

The image is a horizontal collage with a blue and white color scheme. It features a modern building with illuminated windows at night, a river reflecting the lights, a line graph with an upward trend, and a person climbing a mountain. The text "ANNUAL REPORT 2011" is overlaid on the right side of the collage.

ANNUAL REPORT 2011

BCGE GROUP CONSOLIDATED KEY FIGURES	2011	2010	2009	2008	2007
Balance sheet (in CHF millions)					
Total assets	15,871	14,257	14,115	13,690	12,498
Loans to clients	12,864	11,536	11,258	10,017	10,305
Client deposits and borrowings	13,092	11,964	12,404	12,072	11,207
Shareholders' equity	1,010	966	957	912	888
Income (in CHF millions)					
Interest income	197	197	188	213	201
Commission income	104	113	99	93	98
Trading income	24	17	18	17	17
Other ordinary income	11	7	28	-4	6
Total income	337	334	333	319	322
Operating expenses	219	213	218	218	210
Gross profit	118	121	115	101	112
Depreciation, valuation adjustments, provisions and losses, and extraordinary income	55	62	44	33	35
Interim profit (in CHF millions)	79	54	85	62	101
Net profit (in CHF millions)	63	56	72	68	77
Assets managed and administered (in CHF billions)	18.1	17.3	17.4	16.7	14.1
Total staff					
• in full-time equivalent units	721.7	749.8	777.8	788.6	783.6
• in number of persons	783	810	838	845	848
Ratios (in %)					
Shareholders' equity/Total assets	6.4	6.8	6.8	6.7	7.1
Gross profit/Shareholders' equity	11.7	12.5	12.0	11.1	12.6
Return on equity (ROE)	6.4	5.8	7.5	7.5	8.7
Cost/Income	65.0	64.3	65.4	68.3	65.2
Data per bearer share (in CHF)					
Shareholders' equity	281	268	266	253	247
Gross profit	33	34	32	28	31
Net profit	18	16	20	19	21
Dividend	4.5*	4.5	6.5	6	6
Stock market data (parent company)					
History of bearer share price (in CHF)					
• high	236	245	250	282	297
• low	186	206	172	210	240
• at year-end	196	215	229	220	282
Market capitalisation (in CHF millions at 31 December)	706	774	824	792	1,015
Number of shares in thousands	5,721	5,721	5,721	5,721	5,721
Book value per share	288	276	273	260	253

* Proposed to the Annual Shareholders' Meeting of 2 May 2012.

Standard & Poor's rating

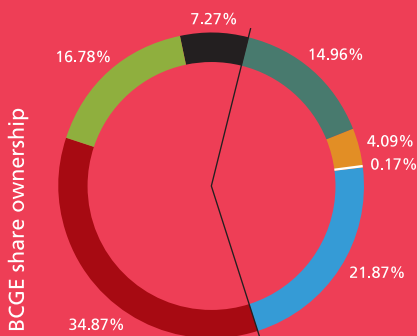
Banque Cantonale de Genève: A+/A-1/Stable
(latest rating as at 5 December 2011)

BCGE stock exchange reference (symbol)

Stock exchange listing	SIX Swiss Exchange
Reuters	BCGE.S
Bloomberg	BCGE SW
Telekurs	BCGE
Stock number	164268
ISIN number	CH 0001642682

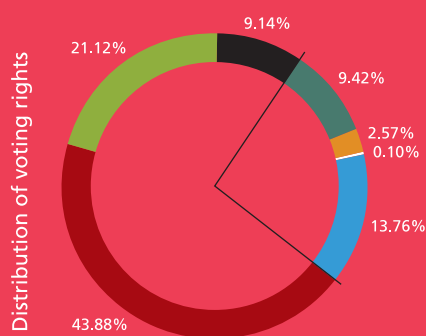
Structure of BCGE capital of CHF 360 million

	Number of shares
"A" registered shares, par value CHF 50	2,651,032
"B" registered shares, par value CHF 50	1,590,620
Bearer shares, par value CHF 100	1,479,174



Registered
State of Geneva
City of Geneva
Geneva municipalities

Bearer
State of Geneva
City of Geneva
Geneva municipalities
Private individuals



Registered
State of Geneva
City of Geneva
Geneva municipalities

Bearer
State of Geneva
City of Geneva
Geneva municipalities
Private individuals

Information

E-mail: communication@bcge.ch

Banque Cantonale de Genève
Communication and Investor Relations
Hélène De Vos Vuadens

Telephone: +41 (0)58 211 21 00
Fax: +41 (0)22 809 22 11

Postal address
Case postale 2251
CH - 1211 Genève 2

BCGE: made in Geneva banking solutions
A UNIVERSAL BANK SINCE 1816, BCGE OFFERS EXTREMELY COMPETITIVE AND HIGH-QUALITY BANKING SERVICES TO PRIVATE, CORPORATE AND INSTITUTIONAL CUSTOMERS IN GENEVA AND ITS SURROUNDING AREA. BCGE IS ACTIVE IN THE FOLLOWING AREAS: RETAIL BANKING SERVICES, PRIVATE BANKING, ASSET MANAGEMENT, FINANCIAL AND PENSION PLANNING, MORTGAGES, AND CORPORATE AND PUBLIC AUTHORITY LENDING. IT OPERATES A TRADING ROOM AND OFFERS FINANCIAL ENGINEERING, CORPORATE FINANCE AND GLOBAL COMMODITY FINANCE SERVICES. THE BCGE GROUP HAS 22 BRANCHES IN GENEVA AND ALSO HAS SUBSIDIARIES OR OFFICES IN LAUSANNE, ZÜRICH, LYON, ANNECY, PARIS, DUBAI AND HONG KONG. THE GROUP EMPLOYS 722 PEOPLE (750 FULL-TIME EQUIVALENTS). BCGE IS LISTED ON THE SWISS STOCK EXCHANGE (SIX SWISS EXCHANGE).

Key figures	Inner cover
Message from the Chairman of the Board of Directors	2
Message from the Chief Executive Officer	4
Mission and strategy	8
Six complementary internal divisions	14
Organisation chart	16
Your bank at your service and close to hand	18
Economic reflections	22
Business review 2011	28
Key facts of 2011	
Private clients	34
Corporate Banking	36
Public authorities	39
International	40
Asset Management	42
Innovation	43
Risk management	48
Talents and skills	58
Sustainable development	64
Shareholder information and corporate governance	71
2011 consolidated financial statements and notes	87
2011 financial statements and notes	115
Addresses	Back cover



Blaise Goetschin, Chief Executive Officer, and Jean-Pierre Roth, Chairman of the Board of Directors.

MESSAGE FROM THE CHAIRMAN

A stronger bank

The financial crisis took on a new aspect in 2011. The Eurozone was drawn into the storm due to excessive public debt levels. The common currency was undermined as a result, and austerity plans were urgently adopted by most governments. While, at the beginning of the year, a gradual return to economic normality had been hoped for, the European economic horizon swiftly grew darker in the spring with signs of recession appearing in the second half.

A difficult environment

Switzerland, which is getting through this crisis under better conditions than its neighbours, could not fail to be affected by the deteriorating situation in neighbouring Europe. Additionally, loss of confidence in the euro led to a marked strengthening of the franc in the markets. The National Bank had to react. It lowered its interest rates even further and set a floor rate for the European currency. Signs of an economic downturn also proliferated in our country towards the end of the year.

BCGE: resilient in the midst of a deteriorating banking environment

The Swiss economic downturn, combined with a further reduction in interest rates and margins, once again had an adverse effect on the environment in which banks work. Added to this were uncertainties surrounding the wealth management business in Switzerland, uncertainties which still remain great despite encouraging breakthroughs represented by the signing of tax agreements with Germany and the United Kingdom.

Despite this rather unfavourable backdrop, BCGE had a good year. Its corporate, public sector and private finance businesses continued to flourish within the framework of controlled risk; trade finance enjoyed the benefit of a buoyant international economic situation with assets under management by the Bank gaining 4.7% despite the not particularly favourable market trends. Annual profit was up sharply.

Increase in capital

2011 was also noteworthy for a significant increase in the Bank's capital. At the end of 2010, the Bank's capital coverage ratio amounted to 135% of the minimum required by international regulations, reaching 150% twelve months later. This increase corresponds to the Bank's desire to have significant capitalisation while the market environment remains highly uncertain. This was also in response to the wishes of the Swiss financial market supervisory body - Finma - which would like to see Swiss Banks have greater capitalisation.

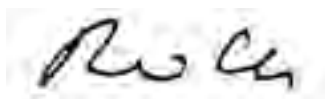
The increase in capital was not made to the detriment of clients or BCGE shareholders. The capital injection was effected by issuing a subordinated loan and did not therefore lead to any reduction in the Bank's lending business. The dividend was maintained at a good level of return, while allocating 40 million francs to an additional increase in shareholders' equity.

The Bank's increased capitalisation was well received by the markets. Thanks to this, the Bank is a sought-after location for private and institutional depositors. The Standard & Poor's ratings agency raised the BCGE's rating by one notch, which brings it to A+, in line with that of the major Swiss banks.

Solid foundations for the future

BCGE's results in 2011 show progress in a number of fields. Its businesses continued to grow despite the constantly deteriorating environment; its increased capital and its robust operating platform provided it with even more solid foundations. This development and investment strategy must continue to be pursued in the interests of the Bank's clients, depositors and shareholders.

The Directors of the Board wish to thank the shareholders for the trust placed in them during the 2011 financial year. They would also like to express their thanks to the Executive Board and to all the Bank's staff for their tireless commitment on behalf of the BCGE, the only Geneva bank serving everyone.

**Jean-Pierre Roth**

Chairman of the Board of Directors

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

A value-creation strategy

BCGE's long-term strategy aims to create value for the five stakeholders of which it consists or which are its *raison d'être*: shareholders, clients, staff, the regional community and the longevity of the company itself; creating value, in other words profit, depends not only on the company's competitiveness in the marketplace but also on its productivity, its management and its risk management. 2011 was a milestone in terms of performance: total-asset growth to nearly CHF 16 billion while delivering resilient profitability and keeping distribution capacity intact.

Supportive and motivated shareholders

The 11,000 shareholder mark was passed in December, underlining the constant changes in distribution of capital and the emergence of a broad base of private shareholders.

This demonstrates trust for which the managing bodies are responsible and which encourages them to continue on the current strategic path, while maintaining the associated operational discipline. While the share price was infected by the overall fall in stock markets and, particularly, of banking shares, the fall was limited. The potential for a return to previous levels remains intact. Moreover, record intrinsic value of over CHF 1 billion (i.e. shareholders' equity) well exceeds the stock market capitalisation of CHF 706 million. The return on equity of 6.4% can stand comparison with the best cantonal banks and constitutes a significant outperformance compared with the Swiss franc risk-free rate, which is the lowest ever.

Shareholders should of course take into account the increased requirements of the supervisory bodies in terms of capital adequacy and the impact this has on the banking industry.

Dynamic and demanding clients

BCGE, by virtue of its legal mission to contribute "to the economic development of the canton and of the region", is above all a business bank. A bank for businesses. A bank for entrepreneurs in the widest sense: SMEs, multinationals, self-employed, professionals, industry, and craftsmen. 2011 was fully committed to financing investments and working capital with total lending reaching CHF 3.2 billion (up 16%). For the corporate sector overall, the milestone of CHF 8.6 billion was passed. This means that the Banque Cantonale remains the main pillar and prime mover of Geneva's economy. An independent satisfaction survey conducted in the corporate sector this year confirmed the high quality of its services and financial advice.

In addition to the business side, there are of course day-to-day banking services, mortgage lending and private banking, all of which made gains in their respective market segments. Savings deposits and current accounts together grew by over CHF 0.9 billion. Assets under management increased thanks to private banking despite the morose market conditions. BCGE considerably strengthened its position in these markets, thereby coming close to the limit of its ability to deal with growth in lending. This is why it placed particular emphasis on its advisory and management services, which are less capital-intensive.

Staff united in a worthwhile mission

While motivation and the ability to stay calm were put to the test at a number of our competitors (due to market gloom, foreign tax issues, and corporate restructuring), the management and staff of our bank drew moral strength from the worthwhile mission entrusted to them in the service of the community in order to withstand the various challenges faced by Swiss banking.

Headcount in operations was reduced slightly as part of a number of productivity and cooperation initiatives with other entities, in terms of securities administration, for example. In addition, a number of specialists were recruited in leading-edge fields: financial engineering and asset management. This headcount adjustment and other recurrent savings were made possible by the up-to-the-minute IT platform in which the Bank invested from 2006 to 2010. On a different front, training formed the focal point of the search for greater competitiveness whether it involved trainees, team leaders or senior managers.

Finally, employee share ownership increased again with around 52,400 shares held by 601 employees as of 31.12.2011.

Thirty-three million francs contributed to the community

BCGE generates a significant annual contribution for Geneva and its public entities. Whether in terms of taxes, guaranteed returns on savings or various dividend payments, BCGE is responsible for capturing and retaining added value in banking for the benefit of the Geneva region.

It should be noted that the increasing internationalisation of Geneva's population and economy has led the Bank to increase the «export-related» portion of its turnover every year. Like the history of Geneva's banks and industries, the proportion of income generated by «made in Geneva» services to counterparties doing business internationally continued to grow. Staging posts in Switzerland, France, Asia and the Middle East enable the Bank to meet this irreversible change in demand. By this means, one fifth of the value created by the Bank is generated by export services.

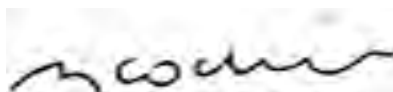
BCGE in the very long term: a fully-fledged stakeholder

Various theories about corporate stakeholders talk about the difficulty of balancing client-shareholder and employee interests. They often fail to mention protecting a company's longevity (its survival and long-term prosperity) in relation to the more immediate short-term interests of other stakeholders. Since 2000, the Bank's strategy has given this durability issue pride of place. The Bank has invested in enhancing its infrastructure over the last few years; it has consolidated its capital base through a disciplined dividend policy and has continuously improved its risk management. All these factors contribute to robust foundations and to its ability to adapt to highly competitive markets and constantly changing regulations.

Stronger foundations for a great future

The Bank is ideally placed to increase its market share and to strengthen its role as a regional leader. The transparency and integrity of its dealings with its clients, the quality of its management's performance, the solidity of its deposits and savings, and its enhanced capital base, put it ahead by several lengths. But it is, in particular, its specialised teams in a variety of fields working in various currency or geographical areas that form the vanguard.

Thanks to its stable and motivated shareholder base, BCGE can invest and build while keeping an eye on the longer term. High-value skills and capabilities are now available to the Bank. Its main challenge is to make them better known and valued.



Blaise Goetschin
Chief Executive Officer

 **BCGE** | SELECT



AVANTAGE SERVICE | BEST OF | CHECK UP | PRAEVISIO | RAINBOW FUND | SIMPLISSIMMO

ASSET MANAGEMENT
CORPORATE FINANCE
PRIVATE FINANCE
MERGERS & ACQUISITIONS
GLOBAL COMMODITY FINANCE
CAPITAL / FOREX / CASH MARKETS
PRIVATE BANKING
DAY-TO-DAY BANKING SERVICES

Geneva
Zurich
Lausanne
Paris
Lyon
Annecy
Dubai
Hong Kong

THE DRIVING FORCE
BEHIND THE LOCAL ECONOMY

6
18
1



Mission and strategy

A universal bank: innovative, competitive
and made in Geneva

8

First and foremost, BCGE is the market leader in the Geneva region, providing a wide range of banking services to private, corporate, and institutional clients. The parent company of the Banque Cantonale de Genève is headquartered in Geneva, with branches in Lausanne and Zurich, as well as representative offices in Dubai and Hong Kong. The Banque Cantonale de Genève (France) subsidiary has offices in Lyon, Annecy and Paris. The Group also includes Capital Transmission, a subsidiary specialising in SME equity financing, and Swiss Public Finance solutions (SPFS), engaged in offering financial advice and intermediation services to public authorities on the Swiss market. As of 31 December 2011, the Group employed 722 people (full-time equivalents) and had total assets of CHF 15.9 billion.

PORTRAIT OF THE BCGE GROUP

BCGE

- 1816** On the eve of its bicentenary, the Banque Cantonale de Genève (BCGE) plays a vital role in supporting and boosting the regional economy. BCGE forms the central pillar of retail banking as well as corporate finance, notably for the SME community and the Geneva property sector. It is at the service of public entities and also offers private banking services and financial asset management for institutional clients. Listed on the Swiss stock exchange, SIX Swiss Exchange (code: BCGE), the BCGE enjoys a rating amended to A+/A -1/Stable at the end of 2011 by the Standard & Poor's ratings agency. It employs 680 staff.

Banque Cantonale de Genève (France)

- 1994** With its headquarters in Lyon and branches in Annecy and Paris, Banque Cantonale de Genève (France) SA is a wholly-owned BCGE subsidiary. It offers corporate finance and property services to corporate and self-employed clients, as well as asset management for private clients. BCGE France contributes to the effective development of the dynamic economic zone stretching from Lyon to Geneva. The French subsidiary benefits from the support of the parent company in the area of refinancing. Banque Cantonale de Genève (France) SA employs 42 staff.

SWISS PUBLIC FINANCE SOLUTIONS

- 2007** Benefiting from a significant ability to obtain public finance and with the experience of Swiss and French specialists in public sector finance, Swiss Public Finance Solutions SA, Genève (SPFS) offers financing models to public entities in Geneva and in the rest of Switzerland as well as to public-law corporations. It also develops long-term refinancing solutions for other cantonal and regional banks. SPFS is based in Geneva and is owned by BCGE (50%), Crédit Foncier de France (40%) and Caisse d'Épargne Rhône-Alpes (10%). SPFS establishes contact, defines requirements and draws up the operational plan. The participating banks then undertake the actual financing.

CAPITAL TRANSMISSION

- 2008** In Geneva, Capital Transmission finances and invests in business transfer and expansion operations in the region. It can handle transactions of up to CHF 50 million. This allows it to finance the long-term expansion of companies or enable their consolidation and transfer, by acquiring a minority share or through mezzanine finance. Capital Transmission does not participate in the management of the financed entities.

Mission and strategy

A complete range of banking and financial services

BCGE, the only full-service Swiss bank with its decision-making centre in Geneva, offers a very complete range of services adapted to the needs of the diverse market segments in the regional market. The business portfolio covers both individual clients living or working in Geneva and public or private companies and institutions.



Geneva headquarters.



BCGE Private Banking, Lausanne.



BCGE Private Banking, Zurich.

SERVICES TO PRIVATE CLIENTS

Day-to-day banking services

The most extensive banking network in the canton

BCGE provides a network of branches that meets the needs of the canton's population. It places the expertise of 235 client advisers and staff members in its 22 branches, six 24-hour zones and 150 ATMs at its clients' disposal. Wishing to serve all its clients appropriately, BCGE helps those who may have occasional difficulty using this equipment by employing greeters in many of its branches.

A complete remote banking service

The Bank also makes its technology expertise available via its Internet remote banking capability under the BCGE Netbanking brand (www.bcge.ch). Thanks to SMS Connect, a large number of users can access the service and conduct transactions using a code received by SMS. By this means, the Bank also notifies clients, if they wish, regarding the execution of certain transactions. A version of the bank's website adapted for mobile telephones is also available. BCGE Netbanking also includes integrated online trading functionality, BCGE 1816. This highly economical solution provides a simple, user-friendly interface. It enables clients to trade online reliably with a trustworthy bank. BCGE 1816 also provides access to the financial information website, Your money.

The telephone can also be used as a means of accessing several functions. By using the Bank's central number (058 211 21 00), clients can contact experienced advisors from Monday to Friday, from 8 AM to 5:30 PM. The BCGE hotline (0800 55 57 59) provides access to a variety of information and services 24 hours a day. On the same number, an electronic banking support team answers questions from 8 AM to 5:30 PM. The BCGE Openline (0848 80 00 80) voice server, which can be accessed 24 hours a day, is a secure alternative to Internet access, particularly for checking accounts and balances.

All day-to-day banking services

The Bank offers banking services such as current accounts, salary accounts, deposits and withdrawals, foreign exchange operations, safe deposit boxes and credit cards. It also offers financing solutions, such as leasing or personal credit, to assist clients with their short-term projects. In terms of savings management, BCGE offers a variety of short-, medium- and long-term products, medium-term notes, money and bond market funds and fiduciary deposits, all at excellent conditions.

Experts in property finance

BCGE is one of the leaders in mortgage finance in the Canton of Geneva. It finances first- or second-home purchases in Geneva, in the rest of Switzerland and in the nearby part of France, particularly through its mutual recommendation agreement with Caisse d'Épargne Rhône-Alpes (CERA). Through BCGE (France), the Group is involved in property finance for individuals and professionals in several French regions.

Real wealth management, *made in Geneva*

As a wealth management bank for private and institutional clients, BCGE offers a complete range of services adapted to each client segment. The advice that the Bank provides is guided by an investment philosophy (see below) which encourages prudence and preservation of capital. Its presence in Geneva, Zurich, Lausanne and two representative offices in Dubai and Hong Kong means that the Bank can also advise and serve its Geneva clients internationally. With a view to capital protection and top quality investment performance, the highest priority is ascribed to balancing risk control and return on assets.

A clearly stated investment philosophy

The Group recommends the application of its reassuring and economical financial model, which benefits from a long track record as transparently explained in the BCGE Investment Philosophy brochure. This philosophy is embodied by the BCGE Best of investment mandates. Management of these is centralised and thereby strictly consistent, irrespective of the size of assets. In particular, it is founded on selecting a series of funds from third-party institutions based on the open architecture concept, with the specialists tasked with choosing these investment vehicles being able to work on a commercially and intellectually independent basis. The emphasis is also placed on the long-term nature of investments. Depending on the client's investment objectives, portfolios may also be managed by intermediary consultancy services.

High-quality advice available everywhere

Branch clients appreciate the opportunity to entrust their wealth to a local adviser. To accommodate this preference, the 22 BCGE branches provide them with specialised staff offering high-quality services, which focus on maintaining value and performance in line with their risk-taking capacity. The Bank's experts place particular emphasis on a set of financial principles by which they can identify the varying priorities at different stages in the client lifecycle. A specialised department analyses the client's personal situation and selects – in a completely independent manner – the best pension products on the market.

THE BANK FOR SMALL, MEDIUM AND LARGE COMPANIES

With almost half of Geneva's companies figuring among its clients, the Bank plays a key part in the canton's economic structure. A very significant volume of financing is provided to small and medium enterprises, allowing many businesses to operate and grow. BCGE provides an essential alternative for regional companies, notably as a supplier of credit at good conditions, as a provider of solutions that are adapted to regional specifics and as an institution able to take banking decisions close to ground level.

A set of principles at the service of corporate clients

The Bank has established eight fundamental principles which are at the heart of its role within the local economy. They are summarised in the document, *Financement des entreprises : la doctrine d'engagement de la BCGE* (Corporate finance: BCGE's rules of engagement). This provides information about the methods used by the Bank when evaluating plans and granting loans.

A very wide range of corporate finance solutions

BCGE, together with its French subsidiary, offers all businesses financing and cash-management solutions, be they self-employed, SMEs or larger companies. The parent company has specialised departments for these various client segments. Moreover, the Bank offers financing solutions, such as overdrafts, fixed term advances, capital equipment leasing and numerous other facilities required by companies.

A property and construction specialist

Investors in property, developers and construction companies all find BCGE solutions for real estate financing and renovation for all kinds of property, be it for homes, offices or business premises. In France, these services are offered in the Rhône-Alpes region in particular and occasionally in Ile-de-France.

Expertise in international commodity trade finance

BCGE possesses a centre of excellence in the financing of commodities transactions, a key sector in Geneva, which is one of the world's hubs of international trade. The Bank's Global Commodity Finance business unit is active in structuring and making available short-term trade finance linked to the international commodities markets, mainly oil, energy and metals. It also manages a well-targeted portfolio of structured loans. BCGE is the only Swiss player with its centre of decision-making in Geneva. BCGE contributes to the creation of a diversified offering that complements banking and financial services in this segment of the Geneva financial centre, working alongside mainly foreign banks. Trading companies, which are geographically mobile worldwide, set great store by this capacity and availability of local finance.

Business transfers and acquisitions

The transfer and acquisition of companies are operations that go well beyond the traditional relationship between banks and business. For this reason, BCGE has a specialised corporate finance team totally dedicated to advising business leaders on equity matters, mergers and acquisitions and structured equity finance. Its brief is to provide advice to clients when their company has reached a stage where they are considering a new development, such as a project or an acquisition, or when the time has come to transfer the business. BCGE Corporate Finance also actively seeks strategic or financial partners. It also operates in the risk capital field through its Capital Transmission subsidiary (see page 8).

Financial engineering for companies

Under the auspices of BCGE Club CFO (Choix Financiers Optimisés, Optimised Financial Choices), the Bank offers financial managers in companies and public authorities and leaders in the property field expert services in financial strategy and risk control. Essentially, BCGE Club CFO offers advice in three areas: debt management, control of foreign currency risk and cash flow optimisation. It is also intended as a forum for exchanging ideas about financial management and risk control. Several times a year, it organises meetings which give financial decision-makers the opportunity to discuss topics of interest in depth.

A dynamic trading room in Geneva's financial centre

BCGE is one of the rare banks in Geneva to give its clients the benefit of easy and personalised access to the financial markets, through its status as a member of the SIX Swiss Exchange. The trading room operates on the open architecture principle and is completely independent in the choice of the products used. The size of its teams favours personalised client relationships and flawless execution of market orders. It deals in forex, equities, bonds, derivative/structured products and investment funds. The trading room also participates actively in the management of the Bank's balance sheet, asset and liability management (ALM). In particular, it participates in capital market operations. It helps keep the public informed by publishing a weekly stock market journal which appears in the regional press.

Recognised asset management expertise

BCGE Group offers solutions and high-level consultancy for financial asset management incorporating quantitative and index management, for institutional and corporate clients. The Advisory Department provides tailor-made, high quality advice. The Bank's philosophy, based on an open architecture, guarantees a totally independent choice of funds. The Group also offers products orientated towards sustainable management and social responsibility, as well as the Swiss small and mid-caps fund.

INDIVIDUAL

Day-to-day banking services

Current-account operations
 Netbanking (online account access) and payments and e-brokerage
 Private accounts
 Debit and credit cards

Savings

Short-, medium- and long-term
 Medium-term notes
 Pension planning
 Financial advice

Housing finance

Main residence
 Second home
 Construction or renovation loans

Private banking

Discretionary investment mandates
 Investment advice, advisory
 Financial planning
 Loans against securities

Services to independent wealth managers

Consumer financing

Credit cards
 Vehicle leasing
 Personal loans

CORPORATE

Corporate finance and cash management

SMEs
 Large corporations
 Professionals and self-employed

Property and construction finance

Property investors
 Property development
 Office property and public corporations
 Construction companies

Property and corporate finance in France

Property development
 Business transfer finance
 Medium-term business finance

International trade finance

Trade transaction financing
 Structured commodity financing

Financial services and markets

Currencies
 Equity funds
 Bonds
 Cash
 Capital markets

Corporate consultancy, BCGE Corporate Finance

Consultancy in financial and risk management
 Mergers and acquisitions (M&A)
 Equity finance

INSTITUTIONAL

Finance and management of public bodies

State and related entities
 Municipalities and municipal property trusts
 Semi-public institutions and churches
 Public property trusts
 Public bodies in Switzerland

Asset management

Passive mandates – index management
 Controlled-risk active investment management
 “Finest of” asset investment mandates
 Investment funds
 Long-term Swiss small and mid cap investments
 Institutional investment advice

Optimised Financial Selection advice Club (CFO)

Financial and risk management
 Cash management
 Debt management

Financial services and markets

Stock markets
 Currencies
 Capital markets
 Cash

A PRIVILEGED PARTNER OF PUBLIC AUTHORITIES

Listening to Geneva municipalities

BCGE enjoys a close relationship with Geneva's public authorities and offers them appropriate financing and financial management solutions. It develops and provides a range of powerful, flexible and competitive products to meet their needs. The bank makes its knowledge and skills available in the areas of debt management, interest cost optimisation and financial risk control. The SPFS subsidiary (see page 8) focuses on services for public bodies outside the canton.

ARTICLES OF ASSOCIATION AND CAPITAL

A wide shareholder base

Banque Cantonale de Genève is a public limited company pursuant to article 763 of the Code of Obligations, created according to the constitutional law of 12 March 1993, which came into effect on 1 January 1994 with the merger of the Caisse d'Épargne de la République et canton de Genève (founded in 1816) and the Banque Hypothécaire du canton de Genève (founded in 1847). Its principal shareholder is the canton of Geneva, which holds 49.8% of the share capital. The City of Geneva and the municipalities of the canton hold 28.3% of the share capital. 11,072 shareholders, mainly private individuals, hold a significant proportion of the bearer shares. To these should be added the shareholders who have deposited their securities with third-party establishments. In total, the float amounts to 21.9% of the capital.

Contributing to the development of the local economy

In accordance with article 2 of the Banque Cantonale de Genève Act of 24 June 1993, "the principal aim of the Bank is to contribute to the economic development of the canton and of the region. As a full-service bank, it shall process all transactions authorised by the Federal Banking Act of 8 November 1934. It shall be managed according to tried and tested economic and ethical banking principles."

Partial State guarantee on savings deposits

The canton of Geneva guarantees the refund of principal and interest of savings deposits and pensions at the Bank. The maximum guaranteed amount is set by article 4 of the Act on the Banque Cantonale de Genève. This guarantee, for which the Bank pays the State, is in addition to the deposit guarantee at federal level, which covers an amount of up to CHF 100,000. Until the 31 December 2012, savings and pension deposits enjoy a guarantee from the canton of up to CHF 500,000 per depositor and CHF 3 million per pension institution, as well as for a member's vested benefits. By this means, savings deposits with BCGE of up to CHF 100,000 currently enjoy the benefit of a dual guarantee.

The guarantee by the canton will gradually be withdrawn. As of 1 January 2013, it will guarantee savings deposits of between CHF 100,001 up to CHF 500,000 and pension institution deposits as well as member's vested benefits, up to a maximum of CHF 1,500,000. The guarantee by the canton will be completely withdrawn on 31 December 2016. As of 1 January 2017, savers' deposits will only be covered by the federal guarantee. Depositor security will nonetheless remain at the highest possible level due to the canton of Geneva's position as the Bank's majority shareholder.

Six complementary internal divisions



ORGANISATION, IT AND OPERATIONS
Jean-Marc Joris

FINANCE AND RISK CONTROL
Eric Bourgeaux

CEO
Blaise Goetschin

CORPORATE AND INSTITUTIONAL CLIENTS
Claude Bagnoud

INTERNATIONAL CLIENTS
Pierre-Olivier Fragnière

GENEVA PRIVATE CLIENTS AND FAMILY BUSINESSES
Jérôme Monnier

CEO

Blaise Goetschin, Chief Executive Officer

The Bank's executive office is responsible for providing services across the BCGE Group as a whole. It supports the CEO in his leadership, planning and oversight responsibilities for the Bank, its divisions and its subsidiaries. It manages and documents his relationships with senior management and internal regulatory agencies as well as with external institutions and clients. It is in charge of marketing and product management and also supervises human resources and training. It manages legal affairs, institutional communication, corporate affairs and investor relations. Lastly, it constitutes a central function serving the whole bank in respect of litigation, workout and credit control.

Finance and risk control

Eric Bourgeois, member of the Executive Board

The division's mission is to define and direct the Bank's financial strategy. It seeks secure and competitive financing and manages the financial structure in a dynamic manner. The division also monitors risks and ensures that all the Bank's activities are subjected to internal management controls. It is also in charge of compliance. As the Bank has one of the few trading rooms in French-speaking Switzerland, the division provides the Bank's clients with the best possible service for the full range of securities and foreign-exchange transactions. Financial engineering supports the Bank in its provision of innovative solutions to corporate and institutional clients in the areas of interest-rate and foreign-exchange risk management. The BCGE Asset Management business unit, specialised in quantitative and index management for institutional and corporate clients, in managing mandates and in investment strategy, is attached to this division.

Corporate and institutional clients

Claude Bagnoud, member of the Executive Board

As a partner of businesses and public bodies in the canton and surrounding area, the division is in contact with over 4,000 companies or public-sector clients and thus makes a decisive contribution to the economic life of Geneva. With a broad range of financing products, it provides loans to corporate clients for their working capital and projects, as well as supporting clients' acquisition and transfer activities. It also provides a specialised financial risk management service as well as financing for real estate developments and the construction industry. It is also engaged in corporate finance.

International clients

Pierre-Olivier Fragnière, member of the Executive Board

This division is responsible for developing the business lines represented by international private banking, international commodity trade finance, and relationships with international banks and institutions. It relies on the Geneva organisation but also on the representative offices located in Dubai and Hong Kong as well as on the branches in Lausanne and Zurich. The common denominator behind its activities are the teams of highly-qualified specialists with in-depth experience, giving them an overall view relating to international risks. Financing, just like investment strategies or any other banking service, is provided to international clients based on their profiles and their expectations.

