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Consolidated interim accounts of BCGE Group

At 30 June 2012

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Sharp rise in operating profit at more than CHF 45 million (+28.3%)

Half-year results (in CHF)

The Banque Cantonale de Genève (BCGE) has seen a strong expansion in its profitability during the 1st half 2012 despite the unstable financial environment. Revenue momentum (+7.8%), coupled with the reduction in operating expenses (-1.5%), confirms the relevance of its diversified business model. The productivity and profitability indicators reflect the bank's sound commercial and financial standing. Gross profit has increased by CHF 14.6 million (+ 26.3%) to CHF 70.2 million. Net profit stands at CHF 36.5 million (+ 31.6%) after allocation to the Reserves for general banking risks.

Steady balance sheet growth

For the fifth consecutive year, the balance sheet total has moved up, now totalling CHF 16.9 billion (+6.2% in June 2012 compared with December 2011).

Sharp rise in net operating income

Despite the unstable financial and stock market environment, the BCGE's business model, diversified and with an international presence, is asserting itself and the bank is structurally improving its profitability. Its economic profit (result before extraordinary items and taxes) has moved up by CHF 10 million (+28.3%) to CHF 45.2 million thanks to increased revenue and reduced operating expenses. Productivity and profitability indicators are among the best within the banking sector. Its productivity is highlighted by a drop of nearly 6 percentage points in the cost/income ratio to 60.6%. Its return on equity of 7% (+1.3 percentage

point) bears out the excellent capital yield. Its gross profit has benefited from revenue momentum and has increased by CHF 14.6 million (+26.3%) to CHF 70.2 million, with net profit totalling CHF 36.5 million (+CHF 8.8 million). All income sources are underpinned by the quality of the interest margin, the high volume of commissions and business lending. Expenses can be held in check thanks to the recent technological investments.

Revenues have risen

The bank's various activities have all played a part in the revenue increase. The interest margin has been well protected in what has been a difficult rates context. It has been held at 1.29% thanks to a targeted growth in lending and effective ALM. Commissions have been influenced positively by the growth in retail banking and international trading, while the volume of foreign exchange trading operations has increased.

Encouraging rise in assets under management and administration, and mortgages

Assets under management and administration moved up to CHF 18.5 billion (+0.4 billion) during the first half 2012. The bank's choices in terms of investment philosophy are proving to be appropriate given current market conditions. As a result, management mandates and investments funds have delivered high-quality performance. Overall, BCGE customers are extremely attached to capital preservation and generally opt for safe investment profiles.

The Genevan economy: mission accomplished

The BCGE has increased its market share on several fronts while still retaining priority focus on risk and margin quality. Mortgages have progressed in a targeted manner to nearly 9 billion. Lending to business and private customers has reached the substantial level of CHF 12.8 billion.

Growth in commission income thanks to business diversity

Commission income (+3.1%) reflects the increased competitiveness of the bank which, for several years now, has been intensifying its efforts on consultancy and management activities (less equity-hungry). The 7.2% rise in commission income from lending is an indication of the dynamism of Global Commodity Finance activities. Commission on securities has held up well thanks to the positive trend of private banking. The density of use of everyday banking facilities is constantly rising.

Reduction in operating expenses

Total operating expenses (payroll and other expenses) fell by CHF 1.7 million (-1.5%). The effectiveness of savings programmes and the efforts undertaken in recent years have delivered positive results.

Optimum use of equity

The bank's equity was strengthened as at 30 June by the allocation of CHF 18 million to the Reserves for general banking risks. The bank has generated more than CHF 233 million of additional equity since the introduction of Basle II in 2006. Consolidated equity coverage

stands at 12.7% above Swiss standard Basle II requirements. The rise in this ratio also reflects the strong growth in lending allocated to the economy since 2006 (+4.1 billion).

Rating by Standard & Poor's confirmed

Standard & Poor's rating for the BCGE, raised on 12 December 2011 to A+/A-1/Stable, was confirmed on 3 July 2012. It confirms the BCGE's position as one of the safest Swiss and European banks.

