Press Release

Bank Leu records another sharp jump in earnings

Zurich, February 28, 2006 – **Bank Leu recorded a sharp jump in profits for the third time in succession in the financial year 2005. The old-established Swiss bank increased its net profit from CHF 137 million to CHF 179 million, beating the very good result achieved in 2004 by 30 percent. The cost/income ratio – the key indicator of profitability – was improved further to 48% (54% the previous year).**

Bank Leu is in better health than ever before. The old-established Swiss bank showed outstanding dynamism and posted a very strong performance in 2005, its 250th anniversary year. Hans Nützi, CEO of Bank Leu, feels vindicated by these results: «We have proved that we have what it takes to succeed in a very competitive market. Reported net profit before extraordinary items and tax is CHF 217 million, 31% higher than last year.»

The pleasing overall result can partly be attributed to strict cost control. Operating expense increased by only 2% during the year under review, to CHF 201 million (2004: CHF 196 million). While administrative expense came in the same as the previous year at CHF 78 million, personnel expense rose slightly from CHF 118 million to CHF 122 million (+4%). Headcount increased over the course of the year from 579 (2004) to 583 (2005). The cost/income ratio was improved further to 48% (54% the previous year).

Increased commission and fee income
Commission and fee income – the bank's major source of revenues – was up 6% to CHF 218 million (2004: CHF 205 million). Transaction-related commission income also saw a marked rise in 2005 thanks to a very good year on the stock markets.

Strong income from trading
Income from trading posted an extremely positive performance alongside income from interest operations and commissions, up 22% to CHF 74 million compared with CHF 60 million the previous year. This marked increase in earnings can primarily be attributed to securities trading, which – in addition to principal trading — generated its most significant returns from the management of in-house structured derivative products.

Increased client assets

Clients assets stood at CHF 34.1 billion as of 31 December 2005 (+20%). The bank was able to further expand its asset base during the year under review thanks to new money totalling CHF 1,358 million.

Increased volumes in mortgage and securities-backed loan business

Volumes in the mortgage business increased by 7% to CHF 2 billion, while securities-backed loan activities were up 11% to CHF 1.5 billion.

Growth through innovation

The bank wants to go from strength to strength in 2006. With this in mind, the private banking subsidiary of Credit Suisse will continue to concentrate on systematic, end-to-end client advisory services as part of the Leu Investment Advisory Process (LIAP) and pursue a strategy focusing on special products such as Cat Bond Funds, Insurance Linked Securities and structured derivative products. Hans Nützi sees a bright future for Bank Leu: «We still have lots of untapped potential and we will continue to make the most of the opportunities presented to us in the interests of our clients.»

Enclosure:
Income Statement

For further information:
Bank Leu AG, Communications/Media Relations   Tel: +41 44 219 26 36
                                                 E-mail: reto.giudicetti@leu.com

                                                 Tel: +41 44 219 34 44
                                                 E-mail: thomas.ackermann.2@leu.com

As an «Independent Private Bank» Bank Leu is part of Credit Suisse Group. Its principal activity is private banking for a Swiss and international clientele. As a specialist for the Swiss financial market, the bank serves professional and institutional clients in Switzerland and abroad. Its core competences in the area of integrated financial planning and advice are extended by a range of specialist financial services, such as securities trading and administration as well as foreign exchange, money market and precious metals trading. In addition to its head office in Zurich, Bank Leu maintains a number of branches, representative offices and subsidiaries in- and outside Switzerland.

Income Statement 2005

	2005 in CHF 1000	2004 in CHF 1000	Veränderung in CHF 1000	Veränderung in %
Income and expense from ordinary banking business				
Net income from interest operations				
Interest and discount income	227 119	145 524	81 595	56
Interest and dividend income from financial assets	846	322	524	163
Interest expense	– 119 632	– 61 187	– 58 445	96
Subtotal, net income from interest operations	**108 333**	**84 659**	**23 674**	**28**
Net commission and fee income				
Commissions from lending business	1 030	833	197	24
Commissions from securities and investment business	225 021	209 848	15 173	7
Other commission and fee income	3 299	3 065	234	8
Commission expense	– 11 528	– 9 155	– 2 373	26
Subtotal, commission and fee income Fee income	**217 822**	**204 591**	**13 231**	**6**
Net income from trading	**73 690**	**60 452**	**13 238**	**22**
Other ordinary net income				
Net income from the disposal of financial assets	0	0	0	0
Income from investments in associates	5 504	7 760	– 2 256	– 29
Income from real estate	2 500	2 734	– 234	– 9
Other ordinary income	13 152	5 253	7 899	150
Other ordinary expense	– 379	– 329	– 50	15
Subtotal, other ordinary net income	**20 777**	**15 418**	**5 359**	**35**
Total operating income	**420 622**	**365 120**	**55 502**	**15**
Operating expense				
Personnel expense	122 471	117 670	4 801	4
General administrative expense	78 235	78 337	– 102	0
Subtotal, operating expense	**200 706**	**196 007**	**4 699**	**2**
Operating profit	**219 916**	**169 113**	**50 803**	**30**
Net profit for the year				
Operating profit	219 916	169 113	50 803	30
Depreciation/write-downs non-current assets	1 003	2 030	– 1 027	– 51
Value adjustments, provisions and losses	1 748	1 526	222	15
Net profit before extraordinary items and tax	**217 165**	**165 557**	**51 608**	**31**
Extraordinary income	5 485	5 739	– 254	– 4
Extraordinary expense	– 1 176	– 854	– 322	38
Taxes	– 42 695	– 33 371	– 9 324	28
Net profit for the year	**178 779**	**137 071**	**41 708**	**30**