

BCV at a glance 2012



BCV at a glance

Key figures

(in CHF millions)	2012	2011	Change as %
Total assets	39 800	37 903	5
Total income	1 010	1 017	- 1
Operating profit	486	486	0
Net profit	311	301	3
Assets under management	81 737	77 097	6

Ratios

Cost / income ratio ¹	60%	60%
ROE	9.5%	9.3%
FINMA Tier 1 capital ratio ²	14.4%	13.2%
Bis Tier 1 capital ratio	18.4%	16.8%

¹⁾ Excluding goodwill amortization and write-downs

²⁾ BCV's CET1 capital ratio, as determined based on the Basel III approach, stood at 17.5% on 1 January 2013 (FINMA capital adequacy ratio: 219%)

2012 highlights

We once again turned in strong 2012 financial results:

- Business volumes continued to rise on the back of a resilient local economy.
- Revenues stayed above CHF 1bn despite a challenging environment.
- Net profit advanced 3% to CHF 311m.

BCV's AA rating was confirmed by S&P:

- Standard & Poor's confirmed the Bank's AA long-term credit rating, making BCV one of only a handful of institutions not backed by a formal government guarantee to be rated AA.

BCVPlus continued apace, with a number of concrete achievements:

- Several internal reorganization projects were successfully completed as part of our ongoing efforts to achieve operational excellence.
- Following the successful integration of IT systems and workforces, Piguet Galland & Cie SA pressed ahead with its development strategy. In addition, the management team was strengthened.

We comfortably meet the new regulatory capital requirements:

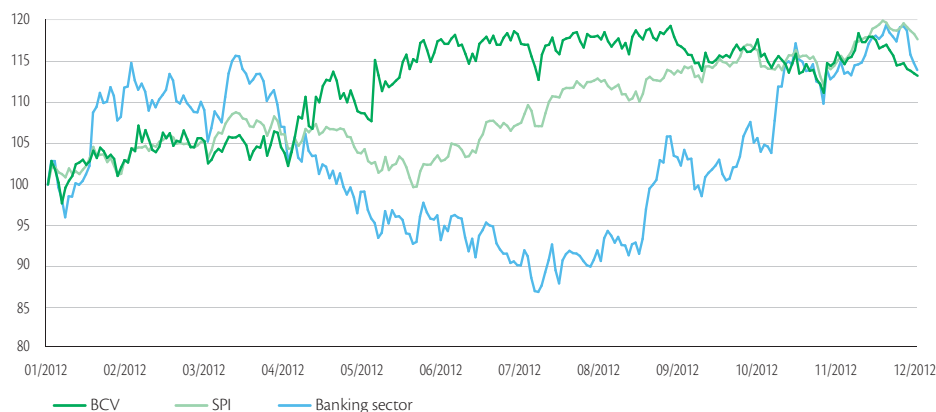
- The Group's Core Equity Tier 1 (CET1) capital ratio stood at 14.4% at 31 December 2012. At 1 January 2013, this ratio stood at 17.5% under the new Basel III rules.
- This ratio is well above FINMA's 12% requirement for category 3 banks such as BCV.
- The Group has redefined its strategic target for the CET1 capital ratio, which is now 13%.

We extended our distribution policy for the next five years:

- We intend to pay an ordinary dividend of CHF 22-27 per share, as well as a special dividend of CHF 10 out of paid-in reserves.
- Barring significant changes in the economic and regulatory environment or in the Bank's situation, we plan to maintain this distribution level for the next five years.

The BCV share

Total shareholder return¹



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

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

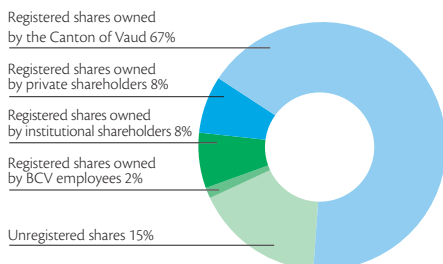
	2008	2009	2010	2011	2012
Number of shares outstanding (in thousands)	8 606	8 606	8 606	8 606	8 606
Period-end share price (in CHF)	317.75	411.00	491.00	456.25	484.75
Share price high / low (unadjusted, in CHF) – high	479	427	507	547	519
– low	249	260	397	392	442
Dividend per share (in CHF)	20.0	21.0	22.0	22.0	22.0 ¹⁾
Dividend yield ²⁾ (in %)	6.3	5.1	4.5	4.8	4.5
Total payout ³⁾ (in CHF)	30.0	31.0	32.0	32.0	32.0 ¹⁾
Total payout yield ²⁾ (in %)	9.4	7.5	6.5	7.0	6.6

