



ANNUAL REPORT 2013



BCGE GROUP CONSOLIDATED KEY FIGURES	2013	2012	2011	2010	2009
Balance sheet (in CHF millions)					
Total assets	16,619	16,473	15,871	14,257	14,115
Loans to clients	13,155	12,994	12,864	11,536	11,258
Client deposits and borrowings	14,266	13,703	13,092	11,964	12,404
Shareholders' equity	1,163	1,086	1,010	966	957
Income (in CHF millions)					
Interest income	201	205	197	197	188
Commission income	98	104	104	113	99
Trading income	27	24	24	17	18
Other ordinary income	9	12	11	7	28
Total income	335	346	337	334	333
Operating expenses	204	208	219	213	218
Gross profit	131	137	118	121	115
Depreciation, valuation adjustments, provisions and losses, and extraordinary income	58	70	55	62	44
Interim profit (in CHF millions)	86	92	79	54	85
Net profit (in CHF millions)	73	67	63	56	72
Assets managed and administered (in CHF billions)	19.3	18.7	18.1	17.3	17.4
Total staff					
• in full-time equivalent units	725.4	722.7	721.7	749.8	777.8
• in number of persons	782	783	783	810	838
Ratios (in %)					
Shareholders' equity/Total assets	7.0	6.6	6.4	6.8	6.8
Gross profit/Shareholders' equity	11.3	12.7	11.7	12.5	12.0
Return on equity (ROE)	6.4	6.3	6.4	5.8	7.5
Cost/Income	60.8	60.3	65.0	64.3	65.4
Equity coverage	13.5	12.9	n/a	n/a	n/a
Data per bearer share (in CHF)					
Shareholders' equity	323	302	281	268	266
Gross profit	36	38	33	34	32
Net profit	20	19	18	16	20
Dividend	4.5	4.5	4.5	4.5	6.5
Stock market data (parent company)					
History of bearer share price (in CHF)					
• high	260	213	236	245	250
• low	204	195	186	206	172
• at year-end	225	207	196	215	229
Market capitalisation (in CHF millions at 31 December)	811	745	706	774	824
Number of shares in thousands	5,721	5,721	5,721	5,721	5,721
Book value per share	329	308	288	276	273

Standard & Poor's rating

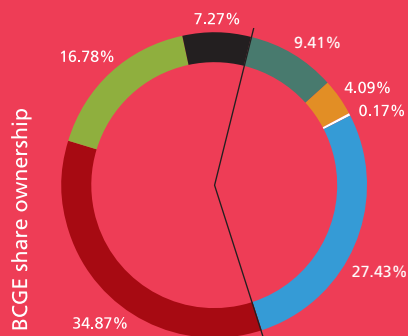
Banque Cantonale de Genève : A+/A-1/Stable
(latest rating as at February 2014)

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

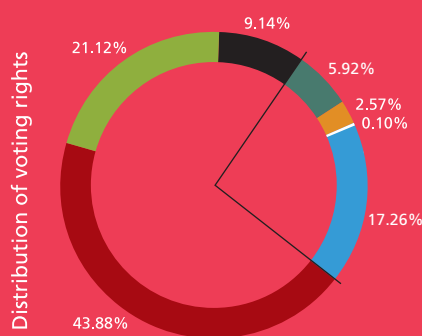
Structure of BCGE capital of CHF 360 million

	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 2013

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

Message from the Chairman

A positive economic situation favourable for Geneva

Despite widespread gloom abroad, the economic situation in Geneva and the local region took a positive turn in 2013. Business volume at Banque Cantonale de Genève followed this trend, while maintaining its highly rigorous risk selection process. In this way, the Bank was able to generate higher profits than in 2012, ending the year with increased capital amounting to 13.5% of weighted assets, a level exceeding FINMA requirements. In addition, 2013 was noteworthy as a result of three major events.

The imposition of a counter-cyclical capital buffer

In February 2013, as proposed by the Swiss National Bank, the Federal Council decided to impose a requirement on the banks of 1% of additional capital on all mortgage loans used to finance residential property located in Switzerland. The banks were required to create this counter-cyclical buffer with effect from 30 September. Terms for granting mortgages thus became dearer *de facto* and the increase in our volume of business in this area slowed. Signs were observed of a slowdown in property prices in Geneva in the middle market segment for detached houses and commercial property. However, we believe that this changing trend relates to the economic situation rather than being a result of implementing the counter-cyclical buffer.

The popular initiative against excessive pay awards

On 3 March 2013, the Swiss approved the initiative against excessive pay awards, commonly called Minder. This initiative was intended to increase the rights of shareholders of limited companies quoted on the stock exchange in terms of appointments and setting pay levels. At the end of the consultation procedure for the Federal implementation ordinance, the Federal Council decided not to apply the new constitutional article to limited companies established by public law. BCGE is therefore not subject to the measures resulting from the Minder initiative, which is why our 2014 General Meeting will take place in the usual way.

Banque Cantonale de Genève welcomes this decision by the Federal Council. Its directorships thus still encompass a four-year term, whereas the initiative imposed annual re-elections, which would have entailed cumbersome administrative procedures for the Bank. Yet, by approving the Minder initiative, the Swiss also wished to put an end to certain excesses in terms of pay levels and achieve greater transparency in this area. BCGE reviewed its rules to check that they comply with the initiative and that its annual report includes all the required information on remuneration.

The tax dispute with the US

On 16 December 2013, BCGE announced that it would participate in the programme intended to end the tax dispute between Swiss banks and the US. Despite never having pursued a policy of attracting US customers, BCGE decided to declare itself as belonging to category 2 of the programme, as it was unable to guarantee that all its US clients had complied with their tax obligations, thus denying it access to category 3 in the immediate future. By its decision, the Bank followed FINMA recommendations without, however, acknowledging having infringed US law.

It is no surprise that BCGE's clients include US citizens. As a publicly-owned bank, BCGE is first and foremost a retail bank whose services are open to all residents. That is its mission. It has therefore also provided services to US citizens living and working in Geneva and the surrounding area. Furthermore, it provides financing and advice to US companies located in Switzerland, whether they are multinationals or smaller firms. Keen to act in a non-discriminatory manner, it continues to serve these clients and accept new ones provided they comply with very strict disclosure conditions.

Reviewing the US programme required the use of significant resources within BCGE and doubtless applying the programme will require a similar effort. The Bank actively endeavours to ensure that its clients clarify their tax position and, when the time comes, will vigorously assert the fact that it has never had a policy of attracting US customers wishing to avoid their tax obligations. It is counting on the agreement being applied fairly.

Good results thanks to everyone's commitment

The directorships of all members of the Board of Directors are due to expire at the 2014 General Meeting. The directorships of two directors, those of Bernard Clerc, Vice-Chairman, and of Asma Hovagemyan, cannot be renewed owing to the legal restriction on three terms of office. I would like to extend my warm thanks for the twelve years they have dedicated to the service of the Banque Cantonale de Genève. My thanks also to the other directors who have all agreed to apply for re-election.

2013 required BCGE to fight on several fronts simultaneously. Our Bank met its commercial challenges and coped with regulatory demands with resounding success. This would not have been possible without the unstinting commitment of its staff and general management, to whom the Board of Directors wishes to extend its profound gratitude. It would also like to thank the Bank's shareholders for the trust they have placed in it and to assure them of its diligent attention to the business affairs of BCGE, the only Geneva bank serving everyone.



Jean-Pierre Roth

Chairman of the Board of Directors

Message from the Chief Executive Officer

Three responses to the need for resilience: trust, integration and innovation

The very strong performances achieved in 2013 despite a rather adverse environment were the result of the Bank being increasingly financially sound and resilient. This robustness, increasing with each passing year, is acknowledged by the equity markets. BCGE stock achieved the best performance of all the cantonal banks in 2013 (+8.8%).

This solidity is based on a combination of formal processes and specialist teams set up to anticipate and counter risks, to adjust to a multitude of changes in the legal and regulatory context and to face many challenges, whether they involve advances in technology, the exceptional economic situation in terms of interest rates or financial crime in various forms. This resilience enables the Bank to preserve its competitiveness on the markets and regular growth in both lending and deposits. It has enabled us to achieve respectable levels of productivity (a cost/income ratio of 60.8%), based on a specific business model, founded on the diversity and international nature of Geneva's economy. Lastly, it has led to pleasing profitability, i.e. a return on equity of 6.4% (6.3% in 2012). This sound performance is the outcome of meticulously executing a plan over recent years. Three specific factors have contributed to this increased level of security, which equates to a further rise in shareholders' equity of 7.1% to CHF 1.16 billion and by confirmation of the A+/A-1/Stable rating by Standard & Poor's. These three focal areas are as follows: a reputation for trustworthiness, integrating stakeholders into the business plan and innovation on a daily basis.

Trustworthiness: real shareholder equity

2008: a wide-scale crisis of confidence which emanated from the core of the US mortgage finance system and practically contaminated the entire banking system due to a simultaneous global domino effect. 2011: a crisis of confidence in the ability of a large number of sovereign debtors to honour their debts and commitments. These two crises of unprecedented scale were a reminder of the vital importance of trust at a macro- and micro-economic level, particularly in the banking sector. Credibility and financial solidity lie at the heart of BCGE's strategy. Taking this prudent approach actually enabled the Bank to improve its rating in 2008 and 2011. It has led it to create an increasingly robust capital base of CHF 1.16 billion, growth of over 450 million in eight years. It has enabled it to fulfil its role as a safe bank for deposits, with a 6.6% increase in savings and current accounts to CHF 11.7 billion and assets managed or administered of over CHF 600 million (+3.2%) to CHF 19.3 billion. This focus on quality growth rather than quantity is clearly reflected in the mortgage area (+2.7% to CHF 9.3 billion), which is seeing cautious growth. Customer confidence also flourishes through an honest and transparent relationship with the Bank, with a very open information and communication policy setting the tone. The Bank has taken the initiative in terms of trailer fees on investment mandates by settling each case to the client's satisfaction. In 2013, in the area of tax and documentary compliance, the Bank helped its clients (particularly English, Austrian, Spanish, Portuguese, US and French clients) stay up-to-date with increasingly complex requirements in this field. As a result, BCGE is in an excellent position to continue to provide investment services to international clients who appreciate Switzerland for its security and quality of service and who fulfil their tax obligations. Confidence is also based on product performance. In 2013, "home-made" investment funds exceeded the CHF 1 billion mark, posting excellent performances. Knowing that a reputation for trustworthiness is essential, the Bank carefully and systematically maintains it.

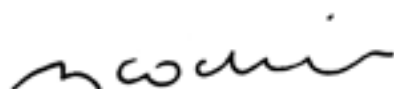
Integrating stakeholders: a driver of competitiveness

At Davos recently, a US professor of finance stressed that the growth or decline of institutions, countries or businesses was in line with their degree of internal integration or lack of the same. He defined it as stakeholders, particularly employees and teams, buying into an institution's values, culture and strategy. The Bank shares this conviction. Once again, a pragmatic approach is required. Integrating stakeholders means defining clear long-term objectives for each of them. For shareholders and collective interests in general, a recurrent value-added contribution takes precedence. Accordingly, an amount of CHF 36 million is being paid this year in the form of dividends, special contribution or taxes payable to public authorities. The well-balanced structure of the shareholder base, including the State, City, municipalities and 12,673 bearer, private or institutional shares (+851 in 2013) forms part of this inclusive, community-spirited notion. Our clients, the key stakeholders in the Bank's success, are given the greatest attention. The "BCGE Avantage service" loyalty programme demonstrates this, with additional interest on savings of nearly CHF 15 million paid to over

33,500 clients who opted for a bundle of services. Our staff members, other stakeholders at the core of the company's reactor, are seen as partners rather than as employees. Firstly, they can gain an awareness of the strategy through a policy of information transparency and dialogue with management regarding the stakes involved. Secondly, the Bank devotes significant resources to training, both for new employees and higher grades. Lastly, remuneration systems for the different business lines have gradually been improved in order to make them motivating and aligned with shareholders' interests. Another integration factor: employees hold a stake in the Bank. As of 31 December 2013, they held 1.9%. These policies aim to ensure commitment and, through this, internal unity enabling teams to work together effectively on transition projects while facing fierce competition in Geneva's financial marketplace with its 123 competing banks.

No future without an innovation strategy

The banking business is undergoing a paradoxical transformation: high-speed but invisible. BCGE branches have changed completely in the last 10 years. In 2000, branches still spent 80% of their time on manual operations and cash transactions. The amount of time devoted to in-depth advice has gradually increased and a reverse Pareto principle now applies, with 80% of time and resources devoted to consultations with clients. Powerful networked IT tools are changing the way things are done on a day-to-day basis. BCGE is rapidly adjusting to these changes, without sacrificing clients' online security. With a highly practical application for mobile devices, a cost-effective transactional website (BCGE netbanking) to view accounts and make payments, and a trading platform (BCGE 1816) which is growing rapidly (3,500 clients), our retail banking service offers increased availability and responsiveness. There must be innovation in all areas, and this does not simply appear by waving a magic wand. On the contrary, it must underpin all services offerings, for instance by creating profiles for investment mandates focused on emerging markets or on the Swiss economy (extending the range under the BCGE Best of brand) or by offering interest bonuses whenever a private loan or leasing goes smoothly. New investment funds (BCGE Synchrony), a new concept for distributing them in Europe, including through BCGE (France), which celebrated its 20th anniversary in 2013, new forms of commodity finance, are among client-oriented innovations in 2013. Innovation is increasingly important both for traditional Swiss clients and for international clients. 28% of total turnover (of CHF 335 million) is currently generated in EUR or USD. Innovation also enables us to cope with upward pressure on operating costs. As an example, a strategy of systematically outsourcing production to best-in-class partners located in Switzerland, in conjunction with other cantonal banks, has enabled the Bank to "import" innovation and share costs. Innovation indeed, but not change for change's sake. Clients attach great importance to maintaining the same advisers, to consistent management, to achieving the promised services over the long term and to resilience. Demands such as these, imposed on the Bank by its clients, its markets and its competitors, force it to move forward while remaining true to itself.



Blaise Goetschin
Chairman of the Executive Board



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



ADVICE

ÉPARGNE 3
LIFE INSURANCE
PERSONALISED PORTFOLIO CHECK-UP
PENSION ADVICE CENTRE



BCGE

GENEVA'S UNIVERSAL BANK

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 outside the canton, 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 2013, the Group employed 725 people (full-time equivalents) and had total assets of 16.6 billion francs.

PORTRAIT OF THE BCGE GROUP

BCGE

- 1816** On the eve of its bicentenary, the Banque Cantonale de Genève (BCGE) plays a vital role in supporting and boosting the regional economy. BCGE forms the central pillar of retail banking as well as corporate finance, 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 confirmed as A+/A-1/Stable as of February 2014 by the Standard & Poor's ratings agency. It employs 679 staff (full-time equivalents).

Banque Cantonale de Genève (France)

- 1993** 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 development of the dynamic economic zone stretching from Lyon to Geneva. Banque Cantonale de Genève (France) employs 47 people.



- 2007** Swiss Public Finance Solutions SA, Geneva (SPFS) offers finance models to Swiss public authorities as well as to public-law corporations. It also develops long-term refinancing solutions for other cantonal and regional banks. SPFS benefits from the ability to obtain considerable public financing and the experience of Swiss and French specialists in financing for public authorities. It is based in Geneva, with an office in Zurich, and is owned by BCGE (50%), Crédit Foncier de France, Paris, (40%) and Caisse d'Épargne Rhône-Alpes, Lyon (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 in the region. It also operates throughout Switzerland and in certain specific cases in France. It has a total investment capability of CHF 50 million, of which CHF 21 million were allocated at 31 December 2013. 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 financing. 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.

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 241 client advisers and staff members in its 22 branches, six 24-hour banking zones and 143 ATMs (plus an ATM in Lausanne) at its clients' disposal. Wishing to provide all its clients with optimum service, BCGE helps them, if required, when using this equipment, by having greeters in most of its branches.

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 on their mobile phone by SMS. By this means, the Bank also notifies clients 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 advisers and support staff specialised in electronic banking from 8:00 to 17:30, Monday to Friday. At other times and on weekends, the same telephone number provides 24-hour access to information and various services.



BCGE Private Banking, Lausanne.

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 loans for personal projects. In savings management, BCGE provides 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 the leading provider of 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. Through BCGE (France), the Group is involved in the property sector for individuals and professionals in several French regions.



BCGE Private Banking, Zurich.





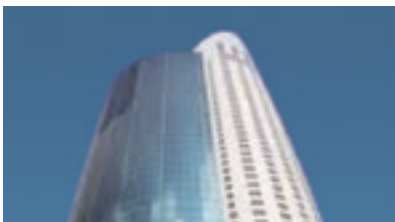
BCGE (France), Lyon



BCGE (France), Annecy



BCGE (France), Paris



Representative office, Dubai



Representative office, Hong Kong

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 over the long term. Its presence in Geneva, Zurich and Lausanne, as well as 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.

A clearly stated investment philosophy

The Bank 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 under management. 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 tailor-made advice

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. For companies in the region, BCGE makes a vital contribution, notably as a supplier of credit on good conditions, as a provider of solutions adapted to regional specifics and as an institution able to take banking decisions close to ground level.

A set of principles at the service of corporate clients

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

A broad range of corporate finance solutions

BCGE, together with its French subsidiary, offers financing and cash management solutions to all businesses, whether they are solely 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. A brochure entitled *Financement de l'immobilier: la doctrine d'engagement de la BCGE* (Property finance: BCGE's rules of engagement), published in 2013, explains the main principles governing these types of loans and this market, as well as the criteria specific to BCGE.

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. 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 a new development, such as a project or an acquisition, is under consideration, or when preparations to transfer the business to a third party, corporate successors or existing management are underway. 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 expert services in financial strategy and risk control. Essentially, BCGE Club CFO offers advice in three areas: debt management, control of foreign currency risk and cash flow optimisation. It is also intended 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. BCGE has also launched the BCGE Asian desk initiative. This is a team of BCGE specialists in corporate finance and private banking based in Geneva and Hong Kong. The team is also available in terms of ideas and advice for companies establishing a foothold or trading on Asian markets. Lastly, BCGE Asian desk is a forum for entrepreneurs with varying degrees of interest in Asia to meet and discuss their experiences and methods.

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. As lead transaction manager, it participates in bond issues. 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.

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. It holds meetings with public authorities several times a year, maintaining its ongoing relationship with them via the public authorities' representative, in particular, and through local branches. 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 44.3% of the share capital. The City of Geneva and the municipalities of the canton hold 28.3% of the share capital. 12,673 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 27.4% of the capital.

Towards the single registered share

At its General Meeting on 25 April 2013, BCGE announced that it had proposed to the State Council that it modernise its capital structure by opting for a single registered share. Geneva's government pronounced itself in favour and indicated that it would submit an amendment to the Law on Banque Cantonale de Genève to the Great Council.

This reform refers to a single change: the modification of the current structure, made up of registered shares reserved exclusively for public authorities and bearer shares listed on the Swiss stock exchange and open to private shareholders. The aim of introducing a single share is to increase the stock's attractiveness in capital markets, to enable the Bank to gain more information about its shareholders by means of the register, to put an end to bearer shares (in anticipation of a change in Swiss law) and to make it easier to adapt to new regulatory requirements for equity (Basle III).

Transfer of securities

As part of recapitalising the CIA – The Canton of Geneva's public Teachers' and Civil Servants' Pension Fund – as announced on 30 October 2013, the State transferred 200,000 BCGE bearer shares, representing CHF 47 million at the closing price on 28 October 2013, at no cost to the CIA. This transfer represented 3.49% of the voting rights. The State of Geneva's voting rights thus went from 53.3% to 49.8%. Going below the 50% threshold was the subject of an official announcement to SIX Swiss exchange SA via the Disclosure Office.

Contributing to the development of the Geneva 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 article 25 of 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 deposits¹. 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 majority shareholder.

¹ www.esisuisse.ch.

RETAIL BANKING

Day-to-day banking services

Current-account operations
Private accounts
BCGE Netbanking and Mobile Netbanking (online account access, payments and e-brokerage)
Debit and credit cards
Safe-deposit boxes

Savings

Short-, medium-and long-term.
Savings accounts
Medium-term notes

Pension planning

Pension advice centre
2nd and 3rd pillar accounts
Vested benefits accounts
Fund-based savings plans
Annuities (open architecture)

Investments

Custody of securities
E-brokerage
Investment funds and fund-based savings plans

Private banking

Discretionary management mandates
Lombard loans
Term deposits and trustee deposit accounts
Investment advisory
Financial planning
Investment advice, advisory

Services to independent wealth managers

Housing finance

Main residence
Second home
Construction or renovation loans

Consumer financing

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
Investment securities and funds
Metals
Capital markets
Cash

Corporate consultancy, BCGE Corporate Finance

Mergers and acquisitions (M&A)

Equity finance

Capital Transmission
Minority shareholdings
Mezzanine finance
Management buyouts

INSTITUTIONAL

Cash management and financing

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

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
Metals
New issues
Capital markets
Cash

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, support 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 defines and directs the execution of the Bank's financial strategy, providing its expertise and economic and financial analyses as part of the decision-making process. It seeks secure and competitive financing while managing the financial structure in a dynamic manner. The division monitors risks, ensures compliance and supervises the Bank's internal audit function. Thanks to its experienced trading room team, the division provides the Bank's clients with the best possible service for securities and foreign-exchange transactions. The BCGE Asset management unit, specialised in quantitative and index management for institutional and corporate clients, in managing mandates and in investment strategy, provides additional services and macro-economic and financial expertise to the front-office divisions.

