

Parent Company Financial Statements

1. Balance sheet (in CHF millions)

	Notes ¹⁾	31 / 12 / 09	31 / 12 / 08	absolute	Change as %
Cash and cash equivalents		1 393.5	538.0	855.5	159
Money-market instruments		87.7	95.2	-7.5	-8
Due from banks		5 363.8	7 729.9	-2 366.1	-31
Loans and advances to customers	5.7/5.8	5 426.9	5 370.7	56.2	1
Mortgage loans	5.2/5.7/5.8	18 644.1	17 178.5	1 465.6	9
Trading portfolio assets		396.8	606.3	-209.5	-35
Financial investments	5.2/5.8	2 822.0	1 509.3	1 312.7	87
Holdings		156.0	156.6	-0.6	-0
Tangible fixed assets		505.7	517.4	-11.7	-2
Accrued income and prepaid expenses		217.8	238.9	-21.1	-9
Other assets	5.1	291.3	952.9	-661.6	-69
Assets		35 305.6	34 893.7	411.9	1
Total subordinated assets		3.7	5.8	-2.1	-36
Total claims on Group companies and significant shareholders		75.0	140.6	-65.6	-47
<i>of which claims on the Canton of Vaud</i>		2.0	9.2	-7.2	-78
Money-market paper issued		3.6	0.4	3.2	800
Due to banks		2 637.5	2 571.3	66.2	3
Customer savings and investment accounts	5.8/5.9	9 831.8	8 532.9	1 298.9	15
Other customer accounts	5.3/5.8	12 747.2	12 689.9	57.3	0
Medium-term notes		506.8	609.8	-103.0	-17
Bonds and mortgage-backed bonds	5.3	5 605.3	5 923.6	-318.3	-5
Accrued expenses and deferred income		211.6	240.4	-28.8	-12
Other liabilities	5.1	389.7	938.7	-549.0	-58
Value adjustments and provisions	5.4	286.8	382.1	-95.3	-25
Liabilities		32 220.3	31 889.1	331.2	1
Reserves for general banking risks	5.4	693.9	693.7	0.2	0
Equity capital	5.5	172.1	258.2	-86.1	-33
General legal reserve		779.6	779.6	0	0
Reserve for own equity securities	5.4	7.1	7.3	-0.2	-3
Other reserves		1 093.7	908.5	185.2	20
Profit for the year	7	338.9	357.3	-18.4	-5
Shareholders' equity	5.6	3 085.3	3 004.6	80.7	3
Total liabilities and shareholders' equity		35 305.6	34 893.7	411.9	1
Total subordinated liabilities		121.2	132.5	-11.3	-9
Total liabilities to Group companies and significant shareholders		2 151.6	1 186.3	965.3	81
<i>of which liabilities to the Canton of Vaud</i>		1 595.3	950.2	645.1	68

¹⁾ The notes are on pages 105 – 110.