¹⁾ Dividend to be proposed at the Shareholders' Meeting on 25 April 2013

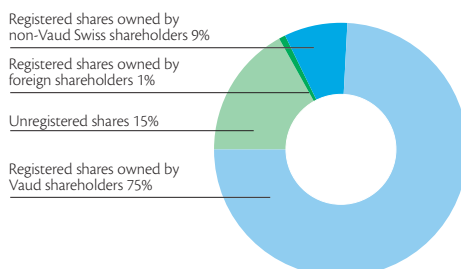
²⁾ Relative to the period-end share price

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

Share ownership structure



Share ownership by geographical zone



Consolidated balance sheet

(in CHF millions)	31 / 12 / 12	31 / 12 / 11	Change absolute	Change as %
Cash and cash equivalents	4 735	1 711	3 024	177
Money-market instruments	26	28	-2	-7
Due from banks	2 007	3 128	-1 121	-36
Loans and advances to customers	5 094	5 894	-800	-14
Mortgage loans	22 864	22 071	793	4
Trading portfolio assets	667	573	94	16
Financial investments	3 101	2 975	126	4
Non-consolidated holdings	52	88	-36	-41
Tangible fixed assets	621	628	-7	-1
Intangible assets	37	35	2	6
Accrued income and prepaid expenses	198	206	-8	-4
Other assets	398	566	-168	-30
Assets	39 800	37 903	1 897	5
Total subordinated assets	0	1	-1	-100
Total claims on non-consolidated holdings and significant shareholders	8	4	4	100
<i>of which claims on the Canton of Vaud</i>	5	1	4	400
Money-market paper issued	3	6	-3	-50
Due to banks	2 444	2 352	92	4
Customer savings and investment accounts	12 295	11 620	675	6
Other customer accounts	14 908	14 087	821	6
Medium-term notes	131	209	-78	-37
Bonds and mortgage-backed bonds	5 837	5 384	453	8
Accrued expenses and deferred income	231	215	16	7
Other liabilities	461	523	-62	-12
Value adjustments and provisions	175	206	-31	-15
Liabilities	36 485	34 602	1 883	5
Reserves for general banking risks	704	704	0	0
Equity capital	86	86	0	0
Capital reserve	275	360	-85	-24
Own equity securities	-11	-8	-3	-38
Retained earnings	1 949	1 838	111	6
Minority interests - equity	1	20	-19	-95
Net profit before minority interests	311	301	10	3
<i>Minority interests</i>	0	-1	1	n/a
Shareholders' equity	3 315	3 301	14	0
Total liabilities and shareholders' equity	39 800	37 903	1 897	5
Total subordinated liabilities	0	0	0	0
Total liabilities to non-consolidated holdings and significant shareholders	1 331	1 282	49	4
<i>of which liabilities to the Canton of Vaud</i>	1 327	1 246	81	7

Consolidated income statement

(in CHF millions)	2012	2011	Change absolute	Change as %
Interest and discount income ¹	712.3	735.8	-23.5	-3
Interest and dividend income from financial investments	57.9	58.4	-0.5	-1
Interest expense	-250.9	-261.1	-10.2	-4
Net interest income	519.3	533.1	-13.8	-3
Fees and commissions on lending operations ¹	50.2	47.2	3.0	6
Fees and commissions on securities and investment transactions	281.9	291.8	-9.9	-3
Fees and commissions on other services	79.1	73.1	6.0	8
Fee and commission expense	-64.2	-71.9	-7.7	-11
Net fee and commission income	347.0	340.2	6.8	2
Net trading income	113.1	114.9	-1.8	-2
Profit on disposal of financial investments	5.9	10.7	-4.8	-45
Total income from holdings	4.8	5.5	-0.7	-13
<i>of which other non-consolidated holdings</i>	4.8	5.5	-0.7	-13
Real-estate income	11.3	10.4	0.9	9
Miscellaneous ordinary income	9.5	9.4	0.1	1
Miscellaneous ordinary expenses	-1.1	-7.0	-5.9	-84
Other ordinary income	30.4	29.0	1.4	5
Total income from ordinary banking operations	1 009.8	1 017.2	-7.4	-1
Personnel costs	-334.7	-339.2	-4.5	-1
Other operating expenses	-189.3	-192.3	-3.0	-2
Operating expenses	-524.0	-531.5	-7.5	-1
Operating profit	485.8	485.7	0.1	0
Depreciation and write-offs on fixed assets	-86.2	-83.9	2.3	3
Value adjustments, provisions and losses	-3.9	-19.8	-15.9	-80
Profit on ordinary banking operations before extraordinary items and taxes	395.7	382.0	13.7	4
Extraordinary income	9.0	16.6	-7.6	-46
Extraordinary expenses	-1.6	-7.8	-6.2	-79
Taxes	-92.0	-89.7	2.3	3
Net profit before minority interests	311.1	301.1	10.0	3
Minority interests	-0.1	1.0	-1.1	-110
Net profit	311.0	302.1	8.9	3

