ANNUAL REPORT 2008

BCGE

BCGE Group

BCGE GROUP CONSOLIDATED KEY FIGURES	2008	2007	2006	2005	2004
Balance sheet (in CHF million)					
Total assets	13,690	12,498	12,571	12,783	13,892
Loans to clients	10,017	10,305	10,362	10,996	11,386
Client deposits and borrowings	12,072	11,207	11,175	11,569	12,782
Shareholders' equity	912	888	814	705	654
Income (in CHF million)					
Interest income	213	201	192	183	179
Commission income	93	98	95	88	81
Trading income	17	17	17	14	9
Other ordinary income	-4	6	19	10	9
Total income	319	322	323	295	278
Operating expenses	218	210	205	195	199
Gross profit	101	112	118	101	79
Depreciation, valuation adjustments, provisions and losses, and extraordinary income	33	35	57	55	47
Interim profit (in CHF millions)	62	101	106	58	24
Net profit (in CHF millions)	68	77	61	46	32
Assets managed and administered (in CHF billion)	16.7 *	14.1	13.2	12.5	10.9
Total staff					
• in full-time equivalent units	788.6	783.6	775.5	762.7	773.2
• in number of persons	845	848	843	832	845
Ratios (in %)					
Shareholders' equity/Total assets	6.7	7.1	6.5	5.5	4.7
Gross profit/Shareholders' equity	11.1	12.6	14.5	14.3	12.1
Return on equity (ROE)	7.5	8.7	7.5	6.5	4.9
Expenses/Income	68.3	65.2	63.5	65.9	71.6
Data per bearer share (in CHF)					
Shareholders' equity	253	247	226	196	182
Gross profit	28	31	33	28	22
Net profit	19	21	17	13	9
Dividend	6	6	5	3	1
Stock market data (parent company)					
History of bearer share price (in CHF)					
• high	282	297	245	197	198
• low	210	240	190	182	174
• at year-end	220	282	240	190	187
Market capitalisation (in CHF millions at 31 December)	792	1,015	864	684	673
Number of shares in thousands	5,721	5,721	5,721	5,721	5,721
Shareholders' equity/Number of shares	260	253	231	200	187

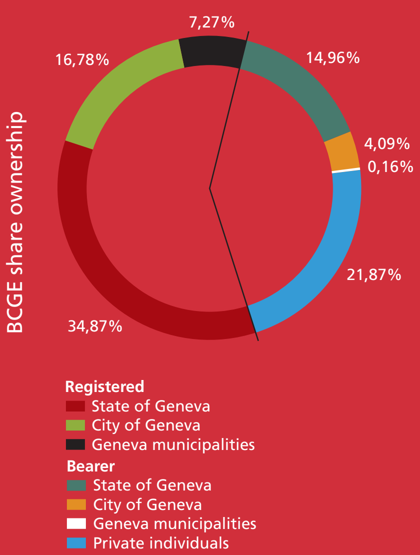
* See page 34.

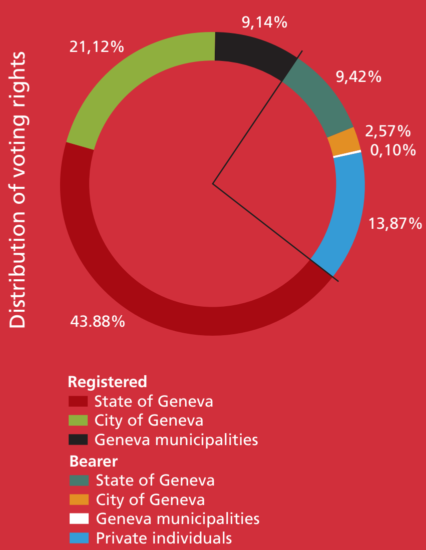
Standard & Poor's rating
Banque Cantonale de Genève: A/A-1/Stable
(latest rating as at 12 December 2008)

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	1,479,179





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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 PROPOSES A DIVERSE RANGE OF SERVICES RANGING FROM ORDINARY BANKING FACILITIES, PRIVATE BANKING, ASSET MANAGEMENT, PENSION SCHEMES, MORTGAGES, CORPORATE AND LOCAL AUTHORITY LENDING. IT OPERATES A TRADING ROOM AND OFFERS FINANCIAL ENGINEERING, CORPORATE FINANCE AND GLOBAL COMMODITY FINANCE SERVICES. THE BCGE GROUP ALSO HAS A SUBSIDIARY IN THE FRENCH RHÔNE-ALPES REGION, BANQUE CANTONALE DE GENÈVE (FRANCE) IN LYON AND ANNECY. THE GROUP EMPLOYS 845 PEOPLE (789 FTE).

BCGE Annual report 2008
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Message from the Chairman

Only the fittest weather the storm

Who could have imagined a year ago the extent of the hurricane that has hit the world's financial activities since the beginning of 2008? We have seen masts snap, sails torn to pieces and supposedly unsinkable ships go down. Only a few have been able to trim their sails in time, take shelter in a port or hold their course. In this taxing environment, the strategy of prudence, followed by the Bank since 2000, has proven highly effective and has shown itself more than ever to be well-suited to prevailing market conditions. This strategy has led the Bank to focus on expanding business with qualitative long-term performance, whose rewards it is now reaping.

A/A-/stable: S&P rating raised

Against the turbulent background seen at the end of the year, the fact that the Standard & Poor's agency increased BCGE's rating on 12 December confirms that the Bank's strategic choices are the right ones. The agency's report that was issued with the new rating highlights a considerable number of positive points, both in the financial profile and in the Bank's business model, which are bound to please its shareholders and clients and prove to the Bank's senior management that it should not be tempted to change tack. A summary is given on page 38.

No subprime exposure, no Madoff

The Bank's excellent risk management has protected both its clients and itself from the major value-destroying products that hit the headlines in 2008. Our institution continues to follow a course that supports the real economy, in which simplicity and common sense go hand in hand. That means that it only offers its clients services for which it feels completely comfortable with the content and with which it shares the architectural principles. It is convinced that this methodology protects it from a considerable number of undesirable risks, particularly fraud or speculation-related risks.

Strategic revenue strong

The Bank's strategic revenue sources performed well, considering the general climate. The interest spread resisted particularly well, mainly thanks to strong growth in mortgage business. It amounted to CHF 212.8 million (+5.8%), making up two-thirds of the Group's revenues. Despite the sharp drops in the financial markets, commissions held their ground and were only 5.1% lower at CHF 92.7 million. Assets under management and administration amounted to CHF 16.7 billion (see page 34). The Bank has managed to attract funds from numerous new clients.

Dividend maintained at 2007 level and considerable contribution to public authorities

Considering that the drop in net profit primarily reflects the effects of the economic situation and is not attributable to a reduction in the Bank's operational capacity, the Board of Directors has decided to propose that the Ordinary General Meeting approve a dividend equalling that of the excellent 2007 financial year. The payment will therefore be 6% of par value, representing CHF 6 per bearer share and constituting a global distribution of CHF 21.6 million. The total contribution made to the public authorities, first and foremost to the Canton, will amount to CHF 30.1 million, an increase of 0.7 million.

Modernisation of the IT system

The Board of Directors closely monitored the colossal task of preparing for the IT migration and its actual implementation. Such a large-scale project makes great demands on all the staff concerned. The Board is very grateful to all those involved for their dedication. They have helped to ensure the Bank's competitiveness for the next twelve to fifteen years. In terms of the budget, the project has been well run and will allow reduced IT costs over the coming years. Cost overruns were strictly limited to desired improvements and formally agreed perimeter modifications. In this context, the Board of Directors has decided to earmark a limited part of the reserve for general banking risks to cover these extra expenses.

Some banking secrecy should be maintained

A great debate was initiated at the beginning of 2009 on banking secrecy. As far as we are concerned, we would like to state our total support of this Swiss particularity which, when applied carefully and ethically, helps to make Geneva one of the best financial markets in the world.

Towards the end of the Fondval era

In June 2008, the winding up of the *Fondation de valorisation des actifs de la Banque Cantonale de Genève* marked the end of an era for the Bank. The debts taken on by the *Fondation de valorisation* in 2000 have thus been greatly reduced and only amount to CHF 297.8 million on the 2008 balance sheet, i.e. 5.9% of the initial amount. The transfer of 34 properties in the first few weeks of 2009 to the State of Geneva, through the acquisition of a share in a major real-estate company, has further reduced this amount. I would like to take this opportunity to highlight once again the excellent work carried out by the *Fondation* which, admittedly helped by a favourable property market, has succeeded in selling many properties at prices significantly higher than the original estimated values. In doing so, it has reduced the overall loss rate to below 39% from an initially estimated 50%.

A thank you to staff and management

The Board of Directors joins me in thanking the Executive Board for the sound conduct of its duties. It would also like to express its gratitude to all managers and employees and highlight their competence and efficiency. In the fiercely competitive environment and stormy economic situation currently being experienced, only the best crews can come through safe and sound. We can be proud that the BCGE team is one of these.

Michel Mattacchini
Chairman

Message from the Chief Executive Officer

2008: a year of trying times, a year of progress

No banking institution, whatever its size or wherever it operates, will have come out of last year unscathed. Extreme events[1] and unprecedented index variations occurred one after the other. In this series of "rogue waves", each institution has been tested in terms of its strategic positioning, its security and defence system against risks and its ability to retain its good standing and credit. The BCGE comes out of this trying time stronger than ever. It has gained more clients, it has increased its market shares in strategic sectors, its rating has been increased and it has effected a major technological change. Even its staff numbers have grown slightly. All these developments allow it to face 2009 and its medium-term growth with gusto and put it in a strategic position to seize the opportunities offered by a banking market under reconstruction.

More clients

12,600 extra clients (11,900 retail and 700 corporate clients) represent exceptional growth, admittedly accelerated by the clientele's disappointment with certain institutions that were more exposed to the international financial crisis. This development is due to the constant improvement of what the BCGE has to offer. Its offer has expanded in numerous domains: comprehensive wealth advice, pension planning and inheritance advice, and increased technical capacities in Internet banking. The offer has also been strengthened in terms of infrastructure: the creation of a new branch in the heart of a district that represents the Geneva of the future, the modernisation of several branches and an increased number of automated teller machines (ATMs). Thirdly, the offer has been expanded for companies with the creation of an equity investment vehicle. Finally, its capacity to finance public bodies has been increased thanks to a joint venture with French banking partners.

The growth in client loyalty should also be noted. In this respect, attention should be drawn to the satisfaction shown by our clients in wealth management thanks to an investment management method that has remained careful and prudent. No structured products, no artificial hedge funds. No unfulfilled promises of guaranteed performance. In other words, no get-rich-quick schemes or short-cuts. The quality of our investment management and, in particular, the strength of our performances in a context of extreme crisis give us a reputation of solidity and stability that allows us considerable potential for growth in private banking[2] and in asset management.

Greater market share

Sometimes cited for its prudent conduct, BCGE reaped the rewards of a strategy of restraint and high risk selectiveness in 2008. With its basis of shareholders' equity strengthened year after year, considerable liquid reserves[3] and some of the most favourable refinancing costs on the market, BCGE has managed to gain market share in numerous domains, including the strategically important property mortgage financing. There has been a net growth of more than CHF 399 million in mortgages with high-quality clients and a low-level risk profile. A second example in the area of corporate financing is provided by the fact that BCGE, assisted by the new market landscape, has managed to develop relationships with numerous new companies, including major Swiss groups. Furthermore, it has reinforced its central supporting role in the regional economic fabric as regards SMEs and the self-employed.

Greater credibility

The upgrading of a credit rating by a major international agency during a financial year like that of 2008 bears witness to BCGE's resilient and counter-cyclical character. By steering clear of the temptation of easy finance, the Bank has gained credibility in the face of all its competitors.

Greater technological and operational power

BCGE set itself several major goals for 2008:

- to carry out an IT migration to the platform used by the majority of the cantonal banks,
- to standardise payement transfers with two other cantonal banks,
- to integrate the institutional management branch Synchrony Asset Management into BCGE,
- to galvanise its private banking subsidiary Anker Bank by transforming it into a national network of private banking branches,
- and to introduce a fully electronic document management system (paperless office).

The objectives of these profound changes have been fully met, even if, it must be said, it demanded extraordinary efforts from all the Bank's units. BCGE is grateful for its clients' patience and loyalty and for the exceptional commitment of its staff, who allowed this technological culture shock to be absorbed with flexibility and determination.

Although there was a temporary fall in service quality in some areas, the data was transferred in full and on schedule. In addition, new facilities have been put at the disposal of the clientele, especially in netbanking.

Now that this major step has been completed, the Bank is focussing on capitalising on the advantages of the new system and on perfecting the quality of the production and availability of the service. This state-of-the-art platform will also allow productivity to progressively increase to a higher level of excellence.

Coinciding with the arrival of a new head of private banking, Jean-Louis Platteau, in the second half, the integration of Anker Bank has been a complete success and the BCGE private banking branches in Zurich, Lausanne and Lugano now form solid bases for development in the Swiss market. The same can be said for the asset management activity which, with an excellent financial year, has gained a foothold in German-speaking Switzerland.

Despite a slight slowdown in results due to investments and the economic situation, 2008 was a year of remarkable progress. Your bank is well equipped to tackle a greatly changed and very risky environment. The economic outlook will probably not make its task easy. In order to succeed, it can rely on a reservoir of high-level talent that is united and well organised. A simple principle prevails in the minds of our executives: quality creates quality. Its strategy and its forces will allow it to continue to increase its already high return on shareholders' equity and its intrinsic value. The stock market should recognise the share's significant potential[4] as soon as the generalised banking crisis shows the first signs of calming down. It will also be able to distribute an increasing sum to all its stakeholders, as is currently the case.

Blaise Goetschin
Chief Executive Officer

[1] "Losses suffered by banks (around USD 3,600 billion) could exceed their stock market capitalisation", hypothesis formulated by Professor Nouriel Roubini, S. Frochaux, *L'Agefi*, 23 January 2009.

[2] "BCGE showing higher revenue margins and asset net inflow than Swiss average", *McKinsey Private Banking Survey 2008*, January 2009.

[3] "All you need is cash" announced *The Economist* dated 22 November 2008, summarising the vital importance of maintaining comfortable liquidity in the heart of the banking crisis.

[4] "Despite prudent management, BCGE is undervalued compared to its equivalents in other cantons", interview with the managers of the AMG Substanzwerte Schweiz fund, *Le Temps*, 19 January 2009.

“Banking solutions are like loaves of bread:
they are best when they are not churned out en masse.”

Ghezal Hakami is the head of the BCGE Grand-Saconnex branch. Her five-person team is at the disposal of individuals and companies established in the region. The Grand Saconnex branch has recently been completely modernised. Located between the airport, Palexpo and the international organisations district, it attracts a clientele with widely varying needs.

Retail banking services

ESSENTIAL

JUST LIKE AN ARTISAN BAKER TURNS CEREALS INTO ALL KINDS OF DELICIOUS BREAD ON A DAILY BASIS, BCGE’S 300 OR SO CLIENT ADVISERS PROVIDE HIGH-QUALITY FINANCIAL SOLUTIONS WITH A LONG TRADITION EVERY DAY IN 23 BRANCHES.

Mission and strategy

An innovative strategy founded on high-quality banking services – "made in Geneva"

BCGE Group's main presence is in the Geneva financial market, but it is also to be found elsewhere in Switzerland and in France. It offers banking services to a clientele consisting of individuals, companies and institutions. The Group is made up of the Banque Cantonale de Genève parent company, located in Geneva, its branches in Zurich, Lausanne and Lugano, and of its subsidiary Banque Cantonale de Genève (France) in Lyon and Annecy. It also includes Capital Transmission, a subsidiary specialised in equity financing during business transfers, and Swiss Public Finance Solutions (SPFS), a joint venture with Groupe Crédit Foncier de France engaged in offering financial advice and intermediation services to public authorities on the Swiss market. As at 31 December 2008, the Group employed 845 people (788.6 full-time equivalents) and had total assets of CHF 13.7 billion.

PORTRAIT OF THE BCGE GROUP

BCGE

1816 Today a full-service regional bank, Banque Cantonale de Genève (BCGE) provides the community with the Canton's densest banking network, with 23 branches, three 24-hour zones and 106 ATMs. BCGE is the central source of the Bank for individuals and for corporate finance, particularly for SMEs and the Geneva property sector. BCGE also offers private banking services and financial asset management for institutional clients. It plays a key role in supporting and boosting the regional economy. BCGE is listed on the Swiss stock exchange SIX Swiss Exchange (code: BCGE). It employs 809 people.

Banque Cantonale de Genève (France) SA

1994 With its headquarters in Lyon and a branch in Annecy, Banque Cantonale de Genève (France) SA is a 100%-owned BCGE subsidiary. It offers company finance and property services to companies and individuals, in addition to wealth management for private clients. BCGE France is a logical and efficient feature of a dynamic economic zone that is taking shape between Lyon and Geneva. The French subsidiary benefits from the support of the parent company in the area of refinancing. Banque Cantonale de Genève (France) SA employs 36 people.

CAPITAL TRANSMISSION SA

2008 Capital Transmission SA finances and invests in business transfer and expansion operations in the region. It runs a fund of CHF 50 million, which allows it to finance the long-term expansion of companies or to allow their consolidation and transfer, by acquiring a minority share or through mezzanine financing. Capital Transmission does not engage in the running of financed entities. It focuses on companies with the potential to contribute to the regional economy and likely to create jobs. The company completes the range of corporate finance services offered by BCGE.

SWISS PUBLIC FINANCE SOLUTIONS

2007 Benefiting from an ability to obtain considerable public financing and the experience of Swiss and French specialists in finance for public authorities, Swiss Public Finance Solutions (SPFS) offers finance models to public authorities in Geneva and Switzerland as well as to public-law corporations. It also develops long-term refinancing solutions for other cantonal and regional banks. SPFS is based in Geneva and held by BCGE (50%), Crédit Foncier de France (40%) and Caisse d'Epargne Rhône-Alpes (10%). SPFS establishes contact, defines the requirements and draws up the operational plan: the participating banks then undertake the financing as such.

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 range of business covers both individual clients living or working in Geneva and public or private companies and institutions.

SERVICES TO INDIVIDUAL CLIENTS
Retail banking services

The densest banking network in the canton
BCGE operates a network of branches that meet the needs of the canton's population. It offers the expertise of 224 client advisers and staff members, 23 branches, three 24-hour zones and 106 ATMs.

A complete remote banking service
The Bank also makes its technology available via its remote banking capability, either over the Internet (www.bcge.ch), mobile phone (SMS messages) or by telephone (BCGE Openline voice service 0848 80 00 80). On-line advisers can offer solutions at 022 809 22 24.

All day-to-day banking services
The bank offers banking services such as current accounts, salary accounts, deposits and withdrawals, foreign-exchange operations, safe-deposit boxes, and credit cards. It also offers financing solutions, such as leasing or personal credit, to assist with short-term projects.

A wide range of savings solutions
In savings management, BCGE offers a variety of short-, medium- and long-term products, medium-term notes, money and bond market funds and fiduciary deposits, all on excellent conditions.

Experts in property finance
BCGE is one of the leaders in mortgage finance in the Canton of Geneva. It finances first or second home purchases both in Geneva, Switzerland and in the nearby part of France. Through BCGE (France) the Group is involved in property for individuals and professionals throughout France.

Original and reassuring private banking
As a wealth management bank for private and institutional clients, BCGE offers a complete range of services adapted to each client segment. Its presence in Geneva, Zurich, Lausanne, Lugano as well as Lyon and Annecy allows clients to be served throughout Switzerland, in the Rhône-Alps and in France.

A transparent investment philosophy
The Group recommends adopting a financial model which is reassuring and economical and which boasts a track record of many years, as transparently explained in the brochure entitled The Investment Philosophy of the BCGE Group. This is embodied in the range of BCGE Best of investment mandates. Management is centralised, thus strictly uniform and homogeneous, irrespective of the size of assets and of which part of the Group is administering it. Depending on the client's investment objectives, the portfolios may also be managed by consultants.

Local wealth management
Many branch clients appreciate the opportunity to entrust their wealth to their local adviser. To accommodate this preference, the 23 BCGE branches provide them with specialised staff who will offer them high-quality services focussing on the maintenance of value and on performance that is in line with their risk-taking capacity.

Real “made in Geneva” wealth management

The Group also offers a complete private banking service, from wealth, tax and inheritance advice to wealth management. The management philosophy and the rigorous methodology that it applies to each portfolio have shown themselves to be remarkably robust in a period of troubled markets.

THE BANK FOR SMALL, MEDIUM AND LARGE COMPANIES

With almost one in every two Geneva companies among its clientele, the Bank plays a key part in the Canton’s economic network. A very significant volume of financing is provided to small and medium enterprises and allows many companies to operate and develop. For companies in the region, BCGE provides an essential alternative to the big banks, particularly in terms of conditions and the adaptability of the solutions on offer.

A vast range of company financing solutions

BCGE, together with its French subsidiary, offers financing and cash management solutions to all businesses, whether they are sole-owner-operated, SMEs or larger companies. The parent company has specialised departments for these various client segments. Moreover, the Bank offers financing solutions, such as overdrafts, fixed term advances, capital equipment leasing and numerous other facilities that companies require.

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: homes, offices or business premises. In France, these services are offered in the Rhône-Alpes and Ile-de-France regions in particular.

Expertise in international 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 for 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. It is active, in a balanced manner, in financing oil, energy, metals, grain and agricultural products. It also manages a well-targeted portfolio of structured loans.

Business transfer and acquisition

The transfer and acquisition of businesses are operations that go well beyond the traditional relationship between banks and businesses. For this reason, BCGE has a specialised team dedicated to advising business leaders on equity management, corporate finance and equity finance structuring. It also operates through its Capital Transmission subsidiary (see page 8).

Financial engineering for companies

With BCGE Club CFO (Choix Financiers Optimisés, Optimised Financial Choices), the bank provides financial managers in companies and public authorities, as well as the leaders of companies involved in property, with an expert advisory service on debt management, exchange risk control and cash optimisation, centred on companies and public authorities. Based on a detailed financial analysis, BCGE Club CFO offers different coverage strategies depending on the level of risk desired. BCGE Club CFO is also intended to be a forum for financial management and risk control.

Several times a year, it organises meetings with business leaders to discuss current economic and financial topics and to present studies and the thoughts of our CFO advisory activity.

Dynamic trading room in the Geneva 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, as a holder of an A licence. The trading room operates under the open architecture principle and is completely independent in the choice of the products it recommends. The size of its teams favours personalised client relationships and flawless execution of market orders. It deals in currencies, equities, bonds, derivative/structured products and investment funds. The trading room also participates actively in the management of the Bank's assets and liabilities (ALM).

Recognised competences in asset management

The BCGE Group offers solutions and high-level consultancy for financial asset management, incorporating quantitative and index management, for institutional and corporate clients. Its philosophy, based on open architecture, guarantees a totally independent choice of funds. The Group also offers products orientated towards sustainable management and social responsibility, as well as Swiss secondary equity funds.

Major and long-term financing

The SPFS subsidiary (see page 8) has been created to respond specifically to the needs of Swiss public authorities with regard to large-scale and very long-term financing. These solutions also target public-law corporations. Furthermore, SPFS offers long-term refinancing solutions to cantonal and regional banks.

INDIVIDUAL

Day-to-day banking
Current-account operations
Netbanking
Salary accounts
Young people accounts
Solutions for commuters (cross-border or otherwise)

Savings management
Short, medium and long term
Medium-term notes

Housing finance
Main residence
Second home
Construction loans

Private banking
Discretionary investment management mandates
Advisory services
Pension planning
Loans against securities
Independent asset managers

Personal finance
Credit cards
Vehicle leasing
Personal loans

CORPORATE

Corporate finance and cash management
SMEs
Large corporations
Professionals and self-employed

Property and construction finance
Property investors
Property development
Office property and public corporations
Construction companies

Property and corporate finance in France
Property development in Rhône-Alpes and Ile-de-France
Business transfer finance
Medium-term business finance

International trade finance
Trade transaction financing
Structured commodity financing

Financial services and markets
Currencies
Equities – investment funds
Bonds
Cash

Company consultancy, BCGE Corporate Finance
Consultancy in financial and risk management
Equity finance

INSTITUTIONAL

Finance and management of public bodies
State and related entities
Municipalities and municipal property trusts
Parastatal institutions and churches
Public property trusts
Public bodies outside the Canton of Geneva

Financial services and markets
Currencies
Equities – investment funds
Bonds
Cash management

Asset management
Passive mandates – index management
Controlled-risk active investment mandates
Active "Finest of" investment mandates
Investment funds
Long-term Swiss small and mid-cap investments
Active advisory services

Optimised financial selection
Financial and risk management
Cash management
Debt management

ARTICLES OF ASSOCIATION AND CAPITAL

A wide shareholder base

Banque Cantonale de Genève is a public limited company pursuant to article 763 of the Code of Obligations, created according to the constitutional law of 12 March 1993, which came into effect on 1 January 1994 with the merger of the Caisse d'épargne de la République et canton de Genève (founded in 1816) and the Banque Hypothécaire du canton de Genève (founded in 1847). Its principal shareholder is the Canton of Geneva, which holds 49.8 % of the share capital. The City of Geneva and the municipalities of the Canton hold 28.3 % of the capital.

8,460 client shareholders form the core of private bearer shareholders. To this should be added the shareholders who have deposited their securities with third-party establishments. In total, the float amounts to 21.9 % of the capital.

Contributing to the development of the local economy

In accordance with article 2 of the Banque Cantonale de Genève Law 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."

State guarantee on saving deposits

The Canton of Geneva guarantees the refund of principal and interest of savings deposits and pensions at the Bank. The maximum guaranteed amount is set by article 4 of the Banque Cantonale de Genève Law. It is CHF 500,000 per saver and CHF 3 million for the vested benefits of each member deposited in cash with the Bank and for each pension fund. This guarantee, for which the Bank pays the State, is in addition to the deposit guarantee at federal level.