Geneva Private Clients and Family Businesses

Jérôme Monnier, member of the Executive Board

The division serves all private clients located in the canton of Geneva and surrounding region. In particular, it provides services to private individuals, professionals, the self-employed and small businesses. Through its network of 22 branches, five 24-hour banking zones and its ATMs, the division provides services close to where clients live or work. The division provides its clients with a complete range of services and local distribution channels. This strategy is rounded off by a dedicated call centre. The division's teams offer an advisory service which is original, professional and offers high added value allowing clients to carefully structure, protect and profit from their assets with a focus on financial planning

Organisation, IT and operations

Jean-Marc Joris, member of the Executive Board

The division plans, manages and operates the Bank's information technology and is in charge of establishing and implementing the Bank's organisational architecture. Its mission is to improve customer service, optimise productivity and modernise equipment while closely following cost guidelines. It manages and controls the technical and administrative aspects of the Bank's business to the standard required by the front office teams and their clients. The division also carries out the Bank's operational activities and logistics tasks as well as managing the www.bcge.ch website and e-brokerage platform, BCGE 1816.





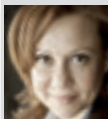



Organisation chart

As at 1 March 2012

EXECUTIVE BOARD










Blaise Goetschin^{I, III, VI, VII}
Chairman, CEO

 Christophe Weber ^I Chief of Staff & Planning	 Hélène De Vos Vuadens Communication & Investor Relations	 Elisabeth Ray Tang Human Resources	 Philippe Marti ^{IV} Legal
 Sylvie Becker Marketing	 Emile Rausis ^{I, IV, V} Recovery, Workout & Controls	 Bernard Matthey ^{IV} Debt Recovery & Workout	 Alain Voirol ^{I, IV} Credit Expertise & Organisation

GENEVA PRIVATE CLIENTS & FAMILY BUSINESSES











Jérôme Monnier^{II, III, V, VII}
Member of the Executive Board

 Julie Dufour (a.i.) Business Development & Branch Network	 François Kirchhoff ^I SMEs & Self-employed Finance	 Alexandre Scala Centre Sector	 Audrey Rozen Doerks West Sector
 David Bottoli (a.i.) East Sector	 Franco Furcolo Swiss Clients	 Albert Gallegos Financial Planning	

SWISS CORPORATE AND INSTITUTIONAL CLIENTS




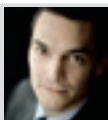






Claude Bagnoud^{I, III, V, VI}
Member of the Executive Board

 Patrick Senger ^I CB Chief of Staff & Business Development	 Charles Kaeser ^I Real Estate & Construction	 Ronald Labbé Public Bodies	 Virginie Fauveau Corporate Finance
 Nicolas Bézaquet Personal Finance & Swiss Organisations	 Raoul Monnay ^I Swiss Corporate Clients	 Catherine Raphoz French Corporate Clients	
 Alain Bochet Chief Executive Officer BCGE (France) SA Wholly-owned BCGE Group Subsidiary			

ORGANISATION, TECHNOLOGY & OPERATIONS























Jean-Marc Joris^{VI, VII}
Member of the Executive Board












 Jean-Michel Comte Market Transactions	 Mathias Baitan Service Center Credits & Services	 Catherine Million Daily Banking Services	 Pierrette Jatou Klopfenstein ^I Logistics
 Philippe Henderikx ^{VI, VII} Organisation & Information Technology	 Pierre Villanti ^{VI, VII} Organisation	 Allison Watkins ^{VI, VII} Evolution & IT Servicing	 Daniel Stocco IT & Security

¹ Since 1 April

INTERNATIONAL CORPORATE AND PRIVATE BANKING

 Pierre-Olivier Fragnière ^{I, II, III, V} Member of the Executive Board	 Josiane Tistounet Global Strategy & Business Support	 Josiane Tistounet (a.i.) Administration, Planification & Compliance	 Olivier Thyssen Financial Review & Risk Assessment	 Stéphane Mégevand Risk & Collateral
 Philippe Terrier Global commodity finance	 Serguei Chesternine Energy Desk 1 - Agri	 Nicolas Demierre Energy Desk 2	 Ivan Pougner Metal Desk & Syndications	
 Gérard Demierre Operations		 Yves Spörri International Institutions & Public Bodies	 Boris Bijleveld Financial Institutions	
 Claudio Pietroforte ^{II} Private Banking International	 Amin Khamsi Team 1 Private Banking International Geneva	 Olivier Ernoult Team 2 Private Banking International Geneva	 Massimo Cangini Independent Portfolio Managers	
 Nicolas Gerber Private Banking Lausanne	 Stefan Rohner (a.i.) Private Banking Zurich	 Shahabeddin Malek-Abhari Representative Office Dubai	 Mario Castello Representative Office Hong Kong	

FINANCE & RISK CONTROL

 Eric Bourgeaux ^{III, V, VI} Member of the Executive Board, CFO	 Marc Doerks ^{III} Finance Chief of Staff & Business Development	 Pierre Sauvagnat ^{II, III} Financial Markets & Treasury	 Constantino Cancela ^{II} BCGE Asset Management	 Pierre Weiss ^{II} Asset Management
	 Yvan Nicolet General Accounting	 Frédéric Vernet Financial Control	 Thierry Angele Advisory	 Haroldo Jimenez ^{II} Financial Studies
	 Michel Maignan ^{III, V, VI} Risk Management & Compliance		 Patrizio Arioni Institutional Business Development	

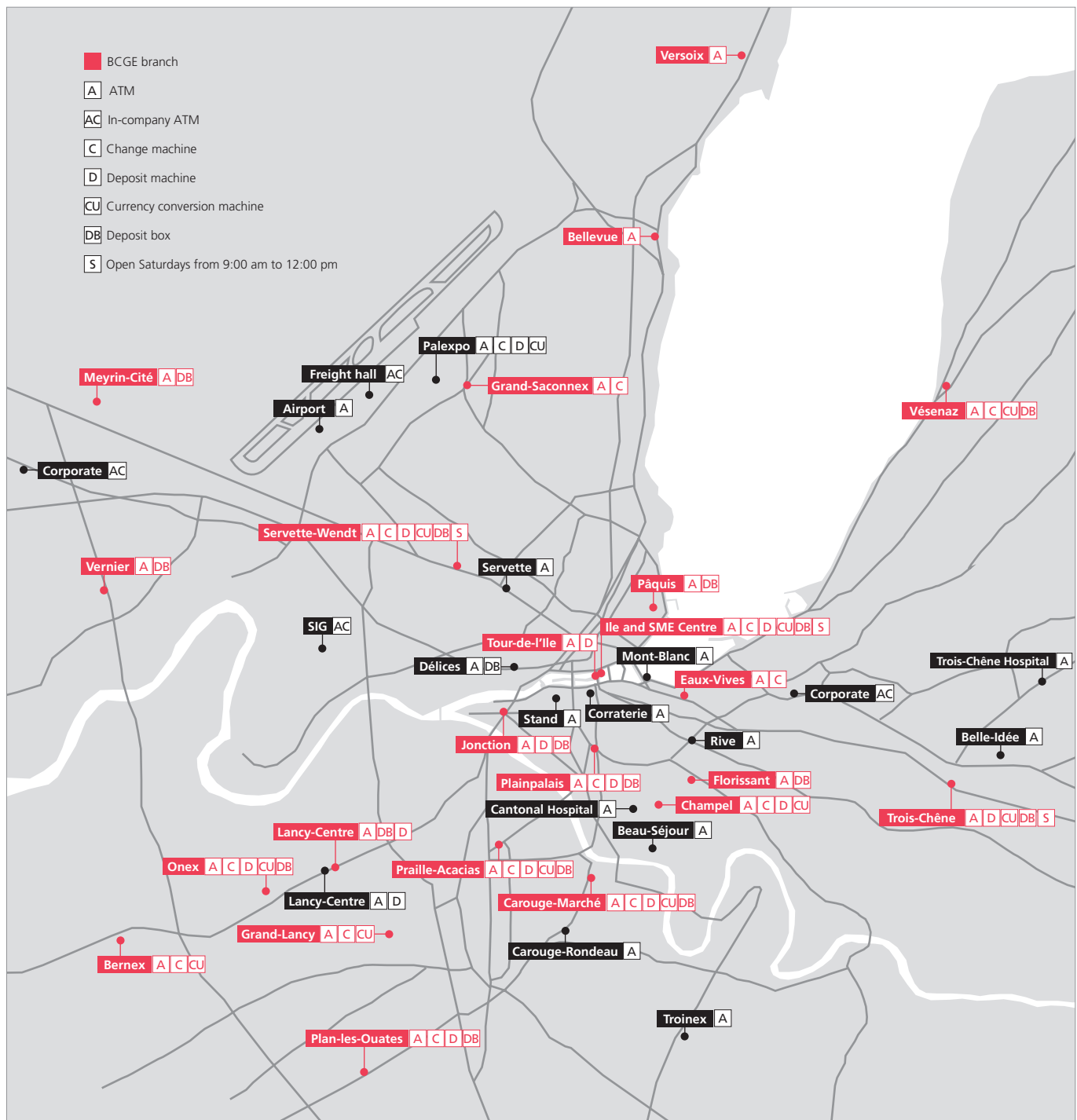
INTERNAL AUDIT

 Monique Seiss Baudry ^V Reports to the Board of Directors

^I Member of Credit Committee
^{II} Member of Strategic Investment Committee
^{III} Member of ALM Committee
^{IV} Member of the Credit Risk Commission
^V Member of Risk Committee
^{VI} Member of IT Strategy Committee
^{VII} Member of Organisational Strategy Committee

Your bank at your service and close to hand

A network of 22 branches and 150 ATMs





Bellevue
Route de Lausanne 329
Ghezal Hakami



Bernex
Rue de Bernex 284
Eric Maenza



Carouge-Marché
Rue Saint-Victor 39
Benjamin Jeanroy



Champel
Avenue de Champel 45
Olivier Vota



Eaux-Vives
Rue Versonnex 13
Jean-Paul Cara (a.i.)



Florissant
Route de Florissant 66
Maria-José Molla



Grand-Lancy
Place du 1^{er}-Août 1
Florent Reynaud



Grand-Saconnex
Route de Ferney 169
Eric Couvreur



Ile
Quai de l'Ile 17
Alexandre Scala



Jonction
Boulevard Saint-Georges 2
Eric Monney



Lancy-Centre
Route de Chancy 67
Tiziano Magri¹



Meyrin-Cité
Rue De-Livron 19
Loris Rizzo



Onex
Avenue du Gros-Chêne 14
Cécile Huber-Luquiens



Pâquis
Place de la Navigation 10
Michel Boven



Plainpalais
Rue de Carouge 22
Pierre-Olivier Vialla



Plan-les-Ouates
Place des Aviateurs 5
Jean-Luc Gruaz



Praille-Acacias
Route des Acacias 49
Audrey Rozen Doerks



Servette-Wendt
Avenue Wendt 54
Giovanni Lo Bue



Trois-Chêne
Rue de Genève 78
David Bottoli (a.i.)



Vernier
Route de Vernier 219
Stéphane Bonnin



Versoix
Route de Suisse 37
Patrick Guex



Vésenaz
Route de Thonon 45/47
Juan Chinchilla

24-HOUR ATM ZONES

Cantonal Hospital
Rue Micheli-du-Crest 22

Carouge-Rondeau - Rue Ancienne 88

Corraterie - Rue de la Corraterie 4

Délices - Rue des Charmilles 1

Ile - Rue de la Tour-de-l'Ile

Palexpo

STAND-ALONE ATMS

Airport – freight hall

Airport – departures level

Beau-Séjour Hospital
Avenue de Beau-Séjour 26

Belle-Idee Hospital
Chemin du Petit-Bel-Air 2

Caterpillar
Route de Frontenex 76

Corporate
Route de la Bergère 7

Geneva Utility (SIG)
Chemin du Château-Bloch 2

Lancy-Centre shopping centre
Route de Chancy 71-77

Mont-Blanc parking garage
Rive - Boulevard Helvétique 27

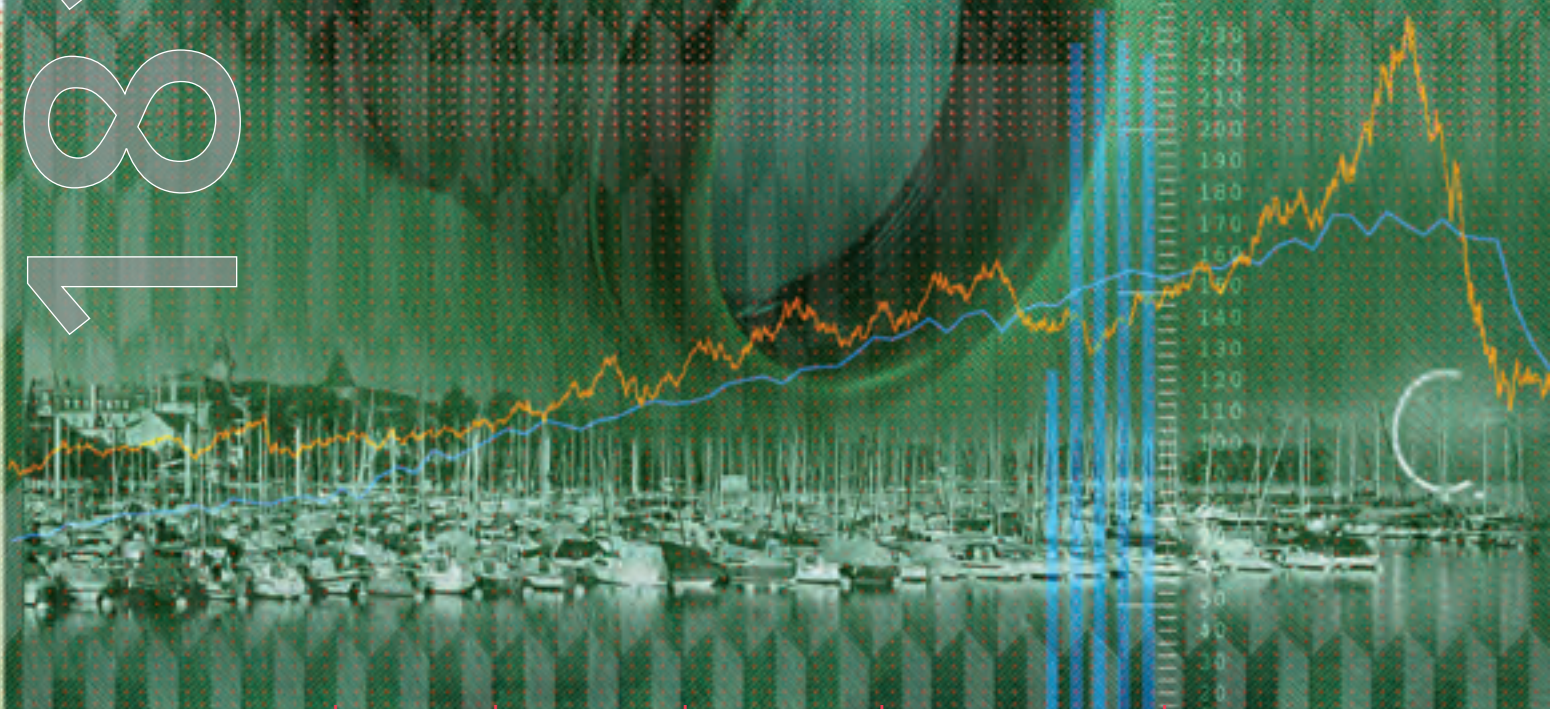
Rue de la Servette 29

Tax Administration
Rue du Stand 26

Troinex Town Hall
Chemin de la Grand-Cour 2

Trois-Chêne Hospital
Chemin du Pont-Bochet 3

1816



AVANTAGE SERVICE | BEST OF | CHECK UP | PRAEVISIO | RAINBOW FUND | SIMPLISSIMMO

ASSET MANAGEMENT
CORPORATE FINANCE
PRIVATE FINANCE
MERGERS & ACQUISITIONS
GLOBAL COMMODITY FINANCE
CAPITAL / FOREX / CASH MARKETS
PRIVATE BANKING
DAY-TO-DAY BANKING SERVICES

Geneva
Zurich
Lausanne
Paris
Lyon
Annecy
Dubai
Hong Kong

CAPITAL
PRESERVATION



Economic trends

The widespread downturn affected Geneva's economy in 2011

22

The economic situation is more pronounced in Geneva than it is nationally, as shown by the rapid deceleration in growth of Geneva's economy over the course of 2011. After a first quarter of 2011 boosted by the strong growth recorded in 2010, the deterioration proved to be more drastic than in Switzerland as a whole. Gross domestic product (GDP) is likely to have contracted in the final quarter of 2011. For 2011 as a whole, the canton's GDP is likely to have grown by 2.2%. The following summary on pages 22 to 25 is taken from the *Supplément annuel 2012 des Reflets conjoncturels de mars 2012*, published by the Cantonal Statistical Office (OCSTAT).

Population

By the end of 2011, there were 466,918 inhabitants in the canton (463,919 at the end of 2010). In 2011, the resident population of the canton of Geneva grew by 2,999 people, i.e. 0.6% more (+1.4% in 2010). This growth was lower than that observed between 2008 and 2010. The slowdown in population growth in 2011 can principally be explained by a low positive migratory inflow (difference between the number of people arriving in the canton and those leaving), caused by a reduction in immigration. The natural increase (the net difference between births and deaths) was, however, high.

Employment¹

In the canton of Geneva, the annual average growth in jobs is 2.3%. In 2010, the increase was just 0.2%. Employment in industry increased by 2.6% and by 2.3% in services. At the end of 2011, the canton had 281,600 jobs, i.e. 5,300 more than a year earlier. Unlike Geneva, the average annual jobs growth in 2011 was 0.6% for Switzerland as a whole, similar to the previous year.

Aggregate earnings

For 2011 as a whole, aggregate earnings grew by 3.4% in nominal terms compared with 2010. This growth was similar to that observed the previous year. Strong growth recorded in the first quarter was the reason for such a positive annual result in 2011. In fact, on a rolling annual basis, aggregate earnings were down slightly in the second half of the year.

Foreign labour

In 2011, in an uncertain economic context and a strained housing market, foreign immigration slowed down: the canton recorded the arrival of 22,162 foreign immigrants (-10.6% compared with 2010). One third of foreign immigrants (6,629 people) entered the canton in order to work there. This proportion exceeded 50% where citizens of the 27 EU countries were concerned.

The growth in the number of cross-border workers continued at a fast pace throughout the year. (+11% in the fourth quarter on a rolling basis). The number of active cross-border workers was estimated at 63,400 at the end of December.

The labour market

The labour market situation improved sharply overall in 2011. The downward trend which started in 2010 continued, with the number of unemployed decreasing markedly until September 2011. At that point, unemployment reached its lowest level in nine years. It then started to rise again.

Between December 2010 and December 2011, the number of registered unemployed in Geneva decreased by 2,700 people (-17.4% in a year). At the end of December 2011, the official rate of unemployment was 5.7% in Geneva (an actual rate of 5.4%) and 3.3% in Switzerland.

The number of companies resorting to reductions in working hours in order to avoid redundancies fell sharply between 2010 and 2011, with the number of workers involved falling from 2,507 to 680 (annual average). Conversely, the total number of people made redundant and registered at the Cantonal Employment Office increased between 2010 and 2011, but remained below the threshold of 100 people (annual average).

¹ Excluding agriculture, the international public sector and domestic services.

Industrial companies

For highly export-oriented companies, business activity continued at a good level until July 2011. In line with the rising value of the franc, the situation deteriorated over the summer. Companies with a domestic market focus, however, fared badly throughout the year. At a national level, business sentiment also deteriorated over the summer, but less markedly so than in the canton.

Exports

In 2011, despite the world economic downturn and the strength of the franc, the value of Geneva's exports reached a new peak. With growth of 16.0% compared with 2010, they reached 15.8 billion francs (excluding precious metals, gemstones, works of art and antiques). This result significantly exceeded the previous peak reached in 2008 (+15.1%, compared with 2007).

However, export growth came to a halt at the end of the year. While exports showed double-digit growth over the first three quarters (32.4%, 19.3% and 19.4% respectively), the fourth quarter saw a contraction of 1.6%.

Three industry sectors alone accounted for 90% of the canton's total exports in 2011: watch-making (45% of the canton's exports), jewellery (25%) and chemicals (20%). With growth of 19.1% in 2011, jewellery was a major driver of Geneva's exports. Exports of chemicals grew by 17.4% whereas jewellery (+13.7%) performed less well than the canton's average.

For Switzerland as a whole, exports were far less buoyant than in Geneva, varying in line with fluctuations in the value of the franc in 2011. They grew by 2.1% to reach 197.6 billion francs. This level was still 4.2% lower than the record reached in 2008. The growth differential between Switzerland and Geneva reflects the difference in the structure of exports in terms of products and destination countries. At national level, exports suffered particularly badly from the sharp downturn in the European economy.

Imports

The value of Geneva's imports grew by 2% in 2011, reaching 9.7 billion francs (excluding precious metals, gemstones, works of art and antiques), exceeding the peak reached in 2008, as was the case for exports. Imports lost momentum throughout the year: growth in the first two quarters was 18.4% and 7.9% respectively before falling in the last two quarters (-1.8% and -12.5%).

In 2011, the types of imported goods varied erratically (energy products: +60.9%; raw materials and semi-finished products: +2.2%; capital goods: -24.4%). Consumer durables, which accounted for more than half of Geneva's imports in 2011, grew by 11.6%.

In Switzerland as a whole, the value of imports stagnated (minus 0.2% compared with 2010) and their value reached 173.7 billion francs, a long way from the record set in 2008.

Construction

In 2011, 345 new buildings were constructed in the canton of Geneva (216 detached houses; 61 multi-residence buildings; 20 buildings combining housing and business premises; 48 buildings containing solely business premises). The number of new builds, including their size and value, was lower than recorded in 2010 and remained below the levels of earlier years.

In this context, construction business activity deteriorated over the year. It was, however, considered satisfactory at the end of the year.

Housing and non-residential premises

With 1,018 housing units built, 2011 saw the lowest level of increase in housing since the Second World War. Compared with 2010, this represented a drop of 35%. Taking into account renovations and demolitions, the net increase in housing units totalled 1,062 compared with an average of 1,314 over the last decade.

The numbers of housing units in planning applications were, however, up sharply and reached the highest level in a decade (2,411 housing units; +23% in a year). Furthermore, although the number of housing applications approved was down slightly, it remained at a relatively high level (1,891 housing units; -6%)

As regards buildings intended for business purposes, the newly built square metre total in 2011 (111,957 m²) fell 18% compared with 2010 and remained low compared with figures recorded since the 1990s.

Property services and service sub-sectors

While business levels remained pleasing in 2011, property development and brokerage fared less well throughout the year, with the situation being considered unsatisfactory in December.

In 2011, the number of property transactions completed – just over 2,000 – was down on previous years, particularly compared with 2010, which was a very buoyant year. The cumulative value of transactions remained at a high level, peaking at over 4 billion francs.

Business activity in other services sectors¹ continued at a good level in 2011, despite a slight fall in the second half of the year, with a similar situation in Switzerland as a whole.

Retail

The retail sector fared particularly badly in 2011: due to the canton's geographical position, the strong franc seriously impacted the retail sector in Geneva. According to retailers, business activity was unsatisfactory and, moreover, in terms of sales volumes and customer visits, the situation simply worsened from August onwards.

¹ Transportation, communications, IT, legal and accountancy businesses, cleaning, other business services, healthcare and social work, personal services and leisure activities.

Hotels and restaurants

Geneva's hotel sector continued to grow in 2011 despite the rise in value of the franc. Up 1.3% compared with 2010, the number of overnight stays totalled 2.8 million, close to the very pleasing levels of 2007 and 2008. Consecutive falls in the period from June to October caused growth in the number of overnight stays to stall.

For the year as a whole, demand from foreign visitors, which represented 79.1% of total overnight stays in the canton in 2011, grew slightly more than that of visitors to Switzerland (+1.6% versus +0.3%). At a national level, the number of overnight stays was down by 2.0%. The Zurich region, with a similar type of tourism to that of the canton of Geneva, registered an increase of 2.3%.

In 2011, the level of business for Geneva restaurants grew worse from month to month. For Switzerland as a whole, although it was not as bad as for Geneva, the level of business activity was also in decline.

Air traffic

Breaking through the 13 million passenger mark in 2012, Geneva International Airport saw passenger numbers leap by 1.2 million in a year. In absolute numbers, this represents the largest single increase since the airport was built. In relative terms, we have to go back to 2000 to see a greater annual increase (+11.5% compared with +10.5% in 2011). The increase at Basle-Mulhouse airport between 2010 and 2011 was 22.8% and 6.4% at Zurich-Kloten.

Vehicle registrations

In 2011, 24,112 private passenger vehicles were registered in the canton of Geneva, i.e. 2,229 more than in 2010 (+10.2%). This was the largest increase since 1996. In 2011, the number of vehicle registrations increased by 8.8% after having fallen over the previous two years.

Growth was particularly high for motorcycles (5,339 new vehicle registrations of this type in 2011, i.e. an increase of 16.7% in a year) and for delivery vehicles (1,386 in 2011, i.e. +11.9%). The increase in new private passenger vehicle registrations, meanwhile, was less pronounced in 2011 than in 2010 (+7.8% and +12.2% respectively).

Consumer prices

At the end of 2011, on a rolling basis, the consumer price index dropped by 0.6%, one of the biggest falls in recent years. Unlike previous periods when prices fell (2009 for instance), oil-based products were more expensive in 2011. This fall in the index is caused by a simultaneous reduction in price of several groups of spending; the biggest falls were in the clothing and shoes (-6.7% in a year), leisure and culture (-4.7%), food and non-alcoholic beverages (-3.8%) and transport groups (-2.2%).

Conversely, prices for certain groups of spending increased. The highest increase was in the housing and energy group (+2.9%), within which rent, fuel oil and gas went up.

 **BCGE** | SUSTAINED



AVANTAGE SERVICE | BEST OF | CHECK UP | PRAEVISIO | RAINBOW FUND | SIMPLISSIMMO

ASSET MANAGEMENT
CORPORATE FINANCE
PRIVATE FINANCE
MERGERS & ACQUISITIONS
GLOBAL COMMODITY FINANCE
CAPITAL / FOREX / CASH MARKETS
PRIVATE BANKING
DAY-TO-DAY BANKING SERVICES

Geneva
Zurich
Lausanne
Paris
Lyon
Annecy
Dubai
Hong Kong

RISK
CONTROL

6
1
8
1

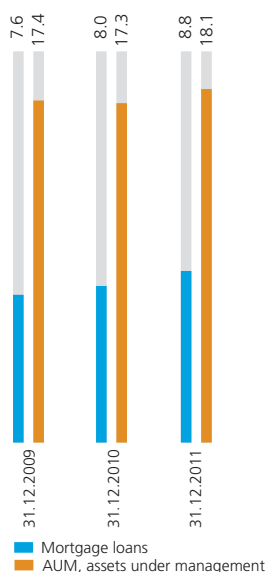


Business review 2011

Sharp growth in business and marked rise in net profit (+11.8%)

BCGE experienced excellent business growth throughout 2011, despite difficult economic conditions. Its increased operational profitability and the soundness of its revenues, together with its raised credit rating at the end of the year, confirmed its good financial health and its competitiveness. It reported an 11.8% increase in net profits at CHF 63.1 million and shareholders' equity passed the CHF 1 billion mark. Customer deposits reached a record level, at over CHF 10 billion.

Competitiveness increased in CHF billions



Key Group figures for 2010 (in CHF 1,000)

	31.12.2011	31.12.2010	31.12.2009	Change 2010-2011
Total assets	15,870,964	14,257,187	14,114,507	1,613,777
Mortgage loans	8,765,073	7,999,694	7,603,809	765,379
Customer loans	4,099,269	3,536,565	3,654,665	562,704
Assets under management and administration	18,062,000	17,254,000	17,383,000	808,000
Operating income	336,583	333,834	333,202	2,749
Interest income	197,479	196,794	188,049	685
Commission income	103,983	112,506	99,351	-8,523
Operating expenses	218,621	212,708	218,044	5,913
Gross profit	117,962	121,126	115,158	-3,164
Intermediate profit	79,439	53,786	85,403	25,653
Net profit	63,119	56,442	71,588	6,677
Dividends	4.5%	4.5%	6.5%	
Shareholders' equity	1,009,673	965,942	957,109	43,731
Staff (full-time equivalents)	722	750	778	-28
ROE (return on equity)	6.4%	5.8%	7.5%	0.6

Total asset growth

Total assets grew for the fourth consecutive year (+11.3%), to reach CHF 15.9 billion.

Net and intermediate profits up

Net profit after tax increased to CHF 63.1 million (+11.8%), despite difficult economic conditions. The economic profit (intermediate profit) was up strongly at CHF 79.4 million (+CHF 25.7 million), reflecting the Bank's good economic health and financial soundness. Gross profit, meanwhile, fell 2.6% to CHF 117.9 million.

Return on equity up

ROE (return on equity) increased to 6.4%.

Solid revenues

The bank's revenue growth was boosted by its significant business diversification, despite the dollar and euro effect and the effect of stock market indices.

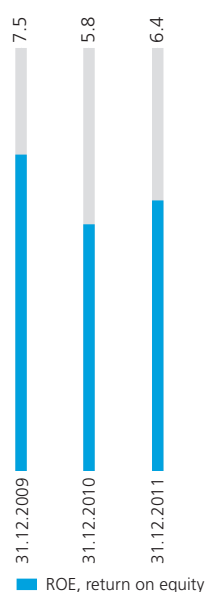
Volumes handled up

Volumes handled (transfers, foreign exchange, electronic banking) continued to increase. The increase in credit outstanding partly compensated for the erosion of margin rates in current conditions. Commissions were affected by stock market conditions and exchange rates. Trading operations (*forex*) were up strongly.

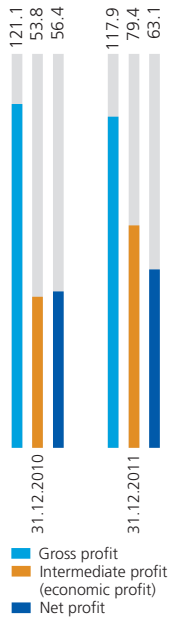
Operational productivity increased

Business volume (managed funds and mortgage lending) per employee increased by 10.3%. The cost/income ratio was stable at 65%.

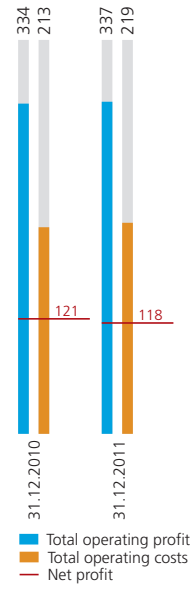
Enhanced profitability in %



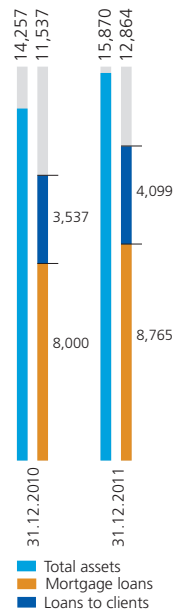
Net profit increase of 11.8% in CHF millions



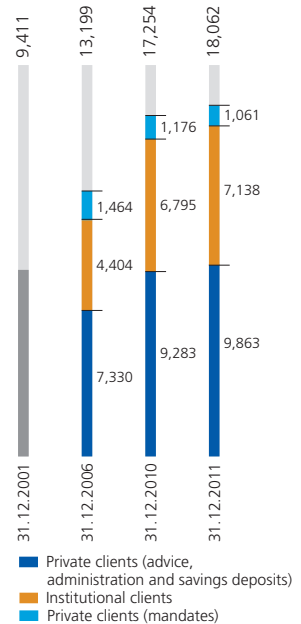
Sound income despite economic environment in CHF millions



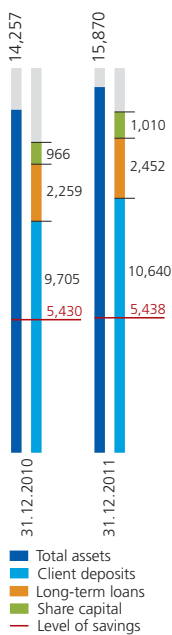
Nearly CHF 12.9 billion in loans to the economy and private individuals in CHF millions



Assets under management and administration up 4.7% in CHF millions



More than CHF 10 billion
in client deposits
in CHF millions



Improvement in interest income

Interest income rose by 0.3%. The interest margin was maintained at the high level of 1.43% in credit business, while absorbing the cost of a prudent rate risk hedging strategy.

Lending to the economy and to private individuals up

BCGE increased its market share in several areas. Lending to the economy and to private individuals increased by 11.5% to nearly CHF 12.9 billion. Within this figure, mortgage lending exceeded CHF 8.7 billion, thanks to targeted growth of CHF 765 million.

Customer deposits at record level

Customer deposits, the standard by which customers' confidence in the bank can be measured, rose by CHF 935 million, reaching the record level of over CHF 10 billion. The bank's financial stability thus rests on a solid structure that is able to withstand the instability of the financial markets, the high proportion of mortgages refinanced by savings and the maintenance of a large stock of long-term financing. Savings reached CHF 5.4 billion and financed 34% of assets. They cover 62% of total mortgages.

