



## ANNUAL REPORT 2014



<b>BCGE GROUP CONSOLIDATED KEY FIGURES</b>	<b>2014</b>	2013	2012	2011	2010
<b>Balance sheet</b> (in CHF millions)					
Total assets	17,494	16,619	16,473	15,871	14,257
Loans to clients	13,551	13,155	12,994	12,864	11,536
Client deposits and borrowings	14,222	14,266	13,703	13,092	11,964
Shareholders' equity	1,236	1,163	1,086	1,010	966
<b>Income</b> (in CHF millions)					
Interest income	206	201	205	197	197
Commission income	108	98	104	104	113
Trading income	27	27	24	24	17
Other ordinary income	19	9	12	11	7
Total income	360	335	346	337	334
Operating expenses	207	204	208	219	213
Gross profit	153	131	137	118	121
Depreciation, valuation adjustments, provisions and losses, tax and extraordinary income	77	58	70	55	62
<b>Interim profit</b> (in CHF millions)	115	86	92	79	54
<b>Net profit</b> (in CHF millions)	76	73	67	63	56
<b>Assets managed and administered</b> (in CHF billions)	19.8	19.3	18.7	18.1	17.3
<b>Total staff</b>					
• in full-time equivalent units	710.4	725.4	722.7	721.7	749.8
• in number of persons	763	782	783	783	810
<b>Ratios</b> (en %)					
Shareholders' equity/total assets	7.1	7.0	6.6	6.4	6.8
Gross profit/shareholders' equity	12.4	11.3	12.7	11.7	12.5
Return on equity (ROE)	6.3	6.4	6.3	6.4	5.8
Cost/income	57.4	60.8	60.3	65.0	64.3
Equity coverage	14.0	13.5	12.9	12.0	10.8
<b>Data per bearer share</b> (in CHF)					
Shareholders' equity	343	323	302	281	268
Gross profit	43	36	38	33	34
Net profit	21	20	19	18	16
Dividend	5*	4.5	4.5	4.5	4.5
<b>Stock market data (parent company)</b>					
History of bearer share price (in CHF)					
• high	234	260	213	236	245
• low	208	204	195	186	206
• at year-end	214	225	207	196	215
Market capitalisation (in CHF millions at 31 December)	771	811	745	706	774
Number of shares in thousands	5,721	5,721	5,721	5,721	5,721
Book value per share	349	329	308	288	276

\*Proposal submitted to the General Meeting on 22 April 2015.

### Standard & Poor's rating

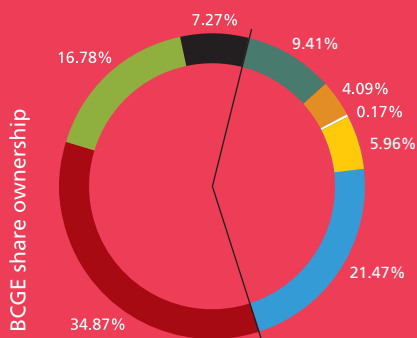
Banque Cantonale de Genève : A+/A-1/Stable  
(latest rating as of December 2014)

### BCGE stock exchange reference (symbol)

Swiss 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 millions

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

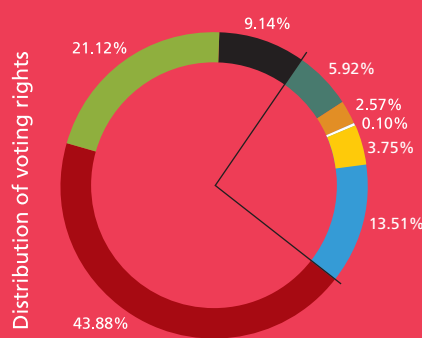


**Registered**

- State of Geneva
- City of Geneva
- Geneva municipalities

**Bearer**

- State of Geneva
- City of Geneva
- Geneva municipalities
- Geneva State
- Pension Fund (CPEG)
- Private individuals



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**BCGE: banking solutions made in Geneva**

A UNIVERSAL BANK SINCE 1816, BCGE PROVIDES HIGH-QUALITY SERVICES TO PRIVATE, CORPORATE AND INSTITUTIONAL CUSTOMERS IN GENEVA AND ITS SURROUNDING AREA. BCGE IS ACTIVE IN THE FOLLOWING AREAS: RETAIL BANKING SERVICES, PRIVATE BANKING, ASSET MANAGEMENT, FINANCIAL AND PENSION PLANNING, MORTGAGES AND CORPORATE AND PUBLIC AUTHORITY LENDING. IT OPERATES A TRADING ROOM AND OFFERS FINANCIAL ENGINEERING, CORPORATE FINANCE AND GLOBAL COMMODITY FINANCE SERVICES. THE BCGE GROUP HAS 22 BRANCHES IN GENEVA AND ALSO HAS SUBSIDIARIES OR OFFICES IN LAUSANNE, ZÜRICH, LYON, ANNECY, PARIS, DUBAI AND HONG KONG. THE GROUP EMPLOYS 710 PEOPLE (IN FULL-TIME EQUIVALENTS). BCGE IS LISTED ON THE SWISS STOCK EXCHANGE (SIX SWISS EXCHANGE) AND IS REGULATED BY FINMA.



# BCGE Annual Report 2014

## Summary

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Blaise Goetschin, Chief Executive Officer, and Jean-Pierre Roth, Chairman

## Message from the Chairman Proposed dividend increase

2014 was a very positive year for Banque Cantonale de Genève (BCGE). Profit before tax was significantly higher than in the previous year, which allows us to recommend an increased dividend per share to the Annual General Meeting.

The banking environment, however, was less favourable than the previous year: interest rates, already low, continued to decline; the fall in the oil price weakened demand for credit from international transport companies; mortgage business was subject to a further increase in capital requirements by the Swiss National Bank, and uncertainties surrounding wealth management put a brake on the growth of assets under management. Despite these factors penalising the development of our business, all the Bank's divisions contributed to the positive overall result, demonstrating a very tight control of costs, risks and the financial framework in our various areas of activity.

In addition to the Bank's good progress in 2014, three events deserve mention.

### **Subordinated bond issue**

Over the last few years, it has been BCGE's policy to significantly strengthen its capital base. It has done so in response to growing economic and financial risks and to comply with the regulatory requirements of FINMA and the Swiss National Bank.

In 2014, an additional step was taken with the issuance of a CHF 110 million AT1 perpetual subordinated bond. The special feature of this instrument is that it converts into equity if, following a significant loss, the Bank's capital ratio falls below 5.13%. The AT1 security is thus an instrument allowing major financial shocks to be absorbed; it constitutes a first line of defence of bank equity. The bond was successfully placed on the market at an attractive rate of 2.88%. At the end of 2014, the Bank's capital cover ratio was therefore almost 14%, a level higher than that required by FINMA. Shielded by this additional capital, the Bank is able to face up to unforeseen situations, which is in the interest of its shareholders and depositors.

### **Adoption of automatic exchange of information in line with the OECD standard**

In Berlin, on 29 October 2014, at a meeting held during the Global Forum on Transparency and Exchange of Information for Tax Purposes, 51 states and territories signed the multilateral agreement on the automatic exchange of information on financial accounts. In common with other states signing this agreement, Switzerland announced that it intended to gather information from 2017 onwards and that it was prepared to exchange data from 2018 onwards.

Putting the principle of automatic exchange of information into practice will still also require countries to sign bilateral agreements creating concrete rules for its application. Switzerland has already entered into a dialogue on this matter with its principal partners, in particular with those that are offering their residents the opportunity to regularise their tax situation.

This regulatory development changes the nature of the relationship between BCGE and its non-resident clients, in particular those from OECD countries. The Bank has therefore regularly kept its foreign depositors abreast of the legal framework that affects them. It has invited them to quickly take all the action necessary to ensure that their assets are tax-compliant. This process is now well under way. After a transitional phase, the Bank will terminate its business relationships with clients whose assets have not been declared. Moreover, in line with the Swiss financial market's "clean money policy", BCGE has, as of 1 January 2015, required of each new non-resident depositor a statement that the funds entrusted to it are tax-compliant.

2014 was a very positive year for Banque Cantonale de Genève. Profit before tax was significantly higher than in the previous year, which allows us to recommend an increased dividend per share to the Annual General Meeting.

**American programme**

On 16 December 2013, the Bank decided to participate in the programme negotiated between Switzerland and the United States aimed at settling the tax dispute between the two countries. It resolved to do so even though it had never had a policy of seeking clients in the United States and had always respected the regulations in place. Following intense auditing of its American clients, carried out with the assistance of qualified external experts, and after detailed examination of its situation with its external legal counsel, Banque Cantonale de Genève came to the conclusion that its participation in the programme was not justified and decided to withdraw from the programme, in which it had declared itself to be in category two.

**Application of new resources**

The 2014 accounts show very good overall results, with which we should be very pleased, as they are the culmination of major efforts in marketing, rationalisation and cost control in all of the Bank's divisions. However, as I have already stated, 2014 was not a year like any other, due to major events in cross-border and tax-related business. These required BCGE to commit considerable human and technological resources with a view to constantly adapting its procedures to new administrative realities. At all levels of responsibility, the workload was particularly heavy as, in addition to daily business duties, the demands of the numerous task forces devoted to regulatory questions had to be attended to. The Board of Directors was aware of this and it would like to thank the BCGE staff, managers and the Executive Board for their unceasing commitment to the service of the Bank in these difficult circumstances.

The members of the Board of Directors would also like to thank the shareholders for the confidence they have shown in them. In this troubled period, rest assured that the Board of Directors pay great attention to the sound management of Banque Cantonale de Genève and to its adherence to its mandate as the only Geneva bank at the service of everyone.

**Jean-Pierre Roth**

Chairman of the Board of Directors



## Message from the Chief Executive Officer

### Three responses to the imperative of competition: our staff, our convictions and our organisation

In 2014, several records were broken, particularly in terms of profitability (net profit CHF 76.2 million) and productivity (cost income ratio 57.4%). This performance was not due to any specific effort made or particular success achieved during the year. It was the result of fundamental work in several areas, extending over a decade in some cases. It stemmed from the precise and prioritised commitment of our staff, the Bank's clearly stated and published convictions and an organisational framework focused on operational security and innovation.

Today's banks are sometimes reminiscent of besieged fortresses in the Middle Ages: surrounded by an ever denser thicket of unpredictable rules and regulations and very short implementation deadlines with sometimes massive financial effects; harried by numerous forms of economic delinquency or crime, and scrutinised by assessors (regulators, auditors, analysts, ratings agencies, competition and labour law inspectors). It is easy to forget that banks, while under this sort of pressure, are also squaring off against each other and are up against the new financial powers of shadow banking. Surviving and growing in this environment may serve as a reasonable definition of the term "competitiveness". Our institution is meeting this challenge in three ways: by placing staff – human beings – at the heart of our tactical capability; by expressing its convictions in clearly formulated philosophies and action codes, and by building a robust, flexible and innovative organisation. These form our reserves of power, inspiration and security.

#### **Our organisation: the power reserve**

As of 31 December 2014, BCGE had 710 female (46%) and male (54%) employees operating in 31 locations in Switzerland and abroad. They are active on the front line, working for individual or corporate customers; in operations, checking that transactions are carried out smoothly; in quality control and security, and in the financial management of the Bank itself. They live in a variety of places (69% in Switzerland, 31% in France, less than 1% elsewhere) and are of a number of different nationalities. They must think highly of their institution, as they have acquired up to 2% of its equity.

They have enabled the Bank to deal with some considerable changes over the past few years (e.g. the year 2000 transition, the implementation of online banking and tax transformation programmes, to name just three). Every time the Bank got to grips with difficult projects, such as the 2008 IT migration, it was they who maintained the link with clients, treating each of them as an individual.

This choice of emphasising personal contact and human relationships, whatever the effects of the digital revolution, has been encapsulated in the oft-repeated motto: "I know my banker". The key idea is that each adviser is responsible for a specific group of clients, through thick and thin. Clients are able to identify him or her and so personalise their relationship with the Bank.

Sophisticated management processes, such as the use of one central call and advice centre and one pension planning and advisory centre, allow advisers to manage and host their groups of clients, which may range from a few hundred to a few thousand in size.

Faced with the rise of new technologies and new forms of competition (such as non-bank online payment), the Bank not only believes that this relationship and personal "capital" should not be sacrificed but also that it will provide a way of standing out in tomorrow's market. What is evolving is the type of contribution or intervention that human agents make in the service chain. From being operators and producers, they become personal advisers and financial planners.

Advisers are getting nearer to their clients as people and to their private concerns. They are engaging them in a concrete, technical and useful discussion about their financial options, whatever their age, social status or ambitions. They will give them time for a conversation about the big financial questions, such as: what risks should I take? What's my optimum level of debt? What kind of pension should I have? How should I develop my business: buy it? Or sell it? To my managers?

The Bank's staff will be its power reserve, no matter how the environment changes.

#### **Our convictions: the inspiration reserve**

A bank has a soul or, as we would put it today, its own DNA. This house style may result from its history – quiet or turbulent; from its roots – aristocratic or homespun; from its shareholders – public or private, or from its management style – conquering or friendly. At BCGE, the style is based not just on local loyalty – a characteristic of the cantonal banks – but on convictions expressed in the form of philosophies or principles of action. Precise axioms have been formulated and documented in the publications on investment management, home purchase finance and corporate finance.

As regards those three focal points of the Bank's business, it was essential to make plain to our clients, our staff and all the stakeholders the nature of the Bank's principled choices, its operational guidelines and ethical framework adopted in the development of its business. There are three imperatives. The first is to express clearly the Bank's convictions on the choice of the best asset classes, the methodological options for structuring a portfolio and the rules aimed at protecting the interests of the investing client, whether individual or institutional (BCGE Investment Philosophy). It is worth remembering that the cantonal banks are the Swiss market's leading investors, with a market share of 31.8%<sup>1</sup>. BCGE manages and administers CHF 19.8 billion of assets.

The second is to explain in detail the house procedures and rules applying to property finance, whether for home ownership or commercial development (Property finance: BCGE's principles of engagement).

The third is to make known to companies and entrepreneurs our risk assessment criteria in business lending, whether to small companies or large groups (Corporate finance: BCGE's principles of engagement). It is also worth remembering that the cantonal banks are the Swiss market leaders in business finance, with a market share of 28.8%<sup>1</sup>. BCGE's lending to the Geneva economy totals CHF 13.9 billion.

A willingness to put cards on the table means a plain and direct dialogue with our partner clients can take place. The Bank does not promise the impossible and does not make vague statements. It explains to its clients clearly how it thinks and how it makes decisions. From this it reaps several advantages: an open and useful dialogue with its clients, a homogeneous set of principles and added coherence and solidity within the institution.

<sup>1</sup> Source BNS and UBGS, 2013.

**Our organisation: the security reserve**

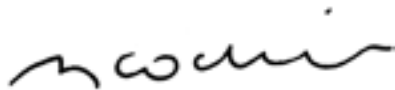
The architects and engineers of our organisation do not have an easy job. They run a bank with a very diverse range of activities, which earns 31% of its income in euros and dollars, which has several offices in a number of different time zones and which is based in an expensive location.

To meet the challenge of this high degree of complexity, relative to its modest size and resources, the Bank's organisation has in the last ten years turned towards partnerships. The central idea is that resources, including the time and attention of managers, must be devoted first and foremost to the clients. Operations are combined into bigger units to achieve greater security and lower marginal costs.

Payments, securities transactions, operational IT, credit cards, the administration of BCGE investment funds, loans guaranteed by mortgage-backed bonds and several other operational functions are outsourced or jointly operated with a number of other cantonal banks. This choice, which allows a focus on advice and makes time available to our clients, also has the advantage of making operating costs manageable. These totalled CHF 83 million in 2014 (down slightly by 0.2%). Depreciation was also down at CHF 19 million (-5%), reflecting the gradual end to the effects of the major IT migration (2008-2009).

This choice of partnerships and subcontracting has also allowed us to release operational resources to deal with special projects, which this year were in the tax area. This mode of organisation also allows us to face new challenges, such as those presented by disruptive technologies in the context of joint institutional operations and in relationships with powerful industrial partners. It is in all these respects that the model allows us to handle the volatility and unforeseeable nature of our environment.

Our clients attach a great deal of importance to having a human relationship with our advisers, their personal bankers, to how consistent we are over time in what we say, to how what we say hangs together and takes form in reliable and stable solutions and to our capacity to absorb the shocks of the financial environment. All these expectations require that the Bank transform itself while remaining true to itself.



**Blaise Goetschin**  
Chief Executive Officer

GENEVA . ZURICH . LAUSANNE . PARIS . LYON . ANNECY . DUBAI . HONG KONG



PROFESSIONAL PENSION PLANNING . LIFE INSURANCE . PERSONALISED FINANCIAL CHECK-UPS .  
PORTFOLIO ADVICE CENTRE

 **BCGE** ADVICE

A UNIVERSAL BANK SINCE 1816



# Mission and strategy

*A universal bank: made in Geneva*

BCGE is a universal retail bank whose main mission is to contribute to the development of Geneva's economy. In order to do so, it provides a complete range of banking services to private, corporate and institutional clients. To support its clients in their activities and operations, which often extend far beyond Geneva's borders, it has branches in Lausanne and Zurich, plus representative offices in Dubai and Hong Kong. Its Banque Cantonale de Genève (France) subsidiary is located in Lyon, Annecy and Paris. The Group also includes the Capital Transmission subsidiary, specialising in SME capital finance. As of 31 December 2014, the Group employed 710 people (full-time equivalents) and had total assets of CHF 17.5 billion, with equity of over CHF 1.2 billion.

## PORTRAIT OF THE BCGE GROUP



- 1816** Founded in 1816, Banque Cantonale de Genève (BCGE) plays a vital role in supporting and boosting the regional economy. BCGE forms the central pillar of retail banking as well as corporate finance, particularly for the SME community and the Geneva property sector. BCGE works with the public authorities and also offers private banking services and financial asset management for institutional clients. Listed on the Swiss stock exchange, SIX Swiss Exchange (code: BCGE), BCGE has a rating of A+/A –1/ Stable, confirmed in December 2014 by the Standard & Poor's agency. It employs 663 staff (in full time equivalents).



- 1993** With its headquarters in Lyon and branches in Annecy and Paris, Banque Cantonale de Genève (France) SA is a wholly-owned BCGE subsidiary. It offers corporate finance and property services to businesses and self-employed professionals, in addition to wealth management for private clients. BCGE France contributes to the development of the economic zone stretching from Lyon to Geneva. Banque Cantonale de Genève (France) employs 47 people.



- 2007** Swiss Public Finance Solutions SA (SPFS), Geneva offers finance solutions to Swiss public authorities. It is based in Geneva, with an office in Zurich, and is owned by BCGE (50%), Crédit Foncier de France, Paris (40%) and Caisse d'Épargne Rhône-Alpes, Lyon (10%). SPFS establishes contact, defines requirements and draws up the operational plan. The participating banks then undertake the actual financing.



- 2008** Capital Transmission SA, Geneva, finances and provides equity investment in business transfer and expansion operations mainly in the Geneva region. It also operates throughout Switzerland and in certain specific cases in France. It has a total investment capacity of CHF 50 million, of which CHF 24 million were allocated at 31 December 2014. This allows it to support its clients over the long term and to assist their projects by acquiring minority shares or through mezzanine financing. Capital Transmission does not participate in the management bodies of the financed entities.

# Mission and strategy

## A complete range of banking and financial services

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



Geneva headquarters

### SERVICES TO INDIVIDUAL CLIENTS

#### Day-to-day banking services

##### Payments: a wide range of day-to-day banking services

The Bank offers quality banking services such as current accounts, salary accounts, deposits and withdrawals, credit cards, foreign-exchange operations and safe deposit boxes.

##### Secure and easy-to-use remote banking

The Bank also provides online remote banking under the BCGE Netbanking brand ([www.bcge.ch](http://www.bcge.ch)). Thanks to SMS Connect, a large number of users can access the service and conduct transactions using a code received by SMS on their mobile telephone. By this means, the Bank also notifies clients to confirm execution of certain transactions. CrontoSign is another powerful security system: using a smartphone or a handheld optical scanner, clients scan a pictogram to obtain a code to validate their operations or to connect to the site.



##### Mobile Netbanking

With the Mobile Netbanking application installed on smartphones or tablets, the Bank is always available and accessible. Clients can get online at all times to follow the progress of their assets in real time and manage operations quickly and easily. Navigation is very simple and intuitive. A version of the Bank's website adapted to mobile phones is also available.

##### Online management of your securities

BCGE Netbanking and Mobile Netbanking also include an integrated online trading tool, BCGE 1816, which provides a simple, user-friendly interface. It enables clients to trade online reliably with a trusted bank. BCGE 1816 also provides access to the "Your money" financial information site.

##### Experienced advisers at the end of a telephone line

The telephone can also be used as a means of accessing several functions. By using the Bank's central number (058 211 21 00), clients can contact experienced advisers and support staff who specialise in electronic banking from 8:00 to 19:30, Monday to Friday. At other times and at weekends, the same telephone number provides 24-hour access to information and various services.

##### Savings, an important part of the Bank's DNA

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

##### Financial planning: quality, tailor-made advice

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

### **Credit: experts in property financing, leasing and loans for personal projects**

BCGE is the leader in mortgage finance in the Canton of Geneva. It finances first- and second-home purchases in Geneva, in Switzerland and in the nearby parts of France. It also offers financing solutions, such as leasing or loans for personal projects.

Through BCGE (France), the Group is involved in property finance for individuals and professionals mainly in the Rhône-Alpes and Ile-de-France regions.



BCGE (France), Lyon, Annecy, Paris

### **The densest banking network in the canton**

BCGE provides a network of branches conveniently located to meet the needs of the canton's population. It places the expertise of 237 client advisers and staff members in its 22 branches, six 24-hour banking zones and 146 ATMs at its clients' disposal (plus one ATM in Lausanne). Wishing to give all its clients the best possible service, BCGE employs greeters in most branches to provide any help that might be required.

### **Wealth management made in Geneva**

As a wealth management bank for private and institutional clients, BCGE offers a complete range of services adapted to each client segment. The long-term advice that the Bank gives its clients is guided by an investment philosophy (see page 13) which encourages prudence and preservation of capital. Its presence in Geneva, Zurich, Lausanne, Lyon, Annecy and Paris, along with its two representative offices in Hong Kong and Dubai, means that the Bank can also advise and serve its Geneva clients internationally. With a view to maintaining capital and high quality investment performance, priority is given to balancing risk control and return on assets.



BCGE Private Banking, Lausanne and Zurich

Representative offices, Hong Kong and Dubai



## SMALL, MEDIUM AND LARGE COMPANY CLIENTS

### A very complete range of services

With almost half of Geneva's companies figuring among its clients, the Bank plays an irreplaceable role in the canton's economic structure. A very significant volume of financing is provided to small and medium enterprises, allowing many businesses to operate and grow. For companies in the region, BCGE makes a vital contribution, notably as a supplier of credit on good conditions, as a provider of solutions adapted to regional specifics and as an institution able to take banking decisions close to ground level.

### Recognised asset management expertise

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



### A clearly stated investment philosophy

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

### A set of principles for business finance

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



### A very wide range of business finance solutions

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

### A property and construction specialist

Investors in property, developers and construction companies all find BCGE solutions for real estate financing and renovation for all kinds of property, be it for homes, offices or retail premises.



### Property explained

A brochure entitled *Financement de l'immobilier: la doctrine d'engagement de la BCGE* (Property finance: BCGE's rules of engagement) explains the main principles governing these types of loans and this market, as well as the criteria specific to BCGE.

### A "client-orientated" trading room

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

### Financial engineering for companies and financial institutions

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

The BCGE Asian desk comprises the BCGE business financing, corporate finance and private banking teams based in Geneva and Hong Kong. It also serves as a source of ideas and advice for companies either establishing a foothold or trading on Asian markets. Lastly, BCGE Asian desk is a forum for entrepreneurs with knowledge of or interest in Asia to meet and discuss their experiences and methods.

### Company acquisition and transfer

The transfers and acquisitions of companies are operations that go well beyond the traditional relationship between banks and business. For this reason, BCGE has a specialised corporate finance team totally dedicated to advising business leaders on equity matters, mergers and acquisitions and structured equity finance. Its brief is to provide advice to clients when their company has reached a stage where they are considering a new development, such as a project or an acquisition, or when they are intending to transfer the business to new owners, their successors or to the existing management. BCGE Corporate Finance also actively seeks strategic or financial partners.

It also operates in the risk capital field through its Capital Transmission subsidiary (see page 10).

### **Expertise in international commodity trade finance**

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

### **A PRIVILEGED PARTNER OF PUBLIC AUTHORITIES**

#### **At the service of Geneva's municipalities**

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

### **ARTICLES OF ASSOCIATION AND CAPITAL**

#### **A wide shareholder base**

Banque Cantonale de Genève is a public limited company pursuant to article 763 of the Code of Obligations, created according to the constitutional law of 12 March 1993, which came into effect on 1 January 1994 with the merger of the Caisse d'épargne de la République et Canton de Genève (founded in 1816) and the Banque Hypothécaire du Canton de Genève (founded in 1847). Its principal shareholder is the Canton of Geneva, which holds 44.3% of the share capital. The City of Geneva and the municipalities of the canton hold 28.3% of the share capital. 12,481 mainly private individuals hold a significant proportion of the bearer shares. To these should be added the shareholders who have deposited their securities with third-party establishments. In total, the float amounts to 27.4% of the capital.

#### **Towards the single registered share**

At its General Meeting of 25 April 2013, BCGE announced that it had proposed to the Council of State that it modernise its capital structure by opting for a single type of registered share. Geneva's government pronounced itself in favour and on 21 January 2015 indicated that it would submit an amendment to the Banque Cantonale de Genève Act to the Great Council.

This reform involves a single change: transforming the present share structure, which comprises registered shares reserved exclusively for the public authorities and bearer shares listed on the Swiss stock exchange that are available to private shareholders. The aims of introducing the single type of share are to make the stock more attractive on the capital markets, to allow the Bank to gain more information about its shareholders by means of the shareholder register, to put an end to bearer shares (in anticipation of a change in Swiss law) and to make it easier to adapt to new regulatory requirements for equity (Basle III).

**Governance recognised**

German-language biweekly Finanz & Wirtschaft has ranked the cantonal banks in terms of their corporate governance. BCGE appears near the top of the rankings, in third position, and the publication states: "Interessanterweise gehören ausgerechnet die Kantonalbanken von Bern, Waadt und Genf zu den Instituten mit der besten Corporate Governance" (Interestingly, the cantonal banks of Berne, Vaud and Geneva are among the institutions with the best corporate governance).

**Contributing to the development of Geneva's economy**

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

**Partial state guarantee on savings deposits**

The Canton of Geneva partially guarantees the refund of the principal and interest of savings deposits and pensions at the Bank. The maximum guaranteed amount is set by article 25 of the Banque Cantonale de Genève Act. The Bank pays the State for this guarantee. The first CHF 100,000 are guaranteed by the Swiss Confederation under the terms of the Swiss Banks' and Securities Dealers' Depositor Protection Scheme, which relates to preferential deposits<sup>1</sup>. The cantonal guarantee is in addition to this amount. It guarantees savings deposits from CHF 100,001 to 500,000 and pension fund deposits, as well as members' vested pension benefits, enjoy a guarantee of CHF 1,500,000. The guarantee by the canton will be completely withdrawn on 31 December 2016. As of 1 January 2017, savers' deposits will only be covered by the Federal guarantee. Depositor security will nonetheless remain at the highest possible level due to the Canton of Geneva's position as the Bank's majority shareholder.

<sup>1</sup> [www.esisuisse.ch](http://www.esisuisse.ch).

