

Press Release

Record first-half results

Net profit up 38% and gross profit up 24%*

BCV Group has posted its best half-yearly financials to date, with revenues and profits both reaching record levels. Higher revenues (up 11% YoY to CHF 563 million) combined with rigorous cost control boosted gross profit, which rose by 24% to CHF 283 million. Thanks to these excellent operating results and the continued reduction in provisioning requirements, net profit grew 38% to CHF 342 million. These solid financials attest to the strong growth trend at BCV Group, even if they are partly due to non-recurring items.

Revenues rise 11%

First-half revenues amounted to CHF 563 million, a significant rise of 11% YoY. All revenue sources contributed to this improvement. In an environment still marked by tough competition, net interest income – the Bank's main revenue source – rose by 6% to CHF 240 million. Fee and commission income was up 12% to CHF 176 million, on the back of favorable stock market conditions. Market volatility underpinned an 18% rise in trading income, which stood at CHF 56 million. The 20% increase in other ordinary income to CHF 91 million was mainly due to the disposal of securities and the revaluation of financial holdings. Excluding these non-recurring items, revenue growth came to 7%.

Gross profit jumps 24%

Costs remained firmly under control in H1 06, with personnel costs showing a slight rise of 2% to CHF 187 million and other operating expenses falling by 2% to CHF 93 million. Total operating expenses thus rose by only 0.6% to CHF 280 million. The significant increase in revenues combined with effective cost control drove gross profit up 24% to CHF 283 million and led to a marked improvement in the cost/income ratio (from 63% to 58%). Excluding non-recurring items, gross profit grew by 15% and the cost/income ratio was 60%.

Net profit up 38%

The favorable economic environment and the strong real estate market facilitated efforts to scale back impaired loans, which resulted in provision releases of CHF 127 million that were booked as extraordinary income. Furthermore, new provisioning requirements were very low (CHF 5 million). These two factors, as well as the Bank's excellent operating performance, pushed up net profit by 38% YoY to CHF 342 million.

Rise in total assets and AuM

Total assets increased by 2% to CHF 35.5 billion, mainly as a result of the growth in mortgage business and trading activities.

Among items on the assets side, mortgage lending expanded by 1.8% (CHF 291 million) to CHF 16.1 billion. Excluding the reduction in impaired loans, mortgage lending was up 2.5% (CHF 400 million). Commercial loans declined by 5% to CHF 5.5 billion. This was mainly due to reductions in impaired loans, which amounted to CHF 190 million during the period. Excluding that factor, the volume of commercial lendings was down by only 1.9%, with the main market segments showing mixed trends: lendings to SMEs were stable and trade finance business was up, while volumes declined in the large corporate and consumer credit segments. The expansion in trading activities and stock market developments were behind a CHF 497 million increase in trading portfolio assets as well as a rise of CHF 451 million in the replacement values of derivative financial instruments (carried under "Other assets").

On the liabilities side, customer accounts were up slightly (CHF 99 million). Savings deposits showed a slight decline (down 1.7% to CHF 8.7 billion), which reflected growing interest in other forms of investment such as mutual funds, bancassurance and structured products. Mirroring developments on the assets side, the item "Other liabilities" registered an increase of CHF 630 million as a result of rises in the replacement values of derivative instruments.

The Group's assets under management grew by 1.5% to CHF 72.8 billion and net new funds amounted to CHF 630 million.

Favorable outlook

This excellent performance provides further proof of BCV's financial strength, which is borne out by the continuous improvement in the Bank's fundamentals. The cost/income ratio (60% excluding extraordinary items) is now at the lower end of the target range of 60-63% set by the Group. These results reinforce Management's confidence in the strategic direction it has adopted for BCV. The Board of Directors and the Executive Board would like to express their gratitude to customers, staff and shareholders alike.

Barring major changes in the direction of financial markets, BCV confirms its guidance of a YoY improvement in gross profit for the whole of 2006. However, the year-end percentage increase should be smaller than in H1 06 and the 2005 reporting period. Net profit should also be higher than the 2005 figure.

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Note to editors:

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The above text is a translation of the original French document entitled "Communiqué de presse – Résultats du Groupe BCV au 30 juin 2006 : semestre record avec une augmentation des résultats brut de 24% et net de 38%". Only the French version is authoritative.

* Unaudited half-yearly figures.