RETAIL BANKING AND BRANCH NETWORK
Johan Bernard Alexander Kroon

FINANCE AND RISK CONTROL
Eric Bourgeaux

OPERATIONS AND CONTROLS
Emile Rausis

CHIEF EXECUTIVE OFFICER
Blaise Gœtschin

CORPORATE BANKING
Claude Bagnoud

PRIVATE BANKING
Jean-Louis Platteau

ORGANISATION AND INFORMATION TECHNOLOGY
Jean-Marc Joris

Seven complementary internal divisions

CEO Office

Blaise Goetschin, Chief Executive Officer

The office is responsible for providing services across the BCGE Group as a whole. It supports the CEO in his leadership, planning and oversight responsibilities for the Bank and its subsidiaries. It manages and documents his relationships with senior management and internal regulatory agencies as well as with external institutions and clients. It is responsible for marketing and product management and also includes human resources and training, in addition to legal assistance, institutional communications, corporate affairs and investor relations.

Finance and Risk Control

Eric Bourgeaux, Member of the Executive Board

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

Retail Banking and Branch Network

Johan Bernard Alexander Kroon, Member of the Executive Board

The division serves all the people of Geneva and residents of the Canton and of the surrounding area. It offers its services to individuals, the self-employed, small businesses and professionals. The division has a relationship with one out of every two people in the Canton. Through its network of 23 branches, three 24/7 banking zones and its 106 ATMs, the division provides banking services close to where clients live or work, offering a complete range of products and services, as well as a call centre and a website www.bcge.ch. Its full-range advisory service is original, professional and offers high added value, allowing clients to carefully structure, protect and profit from their assets with a focus on pensions.

Corporate Banking

Claude Bagnoud, Member of the Executive Board

As a partner of businesses and public bodies in the Canton and surrounding area, the Corporate Banking Division is in contact with approximately 5,000 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' merger and acquisition activities. The division provides financing for real estate developments and the construction industry and is involved in the financing of international trade. It is also active in the French market through a dedicated department, in close cooperation with BCGE France.

Private Banking

Jean-Louis Platteau, Member of the Executive Board
(since 15 October 2008)

The division is responsible for private-banking clients in Geneva, the rest of Switzerland, and abroad, through two specialised business units: PB Geneva and PB Switzerland. It analyses the wealth situation of clients and offers investment solutions tailor-made to their particular needs. It implements the investment strategy of the Group. Approximately 9,400 clients have entrusted the Bank with the management of their wealth. The division also offers a dedicated service for estate planning and global wealth analysis, pursuing innovations and proposing new products and services in line with the Bank's investment philosophy.

Operations and Controls

Emile Rausis, Member of the Executive Board

The division is responsible for the technical and administrative structure, management and control of the Group's business to meet the needs of the front-office divisions. It develops synergies and makes savings in administrative processing, monitors and controls risks associated with lending, and handles distressed situations. Its responsibilities also extend to the management of Bank and BCGE pension fund properties as well as non-banking properties for resale, and to the management of the Bank's non-strategic financial assets. The division also includes the Bank's operational activities, as well as logistics.

Organisation and Information Technology

Jean-Marc Joris, Member of the Executive Board

The division structures, manages and controls the Bank's information technology and is in charge of establishing and implementing the Bank's organisational architecture. Its mission is to improve customer service, optimising productivity and modernising equipment while closely following cost guidelines. In 2008, the division concentrated on the complex process of adapting all the Bank's activities to the Finnova IT platform. Started in November 2006, this project was completed on 2 October 2008 on time and in line with the established standards.

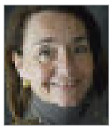
Organisation chart
As at 1 March 2009

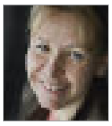
EXECUTIVE BOARD


Blaise Goetschin [I, III, VI, VII]
Chief Executive Officer


Mathias Baitan
Chief of Staff and Planification


Nicolas de Saussure
Communications and Investor Relations

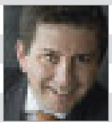

Elisabeth Ray Tang
Human Resources

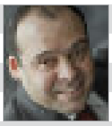

Pierrette Jaton Klopfenstein
Marketing

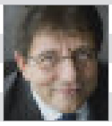

Felice Graziano
Legal

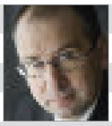
RETAIL BANKING AND BRANCH NETWORK

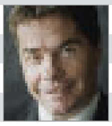

Johan B. A. Kroon [II, V, VII]
Member of the Executive Board

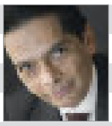

Christophe Chevassus [I]
Financing SMEs and Self-employed


Alexandre Scala
Centre Sector


Giovanni Lo Bué
North Sector

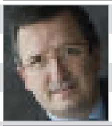

André Frossard
West Sector


Fabien Rei
East Sector

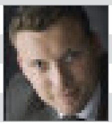

Albert Gallegos
Financial Planning Centre

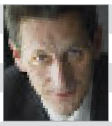

Tiziano Magri
Business Development and Branch Network

CORPORATE BANKING

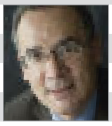

Claude Bagnoud [I, III, V]
Member of the Executive Board

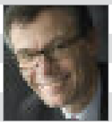

François Kirchhoff [I]
Swiss Corporate Clients

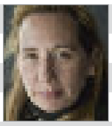

Jérôme Monnier
French Corporate Clients

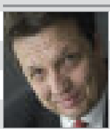

Charles Käser [I]
Real-estate and Construction

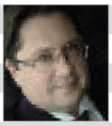

Yves Spörri
Financial Institutions and Public Bodies


Maurice Pierazzi
Corporate Finance

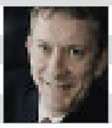

Patrick Senger
Business Development and CB Chief of Staff

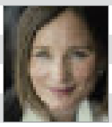

Misha Nagelmackers-Voinov
Personal Finance


Pierre-Olivier Fragnière [I]
GLOBAL COMMODITY FINANCE

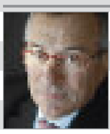

Serguei Chesternine
Energy Desk


Philippe Terrier
Metal Desk


Ivan Pougnier
Soft Desk and Structured Deals


Josiane Tistounet
Risk and Collateral Department

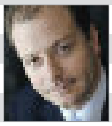

Gérard Demierre
Operations


Alain Bochet
BCGE (FRANCE) SA
WHOLLY-OWNED BCGE

Eric Wesse [II], Sales Department
Christian Stampfli, Company Secretary
Marie-Claude Boulmier, Administrative Director

PRIVATE BANKING


Jean-Louis Platteau [II, III, V]
Member of the Executive Board

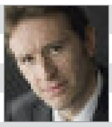

Léonard Graz (interim)
Business Development and PB Chief of Staff

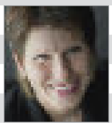
BCGE PRIVATE BANKING GENEVA

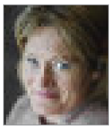

Franco Furcolo
Swiss Clients


Amin Khamsi [II]
International Clients


Jean-Louis Platteau (interim)
European Clients


Frédéric Constantin
Independent Porfolio Managers

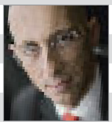

Gaëlle Dalla-Costa
Private Banking Support


Monique Seiss Baudry
Internal Audit

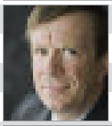
BCGE PRIVATE BANKING SWITZERLAND


Jean-Louis Platteau (interim)
Branch of Zurich


Racheleano Mecozzi
Branch of Lausanne


Armando Adamo
Branch of Lugano

FINANCE AND RISK CONTROL

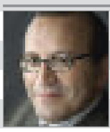

Eric Bourgeaux [III, V, VI]
Member of the Executive Board, CFO


Pierre Sauvagnat [II, III]
Financial Markets and Treasury


Yvan Nicolet
General Accounting

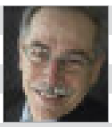

Marc Doerks [III]
Financial Control


Michel Maignan [III, V, VI]
Risk Management and Compliance


Constantino Cancela [II]
BCGE ASSET MANAGEMENT

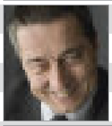

Pierre Weiss [II]
Asset Management

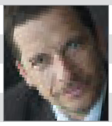

Urs Buser [II]
Portfolio Management

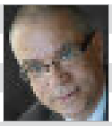

Jean-Luc Lederrey [II, III]
Financial Studies

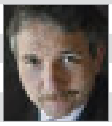

Thierry Angele
Investment Services

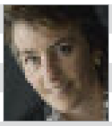
OPERATIONS AND CONTROLS

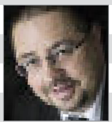

Emile Rausis [I, IV, V, VI]
Member of the Executive Board


Alain Voirol [I, IV]
Expertise and Organisation


Bernard Matthey [IV]
Debt Recovery and Workout


Hans-Joerg Frey
Credit Administration

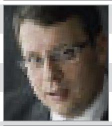

Catherine Million
Market Transactions


Fabrice Fournier
Clients and Services Administration

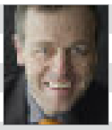

Patrice Lefebvre
Daily Banking Services


Christophe Marin
Logistics

ORGANISATION AND INFORMATION TECHNOLOGY


Jean-Marc Joris [VI, VII]
Member of the Executive Board

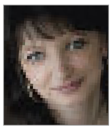

Philippe Bailat [VI, VII]
Organisation


Christian Kemper [VI]
Information Technology

I Member of the Credit Committee
II Member of the Investment Strategy Committee
III Member of the ALM Committee
IV Member of the Credit Risk Commission
V Member of the Risk Committee
VI Member of the Information Technology Strategy Committee
VII Member of the Strategic Organisation Committee

Your Bank: at your service and close to hand

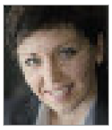
A network of 23 branches and 106 ATMs



1 Bellevue
Route de Lausanne 329
Beata Frey

2 Bernex
Rue de Bernex 284
Bernard Bessire

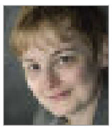
3 Carouge-Marché
Rue Saint-Victor 39
Jean-Noël Borgognon



4 Champel
Avenue de Champel 45
Sandrine Charpin

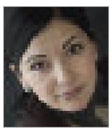
5 Délices
Rue des Charmilles 1
Stéphane Bonnin (interim)

6 Eaux-Vives
Rue Versonnex 13
David Bottoli

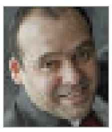


7 Florissant
Route de Florissant 66
Maria-José Molla

8 Grand-Lancy
Place du 1er-Août 1
Stéphane Kursner



9 Grand-Saconnex
Route de Ferney 169
Ghezal Hakami

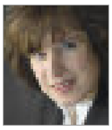


10 Ile
Quai de l'Ile 17
Alexandre Scala

11 Jonction
Boulevard Saint-Georges 2
Stéphane Bonnin

12 Lancy-Centre
Route de Chancy 67
Nicolas Bézaguet

13 Meyrin-Cité
Rue De-Livron 19
Loris Rizzo



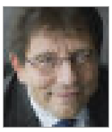
14 Onex
Avenue du Gros-Chêne 14
Cécile Huber-Luquiens

15 Pâquis
Place de la Navigation 10
Dominique R. Philippoz

16 Plainpalais
Rue de Carouge 22
Martial Cruchet

17 Plan-les-Ouates
Place des Aviateurs 5
Benjamin Trama

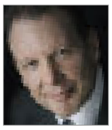
18 Praille-Acacias
Route des Acacias 49
Dominique Jean Ducret



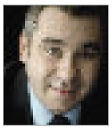
19 Servette-Wendt
Avenue Wendt 54
Giovanni Lo Bue

20 Trois-Chêne
Rue de Genève 78
Fabien Rei

21 Vernier
Route de Vernier 219
Jean-Claude Buzzi



22 Versoix
Route de Suisse 37
Patrick Guex



23 Vésenaz
Route de Thonon 45/47
Juan Chinchilla

24/7 BANKING ZONES

24 Corraterie
Rue de la Corraterie 4

25 Hôpital Cantonal
Rue Micheli-du-Crest 22

26 Palexpo
Palais des Expositions

STAND-ALONE ATMs

27 Airport

28 Carouge-Rondeau
Rue Ancienne 88

29 Halles de Rive
Boulevard Helvétique 27

30 Hôpital Beau-Séjour
Avenue Beau-Séjour 26

31 Hôpital de Belle-Idée
Chemin du Petit-Bel-Air 2

32 Hôpital de gériatrie
Route de Mon-Idée 71/73

33 Mairie de Troinex
Chemin de la Grand-Cour 2

34 Parking du Mont-Blanc

35 Rue de la Servette 29

36 Hôtel des Finances
Rue du Stand 26

37 Services Industriels de Genève SIG
Chemin du Château-Bloch 2

38 Geneva International Airport
Halle de fret
Route Douanière

"A clear and careful investment philosophy."

Amin Khamsi is in charge of the International Clients department within BCGE Private Banking. His excellent knowledge of Europe and the Middle East, and his many years of experience in the profession, allow him to offer the Bank's wealth management services to a local and international clientele.

Private Banking

TRANSPARENT

IT TAKES THE LIGHT OF DAY TO REVEAL THE VALUE OF THE UNCUT STONE AND THE SKILL OF THE CUTTER. IN THE SAME WAY, BY DIRECTING CLIENTS TOWARDS FUNDAMENTAL AND TIMELESS VALUES, BCGE PRIVATE BANKING ADVISERS PROTECT AND DEVELOP THE ASSETS ENTRUSTED TO THEM.

The financial markets in 2008
For many, the most turbulent year for decades

2008 was one of the worst years ever seen on the stock market. Triggered by the collapse of the US property market, a credit crisis erupted in the United States in summer 2007. It appeared, however, to be under control until the beginning of September 2008. In fact, since July 2007, central banks had been providing the banking system with an abundant supply of liquidity and the authorities intervened, particularly in the United States, to bail out certain financial institutions that play an especially important role in the economy. A modest fiscal recovery plan had allowed American households to offset the negative effects of the property crash on their income and expenditures. Nevertheless, the situation deteriorated dramatically after 15 September 2008, the day on which it was announced that the American bank Lehman Brothers had gone bankrupt. A wave of panic began to sweep through the international financial system, which was suddenly threatened with paralysis.

A series of recovery plans

To prevent other major banks from bankrupt, to stabilise the financial system and restart lending, governments and banks in the United States, the euro zone, the United Kingdom and Switzerland rapidly took crisis measures that were exceptional in their extent and nature. These interventions, amounting globally to several trillion dollars, aimed to recapitalise banks, create "piggybacking" structures for written-down bank assets, guarantee the refinancing of financial institutions, and provide the banking system with colossal amounts of liquidity. Taking the place of lending-averse banks, some central banks, notably the United States Federal Reserve (the Fed), have put in place completely unprecedented mechanisms to ensure the financing of companies. The Fed is thus directly buying up debt issued by American companies and mortgage finance and consumer credit institutions.

The real world economy is affected

These exceptional measures to support the banking system in crisis have not immediately succeeded in re-establishing credit mechanisms and have not prevented the economy from plunging into a nasty-looking recession, particularly in the United States. Never before has such a sudden drop in economic indicators been seen. Over the space of a few months in 2008, the world economy went from strong annual growth of 4% to a situation of recession. Right up to the beginning of summer, the world economy was threatened with inflation due to the biggest jump in oil prices since the 1970s. Then, in four months, the price of oil dropped to almost a quarter of what it had been, sliding from USD 150 dollars to USD 40 dollars a barrel, with inflation falling by half in the industrialised countries, including Switzerland. This drop in inflation allowed central banks to lower their interest rates aggressively: the Swiss National Bank reduced its benchmark rate (3-month Libor) from 2.75% to 1%. The Fed's benchmark rate went from 5.25% in 2007 to 1% in December 2008. The European Central Bank also lowered its key rate from 4.25% to 2.5%. In the United States, where the crisis has hit the hardest, the Obama administration had already announced a massive recovery plan for economic activity, employment and demand.

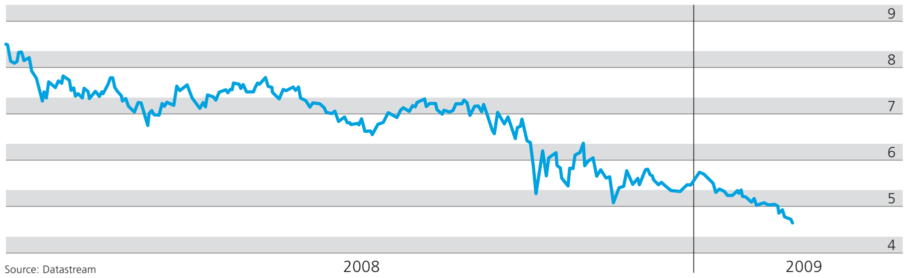
Bonds more attractive than ever

The financial markets have been badly hit by the crisis. In 2008, the stock markets dropped by 35% to 50%, with three quarters of the fall occurring after 15 September. Significant falls in prices have also been seen on the corporate bond market. With investors steering well clear of risk, public debt has been purchased at any price and with increasingly trivial yields. Government bonds were one of the rare kinds of assets that recorded a positive performance in 2008.

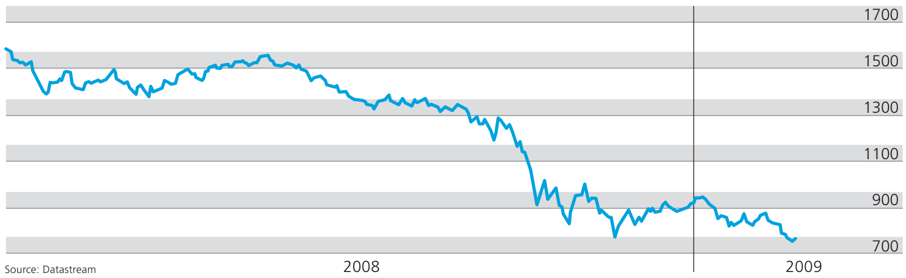
BCGE takes a prudent approach

In the context of high and persistent levels of uncertainty, BCGE continues to apply its policy of prudent investment. Allocating assets in a conservative but relatively stable way indeed remains the best way of getting through this highly volatile period on the market. BCGE is more certain than ever that its investment philosophy is well-suited to both prosperous periods and times of crisis. Simplicity, rigour, transparency and the choice of the best investment vehicles lie at the heart of this methodology.

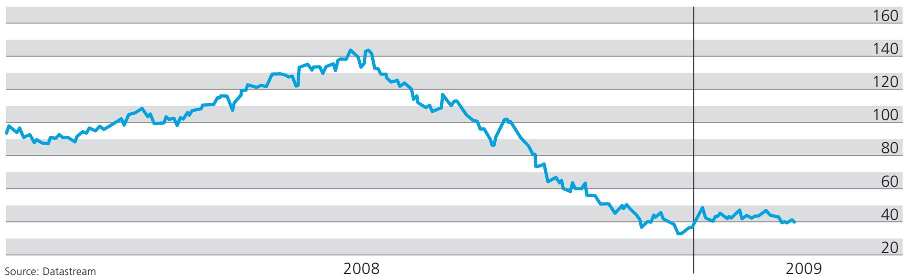
SMI
Swiss Market Index
in thousands of points



World stock market index, MSCI World
in USD



Oil (Brent)
in USD per barrel



Switzerland, 10-year rate, yield on Confederation bonds
%

The Geneva economy in the face of adversity

Added value grew by 1.2 % in 2008 for the seventeen main economic sectors in the canton of Geneva, bringing 2008 gross domestic product to almost CHF 43 billion[1]. A 0.7 % drop in Geneva's GDP is forecast for 2009, which should take it to CHF 42.3 billion, cancelling out part of the growth recorded in 2008. Chemicals are predicted to be one of the three sectors least affected by the economic situation in 2009.

The world economy should escape deflation
Suffering the effects of the crisis, world growth was 3.4 % in 2008 and is expected to hit just 0.5 % in 2009. Governments and central banks have undertaken massive stimulus and support policies. The scope and speed of the response by the authorities and the massive efforts, costing several trillion dollars, made to reflate the economy mean that the dramatic scenario of a world depression can be avoided.

Oil becomes a provisional ally
The fall in the price of oil has brought about increased purchasing power. The drop in its value means considerable annual savings for petrol consumers, offering them respite that should continue for several months. It reinforces the phenomenon of falling inflation. This has eliminated the dilemma that affected monetary policies in 2008, torn between the fear of recession and the risk of inflation. Central bank rates are historically low in the United States. They will remain low, while a further fall is expected in Europe.

The recession will be followed by weak growth in 2010
We expect a serious recession during most of 2009 for the majority of industrialised countries; in emerging countries growth will be substantially slowed. Globally, the credit crisis is having a considerable impact on the morale of companies and households. It is affecting their purchasing decisions, particularly with regard to automobiles and capital equipment. The credit contraction is directly affecting the business, and in some cases the very existence, of many companies in the United States and Europe. This means that GDP could drop by 2 % in the United States, in Japan and in the euro zone in 2009.

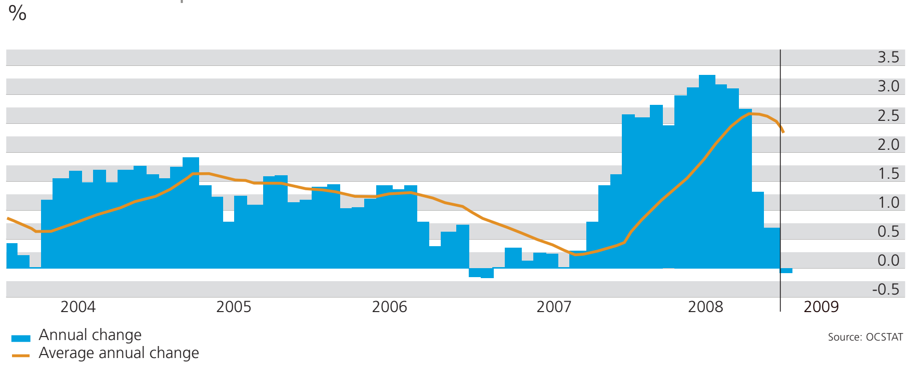
The world economy should start to stabilise in the second half of 2009 and progressively come out of the crisis by the end of the year. This will be followed by a long period of weak growth. Some timid signs of stabilisation, which are yet to be confirmed, allow a forecast of possibly faster improvement. The drop in commodity prices has ceased, emerging markets have rebounded and some indicators seem to have reached their low points. Uncertainty is particularly high, as events like those of 2008 had not been seen for several decades.

In this context, Switzerland is going through a period of moderate recession, with a 0.8 % decrease in its GDP. A moderate recovery is expected in 2010. The absorbing of the mountain of debt, principally American, by the rest of the world will also have an impact on the Swiss economy, which will probably not grow more than 1 % to 2 % for several years. The drop in the oil price has allowed Swiss inflation to shrink; it should amount to 1 % in 2009. Real interest rates on short-term instruments will remain negative, contributing to the recovery programme.

The franc's return to a stable level
The franc appreciated against the euro due to the brutal unwinding of interest-rate arbitrage positions between the two currencies. In 2009, it should become stable at a level close to its equilibrium value against the euro, which we situate between CHF 1.50 and 1.55.

[1] Geneva's GDP was estimated by the Créa institute, commissioned by BCGE. The figures given in this chapter were updated on 18 February 2009.

Geneva consumer price index



2010 should see a moderate recovery

In 2009, it is expected that the Geneva economy will shrink by 0.7 %, following its 1.2 % growth in 2008. Based on the econometric model used, we must wait until the end of 2009 to be able to record slow growth without inflation, with the low point expected in the summer. The effects of the world financial crisis will be felt by Geneva's economy through at least two channels: directly from the drop in commissions received by financial institutions, which are big players in the Geneva economy, and indirectly from the shrinking of demand for Geneva goods and services by national and foreign purchasers penalised simultaneously by a drop in their income and a decrease of their wealth.

Nevertheless, Geneva still has a few aces up its sleeve. The Geneva economy is well diversified, despite the heavy weighting of the financial sector. This is proven by the fact that it recorded growth in 2001 and 2002 while the financial sector contracted. In particular, strong growth in employment throughout the canton's economy over several years should sustain local consumption.

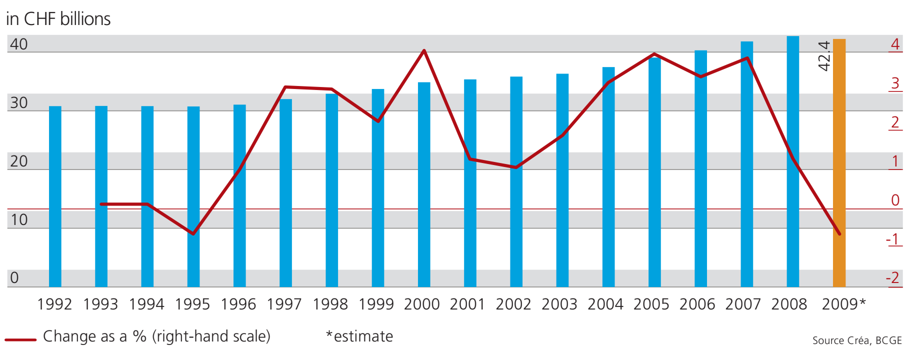
Furthermore, household debt in Geneva is relatively lower than abroad, which keeps consumer morale up. Thanks to compulsory pension contributions, we have savings reserves. As opposed to the United States, the Geneva economy, like most of the Swiss economy, does not need to clean up its balance sheet. Given that households and companies in Geneva are in good financial health, there should be no credit crunch. In the absence of inflation, interest rates should remain stable and 10-year rates should become only moderately higher by the end of the year.

Impact of the finance sector

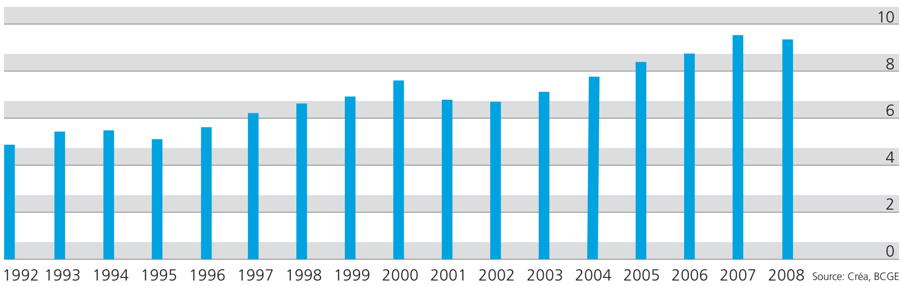
The first signs of a slowdown in the economy were already seen in the first quarter of 2008, with shrinking financial activity in both the cantonal and national spheres. On this basis, Créa institute estimates that added value created by the banks and insurance sector fell around 3.9 %, and will be followed by a decrease of 1.1 % in 2009.

