



ANNUAL REPORT 2010



BCGE GROUP CONSOLIDATED KEY FIGURES	2010	2009	2008	2007	2006
Balance sheet (in CHF millions)					
Total assets	14'257	14'115	13'690	12'498	12'571
Loans to clients	11'536	11'258	10'017	10'305	10'362
Client deposits and borrowings	11'964	12'404	12'072	11'207	11'175
Shareholders' equity	966	957	912	888	814
Income (in CHF millions)					
Interest income	197	188	213	201	192
Commission income	109	99	93	98	95
Trading income	17	18	17	17	17
Other ordinary income	7	28	-4	6	19
Total income	331	333	319	322	323
Operating expenses	213	218	218	210	205
Gross profit	118	115	101	112	118
Depreciation, valuation adjustments, Provisions and losses, and extraordinary income	62	44	33	35	57
Interim profit (in CHF millions)	51	85	62	101	106
Net profit (in CHF millions)	56	72	68	77	61
Assets managed and administered (in CHF billion)	18.2	18.0	16.7	14.1	13.2
Total staff					
• in full-time equivalent units	749.8	777.8	788.6	783.6	775.5
• in number of persons	810	838	845	848	843
Ratios (in %)					
Shareholders' equity/Total assets	6.8	6.8	6.7	7.1	6.5
Gross profit/Shareholders' equity	12.2	12.0	11.1	12.6	14.5
Return on equity (ROE)	5.8	7.5	7.5	8.7	7.5
Cost/Income	64.3	65.4	68.3	65.2	63.5
Data per bearer share (in CHF) • at year-end					
Shareholders' equity	268	266	253	247	226
Gross profit	33	32	28	31	33
Net profit	16	20	19	21	17
Dividend	4.5*	6.5	6	6	5
Stock market data (parent company)					
History of bearer share price (in CHF)					
• high	245	250	282	297	245
• low	206	172	210	240	190
• at year-end	215	229	220	282	240
Market capitalisation (in CHF millions at 31 December)	774	824	792	1'015	864
Number of shares in thousands	5'721	5'721	5'721	5'721	5'721
Book value per share	276	273	260	253	231

* Proposed to the Annual General Meeting of 3 May 2011.

Standard & Poor's rating

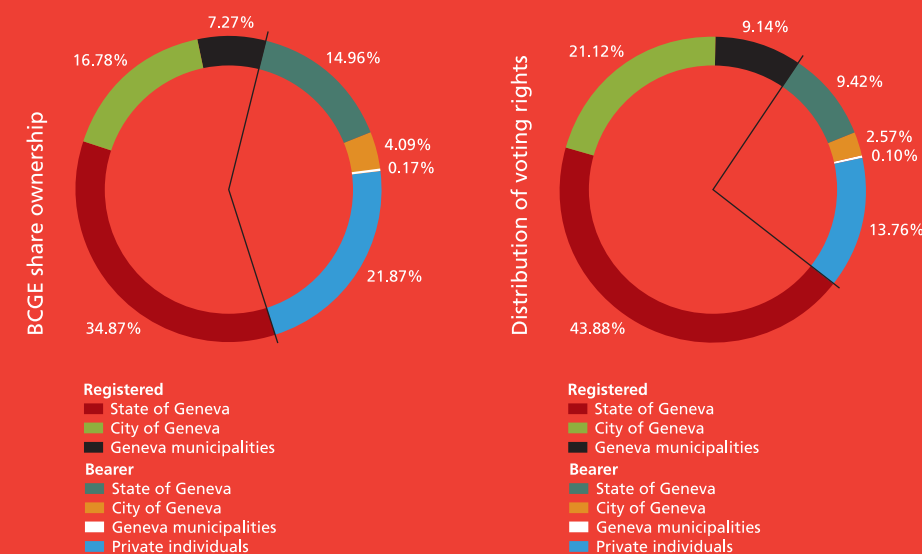
Banque Cantonale de Genève: A/A-1/Stable
(latest rating as at 23 December 2010)

BCGE stock exchange reference (symbol)

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

Structure of BCGE capital of CHF 360 million

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



Information

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

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

A difficult environment

2010 was a challenging year on several fronts. In the first quarter, uncertainty arising from the financial crisis continued to darken the economic outlook. The horizon then gradually grew brighter, but the very low mortgage interest rate situation gave rise to the risk of a property bubble and squeezed the margin between lending and borrowing rates, an important source of income for cantonal banks. In addition to all this, there was a return to keen competition between banks in markets that had become very selective towards risks.

Good business results

BCGE was able to navigate its way between these rocks. Even if its 2010 results bear the marks of a large-scale IT transformation and provisions in the international trade area, the increase in sources of business revenue is a testimony to the robust development of its core businesses. The Bank was able to increase its interest-rate margin despite the low rates as a result, boosting commission income despite strong competition, and increasing the size of funds under management despite great uncertainty surrounding wealth management in Switzerland. At year end, the Standard & Poor's rating agency confirmed its stable A/A-1/ rating, which had already been attributed the previous year.

A strategy tailored to the situation in Geneva

The Board was pleased to learn of this positive evaluation by Standard & Poor's whilst simultaneously conducting its own analysis of the business model used by the bank. Its primary responsibility towards BCGE shareholders and depositors is to ensure the establishment's longevity. As a result, it subjected the robustness of the bank's various sources of income to a critical examination and measured its capability to take on risk. It is clear that BCGE's business cannot be compared to that of a traditional cantonal bank. In Geneva, the cantonal bank operates in a highly-diversified and very internationally-orientated economy and competes with a large number of banking establishments, both in terms of business transactions and in sources of finance. It has had to carve out a niche for itself and now positions itself as the only bank in Geneva to serve the city's entire population. Its business model is thus highly diversified and aims to offer its customers high-quality products: local services, property loans, corporate finance, international trade finance – a highly-developed business activity in the canton –, wealth management... It also actively plays the cross-border card in order to support the region's development and to spread its risks.

A desirable increase in shareholders' equity

The Board recognised that this business model complies with the BCGE's legal mandate and is appropriate from a strategy standpoint. However, it also decided that the bank's resilience needed strengthening in the light of our fast-moving, constantly changing world. It therefore voted to increase the bank's level of capitalisation so that it is better able to face any uncertainties in the markets where it operates, this in line with the requirements stipulated by the Swiss financial markets supervisory authority, Finma. An increase of this nature is ideally suited to the long-term interests of the bank's shareholders and depositors.

The dividend for 2010 has been tailored to the profit situation for the financial year and to the need to increase the bank's capital. At the year end, the consolidated financial statement shows shareholder equity of close to a billion francs and a cover ratio of 135% of the requisite funds. The consolidation effort should be continued over the coming years.

A greatly changed Board

The Board underwent an in-depth reorganisation in 2010. Its chairman since 2002, Michel Mattacchini, and four other members, all of whom had reached the end of their terms of office, left after many years of service. BCGE and its shareholders wish to thank them for successfully placing the bank on the road to recovery after the problems encountered at the start of this millennium.

The new Board, constituted at the end of the Annual Shareholders' Meeting of 4th May 2010, has been organised into three committees: a control committee, in charge of audit, a nomination and remuneration committee, and a strategy and risk committee charged with identifying potential problems which could result from the bank's business. In addition to the functions determined by law, the Board, through plenary meetings, supervises the overall progress of the bank's business, while the Executive Board is responsible for running its operations.

Thanks

The Board wishes to thank the shareholders for the trust placed in it. It also wishes to express its gratitude to the Executive Board team and all BCGE staff for their tireless commitment to serving Geneva and its region.

Jean-Pierre Roth
Chairman of the Board of Directors

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Geneva, an atypical banking market

A few figures illustrate the great diversity of banking clients in Geneva, be they corporate or private clients: 460,000 Geneva residents in the strict sense, 80,000 cross-border workers, 40,000 workers from French-speaking Switzerland, nearly 12 million passengers for Geneva's international airport, over a million tourists counted, 15,600 Geneva citizens residing abroad, 20,984 SMEs, 35 global corporations, 569 multi-nationals, 1,298 foreign companies, 400 commodity trading companies, 26 international organisations and dozens of non-governmental organisations.

For the Bank, Geneva's economy and society constitute a market with specific exceptional characteristics:

- significant business potential due to fairly high average levels of wealth and income,
- demographic and employment growth,
- intense competition with 140 Swiss and foreign banks,
- heterogeneous and fragmented demand for services.

Our Geneva clients are going global and forcing us to keep pace with them.

A simple strategic response: invest to adapt

The diversity of clients' needs has resulted in expectations of a wide variety of services. These services need to be brought close to the customer quickly, and in various guises:

- size; from very small loans to syndicated ones,
- intensity of services; from personal loans to wealth and inheritance planning,
- use of language as a vehicle for advice and documentation,
- the complexity of the legal environment,
- standard currencies; our clients use not only the franc as a standard currency but, in many cases, the euro, the dollar or certain emerging currencies.

Adapting in response to this market reality has greatly transformed BCGE over the last 10 years. Having declared its intention to become the bank for all the people of Geneva as early as 2001, BCGE has significantly broadened its service range. Two examples: in the key areas of savings, pensions and wealth management, the Bank has become a respected adviser which offers stable performance above the industry average. The Bank has successfully recruited many talented people with the strong financial backgrounds and experience required to convince internationally-minded clients. In corporate and institutional banking, it has regained its status as a central player within Geneva's economy.

Where large corporations are concerned, it differentiates itself from banks with advantages in terms of size or market strength by offering creative solutions to increase financial room for manoeuvre in terms of cash management, *forex* and interest-rate risks.

The adaptation of its strategy and service range in line with market requirements was accompanied by significant work regarding infrastructure:

- modernisation of branch and ATM networks,
- complete changes of the bank's central systems platform, several secondary applications and main IT partner,
- improvements to the composition of the balance sheet in order to constitute a firm basis for refinancing,
- increase in equity of over CHF 300 million in six years.

These financial commitments were essential to ensuring long-term competitiveness. The Bank is grateful to its public and private shareholders (more than 10,300) for placing their trust in it during these years of reform and preparation for the future.

2010: enhanced competitiveness and increased productivity

The financial year under review can be summed up by three new developments:

- enhanced competitiveness reaching the CHF 8 billion threshold in mortgage lending, achieving a record of over CHF 100 million in commissions and the successful launch of innovative and reliable online trading (BCGE 1816),
- increased productivity with an improved cost/income ratio and lower headcount (-3.6%),
- profitability temporarily restrained by two events of an exceptional nature: switch to an IT partner who is more reliable and more secure than its predecessor, and a significantly reduced return, in the second half, due to financing trading companies in the cereals sector.

In this context, it is important to note that BCGE increased its interest-rate margin, its main source of income, by 4.7%, whereas interest rate levels remained at historic lows, which was a great hindrance for full-service banks. Lastly, the return on equity (5.8% consolidated ROE) remained at a good level, particularly compared to risk-free returns which were not far from zero in Swiss francs.


A positive outlook for an enterprising BCGE

The Bank is now able to increase its market share and strengthen its position as a regional leader. In the wealth management area, for example, it can build on a positive track record of mandate performance and the competitiveness of its funds. In the corporate banking area, it can count on very attractive refinancing rates and innovative advice. Finally, faced with clients who are increasingly international in their make-up and activities, the Bank is finally able to serve them in a credible fashion (multilingual capability, targeted international presence, skills availability).

Thanks to its stable and diversified shareholder base, BCGE can invest and build for the long term. This ability to maintain a specific course over time is valued increasingly highly by private and institutional clients still concerned in the wake of the profound changes in the banking industry since 2008. Internally, employees and managers are keen to participate in a campaign which aims to improve quality and service excellence. Today, the Bank has access to more skills and strengths than ever before. The main challenge lies in making this better known and appreciated.



Blaise Goetschin
Chief Executive Officer



JOSÉPHINE BAILAT IS SERVING THE FIRST YEAR OF AN APPRENTICESHIP WITH SEROR AS PART OF A THREE-YEAR TRAINING COURSE.

Craftsmen should do justice to their trade on a daily basis by trying their best to do a good job. True to this philosophy, the Seror bootmaker and shoe-repair boutique has been at Eaux Vives in Geneva since 2003. After completing the *Compagnons du Devoir du Tour de France* (the French guild of journeyman's tour of duty), the only training course in the world for bootmakers, Yohan Seror considers his work not as an end in itself but as a means of self-discovery and fulfilment. The essence of his philosophy can be summarised in just a few precepts: pass on your know-how, be determined, honest and loyal in your commitments, be capable of challenging yourself, and have a pronounced taste for freedom of thought and deed. In his eyes, to hand down this philosophy is to ensure the future of the trade.

Mission and strategy

A universal bank: innovative, competitive and made in Geneva

First and foremost, BCGE is the leader in the Geneva market. It provides a very wide range of banking services to private, business and institutional customers. The parent company of the Banque Cantonale de Genève has its headquarters in Geneva, branches in Lausanne, Lugano and Zurich and representative offices in Dubai and Hong Kong. The Banque Cantonale de Genève (France) subsidiary has offices in Lyon, Annecy and Paris. The Group also includes Capital Transmission, a subsidiary specialised in equity financing of SMEs, and Swiss Public Finance Solutions (SPFS), engaged in offering financial advice and intermediation services to public authorities on the Swiss market. As at 31 December 2010, the Group employed 838 people (nearly 750 full-time equivalents) and had total assets of CHF 14.3 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 22 branches, five 24-hour zones and 127 ATMs. BCGE is the major regional supplier of banking services for individuals and businesses, especially for the network of SMEs and the Geneva building and property sector. It plays a key role in supporting and boosting the regional economy. BCGE also offers private banking services and financial asset management for institutional clients. BCGE is listed on the Swiss stock exchange, SIX Swiss Exchange (code: BCGE). It employs 768 staff.

Banque Cantonale de Genève (France)

1994 With its headquarters in Lyon and branches in Annecy and Paris, Banque Cantonale de Genève (France) SA is a wholly-owned BCGE subsidiary. It offers corporate finance and property services to businesses and self-employed professionals, in addition to wealth management for private clients. BCGE France is an efficient player within the dynamic economic zone that is taking shape between Lyon and Geneva. The opening of a Paris branch in early January 2010 represents a logical extension of this. The French subsidiary benefits from the support of the parent company in the area of refinancing. Banque Cantonale de Genève (France) SA employs 42 people.

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 financing 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 owned by BCGE (50%), Crédit Foncier de France (40%) and Caisse d'Épargne Rhône-Alpes (10%). SPFS establishes contact, defines requirements and draws up the operational plan: the participating banks then undertake the actual financing.

CAPITAL TRANSMISSION

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

Mission and strategy

A complete range of banking and financial services

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

SERVICES TO INDIVIDUAL CLIENTS

Retail banking services

The densest banking network in the canton

BCGE provides a network of branches designed to meet the needs of the canton's population. It places the expertise of 246 client advisers and staff members, 22 branches, five 24-hour zones and 127 ATMs at its clients' disposal. Wishing to serve all its clients appropriately, BCGE helps those who may have difficulty using this equipment by employing greeters in most of its branches, whose duties include offering assistance in this respect.

A complete remote banking service

The Bank also makes its technology expertise available via its remote internet banking service under the BCGE Netbanking brand (www.bcge.ch), including via an online trading service, mobile phone (text messages) or telephone (BCGE Openline voice service 0848 80 00 80). Online advisers offer solutions on 022 809 22 24.

The latest banking services

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

A wide range of savings solutions

In terms of savings management, BCGE offers a variety of short-, medium- and long-term products, medium-term notes, money and bond market funds and fiduciary deposits, all at excellent conditions.

Experts in property finance

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

Original and secure private banking

As a wealth management bank for private and institutional clients, BCGE offers a complete range of services adapted to each client segment. The advice that the Bank provides is guided by an investment philosophy (see below) which encourages prudence and preservation of capital. Its presence in Geneva, Zurich, Lausanne, Lugano, as well as in Dubai and Hong Kong through its representative offices, means that the Bank can also advise and serve its Geneva clients internationally.

A clearly-stated investment philosophy

The Group recommends the application of a reassuring and cost-effective financial model, which benefits from a long track record, as transparently explained in the *BCGE Group Investment Philosophy* brochure. This philosophy is embodied in the range of BCGE Best of investment mandates. Management of these is centralised, and thereby totally consistent, irrespective of the size of assets. Depending on the client's investment objectives, portfolios may also be managed by intermediary consultancy services.



Geneva headquarters



BCGE Private Banking, Lausanne.



BCGE Private Banking, Lugano.



BCGE Private Banking, Zurich.

Local wealth management

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

Real wealth management *made in Geneva*

The Group provides a wealth management competence centre which makes good use of the advantages of Geneva and Switzerland as financial centres. Its starting point is an investment management philosophy which embodies the Bank's responsibilities to its clients and is the basis of all its actions. With a view to maintaining capital and high quality investment performance, the highest priority is ascribed to balancing risk control and return on assets.

THE BANK FOR SMALL, MEDIUM AND LARGE COMPANIES

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

A set of principles at the service of corporate clients

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

A very wide range of corporate finance solutions

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

A property and construction specialist

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

Expertise in international commodity trade finance

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

Business transfers and acquisitions

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

Financial engineering for companies

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

A dynamic trading room in Geneva's financial centre

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

Recognised asset management expertise

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 an open architecture, guarantees a totally independent choice of funds. The Group also offers products orientated towards sustainable management and social responsibility, as well as a Swiss small and midcaps fund.

INDIVIDUAL

Day-to-day banking services

Current-account transactions
Netbanking (online account access and payments) and e-brokerage
Private accounts
Solutions for cross-border commuters
Debit and credit cards

Savings

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

Housing finance

Main residence
Second home
Construction or renovation loans

Private banking

Best of discretionary investment management mandates
Investment advisory services
Financial planning
Loans against securities

Service to independent wealth managers

Consumer financing

Credit cards
Vehicle leasing
Personal loans

CORPORATE

Corporate finance and cash management

SMEs
Large corporations
Professionals and self-employed

Property and construction finance

Property investors
Property development
Office property and public corporations
Construction companies

Property and corporate finance in France

Property development
Business transfer finance
Medium-term business finance

International trade finance

Trade transaction financing
Structured commodity financing

Financial services and markets

Currencies
Equity funds
Bonds
Cash
Capital markets

Corporate consultancy, BCGE Corporate Finance

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

INSTITUTIONAL

Finance and management of public bodies

State and related entities
Municipalities and municipal property trusts
Semi-public institutions and churches
Public property trusts
Public bodies outside the canton of Geneva

Financial services and markets

Asset management
Passive mandates – index management
Controlled-risk active investment mandates
Finest of asset investment mandates
Investment funds
Long-term Swiss small and midcap investments
Institutional investment advice

Optimised Financial Selection advice Club (CFO)

Financial and risk management
Cash management
Debt management

A PRIVILEGED PARTNER OF PUBLIC AUTHORITIES

Listening to the Geneva municipalities

BCGE enjoys a close relationship with Geneva's public authorities and offers them appropriate financing and financial management solutions. It develops and provides a range of powerful, flexible and competitive products to meet their needs. The Bank makes its knowledge and skills available in the areas of debt management, interest cost optimisation and financial risk control.

Major and long-term financing

The SPFS subsidiary (see page 8) was created to respond specifically to the needs of Swiss public sector clients in terms of large-scale, long-term financing. These solutions are also intended for public law corporations. SPFS also develops long-term refinancing solutions for other cantonal and regional banks.

ARTICLES OF ASSOCIATION AND CAPITAL

A wide shareholder base

Banque Cantonale de Genève is a public limited company pursuant to article 763 of the Code of Obligations, created according to the constitutional law of 12 March 1993, which came into effect on 1 January 1994 with the merger of the Caisse d'épargne de la République et canton de Genève (founded in 1816) and the Banque Hypothécaire du canton de Genève (founded in 1847). Its principal shareholder is the canton of Geneva, which holds 49.8% of the share capital. The City of Geneva and the municipalities of the canton hold 28.3% of the share capital. 10,361 *client shareholders* hold a significant proportion of the bearer shares. To these should be added the shareholders who have deposited their securities with third-party establishments. In total, the float amounts to 21.9% of the capital.

Contributing to the development of the local economy

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

Partial state guarantee on savings deposits

The canton of Geneva guarantees the refund of principal and interest of savings deposits and pensions at the Bank. The maximum guaranteed amount is stipulated in article 4 of the Act on the Banque Cantonale de Genève. This 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. This is why it may be gradually phased out from 2013.



FINANCE AND RISK CONTROL
Eric Bourgeaux

**ORGANISATION, IT
AND OPERATIONS**
Jean-Marc Joris

CEO
Blaise Grätschin

RETAIL BANKING
Johan Bernard Alexander Kroon

CORPORATE BANKING
Claude Bagnoud

PRIVATE BANKING
Jean-Louis Platteau

CEO

Blaise Goetschin, Chief Executive Officer

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

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 secure 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 internal management controls. It is also in charge of ensuring compliance. As the Bank has one of the few trading rooms in French-speaking Switzerland, the division provides the Bank's clients with the best possible service for the full range of securities and foreign-exchange transactions. Financial engineering supports the Bank in its provision of innovative solutions to corporate and institutional clients in the areas of interest-rate and foreign-exchange risk management. The BCGE Asset Management business unit, specialised in quantitative and index management for institutional and corporate clients, in managing mandates and in investment strategy, is attached to this division.

Retail Banking

Johan Bernard Alexander Kroon, member of the Executive Board

The division serves all the people of Geneva and residents of the canton and 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 22 branches, five 24/7 banking zones and its 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, a website www.bcge.ch and an online trading platform, BCGE 1816. Its 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 financial planning.

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 thus makes a decisive contribution to the economic life of Geneva. With a broad range of financing products, it provides loans to corporate clients for their working capital and projects, as well as supporting clients' acquisition and transfer activities. The division provides financing for real estate developments and the construction industry and is developing its international trade finance business. It is also active in the French market with a dedicated department, in close co-operation with BCGE France.

Private Banking

Jean-Louis Platteau, member of the Executive Board










The division is responsible for private-banking clients in Geneva, the rest of Switzerland, and abroad, operating from four locations: Geneva, Lausanne, Lugano and Zurich. It analyses the wealth situation of clients and offers investment solutions customised to their particular needs. It implements the Group's investment strategy. Over 9,000 clients have entrusted the Bank with the management of all or part of their assets. The division also offers a dedicated service for estate planning and global wealth analysis, pursuing innovative paths and proposing new products and services closely in line with the Bank's investment philosophy.

Organisation, IT and operations









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, optimise productivity and modernise equipment while closely following cost guidelines. It manages and controls the technical and administrative aspects of the Bank's business to the standard required by the front office teams and their clients. The division also carries out the Bank's operational activities and logistics tasks.

