

# BCV at a glance 2020



# BCV at a glance

## Key figures

(in CHF millions)	2020	2019	Change as %
Total assets	53 186	48 352	+10
Total income	945	1 002	-6
Operating profit	373	419	-11
Net profit	331	363	-9
Assets under management	103 159	97 840	+5

## Ratios

Cost/income ratio <sup>1</sup>	58.7%	57.7%
ROE	9.3%	10.4%
Tier 1 capital ratio	17.7%	17.1%
Total capital ratio	17.8%	17.3%

<sup>1</sup> Excluding goodwill amortization and write-downs

## 2020 highlights

### We fulfilled our role in serving our Canton's people and economy

- We continued to deliver our products and services while implementing optimal safety conditions for our employees and customers.
- We also worked with four other Swiss banks and the Swiss federal authorities to develop and implement the Covid-19 bridge-loan program in record time. We granted more than 6,000 bridge loans for a total of over CHF 700m.

### We achieved solid financial results despite the extraordinary conditions created by the Covid-19 crisis

- In an operating environment deeply impacted by the public health crisis and persistently negative interest rates, our revenues decreased 6% to CHF 945m.
- The decline in revenues was partially offset by firm cost control. Operating profit came in at CHF 373m, down 11% on the year-earlier period.
- Net profit stood at CHF 331m, which is 9% lower than the record level reached in 2019, but nevertheless a solid figure, as illustrated by an ROE of 9.3% – one of the highest in our peer group.

### We delivered on our dividend policy for the 12th year in a row

- In recognition of our financial solidity, Standard and Poor's reaffirmed our AA rating, and Moody's reaffirmed our Aa2 rating. We paid an ordinary dividend of CHF 36 per share to shareholders in May 2020, corresponding to a CHF 1 increase relative to the previous year, for a payout of CHF 310m. For the 2020 financial year, the Board of Directors is recommending that shareholders approve another payout of CHF 310m.

### 2020 was a great year for our share

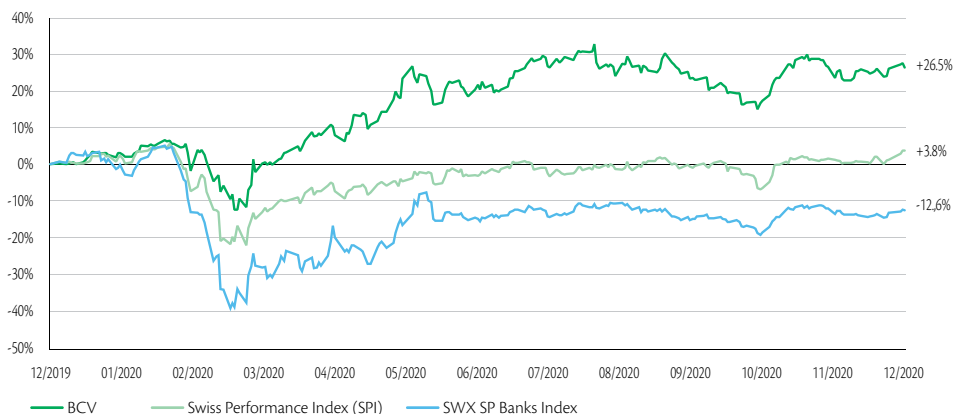
- Our share delivered a total return of 26.5% in 2020, making it the second-best performer among Swiss banking stocks.
- On 28 May 2020, we carried out a 10-for-1 stock split following the approval of our shareholders at our annual meeting. The following day, our share was added to the MSCI World Index, and on 22 June it joined the STOXX Europe 600 Index, enhancing the share's visibility and liquidity.

### We continued to implement our sustainable development strategy with several new initiatives

- For the first time, we published our Sustainability Report in accordance with Global Reporting Initiative standards and in both French and English.
- In our institutional asset management business, we entered into a strategic partnership with Ethos, a foundation that plays a leading role in SRI in Switzerland. We are now jointly developing SRI investment solutions with Ethos. Our existing range of products also applies ESG selection criteria.
- We extended our line of green mortgage loans for energy-efficient properties and renovation projects aimed at improving energy efficiency.