Assets under management dropped in the Geneva marketplace, suffering the effects of the slump in the stock markets. However, this fall was partially offset by incoming foreign funds attracted by the stability offered by the vast majority of Swiss banks.

Trend of the real Geneva GDP,
at 2007 market prices,
including international organisations



Added value
of Geneva finance
in CHF billions



Exports give watch-making a rough ride

Watch-making traditionally supports part of its growth through sales to the Persian Gulf and Russia. Hit by the decrease in oil prices, in 2009 it will probably only manage to record modest 0.3 % growth in its added value, following a strong 9 % increase in 2008.

Threats to the automobile industry

The trade and retail sector will probably drop 2.4 % in 2009. It encompasses automobile sales and garages. As is true for the economy in general, the situation for new car sales is not nearly as bad in Switzerland as it is in neighbouring countries. The slowing of new car sales could bring about an increased need for repairs. This area makes intensive use of local labour, which, through its spending, will fuel the region's economy.

Stabilising role of education, health and public services

The education, health, public and partially-state controlled services sector domain should record growth of 1.6 % in 2009. As it is not really affected by consumer behaviour, this group escapes the downward trend.

Chemicals should come out unscathed

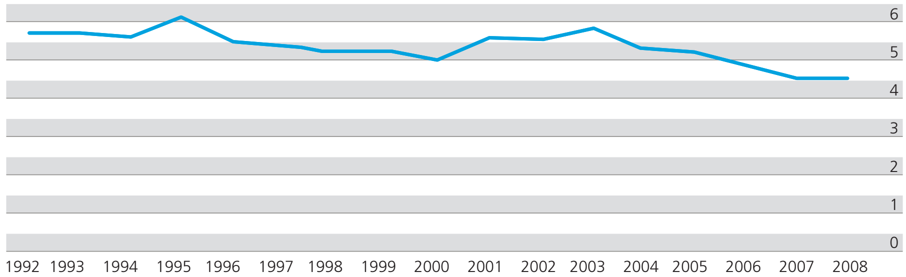
Chemicals should, continue to grow, but at a slower rate (+3.6 % in 2009). Créa's economic model highlights a certain dependence of Geneva's chemicals sector in relation to the Asian economies, where growth will continue, albeit at a reduced rate.

Five prosperous years

Sustained by the dynamism of the external economic situation and the good performance of the financial markets, the Geneva economy experienced a period of strong growth from 2002 to 2007. Real GDP increased by 3.9 % per annum in the canton of Geneva as compared to 2.9 % for Switzerland in general. This excellent result principally, but not solely, reflected the dynamism of the financial sector (+7.6 % per annum), which represents a quarter of the canton's economic activity. Despite its modest share of the Geneva GDP (4.1% in 2007), watch-making also significantly contributed to the canton's economy.

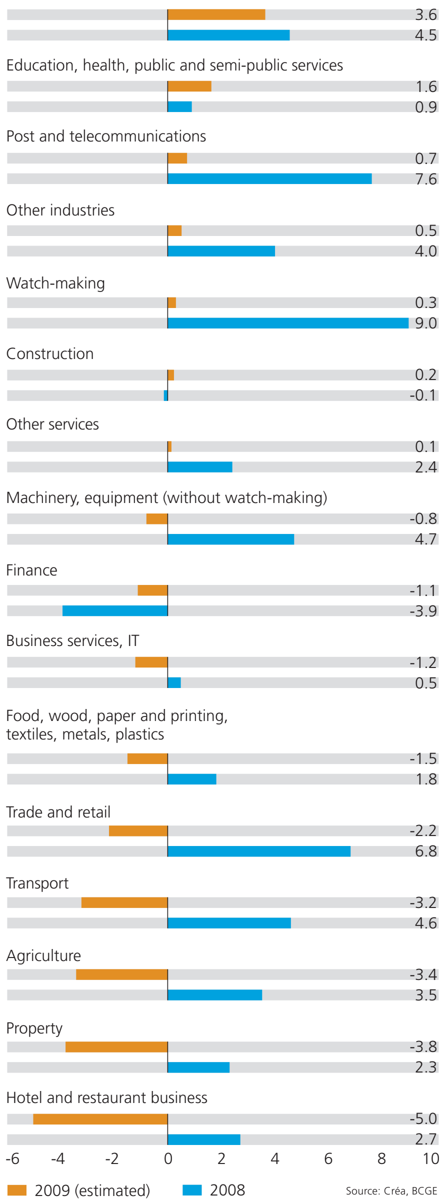
Fuelled by demand from Asia (notably from China, Hong Kong and Russia) as well as from the United States, Geneva's watch-making sector recorded average yearly growth of 9.2 % per annum over the period 2002-2007, the highest of all the sectors. Over 15 years, its added value tripled. During this whole period, watch-making only experienced one brief period of quasi-stagnation, from 1998 to 1999. Another sector with its focus abroad, although represented more modestly in the Geneva GDP, is chemicals, which grew 8.2 % per annum during the 2002-2007 period. The business services sector, highly dependent on activity in other sectors and which represents around 10% of cantonal GDP, experienced more limited growth. It was trade (wholesale and retail), public and semi-public services, construction and property that restrained GDP expansion over those years; growth in these sectors was positive, but always below the cantonal average.

The international organisation share in the Geneva GDP declines
%



Source: Créa, BCGE

Performance of sector groups in Geneva, in real terms
%



Source: Créa, BCGE

Quantification of the weighting of international organisations

As is the case for the public sector, international organisations are included in the calculation of the Geneva GDP. They contributed 4.5 % of it, a very much reduced share compared to that which they held at the beginning of the 70s, on the eve of the first fall in the dollar. Since 1992, the contribution made by international organisations has been declining after hitting two temporary peaks in 1995 and 2003. In four years, from 2003 to 2007, the added value of international organisations dropped by almost 9 % in constant francs[1]. This drop is possibly tempered by the growth in NGO activities, which do not have their own category in the national accounting system. Using the number of NGO employees, which is estimated at 3,500, we calculate that the contribution made by this branch to GDP has gone from 4.5 % to 5.2 %. As international organisations are less sensitive to the economic situation, they play a stabilising role that is particularly noticeable in times of economic slowdown.

Chemicals and finance in the lead

Measured by added value per employee, Geneva's productivity is comparatively high. Finance is by far the most productive sector. Productivity per employee reached almost CHF 400,000 in 2007, a third more that that of chemicals, which comes in at second place. This gap will continue to be large but narrowed in 2008 with the sectors forecast to trend in opposite directions. Chemicals recorded a considerable increase (4.5 %) in its contribution to added value while that of finance decreased by 3.9 % with employee numbers varying very moderately. This resulted in productivity of CHF 383,000 for the financial sector and CHF 316,000 for chemicals. The gap between the two sectors therefore sits at 21 % (with a number of employees assumed constant between 2007 and 2008). As far as chemicals is concerned, it must be pointed out that part of the strong productivity per employee measured resulted from the considerable amounts of capital tied up in this industry. Finance and chemicals, together with the post and telecommunications sector, were those that saw the greatest increase in productivity over the 15 years from 1992 to 2007. Two other sectors recorded very significant productivity: watch-making, which comes in at fourth place with CHF 207,000 per employee and the other industries sector, with CHF 274,000. The hotels and restaurants sector recorded the lowest productivity, at CHF 66,000. Productivity per employee in the construction sector was also modest at CHF 98,000. In these two sectors productivity dropped back primarily from 1992 to 1997 and in 2007 was at a level lower than that of 1992.

Comments on the change in cantonal GDP

The cantonal GDP calculated by BAK Basel Economics in 2007 amounted to CHF 34 billion. The Créa institute estimates it at almost CHF 43 billion for 2008. The main reason for this change is the inclusion of the public sector and international organisation in the index, in order to adhere more closely to the structure of the canton's economy. Some changes in methodology between the two institutes may also explain the differences in the GDP of some sectors compared to the values published in previous years.

[2] The figures that follow are also in constant francs, at 2007 prices

“Understanding how an SME, an office or a practice works,
then designing tailored solutions, is very exciting.”

Liliana Ferreira is a loan expert in the SME and Self-employed Finance unit. Specialised in capital equipment leasing, she works with relationship managers to prepare personalised financing solutions for companies.


SMEs and self-employed professionals
MADE TO MEASURE
A CRAFTSMAN'S SKILL ALLOWS HIM TO TRANSFORM SPUN COTTON INTO BEAUTIFULLY WOVEN AND FASHIONED FABRICS THAT ARE A PLEASURE TO WEAR. IN THE SAME WAY, OUR ADVISERS OFFER SMES AND THE SELF-EMPLOYED THE FINANCIAL SERVICES THAT ALLOW THEM THE FLEXIBILITY AND FREEDOM OF MOVEMENT THEY NEED TO CARRY OUT THEIR BUSINESS.

Business review 2008

Excellent business growth, remarkable level of resistance in terms of income, limited impact of the crisis on profitability, stable dividend

In 2008, BCGE granted new loans worth over CHF 600 million to companies and individuals, primarily in the Geneva economy. Overall, operating profit demonstrated a high level of stability (-1%) despite a difficult economic and stock market context. BCGE saw the amount of client funds deposited on its books increase by more than CHF 930 million. Among client loans, mortgages exploded (CHF 399 million). Thanks to the inflow of funds, the refinancing rate of mortgages from savings accounts and current accounts stood at 73.7 %.

Good ROE
%

Costs generated by the Bank's massive IT and logistics modernisation (new IT platform, integration of two subsidiaries into the parent company, outsourcing of payment operations, creation of a branch, renovation of four other branches) nevertheless had an impact on the results. Net profit recorded a drop of 11.6 % to CHF 68.1 million, while gross profit stood at CHF 101.1 million francs (-9.7 %). Return on equity (ROE) stayed at a comparatively good level (7.5 %). The Board of Directors will propose that the Ordinary General Meeting approve a dividend of 6 % of the par value, which is unchanged from last year.

Group key figures for 2008 (in CHF 1,000)

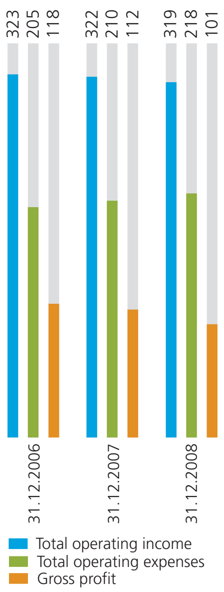
	31.12.2008	31.12.2007	Change
Net Profit	68,121	77,100	-8,979
Gross Profit	101,066	111,861	-10,795
Intermediate results	61,990	101,095	-39,105
Dividends	6 %	6 %	–
Total Assets	13,690,322	12,498,462	+1,191,860
Mortgage Loans	6,791,969	6,393,374	+398,595
Client Loans	2,927,106	2,724,091	+203,015
"Fondation de valorisation"	297,822	1,187,931	-890,109
Operating Profit	318,643	321,793	-3,150
Interest Income	212,806	201,089	+11,717
Commission Income	92,707	97,742	-5,035
Operating Expenses	217,577	209,932	+7,645
Staff (full-time equivalents)	789	784	+5

Interest spread grew and mortgage market shares increased

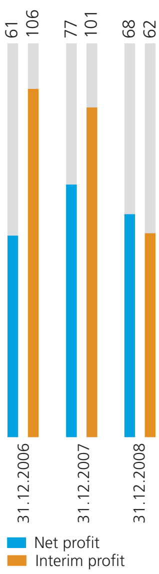
Interest income grew by 5.8 %, or CHF 11.7 million. With a record level of almost CHF 213 million, it made up two thirds (67 %) of the operating income. This growth was primarily based on the good development of the interest spread, which reached 1.62 % (1.60 % in 2007), thanks to the judicious management of rates. In terms of volumes, two linked phenomena were seen. Firstly, total mortgage loans increased considerably by 6.2 % or almost CHF 400 million, to reach CHF 6.8 billion, and, secondly, client loans (excluding the loan to the Fondation de valorisation) increased by 7.5 %, or by CHF 203 million. In total, over CHF 600 million in new loan business was booked, which is a remarkable result considering the general economic context.

Profit to market capitalisation
%

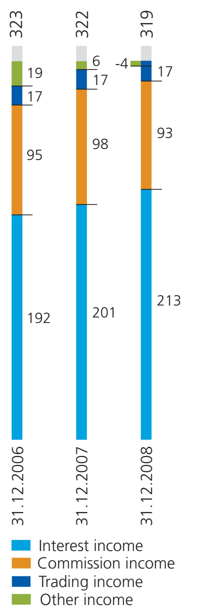
Consolidation
of gross profit
in CHF millions



Net profit
down by 11.6%
in CHF millions

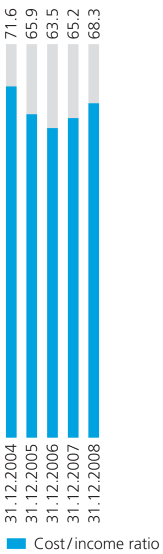


Interest income
contributed 67%
of operating income
in CHF millions



The cost/income ratio remained below 70%

%



Wealth management well set for the crisis

Commission income from trading, securities and deposits, basically the activities generated by institutional management and portfolio management, demonstrated a high level of stability throughout the year, reaching CHF 50.1 million. It should be noted that the amount includes the income from the former Synchrony Asset Management, which was integrated into the parent company at the beginning of 2008. This income had previously been booked as commission income from other services. This effect aside, income from wealth management only fell by 10.1%, considerably less than the average impact of the financial markets. This performance should be emphasized, given the international stock market environment. It highlights the merits of the Group's investment management philosophy, orientated towards prudence and discipline.

A trading room that performs well in an adverse environment

Trading income, generated by trading-room activities, remained at a good level. It dropped back only 2.8% to CHF 16.6 million. Once again, this performance is very heartening, given the general slowdown and considerable risks in this area. The trading room supports the Bank's business in many areas. It does not hold large positions and works with limited risk fully in line with the Bank's investment philosophy. This means that it is only slightly impacted by turbulence on the equity and bond markets.

Prudence in global commodity finance

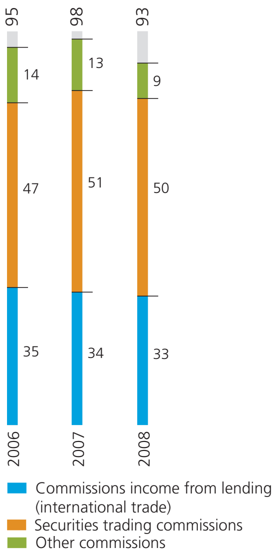
Very short-term loan transactions, which characterise activities associated with international trade, have been hit by the drop in the dollar, the classic currency for commodity trading, by the high volatility in prices and by the fall in international exports since the fourth quarter of the year. This resulted in a fall of CHF 1.2 million (3.6%) in commission income from loan transactions.

Strong staff involvement in the modernisation of the Bank

Payroll expenses increased by 2.1% (CHF 2.5 million). This translated into an increased commitment by the Bank's staff and fixed-term external resources, as well as a substantial amount of overtime in order to prepare the IT migration. The Bank took on up to 35 temporary employees for this purpose. Nevertheless, on a year-on-year basis as at 31 December, staff numbers remained stable (five extra full-time equivalents).

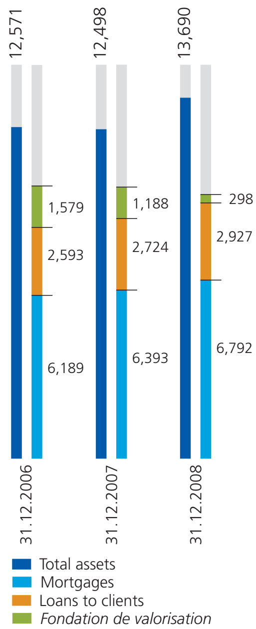
Great stability in securities trading commissions

in CHF millions



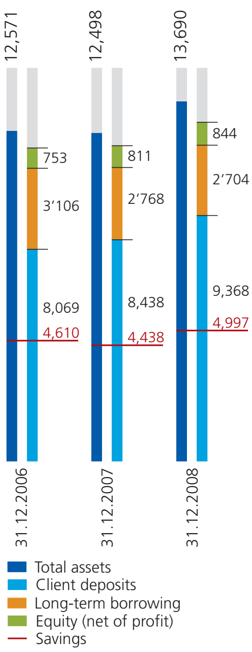
Client loans growth

in CHF millions



Very sound refinancing structure

in CHF millions



The Bank's modernisation goes full steam ahead

A new branch was established in the La Praille-Acacias-Vernets district – a very special event, as it was 12 years ago that the last branch was opened – and thereby contributed to the 5.6 % increase (to CHF 94.9 million) in other operating expenses. This item was also influenced by the expenses generated by the renovation of four branches and by the purchase of seventeen new ATMs. The outsourcing of payment operations also pushed up costs as the two structures had to work in parallel over several months. The decrease of CHF 10.8 million in the gross profit was thus largely attributable to the IT migration. The cost/income ratio remained below 70%, despite this burst of infrastructure projects. IT migration also had an impact on the increased weight of fixed asset depreciation, which rose 29.9 % or CHF 3.2 million.

Increased cost of counterparty risks due to the deteriorating economic situation

The economic situation also affected net profit through losses incurred by debtors, basically companies and institutions which are experiencing problems and for which the Bank preventively funded part or all of the risk, even though no loan loss occurred. The valuation adjustments, provisions and losses item was allocated CHF 25.1 million, whereas it was zero in the two previous years.

Client confidence greatly expands the balance sheet

The influx of new client funds and the general economic slowdown increased total available liquidity. The number of net new clients amounted to 12,600, more than double that gained in a normal year. Net new money amounted to over CHF 1.2 billion in the form of savings, current accounts and medium-term notes as well as in wealth management. This new reality goes to show the trust the public places in cantonal banks, and in BCGE in particular. This influx caused deposits to increase by 11% to CHF 9.4 billion, which explains the strong growth seen in the balance sheet (CHF 13.7 billion, +9.5 %). Overall, BCGE manages and has on deposit CHF 16.7 billion. The method used to estimate the value of assets managed and administered was changed for the 2008 financial year. As a result, no direct year-on-year comparison can be made

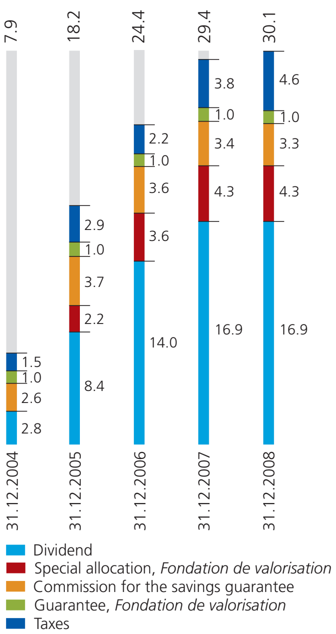
Financial soundness confirmed

The Bank's equity amounted to CHF 912 million, equal to 6.7 % of total assets. At 134 %, the capital ratio shows that BCGE is financially very sound, which was confirmed when the Standard & Poor's agency upgraded the Bank's rating in December (A/A-1/stable).

Increased financial contribution to public entities

The Bank's financial contribution to public entities amounted to CHF 30.1 million (CHF 29.4 million in 2007), up CHF 0.7 million or +2.4 %. In 2008, BCGE honoured its commitments on several fronts: it supported the economy through its loans, maintained its staffing levels and distributed 44 % of its total profit to the public authorities.

Increased financial contribution to the public authorities
in CHF millions



8,460 "client shareholders"

BCGE is pleased to see that the number of individual shareholders has continued to increase, as it gives evidence of a strong attachment to the Bank on the part of its clients and the wider Geneva community. As at 31 December 2008, 8,460 individuals owned BCGE shares, an increase of 11%. That number only includes the shares for which BCGE itself is custodian. The dividend return was, on that same date, 2.7% i.e. close to the yield on 10-year Federal Government bonds.

A player in the regional economy

For 2009, BCGE expects growth in its income to be correlated to the growth of Geneva's, and to a lesser extent the world's economy. The Bank intends to remain a very active player in the financing of the region's economy. Given the economic situation, priority is being given to risk control. The Bank foresees costs being maintained at their 2008 level. In view of the lack of visibility regarding the current economic situation, it is not anticipating any substantial improvement in its profits.

"Thanks to our knowledge of the field and our strict requirements, we have become Geneva's leader in mortgages for private individuals and professionals."

Didier Dupont is an expert adviser in property finance. He is part of a team completely dedicated to the financial needs of property professionals, be they developers, builders, managers or owners.

Real estate
and construction

SOLID

METAL RODS REINFORCE A CONCRETE WALL, GIVING IT STRENGTH AND ELEGANCE.
IN THE SAME WAY, CONSTRUCTION AND ACQUISITION PROJECTS TAKE FORM
WITH THE SUPPORT OF MADE-TO-MEASURE ADVICE FROM BCGE EXPERTS
AND FINANCING SOLUTIONS PERFECTLY CONSTRUCTED FOR EACH BUILDER OR OWNER.

Key facts of 2008

A more solid bank

Year after year, BCGE builds on its foundations. A key step in this process was taken with the upgrading of the Standard & Poor's (S&P) rating of the Bank to A/A-1/Stable.

SOLIDITY

Improved rating

On 12 December 2008, S&P announced its upgrading of the Bank. It increased its rating to A/A-1 (previously A-/A-2). These ratings are widely followed by professionals and have a considerable impact on refinancing conditions.

In its report, S&P highlighted the strong market share the Bank holds in the canton, particularly in terms of mortgages, savings and corporate finance. The agency also emphasised the institution's growth in private banking in Geneva, Switzerland and France, as well as its role in international trade finance and its steady income growth over the last few years.

S&P also highlighted the solid level of shareholders' equity ratios, which are unlikely to fall. It indicated that the level of provisions had decreased considerably over the last few years and is at a satisfactory level. Lastly, the report stated that impaired loans had been drastically reduced.

The agency concluded its opinion with a "stable" outlook, which indicates its belief that the Bank's results are sustainable.

No 'subprime', no hedge funds at BCGE

BCGE holds a strong card in the face of the banking crisis: its portfolios do not contain any questionable instruments and it has taken the necessary measures to counter the known and anticipated side effects of the crisis.

The Bank has maintained a prudent spread of assets, investing in the best equity investment funds and bonds of superior quality issuers. Our rejection of hedge funds as well as exotic products and derivatives continues to prove to be wise and has allowed us to protect our clients from the disarray and international swindles revealed in 2008, including, in particular, funds in the "Madoff empire".

Key facts of 2008

The densest network of banking branches in the canton continues to be modernised

The modernisation of BCGE's branches, begun in 2007, was continued in 2008. Four branches were entirely remodelled in line with the Bank's pioneering concept. This brought the number of renovated branches up to ten at the end of the year. All areas of retail banking had an exceptional year in 2008. This was particularly true for mortgages, with an increase of over 6.2% in lending as a whole, and over 10% growth in the individuals segment alone. Mortgages taken out in francs for properties in cross-border France more than doubled. The number of new retail banking clients rocketed, putting the Bank in contact with 230,000 clients or the equivalent of more than half the inhabitants of Geneva. At the same time, the number of services they are requesting is also growing. Funds deposited with the Bank by these clients also increased greatly. Internet banking continues to attract a growing number of individuals and SMEs, recording a 7.7% increase in terms of regular users.

RETAIL BANKING

Creation of a new branch

For the first time in 12 years, the Bank has created a new branch, located in the La Praille-Acacias-Vernets district. At the intersection of route des Acacias and route des Jeunes, this branch is well positioned for this area's future economic development and property expansion. The opening of the branch is part of the reorganisation of services offered to clients in the Carouge area, who are now served by the Praille-Acacias and Carouge-Marché branches.

The model branch takes off

The branch concept introduced in 2007 puts advisers at the heart of the relationship between the client and the Bank. The number of advisers, and their training, are therefore being increased. More reception areas have been created with a higher level of comfort. Many teller operations have been automated with the expansion of the ATM functions and network, which increased from 89 machines in 2007 to 106 in 2008. Thanks to the explanatory work carried out by client advisers and greeters, clients are gradually becoming more familiar with this new branch model and finding it to their satisfaction.

Dynamism seen in mortgages

Despite the limited availability of properties and strong competition on the Geneva property market, growth in BCGE mortgages continued in 2008 with an appreciable 10% net increase in mortgage amounts outstanding in the individuals segment alone. Mortgages in francs taken out in Switzerland for properties in cross-border France more than doubled.

Spectacular development of BCGE Netbanking

As an integral part of day-to-day banking, more and more clients are using Internet banking. In 2008, the number of BCGE Netbanking contracts increased by 24.4% (27% in 2007). In October 2008, the Bank introduced its new netbanking site with extra services such as text message alerts (operational in 2009) or the on-line viewing of all accounts.

Savings strongly up

BCGE is the region's top player in terms of savings. In 2008, savings were seen as a desirable alternative to stock market investments and savings deposits grew considerably, by 11% to CHF 9.4 billion. To improve the return on their savings (up to 2.5%), more and more clients have taken advantage of the BCGE Avantage service™ loyalty programme, which rewards clients who use several of the Bank's services. In 2008, 34% of savings account holders (over 30,000 clients) thus benefited from interest bonuses.

Increasing popularity of branch investment and finance services

BCGE's wealth management products, such as the BCGE Rainbow fund or BCGE Best of, are offered at the head office as well as in the Bank's branch network. In the branches, there has been an increase in total assets under management, account being taken of the decreases occasioned by the financial markets. This favourable upward trend has also materialised in finance products such as vehicle leasing or means of payment such as Maestro debit cards or Mastercard and Visa credit cards.

More and more cross-border BCGE clients

Retirement capital, foreign exchange, payment operations and housing finance are just some examples of services that cross-border commuters appreciate having access to in their revenue currency, thereby reducing exchange risk. BCGE has therefore made its range of services for cross-border commuters more dynamic, to be able to respond convincingly to their concerns.

Start-up of the pensions centre of competence

In 2008, pension planning centre services were expanded. The concept embodied in BCGE Praevisio includes a personalised analysis as well as pension planning, wealth advice, and tax and inheritance optimisation. The pension products offered are chosen from the market with complete independence, according to their performance and specific features. Given the uncertainty prevailing in the financial markets, clients have gone for secure products. This is particularly true for Epargne 3, investments in which increased by 16 % to CHF 249 million.