2. Income statement (in CHF millions)

	Notes ¹	2009	2008	absolute	Change as %
Interest and discount income		778.2	1 014.4	- 236.2	- 23
Interest and dividend income from financial investments		50.5	42.6	7.9	19
Interest expense		- 327.9	- 563.2	- 235.3	- 42
Net interest income		500.8	493.8	7.0	1
Fees and commissions on lending operations ²		58.7	51.3	7.4	14
Fees and commissions on securities and investment transactions		210.5	222.8	- 12.3	- 6
Fees and commissions on other services ²		63.6	61.6	2.0	3
Fee and commission expense		- 52.2	- 51.8	0.4	1
Net fee and commission income		280.6	283.9	- 3.3	- 1
Net trading income	6.1	93.2	30.0	63.2	211
Profit on disposal of financial investments		16.8	26.0	- 9.2	- 35
Income from holdings		14.6	22.6	- 8.0	- 35
Real-estate income		6.3	7.1	- 0.8	- 11
Miscellaneous ordinary income		12.1	12.3	- 0.2	- 2
Miscellaneous ordinary expenses		- 5.3	- 6.9	- 1.6	- 23
Other ordinary income		44.5	61.1	- 16.6	- 27
Total income from ordinary banking operations		919.1	868.8	50.3	6
Personnel costs		- 285.2	- 276.9	8.3	3
Other operating expenses		- 172.7	- 176.9	- 4.2	- 2
Operating expenses		- 457.9	- 453.8	4.1	1
Operating profit		461.2	415.0	46.2	11
Depreciation and write-offs on fixed assets		- 75.7	- 75.5	0.2	0
Value adjustments, provisions and losses	5.4	- 17.9	- 12.7	5.2	41
Profit on ordinary banking operations before extraordinary items and taxes		367.6	326.8	40.8	12
Extraordinary income ³	5.4	56.1	126.7	- 70.6	- 56
Extraordinary expenses	5.4	- 0.2	- 0.7	- 0.5	- 71
Taxes		- 84.6	- 95.5	- 10.9	- 11
Profit for the year		338.9	357.3	- 18.4	- 5
Appropriations					
Profit for the year		338.9	357.3		
Profit shown on the balance sheet		338.9	357.3		
Appropriation of profit	7				
- Allocation to other reserves		158.2	185.2		
- Allocation to general legal reserve		0	0		
- Distribution of dividend on share capital		180.7	172.1		

¹⁾ The notes are on pages 105 – 110.

²⁾ To facilitate like-for-like comparisons, 2008 figures were adjusted following the reclassification of certain fees and commissions.

³⁾ Includes an extraordinary dividend of CHF 40.0m from a Group subsidiary. In accordance with consolidation principles, this amount is not included in the 2009 consolidated financial statements. This explains why Parent Company net profit exceeds Group net profit.

3. Off-balance-sheet transactions (in CHF millions)

	31 / 12 / 09	31 / 12 / 08	absolute	Change as %
Contingent liabilities	1 307.1	1 225.4	81.7	7
Irrevocable commitments	799.0	724.5	74.5	10
<i>of which commitments to make payments into a depositor protection fund</i>	<i>146.6</i>	<i>151.3</i>	<i>- 4.7</i>	<i>- 3</i>
Commitments relating to calls on shares and other equity securities	97.7	100.1	- 2.4	- 2
Confirmed credits	82.7	54.6	28.1	51
Derivative financial instruments				
Positive replacement values	351.7	3 255.8	- 2 904.1	- 89
Negative replacement values	323.9	3 096.8	- 2 772.9	- 90
Values of underlyings	26 845.2	61 993.4	- 35 148.2	- 57
Fiduciary deposits with other banks	534.2	993.3	- 459.1	- 46

Other contingent liabilities

Joint and several liability with respect to subsidiaries within the BCV VAT group.

4. Overview and accounting principles

4.1 Overview of operations and headcount

See section 7 of the consolidated financial statements.

4.2 Basis of preparation of company financial statements

The company financial statements have been prepared in accordance with the provisions of the Swiss Code of Obligations, the Federal Act on Banks and Savings Institutions and its Implementing Ordinance, and the Directives of 20 November 2008 governing the preparation of financial statements.

Changes to accounting principles

No changes were made to the accounting principles in 2009.

4.3 Presentation principles for individual line items

The valuation principles used to draw up the parent company's financial statements are the same as those used for the consolidated financial statements, with the exception of the following items:

4.3.1 Trading portfolio assets

This item contains positions in own equity securities, which are valued and carried on the balance sheet at fair value.

4.3.2 Holdings

This item comprises shares and other equity securities of companies held as long-term investments. Their maximum carrying value is cost less appropriate write-downs.

4.4 Risk-assessment and risk-management principles

See section 10 of the consolidated financial statements.