EXECUTIVE BOARD

 Blaise Goetschin ^{I, III, VI, VII} Chairman, CEO	 Léonard Graz Chief of Staff & Planning	 Misha Nagelmackers-Voinov Communication & Investor Relations	 Elisabeth Ray Tang Human Resources	 Philippe Marti ^{IV} Legal
 Pierrette Jatou Klopfenstein Marketing	 Emile Rausis ^{I, IV, V} Recovery, Workout & Controls	 Bernard Matthey ^{IV} Debt Recovery & Workout	 Alain Voirol ^{I, IV} Credit Expertise & Organisation	

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 Fabien Rei East Sector	 Albert Gallegos Financial Planning	 Tiziano Magri Business Development & Branch Network		







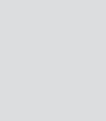

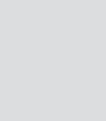
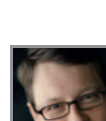

CORPORATE BANKING

 Claude Bagnoud ^{I, III, V, VI} Member of the Executive Board	 Charles Käser ^I Real Estate & Construction	 Jérôme Monnier ^I Swiss & French Corporate Clients	 Yves Spörri Financial Institutions & Public Bodies	 Boris Bijleveld Financial Institutions
 Virginie Fauveau Corporate Finance	 Raoul Monnay Swiss Corporate Clients	 Ronald Labbé Public Bodies	 Nicolas de Saussure Personal Finance	
 Patrick Senger Business Development & Corporate Banking Chief of Staff	 Bernard Quin (a.i.) French Corporate Clients	 Nicolas de Saussure Swiss & International Organisations		
 Pierre-Olivier Fragnière ^I Global Commodity Finance	 Philippe Terrier Soft Desk	 Serguei Chesternine Energy Desk 1	 Nicolas Demierre Energy Desk 2	
 Ivan Pougner Metals Desk & Syndications	 Josiane Tistounet Risk & Collateral	 Gérard Demierre Operations	 Alain Bochet Chief Executive Officer BCGE (France) SA Wholly-owned BCGE Group Subsidiary	







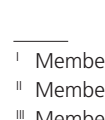
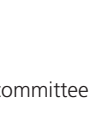
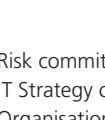
PRIVATE BANKING


 Jean-Louis Platteau ^{II, III, V} Member of the Executive Board	 Claudio Pietroforte BCGE Private Banking Geneva	 Franco Furcolo Swiss Clients	 Amin Khamsi ^{II} International Clients	 Shahabeddin Malek-Abhari Representative Office Dubai
 José Guerrero European Clients	 Massimo Cangini Independent Portfolio Managers	 Laurent Barbé Asia Team	 Mario Castello (a.i.) Representative Office Hong Kong	
 Nicolas Gerber BCGE Private Banking Zurich	 Nicolas de Buman Team Switzerland & Europe	 Aleksandar Pesovic Team Eastern Europe	 Nicolas Gerber (a.i.) Team Germany	
 Armando Adamo BCGE Private Banking Lugano	 Olivier Paratte BCGE Private Banking Lausanne	 Fabrice Fournier Business Development & Private Banking Chief of Staff		

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 Yvan Nicolet General Accounting	 Nadine Fournier Management Control	 Thierry Angele Advisory	 Jean-Luc Lederrey ^{II, III} Financial Research	
 Michel Maignan ^{III, V, VI} Risk Control & Compliance	 Constantino Cancela Institutional Business Development			

ORGANISATION, TECHNOLOGY & OPERATIONS

 Jean-Marc Joris ^{VI, VII} Member of the Executive Board	 Philippe Bailat Credit Administration	 Jean-Michel Comte (a.i.) Market Transactions	 Mathias Baitan Clients & Services Administration	 Catherine Million Daily Banking Services
 Christophe Marin Logistics	 Philippe Henderikx ^{V, VI} Organisation & Information Technology	 Pierre Villanti ^{VII} Organisation	 Allison Watkins (a.i.) Information Technology	

 Monique Seiss Baudry Internal Audit	^I Member of Credit committee	^V Member of Risk committee
	^{II} Member of Strategic Investment committee	^{VI} Member of IT Strategy committee
	^{III} Member of ALM committee	^{VII} Member of Organisational Strategy committee
	^{IV} Member of the Credit Risk commission	

Your Bank close to you and at your service

A network of 22 branches and 127 ATMs

BCGE branch A ATM AC In-company ATM C Change machine D Deposit machine CU Currency conversion machine DB Deposit box S Open Saturdays from 9:00 am to 12:00 pm



Bellevue
Route de Lausanne 329
Beata Frey

Bernex
Rue de Bernex 284
Bernard Bessire

Carouge-Marché
Rue Saint-Victor 39
Benjamin Jeanroy

Champel
Avenue de Champel 45
Sandrine Charpin

Eaux-Vives
Rue Versonnex 13
David Bottoli

Florissant
Route de Florissant 66
Maria-José Molla

Grand-Lancy
Place du 1^{er}-Août 1
Stéphane Kursner

Grand-Saconnex
Route de Ferney 169
Ghezal Hakami

Ile
Quai de l'Ile 17
Alexandre Scala

Jonction
Boulevard Saint-Georges 2
Stéphane Bonnin

Lancy-Centre
Route de Chancy 67
Nicolas Bézaguet

Meyrin-Cité
Rue De-Livron 19
Loris Rizzo

Onex
Avenue du Gros-Chêne 14
Cécile Huber-Luquiens

Pâquis
Place de la Navigation 10
Michel Boven

Plainpalais
Rue de Carouge 22
Martial Cruchet

Plan-les-Ouates
Place des Aviateurs 5
Benjamin Trama

Praille-Acacias
Route des Acacias 49
Audrey Rozen Doerks

Servette-Wendt
Avenue Wendt 54
Giovanni Lo Bue

Trois-Chêne
Rue de Genève 78
Fabien Rei

Vernier
Route de Vernier 219
Jean-Claude Buzzi

Versoix
Route de Suisse 37
Patrick Guex

Vésenaz
Route de Thonon 45/47
Juan Chinchilla

24-HOUR ATM ZONES

Carouge-Rondeau
Rue Ancienne 88

Corraterie
Rue de la Corraterie 4

Délices
Rue des Charmilles 1

Hôpital cantonal
Rue Micheli-du-Crest 22

Palexpo
Palais des Expositions

STAND-ALONE ATMS

Airport – airport freight hall

Airport – departures level

Caterpillar
Route de Frontenex 76

Centre commercial de Lancy-Centre
Route de Chancy 71-77

Firmenich
Route de la Bergère 7

Halles de Rive
Boulevard Helvétique 27

Hôpital Beau-Séjour
Avenue de Beau-Séjour 26

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


Hôpital des Trois-Chêne
Chemin du Pont-Bochet 3

Hôtel des finances
Rue du Stand 26

Mairie de Troinex
Chemin de la Grand-Cour 2

Parking du Mont-Blanc
Rue de la Servette 29

Services Industriels de Genève (SIG)
Chemin du Château-Bloch 2



FRÉDÉRIC SUGAR, JUNIOR ADVISOR, HAS PURSUED A UNIVERSITY TRAINING COURSE SPECIALISING IN FINANCE AND RISK MANAGEMENT, AS OFFERED BY BCGE, OVER AN 18-MONTH PERIOD.

Making a sufficient pool of talent available by investing in new talent is a huge challenge for the future of a great number of business sectors. BCGE alone trains 20% of banking sector apprentices in Geneva. Furthermore, 561 employees were able to take part in at least one course last year. In this way, BCGE is continuing its tradition as a training company by taking on new apprentices, new *professional matriculation* trainees, new business traineeships for high school matriculation holders and university graduates, which constitute the next professional generation for both the bank and, more broadly, for the banking industry in Geneva.

Compared with 2009, the Geneva economy recovered strongly in 2010 with growth in the canton's GDP approaching 3%. On a quarterly basis, however, this increase did not follow a linear course, thanks mainly to financial sector volatility. Despite the accelerated strengthening of the franc from mid-2010 onwards, industries oriented towards international markets (export industry, hotel industry) demonstrated remarkable dynamism in 2010. On the domestic market front, with exceptions, the situation appeared to be relatively satisfactory. The following summary, on pages 22 to 25, is taken from the *Supplément annuel 2011 des Reflets conjoncturels de mars 2011*, published by the Cantonal Statistical Office (OCSTAT).

Population

In 2010, the canton of Geneva's resident population grew by 6,291 people, i.e. relative growth of +1.4% (+0.9% in 2009), and reached 463,919 inhabitants by the end of the year (457,628 by end 2009). This increase was one of the largest recorded since the early 1970s. Growth of the resident population, in line with the positive economic situation, could be observed even though the housing market remained very strained. This demographic growth was mainly due to a positive migratory inflow, with the number of people arriving in the canton exceeding those leaving (+4,546 people). However, the natural increase (the net difference between births and deaths) was also at a comparatively historical high (+1,745 people).

Employment¹

The slowdown in employment growth, which began in the fourth quarter of 2008, was confirmed in 2009, and continued in 2010 (+0.1% on an annual average, compared with +0.4% in 2009). In manufacturing, jobs decreased by an annual average of 2.1%. In services, on the other hand, employment was still increasing slightly (+0.5%). At the end of 2010, the canton had 277,200 jobs¹, or approximately 1,300 more than a year earlier. Unlike in Geneva, job growth in 2010 was higher than in 2009 in Switzerland as a whole (+0.9% on an annual average, compared with +0.4% in 2009). While the rise in the number of jobs in services (+1.2%) was higher than in the canton, the decline in employment (-0.1%) was less pronounced in manufacturing.

Aggregate earnings

The growth in aggregate earnings faltered in 2010. It increased 3.6% in nominal terms, showing less significant growth than in previous years (2008: +7.5%; 2009: 4.5%). 2004 was the last time lower growth was observed (+1.4%). In real terms, taking into account the average rise in the Geneva consumer price index, aggregate earnings growth was 2.7% in 2010, a lower rate than in 2008 (+4.8%) and 2009 (+4.9%).

Foreign labour

In 2010, in a positive economic context, foreign immigration levels remained high despite the continuing strain placed on the housing market: the canton of Geneva recorded the arrival of 22,554 foreign immigrants. This was even a slight increase on 2009. Approximately 30% of foreign immigrants (6,979 people) entered the canton in order to work there. This figure rises to 50% where citizens of the 27 EU countries were concerned (5,847 people).

Economic recovery was reflected in the acceleration in growth in numbers of cross-border workers from March 2010 onwards, even if it faltered slightly towards the year end. At the end of December 2010, the number of active cross-border workers was estimated at 57,000.

The labour market

From a low in the summer of 2008 to a peak early in 2010, the rate of unemployment in Geneva increased from 5.5% to 7.4% (February 2010). In Switzerland as a whole, it increased from 2.3% to 4.5% (January 2010). With 15,318 and 148,636 registered unemployed, respectively, at the end of December 2010, the rate of unemployment was 6.9% in Geneva and 3.8% in Switzerland. On the labour market in Geneva, which is particularly open and competitive, the decline in unemployment was more limited than in Switzerland as a whole (down from their respective peaks of -5.9% in Geneva and -15.4% in Switzerland). At its lowest point, in the summer of 2008, the increase in the number of unemployed individuals was weaker in Geneva (+27.4% at the end of December 2010) than in Switzerland (+62.5%). In addition, after having proliferated in 2009, recourse to reductions in working hours by companies seeking to avoid redundancies fell noticeably in the spring of 2010, with the number of Geneva workers involved falling from 3,633 in May 2010 to 1,094 at the end of December 2010. Similarly, the total number of people made redundant and registered at the Cantonal Employment Office fell sharply between 2009 and 2010 (-65.9%).

Industrial companies

Following a particularly bad 2009, Geneva's industrial activity emerged from the mire in 2010. In the first six months of the year, industry leaders saw their business activity as being rather negative. However, despite this negative perception, use of production capacity began to increase right from the start of the year. Similarly, production, order intake and order books were on the up from the spring onwards.

Whilst the machine-tool and metalworking sectors continued to suffer throughout 2010, the situation in the watch-making industry became clearer at the end of the summer. More generally, highly export-oriented companies benefited from the slightly improved economic situation more than those with a domestic market focus.

According to industry leaders' perceptions, their business activities in the country as a whole suffered less from the 2009 crisis than in Geneva.

Exports

After having been severely affected by the world economic crisis in 2009, Geneva's exports looked far healthier in 2010, despite the strengthening of the franc.

The total value of Geneva's exports in 2010 as a whole was 13.6 billion francs (excluding precious metals, gemstones, works of art and antiques), growing by 23.4% compared with 2009. Exports recorded in 2010 thereby approached 2008 levels (-0.7% compared with 2008), which remains an exceptional year for international trade.

The canton's main export industries alone – watch-making, jewellery, chemicals – represented 90% of total exports in 2010. Last year, double-digit growth was observed in each of these industries: (watch-making: +28.3%; jewellery: +22.2%; chemicals: 31.3%). The value of exports of jewellery and chemicals smashed previous records reached in 2008 (chemicals: +17.1% compared with 2008; jewellery: 14.9%). Although, on the other hand, the value of watch exports remained lower than 2008 levels (-8.2%), this was higher than in 2007 (+2.7%).

In Switzerland as a whole, the value of exports topped 193.3 billion francs and increased by 7.0% in a single year. However, Switzerland's exports, unlike Geneva's, remained markedly lower than record 2008 levels (-6.3%).

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

Imports

Geneva's imports grew by 16.0% in 2010 compared with 2009, reaching 9.5 billion francs (excluding precious metals, gemstones, works of art and antiquities). In the first three quarters, double-digit growth was seen (+15.8%; +15.3%; +27.3%). Fourth-quarter growth in imports ended the year on a slightly lower note (+8.6%). However, imports observed in 2010 were almost at the same level as in 2008 (-0.6% compared with 2008).

In 2010, all types of imported goods advanced (raw materials and semi-finished products: +12.4%; consumer goods: +14.5%; energy products: +14.5%; capital goods: 25.5%). Consumer durables, which accounted for more than half of Geneva's imports in 2010, increased by 18.4%.

In Switzerland as a whole, the value of imports came to 173.7 billion francs and increased by 8.4% in 2010. Whilst the canton's imports almost reached their 2008 peak, this was not the case for the country as a whole (-7.1% compared with 2008).

Construction

In 2010, 399 new buildings were built in the canton of Geneva (205 houses; 149 multi-residence buildings; 12 buildings combining residential and business premises; 33 buildings containing solely business premises). Whilst the number of new constructions, including their size and value, was higher than that recorded in 2008 and 2009, it remained below the levels of earlier years. The number of multi-residence buildings (149) was relatively high compared with figures for the last twenty years (119 per annum on average).

In this context, entrepreneurs who started the year sceptically were subsequently satisfied by business activity levels. They are, however, more pessimistic about the future of their business in early 2011, possibly due to a decline in the numbers and value of recorded building permits issued and new sites started at the end of 2010.

Housing and non-residential premises

With 1,560 housing units built, 2010 was one of the most dynamic years since 2000. Taking into account renovations and demolitions, the net increase in housing units totalled 1,667, compared with an average of 1,341 over the last decade. On the other hand, although the number of housing unit applications (1,958) and permits granted (2,005) decreased slightly in 2009, they remain relatively high. As regards buildings intended for business purposes, the newly built square metre total in 2010 (137,300 m²) more than doubled compared with 2009, but remains low compared with figures recorded in the 1990s.

Property services and service sub-sectors

In property services, the level of business remained at a good level in 2010 and indeed improved in the course of the year. In parallel, whilst positive overall, the twelve-month outlook was less optimistic at the end of the year than at the start, especially in brokerage and property development. A potential increase in long-term interest rates probably explains this change.

Moreover, in 2010, 2,439 property transactions were concluded and their cumulative value reached 4.539 billion francs, making 2010 one of the most dynamic years ever for the property market.

Business activity in other services sectors¹ remained pleasing, and even improved, throughout 2010. Levels of activity and of satisfaction were similar in Switzerland as a whole.

¹ Transport, communication, IT, legal and accounting businesses, cleaning, other services for companies, healthcare and social work, personal services and leisure activities.

Retail

Geneva's retail sector continued to suffer the torments of a crisis which began at the end of 2008 in this sector. According to retailers, business activity remained unsatisfactory throughout 2010. Despite growth in sales volumes and slightly more customer visits, turnover did not increase.

Hotels and restaurants

After Geneva's hotel sector was hit particularly badly by the world economic crisis in 2009, a return to form was seen by Geneva tourism in 2010. The number of overnight stays rose by 5.3%, reaching 2.8 million, a level close to those excellent *vintages*, 2007 and 2008. However, a certain loss of momentum was experienced in the final quarter of 2010. For the year as a whole, the negative impact of the strength of the franc on overnight stays in Geneva is visible in the rate of increase of overnight stays by foreign customers, half that of Swiss visitors.

At a national level, the number of overnight stays reached 36.2 million, a rise of 1.2%. It was noteworthy that overnight stays by European customers were in decline. By contrast, the Zurich region, with a similar type of tourism to that of the canton of Geneva, registered an increase of 8.1%.

In 2010, the level of business for Geneva restaurants was judged by restaurant owners to be poor. However, in the fourth quarter, the situation – still unsatisfactory – stabilised. At a national level, perception of business activity levels was slightly better than in the canton.

Air traffic

The increase in the number of passengers using Geneva International Airport (AIG), which began in the final quarter of 2009, continued in 2010. During 2010, AIG served 11.8 million passengers, 552,000 more than in 2009 (+4.9%). The previous record for annual passenger numbers, established in 2008 (11.5 million people), was therefore surpassed.

The increase at Basle-Mulhouse airport between 2009 and 2010 was 7.0% while, at Zurich-Kloten, growth reached 4.3%.

Vehicle registrations

In 2010, 15,654 private passenger vehicles were registered in the canton of Geneva, i.e. 1,700 more than in 2009 (+12.2%). This increase followed two consecutive years when it fell: -7.5% in 2008 and -10.6% in 2009. At a national level, the increase in 2010 was 11.3% (+1.4% in 2008 and -7.5% in 2009).

Consumer prices

After two years of significant variations, increasing in 2008 (+2.6% annual average) and falling in 2009 (-0.5%, the first drop in the average since 1966), due mainly to fluctuations in oil-based product prices (petrol and heating fuel), overall price levels stabilised in 2010 (+0.9%). By the end of 2010, the main price increases were connected with the *rent and energy* groups (+2.7%; rent: +1.9%, energy: +7.6%), the *clothing and shoes* group (+2.3%) and the *transport* group (+1.7%, including petrol: 5.5%). Conversely, prices in the *leisure and culture* groups on the one hand and *food and non-alcoholic beverages* on the other, were down (by -2.4% and -1.3% respectively).



FRANÇOIS ALLEYN, AN APPRENTICE STUDYING FOR A CHEMISTRY LABORATORY ASSISTANT DIPLOMA, WAS TRAINED AT GENKYOTEX OVER A 36-MONTH PERIOD.

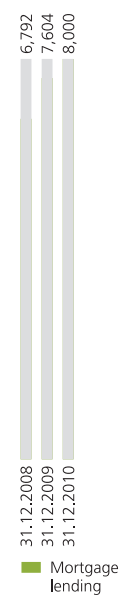
Vocational training for talented young people constitutes a rewarding challenge not only for apprentices and trainers, but also, in a broader sense, extends the life of a great many businesses. GenKyoTex, a company committed to training since 2007, just a year after its establishment, is a pharmaceuticals company based at Plan-les-Ouates which started life in the Ecllosion business start-up incubator. It develops innovative medicines, which inhibit NADPH oxydase enzymes in order to treat cardiovascular, pulmonary, metabolic and neurodegenerative illnesses. Although small, GenKyoTex pays special attention to training, currently taking on three apprentices, i.e. 25% of its workforce, destined to provide the next generation of pharmaceutical industry and, more broadly, life sciences workers.

Business review 2010

Fifty-six million in net profit,
increased cash flow and productivity

BCGE maintained a pleasing pace of growth in its business over the period under review with, in particular, a further improvement of +2.4% in gross profit as announced in December, with net profit for the year affected by low market interest rates, the transfer of the IT infrastructure to a new partner for security purposes as well as a fall in net profitability in the second half in the cereals segment of commodity finance. The proposed dividend will amount to CHF 4.50 per share, which will strengthen shareholder equity in order to support the current growth phase.

Strong business growth in CHF millions



BCGE improved its underlying revenue by increasing profits from interest and commissions and reducing operating costs (-2.4%), thereby adapting to the growing volatility of the economic and stock market environment.

The bank benefits from the highly diversified structure of its product offering. It was able to pursue its targeted growth strategy of business lending (CHF 11.5 billion), giving priority to quality of risk and protecting margins. A rise (+5.2%, or CHF 396 million) in mortgage loans was also pleasing.

Interest income was very well managed with a margin increase of +4.7%. Commission operations reached a new record (+10.1% or CHF 109 million), clearly demonstrating high levels of customer satisfaction.

Total assets under management and administration, which was CHF 18.2 billion, grew thanks to the acquisition of new clients and to a more marked conversion of cash under management into investment vehicles.

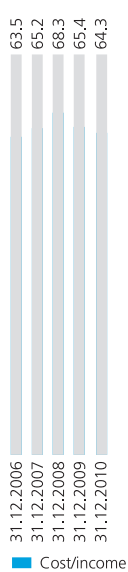
Gross profit (cash flow) rose to 2.4% CHF 118 million). Net profit reached CHF 56.4 million (-21.2%). For the seventh consecutive half-year, total assets improved (+1.0%), reaching CHF 14.3 billion.

	Group key figures for 2010 (in CHF 1,000)			Change 2009-2010
	31.12.2010	31.12.2009	31.12.2008	
Balance sheet total	14,257,187	14,114,507	13,690,322	142,680
Mortgage loans	7,999,694	7,603,809	6,791,969	395,885
Customer loans	3,536,565	3,654,665	3,224,928	-118,100
Assets under management and administration	18,239,482	18,047,513	16,677,792	191,969
Operating income	330,674	333,202	318,643	-2,528
Interest operations	196,794	188,049	212,806	8,745
Commission operations	109,346	99,351	92,707	9,995
Operating expenses	212,708	218,044	217,577	-5,336
Gross profit	117,966	115,158	101,066	2,808
Net profit	56,442	71,588	68,121	-15,146
Dividends	4.50%	6.50%	6%	
Equity	965,941	957,109	912,471	8,832
Employees (full-time equivalents)	750	778	789	-28

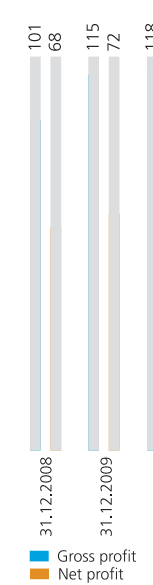
Increase in sustainable income

The highly diversified structure of its products enabled the Bank to adapt to the volatility of the economic and stock market environment. Interest income increased by 4.7%, reflecting the Bank's ability to maintain good-quality margins at a high level whilst absorbing the costs of a cautious strategy to protect against interest rate risks, a strong trend over the last four years. The interest margin was 1.48% (1.50% in 2009). In total, business and private lending increased by 2.5%, to CHF 11.5 billion, a remarkable result, due in particular to growth in market share in several areas.

