Potential risk events include intrusions (e.g., as a result of malware or an insider's malicious intent) and attacks (e.g., denial of service) aimed at making certain IT channels unusable or causing a massive data breach. To limit this

risk, the Bank has put in place a security system providing constant surveillance; it records and analyzes hacking attempts, conducts IT security intelligence, hires external providers to test the resilience of its IT systems, and works closely with the Swiss federal authorities in charge of combating cybercrime, such as the National Cyber Security Center (NCSC). In addition, it has a crisis management plan, which is regularly tested and updated.

Risk of data theft or the breach of client data privacy.

Potential risk events include a massive leak of confidential data by one or more employees of the Bank or by external individuals. Access to client data is centrally managed and access rights are granted strictly on a need-to-know basis to limit this risk. Confidentiality levels are set by type of client data, and access is restricted accordingly. The Bank also controls all outgoing data streams (e.g., internal emails, internet, USB flash drives, and CDs) using data loss prevention technology, and an alert is triggered if client-identifying data are detected.

Risk of client identity theft. Potential risk events include the theft of client usernames and passwords or the misuse of resources made available to clients (e.g., payment software) in order to conduct fraudulent transfers of client funds. Various client-authentication and transaction-confirmation procedures adapted to each channel and client segment are put in place to limit this risk. For BCV-net and TradeDirect, strong authentication is applied, and the level of protection is routinely reassessed. At the same time, the Bank regularly seeks to raise clients' awareness of the risks of hacking through articles, recommendations, and other information published on its website, bcv.ch.

6.2 Physical security risk

The Security Department has a unit responsible for protecting people, physical assets, and infrastructure within the Bank.

The Bank has implemented a series of measures to keep its people, assets, and infrastructure safe and secure. The measures are based on an analysis of the Bank's inherent exposure to threats, or to potential risk events, and are adapted to the Bank's specific needs and areas of business. The main threats and mitigating measures are described below.

Risks to personal safety. Potential risk events include accidents and verbal and physical attacks. To limit these risks, the Bank applies the Swiss government's directives on workplace health and safety and on prevention. It takes steps to raise employees' awareness and trains first aiders at its main sites. The Bank also focuses its efforts on managers, raising their awareness by providing training and putting in place employee monitoring tools.

Risk of physical theft. Potential risk events include the theft of assets, goods, or documents by individuals from inside or outside the Bank. Access to certain areas of the Bank's premises is restricted and buildings are kept under constant surveillance to limit this risk. It is also insured against theft and raises branch employees' awareness of the issue through training.

Risk of damage to infrastructure. Potential risk events include a loss of operating resources as a result of events like a fire, power outage, pandemic, or natural disaster. To limit this risk, the Bank performs daily backups to its two data centers and has a data recovery plan that is tested regularly. In addition, the Bank has plans in place to ensure the continuity of critical business functions in the event of situations like a pandemic or a disaster. It also performs annual checks and updates on critical infrastructure.

7. Climate-related risk

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 clients. 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 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.

The Bank's Risk Management Policy and Strategy, which is approved each year by the Board of Directors and the

Executive Board, defines how these climate-related risk factors should be taken into consideration when assessing risks, and assigns related responsibilities. The regular risk reports submitted to the Board of Directors and Executive Board include information on monitoring the Bank's exposure to climate-related risk factors.

The key aspects of the Bank's approach to managing climate-related risks are described below; they are presented in accordance with the recommended structure and the fundamental principles for effective disclosure established by the Task Force on Climate-related Financial Disclosures (TCFD).

7.2 Governance

The Bank manages climate-related risks according to the same basic principles of governance and organization as all other risks (see section 1.4 above). Under these principles, risk-monitoring authority is assigned to the Board of Directors, while the Executive Board is given responsibility for managing and assessing risks, and the Risk Management Department for developing risk-assessment methods. This explicitly includes climate-related risk factors.

The Board of Directors establishes the Bank's policy for managing risk and determines the strategy the Bank will pursue in taking on risk. It is also responsible for high-level oversight of the Bank's risk profile. As part of this, the Board of Directors monitors the Bank's main risk factors and exposures, including those related to the climate. This monitoring is conducted each quarter as part of the quarterly risk reports and on an annual basis as part of the analysis of key risks.

The Executive Board is responsible for ensuring that the risk-management procedures are implemented and operational, and for monitoring the Bank's risk profile. It monitors and assesses the Bank's main risk factors and exposures, including those related to the climate. This monitoring is conducted each quarter as part of the quarterly risk reports and on an annual basis as part of the analysis of key risks.

The Risk Management Department is responsible for developing and improving the Bank's risk-control principles and methods, monitoring the Bank's risk profile, and executing risk reporting. The Department ensures that the Bank's main risk factors and exposures, including those

related to the climate, are taken into consideration in these processes.

7.3 Risk management

The Bank's approach to managing climate-related risks is fully aligned with its overall risk-assessment principles. The physical impacts of climate change and the transition to a low-carbon economy are among the main risk factors capable of adversely affecting the Bank's exposure to risk. Climate-related risk can therefore be defined as the possibility that a risk event will occur as a result of changes in one or several climate-related risk factors that, in turn, will have a negative impact on the Bank. Climate-related risks may relate to strategic, credit, market, or operational risk.

Climate-related risk factors

- *Climate-related laws, regulations, and the range of societal norms* may evolve significantly in order to speed up the transition to a low-carbon economy. This could involve tighter restrictions on emissions from buildings, vehicles, and industry, stricter disclosure requirements, significant adverse effects on the public image of certain companies and business sectors, and even an increase in climate-related lawsuits.
- *Economic development* may be heavily affected by structural shifts in the economy that occur in response to changes in demand for goods and services and to technological progress. The transition to a low-carbon economy will alter the value of resources; sectors and industries (e.g., the automobile sector) will undergo transformations, and jobs will be relocated.
- *Climate-related physical hazards* are becoming increasingly frequent and more intense as a result of global warming, particularly in certain regions of the world. There are two main types of climate-related physical hazards:
 - extreme weather events, such as storms (causing flooding, landslides, and avalanches) heat waves, droughts, and forest fires (i.e., acute physical hazards)
 - longer-term changes in the climate leading to desertification, coastal erosion, coastal flooding, and less snowfall and melting glaciers in mountain areas (i.e., chronic physical hazards).

As a full-service bank with solid local roots, BCV is exposed to climate-related risk factors in various ways: through its strategic positioning, daily business decisions, lending

activities, trading and investment activities, and operational procedures. In all of the Bank's business activities, climate-related risk factors are an integral part of managing risks. Detected sources of exposure are analyzed and monitored by the Board of Directors and Executive Board, in particular via risk reporting.

7.4 Strategy

The Bank operates primarily in Vaud Canton, which has a diverse, strongly services-oriented economy; the transition to a low-carbon economy has less of an impact on services than on other sectors of the economy. The Bank makes sure its strategy and objectives are consistent with the commitments made by the Swiss government and Vaud Cantonal Government to combat global warming (i.e., both current commitments and the roadmap to 2030 and 2050 targets).

Below is an assessment of climate-related risk factors for the main sources of exposure: the Bank's lending activities, trading and investment activities, and operational procedures.

Lending activities

The Bank's lending activities mainly comprise mortgage financing, primarily in Vaud Canton, and corporate financing (primarily to companies located in Vaud, but also to select large corporates throughout Switzerland and, to a limited extent, through its international trade-finance activities).

As the Bank's core region has little exposure to climate-related physical hazards, it prioritizes analyzing transition-related risk factors. When assessing credit risk, the Bank systematically examines and monitors the proportion of its exposure that could be put at an increased risk of default by transition-related risk factors. The main exposures are as follows:

- **Mortgage exposures:** The proportion of residential real-estate financing with a heightened exposure to transition-related risk factors is deemed to be very low (less than 5% of total exposures) and trending downward. Most of these exposures are loans granted to clients with a default rating below the portfolio average and are on residential properties (i.e., rental properties, single-family homes, and condominiums) that were built before the year 2000 and use fuel oil as the main energy source for heating. The impact of climate-transition risk factors on the Bank's risk

of credit loss is considered marginal. In its mortgage lending, the Bank helps to fund the energy transition by offering clients preferential interest rates on environmentally friendly real-estate purchases and green renovations.

- **Corporate exposures (excluding trade finance):** The proportion of corporate loans granted to companies in sectors most affected by the energy transition is moderate (less than 20%); these loans are not concentrated in any one sector, and no loans are granted to companies involved in fossil-fuel production. Most of the companies concerned are Swiss companies active in air, sea, or road transportation, construction, manufacturing, and chemicals and pharmaceuticals. The impact of transition-related risk factors on their default risk is deemed to be low and is factored into each individual credit-risk analysis. BCV's corporate lending process now includes a specific analysis of environmental and social risks.
- **Trade-finance exposures:** Financing of fossil-fuel-derived commodities makes up around a quarter of the Bank's trade-finance business (in US dollar terms). A large proportion of this exposure is to liquid and gas petroleum products, while a smaller proportion relates to steam coal. All of this financing is transaction-based and granted for terms of under a year; transition-related risk factors have no material impact on the Bank's risk of credit loss. In 2019, the Bank committed to reducing its transaction-based exposure to coal at a slightly faster pace than in the Paris Agreement-compatible scenario (i.e., the rate at which global coal use needs to be phased out of the energy mix in order to meet the emissions target set out in the Paris Agreement, as defined by the International Energy Agency).

Trading and investment activities

Climate-related risk factors have only a limited impact on market risks. The Bank does not engage in proprietary trading and does not invest in a portfolio of equity holdings. For the purposes of liquidity management, the Bank has a portfolio of investment-grade financial investments, which is not concentrated on any one sector and mainly comprises securities issued by the Mortgage-Bond Bank of the Swiss Mortgage Institutions and the Central Mortgage-Bond Institution and bonds issued by the Swiss federal government, Swiss cantons, and other, supranational state entities.

As part of its asset-management activities, BCV makes

investments at the request of its private and institutional clients. The value of these client-driven investments may be affected by climate-related risk factors, such as stricter carbon emission laws, adverse public-image trends for certain business sectors and/or companies, changes in the value of resources, and extreme weather events like storms and heatwaves. In 2020, BCV analyzed the exposure of these investments to transition-related risk factors by submitting a representative set of asset portfolios to the PACTA climate compatibility test. The test showed that BCV's portfolios are less exposed to carbon-intensive sectors than the market as a whole (i.e., in comparison to the MSCI World Index and the aggregate portfolios of all banks taking part in the test). Results also indicated that the BCV portfolios' losses would be limited in the event of a sudden transition-related policy shock: under 1% for the aggregate equity portfolio, and less for the bond portfolio. In institutional asset management, the Bank systematically excludes from its equity funds companies that generate 30% or more of their revenues from thermal coal.

Operational procedures

Changes to climate-related legislation, regulations, and the range of societal norms will have an impact on the regulatory requirements governing the Bank's operational procedures. If climate-related transparency requirements become stricter, this could have an impact on the adequacy of the Bank's organization, processes, institutional reporting, and the products and services it provides to clients, particularly in the area of sustainable finance. Each year, the Bank publishes a sustainability report, which is prepared in accordance with Global Reporting Initiative (GRI) Standards, the reference for reporting on sustainable development issues. The Bank is also involved in various external initiatives and partnerships: for instance, BCV is a signatory of the United Nations Principles for Responsible Investment (UNPRI) and a member of Swiss Sustainable Finance; it takes part in the Carbon Disclosure Project (CDP) survey and has entered into a strategic partnership with Ethos. BCV is taking numerous measures to reduce its carbon footprint, especially when it comes to heating its buildings. It also encourages employees to walk or bike to and from work.

Although BCV is located in a region that has relatively little exposure to climate-related physical hazards, extreme weather events – such as storms, flooding, landslides, and heatwaves – may give rise to operational-risk events affecting individuals (e.g., accidents and illnesses) or operating resources

(e.g., damage to buildings). The Bank keeps individuals and infrastructure safe by implementing a set of measures that are based primarily on the Swiss government directives on security planning and business-continuity planning.

7.5 Metrics and targets

BCV actively monitors climate-related risk metrics and uses standard methodologies as the basis for its approach, particularly in its lending and client-driven investment activities. For these activities, the Bank also examines other ways to add to its climate and environmental data in order to strengthen its measurement of climate-related risks.

As an example, monitoring the lending portfolio's exposure to transition-related risk factors entails:

- rating mortgage exposures based on the buildings' CO₂ emissions, calculated using a combination of variables (e.g., the Cantonal Building Energy Certificate, the "Minergie" label, the energy source used for heating, the year of construction, and any renovations);
- rating corporate exposures (excluding trade finance) based on whether they are linked to climate-policy-relevant sectors (based on Battiston, S. et al., "A climate stress-test of the financial system");
- rating trade-finance exposures using an in-house methodology based on carbon-footprinting the financed goods.

In the coming years, the Bank will continue to develop its methods for assessing climate-related risks by seeking to adopt best practices and improving the data needed for its assessments.

BCV is committed to cutting its direct CO₂ emissions by at least 35% from 2019 levels by 2030. The Bank's direct emissions are published annually in its Sustainability Report, prepared in accordance with GRI Standards.

Principles governing the Bank's internal control system

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 2008/21 on operational risk. 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 both in terms of 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 in charge of 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 (EORs) 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 1: operational oversight (1a) and managerial oversight (1b) based on the chain of command
- level 2: controlling the appropriateness and effectiveness of level-one oversight by entities independent of the chain of command (e.g., Risk Management and Compliance)
- level 3: 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-one and level-two 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 they 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.





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This training program run by Laure Guido (center) helps women like Valérie Chleq (2006) and Luanda Borg (2021) to move into a career in banking.

Corporate Governance

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General principles

BCV is aware of its responsibilities and meets corporate governance requirements. It strives to:

- communicate transparently. The information provided in this chapter complies with the information-disclosure requirements contained in the Corporate Governance Directive issued by the SIX Swiss Exchange.¹
- apply the principal standards of corporate governance. BCV follows the recommendations contained in the Swiss Code of Best Practice for Corporate Governance² whenever they are compatible with its status as a corporation organized under public law.
- carry out regular reviews of its organization with regard to the Bank's present needs and future growth, and ensure that all members of management are involved in its operational procedures.
- materially and continuously improve the information it publishes, in particular by means of its annual report, Basel III Pillar 3 report, and sustainability report.

This chapter explains how the Bank puts these principles into practice. Additional information can be found in the Articles of Incorporation⁽ⁱ⁾ and the Cantonal Act of 20 June 1995 Governing the Organization of Banque Cantonale Vaudoise (LBCV)⁽ⁱⁱ⁾, both of which are available on the BCV website.³

¹⁾ See the English translation of this text on the SIX website: <https://www.six-ag.com/dam/downloads/regulation/listing/directives/DCG-en.pdf>

²⁾ An English translation of this text, by Prof. Peter Böckli, may be found at www.economiesuisse.ch

³⁾ See page 109 for the links to these documents

As a public-sector entity within the meaning of Article 763, paragraph 2, of the Swiss Code of Obligations, BCV is not subject to the Ordinance against Excessive Compensation in Publicly Listed Companies (ORAb), which went into effect on 1 January 2014. Nevertheless, in the interest of good governance and given that BCV is publicly listed on the SIX Swiss Exchange, the Board of Directors decided to incorporate the principles of the ORAb into the Articles of Incorporation⁽ⁱ⁾ insofar as they were compatible with BCV's specific status and without amending the LBCV.⁽ⁱⁱ⁾ These changes were approved at the Shareholders' Meeting held on 1 May 2014. Although the ORAb provisions on the election and term of office of members of the Board of Directors were not incorporated into the Articles of Incorporation,⁽ⁱ⁾ many others were adopted. These include the principles regarding the Independent Proxy (Article 18a of the Articles of Incorporation⁽ⁱ⁾); electronic voting (Article 18a, paragraph 5, of the Articles of Incorporation⁽ⁱ⁾); the maximum number of positions outside BCV that may be held by members of the Board of Directors (Article 23 of the Articles of Incorporation⁽ⁱ⁾) and the Executive Board (Article 29 of the Articles of Incorporation⁽ⁱ⁾); the duties of the Compensation, Promotions and Appointments Committee (Article 30a of the Articles of Incorporation⁽ⁱ⁾); the length of the employment contracts of the members of the Executive Board (Article 28, paragraph 2, of the Articles of Incorporation⁽ⁱ⁾); the compensation structure (Article 30b of the Articles of Incorporation⁽ⁱ⁾); the approval of compensation (Article 30c of the Articles of Incorporation⁽ⁱ⁾); and unauthorized compensation (Article 30d of the Articles of Incorporation⁽ⁱ⁾). In addition, as BCV is not subject to the ORAb, it is required to continue providing compensation reports in the form of a section of its annual report (Article 30e of the Articles of Incorporation⁽ⁱ⁾).

1. Group structure and shareholders

1.1 Group structure

1.1.1 Group operational structure (at 31 December 2021)

Details of all BCV Group companies are shown in note 10.7 (consolidated and non-consolidated holdings) to the consolidated financial statements, on page 143. BCV is the only listed company in the Group's scope of consolidation.

1.1.2 Listed companies included in the scope of consolidation

Company name	Banque Cantonale Vaudoise
Legal status	Corporation organized under public law, established on 19 December 1845 by Council Decree of the Vaud Cantonal Parliament (Grand Conseil vaudois) and governed by the Act ⁽ⁱⁱⁱ⁾ of 20 June 1995, as amended on 25 June 2002, 30 January 2007, 2 March 2010, and 8 December 2020
Registered office	Place Saint-François 14, 1003 Lausanne, Switzerland
Stock exchange listing	BCV shares are listed on the SIX Swiss Exchange
Market capitalization	At 31 December 2021, the value of BCV's listed shares with a par value of CHF 1 was CHF 6.1bn
Security number	53.175.175
ISIN code	CH0531751755

1.1.3 Unlisted companies included in the scope of consolidation (at 31 December 2021)

The parent company's Board of Directors and Executive Board also serve as the Board of Directors and Executive Board of the Group, which is not a holding company. Furthermore, relations between the Bank and its subsidiaries are governed by a Group directive.

At the operational level, each of the subsidiaries reports to a BCV division according to the type of business in which it engages.

Upon the recommendation of the parent company's Executive Board, the parent company's Board of Directors submits proposals to the subsidiaries' boards of directors concerning the appointment of, as a general rule, the majority of the members of those boards (including the chair) and of their CEOs.

The share capital of BCV's subsidiaries and the holdings of the parent company are shown in note 10.7 on page 143 of the consolidated financial statements.

1.2 Major shareholders

At 31 December 2021, the Canton of Vaud held 66.95% of the Bank's share capital. No other shareholder is known to hold an interest of 3% or more in either the voting rights or capital. BCV Group is currently unaware of any shareholders' pacts. Registered shareholders other than the Canton of Vaud represented 20.45% of the Group's capital at 31 December 2021.

1.3 Cross-shareholdings

There are no cross-shareholdings between the Bank and any other company which exceed the limit of 5% of either the voting rights or capital.

2. Capital structure

Share capital (registered shares)	CHF 86,061,900
Authorized capital	None
Conditional capital	None
Employee stock options	None

2.1 Share capital

Information on the Bank's share capital and changes in 2019, 2020, and 2021 may be found in notes 3 and 5.12 to the parent company financial statements (pages 177 and 185). Additional information on the Group's capital is shown on page 125 of the consolidated financial statements.

At 31 December 2021, the Bank's share capital stood at CHF 86,061,900 and consisted of 86,061,900 registered shares with a par value of CHF 1.

2.2 Authorized and conditional capital

There was no authorized or conditional capital at 31 December 2021.

2.3 Capital structure at the end of the 2019, 2020, and 2021 financial years

At the Annual Shareholders' Meeting on 30 April 2020, shareholders approved a 10-for-1 stock split, where the share's par value was divided by ten and the total number of shares increased accordingly, as well as an amendment to Article 6 of the Articles of Incorporation,⁽ⁱ⁾ which now states:

The share capital of eighty-six million sixty-one thousand nine hundred Swiss francs (CHF 86,061,900) is divided into eighty-six million sixty-one thousand nine hundred (86,061,900) fully paid-up registered shares with a par value of one Swiss franc (CHF 1) per share.

The stock split was carried out on 28 May 2020. The BCV share's security number on the SIX Swiss Exchange changed on that date from 1.525.171 to 53.175.175.

There were no other changes in the capital structure over the past three financial years.

Number of shares

Share capital	31/12/2019	31/12/2020	31/12/2021
Share capital (fully paid-in registered shares)	8,606,190	86,061,900	86,061,900

Equity – Group

CHF millions

Equity	31/12/2019	31/12/2020	31/12/2021
Share capital (fully paid-in)	86	86	86
Capital reserves and retained earnings	2,799	2,822	2,892
Reserves for general banking risks	701	666	666
Minority interests in shareholders' equity	0	0	0
Total	3,586	3,574	3,644

2.4 Shares and participation certificates

Registered shares at 31 December 2021

Number of shares	86,061,900
Proposed ordinary dividend	CHF 3.70
Par value	CHF 1
Stock exchange listing	SIX Swiss Exchange
Voting rights	One voting right per share

2.5 Dividend-right certificates

BCV has not issued any dividend-right certificates.

2.6 Restrictions on transfers and registration of nominees

The terms governing transfers of registered shares are set out in Article 13 of BCV's Articles of Incorporation.⁽ⁱ⁾

2.6.1 Restrictions on transfers*Excerpt from the Articles of Incorporation:⁽ⁱ⁾***Article 13 – Transfers of registered shares**

The transfer of any registered share and its entry in the share register shall be subject to approval by the Board of Directors. (...) If the Board of Directors does not reject the request within twenty days, the acquirer shall be recognized as a shareholder with voting rights.

The Board of Directors may refuse to register an acquirer as a shareholder with voting rights:

- a) in respect of a shareholding exceeding 5% of the Bank's share capital held by a single shareholder or group of shareholders as defined by the Financial Market Infrastructure Act (FMIA). (...) That limit shall not apply to the Canton of Vaud or any third party to which the Canton of Vaud sells part of its shareholding, or to the takeover of a company or part of a company;
- b) if a shareholder does not expressly state, when requested to do so, that he/she has acquired the shares in his/her own name and for his/her own account;
- c) if and so long as his/her recognition could prevent the Bank from furnishing proof of the shareholder base required under Swiss law.

*End of excerpt from the Articles of Incorporation.⁽ⁱ⁾***2.6.2 Exemptions granted during the financial year**

No exemptions were granted during the financial year.

2.6.3 Registration of nominees

The Board of Directors may refuse the registration of an acquirer as a shareholder with voting rights unless the acquirer expressly states, when requested to do so, that they have purchased the shares in their name and for their own account.

2.6.4 Privileges under the articles and transfer restrictions

At any Shareholders' Meeting convened to vote on the removal of a clause relating to restrictions on the transfer of registered shares, such removal shall be decided by an absolute majority of votes attached to the shares represented, where each share shall entitle the holder to one vote (Article 11, paragraphs 3 and 4, of the LBCV⁽ⁱⁱⁱ⁾), in compliance with the rules applicable to any resolution of the Shareholders' Meeting.

2.7 Convertible bonds and options

At 31 December 2021, there were no outstanding convertible bonds, warrants, structured products, or OTC options involving the BCV share and issued by BCV.

3. Board of Directors

3.1 Members of the Board of Directors

At 31 December 2021, the Board of Directors comprised only non-executive members. The Chair and members of the Board perform no other functions within BCV Group, and have not done so during the past three years.

The members of the Board of Directors maintain normal business relations with BCV and Group companies.

In accordance with Article 12, paragraph 2bis, of the LBCV⁽ⁱⁱ⁾ and Article 21, paragraph 3, of the Bank's Articles of Incorporation,⁽ⁱ⁾ the Vaud Cantonal Government (VCG) gives an appointment letter to the members that it appoints to the Board of Directors. The VCG appoints four of the seven members of the Board; its appointees in 2021 were Jacques de Watteville, Fabienne Freymond Cantone, Peter Ochsner, and Jean-François Schwarz. The purpose of the appointment letter is to describe the general framework of the mission entrusted to these members as VCG appointees to the Board and to define the full extent of their relationship with the Canton of Vaud in this regard. It addresses, in particular, the issues of loyally safeguarding the interests of both BCV and the Canton, complying with BCV's legal mandate, and exercising the VCG's power to appoint certain members of the Bank's governing bodies. The letter sets out the various factors that must be considered with respect to the governing

bodies' organization, operation, and composition, as well as BCV's mission and strategy. Board members are called upon to ensure the implementation of a strategy that will allow the Bank to carry out its mandate under the best possible conditions, while generating a sufficient return to guarantee its financial soundness over the long term, and to contribute to defining objectives that take into account both its mission and its profitability (see also Article 24, paragraph 2, of the Bank's Articles of Incorporation⁽ⁱ⁾). It also states what the VCG expects in terms of communication with Vaud Canton, BCV's shareholders, the financial community, and the public, bearing in mind the information-exchange agreement pursuant to the above Act⁽ⁱⁱ⁾ and the Bank's Articles of Incorporation⁽ⁱ⁾ (see in particular Article 24, paragraph 2). In 2021, the Audit and Risk Committee included one Board member appointed by the VCG (Mr. Ochsner, Committee Chairman) – who therefore holds such an appointment letter – and two elected by shareholders (Jack Clemons and Eftychia Fischer). The Board members are assigned to the various committees on the basis of their personal and professional abilities and their preferred fields, the aim being to protect the interests of the Bank, its shareholders, and all of its partners. The Board members are assigned to the various committees on the basis of their personal and professional abilities and their preferred fields, the aim being to protect the interests of the Bank, its shareholders, and all of its partners.

The seven members of the Board of Directors are independent members within the meaning of FINMA Circular 2017/1 "Corporate governance – banks." Three members are elected by shareholders and four are appointed by the VCG. Although the four members appointed by the VCG are given appointment letters, they are independent members in that they receive compensation for any BCV board-related activities from the Bank alone and do not receive any specific instructions from the VCG.

Name Year of birth Nationality	Education	Career experience
Jacques de Watteville 1951 Swiss citizen	Business degree and doctorate in law from the University of Lausanne Member of the Bar of Vaud Canton	Chairman of the Board of Directors since 1 January 2018. After serving as a delegate of the International Committee of the Red Cross in Lebanon, he began his career in diplomacy when he entered the diplomatic service of the Swiss Federal Department of Foreign Affairs (FDFA) in 1982. Mr. de Watteville served as Switzerland's official representative to several countries as well as the European Union and in the late 1990s was named head of the FDFA's Economic and Financial Affairs Division, where he worked on a number of international issues relating to Switzerland's financial services sector and played an important role in resolving various tax disputes. Mr. de Watteville became State Secretary for International Financial Matters in 2013, and from 2015 until June 2017 led Switzerland's negotiations with the EU, most notably on matters related to the free movement of persons, tax issues, and bilateral agreements. He stepped down from the Board of Directors on 31 December 2021, having reached the age limit of 70 under the LBCV. ⁽ⁱⁱ⁾
Jean-François Schwarz 1955 Swiss citizen	Master's degree in economics with a specialization in business administration from the University of Lausanne	Mr. Schwarz was appointed to the Board by the Vaud Cantonal Government, taking up his position on 1 January 2019. He was then appointed Vice Chairman of the Board by the Vaud Cantonal Government on 1 January 2020. He has over 40 years of experience in the banking sector. He began his career at BCV in 1976 in corporate lending. From 1986 to 2003, he worked for Credit Suisse in Lausanne, New York, Zurich, and Geneva, where he took on important roles in the bank's lending and SME businesses. In 2003, he returned to BCV as a member of the Executive Board with responsibility for the Corporate Banking Division, which comprises the SME, Large Corporates, and Trade Finance departments. He retired from the Executive Board in June 2017.
Jack G. N. Clemons 1966 Dual Swiss and British citizen	Master's degree from Cambridge University and MBA from INSEAD, France Fellow of the Institute of Chartered Accountants in England & Wales	Mr. Clemons was elected by shareholders at the Annual Shareholders' Meeting held on 21 April 2016 and joined the Board of Directors on that date. He started his career in auditing and subsequently became a partner at Deloitte. He then served as Chief Operating and Financial Officer for a pan-European internet group. In 2006, Mr. Clemons joined Lausanne-based Bata, a leading global manufacturer and retailer of footwear, as Chief Financial Officer; he was later appointed CEO, a position he held until 2015. Since then, he has served on the boards of several companies and foundations.
Ingrid Deltenre 1960 Dual Swiss and Dutch citizen	Degree in humanities from the University of Zurich	Ingrid Deltenre was elected at the Annual Shareholders' Meeting on 1 May 2014 and joined the Board on that date. She has been Chair of the Compensation, Promotions and Appointments Committee since 1 May 2020. After graduating from the University of Zurich with a humanities degree, Ms. Deltenre held various executive positions in publishing before becoming CEO of Publisuisse in 2000. She was appointed to head up Schweizer Fernsehen, the leading public TV broadcaster in German-speaking Switzerland, in 2004, and held this position for six years. From 2010 until 2017, Ms. Deltenre was Director General of the Geneva-based European Broadcasting Union, an organization with close to 400 employees. She has since joined the boards of several companies.

Eftychia Fischer 1963 Dual Swiss and Greek citizen	<p>Bachelor's degree in physics from Imperial College London</p> <p>Graduate of the Advanced Management Program (AMP) at the Wharton School at the University of Pennsylvania</p> <p>Certified Chartered Financial Analyst (CFA) and Financial Risk Manager (FRM)</p>	<p>Eftychia Fischer was elected at the Annual Shareholders' Meeting on 30 April 2020 and joined the Board on that date. After graduating with a Bachelor's degree in physics from Imperial College London, she began her career in 1986 as an interest-rate derivatives trader at Société Générale Strauss Turnbull in London. She then held managerial positions at firms in Paris and Zurich, including J.P. Morgan & Co., Julius Baer, and EFG International, and joined UBP in 2010 as the Head of the Treasury & Trading Division. She took on an additional role as the Head of Asset Management at UBP from 2012 to 2015. Since 2015, she has served on the Boards of UBP, Vaudoise Assurances, and several other companies. At its meeting on 13 January 2021, the Vaud Cantonal Government appointed Ms. Fischer to replace Jacques de Watteville as the Chair of BCV's Board of Directors starting on 1 January 2022.</p>
Fabienne Freymond Cantone 1963 Dual Swiss and Italian citizen	<p>Master's degree in economics with a specialization in political economy from the University of Geneva</p>	<p>Fabienne Freymond Cantone was appointed to the Board by the Vaud Cantonal Government, taking up her position on 26 April 2018. Ms. Freymond Cantone began her professional career at Arthur Andersen and then worked at Banca della Svizzera Italiana. She served on and subsequently presided over the finance committee of the Nyon municipal legislature from 1998 to 2006. She then served in the Nyon municipal government until 30 June 2021, including as the head of finance from 2006 to 2011. Ms. Freymond Cantone was a member of the Vaud Cantonal Parliament from 2002 to 2018. She served on its finance committee until 2012 and became chair of the parliament's control committee in 2017. Since then, she has served on the boards of several companies and foundations.</p>
Peter Ochsner 1956 Swiss citizen	<p>Degree in business economics from ESCEA Management School, Zurich</p> <p>Swiss-certified accountant</p>	<p>Mr. Ochsner was appointed by the Vaud Cantonal Government and joined the Board on 1 July 2016. He also became Chairman of the Audit and Risk Committee on that date. Mr. Ochsner joined PricewaterhouseCoopers SA (PwC) in 1982 after gaining experience in the Internal Audit & Organization Department of the Swiss National Bank. He served on PwC's management board and headed the firm's auditing practice in Switzerland from 2006 to 2014. Mr. Ochsner is a Swiss-certified accountant and, while at PwC, was a lead bank auditor. He has extensive experience with clients in the banking and insurance industries, both in Switzerland and internationally. Mr. Ochsner retired from PwC in 2014.</p>

3.2 Other activities and business relations (at 31 December 2021)

Jacques de Watteville	<ul style="list-style-type: none"> • Member of the Board of the BCV Foundation, Lausanne • Member of the Board of Fondation Leenaards, Lausanne • Member of the Executive Council and Vice President of the Jean Monnet Foundation for Europe, Lausanne • Member of the Board of Directors of S.I. Le Schuss Villars SA, Villars-sur-Ollon • Member of the Steering Committee of the Europa Forum, Lucerne
Jean-François Schwarz	<ul style="list-style-type: none"> • Member of the Board of the Fondation pour le Maintien du Patrimoine Aéronautique (FMPA), Lausanne
Jack G. N. Clemons	<ul style="list-style-type: none"> • Fellow of the Institute of Chartered Accountants in England and Wales • Member of the International Board and Chair of the Audit Committee of the World Wide Fund for Nature (WWF), Gland • Member of the Board of Directors of DKSH Holding AG, Zurich
Ingrid Deltenre	<ul style="list-style-type: none"> • Member of the Board of Directors of Givaudan SA, Vernier • Member of the Board of Directors of Agence France-Presse, Paris • Member of the Board of Directors of Akara Funds AG, Zug • Member of the University of Zurich's EMBA Executive Committee • Member of Aufsichtsrat Deutsche Post/DHL, Bonn • Member of the Foundation Board of Aide suisse à la montagne, Adliswil
Eftychia Fischer	<ul style="list-style-type: none"> • Member of the Board of Directors of Vaudoise Assurances, Lausanne • Chair of the Board of Directors of Alberca Foundation (single family office), Bahamas
Fabienne Freymond Cantone	<ul style="list-style-type: none"> • Member of the regional committee of Radio Télévision suisse romande (RTSR), Lausanne, and Swiss Association of Broadcasting and Television (SRG-SSR), Bern • Committee Member of the Innovaud Association, Lausanne • Member of the Board of Directors of Transitec SA – optimized mobility, Lausanne • Committee member of Association Pro-Jet for entry and re-entry into the work world and of the International Competition of the New Rose of Nyon, and committee chair of Association Les Amis de la rose de Nyon, all of which are located in Nyon • Committee Member of the LABOR association, Lausanne • Member of the following foundation boards: Fondation pour les Arts et la Culture, Fondation pour le développement du Musée romain, Fondation Abraham Hermanjat, and Fondation Guido Comba, all of which are based in Nyon, as well as Fondation Pro Vapore – Fondation pour la sauvegarde des huit bateaux Belle Epoque du Lac Léman, Geneva • Member of the executive committee of the Vaud Socialist Party, Lausanne
Peter Ochsner	<ul style="list-style-type: none"> • Member of the Board of Directors of Kieger SA, Zurich • Member of the Board of the Professor Dr. Max Cloëtta Foundation, Zurich

Jacques de Watteville
Chairman of the Board of Directors



Jean-François Schwarz
Vice Chairman of the Board of Directors



Peter Ochsner
Member of the Board of Directors



Ingrid Deltenre
Member of the Board of Directors



Eftychia Fischer
Member of the Board of Directors



Jack G. N. Clemons
Member of the Board of Directors



Fabienne Freymond Cantone
Member of the Board of Directors

3.3 Election and term of office

3.3.1 Principles

Pursuant to the Articles of Incorporation, the Board of Directors is composed of seven, nine, or eleven members. The Chair and half of the other members are appointed by the Vaud Cantonal Government (Article 12, paragraph 1, of the LBCV⁽ⁱⁱ⁾ departs from the ORAb on this point). The remaining members are elected individually by shareholders at the Annual Shareholders' Meeting, with the Cantonal Government abstaining from voting.