RETAIL BANKING

**Day-to-day banking services**

Daily operations  
 Individual accounts  
 BCGE Netbanking and Mobile Netbanking (account updates, payments and online trading)  
 Bank cards  
 Safe deposit boxes

**Saving**

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

**Pension planning**

Pension advice centre  
 2nd and 3rd pillar accounts  
 Vested benefits accounts  
 Fund-based savings plans  
 3rd pillar annuities

**Investments**

Custody of securities  
 Online stock trading  
 Investment funds and structured funds  
 Fund-based savings plans

**Private banking**

Discretionary management mandates  
 Lombard loans  
 Term and trustee deposit accounts  
 Investment advice  
 Estate planning  
 Private equity investments

**Services to independent wealth managers**

**Housing finance**

Main residence  
 Second home  
 Construction or renovation loans

**Consumer financing**

Vehicle leasing  
 Personal loans

CORPORATE BANKING

**Corporate finance and cash management**

SMEs  
 Large corporations  
 Professionals and self-employed

**Property and construction finance**

Property investors  
 Property development  
 Office property and public corporations  
 Construction companies

**Property and business 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 for banks and insurance companies**

Currencies  
 Investment securities and funds  
 Metals  
 Capital markets  
 Cash  
 Banknotes

**Corporate consultancy, BCGE Corporate Finance**

Mergers and acquisitions (M&A)

**Equity finance**

Capital transmission  
 Minority shareholdings  
 Mezzanine finance  
 Management buyout

INSTITUTIONAL

**Finance and cash management**

State and related entities  
 Municipalities and municipal property trusts  
 Parastatal institutions and churches  
 Public property trusts  
 Public bodies in Switzerland  
 Non-profit making bodies

**Asset management**

Balanced active investment management  
 Passive mandates – index management  
 Controlled-risk active investment management  
 Institutional investment funds  
 Long-term Swiss small- and mid-cap investments  
 Institutional investment advice

**Optimised Financial Selection Advice Club (CFO)**

Interest rate management advice  
 Exchange rate management advice

**Financial services and markets for institutional clients**

Stock markets  
 Currencies  
 Metals  
 Issues  
 Capital markets  
 Cash

## Divisions: internal enterprises

18



**CORPORATE AND INSTITUTIONAL CLIENTS**  
Claude Bagnoud

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

**CEO**  
Blaise Goetschin (seated)

**INTERNATIONAL CLIENTS**  
Pierre-Olivier Fragnière

**FINANCE AND RISK CONTROL**  
Eric Bourgeaux (seated)

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

### **Executive Board division**

#### **Blaise Goetschin, Chief Executive Officer**

The Executive Board division is responsible for providing services across the BCGE Group as a whole. It supports the CEO in his leadership, planning, support and oversight responsibilities for the Bank, its divisions and its subsidiaries. The division manages and documents his relationships with senior management and internal regulatory agencies as well as with external institutions and clients. It is in charge of marketing and product management as well as Human Resources management and training. It manages legal affairs, institutional communication, corporate affairs and investor relations. Lastly, it serves the whole bank in respect of litigation, workout and credit control.

### **Finance and Risk Control division**

#### **Eric Bourgeois, member of the Executive Board**

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

### **Corporate and Institutional Clients division**

#### **Claude Bagnoud, member of the Executive Board**

As a partner of businesses, Swiss institutions and public bodies in the canton and surrounding area, the Corporate and Institutional Clients division is in contact with approximately 4,000 corporate or public-sector clients and so makes a decisive contribution to their wellbeing. With a broad range of financing products and banking equipment, it provides loans to corporate clients for their working capital and investment projects, as well as supporting clients' acquisition and transfer activities. It also provides a specialised financial risk management service as well as a range of financing solutions for real estate developments and the construction industry. It advises companies throughout their life-cycle, particularly on transfers, rapid expansion, mergers and acquisitions, management buyouts (MBOs) and initial public placements. It also provides all of the Bank's securities management expertise to institutional clients which may involve pension funds, trusts, family offices or assets managed by companies or their directors.

### **International Clients division**

#### **Pierre-Olivier Fragnière, member of the Executive Board**

The division is responsible for BCGE's international business activities. In this capacity, it brings together and develops the business lines represented by international private banking, international commodity trade finance and relationships with international banks and institutions. Financing, just like investment strategies or any other non-lending banking service, is provided to international clients based on their profiles and their expectations. The division relies on its Geneva organisation but also on the branches in Lausanne and Zurich and, beyond the domestic market, on the representative offices located in Dubai and Hong Kong. The latter facilitate relationships with clients interested in "Swiss made" asset management, as well as allowing BCGE and its clients more convenient access to Asian financial markets.

### **Geneva Private Clients and Family Businesses division**

#### **Jérôme Monnier, member of the Executive Board**

The division serves all private clients based in the Canton of Geneva and its locality. In particular, it provides services to private individuals, professionals, the self-employed and small businesses. With a staff of nearly 245 employees, it provides local banking services through its network of 22 branches, six 24-hour banking zones and its 146 ATMs. To maintain its market leadership, the division provides its clients with additional ranges of very comprehensive services via parallel and diversified distribution channels. The geographical deployment is complemented by a dedicated call centre and online banking facility. This wealth management competence centre offers an all-round advisory approach that allows clients to structure, protect, develop and grow their assets with a focus on financial planning. The division finances and advises the clients for which it is responsible.










### **Organisation, IT and Operations division**

#### **Jean-Marc Joris, member of the Executive Board**











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

# Organisation chart












**EXECUTIVE BOARD**

 <b>Blaise Goetschin</b> <sup>I, III, VI, VII</sup> Chief Executive Officer	 <b>Christophe Weber</b> <sup>VII</sup> Chief of Staff & Planning	 <b>Hélène De Vos Vuadens</b> Communications & Investor Relations
 <b>Elisabeth Ray Tang</b> Human Resources	 <b>Philippe Marti</b> <sup>IV</sup> Legal	 <b>Christian Hamm</b> Marketing
 <b>Emile Rausis</b> <sup>I, IV, V</sup> Recovery, Workout & Controls	 <b>Bernard Matthey</b> <sup>IV</sup> Debt Recovery & Workout	 <b>Tanguy de Jaegere</b> <sup>I, IV</sup> Credit Expertise & Controls








**GENEVA PRIVATE CLIENTS & FAMILY BUSINESSES**

 <b>Jérôme Monnier</b> <sup>III, V, VII</sup> Member of the Executive Board	 <b>Pierre Villanti</b> Business Development & Branch Network	 <b>Sébastien Collado</b> <sup>I</sup> SMEs & Self-employed
 <b>Pierrette Jaton Klopfenstein</b> Centre Sector	 <b>François Kirchoff</b> West Sector	 <b>David Bottoli</b> Left Bank Sector
 <b>Franco Furcolo</b> BCGE Private Banking Swiss Clients	 <b>Albert Gallegos</b> Financial Planning	 <b>Audrey Rozen Doerks</b> Online Banking
		 <b>Alexandre Scala</b> Right Bank Sector

**CORPORATE AND INSTITUTIONAL CLIENTS**














 <b>Claude Bagnoud</b> <sup>I, III, V, VI</sup> Member of the Executive Board	 <b>Patrick Senger</b> Corporate Clients & Business Development Staff	 <b>Charles Kaeser</b> <sup>I</sup> Real Estate & Construction
 <b>Alain Vairo</b> Public Bodies	 <b>Virginie Fauveau</b> Corporate Finance	 <b>Nicolas Bézaguët</b> Personal Finance
 <b>Catherine Raphoz</b> French Corporate Clients	 <b>Patrizio Arioni</b> Institutional Investors	 <b>Raoul Monnay</b> <sup>I</sup> Swiss Corporate Clients Bodies
 <b>Eric Wesse</b> <sup>II</sup> Chief Executive Officer BCGE (France) SA Wholly-owned BCGE Group subsidiary	 <b>Virginie Fauveau</b> Director Capital Transmission SA Wholly-owned BCGE Group subsidiary	


**ORGANISATION, IT AND OPERATIONS**

 <b>Jean-Marc Joris</b> <sup>VI, VII</sup> Member of the Executive Board	 <b>Jean-Michel Comte</b> Service Center Banking Operations	 <b>Grégory Denizou</b> Service Center Credits & Services
 <b>Fabrice Fournier</b> Service Center Tax	 <b>Céline Orlandini</b> Logistics & Procurement	 <b>Guy Reboh</b> <sup>VI, V, VII</sup> Organisation
		 <b>Daniel Stocco</b> <sup>VI</sup> IT



INTERNATIONAL CLIENTS			
 <b>Pierre-Olivier Fragnière</b> <sup>I, II, V</sup> Member of the Executive Board	 <b>Claudio Pietroforte</b> <sup>II</sup> International Private Banking	 Priska Tribelhorn Team 1 Private Banking International Geneva	
 <b>Josiane Tistouet</b> Global Strategy & Business Support	 Olivier Thyssen Credit Analysis & Business Administration	 Olivier Ernout Team 2 Private Banking International Geneva	 Shahab Malek-Abhari Representative Office Dubai
 <b>Philippe Terrier</b> Global Commodity Finance	 Gérard Demierre Operations Global Commodity Finance	 Laurent Barbé Team 3 Private Banking International Geneva	 Massimo Cangini Independent Portfolio Managers
 Nicolas Demierre Commodity & Structured Finance	 Serge Chesternine Commodity & Transactional Finance	 Boris Bijleveld Representative Office Hong Kong	
 <b>Yves Spörri</b> Banks & International Institutions	 Léonard Graz Financial Institutions	 Massimo Cangini (a.i.) Private Banking Lausanne	
 Irene Diez Insurance & Other Financial Institutions		 Karl Aeschbacher Private Banking Zurich	

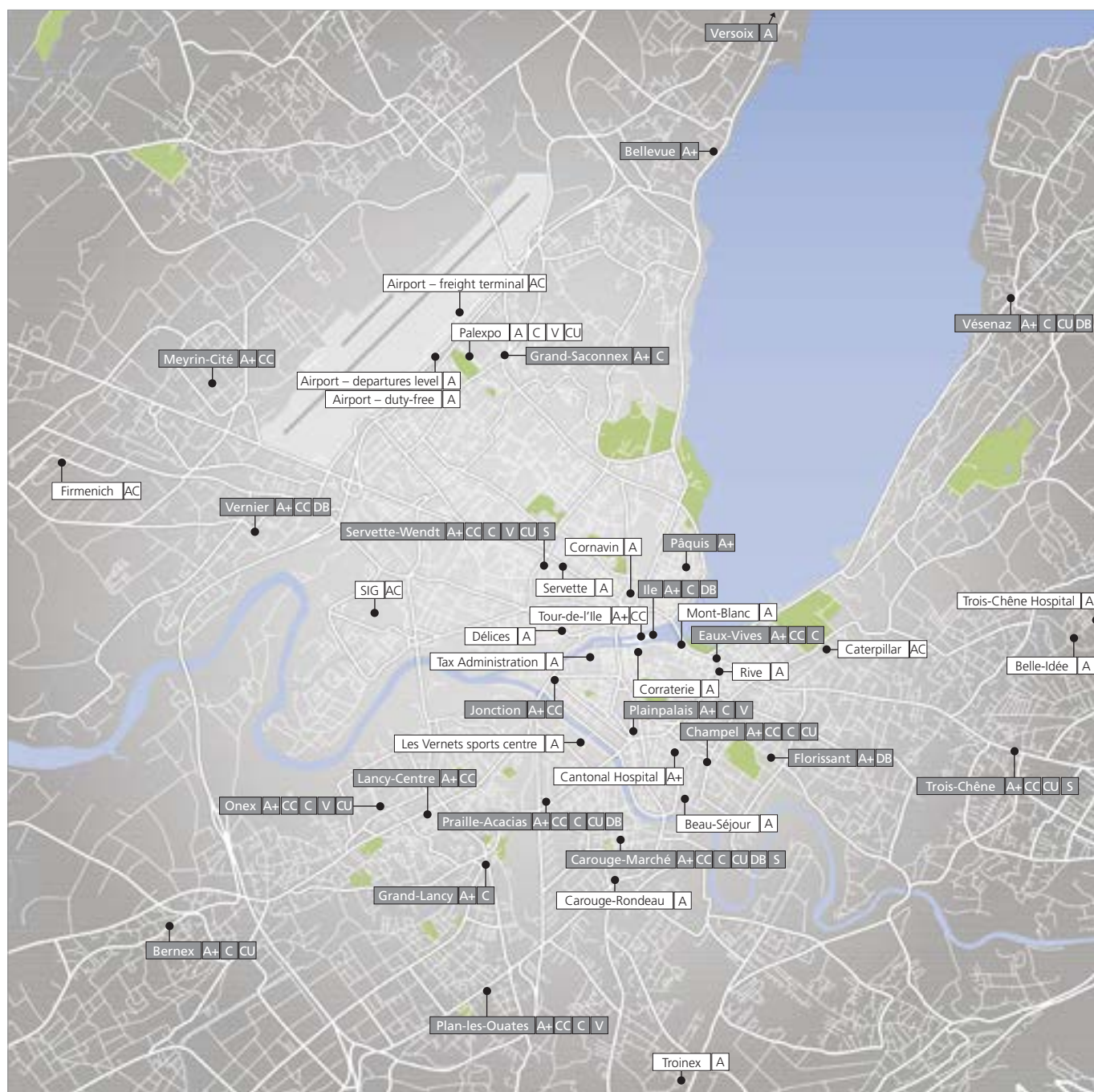
FINANCE AND RISK CONTROL			
 <b>Eric Bourgeaux</b> <sup>III, V, VI</sup> Member of the Executive Board, CFO	 Marc Doerks <sup>VI</sup> Finance Chief of Staff & Risk Control	 Pierre Sauvagnat <sup>II, III</sup> Financial Markets & Treasury	
 Yvan Nicolet General Accounting	 Frédéric Vernet Financial Control	 Marianne Bourgoz Gorgé <sup>III, V</sup> Risk Control	 Marie-José Bratcov Compliance
 <b>Constantino Cancela</b> <sup>II</sup> BCGE Asset Management	 Constantino Cancela <sup>II</sup> (a.i.) Institutional Portfolio Management	 Axel Moser <sup>II</sup> Private Portfolio Management	 Thierry Angele Advisory
 Haroldo Jiménez <sup>II, III</sup> Financial Studies	 Valérie Lemaigre <sup>II</sup> Investment Office		

INTERNAL AUDIT
 <b>Monique Seiss Baudry</b> Head of Internal Audit, reports to the Board of Directors

<sup>I</sup> Member of Credit Committee<sup>II</sup> Member of Strategic Investment Committee<sup>III</sup> Member of ALM Committee<sup>IV</sup> Member of the Credit Risk Commission<sup>V</sup> Member of Risk Committee<sup>VI</sup> Member of IT Strategy Committee<sup>VII</sup> Member of Strategic Organisation Committee

# Your bank at your service and close to hand

Network of 22 branches and 146 ATMs



- BCGE branch
- A ATM
- A+ ATM also for cash deposits in francs and euros
- AC In-company ATM, reserved for employees and authorised persons
- CC Cashcoin
- C Change machine
- V Deposit machine
- CU Currency conversion machine
- DB Deposit box
- S Open Saturdays from 9:00 am to 12:00 pm

**Bellevue**

Route de Lausanne 329  
Martin Wintermantel (a.i.)

**Bernex**

Rue de Bernex 284  
Eric Maenza

**Carouge-Marché**

Rue Saint-Victor 39  
Marie-José Molla

**Champel**

Avenue de Champel 45  
Olivier Vota

**Eaux-Vives**

Rue Versonnex 13  
Jean-Paul Cara

**Florissant**

Route de Florissant 66  
Benjamin Jeanroy

**Grand-Lancy**

Place du 1<sup>er</sup>-Août 1  
Florent Reynaud

**Grand-Saconnex**

Route de Ferney 169  
Christelle Didier

**Ile**

Quai de l'Ile 17  
Pierrette Jatton-Klopfenstein

**Jonction**

Boulevard Saint-Georges 2  
Stéphane Kursner

**Lancy-Centre**

Route de Chancy 67  
Françoise Thomas

**Meyrin-Cité**

Rue De-Livron 19  
Stéphane Bonnin

**Onex**

Avenue du Gros-Chêne 14  
Cécile Huber-Luquiens

**Pâquis**

Place de la Navigation 10  
Michel Boven

**Plainpalais**

Rue de Carouge 22  
Pierre-Olivier Vialla

**Plan-les-Ouates**

Place des Aviateurs 5  
Jean-Luc Gruaz

**Praille-Acacias**

Route des Acacias 49  
Cédric Liraki

**Servette-Wendt**

Avenue Wendt 54  
Alexandre Scala

**Trois-Chêne**

Rue de Genève 78  
David Bottoli

**Vernier**

Route de Vernier 219  
Patrick Guex

**Versoix**

Route de Suisse 37  
Martin Wintermantel

**Vésenaz**

Route de Thonon 45-47  
Nicolas Borde

**24-HOUR ATM ZONES**

**Cantonal Hospital** – Rue Micheli-du-Crest 24

**Carouge-Rondeau** – Rue Ancienne 88

**Corraterie** – Rue de la Corraterie 4

**Délices** – Rue des Charmilles 1

**Palexpo** – Palais des Expositions

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

**STAND-ALONE ATMS**

**Airport – duty free**

**Airport – freight terminal**

**Airport – departures level**

**Beau-Séjour Hospital**

Avenue de Beau-Séjour 26

**Belle-Idée Hospital**

Chemin du Petit-Bel-Air 2

**Caterpillar** – Route de Frontenex 76

**Cornavin**

**Firmenich** – Route de la Bergère 7

**Geneva Utility (SIG)**

Chemin du Château-Bloch 2

**Halles de Rive** – Boulevard Helvétique 27

**Les Vernets sports centre**

Rue Hans-Wilsdorf 4

**Mont-Blanc Parking Garage**

**Rue de la Servette 59**

**Tax Administration** – Rue du Stand 26

**Troinex Town Hall**

Chemin de la Grand-Cour 2

**Trois-Chêne Hospital**

Chemin du Pont-Bochet 3

GENEVA . ZURICH . LAUSANNE . PARIS . LYON . ANNECY . DUBAI . HONG KONG



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



 **BCGE** SAVINGS

A SECURE BANK FOR DEPOSITS

# Economic reflections

## Geneva's economy continued to grow in 2014

The canton's GDP growth rate is higher than the national average. GDP in Geneva looks to have grown by 2.3% in 2014<sup>1</sup>. The Geneva economy, less orientated towards the eurozone than the rest of Switzerland, benefited from an appreciating dollar in the second half of the year, especially in exports and tourism. Despite the overall growth in the canton's economy, however, the situation in a number of sectors was far from favourable in 2014. This summary, on pages 26 to 29, is based on the March 2015 annual supplement *Reflets conjoncturels* (Economic Reflections), published by the Office Cantonal de la Statistique (OCSTAT).

### Population

In 2014, the resident population of the Canton of Geneva increased by 8,334 (+1.8%), giving a total of 482,545 at the end of the year. This is the fastest rate of growth since the nineteen sixties. It therefore exceeds the record increase seen in 2003, the year following the entry into force of the first part of the agreement on the free movement of persons.

Geneva's demographic growth can essentially be explained in terms of migratory flows: 78% of the increase was due to net migration (the difference between arrivals and departures), while the remaining 22% was due to natural net increase (the difference between births and deaths).

The high level of net immigration was due to two factors. Firstly, the number of people who came to settle in the canton in 2014 (24,388) was as high as in previous years and secondly, the number of people leaving the canton was lower (17,879). This is the first time since 2003 that the 20,000 barrier has been broken.

### Exports

Since 2010, exports of goods from the Canton of Geneva have been increasing constantly. In five years, their value has grown by over CHF 5 billion, or 37%. For 2014, the figure was CHF 18.6 billion (excluding precious metals, gemstones, art works and antiques), representing growth of 10.4% in one year. The rate of export growth increased quarter by quarter. Indeed in the fourth quarter, deliveries abroad reached a new quarterly high, breaking the CHF 5 billion barrier for the first time.

Three types of goods alone accounted for over 90% of the value of Geneva's exports in 2014: watches and clocks (43%), jewellery (36%) and chemical products (12%). Exports of watches and clocks and, in particular, jewellery surpassed their previous highs of 2013 (+5.6% and +19.4% respectively). Chemical products, meanwhile, were slightly up on 2013 (+1.3%).

At national level, Swiss exports totalled CHF 208.3 billion, an increase of 3.5%, breaking the previous record, achieved in 2008.

### Imports

Since 2010, the value of imported goods has increased by over 25%. In 2014, it rose to CHF 11.9 billion (excluding precious metals, gemstones, art works and antiques), posting annual growth of 8.0%. After a sluggish first half (-1.8%), imports took off again in the second half of the year (+17.5%).

Commodities and semi-finished products, energy products and capital goods recorded falls of 1.1%, 6.7% and 1.8% respectively. By far the most important group comprised consumer goods, which accounted for three-quarters of Geneva's import purchases, increasing 12.1% in the space of one year.

At national level, Swiss imports stagnated for the second year running (+0.4% compared with 2013). They totalled CHF 178.3 billion, a level lower than in 2008.

### Industry

Although less bad than 2013, business for Geneva industry was judged unsatisfactory overall in 2014. While orders, order books and production were all trending upwards from January to June, progress was slower in the second half of the year. At national level, the business situation as a whole is considered satisfactory.

### Financial services

After deteriorating in the first half of 2014, the situation of Geneva's financial services improved in the latter part of the year. Even though business conditions appeared satisfactory on the whole, the demand for services nonetheless contracted in the second half. Profits deteriorated in the first three quarters but improved towards the end of the period. At the same time, the competitive position developed quite favourably throughout the year.

On a national scale, the level of business was good and further improved in comparison with the previous year. Meanwhile, stock exchange indices were strongly up.

### Hotels

In 2014, the number of overnight stays in hotels in the Canton of Geneva increased 1.9% compared with 2013. These totalled 2.9 million, breaking by 55,000 nights the previous record set in 2008. The number of overnight stays by Swiss guests increased by 5.2%, while for foreign guests it rose by 1.2%. Despite the downturn seen from April to October, the number of overnight stays increased over the year as a whole. While turnover for hoteliers had the same upward trend, the profits situation followed an up-and-down pattern.

In Switzerland as a whole, the number of overnight stays rose 0.9% over the year. In the Zurich region, where the tourist sector profile is similar to Geneva's, the increase was slightly greater (+2.2%).

### Restaurants

During 2014, Geneva's restaurateurs remained very dissatisfied with the level of business. Turnover and profits were down throughout the year, apart from a brighter patch in the first quarter.

### Retail

Retail business in Geneva remained poor during 2014 and was even worse than in the previous year. On average, over the full 12 months of 2014, footfall, turnover and sales volume were all down. Sales volume did, however, stabilise at the end of the year.

### Other services

In other service areas<sup>1</sup>, comprising a large number of businesses and jobs in the canton, the business situation is considered to have been good throughout 2014. It even improved when compared with 2013. Over the year, the demand for services expanded. At the same time, the profits situation remained quite stable and indeed consolidated in the third quarter.

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

### Construction

In major structural work, contractors were dissatisfied with the level of business throughout 2014, even though the situation was better than in 2013. They were satisfied with the situation as regards fitting out work, however.

At the end of 2014, 660 new buildings were under construction, 1% more than at the end of 2013. This translated to a volume of 4.6 million m<sup>3</sup> for a value of CHF 3.8 billion, representing a stable situation compared with the previous year.

### Housing and non-residential premises

In 2014, the Canton of Geneva recorded 1,621 new housing units, a 21% increase over 2013. This is a higher total than the 2000-2013 average (1,381). Of the 1,776 housing units constructed, 1,589 were new builds and 187 were renovations. Conversely, 155 housing units were demolished.

Upstream in the construction process, the number of housing start permits increased substantially compared with 2013 (+61% or 2,629 housing units). The number of new housing units for which building permit applications were made (1,565) was, on the other hand, relatively low compared with the figures recorded between 2000 and 2013 (1,821 housing units per annum on average). At the end of 2014, 3,460 housing units were under construction, a figure lower than at the end of 2013 (down 7%), but remaining at a high historical level nonetheless.

As regards buildings intended for commercial purposes, the area of newly constructed non-residential buildings was 35,526 m<sup>2</sup> in 2014, down 70% from 2013. The figure is distinctly lower than in the preceding years (by 148,186 m<sup>2</sup> per year on average since 2000).

### Property services

In 2014, management professionals had a positive view of their business situation. On the other hand, the level of business deteriorated compared with 2013 and was considered just satisfactory. In the estate agency business, the situation was not very good, although there was a slight improvement at the end of the year.

The 1,971 property transactions recorded in 2014 represent a 10.0% increase over 2013, which was, however, a low point. The 2014 total is close to that achieved in 2012 but lower than the levels seen from 2007 to 2011. In value terms, total expenditure (CHF 4 billion) was the lowest recorded since 2009.

### Employment

In the Canton of Geneva, employment in full time equivalent terms (FTE) continued the growth trend begun in 2010 (in the secondary and tertiary sectors, excluding the international public sector and domestic services). Nonetheless, the rate of growth slowed, with an annual average of +1.0% in 2014 as against +1.3% in 2013. In the secondary sector, which represents 15% of the total, jobs increased by 0.9% in 2014. In the tertiary sector (85% of the total), the increase was 1.0%. The number of jobs occupied by women grew more than those occupied by men (by 1.7% and 0.5% respectively). In Switzerland, the number of FTE jobs grew by 0.9% on an annual average basis, as against 1.3% in 2013.



### **Cross-border employment**

The number of active cross-border workers continued to grow but at a slower rate than in previous years. On average, for the first three quarters of 2014, the increase was 3.2% compared with the equivalent period of 2013.

### **The labour market**

In 2014, the annual average unemployment rate was 5.5%, the same as in 2013. A slight downward trend emerged in 2014: from 5.7% in January, the rate fell to 5.4% in December. The number of long-term unemployed fell, particularly from September: in December there were 15% less than a year earlier. In Switzerland too, the annual average unemployment rate was stable in 2014 (3.2%).

In 2014, the number of persons affected by working time reductions fell by over a half on an annual average basis compared with 2013 (-56%). The downward trend was seen throughout the year.

### **Aggregate earnings**

After four years of steady growth of 3% per annum (in both nominal and real terms), aggregate earnings in the Canton of Geneva decreased in 2014. For the year as a whole, they slipped 0.6% in nominal terms compared with 2013. Measured in real terms, i.e. deflated by the average Geneva consumer price index, aggregate earnings fell 0.7% in 2014.

### **Consumer prices**

In 2014, prices remained almost unchanged. Average annual inflation was +0.1%, as in 2013. After an increase in the first part of the year – in May 2014 the index reached its highest point in almost three years – the Geneva consumer price index slipped downwards in the second part of the year, affected by movements in oil product prices, which fell 13.1% between August and December 2014.

As in the three preceding years, although to a lesser extent, prices of goods fell (-0.6% average annual change), while prices of services increased (+0.5%). The main increases were in housing rents (+1.4% average annual change), food (+1.1%) and restaurant meals (+0.9%). For these three expenditure items, which were already among those having the greatest impact on the index in 2013, the price increases recorded in 2014 were lower than those in the previous year.

The main decreases included the prices of medicines (-4.5%), private health insurance premiums (-7.6%) and hospital services (-1.1%). The prices of motor fuel and heating oil, which fell to their lowest level for four years at the end of the period, declined by 2.5% and 1.3% on an annual average basis compared with 2013.