Assets under management and administration up

Funds under management and administration rose by 4.7% to CHF 18.1 billion, mainly due to a sound and effective investment philosophy. BCGE's customers are intent on preserving their capital and have classic investment profiles. Management performance successfully withstood a volatile environment.

Commission income maintained

Commission income was down (-7.6% to CHF 104 million) due to exchange rate effects and stock market turbulence. Credit commissions (down 19.2% to CHF 38 million) were particularly affected by the fall in the dollar. Securities commissions (down 2.6% to CHF 46 million) were, all in all, only marginally affected by stock market movements. On the subject of commission income, it should be noted that the frequency of use of day-to-day banking services is increasing, particularly as regards internet transfers and securities transactions.

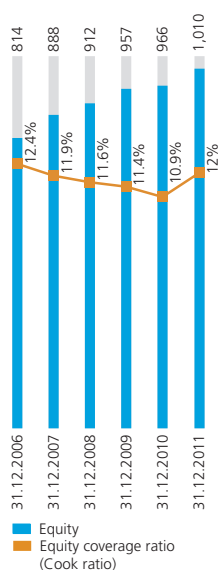
The bank is investing to keep pace with its growth

Operating expenses (+5.3% at CHF 97 million) and staffing costs (+0.9% at CHF 122 million) were affected by investments necessary to keep pace with the Bank's growth (refurbishment of branches, creation of new funds, development of operational security, launch of the mobile website, outsourcing of securities administration).

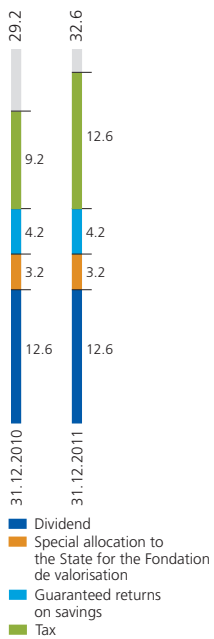
Shareholders' equity up

Shareholders' equity passed the CHF 1 billion mark for the first time. The Bank generated an additional CHF 305 million worth of shareholders' equity in six years. Consolidated shareholders' equity coverage ratio was 12%, within the requirements of the Basle II Swiss standard, compared with 10.9% at the end of 2010. The improvement in the ratio was mainly due to the acquisition of funds through the issue of a subordinated loan in the autumn.

More than CHF 1 billion
in shareholder equity
in CHF millions



Public-sector partners sharing BCGE profits in CHF millions



The BCGE share has real growth potential

Market capitalisation represents 70% of shareholders' equity. The BCGE share has been less volatile than the range of comparable bank shares since 2007; it constitutes a high quality defensive asset, with a per share book value that has increased by 4.3% to CHF 288.

A balanced profit distribution policy

Thanks to its steady and balanced profit distribution policy, the Bank will pay, if approved by the Shareholders' Meeting on 2 May 2012, a dividend remaining steady at CHF 4.5 per share. The resulting payout ratio of 32% allows shareholders' equity, and hence the Bank's growth, to be strengthened.

Strategic priorities for 2012

- The Bank has set itself four priority strategic development routes:
- confirmation of its role as a central partner for the regional economy
 - selective growth in mortgage financing
 - targeted growth in private banking
 - improvement in operational productivity

Outlook

Against an uncertain economic background, the Bank is pursuing its development with an expected level of profitability for 2012 equivalent to that achieved in 2011. The economic outlook suggests a low rate environment, which will continue to affect the interest margins of banks. The Bank's financial soundness, confirmed by its credit rating boost, augurs well for the growth of its business. The continuing confidence of BCGE's customers also confirms BCGE's strong regional position.

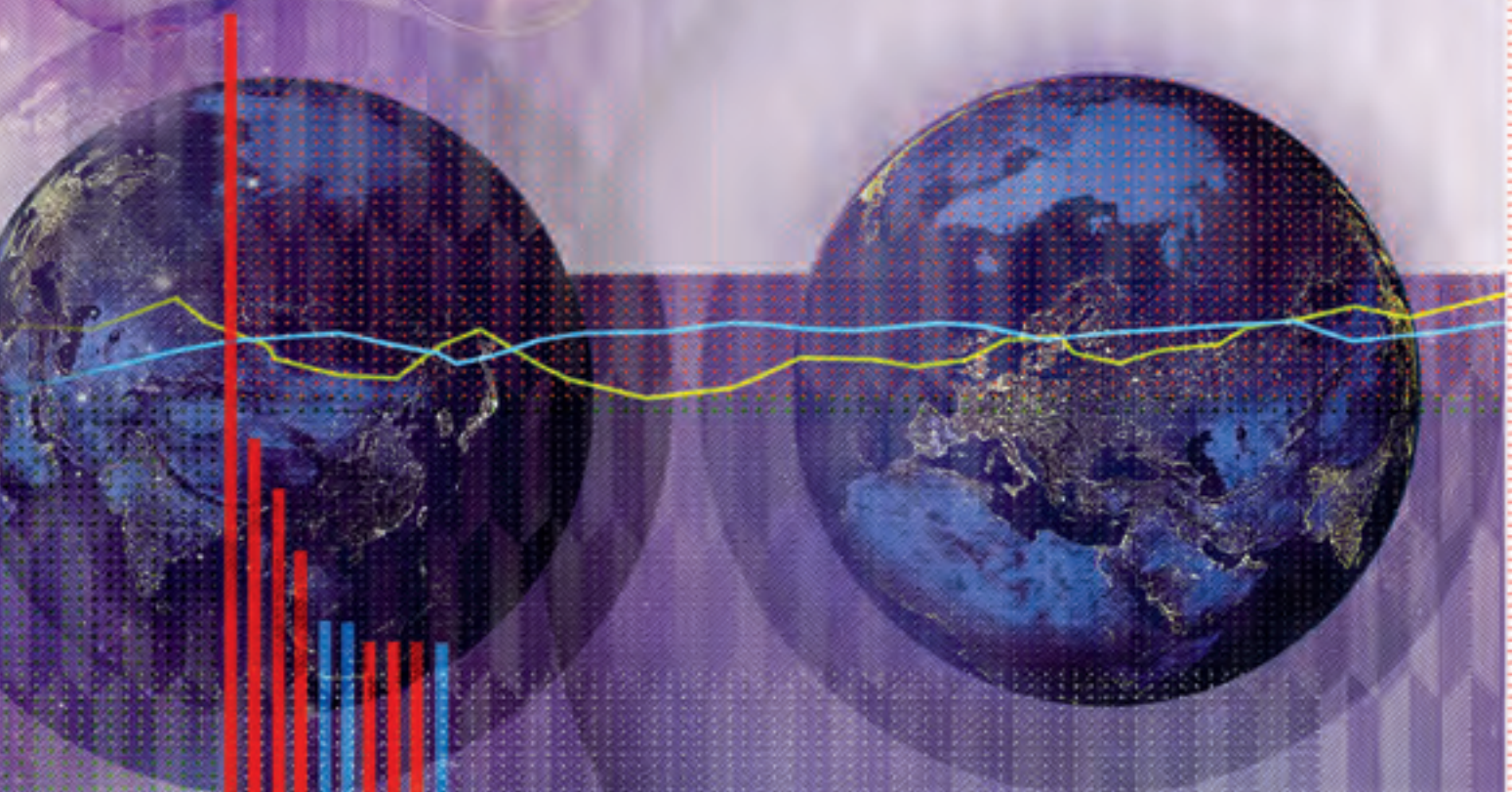
 **BCGE** | PROTECTING

6
1
8
1

AVANTAGE SERVICE | BEST OF | CHECK UP | PRAEVISIO | RAINBOW FUND | SIMPLISSIMMO

ASSET MANAGEMENT
CORPORATE FINANCE
PRIVATE FINANCE
MERGERS & ACQUISITIONS
GLOBAL COMMODITY FINANCE
CAPITAL / FOREX / CASH MARKETS
PRIVATE BANKING
DAY-TO-DAY BANKING SERVICES

Geneva
Zurich
Lausanne
Paris
Lyon
Annecy
Dubai
Hong Kong



REAL ECONOMY



Key facts of 2011

More than 31,000 clients enjoy the benefit of the BCGE Avantage service loyalty scheme

The Geneva Private Clients and Family Businesses division is in contact with more than half the residents in the canton. In 2011, 9,000 new clients joined BCGE, bringing the total number of private clients to 243,000 people. The number of services used by private clients also continues to increase. Mortgage lending to private clients reached CHF 3.5 billion. To respond to the needs of its growing client base, BCGE has broadened and enhanced its services offering. On the infrastructure front, it has made a new 24-hour zone available in the rue de la Tour-de-l'Île in the city centre, alongside the new tramline, in one of the busiest shopping areas in Geneva. It has also completely refurbished its Trois-Chêne branch.

PRIVATE CLIENTS

Mortgage lending to private clients growing

The BCGE Simplissimmo (mortgage loan) product remains the most effective response to the needs of prospects and clients wishing to entrust a transparent, reliable bank with their mortgage finance. Mortgage lending to private clients represented CHF 3.5 billion in outstanding loans. BCGE has been able to respond to demand in a property market noted for its high prices, thanks to its unique knowledge of the Geneva area, the relevance of the BCGE Simplissimmo concept and its specialist advice. Other financing products, such as vehicle leasing, also made gains despite new vehicle registrations falling.

Growing demand for credit cards

Payment cards saw sharp growth, as did Maestro debit cards, which are now equipped with the multi-account function (providing access to all one's accounts by means of a single card). MasterCard and Visa credit cards were in very high demand (+15.9% compared with 2010).

BCGE continues to modernise its branches

The Trois-Chêne branch was completely refurbished and reopened to the public at the beginning of August. It boasts a team of around 15 staff including the branch head and deputy, as well as loan advisers, asset managers and reception staff. The number of ATMs, which was three, has now increased to eight. Security devices featuring leading-edge technology are numerous in order to counter the worrying increase in attacks and vandalism. In the case of the Eaux-vives, Lancy, Meyrin and Vernier branches, they have all benefited from refurbishment work to improve comfort, security and reliability for their users.

A new 24-hour zone on the Île

BCGE opened a sixth new 24-hour zone of a totally new type. With its thoroughly modern decor, acting as a tribute to Pop Art by showing works directly inspired from this artistic movement, the Bank goes against the flow of traditional, relatively bland banking technology sites. It is located on the Île, at the corner of the rue de la Tour-de-l'Île and the quai des Moulins, alongside the new tram line in one of the most popular shopping areas in Geneva. It comprises four ATM machines in a 47 m² area.

One hundred and fifty ATMs in operation

As of 31 December 2011, the number of ATMs totalled 150. 23 additional machines were installed, five having been replaced by higher performance machines. The ATMs located throughout the canton, which are available 24-hours a day, provide all the most popular services (withdrawals, deposits, foreign exchange). Thanks to increasingly intense usage of these machines, the Bank's experts have more time to devote to providing each client with financial advice. The fields of expertise covered by the advisers range from cash-management solutions, to investments, not to mention savings, pensions and loans.

Highly effective remote banking

BCGE Netbanking is an inseparable component of everyday banking services, and the use of BCGE via the Internet is undergoing ceaseless expansion. Simplicity, speed, economy and security: more than 81,000 clients now enjoy this service. SMS Connect is a new free service enabling BCGE Netbanking users to login by means of a code received by SMS. This new means of authentication is gradually replacing the grid card system.

Website adapted for mobile telephony

The Bank has launched a website adapted for mobile telephony use. It interacts with the main website and its goal is to provide clients with practical information, such as ATM locations and branch opening hours. BCGE 1816 online trading and its information website, *Your money*, (see description on page 9) are highly successful thanks to the site's attractiveness and to the competitiveness of the charges. The number of users is continuously on the increase.

Consolidation in the Financial Planning department

BCGE occupies a growing place in wealth and pension management and advises all generations. Its methodical approach takes into account investors' objectives, time horizons and profiles. This department, specialising in wealth optimisation, pursued its expansion and continues to capitalise on its expertise in the field of financial planning and tailor-made advice. It is systematically involved in analysing client pension plans. The solutions it offers take into account taxation, property, optimisation of investments as well as various aspects of marriage and inheritance laws. Where proposing pension plans is concerned, they are selected on a completely independent basis, in addition to BCGE products, based on their performances and specific features in terms of best possible match with client requirements.

The highest quality address in Geneva for deposits

The Bank is very competitive on deposits and savings. The strength of its balance sheet was confirmed by its being given a higher rating, A+/A-1/Stable, by Standard & Poor's in December 2011. In 2011, the reliability of the products on offer was acknowledged by clients as deposits increased by CHF 287 million, reaching CHF 6.1 billion. This increase took place even though the gradual withdrawal of the canton's savings guarantee was known (see page 13).

A two percent higher rate of interest

BCGE is pleased to have more than 31,000 clients who benefit from the BCGE Avantage service programme which gives a better return on savings (up to 2% higher than the basic rate). The Bank recognises and values the loyalty of clients using multiple services. In addition, the number of new Epargne 3 accounts grew by 13.5%. The excellent performance of these products confirms BCGE's role as the leading savings player in the region.

A fitting and adaptable response to the growing number of international clients

BCGE is also highly involved with international clients residing in Geneva and the surrounding area. The Bank offers these clients, and those over the border in France, a variety of services including pensions and mortgages. The mutual recommendation partnership agreed with CERA (Caisse d'épargne Rhône-Alpes), continues to bear fruit.

New organisation

During the first half of the year, the private banking activities were segmented by market and those focusing on Geneva were moved to the Geneva Private Clients and Family Businesses division and joined by the Geneva Private Banking department. This new organisation is thus a banking partner of choice, enabling high-wealth clients to build, extend and protect their assets, and it offers talent and expertise on a local level at the service of various types of client, so as to be more responsive, provide even more advice and broaden their choice of financial solutions.

Also during the first half of the year, the number of sectors was reduced from four to three, thereby corresponding to the profile of the Geneva area, with the aim of achieving a balance between the number of branches, business performance and their respective profitability.

Key facts of 2011

Low rates encourage long-term finance

Trade finance funding – excluding mortgages – granted mainly to companies in the region by the corporate and institutional client division grew by 10.3% to CHF 2.1 billion. These gains were made despite fears which mounted during the second half of the year in the face of an uncertain economic future. Lending activity took place in an environment where the economic and interest-rate situation meant keeping a strict watch on risks and paying particular attention to protecting margins.

CORPORATE BANKING

Companies demand state-of-the-art services relating to management of interest rate and currency risks

The number of new business transactions grew slightly during the year. The penetration rate per company increased thanks to a range of services specifically dedicated to them: interest rate and currency risk management made easier through numerous creative solutions on offer to the Bank's clients. Swiss companies maintained substantial lines of credit which they used in moderation in 2011. Despite the presence of competitive advantages specific to Geneva, economic forecasts for 2012 are gloomy and are stifling investments.

Lending to property companies on the increase

Prices of apartment blocks, apartments and villas in Geneva remained at high levels in 2011 in correlation with interest rates remaining very low throughout the year. Construction prices, on the other hand, remained stable. Changes in the canton's property market were, however, uneven. The number of transactions fell by 18% year-on-year. In contrast, new developments were on the increase according to the latest available estimates. Lastly, spending on conversion and maintenance work grew even faster. Against this backdrop, BCGE remained true to its selective, long-term growth strategy. The Bank was able to increase business mortgage lending to a higher level than in 2010, while ensuring that risks were kept at the lowest possible level.

A faithful supporter of SMEs and the self-employed

More than one business in every two in the canton has a business relationship with the Bank. They can count on a reliable banking partner offering high-quality services at a reasonable cost. The SME and Self-employed Financing department is a team which is specially dedicated to SMEs and their professional or self-employed managers, providing them with support for financial growth. Many of the Bank's branch staff offer specific expertise in this area, thanks to professional training called "business banker". The Bank's innovative lending product – the business loan – is highly successful: 60 loans were granted totalling CHF 4 million. It is a quick and straightforward solution for cash requirements from CHF 20,000 to 150,000, over three to five year terms.

Three investments designed to increase SME shareholders' equity

The Corporate Finance department offers business advice to entrepreneurs for their strategic activities such as selling or acquiring companies or in equity finance. This department successfully advised several business managers on acquisition and disposal activities in the course of 2011. Complementing its mergers & acquisitions consultancy business is BCGE's specialist finance arm, Capital Transmission. Located in Geneva, this wholly-owned BCGE subsidiary has a risk finance capability amounting to CHF 50 million. In 2011, it made three investments as part of leveraged buy-outs and management buy-outs. Since its founding at the end of 2008, Capital Transmission has invested more than CHF 10 million in the most promising SMEs.

Record trading room results

Total business volume growth continued and 2011 saw a new record reached on all products despite markets having a difficult year. Despite high volatility, results improved by over 35%. The acquisition of new clients in Switzerland and internationally continued and BCGE's penetration is increasing, thereby enabling it to provide a better service.

The success of the subordinated bond issue demonstrates BCGE's excellent image

In October 2011, the Bank successfully launched a subordinated bond in conjunction with UBS and Basler Kantonalbank. Very rapidly taken up by investors, the bond represents borrowing of CHF 200 million at a rate of 3.125% over 7 years. This bond demonstrates BCGE's excellent image in capital markets and will be used to underpin growth in the Bank's business with a parallel increase in equity against a backdrop of tighter regulatory control.

A global approach to asset management for business leaders

The Personal Finance department provides high-quality financial services to business and political leaders. Whatever the level of their assets or the complexity of their needs, Personal Finance provides complete and individually tailored wealth management to clients with a heavy business schedule who need to be able to count on a state-of-the-art service available all the time. The department's clients increased sharply in number in 2011 as did the number of services provided by the Bank.

The Bank for international organisations

The priority for the Swiss and International Institutions department is to respond to the banking and financial needs of international, diplomatic and consular organisations as well as non-governmental organisations. It also meets the needs of charitable associations, trusts and pension funds. Thanks to this enlarged department, BCGE can offer a specialised team capable of responding to the requirements of the international community, which is so important for Geneva.

Seven "academies" in Geneva

The ninth series of BCGE seminars entitled "BCGE L'essentiel de la finance" ("The Essentials of Finance"), was held in Geneva, in early September 2010. Seven "academies" met, gathering nearly 600 external visitors. It brought together top-notch speakers including State Counselor Isabel Rochat, Bruno Solnick, professor of finance at HEC Paris, an international authority in the field of international investment, Lorette Coen, a journalist and a recognised expert on architecture and town planning, John Weeks, professor at the IMD, a specialist in corporate culture, Michel Pettigrew, CEO of Ferring Pharmaceuticals, the rector Gérard-François Dumont, professor at the Sorbonne, Chairman of the journal *Population et Avenir*, Giovanni Ciserani, Chairman of Procter & Gamble for Western Europe, Olivier Scaillet, professor at the Geneva University and the Swiss Finance Institute, Eric Breval, the manager of the AHV Compensation Fund, and, in an entirely different vein, Dominique Perret, extreme skier, voted best freeride skier in the world in 2010.

An effective partnership with the CCIG

For the fifth year running, BCGE, the Geneva Chamber of Commerce, Industry and Services (CCIG) and the Cantonal Statistical Office (OCSTAT) jointly organised their economics seminar in the autumn, attracting a very large number of the region's decision-makers. The occasion was used to present a previously unpublished study of regional characteristics: *Le "Grand Genève": centre urbain et pôle métropolitain* («Greater Geneva», an urban and metropolitan centre) which was subsequently published. It shows that the city, over an area that goes well beyond the canton's borders, represents a powerful economic magnet but also more than this: Geneva is seen to be one of four European cities whose influence is far greater than the size of its population when social, economic, cultural and transportation indicators are taken into account. The study examines in turn Geneva's economic characteristics, demographics and analyses the main constraints and challenges encountered in the face of the harmonious growth desired by all.

A recognised, legitimate role within the "Greater Geneva" geographical boundaries

BCGE's in-depth knowledge of the regional economic fabric makes it a sought-after partner for cross-border companies. In a constantly changing environment, clients on either side of the border and who wish to cross it need to have support with regard to financial, legal and tax issues. BCGE helps make their projects successful, if necessary involving external specialists with their specific know-how. The economic context is uncertain but opportunities exist and the Bank plays its financial role to the full thanks to its expertise acquired over the years. 2011 was notable for an increase in outstanding loans with some major transactions in the Lake Geneva area and in the Lyon region, where the French subsidiary is located.

Progress in terms of lending activities and private management at BCGE (France)

The financial year saw renewed growth in lending, particularly as a result of continuing good performance by the property market. Out of the seven current new developments by the Compagnie Foncière Franco Suisse, two apartment blocks were completed in 2011. Docksite Lyon, in the Vaise district, covering 5,500 m², was delivered and sold in July 2011. Lugdunum in Lyon's sixth district, covers 21,000 m², delivered in December 2011, with sales planned for the first half of 2012.

Onshore private banking is gaining ground in France

These financing arrangements were completed by loans to SMEs either for investment purposes, or for transfer activities. However, a reduction in demand towards the end of the year due to the economic downturn should be noted. In private banking, the Bank succeeded in growing assets under management despite the difficult market situation. With its stable headcount of 42 staff, BCGE (France) achieved record income of EUR 2.1 million, up 38.5% compared with 2010.

A sound team

The Supervisory Board of BCGE (France) has six members. The chairman is Blaise Goetschin (see page 80) and the vice-chairman is Eric Bourgeaux (see page 81). The other four members are Constantino Cancela (see page 17), Georges Canto, Manuel Riera and the Banque Cantonale de Genève, represented by Claude Bagnoud (see page 81). The Executive Board comprises Alain Bochet, Chairman, Marie-Claude Boulmier, Christian Stampfli and Eric Wesse.



Georges Canto,
a member of the Supervisory
Board of BCGE (France).



Manuel Riera,
a member of the Supervisory
Board of BCGE (France).

Key facts of 2011

BCGE: a partner to municipalities and public authorities

Whether for the municipalities, the State or the major utilities, BCGE provides optimum solutions for Geneva's public entities. Through Swiss Public Finance Solutions, it also makes its specialised skills available to other Swiss public authorities.

PUBLIC ENTITIES

Numerous projects for the public good

Despite highly competitive market conditions, BCGE was able to pursue the expansion of its business with the canton's public entities in a highly satisfactory manner by financing numerous projects for the public good for a total amount in excess of CHF 2.5 billion, an increase of 3.5% year-on-year.

A set of solutions for large-scale projects

BCGE remained the preferred partner of the major utilities, the municipalities and cantonal and municipal public property trusts, by offering them solutions that are best suited for their needs and helping them to complete their large-scale projects for the benefit of local communities. In particular, it has continued to support the canton of Geneva in developing its centralised cash flow administration, in investing its capital and in optimising its finances.

Swiss public entities can count on Swiss Public Finance Solutions

Finally, 2011 saw the Swiss Public Finance Solutions (SPFS) subsidiary continuing the consolidation of the Swiss public sector finance business. Despite increased competition, it acted as intermediary for a significant loan amount, thereby demonstrating that BCGE remains side-by-side with public authorities.

Key facts of 2011

A concentration of skills serving international business

The International Clients division brings together the business domains of private banking of an international nature, international commodity trade finance and relationships with international banks and institutions. This particularly innovative grouping together of business domains helps with skills sharing and enhanced analysis of international markets. These front-office activities are supported by a leadership and supervisory unit, Global strategy and business support, which deals with matters of an administrative, analytical, legal or compliance nature. This type of organisation helps the Bank respond to the challenges of a downturn by the major economies, the strength of the franc and even the tightening of regulations governing the banking sector. International business is a fundamental pillar in value creation by the Bank. It is based on the canton's economy which is itself totally globalised and in daily contact with all regions of the world.

INTERNATIONAL

A Bank for the international community

All of the international business of Private Banking, with the exception of activities relating to onshore wealth management clients of the BCGE (France) subsidiary located in France, is under one and the same business unit. The mission of this unit is to provide Geneva's international community, entrepreneurs, families, professionals and international civil servants with a full range of high-quality banking services. Representative offices covering the Middle East and Asia enable the service to be provided and contact maintained with these clients, who are certainly connected with Geneva but also highly mobile, with residences in all parts of the world.

New funds flow into the Private Banking business unit

During 2011, the expertise of the existing teams with their great experience, boosted by the arrival of senior professionals, led not only to the client base remaining remarkably stable but also to an increase in the net inflow of funds, which saw pleasing growth. This performance is particularly remarkable considering the economic and regulatory financial context which this business had to face.

Constantly adapting to regulatory changes

The ability to access the knowledge base represented by specialists of the Global commodity finance business unit in order to extend the development of international clients – high net worth individuals –, is another of the Bank's specific capabilities. This organisational arrangement makes the sharing of the skills needed in these markets systematic. On top of this, the two Swiss branches as well as the representative offices in Dubai and Hong Kong make a significant contribution – if applicable, on behalf of the parent company in Geneva – to developing the business. The development of offshore private banking is closely linked to rapid changes in regulations and administrative practices both in Switzerland and abroad. Therefore, adapting and boosting expertise and the internal organisation is henceforth a duty and a continuous investment.

Hong Kong acts as a relay for Geneva's financial marketplace

Where the Hong Kong representative office is concerned, it now acts as a relay not only for private banking but also for international trade finance, particularly in terms of syndicated loan requirements and deals structured out of Singapore or Hong Kong. This Asian presence also provides significant support to the International banks and institutions business unit as an interface during local visits or telephone meetings. In the autumn, the Bank was visited by the Vice Minister, Julia Leung Fung-ye. A wide-ranging exchange of views once again demonstrated the quality of the relationship with the host country.

The Dubai office acts as an ambassador

In parallel, the Dubai representative office further enhanced its local image and excels in its role as an ambassador on behalf of all of the International Clients division and all of its functions. It is also in demand from a growing local and international client base, thereby laying the foundations for targeted growth. The representative office was inspected by the supervisory authority during the financial year, whose report was unreservedly positive.

Lausanne is also active in mortgage lending

In addition to targeted development of international wealth management, the Lausanne branch aims to serve international clients who are senior managers residing in French-speaking Switzerland and who mainly work in Geneva. In the course of 2011, thanks to dedicated specialists, it actively marketed a combined mortgage lending and wealth management activity in the French-speaking region to a network of recognised residential property professionals, targeting foreign or Swiss high-wealth clients and seeking to optimise the services on offer.

A profile of the Zurich branch

In Zurich, a team of senior professional staff manages a client base which is mainly international. Its goal is to develop an international onshore client base with private banking potential, while taking advantage of offshore development opportunities in a targeted manner.

Increase in funds deposited by independent asset managers

This specific competence centre with its experienced professional team concentrates mainly on services for small to medium-sized independent asset managers, who address international clients while also developing an active client base in Switzerland. Through high-quality, customised service, this area met with success throughout 2011, with assets deposited increasing by over 30%.

Global Commodity Finance: supporting Geneva's positioning

The positioning of Geneva as a capital city of major importance in the field of the international commodity trade was further underlined by the arrival of several new entities in 2011. The level of finance of this business within BCGE dating from 1999 has seen continuous growth to date. The Bank's portfolio is typified by the breakdown of risks into very small units both at client level and in terms of the type of loans granted, commodities traded or the geographical zones involved. 2011 appears to have been a particularly successful year thanks to the experienced team of professionals recognised by their peers. This expertise enabled the successful management of challenges represented by a very weak USD – most of the revenues from this business being denominated in this currency – the very high levels of volatility of commodities prices and the overall economic situation which led many industry players to take a cautious line in the second half of 2011.

Global Commodity Finance reduces its cost of risk

In light of regulatory demands, and specifically of the Basle III requirements in terms of capital adequacy, growth in net income is sought by means of reducing the cost of risk, by giving priority to the quality of counterparties without placing the emphasis on volume growth. To this same end, the Bank favours off-balance-sheet transactions. International trade finance also benefits from synergies with the International Banks and Institutions business unit. The latter provides the source of enhanced visibility of international situations at a macro-economic level as well as on the ground, thereby enabling consolidation of business strategy. The business unit is supported by the Bank's active, first-class network.

Enhanced relationships with emerging countries

The International Banks and Institutions business unit is the BCGE's most international entity. 605 banks worldwide, including over 420 banks in more than 50 emerging countries in Asia, the Middle East, Africa and South America, have a business relationship with BCGE. In 2011, it continued to develop its business, particularly in the above markets. Faced with a situation of risks in «developed» countries deteriorating, closer supervision of counterparties was implemented and a more conservative approach to risk was taken. This entity, as a pillar of Geneva's economy, also in this way contributed to the influence of Geneva as a financial marketplace.

A cross-functional team in support of the entire business

A new organisation, known as Global strategy and business support, executes cross-functional tasks on behalf of the International Client division. In this regard, it offers its services to all three of the division's business units. It combines expertise in the fields of credit analysis, international commodity trade business audit, administration, planning, strategy and compliance. This combination of expertise is aimed at improving the quality of the service provided to clients by optimising costs and also at adapting the existing organisation to changes in the regulatory framework.

Key facts of 2011

An investment philosophy which successfully weathered the storm

Cumulative assets under management and administered by the Bank grew by 4.7%, despite the impact of adverse market conditions, The BCGE Synchrony Swiss government bond fund was given an award by the Lipper analytical institute for the best Swiss bond fund over 10 years.

ASSET MANAGEMENT

26 asset management specialists

The BCGE Asset Management business unit comprises the Portfolio management (management of investment mandates), Advisory (investment advice), Financial Analysis (economic analysis and research on third-party funds and individual securities) departments and, lastly, the Business development department. Together, these businesses form BCGE's asset management centre of competence. This competence centre supports the ongoing state-of-the-art training of its 26 staff.

Open architecture as a management principle

The Financial Analysis team is tasked with selecting external funds on the basis of open architecture, i.e. on a commercially and intellectually independent basis. Funds are chosen on the basis of their intrinsic qualities and management needs, with a view to achieving very wide diversification in terms of style and manager. The aim is to identify the managers who are effective, equipped with well-grounded convictions, and who act with consistency over time.

An award for the Swiss government bond fund

For several years, BCGE has developed, in addition to balanced investment mandates based on open architecture, several targeted products which regularly emerge as being among the best in their category. In 2011, the BCGE Synchrony Swiss Government Bonds fund was once again rewarded by the Lipper analytical and ratings institute as the best Swiss bond fund over 10 years, thereby winning an award for the 10th consecutive year. Also in the index field, the Swiss Equity fund had its first full year tracking an index based on corporate financial fundamentals and not on market capitalisation.

Finally, the BCGE Synchrony Swiss Small and Mid Caps fund involving second-tier Swiss equities enjoyed significant inflows despite the market situation being adverse for these securities. 2011 was the first full year in which this fund was authorised for public sale. This fund comprises approximately 25 companies, selected for the long term based on financial, social and environmental criteria in accordance with the principles of socially responsible investment.

The principle of long-term growth in value takes precedence

Cumulative assets under management and administered by the Bank grew by 4.7%, despite not particularly favourable market trends. However, in terms of investment funds and institutional mandates alone, total assets under management were down due to market effects which accounted for this segment suffering a fall of CHF 140 million. The total of these funds was therefore CHF 2.42 billion at the end of the year. All these funds and mandates were managed in accordance with the principles of long-term growth in value as defined by the BCGE investment philosophy.

Key facts of 2011

An optimised credit process

The Bank made significant investments over the last three years – around CHF 120 million – to acquire a totally new, high-quality IT platform. Part of this amount will be expensed over the next three years. In 2011, the Bank fine-tuned the new infrastructure, which has given a boost to the quality and the security of the services provided. It is also outsourced its securities administration business to its partner, Swisscom. In parallel, it continues to deploy the functionality available in its main IT platform: Finnova. With a view to cost savings and rationalisation, pensions are now managed in Finnova. Mortgages for private clients are – from 2012 – entirely dealt with and managed by the same platform, which facilitates data entry and processing. The Bank now provides its clients with payment cards with a reduced risk of magnetic strip wear or deterioration and has simplified its payment systems management processes.

INNOVATION

An intensive investment phase comes to an end

Since 2006, the Bank has carried out a complete renewal of its IT and telecommunications infrastructure, and of the applications used by the business.

There were several objectives behind this major transformation. They involved:

- capping IT operational costs within the Swiss IT market benchmarks while offering upgradable functionality in line with the highly-diversified needs of the BCGE Group,
- benefiting from an information system enabling production processes to be simplified and rationalised,
- ensuring the stability and security of the information system by means of a high-level service architecture with standardised solutions supplied by reputable and established partners,
- benefiting from an information system enabling BCGE Group to work on a collaborative operational basis with its banking partners.

Off-the-shelf, standardised software with a user community

The Bank uses software developed by Finnova, which is used by a community of over 90 banks, including 12 cantonal banks. Around the core application, 17 supplementary applications dedicated to specific operations have been integrated and configured to automate the Bank's processes and commercial and operational activities. All these applications were designed using modern technology, enabling BCGE to update its products and services in line with future changes in terms of innovative use of financial services and new regulatory and security requirements.

Highly-automated systems

Services to clients using various channels, competence centres for asset management and those for loan activity, the trading room and the international commodity trading business can all now use effective, highly-automated tools which ensure a high quality of service and consolidated internal controls combined with high levels of productivity.

All these tasks and processes, both commercial and operational, are now performed using highly-automated workflows, which enable process steps to be broken down between the various business functions in an organised, controlled manner.