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 buyouts (MBOs) or initial public placements. It also provides all of the Bank's asset management expertise to institutional clients which may involve pension funds, trusts, family offices or corporately managed assets.

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 locality. In particular, it provides services to private individuals, professionals, the self-employed and small businesses. With a staff of nearly 224 employees, it provides local banking services through its network of 22 branches, six 24-hour banking zones and 143 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 and online banking facility. 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 its organisational architecture. Its mission is to improve customer service, optimise productivity and modernise equipment while keeping 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, purchasing and security tasks and ensures the ongoing operation of the www.bcge.ch website as well as its payment and e-brokerage platform.




Organisation chart








As at 1 March 2014

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 EXECUTIVE BOARD Blaise Goetschin ^{I, III, VI, VII} Chief Executive Officer	 Christophe Weber ^{VII} Chief of Staff & Planning	 Hélène De Vos Vuadens Communications & Investor Relations
 Elisabeth Ray Tang Human Resources	 Philippe Marti ^{IV} Legal	 Christian Hamm 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 ^{I, II, III, V, VII} Member of the Executive Board	 Pierre Villanti Business Development & Branch Network	 Sébastien Collado ^I SMEs & Self-Employed
 Pierrette Jaton Klopfenstein Centre Sector	 François Kirchoff West Sector	 David Bottoli Left Bank Sector
 Franco Furcolo Swiss Clients	 Albert Gallegos Financial Planning	 Audrey Rozen Doerks Online banking
 Alexandre Scala Right Bank Sector		

 SWISS CORPORATE AND INSTITUTIONAL CLIENTS Claude Bagnoud ^{I, III, V, VI} Member of the Executive Board	 Patrick Senger ^I CB Chief of Staff & Business Development	 Charles Kaeser ^I Real Estate & Construction
 Alain Voirol Public Bodies	 Virginie Fauveau Corporate Finance	 Nicolas Bézaguët Personal Finance
 Catherine Raphoz French Corporate Clients	 Patrizio Arioni Institutional Investors	 Raoul Monnay ^I Swiss Corporate Clients
 Eric Wesse ^{II} Chief Executive Officer BCGE (France) SA Wholly-owned BCGE Group subsidiary	 Virginie Fauveau Director Capital Transmission SA Wholly-owned BCGE Group subsidiary	

 ORGANISATION, TECHNOLOGY & OPERATIONS Jean-Marc Joris ^{VI, VII} Member of the Executive Board	 Jean-Michel Comte Service Center Banking Operations	 Grégory Denizou (a.i.) Service Center Credits & Services
 Fabrice Fournier International Tax II	 Céline Orlandini Logistics & Procurement	 Guy Reboh ^{VI, V, VII} Organisation
 Daniel Stocco ^{VI} IT		

INTERNATIONAL CORPORATE AND PRIVATE BANKING

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

Josiane Tistouet
Global Strategy & Business Support

Olivier Thyssen
Credit Analysis & Business Administration

Philippe Terrier
Global Commodity Finance

Serge Chesternine
Energy Desk 1 – Agri

Nicolas Demierre
Energy Desk 2

Ivan Pougner
Metal Desk & Syndications

Gérard Demierre
Operations

Yves Spörri
International Institutions & Public Bodies

Mario Castello
Financial Institutions

Claudio Pietroforte ^{II}
Private Banking International

Priska Tribelhorn
Team 1 Private Banking International Geneva

Olivier Ernout
Team 2 Private Banking International Geneva

Shahab Malek-Abhari
Representative Office Dubai

Laurent Barbé
Team 3 Private Banking International Geneva

Amin Khamisi ^{II}
Team 4 Private Banking International Geneva

Boris Bijleveld
Representative Office Hong Kong

Massimo Cangini
Independent Portfolio Managers

Nicolas Gerber
Private Banking Lausanne

Karl Aeschbacher
Private Banking Zurich

FINANCE AND RISK CONTROL

Eric Bourgeaux ^{III, V, VI}
Member of the Executive Board, CFO

Yvan Nicolet
General Accounting

Frédéric Vernet
Financial Control

Constantino Cancela ^{II}
BCGE Asset Management

Pierre Weiss ^{II}
Institutional Portfolio Management

Axel Moser ^{II}
Private Portfolio Management

Thierry Angele
Advisory

Marc Doerks ^{VI}
Finance Chief of Staff & Risk Control

Pierre Sauvagnat ^{III}
Financial Markets & Treasury

Marianne Bourgoz Gorgé ^{III, V}
Risk Management

Marie-José Bratcov
Compliance

Fabrice Fournier
International Tax

Pierre Villanti
International Tax III

Haroldo Jiménez ^{II}
Financial Studies

INTERNAL AUDIT

Monique Seiss Baudry
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

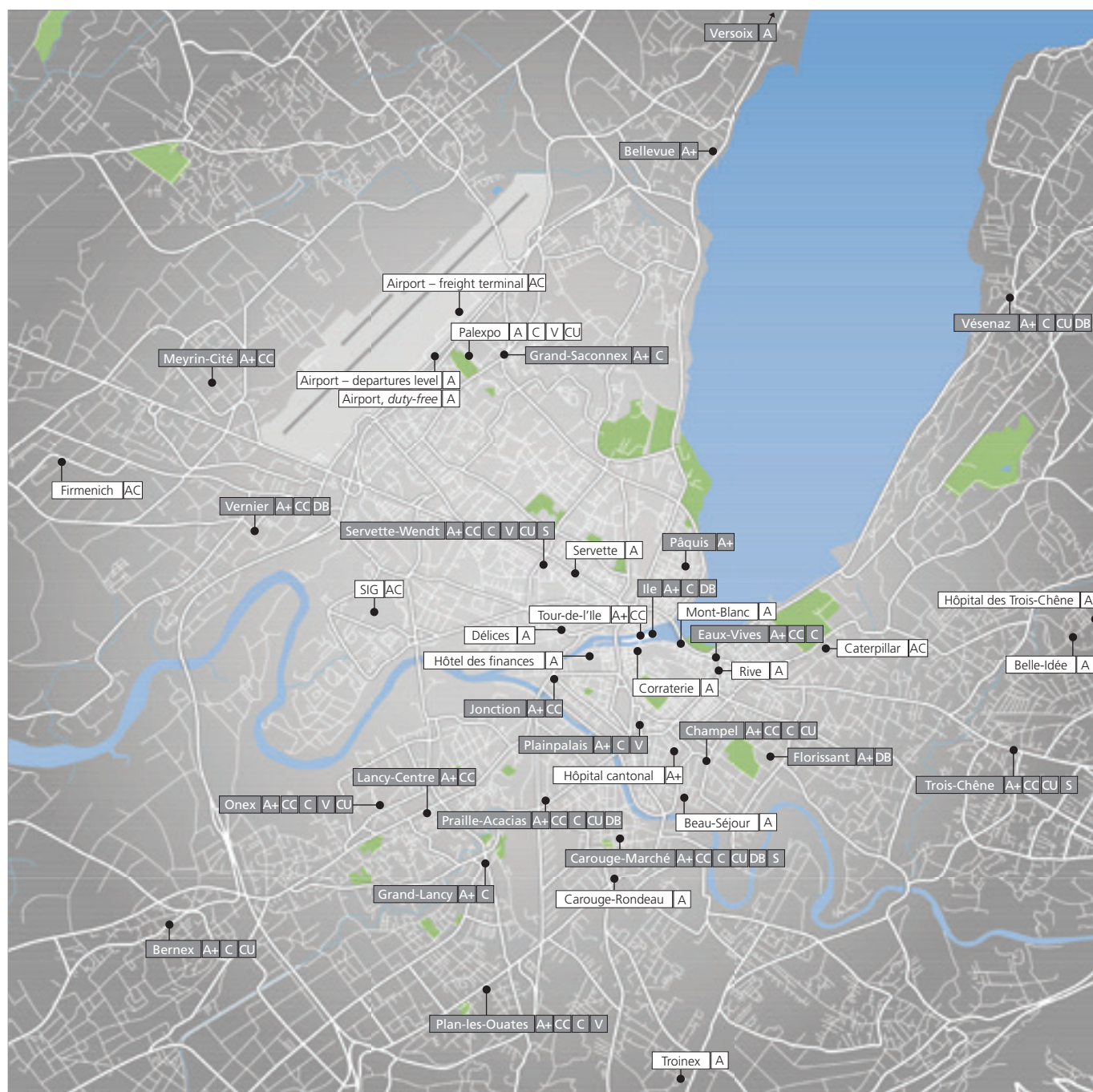
^V Member of Risk Committee

^{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 143 ATMs



- BCGE branch
- A ATM
- A+ ATM also enabling cash deposits in francs and euros
- AC In-company ATM, reserved for employees or authorised persons
- CC Cashcoin
- C Change machine
- V Deposit machine
- CU Currency conversion machine
- DB Deposit box
- S 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
Marie-José Molla**Champel**Avenue de Champel 45
Olivier Vota**Eaux-Vives**Rue Versonnex 13
Jean-Paul Cara**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'Ile 17
Pierrette Jatton-Klopfenstein**Jonction**Boulevard Saint-Georges 2
Eric Monney**Lancy-Centre**Route de Chancy 67
François Kirchhoff**Meyrin-Cité**Rue De-Livron 19
Stéphane Bonnin**Onex**Avenue du Gros-Chêne 14
Cécile Huber-Luquiens**Pâquis**Place de la Navigation 10
Michel Boven**Plainpalais**Rue de Carouge 22
Pierre-Olivier Vialla**Plan-les-Ouates**Place des Aviateurs 5
Jean-Luc Gruaz**Praille-Acacias**Route des Acacias 49
François Kirchhoff (a.i.)**Servette-Wendt**Avenue Wendt 54
Alexandre Scala**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
David Bottoli (a.i.)**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 24**Palexpo** – Palais des Expositions**Tour-de-l'Île** – Rue de la Tour-de-l'Île**STAND-ALONE ATMs****Airport – duty free****Airport – freight terminal****Airport – departures level****Beau-Séjour Hospital**

Avenue de Beau-Séjour 26

Belle-Idée Hospital

Chemin du Petit-Bel-Air 2

Caterpillar

Route de Frontenex 76

Firmenich

Route de la Bergère 7

Geneva Utility (SIG)

Chemin du Château-Bloch 2

Mont-Blanc parking garage**Rive**

Boulevard Helvétique 27

Rue de la Servette 59**Tax Administration**

Rue du Stand 26

Troinex Town Hall

Chemin de la Grand-Cour 2

Trois-Chêne Hospital

Chemin du Pont-Bochet 3



 **BCGE**

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





SAVINGS

AN ADDRESS FOR SECURE DEPOSITS
SAVINGS SOLUTIONS
INVESTMENT FUNDS
LOYALTY BONUS PROGRAMME



BCGE

A SECURE BANK FOR DEPOSITS

Economic reflections

Growth of Geneva's economy

At +2.4%¹, the canton's GDP growth should have been slightly higher than Swiss GDP growth in real terms in 2013. This difference is the result of the stronger economic performance of Geneva's economy. Despite this, overall economic growth was far from being reflected in all business sectors. In several sectors, the change in the economic situation observed in 2013 was not positive. The following summary on pages 24 to 27 is taken from the *Supplément annuel des Reflets conjoncturels* of March 2014, published by the Cantonal Statistical Office (OCSTAT).

Population

In 2013, the resident population of the Canton of Geneva grew by 5,494 people, i.e. 1.2% more in a year. The population numbered 476,006 inhabitants at the end of the year. This growth, higher than that recorded in 2011 and 2012, was similar to the high growth seen in 2008 to 2010.

In 2013, the population increase is mainly explained by immigration. The migratory inflow (difference between the number of people arriving and those leaving) was 68%. The remaining 32% was due to the natural increase (difference between births and deaths).

Exports

In 2013, the total value of international exports from the Canton of Geneva amounted to CHF 16.8 billion (excluding precious metals, gemstones, works of art and antiquities). Over a year, the increase was 4.7%. Since 2010, the total value of exports has continuously increased, reaching a new peak each year. Their value increased by a quarter (up CHF 3.3 billion) from 2010 to 2013.

Export growth accelerated in the course of the year, except over the quieter summer period.

Three types of goods alone accounted for over 90% of the canton's total exports in 2013: watch-making (45%), jewellery (33%) and chemicals (13%). Jewellery was the main driver of Geneva's foreign trade (+15.5% in a year), as it was the previous year. Growth in watch-industry exports was modest in 2013 (+1.8%), but with a clear upward trend emerging in the second half of the year. They reached a historic high of CHF 7.6 billion in 2013. As for chemicals exports, they continued the decline started in 2011, falling 7.2% in a year.

Unlike the situation seen in the canton, for Switzerland as a whole exports increased only slightly compared with 2012 (+0.3%). At CHF 201.2 billion, this was nonetheless a new record amount for Switzerland's foreign trade.

Imports

The value of the Canton of Geneva's imports grew by 6.1% in 2013, reaching CHF 10.9 billion (excluding precious metals, gemstones, works of art and antiquities), exceeding the previous peak achieved in 2012.

Groups of goods experienced mixed results in 2013: commodities and semi-finished products: +3.7%; energy products: -14.0%; capital goods: -0.9%; consumer durables (which alone represented 70% of Geneva's total imports in 2013): +8.9%.

At a national level, imports stagnated (+0.3%), reaching CHF 177.3 billion, i.e. a considerably lower level than the 2008 peak.

Industrial companies

For Geneva's industrial companies, business activity remained disappointing throughout 2013. The situation appeared to improve slightly in the course of the year. Order intake, order books and output fluctuated considerably. At a national level, the situation was slightly better but was deemed barely satisfactory.

Financial services

In 2013, the business situation for financial services in Geneva was slightly better than in 2012. However, Geneva's financiers considered it to be unsatisfactory nonetheless. Demand for services and the profit situation improved during the first half of the year but then deteriorated. The competitive position, however, improved in the second half of the year. The international climate, particularly in terms of threats to banking confidentiality, definitely penalised assessments by Geneva's bankers.

On a national scale, the level of business, which was already pleasing in 2012, further improved in 2013, benefiting from the sharp increase of stock market indices in particular.

Hotels

The number of overnight stays in Geneva hotels increased in 2013 (+2.5%). They totalled 2.9 million. This increase involved both foreign guests, representing 81% of total overnight stays, and Swiss guests (+2.7% and +1.9% respectively).

After a decline at the beginning of the year, there was continuous growth in overnight stays against the same month of the previous year. Despite the increase in visitor numbers, the hoteliers' turnover and profit situation struggled to achieve renewed growth.

For Switzerland as a whole, the increase in overnight stays is identical to that observed in the canton (+2.5%). The Zurich region, with a similar type of tourism to that of the Canton of Geneva, registered an increase of 2.8%.

Construction

In 2013, the business situation for construction companies was considered by industry professionals to be poor, despite a spike during the summer months. As for finishing work, entrepreneurs in this sector were satisfied with levels of business, particularly in the second half of the year.

In 2013, 295 new buildings were constructed in the Canton of Geneva, i.e. 18 fewer than in 2012. In terms of volume, this decline was far greater, with nearly half the cubic metres in less than a year. The number of new buildings started in 2013 reached a historic low.

Housing and non-residential premises

Taking into account housing units built, renovated and demolished, the net increase in housing units totalled 1,345 in 2013. While the drop was 27% compared with 2012, this total figure is of the same order of magnitude as the average for the last 10 years (1,360 housing units).

The decline was sharper in the number of new housing units started (-36%). At 1,249 units, this was the lowest total since 2009.

Earlier in the construction process, the number of housing units awarded permits fell (-3% compared with 2012; 1,615 housing units in 2013), whereas the number of housing units planned in applications increased (+8%; 2,360 housing units).

As regards buildings intended for business purposes, the newly built square metre total in 2013 (120,000 m²) increased by 29% compared with 2012, a particularly fruitful year.

Property services

Throughout 2013, property management and development professionals were particularly satisfied with their levels of business. The same did not apply to brokerage, where the business situation has been deteriorating since the end of 2011.

In 2013, the number of property transactions completed continued to fall, reaching particularly low levels. The overall amount of these transactions (CHF 4.1 billion) also fell compared with the three previous years.

Restaurants

Throughout 2013, Geneva's restaurant owners were clearly dissatisfied with their level of business, with both turnover and profits down.

Retail

The retail sector continued to fare poorly in 2013. Throughout the year, Geneva's retailers considered business levels to be bad. There were a few glimmers, however, at the end of the year. On average, over the full twelve months of 2013, the number of shoppers, volume of sales and turnover were all down.

Other services sub-sectors

In other services sub-sectors¹, which include a high number of businesses and jobs within the canton, the business situation was judged to be good for the first six months of the year. It deteriorated somewhat over the remainder of the year, while remaining satisfactory. Demand remained stable. Where profits were concerned, after deteriorating for the first three quarters of 2013, they stabilised towards the end of the year.

Employment

In the Canton of Geneva, employment continued the growth started in 2010 (manufacturing and services, excluding the international public sector and domestic services). However, its pace fell slightly: an annual average of +1.1% in 2013 against +1.3% in 2012. In manufacturing, which represents 15% of the total, jobs increased by 0.9% in 2013. In services (85% of the total), the increase was 1.1%. At the end of 2013, the canton had 289,900 jobs.

In Switzerland as a whole, the number of jobs increased by 1.4% in 2013 compared with +1.8% in 2012.

Foreign labour

In 2013, 22,078 foreign immigrants arrived in the canton. Foreign immigration increased by 10% compared with 2012. One third of foreign immigrants (7,165 people) entered the canton in order to work there. This proportion reached 52% where citizens of the 28 EU countries were concerned. In total, 8 out of 10 foreign immigrants are potentially active within the job market (aged 20-64).

The number of active cross-border workers remained high, reaching an annual average of 6.1% in 2013 against 5.8% in 2012. The increase slowed, however, towards the end of the year

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

The labour market

In 2013, the unemployment rate rose. On an average annual basis, it stood at 5.5%, i.e. 0.5 percentage points more than in 2012. All the same, the unemployment rate remained relatively stable throughout 2013, fluctuating between 5.3% and 5.6%. The introduction of the new Loi sur l'insertion et l'aide sociale individuelle (Employment Assistance and Individual Social Welfare Act) on 1 February 2012 makes some annual comparisons difficult.

In Switzerland, the increase in the unemployment rate was 0.3 points. This rate remained at an annual average of 3.2% in 2013.

In 2013, the number of people affected by redundancy declined by 17% on an annual average basis compared with 2012. After peaking in March, it took a downward turn until August, then remained at a low level for the remainder of the year. .

Aggregate earnings

For 2013 as a whole, aggregate earnings paid in the Canton of Geneva continued to rise at a pace similar to that of the two previous years. They grew by 3.4% over the year in nominal terms.

Measured in real terms, in other words deflated using the Geneva consumer price index, the increase in aggregate earnings also stood at 3.4% in 2013.

Consumer prices

In 2013, prices remained almost stable, with an average annual increase in prices of +0.1% (-0.4% in 2012).

This near stability resulted from numerous price increases and decreases of varying degrees. In general, the prices of services increased (+1.1% average annual change) and those of goods decreased (-1.4%; -1.8% for imported goods alone). This diverging change between goods and services was observed for the third consecutive year.

The most significant increases included property rent (+1.7% average annual change), food prices (+1.4%), restaurant prices (+1.1%) and public transport (+3.7%).

The main decreases included the price of medicines (-5.3%), clothing and shoes (-3.7%), new and second-hand cars (-2.6% and -7.5% respectively) and audiovisual, photographic and IT equipment (-7.1%). Prices also fell in the energy sector: -3.4% for electricity, -2.7% for domestic fuel and -1.6% for fuel.



