



Conference call 2004 results

Lausanne, 15.03.2005

Program



- **After 2 years : an assessment** **A. Zeller** **10'**

- **Financial results 2004** **P. Kiener** **20'**

- **Strategy and outlook** **A. Zeller** **10'**

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- Financial results 2004 P. Kiener 20'
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After 2 years : an assessment



- 1 Excellent financial results 2004**
- 2 First stage of Group's strategy successfully mastered**
- 3 Healthy underlying business development**
- 4 In a nutshell : tangible successes but need and will to go further**

Excellent financial results 2004

- Revenue growth
 - Excl. divestments
 - Incl. divestments
- Improving gross profit
- Strong net profit growth

CHF 944 mn

+5%

+0%

CHF 399 mn

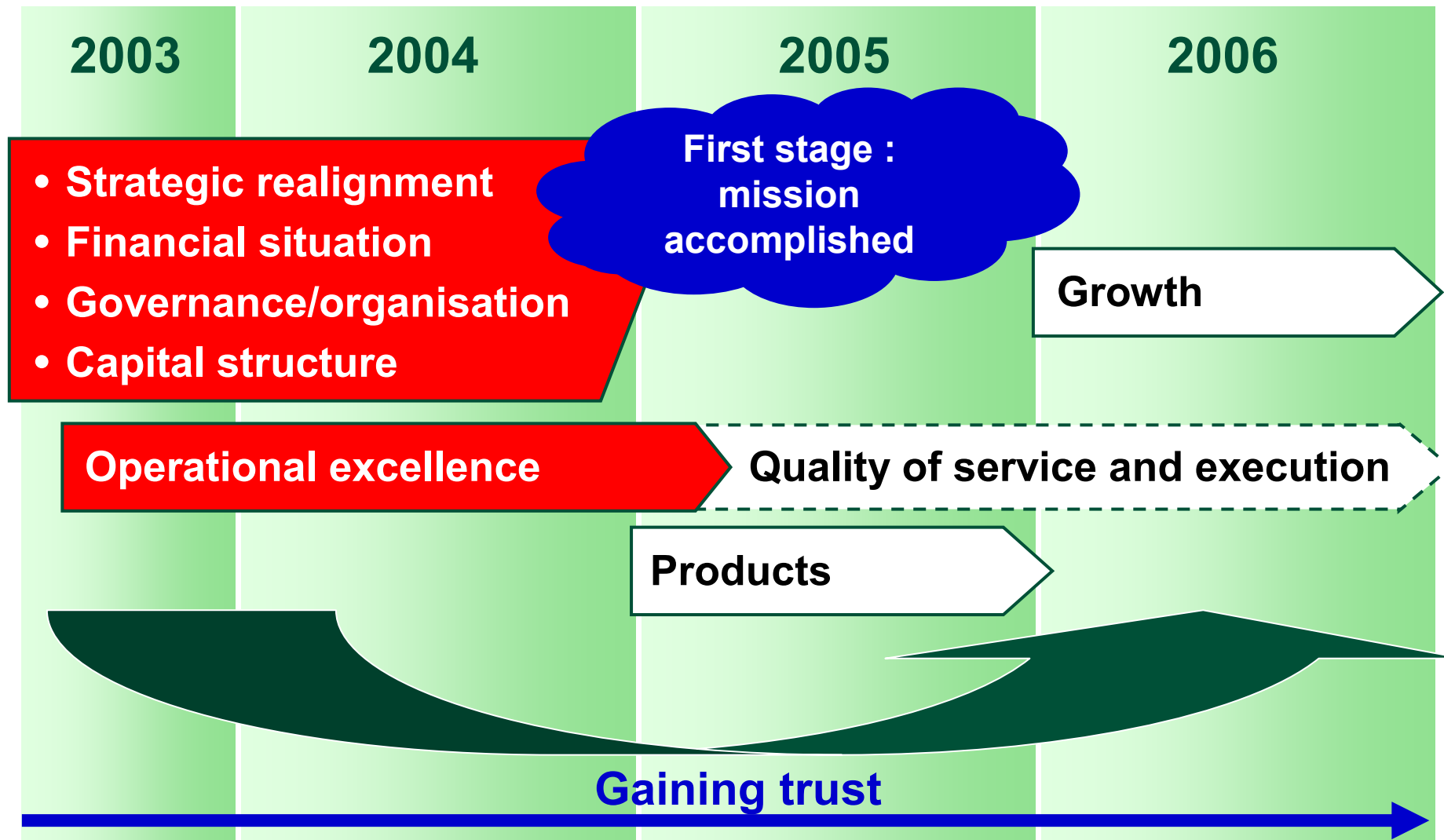
+2%

CHF 337 mn

+114%

First stage of the Group's strategy successfully mastered

2



Healthy underlying business development in 2004 (1/2)

3



Retail

- Slight increase in revenues and net profit despite intense competition
- Another rise in credit volumes, passive funds and off-balance sheet positions
- New services/products (e.g. Securimmo, new private account product formulas, SMS Bancomat, renewal of the outlets)

Wealth Management

- Significant improvements in revenues and the bottom line
- Solid growth in AuM
- Good performance at Banque Piguet, Gérifonds and the institutional client base
- New products (e.g. AMC professional Fund Pro Active Europe and US; active mandates Smartplayer)
- Good investment performance

Healthy underlying business development in 2004 (2/2)

3




Corporate Banking

- Risk profile significantly reduced
- Rigorous cost control makes up for the losses related to lower revenue due to the divestments
- Implementation of new credit processes
- BCV is the business partner of 2 out of 3 companies in the Canton

Trading

- Launch of new internet applications for trading on currencies (e-FOREX) receives good reviews from our professional client base
- New structured products (e.g. Protec+, LEMAN Défensif) and warrants in CHF
- Reduction in revenues due to the low volatility in financial markets and moderate risk taking

Still many challenges to come

- Encouraging growth and higher profitability in core businesses
 - Continued successful reduction of impaired loans
 - Sustained optimisation of costs
 - Improving and simplifying processes
 - Aiming for a higher credit rating from Standard & Poor's
 - Strengthening the long term trust from clients, shareholders and the public
 - Financing investments (notably IT projects)
- 
- In depth transformation **under way**
 - Sustained improvement in **performance**

• After 2 years : an assessment A. Zeller 10'

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Key figures



CHF mn (rounded)

	31.12.2003	31.12.2004	Change
Balance sheet	34 252	32 295	-6%
Total revenue	943	944	+0%
Operating expenses	-554	-546	-2%
Gross profit	389	399	+2%
Net profit (before minority interests)	157	337	+114%