An effective interface with service providers

Communication gateways and interfaces have also been implemented in order to integrate the Bank's IT platform with that of its banking service provider, Swisscom IT Services Sourcing, which manages payments and securities activities (see page 44). These standardised transactions are now processed on a shared basis with, among others, the cantonal banks of Basel-Stadt and Basel-Landschaft, and are processed on a daily basis by the Münchenstein site.

A totally encrypted network

All this technology infrastructure and these applications are hosted and managed by Swisscom Finance in the Zollikofen and Zentweg data centres (both of which are in the Canton of Bern); these sites are highly protected, with security and redundant systems in accordance with the latest standards.

The Bank's various different offices are connected to these sites and to each other by means of a redundant, encrypted, secure network using high bandwidth fibre-optic technology provided by Swisscom.

User access to archives from their computers

All documents produced for clients are generated, printed and sent out by Swiss Post Solution, a subsidiary of the Swiss Post Office, from their publishing centre in Herkingen (Solothurn).

Lastly, the Bank has implemented a secure document management infrastructure developed by Elca in the canton of Vaud, enabling it to place all documents produced and archived online for access by all employees.

Re-design of loan-related activities

In 2011, the Bank continued to modernise its loan administration and operations by preparing to implement new modules within the Finnova platform. These modules are now a reference in several Swiss cantonal and regional banks. This global solution includes all the technical components needed to conduct lending business while ensuring: electronic capture of loan details using a single form by employees in contact with clients; property valuations using a hedonic method developed by property analysis specialist CIFI/AZI; calculation of interest margins by means of the Creditmaster RSN expert information tool in accordance with the Bank's risk and pricing policies; automatic identification of decision-making guidelines and authority, and automated production of contract documents.

Updated standards guidelines

At the same time, guidelines used for loan activities have been updated in terms of rules and authority levels, organisational model, processes and contract documents. Implementation of this modernisation successfully took place in December 2011 for the first segment of the loans business. It will be rolled out progressively during the 2012 financial year by lending area. The first covers production of mortgage loans for private clients. It is planned to have business lending operational in the course of Q3 2012.

Outsourcing of securities administration

Further to the preparatory work carried out in 2010, the Bank has transferred its securities administration operations to Swisscom IT Services Sourcing. This transfer of operations was conducted in stages until the month of July in accordance with the same model as used for outsourcing payments operations in 2008. It has enabled the Bank's productivity to be improved thanks to sharing resources and costs. This transfer was carried out in line with the outsourcing strategy in order to allow BCGE to focus on activities that add value for clients.

The 3rd pillar comes onto the main platform

As part of its strategy for simplifying its IT platform, the Bank has integrated the management of 3rd pillar and vested benefit assets in Finnova. This transfer makes better use of the Bank's main IT platform by removing the third-party application and interfaces used previously.

Updated process for managing means of payment

The Bank carried out a major update to production systems for payment cards provided to clients. This exercise enabled it, among other matters, to implement new types of cards with greater security and durability in current normal use. The Bank also implemented various solutions proposed by the SIX Card supplier, aimed at limiting fraudulent use of payment cards issued in Switzerland.

New Maestro card functionality, such as optionally sending the card by registered post or monitoring card usage depending on funds available, are now offered by the Bank.

Improved wealth management documents

The Bank has carried out a re-design of portfolio statements, notably in connection with investment mandates, in order to adapt them to current client needs. These statements provide additional analytical information and are easier to read.

Migration of IT infrastructure to a new operator

The transfer of hosting and management of the BCGE's IT system was completed in early 2011, enabling interface systems to be implemented at Swisscom IT Services Finance. The entire production platform is now managed by the latter and the transfer of data from electronic archives will be the final chapter of this project which will end in 2012.

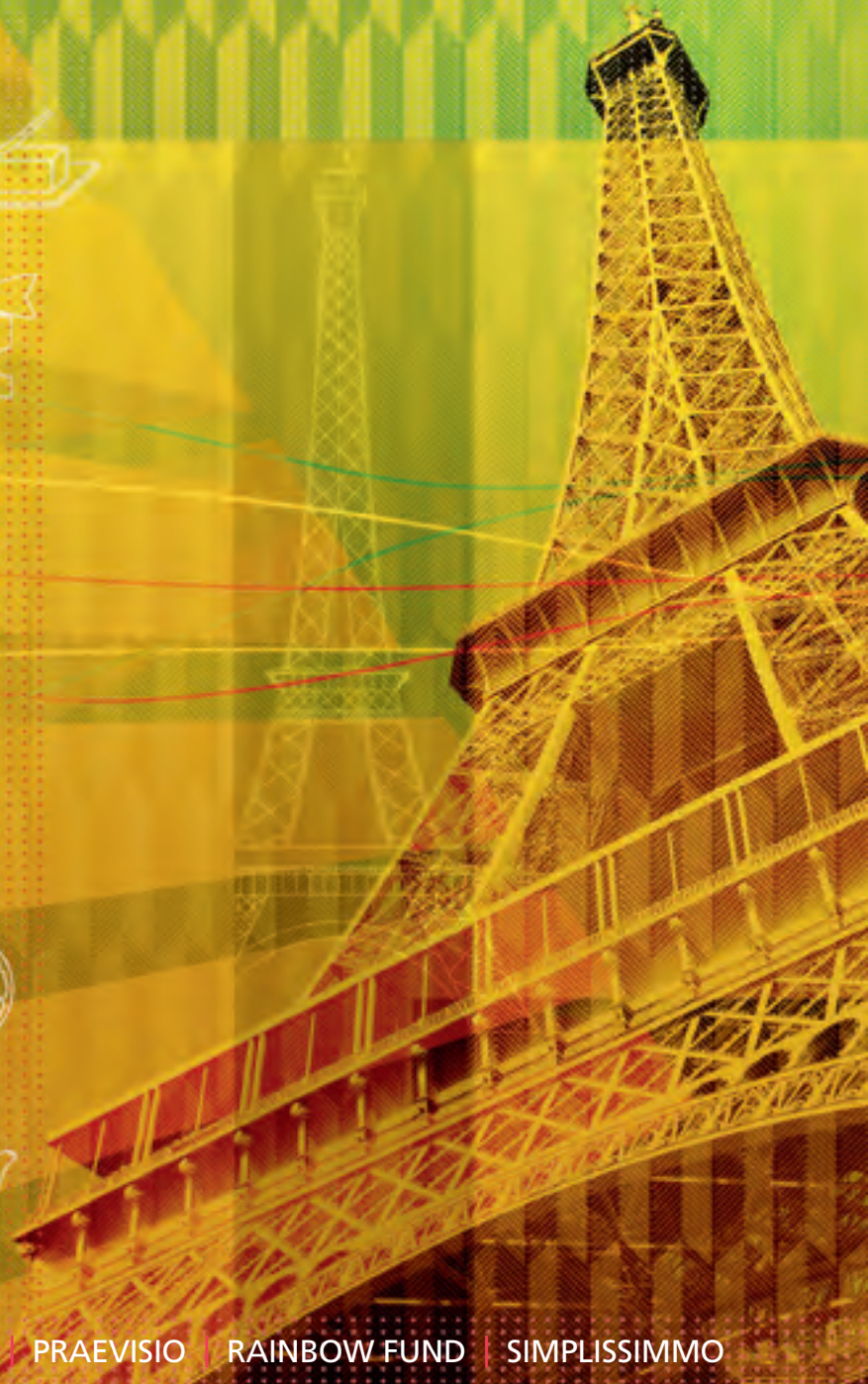
Modern, upgradable architecture

In addition, several modernisation and IT network upgrade projects were carried out, in particular: replacement of all the IT networking equipment in the main buildings and branches by a modern, upgradable architecture; updates to security equipment; the replacement of cash dispenser connectivity, including a solution enabling wireless communications; replacement of Internet access infrastructure; extension and upgrade of systems enabling the encryption of data communications.

Outsourcing of telephony infrastructure

Telephony infrastructure has also been outsourced in a way which will enable the Bank to make future changes in a flexible manner and at a predefined cost. The installed base of multifunctional printers (used as printers, faxes and scanners) has been renewed with key new features: secure printing and a reduction in the number of documents printed.

 **BCGE** | **ACHIEVING RETURNS**



AVANTAGE SERVICE | BEST OF | CHECK UP | PRAEVISIO | RAINBOW FUND | SIMPLISSIMMO

ASSET MANAGEMENT
CORPORATE FINANCE
PRIVATE FINANCE
MERGERS & ACQUISITIONS
GLOBAL COMMODITY FINANCE
CAPITAL / FOREX / CASH MARKETS
PRIVATE BANKING
DAY-TO-DAY BANKING SERVICES

Geneva
Zurich
Lausanne
Paris
Lyon
Annecy
Dubai
Hong Kong



ACTIVE MANAGEMENT,
SOLID AND SECURE

6
1
8
1



Risk control

Managing the challenge of rock-bottom rates amid an avalanche of regulations

48

The risk management system continues to be strengthened in order to counter any potential or unforeseen risks and be able to absorb any major client insolvencies. The traps proved to be serious in the turbulent environment of 2011. Risk management is omnipresent at different levels: in front-office units, which have prime responsibility for risks connected with the business they handle, in the support functions and, finally, in the specialised second-level control departments, the cornerstone of which is the Risk Control and Compliance department. Amid the turbulence of financial markets, national debts, extremely low levels of interest-rates, the sharp increase in value of the franc, an avalanche of new regulations and announcements of regulations relating to capital adequacy, waves of ratings downgrades of banks, BCGE saw the second increase of its Standard & Poor's rating in recent years in December, raising it henceforth to A+.

Preventive and portfolio controls

Preventive controls aimed at combating all types of misuse are applied to each transaction, using an appropriate set of procedures and skills according to the type of operations and the sums involved. A posteriori controls and second-level centralised controls are performed on portfolio transactions, using appropriate tools and know-how, in order to detect abnormal transactions or inappropriate behaviours. Within the Risk Control and Compliance department, the Internal Control section leads an in-depth analysis of processes and their control points for all trading room activities. Operational Risk Control reports have been extended to all the Bank's activities.

Where managed portfolio control is concerned, liquidity as well as accuracy of the prices of shares held in customer portfolios are scrutinised in order to be able to combat fraudulent share valuations or attempted fraud.

Control method

The method used in quantified risk control enables an almost direct link with transactions and the bank's end-of-day closing positions; it replicates all the positions with or without exposure in an ad hoc database, the financial data warehouse (FDW). These positions are analysed and measured against standard limits for amounts and concentration of risks, ratings, etc. Daily closing controls are adapted to credit risks, i.e. to risks of counterparty default. Furthermore, market risks are constantly monitored by the Derivatives and Control section as well as during end-of-day closing by the Risk Control and Compliance department. Statistical data, available in the Bank's IT systems (central Finnova system, Credoc Windows system specific to the Global Commodity Finance business unit, etc.) is merged with the centralised IT system for risk analysis and control as far as possible.

Consistency

Controlled consistency is achieved by transferring all the Bank's positions into the financial data warehouse, and by using consistent methods to ensure compliance with limits, levels of competence, regulatory requirements and calculated risks. Quantifiable data are processed in optimum fashion thanks to the IT system for risks which collects all the data. Deployment of a set of key risk indicators (KRI), which finished in 2011, has enabled this control to be extended to processes or qualitative data.

Basic principle

The basic principle is to authorise and promote all profitable business complying with regulatory requirements and involving an acceptable level of risk.

The acceptability of a risk depends on strict compliance with legal and regulatory standards, then on the foreseeable financial risk, which in turn depends on the sums involved and the probability of making a loss. If the type of operation forms part of those set out in the strategic business plan, risk frameworks are established in order to determine the maximum acceptable exposure by type of activity. These risk frameworks are updated every year and planned on a three-year basis. Planning capital coverage for business on a three-year basis becomes a regulatory obligation in 2012; BCGE implemented this several years ago. Risks are evaluated and calculated as part of the risk framework if they are quantifiable for each individual transaction. The yield from a transaction, in terms of income from interest and from commissions, is weighed against the costs of the transaction and the risks incurred, measured by the sums potentially at risk and the likelihood of their occurring.

Risk inventory

Risk classification is standard: reputational risk (including social and environmental responsibility), legal risk, statutory and regulatory risks, compliance risks, credit risk, market risk, operational risk, fraud risk. Some of these risks are more directly quantifiable than others.

Organisation

In the turbulent conditions of 2011, risk management procedures set up a decade ago again proved their worth. Operational controls are carried out as each individual transaction is processed in order to guarantee prevention and enable an immediate response.

The Credit Committee and Credit Risk Commission approve or reject loans submitted to them in accordance with authority levels granted to them by the bank's organisational and management rules. These powers result from a delegation of authority issued by the Executive Board. The Credit Committee, consisting of eight members including the CEO, who does not vote but has a right of veto, meets at least once a week. The Board of Directors approves the most significant credits based on applying the organisational rules.

The Risk Control and Compliance department is divided into several areas, the first three of which are: risk control, subdivided into market and credit risks, and the internal control section, which monitors second-level operational risks. The fourth area is compliance, which is responsible for compliance with regulatory standards by the Bank, its subsidiaries, its governing bodies and its staff, mainly in terms of accepting and checking customers and its transactions. In addition, formal checks on compliance with internal credit standards are performed. It also manages taking out insurance policies, which can be on a mandatory or discretionary basis.

Credit Control Risk and Market Risk Committee

Credit risks are checked daily with regard to various aspects of controlling positions and adherence to limits. The Risk Committee meets monthly. Risk status is presented and analysed, in the form of reports and analyses of credit positions. The monthly credit risk report is discussed and commented upon. A risk committee also meets monthly for the BCGE (France) subsidiary and another one meets with regard to risks connected with the international trade finance business. A balance sheet and exchange rate management committee, the ALM (Asset and Liability management) meets each month specifically to study exposure to interest rate risk, measuring income sensitivity and sensitivity of the net present value of shareholders' equity and to communicate internal transfer rate margins.

Presentations are regularly given to the Executive Board, either on specific subjects or on the overall risk situation. Quarterly reports are produced for the Board of Directors on the risk summary, concentrated risks, capital adequacy and current issues. Presentations on specialist topics are also made to the Control Committee as desired and to the Board of Directors' Risk and Strategy Committee.

Salient facts concerning financial risks in 2011

2011 was an even more turbulent year than 2010 in terms of financial and economic risks. The long-term repercussions of the shocks of late 2008 were felt more strongly. In public opinion and in the eyes of investors, they were replaced by the debt crisis of countries in the euro zone. This very real crisis was accompanied by wave after wave of ratings downgrades both for international banks and for the countries in question, and by exchange-rate fluctuations. The status of European economies both within and outside the euro zone and that of the US continue to give cause for concern. The economies of certain emerging countries, which had taken over in terms of growth, are also running out of steam, while interbank transactions were notable for a sharp downturn and investor wariness. Interest rates already at historic lows dropped even further, leading to new record lows. The CHF rate curve flattened out once again, barely resulting in a differential of 1.10% between three-month and ten-year rates.

Towards Basle 3, via Basle 2.5

Two years after the so-called Basle II provisions came into effect, the Bank for International Settlements continued to issue a wave of announcements to ensure greater systemic solidity of the banking system.

A new directive concerning shareholders' equity arrived in April 2011 after the four Finma circulars revised in November 2010. The decision for the new Finma 2011/2 circular on shareholders' capital and capital planning (so-called Basle 2.5) designed to increase capital coverage from 120% to a figure of between 140% and 150% and taking effect almost immediately, on 1 July 2011, was a major event. The new Finma Basle 3 provisions were still in the consultation phase in December 2011 and should lead to additional restrictive circulars during the first quarter of 2012. The main changes under discussion relate to the abandonment of the "Swiss finish" and a return to Basle 3 provisions which comply more closely with international implementations of the Basle Committee provisions: introduction of a safety buffer of equity and a radically different new solvency calculation. These changes may be significant compared with the current Basle 2 procedure in Switzerland even if, in the past, the migration from Basle 2 to Basle 3 was, in the strict sense, seen as being devoid of any significant effect during the impact analysis conducted in the summer of 2011. Finma's communication regarding implementation of the international stipulations in terms of solvency was issued in November and provides for the instigation of a liquidity coverage ratio (LCR) and net stable funding ratio (NSFR).

For three quarters in 2011, the Swiss National Bank (SNB) set up new reports on exceptions to policy (ETP) for mortgage lending. An exception to policy is deemed as such when one or more of the parameters such as the loan-to-value ratio, affordability ratio or amortisation rate exceed normal levels. The hearings procedure is underway. The new rules could increase the capital requirements for these mortgage loans and make them more expensive. In this same area, increased requirements through self-regulation are to be noted; this relates to the Swissbanking concept document published in October 2011: directives concerning the analysis, assessment and processing of loans guaranteed by mortgages on property. The draft directive concerning capital requirements, published in October, is currently in the consultation phase. The number of these regulatory changes and the significant increase in capital adequacy requirements which will result have led to a series of political questions, notably in terms of the risk of a loan quota for SMEs, for instance.

Another aspect of the regulations which is under development concerns compliance and, specifically, cross-border activities; this topic is addressed below.

Credit risks and allocations to provisions

Despite these very difficult conditions, BCGE, as in 2010, did not experience a sudden overall deterioration in the quality of its debtors. Nor was any significant overall deterioration in its loan portfolio observed. Regular checks on debtors, on adherence to limits and the monthly credit risk report, which shows the distribution of loans by type, debtor, rating and amount, provide a clear view of the situation. In this context, the net allocation to provisions in 2011 was CHF 15 million.

The breakdown of loans by rating showed no deterioration. The two highest ratings group together over half of the loan amount and, if the standard rating is included, encompass over 90% of the loan amount. A slight increase in nominal rates for clients was in line with ratings classifications: rates applied to loans with a lower rating were higher. As part of the major project completed in 2011, which concluded in 2012, regarding the process of granting loans, loan ratings and pricing were reviewed with an improved assessment of risks and costs.

Breakdown of loans

The breakdown of loans by tranche was satisfactory and stable; the loan chart shows that, as in previous years, for loans of less than CHF 1,000,000, wide distribution with a trend, i.e. the most frequently-occurring number, of around CHF 500,000; the distribution of loans of between CHF 1,000,000 and CHF 10,000,000 shows a steady decline, whereas the loan chart for loan amounts exceeding CHF 10,000,000 increased by a few points.

Where residential mortgages were concerned, fixed-rate loans represented around 80% of the total with Libor base rates now representing more than 10% of the total. The proportions were slightly different for commercial mortgages, where loans based on Libor accounted for 20% of the total.

Long-term investment portfolio

The inflow of liquidity remained constant, with the portfolio of long-term investments reaching CHF 1.2 billion in December. While this portfolio provides a cushion against liquidity risks, the aim is nonetheless to counterbalance the very low profitability of Confederation short-term paper and thus optimise positions, so that they create great resilience to risk, while making a positive contribution by virtue of the portfolio's yield. The Bank is successfully diversifying its exposure as a result of this portfolio. The process of renewing the portfolio has accelerated with a significant reduction in exposure to the banking sector and increased exposure to Swiss sovereign bonds. Around three quarters of long-term investments were on a AAA rating, with other securities being in the AA+ to A- range.

Risk diversification can be broken down as follows: Swiss securities represent three quarters of the total amount, with sovereign bonds representing over 40% of the total, banking stocks and mortgage bonds approximately a quarter, and public sector securities nearly 10%.

Market risks

With a limiting, restrictive strategy being applied to the nostro portfolio, market risks are limited and do not create significant exposure. The main position in the portfolio currently comprises approximately 100,000 BCGE shares, for which the Bank is the market-maker (with support for the share's liquidity). Checks on the progress of the share and the quantities held are made daily. BCGE shares started the year at CHF 215, then stabilised at over CHF 220 during the first half of the year; the shares then hovered around the CHF 200 threshold, in line with finance sector equities, ending the year at CHF 196.

The BCGE Best of portfolios continued to meet the challenges of market risk with slight losses. Checks carried out on these portfolios showed that their compliance with strategic allocations was exemplary and that the solidity of these portfolios in bear markets and bull markets alike is remarkable. Control reports are compiled quarterly, structured by type of allocation and currency.

BCGE managed foreign exchange risk highly successfully, while the SNB had to set and apply a long-term floor rate of EUR 1.20. The USD plummeted, falling to around CHF 0.86 before recovering to CHF 0.90 – 0.95; BCGE continues to take steps to hedge its income against exchange risks

Liquidity, repos and reverse-repos

For the last three years, limits on lending to other banks have been tightened in response to the increase in risk. Investments in money markets have largely been replaced by investments of the repos and reverse-repos type.

With great prudence, and with repos operations being continued, money market business was resumed with a number of partner banks, in compliance with strict limits. In fact, the Bank greatly reduced the banking limits granted, in order to monitor as closely as possible by means of a task force created for this purpose, the flood of announcements regarding the banks' situations.

BCGE adopted an extremely prudent measure by massively increasing liquidity. This prudent approach enabled it (in 2009, 2010 and 2011) to be considered as a partner with ample liquidity. Peak increases in business activity levels occasionally cut into this surplus liquidity.

The bank's pension fund

In 2011, assets performed less well than hoped. The employee pension fund reserve ratio nonetheless complies with legal requirements.

Rate, balance sheet and refinancing risks

The sensitivity of the balance sheet to the value effect (economic value of equity) was maintained at less than 7% of its total. The difference in rates between seven-year swap rates, ten-year swap rates and six-month Libor resulted in a significant cost for swaps paying out a fixed rate and used to reduce sensitivity. The net present value of equity capital, which takes projected interest margins into account, significantly exceeded the CHF 1.5 billion mark. It is noteworthy that BCGE completed its direct purchases of swaps through sales of swaptions – options on swaps – thereby enabling it to optimise local minima on the rate curve. Income sensitivity was generally less than half the internal limit defined.

The Swiss franc represents more than 80% of the Bank's balance sheet, the remainder being in USD and EUR. Mortgage contracts, whether they are new or renewals, are mainly based on medium-term fixed rates, for two to five years, and longer term, for seven to ten years. It will take some considerable time before the floating mortgage rate comes back below the fixed rates that currently apply. The indicative BCGE floating rate was reduced to 2.50%.

In 2011, it was necessary both to control sensitivity to rates and to avoid suffering excessively as a result, should rate rises occur earlier than expected. These new conditions encouraged participation in several profitable swaps. In this way, the rate risk was contained, while limiting the cost of swap purchases in terms of income sensitivity. The decidedly negative interest-rate trend led to steps to protect margins and the value of equity capital, with no rate increase on the horizon.

Refinancing the balance sheet was achieved smoothly: Central Mortgage Bond Institute of the Swiss Cantonal Banks issues that had reached maturity were partly rolled over, in line with the reduced need for liquidity and the size of clients' deposits.

Business activity meant that total assets almost reached the CHF 16 billion mark. The amounts in savings and current accounts have continued their growth trend at the same pace since the start of 2010 and the ratio of mortgage loan cover by deposits is in excess of 110%.

A major event in 2011 was the successful issue of a subordinated loan for CHF 200 million, representing tier 2 according to normal practice. This increase in shareholders' capital, coming on top of constant growth resulting from business activity, has enabled the Bank to continue growing the business and to comply immediately with the 140% capital adequacy standard set by the Finma circular of July 2011.

Country risks

Country risks are highly diversified at BCGE. With the exception of France, where the Bank does a relatively significant amount of business through its French subsidiary, country limits are restricted to international trade and client bank use. If country risks are measured using the ratings given by the international ratings agencies, these risks increased significantly in 2011 with a series of downgrades occurring throughout the year. The ratings downgrades of bond issues by European countries such as France, Austria, Portugal and Italy at the beginning of January 2012 increase the level of uncertainty and difficulties still further.

Country commercial limits are in place for the international trading business; they are checked on a weekly basis by the Risk Control and Compliance department. Country limits for both direct risk and indirect risk were regularly reviewed and set as at end December 2011.

Indirect risks, i.e. risks associated with the countries' economic risk relating to the transaction in question, are also taken into account. They are the subject of a weekly report by the Credit Risk department. Particular attention is paid to checking due date extensions for transactions limited in theory to 90 or 180 days. Indirect risks occur particularly in respect of former Soviet countries. These risks are mainly associated with trade in oil, gas and wheat.

Major risks

Major risks, in the regulatory sense of the term, refer to the State of Geneva on a recurrent basis. Certain banking limits sometimes exceed the 10% announced. Some commitments to international trade clients occasionally occur at the use limit risk-weighted by 10%.

Credit risk expertise

The classification of credit risks according to the different ratings was virtually unchanged from one year to the next. The 2009 Basle 2 provisions were still in use in 2011 and risk reporting methods using the Standard CH approach were used for statutory reporting. A systematic monthly check is carried out to ensure compliance with standards for the granting of loans and this check was extended in line with SNB requirements referred to above.

Compliance

The compliance section undertook the task of monitoring client transactions under stable conditions. As was the case for financial risks, the legal and regulatory environment was also somewhat revised.

The audit requested by the US authorities regarding US qualified investors (QI) in 2010 ended positively in early 2011. The Bank, which continued to welcome American clients within a framework of very strict conditions, made progress in its effort to comply with future US legislation, the foreign account tax compliance act (FATCA), by joining the dedicated website, www.us-person.ch, like the great majority of cantonal banks. It is preparing to implement this legislation from an IT standpoint by 2013.

A major part of compliance activity has naturally been devoted to the cross-border issue, and the control measures demanded by Finma since the autumn were already in place. A specific section of the Bank's intranet groups numerous country files for use by client managers. In addition to the usual regular training courses in Geneva, specific courses were held for the Dubai and Hong Kong representative offices.

Tools and procedures have been improved in order to aid in the detection of potential money-laundering and terrorist financing transactions and enable the implementation of periodic or specific compliance checks. The compliance section continued its endeavours to evaluate the risks by type of client and to support the front office by increasingly targeted detection of suspicious transactions. Full operational use of these tools in 2012 should enable compliance checking to be adjusted according to the estimated risk.

Legal and reputational risks

The trial of the former managers of the Bank in the 1990s, and the conviction of two of them, were described in the media over the summer without leading to any legal or reputational risks to the bank today.

Internal control

The Internal Control department has completed its deployment; internal control policies have been introduced and control reports – key risk indicators (KRI) – have been extended to all of the Bank's activities. Operational losses, which had increased sharply after the IT migration in 2008, have now been greatly reduced (to a quarter of the amount reached previously).

Publication requirements concerning shareholders' equity

This information is available on the Bank's website (www.bcge.ch/exigences-publications). The equity capital required to cover credit risks, market risks and operational risks is calculated at frequent intervals and published monthly. At the end of 2011, parent company equity coverage was between 147% and 50% for the Group.

AVANTAGE SERVICE | BEST OF | CHECK UP | PRAEVISIO | RAINBOW FUND | SIMPLISSIMMO

6
1
8
1



ASSET MANAGEMENT
CORPORATE FINANCE
PRIVATE FINANCE
MERGERS & ACQUISITIONS
GLOBAL COMMODITY FINANCE
CAPITAL / FOREX / CASH MARKETS
PRIVATE BANKING
DAY-TO-DAY BANKING SERVICES

Geneva
Zurich
Lausanne
Paris
Lyon
Anney
Dubai
Hong Kong

EXPERTISE
MADE IN GENEVA



Talents and skills

Training: the key to a competitive edge

The competitiveness and the reputation of Swiss banking are based primarily on its know-how: a historical given. If there is one area which must not be sacrificed on the altar of cost cutting, that area is training. BCGE has always devoted significant investment to this domain at all levels: young professional or student trainees, professional qualifications, management development, compliance, etc.

Staff numbers down and business volumes up

At the end of 2011, 783 staff worked for the BCGE Group, i.e. 721.7 full-time equivalents. (FTEs). Compared with 2010, this represents a decrease of 27 FTEs. This fall in staff numbers (-3.3%) stems in particular from improvements in productivity linked to processes and operational methods.

Increased employee share ownership

As at 31 December 2011, 77% of Group employees (601) held BCGE bearer shares, having either acquired them through bonus plans or purchased them on the open market. At the end of 2011, they owned a total of 52,393 shares and, if retired staff and other beneficiaries of preferential terms are included, this figure rises to 62,743 shares (CHF 12.3 million as of 31.12.2011, i.e. 1.7% of the Bank's market capitalisation).

Training approach focused on the Bank's objectives

In the continued pursuit of its demanding strategy in terms of employee skills development, BCGE maintained a fast pace in 2011 where training was concerned as 71% of employees attended training courses during the financial year. Of the 527 staff who attended at least one day of training in the past year, 50 followed an internal course offering banking skills certification. To meet the future challenges of our industry, it is essential to maintain skills relating to the banking profession on a systematic basis and to measure performance.

Encouraging multiple skills

A firm believer in intensive courses followed by tough testing of both areas relating to product knowledge and to business ethics in client relations, the Bank now has 174 staff certified in private property finance, in financial advice to small and medium enterprises, personal and corporate pensions, and in asset management. In an increasingly competitive environment, having advisers with multiple skills is a major issue. In view of the Bank's desire to see each of its clients advised by a real banker, as the main point of entry to the bank, it is noteworthy that the range of skills offered by them has broadened considerably, 54 advisers now having three or four qualifications in the major areas of banking advice. In addition, advisers have access to support from the specialised competence centres. A qualifying training update, to which all holders of internal qualifications are invited, is organised each year.

The back office now has a training course of its own

As the banking world is not restricted to front office activities, certification covering all the Bank's back office and support activities was finalised in the course of the year. Over the next three years, nearly 100 staff are going to attend this training course, which culminates in an exam. In addition, no fewer than 267 employees attended courses in the field of compliance, with the Bank responding in this way to the ongoing challenge of rapid changes in the regulatory framework.

Close collaboration with specialist training institutions

Owing to the very wide spectrum of activities carried out by a full-service bank, BCGE cannot train all its staff internally and must therefore have recourse to a network of reputable institutions in order to develop the business skills of its employees. The Ecole Supérieure spécialisée en Banque et Finance, Swiss universities, the Institut Supérieur de Formation Bancaire and the Swiss Training Centre for Investment Professionals are among the training centres to which the Bank turns in order to maintain a high level of technical and managerial skills.

Seven prestigious diplomas

Among employee successes which BCGE had the pleasure of celebrating last year were four new Banking Economics (ES) diplomas, two new financial analyst and asset management diplomas, and its first federal certificate in electrical safety advice, which illustrate the Bank's concern for high quality in every field.

Polished management and well-planned management succession

On the personal skills front, the main focus was on the Bank's management skills. In partnership with the Swiss Army, BCGE has developed a third stage in the methodology course followed by its managers, which now totals eight intensive days. The heads of the divisions, business units and departments faced each other in a lively atmosphere bearing the hallmark of fair play during the traditional BCGE management championship which took place in the Nidwalden and Obwalden semi-cantons this year.

Internal succession planning underway

18 senior managers formed the 2011 intake of the BCGE MicroMBA and, next year, will work on an entrepreneurial project to be implemented by the Bank, after having followed a month-long high-level training course given by lecturers from European universities and business schools. With regard to its top-level management, BCGE set itself the goal of filling vacancies using internal managers; stepping up the succession plan was therefore one of the focal points of the financial year.

Within each division, senior managers came together to focus on the topic of conflict and conflict resolution during specialised seminars based predominantly on participants' experiences and those of a qualified trainer.

A business which trains professionals

As a key player in professional training, BCGE, whose staff includes 4% of young trainees (student trainees, ongoing training for high-school matriculation holders and apprentices), saw four apprentices pass their exams and join the Bank as new recruits. This continuing supply of staff for Geneva's financial marketplace is based on an internal network of experienced trainers.

Pensions

BCGE offers its employees an attractive plan to protect themselves against the economic consequences of old age, disability and death. Its Professional Pension fund is a semi-autonomous pension institution providing all disability and death benefits through a private insurance company. The old-age pension provision comprises two distinct levels, as follows: a basic defined benefits plan on a fixed proportion of salary up to 125% of the upper limit defined in article 8, para. 1 of the pension funds law and a basic complementary defined contributions plan on a fixed and variable proportion of salary (bonus) exceeding the insurable limit in the basic plan. Employee contributions to the complementary plan are voluntary.

The disability and death plan is based on defined benefits. The employer contributes up to double the sum of the contributions made to the pension institution.

BCGE, a company that respects its staff

Employees benefit from preferential conditions on a number of BCGE banking services. For example, on current and other accounts and mortgages, staff benefit from preferential rates close to market rates.

In light of the changes in the banking field (technical aspects, regulations, streamlining of processes), BCGE trains its employees and encourages internal mobility. This not only enables career advancement, but also prepares them for the changes and reorganisations which have frequently made a dramatic impact on banks and financial institutions in recent years. This policy of preparing for change has enabled the Bank to avoid any redundancies when the payment transfers business and securities administration were outsourced, or when productivity gains in administrative processes were made. In fact, with the exception of a few staff leaving for retirement reasons, all the employees affected by job cuts were able to find another position with the Bank and were given support in terms of personalised training.

Corporate support for employees temporarily in difficulty

For several years, BCGE has provided its employees with two support organisations. First of all, Inter-company Social Welfare, a non-profit organisation of which various companies in Geneva are members, and which gives employees access to welfare assistants who provide support in various areas such as health, financial management, family matters, work or accommodation. In addition, a mediation service enables employees to discuss work relationship issues with an external professional adviser and, more often than not, with no direct management involvement. These two entities can be contacted in complete confidentiality, at no cost, by any BCGE employee.