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



COMPANIES

SMES, PROFESSIONALS
& PUBLIC AUTHORITIES
PRIVATE EQUITY & MBO
INTEREST-RATE, TREASURY & CURRENCY MANAGEMENT
MERGERS & ACQUISITIONS
REAL ESTATE & CONSTRUCTION



BCGE

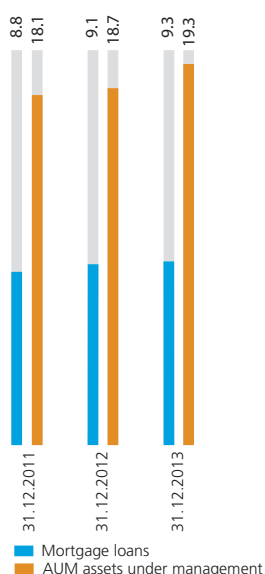
ACTING AS A PARTNER
TO THE REGIONAL ECONOMY

Business review 2013

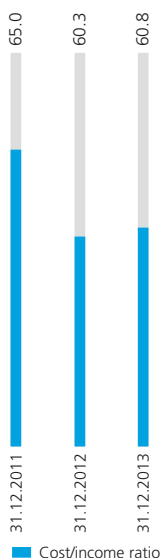
A successful year with strong profit growth

BCGE achieved very good results in 2013. Profitability, expressed as a net profit of over CHF 72 million, increased sharply (+8.9%). Competitiveness was demonstrated, particularly through two indicators: mortgages, which reached CHF 9.3 billion and assets managed and administered which increased to CHF 19.3 billion, i.e. an increase of over 3.2%. Productivity improved with a 2.2% reduction in operating costs. This result was achieved through planned savings and thanks to an efficient production model focused on subcontracting and cooperating with other banks. Shareholders' equity increased once again, to CHF 1.16 billion (+7.1%). Equity coverage (13.47%) and liquidity reserves are at excellent levels. The dividend proposed at the General Meeting was stable at 4.5% of par value. The level of profitability expected in 2014 is slightly higher than in 2013

Enhanced competitiveness in CHF billions



Cost/income ratio down en %



Key group figures for 2013 (in CHF 1,000)

	31.12.2013	31.12.2012	31.12.2011	Change 2013-2012
Total assets	16,619,020	16,472,650	15,870,964	0.9%
Mortgage loans	9,319,134	9,070,985	8,765,073	2.7%
Assets under management and administration	19,343,694	18,737,537	18,067,423	3.2%
Shareholders, equity	1,162,984	1,085,752	1,009,673	7.1%
Common equity tier 1 ratio (CET1)	11.60%	10.63%	9.72%	9.1%
Available regulatory capital ratio	13.47%	12.86%	12.17%	4.4%
Employees (full-time equivalents)	725	723	722	0.3%
Results				
Operating income	334,767	345,760	336,583	-3.2%
Operating costs	203,696	208,352	218,621	-2.2%
Gross profit	131,071	137,408	117,962	-4.6%
Intermediate profit	85,720	92,081	79,439	-6.9%
Net profit	72,961	67,008	63,119	8.9%
Returns				
ROE (return on equity)	6.4%	6.3%	6.4%	1.6%
Dividends	4.5%	4.5%	4.5%	-

Steady balance sheet growth

Total assets grew for the sixth consecutive year, reaching CHF 16.62 billion (+0.9%).

Record net profit

Profitability reached a historically high level. Profit of CHF 72.9 million, an increase of CHF 5.9 million (+8.9%) was achieved despite persistent low interest rates combined with cautious growth in lending. Gross profit, at CHF 131.1 million, down slightly, reflected this disciplined growth in lending. Intermediate profit (economic profit) remained at a high level: CHF 85.7 million (-6.9%). This profit was achieved in 2013 despite a great many challenges: the ongoing low interest-rate situation, refunds of trailer fees on investment mandates, costs of implementation and tax advances for the UK and Austria, preparing for the US programme, very tough regulatory requirements in terms of equity, further increased by the counter-cyclical buffer, plus an avalanche of various regulations requiring rapid changes in terms of processes and IT. BCGE's robust and diversified business model enabled it to absorb the substantial costs involved in these projects.

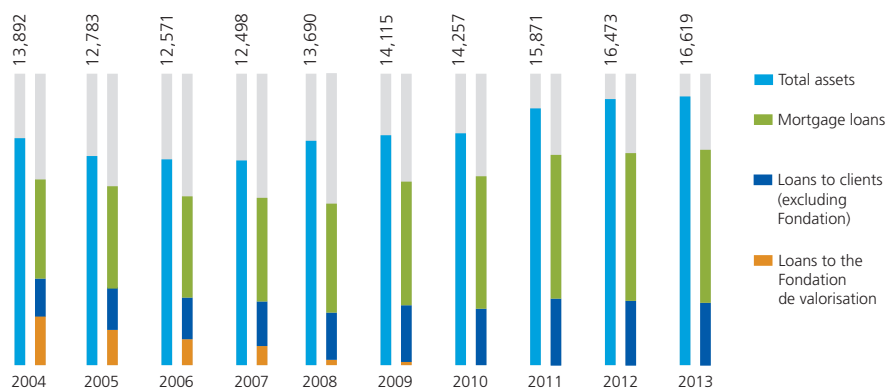
Well-balanced income

Thanks to their diversification, sources of income were able to withstand an environment which remained highly competitive. Interest margins were very well managed, reaching CHF 201.0 million (-2.1%). Commissions, at CHF 97.6 million (-6.1%) in wealth management and pensions were up and were down in global commodity finance in this instance. Trading operations (foreign exchange in particular) were up sharply (+11.8%).

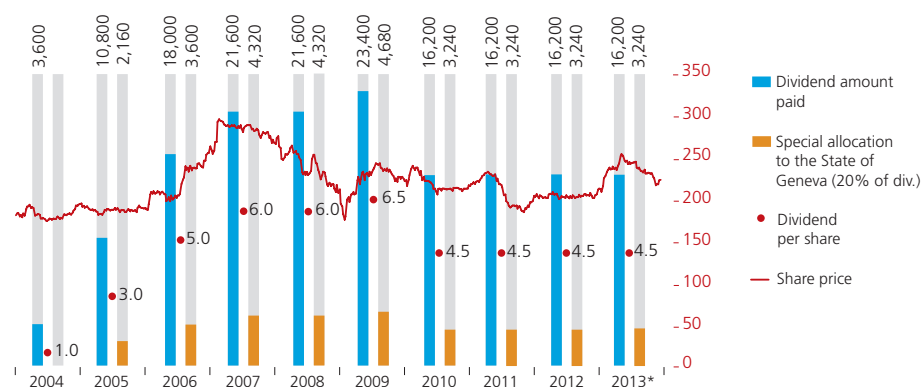
Increased contribution from the international sector

A significant proportion of turnover, i.e. 28%, was achieved in USD and EUR. This high proportion clearly reflected the international nature of Geneva's economy. It also showed that the Bank has adjusted well to this challenge thanks to its national and international infrastructure. This strategy of diversifying financial market activities and types of clients will enable the Bank to avert the obsolescence expected from a traditional regional bank business model over the longer term.

Change in the balance sheet
in CHF millions

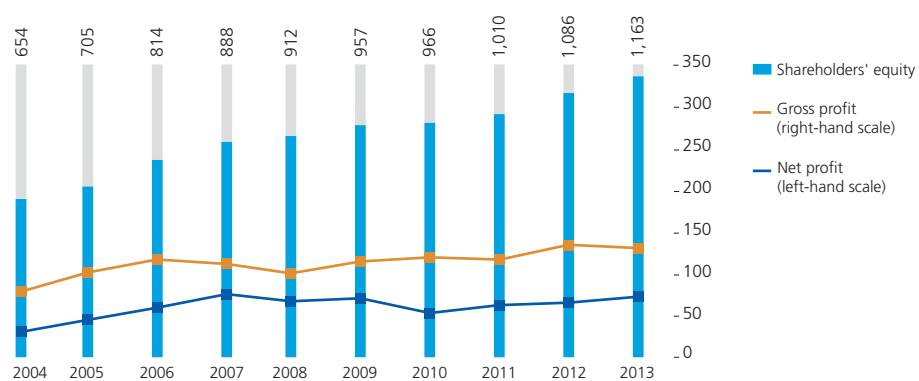


Changes in the dividend (in thousands), dividend amount paid, and BCGE share price
in CHF

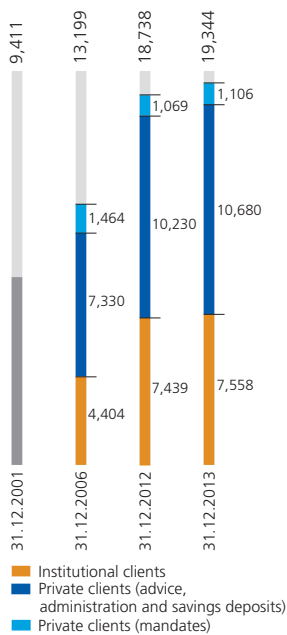


*Proposed dividend and special allocation to the State of Geneva

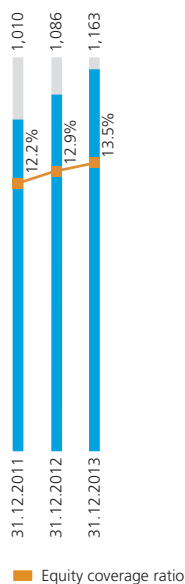
Change in profit and shareholders' equity
in CHF thousands



Assets under management increased by 3.2% in CHF millions



Equity coverage ratio of 13.5% in CHF millions



A stakeholder in Geneva's economic growth

BCGE plays a key role in financing Geneva's economy (half of all businesses are its clients). In 2013, loans to clients reached CHF 13.2 billion (+ CHF 162 million). Mortgage lending grew modestly (+2.7%), to CHF 248 million, in line with the spirit of new regulatory requirements, whereas loans to clients (excluding mortgages) varied only slightly at CHF 3.8 billion, the Bank giving priority to the quality of risk and margins.

Sharp increase in client deposits to CHF 11.7 billion

Clients appreciated the Bank's solid financial health, with deposits increasing by CHF 613 million (+5.5%). BCGE has implemented a robust refinancing procedure in order to be able to deal with financial market instability. The Bank's financial strength was reflected in its 54.7% coverage ratio of mortgages by savings. Savings benefited from the success of the BCGE Avantage service loyalty programme, which now numbers over 33,000 clients.

Interest income was maintained

Interest income was maintained at a satisfactory level, 1.36%, despite the interest-rate environment. This was close to the 2012 level (1.37%). Interest income was also restricted owing to modest asset growth (+0.9%), to CHF 16.6 billion.

Wide variation in commissions

Commission income on securities was stable overall at CHF 43 million. A pleasing increase in income from discretionary investment mandates from the private banking business was observed. Commission income from off-balance-sheet transactions, particularly in global commodity finance, fell on this occasion owing to a cautious attitude to risk and the effects of shareholder equity regulations. The Bank continued to step up its less equity-intensive activities in financial advice and asset management for private individuals and companies.

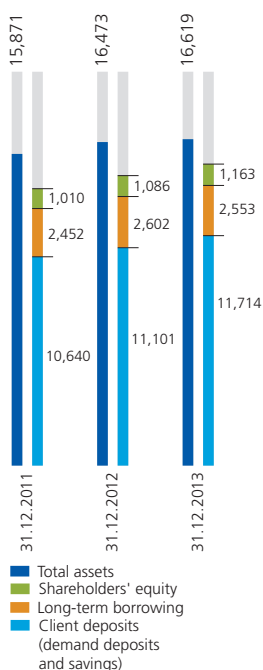
Growth of over CHF 600 million in funds managed and administered

Funds managed and administered reached CHF 19.3 billion, an increase of 3.2%, i.e. over CHF 600 million. Investment mandates and investment funds delivered outstanding performances. Procedures for international clients were adapted to changes in the environment. The private banking business firmly withstood the sector's structural changes, while institutional investment experienced continuous growth, reaching CHF 7.6 billion. BCGE 1816, the Bank's online trading facility, saw strong growth: 3,500 clients invested CHF 168 million through it.

Major cost reduction

Personnel costs fell by CHF 2.2 million (-1.8%) to CHF 120.9 million. Employee numbers were stable at 725 full-time equivalents. At the same time, other operating costs were also reduced, by CHF 2.4 million (-2.9%) to CHF 82.8 million, thanks in particular to reducing IT costs in terms of hosting and applications: the economy drives proved their worth. In parallel to this reduction in operating costs, the Bank continued to invest in training programmes, in new online technologies and in security infrastructure.

Client deposits
at CHF 11.7 billion
in CHF millions



A further increase in shareholders' equity (+7.1%)

Shareholders' equity increased by CHF 77 million, reaching CHF 1.16 billion. This increase forms part of a long-term trend: since 2005, it has risen by CHF 458 million. As a result, the consolidated equity coverage ratio increased from 12.86% to 13.47%, well above the standard level for category III banks (12%). The common equity tier 1 ratio (CET1) reached 11.60%. Fairly high use of shareholders' equity reflected strong balance-sheet growth since 2006 (+ CHF 4 billion). The Standard & Poor's rating of A+/A-1/Stable was confirmed in February 2014.

An expanding shareholder base

At 31 December 2013, the Bank had 12,673 shareholders, including public authorities, institutional investors, pension funds and investment funds, of which 12,328 were private individuals. This means 851 additional private shareholders were added to this group in 2013. At the end of 2013, 84% of the shareholders held 1 to 25 shares. 651 BCGE employees, i.e. 83%, were shareholders holding 67,140 shares, representing 1.9% of the Bank's share capital.

A stable dividend

A dividend of 4.5% of par value will be proposed at the General Meeting. In this way, CHF 16.2 million will be distributed to public, institutional and private shareholders.

Better stock-market performance by listed cantonal banks in 2013

The BCGE share rose by CHF 18.30 in 12 months, i.e. 1 gain of 8.8%; this enabled it to record the biggest increase out of all listed cantonal banks in 2013. The BCGE share's potential ability to close the gap between the stock market price (CHF 225.30) and its book value (CHF 329) remains high. Market capitalisation (CHF 811 million) represents 69.7% of shareholders' equity.

Strategic priorities for 2014

The Bank has set five strategic priority areas for the current year:

- to be the core partner for the regional and corporate economy,
- to target selective growth in mortgage finance,
- to pursue targeted growth in private banking in Switzerland and internationally,
- to achieve growth in asset management and investments,
- to improve operational productivity.

Outlook for 2014

The Bank intends to pursue the development of its business despite the uncertain international financial context. It is relying on the diverse nature of its skills and the alignment of its business model with Geneva's economy. Business growth and customer confidence confirm the BCGE's positive strategic positioning. The Bank's financial soundness, as demonstrated by its rating, makes it a secure and stable place for client deposits. 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 and the counter-cyclical buffer. The Bank will step up development of business areas that are less equity-intensive (private banking, asset management, funds, mergers and acquisitions, and financial engineering consultancy). The estimated level of profitability for 2014 is higher than that for 2013.



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INTERNATIONAL MARKETS

FOREIGN EXCHANGE & TREASURY
SECURITIES ADVICE & TRANSACTIONS
E-BROKERAGE 1816
FINANCIAL ENGINEERING
ASSET MANAGEMENT



BCGE

LISTED ON THE SWISS STOCK EXCHANGE

Key facts of 2013

Private clients

The branch network: real bankers close to their clients

BCGE possesses a geographically dense branch network capable of providing a vast range of financial services and advice to clients at a very local level. Almost half of the canton's inhabitants are clients of the Bank. Market surveys rank it as one of the banks which are most highly appreciated by clients of all ages and all occupations. It has enhanced its netbanking system to further improve performance and has developed a fully operational online banking facility. In 2013, over 12,000 new clients joined BCGE and the number of services which they use is constantly increasing. Mortgage lending to private clients reached CHF 3.3 billion. The significant increase in the number of client consultations has increased the closeness and quality of these relationships. Over 32,000 people now benefit from the BCGE Avantage service loyalty programme, an increase of 0.9% over the year. In order to meet its clients' needs, BCGE continued its innovation drive and broadened its services offering, thanks in particular to advances in technology and a great many innovations.

Savings growth confirms model is sound

The Bank is very competitive on deposits and savings. The strength of its balance sheet was once again demonstrated in 2013 by Standard & Poor's confirming its A+/A-1/Stable rating. Reliable performance by BCGE products is acknowledged by clients, with deposits increasing by CHF 303 million in 2013 to reach CHF 9.7 billion (up 3.2% compared with 31 December 2012). This pleasing increase occurred just as competition in Geneva's financial marketplace further intensified, particularly with the highly publicised return of the major banks to the Swiss market.

Rise in number of payment cards in circulation

Payment cards saw sharp growth: 29% year-on-year, as did Maestro debit cards (+6.1%). In order to protect our clients against frauds of the skimming type, a geo-blocking system enables them to block 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.

Increased contact with clients

The number of client consultations increased sharply in 2013, to nearly 63,000 (up 15.6% compared with 2012). This positive change reflects the crucial role played by advisers in understanding clients' needs. Every client should be able to state: *I know my banker*. Bank branches remain the main channel to ensure close local contacts with clients, supplemented by the Internet or mobile telephony-based offerings. Advisers are able to cover wide areas of expertise, ranging from cash management solutions, to investments, not forgetting savings, pension planning and loans. Their primary objective is to support clients in protecting and developing their capital by means of frequent exchanges and by targeting quality over the long term.

Mortgage lending to private clients is growing

BCGE Simplissimmo 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 3.3 billion in outstanding loans and recorded an increase in 2013. 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 Simplissimmo product. Other lending products increased to satisfactory levels, particularly consumer loans.

Increased equipment levels and frequency of use of everyday services

The BCGE Netbanking online transaction facility is a central component of everyday banking services, and the "use" of BCGE via the internet is undergoing ceaseless expansion. This simple, fast and economical service attracts increasing numbers of clients each year. Over 55,000 clients connect each month to view their accounts, while 96,000 (cumulative figure) have applied for access to this service (6.6% growth year-on-year). More than 5.3 million transactions were carried out in 2013, a 10% increase in regular users compared with the previous year. 2014 will see a further boost in this area with the implementation of a new mobile banking facility.

Creation of the Online Banking department

Serving clients through a variety of complementary channels is fundamental, offering greater flexibility, additional services and wider availability. Clients like to be able to act independently while obtaining support from advisers. The aim of the Online Banking department, created on 1 April 2013, is specifically to simplify and facilitate the processing of external requests and to improve, and indeed accelerate, information flows passing through BCGE's electronic and telephony channels. In 2013, 203,000 customer calls were handled by this organisation, as were 37,000 electronic messages.

Increased security

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 on their mobile telephone. 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 or financial information, such as exchange rates, ATM locations or bank opening hours, news items and the Bank's products or services.

Spectacular growth in deposits handled by the e-brokerage platform

The BCGE 1816 E-brokerage platform underwent a major enhancement in 2013 and more than 3,500 deposits were made, an increase of nearly 200%. BCGE1816 widened its offering to now include access to the Tokyo, Singapore and Australian stock markets and to a range of the Bank's investment funds. BCGE 1816 is a very economical solution, with a simple, user-friendly interface. It enables clients to trade online reliably with a trusted bank. Combined with the electronic payments system, it constitutes a fully fledged 'cockpit'.

Ergonomic ATMs available throughout the canton

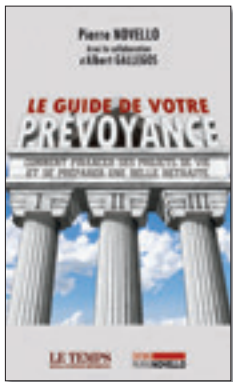
As of 31 December 2013, the number of ATMs totalled 143. The ATMs located throughout the canton, which are available 24 hours a day, provide all the most popular services (withdrawals and deposits). BCGE clients, but also – for certain transactions – non-clients, can make CHF and EUR withdrawals and deposits, and make foreign exchange and change-machine transactions in a secure environment which is easy-to-use and features attractive charges. Clients thus have free access to the largest national ATM network, through ATMs belonging to member banks of the Union of Swiss Cantonal Banks.

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 (64 agreements with companies in 2013, of which 19 also work with the BCGE branch in German-speaking Switzerland, and three with the BCGE branch in Lausanne). Several thousand clients are members of this community and are advised by BCGE's Swiss branches.

The long term over the entire life-cycle

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



match with client requirements. *Le Guide de votre prévoyance*, (Your Pension Guide) published in June 2012, is available in a fully updated version and as an e-book as of 2013. This publication, which describes in simple, practical terms “how to finance your personal projects and prepare for a great retirement”, was written by Pierre Novello, an independent journalist and author of successful financial guides, in conjunction with Albert Gallegos, head of Financial Planning & Pensions at BCGE. In parallel to valuations carried out by this department, the Bank’s other advisers also provide many financial check-ups, enabling clients to ensure that their overall financial situation is aligned with their financial objectives.

A bank for 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. Half of the companies in Geneva benefit from support from BCGE, making it a partner to over 10,500 companies. The closeness of its service, and the responsiveness of its local decision-making centre have enabled it to provide CHF 470 million in financing for the region’s small businesses and self-employed. This financing enables them either to invest or to meet their companies’ working capital requirements. The SME and Self-employed Financing unit has also provided CHF 31 million in business leases for its clients’ capital goods and vehicle fleets.

Private banking at the service of Geneva’s inhabitants

The BCGE Private Banking (Swiss Clients) department 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 Geneva, regional and Swiss clients.

Growth in the BCGE Avantage service bonus scheme

Clients who benefit from the BCGE Avantage service obtain a better return on savings (up to 2% higher than the basic rate). The bonus is paid to more than 32,000 clients, rewarding users’ loyalty.

Increased number of Epargne 3 accounts

The number of new Epargne 3 accounts grew by 0.9%. This excellent performance confirms BCGE’s role as the leading savings player in the region. The transferable pension-fund foundation also experienced a pleasing increase of 3.4%.

Innovation: launch of an investment-fund-based savings plan

Based on its clear position as the leading retail bank, particularly in terms of savings inflows, BCGE has created a new product called BCGE Plan d’épargne fonds. This product meets the needs of savers wishing to start saving by investing regularly through a monthly account which is then synthetically converted and invested in investment fund units.