Profit and losses 2004



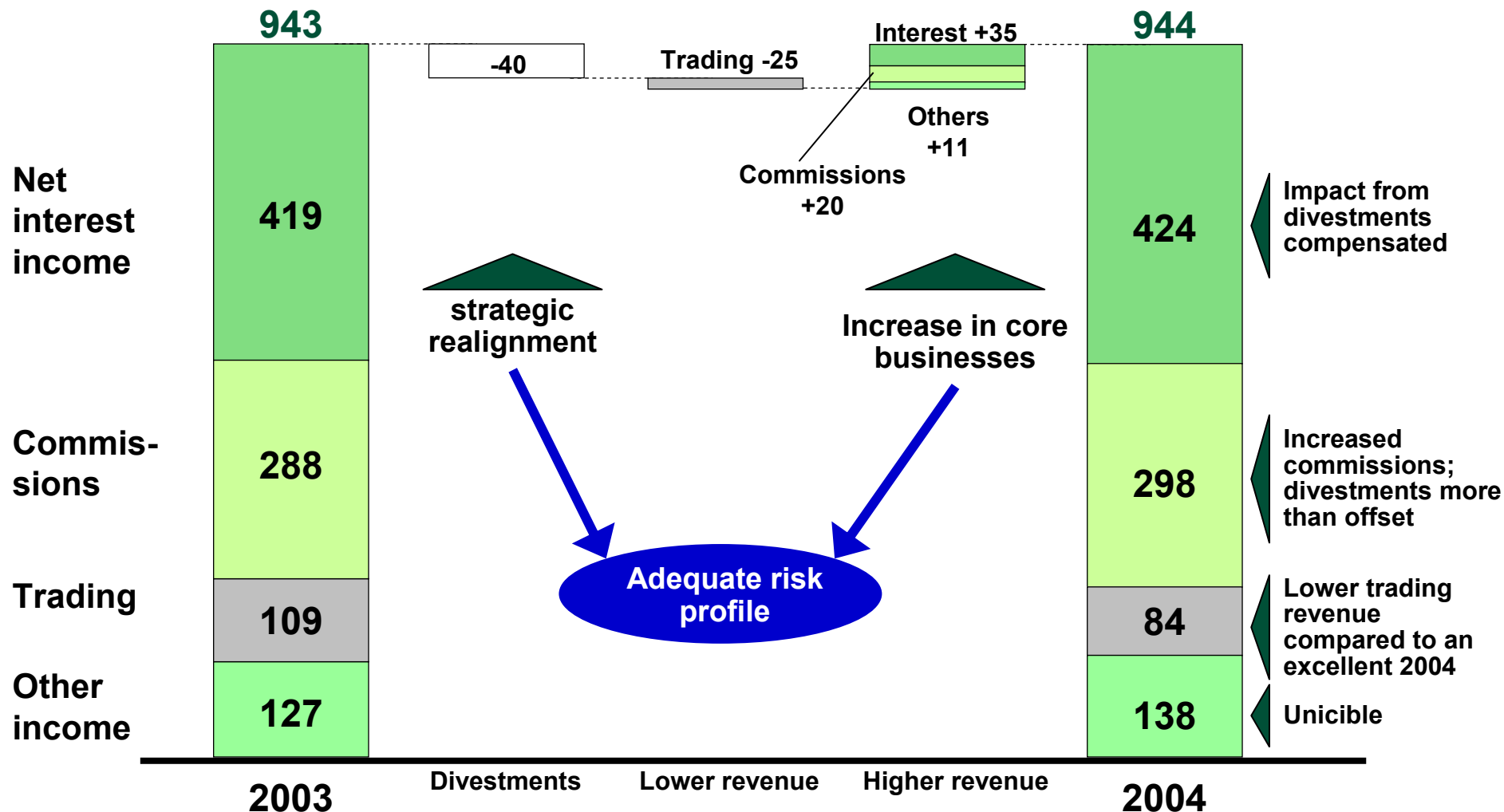
CHF mn (rounded)	2003	2004	Change	
Total revenue	943	944	+0%	◀ Stability despite divestments
Operating expenses	-554	-546	-2%	◀ Cost reduction
<hr/>				
Gross profit	389	399	+2%	
Depreciation and amortization	-151	-86	-43%	◀ Back to normal levels of depreciations
Value adjust., provisions, losses	-77	-40	-49%	◀ Lower value adjustments
Extraordinary gains	17	170		◀ Provision releases
Extraordinary losses	3	-84		◀ Allocation to Reserves for General Banking Risks : CHF 81 mio
Taxes	-17	-22	+31%	
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Net profit (before minority interests)	157	337	+114%	

Revenues maintained and lower risk profile



Change in revenues, CHF mn (rounded)

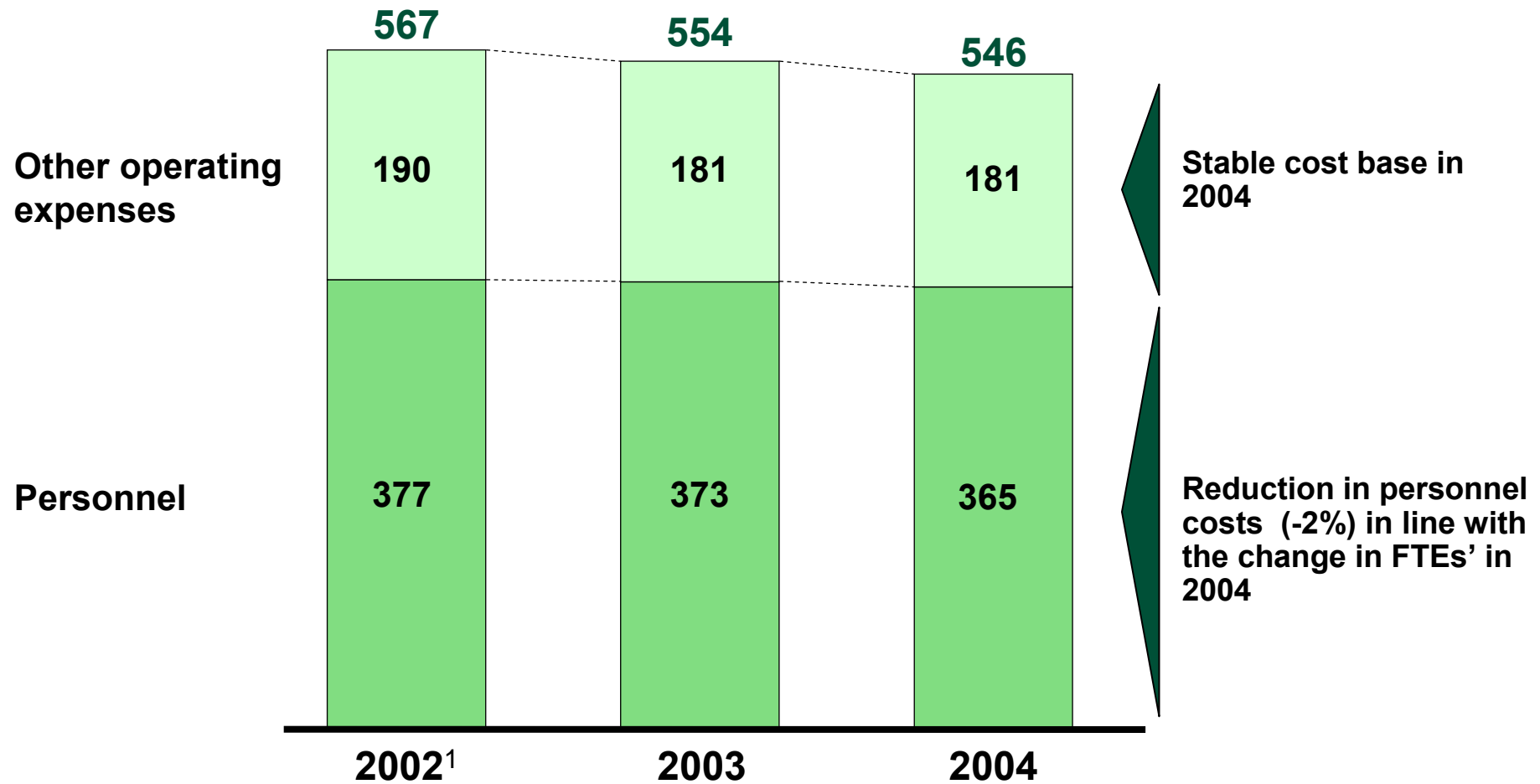
ESTIMATES



Rigorous control of operating expenses



Changes in operating expenses, CHF mn (rounded)