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SMES . MULTINATIONALS . PUBLIC AUTHORITIES . PRIVATE EQUITY AND MBO . INTEREST RATE MANAGEMENT .  
TREASURY AND CURRENCY MANAGEMENT . MERGERS AND ACQUISITIONS . REAL ESTATE



A RELIABLE PARTNER FOR THE REGIONAL ECONOMY

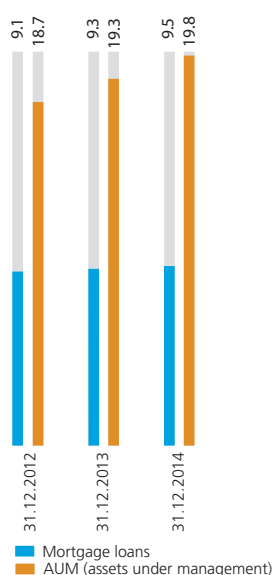


# Business review 2014

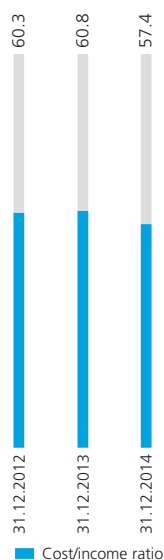
Strong growth in profitability  
and dividend increase of 11%

BCGE achieved very good results in 2014. Profitability, expressed in the net profit of CHF 76.2 million (+4.4%) and the economic profit of CHF 115.4 million (+34.7%), increased sharply. Competitiveness was clearly demonstrated, particularly through two indicators: mortgage lending, which reached CHF 9.5 billion, and assets managed and administered, which increased to CHF 19.8 billion, i.e. an increase of over 2.6%. Shareholders' equity exceeded CHF 1.2 billion (+6.2%), forming a solid base for future development. The dividend proposed at the Annual General Meeting was increased to 5% of par value (+11%). For 2015, the Bank is anticipating a profit comparable to that of 2014.

Competitiveness:  
growth of lending and  
wealth management  
in CHF billions



Productivity  
sharply up  
in %



## Key group figures for 2014 (in CHF 1,000)

	31.12.2014	31.12.2013	31.12.2012	Change 2014-2013
Total assets	17,493,768	16,619,020	16,472,650	5.3%
Mortgage loans	9,503,574	9,319,134	9,070,985	2.0%
Assets under management and administration	19,847,828	19,343,694	18,737,537	2.6%
Shareholders' equity	1,235,521	1,162,984	1,085,752	6.2%
Common equity tier 1 ratio (CET1+AT1)	12.59%	11.60%	10.63%	8.5%
Available regulatory capital ratio	13.97%	13.47%	12.86%	3.7%
Employees (full-time equivalents)	710	725	723	-2.1%
<b>Results</b>				
Operating income	360,042	334,767	345,760	7.6%
Operating costs	206,769	203,696	208,352	1.5%
Gross profit	153,273	131,071	137,408	16.9%
Intermediate profit	115,428	85,720	92,081	34.7%
Net profit	76,155	72,961	67,008	4.4%
<b>Returns</b>				
ROE ((% return on equity)	6.3%	6.4%	6.3%	-1.6%
Dividends	5%	4.5%	4.5%	11%

## Steady balance sheet growth

Total assets grew for the seventh year in succession, reaching CHF 17.49 billion (+5.3%).

## Record net profit

Productivity grew strongly: cost/income ratio rose by 3.4% to reach 57.4%. Profitability grew vigorously, with the ratio of intermediate profit to shareholders' equity increasing from 7.5% to 9.5%. Gross profit rose 16.9%. The intermediate profit (economic profit) bears witness to outstanding operational and commercial performance, with growth of 34.7%. Net profit continued its upward trend and achieved a record CHF 76.2 million (+CHF 3.2 million).

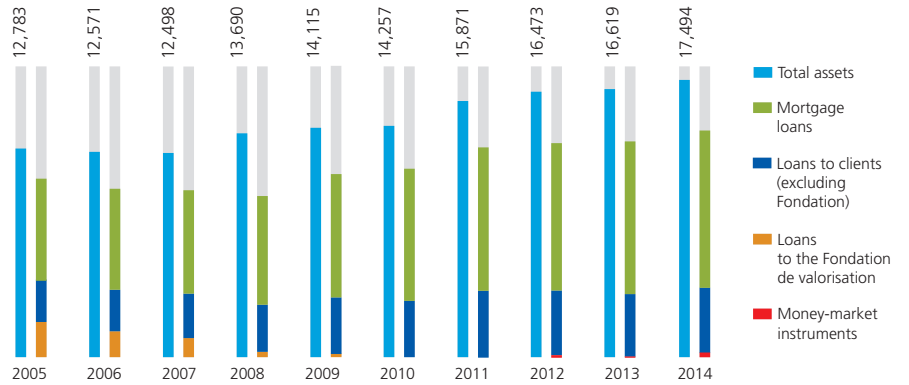
## Income benefits from business diversification

Income saw a remarkable growth of 7.6% to CHF 360 million, despite a complex environment. The interest rate margin was very well managed, considering the moderate increase in lending combined with low rates. Commissions and other income grew in concert, in particular due to highly skilled business lines such as global commodity finance and capital markets. The international proportion of turnover achieved in EUR and USD was 31%. This strategy of diversifying businesses, markets and types of clientele offers the best opportunities for adapting to the future.

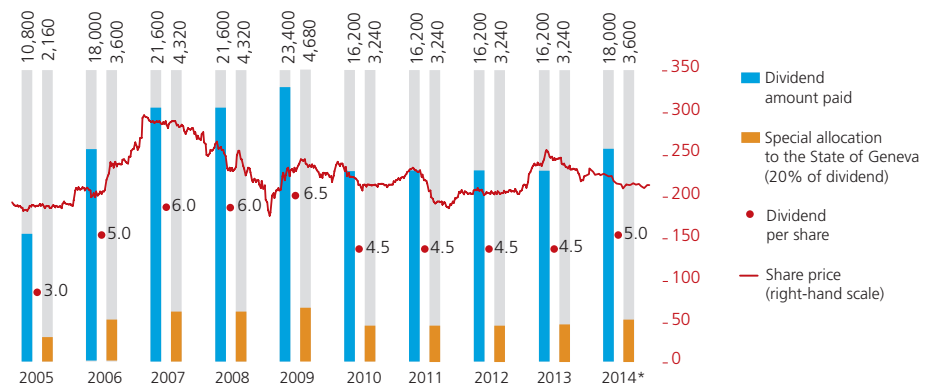
## Strong commission growth

The Bank stepped up its less equity-intensive consultancy and management activities for private individuals and companies and commissions rose to CHF 108 million (+10.5%). Loan commissions reflected growth in global commodity finance, while commissions on securities were the product of growing wealth management, together with capital market and private placement issue operations. Other commissions developed favourably in retail banking (+29.8%).

Change in the balance sheet  
in CHF millions

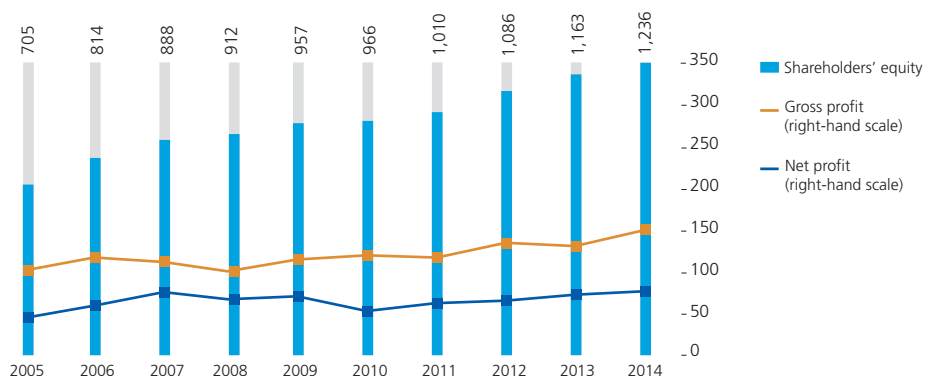


Changes in the dividend, dividend amount paid (in thousands) and BCGE share price  
in CHF

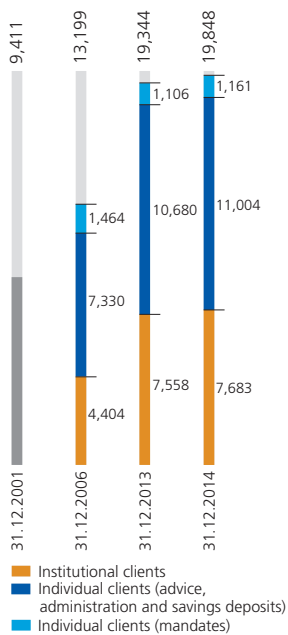


\*Proposed dividend and special allocation to the State of Geneva.

Change in profit and shareholders' equity  
in CHF 1,000



Assets managed and administered increased by 2.6% in CHF millions



Equity coverage ratio of 14% in CHF millions



### A stakeholder in Geneva's economic growth

BCGE plays a key role in financing Geneva's economy (half of the canton's businesses are its clients). The Bank has lent a further CHF 1.02 billion to companies and private individuals in three years. In 2014, mortgage lending increased moderately to CHF 9.5 billion (+2%), while loans to clients grew to CHF 4.05 billion (+5.5%). The Bank operated a policy of prudence, prioritising quality of risk and margins.

### Growth of over CHF 500 million in funds managed and administered

Funds managed and administered reached CHF 19.8 billion (+2.6%). Private banking activities firmly withstood the sector's structural changes (+3.2%), while institutional investment grew steadily (+1.7%). BCGE 1816, the Bank's strongly growing online trading facility, was used by 4,600 clients (+32%).

### Further increase in shareholders' equity

Year-on-year growth of CHF 73 million took shareholders' equity to CHF 1.24 billion, giving a coverage ratio of 14%, well above the 12% regulatory minimum. Since 2000, no less than CHF 551 million of additional shareholders' equity has been created.

### Potential for rise

There is considerable potential for a rise in the BCGE share value in view of the gap between its quoted price of CHF 214.10 at 31 December 2014 and its intrinsic value in shareholders' equity per share terms of CHF 349.

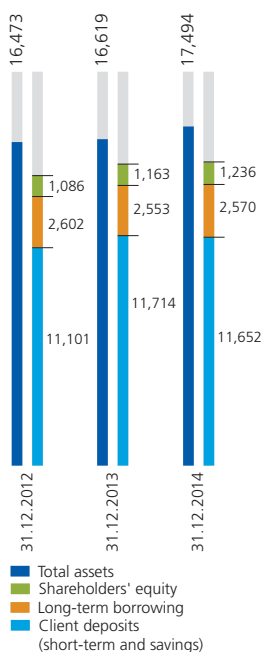
### Dividend up by 11%

The Board of Directors is proposing to the General Meeting a dividend of 5% of par value. This 11% increase is in line with the excellent results and the positive outlook. CHF 18 million will therefore be distributed to public, institutional and private shareholders.

### Contribution to the public authorities

The Bank makes a major contribution to the public authorities; in 2014, this contribution amounted to CHF 38 million. Over the last ten years, they have received no less than CHF 327 million.

Client deposits  
CHF 11.7 billion  
in CHF millions



### Strategic priorities for 2015

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

- to be the core partner for the regional economy and companies within it,
- to undertake selective growth in mortgage finance,
- to pursue targeted growth in private banking in Switzerland and internationally,
- to expand its market share in asset management and investment funds,
- to improve operational productivity.

### Outlook for 2015

The Bank intends to pursue the development of its business despite the uncertain Swiss and international financial context. It is relying on the diverse nature of its skills and the alignment of its business model with the specific features of Geneva's economy. The growth of high added-value business and customer loyalty confirm the BCGE's positive strategic positioning. The Bank's financial soundness, as demonstrated by its rating, makes it a secure and stable place for client deposits.

The Bank notes the persistence of extraordinarily low rates and very volatile currency exchange rates, both factors liable to affect its interest margin and commission income. Lending growth will remain subdued due to the Bank's own funds legislation and the counter-cyclical buffer. The Bank is stepping up the development of business areas that are less equity-intensive (private banking, asset management, funds, mergers and acquisitions and financial engineering consultancy).

For 2015, the Bank is anticipating a profit comparable to that of 2014.

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





LISTED ON THE SWISS STOCK EXCHANGE



# Key facts of 2014

Private clients

**The branch network:  
making the service even more personal**

BCGE operates a very dense network of branches and almost half of the canton's inhabitants are now clients of the Bank. Market studies show it to be among the most highly reputed institutions. The online service has been enhanced by the extension of online banking opening hours and the development of new functionalities for the Mobile Netbanking application. BCGE is also extending the "remote proximity" concept and is offering its clients a range of digital technologies. In the same vein, a number of branches are now equipped with wi-fi points in preparation for the hyperconnectivity to come. The main aim of these technological innovations is to increase the quality of the service and to make it more personal. In 2014, over 11,400 new clients joined BCGE and the number of services for them to use keeps on growing. Mortgage lending to private clients reached CHF 3.4 billion. 30,137 people now benefit from the BCGE Avantage Service loyalty programme. To respond to the needs of its client base, BCGE continued to innovate and enhance its services offering based on numerous advances in technology.

## **The increase in deposits confirms the Bank's attractiveness**

The Bank is very competitive for deposits and savings and remains the principal savings-gathering institution in Geneva. The strength of its balance sheet was once again demonstrated by Standard & Poor's confirming its A+/A-1/Stable rating. Reliable performance by BCGE products is acknowledged by clients, with deposits increasing by CHF 63.2 million in 2014, to reach CHF 9.7 billion (+0.7% compared with 31 December 2013). This is a pleasing increase, particularly against a background of structural transformations in the banking sector and further intensified competition in the Geneva market.

## **Rise in number of payment cards in circulation**

Payment cards saw renewed growth: 6.1% year-on-year, as did Maestro debit cards (+2.3%). The Bank is deploying an increasing number of methods to protect its clients from skimming-type frauds (in particular by means of geo-filtering) and regularly informs them of new risks and preventive measures they can take.

## **Human and personal contact with clients: an absolute priority**

Client consultations were frequent in 2014, growing in number to reach a total of 63,489. This pleasing development shows what a crucial role the adviser plays in understanding the needs of clients and in the choice of individualised solutions. Every client should be able to say: I know my banker. Bank branches remain the best place to ensure close local contacts with clients, complemented by the Internet and mobile telephone offerings. Advisers possess a wide range of expertise, encompassing cash management solutions, savings, pension planning, borrowing and investments. Their primary objective is to help clients preserve and grow their capital by means of an open and friendly dialogue and highly developed advice procedures.

## **Mortgage lending to individuals growing**

BCGE Simplissimmo is a very competitive response to the needs of prospects and clients who wish to entrust their mortgage financing to a bank that has a perfect knowledge of the local market. Mortgage lending to private clients grew in 2014 and totals CHF 3.4 billion in outstanding loans. The personalised solutions contained within the BCGE Simplissimmo concept offer clients not only excellent conditions but also a choice of the best duration and repayment terms. Other lending products, such as consumer loans, remain at a satisfactory level.

## **Enhanced online advice offering**

In 2014, the Bank's online advice offering was supplemented by the creation of a team of specialised advisers, providing clients with a telephone or text messaging service with extended operating hours. This multidisciplinary unit has a staff of over 20 and provides clients with a fast and efficient service for their daily banking needs. The unit provides an essential complement to the expertise of the personal adviser, who remains the special partner at the client's service.

## **E-banking platforms**

Access to BCGE via the Internet is undergoing ceaseless expansion. Consequently, BCGE's simple, fast and economical Netbanking online transactions system is attracting more clients with each passing year. Approximately 57,000 users log on every month and carry out over six million operations a year, while 99,000 (cumulative figure) have applied for access to this service (2.6% growth year-on-year).

In spring 2014, BCGE presented its clients with an innovative and effective tool: the Mobile Netbanking app. Its straightforward and intuitive navigation and simple payment entry system make it possible to manage operations quickly and easily, while strengthening transaction security. It also includes many other functionalities, such as online stock trading, secure messaging, etc.

#### **Private banking for Geneva citizens**

The BCGE Private Banking Swiss Clients department within the Geneva Private Clients and Family Businesses division is a specialised banking partner with the objective of building, extending and protecting the assets of high-net-worth clients. Today, this department is a trusted beacon for resident Swiss and Geneva clients.

#### **Advice at every time of life**

BCGE occupies a growing place in wealth and pension management services and advises all generations. Its methodical approach takes into account investors' objectives, time horizons and profiles. The department, specialising in wealth optimisation, pursued its expansion during the year, thanks particularly to its reserves of expertise in the field of financial planning and tailor-made advice. It is systematically involved in analysing client pension plans. The solutions it offers take into account taxation, property, optimisation of investments, as well as various aspects of marriage and inheritance laws. In the case of proposed pension plans, in addition to BCGE products, third-party offerings are selected in a completely independent manner, based on their performances and specific features in terms of a best possible match with client requirements. In parallel with the in-depth studies carried out by this department, other Bank advisers carry out numerous multi-faceted financial check-ups that allow clients to ensure that their personal wealth situation is consistent with their financial objectives.

#### **Constantly upgraded security**

Since spring 2014, with the aim of matching its security to the rapid development of threat, BCGE has offered clients the opportunity of opting for a new means of identification: CrontoSign Swiss. Easy to use, fast and user-friendly, this system meets all the criteria to guarantee a high level of security for BCGE Netbanking transactions (for authenticating and signing off payments). CrontoSign Swiss functions anywhere in the world, without the need for a network connection. It is available in the form of a smartphone application or as a handheld optical scanner.

#### **Spectacular increase in the number of deposits managed via online trading**

The BCGE 1816 online trading platform underwent major development in 2014, with 4,600 deposits being opened (a 32% increase). BCGE 1816 expanded its offering and now allows access to the Tokyo, Singapore and Australian stock markets, in addition to the Bank's range of investment funds. BCGE 1816 is a highly economical solution with a simple, user-friendly interface. It enables clients to trade online reliably with a trusted bank. Together with the electronic payments system, it constitutes a complete financial control panel for the investing client.

#### **User-friendly ATMs available throughout the canton**

As of 31 December 2014, the number of ATMs totalled 146. The ATMs located throughout the canton, which are available 24 hours a day, provide all the most popular services (withdrawals and deposits). BCGE clients, and also – for certain transactions – non-clients, can make CHF and EUR withdrawals and deposits and carry out currency exchange and change sorting operations in a secure environment that is easy to use and features attractive charges. Clients thereby have free access to the most extensive national network of ATMs, those belonging to the member banks of the Union of Swiss Cantonal Banks.

### **Business Partner programme deployed throughout Switzerland**

The Bank offers a range of products, preferential charges and high-quality services to the employees of selected partner businesses; once more, this programme demonstrated its effectiveness. The Business Partner programme included 70 companies in 2014 (64 in 2013) in Geneva, Zurich (22) and Lausanne (3). Several thousand clients are members of this community and are advised by the Swiss branches of BCGE.

### **A bank for the self-employed and small businesses**

Staff at the Bank's 22 branches, together with specialists from the SME and Self-employed Financing department, based in Lancy, provided effective support for Geneva's entrepreneurs and self-employed thanks to a service covering all their needs, as well as those of their businesses and their employees. This high-quality support is made possible through a complete range of services to businesses and private individuals, through the Bank's positioning as the only full-service bank with its decision-making centre in the canton and through close links with the cantonal institutions and other supporting bodies. Half of Geneva's companies benefit from BCGE's support, meaning that the Bank is partner to 10,500 companies. The closeness of its service enables it to provide CHF 460 million in financing for the region's small businesses and self-employed. This financing enables them either to invest or to meet their companies' working capital requirements. The SME and Self-employed Financing unit has also provided CHF 31.6 million in business leases for its clients' capital goods and vehicle fleets.

### **Growth in the BCGE Avantage Service premium scheme**

The Avantage Service was modified with effect from 1 January 2014 to enhance its value for multiservice clients. A distinction is now applied between clients with a single bonus and those with multiple bonuses. Income on the savings of multiservice clients is now 2% above base rate, a meaningful amount in a period of such low, indeed negative, rates. In 2014, the premium was paid to 32,000 clients as a reward for their loyalty.

### **Increased number of Epargne 3 accounts**

The number of new Epargne 3 accounts grew by 2.4%. This excellent performance confirms BCGE's role as the leading savings player in the region. The "Fondation de Libre Passage" (transferable benefits foundation) manages over 20,000 transferable benefits accounts. The Epargne 3 account makes it possible for clients to secure their future and fill in any gaps left by the 1st and 2nd pillars. It thus enables clients to consolidate their pensions and financial opportunities while making a tax saving. This account offers great flexibility in terms of deposits and interest rates, as well as the opportunity to invest in the stock market through multi-managed BCGE Synchrony LPP Funds investment funds.

### **Innovation: launch of an investment fund savings plan**

Based on its position as the leading retail bank, particularly in terms of savings inflows, BCGE has created a new product called "BCGE Plan d'épargne fonds". The great success achieved (CHF 14.9 million has been invested in this form) shows that it has been able to meet the specific requirements of savers wishing to build up a fund through regular investment by means of monthly payments which are used to purchase investment fund units.

# Key facts of 2014

Corporate banking

**A strong ongoing commitment  
to companies and entrepreneurs**

Thanks to a constantly improving production process and some innovative solutions, lending by the Corporate and Institutional Clients division, mainly to companies in Geneva and in Switzerland, further increased by 1.1%, despite an uncertain economic situation. This year again, lending activity was conducted in an economic and rate context demanding strict monitoring of risk levels and specific attention to protecting margins.

## **Specific services for companies**

The number of new business transactions grew slightly during the year. The equipment rate per company increased thanks to a range of specifically dedicated services; interest rate and currency risk management was made easier thanks to numerous creative solutions. Propensity to invest remained modest, in line with the subdued economic growth expected in Geneva in 2015.

## **Targeted mortgage growth**

Despite the overall property price level still being sustained, there has been a slight downward correction in Geneva this year, in both residential and commercial properties. The supply of commercial property is growing gradually. This increase in vacant premises, especially in the city centre, is allowing more favourable negotiating conditions for tenants than in recent years.

As regards the housing market, 2014 saw the renewed strengthening of regulatory measures taken by various Swiss authorities in respect of mortgage lending conditions, in order to stabilise prices. Despite this increasingly regulated context, the stability of prices and the historically low level of interest rates still favour a dynamic Geneva property market. BCGE maintained its strategy of selective growth. It was able to increase its mortgage lending while selecting its risks carefully.

## **A role and influence recognised by company directors and owners**

In line with its role as a provider of financial support in the form of equity or near-equity in management buyouts, Capital Transmission SA participated in a transaction of this kind in 2014, thus taking its portfolio to eight participations, totalling nearly CHF 24 million within an investment envelope of CHF 50 million. At the same time, BCGE Corporate Finance, acting in its mergers and acquisitions consultancy role, assisted several heads of companies and shareholders in their strategic planning for the development or transfer of their companies.

## **A targeted and competitive offer in the institutional investors market**

The mission of the Institutional Investors department, which was set up on a new basis in 2013, is to provide the Bank's entire asset management expertise to institutional clients, which may, for instance, involve pension funds, trusts, family offices or corporately managed assets. Its work takes the form of global or sector-focused investment mandates, active investment mandates (balanced – BCGE Synchrony Finest of – or specialised) and index investment mandates. The department also offers financial advisory services. This entity is also tasked with promoting the BCGE range of investment funds to institutional clients, bringing together a variety of expertise, including index-based management, investment in Swiss small- and mid-cap companies and the use of a fundamentals approach to Swiss equities. The launch in September 2014 of a new Swiss equity index fund, BCGE Synchrony Optimised SPI, made it possible to respond to changed pension fund regulations and to offer a product at a very attractive rate in a highly competitive market. A financial engineering service, through the Club CFO concept, provides advice in areas such as dealing with currency risk, managing interest rate risk and cash flow optimisation.

### **Specialised banking services for leading figures in business or public service**

The Personal Finance department offers personalised support for all types of financial question – from the simplest to the most complex – concerning wealth management, planning or transmission. What is special about this offering is that it is addressed to influential clients, mainly to personalities and business and political leaders. BCGE thus adapts its service and advice offering to a category of clients whose time is often fully taken up by their responsibilities and for whom trust and discretion are particularly important.

### **A financial player at the service of a regional economy comprising two different territories**

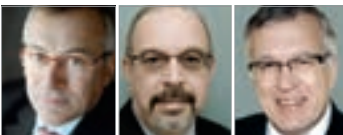
BCGE provides support for the economic development of Geneva and its region; Geneva's economy reaches further than the narrow confines of its territory in many ways. Geneva is a meeting place of dimensions extending far beyond its geographical limits. Every day, over 74,000 people cross the border to come and work there. It is therefore natural that BCGE should be at the service of these clients, international organisations, multinationals, cross-border workers, expatriates and Swiss nationals resident in France. From its headquarters at the Bank, the French Corporate Clients department is dedicated to developing cross-border business, both by providing finance for individual clients and on behalf of companies and entrepreneurs wishing to invest or set up in France. BCGE is acknowledged to be a partner that can provide solutions by virtue of its know-how, expertise and its team of specialists with roots in the French and Swiss banking sectors. 2014 was marked by a number of major property financing projects that required thorough knowledge of the economic environment and situation.

### **An excellent year for BCGE (France)**

Despite an adverse French economic situation and ever-greater regulatory constraints, the BCGE (France) subsidiary had an excellent year. Its business continued to develop and, in particular, loans outstanding grew. It maintained its position among property professionals. The Bank also finalised the sale of the Tour Incity in Lyon, for which, as lead transaction manager, it provided the greater part of the financing. Despite a low level of corporate financing, BCGE (France) is stepping up its presence among medium size companies and CEOs. Private management business grew steadily over the year. Income growth and good cost control allowed BCGE (France) to turn in a profit of EUR 3.7 million (+6.8% compared with 2013). BCGE (France) benefits from the support of the parent company in the area of refinancing.

### **Executive Board supported by a management committee**

The Supervisory Board of BCGE (France) comprises seven members: Blaise Goetschin, Chairman; Eric Bourgeaux, Vice-chairman; Banque Cantonale de Genève, represented by Claude Bagnoud; Constantino Cancela; Georges Canto; Manuel Riera, and Alain Bochet. The Executive Board comprises four members: Eric Wesse, Chairman; Christian Stampfli, Company Secretary; Marie-Claude Boulmier, Administrative and Financial Director, and Alain Besse, Development Director. The Executive Board is now assisted by a management committee comprising, in addition to its Executive Board members, Stéphanie Lachgar, Property Finance Manager; Philippe Bouganim, Products Offering Manager, and Guillaume Bénét, Internal Control Manager. This body is tasked with operational management, implementation of strategy and the monitoring of performance and results.



The external members of the BCGE (France) supervisory committee group are Alain Bochet, Georges Canto and Manuel Riera

# Key facts of 2014

Public authorities

**BCGE, a loyal and active partner to municipalities and public authorities**

Whether for the municipalities, the State or the major utilities, BCGE provides optimum solutions (consultancy and financing) for Geneva's public entities.

## **Increased lending in very competitive market conditions**

In very competitive market conditions, BCGE continued to develop successfully, in terms of both total lending and new business. At the same time, property projects financed by BCGE entered a more active phase, with significant funds being granted to clients. Its knowledge of the regional economic environment, the specifics of each public body and the independent nature of the advice it offers make the Bank a respected partner of public authority finance managers.

As of 31 December 2014, total loans outstanding granted to public authorities broke down as follows: approximately 30% were for Geneva's municipalities and their municipal trusts, with an equivalent amount allocated to public property trusts. The greater part of the balance, accounting for 20% of the total, went to the State of Geneva and its satellite entities.

In 2014, 60% of the increase in loans outstanding was attributable to Geneva's municipalities, their municipal trusts and public property trusts. The balance was for the State of Geneva and its satellite entities.

## **Helping public entities optimise their finances**

BCGE is the preferred partner of the major utilities, the municipalities and cantonal and municipal public property trusts, thanks to solutions which are highly adapted to public finance requirements. The Bank continued to support the Canton of Geneva in the ongoing development of its centralised cash flow administration, in investing its capital and in optimising its finances. The Bank keeps all the municipalities abreast of developments by means of its Info Communes express newsletter. The Bank's management has regular meetings with the municipalities and their magistrates for information and discussion purposes.

# Key facts of 2014

## International

### A selective approach and innovative products benefiting both the asset management and lending businesses

The International Clients division encompasses, in distinct business units, the domains of international private banking, global commodity finance and relationships with banks, insurance companies and institutions. Despite an ever more restrictive and costly regulatory environment, growth and good profits were achieved thanks to a strategy based on a selective approach and innovative products.

#### **International growth of private banking**

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

As for all segments of the Bank, 2014 was a year of continuous adaptation for BCGE's private banking business, due to an increasingly demanding regulatory environment. This had some effect on results. However, despite this complex context, organic growth remained stable and assets under management increased by about 5%, excluding market effects.

