



ANNUAL REPORT 2012



| BCGE GROUP CONSOLIDATED KEY FIGURES | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|-------------|--------|--------|--------|--------|
| Balance sheet (in CHF millions) | | | | | |
| Total assets | 16,473 | 15,871 | 14,257 | 14,115 | 13,690 |
| Loans to clients | 12,994 | 12,864 | 11,536 | 11,258 | 10,017 |
| Client deposits and borrowings | 13,703 | 13,092 | 11,964 | 12,404 | 12,072 |
| Shareholders' equity | 1,086 | 1,010 | 966 | 957 | 912 |
| Income (in CHF millions) | | | | | |
| Interest income | 205 | 197 | 197 | 188 | 213 |
| Commission income | 104 | 104 | 113 | 99 | 93 |
| Trading income | 24 | 24 | 17 | 18 | 17 |
| Other ordinary income | 12 | 11 | 7 | 28 | -4 |
| Total income | 346 | 337 | 334 | 333 | 319 |
| Operating expenses | 208 | 219 | 213 | 218 | 218 |
| Gross profit | 137 | 118 | 121 | 115 | 101 |
| Depreciation, valuation adjustments, provisions and losses, and extraordinary income | 70 | 55 | 62 | 44 | 33 |
| Interim profit (in CHF millions) | 92 | 79 | 54 | 85 | 62 |
| Net profit (in CHF millions) | 67 | 63 | 56 | 72 | 68 |
| Assets managed and administered (in CHF billions) | 18.7 | 18.1 | 17.3 | 17.4 | 16.7 |
| Total staff | | | | | |
| • in full-time equivalent units | 722.7 | 721.7 | 749.8 | 777.8 | 788.6 |
| • in number of persons | 783 | 783 | 810 | 838 | 845 |
| Ratios (in %) | | | | | |
| Shareholders' equity/Total assets | 6.6 | 6.4 | 6.8 | 6.8 | 6.7 |
| Gross profit/Shareholders' equity | 12.7 | 11.7 | 12.5 | 12.0 | 11.1 |
| Return on equity (ROE) | 6.3 | 6.4 | 5.8 | 7.5 | 7.5 |
| Cost/Income | 60.3 | 65.0 | 64.3 | 65.4 | 68.3 |
| Data per bearer share (in CHF) | | | | | |
| Shareholders' equity | 302 | 281 | 268 | 266 | 253 |
| Gross profit | 38 | 33 | 34 | 32 | 28 |
| Net profit | 19 | 18 | 16 | 20 | 19 |
| Dividend | 4.5 | 4.5 | 4.5 | 6.5 | 6.0 |
| Stock market data (parent company) | | | | | |
| History of bearer share price (in CHF) | | | | | |
| • high | 213 | 236 | 245 | 250 | 282 |
| • low | 195 | 186 | 206 | 172 | 210 |
| • at year-end | 207 | 196 | 215 | 229 | 220 |
| Market capitalisation (in CHF millions at 31 December) | 745 | 706 | 774 | 824 | 792 |
| Number of shares in thousands | 5,721 | 5,721 | 5,721 | 5,721 | 5,721 |
| Book value per share | 308 | 288 | 276 | 273 | 260 |

Standard & Poor's rating

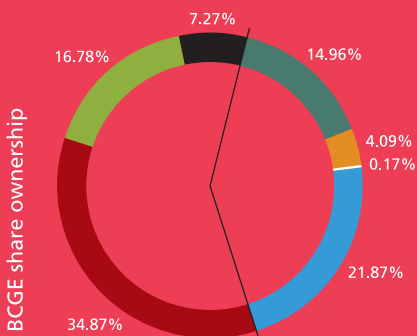
Banque Cantonale de Genève: A+/A-1/Stable
(latest rating as at July 2012)

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 |

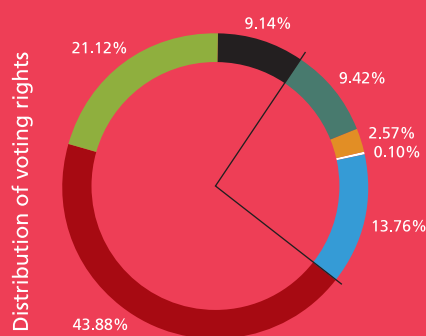
Structure of BCGE capital of CHF 360 million

| | 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

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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 723 PEOPLE (FULL-TIME EQUIVALENTS). BCGE IS LISTED ON THE SWISS STOCK EXCHANGE (SIX SWISS EXCHANGE).

BCGE Annual Report 2012

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

Message from the Chairman 2012, a better year than expected

2012 was a better year than might have been feared. The Swiss economic context and that of Geneva in particular were able to weather the world economic gloom and the problems encountered by neighbouring countries. Growth in the Geneva region was therefore relatively robust. Employment and public revenues grew once again but there are three major questions about the future.

Major sources of risk

Firstly, Switzerland faces new challenges as a financial centre. Activities relating to wealth management are hard-hit by the tax disputes between Switzerland and the US and certain European Union countries. There is significant uncertainty for both banks and their clients. The sector's dynamism and profitability are weakened accordingly. One of the most important sectors of Geneva's economy – in terms of employment and of tax revenues – is thus seeing a deterioration in its business environment.

Secondly, our main partners' financial requirements have also put Switzerland under pressure in terms of corporate taxation. A debate is under way at Swiss Federal level on this topic with a view to low-level harmonisation of tax regimes to which Swiss and foreign companies are subject. The solution is late to materialise because the cantons' interests differ on this matter. It is vital for a solution to be found so that our region avoids losing one of its attractions. Whatever the case, the downturn in the world economy, the strength of the franc and high rents will surely not fail to restrict foreign companies setting up in our region. A driver of regional growth will thus be undermined.

Lastly, the low interest-rate situation which we have now seen for over five years is increasingly worrying. It is driving households into indebtedness, particularly in the mortgage domain, and is leading them to take financial risks which could become impossible to bear once rates return to normal. Combined with the difficulty in building new property and the increase in the resident population, low levels of interest rates are leading to high property price growth. Clearly, while mortgage lending conditions were tightened up by the banks last year, BCGE was already applying prudent conditions in order to ensure the long-term viability of its loans. However, we note that the Swiss market as a whole remains unchastened. The Swiss National Bank shares this concern, having asked the Federal Council to apply further restrictive measures in the form of increasing equity requirements for banks granting property loans.

The current situation thus contains significant potential risks which could have a negative impact on employment, public revenues and the property market. A sound capital base is an appropriate response under these circumstances.

BCGE is fully aware of this, which is why it is pleased to have been able to increase shareholders' equity once again over the 2012 financial year. I had already highlighted to you last year that our strategy was aimed at increasing our capital base while facing a highly uncertain environment, and that our views coincided with FINMA's, which would like Swiss banks to have greater capitalisation. We continued our endeavours in 2012, enabling us to increase our capitalisation by 76 million francs, thus bringing BCGE's coverage ratio to 160.8%, i.e. more than 10 percentage points above the minimum required under international regulations, which corresponds to a coverage ratio of 12.9% based on FINMA standards.

2012: a very good year

Despite a turbulent economic environment, BCGE had a very good 2012 financial year. Retail banking activities enjoyed good growth, with revenues up by nearly 3% compared with the previous year. Meanwhile, our rationalisation measures enabled a reduction in expenses of nearly 5%. This resulted in an increase of more than 12 million francs in our intermediate profit, which was 92 million francs, with an additional payment of 22 million francs received under the terms of the settlement of a dispute with the Bank's former auditor. After allocating 25 million francs to reserves for general banking risks and paying nearly 19 million francs in tax, we were able to record a net profit of 67 million francs. The Bank has the right strategy: its sources of income are diversified, its productivity is improving and its capitalisation is increasing.

The Board of Directors ensures that the Bank fulfils its role in the service of Geneva and its region, and that the interests of BCGE's shareholders, depositors and clients are protected. It wishes to thank shareholders for the trust placed in it in 2012 and would like to express its thanks to the Executive Board and to all the Bank's employees for their continued commitment on behalf of BCGE, the only Geneva bank serving everyone.



Jean-Pierre Roth

Chairman of the Board of Directors

Message from the Chief Executive Officer

Results which owe nothing to chance

The excellent performance achieved on practically all fronts in 2012 was the outcome of a plan pursued consistently over previous years. From a competitiveness standpoint, the Bank increased its retail and corporate lending within the available scope of its capital base, despite having to forgo new counterparties occasionally in order to ensure uninterrupted availability for its existing client base. On the productivity front, remarkable progress was made in 2012, as testified by the cost/income ratio, which stands at 60% (2011: 65%). Lastly, on the topic of profitability expressed by return on shareholders' equity, significant progress can be seen, with the intermediate result (economic profit) on shareholders' equity standing at 8.6% (2011: 8%). These record results share a common source in terms of a strategy based on client and market requirements. They can also be explained by the quality of our employees and their skills which constitute the Bank today. To these two basic factors, strategy and talent, can be added five courses of action which generate value.

Tactical management of interest margins

Interest margins represent the main source of the Bank's turnover. They are determined by lending volumes and various asset and liabilities items, as well as by the pattern of market rates. Since 2008, after the subprime crisis, interest rates are so close to 0 that they resemble those in Japan.

Thus, for many years, the Bank has not only had to protect its current but also its future margins, particularly by protecting itself from the impact of a rate increase. This type of management, called ALM (asset liability management), is one of the major issues in managing the Bank's balance sheet, in terms of both profitability and risk.

BCGE's ALM strategy is based on prudence and so interest-rate risk hedging is therefore systematic and costly. These constraints did not prevent the Bank from showing interest-margin growth of 4%, to 205 million francs. There were three reasons for this: maintaining targeted business growth, paying particular attention to protecting the margins of front-office entities and the excellent work carried out by our financial engineering and trading room teams.

Enhancing the technology on offer to clients

Traditional usage of banking services is rapidly changing through advances in new technology. "Plastic money" in the form of credit cards, 24 hour-per-day securities payment and settlement services thanks to online platforms, SMS-based information and alert services and mobile phone applications to make it easier to obtain information. Confronted by this wave of new options and possibilities, BCGE has chosen robustness and simplicity.

Robustness is represented through its choice of IT partners, high-profile firms well-established on Swiss soil. These suppliers and the 13 cantonal banks included in this community are increasing their "cyber-protection" on a daily basis in the face of constantly increasing criminal threats of various types.

Choosing simplicity, through careful, user-friendly ergonomic design, contrasts with the choice made by several of our competitors who hinder technology use by offering an excessive number of options. As an example, we can refer to online trading which, under the BCGE 1816 brand, forms a harmonious, integral part of the dashboard made available to each of our clients.

In future, BCGE will continue to invest significant amounts to make the financial life of clients of all ages, with a wide variety of educational backgrounds, who wish to manage their transactions at any time of day and anywhere in the world, easier and more secure.

Adapting to the increasing internationalisation of Geneva as a financial centre

Each of us has to decide whether "Greater Geneva" is to be a dream or reality. The reality of Geneva as a cosmopolitan, international centre is increasingly obvious with every passing day. In terms of private individuals, more than 40% of Geneva's population is foreign, and in terms of companies, over 450 multinationals are active in the region: the Bank must respond vigorously by adapting to this change. This process of adapting its services offering and its service delivery methods is being conducted on several fronts.

As an illustration: the contents of our advisory and other documentation must constantly be adapted to a greater number of languages and cultures. In 2012, our wealth management presentation was published in Mandarin, following its publication in Arabic. The teams need to include a kaleidoscope of different language abilities, knowledge of different customs and, of course, familiarity with increasingly complex international regulatory aspects.

Where companies are concerned, we know that if there is no domestic market, they are obliged to focus heavily on exports to the dollar and euro zones. This typical "Geneva company" needs its banking partner to be capable of understanding and handling the international aspects of its business. It is therefore unsurprising to note that 28% of the Bank's total income is in dollars and in euros out of total turnover of 346 million francs.

The Bank has become a key partner in this outward-looking economy. It can support its clients throughout Switzerland and on French soil, and rely on its representative offices to provide support in the Middle East and Asia. This extensive coverage enables us to counter competitive pressure from the major banks effectively.

From ongoing training to instant training

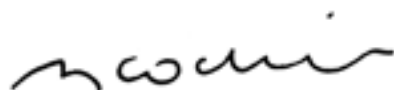
When asked by a journalist at the World Economic Forum in Davos if there was any institution in the world he could trust, the Chairman of Toshiba answered that, nowadays, his company trusted only its employees...

BCGE's culture is similar as everyone is aware that a company's real ability to adapt and be competitive lies in the hands of its colleagues and teams. Indeed, each of the Bank's business areas is now faced with a rapidly-changing environment and levels of complexity unparalleled in its history. The only possible answer: training. Traditional training on the one hand, and "instant" training on the other. BCGE is a well-known supporter of traditional training, providing training to a great many apprentices and trainees. It is also increasingly a spontaneous trainer, setting up ad hoc training workshops throughout the year in order to digest a huge inflow of Swiss and foreign regulatory requirements in the shortest possible time. This ability to absorb new knowledge in a very limited timespan has become a strategic consideration.

Care taken in ensuring the transparency and integrity of relationships with stakeholders

The 2012 financial year, in this respect, showed further growth in value-creation for each stakeholder. Shareholders were able to count on a higher overall return thanks to a high-quality dividend. Clients entrusted us with increasing volumes of business in many domains. Employees figured prominently among our shareholders (61,290 shares owned, i.e. 2% of stock-market capitalisation, including retired employees). Public authorities were able to count on the amount of more than 38 million francs in value-creation (see graph, page 31). Lastly, the Bank's long-term viability, its resilience, has emerged even stronger thanks to its capital coverage ratio.

Once again the Swiss cantonal bank's "magic formula" tends to unite its stakeholders rather than divide them. It provides a bridge between the public and private business sectors. The expression may be old but it is well suited to the demands of current and future governance.



Blaise Goetschin

Chairman of the Executive Board



CORPORATE BANKING

SMEs, PROFESSIONALS AND PUBLIC AUTHORITIES
PRIVATE EQUITY AND MBOs
INTEREST-RATE, CASH AND CURRENCY MANAGEMENT
MERGERS & ACQUISITIONS
PROPERTY AND CONSTRUCTION

A driving force behind Geneva's economy

1816

Geneva | Zurich | Lausanne | Paris | Lyon | Annecy | Dubai | Hong Kong



Mission and strategy

A universal bank: made in Geneva

BCGE is a universal retail bank whose main mission is to contribute to the development of Geneva's economy. In order to do so, it provides a very wide range of banking services to private, corporate and institutional clients. The parent company of the Banque Cantonale de Genève is headquartered in Geneva. To support its clients in doing business and travelling, it has branches in Lausanne and Zurich plus representative offices in Dubai and Hong Kong. The Banque Cantonale de Genève (France) subsidiary is present in Lyon, Annecy and Paris. The Group also includes the Capital Transmission subsidiary specialising in SME capital finance, and Swiss Public Finance Solutions (SPFS), which provides financial advice and services to public authorities on the Swiss market. As of 31 December 2012, the Group employed 723 people (full-time equivalents) and had total assets of 16.5 billion francs.

PORTRAIT OF THE BCGE GROUP



- 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, particularly for the SME community and the Geneva property sector. BCGE also offers private banking services and financial asset management for institutional clients. Listed on the Swiss stock exchange, SIX Swiss Exchange (code: BCGE), BCGE enjoys a rating amended to A+/A -1/ Stable at the end of 2012 by the Standard & Poor's rating agency. It employs 678 staff.



- 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 businesses and self-employed professionals, in addition to wealth 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) employs 45 people.



- 2007** Benefiting from an ability to obtain considerable public financing and the experience of Swiss and French specialists in finance for public authorities, Swiss Public Finance Solutions (SPFS) offers finance models to public authorities in Geneva and 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, with an office in Zurich, and is owned by BCGE (50%), Crédit Foncier de France (40%) and Caisse d'Epargne Rhône-Alpes (10%). SPFS establishes contact, defines requirements and draws up the operational plan. The participating banks then undertake the actual financing.



- 2008** Capital Transmission SA, Geneva finances and invests in business transfer and expansion operations, primarily in the Geneva region, but also throughout Switzerland and in France. 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 bodies 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 densest 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 224 client advisers and staff members in its 22 branches, six 24-hour banking zones and 135 ATMs at its clients' disposal. Wishing to serve all its clients appropriately, BCGE helps those who might sometimes have difficulty using this equipment by employing greeters in most of its branches, whose duties include offering assistance in this respect.

Easy-to-use remote banking

The Bank also makes its technology expertise available via its online remote banking capabilities 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 an integrated online trading tool, BCGE 1816. This highly economical solution provides a simple, user-friendly interface. It enables clients to trade online reliably with a trusted 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, 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.

A wide range of 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 help clients get started with their projects. In savings management, BCGE offers a variety of short-, medium- and long-term products, medium-term notes, money and bond market funds and fiduciary deposits.

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 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 and Lausanne, and its two representative offices in Hong Kong and Dubai mean that the Bank can also advise and serve its Geneva clients internationally. With a view to maintaining capital and high quality investment performance, priority is given to balancing risk control and return on assets. Geneva headquarters BCGE Private Banking, Lausanne and BCGE Private Banking, Zurich.

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 Group Investment Philosophy brochure. This philosophy is embodied in the range of BCGE Best of investment mandates. Management of these is centralised, and thereby totally 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 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 provided to clients locally

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 decisions in terms of risk-taking. The Bank's experts place particular emphasis on a set of financial principles by which they can identify the varying priorities at different stages of the client lifecycle. The pension advice centre analyses the client's personal situation at his/her request 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 an irreplaceable role 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 on 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 thanks to being headquartered in the canton.

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. A document entitled *Financement des entreprises: la doctrine d'engagement de la BCGE* (Corporate finance: BCGE's rules of engagement) summarises these. This provides access to 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 financing and cash management solutions to all businesses, whether they are sole-owner-operated, SMEs or larger companies. The parent company has specialised departments to address these various client segments. Moreover, the Bank offers financing solutions, such as fixed-term advances, capital equipment leasing and numerous other facilities requested 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 retail 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 energy, metals and cereals. It also manages a well-targeted portfolio of structured loans. BCGE is the only Swiss player with its centre of decision-making in Geneva. It contributes to the creation of a diverse and sustained offering that complements banking and financial services in this segment of the 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 and financial institutions

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 of companies in the property field services providing expertise 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 to be a forum for exchanging ideas about financial management and risk control. Several times a year, it organises meetings that give financial decision-makers the opportunity to discuss topics of interest in some depth.

A "client-oriented" 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 under the open architecture principle and is completely independent in the choice of products used. The size of its teams favours personalised client relationships and flawless execution of market orders. It deals in forex, equities, bonds, derivatives/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

The BCGE Group offers solutions in the form of mandates and consultancy for financial asset management, incorporating various investment methods, for institutional and corporate clients. The Advisory Department provides tailor-made, high-quality advice. The Bank's philosophy, based on open architecture, guarantees a highly independent choice of funds. The Group also offers interested clients products orientated towards sustainable management and social responsibility. Thus, a fund focusing on Swiss secondary equity funds picks stocks by using an innovative approach which places value on these companies' good conduct in terms of the environment and sustainability.

RETAIL BANKING

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
 Pension advice centre

Housing finance

Main residence
 Second home
 Construction or renovation loans

Private banking

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

Service to independent wealth managers

Consumer financing

Credit cards
 Vehicle leasing
 Personal loans

CORPORATE BANKING

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

Mergers and acquisitions (M&A)

Equity finance

Minority shareholdings
 Mezzanine 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 the 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 available its knowledge and skills 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. 11,822 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 handle all operations 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 partially guarantees the refund of principal and interest of savings deposits and pensions at the Bank. The maximum guaranteed amount is set by the Act on the Banque Cantonale de Genève. The Bank pays the State for this guarantee. The first 100,000 francs are guaranteed by the Swiss Confederation under the terms of the Swiss Banks' and Securities Dealers' Depositor Protection Scheme, which relates to preferential deposits. The cantonal guarantee is in addition to this amount. It guarantees savings deposits from 100,001 to 500,000 francs and pension fund deposits as well as members' vested pension benefits enjoy a guarantee of 1,500,000 francs. 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 largest shareholder.

¹ www.esisuisse.ch.

The divisions: internal, interactive businesses



CORPORATE AND INSTITUTIONAL CLIENTS
Claude Bagnoud

ORGANISATION, IT AND OPERATIONS
Jean-Marc Joris

EXECUTIVE BOARD
Blaise Goetschin (seated)

INTERNATIONAL CLIENTS
Pierre-Olivier Fragnière

FINANCE AND RISK CONTROL
Eric Bourgeaux (seated)

**GENEVA PRIVATE CLIENTS
AND FAMILY BUSINESSES**
Jérôme Monnier

Executive Board

Blaise Goetschin, Chief Executive Officer

The Executive Board division 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. The division 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 as well as human resources management 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 division

Eric Bourgeois, member of the Executive Board

The division's mission is to define and direct the execution of the Bank's financial strategy. It seeks secure and competitive financing while managing the financial structure in a dynamic manner. It monitors risks and ensures all the Bank's activities are subjected to internal management controls. It is also in charge of compliance. Thanks to its highly-experienced trading room team, the division provides the Bank's clients with the best possible service for the full range of securities and foreign-exchange transactions. Financial engineering, reporting to this division, offers innovative solutions to corporate and institutional clients in the areas of interest-rate and foreign-exchange risk management. The division also includes the BCGE Asset Management business unit, specialised in quantitative and index management for institutional and corporate clients, in managing mandates and in investment strategy.

Corporate and institutional clients division

Claude Bagnoud, member of the Executive Board

As a partner of businesses, Swiss institutions and public bodies in the canton and surrounding area, the Corporate Banking Division is in contact with approximately 4,000 large corporate or public-sector clients and so 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 advises companies throughout the life-cycle, particularly on transfers, rapid expansion, mergers and acquisitions, management buy-outs (MBOs) or initial public placements.

International Clients division

Pierre-Olivier Fragnière, member of the Executive Board

The division is responsible for BCGE's international business activities. In this capacity, it brings together and develops the business lines represented by international private banking, international commodity trade finance, and relationships with international banks and institutions. It relies on its 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 is the teams of highly-experienced specialists dedicated to international markets, with a full and relevant overview of risks and opportunities on a global scale. 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 division

Jérôme Monnier, member of the Executive Board

The division serves all private clients located in the Canton of Geneva and its surrounding region. In particular, it provides services to private individuals, professionals, the self-employed and small businesses. With a staff of nearly 220 employees, it provides local banking services through its network of 22 branches, six 24-hour banking zones and its 147 ATMs. In response to an increasing number of challenges, the division provides its clients with additional ranges of comprehensive services via local distribution channels. This deployment strategy is rounded off by a dedicated call centre. The division's teams lay firm foundations for managing assets through 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. The division supports Geneva's professionals, self-employed and small businesses, particularly in terms of business finance.

Organisation, IT and operations division

Jean-Marc Joris, member of the Executive Board

The division plans, manages and operates the Bank's information technology and is in charge of designing and implementing the Bank's organisational architecture. Its mission is to improve customer service, optimise productivity and modernise equipment while keeping financial costs under control. It manages and controls the technical and administrative aspects of the Bank's operations on behalf of the front-office teams and their clients. The division also carries out the Bank's operational activities, logistics and security tasks and manages the www.bcge.ch website as well as its payment and e-brokerage platform.