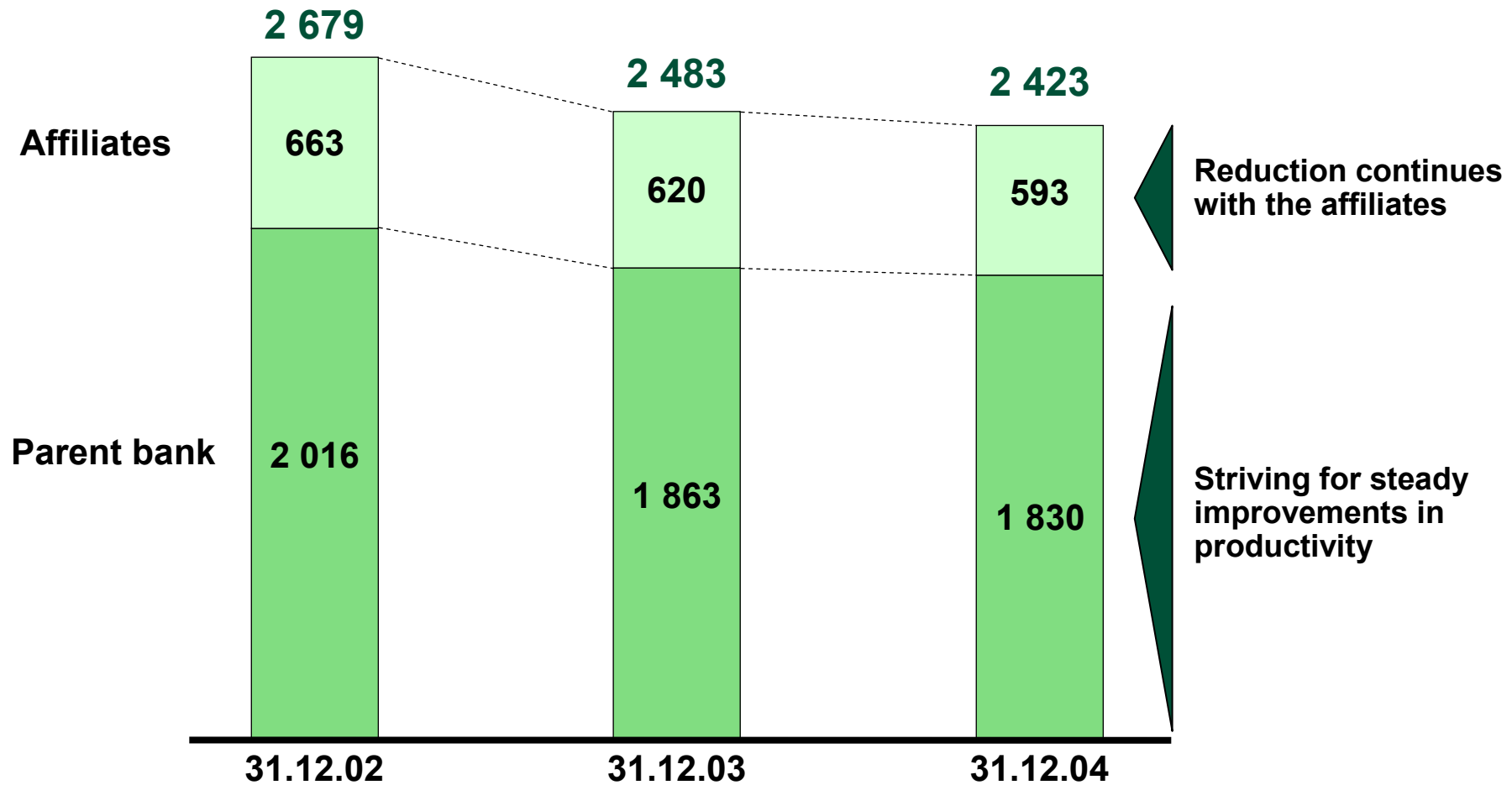


¹ At constant scope

Reduction in FTE over the last 24 months



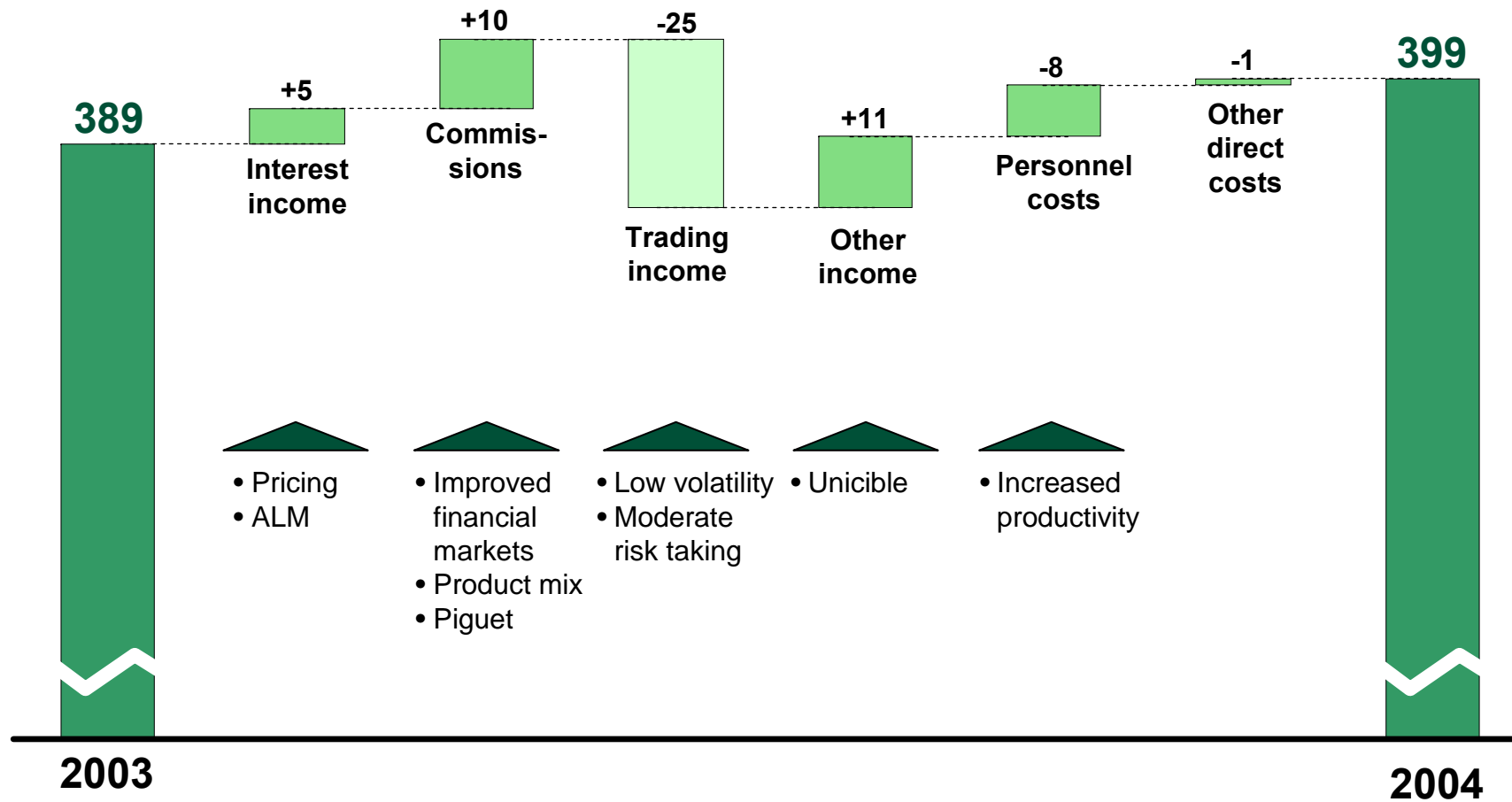
FTE (Full Time Equivalents)