BCGE Check-up tailored to each client's wealth situation

The BCGE Check-up concept was launched in spring 2008. It offers clients a global advice approach that is original, professional and with high added value that allows clients to protect their wealth, structure it well and make it profitable. This concept will no doubt become the roadmap for bank-client relationships and will serve as a foundation for the banking of tomorrow.

A new federal player is not necessary

Raising the spectre of a reduction in credit to SMEs, some groups have re-launched the debate on the Post Office bank's banking licence. The Union of Swiss Cantonal Banks does not support this option. It believes that the Swiss banking services market offers an extensive range of choices, both in terms of service providers as well as products and services. The idea of associating the Post Office's public services to an entrepreneurial activity with the intention of enssuring the financing of this domain is not justified. Furthermore, with a banking licence, the risks would be the exclusive responsibility of the Confederation, which has already been assailed by requests to assist banks over the last few months.

Key facts of 2008
Prudence exercised in Private Banking is paying dividends

Despite the very difficult economic and stock market context, BCGE private banking experienced absolutely exceptional growth in 2008. The dynamism in this area can particularly be seen by the number of new clients, which was even higher that that of the record year 2007. This success can be explained by the quality of the products offered, the dynamism of a competent and experienced team, and enthusiastic management. Of course it is true that the performance of the mandates was affected by the abrupt fall in most world financial assets. Though negative, this performance was nevertheless superior to comparable products from other institutions.

PRIVATE BANKING
ASSET MANAGEMENT

Management well adapted to times of crisis
Against a background of world stock exchanges losing almost 40 % of their value in just a matter of weeks, BCGE's management philosophy[3] and its application to BCGE Best of mandates demonstrated their robustness. The selection of equity investment funds overall performed in line with 2008 benchmarks and continued to outperform the market over the 2007-2008 period. The Bank maintained a prudent spread of assets, steering clear of hedge funds and exotic products and protecting its clients and itself from the disarray and international swindles seen in 2008.

New management of the division
At the beginning of the year, the division was led by Andrew Gilbert, member of the Management, who created an outstanding business dynamic and led several expansion projects. The Board of Directors appointed Jean-Louis Platteau (see page 78) to the Executive Board, heading the Private Banking division. His broad experience in wealth management in an international context provides the Bank with valuable skills to carry out this expansive strategy.

Organisation of the division into markets
As of 1 July 2008, the integration of the Anker Bank subsidiary into the parent company allowed BCGE to broaden the horizons of its current private banking success. This merger under BCGE Private Banking, a brand that is expanding internationally in particular, will now operate from Geneva, Zurich, Lausanne and Lugano as well as the French subsidiary locations in Annecy and Lyon. This allows infrastructure costs to be reduced, the Group's internal organisation to be simplified and more funds to be allocated to this activity so as to capitalise on its success over the last few years. Integrating the subsidiary has entailed the creation of two business units called BCGE Private Banking Geneva (based in Geneva) and BCGE Private Banking Switzerland (based in Zurich) and working closely together.

Numerous new clients
BCGE private banking attracted over 700 new clients in 2008, even more than in our previous record years. Furthermore, this increase was obtained with a decreased number of business staff.

Pleasing growth of discretionary management
Over 3,800 investors entrust their assets to the Group, by way of the BCGE Best of discretionary mandates, to constitute a total consolidated amount under management of CHF 1 billion. This exceptional success is due in particular to the strictly applied open architecture principle and to a methodology that applies to large funds through the Private Banking division and to small funds through the network of branches.

Increasing popularity of independent asset managers
The department specialising in relations with independent wealth managers boomed in 2008. It was able to generate a substantial number of new partners and to double new client funds from this source. A new dedicated IT platform for this area is under development. The department's activity has gained a higher profile in its very competitive market and its success has been recognised by the media, notably among the UN organisations based in Geneva.

[1] These principles are summarised in the brochure "BCGE Group Investment Philosophy", also available at www.bcge.ch

Spectacular performance of wealth planning
BCGE Private Banking has put in place a service specialised in financial planning that advises clients on preparing for retirement and estate planning, tax optimisation, making the most out of property, portfolio consolidation and company transfers. This service has been well received, with over 1,000 consultations.

Expansion of private banking in France
Efforts made to complete its range of products allowed the Bank to offer its clients products that are best suited to the crisis situation that characterised 2008.

In particular, the investment management mandate coupled with life insurance has been a very pleasing success. The subsidiary has benefited from new IT applications that enable it to improve and rationalise its wealth management, and reporting processes.

Despite the difficult economic context, the Bank decided to maintain its plans for development by opening new offices in France in 2009 so as to reinforce its presence in these two geographical sectors.

Development of business support
Business development was accompanied by strong growth in the volumes handled by the middle office support services, regrouped within the Management Assistance department. Its staff numbers have consequently been increased.

BCGE Rainbow Fund wins award
The Bank continues to offer clients wishing to invest limited amounts the whole range of its BCGE Rainbow Fund, a particularly flexible and good value investment product, offering first-class assets with excellent diversification. These funds enjoyed considerable success, showing 5.9% growth in the amounts invested (net new money). In April, the 'balanced' sub-fund was rated fourth out of 53 by the Lipper institute based on performance over a year. Morningstar, the European leader in the area of investor information, has regularly rated the BCGE Rainbow Fund one of the best funds in Switzerland, awarding four stars to three of the four sub-funds with a long enough track record. In 2008, BCGE launched three new dynamic profiles in CHF, EUR and Swiss shares.

Reinforcement of the asset management group
On 1 March 2008, the Bank integrated the expertise and activities of its subsidiary Synchrony Asset Management into the parent company, creating a specialised business unit called BCGE Asset Management. In accounting terms, this integration took effect on 1 January 2008. All the staff employed at the subsidiary were integrated into the parent company.

This new organisation allows the institutional management business of Synchrony Asset Management to be brought together with financial analysis and BCGE centralised management. The business unit enjoys concentrated analytical and commercial strength which enhances, on a larger scale, BCGE's strategic positioning in this area. The assets under management through mandates for institutional clients amounted to CHF 1.6 billion at the end of 2008.

BCGE Asset Management also integrated funds in equities, bonds and asset allocations, which have been renamed BCGE Synchrony Fund. In particular, these funds contain two indexed funds totalling CHF 177.4 million, two equity funds of funds, totalling CHF 51.3 million, and seven occupational pension funds worth CHF 91.5 million. This last group includes a fund orientated towards socially responsible growth. One other fund, reserved for institutional investors, follows these principles and invests in Swiss small and medium capitalisation companies; its assets totalled CHF 65.4 million on 31 December 2008. Together, the thirteen BCGE Synchrony investment funds total CHF 385.6 million.

Outperformance of market

Parallel to the mandate performance, the performance of these investment funds has been very satisfactory, given the stock market environment that prevailed in 2008. This is particularly true for the BCGE Synchrony MF Europe Equity fund of funds and the Synchrony Swiss Small and Mid Caps A & C (secondary Swiss stocks) long-term fund. It should also be pointed out that all these funds are managed in accordance with principles based on economic foundations and a long-term vision, in line with those defined in BCGE's management philosophy. Therefore, they were not directly hit by losses associated with the presence of "toxic" or particularly risky products.

Fifth star for a BCGE Synchrony fund

On 1 October 2008, the BCGE Synchrony Market Fund Swiss Government Bonds was awarded a fifth Morningstar. Only 10 % of investment funds obtain this superior grade, which is based on its regular high performance compared to other funds in its category. This indexed fund is no stranger to such attention, having won numerous awards since 2002. In 2009, Lipper awarded it the prize for the best fund of its category over ten years for its results achieved in 2008. In the *Finances* supplement of *Le Temps* of 15 December 2008, it came in at fourth place with a performance of 9.30 % over 1 year.

Excellent position of a BCGE Synchrony fund in the *Handelszeitung* rating

In its edition of 21 January 2009, the weekly publication *Handelszeitung* published a rating of the best investment funds in Swiss equities. The BCGE Synchrony Market Fund Swiss Equity, an indexed fund, gained third place in terms of performance over 5 years (+2.37 %). In terms of performance over one year, it took fifth place (-34%). In both categories it clearly outperformed the averages, which were +0.99 % and -36.50 % respectively. It received a fund award from Cash and Morningstar, as the second best Swiss equity fund.

Key facts of 2008
Corporate business: steady growth in a tough environment

In 2008, corporate business grew in most areas, thanks particularly to the acquisition of new clients. The economic environment was a demanding one, requiring strict watch to be kept on risk levels and maintenance of margins at a satisfactory level. The market showed itself to be very competitive, with margins under pressure, given an economic situation favourable to refinancing institutions. Abundant liquidity in many companies and worries arising from the financial crisis had a dampening effect on the demand for credit. There was, nonetheless, a growth in franc-denominated loans of nearly CHF 203 million in amounts outstanding, or 7.5 %, for companies in the region.

CORPORATE

Innovations and fine-tuning processes
Businesses of all sizes are essential for the development of Geneva's economy. In the context of the mission entrusted to it, BCGE is focussed on developing the banking products and services most closely adapted to its clientele. Many innovations were therefore introduced in 2008, the main ones being described below.

Creation of an SME and independent professionals centre
SMEs and independent professionals now have their own dedicated centre. Situated on the ground floor of the bank's headquarters, it was opened on 4 February 2008 and complements the service they receive in the network's branches. The SME and self-employed centre brings together a team of around ten specialised relationship managers. Other than preparing business financing packages, they offer solutions aimed at optimising, financing and developing businesses.

More advice and corporate financing
To complete its financing and financial engineering advice business, BCGE advises company owners on running and financing projects such as the purchase of companies, strategic alliances and corporate transfers. To complement this, the Bank founded a subsidiary called Capital Transmission in June. With a fund of CHF 50 million, this company's mission is to participate in the financing of corporate takeover transactions (LBO, MBO, transfer) or expansion by acquiring a minority share or through mezzanine financing.

Strong growth of cross-border business
Extensive knowledge of the economic network of the region has made BCGE much in demand by cross-border companies. Despite the unfavourable economic environment, the income of the France Corporate department continued to increase by focussing on quality dossiers with high added value and in niche positions. Although the number of new transactions dropped considerably during the year, profitability in this area, at constant exchange rates, was very pleasing and is explained by a higher proportion of direct transactions and the strong growth in mortgage amounts outstanding.

Buoyant commercial property loans
The prices of buildings, flats and houses in Geneva remained constant. Construction prices decreased slightly in the second half of the year due to the drop in commodity prices. The increase in mortgage rates seen in the first half of the year disappeared in the second half of the year. BCGE remained true to its strategy of solid and productive long-term growth. In the slowdown in both transactions and construction, BCGE consolidated its mortgage accounts receivable from professionals at the 2007 level.

Trade finance: prudence at a time of high volatility
The international financial crisis caused massive unrest on the commodity markets. After having reached historic highs, prices plummeted due to a major shrinkage of demand. The extreme volatility in energy, metal and cereal prices made it necessary to carry out some value corrections of client loan portfolios which caused drops in income for this sector. Our risk policy adapted to this exceptional international situation meant that we strongly underweighted our involvement in this area, thus limiting the global risks associated with it.

Retail banking for companies in the canton
As a full-service bank, BCGE offers a wide range of services of interest to companies and their staff. The partnership with Geneva companies, known as BCGE Business Partner, offers in-company services including day-to-day banking operations, investments and loans and is attracting requests from an increasing number of companies.

The year ends with a slowdown in corporate loan demand
The first three quarters of the year saw sustained business in the area of corporate loans, with a particularly high number of new business. Nevertheless, the last two months of the year were subject to a considerable slowdown prompted by economic and stock market uncertainty on a global level. BCGE remains confident in the ability of the Geneva economy to stay strong during these difficult times and expects corporate loan business to continue satisfactorily with companies of all sizes.

Financial institutions: sustained level of business
In the area of services and relations with other banks, BCGE managed successfully to navigate through the crisis in the second half of the year that hit some of its counterparties very hard. Business with banks and pension funds was very fruitful, particularly in terms of financial markets (25% increase in the volume of banknotes provided, 21% increase in spot exchange volume) and day-to-day banking services. With regard to non-OECD banks, the transaction volume of documentary credit confirmation reached a record high of CHF 963 million. The volume of spot exchanges with banks in emerging countries reached CHF 5 billion, another record amount.

A dynamic trading room
In what was a difficult environment, particularly in the second half, the trading room contributed significantly to the Bank's results. Its business on behalf of the clientele is developing successfully. Financial advice to clients as well as the financial engineering services of BCGE Club CFO in debt and risk management are attracting increasing interest. The trading room also manages positions for the Bank's own account and participates actively in the Bank's asset and liability management (ALM).

Management of high-risk credits
Despite the difficult economic conditions, the activities of the Debt Recovery and Workout teams produced positive net marginal income.

As regards property, the Bank managed to sell several properties at a profit. On the other hand, it acquired a good property at the end of the financial year through compensation. The non-bank property portfolio remained focussed on a very small number of properties, for a total value of CHF 8 million.

Success of BCGE seminars

Over 400 business and public authority leaders attended the various "BCGE L'essentiel de la finance" seminars in September on a number of different topics chosen in response to the participants' preferences.

For the second time, BCGE, the Geneva Chamber of Commerce, Industry and Services (CCIG) and the Cantonal Statistical Office (OCSTAT) organised their economics seminar. The occasion was used to present and publish an unprecedented study describing the structure of the Geneva economy. This event attracted a very large number of decision-makers.

BCGE (France) grows despite a threatening environment

In a progressively more difficult economic context, Banque Cantonale de Genève (France) continued its development and even succeeded in increasing its net loans outstanding by over 3 %. The staff numbers at the subsidiary remained stable, at 36 employees.

In terms of the financing of property professionals, the French subsidiary recorded a pleasing level of business during the first half of the year in the housing sector, despite the prospective slowdown in France. This slowdown, however, kicked in more clearly in the second half of the year. At the same time, the bank tightened its lending criteria, as it expected the financial situation of borrowers to deteriorate.

The financing of office and business premises developed positively over the financial year, even if the beginning of a slowdown became apparent and will inevitably be confirmed in 2009.

Banque Cantonale de Genève (France) also remained active in the financing of SMEs, particularly in the financing of company transfers with, nevertheless, an overall drop in the number of new projects in this context of general economic slowdown.

Key facts of 2008

BCGE: a faithful partner of municipalities and public authorities

Be it for the Geneva municipalities, the State or the major utilities, BCGE provides solutions tailored to Geneva's public authorities' needs. So as to tackle increasing competition and better to respond to financing needs involving considerable amounts and long terms, the Bank created a joint subsidiary, SPFS (see page 8), which successfully started business in 2008.

FINANCIAL INSTITUTIONS AND PUBLIC AUTHORITIES

The public authorities can count on their bank

In very difficult market conditions, which hit a large number of lenders in the second half of the year, BCGE faithfully continued to grow its business, both in terms of loans outstanding and new business. Its deep knowledge of the regional economy, its awareness of the specific features of each public utility, and the independent nature of the advice that it gives make it a respected partner of public-sector finance managers. It advises cantonal and municipal organisations on the optimised, safe management of their financial resources. It provides support to municipalities and property funds in their operations, offering solutions aimed at making the best choices of financial strategy.

Start of operations at the SPFS subsidiary

In July 2008, SPFS obtained authorisation to operate on the Swiss market. It was therefore able to begin its business, which is primarily focussed on project finance for Swiss public authorities, cantons, towns, and cantonal and federal public utilities. In just a few months, it arranged over CHF 500 million in financing. SPFS establishes contact, defines requirements and draws up the operational plan; the participating banks then undertake the financing as such.

Key facts of 2008

Modernisation: new IT system and process optimisation

In 2008, BCGE took a huge step forward in terms of quality and modernisation by changing its IT system. Since 1 October 2008, the Bank's state-of-the-art platform has offered even higher levels of performance. The migration from the old system to the new was carried out on schedule and with success, and marked the end of three years of preparatory and implementation work. Without a doubt, this change represents one of the most strategic projects the Bank has carried out in the last ten years. In parallel, organisational and production processes were optimised, particularly in the area of payment operations, which have been outsourced since last autumn.

MODERNISATION

Successful IT modernisation

The Bank is now operating on the Finnova IT platform, a universal banking solution that is standardised and proven. It has been adopted by twelve Swiss cantonal banks and eleven regional banks. This change enables the Bank to increase processing capacity, enabling it to handle in an optimum way the changing requirements of the banking market. It will also reduce IT costs for the BCGE Group by some CHF 5 million per annum.

The IT migration was carried out by the IT Development department, entirely dedicated to this task, in close co-operation with IBM Switzerland's Banking Competence Centre in Prilly, which will deal with the hosting and integration of the new system, and Finnova. 359,635 accounts needed to be transferred and 36 new Finnova application modules coordinated with 65 third-party applications (50 pre-existing and 15 new ones). All this had to be done through 32 interfaces. The Bank estimates that the overall workload required for the preparation and migration processes, without adjustments or training (see below), but including all those involved, amounted to 28,000 man-days.

This work required a considerable amount of training to be given in practical courses and e-learning classes. 22 trainers gave 643 training classes to 816 staff members, amounting to a total of 4,400 man-days.

As expected, the IT migration resulted in some fine-tuning of the new platform. While the majority of functions were perfectly operational from the outset, others needed to be adjusted or corrected and at times required more substantial and more complex work than foreseen. Some clients suffered inconveniences, which the Bank tried to reduce as much as possible and for which it has apologised. Based on the experience of other banks, this period had been estimated to take 3 to 6 months, which proved to be the case.

The new IT platform brings about some changes for clients, particularly in the netbanking area as well as in the way bank statements are presented. In most cases, these changes result from improved functionality and an optimised IT system.

Preparation of the IT migration involved many of the Bank's teams. A substantial number of professionals from various areas were assigned to this work, full time or part time. Several hundred staff members collaborated on tests during many evenings and several weekends.

New IT system for Human Resources

Like the rest of the Bank, the Human Resources department has changed its IT system. A portal was thus developed to continue some of the essential analytical management business (cost centres, hierarchy, timesheet management) and new salary management software was put into action at the end of the year.

Numerous functional improvements
The implementation of the platform allowed the Bank's business and operational activities to be improved. The principal developments are:

- the integration of most processes and all data in a single system (Finnova)
- the automation of service and operations management processes through definable workflows
- the digitisation and on-line consultation of all client documents in a secure record system (Oracle Content Manager)

Numerous process modernisation projects
The major IT migration project has led the Bank to study large-scale organisational processes, so as to optimise their operation and improve its productivity. Without a doubt, one of the most important steps taken has been the outsourcing of payment operations to Sourcag AG, a subsidiary of the Basle Country and Basle City cantonal banks.

This operation, which was carried out on 2 October 2008, enables BCGE to ensure its competitive independence in a sector which is witness to rapid development. The quality of service will continue in line with that of Switzerland's best banking institutions and clients will keep their same advisers.

Modernisation of the trading room platform
In parallel to the IT system modernisation, the Bank invested in a bundle of specialised software in order to strengthen its trading room operations.

Share trading operations are now equipped with the GL-trade platform. This tool allows STP (straight through processing) which is totally automated for the main world stock markets. The platform has been enhanced with gateways to the ROR (Reuters Order Routing) and SORS (Swisscanton order routing system) operators.

Furthermore, the Bank manages and administers derivatives and OTC (over the counter) transactions in an integrated way thanks to the Finnova and Arpson platform. In particular, these tools allow our clientele to access a large range of products specifically linked to foreign-exchange transactions and interest-rate cover operations.

Lastly, the Bank invested in the Stematch reconciliation platform in order to automate high volumes of positions and of payment and securities operations.

Rationalisation of desk-top publishing and filing
Major work has been carried out to digitise incoming documents and those produced by the Bank. Work to rationalise and condense forms has also been carried out in order to reduce their number and simplify production. This modernisation allows paper consumption to be reduced by streamlining management and ensuring totally integrated filing of documents.

Optimised IT security
As part of the IT migration, a major investment has been made to ensure the security of operational continuity. BCGE is one of the few banks in Switzerland to have two operational centres that are completely identical and located 60 kilometres away from each other. This decision allows it to guarantee the best conditions for carrying out business, even in the case of disaster at one of the sites.

"International trade clients are very demanding in an area where innovation and original financial solutions are highly prized."

Nicolas Défago is a risk and collateral manager within the BCGE Global Trade Finance department. Together with his eight colleagues, he identifies, assesses and monitors the various risks to which the Bank is exposed in international trade financing operations.


Trade Finance
INGENIOUS
JUST AS OIL IS REFINED TO MAKE PLASTIC, BCGE TRADE FINANCE SPECIALISTS ALLOW HUNDREDS OF GENEVA COMPANIES THAT TRADE IN COMMODITIES TO DEVELOP THEIR BUSINESS WITH MADE-IN-GENEVA FINANCIAL REFINEMENT.

Risk control that is built into the Bank's strategy

Ensuring the future of the Bank and its clients' assets

As a full-service bank with a broad range of activities, BCGE needs effective risk management in order to identify, measure and minimise the various risks inherent in all its business areas and operations. Risk control occurs at a number of levels: from the front offices, which have responsibility for the risks associated with their business, to the back offices, as well as at the specialised second-level control departments.

Preventive control and portfolio control

Preventive controls are carried out for each transaction with a set of competence provisions adapted in accordance with the operation types and amounts. A posteriori controls and centralised second-level controls are carried out for transaction portfolios, with the appropriate expertise and tools.

Control methods

The method used is quasi-directly linked with transactions and the Bank's positions. It replicates all the positions with or without exposure onto an ad hoc database, the financial datawarehouse (DWH). These positions are analysed and measured against amount limit and risk concentration standards. Daily closing controls are adapted to credit risks, i.e. to counterparty default risks. Furthermore, market risks are monitored both intraday and in daily closing terms by the Risk Control and Compliance department.

Coherence

Control coherence is ensured by transferring all the Bank's positions into the financial datawarehouse and by using coherent methods for compliance with limits, competences, regulations and calculated risks. They are tested on all levels.

Basic principle

It goes without saying that the basic principle is to promote and authorise all profitable business that respects regulatory constraints and that involves a level of risk that is considered acceptable.

The acceptability of a risk depends, above all, on strict compliance with legal and regulatory standards. Then, if the operation in question is in line with the business set out in the strategic business plan, framework risk limits are established to determine the maximum exposure that is acceptable. Within the framework, the risks are estimated and, if possible, calculated for each individual transaction. The yield of the transaction is weighed up against the costs of the transaction and the risks incurred, measured by the amounts potentially at risk and the probabilities of occurrence.

Risk inventory

The risk structuring used is standard: risk to image, legal risk, legal and regulatory risk, compliance risk, credit risk and market risk.

Organisation

The first controls are carried out for each transaction so as to be preventive and to allow an immediate response to be made. The Risk Control and Compliance department is structured on three pillars: the first two are Risk Control, which encompasses market risks and credit risks, and the Compliance Section, which is in charge of compliance with legal and regulatory provisions. The third pillar is the Internal Control Section, which ensures the monitoring and control of operational risks. Formal controls are handled within the Operations and Controls Division.

The Risk Committee meets every month to discuss the risk status, for example in a "top ten" form: the ten biggest risks are analysed. The monthly credit risk report is presented at this meeting. Risk committees for each subsidiary also usually meet on a monthly basis. The ALM (Asset and Liability Management) Committee meets every month specifically to study the rate risk and the ad hoc report.

Presentations are regularly given to the Executive Board either on specific subjects or on the global risk status. Quarterly reports are produced for the Board of Directors on the top ten risks, concentrated risks, shareholders' equity coverage and the latest news. Presentations are also made to the Control Committee.

Salient facts concerning financial risks in 2008

Without a doubt, 2008 was the year of the black swans, full of completely unexpected major events. The finance world has experienced episodes that it had not seen for more than 70 years. The key financial risk events in 2008 were:

- the world financial crisis, which began with the disorderly situation of risky American subprime mortgages,
- numerous bankruptcies of banks and the astronomical amounts announced by governments in the United States and in Europe to bail out a large number of major banks,
- the difficulties of the largest Swiss bank, which began with compliance problems in the United States, followed by financial problems and the massive intervention of Swiss authorities,
- massive-scale frauds, with the USD 50 billion Madoff funds and many other multi-billion dollar frauds in the United States,
- plunging financial markets in mid-September and the 30%-50% fall in equity market indices in the space of a year,
- plummeting interest rates in November and December, with dollar rate almost at zero,
- worrying prospects for the property and industrial sectors,
- an increase in commodity prices, followed by a drastic drop in the middle of the year, with some falling by half or even two thirds, particularly those for some metals. Oil also recorded considerable fluctuations, first rising from USD 100 to 150, then plummeting to USD 40.

Salient facts concerning regulations
The new regulations issued in Switzerland demonstrate a degree of serenity when set against the whirlwind of events, even if some of these regulations introduced in 2008 are the fruit of efforts that go back a long time. They comprise:

- the start-up of Basle II reports on the use of bank equity so as to be better adapted to risks,
- the new Due Diligence Agreement (CDB 2008) replacing that of 2003,
- the FBC (Swiss Federal Banking Commission) circular (which became the FINMA circular) on market abuse and trading room best practice,
- the process of merging the Swiss Federal Banking Commission with the Federal Office of Social Insurances to create FINMA. The merger became effective on 1 January 2009.

Salient facts concerning BCGE risks
BCGE's rating was upgraded to A while numerous banking ratings in Europe were dropping. The Bank's good risk control was specifically highlighted in Standard & Poor's comments that accompanied the upgrade.

BCGE has changed its central IT system. This is an event that occurs less than every ten years and thus inevitably resulted in compensatory manual work and some temporary disturbances to the quality of the service. These were principally caused by new procedures having to be learnt and configuration and programming adjustments.

Amounting to 28% of use of equity capital, loans to the *Fondation de valorisation* are close to the regulation limit of 25%, which will no longer require special dispensation from FINMA.

MARKET RISKS

BCGE Best of portfolios successfully confront market risks
Checks carried out on BCGE Best of portfolios show that their compliance with strategic allocations is beyond reproach. Efficient frontier calculations highlight the soundness of these portfolios at a time of bear markets. Control reports are issued quarterly, structured according to allocation types and currencies.