Organisation chart

As at 28 February 2013

16








EXECUTIVE BOARD

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

| | | | |
|---|---|---|--|
|  Christophe Weber Chief of Staff & Planning |  Hélène De Vos Vuadens Communications & 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 |  Tanguy de Jaegere ^{I, IV} Credit Expertise & Controls |








GENEVA PRIVATE CLIENTS & FAMILY BUSINESSES



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

| | | | |
|--|---|--|---|
|  Pierre Villanti Business Development & Branch Network |  François Kirchoff ^I SMEs & Self-Employed |  Alexandre Scala Centre Sector |  Audrey Rozen Doerks West Sector |
|  David Bottoli East Sector |  Franco Furcolo Swiss Clients |  Albert Gallegos Financial Planning | |

SWISS CORPORATE AND INSTITUTIONAL CLIENTS


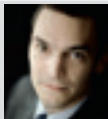





 **Claude Bagnoud**^{I, III, V, VI}
Member of the Executive Board

| | | | |
|--|--|---|---|
|  Patrick Senger CB Chief of Staff & Business Development |  Charles Kaeser ^I Real Estate & Construction |  Alain Voirol Public Bodies |  Virginie Fauveau Corporate Finance |
|  Nicolas Bézaguët Personal Finance |  Raoul Monnay ^I Swiss Corporate Clients |  Catherine Raphoz French Corporate Clients |  Patrizio Arioni Institutional Investors |

| | |
|---|---|
|  Eric Wesse Chief Executive Officer BCGE (France) SA Wholly-owned BCGE Group subsidiary |  Virginie Fauveau Executive Officer Capital Transmission SA Wholly-owned BCGE Group subsidiary |
|---|---|

ORGANISATION, TECHNOLOGY AND 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 Logistics & Procurement |
|  Guy Reboh ^{VI, VII} Organisation |  Philippe Henderikx ^{VI, VII} S.I. maintenance |  Daniel Stocco ^{VI} IT & Security | |













INTERNATIONAL CORPORATE AND PRIVATE BANKING

Pierre-Olivier Fragnière^{I, II, III, V}
Member of the Executive Board

| | | | |
|--|--|---|--|
|  Josiane Tistounet Global Strategy & Business Support |  Olivier Thyssen Credit Analysis & Business Administration |  Claudio Pietroforte^{II} Private Banking International |  Priska Tribelhorn Team 1 Private Banking International Geneva |
|  Philippe Terrier Global Commodity Finance |  Serge Chesternine Energy & Softs |  Olivier Ernoul Team 2 Private Banking International Geneva |  Shahab Malek-Abhari Representative Office Dubai |
|  Nicolas Demierre Energy & Chemicals |  Ivan Pougner Metals, Mining & Syndications |  Amin Khamsi^{II} Team 4 Private Banking International Geneva |  Laurent Barbé Team 3 Private Banking International Geneva |
|  Gérard Demierre Operations | |  Massimo Cangini Independent Portfolio Managers |  Mario Castello Representative Office Hong Kong |
|  Yves Spörri International Institutions & Public Bodies |  Boris Bijleveld Financial Institutions |  Nicolas Gerber Private Banking Lausanne |  Stefan Rohner (a.i.) Private Banking Zurich |

FINANCE AND 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^I Institutional Portfolio Management |
|  Yvan Nicolet General Accounting |  Frédéric Vernet Financial Control |  Axel Moser^I Private Portfolio Management |  Thierry Angele Advisory |
|  Eric Bourgeaux (a.i.) Risk Management |  Marie-José Bratcov Compliance |  Fabrice Fournier International Tax |  Haroldo Jimenez^{II} Financial Studies |

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

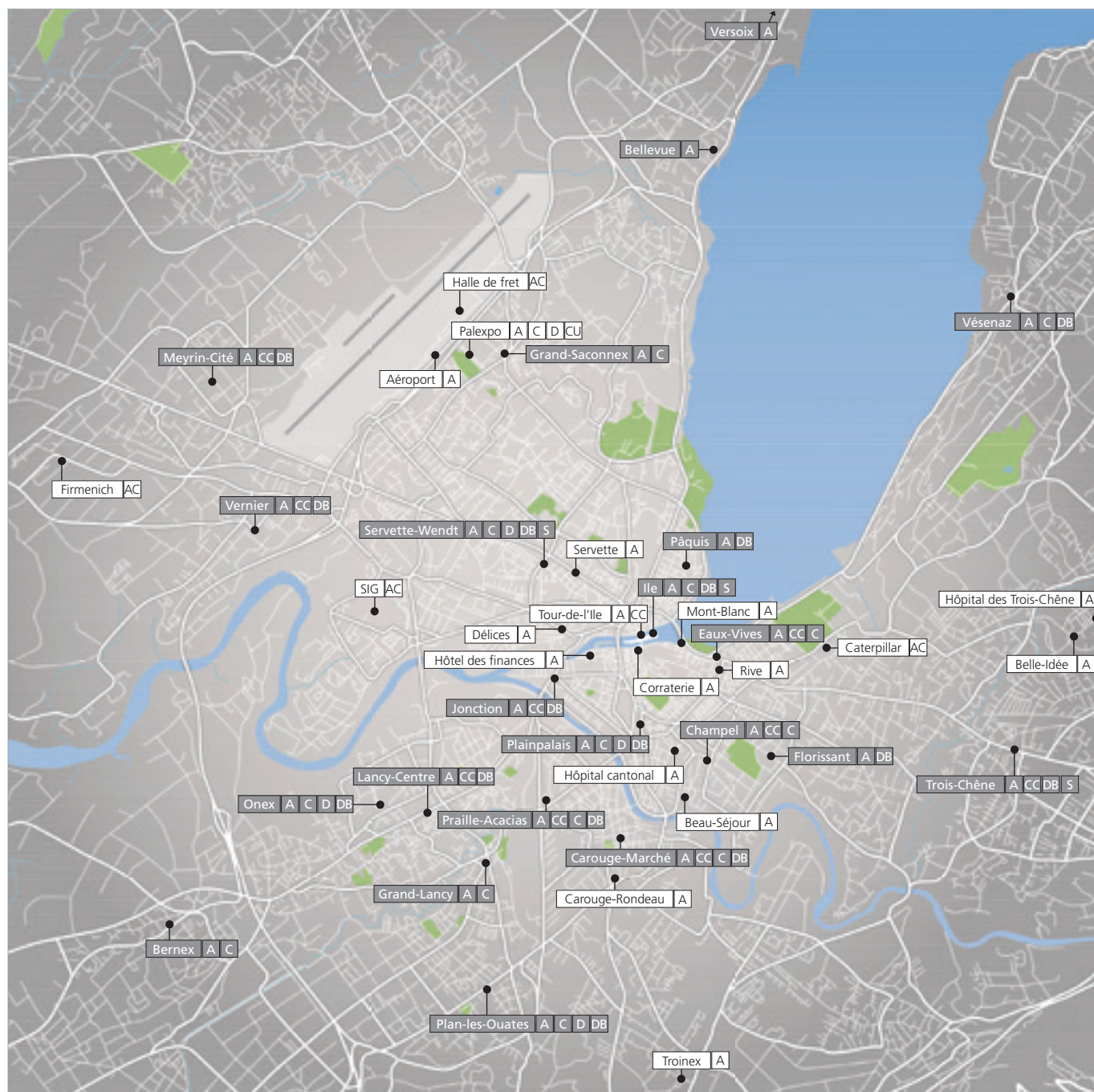
^V Member of Risk Committee

^{VI} Member of IT Strategy Committee

^{VII} Member of Organisation Strategy Committee

Your bank at your service and close to hand

A network of 22 branches and 147 ATMs



- BCGE branch
- Ⓐ ATM
- ⒶⒸ In-company ATM, Reserved for employees or authorised persons
- ⒸⒸ Cashcoin
- Ⓒ Change machine
- Ⓓ Deposit machine
- ⒸⒶ Currency conversion machine
- ⒹⒹ Deposit box
- ⒶⒸⒸ Open Saturdays from 9:00 AM to 12:00 PM



Bellevue
Route de Lausanne 329
Heinz Gaumann



Bernex
Rue de Bernex 284
Eric Maenza



Carouge-Marché
Rue Saint-Victor 39
Maria-José Molla



Champel
Avenue de Champel 45
Olivier Vota



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



Florissant
Route de Florissant 66
Benjamin Jeanroy



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



Grand-Saconnex
Route de Ferney 169
Christelle Didier



Ile
Quai de l'Île 17
Alexandre Scala



Jonction
Boulevard Saint-Georges 2
Eric Monney



Lancy-Centre
Route de Chancy 67
Tiziano Magri



Meyrin-Cité
Rue De-Livron 19
Stéphane Bonnin



Onex
Avenue du Gros-Chêne 14
Cécile Huber-Luquens



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
Alexandre Scala (a.i.)



Trois-Chêne
Rue de Genève 78
David Bottoli



Vernier
Route de Vernier 219
Patrick Guex



Versoix
Route de Suisse 37
Giovanni Lo Bue



Vésenaz
Route de Thonon 45/47
Juan Chinchilla

24-HOUR ATM ZONES

- Carouge-Rondeau** – Rue Ancienne 88
- Corraterie** – Rue de la Corraterie 4
- Délices** – Rue des Charmilles 1
- Hôpital cantonal** – Rue Micheli-du-Crest 22
- Ile** – Rue de la Tour-de-l'Île
- Palexpo** – Palais des Expositions

STAND-ALONE ATMS

- Airport – freight terminal**
- Airport – departures level**
- Caterpillar**
Route de Frontenex 76
- Centre commercial de Lancy-Centre**
Route de Chancy 71-77
- Firmenich**
Route de la Bergère 7
- Halles de Rive**
Boulevard Helvétique 27
- Hôpital Beau-Séjour**
Avenue de Beau-Séjour 26
- Hôpital de Belle-Idée**
Chemin du Petit-Bel-Air 2
- Hôpital des Trois-Chêne**
Chemin du Pont-Bochet 3
- Hôtel des finances**
Rue du Stand 26
- Mairie de Troinex**
Chemin de la Grand-Cour 2
- Parking du Mont-Blanc**
- Rue de la Servette 29**
- Services Industriels de Genève (SIG)**
Chemin du Château-Bloch 2



Geneva | Zurich | Lausanne | Paris | Lyon | Anney | Dubai | Hong Kong





1816

I know my bank



RETAIL BANKING

HOUSING AND CONSTRUCTION
PERSONAL PROJECTS
CAR AND EQUIPMENT LEASING
CREDIT CARDS AND PAYMENT FACILITIES
NETBANKING

Economic reflections

Geneva's economy withstands the economic downturn

As was the case for Switzerland as a whole, the economic situation in the Canton of Geneva remained hesitant in 2012¹. Despite Geneva's economic profile being more pronounced than it is nationally, the much-feared downturn was ultimately less severe than expected and recessionary fears faded away. The smaller scope of the cantonal economy's dependency on the European Union probably played a role.

At 1.2%, the canton's GDP growth in 2012 should be slightly above that of Swiss GDP, thanks largely to a return to form by financial markets and a buoyant services sector. The following summary on pages 22 to 25 is taken from the *Supplément annuel 2012 des Reflets conjoncturels de mars 2013*, published by the Cantonal Statistical Office (OCSTAT).

Population

By the end of 2012, there were 470,512 inhabitants in the canton. In a year, the resident population of the Canton of Geneva grew by 3,594 people, i.e. 0.8% more. This growth was higher than that recorded in 2011 (+0.6%) but remains lower than the fast pace of demographic growth between 2008 and 2010 (on average, +5,400 people per year). The migratory inflow (positive difference between the number of people arriving and those leaving) was higher in 2011 owing to the number of people leaving the canton.

Exports

Geneva's exports were particularly buoyant in 2012, showing an increase in value of 6.7% compared with 2011. The result achieved, 16.1 billion francs (excluding precious metals, gemstones, works of art and antiques) constitutes a new record.

Three industry sectors alone accounted for over 90% of the canton's total exports in 2012: watch-making (46%), jewellery (30%) and chemicals (15%). Their fortunes varied: watch-making grew by 3.8%, i.e. a lower result than the cantonal average. Jewellery recorded a sizeable gain (+21.6%), whereas chemical exports were down slightly (-0.9%).

For Switzerland as a whole, goods exports grew by 1.5%. The growth differential between Switzerland and Geneva reflects the difference in the structure of exports in terms of products and destination countries. At a national level, exports suffered particularly badly from the sharp downturn in the European economy.

Imports

The value of Geneva's imports grew by 6.3% in 2012, reaching 10.3 billion francs (excluding precious metals, gemstones, works of art and antiques), exceeding the previous record reached in 2011, as was also the case for exports. After a gloomy first half, imports took off again in the second half of the year. Groups of goods experienced uneven results; commodities and semi-finished products: -6.9%, energy products: +9.8%, capital goods: +17.1%, consumer durables (which represented over 60% of Geneva's total imports in 2012): +9.0%.

In Switzerland as a whole, the value of imports grew by 1.2% compared with 2011.

Industrial companies

Unlike the situation in Switzerland, Geneva's industrial business activity remained low throughout 2012. Order intake, order books and output fluctuated considerably. Highly export-oriented companies did better overall than companies with a domestic market focus.

Financial services

The business situation for financial services, whose results have recently become available at cantonal level, remained poor throughout 2012. Profitability deteriorated continuously. The competitive position, however, improved over the second half of the year. The international climate, particularly in terms of threats to banking confidentiality, definitely penalised assessments by Geneva's bankers despite the clear recovery of stock-market indexes.

Hotels

The number of overnight stays in Geneva hotels was down slightly in 2012 (-0.9%). They totalled 2.8 million. Demand from foreign visitors, who represented 81% of the canton's overnight stays in 2012, grew slightly (+1.1%), whereas Swiss visitors were down sharply (-8.4%).

Even though the number of visitors remained almost stable, turnover fell throughout the year owing in particular to discounts granted by hotels.

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 1.8%.

Air traffic

13.9 million passengers were recorded by Geneva International Airport in 2012, an increase of 5.9% compared with 2011 (an additional 800,000 passengers in a year). The airport thus achieved a new record number of passengers.

Construction

In 2012, 311 new buildings were constructed in the Canton of Geneva. While the number of buildings constructed continued to fall, their value and their size were markedly bigger than in 2011.

In this context, construction company business activity deteriorated over the year. It was seen as gloomy at the end of the year. Finishing and renovation companies expressed satisfaction from late spring onwards.

Housing and non-residential premises

With 1,850 housing units built, 2012 saw the highest level of increase in housing production since 2000. Compared with 2011, this represented an increase of 82%. Taking into account renovations and demolitions, the net increase in housing units totalled 1,846 compared with an average of 1,360 over the last decade.

However, the number of housing units in planning applications fell while remaining at a high level (2,184 housing units; -9% in a year). Similarly, the number of housing applications approved was down for the third consecutive year but remained high nonetheless (1,668 housing units; -12%).

As regards buildings intended for business purposes, the newly built square metre total in 2012 (169,148 m²) increased by 51% compared with 2011, after having fallen for four years.

Property services and service sub-sectors

While the property management business remained at a good level in 2012, property development and, especially, brokerage fared less well as the year went on.

The number of property transactions completed in 2012 (1,964) was down compared with previous years. The cumulative value of transactions remained at a high level, however, at over 4.5 billion francs.

Business activity in other services sectors continued at a good level throughout 2012. Nonetheless, demand for services and profitability deteriorated slightly during the second half of the year.

Vehicle registrations

In 2012, 23,898 new vehicles were registered in the Canton of Geneva, i.e. a slight decrease compared with 2011 (-0.9%). However, a particularly large increase had been recorded in 2011.

Among the most frequently registered categories of vehicles, private passenger vehicles were down (-1.2%; 16,665 new vehicles registered in 2012), as were motorcycles (-0.6%; 5,308 motorcycles). In contrast, delivery vehicles were up (+6.0%; 1,628 vehicles).

Restaurants

Throughout 2012, levels of business in Geneva's restaurant sector were considered by industry professionals to be poor.

Retail

The retail sector continued to fare badly in 2012: according to retailers, business activity was unsatisfactory. Due to the canton's geographical position, the continued strong franc seriously impacted the retail sector in Geneva. Although customer visits were stable during the second half of the year, sales volumes recorded a decrease throughout the year.

Employment

In the Canton of Geneva, employment continued the growth which started in early 2010. However, its pace fell: an annual average of +1.3% in 2012 against +2.3% in 2011. In manufacturing, which represents 15% of the total, jobs increased by 0.8% in 2012. In services (85% of the total), the increase was 1.4%. At the end of 2012, the canton had 285,500 jobs.

In Switzerland as a whole, the number of jobs increased by 1.5% in 2012 compared with +0.6% in 2011.

Foreign labour

In 2012, foreign labour remained stable compared with 2011: 20,120 foreign immigrants arrived in the canton. One third of foreign immigrants (6,491 people) entered the canton in order to work there. This proportion exceeds 50% where citizens of the EU countries are concerned.

The pace of growth in the number of foreign cross-border workers slowed a little from the beginning of 2012. In the fourth quarter, the increase was 5.7% on a rolling annual basis, compared with +8.0% in the fourth quarter of 2011. The number of active cross-border workers was estimated at 65,150 at the end of December.

The labour market

In 2012, the unemployment rate was down on an annual average basis. It stood at 5.0%, i.e. 0.4 percentage points less than in 2011. This being the case, after having fallen in the first half of the year, it saw continuous fast growth in the autumn, increasing from 4.7% in September to 5.3% in December. The number of registered unemployed, after having reached its lowest level in a decade in September, increased by 12% in three months. The introduction of the new Loi sur l'insertion et l'aide sociale individuelle (Employment Assistance and Individual Social Welfare Act) makes some annual comparisons difficult.

In 2012, the number of people affected by redundancy increased by 76% on an annual average basis compared with 2011. The increase was particularly marked during the fourth quarter.

Aggregate earnings

For 2012 as a whole, aggregate earnings paid in the Canton of Geneva continued to increase at a pace similar to that of the two previous years. Growth compared with 2011 stood at 3.1% in nominal terms, compared with 3.4% a year earlier. Measured in real terms, in other words deflated using the Geneva consumer price index, the increase in aggregate earnings stood at 3.5% in 2012.

Consumer prices

Prices fell in 2012. At the end of 2012, on a rolling basis, the consumer price index fell by 0.1%, after having fallen by 0.6% in 2011. On an annual average basis, the index fell by 0.4%.

The slight fall recorded by the index in a year was due to a great many price decreases and few increases.

The main decreases included the price of new and second-hand cars (-3.0% and -8.3% respectively between December 2011 and December 2012), clothing prices (-4.4%), energy prices – electricity, in particular (-5.7%) and fuel oil (-2.2%) – and also audiovisual, photographic and IT equipment (-7.7%). The largest increases included rents (+2.3%) and fuel prices (+1.0%).

Geneva | Zurich | Lausanne | Paris | Lyon | Annecy | Dubai | Hong Kong



Geneva: a global centre
for the international
commodity trade



2018

GLOBAL COMMODITY FINANCE

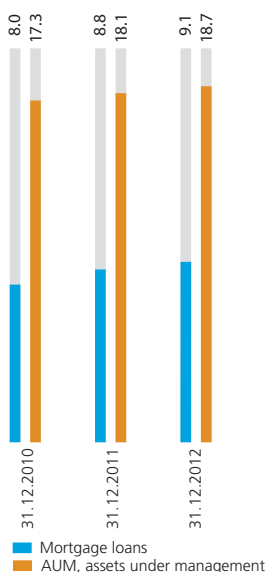
COMMODITY TRADE FINANCE
ENERGY, METALS AND SOFT COMMODITIES
STRUCTURED FINANCE
CORRESPONDENT BANKING

Business review 2012

Record results in 2012

BCGE posted record results for the whole of 2012 despite the hesitant economic situation. The significant increase in its profitability and remarkable increase in productivity, combined with the confirmation of its rating, demonstrate its excellent financial health and competitiveness. Economic profit increased by 15.9% to CHF 92.1 million and shareholders' equity reached nearly CHF 1.1 billion. Net profit grew by CHF 19 million to CHF 137.4 million (+16.5%). After allocating CHF 25 million to reserves for general banking risks, net profit stood at CHF 67 million (+CHF 3.9 million). Assets under management reached a record level at more than CHF 18.7 billion. The estimated level of profitability for 2013 is equivalent to that for 2012.

Enhanced competitiveness in CHF billions



Key group figures for 2012 (in CHF 1,000)

| | 31.12.2012 | 31.12.2011 | 31.12.2010 | Change 2012-2011 |
|-----------------------------------|------------|------------|------------|------------------|
| Total assets | 16,472,650 | 15,870,964 | 14,257,187 | 601,686 |
| Mortgage loans | 9,070,985 | 8,765,073 | 7,999,694 | 305,912 |
| Loans to clients | 3,922,599 | 4,099,269 | 3,536,565 | -176,670 |
| Assets under management | 18,737,537 | 18,062,000 | 17,254,000 | 675,537 |
| Shareholders' equity | 1,085,752 | 1,009,673 | 965,942 | 76,079 |
| Employees (full-time equivalents) | 723 | 722 | 750 | 1 |
| Operating income | 345,760 | 336,583 | 333,834 | 9,177 |
| Interest income | 205,389 | 197,479 | 196,794 | 7,910 |
| Commission income | 103,958 | 103,983 | 112,506 | -25 |
| Operating costs | 208,352 | 218,621 | 212,708 | -10,269 |
| Gross profit | 137,408 | 117,962 | 121,126 | 19,446 |
| Intermediate or operating profit | 92,081 | 79,439 | 53,786 | 12,642 |
| Net profit | 67,008 | 63,119 | 56,442 | 3,889 |
| Dividends | 4.5% | 4.5% | 4.5% | - |
| ROE (return on equity) | 6.3% | 6.4% | 5.8% | -0.1 |

Steady total asset growth

The total assets grew for the fifth consecutive year, reaching CHF 16.5 billion (+3.8% in December 2012 compared with December 2011).

Growth in economic profit

Despite the hesitant economic environment, the Bank's highly diversified business and its presence in numerous markets bolstered growth in income. Economic profit (intermediate profit) increased by CHF 12.6 million (+15.9%) to CHF 92.1 million. Key productivity, profitability and competitiveness indicators were among the highest in the industry. Productivity was illustrated by a 7.2% improvement in the cost/income ratio to 60.3%. Return on equity at 6.3% was stable. Gross profit was boosted by income growth and increased by CHF 19.5 million (+16.5%) to CHF 137.4 million, while net profit reached CHF 67 million (+CHF 3.9 million).

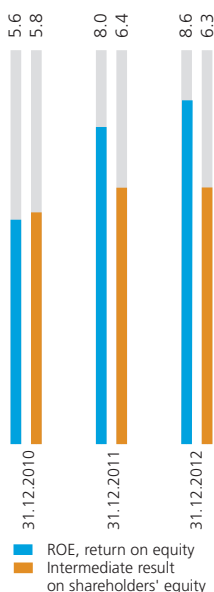
Solid growth in income thanks to the international sector

Growth in lending and transaction volumes helped increase turnover by 2.7%. Interest income increased by CHF 7.9 million thanks to targeted growth in lending and active ALM management. The interest margin remained at 1.37% against a backdrop of floor rates. Commissions remained stable thanks to Global Commodity Finance and day-to-day banking services, whereas trading operations (forex) remained at high levels. The international portion of the Bank's turnover in USD and EUR rose to 28.1%.