Changes in gross profit : by type of revenue and cost



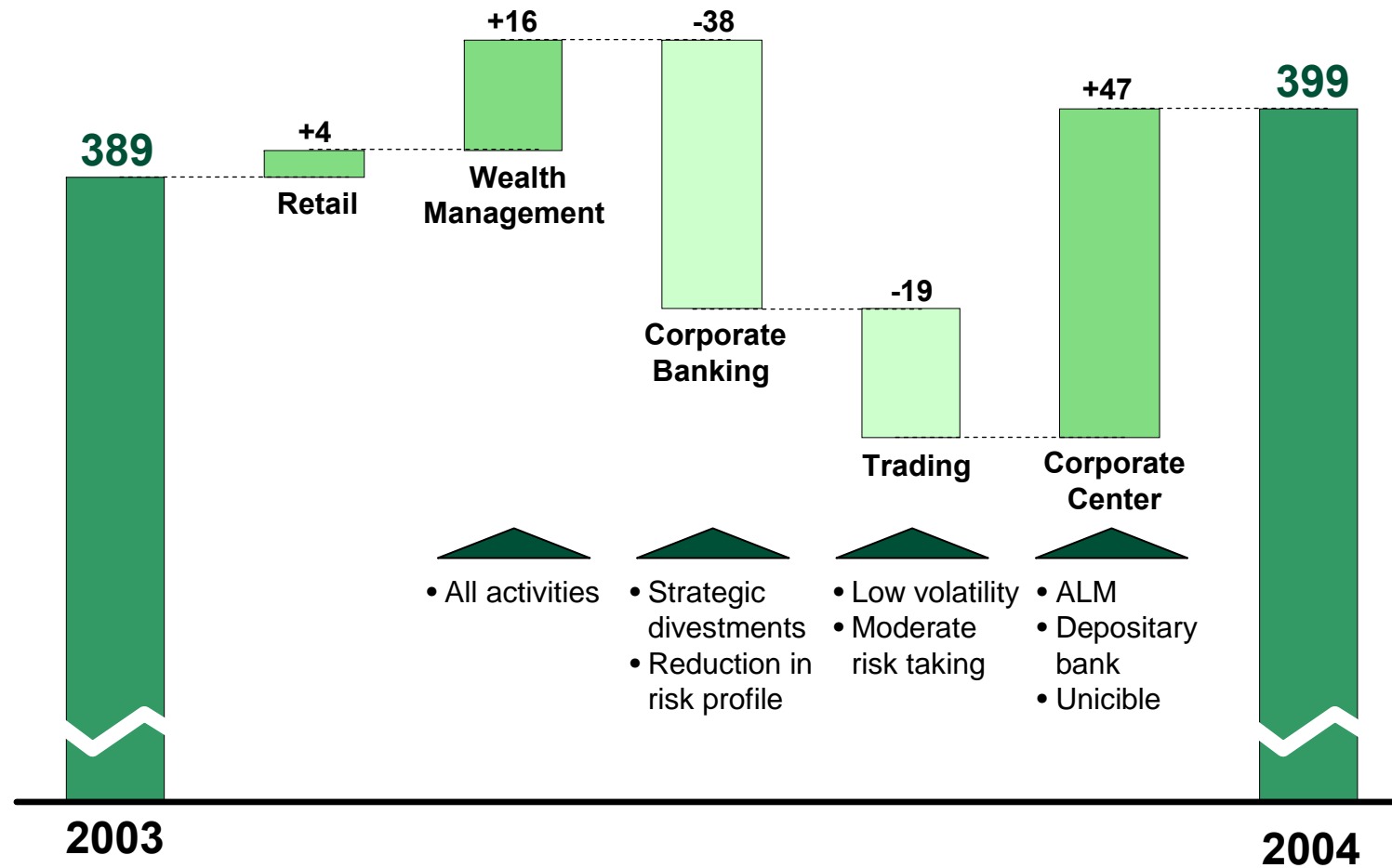
Gross profit, CHF mn (rounded)



Changes in gross profit : by segment



Gross profit, CHF mn (rounded)



Extraordinary items in the profit and loss account 2004



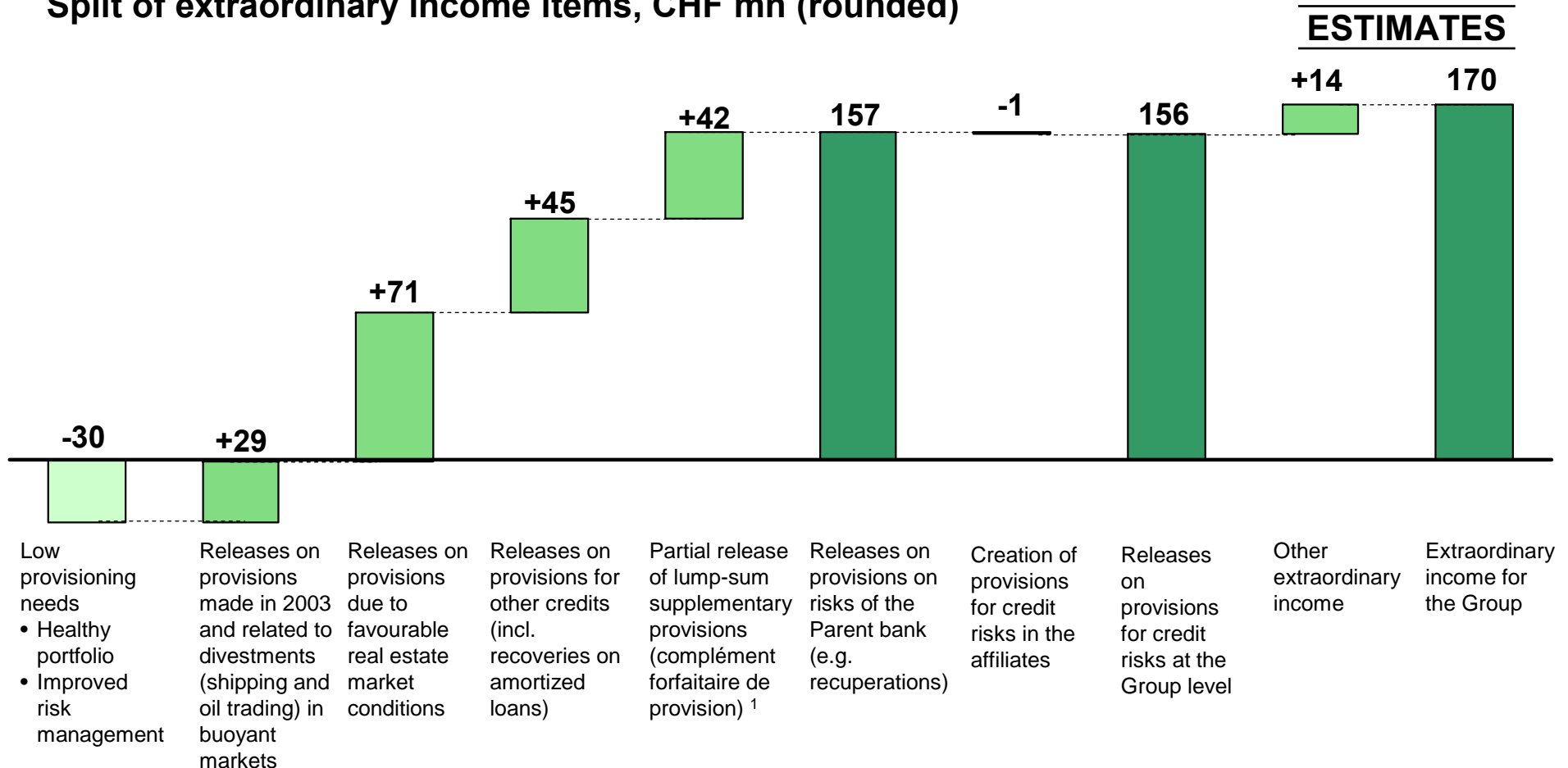
CHF mn (rounded)	2003	2004	Change
Gross profit	389	399	+2%
Depreciations	-151	-86	-43%
Value adjustments, provisions, losses	-77	-40	-49%
Extraordinary income	17	170	
Extraordinaires losses	3	-84	
Taxes	-17	-22	+31%
Net profit (before minority interest)	157	337	+114%


Extraordinary items detailed in the following slides

Extraordinary income mainly generated from recoveries on credit risk provisions



Split of extraordinary income items, CHF mn (rounded)