Key facts of 2013

Corporate Banking

A strong ongoing commitment to companies and entrepreneurs

The value of outstanding loans granted by the Corporate Banking and Institutional Clients division, mainly to companies in Geneva and in Switzerland, further increased by 5% in line with the economic upturn. Lending activity was conducted in an economic and rate context demanding strict monitoring of levels of risk and specific attention to protecting margins.

Rather than sharply increasing it, companies are seeking to optimise their financing

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 in 2014, the desire to invest still remains at a modest level.

Property prices stable at historically high levels

Despite some slight declines, the prices of buildings, flats and houses in Geneva remained at high levels in 2013, wholly linked to low interest rates. Rates remained low on a historical basis, despite having risen. Construction prices increased slightly, particularly owing to the increasing number of new condominiums located in development zones and improvements in construction quality. Changes in the canton's property market were uneven. The number of transactions declined year-on-year in respect of condominiums and for detached houses; the number of new buildings under construction was down slightly on an annual basis. On the other hand, the number of housing units resulting from conversions (loft conversions or increased building roof height) increased compared with 2012. Against this backdrop, BCGE remained true to its selective growth strategy targeting the long term. The Bank was able to increase business mortgage lending, while ensuring that risks were kept at the lowest possible level.

Providing entrepreneurs with full support for their strategic decisions

The Bank provides its business clients with advice and full financial support specific to each case: whether by way of merger and acquisition advice or equity financing (or pseudo-equity financing), through its Capital Transmission subsidiary, BCGE provides support to the shareholders throughout their companies' life-cycle. Working closely with entrepreneurs, BCGE Corporate Finance carried out several mergers and acquisitions in 2013. Support from BCGE's specialists enables business leaders to ensure the longevity of companies created several decades ago.

A new department to offer institutional clients a high-quality service

A new Institutional Investors department was created on 1 January 2013. Its mission is to provide all of the Bank's asset management expertise to institutional clients which may, for instance, involve pension funds, trusts, family offices or corporately managed assets. Its work takes the form of global or sectoral investment mandates, active investment mandates (balanced – Finest of – or specialised) or index investment mandates. The department also offers financial advisory services. This entity is also tasked with promoting the BCGE range of investment funds to institutional clients, bringing together a variety of expertise, including index-based management, investment in Swiss small and mid-cap companies or using a fundamental type approach to Swiss equities. A financial engineering service, through the Club CFO, provides advice in areas such as managing currency risk and cash-flow optimisation.

A department dedicated to leaders

The Personal Finance department provides high-quality financial services to leaders in the worlds of business and politics. Whatever the level of assets or complexity of their needs, Personal Finance provides full 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 over 9% in 2013.



Alain Bochet,
member of
the Supervisory Board
of BCGE (France).



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



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

Management in all its forms the focal point of several seminars

The eleventh series of BCGE seminars entitled "L'essentiel de la finance" ("The Essentials of Finance"), was held in Geneva in early September 2013. Six "academies" met, gathering nearly 500 participants. Management in all its forms was the subject of several talks and debates: real estate management in Swiss pension funds, management of urbanisation related to economic and demographic change and, lastly, management of conflict.

A financial player at the service of a regional economy including two different territories

BCGE provides support for the prosperity of Geneva and its region; Geneva's economy stretches beyond the narrow confines of its territory, and so BCGE takes an all-embracing approach – it has been established in Lyon since 1993. The 47 employees of the French subsidiary, BCGE (France), place their skills and endeavours at the disposal of a demanding client base.

Geneva is a meeting place which goes far beyond the framework of its geographical limits. Every day, over 60,000 people cross the border to come and work there. It is therefore natural that BCGE should be in contact with these clients, international organisations, multinationals, cross-border workers, expatriates or, the reverse, Swiss nationals wishing to invest or set up a company in France. In addition to its French subsidiary, BCGE relies on a specific department for this market. Based at the Bank's headquarters, it is dedicated to developing cross-border business through both private and corporate financing. In a constantly-changing environment, in which a full range of expertise is needed to optimise a project, BCGE is acknowledged to be a partner which can provide solutions through its know-how, expertise and a team of specialists which comes from the French and Swiss banking sectors. BCGE is an active player in both territories through its in-depth knowledge of the economic fabric of Geneva, Lyon and Paris thanks to its BCGE France subsidiary.

A record result for BCGE France

In an environment noteworthy for the slowdown in the property market and a very low level of corporate investment, the French subsidiary nonetheless succeeded in increasing the value of its outstanding loans while also preparing to take on board the new Basle III regulations. With regard to its business with French real estate companies, the Bank finalised and implemented, as lead transaction manager, a significant loan in connection with the Tour Incity project in Lyon Part-Dieu, the city's tallest future skyscraper, which will be used as office space. As for loans to SMEs, the slowdown observed in 2012 continued in 2013 with few major new investment or business transfer projects. Against a gloomy backdrop, private banking activity remained stable, with uncertainty regarding the French economic situation creating an unfavourable climate for investment. This growth in income, combined with good cost control, enabled BCGE (France) to achieve the best result since it was founded, i.e. EUR 3.4 million. The French subsidiary benefits from the support of the parent company in the area of refinancing.

A new direction for BCGE France

Alain Bochet, Chief Executive Officer of BCGE (France), having announced his retirement, Eric Wesse, a member of the Board, succeeded him at the head of the French subsidiary on 1 January 2013. The Supervisory Board of BCGE (France) now has seven members. The chairman is Blaise Goetschin (see page 80) supported by vice-chairman Eric Bourgeaux (see page 81). The other five members are Constantino Cancela, Georges Canto, Manuel Riera, Alain Bochet, former Chairman of the Board of Directors of the Bank, who joined the Board on 4 October 2013, and the Banque Cantonale de Genève, represented by Claude Bagnoud (see page 81). The Board comprises four members: Eric Wesse, Chairman, Alain Besse, Business Development Director, Marie-Claude Boulmier, Administration and Finance Director, and Christian Stampfli, Company Secretary.

Key facts of 2013

Public Entities

New lines of credit confirm its role as a faithful partner to municipalities and public authorities

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

Increased lending for public-sector projects

BCGE successfully pursued its business with the canton's public authorities, in particular financing a large number of public-sector projects with a total value of loans outstanding of CHF 2.6 billion, an increase of 3.5%. This increase came mainly from additional lines of credit. At the same time, property projects financed by BCGE entered a more active phase, with significant funds being granted to clients. As of 31 December 2013, total loans outstanding granted to public authorities were broken down as follows: approximately 30% were for Geneva's municipalities and their municipal trusts, with an equivalent amount allocated to public property trusts. The balance was distributed, inter alia, to the State of Geneva and its satellite entities which, together with the State, amounted to nearly 20% of the total. For instance, in 2013, the Bank supported a municipal property trust in the context of acquiring one of the last remaining large building plots in its municipality, covering a surface area of 28,000m², for the purpose of building housing units.

Helping public entities optimise their finances

BCGE is the preferred partner of the major utilities, the municipalities and cantonal and municipal public property trusts thanks to solutions which are highly adapted to public finance requirements. The Bank 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

Despite a highly competitive market, 2013 saw the Swiss Public Finance Solutions (SPFS) subsidiary continuing the consolidation of the Swiss public sector finance business, a tangible sign of the continued need for BCGE's presence in support of public authorities throughout Switzerland. In 2013, the Lake Geneva area was the main focus of business. Whether for the municipalities, the State or the major utilities, BCGE provides optimum solutions (consultancy and financing) for Geneva's public entities. Through Swiss Public Finance Solutions, it also makes its specialised skills available to other Swiss public authorities.

Key facts of 2013

International A strengthened position

42

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. The professionalism of these highly specialised teams and the constant search for the most effective organisation – adapting highly responsively to fast-changing regulatory and macro-economic contexts – are decisive factors for the managed, targeted and profitable growth of a client base frequently approached by competitors.

International private banking well-prepared for regulatory change

This business unit brings together all private banking activities of an international nature, with the exception of those managed by BCGE (France). Its primary mission is to serve international clients who, to a varying extent, have a family or business relationship involving Geneva.

In 2013, despite a difficult context – noteworthy for the rapid, in-depth changes in the regulatory environment and for more complex market conditions – the International Private Banking unit achieved growth in assets under management thanks to its targeted strategy.

As a reputable business bank, BCGE enjoys an excellent image with entrepreneurs and their families. By capitalising on the Bank's network of contacts, on its image in the business world and also on its Swiss and international organisation, this team of top-grade specialists has been able to boost international private banking activity in strict compliance with regulatory requirements.

Effective cooperation with specialists in the Global Commodity Finance business unit (with their extensive knowledge of emerging markets and operators) continued in 2013 and enabled the pursuit of continued business growth.

Performance and growth in income

Carefully planned actions were also taken in order to boost specialised skills by deploying or recruiting asset managers specialised in emerging markets. The teams work closer than ever together. Geographical competence centres defined in 2013 have promoted effective, immediate interaction between asset managers and the risk prevention unit. They have also enabled cost rationalisation, particularly for costs resulting from adapting to new regulatory standards.

2013 was noteworthy for the very good performance by assets invested, an excellent track record for the mandates and, as a result, true customer loyalty to BCGE products. The 2013 financial year showed positive performance and income, despite the impact and costs intrinsically linked to the new regulatory and fiscal context.

Dubai and Hong Kong, aspects of further global growth

The representative offices established by BCGE in Dubai and Hong Kong are small but vital organisations working in support of all BCGE's international business lines serving local and international clients. They embody BCGE's increasingly significant presence in these very high-growth markets.

Lausanne and Zurich, serving foreign clients resident in Switzerland

Both the Lausanne and the Zurich branches are continuing to pursue their objective of developing their Swiss and international onshore client base with private banking potential and, on an ancillary basis, to develop their existing offshore client base in compliance with the new regulatory requirements. This onshore deployment is also based on the business partner programme conducted throughout Switzerland; this refers to a product offering, preferential charges and high-quality services for selected partner companies. The promising results achieved in 2013 have resulted in further enhancing the original scheme.

Global Commodity Finance: optimisation based on a selective, dynamic business policy

Through its Global Commodity Finance business unit, BCGE has been active for nearly 15 years in financing the international commodity trade, primarily in the energy field but also in metals (both ferrous and non-ferrous) and in soft commodities, with finance destined mainly for Asia and Eastern European countries and, to a lesser extent, the African continent. It has around 100 clients or groups of clients which are mainly based in Switzerland.

Since 2011, the global commodity trade has undergone, both in Geneva and in most financial centres, a tightening of regulatory and prudential requirements in the context of procedures which are frequently amended or supplemented. With the aim of economising shareholders' equity, BCGE pursued a commercial policy in 2013 which led its business unit to adopt a systematic approach based on optimising the cost/income ratio. This strategic choice led to a highly selective policy in terms of customer segmentation and a clear priority in favour of companies working in the energy field (with the benefit of an excellent track record and giving precedence to off-balance-sheet transactions, which are less equity-intensive). Its client base therefore consists of the major names in this sector but also medium-sized players dealing in specific "niches", provided that the latter meet the Bank's strict selection criteria.

By applying this commercial policy, income generated by the Global Commodity Finance business unit decreased in 2013. Through very good management of risks, the results for this business were excellent nonetheless.

A broader range of products

With the exception of shipping finance, BCGE offers the complete range of commodity trade finance products: short-term bilateral funding, structured loans and banking counterparty risks.

2013 was noteworthy for the introduction of new high-end products which will enable income growth and boost BCGE's positive positioning in the global commodities market.

Increased operational risk monitoring and management

2013 was also a year of innovation in the areas of managing and monitoring operating risks (intrinsically linked to financing the global commodity finance business). In the course of 2013, a new system for analysing and monitoring financing, specifically developed and adapted for this business, was launched. The previous system was replaced by a more automated system enabling information to be added automatically and used interactively. In addition, an analysis of the environmental, social and governance (ESG) type was introduced when analysing credit risks. In a context of increased sensitivity to these aspects in the global commodity trade sector, this approach supplements traditional risk criteria and ensures greater transparency in the decision-making process.

Targeted banking relationships and synergies for our clients' benefit

The International Banks and Institutions business unit is a highly internationally-focused entity. More than 600 banks worldwide (including over 420 in 50 emerging countries in Asia, the Middle East, Africa and South America) conduct a business relationship with BCGE through this unit. The difficult economic environment which the OECD countries, in particular, have had to face has necessitated more intensive monitoring of counterparties. In parallel, the evolving political context experienced by certain emerging countries has required increased responsiveness. In 2013, this business unit contributed especially to the BCGE's international business results through targeted selection of banking counterparties and proven know-how. The coordinating role of this team and the synergies developed with BCGE's various business lines – particularly with the Global Commodity Finance business unit and the Trading Room – enable it to offer the best solutions to clients' requirements. The Banks and International Institutions business unit is the reflection of the international nature of Geneva whose influence extends beyond its borders; accordingly, it makes a significant contribution to the Bank's international role.

A new credit rating system

The Global strategy and business support unit with its team of dedicated specialists provides cross-departmental support functions for the International Clients division's three business activities. With the aim of providing quality of service to clients and cost optimisation, it combines 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. 2013 was noteworthy for the implementation of an innovative credit rating system in support of bilateral credit facilities granted to the Global Commodity Finance business unit's business clients. This new credit rating system provides BCGE's decision-making bodies with greater visibility in terms of risk, as it enables them to combine financial ratings based on standard ratios, an analysis based on criteria connected with its clients' corporate governance and an assessment of the transaction risk resulting from the granting of the loans.

Key facts of 2013

Finance, risk management and asset management
BCGE investment funds exceed the billion franc mark

The Bank's investment strategy, with its focus on equities, has generated excellent absolute and relative performance, leading to a 3.2% increase in assets under management and administered. 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.

Flexibility and rigour

In a banking environment undergoing major changes, the Bank demonstrated its ability to prepare carefully for the new challenges of increasing regulation in the banking sector. Rates remained low in 2013, underlining the significance of mechanisms to preserve income and to actively manage the balance sheet and cash as the main pillars of the Bank's sound financial health.

The creation of the Compliance and International Taxation departments out of the Risk Control department illustrate the scale and diversity of the sources of risk which the Bank must face. In conjunction with the front-office units, these departments worked in particular in areas connected with international clients (implementation of the Lisint agreements, work to analyse and prepare for the US Justice Department programme).

BCGE, lead transaction manager for three bond issues

The Trading Room's business was buoyant, with good results. It continued to expand its client base (international trade clients, other corporate clients, Swiss and international institutional investors, and access to private clients by means of the BCGE 1816 e-brokerage platform). As a lead transaction manager, the Bank participated in three bond issues for the Canton and the City of Geneva, enhancing its image as a recognised team on Swiss capital markets. Thanks to significant sales efforts the number of clients continued to grow. Despite the decline in activity observed in the marketplace, the Trading Room generally maintained or even increased its volumes.

A business unit with multiple areas 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 (analysing the economic situation, establishing economic forecasts and researching 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.

Serving clients through an open architecture

Financial Analysis 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 wide diversification in terms of style and manager. The aim is to identify the managers who are effective, equipped with well-grounded convictions, and who act with consistency over time.

A prestigious award received every year for the last 12 years

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 2013, 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 twelfth consecutive year.

Luxembourg umbrella fund authorised by FINMA

In 2013, an umbrella investment fund managed by the Bank and domiciled in Luxembourg was approved for distribution in Switzerland. This umbrella fund, BCGE Synchrony (LU) Funds, currently offers six profiles, four of which are open to all investors. These six profiles have also been approved in France and four of them have been approved in Spain. In addition, an overhaul of the regulations for Swiss funds was conducted and all of the range has been standardised; all BCGE funds now bear the Synchrony name. The Bank now has a platform of 49 classes of high-performance funds adapted to both Swiss and European markets.

Over the years, BCGE's range of investment funds has been significantly extended and the assets managed using these instruments have grown. BCGE's "in-house" funds totalled over CHF 1 billion at the end of 2013 (CHF 756 million as of 31 December 2012).

Some funds achieved outstanding performances. This was the case for Swiss equity, European equity and emerging market equity vehicles, with a particularly high achievement by the BCGE Synchrony Small & Mid Caps CH sustainable fund (which outperformed its benchmark by over 7%, with a performance of 34.8%).

A convincing investment philosophy

In terms of investment funds and institutional mandates combined, assets under management grew 19%, standing at CHF 3 billion at the end of the year. All 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 2013

Organisation, IT and Operations Delivering high-quality services

The Bank has increased the performance of its main IT platform, Finnova. In practice, management of pension plans has been optimised, access to information by customer care staff has been simplified and the administrative process for granting loans has been improved. In close alignment with changing customer habits, the mobile banking platform will be delivered in 2014 as will new authentication methods for accessing BCGE Netbanking. From a physical security standpoint, video surveillance and alarm detection are increasingly effective thanks to higher data throughput. Lastly, the Bank has sold its Conches training centre land and buildings located at Chêne-Bougeries.

Optimised operational management of pension plans

The Bank has deployed additional functionality in several areas within its Finnova IT platform in order to automate the processes for opening and managing Epargne 3 pension plans. Use of IT workflows thus enables speedier production of benefit entitlement forms, automated purchasing of BCGE Synchrony investment products and automated booking of mortgage repayments against this type of financing.

Deployment of Finnova MyClient relationship management system

In order to ensure a better-prioritised relationship with clients, the Bank has deployed Finnova's MyClient module. This new functionality provides a simplified overview of information and monitoring of key phases in managing the commercial relationship. This is useful for clients in managing payment schedules and for advisers in providing additional support at the right moment and maintaining an up-to-date, personalised set of services.

Improved loan administration

Administering loans demands rigorous standards. After having conducted a complete overhaul of the processes for granting and renewing credit facilities, the Bank focused on revising administrative processes for managing loans. Centralised, unified storage of data relating to credit facilities has served to automate and simplify a great many processes and to improve productivity and security substantially.

Deployment of a knowledge management platform

Optimising numerous processes in several of the Bank's business lines, based on automating and industrialising the Finnova tool, has necessitated the deployment of a knowledge management portal in order to support employees in using the tool effectively. As a result, in conjunction with the Human Resources' Training department, the departments responsible for operations have developed and implemented a number of information and training materials aimed at facilitating use of the Bank's IT platform.

Development of a mobile banking platform

In terms of new technology for use by clients, the 2013 financial year was devoted to developing the future mobile banking platform (accessed using mobile telephones). Besides functionality enabling account viewing, this application (compatible with Apple iOS and Google Android) will enable clients to make secure payments and securities transactions, while also gaining access to key information on the Bank's day-to-day banking services. The application is planned for release to clients in mid-2014.

Automation of change management and IT incident management processes

The IT department has deployed a new system for monitoring and managing changes and incidents. Combined with revised tasks and documentation of the processes for managing its activities, these tools now enable the Bank to carry out the secure management and optimisation of IT-related changes. Timescales for implementing changes, and so IT platform downtimes, have been reduced substantially.

Increased staffing and resources aimed at implementing recent agreements on tax compliance

The signature of agreements with the United Kingdom, Austria and the US with regard to clients' tax compliance has entailed a significant increase in the resources responsible for these activities within the division. The Organisation department's role is to support the Bank's clients by a process of documenting, and ensuring compliance with, the provisions of these agreements.

Modernisation of communication, video-surveillance and alarm infrastructure

The emergence of new technology enabling far higher data throughput over the Bank's secure networks has enabled it to make significant improvements to the telecommunication, video-surveillance and alarm detection infrastructure across all sites.

Sale of training centre at Conches

The findings of an in-depth study of optimised use of the main sites (Ile, Lancy and Conches) showed that the outlook for potential use, on the one hand, and the investment needed in terms of maintenance, refurbishment and modernisation, on the other, was not sufficiently positive. As a result, the Bank preferred to opt for consolidation on its Lancy site, chiefly involving operations and administration, by transferring most of the activities from the Conches centre. The Bank therefore sold the land on which its Conches training centre was located at Chêne-Bougeries. The purchaser plans to develop a housing project on the land.

Renewal of IT contracts with the service provider Swisscom

The Bank, satisfied with the IT system hosting and maintenance services provided by Swisscom since 2010, decided to renegotiate and extend its contracts with the IT operator through to 2020. Thanks to the experience acquired over the last three years with this service provider, this extension included optimising and adapting the services and levels of service provided under these contracts.





 **BCGE**

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RETAIL BANKING

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



BCGE

A WIDE RANGE OF HIGH-QUALITY SERVICES

Risk control

Ongoing checks at all levels

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. Added to these are the specialised second-level control departments which monitor risks on an aggregate basis. This specifically refers to the Compliance and Risk Control departments. These units carry out 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 18 and 19). 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 the international trade finance business.

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.

Improved stress test results

In 2013, additional efforts were made to further improve stress testing conducted within the Bank, particularly so-called aggregate tests and dynamic simulations. In addition, the Bank made preparations for regulatory requirements (Basle III) relating to liquidity with, among other things, implementation of the liquidity coverage ratio (LCR) calculation and additional liquidity indicators.