5. Notes to the balance sheet

5.1 Other assets and liabilities (in CHF millions)

	31 / 12 / 09		31 / 12 / 08	
	Other assets	Other liabilities	Other assets	Other liabilities
Replacement values of derivative financial instruments (positive / negative)	219.6	191.8	817.9	658.9
Offset accounts	0	45.3	0	94.7
Indirect taxes	4.6	43.3	11.0	70.9
Coupons / coupons and securities due	24.2	1.8	88.0	2.1
Settlement accounts	30.3	89.0	32.3	87.8
Miscellaneous assets and liabilities	12.6	18.5	3.7	24.3
Other assets and other liabilities	291.3	389.7	952.9	938.7

5.2 Assets pledged or assigned as collateral for own liabilities and assets with reservation of title (in CHF millions)

	31 / 12 / 09		31 / 12 / 08	
	Amount or book value of pledge	Real liabilities	Amount or book value of pledge	Real liabilities
Assets pledged or assigned to Swiss National Bank	188.3	0	188.4	0
Mortgages pledged or assigned to central mortgage-bond institution of Swiss cantonal banks	5 540.8	4 456.0	5 553.2	4 482.0
Other	514.7	514.7	801.5	801.5
Assets pledged or assigned	6 243.8	4 970.7	6 543.1	5 283.5

5.3 Own occupational pension funds (in CHF millions)

	31 / 12 / 09	31 / 12 / 08
Due to customers, other	24.5	36.9
Bonds	5.0	5.6
Balance sheet liabilities	29.5	42.5

5.4 Value adjustments and provisions

Reserves for general banking risks

Reserve for own equity securities (in CHF millions)

	Status at year-end	Used as allocated	Change in allocation	Recoveries, overdue interest, currency differences	New provisions charged to income statement	Releases credited to income statement	Net change in provisions	Status at year-end
	2008							2009
Value adjustments and provisions for default risk (counterparty and country risks)	369.0	- 117.9	0	23.2	64.9	- 55.4	9.5	283.8
Other provisions	21.5	- 6.3	0	0.1	0.8	- 4.1	- 3.3	12.0
Total value adjustments and provisions	390.5	- 124.2		23.3	65.7	- 59.5	6.2	295.8
Value adjustments directly netted with assets	- 8.4							- 9.0
Total value adjustments and provisions shown on the balance sheet	382.1							286.8
Reserves for general banking risks	693.7		0.2					693.9
Reserve for own equity securities	7.3		- 0.2					7.1

5.5 Equity capital (in CHF millions)

	2009		2008	
	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 30.00, CHF 20.00 from 22 July 2009		CHF 62.50, CHF 30.00 from 16 July 2008
Status at 1 January	8 606 190	258.2	8 606 190	537.9
Share par-value reduction ¹⁾		- 86.1		- 279.7
Status at 31 December	8 606 190	172.1	8 606 190	258.2
<i>of which share capital qualifying for dividends</i>		172.1		258.2

¹⁾ This transaction is described in section 2.3 of the corporate governance chapter.

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.

	31 / 12 / 09			31 / 12 / 08		
	Number of shares (in units)	Total par value	Stake	Number of shares (in units)	Total par value	Stake
Major shareholders and shareholder groups with voting ties						
Voting rights						
Vaud Canton, direct interest	5 762 252	115.2	66.95%	5 762 252	172.9	66.95%

5.6 Movements in shareholders' equity (in CHF millions)

	Share capital	PC capital	General legal reserve	Reserves for general banking risks	Reserve for own equity securities	Other reserves	Profit / loss for the year	Total equity capital
Status at 1 January 2007	536.9	460.5	763.6	555.0	6.5	425.0	506.4	3 253.9
Allocation to general legal reserve			3.0				-3.0	0
Allocation to other reserves						423.4	-423.4	0
2006 dividend							-80.0	-80.0
Capital increase (paying-in of conditional capital)	1.0		3.7					4.7
Partial buyback of participation certificates ¹		-460.5				-273.2		-733.7
Reserve for own equity securities				-0.7	0.8			0.1
Allocation to reserves for general banking risks				139.4				139.4
Profit / loss for the year							463.1	463.1
Status at 31 December 2007	537.9	0	770.3	693.7	7.3	575.2	463.1	3 047.5
Allocation to general legal reserve			9.3				-9.3	0
Allocation to other reserves						333.3	-333.3	0
2007 dividend							-120.5	-120.5
Share par-value reduction ¹	-279.7							-279.7
Reserve for own equity securities								0
Profit / loss for the year							357.3	357.3
Status at 31 December 2008	258.2	0	779.6	693.7	7.3	908.5	357.3	3 004.6
Allocation to other reserves						185.2	-185.2	0
2008 dividend							-172.1	-172.1
Share par-value reduction ¹	-86.1							-86.1
Reserve for own equity securities				0.2	-0.2			0
Profit / loss for the year							338.9	338.9
Status at 31 December 2009	172.1	0	779.6	693.9	7.1	1 093.7	338.9	3 085.3