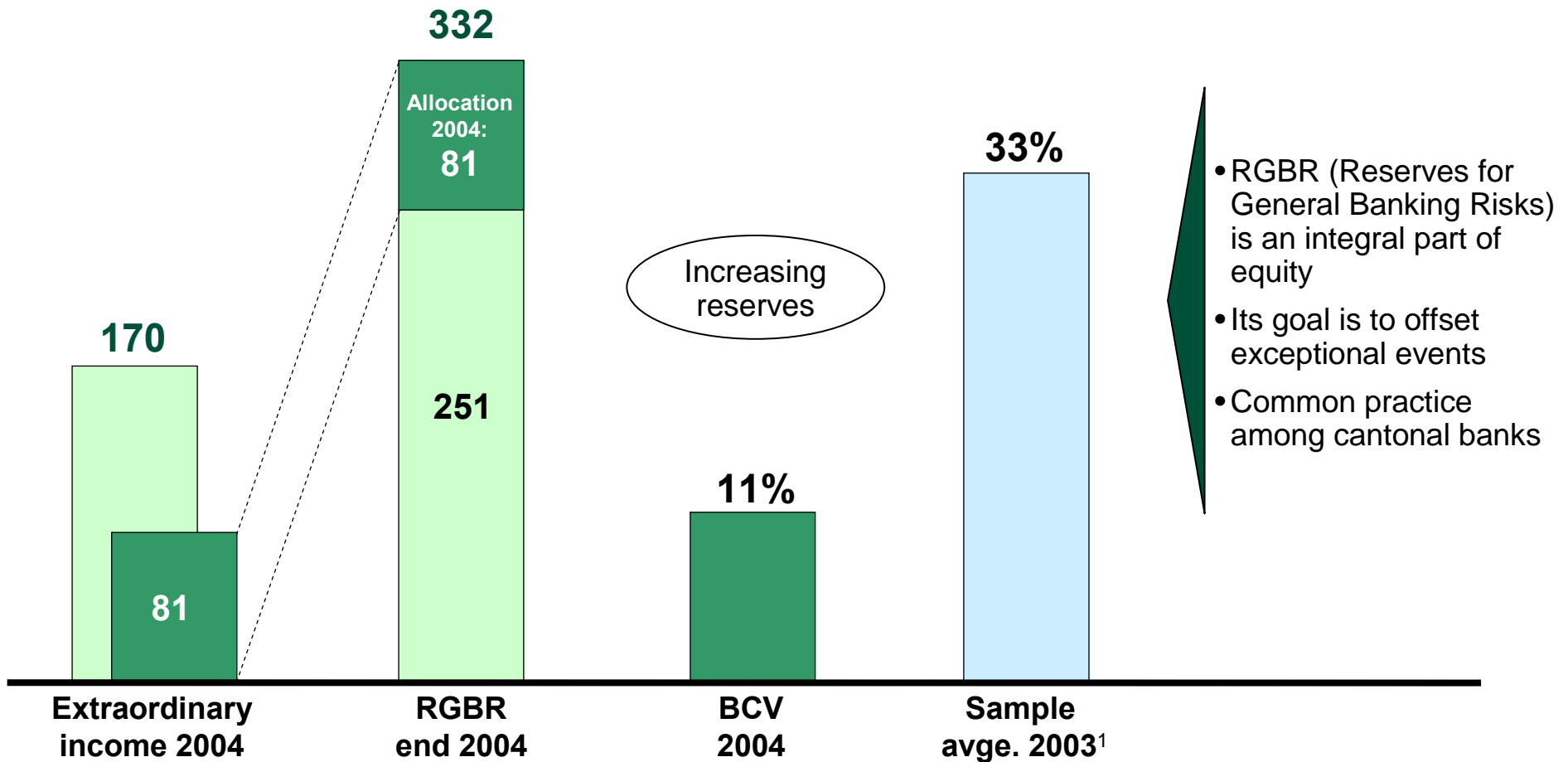
¹ Supplementary provisions according to FBC rules

Allocation of CHF 81 mn to the Reserves for General Banking Risks (RGBR)



Change in RGBR
BCV, CHF mn

RGBR in % of equity

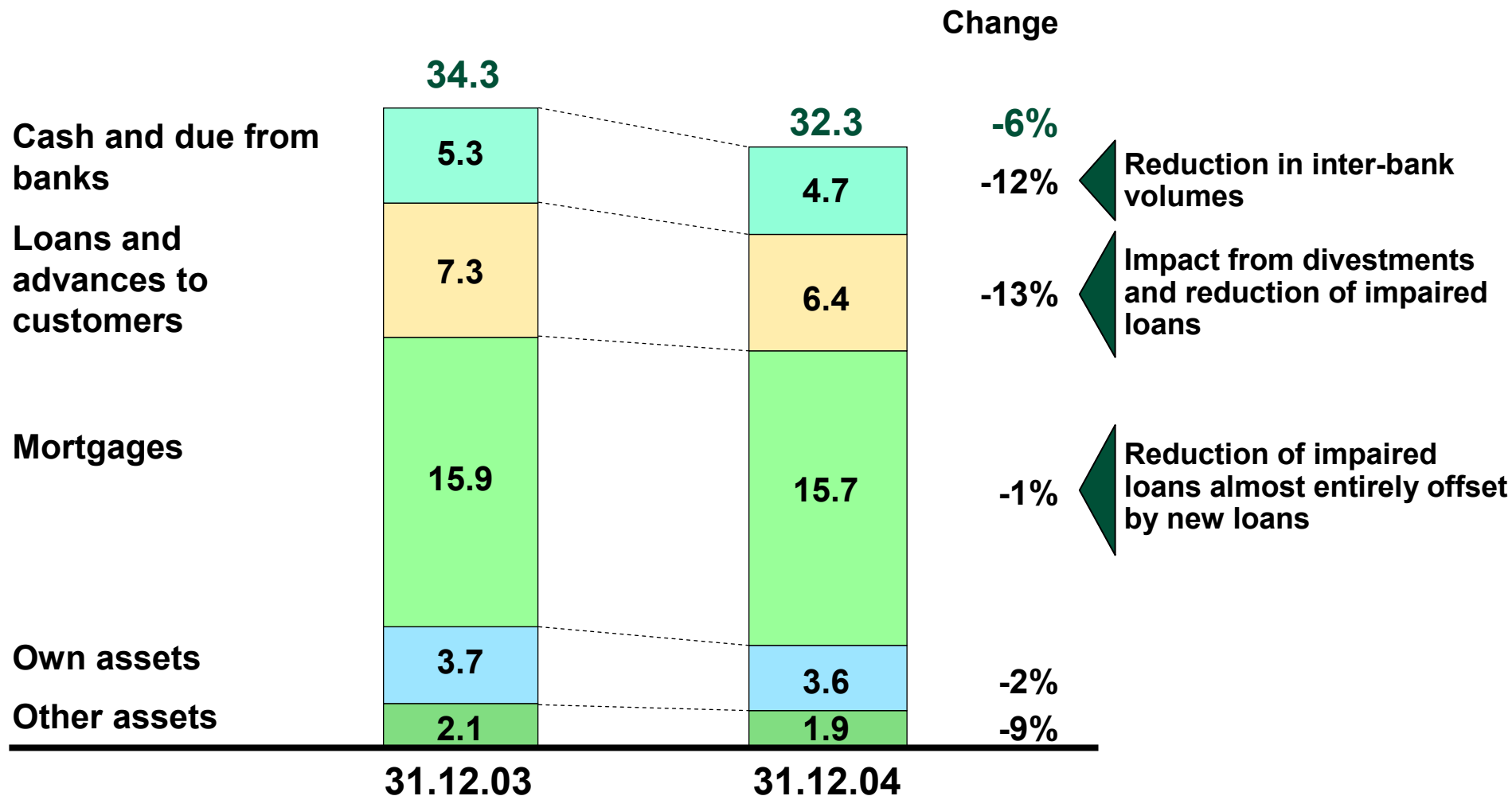


¹ Arithmetic average based on a sample of comparable cantonal banks (source: annual reports of Parent banks ZKB, LUKB, SGKB, BEKB, BKB, BLKB)

Reduced balance sheet related to the divestments



Assets, CHF bn (rounded)