At the same time, the value of the private banking business rose due to the growth in the high value-added clients segments and a significant increase in their share of the overall portfolio. This success was due to a number of factors: reallocation of business by geographical area and towards markets with high potential, the support provided by the Bank's specialists and interaction with other BCGE business units. As a reputed commercial bank, BCGE enjoys an excellent image among entrepreneurs and their families. It has been able to capitalise on this network and take advantage of the know-how acquired over the years by the Global Commodity Finance business unit (with its extensive knowledge of the emerging markets and the operators in it) to consolidate the specific positioning that BCGE enjoys.

In addition, improved cost control has enabled the Bank to earn considerable income for this business, despite the expenses associated with the new regulatory requirements. The performance of wealth management business increased in 2014. Team specialisation was consolidated by recruiting expert managers, in particular for emerging markets: an example of the Bank's personalised and professional approach that clients appreciate. With a view to pursuing the market share growth objectives in this highly competitive market, specific action has already been undertaken. Thus the Bank is working to strengthen its relationship with independent wealth managers, to make increasing use of new channels to acquire clients and assets and to launch products designed for specific clients. The priorities are a stable and transparent investment philosophy, a personalised approach and the quality of the products offered.

#### **Global commodity finance: less equity-intensive solutions**

Through its Global Commodity Finance business unit, BCGE has been active for over 15 years in financing the international commodity trade, primarily in the energy field but also in metals (both ferrous and non-ferrous) and in soft commodities. Geneva is one of the world's leading international commodities trading centres. In view of the importance of this sector to Geneva's economy, BCGE seeks to contribute to its financing to the extent its equity capitalisation allows and in accordance with its risk diversification requirements. Finance is applied to a diverse range of purposes, in several continents and covering the main areas of production and consumption. The business unit has about a hundred clients or groups of clients, for the most part based in Switzerland.



A systematic approach based on risk-revenue ratio optimisation underpins a policy that is very selective in client segment terms. Companies active in the energy sector with an excellent track record are prioritised. Clients are therefore first-rank multinational groups and traders specialised in specific markets, provided these meet the Bank's strict selection criteria.

Following a slower rate of activity in 2013, the Global Commodity Finance business unit's operations regained their previous cruising speed in 2014, despite a complex macroeconomic and geopolitical environment, an ever-stricter regulatory framework and considerable pressure from competing trading centres.

The competence of the Bank's specialists, the quality of the service offered to clients and the teams' adroitness are acknowledged by fellow traders to be unrivalled and mean that the business unit is very well positioned in the market. The new products introduced in 2013, combined with strict cost control, led to excellent results being obtained in 2014.

Solutions for optimum use of shareholders' funds, in particular via risk selling mechanisms, were successfully implemented in the year under review. This originate to sell approach is likely to be more intensively used in future and will lead to a portfolio vision implying even more active management. Success in global commodity finance will rest partly on capitalising the teams' knowledge and skill, which is recognised both in Geneva and abroad, and partly on the need to find innovative solutions allowing generation and control of growth that is even more economical in terms of shareholders' funds.

#### **Interbank risks even more effectively securitised**

The International Banks and Institutions business unit is a highly internationally-focused entity. More than 600 banks worldwide (including over 420 in 50 emerging countries in Asia, the Middle East, Africa and South America) conduct a business relationship with BCGE through this unit. This department also works with the world's most important insurance companies and some sovereign funds.

It takes a coordinating role and implements synergies created with BCGE's various business units in order to offer the solutions best suited to the needs of the client base. In 2014, its group of high-level specialists was able to diversify the flows of funds dealt with and the geographical areas covered with a view to spreading and soundly managing risk. As such, it can offer particularly significant support to the Global Commodity Finance business unit.

At the same time, the International Banks and Institutions business unit – alongside the Finance and Risk Control division and in particular the trading room – contributes to implementation of BCGE's financial strategy. In 2014 it proved possible, through the use of new instruments, to securitise interbank risks more effectively and to optimise the needs of this activity in terms of shareholders' funds.

The International Banks and Institutions business unit reflects Geneva's image as an international city far beyond our borders; accordingly, it makes a significant contribution to the Bank's international role.

### **Support for the entities outside Geneva**

The banking activities of the International Clients division are based in Geneva but also in the branches outside the canton and the representative offices abroad. The representative offices in Dubai and Hong Kong constitute a relatively small-scale, yet indispensable, resource that provides support to all the international business units deployed by BCGE on behalf of its local and international clients. They project the positive image of BCGE and Geneva in their overseas locations, while augmenting their visibility in these high-growth areas. In so doing, they effectively help to implement the Bank's strategy. Not only do they assist in the growth of current activities, they also help reinforce the institution's international reputation.

The branches outside Geneva are guided by their primary objective of developing a Swiss and foreign client base with private banking potential: the Lausanne branch adds to BCGE's capability in the Lake Geneva region, while the Zurich branch positions the Bank squarely in Switzerland's economic capital.

The business partner programme implemented in Switzerland made a positive contribution to the success of these branches, being an offering composed of products, price advantages and high-level services for employees of selected partner companies. Moreover, the ability of their teams to combine a lending approach with a private banking approach served to reinforce the branches' positioning. In the same way as the overseas representative offices, the Zurich and Lausanne branches support all the international business units deployed by BCGE for the benefit of its local and international clients; they play a unique and important linking role.

### **A business unit providing support functions**

The Global Strategy and Business Support business unit, with its team of dedicated specialists, provides cross-departmental support functions for the International Clients division's three business activities. With the aim of providing quality of service to clients and cost optimisation, it combines targeted, bespoke expertise in terms of structuring and analysing loan requirements, compliance controls and monitoring in addition to legal support for all the division's lines of business. In 2014, these support activities felt the impact of an increasingly complex regulatory and economic environment which required them to constantly adapt monitoring methods and to search for the optimum organisation that would be able to cope with these latest developments.

### **Creation of the Tax Service Centre**

In the context of implementing various international tax agreements and in order to assist the Bank's foreign clients in becoming fully compliant with new tax declaration requirements, the Bank created a new department dedicated to these matters. Bringing together nine staff members from a range of backgrounds – legal, tax, operations and IT – has allowed the Bank to become appropriately responsive to these various recent developments and offer a quality of service that has become indispensable, as well as to expand its foreign client base.

# Key facts of 2014

Finance and asset management

**BCGE investment funds pass the one billion,  
three hundred million franc mark**

The Bank grew stronger in all its management areas. BCGE launched a new Swiss equity fund, issued a certificate comprising listed cantonal bank shares and developed four new BCGE Best of investment profiles. Total funds under management grew by 30%.

## **BCGE, lead transaction manager for three bond issues and a capital increase**

The trading room's business was buoyant, with good results. It continued to expand its client base (international trade clients, other corporate clients, Swiss and international institutional investors and access to private clients by means of the BCGE 1816 e-brokerage platform). As a lead transaction manager, the Bank participated in two bond issues for a public utility and in a hybrid capital issue for its own account, for which it took the "2014 record" for the lowest spread. The Bank was also lead transaction manager for a capital increase for the "La Foncière" property fund, with great success.

## **Contribution of long-term investments to results**

The management of long-term investments brought in some very good results with, in particular, amounts invested up strongly on the previous year. Dynamic ALM management made an important contribution to results.

## **A business unit with multiple areas of expertise**

The BCGE Asset Management business unit comprises five departments: Institutional and Private Portfolio Management (both responsible for investment mandates), Advisory (investment advice), Financial Analysis (analysing third-party funds and individual securities) and the Investment Office (economic analysis and forecasting). Together, these departments form BCGE's core asset management unit. This expertise centre provides ongoing state-of-the-art training for its 25 staff.

## **Serving clients through open architecture**

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

## **Launch of a new fund on the Swiss market and other new products**

To meet the demand of numerous institutional investors, the Bank successfully launched the BCGE Synchrony Optimised SPI® fund, which was valued at CHF 152 million at the end of 2014. In the same period, the Bank successfully placed with its private clients a certificate comprising listed cantonal bank shares, selected according to economic efficiency criteria. The nature of the product and its investment context proved very popular. Early in the year, the business unit made available to the front-office teams and their clients four new BCGE Best of profiles, adding to the Bank's flagship management product for individual clients.

**Continued expansion of BCGE's "house" range of funds**

As at the end of 2014, the Bank had a platform of over 50 classes of fund, all strong performers and suited to the Swiss and European markets alike. Over the years, BCGE's range of investment funds has been significantly extended and the assets managed using these instruments have grown. BCGE's "in-house" funds totalled over CHF 1.32 billion at the end of 2014 (CHF 1.08 billion as of 31 December 2013). The growth achieved by these Bank funds in the last two years is well above the Swiss market average.

**An investment philosophy that convinces institutional investors**

Taking investment funds and institutional mandates together, assets under management grew 10%, standing at CHF 3.3 billion at the end of the year. All funds and mandates are managed according to the principle of long-term growth in value as defined by the BCGE management philosophy.

# Key facts of 2014

Organisation, IT and operations

Automation is creating more time for clients

2014 saw numerous achievements. In terms of the IT platform optimisation, the BCGE Check-up process was integrated into the Bank's core software. The Bank developed the business of trading banknotes and metals for bureaux de change and private banks in Geneva. Several functionalities in the lending departments were automated. Every employee workstation was replaced. ATMs were installed at two new sites: Cornavin rail station and Les Vernets sports centre; ten other sites had their machines upgraded.

## Revision of wealth advice procedures

The success enjoyed by BCGE Check-up with individual clients meant that it needed to be integrated and automated in the Bank's core software platform: Finnova. The Check-up procedure, which consists of structuring, protecting and maximising clients' wealth in line with their economic behaviour profile, was revised to make its processes and operation more interactive for clients and so that they could be given the results of the analysis more quickly.

## Portfolio statements redesigned

To maintain its growth in the wealth management area, the Bank decided to initiate a major programme of investment in automation. The first investment cycle undertaken in 2014 consisted of updating the Temenos Triple A software suite. This was with a view to deploying several new functionalities in 2015: redesign of the portfolio statement, calculation of performance according to the global investment performance standards (GIPS), improvement of the portfolio rebalancing process, use of performance attribution and referencing against model portfolios and benchmarks, all of which are indispensable functionalities in institutional fund management.

## Development of banknote and metals trading

In the course of the continuing takeover of the activities of the Swiss National Bank at BCGE's headquarters, the Bank has developed the business of trading banknotes and metals intended for bureaux de change and private banks in Geneva. In partnership with its banknote transport service provider, the Bank expanded its premises and storage capacity and increased its frequency of distribution, thus becoming the canton's leader in this market segment.

## Automation of lending

This year the Bank took the final steps in automating functionality for the lending departments. This includes automatic processing of multicurrency floating limit requests, monitoring indirect repayments by Pillar 3 services, computerised management of maturity dates and of missing documents and statistical tools needed for reporting on standards in respect of mortgage loans of the exception to policy (ETP) type.

## Software for tax statements intended for international clients

Moreover, the Bank initiated a significant programme of investment in developing tools to produce tax statements. The Bank now systematically provides its clients in several countries with a reporting service that meets the requirements of specific tax standards. To produce these services, the Bank opted for an externalised service model. The Bank will thus now be able to produce statements of assets, revenue calculations and statements of gains or losses complying with the formats and standards required by foreign legislations.

## Replacement of office equipment

In collaboration with Swisscom, the IT department progressively replaced the workstations of all the Bank's employees. The technology installed in 2010, based on virtualisation and broadband capacities, allowed this progressive transition, which was deployed in several stages without disrupting the work of its users. The Bank took advantage of this process to harmonise the various office and messaging software packages.

**Progressive replacement and optimisation of ATMs**

Following an in-depth study carried out in 2012, the Bank is continuing to modernise and optimise the locations of its ATMs in the canton. There are two new sites: Cornavin rail station (where one of the machines is disabled-accessible) and the Les Vernets sports centre. Ten sites were remodelled and upgraded: the branches at Vernier, Plainpalais, Grand-Lancy, Eaux-Vives, Vézenaz and Jonction, along with the SIG site, Troinex town hall and Beau-Séjour and Belle-Idée hospitals.

**Renovation of the Plainpalais branch and the Lausanne subsidiary**

The Bank is continuing its programme of renovating branches and subsidiaries. In 2014 the focus was initially on the Plainpalais site, where the counters were replaced by new automated banking equipment and a new client welcome concept. The year was also dedicated to the complete remodelling of the Lausanne subsidiary's premises. In association with the freeholder, the Bank is currently undertaking a major refurbishment which will result in customers being welcomed in completely renovated premises from mid-2015.

**A reception and work centre of the highest standard**

Following the sale of its training centre in Conches, in late 2014 the Bank opened a new reception and restaurant facility at the Ile site. Two lounges and a catering space have been created to meet the growing need of the Bank's commercial departments to organise working sessions in a user-friendly space with all the necessary technological equipment, in contemporary surroundings.



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HOUSING AND BUILDINGS . PERSONAL PROJECTS . CAR AND EQUIPMENT LEASING .  
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 **BCGE** INDIVIDUAL CLIENTS

BANKING SERVICES AT HOME

# Risk control

## Continuous checking at all levels

Risk control is omnipresent throughout the Bank at various levels. The front-office units take prime responsibility for any risks associated with the business they handle, with the assistance of the support units. They are also backed up by the specialised second-level control departments which monitor risks on an aggregate basis, specifically the Compliance and Risk Control departments. These units carry out the overall control of risks and model them so that the Bank can choose the right balance between risk and revenue. Their role is also to monitor and report at the highest level on information regarding compliance with the framework and limits set by standards-setting agencies and the relevant bodies within the Bank and the authorities outside BCGE. Through various operating committees, these departments distribute their analyses, follow-ups of processes and information required for managing every type of risk.

The Risk Committee meets every month (see organisation chart on pages 20 and 21). Risk status is presented and analysed in the form of reports and analyses of credit positions. A risk committee meets monthly for the BCGE (France) subsidiary and another one meets with regard to risks associated with international trade finance. A committee to monitor the balance sheet and rate risks, the ALM committee, also meets each month. It studies exposure to interest rate risk, measuring income sensitivity and sensitivity of the net present value of shareholders' equity, and analyses internal transfer rate margins.

The development of stress tests (techniques to evaluate a financial institution's resistance to shocks) in respect of the whole portfolio continued in 2014 (properties and aggregates in particular). As regards regulation, the liquidity coverage ratio (LCR) will be published from 2015; the preparatory calculations for the net stable funding ratio (NSFR) and the leverage ratio have been made. New products have been created, particularly in the area of trade finance with payment risk assumption (PRA) and the resale of risks to insurance companies and banks.

BCGE, with total assets which exceed the CHF 15 billion threshold, is ranked in "category 3" according to the FINMA 2011/2 circular, which sets a minimum threshold of 12% equity coverage to be observed at all times. Business planning has taken this requirement into consideration when forecasting growth, in order to guarantee this level of equity coverage. Activation of the second counter-cyclical buffer was successfully completed in June 2014 with an additional equity requirement of the order of CHF 27 million (making a total equity requirement of approximately CHF 54 million for the two counter-cyclical buffers). At the beginning of July, a CHF 110 million subordinated perpetual additional tier 1 (AT1) bond was issued to bolster the Bank's equity base. The minimum 12% threshold is thus easily covered. At the end of 2014, equity coverage was between 13.71% and 13.97% for the Group. The publication requirements relating to shareholders' equity are available on the Bank's website ([www.bcge.ch/exigences-publications](http://www.bcge.ch/exigences-publications)).

The equity requirement to cover credit risks, market risks and operational risks is calculated at regular intervals and published internally on a quarterly basis.

### **Credit risk**

Establishing equity coverage plans for the next few years requires outstanding coordination between front office and risk control units. The Bank's decision to allocate equity limits per type of business forms a solid basis on which to achieve strategic objectives while complying with the level of coverage. Risk frameworks are established for all the business activities set out in the strategic and financial plans, in order to set the maximum acceptable exposure by type of operation. These risk frameworks are planned on a three-year basis and updated every year. The yield from operations, in terms of income from interest and from commission, is weighed up against the costs of the transaction and against the risks incurred, measured by the sums potentially at risk and the probabilities of their occurring.

There is still speculation about the property market overheating and the regulator continues to pay attention to this issue. The Bank therefore maintains its cautious lending policy. The number of new ETP transactions for new business decreased slightly compared with 2013.

### Breakdown of loans

The breakdown of loans by tranche is stable. As in previous years, for loans of less than CHF 1,000,000, a wide distribution with a mode, i.e. the most frequently occurring number, of approximately CHF 500,000 was observed. The distribution of loans of between CHF 1,000,000 and CHF 10,000,000 shows a steady decline, whereas the distribution of loans for amounts greater than CHF 10,000,000 increased by a few points.

Regarding residential mortgages, fixed-rate loans continued to represent around four-fifths of the total, with Libor base rates amounting to about 15% of the total. The proportions were slightly different for commercial mortgages, where loans based on Libor accounted for 35% of the total.

### Country risks

Country risks are highly diversified at BCGE. Leaving aside France, where the Bank does a relatively significant amount of business through its French subsidiary BCGE (France), country limits are restricted to the use of international trade and the use of client banks. A few special cases require added vigilance, however.

Country commercial limits are in place for the international trading business and checked on an ongoing basis by the Risk Control department. Country limits for direct risks (the debtor's country of incorporation) and indirect risks (the country of economic risk) were regularly reviewed throughout the year, with an overall annual review taking place at the end of 2014.

Indirect risks, i.e. risks associated with the relevant countries for the transaction in question, are also taken into account. They are the subject of a weekly report. Particular attention is paid to checking due date extensions for transactions that are in principle limited to 90 or 180 days. In 2014, indirect risks were mainly found in the countries of Eastern Europe and Central Asia. These risks are mainly associated with commodities trading (oil, gas and wheat).

### Concentration risk (see also page 106)

In the strictly regulatory sense, the State of Geneva of course consistently appears in the "big risk" category. However, the relative concentrations have diminished, equity having increased with the issue of the AT1 bond. The Bank's property subsidiaries, namely Compagnie Foncière du Saint Gothard and Compagnie Foncière Franco-Suisse, also saw their concentration diminish, mainly with the sale of a major property project in Lyon.

### Market risk (see also page 106)

In view of the deliberately reduced level of the Bank's proprietary trading, the nostro account, market trading risks are limited. The main position in this portfolio currently comprises approximately 60,700 BCGE shares (compared with approximately 68,000 at the end of 2013) for which the Bank acts as the market-maker (maintaining the share's liquidity). Checks on the progress of the share and the quantities held are made daily. The BCGE share started the year at CHF 223, reaching its high of CHF 234 at the end of January and falling back to CHF 208 at the beginning of August. It ended the year at CHF 214.10. This pattern occurred in a context of strong market swings.

**Foreign-exchange risk (see also page 107)**

The Swiss franc represents more than four-fifths of the Bank's balance sheet, the remainder being in USD and EUR. The CHF/EUR floor rate of 1.20 was maintained throughout the year. The Bank has little exposure to foreign currency transaction risks. It follows and covers its currency positions and banknote stocks on a daily basis.

**Interest-rate risk (see also page 107)**

The sensitivity of the balance sheet to the value effect (economic value of equity) was maintained within the limit set by the Board of Directors. The Bank has a portfolio of swaps in order to limit sensitivity to a hypothetical sharp increase in rates. Short-term rates remain very low. Ten-year CHF swap rates tumbled continuously from 1.60% at the beginning of the year to 0.5% at the end. Measures to reduce sensitivity to the economic value of equity were put in place to guard against low or falling rates.

**Liquidity risk (see also page 107)**

The Bank has ample liquidity of between CHF 400 million and CHF 800 million for the regulatory ratio referred to as Liquidity II. The new LCR standards, which will come into force in 2015, will be respected.

**Long-term investment risk (see also page 107)**

The long-term investment portfolio amounted to CHF 1.64 billion in December 2014. It provides protection against liquidity risks; the aim is to compensate the zero profitability of the Confederation's short-term paper and thus optimise positions, so that they create great resilience to risk, while making a positive contribution by virtue of their yield.

The Bank is successfully diversifying its exposure as a result of this portfolio. Over 70% of long-term investments were rated AAA, with other securities being in the AA+ to A- range.

**Operational risk (see also page 107)**

As in many institutions, operational risks are actively monitored and additional measures are implemented to deal with new developments. The internal control system is evolving in response to the Bank's needs. With its system of key risk indicators, the Bank has chosen a flexible process for detecting operational risks. This table gives a breakdown at the Bank and division level; it shows at least one key risk indicator per process.

**Compliance risk (see also page 107)**

The Compliance department has two sections. The first, Regulatory, principally deals with regulatory monitoring together with the publication and implementation of new internal regulations regarding taxation of clients and products. It also encompasses cross-border activities and the obligations of Group entities situated abroad. This section specialises in rules regarding qualified intermediaries, the Foreign Account Tax Compliance Act (FATCA) and complex structures. The other section is concerned with operational Compliance. It checks adherence to laws and standards regarding money laundering and the financing of terrorism. It also makes sure that measures relating to international sanctions are observed.

The department also monitors risks associated with illegal market transactions (insider information, market manipulation), framework rules regarding wealth management, collective capital investments, distribution of financial income and the appropriateness and compliance of products. All these areas call for increasingly specialised knowledge and required particular efforts and regular monitoring in 2014.

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**BCGE**

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COMMODITY FINANCE

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# Talents and skills

## Training: our most important competitive tool

To guarantee an excellent standard of advice to clients, BCGE has for several years delineated specific training pathways and prerequisite basic knowledge for all front-office staff. The proposed "FIDLEG-LSFin" law, albeit still in its discussion stage, may eventually require that employees have their competence level certified by an independent agency. At BCGE, business training already requires certification, i.e. courses are validated by an examination. While the future compliance of training programmes implies some adjustments, the Bank has already prepared its employees in advance for the coming requirements.

### **Slight increase in staff turnover**

At the end of 2014, 763 staff worked for the BCGE group, i.e. 710 full-time equivalents. Compared with the end of 2013, staff numbers were down (in 2013 there were 782 employees representing 725 full-time equivalents). Steps taken to rationalise work processes and improvements in productivity enabled headcount to be maintained on a steady course. Personnel costs, on the other hand, rose slightly to CHF 124.1 million (compared with CHF 120.8 million in 2013) reflecting the increasing requirement for highly qualified staff in the industry. In 2014, staff had to be increased in certain areas, particularly in the regulatory field.

### **Adapting to changes and mobility**

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

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

### **Over 80% of employees own shares in the Bank**

As of 31 December 2014, 83% of Group employees held BCGE bearer shares, having either acquired them through bonus plans or purchased them on the open market. By the end of 2014, they owned over 73,046 shares in total (or CHF 16.5 million, i.e. 2% of the Bank's total stock-market capitalisation). Including retired staff and other beneficiaries of preferential terms, this figure rose to 85,587 shares, up 8% compared with the end of 2013.

### **70% of BCGE employees attended specific training in 2014**

BCGE is pursuing its demanding strategy in terms of skills development. In 2014, it upgraded the requirements for Simplissimmo training (mortgage financing) by adding a new sales negotiation module to the course, along with a technical module on property valuation and processing home ownership mortgage contracts.

In autumn 2014, over 100 client advisers who were already qualified by the Bank in two of the three areas of financing, professional and private pension planning and wealth management took a specific refresher course to confirm their status as BCGE qualified bankers. This means that in an increasingly competitive environment, their skills have been deepened and their range of competences extended.



**Several new certifications**

At the same time as building up its business training (220 front office certifications), BCGE has introduced specific courses relating to compliance. In particular, in 2014 it launched a face-to-face training module dealing with new management mandate directives and rules of conduct for securities traders. Then, during the second half, front office employees reconfirmed their certification in anti-money laundering (LBA) and the Due Diligence Agreement (CDB) and took a new training course on rules of conduct made available on the e-learning platform.

**A leadership programme**

In 2014, BCGE continued the management skills training of its senior executives. To complement the specific training to integrate newly promoted staff and the Swiss Army Transfer programme, 20 managers were given the opportunity to take the BCGE Micro-MBA. In this 17-day in-company theoretical training course, linked to a six-month project, the focus is placed on group and company spirit and leadership.

Six apprentices were awarded their Swiss federal certificate of competence (three of these in conjunction with their professional commercial matriculation); six employees gained Institute for Studies in Finance and Banking certificates, and three others achieved a business specialist diploma in the Support and Operations area. BCGE also had the pleasure of congratulating two new federal ES diploma graduates, one recipient of a federal certificate, a new PhD in business administration and two employees were awarded diplomas of advanced studies (DAS) and a master of advanced studies (MAS).

**Equal opportunities**

Women occupy 36% of executive positions and 24% of management positions; BCGE is thus the Swiss bank with the highest proportion of women in its management. Identification of talents prevails over any other consideration in recruitment or appointment decisions. BCGE has a variety of support tools (ready access to part-time working for both women and men, 28% of staff work part-time, and maternity/paternity leave) and selection tools (neutral appointment policy, identification of internal talent by a specific committee).

**A company pension combining defined benefits and contributions**

BCGE offers its employees an attractive pension fund to protect themselves against the economic consequences of old age, disability and death. Its Professional Pension Fund is a semi-autonomous pension institution, providing all disability and death benefits through a private insurance company. The old age pension provision comprises two distinct levels, as follows: firstly, there is a basic defined benefits plan on a fixed proportion of salary up to 125% of the upper limit defined in article 8, para. 1 of the Occupational Pensions Act and a complementary defined contributions plan on a fixed and variable portion of the salary (bonus), exceeding the insurable limit in the basic plan. Employee contributions to the complementary plan are voluntary. The disability and death plan is based on defined benefits. The employer contributes at least two-thirds of the sum of the contributions to the pension institution. As of 1 January 2013, the basic rate is 3.5%; the resulting reduction in the conversion rate will be introduced gradually by 2016.

**Preferential conditions for employees**

Employees benefit from preferential conditions on a number of BCGE banking services. For example, on salary accounts, other preferential credit accounts and mortgages, staff benefit from preferential rates close to market rates. The same applies to charges which are reduced in most cases or even waived.

**Independent mediators to provide support to employees**

For several years, BCGE has provided its employees with two external support organisations. The first is Inter-Company Social Welfare, a non-profit organisation of which various companies in Geneva are members and which gives employees access to welfare assistants who provide support in various areas such as health, financial management, family matters, work and accommodation. In addition, a mediation service enables employees to discuss work relationship issues with an external professional adviser and, more often than not, with no direct management involvement. These two entities can be contacted in complete confidentiality, at no cost, by any BCGE employee. There is also a staff committee, with five members as of end 2014, which is the elected body representing the employees. Within its remit, it defends their interests and consists of a non-hierarchical liaison function between the staff, Human Resources and the Executive Board.

### Rewarding innovation and business initiatives

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

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

### Prizes awarded to employees

Prize	Team/ individual	Aim
<i>Avantage Service</i>	Team	Support for extending BCGE Avantage Service
<i>Check-up</i>	Team	Highlighting the quality of advice given during BCGE Check-ups
<i>Hubble</i>	Individual	Promoting modern ways of managing assets
<i>Intrapreneur</i>	Individual	Encouraging imagination and creativity
<i>Oberon</i>	Individual	Reward for an innovative idea that has been implemented
<i>Service Centre</i>	Individual	Encouraging projects aimed at improving productivity and reducing costs
<i>Customer Service</i>	Individual	Supporting customer service excellence

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PORTFOLIO CHECK-UPS AND ADVISORY SERVICES . EFFECTIVE INVESTMENT PHILOSOPHY



TRANSPARENCY AND PERFORMANCE



# Sustainable development

## An environmental and social policy in line with demanding values

In recent years, the environmental and ethical stakes have changed the behaviour not only of consumers but also of companies and states. In their growth strategy, companies are taking on board these changes. At BCGE, acting with social responsibility represents one of the foundations of doing business.