# The BCV share

## Total shareholder return<sup>1</sup>



<sup>1</sup> Stockmarket performance over the period plus dividends and capital distributions

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

	2016	2017	2018	2019	2020 <sup>1</sup>
Number of shares outstanding (in thousands)	8 606	8 606	8 606	8 606	86 061
Period-end share price (in CHF)	645.00	735.00	741.00	790.00	96.30
Share price high/low (unadjusted, in CHF) - high	694.00	764.50	823.00	820.00	101.40
- low	582.00	644.00	688.00	708.00	67.50
Dividend per share (in CHF)	23.0	23.0	35.0	36.0	3.60 <sup>2</sup>
Dividend yield <sup>3</sup> (as %)	3.6	3.1	4.7	4.6	3.7
Total payout (in CHF)	33.0 <sup>4</sup>	33.0 <sup>4</sup>	35.0	36.0	3.60 <sup>2</sup>
Total payout yield <sup>3</sup> (as %)	5.1	4.5	4.7	4.6	3.7

<sup>1</sup> 10-for-1 stock split on 28 May 2020 and change in the security number and ISIN code

<sup>2</sup> Dividend to be proposed at the 2021 Shareholders' Meeting

<sup>3</sup> Relative to the period-end share price

<sup>4</sup> Total amount distributed to shareholders in the form of an ordinary dividend together with a distribution out of paid-in reserves

## Share ownership structure

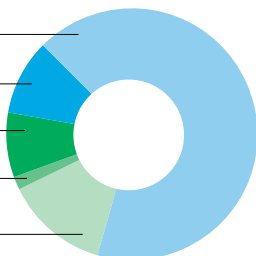
Registered shares owned by the Canton of Vaud 67%

Registered shares owned by private shareholders 9%

Registered shares owned by institutional shareholders 9%

Registered shares owned by BCV employees 1%

Unregistered shares 15%



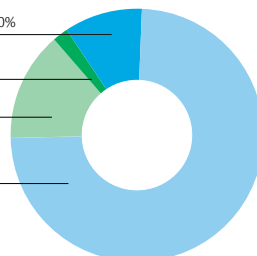
## Share ownership by geographical zone

Registered shares owned by non-Vaud Swiss shareholders 10%

Registered shares owned by foreign shareholders 2%

Unregistered shares 15%

Registered shares owned by Vaud shareholders 73%



# Consolidated balance sheet

(in CHF millions)	31 / 12 / 20	31 / 12 / 19	Change absolute	Change as %
Cash and cash equivalents	11 550	8 384	3 166	38
Due from banks	1 347	1 186	161	14
Reverse repurchase agreements	236	239	-3	-1
Loans and advances to customers	5 812	5 752	60	1
Mortgage loans	28 037	27 016	1 021	4
Trading portfolio assets	312	277	35	13
Positive mark-to-market values of derivative financial instruments	321	273	48	18
Other financial assets at fair value	886	784	102	13
Financial investments	4 084	3 811	273	7
Accrued income and prepaid expenses	87	85	1	2
Non-consolidated holdings	69	69	0	0
Tangible fixed assets	412	433	-21	-5
Intangible assets	2	5	-3	-63
Other assets	31	36	-5	-13
<b>Assets</b>	<b>53 186</b>	<b>48 352</b>	<b>4 834</b>	<b>10</b>
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	2 948	1 703	1 244	73
Repurchase agreements	2 781	1 502	1 279	85
Customer deposits	35 424	33 048	2 377	7
Trading portfolio liabilities	1	2	-0	-27
Negative mark-to-market values of derivative financial instruments	329	213	116	54
Other financial liabilities at fair value	969	918	52	6
Medium-term notes	2	3	-1	-43
Bonds and mortgage-backed bonds	6 911	7 094	-183	-3
Accrued expenses and deferred income	145	154	-9	-6
Other liabilities	75	114	-38	-34
Provisions	27	16	12	73
<b>Liabilities</b>	<b>49 612</b>	<b>44 766</b>	<b>4 846</b>	<b>11</b>
Reserves for general banking risks	666	701	-35	-5
Share capital	86	86	0	0
Capital reserve	36	35	0	1
Retained earnings	2 472	2 419	53	2
Currency translation reserve	-2	-2	-0	-1
Own shares	-15	-18	2	14
Minority interests in equity	0	0	-0	-0
Net profit	331	363	-32	-9
<i>of which minority interests</i>	0	0	0	9
<b>Shareholders' equity</b>	<b>3 574</b>	<b>3 586</b>	<b>-11</b>	<b>-0</b>
<b>Total liabilities and shareholders' equity</b>	<b>53 186</b>	<b>48 352</b>	<b>4 834</b>	<b>10</b>
Total subordinated liabilities	0	0	0	0
<i>of which subject to mandatory conversion and/or conditional write-off</i>	0	0	0	0