Pursuant to Article 12, paragraph 5, of the LBCV⁽ⁱⁱ⁾ and in derogation of the ORAb, the Chair and other members of the Board of Directors are appointed for a period of four years. Their terms of office may be renewed, but the total term of each member may not exceed 16 years. They are required to step down at the end of the calendar year in which they reach the age of 70.

3.3.2 First election and term of office

The table below shows the terms of office of the current members of the Board.

3.4 Internal organization

3.4.1 Allocation of tasks

Jacques de Watteville, who was appointed by the Vaud Cantonal Government, chaired the Board of Directors in 2021. The current Vice Chairman is Jean-François Schwarz.

The other members are Jack Clemons, Ingrid Deltenre, Eftychia Fischer, Fabienne Freymond Cantone, and Peter Ochsner.

At BCV's Annual Shareholders' Meeting on 29 April 2021, shareholders elected Pierre-Alain Urech to the Board of Directors as from 1 January 2022. Eftychia Fischer became the Chair of the Board on 1 January 2022, succeeding Jacques de Watteville, who reached the age limit of 70 under the LBCV.⁽ⁱⁱ⁾

Pursuant to the Articles of Incorporation⁽ⁱ⁾ and the by-laws, the Board of Directors may delegate some of its responsibilities to committees drawn from among its members, except as otherwise provided by law.

The Board of Directors has set up an Audit and Risk Committee and a Compensation, Promotions and Appointments Committee. In principle, neither committee has decision-making powers. Their responsibility is to prepare Board resolutions and submit opinions. The Board of Directors may create other special committees to deal with matters that are submitted to the Board.

3.4.2 Committees: composition and terms of reference

Audit and Risk Committee

In 2021, the Audit and Risk Committee was made up of Peter Ochsner (Chairman), Jack Clemons, and Eftychia Fischer.

Members of the Board of Directors	Year of birth	Date of first election	Latest possible expiration of term of office	Appointed by
Jacques de Watteville (Chairman)	1951	1 January 2018	2021	Vaud Government
Jean-François Schwarz (Vice Chairman)	1955	1 January 2019	2025	Vaud Government
Jack G. N. Clemons	1966	21 April 2016	2032	Shareholders' Meeting ¹
Ingrid Deltenre	1960	1 May 2014	2030	Shareholders' Meeting ²
Eftychia Fischer	1963	30 April 2020	2033	Shareholders' Meeting
Fabienne Freymond Cantone	1963	26 April 2018	2033	Vaud Government
Peter Ochsner	1956	1 July 2016	2026	Vaud Government

¹ Term of office renewed for four years at the 2020 Annual Shareholders' Meeting

² Term of office renewed for four years at the 2018 Annual Shareholders' Meeting

The Audit and Risk Committee is tasked with ensuring the application and operation of risk control and management at BCV. It assists the Board of Directors in assessing the various types of risk faced by BCV, and in structuring and organizing the Bank's risk-management and control processes. It draws up opinions and recommendations for the Board after conducting a critical examination on a regular or case-by-case basis of the Group's main risks, the risk-management policy and strategy, reports on risks, and compliance with regulatory capital requirements.

The Committee reviews the Chief Risk Officer's report every quarter and the Bank's financial data and the reports from the head of Internal Audit, the Chief Compliance Officer, and the head of the Legal Department every six months. It has no decision-making authority and submits its conclusions to the Board of Directors.

The Committee supervises the work of both the internal and external auditors. Together with the external auditors' representative, it examines the external auditors' recommendations concerning BCV's organization and risk-assessment policy and gives its opinion on the qualifications of the internal auditors and the cooperation of Bank units in audit procedures. The head of Internal Audit also briefs the Committee on matters pertaining to BCV's organization and operations and provides a risk analysis. Furthermore, the Committee gives its own appraisal of the Internal Audit Department and reviews the status of litigation involving BCV.

The Committee meets for at least one full day every quarter to accomplish its duties, which are set out in detail in an Audit and Risk Committee Charter⁽ⁱⁱⁱ⁾ and to review other matters related to its activities. An additional meeting is dedicated essentially to the closing of the annual accounts.

The head of Internal Audit, representatives of the external auditor, and the CFO attend all Committee meetings, with exceptions for certain specific subjects. Depending on the agenda, the meetings are also attended by other members of the Executive Board, the head of the Risk Management Department, the Chief Compliance Officer, the head of Accounting, and the head of the Legal Department.

In addition to its risk-related role described above, the main task of the Audit and Risk Committee is to assist the Board of Directors in carrying out its supervisory

duties and ensuring the integrity of the consolidated financial statements and financial reports. Furthermore, the Committee is responsible for ensuring the quality and independence of the work performed by both the internal and external auditors. It discusses the contents of the parent company's audit reports, together with those of the subsidiaries, as part of a consolidated review. It also oversees implementation of the auditors' recommendations. The Committee agrees on the annual and six-year audit plans for the internal auditor and is informed of the external auditor's prudential and financial audit strategy.

Apart from its regular duties, the Audit and Risk Committee attended a one-day training seminar in 2021 that focused on a number of topics related to risks, especially climate-related risks, and the evolving regulatory landscape.

Once a year, the Audit and Risk Committee conducts a detailed evaluation of the internal (see section 3.6 below) and external auditors as well as a self-assessment.

Compensation, Promotions and Appointments Committee

In 2021, the Compensation, Promotions and Appointments Committee, which is expressly provided for in the Articles of Incorporation⁽ⁱ⁾ (Article 30a), consisted of Ingrid Deltenre (Chair), Fabienne Freymond Cantone, and Jean-François Schwarz.

The Chair of the Board and the CEO take part in an advisory capacity.

In 2021, the Compensation, Promotions and Appointments Committee adopted a charter stipulating that the Committee is to aid the Board of Directors in fulfilling its oversight obligations under the LBCV⁽ⁱⁱ⁾ Articles of Incorporation⁽ⁱ⁾ and internal directives and regulations, especially in the areas of compensation, appointments, succession planning, corporate social responsibility (CSR), and governance. The Committee, which has no decision-making authority, thus defines the profile required for the Chair and the other members of the Board of Directors, as well as for the CEO and the other members of the Executive Board. It draws up and prioritizes proposals for the selection and hiring of the Bank's senior executives and examines the Board of Directors' compensation system. It also prepares and prioritizes recommendations for the Board of Directors and the Shareholders' Meeting on decisions concerning the

compensation of the Chair of the Board of Directors (in his or her absence), the CEO, and the Executive Board members. It also makes recommendations to the Board of Directors on the compensation of the head of Internal Audit, and on the Bank's overall compensation policy and level.

In addition, it is responsible for making recommendations on the Bank's CSR strategy for the Board of Directors and periodically reassessing the strategy's suitability. It also provides recommendations to the Board concerning CSR-related decisions and reviews and approves the annual Sustainability Report. The head of CSR regularly submits reports to the Committee on the different projects being carried out at the Bank as part of the CSR strategy.

The Committee has the additional tasks of preparing and making recommendations for the Board of Directors on decisions concerning rules of good governance, including with respect to external positions held by members of governing bodies and conflicts of interest. Lastly, it is responsible for assessing the independence of the members of the Board of Directors at least once a year.

3.4.3 Operational procedures of the Board of Directors and its committees

In 2021, the Board of Directors held 11 ordinary plenary meetings. Each meeting generally lasted three-quarters of a day, with the exception of three full-day meetings. The Board of Directors also went on two two-day retreats, in part with the Executive Board. The retreats provide the Board of Directors with the opportunity to address strategic topics in greater depth, including the Bank's overall strategy and its strategies in the areas of human resources, finance, IT, and risk management.

Due to the Covid-19 situation, some Board of Directors and Committee meetings were held via conference call or video conference, especially in the first half of the year.

The Board committees meet whenever required by the business at hand. In 2021, the Audit and Risk Committee met eight times (four full-day meetings and four meetings that lasted a few hours) and took part in a full-day training seminar; the Compensation, Promotions and Appointments Committee met six times (for an average of three hours each time).

Members of the Board of Directors	2021 attendance rates
Jacques de Watteville	100%
Jack G. N. Clemons	100%
Ingrid Deltenre	100%
Reto Donatsch	100%
Eftychia Fischer	100%
Fabienne Freymond Cantone	93%
Peter Ochsner	100%
Jean-François Schwarz	100%

Board members receive the minutes and all documents provided to the committees. The chair of each committee informs members at Board meetings of important issues addressed by the committees and answers any questions raised by them. See section 3.4.2 above for information on the committees' operational procedures.

The CEO attends all regularly scheduled Board meetings and retreats. Executive Board members attend whenever issues relating to their divisions are on the agenda.

Where necessary, outside specialists are invited to attend Board or committee meetings to present a specific topic.

The Board of Directors has adopted an operational procedure for working with the Executive Board, with a subject-by-subject description and schedule of the tasks to be performed. This *modus operandi*, which is periodically reviewed, establishes the frequency with which matters are handled by the two Boards, including their committees, and in which form. The objective is good governance by ensuring that all pertinent issues are addressed at the right level, that the time available to the boards and committees is allocated optimally, and that their involvement is fully consistent with their responsibilities (see also section 3.6). Since 2009, the Board of Directors has delegated more matters to the committees. Decision-making authority nevertheless rests with the Board.

3.4.4 Performance appraisal of the Board of Directors

The Board of Directors sets itself annual objectives, taking into account the goals set forth in the Articles,⁽ⁱ⁾ as well as the Bank's strategy and risk policy. The Board carries out an analysis every six months to determine whether these objectives have been achieved and reviews and improves its procedures on a regular basis.

Furthermore, the Board meets once a year without the Chair to evaluate his or her performance.

3.5 Powers

The Board of Directors establishes the Bank's general policy. It directs the Bank's affairs at the highest level and issues the necessary instructions. It also supervises the Bank's management and those entrusted with it. In addition, it verifies the accomplishment of BCV's corporate mandate, as defined in Article 4 of the LBCV.⁽ⁱⁱⁱ⁾

The Board of Directors exercises the inalienable powers described in Article 24, paragraph 4, of the Articles of Incorporation⁽ⁱ⁾ and carries out all duties that have not been assigned to BCV's other governing bodies pursuant to the LBCV,⁽ⁱⁱⁱ⁾ the Articles of Incorporation,⁽ⁱ⁾ or the by-laws.

It also has the following responsibilities:

The Board of Directors determines which companies belong to BCV Group, in accordance with the legal provisions applicable to the scope of consolidated supervision. Subject to the non-transferable and inalienable powers of the subsidiaries, it exercises the same powers relative to the Group, through the directives that BCV issues and the instructions that BCV gives its representatives within the Group.

It decides on the creation, acquisition, sale, and liquidation of subsidiaries, branches, and retail banking offices and of representative offices abroad. It validates the Bank's investment and growth policy and reviews it periodically. It ensures that systems for the preparation of financial statements and for financial planning are implemented and maintained and that these systems meet regulatory requirements and those related to internal and external audits.

The Board of Directors regulates, establishes, maintains, supervises, and regularly validates the internal control system (ICS). The relevant internal framework directive has been implemented. The Board regularly discusses its assessment of the appropriateness and effectiveness of the ICS with the Executive Board.

In terms of appointments, the Board of Directors has a number of responsibilities that fall outside the powers defined in Article 24, paragraph 4, of the Articles of Incorporation.⁽ⁱ⁾ In agreement with the Vaud Cantonal Government, it determines

the conditions governing the appointment of its Chair. It appoints and removes the head of Internal Audit along with all executives in that department with the rank of lead auditor or equivalent, and appoints and removes Bank executives with signing authority. It proposes its own compensation, together with that of its Chair and the Executive Board, to the Shareholders' Meeting (Article 30c of the Articles of Incorporation⁽ⁱ⁾). It sets the Bank's overall compensation level and the compensation of the head of Internal Audit. The Board also validates the conditions applicable to the Executive Board. It determines the method of signing used by the Bank, i.e., the joint signature of two persons.

The Board of Directors determines the organization and defines terms of reference by means of by-laws, the organization chart for divisions and departments, other regulations, and tables of terms of reference. In particular, it draws up the quantified terms of reference assigned to the Executive Board. It approves the Bank's lending policy upon the recommendation of the Executive Board, and the technical standards and regulations governing lending authority upon the recommendation of the Executive Board's Credit Committee. It also decides on the granting of loans to members of the Board of Directors and Executive Board.

It reviews the external auditor's annual reports and the activity reports submitted by the Internal Audit Department. It prepares the reports, accounts, and other documents and proposals to be presented to the Shareholders' Meeting and approves the strategic development and investment plans. It approves the budget and the objectives defined by the Executive Board.

The Board of Directors determines the Bank's financial strategy and risk-management policy and strategy and reviews their appropriateness periodically. In this way, it sets out the overall framework for balance-sheet and risk management for the Executive Board. It monitors implementation of balance-sheet and risk-management policy, in particular by reviewing periodic risk-assessment reports prepared in accordance with its instructions, as well as those required by the regulatory authorities.

For all other matters, refer to the operational procedure set up by the Board of Directors and described in section 3.4.3.

The Executive Board is responsible for managing and directly monitoring the Bank's business. Its powers include drawing

up the terms and procedures of operations listed in Article 4 of the Articles of Incorporation,⁽ⁱ⁾ as defined in Article 4 of the LBCV.⁽ⁱⁱ⁾ It has the power to institute legal proceedings and represent the Bank in a court of law; it keeps the Board of Directors informed of any such situation.

Furthermore, the Executive Board implements the decisions made by the Board of Directors. It ensures that the organization and internal audit procedure in place at BCV meet FINMA requirements on the supervision and internal control of banks and the relevant framework directive issued in this regard by the Board of Directors; to this effect, the Executive Board issues the necessary directives and exercises appropriate oversight. It has adopted the ICS implementing directive.

The Executive Board draws up the Bank's financial strategy through the CFO, the risk-management policy and strategy through its Risk Management Committee, and the lending policy through its Credit Committee. It is responsible for preparing periodic risk-assessment reports in accordance with the instructions of the Board of Directors and prepares all documents that will be used in the decision-making and monitoring processes relative to operations and business dealings that involve special risks. It is responsible for overall risk management within the framework set by the Board of Directors, regularly verifies compliance with disclosure and reporting requirements defined by the regulatory authorities, and monitors compliance with risk-exposure limits set by the Board of Directors.

The Executive Board publishes the financial statements after they are approved by the Board of Directors. It then prepares the cash-flow and shareholders' equity statements, which it publishes in accordance with current regulations. It draws up the budget of foreseeable revenues and expenses and submits it to the Board of Directors. It sets the rates and conditions applicable to the Bank's various types of operations. It also coordinates the activities and processes of the divisions and the strategic units.

It may issue or decide to participate in public or private bond offerings for the Bank's own account; buy, sell, equip, or renovate buildings within the limits set by the Board of Directors; and carry out other own-account operations within the criteria specified by the Board of Directors. It may approve the outsourcing of activities in compliance with the FINMA directive.

Subject to the powers of the Board of Directors, it hires and dismisses employees, whose rights, obligations, and responsibilities are defined in the employee handbook. It appoints and removes senior executives in accordance with the powers granted to it under the by-laws. It makes recommendations on the Bank's overall compensation level to the Board of Directors through the Compensation, Promotions and Appointments Committee.

3.6 Monitoring the Executive Board

The Board of Directors supervises the Executive Board with the support of the Internal Audit Department, the external auditors, and the Board of Directors' committees in accordance with the operational procedures described in section 3.4.3, the objective of which is to ensure good governance.

The CEO attends all meetings of the Board of Directors, including retreats. The CFO is always present when there are items on the agenda concerning the financial statements, risks, asset and liability management (ALM), compliance, and legal matters. In principle, Executive Board members attend whenever issues relating to their division are under discussion. Executive Board members in charge of front-office divisions present a business review to the Board of Directors twice a year. In addition to approving the half-year and full-year financial statements provided by the Financial Accounting Department and presented in detail to both the Audit and Risk Committee and the Board of Directors, the Executive Board sends (and in some cases, presents) quarterly reports on the following issues to the Board of Directors: risks, ALM, equity, investor relations, human resources, and investment policy. It also provides half-yearly reports on compliance and legal matters. The Board of Directors also reviews the parent company and consolidated financial statements for the first and third quarters.

The Risk Management section (pages 58–73) provides a summary of BCV's risk management procedures and an overview of its risk profile. Note 7 of the financial statements (pages 133–137) explains the principles applied by the Bank in assessing and managing risk. The Bank publishes a Basel III Pillar 3 report, which is updated every six months and can be found in the Investor Relations section of the BCV website (www.bcv.ch/en/About-us/Investor-Relations).

A Management Information System (MIS) was approved by the Board of Directors to monitor and steer

performance across the Bank, broken down by segment. Monthly reports are sent to each manager of a specific segment and presentations are made to the Executive Board each month. The MIS contains information not only on financial performance but also on business activity, margins, risk, operational indicators, and human resources. In addition, it includes market watches. The CEO provides the Board of Directors with budget reports and regular updates on business trends based on the MIS reports, including a summary report every six months.

No member of the Board of Directors belongs to the Executive Board or exercises any management function whatsoever at the Bank or its subsidiaries, in compliance with the principle of independence stipulated in Swiss banking regulations.

Internal Audit Department

The Internal Audit Department is a constituent entity of BCV pursuant to Article 14 of the Articles of Incorporation.⁽ⁱ⁾ It reports directly to the Board of Directors. It performs regular audits of all the Bank's operations and has an unlimited right to access information for this purpose. Its organization, sphere of operations, procedures, and cooperation with the external auditors are defined in its regulations. The Department is independent of the Executive Board. Its responsibilities extend to all entities directly or indirectly controlled by the Bank in the areas of banking, finance, and IT.

Every year, the head of the Internal Audit Department coordinates with the external auditors to draw up a six-year plan. That annual, multi-year audit plan is discussed with the executive boards of the parent company and BCV Group companies, approved by the Audit and Risk Committee, and submitted for information purposes to the Board of Directors. It may be changed during the year by the head of the Internal Audit Department, subject to approval by the Audit and Risk Committee.

The Internal Audit Department has complete freedom in preparing and executing its tasks and presenting its conclusions. After completing its work, the Department submits detailed audit reports to the Executive Board, the Audit and Risk Committee, and the Board of Directors and provides copies to the external auditor, with which it shares all of its conclusions. It also draws up half-yearly activity reports, which include an overview of all ongoing auditing activities within BCV Group. The report is intended for the

Audit and Risk Committee and is also discussed at meetings of the Executive Board and the Board of Directors.

Supervision and regular evaluations of the Internal Audit Department are delegated to the Audit and Risk Committee. Every year, the Committee assesses the Department's cooperation with the external auditor, decides whether the Department is efficient and has the necessary resources and appropriate skills, and ensures that it performs its activities independently and objectively. The Audit and Risk Committee also has an objective external audit carried out at least once every five years, in accordance with international standards. This audit looks at all of the Internal Audit Department's systems and activities; the most recent one was conducted in 2021 and found that the Bank is in compliance with the standards issued by the Institute of Internal Auditors (IIA) and with the requirements of FINMA Circular 2017/01. Lastly, the Internal Audit Department is required to regularly develop and present a five-year internal audit strategy to the Risk and Audit Committee for approval; the most recent one was approved in 2019. The strategy is discussed at the meetings of the Executive Board and the Board of Directors and is communicated to the boards of other BCV Group companies.

The head of the Internal Audit Department attends all meetings of the Audit and Risk Committee, as well as meetings of the Executive Board and Board of Directors when required.

4. Executive Board

4.1 Members of the Executive Board

The CEO and other members of the Executive Board work under an employment contract with a 12-month notice period.

Information about members of the Executive Board at 31 December 2021 can be found on the following pages (NB: pursuant to Article 27 of the Articles of Incorporation, ⁽ⁱ⁾ only the CEO is appointed by the Vaud Cantonal Government, while the other members are appointed by the Board of Directors).

Name Year of birth Nationality	Position and start date	Education	Career experience
Pascal Kiener 1962 Swiss citizen	CEO since 1 May 2008 and CFO from 1 June 2003 until 31 December 2008	MSc in mechanical engineering from the Swiss Federal Institute of Technology in Lausanne (EPFL) in 1985. MBA from INSEAD in Fontainebleau in 1992.	Between 1985 and 1991, Mr. Kiener worked as an engineer for Fides Informatics in Zurich and Hewlett Packard in Geneva. In 1993, he joined the consulting firm McKinsey & Company. In 2000, he was made partner and a member of the Management Committee of McKinsey Switzerland. He acquired experience in financial services, and in banking in particular, during these years as an advisor for leading financial institutions in Switzerland and other European countries. He managed large projects involving strategy, risk management, controlling, and business process re-engineering. Mr. Kiener joined BCV as CFO on 1 June 2003 and was appointed CEO on 1 May 2008.
Andreas Diemant 1968 Swiss citizen	Member of the Executive Board with responsibility for the Corporate Banking Division since 1 September 2017	BSc in business administration from the Bern University of Applied Sciences. Executive MBA from the Universities of Bern and Rochester.	Mr. Diemant began his career in insurance, working for Zürich Versicherungs-Gesellschaft and subsequently for La Suisse Assurances in Lausanne. He moved into banking in 1994 when he took a position at UBS in corporate banking for Switzerland's Mittelland region. Mr. Diemant then rose through the ranks across all corporate segments to reach the position of head of Institutional Clients, Switzerland & Global Asset Servicing. On 1 September 2017, he joined BCV's Executive Board as head of the Corporate Banking Division.
Gérard Haeberli 1961 Swiss citizen	Member of the Executive Board with responsibility for the Private Banking Division since 1 July 2009	Degree in economics (with a specialization in business administration) from the Business and Economics Faculty of the University of Lausanne in 1983. Certificates from the International Bankers School in New York, Harvard Business School in Boston, and IMD in Lausanne.	Mr. Haeberli joined Credit Suisse in 1985, where he spent his career until 30 June 2009. From 1987, he held responsibilities in private banking in Yverdon-les-Bains and then worked in Zurich before being transferred to the United States, where he worked in New York and Miami. In 1994 he was transferred to Lausanne, where he took over responsibility for an international desk for Credit Suisse Private Banking. In 1998 he was put in charge of the Vaud region, and became head of Private Banking for all of French-speaking Switzerland in 2000. His responsibilities were extended in 2006 to include all of Credit Suisse's business lines in French-speaking Switzerland. He joined BCV's Executive Board with responsibility for the Private Banking Division on 1 July 2009.
Christian Meixenberger 1960 Swiss citizen	Member of the Executive Board with responsibility for the Business Support Division since 1 January 2017	Degree in electronic engineering from the University of Neuchâtel in 1987. MBA from the University of Lausanne in 1993.	From 1987 to 1993, Mr. Meixenberger worked as a software engineer at the Swiss Center for Electronics and Microtechnology (CSEM) in Neuchâtel before joining Credit Suisse in Geneva, where he was in charge of business processes and IT. In 1997, he became head of IT at Banque Cantonale de Fribourg. He was then appointed to that bank's Executive Board as head of the Services Division in 2000. He took up his position as head of BCV's Business Support Division on 1 January 2017.

Thomas W. Paulsen 1965 Swiss citizen	CFO, member of the Executive Board with responsibility for the Finance & Risks Division since 1 January 2009	Degree in economics from the Business and Economics Faculty of the University of Lausanne in 1988. MSc in economics from the London School of Economics in 1989. PhD in economics from the University of Lausanne in 1992.	Mr. Paulsen started his career in energy trading. In 1995, he joined the consulting firm McKinsey & Company, where he was elected Principal Associate in 2000. During his time at McKinsey, he managed a large number of strategic projects for financial institutions and major energy companies in Switzerland and throughout Europe, focusing particularly on the risk management aspects. Mr. Paulsen joined BGV in July 2002 as Chief Risk Officer (CRO), and in this capacity created and led the Risk Management Department. He was named CFO and head of the Finance & Risks Division on 1 January 2009.
Bertrand Sager 1966 Swiss citizen	CCO, member of the Executive Board with responsibility for the Credit Management Division since 15 February 2010	Master of Law from the University of Lausanne in 1990. Advanced Management Certificate from INSEAD in Fontainebleau in 2007.	Mr. Sager began his career at Credit Suisse in 1991, where he was involved in various lending activities. He joined BGV in 1998 and was appointed to lead BGV's Credit Recovery Management Department in 2003. In this position, he played a key role in strengthening the Bank's balance sheet by reducing the volume of impaired loans. In addition, as a member of the Executive Board's Credit Committee since 2008, he has acquired a thorough understanding of BGV's lending activities. Mr. Sager was named Chief Credit Officer and appointed to the Executive Board with responsibility for the Credit Management Division as of 15 February 2010.
José François Sierdo 1963 Swiss citizen	Member of the Executive Board with responsibility for the Retail Banking Division since 3 March 2014	Degree in economics and business administration from the Business and Economics Faculty of the University of Lausanne in 1992. MBA from IMD in Lausanne in 2001.	Mr. Sierdo began his banking career in 1993 in retail banking at UBS. He went on to do project finance in New York and lending in Zurich before working at Lombard Odier & Cie from 1998 to 2002. He then returned to UBS, where he held key managerial positions in retail, private, and corporate banking, including: head of Private Banking for French-speaking Switzerland, CEO of UBS Luxembourg, and head of Corporate Clients for Switzerland. Before becoming a banker, he was a military pilot and a member of the Swiss Air Surveillance Wing. He joined BGV's Executive Board as head of the Retail Banking Division on 3 March 2014.
Fabrice Welsch 1966 Dual Swiss and French citizen	Member of the Executive Board with responsibility for the Asset Management & Trading Division since 1 January 2021	Graduate of the École Nationale de la Statistique et de l'Administration Économique (ENSAE) in Paris, 1989. Master of Advanced Studies in Finance, 1990. Certified actuary, 1996. Executive MBA from the Centre for Advanced Studies in Insurance (CHEA), 2002. Graduate of the Swiss Finance Institute (Senior Management Program in Banking), 2009.	After working briefly for the International Trade Centre, Mr. Welsch joined BNP Paribas as a financial controller and actuary. In 1996, he became the chief actuary at Phenix Assurance (Allianz Group) before becoming the company's head of life insurance, IT, and external partnerships. Mr. Welsch joined BGV on 1 January 2004 as head of the Bank's occupational pension and financial planning department. Under his leadership, the department has gained recognition as a center of expertise in this area. He took up his position as head of the Asset Management & Trading Division on 1 January 2021, replacing Stefan Bichsel, who retired on 31 December 2020.

Pascal Kiener
CEO



Bertrand Sager
Member of the Executive Board,
Head of Credit Management



Gérard Haerberli
Member of the Executive Board,
Head of Private Banking



Christian Meixenberger
Member of the Executive Board,
Head of Business Support



Thomas W. Paulsen

Member of the Executive Board,
CFO, Head of Finance & Risks



Andreas Diemant

Member of the Executive Board,
Head of Corporate Banking



José F. Sierdo

Member of the Executive Board,
Head of Retail Banking



Fabrice Welsch

Member of the Executive Board,
Head of Asset Management & Trading

4.2 Other activities and business relations (at 31 December 2021)

Executive Board members also perform the following functions:

Pascal Kiener	<ul style="list-style-type: none"> • Member of the Board of Directors and the Board of Directors Committee of the Swiss Bankers Association • Member of the Board of Directors and the Board Committee of the Union of Swiss Cantonal Banks • Member of the Board of Directors and the Steering Committee of the Vaud Chamber of Commerce and Industry • Chairman of the "Fonds de prévoyance en faveur du personnel de la BCU" • Member of the Board of the BCU Foundation • Member of the Board of the Geneva Financial Center Foundation • Member of the Foundation Board of the Swiss Finance Institute, Zurich • Member of the Strategic Advisory Board of the Swiss Federal Institute of Technology in Lausanne (EPFL) • Member of the Foundation Board of Foot Avenir, Paudex • Member of the CHUV (Lausanne University Hospital) Foundation Board, Lausanne • Member of the Enterprise for Society (E4S) Advisory Board, Lausanne
Andreas Diemant	<ul style="list-style-type: none"> • None
Gérard Haerberli	<ul style="list-style-type: none"> • Chairman of the Board of Directors of Piguet Galland & Cie SA • Member of the Board of the Institute for Studies in Finance and Banking (ISFB) • Member of the Business Advisory Board of the University of Lausanne's Faculty of Business and Economics
Christian Meixenberger	<ul style="list-style-type: none"> • Member of the Board of Directors and Audit and Risk Committee of Viseca Holding SA • Member of the IT Commission of the Canton of Fribourg
Thomas W. Paulsen	<ul style="list-style-type: none"> • Member of the Board of Directors and the Audit and Risk Committee of Piguet Galland & Cie SA • Chairman of the Swiss Cantonal Bank Issuing Committee • Member of the Board of Directors of the Swiss Cantonal Banks' Central Mortgage Bond Institution • Member of the Foundation Board of the "Caisse de pensions de la Banque Cantonale Vaudoise" • Member of the Board of the "Fonds de prévoyance en faveur du personnel de la BCU" • Member of the Foundation Board of ISREC
Bertrand Sager	<ul style="list-style-type: none"> • Committee member of the Chambre Vaudoise Immobilière • Member of the Board of Directors of GEP SA • Member of the Board of the "Caisse de pensions de la Banque Cantonale Vaudoise" • Member of the Board of the "Fondation de prévoyance en faveur de l'encadrement supérieur de la BCU" • Member of the Board of the "Fonds de prévoyance en faveur du personnel de la BCU" • Judge for property disputes at the Eastern Vaud District Court • Member of the Management Committee of the "Fonds cantonal de lutte contre la précarité"
José F. Sierdo	<ul style="list-style-type: none"> • Member of the Board of Directors of TWINT AG and TWINT Acquiring AG • Member of the Board of Directors and Treasurer of the Vaud Banking Association (AVB) • Member of the Board of Directors and Treasurer of the Vaud Foundation for Banking Education
Fabrice Welsch	<ul style="list-style-type: none"> • Member of the Board of Directors of Banque Cantonale du Jura, Porrentruy • Member of the Tax Committee of the Vaud Chamber of Commerce and Industry (CVCI) • Member of SIX Strategic Advisory Board, Zurich • Member of the Board of the "Caisse de pensions de la Banque Cantonale Vaudoise" • Chairman of the Board of "BCU Fondation Epargne 3" • Chairman of the Board of "BCU Fondation de Libre Passage"

Internal organization of the Executive Board

The Executive Board may delegate its powers and duties as provided for in the by-laws, subject to applicable laws, Swiss Bankers Association agreements, circulars issued by FINMA and other supervisory authorities, and directives of the Board of Directors.

In particular, the Board may appoint committees to prepare and implement its decisions, make decisions, and oversee various matters.

The Executive Board has set up several committees, each of which consists of a chair and members appointed for an indefinite period by the Board and drawn from its own ranks or among senior executives.

In accordance with BCI's by-laws, the CEO has a right of veto, which must be duly recorded when used. In such cases, the CEO must inform the Chair of the Board of Directors.

4.3 Management contracts

The Bank has not entered into any management contracts.

Committee name, composition (at 31 December 2021)

Main roles

Risk Management Committee

Thomas W. Paulsen (Chairman)
Pascal Kiener
Andreas Diemant
Bertrand Sager
Fabrice Welsch
Maxime Mermier

- Submits risk management policy and strategy proposals to the Executive Board for approval by the Board of Directors
- Ensures risk management and control processes are implemented and updated for the entire Bank and for all risk categories
- Monitors the Bank's overall risk profile
- Steers all the Bank's risk management projects

Asset and Liability Management Committee (ALCO)

Pascal Kiener (Chairman)
Thomas W. Paulsen
Gérard Haeblerli
Andreas Diemant
José François Sierdo
Christopher Cherdel
Michel Aubry
Fernando Martins da Silva

- Examines the exposure of the banking book to interest-rate risk and exchange-rate risk, as well as the Bank's exposure to liquidity risk
- Manages interest-rate-risk exposure on the balance sheet
- Manages the Bank's liquidity and funding

Credit Committee

Bertrand Sager (Chairman)
Pascal Kiener
Andreas Diemant
José François Sierdo
Christian Zünd

- Submits proposals concerning the Bank's lending policy, technical standards, and regulations governing lending authority to the Executive Board for approval by the Board of Directors
- Makes decisions on the granting of lending authority
- Makes decisions regarding the granting and renewing of major lending facilities, within the limits of its powers
- Monitors the Bank's loan portfolio, particularly the sector breakdown
- Oversees credit-limit and overdraft management

Information Technology Committee

Christian Meixenberger (Chairman)
Pascal Kiener
Thomas W. Paulsen
José François Sierdo
Martin Dion
Serge Messin
Denys Papeil

- Submits IT strategy proposals and ensures that the strategy is aligned with BCI's overall business strategy
- Makes decisions concerning BCI's IT sourcing strategy and ensures that strategy is correctly implemented
- Establishes the budgetary framework and medium-term plan
- Manages all aspects of the IT budget
- Stays informed about major IT incidents and corrective measures that are planned or have been taken
- Monitors strategic projects carefully and the Bank's project portfolio and IT developments more broadly
- Oversees relations with suppliers, particularly for FINMA outsourcing contracts or major contracts

5. Compensation, shareholdings, and loans

5.1 Philosophy and principles underpinning BCV's compensation system

BCV is a universal bank with solid local roots that offers a large selection of products and services to both individuals and businesses. For this reason, it employs a wide range of profiles and skills in order to provide its customers with high-quality service. BCV offers attractive working conditions and a competitive compensation system designed to promote employee skills development and professionalism, and to attract and retain the talent that is integral to its long-term success and sustainable approach to doing business.