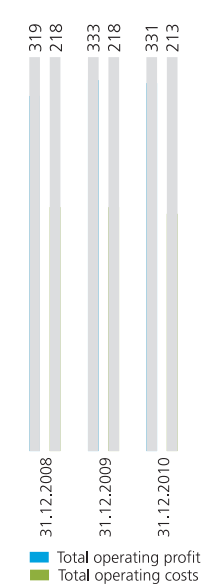
Productivity net increase in %



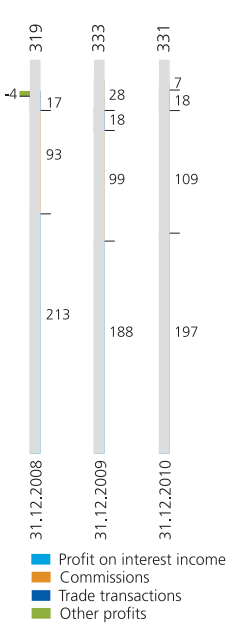
Gross profit up by 2.4% in CHF millions



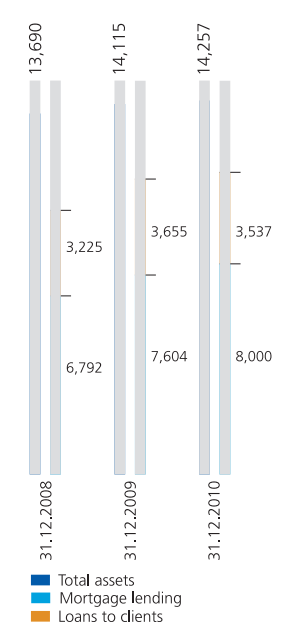
Operating expenses down in CHF millions



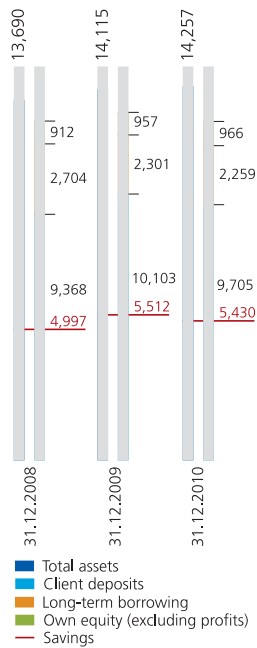
Profits improved thanks to business growth in CHF millions



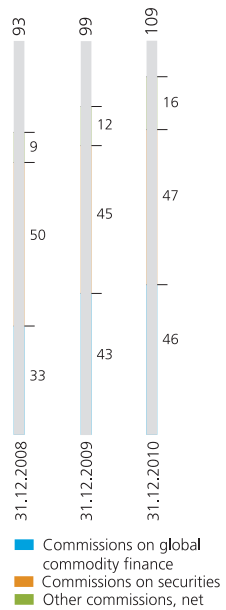
A key player in the canton's economy in CHF millions



Very sound refinancing structure in CHF millions



Record 10.1% growth in commissions in CHF millions



Interest income: excellent results

The bank was able to grow mortgage lending in a selective fashion, whilst maintaining a sufficient margin. Rock-bottom interest rates in the financial markets encouraged clients to concentrate on long-term interest rates at low levels. The split of fixed and variable-rate mortgages was stable, with 85% of lending at fixed rates. Preferred lending terms were 10 years, followed by 5 years, then 7 years. The Bank maintained competitive conditions for deposit interest rates, seeking to retain clients long-term. It managed its own liquidity cautiously and so has access to a sound refinancing structure.

Record commission income

Commission income reached a record level (+10.1%, to CHF 109 million). On one hand, commissions on lending saw an increase that particularly reflected growth in commissions on commodities financing in line with the development of Geneva's economic role in this field. On the other hand, profits on securities trading and investment transactions grew by CHF 2.3 million (+5.2%), thanks to a structural improvement in assets invested and under management, as well as customer confidence in the quality of the Bank's management. Finally, the intensive use of day-to-day banking services also contributed to record levels of commission income in 2010.

Financial health

Total assets amounted to CHF 14.3 billion (+1.0%). At CHF 5.4 billion, savings financed 38.1% of balance sheet assets, a sign that the Bank can attract deposits and savings and remains robust despite financial marketplace instability. Furthermore, the savings cover ratio for mortgage loans was high, at 67.9%.

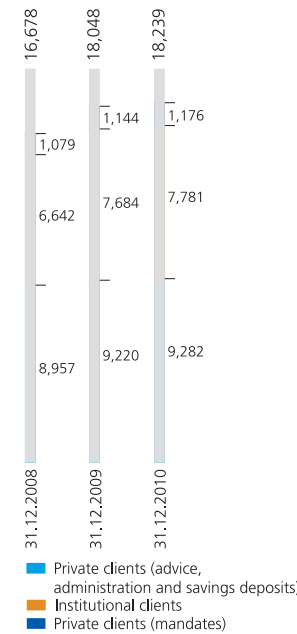
Shareholders' equity increased by CHF 312 million in six years. It amounted to CHF 966 million, compared to CHF 957 million as at 31 December 2009, i.e. 6.8% of total assets. The capital ratio therefore stands at 135%, within the Basle II Swiss standards.

A token of improved productivity despite a continued high rate of investment, the cost/income ratio decreased to 64.3%. Return on equity was maintained at a satisfactory level (5.8%) despite an accelerated transfer to a new IT partner and a fall in return on trade finance.

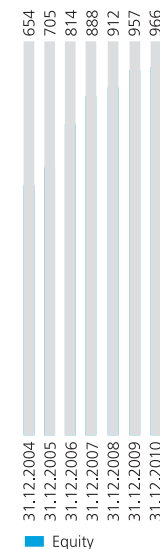
Costs under control

The level of operating expenses was significantly reduced (-2.4% or CHF -5.3 million), a sign that the BCGE's very dynamic programme to modernise and adapt to the in-depth transformation of the banking sector is starting to bear fruit. In May 2010, the Bank announced the transfer of its IT infrastructure to Comit, a partner with an excellent reputation and with whom it was already working in the money transfers area. In this way, the Bank benefits from a long-term strategic partnership which provides the level of security needed for the future development of its business activities.

Increasing success of BCGE's investment philosophy in CHF millions



Solidity of shareholder equity in CHF millions



Gross profit increased by 2.4%

Gross profit grew by 2.4% to CHF 118 million (2009: CHF 115.2 million). Net profit reached CHF 56.4 million (-21.2%); its progress was temporarily impacted by non-recurring costs related to the IT infrastructure transfer as well as some exceptional items requiring an adjustment in levels of provisions (CHF 10 million for the IT infrastructure transfer project and around CHF 30 million for provisioning of corporate risks and trade finance).


More than 10,300 client shareholders

As at 31 December 2010, 10,361 clients held BCGE shares (+918 from 31.12.2009), of whom more than three-quarters (79%) are holders of up to 25 shares.

The share price reached CHF 215 as at 31 December 2010. As high quality defensive shares, BCGE shares have, since 2007, remained less volatile than comparable banking shares. The shares are attractive, in particular, in relation to their book value of CHF 277 as at 31 December 2010, an increase of 3.6% compared to the previous financial year.

Now well-placed to ensure a strong performance, BCGE is becoming an ever more vital bank for Geneva's economy

Assuming positive economic trends in 2011, BCGE expects earnings to increase. Thanks to its business dynamics and its new IT platform, the Bank will continue to increase market share and assert its competitiveness. However, due to persistent low interest rates, interest margins will remain under pressure. Priority is given to being selective and to managing risks. The business outlook for 2011 is excellent. Having turned the corner where major IT projects are concerned, the Bank is able to capitalise, in 2011, on its strong market position and a completely new technology platform. The Bank anticipates growth in profits.



NADIA HOCHSTRASSER, AN APPRENTICE COMMUNITY NURSING ASSISTANT, IS TRAINING TO DO A NEW JOB WHICH COMPLEMENTS THAT OF NURSING AUXILIARY OR NURSE.

Attracting and retaining the talent needed for healthcare, teaching and research is one of Geneva University Hospitals' priorities as defined in their 2010-2015 strategic plan. In addition to initial training courses given by the Faculty of Medicine and the *Haute école de santé*, the hospital's challenge is to increase the number of apprentices, particularly those taking vocational diplomas in community healthcare. Apprenticeships and higher vocational qualifications are available in a dozen different administrative, technical and healthcare fields. In 2010, Geneva's University Hospitals had 84 apprentices, of whom 18 passed their diplomas at the end of their course. By 2012, the goal is to reach 100 apprentices, thereby ensuring that a new generation is trained.

BCGE proved its competitiveness with the confirmation of its rating as A/A-1/stable by the Standard & Poor's rating agency as well as by the increasingly international scope of its business.

Nearly 10,000 additional people became customers of the Retail Banking division, which now boasts 238,000 customers, the equivalent of more than one Geneva inhabitant out of two. The number of services that they use continues to increase in both number and scope. The branch network achieved excellent business results, particularly in the area of mortgage lending for main and second residences, which saw remarkable growth, with a net increase of over 13% in outstanding loans. Mortgages arranged in francs for properties in neighbouring France also saw significant growth of 18%.

SOLIDITY

Rating confirmed

Last December, S&P announced its confirmation of the Bank's rating. These ratings are widely heeded by industry professionals and influence refinancing terms in particular. In its report, S&P stresses the Bank's significant market share in the canton, particularly with regard to mortgage lending, savings and corporate finance. The agency also noted the Bank's progress in private banking and asset management in Geneva, in Switzerland and in France as well as its role in financing international trade. S&P positively evaluates the strength of the Bank's equity ratio. It highlights improvements in its portfolio management and risk profile. S&P also points out that impaired loans have been drastically reduced. It anticipates a continuing policy of cautious lending which should limit the need for additional provisions.

Increasingly international business

BCGE Group created two international offices in 2010: Paris and Dubai. The respective missions of the BCGE (France) subsidiary and the BCGE Middle East representative office are the conduct of the Bank's affairs in France and the Middle East region.

The Paris branch is to represent BCGE (France) SA in the Paris region and to develop relationships with private and business clients. The Paris and Dubai offices increase the ability to serve Geneva clients that do business internationally. The representative office in Dubai is intended to foster links with individual clients interested in wealth management. It will also provide institutional clients with a useful link to the competence centre at head office in matters of asset management. Moreover, this satellite office will facilitate contacts and give a higher profile to our global commodity finance business. As a satellite office, it does not carry out banking operations, as all accounts are opened and managed at the Geneva head office in strictest compliance with the regulations in force.

RETAIL BANKING

Funds deposited at the BCGE by clients also progressed. Internet and telephone banking continued to attract a growing number of individuals and SMEs. Services on offer have been supplemented this year by access to online trading, BCGE 1816. The branch network pursued its modernisation programme with the inauguration of the completely refurbished Jonction branch. The number of branches which are renovated and operational using this new concept has thereby reached thirteen.

Branches open for longer

Branch opening hours have been modified to suit demand. Basic opening times are 9:00 am to 5:30 pm. In addition, three branches open on Saturday mornings for customers to meet advisers, from 9:00 am to 12:00 pm.

Access to bank transactions that can be automated has been broadened and is made easier by ATMs using the latest generation of banking technology. They continue to increase in number (119 ATMs in 2009 and 127 ATMs in 2010).

Dynamism seen in mortgages

2010 saw mortgage lending reach record levels with a net increase of over 13%. Thanks to its geographical origin and the competitiveness of its offering, BCGE Simplissimmo was able to meet the demands of a market affected by a lack of real estate and stiff competition in the mortgage lending segment. This growth was achieved whilst strictly adhering to the bank's standards of caution, notably by winning business from competitors. All categories of loan included, retail lending exceeded the CHF 3 billion mark.

Spectacular development of BCGE Netbanking

BCGE Netbanking is an indispensable component of everyday banking services, and the use of internet banking is undergoing ceaseless expansion. Simplicity, speed, economy and security: this service saw an 18% increase in users of BCGE Netbanking to over 81,000 customers.

BCGE 1816

BCGE 1816 online trading and its information website *Your money* were inaugurated and made available to our clients this spring. Early results are conclusive, demonstrating that this functionality corresponds to a real customer expectation. Growth is expected in this area, with many BCGE customers intending to use the service at home rather than through the bank. The website is excellent, and offers very attractive conditions.

Big increase in savings

As the region's number one savings bank, BCGE proved very popular in 2010, meeting the needs of clients wishing to build up their savings and keep them safe. To increase their savings income (up to 2% above base rate), a growing number of clients benefited from the BCGE Avantage service™ loyalty programme, which rewards clients who use several of the Bank's services.

BCGE Private Banking increased its funds under management and its international reach. In order to do so, it relied particularly on its representative office in Dubai, opened in 2010, and the one in Hong Kong, created in 2009. Asia team and Germany team client management was strengthened. This record year was made possible thanks to the excellent quality of client managers dedicated to providing clients with personalised services. The vast majority of the Bank's investment products outperformed. Five out of six Rainbow Fund investment profiles generated better performances than that of their benchmark. The same was true for thirteen out of sixteen BCGE Best of asset allocation mandates. BCGE Synchrony Europe equity, a fund made up of regional funds, outperformed its benchmark by 12%.

PRIVATE BANKING AND ASSET MANAGEMENT

Expansion of investment products through the branch network

BCGE's wealth management services (BCGE Best of management mandates and BCGE Rainbow investment funds) are available throughout the branch network. This business area saw strong growth (+46% for the number of mandates sold in 2010 compared with 2009). Funds under management increased substantially. This positive trend is a sign of clients' confidence in the Bank's investment philosophy and operational rigour in this sensitive domain. It also results from an innovative investment fund offering and from outstanding performance by many of the funds (see page 38).

Financing products and payment facilities proved very popular

Financing products such as vehicle leasing – up 10%, even though new vehicle registrations were down – and payment cards, showed strong growth. Similarly, there was a great demand for Maestro debit cards, which now have the multi-account function (offering access to several accounts with one card) available as an option, and also Mastercard and Visa credit cards (+62% compared with 2009).

A Swiss bank that is also the bank for cross-border commuters

BCGE is there to serve its 30,000 cross-border clients by providing numerous solutions including pension planning and mortgages in France. In addition, the Bank signed a mutual recommendation agreement with CERA (Caisse d'Epargne Rhône-Alpes), aimed at offering cross-border workers high-quality services on both sides of the border, based on expertise and complementarity of the product offering. Similarly, the Bank has many clients who live in the Vaud canton or elsewhere in French-speaking Switzerland and who, as they work in Geneva, find a totally comprehensive range of services at BCGE. As a result, they don't need to waste time contacting local banks in their home regions.

Consolidation in the Financial Planning department

BCGE occupies an important place in financial and pension planning and advises all client categories. The BCGE Praevisio approach uses a method which takes into account investors' objectives, time horizons and profiles, including a basic personalised diagnosis. For more complex situations, the Financial Planning centre provides a comprehensive personalised diagnosis.

On-shore client funds under management grew by 6% in Geneva

The department in Geneva, serving Swiss residents, continued to grow in terms of asset inflow; funds under management grew by 6%. This increase demonstrates the loyalty of Geneva's residents to their cantonal bank. This department, attentive to client needs and providing made-to-measure solutions in line with BCGE's investment philosophy, occupies an excellent market position from which to pursue ambitious goals.

Share investment takes off again

2010 saw renewed interest in stock market investment, whereas clients were somewhat cautious towards markets in 2009. A higher proportion of cash was invested thanks to this, showing that clients trust our investment philosophy. For efficiency reasons, the Hong Kong and Dubai representative offices were brought together under the Private Banking Geneva business unit. All clients using these platforms are handled by Geneva.

Independent asset managers select BCGE

The department in Geneva responsible for services to independent asset managers continued to grow in terms of asset inflow; funds under management grew by 7%. Development of the new dedicated IT application for independent managers contributed to this growth. The application allows them to view their clients' accounts more effectively whilst reinforcing the Bank's position in this very competitive and demanding market segment. It has now become an essential factor in the partnership between banks and independent wealth managers.

Continued success in wealth planning

BCGE Private Banking continued to capitalise on its financial planning expertise in made-to-measure client advice in the areas of pension and estate planning, portfolio consolidation and company transfers. On the strength of this success, the service is now also offered to clients of the regional branches in Lausanne, Lugano and Zurich.

Paris gives private banking a boost

The opening of an office in Paris, mainly aimed at the private banking business, gave this activity a boost within the BCGE (France) subsidiary. Located at number 5, rue de la Baume, in the 8th district, this office has a staff of seven. 2010 saw significant growth of funds under management.

26 asset management specialists

The BCGE Asset Management business unit saw positive changes in 2010. It is made up of three departments: Portfolio Management (mandate management), Financial Research (economic analysis and research into third-party funds and individual securities) and, lastly, a new Business Development department. Together, these departments form BCGE's wealth management centre of competence. This centre of competence maintains a great number of links with the scientific world and supports cutting-edge employee training. Four of the unit's 26 employees were awarded further qualifications in 2010: two CIIA certifications (Certified International Investment Analyst), an ISFB (Institut supérieur de formation bancaire) diploma in wealth management and a mathematics doctorate.

Creation of the Business Development department

2010 saw the creation of a new department charged with developing the group's institutional business throughout Switzerland. With a staff of four, it is tasked with seeking and acquiring new clients for all the Bank's managed products. One of the team members is based in Zurich, in the Bank's regional branch premises since October 2010, in order to increase existing and new contacts with the institutional market in German-speaking Switzerland.

Open architecture as a source of high performance

The Financial Studies team is tasked with selecting external funds, according to open architecture principles, i.e. with complete intellectual and commercial independence. Funds are chosen on the basis of their intrinsic qualities and management needs, with a view to achieving very wide diversification in terms of style and manager. The aim is to identify the managers who are effective, equipped with well-grounded convictions, and who act with consistency over time. In 2010, the selection of funds generated results that were positive in relative terms; this is shown particularly by our specialised funds invested in equities to 100%, namely the BCGE Rainbow World Equity and the two regional funds of funds, BCGE Synchrony Europe Equity and BCGE Synchrony US Equity. Of particular note, the European fund which outperformed its benchmark by 12%.

Outperformance achieved

The asset allocation funds built on the basis of this selection also posted good returns. This was particularly the case with the BCGE Rainbow Fund. Offered to clients wishing to invest limited amounts, this is a flexible and economical investment product, with excellent diversification of first-class assets. Five out of the six investment profiles outperformed their benchmarks. In a year marked by investor prudence, these funds saw growth in the amounts invested. Net new money grew by 10% of the previous year's funds under management, which brought funds invested to a total of CHF 307 million at year end.

Moreover, the BCGE Best of asset allocation mandates, offered on an individual basis to private clients with assets of CHF 100,000 upwards, also achieved their objectives, with all except three out of the sixteen profiles outperforming their benchmarks. Assets entrusted to the Group through these mandates total over CHF 1.09 billion and represented year-on-year growth.

The investment vehicles offered by the Bank are straightforward and transparent. No obscure products causing massive losses, as described in the media, were promoted by the Bank. In this way, unlike other establishments, the Bank was not the subject of any complaints to the banking ombudsman.

Awards for our investment funds

For the past several years, BCGE has developed, in addition to the balanced mandates based on open architecture, some specialised funds which are regularly recognised as being among the best in their respective categories.

In 2010, BCGE's Synchrony Swiss Government Bonds, awarded five stars by Morningstar, was once again named by Lipper as the best Swiss bond fund over ten years, thereby winning an award for the ninth consecutive year.

Again within the indexed area, the Swiss Equity fund, retaining its four stars and showing long-term performance exactly in line with the SPI index, is perfectly suited to a *core-satellite* approach or to private clients who can thus diversify their exposure very broadly to the Swiss share market, even with limited funds. At the end of the year, the Bank decided to convert this fund, which replicates, since 1 January 2011, an index based on corporate economic fundamentals, not on stock market capitalisation.

Finally, the Swiss secondary stocks fund, BCGE Synchrony Swiss Small and Mid Caps, which also received three stars, once more delivered strong growth. This fund holds about 25 positions, chosen for the long term on the basis of financial, social and environmental and socially responsible investment principles. This fund went public in October 2010 and is now open to all investors.

Growth of institutional funds

With an increase of 7%, in funds managed, of which 6% were for mandates and 8% for institutional funds, the institutional management business had a positive 2010. Total net institutional funds increased by CHF 157 million, to reach a level of CHF 2.55 billion at year end.

All these funds and mandates are managed according to long-term principles as defined by BCGE's management philosophy.

Corporate lending – excluding mortgages – granted mainly to businesses in the region by the Corporate Banking division saw 4% growth, to CHF 3.86 billion. This solid progress was made despite scepticism on the part of some entrepreneurs concerning the longevity of the upturn. Lending activity took place against an economic and interest-rate backdrop which imposed strict supervision of risk levels and the maintenance of margins at a satisfactory level.

CORPORATE BANKING

Clients continue to demand cutting-edge services in terms of managing interest rate and currency risks

New business opportunities saw slight growth and corporate capital spending increased thanks to a new range of dedicated services: management of interest rate and currency risks was enhanced. Swiss companies made the most of the low interest-rate situation to obtain long-term financing for major property projects. Taking a cautious approach, they maintained significant lines of credit which were little used in the course of 2010. Due to a combination of various competitive advantages present in Switzerland, the economic outlook for 2011 is encouraging; the Bank therefore anticipates the satisfactory pursuit of its corporate lending business. Recruitment of additional staff strengthened the Bank's teams and enabled the Bank to establish excellent, low-risk business relationships with companies in Geneva and the rest of Switzerland.

Increase in property sector market share

The prices of buildings, flats and houses in Geneva remained robust in 2010, in correlation with low interest rate levels throughout the year. Construction prices were also steady. BCGE remained true to its solid and prudent long-term growth strategy. Despite the slowdown, in terms of both volume of transactions and new construction, BCGE was able to consolidate its mortgage lending to professionals at a higher level than in 2009 by increasing its market share yet limiting its risks.

Support for SMEs and the self-employed

The financing centre for SMEs and the self-employed, situated at the Ile head office, successfully offered support to small businesses in Geneva. In 2010, the cost of risk remained at a low level, a testimony to the positive economic situation and the quality of the bank's portfolio in this segment. Having developed *Business banker* training for employees of the branch network, the Bank places ever-increasing focus on Geneva's SMEs and the self-employed. The roll-out, this year, of a new lending product, the business loan, a straightforward and practical solution for cash requirements from CHF 20,000 to 150,000, over three to five year terms, contributes to this ambition. It is aimed at small companies, the self-employed and other professional people. The Bank can, thanks to simplified processing, offer SME financing on very attractive terms.

