



je connais mon banquier je connais mon banquier

## Consolidated interim accounts of BCGE group

At 30 June 2011

je connais mon banquier je connais mon banquier

je connais mon banquier je connais mon banquier

je connais mon banquier je connais mon banquier

je connais mon banquier je connais mon banquier

je connais mon banquier je connais mon banquier

je connais mon banquier je connais mon banquier

je connais mon banquier je connais mon banquier

je connais mon banquier je connais mon banquier

je connais mon banquier je connais mon banquier

je connais mon banquier je connais mon banquier

je connais mon banquier je connais mon banquier

je connais mon banquier je connais mon banquier

je connais mon banquier je connais mon banquier

je connais mon banquier je connais mon banquier

je connais mon banquier je connais mon banquier

je connais mon banquier je connais mon banquier

je connais mon banquier je connais mon banquier

je connais mon banquier je connais mon banquier



## 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-

formed in conjunction with the Risk Solution Network software, the Swiss standard adopted by the majority of the cantonal banks. Securities administration has been subcontracted to Swisscom IT Services, which regroups three cantonal banks.

### **An ongoing partner for Geneva-based businesses**

A faithful partner to the economy of the canton, the bank is continuing to pursue its strategy of the targeted expansion of lending facilities to the economy, giving priority to risk control and margin preservation. During this half, risk provisions have mainly been constituted for those SMEs having to face up to the current difficult economic scenario. Mortgages, at 8.398 billion (+5%), have made very good progress with virtually zero risk cost.

### **Assets under management and administration: structural improvement**

The structure of the pool of assets under management and administration, which stands at 18.8 billion, has improved (+3.3%) thanks to the qualitative transformation of substantial amounts of cash placed in investment vehicles. As a result, there is now a total of 4,045 BCGE Best of mandates (+ 1.5%). The threshold of 12 billion has been exceeded for private customers.

### **Very solid refinancing**

The bank is competitive in deposits and savings. Its stability and reliability are recognised by its customers whose deposits have increased by 455 million to 10.2 billion. Sa-

vings now total 5.3 billion and finance 35.8% of assets. Savings cover 63.5% of mortgage lending.

### **Increase in equity**

The bank has generated more than 300 million in additional equity in seven years. Consolidated equity coverage stands at 137%. In December 2010, Standard & Poor's rating agency confirmed its rating of A/stable/A-1.

### **BCGE share is bullish**

The BCGE share price, which stood at 225 on 30.6.2011, has been holding up well in the face of market fluctuations and is outperforming the benchmark.

### **Private shareholders: a further increase**

Customer attachment to the BCGE can be seen, in particular, through the increasing number of its private shareholders. They are remarkably diverse (82.2% own between one and 25 shares). The first half 2011 saw the arrival of 755 new shareholding customers, taking the total number of bearer shareholders up to 10,870 as at 30 June 2011.

### **New executive board members**

Two new members, out of a total of six, have been appointed to the executive board. From within the ranks of in-house management, Pierre-Olivier Fagnière, head of the International Customer division, and Jérôme Monnier, head of the Geneva Private clients and family businesses division, will give fresh impetus to the growth of private banking and international business.

### **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.*

## Review report

English translation of  
French official version

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, 2011.

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 4, 2011

# BCGE Group balance sheet

## Consolidated

	30.06.2011 in CHF 1,000	31.12.2010 in CHF 1,000	Variation in CHF 1,000
<b>6 ASSETS</b>			
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
<b>Total assets</b>	<b>14,899,181</b>	<b>14,257,187</b>	<b>641,994</b>
<b>LIABILITIES</b>			
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)
<b>Total liabilities</b>	<b>14,899,181</b>	<b>14,257,187</b>	<b>641,994</b>
<b>OFF-BALANCE-SHEET OPERATIONS</b>			
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