BCV's values

The Bank has defined four values that are central to its strategy and culture: responsibility, performance, professionalism, and close ties with customers and the broader community. The Bank's leadership believes that a key to long-term success is ensuring that all employees share a common culture built around core values. These values underpin all employees' actions, including their interactions with customers and colleagues. These values are also an integral part of employee performance reviews.

BCV's strategic plan: *vista*

In 2019, BCV defined a new strategic phase – *vista* – that builds on those it has 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 designed to position the Bank to respond to the main challenges it will face in the coming years. Its strategic focus areas include:

- continuing to improve **service quality** along the entire value chain to create an even better customer experience;
- enhancing the Bank's **distribution channels** (branches, digital services, and call centers) to give customers an integrated omnichannel experience;
- capturing **more of the cross-selling potential** inherent in BCV's universal bank business model;
- implementing **operational improvements** through targeted measures;
- increasing **BCV's attractiveness as an employer** and fostering continuous skills development among its employees;
- sharpening the Bank's focus on **corporate social**

responsibility (CSR) measures, including a wider range of sustainable banking products, socially responsible investment options, and mortgage solutions.

To ensure that the entire Bank – from the Executive Board on down – is working to execute this strategy, each employee is given individual performance objectives that stem directly from the focus areas set out in *vista*.

Performance reviews

BCV's performance review system is designed to help manage individual and team performance. This includes:

- encouraging employees to give their best in the workplace;
- promoting a performance-based corporate culture;
- recognizing employees for their performance;
- promoting skills development;
- fostering behavior that aligns with BCV's core values.

At an initial, mid-year review, line managers assess the progress made toward the main performance objectives set for each employee at the beginning of the year. The final performance review is carried out at the end of the year and covers four main points:

- the extent to which the performance objectives set at the beginning of the year were achieved
- the degree to which the position requirements, i.e., the responsibilities inherent in the post, were fulfilled
- whether the Bank's values were upheld and the appropriate behaviors demonstrated
- whether specific skills were acquired, if applicable.

Equal pay

BCV's compensation system guarantees equal pay regardless of origin or gender, in accordance with the principles set out in the Swiss Federal Act on Gender Equality (GEA).

Beyond meeting Swiss legal requirements, BCV was awarded the Fair-ON-Pay+ certification by Comp-On SA and SGS. This certification, which is valid for four years and includes a follow-up audit in the third year, recognizes the Bank's equal pay practices over the long term.

Say on pay

As stated above, although BCV is not subject to the Ordinance against Excessive Compensation in Publicly Listed Companies (ORAb), it has decided to apply the measures set out in the ORAb insofar as they are compatible

with the Bank's specific status. Since 2014, shareholders have been able to vote on the compensation of the Board of Directors and the Executive Board at the Annual Shareholders' Meeting. Specifically, shareholders vote on the fixed compensation of these bodies for the period from one Meeting to the next. The annual performance-based compensation for the entire Executive Board for the previous year and the number of shares available as long-term performance-based compensation under the plan beginning in the current financial year are also subject to votes at the Meeting.

Unauthorized compensation

Payment of the following types of compensation to members of the Board of Directors or the Executive Board is not authorized:

- any and all types of severance pay, although compensation due until the end of the contractual relationship is authorized
- advance payments
- success fees on the transfer or takeover of all or part of a company by the Bank or by companies controlled directly or indirectly by the Bank.

Payment of any of the above types of compensation to members of the Board of Directors or the Executive Board of the Bank by other companies that are directly or indirectly controlled by the Bank is also not authorized.

Benchmarks and external consultants

In order to keep compensation in line with the market, every year the Bank participates in two salary surveys carried out by specialized firms HCM Hostettler & Company and Willis Towers Watson. Those two firms use the surveys to produce statistics on salary trends for virtually all banking positions, and they provide these numbers to BCV. In 2021, apart from these statistical sources, the Bank did not call on the services of any other external consultants in order to determine the amounts that would be paid at each level of responsibility within the Bank, or to modify its compensation system. The Bank did not carry out any comparative studies on the compensation of the Executive Board last year.

5.2 Components of the compensation system

The components of the compensation system are base salary, annual performance-based compensation, and the employee share-ownership plan. In addition, the members of the Executive Board and department heads are eligible for long-term performance-based compensation. No stock-option plans are offered as part of compensation.

	Base salary	Annual performance-based compensation	Long-term performance-based compensation	Share-ownership plan
Board of Directors	✓			
Executive Board	✓	✓	✓	✓
Department heads	✓	✓	✓	✓
All other employees	✓	✓		✓

Base salary

The base salary is the core component of compensation for all Bank employees. It is set individually, taking into account the person's job description, scope of responsibilities, and experience, as well as market values for equivalent positions obtained through salary surveys of a group of comparable companies.

Annual performance-based compensation

Annual performance-based compensation is compensation that varies each year based on the Bank's financial performance, adjusted following a qualitative evaluation. It is allocated to each employee on the basis of their individual year-end evaluation and the overall level of annual performance-based compensation allotted to their division and department.

Financial performance is measured by the return on equity (ROE), calculated taking shareholders' equity at

the minimum target capital ratio of 13%. The overall level of annual performance-based compensation is calibrated to a benchmark amount. It varies linearly within a range of $\pm 40\%$ of the benchmark amount, based on the Bank's ROE.

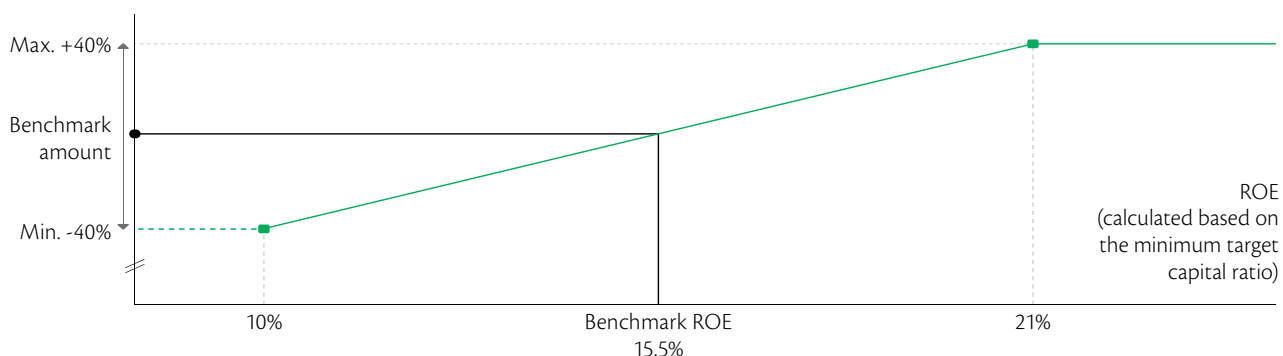
The *qualitative evaluation* measures the achievement of objectives stemming directly from the strategic plan *vista* and the completion of key projects; it is used to adjust the overall level of annual performance-based compensation within a range of $\pm 20\%$.

A portion of annual performance-based compensation is allocated in BCV shares with a lock-up period of between three and ten years, depending on the employee's level of responsibility. All BCV shares allocated for annual performance-based compensation are acquired by the Bank on the Swiss stock exchange in advance at market price, over several trading days. No new market shares are issued, so there is no shareholder dilution.

	Cash	BCV shares
Board of Directors	-	-
Executive Board	70%	30% with at least a 5-yr lock-up period
Department heads	70%	30% with at least a 5-yr lock-up period
All other employees	> CHF 21,000: Choice of 100% or 70% < CHF 21,000: 100%	Choice of 0% or 30% with a 3-yr lock-up period 0%

Annual performance-based compensation - Financial performance

Overall level



Long-term performance-based compensation

The purpose of long-term performance-based compensation is to further long-term strategic development by generating lasting shareholder value and achieving the Bank's strategic objectives. Only members of the Executive Board and department heads are eligible for long-term performance-based compensation, which is paid exclusively in BCV shares. Based on the overall share allocation, all eligible employees with the same level of responsibility receive the same number of shares; no distinctions are made between employees in the same category.

The share allocation for long-term performance-based compensation is determined based on the extent to which the financial objective and the strategic and qualitative objectives set at the start of each three-year plan have been achieved, with a new plan beginning each year.

The *financial objective* is measured in terms of economic profit, which is calculated on the basis of the profit generated after deducting the cost of equity using an approach that factors in the Bank's risk level. The Bank's three-year plan is considered fully executed if it generates the targeted level of economic profit, in which case 100% of the plan's share allocation can be distributed. However, if economic profit is below 60% of the target, the share allocation linked to financial performance is reduced to zero.

The share allocation is then adjusted to reflect the extent to which the *strategic and qualitative objectives* have been achieved. These objectives relate to implementing the Bank's strategy and driving change within its operations. An overall evaluation of the Bank's achievement of its strategic and qualitative objectives is used to adjust the share allocation linked to financial performance. However, the number of shares distributed can never exceed 100% of the share allocation set for each plan.

Overall evaluation of strategic and qualitative objectives	Adjustment factor
Objectives achieved greatly above expectations	+40%
Objectives achieved above expectations	+20%
Objectives achieved	0%
Objectives partially achieved	-20%
Objectives not achieved	-40%

All BCV shares allocated for long-term performance-based compensation are acquired by the Bank on the Swiss stock exchange in advance at market price, over several trading days. No new market shares are issued, so there is no shareholder dilution.

Employee share ownership

An in-house subscription program is offered to all BCV employees each year in order to promote employee share ownership, which is considered an essential element of staff loyalty and identification with the Bank. This program entitles employees to subscribe shares at a reduced price. The number of shares that may be purchased under this program is determined by the level of responsibility inherent in an employee's position and can range from 100 to 1,000 shares. The subscription price is set every year by the Board of Directors, typically by subtracting a fixed amount of around CHF 15 from the current share price.

With the aim of promoting a medium-term vision, the shares subscribed under this plan are subject to a three-year lock-up period.

All BCV shares allocated for employee share ownership are acquired by the Bank on the Swiss stock exchange in advance at market price, over several trading days. No new market shares are issued, so there is no shareholder dilution.

Members of the Board of Directors do not take part in the employee share-ownership plan.

Other compensation

A seniority bonus equivalent to a month's salary is payable to all employees when they complete 10, 20, 30, or 40 years' service at BCV. Employees may opt to take extra vacation, i.e., up to 20 days for full-time staff, instead of the bonus, or they may opt to take half the bonus and half the extra vacation days. Members of the Executive Board must take their seniority bonus in the form of vacation days.

An amount for incidental expenses is paid to department heads and members of the Executive Board.

5.3 Compensation paid in 2021

Board of Directors

BCV's compensation system is designed in part to guarantee the independence of the Board of Directors in carrying out its various oversight and organizational functions. To this end, the members of the Board of Directors receive only fixed compensation composed of fees, compensation for sitting on the various committees, and expenses. Members of the Board do not receive separate annual variable performance-based compensation or long-term variable performance-based compensation.

The Bank does not make any occupational-pension contributions for the seven members of the Board of Directors. By law and in accordance with pension-fund regulations, members of the Board of Directors who are not receiving retirement benefits must join the "Caisse de pensions de la Banque Cantonale Vaudoise" and pay all of their occupational-pension contributions themselves.

Overall fixed compensation between one Shareholders' Meeting and the next are subject to approval at the Shareholders' Meeting.

Details of the compensation paid to the members of the Board of Directors in 2021 can be found in the tables on page 190.

In order to strengthen the Board of Directors' commitment to the Bank's long-term development, each member is required to own a minimum of 1,000 BCV shares. These shares must be acquired before the end of the member's first term and held throughout any subsequent terms served. Each member must acquire the shares on the market using their own funds and is not offered a preferential price.

Serving members of the Board of Directors are not granted any preferential terms for banking services. The Bank may grant loans and credits to members of the Board of Directors on the same terms and conditions as those granted to clients.

Executive Board

Members of the Executive Board receive a base salary, annual performance-based compensation, long-term performance-based compensation, and incidental

expenses. Members of the Executive Board may also take part in the annual employee share-ownership plan.

Details on the compensation paid to the members of the Executive Board in 2021 are given on page 191.

Base salary

The base salary of each member of the Executive Board is set individually, taking into account the person's experience, job description, and scope of responsibilities, as well as market values for equivalent positions.

The base salary is paid exclusively in cash, in 12 monthly installments.

Annual performance-based compensation

All members of the Executive Board are eligible for annual performance-based compensation.

Annual performance-based compensation paid to members of the Executive Board cannot exceed 100% of their base salary.

30% of the performance-based compensation for Executive Board members must be taken in BCV shares with a lock-up period of between five and ten years, according to each Executive Board member's choice.

For the 2021 financial year, these shares will be allocated at the closing price on 16 May 2022, subject to shareholder approval of Executive Board compensation at the Annual Shareholders' Meeting. Based on the amount submitted to shareholders at the Annual Shareholders' Meeting, the ratio of the annual performance-based compensation to the base salary will be 79.7% for the 2021 financial year.

Long-term performance-based compensation

All members of the Executive Board are eligible for long-term performance-based compensation. At the start of each plan, the maximum number of BCV shares that can be allocated to the Executive Board cannot exceed a total value of CHF 1.2m (rounded), or CHF 150,000 for each Executive Board member.

The 2019–2021 plan, which ended on 31 December 2021, was based on the Bank's cumulative economic profit and the following strategic and qualitative objectives:

- growing the Bank's customer base in line with population growth in Vaud
- evolving the Bank's digital banking/multichannel services in line with its position as a "smart follower"
- improving service quality indicators under the Bank's "Smile" system
- implementing the new run set-up for IT systems operations
- achieving greater gender equality in management positions
- developing and rolling out a range of socially responsible investment products to meet the needs of institutional clients.

Economic profit reached 109% of the objective. In addition, the Board of Directors determined that the strategic and qualitative objectives were achieved.

For the plan ending on 31 December 2021, 1,504 shares (pre-stock-split) were set aside for the members of the Executive Board, corresponding to a value of CHF 1,198,688 on the date on which the Board of Directors made its decision. After assessing the degree to which the objectives were achieved and taking into account the departure of an Executive Board member, 14,030 (post-stock-split) shares were distributed, equal to 93.3% of the total number approved at the 2019 Annual Shareholders' Meeting.

A new three-year plan, for which 12,624 shares have been set aside, began in 2021.

Employee share ownership

Executive Board members have the right to subscribe at most 1,000 shares at a subscription price set every year by the Board of Directors. With the aim of promoting a medium-term vision, the shares are subject to a three-year lock-up period.

Other employees

Compensation for non-executive employees includes the following components:

- base salary
- annual performance-based compensation
- long-term performance-based compensation (only for department heads)
- employee share-ownership plan.

Base salary

The base salary of each employee is set according to the job description and in line with current market practice. Salary increases depend on the extent to which skills-development objectives have been achieved.

The base salary is paid out in cash, in 13 monthly installments.

Annual performance-based compensation

All employees are eligible for annual performance-based compensation, provided their contracts have not been terminated. The overall level of annual performance-based compensation is broken down by division and

Overview of long-term performance-based compensation plans for the Executive Board

Starting year	Performance period	Year distributed	Number of shares set aside	Average cost per share	Initial cost of the plan for the Bank	Number of shares distributed	Market value (per share)	Market value of distributed shares
2015	2015 to 2017	2018	2,735	548.50	1,500,148	1,786	796.00	1,421,656
2016	2016 to 2018	2019	1,832	654.00	1,198,128	1,374	797.00	1,095,078
2017	2017 to 2019	2020	1,738	690.50	1,200,089	1,519	810.00	1,230,390
2018	2018 to 2020	2021	1,504	796.00	1,197,184	15,040 ¹	95.00 ¹	1,428,800
2019	2019 to 2021	2022	1,504	797.00	1,198,688	14,030	74.00	1,038,220

¹ Number of shares and market value adjusted for the 10-for-1 stock split on 28 May 2020

then by department. Each employee then receives annual performance-based compensation based on their annual performance review. The annual performance review results in an overall evaluation on a scale from 1 to 5, where 1 corresponds to “does not meet expectations” and 5 to “greatly exceeds expectations.” Each score and level of employee responsibility corresponds to an authorized range of annual performance-based compensation.

All employees are given the opportunity to express their level of satisfaction with their work situation over the past year. This information is made available to their line manager and discussed during their review.

For department heads, 30% of annual performance-based compensation must be taken in BCV shares with a lock-up period of five to ten years. Other employees receiving annual performance-based compensation of CHF 21,000 or more may opt for full payment in cash, or 70% in cash and 30% in BCV shares with a lock-up period of three years. In the latter case, BCV increases the amount paid in shares by 30%. For the 2021 financial year, these shares will be allocated at the closing price on 17 March 2022. All other employees receive full payment of their annual performance-based compensation in cash.

Long-term performance-based compensation

Department heads receive long-term performance-based compensation on the same terms as Executive Board members.

Employee share ownership

All BCV employees may subscribe BCV shares at a reduced price. The number of shares that may be purchased is determined by the level of responsibility inherent in an employee's position and can range from 100 to 1,000 shares. The subscription price is set every year by the Board of Directors. With the aim of promoting a medium-term vision, the shares are subject to a three-year lock-up period.

5.4 Governance

Compliance with regulations

All Bank employees work in Switzerland and sign an employment contract governed by the Swiss Code of Obligations and federal legislation on employment and social insurance, including the related implementing ordinances.

In complying with Swiss federal law, the Bank undertakes to fulfill the commitments made by Switzerland with regard to the international conventions and standards issued by the International Labour Organization, particularly in the areas of forced labor and child labor.

Because BCV is a public-sector entity within the meaning of Article 763, paragraph 2, of the Swiss Code of Obligations, it is not subject to the Ordinance against Excessive Compensation in Publicly Listed Companies (ORAb). Nevertheless, the Bank decided to incorporate the principles of the ORAb into the Articles of Incorporation⁽ⁱ⁾ insofar as they were compatible with BCV's specific status and without amending the LBCV⁽ⁱⁱ⁾ (see Articles 30a et seq. of the BCV Articles of Incorporation⁽ⁱ⁾ on compensation).

Entities responsible for compensation

Shareholders' Meeting

Each year at the Shareholders' Meeting, shareholders approve the total maximum amount of fixed compensation for the Board of Directors and the Executive Board up to the following Meeting. They also approve the total amount of annual performance-based compensation for the Executive Board for the past financial year, and the maximum total number of BCV shares available for long-term performance-based compensation under the plan beginning in the current year.

Board of Directors

The Board of Directors determines the Bank's compensation policies and corresponding payroll budget. It determines how the compensation system is implemented, in particular by making adjustments to base salaries, the overall levels of annual performance-based compensation, the number of shares that can be individually subscribed through the employee share-ownership plan, and the objectives to be met in connection with long-term performance-based compensation.

The Board of Directors sets the compensation of its members and the CEO. On the recommendation of the Compensation, Promotions and Appointments Committee, it also sets the compensation of the other members of the Executive Board.

Compensation, Promotions and Appointments Committee

In accordance with its committee regulations, the Compensation, Promotions and Appointments Committee analyzes all matters and proposals relating to compensation policies put forward by the Executive Board and makes recommendations to the Board of Directors for decision.

The Committee assesses the performance of the CEO in the CEO's absence, reviews the CEO's assessment report on members of the Executive Board, and makes recommendations to the Board of Directors on the compensation of Board members, the CEO, and the other members of the Executive Board.

Executive Board

The Executive Board examines and makes recommendations on all matters of compensation policy to the Compensation, Promotions and Appointments Committee, taking into account the Bank's business strategy and objectives.

CEO

The CEO sets annual objectives for each member of the Executive Board and assesses the extent to which they have been achieved at the end of the financial year. The CEO also determines the individual compensation of the other members of the Executive Board and recommends that compensation to the Compensation, Promotions and Appointments Committee for approval by the Board of Directors.

Human Resources

The Human Resources Department works with the CEO to put forward proposals to the Executive Board on all aspects of compensation policy. The Department is responsible for implementing the decisions taken by the Board of Directors and the Executive Board and for ensuring that compensation is accurately booked. These bookings are also reviewed each year by an external auditor.

5.5 Transparency concerning compensation, shareholdings, and loans by issuers with their registered office abroad

This point does not apply to BCV.

6. Shareholders' rights

Article 18 of the Articles of Incorporation⁽ⁱ⁾ – Voting Rights

Each share entitles the holder to one vote. No shareholder shall be entitled to vote at a Shareholders' Meeting either personally or by proxy, or to exercise associated rights, unless entered in the shareholder register. Shareholder status and the right to appoint a proxy shall be determined on the basis of the share register on the 20th day prior to the Shareholders' Meeting.

6.1 Restrictions on voting rights and shareholder proxies

6.1.1 Restrictions on voting rights

Restrictions on voting rights are set out in Articles 12 and 13 of the Articles of Incorporation,⁽ⁱ⁾ the main provisions of which are described below.

Article 12 – Shareholder register

The Bank shall recognize as shareholders only those persons validly entered in the shareholder register. Only those whose names appear in the register may exercise the rights attached to BCV shares, subject to the restrictions provided herein.

Shareholders without the right to vote may not exercise such a right or any other associated right. Shareholders with the right to vote may exercise all rights attached to the shares.

Article 13 – Transfers of registered shares

The transfer of any registered share and its entry in the share register shall be subject to approval by the Board of Directors. (...) If the Board of Directors does not reject the request within 20 days, the acquirer shall be recognized as a shareholder with voting rights.

The Board of Directors may refuse to register an acquirer as a shareholder with voting rights:

- a) in respect of a shareholding exceeding 5% of the Bank's share capital held by a single shareholder or group of shareholders as defined by the Financial Market Infrastructure Act (FMIA). (...) That limit shall not apply to the Canton of Vaud or any third party to which the Canton of Vaud sells part of its shareholding, or to the takeover of a company or part of a company;

- b) if a shareholder does not expressly state, when requested to do so, that he/she has acquired the shares in his/her own name and for his/her own account;
- c) if and so long as his/her recognition could prevent the Bank from furnishing proof of the shareholder base required under Swiss law.

Under Article 16 of the Articles of Incorporation⁽ⁱ⁾ (convening a Shareholders' Meeting – see section 6.4 below for the text of the article), one or more shareholders together representing no less than one-tenth of the share capital may also request the convening of a Shareholders' Meeting. Shareholders representing shares with an aggregate par value of 30,000 Swiss francs may request that an item of business be entered on the agenda. The calling of a Shareholders' Meeting and the inclusion of an item of business on the agenda must be requested in writing, stating the business to be discussed and motions to be submitted.

Any individual motion requiring a vote shall be submitted to the Chair of the Board of Directors in writing at least 45 days prior to the Meeting.

At any Shareholders' Meeting convened to vote on the removal of a clause relating to restrictions on the transfer of registered shares, such removal shall be decided by an absolute majority of votes attached to the shares represented, where each share shall entitle the holder to one vote (Article 11, paragraphs 3 and 4, of the LBCV⁽ⁱⁱⁱ⁾), in compliance with the rules applicable to any resolution of the Shareholders' Meeting.

6.1.2 Exemptions granted during the financial year

During the 2021 financial year, no departure from the above restrictions was made.

The rules governing attendance at Shareholders' Meetings are set forth in Articles 16 and 18 of the Articles of Incorporation,⁽ⁱ⁾ the main provisions of which are shown in sections 6.3, 6.4, and 6.5 below.

6.2 Quorum provisions

Provisions for quorums are set out in Article 19 of the Articles of Incorporation.⁽ⁱ⁾

Article 19 – Quorum provisions; resolutions

The Shareholders' Meeting shall have the power to transact business irrespective of the number of shares represented.

Resolutions put to the vote shall be decided by an absolute majority of votes attached to the shares represented, and in the event of a tie, the Chair shall have the casting vote. Shares held by the Canton do not vote on the election of members of the Board of Directors carried out pursuant to Article 15(b).

6.3 Convening shareholders' meetings

Article 16 – Meetings

Shareholders' Meetings shall be convened by the Board of Directors at least once a year.

The Annual Meeting shall take place within six months of the close of the financial year at the headquarters of the Bank or at any other place in Vaud Canton as may be determined by the Board of Directors.

Special Shareholders' Meetings may be convened as often as required. (...)

A Shareholders' Meeting may, if necessary, be convened by the Auditors.

6.4 Agenda

Article 16 (excerpt) – Meetings

One or more shareholders together representing no less than one-tenth of the share capital may also request the convening of a Shareholders' Meeting. Shareholders representing shares with an aggregate par value of 30,000 Swiss francs may request that an item of business be entered on the agenda. The calling of a Shareholders' Meeting and the inclusion of an item of business on the agenda must be requested in writing, stating the business to be discussed and motions to be submitted.

Any individual motion requiring a vote shall be submitted to the Chair of the Board of Directors in writing at least 45 days prior to the Meeting.

6.5 Shareholder registration

Article 18, paragraph 2, of the Articles of Incorporation⁽ⁱ⁾ stipulates that shareholder status and the right to appoint

a proxy shall be determined on the basis of the shareholder register on the 20th day prior to a Shareholders' Meeting.

Pursuant to paragraph 1 of the same Article, the right to vote at the Meeting shall be exercised by the shareholder registered in the share register or by his or her proxy, who may not necessarily be a shareholder. At the Meeting held on 29 April 2021, Christophe Wilhelm, a Lausanne-based attorney, was elected to be the Independent Proxy until the end of the next Meeting, scheduled for 5 May 2022. Pursuant to Article 18a, paragraph 5, of the Articles of Incorporation,⁽ⁱ⁾ BCV will offer shareholders an electronic means of providing their instructions to the Independent Proxy for the Meeting.

7. Takeovers and defense measures

7.1 Obligation to make a bid

The Articles of Incorporation⁽ⁱ⁾ do not contain an opting-out or opting-up clause based on Article 125 of the Financial Market Infrastructure Act (FMIA).

7.2 Takeover clauses

There are no agreements or programs that would benefit members of the Board of Directors or the Executive Board or other BCV executives in the event of a takeover.

8. Auditors

8.1 Term of audit and length of service of lead auditor

The Board of Directors chose KPMG SA in Geneva as its external auditor, within the meaning of the FINMA law and the Swiss Banking Act, for the 2021 financial year. At the Annual Shareholders' Meeting on 29 April 2021, BCV shareholders approved the Board's recommendation to appoint KPMG SA as the Bank's external auditor for 2021. KPMG SA has served as the external auditor within the meaning of the FINMA law and the Swiss Banking Act, as well as the external auditor for the Bank, since 2016. The lead auditor since 2016 has been Oliver Gauderon, an audit expert licensed by the Federal Audit Oversight Authority and by FINMA.

Under Article 20 of the LBCV,⁽ⁱⁱ⁾ the Bank is required to regularly rotate the individuals and firms serving as the

auditor in charge and external auditor. A regular rotation is considered to be every seven years, according to the interpretation of the Article by both the Canton of Vaud's Legal and Legislative Service and the Bank.

8.2 Audit fees

Fees invoiced by KPMG SA for its audits of the parent company and consolidated financial statements, its statutory audit pursuant to the Federal Act on Banks and Savings Institutions and the Federal Act on Stock Exchanges and Securities Trading (including audit-related work required by FINMA), certificates required under local law, and its audit of BCV as a custodian bank for investment funds amounted to CHF 1,673,658 for the 2021 financial year.

Fees invoiced by KPMG SA in Switzerland and abroad for financial and statutory audits of other BCV Group companies were CHF 415,620 for the 2021 financial year.

Total fees invoiced by KPMG SA for audit services supplied to all the companies which make up BCV Group therefore amounted to CHF 2,089,278 in the reporting year.

8.3 Additional fees

Fees invoiced by companies within the KPMG SA group for other auditing and assurance services totaled CHF 229,832 for the parent company.

Advisory fees, including for projects related to tax advice, amounted to CHF 1,641 and were for BCV subsidiaries only.

Total additional fees for the 2021 reporting period invoiced by KPMG SA in Switzerland and abroad for all BCV Group companies therefore amounted to CHF 231,473.

Full compliance with regulations concerning the independence of auditors has been verified by the Audit and Risk Committee.

8.4 Monitoring of external auditors

The Audit and Risk Committee scrutinizes the work of the external auditors. In particular, it monitors their independence and performance on behalf of the Board of Directors so that the Board can make an informed recommendation to the Shareholders' Meeting on whether

to extend the appointment of the auditors. The external auditors submit a half-yearly activity report to the Audit and Risk Committee, which reviews the report at a meeting in the presence of representatives of the external auditors. Furthermore, the Audit and Risk Committee conducts a detailed evaluation of the external auditors once a year.

The Audit and Risk Committee advises the Board of Directors on whether to approve the external auditors' fees on the basis of a retainer letter which is reviewed every year. It also discusses how the audit should be planned and approached, as well as risk-evaluation procedures and coordination between the Bank's internal and external auditors. Non-auditing assignments are submitted for prior approval to the Audit and Risk Committee, which, together with the external auditors, verifies compliance with the rules of independence.

The Chair of the Board of Directors and the Chair of the Audit and Risk Committee receive copies of all the reports, certifications, and opinions issued by the external auditors in the course of their duties. Every year, the Audit and Risk Committee reviews the parent company's financial statements and regulatory reports and a summary of the reports submitted by the subsidiaries. The external auditors are regularly invited to attend Audit and Risk Committee meetings to discuss the results of their work, make recommendations on internal audit procedures, and be informed of reports by other persons invited to the meetings. In 2021, representatives of the external auditors partially attended three meetings of the Board of Directors and all ordinary meetings of the Audit and Risk Committee.

The Chair of the Board of Directors meets with the auditor in charge of the audit approximately once every quarter to see whether the work is proceeding as planned; the Chair of the Audit and Risk Committee attends once a year. The Chair of the Audit and Risk Committee also holds regular meetings with the auditor, at least once per quarter. A summary report is then submitted to all members of the Board of Directors, the Audit and Risk Committee, and the Executive Board.

9. Disclosure policy

9.1 Transparency

Pursuant to paragraphs 8 and 9 of Article 24 of the Bank's Articles of Incorporation,⁽ⁱ⁾ the Board of Directors shall see that it is kept informed. It shall also see that shareholders are properly and fairly informed about the Bank's situation to the greatest extent possible, consistent with legitimate compliance with business and banking confidentiality and securities laws. In particular, it shall reach an agreement governing disclosure of information to the Canton of Vaud.

9.2 Information-exchange agreement

BCV and the Canton of Vaud entered into an initial information-exchange agreement on 13 September 2004, which was followed by a second agreement on 7 October 2009. In 2015, the two parties negotiated a new information-exchange agreement, which was signed on 16 December 2015 and took effect on 1 January 2016.

This agreement commits the parties to increased transparency. In particular, it:

- sets out the content and frequency of information exchanges and the procedures for providing information, together with the type and frequency of meetings between representatives of the Canton and BCV;
- defines the confidentiality rules governing these exchanges;
- designates the persons who are to provide and receive information on behalf of the Bank and the Canton;
- prohibits each party from exploiting for its own purposes the information received and provided;
- specifies the legal principles that shall apply, in particular the obligation to make public any information that may affect the price of BCV shares.

9.3 Other information

Regular publications intended for shareholders are the annual report (published in late March/early April) and the interim report at 30 June (published in August). Printed versions of both are available upon request from the following address: BCV, Publications, Post Office Box 300, 1001 Lausanne, Switzerland.

Information is provided to the public soon after the consolidated financial statements are approved by the

Board of Directors, by means of a press release and press conference. In 2015, the Bank began publishing its financial statements in accordance with the new Swiss accounting standards for banks. As a result of these new accounting rules, the Bank reports its financial results on a half-yearly rather than a quarterly basis, which means that only results at 30 June and 31 December are released.

BCV also issues special press releases on important developments and business trends at the Bank as often as necessary.

The annual report, interim report, and press releases are all posted on the BCV website (www.bcv.ch) and are available via the free BCV Investor Relations iPad app. The annual report and interim report are published in French and English, while press releases are normally available in French, English, and German.

Basel III Pillar 3 reports, which are published half-yearly, and other data of particular interest to investors may also be consulted in the Investor Relations section of the BCV website (www.bcv.ch) as well as via the free BCV Investor Relations iPad app.

BCV publishes notice of its Annual Shareholders' Meeting approximately sixty days in advance in the FOsc (Feuille officielle suisse du commerce). The invitation and the agenda of the Meeting are also published in the FOsc and several local daily newspapers. In addition, shareholders listed on the shareholder register at least 20 days before the Annual Shareholders' Meeting receive a personal letter of invitation.

9.4 Links to main documents referenced

Document	Link
(i) Articles of Incorporation	https://www.bcv.ch/content/download/2769/115744/version/15/file/Art_Association.pdf
(ii) Cantonal Act Governing the Organization of Banque Cantonale Vaudoise (LBCV) of 20 June 1995	https://www.bcv.ch/content/download/2770/31480/version/8/file/LBCV.pdf
(iii) Audit and Risk Committee Charter	https://www.bcv.ch/content/download/8574/85400/version/6/file/Charte_CAR.pdf

10. Restriction periods

The Bank's internal directives prohibit specific groups of employees and third parties from trading BCV shares during scheduled restriction periods related to BCV's financial results and during ad hoc restriction periods related to having access to privileged information.

10.1 Scheduled restrictions related to BCV's financial results

The following employees and members of governing bodies are subject to scheduled restrictions related to BCV's financial results:

- the Chair and other members of the Board of Directors;
- the CEO and other members of the Executive Board, as well as their chiefs of staff and assistants;
- the secretary of the Board of Directors and the corporate secretaries of the Executive Board;
- department heads and regional managers;
- all employees in the following departments: Controlling, Financial Accounting, ALM & Financial Management, Risk Management, Compliance, and Corporate Communications;
- employees in other departments involved in processing financial results before they are announced to the press and who may be aware of these figures. The heads of these departments inform the employees concerned and draw up and send a list of their names to the Compliance Department;

- the Investor Relations Officer;
- employees in the Internal Audit Department.

The representatives of Vaud Canton designated in the information-exchange agreement between BCV and the Canton of Vaud (see section 9.2 on p. 108) are also subject to these restriction periods. This concerns the members of the Vaud Cantonal Government, as well as certain related parties.

The restriction periods are determined based on the financial results release dates. They begin ten business days before the close of the half-year and full-year accounts and end the day after the results are released. The Compliance Department informs employees of the start and end date of each restriction period and checks that no transactions have been conducted by the people concerned during that period. Limit orders (both buy and sell, including stop-profit and stop-loss orders) placed by employees subject to scheduled restrictions are canceled at the start of a restriction period.