BCGE, with total assets which exceed the CHF 15 billion threshold, is ranked in "category 3" according to the FINMA 2011/2 circular, which sets a minimum threshold of 12% equity coverage to be observed at all times. Business planning has taken this requirement into consideration when forecasting growth in order to guarantee this increased level of equity coverage. Activating the counter-cyclical buffer was successfully completed at the end of September 2013 with an additional equity requirement of the order of CHF 27 million. It should be noted that the minimum threshold of 12% has always been observed.

Credit risk

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 the level of coverage. For all of the business activities set out in the strategic and financial plans, risk frameworks are 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 2013, equity coverage was between 13% and 13.5% for the Group.

Speculation about the property market overheating and the attention paid by the regulator to this issue are undiminished, leading the Bank to continue its cautious policy towards granting loans. The number of new transactions which do not comply with internal standards (also referred to as exceptions to policy, ETP) increased slightly compared with 2012; however, it started to fall from the third quarter onwards.

Breakdown of loans

The breakdown of loans by tranche was stable. 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 was observed. The distribution of loans of between CHF 1,000,000 and CHF 10,000,000 showed a steady decline, whereas the distribution of loans for 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 amounting to more than 13% of the total. The proportions were slightly different for commercial mortgages, where loans based on Libor accounted for 30% 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 2013.

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, Italy or the EU increases the level of vigilance required in managing operations. Country commercial limits are in place for the international trading business and checked on an ongoing basis by the Risk Control department.

Country limits for direct risks (the debtor's country of incorporation) and indirect risks (the country of economic risk) were regularly reviewed throughout the year, with an overall annual review taking place at the end of 2013. Indirect risks, i.e. risks associated with the countries' economy 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 were mainly found in the countries of eastern Europe and central Asia in 2013. These risks are mainly associated with oil, gas and wheat trading.

Concentration risk (see also page 100)

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, as well as the Canton of Zurich. The Basle III transitional phase on major risks is governed by Article 138 of the Basle III FRO imposing a risk weighting of 100% on all banks, which increases the number of these falling into concentration levels exceeding the 10% announced. Some commitments to international trade clients occasionally occur at the use limit risk-weighted by 10%.

Market risk (see also page 100)

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 68,000 BCGE shares (compared with approximately 77,000 at the end of 2012) 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 208, then went over CHF 230 for part of 2013, peaking at CHF 258 on 24 May. The shares ended the year at CHF 225.30 on 30 December.

Foreign-exchange risk (see also page 101)

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 101)

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 portfolio of swaps in order to limit sensitivity to a sharp theoretical increase in rates. The SNB foresees continuing low rates for the coming quarters. Short-term rates remain low. Long-term rates are stable and 10-year CHF swap rates were close to the 1.40-1.70% range in the fourth quarter of 2013. Steps were taken to reduce the sensitivity of the economic value of the balance sheet.

Liquidity risk (see also page 101)

The new liquidity standards were adopted in 2013 and the Bank provides regular information on its liquidity coverage ratio. With implementation of FINMA circular 13/6, liquidity management remains a high-priority subject for change in 2014. 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 101)

The long-term investment portfolio amounted to CHF 1.22 billion in December 2013. It provides protection against liquidity risks; the aim is to compensate 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. Over 80% of long-term investments were rated AAA, with other securities being in the AA+ to A- range.

Operational risk (see also page 101)

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 establishments. 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 101)

The risk associated with non-compliance extends to several areas, particularly the risks of market abuses, the rules for distributing financial products, the cross-border aspects, and taxation of products and individuals. All these areas required particular attention in 2013.

The Compliance department is responsible for regulatory monitoring, verifying compliance with general regulatory standards and laws within the BCGE Group, and for the internal department for combating money-laundering and the financing of terrorism. Major work was undertaken from clients associated with other countries (implementation of the Lisint agreements with Austria and the UK, preparatory work for the programme relating to US taxation and implementation of the Foreign Account Tax Compliance Act (FATCA) programme). Specific work was necessary depending on the client's nationality or domicile. The Bank is in this way continuing its endeavour to pursue its business growth in accordance with Swiss and international regulations.



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GLOBAL COMMODITY FINANCE

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



BCGE

LOCAL AND INTERNATIONAL EXPERTISE

Talents and skills

Committed employees capable of coping with change

BCGE employees are accustomed to change. Whether in terms of internal organisation, new applications, regulatory requirements or structural changes, every employee has shown the ability to adapt and cope with change. Employees are trained, informed and supported throughout any changes to their jobs. They can, moreover, call upon the internal and external partners placed at their disposal to support them both professionally and on a private basis.

Reduction in personnel costs

At the end of 2013, 782 staff worked for the BCGE Group, i.e. 725 full-time equivalents. Compared with the end of 2012, staff numbers were stable (2012 saw 783 employees representing 723 full-time equivalents). Steps taken to rationalise work processes and improvements in productivity enabled headcount to be maintained on a steady course. Personnel costs fell by 1.8% to CHF 120.8 million (compared with 123.1 million in 2012).

Adapting to changes and mobility

The active internal mobility policy pursued by the Bank for the last ten years or so enables it to fulfil career aspirations, to offer assignments with different business lines, to encourage staff to adapt to internal reorganisations and, for a medium-sized, full-service bank such as BCGE, to improve the level of cross-departmental expertise. Through this dynamic policy and well-planned productivity gains, a steady reduction in headcount in certain areas has only very rarely been accompanied by redundancies or early retirement.

BCGE employees know how to prepare for and adapt to change. The in-depth changes made by the Bank over the years have given employees the ability to review their working methods, the tools they use and their environment. BCGE can count on its employees, who are able to deal with changes and are therefore perfectly able to adopt the new requirements, particularly of a regulatory nature, of today's banking world; this is one of the business's great strengths.

Around 80% of employees own shares in the Bank

As of 31 December 2013, 83% of Group employees (651) held BCGE bearer shares, having either acquired them through bonus plans or purchased them on the open market. By the end of 2013, they owned over 67,140 shares in total (CHF 15.1 million as of 31.12.2013, i.e. 1.9% of the Bank's total stock-market capitalisation) and, including retired staff and other beneficiaries of preferential terms, this figure rose to 78,973 shares (up 9.4% compared with the end of 2012), which represented CHF 16.3 million as of 31.12.2013, i.e. 2.2% of the Bank's stock-market capitalisation).

Training: a key factor for competitiveness

During this particularly turbulent period for the Swiss financial market, banks need to continuously adapt the training courses for their employees. A firm believer in intensive courses followed by tough testing (of both areas relating to product knowledge and to business ethics in client relations), BCGE continued to pursue its demanding strategy in terms of skills development in 2013. Accordingly, it supported an increase in the already intensive pace of business training (91 new certifications) by setting up specific training in the fields of compliance and by developing its internal certification for back-office and support activities.

75% of BCGE employees attended specific training in 2013

BCGE now has 220 employees certified by the Bank in the fields of financing, business and private pensions and in the field of wealth management. All BCGE-certified staff members now have accreditation in two out of at least three fields of expertise. In an increasingly competitive environment, having advisers with multiple skills is a major issue. In view of the Bank's desire to see each of its clients advised by a skilled banker, it is noteworthy that the range of skills offered by them has broadened considerably,

197 new cross-border qualifications in the field of compliance

In the banking sector, the term compliance has become synonymous with the duty of every employee to comply with existing internal and external rules. BCGE endeavours to guarantee the level of training required by the regulators and demands, as has always been the case for the Law on money-laundering, namely that all relevant employees attend the training courses offered.

As a result, in 2013, over one third of the training days attended by employees related to the legal and regulatory field. The Bank now has 299 specialist staff with a skills qualification in terms of cross-border activities with France and 245 with Germany as well as 380 having attended its programme presenting a knowledge update in terms of anti-money-laundering.

In response to the challenge of continuous regulatory changes, early in 2014 BCGE is launching its training course module dealing specifically with the new directives on investment mandates and rules of conduct for securities dealers.

Certificates and diplomas

In 2013, six trainees obtained their Federal Certificate of Proficiency (including four holders of the higher diploma) and six employees gained a certificate from the Institut Supérieur de Formation Bancaire (ISFB). BCGE also had the pleasure of congratulating two new holders of the federal ES diploma, one holder of the federal certificate, four holders of certificates of advanced studies (CAS) and three holders of Masters of advanced studies (MAS). These successes demonstrate the Bank's keenness to provide high-quality individual support to staff having to deal with the constantly changing demands of the banking world.

In addition, in the area of personal skills, BCGE is pursuing the development of its managers' skills. Team spirit, entrepreneurial spirit, and leadership are keywords in this programme in support of incorporating change in order to enhance BCGE's competitiveness.

Equal opportunities

Women occupy 41% of executive positions and 21% of management positions; BCGE is thus the Swiss bank with the highest proportion of women in management. Equal opportunities are not one of the Bank's objectives per se. Indeed, the need for expertise and the search for talent prevails over all other considerations when making employment or appointment decisions and BCGE has a variety of support tools (ready access to part-time working for both women and men, – 29% of staff work part-time – maternity/paternity leave) and selection tools (neutral appointment policy, identification of internal talent by a specific committee). The appointment of two women to key positions, i.e. Head of Risk Control and Chief Economist (see organisation chart on page 19), in the course of 2013, should also be noted.

A company pension combining defined benefits and contributions

BCGE offers its employees an attractive pension fund to protect themselves against the economic consequences of old age, disability and death. Its Professional Pension Fund is a semi-autonomous pension institution, providing all disability and death benefits through a private insurance company. The old age pension provision comprises two distinct levels, as follows: 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 law, 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 of to the pension institution. As of 1 January 2013, the basic rate of return is 3.5%; the resulting reduction in the conversion rate will be introduced gradually by 2016.

Preferential conditions for employees

Employees benefit from preferential conditions for 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. The same applies to charges which are reduced in most cases, or even waived.

Independent mediators to provide support to employees

For several years, BCGE has provided its employees with two external 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. There is also a personnel committee, with seven members as of end 2013, which is the body representing the staff. Within its remit, it defends their interests and consists of a non-hierarchical liaison function between the staff, Human Resources and the Executive Board.

Keeping employees continuously informed

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 twice-yearly 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 of Geneva's institutions. 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.

Rewarding innovation and business initiatives

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 Centre 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>Oberon</i>	Individual	Promoting newly-adapted regulations
<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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M31

CASSIOPEIA

WEALTH MANAGEMENT

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



BCGE

TRANSPARENCY AND HIGH PERFORMANCE

Sustainable development

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

The environmental stakes have changed the behaviour not only of consumers but also of companies and states.

1. A CLEAR VISION AND STRATEGY WHICH ENCOURAGE A CULTURE OF TAKING RESPONSIBILITY

BCGE Vision

At BCGE, sustainability constitutes one of the foundations of business activity. The Bank is convinced that its long-term success will be assured only if it focuses its actions on the interests of clients, shareholders, employees and the community as a whole. It considers that any activity with a negative external impact on society or the environment may damage its reputation and, as a result, its long-term success. It must therefore take any external impact into account when identifying its opportunities and managing its risks.

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.

Business ethics

Ethical principles: 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. Adopted at the general meeting, then by the Greater Council of Geneva in 2003, the BCGE Charter of ethics sets out the principles of sustainability in line with the interests of the community and those of its shareholders. In particular, it restates BCGE's statutory mission 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:

- association linking the notion of profit with that of the long-term success of the business and of aspects relating to social and environmental responsibility;
- pragmatic implementation, for stakeholders, of the conclusions resulting from the principles of social and environmental responsibility;
- ideological and political neutrality;
- development of a business culture which promotes the inclusion of sustainability.

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.

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.

2. OPERATIONAL MANAGEMENT WHICH INCLUDES SUSTAINABLE DEVELOPMENT

Protecting the environment

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

BCGE behaves so as to contribute to environmental protection. Practical objectives are set in its strategic plan (heating, paper consumption, carbon footprint, etc.). In relation to the Bank's size, the environmental efficiency measures taken are first-rate. They are inspired primarily by the ISO 14001 environmental management standard.

On a day-to-day basis, the Bank minimises its carbon footprint 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.

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. 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 – representing the electricity consumption of 83 households. This represents BCGE's contribution to the environment.

Management of waste and transport: As a part of recycling, BCGE's facilities management pursues its mission in a responsible manner 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 aim to 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 N5 standard. City-centre deliveries are performed on foot, and light mail is delivered by a supplier using bicycle couriers.

CONSUMABLES	2011	2012	2013
Paper purchases (number of sheets) included:	10,550,000	7,410,000	6,595,000
<i>FSC wood fibres</i>	200,000	35,000	70,000
<i>FSC eucalyptus fibres</i>	6,225,000	4,325,000	4,325,000
<i>100% recycled</i>	4,125,000	3,050,000	2,200,000
Paper destroyed (tonnes)	78.3	49.1	46.1
PET recovered (kg)	975	1,336	987
Batteries recovered (kg)	20	80	75
IT components recovered (kg)	656	204	1,700

Renovation of premises: The BCGE Works function 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, whether they were its own material purchases or those of its sub-contractors, and to suppliers fulfilling their obligation to sort their waste. Installation of dividing walls in the branches using FSC certified wood is continuing as is use of non-synthetic (solvent-free) materials.

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 environmental cost-need ratios. BCGE is optimising the workspace ratio by concentrating its non-branch activities on two sites. The Bank has reduced the number of its main sites from three to two (at Lancy and Ile). The Training Centre, which was remotely located, has been transferred to the Lancy site, leading to a reduction in transportation-related issues. Thanks to this move, the Bank now has two separate operational centres: one mainly sales-oriented (on the Ile site) and the other for operations, administration and training (in Lancy).

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 2013, with a further reduction in electricity consumption. Consumption by the two main Geneva sites decreased over three years from 5,153,053 to 4,364,490 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.

Financial and risk management: BCGE encourages the use of public transport. Under its new mobility policy, it offers its staff monthly travel allowances 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.

ELECTRICITY	2011 (kWh) ¹	2012 (kWh)	2013 (kWh)	Var. kWh (1 yr)	Var. kWh (2 yrs)
City-centre	1,567,508	1,482,650	1,477,077	-5,573	-90,431
Lancy	1,681,750	1,644,060	1,577,609	-66,451	-104,141
Branches	1,316,895	1,264,882	1,246,873	-18,009	-70,022
Training Centre	107,106	84,866	62,931	-21,935	-44,175
Total	4,673,259	4,476,458	4,364,490	-111,968	-308,769

GAS	2011 (kWh) ¹	2012 (kWh)	2013 (kWh)	Var. kWh (1 yr)	Var. kWh (2 yrs)
City-centre ²	760,379	922,752	1,089,567 ³	166,815	329,188
Total	760,379	922,752	1,089,567³	166,815	329,188

WATER	2011 (m ³) ¹	2012 (m ³)	2013 (m ³) ¹	Var. m ³ (1 yr)	Var. m ³ (2 yrs)
City-centre	6,089	10,177	8,199	-1,978	2,110
Lancy	2,551	1,755	2,029 ⁴	274	-522
Branches	2,608	2,760	2,722	-38	114
Training Centre	5,264	4,633	4,083	-550	-1,181
Total	16,512	19,325	17,033	-2,292	521

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

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 the winter caused this variance.

⁴ Damage caused by hail in June resulted in excessive use of water in order to maintain the air-cooling systems at the required temperature. Source: SIG

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.

3. ACTIVE INVOLVEMENT OF THE STAKEHOLDERS

The importance of stakeholders

The stakeholders in BCGE's business are all of specific importance.

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 a great respect for the client's interests and a very high level of quality advice (including the ethical aspect). Customer loyalty is encouraged by the BCGE Avantage service programme in particular which offers a preferential interest rate to clients making wide-scale use of the services offered by the Bank; one of the ways to gain access to this scheme is by becoming a shareholder. The production processes for banking services are highly formalised so as to provide consistent quality over time, thereby helping promote a long-lasting banking relationship. The partnership established with clients is an integral part of the system logic. For corporate clients, it aims to cover their needs throughout their business cycle; for retail clients, it functions in response to changes in their financial needs over time, in terms of savings, loans and sound management of old-age pensions. Satisfaction surveys are conducted regularly in order to ensure a good fit between client needs and the services offered by the Bank.



A responsible marketing approach and business ethics imply that these should be designed in response to a genuine demand. BCGE refrains from offering products and services for which profitability is the only goal. Innovation is conducted with similar aims.

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. In 2013, for instance, it jointly published *Genève: les moteurs du développement*, (Geneva: drivers of development) a thematic brochure analysing the main factors having played a decisive role in what is known as a success story. In a similar spirit of providing information, a study entitled *L'emploi au-delà des frontières cantonales* (Employment beyond the canton's borders) was produced in conjunction with other cantonal banks in French-speaking Switzerland.

The Bank publishes its *Investment Philosophy*, two sets of rules of engagement – *Financement des entreprises et Financement de l'immobilier* (Corporate finance and Property finance) – 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 magazine and also banking and financial information are sent out regularly.

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 pages 58 to 61).

The shareholders

The shareholders' presence as stakeholders in the business reminds it that it is surrounded by a competitive system rather than protected by monopolistic practices as can be the case for major public utilities. Its shareholders are vital to it, as they provide the capital base needed for all banking activities. 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 12,600), mainly comprising clients and employees. The listing of BCGE shares on capital markets constitutes a pledge of transparency and, in its own right, imposes a highly demanding code of conduct on the company.

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.

Support and sponsorship policy

BCGE's philanthropic policy is in line with its initial mission in support of the Geneva local community. Its donation strategy is therefore focused on preferential support for charity, social or humanitarian work of a local nature. Its sponsorship policy, meanwhile, focuses on popular events or causes. BCGE is in this way fully committed to its initial role in support of the local region.

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, in-depth compliance checking is carried out. This aims to eliminate companies which do not comply with the Bank's quality requirements.

4. INCLUSION OF ENVIRONMENTAL SOCIAL AND GOVERNANCE FACTORS IN EXERCISING BUSINESS ACTIVITIES

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.

Loans

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

BCGE Leasing: BCGE offers preferential rates for financing of clean new private vehicles 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.

Asset management and investment

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. These two funds of the Bank hold combined assets of CHF 106 million. With the other investment vehicles available, there are no less than CHF 1.1 billion under management in accordance with principles of sustainability.

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.

Trade Finance

In a global trade finance context, internal documents used in support of decisions to grant credit or other banking services include environmental, social and governance criteria in the risk analysis and, particularly, in partner selection.

5. PERFORMANCE MONITORING AND COMMUNICATION

Monitoring 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.

Factual 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

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 offer a range of banking services which seek to incorporate ethical and ecological criteria in the best way possible,
- to optimise energy use,
- to support its clients in adopting electronic payments using BCGE Netbanking and the e-brokerage platform,
- to promote online banking (via the call centre and online advice),
- to support employees in their efforts to do their work while respecting natural resources.
- to promote wide-scale distribution of information using direct, instantaneous media and means of communication (events, the web, etc.),
- to develop tools and applications encouraging client and employee mobility (mobile banking, net-banking, e-trading, etc.).

In summary: 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 a free aspect of relationships with the stakeholders.

Shareholder information and corporate governance

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 principle advocated by the Six Swiss Exchange (hereafter SIX) which applies to the year as at 31 December 2013 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 model

1.1.1 Operating structure

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 225.30 as at 31.12.2013.

Stock number, bearer share	164,268
ISIN number, bearer share	CH0001642682
Market capitalisation (31.12.2013)	CHF 811 million, registered and bearer shares CHF 333 million (exact amount 333,257,902), bearer shares only

The organisation chart of the BCGE Group is on pages 18 and 19. The underlying principles of this organisation are as follows:

- Banque Cantonale de Genève is organised in five divisions led by members of the Executive Board whose composition and responsibilities are described on pages 17, 80, 81 and 82;
- Coordination of the divisions and benefits from synergies applicable across all divisions are ensured on the one hand by the CEO and his support 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 (Asset and Liability Management)	Implementation and monitoring of financial policy and supervision of the balance sheet forecast management and rate and liquidity risks	Blaise Goetschin	Eric Bourgeaux
Risk Committee	Analysis of strategic risks and monitoring of sensitive activities	Eric Bourgeaux	Emile Rausis
IT Strategy Committee	IT strategy and monitoring of its implementation	Eric Bourgeaux	Jean-Marc Joris
Credit Risk Commission (increased risks)	Decisions linked to specific credit business (recovery, workout) as well as non-strategic financial investments	Emile Rausis	Bernard Matthey
Strategic Organisation Committee	Organisational strategy and monitoring of its implementation	Jean-Marc Joris	Jérôme Monnier

1.1.3 Scope of consolidation

The scope of consolidation is shown on page 97. It particularly includes, as at 31 December 2013, the following companies (wholly-owned subsidiaries):

- Banque Cantonale de Genève (France) SA (www.bcgef.fr), Lyon, share capital EUR 15.25 million;
- Capital Transmission SA, Geneva, share capital CHF 2 million;
- Rhône Saône Courtage Sàrl, Lyon, share capital EUR 10,000.

1.2 Significant shareholders

Information on the major shareholders known to BCGE as at 31 December 2013:

Voting rights of public bodies

as at 31.12.2013

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	338,636	2,510,443	2,849,079	33,863,600	125,522,150	159,385,750	49.80%	44.27%
City of Geneva	147,270	1,208,106	1,355,376	14,727,000	60,405,300	75,132,300	23.69%	20.87%
44 Municipalities of Geneva	5,963	523,103	529,066	596,300	26,155,150	26,751,450	9.25%	7.43%
Total	491,869	4,241,652	4,733,521	49,186,900	212,082,600	261,269,500	82.74%	72.57%
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 shareholdings

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 of bearer shares making up 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. Member of the Board of Trustees of Avenir suisse.