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

#### BCGE vision

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

BCGE has adopted a line of conduct which is highly respectful of its global environment, in order to put both its values and ideals into practice and in its strategic interest. Being open to scrutiny by the regional economic community as a banking establishment listed on the stock exchange and rated by a major rating agency obliges the Bank to behave irreproachably in terms of reputational risk.

#### Business ethics

**Ethical principles:** The Bank was founded with the mission of providing a service to a community which is precisely formulated in the law<sup>1</sup>. This consists of contributing to the economic development of Geneva and the surrounding region. Adopted at the General Meeting, then by the Greater Council of Geneva in 2003, the BCGE *Charter of ethics* sets out the principles of sustainability in line with the interests of the community and those of its shareholders. In particular, it restates BCGE's statutory mission and specifies the values which guide it in managing its business, managing relationships with clients, its staff, its suppliers and, lastly, its shareholders.

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

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

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

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

## 2. OPERATIONAL MANAGEMENT WHICH INCLUDES SUSTAINABLE DEVELOPMENT

### Protecting the environment

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

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

On a day-to-day basis, the Bank minimises its carbon footprint by reducing its consumption of energy, paper and office supplies, as well as by continually improving its waste management. For instance, the Bank's printers have been configured to print recto verso by default.

**IT-related energy consumption:** BCGE supports the Green IT concept because it takes into account both energy costs and constraints, in terms of power consumption and air-conditioning needed for IT equipment. Its purpose is to improve the energy efficiency of IT production. 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. Outsourcing enables the use of server virtualisation technology, breaking down the various servers into small virtual units. This option enables small-scale components to be combined within a single larger logical system. Centralised server management also means that their performance can be adapted to the energy available while maintaining agreed levels of service.

**Management of waste and transport:** As a part of recycling, BCGE's facilities management pursues its mission in a responsible manner by centralising and sorting business consumables (paper, used ink cartridges, IT components) on the Bank's premises. Employees contribute by disposing of personal waste (batteries, plastics, aluminium) at collection points. Each employee has two waste bins, one for paper, the other for non-recyclable waste.

When purchasing, or acquiring capital equipment or ordering consumables, the logistics department uses the BCGE group's purchasing conditions, which respect the environment.

It makes daily reference to the responsible business purchasing guide published by the Canton's Sustainable Development Service (SCDD).

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

CONSUMABLES	2014	2013	2012
Paper purchases (number of sheets) included:	6,960,000	6,595,000	7,410,000
<i>FSC wood fibres</i>	35,000	70,000	35,000
<i>FSC eucalyptus fibres</i>	5,775,000	4,325,000	4,325,000
100% recycled	1,150,000	2,200,000	3,050,000
Paper destroyed (tonnes)	60.7	46.1	49.1
PET recovered (in kg)	1,188	987	1,336
Batteries recovered (in kg)	0 <sup>1</sup>	75	80
IT components recovered (in kg)	0 <sup>1</sup>	1,700	204

<sup>1</sup> Batteries and IT components are only weighed when delivered to the recycling plant, prior to which they are stored in a warehouse. No delivery took place in 2014.

**Renovation of premises:** The BCGE Works department is continuing to transform and renovate the premises in a cost-effective, ecological way, working with the cantonal authorities, architects and surveyors. In particular, the Bank carried out the replacement of the air-cooling systems in the Ile building in 2014, opting for a high energy-efficiency installation. During the work, BCGE pays particular attention to the materials used, whether they were its own material purchases or those of its sub-contractors, and to suppliers fulfilling their obligation to sort their waste. Installation of dividing walls in the branches using FSC-certified wood is continuing as is use of non-synthetic (solvent-free) materials.

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

**Concentrating the Bank's core activities on two operational sites:** The environmental benefits are visible through improvements in infrastructure costs/needs/environmental ratios. BCGE is optimising the workspace ratio by concentrating its non-branch activities on two sites. The Bank has two main sites: one mainly sales-oriented (on the Ile site) and the other for operations, administration and training (in Lancy).

**Optimising environmental costs:** The options decided on during studies conducted as part of the canton's plan to change electricity provision (NOE), from the Energy Service (ScanE), continued to bear fruit in 2014, with a further reduction in electricity consumption. Consumption by the two main Geneva sites decreased over two years from 4,391,592 to 4,155,634 kWh, a 5.4% reduction. In order to minimise the environmental impact of its electricity consumption, BCGE has opted for the environmentally-friendly hydraulically-generated electricity offered by its supplier. When modernising its facilities, BCGE undertakes energy efficiency measures and systematically seeks to implement eco-efficient solutions.

**Environmentally-friendly transportation and risk management:** BCGE encourages the use of public transport. Under its mobility policy, it offers its staff monthly travel allowances contributing to the cost of purchasing annual public transport season tickets, for example. The Bank also proposes car-sharing schemes on its Intranet site. In addition, particularly favourable conditions are offered to staff at sites outside Geneva. The Bank also requires that its employees travel on business by train and other land-based public transport systems as much as possible.



ELECTRICITY	2014 (kWh)	2013 (kWh)	2012 (kWh)	Var. kWh (1 yr)	Var. kWh (2 yrs)
City-centre	1,426,840	1,477,077	1,482,650	-50,237	-55,810
Lancy	1,506,193	1,577,609	1,644,060	-71,416	-137,867
Branches	1,222,601	1,246,873	1,264,882	-24,272	-42,281
<b>Total</b>	<b>4,155,634</b>	<b>4,301,559</b>	<b>4,391,592</b>	<b>-145,925</b>	<b>-235,958</b>

GAS	2014 (kWh)	2013 (kWh)	2012 (kWh)	Var. kWh (1 yr)	Var. kWh (2 yrs)
City-centre <sup>1</sup>	916,957	1,089,567 <sup>2</sup>	922,752	-172,610	-5,795
<b>Total</b>	<b>916,957</b>	<b>1,089,567<sup>2</sup></b>	<b>922,752</b>	<b>-172,610</b>	<b>-5,795</b>

FUEL OIL	2014 (litres)	2013 (litres)	2012 (litres)	Var. litres (1 yr)	Var. litres (2 yrs)
Lancy	67,258	88,933	101,625	-21,675	-34,367
<b>Total</b>	<b>67,258</b>	<b>88,933</b>	<b>101,625</b>	<b>-21,675</b>	<b>-34,367</b>

WATER	2014 (m <sup>3</sup> )	2013 (m <sup>3</sup> )	2012 (m <sup>3</sup> )	Var. m <sup>3</sup> (1 yr)	Var. m <sup>3</sup> (2 yrs)
City-centre	7,019	8,199	10,177	-1,180	-3,158
Lancy	2,392	2,029 <sup>3</sup>	1,755	363	637
Branches	2,641	2,722	2,760	-81	-119
<b>Total</b>	<b>12,052</b>	<b>12,950</b>	<b>14,692</b>	<b>-898</b>	<b>-2,640</b>

<sup>1</sup> In addition to the headquarters, three branches located in buildings belonging to BCGE also have gas heating.

<sup>2</sup> Very low temperatures in the winter caused this variance.

<sup>3</sup> Damage caused by hail in June resulted in excessive use of water in order to maintain the air-cooling systems at the required temperature.

Source: SIG

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

The Bank includes the identification and qualification of environmental and social risks in its analytical and management processes.

### 3. ACTIVE INVOLVEMENT OF THE STAKEHOLDERS

#### The importance of stakeholders

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

#### Clients

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

A responsible marketing approach and business ethics imply that these should be designed in response to a genuine demand and be truly useful.

**Employees**

In a services and advisory company, the quality, commitment and integrity of the company's employees are preconditions for its survival and growth. The Human Resources policy (remuneration, succession, training, employee share ownership, internal awards) aims to recruit employees, retain their loyalty and motivate them. This aspect is described in the chapter on Talents and skills (see pages 60 to 63).

**Shareholders**

The shareholders' presence as stakeholders in the business reminds it that it is surrounded by a competitive system rather than protected by monopolistic practices as can be the case for major public utilities. Its shareholders are vital to it, as they provide the capital base needed for all banking activities. As can be seen, BCGE's shareholder base is original as it is mixed (public and private), with an important role played by the State, the city and the municipalities in addition to a growing community of private shareholders (more than 12,800), mainly comprising clients and employees. The listing of BCGE shares on capital markets constitutes a pledge of transparency and, in its own right, imposes a highly demanding code of conduct on the company.

**The community**

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

**Support and sponsorship policy**

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

**Partners**

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



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

##### BCGE's range of services

As a manager of assets on an international scale, BCGE puts the emphasis on complying with all legal, internal and supervision-related requirements. BCGE's employees work in accordance with internal regulations and applicable professional standards.

The Bank has thus taken all the necessary steps to ensure the best possible result when executing business decisions. It has also implemented a clearly-structured procedure to respond quickly and appropriately to any complaints by investors.

This refers to avoiding any conflicts of interest relating to portfolio management, transactions and also in relation to personal transactions or to exercising voting rights. In its investment product offering, BCGE has taken on board concepts aimed at sustainable financing of a durable, long-term economy. It offers a range of banking services, under the concept of BCGE Performance responsible, which seek to incorporate ethical and ecological criteria in the best way possible. In this manner, it offers clients a selection of financial products and services which comply with both financial criteria and environmental and social principles.

##### Loans

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

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

##### Asset management and investment

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

**BCGE Synchrony Swiss Small- and Mid- Caps:** This fund invests in the long term in around 25 second-tier Swiss securities (companies not listed on the SMI) selected on the basis of sustainable criteria. To be chosen, these companies must demonstrate a balance of above-average financial, social and environmental qualities. These two funds of the Bank hold combined assets of CHF 100 million. With the other investment vehicles available, there are no less than CHF 0.8 billion under management in accordance with principles of sustainability.

##### Trade Finance

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

## 5. PERFORMANCE MONITORING AND CONCLUSION

### Monitoring performance

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

### Conclusion

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

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

**In summary:** This annual inventory of BCGE's social and environmental responsibility testifies to a well-established commitment aimed at respecting stakeholders. This systematic appraisal provides the framework for regular reporting, particularly in terms of new developments.

It helps to spread the "culture" of social and environmental responsibility by making the staff involved internally aware of the importance of proper management of all aspects of relationships with the stakeholders.

# Information and communication

## A dense multi-channel communication network for a wide target audience

By virtue of its legal mission as a cantonal bank and owing to increasing demands in terms of information in connection with its status as a listed company, BCGE communicates with its different target audiences in a specific, targeted manner. In order to do so, it makes use of multiple information channels in order to provide a constant stream of information. The Communications and Investor Relations department, which is heavily involved in pursuing the Bank's internal and external communications policy, works alongside the Executive Board and the Group's employees in order to maintain an intensive open dialogue with shareholders, clients and external institutions as well as all the people of Geneva.



### A retail bank with considerable popular support

The Communications department's mission is to develop the BCGE Group's image and reputation. To this end, it devises, edits and publishes regular, wide-ranging information on bank-related topics (services, news, products, etc.), on the financial market and the regional economy through a multitude of channels (such as the press, Internet, publications, events, public relations, audiovisual productions and presentations). In particular, it has regular banking and stock-market reports published in certain daily newspapers in French-speaking Switzerland (284 reports in 2014) and arranges press conferences four times a year in order to provide the public with in-depth information on the Bank's results and on topics linked with BCGE's expertise. In 2014, 1,280 articles relating to BCGE were published in the Swiss and international press, demonstrating the Bank's influence and its relationship of trust with the world of the media. Published three times a year and with a circulation of 17,000 copies, the *Dialogue* customer magazine covers the Bank's achievements and its services as well as information on the economy of a general nature but with a particular emphasis on Geneva. Around fifty corporate publications and presentations provide details of the Bank's organisation, expertise and business lines. Its website ([www.bcge.ch](http://www.bcge.ch)) is a means of communication used frequently by all the Bank's target audiences, which can log on to the site and obtain information remotely, 24 hours a day, thanks to nearly 23,500 pages of information. The Bank's website includes its services and online service platforms as well as financial and economic information and publications. It can also be accessed via a mobile app.



### Intensive contacts with clients, shareholders and investors

BCGE considers relationships and contacts with its shareholders and investors to be of fundamental importance. In this regard, the Bank organises events specifically intended for them every year; these include the Annual General Meeting (which was attended by 468 shareholders in 2014) and roadshows (seven of which took place in Geneva and Zurich in 2014). In parallel, the Bank produces regular financial and economic publications for its clients, shareholders and investors in order to present its macroeconomic outlook and investment recommendations. In 2014, it published over 220 financial and economic publications. In order to publicise its convictions in terms of its investment philosophy, in 2014 the Bank produced, in addition to its brochure in four different languages, a corporate video in French and English describing the fundamental principles of its investment approach. Each year, in partnership with the cantonal institutions, BCGE co-publishes two studies pertaining to a current economic affairs topic of interest to the regional community. As a listed company, it publishes its results on a half-yearly and yearly basis. Accordingly, it sent out 3,500 annual reports in French and English to investors in 2014.

### An international external network through partners and professional financial, economic and political associations

In 2014, the Communications department organised nearly 40 events attended by over 3,500 clients. The events included the BCGE Asian Desk, a forum for entrepreneurs with varying degrees of interest in Asia to meet and discuss their experiences and methods, thus providing entrepreneurs with both theoretical and practical expertise and the event for the BCGE representative office in Hong Kong where BCGE's Chairman and Chief Executive Officer were able to hold discussions with Hong Kong's Finance Minister and the CEO of its Financial Authority. The 2014 series of BCGE seminars entitled "BCGE L'essentiel de la finance" ("BCGE The Essentials of Finance") covered topics whose strategic stakes go far beyond national borders: water wars, currency wars, governance in uncertain financial and geopolitical environments. Reports on the seminars appeared in the media of French-speaking Switzerland and were the subject of a special edition of the academic journal, the *Revue Economique et Sociale* ([www.bcge.ch/res](http://www.bcge.ch/res)).



### Detailed, transparent information for employees

The Bank communicates and disseminates information internally by means of various meetings and committees which bring together staff working in different banking functions. In parallel, the Bank makes use of large-scale means of communication. On the electronic front, in addition to e-mail, the corporate Intranet enables news and information about the group to be directly and instantaneously disseminated. Not just an essential means of communication, it also enables access to internal applications and information on current issues, the regulatory framework, press articles, results and financial markets, etc. Where verbal communication is concerned, employees are invited by the Executive Board to a twice-yearly information meeting when the half-year and annual results are published. To further reinforce the Bank's business culture, business lunches are regularly held during which a representative of the Bank presents a business activity, a field of expertise or a project to his or her colleagues. In order to give its employees access to local culture, BCGE organises guided tours of Geneva's institutions. Senior managers attend an annual seminar and presentation designed to provide information about strategic objectives and business and market changes. The CEO chairs several internal presentations on management development. The Bank also produces a magazine for staff and their families. Published three times a year, it covers business issues, projects and current financial topics.



### A closely monitored and targeted online communications strategy

In order to take advantage of advances in information technology, in 2014 the Bank, as part of its online strategy, implemented a web surveillance programme with the support of internal and external experts covering its reputation and brand protection. Its presence on LinkedIn and Facebook was also enhanced and formalised. Information tools have been implemented internally and externally by means of publications, messages, specialised pages on the Intranet for employees and on the Internet for clients. In order to take preventive measures in the light of a resurgence of attempted fraud, particularly involving new technologies, affecting a great many institutions, the Communications and Investor Relations department has set up information sessions in partnership with the cantonal police, for the first time in the canton, in order to make employees aware of various fraud techniques. Front-office employees and employees in sensitive job functions, in particular, attended these courses which focused on two areas: fraud using technology tools, presented by the Bank's IT Security department, and various confidence tricks related to fraud and misdemeanours of a physical nature, with the support of BCGE's Physical Security department and Geneva's police force.

# Shareholder information and corporate governance





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The following report describes the management and supervisory principles of the BCGE Group. It is structured according to the corporate governance principle advocated by the SIX Swiss Exchange (hereafter SIX) which applies to the year as at 31 December 2014 and uses the same numbering. Gaps in the numbering indicate that the corresponding paragraphs of the guidelines do not apply to BCGE.

## 1. GROUP STRUCTURE AND SHAREHOLDING

### 1.1 GROUP STRUCTURE

#### 1.1.1 Operating structure

The Banque Cantonale de Genève (hereafter BCGE) is a limited company established by public law according to article 763 of the Swiss Code of Obligations. It has the status of a cantonal bank as defined by the Federal Banking Act. The Bank was registered in the Geneva Trade Register on 17 December 1993 and conducts its business under the registered name of "Banque Cantonale de Genève SA". The registered office and management of the Bank are in Geneva. It operates branches and agencies. The Bank is listed on the SIX Swiss Exchange. Only the 1,479,174 bearer shares are listed. The market capitalisation is calculated on the basis of a price of CHF 214.10 as at 31.12.2014.

Stock number, bearer share	164,268
ISIN number, bearer share	CH0001642682
<b>Market capitalisation (31.12.2014)</b>	CHF 771 million, registered* and bearer shares CHF 317 million (exact amount 316,691,153) bearer shares only

\*The capitalisation of registered shares is calculated on the basis of a price of CHF 107.05.

The organisation chart of the BCGE Group is on pages 20 and 21. The underlying principles of this organisation are as follows:

- Banque Cantonale de Genève is organised in five divisions led by members of the Executive Board of which the composition and responsibilities are described on pages 19, 86, 87 and 88;
- Coordination of the divisions and benefits from synergies applicable across all divisions are ensured on the one hand by the CEO and his staff and, on the other, by a matrix operating structure;
- The underlying operation of the above is reinforced by various committees which have been allocated major responsibilities or controls by the Executive Board. The principal committees are described in the table below:

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

#### 1.1.3 Scope of consolidation

The scope of consolidation is shown on page 103.

It particularly includes, as at 31 December 2014, the following companies (wholly-owned subsidiaries):

- Banque Cantonale de Genève (France) SA ([www.bcgef.fr](http://www.bcgef.fr)), Lyon, share capital EUR 20 million;
- Capital Transmission SA, Geneva, share capital CHF 2 million;
- Rhône Saône Courtage Sàrl, Lyon, share capital EUR 10,000.
- Rhône Saône Léman SNC, Lyon, share capital EUR 10,000.

## 1.2 Major shareholders

Information on the major shareholders known to BCGE as of 31 December 2014:

### Major shareholders' equity interests

as at 31/12/2014

Shareholders	Bearer shares	A and B registered shares	Total votes	Par value Bearer share value CHF	Par value Reg. share value CHF	Total par value	% votes	% capital
Canton of Geneva	338,636	2,510,443	2,849,079	33,863,600	125,522,150	159,385,750	49.80%	44.27%
City of Geneva	147,270	1,208,106	1,355,376	14,727,000	60,405,300	75,132,300	23.69%	20.87%
44 Municipalities of Geneva	5,963	523,103	529,066	596,300	26,155,150	26,751,450	9.25%	7.43%
Geneva State Pension Fund (CPEG)	214,400	0	214,400	21,440,000	0	21,440,000	3.75%	5.96%
<b>Total</b>	<b>706,269</b>	<b>4,241,652</b>	<b>4,947,921</b>	<b>70,626,900</b>	<b>212,082,600</b>	<b>282,709,500</b>	<b>86.49%</b>	<b>78.53%</b>
<b>Existing capital</b>	<b>1,479,174</b>	<b>4,241,652</b>	<b>5,720,826</b>	<b>147,917,400</b>	<b>212,082,600</b>	<b>360,000,000</b>	<b>100%</b>	<b>100%</b>

The publication of acquisitions of equity stakes during the 2014 financial year can be consulted using the following link:  
[http://www.six-swiss-exchange.com/shares/companies/major\\_shareholders\\_fr.html?fromDate=19980101&issuer=3253](http://www.six-swiss-exchange.com/shares/companies/major_shareholders_fr.html?fromDate=19980101&issuer=3253)

### 1.3 Cross holdings

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

## 2. CAPITAL STRUCTURE

### 2.1 Capital

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

### 2.2 Authorised or conditional capital

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

### 2.3 Changes in the share capital

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

### 2.4 Shares and participation certificates

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

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

The bearer shares are listed on the SIX Swiss Exchange.

The registered shares are exclusively held by Geneva public authorities and are not listed.

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

There are no participation certificates.

### 2.5 Profit-sharing certificates

There are no profit-sharing certificates.

### 2.6 Transfer restrictions and registration of nominees

#### 2.6.1 Transfer restrictions

The Constitution of the Canton of Geneva, article 189, para. 3, states that the canton and the municipalities must hold the majority of the votes attaching to the Bank's share capital. Furthermore, registered shares are only transferable between public authorities. Additionally, each municipality is obliged to keep at least 2,010 "A" registered shares, each with a par value of CHF 50 (Articles of Association, art. 4, [www.bcge.ch/statuts](http://www.bcge.ch/statuts)).

#### 2.6.2 Reasons for granting exceptions

No exceptions are granted.

#### 2.6.3 Registration of nominees

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

#### 2.6.4 Procedure

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](http://www.bcge.ch/loi-bcge)), subject to a referendum.

### 2.7 Convertible bonds and options

BCGE has not issued any convertible bonds or options.

### 3. BOARD OF DIRECTORS

#### 3.1 Members

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



**Jean-Pierre Roth**

born 28 April 1946, Swiss.

Chairman, appointed by the State Council in 2010.

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



**Josef Küttel**

born 20 June 1952, Swiss.

Deputy Chairman, elected in 2010 by the registered shareholders. Member of the Risk and Strategy Committee.

After serving an apprenticeship with Swiss Federal Railways, Josef Küttel obtained the "KMU Diploma" (i.e. "Small and Medium Size Enterprise" Diploma) from the University of St. Gallen and completed the Senior Executive Programme at New York's Columbia Business School. He has some 40 years' experience in the transport sector, more specifically in technical and operational management of transport companies, particularly in the rail transport sector. From 1997 to 2012, he was CEO of the Ermewa Group in Geneva. Since 1 January 2013, he has been a member of the Board of Directors of Ermewa Holding, Puteaux, France (Vice-chairman).



**Mourad Sekkiou**

born 5 October 1957, Swiss.

Secretary, appointed in 2006 by the Municipal Council of Geneva.

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.



**Grégoire Carasso**

born 12 September 1980, Swiss.

Member, appointed in 2014 by the Municipal Council of Geneva. Member of the Risk and Strategy Committee.

A graduate in international history and politics (IHEID) and the holder of an MBA from the University of Geneva. After having worked in several of Geneva's SMEs, he joined the University of Geneva as Vice-Chancellor for Academic Affairs in 2007 and as a director of the Global Studies Institute from 2013.



**Gina Empson**

born 23 March 1958, Swiss and British.

Member, appointed by the State Council in 2014. Member of the Appointments and Remuneration Committee.

Holds a BSc degree in Finance and Economics from the University of Southampton, UK. A member of the Institute of Chartered Accountants in England & Wales since 1983, a licensed auditor and a member of the Swiss Chambre Fiduciaire (Fiduciary Chamber). Appointed by PriceWaterhouse Group as an auditor in Geneva in 1984. Over 30 years' experience in the financial sector, including ten years with the Serono/BioChem Group, first as a financial analyst for Fabio Bertarelli, the founder of Serono, then as head of the Group's operating and commercial subsidiaries. In 1999, she founded ICS Corporate Services SA, Geneva, an independent fiduciary company, then Swiss Labour Contractors, Geneva, a business process services company in 2009.

*Nota Bene*  
No Director

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



**Fabienne Knapp**

born 9 February 1965, Swiss.

Member, appointed by the State Council in 2006.  
Member of the Control Committee.

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.



**Patrick Mage**

born 31 July 1949, Swiss.

Member, appointed by the State Council in 2006.  
Chairman of the Control Committee.

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.



**Jean-Marc Mermoud**

born 15 July 1955, Swiss.

Member, appointed in 2010 by the Association of Geneva Municipalities. Member of the Risk and Strategy Committee.

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



**Ton Schurink**

born 12 May 1946, Swiss.

Member, elected in 2006 by the registered shareholders  
Chairman of the Appointments and Remuneration Committee.

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



**John Tracey**

born 29 October 1950, Swiss and British.

Member, elected in 2010 by the registered shareholders  
Member of the Appointments and Remuneration Committee.

Holds a business studies and international marketing degree from the University of Leeds. His career in marketing, communication and other management functions with Procter & Gamble in Geneva spans almost 35 years. A former director of Procter & Gamble International and a previous head of external relations at the Geneva head office.



**Angela de Wolff**

born 10 June 1968, Swiss.

Member, appointed by the State Council in 2010.  
Chairwoman of the Risk and Strategy Committee.

Holds an HEC degree and an MSc from Lausanne University, together with a Master's in International Business Management and a financial analyst diploma. She was a financial analyst with Lombard Odier & Cie for several years. She is co-founder and a member of the executive committee of the Sustainable Finance Geneva association, which strives to promote responsibility and sustainable development in finance.

### 3.2 Other activities and vested interests

**Jean-Pierre Roth** Member of the Board of Directors of Nestlé SA., Vevey. Member of the Board of Directors of Swatch Group SA., Neuchâtel. Member of the Board of Directors of Swiss Re AG., Zurich. Member of the Board of MKS (Switzerland), Geneva.

**Josef Küttel** Member of the Board of Directors of Eurotainer SA, Puteaux, France. Chairman of the Board of Directors of Kieswerk Untervaz AG, Untervaz (Grisons). Chairman of the Board of Directors of Fondation Stag, Maienfeld (Grisons). Member of the Board of Directors of BLS Cargo AG, Berne and BLS/BLS Netz AG, Berne. Member of the Board of Directors of Griston Holding AG, Untervaz (Grisons). Member of the Board of Directors of TTI, London.

**Mourad Sekkiou** Member of the Board of Directors of Actipart SA, Geneva. Director of Roval SA, Geneva. Director of Firad SA, Geneva. Member of the Board of Directors of SEPF, Société d'Etudes de Placements et Finances SA, Geneva.

**Grégoire Carasso** Municipal councillor, Geneva and a Director of Carasso-Bossert SA, Satigny, Cafipro SA, Satigny and CPM Holding SA, Fribourg.

**Gina Empson** Chairwoman of the Board of Directors of ICS Corporate Services SA, Geneva and a Director of Bruellan SA, Geneva. Member of the Board of Trustees of Genesia, Geneva. Founder and CEO of Swiss Labour Contractors, Geneva.

**Fabienne Knapp** Independent consultant.

**Patrick Mage** Since retiring from the Credit Suisse Group (Switzerland) in 2004 he has worked as a consultant. Member of the Lancy Municipal Housing Trust. Member of the Board of Directors of Hestia Constructions SA, Carouge.

**Jean-Marc Mermoud** Associate of SNC Mistro et Cie, Property, Meyrin. Chairman of the Board of the Nelly Gyax Foundation, Pregny-Chambésy. Chairman of the Board of Directors of F. Simond, SA, Meyrin. Member of the Board of Directors of CGN Group SA, Lausanne. Deputy Chairman of the Board of Directors of CGN Belle Epoque SA, Lausanne. Member of the Board of Directors of Transvoirie SA, Satigny.

**Ton Schurink** Member of the Board of Directors of CFT Services & Partners SA, Carouge. Member of the Board of Directors of Navemar SA Fribourg and Oceana Shipping AG (Navemar Group), Coire (Grisons). Director of Kernel Holding SA, Luxembourg. Member of the Board of Directors of Amtrada Holding BV, Amsterdam and CFT Trading FZ LLC, Dubai.

**John Tracey** Member of the Board of Geneva International Airport (Chairman of the infrastructure and development delegation, Member of the financial delegation). Director of Swiss Land Estates SA. Geneva. Senior executive coach at I. J. Martin & Co Ltd., Zurich. Councillor with the Lancy Economic Council. Member of the Municipality of Coinsins Finance and Administration Committee.

**Angela de Wolff** Chairwoman of Conser Invest SA, Geneva. Executive member of the Sustainable Finance Geneva association. Member of the Board of Swiss Sustainable Finance, Zurich.

### 3.3 Ordinance against excessive pay awards

BCGE is not subject to the ordinance against excessive pay awards in listed public limited liability companies.