# Consolidated income statement

(in CHF millions)	2020	2019	Change absolute	Change as %
Interest and discount income	511.2	570.3	-59.1	-10
Interest and dividend income from financial investments	22.6	27.9	-5.3	-19
Interest expense	-59.4	-101.4	-42.0	-41
<b>Net interest income before loan impairment charges/reversals</b>	<b>474.4</b>	<b>496.9</b>	<b>-22.4</b>	<b>-5</b>
Loan impairment charges/reversals	-15.1	9.8	24.9	253
<b>Net interest income after loan impairment charges/reversals (NII)</b>	<b>459.4</b>	<b>506.7</b>	<b>-47.3</b>	<b>-9</b>
Fees and commissions on securities and investment transactions	266.6	259.4	7.2	3
Fees and commissions on lending operations	36.2	44.5	-8.3	-19
Fees and commissions on other services	63.0	73.6	-10.6	-14
Fee and commission expense	-55.5	-54.6	0.9	2
<b>Net fee and commission income</b>	<b>310.2</b>	<b>322.9</b>	<b>-12.7</b>	<b>-4</b>
<b>Net trading income and fair-value adjustments</b>	<b>139.2</b>	<b>128.1</b>	<b>11.0</b>	<b>9</b>
Gains/losses on disposals of financial investments	2.0	0.5	1.5	294
Income from equity investments	6.5	13.7	-7.2	-52
<i>of which other non-consolidated holdings</i>	6.5	13.7	-7.2	-52
Real-estate income	7.1	7.5	-0.4	-6
Miscellaneous ordinary income	21.2	22.9	-1.7	-7
Miscellaneous ordinary expenses	-0.4	-0.3	0.1	27
<b>Other ordinary income</b>	<b>36.4</b>	<b>44.3</b>	<b>-7.9</b>	<b>-18</b>
<b>Total income from ordinary banking operations</b>	<b>945.2</b>	<b>1 002.0</b>	<b>-56.8</b>	<b>-6</b>
Personnel costs	-339.2	-339.3	-0.1	-0
Other operating expenses	-156.2	-165.2	-9.0	-5
<b>Operating expenses</b>	<b>-495.4</b>	<b>-504.5</b>	<b>-9.1</b>	<b>-2</b>
Depreciation and amortization of fixed assets and impairment on equity investments	-72.1	-71.3	0.7	1
Other provisions and losses	-5.0	-7.2	-2.2	-31
<b>Operating profit</b>	<b>372.7</b>	<b>418.9</b>	<b>-46.2</b>	<b>-11</b>
Extraordinary income	4.8	0.7	4.1	n/a
Extraordinary expenses	-0.1	-0.2	-0.2	-68
Taxes	-46.7	-56.6	-9.9	-17
<b>Net profit</b>	<b>330.8</b>	<b>362.9</b>	<b>-32.1</b>	<b>-9</b>
Minority interests	-0.0	-0.0	0.0	9
<b>Net profit attributable to BCV shareholders</b>	<b>330.8</b>	<b>362.9</b>	<b>-32.1</b>	<b>-9</b>

# 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 major shareholder, with 66.95% of the share capital. BCV is listed in the Vaud Commercial Register and is subject to all applicable legislation. Its legal status is defined in the Cantonal Act Governing the Organization of Banque Cantonale Vaudoise (LBCV) of 20 June 1995, as amended on 25 June 2002, 30 January 2007 and 2 March 2010. BCV's commitments are not underwritten by the Canton. However, customer deposits are covered by a nationwide system of investor protection concerning Swiss banks and securities dealers. This system insures deposits of up to CHF 100,000 per person and per bank. In addition, a limited cantonal guarantee applies to deposits with Caisse d'Épargne Cantonale Vaudoise, a savings institution managed by the Bank.