The funds contained in BCGE Best of portfolios had no connection at all with Madoff funds. This affair has therefore not had any impact on the Bank or on its clients with investment management mandates.

Liquidity, repos and reverse repos
Since spring 2008, controls on loan limits for other banks have been tightened in response to increased risks. Investments in money markets have been replaced by repos and reverse repos investments.

BCGE adopted an extremely prudent measure by massively increasing liquidity to over CHF 1.5 billion (11% of total assets) instead of a few hundred million in order to be prepared for all contingencies.

Long-term investments

The long-term investment portfolio was increased by CHF 646 million (at fair value), generating a yield that partially compensates for the moderate yield from Confederation short-term paper. Through this portfolio, the Bank diversifies its commitments outside the banking sector. The Bank sold its variable-rate bonds and replaced them with fixed-rate bonds just before rates fell. The market price valuation of a bond position, of a limited amount, unfortunately forced the Bank to record a loss.

Pension fund

The impact of the fall in financial markets on the assets of the Bank's employee pension fund has not jeopardised its current and future commitments in the compulsory part. In the supplementary part, the return on capital was suspended for 2008.

Balance sheet and refinancing

The sensitivity of the balance sheet to the value effect was kept to less than 3 % of its amount.

New mortgage contracts and renewals returned, to a large extent and very quickly, to fixed rates at medium-term durations of two to five years. Swap contracts taken were consequently adjusted.

Balance-sheet refinancing ran smoothly. Loans from the Swiss Cantonal Bank Mortgage Bond Centre (CLG) that had come to term were only partly renewed, due to the reduced need for cash.

Savings increased and the credit refinancing rate by current accounts and saving accounts amounted to 73.7 %.

Country risk

Country risk is highly diversified. Leaving aside France, where the Bank does a relatively significant amount of business, both from Geneva and via its French subsidiary, country limits are restricted to the use of international trade and the use of client banks.

Country commercial limits are in place for international trading business and controlled by the Risks and Collaterals department within the Global Commodity Finance business unit, and also by the Risk Management and Compliance department on a daily basis.

Indirect risks, i.e. the risks associated with the economic risk of countries involved in the transaction in question, are also monitored by the two departments. They are the subject of a weekly report issued by the Credit Risks division.

Indirect risks are found, in particular, in ex-USSR countries, i.e. Russia, Kazakhstan, Byelorussia, the Ukraine and the Baltic states. These risks are associated with trading activity in oil, gas and metals. Two international trade defaults in Brazil gave rise to financial provisions in 2008.

Major risks

Major risks, in the regulatory sense of the term, are only regularly disclosed with regard to the *Fondation de valorisation* and the State of Geneva. Some banking limits or commitments towards international trade clients may sometimes occur at the use limit risk-weighted by 10%.

Credit risk check

The classification of credit risks according to the different ratings is virtually unchanged from one year to the next. The Credit Expertise and Organisation department, part of the Operations and Controls division, centralises the expertise and training for credit controls. The previous classification, which had five categories, from A to E, has been fine-tuned. It now has ten categories, from A+ to E-. It should be noted that the Basle II Internal Rate Based (IRB) provisions only require seven categories. In addition to these ten categories, there are four categories, from F to I, for distressed businesses (see page 96). The Bank has acquired a new IT program, CreditMaster, from the Risk Solution Network company, which is used by a dozen cantonal banks. It analyses risk associated with corporate loans. It complements the Credit+ program, which is already used for loans to individuals and small companies.

A systematic monthly control of compliance with loan granting criteria is carried out and regulation reporting on equity is made in accordance with the standard approach. The Bank has employed a full-time credit trainer and an in-depth course on this area has been put in place.

Compliance

The coming into force of the new Due Diligence Agreement in July 2008 was marked with a training course given to over 300 front-office staff with the help of an outside speaker.

The new IT system has made it necessary to completely overhaul the definition of business rules for the definition of compliance risks and for the monitoring of unusual movements. All this was done in the last quarter of 2008 and the fine-tuning continues. A feature of the new IT system is that computerised messages are automatically sent to those in charge when transactions require clarification, whether for a block due to the “Money Laundering Act” or to an operational block in accordance with the Due Diligence Agreement. The information is transferred to managers in the Compliance division if the response times are not strictly met. This entity closely controls compliance with regulatory standards and codes of practice and intervenes when applicable. Several members of this division have completed or are completing the high-level training on this subject given by the University of Geneva.

Legal risks

Legal risks are controlled and provisions are made for them. The amount of the provisions is however not high and remained stable during the financial year.

Risk to reputation

The Bank's reputation has not been damaged. In fact, the absence of exposure to derivatives and frauds, together with the difficulties experienced by some Swiss and international banks, reduced this risk in 2008.

Internal control

The Internal Control division continues its work; a comprehensive report was prepared in mid-2008.

PUBLICATION REQUIREMENTS CONCERNING EQUITY

This information is available on the Bank's website (www.bcge.ch/exigences-publications).

"Contributing to the development of the regional economy is BCGE's primary mission:
I find helping to fulfil this noble mission on a daily basis fascinating."

Narcisse Moix is a senior adviser in corporate finance within a department specialised in providing services to medium and large companies based in Geneva.

Corporate banking

PRECISE

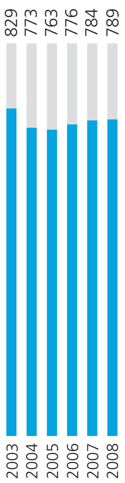
JUST LIKE A WATCHMAKER WHO TRANSFORMS STEEL INTO ELEGANT TIMEPIECES, CORPORATE LOAN RELATIONSHIP MANAGERS HELP DIRECTORS TO SHAPE THEIR DAY-TO-DAY BUSINESS AND TO FINANCE THEIR INVESTMENTS AND THEIR PROJECTS PRECISELY AND AT THE RIGHT TIME.

Talents and skills

70 % of employees are shareholders

As the canton's twenty-second largest private sector employer and eighth in Geneva's financial sector, BCGE is a leading player in Geneva's banking job market. Whether in terms of training, prospects for development, working environment or social services, BCGE is an employer that offers one of the most attractive frameworks for professional growth in the Geneva market.

BCGE Group staff
in full-time equivalents



Stable staff numbers

As in 2007, Group staff numbers in 2008 were stable overall (+0.6 %), totalling 845 employees, or 789 full-time equivalents (FTEs).

With the integration of the Anker Bank and Synchrony Asset Management subsidiaries into the parent company in 2008, their staff members were employed with exactly the same conditions they had had before.

Banque Cantonale de Genève (France) maintained its staffing level unchanged from the previous year, with 36 employees.

Training as part of the strategy

The main training focus was on the new IT system. The change in the IT platform required the involvement of all the Group's employees so as to prepare them for the migration and the follow-up period. The tailored training courses, designed to meet individual needs, were delivered following the blended learning method, which combines self-tuition via e-learning modules with attendance at workshops concentrating on a specific activity. In addition to the new IT environment, the Bank also offered its employees new courses over our computer-assisted teaching platform.

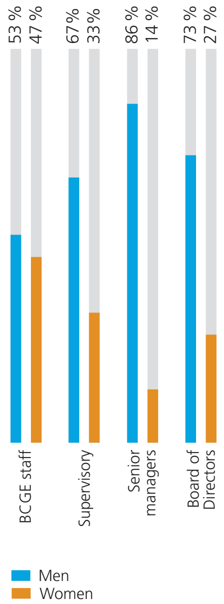
In addition to the IT area, internal certification courses in wealth management and individual pension planning were the areas most focussed on in the year under review, in continuation of the programme undertaken in previous years. The arrival of a full-time trainer in credit business allowed an ambitious programme of credit-related training courses to be launched. Three full courses for those working with property finance for individuals and a full course for young advisers in training were given. This support of certain finance activities in the branch network and the tailored courses for credit specialists allowed the Bank to offer comprehensive and targeted training to its staff in an area in which there is limited training available.

In addition to this internal training, there was a continuing education programme for the Bank's various business areas. This was principally provided by the ESBF (an organisation specialising in banking and finance), the University of Geneva, ISFB (an institute for bank training), Swisscanto, the central school of the DDPS (Federal Department of Defence, Civil Protection & Sports), and the BCL (Latin Cantonal Banks) training centre.

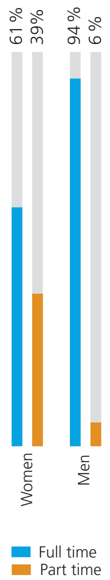
In addition, specific training programmes were created and adapted for management. Recently recruited or appointed management members are given a specific training course on BCGE strategies. A new course focussing on crisis management was added to the training syllabus. Furthermore, language training continued to be a well-supported area and an internship position at our Zurich offices was created in order to add to measures already in place in this respect.

BCGE Group department heads work together as teams to take each other on in an intensive management seminar in the form of a contest. This year, it was in St. Gallen that the event took place, with the theme of team leadership.

Male – female distribution
as at 31 December 2008



Full/part-time employment
as at 31 December 2008



Training the next generation

As one of the major players in the professional training of the canton's young people, BCGE has taken on new experts for final apprenticeship examinations so as to build up a team whose leader is responsible for training and the Bank's management development. At 31 December 2008, eighteen apprentices were being trained at the Bank. All those who sat the CFC (Federal Certificate of Competence) in June passed and decided to continue their careers with the Bank. In August, seven apprentices began their training with the Bank.

In addition, the Bank continues to offer five business training places to holders of the secondary school diploma (maturité), as well as nine training places of eighteen months to university students to complement what they learn in an academic environment. Finally, the Bank regularly assists students on "maturité professionelle commerciale" and Haute Ecole de Gestion courses in their diploma work on banking and financial subjects.

Participation and bonus scheme

Bank staff at all levels benefit from a bonus plan. As soon as they have completed three years of service, they receive a number of shares annually, in line with the currently applicable scale.

Moreover, staff in receipt of bonuses have the opportunity of acquiring Banque Cantonale de Genève bearer shares on a preferential basis. The Bank sells these to them, net of all costs, in a proportion of one share per CHF 3,000 of bonus. For each share so acquired, two free shares are given.

Within these plans, the shares so acquired are subject to a lock-up period of five years and may not be sold within this time, nor may they be used as security, unless at the Bank. On the other hand, owners are entitled to the dividends.

In 2008, most Group staff benefited from an extraordinary bonus plan, identical to that of 2007, which allowed them to acquire two bearer shares and receive four more free of charge. This plan was subject to the same moratorium as described above. In 2008, 7,614 shares were distributed free of charge on the basis of the above plans.

Considerable numbers of employees are shareholders

On 31 December 2008, 84 % of the Group's staff (683) held BCGE bearer shares, having either acquired them through bonus plans or purchased them. In total, they own 44,507 shares. Taking account of pensioners and other beneficiaries of preferential conditions, 50,626 shares are held by persons with a close relationship to the company.

Social support and social partners
BCGE puts at the disposal of staff going through temporary personal difficulties some complementary internal and external support services. For these purposes, the Bank has recourse to the Intercompany Social Service. BCGE has a seat on the committee of this external organisation, which provides the services of social workers to a certain number of companies, and has chaired this organisation for 2 years. In order to handle cases of harassment or professional misconduct, staff may also get in touch with an external mediator, in complete confidence.

The Human Resources Department operates a structured process of company assistance in the case of long-term absences. This regular follow-up is very well received by the staff concerned.

Pension fund
BCGE provides an advantageous pension fund. It contributes two thirds to the savings contributions and covers death and disability risks. On certain conditions, staff members can choose whether or not to make contributions to the variable part. Early retirement is possible from the age of 58, and risk benefits are based on the guaranteed income. The plan also allows for phased-in retirement.

Banking services at preferential conditions
Employees benefit from preferential conditions on a number of BCGE banking services. For example, on salary accounts, other preferential creditor accounts and mortgages, no margin is taken by the employer, and staff benefit from market rates, in line with a replication model developed by the Finance and Risk Control division.

Health, sport and leisure
The BCGE environment is smoke-free. Staff are given the opportunity to be vaccinated against flu free of charge. The Bank provides employees and their families with sports facilities at its Training Centre, including a swimming pool, tennis courts, a children's play area and a subsidised restaurant. A project to redevelop this site into a single training centre was launched and work is planned to begin in 2010.

Internal communication
Apart from internal communications that are made through the normal managerial channels, the Bank has an Intranet linking all staff. Not just an essential means of communication, it is also a fundamental working tool, since it contains all internal guidelines, electronic documents and the information needed by everyone.

Every year, staff are called by the Executive Board to two information meetings, on the occasion of the yearly and half-yearly results. In addition, the setting of the year's strategic objectives is the subject of a presentation to senior management. Three times a year, the CEO leads a discussion on management topics for managerial staff.

BCGE Group also produces a magazine for staff and their families, which is published three times a year. The Bank's staff members regularly give colleagues presentations concerning an activity, a business unit or a project in progress. These meetings take place between midday and 2 p.m. on a voluntary basis. In 2008, there were four meetings of this type. Furthermore, the Bank organised three guided tours of exhibitions in Geneva museums for staff in 2008.

Incentives for excellence and innovation

BCGE has an incentive plan to promote excellence, involving the award of three prizes, usually twice a year. The *Prix Intrapreneur* is awarded for imagination and creativity to employees who help conceive new ideas to generate improvements. The *Prix Service Center* is for achievement of productivity improvements and cost reductions. The *Prix Service à la Clientèle* is awarded in recognition of excellence in client service, in the form of an exceptional act or exemplary attitude.

The Human Resources Department and the Executive Board involve all staff in the process of recruiting new skills. A bonus is awarded to employees who contribute to the recruitment of a new staff member.

Equal opportunities

The role of women in the company, together with equal pay and equal opportunities for career development, are closely monitored. Compared to other banks of the same type, BCGE has one of the highest proportions of female executives and senior managers.

On a different note, in 2008 BCGE introduced paternity leave from the time of the child's birth for a period of one week (previously three days). Furthermore, at the end of maternity leave, the Bank offers the father, as well as the mother, the opportunity to take unpaid parental leave that can be extended up to the child's first birthday.

"Public finance is very demanding
and teaches you to think quickly."

Ronald Labbé is in charge of the public authorities financing department. Working closely with all the municipalities of the canton and major public utilities, his team provides financing for their projects as well as offering strategic advice on financial management, financial risk control and cash management.

Public authorities

MOBILE

FINANCING IS ESSENTIAL FOR AN URBAN COMMUNITY TO DEAL WITH THE NEEDS AND CHALLENGES OF MOBILITY. THAT IS EXACTLY WHERE BCGE FINANCE ADVISERS FOR PUBLIC AUTHORITIES COME IN, WORKING WITH PUBLIC AUTHORITIES IN INFRASTRUCTURE DEVELOPMENT PROJECTS AND ALLOWING THEM TO BENEFIT THE CANTON'S INHABITANTS AND ECONOMIC PLAYERS.

Shareholder information and corporate governance

Shareholder information and corporate governance

The following report describes the management and supervisory principles of the BCGE Group. It is structured according to the Corporate Governance guidelines of the SIX Swiss Exchange (hereafter SIX) which applies to the year at 31 December 2008 and is numbered according to it. Gaps in the numbering indicate that the corresponding paragraphs of the guidelines do not apply to BCGE.

Shareholder information and corporate governance

1. GROUP AND SHAREHOLDER STRUCTURE

1.1 Group structure

1.1.1 Operational structure

The Banque Cantonale de Genève (hereafter BCGE) is a limited company established by public law according to Article 763 of the Swiss Code of Obligations. It has the status of a cantonal bank as defined by the Federal Banking Act. It 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. 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 220.

Stock number, bearer share	164268
ISN number, bearer share	CH0001642682
Stock market capitalisation (31.12.2008)	CHF 792 million, registered and bearer shares
	CHF 325 million (exact amount 325,418,280) million, bearer shares only

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

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

Principal committees	Responsibilities	Chairman	Deputy Chairman
Credit Committee	Decisions linked to credit business	Claude Bagnoud	Emile Rausis
Investment Strategy Committee	Investment strategy	Constantino Cancela	Jean-Luc Lederrey
Asset and Liability Management Committee	Analyses and monitors the financial policy and monitors the balance-sheet and rate risks	Blaise Goetschin	Eric Bourgeaux
Risk Committee	Analyses strategic risks and monitors related activities	Eric Bourgeaux	Emile Rausis
IT Strategy Committee	IT strategy and monitoring of its implementation	Blaise Goetschin	Jean-Marc Joris
Credit Risk Commission	Decisions linked to specific credit businesses (litigation, workout) as well as non-strategic financial investments	Emile Rausis	Bernard Matthey
Strategic Organisation Committee	Supports the Organisation department and the Organisation and IT division in the implementation of horizontal Bank projects	Jean-Marc Joris	Philippe Bailat

1.1.3 Scope of consolidation

The scope of consolidation is shown on pages 94 and 99.
It particularly includes, as at 31 December 2008, the following companies (fully-owned subsidiaries):

- Banque Cantonale de Genève (France) SA (www.bcgef.fr), Lyon, share capital of EUR 15.25 million;
- Capital Transmission SA, Geneva, share capital of CHF 2 million.
- ArcLem Capital Transmission SA, Zurich, share capital of CHF 20 million.

1.2 Major shareholders

Information on the major shareholders known to BCGE as at 31 December 2008 is set out in the following table:

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

1.3 Cross holdings

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

2. CAPITAL STRUCTURE

2.1 Capital

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

2.2 Authorised or conditional capital increases

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

2.3 Changes in the share capital

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

2.4 Shares and participation certificates

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

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

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

Each share grants the right to one vote (one share – one vote) as well as a proportional part of the net profits of the company.

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 of a par value of CHF 50 each (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 Banque Cantonale de Genève.

2.7 Convertible bonds and options

The BCGE has not issued any convertible bonds or options.

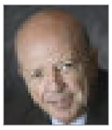
3 TO 3.2 BOARD OF DIRECTORS

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

Michel Mattacchini
Chairman
born 20 February 1946, Swiss
He was elected to the Board of Directors at the 2001 General Meeting by the bearer shareholders. He has been Chairman of the Board of Directors since 1 June 2002.

Professional career
Holder of a federal banking diploma (CFC) and an Executive MBA from INSEAD (Fontainebleau), his banking career has been with Swiss Bank Corporation in Geneva and Basle and later in New York. He was subsequently placed in charge of the business division (multinationals), Swiss companies, real-estate, networks, branches, Rhône-Alpes and institutional investors. From 1999 to 2001 he was responsible for recovery management at UBS in French-speaking Switzerland. He retired from UBS SA in 2001 and continued working as an independent director and consultant.

Other activities
Director and Chairman of 022 Télégenève SA, Geneva. Director and Chairman of BISA, Boulangerie Industrielle SA. Director of Parking Plaine de Plainpalais SA and Parking de Villereuse SA. Director of TV Léman Bleu SA.



Jean-Claude Rivollet
Deputy Chairman
born 12 August 1941, Swiss
A member of the Board of Directors since 2002, he was elected at the General Meeting by the bearer shareholders.

Professional career
He has held a federal diploma as a chartered accountant since 1970. Until 1982 he worked with the audit company Bourquin Frères et Béran SA. From 1982 to 1988 he worked as a self-employed chartered accountant in Geneva. Since 1989 he has been a managing director of Fiduciaire d'Expertise et de Révision SA in Geneva.

Other activities
Chairman of the Banque Cantonale de Genève pension fund. Director of TV Léman Bleu SA.

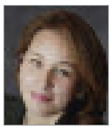
Michel Terrier
Secretary of the Board
born 22 July 1944, Swiss
He was appointed to the Board of Directors in June 2000 by the Association of Geneva Municipalities.

Professional career
Holder of a federal banking diploma (CFC), after training with Banque Pasche SA in Geneva, he joined the Banque Scandinave en Suisse in 1965, which subsequently became Banque Edouard Constant SA. He left that institutio in 1999 after being head of the cash management department (stock market, foreign exchange, bank listings). He is also active as a financial consultant.

Ion Bals
Board member
born 24 June 1942, Swiss
He was elected to the Board at the 2001 General Meeting by the bearer shareholders. He is also a member of the "Appointments and Remuneration" Committee.

Professional career
After studying electronic engineering at the Federal Polytechnic he was Managing Director of Orbisphère from 1985 to 1999 and Chairman of the Board of Directors of Orbisphère from 1992 to 1999.

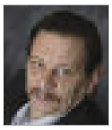
Other activities
Member of the Fondation immobilière Patrimoine. Member of the Board of H. Dudley Wright Foundation in Geneva. He is also a member of the Board of Directors of Omnisens, a start-up company operating on the site of the Federal Polytechnic in Lausanne.



Asma Benelmouffok
Board member
born 1 February 1966, Swiss
She has been a member of the Board of Directors since April 2004 when she was appointed by the State Council to represent the Canton's registered shareholders. She is also Chairwoman of the "Appointments and Remuneration" committee.

Professional career
She holds a law degree from the University of Geneva and passed the Geneva bar exam in 1991. She has practised import-export law abroad and was appointed legal consultant to UEB, a subsidiary of BNP, in 1993. From 1998 onwards she was Director of the Legal and Recovery (workout) departments and created a unit to combat money laundering. She also played an active role in the merger of BNP and PARIBAS and has been a member of the Board of BNP PARIBAS (SUISSE) SA since 2001, where she is Director of Legal Affairs and Workout. Since April 2004 she has run her own business negotiation and mediation company.

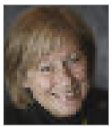
Other activities
Member of the Board of Directors of NBAD Private Bank (Suisse) SA.



Bernard Clerc
Board member
born 27 February 1946, Swiss
He was appointed to the Board of Directors by the Geneva City Council in May 2002.

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.

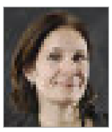
Other activities
He is a member of the Board of the pension fund of Banque Cantonale de Genève and a member of the Association for Taxation of Financial Transactions for the Assistance of Citizens (ATTAC-Geneva).



Mariane Grobet-Wellner
Board Member
born 22 May 1947, Swiss and Swedish
She was appointed to the Board of Directors by the Geneva State Council in October 2000.

Professional career
She has a degree in economics and works as a freelance economist. A colleague of Mr Joseph Ziegler, an FIR trustee from 1976 to 1992, a member of the ICC (later FID) Cantonal commission for matters regarding imports from 1981 to 2001, a member of the Cantonal commission of experts determining levels of funding for rental properties (LIPP III) since 2002.

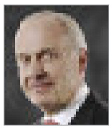
Other activities
A member of the Executive Committee of Asloca-Geneva since 1980. She was elected to the Geneva Grand Council in 1997 and re-elected in 2001 and 2005 on the Socialist party ticket. President of the tax commission and vice president of the Finance Board commission. A member of the Emilie Gourd Foundation Board since 2001. President of the UOG (Université ouvrière de Genève – Geneva Workers' University) since 2006.



Fabienne Knapp
Board Member
born 9 February 1965, Swiss
Appointed to the Board of Directors by the State Council in 2006, she is also a member of the Control Committee.

Professional career
She holds a diploma in computer engineering from EPFL as well as a master's in banking and financial sciences from HEC in Lausanne. She has worked as a computer engineer and financial consultant in banking organisation and strategy and in risk management, particularly for Sherwood Alliance, Reuters, André & Cie and Darier Hentsch. Parliamentary assistant of the Geneva Greens at the Grand Council.

Note:
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



Patrick Mage
Board member
born 31 July 1949, Swiss
He was appointed to the Board by the State Council in 2006 and is also Chairman of the Control Committee.

Professional career
Following training in business and banking he was an intern in Geneva, Zurich, London and in the US. He has studied at business schools in the US and Switzerland. From 1982 to 2004 he was a manager 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 the head of corporate clients, branch network and wealth management successively.

Other activities
Since retiring from the Credit Suisse Group (Switzerland) in 2004 he has been a consultant.

Ton Schurink
Board Member
born 12 May 1946, Swiss and Dutch
He was appointed to the Board of Directors in 2006 at the General Meeting by bearer shareholders and is also a member of the "Appointments and Remuneration" Committee

Professional career
He holds a degree from the Nyenrode Business University and an Executive MBA from INSEAD (Fontainebleau). A specialist in the trading of commodities, 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
Director and Chairman of CFT Services & Partners SA, Geneva. Director (until 31.12.2008) of Cefetra B.V., Rotterdam, Navemar SA, Fribourg, Oceana Shipping SA, Chur, Kernel Holding SA, Luxembourg, and Inerco Trade SA, Geneva.

Mourad Sekkiou
Board Member
born 5 October 1957, Swiss
He was appointed to the Board of Directors in 2006 by the Municipal Council of Geneva.

Professional career
Has held a diploma as a lawyer in Geneva since 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. A lawyer at the Geneva bar and associate in chambers in Geneva, he is mainly active in the fields of banking and commercial law and in litigation.

3.4 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 and can be renewed twice. In case of being appointed 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 putting forward candidates are governed by article 11 of the Bank's Articles of Association* and article 12 of the LBCGE**.

Director	Year first appointed	Current term ends	Number of times reappointed	Eligible for reappointment
Michel Mattacchini	2001	2010	2	no
Ion Bals	2001	2010	2	no
Asma Benelmouffok	2004	2010	1	yes
Bernard Clerc	2002	2010	1	yes
Mariane Grobet-Wellner	2000	2010	2	no
Fabienne Knapp	2006	2010	0	yes
Patrick Mage	2006	2010	0	yes
Jean-Claude Rivollet	2002	2010	1	yes
Ton Schurink	2006	2010	0	yes
Mourad Sekkiou	2006	2010	0	yes
Michel Terrier	2000	2010	2	no

3.5 Internal organisation

3.5.1 Allocation of tasks within the Board of Directors

- Chairman: Michel Mattacchini
- Vice-chairman: Jean-Claude Rivollet
- Secretary: Michel Terrier

3.5.2 Committees of the Board of Directors

The Board of Directors can appoint standing committees responsible for examining the various activities of the Bank and reporting to it. Currently, only one such committee has been appointed, named "Appointments and Remuneration". Its role is to give notice of the appointment of members of the Management and Executive Boards as well as the remuneration of the members of the Executive Board, the Board of Directors and the Head of Internal Audit. It is made up of three members of the Board of Directors.