Geneva: the capital of commodities trading

2010 was characterised by volatility. Volatility in the commodities market reached levels rarely seen in previous decades. Despite exceptional profits made during the first half, 2010 ended with lower than anticipated results owing to risk provisions. Immediate steps were taken to protect the Bank's interests, particularly in terms of working with other establishments that do business in this field in Geneva's now renowned marketplace. In the end, net profit was good in 2010, remaining comparable to 2008.

M&A consultancy and corporate equity financing

Capital Transmission, a BCGE subsidiary with a CHF 50 million financing capability and whose portfolio is under development, provides financial services for companies' expansion projects or for investors planning acquisitions. Since its founding, Capital Transmission has carried out some mezzanine finance transactions in the context of leveraged buy outs and management buy outs. It achieved profits of over CHF 0.5 million.

This corporate equity or pseudo-equity financing business serves to complete the Corporate Finance department's consultancy business, working with senior management and shareholders in their strategic business decision-making such as passing on, transferring or acquiring a business.

Record trading room volumes

The trading room handled record volumes in 2010, thanks to growth in its share of the Geneva market, new product offerings and the acquisition of new clients outside Switzerland. Large bond market volumes, on behalf of clients and for the Bank – in its trading or long-term investment portfolios – enabled growth in the Bank's transaction capacity in this segment. Business growth was most significant in euro-based bond markets for foreign clients. These increased volumes enabled a better service for Swiss clients.

On the commercial paper front, the Bank's dominant position uses the same model, which followed growth in metals. There is considerable synergy as the same clients are often interested in both of these markets.

Responding more effectively to the specific needs of CEOs and opinion leaders

The Personal Finance department provides entrepreneurs and opinion leaders with high-quality financial services. This entity offers them high-end banking services. Whatever the level of their assets or the complexity of their needs, Personal Finance gives them access to complete and individually tailored wealth management. The department's client base grew strongly in 2010, as did the number of banking services they used.

Swiss and International Institutions

Formed in June 2010, this department deals primarily with the banking and financial needs of international, diplomatic and consular organisations, as well as non-governmental organisations. It also meets the needs of charitable associations and trusts as well as pension funds. This new department gives BCGE a specialist team to service the international community, which is so vital for Geneva.

Financial institutions: growth in volumes with non-OECD banks

In the area of services and relationships with other banks, BCGE managed the crisis with some banks and the euro well. Banks in Geneva diversified their business relationships with BCGE, particularly in terms of financial markets and day-to-day banking services. Banks located in emerging countries continued to develop the international trade finance business.

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

FINANCIAL INSTITUTIONS AND PUBLIC ENTITIES

Numerous projects for the public good

Throughout a year marked by close collaboration, particularly with Geneva's municipalities and trusts, as well as new contacts, BCGE continued its business growth in a very pleasing way by financing several public sector projects in the canton with a total value of over CHF 200 million.

BCGE has remained the reliable partner of public sector property trusts by offering them the solutions that are best suited to their needs in terms of executing projects for the benefit of local communities.

In particular, it has continued to support the canton of Geneva in developing its centralised cash flow administration, in investing its capital and in optimising its finances.

Finally, 2010 enabled the Swiss Public Finance Solutions subsidiary, SPFS, to pursue the consolidation of its Swiss public sector finance business, acting as the channel for CHF 130 million in BCGE finance. Many foreign players, struggling with the financial crisis in their domestic markets, deserted the Swiss market after a brief stay to refocus on their original base. In this context, BCGE, through its subsidiary, showed that it remained side-by-side with public authorities.

Seven academies in Geneva

The eighth series of BCGE seminars entitled "*BCGE L'essentiel de la finance*" ("The Essentials of Finance"), was held in Geneva in early September 2010. Seven "academies" met, uniting nearly 900 people. Several talks were devoted to the impact of the geopolitical situation on corporate strategic planning and the global economy. Participants stressed the quality of the lectures and the in-depth analysis of the trends that were described. Among the many topics addressed, the true strength of the new Asian powers was made particularly clear. A veritable inventory of globalisation, in contrast with the emergence of new barriers, was conducted. It was accompanied by concrete examples and conclusions aimed at investors. On the property market front, the complex relationship between architectural quality and yields plus capital growth was examined.

For the fourth year running, BCGE, the Geneva Chamber of Commerce, Industry and Services and the Cantonal Statistical Office (OCSTAT) jointly organised their economics seminar in October. The occasion was used to present and also publish a study of Geneva's international role. The event attracted a very large number of the region's decision-makers.

Moderate growth in lending for cross-border transactions

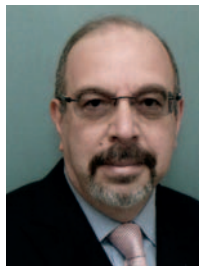
BCGE's in-depth knowledge of the regional economic fabric makes it a sought-after partner for cross-border companies. The Entreprises France department serves both Swiss entities investing in France and French entities investing in Switzerland; its main focus is on the financing of company transfers and support for property companies in the broader frontier zone, the Rhône-Alpes region and the Swiss Lake Geneva area (the *Arc lémanique*). In this geographical sector, income increased, by virtue of concentration on high quality business with strong added value in niche segments. New business growth was sustained throughout 2010. Moreover, profitability levels were highly satisfactory, and are to be explained in terms of increased mortgage lending.

BCGE (France) lending growth nearly 30%

Despite the economic environment, Banque Cantonale de Genève (France) saw lending grow by nearly 30%, mainly due to the buoyancy of those parts of the property market in which it is active.

The French subsidiary's staff increased from 35 to 42 employees; this was mainly due to the opening of the Paris office (see page 37). Despite the investment relating to this office, the three main business activities of Banque Cantonale de Genève (France) enabled almost 50% growth in net profit. Thanks to the solid reputation for high-quality service that this entity is patiently building up in its local market, the growth outlook is excellent.

The BCGE (France) Supervisory Board, the French equivalent of the Board of Directors, has five members. The Chairman is Blaise Goetschin (see page 80) and the Deputy Chairman is Eric Bourgeois (see page 80). The four other members are Claude Bagnoud (see page 81), Constantino Cancela (see page 17), Georges Canto and Manuel Riera.



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



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

Key facts of 2010

BCGE 1816 online trading gives instant access to stock markets

The IT infrastructure available to the bank's customers and employees made significant progress. Clients now have access to a high-performance e-brokerage platform and conduct their electronic transactions and account access in a more user-friendly environment. The teams rely on an updated commodities trade finance platform. Where other loans are concerned, workflow has been redesigned so that applications are processed faster. The Bank's managers now have access to a centralised IT platform for decision support. The Bank has transferred the hosting and management of its IT systems to new service providers.

MODERNISATION

Continuation of the ATM modernisation programme

The bank continued with the renewal of its ATM network. Six new machines were installed (Meyrin, Lancy-Centre, Jonction) and eleven replaced at three sites (Plainpalais, Carouge-Rondeau, Chêne). The bank's network has now reached 127 ATM's.

Actions just a click away

Significant work was carried out with the aim of improving and extending the range of services provided by the bank's internet platform, BCGE Netbanking. The most important change was the deployment of the BCGE 1816 online trading platform. The bank linked this market order and investment management system, which uses Finnova technology, to the financial information site, www.yourmoney.ch. BCGE 1816, whose name refers to the year the bank was founded, is aimed at clients who manage their portfolio independently. The system is extremely fast and effective. Clients can buy and sell investment fund products traded on the Swiss market (mainly quoted index funds or property funds or, ETFs, exchange traded funds) at very attractive prices. It is also possible to process warrants traded on the Swiss market.

Additionally, the website underwent several improvements relating to accessing statements online, improving ease of use and simplifying navigation around the various functions on the site.

Modernising the trade finance platform

The bank has commissioned the large-scale modernisation of the software tools supporting the commodities trade finance business, more specifically in terms of monitoring and managing limits. From 2011, this tool will enable productivity improvements in business administration tasks by simplifying and rationalising the way in which information is entered and sent from one department in charge of credit control to another.

Deployment of a centralised IT platform for decision support

The bank acquired a new decision-support database management tool based on Oracle and SAP Business Objects technology. Various bank departments can now access a centralised reporting portal. This provides access to the information needed for running and controlling their activities. This project combined the implementation of a new organisation in charge of these activities, deployment of infrastructure and software as well as the development of statistical calculations. This step also enabled the bank to rationalise its set of controlling tools. It also reduces use of printed lists and duplication of documents.

Redesigning operational loans processing

In 2010, the bank kicked off a major project to redesign loan-related activities. This work involved replacing the loan management software platform, revising loan guidelines, and redesigning the task workflow related to this activity. Loan-granting authorisation processes were simplified.

The revamp aimed to reduce overall workload in real estate and corporate finance, as well as improve processing time. With a view to creating standards, existing processes used by other cantonal banks will principally serve as models to ensure implementation is fast and efficient. Specialists in different fields of banking and heavy users in both front and back offices will be called on throughout the project.

The final choice of IT platform was the Finnova integrated loans solution known as KB1 and KB2. These two modules are already in operation, to the satisfaction of users in the various establishments sharing the Finnova platform, such as the cantonal banks of Schwyz, Valais, Fribourg, Schaffhausen and Grisons.

Migration of IT infrastructure to new service providers

The bank has been transferring the hosting and information system management as well as a large portion of correspondence printing to new service providers, Swisscom and Comit, since March 2010.

This transfer is being led by a department wholly devoted to this task, working closely with the new service providers. Two out of three major stages were completed in June and October 2010, taking over application maintenance and hosting respectively. The transfer of interface systems and the bank's electronic data archives are due to take place in 2011.

Clarification of the group's back office functions

All job descriptions for employees in charge of the bank's operational activities have been documented with a consistent nomenclature, in order to create an integrated organisational model. Henceforth, each function is defined using various criteria, especially its mission, responsibilities, skills required, training needed and grade associated with that function. This process aims to clarify everyone's roles and responsibilities whilst improving career path management and succession planning within the group.

A partner is taking over securities administration

During the 2010 financial year, the bank prepared a project to transfer its securities administration activities to Sourcag, a company belonging to Swisscom IT Services, its majority shareholder, and the Basler Kantonalbank and the Basellandschaftliche Kantonalbank. Sourcag AG has been carrying out BCGE's payment operations since October 2008. The transfer is scheduled to proceed in stages until August 2011.

Outsourcing BCGE's securities administration will be conducted using the same model as the one used in the outsourcing of payment operations. This contract, renewed for a period of five years, has proven a good fit with BCGE's structure. Outsourcing securities administration of shares will enable improvements in the bank's productivity, thanks to sharing resources and costs. It will be carried out as a continuation of the outsourcing strategy in order to enable BCGE to focus on value-added activities that serve its customers.



MICHAEL MENDES, A TECHNICAL APPRENTICE, IS FINISHING THE 4TH YEAR OF AN APPRENTISHIP AS A TECHNICAL DESIGNER IN SÉCHERON'S INDUSTRIALISATION DEPARTMENT.

Developing skills is vital for a company like Sécheron. Aspects of the business including technological progress, the international nature of its activities, its multicultural teams working in different countries and business growth, mean that everyone has to adapt their knowledge and working methods continuously. Sécheron invests in the training and development of its human assets in order to rise successfully to these challenges. It also invests in tomorrow's generation, in order to have capable young men and women help it face these challenges. The company trains apprentices in the technical, information technology and administrative fields.

Risk control rising to the challenge of low rates

Towards Basle III

Over the last decade, the risk management system has been strengthened in order to mitigate foreseeable and unforeseen risks and to be able to absorb major customer insolvencies. The environment in 2010 turned out to hold major traps. Risk control is omnipresent at different levels: in front-office units which are responsible for risks connected with the business they handle, in support activities and, finally, within the specialised second-level control departments, the cornerstone of which is the Risk Control and Compliance department.

CONTROL

Preventive and portfolio controls

Preventive controls aimed at combating all types of misuse are applied to each transaction, using an appropriate set of procedures and skills according to the type of operations and the sums involved. *A posteriori* controls and second-level centralised controls are performed on portfolio transactions, using appropriate tools and know-how, in order to detect any abnormal transactions or inappropriate behaviours. Within the Risk Control and Compliance department, the Internal Control section led an in-depth analysis of processes and their control points for trading room and back office activities, and for interactive management of fixed financial asset portfolios in 2010. The Credit committee also carries out a preventive control in respect of every major exposure. It is chaired by the head of the Corporate Banking division and the head of the Recovery, Workout and Control business unit.

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

Control method

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

Consistency

Control consistency is achieved by transferring all the bank's positions into the financial data warehouse and by using consistent methods to ensure compliance with limits, levels of competence, statutory requirements and calculated risks. Quantifiable data is processed in optimum fashion thanks to the IT system for risks which collects all the data. The deployment in 2010 and 2011 of a set of KRI – key risk indicators – enables this control to be extended to processes or qualitative data.

Basic principle

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

The acceptability of a risk depends on strict compliance with legal and regulatory standards, and also on the foreseeable financial risk, which in turn depends on the sums involved and the probability of making a loss. If the type of operation forms part of those set out in the strategic business plan, risk frameworks are established, in order to determine the maximum acceptable exposure by type of transaction. These risk frameworks are updated every year.

Risks are evaluated and calculated as part of the risk framework if they are quantifiable for each individual transaction. The yield from a transaction, in terms of income from interest and from commissions is weighed against the costs of the transaction and the risks incurred, measured by the sums potentially at risk and the likelihood of their occurring.

Risk inventory

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

Effective risk management creates and maintains value. It is built into organisational processes and decision-making processes, deals explicitly with uncertainty, is systematic, structured and used in a timely manner. It is reliant on the best available information, and aligned with the internal and external context and with the risk profile. It also integrates human and cultural factors, is transparent, participative, interactive, iterative, responsive to change and facilitates continuous business improvement.

Organisation

In the turbulent conditions of 2010, risk management procedures set up nearly 10 years ago again proved their worth. Initial operational controls are carried out as each individual transaction is processed, in order to guarantee prevention and enable an immediate response.

The Credit committee and Credit Risk commission approve all loans submitted to them in accordance with the bank's organisational and management rules. These approvals result from a delegation of authority issued by the executive board. The credit committee, made up of eight members, including the CEO who does not vote but has a right of veto, meets at least once a week. The Board of Directors approves the most significant credits based on regulations set by the authorities.

The Risk Control and Compliance department is divided into four areas, namely Risk Control with a focus on market and credit risks and the Internal Control section, which monitors and controls operational risks. This is complemented by the Compliance area, responsible for compliance with regulatory standards, mainly with regard to accepting and checking customers. In addition, formal checks on compliance with internal credit standards are performed.

Credit control risk and market risk committee

Credit risks are checked daily with regard to various aspects of controlling positions and adherence to limits. The Risk committee meets monthly. Risk status is presented and analysed, for example, in the form of reports and analyses of credit positions; the greatest risks are analysed. The monthly credit risk report is discussed and commented upon. A risk committee also meets monthly for the BCGE (France) subsidiary. Risk committees also meet less frequently for the smaller subsidiaries. A balance sheet management committee, the ALM committee, Asset and Liability Management, meets each month specifically to study interest rate risk, measuring income sensitivity, sensitivity of the net present value of shareholder equity and to communicate internal transfer rate margins.

Presentations are regularly given to the Executive Board, either on specific subjects or on the overall risk situation. Quarterly reports are produced for the Board of Directors on the risk summary, concentrated risks, shareholders' equity coverage and current issues. Presentations are also made to the Control Committee as desired and to Risk and Strategy committee, set up in 2010 in the wake of a decision by the Board of Directors.

Salient facts concerning financial risks in 2010

A number of risks were once again in store in 2010, induced by the repercussions following the shocks of late 2008. In fact, the United States and European economies continue to feel the after-shocks. Rates remained very low with CHF rates, USD and EUR rates even continuing their fall before long-term rates started picking back up again slowly and with difficulty, which led to some steep interest rate curves.

After numerous bank failures in the United States in particular, it was the turn of industrial groups to be in difficulty. The astronomic sums of aid announced and generally implemented in 2009 were partly repaid in 2010. Nonetheless, inflation in Switzerland, Europe and the United States, which had been following the massive injection of money, did not materialise.

Towards Basle III

Two years after the so-called Basle II provisions came into effect, the Bank for International Settlements issued an avalanche of announcements to prepare Basle III, whilst Finma sent out a circular on the subject. However, Finma's new guidelines in relation to Basle III will not be known in their entirety until sometime in 2011.

Credit risks and allocations to provisions

Despite these stormy conditions, BCGE did not experience a sudden overall deterioration in the quality of its debtors. Apart from a few cases of additional provisions associated with international trade finance, there was no other significant deterioration in its loan portfolio. Regular checks on debtors, on adherence to limits and the monthly credit risk report, which shows the breakdown of loans by rating and by amount, provide a clear view of the situation. In this context, net allocations to provisions in 2010 were CHF 42 million, mainly with regard to international trade finance.

The breakdown of loans by rating showed no deterioration, whilst a number of new loans compensated for reductions in the Fondation de valorisation assets. The two best classes of rating encompass more than half of the loans outstanding. A figure of over 90% of outstanding loans results when the standard rating class is applied. A moderate increase in nominal rates for clients was in line with ratings classifications: rates applied to loans with a lower rating rose.

Breakdown of loans

The breakdown of loans by value range was satisfactory and stable; the loan chart shows that, for loans of less than CHF 1,000,000, wide distribution with a trend, i.e. the most frequently-occurring number, of CHF 550,000; the distribution of loans of between CHF 1,000,000 and CHF 10,000,000 showed a steady decline, whereas the loan chart for loan amounts exceeding CHF 10,000,000 increased by a few points.

Fixed rate mortgage lending represented around 85% of all loans of this type, with the percentage of commercial mortgages even higher. Loans to individuals represented 30% of the bank's assets.

Long-term investment portfolio

The inflow of liquidity lasted until autumn 2010, with the portfolio of long-term investments reaching CHF 1.2 billion. While this portfolio provides a cushion against liquidity risks, the aim is nonetheless to compensate for the zero profitability of Confederation short-term paper and thus optimise positions, so that they create great resilience to risk, while making a positive contribution by virtue of the portfolio's yield. The Bank is successfully diversifying its exposure as the result of this portfolio. The process of renewing the portfolio has accelerated with a percentage reduction of exposure to banks and an overall increase in the rating to AA+. More precisely, 73% of long-term investments were on an AAA rating, with other securities ranging from AA+ to A-.

In order to protect against a rise in rates, the modified Macaulay duration of the portfolio has been reduced to less than two. In order to diversify the risk, Swiss securities account for only 68% of the overall amount, sovereign bonds more than 40% of the total, banks and mortgage bonds approximately 25%, and public authority securities nearly 10%.

Market risks

There being little activity in the nostro portfolio, market risks are limited and do not result in major exposure. The main position in the portfolio is the position of about 100,000 BCGE shares, for which BCGE is naturally the market-maker. Checks on the progress of the share and the quantities held are made daily. The BCGE Best of portfolios continue to rise to the challenges of market risk. Checks carried out on these portfolios show that their compliance with strategic allocations is exemplary, and that the solidity of these portfolios in bear markets and bull markets alike is remarkable. Control reports are compiled quarterly, structured by type of allocation and currency.

Liquidity, repos and reverse-repos

From spring 2008 onwards, controls on loan limits for other banks were tightened in response to increased risks. Investments in money markets have been replaced by *repos* and *reverse-repos* type investments.

With great prudence, and with *repos* operations being continued, money market business was resumed with a number of partner banks, in compliance with strict limits.

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. This prudent approach enabled it, throughout 2009 and 2010, to be considered as a partner with ample liquidity. In the fourth quarter of 2010, liquidity above the requirements of type II regulations was limited.

The bank's pension fund

In 2010, assets performed at a level below that of organic growth in future pension commitments. Unassigned funds available at the start of the financial year were absorbed and the securities fluctuation reserve was called upon, thereby totally fulfilling its role as a buffer. The employee pension fund reserve ratio complies with legal requirements.

Rate, balance sheet and refinancing risk

The sensitivity of the balance sheet to the value effect (economic value of equity) was maintained at less than 7% of its total. The difference in rates between seven-year swap rates, ten-year swaps and six-month Libor resulted in a significant cost for swaps paying out a fixed rate and used to reduce sensitivity. This phenomenon was exacerbated by the influence of borrowing by the Central Mortgage Bond Institution of the Swiss Cantonal Banks (CLG). This amount increased from CHF 1.2 billion to CHF 1.5 billion, after taking into account derivative rates over the same period of the last two years. It is noteworthy that BCGE completed its direct purchases of swaps through sales of swaptions – options on swaps – thereby enabling it to optimise local minima on the rates curve. Income sensitivity is generally less than half of the internal limit defined.

Swiss francs account for more than 85% of the BCGE balance sheet. Mortgage contracts, whether they are new or renewals, are mainly based on medium term fixed rates, for two to five years, and longer term, for seven to ten years. With the sudden sharp fall in rates at the end of 2008, adapting models needed to respond entailed a certain level of inertia, and it will take some considerable time before the variable mortgage rate returns below the fixed rates that currently apply. The model response continues to deteriorate by one basis point per month. The indicative BCGE variable rate remained at 2.875%.

In 2010, it was necessary both to control sensitivity to rates and to avoid excessive suffering as a result, should rate rises occur earlier than expected. These new conditions encouraged participation in profitable swaps. In this way, the rate risk was contained, while limiting the cost of swap purchases in terms of income sensitivity as far as possible.

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

Business activity meant that the balance sheet almost attained the CHF 15 billion mark in the course of the year, and the economic value of equity, reflecting interest rate margin forecasts, has now reached nearly CHF 1.5 billion in a stable manner. Savings are rising, and the rate of loan refinancing by current and savings accounts is nearly 50%, total deposits having decisively passed the CHF five billion mark. Interest rate risk is identified and checked overall, by product and interest rate types, via the monthly ALM report.

Country risk

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

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 on a daily basis by the Risk Management and Compliance department. Country limits for both direct risk and indirect risk were regularly reviewed and reset as at end December 2010.

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

Major risks

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

Credit risk expertise

The classification of credit risks according to the various ratings is virtually unchanged from one year to the next. The 2009 Basle II provisions were still used in 2010 and risk reporting methods based on the Standard CH approach were used for regulatory reporting. A systematic monthly check is carried out to ensure compliance with standards for the granting of loans.

Compliance

In order to provide management with regulatory updates, a monthly report was instigated in 2010. This summarises changes and projects under review in the field of financial and banking law in Switzerland, concerning the main overseas markets targeted by the Bank, in order to prepare any steps required and the time needed to implement these.

Training sessions for staff in direct or indirect contact with clients enable the latter to be kept updated in terms of regulatory requirements as well as the Bank's internal procedures regarding money laundering and terrorist financing. Compulsory participation in the electronic training module, e-learning, is checked by examination.