# BCGE Group income statement

Consolidated

	30.06.2011 in CHF 1,000	30.06.2010 in CHF 1,000	Variation in CHF 1,000
<b>INTEREST INCOME AND EXPENSES</b>			
Interest and discount income	144,040	145,490	(1,450)
Interest and dividends from trading portfolios	2	-	2
Interest and dividends from financial investments	9,560	9,448	112
Interest expenses	(56,163)	(57,226)	1,063
<b>Net interest income</b>	<b>97,439</b>	<b>97,712</b>	<b>(273)</b>
<b>COMMISSION AND FEE INCOME</b>			
Commission income from lending	18,600	25,322	(6,722)
Commission income from trading, securities and deposits	23,439	23,267	172
Commission income from other services	13,530	12,645	885
Commission expenses	(5,166)	(4,245)	(921)
<b>Total commission and fee income</b>	<b>50,403</b>	<b>56,989</b>	<b>(6,586)</b>
<b>Net result of trading operations</b>	<b>10,581</b>	<b>7,129</b>	<b>3,452</b>
<b>OTHER ORDINARY RESULTS</b>			
Income from sale of financial investments	668	(183)	851
Income from investments	639	505	134
<i>of which consolidated by the equity method</i>	<i>639</i>	<i>505</i>	<i>134</i>
Real estate income	558	28	530
Other ordinary income	4,439	3,613	826
Other ordinary expenses	(886)	(1,540)	654
<b>Other ordinary income, net</b>	<b>5,418</b>	<b>2,423</b>	<b>2,995</b>
<b>Net operating income</b>	<b>163,841</b>	<b>164,253</b>	<b>(412)</b>
<b>OPERATING EXPENSES</b>			
Payroll expenses	(61,101)	(61,546)	445
Other operating expenses	(48,695)	(50,232)	1,537
<b>Net operating expenses</b>	<b>(109,796)</b>	<b>(111,778)</b>	<b>1,982</b>
<b>Gross profit</b>	<b>54,045</b>	<b>52,475</b>	<b>1,570</b>
Depreciation of fixed assets	(11,050)	(12,341)	1,291
Valuation adjustments, provisions and losses	(9,314)	(20,207)	10,893
<b>Result before extraordinary items and taxes</b>	<b>33,681</b>	<b>19,927</b>	<b>13,754</b>
Extraordinary income	53	15,050	(14,997)
Extraordinary expenses	-	-	-
Taxes	(6,037)	(3,678)	(2,359)
<b>Net profit</b>	<b>27,697</b>	<b>31,299</b>	<b>(3,602)</b>

## **Banque Cantonale de Genève SA**

Telephone: +41 (0)58 211 21 00

E-mail: [info@bcge.ch](mailto:info@bcge.ch)

[www.bcge.ch](http://www.bcge.ch)

## **22 branches in Geneva**

Head office: Quai de l'Île 17 - CP 2251 - 1211 Geneva 2

## **BCGE Private Banking**

Quai de l'Île 17 - CP 2251 - 1211 Geneva 2

Avenue de la Gare 50 - CP 159 - 1001 Lausanne

Piazza Rezzonico 6 - CP 5833 - 6900 Lugano

Lintheschergasse 19 - Postfach 4068 - 8021 Zürich

[privatebanking@bcge.ch](mailto:privatebanking@bcge.ch)

[www.bcge.ch/privatebanking](http://www.bcge.ch/privatebanking)

## **Banque Cantonale de Genève (France) SA**

Place Louis-Pradel 20 - F - 69001 Lyon

Telephone: +33 (0)4 72 07 31 50

[www.bcgef.fr](http://www.bcgef.fr)

## **Capital Transmission SA**

Rue de la Tour-de-l'Île 4 - CP 2251 - 1211 Geneva 2

Telephone: +41 (0)58 211 21 00

## **Swiss Public Finance Solutions SA**

Rue De-Candolle 19 - 1205 Geneva

Telephone: +41(0)22 750 12 12

[www.public-finance.ch](http://www.public-finance.ch)