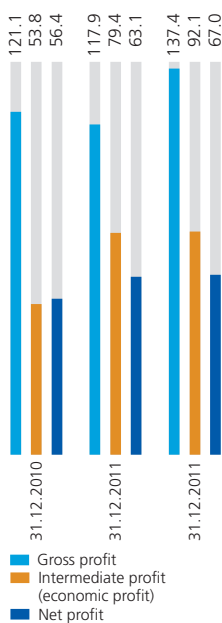
Welcome increase in assets under management and administration

Funds under management and administration grew by 3.7% to CHF 18.7 billion (+CHF 676 million) in 2012. The reasons for this success lie mainly in the effectiveness of our investment philosophy, growth in private banking and the level of trust enjoyed with institutional clients.

Strong growth in profitability in CHF billions



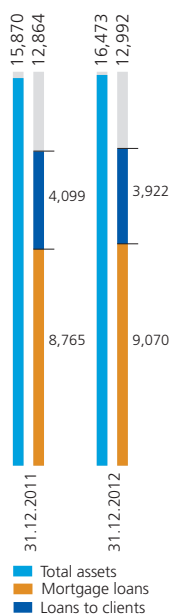
Economic profit
Increased by 16%
in CHF millions



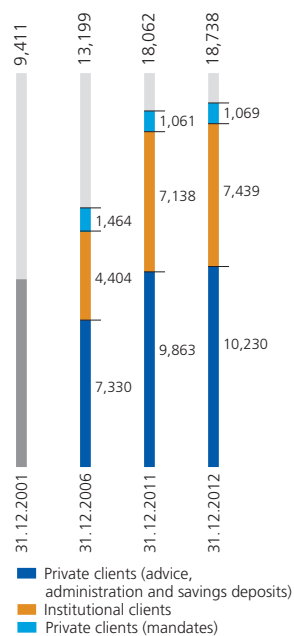
Significant increase
in productivity
in %



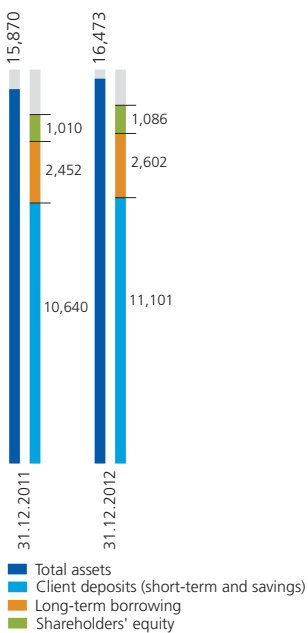
Nearly CHF 13 billion
in lending to business
and private individuals
in CHF millions



Assets under management
increased
by 3.7%
in CHF millions



High level of client deposits in CHF millions



Equity coverage ratio of 12.9% in CHF millions



A major player in financing the regional economy

Lending to business and to private individuals increased by 1% to CHF 13 billion. Mortgage lending exceeded CHF 9 billion, thanks to targeted growth of CHF 306 million. The Bank increased its market share in several areas while continuing to give the quality of risks and margins priority. In fulfilment of its mission to support the regional economy, BCGE showed an increasing contribution to public authorities (+17% to CHF 38.2 million). This means that more than CHF 200 million has been advanced to public bodies over the last six years.

Client deposits at record level

The Bank's solid financial health meant that deposits increased by CHF 461 million (+4.3%), reaching a new record level of over CHF 11 billion. The Bank is underpinned by a robust refinancing procedure in order to be able to deal with financial market instability. The coverage ratio of mortgages by savings grew to 54.1%.

Growth in commission income thanks to business diversification

Commission income reflected the Bank's increased competitiveness which put the emphasis on new business lines (advice to private individuals and companies) which are less equity-intensive. Credit commissions were stable (growth in Global Commodity Finance and corporate finance was tempered by equity coverage regulations). Density of use of day-to-day banking services grew substantially, particularly BCGE Netbanking.

Economy drive and development projects successfully balanced

Total operating expenses (personnel and other costs) showed a marked reduction of CHF 10.3 million (-4.7%). The volume of business handled by employees increased (3.5%) while headcount remained stable. In parallel with the decrease in its operating costs, the Bank continued to invest heavily in employee training programmes and in security measures to counter cyber-crime as well as in launching new types of investment fund.

Optimising growth and shareholders' equity

The Bank has generated CHF 381 million in additional shareholders' equity in seven years (since the introduction of Basle II in 2006). The group capital ratio stands at 12.9%, above the Basle II Swiss standards. The reserve for general banking risks increased from CHF 60 million in 2011 to CHF 85 million in 2012. The Bank needs to optimise the business growth imperative and the regulatory constraints on equity coverage.

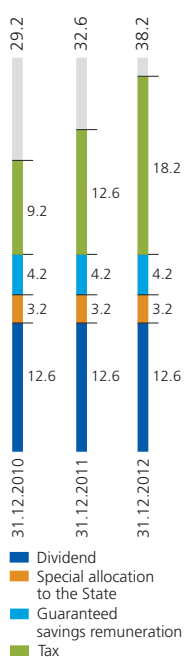
Rating confirmed by Standard & Poor's

BCGE's rating, raised by Standard & Poor's to A+/A-1/Stable on 12 December 2011, was confirmed on 3 July 2012. It demonstrates BCGE's leading position within the most trustworthy Swiss and European banks, at a time when many other institutions were downgraded.

A broader shareholder base

The Bank had 11,822 shareholders at the end of December 2012, of which 11,436 were private shareholders (750 additional private "client-shareholders"). This change shows the level of support of Geneva, Swiss and foreign clients for BCGE, for the values it represents and for its specific position in the Swiss banking market. Private shareholders are highly varied: 80% hold 1 to 25 shares. 613 BCGE employees, i.e. 78%, are shareholders.

Creating value
for the public sector
in CHF millions



BCGE share growth potential

Market capitalisation represents 70.2% of shareholders' equity. The BCGE share (CHF 207 on 30 December 2012, +5.6%) 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 6.9% to CHF 308.

BCGE Funds: distributing its investment expertise in Europe

In order to ensure Europe-wide distribution of its products, towards the end of the year the Bank developed the BCGE Synchrony (LU) Funds, a Luxembourg-based umbrella fund comprising six sub-funds (two bond funds, three asset allocation funds and a fund of European equity funds aimed at BCGE France). This entails replicating BCGE funds marketed in Switzerland.

Strategic priorities for 2013

The Bank will focus on four strategic priorities:

- asserting its role as a core partner in the regional and corporate economy;
- selective growth in mortgage finance;
- targeted growth in private banking ;
- improving operational productivity.

Prospects

Against a hesitant economic backdrop, the Bank will pursue its development. The estimated level of profitability for 2013 is equivalent to that for 2012.

- business growth and customer confidence confirm the BCGE's appropriate strategic positioning
- the Bank's financial soundness, as demonstrated by its rating, enhances the strength of its business model
- the Bank foresees sustained low interest rates, a factor which will continue to impact its interest margin
- the increase in lending will remain subdued due to equity coverage regulations
- the Bank will step up the development of business areas that are less equity-intensive



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WEALTH MANAGEMENT

SWISS AND INTERNATIONAL PRIVATE BANKING
INVESTMENT MANDATES
INVESTMENT FUND SELECTION
PORTFOLIO CHECK-UPS AND ADVISORY SERVICES
EFFECTIVE INVESTMENT PHILOSOPHY



Serious pleasure
in investment

1816

KB
BÜGE

Key facts of 2012

Private clients

The number of client consultations has tripled

The Geneva Private Clients and Family Business division is in contact with more than half the canton's residents. In 2012, a large number of new clients joined BCGE. The number of services used by private clients also continues to increase. Mortgage lending to private clients reached CHF 3.44 billion. The sharp increase in interactions with clients shows the strength of the relationship and BCGE's closeness to its customers. 33,549 people now benefit from the BCGE Avantage Service loyalty programme, an increase of 4.6% over the year. To respond to the needs of its client base, BCGE continued to enhance its services offering based on advances in technology.

In a highly competitive market, mortgage lending to private clients is growing

The BCGE Simplissimo (mortgage loan) product is a proven product. It remains the most appropriate response to the needs of prospects and clients wishing to entrust a transparent, reliable bank with their mortgage finance. Mortgage lending to private clients represents CHF 3.44 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 and the flexibility of the solutions provided as part of the BCGE Simplissimo concept. Other financing products, such as vehicle leasing and consumer loans, remained at a satisfactory level.

Increased equipment levels and frequency of use of everyday services

In 2012, the main goal was to increase levels of equipment and usage of the range of everyday services, particularly internet banking (online payments) by existing clients. The number of consultations with clients tripled in 2012, exceeding 53,000 during the year as a follow-up to the exhortation: I know my banker. Branch advisors are able to cover the wide areas of expertise, ranging from cash management solutions, to investments, not forgetting savings, pension planning and loans. Their common goal is to establish a stable, high-quality relationship with the client.

Rise in number of payment cards in circulation

Payment cards saw sharp growth: 31% year-on-year, as did Maestro debit cards (+5.8%). In order to protect our clients against frauds of the skimming type, a geo-blocking system has been implemented. This enables the blocking of geographical zones in which transactions using a Maestro card are not allowed. Similarly, an information campaign took place regarding the preventive steps which clients can take.

Ergonomic ATMs

As of 31 December 2012, the number of ATMs totalled 150 (147 as of 28 February 2013). The installed base of ATMs has been optimised by re-deploying equipment. The ATMs located throughout the canton, which are available 24 hours a day, provide all the most popular services (withdrawals and deposits). BCGE clients, but also – for certain transactions – non-clients, can make CHF and EUR withdrawals and deposits in a secure environment which is easy-to-use and features attractive charges slightly below benchmark rates, thanks to their nearby network. Additionally, clients have free access to the wider national network of ATMs belonging to member banks of the Union of Swiss Cantonal Banks.

Increased security using SMS for financial information

BCGE Netbanking is a central component of everyday banking services, and the "use" of BCGE via the internet is undergoing ceaseless expansion. With its simplicity, speed, economy and security, this service has attracted more than 90,000 clients, an increase of over 5%. The Bank uses a system aimed at improving the security of electronic transactions via SMS Connect, a 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. The number of users of the website adapted for mobile telephones continues to grow. This site, which interacts with the main website, aims to provide clients with practical information, such as ATM locations and bank 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.



Advice bridges the generation gap

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 continued 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 a best possible match with client requirements. Albert Gallegos, Head of BCGE's Wealth and Pensions Advice department contributed to a highly-appreciated book in 2012, *Le Guide de votre Prévoyance*, (Your Guide to Pensions) by Pierre Novello.

Savings growth

The Bank is very competitive on deposits and savings. In 2012, the robustness of its balance sheet was confirmed by the A+ rating awarded by Standard & Poor's. The reliability of the products on offer is recognised by clients as deposits increased by CHF 323 million, reaching CHF 9.38 billion (+3.6% compared with 31.12.2011). This growth occurred despite the long-announced withdrawal of the cantonal savings deposit guarantee (see page 13).

Increased number of Epargne 3 accounts

Clients who benefit from the BCGE Avantage service obtain a better return on savings (up to 2% higher than the basic rate). The bonus paid to clients represented more than CHF 13.1 million, rewarding the loyalty of clients using several services. In addition, the number of new Epargne 3 accounts grew by 6% to 15,912. The excellent performance of these products confirms BCGE's role as the leading savings player in the region.

A Geneva address renowned for private banking

The BCGE Private Banking (Swiss Clients) department, with a staff of eight, including five asset managers, is a specialist banking partner aimed at building, extending and protecting the assets of high-wealth clients. This department is a trusted and expanding reference among Swiss clients. This competence centre is separate from the entities operating within the International Clients division (see page 41) and focuses mainly on clients who are resident in Geneva and in French-speaking Switzerland.

An all-round, tireless supporter of the self-employed

Staff at the Bank's 22 branches, together with specialists from the SME and Self-Employed Financing department, provide effective support for Geneva's entrepreneurs and self-employed thanks to a service covering all their needs as well as those of their businesses and of their employees. This high-quality support is made possible through a complete range of services to businesses and private individuals, to the Bank's positioning as the only full-service bank with its decision-making centre in the canton and through close links with the cantonal institutions and other supporting bodies. This gives BCGE its excellent knowledge and understanding of the economic environment in Geneva, as well as very close local relationships thanks to the largest network of branches in the canton.

Business Partner programme deployed throughout Switzerland

Under the Business Partner name, the Bank provides a range of products, preferential charges and high-quality services to the employees of selected partner businesses (56 agreements with companies in 2012, of which 10 also work with the BCGE branch in German-speaking Switzerland). Several thousand clients are members of this community and are advised by the branches in Geneva, Lausanne and Zurich.

A cross-border partner

BCGE is also highly involved with international clients residing in Geneva and the surrounding region. In particular, it provides a wide range of services including pensions and mortgage loans, including in neighbouring France. Its mutual recommendation partnership agreed with CERA (Caisse d'épargne Rhône-Alpes), continues to bear fruit.

Key facts of 2012

Corporate Banking

Low rates lay down the law

The value of outstanding loans granted by the Corporate Banking and Institutional Clients division, mainly to companies in the region, remained stable, despite fears that were mounting up during the year owing to the seemingly uncertain economic environment. Lending activity was conducted in an economic and rate context demanding strict monitoring of levels of risk and specific attention to protecting margins.

Despite Geneva's numerous competitive advantages, investment is low

The number of new business transactions grew slightly during the year. The penetration rate per company increased thanks to a range of specifically dedicated services: interest rate and currency risk management was made easier thanks to the range of creative solutions offered to the Bank's clients. Despite the existence of numerous competitive advantages specific to Geneva and forecasts showing economic growth, albeit limited, in 2013, the desire to invest is currently at a low level.

Building projects on the increase

The prices of buildings, flats and houses in Geneva remained at high levels in 2012, in correlation with low interest rate levels throughout the year. Construction prices increased very slightly. Changes in the canton's property market were, however, uneven. The number of transactions fell by 7% year-on-year. In contrast, new developments were on the rise according to the latest available estimates. Lastly, spending on conversion and maintenance work grew at a similar pace. Against this backdrop, BCGE remained true to its selective, long-term growth strategy. The Bank was able to increase business mortgage lending by 3.8%, while ensuring that risks were kept at the lowest possible level.

A confirmed partner to entrepreneurs and businesses

The Corporate Finance department bolstered its mergers and acquisition consultancy services to entrepreneurs and businesses faced with increasingly complex strategic decisions. Thanks to its team's expertise, several business leaders were able to obtain relevant solutions to their external growth or business transfer issues. Capital Transmission SA, a wholly-owned BCGE subsidiary, confirmed its role in support of companies undergoing expansion or acquiring other businesses. In demand to provide additional finance to complement traditional sources, either in terms of equity or mezzanine loans, this investment vehicle, which has a risk finance capability amounting to CHF 50 million, made seven equity investments or subordinated loans in various industry sectors, representing a total investment of over CHF 21.1 million.

Trading room

The trading room maintained high levels of results despite observing an overall decrease in local financial sector activity. Its continued sales drive resulted in acquiring additional market share.

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 in number by 3% in 2012, as did the number of services provided by the Bank.

Six rewarding seminars in Geneva last autumn

The tenth series of BCGE seminars entitled "BCGE L'essentiel de la finance" ("The Essentials of Finance"), was held in Geneva in early September 2012. Six "academies" met, gathering nearly 600 external visitors. Twelve speakers from the Bank and seventeen top-notch external speakers gave talks on a variety of topics. Five out of the six seminars gave rise to lively and rewarding debate. The first in the series of seminars was on the theme of Real-estate management by the municipalities – Challenges and opportunities. Among the external speakers on the following days, the Bank invited one of the biggest investors on the planet, Elroy Dimson, who is Chairman of the Strategy Council for the Norwegian Government Pension Fund. Todd Lubart, an expert on innovation, captivated his audience, like all the other speakers, with his presentation on creative processes and how they are influenced.

Training based on a leading-edge partnership with the CCI

For the sixth year running, BCGE, the Geneva Chamber of Commerce, Industry and Services and the Cantonal Statistical Office (OCSTAT) jointly organised their economics seminar in the autumn, attracting a large number of the region's decision-makers. The occasion was used to present a previously unpublished study of regional characteristics: *Genève: un pôle de formation tourné vers l'économie?* (Geneva, a business-oriented training centre?) which was subsequently published. It looks at the appropriateness of both initial and ongoing training provided in the canton (and surrounding region) in terms of the needs of businesses and institutions.

"Greater Geneva" is being built

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 require 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. In 2012, major transactions were completed both in the Geneva area and in the Lyon region. Lastly, detailed knowledge of the local economies of Lyon and Paris thanks to BCGE's subsidiary in France, enabled it to take a proactive role in high-quality investments.



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



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

Ever-changing lending activities in France

Against the backdrop of the widespread economic downturn in France, the Bank continued to extend its lending activities at a good pace in the first half of the year, particularly in the property sector where the market remained buoyant. The second half of 2012 confirmed the recessionary trend, both in terms of new developments and property transactions, which led the Bank to take an increasingly selective approach to applications

With regard to the Compagnie Foncière Franco-Suisse, several far-reaching real estate operations were executed in both inner-city neighbourhoods in Lyon and the surrounding area, some of which are ongoing. Lending to SMEs was somewhat subdued owing to the lack of investment projects. In private banking, market volatility in the first half of the year and recent tax changes led investors to take a highly cautious, wait-and-see approach. In this difficult environment and in view of the good performance by financial markets in the second half of the year, BCGE's French subsidiary once again posted significant growth in assets under management.

A sound team

The Supervisory Board of BCGE (France) has six members. The chairman is Blaise Goetschin (see page 78) and the vice-chairman is Eric Bourgeaux (see page 79). The four other members are Constantino Cancela (see page 17), Georges Canto, Manuel Riera and the Banque Cantonale de Genève, represented by Claude Bagnoud (see page 79). Alain Bochet, Chief Executive Officer since September 1999, exercised his right to retire on 31 December 2012. During this period, BCGE (France) has seen strong growth, while improving and adapting its organisation to suit changing circumstances, both regulatory and economic. As of 1 January 2013, Eric Wesse is Chairman of the Executive Board of BCGE (France), which now comprises Alain Besse, Business Development Director, Marie-Claude Boulmier, Finance and Administration Director, and Christian Stampfli, Company Secretary.

Key facts of 2012

Public Entities

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.

More than CHF 2.5 billion in financing for public-sector projects

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

Helping public entities optimise their finances

BCGE has remained the preferred partner of the major utilities, the municipalities and cantonal and municipal public property trusts. As of 1 January 2013, Alain Voirol is their new, dedicated contact person. The Bank provides solutions best suited to the needs of public-sector finance. It advised a large Swiss municipality on restructuring its long-term debt and continued to support the Canton of Geneva in the ongoing development of its centralised cash flow administration, in investing its capital and in optimising its finances.

Swiss Public Finance Solutions deployed throughout Switzerland

Finally, 2012 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 throughout Switzerland.

Key facts of 2012

International

An essential driver of growth
in a challenging environment

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 specialist focus provides an effective organisational response to an environment filled with challenges, particularly the tightening of certain regulatory and tax requirements – at a hitherto unequalled pace. Centralising skills in support of so-called cross-border transactions ensures advice of the highest quality and makes risk management easier.

The Bank's high standing is a major asset

In an international business context, the quality of its teams and the soundness of BCGE's balance sheet – represented by the quality of the Bank's Standard & Poor's A+ rating – as well as the cantonal bank's historic roots in Switzerland, a country offering political, financial and social stability, are decisive growth factors for clients frequently approached by our competitors.

These advantages have enabled the International Clients division to make positive progress in a demanding macro-economic and regulatory environment, to be committed to addressing the challenges arising in this environment and to ensure the growth of its business in a steady, controlled, solid and profitable manner.

International Private Banking: positioning and reputation enhanced year-on-year

This business unit brings together all of the international private banking activities, with the exception of those managed by BCGE (France). Its mission is to serve clients who are internationally resident or foreign nationals and who have a family or business relationship involving Geneva, where more than half of the population is international. In 2012, it successfully promoted its philosophy: providing high-quality, personalised services, top-grade expertise and a relatively conservative approach to portfolio management. Additional impetus was given to this activity in the year thanks to the arrival of several talented new members of staff in Geneva and Lausanne.

Business line synergy

Support by specialists from the Global Commodity Finance business unit – who have extensive experience in emerging markets and of the key players there – enabled the division to contribute to the growth of international clients with high private banking potential; this new synergy between the two business lines quickly proved its added value. Carefully planned actions also led to acquiring additional skills by deploying or recruiting asset managers specialised in emerging markets.

The teams in Geneva were also restructured into geographical expertise centres in order to promote direct and effective interactions between the asset managers and to enhance risk management.

Thus, in 2012, against a backdrop of a paradigm shift for the entire private banking sector, the International Private Banking business unit achieved encouraging growth in assets under management. Thanks to the high levels of assets invested and strict cost-control, this business maintained its level of income.

The Dubai and Hong Kong offices are effective in helping to promote BCGE abroad

A high proportion of the International Private Banking business unit's efforts were focused on emerging markets in 2012. Indeed, these markets have seen the emergence of a wealthy middle class which represents a new driver of business growth. Long-term efforts have been made to raise BCGE's profile, targeting Asia and the Middle East in particular, in conjunction with our representative offices.

Thanks to demand from a growing local and international client base, our representative offices in Dubai and Hong Kong contribute actively to developing the private banking business. In addition, they act as an increasingly effective platform for global commodity finance and for relationships with banks and international institutions. The success of events organised in Hong Kong in November and in Dubai in December confirmed a great many key local economic players' interest in BCGE and, by the same token, the Bank's significant business potential and its highly positive image.

Promising onshore growth for Lausanne and Zurich

In strict compliance with regulatory standards, the Bank has continued to be attentive to the needs of clients domiciled in Western countries – including the domestic market, outside Geneva and, particularly, in the Lake Geneva area and in German-speaking Switzerland. The Bank has strong links with its traditional clients and intends to continue to serve their interests to the best of its ability.

In addition to developing a targeted international private banking business, the Lausanne branch successfully endeavoured to serve a client base of senior international managers with high wealth potential residing in French-speaking Switzerland. In the course of 2012, it confirmed its role as an expertise centre – thanks to its dedicated specialists – marketing combined mortgage lending and wealth management services 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.

Just like the Lausanne branch, Zurich aims to develop an onshore international base of potential private banking clients, while exploiting offshore development opportunities in compliance with regulatory requirements. This onshore marketing was also supported by the Business Partner programme deployed throughout Switzerland (see page 36).

Stable business and excellent results for Global Commodity Finance

The BCGE Global Commodity Finance business unit has been active in international commodity trade finance for 13 years, mainly in the energy field but also in metals – both ferrous and non-ferrous – and in soft commodities. With the exception of shipping finance, it offers the complete range of commodity trade finance products: short-term bilateral funding, structured loans and banking counterparty risks. Its client base consists of all the major names in this sector but also medium-sized players dealing in specific "niches", provided that the latter meet our strict selection criteria.

In 2012, and despite an excellent track record in terms of risk, the international commodity finance business saw, both in Geneva and in most financial markets, a tightening of regulatory and prudential requirements. Against this background, BCGE – which saw strong balance-sheet growth over the last few years – announced during the summer of 2012 "that it had reached an optimum level of use of shareholders' equity and that it was pursuing its business along a prudent growth path centred on budgeting for risks".