Tools and procedures have been improved in order to aid the detection of potential money-laundering and terrorist financing transactions and enable the implementation of periodic or specific compliance checks. The department continued its endeavours to evaluate risks by type of client and to support the front office by increasingly targeted detection of suspicious transactions. These tools, which become fully operational in 2011, should enable compliance checking to be adjusted according to the estimated risk.

Rules of conduct were implemented for cross-border business, which take account of relationships with international clients. In the specific context of U.S. taxation, a QI (qualified intermediary) audit was performed.

Legal and reputational risks

The false start to the trial of managers of the ex-BCGE during the 1990s led to press articles for a few weeks, then, with the halting of the trial, attracted less attention. The Bank's reputation has not been damaged. In fact, the absence of exposure to derivative products, together with the difficulties experienced by some Swiss and international banks showed that BCGE is well-managed by comparison.

Internal control

The Internal Control department continues its work; internal control policies have been introduced. One focal point was to reduce operational losses which, whilst not significant in absolute terms, had grown in 2009 following the IT migration in autumn 2008. This operational malfunctioning returned to normal in 2010. The Internal Control department carried out in-depth analyses in certain areas and the KRI – key risk indicators – scorecard was completed based on the December 2010 closing.

Publication requirements concerning shareholders' equity

This information is available on the Bank's website (www.bcge.ch/exigences-publications) on the basis of the December 2009 figures. The equity requirement to cover credit risks, market risks and operational risks is calculated at frequent intervals and published monthly. Parent company equity coverage varies between 125% and 134% during the year. At the end of 2010 it was nearly 132%. At consolidated account level, it was 135%.

A man in a dark suit, white shirt, and striped tie is sitting and looking towards the camera. The background is dark with glowing blue lines and numbers, resembling financial charts or data. The numbers include 1.7785, 1.7850, 1.7855, and 1.7860.

BURACHAI KANLAYASIRIVAT, A VESSEL CHARTERER, IS CURRENTLY STUDYING FOR A MASTER OF ARTS IN INTERNATIONAL TRADING, COMMODITY FINANCE AND SHIPPING AT THE UNIVERSITY OF GENEVA OVER AN 18-MONTH PERIOD

Novel Commodities SA gives priority to in-house training, in particular by letting staff follow specific courses linked to the company's different fields of activity. This is why several of its current staff were able to benefit from GAFTA (Grain and Feed Trade Association), FCC (Fédération du Commerce de Cacao) and MBA type training.

Talents and skills

Training, younger employees and succession at the heart of the BCGE mission

BCGE is recognised as a leading provider of training in the Geneva banking centre. The Bank, concerned for young people's futures, works intensively with the centre's various banking partners. Internally, BCGE takes a proactive approach by anticipating changes, both in the market or in regulations, by a long-term professional training policy involving leading experts. Made aware of their responsibility for taking charge of their own career path, employees are systematically encouraged to progress and are helped with dynamic and flexible training and succession planning.

TALENT

Staff numbers down

810 employees worked for the BCGE group at the end of 2010, i.e. 749.8 full-time equivalents (FTEs). Compared with 2009, this represents a decrease of 28 FTEs. This fall in staff numbers (-3.6%) stems particularly from improvements in organisational processes resulting from investments, decided in 2008, in new applications and pooling of operational activities with other cantonal banks. This reduction in staff numbers was implemented gradually, thereby enabling either alternative jobs to be offered to the employees concerned or, in certain cases, offering early retirement on preferential terms.

Considerable numbers of employees are shareholders

As of at 31 December 2010, 615 group employees (76%) held BCGE bearer shares, having either acquired them through bonus plans or purchased them. At the end of 2010, they owned over 47,881 shares in total. If retired staff and other beneficiaries of preferential terms are included, this figure rises to 52,209 shares (CHF 11 million as at 31 December 2010).

A training policy aligned with corporate strategy

To increase still further the skills level of its staff and to support their ambitious goals, BCGE operated an ambitious training policy in 2010. 561 employees were able to participate in at least one course during the period. BCGE certified 17 new staff members in property finance, taking the total of these certificate holders to 86. This comprehensive intensive course, which is offered to front-office employees, reviews all aspects of mortgages and, in certain cases, amounts to over twenty days' training prior to a high-level examination. This long-term training endeavour enables our clients to deal with finance advisers able to make decisions in the case of the vast majority of operations.

Where retirement planning is concerned, 16 employees successfully passed the Swisscanto pension exams diploma, taking the number of staff with a diploma in this field to 84, thereby improving the delivery of advice in the branches and front-office departments. As regards wealth management, 142 BCGE employees benefited from the *Best of* certification and 37 passed their exams during the last financial year. To complete the range of training courses on offer in the field of finance, two additional new courses were launched in 2010: one devoted to investment funds managed by the bank and the other, aimed at our senior advisers, dealing in depth with BCGE's investment philosophy via practical courses.

As part of its vocation to be the bank for all the people of Geneva, the bank set up a fourth internal certificate. Aimed at front-office employees, this new course, called Business Banking, is designed to assist our clients in the SME and self-employed segment with financial choices. These may involve investments, cash management, compulsory and optional social insurance or, lastly, transfer of the business to a third party.

Open architecture in the training area

BCGE, an enthusiastic fan of open training architecture, continues its collaboration with major training institutions. Whether via the Ecole supérieure spécialisée en banque et finance, Swiss or foreign universities, the Institut Supérieur de Formation Bancaire or the Swiss Training Centre for Investment Professionals, the bank offers its employees and supervisors respected training courses in order to maintain high levels of technical and management skills.

This year, among other employee successes, BCGE was pleased to celebrate its first mathematics PhD. as well as three Swiss and international finance graduates and four holders of the adult education university certificate in compliance management. The ability of the divisional, business unit and departmental heads to lead activities and teams as well as to formulate strategy were once again tested in the course of the challenging annual BCGE Management Championship.

Management succession planning

Strengthening management skills constitutes, along with technical skills, BCGE's training priority. In this specific context, in addition to seminars dealing with the bank's management style, the Swiss Army's training centre in Lucerne saw the bank's managers on *parade* there, as they developed their crisis- management methodology and ability to cope with difficult situations.

Faced with challenges brought about by a financial world in permanent revolution, human resources studied a succession planning concept to ensure the ultimate smooth running of the bank by retaining key jobs in 2010. This ambitious project, launched in 2011, aims to respond to succession planning needs by detecting skills and capabilities required in the long term; its goal is to ensure top-level succession planning mainly through internal promotion and to prepare department heads and senior specialists for higher office.

A key player in professional training

BCGE continued to support local professional banking training by supplying new experts for the final apprenticeship examinations, in addition to the chief expert for the banking field. On top of this, a new wave of course leaders completed its training for in-company trainers, whilst in this same area, its successors were taking part in the first stage of this training aimed at supervisors of apprentices in the workplace.

BCGE continued with its tradition as a training company by taking on new apprentices, new "professional matriculation" trainees, new business traineeships for high school matriculation holders and new university graduates, which constitute professional successors for both the bank and, more broadly, for the banking industry in Geneva.

Pensions

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

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

Banking services on preferential terms and conditions

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

Personal protection measures

BCGE is a no smoking establishment. Additionally, BCGE has developed an emergency plan in the event of a pandemic. The main objective of this procedure is to protect people and to ensure business continuity for core activities, both in terms of minimum levels of customer service and in limiting risks to the Bank.

Sport and leisure

The Bank provides its employees, their families and its pensioners with sports facilities at its Training Centre, including a swimming pool, two tennis courts, a children's play area and a subsidised restaurant with healthy menus. A project to redevelop this site into a single training centre is scheduled to begin in 2011.

Internal communication

In addition to internal communications sent through normal managerial channels, the Bank operates an intranet which provides all staff with real-time information. Not only 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, the Executive Board invites employees to attend two information meetings, held 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 area or a project in progress, with some topics being covered by external presenters. These meetings take place in normal working hours, on a voluntary basis. Seven took place in 2010. Various topics are addressed, such as women's pensions and Swiss property prices. The Bank organised five guided tours of exhibitions in Geneva museums for staff in 2010.

Incentives for excellence and innovation

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

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



MAXIME PAUSE, WHO HAS BEEN DOING PRACTICAL TRAINING AS PART OF A HIGHER DIPLOMA (*MATURITÉ PROFESSIONNELLE COMMERCIALE, MPC*) SINCE AUGUST 2010, HAS ALREADY WORKED FOR SIX MONTHS IN THE SPG ACCOUNTS DEPARTMENT. OVER THE COMING MONTHS, HE WILL TRAIN IN THE AGENCY, DEVELOPMENT, RENOVATION AND PROPERTY MANAGEMENT DEPARTMENTS.

The Société Privée de Gérance has been in the property business for over 50 years, a business covering a wide range of trades which employs specialists with practical, specialised and wide-ranging skills. Recognised as a company committed to training, SPG trains 25% of the apprentices in the Geneva property sector, according to figures provided by the Professional Association of Geneva Real Estate Managers and Agents. Each year, several apprentices spend time working at SPG, as do other trainees. It gives them a practical opportunity to apply the theoretical knowledge acquired in class whilst benefiting from the support of all the company's staff.

Sustainable development

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

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

BCGE's approach to sustainability within its business is two-pronged: on the one hand, a business committed to corporate social responsibility and, on the other, based on a range of banking products and services in line with financing the economy in a sustainable, long-term manner (socially responsible investment principles, ISR).

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

Values and business ethics

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

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

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

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

Reference publications

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

It also publishes other reports relating to specific sectors. For example, *Geneva, a global city: myth or reality*, a brochure on the theme of Geneva's international standing or a study entitled *The economic power of French-speaking Switzerland* in collaboration with the other cantonal banks of French-speaking Switzerland.

Sustainable development

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

Corporate ecology

BCGE contributes widely to environmental protection. On a day-to-day basis, the Bank minimises the direct environmental impact of its business by reducing its consumption of energy and materials, as well as by continually improving its waste management.

Optimisation of IT-related energy consumption

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

Mindful of the need for simplification and optimisation, BCGE chose to host its IT infrastructure in an external data centre, thereby reducing electricity consumption and heat generation. This enables the use of server virtualisation technology, breaking down the various servers into small virtual units, or providing the option of merging small-scale components within a single logical system. Centralised server management also means that server performance can be adapted to the energy available while maintaining agreed levels of service.

Thanks to space saved by electronic archiving and the reduced space needed by IT terminals, the Bank was able to decrease the number of sites from three to two, thus uniting nearly all employees assigned to centralised functions in the Ile and Lancy offices.

Management of recyclables and consumables

As regards recycling, BCGE's facilities management constantly pursues its mission by centralising and sorting business consumables on the bank's premises. Employees contribute by disposing of personal waste (batteries, plastics, aluminium) at collection points. From 2010 onwards, waste paper from the Geneva branches has been recycled before being re-used by the business.

When purchasing, or acquiring capital equipment or ordering consumables, the Logistics department uses the BCGE group's purchasing conditions, which respect the environment. Likewise, it has been referring to the responsible business purchasing guide published by the canton's Sustainable Development Service (SCDD) on a daily basis since 2010.

Several initiatives were started in 2010. When renewing the contract for carrying internal mail, the service provider is requested to use vehicles in the most environmentally-friendly category of the Euro N5 emission standard. Additionally, city-centre deliveries are performed on foot, and light mail is delivered by a supplier using bicycle couriers. When changing all the professional coffee machines destined for use by clients, the aluminium capsules were replaced by a more environmentally-friendly solution.

CONSUMABLES	2007	2008	2009	2010
Paper purchases (number of sheets) of which:	10,225,000	9,750,000	12,950,000	8,700,000
FSC wood fibres	200,000	100,000	150,000	200,000
50% recycled (*)	6,025,000	0	0	0
FSC 100% eucalyptus fibres	0	4,650,000	6,500,000	5,425,000
100% recycled	4,000,000	5,000,000	6,300,000	3,075,000
Paper destroyed (tonnes)	61.3	114.8	78.1	90.20
PET recovered (kg)	858	1,030	891	1,156
Aluminium recovered (kg)	25	15	12	7
Batteries recovered (kg)	12	7	25	22
Toner cartridges (units)	950	1,125	1,200	1,157

(*) Since 2008, 50% recycled paper has been replaced by 100% eucalyptus pulp paper with the FSC (Forest Stewardship Council) label.

Renovation of premises

The BCGE Works department is continuing to transform and renovate the premises in a responsible way, working with the cantonal authorities, architects and surveyors. In 2010, for example, during renovation of the Jonction branch, all the windows were replaced in order to increase their thermal coefficient and improve levels of natural lighting; a new air-conditioning system more suited to the environment was installed (removal of open-water-circuit air conditioning) and blinds were fitted to the façade to significantly reduce energy consumption in summer.

During the construction work, BCGE paid particular attention to the materials used, both its own material purchases and those of its sub-contractors. In particular, installation of dividing walls in the branches using FSC-certified wood is continuing, as is use of non-synthetic materials instead of solvents and an obligation for suppliers to sort their waste.

When issuing tenders, the Banque Cantonale de Genève favours companies that give priority to environmental factors as well as local companies in order to reduce travel and associated harmful emissions.

Improvement in costs/needs/environmental ratios

Environmental benefits are visible in improvements to infrastructure costs/needs/environmental ratios. In 2010, BCGE optimised the workplace ratio by concentrating staff in two main buildings (city centre and Lancy). This project, which commenced in 2009, will end in 2011.

The options decided on during studies conducted as part of the canton's plan to change electricity provision (NOE), from the Energy Service (ScanE), bore fruit in 2010, with a reduction in electricity consumption. Consumption by the two main Geneva sites decreased from 4,129,611 to 3,596,404 kWh over two years.

ELECTRICITY	2010 (kWh)	2009 (kWh)	2008 (kWh)	Var. kWh (1 yr)	Var. kWh (2 yr)
City centre	1,782,421	1,947,465	2,056,165	-165,044	-273,744
Lancy	1,813,983	2,129,262	2,073,446	-315,279	-259,463
Branches	1,460,413	1,478,561	1,501,318	-18,148	-40,905
Training centre	96,236	97,858	90,549	-1,622	5,687
Total	5,153,053	5,653,146	5,721,478	-500,093	-568,425

GAS	2010 (kWh)	2009 (kWh)	2008 (kWh)	Var. kWh (1 yr)	Var. kWh (2 yr)
City centre	789,893	777,832	835,182	12,061	-45,289
Branches	0	3367	7612	-3,367	-7,612
Total¹	789,893	781,199	842,794	8,694	-52,901

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

Source: SIG

Encouraging the use of public transport

BCGE encourages the use of public transport, in particular through a new mobility policy. It has offered its staff monthly travel allowances since 2009 by contributing to the cost of purchasing annual public transport season tickets. The Bank also proposes car-sharing schemes on its intranet site. Particularly favourable conditions are offered to staff at sites outside Geneva.

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

Active risk management

The bank includes the identification and qualification of environmental and social risks in its management and analysis procedures (see chapter entitled *Risk control rising to the challenge of low rates*, starting on page 48).

Products and banking services

In its approach to capital allocation, BCGE uses an investment rationale and products which represent the opportunity to finance a durable, long-term economy. In its catalogue, it offers a range of banking services which seek to incorporate ethical and ecological criteria in the best way possible. In this way, it offers clients a selection of financial products and services which comply with both financial criteria and environmental and social principles:

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

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

BCGE Netbanking: the online solution for managing accounts and deposits makes an active contribution towards environmental protection thanks to the e-invoice and e-document options which enable paper to be saved and reduce the volume of mail carried.

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

BCGE Praevisio: BCGE's pension planning services provide the ability to invest in two investment funds adhering to the principles of sustainable development; these funds are also open to institutional or other qualified investors. Like all investments made by the Bank, these investments are made according to fair principles.

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

BCGE Synchrony Swiss Small and Mid Caps: this fund makes long-term investments in around 25 secondary Swiss securities (companies not listed on the SMI) selected on the basis of sustainable criteria. To be chosen, these companies must demonstrate financial, social and environmental qualities in a globally balanced, yet individually superior manner.

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

BCGE Avantage service: this loyalty programme is paperless and does not give away cumbersome gadgets. It shows up in your account as bonus interest, with no environmental impact.

Committed to the future

Banque Cantonale de Genève intends to continue supporting the execution of its sustainable development responsibilities vis-à-vis its clients, suppliers, employees and shareholders. Its main objectives are the following:

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

Business partner ethics

In its corporate finance business, BCGE pays attention to the nature of their business. Before entering a business relationship, and for the duration of the same, checks including, especially, strict compliance checking is carried out. This enables the elimination of companies that do not comply with the highest ethical as well as socially and environmentally responsible principles.

Shareholder information and corporate governance

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The following report describes the management and supervisory principles of the BCGE Group. It is structured according to the corporate governance principle advocated by the SIX Swiss Exchange (hereafter SIX) which applies to the year ending 31 December 2010 and uses the same numbering. Gaps in the numbering indicate that the corresponding paragraphs of the guidelines do not apply to BCGE.

1. GROUP STRUCTURE AND SHAREHOLDING

1.1 Group structure

1.1.1 Operating structure

The Banque Cantonale de Genève (hereafter BCGE) is a limited company established by public law according to Article 763 of the Swiss Code of Obligations. It has the status of a cantonal bank as defined by the Federal Banking Act. The Bank was registered in the Geneva Trade Register on 17 December 1993 and conducts its business under the registered name of "Banque Cantonale de Genève SA". The registered office and management of the Bank are in Geneva. 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 215.

Stock number, bearer share	164268
ISIN number, bearer share	CH0001642682
Stock market capitalisation (31.12.2010)	CHF 774 million, registered and bearer shares CHF 318 million (exact amount 318,022,410), 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 six divisions led by members of the Executive Board of which the composition and responsibilities are described on pages 15, 80, 81 and 82.
- Coordination of the divisions and benefits from synergies applicable across all divisions are ensured on the one hand by a matrix operating structure and, on the other, by the CEO and his office.
- The underlying operation of the above is reinforced by various committees which have been allocated major responsibilities or controls by the Executive Board.
- The principal committees are described in the table below:

Principal committees	Tasks	Chairman	Deputy- chairman
Credit Committee	Decisions linked to credit business	Claude Bagnoud	Emile Rausis
Investment Strategy Committee	Investment strategy	Constantino Cancela	Jean-Luc Lederrey
ALM Committee (Asset and Liability Management)	Analyses and monitors financial policy and monitors the balance-sheet and rate risks	Blaise Goetschin	Eric Bourgeois
Risk Committee	Analyses strategic risks and monitors related activities	Eric Bourgeois	Emile Rausis
IT Strategy Committee	IT strategy and monitoring of its implementation	Eric Bourgeois	Jean-Marc Joris
Credit Risk Commission	Decisions linked to specific credit business (recovery, 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 Henderickx

1.1.3 Scope of consolidation

The scope of consolidation is shown on page 97.

It particularly includes, as at 31 December 2010, the following companies (wholly-owned subsidiaries):

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

1.2 Major shareholders

Information on the major shareholders known to BCGE as of 31 December 2010:

Voting rights of public bodies

as of 31 December 2010

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

1.3 Cross holdings

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

2.4 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

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

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

2.3 Changes in the share capital

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

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

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

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 BCGE.

2.7 Convertible bonds and options

BCGE has not issued any convertible bonds or options.

3. BOARD OF DIRECTORS

3.1 Composition

The Board of Directors is composed of 11 non-executive members. They are independent within the meaning of the Finma circular 2008/24: Monitoring and Internal Control – Banks. The Board of Directors is chaired by Jean-Pierre Roth, who succeeded Michel Mattacchini on 1 July 2010. Mariane Grobet-Wellner, Jean Claude Rivollet, Ion Bals and Michel Terrier ended their terms of office as members of the Banque Cantonale de Genève Board on 4 May 2010.



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

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



Bernard Clerc
born 27 February 1946, Swiss.
Deputy Chairman, appointed in 2002 by the Municipal Council of Geneva.
Chairman of the "Risk and Strategy" committee.

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

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

Nota Bene

No director

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



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

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

Other activities Member of the Board of Directors of Actipart SA



Angela de Wolff
born 10 June 1968, Swiss.
Member, appointed in 2010 by the State Council.
Member of the "Risk and Strategy" committee.

Professional career Holds an HEC degree and an MSc from Lausanne University, together with a master's in international business management and a financial analyst diploma. She was a financial analyst with Lombard Odier & Cie for several years. She is co-founder and Chairman of the Sustainable Finance Geneva association, which strives to promote responsibility and sustainable development in finance.

Other activities Managing partner with Conser Invest SA. Member of TBLI Advisory board (Amsterdam). Chairwoman of the Sustainable Finance Geneva association.



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

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

Other activities Member of the University of Geneva audit committee.



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

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

Other activities Independent consultant.



Josef Küttel
born 20 June 1952, Swiss.
Member, elected in 2010 by the registered shareholders
Member of the "Risk and Strategy" committee.

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

Other activities Chairman of the Supervisory Board of Ermewa (SAS). Chairman of the Board of Directors of Eurotainer SA. Chairman of the Board of Directors of Kieswerk Untervaz AG. Chairman of the Board of Directors of Stag AG. Member of the Board of Directors of BLS Cargo SA and BLS SA/BLS Netz AG. Member of the Board of Directors of Griston Holding AG. Member of the Board of Directors of TTI London/TTI Bermuda. Member of the Supervisory Board of CCR (SAS).



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

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

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



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

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

Other activities Local councillor for Pregny-Chambésy since 1999. Chairman of the Association of Geneva Municipalities since 2009. Associate of SNC Mistro et Cie, Property. Chairman of the Board of Directors of Télé-Pregny-Chambésy SA. Chairman of ARTEMO, a regional association for modern telecommunications. Chairman of the Board of the Nelly Gygax Foundation.



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

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

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



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

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

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

3.2 Election and duration of appointments

The eleven directors are elected or appointed as follows:

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

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

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

3.3 Powers

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

1. strategic and financial plans;
2. the annual budget put forward by the Executive Board;
3. approval, with the Control Committee, of a three-year plan of the tasks to be carried out by the Internal Audit department to cover all controls deemed necessary; the decision of the Board of Directors being final;
4. the overall framework for limiting risk;
5. granting overall credit risk parameters, as well as granting loans which are within its powers;
6. risk-related policies, particularly regarding credit, rates, countries and insurance, put forward by the Executive Board; it reviews these policies as required by events;
7. information to be obtained in the risk management area;
8. the strategic framework for the Executive Board's role in setting lending rates and savings deposit rates;
9. the strategic framework for the Executive Board's role in cash management, foreign exchange, investments and share deposits as well as other securities;
10. the Bank's policy regarding property assets;
11. approval of any permanent acquisition or disposal of holdings;
12. acquisition or disposal of any capital equipment used by the Bank, of any holdings representing long-term financial investments as well as premises, unless otherwise stipulated in the Executive Board's powers as defined in article 18, ch. 3 of the 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 members of the Executive Board after prior notification by the "Appointments and Remuneration" committee
16. the appointment, in the form of ratification, of members of the management and deputy members of the management after prior notification by the "Appointments and Remuneration" committee
17. the general policy relating to salaries and employee insurance
18. the salaries of the members of the Executive Board and members of the Internal Audit department 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;

¹ www.bcge.ch/statuts.