Personal protection measures

BCGE is a no smoking establishment. Additionally, the Bank has developed an emergency plan in the event of a pandemic. The main objective of this procedure is to protect people and to ensure business continuity for core activities, both in terms of minimum levels of customer service and in limiting risks to the Bank. The Bank provides its employees, their families and its pensioners with sports facilities at its training centre, including a swimming pool, two tennis courts, a children's play area and a subsidised restaurant with healthy menus. A project to refurbish this centre is due to start in 2012.

Internal communication

The Bank encourages communication and the dissemination of information internally by means of various meetings and committees which bring together staff working in different banking functions. In parallel, the Bank makes use of large-scale means of communication. On the electronic front, in addition to e-mail, the corporate intranet enables news and information about the Group to be directly and instantaneously disseminated. Not just an essential means of communication, it also enables access to internal applications and information on current issues, the regulatory framework, press articles, results and financial markets, etc.

Interesting presentations open to everyone

Where verbal communication is concerned, employees are invited by the Executive Board to a bi-annual information meeting when the half-year and annual results are published.

On a regular basis, business lunches are given during which a representative of the Bank presents a business activity, a field of expertise or a project to his or her colleagues. In order to give its employees access to local culture, BCGE organises guided tours to exhibitions at Geneva's museums.

To complement this, senior managers attend an annual seminar and presentation designed to provide information about strategic objectives and business and market changes. The CEO chairs several internal presentations on management development.

The Bank also produces a magazine for staff and their families. Published three times a year, it covers business issues, projects and current financial topics.

Incentives for excellence and innovation

BCGE has an incentive plan to promote excellence involving the awarding of four prizes, usually twice a year. The Intrapreneur prize is awarded for imagination and creativity to employees who helped conceive new ideas to generate improvements. The Service center prize rewards achievement in improving productivity and cost reductions. The Customer service prize is awarded in recognition of excellence in client service, in the form of an exceptional act or exemplary attitude. The Hubble prize rewards employees for succeeding in persuading as many clients as possible to use modern and cost-effective methods to increase their self-reliance in managing their assets.

The Human Resources department and the Executive Board involve all staff in the process of recruiting new talent. A bonus is awarded to employees, except Executive Board and human resources staff, who contribute to the recruitment of a new staff member.

Prizes awarded to employees

Prize	Aim
<i>Avantage Service</i>	Support for extending BCGE Avantage Service
<i>Check-up</i>	Highlighting the quality of advice given in BCGE Check-up meetings
<i>Hubble</i>	Promoting modern ways of managing assets
<i>Intrapreneur</i>	Encouraging imagination and creativity
<i>Service center</i>	Encouraging relationships aimed at improving productivity and reducing costs
<i>Customer service</i>	Supporting customer service excellence

 **BCGE** | **DIVERSIFY**

87,90	86,35	▲	87,75	86,35
39,39	38,86	▼	39,28	38,86
91,75	91,19	▼	91,45	91,19
87,90	86,35	▲	87,73	86,35
39,39	38,86	▼	39,28	38,86
83,70	82,80	▲	83,62	82,80
87,90	86,35	▲	91,45	86,35
39,39	38,86	▲	87,73	38,86
91,75	91,19	▲	39,28	91,19
87,90	86,35	▲	83,62	86,35
39,39	38,86	▲	91,45	38,86
83,70	82,80	▲	87,73	82,80
83,70	82,80	▼	39,28	82,80
87,90	86,35	▼	83,62	86,35
39,39	38,86	▼	39,28	38,86
91,75	91,19	▲	91,45	91,19
87,90	86,35	▲	87,73	86,35
39,39	38,86	▲	39,28	38,86
83,70	82,80	▼	83,62	82,80
		▲	91,45	
			87,73	



AVANTAGE SERVICE | BEST OF | CHECK UP | PRAEVISIO | RAINBOW FUND | SIMPLISSIMMO

ASSET MANAGEMENT
CORPORATE FINANCE
PRIVATE FINANCE
MERGERS & ACQUISITIONS
GLOBAL COMMODITY FINANCE
CAPITAL / FOREX / CASH MARKETS
PRIVATE BANKING
DAY-TO-DAY BANKING SERVICES

Geneva
Zurich
Lausanne
Paris
Lyon
Annecy
Dubai
Hong Kong

1816



SWISS
FINISH

Sustainable development

Day-to-day management which respects the principles of sustainable development

64

The environmental stakes have changed the behaviour not only of consumers but also of companies and states. In their quest for growth, companies are taking on board the so-called soft governance aspects, particularly in terms of respecting natural and energy resources. BCGE acts in accordance with the principles of sustainable development which are intrinsically linked with its business on a daily basis. However, it does not use this as an artificial, promotional propaganda tool.

BCGE's approach to sustainability within its business is two-pronged: on the one hand, a business committed to corporate social responsibility as an entity and, on the other, based on a range of banking products and services in line with sustainable economic financing (socially responsible investment principles, or ISR) with respect to allocation of capital.

Adopted at the shareholders' meeting and subsequently by the Greater Council of Geneva in 2003, the BCGE Charter of Ethics sets out the principles of sustainability in line with shareholders' wishes. In particular, it restates BCGE's mission as defined by the law and specifies the values which guide it in managing its business, managing relationships with clients, its staff, its suppliers and, lastly, its shareholders.

Values and business ethics

The Banque Cantonale de Genève sees itself as a socially responsible company. Its goal is to maintain the economic development of Geneva and the surrounding area by offering all its residents, companies and institutions competitive financial and banking services which meet their needs.

In addition to complying with the legal and regulatory provisions associated with irreproachable business practice, BCGE conducts its affairs mindful of the ethical principles of integrity, loyalty, independence and transparency. All these principles underpin the Bank's and its employees' activities on a daily basis.

Banque Cantonale de Genève considers that its mission entails a number of duties towards several partners.

Externally, this refers to its clients, to which it offers financial services in an optimised, professional and independent manner. In its relations with suppliers, it favours business relationships with service providers with the same set of ethical values. Internally, its goal is to be an attractive employer with a responsible attitude to employees, particularly in terms of promoting their skills and encouraging their entrepreneurial spirit. With respect to public and private shareholders, it communicates in as full and as transparent a way as possible about its business. Indeed, BCGE regularly reports on measures taken and outcomes achieved in promoting its values and principles of business conduct. This information is published as part of semi-annual and annual reports, as well as regular reports on specific topics. In this way, it is accountable for its actions while complying with legal requirements, banking secrecy and the duties of publicly-quoted companies. In addition, it adopts the principle of taking the most neutral stance out of respect for the opinions of each of its clients, suppliers, employees and shareholders.

Reference publications

BCGE provides Geneva's population with information about the local economy by participating in research on various themes, particularly as regards indicators of the region's economic well-being. Each year, it publishes a report on Geneva's GDP as part of the economic outlook.

It also publishes other reports relating to specific sectors. For example, "*Grand Genève*": *centre urbain et pôle métropolitain*, («Greater Geneva», an urban and metropolitan centre), a brochure on the theme of the economic role and demographics of Geneva and surrounding region and, in conjunction with other cantonal banks in French-speaking Switzerland, a study entitled *La force économique de la Suisse romande* (The economic power of French-speaking Switzerland).

Sustainable development

The Charter of Ethics sets out the principles of sustainability in line with shareholders' wishes. BCGE acts to protect sustainable development in the social domain, the environment and the economy. In addition to its long-term goal of growth, BCGE applies the concept of responsible investment in three main areas of its business: corporate ecology, the active management of risks, and the Bank's products and services.

Corporate ecology

BCGE contributes widely to environmental protection. On a day-to-day basis, it minimises the direct environmental impact of its business by reducing its consumption of energy, paper, ink cartridges, office supplies, as well as by continually improving its waste management. The Bank's printers have been configured to print front and back.

Optimisation of IT-related energy consumption

BCGE supports the green IT concept because it takes into account both energy costs and constraints in terms of power consumption and air-conditioning required for IT equipment. Its purpose is to improve the energy efficiency of IT production platforms. When acquiring new equipment, BCGE makes decisions based on cost-saving and ecological factors. Continuous renewal of all IT infrastructure facilitates access to the latest technology (virtualisation, centralised storage, sharing computer capacity) in line with future ecological data centre standards.

Mindful of the need for simplification and optimisation, BCGE chose to host its IT infrastructure in an external data centre, thereby reducing electricity consumption and heat generation. Some of the old servers, hosted on the Bank's premises, were dismantled in 2011; dismantling continues in 2012. Outsourcing enables the use of server virtualisation technology, breaking down the various servers into small virtual units, or providing the option of merging small-scale components within a single larger logical system. Centralised server management also means that server performance can be adapted to the energy available, while maintaining agreed levels of service.

Management of recyclables and consumables

As a part of its recycling strategy, BCGE's facility management constantly pursues its mission by centralising and sorting business consumables on the Bank's premises. Employees contribute by disposing of personal waste (batteries, plastics, aluminium) at collection points. Each employee has two waste bins, one for paper, the other for non-recyclable waste.

When purchasing or acquiring capital equipment or ordering consumables, the Logistics department uses the BCGE Group's purchasing conditions, which respect the environment. It makes daily reference to the responsible business purchasing guide published by the Canton's Sustainable Development Service (SCDD).

Most internal mail deliveries are made by a service provider who is requested to use vehicles that belong to the least polluting category of the Euro N5 emission standard. Additionally, city-centre deliveries are performed on foot, and light mail is delivered by a supplier using bicycle couriers.

CONSUMABLES	2008	2009	2010	2011
Paper purchases (number of sheets) of which:	9,750,000	12,950,000	8,700,000	10,550,000
<i>FSC wood fibres</i>	100,000	150,000	200,000	200,000
<i>FSC 100% eucalyptus fibres</i>	4,650,000	6,500,000	5,425,000	6,225,000
<i>100% recycled</i>	5,000,000	6,300,000	3,075,000	4,125,000
Paper destroyed (tonnes)	114.8	78.1	90.2	78.3
PET recovered (kg)	1,030	891	1,156	975
Aluminium recovered (kg)	15	12	7	5
Batteries recovered (kg)	7	25	22	20
Toner cartridges (units)	1,125	1,200	1,157	664

Renovation of premises

The BCGE Works department is continuing to transform and renovate the premises in a responsible way, working with the cantonal authorities, architects and surveyors. During work, BCGE pays particular attention to the impact of materials used, both its own material purchases and those of its sub-contractors. Installation of dividing walls in the branches using FSC-certified wood is continuing, as is use of non-synthetic materials (instead of solvents) and an obligation for suppliers to sort their waste.

When issuing tenders, the Banque Cantonale de Genève favours companies that are environmentally aware and local companies in order to reduce travel and associated harmful emissions.

Improvement in costs/needs/environmental ratios

The environmental benefits are visible through improvements in infrastructure costs/needs/environmental ratios. BCGE optimised the workplace ratio by concentrating staff excluding branch staff on two main sites (Ile and Lancy). This project, which started in 2009, continued in 2011.

The options decided on during studies conducted as part of the canton's plan to change electricity provision (NOE), from the Energy Service (ScanE), bore fruit in 2011, with a reduction in electricity consumption. Consumption in Geneva decreased from 5,653,146 to 4,673,259 kWh over two years. BCGE has opted for environmentally-friendly electricity offered by its supplier, SIG. Energy referred to as SIG Vitale Bleu is used on all the Bank's sites in the canton of Geneva. In this way, the Bank only finances hydroelectrically-generated electricity

ELECTRICITY	2009 (kWh)	2010 (kWh)	2011 (kWh)	Chg. kWh (1 yr)	Chg. kWh (2 yr)
City centre	1,947,465	1,782,421	1,567,508	-214,913	-379,957
Lancy	2,129,262	1,813,983	1,681,750	-132,233	-447,512
Branches	1,478,561	1,460,413	1,316,895	-143,518	-161,666
Training centre	97,858	96,236	107,106	10,870	9,248
Total	5,653,146	5,153,053	4,673,259	-479,794	-979,887

GAS	2009 (kWh)	2010 (kWh)	2011 (kWh)	Chg. kWh (1 yr)	Chg. kWh (2 yr)
City centre	777,832	789,893	760,379	-29,514	-17,453
Branches	3,367	0	0	0	-3,367
Total¹	781,199	789,893	760,379	-29,514	-20,820

¹ The Lancy building and the training centre do not use gas

Source: SIG

Encouraging the use of public transport

BCGE encourages the use of public transport, in particular through a new mobility policy. It offers staff travel allowances by contributing to the cost of purchasing annual public transport season tickets. The Bank also proposes car-sharing schemes on its intranet site. Particularly favourable conditions are offered to staff at sites outside Geneva. The Bank also requires that its employees travel on business by train and other land-based public transport systems as much as possible.

Besides this, with the highest density of branches in the canton of Geneva (22 branches), the Bank promotes the notion of being close to clients, enabling them to minimise their car journeys or to use the public transport links connecting all the Group's branches.

Active risk management

The Bank includes the identification and qualification of environmental and social risks in its analytical and management processes (see the *Risk Control* chapter starting on page 48).

Products and banking services

In its investment product offering, BCGE has taken on board concepts aimed at sustainable financing of a durable, long-term economy. In its catalogue, it offers a range of banking services, BCGE Performance responsable, which seek to incorporate ethical and ecological criteria in the best way possible. In this way, it offers clients a selection of financial products and services which comply with both financial criteria and environmental and social principles:

BCGE Simplissimmo: this mortgage loan aimed at private individuals can also finance investments that follow Minergie-label guidelines. This is a *green* option which enables clients to optimise their comfort while respecting the environment and obtaining a preferential rate.

BCGE Leasing: BCGE offers preferential rates for clean new private vehicle financing which use less fuel and emit less pollution. This preferential rate is applicable to vehicles that figure on the list of low-pollution vehicles compiled by the canton.

BCGE Netbanking: the online solution for managing accounts and deposits helps contribute actively to protecting the environment thanks to the e-invoice and e-document options which enable paper to be saved and reduce the volume of mail carried.

BCGE 1816: online trading enables clients to manage their portfolios independently and to submit their own buy and sell orders online directly, without any papers being exchanged. This solution makes stock market transactions paperless.

BCGE Synchrony LPP 40 SRI: this fund invests exclusively in assets (shares, bonds and investment funds) which are generally acknowledged as being sustainable and also socially responsible. These similar terms refer to a management approach where the need for financial performance is associated with respect for the environment and a set of human and ethical values.

BCGE Synchrony Swiss Small and Mid Caps: this fund invests in the long term in around 25 second-tier Swiss securities (companies not listed on the SMI) selected on the basis of sustainable criteria. To be chosen, these companies must demonstrate above-average financial, social and environmental qualities.

Swisscanto: this joint venture by the Swiss cantonal banks offers investment and pension services such as Swisscanto Green Invest, a fund that invests in sustainable development.

BCGE Avantage service: this loyalty programme is paperless and does not give away cumbersome gadgets. It is shown in client accounts as an attractive interest bonus.

Committed to the future

The Banque Cantonale de Genève intends to continue supporting the execution of its sustainable development responsibilities vis-à-vis the community and the environment. Its chief priorities are as follows:

- to support its clients (both private and corporate) in adopting paperless payment methods using BCGE Netbanking,
- to optimise use of available energy (low-energy light sources and IT, in particular),
- to continue to offer a range of banking services which seek to incorporate ethical and ecological criteria in the best way possible.

Business partner ethics

In its corporate finance operations, BCGE pays attention to the nature of its external service providers' business. Before entering a business relationship and throughout its duration, strict compliance checking is carried out. This aims to eliminate companies which do not comply with the Bank's quality requirements.

Shareholder information and corporate governance

Shareholder information and corporate governance

1.	GROUP STRUCTURE AND SHAREHOLDING	74
1.1	Group structure	74
1.1.1	Operating structure	74
1.1.3	Scope of consolidation	74
1.2	Major shareholders	75
1.3	Cross holdings	75
2.	CAPITAL STRUCTURE	75
2.1	Capital	75
2.2	Authorised or conditional capital increases	75
2.3	Changes in the share capital	75
2.4	Shares and participation certificates	75
2.5	Profit sharing certificates	75
2.6	Transfer restrictions and registration of nominees	75
2.7	Convertible bonds and options	75
3	BOARD OF DIRECTORS	76
3.1	Composition	76
3.2	Election and duration of appointments	78
3.3	Powers	78
3.4	Internal organisation	79
3.4.1	Allocation of tasks	79
3.4.2	Working methods	79
3.4.3	Committees of the Board of Directors	79
3.5	Information and control mechanisms	80
4	EXECUTIVE BOARD	80
4.1	Composition	80
4.2	Powers	82
4.3	Contracts of service	82
5.	REMUNERATION, PARTICIPATION AND LOANS	83
5.1	Setting remuneration and participation programmes	83
6.	SHAREHOLDERS' PARTICIPATION RIGHTS	84
6.1	Limitation and representation of voting rights	84
6.2	Quorum	84
6.3	Convening of Shareholders' Meetings	84
6.4	Agenda items	84
7.	TAKING CONTROL AND DEFENSIVE MEASURES	85
8.	INDEPENDENT AUDITOR	85
8.1	Duration of the audit mandate and of the mandate of the auditor-in-charge	85
8.2	Independent auditors' fees	85
8.3	Additional fees	85
8.4	Information on control and monitoring of independent auditors	85
9.	INFORMATION POLICY	85

The following report describes the management and supervisory principles of the BCGE Group. It is structured according to the corporate governance principle advocated by the Six Swiss Exchange (hereafter SIX) which applies to the year to 31 December 2011, and uses the same numbering. Gaps in the numbering indicate that the corresponding paragraphs of the guidelines do not apply to BCGE

1. GROUP STRUCTURE AND SHAREHOLDING

1.1 Group structure

1.1.1 Operating structure

The Banque Cantonale de Genève (hereafter BCGE) is a limited company established by public law according to Article 763 of the Swiss Code of Obligations. It has the status of a cantonal bank as defined by the Federal Banking Act. The Bank was registered in the Geneva Trade Register on 17 December 1993 and conducts its business under the registered name of Banque Cantonale de Genève SA. The registered office and management of the Bank are in Geneva. It operates branches and agencies. The Bank is listed on the SIX Swiss Exchange. Only the 1,479,174 bearer shares are listed. The capitalisation is calculated on the basis of a price of CHF 196.

Stock number, bearer share	164268
ISIN number, bearer share	CH0001642682
Market capitalisation (31.12.2011)	CHF 706 million, registered and bearer shares CHF 290 million (exact amount 289,918,104), bearer shares only

The organisation chart of the BCGE Group appears on pages 16 and 17. The underlying principles of this organisation are as follows:

- Bank Cantonale de Genève is organised in six divisions led by members of the Executive Board of which the composition and responsibilities are described on pages 14, 15, 80, 81 and 82.
- Coordination of the divisions and benefits from synergies applicable across all divisions are ensured on the one hand by a matrix operating structure and on the other by the CEO and his office.
- The underlying operation of the above is reinforced by various committees which have been allocated major responsibilities or controls by the Executive Board. The principal committees are described in the table below:

Principal committees	Tasks	Chairman	Deputy- chairman
Credit Committee	Decisions linked to credit business	Claude Bagnoud	Emile Rausis
Investment Strategy Committee	Investment strategy	Constantino Cancela	Haroldo Jimenez
ALM Committee <i>(Asset and Liability Management)</i>	Conduct and control of financial policy and supervision of balance sheet and rate risk forecasting	Blaise Goetschin	Eric Bourgeaux
Risk Committee	Analysis of strategic risks and monitoring of sensitive activities	Eric Bourgeaux	Emile Rausis
IT Strategy Committee	IT strategy and monitoring of its implementation	Eric Bourgeaux	Jean-Marc Joris
Credit Risk Commission <i>(increased skills)</i>	Decisions linked to specific credit business (recovery, workout) as well as non-strategic financial investments	Emile Rausis	Bernard Matthey
Strategic Organisation Committee	Organisational strategy and monitoring of its implementation	Jean-Marc Joris	Jérôme Monnier

1.1.3 Scope of consolidation

The scope of consolidation is shown on page 97.

It particularly includes, as at 31 December 2011, the following companies (wholly-owned subsidiaries):

- Banque Cantonale de Genève (France) SA (www.bcgef.fr), Lyon, share capital EUR 15.25 million,
- Capital Transmission SA, Geneva, share capital CHF 2 million.

1.2 Major shareholders

Information on the major shareholders known to BCGE as at 31 December 2011:

Voting rights of public bodies

as at 31 December 2011

Shareholders	Bearer shares	A and B registered shares	Total votes	Par bearer share value in CHF	Par reg. share value in CHF	Total par value	% votes	% capital
Canton of Geneva	538,636	2,510,443	3,049,079	53,863,600	125,522,150	179,385,750	53.30%	49.83%
City of Geneva	147,270	1,208,106	1,355,376	14,727,000	60,405,300	75,132,300	23.69%	20.87%
Municipalities	5,963	523,103	529,066	596,300	26,155,150	26,751,450	9.25%	7.43%
Total	691,869	4,241,652	4,933,521	69,186,900	212,082,600	281,269,500	86.24%	78.13%
Existing capital	1,479,174	4,241,652	5,720,826	147,917,400	212,082,600	360,000,000	100%	100%

1.3 Cross holdings

The BCGE is not aware of the existence of any cross holdings exceeding 5% of the capital or of the totality of shares with voting rights.

2. CAPITAL STRUCTURE

2.1 Capital

The capital of the Bank currently amounts to CHF 360,000,000.

2.2 Authorised or conditional capital increases

There are no provisions in the Articles authorising the Board of Directors to increase the capital (authorised increase) or permitting a conditional capital increase (conversion or option rights).

2.3 Changes in the share capital

No changes have been made to the share capital over the last three years.

2.4 Shares and participation certificates

The capital is composed of "A" and "B" registered shares and bearer shares making a total of 5,720,826 shares, all fully paid-up:

- 2,651,032 "A" registered shares, each with a par value of CHF 50
- 1,590,620 "B" registered shares, each with a par value of CHF 50
- 1,479,174 bearer shares, each with a par value of CHF 100

The bearer shares are listed on the SIX Swiss Exchange. The registered shares are exclusively held by Geneva public authorities and are not listed.

Each share grants the right to one vote (one share – one vote) as well as a proportional part of the company's net profits and liquidation proceeds. Registered "B" shares entitle their holders to the same pecuniary rights as those associated with bearer shares.

There are no participation certificates.

2.5 Profit sharing certificates

There are no profit sharing certificates.

2.6 Transfer restrictions and registration of nominees

Registered shares are only transferable between public authorities. Additionally, each municipality is obliged to keep at least 2,010 "A" registered shares, each with a par value of CHF 50 (Articles of Association, art. 4, www.bcge.ch/statuts).

Restrictions on transfer can only be lifted by a change in the law on the Banque Cantonale de Genève (LBCGE, www.bcge.ch/loi-bcge), subject to a referendum.

With regard to the registration of nominees this clause does not apply to BCGE.

2.7 Convertible bonds and options

BCGE has not issued any convertible bonds or options.

3. BOARD OF DIRECTORS

3.1 Composition

The Board of Directors is composed of 11 non-executive members. They are independent within the meaning of FINMA Circular 2008/24: Monitoring and Internal Control – Banks.



Jean-Pierre Roth
born 28 April 1946, Swiss. Chairman, appointed by the State Council in 2010.

Professional career Doctorate in political science, with distinction in international economy, GIIIDS and honorary doctorate in economic science, University of Neuchâtel. Joined Swiss National Bank (SNB) in 1979, where he spent the greater part of his professional career. In 1996, the Swiss Federal Council appointed him to the post of deputy chairman of the SNB governing board. In 2001, appointed Chairman of the Governing Board, which he remained until 2009. Also held several important posts, as a member and chairman of the Board of Directors of the Bank for International Settlements, Governor of the International Monetary Fund (IMF) for Switzerland and Switzerland's representative in the Financial Stability Forum.

Other activities Member of the Board of Directors of Nestlé SA. Member of the Board of Directors of Swatch Group SA. Member of the Board of Directors of Swiss Re AG.



Bernard Clerc
born 27 February 1946, Swiss. Deputy Chairman, appointed by the Municipal Council of Geneva. Chairman of the Risk and Strategy Committee

Professional career A civil servant, he trained as a social worker at the Social Studies Institute in Geneva, where he worked for various Geneva social services. He was formerly in charge of research at the Hospice Générale de Genève and retired in 2008.

Other activities Member of the Association for Taxation of Financial Transactions for the Assistance of Citizens (ATTAC-Genève).



Mourad Sekkiou
born 5 October 1957, Swiss. Secretary, appointed in 2006 by the Municipal Council of Geneva.

Professional career Admitted to the Geneva bar in 1987, holds a master's in banking and finance law from Boston University as well as two degrees in Swiss and French law obtained from Geneva and Lausanne Universities respectively. Barrister at the Geneva bar and a partner in chambers in Geneva, he is mainly active in the fields of banking and commercial law and in litigation.

Other activities Member of the Board of Directors of Actipart SA. Director of Roval SA. Member of the Board of Directors of Firad SA. Member of the Board of Directors of SEPF, Société d'Etudes de Placements et Finances SA.



Asma Hovagemyan
born 1st February 1966, Swiss. Member, appointed by the State Council in 2004 to represent the canton's registered shareholders.

Professional career Holds a law degree from Geneva University and passed the Geneva bar exam in 1991. Mediator certified by the State Council and several mediation centres. From 1993 to 2004 legal counsel with BNP Paribas (Switzerland) group; Director of the Legal and Recovery Workout departments from 1998 then a member of the Board from 2001. Since April 2004, she has run her own business negotiation mediation company while also working as legal counsel for a Geneva law firm since 2010.

Other activities Member of the University of Geneva audit committee.



Fabienne Knapp
born 9 February 1965, Swiss. Member, appointed by the State Council in 2006. Member of the Control Committee

Professional career Holder of a degree in computer engineering, from EPFL as well as a master's in banking and financial sciences from HEC in Lausanne. Has worked as a computer engineer and financial consultant in banking organisation and strategy and in risk management, notably for Sherwood Alliance, Reuters, André & Cie and Darier Hentsch.

Other activities Independent consultant. Elected to Geneva's Constituent Assembly in November 2011.

Nota Bene

No director

- has any operational position within BCGE or any BCGE Group company,
- is or has been a member of the Executive Board of BCGE or of a BCGE Group company during the last three financial years preceding the period under review
- or maintains any close relationships with BCGE or a BCGE Group company.



Josef Küttel

born 20 June 1952, Swiss. Member, elected in 2006 by the registered shareholders Member of the Risk and Strategy Committee.

Professional career After serving an apprenticeship with Swiss Federal Railways, Josef Küttel obtained the "KMU Diploma" (i.e. "Small and Medium Sized Enterprise" Diploma) from the University of St. Gallen and completed the Senior Executive Programme at New York's Columbia Business School. He has some 40 years' experience in the transport sector, more specifically in technical and operational management of transport companies, particularly in the rail transport sector. Since 1997, he has been CEO of the Ermewa Group in Geneva.

Other activities Member of the Board of Directors of Kieswerk Untervaz AG. Chairman of the board of Directors of Stag AG. Member of the Boards of Directors of BLS Cargo SA and BLS SA/BLS Netz AG. Member of the Board of Directors of Griston Holding AG. Member of the Board of Directors of TTI London/ TTI Bermuda.



Ton Schurink

born 12 May 1946, Swiss. Member, elected in 2006 by the registered shareholders Member of the Appointments and Remuneration Committee.

Professional career Holds a degree from Nyenrode Business University and an executive MBA from INSEAD (Fontainebleau). Specialist in commodities trading, financial products, maritime transport and financial arrangements linked to commercial and international financial operations. For more than 30 years he worked for Cargill in Amsterdam, Paris and Geneva. In 2001, he founded CFT Advisory Services, a management consultancy for risks in the area of international trading and international freight.

Other activities Member of the Board of Directors of CFT Services & Partners SA. Member of the Boards of Directors of Navemar SA. Group and of Oceana Shipping AG (Navemar SA Group). Director of Kernel Holding SA. Director of Inerco Trade SA. and Inerco Commodities SA. Director of Amtrada Holding BV.



Patrick Mage

born 31 July 1949, Swiss. Member, appointed in 2006 by the State Council. Chairman of the Control Committee.

Professional career Trained in business and banking in Geneva, Zurich, London and in the US. Studied at business schools in the US and Switzerland. From 1982 to 2004, management positions in Geneva banks: until 1995 in the commercial department of Union Bank of Switzerland, in 1996 as general manager of the Swiss Volksbank and from 1997 at Credit Suisse, where he was on the regional management committee as head, successively, of corporate clients, branch network and wealth management.

Other activities Since retiring from the Credit Suisse Group (Switzerland) in 2004, he has worked as an independent consultant. Member of the Board of the Lancy Municipal Housing Trust. Chairman of Hestia Constructions SA.



John Tracey

born 29 October 1950, Swiss and British. Member, elected in 2010 by the registered shareholders. Member of the Appointments and Remuneration Committee.

Professional career His career in marketing, communication and other management functions with Procter & Gamble in Geneva spans almost 35 years. A former director of Procter & Gamble International and a previous head of external relations at the Geneva head office.

Other activities Member of the Board of Geneva International Airport. Director of Swiss Land Estates SA. Senior executive coach at I. J. Martin & Co Ltd. Councillor with the Lancy Economic Council. Member of the Municipality of Coinsins Finance Council.



Jean-Marc Mermoud

born 15 July 1955, Swiss. Member, appointed in 2010 by the Association of Geneva Municipalities.

Professional career As a graduate civil engineer, joined F. Simond, the construction and contracting company, where he became chairman and managing director in 1994.

Other activities Associate of SNC Mistro et Cie, Property. Chairman of the Board of the Nelly Gygax Foundation.



Angela de Wolff

born 10 June 1968, Swiss. Member, appointed by the State Council in 2010. Member of the Risk and Strategy Committee.

Professional career Holds an HEC degree and an MSc from Lausanne University, together with a master's in international business management and a financial analyst diploma. She was a financial analyst with several organisations, including Lombard Odier & Cie. She is co-founder and chairwoman of the Sustainable Finance Geneva Association, which strives to promote responsibility and sustainable development in finance. **Other activities** Managing partner with Conser Invest SA. Chairwoman of the Sustainable Finance Geneva association.

3.2 Elections and duration of appointments

The eleven directors are elected or appointed as follows:

- Registered shareholders:
 - five members appointed by the State Council, which elects the Chairman
 - two members appointed by the City of Geneva
 - one member appointed by the other Geneva municipalities.
- Bearer shareholders:
 - members elected individually by the bearer shareholders at the General Meeting.

The duration of a director's appointment is four years, renewable twice. If the appointment is made during a term, it is limited to the duration of the term. The appointment ends on the day of the General Meeting following his/her seventieth birthday at the latest. The procedures for appointing and proposing candidates are governed by article 11 of the Bank's Articles of Association¹ and article 12 of the LBCGE².

Director	Year first appointed	Current term ends	Number of times reappointed	Eligible for reappointment
Jean-Pierre Roth	2010	2014	0	yes
Bernard Clerc	2002	2014	2	no
Mourad Sekkiou	2006	2014	1	yes
Asma Hovagemyan	2004	2014	2	no
Fabienne Knapp	2006	2014	1	yes
Josef Küttel	2010	2014	0	yes
Patrick Mage	2006	2014	1	yes
Jean-Marc Mermoud	2010	2014	0	yes
Ton Schurink	2006	2014	1	yes
John Tracey	2010	2014	0	yes
Angela de Wolff	2010	2014	0	yes

3.3 Powers

The powers and duties of the Board are defined in article 16 of the Bank's Articles of Association¹ and in article 12 of the LBCGE². In addition, management and organisational guidelines dictate that the Board of Directors decides on:

1. strategic and financial plans;
2. the annual budget put forward by the Executive Board;
3. approval, with the Control Committee, of a three-year plan of the tasks to be carried out by the Internal Audit department to cover all controls deemed necessary, the decision of the Board of Directors being final;
4. the overall framework for limiting risk;
5. granting overall credit risk parameters, as well as granting loans which are within its powers;
6. risk-related policies, particularly regarding credit, rates, countries and insurance, put forward by the Executive Board; it reviews these policies as required by events;
7. information to be obtained in the risk management area;
8. the strategic framework for the Executive Board's role; in setting lending rates and savings deposit rates;
9. the strategic framework for the Executive Board's role in cash management, foreign exchange, investments and share deposits as well as other securities;
10. the Bank's policy regarding property assets;
11. approval of any permanent acquisition or disposal of holdings;
12. acquisition and disposal of any capital equipment used by the Bank, representing long-term financial investments as well as premises, unless otherwise stipulated in the Executive Board's powers as defined in article 18, ch. 3 of the regulations;
13. cancellation of debts, observance of out-of-court settlements, postponing debts or transfers of debts for amounts higher than CHF 2,000,000 or if the commitment was the subject of a decision by the Board of Directors;
14. the appointment within it of two directors as members of the Control Committee and the appointment of its Chairman
15. the appointment of members of the Executive Board after prior notification by the Appointments and Remuneration Committee.
16. the appointment of members of the management and deputy members of the management after prior notification by the Appointments and Remuneration Committee.
17. the general policy relating to salaries and employee insurance
18. the salaries of the members of the Executive Board and members of the Internal Audit department;
19. periods of prohibition of the purchase and sale of shares in the Bank, other sensitive shares for staff and management, during closed periods;

¹ www.bcege.ch/statuts.