Off balance-sheet transactions preferred

The strategy followed by the Global Commodity Finance business unit in 2012 led to giving preference to short-term or off balance-sheet transactions. New “niches” or business lines were developed with this in mind, whereas others had to be withdrawn, particularly for geopolitical reasons. The range of services was also enhanced with new products – such as buying back structured corporate risk – in a further endeavour to satisfy client expectations. Lastly, specific attention was paid to the quality of counterparties.

This limited-growth environment also became highly competitive in the course of 2012. Since 2011, changes in credit market regulations – based on the Basle III guidelines – had put pressure on the entire industry and had led to a reshuffling of the cards. The major historical players in international commodity finance then decided to reduce the volume of their business in this field, leaving a gap which newcomers based in Switzerland, in the Netherlands and in Asia have rapidly filled. In this competitive environment, the appropriateness of the Bank’s business model and the quality of its teams has been proven by the resilience of our ongoing business.

Optimisation of outstanding loans

The optimisation of outstanding loans with a view to economising shareholders’ equity has not therefore affected profitability. Additionally, the Bank’s reputation in the marketplace has enabled the Global Commodity Finance business unit to record excellent, stable volumes and income in 2012.

Lastly, the Global Commodity Finance business unit is an obvious contributor to the inflow of business handled by the International Banks and Institutions unit, particularly in the context of confirming bank counterparty risks.

Multiple banking relationships

The International Banks and Institutions business unit is a highly internationally-focused BCGE entity. More than 600 banks worldwide (including over 420 banks in 50 emerging countries in Asia, the Middle East, Africa and South America) conduct a business relationship with BCGE through this unit. In 2012, the unit continued to develop its business, particularly in emerging countries. In the OECD countries, owing to a deterioration in terms of risks, tighter monitoring and selection of counterparties was necessary. This business unit acts as an enabler and support unit for all of BCGE’s international business; it thus contributes considerably to the Bank’s international development.

A management team acting as an expertise centre

The Global strategy and business support business unit with its team of dedicated specialists provides cross-departmental support functions for the International Clients division’s three business activities. It combines – with the aim of providing quality of service to clients and cost optimisation – targeted, bespoke expertise in terms of structuring and analysing loan requirements, compliance controls and monitoring in addition to legal support for all the division’s lines of business. In 2012, particular emphasis was placed on its organisation and on bolstering the compliance and legal centres of expertise.

Key facts of 2012

Asset Management

Launch of two new Swiss funds and six new Luxembourg funds

44

The Bank's investment strategy during this period of financial turbulence has generated excellent performance, leading to a 2.5% increase in assets under management and administration. The BCGE Synchrony Swiss Government Bonds fund was once again given the award by the Lipper analytical institute for the best Swiss bond fund over 10 years.

An effective and innovative centre of expertise

The BCGE Asset Management business unit comprises four departments: Institutional and private portfolio management (both in charge of investment mandates), Advisory (investment advice) and Financial Analysis (economic analysis and research into third-party funds and individual securities). Together, these departments form BCGE's core asset management unit. This expertise centre provides ongoing state-of-the-art training of its 25 staff.

Intellectual and commercial independence on behalf of clients

The Financial Analysis team is tasked with selecting external funds, based on open architecture, i.e. with complete intellectual and commercial independence. Funds are chosen on the basis of their intrinsic qualities and investment needs, with a view to achieving very broad 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.

Creation of new funds

For the past several years, BCGE has developed, in addition to the balanced mandates based on open architecture, targeted funds which are regularly recognised as being among the best in their respective categories. In 2012, the BCGE Synchrony Swiss Government Bonds fund was once again named by the Lipper analytical Institute as the best Swiss bond fund over ten years, thereby winning an award for the eleventh consecutive year.

The Bank launched two new Swiss investment funds: firstly, the BCGE Synchrony Emerging Equity fund of funds which invests its assets in funds invested in emerging markets and, secondly, the BCGE Synchrony All Caps CH which invests in Swiss companies listed on the SPI based on macro-economic criteria. Lastly, BCGE launched a new Luxembourg umbrella fund comprising six sub-funds at the end of the year. Approval in Switzerland is under way.

Teams driven by an investment philosophy

Cumulative assets under management and administration by the Bank grew by 3.7%. In terms of investment funds and institutional mandates alone, assets under management grew slightly, standing at CHF 2.5 billion at the end of the year. All these funds and mandates are managed according to the principle of long-term growth in value as defined by the BCGE management philosophy.

Key facts of 2012

Operations

Innovating and improving productivity

Capitalising on its multifunctional IT platform, the Bank is continuing to optimise processes and operations, thereby achieving improved productivity and service quality. In 2012, the Bank focused its investments on increasing the security of its logistics and IT infrastructure and on improving internal controls on its banking operations.

New means of authentication on BCGE Netbanking

The Bank undertook a vast programme of modernisation of its authentication systems used for accessing the BCGE Netbanking platform. These changes served to increase the security of e-banking systems provided to clients. As a first step, in 2012, the Bank launched a campaign to replace the grid-card system, mainly intended for private clients, by a service based on the SMS technology available on mobile phone networks. As a second step, by the end of 2013, the Bank will provide another technology solution, intended for business clients, based on "Cronto" technology.

Payment card authentication and geo-localisation

In conjunction with Viseca and Telekurs, the Bank has implemented new verification and security functions for credit (Visa/MasterCard) and debit (Maestro) cards.

Maestro cards now feature geo-localisation functionality enabling the payment card's place of use to be restricted to a specific geographical zone and thus combat attempted "skimming" fraud.

New Visa/Mastercard credit cards now include secure authentication of transactions by entering a pin code into the payment terminal.

Inclusion of data relating to automatic signature authentication

In order to improve bank transaction controls, the Bank has taken steps to integrate and match reference signatures with its central database within its IT systems. Through this integration, the Bank has made a substantial improvement in the productivity of the control process for bank transactions requiring signature verification.

Crisis-management process and infrastructure

For the past three years, the Bank has been conducting a crisis-management training programme for all of its management teams based on the Swiss Army's "Transfer" programme. Based on the concepts underpinning this, the Organisation IT and operations division has deployed a new crisis-management system; in parallel, it has conducted a complete review of its business continuity plan and processes in the event of a major disaster.

Enhanced security infrastructure

With the aim of enhancing its security infrastructure, BCGE renewed several security systems, including the replacement of IT firewalls for external connections, and the renewal of the physical access control infrastructure for its buildings. The IT interconnections between the two main sites at Ile and Lancy have been made more secure by implementing an encryption mechanism and the same level of security is now applied to all ATM connections. Lastly, the implementation of a badge-controlled printing system ensures a high degree of confidentiality for documents printed by employees.

Optimisation of foreign-exchange account reconciliation and position processes

The Bank has automated several account reconciliation processes by capitalising on the GT-Match and Logisoft SMAT platform. Significant productivity improvements and an increase in accounting controls have been achieved by configuring and optimising account position reconciliation in the areas of ATMs, central cash desk and foreign exchange.

Deployment of the new Sterci GT Exchange payment platform

As part of its IT system upgrade programme, the Bank has deployed a new platform for managing financial messages used for payment transfers and securities transactions. It selected the GT Exchange solution by the Geneva-based publisher Sterci, a market leader in this field. The solution deployed enabled the level of automation of these information flows to be increased and additional control tools for detecting money-laundering to be implemented.

Implementation of a business management module

The Bank undertook the implementation of an upgrade of the IT functionality available to its client advisors and sales managers. The first module in this programme was installed in 2012 and enabled employees responsible for client relations to access tools which bring together all the main information which is essential for the efficient handling of client requests. This tool substantially improves the advisors' quality and speed of response on a daily basis.

Website redesign

The Bank put a new version of its website's homepage online at the end of the first quarter of 2012. The page, which is a showroom for the business, was thus given a fresh impetus by giving the items displayed greater coherence, establishing a more streamlined structure with user-friendly browsing, including more visual components and animated features and, lastly, ensuring consistency of the messages published on different media (mobile website, screens in branches, publications, advertising, etc.).

Hosting of SNB branch

BCGE has hosted a branch of the Swiss National Bank (SNB) since 1 February 2012. It is located in the Bank's headquarters at the quai de l'Île 17.

By this means, BCGE supports the SNB's cash services for introducing notes and coins and withdrawing them from circulation, as an additional aspect of its legal mission to contribute to the canton's development. At the SNB desk at BCGE headquarters, clients can make use of cash dispensing and deposit facilities, exchange used notes and coins, redeem commemorative coins and use other services (payment of dividends, etc.). These services are mainly intended for institutional clients with an SNB account but are also available to private clients.

Multi-skilling and certification programme

With the aim of offering a higher quality of service to the Bank's internal clients, and in view of the constant, increasingly rapid changes in technology and bank operating methods, the Organisation, IT and Operations division, in conjunction with the Human Resources department, has implemented a specific training course with certification for administrative department employees.

This training course is, among other things, intended to ensure a very high level of multiple skills on the part of employees involved in operational activities and, consequently, to support significant changes in practices in the field of banking regulations and compliance.



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Risk control

Identifying, assessing, managing and controlling risks: an essential process

Risk control is omnipresent throughout the bank at various levels. The front-office units take the prime responsibility for any risks associated with the business they handle; the same applies to support activities. In addition to the latter, specialised so-called second level control departments study this question as a whole. This specifically refers to the Compliance and Risk Control departments. These departments centralise the overall control of risks and model them so that the Bank can choose the right balance between risk and revenue. Their role is also to monitor and report at the highest level on information regarding compliance with the framework and limits set by standards bodies and the relevant bodies within the Bank. Through various operating committees, these departments distribute their analyses, follow-up of processes and information required for managing every type of risk.

The risk committee meets every month (see organisation chart on pages 16 and 17). Risk status is presented and analysed, for example, in the form of reports and analyses of credit positions. The monthly credit risk report is discussed and commented upon. A risk committee meets monthly for the BCGE (France) subsidiary and another one meets with regard to risks connected with international trade finance.

A balance sheet and exchange rate management committee, the asset and liability management (ALM), committee 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.

The credit committee and the credit risk commission approve or refuse all loans submitted to them in accordance with the powers granted to them by the Board of Directors. Its powers in the credit area are, in practice, delegated to it by the Executive Board. Made up of eight members, including the CEO who does not vote but has a right of veto, the credit committee meets at least once a week. The Board of Directors approves the most significant credits based on applying the organisational rules.

Controls have been made even more precise

2012 saw the completion of the IT migration specific to the risk-monitoring system. Controls have been made more precise and more robust and new tools have been implemented (e.g. to calculate certain indicators required for Basle III or to improve internal transfer prices).

Particular emphasis has been placed on analyses with regard to stress tests, i.e. simulating a loss which could arise owing to an exceptional event under predefined scenarios. The results of these stress tests enable a more accurate definition of the risks associated with specific fields, links between different risks or potential vulnerabilities. They aim to enhance the Bank's ability to withstand risks even under highly adverse conditions. An impact analysis is carried out at the transaction model level for a specific field or for the Bank as a whole. Examples of stress tests carried out in 2012 are presented below.

BCGE, with total assets which exceed the CHF 15 billion threshold, is ranked in "category 3" according to the Finma 2011/2 circular. This authority has set a minimum threshold of 12% (or 150% using the scale applied previously) equity coverage to be observed at all times with effect from the end of 2012. Business planning has taken this requirement into consideration when forecasting growth in order to guarantee this increased level of equity coverage.

Credit risk

The Bank had already prepared, in 2011, a gradual increase in shareholders' equity. This change in the oversight category for the Bank and the 12% threshold requirement have accelerated endeavours to achieve this new limit at all times. Establishing equity coverage plans for the next few years requires outstanding coordination between front-office and risk control units. The Bank's decision to allocate equity limits per type of business forms a solid basis on which to achieve strategic objectives while complying with this level of coverage. For all of the business activities set out in the strategic and financial plans, risk frameworks are thereby established, in order to set the maximum acceptable exposure by type of operation. These risk frameworks are updated every year and planned on a three-year basis. As part of the risk framework, risks are evaluated and calculated, if they are quantifiable, for each individual transaction. The yield from operations, in terms of income from interest and from commissions is weighed up against the costs of the transaction and against the risks incurred, measured by the sums potentially at risk and the probabilities of its occurring.

The publication requirements relating to shareholders' equity are available on the Bank's website (www.bcge.ch/exigences-publications). The equity requirement to cover credit risks, market risks and operational risks is calculated at regular intervals and published quarterly. At the end of 2012, equity coverage was between 158.5% and 160.8% for the Group.

In June 2012, the Swiss Banking Association enacted the implementation of self-regulation directives relating to the minimum requirements for mortgage finance. Speculation about the property market overheating and the attention paid by the regulator to this issue has also led the Bank to maintain its cautious policy towards granting loans. It has therefore also reduced the proportion of new business transactions which do not comply with internal standards (also referred to as exceptions to policy, ETP).

Breakdown of loans

The breakdown of loans by tranche is satisfactory and stable; the loan chart shows, as in previous years, for loans of less than CHF 1,000,000, a wide distribution with a mode, i.e. the most frequently-occurring number, of approximately 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 greater than 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 11% of the total. The proportions were slightly different for commercial mortgages, where loans based on Libor accounted for 20% of the total.

Property-market stress tests

Several scenarios involving extreme economic situations were defined by Finma in addition to stress tests performed internally; the consequences of these scenarios for the Bank's portfolio were analysed in 2012 and the results provided to Finma.

Country risks

Country risks are highly diversified at BCGE. Leaving aside France, where the Bank does a relatively significant amount of business through its French subsidiary BCGE (France), country limits are restricted to the use of international trade and the use of client banks. The ratings downgrades of bond issues by European countries such as France, Austria, Portugal and Italy increases the level of vigilance required in managing operations.

Country commercial limits are in place for the international trading business and checked on a weekly basis by the Risk Control department (whose activities were, until 2012, a part of the Risk Control and Compliance department). Country limits for both direct risk and indirect risk were regularly reviewed and set as of end December 2012.

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. Particular attention is paid to checking due date extensions for transactions that are in principle limited to 90 or 180 days. Indirect risks are mainly found in the countries of eastern Europe and central Asia. These risks are mainly associated with oil, gas and wheat trading.

Concentration risk (see also page 98)

Major risks, in the regulatory sense of the term, refer to the State of Geneva on a recurrent basis and to the Bank's land business, i.e. the Compagnie Foncière du Saint Gothard and Compagnie Foncière Franco-Suisse. Certain banking limits sometimes exceed the 10% announced. Some commitments to international trade clients occasionally occur at the use limit risk-weighted by 10%.

Market risk (see also page 98)

In view of the deliberately reduced level of the Bank's proprietary trading, the nostro account, market trading risks are limited and do not generate significant exposure. The main position in this portfolio currently comprises approximately 77,000 BCGE shares (compared with approximately 100,000 at the end of 2011) for which the Bank acts as 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 196, then stabilised at over CHF 200 during the year with two exceptions at the end of May and in August. The shares ended the year at CHF 207 on 31 December.

Foreign-exchange risk (see also page 99)

The Swiss franc represents more than 80% of the Bank's balance sheet, the remainder being in USD and EUR. The CHF/EUR floor rate of 1.20 was confirmed throughout the year. BCGE continues to implement protection measures in the event of any fluctuation. Hedging of income in USD is performed over a 3 to 6 month period in line with the Bank's policy.

Interest-rate risk (see also page 99)

The sensitivity of the balance sheet to the value effect (economic value of equity) was maintained within the limit set by the Board of Directors. The Bank has a large portfolio of swaps in order to limit sensitivity to a sharp theoretical increase in rates. The SNB is forecasting low rates in 2013 and 2014. With 10-year CHF swap rates at between 80 and 90 basis points (an extremely low level which had never been reached before), approximately CHF 700 million in swaps have been purchased in order to protect interest margins against a sharp increase in interest rates.

Liquidity risk (see also page 99)

Work to prepare for the introduction of new liquidity standards has been carried out so that the Bank is ready, in 2013, to provide information on its liquidity coverage ratio; an internal tool to measure this has been developed. With the implementation of Finma circular 13/6, liquidity management remains a high-priority subject of change in 2013. The Bank has ample liquidity of between CHF 400 million and CHF 800 million for the regulatory ratio referred to as Liquidity II.

Long-term investment risk (see also page 99)

The long-term investment portfolio amounted to CHF 1.2 billion in December 2012. It provides protection against liquidity risks, the aim being to compensate for the zero 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 of exposure to the banking sector and an overall increase in Swiss sovereign risk. Approximately three quarters of long-term investments were rated AAA, with other securities being in the AA+ to A- range.

In addition to constantly monitoring various ALM risks, three stress tests have been prepared by the market risk section of the Risk Control department:

- interest-rate stress tests, i.e. the impact on the net interest margin under various scenarios;
- exchange-rate stress tests, i.e. the impact on income of any major shocks affecting the EUR/CHF and USD/CHF exchange parities;
- liquidity stress tests taking four elements into consideration: the liquidity coverage ratio for the Bank, the concentration of refinancing not collateralised in USD, the concentration of long-term refinancing through the Centrale de lettres de gage des banques cantonales suisses and, lastly, the impact of a lack of coverage in the event of a "substantial" cash outflow.

Operational risk (see also page 99)

The risks associated with internal or external fraud remain a subject of concern for the Bank. A few cases of skimming or card fraud have been unavoidable, as is the case for many banks. The internal control system is evolving in response to the Bank's needs. With its system of key risk indicators, the Bank has chosen a flexible process for detecting operational risks. This table gives a breakdown at the bank and division level; it shows at least one key risk indicator per process.

Compliance risk (see also page 99)

The Compliance department is in charge of verifying compliance with general regulatory standards by the Bank, its subsidiaries, its management bodies and its employees, mainly with regard to accepting and checking clients and their transactions. The tools and controls relating to high-risk relationships and politically exposed persons (PEPs) have been improved. Improving and automating procedures has enabled more targeted detection of transactions at risk.

The department also provides employee training on money-laundering and cross-border risks. Large amounts of information are provided to the Bank's advisors and training courses are regularly provided for the people concerned.

Regulatory and tax risk

The Bank's policy complies with practices and agreements valid both in Switzerland and internationally. The Bank applies the regulations and directives set by the Swiss supervisory bodies. Additional adjustments have been made in order to comply with the various initiatives, including the liquidity coverage ratio based on Basle III, the Lisint tax agreements with Austria and the United Kingdom as well as preparing for the rules required under the US foreign account tax compliance act (Fatca).

Owing to these significant regulatory changes, the Bank has decided to reorganise its control system and to create separate departments, one under Compliance and the other under International Taxation. Their hierarchical reporting line is to the Finance and Risk Control division and they continue to submit their work to the Risk Committee.



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Talents and skills

Increased competitiveness through ongoing training

The competitiveness and the reputation of Swiss banking are based primarily on its know-how. 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 stable in 2012

At the end of 2012, 783 staff worked for the BCGE Group, i.e. 723 full-time equivalents. Staff numbers were stable compared with end 2011. The ongoing rationalisation of work processes has enabled headcount and personnel cost controls to be maintained on a steady course.

Owing to changes in the Bank's different businesses (technical complexity, regulations, process-rationalisation), BCGE trains its employees and encourages their internal mobility. This not only enables careers to progress but also prepares staff for changes and reorganisations which occur regularly and, for many years, have profoundly altered banks and financial institutions. This policy of preparing for change has enabled the Bank to avoid any redundancies when, for instance, productivity improvements have been made to administrative processes. In fact, with the exception of staff leaving due to retirement, almost all employees affected by job elimination have been able to find another opportunity in our Bank and have been supported through personalised training.

Increased employee share ownership

As of 31 December 2012, 78% of Group employees (613) held BCGE bearer shares, having either acquired them through bonus plans or purchased them on the open market. By the end of 2012, they owned over 61,290 shares in total and, including retired staff and other beneficiaries of preferential terms, this figure rose to 72,171 shares (CHF 14.9 million as at 31.12.2012, i.e. 2% of the Bank's stock-market capitalisation).

A training plan aligned with business policy

Continuing its demanding strategy in the field of employee skills development, BCGE maintained a fast pace in 2012 where training was concerned, with two out of three employees attending training during the year. The top priority for the year was training on the new loan management software application. Everyone involved in the lending process has, thanks to this training course, learnt to use the new tool in order to further enhance their level of excellence. In this way, all the sales advisors, specialists from the control and credit support units passed through the new training room dedicated to this high-priority training course. Among employees trained, 108 of them followed an internal course offering banking skills certification. In order to face the many challenges to come in our industry, it is essential to maintain banking-related know-how systematically and to measure performance.

196 employees benefiting from internal certification focused on advising clients

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 196 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 advisors with multiple skills is a major issue. In view of the Bank's desire to see each of its clients advised by a skilled banker, as the main point of entry to the bank, it is noteworthy that the range of skills offered by them has broadened considerably, with certified advisors now holding 360 qualifications in total in the major areas of banking advice. In addition, advisors 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.

Cross-border activities now have their own course

The banking world not being limited to front-office business, a qualification covering all of the Bank's back-office and support activities was deployed in the first half of the year and BCGE now has its first qualified staff in this area. In the regulatory field, there are no less than 132 employees with a skills qualification in terms of cross-border activities with Germany and 245 with France, while an update on the topic of anti-money-laundering was offered to all employees, as further support for specific training aimed at specialist employees and the management teams of the various business units. In the field of compliance, the Bank is responding in this way to the ongoing challenge of rapid changes in the regulatory framework.

Specialist training institutions support the Bank

Owing to the very wide spectrum of activities carried out by a full-service bank, BCGE cannot train all 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.

Nine prestigious diplomas

Among employee successes which BCGE had the pleasure of celebrating last year were one new Banking Economics (ES) diploma and two new federal diplomas. University qualifications obtained by employees during the year included one certificate of advanced studies, four diplomas of advanced studies and a master of advanced studies. Where skills recognised at cantonal level were concerned, we celebrated one cantonal diploma and two certificates. Official language diplomas and international recognition relating to supervision of banking operations should also be added. These successes illustrate the Bank's concern for high quality in every field.

Eight intensive days for members of the management teams

On the personal skills front, the main focus was on the Bank's management skills. BCGE stuck by the methodology course followed by its managers, which now totals eight intensive days. Six classes of 12 managers have already followed this demanding course which enables management to acquire a shared language and methods. 64 heads of divisions, of business units and of departments, meanwhile, faced each other in a lively atmosphere bearing the hallmark of fair play during the traditional BCGE management championship which took place in the Canton of Aargau this year.

Succession programme stepped up

18 senior managers finished their BCGE MicroMBA, presenting four innovative, entrepreneurial projects which are going to be implemented by the Bank. This work was conducted after having followed over a month of high-level training 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, with two complete classes having been trained on basic management tools over a four-day period.

In order to support units responsible for Geneva private clients and family businesses, all of the heads of business sectors, the branch managers, their deputies and sales managers were trained in team management. They attended a course lasting nearly a week which covered all of their activities as sales force managers.

4% of young people undergoing training

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 its seven apprentices pass their exams. This continuing supply of staff for Geneva's financial marketplace is based on an internal network of experienced trainers.