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

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

3.4 Internal organisation

3.4.1 Allocation of tasks within the Board of Directors

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

3.4.2 Working methods

The Board of Directors meets at least fifteen times a year. In 2010, it met 24 times, with meetings lasting an average of 4 hours. The level of participation in these meetings was 91%. It is chaired by the Chairman of the Board of Directors or, in his/her absence, by the Deputy Chairman or Secretary. It may hold extraordinary meetings if business so requires or at the request of four of its members or of the auditors. The Board can only make decisions if the majority of its members are present. Decisions are made by simple majority of the members present and the Chairman casts the deciding vote if there is a tie. Minutes are taken of each meeting, signed by the Chairman of the meeting and the Secretary and approved at the next meeting. The members of the Board of Directors must be able to consult files relating to the points placed on the agenda twenty-four hours before the meeting starts at the latest. The Chief Executive Officer or his/her replacement participates with a consultative vote in the meetings of the Board of Directors but does not take part in the votes or the elections. He/she may require the presence of other members of the Executive Board or third parties if he/she thinks it necessary. In 2010, this was the case at each meeting of the Board of Directors. Should there be conflicts of interest, the members of the Board of Directors must decline to make any comment whenever they are directly or indirectly involved. It is the duty of the Secretary to give notice of the occurrence of a potential conflict of interest when the Board deals with a particular matter.

The Board of Directors can set up standing or ad hoc committees to study particular subjects. These committees have no decision-making authority and are obliged to report to the Board of Directors. The Chairman of the Board of Directors is generally present at all the committee meetings.

¹ www.bcge.ch/statuts.

3.4.3 Committees of the Board of Directors

"Appointments and Remuneration" committee.

The "Appointments and Remuneration" committee's role is to give notice of appointments to senior management and Executive Board members and remuneration of members of the Executive Board, Board of Directors, and Chief Internal Auditor. It is composed of three members of the Board of Directors : Asma Hovagemyan, chair, John Tracey and Ton Schurink, members. It meets when an appointment requires it to do so and at least once a year. In 2010, it met 18 times.

"Risk and Strategy" committee

The "Risk and Strategy" committee was created by the Board of Directors in July 2010. This committee evaluates, as part of a potential business initiative, the risk environment in which the Bank will act or intends to act. It gives the Board of Directors prior notice of any important decision of a strategic nature. It is also composed of three members of the Board of Directors: Bernard Clerc, chair, Angela de Wolff and Josef Küttel, members. In 2010, it met twice.

Control committee

The Control committee derives its powers and duties from article 24 and subsequent of the Bank's Articles of Association¹. Among other things, the Control Committee aims to supervise compliance with the legal, statutory and regulatory provisions applicable to the Bank, as well as bank usages, and to ensure liaison and coordination between the Board of Directors, internal audit and the independent auditor. It is made up of three members, two directors appointed by the Board of Directors and the third member appointed by the State Council. The member of the Control Committee appointed by the State Council cannot be a civil servant. He/she is subject to banking secrecy. Its members are Patrick Mage and Fabienne Knapp, both directors, and Denys Chamay, appointed by the State Council, chairman of the Independent Oversight Advisory Committee of the ILO. In principle, the Control committee meets at least once a every two weeks. In 2010 the Control Committee held 26 ordinary meetings.

3.5 Information and control mechanisms

The Board of Directors periodically evaluates information resources, their content and their adequacy to its needs, as well as the internal control system. It evaluates its effectiveness and whether it is adequate for the activity and the Bank's size. It sets up an information system among the Bank units of which the Chairman of the Board is the guarantor. The Executive Board informs the Board of Directors of the progress of the Bank's business at each meeting and reports on the issues 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 is done in the following ways, among others:

- The Chairman of the Board of Directors is provided with weekly reports of the Executive Board's meetings;
- Report by the 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 reports 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;
- Verbal report on the activity of the control committee at each meeting, by its Chairman;
- Half-yearly presentations of balanced scorecards for the divisions by their managers (MDG);
- Half-yearly reports by the independent auditors.

Internal audit

The Internal Audit is an independent unit of the Executive Board, reporting directly to the Board of Directors. It carries out regular controls on all the Bank's business and that of its subsidiaries and therefore has an unlimited right to information. Its organisation, its field of activity and its 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 2010, the department had a staff of 8 full-time equivalent auditors, with two more being recruited. The Internal Audit is headed by Ms. Monique Seiss Baudry, who holds a master's degree in economics from the University of Geneva.

4. EXECUTIVE BOARD

4.1 Composition

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



Blaise Goetschin
born 1 February 1957, Swiss.
CEO.

Professional career Holds a degree from the HEC at Lausanne University and began his professional career in 1982 as an auditor with PriceWaterhouse in Geneva. In 1985, he joined Crédit Suisse, first in Zurich as deputy vice-president, capital markets, and then in New York as an executive in the Corporate Banking department. In 1990, he became a member of the Executive Board in charge of corporate finance operations in French-speaking Switzerland, Berne and Basle. In 1993, he was put in charge of CS Corporate Finance (private companies) for the whole of Switzerland. 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 the New York-based private banking and asset management group. He has been Chief Executive Officer of Banque Cantonale de Genève since 1 October 2000.

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



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

Professional career A graduate of the Higher Commercial School of Paris and holder of a DECS degree. Auditor and consultant with KPMG Paris. From 1982 to 1986 he was an auditor with PriceWaterhouse 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, Lausanne. He has been head of the Finance and Risk Control division and a member of the BCGE Executive Board since 1 December 2000.

Other activities Member of the Supervisory Board at Banque Cantonale de Genève (France) SA. Member of the Board of Capital Transmission SA, Geneva. Deputy Chairman of the Supervisory Board of Compagnie Foncière Franco-Suisse, Lyon. Member of the Board of Asia Pacific Performance, Luxembourg. Member of the Board of Compagnie Foncière du Saint Gothard SAS, Puteaux (Dixence until October 2010). Chairman of the Board of Directors of Capital Transmission SA, Zurich.



Claude Bagnoud
born 1 January 1964, Swiss.
Head of Corporate Banking division.

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

Other activities Member of the Supervisory Board at Banque Cantonale de Genève (France) SA. Member of the Board of the Fondation Industrielle La Gravière. Deputy Chairman of the Supervisory Board of Compagnie Foncière Franco-Suisse, Lyon. Member of the Board of Geneva Tourism. Member of the Board of Compagnie Foncière du Saint Gothard SAS, Puteaux (Dixence until October 2010). Member of the Technical Commission of the Union of Geneva Employers' Association (JAPG).



Johan Bernard Alexander Kroon
born 28 May 1963, Dutch.
Head of the Retail Banking division.

Professional career With an MBA and a masters in 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 division.

Other activities Chairman of the Board of the Transferable Pension Fund Foundation of BCGE and of the Savings Foundation Epargne 3. Member of the Investment Committee of Capital Transmission SA, Geneva. Member of the Boards of the Swisssanto Transferable Pension Fund Foundation, of Swisssanto SA, and of the Swisssanto Supra Cantonal Banks Collective Foundation.



Jean-Louis Platteau
born 14 August 1963, Belgian.
Head of Private Banking division.

Professional career Holder of 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 completing 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 multi-national 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.



Jean-Marc Joris
born 10 September 1968, Belgian.
Head of the Organisation Technology
and Operations division.

Professional career Holder of a degree in business and finance from the ICHEC, Brussels. In 1993, he worked in the Capital Markets department of Dexia Luxembourg. From September 1993 to June 1997 he was a project manager in the Information Risk Management department of KPMG. From 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 a member of the Executive Board, heading the Organisation Technology and Operations division. **Other activities** He is a member of the Board of the Fondation Immobilière Patrimoine, Geneva.

4.2 Powers

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

1. to prepare and submit the strategic and financial plans of the Bank to the Board of Directors;
2. to draw up the necessary documents and proposals for the senior management of the Bank to make decisions;
3. to prepare the annual budget and submit it to the Board of Directors;
4. to ensure that the structures and organisation of the Bank comply with legal obligations and the best 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 propose for ratification the appointment of directors of companies not included in the BCGE 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 a maximum of CHF 3,000,000 per building;
5. the appointment of executives and commercial agents;
6. setting the salaries of all the Bank's staff except itself and the internal 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;
9. determining the necessary rules for the application of risk management and submitting these for approval by the Board of Directors;
10. submitting the system of overall limits to the Board of Directors for approval; this includes in particular market operation limits, bank limits or country limits;
11. regularly submitting to the Board of Directors reports on business development (financial statements, analyses, major transactions and events, etc) and any other reports that may be requested by the Board;
12. preparing a quarterly list of all the major risks defined by Article 21, para. 1 of the Federal Banking Ordinance (OB)² on the form drawn up by Finma (formerly the Federal Banking Commission) for the attention of the Board of Directors.

4.3 Contracts of service

BCGE outsources its main IT operations to Comit AG, in Zurich. During the second half of 2010, it gradually took over almost all of the services provided until then by IBM, in Zurich, following early cancellation of the contracts by the latter. This cancellation is being contested by the Bank.

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

Nota Bene

No member of the Executive Board

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

The new contracts were signed with Comit AG with effect from 30 September 2010 for a 5 year period and are valid until at least 30 September 2015. These contracts cover hosting services and third party application maintenance. The latter have been in place since 1 October 2010. For these IT services, BCGE paid IBM a total of CHF 23.2 million, comprising CHF 20.2 million in operating, support and maintenance costs and CHF 3 million in development costs (service provider migration costs). Part of the sum paid to IBM is the subject of the Bank's dispute with IBM without prejudice in respect of its other claims. For these IT services, BCGE paid Comit a total of CHF 25.0 million, comprising CHF 9.4 million in operating, support and maintenance costs and CHF 15.6 million in development costs (service provider migration costs).

Since 1 October 2008, Banque Cantonale de Genève has also outsourced its main payment operations to Sourcag AG, Basle. 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 then renewable on a year-to-year basis. These contracts cover the project for setting up these activities as well as the operation processing services. The cost of these services depends on the volume of operations sub-contracted and assigned to Sourcag. Sourcag's services within the framework of this contract amount to CHF 2.3 million.

Management of the telephone network has been handed over to Swisscom (Switzerland) SA, in Berne.

From January 2011, BCGE's administration of securities is gradually being transferred to Sourcag.

5. REMUNERATION, PARTICIPATION AND LOANS

5.1 Setting remuneration and participation programmes

Principles of the Board of Directors' remuneration

Regulations relating to BCGE Board of Directors' remuneration, adopted on 17 September 2010 and which came into retroactive effect on 1 July 2010, specify that in respect of remuneration for appointment to the Board of Directors and its committees, BCGE Directors receive fixed annual compensation plus compensation for their office. The Board can decide to compensate exceptional performance by its members. It has an annual budget of CHF 50,000 available for this purpose.

At the end of a director's term of office, he or she receives Bank shares in proportion to the number of terms of office spent on the Board based on the following scale: one term, seven shares; two terms, 15 shares, three terms, 25 shares. An appointment that starts during a term of office is the equivalent to a complete term.

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 portion of remuneration may compensate performance which 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 package and in line with the bank's profits. Remuneration received by members of the Executive Board in the fulfilment of their duties on other Boards of Directors is passed on to the Bank in its entirety. The variable remuneration received by members of the Executive Board generally represented between 23% and 80% of fixed remuneration, including share option plans. The Bank does not use benchmarks to determine fixed and variable remuneration.

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

Determination of the Executive Board's remuneration

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 at the suggestion of 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.

For details of benefits paid, of shareholdings and loans granted to members of the Board of Directors, members of the Executive Board and the Chief Executive Officer, see pages 124 and 126, point 4.08 of the notes to the parent company accounts.

¹ www.bcge.ch/statuts.

² Which then became articles 83 and subsequent of the OB.

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. The maximum compensation, in theory, represents the equivalent of just under two years' remuneration.

Participation programmes

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

Board of Directors: its members have an option to receive a limited number of free shares when purchasing shares at the market price (from 2011). They receive free shares based on the length of their terms of office.

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

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

Powers and procedure for setting remuneration

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, taking account of the budget and the final accounts. Remuneration must ensure the Bank's competitiveness in a highly-developed financial marketplace, enabling it to attract and retain the best talents and skills. The "Appointments and Remuneration" committee works on the basis of proposals made by the CEO. The "Appointments and Remuneration" committee members submit to the Board of Directors all remunerations for all members of the Board of Directors.

The "Appointments and Remuneration" committee informs all members of the Board of Directors once a year concerning progress of the remuneration setting procedure and processes for all staff members. The Bank does not have recourse to external consultants to determine remuneration and participation programmes.

6. SHAREHOLDERS' PARTICIPATION RIGHTS

6.1 Limitation and representation of voting rights

No limits exist on voting rights.

6.2 Quorum

The General Meeting shall be validly constituted irrespective of the number of shares represented. Decisions and elections are by an absolute majority of the votes allocated to the shares represented. Decisions concerning the adoption and amendment of the Articles of Association, such as notice of a merger, 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 Convening of Shareholders' Meetings

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

6.4 Agenda items

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

6.5 Registration in the shareholder register

To be able to send representative to a Shareholders' Meeting, registered shareholders must be registered in the shareholder register six business days at the latest before a Shareholders' Meeting. Any registered shareholders who may have sold their shares during this six day period may not send representatives to a Shareholders' Meeting for those shares sold.

7. TAKING CONTROL AND DEFENSIVE MEASURES

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

8. INDEPENDENT AUDITOR

At the Annual Shareholders' Meeting of 4 May 2010 the mandate of the Bank's auditor, Deloitte SA, was renewed for the year 2010.

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

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

9. INFORMATION POLICY

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

	Languages	Form /addressee	URL	Timetable
Annual report	F	Printed/internet	www.bcge.ch/rapport-annuel	24 March 2011
	En	Printed/internet	www.bcge.ch/annual-report	29 April 2011
Annual Shareholders' Meeting	F	–	–	3 May 2011
Financial information (push and pull link)	F/En	Internet or written request	www.bcge.ch/contact-investisseur	permanent
			www.bcge.ch/investors-contact	
Annual and half-yearly results	F/En	Press conference/printed/internet	www.bcge.ch/resultats	1 March 2011
			www.bcge.ch/financial-results	and 9 August
Press releases	F/D ¹ /En ¹	Swiss written or electronic media	www.bcge.ch/communiqués	occasional
Dialogue magazine	F	Printed/internet	www.bcge.ch/dialogue	3 x per year
Institutional publications	F/En	Printed/internet	www.bcge.ch/publications	regular
			www.bcge.ch/publications-bcge	

¹ In some cases.

8.2 Independent auditors' basic fees

	31.12.2010	31.12.2009
Audit of BCGE group	819,000	820,000
of which BCGE only	795,000	794,000

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.

	31.12.2010	31.12.2009
Audit of BCGE group	127,000	454,000
of which BCGE only	127,000	386,000

Additional fees amounting to CHF 80,000 not linked to auditing were paid to par Deloitte SA in Switzerland in 2010 (CHF 20,000 in 2009).

8.4 Information on independent auditors

In 2009, the auditor was asked to participate in two meetings with the entire Board of Directors and six 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.

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

2010 consolidated financial statements and notes

BCGE Group

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 in order 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 also available in English or German.

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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 92 to 114) of Banque Cantonale de Genève, which comprise the balance sheet, profit and loss account, cash flow statement and notes for the year ended 31 December 2010.

Board of Directors' Responsibility

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2010 give a true and faire view of the financial position, the results of operations and the cash flows in accordance with the provisions governing the preparation of financial statements for banks and comply with Swiss law.

English translation of
French official version**Report on Other Legal Requirements**


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

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

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

Deloitte SA


Alexandre Buga
Licensed audit expert
Auditor in charge


Myriam Meissner
Licensed audit expert

Geneva, 24 February 2011

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	Notes	31.12.2010 in CHF 1,000	31.12.2009 in CHF 1,000	Change in CHF 1,000
ASSETS				
Cash	5.12	244,608	202,786	41,822
Money-market instruments	5.12	8	51	-43
Due from banks	5.12	866,563	1,086,707	-220,144
Due from clients	5.12	3,536,565	3,654,665	-118,100
<i>of which "Fondation de valorisation"</i>		-	157,390	-157,390
Mortgages	5.12	7,999,694	7,603,809	395,885
Trading portfolios	5.02	19,325	6,790	12,535
Financial investments	5.03	1,206,686	1,204,267	2,419
Investments consolidated by the equity method	5.04	17,527	19,987	-2,460
Fixed assets	5.06	207,890	213,411	-5,521
Intangible assets	5.06	8,082	9,633	-1,551
Accrued income and prepaid expenses		42,042	38,086	3,956
Other assets	5.07	108,197	74,315	33,882
Total assets		14,257,187	14,114,507	142,680
Total subordinated claims		33	118	-85
Total due from unconsolidated investments and significant shareholders		369,945	266,245	103,700
<i>of which total claims on the Canton of Geneva</i>		299,945	196,245	103,700
LIABILITIES				
Money-market instruments	5.12	212	657	-445
Due to banks	5.12	1,138,144	576,230	561,914
Due to clients on savings and deposit accounts	5.12	5,430,064	5,511,893	-81,829
Due to clients, other	5.12	4,205,750	4,470,095	-264,345
Medium-term notes	5.12	69,330	120,733	-51,403
Bonds and mortgage-backed bonds	5.12	2,259,000	2,301,000	-42,000
Accrued income and prepaid expenses		64,761	67,938	-3,177
Other liabilities	5.07	120,318	105,507	14,811
Valuation adjustments and provisions	5.11	3,666	3,345	321
Reserve for general banking risks	5.11	60,000	75,000	-15,000
Share capital		360,000	360,000	-
Capital reserve		312,251	311,912	339
Retained earnings		212,534	169,026	43,508
Treasury shares		-24,033	-27,203	3,170
Foreign-exchange differences		-11,252	-3,214	-8,038
Net profit for the year		56,442	71,588	-15,146
Total liabilities		14,257,187	14,114,507	142,680
Total subordinated debt		120,000	120,000	-
Total due to unconsolidated investments and qualified participants		89,469	231,092	-141,623
<i>of which total due to the Canton of Geneva</i>		73,999	210,539	-136,540

	Notes	31.12.2010 in CHF 1,000	31.12.2009 in CHF 1,000	Change in CHF 1,000
INTEREST INCOME AND EXPENSES				
Interest and discount income	5.18	291,484	310,706	-19,222
Interest and dividends from trading portfolios	5.18	-	-	-
Interest and dividends from financial investments	5.18	17,541	17,788	-247
Interest expenses	5.19	-112,231	-140,445	28,214
<i>Net interest income</i>		<i>196,794</i>	<i>188,049</i>	<i>8,745</i>
COMMISSION AND FEE INCOME				
Commission income from lending		46,480	42,737	3,743
Commission income from trading, securities and deposits		47,242	44,912	2,330
Commission income from other services		24,720	21,008	3,712
Commission expenses		-9,096	-9,306	210
<i>Net commission and fee income</i>		<i>109,346</i>	<i>99,351</i>	<i>9,995</i>
RESULT OF TRADING OPERATIONS				
<i>Net result of trading operations</i>	5.20	<i>17,453</i>	<i>17,790</i>	<i>-337</i>
OTHER ORDINARY RESULTS				
Income from sale of financial investments		193	7,962	-7,769
Income from investments		1,268	2,829	-1,561
<i>of which consolidated by the equity method</i>		<i>1,268</i>	<i>2,829</i>	<i>-1,561</i>
Real-estate income		1,189	366	823
Other ordinary income		8,199	17,162	-8,963
Other ordinary expenses		-3,768	-307	-3,461
<i>Other ordinary income, net</i>		<i>7,081</i>	<i>28,012</i>	<i>-20,931</i>
Net operating income		330,674	333,202	-2,528
OPERATING EXPENSES				
Payroll expenses	5.21	-120,540	-125,553	5,013
Other operating expenses	5.22	-92,168	-92,491	323
<i>Net operating expenses</i>		<i>-212,708</i>	<i>-218,044</i>	<i>5,336</i>
Gross profit		117,966	115,158	2,808
Depreciation of fixed assets	5.23	-25,585	-19,442	-6,143
Valuation adjustments, provisions and losses	5.24	-41,755	-10,313	-31,442
Results before extraordinary items and taxes		50,626	85,403	-34,777
Extraordinary income	5.25	15,007	1,619	13,388
Extraordinary expenses	5.26	-	-434	434
Taxes		-9,191	-15,000	5,809
Net profit for the year		56,442	71,588	-15,146

Notes	31.12.2010 in CHF 1,000	31.12.2009 in CHF 1,000	Change in CHF 1,000		2010 Source of funds in CHF 1,000	2010 Use of funds in CHF 1,000	2009 Source of funds in CHF 1,000	2009 Use of funds in CHF 1,000
OFF-BALANCE-SHEET OPERATIONS					Cash flow from operating income (internal financing)			
Irrevocable guarantees	67,358	94,476	-27,118		• net profit for the year	56,442	–	71,588
Irrevocable commitments arising from letters of credit	737,195	707,266	29,929		• depreciation of fixed assets	24,034	–	17,892
Contingent liabilities	804,553	801,742	2,811		• depreciation of goodwill	1,551	–	1,550
					• allocation to capital reserve	339	–	–
Irrevocable commitments	770,378	500,075	270,303		• allocation for currency conversion differences	–	8,038	–
					• valuation adjustments and provisions	321	–	–
Commitments to free up and execute additional transfers	39,011	39,011	–		• reserve for general banking risks	–	15,000	–
					• accrued income and prepaid expenses	–	3,956	–
Commitments resulting from deferred payments	18,896	50,378	-31,482		• accrued expenses and deferred income	–	3,177	–
Committed loans	18,896	50,378	-31,482		• other items	–	19,071	21,636
					• dividends from previous financial year	–	23,400	–
Fiduciary deposits with third parties	50,404	81,043	-30,639		• special allocation to the State of Geneva	–	4,680	–
Fiduciary operations	50,404	81,043	-30,639		<i>Balance</i>	–	5,365	68,561
Derivative financial instruments					Cash flow from investment activities			
• positive replacement values	5.17 23,006	11,648	11,358		• other financial interests	2,460	–	–
• negative replacement values	5.17 108,510	72,717	35,793		• fixed assets	–	18,513	–
• underlying amounts	5.17 3,104,370	2,327,172	777,198		• intangible assets	–	–	–
					<i>Balance</i>	16,053	–	–
					Cash flow from banking activities			
					Medium and long-term transactions (> 1 year)			
					• due to banks	–	–	–
					• due to clients	–	355	1,362
					• medium-term notes	–	21,311	–
					• bonds and mortgage-backed bonds	30,000	–	–
					• due from banks	–	–	–
					• due from clients	–	249,228	–
					• mortgages	–	417,519	–
					• financial investments	–	4,772	–
					Short-term transactions			
					• due to banks	561,914	–	63,701
					• due to clients	–	345,819	769,190
					• medium-term notes	–	30,092	12,377
					• bonds and mortgage-backed bonds	–	72,000	–
					• allocation to treasury shares	3,170	–	–
					• due on money-market instruments	–	445	–
					• due from money-market instruments	43	–	751,429
					• due from banks	220,144	–	652,435
					• due from clients	367,328	–	–
					• mortgages	21,634	–	328,311
					• financial investments	2,353	–	–
					• trading portfolios	–	12,535	–
					Liquid resources			
					• cash	–	41,822	–
					<i>Balance</i>	–	10,688	–
					Total balances	16,053	16,053	68,561
								68,561

in CHF 1,000

Shareholders' equity at 1 January 2010	
Share capital	360,000
Capital reserve	311,912
General banking risk reserves	75,000
Retained earnings / accumulated loss	240,614
Foreign-exchange differences	-3,214
Treasury shares	-27,203
Total shareholders' equity at 1 January 2010	957,109
Dividend from the previous year's profit	-23,400
Special allocation to the State of Geneva (20% of the dividend paid)	-4,680
Reversal of reserves for general banking risks	-15,000
Net profit for the year	56,442
Repurchase of treasury shares (at cost)	-1,334
Sale of treasury shares (at cost)	4,504
Profit / loss on the sales of treasury shares	339
Foreign-exchange differences	-8,038
Total shareholders' equity at 31 December 2010	965,942
<i>Of which</i>	
Share capital	360,000
Capital reserve	312,251
Reserve for general banking risks	60,000
Accumulated profit	212,534
Net profit for the year	56,442
Foreign-exchange differences	-11,252
Treasury shares	-24,033
Treasury shares (bearer shares)	In units
At 1 January 2010	110,973
Purchases	5,968
Sales	18,408
At 31 December 2010	98,533
Average transaction price (average cash value) in CHF	243.90
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 makes a notable contribution to the economic development of both the canton and the region.