### 3.4 Election and duration of appointments

The 11 directors are elected or appointed as follows:

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

The duration of a director's appointment is four years, renewable twice. If the appointment is made during a term, the duration of the appointment is limited to the duration of the term. The appointment ends on the day of the General Meeting following the date on which a director has reached his/her seventieth birthday at the latest. The procedures for appointing and proposing candidates are governed by article 11 of the Bank's Articles of Association<sup>1</sup> and article 12 of the LBCGE<sup>2</sup>.

<sup>1</sup> [www.bcge.ch/statuts](http://www.bcge.ch/statuts).

<sup>2</sup> Law on Banque Cantonale de Genève: [www.bcge.ch/loi-bcge](http://www.bcge.ch/loi-bcge).

Director	Year first appointed	Current term ends	Number of times reappointed	Eligible for reappointment
Jean-Pierre Roth	2010	2017	1	no
Josef Küttel	2010	2018	1	yes
Mourad Sekkiou	2006	2018	2	no
Grégoire Carasso	2014	2018	0	yes
Gina Empson	2014	2018	0	yes
Fabienne Knapp	2006	2018	2	no
Patrick Mage	2006	2018	2	no
Jean-Marc Mermoud	2010	2018	1	yes
Ton Schurink	2006	2017	2	no
John Tracey	2010	2018	1	yes
Angela de Wolff	2010	2018	1	yes

### 3.5 Internal organisation

#### 3.5.1 Allocation of tasks within the Board of Directors

Chairman of the Board: Jean-Pierre Roth  
 Deputy Chairman of the Board: Josef Küttel  
 Secretary to the Board: Mourad Sekkiou.

#### 3.5.2 Committees of the Board of Directors

##### Appointments and Remuneration Committee

The role of the Appointments and Remuneration Committee is to propose the appointment of the Chief Executive Officer, his/her Deputy and the members of the Executive Board and to give notice of senior management appointments. It gives notice of the remuneration of the Chief Internal Auditor as put forward by the Control Committee and proposes changes to the Regulations relating to remuneration of the members of the Board of Directors and the Executive Board. It is composed of three members of the Main Board: Ton Schurink, chair, John Tracey and Gina Empson, members. It meets when an appointment requires it to do so but at least once a year. In 2014, it met six times.

##### Risk and Strategy Committee

The Risk and Strategy Committee studies the risk environment in which the Bank operates or intends to operate. It gives the Board of Directors prior notice of any important decision of a strategic nature or relating to identifying and managing risks. It is composed of four members of the Board of Directors: Angela de Wolff, chair, Josef Küttel, Jean-Marc Mermoud and Grégoire Carasso, members. In 2014, it met six times.

##### Control Committee

The Control Committee takes its powers and duties from article 24 and subsequent of the Bank's Articles of Association<sup>1</sup>. 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 Alain Heck, appointed by the State Council. In principle, the Control Committee meets at least once a fortnight. In 2014, the Control Committee held 25 ordinary meetings.

<sup>1</sup> www.bcge.ch/statuts.

### 3.5.3 Working methods

The Board of Directors meets at least 15 times a year. In 2014, it met 16 times, with meetings lasting an average of 4.5 hours. The level of participation in these meetings was 94%. It is chaired by the Chairman of the Board of Directors or, in his/her absence, by the Deputy Chairman or Secretary. It may hold extraordinary meetings if business so requires or at the request of four of its members or of the auditors. The Board can only make decisions if the majority of its members are present. Decisions are made by simple majority of the members present and the Chairman casts the deciding vote if there is a tie. Minutes are taken of each meeting, signed by the Chairman of the meeting and the Secretary and approved at the next meeting. The members of the Board of Directors must be able to consult files relating to the points placed on the agenda twenty-four hours before the meeting starts at the latest. The Chief Executive Officer or his/her replacement participates with a consultative vote in the meetings of the Board of Directors but does not take part in the votes or the elections. He/she may require the presence of other members of the Executive Board or third parties if he/she deems it necessary. In 2014, 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 dealing with a particular matter.

The Board of Directors can set up standing or ad hoc committees to study particular subjects. These committees have no decision-making authority and are responsible for reporting to the Board of Directors. The Chairman of the Board of Directors may attend committee meetings. In 2014, the Board had two standing committees: an Appointments and Remuneration Committee and a Risk and Strategy Committee.

### 3.6 Powers of the Board of Directors and the Executive Board

The powers and duties of the Board are defined in article 16 of the Bank's Articles of Association<sup>1</sup> and in article 12 of the LBCGE<sup>2</sup>. In addition, management and organisational guidelines dictate that the Board of Directors decides on:

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

<sup>1</sup> [www.bcge.ch/statuts](http://www.bcge.ch/statuts).

<sup>2</sup> Law on Banque Cantonale de Genève: [www.bcge.ch/loi-bcge](http://www.bcge.ch/loi-bcge).



The powers and responsibilities of the Executive Board are defined in article 22 of the Bank's Articles of Association<sup>1</sup>. Additionally, management and organisational regulations provide for the following duties:

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

Management and organisational regulations provide for powers to decide on:

1. setting interest rates in the strategic framework provided by the Board of Directors;
2. loans, cash management, investments, foreign-exchange operations and securities investment in accordance with the guidelines of the Board of Directors;
3. acquisition and disposal of any capital equipment used by the Bank, representing long-term financial investments and premises not intended for use by the Bank, for an amount not exceeding CHF 5,000,000. This ceiling does not apply to negotiable securities, which are authorised within the general framework for limiting risk;
4. the maintenance and renewal of real estate for a maximum of CHF 3,000,000 per building;
5. the appointment of executives and commercial agents;
6. setting the salaries of all the Bank's staff except itself and the Internal Audit employees;
7. internal regulations on Bank operations, to the extent that they are not governed by law, the Articles of Association or regulations;
8. supervising compliance with regulations on liquidity, shareholders' equity and risk sharing;
9. determining the necessary rules for the application of risk management and submitting these for approval by the Board of Directors;
10. submitting the system of overall limits to the Board of Directors for approval; this includes in particular market operation limits, bank limits and country limits;

11. regularly submitting to the Board of Directors reports on business development (financial statements, analyses, major transactions and events, etc.) and any other reports that may be requested by the Board;
12. preparing a quarterly list of all the major risks as defined by article 83 of the Federal Ordinance on share capital and risk sharing by banks and securities dealers, for the Board of Directors.

### 3.7 Information and control mechanisms

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

- the Chairman of the Board of Directors is provided with weekly reports of the Executive Board's meetings;
- report by the 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;
- quarterly report of results by the CFO;
- reports on control tasks carried out within the Group by the head of the Control Committee and half-yearly follow-up of the internal and independent audits;
- verbal report on the activity of the control committee at each meeting, by its Chairman;
- half-yearly presentation of Balanced Scorecards for the divisions by their managers (Executive Board members);
- half-yearly report by the independent auditors.

<sup>1</sup> [www.bcge.ch/statuts](http://www.bcge.ch/statuts).

## Internal Audit

Internal Audit is an independent unit of the Executive Board, reporting directly to the Board of Directors. It carries out regular controls on all the Bank's business and that of its subsidiaries and therefore has an unlimited right to information. Its organisation, its field of activity and its operations are governed by articles 29 and 30 of the Bank's Articles of Association<sup>1</sup> and by the Charter on Internal Audit approved by the Board of Directors.

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

The Head of Internal Audit establishes a three-year schedule based on risk-mapping reviewed on an annual basis which is coordinated with the audit firm and approved by the Board of Directors. Based on the activity plan and at the end of the work, the Internal Audit issues detailed reports relating to its audits to the Executive Board, the Control Committee and the Board of Directors and produces half-yearly reports monitoring recommendations made and an annual activity report. Consisting of eight auditors and one vacant position as at 31 December 2014, the Internal Audit is headed by Monique Seiss Baudry, who holds a Master's degree in economics from the University of Geneva, a certificate of advanced studies (CAS) in compliance management, a Certified Internal Auditor (CIA) diploma and a Certification in Risk Management Assurance (CRMA) from the IIA.

Supervision and regular assessment of the Internal Audit is assigned to the Control Committee, which judges Internal Audit's performance annually, ensures that it has the necessary resources and appropriate skills and that it is performing its duties independently and objectively. Members of the Internal Audit team collectively possess vast professional experience and all the skills needed for the proper performance of their audit assignments.

## 4. EXECUTIVE BOARD

### 4.1 Members

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.

Holds a degree in Business Management from the HEC/Lausanne University (1981). 1982, Senior auditor, PriceWaterhouse, Geneva. 1985, Deputy Vice President, Capital Markets, Credit Suisse, Zurich. 1988, Senior Vice President, CS Corporate Banking, New York. 1990, member of the Executive Board in charge of CS Corporate Finance in French-speaking Switzerland, Berne and Basle. 1993, Head CS Corporate Finance: private companies in Switzerland. 1995, Head of cantonal finance administration, Canton of Vaud. 1998, CEO of the Fiduciary Trust International Bank, Geneva, private banking and asset management, the Swiss subsidiary of the New York-based group. 1 October 2000, Chief Executive Officer of Banque Cantonale de Genève A medal-winner in the financial industry category of the 2014 ranking of the best Swiss CEOs established by the Institut Obermatt.



**Eric Bourgeois**

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

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

#### Nota Bene

No Director

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

<sup>1</sup> [www.bcge.ch/statuts](http://www.bcge.ch/statuts).



**Claude Bagnoud**  
born 1 January 1964, Swiss and French.  
Head of the Corporate and Institutional Clients  
division.

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



**Jérôme Monnier**  
born 4 March 1973, French.  
Head of the Geneva Private Clients and Family  
Businesses division.

Holds a Master's degree from the University of Lyon I, an Institut technique de banque (ITB) diploma and an executive MBA from HEC, Paris. From 1996, business manager then senior business manager in charge of major corporate clients at Banque Cantonale de Genève (France) in Lyon. From 2003 to 2010, in the Banque Cantonale de Genève in Geneva, head of the French Corporate department then, in 2010, of the Swiss Corporate department. From 2010 to July 2011, head of the Swiss and French Corporate business unit. In July 2011, he became a member of the BCGE Executive Board responsible for the Private Clients and Family Businesses division.



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

Holds a Federal Bank Employee Certificate (management/accountancy option), a diploma from the Ecole Professionnel Commerciale and a diploma from the Ecole de Banque et de Cadres UBS. From 1981 to 1985, deputy head of the Documentary Credit business at BNP, Geneva. From 1986 to 1988, head of operations at Gatoil, Geneva, a group engaged in oil trading, refining and distribution in Switzerland and internationally. From 1988 to 1990, as a specialist in the oil business, account manager for BBL, Geneva. From 1990 to 2000, he worked at BNP Geneva and, from 1996, was in charge of developing new markets in Eastern Europe,

Asia and Africa. He was promoted to management in the context of this business activity. In 2000, he joined Banque Cantonale de Genève, with responsibility for creating and developing a unit specialising in international trade finance. He thus became head of the Global Commodity Finance business unit. In March 2011, he was appointed to the Executive Board with responsibility for the International Clients division.



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

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

## 4.2 Other activities and vested interests

**Blaise Goetschin** Chairman of the Supervisory Board at Banque Cantonale de Genève (France) SA, Lyon. Chairman of the Board of the Mortgage Bond Centre of the Swiss cantonal banks, Zurich. Chairman of Capital Transmission SA, Geneva. Member of the Board of Directors of Investissements Fonciers SA, Lausanne. Member of the Board of Banque Cantonal de Genève staff pension fund. Committee member of the Board of the Union of Swiss Cantonal Banks, Basle. Member of the Board of the Swiss Bankers Association, Basle. Member of the Board of the Geneva Financial Centre Foundation. Member of the Board of the Geneva Property Association. Deputy Chairman of the Higher Institute for Training in Banking in Geneva. Member of the committee of the Society for Economic and Social Studies in Lausanne. Member of the Board of the H. Dudley Wright Foundation, Geneva.

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

**Claude Bagnoud** Member of the Supervisory Board at Banque Cantonale de Genève (France) SA. Deputy Chairman of the Board of the Fondation Industrielle La Gravière, Lancy. Deputy Chairman of the Supervisory Board of Compagnie Foncière Franco-Suisse SAS, Lyon. Member of the Supervisory Board of Compagnie Foncière du Saint Gothard SAS, Puteaux. Member of the Technical Commission of the Union of Geneva Employers' Association (UAPG). Member of the Board of the Geneva Chamber of Commerce and Industry (CCIG).

**Jérôme Monnier** Member of the Supervisory Board of Compagnie Foncière Franco-Suisse SAS, Lyon and of Compagnie Foncière du Saint Gothard SAS, Puteaux, France.

**Jean-Marc Joris** Member of the Board of the Fondation Immobilière Patrimoine, Geneva.

#### 4.4 Contracts of service

BCGE outsources its main IT operations to Swisscom, Berne.

A framework collaboration agreement with detailed annexes, compliant with the FINMA 2008/7 circular on bank outsourcing, governs relations between the Bank and its service providers, together with detailed addenda governing the relationship between the Bank and the service provider. It provides the Bank with its main IT services such as operation, maintenance and hosting of banking systems, management of its pool of PCs and servers, user support and IT and telephone network management.

The contracts signed with Swisscom are valid until 2020. These contracts cover hosting services and third party application maintenance. The latter have been in place since 1 October 2010. In 2014, BCGE paid Swisscom, for its IT services, a total amount of CHF 16.6 million made up of CHF 15.8 million in operating, support and maintenance fees and CHF 0.8 million in development fees.

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

Banque Cantonale de Genève also outsources its main payment and securities management operations to Swisscom. The contracts for these operations are renewable on a year-to-year basis. Swisscom's services within the framework of these contracts amount to CHF 3.6 million.

## 5. REMUNERATION, PARTICIPATION AND LOANS

### 5.1 Contents and procedure for setting remuneration and participation programmes

#### Remuneration of the Board of Directors

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

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

#### Fixed remuneration of the Board of Directors

In remuneration for their work on behalf of the Board of Directors and its committees, BCGE Directors receive fixed annual compensation plus compensation for their office. The Board can also decide to compensate specific assignments undertaken by its members or to bring in external experts; it has an annual budget of CHF 50,000 available for this purpose. In 2014, the Board made use of CHF 20,000 under this additional budget.

Directors, like staff, enjoy the benefit of two share option schemes. After three years' service, Directors receive shares each year (from two to four shares). They can also obtain two free shares once a year by purchasing two others at their market price.

#### Variable remuneration of the Board of Directors

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

#### Remuneration policy for all employees

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

Employee remuneration includes a basic salary, variable remuneration (not systematically granted) and share option schemes. The basic salary constitutes the majority of employees' remuneration and is assessed using several criteria: benchmarking, including market and competitor salary levels. Each year, the Board of Directors decides on changes in the fixed payroll.

The amount of variable remuneration is decided by the Board of Directors each year at year-end closing. It includes an amount for individual variable remuneration and, potentially, an additional amount if results for the current year show strong growth compared with the three previous years. Part of the variable amount, the proportion of which may be as much as 80%, can be distributed as shares in the event of an additional budget being available. These shares are subject to a five- to ten-year moratorium.

In certain business areas, such as private banking, trade finance and retail banking, partly or wholly mathematically-based variable remuneration models have been implemented. They were developed by taking the following main criteria into account: defence of clients' interests, recognition of individual or collective expertise, correlation between variable remuneration and the Bank's income, competitiveness and loyalty.

Employees benefit from various preferential conditions on a number of BCGE banking services. The Bank provides them with services at no margin or at a small commercial margin. In addition to the amounts stated in the staff regulations, the terms and conditions for clients also apply.

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

#### Share option schemes for all employees

All of the Bank's employees, including members of the Executive Board, benefit from four share option schemes giving them the ability to align their personal financial interests with those of the Bank. These plans provide for the free or conditional granting of BCGE shares subject to a five- to ten-year moratorium on sale. The shares are acquired at market prices through share option schemes and the moratorium is lifted in the event of an employment contract ending.

BCGE share option schemes are as follows:

- ordinary variable remuneration or exceptional bonuses above CHF 3,000 increased through the acquisition of shares on preferential terms and distribution of a portion of the variable remuneration as shares in the event of an additional budget being available;
- automatic allocation of free shares in line with period of service;
- option of receiving free shares as a loyalty bonus instead of other benefits, after ten years' service;
- option of receiving a limited number of free shares when purchasing shares.

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

#### Principles of the Executive Board's remuneration

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

Members of the Executive Board receive fixed and variable remuneration; they do not benefit from incentive plans in respect of new business in the areas of mortgage loans and wealth management, which are open to all staff. In addition, remuneration received by members of the Executive Board in the course of their duties on other Boards of Directors is passed on to the Bank in its entirety.

The contracts of employment of members of the Executive Board stipulate notice of termination of up to 12 months. Remuneration of members of the Executive Board consists of the following items:

#### Fixed remuneration of the Executive Board

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

#### Variable remuneration of the Executive Board

Variable remuneration of members of the Executive Board rewards exceptional individual or collective performance over and above their basic duties. The overall budget for the Executive Board's variable remuneration is determined by the Board of Directors. The Board of Directors makes its decision with reference to a model assessing the Bank's performance, based on profitability, productivity, competitiveness and risk control criteria. The overall budget for variable remuneration is then shared among the Executive Directors based on the degree to which their individual objectives and their division's performance are achieved. In addition, in the event of the Bank's results being particularly positive, the Executive Board receives an additional one-off budget, 80% of which is paid in the form of Bank shares subject to a five-year moratorium. This budget is used if the interim results for the year under review are higher than the average of two out of the three previous years, which was the case in 2014. Total compensation for members of the Executive Board may therefore vary significantly depending on whether or not the additional budget is allocated.

Both overall and as a trend, the variable component of the Executive Board's remuneration should not exceed the fixed component. In 2014, variable remuneration including share option schemes, represented between 46% and 170% of fixed remuneration.

The fixed and variable components of the remuneration of each member of the Executive Board are decided by the Board of Directors based on a proposal by the Chief Executive Officer (excluding his/her own remuneration) and notice being given by the Appointments and Remuneration Committee.

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

### 5.3 Transparency

For details of fixed and variable compensation paid, of benefits under share option schemes, employer contributions paid to the Professional Pension Fund and loans granted to members of the Board of Directors, to members of the Executive Board and the Chief Executive Officer, see pages 132 and 133: point 4.08 of the notes to the parent company accounts.

## 6. SHAREHOLDERS' PARTICIPATION RIGHTS

### 6.1 Limitation and representation of voting rights

There are no limitations on voting rights, nor any clause in the Articles of Association that provide for the granting of exceptions to institutional representatives.

### 6.2 Quorum

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

### 6.3 Convening of General Meetings

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

### 6.4 Agenda items

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

### 6.5 Share registration

A and B registered shares are not listed. They are held exclusively by public authorities.

## 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 General Meeting of 1 May 2014, the mandate of the Bank's independent auditor, Deloitte SA, was renewed for 2015.

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

### 8.2 Independent auditors' fees

	31.12.2014	31.12.2013
Audit of BCGE Group	549,000	549,000
<i>of which BCGE only</i>	<i>530,000</i>	<i>530,000</i>

### 8.3 Additional fees

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

	31.12.2014	31.12.2013
Audit of BCGE Group	103,000	183,000
<i>of which BCGE only</i>	<i>103,000</i>	<i>183,000</i>

Additional fees amounting to CHF 146,000, not connected with the audit, were paid in 2014 to Deloitte in Switzerland (none in 2013).

### 8.4 Information on control and monitoring of independent auditors

In 2014, the auditor was asked to attend (part-time) three meetings of the entire Board of Directors and ten meetings with the Control Committee. These meetings related to the planning and presentation of work linked to auditing the BCGE Group.

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

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

## 9. INFORMATION POLICY

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

Shareholders, clients and the public can access relevant information on the BCGE Group using our website [www.bcge.ch](http://www.bcge.ch) and our mobile app. Shareholders are invited to address their questions to the Board of Directors or to the Executive Board, particularly by using the [actionnaires@bcge.ch](mailto:actionnaires@bcge.ch) e-mail address. Press releases are distributed according to news events and needs.

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

Channels	Languages	Form/addressee	URL/email address	Timetable
Annual report	F	Printed/Internet	<a href="http://www.bcge.ch/rapport-annuel">www.bcge.ch/rapport-annuel</a>	17 March 2015
	En	Printed/Internet	<a href="http://www.bcge.ch/annual-report">www.bcge.ch/annual-report</a>	20 May 2015
Annual General Meeting	F	Shareholders and guests	–	22 April 2015
Website	F/En	Investors	<a href="http://www.bcge.ch">www.bcge.ch</a>	permanent
Financial information (push and pull link)	F/En	Internet or written request	<a href="http://www.bcge.ch/contact-investisseur">www.bcge.ch/contact-investisseur</a>	permanent
			<a href="http://www.bcge.ch/investors-contact">www.bcge.ch/investors-contact</a>	
Press conference on annual and half-yearly results	F	Verbal/Internet	<a href="http://www.bcge.ch/resultat-financier-bcge">www.bcge.ch/resultat-financier-bcge</a> <a href="http://www.bcge.ch/financial-results">www.bcge.ch/financial-results</a>	
Press releases	F/En	Published and electronic media, mainly Swiss/Internet	<a href="http://www.bcge.ch/resultat-financier-bcge">www.bcge.ch/resultat-financier-bcge</a> <a href="http://www.bcge.ch/financial-results">www.bcge.ch/financial-results</a>	24 February/ 11 August 2015
Press releases	F/D <sup>1</sup> /En <sup>1</sup>	Published and electronic media, mainly Swiss/Internet	<a href="http://www.bcge.ch/communiqués">www.bcge.ch/communiqués</a>	occasional
Mailboxes	F	Email	<a href="mailto:actionnaires@bcge.ch">actionnaires@bcge.ch</a>	permanent
			<a href="mailto:communication@bcge.ch">communication@bcge.ch</a>	
			<a href="mailto:presse@bcge.ch">presse@bcge.ch</a>	
Dialogue Magazine	F	Printed/Internet	<a href="http://www.bcge.ch/dialogue">www.bcge.ch/dialogue</a>	3 times a year
Institutional publications	F/En	Printed/Internet	<a href="http://www.bcge.ch/publications">www.bcge.ch/publications</a>	regular
			<a href="http://www.bcge.ch/publications-bcge">www.bcge.ch/publications-bcge</a>	

<sup>1</sup> In certain cases.

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# 2014 consolidated financial statements and notes

BCGE Group



## Report of the Statutory Auditor

To the General Meeting of  
**Banque Cantonale de Genève**, Geneva

### Report of the statutory auditor on the Consolidated Financial Statements

As statutory auditor, we have audited the accompanying consolidated financial statements (pages 98 to 120) of Banque Cantonale de Genève, which comprise the consolidated balance sheet as at December 31, 2014, the consolidated statement of income, the consolidated statement of changes in equity, the consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

#### *Board of Directors' Responsibility*

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

#### *Auditor's Responsibility*

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

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

#### *Opinion*

In our opinion, the consolidated financial statements for the year ended December 31, 2014 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the provisions governing the preparation of financial statements for banks and comply with Swiss law.

### Report on Other Legal Requirements

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

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

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

#### Deloitte SA



Myriam Meissner  
Licensed Audit Expert  
Auditor in Charge



Thierry Aubertin  
Licensed Audit Expert

Geneva, February 19, 2015  
MME/THA/fta



# Consolidated financial statements 2014

BCGE Group

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# BCGE Group balance sheet

## Consolidated

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	Notes	31.12.2014 in CHF 1,000	31.12.2013 in CHF 1,000	Change in CHF 1,000
<b>ASSETS</b>				
Cash	5.12	881,665	1,370,773	-489,108
Money-market instruments	5.12	338,028	88,936	249,092
Due from banks	5.12	517,973	325,044	192,929
Due from clients	5.12	4,047,512	3,836,225	211,287
Mortgages	5.12	9,503,574	9,319,134	184,440
Trading portfolios	5.02	49,489	47,485	2,004
Financial investments	5.03	1,722,694	1,276,955	445,739
Investments consolidated by the equity method	5.04	24,898	27,456	-2,558
Fixed assets	5.06	144,188	159,796	-15,608
Accrued income and prepaid expenses		25,179	21,644	3,535
Other assets	5.07	238,568	145,572	92,996
<b>Total assets</b>		<b>17,493,768</b>	<b>16,619,020</b>	<b>874,748</b>
Total subordinated claims		3,574	5,621	-2,047
Total due from unconsolidated investments and significant shareholders		255,020	58,776	196,244
<i>of which total claims on the Canton of Geneva</i>		<i>201,479</i>	<i>53,188</i>	<i>148,291</i>
<b>LIABILITIES</b>				
Money-market instruments	5.12	11,428	6,986	4,442
Due to banks	5.12	1,657,831	925,116	732,715
Due to clients on savings and deposit accounts	5.12	4,920,346	5,100,089	-179,743
Due to clients, other	5.12	6,719,738	6,598,357	121,381
Medium-term notes	5.12	11,837	15,232	-3,395
Bonds and mortgage-backed bonds	5.12	2,570,100	2,552,655	17,445
Accrued income and prepaid expenses		49,348	49,622	-274
Other liabilities	5.07	290,141	183,003	107,138
Valuation adjustments and provisions	5.11	27,478	24,976	2,502
Reserve for general banking risks	5.11	120,000	105,000	15,000
Share capital		360,000	360,000	-
Capital reserve		312,240	312,247	-7
Retained earnings		394,304	340,783	53,521
Treasury shares		-13,993	-15,906	1,913
Foreign-exchange differences		-13,185	-12,101	-1,084
Net profit for the year		76,155	72,961	3,194
<b>Total liabilities</b>		<b>17,493,768</b>	<b>16,619,020</b>	<b>874,748</b>
Total subordinated debt		304,100	320,000	-15,900
Total due to unconsolidated investments and qualified participants		30,952	65,478	-34,526
<i>of which total due to the Canton of Geneva</i>		<i>25,604</i>	<i>61,422</i>	<i>-35,818</i>

# BCGE Group profit and loss account

## Consolidated

	Notes	31.12.2014 in CHF 1,000	31.12.2013 in CHF 1,000	Change in CHF 1,000
<b>INTEREST INCOME AND EXPENSES</b>				
Interest and discount income	5.18	273,513	278,564	-5,051
Interest and dividends from trading portfolios	5.18	16	70	-54
Interest and dividends from financial investments	5.18	16,315	17,852	-1,537
Interest expenses	5.19	-83,708	-95,459	11,751
<i>Net interest income</i>		206,136	201,027	5,109
<b>COMMISSION AND FEE INCOME</b>				
Commission income from lending		31,686	30,700	986
Commission income from trading, securities and deposits		45,716	43,417	2,299
Commission income from other services		37,402	30,862	6,540
Commission expenses		-6,861	-7,331	470
<i>Net commission and fee income</i>		107,943	97,648	10,295
<b>RESULT OF TRADING OPERATIONS</b>				
<i>Net result of trading operations</i>	5.20	27,108	26,953	155
<b>OTHER ORDINARY RESULTS</b>				
Income from sale of financial investments		7,709	2,687	5,022
Income from investments		3,221	2,132	1,089
<i>of which consolidated by the equity method</i>		3,221	2,132	1,089
Real-estate income		1,012	1,069	-57
Other ordinary income		7,346	7,361	-15
Other ordinary expenses		-433	-4,110	3,677
<i>Other ordinary income, net</i>		18,855	9,139	9,716
<b>Total operating profit</b>		<b>360,042</b>	<b>334,767</b>	<b>25,275</b>
<b>OPERATING EXPENSES</b>				
Payroll expenses	5.21	-124,120	-120,854	-3,266
Other operating expenses	5.22	-82,649	-82,842	193
<i>Net operating expenses</i>		-206,769	-203,696	-3,073
<b>Gross profit</b>		<b>153,273</b>	<b>131,071</b>	<b>22,202</b>
Depreciation of fixed assets	5.23	-19,009	-20,016	1,007
Valuation adjustments, provisions and losses	5.24	-18,836	-25,335	6,499
<b>Intermediate profit</b>		<b>115,428</b>	<b>85,720</b>	<b>29,708</b>
Extraordinary income	5.25	275	26,302	-26,027
Extraordinary expenses	5.26	-20,263	-22,518	2,255
Taxes		-19,285	-16,543	-2,742
<b>Net profit for the year</b>		<b>76,155</b>	<b>72,961</b>	<b>3,194</b>