Attractive employee pensions

BCGE offers its employees an attractive pension plan to protect themselves against the economic consequences of old age, disability and death. Its Professional Pension Plan 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: firstly, there is 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 Act, and a complementary defined-contributions plan on a fixed and variable portion of the 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 at least two-thirds of the sum of the contributions to the pension institution. In 2012, the institution's Board made the decision to reduce its basic rate of return from 4% to 3.5% with effect from 1 January 2013. While the defined-benefit plan is not affected by this reduction, it has resulted in a decrease in the conversion rate of 0.4% of the defined-contribution plan, a reduction which will be introduced gradually between 2013 and 2016.

Preferential conditions for employees

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

Independent mediators provide 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.

Protection from cigarette-smoke and other risks

BCGE is a no smoking establishment. Additionally, BCGE 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.

Well-informed employees

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.

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.

A wide range of incentives

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 help 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 | Team/ individual | Aim |
|-------------------------|---------------------|---|
| <i>Avantage Service</i> | Team | Support for extending BCGE Avantage Service |
| <i>Check-up</i> | Team | Highlighting the quality of advice given during BCGE check-ups |
| <i>Hubble</i> | Individual | Promoting modern ways of managing assets |
| <i>Intrapreneur</i> | Individual | Encouraging imagination and creativity |
| <i>Service center</i> | Individual | Encouraging projects aimed at improving productivity and reducing costs |
| <i>Customer service</i> | Individual | Supporting customer service excellence |

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Sustainable development

BCGE implements an environmental and social policy in line with its values

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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 these aspects. At BCGE, sustainability constitutes one of the foundations of business activity. The Bank is convinced that its long-term success will be greater if it focuses its actions on the interests of clients, owners, employees, the community and on its own longevity.

For over 10 years, BCGE has adopted a line of conduct which is highly respectful of its total environment, both out of respect for it and its ideals, and in its strategic interest. Indeed, the fact of being open to scrutiny by the regional economic community as a banking establishment listed on the stock exchange and rated by a major rating agency, obliges it henceforth to behave irreproachably in terms of reputational risk. However, it does not use this as an artificial, promotional propaganda tool.

Preconditions for social responsibility

By its very nature, the Bank is founded on the mission to provide a service to a community which is precisely formulated in the Law¹: this consists of contributing to the economic development of Geneva and the surrounding region. In addition, BCGE is also, by force of circumstance, an "ordinary" Swiss bank subject to market rules and which is expected to be competitive and profitable. Its stock-market listing testifies to the desire of its public-sector shareholders (Canton, City, Municipalities) to see it fully subjected to the competitive environment without any special protection or favour. BCGE must therefore reconcile its ultimate goal with the necessity, a condition of its survival, to adjust to the extremely dynamic demands of the banking market.

Ethical principles

Adopted at the shareholders' meeting, then 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.

The principles which underpinned the drawing up of the Charter of ethics are as follows:

- concise setting of a few major priorities;
- development of a mindset (culture);
- ideological and political neutrality;
- direct, pragmatic communication of ideas originating in the principles of social and environmental responsibility to stakeholders, without pretence in the form of environmental whitewashing (also known as greenwashing, this marketing device is used by some companies to give themselves an environmentally responsible image while generally not undertaking any real environmental actions);
- systematic search for operational synergies between the Bank's profitability requirements and measures promoting its responsibility towards the community.

These priorities and requirements under the Charter of ethics are reflected in the Bank's various management documents, in particular its three-year strategic financial plan which sets five to eight strategic objectives per stakeholder. The latter are monitored by the Executive Board and the Board of Directors on a monthly basis.

The sustainable development aspect of managing resources

In addition to its long-term goal of growth, BCGE applies the concept of responsible investment in three essential areas of its business: corporate ecology, active management of risks and the Bank's products and services.

BCGE sees itself as contributing widely to environmental protection. Strategic-level objectives are set in the strategic plan (heating, paper consumption, carbon footprint, etc.). In relation to the Bank's size, environmental efficiency measures are first-rate. They are inspired primarily by the ISO 14001 environmental management standard.

On a day-to-day basis, the Bank participates in minimising the direct environmental impact of its business by reducing its consumption of energy, paper and office supplies, as well as by continually improving its waste management. For instance, the Bank's printers have been configured to print recto verso by default.

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 needed for IT equipment. Its purpose is to improve the energy efficiency of IT platforms. When acquiring new equipment, BCGE makes decisions based on cost-saving and ecological factors. Continuous renewal of all IT infrastructure enables 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 the majority of its IT infrastructure in an external data centre, thereby reducing electricity consumption and heat generation. The last of the old IT servers hosted on the Bank's premises were dismantled in 2012. Outsourcing enables the use of server virtualisation technology, breaking down the various servers into small virtual units. This option enables small-scale components to be combined within a single larger logical system. Centralised server management also means that their performance can be adapted to the energy available while maintaining agreed levels of service.

Green IT certification

Thanks to the dismantling and replacement of its old equipment, BCGE received a Green IT certificate, representing increased efficiency and intelligent, sustainable energy savings, from Swisscom and Myclimate (www.myclimate.org). Savings are estimated to be 93 tonnes of CO₂ – equivalent to the emissions by 20 vehicles – and 496 MWh – equivalent to the electricity consumption of 83 households. This represents BCGE's contribution to the environment.

Management of recyclables and consumables

As a part of recycling, BCGE's facilities management constantly pursues its mission by centralising and sorting business consumables (paper, used ink cartridges, IT components) 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 meet the least polluting category of the Euro 5 standard. City-centre deliveries are performed on foot, and light mail is delivered by a supplier using bicycle couriers.

| CONSUMABLES | 2010 | 2011 | 2012 |
|--|-----------|------------|-----------|
| Paper purchases (number of sheets) included: | 8,700,000 | 10,550,000 | 7,410,000 |
| <i>FSC wood fibres</i> | 200,000 | 200,000 | 35,000 |
| <i>FSC eucalyptus fibres</i> | 5,425,000 | 6,225,000 | 4,325,000 |
| <i>100% recycled</i> | 3,075,000 | 4,125,000 | 3,050,000 |
| Paper destroyed (tonnes) | 90.2 | 78.3 | 49.1 |
| PET recovered (kg) | 1'156 | 975 | 1'336 |
| Batteries recovered (kg) | 22 | 20 | 80 |
| IT components recovered (kg) | 1'456 | 656 | 204 |

Renovation of premises

The BCGE Works department is continuing to transform and renovate the premises in a cost-effective, ecological way, working with the cantonal authorities, architects and surveyors. During the work, BCGE pays particular attention to the 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 (solvent-free) materials and an obligation for suppliers to sort their waste.

When issuing tenders, BCGE favours companies that are environmentally aware and local companies in order to reduce travel and associated harmful emissions.

Concentrating the Bank's core activities on two operational sites

The environmental benefits are visible through improvements in infrastructure costs/needs/environmental ratios. BCGE is optimising the workspace ratio by concentrating its non-branch activities on two sites. The Bank started to consider ideas on the use of its three main sites (Ile, Lancy and Conches). This led the Bank to plan to relocate its various activities, giving precedence to benefiting from the Lancy building by transferring all of the operational activities from the Conches building there. This decision will be implemented in stages until 2014 and will require some conversion and modernisation of the current premises.

Once the move has been made, the Bank will have two separate operational centres: one mainly sales-oriented (on the Ile site) and the other for operations, administration and training (in Lancy). As part of this optimisation, the Bank intends to sell the Conches site.

Optimising environmental costs

The options decided on during studies conducted as part of the canton's plan to change electricity provision (NOE), from the Energy Service (ScanE), continued to bear fruit in 2012, with a further reduction in electricity consumption. Consumption by the two main Geneva sites decreased over two years from 5,153,053 to 4,476,458 kWh. In order to minimise the environmental impact of its electricity consumption, BCGE has opted for the environmentally-friendly hydraulically-generated electricity offered by its supplier.

| ELECTRICITY | 2010 (kWh) ¹ | 2011 (kWh) ¹ | 2012 (kWh) | Chg kWh (1 yr) | Chg kWh (2 yrs) |
|-----------------|-------------------------|-------------------------|------------------|-----------------|-----------------|
| City-centre | 1,782,421 | 1,567,508 | 1,482,650 | -84,858 | -299,771 |
| Lancy | 1,813,983 | 1,681,750 | 1,644,060 | -37,690 | -169,923 |
| Branches | 1,460,413 | 1,316,895 | 1,264,882 | -52,013 | -195,531 |
| Training Centre | 96,236 | 107,106 | 84,866 | -22,240 | -11,370 |
| Total | 5,153,053 | 4,673,259 | 4,476,458 | -196,801 | -676,595 |

| GAS | 2010 (kWh) ¹ | 2011 (kWh) ¹ | 2012 (kWh) | Chg kWh (1 yr) | Chg kWh (2 yrs) |
|--------------------------|-------------------------|-------------------------|----------------------------|----------------|-----------------|
| City-centre ² | 789,893 | 760,379 | 922,752 ³ | 162,373 | 132,859 |
| Total | 789,893 | 760,379 | 922,752³ | 162,373 | 132,859 |

| WATER | 2010 (m ³) ¹ | 2011 (m ³) ¹ | 2012 (m ³) ¹ | Chg m ³ (1 yr) | Chg m ³ (2 yrs) |
|-----------------|-------------------------------------|-------------------------------------|-------------------------------------|---------------------------|----------------------------|
| City-centre | 6,414 | 6,089 | 10,177 ⁴ | 4,088 | 3,763 |
| Lancy | 1,949 | 2,551 | 1,755 | -796 | -194 |
| Branches | 2,100 | 2,608 | 2,760 | 152 | 660 |
| Training Centre | 7,164 | 5,264 | 4,633 | -631 | -2,531 |
| Total | 17,627 | 16,512 | 19,325⁴ | 2,813 | 1,698 |

¹ 2011, period from 1 October 2010 to 30 September 2011; 2010, period from 1 October 2009 to 30 September 2010.

² In addition to the headquarters, three branches located in buildings belonging to BCGE also have gas heating. The Lancy building and the training centre do not use gas.

³ The very low temperatures in December and in the winter, particularly in February, caused this variance.

⁴ The building is cooled by water from the Rhône river. Pumping system breakdowns resulted in an increase in consumption of drinking water which is used if needed as a back-up.

Source: SIG

Green transport and risk management

BCGE encourages the use of public transport. Under its new mobility policy, it offers its staff monthly travel allowances by contributing to the cost of purchasing annual public transport season tickets, for example. The Bank also proposes car-sharing schemes on its intranet site. In addition, 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 (twenty-two branches), it 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.

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 50).

BCGE's range of services

As a manager of assets on an international scale, BCGE puts the emphasis on complying with all legal, internal and supervision-related requirements. BCGE's employees work in accordance with internal regulations and applicable professional standards. The Bank has thus taken all the necessary steps to ensure the best possible result when executing business decisions. It has also implemented a clearly-structured procedure to respond quickly and appropriately to any complaints by investors. This refers to avoiding any conflicts of interest relating to portfolio management, transactions and also in relation to personal transactions or to exercising voting rights.

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

BCGE Simplissimo: 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 to reduce the volume of mail carried.

BCGE 1816: online trading enables clients to manage their portfolios themselves 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 or 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 a balance of above-average financial, social and environmental qualities.

Swisscanto: This joint venture by the Swiss cantonal banks for investment and pension services offers a range of investment funds such as Swisscanto Green Invest, a fund that invests in sustainable development. The principles and criteria used in this field are based on the Swisscanto sustainable development department. This department ensures that the principles of business sustainability are included in the operational implementation of business strategy.

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.

Events and reference publications

Clients and investors benefit from financial publications throughout the year aimed at informing them about the Swiss and world economic situation; they also can obtain information on the BCGE Group's Investment Strategy and on performance by the Bank's leading products. The Bank provides Geneva's population with information about the local economy by taking part in research on various themes, particularly as regards indicators of the region's economic well-being. Each year, it publishes a pamphlet on Geneva's GDP as part of presenting the economic outlook. It also publishes other reports relating to specific sectors. For instance, in 2012, it published *Genève: un pôle de formation tourné vers l'économie?* (Geneva, a business-oriented training centre?), a thematic pamphlet on the relevance of education available in the canton to the needs of businesses. In a similar spirit of providing information, a study entitled *Les raisons de la dynamique économique romande* (The reasons behind French-speaking Switzerland's dynamic economy) was produced in conjunction with other cantonal banks in French-speaking Switzerland.



The Bank publishes its *Investment Philosophy* and other strategic information in the form of brochures which are also available on the internet. In parallel, it provides full and wide-ranging documentation on its products and services. A customer magazine, *Dialogue*, is also sent to client-shareholders on a quarterly basis.

Lastly, BCGE publishes a daily stock-market commentary and regular articles on various themes of interest to investors in the local press. The documents published by the Bank are available in its branches and subsidiaries as well as on the parent company's website.

For its clients, the Bank organises a number of specific events in the course of the year to which clients or prospects are invited.

Ideas and values

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.

A vision of the future

Banque Cantonale de Genève intends to pursue its efforts aimed at achieving its undertaking to act responsibly towards the community and the environment. Its main priorities are the following:

- 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.

Responsible business partners

In its corporate finance operations and in selecting its external service providers, BCGE pays attention to the nature of the latter's 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.

The importance of stakeholders

The stakeholders in BCGE's business are all of specific importance. In order of priority, the shareholders are the first of the stakeholders.

The shareholders are ranked first in order to demonstrate the fact that the Bank is a company immersed in a competitive system which is not protected (through monopolistic characteristics such as applied to the major utilities, for example). Its shareholders are vital to it, as they provide the "pillar" of equity capital required to "sustain banking life". As can be seen, BCGE's shareholder base is highly original as it is mixed (public and private), with an important role played by the State, the City and the Municipalities in addition to a growing community of private shareholders (more than 11,400), mainly comprising clients and employees.

The clients

Clients decide on a bank's success. BCGE intends to retain the loyalty of individual clients and their family circle, over several generations if possible. This long-term commitment demands great respect for the client's interests and a very high level of quality advice (including the ethical aspect).

The employees

In a services and advisory company, the quality, commitment and integrity of employees to the company are preconditions for its survival and growth. The human resources policy (remuneration, succession, training, employee share ownership) aims to recruit employees, retain their loyalty and motivate them. This aspect is described in the chapter on Talents and skills (see page 56).

The community

This wider concept covers a number of areas, such as the fair distribution of services (no discrimination as regards proximity, fair charges, etc.) as well as quality of access to a regionally-focused bank. Providing a service to people with reduced mobility, for instance, is an important factor. In the field of corporate finance, specific rules of engagement must enable small businessmen and tradesmen to be treated with fairness and respect.

The Bank's long-term success

A firm or company must sometimes set its own interests against those of one or more stakeholders. Responsible management aims to achieve benefits in common with the shareholders and to take everyone's interests into account through careful decision-making. The goal of sound, long-term success is a vital aspect of any serious company. This in turn means ensuring competitiveness, productivity and sustainable profitability.

Measuring performance

All of the objectives relating to social and environmental responsibility, and the rules of good conduct in a variety of fields, are monitored and measured through the Bank's strict internal control system. Each hierarchical level must have full responsibility and control of the critical factors within its sphere of action.

Communication

The Bank has adopted a policy of modesty and reserve in terms of communicating on matters of social and environmental responsibility. Taking effective action, over the long term, is ultimately preferable to long reports lacking in substance. The annual report includes factual data on this subject. It has, moreover, received positive feedback and financial analysts who follow the shares consider that this level of information is sufficient in view of the size of BCGE. Information is regularly published on specific topics on an ad hoc basis by the Communication and Investor Relations department.

Conclusion

This annual inventory of BCGE's social and environmental responsibility testifies to a well-established commitment aimed at respecting stakeholders. This systematic appraisal provides the framework for regular reporting, particularly in terms of new developments. It helps to spread the "culture" of social and environmental responsibility by making the staff involved internally aware of the importance of proper management of each aspect of relationships with the stakeholders.

Informations aux actionnaires, gouvernance d'entreprise

Shareholder information and corporate governance

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The following report describes the management and supervisory principles of the BCGE Group. It is structured according to the corporate governance principles advocated by the Six Swiss Exchange (hereafter SIX) which apply to the year as at 31 December 2012 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 207.

| | |
|---|--|
| Stock number, bearer share | 164268 |
| ISIN number, bearer share | CH0001642682 |
| Market capitalisation (31.12.2012) | CHF 745 million, registered and bearer shares CHF 306 million (exact amount 306,189,018) bearer shares only |

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

- Banque 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, 78, 79 and 80.
- Coordination of the divisions and benefits from synergies applicable across all divisions are ensured on the one hand by the CEO and his staff and, on the other, by a matrix operating structure.
- 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 Bourgeois |
| Risk Committee | Analysis of strategic risks and monitoring of sensitive activities | Eric Bourgeois | Emile Rausis |
| IT Strategy Committee | IT strategy and monitoring of its implementation | Eric Bourgeois | Jean-Marc Joris |
| Credit Risk Commission <i>(increased risks)</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 95.

It particularly includes, as at 31 December 2012, 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, Genève, share capital CHF 2 million.

1.2 Major shareholders

Information on the major shareholders known to BCGE as of 31 December 2012:

Voting rights of public bodies

as at 31 December 2012

| Shareholders | Bearer shares | A and B registered shares | Total votes | Par value Bearer share value CHF | Par value Reg. share value 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 of Geneva | 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 to permit 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, University of Geneva 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 (BRI), 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. Member of the Board of Directors of Swiss Re.



Bernard Clerc
born 27 February 1946, Swiss.
Deputy Chairman, appointed by the Municipal Council of Geneva in 2002.
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-Geneva).



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. Attorney 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. Director of Roval. Member of the Board of Directors of Firad. Member of the Board of Directors of SEPF, Société d'Etudes de Placements et Finances.



Asma Hovagemyan
born 1 February 1966, Swiss.
Member, appointed in 2004 by the State Council to represent the Canton's registered shareholders.
Chairwoman of the Appointments and Remuneration Committee.

Professional career Holds a law degree from the University of Geneva 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 onwards. 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,
- has any close relationships with BCGE or a BCGE Group company.

**Josef Küttel****born 20 June 1952, Swiss.****Member, elected in 2010 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. From 1997 to 2012, he was CEO of the Ermewa Group in Geneva. Since 1 January 2013 he has been a member of the Board of Directors of Ermewa Holding.

Other activities Member of the Board of Directors of Eurotainer. Chairman of the Board of Directors of Kieswerk Untervaz. Chairman of the Board of Directors of Stag. Member of the Board of Directors of BLS Cargo and BLS/BLS Netz. Member of the Board of Directors of Griston Holding. Member of the Board of Directors of TTI London/ TTI Bermuda. Chairman of the Board of Directors of Akiem.

**Patrick Mage****born 31 July 1949, Swiss.****Member, appointed by the State Council in 2006. 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 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 Lancy Municipal Housing Trust. Member of the Board of Directors of Hestia Constructions SA.

**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. Chairman of the Board of Directors of F. Simond. Member of the Board of Directors of CGN Group Deputy-chairman of the Board of Directors of CGN Belle Epoque. Member of the Board of Directors of Transvoirie.

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

Professional career Holds a degree from the 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. Member of the Board of Directors of Navemar and Oceana Shipping (Navemar Group). Director of Kernel Holding. Director of Inerco Trade and Inerco Commodities. Director of Amtrada Holding BV.

**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 Holds a business studies and international marketing degree from the University of Leeds. 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 (Chairman of the infrastructure and development delegation, Member of the financial delegation). Director of Swiss Land Estates Senior executive coach at I. J. Martin & Co Ltd. Councillor with the Lancy Economic Council. Member of the Municipality of Coinsins Finance and Administration Committee.

**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 Lombard Odier & Cie for several years. She is co-founder and a member of the executive committee of the Sustainable Finance Geneva association, which strives to promote responsibility and sustainable development in finance.

Other activities Chairwoman of Conser Invest. Executive member of the Sustainable Finance Geneva association.

3.2 Election 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:
 - three 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, the duration of the appointment is limited to the duration of the term. The appointment ends on the day of the General Meeting following the date on which a director has reached 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, of any holdings 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 guidelines;
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 and variable remuneration 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 or other sensitive shares for staff and units during closed periods;

¹ www.bcge.ch/statuts.

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

20. ratifying 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 on the proposal of the Executive Board.

3.4 Internal organisation

3.4.1 Allocation of tasks

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 2012, it met 16 times, with meetings lasting an average of 5 hours. The level of participation in these meetings was 92%. 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 of 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 before the meeting starts at the latest. 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 or 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 2012, 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 deals with 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, John Tracey and Ton Schurink, members. It meets when an appointment requires it to do so but at least once a year. In 2012, it met six times.

Risk and Strategy Committee

The Risk and Strategy Committee 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 2012, 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 and the independent auditor. It is made up 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 and Fabienne Knapp, both directors, and Denys Chamay, appointed by the State Council, Chairman of the Independent Oversight Advisory Committee of the BIT. In principle, the Control Committee meets at least once a fortnight. In 2012, 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, the 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 executed 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-ups 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 quarterly 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 2012, the department had a staff of 9 (8.75 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, a Certified Internal Auditor (CIA) diploma and a certificate of advanced studies (CAS) in compliance management.

4. EXECUTIVE BOARD

4.1 Composition

The Executive Board is made up of six members, chaired by Mr 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 during 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 Crédit Suisse, first in Zurich as deputy vice president, Capital Markets, and 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. He was appointed by the State Council of the Canton of Vaud to take charge of the cantonal finance administration in 1995. From 1998 to 2000 he was CEO of the Fiduciary Trust International Bank (Switzerland), Geneva, the Swiss subsidiary of 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, Zurich. Chairman of Capital Transmission SA, Geneva. Director of Investissements Fonciers SA, Lausanne, a management company of La Foncière. Member of the Board of Banque Cantonale de Genève staff pension fund. Committee member of the Board of the Union of Swiss Cantonal Banks. Member of the Board of the Swiss Bankers Association. Member of the Board of the Geneva Financial Centre Foundation. Member of the Board of the Geneva Property Association. 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 Board of the H. Dudley Wright Foundation, Geneva.



Eric Bourgeois
born 31 May 1956, Swiss and French.
Head of the Finance and
Risk Control Division (CFO).
Deputy for the 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 Price Waterhouse 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. From 1997 to 2000, manager of André & Cie, 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 Chairman of the Supervisory Board at Banque Cantonale de Genève (France) SA, Lyon. Member of the Board of Capital Transmission SA, Geneva. Deputy Chairman of the Supervisory Board of Compagnie Foncière Franco-Suisse, Lyon. Member of the Board of Compagnie Foncière du Saint Gothard SAS, Puteaux (Dixence until October 2010).



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

Professional career A graduate of the Higher School of Business in Geneva and holder of a degree from IMD Lausanne, Executive Development Programme (1999). Claude Bagnoud began his professional career as an accountant with Geneva Industrial Services. 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 BCGE Commercial Lending department 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 until November 27th, 2012. Member of the Board of Compagnie Foncière du Saint Gothard SAS, Puteaux (Dixence until October 2010). Member of the Technical Commission of the Union of Geneva Employers' Association (UAPG).



Jérôme Monnier
born 4 March 1973, French.
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 Business manager then senior business manager in charge of major corporate clients at Banque Cantonale de Genève (France) in Lyon. From 2003 to 2010, in the Banque Cantonale de Genève in Geneva, head of the French Corporate department then, in 2010, of the Swiss Corporate department. From 2010 to July 2011, head of the Swiss and French Corporate business unit. In July 2011, he became a member of the BCGE Executive Board responsible for the Private Clients and Family Businesses division.