10.2 Ad hoc prohibitions on trading BCV shares

Employees and third parties who hold privileged information about the BCV share are subject to an ad hoc trading prohibition. If an event occurs that could significantly affect the BCV share, an ad hoc restriction period may be ordered by the Chair of the Board of Directors or by the CEO, who informs the Compliance Department of the decision.

On the basis of a list of employees and third parties who have access to the privileged information, the Compliance Department will:

- identify the individuals subject to confidentiality;
- draw up a watchlist that includes the confidential information held, the people with access to that information, and the periods of confidentiality;
- inform the individuals concerned of the ad hoc prohibition on distributing the privileged information and trading the share for their own account;
- verify that the individuals concerned confirm by email that they are aware of the ad hoc restriction period;
- check that no transactions are conducted on the BCV share by the individuals concerned during the restriction period;
- notify those involved of the end of the prohibition when the privileged information is publicly distributed.

The procedure for putting in place an ad hoc prohibition is set out in the related internal directive.

10.3 Permanent prohibition on trading derivatives of the BCV share

All Bank employees are permanently prohibited from trading derivatives on the BCV share. This includes, for example, warrants, futures, and structured products for which over one-third of the return depends on the performance of the BCV share.

11. Contacts

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2022 corporate calendar

5 May	Annual Shareholders' Meeting
9 May	Ex-dividend date ¹
10 May	Dividend record date ¹
11 May	Dividend payment ¹
18 August	2022 half-year results

¹ Ordinary dividend of CHF 3.70 per share, subject to approval at the Annual Shareholders' Meeting





Bike to Work

Luc, a structured products specialist, was on one of the BCV teams that took part in this challenge in June.

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Financial Statements

Report on the Consolidated Financial Statements

Balance sheet growth

1. Assets

Total assets expanded 5% (+CHF 2.8bn) year on year, amounting to CHF 56.0bn at 31 December 2021.

Cash and cash equivalents, which consist primarily of deposits held with the Swiss National Bank, increased 9% (+CHF 1.1bn) to CHF 12.6bn.

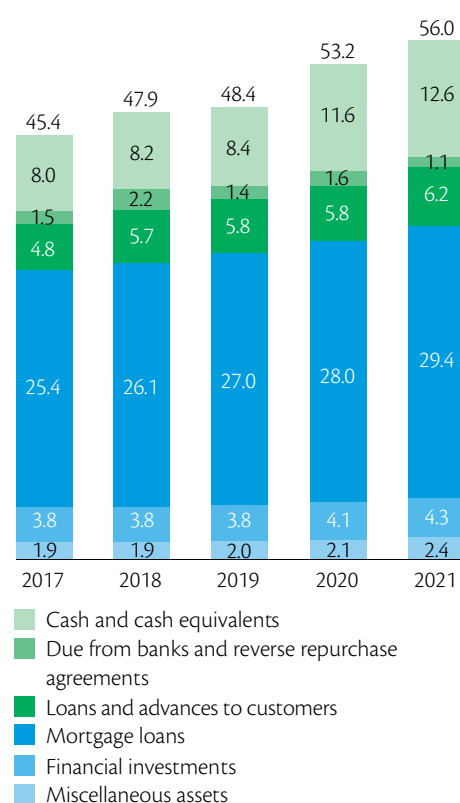
Amounts due from banks and reverse repurchase agreements were down 30% (–CHF 472m) to CHF 1.1bn.

Total loans outstanding were up 5% (+CHF 1.7bn) to CHF 35.6bn: mortgage lending grew 5% (+CHF 1.3bn) to CHF 29.4bn, while other loans were up 7% (+CHF 397m) to CHF 6.2bn.

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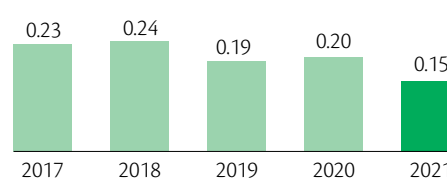
Assets

in CHF billions



Impaired loans

in CHF billions



Total impaired loans declined to CHF 151m. Impaired loans accounted for 0.4% of total lending, testifying to the quality and resilience of the Bank's loan book.

Continued rise in liabilities

2. Liabilities

Liabilities amounted to CHF 52.3bn at 31 December 2021, a year-on-year increase of 5% (+CHF 2.7bn).

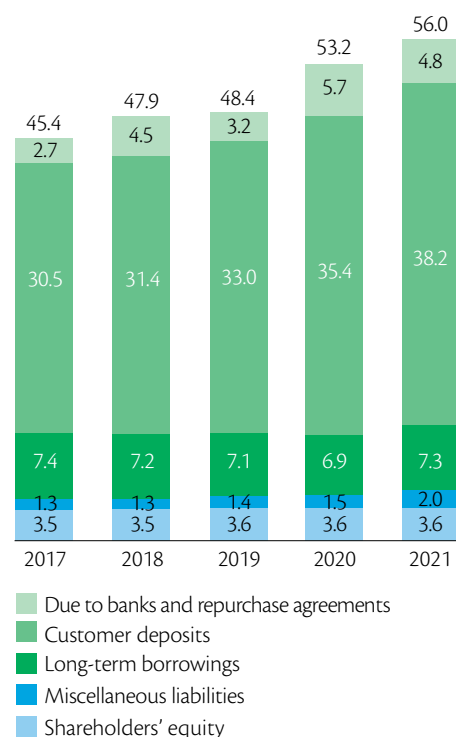
Amounts due to banks and repurchase agreements declined 16% (–CHF 892m) to CHF 4.8bn.

Customer deposits were up 8% (+CHF 2.8bn) to CHF 38.2bn.

Long-term borrowings rose 6% (+CHF 402m) to CHF 7.3bn.

Liabilities and shareholders' equity

in CHF billions



Solid financial position

3. Shareholders' equity

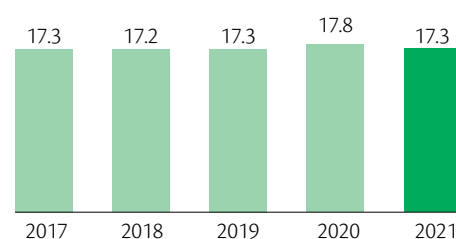
Total shareholders' equity increased CHF 69m to CHF 3.6bn. The allocation of CHF 379m in net profit for the year was offset by the payout of CHF 310m approved at the Annual Shareholders' Meeting in April 2021.

At year-end, the CET1 ratio was at a comfortable level of 17.2% and the total capital ratio was 17.3%. These ratios, calculated according to the Internal Ratings-Based (IRB) approach, attest to the Bank's financial solidity.

The leverage ratio stood at 5.6% at 31 December 2021, markedly above the regulatory requirement of 3%.

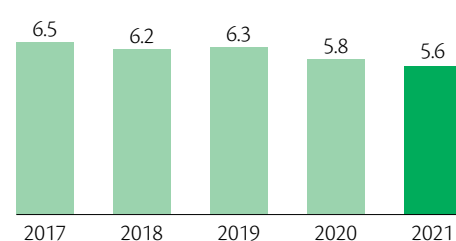
Capital ratio

total capital as a %



Leverage ratio

as a %

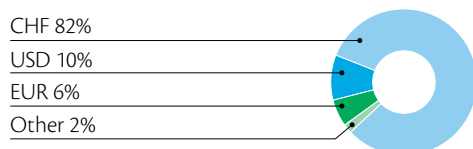


Continued new fund inflows

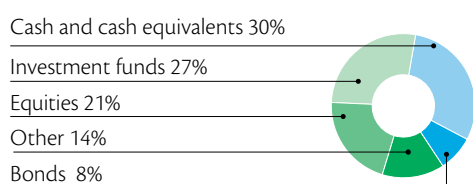
4. Assets under management

The Group's assets under management rose 9% to CHF 112.9bn. Net new money totaled CHF 5.7bn, comprising CHF 3.3bn from personal banking customers and Vaud SMEs as well as CHF 2.5bn from large-corporate and institutional clients.

Assets under management by currency



Assets under management by investment type



Rise in revenues

5. Revenues

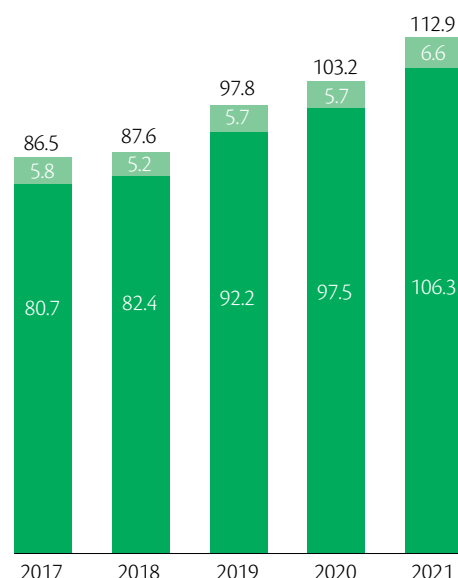
Total revenues were up 6% year on year to CHF 1.0bn.

The various revenue streams contributed as follows:

- Net interest income before loan impairment charges was steady at CHF 473m, with growth in lending helping to offset the downward pressure on the Bank's net interest margin resulting from the continued negative-interest-rate environment. Net interest income grew 1% to CHF 464m on lower loan impairment charges.

Assets under management

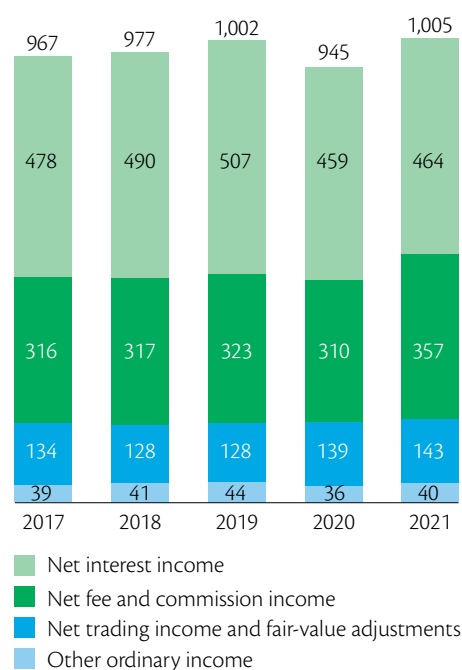
in CHF billions



■ Piguet Galland & Cie SA
■ Parent company, G rifonds, GEP

Revenues

in CHF millions

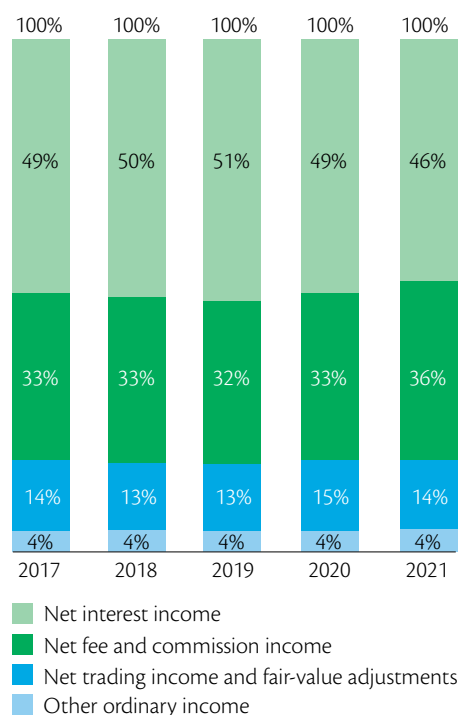


■ Net interest income
■ Net fee and commission income
■ Net trading income and fair-value adjustments
■ Other ordinary income

- Fee commission income increased 15% (+CHF 47m) to CHF 357m, driven mainly by higher fees and commissions on securities and investment transactions.
- Net trading income rose 3% (+CHF 4m) to CHF 143m.
- Other ordinary income was up 11% (+CHF 4m) to CHF 40m.

Revenues

breakdown as a %



Continued firm cost control

6. Operating expenses, depreciation, and amortization

Total operating expenses and depreciation and amortization rose 2% (+CHF 10m) to CHF 577m.

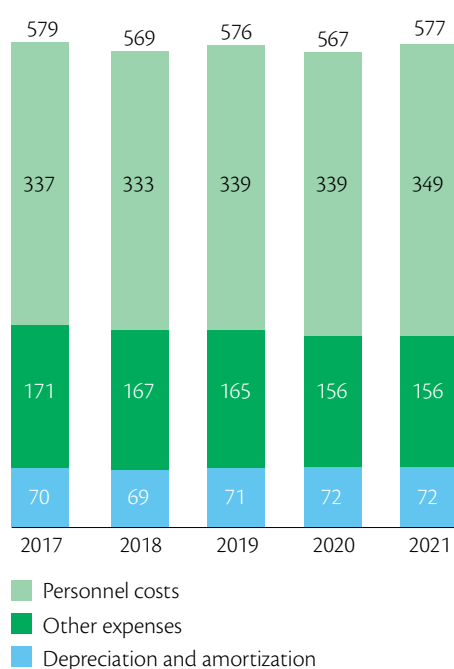
Personnel costs increased 3% (+CHF 10m) to CHF 349m, reflecting in part the insourcing of IT specialists. Other operating expenses were stable at CHF 156m.

Depreciation and amortization of fixed assets was flat at CHF 72m.

The cost/income ratio, which compares the sum of operating expenses, depreciation, and amortization (excluding goodwill amortization) with total income (excluding loan impairment charges/reversals), went from 58.7% to 56.7%.

Operating expenses, depreciation, and amortization

in CHF millions



Operating profit and net profit up

7. Operating profit

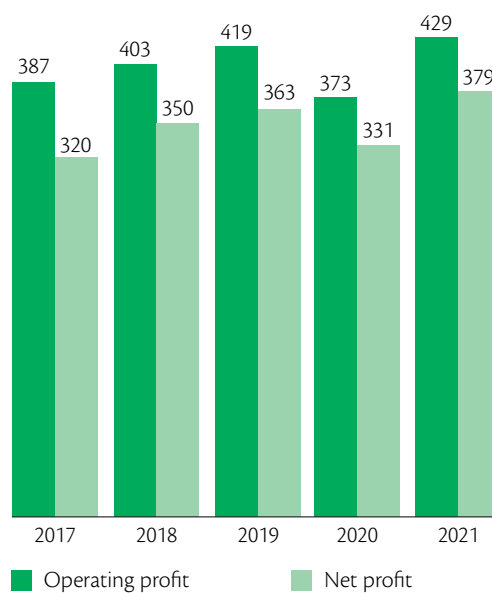
Operating profit was up 15% (+CHF 56m) to CHF 429m as a result of the rise in revenues and firm cost control.

8. Net profit

Net profit rose 14% (+CHF 48m) year on year, from CHF 331m to CHF 379m.

Operating and net profit

in CHF millions



Financial Statements

Consolidated Financial Statements

1. Balance sheet (in CHF millions)

	Notes	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	10.1	158	236	- 78	- 33
Loans and advances to customers	10.2	6 209	5 812	397	7
Mortgage loans	10.2	29 373	28 037	1 336	5
Trading portfolio assets	10.3	200	312	- 112	- 36
Positive mark-to-market values of derivative financial instruments	10.4	368	321	47	15
Other financial assets at fair value	10.3	1 212	886	327	37
Financial investments	10.5/10.7	4 287	4 084	203	5
Accrued income and prepaid expenses		67	87	- 20	- 23
Non-consolidated holdings	10.6/10.7	86	69	17	25
Tangible fixed assets	10.8	393	412	- 19	- 5
Intangible assets	10.9	0	2	- 2	- 100
Other assets	10.10	46	31	15	49
Assets	10.20/10.21/10.22/10.24	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	10.1	1 458	2 781	- 1 322	- 48
Customer deposits		38 195	35 424	2 771	8
Trading portfolio liabilities	10.3	2	1	0	33
Negative mark-to-market values of derivative financial instruments	10.4	273	329	- 55	- 17
Other financial liabilities at fair value	10.3/10.14	1 340	969	371	38
Medium-term notes		2	2	- 0	- 15
Bonds and mortgage-backed bonds	10.14/10.15	7 313	6 911	402	6
Accrued expenses and deferred income		139	145	- 5	- 4
Other liabilities	10.10	183	75	108	144
Provisions	10.16	24	27	- 3	- 12
Liabilities	10.20	52 308	49 612	2 696	5
Reserves for general banking risks	10.16	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	10.21/10.24	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 off-balance-sheet transactions (in CHF millions)	Notes	31 / 12 / 21	31 / 12 / 20	Change absolute	Change as %
Contingent liabilities	10.2/11.1	1 588	1 754	– 166	– 9
Irrevocable commitments	10.2	1 478	1 440	38	3
Commitments relating to calls on shares and other equity securities	10.2	243	178	65	37
Confirmed credits	10.2/11.2	39	46	– 7	– 16

2. Income statement (in CHF millions)

	Notes	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	12.1	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	12.2	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	12.3	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
Net trading income and fair-value adjustments	12.4	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		1 005.4	945.2	60.2	6
Personnel costs	12.5	- 349.3	- 339.2	10.2	3
Other operating expenses	12.6	- 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	12.7	- 72.0	- 72.1	- 0.1	- 0
Other provisions and losses	12.8	0.6	- 5.0	- 5.6	- 113
Operating profit	12.12	428.8	372.7	56.1	15
Extraordinary income	12.9	12.6	4.8	7.8	161
Extraordinary expenses	12.10	- 0.2	- 0.1	0.1	142
Taxes	12.11	- 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

3. Cash flow statement (in CHF millions)

			2021		2020	
	Notes	Source of funds	Use of funds	Net cash inflow / outflow	Source of funds	Use of funds
Net profit for the year		379			331	
Change in reserves for general banking risks						35
Depreciation and amortization of fixed assets and impairment on equity investments	12.7	72			72	
Provisions and other impairment charges/reversals	10.16	9	11		8	5
Loan impairment charges/reversals	10.16	30	22		34	19
Accrued income and prepaid expenses		20				1
Accrued expenses and deferred income			5			9
Extraordinary income: disposals of tangible fixed assets and equity holdings			12			4
Dividend for the previous year			310			310
Cash flow from operations		511	360	150	446	384
Distribution drawn from paid-in reserves						
Own shares		24	23		20	17
Change in scope of consolidation, minority interests, and currency translation differences						
Cash flow from equity transactions		24	23	1	20	17
Non-consolidated holdings	10.6	0	18			0
Real estate	10.8	15	3		10	1
Computer programs	10.8		44			44
Other tangible fixed assets	10.8	0	7			9
Intangible assets	10.9					
Cash flow from investments		15	71	-56	10	53
Cash flow from banking operations						
Due to banks						
Customer deposits			25		0	
Medium-term notes			0			1
Long-term borrowings	10.15	1853	1451		743	926
Other liabilities		77				15
Due from banks						
Loans and advances to customers		128				625
Mortgage loans			1336			1026
Financial investments			300		459	
Other receivables			15		5	
Medium- and long-term operations (over 1 year)		2058	3128	-1070	1207	2593
Due to banks		430			1244	
Repurchase agreements			1322		1279	
Customer deposits		2796			2376	
Trading portfolio liabilities		0				0
Negative mark-to-market values of derivative financial instruments			55		116	
Other financial liabilities at fair value		371			52	
Due from banks		396				165
Reverse repurchase agreements		78			3	
Loans and advances to customers			506		544	
Trading portfolio assets		112				35
Positive mark-to-market values of derivative financial instruments			47			48
Other financial assets at fair value			327			102
Financial investments		97				732
Short-term operations		4281	2257	2024	5613	1082
Cash and cash equivalents			1050	-1050		3166
Total		6889	6889	0	7296	7296

A net positive amount represents a cash inflow, while a net negative amount represents a cash outflow.

4. Statement of changes in equity (in CHF millions)

	Share capital	Capital reserve	Retained earnings	Reserves for general banking risks	Currency translation reserve	Own shares	Equity – minority interests	Net profit for the year	Total equity
Status at 1 January 2019	86	35	2 371	701	– 1	– 20	0	350	3 522
2018 dividend								– 301	– 301
Retained earnings			48					– 48	0
Purchases of own shares (at cost)						– 22			– 22
Disposals of own shares (at cost)						24			24
Gain on disposals of own shares and dividends		0							0
Effect of exchange-rate differences					– 0				– 0
Changes in scope and/or minority interests			– 0						– 0
Net profit for the year							0	363	363
Status at 31 December 2019	86	35	2 419	701	– 2	– 18	0	363	3 586
2019 dividend								– 310	– 310
Retained earnings			53					– 53	0
Purchases of own shares (at cost)						– 18			– 18
Disposals of own shares (at cost)						20			20
Gain on disposals of own shares and dividends		0							0
Effect of exchange-rate differences					– 0				– 0
Provisions for inherent credit risk				– 35					– 35
Changes in scope and/or minority interests			– 0						– 0
Net profit for the year							0	331	331
Status at 31 December 2020	86	36	2 472	666	– 2	– 15	0	331	3 574
2020 dividend								– 310	– 310
Retained earnings			21					– 21	0
Purchases of own shares (at cost)						– 23			– 23
Disposals of own shares (at cost)						24			24
Gain on disposals of own shares and dividends		0							0
Effect of exchange-rate differences					– 0				– 0
Changes in scope and/or minority interests			– 0						– 0
Net profit for the year							0	379	379
Status at 31 December 2021	86	36	2 493	666	– 2	– 15	0	379	3 644

5. Company name, operations, and headcount

5.1 Company name, legal status, and head office

Banque Cantonale Vaudoise (BCV) was founded on 19 December 1845 by the Vaud Cantonal Parliament as a *société anonyme de droit public* (i.e., a corporation organized under public law). Its legal status is defined in the Cantonal Act Governing the Organization of Banque Cantonale Vaudoise (LBCV) of 20 June 1995, and its head office is in Lausanne.

5.2 Overview of operations

BCV operates as a full-service bank with a community focus. Its corporate mandate is to contribute to the economic development of its home region, the Canton of Vaud.

It offers a full range of services in retail banking, wealth management, corporate banking, and trading. Along with its traditional areas of business (savings & loans and wealth management), BCV engages in large-corporate financing and selected trade-financing operations in commodities (primarily softs and metals). It offers a broad portfolio of financial-market services, including equity and derivatives trading and fixed-income instruments. The Bank is also active in foreign-exchange trading and in developing and issuing structured products.

BCV is the parent company of a banking and financial group, which encompasses a private bank and three fund management companies. The Bank also has a branch in Guernsey (Banque Cantonale Vaudoise Guernsey Branch), which is active in structured products.

5.3 Headcount

Full-time equivalents	31 / 12 / 21	31 / 12 / 20
Group	1 932	1 909
of which parent company	1 738	1 720

6. Accounting principles for the consolidated financial statements

6.1 Basis of preparation of consolidated financial statements

The consolidated financial statements of BCV Group have been prepared in accordance with the Swiss Federal Act of 8 November 1934 on Banks and Savings Institutions, the corresponding Ordinance of 30 April 2014, 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). The financial statements give a true and fair view of the assets, financial position, and results of BCV Group.

The consolidated financial statements are based on Group companies' full-year accounts, which are prepared in accordance with generally accepted accounting principles. The accounts are closed at 31 December of every year.

6.2 Scope of consolidation

Companies over which BCV has control and companies in which it has significant influence over their operations are fully consolidated. Significant influence is generally recognized by BCV when it makes a profit on and bears the risks of a company's operations.

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

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

6.3 Basis of consolidation

Equity is consolidated using the acquisition method. The acquisition cost of a holding is offset against the equity existing on the date on which control is transferred. Goodwill is carried on the balance sheet under “Intangible assets.”

6.4 Accounting and valuation principles

6.4.1 Cash and cash equivalents

Cash and cash equivalents comprise ordinary coins and banknotes and assets held with the Swiss National Bank; they are carried at nominal value.

6.4.2 Due from banks

Amounts due from banks are carried at nominal value less any impairment, as set out in note 7.2 under “Risk-assessment and risk-management principles.”

6.4.3 Reverse repurchase agreements

Receivables from cash collateral related to reverse repurchase agreements are carried at nominal value.

Reverse repurchase agreements are not recognized on the balance sheet unless the ownership rights pass to the Group.

6.4.4 Loans and advances to customers and Mortgage loans

Loans and advances to customers and Mortgage loans are carried at nominal value less any impairment, as set out in note 7.2 under “Risk-assessment and risk-management principles.”

6.4.5 Trading portfolio assets

Trading portfolio assets include positions in equity securities, debt securities, and precious metals and are held in order to take advantage of market-price fluctuations.

These positions are carried at fair value with reference to the prices quoted on the most representative market.

6.4.6 Positive mark-to-market values of derivative financial instruments

Derivative financial instruments recorded at the balance-sheet date are carried at fair value with reference to the prices quoted on the most representative market. For positions that are not traded on sufficiently liquid markets, fair value is determined using a valuation model. Any resulting positive mark-to-market values are recognized under this item.

Mark-to-market values relating to transactions with the same counterparty and hedged by a netting agreement are carried on the balance sheet at net value.

6.4.7 Other financial assets at fair value

Securities needed to hedge structured products issued by BCV and recorded as a liability are carried under this line item. These positions are carried at fair value with reference to the prices quoted on the most representative market. For positions that are not traded on sufficiently liquid markets, fair value is determined using a valuation model.

6.4.8 Financial investments

Financial investments include securities and precious metals acquired for medium- and long-term investment purposes, as well as equity securities held neither for trading nor as a long-term investment. Available-for-sale real estate acquired in connection with lending operations is also carried under this item.

Held-to-maturity interest-bearing securities are carried at cost, with premiums or discounts amortized over the remaining term of the instrument using the accrual method. Gains and losses arising from their sale or early redemption are recorded proportionally up to the initial maturity date of the securities. Any related loan impairment charges or reversals are recorded on the income statement under the corresponding line item.

Interest-bearing securities not intended to be held until maturity, as well as equity securities and available-for-sale real estate, are carried at the lower of cost or market value. As a general rule, impairment charges and reversals on these assets are recorded under “Miscellaneous ordinary expenses” or “Miscellaneous ordinary income.” Where impairment can be broken down into loan impairment and market-related impairment, loan impairment charges and reversals are recorded on the income statement under the corresponding line item.

6.4.9 Accrued income and prepaid expenses

This item mainly consists of accrued interest and other transitory assets.

6.4.10 Non-consolidated holdings

Non-consolidated holdings comprise equity securities that are held as a long-term investment, irrespective of voting rights. They also include the Group’s infrastructure-related holdings, particularly joint ventures. They are carried at cost less any impairment.

These holdings are reviewed for impairment at each balance-sheet date, based on whether there is an indication of a loss in value. If there is such an indication, the Group determines the realizable value of each asset.

The realizable value is the higher of the net fair value and the value in use. The asset is written down if its carrying value exceeds its realizable value. In this case, the carrying value is reduced to the realizable value and the difference is charged to the income statement under “Depreciation and amortization of fixed assets and impairment on equity investments.”

6.4.11 Tangible fixed assets

Tangible fixed assets are carried at cost. Software developed by the Bank for in-house use is carried at direct production cost, and the corresponding income is recorded under “Miscellaneous ordinary income.”

Tangible fixed assets are depreciated on a straight-line basis over their estimated useful lives within the following limits:

- fifty years for real estate
- ten years for technical facilities
- five years for machinery, furniture, and fittings
- five years for computer software and hardware.

Any depreciation recorded over an asset’s remaining estimated useful life or additional write-downs made subsequent to impairment reviews are charged to the income statement for the period, under “Depreciation and amortization of fixed assets and impairment on equity investments.”

These assets are reviewed annually for impairment. If there is a decline in value or a change in the useful life, the carrying value of the asset is written down and the written-down value is depreciated over the remaining estimated useful life of the asset.

6.4.12 Intangible assets

Goodwill is carried on the balance sheet and amortized on a straight-line basis over its estimated useful life, up to a maximum of ten years.

Goodwill is reviewed for impairment at each balance-sheet date, based on whether there is an indication of a loss in value. In this case, the carrying value is reduced to the realizable value and the difference is charged to the income statement under “Depreciation and amortization of fixed assets and impairment on equity investments.”

6.4.13 Other assets

This item mainly comprises coupons, indirect taxes to be recovered, and any positive offset account balances.

6.4.14 Due to banks

Amounts due to banks are carried at nominal value.

6.4.15 Repurchase agreements

Commitments from cash collateral related to repurchase agreements are carried at nominal value.

Repurchase agreements are carried on the balance sheet and valued in the same way as financial investments, provided that the Group continues to be the beneficial owner.

6.4.16 Customer deposits

This item comprises all amounts due to non-bank customers, carried at nominal value.

6.4.17 Trading portfolio liabilities

Trading portfolio liabilities result from short positions in debt and equity securities that are established in order to take advantage of market price fluctuations. They are carried at fair value with reference to the prices quoted on the most representative market.

Securities borrowed to establish short positions are not recorded on the balance sheet insofar as BCV Group does not take ownership of the attached rights.

6.4.18 Negative mark-to-market values of derivative financial instruments

Derivative financial instruments recorded at the balance-sheet date are carried at fair value with reference to the prices quoted on the most representative market. For positions that are not traded on sufficiently liquid markets, fair value is determined using a valuation model. Any resulting negative mark-to-market values are recognized under this line item.

Mark-to-market values relating to transactions with the same counterparty and hedged by a netting agreement are carried on the balance sheet at net value.

6.4.19 Other financial liabilities at fair value

This item includes structured products that are carried at fair value with reference to a quoted market price or a valuation model. These are mainly participation products (fractions of equity baskets) and yield-enhancement products issued via the deritrade® platform that the Bank has chosen to recognize at fair value. Subsequent revaluations are carried under "Net trading income and fair-value adjustments."

6.4.20 Medium-term notes

Medium-term notes issued by the Bank for a term of between two and eight years are carried at nominal value.

6.4.21 Bonds and mortgage-backed bonds

This item consists of borrowings from the Central Mortgage-Bond Institution of Swiss Cantonal Banks, as well as bonds issued by the Bank. They are carried at nominal value; any discount or premium is recorded under accrued or deferred items and amortized over the term of the instrument under "Interest expense."

This line item also includes yield-enhancement, participation, and capital-protection structured products that are issued by the Bank and whose host instrument and embedded derivatives are treated separately.

The host instrument is recorded under this line item at nominal value as a debt issued by the Bank. Embedded derivatives are carried as either positive or negative mark-to-market values. Subsequent variations are recognized under "Net trading income and fair-value adjustments."

Interest accrued in the interest-rate component is recorded under "Interest expense" using the accrual method.

Positions in bonds and structured products issued by BCV are deducted from this item.

6.4.22 Accrued expenses and deferred income

This item mainly consists of accrued interest, taxes due on Group companies' earnings and capital, and other transitory liabilities.

Direct tax is calculated in accordance with the matching principle and is recognized in the income statement under "Taxes."

6.4.23 Other liabilities

This item mainly comprises coupons, indirect taxes to be paid, and any negative offset account balances.

6.4.24 Provisions

This line item includes provisions necessary for business operations, provisions for hedging recognized and inherent risks of loss, credit-risk provisions for off-balance-sheet transactions, and provisions for deferred taxes.

Deferred taxes are calculated based on differences between tax values and book values. They are recognized in the income statement under "Taxes."

6.4.25 Reserves for general banking risks

To cover risks inherent in the banking business that are not already covered by specific provisions, the Group sets aside "Reserves for general banking risks." These reserves are part of shareholders' equity and are taxed or subject to a deferred tax (see note 10.16 below).

6.4.26 Share capital

This line item consists of the Bank's share capital.

6.4.27 Capital reserve

The capital reserve comprises additional paid-in capital obtained through the issue of equity securities and the exercise of conversion rights and options, along with gains and losses realized and dividends received on own shares.

6.4.28 Retained earnings

This line item represents capital accrued by the Group; it consists primarily of appropriated retained earnings and the effect of changes in the scope of consolidation.

6.4.29 Currency translation reserve

Exchange-rate differences resulting from the translation of Group company accounts denominated in foreign currencies are recorded under this line item and not through profit or loss.

6.4.30 Own shares

Own shares (i.e., registered shares of Banque Cantonale Vaudoise) are deducted from shareholders' equity at cost. Dividend payments and gains and losses on disposals are allocated directly to the capital reserve.

6.4.31 Contingent liabilities

Contingent liabilities mainly comprise commitments to secure credits, issued in the form of bills of exchange, surety bonds, and guarantees, including irrevocable letters of credit, endorsements of re-discounted bills, advance payment guarantees, and similar facilities, such as pledges in favor of third parties.

This type of liability is contingent if, when the transaction is entered into, the main debtor has no debt towards a third party but may incur such debt at a later date.

6.4.32 Irrevocable commitments

This line item includes commitments to grant loans and other services that are unused but firm and irrevocable at the balance-sheet date, together with payment commitments relative to depositor-protection schemes.

6.4.33 Commitments relating to calls on shares and other equity securities

This line item includes commitments relating to calls on shares and other equity securities.

6.4.34 Confirmed credits

Commitments arising from deferred payments, as well as from acceptances and other confirmed credits, are included under this line item.

6.4.35 Pension-fund liabilities

Pension-fund liabilities are understood to mean obligations arising under pension plans and pension funds which provide retirement, death, and disability benefits.

When preparing its year-end accounts, the Group determines, for each pension fund, whether there are any assets (benefits) or liabilities (obligations) other than the contribution benefits and related adjustments. This assessment is based on the financial situation of the pension funds as shown in their interim accounts at 30 September.

Any liabilities are carried on the balance sheet under "Provisions," while any economic benefit is carried under "Other assets." Any changes from the corresponding value in the previous financial year are recognized for each pension fund under "Personnel costs."

Adjusted contributions for the period are also carried under "Personnel costs."

An economic liability arises if the Group decides or is obliged to participate in the financing of an underfunded pension fund, while an economic benefit arises if there is a potential positive effect on future cash flows as a result of pension-fund overfunding. Moreover, in the case of overfunding, an economic benefit exists if there is a lawful intention to use the overfunding to reduce the employer's contributions, to refund the contributions to the employer by virtue of local legislation, or to use them for any economic purpose of the employer other than regulatory benefits.

6.5 Changes to accounting principles

No changes were made to the accounting principles in 2021.

6.6 Registration of business transactions

All transactions concluded up until the balance-sheet date are recorded on the date they are concluded and are valued according to the above accounting principles.