3.5.3 Working methods

The Board of Directors meets at least fifteen times a year. In 2008 it met 24 times at meetings that lasted an average of 4 hours. It is chaired by the Chairman of the Board of Directors or, in his /her absence, by the Vice Chairman or Secretary. It may hold extraordinary meetings if business so requires or at the request of four of its members or of the auditors. The Board can only make decisions if the majority of its members are present. Decisions are made by simple majority of the members present and the Chairman casts the deciding vote if there is a tie. Minutes are taken of each meeting, signed by the Chairman of the meeting and the Secretary and approved at the next meeting. The members of the Board of Directors must be able to consult files relating to the points placed on the agenda twenty-four hours before the meeting starts at the latest. The Chief Executive Officer or his 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 thinks it necessary. In 2008 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.

The Board of Directors can set up standing or ad hoc committees to study particular subjects. These committees have no decisional power and are responsible for reporting to the Board of Directors. The Chairman of the Board of Directors is generally present at all the committee meetings.

The "Appointments and Remuneration" standing committee is composed of the following members: Asma Benelmouffok, Chair, Ion Bals and Ton Schurink, members. It meets when an appointment requires it to do so at least once a year to decide on the remuneration pertaining to it. In 2008 it met 10 times. The committee presents its reports at meetings of the Board of Directors.

3.6 Powers

The powers and duties of the Board of Directors are defined under Article 12 of the LBCGE[1] and 16 of the Articles of Association[2]. Additionally, the management and organisational regulations provide that the Board of Directors decide on:

1. strategic and financial plans
2. the annual budget on the proposal of the Executive Board
3. approval with the Control Committee of a three-year plan of the tasks to be accomplished by internal audit to cover all the controls considered necessary, the opinion of the Board of Directors being decisive
4. the general framework of the limits of risks
5. granting large sums of risk-credits and credits for which it is responsible
6. risk policies, particularly with regard to credit, rates, countries and insurance, on the proposal of the Executive Board. It reviews these policies when necessary
7. the information to be received in the area of risk control
8. the strategic framework of operation of the Executive Board in setting credit and savings rates
9. the strategic framework of operation of the Executive Board in relation to cash management, foreign-exchange operations, investment and custody accounts as well as other assets
10. the policy of the Bank in relation to real-estate assets
11. approving any purchase or transfer of holdings on a permanent basis
12. the purchase and transfer of capital goods for the Bank, of financial investment holdings as well as of real estate subject to the responsibilities of the Executive Board under art. 18 ch. 3 of the present regulations
13. cancellation of debts, observance of out-of-court settlements, postponing debts or transfers of debts for amounts higher than CHF 2,000,000 or if the commitment was the subject of a decision of 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 the members of the Executive Board after prior notification by the "Appointments and Remuneration" committee
16. the appointment, in the form of ratification, of the 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 social welfare
18. the salaries of the members of the Executive Board and members of the internal audit on prior notification by the "Appointments and Remuneration" committee
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
20. ratifying proposals for appointments of representatives of the Bank as directors with holdings included in the scope of consolidation
21. the appointment of representatives of the employer with the Council of the staff pension fund on the proposal of the Executive Board.

The powers and duties of the Executive Board are defined in article 22 of the Articles of Association[2]. Additionally, management and organisational regulations provide for the following duties:

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

Management and organisational regulations provide for powers to decide on:

1. setting interest rates in the strategic framework provided by the Board of Directors
2. loans, cash management investments, foreign-exchange operations and securities investment in accordance with the guidelines of the Board of Directors
3. the purchase and transfer of capital goods for the Bank, of financial investment holdings, as well as real estate which is 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 in the general framework of risk limits
4. the maintenance and renewal of real estate for CHF 3,000,000 at the most 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 auditor
7. internal regulations on Bank operations, where they are not governed by law, the Articles of Association or regulations
8. supervising compliance with regulations on liquidity, shareholders' equity and risk sharing

[1] Law on the Banque Cantonale de Genève: www.bcge.ch/loi-bcge
[2] www.bcge.ch/statuts

9. determining the necessary rules for the application of risk management policy and submitting these for approval by the Board of Directors
10. setting limits for country and interest-rate risks, bank and market risks and submitting these limits to the Board of Directors for approval
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. establishing a quarterly list of all the major risks defined by Article 21 par. 1 of the Federal Banking Ordinance[1] on the form drawn up by the Federal Banking Commission for the attention of the Board of Directors.

3.7 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 efficiency 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 that require it. The Chairman of the Board of Directors, the Executive Board, the control committee, internal audit 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 becomes a reality 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 from the Chairman of the Executive Board at each meeting of the Board of Directors on the progress of business
- Quarterly reports on risk control and major risks by the risk management and compliance manager
- Monthly report of results by the CFO
- Reports on control tasks carried out within the Group by the internal audit manager and quarterly monitoring of the resulting recommendations
- Oral report on the activity of the control committee at each meeting, by its Chairman
- Half-yearly presentation of Balanced Scorecards of the divisions by their managers (MDG)
- Half-yearly report of the independent auditor

Committee

Among other things the Control Committee aims to supervise compliance with the legal, Articles 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 current members are Patrick Mage and Fabienne Knapp, both directors, and, since 2009, appointed by the State Council, Denys Chamay, Chairman of the Independent Oversight Advisory Committee of the BIT. Jean-Blaise Conne, a chartered accountant and a partner in PricewaterhouseCoopers, occupied this function until the end of 2008.

Its powers and responsibilities are governed by Art. 24 ff of the Bank's Articles of Association[2]. In 2008 the Control Committee met for 24 ordinary meetings.

Internal audit

Internal audit is an independent unit of the Executive Board, directly reporting 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 operation are governed by Articles 29 and 30 of the Bank's Articles of Association and by the Charter on Internal Audit approved by the Board of Directors.

The Internal Audit issues, for the Executive Board, the Control Committee and the Board of Directors, detailed reports on its controls and carries out quarterly reporting following up on recommendations made. The Internal Audit meets the professional quality criteria of the ASAI (Swiss Internal Audit Association). As at 31 December 2008, the department had a staff of 10 full-time equivalent auditors. The Head of Internal Audit is Mrs Monique Seiss Baudry, who holds a master's degree in economics from the University of Geneva.

4 TO 4.2 EXECUTIVE BOARD

The Executive Board is made up of 7 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
Chief Executive Officer
born 1 September 1957, Swiss

Professional career

He holds a degree from the HEC at Lausanne University and began his professional career in 1982 as an auditor with PriceWaterhouse in Geneva. In

[1] Which has become Art. 83 ff of the OFR
[2] www.bcge.ch/statuts

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 given responsibility for corporate finance/private companies for the whole of Switzerland. In 1995 he was appointed by the State Council of the Canton of Vaud to take charge of the Cantonal Finance Administration. From 1998 to 2000 he was CEO of the Fiduciary Trust Bank (Switzerland), Geneva, the Swiss subsidiary of that New York-based private banking and asset management group. He has been Chief Executive Officer of Banque Cantonale de Genève since 1 October 2000.

Other activities

Chairman of the Supervisory Board at Banque Cantonale de Genève (France) SA, Chairman of the Board of Centrale de Lettres de Gage of the Swiss cantonal banks, Chairman of Capital Transmission SA, Geneva. Director of La Foncière, Investissements SA, member of the Board of the Banque Cantonal 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 Center Foundation, member of the Board of the Geneva Chamber of Commerce and Industry, 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 and of the committee of the Centre for Military History and Forecasting in Pully, member of the Board of the H. Dudley Wright Foundation, Geneva.

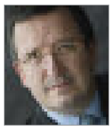
Eric Bourgeaux
Head of the Finance and Risk Control Division (CFO)
Deputy to the Chairman of the Executive Board
born 31 May 1956, Swiss and French

Professional career

He is a graduate of the Higher Commercial School of Paris and holds a DECS degree. He began his professional career with KPMG Paris as an auditor and consultant. From 1982 to 1986 he was an auditor with Price-Waterhouse in Geneva. From 1986 to 1988 he was manager of Asea Capital, which subsequently became the ABB World Treasury Centre in Geneva and from 1988 to 1996, manager and then general manager of Nokia Finance International BV, Geneva. From 1998 to 2000, he was a director of Clariden Bank and from 1997 to 2000 manager of André & Cie SA, Lausanne. He has been Head of the Finance and Risk Control Division and a Member of the BCGE Executive Board since 1 December 2000.

Other activities

He is a member of the Supervisory Board of Banque Cantonale de Genève (France) SA, member of the Board of Synchrony Asset Management SA, member of the Supervisory Board of Compagnie Foncière Franco-Suisse, Board member of Asia Pacific Performance, Luxembourg and member of the Supervisory Board of Dixence SAS, Puteaux. Chairman of the Board of Directors of Arclam Capital Transmission SA, Zurich.



Claude Bagnoud
Head of Corporate Division
born 1 January 1964, Swiss

Professional career

He is a graduate of the Higher School of Business in Geneva and holds a diploma from IMD Lausanne, Executive Development Programme (1999). Claude Bagnoud began his professional career as an accountant with the Geneva Industrial Services. In 1990 he joined the commercial credits department of the Banque Hypothécaire du Canton de Genève. He was manager in 1991 and became head of the commercial-credit 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. In 1996 he was appointed to the management. In 1999 he did a training course in London. In 2000, he was section head in the industries, trade and services department. In May 2001 he was appointed to the Executive Board with responsibility for the Corporate Division.

Other activities

Member of the Supervisory Board of Banque Cantonale de Genève (France) SA, Deputy Chairman of the Board of the La Gravière Industrial Foundation, Deputy Chairman of the Supervisory Board of Compagnie Foncière Franco-Suisse, Lyon, member of the Board of Geneva Tourism, member of the Supervisory Board of Dixence SAS, Puteaux, and member of the Technical Commission of the Union of Geneva Employers' Association (UAPG).

Johan Bernard Alexander Kroon
Head of the Retail Banking and Branch Network Division
born 28 May 1963, Dutch

Professional career

With an MBA and a Master of International Management from Thunderbird University (Arizona, USA) he began his professional career in 1987 with Citibank in Dusseldorf. From 1991 to 1994 he gained further experience in Germany with Citicorp Diners Club Deutschland in Frankfurt. From 1995 to 1997 he was Marketing Manager with the Citibank US & Europe Consumer Bank in Brussels, and from 1997 to 1999, Marketing and Strategic Planning Manager at the Citibank Private Bank in Geneva. He was Marketing Manager for Deutsche Bank International Private Banking in Geneva from 1999 to 2000. He then went on to become Head of Strategy and Marketing with JP Morgan Private Bank in Geneva. In May 2002 he became a member of the BCGE Executive Board responsible for the Retail Banking and Branch Network Division.

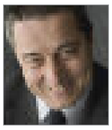
Other activities

He is Chairman of the Board of the Transferable Pension Fund Foundation of BCGE and of the Savings Foundation Epargne 3, Vice-Chairman of the Investment Committee of Capital Transmission SA. Member of the Boards of the Swisscanto Transferable Pension Fund Foundation, of Swisscanto SA, and of the Swisscanto Supra Cantonal Banks Collective Foundation.

Jean-Louis Platteau
Global Head of the Private Banking Division
born 14 August 1963, Belgian

Professional career

He holds three Masters degrees in management engineering, management and tax management from the Universities of Brussels (Solvay Business School) and Louvain (UCL-Institute of Administration and Management). From 1990, after the Bank Brussels Lambert's Management Development Programme, he served as international auditor (e.g. Brussels, Singapore, London). From 1996, he was responsible for corporate relations in Belgium and the north of France within BBL Corporate Banking, before becoming, in 1998, senior multinational customer advisor with ING Corporate Banking. From 2001, he served as sales and marketing Director for institutional customers in south-west Europe with ING Investment Management. From 2003, he was a member of the APAC PB Executive Board, Managing Director for the European markets, with ING Asia Private Bank in Singapore. From 2004, he was a senior banker, responsible for Swiss and French financial institutions, including the major financial institutions, with Fortis Merchant & Private Banking. In 2008, he became CEO of Dexia Private Bank Switzerland, and a member of the Executive Board of Dexia Private Banking. Since October 2008, he has been a member of the Executive Board of the BCGE, with responsibility for the Private Banking division.



Emile Rausis
Head of the Operations and Control Division
born 31 August 1957, Swiss

Professional career

He holds a federal banking diploma (CFC) and began his career in 1977 with Swiss Bank Corporation in Monthey. From 1978 to 1984 he worked in the credit department of SBC in Geneva and was appointed junior manager on 1 April 1982. From 1984 to 1985 he worked as credit manager with the Executive Board in the credit department in Basle, responsible for the branches in French-speaking Switzerland. From 1985 to 1986 he was back in Geneva as head of a customer credit group. From 1 April 1986 to 1988 he was a company officer at SBC in charge of SME customers. He joined Banque Hypothécaire du Canton de Genève in 1989 as deputy manager and pursued his career in the credit field. In 1991 he was appointed deputy manager responsible for a loans department and substitute for the head of the commercial division. In 1996 he took charge of finance and support for the SME department. In April 2001 he was appointed a member of the BCGE Executive Board and is now Head of the Operations and Control division.

Note:
No Executive Board member
- has previously carried out other activities for BCGE or a Group company,
- has had permanent management or consultation functions for groups with major Swiss or foreign interests,
- holds an official position or a political mandate.

Jean-Marc Joris
Head of the Operations and Information Technology Division
born 10 september 1968, Belgian

Professional career

He holds a degree in business and finance from the ICHEC, Brussels and in 1993 worked in the capital markets department of Dexia Luxembourg. From September 1993 to June 1997 he was a project manager in the Information Risk Management department of KPMG. From June 1997 to March 2002, he was deputy manager, head of business development at the ING Baring Private Bank in Geneva. Jean-Marc Joris joined BCGE in April 2002 as a member of the management in charge of the logistics department and as interim manager of the IT department. On 1 July 2003 he was appointed member of the Executive Board, heading the Operations and IT division.

Other activities

He is a member of the Board of the Fondation Immobilière Patrimoine, Geneva and a member of the BCGE pension fund Board.

4.3 Management contracts

BCGE outsources its main IT operations to IBM (Suisse) SA. A framework collaboration agreement with detailed annexes compliant with the FINMA 2008/7 circular on outsourcing, it governs relations between the Bank and IBM. Hence, IBM provides the Bank with its essential IT services such as operation, maintenance and hosting of banking systems, management of its PC stock and Windows servers, user support and network management. All the service contracts linked to the implementation of the new IT system were renewed in November 2006 for a minimum period of 3 years starting from 1 October 2008. These contracts cover the migration (carried out in October 2008) together with the hosting and integration services. These services have been active since 1 October 2008. The IBM services generated total costs of CHF 29.7 million in 2008, consisting of CHF 21.65 million operating, support and maintenance costs and CHF 192,000 in development costs. The IBM services, in the framework of the migration project and booked as an expense, amounted to CHF 7.86 million.

Since 1 October 2008, Banque Cantonale de Genève has also outsourced its main payment operations to Sourcag AG. A service level agreement (SLA), in accordance with the FINMA 2008/7 circular on bank outsourcing, governs the relationship between the Bank and Sourcag. Sourcag renders payment operation processing services to the Bank. The group of contracts associated with the setting up of this activity and the resulting rendering of services has been entered into, with the operations starting on 1 October 2008, for a minimum period of five years. The contract is renewable on a year-to-year basis. These contracts cover the project for setting up these activities as well as the operation processing services. The cost of these services depends on the volume of operations sub-contracted and assigned to Sourcag. Sourcag's services within the framework of this contract are booked under expenses in the "Commission and Fee Income" item.

5. REMUNERATION, PARTICIPATION AND LOANS

5.1 Setting remuneration and participation programmes

Principles of the Board of Directors' remuneration
On the proposal of the "Appointments and Remuneration" committee, the Board of Directors sets the broad outlines as regards the attendance, compensation and expenses of its members, the Chairman and, as the case arises, of the directors to whom particular, regular or occasional tasks (e.g. committees and commissions) may be assigned.

Members of the Board of Directors do not benefit from any of the ordinary participation programmes (share option plans). They were nevertheless included in the exceptional share option plan implemented in 2007 (see below).

Principles of the Executive Board's remuneration
The remuneration system for the Executive Board currently in effect takes the following form:

- The fixed part of remuneration compensates members' basic duties and responsibilities; it is mainly determined in line with salary norms for comparable functions in the banking sector;
- The variable part of remuneration may compensate performance that exceeds objectives that have been set; it is determined on the basis of results achieved by the division or individuals in the context of a varying bonus and in line with the bank's profits.

On the same basis as all staff members, the Executive Board benefits from various share option plans and other advantages (special conditions for banking services, attractive pension plan, various benefits and social services) which complement the remuneration package. The Executive Board is not included in incentive plans in respect of new business in the areas of mortgage loans and wealth management, which are open to all other Bank staff. From time to time, targeted bonus plans dependent on the achievement of specific objectives may be implemented for one or more Bank staff members, including the Executive Board.

None of the above-mentioned segments is subject to floor or ceiling thresholds. Nevertheless, as described below, these remunerative elements as a whole are decided by the Board of Directors on prior notice from the "Appointments and Remuneration" committee.

There is no other element of remuneration, direct or indirect, that is solely and specifically intended for members of the Executive Board.

Determination of the Executive Board's remuneration packages

1. For all employees, the fixed remuneration package and annual adjustment of the payroll are approved once a year, in the context of the budget process, by the Board of Directors on the proposal of the Executive Board. The annual adjustment of the payroll is the subject of a specific decision put to the Board of Directors by the Executive Board. Regarding overall variable remuneration, this is approved annually in the context of the closing of the annual accounts by the Board of Directors at the suggestion of the Executive Board.
2. In respect of the allocation of the fixed and variable remuneration for the members of the Executive Board, the Board of Directors, on prior notice from the "Appointments and Remuneration" committee, decides annually what the individual allocations for each member are to be, in line with the general rules for the establishment of fixed and variable remuneration within the respective frameworks of the budget and closing of accounts.

Departure conditions
For some members of the Executive Board, an indemnity (financial and pension fund) is agreed in case of non-voluntary resignation, dismissal for cause excepted.

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

Board of Directors: none of the equity sharing plans currently in effect at BCGE is available to members of the Board of Directors.

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

BCGE share option plans are of three kinds:

- option to buy linked to the variable ordinary part allocated or to exceptional bonuses;
- automatic allocation of free shares in line with period of service;
- option of receiving free shares as a loyalty bonus.

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

These share option plans apply to all employees, including members of the Executive Board and the internal audit department.

Exceptional share option plan 2007
In view of the major efforts made in the Bank by all staff in 2007 and the year's excellent results, an exceptional share option plan was approved at the close of the 2007 financial year and applied in 2008. This exceptional plan was proposed by the Executive Board to the Board of Directors, which approved the format and the cost. Each BCGE Group staff member could be awarded four free shares against purchase of two BCGE shares at the market price. These shares are under a five-year moratorium. Members of the Board of Directors were also given access to this exceptional plan.

For details of indemnities paid, participations and loans granted to members of the Board of Directors, to members of the Executive Board and the Chief Executive Officer, see page 127, 4.8 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 is 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, takeover or dissolution of the Bank, require a two-thirds majority of the share capital. For a second round of voting in elections, a simple majority suffices. In the case of a tie, the Chairman of the General Meeting has the casting vote. Elections are by secret ballot. At the request of 30 % of the voters present, other decisions may also be made by secret ballot.

6.3 General Meeting convening
The ordinary General Meeting is held annually within six months of the end of the financial year. An extraordinary General 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 auditors may also convene an extraordinary General Meeting. The General 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 General Meeting. No decision can be made on matters that are not on the agenda, except for a decision to convene an extraordinary General Meeting.

7. TAKING CONTROL AND DEFENSIVE MEASURES

There is no opting-out, opting-up clause, or provisions for taking control.

8. INDEPENDENT AUDITOR

At the ordinary General Meeting of 6 May 2008 the mandate of the Bank's auditor, Deloitte SA, was renewed for the year 2008.

8.1 Duration of the audit mandate and of the mandate of the auditor-in-charge
The mandate of the independent auditor, which started on 1 January 2001, is renewed each year by the General Meeting of Shareholders. Since 1 January 2006 the auditor-in-charge according to the legal provisions applicable to banks has been Mr Alexandre Buga.

8.2 Independent auditors' basic fees

	31.12.2008	31.12.2007
Audit of the BCGE Group	764,000	877,500
of which BCGE only	*624,000*	*695,000*

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

	31.12.2008	31.12.2007
Audit of the BCGE Group	139,000	163,500
of which BCGE only	*139,000*	*154,000*

In 2008 additional fees of CHF 42,000 not linked to auditing were paid to Deloitte SA in Switzerland (CHF 134,500 in 2007).

8.4 Information on independent auditors

In 2008 the auditor was asked to participate in 3 meetings with the entire Board of Directors and 4 meetings with the Control Committee. These meetings related to the planning and recovery of work linked to auditing the BCGE Group.

The Board of Directors, Control Committee and internal audit receive reports from the auditor.

9. INFORMATION POLICY

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

	Languages	Form/addressee	URL	Timetable
Annual Report	F/E	Printed/Internet	www.bcge.ch/rapport-annuel	15 April 2009
			www.bcge.ch/annual-report	
General Meeting	F	–	–	21 April 2009
Financial information	F/E	Internet or written request	www.bcge.ch/contact-investisseur	permanent
(push and pull link)			www.bcge.ch/investors-contact	
Annual and half-yearly results	F/E	Press conference/printed/Internet	www.bcge.ch/resultats	March & August
			www.bcge.ch/financial-results	
Press releases	F/D[1]/E[1]	Swiss written and electronic media	www.bcge.ch/communiques	occasional
Dialogue Magazine	F	Printed/Internet	www.bcge.ch/dialogue	3 x per year
Institutional publications	F/E	Printed/Internet	www.bcge.ch/publications	regular
			www.bcge.ch/publications-bcge	

[1] In some cases

Information for shareholders

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

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2008 consolidated financial statements and notes

BCGE Group

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English translation of
French official version

REPORT OF THE STATUTORY AUDITOR

To the General meeting of
Banque Cantonale de Genève, Geneva

Report on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements (pages 88 to 110) of Banque Cantonale de Genève, which comprise the balance sheet, profit and loss account, cash flow statement and notes for the year ended December 31, 2008

Board of Directors' Responsibility
The Board of Directors is responsible for the preparation of the 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Group 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, 2008 comply with Swiss law and with the consolidation and valuation principles as set out in the notes.

Deloitte.

Report on Other Legal Requirements

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

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

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

DELOITTE SA

Alexandre Buga
Licensed audit expert
Auditor in charge

Nicolas Heiniger
Licensed audit expert

March 19, 2009

2008 consolidated financial statements
BCGE Group

BCGE Group balance sheet
Consolidated

	Notes	31.12.2008 in CHF 1,000	31.12.2007 in CHF 1,000	Change in CHF 1,000
ASSETS				
Cash	5.12	175,891	171,482	4,409
Money-market instruments	5.12	751,480	299,907	451,573
Due from banks	5.12	1,739,142	965,575	773,567
Due from clients	5.12	3,224,928	3,912,022	-687,094
of which "Fondation de valorisation"		*297,822*	*1,187,931*	*-890,109*
Mortgages	5.12	6,791,969	6,393,374	398,595
Trading portfolios	5.2	3,424	7,417	-3,993
Financial investments	5.3	621,425	409,411	212,014
Investments consolidated by the equity method	5.4	18,093	21,238	-3,145
Fixed assets	5.6	221,474	205,526	15,948
Intangible assets	5.6	11,183	9,422	1,761
Accrued income and prepaid expenses		36,373	36,868	-495
Other assets	5.7	94,940	66,220	28,720
Total assets		**13,690,322**	**12,498,462**	**1,191,860**
Total subordinated claims		306	2,908	-2,602
Total due from unconsolidated investments and significant shareholders		245,855	148,168	97,687
of which total claims on the Canton of Geneva		*175,855*	*3,168*	*172,687*
LIABILITIES				
Money-market instruments	5.12	1,280	666	614
Due to banks	5.12	512,529	245,427	267,102
Due to clients on savings and deposit accounts	5.12	4,997,441	4,438,333	559,108
Due to clients, other	5.12	4,213,995	3,893,750	320,245
Medium-term notes	5.12	156,646	106,339	50,307
Bonds and mortgage-backed bonds	5.12	2,704,050	2,768,980	-64,930
Accrued income and prepaid expenses		83,859	84,602	-743
Other liabilities	5.7	104,496	66,529	37,967
Valuation adjustments and provisions	5.11	3,555	5,599	-2,044
Reserve for general banking risks	5.11	75,000	85,100	-10,100
Share capital		360,000	360,000	–
Capital reserve		312,141	311,524	617
Retained earnings		126,825	75,645	51,180
Treasury shares		-26,514	-23,394	-3,120
Foreign-exchange differences		-3,102	2,262	-5,364
Net profit for the year		68,121	77,100	-8,979
Total liabilities		**13,690,322**	**12,498,462**	**1,191,860**
Total subordinated debt		120,000	240,000	-120,000
Total due to unconsolidated investments and qualified participants		207,315	193,021	14,294
of which total due to the Canton of Geneva		*180,616*	*154,974*	*25,642*

BCGE Group profit and loss account
Consolidated

	Notes	**31.12.2008** in CHF 1,000	31.12.2007 in CHF 1,000	Change in CHF 1,000
INTEREST INCOME AND EXPENSES				
Interest and discount income	5.18	424,748	415,869	8,879
Interest and dividends from trading portfolios	5.18	78	540	-462
Interest and dividends from financial investments	5.18	15,965	9,949	6,016
Interest expenses	5.19	-227,985	-225,269	-2,716
Net interest income		*212,806*	*201,089*	*11,717*
COMMISSION AND FEE INCOME				
Commission income from lending		33,129	34,358	-1,229
Commission income from trading, securities and deposits		50,113	50,461	-348
Commission income from other services		17,825	21,662	-3,837
Commission expenses		-8,360	-8,739	379
Net commission and fee income		*92,707*	*97,742*	*-5,035*
RESULT OF TRADING OPERATIONS				
Net result of trading operations	*5.20*	*16,632*	*17,095*	*-463*
OTHER ORDINARY RESULTS				
Income from sale of financial investments		2,112	1,080	1,032
Income from investments		-206	1,362	-1,568
of which consolidated by the equity method		*-206*	*1,362*	*-1,568*
Real-estate income		683	1,829	-1,146
Other ordinary income		7,355	7,780	-425
Other ordinary expenses		-13,446	-6,184	-7,262
Other ordinary income, net		*-3,502*	*5,867*	*-9,369*
Net operating income		**318,643**	**321,793**	**-3,150**
OPERATING EXPENSES				
Payroll expenses	5.21	-122,676	-120,135	-2,541
Other operating expenses	5.22	-94,901	-89,797	-5,104
Net operating expenses		*-217,577*	*-209,932*	*-7,645*
Gross profit		**101,066**	**111,861**	**-10,795**
Depreciation of fixed assets	5.23	-13,972	-10,766	-3,206
Valuation adjustments, provisions and losses	5.24	-25,104	–	-25,104
Results before extraordinary items and taxes		**61,990**	**101,095**	**-39,105**
Extraordinary income	5.25	11,763	5,865	5,898
Extraordinary expenses	5.26	-1,015	-26,100	25,085
Taxes		-4,617	-3,760	-857
Net profit for the year		**68,121**	**77,100**	**-8,979**