Other activities Member of the Supervisory Board of Compagnie Foncière Franco-Suisse, Lyon. Member of the Board of Compagnie Foncière du Saint Gothard SAS, Puteaux (Dixence until October 2010).



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.



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, worked in the Capital Markets department of Dexia Luxembourg. From September 1993 to June 1997, project manager in the Information Risk Management department of KPMG. From June 1997 to March 2002, deputy manager and head of business development at the ING Baring Private Bank in Geneva. April 2002 as a member of the management of Banque Cantonale de Genève in charge of the Organisation department and as interim manager of the IT department. On 1 July 2003, he was appointed a member of the Executive Board, heading the Organisation, IT and Operations division.

Other activities 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 practises 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 propose for ratification the appointment of representatives of the Bank as directors of holdings 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 the 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, shareholders' equity and risk sharing;
9. determining the necessary rules for the application of risk management and submitting these 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 or 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.

A 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 with effect from 30 September 2010 for a 5-year period and are valid until 30 September 2015 as a minimum. These contracts cover hosting services and third party application maintenance.

These have been in place since 1 October 2010. In 2012, BCGE paid Swisscom IT Services Finance, for its IT services, a total amount of CHF 21.3 million made up of CHF 18.6 million in operating, support and maintenance.

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.bcg.ch/statuts.

nance fees and CHF 0.9 million in development fees and CHF 1.8 million in network infrastructure.

Since 1 October 2008, Banque Cantonale de Genève has also outsourced its main payment operations to Swisscom IT Services Sourcing in Mülchensstein. A service level agreement (SLA), in accordance with the FINMA 2008/7 circular on bank outsourcing governs 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) in Berne. 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). This amount comprised operational, support and maintenance fees.

5. REMUNERATION, PARTICIPATION AND LOANS

Remuneration of the Board of Directors

Regulations relating to the BCGE Board of Directors' remuneration, which came into 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 also decide to compensate exceptional performance by its members; it has an annual budget of CHF 50,000 available for this purpose. In order to guarantee their independence and a long-term strategy, members of the Board of Directors receive no variable remuneration other than through share option schemes. Members of the Board of Directors are not members the BCGE's Professional Pension Plan.

No severance pay was paid to any member of the Board in 2012. 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. The Appointments and Remuneration Committee submits to the Board of Directors changes in Directors' remuneration based on market and cantonal bank practices. Directors benefit from no preferential conditions with regard to banking services.

Employee remuneration

The employee remuneration policy, voted by the Board of Directors in January 2011, describes the principles and the various components of employees' remuneration: basic salary, variable remuneration and share option schemes. Members of the Executive Board are also subject to this policy.

The basic salary constitutes the majority of employees' remuneration and is assessed using several criteria: benchmarking, including market and competitor salary levels. Each year, the Board of Directors decides on changes in the fixed payroll. The amount of variable remuneration is decided by the Board of Directors each year at year-end closing. It includes an amount for individual variable remuneration and, potentially, an additional amount if results for the current year show strong growth compared with the three previous years. In every case, part of the approved amount is distributed in the form of shares. The proportion distributed as shares can vary between 0% and 12% in the context of individual variable remuneration, and can be as high as 80% in the context of the additional amount for members of the Executive Board.

In certain business areas, such as private banking, partly or wholly mathematically-based variable remuneration models have been implemented. They were developed by taking the following main criteria into account: defence of clients' interests, recognition of individual or collective expertise, correlation between variable remuneration and the Bank's income, competitiveness and loyalty. These models may not be applied to a member of the Executive Board. Employees benefit from various advantages in relation to banking services enjoyed through their employer. The Bank provides them with services at no margin or at a small commercial margin. In addition to the amounts stated in the staff regulations, the terms and conditions for clients also apply.

No external consultant was used with regard to the introduction of remuneration policies. Furthermore, the Bank co-operates on this subject with the other cantonal banks via its Human Resources department.

Principles of the Executive Board's remuneration

Remuneration of members of the Executive Board is based on market comparisons and performance assessments. It must guarantee the Bank's competitiveness in a highly developed financial centre and enable it to attract and retain the best skills and talents. It includes the following items:

- a fixed portion of the remuneration covering basic duties and responsibilities. This component is chiefly determined at time of appointment based on salary norms for comparable functions in the banking sector. Subsequently, the fixed remuneration of members of the Executive Board is subject to the same rules as those applied to all employees;
- a variable portion of remuneration rewarding performance for the year or exceptional performance. An assessment model for the Bank's performance, based on growth, productivity and income criteria, provides the Board of Directors with a decision-support tool for use in determining the amount allocated to the Executive Board. The breakdown of this amount is decided on a discretionary basis based on achievement of individual objectives and divisional performance compared with the objectives set in the strategic and financial plan at the start of the year. Variable remuneration, of members of the Executive Board is partly paid in shares subject to a five-year moratorium on sale. In 2012, variable remuneration, including share option schemes, represented between 33% and 129% of fixed remuneration.

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. In addition, 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.

All 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 by the Chief Executive Officer (excluding his/her own remuneration) and notice being given by the Appointments and Remuneration Committee.

For certain members of the Executive Board, severance pay (financial and pension-fund) is a part of their contract of employment 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. The maximum period of notice in a contract for a member of the Executive Board is four months. No severance pay was paid to any member of the Executive Board in 2012.

Principles of other employees' remuneration

For employees, the remuneration policy also aims to reward skills and performance, and to attract and retain highly-talented staff. Remuneration complies with the principle of equal treatment for men and women based on equivalent skills and performance. It generally includes fixed and variable components. The fixed 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.

The Appointments and Remuneration Committee reports annually to the Board of Directors regarding the details of the remuneration procedure for all staff.

Participation programmes (share option schemes)

Four share option schemes enable BCGE employees to align their personal financial interests with those of the Bank. Members of the Executive Board benefit from the same rights as other employees. These plans consist of the free or conditional granting of BCGE shares subject to a five-year moratorium on sale. The shares are acquired at market prices through share option schemes and the moratorium is lifted in the event of an employment contract ending.

BCGE share option schemes are as follows:

- ordinary variable remuneration or exceptional bonuses above CHF 3,000 increased through the acquisition of shares on preferential terms (described above);
- 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.

These plans are described in staff regulations, any changes to which must be submitted to the Board of Directors.

Transparency

For details of fixed and variable compensation paid, of benefits under share option schemes, employer contributions paid to the Professional Pension Plan and loans granted to members of the Board of Directors, to members of the Executive Board and the Chief Executive Officer, see pages 123 and 124, point 4.08 of the notes to the parent company accounts.

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 2 May 2012, the mandate of the Bank's independent auditor, Deloitte SA, was renewed for 2012.

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

| | 31.12.2012 | 31.12.2011 |
|---------------------------|----------------|----------------|
| Audit of BCGE Group | 554,000 | 570,000 |
| <i>of which BCGE only</i> | <i>535,000</i> | <i>550,000</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.

| | 31.12.2012 | 31.12.2011 |
|---------------------------|----------------|----------------|
| Audit of BCGE Group | 124,000 | 110,000 |
| <i>of which BCGE only</i> | <i>124,000</i> | <i>110,000</i> |

Additional fees amounting to CHF 30,000 not linked to the audit were paid to Deloitte SA in Switzerland (CHF 105,000 in 2011).

8.4 Information on independent auditors

In 2012 the auditor was asked to attend two 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

9.1 Information for shareholders

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.

Shareholders, clients and the public can access relevant information on the BCGE Group using our website www.bcge.ch, which got a completely new look in 2011, or our mobile app. 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. Press releases are distributed according to news events and needs.

The Bank also addresses French and German-speaking journalists as well as financial analysts as a means of keeping its shareholders informed. It notifies them of business developments and prospects at press and telephone conferences and the publication of annual and half-yearly results. The Bank maintains regular relations with the Geneva public authorities, particularly through presentations and seminars organised on its premises or theirs.

| | Languages | Form /addressee | URL | Timetable |
|---|-----------------------------------|-----------------------------------|--|-------------------------------|
| Annual report | F | Printed/internet | www.bcge.ch/rapport-annuel | 22 March 2013 |
| | En | Printed/internet | www.bcge.ch/annual-report | 24 May 2013 |
| Annual Shareholders' Meeting | F | – | – | 25 April 2013 |
| 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 | 26 Feb. 2013 and 13 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.

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2012 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 90 to 112) 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 2012.

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 2012 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.

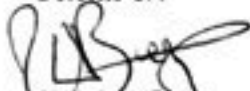
Report on Other Legal Requirements

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 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 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 Buga
Licensed audit expert
Auditor in charge


Myriam Meissner
Licensed audit expert

Geneva, 21 February 2013

Consolidated financial statements 2012

Groupe BCGE

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BCGE Group balance sheet

Consolidated

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| | Notes | 31.12.2012 in CHF 1,000 | 31.12.2011 in CHF 1,000 | Change in CHF 1,000 |
|--|-------|----------------------------|----------------------------|------------------------|
| ASSETS | | | | |
| Cash | 5.12 | 1,238,485 | 398,040 | 840,445 |
| Money-market instruments | 5.12 | 163,854 | 5 | 163,849 |
| Due from banks | 5.12 | 340,612 | 904,591 | -563,979 |
| Due from clients | 5.12 | 3,922,599 | 4,099,269 | -176,670 |
| Mortgages | 5.12 | 9,070,985 | 8,765,073 | 305,912 |
| Trading portfolios | 5.02 | 32,491 | 22,372 | 10,119 |
| Financial investments | 5.03 | 1,253,876 | 1,207,881 | 45,995 |
| Investments consolidated by the equity method | 5.04 | 19,918 | 21,020 | -1,102 |
| Fixed assets | 5.06 | 181,241 | 197,628 | -16,387 |
| Intangible assets | 5.06 | 432 | 6,531 | -6,099 |
| Accrued income and prepaid expenses | | 34,414 | 44,729 | -10,315 |
| Other assets | 5.07 | 213,743 | 203,825 | 9,918 |
| Total assets | | 16,472,650 | 15,870,964 | 601,686 |
| Total subordinated claims | | 1,514 | 1,993 | -479 |
| Total due from unconsolidated investments and significant shareholders | | 89,740 | 277,865 | -188,125 |
| <i>of which total claims on the Canton of Geneva</i> | | <i>18,226</i> | <i>207,865</i> | <i>-189,639</i> |
| LIABILITIES | | | | |
| Money-market instruments | 5.12 | 666 | 789 | -123 |
| Due to banks | 5.12 | 1,379,430 | 1,463,957 | -84,527 |
| Due to clients on savings and deposit accounts | 5.12 | 4,910,668 | 5,438,429 | -527,761 |
| Due to clients, other | 5.12 | 6,168,091 | 5,158,530 | 1,009,561 |
| Medium-term notes | 5.12 | 22,252 | 43,216 | -20,964 |
| Bonds and mortgage-backed bonds | 5.12 | 2,601,885 | 2,452,165 | 149,720 |
| Accrued income and prepaid expenses | | 71,152 | 72,163 | -1,011 |
| Other liabilities | 5.07 | 223,659 | 227,588 | -3,929 |
| Valuation adjustments and provisions | 5.11 | 9,095 | 4,454 | 4,641 |
| Reserve for general banking risks | 5.11 | 85,000 | 60,000 | 25,000 |
| Share capital | | 360,000 | 360,000 | - |
| Capital reserve | | 311,738 | 312,228 | -490 |
| Retained earnings | | 293,215 | 249,536 | 43,679 |
| Treasury shares | | -18,345 | -22,670 | 4,325 |
| Foreign-exchange differences | | -12,864 | -12,540 | -324 |
| Net profit for the year | | 67,008 | 63,119 | 3,889 |
| Total liabilities | | 16,472,650 | 15,870,964 | 601,686 |
| Total subordinated debt | | 320,000 | 320,000 | - |
| Total due to unconsolidated investments and qualified participants | | 194,882 | 101,286 | 93,596 |
| <i>of which total due to the Canton of Geneva</i> | | <i>158,184</i> | <i>98,620</i> | <i>59,564</i> |

BCGE Group profit and loss account

Consolidated

| | Notes | 31.12.2012 in CHF 1,000 | 31.12.2011 in CHF 1,000 | Change in CHF 1,000 |
|---|-------|----------------------------|----------------------------|------------------------|
| INTEREST INCOME AND EXPENSES | | | | |
| Interest and discount income | 5.18 | 296,914 | 291,727 | 5,187 |
| Interest and dividends from trading portfolios | 5.18 | 36 | 5 | 31 |
| Interest and dividends from financial investments | 5.18 | 17,110 | 17,682 | -572 |
| Interest expenses | 5.19 | -108,671 | -111,935 | 3,264 |
| <i>Net interest income</i> | | 205,389 | 197,479 | 7,910 |
| COMMISSION AND FEE INCOME | | | | |
| Commission income from lending | | 36,502 | 37,556 | -1,054 |
| Commission income from trading, securities and deposits | | 43,443 | 45,999 | -2,556 |
| Commission income from other services | | 30,746 | 27,021 | 3,725 |
| Commission expenses | | -6,733 | -6,593 | -140 |
| <i>Net commission and fee income</i> | | 103,958 | 103,983 | -25 |
| RESULT OF TRADING OPERATIONS | | | | |
| <i>Net result of trading operations</i> | 5.20 | 24,116 | 23,944 | 172 |
| OTHER ORDINARY RESULTS | | | | |
| Income from sale of financial investments | | 4,389 | 2,202 | 2,187 |
| Income from investments | | 1,783 | 1,164 | 619 |
| <i>of which consolidated by the equity method</i> | | 1,783 | 1,164 | 619 |
| Real-estate income | | 934 | 1,013 | -79 |
| Other ordinary income | | 7,795 | 8,188 | -393 |
| Other ordinary expenses | | -2,604 | -1,390 | -1,214 |
| <i>Other ordinary income, net</i> | | 12,297 | 11,177 | 1,120 |
| Total operating profit | | 345,760 | 336,583 | 9,177 |
| OPERATING EXPENSES | | | | |
| Payroll expenses | 5.21 | -123,057 | -121,563 | -1,494 |
| Other operating expenses | 5.22 | -85,295 | -97,058 | 11,763 |
| <i>Net operating expenses</i> | | -208,352 | -218,621 | 10,269 |
| Gross profit | | 137,408 | 117,962 | 19,446 |
| Depreciation of fixed assets | 5.23 | -27,414 | -22,166 | -5,248 |
| Valuation adjustments, provisions and losses | 5.24 | -17,913 | -16,357 | -1,556 |
| Intermediate profit | | 92,081 | 79,439 | 12,642 |
| Extraordinary income | 5.25 | 22,000 | 59 | 21,941 |
| Extraordinary expenses | 5.26 | -28,148 | -3,133 | -25,015 |
| Taxes | | -18,925 | -13,246 | -5,679 |
| Net profit for the year | | 67,008 | 63,119 | 3,889 |

BCGE Group off-balance-sheet operations

Consolidated

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| | Notes | 31.12.2012 in CHF 1,000 | 31.12.2011 in CHF 1,000 | Change in CHF 1,000 |
|--|-------|----------------------------|----------------------------|------------------------|
| OFF-BALANCE-SHEET OPERATIONS | | | | |
| Irrevocable guarantees | | 74,741 | 76,280 | -1,539 |
| Irrevocable commitments arising from letters of credit | | 492,725 | 914,878 | -422,153 |
| Contingent liabilities | | 567,466 | 991,158 | -423,692 |
| Irrevocable commitments | | 386,198 | 901,638 | -515,440 |
| Commitments to free up and execute additional transfers | | 55,009 | 53,573 | 1,436 |
| Commitments resulting from deferred payments | | 21,886 | 54,197 | -32,311 |
| Committed loans | | 21,886 | 54,197 | -32,311 |
| Fiduciary deposits with third parties | | 61,673 | 137,631 | -75,958 |
| Fiduciary operations | | 61,673 | 137,631 | -75,958 |
| Derivative financial instruments | | | | |
| • positive replacement values | 5.17 | 28,159 | 32,865 | -4,706 |
| • negative replacement values | 5.17 | 210,727 | 209,547 | 1,180 |
| • underlying amounts | 5.17 | 4,374,342 | 3,959,181 | 415,161 |

BCGE Group cash flow statement

Consolidated

| | 2012 Source of funds in CHF 1,000 | 2012 Use of funds in CHF 1,000 | 2011 Source of funds in CHF 1,000 | 2011 Use of funds in CHF 1,000 |
|---|---|--------------------------------------|---|--------------------------------------|
| Cash flow from operating income (internal financing) | | | | |
| • net profit for the year | 67,008 | – | 63,119 | – |
| • depreciation of fixed assets | 21,315 | – | 20,615 | – |
| • depreciation of goodwill | 6,099 | – | 1,551 | – |
| • allocation to capital reserve | – | 490 | – | 23 |
| • allocation for currency conversion differences | – | 324 | – | 1,288 |
| • valuation adjustments and provisions | 4,641 | – | 788 | – |
| • general banking risk reserves | 25,000 | – | – | – |
| • accrued income and prepaid expenses | 10,315 | – | – | 2,687 |
| • accrued expenses and deferred income | – | 1,011 | 7,402 | – |
| • other items | – | 13,847 | 11,642 | – |
| • dividends from previous financial year | – | 16,200 | – | 16,200 |
| • special allocation to the State of Geneva | – | 3,240 | – | 3,240 |
| <i>Balance</i> | – | 99,266 | – | 81,679 |
| Cash flow from investment activities | | | | |
| • other financial interests | 1,102 | – | – | 3,493 |
| • fixed assets | – | 4,928 | – | 10,353 |
| • intangible assets | – | – | – | – |
| <i>Balance</i> | 3,826 | – | 13,846 | – |
| Cash flow from banking activities | | | | |
| Medium and long-term transactions (> 1 year) | | | | |
| • due to banks | – | – | – | – |
| • due to clients | – | 3,383 | – | 1,191 |
| • medium-term notes | – | 6,202 | – | 19,487 |
| • bonds and mortgage-backed bonds | 124,720 | – | 62,165 | – |
| • due from banks | 30,000 | – | – | – |
| • due from clients | – | 181,012 | – | 158,660 |
| • mortgages | – | 115,011 | – | 569,567 |
| • financial investments | – | 114,905 | – | 137,615 |
| Short-term transactions | | | | |
| • due to banks | – | 84,527 | 325,813 | – |
| • due to clients | 485,183 | – | 962,336 | – |
| • medium-term notes | – | 14,762 | – | 6,627 |
| • bonds and mortgage-backed bonds | 25,000 | – | 131,000 | – |
| • allocation to treasury shares | 4,325 | – | 1,363 | – |
| • due on money-market instruments | – | 123 | 577 | – |
| • due from money-market instruments | – | 163,849 | 3 | – |
| • due from banks | 533,979 | – | – | 38,028 |
| • due from clients | 357,682 | – | – | 404,044 |
| • mortgages | – | 190,901 | – | 195,812 |
| • financial investments | 68,910 | – | 136,420 | – |
| • trading portfolios and precious metals destined for sale | – | 10,119 | – | 3,047 |
| Liquid resources | | | | |
| • cash | – | 840,445 | – | 153,432 |
| <i>Balance</i> | 95,440 | – | 67,833 | – |
| Total balances | 99,266 | 99,266 | 81,679 | 81,679 |

BCGE Group statement of shareholders' equity

Consolidated

in CHF 1,000

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Shareholders' equity at 1 January 2012

| | |
|--------------------------------------|---------|
| Share capital | 360,000 |
| Capital reserve | 312,228 |
| General banking risk reserves | 60,000 |
| Retained earnings / accumulated loss | 312,655 |
| Foreign-exchange differences | -12,540 |
| Treasury shares | -22,670 |

Total shareholders' equity at 1 January 2012 **1,009,673**

| | |
|--|---------|
| Dividend from the previous year's profit | -16,200 |
| Special allocation to the State of Geneva (20% of the dividend paid) | -3,240 |
| Allocation to reserves for general banking risks | 25,000 |
| Net profit for the year | 67,008 |
| Repurchase of treasury shares (at cost) | -1,482 |
| Sale of treasury shares (at cost) | 5,807 |
| Profit / loss on sales and dividends of treasury shares | -490 |
| Foreign-exchange differences | -324 |

Total shareholders' equity at 31 December 2012 **1,085,752**

Of which

| | |
|---|---------|
| <i>Share capital</i> | 360,000 |
| <i>Capital reserve</i> | 311,738 |
| <i>General banking risk reserves</i> | 85,000 |
| <i>Retained earnings / accumulated loss</i> | 293,215 |
| <i>Net profit for the year</i> | 67,008 |
| <i>Foreign-exchange differences</i> | -12,864 |
| <i>Treasury shares</i> | -18,345 |

Treasury shares (bearer shares)

| | |
|---------------------|-----------------|
| | In units |
| at 1 January 2012 | 94,823 |
| Purchases | 7,588 |
| Sales | 24,427 |
| At 31 December 2012 | 77,984 |

| | |
|--|--------|
| Average transaction price (average cash value) in CHF | 235.24 |
| 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 | - |
| Derivatives on own shares | - |

Notes to the consolidated financial statements

BCGE Group

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 2012; 722.7 when converted to full-time equivalents (721.7 in 2011).

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 (SLAs), in compliance 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 with that offered by the best Swiss banking institutions. The contract with Swisscom IT Services Finance AG primarily concerns the 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 359,501,634. In accordance with the Articles of Association, the Bank will make repayments pro rata to the dividends distributed to shareholders (20% of the dividends paid), i.e. CHF 3,240,000 paid in 2012.

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 FINMA accounting guidelines. The Group 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 as follows: no changes were made in the scope of consolidation for the financial year just ended.

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 fully consolidated. All permanently held Group 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 | 16,550,184 |
| Capital Transmission SA, Geneva | 27,149 |
| Investissements Fonciers SA, Lausanne | 19,928 |
| Swiss Public Finance Solutions SA, Geneva | 821 |
| Banque Cantonale de Genève (France) SA, Lyon | 533,073 |
| Compagnie Foncière du Saint Gothard SAS, Puteaux | 21,684 |
| Compagnie Foncière Franco-Suisse SAS, Lyon | 21,346 |
| Rhône Saône Courtage Sàrl, Lyon | 186 |

The Bank holds other permanent stakes, but these 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 were converted into Swiss francs at the following year-end rates:

| Main currencies | Unit | Exchange rate | |
|-----------------|------|---------------|------------|
| | | 31.12.2012 | 31.12.2011 |
| US Dollar | 1 | 0.9131 | 0.9406 |
| Euro | 1 | 1.2076 | 1.2166 |
| Pound sterling | 1 | 1.4783 | 1.4553 |
| Yen | 100 | 1.0574 | 1.2152 |

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 on 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.

An independent risk control of operational, revenue-generating units is performed throughout the whole of the bank. Hence, the Risk Control and Compliance departments reinforce the regular control over front office and specialist controlling units. Their role is to analyse, evaluate, control and inform the specific committees of the financial, legal and compliance impacts resulting from the exposure to all types of risk, paying particular attention to the comprehensiveness and objective appreciation of the risks incurred and the potential risks affecting the Bank. The BCGE belongs to the newly created "category 3" under the Finma circular (2011/2), especially with a balance sheet in excess of CHF 15 billion. The Finma has fixed the threshold of 12% (150%) equity capital backing for 31 December 2012. Equity backing stood at 160.8% on 31 December 2012.

