

BCV takes corporate social responsibility seriously. We are – and intend to remain – a cornerstone of our home region's economy. Our aim is to meet customers' needs, create lasting value for shareholders, be a benchmark employer and play an active role in the community.

CORPORATE RESPONSIBILITY: BCV'S MISSIONS

In accordance with the Cantonal Act Governing the Organization of Banque Cantonale Vaudoise (LBCV) and as a modern company mindful of its duties and obligations, BCV has defined a series of objectives in the area of corporate social responsibility (CSR):

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, and helping to meet demand for mortgage lending in the Canton.
2. Meeting our clients' needs.
3. Creating lasting value for our shareholders.
4. Being a benchmark employer.
5. Playing an active role in the community.

CSR at BCV

BCV joined Philiat, Switzerland's network of socially responsible businesses, in 2006. We published our first Social Responsibility Report in 2008. This document provides details on BCV's approach to corporate social responsibility, and a new version has been published this year in conjunction with our annual report. It is available (in French only) on BCV's website: www.bcv.ch.

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

Customer relations — close ties and high professional standards

Article 4 of the LBCV requires the Bank to contribute to the development of all areas of the private-sector economy, to the financing of public-sector entities and to mortgage lending within the Canton.

The amended Act that took effect on 1 April 2007 extends the scope of Article 4, which stipulates that BCV shall offer the full range of financial products and services and that the Bank must have a particular concern for the development of the Canton's economy, in keeping with the principles of economically, environmentally, and socially sustainable development.

It is important to us to make this legal framework an everyday reality, which is reflected in our impressive local market penetration in terms of both individual and corporate clients. More information on our presence in the Vaud banking market is provided in the charts below.

BCV's market penetration

	Market penetration	
	Individual customers	Corporate customers
2006	48%	55%
2007	50%	54%
2008	48%	52%
2009	49%	54%

Source: BCV

Note: market penetration refers to the percentage of BCV client relationships relative to the population surveyed. Data is given with a confidence interval of +/- 2.5% and a confidence limit of 95%.

Despite increasingly fierce competition, BCV is perceived as solid, reliable and competent. This was once again evident in 2009, in a difficult environment for both the banking industry and the economy as a whole. Indeed, we experienced an influx of new clients and expanded our business with existing clients.

These developments also reflect our close ties with the people and businesses in our home region and the high professional standards of our product and service offering. Our client relationships are underpinned by the Bank's dense retail network, with 68 branch offices and 48 automated banking centers throughout the Canton. This on-the-ground presence ensures that we are never far away from our customers.

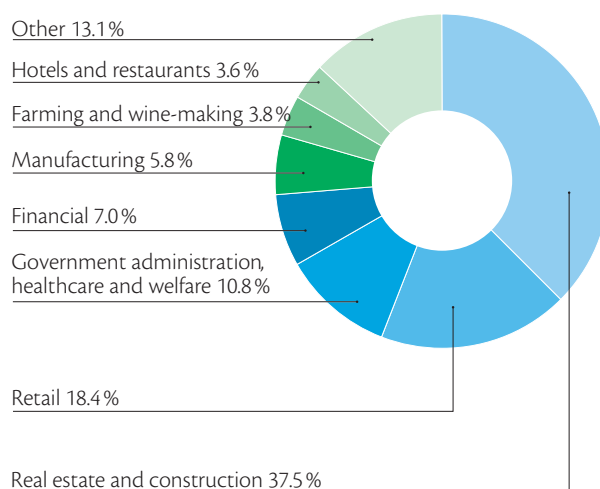
We continued to improve our local footprint in 2009 by implementing the following projects: we partially or totally renovated five branches (Clarens, Savigny, Montreux, Vevey and Chauderon), opened a new branch in Denges, and installed six additional off-site ATMs, one at the Y-Parc in Yverdon, one in the Retraites Populaires building on Rue Caroline in Lausanne, three at the Centre Métropole shopping center in Lausanne and one at the Aigle-Chablais shopping center. All in all, between 2006 and 2009 we renovated 23 branches, refurbished 45 automated banking centers and opened 3 new branches. Although several other projects are being considered, we believe that a network of around 70 branches throughout our home region is the right size to effectively meet our clients' needs (see the map of our retail network on page 158).

We strive to continuously improve customer service, which means keeping in step with changing lifestyles. Our customers can now contact a BCV advisor at any time between 7:30am and 7:30pm. Many of our branches are open non-stop throughout the day and stay open later in the evening, and at some locations, such as the head office in Lausanne, we are open on Saturday mornings. Initiatives like these clearly demonstrate our commitment to offering local customers the best possible access to banking services, and we remain the most widely accessible bank in Vaud Canton.

