

## **PRESS RELEASE**

### **BCV's H1 05 Results: Net Profit +25%, Gross Profit +18%\***

**BCV Group's H1 05 gross profit improved 18% YoY to CHF228m, confirming the positive Q1 trend in operating income. Net profit jumped 25% to CHF248m thanks to ongoing efforts to generate recoveries on impaired loans and to the very low level of new provisioning needs. The Group is now moving ahead on its new CroisSens growth project in order to further expand BCV's home-market presence.**

#### **Revenue up 8%**

First-half revenues were CHF507m, a significant 8% YoY improvement. Net interest income, the main source of revenues, increased a solid 10% to CHF227m despite the competitive environment. Commission and fee income rose 4% to CHF157m, owing to favorable financial-market conditions. After a downturn in Q1, trading operations bounced back in Q2 and posted half-yearly income of CHF48m, only 5% off the H1 04 figure. The 20% increase in other ordinary income to CHF75m was driven mainly by the disposal of financial investments and the performance of BCV's IT subsidiary Unicile.

#### **Gross profit jumps 18%**

On the operational level, BCV continued to hold down costs, trimming personnel charges 1.4% YoY to CHF183m. Other operating expenses expanded 4.6% to CHF96m, a result of the good business trend throughout the Group, and particularly at Unicile. Total operating expenses thus rose only 0.6%, to CHF278m. The significant increase in revenues combined with effective cost control drove gross profit up 18% to CHF228m and improved the cost/income ratio markedly (from 68% to 63%).

#### **Net profit surges 25%**

In addition to the positive operational trend, ongoing efforts to extract value from impaired loans also boosted the H1 05 net profit. The provision releases generated by the impaired-loan strategy were booked as extraordinary income, which amounted to CHF81m for the period. These successes in terms of both operational and financial management underpinned a 25% YoY increase in net profit, to CHF248m.

#### **Rise in total assets**

Total assets rose to CHF33.7bn, a 5% rise year-to-date. Total loan assets were impacted by a CHF370m reduction in impaired loans. Excluding impaired loans, mortgage lending continued to grow, reaching CHF15.7bn (+1%). On the liabilities side, the Group's refinancing structure improved thanks to inflows of savings deposits and other funds due to customers (+4% to CHF17.6bn) and a decline in the volume of more expensive long-term borrowings (-5% to

CHF6.9bn). Provisions were reduced by 11% (to CHF1.6bn), reflecting the reduction in the impaired-loan portfolio.

### **Increase in assets under management**

Total BCV Group assets under management rose by CHF4.8bn (+7.5%) to CHF68.9bn, thanks to strong financial markets and BCV's investment strategy, net new money inflows at Banque Piguet & Cie SA, and inflows from institutional clients. At Group level, net new funds amounted to CHF1.3bn. Piguet & Cie SA's assets under management continued to increase rapidly in H1 (+15% to CHF4.6bn).

### **BCV lays the groundwork for long-term growth**

An in-depth analysis of the Group's market environment revealed growth potential in a number of segments. On the basis of this analysis, BCV developed an innovative growth project called CroisSens. The Group will expand and modernize its retail network and offer personalized wealth management services for clients with at least CHF150,000 in assets. By sharpening its focus on strengthening its staff's expertise as a means of improving service quality, BCV is investing now to generate future growth. Implementation of CroisSens began with the recent appointment of regional managers to cover the new nine-region organization.

### **Favorable outlook**

The strong H1 05 results and the ambitious growth project currently underway further strengthen Management's confidence in its strategic direction. BCV would like to extend its thanks to its customers, staff and shareholders.

Barring any unforeseen change in the financial markets, BCV confirms its guidance of an improvement in full-year gross profit along with net profit comparable to the 2004 figure. This should allow the board to recommend a slight increase in the dividend on BCV stock, in line with the dividend policy announced at the 2005 Annual Meeting.

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\* Unaudited figures

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