¹⁾ To facilitate like-for-like comparisons, 2011 figures were adjusted following the reclassification of certain income

Overview of BCV

Our legal status

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

Our core businesses

With revenues exceeding CHF 1.0bn in 2012 and total assets of CHF 39.8bn, we rank among Switzerland's top five banks by assets. BCV is the country's second-largest cantonal bank and the largest bank in Vaud, with a network of 67 staffed branches and around 220 ATMs throughout the Canton. The Bank's organization is based on four client-oriented divisions: Retail Banking, Private Banking, Corporate Banking and Asset Management & Trading. We offer a comprehensive range of financial services to all client segments. BCV Group had 1,931 full-time equivalent employees at 31 December 2012. At that date, in addition to the parent company, BCV Group comprised a private bank, Piguët Galland & Cie SA, and two fund management firms, GÉRIFONDS SA and GEP SA (Société pour la gestion de placements collectifs).

Our missions

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

Our strategy

At the end of 2008, we modified our strategy in order to focus our efforts on our front lines and generate organic growth in our core markets. Management decided that the best way to ensure profitable growth going forward is the business model of a universal bank with solid local roots. Through our strategy, BCVPlus, we intend to strengthen our position as a full-service bank in the Vaud region and be recognized as a leading financial institution in Switzerland, particularly for private banking and institutional asset management.

With BCVPlus, we are targeting:

- renewed impetus in retail banking by improving front-line execution and overall sales-support efficiency while tapping into the potential inherent in our large client base;
- growth in private wealth management, primarily in Vaud, and institutional asset management both within Vaud Canton and elsewhere in Switzerland;
- a greater role for SME-related activities;
- enhanced volumes and profitability in the trade finance and large corporates business lines, in accordance with the Bank's risk profile;
- very limited risk-taking in trading activities, which are centered on customer-driven business volumes.

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

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

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

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

Key figures – 5-year overview

(in CHF millions)	2008	2009	2010	2011	2012
Balance sheet at 31 December					
Total assets	35 239	35 733	35 585	37 903	39 800
Advances to customers	22 834	24 312	25 501	27 965	27 958
Customer deposits and bonds	28 134	29 517	29 323	31 300	33 171
Shareholders' equity	3 178	3 222	3 271	3 301	3 315
Assets under management	66 766	76 209	75 849	77 097	81 737

Income statement

Total income	928	976	996	1 017	1 010
Operating expenses	505	506	516	531	524
Operating profit	423	470	480	486	486
Depreciation and write-offs	77	79	78	84	86
Value adjustments, provisions and losses	16	18	5	20	4
Net profit	358	301	314	301	311

Headcount

Full-time equivalents	1 914	1 939	1 986	2 042	1 931
-----------------------	-------	-------	-------	-------	-------

Ratios

Shareholders' equity / total assets	9.0%	9.0%	9.2%	8.7%	8.3%
FINMA capital adequacy ratio	180%	176%	175%	165%	180%
FINMA Tier 1 capital ratio ¹	14.4%	14.1%	14.0%	13.2%	14.4%
BIS capital ratio	16.2%	17.8%	17.6%	16.8%	18.4%
Operating profit / average shareholders' equity	13.1%	14.7%	14.9%	14.9%	14.8%
Cost / income ratio ²	62.6%	59.8%	59.5%	60.1%	60.0%
Operating profit per employee (in CHF thousands)	217.1	244.4	245.0	237.3	246.2
ROE	11.2%	9.5%	9.8%	9.3%	9.5%

Credit ratings

Standard & Poor's

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

Moody's

Long term	A1 / stable	A1 / stable	A1 / stable	A1 / stable	A1 / stable
Short term	Prime-1	Prime-1	Prime-1	Prime-1	Prime-1

¹ BCV's CET1 capital ratio, as determined based on the Basel III approach, stood at 17.5% on 1 January 2013 (FINMA capital adequacy ratio: 219%)

² Excluding goodwill amortization and write-downs



Head office

Place Saint-François 14
Case postale 300
1001 Lausanne
Switzerland
Phone: +41 21 212 10 00
Swift code: BCVLCH2L
Clearing number: 767
www.bcv.ch
info@bcv.ch