

Act

of 20 June 1995

Governing the Organization of Banque
Cantonale Vaudoise

as amended by the Acts of 25 June 2002,
30 January 2007, 2 March 2010, 8 December
2020, and 12 November 2024



Last updated on 1 March 2025

Act of 20 June 1995 Governing the Organization of Banque Cantonale Vaudoise (LBCV) (Act 951.01)

THE VAUD CANTONAL PARLIAMENT

in view of the bill submitted by the Vaud Cantonal Government (*Conseil d'Etat Vaudois*)

decrees

SECTION I General Provisions

Article 1 Legal form

¹ Banque Cantonale Vaudoise (hereinafter the “Bank”), established by the decree of the Vaud Cantonal Parliament of 19 December 1845, is a public law corporation (*société anonyme de droit public*) not subject to the Swiss Code of Obligations, pursuant to Article 763(2) of that Code.

² Except as otherwise provided by this Act or the Bank’s Articles of Association, the Swiss Code of Obligations are supplementally applicable to the Bank, subject to Swiss federal banking legislation.

Article 2 Registered office

¹ The Bank’s registered office is in Lausanne; it may have branch offices.

Article 3 Duration

¹ The duration of the Bank is unspecified.

Article 4 Purpose²

¹ The purpose of the Bank is to operate as a full-service bank with a regional focus. To this end, it shall contribute to the development of the private sector and to financing the work of public authorities and public-sector entities, throughout the various regions of the Canton. It shall also contribute to meeting mortgage-lending needs in the Canton. It shall manage risk in accordance with the customary prudential rules.

² In its role as a cantonal bank, it shall have particular concern for the development of the Canton’s economy, in keeping with the principles of economically, environmentally, and socially sustainable development.

³ It shall carry out all the operations authorized by its Articles of Association, under Swiss federal banking legislation. In order to achieve its purpose, it may buy and sell real estate, take shareholdings, and create subsidiaries.

⁴ Pursuant to Article 763(2) of the Swiss Code of Obligations, the Vaud Cantonal Government shall ensure that the Bank performs its general missions defined in Article 4, on the basis of information provided pursuant to Article 13.

Article 5 Scope of operations

¹ The Bank shall conduct its business primarily in the Canton of Vaud.

² In the interests of the cantonal economy, it may do business elsewhere in Switzerland and abroad.

Article 6 Share capital³

¹ Its share capital shall be established by resolution of the Shareholders' Meeting, subject to approval by the Vaud Cantonal Government.

² The Shareholders' Meeting may, on objectively determined grounds, exclude the shareholders' preemptive rights, provided that such exclusion does not result in unequal treatment or in harm that is not justified by the purpose of the Bank.

³ The Canton of Vaud shall own the absolute majority of the share capital.

Article 7 ...⁴

¹ ...

SECTION II Organization

Article 8 General

a) Articles of Association

¹ The Bank shall be governed by articles of association which, in particular, set out the amount of the share capital, the operations carried out by the Bank, and the other important terms of its organization.

² The Shareholders' Meeting shall have the power to amend the Articles of Association, subject to approval by the Vaud Cantonal Government.

Article 9 b) Governing bodies¹

¹ The Bank's governing bodies are:

- a) the Shareholders' Meeting
- b) the Board of Directors
- c) ...
- d) the Executive Board
- e) Internal Audit
- f) the Auditors.

Article 10 Shareholders' Meeting¹

a) Powers

¹ The Shareholders' Meeting shall have the inalienable right to:

- a) amend the Articles of Association, subject to approval by the Vaud Cantonal Government, and, in particular, to decide upon increases to the share capital
- b) appoint and remove half of the non-Chair members of the Board of Directors, pursuant to Article 12(1)(c) of this Act
- c) appoint the Auditors, upon the recommendation of the Board of Directors
- d) approve the annual report and annual financial statements and determine the appropriation of net profit, in particular to set the dividend
- e) grant the members of the Board of Directors and the Executive Board discharge from liability
- f) make recommendations on the dissolution of the Bank
- g) make all decisions reserved to it by the Articles of Association.

Article 11 b) Resolutions

¹ The Shareholders' Meeting shall be convened at least once a year. It shall be chaired by the Chair of the Board of Directors.

² The Shareholders' Meeting shall have the power to transact business irrespective of the number of shares represented.

³ All resolutions put to the vote shall be decided by an absolute majority of the votes attached to the shares represented.

⁴ Each share entitles the holder to one vote.

Article 12 Board of Directors^{1, 2, 5}

a) Composition

¹ The Board of Directors shall be made up of seven, nine or eleven members, including:

- a) a Chair, appointed by the Vaud Cantonal Government
- b) other members appointed by the Vaud Cantonal Government, who shall constitute half of the non-Chair members
- c) members elected by the Shareholders' Meeting, who shall constitute half of the non-Chair members; the Canton of Vaud shall abstain from voting in any such elections.

² The Board of Directors shall be composed in such a way as to bring together the skills necessary for it to perform its duties.