² Law on Banque Cantonale de Genève: www.bcege.ch/loi-bcege.

20. rectifying proposals for appointments of representatives of the Bank as directors of holdings included in the scope of consolidation;
21. the appointment of representatives of the employer within the Council of the staff pension fund at the proposal of the Executive Board.

3.4 Internal organisation

3.4.1 Allocation of tasks within the Board of Directors

- Chairman of the Board: Jean-Pierre Roth
- Deputy Chairman of the Board: Bernard Clerc
- Secretary to the Board: Mourad Sekkiou

3.4.2 Working methods

The Board of Directors meets at least fifteen times a year. In 2011, it met 15 times, with meetings lasting an average of 5 hours. The level of participation in these meetings was 96%. It is chaired by the Chairman of the Board of Directors or, in his/her absence, by the Deputy Chairman or Secretary. It may hold extraordinary meetings if business so requires or at the request of four of its members or the auditors. The Board can only make decisions if the majority of its members are present. Decisions are made by simple majority of the members present and the Chairman casts the deciding vote if there is a tie. Minutes are taken of each meeting, signed by the Chairman of the meeting and the Secretary and approved at the next meeting. The members of the Board of Directors must be able to consult files relating to the points placed on the agenda twenty-four hours at the latest before the start of the meeting. The Chief Executive Officer or his/her replacement participates with a consultative vote in the meetings of the Board of Directors but does not take part in the votes for the elections. He/she may require the presence of other members of the Executive Board or third parties if he/she deems it necessary. In 2011, this was the case at each meeting of the Board of Directors. Should there be conflicts of interest, the members of the Board of Directors must decline to make any comment whenever they are directly or indirectly involved. It is the duty of the Secretary to give notice of the occurrence of a potential conflict of interest when the Board addresses a particular matter.

The Board of Directors can set up standing or ad hoc committees to study particular subjects. These committees have no decision-making authority and are responsible for reporting to the Board of Directors. The Chairman of the Board of Directors may attend committee meetings.

3.4.3 Committees of the Board of Directors

Appointments and Remuneration Committee.

The role of the Appointments and Remuneration Committee is to propose the appointment of the Chief Executive Officer, his/her Deputy and the members of the Executive Board and to give notice of senior management appointments. It gives notice of the remuneration of the Chief Internal Auditor as put forward by the Control Committee and proposes changes to the Regulations relating to remuneration of the members of the Board of Directors and the Executive Board. It is composed of three members of the Main Board: Asma Hovagemyan, chair, Ion Bals and Ton Schurink, members. It meets when an appointment requires it to do so, but at least once a year. In 2011, it met nine times.

Risk and Strategy Committee

The Risk and Strategy Committee, in the context of forecasting, studies the risk environment in which the Bank operates or intends to operate. It gives the Board of Directors prior notice of any important decision of a strategic nature or relating to identifying and managing risks. It is also composed of three members of the Main Board: Bernard Clerc, chair, Angela de Wolff and Josef Küttel, members. In 2011, it met seven times.

Control Committee

The Control Committee takes its powers and duties from article 24 and subsequent of the Bank's Articles of Association¹. Among other things, the Control Committee aims to supervise compliance with the legal, statutory and regulatory provisions applicable to the Bank, as well as bank usages, and to ensure liaison and coordination between the Board of Directors, Internal Audit department and the independent auditor. It is composed of three members: two directors appointed by the Board of Directors and the third member appointed by the State Council. The member of the Control Committee appointed by the State Council cannot be a civil servant. He/she is subject to banking secrecy. Its members are Patrick Mage, chair, and Fabienne Knapp, both directors, and Denys Chamay, appointed by the State Council, Chairman of the Independent Oversight Advisory Committee at the ILO. In principle, the Control Committee meets at least once a fortnight. In 2011, the Control Committee held 24 ordinary meetings.

¹ www.bcge.ch/statuts.

3.5 Information and control mechanisms

The Board of Directors periodically evaluates information resources, their content and their adequacy to its needs, as well as the internal control system. It evaluates its effectiveness and whether it is adequate for the activity and the Bank's size. It sets up an information system among the Bank units of which the Chairman of the Board is the guarantor. The Executive Board informs the Board of Directors of the progress of the Bank's business at each meeting and reports on the issues. The Chairman of the Board of Directors, the Executive Board, the Control Committee, Internal Audit department and the independent auditor must provide the Board of Directors with any information that would enable it to perform its supervisory function, particularly on the progress of business and operations in various sectors, including subsidiaries. This is effected in the following ways, among others:

- The Chairman of the Board of Directors is provided with weekly reports of the Executive Board's meetings;
- Report by the Chief Executive Officer at each meeting of the Board of Directors on the progress of business;
- Quarterly reports on risk control and major risks by the risk management and compliance manager;
- Quarterly reports of results by the CFO;
- Reports on control tasks carried out within the Group by the internal audit manager and half-yearly follow-up of the internal and independent audits;
- Verbal report on the activity of the Control Committee at each meeting, by its Chairman;
- Half-yearly presentations of Balanced Scorecards for the divisions by their managers (Executive Board members);
- Half-yearly reports by the independent auditors.

Internal audit

Internal Audit is an independent unit of the Executive Board, reporting directly to the Board of Directors. It carries out regular controls on all the Bank's business and that of its subsidiaries and therefore has an unlimited right to information. Its organisation, its field of activity and its operations are governed by Articles 29 and 30 of the Bank's Articles of Association and by the Charter on Internal Audit approved by the Board of Directors.

The Internal Audit issues, for the Executive Board, the Control Committee and the Board of Directors, detailed reports on its controls and carries out half-year early reporting following up on recommendations made. The Internal Audit meets the professional quality criteria of the ASAI (Swiss Internal Audit Association). As at 31 December 2011, the department had a staff of 10 (9.75 full-time equivalent) auditors. The Internal Audit is headed by Monique Seiss Baudry, who holds a master's degree in economics from the University of Geneva and a Certified Internal Auditor (CIA) diploma.

4. EXECUTIVE BOARD

4.1 Composition

The Executive Board is made up of six members, chaired by Blaise Goetschin. It is appointed for an indefinite period but its members are obliged to resign at the latest at the end of the calendar year in which they have reached the age of sixty-five.



Blaise Goetschin

born 1 February 1957, Swiss.
CEO.

Professional career Holds a degree from the HEC at Lausanne University and began his professional career in 1982 as an auditor with PriceWaterhouse in Geneva. In 1985, he joined Credit Suisse, first in Zurich as deputy vice president, Capital Markets, then in New York as an executive in the Corporate Banking department. In 1990, he became a member of the Executive Board in charge of corporate finance operations in French-speaking Switzerland, Berne and Basle. In 1993, he was put in charge of CS Corporate Finance (private companies) for the whole of Switzerland. In 1995, he was appointed by the State Council of the Canton of Vaud to take charge of the Cantonal finance administration. From 1998 to 2000, he was CEO of Fiduciary Trust International Bank (Switzerland), the New York-based private banking and asset management group. He has been Chief Executive Officer of Banque Cantonale de Genève since 1 October 2000.

Other activities Chairman of the Supervisory Board at Banque Cantonale de Genève (France) SA., Lyon. Chairman of the Board of the Mortgage Bond Centre of the Swiss cantonal banks. Chairman of Capital Transmission SA, Geneva. Director of La Foncière, Investissements Fonciers SA, Lausanne. Member of the Board of the Banque Cantonale de Genève staff pension fund, Geneva. Committee member of the Board of the Union of Swiss Cantonal Banks. Chairman of the Board of the Swiss Bankers Association, Basle. Member of the Board of Geneva Financial Centre Foundation, Geneva. Member of the Board of the Geneva Chamber of Commerce and Industry, Geneva. Member of the Geneva Property Association Committee, Geneva. Deputy chairman of the Higher Institute for Training in Banking in Geneva. Member of the committee of the Society for Economic and Social Studies in Lausanne. Member of the committee of the Centre for Military History and Forecasting in Pully. Member of the Board of the H. Dudley Wright Foundation, Geneva.



Eric Bourgeois
born 31 May 1956, Swiss. Head of the Finance and Risk Control Division (CFO)
Deputy Chief Executive Officer.

Professional career A graduate of the Higher Commercial School of Paris and holder of a DECS degree. Auditor and consultant with KPMG Paris. From 1982 to 1986, auditor with PriceWaterhouse in Geneva. From 1986 to 1988, manager of Asea Capital, which subsequently became the ABB World Treasury Centre in Geneva. From 1988 to 1996, manager and then general manager of Nokia Finance International BV, Geneva. From 1998 to 2000, director of Clariden Bank, Zurich. From 1997 to 2000, manager of André & Cie SA, Lausanne. He has been head of the Finance and Risk Control division and a member of the BCGE Executive Board since 1 December 2000.

Other activities Member of the Supervisory Board at Banque Cantonale de Genève (France) SA., Lyon. Member of the Board of Capital Transmission SA, Geneva. Member of the Supervisory Board of Compagnie Foncière Franco-Suisse, Lyon. Member of the board of Asia Pacific Performance, Luxembourg. Member of the Supervisory Board of Compagnie Foncière du Saint Gothard SAS, Puteaux.



Claude Bagnoud
born 1 January 1964, Swiss.
Head of Corporate and Institutional Clients Division.

Professional career A graduate of the Higher School of Business in Geneva and holder of the degree from IMD Lausanne, Executive Development Programme (1999). Claude Bagnoud began his professional career as an accountant with Geneva Industrial Services .Geneva. In 1990, he joined the Commercial Lending department of the Banque Hypothécaire du Canton de Genève. He was a manager in 1991 and became head of the Commercial Lending department in Geneva from 1994 to 1995. From 1996 to 1999, he was in charge of the real estate and commercial credit section for the general market. He was appointed to the management in 1996. He completed a training course in London in 1999. In 2000, he was section head in the Industries, Trade and Services department. In May 2001, he was appointed to the Executive Board with responsibility for the Corporate Banking division.

Other activities Member of the Supervisory Board at Banque Cantonale de Genève (France) SA., Lyon. Deputy Chairman of the Board of the Fondation Industrielle La Gravière. Deputy Chairman of the Supervisory Board of Compagnie Foncière Franco-Suisse, Lyon. Member of the Board of Geneva Tourism. Geneva. Deputy Chairman of the supervisory board of Compagnie Foncière du Saint Gothard SAS, Puteaux. Member of the Technical Commission of the Union of Geneva Employers Association (UAPG), Geneva.



Jérôme Monnier
born 4 March 1973, Swiss.
Head of the Geneva Private Clients and Family Businesses Division.

Professional career Holds a master's degree from the University of Lyon I, an Institut technique de banque (ITB) diploma and an executive MBA from HEC, Paris. After joining the Banque Cantonale de Genève (France), Lyon, in 1996, business manager then senior business manager in charge of major corporate clients. From 2003 to 2010, in the Banque Cantonale de Genève's Corporate division in Geneva, he created and was responsible for the French Corporate department. In 2009, he was on assignment to Deloitte and Touche Llp in London as a senior manager. In 2010, head of the Swiss Corporate department. From 2010 to July 2011, head of the Swiss and French Corporate business unit. Since 11 July 2011, he has been a member of Banque Cantonale de Genève's Executive Board in charge of the Geneva Private Clients and Family Businesses division.

Other activities He is a member of the Board of Compagnie Foncière Franco-Suisse SAS, Lyon. Member of the Board of Compagnie Foncière du Saint-Gothard SAS, Paris.



Pierre-Olivier Fragnière
born 4 June 1958, Swiss.
Head of the International Clients Division.

Professional career Holds a Federal Bank Employee Certificate, management – accountancy option, a diploma from the Ecole Professionnel Commerciale and a diploma from the Ecole de Banque et de Cadres UBS. From 1981 to 1985, deputy head of the Documentary Credit business at BNP, Geneva. From 1986 to 1988, head of operations at Gatoil, Geneva, a group engaged in oil trading, refining and distribution in Switzerland and internationally. From 1988 to 1990, as a specialist in the oil business, account manager for BBL, Geneva. From 1990 to 2000, he worked at BNP Geneva, and from 1996, was in charge of developing new markets in Eastern Europe, Asia and Africa, and was promoted to management in the context of this business activity. In 2000, he joined Banque Cantonale de Genève, with responsibility for creating and developing a unit specialising in international trade finance; head of the Global Commodity Finance business unit. In March 2011 he was appointed to the Executive Board with responsibility for the International Clients division.

Other activities Member of the Board of Directors of Fimbank plc, Malta. (member of the Executive Committee and the Remuneration Commission).



Jean-Marc Joris
born 10 September 1968, Belgian.
Head of Organisation, IT and Operations Division.

Professional career Holder of a degree in business and finance from the ICHEC, Brussels. In 1993, he worked in the Capital Markets department of Dexia Luxembourg. From September 1993 to June 1997 he was a project manager in the Information Risk Management department of KPMG. From 1997 to July 2002, he was deputy manager and head of Business Development at the ING Baring Private Bank, Geneva. Jean-Marc Joris joined BCGE in April 2002 as a member of the management in charge of the Logistics department and as interim manager of the IT department. On 1 July 2003, he was appointed a member of the Executive Board with responsibility for the Organisation, IT and Operations division.

Other activities He is a member of the Board of the Fondation Immobilière Patrimoine, Geneva.

4.2 Powers

The powers and responsibilities of the Executive Board are defined in article 22 of the Bank's Articles of Association¹. Additionally, management and organisational regulations provide for the following duties:

1. to prepare and submit the strategic and financial plans of the Bank to the Board of Directors;
2. to draw up the necessary documents and proposals for the senior management of the Bank to make decisions;
3. to prepare the annual budget and submit it to the Board of Directors
4. to ensure that the structures and organisation of the Bank comply with legal obligations and the best practices of the profession;
5. to ensure that the Bank has a sufficiently high profile in economic circles;
6. to guarantee that the decisions of the Bank's senior management are correctly implemented;
7. to propose for ratification the appointment of representatives of the Bank as directors of holding companies included in the scope of consolidation;
8. to appoint representatives of the Bank as directors of holding companies not included in the scope of consolidation.

Management and organisational regulations provide for powers to decide on:

1. setting interest rates in the strategic framework provided by the Board of Directors;
2. loans, cash management investments, foreign-exchange operations and securities investment in accordance with the guidelines of the Board of Directors;

3. acquisition and disposal of any capital equipment used by the Bank, representing long-term financial investments and premises not intended for use by the Bank, for an amount not exceeding CHF 5,000,000. This ceiling does not apply to negotiable securities, which are authorised within the general framework for limiting risk;
4. the maintenance and renewal of real estate for a maximum of CHF 3,000,000 per building;
5. the appointment of executives and commercial agents
6. setting the salaries of all the Bank's staff, except itself and Internal Audit employees;
7. internal regulations on Bank operations, to the extent that they are not governed by law, the Articles of Association or regulations;
8. supervising compliance with regulations on liquidity, share capital and risk sharing;
9. determining the necessary rules for the application of risk management and submitting them for approval by the Board of Directors;
10. submitting the system of overall limits to the Board of Directors for approval; this includes in particular market operation limits, bank limits and country limits;
11. regularly submitting to the Board of Directors reports on business development (financial statements, analyses, major transactions and events, etc.) and any other reports that may be requested by the Board;
12. preparing a quarterly list of all the major risks as defined by Article 83 of the Federal Ordinance on share capital and risk sharing by banks and securities dealers, for the Board of Directors.

4.3 Contracts of service

BCGE outsources its main IT operations to Swisscom IT Services Finance in Zurich.

Framework collaboration agreement with detailed annexes, compliant with the Finma 2008/7 circular on bank outsourcing, governs relations between the Bank and its service providers. They provide the Bank with its main IT services such as operation, maintenance and hosting of banking systems, management of its pool of PCs and servers, user support and network management.

The contracts were signed with Swisscom IT Services Finance on 30 September 2010 for a five-year period and remain valid until 30 September 2015 as a minimum. These contracts cover hosting and third-party application maintenance services.

Nota Bene

No member of the Executive Board

- has previously carried out other activities for BCGE or a Group company,
- has had permanent management or consultation functions for groups with major Swiss or foreign interests,
- holds an official position or a political mandate.

¹ www.bcge.ch/statuts.

These have been in place since 1 October 2010. In 2011, BCGE paid Swisscom IT Services Finance, for its IT services, a total amount of CHF 24.2 million made up of CHF 18.5 million in operating, support and maintenance fees and CHF 5.7 million (including 1.1 million for networking projects) in development fees and investment.

Since 1 October 2008, Banque Cantonale de Genève has also outsourced its main payment operations to Swisscom IT Services Sourcing in Münchenstein. A contract and service level agreement (SLA), in accordance with the Finma 2008/7 circular on bank outsourcing govern the relationship between the Bank and Swisscom IT Services Sourcing. Swisscom IT Services Sourcing renders payment operation processing and securities management services to the Bank. All the contracts associated with the setting up of this activity and the resulting rendering of services have been entered into, with operations starting on 1 October 2008 for a minimum period of five years. The contract is then renewable on a year-to-year basis. These contracts cover the project for setting up these activities as well as the operation processing services. The cost of these services depends on the volume of operations sub-contracted and assigned to Swisscom IT Services Sourcing. Swisscom IT Services Sourcing's services within the framework of this contract amount to CHF 3.2 million.

Management of the telephone network has been handed over to Swisscom (Switzerland) SA. This contract was signed on 17 December 2010 for a period of five years and remains valid until 16 December 2015 as a minimum. The services within the framework of this contract amount to CHF 0.9 million in respect of charges for telecommunications and local area networks (LAN), metropolitan area networks (MAN) and wide area networks (WAN). These amounts constituted operational, support and maintenance fees.

5. REMUNERATION, PARTICIPATION AND LOANS

5.1 Setting remuneration and participation programmes

Principles of the Board of Directors' remuneration

Regulations relating to the BCGE Board of Directors' remuneration, adopted on 17 September 2010 and which came into retroactive effect on 1 July 2010, specify that in respect of remuneration for appointment to the Board of Directors and its committees, BCGE directors receive fixed annual compensation plus compensation for their office. The Board can decide to compensate exceptional performance by its members. It has an annual budget of CHF 50,000 available for this purpose. Directors, like staff, enjoy the benefit of two share option schemes. After three years' service, Directors receive shares each year (from two to four shares).

They can also receive two free shares once a year by purchasing two at their market price. Shares acquired under these schemes have a five-year moratorium on sale. At the end of a director's term of office, he or she receives Bank shares in proportion to the number of terms of office spent on the Board based on the following scale: one term, seven shares; two terms, 15 shares, three terms, 25 shares. An appointment that starts during the term of office is equivalent to a complete term.

Determination of the Executive Board's remuneration

The remuneration system for the Executive Board currently takes the following form:

- The fixed part of remuneration compensates members' basic duties and responsibilities; it is chiefly determined in line with salary norms for comparable functions in the banking sector;
- The variable portion of remuneration may compensate performance for the year or exceptional performance; it is determined on the basis of personal and division results as part of a variable framework in line with the Bank's results. These results are weighted by exposure to various risks as well as the long-term outlook for results. Remuneration received by members of the Executive Board in the fulfilment of their duties on other Boards of Directors is passed on to the Bank in its entirety. The variable remuneration of members of the Executive Board represented between 39% and 149% of fixed remuneration, including share option plans. The Bank uses market comparisons in order to set fixed and variable remunerations.

On the same basis as all staff members, the Executive Board is offered various general benefits (special conditions for banking services and expenses, as defined in the staff regulations). On the other hand, the members of the Executive Board are not included in incentive plans in respect of new business in the areas of mortgage loans and wealth management, which are open to all staff.

Determination of remuneration

For all employees, a remuneration framework and annual salary increases are validated once a year by the Board of Directors based on a proposal from the Executive Board as part of the budget process.

Where total variable remuneration is concerned, this is validated annually by the Board of Directors based on a proposal from the Executive Board as part of finalising the accounts for the financial year.

In specific cases, performance bonuses based on meeting specific objectives may be awarded to one or more of the Bank's staff.

For details of benefits paid, of shareholdings and loans granted to members of the Board of Directors, to members of the Executive Board and the Chief Executive Officer, see pages 125 and 126, point 4.08 of the notes to the parent company accounts.

Departure conditions

For some members of the Executive Board, an indemnity (financial and pension fund) is agreed in the event of non-voluntary resignation, dismissal for cause excepted. The maximum compensation, in theory, represents the equivalent of just under two years' remuneration.

Participation programmes

Participation programmes (or share option plans) allow beneficiaries to align their personal financial interests with those of the bank.

Executive Board: each member of the Executive Board benefits from the same share option plans as other staff members. At BCGE there is only one equity sharing plan in existence in the form of the free or conditional distribution of BCGE shares with a five-year moratorium on sale. Shares acquired through share option plans are therefore acquired at market prices. The moratorium is lifted in the event of an employment contract being ended.

BCGE share option plans are as follows:

- option to buy linked to the variable part allocated or to exceptional bonuses;
- automatic allocation of free shares in line with period of service;
- option of receiving free shares as a loyalty bonus instead of other benefits, after ten years' service.
- option of receiving a limited number of free shares when purchasing shares (from 2011).

These plans are described in staff regulations, any changes to which must be submitted to the Board of Directors. Generally speaking, staff regulations are updated yearly. These share option plans apply to all employees, including members of the Executive Board and the Internal Audit department.

Powers and procedure for setting remuneration

All of the fixed and variable components of the remuneration of each member of the Executive Board are decided by the Board of Directors based on a proposal from the Appointments and Remuneration Committee. It complies with the general rules defined for setting fixed and variable remuneration, taking both the budget and finalisation of the accounts into consideration. This remuneration must ensure the Bank's competitiveness in a highly developed financial marketplace by enabling it to attract and retain the best skills and talent. The Appointments and Remuneration Committee works on the basis of proposals made by the Chief Executive Officer. The Appointments and Remuneration Committee also proposes to the Board of Directors any changes to the Regulations relating to the BCGE Board of Directors' remuneration.

The Appointments and Remuneration Committee informs all members of the Board of Directors on a yearly basis regarding the conduct of the procedure and process for setting the remuneration of all staff.

6. SHAREHOLDERS' PARTICIPATION RIGHTS

6.1 Limitation and representation of voting rights

No limits exist on voting rights.

6.2 Quorum

The General Meeting shall be validly constituted, irrespective of the number of shares represented. Decisions and elections are by an absolute majority of the votes allocated to the shares represented. Decisions concerning the adoption and amendment of the Articles of Association, such as notice of a merger, a takeover or dissolution of the Bank, require a two-thirds majority of the share capital. For a second round of voting in elections, if required, a relative majority suffices. In the event of a tie, the Chairman of the General Meeting shall have the casting vote. Elections are by secret ballot. At the request of 30% of the voters represented, other decisions may also be made by secret ballot.

6.3 Convening of Shareholders' Meetings

The Shareholders' Meeting is held annually within six months of the end of the financial year. An extraordinary Shareholders' Meeting may be convened as often as necessary, particularly by one or more shareholders representing at least one tenth of the share capital, by indicating their objective. If necessary, the Independent Auditor may also convene an extraordinary Shareholders' Meeting. The Shareholders' Meeting must be convened by the Board of Directors at least 20 days in advance by placing a notice in the *Feuille d'avis officielle de la République et canton de Genève* and in the *Feuille officielle suisse du commerce*.

6.4 Agenda items

The Board of Directors is required to place on the agenda individual proposals which are subject to a vote, provided that they are presented in writing by shareholders at least 20 days before the Shareholders' Meeting. No decision can be made on matters that are not on the agenda, except for a decision to convene an extraordinary Shareholders' Meeting.

7. TAKING CONTROL AND DEFENSIVE MEASURES

There is no opting-out, opting-up clause in the Articles of Association, nor provisions for taking control.

8. INDEPENDENT AUDITOR

At the annual Shareholders' Meeting of 3 May 2011, the mandate of the Bank's independent auditor, Deloitte SA, was renewed for 2011.

8.1 Duration of the audit mandate and of the mandate of the auditor-in-charge

The mandate of the independent auditor, which commenced on 1 January 2001, is renewed each year by the Shareholders' Meeting. According to the legal provisions applicable to banks, the auditor-in-charge has been Alexandre Buga since 1 January 2006.

8.2 Independent auditors' fees

	31.12.2011	31.12.2010
Audit of BCGE Group	570,000	819,000
<i>of which BCGE only</i>	<i>550,000</i>	<i>795,000</i>

8.3 Additional fees

Additional audit fees essentially consist of the cost of a brief examination of the half-yearly consolidated financial statements as well as various other certifications required according to specific legal requirements.

	31.12.2011	31.12.2010
Audit of BCGE Group	110,000	127,000
<i>of which BCGE only</i>	<i>110,000</i>	<i>127,000</i>

Additional fees amounting to CHF 105,000 not linked to the audit were paid to Deloitte SA in Switzerland (CHF 80,000 in 2010).

8.4 Information on independent auditors

In 2011, the auditor was asked to attend meetings with the entire Board of Directors and six meetings with the Control Committee. These meetings related to the planning and presentation of work linked to auditing the BCGE Group.

The Board of Directors, Control Committee and Internal Audit department receive reports from the auditors.

The independent auditors are selected based on three criteria: reputation, no incompatibility with the Bank, fees. Evaluation of additional services unconnected with the audit is made using the same criteria. An additional criterion is the potential for economies of scale, when the supplier of additional services and the auditor are from the same entity.

9. INFORMATION POLICY

The Board of Directors expresses its views through its Chairman. The Chief Executive Officer is the official spokesperson of the Bank. He delegates the management of information to the communications and investor relations department. The head of this department is directly subordinate to him.

	Languages	Form /addressee	URL	Timetable
Annual report	F	Printed/internet	www.bcge.ch/rapport-annuel	29 March 2012
	En	Printed/internet	www.bcge.ch/annual-report	25 May 2012
Annual Shareholders' Meeting	F	–	–	2 May 2012
Financial information (push and pull link)	F/En	Internet or written request	www.bcge.ch/contact-investisseur www.bcge.ch/investors-contact	permanent
Annual and half-yearly results	F/En	Press conference/printed/internet	www.bcge.ch/resultats www.bcge.ch/financial-results	1 March 2012 and 14 August
Press releases	F/D ¹ /En ¹	Swiss written or electronic media	www.bcge.ch/communiqués	occasional
<i>Dialogue</i> magazine	F	Printed/internet	www.bcge.ch/dialogue	3 x per year
Institutional publications	F/En	Printed/internet	www.bcge.ch/publications www.bcge.ch/publications-bcge	regular

¹ In some cases.

Information for shareholders

Press releases are distributed according to news events and needs. They are available at www.bcge.ch. The Group publishes its investment philosophy and other strategic information in the form of brochures which can also be viewed online. The Group addresses French and German-speaking journalists as well as financial analysts in order to inform them of business developments and prospects at press and telephone conferences, particularly on the publication of annual and half-yearly results. The Group maintains regular relations with the Geneva public authorities, particularly through presentations and seminars organised on its premises or theirs. Shareholders are invited to address their questions to the Board of Directors or to the Executive Board, particularly by using the actionnaires@bcge.ch e-mail address. Documents published by Banque Cantonale de Genève are available at BCGE branches, subsidiaries and on the parent company website. Some of them are also available in English or German.

CONTACTS**Communications and investor relations**

Hélène de Vos Vuadens
Tel: +41 (0)58 211 24 11
communication@bcge.ch

Banks and International Institutions

Yves Spörri
Tel: +41 (0)58 211 21 00
yves.spoerri@bcge.ch

2011 consolidated financial
statements and notes
BCGE Group

Report of the statutory auditor

English translation of French
official version

To the General meeting of
Banque Cantonale de Genève, Geneva

Report on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements (pages 87 to 114) of Banque Cantonale de Genève, which comprise the balance sheet, profit and loss account, cash flow statement and notes for the year ended 31 December 2011.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the provisions governing the preparation of financial statements for banks, and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2011 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the provisions governing the preparation of financial statements for banks and comply with Swiss law.


Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 ADA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of the consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Deloitte SA


Alexandre Buge
Licensed audit expert
Auditor in charge


Myriam Meissner
Licensed audit expert

Geneva, 23 February 2012

Consolidated financial statements 2011

BCGE Group

BCGE Group balance sheet	92
BCGE Group profit and loss account	93
BCGE Group balance sheet operations	94
BCGE Group cash-flow statement	95
BCGE Group statement of shareholders' equity	96
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	97
1. BUSINESS ACTIVITIES AND STAFF	97
2. AGREEMENTS WITH THE MAJORITY SHAREHOLDER	97
3. PRINCIPLES GOVERNING THE ESTABLISHMENT OF THE CONSOLIDATED FINANCIAL STATEMENTS	97
4. RISK MANAGEMENT	99
4.01 Consolidated supervision	100
4.02 Counterparty risks	100
4.03 Risk concentration	100
4.04 Market risks	100
4.05 Operating risks	101
4.06 Compliance risks	101
4.07 Legal risks	101
5. INFORMATION RELATING TO THE CONSOLIDATED FINANCIAL STATEMENTS	102
5.01 Loan collateral and off-balance sheet operations	102
5.02 Securities and precious metals held in trading portfolios	102
5.03 Financial investments	103
5.04 Investments consolidated by the equity method	103
5.05 Scope of consolidation	103
5.06 Fixed assets	104
5.07 Other assets and liabilities	104
5.08 Assets pledged or assigned against the Bank's commitments and assets sold with retention of title	105
5.09 Liabilities towards own pension plans	106
5.10 Outstanding bond issues	106
5.10.1 Bonds and mortgage-backed bonds from Swiss cantonal banks	106
5.10.2 Bonds	107
5.11 Valuation adjustments and provisions, as well as reserves for general banking risks	107
5.12 Maturity structure of current assets, financial investments and debt	108
5.13 Amounts to/from affiliates and loans to officers	109
5.14 Assets and liabilities by domestic and foreign origin	110
5.15 Assets by country or group of countries	110
5.16 Balance sheet by currency	111
5.17 Open derivative instruments at year-end	112
5.18 Interest income	112
5.19 Interest expenses	112
5.20 Trading results	112
5.21 Payroll expenses	113
5.22 Other operating expenses	113
5.23 Depreciation of fixed assets	113
5.24 Valuation adjustments, provisions and losses	113
5.25 Extraordinary income	113
5.26 Extraordinary expenses	113
5.27 Income and expenses of ordinary banking activities	114

BCGE Group balance sheet

Consolidated

92

	Notes	31.12.2011 in CHF 1,000	31.12.2010 in CHF 1,000	Change in CHF 1,000
ASSETS				
Cash	5.12	398,040	244,608	153,432
Money-market instruments	5.12	5	8	-3
Due from banks	5.12	904,591	866,563	38,028
Due from clients	5.12	4,099,269	3,536,565	562,704
Mortgages	5.12	8,765,073	7,999,694	765,379
Trading portfolios	5.02	22,372	19,325	3,047
Financial investments	5.03	1,207,881	1,206,686	1,195
Investments consolidated by the equity method	5.04	21,020	17,527	3,493
Fixed assets	5.06	197,628	207,890	-10,262
Intangible assets	5.06	6,531	8,082	-1,551
Accrued income and prepaid expenses		44,729	42,042	2,687
Other assets	5.07	203,825	108,197	95,628
Total assets		15,870,964	14,257,187	1,613,777
Total subordinated claims		1,993	33	1,960
Total due from unconsolidated investments and significant shareholders		277,865	369,945	-92,080
<i>of which total claims on the Canton of Geneva</i>		207,865	299,945	-92,080
LIABILITIES				
Money-market instruments	5.12	789	212	577
Due to banks	5.12	1,463,957	1,138,144	325,813
Due to clients on savings and deposit accounts	5.12	5,438,429	5,430,064	8,365
Due to clients, other	5.12	5,158,530	4,205,750	952,780
Medium-term notes	5.12	43,216	69,330	-26,114
Bonds and mortgage-backed bonds	5.12	2,452,165	2,259,000	193,165
Accrued income and prepaid expenses		72,163	64,761	7,402
Other liabilities	5.07	227,588	120,318	107,270
Valuation adjustments and provisions	5.11	4,454	3,666	788
Reserve for general banking risks	5.11	60,000	60,000	-
Share capital		360,000	360,000	-
Capital reserve		312,228	312,251	-23
Retained earnings		249,536	212,534	37,002
Treasury shares		-22,670	-24,033	1,363
Foreign-exchange differences		-12,540	-11,252	-1,288
Net profit for the year		63,119	56,442	6,677
Total liabilities		15,870,964	14,257,187	1,613,777
Total subordinated debt		320,000	120,000	200,000
Total due to unconsolidated investments and qualified participants		101,286	89,469	11,817
<i>of which total due to the Canton of Geneva</i>		98,620	73,999	24,621

