

Press release

Net and operating profit at BCV Group up 7% in H1 2010

BCV Group posted very strong H1 2010 financial results.* Operating profit rose 7% to CHF 244m, while business volumes continued to grow steadily and revenues climbed 5% to CHF 503m. Net profit was also up 7% to CHF 146m despite a non-recurring charge-off of CHF 34m after reaching a final settlement with the Swiss Federal Tax Administration (FTA).

Revenues up 5%

Group revenues were up 5% year-on-year to CHF 503m, driven by growth across all main business lines. Interest income rose 2% to CHF 258m despite the Bank's prudent approach to liquidity management, with funds being placed primarily with the Swiss National Bank in light of uncertainties on the interbank money markets. Fee and commission income grew 12% to CHF 179m, mainly reflecting trends in lending and wealth management activities. Trading income increased 7% to CHF 50m as a result of strong customer-driven forex volumes.

Operating profit up 7% to CHF 244m

Total operating expenses grew 3% to CHF 259m. Targeted hiring under the Bank's development strategy, particularly in private banking and asset management, combined with additional employee training and ordinary pay increases, resulted in a 5% rise in personnel costs to CHF 163m. Other operating expenses were stable at CHF 96m (+1%). This strict cost control, taken with the top-line growth detailed above, drove a 7% rise in operating profit to CHF 244m.

Final settlement with the FTA

In December 2008, the FTA asked BCV to pay CHF 150m, representing the sum of withholding taxes reimbursed to the Bank from 2004 to 2006 in connection with some of its equity-derivative trading activities. BCV firmly opposed this request and asked the FTA to reconsider its position on the grounds that the FTA had agreed to the reimbursement in 2003 but subsequently retracted its decision retroactively.

Following an in-depth analysis by both parties, BCV's position was largely accepted by the FTA, with the exception of a limited number of transactions corresponding to CHF 29m, or less than 20% of the withholding tax initially demanded. According to the FTA, those transactions were not strictly within the scope of the agreement. Including late interest, the total amount of the charge-off was CHF 34m.

Rise of 7% in net profit to CHF 146m

Depreciation and write-offs were stable at CHF 40m, while value adjustments, provisions and losses fell to CHF 5m. Extraordinary income came in at CHF 25m. This figure demonstrates the resilience of BCV's loan book, with low new provisioning needs and releases of credit-risk provisions. Extraordinary expenses totalled CHF 35m, mainly consisting of the one-off payment to settle the FTA dispute.

Despite this charge-off, the Bank's strong first-half performance lifted net profit to CHF 146m, a year-on-year rise of 7%. Excluding the FTA settlement, net profit would have been up 26%.

The cost/income ratio improved from 61% to 59%.

Rise in customer-driven business volumes

Total assets increased 3% to CHF 36.7bn. Mortgage lending rose 3% (+CHF 643m) and totalled CHF 19.4bn at 30 June. Other loans were down 3% to CHF 5.4bn. This decline was caused mainly by one-off operations and does not reflect any change in the Bank's lending policy.

Reflecting prudent management of bank-counterparty risk, amounts due from banks fell by 30% to CHF 3.8bn. Liquidity was instead placed mainly with the Swiss National Bank in the form of SNB bills, resulting in a CHF 2.4bn rise to CHF 2.5bn in the "Money-market instruments" item.

On the liabilities side, the expansion in customer savings and investment accounts continued, with an 8% rise (+CHF 762m) to CHF 10.6bn. Other customer accounts were up 2% (+CHF 227m) to CHF 13.8bn.

Capital ratios remained at comfortable levels, with the FINMA capital adequacy ratio at 178% and the BIS Tier 1 ratio (Basel II IRB) at 18%. These ratios attest to the Bank's financial solidity.

AuM stable

Group assets under management remained stable at CHF 76.0bn, with a solid CHF 989m in net new money for the period.

CHF 267m paid out to shareholders

In accordance with the Bank's capital-management strategy and the decisions approved at the Annual Shareholders' Meeting, BCV has returned CHF 267m to

its shareholders this year, with a dividend payment in May and a par-value reimbursement in July. As the Bank's majority shareholder, the Vaud Cantonal Government received a total of CHF 179m.

Outlook

Management is very satisfied with these results, which reflect strong client confidence in BCV, the resilience of the Bank's loan book and the pick-up in the economy. Business development in H2 2010 is expected to trend along the same lines as in the first half.

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* Unaudited figures.

Contact:

Christian Jacot-Descombes, Press Officer

Tel.: + 41 21 212 28 61

Email: christian.jacot-descombes@bcv.ch

Grégory Duong, Investor Relations

Tel.: +41 21 212 20 71

Email: gregory.duong@bcv.ch

Note to editors:

This press release is being issued outside the trading hours of the SIX Swiss Exchange in order to comply with the principles of ad hoc disclosure pursuant to the SIX listing rules.

The above text is a translation of the original French document entitled "Groupe BCV: Très bons résultats avec une hausse des bénéfices brut et net de 7% *"; only the French version is authoritative.