Consolidated supervision

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

The Risk Control and Compliance departments in the Finance and Risk Control division consolidate overall positions. 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.

The Executive Board and the Board of Directors are regularly informed of the results.

Types of Risks

• 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. In both cases new risk indicators call for the specific analysis of the loan portfolios in question.

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 according to the criteria stipulated in its credit regulations. New rating models are implemented using a system jointly developed for shared use by around 12 cantonal banks and other large financial institutions. 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 specifically. 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.

Risk concentration

Major risks (large risks as defined in article 83 FRO) are monitored constantly 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, and if values approach thresholds, management is notified immediately. Simulations are systematically carried out in the run-up to prospective large operations.

• Market risks

Market risks reside in the potential for losses from exchange rate fluctuations, interest rates, securities prices and indices 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 securities trading. The ALM Committee meets on a monthly basis. This

committee monitors the management of the Bank's assets, based on potential changes in business trends, the financial market situation and other parameters. The ALM Committee monitors all financial risks.

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. 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. 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.

Liquidity risks: Since 2008, 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 repurchase agreement type. With great prudence, and with repo operations being continued, money market business was resumed with a number of partner banks, in compliance with strict limits. BCGE adopted an extremely prudent measure by massively increasing liquidity.

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

- **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 is based on 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 internal control system and more effectively detecting potential problems. Administrative instructions and other internal guidelines are regularly updated and made accessible to all staff members on the Bank's intranet. Furthermore, the Bank monitors compliance with procedures and the analysis of information flows. Another unit ensures that internal regulations have been properly adapted to legal requirements.

- **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 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.

- **Legal risks**

The Legal department reports directly to the Executive Board. 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". With regard to the tax issue described on p. 101 of the Annual Report 2011 (under 4.07) the outcome of the case was favourable. Thus the Bank did not book a provision.

The Bank has taken into account the Federal Court Ruling of 30 October 2012 concerning givebacks on management fees and examines damages suffered by clients on a case-by-case basis.

- **Other Risks**

The internal control section is increasing its activities in the area of fraud control; these present a low yet increasing risk, particularly with regard to ATM operations.

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 | 599,707 | 326,844 | 2,996,048 | 3,922,599 |
| Mortgages, of which: | 9,026,308 | 44,677 | – | 9,070,985 |
| • Residential real estate | 7,232,872 | 44,677 | – | 7,277,549 |
| • Office and business premises | 1,303,248 | – | – | 1,303,248 |
| • Industrial property | 412,656 | – | – | 412,656 |
| • Other | 77,532 | – | – | 77,532 |
| Total loans as of 31.12.2012 | 9,626,015 | 371,521 | 2,996,048 | 12,993,584 |
| Total loans 31.12.2011 | 9,317,783 | 788,122 | 2,758,437 | 12,864,342 |
| Off-balance-sheet items | | | | |
| Contingent liabilities | – | – | 567,466 | 567,466 |
| • Guarantees/sureties | – | – | 74,741 | 74,741 |
| • Documentary credits | – | – | 492,725 | 492,725 |
| Irrevocable commitments | 145,587 | 64,240 | 176,371 | 386,198 |
| Commitments to subscribe capital or pay further sums | – | – | 55,009 | 55,009 |
| Acceptances | – | – | 21,886 | 21,886 |
| Off-balance-sheet total as of 31.12.2012 | 145,587 | 64,240 | 820,732 | 1,030,559 |
| Off-balance-sheet total 31.12.2011 | 114,988 | 30,874 | 1,854,704 | 2,000,566 |

| Impaired loans (in CHF 1,000) | Gross amount | Estimated | Net amount | Individual adjustments |
|-------------------------------|----------------|---------------------------------|----------------|------------------------|
| | | liquidation value of guarantees | | |
| 31.12.2012 | 209,628 | 76,171 | 133,457 | 128,542 |
| 31.12.2011 | 224,779 | 75,571 | 149,208 | 143,897 |

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

| | 31.12.2012 | 31.12.2011 |
|--|---------------|---------------|
| • Debt securities | | |
| - listed (= traded on a recognised stock exchange) | 1,469 | – |
| • Equity securities | 70 | 961 |
| • Precious metals | 30,952 | 21,411 |
| Total securities and precious metals held in trading portfolios | 32,491 | 22,372 |

| 5.03 Financial investments (in CHF 1,000) | Book value | | Fair value | |
|--|------------------|------------------|------------------|------------------|
| | 31.12.2012 | 31.12.2011 | 31.12.2012 | 31.12.2011 |
| Financial investments | | | | |
| Debt securities | 1,192,543 | 1,171,221 | 1,218,722 | 1,196,897 |
| <i>of which valued by the accrual method</i> | 893,106 | 865,123 | 913,815 | 884,557 |
| <i>of which valued at lowest price</i> | 299,437 | 306,098 | 304,907 | 312,340 |
| Investments | 61,313 | 36,004 | 103,599 | 71,595 |
| <i>of which significant shareholders*</i> | 2,280 | 2,946 | 3,976 | 6,601 |
| Real estate | 20 | 656 | 20 | 656 |
| Total financial investments | 1,253,876 | 1,207,881 | 1,322,341 | 1,269,148 |
| <i>of which collateral eligible for repos in accordance with liquidity rules</i> | 1,111,380 | 1,092,535 | | |

* minimum 10% of capital or of votes

| 5.04 Investments consolidated by the equity method (in CHF 1,000) | 31.12.2012 | 31.12.2011 |
|---|---------------|---------------|
| Without listed value | 19,918 | 21,020 |
| Total investments consolidated by the equity method | 19,918 | 21,020 |

5.05 Scope of consolidation

| Company, head office | Business | Capital (in 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) | 31.12.2011 | | | 31.12.2012 | | | |
|---|-----------------|--------------------------|----------------|--------------|---------------|----------------|----------------|
| | Historical cost | Accumulated amortisation | Book value | Investments | Disposals | Amortisation | Book value |
| Investments | | | | | | | |
| Investments consolidated by equity method | 21,020 | – | 21,020 | 2,420 | -3,522 | – | 19,918 |
| Total investments | 21,020 | – | 21,020 | 2,420 | -3,522 | – | 19,918 |
| Real estate | | | | | | | |
| Bank premises | 153,376 | -24,020 | 129,356 | 80 | – | -3,838 | 125,598 |
| Other premises | 27,934 | -5,691 | 22,243 | – | – | -419 | 21,824 |
| Total real estate | 181,310 | -29,711 | 151,599 | 80 | – | -4,257 | 147,422 |
| Other tangible assets | 92,689 | -46,660 | 46,029 | 4,912 | -64 | -17,058 | 33,819 |
| Total tangible assets | 273,999 | -76,371 | 197,628 | 4,992 | -64 | -21,315 | 181,241 |
| Intangible assets | | | | | | | |
| Goodwill | 20,858 | -14,327 | 6,531 | – | – | -6,099 | 432 |
| Fire insurance value of real estate | | | 279,598 | | | | 286,737 |
| Fire insurance value of other tangible assets | | | 100,956 | | | | 100,956 |
| Commitments: future liabilities on operating leases | | | – | | | | – |

| 5.07 Other assets and liabilities (in CHF 1,000) | 31.12.2012 | | 31.12.2011 | |
|--|----------------|-------------------|----------------|-------------------|
| | other assets | other liabilities | other assets | other liabilities |
| Replacement values of financial instruments | 28,159 | 210,727 | 32,865 | 209,547 |
| Clearing account | 167,110 | – | 153,074 | – |
| Spread of gains on swaps | – | 113 | – | 175 |
| Federal tax | 10,360 | 9,778 | 9,544 | 10,135 |
| Securities & coupons | 25 | 422 | – | 442 |
| Issue costs/bond issues to be amortised | 3,642 | – | 4,408 | – |
| Other | 4,447 | 2,619 | 3,934 | 7,289 |
| Total | 213,743 | 223,659 | 203,825 | 227,588 |

**5.08 Assets pledged or assigned against the Bank's commitments
and assets sold with retention of title** (in CHF 1,000)

| | On 31.12.2012 | |
|--|--|--------------------------|
| | Book value of assets pledged or consigned as collateral | Effective commitments |
| Swiss National Bank | | |
| Limit | 104,000 | – |
| Face value of securities and debts pledged | – | – |
| SIX Swiss Exchange | | |
| Face value of pledged securities | 26,800 | 1,043,814 |
| Mortgage-backed securities (in CHF 1,000) | 31.12.2012 | 31.12.2011 |
| Face value of mortgage securities kept aside | 5,223,000 | 4,909,360 |
| Total borrowings | 2,284,000 | 2,135,000 |
| Securities lending and repo transactions (in CHF 1,000) | 31.12.2012 | 31.12.2011 |
| Claims resulting from a cash pledge when borrowing securities or entering into a repurchase agreement | – | – |
| Commitments resulting from cash received in securities lending or repo transactions | 554,179 | 149,370 |
| 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> | 555,154 555,154 | 150,424 150,424 |
| 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> | 395 – | 774 – |

| | | |
|--|-------------------|-------------------|
| 5.09 Liabilities towards own pension plans (in CHF 1,000) | 31.12.2012 | 31.12.2011 |
| Towards the pension fund | – | – |
| As a custodian bank | 23,118 | 25,853 |

| | | |
|--|---------------------------------------|-------------------|
| Economic benefit/obligation and pension contributions (in CHF 1,000) | Pension-fund excess assets | |
| | 31.12.2012 | 31.12.2011 |
| <i>Amount of excess assets in the pension-fund accounts as at 31.12.2011*: 0 (2010: 7,263)</i> | | |
| Economic benefit | – | 1,019 |
| Change in the economic benefit or obligation | -1,019 | 16 |
| Contribution adjusted to the period (including the result of the employer's contribution reserve) | 11,506 | 12,072 |
| 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 | 12,525 | 12,056 |

* The audited annual accounts of the pension fund as at 31.12.2012 are not available. As of 31.12.2011, the pension fund reported a liability coverage of 112.9% 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) | 31.12.2012 | 31.12.2011 |
| Bonds | 317,885 | 317,165 |
| Mortgage-backed bonds | 2,284,000 | 2,135,000 |
| Total | 2,601,885 | 2,452,165 |
| Average interest at year-end | 2.55% | 2.77% |

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 | 2,115 | 117,885 * | 117,885 | 2014 |
| | 2018 | 2011 | 3.1250 | 200,000 | – | 200,000 * | 200,000 | 2018 |
| Total | | | | 320,000 | 2,115 | 317,885 | | |
| <i>of which subordinated debt</i> | | | | <i>320,000</i> | <i>2,115</i> | <i>317,885</i> | | |

* Subordinated

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

| | Balance at end 2011 | Utilisation according to purpose | Recovery of non-performing | | New provisions | Releases of provisions | Balance at end 2012 |
|---|------------------------|--|--|--|-------------------|---------------------------|------------------------|
| | | | interest and exchange difference | | | | |
| Valuation adjustments and provisions for default risks (collection and country risk) | 150,858 | -30,023 | 1,398 | | 16,679 | -6,056 | 132,856 |
| Valuation adjustments and provisions on financial investments | 7,874 | -2,428 | 5 | | 2,622 | -283 | 7,790 |
| Valuation adjustments and provisions for other operating risks | 15,425 | -458 | – | | 6,438 | -768 | 20,637 |
| Value adjustments and provisions for deferred taxes | – | – | – | | – | – | – |
| Other provisions | – | -1,620 | – | | 1,620 | – | – |
| Total valuation adjustments and provisions | 174,157 | -34,529 | 1,403 | | 27,359 | -7,107 | 161,283 |
| Valuation adjustments directly netted with assets | | -169,703 | | | | | -152,188 |
| Total valuation adjustments and provisions as per balance sheet | | 4,454 | | | | | 9,095 |

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 | – | – | 25,000 | – | 85,000 |
|--|---------------|----------|----------|---------------|----------|---------------|

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 months | 3 to 12 months | 12 months to 5 years | More than 5 years | | |
| CURRENT ASSETS | | | | | | | | |
| Cash | 1,238,485 | – | – | – | – | – | – | 1,238,485 |
| Money-market instruments | 1 | – | 125,918 | 37,935 | – | – | – | 163,854 |
| Due from banks | 222,757 | – | 116,164 | 1,691 | – | – | – | 340,612 |
| Due from clients | – | 973,291 | 976,328 | 193,303 | 949,267 | 830,410 | – | 3,922,599 |
| Mortgages | – | 1,140,860 | 902,529 | 598,077 | 3,580,460 | 2,849,059 | – | 9,070,985 |
| Trading portfolios | 32,491 | – | – | – | – | – | – | 32,491 |
| Financial investments | 50,858 | – | 60,193 | 110,566 | 767,762 | 254,023 | 10,474 | 1,253,876 |
| Total current assets | | | | | | | | |
| 31.12.2012 | 1,544,592 | 2,114,151 | 2,181,132 | 941,572 | 5,297,489 | 3,933,492 | 10,474 | 16,022,902 |
| 31.12.2011 | 783,588 | 2,141,930 | 2,391,075 | 1,220,111 | 5,191,172 | 3,668,840 | 515 | 15,397,231 |
| DEBT | | | | | | | | |
| Money-market instruments | – | – | 666 | – | – | – | – | 666 |
| Due to banks | 299,605 | – | 1,050,425 | 29,400 | – | – | – | 1,379,430 |
| Due to clients on savings and deposit accounts | 4,910,668 | – | – | – | – | – | – | 4,910,668 |
| Due to clients, other | 5,623,801 | 277,895 | 264,147 | 751 | 350 | 1,147 | – | 6,168,091 |
| Medium-term notes | – | – | 3,216 | 3,810 | 13,053 | 2,173 | – | 22,252 |
| Mortgage-backed bonds | – | – | 106,000 | 200,000 | 1,008,885 | 1,287,000 | – | 2,601,885 |
| Total debt | | | | | | | | |
| 31.12.2012 | 10,834,074 | 277,895 | 1,424,454 | 233,961 | 1,022,288 | 1,290,320 | – | 15,082,992 |
| 31.12.2011 | 10,119,243 | – | 1,693,425 | 546,945 | 1,056,936 | 1,140,537 | – | 14,557,086 |

| 5.13 Amounts due to/from affiliates and loans to officers (in CHF 1,000) | 31.12.2012 | 31.12.2011 |
|---|-------------------|-------------------|
| Due from affiliates | 49,385 | 39,539 |
| Due to affiliates | 1,106,975 | 1,057,709 |
| Loans to officers | 5,591 | 6,072 |

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) | 31.12.2012 | | 31.12.2011 | |
|---|-------------------|------------------|-------------------|------------------|
| | Domestic | Foreign | Domestic | Foreign |
| ASSETS | | | | |
| Cash | 1,233,735 | 4,750 | 389,865 | 8,175 |
| Money-market instruments | – | 163,854 | 5 | – |
| Due from banks | 234,968 | 105,644 | 402,152 | 502,439 |
| Due from clients | 2,531,556 | 1,391,043 | 2,706,411 | 1,392,858 |
| Mortgages | 8,724,510 | 346,475 | 8,505,738 | 259,335 |
| Trading portfolios | 32,481 | 10 | 22,358 | 14 |
| Financial investments | 1,071,560 | 182,316 | 1,047,864 | 160,017 |
| Investments consolidated by the equity method | 8,165 | 11,753 | 7,632 | 13,388 |
| Fixed assets | 180,545 | 696 | 196,898 | 730 |
| Intangible assets | 432 | – | 6,531 | – |
| Accrued income and prepaid expenses | 33,143 | 1,271 | 43,328 | 1,401 |
| Other assets | 212,833 | 910 | 203,353 | 472 |
| Total assets | 14,263,928 | 2,208,722 | 13,532,135 | 2,338,829 |
| LIABILITIES | | | | |
| Money-market instruments | 666 | – | 789 | – |
| Due to banks | 1,197,103 | 182,327 | 1,348,346 | 115,611 |
| Due to clients on savings and deposit accounts | 4,271,554 | 639,114 | 4,880,408 | 558,021 |
| Due to clients, other | 4,917,013 | 1,251,078 | 4,230,756 | 927,774 |
| Medium-term notes | 22,252 | – | 43,216 | – |
| Bonds and mortgage-backed bonds | 2,601,885 | – | 2,452,165 | – |
| Accrued expenses and deferred income | 68,558 | 2,594 | 68,468 | 3,695 |
| Other liabilities | 223,312 | 347 | 225,758 | 1,830 |
| Valuation adjustments and provisions | 9,095 | – | 4,454 | – |
| Reserve for general banking risks | 85,000 | – | 60,000 | – |
| Share capital | 360,000 | – | 360,000 | – |
| Capital reserve | 311,738 | – | 312,228 | – |
| Retained earnings | 293,215 | – | 249,536 | – |
| Treasury shares | -18,345 | – | -22,670 | – |
| Foreign-exchange differences | -12,864 | – | -12,540 | – |
| Net profit for the year | 67,008 | – | 63,119 | – |
| Total liabilities | 14,397,190 | 2,075,460 | 14,264,033 | 1,606,931 |

| 5.15 Total assets by country or group of countries (in CHF 1,000) | 31.12.2012 | | 31.12.2011 | |
|---|-------------------|--------------|-------------------|--------------|
| | Amount | % | Amount | % |
| Europe • France | 1,279,086 | 7.8 | 1,124,295 | 7.1 |
| • United Kingdom | 142,008 | 0.9 | 154,989 | 1.0 |
| • Germany | 83,054 | 0.5 | 69,839 | 0.4 |
| • Turkey | 70,607 | 0.4 | 102,413 | 0.6 |
| • The Netherlands | 64,353 | 0.4 | 82,705 | 0.5 |
| • Other European countries | 204,265 | 1.2 | 264,069 | 1.7 |
| United States | 11,073 | 0.1 | 42,220 | 0.3 |
| Other | 354,276 | 2.2 | 498,299 | 3.1 |
| Assets abroad | 2,208,722 | 13.5 | 2,338,829 | 14.7 |
| Domestic | 14,263,928 | 86.5 | 13,532,135 | 85.3 |
| Total assets | 16,472,650 | 100.0 | 15,870,964 | 100.0 |

5.16 Balance sheet by currency (in CHF 1,000 at 31.12.2012)

| | Currency | | | | |
|--|-------------------|------------------|------------------|----------------|----------------|
| | CHF | USD | EUR | OTHER | METALS |
| ASSETS | | | | | |
| Cash | 1,178,547 | 5,410 | 48,378 | 6,150 | – |
| Money-market instruments | – | 163,854 | – | – | – |
| Due from banks | 144,272 | 24,085 | 54,474 | 17,543 | 100,238 |
| Due from clients | 1,959,378 | 968,650 | 981,221 | 13,350 | – |
| Mortgages | 9,000,650 | – | 70,335 | – | – |
| Trading portfolios | 1,529 | – | 10 | – | 30,952 |
| Financial investments | 1,191,142 | – | 61,986 | 748 | – |
| Investments consolidated by the equity method | 13,574 | – | 6,344 | – | – |
| Fixed assets | 180,545 | – | 696 | – | – |
| Intangible assets | 432 | – | – | – | – |
| Accrued income and prepaid expenses | 33,143 | – | 1,271 | – | – |
| Other assets | 211,013 | 663 | 2,061 | 6 | – |
| Total asset positions | 13,914,225 | 1,162,662 | 1,226,776 | 37,797 | 131,190 |
| Delivery claims from spot exchange deals, forward exchange deals and currency-option transactions | 3,627,282 | 200,735 | 410,108 | 124,267 | 11,950 |
| Total assets | 17,541,507 | 1,363,397 | 1,636,884 | 162,064 | 143,140 |
| LIABILITIES | | | | | |
| Money-market instruments | 178 | 33 | 455 | – | – |
| Due to banks | 180,547 | 498,112 | 611,788 | 8,077 | 80,906 |
| Due to clients on savings and deposit accounts | 4,836,281 | 1,891 | 72,496 | – | – |
| Due to clients, other | 5,019,227 | 522,195 | 504,439 | 72,021 | 50,209 |
| Medium-term notes | 22,252 | – | – | – | – |
| Bonds and mortgage-backed bonds | 2,601,885 | – | – | – | – |
| Accrued expenses and deferred income | 68,558 | – | 2,594 | – | – |
| Other liabilities | 222,568 | 185 | 611 | 295 | – |
| Valuation adjustments and provisions | 9,095 | – | – | – | – |
| Reserve for general banking risks | 85,000 | – | – | – | – |
| Share capital | 360,000 | – | – | – | – |
| Capital reserve | 311,738 | – | – | – | – |
| Retained earnings / accumulated deficit | 293,215 | – | – | – | – |
| Treasury shares | -18,345 | – | – | – | – |
| Foreign-exchange differences | -12,864 | – | – | – | – |
| Net profit for the year | 67,008 | – | – | – | – |
| Total liability positions | 14,046,343 | 1,022,416 | 1,192,383 | 80,393 | 131,115 |
| Delivery claims from spot exchange deals, forward exchange deals and currency-option transactions | 3,515,670 | 341,991 | 393,766 | 80,495 | 11,995 |
| Total liabilities | 17,562,013 | 1,364,407 | 1,586,149 | 160,888 | 143,110 |
| Net position by currency | -20,506 | -1,010 | 50,735 | 1,176 | 30 |

| 5.17 Open derivative instruments at year-end (in CHF 1,000) | Trading Instruments | | | Hedging Instruments | | |
|--|---------------------|---------------|------------------|---------------------|----------------|------------------|
| | Positive | Negative | | Positive | Negative | |
| | replacement | replacement | Contract | replacement | replacement | Contract |
| | value | value | volume | value | value | volume |
| Interest-rate instruments | | | | | | |
| Forward contracts inc. FRAs | – | – | 125,228 | – | – | – |
| Swaps | 298 | 283 | 18,261 | 17,881 | 203,527 | 3,112,000 |
| Futures | – | 21 | 745 | – | – | – |
| Options (OTC) | 147 | 121 | 79,543 | 359 | 242 | 170,813 |
| Total interest-rate instruments | 445 | 425 | 223,777 | 18,240 | 203,769 | 3,282,813 |
| Currencies / precious metals | | | | | | |
| Forward contracts | 1,718 | 1,394 | 97,424 | – | – | – |
| Combined interest-rate and currency swaps | 4,362 | 4,449 | 675,215 | 2,706 | – | 94,200 |
| Options (OTC) | 688 | 690 | 913 | – | – | – |
| Total currencies / precious metals | 6,768 | 6,533 | 773,552 | 2,706 | – | 94,200 |
| Equity securities / indices | | | | | | |
| Futures | – | – | – | – | – | – |
| Exchange-traded options | – | – | – | – | – | – |
| Total equity securities / indices | – | – | – | – | – | – |
| Total at 31.12.2012 | 7,213 | 6,958 | 997,329 | 20,946 | 203,769 | 3,377,013 |
| Total at 31.12.2011 | 17,011 | 19,126 | 1,084,631 | 15,854 | 190,421 | 2,874,550 |

The Bank did not enter into any specific netting contracts.