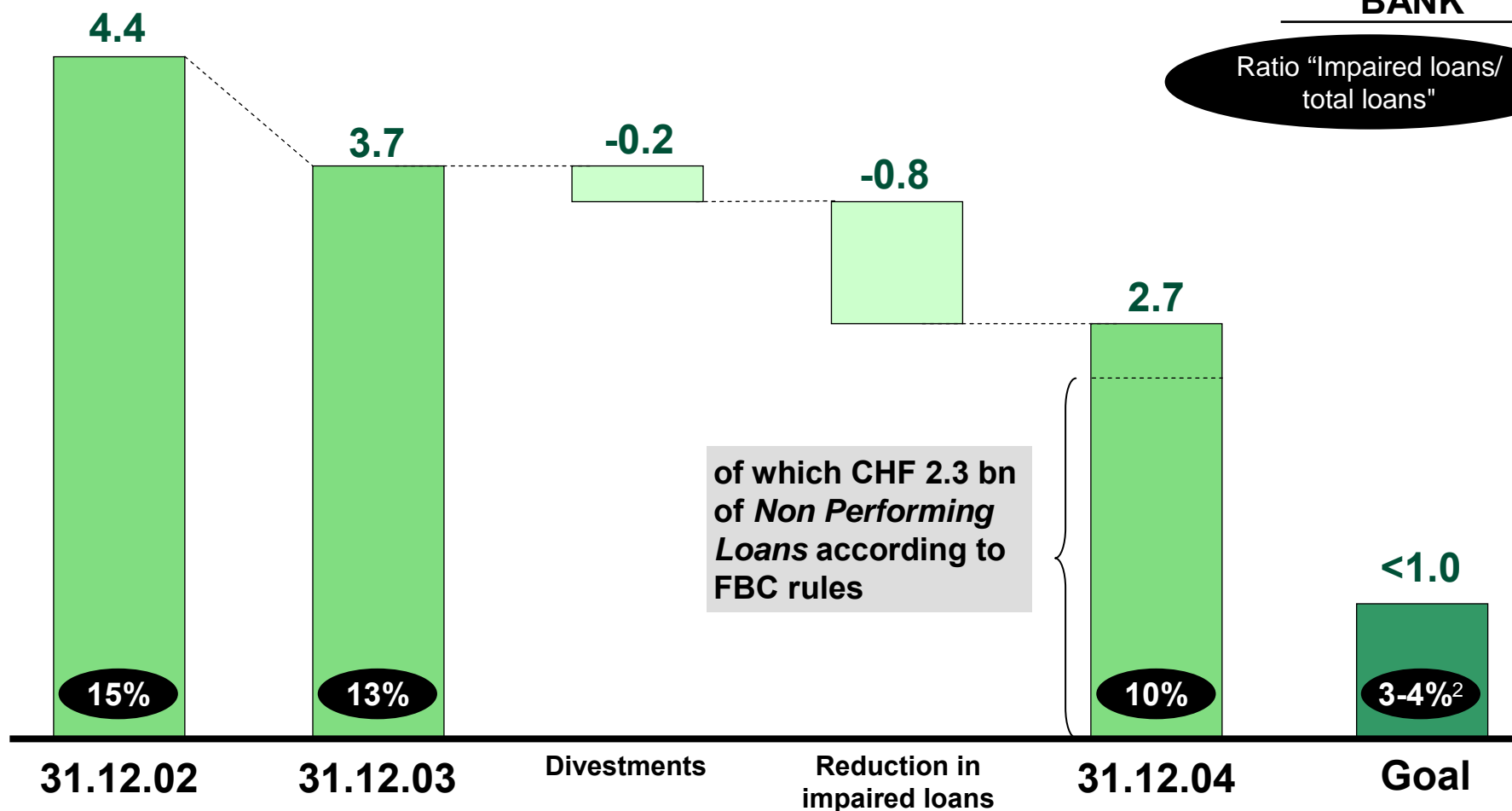
Despite a significant drop, levels of impaired loans remain too high



PARENT BANK

Ratio "Impaired loans/ total loans"