BCGE Group profit and loss account

Consolidated

	Notes	31.12.2011 in CHF 1,000	31.12.2010 in CHF 1,000	Change in CHF 1,000
INTEREST INCOME AND EXPENSES				
Interest and discount income	5.18	291,727	291,484	243
Interest and dividends from trading portfolios	5.18	5	–	5
Interest and dividends from financial investments	5.18	17,682	17,541	141
Interest expenses	5.19	-111,935	-112,231	296
<i>Net interest income</i>		<i>197,479</i>	<i>196,794</i>	<i>685</i>
COMMISSION AND FEE INCOME				
Commission income from lending		37,556	46,480	-8,924
Commission income from trading, securities and deposits		45,999	47,242	-1,243
Commission income from other services		27,021	24,720	2,301
Commission expenses		-6,593	-5,936	-657
<i>Net commission and fee income</i>		<i>103,983</i>	<i>112,506</i>	<i>-8,523</i>
RESULT OF TRADING OPERATIONS				
<i>Net result of trading operations</i>	5.20	<i>23,944</i>	<i>17,453</i>	<i>6,491</i>
OTHER ORDINARY RESULTS				
Income from sale of financial investments		2,202	193	2,009
Income from investments		1,164	1,268	-104
<i>of which consolidated by the equity method</i>		<i>1,164</i>	<i>1,268</i>	<i>-104</i>
Real-estate income		1,013	1,189	-176
Other ordinary income		8,188	8,199	-11
Other ordinary expenses		-1,390	-3,768	2,378
<i>Other ordinary income, net</i>		<i>11,177</i>	<i>7,081</i>	<i>4,096</i>
Net operating income		336,583	333,834	2,749
OPERATING EXPENSES				
Payroll expenses	5.21	-121,563	-120,540	-1,023
Other operating expenses	5.22	-97,058	-92,168	-4,890
<i>Net operating expenses</i>		<i>-218,621</i>	<i>-212,708</i>	<i>-5,913</i>
Gross profit		117,962	121,126	-3,164
Depreciation of fixed assets	5.23	-22,166	-25,585	3,419
Valuation adjustments, provisions and losses	5.24	-16,357	-41,755	25,398
Results before extraordinary items and taxes		79,439	53,786	25,653
Extraordinary income	5.25	59	15,007	-14,948
Extraordinary expenses	5.26	-3,133	-3,160	27
Taxes		-13,246	-9,191	-4,055
Net profit for the year		63,119	56,442	6,677

BCGE Group off-balance-sheet operations

Consolidated

94

	Notes	31.12.2011 in CHF 1,000	31.12.2010 in CHF 1,000	Change in CHF 1,000
OFF-BALANCE-SHEET OPERATIONS				
Irrevocable guarantees		76,280	67,358	8,922
Irrevocable commitments arising from letters of credit		914,878	737,195	177,683
Contingent liabilities		991,158	804,553	186,605
Irrevocable commitments		901,638	770,378	131,260
Commitments to free up and execute additional transfers		53,573	39,011	14,562
Commitments resulting from deferred payments		54,197	18,896	35,301
Committed loans		54,197	18,896	35,301
Fiduciary deposits with third parties		137,631	50,404	87,227
Fiduciary operations		137,631	50,404	87,227
Derivative financial instruments				
• positive replacement values	5.17	32,865	23,006	9,859
• negative replacement values	5.17	209,547	108,510	101,037
• underlying amounts	5.17	3,959,181	3,104,370	854,811

BCGE Group cash flow statement

Consolidated

	2011 Source of funds in CHF 1,000	2011 Use of funds in CHF 1,000	2010 Source of funds in CHF 1,000	2010 Use of funds in CHF 1,000
Cash flow from operating income (internal financing)				
• net profit for the year	63,119	–	56,442	–
• depreciation of fixed assets	20,615	–	24,034	–
• depreciation of goodwill	1,551	–	1,551	–
• allocation to capital reserve	–	23	339	–
• allocation for currency conversion differences	–	1,288	–	8,038
• valuation adjustments and provisions	788	–	321	–
• reserve for general banking risks	–	–	–	15,000
• accrued income and prepaid expenses	–	2,687	–	3,956
• accrued expenses and deferred income	7,402	–	–	3,177
• other items	11,642	–	–	19,071
• dividends from previous financial year	–	16,200	–	23,400
• special allocation to the State of Geneva	–	3,240	–	4,680
<i>Balance</i>	–	81,679	–	5,365
Cash flow from investment activities				
• other financial interests	–	3,493	2,460	–
• fixed assets	–	10,353	–	18,513
• intangible assets	–	–	–	–
<i>Balance</i>	13,846	–	16,053	–
Cash flow from banking activities				
Medium and long-term transactions (> 1 year)				
• due to banks	–	–	–	–
• due to clients	–	1,191	–	355
• medium-term notes	–	19,487	–	21,311
• bonds and mortgage-backed bonds	62,165	–	30,000	–
• due from banks	–	–	–	–
• due from clients	–	158,660	–	249,228
• mortgages	–	569,567	–	417,519
• financial investments	–	137,615	–	4,772
Short-term transactions				
• due to banks	325,813	–	561,914	–
• due to clients	962,336	–	–	345,819
• medium-term notes	–	6,627	–	30,092
• bonds and mortgage-backed bonds	131,000	–	–	72,000
• allocation to treasury shares	1,363	–	3,170	–
• due on money-market instruments	577	–	–	445
• due from money-market instruments	3	–	43	–
• due from banks	–	38,028	220,144	–
• due from clients	–	404,044	367,328	–
• mortgages	–	195,812	21,634	–
• financial investments	136,420	–	2,353	–
• trading portfolios	–	3,047	–	12,535
Liquid resources				
• cash	–	153,432	–	41,822
<i>Balance</i>	67, 833	–	–	10,688
Total balances	81,679	81,679	16,053	16,053

BCGE Group statement of shareholders' equity

Consolidated

96

in CHF 1,000

Shareholders' equity at 1 January 2011

Share capital	360,000
Capital reserve	312,251
General banking risk reserves	60,000
Retained earnings / accumulated loss	268,976
Foreign-exchange differences	-11,252
Treasury shares	-24,033
Total shareholders' equity at 1 January 2011	965,942

Dividend from the previous year's profit	-16,200
Special allocation to the State of Geneva (20% of the dividend paid)	-3,240
Net profit for the year	63,119
Repurchase of treasury shares (at cost)	-4,925
Sale of treasury shares (at cost)	6,288
Profit / loss on the sales of treasury shares	-23
Foreign-exchange differences	-1,288

Total shareholders' equity at 31 December 2011

1,009,673

Of which

<i>Share capital</i>	360,000
<i>Capital reserve</i>	312,228
<i>Reserve for general banking risks</i>	60,000
<i>Accumulated profit</i>	249,536
<i>Net profit for the year</i>	63,119
<i>Foreign-exchange differences</i>	-12,540
<i>Treasury shares</i>	-22,670

Treasury shares (bearer shares)

In units

At 1 January 2011	98,533
Purchases	22,246
Sales	25,956
At 31 December 2011	94,823

Average transaction price (average cash value) in CHF	239.08
Commitments contingent on the transfer or acquisition of the Bank's own shares	-
Bearer shares held by the Bank's pension fund	15,000
Treasury shares reserved for a specific purpose	-
Stock options held by persons close to the Bank	-
Derivates on shares	-

1. BUSINESS ACTIVITIES AND STAFF

The Banque Cantonale de Genève Group provides the services of a local full-service bank and has the particular role of contributing to the economic development of the Canton and of the region.

Its activities include providing mortgage lending and commercial and personal loans as well as loans for international trade. The Group is also active in asset management and manages public offerings and placements in the financial markets.

The Group employed 783 people as of 31 December 2011; 721.7 when converted to full-time equivalents (749.8 in 2010).

The Bank's strategy is to outsource its operations so as to concentrate on high value-added client business. Outsourcing relationships are governed by service level agreements in accordance with the Finma 2008/7 circular on bank outsourcing. The contract with Swisscom IT Services Sourcing AG chiefly concerns money transfer and securities operations and allows a quality of service comparable to that offered by the best Swiss banking institutions. The contracts with Swisscom IT Services Finance AG primarily concerns operation of the central IT system, the hosting thereof, data storage, the printing and sending of bulk documents and the maintenance of a certain amount of infrastructure.

2. AGREEMENTS WITH THE MAJORITY SHAREHOLDER

The principles governing the transfer of certain assets from BCGE to the Fondation de valorisation are set out in a tripartite agreement signed on 27 July 2000 and in a supplementary agreement signed on 19 November 2001 between the Republic and Canton of Geneva, the Banque Cantonale de Genève and the Fondation de valorisation. In particular, this agreement stipulates procedures for the disposal of the assets, their financing and repayments between the Fondation and the Bank.

The State replaced the Bank in bearing that portion of financial, operating, and property liquidation costs (pursuant to law number 8194 of 19 May 2000) not paid by the Bank to the Fondation. Owing to the Fondation being dissolved, the State Council has, in accordance with the decree of 21 October 2011, set the remaining amount of the advances to be repaid by the Bank at CHF 362,741,634. In accordance with its Articles of Association, the Bank will repay pro rata to the dividends distributed to shareholders (20% of the dividends paid), i.e. CHF 3,240,000 paid in 2011.

3. PRINCIPLES GOVERNING THE ESTABLISHMENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Terms of reference

The consolidated accounts of the Banque Cantonale de Genève Group comply with the Swiss Code of Obligations, the Federal Banking Act and its executive ordinance and the FINMA accounting guidelines. The Group's consolidated accounts have been prepared according to the true and fair view principle.

Closing date for the consolidated accounts

The accounts are closed on 31 December of each year.

Scope of consolidation

Banks, financial and real-estate firms whose consolidation makes an important financial difference have been included in these financial statements. With the exception of Rhône Saône Courtage Sàrl, Lyon, created in 2011, no changes were made to the scope of consolidation for 2011.

All Group companies in banking, finance and real estate held as permanent assets in which the parent company has a direct or indirect stake of more than 50% are entirely consolidated. All permanently held companies in banking, finance and real estate in which the parent company has a direct or indirect stake of between 20% and 50% are consolidated under the equity method.

Total assets	in CHF 1,000
Banque Cantonale de Genève SA, Geneva	15,972,848
Capital Transmission SA, Geneva	27,968
Investissements Fonciers SA, Lausanne	18,084
Swiss Public Finance Solutions SA, Geneva	685
Banque Cantonale de Genève (France) SA, Lyon	460,153
Compagnie Foncière Franco-Suisse SAS, Lyon	26,671
Compagnie Foncière du Saint Gothard SAS, Puteaux	20,806
Rhône Saône Courtage Sàrl, Lyon	133

The Bank holds other permanent stakes, but they are not significant.

Consolidation process

• Share capital consolidation:

During the purchase of an equity interest, the net book value of the equity in the consolidated company is offset against the proportion of the company's total net assets those shares represent. Any difference is recorded either as a valuation adjustment on the consolidated balance sheet or as goodwill. Capital is consolidated according to the purchase method, which allows for the compensation of the equity interest purchase price with the part the Group holds in revalued shareholders' equity (monetary value of net assets) at the time of the acquisition.

• Goodwill:

Goodwill and the difference of first consolidation are shown on the balance sheet as "intangible assets" and depreciated through the profit and loss account over periods of 5 years or 20 years. Twenty-year depreciation is justified by the nature of the goodwill (clients).

• Intercompany transactions

Liabilities and receivables, as well as income and expenses from intercompany transactions, are eliminated.

• Exchange-rate conversions

Profit and loss and balance sheet items of entities domiciled outside Switzerland and recorded in foreign currencies are converted into Swiss francs at the rate applying at year-end. The exchange differences resulting from the conversion of shareholders' equity are directly accounted for in equity under "Foreign-exchange differences".

Valuation methods

The consolidated financial statements are based on the Group companies' individual annual financial statements using uniform accounting principles and valuation methods. Specific adjustments which must conform to the "true and fair view" principle are generally made to Treasury shares and bonds by deducting the corresponding liabilities.

Recording dates

All transactions are recorded on the books at the date of transaction.

Currencies, banknotes and precious metals

Positions held in foreign currencies are converted into Swiss francs at the following year-end rates:

Main currencies	Unit	Exchange rate	
		31.12.2011	31.12.2010
US Dollar	1	0.9406	0.9375
Euro	1	1.2166	1.2526
Pound sterling	1	1.4553	1.4537
Yen	100	1.2152	1.1524

Income and expenses are converted at the rate applying on the transaction date. Exchange gains and losses arising from conversion are reported under the heading "results from trading operations".

Cash and receivables from money-market instruments

Cash is reported on the balance sheet at its face value. Book receivables are recorded at cost.

Due from banks, customers and mortgage loans

Receivables and liabilities are recorded at their face values.

Receivables on the balance sheet are valued at no more than the value they represent for the Bank. Provisions made to cover potential losses known or estimated at the balance sheet date are booked as a reduction in the value of the corresponding assets. Interest and corresponding commissions which are underpaid 90 days from the due date are considered outstanding and are booked under "provisions" which are deducted from the corresponding assets. In such cases, they are only shown in the profit and loss account at the time when the payment is actually made.

For consumer credit portfolios (personal loans and leasing) consisting of many similar loans, individual provisions are determined on a portfolio basis using general historical data.

Repurchase and reverse repurchase agreements

Transactions in securities using repurchase and reverse repurchase agreements are recorded in the books as follows:

- sums in cash that are transacted are recorded on the balance sheet,
- the transfer of securities is not recorded on the balance sheet as long as the seller retains the rights to them
- the subsequent transfer of received securities is entered on the balance sheet as a non-monetary liability at market value

Trading portfolios and precious metals destined for sale

Securities held in portfolios are recorded on the balance sheet at their year-end market values. Results are recorded under "results from trading operations".

In accordance with the Group's principle of true and fair view, Treasury bonds are not valued at market prices but at face value, and recorded by reducing the corresponding liability positions.

Treasury shares are recorded at Group level by deducting their acquisition cost from shareholders' equity, under a separate position called "treasury shares". The payment of dividends and results of subsequent transfers are attributed to "capital reserve".

Financial investments

Financial investments include securities held for the long term and companies bought for strategic purposes and which are likely to be sold in the medium term.

Other debt and equity investments are valued either using the principle of valuation at the lower of cost or market valuation, or using the accrual method for securities that are to be held to maturity. The net impact of the changes in value is recorded in ordinary income or expenses. Buildings acquired in the course of lending operations and intended for resale are carried on the balance sheet at cost, less any adjustments in value and liquidation costs, on the principle of lowest value.

Fixed assets

Fixed assets are carried on the balance sheet at acquisition cost and are subject to straight-line depreciation over their foreseeable life, not exceeding the following:

Buildings occupied by the Bank	100 years
Fixtures	10 years
Furniture and fittings	5 years
Office machines	5 years
IT programs and equipment	3 to 10 years depending on their lifecycle

Taxation

An assessment of the taxes due for the year is entered into the accounts according to the income earned. The impact of delimiting the Group's taxes is shown under deferred taxes.

Open derivative instruments

Positions in financial instruments open at year-end are reported at their market values. Adjustments made to replacement values are accounted for according to the purpose of the underlying transaction:

- active trading positions, at market price in the profit and loss account,
- hedging positions in accordance with the valuation of the underlying transaction hedged.

In the latter case, the replacement value is recorded in "clearing accounts" under the heading "other assets" or "other liabilities".

Reserve for general banking risks

The reserves for general banking risks are precautionary reserves accumulated by making extraordinary charges to cover general business risks. These reserves are taxed.

Modification of general accounting and valuation principles

The Bank has not changed its accounting principles.

4. RISK MANAGEMENT

The Board of Directors establishes risk policy according to legal requirements and this is consistently applied in all the Group's entities. The Bank has set up a number of committees to assess, monitor and manage risks.

The Board of Directors has carried out an analysis of the Group's principal risks. This analysis takes account of the existing internal control system and the Risk Control and Compliance department.

Basic principles

The risk limits for each business type are established by the Board of Directors. These enable allocation of equity and diversification of risks taken. Similarly, the Board of Directors sets the country limits and bank limits, taking account of financial fluctuations and geopolitical risks.

All members of the Executive Board are responsible for the revenues and costs arising from risk positions in their divisions, and must take the necessary action to manage and reduce risk.

Risk control is separated from operating units that generate revenue. The Risk Control and Compliance department strengthens the front office and control functions. Its role is to analyse, evaluate and inform the various dedicated committees on the financial, legal and compliance-related impacts of exposure to the risks.

4.01 Consolidated supervision

The organisation of risk control within the Group is based on the Bank's own management principles. The aim is a comprehensive understanding of risks and their uniform control at consolidated level.

The Risk Control and Compliance department in the Finance and Risk Control division consolidates overall positions and their analyses. The distribution of reports and their systematic review with the front-office divisions during Risk and ALM (asset and liability management) committee meetings enable the overall approach to be more effective.

4.02 Counterparty risks

Counterparty or credit risks are the loss the Group suffers if a counterparty defaults.

Credit is granted under a system of delegation of authority, based on the size of the loan, and submitted to an expert rating system. This stipulates the different conditions to be applied depending on the borrower's financial situation and the type of transaction.

A credit committee examines applications and authorises operations in line with the delegated authority and the policy defined. This policy encompasses the undertakings of the Group's clients and corresponding institutions originating in the loan and guarantee issuance businesses, together with undertakings in respect of currency transactions.

Risk for commercial loans is assessed every year. For mortgage loans, the interval for reviewing collateral is defined by the loan-to-value ratio and by the type of property.

Ratings are allocated to borrowers by an expert rating system (10 ratings from A+ to E-) and are updated by dedicated systems. Ratings F to I for at-risk business are calculated by the Bank using the instructions in its credit regulations. All this information is provided for risk control. A significant drop in ratings triggers a risk-assessment process and, if necessary, the setting up of provisions and transfer of the case to the debt recovery and workout unit.

Non-performing and impaired loans are assessed individually and the reduction in value is recorded in a correction to individual valuations. Non-performing loans and collateral obtained are valued at liquidation value, taking into account any correction for the debtor's solvency. Off-balance sheet transactions are also included in this assessment.

Risks associated with international trade finance are permanently monitored and analysed. The dedicated IT system connected to the risk-control system performs situation analyses which list each client with its rating, its limits and its outstanding financing. Commodity analyses complete the picture.

4.03 Risk concentration

Major risks (large risks as defined in article 83 FRO) are monitored regularly and reported quarterly to the Board of Directors and to the independent auditors.

The integrated IT system for risk control calculates the funding requirements for each transaction and aggregates them by economic group. For the purpose of risk prevention, particular attention is paid to avoiding potential concentration of loans. These positions are constantly monitored.

4.04 Market risks

Market risks reside in the potential for losses from exchange rate fluctuations, interest rates and securities prices for any position held by the Group.

Market risk control requires that open positions must be identified, measured and controlled. Evaluation of the trading portfolio and supervision of limits are carried out on a single system, allowing risks incurred to be evaluated without delay and a report to be produced on a daily basis. An independent department is tasked with permanently monitoring the trading transactions, compliance with the limits and stop-loss arrangements. Connection to the centralised risk-control IT system also offers synchronised reports on capital requirements for these trading transactions. The Bank has a policy of maintaining low exposure to market risks in commodities trading.

The main market risks to which the Group is exposed are the following:

Rate risks

Rate risks are those risks arising from fluctuations in the value of non-trading portfolio positions as a result of changes in interest rates. The policy on interest-rate risks is approved by the Board of Directors, which delegates its implementation to the Executive Board. The Asset and Liability Management Committee (ALM) meets monthly. This committee contributes to decision-support for managing the Bank's assets, based on potential changes in business trends, the financial market situation and other parameters. In compliance with legal requirements, the ALM Committee analyses the effects of rate fluctuations on income (short-term) and on value (long-term) and manages them within the limits defined by the Board of Directors.

Exchange rate risks

Exchange positions managed by the Bank mainly involve interest and commission income, mostly denominated in USD and in EUR. Balance sheet positions, also including holdings in the French subsidiaries, are taken into account. Exchange rate risks arising from the balance sheet, including cash management operations and transactions, are centralised and managed for the Bank as a whole. A hedging system is in place, enabling financial transactions to be executed which protect specific exchange positions while taking related costs into account.

Share price risks

Share price risks concern the changes in values of share positions and instruments behaving in a similar way to shares.

The share price risk policy is approved by the Board of Directors, which delegates its control to the Executive Board. The ALM (Asset and Liability Management) Committee meets monthly. This committee helps to make decisions on handling share price risks.

4.05 Operating risks

Operating risks are defined as risks of losses resulting from inadequate or failing internal procedures, persons or systems or from external events. The level of automation of such processes and internal control measures can limit these risks.

The Bank has implemented a model of production processes to monitor points of control, function separation and validation of transaction processing. The management of operating risks has been improved by the introduction of a dedicated function to ensure the consistency of the internal control architecture. This makes it possible to monitor and record incidents with the aim of improving the quality of information entered in the database, which will lead to an improvement in the internal control system.

Administrative instructions and other internal guidelines are regularly updated and made accessible to all staff members on the Bank's intranet. Furthermore, there is an internal control unit which monitors compliance with procedures and information flows, and another which ensures that internal regulations have been properly adapted to legal requirements.

4.06 Compliance risks

Compliance risks are risks of exposure either to financial loss or damage to reputation as a result of failure to conform to standards and regulations or legal and regulatory provisions.

The aim of the compliance section, which is part of the Risk Control and Compliance department, is to maintain the Bank's reputation by monitoring regulations in respect of money-laundering, financing of terrorism and fraud as well as regulatory and legal provisions. It ensures that the Bank's activities and internal guidelines comply with these regulations.

4.07 Legal risks

The Legal department reports directly to the CEO. Its mission is to identify legal risks, defend the Bank's interests and support asset managers in their client relationships. The Legal department is involved once a potential risk has been identified. It assesses the problem and, if appropriate, retains an external lawyer with whom it handles the case.

The funding of legal risks is examined on a case-by-case basis. Provisions for legal risks are booked as liabilities under "valuation adjustments and provisions" (under "other operating risks").

The bank is currently involved in legal proceedings relating to its past, acting, depending on the case, as defendant or plaintiff. The outcome of these proceedings cannot be predicted for the time being.

The bank has received cantonal tax notices for the years 2006 to 2010. The amounts do not correspond to estimates made for the years involved due to a difference of interpretation of the Federal Law regarding harmonisation of direct taxes and so these tax demands have been challenged. The Bank submits that, as in the past, it should continue to enjoy partial exemption as provided by the Geneva Cantonal Bank Act. Following an initial complaint to the cantonal tax administration, an appeal has been lodged with the administrative court of first instance. The financial impact of these differences is of the order of CHF 20 million. The Bank considers that its argument is well founded and so has not made a provision.

5. INFORMATION RELATING TO THE CONSOLIDATED FINANCIAL STATEMENTS

5.01 Summary of collateral for loans and off-balance-sheet operations (in CHF 1,000)

	Type of collateral			Total
	Mortgages	Other collateral	No collateral	
Loans				
Due from clients	591,671	749,161	2,758,437	4,099,269
Mortgages, of which:	8,726,112	38,961	–	8,765,073
• Residential real estate	7,033,440	38,961	–	7,072,401
• Office and business premises	1,161,602	–	–	1,161,602
• Industrial property	445,683	–	–	445,683
• Other	85,387	–	–	85,387
Total loans 31.12.2011	9,317,783	788,122	2,758,437	12,864,342
Total loans 31.12.2010	8,518,884	821,217	2,196,158	11,536,259
Off-balance-sheet items				
Contingent liabilities	–	–	991,158	991,158
• Guarantees/sureties	–	–	76,280	76,280
• Documentary credits	–	–	914,878	914,878
Irrevocable commitments	114,988	30,874	755,776	901,638
Commitments to subscribe capital or pay further sums	–	–	53,573	53,573
Acceptances	–	–	54,197	54,197
Off-balance-sheet total 31.12.2011	114,988	30,874	1,854,704	2,000,566
Off-balance-sheet total 31.12.2010	190,004	25,125	1,417,709	1,632,838

	Gross amount	Estimated	Net amount	Individual adjustments
		liquidation value of guarantees		
Impaired loans (in CHF 1,000)				
31.12.2011	224,779	75,571	149,208	143,897
31.12.2010	235,408	92,460	142,948	135,706

5.02 Securities and precious metals held in trading portfolios (in CHF 1,000)

	31.12.2011	31.12.2010
• Equity securities	961	–
• Precious metals	21,411	19,325
Total securities and precious metals held in trading portfolios	22,372	19,325

5.03 Financial investments (in CHF 1,000)	Book value		Fair value	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Financial investments				
Debt securities	1,171,221	1,168,539	1,196,897	1,177,349
<i>of which valued by the accrual method</i>	865,123	701,073	884,557	702,867
<i>of which valued at lowest price</i>	306,098	467,466	312,340	474,482
Investments	36,004	33,196	71,595	66,592
<i>of which significant shareholders*</i>	2,946	3,532	6,601	6,441
Real estate	656	4,951	656	5,852
Total financial investments	1,207,881	1,206,686	1,269,148	1,249,793
<i>of which collateral eligible for repos in accordance with liquidity rules</i>	1,171,221	1,168,539		

* minimum 10% of capital or of votes

5.04 Investments consolidated by the equity method (in CHF 1,000)	31.12.2011	31.12.2010
Without listed value	21,020	17,527
Total investments consolidated by the equity method	21,020	17,527

5.05 Scope of consolidation

Company, head office	Business	Capital (en 1,000)	% stake
Fully consolidated			
Banque Cantonale de Genève (France) SA, Lyon	Bank	EUR 15,250	100
Rhône Saône Courtage Sàrl, Lyon	Real estate agent	EUR 10	100
Capital Transmission SA, Genève	Investment	CHF 2,000	100
Investments consolidated by the equity method			
Compagnie Foncière Franco-Suisse SAS, Lyon	Real estate	EUR 2,088	33.3
Compagnie Foncière du Saint Gothard SAS, Putaux	Real estate	EUR 12,075	33.3
Investissements Fonciers SA, Lausanne	Fund manager	CHF 1,000	42.0
Swiss Public Finance Solutions SA, Genève	Financial Advisers	CHF 400	50.0

The Bank has other insignificant minority holdings.

5.06 Fixed assets (in CHF 1,000)	31.12.2010			31.12.2011			
	Historical cost	Accumulated amortisation	Book value	Investments	Disposals	Amortisation	Book value
Investments							
Investments consolidated by equity method	17,527	–	17,527	5,040	-1,547	–	21,020
Total investments	17,527	–	17,527	5,040	-1,547	–	21,020
Real estate							
Bank premises	151,676	-20,614	131,062	2,315	–	-4,021	129,356
Other premises	27,935	-5,273	22,662	–	–	-419	22,243
Total real estate	179,611	-25,887	153,724	2,315	–	-4,440	151,599
Other tangible assets	103,140	-48,974	54,166	8,279	-241	-16,175	46,029
Total tangible assets	282,751	-74,861	207,890	10,594	-241	-20,615	197,628
Intangible assets							
Goodwill	22,374	-14,292	8,082	–	–	-1,551	6,531
Fire insurance value of real estate			278,404				279,598
Fire insurance value of other tangible assets			100,106				100,956
Commitments: future liabilities on operating leases			–				–

5.07 Other assets and liabilities (in CHF 1,000)	31.12.2011		31.12.2010	
	other assets	other liabilities	other assets	other liabilities
Replacement values of financial instruments	32,865	209,547	23,006	108,510
Clearing account	153,074	–	72,866	–
Spread of gains on swaps	–	175	–	543
Federal tax	9,544	10,135	4,373	9,334
Securities & coupons	–	442	33	467
Issue costs/bond issues to be amortised	4,408	–	829	–
Other	3,934	7,289	7,090	1,464
Total	203,825	227,588	108,197	120,318

5.08 Assets pledged or assigned against the Bank's commitments and assets sold with retention of title (in CHF 1,000)	On 31.12.2011	
	Book value of assets pledged or consigned as collateral	Effective commitments
Swiss National Bank		
Limit	103,000	–
Face value of securities and debts pledged	–	–
SIX Swiss Exchange		
Face value of pledged securities	55,985	178,265
Mortgage-backed securities (in CHF 1,000)	31.12.2011	31.12.2010
Face value of mortgage securities kept aside	4,909,360	3,846,864
Total borrowings	2,135,000	2,139,000
Securities lending and repo transactions (in CHF 1,000)	31.12.2011	31.12.2010
Claims resulting from a cash pledge when borrowing securities or entering into a repurchase agreement	–	190,042
Commitments resulting from cash received in securities lending or repo transactions	149,370	414,551
Securities held for own account, lent or transferred as collateral for securities lending or repo transactions <i>of which securities with unrestricted rights of subsequent sale or pledge</i>	150,424 150,424	413,660 413,660
Securities received as collateral in securities lending and borrowing and in repo transactions, with unrestricted rights of subsequent sale or pledge <i>of which securities sold or remitted to a third party as collateral</i>	774 –	189,873 –

5.09 Liabilities towards own pension plans (in CHF 1,000)	31.12.2011	31.12.2010
Towards the pension fund	–	–
As a custodian bank	25,853	20,468

Economic benefit/obligation and pension contributions (in CHF 1,000)		Pension-fund excess assets
	31.12.2011	31.12.2010
<i>Amount of excess assets in the pension-fund accounts as at 31.12.2010*: 7,263 (2009: 7,263)</i>		
Economic benefit	1,019	1,003
Change in the economic benefit or obligation	16	63
Contribution adjusted to the period (including the result of the employer's contribution reserve)	12,072	12,513
Extraordinary contribution in case of application of time-limited measures in order to absorb shortfalls	–	–
Pension contributions with significant influencing factors – as part of payroll costs	12,056	12,450

* The audited annual accounts of the pension fund as at 31.12.2011 are not available. As of 31.12.2010, the pension fund reported a liability coverage of 115.4% to its regulator.

The Bank entered on the books the non-allocated part of the one-off payment under a change in the pension-fund regulations.

The BCGE pension plan constitutes the Group's main pension fund covering all the parent company's employees as well as the workforces of Swiss affiliated companies.

Employer's contribution reserve

In 2011, the contribution reserve, which served no purpose, was dissolved.

5.10 Outstanding bond issues

5.10.1 Bonds and mortgage-backed bonds from Swiss cantonal banks (in CHF 1,000)	31.12.2011	31.12.2010
Bonds	317,165	120,000
Mortgage-backed bonds	2,135,000	2,139,000
Total	2,452,165	2,259,000
Average interest at year-end	2.77%	2.87%

5.10.2 Bonds

	Maturity	Year	Interest	Face	Securities held	Outstanding	Amount by maturity	
	at call / final	of issue	rate%	amount	only by the bank	amount	in CHF 1,000	
				in CHF 1,000	in CHF 1,000	in CHF 1,000	in CHF 1,000	
	2014	2004	3.5000	120,000	2,790	117,210 *	117,210	2014
	2018	2011	3.1250	200,000	45	199,955 *	199,955	2018
Total				320,000	2,835	317,165		
<i>of which subordinated debt</i>				<i>320,000</i>	<i>2,835</i>	<i>317,165</i>		

* Subordinated

5.11 Valuation adjustments and provisions as well as reserves for general banking risks (in CHF 1,000)

	Balance at end 2010	Recovery of non-performing		New provisions	Releases of provisions	Balance at end 2011
		Utilisation according to purpose	interest and exchange difference			
Valuation adjustments and provisions for default risks (collection and country risk)	143,292	-9,771	3,273	24,105	-10,041	150,858
Valuation adjustments and provisions on financial investments	8,385	-1,497	-2	2,203	-1,215	7,874
Valuation adjustments and provisions for other operating risks	14,555	-344	-	1,251	-37	15,425
Value adjustments and provisions for deferred taxes	145	-	-	-	-145	-
Other provisions	-	-1,079	-	1,079	-	-
Total valuation adjustments and provisions	166,377	-12,691	3,271	28,638	-11,438	174,157
Valuation adjustments directly netted with assets		-162,711				-169,703
Total valuation adjustments and provisions as per balance sheet		3,666				4,454

In the Group accounts and in accordance with legal requirements, the valuation adjustments and provisions are recorded gross.

Reserve for general banking risks	60,000	-	-	-	-	60,000
------------------------------------------	---------------	---	---	---	---	---------------

5.12 Maturity structure of current assets, financial investments and debt (in CHF 1,000)

	Sight	Redeemable	Time to maturity				Fixed assets	Total
			Within	3 to 12	12 months	More than		
			3 months	months	to 5 years	5 years		
CURRENT ASSETS								
Cash	398,040	–	–	–	–	–	–	398,040
Money-market instruments	5	–	–	–	–	–	–	5
Due from banks	297,622	–	363,462	213,507	30,000	–	–	904,591
Due from clients	29,398	1,078,018	1,210,835	182,353	816,624	782,041	–	4,099,269
Mortgages	–	1,063,912	809,937	576,716	3,541,196	2,773,312	–	8,765,073
Trading portfolios	22,372	–	–	–	–	–	–	22,372
Financial investments	36,151	–	6,841	247,535	803,352	113,487	515	1,207,881
Total current assets								
31.12.2011	783,588	2,141,930	2,391,075	1,220,111	5,191,172	3,668,840	515	15,397,231
31.12.2010	550,430	2,372,883	1,782,466	1,172,985	4,581,680	3,412,969	36	13,873,449
DEBT								
Money-market instruments	789	–	–	–	–	–	–	789
Due to banks	325,764	–	1,023,193	115,000	–	–	–	1,463,957
Due to clients on savings and deposit accounts	5,438,429	–	–	–	–	–	–	5,438,429
Due to clients, other	–	–	3,404	18,384	17,846	3,582	–	43,216
Medium-term notes	–	–	–	–	–	–	–	–
Mortgage-backed bonds	–	–	130,000	151,000	1,034,210	1,136,955	–	2,452,165
Total debt								
31.12.2011	10,119,243	–	1,693,425	546,945	1,056,936	1,140,537	–	14,557,086
31.12.2010	9,788,065	–	910,120	248,329	1,192,374	963,612	–	13,102,500

5.13 Amounts due to/from affiliates and loans to officers (in CHF 1,000)	31.12.2011	31.12.2010
Due from affiliates	39,539	42,052
Due to affiliates	1,057,709	503,405
Loans to officers	6,072	6,810

Due from affiliates are mostly mortgages to property development foundations created under public law of the State of Geneva. Due to affiliates corresponds to the current accounts of these foundations created under public law.