¹⁾ This transaction is described in section 2.3 of the corporate governance chapter.

5.7 Compensation and loans to members of governing bodies

More information on compensation and loans to members of the governing bodies can be found in section 13.12 of the consolidated financial statements.

5.8 Receivables and commitments in respect of affiliated companies (in CHF millions)

	31 / 12 / 09	31 / 12 / 08
Loans and advances to customers	31.2	30.5
Mortgage loans	12.0	16.6
Financial investments	0.4	5.9
Receivables	43.6	53.0
Customer savings and investment accounts	3.2	1.0
Other customer accounts	126.4	200.3
Commitments	129.6	201.3

Public-sector entities in the Canton of Vaud as well as mixed-economy companies in which the Vaud Cantonal Government is a major shareholder are considered to be affiliated companies. Transactions with these affiliated companies are conducted on market terms.

5.9 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

	2009	2008
Capital on deposit at 1 January	496.8	657.1
Movements:		
Net payment surplus during the financial year	– 62.8	– 161.2
Capitalization of net interest at 31 December	0.6	0.9
Net change	– 62.2	– 160.3
Total capital on deposit at 31 December	434.6	496.8
<i>of which guaranteed by the Canton of Vaud</i>	<i>320.3</i>	<i>370.7</i>

	31 / 12 / 09	31 / 12 / 08	Change
Breakdown by type of service			
Registered savings books and accounts	233.6	249.6	– 16.0
Senior citizens’ savings books and accounts	109.6	123.7	– 14.1
Bearer savings books	81.7	109.3	– 27.6
Youth savings books and accounts	9.7	14.2	– 4.5
Total	434.6	496.8	– 62.2

6. Notes to the income statement

6.1 Net trading income (in CHF millions)

	2009	2008		Change
			absolute	as %
Foreign currency and precious metals	60.1	54.7	5.4	10
Banknotes	10.2	7.6	2.6	34
Securities (less refinancing costs) and derivatives	25.2	– 27.2	52.4	–
Fee and commission expense	– 2.3	– 5.1	– 2.8	– 55
Total	93.2	30.0	63.2	211

7. Appropriation of profit: proposal by the Board of Directors

The Board of Directors will recommend to the General Meeting of Shareholders, to be held on 29 April 2010, appropriation of available earnings of CHF 338.9m as follows:

	Dividend in CHF per registred share	Number of shares (in units)	Appropriation (in CHF millions)
Payment of an ordinary dividend of	21.00	8 606 190	180.7
Allocation to the general legal reserve			0
Allocation to other reserves			158.2
			338.9

If this resolution is adopted, the dividend will be payable, after deduction of Swiss withholding tax, at the Bank's head office and branches from 10 May 2010 onwards.

8. Report of the statutory auditor on the financial statements to the general meeting of Banque Cantonale Vaudoise, Lausanne

As statutory auditor, we have audited the financial statements of Banque Cantonale Vaudoise, which comprise the balance sheet, income statement and notes (pages 102 to 110), for the year ended 31 December 2009. Comparative figures presented in the financial statements were audited by another auditor.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements 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 entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2009 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and 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 complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers SA

Alex Astolfi Beresford Caloia

Audit expert *Audit expert*

Auditor in charge

Lausanne, 9 March 2010