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.

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 Size 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 SA.

**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 Inercio Trade and Inercio 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 2013, it met 15 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 a 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 2013, 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. In 2013, the Board had two standing committees: an Appointments and Remuneration Committee and a Risk and Strategy Committee. In addition, two ad hoc committees were held on 6 and 10 December.

3.4.3 Committees of the Board of Directors

Appointments and Remuneration Committee

The role of the Appointments and Remuneration Committee is to propose the appointment of the Chief Executive Officer, his/her Deputy and the members of the Executive Board and to give notice of senior management appointments. It gives notice of the remuneration of the Chief Internal Auditor as put forward by the Control Committee and proposes changes to the Regulations relating to remuneration of the members of the Board of Directors and the Executive Board. It is composed of three members of the Main Board: Asma Hovagemyan, chair, Ion Bals and Ton Schurink, members. It meets when an appointment requires it to do so but at least once a year. In 2013, 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 2013, 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 († 23.09.2013), 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 2013, the Control Committee held 25 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;
- Quarterly report of results by the CFO;
- Reports on control tasks carried out within the Group by the internal audit manager and half-yearly follow-up of the internal and independent audits;
- Verbal report on the activity of the control committee at each meeting, by its Chairman;
- Half-yearly presentation of Balanced Scorecards for the divisions by their managers (Executive Board members);
- Half-yearly report 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 Association¹ and by the Charter on Internal Audit approved by the Board of Directors.

The Internal Audit meets the professional quality criteria of the supervisory authorities and professional organisations. In this regard, the Board of Directors has an external assessment of the Internal Audit carried out every five years, in addition to the annual assessments by audit firm Deloitte. In September 2013, the appointed firm, i.e. BDO (and previously KPMG in 2008), confirmed to the Bank's management bodies that the Internal Audit performs its duties in accordance with IIA (Institute of Internal Auditors) standards and best practices.

The Head of Internal Audit establishes a three-year schedule based on risk-mapping reviewed on an annual basis which is coordinated with the audit firm and approved by the Board of Directors. Based on the activity plan and at the end of the work, the Internal Audit issues detailed reports relating to its audits to the Executive Board, the Control Committee and the Board of

Directors, and produces half-yearly reports monitoring recommendations made and an annual activity report.

Consisting of 10 auditors (9.75 full-time equivalents) as of 31 December 2013, the Internal Audit is headed by Monique Seiss Baudry, who holds a Master's degree in economics from the University of Geneva, a certificate of advanced studies (CAS) in compliance management, a Certified Internal Auditor (CIA) diploma and Certification in Risk Management Assurance (CRMA) from the IIA. Supervision and regular assessment of the Internal Audit is assigned to the Control Committee, which judges Internal Audit's performance annually, ensures that it has the necessary resources and appropriate skills and that it is performing its duties independently and objectively. Members of the Internal Audit team collectively possess vast professional experience and all the skills needed for the proper performance of their audit assignments.

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 September 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 and was a medal-winner in the Financial industry operative performance category of the 2013 Institut Obermatt ranking of the best Swiss CEOs.

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. and 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 Member of the Supervisory Boards at Banque Cantonale de Genève (France) SA, Compagnie Foncière Franco- Suisse SAS, Lyon, and Compagnie Foncière du Saint Gothard SAS, Puteaux. Member of the Board of Capital Transmission SA, Geneva, and of Swiss Public Finance Solutions.



Claude Bagnoud
born 1 January 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, and is currently head of the Corporate and Institutional Clients Division.

Other activities Member of the Supervisory Board at Banque Cantonale de Genève (France) SA. Deputy Chairman of the Board of the Fonda-

tion Industrielle La Gravière. Deputy Chairman of the Supervisory Board of Compagnie Foncière Franco-Suisse, Lyon. Member of the Supervisory Board of Compagnie Foncière du Saint Gothard SAS, Puteaux. Member of the Board of the Geneva Chamber of Commerce and Industry (since 26 March 2013). 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. From 1996, 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 SAS, Lyon and of Compagnie Foncière du Saint Gothard SAS, Puteaux.



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 Operations and IT 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 practices of the profession;
5. to ensure that the Bank has a sufficiently high profile in economic circles;
6. to guarantee that the decisions of the Bank's senior management are correctly implemented;
7. to propose for ratification the appointment of representatives of the Bank as directors of holding companies included in the scope of consolidation;
8. to 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 and country limits;
11. regularly submitting to the Board of Directors reports on business development (financial statements, analyses, major transactions and events, etc.) and any other reports that may be requested by the Board;
12. preparing a quarterly list of all the major risks as defined by Article 83 of the Federal Ordinance on share capital and risk sharing by banks and securities dealers, for the Board of Directors.

4.3 Contracts of service

BCGE outsources its main IT operations to Swisscom.

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, together with detailed addenda governing the relationship between the Bank and the service provider. It provides 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 signed with Swisscom dated 30 September 2010 for a 5-year period were subject to early renegotiation. Their term has been extended to 30 September 2020. These contracts cover hosting services and third party application maintenance. The latter have been in place since 1 October 2010. In 2013, BCGE paid Swisscom, for its IT services, a total amount of CHF 16.6 million made up of CHF 15.8 million in operating, support and maintenance fees and CHF 0.8 million in development fees.

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.

¹ www.bcge.ch/statuts.

Management of the telephone network has also been entrusted to Swisscom. These contracts were partially renegotiated and their terms extended until 2021. The services under all these contracts amount to CHF 2.3 million for network infrastructure (LAN, MAN, WAN) and telecommunications costs (fixed and mobile telephony, system for sending SMS for netbanking), this amount consisting of operating, support and maintenance costs.

Since 1 October 2008, Banque Cantonale de Genève has also outsourced its main payment operations to Swisscom. A service level agreement (SLA), in accordance with the FINMA 2008/7 circular on bank outsourcing governs the relationship between the Bank and Swisscom. Swisscom provides the Bank with payment operation processing and securities management services. 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 contracts are then renewable on a year-to-year basis. They 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. Swisscom's services within the framework of these contracts amount to CHF 3.7 million.

5. REMUNERATION, PARTICIPATION AND LOANS

Remuneration of the Board of Directors

Regulations relating to the BCGE Board of Directors' remuneration fall under the Board's authority; they were approved by the Board on 17 September 2010 and came into effect on 1 July 2010.

Remuneration of members of the Board of Directors is based on their workload, their duties, market practices and those of the cantonal banks. Directors benefit from no preferential terms for BCGE services and are not members of its Professional Pension Plan.

Fixed remuneration of the Board of Directors

In remuneration for their work on behalf of 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 2013, the Board did not make use of this additional budget.

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 obtain two free shares once a year by purchasing two others at their market price.

Variable remuneration of the Board of Directors

In order to increase their independence and promote their interest in the Bank's long-term growth, members of the Board of Directors receive no variable remuneration.

Remuneration policy for all employees

The regulations relating to employee remuneration fall under the authority of the Board of Directors. The regulations applicable to the period under review were approved by the Board on 20 January 2011.

Employee remuneration consists of basic salary, variable remuneration (not systematically granted) and share option schemes. 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. Part of the variable amount, the proportion of which may be as much as 80%, can be distributed as shares in the event of an additional budget being available. These shares are subject to a five-year moratorium.

In certain business areas, such as private or retail 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. 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.

Share option schemes for all employees

All of the Bank's employees, including members of the Executive Board, benefit from four share option schemes giving them the ability to align their personal financial interests with those of the Bank. These plans provide for 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 and distribution of a portion of the variable remuneration as shares in the event of an additional budget being available;
- 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.

Principles of the Executive Board's remuneration

Remuneration of members of the Executive Board forms part of BCGE's overall remuneration policy. It aims to guarantee the Bank's competitiveness in a highly developed financial centre and enable it to attract and retain the best skills and talents. It takes individual responsibilities and performance assessments into account and reflects the realities of the local market.

Members of the Executive Board receive fixed and variable remuneration; they do not benefit from 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 course of their duties on other Boards of Directors is passed on to the Bank in its entirety.

The contracts of employment of members of the Executive Board stipulate notice of termination of up to 12 months.

Remuneration of members of the Executive Board consists of the following items:

Fixed remuneration of the Executive Board

The fixed component of remuneration compensates members' basic duties and responsibilities. This component is chiefly determined at time of appointment based on salary norms for comparable functions in the banking sector. It is then adjusted based on changes in responsibilities and performance in accordance with the same rules as those applicable to all the Bank's employees.

Variable remuneration of the Executive Board

Variable remuneration of members of the Executive Board rewards exceptional achievements and individual or collective performance. The overall budget for the Executive Board's variable remuneration is determined by the Board of Directors. The Board of Directors makes its decision with reference to a model assessing the Bank's performance, based on profitability, productivity, competitiveness and risk control criteria. The overall budget for variable remuneration is then shared among the Executive Directors based on the degree to which their individual objectives and their division's performance are achieved. In addition, in the event of the Bank's results being particularly positive from a historical comparison standpoint, 80% of the portion of the additional budget intended for members of the Executive Board is paid in the form of shares subject to a moratorium.

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.

Both overall and as a trend, the variable component of the Executive Board's remuneration should not exceed the fixed component. In 2013, variable remuneration including share option schemes, represented between 31% and 111% of fixed remuneration.

Members of the Executive Board, like the Bank's other employees, benefit from the four share option schemes described above.

Transparency

For details of fixed and variable compensation paid, of benefits under share option schemes, employer contributions paid to the Professional Pension Fund and loans granted to members of the Board of Directors, to members of the Executive Board and the Chief Executive Officer, see pages 125 and 126, point 4.08 of the notes to the parent company accounts.

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 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 25 April 2013, the mandate of the Bank's independent auditor, Deloitte SA, was renewed for 2013.

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. The auditor-in-charge, in accordance with the legal provisions applicable to banks, is Myriam Meissner, acting in this role since 1 January 2013.

8.2 Independent auditors' fees

	31.12.2013	31.12.2012
Audit of BCGE Group	549,000	554,000
of which BCGE only	530,000	535,000

8.3 Additional fees

Additional audit fees essentially consist of the cost of a brief examination of the half-yearly consolidated financial statements as of 30 September 2013 as well as various other certifications required according to specific legal requirements.

	31.12.2013	31.12.2012
Audit of BCGE Group	183,000	124,000
of which BCGE only	183,000	124,000

There were no additional fees unconnected to the audit paid in 2013 to Deloitte in Switzerland (CHF 55,000 in 2012).

8.4 Information on control and monitoring of independent auditors

In 2013, the auditor was asked to attend (part-time) four meetings of the entire Board of Directors and eleven 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 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.

Channels	Languages	Form/addressee	URL/email address	Timetable
Annual report	F	Printed/Internet	www.bcge.ch/rapport-annuel	21 March 2014
	En	Printed/Internet	www.bcge.ch/annual-report	23 May 2014
Annual Shareholders' Meeting	F	Shareholders and guests	–	1 May 2014
Website	F/En	Investors	www.bcge.ch	permanent
Financial information (push and pull link)	F/En	Internet or written request	www.bcge.ch/contact-investisseur	permanent
			www.bcge.ch/investors-contact	
Press conference on annual and half-yearly results	F	Verbal/Internet	www.bcge.ch/resultat-financier-bcge www.bcge.ch/financial-results	
Press releases	F/En	Published and electronic media, mainly Swiss/Internet	www.bcge.ch/resultat-financier-bcge	27 February/ 12 August 2014
			www.bcge.ch/financial-results	
Press releases	F/D ¹ /En ¹	Published and electronic media, mainly Swiss/Internet	www.bcge.ch/communiqués	occasional
Mailboxes	F	Email	actionnaires@bcge.ch	permanent
			communication@bcge.ch	
			presse@bcge.ch	
Dialogue Magazine	F	Printed/Internet	www.bcge.ch/dialogue	3 times a year
Institutional publications	F/En	Printed/Internet	www.bcge.ch/publications	regular
			www.bcge.ch/publications-bcge	

¹ In certain cases.

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2013 consolidated financial statements
and notes
BCGE Group

Report of the Statutory Auditor

To the General Meeting of
Banque Cantonale de Genève, Geneva

Report of the statutory auditor on the Consolidated Financial Statements

As statutory auditor, we have audited the accompanying consolidated financial statements (pages 92 to 114) of Banque Cantonale de Genève, which comprise the consolidated balance sheet as at December 31, 2013, the consolidated statement of income, the consolidated statement of changes in equity, the consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of these consolidated financial statements in accordance with the requirements of Swiss law and the consolidation and valuation principles as set out in the notes. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of 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 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 December 31, 2013 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 Code of Obligations (CO) and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 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 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



Myriam Meissner
Licensed Audit Expert
Auditor in Charge



Thierry Aubertin
Licensed Audit Expert

Geneva, February 24, 2014
MME/THA/jh

Consolidated financial statements 2013

BCGE Group

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BCGE Group balance sheet

Consolidated

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	Notes	31.12.2013 in CHF 1,000	31.12.2012 in CHF 1,000	Change in CHF 1,000
ASSETS				
Cash	5.12	1,370,773	1,238,485	132,288
Money-market instruments	5.12	88,936	163,854	-74,918
Due from banks	5.12	325,044	340,612	-15,568
Due from clients	5.12	3,836,225	3,922,599	-86,374
Mortgages	5.12	9,319,134	9,070,985	248,149
Trading portfolios	5.02	47,485	32,491	14,994
Financial investments	5.03	1,276,955	1,253,876	23,079
Investments consolidated by the equity method	5.04	27,456	19,918	7,538
Fixed assets	5.06	159,796	181,241	-21,445
Intangible assets	5.06	–	432	-432
Accrued income and prepaid expenses		21,644	34,414	-12,770
Other assets	5.07	145,572	213,743	-68,171
Total assets		16,619,020	16,472,650	146,370
Total subordinated claims		5,621	1,514	4,107
Total due from unconsolidated investments and significant shareholders		58,776	89,740	-30,964
<i>of which total claims on the Canton of Geneva</i>		<i>53,188</i>	<i>18,226</i>	<i>34,962</i>
LIABILITIES				
Money-market instruments	5.12	6,986	666	6,320
Due to banks	5.12	925,116	1,379,430	-454,314
Due to clients on savings and deposit accounts	5.12	5,100,089	4,910,668	189,421
Due to clients, other	5.12	6,598,357	6,168,091	430,266
Medium-term notes	5.12	15,232	22,252	-7,020
Bonds and mortgage-backed bonds	5.12	2,552,655	2,601,885	-49,230
Accrued income and prepaid expenses		49,622	71,152	-21,530
Other liabilities	5.07	183,003	223,659	-40,656
Valuation adjustments and provisions	5.11	24,976	9,095	15,881
Reserve for general banking risks	5.11	105,000	85,000	20,000
Share capital		360,000	360,000	–
Capital reserve		312,247	311,738	509
Retained earnings		340,783	293,215	47,568
Treasury shares		-15,906	-18,345	2,439
Foreign-exchange differences		-12,101	-12,864	763
Net profit for the year		72,961	67,008	5,953
Total liabilities		16,619,020	16,472,650	146,370
Total subordinated debt		320,000	320,000	–
Total due to unconsolidated investments and qualified participants		65,478	194,882	-129,404
<i>of which total due to the Canton of Geneva</i>		<i>61,422</i>	<i>158,184</i>	<i>-96,762</i>

BCGE Group profit and loss account

Consolidated

	Notes	31.12.2013 in CHF 1,000	31.12.2012 in CHF 1,000	Change in CHF 1,000
INTEREST INCOME AND EXPENSES				
Interest and discount income	5.18	278,564	296,914	-18,350
Interest and dividends from trading portfolios	5.18	70	36	34
Interest and dividends from financial investments	5.18	17,852	17,110	742
Interest expenses	5.19	-95,459	-108,671	13,212
<i>Net interest income</i>		201,027	205,389	-4,362
COMMISSION AND FEE INCOME				
Commission income from lending		30,700	36,502	-5,802
Commission income from trading, securities and deposits		43,417	43,443	-26
Commission income from other services		30,862	30,746	116
Commission expenses		-7,331	-6,733	-598
<i>Net commission and fee income</i>		97,648	103,958	-6,310
RESULT OF TRADING OPERATIONS				
<i>Net result of trading operations</i>	5.20	26,953	24,116	2,837
OTHER ORDINARY RESULTS				
Income from sale of financial investments		2,687	4,389	-1,702
Income from investments		2,132	1,783	349
<i>of which consolidated by the equity method</i>		2,132	1,783	349
Real-estate income		1,069	934	135
Other ordinary income		7,361	7,795	-434
Other ordinary expenses		-4,110	-2,604	-1,506
<i>Other ordinary income, net</i>		9,139	12,297	-3,158
Total operating profit		334,767	345,760	-10,993
OPERATING EXPENSES				
Payroll expenses	5.21	-120,854	-123,057	2,203
Other operating expenses	5.22	-82,842	-85,295	2,453
<i>Net operating expenses</i>		-203,696	-208,352	4,656
Gross profit		131,071	137,408	-6,337
Depreciation of fixed assets	5.23	-20,016	-27,414	7,398
Valuation adjustments, provisions and losses	5.24	-25,335	-17,913	-7,422
Intermediate profit		85,720	92,081	-6,361
Extraordinary income	5.25	26,302	22,000	4,302
Extraordinary expenses	5.26	-22,518	-28,148	5,630
Taxes		-16,543	-18,925	2,382
Net profit for the year		72,961	67,008	5,953

BCGE Group off-balance-sheet operations

Consolidated

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	Notes	31.12.2013 in CHF 1,000	31.12.2012 in CHF 1,000	Change in CHF 1,000
OFF-BALANCE-SHEET OPERATIONS				
Irrevocable guarantees		71,446	74,741	-3,295
Irrevocable commitments arising from letters of credit		648,952	492,725	156,227
Contingent liabilities		720,398	567,466	152,932
Irrevocable commitments		424,010	386,198	37,812
Commitments to free up and execute additional transfers		57,521	55,009	2,512
Commitments resulting from deferred payments		77,146	21,886	55,260
Committed loans		77,146	21,886	55,260
Fiduciary deposits with third parties		23,001	61,673	-38,672
Fiduciary operations		23,001	61,673	-38,672
Derivative financial instruments				
• positive replacement values	5.17	20,227	28,159	-7,932
• negative replacement values	5.17	141,780	210,727	-68,947
• underlying amounts	5.17	5,091,480	4,374,342	717,138

BCGE Group cash flow statement

Consolidated

	2013 Source of funds in CHF 1,000	2013 Use of funds in CHF 1,000	2012 Source of funds in CHF 1,000	2012 Use of funds in CHF 1,000
Cash flow from operating income (internal financing)				
• net profit for the year	72,961	–	67,008	–
• depreciation of fixed assets	19,584	–	21,315	–
• depreciation of goodwill	432	–	6,099	–
• allocation to capital reserve	509	–	–	490
• allocation for currency conversion differences	763	–	–	324
• valuation adjustments and provisions	15,881	–	4,641	–
• general banking risk reserves	20,000	–	25,000	–
• accrued income and prepaid expenses	12,770	–	10,315	–
• accrued expenses and deferred income	–	21,530	–	1,011
• other items	27,515	–	–	13,847
• dividends from previous financial year	–	16,200	–	16,200
• special allocation to the State of Geneva	–	3,240	–	3,240
<i>Balance</i>	–	129,445	–	99,266
Cash flow from investment activities				
• other financial interests	–	7,538	1,102	–
• fixed assets	1,861	–	–	4,928
• intangible assets	–	–	–	–
<i>Balance</i>	5,677	–	3,826	–
Cash flow from banking activities				
Medium and long-term transactions (> 1 year)				
• due to banks	–	–	–	–
• due to clients	2,893	–	–	3,383
• medium-term notes	–	4,494	–	6,202
• bonds and mortgage-backed bonds	–	60,015	124,720	–
• due from banks	–	–	30,000	–
• due from clients	10,196	–	–	181,012
• mortgages	88,865	–	–	115,011
• financial investments	–	111,236	–	114,905
Short-term transactions				
• due to banks	–	454,314	–	84,527
• due to clients	616,794	–	485,183	–
• medium-term notes	–	2,526	–	14,762
• bonds and mortgage-backed bonds	10,785	–	25,000	–
• allocation to treasury shares	2,439	–	4,325	–
• due on money-market instruments	6,320	–	–	123
• due from money-market instruments	74,918	–	–	163,849
• due from banks	15,568	–	533,979	–
• due from clients	76,178	–	357,682	–
• mortgages	–	337,014	–	190,901
• financial investments	88,157	–	68,910	–
• trading portfolios and precious metals destined for sale	–	14,994	–	10,119
Liquid resources				
• cash	–	132,288	–	840,445
<i>Balance</i>	123,768	–	95,440	–
Total balances	129,445	129,445	99,266	99,266

BCGE Group statement of shareholders' equity

Consolidated

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in CHF 1,000

Shareholders' equity at 1 January 2013

Share capital	360,000
Capital reserve	311,738
General banking risk reserves	85,000
Retained earnings / accumulated loss	360,223
Foreign-exchange differences	-12,864
Treasury shares	-18,345

Total shareholders' equity at 1 January 2013 **1,085,752**

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	20,000
Net profit for the year	72,961
Repurchase of treasury shares (at cost)	-3,925
Sale of treasury shares (at cost)	6,364
Profit / loss on sales and dividends of treasury shares	509
Foreign-exchange differences	763

Total shareholders' equity at 31 December 2013 **1,162,984**

Of which

<i>Share capital</i>	360,000
<i>Capital reserve</i>	312,247
<i>General banking risk reserves</i>	105,000
<i>Retained earnings / accumulated loss</i>	340,783
<i>Net profit for the year</i>	72,961
<i>Foreign-exchange differences</i>	-12,101
<i>Treasury shares</i>	-15,906

Treasury shares (bearer shares)

	In units
at 1 January 2013	77,984
Purchases	16,753
Sales	27,086
At 31 December 2013	67,651

Average transaction price (average cash value) in CHF	238.62
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 782 people as of 31 December 2013; 725.4 when converted to full-time equivalents (722.7 in 2012).