In terms of products and services, we aim to cover the full range of banking needs for individual, institutional and business customers. This is reflected in a high – and still rising – level of customer satisfaction. Our customers feel that we are meeting their requirements ever better in terms of on-the-ground presence and availability. Over half of all local companies bank with BCV, and three out of every ten use us as their main bank and are happy with all aspects of their relationship with us. More than half of them (58%) would recommend us to other firms.

In 2009, 45% of the loans we granted went to individuals in Vaud and 55% to businesses. These firms were active in all sectors of the Canton's economy. The dedication and enthusiasm of our staff enabled us to maintain our market share despite increasingly aggressive competition in an operating environment marked by stronger demand on the commercial lending front in Vaud and Switzerland generally. Large corporates and international trading firms based in the Canton accounted for 16% of the lending volumes on our balance sheet, while Vaud public-sector entities represented 3%.

Business loans by sector:
a breakdown reflecting the needs of Vaud's economy



Source: BCV

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%	11%	12%	8%	7%	16%
Other loans	4%	9%	15%	18%	12%	11%	7%	8%	16%
Workforce distribution (secondary and tertiary sectors)	3%	5%	11%	10%	9%	9%	5%	6%	42%

Sources: BCV, SCRIS

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

Workforce distribution: 2008 nationwide census data

Working with clients in difficulty

We aim to continue our relationship for as long as possible with individuals and businesses that run into temporary difficulties, which may happen for any number of reasons. Specialized staff advise clients in difficulty on debt management strategies, basing solutions on an individualized analysis of the situation.

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. A team of some 20 specialists is entrusted with this work, which is carried out in accordance with clearly defined rules based on strict ethical standards.

In 2002, BCV had to set aside substantial provisions for impaired loans. These loans now account for less than 2% of our loan portfolio, a level in line with Swiss banking standards. Nevertheless, we pressed ahead with our efforts to keep impaired loans to a strict minimum. 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

As part of our new BCVPlus strategy, we launched several major projects to align ourselves more closely with the needs of both our individual and business customers in Vaud Canton. This includes continued improvements to our products and services.

Service quality

In order to ensure that calls from private clients are dealt with in a timely manner, our call-center advisors are available non-stop every weekday from 7:30am to 7:30pm. In 2009, they handled more than 300,000 incoming calls, including 41,000 calls for our e-banking hotline. Our call center provides essential back-up for our branches in responding to the many different kinds of enquiries we receive from our customers.

The business banking hotline we set up in 2006 continued its progress last year, as more and more small businesses and self-employed customers made use of this service. With more than 56,000 calls, our SME advisors offered customers quick, practical and efficient assistance and also provided support to our advisors in the various regions of Vaud Canton.

Internet is becoming more and more popular with our customers. More than a third of our customers use our online banking services and nearly three out of four payments are carried out online. Apart from our online banking services, we launched a free real-estate ad website in 2009, www.immobiliervaudois.ch. This site is intended to help both local people and anyone wishing to settle in Vaud to find a place to live. In the first seven months since its creation, the site received more than 117,000 visits.

Products and services

Continuing our efforts to provide effective answers to changing customer needs, we enhanced our range of products and services for individual and corporate clients in 2009.

Three recent Retail Banking initiatives illustrate these efforts. First, with customers becoming more and more concerned about protecting their savings, we promoted our Direct Savings Account as an attractive alternative to other savings products.

Second, in response to increasing environmental awareness, we launched a green renovation loan and a special "Minergie" loan. These products aim to encourage construction and renovation work that will reduce energy consumption in buildings.

Finally, we rolled out our "Preferred" banking package targeted specifically at the employees of large multinational companies based in Vaud. This package offers a range of everyday banking services and has proved popular with these companies' human resources departments, who are the ones responsible for promoting the package within the company. Over a dozen major companies now offer this banking package to foreign employees who are relocated to the region.

In Corporate Banking, we launched the "Package Direct PME," which gives small-business clients access to a full range of simple and efficient cash management tools on attractive terms. This package, for which there is an online and a classic version, meets the needs of local SMEs and positions us favorably in relation to our competitors.

In Wealth Management, our clients continued to benefit from our "Global Advisory" approach. This approach is designed to provide clients with an all-round service that addresses the needs dictated by their personal circumstances and financial situation. In addition, we rounded off our range of management products with an investment fund that enables our clients to change their exposures to stocks and bonds according to market conditions. This product proved to be particularly well suited to the shifting market climate in 2009.