| 5.18 Interest income (in CHF 1,000) | 31.12.2012 | 31.12.2011 |
|--|----------------|----------------|
| Banks | 3,824 | 3,768 |
| Clients | 292,419 | 287,927 |
| Bills of exchange and money-market instruments | 671 | 32 |
| Interest and dividends earned on financial investments | 17,110 | 17,682 |
| Interest and dividends earned on trading portfolio | 36 | 5 |
| Total | 314,060 | 309,414 |

| 5.19 Interest expenses (in CHF 1,000) | 31.12.2012 | 31.12.2011 |
|---------------------------------------|----------------|----------------|
| Banks | 3,200 | 4,863 |
| Clients | 33,852 | 36,243 |
| Debts | 61,325 | 65,638 |
| Subordinated debts | 10,171 | 5,033 |
| Other | 123 | 158 |
| Total | 108,671 | 111,935 |

| 5.20 Trading results (in CHF 1,000) | 31.12.2012 | 31.12.2011 |
|--|---------------|---------------|
| Currency and banknote trading, including derivatives | 22,638 | 21,965 |
| Precious-metal trading | 583 | 556 |
| Securities trading | 895 | 1,423 |
| Total | 24,116 | 23,944 |

| | | |
|---|-------------------|-------------------|
| 5.21 Payroll expenses (in CHF 1,000) | 31.12.2012 | 31.12.2011 |
| Salaries and bonus payments | 96,924 | 96,129 |
| Social security contributions | 10,201 | 9,742 |
| Contributions to the pension fund | 12,525 | 12,056 |
| Other staff expenses | 3,407 | 3,636 |
| Total | 123,057 | 121,563 |
| 5.22 Other operating expenses (in CHF 1,000) | 31.12.2012 | 31.12.2011 |
| Occupancy expenses | 9,695 | 12,581 |
| IT expenses | 31,993 | 39,548 |
| Office equipment, furniture, vehicles | 339 | 359 |
| Other operating expenses | 43,268 | 44,570 |
| Total | 85,295 | 97,058 |
| 5.23 Depreciation of fixed assets (in CHF 1,000) | 31.12.2012 | 31.12.2011 |
| Permanent installations | 2,436 | 2,436 |
| Appliances, fixtures and telecommunications, IT programs and equipment | 15,178 | 14,120 |
| Office equipment, furniture and vehicles | 3,701 | 4,059 |
| Intangible assets | 6,099 | 1,551 |
| Total | 27,414 | 22,166 |
| 5.24 Valuation adjustments, provisions and losses (in CHF 1,000) | 31.12.2012 | 31.12.2011 |
| Value adjustments and provisions for loan recovery risks | 10,623 | 14,064 |
| Value adjustments and provisions for other operating risks | 5,670 | 1,214 |
| Other provisions | 1,620 | 1,079 |
| Total | 17,913 | 16,357 |
| 5.25 Extraordinary income (in CHF 1,000) | 31.12.2012 | 31.12.2011 |
| Sale of fixed assets | – | 19 |
| Other | 22,000* | 40 |
| Total | 22,000 | 59 |
| * Settlement of a dispute. | | |
| 5.26 Extraordinary expenses (in CHF 1,000) | 31.12.2012 | 31.12.2011 |
| Non-operating expenses | 3,148 | 3,133 |
| Reserve for general banking risks | 25,000 | – |
| Total | 28,148 | 3,133 |

| 5.27 Income and expenses of ordinary banking activities (in CHF 1,000) | 31.12.2012 | | 31.12.2011 | |
|---|------------|---------|------------|---------|
| | Domestic | Foreign | Domestic | Foreign |
| Income from interest-rate operations | 194,730 | 10,659 | 188,609 | 8,870 |
| Income from commissions and services | 99,039 | 4,919 | 98,908 | 5,075 |
| Income from trading | 24,116 | – | 23,944 | – |
| Other ordinary income | 11,998 | 299 | 11,058 | 119 |
| Operating expenses | -198,711 | -9,641 | -209,388 | -9,233 |
| Gross profit | 131,172 | 6,236 | 113,131 | 4,831 |

2012 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 118 to 126) of Banque Cantonale de Genève, which comprise the balance sheet, profit and loss account and notes for the year ended 31 December 2012.

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 2012 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



Alexandre Boga
Licensed audit expert
Auditor in charge



Myriam Meissner
Licensed audit expert

Geneva, 21 February 2013

Annual accounts 2012

Parent company

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Balance sheet before allocation

Parent company

118

| | Notes | 31.12.2012 in CHF 1,000 | 31.12.2011 in CHF 1,000 | Change in CHF 1,000 |
|---|-------|----------------------------|----------------------------|------------------------|
| ASSETS | | | | |
| Cash | | 1,236,479 | 393,141 | 843,338 |
| Money-market instruments | | 163,854 | 5 | 163,849 |
| Due from banks | | 879,187 | 1,392,133 | -512,946 |
| Due from clients | | 3,408,308 | 3,650,772 | -242,464 |
| Mortgages | | 9,070,985 | 8,765,073 | 305,912 |
| Trading portfolios | | 50,849 | 43,961 | 6,888 |
| Financial investments | | 1,240,236 | 1,204,177 | 36,059 |
| Investments in Group companies | | 71,721 | 71,314 | 407 |
| Fixed assets | | 182,977 | 206,086 | -23,109 |
| Accrued income and prepaid expenses | | 32,947 | 42,762 | -9,815 |
| Other assets | 4.13 | 212,641 | 203,424 | 9,217 |
| Total assets | | 16,550,184 | 15,972,848 | 577,336 |
| Total subordinated claims | | 16,443 | 17,771 | -1,328 |
| Total due from Group companies and qualified participants | | 649,648 | 789,732 | -140,084 |
| <i>of which total claims on the Canton of Geneva</i> | | <i>18,226</i> | <i>207,865</i> | <i>-189,639</i> |
| LIABILITIES | | | | |
| Money-market instruments | | 666 | 789 | -123 |
| Due to banks | | 1,483,964 | 1,593,734 | -109,770 |
| Due to clients on savings and deposit accounts | | 4,910,668 | 5,438,430 | -527,762 |
| Due to clients, other | | 6,146,471 | 5,132,625 | 1,013,846 |
| Medium-term notes | | 22,252 | 43,216 | -20,964 |
| Bonds and mortgage-backed bonds | | 2,604,000 | 2,455,000 | 149,000 |
| Accrued expenses and deferred income | | 68,536 | 68,443 | 93 |
| Other liabilities | 4.13 | 223,312 | 225,758 | -2,446 |
| Valuation adjustments and provisions | 4.10 | 8,995 | 4,354 | 4,641 |
| Reserve for general banking risks | 4.10 | 85,000 | 60,000 | 25,000 |
| Share capital | 4.07 | 360,000 | 360,000 | - |
| General legal reserve | | 569,851 | 529,851 | 40,000 |
| Retained earnings | | 1,208 | 1,294 | -86 |
| Net profit for the year | | 65,261 | 59,354 | 5,907 |
| Total liabilities | | 16,550,184 | 15,972,848 | 577,336 |
| Total subordinated debt | | 320,000 | 320,000 | - |
| Total due to Group companies and qualified participants | | 308,141 | 251,192 | 56,949 |
| <i>of which total due to the Canton of Geneva</i> | | <i>158,184</i> | <i>98,620</i> | <i>59,564</i> |
| OFF-BALANCE-SHEET OPERATIONS | | | | |
| Contingent liabilities | | 567,490 | 991,221 | -423,731 |
| Irrevocable commitments | | 386,198 | 901,638 | -515,440 |
| Commitments to subscribe capital or pay further sums | | 55,009 | 53,573 | 1,436 |
| Loans by acceptances | | 21,886 | 54,197 | -32,311 |
| Financial derivatives: | | | | |
| – underlying amounts | | 4,376,690 | 3,961,529 | 415,161 |
| – positive replacement values | | 28,226 | 32,950 | -4,724 |
| – negative replacement values | | 210,727 | 209,547 | 1,180 |
| Fiduciary transactions | 4.11 | 61,673 | 137,631 | -75,958 |

Profit and loss account

Parent company

| | Notes | 31.12.2012 in CHF 1,000 | 31.12.2011 in CHF 1,000 | Change in CHF 1,000 |
|---|-------|----------------------------|----------------------------|------------------------|
| INTEREST INCOME AND EXPENSES | | | | |
| Interest and discount income | | 286,291 | 282,768 | 3,523 |
| Interest and dividends from trading portfolios | | 533 | 426 | 107 |
| Interest and dividends from financial investments | | 17,110 | 17,682 | -572 |
| Interest expenses | | -109,624 | -113,077 | 3,453 |
| <i>Net interest income</i> | | <i>194,310</i> | <i>187,799</i> | <i>6,511</i> |
| COMMISSION AND FEE INCOME | | | | |
| Commission income from lending | | 33,952 | 34,858 | -906 |
| Commission income from trading, securities and deposits | | 42,712 | 45,416 | -2,704 |
| Commission income from other services | | 29,042 | 25,182 | 3,860 |
| Commission expenses | | -6,725 | -6,561 | -164 |
| <i>Net commission fee income</i> | | <i>98,981</i> | <i>98,895</i> | <i>86</i> |
| RESULT OF TRADING OPERATIONS | | | | |
| <i>Net result of trading operations</i> | 4.12 | <i>25,031</i> | <i>22,533</i> | <i>2,498</i> |
| OTHER ORDINARY RESULTS | | | | |
| Income from sale of financial investments | | 4,389 | 2,202 | 2,187 |
| Income from investments | | 1,792 | 1,948 | -156 |
| Real-estate income | | 934 | 1,013 | -79 |
| Other ordinary income | | 8,021 | 8,316 | -295 |
| Other ordinary expenses | | -2,604 | -1,390 | -1,214 |
| <i>Other ordinary income, net</i> | | <i>12,532</i> | <i>12,089</i> | <i>443</i> |
| Total operating profit | | 330,854 | 321,316 | 9,538 |
| OPERATING EXPENSES | | | | |
| Payroll expenses | | -117,253 | -115,846 | -1,407 |
| Other operating expenses | | -81,423 | -93,517 | 12,094 |
| <i>Net operating expenses</i> | | <i>-198,676</i> | <i>-209,363</i> | <i>10,687</i> |
| Gross profit | | 132,178 | 111,953 | 20,225 |
| Depreciation of fixed assets | 4.04 | -27,814 | -22,421 | -5,393 |
| Valuation adjustments, provisions and losses | | -15,327 | -15,295 | -32 |
| Intermediate profit | | 89,037 | 74,237 | 14,800 |
| Extraordinary income | 4.05 | 22,000 | 59 | 21,941 |
| Extraordinary expenses | 4.06 | -28,148 | -3,133 | -25,015 |
| Taxes | | -17,628 | -11,809 | -5,819 |
| Net profit for the year | | 65,261 | 59,354 | 5,907 |

Statement of shareholders' equity

Parent company

in CHF 1,000

SHAREHOLDERS' EQUITY AT 1 JANUARY 2012

| | |
|---|------------------|
| Share capital | 360,000 |
| General legal reserve | 529,851 |
| Reserve for general banking risks | 60,000 |
| Profit | 60,648 |
| Total shareholders' equity at 1 January 2012 | 1,010,499 |

| | |
|---|---------|
| Allocation to the general legal reserve from the previous year's profit | -40,000 |
| 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 | 40,000 |
| Allocation to reserves for general banking risks | 25,000 |
| Profit for the year | 65,261 |

Total shareholders' equity at 31 December 2012 **1,081,320**

of which

| | |
|--|----------------|
| <i>Share capital</i> | <i>360,000</i> |
| <i>General legal reserve</i> | <i>569,851</i> |
| <i>Reserve for general banking risks</i> | <i>85,000</i> |
| <i>Profit</i> | <i>66,469</i> |

Notes to the financial statements

Parent company

1. BUSINESS ACTIVITIES AND STAFF

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

| Staff numbers | 31.12.2012 | 31.12.2011 |
|-----------------------|------------|------------|
| Full-time equivalents | 677.7 | 679.2 |
| Number of employees | 738 | 740 |

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 | 104,000 | – |
| Face value of securities and claims pledged | – | – |
| SIX Swiss Exchange | | |
| Face value of blocked securities | 26,800 | 1,043,814 |
| Mortgage-backed securities from Swiss cantonal banks (in CHF 1,000) | | |
| | 31.12.2012 | 31.12.2011 |
| Face value of mortgage-backed securities | 5,223,000 | 4,909,360 |
| Total borrowings | 2,284,000 | 2,135,000 |

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

| | 31.12.2012 | 31.12.2011 |
|---|------------|------------|
| Claims resulting from a cash pledge when borrowing securities or entering into a repurchase agreement | – | – |
| Commitments resulting from cash received in securities lending or repo transactions | 554,179 | 149,370 |
| Securities held in own account, loaned or transferred as collateral in securities lending or repo transactions | 555,154 | 150,424 |
| <i>of which securities with unrestricted rights of subsequent transfer or pledge</i> | 555,154 | 150,424 |
| Securities received as collateral in securities lending and borrowing, and repo transactions, with unrestricted rights of subsequent sale or pledge | 395 | 774 |
| <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) | 31.12.2012 | 31.12.2011 |
| Liabilities towards the pension fund | – | – |
| Liabilities towards the pension fund as a custodian bank | 23,118 | 25,853 |

Please refer to item 5.09 (page 104) in "Notes to the 2012 Consolidated Financial Statements".

| | | |
|---|-------------------|-------------------|
| 4.03 Amounts due to/from affiliates and loans to officers (in CHF 1,000) | 31.12.2012 | 31.12.2011 |
| Due from affiliates | 49,385 | 39,539 |
| Due to affiliates | 1,106,975 | 1,057,709 |
| Loans to officers | 5,591 | 6,072 |

Please refer to item 5.13 (page 107) in "Notes to the 2012 Consolidated Financial Statements".

| | | |
|---|-------------------|-------------------|
| 4.04 Depreciation of fixed assets (in CHF 1,000) | 31.12.2012 | 31.12.2011 |
| Fixtures | 2,436 | 2,436 |
| Installations, fittings, security and telecommunications equipment, IT plant and equipment and programs | 15,677 | 14,642 |
| Plant and equipment, furniture, vehicles, intangible assets | 9,701 | 5,970 |
| Depreciation on shareholdings* | – | -627 |
| Total | 27,814 | 22,421 |

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

| | | |
|---|-------------------|-------------------|
| 4.05 Extraordinary income (in CHF 1,000) | 31.12.2012 | 31.12.2011 |
| Sale of fixed assets | – | 19 |
| Various agreed funds | – | 38 |
| Disposals | 22,000* | 2 |
| Total | 22,000 | 59 |

* Settlement of a dispute.

| | | |
|---|-------------------|-------------------|
| 4.06 Extraordinary expenses (in CHF 1,000) | 31.12.2012 | 31.12.2011 |
| Non operating expenses | 3,148 | 3,133 |
| Reversal of reserves for general banking risks | 25,000 | – |
| Total | 28,148 | 3,133 |

| | | | | | | |
|-----------------------------|--------------------|------------------|---------------------|--------------------|------------------|---------------------|
| 4.07 Share capital | 31.12.2012 | | | 31.12.2011 | | |
| | Total | | Capital | Total | | Capital |
| | par | Number | eligible for | par | Number | eligible for |
| | value | of shares | dividends | value | of shares | 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 31.12.2012 | | | |
|--|-------------------------------------|---------------------------------------|------------------|--------------------|--|------------------------|------------|----------|
| | Fixed, compensation ² | In locked up shares ^{3,4} | Total | | Unlocked | Locked up ³ | Total | By kin |
| | | | | | | | | |
| Board of Directors | | | | | | | | |
| Jean-Pierre Roth, Chairman | 267,750 | 296 | 268,046 | – | – | 8 | 8 | – |
| Bernard Clerc, Deputy Chairman | 84,000 | 888 | 84,888 | – | 44 | 24 | 68 | – |
| Mourad Sekkiou, Secretary | 63,000 | 740 | 63,740 | – | – | 21 | 21 | – |
| Asma Hovagemyan | 73,500 | 740 | 74,240 | – | 16 | 23 | 39 | – |
| Fabienne Knapp | 95,550 | – | 95,550 | – | 70 | 7 | 77 | – |
| Josef Küttel | 67,200 | 296 | 67,496 | 350,000 | 20 | 8 | 28 | – |
| Patrick Mage | 120,750 | 740 | 121,490 | – | 14 | 21 | 35 | – |
| Jean-Marc Mermoud | 57,750 | 296 | 58,046 | 1,636,500 | – | 8 | 8 | – |
| Ton Schurink | 67,200 | 740 | 67,940 | 1,812,115 | 526 | 21 | 547 | – |
| Angela de Wolff | 67,200 | 296 | 67,496 | – | – | 8 | 8 | – |
| John Tracey | 67,200 | 296 | 67,496 | 1,000,000 | – | 8 | 8 | – |
| Total, Board of Directors | 1,031,100 | 5,331 | 1,036,431 | 4,798,615 | 690 | 157 | 847 | – |
| Previous year | | | | | | | | |
| | Remuneration (before taxes) | | | Loans ¹ | Number of BCGE shares held at 31.12.2011 | | | |
| | Fixed, compensation ² | In locked up shares ^{3,4} | 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 | – |

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 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.

⁴ Amounts calculated based on a share price of CHF 198.15 on 1 June 2012. From 2012, the publication takes into account the discounted value of blocked shares.

| | Remuneration (before taxes) | | | Loans ¹ | Number of BCGE shares held at 31.12.2012 | | | | |
|---------------------------------------|-----------------------------|-------------------------|---------------------------|--------------------|--|--------------|------------------------|---------------|------------|
| | In locked up | | | | Total | Unlocked | Locked up ⁴ | Total | By kin |
| | Fixed ² | Variable ^{2,3} | shares ^{2,3,4,5} | | | | | | |
| Executive Board | | | | | | | | | |
| Blaise Goetschin, CEO | 723,144 | 527,545 | 134,084 | 1,384,773 | 100,000 | 1,262 | 2,685 | 3,947 | 63 |
| Eric Bourgeois | | | | | | 1,121 | 2,220 | 3,341 | 40 |
| Claude Bagnoud | | | | | | – | 803 | 803 | 20 |
| Pierre-Olivier Fragnière | | | | | | 539 | 1,546 | 2,085 | – |
| Jean-Marc Joris | | | | | | 336 | 525 | 861 | – |
| Jérôme Monnier | | | | | | 55 | 191 | 246 | – |
| Total, Executive Board | 2,596,704 | 1,746,508 | 445,018 | 4,788,230 | 792,706 | 3,313 | 7,970 | 11,283 | 103 |
| Previous year, Blaise Goetschin | 710,892 | 509,442 | 103,044 | 1,323,378 | 100,000 | 1,078 | 2,461 | 3,539 | 60 |
| Previous year, Executive Board | 2,750,957 | 1,594,664 | 342,716 | 4,688,337 | 668,300 | 3,018 | 7,232 | 10,250 | 120 |

The largest loan extended to a member of the Executive Board

632,706 to Jérôme Monnier

Previous year

508,300 to Jérôme Monnier

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

| | |
|---------------------------------------|----------------|
| Blaise Goetschin | 225,442 |
| Total, Executive Board | 863,623 |
| Previous year, Blaise Goetschin | 215,638 |
| Previous year, Executive Board | 849,067 |

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

| | |
|---------------------------------------|----------------|
| Blaise Goetschin | 74,031 |
| Total, Executive Board | 126,849 |
| Previous year, Blaise Goetschin | 73,634 |
| Previous year, Executive Board | 130,466 |

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

² Excluding social security and related contributions paid by the employer.

³ Paid in 2013 based on 2012 results.

⁴ There is a moratorium on BCGE shares for a period of five years. This moratorium on sales of shares is lifted in the event of leaving the Bank. BCGE has no stock option plan.

⁵ Amounts calculated based on a closing share price of CHF 207 on 28 December 2012. From 2012, the publication takes into account the expected value of blocked shares.

In 2012, the BCGE made an employer's contribution totaling CHF 539,684 (2011: CHF 506,170) to the Executive Board's pension fund accounts. The contribution for the CEO amounted to CHF 132,073 (2011: CHF 132,073).

The principles of remuneration are explained on pages 81 and 82. No indemnity was paid indirectly to the members of the Executive Board. No indemnity was paid directly or indirectly, in 2012, 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 2012, 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 2012, 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 | 31.12.2012 | | 31.12.2011 | |
|---|-------------|-------|-------------|-------|
| | 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 2012, 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 31.12.2011 | Utilisation according to purpose | Recoveries, non | | New provisions | Releases of provisions | Balance at 31.12.2012 |
|--|--------------------------|--|---|--|-------------------|---------------------------|--------------------------|
| | | | Changes to allocation (new allocation) | performing interest, exchange differences | | | |
| Valuation adjustments and provisions for default risks (collection and country risks) | 144,846 | -29,667 | – | 1,363 | 8,037 | – | 124,579 |
| Valuation adjustments and provisions for financial investments | 7,874 | -2,428 | – | 5 | 2,339 | – | 7,790 |
| Valuation adjustments and provisions for other operating risks | 15,325 | -458 | – | – | 5,670 | – | 20,537 |
| Other provisions | – | -1,620 | – | – | 1,620 | – | – |
| Total valuation adjustments and provisions | 168,045 | -34,173 | – | 1,368 | 17,666 | – | 152,906 |
| Less valuation adjustments directly netted with assets | -163,691 | | | | | | -143,911 |
| Total valuation adjustments and provisions as per the balance sheet | 4,354 | | | | | | 8,995 |
| Reserve for general banking risks | 60,000 | – | – | – | 25,000 | – | 85,000 |

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)

| | 31.12.2012 | 31.12.2011 |
|---------------------------------------|---------------|----------------|
| Fiduciary transactions | | |
| Fiduciary deposits with third parties | 61,673 | 137,631 |
| Total fiduciary transactions | 61,673 | 137,631 |

| 4.12 Trading results by sector (in CHF 1,000) | 31.12.2012 | 31.12.2011 |
|--|-------------------|-------------------|
| Foreign-exchange trading / banknote trading, including derivatives | 22,639 | 22,047 |
| Precious metals trading | 583 | 556 |
| Securities trading | 1,809 | -70 |
| Total trading operations | 25,031 | 22,533 |

| 4.13 Other assets and liabilities (in CHF 1,000) | 31.12.2012 | | 31.12.2011 | |
|---|---------------------|--------------------------|---------------------|--------------------------|
| | other assets | other liabilities | other assets | other liabilities |
| Replacement value of financial instruments | 28,226 | 210,727 | 32,950 | 209,547 |
| Clearing account | 167,110 | – | 153,074 | – |
| Allocation of profits on swaps | – | 113 | – | 175 |
| Federal tax administration | 10,228 | 9,778 | 9,529 | 10,135 |
| Securities and coupons | 25 | 422 | – | 442 |
| Issuing costs / bonds | 3,642 | – | 4,408 | – |
| Other | 3,410 | 2,272 | 3,463 | 5,459 |
| Total | 212,641 | 223,312 | 203,424 | 225,758 |

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

The Board of Directors will propose at the Ordinary General Meeting, to be held on 25 April 2013, that the profit be allocated as follows:

| | 31.12.2012 | 31.12.2011 |
|---|-------------------|-------------------|
| Net profit for the year | 65,261 | 59,354 |
| Retained earnings brought forward | 1,208 | 1,294 |
| Earnings available for distribution | 66,469 | 60,648 |
| Allocation to general legal reserve | -46,000 | -40,000 |
| Dividend of 4.5% (2011: 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 | 1,029 | 1,208 |



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