Changes in the level of impaired loans, CHF bn (rounded)¹



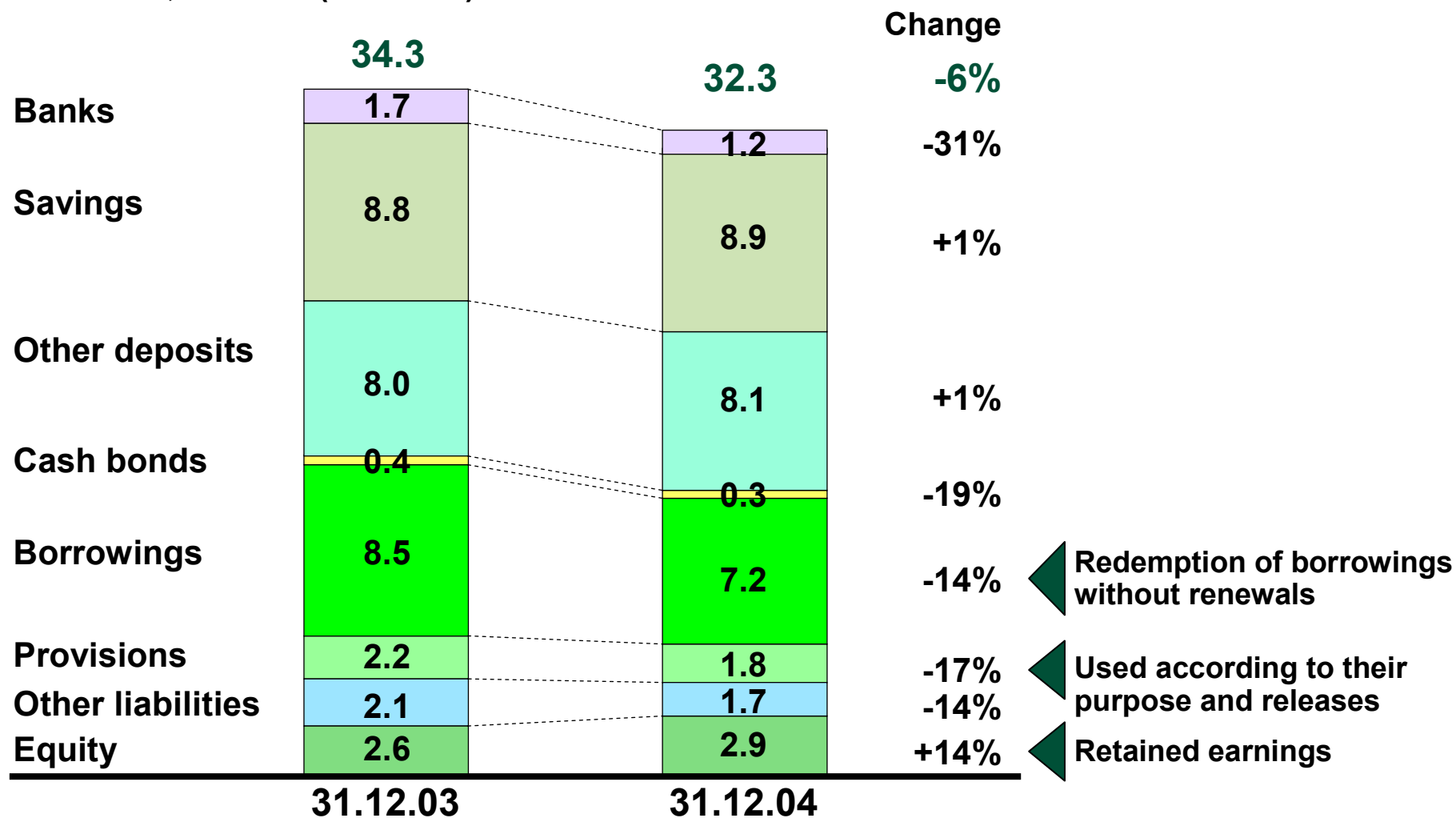
¹ According to FBC rules

² Current good practice of Swiss banks

Strengthening of the structure and quality of the liabilities



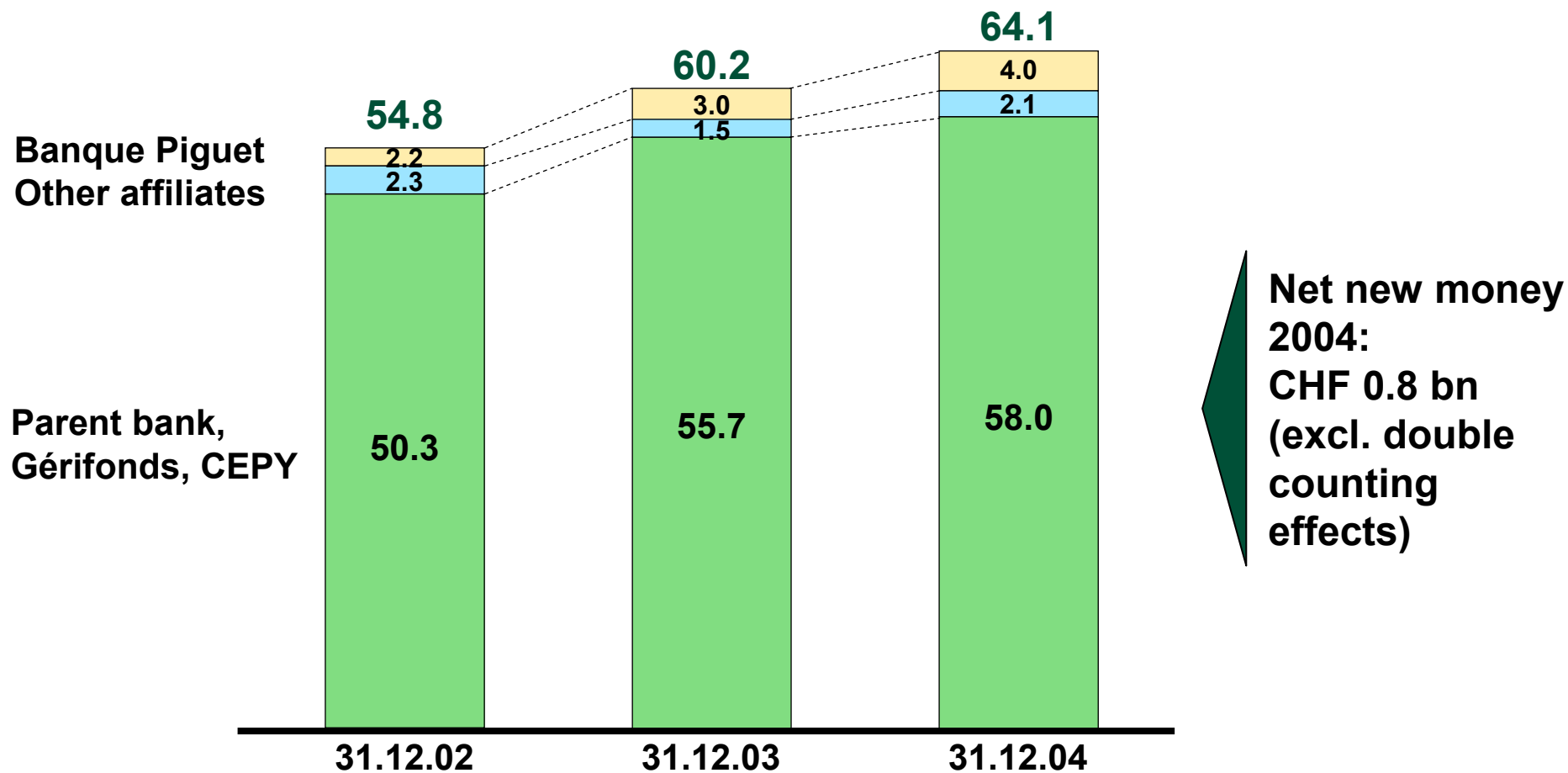
Liabilities, CHF bn (rounded)



Changes in AuM



CHF bn (rounded)



Significant improvement in key ratios

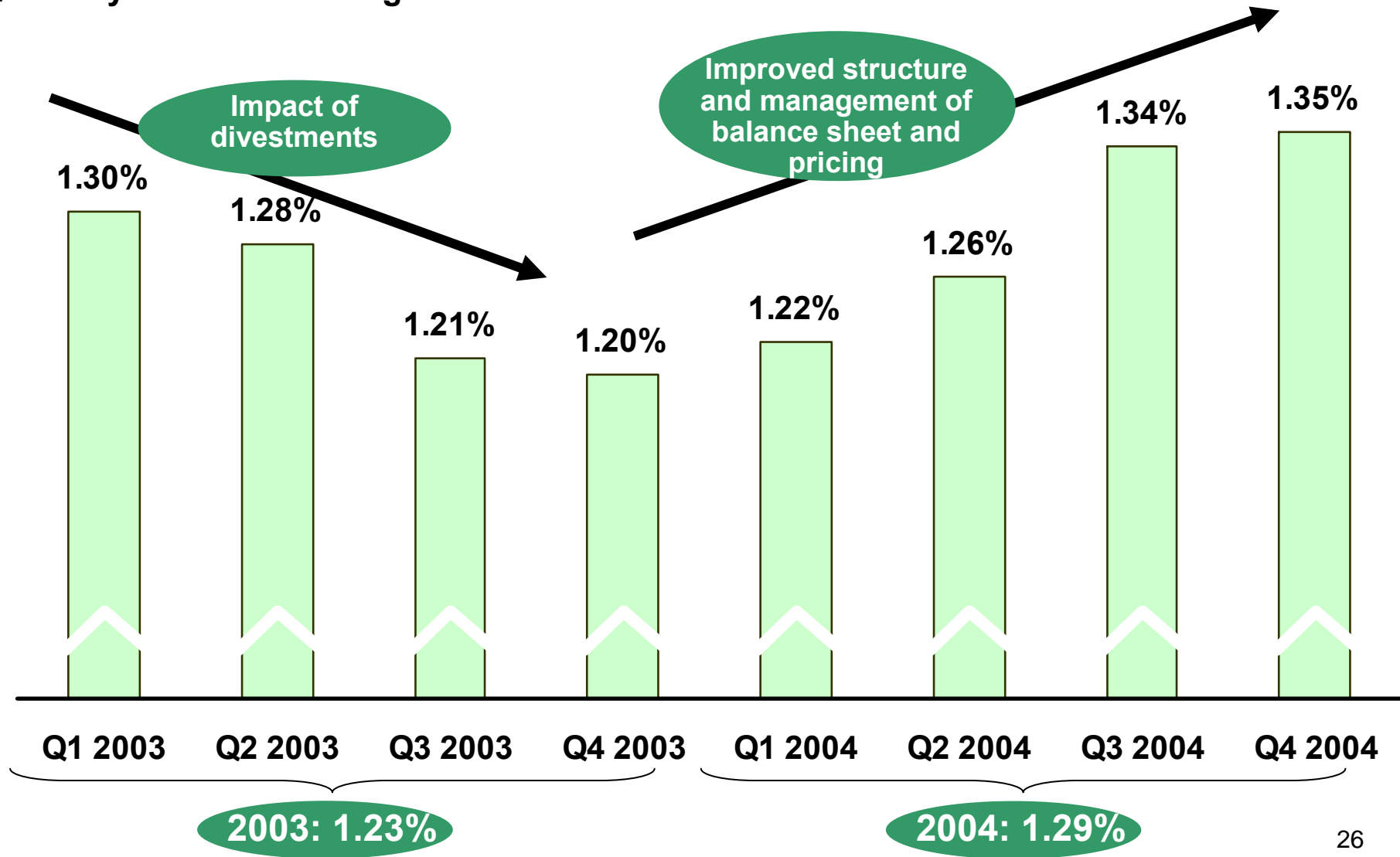


		31.12.02	31.12.03	31.12.04
Quality and structure of balance sheet	Impaired loans/ total loans	15%	13%	10%
	Client deposits/ customer loans	68%	74%	78%
	Equity ratio CFB	76%	156%	185%
Productivity	Cost/income (Excl. goodwill amort.)	75%	71%	67%
Financial performance	ROE (Net profit / average equity)	n/a	6.5%	12.4%

Continuous improvement of net interest margin



Quarterly net interest margin



Proposal of the Board of directors



- Preference dividend for participation certificates (CHF 2.69 per PC)

36.5 mn

- Proposal for a dividend of CHF 3.00 per share (2003: CHF 2.00)