6.7 Foreign-currency translation

Transactions in foreign currencies during the year are translated at the exchange rates prevailing on the transaction date.

Assets and liabilities held in foreign currencies at the close of the financial year are translated into Swiss francs at the exchange rates prevailing on that date, provided that they are not valued at their historical rates.

Foreign-exchange gains and losses, including unrealized gains and losses on forward foreign-exchange contracts open at the balance-sheet date, are carried in the income statement. Balance-sheet items and off-balance-sheet transactions of foreign holdings are translated at year-end exchange rates set for the Group, with the exception of shareholders' equity invested in these holdings, which is translated at historical rates.

Income-statement items are translated at the average annual exchange rates set for the Group. Differences arising from the translation of shareholders' equity and the income statement are recorded directly in shareholders' equity.

Major currencies	2021		2020	
in CHF	Close	Average	Close	Average
Euro	1.0362	1.0795	1.0816	1.0718
US dollar	0.9112		0.8840	

6.8 Refinancing of trading positions

The cost of refinancing securities held in the trading portfolios is netted against interest and dividend income from these portfolios and recorded under “Net trading income and fair-value adjustments.”

6.9 Rounding

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.

7. Risk-assessment and risk-management principles

7.1 Introduction

The Board of Directors periodically analyzes the Bank's main risks. The analyses are based on the risk-management processes and methods in place, and contain a forward-looking evaluation of the risks to which BCV is exposed. In these analyses, the Board of Directors takes into account the Bank's existing control system for managing and mitigating risks.

BCV's risk-management objectives and approach are presented in the Risk Management chapter. This section explains in more detail the principles that the Bank applies in assessing risks.

7.2 Credit risk

7.2.1 Exposure to credit risk

Credit risk arises from the possibility that a counterparty might default on its financial obligations to the Bank. It corresponds to the default risk set out in FINMA-AO and includes settlement risk. All forms of credit commitments to bank and non-bank counterparties, whether on or off the balance sheet, represent a credit risk for the Bank.

The Bank distinguishes five types of exposure to credit risk:

- financial exposures, which are characterized by an outflow of funds
- off-balance-sheet commercial exposures, stemming from guarantees given by the Bank or obtained in respect of counterparties
- exposures resulting from derivatives contracts with positive mark-to-market values
- exposures resulting from repos/reverse repos and securities lending/borrowing transactions
- settlement exposures, which result from a time lag between when funds or securities are sent and when funds or securities are received in exchange.

Every position that entails credit risk is clearly assigned to one of these exposure categories. The Bank uses clearly defined methods for determining exposure levels by exposure category. Overall or specific limits are set for financial, off-balance-sheet commercial, and OTC derivatives exposures. Limits are likewise set for settlement exposures to bank counterparties. When positions are unwound through a simultaneous settlement system, such as CLS (Continuous Linked Settlement), settlement risk is not considered.

For trade-finance activities, credit risk is closely linked to country risk in emerging markets. In order to monitor this type of risk, the Bank analyzes and limits both its financial exposure (financial transfer risk) and non-financial exposure (risk that a physical transaction will not be unwound), particularly with respect to emerging markets.

7.2.2 Internal counterparty default ratings

The Bank considers a counterparty to be "in default" if one or more criteria are met (see definition of "in default" in note 7.2.5). Each counterparty is assigned a default rating based on clearly defined models. Each default rating is defined by an interval of default probabilities. Seven main ratings and 16 sub-ratings are used to classify counterparties according to their risk of default.

7.2.3 Loss given default and expected loss

Loss given default is the amount that the Bank stands to lose on a credit-risk exposure at the time that the counterparty defaults. Loss given default is determined for each credit-risk exposure by taking into account the credit limit and the coverage ratio, which is the value of the risk mitigants expressed as a percentage of the limit. For this purpose, collateral is taken at market value (see note 7.2.4).

For non-impaired credit-risk exposure (see note 7.2.5), the Bank estimates the amount that it expects to lose in a "normal" year (i.e., in the middle of the economic cycle). This amount is called the 12-month expected loss.

For credit-risk exposures not relating to trade finance and real-estate development, the expected loss is determined based on the probability of default (PD), reflected in the counterparty default rating, loss given default (LGD), and exposure at default (EAD). These three risk variables are

calculated using internal models, many of which have received FINMA approval to be used as Internal Ratings-Based (IRB) approaches for determining regulatory capital requirements (see note 7.2.8). LGD and EAD models are structurally identical to the internal models used to determine regulatory capital requirements but are calibrated through the cycle to produce a conservative estimate of the expected loss over the entire cycle.

For trade-finance and real-estate-development exposures, the expected loss is estimated for each transaction, using an approach based on Basel III slotting criteria.

7.2.4 Market value of collateral

The Bank measures collateral on the basis of its market value, provided a suitable market exists. Various valuation methods are used, depending on the characteristics of the collateral and the sources of information about it. Each item of collateral is clearly assigned to a valuation method.

More specifically, the market value for a real-estate asset is the estimated price at which the asset would be likely to change hands on the measurement date, between knowledgeable, willing parties in an arm's length transaction, after an appropriate marketing process.

Provided their value is below a set amount, single-family homes, condominium apartments, and income-generating real estate are valued using hedonic pricing models or capitalization pricing models in collaboration with experts. Other types of real estate and real estate with values above the set amount are valued by experts.

7.2.5 Impaired loans and off-balance-sheet exposures

A loan or off-balance-sheet exposure is impaired when the counterparty is unlikely to be able to meet its future credit obligations. The counterparty is then "in default" and all its debts to the Bank are considered "non-performing."

A counterparty is "in default" when it is more than 90 days past due 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.

7.2.6 Overdue-interest loans

A loan is considered to be an "overdue-interest" loan when at least one of the following three criteria is met:

- Advances and mortgage loans: interest and fees are more than 90 days past due.
- Current-account credits: the agreed credit limit has been exceeded owing to insufficient payments in respect of interest and fees for more than 90 days.
- The credit has been called in by the Bank.

"Overdue-interest" loans are in principle impaired.

7.2.7 Provisions for credit risk

The purpose of credit-risk provisions is to recognize, at the balance-sheet date, the expected loss on impaired and non-impaired credit-risk exposures.

Provisions for non-impaired credit-risk exposures are determined individually by counterparty and meet the requirement to set aside provisions for inherent credit risks (Articles 25 and 28 FINMA-AO). The aim is to ensure that the Bank's provisions for non-impaired loans cover the expected loss. For provisioning purposes, the expected loss is calculated differently depending on the level of credit risk.

Provisions for non-impaired credit-risk exposures that have not been identified as high-risk are determined based on the 12-month expected loss, as described in note 7.2.3. These provisions are set aside for all bank and client loans, with the exception of derivatives contracts and securities lending and borrowing transactions, which have a low expected loss. The base assumption is that the Bank's expected-loss models provide reliable estimates of future annual losses. This assumption is tested each year by the units responsible for developing models and checked by an independent validation unit. The internal models have been approved for use under the IRB approach to determine the regulatory capital requirements for a large part of the Bank's credit-risk exposure (see the Bank's Basel III Pillar 3 Report). They are calibrated using over ten years of past data (which includes periods of stress for the Bank).

Provisions for non-impaired credit-risk exposures that have been identified as high-risk are determined based on the expected loss at maturity. The probability of default for these exposures corresponds to the probability of default

at maturity. Heightened credit risks are identified for counterparties that are “reputed to be in financial difficulty” (RD). A counterparty is classified as RD when the criteria for “in default” are not met, but when the Bank considers there to be a high risk that part of its exposure to credit risk on the counterparty will not be recovered, or when a significant breach of 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 permanent exemption being granted.

Provisions for impaired credit-risk exposures, as defined in note 7.2.5, are determined individually by counterparty, pursuant to Article 24 FINMA-AO. The provision calculation takes into account total credit exposures to the counterparty on and off the balance sheet, the liquidation value of the collateral, market conditions, the quality of the counterparty’s management, and the counterparty’s ability and willingness to honor its commitments.

The liquidation value is the estimated net realizable value of the asset. It is calculated on the basis of the current market value of the asset, taking into account sell-by objectives, current market conditions, and selling costs (including any costs of holding the asset until sale and transaction-related costs).

As an exception, in the event of a major crisis, provisions for inherent credit risks can be used to cover impaired loans. A major crisis occurs when the new provisions for impaired exposures over a 12-month period are significantly higher (by a factor of two) than the expected loss on non-impaired exposures. However, once the crisis has ended, those provisions must be steadily built up again over a five-year period.

7.2.8 Regulatory capital requirements for credit risk

BCV has been applying the Foundation Internal Ratings-Based (FIRB) approach to determine the regulatory capital requirements for a large part of its credit-risk exposure since 2009, having obtained approval from FINMA in December 2008. The scope of this approach is detailed in the Bank’s Basel III Pillar 3 Report. The International Standardized Approach (SA-BIS) is used for the remaining credit-risk exposure.

7.3 Market risk on the trading book

Market risk arises from the possibility of losses on the Bank’s trading book as a result of changes in market parameters, in particular the price and price volatility of the underlying security. Trading positions are positions in equities, fixed-income instruments, currencies, and precious metals. Positions in underlying instruments are classified as “simple” positions, whereas positions in futures contracts, swaps, or options are classified as “derivative” positions.

Each trading position is valued at the price quoted on a reference market or on the basis of price information calculated using a valuation model that incorporates observable market parameters.

The Bank manages its market risk on the trading book by setting limits in terms of net portfolio value, value-at-risk (VaR), stress loss, and sensitivity measures (Greeks).

VaR is a statistical measure. It is calculated with a 99% confidence interval. For a given time horizon, VaR represents the distribution of results by showing the best result among the worst 1% of possible results. It is measured at the portfolio and sub-portfolio levels. It is calculated on the basis of complete revaluations of positions by subjecting them to past changes in the various market parameters. For trading positions, the liquidation horizon is one day. For the nostro (i.e., proprietary) portfolio managed by the Asset Management Department, the liquidation horizon is six months.

Stress-loss analyses are used to measure potential losses that are not taken into account by VaR analysis. Stress scenarios seek to model the most adverse possible movements in risk factors. Scenarios are determined for all trading positions taken together as well as for the various sub-portfolios.

For all trading positions, the Bank uses static-portfolio stress scenarios to model short-term stress. Six-month scenarios are used for the nostro portfolio managed by the Asset Management Department, analyzing cumulative results over that period.

Sensitivity measures are used to monitor local exposure to risks arising from trading positions (i.e., marginal variations in risk factors). For trading book portfolios, the main sensitivity

measures used are delta, gamma, vega, theta, and rho. The Bank determines its capital requirements for market risk using the Standardized Approach (SA-BIS).

7.4 Market risk on the banking book

The Bank assesses market risk on positions in the banking book by measuring interest-rate risk and liquidity risk.

7.4.1 Interest-rate risk on the banking book

Interest-rate risk on the banking book arises from mismatches between the size and terms (dates on which interest rates are fixed) of asset and liability positions. It is attributable to movements in the yield curve and changes in customer behavior. These variations directly affect the Bank's interest income and the economic value of its share capital. For variable-rate positions (adjustable-rate mortgages, traditional savings deposits with no fixed term, and sight deposits), models are used to reproduce as faithfully as possible the pace and magnitude of changes in customer interest rates according to the market rate.

The Bank monitors two measures of loss arising from interest-rate risk on the balance sheet:

- loss of interest margin, which is both an economic loss and an accounting loss
- loss of economic value of share capital, which by definition is not reflected in the accounts.

Every month, the Bank calculates various measures of interest-rate risk, which enable it to monitor the impacts on the interest margin and the economic value of share capital:

- Static indicators: to monitor the economic value of share capital, the Bank calculates the duration of share capital and the sensitivity of share capital to an interest-rate shock. To monitor the net interest margin, the Bank calculates interest-rate gaps by residual maturity.
- Dynamic indicators: every month, the Bank prepares scenarios regarding interest rates and business volumes, combined with various hedging strategies. These dynamic simulations take into account customer behavior with respect to interest rates in order to simulate the interest margin and potential losses in circumstances that lie between a probable scenario and a stress scenario. For each scenario, indicators showing the duration and value of share capital are calculated for several future dates to

measure the future exposure of share capital to interest-rate risk. These dynamic simulations are carried out for a three-year horizon.

7.4.2 Liquidity risk

Liquidity risk arises from the possibility that the Bank does not have the resources on hand to deal with the potential outflow of funds that could occur at any time in view of the liabilities that it holds and changes in its assets. This risk is determined by the pace of withdrawals, the concentration of liabilities, the Bank's ability to raise funds, and prevailing terms and conditions in the interbank and capital markets.

The Bank monitors its exposure to liquidity risk in the medium/long term, as well as in the short term, by preparing maturity schedules for on-balance-sheet exposures, by calculating balance-sheet ratios, and by modeling the future structure of its balance sheet using dynamic simulations. When conducting these simulations, the Bank also calculates regulatory ratios – i.e., the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR) – at different time horizons. These simulations enable the Bank to determine its long-term approach to funding, particularly as regards raising funds from the Central Mortgage-Bond Institution and on the bond market, as well as the size and composition of its liquidity reserve. The Bank also stress-tests its regulatory liquidity ratios.

7.5 Operational risk

Operational risk is inherent in the Bank's activities and arises from possible inadequacies or failures relating to processes, people, and information systems within or external to the Bank. Operational risk factors arise from:

- changes in legislation, regulations, and values – particularly in Swiss and other legal and regulatory frameworks that are applicable to BCV – and in the expectations of customers and other stakeholders, and public opinion of the Bank;
- erroneous or malicious behavior of employees, suppliers, bank counterparties, customers, or other parties external to the Bank;
- inadequacies of information systems, infrastructure, or the Bank's organization;
- natural hazards, including climate-related physical hazards, pandemics, and other natural phenomena (e.g., seismic, hydrological, and geological hazards).

The Bank monitors its exposure to operational-risk events using a classification with eight categories :

- non-compliance
- internal fraud
- external fraud
- incidents related to human resources, including workplace safety
- incidents linked to customer relations and commercial practices
- losses of operating resources
- failure of information systems
- incidents related to transaction and process management.

An operational-risk event that has occurred is booked directly as an outright loss. Provisions are recognized for the additional costs expected but not yet incurred. The Bank determines its regulatory capital requirements for operational risk according to the Standardized Approach (SA-BIS).

8. Use of hedge accounting

The Group uses derivatives as part of its asset- and liability-management strategy, primarily to hedge interest-rate risk. These transactions are recognized as macro and micro hedges, and net gains or losses after interest are recorded under “Interest and discount income” or “Interest expense.” Changes in the fair value of hedging instruments are recognized in the offset accounts under “Other assets” or “Other liabilities.”

Whenever derivatives are used for hedging purposes, records are kept of the transactions, the objectives and strategies of the Bank’s unit in charge of managing market risk on the balance sheet, and the system used to monitor the effectiveness of the hedge.

The hedging instruments used are almost exclusively interest-rate swaps (IRSs), in which the Bank may be either the payer or the receiver; the large majority of these IRSs is denominated in Swiss francs. Micro hedges are used mainly to hedge the Bank’s long-term borrowings (i.e., its own bond issues or issues made through the Central Mortgage-Bond Institution) and financial investments. Macro hedges are used mainly to hedge fixed-term mortgages.

Micro hedges are used to reduce the risk on a clearly defined underlying position. The hedges have the same nominal value and the same maturity as the hedged position, although a large underlying position may require several hedges.

Most macro hedges are used to hedge mortgage loans. The hedging instruments mature during the same month that the terms of the underlying mortgage loans end.

In order to prevent any over-hedged positions, the nominal value of the underlying positions must be 10% higher than that of the hedging instrument in order to take account of any depreciation, impairment, early redemption, or repayment. When entering into a hedging relationship, the Bank draws up documents stipulating the designation of the hedging instrument and the underlying transaction or group of transactions, together with their main features. The type of risk hedged and the system for assessing the effectiveness of the hedge are also provided.

As the Bank uses linear hedging, there is a very close economic relationship between the underlying positions and the hedging instruments. For mortgage loans, the main difference between the hedging instrument and the underlying position is the interest rate, as the rate on the mortgage loans includes the Bank's margin.

Hedges are tested for their effectiveness every quarter. The main aim of the test is to ensure that the nominal value of the underlying positions is still at or above the nominal value of the hedging instrument. A forward-looking assessment of the hedging relationship is also conducted by measuring how the economic value of the hedging instrument and the hedged positions would be affected by a 100bp rise or fall in interest rates. To qualify as a hedge, the change in the value of the hedging instrument must offset the change in value of the underlying positions by between 80% and 125%.

Given that linear hedging is used, the hedges are unlikely to be ineffective. In the event of an over-hedged position, the excess portion of the derivative financial instrument is treated as a trading portfolio asset and recorded under "Net trading income and fair-value adjustments."

9. Significant events and events taking place after the closing date

9.1 Significant events

As well as legal proceedings brought by the trustee of the Fairfield Sentry feeder fund against Banque Piguet & Cie SA (now Piguet Galland & Cie SA) and BCV in the USA in August 2010, the trustee for Bernard L. Madoff Investment Securities LLC (BLMIS) filed another claim in the USA on 6 June 2012 against BCV and other financial institutions in Switzerland and abroad for USD 9.7m with regard to investors that redeemed their shares in Madoff funds via BCV. The Madoff trustee is seeking to recover funds transferred by BLMIS to the Fairfield Sentry feeder fund from investors who had received refunds in the two years prior to BLMIS's bankruptcy. As both these legal actions overlap, there is no additional financial or legal risk. Consequently, and as stated in previous annual reports, no provision has been set aside except to cover BCV's defense costs.

9.2 Events taking place after the closing date

To the Group's knowledge, there was no event liable to have a material influence on the Group's financial statements as at 11 March 2022, when the writing of this annual report was completed.

10. Notes to the consolidated balance sheet

10.1 Repurchase and reverse repurchase agreements (in CHF millions)

	31 / 12 / 21	31 / 12 / 20
Book value of claims arising from cash collateral pledged in connection with securities borrowing or reverse repurchase agreements ¹⁾	158	236
Book value of liabilities arising from cash collateral received in connection with securities lending or repurchase agreements ¹⁾	1 458	2 781
Book value of securities held for own account, lent or transferred as collateral in connection with securities borrowing or repurchase agreements	1 442	2 756
<i>of which those that can be sold or repledged without restriction</i>	1 442	2 756
Fair value of securities received as collateral in connection with securities lending and those received in connection with securities borrowing and under reverse repurchase agreements, which can be sold or repledged without restriction	171	255
<i>of which securities repledged as collateral</i>	0	0
<i>of which sold securities</i>	0	0

¹⁾ Before netting agreements

10.2 Risk mitigants for loans and off-balance-sheet transactions

Impaired loans (in CHF millions)

		Type of risk mitigant			Total
		Mortgage	Other	Unsecured	
Loans and advances to customers		593	2 555	3 143	6 291
Mortgages		29 386			29 386
<i>Residential real estate</i>		23 662			23 662
<i>Office and business premises</i>		1 317			1 317
<i>Commercial and industrial property</i>		908			908
<i>Other</i>		3 499			3 499
Loans (before impairment charges/reversals)	31 / 12 / 21	29 979	2 555	3 143	35 677
	31 / 12 / 20	28 621	2 473	2 870	33 964
Loans (after impairment charges/reversals)	31 / 12 / 21	29 966	2 555	3 061	35 582
	31 / 12 / 20	28 607	2 473	2 769	33 849
Contingent liabilities		2	318	1 268	1 588
Irrevocable commitments		457	76	946	1 478
Commitments relating to calls on shares and other equity securities				243	243
Confirmed credits				39	39
Off-balance-sheet transactions	31 / 12 / 21	458	394	2 496	3 347
	31 / 12 / 20	382	480	2 556	3 418
		Gross receivables	Realization value of risk mitigants	Net receivables	Individual impairment charge/reversal
Impaired loans and off-balance-sheet commitments	31 / 12 / 21	151	-67	84	78
	31 / 12 / 20	204	-91	113	94
Change (absolute)		- 53	- 24	- 29	- 17
Change (as %)		- 26	- 26	- 25	- 18

10.3 Trading portfolio assets and liabilities

Other financial assets and liabilities at fair value (in CHF millions)

Assets	31 / 12 / 21	31 / 12 / 20
Debt securities	0	158
<i>of which listed</i>	0	158
Equity securities	4	4
Commodities and precious metals	196	151
Trading portfolio assets	200	312
Debt securities	48	76
Structured products	0	1
Other	1 164	809
Other financial assets at fair value	1 212	886
Total	1 412	1 198
<i>of which determined using a valuation model</i>	0	0
<i>of which securities eligible for repurchase agreements in accordance with liquidity regulations</i>	0	76

Liabilities	31 / 12 / 21	31 / 12 / 20
Debt securities	0	0
<i>of which listed</i>	0	0
Equity securities	2	1
Other trading portfolio liabilities	0	0
Trading portfolio liabilities	2	1
Debt securities	0	0
Structured products	1 340	969
Other financial liabilities at fair value	1 340	969
Total	1 342	970
<i>of which determined using a valuation model</i>	55	34

10.4 Derivative financial instruments (in CHF millions)

	Trading instruments			Hedging instruments			
	Positive mark-to-market value	Negative mark-to-market value	Value of underlying asset	Positive mark-to-market value	Negative mark-to-market value	Value of underlying asset	
Swaps	2	4	284	215	64	16 782	
Futures			113				
Options (OTC)	0		66				
Interest-rate instruments	2	4	463	215	64	16 782	
Forward contracts and swaps	444	502	45 924				
Options (OTC)	30	28	2 414				
Foreign currencies and precious metals	474	530	48 337	0	0	0	
Futures			2				
Options (OTC)	34	32	672				
Options (exchange traded)							
Equity securities and indices	34	32	674	0	0	0	
Futures			0				
Other	0	0	0	0	0	0	
Total	31 / 12 / 21	510	567	49 475	215	64	16 782
of which determined using a valuation model		64	61	–	–	–	–
	31 / 12 / 20	466	529	35 463	174	118	7 319
of which determined using a valuation model		94	81	–	–	–	–
			Positive mark-to-market value	Negative mark-to-market value		Value of underlying asset	
Breakdown							
Trading instruments			510	567		49 475	
Hedging instruments			215	64		16 782	
Total before netting agreements			31 / 12 / 21	726	631	66 257	
			31 / 12 / 20	639	647	42 782	
Total after netting agreements			31 / 12 / 21	368	273	66 257	
			31 / 12 / 20	321	329	42 782	
Change			absolute	47	– 55	23 475	
			as %	15	– 17	55	

Breakdown by counterparty

	Central clearing houses	Banks and securities dealers	Other clients
Positive mark-to-market value (after netting agreements)	164	153	52

10.5 Financial investments (in CHF millions)

	31 / 12 / 21		31 / 12 / 20	
	Book value	Fair value	Book value	Fair value
Debt securities	4 189	4 223	4 003	4 114
<i>of which securities intended to be held until maturity</i>	4 186	4 220	3 997	4 107
<i>of which securities available for sale</i>	3	3	6	7
Equity securities	28	84	28	75
<i>of which significant holdings (minimum of 10% of capital or voting rights)</i>	4	4	4	4
Available-for-sale real estate and goods acquired in connection with lending operations	69	72	53	57
Financial investments	4 287	4 379	4 084	4 246
<i>of which securities eligible for repurchase agreements in accordance with liquidity regulations</i>	4 170	–	3 983	–

Counterparty breakdown
by rating

	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Below B-	Not rated	Total
Book value of debt securities	4 011	6	10	1		161	4 189

The rating categories are based on Standard & Poor's ratings; they are used for the specific instruments to which the Bank has subscribed. If an instrument is not rated by Standard & Poor's, then a rating from another agency is used. Where there is no specific rating for a given instrument, the issuer's long-term rating is used, with the same order of rating agencies.

The Bank's unrated positions (that is, where neither the instrument nor the issuer has a rating) are in investment-grade debt securities issued by Swiss public-sector entities or by Switzerland's housing-construction bond issuer (EGW/CCL).

10.6 Non-consolidated holdings (in CHF millions)

	Cost	Accumulated impairment charges/ reversals	Book value at year-end	Changes in allocation or scope	Additions	Disposals	Impairment charges/ reversals	Book value at year-end	Market value
	2020							2021	2021
Holdings accounted for using the equity method	–		–					–	–
Other equity holdings	75	–6	69		18	–0	–0	86	1
<i>listed</i>	0	0	0	0				0	1
<i>unlisted</i>	75	–6	69	–0	18	–0	–0	86	
Non-consolidated holdings	75	–6	69	0	18	–0	–0	86	1

10.7 Companies in which the Group has a significant long-term direct or indirect holding

With the exception of the parent company, none of the Group companies is listed on a stock exchange.

Fully consolidated Group companies

Company name and headquarters	Main business	Capital in millions	31 / 12 / 21		
			% of share capital held as %	% of voting rights held as %	% of stake held directly / indirectly as %
Piguet Galland & Cie SA, Yverdon-les-Bains (Switzerland)	Private bank	CHF 24.4	99.7	99.7	99.7 / 0
Gérifonds SA, Lausanne	Fund management	CHF 2.9	100	100	100 / 0
Gérifonds (Luxembourg) SA, Luxembourg	Fund management	EUR 0.1	100	100	0 / 100
Société pour la gestion de placements collectifs GEP SA, Lausanne	Fund management	CHF 1.5	100	100	100 / 0

The scope of consolidation did not change relative to end-2020.

No companies are accounted for using the equity method.

Main non-consolidated holdings

Company name and headquarters	Main business	Capital in millions	31 / 12 / 21		
			% of share capital held as %	% of voting rights held as %	% of stake held directly / indirectly as %
Central Mortgage-Bond Institution of Swiss Cantonal Banks Ltd, Zurich <i>of which CHF 1.8 billion unpaid</i>	Central mortgage-bond institution	CHF 2 225.0	13.6	13.6	13.6 / 0
SIX Group Ltd, Zurich	Swiss stock exchange operator and provider of payment and other services	CHF 19.5	2.5	2.5	2.4 / 0.1
Société vaudoise pour le logement (SVL) SA, Crissier (Switzerland)	Property developer for low-income housing	CHF 2.0	45.0	45.0	45 / 0
Swiss Bankers Prepaid Services Ltd, Grosshöchstetten (Switzerland)	Development and sale of prepaid cards	CHF 10.0	3.2	3.2	3.2 / 0
TWINT Ltd, Zurich	Swiss mobile payment system	CHF 12.8	3.2	3.2	3.2 / 0
Viseca Holding Ltd, Zurich, formerly Aduno Holding Ltd, Zurich	Purchase, sale, and management of equity holdings	CHF 25.0	4.8	4.8	4.8 / 0

In 2021, BCV sold its 8.6% stake in NNH Holding.

As the Bank's holding in SVL is not material in terms of the consolidated financial statements, it is not included in the scope of consolidation. At end-2020, SVL had total assets of CHF 11m and equity of CHF 1m.

Main equity security positions held under “Financial investments”

Company name and headquarters	Main business		Capital in millions	31 / 12 / 21		
				% of share capital held as %	% of voting rights held as %	% of stake held directly /indirectly as %
Banque Cantonale du Jura SA, Porrentruy (Switzerland)	Bank	CHF	42.0	4.8	4.8	4.8 / 0
Romande Energie Holding SA, Morges (Switzerland)	Purchase, sale, and management of equity holdings in the energy sector	CHF	28.5	3.0	3.0	3.0 / 0

10.8 Tangible fixed assets (in CHF millions)

	Cost	Accumulated depreciation and write-offs	Book value at year-end	Changes in allocation or scope	Additions	Disposals	Depreciation and write-offs	Book value at year-end
	2020							2021
Group premises	416	– 194	222	12	3	– 0	– 10	227
Other real estate	157	– 77	81	– 13	0	– 3	– 3	62
Furniture and fixtures	37	– 20	18	0	3		– 5	16
Computer programs	151	– 67	84	– 0	44		– 48	80
Other tangible fixed assets	196	– 188	8	0	4	0	– 4	8
Tangible fixed assets	958	– 546	412	0	54	– 3	– 70	393

10.9 Intangible assets (in CHF millions)

	Cost	Accumulated amortization and impairment	Book value at year-end	Changes in allocation or scope	Additions	Disposals	Amortization and impairment	Book value at year-end
	2020							2021
Goodwill	47	– 45	2				– 2	0

10.10 Other assets and liabilities (in CHF millions)

	31 / 12 / 21		31 / 12 / 20	
	Other assets	Other liabilities	Other assets	Other liabilities
Offset accounts	0	148	0	53
Indirect taxes	33	6	18	7
Coupons/coupons and securities due	0	0	0	1
Settlement accounts	2	18	5	7
Miscellaneous assets and liabilities	12	9	8	8
Other assets and liabilities	46	183	31	75

10.11 Assets pledged or assigned as collateral for own liabilities, and assets with reservation of title (in CHF millions)

	31 / 12 / 21		31 / 12 / 20	
	Amount or book value of pledge	Real liability	Amount or book value of pledge	Real liability
Assets pledged or assigned to the Swiss National Bank	164		161	
Mortgages pledged or assigned to Central Mortgage-Bond Institution of Swiss Cantonal Banks	8 079	5 445	8 236	5 387
Other	441	433	347	339
Total assets pledged or assigned	8 684	5 878	8 744	5 726
Assets with reservation of title	0	0	0	0

10.12 Commitments relating to own occupational pension funds

BCV shares held by own occupational pension funds (in CHF millions)

	31 / 12 / 21	31 / 12 / 20
Customer deposits	241	248
Other liabilities	0	0
Total	241	248

BCV's own occupational pension funds held no BCV shares at 31 December 2021.

10.13 Economic situation of own occupational pension funds (in CHF millions)

There were no employer contribution reserves at end-2021 or end-2020.

Economic benefit/liability and pension expenses	Surplus / deficit	Economic benefit/liability			Contributions adjusted for the period	Pension expenses included in "Personnel costs"	
	31 / 12 / 21	31 / 12 / 21	31 / 12 / 20	Change	2021	2021	2020
Employer-financed pension funds:							
"Fonds de prévoyance en faveur du personnel de la BCV"	58.3	0	0	0	0.0	0.0	0.0
Pension funds with surpluses:							
"Caisse de pensions de la BCV" and "Fondation de prévoyance complémentaire en faveur de l'encadrement supérieur de la BCV"	115.6	0	0	0	38.7	38.7	37.4
Total¹	173.9	0	0	0	38.7	38.7	37.4

¹ Since the intention is not to apply the surpluses to reduce or refund the employer's contributions, or for the employer to use them for any economic purpose other than regulatory benefits, there is no identifiable economic benefit to be recognized on the balance sheet.

The surplus or deficit of a pension fund is based on its unaudited interim accounts at 30 September 2021.

Pension funds

BCV Group employees are members of the "Caisse de pensions de la Banque Cantonale Vaudoise" (CP BCV). Its purpose is to insure its members against the economic consequences of retirement, disability, and death by guaranteeing benefits in accordance with the terms of the pension-fund regulations. It is a provider of the compulsory insurance introduced under the Federal Act on Occupational Retirement, Survivors' and Disability Pension Plans (LPP) and provides coverage in excess of the minimum LPP requirements.

Senior executives insured with the CP BCV are also members of the "Fondation de prévoyance complémentaire de la Banque Cantonale Vaudoise," the purpose of which is to insure its members against the economic consequences of retirement, disability, and death by guaranteeing benefits in accordance with the terms of the pension-fund regulations.

The "Fonds de prévoyance en faveur du personnel de la BCV" is an employer-operated fund that assists BCV employees in dealing with the economic consequences of old age, disability, illness, and early retirement.

10.14 Issued structured products (in CHF millions)

Underlying risk of embedded derivative	Carrying value				Total
	Single treatment Recognized in trading portfolio liabilities	Recognized in other financial liabilities at fair value	Separate treatment Value of the host instrument	Value of the derivative	
Interest-rate instruments	–	0			0
Equity securities	–	1 285	760	– 25	2 020
Foreign currencies	–	49	4	0	53
Commodities and precious metals	–	6			6
Total	31 / 12 / 21	– 1 340	764	– 25	2 079
	31 / 12 / 20	– 969	703	– 34	1 639

All structured products issued by BCV comprise own debt securities.

Single accounting treatment

Participation structured products (representing a fraction of an equity basket) and yield-enhancement structured products issued via the deritrade® platform are each treated as a single position. They are recognized under “Other financial liabilities at fair value,” and their fair value is based on a quoted market price or a valuation model. Subsequent revaluations are recognized under “Net trading income and fair-value adjustments.”

Separate accounting treatment

Yield-enhancement, participation, and capital-protection products issued by the Bank (except for those issued via the deritrade platform) and containing an interest-rate component are each treated as two separate positions.

For these structured products, the host instrument and the embedded derivative(s) are treated separately. The host instrument is recorded under “Bonds” at nominal value as a debt issued by the Bank. Embedded derivatives are carried as either positive or negative mark-to-market values. Subsequent variations are recognized under “Net trading income and fair-value adjustments.”

Interest accrued in the interest-rate component is recorded under “Interest expense” using the accrual method.

10.15 Bonds and mortgage-backed bonds (in CHF millions)

	Rate	Year of issue	Nominal value	Maturity	Group-held	31 / 12 / 21 Amount outstanding	31 / 12 / 20
	1.625%	2011	125	30/11/2026	30	95	
	1.500%	2014	135	28/03/2024	0	135	
	0.500%	2016	150	13/12/2028	0	150	
	0.400%	2016	150	07/04/2031	0	150	
	0.500%	2017	150	12/07/2029	0	150	
	0.250%	2017	150	28/11/2025	0	150	
	0.400%	2021	150	05/05/2036	0	150	
	0.200%	2021	125	22/12/2033	0	125	
Bond issues by BCV Lausanne¹			1 135		30	1 105	821
<i>of which subordinated bonds</i>			0		0	0	0
Structured products issued by BCV Lausanne or the Guernesey branch (value of the host instrument)						764	703
Central Mortgage-Bond Institution of Swiss Cantonal Banks						5 445	5 387
Bonds and mortgage-backed bonds						7 313	6 911

¹ None of these issues can be called in for redemption before the maturity date.