Loans to officers of the Bank are mainly mortgage loans granted to directors and members of the Executive Board at conditions identical to those granted to other Bank employees.

Loans and liabilities in respect of qualifying persons noted at the foot of the balance sheet result from banking transactions executed at conditions granted to public bodies.

The Bank paid CHF 4.2 million in fees to the State of Geneva for the guarantee on savings accounts.

5.14 Assets and liabilities by domestic and foreign origin (in CHF 1,000)	31.12.2011		31.12.2010	
	Domestic	Foreign	Domestic	Foreign
ASSETS				
Cash	389,865	8,175	234,673	9,935
Money-market instruments	5	–	8	–
Due from banks	402,152	502,439	454,259	412,304
Due from clients	2,706,411	1,392,858	2,420,360	1,116,205
Mortgages	8,505,738	259,335	7,789,923	209,771
Trading portfolios	22,358	14	19,325	–
Financial investments	1,047,864	160,017	909,259	297,427
Investments consolidated by the equity method	7,632	13,388	7,742	9,785
Fixed assets	196,898	730	207,215	675
Intangible assets	6,531	–	8,082	–
Accrued income and prepaid expenses	43,328	1,401	40,913	1,129
Other assets	203,353	472	104,929	3,268
Total assets	13,532,135	2,338,829	12,196,688	2,060,499
LIABILITIES				
Money-market instruments	789	–	212	–
Due to banks	1,348,346	115,611	926,262	211,882
Due to clients on savings and deposit accounts	4,880,408	558,021	4,869,253	560,811
Due to clients, other	4,230,756	927,774	3,415,817	789,933
Medium-term notes	43,216	–	69,330	–
Bonds and mortgage-backed bonds	2,452,165	–	2,259,000	–
Accrued expenses and deferred income	68,468	3,695	61,642	3,119
Other liabilities	225,758	1,830	120,318	–
Valuation adjustments and provisions	4,454	–	3,666	–
Reserve for general banking risks	60,000	–	60,000	–
Share capital	360,000	–	360,000	–
Capital reserve	312,228	–	312,251	–
Retained earnings	249,536	–	212,534	–
Treasury shares	-22,670	–	-24,033	–
Foreign-exchange differences	-12,540	–	-11,252	–
Net profit for the year	63,119	–	56,442	–
Total liabilities	14,264,033	1,606,931	12,691,442	1,565,745

5.15 Total assets by country or group of countries (in CHF 1,000)	31.12.2011		31.12.2010	
	Amount	%	Amount	%
Europe • France	1,124,295	7.1	1,076,254	7.5
• United Kingdom	154,989	1.0	108,070	0.8
• Turkey	102,413	0.6	53,494	0.4
• The Netherlands	82,705	0.5	40,496	0.3
• Germany	69,839	0.4	75,140	0.5
• Other	264,069	1.7	287,475	2.0
United States	42,220	0.3	67,050	0.5
Other	498,299	3.1	352,520	2.5
Assets abroad	2,338,829	14.7	2,060,499	14.5
Domestic	13,532,135	85.3	12,196,688	85.5
Total assets	15,870,964	100.0	14,257,187	100.0

5.16 Balance sheet by currency (in CHF 1,000 at 31.12.2010)

	Currency				
	CHF	USD	EUR	OTHER	METALS
ASSETS					
Cash	340,181	3,926	51,986	1,947	–
Money-market instruments	5	–	–	–	–
Due from banks	204,051	498,835	27,842	33,124	140,739
Due from clients	2,038,367	1,083,179	962,557	15,166	–
Mortgages	8,729,103	150	35,820	–	–
Trading portfolios	947	1	13	–	21,411
Financial investments	1,142,963	–	64,543	375	–
Investments consolidated by the equity method	14,231	–	6,789	–	–
Fixed assets	196,898	–	730	–	–
Intangible assets	6,531	–	–	–	–
Accrued income and prepaid expenses	43,328	–	1,401	–	–
Other assets	202,614	659	552	–	–
Total asset positions	12,919,219	1,586,750	1,152,233	50,612	162,150
Delivery claims from spot exchange deals, forward exchange deals and currency-option transactions	3,352,218	221,225	320,376	45,729	19,633
Total assets	16,271,437	1,807,975	1,472,609	96,341	181,783
LIABILITIES					
Money-market instruments	752	8	29	–	–
Due to banks	312,109	732,633	261,000	29,962	128,253
Due to clients on savings and deposit accounts	5,371,768	–	66,661	–	–
Due to clients, other	4,092,653	457,319	518,682	56,081	33,795
Medium-term notes	43,216	–	–	–	–
Bonds and mortgage-backed bonds	2,452,165	–	–	–	–
Accrued expenses and deferred income	68,468	–	3,695	–	–
Other liabilities	221,340	10	6,238	–	–
Valuation adjustments and provisions	4,454	–	–	–	–
Reserve for general banking risks	60,000	–	–	–	–
Share capital	360,000	–	–	–	–
Capital reserve	312,228	–	–	–	–
Retained earnings / accumulated deficit	249,536	–	–	–	–
Treasury shares	-22,670	–	–	–	–
Foreign-exchange differences	-12,540	–	–	–	–
Net profit for the year	63,119	–	–	–	–
Total liability positions	13,576,598	1,189,970	856,305	86,043	162,048
Delivery claims from spot exchange deals, forward exchange deals and currency-option transactions	2,740,993	618,471	573,284	8,810	19,633
Total liabilities	16,317,591	1,808,441	1,429,589	94,853	181,681
Net position by currency	-46,154	-466	43,020	1,488	102

5.17 Open derivative instruments at year-end (in CHF 1,000)	Trading Instruments			Hedging Instruments		
	Positive	Negative	Contract	Positive	Negative	Contract
	replacement	replacement		replacement	replacement	
value	value	volume	value	value	volume	
Interest-rate instruments						
Forward contracts inc. FRAs	103	103	126,161	–	–	–
Swaps	323	300	28,717	14,840	189,017	2,562,000
Futures	–	4	73	–	–	–
Options (OTC)	23	457	149,163	1,014	721	191,355
Total interest-rate instruments	449	864	304,114	15,854	189,738	2,753,355
Currencies / precious metals						
Forward contracts	5,358	1,434	135,480	–	–	–
Combined interest-rate and currency swaps	1,991	7,615	645,037	–	683	121,195
Options (OTC)	9,213	9,213	–	–	–	–
Total currencies / precious metals	16,562	18,262	780,517	–	683	121,195
Equity securities / indices						
Futures	–	–	–	–	–	–
Exchange-traded options	–	–	–	–	–	–
Total equity securities / indices	–	–	–	–	–	–
Total at 31.12.2011	17,011	19,126	1,084,631	15,854	190,421	2,874,550
Total at 31.12.2010	17,254	14,735	1,010,472	5,752	93,775	2,093,898

The Bank did not enter into any specific netting contracts.

5.18 Interest income (in CHF 1,000)	31.12.2011	31.12.2010
Banks	3,768	3,581
Clients	287,927	287,796
Bills of exchange and money-market instruments	32	107
Interest and dividends earned on financial investments	17,682	17,541
Interest and dividends earned on trading portfolio	5	–
Total	309,414	309,025

5.19 Interest expenses (in CHF 1,000)	31.12.2011	31.12.2010
Banks	4,863	2,615
Clients	36,243	37,570
Debts	65,638	67,882
Subordinated debts	5,033	4,164
Other	158	–
Total	111,935	112,231

5.20 Trading results (in CHF 1,000)	31.12.2011	31.12.2010
Currency and banknote trading, including derivatives	21,965	16,540
Precious-metal trading	556	554
Securities trading	1,423	359
Total	23,944	17,453

5.21 Payroll expenses (in CHF 1,000)	31.12.2011	31.12.2010
Salaries and bonus payments	96,129	95,709
Social security benefits	9,742	8,795
Contributions to the pension fund	12,056	12,450
Other staff expenses	3,636	3,586
Total	121,563	120,540
5.22 Other operating expenses (in CHF 1,000)	31.12.2011	31.12.2010
Occupancy expenses	12,581	10,186
IT expenses	39,548	36,625
Office equipment, furniture, vehicles	359	602
Other operating expenses	44,570	44,755
Total	97,058	92,168
5.23 Depreciation of fixed assets (in CHF 1,000)	31.12.2011	31.12.2010
Permanent installations	2,436	2,436
Appliances, fixtures and telecommunications, IT programs and equipment	14,120	17,687
Office equipment, furniture and vehicles	4,059	3,911
Intangible assets	1,551	1,551
Total	22,166	25,585
5.24 Valuation adjustments, provisions and losses (in CHF 1,000)	31.12.2011	31.12.2010
Value adjustments and provisions for loan recovery risks	14,064	29,160
Value adjustments and provisions for other operating risks	1,214	11,733
Other provisions	1,079	862
Total	16,357	41,755
5.25 Extraordinary income (in CHF 1,000)	31.12.2011	31.12.2010
Reserve for general banking risks	–	15,000
Sale of fixed assets	19	–
Other	40	7
Total	59	15,007
5.26 Extraordinary expenses (in CHF 1,000)	31.12.2011	31.12.2010
Non-operating expenses	3,133	3,160
Total	3,133	3,160

5.27 Income and expenses of ordinary banking activities (in CHF 1,000)	31.12.2011		31.12.2010	
	Domestic	Foreign	Domestic	Foreign
Income from interest-rate operations	188,609	8,870	188,538	8,256
Income from commissions and services	98,908	5,075	103,602	5,744
Income from trading	23,944	–	17,453	–
Other ordinary income	11,058	119	8,148	-1,067
Operating expenses	-209,388	-9,233	-203,358	-9,350
Gross profit	113,131	4,831	114,383	3,583

2011 financial statements and notes

Parent company

Report of the statutory auditor

English translation of French
official version

To the General meeting of
Banque Cantonale de Genève, Geneva

Report on the financial statements

As statutory auditor, we have audited the financial statements (pages 115 to 128) of Banque Cantonale de Genève, which comprise the balance sheet, profit and loss account and notes for the year ended 31 December 2011.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the Bank's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2011 comply with Swiss law and the Bank's articles of incorporation.

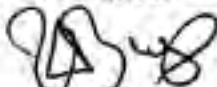
Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

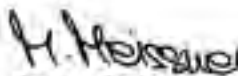
In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the Bank's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Deloitte SA



Alexandra Buga
Licensed audit expert
Auditor in charge



Myriam Meissner
Licensed audit expert

Geneva, 23 February 2012

Balance sheet before allocation	120
Profit and loss account	121
Statement of shareholders' equity	122
NOTES TO THE FINANCIAL STATEMENTS	123
1. BUSINESS ACTIVITIES AND STAFF	123
2. ACCOUNTING AND VALUATION PRINCIPLES ADOPTED IN THE ANNUAL ACCOUNTS	123
3. RISK MANAGEMENT	123
4. NOTES TO THE PARENT COMPANY ACCOUNTS	123
4.01 Assets pledged or assigned against the Bank's commitments and assets sold with retention of title	123
4.02 Liabilities towards the Bank's own pension and retirement funds	124
4.03 Amounts to/from affiliates and loans to officers	124
4.04 Depreciation of fixed assets	124
4.05 Extraordinary income	124
4.06 Extraordinary expenses	124
4.07 Share capital	124
4.08 Credits, loans, remunerations and shareholdings of the Board of Directors and the Executive Board	125
4.09 Major shareholders and groups of shareholders bound by voting agreements	127
4.10 Valuation adjustments and provisions, as well as reserves for general banking risks	127
4.11 Off-balance-sheet transactions	127
4.12 Trading results by sector	128
4.13 Other assets and liabilities	128
Proposed allocation of profit	128

Balance sheet before allocation

Parent company

120

	Notes	31.12.2011 in CHF 1,000	31.12.2010 in CHF 1,000	Change in CHF 1,000
ASSETS				
Cash		393,141	236,125	157,016
Money-market instruments		5	8	-3
Due from banks		1,392,133	1,271,020	121,113
Due from clients		3,650,772	3,127,748	523,024
Mortgages		8,765,073	7,999,694	765,379
Trading portfolios		43,961	40,520	3,441
Financial investments		1,204,177	1,206,681	-2,504
Investments in Group companies		71,314	70,052	1,262
Fixed assets		206,086	219,071	-12,985
Accrued income and prepaid expenses		42,762	40,570	2,192
Other assets	4.13	203,424	104,736	98,688
Total assets		15,972,848	14,316,225	1,656,623
Total subordinated claims		17,771	13,185	4,586
Total due from Group companies and qualified participants		789,732	798,938	-9,206
<i>of which total claims on the Canton of Geneva</i>		<i>207,865</i>	<i>299,945</i>	<i>-92,080</i>
LIABILITIES				
Money-market instruments		789	212	577
Due to banks		1,593,734	1,228,850	364,884
Due to clients on savings and deposit accounts		5,438,430	5,430,064	8,366
Due to clients, other		5,132,625	4,172,982	959,643
Medium-term notes		43,216	69,330	-26,114
Bonds and mortgage-backed bonds		2,455,000	2,259,000	196,000
Accrued expenses and deferred income		68,443	61,707	6,736
Other liabilities	4.13	225,758	120,074	105,684
Valuation adjustments and provisions	4.10	4,354	3,421	933
Reserve for general banking risks	4.10	60,000	60,000	-
Share capital	4.07	360,000	360,000	-
General legal reserve		529,851	496,851	33,000
Retained earnings		1,294	1,857	-563
Net profit for the year		59,354	51,877	7,477
Total liabilities		15,972,848	14,316,225	1,656,623
Total subordinated debt		320,000	120,000	200,000
Total due to Group companies and qualified participants		251,192	224,844	26,348
<i>of which total due to the Canton of Geneva</i>		<i>98,620</i>	<i>73,999</i>	<i>24,621</i>
OFF-BALANCE-SHEET OPERATIONS				
Contingent liabilities		991,221	804,642	186,579
Irrevocable commitments		901,638	770,378	131,260
Commitments to subscribe capital or pay further sums		53,573	39,011	14,562
Loans by acceptances		54,197	18,896	35,301
Financial derivatives:				
– underlying amounts		3,961,529	3,104,370	857,159
– positive replacement values		32,950	23,006	9,944
– negative replacement values		209,547	108,510	101,037
Fiduciary transactions	4.11	137,631	50,404	87,227

Profit and loss account

Parent company

	Notes	31.12.2011 in CHF 1,000	31.12.2010 in CHF 1,000	Change in CHF 1,000
INTEREST INCOME AND EXPENSES				
Interest and discount income		282,768	282,220	548
Interest and dividends from trading portfolios		426	690	-264
Interest and dividends from financial investments		17,682	17,541	141
Interest expenses		-113,077	-112,220	-857
<i>Net interest income</i>		<i>187,799</i>	<i>188,231</i>	<i>-432</i>
COMMISSION AND FEE INCOME				
Commission income from lending		34,858	42,467	-7,609
Commission income from trading, securities and deposits		45,416	46,944	-1,528
Commission income from other services		25,182	23,276	1,906
Commission expenses		-6,561	-5,925	-636
<i>Net commission and fee income</i>		<i>98,895</i>	<i>106,762</i>	<i>-7,867</i>
RESULT OF TRADING OPERATIONS				
<i>Net result of trading operations</i>	4.12	<i>22,533</i>	<i>16,053</i>	<i>6,480</i>
OTHER ORDINARY RESULTS				
Income from sale of financial investments		2,202	193	2,009
Income from investments		1,948	2,159	-211
Real-estate income		1,013	1,189	-176
Other ordinary income		8,316	8,262	54
Other ordinary expenses		-1,390	-3,717	2,327
<i>Other ordinary income, net</i>		<i>12,089</i>	<i>8,086</i>	<i>4,003</i>
Net operating income		321,316	319,132	2,184
OPERATING EXPENSES				
Payroll expenses		-115,846	-114,816	-1,030
Other operating expenses		-93,517	-88,518	-4,999
<i>Net operating expenses</i>		<i>-209,363</i>	<i>-203,334</i>	<i>-6,029</i>
Gross profit		111,953	115,798	-3,845
Depreciation of fixed assets	4.04	-22,421	-27,318	4,897
Valuation adjustments, provisions and losses		-15,295	-40,490	25,195
Results before extraordinary items and taxes		74,237	47,990	26,247
Extraordinary income	4.05	59	15,007	-14,948
Extraordinary expenses	4.06	-3,133	-3,160	27
Taxes		-11,809	-7,960	-3,849
Net profit for the year		59,354	51,877	7,477

Statement of shareholders' equity

Parent company

in CHF 1,000

SHAREHOLDERS' EQUITY AT 1 JANUARY 2011

Share capital	360,000
General legal reserve	496,851
Reserve for general banking risks	60,000
Profit	53,734
Total shareholders' equity at 1 January 2011	970,585

Allocation to the general legal reserve from the previous year's profit	-33,000
Dividend from the previous year's profit	-16,200
Special allocation to the State of Geneva (20% of the dividend paid)	-3,240
Other allocations	33,000
Profit for the year	59,354
Total shareholders' equity at 31 December 2011	1,010,499

of which

<i>Share capital</i>	360,000
<i>General legal reserve</i>	529,851
<i>Reserve for general banking risks</i>	60,000
<i>Profit</i>	60,648

1. BUSINESS ACTIVITIES AND STAFF

The business of the Bank and outsourced activities are described in the notes to the consolidated accounts.

Staff numbers	31.12.2011	31.12.2010
Full-time equivalents	679.2	707.8
Number of employees	740	768

2. ACCOUNTING AND VALUATION PRINCIPLES ADOPTED IN THE ANNUAL ACCOUNTS

The financial statements of the parent company are drawn up according to Group principles with the exception of the restatement of certain items to present a true and fair representation of the consolidated financial statements, principally the treatment of BCGE bonds and Treasury shares. In addition, companies within the scope of consolidation and presented in note 3 to the consolidated financial statements are valued at the acquisition cost less depreciation where judged appropriate.

3. RISK MANAGEMENT

Please refer to paragraph 4 of the notes to the consolidated financial statements for our statements on risk management.

4. NOTES TO THE FINANCIAL STATEMENTS

4.01 Assets pledged or assigned against the Bank's commitments and assets with retention of ownership (in CHF 1,000)

	Book value of assets pledged or assigned	Commitments
Swiss National Bank		
Limit	103,000	–
Face value of securities and claims pledged	–	–
SIX Swiss Exchange		
Face value of blocked securities	55,985	178,265
Mortgage-backed securities from Swiss cantonal banks (in CHF 1,000)		
	31.12.2011	31.12.2010
Face value of mortgage-backed securities	4,909,360	3,846,864
Total borrowings	2,135,000	2,139,000

Securities lending and repo transactions (in CHF 1,000)

	31.12.2011	31.12.2010
Claims resulting from a cash pledge when borrowing securities or entering into a repurchase agreement	–	190,042
Commitments resulting from cash received in securities lending or repo transactions	14 9,370	414,551
Securities held in own account, loaned or transferred as collateral in securities lending or repo transactions	150,424	413,660
<i>of which securities with unrestricted rights of subsequent transfer or pledge</i>	150,424	413,660
Securities received as collateral in securities lending and borrowing, and repo transactions, with unrestricted rights of subsequent sale or pledge	774	189,873
<i>of which securities transferred or remitted to a third party as collateral</i>	–	–

4.02 Liabilities towards the Bank's pension and retirement fund (in CHF 1,000)	31.12.2011	31.12.2010
Liabilities towards the pension fund	–	–
Liabilities towards the pension fund as a custodian bank	25,853	20,468

Please refer to item 5.09 (page 106) in "Notes to the 2011 Consolidated Financial Statements".

4.03 Amounts due to/from affiliates and loans to officers (in CHF 1,000)	31.12.2011	31.12.2010
Due from affiliates	39,539	42,052
Due to affiliates	1,057,709	503,405
Loans to officers	6,072	6,810

Please refer to item 5.13 (page 109) in "Notes to the 2011 Consolidated Financial Statements".

4.04 Depreciation of fixed assets (in CHF 1,000)	31.12.2011	31.12.2010
Fixtures	2,436	2,436
Installations, fittings, security and telecommunications equipment, IT plant and equipment and programs	14,642	18,103
Plant and equipment, furniture, vehicles, intangible assets	5,970	5,952
Depreciation on shareholdings*	-627	827
Total	22,421	27,318

* Depreciation adjustment overbooked in 2010 and corrected in the 2011 accounts

4.05 Extraordinary income (in CHF 1,000)	31.12.2011	31.12.2010
Sale of fixed assets	19	–
Various agreed funds	38	1
Reversal of reserves for general banking risks	–	15,000
Disposals	2	6
Total	59	15,007

4.06 Extraordinary expenses (in CHF 1,000)	31.12.2011	31.12.2010
Non operating expenses	3,133	3,160
Total	3,133	3,160

4.07 Share capital	31.12.2011			31.12.2010		
	Total	Number	Capital	Total	Number	Capital
	par	of shares	eligible for	par	of shares	eligible for
	value		dividends	value		dividends
	in CHF		in CHF	in CHF		in CHF
Share capital						
Class "A" registered shares	132,551,600	2,651,032	132,551,600	132,551,600	2,651,032	132,551,600
Class "B" registered shares	79,531,000	1,590,620	79,531,000	79,531,000	1,590,620	79,531,000
Bearer shares	147,917,400	1,479,174	147,917,400	147,917,400	1,479,174	147,917,400
Total share capital	360,000,000	5,720,826	360,000,000	360,000,000	5,720,826	360,000,000

4.08 Credits, loans, remuneration shareholdings of the Board of Directors and the Executive Board	Remuneration (before taxes)			Loans ¹	Number of BCGE shares held at 31.12.2011			
	Fixed ²	Variable ²	Total		Unlocked	Locked up ³	Total	By kin
Board of Directors								
Jean-Pierre Roth, Chairman	255,000	464	255,464	–	–	4	4	–
Bernard Clerc, Deputy Chairman	80,000	1,856	81,856	–	38	22	60	–
Mourad Sekkiou, Secretary	60,000	1,392	61,392	–	–	14	14	–
Asma Hovagemyan	70,000	1,856	71,856	–	10	22	32	–
Fabienne Knapp	91,000	928	91,928	–	70	4	74	–
Josef Küttel	64,000	464	64,464	350,000	20	4	24	–
Patrick Mage	115,000	1,392	116,392	–	8	20	28	–
Jean-Marc Mermoud	55,000	464	55,464	1,660,500	–	4	4	–
Ton Schurink	64,000	1,392	65,392	1,819,423	520	20	540	–
Angela de Wolff	64,000	464	64,464	–	–	4	4	–
John Tracey	64,000	464	64,464	1,000,000	–	4	4	–
Total, Board of Directors	982,000	11,136	993,136	4,829,923	666	122	788	–

Previous year	Remuneration (before taxes)			Loans ¹	Number of BCGE shares held at 31.12.2010			
	Fixed ¹	Variable ²	Total		Unlocked	Locked up ³	Total	By kin
Board of Directors								
Jean-Pierre Roth, Chairman (from 1 July 2010)	127,500	–	127,500	–	–	–	–	–
Bernard Clerc, Deputy Chairman	57,334	17,500	74,834	–	38	12	50	–
Mourad Sekkiou, Secretary	43,500	14,000	57,500	–	–	6	6	–
Angela de Wolff (from 4 May 2010)	36,834	5,500	42,334	–	–	–	–	–
Asma Hovagemyan	52,500	20,500	73,000	–	10	12	22	–
Fabienne Knapp	60,500	23,500	84,000	–	70	–	70	–
Josef Küttel (from 4 May 2010)	36,167	1,000	37,167	350,000	20	–	20	–
Patrick Mage	76,000	22,500	98,500	–	8	12	20	–
Jean-Marc Mermoud (from 4 May 2010)	31,667	4,000	35,667	1,750,000	–	–	–	–
Ton Schurink	46,500	21,000	67,500	1,826,731	520	12	532	–
John Tracey (from 4 May 2010)	36,834	9,500	46,334	1,000,000	–	–	–	–
Michel Mattacchini (until 30 June 2010)	117,002	25,873	142,874	–	82	–	82	–
Jean-Claude Rivollet (until 4 May 2010)	11,335	12,224	23,559	–	75	–	75	–
Michel Terrier (until 4 May 2010)	8,334	14,373	22,707	–	125	–	125	–
Ion Bals (until 4 May 2010)	9,668	17,373	27,041	500,000	47	–	47	–
Mariane Grobet-Wellner (until 4 May 2010)	8,334	13,373	21,707	–	135	–	135	–
Total, Board of Directors	760,009	222,214	982,222	5,426,731	1,130	54	1,184	–

¹ Lombard loans, secured with securities or with mortgage guarantees, commercial loans.

² BCGE directors receive a fixed annual salary plus, in some cases, compensation for their office. The remuneration regulations dated 17 September 2010 stipulate the remuneration of members of the BCGE Board of Directors. There has been no exception to the principles for procedures stipulated in the regulations.

³ There is a moratorium on BCGE shares for a period of 5 years. This moratorium on sales of shares is lifted in the event of leaving the Bank. BCGE has no stock option plan.

	Remuneration (before taxes)			Loans ¹	Number of BCGE shares held at 31.12.2011				
	In locked up				Total	Unlocked	Locked up ³	Total	By kin
	Fixed	Variable ²	shares ^{2,3,4}						
Executive Board									
Blaise Goetschin, CEO	710,892	509,442	103,044	1,323,378	100,000	1,078	2,461	3'539	60
Eric Bourgeaux						743	1,969	2'712	40
Claude Bagnoud						–	738	738	20
Pierre-Olivier Fragnière (from 25 March 2011)						251	1,395	1'646	–
Jean-Marc Joris						258	495	753	–
Jérôme Monnier (from 11 July 2011)						–	174	174	–
Johan B. A. Kroon (until 31 August 2011)						688	–	688	–
Jean-Louis Platteau (until 31 July 2011)						–	–	–	–
Total, Executive Board	2,750,957	1,594,664	342,716	4,688,337	668,300	3,018	7,232	10'250	120
Previous year, Blaise Goetschin	655,888	460,000	66,831	1,182,719	100,000	686	2,386	3'072	67
Previous year, Executive Board	2,513,810	1,320,000	182,622	4,016,432	1,882,850	1,235	6,313	7'548	147

The largest loan extended to a member of the Executive Board

508,300 to Jérôme Monnier

Previous year

1,722,850 to Johan Bernard Alexander Kroon

Social security and related contributions paid by members of the Executive Board

Blaise Goetschin	131,014
Total, Executive Board	496,695
Previous year, Blaise Goetschin	127,065
Previous year, Executive Board	480,246

The members of the Executive Board remitted their director's fees to BCGE as follows

Blaise Goetschin	73,634
Other Executive Board members	56,832
Total, Executive Board	130,466
Previous year, Blaise Goetschin	67,784
Previous year, other Executive Board members	79,055
Previous year, Executive Board	146,839

¹ Lombard loans, secured with securities or with mortgage guarantees.

² Paid in 2012 based on 2011 results.

³ There is a moratorium on BCGE shares for a period of 5 years. This moratorium on sales of shares is lifted in the event of leaving the Bank. BCGE has no stock option plan.

⁴ Amounts calculated based on a closing share price of CHF 196 on 30 December 2011.

The principles of remuneration are explained on pages 83 and 84. No indemnity was paid indirectly to the members of the Executive Board. No indemnity was paid directly or indirectly, in 2011, to former members of the Board of Directors or to any person in close relationship with the Board of Directors or the Executive Board.

At 31 December 2011, no indemnities not complying with market practices were awarded to any person in close relationship with the Board of Directors or the Executive Board.

At 31 December 2011, no outstanding credits or loans not complying with market practices were awarded to any person in close relationship with members of Board of Directors or the Executive Board. The wife of one member of the Executive Board benefited from staff terms owing to a mortgage loan being taken out by her husband.

4.09 Major shareholders and groups of shareholders bound by voting agreements	31.12.2011		31.12.2010	
	Par value		Par value	
	in CHF	%	in CHF	%
Registered shares with voting rights				
State of Geneva	125,522,150	34.87	125,522,150	34.87
City of Geneva	60,405,300	16.78	60,405,300	16.78
44 municipalities of Geneva	26,155,150	7.27	26,155,150	7.27
Bearer shares with voting rights				
State of Geneva	53,863,600	14.96	53,863,600	14.96
City of Geneva	14,727,000	4.09	14,727,000	4.09
Other shareholders	79,326,800	22.03	79,326,800	22.03

At 31 December 2011, the State of Geneva held 49.83% of the Bank's registered and bearer shares and 53.30% of the voting rights.

4.10 Valuation adjustments and provisions, as well as reserves for general banking risks (in CHF 1,000)

	Balance at 31.12.2010	Utilisation according to purpose	Changes to allocation (new allocation)	Recoveries, non		New provisions	Releases of provisions	Balance at 31.12.2011
				performing interest, exchange differences				
Valuation adjustments and provisions for default risks (collection and country risks)	136,099	-7,642	-	3,387		13,002	-	144,846
Valuation adjustments and provisions for financial investments	8,385	-1,497	-	-2		988	-	7,874
Valuation adjustments and provisions for other operating risks	14,454	-343	-	-		1,214	-	15,325
Other provisions	-	-1,079	-	-		1,079	-	-
Total valuation adjustments and provisions	158,938	-10,561	-	3,385		16,283	-	168,045
Less valuation adjustments directly netted with assets	-155,517							-163,691
Total valuation adjustments and provisions as per the balance sheet	3,421							4,354
Reserve for general banking risks	60,000	-	-	-		-	-	60,000

The above changes in the valuation adjustments in the parent company accounts are presented net as required by law.

4.11 Off-balance-sheet transactions (in CHF 1,000)	31.12.2011	31.12.2010
Fiduciary transactions		
Fiduciary deposits with third parties	137,631	50,404
Total fiduciary transactions	137,631	50,404

4.12 Trading results by sector (in CHF 1,000)	31.12.2011	31.12.2010
Foreign-exchange trading / banknote trading, including derivatives	22,047	16,540
Precious metals trading	556	554
Securities trading	-70	-1,041
Total trading operations	22,533	16,053

4.13 Other assets and liabilities (in CHF 1,000)	31.12.2011		31.12.2010	
	other assets	other liabilities	other assets	other liabilities
Replacement value of financial instruments	32,950	209,547	23,006	108,510
Clearing account	153,074	–	72,866	–
Allocation of profits on swaps	–	175	–	543
Federal tax administration	9,529	10,135	4,356	9,334
Securities and coupons	–	442	33	467
Issuing costs / bonds	4,408	–	829	–
Other	3,463	5,459	3,646	1,220
Total	203,424	225,758	104,736	120,074

PROPOSED APPROPRIATION OF AVAILABLE EARNINGS (in CHF 1,000)

The Board of Directors will propose at the Ordinary General Meeting, to be held on 2 May 2012, that the profit be allocated as follows:

	31.12.2011	31.12.2010
Net profit for the year	59,354	51,877
Retained earnings brought forward	1,294	1,857
Earnings available for distribution	60,648	53,734
Allocation to general legal reserve	-40,000	-33,000
Dividend of 4.5% (2010: 4.5%) to holders of registered shares (A and B) and bearer shares	-16,200	-16,200
Special allocation to the State of Geneva (20% of the dividends paid)	-3,240	-3,240
Retained earnings carried forward	1,208	1,294

Credits

Concept and design
alternative – www.alternative.ch

Illustrations

Cover and pages 6-7, 20-21, 26-27, 32-33, 46-47, 56-57 and 62-63
Alternative communication SA

Photography

Pages 2, 9, 14, 16, 17, 19, 76, 77, 80, 81 and 82
Loris von Siebenthal – Philippe Schiller – www.myimage.ch

Page 9

Didier Ruef

Photolithography
rs solutions

Printing
ATAR Roto Presse SA

Only the French version on the Internet shall be binding.

Banque Cantonale de Genève SA

Telephone: +41 (0)58 211 21 00

E-mail: info@bcge.ch

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

Lintheschergasse 19 - Postfach 4068 - 8021 Zurich

privatebanking@bcge.ch

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

Capital Transmission SA

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

Telephone: +41 (0)58 211 21 00

SPFS

Rue De-Candolle 19 - 1204 Geneva

Telephone: +41(0)22 750 12 12

info@public-finance.ch