25.6 mn

- Proposal for the allocation to reserves

254.1 mn

-
- Amount in favour of the Canton

53.9 mn

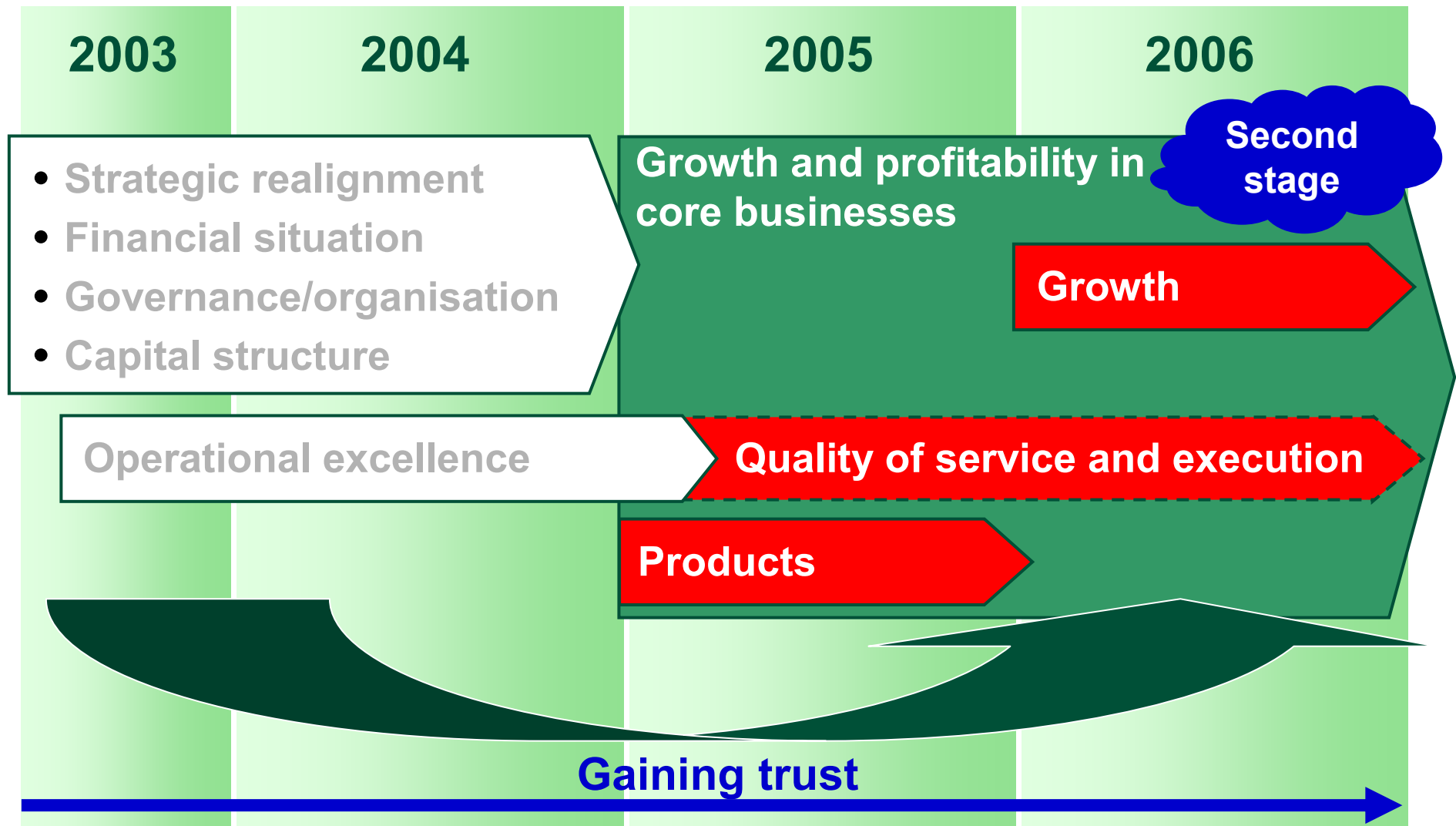
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BCV is now ready for the second stage of its strategy

2



Main strategic thrust for the next few years



- Growth of core businesses
 - Differentiated approach to meet client needs
 - Innovative products
 - Active marketing efforts
 - Quality of service and execution
- Focus on essential resources
 - Employees
 - IT systems
- Sustained transformation of the Bank and improved profitability
 - Optimisation of processes
 - Cost reductions
 - Aiming for best practice
- Controlled and orderly reduction of impaired loans

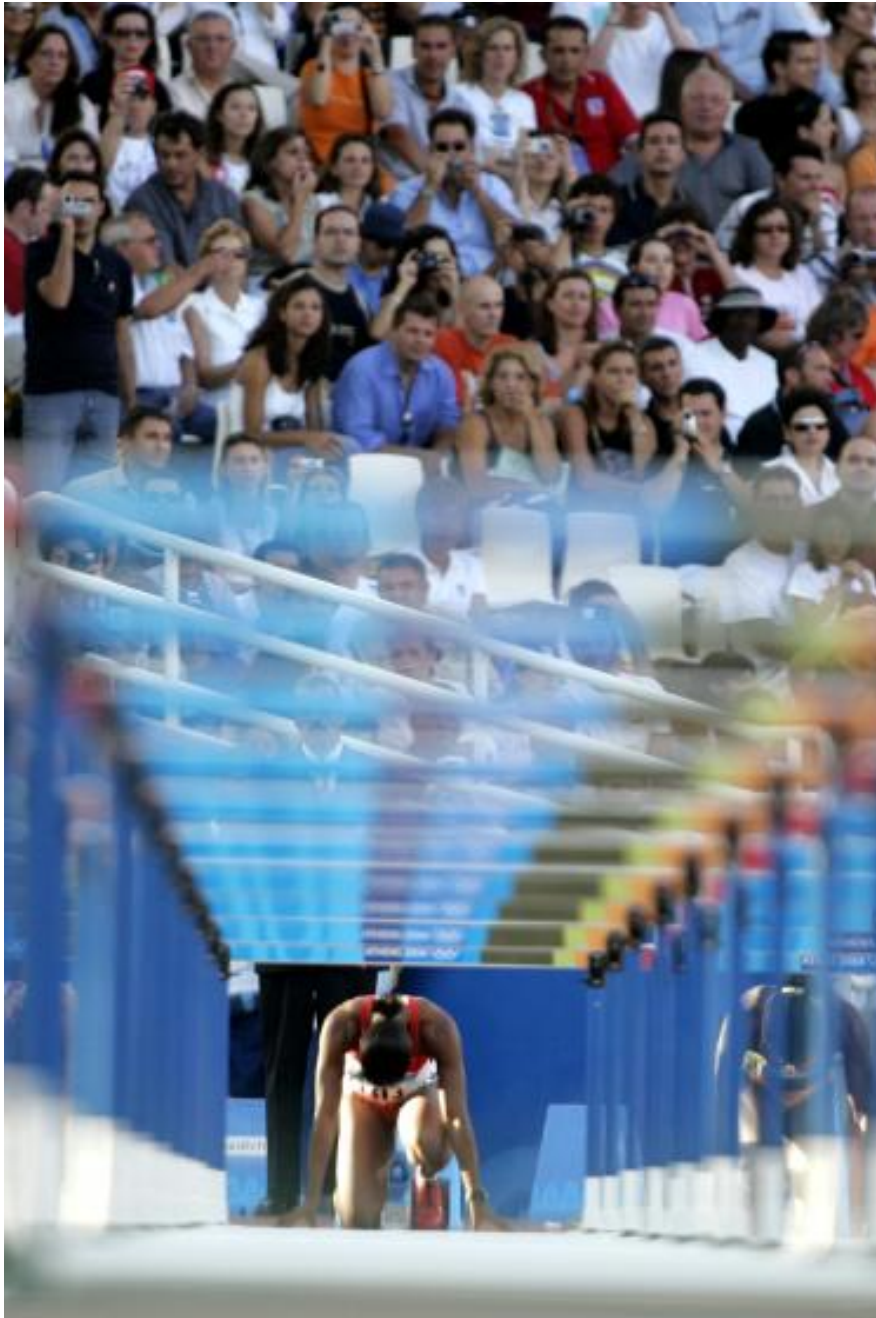
- Moderate volume growth (excl. reductions of impaired loans)
- Continued improvement of the operational result (gross profit)
- Probable lower net profit in 2005, 2004 being a year influenced by extraordinary items

Financial targets for the next three years



Key figure	Target
ROE	11-12%
Cost/income ratio	60-63%
Net interest margin	≥1.50%

- Creating value for our shareholders is part of our mission
- Getting in line with our best of peers



Calendar BCV 2005

- **12 May** AGM
- **24 May** Q1 results
- **23 August** Half year results
- **29 Nov.** 9 months results