A constantly rising number of shareholders

At end-June 2012, the bank had 11,650 shareholders, of whom 11,371 are private customers (578 additional private «shareholding customers»). This figure illustrates the attachment of Genevans, Swiss and foreign customers to the BCGE, to the values it stands for and its specificity on the Swiss banking market. The body of private shareholders is very diverse: 82% own between 1 and 25 shares. 601 members of BCGE staff, 76% of total staff, are shareholders.

The BCGE share has upside growth potential

Market capitalisation represents 71% of equity. The BCGE share (CHF 205.9 as at 30 June 2012) has been outperforming the Swiss bank share sector since 2007 (cf. performance of the Swiss Performance Index and the SWX BANKS Index); it constitutes a high-quality defensive stock, whose book value per share has gained 3.3% at CHF 297.6.

A full range of investment funds

In order to meet the multiple needs of its customers and to adapt its offer to a changing stock market context, the BCGE has revised its range of BCGE Synchrony funds. There are now 28 investment funds (representing a total of some CHF 750 million invested). Among them, the **BCGE Synchrony All Caps CH** (management based on macroeconomic analysis targeting the best shares on the Swiss market, across all market segments) was launched during the first half of 2012.

Technological innovation

BCGE 1816, the on-line stock market trading system has surpassed the major 1,000 mark in terms of the number of investors (+17%). At the same time, the volume of on-line trading deposits has increased significantly (+31.5%). This integrated account and payment management platform offers preferential brokerage fees and easy access to all the site's financial information (yourmoney.ch).

A comprehensive range of business services

Always focussed on its mission to contribute to the development of the canton, the BCGE is supported by Capital Transmission S.A., Geneva, a wholly-owned subsidiary of the bank, with investment capital of CHF 50 million for financing business transfer transactions (LBO, MBO) and company expansion operations. To date, Capital Transmission S.A. has invested CHF 16 million in six promising companies in a variety of areas (temporary employment, remote training, IT advisory and technical ser-

vices, home selling, avionics, train automation solutions).

Strategic priorities 2012

During the first half-year, and as referred to above, the bank has focused on its four priority areas of strategic development:

- asserting its role as a key partner in the regional economy
- selective growth of mortgage lending
- targeted growth of private banking
- improving operational productivity.

Prospects

Today, the bank has high commercial expansion potential. However, the regulatory equity requirements mean that the bank will have to restrict growth in some business areas. Persistently low rates will continue to weigh on banks' interest margins. The BCGE is able to protect its margin by a policy of selectivity with respect to new business and dynamic ALM. Commission income should hold up at a level similar to that achieved in the 1st half. The financial strength of the bank reinforces its attractiveness for deposits and private banking. For the 2012 financial year, the BCGE is expecting better results than those of last year, so long as the financial and economic environment does not markedly worsen in the coming months.

English translation of the French official version.

English translation of
French official
version

Review report

To the Board of Directors of
Banque Cantonale de Genève, Geneva

In accordance with the terms of our engagement, we have reviewed the consolidated interim accounts for Banque Cantonale de Genève Group comprising of balance sheet and income statement for the period from January 1 to June 30, 2012.

These consolidated interim accounts are the responsibility of the Board of directors whereas our responsibility is to issue a report on these consolidated interim accounts based on our review.

We conducted our review in accordance with the Swiss Auditing Standard 910 (SAS 910) *Review Engagements*. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the consolidated interim accounts are free of material misstatements. A review is limited primarily to inquiries of the Group's personnel and analytical procedures applied to consolidated financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim accounts (balance sheet and income statement) do not give a true and fair view of the financial position and the results of operations of Banque Cantonale de Genève Group in accordance with accounting rules for banks and Swiss law.