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

The Group employed 810 people as of 31 December 2010; 749.8 when converted to full-time equivalents (777.8 in 2009).

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

2. AGREEMENTS WITH THE MAJORITY SHAREHOLDER

The principles governing the transfer of certain assets from BCGE to the Fondation de valorisation are set out in a tripartite agreement signed on 27 July 2000 and in a supplementary agreement signed on 19 November 2001 between the Republic and Canton of Geneva, the Banque Cantonale de Genève and the Fondation de valorisation.

In particular, the agreement stipulates procedures for the disposal of the assets, their financing and repayments between the Fondation 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:

- 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 can be recognised.

The State will cover the portion 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), i.e. CHF 4,680,000 in 2010.

The State Council decided to dissolve the Fondation owing to the limited nature of its activities following the sale of its property, and to reduce its operating costs. The liquidation of the Fondation was adopted on 1 June 2008 as planned and became effective on 31 December 2009. The State took the assets and liabilities remaining at this date directly back onto its books.

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: no changes were made to the scope of consolidation for 2010.

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

Total assets	in CHF 1,000
Banque Cantonale de Genève SA, Geneva	14,316,225
Banque Cantonale de Genève (France) SA, Lyon	426,422
Capital Transmission SA, Geneva	26,704
Compagnie Foncière Franco-Suisse SAS, Lyon	25,099
Compagnie Foncière du Saint Gothard, Puteaux (formerly Dixence SAS)	19,305
Investissements Fonciers SA, Lausanne	18,765
Swiss Public Finance Solutions SA, Geneva	601

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

Consolidation process

• Share capital consolidation:

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

• Goodwill:

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

• Intercompany transactions

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

• Exchange-rate conversions

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

Valuation methods

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

Recording dates

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

Currencies, banknotes and precious metals

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

Main currencies	Unit	Exchange rate 31.12.2010	Exchange rate 31.12.2009
US Dollar	1	0.9375	1.0314
Euro	1	1.2526	1.4858
Pound sterling	1	1.4537	1.6628
Yen	100	1.1524	1.1183

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 outstanding and are booked under "provisions" which are deducted from the corresponding assets. In such cases, they are only shown in the profit and loss account at the time when the payment is actually made.

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

Repurchase and reverse repurchase agreements

Transactions in securities using repurchase and reverse repurchase agreements (*repos* and reverse *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 as long as the seller retains the rights to them;
- the subsequent transfer of received securities is entered on the balance sheet as a non-monetary liability at market value.

Trading portfolios and precious metals destined for sale

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

In accordance with the Group's principle of true and fair view, Treasury bonds are not marked to market, but recorded at their face values and reported by reducing the corresponding liability positions.

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

Financial investments

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

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

Fixed assets

Fixed assets are carried on the balance sheet at acquisition cost and are subject to straight-line depreciation over their foreseeable life, but not exceeding the following periods in 2009 and 2010:

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

Depreciation of furniture has changed from 8 to 5 years.

Taxation

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

Open derivative instruments

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

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

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

Reserve for general banking risks

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

Modification of general accounting and valuation principles

The Bank has not changed its accounting principles.

4. RISK MANAGEMENT

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

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

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-related impacts of exposure to the risks.

4.01 Consolidated supervision

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

The Risk Control 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.

4.02 Counterparty risks

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

Credit is granted under a system of delegation of authority, based on the size of the loan, and 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 authority and the policy defined. This policy encompasses the undertakings of the Group's clients and corresponding institutions originating in the loan and guarantee issuance businesses, together with undertakings in respect of currency transactions.

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

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 this information is provided for risk control. A significant drop in ratings triggers a risk-assessment process, and if necessary, the setting up of provisions and the transfer of the case to the Debt Recovery and Workout unit.

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

Risks associated with international trade finance are permanently monitored and 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.

4.03 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. These positions are constantly monitored.

4.04 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) and manages them within the limits defined by the Board of Directors.

Exchange-rate risks

These risks are those arising from fluctuations in the value of positions taken in foreign currencies as a result of changes in exchange rates in relation to the Swiss franc. Exchange positions managed by the Bank mainly involve interest and commission income, mostly denominated in USD and EUR. Balance-sheet positions, also including holdings in the French subsidiaries, are taken into account. Exchange-rate risks arising from the balance sheet, including cash management operations and transactions, are centralised and managed for the Bank as a whole. A hedging system is in place, enabling financial transactions to be executed which protect specific exchange positions whilst taking related costs into account.

Share-price risks

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

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

4.05 Operating risks

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

The Bank has implemented a model of production processes to monitor points of control, function separation and validation in operations processing. 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.

4.06 Compliance risks

Compliance risks are risks of exposure either to financial loss or damage to reputation as a result of failure to conform to 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.

4.07 Legal risks

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

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

The Bank is currently involved in legal proceedings 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

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

	Type of collateral			Total
	Mortgages	Other collateral	No collateral	
Loans				
Due from clients	560,438	779,969	2,196,158	3,536,565
Mortgages, of which:	7,958,446	41,248	–	7,999,694
• Residential real estate	6,436,312	41,248	–	6,477,560
• Office and business premises	1,154,238	–	–	1,154,238
• Industrial property	309,549	–	–	309,549
• Other	58,347	–	–	58,347
Total loans 31.12.2010	8,518,884	821,217	2,196,158	11,536,259
Total loans 31.12.2009	8,114,680	941,439	2,202,355	11,258,474
Off-balance-sheet items				
Contingent liabilities	–	–	804,553	804,553
• Guarantees/sureties	–	–	67,358	67,358
• Documentary credits	–	–	737,195	737,195
Irrevocable commitments	190,004	25,125	555,249	770,378
Commitments to subscribe capital or pay further sums	–	–	39,011	39,011
Acceptances	–	–	18,896	18,896
Off-balance-sheet total 31.12.2010	190,004	25,125	1,417,709	1,632,838
Off-balance-sheet total 31.12.2009	94,099	104,120	1,192,987	1,391,206

	Gross amount	Estimated	Net amount	Individual adjustments
		liquidation value of guarantees		
Impaired loans (in CHF 1,000)				
31.12.2010	235,408	92,460	142,948	135,706
31.12.2009	279,230	83,005	196,225	196,225

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

	31.12.2010	31.12.2009
• Equity securities	–	50
• Precious metals	19,325	6,740
Total securities and precious metals held in trading portfolios	19,325	6,790

5.03 Financial investments (in CHF 1,000)

	Book value		Fair value	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Financial investments				
Debt securities	1,168,539	1,167,459	1,177,349	1,176,685
of which valued by the accrual method	701,073	754,249	702,867	755,285
of which valued at lowest price	467,466	413,210	474,482	421,400
Investments	33,196	31,203	66,592	45,594
of which significant shareholders*	3,532	3,650	6,441	6,453
Real estate	4,951	5,605	5,852	5,628
Total financial investments	1,206,686	1,204,267	1,249,793	1,227,907
of which collateral eligible for repos in accordance with liquidity rules	1,168,539	1,167,459		

* minimum 10% of capital or of votes

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

	31.12.2010	31.12.2009
Without listed value	17,527	19,987
Total investments consolidated by the equity method	17,527	19,987

5.05 Scope of consolidation

Company, head office	Business	Capital (en 1,000)	% stake
Fully consolidated			
Banque Cantonale de Genève (France) SA, Lyon	Bank	EUR 15,250	100
Capital Transmission SA, Genève	Investment	CHF 2,000	100

Investments consolidated by the equity method

Compagnie Foncière Franco-Suisse SAS, Lyon	Real estate	EUR 2,088	33.3
Compagnie Foncière du Saint Gothard SAS, Putaux (until October 2010 Dixence SAS)	Real estate	EUR 12,075	33.3
Investissements Fonciers SA, Lausanne	Fund manager	CHF 1,000	42.0
Swiss Public Finance Solutions SA, Genève	Financial Advisers	CHF 400	50.0

The Bank has other insignificant minority holdings.

5.06 Fixed assets (in CHF 1,000)	31.12.2009			31.12.2010			
	Historical cost	Accumulated amortisation	Book value	Investments	Disposals	Amortisation	Book value
Investments							
Investments consolidated by equity method	19,987	–	19,987	1,312	-3,772	–	17,527
Total investments	19,987	–	19,987	1,312	-3,772	–	17,527
Real estate							
Bank premises	149,931	-16,947	132,984	1,745	–	-3,667	131,062
Other premises	27,935	-4,854	23,081	–	–	-419	22,662
Total real estate	177,866	-21,801	156,065	1,745	–	-4,086	153,724
Other tangible assets	86,372	-29,026	57,346	16,887	-119	-19,948	54,166
Total tangible assets	264,238	-50,827	213,411	18,632	-119	-24,034	207,890
Intangible assets							
Goodwill	22,374	-12,741	9,633	–	–	-1,551	8,082
Fire insurance value of real estate			285,818				278,404
Fire insurance value of other tangible assets			98,976				100,106
Commitments: future liabilities on operating leases			–				–

5.07 Other assets and liabilities (in CHF 1,000)	31.12.2010		31.12.2009	
	other assets	other liabilities	other assets	other liabilities
Replacement values of financial instruments	23,006	108,510	11,648	72,717
Clearing accounts	72,866	–	50,972	–
Spread of gains on swaps	–	543	–	2,095
Federal tax	4,373	9,334	5,918	15,646
Securities & coupons	33	467	–	541
Issue costs/bond issues to be amortised	829	–	1,042	–
Other	7,090	1,464	4,735	14,508
Total	108,197	120,318	74,315	105,507

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

	On 31.12.2010	
	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	66,000	64,969
Mortgage-backed securities (in CHF 1,000)	31.12.2010	31.12.2009
Face value of mortgage securities kept aside	3,846,864	3,780,226
Total borrowings	2,139,000	2,181,000
Securities lending and repo transactions (in CHF 1,000)	31.12.2010	31.12.2009
Claims resulting from a cash pledge when borrowing securities or entering into a repurchase agreement	190,042	445,432
Commitments resulting from cash received in securities lending or repo transactions	414,551	283,140
Securities held for own account, lent or transferred as collateral for securities lending or repo transactions of which securities with unrestricted rights of subsequent sale or pledge	413,660	284,208
	413,660	284,208
Securities received as collateral in securities lending and borrowing and in repo transactions, with unrestricted rights of subsequent sale or pledge of which securities sold or remitted to a third party as collateral	189,873	445,517
	–	–

5.09 Liabilities towards own pension plans (in CHF 1,000)	31.12.2010	31.12.2009
Towards the pension fund	–	–
As a custodian bank	20,468	21,743

Economic benefit/obligation and pensions contributions (in CHF 1,000)	Pension-fund	
	excess assets	
	31.12.2010	31.12.2009
<i>Amount of excess assets in the pension-fund accounts as at 31.12.2009*: 7,263 (2008: 0)</i>		
Economic benefit	1,003	940
Change in the economic benefit or obligation	63	369
Contribution adjusted to the period (including the result of the employer's contribution reserve)	12,513	12,165
Extraordinary contribution in case of application of time-limited measures in order to absorb shortfalls	–	–
Pension contributions with significant influencing factors – as part of payroll costs	12,450	11,796

* The audited annual accounts of the pension fund as at 31.12.2010 are not available. As at 31.12.2009, the pension fund reported a liability coverage of 117.3 % to its regulator.

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

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

Employer's contribution reserve

The Bank financed a regulation change to the fund at the beginning of 2007. The unused portion of the financing is allocated to this reserve. Use of this reserve has not been renounced. The contribution reserve does not bear interest and is not discounted.

5.10 Outstanding bond issues

5.10.1 Bonds and mortgage-backed bonds

from Swiss cantonal banks (in CHF 1,000)	31.12.2010	31.12.2009
Bonds	120,000	120,000
Mortgage-backed bonds	2,139,000	2,181,000
Total	2,259,000	2,301,000

Average interest at year-end	2.87%	3.07%
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5.10.2 Bonds

	Maturity	Year	Interest	Face	Securities held	Outstanding	
	at call / final	of issue	rate%	amount	only by the bank	amount	Amount by maturity
				<small>in CHF 1,000</small>	<small>in CHF 1,000</small>	<small>in CHF 1,000</small>	<small>in CHF 1,000</small>
	2014	2004	3.5000	120,000	–	120,000	* 120,000
Total				120,000	–	120,000	120,000
<i>of which subordinated debt</i>				<i>120,000</i>	<i>–</i>	<i>120,000</i>	

* Subordinated

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

	Balance	Utilisation	Recoveries	New	Releases of	Balance
	at end 2009	according	non-performing	provisions	provisions	at end 2010
		to purpose	interest,			
			exchange			
			differences			
Valuation adjustments and provisions for default risks (collection and country risk)	207,784	-92,043	-1,609	39,048	-9,888	143,292
Valuation adjustments and provisions on financial investments	9,389	-4,711	–	4,689	-982	8,385
Valuation adjustments and provisions for other operating risks	4,560	-1,738	–	12,114	-381	14,555
Value adjustments and provisions for deferred taxes	67	–	–	109	-31	145
Other provisions	–	-862	–	862	–	–
Total valuation adjustments and provisions	221,800	-99,354	-1,609	56,822	-11,282	166,377
Valuation adjustments directly netted with assets	-218,455					-162,711
Total valuation adjustments and provisions as per balance sheet	3,345					3,666

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

Reserve for general banking risks	75,000	–	–	–	-15,000	60,000
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5.12 Maturity structure of current assets, financial investments and debt (in CHF 1,000)

	Sight	Redeemable	Time to maturity				Fixed assets	Total
			Within	3 to 12	12 months	More than		
			3 months	months	to 5 years	5 years		
CURRENT ASSETS								
Cash	244,608	–	–	–	–	–	–	244,608
Money-market instruments	8	–	–	–	–	–	–	8
Due from banks	248,382	–	478,221	109,960	30,000	–	–	866,563
Due from clients	–	1,226,161	675,804	194,595	685,994	754,011	–	3,536,565
Mortgages	–	1,146,722	589,403	518,628	3,211,735	2,533,206	–	7,999,694
Trading portfolios	19,325	–	–	–	–	–	–	19,325
Financial investments	38,107	–	39,038	349,802	653,951	125,752	36	1,206,686
Total current assets								
31.12.2010	550,430	2,372,883	1,782,466	1,172,985	4,581,680	3,412,969	36	13,873,449
31.12.2009	333,844	2,494,989	2,395,982	1,211,094	4,132,802	3,153,556	36,808	13,759,075
DEBT								
Money-market instruments	212	–	–	–	–	–	–	212
Due to banks	403,767	–	734,377	–	–	–	–	1,138,144
Due to clients on savings and deposit accounts	5,430,064	–	–	–	–	–	–	5,430,064
Due to clients, other	3,954,022	–	162,547	83,110	6,071	–	–	4,205,750
Medium-term notes	–	–	13,196	15,219	35,303	5,612	–	69,330
Mortgage-backed bonds	–	–	–	150,000	1,151,000	958,000	–	2,259,000
Total debt								
31.12.2010	9,788,065	–	910,120	248,329	1,192,374	963,612	–	13,102,500
31.12.2009	9,968,608	–	573,384	290,964	1,116,094	1,031,558	–	12,980,608

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

	31.12.2010	31.12.2009
Due from affiliates	42,052	206,057
<i>of which "Fondation de valorisation"</i>	–	157,390
Due to affiliates	503,405	356,191
Loans to officers	6,810	3,981

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

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

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

The Bank paid CHF 4.2 mn in fees to the State of Geneva for the guarantee on savings accounts (2009: CHF 4.3 mn).

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

	31.12.2010		31.12.2009	
	Domestic	Foreign	Domestic	Foreign
ASSETS				
Cash	234,673	9,935	182,382	20,404
Money-market instruments	8	–	51	–
Due from banks	454,259	412,304	584,813	501,894
Due from clients	2,420,360	1,116,205	2,401,082	1,253,583
Mortgages	7,789,923	209,771	7,406,833	196,976
Trading portfolios	19,325	–	6,740	50
Financial investments	909,259	297,427	868,874	335,393
Investments consolidated by the equity method	7,742	9,785	7,465	12,522
Fixed assets	207,215	675	212,653	758
Intangible assets	8,082	–	9,633	–
Accrued income and prepaid expenses	40,913	1,129	36,951	1,135
Other assets	104,929	3,268	73,853	462
Total assets	12,196,688	2,060,499	11,791,330	2,323,177
LIABILITIES				
Money-market instruments	212	–	657	–
Due to banks	926,262	211,882	344,543	231,687
Due to clients on savings and deposit accounts	4,869,253	560,811	4,940,975	570,918
Due to clients, other	3,415,817	789,933	3,282,185	1,187,910
Medium-term notes	69,330	–	120,733	–
Bonds and mortgage-backed bonds	2,259,000	–	2,301,000	–
Accrued expenses and deferred income	61,642	3,119	65,347	2,591
Other liabilities	120,318	–	92,390	13,117
Valuation adjustments and provisions	3,666	–	3,345	–
Reserve for general banking risks	60,000	–	75,000	–
Share capital	360,000	–	360,000	–
Capital reserve	312,251	–	311,912	–
Retained earnings	212,534	–	169,026	–
Treasury shares	-24,033	–	-27,203	–
Foreign-exchange differences	-11,252	–	-3,214	–
Net profit for the year	56,442	–	71,588	–
Total liabilities	12,691,442	1,565,745	12,108,284	2,006,223

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

	31.12.2010		31.12.2009	
	Amount	%	Amount	%
Europe • France	1,076,254	7.5	943,380	6.7
• United Kingdom	108,070	0.8	158,084	1.1
• Germany	75,140	0.5	150,880	1.1
• Other	381,465	2.7	569,231	4.0
United States	67,050	0.5	66,815	0.5
Other	352,520	2.5	434,787	3.1
Assets abroad	2,060,499	14.5	2,323,177	16.5
Domestic	12,196,688	85.5	11,791,330	83.5
Total assets	14,257,187	100.0	14,114,507	100.0

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

	Currency				
	CHF	USD	EUR	OTHER	METALS
ASSETS					
Cash	190,680	2,823	49,394	1,711	–
Money-market instruments	8	–	–	–	–
Due from banks	261,317	339,949	47,482	76,323	141,492
Due from clients	2,030,901	659,722	841,294	4,648	–
Mortgages	7,967,184	150	32,360	–	–
Trading portfolios	–	–	–	–	19,325
Financial investments	1,144,019	4,650	58,017	–	–
Investments consolidated by the equity method	12,843	–	4,684	–	–
Fixed assets	207,215	–	675	–	–
Intangible assets	8,082	–	–	–	–
Accrued income and prepaid expenses	40,887	–	1,155	–	–
Other assets	104,147	658	3,392	–	–
Total asset positions	11,967,283	1,007,952	1,038,453	82,682	160,817
Delivery claims from spot exchange deals, forward exchange deals and currency-option transactions	2,480,240	248,837	197,462	44,733	133,098
Total assets	14,447,523	1,256,789	1,235,915	127,415	293,915
LIABILITIES					
Money-market instruments	185	–	27	–	–
Due to banks	178,944	438,319	372,831	16,207	131,843
Due to clients on savings and deposit accounts	5,344,948	–	85,116	–	–
Due to clients, other	3,148,610	460,030	474,711	93,483	28,916
Medium-term notes	69,330	–	–	–	–
Bonds and mortgage-backed bonds	2,259,000	–	–	–	–
Accrued expenses and deferred income	61,707	–	3,054	–	–
Other liabilities	119,800	12	469	37	–
Valuation adjustments and provisions	3,521	–	145	–	–
Reserve for general banking risks	60,000	–	–	–	–
Share capital	360,000	–	–	–	–
Capital reserve	312,251	–	–	–	–
Retained earnings/accumulated deficit	212,534	–	–	–	–
Treasury shares	-24,033	–	–	–	–
Foreign-exchange differences	-11,252	–	–	–	–
Net profit for the year	56,442	–	–	–	–
Total liability positions	12,151,987	898,361	936,353	109,727	160,759
Delivery claims from spot exchange deals, forward exchange deals and currency-option transactions	2,323,079	367,945	260,890	16,530	133,312
Total liabilities	14,475,066	1,266,306	1,197,243	126,257	294,071
Net position by currency	-27,543	-9,517	38,672	1,158	-156