BCGE Group off-balance-sheet operations
Consolidated

	Notes	31.12.2008 in CHF 1,000	31.12.2007 in CHF 1,000	Change in CHF 1,000
OFF-BALANCE-SHEET OPERATIONS				
Irrevocable guarantees		96,303	108,059	-11,756
Irrevocable commitments arising from letters of credit		410,411	467,468	-57,057
Contingent liabilities		**506,714**	**575,527**	**-68,813**
Irrevocable commitments		**365,500**	**272,925**	**92,575**
Commitments to free up and execute additional transfers		**39,011**	**39,011**	**–**
Commitments resulting from deferred payments		30,166	15,248	14,918
Committed loans		**30,166**	**15,248**	**14,918**
Fiduciary deposits with third parties		345,744	403,188	-57,444
Fiduciary loans		–	8,033	-8,033
Fiduciary operations		**345,744**	**411,221**	**-65,477**
Derivative financial instruments				
• positive replacement values	5.17	47,620	60,062	-12,442
• negative replacement values	5.17	61,509	24,816	36,693
• underlying amounts	5.17	2,368,644	5,053,584	-2,684,940

BCGE Group cash flow statement

Consolidated

	2008 Source of funds in CHF 1,000	2008 Use of funds in CHF 1,000	2007 Source of funds in CHF 1,000	2007 Use of funds in CHF 1,000
Cash flow from operating income (internal financing)				
• net profit for the year	68,121	–	77,100	–
• depreciation of fixed assets	12,853	–	9,791	–
• depreciation of goodwill	1,119	–	975	–
• allocation to capital reserve	617	–	3,641	–
• allocation for currency conversion differences	–	5,364	1,402	–
• valuation adjustments and provisions	–	2,044	–	3,134
• reserve for general banking risks	–	10,100	25,100	–
• accrued income and prepaid expenses	495	–	–	5,124
• accrued expenses and deferred income	–	743	10,548	–
• other items	9,247	–	–	9,727
• dividends from previous financial year	–	21,600	–	18,000
• special allocation to the State of Geneva	–	4,320	–	3,600
Balance	*48,281*	–	*88,972*	–
Cash flow from investment activities				
• other financial interests	3,145	–	1,386	–
• fixed assets	–	28,801	–	19,847
• intangible assets	–	2,880	–	–
Balance	–	*28,536*	–	*18,461*
Cash flow from banking activities				
Medium and long-term transactions (> 1 year)				
• due to banks	–	–	–	96,557
• due to clients	–	17,723	–	12,077
• medium-term notes	27,551	–	9,208	–
• bonds and mortgage-backed bonds	–	229,860	–	348,975
• due from banks	–	30,000	–	–
• due from clients	–	327,270	423,050	–
• mortgages	–	305,411	288,931	–
• financial investments	–	204,313	–	9,091
Short-term transactions				
• due to banks	267,102	–	–	91,137
• due to clients	897,076	–	349,748	–
• medium-term notes	22,756	–	22,325	–
• bonds and mortgage-backed bonds	164,930	–	11,980	–
• allocation to treasury shares	–	3,120	–	11,296
• due on money-market instruments	614	–	202	–
• due from money-market instruments	–	451,573	–	1,626
• due from banks	–	743,567	86,507	–
• due from clients	1,014,364	–	–	162,862
• mortgages	–	93,184	–	492,986
• financial investments	–	7,701	–	19,773
• trading portfolios	3,993	–	16,463	–
Liquid resources				
• cash	–	4,409	–	32,545
Balance	–	*19,745*	–	*70,511*

BCGE Group statement of shareholders' equity
Consolidated

	in CHF 1,000
Shareholders' equity at 1 January 2008	
Share capital	360,000
Capital reserve	311,524
General banking risk reserves	85,100
Retained earnings/accumulated loss	152,745
Foreign-exchange differences	2,262
Treasury shares	-23,394
Total shareholders' equity at 1 January 2008	**888,237**
Dividend from the previous year's profit	-21,600
Special allocation to the State of Geneva (20% of the dividend paid)	-4,320
Allocation to the reserve for general banking risks	-10,100
Net profit for the year	68,121
Repurchase of treasury shares (at cost)	-14,653
Sale of treasury shares (at cost)	11,533
Profit/loss on the sales of treasury shares	617
Foreign-exchange differences	-5,364
Total shareholders' equity at 31 December 2008	**912,471**
Of which	
Share capital	*360,000*
Capital reserve	*312,141*
Reserve for general banking risks	*75,000*
Accumulated profit	*126,825*
Net profit for the year	*68,121*
Foreign-exchange differences	*-3,102*
Treasury shares	*-26,514*

Treasury shares (bearer shares)	**in units**
At 1 January 2008	90,842
Purchases	47,902
Sales	34,164
At 31 December 2008	104,580
Average transaction price (average cash value) in CHF	253.53
Commitments contingent on the transfer or acquisition of the Bank's own shares	–
Bearer shares held by the Bank's pension fund	15,000
Treasury shares reserved for a specific purpose	–
Stock options held by persons close to the Bank	–
Derivates on shares	–

1. BUSINESS ACTIVITIES AND STAFF

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

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

At 31 December 2008, the Group employed 848 persons; 783.55 when converted to full-time equivalents (775.5 in 2007).

On 1 March 2008, the Synchrony Asset Management subsidiary was integrated into the Bank to create a specialised business unit known as BCGE Asset Management. Under the BCGE name, this unit has made it possible to bring together the Group's institutional management activities as well as its financial projects and centralised management.

On 1 July 2008, BCGE decided to integrate the Anker Bank subsidiary into the parent company so as to continue BCGE's current success in private banking on broader horizons. This regrouping reduces infrastructure costs, simplifies the internal organisation of the Group and allows the Bank's success factors to be better exploited.

The Bank's strategy is to outsource its information technology so as to concentrate on high value-added business in its own field. The contract with IBM (Switzerland), Prilly, mainly relates to accommodating and operating a central IT platform and database, and printing and sending large-volume bank documents. The relationship is governed by service contracts (SLA) in compliance with the FINMA 2008/7 circular on bank outsourcing.

In 2008, the Bank adopted the IT platform developed by Finnova SA Bankware, Lenzburg. The migration took place on 1 October 2008. This change means that processing capacity can be increased and the changing demands of the banking market integrated. It also aims to reduce IT costs.

As a further step in the outsourcing strategy, the Bank has, since 1 October 2008, entrusted its payment operations to Sourcag AG, a subsidiary of the cantonal banks of Basle City and Basle Country. This development ensures the competitiveness and the competitive independence of BCGE while ensuring that service quality matches that of the best Swiss banking institutions.

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, the agreement stipulates procedures for the disposal of the assets, their financing and repayments between the "Fondation de valorisation" and the Bank.

Pursuant to Law number 8194 of 19 May 2000, the Bank must, as part of the allocation of the annual profit and after making the necessary provisions and allocations of sums to reserves to meet the requirements of shareholders' equity, reimburse the costs incurred by the "Fondation de valorisation" immediately after the General Meeting of Shareholders for the following:
• interest and other financial costs,
• operating costs,
• costs incurred to liquidate its property (other than taxes).

The Bank has signed a Financial Agreement with the State and the "Fondation" which requires a tripartite agreement to be concluded before the eligibility of these costs is recognised.

The State will take the place of the Bank for the part of the above costs which remains unpaid by the Bank to the "Fondation de valorisation". In accordance with the Articles of Association, the Bank will reimburse the State and the Fondation pro rata to the dividends distributed to the shareholders (20 % of the dividends paid).

These loans are guaranteed by a simple guarantee of the Republic and Canton of Geneva up to a maximum sum of CHF 5 billion. There is a provision for payment of this simple guarantee in the tripartite Agreement. A remuneration of CHF 1 million was paid in respect of the 2008 financial year (CHF 1 million in 2007).

The State Council decided to dissolve the "Fondation" owing to its limited activity following the sale of property and in order to reduce the "Fondation's" operating costs. The liquidation of the "Fondation" took effect on 1 June 2008 as planned.

3. PRINCIPLES GOVERNING THE ESTABLISHMENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Terms of reference
The accounts of the Banque Cantonale de Genève Group comply with the Swiss Code of Obligations, the Federal Banking Act and its executive ordinance and the accounting guidelines of the FINMA (former Federal Banking Commission).

The Group accounts have been prepared according to the true and fair view principle.

Closing date for the consolidated accounts
The accounts are closed on 31 December of each year.

Scope of consolidation
Banks, financial and real-estate firms whose consolidation makes an important financial difference have been included in these financial statements as follows:

Total assets	in CHF 1,000
Banque Cantonale de Genève SA, Geneva	13,736,146
Banque Cantonale de Genève (France) SA, Lyon	351,290
ArcLem Capital Transmission (form. Anker Bank), Zurich	40,200
Compagnie Foncière Franco-Suisse SAS, Lyon	21,023
Dixence SAS, Puteaux (France)	20,897
Investissements Fonciers SA, Lausanne	17,046
Capital Transmission SA	
(form. Synchrony Asset Management), Geneva	4,817
Swiss Public Finance Solutions SA, Geneva	375

The Bank has other insignificant permanent holdings. Following the incorporation of Anker Bank SA's operations into BCGE Private Banking, it was renamed ArcLem SA and operates as a financial corporation. Synchrony Asset Management SA's operations were integrated into the parent company, in the BCGE Asset Management specialised unit, it was renamed Capital Transmission, a company specialised in the financing of company takeovers or expansions.

- **Changes to the scope of consolidation**
  During the year, the scope of consolidation did not change; two Group companies changed their name and purpose. Their assets and businesses were transferred to the parent company.

- **Full consolidation**
  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.

- **The equity method**
  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.

Consolidation process
- **Share capital consolidation**
  On 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 (clientele).

- **Exchange-rate conversions**
  Liabilities and receivables, as well as income and expenses from intercompany transactions, are eliminated. Profit and loss and balance sheet items of entities domiciled outside Switzerland and recorded in foreign currencies are converted into Swiss francs at the rate applying at year-end. The exchange differences resulting from the conversion of shareholders' equity are directly accounted for in equity under "Foreign-exchange differences".

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

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

Currencies, banknotes and precious metals
Positions held in currencies are converted into Swiss francs at the following year-end rates:

Main currencies	Unit	Exchange rate 31.12.2008	Exchange rate 31.12.2007
US Dollar	1	1.056	1.1275
Euro	1	1.4885	1.6590
Pound Sterling	1	1.5257	2.2490
Yen	100	1.1705	0.9980

Income and expenses are converted at the rate applying on the transaction date.Gains and losses arising from conversion are reported under the heading "Results of 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 corresponding assets. In such a case, 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 (repos) 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 so 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
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 using the principle of the lowest valuation, whether at their lowest market value or at cost, less any necessary adjustment. 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, but not exceeding the following periods in 2007 and 2008: buildings occupied by the Bank 100 years

Buildings occupied by the Bank	100 years
Fixtures	10 years
Furniture and refurbishments	8 years
Office machines	5 years
IT programs and equipment	3 to 10 years

Taxation
An assessment of the taxes due for the year has been entered into the accounts according to the income earned. The impact of delimiting the Group's taxes is shown under deferred taxes. Tax credits (tax losses) have not been activated in order to be conservative.

Open derivative instruments
Positions in financial instruments open at year-end are reported at their market values. Adjustments made to replacement values are accounted for according to the purpose of the underlying transaction:
- active trading positions, at market price in the profit and loss account,
- hedging positions in accordance with the valuation of the underlying transaction hedged.

In this last case, the replacement value is recorded in "compensation 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. Nonetheless, fixed assets associated with the setting up of the new IT platform (Finnova software) are depreciated over 10 years.

4. RISK MANAGEMENT

The Board of Directors establishes risk policy according to legal requirements and this is consistently applied in all the Group's entities. The Bank has set up a number of risk committees to assess, monitor and manage risks. The Board of Directors has carried out an analysis of the Group's principal risks. In that analysis, it has taken account of the existing internal control system.

Basic principles

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

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

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

4.1. Consolidated supervision

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

The Risk Control Department in the Finance and Risk Control Division consolidates overall positions and their analyses. The distribution of reports and their systematic review with the front-office divisions during Risk and ALM (Asset and Liability Management) committee meetings have made the overall approach more effective.

The Group's activities expose the Bank principally to counterparty risks, market risks, operating risks, legal risks and risks of damage to its reputation.

4.2. Counterparty risks

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

Credits are granted under a system of delegation of competences, 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.

A credit committee examines applications and authorises operations in line with the delegated competence 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, property and derivative-product 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.

Ratings are allocated to borrowers by an expert rating system (10 grades from A+ to E-) and are updated by dedicated systems. Ratings from F to I for at-risk business are calculated by the Bank using the indications of its credit regulations. All of that information is provided to the risk control. 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.

4.3. Risks associated with international trade finance

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

4.4. Risk concentration

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

The integrated IT system for risk control calculates the funding requirements for each transaction and aggregates them by economic group. For the purpose of risk prevention, strict attention is paid to possible credit bunching. The "Fondation de valorisation" has received special FINMA dispensation in this regard. These positions are constantly monitored.

4.5. Market risks

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

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

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

Rate risks

Rate risks are those risks arising from fluctuations in the value of non-trading portfolio positions as a result of changes in interest rates. The policy on interest-rate risks is approved by the Board of Directors, which delegates its implementation to the Executive Board. The ALM (Asset and Liability Management) Committee meets monthly. The Committee contributes to decisions on steering the Bank's balance sheet in the light of possible trends in business, the financial market situation and other parameters. In compliance with legal requirements, the ALM Committee analyses the effects of rate fluctuations on income (short-term) and on value (long-term).

Exchange-rate risks

Exchange-rate risks stem from changes in the value of positions denominated in foreign currencies that are caused by fluctuations in the exchange rates of those currencies against the Swiss franc.

Share-price risks

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

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

4.6. 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 put in place a model of production processes to monitor points of control, function separation and validation in operations processing. The management of operating risks has been improved by the introduction of a management tool dedicated to such risks. This makes it possible to monitor and record incidents with the aim of improving the quality of information entered in the database, which will lead to an improvement in the internal control function.

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

4.7. 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 Section, 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.

4.8. Legal risks

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

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

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

5. INFORMATION RELATING TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	Type of collateral			
	Mortgages	Other collateral	No collateral	Total
Loans				
Due from clients	434,169	1,113,004	1,677,755	3,224,928
Mortgages, of which:	6,772,833	19,136	–	6,791,969
• *Residential real estate*	*5,504,806*	*19,136*	–	*5,523,942*
• *Office and business premises*	*966,311*	–	–	*966,311*
• *Industrial property*	*244,603*	–	–	*244,603*
• *Other*	*57,113*	–	–	*57,113*
Total loans 31.12.2008	**7,207,002**	**1,132,140**	**1,677,755**	**10,016,897**
Total loans 31.12.2007	**6,713,627**	**2,239,004**	**1,352,765**	**10,305,396**
Off-balance-sheet items				
Contingent liabilities	–	–	506,714	506,714
• Guarantees/sureties	–	–	*96,303*	*96,303*
• Documentary credits	–	–	*410,411*	*410,411*
Irrevocable commitments	118,961	128,568	117,971	365,500
Commitments to subscribe capital or pay further sums	–	–	39,011	39,011
Acceptances	–	–	30,166	30,166
Off-balance-sheet total 31.12.2008	**118,961**	**128,568**	**693,862**	**941,391**
Off-balance-sheet total 31.12.2007	**64,433**	**6**	**838,272**	**902,711**

Impaired loans in CHF 1,000	Gross amount	Estimated liquidation value of guarantees	Net amount	Individual adjustments
31.12.2008	**286,839**	**62,374**	**224,465**	**224,465**
31.12.2007	**242,037**	**19,859**	**222,178**	**222,178**

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

	31.12.2008	31.12.2007
• Debt securities		
- listed (traded on a recognised securities market)	178	3,633
• Equity securities	472	1,325
• Precious metals	2,774	2,459
Total securities and precious metals held in trading portfolios	**3,424**	**7,417**

5.3 Financial investments (in CHF 1,000)

	Book value		Fair value	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Financial investments				
Debt securities	584,776	373,752	593,330	373,855
of which valued by the accrual method	–	–	–	–
of which valued at lowest price	*584,776*	*373,752*	*593,330*	*373,855*
Investments	30,059	30,982	41,807	43,370
*of which significant shareholders **	*8,141*	*5,269*	*10,075*	*5,987*
Real estate	6,590	4,677	6,590	4,677
Total financial investments	**621,425**	**409,411**	**641,727**	**421,902**
of which collateral eligible for repos in accordance with liquidity rules	*584,776*	*373,531*		

*minimum 10% of capital or of votes

5.4 Investments consolidated by the equity method (in CHF 1,000)

	31.12.2008	31.12.2007
Without listed value	18,093	21,238
Total investments consolidated by the equity method	**18,093**	**21,238**

5.5 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
ArcLem Capital Transmission SA, Zurich	Investment	CHF 20,000	100
Capital Transmission SA, Genève	Investment	CHF 2,000	100
Investments consolidated by the equity method			
Compagnie Foncière Franco-Suisse SAS, Lyon	Real estate	EUR 2,088	33.3
Dixence SAS, Puteaux	Real estate	EUR 12,075	33.3
Investissements Fonciers SA, Lausanne	Fund manager	CHF 1,000	42.0
Swiss Public Finance Solutions SA, Genève	Financial Advisers	CHF 400	50.0

The Bank has other insignificant minority holdings.

5.6 Fixed assets (in CHF 1,000)

	31.12.2007			31.12.2008			
	Historical cost	Accumulated amortisation	Book value	Investments	Disposals	Amortisation	Book value
Investments							
Investments consolidated by equity method	21,238	–	21,238	80	-3,225	–	18,093
Total investments	**21,238**	**–**	**21,238**	**80**	**-3,225**	**–**	**18,093**
Real estate							
Bank premises	149,127	-21,279	127,848	7,531	-	-3,861	131,518
Other premises	40,179	-6,182	33,997	-	-6,839	-609	26,549
Total real estate	**189,306**	**-27,461**	**161,845**	**7,531**	**-6,839**	**-4,470**	**158,067**
Other tangible assets	**76,850**	**-33,169**	**43,681**	**28,109**	**-**	**-8,383**	**63,407**
Total tangible assets	**266,156**	**-60,630**	**205,526**	**35,640**	**-6,839**	**-12,853**	**221,474**
Intangible assets							
Goodwill	**19,494**	**-10,072**	**9,422**	**2,880**	**–**	**-1,119**	**11,183**
Fire insurance value of real estate			290,519				268,119
Fire insurance value of other tangible assets			111,817				105,139
Commitements: future liabilities on operating leases			–				–

5.7 Other assets and liabilities (in CHF 1,000)

	31.12.2008		31.12.2007	
	other assets	other liabilities	other assets	other liabilities
Replacement values of financial instruments	47,620	61,509	60,062	24,816
Clearing account	35,747	–	–	9,969
Spread of gains on swaps	–	4,281	–	7,432
Federal tax	2,195	21,852	1,192	19,057
Securities & coupons	604	1,155	1,320	554
Issue costs/bond issues to be amortised	1,366	–	2,135	–
Other	7,408	15,699	1,511	4,701
Total	**94,940**	**104,496**	**66,220**	**66,529**

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

	On 31.12.2008 Book value of assets pledged or consigned as collateral	Effective commitments
Swiss National Bank		
Limit	100,000	–
Face value of securities and debts pledged	–	–
SIX Swiss Exchange		
Face value of pledged securities	36,047	17,621

Mortgage-backed securities (in CHF 1,000)	**31.12.2008**	**31.12.2007**
Face value of mortgage securities kept aside	3,797,679	3,486,422
Total borrowings	2,385,000	2,331,000

Securities lending and repo transactions (in CHF 1,000)	**31.12.2008**	**31.12.2007**
Claims resulting from a cash pledge when borrowing securities or entering into a repurchase agreement	1,044,920	445,000
Commitments resulting from cash received in securities lending or repo transactions	263,680	–
Securities held for own account, lent or transferred as collateral for securities lending or repo transactions	265,462	–
of which securities with unrestricted rights of subsequent sale or pledge	265,462	–
Securities received as collateral in securities lending and borrowing and in repo transactions, with unrestricted rights of subsequent sale or pledge	1,044,933	444,818
of which securities sold or remitted to a third party as collateral	–	–

5.9 Liabilities towards own pension plans (in CHF 1,000)

	31.12.2008	31.12.2007
Towards the pension fund	–	–
As a custodian bank	81,610	27,229

Employer's contribution reserve (in CHF 1,000)

Employer's contribution reserve at 31.12.2007 : 798 (2006 : 0).

Economic benefit/obligation and pensions contributions (in CHF 1,000)		Pension-fund excess assets
	31.12.2008	31.12.2007
Amount of excess assets in the pension-fund accounts as at 31.12.2007: 0 (2006 : 5,441)*		
Economic benefit	571	485
Change in the economic benefit or obligation	86	-5
Contribution adjusted to the period (including the result of the employer's contribution reserve)	11,870	11,917
Extraordinary contribution in case of application of time-limited measures in order to absorb shortfalls	–	–
Pension contributions with significant influencing factors – as part of payroll costs	11,784	11,922

* The audited annual accounts of the pension fund as at 31.12.2008 are not available. As of 31.12.2008 the pension fund reported a liability coverage of 105.7 % to its regulator.

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

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

5.10 Outstanding bond issues

5.10.1 Bonds and mortgage-backed bonds from Swiss cantonal banks (in CHF 1,000)

	31.12.2008	31.12.2007
Bonds	319,050	437,980
Mortgage-backed bonds	2,385,000	2,331,000
Total	**2,704,050**	**2,768,980**
Average interest at year-end	3.23 %	3.35 %

5.10.2 Bonds

Maturity at call / final	Year of issue	Interest rate %	Face amount in CHF 1,000	Securities held only by the bank in CHF 1,000	Outstanding amount in CHF 1,000		Amount by maturity in CHF 1,000	
2009	1999	3.2500	100,000	340	99,660			
2009	1997	4.0000	100,000	610	99,390		199,050	2009
2014	2004	3.5000	120,000	–	120,000	*	120,000	2014
Total			**320,000**	**950**	**319,050**			
of which subordinated debt			*120,000*	–	*120,000*			

* Subordinated

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

	Balance at end 2007	Utilisation according to purpose	Recoveries non-performing interest, exchange differences	New provisions	Releases of provisions	Balance at 31.12.2008
Valuation adjustments and provisions for default risks (collection and country risk)	251,477	-23,147	-1,564	44,324	-16,867	254,223
Valuation adjustments and provisions on financial investments	17,065	-1,530	-61	13,094	–	28,568
Valuation adjustments and provisions for other operating risks	6,725	-192	-46	454	-3,391	3,550
Value adjustments and provisions for deffered taxes*	–	–	–	192	-187	5
Other provisions	–	-584	–	584	–	–
Total valuation adjustments and provisions	**275,267**	**-25,453**	**-1,671**	**58,648**	**-20,445**	**286,346**
Valuation adjustments directly netted with assets	-269,668					-282,791
Total valuation adjustments and provisions as per balance sheet	**5,599**					**3,555**

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

	Balance at end 2007	Utilisation according to purpose	Recoveries non-performing interest, exchange differences	New provisions	Releases of provisions	Balance at 31.12.2008
Reserve for general banking risks	**85,100**	**–**	**–**	**–**	**-10,100**	**75,000**

* CHF 187,000 for deffered taxes were reclassified as originating in asset/liability compensation accounts as at 31.12.2007.

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	175,891	–	–	–	–	–	–	175,891
Money-market instruments	1,085	–	750,000	395	–	–	–	751,480
Due from banks	81,089	–	1,464,758	163,295	30,000	–	–	1,739,142
Due from clients	–	1,185,166	622,816	299,396	622,197	495,353	–	3,224,928
Mortgages	–	1,485,706	479,717	639,275	2,400,154	1,787,117	–	6,791,969
Trading portfolios	3,424	–	–	–	–	–	–	3,424
Financial investments	–	–	652	79,063	397,144	107,892	36,674	621,425
Total current assets								
31.12.2008	**261,489**	**2,670,872**	**3,317,943**	**1,181,424**	**3,449,495**	**2,390,362**	**36,674**	**13,308,259**
31.12.2007	**1,140,559**	**1,937,994**	**1,698,670**	**2,372,428**	**3,140,710**	**1,864,150**	**4,677**	**12,159,188**
DEBT								
Money-market instruments	–	–	1,280	–	–	–	–	1,280
Due to banks	194,652	–	214,704	103,173	–	–	–	512,529
Due to clients on savings and deposit accounts	4,997,441	–	–	–	–	–	–	4,997,441
Due to clients, other	2,953,826	–	930,752	324,353	5,064	–	–	4,213,995
Medium-term notes	–	–	15,538	30,592	102,509	8,007	–	156,646
Mortgage-backed bonds	–	–	339,660	243,390	959,000	1,162,000	–	2,704,050
Total debt								
31.12.2008	**8,145,919**	**–**	**1,501,934**	**701,508**	**1,066,573**	**1,170,007**	**–**	**12,585,941**
31.12.2007	**3,006,472**	**3,717,674**	**1,758,680**	**514,057**	**1,307,776**	**1,148,836**	**–**	**11,453,495**

5.13 Amounts due to/from affiliates and loans to officers (in CHF 1,000)

	31.12.2008	31.12.2007
Due from affiliates	731,573	1,575,669
of which "Fondation de valorisation"	*297,822*	*1,187,931*
Due to affiliates	68,553	88,565
Loans to officers	2,042	5,920

Due from affiliates (excluding the "Fondation de valorisation") 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. Operations with the "Fondation de valorisation" are carried out in conditions that are in accordance with those applied to public institutions.