Deloitte SA



Alexandre Buga
Licensed audit expert
Auditor in charge



Myriam Meissner
Licensed audit expert

Geneva, August 9, 2012

BCGE Group balance sheet

Consolidated

		30.06.2012	31.12.2011	Variation
		in CHF 1,000	in CHF 1,000	in CHF 1,000
6	ASSETS			
Group balance sheet and income statement	Cash	1'331'271	398'040	933'231
	Money-market instruments	4	5	-1
	Due from banks	811'625	904'591	-92'966
	Due from clients	3'843'088	4'099'269	-256'181
	Mortgages	8'989'241	8'765'073	224'168
	Securities and precious metals trading portfolios	24'402	22'372	2'030
	Financial investments	1'384'660	1'207'881	176'779
	Investments consolidated by equity method	19'219	21'020	-1'801
	Fixed assets	190'163	197'628	-7'465
	Intangible assets	720	6'531	-5'811
	Accrued income and prepaid expenses	47'925	44'729	3'196
	Other assets	213'156	203'825	9'331
		Total assets	16'855'474	15'870'964
	LIABILITIES			
	Money-market instruments	1'005	789	216
	Due to banks	1'742'022	1'463'957	278'065
	Due to clients on savings and deposit accounts	4'893'954	5'438'429	-544'475
	Due to clients, other	6'257'052	5'158'530	1'098'522
	Medium-term notes (cash bonds)	36'583	43'216	-6'633
	Bonds and mortgage-backed bonds	2'560'755	2'452'165	108'590
	Accrued expenses and deferred income	88'311	72'163	16'148
	Other liabilities	221'376	227'588	-6'212
	Valuation adjustments and provisions	6'935	4'454	2'481
	Reserve for general banking risks	78'000	60'000	18'000
	Share capital	360'000	360'000	-
	Capital reserve	311'937	312'228	-291
	Retained earnings	293'215	249'536	43'679
	Treasury shares	-19'105	-22'670	3'565
	Foreign-exchange differences	-13'016	-12'540	-476
	Net profit for the year	36'450	63'119	-26'669
	Total liabilities	16'855'474	15'870'964	984'510
	OFF-BALANCE-SHEET OPERATIONS			
	Contingent liabilities	832'974	991'158	-158'184
	Irrevocable commitments	1'028'046	901'638	126'408
	Commitments to subscribe and pay further sums	51'908	53'573	-1'665
	Commitments resulting from deferred payments	67'653	54'197	13'456
	Financial derivatives			
	▪ Positive replacement values	25'599	32'865	-7'266
	▪ Negative replacement values	212'089	209'547	2'542
	▪ Underlying amounts	4'235'518	3'959'181	276'337
	Fiduciary operation	81'640	137'631	55'991

BCGE Group income statement

Consolidated

	30.06.2012 in CHF 1,000	30.06.2011 in CHF 1,000	Variation in CHF 1,000
INTEREST INCOME AND EXPENSES			
Interest and discount income	150'692	144'040	6'652
Interest and dividends from trading portfolios	14	2	12
Interest and dividends from financial investments	9'764	9'560	204
Interest expenses	-54'811	-56'163	1'352
Net interest income	105'659	97'439	8'220
COMMISSION AND FEE INCOME			
Commission income from lending	19'930	18'600	1'330
Commission income from trading, securities and deposits	21'531	23'439	-1'908
Commission income from other services	15'735	13'530	2'205
Commission expenses	-3'623	-3'598	-25
Total commission and fee income	53'573	51'971	1'602
Net result of trading operations	11'928	10'581	1'347
OTHER ORDINARY RESULTS			
Income from sale of financial investments	2'518	668	1'850
Income from investments	1'127	639	488
<i>of which consolidated by the equity method</i>	1'127	639	488
Real estate income	538	558	-20
Other ordinary income	3'962	4'439	-477
Other ordinary expenses	-959	-886	-73
Other ordinary income, net	7'186	5'418	1'768
Net operating income	178'346	165'409	12'937
OPERATING EXPENSES			
Payroll expenses	-60'919	-61'101	182
Other operating expenses	-47'188	-48'695	1'507
Net operating expenses	-108'107	-109'796	1'689
Gross profit	70'239	55'613	14'626
Depreciation of fixed assets	-16'450	-11'050	-5'400
Valuation adjustments, provisions and losses	-8'582	-9'314	732
Result before extraordinary items and taxes	45'207	35'249	9'958
Extraordinary income	22'000	53	21'947
Extraordinary expenses	-19'598	-1'568	-18'030
Taxes	-11'159	-6'037	-5'122
Net profit	36'450	27'697	8'753

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