Long-term borrowings by maturity

	2022	2023	2024	2025	2026	2027–2039	31 / 12 / 21 Total	Average rate
Bond issues			135	150	95	725	1 105	0.6%
Structured products	385	273	87	7	10	2	764	–0.5%
Central Mortgage-Bond Institution of Swiss Cantonal Banks	189	425	434	338	515	3 544	5 445	1.0%
Total	574	698	656	495	620	4 271	7 313	

	Status at year-end 2020	New issues	Redemptions	Net change in own securities	Status at year-end 2021
Bond issues	821	275		9	1 105
Structured products	703	997	– 977	41	764
Central Mortgage-Bond Institution of Swiss Cantonal Banks	5 387	532	– 474		5 445
Total	6 911	1 804	– 1 451	50	7 313

10.16 Provisions

Reserves for general banking risks (in CHF millions)

	Status at year-end	Used as allocated	Changes in scope of consolidation	Currency translation differences	Recoveries, overdue interest	New provisions charged to income statement	Releases credited to income statement	Status at year-end
	2020							2021
Provisions for deferred taxes	1					0	– 0	1
Provisions for credit risk	20				0	7	– 8	19
<i>of which provisions under Art.28.1 FINMA-AO</i>	6				0	3	– 1	9
<i>of which provisions for inherent credit risk</i>	13				0	4	– 7	11
<i>of which provisions for latent credit risk</i>	0							0
Other provisions	6	– 2		0	0	2	– 3	3
Total provisions	27	– 2	0	0	0	9	– 11	24
Reserves for general banking risks¹	666							666
Provisions for credit risk and country risk	118	– 38			9	30	– 22	97
<i>of which provisions for impaired loans</i>	88	– 38			8	19	– 9	69
<i>of which provisions for inherent credit risk</i>	30				0	11	– 13	29
<i>of which provisions for latent risks</i>	0							0

¹ Reserves for general banking risks are taxable.

10.17 Stock options and shares granted to members of the Board of Directors, Executive Board members and other employees

Employee share-ownership plans

	Shares (in units)	2021 Value (in CHF)	Shares (in units)	2020 Value (in CHF)
Members of the Board of Directors	0	0	0	0
Executive Board members	32 985	2 120 233	26 884	1 905 992
Other employees	253 084	10 476 018	171 584	8 506 475
Total	286 069	12 596 251	198 468	10 412 467

No stock options have been granted to members of the Board of Directors, Executive Board members, or other employees.

Employee share ownership

Annual performance-based compensation

For Executive Board members and department heads, 30% of their annual performance-based compensation must be taken in BCV shares with a lock-up period of five to ten years.

Other employees receiving annual performance-based compensation of CHF 21,000 or more may opt for full payment in cash, or 70% in cash and 30% in BCV shares with a lock-up period of three years. In the latter case, BCV increases the portion of shares by 30%.

Executive Board members are allocated their shares subject to approval at the Shareholders' Meeting. The number of shares allocated will be calculated based on the closing market price on 16 May 2022, rounded up to the nearest whole number.

Other employees will receive their shares at the end of April 2022. The number of shares allocated will be calculated based on the closing market price on 17 March 2022, rounded up to the nearest whole number. These employees have until 30 March 2022 to decide on the proportion they wish to receive in the form of shares. As their decision was not known at the time this report was published, the number of shares taken into account in the above table corresponds to the maximum possible number of shares.

The market prices used to calculate the number of shares will be those on 17 March 2022 and 16 May 2022, so they were not known at the time of writing. As a result, the maximum possible number of shares was calculated based on the closing market price on 11 March 2022, the date of the Board of Directors' final decision on this compensation.

Share-ownership plan

The Executive Board and other Group employees, with the exception of employees of Piguët Galland & Cie SA, were given the opportunity to subscribe to the share-ownership plan in April 2021 on the following terms:

- The number of shares that may be purchased is determined by the level of responsibility inherent in the employee's position.
- The subscription period ran from 11–23 March 2021.
- The subscription price was set at CHF 79 per share, and the market price used was CHF 94.90 (closing price on 11 March, the first day of the subscription period).

The amounts (number of shares and value) shown in the table above correspond to the number of shares subscribed multiplied by CHF 15.90, which is the difference between the market price of CHF 94.90 and the subscription price of CHF 79.

Long-term performance-based compensation

At the beginning of each three-year share-ownership plan, participants are informed of the number of shares that will be allocated if all objectives are met in full. At the end of each plan, the Bank informs participants of the extent to which objectives have been met based on the Bank's financial results and strategic and qualitative performance. The number of shares initially allocated is multiplied by the level of attainment of the objectives in order to determine the number of shares allocated to each participant.

The amounts taken into account in the table on the previous page correspond to the expense recorded in 2021 for the various plans in progress.

Free shares

The Bank awards 20 BCV shares to apprentices, high school graduate trainees, and university interns who join the Bank after their training.

The number allocated and their value, based on the market price on the last business day of the month before the shares are awarded, are also shown in the table.

10.18 Receivables and commitments with respect to related parties (in CHF millions)

	31 / 12 / 21		31 / 12 / 20	
	Receivable	Commitment	Receivable	Commitment
Significant shareholder	6	3 971	8	3 859
Affiliated companies	204	294	206	245
Governing bodies	35	14	37	13

Corporations organized under public law in Vaud Canton and public-private entities in which Vaud Canton has a qualified holding are considered affiliated companies. Transactions with members of the Board of Directors were

conducted on market terms. Receivables and commitments with respect to Executive Board members were granted on the standard terms for BCV employees. Transactions with related parties were conducted on market terms.

10.19 Own shares

Number of shares (in units)	Average transaction price	Total	Own shares
Status at 1 January 2021		86 061 900	199 012
<i>of which shares reserved for long-term performance-based compensation</i>			116 600
Purchases	92		252 125
Sales	91		– 258 775
Status at 31 December 2021		86 061 900	192 362
<i>of which shares reserved for long-term performance-based compensation</i>			105 850

Own shares were traded at market prices. The proceeds of the sale of own shares were recognized under “Capital reserve.”

10.20 Maturity structure of financial instruments (in CHF millions)

	Sight	Callable	Maturity					Fixed assets	Total
			up to 3 months	3 to 12 months	12 months to 5 years	over 5 years			
Cash and cash equivalents	12 600								12 600
Due from banks	585		300	67					952
Reverse repurchase agreements		158							158
Loans and advances to customers	91	1 528	1 692	516	707	1 676			6 209
Mortgage loans	724	335	3 010	2 944	12 125	10 235			29 373
Trading portfolio assets	200								200
Positive mark-to-market values of derivative financial instruments	368								368
Other financial assets at fair value	1 212								1 212
Financial investments	863		142	363	1 383	1 467	69		4 287
Current assets	31 / 12 / 21	16 643	2 021	5 144	3 890	14 215	13 377	69	55 359
	31 / 12 / 20	15 818	1 758	4 675	3 985	15 473	10 824	53	52 585
Due to banks	920	509	1 788	161					3 378
Repurchase agreements			1 338	120					1 458
Customer deposits	20 175	15 306	1 793	882	20	20			38 195
Trading portfolio liabilities	2								2
Negative mark-to-market values of derivative financial instruments	273								273
Other financial liabilities at fair value	1 340								1 340
Medium-term notes			0	1					2
Bonds and mortgage-backed bonds			157	418	2 468	4 271			7 313
Borrowed funds	31 / 12 / 21	22 709	15 815	5 076	1 582	2 488	4 291		51 961
	31 / 12 / 20	20 633	15 434	5 512	1 775	1 922	4 090		49 365

10.21 Breakdown of assets and liabilities by Swiss and foreign domicile (in CHF millions)

	31 / 12 / 21		31 / 12 / 20	
	Swiss	Foreign	Swiss	Foreign
Cash and cash equivalents	12 600		11 550	
Due from banks	318	634	779	568
Reverse repurchase agreements		158	35	201
Loans and advances to customers	5 659	550	5 306	506
Mortgage loans	29 373		28 037	
Trading portfolio assets	200		292	21
Positive mark-to-market values of derivative financial instruments	130	238	159	162
Other financial assets at fair value	323	889	247	638
Financial investments	3 096	1 190	2 829	1 255
Accrued income and prepaid expenses	66	0	84	2
Non-consolidated holdings	86	1	69	1
Tangible fixed assets	393	0	412	0
Intangible assets			2	
Other assets	44	3	31	0
Assets	52 288	3 664	49 832	3 354
Total as %	93	7	94	6
Due to banks	1 608	1 770	1 329	1 619
Repurchase agreements	1 458		2 566	214
Customer deposits	35 335	2 860	32 945	2 479
Trading portfolio liabilities	2		1	
Negative mark-to-market values of derivative financial instruments	146	127	110	219
Other financial liabilities at fair value	1 242	98	849	121
Medium-term notes	2		2	
Bonds and mortgage-backed bonds	7 218	95	6 744	167
Accrued expenses and deferred income	139	1	143	2
Other liabilities	181	2	74	1
Provisions	24		27	
Reserves for general banking risks	666		666	
Share capital	86		86	
Capital reserve	36		36	
Retained earnings	2 493		2 472	
Currency translation reserve	- 2		- 2	
Own shares	- 15		- 15	
Minority interests in equity	0		0	
Net profit	379		331	
Total liabilities and shareholders' equity	50 998	4 954	48 364	4 822
Total as %	91	9	91	9

10.22 Breakdown of assets by country/country group based on domicile (in CHF millions)

	31 / 12 / 21		31 / 12 / 20	
	Absolute value	as % of total	Absolute value	as % of total
Europe	2 687	5	2 568	5
<i>France</i>	688	1	694	1
<i>Germany</i>	603	1	471	1
<i>United Kingdom</i>	375	1	390	1
<i>Luxembourg</i>	361	1	332	1
<i>Netherlands</i>	137	0	195	0
<i>Ireland</i>	85	0	46	0
<i>Austria</i>	81	0	88	0
<i>Other</i>	357	1	353	1
Asia	388	1	280	1
Latin America, the Caribbean	96	0	117	0
United States, Canada	303	1	249	0
Other	189	0	140	0
Foreign assets	3 664	7	3 354	6
Switzerland	52 288	93	49 832	94
Assets	55 952	100	53 186	100

10.23 Breakdown of assets by solvency of the country group in which the risk is domiciled (in CHF millions)

Internal country rating	Standard & Poor's rating	31 / 12 / 21		31 / 12 / 20	
		Absolute value	as % of total	Absolute value	as % of total
1 & 2	AAA to AA-	3 181	86	2 998	87
3	A+ to A-	168	5	141	4
4	BBB+ to BBB-	66	2	39	1
5	BB+ to BB-	30	1	47	1
6	B+ to B-	206	6	164	5
7	CCC+ to C	10	0	10	0
Not rated	Not rated	39	1	39	1
Foreign exposure		3 701	100	3 437	100

10.24 Breakdown of assets and liabilities by currency (in CHF millions)

	CHF	EUR	USD	Other	Total	
Cash and cash equivalents	12 569	27	2	2	12 600	
Due from banks	10	253	345	344	952	
Reverse repurchase agreements		104	55		158	
Loans and advances to customers	4 673	378	1 126	32	6 209	
Mortgage loans	29 354	18			29 373	
Trading portfolio assets	4			196	200	
Positive mark-to-market values of derivative financial instruments	357	– 5	16	0	368	
Other financial assets at fair value	326	248	471	168	1 212	
Financial investments	3 498	789	0	0	4 287	
Accrued income and prepaid expenses	59	7	0	0	67	
Non-consolidated holdings	86		1		86	
Tangible fixed assets	393	0			393	
Intangible assets					0	
Other assets	42	2	1	1	46	
Positions carried as assets	51 372	1 819	2 017	743	55 952	
Delivery claims arising from spot and forward transactions and options	14 145	14 102	18 942	3 101	50 290	
Assets	31 / 12 / 21	65 517	15 921	20 959	3 844	106 241
	31 / 12 / 20	59 259	10 350	15 819	3 826	89 254
Due to banks	1 787	169	1 100	322	3 378	
Repurchase agreements	250	223	788	197	1 458	
Customer deposits	32 461	2 615	2 567	552	38 195	
Trading portfolio liabilities	2				2	
Negative mark-to-market values of derivative financial instruments	245	13	15	0	273	
Other financial liabilities at fair value	704	258	370	8	1 340	
Medium-term notes	2				2	
Bonds and mortgage-backed bonds	7 223	49	41	1	7 313	
Accrued expenses and deferred income	136	2	2	0	139	
Other liabilities	117	23	40	4	183	
Provisions	12	1	11	0	24	
Reserves for general banking risks	666				666	
Share capital	86				86	
Capital reserve	36				36	
Retained earnings	2 493				2 493	
Currency translation reserve	– 2				– 2	
Own shares	– 15				– 15	
Minority interests in equity	0				0	
Net profit	379				379	
Positions carried as liabilities	46 580	3 352	4 935	1 085	55 952	
Delivery commitments arising from spot and forward transactions and options	19 039	12 700	15 976	2 634	50 348	
Total liabilities and shareholders' equity	31 / 12 / 21	65 619	16 052	20 910	3 719	106 300
	31 / 12 / 20	58 921	10 595	16 080	3 714	89 311
Net position by currency	31 / 12 / 21	– 102	– 131	49	126	– 59
	31 / 12 / 20	338	– 245	– 262	112	– 57

11. Notes to off-balance-sheet transactions

11.1 Contingent liabilities

Contingent receivables (in CHF millions)

	31 / 12 / 21	31 / 12 / 20	Change absolute	Change as %
Irrevocable and similar guarantees	1 025	1 229	– 204	– 17
Other guarantees	563	525	38	7
Contingent liabilities	1 588	1 754	– 166	– 9
Contingent receivables	0	0	0	0

11.2 Confirmed credits (in CHF millions)

	31 / 12 / 21	31 / 12 / 20	Change absolute	Change as %
Commitments arising from deferred payments	39	46	– 7	– 16

11.3 Fiduciary transactions (in CHF millions)

	31 / 12 / 21	31 / 12 / 20	Change absolute	Change as %
Fiduciary investments with third parties	300	360	– 60	– 17
Fiduciary loans	0	0	0	n/a
Fiduciary transactions	300	360	– 60	– 17

11.4 Assets under management (in CHF millions)

Breakdown	31 / 12 / 21	31 / 12 / 20	Change absolute	Change as %
Assets held by collective investment vehicles under own management	32 257	26 969	5 288	20
Assets under discretionary management agreements	20 193	18 229	1 964	11
Other assets under management	60 437	57 961	2 476	4
Total assets under management (incl. double-counted)	112 887	103 159	9 728	9
<i>of which double-counted</i>	<i>12 353</i>	<i>10 671</i>	<i>1 682</i>	<i>16</i>

Change	31 / 12 / 21	31 / 12 / 20	Change absolute	Change as %
Initial total assets under management (incl. double-counted)	103 159	97 840	5 319	5
Net fund inflows/outflows	5 733	4 489	1 244	28
Changes in prices, interest, dividends, and exchange rates	3 995	2 086	1 909	92
Other changes ¹⁾	0	– 1 256	1 256	– 100
Final total assets under management (incl. double-counted)	112 887	103 159	9 728	9

¹⁾ Transfer of Swisscanto assets following the 2015 sale of BCV's stake in Swisscanto to ZKB

Assets under management

All customer assets held or managed for investment purposes are included under "Assets under management." As defined in the new Swiss accounting rules for banks, assets under management mainly comprise customer deposits in the form of savings and investments and term accounts, together with fiduciary investments and all duly valued assets in custody accounts. Assets held for investment purposes by institutional investors, companies, and individual customers, along with investment fund assets, are included unless they are custody-only assets for which the Group provides only safekeeping and corporate-action services. Deposits for which additional services are provided (such as investment management, advice, and fund administration) also come under "Assets under management."

Net new money

Net new money, which is determined in accordance with the same scope as assets under management, is the sum of inflows from new customers, outflows from departing customers, and movements in the assets of existing customers during the financial year. Changes in assets under management resulting from price fluctuations, exchange-rate movements, interest and dividend payments, and commissions and fees are not part of the net new money calculation. Nor does it include changes in assets under management resulting from the acquisition, disposal, or closure of companies or complete business lines.

12. Notes to the consolidated income statement

12.1 Net interest income before loan impairment charges/reversals

Refinancing of trading positions and negative interest (in CHF millions)

	2021	2020	Change absolute	Change as %
Banks and reverse repurchase agreements	-6.5	-3.2	-3.3	-102
Customers	482.8	510.1	-27.3	-5
Interest and dividends on financial investments	18.0	22.6	-4.6	-20
Other interest income	4.3	4.3	-0.0	-1
Total interest income	498.5	533.8	-35.3	-7
Banks and repurchase agreements	-4.2	2.3	-6.5	-285
Customers	-41.1	-20.4	-20.7	-102
Medium-term notes and bonds	54.7	59.5	-4.8	-8
Other interest expense	16.5	18.0	-1.4	-8
Total interest expense	26.0	59.4	-33.4	-56
Net interest income before loan impairment charges/reversals	472.6	474.4	-1.9	-0

Interest income totaled CHF 498.5m and included the deduction of CHF 7.8m in negative interest paid by the Bank in 2021, compared with CHF 5.5m in 2020. Negative interest was paid primarily on transactions with banks and reverse repurchase agreements (i.e., deposits held with the Swiss National Bank and interbank positions).

Interest expense totaled CHF 26m and included the deduction of CHF 63.7m in negative interest earned by the Bank in 2021, compared with CHF 45.5m in 2020. Negative interest was earned on transactions and repurchase agreements, customer deposits, and transactions related to debt issuance (i.e., structured product issuance).

12.2 Fees and commissions on securities and investment transactions (in CHF millions)

	2021	2020	Change absolute	Change as %
Securities administration	48.0	42.0	6.1	14
Brokerage	40.6	36.5	4.1	11
Income from new issues	13.3	8.8	4.5	51
Management fees	73.3	61.5	11.9	19
Investment-fund operations	133.1	113.7	19.4	17
Other	3.7	4.1	-0.3	-8
Total	312.1	266.6	45.5	17

12.3 Fees and commissions on other services (in CHF millions)

	2021	2020	Change absolute	Change as %
Payment cards, ATMs, transfers, and checks	19.1	16.7	2.4	14
Administrative services for institutional clients, and statements	18.7	18.2	0.5	3
Account management fees	19.4	18.6	0.8	4
Document collection fees and bancassurance	5.0	4.8	0.2	4
Safe rentals, numbered accounts, and mail holding services	5.6	4.7	0.9	20
Total	67.8	63.0	4.8	8

12.4 Net trading income and fair-value adjustments (in CHF millions)

	2021	2020	Change absolute	Change as %
Breakdown by business sector				
Retail Banking	17.1	14.4	2.7	19
Corporate Banking	9.9	9.2	0.7	7
Wealth Management	19.2	18.9	0.3	2
Trading	55.5	50.0	5.6	11
Corporate Center	41.5	46.7	- 5.2	- 11
Total	143.2	139.2	4.0	3
Trading income and fair-value adjustments				
Fixed-income instruments (including funds)	0.8	1.3	- 0.5	- 40
Equity securities (including funds)	37.4	20.4	17.1	84
Currencies and precious metals	117.5	124.9	- 7.4	- 6
Total trading income and fair-value adjustments	155.7	146.5	9.1	6
<i>of which fair-value adjustments</i>	<i>35.7</i>	<i>20.0</i>	<i>15.7</i>	<i>79</i>
<i>of which fair-value adjustments on assets</i>	<i>189.5</i>	<i>162.3</i>	<i>27.2</i>	<i>17</i>
<i>of which fair-value adjustments on liabilities</i>	<i>- 153.8</i>	<i>- 142.3</i>	<i>11.5</i>	<i>8</i>
Trading fee expense	- 12.5	- 7.4	5.1	69
Net trading income and fair-value adjustments	143.2	139.2	4.0	3

12.5 Personnel costs (in CHF millions)

	2021	2020	Change absolute	Change as %
Fixed and variable compensation	265.2	259.5	5.7	2
<i>of which charges related to share-based compensation and other variable compensation (including the portion paid in cash)</i>	<i>39.5</i>	<i>36.3</i>	<i>3.2</i>	<i>9</i>
Employee benefits	30.4	27.1	3.3	12
Contributions to staff pension funds	38.7	37.4	1.3	4
Other personnel expenses	15.1	15.2	- 0.2	- 1
Total	349.3	339.2	10.2	3

12.6 Other operating expenses (in CHF millions)

	2021	2020	Change absolute	Change as %
Premises	22.2	23.1	- 0.9	- 4
IT	69.7	69.5	0.1	0
Machinery, furniture, vehicles, etc.	2.5	2.6	- 0.1	- 3
Office supplies	1.0	1.3	- 0.2	- 19
Telecommunications and shipping	6.5	6.1	0.3	6
Marketing and communications, gifts, and subscriptions	13.7	14.2	- 0.5	- 4
Financial information	14.3	14.4	- 0.1	- 0
Auditor fees	2.3	2.4	- 0.1	- 3
<i>of which for financial and prudential audits</i>	<i>2.1</i>	<i>2.2</i>	<i>- 0.1</i>	<i>- 5</i>
<i>of which for other services</i>	<i>0.2</i>	<i>0.2</i>	<i>0.0</i>	<i>22</i>
Other professional fees	5.1	4.5	0.6	13
Payment transactions	10.7	10.6	0.1	1
Issuing fees	1.4	0.8	0.6	73
Miscellaneous operating expenses	6.4	6.7	- 0.3	- 5
<i>of which charges for the guarantee by the Canton of Vaud¹</i>	<i>0.3</i>	<i>0.3</i>	<i>- 0.0</i>	<i>- 5</i>
Total	155.8	156.2	- 0.4	- 0

¹ Limited guarantee by the Canton of Vaud for deposits made with the Caisse d'Epargne Cantonale Vaudoise and managed by BCV until end-2021

12.7 Depreciation and amortization of fixed assets and impairment on equity investments (in CHF millions)

	2021	2020	Change absolute	Change as %
Real estate	18.3	18.6	- 0.3	- 1
Computer programs	47.7	46.1	1.5	3
Other investments	3.7	3.6	0.1	3
Holdings	0.3	0.3	0.0	0
Goodwill	2.0	3.4	- 1.4	- 41
Total	72.0	72.1	- 0.1	- 0

12.8 Other provisions and losses (in CHF millions)

	2021	2020	Change absolute	Change as %
Provisions for credit risk	- 0.3	2.1	- 2.4	- 114
Miscellaneous provisions	- 1.4	1.3	- 2.7	- 215
Miscellaneous losses	1.1	1.6	- 0.5	- 31
Total	- 0.6	5.0	- 5.6	- 113

12.9 Extraordinary income (in CHF millions)

	2021	2020	Change absolute	Change as %
Disposals of tangible fixed assets	12.2	4.2	8.0	192
Other extraordinary income	0.4	0.7	- 0.2	- 37
Total	12.6	4.8	7.8	161

12.10 Extraordinary expenses (in CHF millions)

	2021	2020	Change absolute	Change as %
Miscellaneous extraordinary expenses	0.2	0.1	0.1	142
Total	0.2	0.1	0.1	142

12.11 Taxes (in CHF millions)

	2021	2020	Change absolute	Change as %
Direct federal tax	31.6	24.1	7.5	31
Cantonal and municipal taxes	30.6	22.2	8.3	37
Foreign taxes	0.3	0.4	- 0.0	- 14
Deferred taxes	- 0.0	- 0.0	- 0.0	- 38
Total	62.5	46.7	15.8	34
Weighted average tax rate, based on operating profit	15%	13%		

Tax breakdown by country	2021		2020	
	Absolute value	As % of total	Absolute value	As % of total
Switzerland	62.2	99.5	46.3	99.2
Luxembourg	0.3	0.5	0.4	0.8
Total	62.5	100.0	46.7	100.0

12.12 Breakdown of operating profit by Swiss and foreign origin (in CHF millions)

	2021		2020	
	Swiss	Foreign	Swiss	Foreign
Net interest income	464.4	– 0.0	459.7	– 0.4
Net fee and commission income	341.5	15.8	295.3	14.9
Net trading income	141.9	1.3	137.5	1.6
Other ordinary income	40.5		36.4	– 0.0
Total income from ordinary banking operations	988.3	17.0	929.1	16.1
Personnel costs	348.4	0.9	338.3	0.9
Other operating expenses	154.6	1.2	154.7	1.5
Operating expenses	503.0	2.1	493.0	2.4
Depreciation and amortization of fixed assets and impairment on equity investments	72.0	0.0	72.1	0.0
Other provisions and losses	– 0.6		5.0	
Operating profit	413.9	14.9	359.0	13.7

12.13 Earnings per share

	2021	2020
Net profit attributable to BCV Group shareholders (CHF millions)	378.7	330.8
Average number of shares in issue during the period (in units)	86 061 900	86 061 900
Average number of own shares held during the period (in units)	– 206 915	– 238 822
Average number of outstanding shares during the period (in units)	85 854 985	85 823 078
Basic earnings per share (CHF)	4.41	3.85

There are no ongoing financial transactions that would dilute earnings per share.

13. Other information

13.1 Regulatory capital requirements (in CHF millions)

	31 / 12 / 21	31 / 12 / 20
Common Equity Tier 1 (CET1) capital	3 308	3 251
Instruments and reserves	3 340	3 279
Regulatory adjustments	– 32	– 28
Additional Tier 1 (AT1) capital	0	0
Instruments	0	0
Regulatory adjustments	0	0
Tier 2 (T2) capital	26	22
Compulsory reserves in equities and general provisions	25	21
Regulatory adjustments	1	1
Total eligible capital	3 334	3 274
Risk-weighted assets		
Credit risk	16 811	15 858
Non-counterparty-related assets	537	542
Market risk	158	234
Operational risk	1 758	1 743
BIS required capital	19 265	18 378
BIS ratios		
CET1 ratio	17.2%	17.7%
T1 ratio	17.2%	17.7%
Total capital ratio	17.3%	17.8%
Leverage ratio	5.6%	5.8%
Liquidity ratios		
Liquidity coverage ratio (LCR)	157%	136%
Net stable funding ratio (NSFR) ¹	125%	124%

¹ Ratio provided on a voluntary basis and calculated according to FINMA's most recent directive

In December 2008, the Bank obtained approval from FINMA to use the Basel Foundation Internal Ratings-Based approach to determine regulatory capital requirements for credit risk. It began applying this approach in 2009.

In accordance with Basel III Pillar 3 disclosure requirements, the Bank publishes a report containing information on its capital adequacy, risk-assessment methods, and the level of risk taken. The report also gives information on the Group and parent-company leverage and liquidity ratios.

The report is available in the Investor Relations section of the BCV website.

13.2 Business sector information

13.2.1 Methodology

Results by business sector are presented at BCV Group level and are broken down according to the Bank's activities.

Retail Banking covers operations with retail customers who have up to CHF 500,000 in assets and no wealth-management services, or a mortgage loan worth up to CHF 1.2m. It also includes the Digital and Multichannel Banking Department, which works to expand the Bank's digital offering.

Corporate Banking handles SMEs (including micro-businesses), real-estate professionals, large corporations, public-sector enterprises, and trade finance.

Wealth Management addresses the needs of private and institutional clients. This sector also includes custody activities, occupational pensions, and the subsidiaries Piguet Galland & Cie SA, Gérifonds SA, and GEP SA.

Trading encompasses financial market transactions (forex, equities, fixed-income instruments, metals, options, derivatives, and structured products) conducted by the Bank on behalf of customers and for its own account, as well as custody activities.

The Corporate Center comprises the Board of Directors, executive management, the Human Resources Department, the Strategy & Organization Department, the Corporate Communications Department, the Service Quality Unit, the Finance & Risks Division (Risk Management, Financial Accounting, Controlling, ALM & Financial Management, Compliance, and Legal), the Credit Management Division (Credit Analysis, Credit Analysis Support, and Credit Recovery Management), and the Business Support Division (IT Solutions, IT Infrastructure, Facility Management & General Services, Back Office, and Security).

As a general rule, revenue is allocated to the sector to which the client or his/her advisor is attached.

For sectors dealing with clients, "Net interest income before loan impairment charges/reversals" corresponds to the gross commercial margin, i.e., the difference between the customer rate and the money-market rate, taking into

account the nature and duration of the transaction (Funds Transfer Pricing, or FTP, method).

In an environment marked by continued negative interest rates, commercial margins on accounts are calculated with a minimum of zero for our retail, private banking, and corporate clients (except Large Corporates and Trade Finance).

For the Corporate Center, net interest income before loan impairment charges/reversals comprises the net gain/loss on asset and liability management, on interbank activities, and on fixed assets as well as gross interest on impaired loans handled by the Credit Recovery Management Department.

Loan losses correspond to expected losses for sectors dealing with clients. The difference between new provisioning needs and expected loan losses, together with loan impairment charges/reversals, changes in existing provisions, and recoveries on repaid loans, is booked to the Corporate Center.

Income from customer-driven forex and structured-products trading is allocated to Trading, which reallocates part of this income to the business sector to which the client is attached. Income from securities trading is broken down by portfolio and allocated to the sector to which the portfolio manager is attached.

"Other income" is allocated based on the nature of the item.

Operating expenses and depreciation and amortization are allocated in two stages. The first of these involves charging direct expenses to the sector that uses the resources (personnel, premises, IT, etc.). In the second stage, indirect expenses are allocated on the basis of services provided among sectors.

Taxes are calculated per sector according to the tax rates in effect.

Balance-sheet and off-balance-sheet volumes reflect client-related business. In general, following the same rule used for income, business volumes are allocated to the sector to which the client or his/her advisor is attached.

Customer business volumes and revenues in foreign currencies are booked to the relevant client-facing business sector using exchange rates set at the start of the year; any subsequent foreign-currency translation differences (see note 6.7) are booked to the Corporate Center.

The definition of assets under management can be found in note 11.4 to the consolidated financial statements.

Shareholders' equity is allocated to the various types of business within each sector at 13.0%. Surplus equity is booked to the Corporate Center.

	Retail Banking		Corporate Banking	
	2021	2020	2021	2020
13.2.2 Customer business volumes by sector (in CHF millions)				
Loans and advances to customers ¹	146	112	5 032	4 930
Mortgage loans	9 409	8 908	11 097	10 589
Total customer loans	9 555	9 021	16 130	15 519
Customer deposits¹	11 367	10 411	12 676	11 426
Off-balance-sheet commitments	126	87	2 470	2 759
Assets under management (including double-counted)	13 840	12 490	15 068	15 567

13.2.3 Results by business sector (in CHF millions)

Net interest income before loan impairment charges/reversals	121.2	115.4	234.3	224.7
Loan impairment charges/reversals ²	– 3.2	– 3.4	– 28.2	– 30.8
Net interest income after loan impairment charges/reversals	118.0	111.9	206.1	193.9
Net fee and commission income	48.8	42.5	47.9	43.4
Net trading income	17.1	14.4	9.9	9.2
Other income	1.1	1.1	3.7	3.8
Revenues	185.0	170.0	267.7	250.4
Personnel costs	– 44.2	– 43.6	– 32.4	– 31.7
Operating expenses	– 36.7	– 35.6	– 10.5	– 10.8
Depreciation, amortization and write-offs	– 13.2	– 13.6	– 1.6	– 1.7
Interdivisional billing	– 42.2	– 40.9	– 57.1	– 58.4
Other provisions and losses	– 1.3	– 1.1	– 5.0	– 5.6
Operating profit	47.3	35.1	161.1	142.2
Extraordinary income and expenses	0.0	0.0	0.0	0.0
Taxes ³ and minority interests	– 6.5	– 4.8	– 22.2	– 19.6
Net profit	40.8	30.3	138.8	122.5

13.2.4 Indicators

Average shareholders' equity (in CHF millions) ⁴	275	271	1 334	1 284
ROE (%)	14.8	11.2	10.4	9.5
Cost/income ratio (%) ⁵	72.5	77.1	34.4	36.5
Average headcount	354	353	192	190

2020 figures were adjusted to facilitate like-for-like comparison.

¹ Customer business volumes and revenues in foreign currencies are booked to the relevant client-facing business sector using exchange rates set at the start of the year; any subsequent foreign-currency translation differences (see section 6.7) are booked to the Corporate Center.

² Expected loan losses are allocated to the business sectors. The difference between new provisioning needs and expected loan losses is booked to the Corporate Center.

³ Taxes are calculated per business sector according to the tax rates in effect.

⁴ Equity is allocated to the business sectors at 13.0%; surplus equity is booked to the Corporate Center.

⁵ Costs used for calculating the cost/income ratio per sector comprise: personnel costs; operating expenses; depreciation, amortization and write-offs; and interdivisional billing. Income comprises income before loan impairment charges.