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

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

The Bank paid CHF 4.3 million in fees to the State of Geneva for the simple guarantee on the loans to the "Fondation de valorisation" (CHF 1 million) and for the guarantee on savings accounts (CHF 3.3 million).

5.14 Assets and liabilities by domestic and foreign origin (in CHF 1,000)

	31.12.2008		31.12.2007	
	Domestic	Foreign	Domestic	Foreign
ASSETS				
Cash	164,754	11,137	149,012	22,470
Money-market instruments	751,480	–	298,041	1,866
Due from banks	810,042	929,100	446,168	519,407
Due from clients	2,288,445	936,483	2,921,815	990,207
Mortgages	6,650,843	141,126	6,337,375	55,999
Trading portfolios	3,240	184	7,373	44
Financial investments	260,496	360,929	117,444	291,967
Investments consolidated by the equity method	7,097	10,996	8,143	13,095
Fixed assets	220,713	761	204,731	795
Intangible assets	11,183	–	9,422	–
Accrued income and prepaid expenses	35,164	1,209	34,740	2,128
Other assets	93,199	1,741	65,546	674
Total assets	**11,296,656**	**2,393,666**	**10,599,810**	**1,898,652**
LIABILITIES				
Money-market instruments	1,280	–	666	–
Due to banks	376,031	136,498	70,523	174,904
Due to clients on savings and deposit accounts	4,485,027	512,414	3,936,674	501,659
Due to clients, other	3,623,894	590,101	3,572,507	321,243
Medium-term notes	156,646	–	106,339	–
Bonds and mortgage-backed bonds	2,704,050	–	2,768,980	–
Accrued expenses and deferred income	80,442	3,417	80,635	3,967
Other liabilities	104,117	379	63,304	3,225
Valuation adjustments and provisions	3,555	–	5,599	–
Reserve for general banking risks	75,000	–	85,100	–
Share capital	360,000	–	360,000	–
Capital reserve	312,141	–	311,524	–
Retained earnings	126,825	–	75,645	–
Treasury shares	-26,514	–	-23,394	–
Foreign-exchange differences	-3,102	–	2,262	–
Net profit for the year	68,121	–	77,100	–
Total liabilities	**12,447,513**	**1,242,809**	**11,493,464**	**1,004,998**

5.15 Total assets by country or group of countries (in CHF 1,000)

	31.12.2008		31.12.2007	
	Amount	%	Amount	%
Europe • France	711,410	5.2	945,668	7.6
• Germany	326,079	2.4	159,775	1.3
• Denmark	212,004	1.5	-	0.0
• Austria	131,730	1.0	31,813	0.3
• United Kingdom	110,024	0.8	147,631	1.2
• Other	449,384	3.3	331,198	2.6
United States	109,282	0.8	12,625	0.1
Other	343,753	2.5	269,942	2.2
Assets abroad	**2,393,666**	**17.5**	**1,898,652**	**15.3**
Domestic	**11,296,656**	**82.5**	**10,599,810**	**84.7**
Total assets	**13,690,322**	**100.0**	**12,498,462**	**100.0**

5.16 Balance sheet by currency (in CHF 1,000 as at 31.12.2008)

	Currency				
	CHF	USD	EUR	OTHER	METALS
ASSETS					
Cash	124,018	2,062	48,293	1,518	–
Money-market instruments	751,467	2	11	–	–
Due from banks	1,170,733	367,559	119,818	66,726	14,306
Due from clients	1,995,226	418,651	803,603	7,448	–
Mortgages	6,771,605	3,495	16,869	–	–
Trading portfolios	644	–	2	4	2,774
Financial investments	621,201	–	224	–	–
Investments consolidated by the equity method	12,501	–	5,592	–	–
Fixed assets	220,713	–	761	–	–
Intangible assets	11,183	–	–	–	–
Accrued income and prepaid expenses	35,164	–	1,209	–	–
Other assets	92,740	19	2,181	–	–
Total asset positions	**11,807,195**	**791,788**	**998,563**	**75,696**	**17,080**
Delivery claims from spot exchange deals, forward exchange deals and currency-option transactions	**1,963,193**	**186,801**	**193,938**	**7,122**	**17,590**
Total assets	**13,770,388**	**978,589**	**1,192,501**	**82,818**	**34,670**
LIABILITIES					
Money-market instruments	860	106	227	87	–
Due to banks	200,089	172,088	128,184	12,168	–
Due to clients on savings and deposit accounts	4,938,239	–	59,202	–	–
Due to clients, other	3,368,735	299,964	480,292	48,035	16,969
Medium-term notes	156,646	–	–	–	–
Bonds and mortgage-backed bonds	2,704,050	–	–	–	–
Accrued expenses and deferred income	80,442	–	3,417	–	–
Other liabilities	95,595	3,235	5,500	166	–
Valuation adjustments and provisions	3,555	–	–	–	–
Reserve for general banking risks	75,000	–	–	–	–
Share capital	360,000	–	–	–	–
Capital reserve	312,141	–	–	–	–
Retained earnings/accumulated deficit	126,825	–	–	–	–
Treasury shares	-26,514	–	–	–	–
Foreign-exchange differences	-3,102	–	–	–	–
Net profit for the year	68,121	–	–	–	–
Total liability positions	**12,460,682**	**475,393**	**676,822**	**60,456**	**16,969**
Delivery claims from spot exchange deals, forward exchange deals and currency-option transactions	**1,362,936**	**505,603**	**461,547**	**21,528**	**17,590**
Total liabilities	**13,823,618**	**980,996**	**1,138,369**	**81,984**	**34,559**
Net position by currency	**-53,230**	**-2,407**	**54,132**	**834**	**111**

5.17 Open derivative instruments at year-end (in CHF 1,000)

	Trading Instruments			Hedging Instruments		
	Positive replacement value	Negative replacement value	Contract volume	Positive replacement value	Negative replacement value	Contract volume
Interest-rate instruments						
Forward contracts inc. FRAs	–	–	–	–	–	–
Swaps	217	2,779	135,884	103	37,205	881,679
Futures	–	–	–	–	–	–
Options (OTC)	50	182	3,476	3,405	2,571	223,037
Total interest-rate instruments	**267**	**2,961**	**139,360**	**3,508**	**39,776**	**1,104,716**
Currencies / precious metals						
Forward contracts inc. FRAs	3,201	3,739	188,560	–	–	–
Combined interest-rate and currency swaps	6,817	7,204	287,527	30,656	4,655	608,540
Options (OTC)	3,171	3,174	39,941	–	–	–
Total currencies / precious metals	**13,189**	**14,117**	**516,028**	**30,656**	**4,655**	**608,540**
Equity securities / indices						
Futures	–	–	–	–	–	–
Exchange-traded options	–	–	–	–	–	–
Total equity securities / indices	**–**	**–**	**–**	**–**	**–**	**–**
Total at 31.12.2008	**13,456**	**17,078**	**655,388**	**34,164**	**44,431**	**1,713,256**
Total at 31.12.2007	**40,619**	**17,342**	**3,109,087**	**19,443**	**7,474**	**1,944,497**

The Bank did not enter into any specific netting contracts.

5.18 Interest income (in CHF 1,000)

	31.12.2008	31.12.2007
Banks	32,586	11,903
Clients	387,147	397,767
Bills of exchange and money-market instruments	5,015	6,199
Interest and dividends earned on financial investments	15,965	9,949
Interest and dividends earned on trading portfolios	78	540
Total	**440,791**	**426,358**

5.19 Interest expenses (in CHF 1,000)

	31.12.2008	31.12.2007
Banks	7,052	13,618
Clients	115,905	87,102
Debts	87,531	102,705
Subordinated debts	8,750	12,428
Other	8,747	9,416
Total	**227,985**	**225,269**

5.20 Trading results (in CHF 1,000)

	31.12.2008	31.12.2007
Currency and banknote trading, including derivatives	16,637	16,894
Precious-metal trading	311	-14
Securities trading	-316	215
Total	**16,632**	**17,095**

5.21 **Payroll expenses** (in CHF 1,000)	31.12.2008	31.12.2007
Salaries and bonus payments	96,598	94,503
Social security benefits	9,408	7,922
Contributions to the pension fund	11,784	12,480
Other staff expenses	4,886	5,230
Total	**122,676**	**120,135**

5.22 **Other operating expenses** (in CHF 1,000)	31.12.2008	31.12.2007
Occupancy expenses	12,817	13,701
IT expenses	41,141	33,224
Office equipment, furniture, vehicles	255	203
Other operating expenses	40,688	42,669
Total	**94,901**	**89,797**

5.23 **Depreciation of fixed assets** (in CHF 1,000)	31.12.2008	31.12.2007
Permanent installations	3,147	2,950
Appliances, fixtures and telecommunications, IT programs and equipment	6,687	4,662
Office equipment, furniture and vehicles	3,019	2,179
Intangible assets	1,119	975
Total	**13,972**	**10,766**

5.24 **Valuation adjustments, provisions and losses** (in CHF 1,000)	31.12.2008	31.12.2007
Value adjustments and provisions for loan recovery risks	27’457	–
Value adjustments and provisions for other operating risks	-2’937	–
Other provisions	584	–
Total	**25’104**	**–**

5.25 **Extraordinary income** (in CHF 1,000)	31.12.2008	31.12.2007
Net recovery of provisions	–	1,823
Reserve for general banking risks	10,100	–
Sale of fixed assets	1,592	3,820
Other	71	222
Total	**11,763**	**5,865**

5.26 **Extraordinary expenses** (in CHF 1,000)	31.12.2008	31.12.2007
Commission for the Canton of Geneva’s simple guarantee on the loan to the “Fondation de valorisation“	1,000	1,000
Reserve for general banking risks	–	25,100
Other	15	–
Total	**1,015**	**26,100**

5.27 Income and expenses of ordinary banking activities (in CHF 1,000)

	31.12.2008		31.12.2007	
	Domestic	Foreign	Domestic	Foreign
Income from interest-rate operations	203,030	9,776	191,846	9,243
Income from commissions and services	88,622	4,085	92,135	5,607
Income from trading	16,632	-	17,095	–
Other ordinary income	-2,816	-686	6,282	-415
Operating expenses	-208,788	-8,789	-202,434	-7,498
Gross profit	96,680	4,386	104,924	6,937

2008 financial statements and notes

Parent company

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English translation of
French official version

REPORT OF THE STATUTORY AUDITOR

To the General meeting of
Banque Cantonale de Genève, Geneva

Report on the financial statements

As statutory auditor, we have audited the financial statements (pages 116 to 124) of Banque Cantonale de Genève, which comprise the balance sheet, profit and loss account and notes for the year ended December 31, 2008.

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

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

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

Opinion
In our opinion, the financial statements for the year ended December 31, 2008 comply with Swiss law and the Bank's articles of incorporation.

Deloitte.

Report on Other Legal Requirements

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

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

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

DELOITTE SA

Alexandre Buga
Licensed audit expert
Auditor in charge

Nicolas Heiniger
Licensed audit expert

March 19, 2009

2008 financial statements and notes
Parent company

Balance sheet before allocation
Parent company

	Notes	31.12.2008 in CHF 1,000	31.12.2007 in CHF 1,000	Change in CHF 1,000
ASSETS				
Cash		164,755	146,679	18,076
Money-market instruments		751,480	299,865	451,615
Due from banks		2,028,658	1,311,118	717,540
Due from clients		2,889,479	3,507,717	-618,238
of which "Fondation de valorisation"		*297,822*	*1,187,931*	*-890,109*
Mortgages		6,791,969	6,306,523	485,446
Trading portfolios		27,387	32,710	-5,323
Financial investments		621,230	407,045	214,185
Investments in Group companies		91,470	93,260	-1,790
Fixed assets		241,233	193,112	48,121
Accrued income and prepaid expenses		35,362	34,276	1,086
Other assets	4.13	93,123	65,961	27,162
Total assets		**13,736,146**	**12,398,266**	**1,337,880**
Total subordinated claims		15,935	20,328	-4,393
Total due from Group companies and qualified participants		553,586	523,152	30,434
of which total claims on the Canton of Geneva		*175,855*	*3,168*	*172,687*
LIABILITIES				
Money-market instruments		1,280	662	618
Due to banks		541,691	299,142	242,549
Due to clients on savings and deposit accounts		4,997,441	4,413,571	583,870
Due to clients, other		4,223,784	3,765,154	458,630
Medium-term notes		156,646	106,509	50,137
Bonds and mortgage-backed bonds		2,705,000	2,771,000	-66,000
Accrued expenses and deferred income		80,624	78,593	2,031
Other liabilities	4.13	103,453	63,043	40,410
Valuation adjustments and provisions	4.10	3,239	5,246	-2,007
Reserve for general banking risks	4.10	75,000	85,000	-10,000
Share capital	4.7	360,000	360,000	-
General legal reserve		419,851	369,851	50,000
Retained earnings		4,575	4,879	-304
Net profit for the year		63,562	75,616	-12,054
Total liabilities		**13,736,146**	**12,398,266**	**1,337,880**
Total subordinated debt		120,000	240,000	-120,000
Total due to Group companies and qualified participants		305,298	284,939	20,359
of which total due to the Canton of Geneva		*180,616*	*154,974*	*25,642*
OFF-BALANCE-SHEET OPERATIONS				
Contingent liabilities		506,819	567,950	-61,131
Irrevocable commitments		365,500	271,929	93,571
Commitments to subscribe capital or pay further sums		39,011	39,011	–
Loans by acceptances		30,166	15,248	14,918
Financial derivatives: - underlying amounts		2,368,644	5,065,542	-2,696,898
- positive replacement values		47,620	60,595	-12,975
- negative replacement values		61,509	25,512	35,997
Fiduciary transactions	4.11	345,744	218,968	126,776

Profit and loss account
Parent company

	Notes	31.12.2008 in CHF 1,000	31.12.2007 in CHF 1,000	Change in CHF 1,000
INTEREST INCOME AND EXPENSES				
Interest and discount income		410,400	398,635	11,765
Interest and dividends from trading portfolios		688	745	-57
Interest and dividends from financial investments		15,957	10,144	5,813
Interest expenses		-226,613	-224,047	-2,566
Net interest income		*200,432*	*185,477*	*14,955*
COMMISSION AND FEE INCOME				
Commission income from lending		30,816	31,172	-356
Commission income from trading, securities and deposits		46,206	40,028	6,178
Commission income from other services		15,961	13,828	2,133
Commission expenses		-8,179	-8,116	-63
Net commission and fee income		*84,804*	*76,912*	*7,892*
RESULT OF TRADING OPERATIONS				
Net result of trading operations	*4.12*	*11,329*	*18,198*	*-6,869*
OTHER ORDINARY RESULTS				
Income from sale of financial investments		2,112	1,080	1,032
Income from investments		1,741	1,967	-226
Real-estate income		659	1,727	-1,068
Other ordinary income		7,583	8,697	-1,114
Other ordinary expenses		-13,446	-6,241	-7,205
Other ordinary income, net		*-1,351*	*7,230*	*-8,581*
Net operating income		**295,214**	**287,817**	**7,397**
OPERATING EXPENSES				
Payroll expenses		-114,577	-105,098	-9,479
Other operating expenses		-88,797	-78,484	-10,313
Net operating expenses		*-203,374*	*-183,582*	*-19,792*
Gross profit		**91,840**	**104,235**	**-12,395**
Depreciation of fixed assets	4.4	-13,076	-8,459	-4,617
Valuation adjustments, provisions and losses		-22,992	–	-22,992
Results before extraordinary items and taxes		**55,772**	**95,776**	**-40,004**
Extraordinary income	4.5	12,140	7,642	4,498
Extraordinary expenses	4.6	-1,000	-26,000	25,000
Taxes		-3,350	-1,802	-1,548
Net profit for the year		**63,562**	**75,616**	**-12,054**

Statement of shareholders' equity
Parent company

	in CHF 1,000
SHAREHOLDERS' EQUITY AT 1 JANUARY 2008	
Share capital	360,000
General legal reserve	369,851
Reserve for general banking risks	85,000
Profit	80,495
Total shareholders' equity at 1 January 2008	**895,346**
Allocation to the general legal reserve from the previous year's profit	-50,000
Dividend from the previous year's profit	-21,600
Special allocation to the State of Geneva (20 % of the dividend paid)	-4,320
Other allocations	50,000
Allocation to reserve for general banking risks	-10,000
Profit for the year	63,562
Total shareholders' equity at 31 December 2008	**922,988**
of which	
Share capital	*360,000*
General legal reserve	*419,851*
Reserve for general banking risks	*75,000*
Profit	*68,137*

Notes to the financial statements
Parent company

1. BUSINESS ACTIVITIES AND STAFF

The Bank's business and the outsourcing of its IT system are described in the notes to the consolidated financial statements.

Staff numbers	31.12.2008	31.12.2007
Full-time equivalents	752.6	686.3
Number of employees	809	748

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 PARENT COMPANY ACCOUNTS

4.1 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	100,000	–
Face value of securities and claims pledged	–	–
SIX Swiss Exchange		
Face value of blocked securities	36,047	17,621

Mortgage-backed securities from Swiss cantonal banks (in CHF 1,000)	31.12.2008	31.12.2007
Face value of mortgage-backed securities	3,797,679	3,486,422
Total borrowings	2,385,000	2,331,000

Securities lending and repo transactions (in CHF 1,000)	31.12.2008	31.12.2007
Claims resulting from a cash pledge when borrowing securities or entering into a repurchase agreement	1,044,920	445,000
Commitments resulting from cash received in securities lending or repo transactions	263,680	–
Securities held on own account, loaned or transferred as collateral in securities lending or repo transactions	265,462	–
of which securities with unrestricted rights of subsequent transfer or pledge	265,462	–
Securities received as collateral in securities lending and borrowing, and repo transactions, with unrestricted rights of subsequent sale or pledge	1,044,933	444,818
of which securities transferred or remitted to a third party as collateral	–	–

4.2 Liabilities towards the Bank's pension and retirement fund (in CHF 1,000)

	31.12.2008	31.12.2007
Liabilities towards the pension fund	–	–
Liabilities towards the pension fund as a custodian bank	81,610	27,229

Please refer to item 5.9 (page 102) in "Notes to the 2008 Consolidated Financial Statements".

4.3 Amounts due to/from affiliates and loans to officers (in CHF 1,000)

	31.12.2008	31.12.2007
Due from affiliates	731,573	1,575,669
of which "Fondation de valorisation"	*297,822*	*1,187,931*
Due to affiliates	68,553	88,565
Loans to officers	2,042	4,951

Please refer to item 5.13 of the "Notes to the 2008 Consolidated Financial Statements" (page 105).

4.4 Depreciation of fixed assets (in CHF 1,000)

	31.12.2008	31.12.2007
Fixtures	2,556	2,770
Installations, fittings, security and telecommunications equipment, IT plant and equipment and programs	6,672	4,040
Plant and equipment, furniture, vehicles, intangible assets	3,848	1,649
Total	**13,076**	**8,459**

4.5 Extraordinary income (in CHF 1,000)

	31.12.2008	31.12.2007
Sale of fixed assets	1,592	3,503
Disposals	513	619
Various agreed funds	35	106
Reversal of reserves for general banking risks	10,000	–
Reversal of provisions	–	3,371
Other	–	43
Total	**12,140**	**7,642**

4.6 Extraordinary expenses (in CHF 1,000)

	31.12.2008	31.12.2007
Commissions arising from the State of Geneva's simple guarantee on the loan to the "Fondation de valorisation"	1,000	1,000
Allocation to reserve for general banking risks	–	25,000
Total	**1,000**	**26,000**

4.7 Share capital

	31.12.2008			31.12.2007		
	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**

4.8 Credits, loans, remuneration and shareholdings of the Board of Directors and the Executive Board

	Remuneration (before taxes)					Shares held by
	Fixed	Variable*	Total	Loans**	Number of shares***	persons in close relationship
Members of Board of Directors						
Michel Mattacchini, Chairman	214,003	68,053	282,056	–	52	10
Ion Bals	25,000	25,540	50,540	–	22	–
Asma Benelmouffok	28,000	32,540	60,540	–	22	–
Bernard Clerc	25,000	24,040	49,040	–	32	–
Mariane Grobet-Wellner	26,000	15,000	41,000	–	110	–
Fabienne Knapp	25,000	35,500	60,500	–	70	–
Patrick Mage	27,000	37,540	64,540	–	12	–
Jean-Claude Rivollet, Deputy Chairman	34,000	28,500	62,500	341,346	60	–
Ton Schurink	25,000	31,540	56,540	–	532	–
Mourad Sekkiou	25,000	24,540	49,540	–	6	–
Michel Terrier, Secretary	25,000	24,500	49,500	–	60	–
Total, Board of Directors	**479,003**	**347,293**	**826,296**	**341,346**	**978**	**10**
Executive Board						
Blaise Goetschin, CEO	608,700	600,220	1,208,920	100,000		
Total, Executive Board	**2,415,760**	**1,781,960**	**4,197,720**	**1,296,000**		
highest loan included therein				*756,000*		
Shareholdings, Executive Board						
Blaise Goetschin					2,056	40
Eric Bourgeaux					1,838	40
Claude Bagnoud					587	20
Johan Bernard Alexander Kroon					684	20
Jean-Louis Platteau					0	0
Emile Rausis					1,206	39
Jean-Marc Joris					443	20
Total, Executive Board					**6,814**	**179**

* Variable remuneration includes BCGE shares at market value

** Lombard loans, secured against securities or with mortgage guarantees

*** Number of Banque Cantonale de Genève shares held at 31 December 2008

Remuneration allocated to members of the Executive Board as directors of other entities and paid directly to the Bank	
Blaise Goetschin	102,970
Total, Executive Board	195,349

The principles of remuneration are explained on page 79. No indemnity is paid indirectly to the members of the Executive Board. No indemnity was paid directly or indirectly in the 2008 financial year to former members of the Board of Directors or to persons in close relationship with the Board of Directors or Executive Board.

At 31 December 2008 there were no indemnities not compliant with market practice that were awarded to persons in close relationship with members of the Board of Directors or the Executive Board.

At 31 December 2008 there were no outstanding credits or loans not compliant with market practices that were granted to persons in close relationship with the members of the Board of Directors or the Executive Board. Two persons in close relationship with members of the Executive Board benefited from staff member conditions, through the arrangement of mortgage loans by their spouses, who are members of the Executive Board. One person in close relationship with a member of the Executive Board, who is also a staff member, benefitted from these staff conditions through a mortgage loan.

4.9 Major shareholders and groups of shareholders bound by voting agreements

	31.12.2008 Par value in CHF	31.12.2008 %	31.12.2007 Par value in CHF	31.12.2007 %
Registered shares with voting rights				
State of Geneva	125,522,150	34.87	125,522,150	34.87
City of Geneva	60,405,300	16.78	60,405,300	16.78
44 municipalities of Geneva	26,155,150	7.27	26,155,150	7.27
Bearer shares with voting rights				
State of Geneva	53,863,600	14.96	53,863,600	14.96
City of Geneva	14,727,000	4.09	14,727,000	4.09
Other shareholders	79,326,800	22.03	79,326,800	22.03

On 31 December 2008, the State of Geneva held 49.83 % of the Bank's shares (bearer and registered) and held 53.3 % of the voting rights.

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

	Balance at 31.12.2007	Utilisation according to purpose	Changes to allocation (new allocation)	Recoveries, non performing interest, exchange differences	New provisions	Releases of provisions	Balance at 31.12.2008
Valuation adjustments and provisions for default risks (collection and country risks)	240,683	-22,734	589	-505	31,458	-5,838	243,653
Valuation adjustments and provisions for financial investments	16,445	-1,530	1	1	13,088	–	28,005
Valuation adjustments and provisions for other operating risks	6,371	-204	303	-32	100	-3,299	3,239
Other provisions	–	-571	–	–	571	–	–
Total valuation adjustments and provisions	**263,499**	**-25,039**	**893**	**-536**	**45,217**	**-9,137**	**274,897**
Less valuation adjustments directly netted with assets	-258,253						-271,658
Total valuation adjustments and provisions as per the balance sheet	**5,246**						**3,239**
Reserve for general banking risks	**85,000**	**–**	**–**	**–**	**–**	**-10,000**	**75,000**

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)

	31.12.2008	31.12.2007
Fiduciary transactions		
Fiduciary deposits with third parties	345,744	210,935
Fiduciary loans	–	8,033
Total fiduciary transactions	**345,744**	**218,968**

4.12 Trading results by sector (in CHF 1,000)	31.12.2008	31.12.2007
Foreign-exchange trading/banknote trading, including derivatives	16,152	15,384
Precious metals trading	304	-22
Securities trading	-5,127	2,836
Total trading operations	**11,329**	**18,198**

4.13 Other assets and liabilities (in CHF 1,000)	31.12.2008		31.12.2007	
	other assets	other liabilities	other assets	other liabilities
Replacement value of financial instruments	47,620	61,509	60,595	25,512
Clearing account	35,747	-	–	9,969
Allocation of profits on swaps	-	4,281	–	7,432
Federal tax administration	2,119	21,506	1,105	18,117
Securities and coupons	604	1,086	1,300	554
Issuing costs/bonds	1,366	-	2,135	–
Other	5,667	15,071	826	1,459
Total	**93,123**	**103,453**	**65,961**	**63,043**

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

The Board of Directors will propose at the Ordinary General Meeting, to be held on 21 April 2009, that the profit be allocated as follows:

	31.12.2008	31.12.2007
Net profit for the year	63,562	75,616
Retained earnings brought forward	4,575	4,879
Earnings available for distribution	**68,137**	**80,495**
Allocation to general legal reserve	-37,000	-50,000
Dividend of 5 % to holders of registered shares (A and B) and bearer shares	-18,000	-18,000
Supplementary dividend of 1 % to holders of registered shares (A and B) and bearer shares	-3,600	-3,600
Special allocation to the State of Geneva (20 % of the dividends paid)	-4,320	-4,320
Retained earnings carried forward	**5,217**	**4,575**

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