More information on our business sectors can be found on pages 36 to 47.

3. Creating lasting value for shareholders

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

We are targeting an average return on equity of 13-14% and a cost/income ratio of 57-59%. We have also decided to optimize the level of our shareholders' equity by gradually reducing our FINMA capital adequacy ratio to 145% for the Group as a whole. To achieve this, BCV reduced its share capital in both 2008 and 2009 under resolutions approved by the shareholders at the Annual Shareholders' Meeting. In 2008, there was a par-value reimbursement of CHF 32.50 per share, which returned CHF 280m to our shareholders. Last year saw a further par-value reimbursement of CHF 10 per share, with CHF 86m returned to our shareholders.

We are committed to building and maintaining close relationships with our shareholders and the investing community as a whole, based on transparent financial communication.

All these factors won recognition from the rating agencies. Standard & Poor's maintained BCV's long-term credit rating at AA- (stable), and Moody's confirmed its A1 rating with a stable outlook. These ratings reflect the Bank's excellent financial situation and solid market position in Vaud. They also take account of BCV's status as a cantonal bank.

More information on this subject can be found in the investor information chapter on pages 48 and 49.

4. Being a benchmark employer

BCV is the fifth largest employer in the Canton of Vaud, after the cantonal government itself and three locally-based firms. We see human resource management as crucial to both our mission and our strategy. This is why we have put in place human resource policies that focus on training and skills development – factors which themselves are essential to our success.

We have defined four values that are central to our corporate culture: professionalism, responsibility, performance and close ties with our customers and the community at large. We have launched a major communications and training initiative to ensure that all employees do everything they can to meet our customers' needs. This approach is also aimed at attracting the very best talent in all areas of the banking business.

Staff training is a major priority at BCV, as it underscores our commitment to motivating staff and managing knowledge. The issue of women in the workforce is also a focus. Finally, we seek to promote a healthy balance between work and leisure activities by supporting our employees' direct involvement in the various associations and organizations that make up the fabric of Vaud society, at the cantonal, regional and community levels.

Staff

BCV Group is one of the Canton's leading employers, with 1,939 employees on a full-time equivalent (FTE) basis at the end of December 2009, 25 more than a year earlier. This increase is a result of new hires made as part of our growth strategy in private banking, together with the recruitment of advisors within the branch network, as well as advisors for our business and institutional clients.

The parent company accounts for the largest share of the workforce, with a total of 1,966 employees, or 1,790 FTEs. BCV remains Vaud Canton's top employer in banking, insurance and financial services, providing around 15% of all jobs in the sector.

BCV was active in the labor market again in 2009, recruiting 225 new people and making 106 interdivisional transfers. Average staff turnover was down from 11.3% in 2008 to 9.3%. Recruitment and transfers took place across all of our business lines.

Staff survey

Each year BCV commissions a third-party polling service to conduct anonymous surveys of all staff members in order to obtain their opinions on working conditions, workplace relations, satisfaction with supervisors and, more generally, to determine overall employee buy-in and commitment. Over 80% of employees took part in the 2009 survey, which focused on staff members' views of our new BCVPlus strategy. Last year's survey produced the most positive results in five years, with employees showing strong support for the new strategy. In general, confidence in the Bank's future and its management team was considerably higher.

Women at BCV

The parent company had 832 female employees (42% of the workforce) on its staff at the end of 2009. Women accounted for 20% of supervisory staff, with 187 in this category, and 6% of all managers (16 women in management positions). In addition, we now have 11 female branch managers, who play an important role in running our retail network. BCV facilitates part-time employment for women, and there were 334 women (40% of all female employees) working part-time at the end of the year.

Focus on training

In 2009, BCV provided training for 88 employees, including 59 trainees, 21 students in their final year and eight university interns. Nine women participated in our "Rejoignez-nous" program.

BCV is one of the Canton's three main providers of professional training, alongside government institutions and a private-sector corporation. We have our own training center with a staff of nine, who are assisted by around 100 instructors, two-thirds of whom work elsewhere within the Bank.

The training center had a very busy year in 2009, focusing specifically on developing sales and coaching skills. Each private client advisor received an average of five days of skills development training, the aim being to provide more professional and personalized customer service. In order to strengthen the role of on-site training for advisors, branch managers also received coaching on how to improve their management skills and provide feedback.