Wealth Management		Trading		Corporate Center		BCV Group	
2021	2020	2021	2020	2021	2020	2021	2020
870	722	0	0	161	47	6 209	5 812
8 109	7 743	0	0	757	797	29 373	28 037
8 978	8 465	0	0	919	844	35 582	33 849
12 804	12 692	25	0	1 323	894	38 195	35 424
101	80	9	0	641	492	3 347	3 418
82 727	74 279	0	0	1 253	823	112 887	103 159
124.6	119.0	2.7	4.0	- 10.2	11.3	472.6	474.4
- 3.0	- 3.5	0.0	0.0	26.2	22.6	- 8.2	- 15.1
121.6	115.5	2.7	4.0	16.0	34.0	464.4	459.4
259.8	224.6	- 2.3	- 1.1	3.1	0.7	357.3	310.2
19.2	18.9	55.5	50.0	41.5	46.7	143.2	139.2
1.3	1.5	0.0	0.0	34.3	30.0	40.5	36.4
401.8	360.6	55.9	52.9	94.9	111.3	1 005.4	945.2
- 112.9	- 110.0	- 12.7	- 12.7	- 147.1	- 141.2	- 349.3	- 339.2
- 39.1	- 39.6	- 7.1	- 7.0	- 62.3	- 63.1	- 155.8	- 156.2
- 13.4	- 15.6	- 2.5	- 2.1	- 41.3	- 39.1	- 72.0	- 72.1
- 55.0	- 53.4	- 3.6	- 4.6	157.9	157.4	0.0	0.0
- 0.2	- 1.1	- 0.5	- 0.9	7.6	3.7	0.6	- 5.0
181.2	140.9	29.4	25.6	9.7	28.9	428.8	372.7
0.4	- 0.0	0.0	0.0	12.0	4.8	12.4	4.8
- 26.0	- 20.3	- 4.1	- 3.5	- 3.7	1.6	- 62.5	- 46.7
155.6	120.6	25.4	22.1	18.1	35.3	378.7	330.8
357	353	69	68	1 518	1 569	3 553	3 545
43.6	34.2	36.6	32.5	0	0	10.7	9.3
53.9	59.1	46.4	50.0	0	0	56.7	58.7
545	542	50	51	792	768	1 933	1 903

13.3 Consolidated income statement – 5-year overview (in CHF millions)

	2017	2018	2019	2020	2021
Interest and discount income	576.4	573.1	570.3	511.2	480.5
Interest and dividend income from financial investments	34.7	31.0	27.9	22.6	18.0
Interest expense	– 113.3	– 108.0	– 101.4	– 59.4	– 26.0
Net interest income before loan impairment charges/reversals	497.8	496.1	496.9	474.4	472.6
Loan impairment charges/reversals	– 20.2	– 5.9	9.8	– 15.1	– 8.2
Net interest income after loan impairment charges/reversals (NII)	477.6	490.1	506.7	459.4	464.4
Fees and commissions on securities and investment transactions	250.3	250.2	259.4	266.6	312.1
Fees and commissions on lending operations	44.6	46.1	44.5	36.2	42.1
Fees and commissions on other services	71.8	72.6	73.6	63.0	67.8
Fee and commission expense	– 50.3	– 51.7	– 54.6	– 55.5	– 64.7
Net fee and commission income	316.4	317.2	322.9	310.2	357.3
Net trading income and fair-value adjustments	133.9	128.1	128.1	139.2	143.2
Gains/losses on disposals of financial investments	2.5	2.1	0.5	2.0	4.3
Income from equity investments	6.2	11.9	13.7	6.5	5.5
<i>of which other non-consolidated holdings</i>	6.2	11.9	13.7	6.5	5.5
Real-estate income	10.9	7.5	7.5	7.1	7.0
Miscellaneous ordinary income	20.0	20.0	22.9	21.2	24.3
Miscellaneous ordinary expenses	– 0.9	– 0.3	– 0.3	– 0.4	– 0.6
Other ordinary income	38.7	41.1	44.3	36.4	40.5
Total income from ordinary banking operations	966.6	976.5	1 002.0	945.2	1 005.4
Personnel costs	– 337.0	– 332.7	– 339.3	– 339.2	– 349.3
Other operating expenses	– 171.4	– 167.5	– 165.2	– 156.2	– 155.8
Operating expenses	– 508.4	– 500.2	– 504.5	– 495.4	– 505.2
Depreciation and amortization of fixed assets and impairment on equity investments	– 70.4	– 68.8	– 71.3	– 72.1	– 72.0
Other provisions and losses	– 1.2	– 4.7	– 7.2	– 5.0	0.6
Operating profit	386.5	402.9	418.9	372.7	428.8
Extraordinary income	16.8	34.9	0.7	4.8	12.6
Extraordinary expenses	– 0.0	– 0.0	– 0.2	– 0.1	– 0.2
Change in reserves for general banking risks	0.0	0.0	0.0	0.0	0.0
Taxes	– 83.1	– 88.1	– 56.6	– 46.7	– 62.5
Net profit	320.3	349.7	362.9	330.8	378.7
Minority interests	– 0.0	– 0.0	– 0.0	– 0.0	– 0.0
Net profit attributable to BCV Group shareholders	320.2	349.7	362.9	330.8	378.7

13.4 Consolidated balance sheet – 5-year overview (in CHF millions)

	31 / 12 / 17	31 / 12 / 18	31 / 12 / 19	31 / 12 / 20	31 / 12 / 21
Cash and cash equivalents	8 044	8 235	8 384	11 550	12 600
Due from banks	1 013	1 921	1 186	1 347	952
Reverse repurchase agreements	499	314	239	236	158
Loans and advances to customers	4 826	5 677	5 752	5 812	6 209
Mortgage loans	25 407	26 079	27 016	28 037	29 373
Trading portfolio assets	186	334	277	312	200
Positive mark-to-market values of derivative financial instruments	282	268	273	321	368
Other financial assets at fair value	653	621	784	886	1 212
Financial investments	3 753	3 767	3 811	4 084	4 287
Accrued income and prepaid expenses	91	80	85	87	67
Non-consolidated holdings	70	70	69	69	86
Tangible fixed assets	519	445	433	412	393
Intangible assets	12	9	5	2	0
Other assets	57	42	36	31	46
Assets	45 415	47 863	48 352	53 186	55 952
Due to banks	1 398	2 655	1 703	2 948	3 378
Repurchase agreements	1 350	1 809	1 502	2 781	1 458
Customer deposits	30 512	31 375	33 048	35 424	38 195
Trading portfolio liabilities	0	0	2	1	2
Negative mark-to-market values of derivative financial instruments	205	236	213	329	273
Other financial liabilities at fair value	812	766	918	969	1 340
Medium-term notes	15	7	3	2	2
Bonds and mortgage-backed bonds	7 392	7 244	7 094	6 911	7 313
Accrued expenses and deferred income	172	156	154	145	139
Other liabilities	87	77	114	75	183
Provisions	15	15	16	27	24
Liabilities	41 958	44 341	44 766	49 612	52 308
Reserves for general banking risks	701	701	701	666	666
Share capital	86	86	86	86	86
Capital reserve	121	35	35	36	36
Retained earnings	2 249	2 371	2 419	2 472	2 493
Currency translation reserve	- 1	- 1	- 2	- 2	- 2
Own shares	- 19	- 20	- 18	- 15	- 15
Minority interests in equity	0	0	0	0	0
Net profit	320	350	363	331	379
Shareholders' equity	3 457	3 522	3 586	3 574	3 644
Total liabilities and shareholders' equity	45 415	47 863	48 352	53 186	55 952



Statutory Auditor's Report

To the General Meeting of Banque Cantonale Vaudoise, Lausanne

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Banque Cantonale Vaudoise and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2021, and the consolidated income statement, the consolidated cash flow statement and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the consolidated financial statements (pages 121 to 162) give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with accounting rules for banks, and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority



Methods regarding identification and valuation of the value adjustments related to amounts due from customers and mortgage loans which are impaired or presenting increased risks

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Methods regarding identification and valuation of the value adjustments related to amounts due from customers and mortgage loans which are impaired or presenting increased risks

Key Audit Matter

Mortgages and loans are one of the Group's main activities and represent approximately two thirds of its consolidated balance sheet as at 31 December 2021. The valuation of a counterparty's default risk relies largely on the use of rating methods developed by the bank. The valuation of the loans which are impaired or presenting increased risks relies on an analysis method that takes into account various elements such as market factors, the client's estimated willingness to repay and financial capacity or the estimation of the collateral's value.

The identification of risks and the valuation of the related loan impairment charges thus rely on models and analyses that imply an element of judgement by the Board of Directors and Management. Exposures that create greater uncertainty are typically those that result from unsecured loans or those that are subject to a collateral's loss of value.

Our response

Our procedures consisted in particular in assessing and testing the key controls related to the granting, recording and monitoring of mortgages and loans as well as the methodology used for the identification of default risk and the valuation of the loan impairment charges.

For a sample of non-impaired exposures which do not present increased risks, we assessed the debtors' capacity to fulfil their obligations. We compared our findings with the assessment of the default risk performed by the bank using its counterparty rating process.

Regarding receivables that are considered as impaired or as presenting increased risks, our procedures consisted, among others, of assessing the evolution of the relation between the loan impairment and the concerned receivables as a whole. For a sample of individual receivables that are considered impaired or presenting increased risks, we assessed the debtors' financial standing as well as the valuation of collaterals and we compared our findings with the assumptions and factors taken into account by the bank when calculating the required loan impairment charges.

For further information on methods regarding identification and valuation of the value adjustments related to amounts due from customers and mortgage loans which are impaired or presenting increased risks, refer to the following notes to the consolidated financial statements of Banque Cantonale Vaudoise as at 31 December 2021:

- Note 7.2 "Credit risk" (p. 133 to 135 of the Annual Report)
- Note 10.2 "Risk mitigants for loans and off-balance-sheet transactions, impaired loans" (p. 139 of the Annual Report)

Responsibility of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with accounting rules for banks, securities dealers, financial groups and conglomerates (ARB) and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG SA

A handwritten signature in blue ink, appearing to read 'O. Gauderon', written over a light blue horizontal line.

Olivier Gauderon
Licensed Audit Expert
Auditor in Charge

A handwritten signature in blue ink, appearing to read 'P. Ruedin', written over a light blue horizontal line.

Philippe Ruedin
Licensed Audit Expert

Geneva, 14 March 2022

KPMG SA, Esplanade de Pont-Rouge 6, CH-1211 Geneva 26

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Financial Statements

Parent Company Financial Statements

1. Balance sheet (in CHF millions)

	Notes	31 / 12 / 21	31 / 12 / 20	Change absolute	Change as %
Cash and cash equivalents		12 229	11 226	1 004	9
Due from banks		944	1 438	- 494	- 34
Reverse repurchase agreements	5.1	158	236	- 78	- 33
Loans and advances to customers	5.2	5 977	5 620	356	6
Mortgage loans	5.2	28 769	27 508	1 260	5
Trading portfolio assets	5.3	200	312	- 112	- 36
Positive mark-to-market values of derivative financial instruments	5.4	368	320	48	15
Other financial assets at fair value	5.3	1 212	885	327	37
Financial investments	5.5	4 263	4 060	203	5
Accrued income and prepaid expenses		67	82	- 15	- 18
Holdings		194	177	17	10
Tangible fixed assets		370	388	- 18	- 5
Other assets	5.6	38	26	12	47
Assets	5.18	54 789	52 278	2 512	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		3 449	2 985	464	16
Repurchase agreements	5.1	1 458	2 781	- 1 322	- 48
Customer deposits	5.19	37 001	34 513	2 488	7
Trading portfolio liabilities	5.3	2	1	0	33
Negative mark-to-market values of derivative financial instruments	5.4	268	321	- 53	- 16
Other financial liabilities at fair value	5.3/5.10	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		125	131	- 6	- 4
Other liabilities	5.6	179	76	103	136
Provisions	5.11	21	23	- 2	- 9
Liabilities		51 159	48 713	2 446	5
Reserves for general banking risks	5.11	666	666	0	0
Share capital	5.12/5.15/5.16	86	86	0	0
Regulatory capital reserve		7	7	0	0
<i>of which tax-exempt paid-in capital</i>		7	7	0	0
Regulatory retained earnings		87	87	0	0
Optional retained earnings		2 425	2 399	25	1
Own shares		- 15	- 15	0	- 3
Profit for the year		375	335	40	12
Shareholders' equity		3 631	3 565	66	2
Total liabilities and shareholders' equity		54 789	52 278	2 512	5
Total subordinated liabilities		0	0	0	0
<i>of which subject to mandatory conversion and/to conditional write-off</i>		0	0	0	0

Off-balance-sheet transactions (in CHF millions)	Notes	31 / 12 / 21	31 / 12 / 20	Change absolute	Change as %
Contingent liabilities	5.2	1 592	1 759	– 167	– 9
Irrevocable commitments	5.2	1 466	1 429	38	3
Commitments relating to calls on shares and other equity securities	5.2	243	178	65	37
Confirmed credits	5.2	39	46	– 7	– 16

2. Income statement (in CHF millions)

	Notes	2021	2020	Change absolute	Change as %
Interest and discount income		471.2	502.1	– 30.9	– 6
Interest and dividend income from financial investments		17.9	22.5	– 4.6	– 21
Interest expense		– 24.1	– 57.5	– 33.3	– 58
Net interest income before loan impairment charges/reversals	7.1	464.9	467.2	– 2.3	– 0
Loan impairment charges/reversals		– 8.2	– 14.9	– 6.8	– 45
Net interest income after loan impairment charges/reversal (NII)		456.7	452.2	4.5	1
Fees and commissions on securities and investment transactions		209.1	177.2	31.8	18
Fees and commissions on lending operations		42.1	36.2	5.9	16
Fees and commissions on other services		64.4	59.6	4.8	8
Fee and commission expense		– 24.0	– 19.6	4.4	23
Net fee and commission income		291.5	253.5	38.0	15
Net trading income and fair-value adjustments	7.2	132.5	128.7	3.8	3
Gains/losses on disposals of financial investments		4.2	1.8	2.4	138
Income from equity investments		19.2	21.5	– 2.2	– 10
Real-estate income		6.7	6.8	– 0.1	– 2
Miscellaneous ordinary income		24.8	21.7	3.1	14
Miscellaneous ordinary expenses		– 0.6	– 0.4	0.2	54
Other ordinary income		54.3	51.3	2.9	6
Total income from ordinary banking operations		935.1	885.8	49.3	6
Personnel costs	7.3	– 307.9	– 299.1	8.8	3
Other operating expenses	7.4	– 140.0	– 140.0	– 0.1	– 0
Operating expenses		– 447.8	– 439.1	8.7	2
Depreciation and amortization of fixed assets and impairment on equity investments		– 66.4	– 64.9	1.5	2
Other provisions and losses	7.5	0.6	– 4.4	– 5.0	– 113
Operating profit		421.4	377.4	44.0	12
Extraordinary income	7.6	12.0	1.8	10.2	571
Extraordinary expenses	7.7	– 0.0	– 0.1	– 0.0	– 76
Taxes	7.8	– 58.5	– 44.0	14.5	33
Profit for the year		374.9	335.2	39.7	12
Appropriations	8				
Profit for the year		374.9	335.2		
Profit shown on the balance sheet		374.9	335.2		
Appropriation of profit					
- Allocation to optional retained earnings		56.5	25.4		
- Allocation to regulatory retained earnings		0.0	0.0		
- Distribution from distributable profit		318.4	309.8		

3. Statement of changes in equity (in CHF millions)

	Share capital	Capital reserve	Regulatory retained earnings	Reserves for general banking risks	Optional retained earnings	Own shares	Profit/loss for the year	Total equity
Status at 1 January 2019	86	7	86	701	2 276	-20	362	3 499
Allocation to other reserves					61		-61	0
2018 dividend							-301	-301
Purchases of own shares						-22		-22
Disposals of own shares						24		24
Gain on disposals of own shares and dividends			0					0
Profit/loss for the year							372	372
Status at 31 December 2019	86	7	87	701	2 337	-18	372	3 572
Allocation to other reserves					62		-62	0
2019 dividend							-310	-310
Purchases of own shares						-18		-18
Disposals of own shares						20		20
Gain on disposals of own shares and dividends			0					0
Provisions for inherent credit risk				-35				-35
Profit/loss for the year							335	335
Status at 31 December 2020	86	7	87	666	2 399	-15	335	3 565
Allocation to other reserves					25		-25	0
2020 dividend							-310	-310
Purchases of own shares						-23		-23
Disposals of own shares						23		23
Gain on disposals of own shares and dividends			0					0
Profit/loss for the year							375	375
Status at 31 December 2021	86	7	87	666	2 425	-15	375	3 631

4. Parent company name and accounting principles

4.1 Company name, legal status, and head office

Banque Cantonale Vaudoise (BCV) was founded on 19 December 1845 by the Vaud Cantonal Parliament as a *société anonyme de droit public* (i.e., a corporation organized under public law). Its legal status is defined in the Cantonal Act Governing the Organization of Banque Cantonale Vaudoise (LBCV) of 20 June 1995, and its head office is in Lausanne.

4.2 Accounting principles for the parent company financial statements

BCV's financial statements have been prepared in accordance with the Swiss Federal Act of 8 November 1934 on Banks and Savings Institutions, the corresponding Ordinance of 30 April 2014, 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). The financial statements give a true and fair view of the Bank's financial position that would enable a third party to form an accurate opinion of the Bank's financial situation.

4.3 Accounting and valuation principles

The valuation principles used to draw up the parent company financial statements are the same as those used for the consolidated financial statements, with the exception of the following items:

4.3.1 Holdings

This line item comprises shares and other equity securities held as long-term investments. They are carried at cost less any impairment.

4.3.2 Own shares

Dividend payments on own shares and gains and losses on own-share disposals are allocated directly to regulatory retained earnings, while for the consolidated financial statements they are allocated to the capital reserve.

4.4 Changes to accounting principles

No changes were made to the accounting principles in 2021.

4.5 Risk-assessment and risk-management principles

Risk-assessment and risk-management principles for the parent company are the same as those for the Group; they are detailed in note 7 to the consolidated financial statements.

4.6 Use of hedge accounting

Information on the use of hedge accounting by the parent company is the same as for the Group; it is provided in note 8 to the consolidated financial statements.

4.7 Events taking place after the closing date

To the parent company's knowledge, there was no event liable to have a material influence on the financial statements as at 11 March 2022, when the writing of this annual report was completed.

5. Notes to the balance sheet

5.1 Repurchase and reverse repurchase agreements (in CHF millions)

	31 / 12 / 21	31 / 12 / 20
Book value of claims arising from cash collateral pledged in connection with securities borrowing or reverse repurchase agreements ¹⁾	158	236
Book value of liabilities arising from cash collateral received in connection with securities lending or repurchase agreements ¹⁾	1 458	2 781
Book value of securities held for own account, lent or transferred as collateral in connection with securities borrowing or repurchase agreements	1 442	2 756
<i>of which those that can be sold or repledged without restriction</i>	1 442	2 756
Fair value of securities received as collateral in connection with securities lending and those received in connection with securities borrowing and under reverse repurchase agreements, which can be sold or repledged without restriction	171	255
<i>of which securities repledged as collateral</i>	0	0
<i>of which sold securities</i>	0	0

¹⁾ Before netting agreements

5.2 Risk mitigants for loans and off-balance-sheet transactions

Impaired loans (in CHF millions)

		Type of risk mitigant			Total
		Mortgage	Other	Unsecured	
Loans and advances to customers		586	2 337	3 129	6 053
Mortgages		28 782			28 782
<i>Residential real estate</i>		23 068			23 068
<i>Office and business premises</i>		1 307			1 307
<i>Commercial and industrial property</i>		908			908
<i>Other</i>		3 499			3 499
Loans (before impairment charges/reversals)	31 / 12 / 21	29 368	2 337	3 129	34 834
	31 / 12 / 20	28 086	2 297	2 856	33 238
Loans (after impairment charges/reversals)	31 / 12 / 21	29 355	2 337	3 053	34 745
	31 / 12 / 20	28 072	2 297	2 760	33 129
Contingent liabilities		9	314	1 269	1 592
Irrevocable commitments		447	76	943	1 466
Commitments relating to calls on shares and other equity securities				243	243
Confirmed credits				39	39
Off-balance-sheet transactions	31 / 12 / 21	456	390	2 493	3 339
	31 / 12 / 20	380	477	2 554	3 411

		Gross receivables	Realization value of risk mitigants	Net receivables	Individual impairment charge/reversal
Impaired loans and off-balance-sheet commitments	31 / 12 / 21	126	- 48	78	72
	31 / 12 / 20	181	- 73	108	89
Change (absolute)		- 54	- 25	- 29	- 17
Change (as %)		- 30	- 34	- 27	- 20

5.3 Trading portfolio assets and liabilities

Other financial assets and liabilities at fair value (in CHF millions)

Assets	31 / 12 / 21	31 / 12 / 20
Debt securities	0	158
<i>of which listed on a recognized stock exchange</i>	0	158
Equity securities	4	4
Commodities and precious metals	196	151
Trading portfolio assets	200	312
Debt securities	48	76
Structured products	0	1
Other	1 164	809
Other financial assets at fair value	1 212	885
Total	1 412	1 198
<i>of which determined using a valuation model</i>	0	0
<i>of which securities eligible for repurchase agreements in accordance with liquidity regulations</i>	0	76

Liabilities	31 / 12 / 21	31 / 12 / 20
Debt securities	0	0
<i>of which listed on a recognized stock exchange</i>	0	0
Equity securities	2	1
Other trading portfolio liabilities	0	0
Trading portfolio liabilities	2	1
Debt securities	0	0
Structured products	1 340	969
Other financial liabilities at fair value	1 340	969
Total	1 342	970
<i>of which determined using a valuation model</i>	55	34

5.4 Derivative financial instruments (in CHF millions)

	Trading instruments			Hedging instruments		
	Positive market-to-market value	Negative market-to-market value	Value of underlying asset	Positive market-to-market value	Negative market-to-market value	Value of underlying asset
Swaps	4	4	358	215	66	16 878
Futures			113			
Options (OTC)	0		66			
Interest-rate instruments	4	4	537	215	66	16 878
Forward contracts and swaps	451	503	46 423			
Options (OTC)	30	28	2 413			
Foreign currencies and precious metals	481	531	48 836	0	0	0
Futures			2			
Options (OTC)	34	32	672			
Options (exchange traded)						
Equity securities / indices	34	32	674	0	0	0
Futures			0			
Other	0	0	0	0	0	0
Total	31 / 12 / 21	519	567	215	66	16 878
<i>of which determined using a valuation model</i>		64	61	–	–	–
	31 / 12 / 20	474	530	174	118	7 368
<i>of which determined using a valuation model</i>		94	81	–	–	–

		Positive market-to-market value	Negative market-to-market value	Value of underlying asset
Breakdown				
Trading instruments		519	567	50 047
Hedging instruments		215	66	16 878
Total before netting agreements	31 / 12 / 21	734	633	66 925
	31 / 12 / 20	647	648	43 284
Total after netting agreements	31 / 12 / 21	368	268	66 925
	31 / 12 / 20	320	321	43 284
Change	absolute	48	– 53	23 641
	as %	15	– 16	55

Breakdown by counterparty

	Central clearing houses	Banks and securities dealers	Other clients
Positive mark-to-market value (after netting agreements)	164	155	50

5.5 Financial investments (in CHF millions)

	31 / 12 / 21		31 / 12 / 20	
	Book value	Fair value	Book value	Fair value
Debt securities	4 170	4 203	3 983	4 093
<i>of which securities intended to be held until maturity</i>	4 170	4 203	3 983	4 093
<i>of which securities available for sale</i>	0	0	0	0
Equity securities	25	79	25	71
<i>of which significant holdings (minimum of 10% of capital or voting rights)</i>	4	4	4	4
Available-for-sale real estate and goods acquired in connection with lending operations	69	72	53	57
Financial investments	4 263	4 354	4 060	4 221
<i>including securities eligible for repurchase agreements in accordance with liquidity regulations</i>	4 170	–	3 983	–

Counterparty breakdown
by rating

	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Below B-	Not rated	Total
Book value of debt securities	4 009					161	4 170

The rating categories are based on Standard & Poor's ratings; they are used for the specific instruments to which the Bank has subscribed. If an instrument is not rated by Standard & Poor's, then a rating from another agency is used. Where there is no specific rating for a given instrument, the issuer's long-term rating is used, with the same order of rating agencies.

The Bank's unrated positions (that is, where neither the instrument nor the issuer has a rating) are in investment-grade debt securities issued by Swiss public-sector entities or by Switzerland's housing-construction bond issuer (EGW/CCL).

5.6 Other assets and liabilities (in CHF millions)

	31 / 12 / 21		31 / 12 / 20	
	Other assets	Other liabilities	Other assets	Other liabilities
Offset accounts	0	148	0	56
Indirect taxes	33	6	18	6
Coupons/coupons and securities due	0	0	0	0
Settlement accounts	2	18	5	7
Miscellaneous assets and liabilities	3	6	3	6
Other assets and liabilities	38	179	26	76

5.7 Assets pledged or assigned as collateral for own liabilities, and assets with reservation of title (in CHF millions)

	31 / 12 / 21		31 / 12 / 20	
	Amount or book value of pledge	Real liability	Amount or book value of pledge	Real liability
Assets pledged or assigned to Swiss National Bank	164		161	
Mortgages pledged or assigned to Central Mortgage-Bond Institution of Swiss Cantonal Banks	8 079	5 445	8 236	5 387
Other	433	433	339	339
Total assets pledged or assigned	8 676	5 878	8 735	5 726
Assets with reservation of title	0	0	0	0

5.8 Commitments relating to own occupational pension funds

BCV shares held by own occupational pension funds (in CHF millions)

	31 / 12 / 21	31 / 12 / 20
Customer deposits	241	248

BCV's own occupational pension funds held no BCV shares at 31 December 2021.

5.9 Economic situation of own occupational pension funds (in CHF millions)

There were no employer contribution reserves at end-2021 or end-2020.

Economic benefit/liability and pension expenses	Surplus / deficit	Economic benefit/liability			Contributions adjusted for the period	Pension expenses included in "Personnel costs"	
	31 / 12 / 21	31 / 12 / 21	31 / 12 / 20	Change	2021	2021	2020
Employer-financed pension funds: "Fonds de prévoyance en faveur du personnel de la BCV"	58.3	0	0	0	0.0	0.0	0.0
Pension funds with surpluses: "Caisse de pensions de la BCV" and "Fondation de prévoyance complé- mentaire en faveur de l'encadrement supérieur de la BCV"	115.6	0	0	0	34.0	34.0	32.8
Total¹	173.9	0	0	0	34.0	34.0	32.8

¹ Since the intention is not to apply the surpluses to reduce or refund the employer's contributions, or for the employer to use them for any economic purpose other than regulatory benefits, there is no identifiable economic benefit to be recognized on the balance sheet.

The surplus or deficit of a pension fund is based on its unaudited interim accounts at 30 September 2021.

Pension funds

BCV Group employees are members of the "Caisse de pensions de la Banque Cantonale Vaudoise" (CP BCV). Its purpose is to insure its members against the economic consequences of retirement, disability, and death by guaranteeing benefits in accordance with the terms of the pension-fund regulations. It is a provider of the compulsory insurance introduced under the Federal Act on Occupational Retirement, Survivors' and Disability Pension Plans (LPP) and provides coverage in excess of the minimum LPP requirements.

Senior executives insured with the CP BCV are also members of the "Fondation de prévoyance complémentaire de la Banque Cantonale Vaudoise," the purpose of which is to insure its members against the economic consequences of retirement, disability, and death by guaranteeing benefits in accordance with the terms of the pension-fund regulations.

The "Fonds de prévoyance en faveur du personnel de la BCV" is an employer-operated fund that assists BCV employees in dealing with the economic consequences of old age, disability, illness, and early retirement.

5.10 Issued structured products (in CHF millions)

Underlying risk of embedded derivative	Carrying value				Total
	Single treatment		Separate treatment		
	Recognized in trading portfolio liabilities	Recognized in other financial liabilities at fair value	Value of the host instrument	Value of the derivative	
Interest-rate instruments	–	0			0
Equity securities	–	1 285	760	– 25	2 020
Foreign currencies	–	49	4	0	53
Commodities and precious metals	–	6	0	0	6
Total	31 / 12 / 21	–	1 340	– 25	2 079
	31 / 12 / 20	–	703	– 34	1 639

All structured products issued by the Bank have a debenture component.

Single accounting treatment

Participation structured products (representing a fraction of an equity basket) and yield-enhancement structured products issued via the deritrade® platform are each treated as a single position. They are recognized under “Other financial liabilities at fair value,” and their fair value is based on a quoted market price or a valuation model. Subsequent revaluations are recognized under “Net trading income and fair-value adjustments.”

Separate accounting treatment

Yield-enhancement, participation, and capital-protection products issued by the Bank (except for those issued via the deritrade platform) and containing an interest-rate component are each treated as two separate positions.

For these structured products, the host instrument and the embedded derivative(s) are treated separately. The host instrument is recorded under “Bonds” at nominal value as a debt issued by the Bank. Embedded derivatives are carried as either positive or negative mark-to-market values. Subsequent variations are recognized under “Net trading income and fair-value adjustments.”

Interest accrued in the interest-rate component is recorded under “Interest expense” using the accrual method.

5.11 Provisions

Reserves for general banking risks (in CHF millions)

	Status at year-end	Used as allocated	Changes in scope of con- solidation	Currency translation differences	Recoveries, overdue interest	New provisions charged to income statement	Releases credited to income statement	Status at year-end
	2020							2021
Provisions for credit risk	20				0	7	- 8	19
<i>of which provisions under Art.28.1 FINMA-AO</i>	6				0	3	- 1	9
<i>of which provisions for inherent credit risk</i>	13				0	4	- 7	11
<i>of which provisions for latent credit risk</i>	0							0
Other provisions	4	- 1			0	1	- 2	2
Total provisions	23	- 1	0	0	0	8	- 10	21
Reserves for general banking risks¹	666							666
Provisions for credit risk and country risk	113	- 38			8	30	- 22	91
<i>of which provisions for impaired loans</i>	83	- 38			8	19	- 9	63
<i>of which provisions for inherent credit risk</i>	30				0	11	- 13	29
<i>of which provisions for latent risks</i>	0							0

¹ Reserves for general banking risks are taxable.

5.12 Share capital (in CHF millions)

		2021		2020	
		Number of shares (in units)	Total par value	Number of shares (in units)	Total par value
Share capital					
Registered share, fully paid-in	Par value	CHF 1.00		CHF 1.00 ¹	
Status at 1 January		86 061 900	86	86 061 900	86
No movement		0	0	0	0
Status at 31 December		86 061 900	86	86 061 900	86
<i>of which share capital qualifying for dividends</i>			86		86

¹ After obtaining approval at the Annual Shareholders' Meeting on 30 April 2020, BCV carried out a 10-for-1 stock split on 28 May 2020.

Participation certificate capital

BCV does not have any participation certificate capital.

Conditional capital

BCV does not have any conditional capital.

Authorized capital

BCV does not have any authorized capital.

5.13 Stock options and shares granted to members of the Board of Directors, Executive Board members, and other employees

Employee share-ownership plans

	Shares (in units)	2021 Value (in CHF)	Shares (in units)	2020 Value (in CHF)
Members of the Board of Directors	0	0	0	0
Executive Board members	32 985	2 120 233	26 884	1 905 992
Other employees	247 284	10 378 133	168 934	8 453 791
Total	280 269	12 498 366	195 818	10 359 783

No stock options have been granted to members of the Board of Directors, Executive Board members, or other employees.

Employee share ownership

Annual performance-based compensation

For Executive Board members and department heads, 30% of their annual performance-based compensation must be taken in BCV shares with a lock-up period of five to ten years.

Other employees receiving annual performance-based compensation of CHF 21,000 or more may opt for full payment in cash, or 70% in cash and 30% in BCV shares with a lock-up period of three years. In the latter case, BCV increases the portion of shares by 30%.

Executive Board members are allocated shares subject to approval at the Shareholders' Meeting. The number of shares allocated will be calculated based on the closing market price on 16 May 2022, rounded up to the nearest whole number.

Other employees will receive their shares at the end of April 2022. The number of shares allocated will be calculated based on the closing market price on 17 March 2022, rounded up to the nearest whole number. These employees have until 30 March 2022 to decide on the proportion they wish to receive in the form of shares. As their decision was not known at the time this report was published, the number of shares taken into account in the above table corresponds to the maximum possible number of shares.

The market prices used to calculate the number of shares will be those on 17 March 2022 and 16 May 2022, so they were not known at the time of writing. As a result, the maximum possible number of shares was calculated based on the closing market price on 11 March 2022, the date of the Board of Directors' final decision on this compensation.

Share-ownership plan

The Executive Board and other BCV employees were given the opportunity to subscribe to the share-ownership plan in April 2021 on the following terms:

- The number of shares that may be purchased is determined by the level of responsibility inherent in the employee's position.
- The subscription period ran from 11–23 March 2021.
- The subscription price was set at CHF 79.00 per share, and the market price used was CHF 94.90 (closing price on 11 March, the first day of the subscription period).

The amounts (number of shares and value) shown in the table above correspond to the number of shares subscribed multiplied by CHF 15.90, which is the difference between the market price of CHF 94.90 and the subscription price of CHF 79.00.

Long-term performance-based compensation

At the beginning of each three-year share-ownership plan, participants are informed of the number of shares that will be allocated if all objectives are met in full. At the end of each plan, the Bank informs participants of the extent to which objectives have been met based on the Bank's financial results and strategic and qualitative performance. The number of shares initially allocated is multiplied by the level of attainment of the objectives in order to determine the number of shares allocated to each participant. The amounts taken into account in the table on the

previous page correspond to the expense recorded in 2021 for the various plans in progress.

Free shares

The Bank awards 20 BCV shares to apprentices, high school graduate trainees, and university interns who join the Bank after their training.

The number allocated and their value, based on the market price on the last business day of the month before the shares are awarded, are also shown in the table.

5.14 Receivables and commitments with respect to related parties (in CHF millions)

	31 / 12 / 21		31 / 12 / 20	
	Receivable	Commitment	Receivable	Commitment
Significant shareholder	5	3 971	5	3 859
Group companies	7	91	105	56
Affiliated companies	204	294	206	245
Governing bodies	34	8	35	8

Corporations organized under public law in Vaud Canton and public-private entities in which Vaud Canton has a qualified holding are considered affiliated companies.

Transactions with members of the Board of Directors were conducted on market terms. Receivables and commitments with respect to Executive Board members were granted on the standard terms for BCV employees. Transactions with related parties were conducted on market terms.

5.15 Significant shareholder (in CHF millions)

	31 / 12 / 21		Stake	31 / 12 / 20		Stake
	Number of shares (in units)	Total par value		Number of shares (in units)	Total par value	
Voting rights						
Vaud Canton, direct interest	57 622 520	57.6	66.95%	57 622 520	57.6	66.95%

5.16 Own shares and breakdown of share capital

Number of shares (in units)	Average transaction price	Total	Own shares
Status at 31 December 2020		86 061 900	199 012
<i>of which shares reserved for long-term performance-based compensation</i>			116 600
Purchases	92		252 125
Sales	91		– 258 775
Status at 31 December 2021		86 061 900	192 362
<i>of which shares reserved for long-term performance-based compensation</i>			105 850

The breakdown of share capital is provided in note 5.12, page 185.

Own shares were traded at market prices. The proceeds of the sale of own shares were recognized under “Capital reserve.”

Non-distributable reserves

If the combined total of regulatory retained earnings and the regulatory capital reserve does not exceed half the amount of the Bank’s share capital (i.e., CHF 43m), these line items can be used only to cover losses or for measures designed to sustain the company in the event of an operating loss. There are no regulatory restrictions on how optional reserves can be used.

The Bank must set part of its reserves aside in order to meet regulatory capital requirements.

5.17 Compensation and loans granted to members of the Board of Directors and Executive Board

5.17.1 Compensation and loans granted to current members of the Board of Directors and the Executive Board

Compensation breakdown (see pages 190–191)

Members of the Board of Directors

For 2021, the seven members of the Board of Directors in office at 31 December 2021 were accorded total compensation of CHF 1,400,000. Benefit expense resulting from compensation to the Board of Directors totaled CHF 145,045 (social security, unemployment insurance, accident insurance, and family allowances). The Bank does not make any occupational-pension contributions on behalf of the seven members of the Board. By law and in accordance with pension-fund regulations, members of the Board of Directors who are not receiving retirement benefits must join the “Caisse de pensions de la Banque Cantonale Vaudoise” and pay all of their occupational-pension contributions themselves.