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 contracts with Swisscom chiefly concern money transfer and securities operations – enabling a quality of service comparable with that offered by the best Swiss banking institutions –, operation of the central IT system, the hosting thereof, data storage, the printing and sending of bulk documents and the maintenance of certain items 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 its Articles of Association, the Bank makes repayments pro rata to the dividends distributed to shareholders (20% of the dividends paid). Accordingly, for the 2013 financial year, an amount of CHF 3,240,000 will be paid provided that the Board of Directors' proposed dividend is adopted by the Shareholders' Meeting. As a result, a total amount of CHF 9,720,000 will have been repaid since 2011. This means that CHF 45,077,000 will have been repaid since the Bank's consolidation in 2000.

3. PRINCIPLES GOVERNING THE PREPARATION 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 a material financial difference have been included in these financial statements. 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	16,637,821
Capital Transmission SA, Geneva	27,967
Investissements Fonciers SA, Lausanne	20,318
Swiss Public Finance Solutions SA, Geneva	970
Banque Cantonale de Genève (France) SA, Lyon	551,866
Compagnie Foncière du Saint Gothard SAS, Putaux	34,310
Compagnie Foncière Franco-Suisse SAS, Lyon	31,831
Rhône Saône Courtage Sàrl, Lyon	142

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 resulting exchange differences 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. Adjustments to conform to the "true and fair view" are generally made to Treasury shares and bonds by deducting the corresponding liabilities. The accounts for the previous year may, if necessary, be subject to modification for comparison purposes.

Recording dates

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

Currencies, banknotes and precious metals

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

Main currencies	Unit	Exchange rate	
		31.12.2013	31.12.2012
US Dollar	1	0.8910	0.9131
Euro	1	1.2271	1.2076
Pound sterling	1	1.4731	1.4783
Yen	100	0.8489	1.0574

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 unpaid 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 marked to market, but recorded at their face values and reported 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". 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, or on the accrual principle 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 market 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 programmes and equipment	3 to 10 years depending on their life-cycle

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.

Derivative financial 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 using the same methodology. The Bank has set up a number of risk committees for the parent company and the subsidiaries in order to enable it to assess, monitor and manage risks incurred.

The Board of Directors uses an analysis of the Group's principal risks. This analysis takes account of the existing internal control system, the Risk Control and Compliance department, internal and external audit work and the Executive Board's reports.

Basic principles

The risk limits for each business type are established by the Board of Directors. These enable allocation of equity and ensure diversification of the risks taken. Similarly, in accordance with regulatory provisions, the Board of Directors sets the country limits and bank limits, taking account of financial fluctuations and geopolitical risks. The Executive Board monitors all risks through constant supervision of business activities and through monitoring by specific committees.

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

Independent risk control of the revenue-generating operating units is performed throughout the bank. Hence, the Risk Control and Compliance department underpins regular controls by the front office and control functions. Their role is to analyse, evaluate and inform the various dedicated committees on the financial, legal and compliance-related impacts of exposure to the risks, paying particular attention to thoroughness and the objective assessment of the risks incurred and potential risks impacting the Bank.

BCGE belongs in the "category 3" created by the FINMA (2011/2) circular, especially with total assets in excess of CHF 15 billion. The FINMA has set the threshold at 12% of equity capital coverage for 31 December 2013. Consolidated equity capital coverage was 13.47% as of 31 December 2013 (12.86% in 2012), with the common equity tier 1 ratio (CET1) standing at 11.60% (10.63% in 2012).

Consolidated supervision

The organisation of risk control within the Group is structured on the basis of the management principles used by the Bank in Geneva with the aim of ensuring a comprehensive understanding of risks and their uniform control at consolidated level.

The Risk Control Department in the Finance and Risk Control Division consolidates the Group's 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 provide a formal framework for this effective overall approach.

The results are provided to the Executive Board and the Board of Directors on a regular basis.

Types of risks

• Counterparty risks

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

Credit is granted under a specific system of delegation of authority, based on the size of the loan, and subjected to a system of expert rating. This lays down different conditions which are to be applied depending on the borrower's financial situation and the type of transaction.

The 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 the type of property. In all cases new risk indicators result in specific analysis of the loan portfolios in question.

Ratings are allocated to borrowers by an expert rating system (10 grades from A+ to E-) and are updated by dedicated systems. Ratings F to I for at-risk business are calculated by the Bank using the its credit regulation criteria. 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 the 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 subjected to specific analysis. The dedicated IT system connected to the risk control system performs situation analyses, which monitors each client with its ratings, limits and outstanding loans. Commodity analyses complete these forms of monitoring.

Risk concentration

Major risks (large risks in the meaning of art. 83 FRO) are continuously monitored 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, additional attention is paid to 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 and property 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 Room transactions, compliance with limits and stop-losses. Connection to the centralised risk-control IT system also offers synchronised reports on capital requirements for these trading transactions. The Bank has a policy of maintaining low exposure to market risks in commodities trading. The ALM Committee meets on a monthly basis. The Committee oversees management of the Bank's balance sheet in the light of potential changes in the business and 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 operational management 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 that must be managed by the Bank mainly involve interest and commission income, mostly denominated in USD and EUR. Exchange-rate risks arising from the balance sheet, including treasury 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 that protect specific exchange positions while taking related costs into account.

Liquidity risk: Loan limits for other banks are tightly controlled in response to increased risks. 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 is conducted with a number of partner banks, in compliance with strict limits. BCGE adopted a prudent measure by massively increasing liquidity.

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

• Operating risks

Operating risks are defined as the risk 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 in operations processing. 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.

• Compliance risks

Compliance risks are risks of exposure either to financial loss or damage to reputation as a result of failure to conform to provisions, standards and regulations or legal and regulatory sanctions. The aim of the Compliance department, which is part of the Risk Control and Compliance Division, is to maintain the Bank's reputation by monitoring regulations in respect of money laundering, financing of terrorism and fraud, and 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". The Bank decided to take part in category 2 of the US programme aimed at settling the dispute between the US and the Swiss banks, as it was unable to guarantee that all its US clients had complied with their tax obligations. A provision has been created without any acknowledgement of liability under US law and based on an assessment of the risks to date.

• 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)

	Mortgages	Type of collateral		Total
		Other collateral	No collateral	
Loans				
Due from clients	668,862	282,781	2,884,582	3,836,225
Mortgages, of which:	9,274,514	44,620	–	9,319,134
• Residential real estate	7,431,475	44,620	–	7,476,095
• Office and business premises	1,332,439	–	–	1,332,439
• Industrial property	438,913	–	–	438,913
• Other	71,687	–	–	71,687
Total loans 31.12.2013	9,943,376	327,401	2,884,582	13,155,359
Total loans 31.12.2012	9,626,015	371,521	2,996,048	12,993,584
Off-balance-sheet items				
Contingent liabilities	–	–	720,398	720,398
• Guarantees/sureties	–	–	71,446	71,446
• Documentary credits	–	–	648,952	648,952
Irrevocable commitments	121,683	68,818	233,509	424,010
Commitments to subscribe capital or pay further sums	–	–	57,521	57,521
Acceptances	–	–	77,146	77,146
Off-balance-sheet total 31.12.2013	121,683	68,818	1,088,574	1,279,075
Off-balance-sheet total 31.12.2012	145,587	64,240	820,732	1,030,559

Impaired loans (in CHF 1,000)	Gross amount	Estimated liquidation value		Individual adjustments
		of guarantees	Net amount	
31.12.2013	222,772	96,584	126,188	121,907
31.12.2012	209,628	76,171	133,457	128,542

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

	31.12.2013	31.12.2012
• Listed debt securities (traded on a recognised stock exchange)	900	1,469
• Equity securities	45	70
• Precious metals	46,540	30,952
Total securities and precious metals held in trading portfolios	47,485	32,491

5.03 Financial investments (in CHF 1,000)	Book value		Fair value	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Financial investments				
Debt securities	1,213,828	1,192,543	1,226,669	1,218,722
<i>of which valued by the accrual method</i>	972,347	893,106	983,058	913,815
<i>of which valued at lowest price</i>	241,481	299,437	243,611	304,907
Investments	63,107	61,313	117,431	103,599
<i>of which significant shareholders*</i>	1,984	2,280	3,715	3,976
Real estate	20	20	20	20
Total financial investments	1,276,955	1,253,876	1,344,120	1,322,341
<i>of which collateral eligible for repos in accordance with liquidity rules</i>	1,181,957	1,111,380		

* minimum 10% of capital or of votes

5.04 Investments consolidated by the equity method (in CHF 1,000)	31.12.2013	31.12.2012
Without listed value	27,456	19,918
Total investments consolidated by the equity method	27,456	19,918

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, Geneva	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, Geneva	Financial Advisers	CHF 400	50.0

The Bank has other insignificant minority holdings.

5.06 Fixed assets (in CHF 1,000)	31.12.2012			31.12.2013			
	Historical	Accumulated	Book	Investments	Disposals	Amortisation	Book
	cost	amortisation	value				
Investments							
Investments consolidated by equity method	19,918	–	19,918	9,081	-1,543	–	27,456
Total investments	19,918	–	19,918	9,081	-1,543	–	27,456
Real estate							
Bank premises	153,456	-27,858	125,598	70	–	-4,647	121,021
Other premises	27,934	-6,110	21,824	–	-5,242	-381	16,201
Total real estate	181,390	-33,968	147,422	70	-5,242	-5,028	137,222
Other tangible assets	97,537	-63,718	33,819	3,372	-61	-14,556	22,574
Total tangible assets	278,927	-97,686	181,241	3,442	-5,303	-19,584	159,796
Intangible assets							
Goodwill	20,858	-20,426	432	–	–	-432	–
Fire insurance value of real estate			286,737				282,783
Fire insurance value of other tangible assets			100,956				99,796
Commitments: future liabilities on operating leases			–				–

5.07 Other assets and liabilities (in CHF 1,000)	31.12.2013		31.12.2012	
	other assets	other liabilities	other assets	other liabilities
Replacement values of financial instruments	20,227	141,780	28,159	210,727
Clearing account	99,242	–	167,110	–
Bond issuance costs Amortisation of bonds and mortgage-backed bonds	10,941	789	3,642	–
Spread of penalties on early loan repayment	–	10,769	–	–
Federal tax	8,937	10,104	10,360	9,778
Spread of gains on derivatives	–	8,851	–	113
Spread of securities using accrual method	–	1,231	–	–
Securities & coupons	–	356	25	422
Other	6,225	9,123	4,447	2,619
Total	145,572	183,003	213,743	223,659

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

	On 31.12.2013	
	Book value of assets pledged or consigned as collateral	Effective commitments
Swiss National Bank		
Limit	104,000	1,137,248
Face value of securities and debts pledged	–	–
SIX Swiss Exchange		
Face value of pledged securities	26,800	5,636
Euroclear		
Face value of pledged securities	2,000	–
Mortgage-backed securities (in CHF 1,000)	31.12.2013	31.12.2012
Face value of mortgage securities kept aside	4,300,429	5,223,000
Total borrowings	2,234,000	2,284,000
Securities lending and repo transactions (in CHF 1,000)	31.12.2013	31.12.2012
Claims resulting from a cash pledge when borrowing securities or entering into a repurchase agreement	66,825	–
Commitments resulting from cash received in securities lending or repo transactions	310,939	554,179
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>	312,425 312,425	555,154 555,154
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 –

5.09 Liabilities towards own pension plans (in CHF 1,000)	31.12.2013	31.12.2012
Towards the pension fund	–	–
As a custodian bank	39,449	23,118

Economic benefit/obligation and pension contributions (in CHF 1,000)	Pension-fund excess assets	
	31.12.2013	31.12.2012
<i>Amount of excess assets in the pension-fund accounts as at 31.12.2012*: 0 (2011: 0)</i>		
Economic benefit	–	–
Change in the economic benefit or obligation	–	-1'019
Contribution adjusted to the period (including the result of the employer's contribution reserve)	12,146	11,506
Pension contributions with significant influencing factors – as part of payroll costs	12,146	12,525

* The audited annual accounts of the pension fund as at 31.12.2013 are not available. As at 31.12.2012, the pension fund reported a liability coverage of 113.4% to its regulator.

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.

5.10 Outstanding bond issues

5.10.1 Bonds and mortgage-backed bonds from Swiss cantonal banks (in CHF 1,000)	31.12.2013	31.12.2012
Bonds	318,655	317,885
Mortgage-backed bonds	2,234,000	2,284,000
Total	2,552,655	2,601,885
Average interest at year-end	2.34%	2.55%

5.10.2 Bonds

	Maturity	Year	Interest	Face	Securities held	Outstanding		
	at call / final	of issue	rate%	amount	only by the bank	amount	Amount by maturity	
				in CHF 1,000	in CHF 1,000	in CHF 1,000	in CHF 1,000	
	2014	2004	3.5000	120,000	215	119,785 *	119,785	2014
	2018	2011	3.1250	200,000	1,130	198,870 *	198,870	2018
Total				320,000	1,345	318,655		
<i>of which subordinated debt</i>				<i>320,000</i>	<i>1,345</i>	<i>318,655</i>		

* Subordinated

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

	Balance at end 2012	Utilisation according to purpose	Recovery of non-performing		New provisions	Releases of provisions	Balance at end 2013
			interest and exchange difference				
Valuation adjustments and provisions for default risks (collection and country risk)	132,856	-12,129	3,243		11,143	-6,512	128,601
Valuation adjustments and provisions on financial investments	7,790	-1,883	-3		3,990	-	9,894
Valuation adjustments and provisions for other operating risks	20,637	-4,433	-		20,137	-396	35,945
Value adjustments and provisions for deferred taxes	-	-	-		-	-	-
Other provisions	-	-963	-		963	-	-
Total valuation adjustments and provisions	161,283	-19,408	3,240		36,233	-6,908	174,440
Valuation adjustments directly netted with assets	-152,188						-149,464
Total valuation adjustments and provisions as per balance sheet	9,095						24,976

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

Reserve for general banking risks	85,000	-	-	20,000	-	105,000
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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	1,370,773	–	–	–	–	–	–	1,370,773
Money-market instruments	5,445	–	73,947	9,544	–	–	–	88,936
Due from banks	150,984	–	170,992	3,068	–	–	–	325,044
Due from clients	851,112	86,811	921,461	207,360	944,566	824,915	–	3,836,225
Mortgages	–	1,294,986	971,936	711,558	3,278,651	3,062,003	–	9,319,134
Trading portfolios	47,485	–	–	–	–	–	–	47,485
Financial investments	52,724	–	19,587	61,149	870,825	262,267	10,403	1,276,955
Total current assets								
31.12.2013	2,478,523	1,381,797	2,157,923	992,679	5,094,042	4,149,185	10,403	16,264,552
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
DEBT								
Money-market instruments	6,986	–	–	–	–	–	–	6,986
Due to banks	160,058	–	765,058	–	–	–	–	925,116
Due to clients on savings and deposit accounts	5,100,089	–	–	–	–	–	–	5,100,089
Due to clients, other	6,504,232	–	53,136	36,599	4,298	92	–	6,598,357
Medium-term notes	–	–	1,280	3,220	9,652	1,080	–	15,232
Mortgage-backed bonds	–	–	–	316,785	1,205,870	1,030,000	–	2,552,655
Total debt								
31.12.2013	11,771,365	–	819,474	356,604	1,219,820	1,031,172	–	15,198,435
31.12.2012	10,834,074	277,895	1,424,454	233,961	1,022,288	1,290,320	–	15,082,992

5.13 Amounts due to/from affiliates and loans to officers (in CHF 1,000)	31.12.2013	31.12.2012
Due from affiliates	52,398	49,385
Due to affiliates	1,141,087	1,106,975
Loans to officers	5,610	5,591

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.

In 2013, the Bank paid fees of CHF 1.6 million to the State of Geneva for the guarantee on savings accounts (CHF 4.2 million in 2012).

5.14 Assets and liabilities by domestic and foreign origin (in CHF 1,000)	31.12.2013		31.12.2012	
	Domestic	Foreign	Domestic	Foreign
ASSETS				
Cash	1,357,889	12,884	1,233,735	4,750
Money-market instruments	5,443	83,493	–	163,854
Due from banks	245,325	79,719	234,968	105,644
Due from clients	2,486,422	1,349,803	2,531,556	1,391,043
Mortgages	8,941,475	377,659	8,724,510	346,475
Trading portfolios	46,585	900	32,481	10
Financial investments	1,096,807	180,148	1,071,560	182,316
Investments consolidated by the equity method	8,546	18,910	8,165	11,753
Fixed assets	158,963	833	180,545	696
Intangible assets	–	–	432	–
Accrued income and prepaid expenses	20,050	1,594	33,143	1,271
Other assets	144,233	1,339	212,833	910
Total assets	14,511,738	2,107,282	14,263,928	2,208,722
LIABILITIES				
Money-market instruments	6,986	–	666	–
Due to banks	882,069	43,047	1,197,103	182,327
Due to clients on savings and deposit accounts	4,420,078	680,011	4,271,554	639,114
Due to clients, other	5,191,955	1,406,402	4,917,013	1,251,078
Medium-term notes	15,232	–	22,252	–
Bonds and mortgage-backed bonds	2,552,655	–	2,601,885	–
Accrued expenses and deferred income	48,127	1,495	68,558	2,594
Other liabilities	180,677	2,326	223,312	347
Valuation adjustments and provisions	24,976	–	9,095	–
Reserve for general banking risks	105,000	–	85,000	–
Share capital	360,000	–	360,000	–
Capital reserve	312,247	–	311,738	–
Retained earnings	340,783	–	293,215	–
Treasury shares	-15,906	–	-18,345	–
Foreign-exchange differences	-12,101	–	-12,864	–
Net profit for the year	72,961	–	67,008	–
Total liabilities	14,485,739	2,133,281	14,397,190	2,075,460

5.15 Total assets by country or group of countries (in CHF 1,000)	31.12.2013		31.12.2012	
	Amount	%	Amount	%
Europe • France	1,320,357	7.9	1,279,086	7.8
• United Kingdom	92,509	0.6	142,008	0.9
• Luxemburg	81,913	0.5	56,641	0.3
• Germany	76,044	0.5	83,054	0.5
• Other European countries	192,085	1.2	282,584	1.7
United States	1,974	–	11,073	0.1
Other	342,400	2.1	354,276	2.2
Assets abroad	2,107,282	12.8	2,208,722	13.5
Domestic	14,511,738	87.2	14,263,928	86.5
Total assets	16,619,020	100	16,472,650	100

5.16 Balance sheet by currency (in CHF 1,000 at 31.12.2013)

	Currency				
	CHF	USD	EUR	OTHER	METALS
ASSETS					
Cash	1,299,831	2,119	65,089	3,734	–
Money-market instruments	5,114	83,544	267	11	–
Due from banks	160,448	85,782	34,436	14,256	30,122
Due from clients	2,067,841	739,889	1,012,408	16,087	–
Mortgages	9,223,786	–	95,348	–	–
Trading portfolios	943	–	1	–	46,541
Financial investments	1,182,031	2,023	92,356	545	–
Investments consolidated by the equity method	18,283	–	9,173	–	–
Fixed assets	158,963	–	833	–	–
Intangible assets	–	–	–	–	–
Accrued income and prepaid expenses	20,050	–	1,594	–	–
Other assets	143,356	–	1,411	805	–
Total asset positions	14,280,646	913,357	1,312,916	35,438	76,663
Delivery claims from spot exchange deals, forward exchange deals and currency-option transactions	4,199,911	414,632	398,320	78,082	535
Total assets	18,480,557	1,327,989	1,711,236	113,520	77,198
LIABILITIES					
Money-market instruments	3,967	506	2,508	5	–
Due to banks	35,480	495,222	350,727	4,856	38,831
Due to clients on savings and deposit accounts	5,018,105	5,186	76,798	–	–
Due to clients, other	5,282,140	567,703	632,327	78,169	38,018
Medium-term notes	15,232	–	–	–	–
Bonds and mortgage-backed bonds	2,552,655	–	–	–	–
Accrued expenses and deferred income	48,127	–	1,495	–	–
Other liabilities	178,839	996	3,155	13	–
Valuation adjustments and provisions	24,976	–	–	–	–
Reserve for general banking risks	105,000	–	–	–	–
Share capital	360,000	–	–	–	–
Capital reserve	312,247	–	–	–	–
Retained earnings / accumulated deficit	340,783	–	–	–	–
Treasury shares	-15,906	–	–	–	–
Foreign-exchange differences	-12,101	–	–	–	–
Net profit for the year	72,961	–	–	–	–
Total liability positions	14,322,505	1,069,613	1,067,010	83,043	76,849
Delivery claims from spot exchange deals, forward exchange deals and currency-option transactions	4,207,555	255,369	598,275	29,326	535
Total liabilities	18,530,060	1,324,982	1,665,285	112,369	77,384
Net position by currency	-49,503	3,007	45,951	1,151	-186

5.17 Open derivative instruments at year-end (in CHF 1,000)	Trading Instruments			Hedging Instruments		
	Positive	Negative	Contract	Positive	Negative	Contract
	replacement	replacement		replacement	replacement	
value	value	volume	value	value	volume	
Interest-rate instruments						
Forward contracts inc. FRAs	–	–	160,627	–	–	–
Swaps	154	144	6,000	14,763	137,341	3,800,000
Futures	5	4	1,209	–	–	–
Options (OTC)	6	179	57,032	934	52	100,270
Total interest-rate instruments	165	327	224,868	15,697	137,393	3,900,270
Currencies / precious metals						
Forward contracts	803	780	106,766	–	–	–
Combined interest-rate and currency swaps	2,948	2,666	859,576	–	–	–
Options (OTC)	614	614	–	–	–	–
Total currencies / precious metals	4,365	4,060	966,342	–	–	–
Equity securities / indices						
Futures	–	–	–	–	–	–
Exchange-traded options	–	–	–	–	–	–
Total equity securities / indices	–	–	–	–	–	–
Total at 31.12.2013	4,530	4,387	1,191,210	15,697	137,393	3,900,270
Total at 31.12.2012	7,213	6,958	997,329	20,946	203,769	3,377,013

The Bank did not enter into any specific netting contracts.