# BCGE Group off-balance-sheet operations

Consolidated

100

	Notes	31.12.2014 in CHF 1,000	31.12.2013 in CHF 1,000	Change in CHF 1,000
<b>OFF-BALANCE-SHEET OPERATIONS</b>				
Irrevocable guarantees		93,209	71,446	21,763
Irrevocable commitments arising from letters of credit		561,191	648,952	-87,761
<b>Contingent liabilities</b>		<b>654,400</b>	<b>720,398</b>	<b>-65,998</b>
<b>Irrevocable commitments</b>		<b>462,439</b>	<b>424,010</b>	<b>38,429</b>
<b>Commitments to free up and execute additional transfers</b>		<b>49,625</b>	<b>57,521</b>	<b>-7,896</b>
Commitments resulting from deferred payments		109,157	77,146	32,011
<b>Committed loans</b>		<b>109,157</b>	<b>77,146</b>	<b>32,011</b>
Fiduciary deposits with third parties		6,424	23,001	-16,577
<b>Fiduciary operations</b>		<b>6,424</b>	<b>23,001</b>	<b>-16,577</b>
<b>Derivative financial instruments</b>				
• positive replacement values	5.17	30,662	20,227	10,435
• negative replacement values	5.17	237,365	141,780	95,585
• underlying amounts	5.17	6,052,471	5,091,480	960,991



# BCGE Group cash flow statement

## Consolidated

	<b>2014</b> Source of funds in CHF 1,000	<b>2014</b> Use of funds in CHF 1,000	<b>2013</b> Source of funds in CHF 1,000	<b>2013</b> Use of funds in CHF 1,000
<b>Cash flow from operating income (internal financing)</b>				
• net profit for the year	76,155	–	72,961	–
• depreciation of fixed assets	19,009	–	19,584	–
• depreciation of goodwill	–	–	432	–
• allocation to capital reserve	–	7	509	–
• allocation for currency conversion differences	–	1,084	763	–
• valuation adjustments and provisions	2,502	–	15,881	–
• general banking risk reserves	15,000	–	20,000	–
• accrued income and prepaid expenses	–	3,535	12,770	–
• accrued expenses and deferred income	–	274	–	21,530
• other items	14,142	–	27,515	–
• dividends from previous financial year	–	16,200	–	16,200
• special allocation to the State of Geneva	–	3,240	–	3,240
<i>Balance</i>	–	102,468	–	129,445
<b>Cash flow from investment activities</b>				
• other financial interests	2,558	–	–	7,538
• financial investments	–	3,401	1,861	–
<i>Balance</i>	843	–	5,677	–
<b>Cash flow from banking activities</b>				
Medium and long-term transactions (> 1 year)				
• due to clients	–	1,294	2,893	–
• medium-term notes	–	2,389	–	4,494
• bonds and mortgage-backed bonds	55,230	–	–	60,015
• due from clients	55,283	–	10,196	–
• mortgages	–	17,058	88,865	–
• financial investments	–	306,189	–	111,236
Short-term transactions				
• due to banks	732,715	–	–	454,314
• due to clients	–	57,068	616,794	–
• medium-term notes	–	1,006	–	2,526
• bonds and mortgage-backed bonds	–	37,785	10,785	–
• allocation to treasury shares	1,913	–	2,439	–
• due on money-market instruments	4,442	–	6,320	–
• due from money-market instruments	–	249,092	74,918	–
• due from banks	–	192,929	15,568	–
• due from clients	–	266,570	76,178	–
• mortgages	–	167,382	–	337,014
• financial investments	–	139,550	88,157	–
• trading portfolios and precious metals destined for sale	–	2,004	–	14,994
<b>Liquid resources</b>				
• cash	489,108	–	–	132,288
<i>Balance</i>	101,625	–	123,768	–
<b>Total balances</b>	<b>102,468</b>	<b>102,468</b>	<b>129,445</b>	<b>129,445</b>

# BCGE Group statement of shareholders' equity

Consolidated

in CHF 1,000

	Share capital	Capital reserve	Retained earnings	General banking risk reserves	Foreign-exchange reserve	Treasury shares	Earnings for the period	Total
<b>Total shareholders' equity at start of reference period</b>	<b>360,000</b>	<b>312,247</b>	<b>413,744</b>	<b>105,000</b>	<b>-12,101</b>	<b>-15,906</b>		<b>1,162,984</b>
Repurchase of treasury shares						-4,144		-4,144
Sale of treasury shares						6,057		6,057
Loss on sale of treasury shares		-303						-303
Foreign-exchange differences					-1,084			-1,084
Dividends and other distributions		296	-16,200					-15,904
Special allocation to the State of Geneva (20% of the dividend paid)			-3,240					-3,240
Allocation to general banking risk reserves				15,000				15,000
Net profit							76,155	76,155
<b>Total shareholders' equity at start of reference period</b>	<b>360,000</b>	<b>312,240</b>	<b>394,304</b>	<b>120,000</b>	<b>-13,185</b>	<b>-13,993</b>	<b>76,155</b>	<b>1,235,521</b>
<b>Treasury shares (bearer shares)</b>								<b>In units</b>
At 1 January 2014								67,651
Purchases								19,030
Sales								25,936
At 31 December 2014								60,745
Average transaction price (average cash value) in CHF								220.1
Commitments contingent on the transfer or acquisition of the Bank's own shares								-
Bearer shares held by the Bank's pension fund								15,000
Treasury shares reserved for a specific purpose								-
Stock options held by persons close to the Bank								-
Derivatives on own shares								-

### 1. BUSINESS ACTIVITIES AND STAFF

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

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

The Group employed 763 people as of 31 December 2014, 710.4 when converted to full-time equivalents (725.4 in 2013).

The Bank's strategy is to outsource its operations so as to concentrate on high value-added client business. Outsourcing relationships are governed by service level agreements (SLAs), in compliance with the FINMA 2008/7 circular on bank outsourcing. The contracts with Swisscom chiefly concern money transfer and securities operations – enabling a quality of service comparable with that offered by the best Swiss banking institutions – operation of the central IT system, the hosting thereof, data storage, the printing and sending of bulk documents and the maintenance of certain items of infrastructure.

### 2. AGREEMENT WITH THE MAIN SHAREHOLDER

Chapter 5 of article 34 of the Bank's Articles of Association, adopted by the General Meeting of 3 May 2005, formalises the repayment of loans granted by the State of Geneva to the Fondation de valorisation of the Banque Cantonale de Genève at the start of the previous decade.

The Bank makes repayments pro rata to the dividends distributed to shareholders (20% of the dividends paid). Following the Fondation's dissolution, the State Council, in accordance with the decree of 21 October 2011, set the remaining amount of the loans to be repaid by the Bank at CHF 370,661,634 on 31 December 2009. For the 2014 financial year, an amount of CHF 3.6 million will be paid provided that the Board of Directors' proposed dividend is adopted by the General Meeting. As a result, a total amount of CHF 21,240,000 will have been repaid since 2009, thus bringing repayments made by the Bank to a total of CHF 48.677 million since the Bank's consolidation in 2000.

### 3. PRINCIPLES GOVERNING THE ESTABLISHMENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

#### Terms of reference

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

#### Closing date for the consolidated accounts

The accounts are closed on 31 December of each year.

#### Scope of consolidation

Banks, financial and real-estate firms whose consolidation makes an important financial difference have been included in these financial statements as follows: no changes were made in the scope of consolidation for the financial year just ended.

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

Total assets	in CHF 1,000
Banque Cantonale de Genève SA, Geneva	17,491,396
Capital Transmission SA, Geneva	26,648
Investissements Fonciers SA, Lausanne	22,998
Swiss Public Finance Solutions SA, Geneva	995
Banque Cantonale de Genève (France) SA, Lyon	642,256
Compagnie Foncière du Saint Gothard SAS, Putaux	32,065
Compagnie Foncière Franco-Suisse SAS, Lyon	24,983
Rhône Saône Courtage Sàrl, Lyon	91
Rhône Saône Léman SNC, Lyon	10

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 five years or 20 years. Twenty-year depreciation is justified by the nature of the goodwill (clients).

### • Intercompany transactions

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

### • Exchange-rate conversions

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

## Valuation methods

The consolidated financial statements are based on the Group companies' individual annual financial statements using uniform accounting principles and valuation methods. Adjustments to conform to the "true and fair view" are generally made to treasury shares and bonds by deducting the corresponding liabilities. The accounts for the previous year may, if necessary, be subject to modification for comparison purposes.

## Recording dates

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

## Currencies, banknotes and precious metals

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

Main currencies	Unit	Exchange rate	Exchange rate
		31.12.2014	31.12.2013
US Dollar	1	0.9900	0.8910
Euro	1	1.2025	1.2271
Pound sterling	1	1.5435	1.4731
Yen	100	0.8283	0.8489

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

## Cash and receivables from money-market instruments

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

## Due from banks, customers and mortgage loans

Receivables and liabilities are recorded at their face values.

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

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

## Repurchase and reverse repurchase agreements

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

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

### Trading portfolios and precious metals destined for sale

Securities held in portfolios are recorded on the balance sheet at their year-end market value.

Results are recorded under "results from trading operations". In accordance with the Group's principle of true and fair view, treasury bonds are not marked to market, but recorded at their face values and reported by reducing the corresponding liability positions.

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

### Financial investments

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

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

### Fixed assets

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

Buildings occupied by the Bank	100 years
Fixtures	10 years
Furniture and fittings	5 years
Office machines	5 years
IT programmes and equipment	3 to 10 years depending on their life-cycle

### Taxation

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

### 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".

### General banking risk reserves

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

### Modification of general accounting and valuation principles

The Bank has not changed its accounting principles.

## 4. RISK MANAGEMENT

The Board of Directors establishes risk policy according to legal requirements and this is consistently applied in all the Group's entities using the same methodology. The Bank has set up a number of risk committees for the parent company and the subsidiaries in order to enable it to assess, monitor and manage risks incurred.

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

### Basic principles

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

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

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

BCGE belongs in the "category 3" created by the FINMA (2011/2) circular, notably with a balance sheet in excess of CHF 15 billion. The FINMA has set the threshold for this category at 12% of equity capital coverage. Consolidated equity capital coverage was 13.97% as at 31 December 2014 (13.47% in 2013), with the common equity tier 1 ratio (CET1 and AT1) standing at 12.59% (11.60% in 2013).

#### Consolidated supervision

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

The Risk Control department in the Finance and Risk Control division consolidates the Group's overall positions. The distribution of reports and their systematic review with the front-office divisions during Risk and ALM committee meetings provide a formal framework for this effective overall approach.

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

#### Types of risks

##### • Counterparty risks

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

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

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

Risk for commercial loans is assessed every year. For mortgage loans, the interval for reviewing collateral is defined by the loan-to-value ratio and the type of property. In all cases, new risk indicators result in specific analysis of the loan portfolios in question.

Ratings are allocated to borrowers by an expert rating system (ten grades from A+ to E-) and are updated by dedicated systems. Ratings F to I for at-risk business are calculated by the Bank using its credit regulation criteria. New rating models are provided by a system used jointly by around 12 cantonal banks and other large financial institutions. A significant drop in ratings triggers a risk-assessment process and, if necessary, the setting up of provisions and the transfer of the case to the Debt Recovery and Workout unit.

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

Risks associated with international trade finance are permanently monitored and subjected to specific analysis. The dedicated IT system connected to the risk control system performs situation analyses, which monitor each client with its ratings, limits and outstanding loans. Commodity analyses complete these forms of monitoring.

#### Risk concentration

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

The integrated IT system for risk control calculates the funding requirements for each transaction and aggregates them by economic group. For the purpose of risk prevention, additional attention is paid to potential concentration of loans. These positions are constantly monitored and, if values approach thresholds, management is notified immediately. Simulations are systematically carried out in the run-up to prospective large operations.

##### • Market risks

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

Market risk control requires that open positions must be identified, measured and controlled. Evaluation of the trading portfolio and supervision of limits are carried out on a single system, allowing risks incurred to be evaluated without delay and a report to be produced on a daily basis. An independent department is tasked with permanently monitoring the trading room transactions, compliance with limits and stop-loss. 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. In addition, the ALM Committee meets on a monthly basis. The Committee oversees management of the Bank's balance sheet in the light of potential changes in the business and financial market situation and other parameters. The ALM Committee monitors all financial risks.

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

**Rate risks:** Rate risks are those risks arising from fluctuations in the value of non-trading portfolio positions as a result of changes in interest rates. The policy on interest-rate risks is approved by the Board of Directors, which delegates operational management to the Executive Board. In compliance with legal requirements, the ALM Committee analyses the effects of rate fluctuations on income (short-term) and on value (long-term) and manages them within the limits defined by the Board of Directors.

**Exchange-rate risks:** Exchange positions that must be managed by the Bank mainly involve interest and commission income, mostly denominated in USD and EUR. Exchange-rate risks arising from the balance sheet, including treasury operations and transactions, are centralised and managed for the Bank as a whole. A hedging system is in place, enabling financial transactions to be executed that protect specific exchange positions while taking related costs into account.

**Liquidity risk:** Loan limits for other banks are tightly controlled in response to increased risks. Investments in money markets have largely been replaced by investments of the repurchase agreement type. With great prudence, and with repo operations being continued, money market business is conducted with a number of partner banks, in compliance with strict limits. BCGE is pursuing its highly prudent approach by maintaining plentiful liquidity.

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

#### • Operating risks

Operating risks are defined as the risk of losses resulting from inadequate or failing internal procedures, persons or systems or from external events. The level of automation of such processes and internal control measures can limit these risks. The Bank has implemented a model of production processes to monitor points of control, function separation and validation in operations processing. Management of operating risks is based on a dedicated function to ensure the consistency of the internal control architecture. This makes it possible to monitor and record incidents with the aim of improving the internal control system and more effectively detecting potential problems. Administrative instructions and other internal guidelines are regularly updated and made accessible to all staff members on the Bank's Intranet. Furthermore, the Bank monitors compliance with procedures and the analysis of information flows. A unit ensures that internal regulations have been properly adapted to legal requirements.

#### • Compliance risks

Compliance risks are risks of exposure either to financial loss or damage to reputation as a result of failure to conform to provisions, standards and regulations or legal and regulatory sanctions. The aim of the Compliance department is to maintain the Bank's reputation by monitoring regulations in respect of cross-border operations, taxation at an international level based on clients' places of residence, anti-money-laundering and the financing of terrorism, international sanctions and fraud. It ensures that the Bank's activities and internal guidelines comply with these regulations.

#### • Legal risks

The Legal department reports directly to the Executive Board. Its mission is to identify legal risks, defend the Bank's interests and support asset managers in their client relationships. The Legal department is involved once a potential risk has been identified. It assesses the problem and, if appropriate, retains an external lawyer with whom it handles the case. The funding of legal risks is examined on a case-by-case basis. Provisions for legal risks are booked as liabilities under "valuation adjustments and provisions".

#### • Other risks

The internal control section is continuing to step up its activities in the field of fraud control.

## 5. INFORMATION RELATING TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 5.01 Loan collateral and off-balance-sheet

operations (in CHF 1,000)	Type of collateral			Total
	Mortgages guarantees	Other guarantees	No collateral	
<b>Loans</b>				
Due from clients	653,984	326,594	3,066,934	4,047,512
Mortgages, of which:	9,436,987	58,419	8,168	9,503,574
• Residential real estate	7,573,709	58,419	8,168	7,640,296
• Office and business premises	1,395,832	–	–	1,395,832
• Industrial property	404,267	–	–	404,267
• Other	63,179	–	–	63,179
<b>Total loans as of 31.12.2014</b>	<b>10,090,971</b>	<b>385,013</b>	<b>3,075,102</b>	<b>13,551,086</b>
Total loans as of 31.12.2013	9,943,376	327,401	2,884,582	13,155,359
<b>Off-balance-sheet items</b>				
Contingent liabilities	–	–	654,400	654,400
• Guarantees/sureties	–	–	93,209	93,209
• Documentary credits	–	–	561,191	561,191
Irrevocable commitments	115,530	44,887	302,022	462,439
Commitments to subscribe capital or pay further sums	–	–	49,625	49,625
Acceptances	–	–	109,157	109,157
<b>Off-balance-sheet total as of 31.12.2014</b>	<b>115,530</b>	<b>44,887</b>	<b>1,115,204</b>	<b>1,275,621</b>
Off-balance-sheet total as of 31.12.2013	121,683	68,818	1,088,574	1,279,075

Impaired loans (in CHF 1,000)	Gross amount	Estimated	Net amount	Individual adjustments
		liquidation value of guarantees		
<b>31.12.2014</b>	<b>211,377</b>	<b>116,569</b>	<b>94,808</b>	<b>116,506</b>
31.12.2013	222,772	96,584	126,188	121,907

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

	31.12.2014	31.12.2013
• Listed debt securities (traded on a recognised stock exchange)	8,837	900
• Equity securities	1	45
• Precious metals	40,651	46,540
<b>Total securities and precious metals held in trading portfolios</b>	<b>49,489</b>	<b>47,485</b>



5.03 Financial investments (in CHF 1,000)	Book value		Fair value	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
<b>Financial investments</b>				
Debt securities	1,645,119	1,213,828	1,681,271	1,226,669
<i>of which valued by the accrual method</i>	1,213,261	972,347	1,246,169	983,058
<i>of which valued at lowest price</i>	431,858	241,481	435,102	243,611
Investments	51,514	63,107	106,092	117,431
<i>of which significant shareholders*</i>	1,656	1,984	3,426	3,715
Real estate	20	20	20	20
Other	26,041	–	26,041	–
<b>Total financial investments</b>	<b>1,722,694</b>	<b>1,276,955</b>	<b>1,813,424</b>	<b>1,344,120</b>
<i>of which collateral eligible for repos in accordance with liquidity rules</i>	1,587,201	1,181,957		

\* minimum 10% of capital or of votes

5.04 Investments consolidated by the equity method (in CHF 1,000)	31.12.2014	31.12.2013
Without listed value	24,898	27,456
<b>Total investments consolidated by the equity method</b>	<b>24,898</b>	<b>27,456</b>

#### 5.05 Scope of consolidation

Company, head office	Business	Capital (in 1,000)	% stake
<b>Fully consolidated</b>			
Banque Cantonale de Genève (France) SA, Lyon	Bank	EUR 20,000	100
Rhône Saône Courtage Sàrl, Lyon	Real estate agent	EUR 10	100
Rhône Saône Léman SNC, Lyon	Real estate company	EUR 10	100
Capital Transmission SA, Genève	Investment	CHF 2,000	100
<b>Investments consolidated by the equity method</b>			
Compagnie Foncière Franco-Suisse SAS, Lyon	Real estate	EUR 2,088	33.3
Compagnie Foncière du Saint Gothard SAS, Putaux	Real estate	EUR 12,075	33.3
Investissements Fonciers SA, Lausanne	Fund manager	CHF 1,000	42.0
Swiss Public Finance Solutions SA, Geneva	Financial Advisers	CHF 400	50.0

The Bank has other insignificant minority holdings.

5.06 Fixed assets (in CHF 1,000)	31.12.2013			31.12.2014			
	Historical cost	Accumulated amortisation	Book value	Investments	Disposals	Amortisation	Book value
<b>Investments</b>							
Investments consolidated by equity method	27,456	–	27,456	3,221	-5,779	–	24,898
<b>Total investments</b>	<b>27,456</b>	<b>–</b>	<b>27,456</b>	<b>3,221</b>	<b>-5,779</b>	<b>–</b>	<b>24,898</b>
<b>Real estate</b>							
Bank premises	151,728	-30,707	121,021	106	–	-5,370	115,757
Other premises	21,802	-5,601	16,201	–	–	-327	15,874
<b>Total real estate</b>	<b>173,530</b>	<b>-36,308</b>	<b>137,222</b>	<b>106</b>	<b>–</b>	<b>-5,697</b>	<b>131,631</b>
<b>Other tangible assets</b>	<b>85,071</b>	<b>-62,497</b>	<b>22,574</b>	<b>3,312</b>	<b>-17</b>	<b>-13,312</b>	<b>12,557</b>
<b>Total tangible assets</b>	<b>258,601</b>	<b>-98,805</b>	<b>159,796</b>	<b>3,418</b>	<b>-17</b>	<b>-19,009</b>	<b>144,188</b>
Fire insurance value of real estate			282,783				284,251
Fire insurance value of other tangible assets			99,796				99,796
Commitments: future liabilities on operating leases			–				–

5.07 Other assets and liabilities (in CHF 1,000)	31.12.2014		31.12.2013	
	other assets	other liabilities	other assets	other liabilities
Replacement values of financial instruments	30,746	237,365	20,227	141,780
Clearing account	176,250	–	99,242	–
Bond issuance costs, amortisation of bonds and mortgage-backed bonds	10,041	1,605	10,941	789
Spread of penalties on early loan repayment	–	9,375	–	10,769
Federal tax	9,797	7,543	8,937	10,104
Spread of gains on derivatives	–	9,060	–	8,851
Spread of securities using accrual method	–	451	–	1,231
Securities & coupons	–	223	–	356
Other	11,734	24,519	6,225	9,123
<b>Total</b>	<b>238,568</b>	<b>290,141</b>	<b>145,572</b>	<b>183,003</b>

5.08 Assets pledged or assigned against the Bank's commitments and assets sold with retention of title ownership (in CHF 1,000)	On 31.12.2014	
	Book value of assets pledged or consigned as collateral	Effective commitments
<b>Swiss National Bank</b>		
Limit	104,000	656,072
Face value of securities and debts pledged	–	–
<b>SIX Swiss Exchange</b>		
Face value of pledged securities	26,800	9,532
<b>Euroclear</b>		
Face value of pledged securities	2,000	–
<b>Mortgage-backed securities</b> (in CHF 1,000)	<b>31.12.2014</b>	<b>31.12.2013</b>
Face value of mortgage securities kept aside	4,430,046	4,300,429
Total borrowings	2,266,000	2,234,000
<b>Securities lending and repo transactions</b> (in CHF 1,000)	<b>31.12.2014</b>	<b>31.12.2013</b>
Claims resulting from a cash pledge when borrowing securities or entering into a repurchase agreement	99,000	66,825
Commitments resulting from cash received in securities lending or repo transactions	634,095	310,939
Securities held for own account, lent or transferred as collateral for securities lending or repo transactions <i>of which securities with unrestricted rights of subsequent sale or pledge</i>	628,002 628,002	312,425 312,425
Securities received as collateral in securities lending and borrowing and in repo transactions, with unrestricted rights of subsequent sale or pledge <i>of which securities sold or remitted to a third party as collateral</i>	– –	– –

<b>5.09 Liabilities towards own pension plans</b> (in CHF 1,000)	<b>31.12.2014</b>	<b>31.12.2013</b>
Towards the pension fund	–	–
As a custodian bank	23,463	39,449

<b>Economic benefit/obligation and pension contributions</b> (in CHF 1,000)	<b>Pension-fund excess assets</b>	
	<b>31.12.2014</b>	<b>31.12.2013</b>
<i>Amount of excess assets in the pension-fund accounts as at 31.12.2013 in CHF 1,000*: 16,829 (2012: 0)</i>		
Economic benefit	–	–
Change in the economic benefit or obligation	–	–
Contribution adjusted to the period (including the result of the employer's contribution reserve)	12,742	12,146
Pension contributions with significant influencing factors – as part of payroll costs	12,742	12,146

\* The audited annual accounts of the pension fund as at 31.12.2014 are not available. As at 31.12.2013, the pension fund reported a liability coverage of 119% to its regulator.

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

## 5.10 Outstanding bond issues

<b>5.10.1 Bonds and mortgage-backed bonds from Swiss cantonal banks</b> (in CHF 1,000)	<b>31.12.2014</b>	<b>31.12.2013</b>
Bonds	304,100	318,655
Mortgage-backed bonds	2,266,000	2,234,000
<b>Total</b>	<b>2,570,100</b>	<b>2,552,655</b>
Average interest at year-end	2.02%	2.34%

## 5.10.2 Bonds

Maturity at call / final	Year of issue	Interest rate%	Face	Securities held	Outstanding	Amount by maturity	
			amount in CHF 1,000	only by the Bank in CHF 1,000	amount in CHF 1,000	in CHF 1,000	
2018	2011	3.125	200,000	2,455	197,545 *	197,545	2018
**	2014	2.875	110,000	3,445	106,555 *	106,555	n/a
<b>Total</b>			<b>310,000</b>	<b>5,900</b>	<b>304,100</b>		
<i>of which subordinated debt</i>			<i>310,000</i>	<i>5,900</i>	<i>304,100</i>		

\* Subordinated.

\*\* Perpetual loan.

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

	Balance at end 2013	Recovery of non-performing		New provisions	Releases of provisions	Balance at end 2014
		Utilisation according to purpose	interest and exchange difference			
Valuation adjustments and provisions for default risks (collection and country risk)	128,601	-23,310	7,090	18,945	-6,748	124,578
Valuation adjustments and provisions on financial investments	9,894	-309	-5	4,178	-4,067	9,691
Valuation adjustments and provisions for other operating risks	35,945	-1,770	-	7,547	-1,972	39,750
Valuation adjustments and provisions for deferred taxes	-	-	-	-	-	-
Other provisions	-	-1,064	-	1,064	-	-
<b>Total valuation adjustments and provisions</b>	<b>174,440</b>	<b>-26,453</b>	<b>7,085</b>	<b>31,734</b>	<b>-12,787</b>	<b>174,019</b>
Valuation adjustments directly netted with assets	-149,464					-146,541
<b>Total valuation adjustments and provisions as per balance sheet</b>	<b>24,976</b>					<b>27,478</b>

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

<b>Reserve for general banking risks</b>	<b>105,000</b>	<b>-</b>	<b>-</b>	<b>15,000</b>	<b>-</b>	<b>120,000</b>
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## 5.12 Maturity structure of current assets, financial investments and debt (in CHF 1,000)

	Sight	Redeemable	Time to maturity				Fixed assets	Total
			Within 3 months	3 to 12 months	12 months to 5 years	More than 5 years		
<b>CURRENT ASSETS</b>								
Cash	881,665	–	–	–	–	–	–	881,665
Money-market instruments	400	–	259,870	77,758	–	–	–	338,028
Due from banks	328,558	–	183,487	5,928	–	–	–	517,973
Due from clients	842,468	93,387	1,090,726	306,733	950,083	764,115	–	4,047,512
Mortgages	–	1,523,809	871,161	750,892	3,234,599	3,123,113	–	9,503,574
Trading portfolios	49,489	–	–	–	–	–	–	49,489
Financial investments	67,293	–	93,136	112,581	1,032,090	407,313	10,281	1,722,694
<b>Total current assets</b>								
<b>31.12.2014</b>	<b>2,169,873</b>	<b>1,617,196</b>	<b>2,498,380</b>	<b>1,253,892</b>	<b>5,216,772</b>	<b>4,294,541</b>	<b>10,281</b>	<b>17,060,935</b>
<b>31.12.2013</b>	<b>2,478,523</b>	<b>1,381,797</b>	<b>2,157,923</b>	<b>992,679</b>	<b>5,094,042</b>	<b>4,149,185</b>	<b>10,403</b>	<b>16,264,552</b>
<b>DEBT</b>								
Money-market instruments	11,428	–	–	–	–	–	–	11,428
Due to banks	262,455	–	1,235,526	159,850	–	–	–	1,657,831
Due to clients on savings and deposit accounts	4,920,346	–	–	–	–	–	–	4,920,346
Due to clients, other	6,528,050	–	100,446	88,146	3,096	–	–	6,719,738
Medium-term notes	–	–	1,757	1,737	6,893	1,450	–	11,837
Bonds and mortgage-backed bonds	–	–	89,000	190,000	1,077,545	1,213,555	–	2,570,100
<b>Total debt</b>								
<b>31.12.2014</b>	<b>11,722,279</b>	<b>–</b>	<b>1,426,729</b>	<b>439,733</b>	<b>1,087,534</b>	<b>1,215,005</b>	<b>–</b>	<b>15,891,280</b>
<b>31.12.2013</b>	<b>11,771,365</b>	<b>–</b>	<b>819,474</b>	<b>356,604</b>	<b>1,219,820</b>	<b>1,031,172</b>	<b>–</b>	<b>15,198,435</b>

<b>5.13 Amounts due to/from affiliates and loans to officers</b> (in CHF 1,000)	<b>31.12.2014</b>	<b>31.12.2013</b>
Due from affiliates	55,189	52,398
Due to affiliates	1,157,646	1,141,087
Loans to officers	5,482	5,610

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.

