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Consolidated interim accounts of BCGE group

At 30 June 2011

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Further business progress and a marked improvement in net operating income

Half-year results (in CHF)

The Banque Cantonale de Genève (BCGE) recorded excellent business growth during the first half, despite a difficult economic context. Operational profitability and cash flow both improved substantially.

Balance sheet increase

For the sixth consecutive half year, the balance sheet total has moved up (+4.5%) and now stands at 14.9 billion.

Sharp rise in net operating income (result before extraordinary items and taxes)

Net operating income (result before extraordinary items and taxes) has risen sharply to 33.7 million (+69%) reflecting the bank's sound economic health and solid financial situation.

Gross profit up, net profit falls back slightly

Gross profit increased by 3% to 54 million. Net profit after tax stands at 27.7 million (-11.5%).

Revenues stable

Diversification of its activities has enabled the bank to protect its earnings. Adjusted for the effect of the dollar and the euro, revenues have increased.

Improved productivity

The cost/income ratio has improved. At 5.7%, the ROE remains at a good level compared to the risk-free rate of return.

Gains in operational productivity

The volume of business (managed funds and mortgages) per head increased by 5.4% during the first half. 5,336 new customers were

taken on by a reduced staffing complement.

Interest margin firmly protected

The quality of margins has been well defended in the lending sector (-0.3% at 97 million). The volume of lending (11.958 billion) has risen.

Commission and fee income impacted by the economic climate

The volume of business has expanded, whereas total commission and fee income has retracted (-11.6% to 50.4 million) under the impact of exchange rates. Credit commissions (in the global commodity finance sector) have been seriously constrained due to the decline in the dollar, whereas commission income from securities has remained stable despite stock market uncertainties. In addition to commission and fee income, it should be noted that the utilisation rate of day-to-day banking services has expanded, especially of payments and securities transactions on the internet.

Tight rein on expenses

Operating and payroll expenses have been tightly controlled (-1.8% at 109.8 million), mainly due to the completion of the IT migration projects. Operational risks have decreased thanks to the collaboration with first-class Swiss partners.

Reorganisation of lending and securities processes

During the period, the management processes governing lending operations have been transferred on to the centralised IT application (Finnova). Credit risk management is now per-

Branch renovation and growth of electronic banking facilities

The Trois-Chêne branch was fully renovated during the first half 2011, at a cost of 4.1 million. It is staffed by a team of fourteen people made up of the branch manager, who is also the area manager, his deputy, ten advisers and two reception staff. The branch now possesses nine electronic banking machines (compared with only three before) and modernised customer areas offering a high level of confidentiality.

As at 30 June 2011, the number of electronic banking machines throughout the canton of Geneva totalled 139 (135 fixed and four mobile). Thirteen additional machines (nine fixed and four mobile) were installed during the first half (Chêne, Champel, La Praille, Carouge, Cinézac), representing an investment of 950,000. Five machines were upgraded in order to meet customer requirements. To counter attempted thefts and any possible skimming attacks (fraudulent operations whereby individuals access an ATM and modify some of the components so as to obtain data stored on the magnetic strip and bank card codes), the ASKIM2 system is being progressively installed on all of the BCGE's electronic banking machines.

A mobile internet site

The bank has launched a web site designed for mobile phone usage. It interacts with the bank's main website, the aim being to provide customers with practical information, such as the location of ATMs, branch opening hours, their phone numbers and thereby facilitating customer-bank contacts.

The BCGE's strategic priorities

Despite today's hesitant economic climate, the completely changing face of private banking and the growing pressures being exercised on the interest margin, the BCGE is still the leader in its sector of activity throughout the canton and its share has a high upside potential. The dynamic profile of its private shareholders, its reinforced equity base and its collaboration-focused production strategy mean that it can adapt itself to Geneva's highly international market.

BCGE prospects

For the full year 2011, the bank is expecting a moderate upturn in both revenue and profit. The interest margin will remain under the influence of interest rate levels. The BCGE has completed the transfer of its IT infrastructure to a top quality service partner. It now has access to a shared and totally modernised technology platform to underpin the strong commercial arguments in its favour. In addition, the upgrading of its lending and securities processes will enable the bank to increase its productivity and enhance its competitiveness.

English translation of the French official version.

BCGE Group balance sheet

Consolidated

		30.06.2011	31.12.2010	Variation
		in CHF 1,000	in CHF 1,000	in CHF 1,000
6 Group balance sheet and income statement	ASSETS			
	Cash	260,202	244,608	15,594
	Money-market instruments	49,847	8	49,839
	Due from banks	1,057,798	866,563	191,235
	Due from clients	3,559,250	3,536,565	22,685
	Mortgages	8,398,406	7,999,694	398,712
	Securities and precious metals trading portfolios	16,740	19,325	(2,585)
	Financial investments	1,162,352	1,206,686	(44,334)
	Investments consolidated by equity method	16,949	17,527	(578)
	Fixed assets	203,458	207,890	(4,432)
Intangible assets	7,307	8,082	(775)	
Accrued income and prepaid expenses	50,100	42,042	8,058	
Other assets	116,772	108,197	8,575	
Total assets	14,899,181	14,257,187	641,994	
	LIABILITIES			
Money-market instruments	614	212	402	
Due to banks	1,181,180	1,138,144	43,036	
Due to clients on savings and deposit accounts	5,336,000	5,430,064	(94,064)	
Due to clients, other	4,771,155	4,205,750	565,405	
Medium-term notes (cash bonds)	53,204	69,330	(16,126)	
Bonds and mortgage-backed bonds	2,365,000	2,259,000	106,000	
Accrued expenses and deferred income	91,554	64,761	26,793	
Other liabilities	122,381	120,318	2,063	
Valuation adjustments and provisions	3,507	3,666	(159)	
Reserve for general banking risks	60,000	60,000	-	
Share capital	360,000	360,000	-	
Capital reserve	312,320	312,251	69	
Retained earnings	249,536	212,534	37,002	
Treasury shares	(22,294)	(24,033)	1,739	
Foreign-exchange differences	(12,673)	(11,252)	(1,421)	
Net profit for the year	27,697	56,442	(28,745)	
Total liabilities	14,899,181	14,257,187	641,994	
	OFF-BALANCE-SHEET OPERATIONS			
Contingent liabilities	620,782	804,553	(183,771)	
Irrevocable commitments	978,640	770,378	208,262	
Commitments to subscribe and pay further sums	39,000	39,011	(11)	
Commitments resulting from deferred payments	20,067	18,896	1,171	
Financial derivatives				
▪ Positive replacement values	22,928	23,006	(78)	
▪ Negative replacement values	118,116	108,510	9,606	
▪ Underlying amounts	3,799,265	3,104,370	694,895	
Fiduciary operation	91,968	50,404	41,564	

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