Micro MBAs

In collaboration with the Entrepreneurship and Business Development program at the Geneva University Business School, we have put in place a “Micro MBA” study program which aims to enhance interdisciplinary skills and interdivisional collaboration while strengthening project management expertise. In the program’s theoretical component, participants acquire a global view of the Bank, and are faced with issues that are different from the ones they would usually have to deal with in their profession. This teaches them to integrate new approaches and methods into their work.

After completing around twenty modules, participants carry out a practical project. Projects aim to be at once innovative and concretely applicable to our processes here at BCV.

The first group of 22 employees is now in the project phase, and a new group will begin the program in April 2010. This training program is set to continue over the long term. It complements the various actions taken by BCV to develop staff skills and train up our future managers.

Staff pension fund

BCV Group, i.e., the BCV parent company and its subsidiaries, provides its employees with comprehensive pension cover well in excess of the minimum legal requirements. The staff pension fund is treated 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 2009, pension fund members included 2,041 active employees, 1,881 of whom were working at the parent company, and another 1,168 recipients of pensions, including 887 retirees.

Employee health

BCV takes several kinds of action in the interest of employees’ health, either within the framework of Swiss government programs or on its own initiative. For example, we participate in the cantonal campaigns to encourage influenza vaccination, and we regularly take steps to raise awareness among staff members of the importance of following safety guidelines. In 2009, we worked to prevent the spread of swine flu (H1N1) by setting up a pandemic working group and campaigning to raise awareness of the hygiene measures recommended by the cantonal health authorities. We also took vigorous action to discourage smoking, which is banned in nearly all Bank premises, including individual offices. In collaboration with CIPRET-Vaud (the Canton’s anti-smoking information center), we organized two workshops to raise smokers’ awareness of the advantages of giving up smoking.

Environmental standards

BCV is committed to protecting the environment through various types of action. In 2009, we signed a three-year agreement to be the main sponsor of “Lausanneroule!”. “Lausanneroule!” is the first of Switzerland’s free bicycle networks to be set up in Vaud Canton. We were attracted by the innovative nature of this initiative as well as by the positive impact it will have on the environment and the health of its users.

We have also implemented a policy to encourage our employees to use public transportation, thus contributing to the Canton of Vaud’s campaign to promote awareness – and use – of public transportation. The Bank also offers employees subscriptions to the Mobility Car Sharing service. Finally, we operate a centralized collection and sorting system to deal with waste from our offices, including paper, cardboard and batteries.





Place du Château, Nyon, September 2009

5. Playing an active role in the community

Our local community is important to us, and we take our responsibilities as a corporate citizen in the Canton of Vaud seriously. In addition to the economic aspects of our mission, we provide support for cultural and sporting activities as well as outreach initiatives.

More specifically, we regularly organize programs allowing staff members to take part in humanitarian and environmental initiatives in association with non-governmental organizations. We once again worked with the Mère Sofia Foundation on this front in 2009, when nearly 60 employees volunteered to raise money by selling care packages at open-air markets across the Canton, with all proceeds going to the Foundation.

The Bank's sponsorship policy gives preference to non-profit activities which are of public interest in Vaud, focusing on the fields of culture, training and teaching, sports, the environment and research.

Examples of sponsorship in 2009 include:

- **Culture:** Paléo Music Festival, Rock Oz'Arènes, the Théâtre du Jorat, the Nuit des Musées museum openhouse, the 16th Schubertiade d'Espace 2 classical music festival, the Théâtre de Beausobre, the MUDAC modern art museum, the Musée de l'Elysée photography museum, the Cully Jazz Festival and the Lausanne Chamber Orchestra;
- **Outreach:** Société Vaudoise d'Utilité Publique (an association of social-service institutions), the 90th anniversary of Pro Senectute, 125 years of Paternelle and the Vaud Red Cross;
- **Training and teaching:** Prize presentations at schools in the Canton and support for Lausanne's Centre Sports-Etudes for school-age athletes;
- **Sports:** Lausanne 20K run, the BCV Villars 24H ski race, the International Hot Air Balloon Festival, the Christmas Midnight Run and the Trophées du Muveran ski-mountaineering race;
- **Other:** Forum économique vaudois, Lausanneroule!, Semaine de la mobilité and the Pro Natura Center in Champ-Pittet.

BCV also supports its employees' involvement in the community, thereby contributing to their personal development in accordance with our Statement of Core Values. In 2009, 314 staff members were actively involved in a variety of societies, associations and other organizations of a social, political, cultural or sporting nature.

More detailed information about the Bank's contributions to our community can be found in the BCV Social Responsibility Report, which is published as a separate document (available in French only).