^{2bis} The members appointed by the Vaud Cantonal Government shall be given an appointment letter. They shall brief the Vaud Cantonal Government about their activities in a written report, annually and whenever necessary.

³ The Vaud Cantonal Government shall appoint one or more Vice Chairs, upon the recommendation of the Board of Directors.

⁴ The Vaud Cantonal Government shall appoint the Secretary of the Board, upon the recommendation of the Board of Directors; the Secretary shall also act as Secretary of the Shareholders' Meeting.

⁵ The Chair and the other members of the Board of Directors shall be appointed to office for a term of four years. Their term of office may be renewed, but the total term may not exceed 12 years.

⁶ The Chair of the Board of Directors shall not engage in any activity that would conflict with the interests of the Bank. Each Board member shall manage his/her personal and professional affairs so as to avoid conflicts of interest with the Bank.

Article 12a b) Committees of the Board of Directors¹

¹ The Board of Directors may delegate some of its responsibilities to committees established from among its members, except as otherwise provided by law.

² In general such committees may also be instructed to prepare or implement Board resolutions.

³ The Board of Directors may also instruct such committees to monitor certain matters on its behalf.

⁴ The Board of Directors has a duty to remain informed.

Article 13 c) Powers^{1, 2, 3}

¹ The Board of Directors shall define the Bank's general policy.

² It shall supervise the performance of the missions defined in Article 4 and report on that matter to the Vaud Cantonal Government and to the Shareholders' Meeting. Communication procedures between the Vaud Cantonal Government and the Bank are regulated by an agreement. Article 12(2bis) of this Act shall also apply.

³ It shall direct the Bank's affairs at the highest level and issue the necessary instructions. It shall supervise the management of the Bank and the persons responsible for such management.

⁴ It shall have the following inalienable powers:

a) to ensure compliance with the law, the Articles of Association and the regulations, and to ensure implementation of resolutions of the Shareholders' Meeting and of the instructions that the Board of Directors gives

b) to determine the organization of the Bank and define powers by means of regulations and approval authority grids

- c) to establish and periodically review the Bank's policy on investment, growth, and risk management
- d) to ensure that adequate financial reporting and planning systems are implemented and maintained to meet the Bank's requirements, as well as satisfactory internal and external auditing systems
- e) to appoint the audit firm, within the meaning of applicable banking legislation, and recommend that the audit firm also be appointed as the Auditors within the meaning of the Swiss Code of Obligations, by the Shareholders' Meeting
- f) to prepare the reports, financial statements, and other documents and proposals that are to be presented to the Shareholders' Meeting
- g) to submit recommendations to the Vaud Cantonal Government for the appointment of the Board of Directors' Vice Chair or Vice Chairs and its Secretary
- h) to submit recommendations to the Vaud Cantonal Government for the appointment of the Chief Executive Officer (CEO)
- i) to set, in conjunction with the Vaud Cantonal Government, the terms and conditions for the appointment of its Chair
- j) to appoint and remove the head and members of Internal Audit
- k) to decide to open and close branch offices and create subsidiaries.
- l) ...

⁵ It shall also perform any tasks not assigned to the Bank's other governing bodies by this Act, the Articles of Association, or the regulations.

Article 14 ...¹

Article 15 ...¹

Article 16 Executive Board^{2, 5}

a) Composition

¹ The Executive Board shall consist of a CEO appointed by the Vaud Cantonal Government upon the recommendation of the Board of Directors, and members appointed by the Board of Directors.

² The CEO and members of the Executive Board shall resign from office at the stipulated age of 65. This age limit can be extended exceptionally to 68, if so decided by the relevant governing bodies.

Article 17 b) Powers¹

¹ The Executive Board shall be responsible for managing the Bank, within the limits of its powers.

² The CEO and members of the Executive Board shall devote all their time to the Bank. With the consent of the Board of Directors, they may accept assignments or functions in for-profit companies when the interests of the Bank so require.

Article 18 Audits

a) General

¹ Audits shall be performed by Internal Audit and the Auditors.

Article 19 b) Internal Audit¹

¹ Internal Audit, which reports to the Board of Directors, shall perform regular audits of all the Bank's operations.

² Article 17(2) shall apply mutatis mutandis to the head and members of Internal Audit.

Article 20 c) Auditors²

¹ The Auditors shall perform the audit required by the Swiss Code of Obligations.

² The Auditors shall be appointed by the Shareholders' Meeting, upon the recommendation of the Board of Directors. Their independence must be ensured by a regular rotation of the persons managing the audit and of the auditing entity itself.

Article 20a Transparency of compensation²

¹ The Vaud Cantonal Government shall be informed of the terms and amount of the compensation of the members of the Board of Directors appointed directly by the Vaud Cantonal Government.

² All compensation paid directly or indirectly by the Bank to the following people must be disclosed in the annual report:

1. the members of the Board of Directors
2. the people to whom the Board of Directors has delegated the management of the company in whole or in part (i.e., the Executive Board).