Compensation comprises fees, remuneration, and expenses.

The Vice Chairman receives additional fixed compensation of CHF 20,000. For the members of the Board committees – the Audit and Risk Committee and the Compensation, Promotions and Appointments Committee – annual compensation was set as follows: CHF 40,000 for the chair and

CHF 20,000 for the other members of the Audit and Risk Committee; and CHF 20,000 for the chair and CHF 10,000 for the other members of the Compensation, Promotions and Appointments Committee.

The average compensation of Board members, excluding the Chairman, amounted to CHF 128,333.

Since 1 November 2002, serving members of the Board of Directors have not been granted any preferential terms for banking services.

Members of the Executive Board

For 2021, the eight members of the Executive Board in office in 2021 were accorded total compensation of CHF 8,010,100. This includes annual performance-based compensation for an aggregate amount of CHF 3,700,000.

This compensation will be submitted to shareholders for approval at the Shareholders' Meeting on 5 May 2022. If approved, this amount will be paid in May 2022 in two parts: CHF 2,590,000 in cash and the remaining CHF 1,110,000 in the form of shares locked up for between five and ten years. Benefit expense resulting from compensation to the Executive Board totaled CHF 1,344,450 for occupational pensions and CHF 818,674 for other benefits (social security, unemployment insurance, accident insurance, income replacement, and family allowances), subject to approval of the proposed annual performance-based compensation at the Shareholders' Meeting.

Allocation of shares during 2021

Members of the Board of Directors

Since 2018, the members of the Board of Directors receive their compensation entirely in cash.

Members of the Executive Board

For 2021, Executive Board members in office at 31 December 2021 will receive a number of locked-up BCV shares equivalent to 30% of their annual performance-based compensation. The number of locked-up shares will be determined in accordance with the closing share price on 16 May 2022. They also subscribed to 7,200 locked-up shares under the employee share-ownership program.

Other fees and compensation

Members of the Board of Directors and Executive Board

received no fees or other compensation from BCV that are not included in the above compensation. Moreover, all fees and other amounts received by Executive Board members representing BCV on the boards of directors of other companies are remitted to the Bank. In 2021, such payments to the Bank amounted to CHF 294,503.

Loans to members of the Board of Directors and Executive Board

Serving members of the Board of Directors are not accorded preferential terms on loans granted to them. For members of the Executive Board, as well as for all employees, the interest on variable-rate first mortgages was 1.9% at 31 December 2021. In 2021, the interest charged on short-term mortgage loans and on medium- and long-term fixed-rate loans was between 0.11% and 0.48% above market rates, depending on the term of the loan.

Share ownership

Members of the Board of Directors

Under a resolution adopted by the Board of Directors on 7 October 2002, each director is required to own a minimum of 1,000 BCV shares that must be acquired before the end of their first term. At 31 December 2021, directors and their close relations held a total of 46,712 BCV shares.

Members of the Executive Board

At 31 December 2021, Executive Board members and their close relations held 179,851 BCV shares.

Compensation of members of the Board of Directors for the 2021 financial year (in CHF)

	Jacques de Watteville	Jean- François Schwarz	Jack Clemons	Ingrid Deltenre	Eftychia Fischer	Fabienne Freymond Cantone	Peter Ochsner	Total	Average compensation Excluding Chairman
	Chairman	Vice Chairman	Member	Member	Member	Member	Member		
Fees	600 000	115 000	95 000	95 000	95 000	95 000	95 000	1 190 000	98 333
Committee-related compensation	0	10 000	20 000	20 000	20 000	10 000	40 000	120 000	20 000
Other	30 000	10 000	10 000	10 000	10 000	10 000	10 000	90 000	10 000
Total	630 000	135 000	125 000	125 000	125 000	115 000	145 000	1 400 000	128 333
Other benefits ¹	49 356	15 322	15 601	16 595	15 601	14 387	18 183	145 045	15 948

¹ Social security, unemployment insurance, accident insurance, and family allowances. The Bank does not make any occupational-pension contributions on behalf of the seven members of the Board. By law and in accordance with pension-fund regulations, members of the Board of Directors who do not receive retirement benefits must join the "Caisse de pensions de la Banque Cantonale Vaudoise" and pay all of their occupational-pension contributions themselves.

Compensation of members of the Board of Directors for the 2020 financial year (in CHF)

	Jacques de Watteville	Jean- François Schwarz	Jack Clemons	Ingrid Deltenre	Eftychia Fischer	Fabienne Freymond Cantone	Peter Ochsner	Total	Average compensation Excluding Chairman
	Chairman	Vice Chairman starting 1 May	Member	Member	Member starting 1 May	Member	Member		
Fees	600 000	108 334	95 000	95 000	63 334	95 000	95 000	1 151 668	91 945
Committee-related compensation	0	13 334	20 000	16 667	13 334	10 000	40 000	113 335	18 889
Other	30 000	10 000	10 000	10 000	6 667	10 000	10 000	86 667	9 445
Total	630 000	131 668	125 000	121 667	83 335	115 000	145 000	1 351 670	120 278
Other benefits ¹	47 755	16 715	15 770	15 732	10 202	15 450	22 085	143 709	15 992

¹ Social security, unemployment insurance, accident insurance, and family allowances. The Bank does not make any occupational-pension contributions on behalf of the seven members of the Board. By law and in accordance with pension-fund regulations, members of the Board of Directors who do not receive retirement benefits must join the "Caisse de pensions de la Banque Cantonale Vaudoise" and pay all of their occupational-pension contributions themselves.

Compensation of members of the Executive Board for the 2021 financial year (in CHF)

	Total		Pascal Kiener CEO	
	Shares (in units)		Shares (in units)	
Fixed salary		4 643 404		960 000
Annual performance-based compensation paid in cash ¹		2 590 000		441 000
Annual performance-based compensation paid in shares ^{1, 2}		749 000		105 536
Shares acquired under employee share-ownership program ³	7 200	4 896	1 000	680
Stock options (BCV has no employee stock-option plan)	0		0	
Other		22 800		6 000
Total		8 010 100		1 513 216
<i>Previous year</i>		<i>7 603 138</i>		<i>1 434 459</i>
2019–2021 long-term performance-based compensation plan				
Shares allocated at CHF 74 per share ⁴	14 030	1 038 220	1 880	139 120
<i>Previous year</i>	<i>15 040</i>	<i>1 428 800</i>	<i>1 880</i>	<i>178 600</i>
Total				
		9 048 320		1 652 336
<i>Previous year</i>		<i>9 031 938</i>		<i>1 613 059</i>
Occupational pension		1 344 450		220 059
Other benefits ⁵		818 674		147 304
<i>Previous year</i>				
<i>Occupational pension</i>		<i>1 206 121</i>		<i>211 437</i>
<i>Other benefits⁵</i>		<i>797 910</i>		<i>140 309</i>

¹ Subject to approval at the 2022 Annual Shareholders' Meeting² The number of shares will be calculated based on the market price on 16 May 2022, and rounded up to the nearest unit. The value of the shares (in Swiss francs) is discounted according to the duration of the share lock-up period.³ Difference between the subscription price (CHF 79.00) and the market price on 11 March 2021 (CHF 94.90) at its discounted value⁴ Market price on 11 March 2022⁵ Social security, unemployment insurance, accident insurance, income replacement, and family allowances

Loans to members of governing bodies (in CHF)

	Position	Nominal	Secured	Unsecured	31 / 12 / 21 Drawn down
Board of Directors					
Jacques de Watteville	Chairman	200 000	200 000		200 000
Jean-François Schwarz	Vice Chairman	11 250 000	11 250 000		10 900 000
Jack Clemons	Member	365 000	365 000		365 000
Ingrid Deltenre	Member	0			
Eftychia Fischer	Member	2 100 000	2 100 000		2 100 000
Fabienne Freymond Cantone	Member	0			
Peter Ochsner	Member	0			
Total		13 915 000	13 915 000	0	13 565 000
Previous year		11 815 000	11 815 000	0	11 165 000
Executive Board					
Total		23 596 000	23 536 000	60 000	21 868 000
Previous year		27 190 000	27 190 000	0	25 766 000
Gérard Haeberli ¹	Member	8 104 000	8 104 000	0	7 669 000

¹ Largest individual loan granted to an Executive Board member

No loans were granted to close relations (i.e., persons living under the same roof) of the members of the Board of Directors and Executive Board on terms not in keeping with market practice.

Loans to companies with links to members of governing bodies (in CHF)

No loans were granted to companies with links to members of governing bodies.

Share and option ownership

		31 / 12 / 21 Shares (in units)	31 / 12 / 20 Shares (in units)
Board of Directors			
Jacques de Watteville	Chairman	2 000	2 000
Jean-François Schwarz	Vice Chairman	36 910	36 910
Jack Clemons	Member	1 000	1 000
Ingrid Deltenre	Member	1 740	1 740
Eftychia Fischer	Member	1 060	1 060
Fabienne Freymond Cantone	Member	1 002	680
Peter Ochsner	Member	3 000	3 000
Total		46 712	46 390
Executive Board			
Pascal Kiener	CEO	41 177	36 460
Andreas Diemant	Corporate Banking	10 335	6 400
Gérard Haerberli	Private Banking	19 115	20 500
Christian Meixenberger	Business Support	10 503	6 300
Thomas W. Paulsen	CFO	10 441	12 220
Bertrand Sager	Credit Management	46 133	42 130
José François Sierdo	Retail Banking	27 901	27 930
Fabrice Welsch ¹	Asset Management & Trading	14 246	
Total		179 851	151 940

¹ Not a member of the Executive Board in 2020

Members of the Board of Directors and Executive Board held no options at 31 December 2021.

5.17.2 Compensation and loans granted to former members of the Board of Directors and Executive Board

Compensation of former members of the Board of Directors and Executive Board for the 2021 financial year

A former member of the Executive Board received 1,260 shares, which was the prorated number of shares paid under the 2019–2021 long-term performance-based compensation plan.

Loans granted to former members of the Board of Directors and Executive Board

Since 1 November 2002, serving members of the Board of Directors have not been granted any preferential terms for banking services, while former members who held office prior to this date continue to receive preferential terms that are in line with market practice for the banking industry.

Retired Executive Board members continue to receive preferential terms that are in line with market practice for the banking industry.

Jean-François Schwarz, a retired Executive Board member who receives a pension from the “Caisse de pensions de la Banque Cantonale Vaudoise,” joined the Board of Directors on 1 January 2019 and will continue to receive preferential terms, in line with market practice for the banking industry, on his fixed-term mortgage loans until they mature. He will receive no other preferential terms during his time in office, like the other members of the Board of Directors.

5.18 Breakdown of assets by solvency of the country group in which the risk is domiciled (in CHF millions)

Internal country rating	Standard & Poor's rating	31 / 12 / 21		31 / 12 / 20	
		Absolute value	as % of total	Absolute value	as % of total
1 & 2	AAA to AA-	3 081	86	2 906	87
3	A+ to A-	168	5	140	4
4	BBB+ to BBB-	64	2	37	1
5	BB+ to BB-	30	1	46	1
6	B+ to B-	204	6	164	5
7	CCC+ to C	10	0	9	0
Not rated	Not rated	31	1	29	1
Foreign exposure		3 587	100	3 332	100

5.19 Special "Caisse d'Epargne Cantonale Vaudoise" account (in CHF millions)

Guaranteed by the Canton of Vaud and managed by Banque Cantonale Vaudoise, by decree of 20 June 1995

	2021	2020
Capital on deposit at 1 January	172.4	178.6
Movements:		
Net payment surplus during the financial year	- 21.8	- 6.1
Capitalization of net interest at 31 December	0.0	0.0
Net change	- 21.8	- 6.1
Total capital on deposit at 31 December¹	150.6	172.4
<i>of which guaranteed by the Canton of Vaud</i>		103.2

¹ Before becoming BCV product

	31 / 12 / 21	31 / 12 / 20	Change
Breakdown by type of service			
Registered savings books and accounts	109.7	127.4	- 17.7
Senior citizens' savings books and accounts	21.8	24.8	- 3.0
Bearer savings books	18.6	19.7	- 1.1
Youth savings books and accounts	0.5	0.6	- 0.1
Total	150.6	172.4	- 21.8

Upon the recommendation of the Vaud Cantonal Government, the Vaud Cantonal Parliament voted in December 2020 to dissolve the Caisse d'Epargne Cantonale Vaudoise (CECV) by repealing the decree of 20 June 1995 on the organization of the CECV. The LBCV was amended accordingly, with Article 32a stipulating that CECV's assets and liabilities would be transferred to BCV through a merger on 31 December 2021.

All depositors' CECV products became BCV products, thus liquidating the CECV.

6. Notes to off-balance-sheet transactions

6.1 Fiduciary transactions (in CHF millions)

	31 / 12 / 21	31 / 12 / 20	Change absolute	Change as %
Fiduciary investments with third parties	170	227	– 57	– 25

6.2 Assets under management

As BCV is not required to disclose these figures, they are provided voluntarily and only on a consolidated basis (see note 11.4 to the consolidated financial statements).

7. Notes to the income statement

7.1 Net interest income before loan impairment charges/reversals

Refinancing of trading positions and negative interest (in CHF millions)

	2021	2020	Change absolute	Change as %
Banks and reverse repurchase agreements	- 7.1	- 3.6	- 3.5	- 97
Customers	474.1	501.4	- 27.3	- 5
Interest and dividends on financial investments	17.9	22.5	- 4.6	- 21
Other interest income	4.2	4.3	- 0.1	- 3
Total interest income	489.1	524.6	- 35.6	- 7
Banks and repurchase agreements	- 4.3	2.2	- 6.6	- 293
Customers	- 41.0	- 20.4	- 20.6	- 101
Medium-term notes and bonds	54.7	59.5	- 4.8	- 8
Other interest expense	14.8	16.1	- 1.3	- 8
Total interest expense	24.1	57.5	- 33.3	- 58
Net interest income before loan impairment charges/reversals	464.9	467.2	- 2.3	- 0

Interest income totaled CHF 489.1m and included the deduction of CHF 8.4m in negative interest paid by the bank in 2021, compared with CHF 5.9m in 2020. Negative interest was paid primarily on transactions with banks and reverse repurchase agreements (i.e., deposits held with the Swiss National Bank and interbank positions).

Interest expense totaled CHF 24.1m and included the deduction of CHF 63.8m in negative interest earned by the Bank in 2021, compared with CHF 45.6m in 2020. Negative interest was earned on transactions with banks and repurchase agreements, customer deposits, and transactions related to debt issuance (i.e., structured product issuance).

7.2 Net trading income and fair-value adjustments (in CHF millions)

	2021	2020	Change absolute	Change as %
Breakdown by business sector				
Retail Banking	17.1	14.4	2.7	19
Corporate Banking	9.9	9.2	0.7	7
Wealth Management	9.8	9.2	0.6	7
Trading	55.5	50.0	5.6	11
Corporate Center	40.2	46.0	- 5.7	- 13
Total	132.5	128.7	3.8	3

Trading income and fair-value adjustments

Fixed-income instruments (including funds)	0.8	1.3	- 0.5	- 40
Equity securities (including funds)	37.4	20.4	17.1	84
Currencies and precious metals	108.1	115.3	- 7.2	- 6
Total trading income and fair-value adjustments	146.3	136.9	9.4	7
<i>of which fair-value adjustments</i>	<i>35.7</i>	<i>20.0</i>	<i>15.7</i>	<i>79</i>
<i>of which fair-value adjustments on assets</i>	<i>189.5</i>	<i>162.3</i>	<i>27.2</i>	<i>17</i>
<i>of which fair-value adjustments on liabilities</i>	<i>- 153.8</i>	<i>- 142.3</i>	<i>11.5</i>	<i>8</i>
Trading fee expense	- 13.8	- 8.1	5.6	69
Net trading income and fair-value adjustments	132.5	128.7	3.8	3

7.3 Personnel costs (in CHF millions)

	2021	2020	Change absolute	Change as %
Fixed and variable compensation	233.5	229.2	4.2	2
<i>of which charges related to share-based compensation and other variable compensation (including the portion paid in cash)</i>	34.1	31.9	2.2	7
Employee benefits	27.0	23.8	3.2	13
Contributions to staff pension funds	34.0	32.8	1.2	4
Other personnel expenses	13.5	13.3	0.2	1
Total	307.9	299.1	8.8	3

7.4 Other operating expenses (in CHF millions)

	2021	2020	Change absolute	Change as %
Premises	19.2	19.6	-0.4	-2
IT	64.5	65.1	-0.6	-1
Machinery, furniture, vehicles, etc.	2.5	2.5	-0.0	-1
Office supplies	0.9	1.1	-0.3	-24
Telecommunications and shipping	6.2	5.8	0.3	6
Marketing and communications, gifts and subscriptions	12.5	12.9	-0.3	-3
Financial information	12.5	12.5	-0.1	-1
Auditor fees	1.9	2.0	-0.1	-4
<i>of which for financial and prudential audits</i>	1.7	1.8	-0.1	-6
<i>of which for other services</i>	0.2	0.2	0.0	21
Other professional fees	4.4	3.7	0.7	19
Payment transactions	10.7	10.6	0.1	1
Issuing fees	1.4	0.8	0.6	71
Miscellaneous operating expenses	3.3	3.3	-0.1	-2
<i>of which charges for the guarantee by the Canton of Vaud¹</i>	0.3	0.3	-0.0	-5
Total	140.0	140.0	-0.1	-0

¹ Limited guarantee by the Canton of Vaud for deposits made with the Caisse d'Epargne Cantonale Vaudoise and managed by BCV until end-2021

7.5 Other provisions and losses (in CHF millions)

	2021	2020	Change absolute	Change as %
Provisions for credit risk	-0.3	2.1	-2.4	-114
Miscellaneous provisions	-1.3	0.7	-2.0	-289
Miscellaneous losses	1.0	1.6	-0.5	-34
Total	-0.6	4.4	-5.0	-113

7.6 Extraordinary income (in CHF millions)

	2021	2020	Change absolute	Change as %
Disposals of tangible fixed assets	11.7	1.2	10.5	n/a
Other extraordinary income	0.4	0.6	– 0.2	– 41
Total	12.0	1.8	10.2	571

7.7 Extraordinary expenses (in CHF millions)

	2021	2020	Change absolute	Change as %
Miscellaneous extraordinary expenses	0.0	0.1	– 0.0	– 76
Total	0.0	0.1	– 0.0	– 76

7.8 Taxes (in CHF millions)

	2021	2020	Change absolute	Change as %
Direct federal tax	29.8	23.0	6.9	30
Cantonal and municipal taxes	28.7	21.0	7.7	37
Total	58.5	44.0	14.5	33
Weighted average tax rate, based on operating profit	14%	12%		

8. Proposal by the Board of Directors

At the Annual Shareholders' Meeting to be held on 5 May 2022, the Board of Directors will recommend the following appropriation of profit and distributions:

The proposed allocation of available earnings of CHF 374.9m is as follows:

	Dividend in CHF per registered share	Number of shares (in units)	Appropriation (in CHF millions)
Payment of an ordinary dividend	3.70	86 061 900	318.4
Allocation to regulatory retained earnings			0.0
Allocation to optional retained earnings			56.5
			374.9

If this resolution is adopted, the dividend will be payable, after deduction of Swiss withholding tax, at the Bank's head office and branches beginning on 11 May 2022.



Statutory Auditor's Report

To the General Meeting of Banque Cantonale Vaudoise, Lausanne

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the financial statements of Banque Cantonale Vaudoise, which comprise the balance sheet as at 31 December 2021, the income statement and the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements (pages 174 to 199) for the year ended 31 December 2021 comply with Swiss law and the company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority



Methods regarding identification and valuation of the value adjustments related to amounts due from customers and mortgage loans which are impaired or presenting increased risks

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Methods regarding identification and valuation of the value adjustments related to amounts due from customers and mortgage loans which are impaired or presenting increased risks

Key Audit Matter

Mortgages and loans are one of the bank's main activities and represent approximately two thirds of its balance sheet as at 31 December 2021. The valuation of a counterparty's default risk relies largely on the use of rating methods developed by the bank. The valuation of the loans which are impaired or presenting increased risks relies on an analysis method that takes into account various elements such as market factors, the client's estimated willingness to repay and financial capacity or the estimation of the collateral's value.

The identification of risks and the valuation of the related loan impairment charges thus rely on models and analyses that imply an element of judgement by the Board of Directors and Management. Exposures that create greater uncertainty are typically those that result from unsecured loans or those that are subject to a collateral's loss of value.

Our response

Our procedures consisted in particular in assessing and testing the key controls related to the granting, recording and monitoring of mortgages and loans as well as the methodology used for the identification of default risk and the valuation of the loan impairment charges.

For a sample of non-impaired exposures which do not present increased risks, we assessed the debtors' capacity to fulfil their obligations. We compared our findings with the assessment of the default risk performed by the bank using its counterparty rating process.

Regarding receivables that are considered as impaired or as presenting increased risks, our procedures consisted, among others, of assessing the evolution of the relation between the loan impairment and the concerned receivables as a whole. For a sample of individual receivables that are considered impaired or presenting increased risks, we assessed the debtors' financial standing as well as the valuation of collaterals and we compared our findings with the assumptions and factors taken into account by the bank when calculating the required loan impairment charges.

For further information on methods regarding identification and valuation of the value adjustments related to amounts due from customers and mortgage loans, refer to the following notes to the consolidated and parent company financial statements of Banque Cantonale Vaudoise as at 31 December 2021:

- Note 7.2 "Credit risk" (p. 133 to 135 of the Annual Report)
- Note 5.2 "Risk mitigants for loans and off-balance-sheet transactions, impaired loans" (p. 179 of the Annual Report)

Responsibility of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings (page 199) complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG SA

A handwritten signature in blue ink, appearing to read 'O. Gauderon', written over a light blue rectangular background.

Olivier Gauderon
Licensed Audit Expert
Auditor in Charge

A handwritten signature in blue ink, appearing to read 'P. Ruedin', written over a light blue rectangular background.

Philippe Ruedin
Licensed Audit Expert

Geneva, 14 March 2022



Ruche parrainée par



BCV

www.bcv.ch

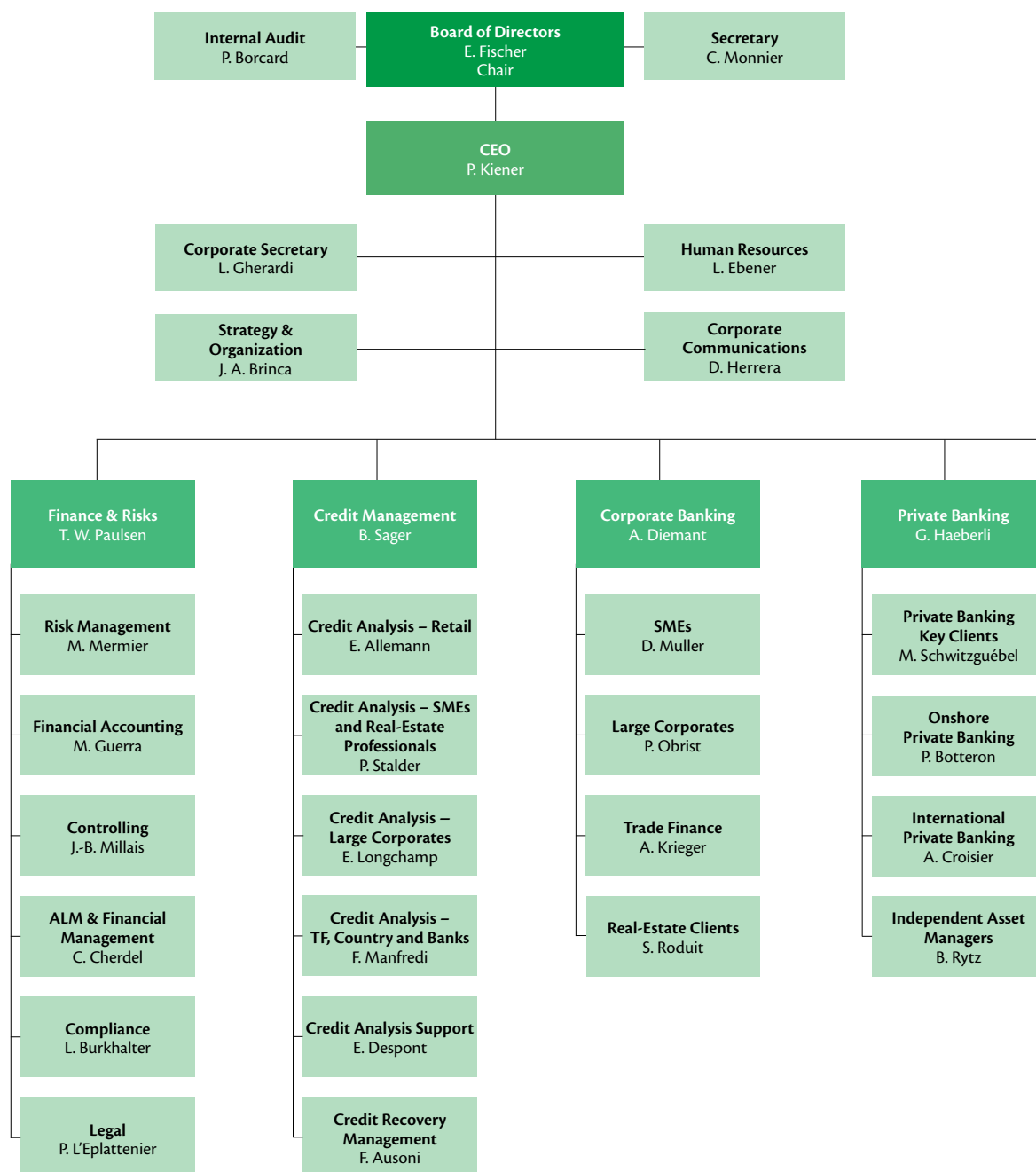


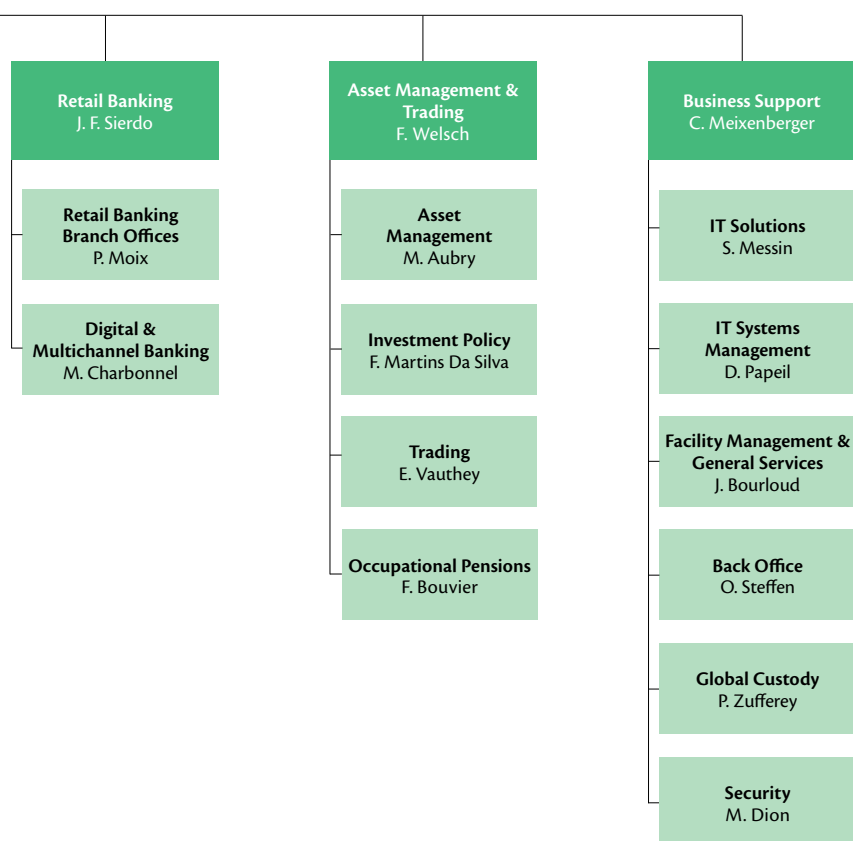
Printemps d'abeilles

BCV sponsors beehives set up by Printemps d'abeilles, an association devoted to protecting bees.

Organization Chart

As of 1 March 2021





Retail Network

As of 1 March 2022



Regional Managers

As of 1 March 2022

Broye region

Retail banking
Private banking
SME

Cristina Martinez
Hubert Joye
Julien Gander

Morges region

Retail banking
Private banking
SME

Cédric Weissert
Daniel Vuffray
Patrick Blanc

Chablais region

Retail banking
Private banking
SME

Dario Bucci
Vincent Mottier
David Hunacek

Nord vaudois region

Retail banking
Private banking
SME

Pascal Udry
Adrian Kocher
Alexandre Berthoud

Gros-de-Vaud region

Retail banking
Private banking
SME

Aleksandar Radic
Pierre-Yves Zimmermann
Stéphane Binggeli

Nyon region

Retail banking
Private banking
SME

Jean-Daniel Dreifuss
Valérie Grivel
Jean-Marc Pichon

Lausanne region

Retail banking
Private banking
SME

Sébastien Launaz
Pascal Aubry
Henri-Pierre Monney

Riviera region

Retail banking
Private banking
SME

David Platel (interim)
Christophe Millius
Rachel Perroud

Lavaux region

Retail banking
Private banking
SME

David Platel
Cédric Molleyres
Cédric Ottet

Branch Offices

As of 1 March 2022

Broye region

Avenches

Route de Lausanne 9
Case postale
1580 Avenches

Lucens

Avenue de la Gare 4 A
Case postale
1522 Lucens

Payerne

Rue du Temple 9
Case postale
1530 Payerne

Chablais region

Aigle

Rue du Collège 2
Case postale
1860 Aigle

Bex

Rue Centrale 5
Case postale
1880 Bex

Château-d'Œx

Grand-Rue 82
Case postale
1660 Château-d'Œx

Les Diablerets

Les Ormonts 7
Case postale
1865 Les Diablerets

Leysin

Place du Marché
Case postale
1854 Leysin

Villars

Avenue Centrale 119
Case postale
1884 Villars

Villeneuve

Grand-Rue 1
Case postale
1844 Villeneuve

Gros-de-Vaud region

Cheseaux-sur-Lausanne

Rue du Pâquis 1
Case postale
1033 Cheseaux-sur-Lausanne

Echallens

Place de la Gare 7
Case postale
1040 Echallens

Moudon

Rue du Temple 10
Case postale
1510 Moudon

Penthalaz

Place Centrale 3
Case postale
1305 Penthalaz

Romanel

Centre commercial Migros
en Félezin
Case postale
1032 Romanel-sur-Lausanne

Lausanne region

Bellevaux

Route Aloys-Fauquez 116
1018 Lausanne

Bergières

Avenue Bergières 42
Case postale
1000 Lausanne 22

Bussigny

Rue St-Germain 2 A
Case postale
1030 Bussigny

Chauderon

Place Chauderon 8
Case postale
1001 Lausanne

CHUV

Rue du Bugnon 46
Case postale
1011 Lausanne

Crissier

Centre MMM
Case postale
1023 Crissier

Écublens

Chemin du Croset 3
Case postale
1024 Écublens

Épalinges

Place de la Croix-Blanche 17
Case postale
1066 Épalinges

Lausanne – Gare

Place de la Gare 10
Case postale
1001 Lausanne

Ouchy

Avenue d'Ouchy 76
1006 Lausanne

Prilly

Route de Cossonay 21
Case postale
1008 Prilly

Renens

Rue du Midi 15
Case postale
1020 Renens

UNIL

Internef – Dorigny
Case postale
1015 Lausanne

Lausanne – St-François

Place St-François 14
Case postale
1001 Lausanne

Lavaux region

Chailly

Avenue de Chailly 10
Case postale
1000 Lausanne 12

Cully

Place de l'Hôtel de Ville 7
Case postale
1096 Cully

Lutry

Route de Lavaux 166
Case postale
1095 Lutry

Mézières

Rue du Théâtre 2
Case postale
1083 Mézières

Oron-la-Ville

Le Bourg 16
Case postale
1610 Oron-la-Ville

Pully

Rue de la Poste 8
Case postale
1009 Pully

Savigny

Place du Forum 2
Case postale
1073 Savigny

Morges region

Aubonne

Chemin du Mont-Blanc 2
Case postale
1170 Aubonne

Cossonay

Rue des Etangs 5
Case postale
1304 Cossonay-Ville

Denges

Route de Genève 107 B
Case postale
1026 Denges

Morges Hôtel-de-Ville

Place de l'Hôtel-de-Ville 2
Case postale
1110 Morges 1

St-Prex

Route de Rolle 2
Case postale
1162 St-Prex

Nord vaudois region

Chavornay

Route d'Yverdon 2
Case postale
1373 Chavornay

Grandson

Place du Château 8
Case postale
1422 Grandson

Le Sentier

Grand-Rue 36
Case postale
1347 Le Sentier

Orbe

Place du Marché 9
Case postale
1350 Orbe

Ste-Croix

Rue Neuve 2
Case postale
1450 Ste-Croix

Vallorbe

Rue de l'Horloge 1
Case postale
1337 Vallorbe

Yverdon-les-Bains

Rue des Remparts 17
Case postale
1401 Yverdon-les-Bains

Nyon region

Coppet

Rue Froide 1
Case postale
1296 Coppet

Gland

Avenue du Mont-Blanc 14 A
Case postale
1196 Gland

Nyon

Rue Perdttemps 6
Case postale
1260 Nyon 1

Rolle

Grand-Rue 60
Case postale
1180 Rolle

Riviera region

Blonay

Route du Village 7
Case postale
1807 Blonay

Chexbres

Grand-Rue
Case postale
1071 Chexbres

Clarens

Avenue Vinet 15
Case postale
1815 Clarens

La Tour-de-Peilz

Grand-Rue 38
Case postale
1814 La Tour-de-Peilz

Montreux

Grand-Rue 50
Case postale
1820 Montreux

Vevey – Gare

Place de la Gare
Case postale
1800 Vevey 1

Vevey – Nestlé

Avenue Nestlé 55
Case postale
1800 Vevey 1

Thanks

BCV would like to thank its employees as well as the various external service providers involved in preparing this document.

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