## Our core businesses

With revenues of CHF 945m in 2020 and total assets of CHF 53.2bn, we rank among Switzerland's top five universal banks by assets. BCV is the country's second-largest cantonal bank and the largest bank in Vaud, with a network of 63 staffed branches and more than 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 1,909 full-time-equivalent employees at 31 December 2020. At that date, in addition to the parent company, BCV Group comprised a private bank, Piguët Galland & Cie SA, and two fund management firms, Gêrifonds SA and GEP SA (Société pour la gestion de placements collectifs).

## Our missions

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

## Our strategy

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

For the business lines, we are targeting:

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

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

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

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

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

# Key figures – 5-year overview

Balance sheet (in CHF millions)	2016	2017	2018	2019	2020
Total assets	44 085	45 415	47 863	48 352	53 186
Advances to customers	29 849	30 233	31 756	32 768	33 849
Customer deposits	29 245	30 512	31 375	33 048	35 424
Shareholders' equity	3 420	3 457	3 522	3 586	3 574

Assets under management (in CHF millions)					
Assets under management	85 382	86 490	87 620	97 840	103 159
<i>cash and cash equivalents</i>	26 009	26 977	28 062	29 837	31 729
<i>investment funds</i>	19 812	21 807	21 817	25 217	27 402
<i>shares</i>	21 588	19 871	18 485	20 934	22 336
<i>bonds</i>	11 029	9 764	9 413	9 746	8 536
<i>other</i>	6 945	8 071	9 843	12 106	13 156

Headcount					
Full-time equivalents	1 943	1 922	1 896	1 921	1 909

Income statement (in CHF millions)					
Total income	967	967	977	1 002	945
Operating expenses	509	508	500	505	495
Depreciation and amortization of fixed assets and impairment on equity investments	72	70	69	71	72
Other provisions and losses	3	1	5	7	5
Operating profit	383	387	403	419	373
Net profit	310	320	350	363	331

Liquidity and capital ratios <sup>1</sup>					
Liquidity Coverage Ratio (LCR)	113%	121%	113%	129%	136%
Leverage Ratio	6.6%	6.5%	6.2%	6.3%	5.8%
Tier 1 capital ratio <sup>2</sup>	17.5%	17.1%	17.1%	17.1%	17.7%
Total capital ratio <sup>2</sup>	17.6%	17.3%	17.2%	17.3%	17.8%

Income ratios					
Operating profit/average shareholders' equity	11.4%	11.4%	11.6%	11.9%	10.5%
Cost/income ratio <sup>3</sup>	59.4%	58.3%	57.6%	57.7%	58.7%
Operating profit per employee (in CHF thousands)	197.1	201.6	211.8	219.3	195.8
ROE	9.1%	9.4%	10.1%	10.4%	9.3%

Credit ratings					
<b>Standard &amp; Poor's</b>					
Long term	AA / stable	AA / stable	AA / stable	AA / stable	AA / stable
Short term	A-1+	A-1+	A-1+	A-1+	A-1+
<b>Moody's</b>					
Long term	Aa2 / stable	Aa2 / stable	Aa2 / stable	Aa2 / stable	Aa2 / stable
Short term	Prime-1	Prime-1	Prime-1	Prime-1	Prime-1

<sup>1)</sup> 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](http://www.bcv.ch) and on the BCV Investor Relations iPad app.

<sup>2)</sup> To facilitate like-for-like comparison, the ratios for 2016 have been recalculated without subtracting the countercyclical buffer from regulatory capital, in accordance with FINMA Circular 2016/1 "Disclosure – banks"

<sup>3)</sup> Excluding goodwill amortization and write-downs



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