Article 21 Supervision by the Swiss Financial Market Supervisory Authority (FINMA) and liability of governing bodies^{1, 3}

¹ The Bank is subject to full supervision by the Swiss Financial Market Supervisory Authority (FINMA), pursuant to the federal act on financial market supervision.

² The members of the Bank's governing bodies, whether they are appointed by the Canton of Vaud or by the Shareholders' Meeting, shall be liable vis-à-vis the Bank and each shareholder and creditor of the Bank for any harm that they cause by intentionally or negligently failing to perform their duties. In all other respects, the liability of the Bank and of the members of its governing bodies is governed exclusively by the Swiss Federal Act on Banks and Savings Banks of 8 November 1934.

SECTION III Dissolution

Article 22 Dissolution

a) Resolution

¹ The Bank may be dissolved by a decree of the Vaud Cantonal Parliament, upon the recommendation of the Shareholders' Meeting.

Article 23 b) Liquidation

¹ If the Bank is liquidated, any assets remaining after payment of all outstanding debts shall be distributed among the shareholders in proportion to the par value of shares held.

SECTION IV Transitional and final provisions

Article 24 Merger of BCV and CFV

¹ Banque Cantonale Vaudoise (hereinafter BCV) and Crédit Foncier Vaudois (hereinafter CFV) will merge on 31 December 1995.

² On that date BCV will take over the rights and obligations of CFV in accordance with the rules of universal succession. CFV will be dissolved, without liquidation, on the same date.

Article 25 Exchange of shares

¹ When the capital increase needed for the merger is carried out, the par value of BCV shares shall be modified and all its shareholders shall receive new certificates.

² CFV shareholders shall receive BCV bearer shares from BCV in exchange for their CFV bearer shares, at an exchange ratio set by the Vaud Cantonal Government.

³ BCV shareholders shall also receive new certificates based on the par value of their former shares.

⁴ Shareholders of either bank whose civil rights are harmed may file suit with the civil division (*cour civile*) of the cantonal court (*tribunal cantonal*) within 30 days following the publication of the decision of the Vaud Cantonal Government. The Code of Civil Procedure shall apply, as the case will be heard and decided using the ordinary procedure.

⁵ The Vaud Cantonal Government shall determine the par value of the shares of the merged bank, shall decide to increase its share capital on 31 December 1995, and shall determine the terms and conditions thereof.

Article 26 Conversion of BCV participation certificates

¹ BCV participation certificates shall be converted into BCV shares on 31 December 1995. They shall be converted on the basis of the par value of the participation certificates and the shares. The Vaud Cantonal Government shall issue an order setting forth the other terms and conditions. Article 25(4) shall apply.

Article 27 Articles of Association

¹ The Vaud Cantonal Government shall adopt the articles of association of the merged bank. They shall take effect with the new law governing Banque Cantonale Vaudoise.

Article 28 Appointment of governing bodies

¹ The Vaud Cantonal Government shall appoint the governing bodies of the merged bank on 31 December 1995, i.e., the members of the Board of Directors, the Banking Committee, the Executive Board, Internal Audit, and the Auditors.

² The Vaud Cantonal Government shall appoint as members of the Board of Directors of the merged bank those members of the CFV General Board and of the BCV Board of Directors who on 30 December 1995 meet the conditions laid down in Article 9(5) of the Act of 25 May 1981 Governing the Organization of Banque Cantonale Vaudoise.

³ It shall appoint the Chair and the Vice Chair or Vice Chairs.

Article 29 Replacement of directors

¹ The members of the Board of Directors of the bank that results from the merger of BCV and CFV shall not be replaced upon their departure until the Board of Directors has 21 members.

Article 30 Tax provisions

¹ The Canton's share of the real estate transfer fees payable as a result of the merger will not be collected.

Article 31 Exceptions

¹ Articles 25 to 28 and Article 30 shall apply by way of exception and solely to the merger.

Article 31a Transitory provisions of the Act of 25 June 2002

¹ Until a general provision is adopted on the Canton of Vaud's appointment of representatives to the governing bodies of legal entities, the Vaud Cantonal Government shall make such appointments to the Board of Directors under Article 12(1)(a and b).

² The Vaud Cantonal Government shall submit a report on the functioning of the Bank's governing bodies to the Vaud Cantonal Parliament 18 months after this law takes effect.

Article 32 Repeal

¹ This Act repeals the Act of 25 May 1981 Governing the Organization of Banque Cantonale Vaudoise and the Act of 26 February 1969 Governing the Organization of Crédit Foncier Vaudois.

Article 32a Merger of BCV and Caisse d'Epargne Cantonale Vaudoise⁴

¹ The Bank shall take over the assets and liabilities of the Caisse d'Epargne Cantonale Vaudoise (hereinafter Caisse d'Epargne) by way of merger, effective as of 31 December 2021.

² The merger will take place without increasing the capital of BCV because Caisse d'Epargne has not issued any shares.

Article 33 Entry into force

¹ The Vaud Cantonal Government is responsible for enforcing this Act. It shall publish the text thereof in accordance with Article 27(2) of the Constitution of the Canton of Vaud and shall issue an order setting the date on which it will come into force.



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