5.17 Open derivative instruments at year-end (in CHF 1,000)	Trading Instruments			Hedging Instruments		
	Positive	Negative	Contract	Positive	Negative	Contract
	replacement	replacement		replacement	replacement	
value	value	volume	value	value	volume	
Interest-rate instruments						
Forward contracts inc. FRAs	–	–	–	–	–	–
Swaps	212	188	19,728	2,605	91,495	1,902,000
Futures	3	–	6,235	–	–	–
Options (OTC)	8	90	241,698	3,147	2,280	191,898
Total interest-rate instruments	223	278	267,661	5,752	93,775	2,093,898
Currencies / precious metals						
Forward contracts inc. FRAs	6,916	1,919	125,290	–	–	–
Combined interest-rate and currency swaps	7,112	9,535	617,521	–	–	–
Options (OTC)	3,003	3,003	–	–	–	–
Total currencies / precious metals	17,031	14,457	742,811	–	–	–
Equity securities / indices						
Futures	–	–	–	–	–	–
Exchange-traded options	–	–	–	–	–	–
Total equity securities / indices	–	–	–	–	–	–
Total at 31.12.2010	17,254	14,735	1,010,472	5,752	93,775	2,093,898
Total at 31.12.2009	5,013	9,080	606,914	6,635	63,637	1,720,258
The Bank did not enter into any specific netting contracts.						
5.18 Interest income (in CHF 1,000)				31.12.2010	31.12.2009	
Banks				3,581	13,178	
Clients				287,796	297,438	
Bills of exchange and money-market instruments				107	90	
Interest and dividends earned on financial investments				17,541	17,788	
Total				309,025	328,494	
5.19 Interest expenses (in CHF 1,000)				31.12.2010	31.12.2009	
Banks				2,615	1,300	
Clients				37,570	54,731	
Debts				67,882	77,437	
Subordinated debts				4,164	4,200	
Other				–	2,777	
Total				112,231	140,445	
5.20 Trading results (in CHF 1,000)				31.12.2010	31.12.2009	
Currency and banknote trading, including derivatives				16,540	15,719	
Precious-metal trading				554	442	
Securities trading				359	1,629	
Total				17,453	17,790	

5.21 Payroll expenses (in CHF 1,000)	31.12.2010	31.12.2009
Salaries and bonus payments	95,709	99,268
Social security benefits	8,795	10,198
Contributions to the pension fund	12,450	11,796
Other staff expenses	3,586	4,291
Total	120,540	125,553
5.22 Other operating expenses (in CHF 1,000)	31.12.2010	31.12.2009
Occupancy expenses	10,186	13,609
IT expenses	36,625	32,423
Office equipment, furniture, vehicles	602	194
Other operating expenses	44,755	46,265
Total	92,168	92,491
5.23 Depreciation of fixed assets (in CHF 1,000)	31.12.2010	31.12.2009
Permanent installations	2,436	2,773
Appliances, fixtures and telecommunications, IT programs and equipment	17,687	12,009
Office equipment, furniture and vehicles	3,911	3,110
Intangible assets	1,551	1,550
Total	25,585	19,442
5.24 Valuation adjustments, provisions and losses (in CHF 1,000)	31.12.2010	31.12.2009
Value adjustments and provisions for loan recovery risks	29,160	7,145
Value adjustments and provisions for other operating risks	11,733	1,988
Other provisions	862	1,180
Total	41,755	10,313
5.25 Extraordinary income (in CHF 1,000)	31.12.2010	31.12.2009
Reserve for general banking risks	15,000	–
Sale of fixed assets	–	1,408
Other	7	211
Total	15,007	1,619
5.26 Extraordinary expenses (in CHF 1,000)	31.12.2010	31.12.2009
Commission for the Canton of Geneva's simple guarantee on the loan to the "Fondation de valorisation"	–	434
Total	–	434

5.27 Income and expenses of ordinary banking activities (in CHF 1,000)	31.12.2010		31.12.2009	
	Domestic	Foreign	Domestic	Foreign
Income from interest-rate operations	188,538	8,256	179,723	8,326
Income from commissions and services	103,602	5,744	95,719	3,632
Income from trading	17,453	–	17,790	–
Other ordinary income	8,148	-1,067	26,539	1,473
Operating expenses	-203,358	-9,350	-209,459	-8,585
Gross profit	114,383	3,583	110,312	4,846

2010 financial statements and notes

Parent company

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 120 to 128) of Banque Cantonale de Genève, which comprise the balance sheet, profit and loss account and notes for the year ended 31 December 2010.

Board of Directors' Responsibility

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements for the year ended 31 December 2010 comply with Swiss law and the Bank's articles of incorporation.

English translation of
French official version


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


Myriam Meissner
Licensed audit expert

Geneva, 24 February 2011

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Balance sheet before allocation

Parent company

Profit and loss account

Parent company

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	Notes	31.12.2010 in CHF 1,000	31.12.2009 in CHF 1,000	Change in CHF 1,000
ASSETS				
Cash		236,125	182,382	53,743
Money-market instruments		8	51	-43
Due from banks		1,271,020	1,402,900	-131,880
Due from clients		3,127,748	3,269,421	-141,673
<i>of which "Fondation de valorisation"</i>		-	157,390	-157,390
Mortgages		7,999,694	7,603,809	395,885
Trading portfolios		40,520	32,203	8,317
Financial investments		1,206,681	1,204,259	2,422
Investments in Group companies		70,052	73,328	-3,276
Fixed assets		219,071	227,177	-8,106
Accrued income and prepaid expenses		40,570	36,858	3,712
Other assets	4.13	104,736	73,831	30,905
Total assets		14,316,225	14,106,219	210,006
Total subordinated claims		13,185	15,719	-2,534
Total due from Group companies and qualified participants		798,938	611,986	186,952
<i>of which total claims on the Canton of Geneva</i>		299,945	196,245	103,700
LIABILITIES				
Money-market instruments		212	657	-445
Due to banks		1,228,850	600,738	628,112
Due to clients on savings and deposit accounts		5,430,064	5,511,893	-81,829
Due to clients, other		4,172,982	4,448,836	-275,854
Medium-term notes		69,330	120,733	-51,403
Bonds and mortgage-backed bonds		2,259,000	2,301,000	-42,000
Accrued expenses and deferred income		61,707	65,346	-3,639
Other liabilities	4.13	120,074	92,261	27,813
Valuation adjustments and provisions	4.10	3,421	2,967	454
Reserve for general banking risks	4.10	60,000	75,000	-15,000
Share capital	4.07	360,000	360,000	-
General legal reserve		496,851	456,851	40,000
Retained earnings		1,857	5,217	-3,360
Net profit for the year		51,877	64,720	-12,843
Total liabilities		14,316,225	14,106,219	210,006
Total subordinated debt		120,000	120,000	-
Total due to Group companies and qualified participants		224,844	287,060	-62,216
<i>of which total due to the Canton of Geneva</i>		73,999	210,539	-136,540
OFF-BALANCE-SHEET OPERATIONS				
Contingent liabilities		804,642	801,847	2,795
Irrevocable commitments		770,378	500,075	270,303
Commitments to subscribe capital or pay further sums		39,011	39,011	-
Loans by acceptances		18,896	50,378	-31,482
Financial derivatives:				
- underlying amounts		3,104,370	2,327,172	777,198
- positive replacement values		23,006	11,648	11,358
- negative replacement values		108,510	72,717	35,793
Fiduciary transactions	4.11	50,404	81,043	-30,639

	Notes	31.12.2010 in CHF 1,000	31.12.2009 in CHF 1,000	Change in CHF 1,000
INTEREST INCOME AND EXPENSES				
Interest and discount income		282,220	301,636	-19,416
Interest and dividends from trading portfolios		690	665	25
Interest and dividends from financial investments		17,541	17,788	-247
Interest expenses		-112,220	-140,266	28,046
<i>Net interest income</i>		<i>188,231</i>	<i>179,823</i>	<i>8,408</i>
COMMISSION AND FEE INCOME				
Commission income from lending		42,467	40,583	1,884
Commission income from trading, securities and deposits		46,944	44,446	2,498
Commission income from other services		23,276	19,848	3,428
Commission expenses		-9,085	-9,295	210
<i>Net commission and fee income</i>		<i>103,602</i>	<i>95,582</i>	<i>8,020</i>
RESULT OF TRADING OPERATIONS				
<i>Net result of trading operations</i>	4.12	<i>16,053</i>	<i>18,647</i>	<i>-2,594</i>
OTHER ORDINARY RESULTS				
Income from sale of financial investments		193	7,962	-7,769
Income from investments		2,159	19,277	-17,118
Real-estate income		1,189	366	823
Other ordinary income		8,262	17,252	-8,990
Other ordinary expenses		-3,717	-118	-3,599
<i>Other ordinary income, net</i>		<i>8,086</i>	<i>44,739</i>	<i>-36,653</i>
Net operating income		315,972	338,791	-22,819
OPERATING EXPENSES				
Payroll expenses		-114,816	-120,512	5,696
Other operating expenses		-88,518	-88,895	377
<i>Net operating expenses</i>		<i>-203,334</i>	<i>-209,407</i>	<i>6,073</i>
Gross profit		112,638	129,384	-16,746
Depreciation of fixed assets	4.04	-27,318	-41,797	14,479
Valuation adjustments, provisions and losses		-40,490	-9,863	-30,627
Results before extraordinary items and taxes		44,830	77,724	-32,894
Extraordinary income	4.05	15,007	1,429	13,578
Extraordinary expenses	4.06	-	-434	434
Taxes		-7,960	-13,999	6,039
Net profit for the year		51,877	64,720	-12,843

in CHF 1,000

SHAREHOLDERS' EQUITY AT 1 JANUARY 2010	
Share capital	360,000
General legal reserve	456,851
Reserve for general banking risks	75,000
Profit	69,937
Total shareholders' equity at 1 January 2010	961,788
Allocation to the general legal reserve from the previous year's profit	-40,000
Dividend from the previous year's profit	-23,400
Special allocation to the State of Geneva (20% of the dividend paid)	-4,680
Other allocations	40,000
Reversal of reserves for general banking risks	-15,000
Profit for the year	51,877
Total shareholders' equity at 31 December 2010	970,585
<i>of which</i>	
Share capital	360,000
General legal reserve	496,851
Reserve for general banking risks	60,000
Profit	53,734

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	31.12.2010	31.12.2009
Full-time equivalents	707.8	742.8
Number of employees	768	803

2. ACCOUNTING AND VALUATION PRINCIPLES ADOPTED IN THE ANNUAL ACCOUNTS

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

3. RISK MANAGEMENT

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

4. NOTES TO THE FINANCIAL STATEMENTS

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

	Book value of assets pledged or assigned	Commitments
Swiss National Bank		
Limit	100,000	–
Face value of securities and claims pledged	–	–
SIX Swiss Exchange		
Face value of blocked securities	66,000	64,969
Mortgage-backed securities from Swiss cantonal banks (in CHF 1,000)		
	31.12.2010	31.12.2009
Face value of mortgage-backed securities	3,846,864	3,780,226
Total borrowings	2,139,000	2,181,000
Securities lending and repo transactions (in CHF 1,000)		
	31.12.2010	31.12.2009
Claims resulting from a cash pledge when borrowing securities or entering into a repurchase agreement	190,042	445,432
Commitments resulting from cash received in securities lending or repo transactions	414,551	283,140
Securities held on own account, loaned or transferred as collateral in securities lending or repo transactions	413,660	284,208
<i>of which securities with unrestricted rights of subsequent transfer or pledge</i>	413,660	284,208
Securities received as collateral in securities lending and borrowing, and repo transactions, with unrestricted rights of subsequent sale or pledge	189,873	445,517
<i>of which securities transferred or remitted to a third party as collateral</i>	–	–

4.02 Liabilities towards the Bank's pension and retirement fund (in CHF 1,000)	31.12.2010	31.12.2009
Liabilities towards the pension fund	–	–
Liabilities towards the pension fund as a custodian bank	20,468	21,743
Please refer to item 5.09 (page 106) in "Notes to the 2010 Consolidated Financial Statements".		

4.03 Amounts due to/from affiliates and loans to officers (in CHF 1,000)	31.12.2010	31.12.2009
Due from affiliates	42,052	206,057
of which "Fondation de valorisation"	–	157,390
Due to affiliates	503,405	356,191
Loans to officers	6,810	3,981
Please refer to item 5.13 (page 109) in "Notes to the 2010 Consolidated Financial Statements".		

4.04 Depreciation of fixed assets (in CHF 1,000)	31.12.2010	31.12.2009
Fixtures	2,436	2,773
Installations, fittings, security and telecommunications equipment, IT plant and equipment and programs	18,103	12,513
Plant and equipment, furniture, vehicles, intangible assets	5,952	8,397
Depreciation on shareholdings	827	18,114
Total	27,318	41,797

4.05 Extraordinary income (in CHF 1,000)	31.12.2010	31.12.2009
Sale of fixed assets	–	1,398
Disposals	1	31
Various agreed funds	15,000	–
Reversal of reserves for general banking risks	6	–
Total	15,007	1,429

4.06 Extraordinary expenses (in CHF 1,000)	31.12.2010	31.12.2009
Commissions arising from the State of Geneva's simple guarantee on the loan to the "Fondation de valorisation"	–	434
Total	–	434

4.07 Share capital	31.12.2010			31.12.2009		
	Total par value in CHF	Number of shares	Capital eligible for dividends in CHF	Total par value in CHF	Number of shares	Capital eligible for dividends in CHF
Share capital						
Class "A" registered shares	132,551,600	2,651,032	132,551,600	132,551,600	2,651,032	132,551,600
Class "B" registered shares	79,531,000	1,590,620	79,531,000	79,531,000	1,590,620	79,531,000
Bearer shares	147,917,400	1,479,174	147,917,400	147,917,400	1,479,174	147,917,400
Total share capital	360,000,000	5,720,826	360,000,000	360,000,000	5,720,826	360,000,000

4.08 Credits, loans, remuneration shareholdings of the Board of and Directors and the Executive Board	Remuneration (before taxes)			Loans ¹	Number of BCGE shares held at 31.12.2010				
	Fixed ²	Variable ²	Total		Unlocked	Locked up ³	Total	By kin	
Board of Directors									
Jean-Pierre Roth, Chairman (from 1 July 2010)	127,500	–	127,500	–	–	–	–	–	
Bernard Clerc, Deputy Chairman	57,334	17,500	74,834	–	38	12	50	–	
Mourad Sekkiou, Secretary	43,500	14,000	57,500	–	–	6	6	–	
Angela de Wolff (from 4 May 2010)	36,834	5,500	42,334	–	–	–	–	–	
Asma Hovagemyan	52,500	20,500	73,000	–	10	12	22	–	
Fabienne Knapp	60,500	23,500	84,000	–	70	–	70	–	
Josef Küttel (from 4 May 2010)	36,167	1,000	37,167	350,000	20	–	20	–	
Patrick Mage	76,000	22,500	98,500	–	8	12	20	–	
Jean-Marc Mermoud (from 4 May 2010)	31,667	4,000	35,667	1,750,000	–	–	–	–	
Ton Schurink	46,500	21,000	67,500	1,826,731	100	12	112	–	
John Tracey (from 4 May 2010)	36,834	9,500	46,334	1,000,000	–	–	–	–	
Michel Mattacchini (until 30 June 2010)	117,002	25,873	142,874	–	82	–	82	–	
Jean-Claude Rivollet (until 4 May 2010)	11,335	12,224	23,559	–	75	–	75	–	
Michel Terrier (until 4 May 2010)	8,334	14,373	22,707	–	125	–	125	–	
Ion Bals (until 4 May 2010)	9,668	17,373	27,041	500,000	47	–	47	–	
Mariane Grobet-Wellner (until 4 May 2010)	8,334	13,373	21,707	–	135	–	135	–	
Total, Board of Directors	760,009	222,214	982,222	5,426,731	710	54	764	–	
Executive Board									
Blaise Goetschin, CEO	655,888	460,000	66,831	1,182,719	100,000	335	2,389	2,724	67
Eric Bourgeaux	–	–	–	–	–	391	1,933	2,324	40
Claude Bagnoud	–	–	–	–	–	–	718	718	20
Johan Bernard Alexander Kroon	–	–	–	–	–	–	874	874	20
Jean-Louis Platteau	–	–	–	–	–	–	–	–	–
Jean-Marc Joris	–	–	–	–	–	158	458	616	20
Total, Executive Board	2,513,810	1,320,000	182,622	4,016,432	1,882,850	884	6,372	7,256	167
Previous year	2,626,972	1,807,000	214,248	4,648,220	–	–	–	–	–

4.08 Credits, loans, remuneration shareholdings of the Board of and Directors and the Executive Board	Remuneration (before taxes)			Loans ¹	Number of BCGE shares held at 31.12.2010				
	Fixed	Variable ^{2,4}	shares ^{3,4,5}		Total	Unlocked	Locked up ³	Total	By kin
Executive Board									
Blaise Goetschin, CEO	655,888	460,000	66,831	1,182,719	100,000	335	2,389	2,724	67
Eric Bourgeaux	–	–	–	–	–	391	1,933	2,324	40
Claude Bagnoud	–	–	–	–	–	–	718	718	20
Johan Bernard Alexander Kroon	–	–	–	–	–	–	874	874	20
Jean-Louis Platteau	–	–	–	–	–	–	–	–	–
Jean-Marc Joris	–	–	–	–	–	158	458	616	20
Total, Executive Board	2,513,810	1,320,000	182,622	4,016,432	1,882,850	884	6,372	7,256	167
Previous year	2,626,972	1,807,000	214,248	4,648,220	–	–	–	–	–

The largest loan extended to a member of the Executive Board 1,722,850 to Johan Bernard Alexander Kroon

Social security and related contributions paid by members of the Executive Board 480,246
Previous year 525,726

The members of the Executive Board remitted their director's fees to BCGE as follows
Blaise Goetschin 67,784
Total, Executive Board 146,839

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

² Until 30 June 2010, directors' remuneration was based on a fixed element and a variable element (attendance fees). Variable remuneration includes BCGE shares valued at market prices. Since 1 July 2010, directors receive a fixed annual salary plus, in some cases, compensation for their office. The remuneration regulations dated 17 September 2010 stipulate the remuneration of members of the BCGE Board of Directors. These regulations were drawn up internally and there is no exception to the principles or procedures stipulated in these regulations.

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

⁴ Paid in 2011 based on 2010 results.

⁵ Amounts calculated based on a theoretical price of CHF 216.20.

The principles of remuneration are explained on pages 83 and 84. No indemnity was paid indirectly to the members of the Executive Board. No indemnity was paid directly or indirectly, in 2010, to former members of the Board of Directors or to any person in close relationship with the Board of Directors or the Executive Board.

At 31 December 2010, no indemnities not complying with market practices were awarded to any person in close relationship with the Board of Directors or the Executive Board.

At 31 December 2010, no outstanding credits or loans not complying with market practices were awarded to any person in close relationship with members of the Board of Directors or the Executive Board. The wife of one member of the Executive Board benefited from staff terms owing to a mortgage loan being taken out by her husband.

	31.12.2010		31.12.2009	
	Par value in CHF	%	Par value in CHF	%
4.09 Major shareholders and groups of shareholders bound by voting agreements				
Registered shares with voting rights				
State of Geneva	125,522,150	34.87	125,522,150	34.87
City of Geneva	60,405,300	16.78	60,405,300	16.78
44 municipalities of Geneva	26,155,150	7.27	26,155,150	7.27
Bearer shares with voting rights				
State of Geneva	53,863,600	14.96	53,863,600	14.96
City of Geneva	14,727,000	4.09	14,727,000	4.09
Other shareholders	79,326,800	22.03	79,326,800	22.03

At 31 December 2010, the State of Geneva held 49.83% of the Bank's registered and bearer shares and 53.30% of the voting rights.

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

	Balance at 31.12.2009	Utilisation according to purpose	Recoveries, non		New provisions	Releases of provisions	Balance at 31.12.2010
			Changes to allocation (new allocation)	performing loans, exchange differences			
Valuation adjustments and provisions for default risks (collection and country risks)	199,506	-90,877	-	-385	27,855	-	136,099
Valuation adjustments and provisions for financial investments	8,642	-3,964	-	-	3,707	-	8,385
Valuation adjustments and provisions for other operating risks	4,249	-1,568	-	-	11,773	-	14,454
Other provisions	-	-862	-	-	862	-	-
Total valuation adjustments and provisions	212,397	-97,271	-	-385	44,197	-	158,938
Less valuation adjustments directly netted with assets	-209,430						-155,517
Total valuation adjustments and provisions as per the balance sheet	2,967						3,421
Reserve for general banking risks	75,000	-	-	-	-	-15,000	60,000

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

4.11 Off-balance-sheet transactions (in CHF 1,000)	31.12.2010	31.12.2009
Fiduciary transactions		
Fiduciary deposits with third parties	50,404	81,043
Total fiduciary transactions	50,404	81,043

4.12 Trading results by sector (in CHF 1,000)	31.12.2010	31.12.2009
Foreign-exchange trading / banknote trading, including derivatives	16,540	16,576
Precious metals trading	554	442
Securities trading	-1,041	1,629
Total trading operations	16,053	18,647

4.13 Other assets and liabilities (in CHF 1,000)	31.12.2010		31.12.2009	
	other assets	other liabilities	other assets	other liabilities
Replacement value of financial instruments	23,006	108,510	11,648	72,717
Clearing account	72,866	-	50,972	-
Allocation of profits on swaps	-	543	-	2,095
Federal tax administration	4,356	9,334	5,918	15,646
Securities and coupons	33	467	-	541
Issuing costs / bonds	829	-	1,042	-
Other	3,646	1,220	4,251	1,262
Total	104,736	120,074	73,831	92,261

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

The Board of Directors will propose at the Ordinary General Meeting, to be held on 3 May 2011, that the profit be allocated as follows:

	31.12.2010	31.12.2009
Net profit for the year	51,877	64,720
Retained earnings brought forward	1,857	5,217
Earnings available for distribution	53,734	69,937
Allocation to general legal reserve	-33,000	-40,000
Dividend of 4.5% (2009: 5%) to holders of registered shares (A and B) and bearer shares	-16,200	-18,000
Supplementary dividend of 1.5% to holders of registered shares (A and B) and bearer shares	-	-5,400
Special allocation to the State of Geneva (20% of the dividends paid)	-3,240	-4,680
Retained earnings carried forward	1,294	1,857

Visual concept

The double-page illustrations in this annual report form part of a series. In the 2007 issue, seven raw materials were set against seven finished products: wheat and bread, uncut stones and a jewel, cotton and a shirt, ferro-concrete and a building, oil and a plastic object, metal and a watch and lastly, a city and its public transport. Each illustration evoked one of the Bank's business areas and the process of creating a banking service.

In 2008, each of the Bank's businesses was represented by portraits of BCGE staff members.

In 2009, the focus was on seven clients. They were juxtaposed with a finished product or a material symbolising their activity or profession, supported by the Bank in its role as a long-standing financial and wealth management partner.

In the current issue, training is highlighted, embodied by a series of apprentices and graduate trainees working for the Bank's clients.

2007



2008



2009



2010



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