5.18 Interest income (in CHF 1,000)	31.12.2013	31.12.2012
Banks	869	3,824
Clients	276,366	292,419
Bills of exchange and money-market instruments	1,329	671
Interest and dividends earned on financial investments	17,852	17,110
Interest and dividends earned on trading portfolio	70	36
Total	296,486	314,060

5.19 Interest expenses (in CHF 1,000)	31.12.2013	31.12.2012
Banks	1,431	3,200
Clients	29,889	33,852
Debts	53,942	61,325
Subordinated debts	10,197	10,171
Other	0	123
Total	95,459	108,671

5.20 Trading results (in CHF 1,000)	31.12.2013	31.12.2012
Currency and banknote trading, including derivatives	25,485	22,638
Precious-metal trading	541	583
Securities trading	927	895
Total	26,953	24,116

5.21 Payroll expenses (in CHF 1,000)	31.12.2013	31.12.2012
Salaries and bonus payments	95,341	96,924
Social security contributions	10,187	10,201
Contributions to the pension fund	12,146	12,525
Other staff expenses	3,180	3,407
Total	120,854	123,057
5.22 Other operating expenses (in CHF 1,000)	31.12.2013	31.12.2012
Occupancy expenses	11,074	9,695
IT expenses	28,561	31,993
Office equipment, furniture, vehicles	314	339
Other operating expenses	42,893	43,268
Total	82,842	85,295
5.23 Depreciation of fixed assets (in CHF 1,000)	31.12.2013	31.12.2012
Permanent installations	3,156	2,436
Appliances, fixtures and telecommunications, IT programs and equipment	14,086	15,178
Office equipment, furniture and vehicles	2,342	3,701
Intangible assets	432	6,099
Total	20,016	27,414
5.24 Valuation adjustments, provisions and losses (in CHF 1,000)	31.12.2013	31.12.2012
Value adjustments and provisions for loan recovery risks	4,631	10,623
Value adjustments and provisions for other operating risks	19,741	5,670
Other provisions	963	1,620
Total	25,335	17,913
5.25 Extraordinary income (in CHF 1,000)	31.12.2013	31.12.2012
Sale of fixed assets	26,178	–
Other	124	22,000*
Total	26,302	22,000
* Settlement of a dispute.		
5.26 Extraordinary expenses (in CHF 1,000)	31.12.2013	31.12.2012
Non-operating expenses	2,518	3,148
Reserve for general banking risks	20,000	25,000
Total	22,518	28,148

5.27 Income and expenses of ordinary banking activities (in CHF 1,000)	31.12.2013		31.12.2012	
	Domestic	Foreign	Domestic	Foreign
Income from interest-rate operations	188,708	12,319	194,730	10,659
Income from commissions and services	92,031	5,617	99,039	4,919
Income from trading	26,953	–	24,116	–
Other ordinary income	9,032	107	11,998	299
Operating expenses	-194,046	-9,650	-198,711	-9,641
Gross profit	122,678	8,393	131,172	6,236

2013 financial statements and notes
Parent company

Report of the Statutory Auditor

To the General meeting of
Banque Cantonale de Genève, Geneva

Report of the statutory auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements (pages 120 to 128) of Banque Cantonale de Genève, which comprise the balance sheet as at December 31, 2013, the statement of income and notes to the financial statements for the year then ended.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of these financial statements in accordance with the requirements of Swiss law and the Company'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 December 31, 2013 comply with Swiss law and the Bank's articles of incorporation.

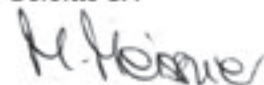
Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 Code of Obligation (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



Myriam Meissner
Licensed audit expert
Auditor in charge



Thierry Aubertin
Licensed audit expert

Geneva, February 24, 2014
MME/THA/jh

Annual accounts 2013

Parent company

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Balance sheet before allocation

Parent company

120

	Notes	31.12.2013 in CHF 1,000	31.12.2012 in CHF 1,000	Variation in CHF 1,000
ASSETS				
Cash		1,363,525	1,236,479	127,046
Money-market instruments		88,936	163,854	-74,918
Due from banks		839,962	879,187	-39,225
Due from clients		3,300,641	3,408,308	-107,667
Mortgages		9,319,134	9,070,985	248,149
Trading portfolios		64,132	50,849	13,283
Financial investments		1,263,502	1,240,236	23,266
Investments in Group companies		75,363	71,721	3,642
Fixed assets		158,963	182,977	-24,014
Accrued income and prepaid expenses		19,544	32,947	-13,403
Other assets	4.13	144,119	212,641	-68,522
Total assets		16,637,821	16,550,184	87,637
Total subordinated claims		19,911	16,443	3,468
Total due from Group companies and qualified participants		595,572	649,648	-54,076
<i>of which total claims on the Canton of Geneva</i>		<i>53,188</i>	<i>18,226</i>	<i>34,962</i>
LIABILITIES				
Money-market instruments		6,986	666	6,320
Due to banks		998,437	1,483,964	-485,527
Due to clients on savings and deposit accounts		5,100,089	4,910,668	189,421
Due to clients, other		6,560,268	6,146,471	413,797
Medium-term notes		15,232	22,252	-7,020
Bonds and mortgage-backed bonds		2,554,000	2,604,000	-50,000
Accrued expenses and deferred income		48,127	68,536	-20,409
Other liabilities	4.13	180,667	223,312	-42,645
Valuation adjustments and provisions	4.10	24,618	8,995	15,623
Reserve for general banking risks	4.10	105,000	85,000	20,000
Share capital	4.07	360,000	360,000	–
General legal reserve		615,851	569,851	46,000
Retained earnings		1,029	1,208	-179
Net profit for the year		67,517	65,261	2,256
Total liabilities		16,637,821	16,550,184	87,637
Total subordinated debt		320,000	320,000	–
Total due to Group companies and qualified participants		145,391	308,141	-162,750
<i>of which total due to the Canton of Geneva</i>		<i>61,422</i>	<i>158,184</i>	<i>-96,762</i>
OFF-BALANCE-SHEET OPERATIONS				
Contingent liabilities		720,481	567,490	152,991
Irrevocable commitments		420,585	386,198	34,387
Commitments to subscribe capital or pay further sums		57,521	55,009	2,512
Loans by acceptances		77,146	21,886	55,260
Financial derivatives:				
– underlying amounts		5,093,828	4,376,690	717,138
– positive replacement values		20,333	28,226	-7,893
– negative replacement values		141,780	210,727	-68,947
Fiduciary transactions	4.11	23,001	61,673	-38,672

Profit and loss account

Parent company

	Notes	31.12.2013 in CHF 1,000	31.12.2012 in CHF 1,000	Variation in CHF 1,000
INTEREST INCOME AND EXPENSES				
Interest and discount income		264,905	286,291	-21,386
Interest and dividends from trading portfolios		468	533	-65
Interest and dividends from financial investments		17,852	17,110	742
Interest expenses		-95,598	-109,624	14,026
<i>Net interest income</i>		<i>187,627</i>	<i>194,310</i>	<i>-6,683</i>
COMMISSION AND FEE INCOME				
Commission income from lending		27,266	33,952	-6,686
Commission income from trading, securities and deposits		42,588	42,712	-124
Commission income from other services		29,547	29,042	505
Commission expenses		-7,371	-6,725	-646
<i>Net commission and fee income</i>		<i>92,030</i>	<i>98,981</i>	<i>-6,951</i>
RESULT OF TRADING OPERATIONS				
<i>Net result of trading operations</i>	4.12	<i>28,614</i>	<i>25,031</i>	<i>3,583</i>
OTHER ORDINARY RESULTS				
Income from sale of financial investments		2,687	4,389	-1,702
Income from investments		1,494	1,792	-298
Real-estate income		1,069	934	135
Other ordinary income		7,582	8,021	-439
Other ordinary expenses		-3,992	-2,604	-1,388
<i>Other ordinary income, net</i>		<i>8,840</i>	<i>12,532</i>	<i>-3,692</i>
Total operating profit		317,111	330,854	-13,743
OPERATING EXPENSES				
Payroll expenses		-115,242	-117,253	2,011
Other operating expenses		-78,759	-81,423	2,664
<i>Net operating expenses</i>		<i>-194,001</i>	<i>-198,676</i>	<i>4,675</i>
Gross profit		123,110	132,178	-9,068
Depreciation of fixed assets	4.04	-22,396	-27,814	5,418
Valuation adjustments, provisions and losses		-22,503	-15,327	-7,176
Intermediate profit		78,211	89,037	-10,826
Extraordinary income	4.05	26,302	22,000	4,302
Extraordinary expenses	4.06	-22,518	-28,148	5,630
Taxes		-14,478	-17,628	3,150
Net profit for the year		67,517	65,261	2,256

Statement of shareholders' equity

Parent company

in CHF 1,000

SHAREHOLDERS' EQUITY AT 1 JANUARY 2013

Share capital	360,000
General legal reserve	569,851
Reserve for general banking risks	85,000
Profit	66,469
Total shareholders' equity at 1 January 2013	1,081,320

Allocation to the general legal reserve from the previous year's profit	-46,000
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	46,000
Allocation to reserves for general banking risks	20,000
Profit for the year	67,517
Total shareholders' equity at 31 December 2013	1,149,397

of which

<i>Share capital</i>	<i>360,000</i>
<i>General legal reserve</i>	<i>615,851</i>
<i>Reserve for general banking risks</i>	<i>105,000</i>
<i>Profit</i>	<i>68,546</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	31.12.2013	31.12.2012
Full-time equivalents	678.6	677.7
Number of employees	735	738

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	1,137,248
Face value of securities and claims pledged	–	–
SIX Swiss Exchange		
Face value of blocked securities	26,800	5,636
Euroclear		
Face value of blocked securities	2,000	–
Mortgage-backed securities from Swiss cantonal banks (in CHF 1,000)		
	31.12.2013	31.12.2012
Face value of mortgage-backed securities	4,300,429	5,223,000
Total borrowings	2,234,000	2,284,000

Securities lending and repo transactions (in CHF 1,000)	31.12.2013	31.12.2012
Claims resulting from a cash pledge when borrowing securities or entering into a repurchase agreement	66,825	–
Commitments resulting from cash received in securities lending or repo transactions	310,939	554,179
Securities held in own account, loaned or transferred as collateral in securities lending or repo transactions	312,425	555,154
<i>of which securities with unrestricted rights of subsequent transfer or pledge</i>	312,425	555,154
Securities received as collateral in securities lending and borrowing, and repo transactions, with unrestricted rights of subsequent sale or pledge	–	395
<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)	31.12.2013	31.12.2012
Liabilities towards the pension fund	–	–
Liabilities towards the pension fund as a custodian bank	39,449	23,118

Please refer to item 5.09 (page 106) in "Notes to the 2013 Consolidated Financial Statements".

4.03 Amounts due to/from affiliates and loans to officers (in CHF 1,000)	31.12.2013	31.12.2012
Due from affiliates	52,398	49,385
Due to affiliates	1,141,087	1,106,975
Loans to officers	5,610	5,591

Please refer to item 5.13 (page 109) in "Notes to the 2013 Consolidated Financial Statements".

4.04 Depreciation of fixed assets (in CHF 1,000)	31.12.2013	31.12.2012
Fixtures	3,098	2,436
Installations, fittings, security and telecommunications equipment, IT plant and equipment and programs	14,383	15,677
Plant and equipment, furniture, vehicles, intangible assets	4,278	9,701
Depreciation on shareholdings	637	–
Total	22,396	27,814

4.05 Extraordinary income (in CHF 1,000)	31.12.2013	31.12.2012
Sale of fixed assets	26,178	–
Various agreed funds	124	–
Disposals	–	22,000 *
Total	26,302	22,000

* Settlement of a dispute

4.06 Extraordinary expenses (in CHF 1,000)	31.12.2013	31.12.2012
Non-operating expenses	2,518	3,148
Reversal of reserves for general banking risks	20,000	25,000
Total	22,518	28,148

4.07 Share capital	31.12.2013			31.12.2012		
	Total par value in CHF	Number of shares	Capital eligible for dividends in CHF	Total par value in CHF	Number of shares	Capital eligible for dividends 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 and shareholdings of the Board of Directors and the Executive Board	Remuneration (before taxes)			Loans ¹	Number of BCGE shares held at 31.12.2013			
	Fixed, compensation ²	In locked up shares ^{3,4}	Total		Unlocked	Locked up ³	Total	By kin
Board of Directors								
Jean-Pierre Roth, Chairman	280,500	747	281,247	–	–	14	14	–
Bernard Clerc, Deputy Chairman	88,000	1,120	89,120	–	50	26	76	–
Mourad Sekkiou, Secretary	66,000	934	66,934	–	6	22	28	–
Asma Hovagemyan	77,000	934	77,934	–	22	24	46	–
Fabienne Knapp	100,100	560	100,660	–	70	10	80	–
Josef Küttel	70,400	747	71,147	350,000	20	14	34	–
Patrick Mage	126,500	934	127,434	–	20	22	42	–
Jean-Marc Mermoud	60,500	747	61,247	1,612,500	–	14	14	–
Ton Schurink	70,400	934	71,334	1,804,808	532	22	554	–
Angela de Wolff	70,400	747	71,147	–	–	14	14	–
John Tracey	70,400	747	71,147	1,000,000	10	14	24	10
Total, Board of Directors	1,080,200	9,151	1,089,351	4,767,308	730	196	926	10

Previous year	Remuneration (before taxes)			Loans ¹	Number of BCGE shares held at 31.12.2012			
	Fixed, compensation ²	In locked up shares ³	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	–

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

² BCGE Directors receive a fixed annual fee plus, in some cases, extra compensation. The remuneration regulations are applied here. 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 249.9 on 12 June 2013.

	Remuneration (before taxes)				Loans ¹	Number of BCGE shares held at 31.12.2013				
	In locked up					Total	Unlocked	Locked up ³	Total	By kin
	Fixed ²	Variable ^{2,3}	shares ^{2,3,4,5}	Total						
Executive Board										
Blaise Goetschin, CEO	723,144	550,000	62,366	1,335,510	130,000	1,708	3,127	4,835	63	
Eric Bourgeaux						1,538	2,727	4,265	40	
Claude Bagnoud							958	958	20	
Pierre-Olivier Fragnière						294	1,908	2,202	–	
Jean-Marc Joris						443	634	1,077	–	
Jérôme Monnier						19	316	335	–	
Total, Executive Board	2,596,704	1,755,000	200,637	4,552,341	843,180	4,002	9,670	13,672	123	
Previous year, Blaise Goetschin	723,144	527,545	134,084	1,384,773	100,000	1,262	2,685	3,947	63	
Previous year, Executive Board	2,596,704	1,746,508	445,018	4,788,230	792,706	3,313	7,970	11,283	103	

The largest loan extended to a member of the Executive Board

624,180 to Jérôme Monnier

Previous year

632,706 to Jérôme Monnier

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

Blaise Goetschin	235,133
Total, Executive Board	910,616
Previous year, Blaise Goetschin	225,442
Previous year, Executive Board	863,623

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

Blaise Goetschin	75,181
Other members, Executive Board	54,132
Total, Executive Board	129,313
Previous year, Blaise Goetschin	74,031
Previous year, other members of Executive Board	52,818
Previous year, Executive Board	126,849

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

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

³ Paid in 2014 based on 2013 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 225.30 on 31 December 2013.

In 2013, the BCGE made an employer's contribution totaling CHF 551,206 (2012: CHF 539,684) to the Executive Board's pension fund accounts. The contribution for the CEO amounted to CHF 133,211 (2012: CHF 132,073).

The principles of remuneration are explained on pages 83 and 84. No indemnity was paid indirectly to the members of the Executive Board. No indemnity was paid directly or indirectly, in 2013, to former members of the Board of Directors or to any person in close relationship with the members of the Board of Directors or the Executive Board.

At 31 December 2013, no indemnities not complying with market practices were awarded to any person in close relationship with the members of the Board of Directors or the Executive Board.

At 31 December 2013, no no outstanding credits or loans not complying with market practices were awarded to any person in close relationship with the members of the 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	31.12.2013		31.12.2012	
	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	33,863,600	9.41	53,863,600	14.96
City of Geneva	14,727,000	4.09	14,727,000	4.09
Other shareholders	99,326,800	27.59	79,326,800	22.03

At 31 December 2013, the State of Geneva held 44.27% of the Bank's share capital (registered and bearer shares) and has 49.80% of the voting rights. As of the same date, the Canton of Geneva's public Teachers' and Civil Servants' Pension Fund (CIA) held 5.96% of the Bank's share capital (bearer shares). These shares were transferred at no cost to the CIA by the State of Geneva in October 2013.

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

	Balance at 31.12.2012	Utilisation according to purpose	Recoveries, non		New provisions	Releases of provisions	Balance at 31.12.2013
			Changes to allocation (new allocation)	performing interest, exchange differences			
Valuation adjustments and provisions for default risks (collection and country risks)	124,579	-11,810	-	3,094	2,057	-	117,920
Valuation adjustments and provisions for financial investments	7,790	-1,883	-	-3	3,990	-	9,894
Valuation adjustments and provisions for other operating risks	20,537	-4,433	-	-	19,483	-	35,587
Other provisions	-	-963	-	-	963	-	-
Total valuation adjustments and provisions	152,906	-19,089	-	3,091	26,493	-	163,401
Less valuation adjustments directly netted with assets	-143,911						-138,783
Total valuation adjustments and provisions as per the balance sheet	8,995						24,618
Reserve for general banking risks	85,000	-	-	-	20,000	-	105,000

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)

	31.12.2013	31.12.2012
Fiduciary transactions		
Fiduciary deposits with third parties	23,001	61,673
Total fiduciary transactions	23,001	61,673

4.12 Trading results by sector (in CHF 1,000)	31.12.2013	31.12.2012
Foreign-exchange trading / banknote trading, including derivatives	25,477	22,639
Precious metals trading	541	583
Securities trading	2,596	1,809
Total trading operations	28,614	25,031

4.13 Other assets and liabilities (in CHF 1,000)	31.12.2013		31.12.2012	
	other assets	other liabilities	other assets	other liabilities
Replacement value of financial instruments	20,333	141,780	28,226	210,727
Clearing account	99,242	–	167,110	–
Bond issuance costs, amortisation of bonds and mortgage-backed bonds	10,941	789	3,642	–
Spread of penalties on early loan repayment	–	10,769	–	–
Federal tax	8,718	10,104	10,228	9,778
Spread of gains on derivatives	–	8,851	–	113
Spread of securities using accrual method	–	1,231	–	–
Issuing costs / bonds	–	356	25	422
Other	4,885	6,787	3,410	2,272
Total	144,119	180,667	212,641	223,312

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

The Board of Directors will propose at the Ordinary General Meeting, to be held on 1 May 2014, that the profit be allocated as follows:

	31.12.2013	31.12.2012
Net profit for the year	67,517	65,261
Retained earnings brought forward	1,029	1,208
Earnings available for distribution	68,546	66,469
Allocation to general legal reserve	-48,000	-46,000
Dividend of 4.5% (20121: 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	1,106	1,029

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