Lastly, the Bank paid CHF 1.6 million to the State of Geneva for the guarantee on savings accounts.

5.14 Assets and liabilities by domestic and foreign origin (in CHF 1,000)	31.12.2014		31.12.2013	
	Domestic	Foreign	Domestic	Foreign
<b>ASSETS</b>				
Cash	870,408	11,257	1,357,889	12,884
Money-market instruments	25,338	312,690	5,443	83,493
Due from banks	303,063	214,910	245,325	79,719
Due from clients	2,594,358	1,453,154	2,486,422	1,349,803
Mortgages	9,132,354	371,220	8,941,475	377,659
Trading portfolios	42,276	7,213	46,585	900
Financial investments	1,379,192	343,502	1,096,807	180,148
Investments consolidated by the equity method	9,456	15,442	8,546	18,910
Fixed assets	143,453	735	158,963	833
Accrued income and prepaid expenses	21,863	3,316	20,050	1,594
Other assets	237,594	974	144,233	1,339
<b>Total assets</b>	<b>14,759,355</b>	<b>2,734,413</b>	<b>14,511,738</b>	<b>2,107,282</b>
<b>LIABILITIES</b>				
Money-market instruments	11,428	–	6,986	–
Due to banks	1,482,383	175,448	882,069	43,047
Due to clients on savings and deposit accounts	4,309,968	610,378	4,420,078	680,011
Due to clients, other	5,246,284	1,473,454	5,191,955	1,406,402
Medium-term notes	11,837	–	15,232	–
Bonds and mortgage-backed bonds	2,570,100	–	2,552,655	–
Accrued expenses and deferred income	47,523	1,825	48,127	1,495
Other liabilities	288,427	1,714	180,677	2,326
Valuation adjustments and provisions	27,478	–	24,976	–
Reserve for general banking risks	120,000	–	105,000	–
Share capital	360,000	–	360,000	–
Capital reserve	312,240	–	312,247	–
Retained earnings	394,304	–	340,783	–
Treasury shares	-13,993	–	-15,906	–
Foreign-exchange differences	-13,185	–	-12,101	–
Net profit for the year	76,155	–	72,961	–
<b>Total liabilities</b>	<b>15,230,949</b>	<b>2,262,819</b>	<b>14,485,739</b>	<b>2,133,281</b>

5.15 Total assets by country or group of countries (in CHF 1,000)	31.12.2014		31.12.2013	
	Amount	%	Amount	%
Europe • France	1,416,813	8.1	1,320,357	7.9
• United Kingdom	160,053	0.9	92,509	0.6
• Germany	129,869	0.7	76,044	0.5
• Luxemburg	90,237	0.5	81,913	0.5
• Netherlands	89,941	0.5	39,078	0.2
• Other European countries	280,770	1.6	153,007	1.0
United States	15,262	0.1	1,974	–
Other	551,468	3.2	342,400	2.1
<b>Assets abroad</b>	<b>2,734,413</b>	<b>15.6</b>	<b>2,107,282</b>	<b>12.8</b>
<b>Domestic</b>	<b>14,759,355</b>	<b>84.4</b>	<b>14,511,738</b>	<b>87.2</b>
<b>Total assets</b>	<b>17,493,768</b>	<b>100</b>	<b>16,619,020</b>	<b>100</b>



**5.16 Balance sheet by currency** (in CHF 1,000 at 31.12.2014)

	Currency				
	CHF	USD	EUR	OTHER	METALS
<b>ASSETS</b>					
Cash	814,603	3,182	61,194	2,686	–
Money-market instruments	100	301,986	11,360	24,582	–
Due from banks	246,424	153,243	53,876	16,228	48,202
Due from clients	2,142,163	846,674	1,039,187	19,488	–
Mortgages	9,404,501	6,138	92,935	–	–
Trading portfolios	1,627	–	7,212	–	40,650
Financial investments	1,490,539	–	232,155	–	–
Investments consolidated by the equity method	15,503	–	9,395	–	–
Fixed assets	143,453	–	735	–	–
Intangible assets	–	–	–	–	–
Accrued income and prepaid expenses	21,864	–	3,315	–	–
Other assets	228,454	32	9,373	709	–
<b>Total asset positions</b>	<b>14,509,231</b>	<b>1,311,255</b>	<b>1,520,737</b>	<b>63,693</b>	<b>88,852</b>
<b>Delivery claims from spot exchange deals, forward exchange deals and currency-option transactions</b>	<b>4,304,652</b>	<b>491,163</b>	<b>1,173,073</b>	<b>76,360</b>	<b>7,223</b>
<b>Total assets</b>	<b>18,813,883</b>	<b>1,802,418</b>	<b>2,693,810</b>	<b>140,053</b>	<b>96,075</b>
<b>LIABILITIES</b>					
Money-market instruments	5,953	238	5,200	37	–
Due to banks	323,323	740,257	533,456	5,976	54,819
Due to clients on savings and deposit accounts	4,841,989	7,120	71,237	–	–
Due to clients, other	5,226,098	662,118	711,775	85,751	33,996
Medium-term notes	11,837	–	–	–	–
Bonds and mortgage-backed bonds	2,570,100	–	–	–	–
Accrued expenses and deferred income	47,523	–	1,825	–	–
Other liabilities	279,396	7,770	2,965	10	–
Valuation adjustments and provisions	27,478	–	–	–	–
Reserve for general banking risks	120,000	–	–	–	–
Share capital	360,000	–	–	–	–
Capital reserve	312,240	–	–	–	–
Retained earnings / accumulated deficit	394,304	–	–	–	–
Treasury shares	-13,993	–	–	–	–
Foreign-exchange differences	-13,185	–	–	–	–
Net profit for the year	76,155	–	–	–	–
<b>Total liability positions</b>	<b>14,569,218</b>	<b>1,417,503</b>	<b>1,326,458</b>	<b>91,774</b>	<b>88,815</b>
<b>Delivery claims from spot exchange deals, forward exchange deals and currency-option transactions</b>	<b>4,311,056</b>	<b>384,422</b>	<b>1,310,695</b>	<b>47,180</b>	<b>7,223</b>
<b>Total liabilities</b>	<b>18,880,274</b>	<b>1,801,925</b>	<b>2,637,153</b>	<b>138,954</b>	<b>96,038</b>
<b>Net position by currency</b>	<b>-66,391</b>	<b>493</b>	<b>56,657</b>	<b>1,099</b>	<b>37</b>

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	
<b>Interest-rate instruments</b>						
Forward contracts inc. FRAs	–	–	36,075	–	–	–
Swaps	4,319	1,967	44,348	14,056	213,768	4,331,950
Futures	–	–	–	–	–	–
Options (OTC)	26	2,345	171,026	506	103	99,840
<b>Total interest-rate instruments</b>	<b>4,345</b>	<b>4,312</b>	<b>251,449</b>	<b>14,562</b>	<b>213,871</b>	<b>4,431,790</b>
<b>Currencies / precious metals</b>						
Forward contracts	1,834	755	149,068	–	–	–
Combined interest-rate and currency swaps	8,875	17,381	1,220,164	–	–	–
Options (OTC)	1,046	1,046	–	–	–	–
<b>Total currencies / precious metals</b>	<b>11,755</b>	<b>19,182</b>	<b>1,369,232</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Equity securities / indices</b>						
Futures	–	–	–	–	–	–
Exchange-traded options	–	–	–	–	–	–
<b>Total equity securities / indices</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total at 31.12.2014</b>	<b>16,100</b>	<b>23,494</b>	<b>1,620,681</b>	<b>14,562</b>	<b>213,871</b>	<b>4,431,790</b>
<b>Total at 31.12.2013</b>	<b>4,530</b>	<b>4,387</b>	<b>1,191,210</b>	<b>15,697</b>	<b>137,393</b>	<b>3,900,270</b>

The Bank did not enter into any specific netting contracts.

5.18 Interest income (in CHF 1,000)	31.12.2014	31.12.2013
Banks	452	869
Clients	270,592	276,366
Bills of exchange and money-market instruments	2,468	1,329
Interest and dividends earned on financial investments	16,315	17,852
Interest and dividends earned on trading portfolio	17	70
<b>Total</b>	<b>289,844</b>	<b>296,486</b>

5.19 Interest expenses (in CHF 1,000)	31.12.2014	31.12.2013
Banks	1,942	1,431
Clients	20,605	29,889
Bonds and mortgage-backed bonds	50,018	53,942
Subordinated debts	11,143	10,197
Other	–	–
<b>Total</b>	<b>83,708</b>	<b>95,459</b>

5.20 Trading results (in CHF 1,000)	31.12.2014	31.12.2013
Currency and banknote trading, including derivatives	25,313	25,485
Precious-metal trading	1,330	541
Securities trading	465	927
<b>Total</b>	<b>27,108</b>	<b>26,953</b>

<b>5.21 Payroll expenses</b> (in CHF 1,000)	<b>31.12.2014</b>	<b>31.12.2013</b>
Salaries and bonus payments	97,586	95,341
Social security contributions	10,839	10,187
Contributions to the pension fund	12,742	12,146
Other staff expenses	2,953	3,180
<b>Total</b>	<b>124,120</b>	<b>120,854</b>
<b>5.22 Other operating expenses</b> (in CHF 1,000)	<b>31.12.2014</b>	<b>31.12.2013</b>
Occupancy expenses	10,077	11,074
IT expenses	30,904	28,561
Office equipment, furniture, vehicles	348	314
Other operating expenses	41,320	42,893
<b>Total</b>	<b>82,649</b>	<b>82,842</b>
<b>5.23 Depreciation of fixed assets</b> (in CHF 1,000)	<b>31.12.2014</b>	<b>31.12.2013</b>
Fixtures	3,817	3,156
Appliances, fixtures and telecommunications, IT programs and equipment	13,534	14,086
Office equipment, furniture and vehicles	1,658	2,342
Intangible assets	–	432
<b>Total</b>	<b>19,009</b>	<b>20,016</b>
<b>5.24 Valuation adjustments, provisions and losses</b> (in CHF 1,000)	<b>31.12.2014</b>	<b>31.12.2013</b>
Valuation adjustments and provisions for loan recovery risks	12,197	4,631
Valuation adjustments and provisions for other operating risks	5,575	19,741
Other provisions	1,064	963
<b>Total</b>	<b>18,836</b>	<b>25,335</b>
<b>5.25 Extraordinary income</b> (in CHF 1,000)	<b>31.12.2014</b>	<b>31.12.2013</b>
Sale of fixed assets	–	26,178
Other	275	124
<b>Total</b>	<b>275</b>	<b>26,302</b>
<b>5.26 Extraordinary expenses</b> (in CHF 1,000)	<b>31.12.2014</b>	<b>31.12.2013</b>
Non-operating expenses	5,263	2,518
Reserve for general banking risks	15,000	20,000
<b>Total</b>	<b>20,263</b>	<b>22,518</b>

5.27 Income and expenses of ordinary banking activities (in CHF 1,000)	31.12.2014		31.12.2013	
	Domestic	Foreign	Domestic	Foreign
Income from interest-rate operations	192,979	13,157	188,708	12,319
Income from commissions and services	106,774	1,169	92,031	5,617
Income from trading	27,108	–	26,953	–
Other ordinary income	18,454	401	9,032	107
Operating expenses	-196,671	-10,098	-194,046	-9,650
Gross profit	148,644	4,629	122,678	8,393

# 2014 financial statements and notes

Parent company



## Report of the Statutory Auditor

To the General Meeting of  
**Banque Cantonale de Genève**, Geneva

## Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements (pages 126 to 136) of Banque Cantonale de Genève, which comprise the balance sheet as at December 31, 2014, and the income statement and notes for the year then ended.

### *Board of Directors' Responsibility*

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

### *Auditor's Responsibility*

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

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

### *Opinion*

In our opinion, the financial statements for the year ended December 31, 2014 comply with Swiss law and the company's articles of incorporation.

## Report on Other Legal Requirements

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

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of 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 company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

### Deloitte SA



Myriam Meissner  
Licensed Audit Expert  
Auditor in Charge



Thierry Aubertin  
Licensed Audit Expert

Geneva, February 19, 2015  
MME/THA/fta





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# Balance sheet before allocation

## Parent company

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	Notes	31.12.2014 in CHF 1,000	31.12.2013 in CHF 1,000	Change in CHF 1,000
<b>ASSETS</b>				
Cash		879,940	1,363,525	-483,585
Money-market instruments		338,028	88,936	249,092
Due from banks		1,095,074	839,962	255,112
Due from clients		3,418,249	3,300,641	117,608
Mortgages		9,503,574	9,319,134	184,440
Trading portfolios		68,502	64,132	4,370
Financial investments		1,712,434	1,263,502	448,932
Investments in Group companies		73,057	75,363	-2,306
Fixed assets		143,885	158,963	-15,078
Accrued income and prepaid expenses		21,147	19,544	1,603
Other assets	4.13	237,506	144,119	93,387
<b>Total assets</b>		<b>17,491,396</b>	<b>16,637,821</b>	<b>853,575</b>
Total subordinated claims		22,208	19,911	2,297
Total due from Group companies and qualified participants		867,117	595,572	271,545
<i>of which total claims on the Canton of Geneva</i>		<i>201,479</i>	<i>53,188</i>	<i>148,291</i>
<b>LIABILITIES</b>				
Money-market instruments		11,429	6,986	4,443
Due to banks		1,723,076	998,437	724,639
Due to clients on savings and deposit accounts		4,920,346	5,100,089	-179,743
Due to clients, other		6,670,655	6,560,268	110,387
Medium-term notes		11,837	15,232	-3,395
Bonds and mortgage-backed bonds		2,576,000	2,554,000	22,000
Accrued expenses and deferred income		47,453	48,127	-674
Other liabilities	4.13	288,502	180,667	107,835
Valuation adjustments and provisions	4.10	27,338	24,618	2,720
Reserve for general banking risks	4.10	120,000	105,000	15,000
Share capital	4.07	360,000	360,000	–
General legal reserve		663,851	615,851	48,000
Retained earnings		1,106	1,029	77
Net profit for the year		69,803	67,517	2,286
<b>Total liabilities</b>		<b>17,491,396</b>	<b>16,637,821</b>	<b>853,575</b>
Total subordinated debt		310,000	320,000	-10,000
Total due to Group companies and qualified participants		98,626	145,391	-46,765
<i>of which total due to the Canton of Geneva</i>		<i>25,604</i>	<i>61,422</i>	<i>-35,818</i>
<b>OFF-BALANCE-SHEET OPERATIONS</b>				
Contingent liabilities		629,632	720,481	-90,849
Irrevocable commitments		397,047	420,585	-23,538
Commitments to subscribe capital or pay further sums		49,625	57,521	-7,896
Loans by acceptances		109,157	77,146	32,011
Financial derivatives:				
– underlying amounts		6,056,118	5,093,828	962,290
– positive replacement values		30,662	20,333	10,329
– negative replacement values		237,379	141,780	95,599
Fiduciary transactions	4.11	6,424	23,001	-16,577

# Profit and loss account

## Parent company

Notes	31.12.2014 in CHF 1,000	31.12.2013 in CHF 1,000	Change in CHF 1,000
<b>INTEREST INCOME AND EXPENSES</b>			
Interest and discount income	259,342	264,905	-5,563
Interest and dividends from trading portfolios	380	468	-88
Interest and dividends from financial investments	16,315	17,852	-1,537
Interest expenses	-83,809	-95,598	11,789
<i>Net interest income</i>	<i>192,228</i>	<i>187,627</i>	<i>4,601</i>
<b>COMMISSION AND FEE INCOME</b>			
Commission income from lending	28,273	27,266	1,007
Commission income from trading, securities and deposits	44,718	42,588	2,130
Commission income from other services	36,160	29,547	6,613
Commission expenses	-6,861	-7,371	510
<i>Net commission and fee income</i>	<i>102,290</i>	<i>92,030</i>	<i>10,260</i>
<b>RESULT OF TRADING OPERATIONS</b>			
<i>Net result of trading operations</i>	4.12 26,538	28,614	-2,076
<b>OTHER ORDINARY RESULTS</b>			
Income from sale of financial investments	7,709	2,687	5,022
Income from investments	1,938	1,494	444
Real-estate income	1,012	1,069	-57
Other ordinary income	7,516	7,582	-66
Other ordinary expenses	-433	-3,992	3,559
<i>Other ordinary income, net</i>	<i>17,742</i>	<i>8,840</i>	<i>8,902</i>
<b>Total operating profit</b>	<b>338,798</b>	<b>317,111</b>	<b>21,687</b>
<b>OPERATING EXPENSES</b>			
Payroll expenses	-118,586	-115,242	-3,344
Other operating expenses	-78,023	-78,759	736
<i>Net operating expenses</i>	<i>-196,609</i>	<i>-194,001</i>	<i>-2,608</i>
<b>Gross profit</b>	<b>142,189</b>	<b>123,110</b>	<b>19,079</b>
Depreciation of fixed assets	4.04 -18,303	-22,396	4,093
Valuation adjustments, provisions and losses	-17,343	-22,503	5,160
<b>Intermediate profit</b>	<b>106,543</b>	<b>78,211</b>	<b>28,332</b>
Extraordinary income	4.05 275	26,302	-26,027
Extraordinary expenses	4.06 -20,263	-22,518	2,255
Taxes	-16,752	-14,478	-2,274
<b>Net profit for the year</b>	<b>69,803</b>	<b>67,517</b>	<b>2,286</b>

# Statement of shareholders' equity

Parent company

in CHF 1,000

	Share capital	General legal reserve	Statutory retained earnings	Reserve for general banking risks	Voluntary retained earnings or accumulated losses	Earnings for the period	Total
<b>Total shareholders' equity at start of reference period</b>	<b>360,000</b>	<b>180,192</b>	<b>435,659</b>	<b>105,000</b>	<b>68,546</b>		<b>1,149,397</b>
Dividends and other distributions					-16,200		-16,200
Special allocation to the State of Geneva (20% of the dividend paid)					-3,240		-3,240
Allocation to general banking risk reserves				15,000			15,000
Other allocations to/deductions from other reserves			48,000		-48,000		-
Net profit						69,803	69,803
<b>Total shareholders' equity at end of reference period</b>	<b>360,000</b>	<b>180,192</b>	<b>483,659</b>	<b>120,000</b>	<b>1,106</b>	<b>69,803</b>	<b>1,214,760</b>

### 1. BUSINESS ACTIVITIES AND STAFF

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

Staff numbers	31.12.2014	31.12.2013
Full-time equivalents	662.6	678.6
Number of employees	715	735

### 2. ACCOUNTING AND VALUATION PRINCIPLES ADOPTED IN THE ANNUAL ACCOUNTS

The financial statements of the parent company are drawn up according to Group principles with the exception of the restatement of certain items to present a true and fair representation of the consolidated financial statements, principally the treatment of BCGE bonds and treasury shares.

In addition, companies within the scope of consolidation and presented in note 3 to the consolidated financial statements are valued at the acquisition cost less depreciation where judged appropriate.

### 3. RISK MANAGEMENT

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

### 4. NOTES TO THE PARENT COMPANY ACCOUNTS

#### 4.01 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
<b>Swiss National Bank</b>		
Limit	104,000	656,072
Face value of securities and claims pledged	–	–
<b>SIX Swiss Exchange</b>		
Face value of blocked securities	26,800	9,532
<b>Euroclear</b>		
Face value of blocked securities	2,000	–
<b>Mortgage-backed securities from Swiss cantonal banks (in CHF 1,000)</b>		
	31.12.2014	31.12.2013
Face value of mortgage-backed securities	4,430,046	4,300,429
Total borrowings	2,266,000	2,234,000

<b>Securities lending and repo transactions</b> (in CHF 1,000)	<b>31.12.2014</b>	<b>31.12.2013</b>
Claims resulting from a cash pledge when borrowing securities or entering into a repurchase agreement	99,000	66,825
Commitments resulting from cash received in securities lending or repo transactions	634,095	310,939
Securities held in own account, loaned or transferred as collateral in securities lending or repo transactions	628,002	312,425
<i>of which securities with unrestricted rights of subsequent transfer or pledge</i>	628,002	312,425
Securities received as collateral in securities lending and borrowing and repo transactions, with unrestricted rights of subsequent sale or pledge	–	–
<i>of which securities transferred or remitted to a third party as collateral</i>	–	–

<b>4.02 Liabilities towards the Bank's pension and retirement fund</b> (in CHF 1,000)	<b>31.12.2014</b>	<b>31.12.2013</b>
Liabilities towards the pension fund	–	–
Liabilities towards the pension fund as a custodian bank	23,463	39,449

Please refer to item 5.09 (page 112) in "Notes to the 2014 Consolidated Financial Statements".

<b>4.03 Amounts due to/from affiliates and loans to officers</b> (in CHF 1,000)	<b>31.12.2014</b>	<b>31.12.2013</b>
Due from affiliates	55,189	52,398
Due to affiliates	1,157,646	1,141,087
Loans to officers	5,482	5,610

Please refer to item 5.13 (page 115) in "Notes to the 2014 Consolidated Financial Statements".

<b>4.04 Depreciation of fixed assets</b> (in CHF 1,000)	<b>31.12.2014</b>	<b>31.12.2013</b>
Fixtures	3,744	3,098
Appliances, fittings, security and telecommunications equipment, IT programmes	12,966	14,383
Plant and equipment, furniture, vehicles, intangible assets	1,593	4,278
Depreciation on shareholdings	–	637
<b>Total</b>	<b>18,303</b>	<b>22,396</b>

<b>4.05 Extraordinary income</b> (in CHF 1,000)	<b>31.12.2014</b>	<b>31.12.2013</b>
Sale of fixed assets	–	26,178
Various agreed funds	275	124
<b>Total</b>	<b>275</b>	<b>26,302</b>

<b>4.06 Extraordinary expenses</b> (in CHF 1,000)	<b>31.12.2014</b>	<b>31.12.2013</b>
Non-operating expenses	5,263	2,518
Reversal of reserves for general banking risks	15,000	20,000
<b>Total</b>	<b>20,263</b>	<b>22,518</b>

4.07 Share capital	31.12.2014			31.12.2013		
	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
<b>Share capital</b>						
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
<b>Total share capital</b>	<b>360,000,000</b>	<b>5,720,826</b>	<b>360,000,000</b>	<b>360,000,000</b>	<b>5,720,826</b>	<b>360,000,000</b>

4.08 Credits, loans, remunerations and shareholdings of the Board of Directors and the Executive Board	Remuneration (before taxes)			Loans <sup>1</sup>	Number of BCGE shares held at 31.12.2014			
	Fixed, compensation <sup>2</sup>	In locked up shares <sup>3,4</sup>	Total		Unlocked	Locked up <sup>3</sup>	Total	By kin
<b>Board of Directors</b>								
Jean-Pierre Roth, Chairman	280,500	658	281,158	–	–	20	20	–
Josef Küttel, Deputy Chairman (from 1 May 2014)	77,733	658	78,391	350,000	20	20	40	–
Bernard Clerc, Deputy Chairman (until 30 April 2014)	31,167	329	31,496	–	100	–	100	–
Mourad Sekkiou	66,000	823	66,823	–	6	29	35	–
Grégoire Carasso (from 1 May 2014)	46,933	–	46,933	–	–	–	–	–
Gina Empson (from 1 May 2014)	46,933	–	46,933	–	20	–	20	–
Asma Hovagemyan (until 30 April 2014)	25,667	329	25,996	–	50	–	50	–
Fabienne Knapp	100,100	494	100,594	–	70	13	83	64
Patrick Mage	126,500	823	127,323	–	20	29	49	–
Jean-Marc Mermoud	67,100	658	67,758	1,588,500	–	20	20	–
Ton Schurink	74,800	823	75,623	1,700,000	532	29	561	–
Angela de Wolff	74,800	658	75,458	–	–	20	20	–
John Tracey	70,400	658	71,058	1,000,000	20	20	40	–
<b>Total, Board of Directors</b>	<b>1,088,633</b>	<b>6,909</b>	<b>1,095,543</b>	<b>4,638,500</b>	<b>838</b>	<b>200</b>	<b>1,038</b>	<b>–</b>

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

<sup>1</sup> Lombard loans, secured with securities or with mortgage guarantees, commercial loans.

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

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

<sup>4</sup> Amounts calculated based on a share price of CHF 220.15 on 11 June 2014 (expected value).

**Remuneration (before taxes)**

	Remuneration in cash			Remuneration in shares <sup>1,2,3</sup>	Total remuneration	Social security contributions <sup>4</sup>
	Fixed	Variable <sup>1</sup>	Total	Variable	Total in CHF	Total
Blaise Goetschin, CEO	<b>728,196</b>	670,427	1,398,623	259,192	1,657,815	374,487
<b>Total, Executive Board</b>	<b>2,612,064</b>	<b>2,129,061</b>	<b>4,741,125</b>	<b>854,831</b>	<b>5,595,956</b>	<b>1,490,764</b>
Blaise Goetschin, CEO (previous year)	723,144	550,000	1,273,144	62,366	1,335,510	368,344
<b>Total, Executive Board (previous year)</b>	<b>2,596,704</b>	<b>1,755,000</b>	<b>4,351,704</b>	<b>200,637</b>	<b>4,552,341</b>	<b>1,461,822</b>

**The members of the Executive Board remitted their directors' fees to BCGE as follows:**

Blaise Goetschin, CEO	84,456
<b>Total, Executive Board</b>	<b>134,473</b>
Blaise Goetschin, CEO (previous year)	75,181
<b>Total, Executive Board (previous year)</b>	<b>129,313</b>

<sup>1</sup> Paid in 2015 based on 2014 results.

<sup>2</sup> Shares subject to a five- to ten-year moratorium, on the basis of the closing price (expected value) as at 31.12.2014. BCGE does not allocate stock options.

<sup>3</sup> Amounts calculated based on a share price of CHF 214.1 on 31 December 2014 (expected value).

<sup>4</sup> Cumulative amount of social insurance and pension fund contributions.

The principles of remuneration are explained on pages 89 and 90. No indemnity was paid indirectly to the members of the Executive Board. No indemnity was paid directly or indirectly, in 2014, to former members of the Board of Directors or to any person in close relationship with the members of the Board of Directors or the Executive Board.

At 31 December 2014, no indemnities not complying with market practices were awarded to any person in close relationship with the members of the Board of Directors or the Executive Board.



**Number of shares held by members  
of the Executive Board or their kin  
and loans granted**

	Number of BCGE shares held at 31.12.2014			Loans granted <sup>1</sup>	
	Unlocked	Locked up	Total	By kin	
Blaise Goetschin, CEO	<b>1,832</b>	3,183	5,015	40	130,000
Eric Bourgeaux	560	2,831	3,391	40	–
Claude Bagnoud	134	996	1,130	20	80,000
Pierre-Olivier Fragnière	552	2,024	2,576	–	–
Jean-Marc Joris	494	711	1,205	–	–
Jérôme Monnier	36	385	421	–	620,749
<b>Total, Executive Board</b>	<b>3,608</b>	<b>10,130</b>	<b>13,738</b>	<b>100</b>	<b>830,749</b>
Blaise Goetschin, CEO (previous financial year)	1,708	3,127	4,835	63	130,000
<b>Total, Executive Board (previous financial year)</b>	<b>4,002</b>	<b>9,670</b>	<b>13,672</b>	<b>123</b>	<b>843,180</b>

<sup>1</sup> Lombard loans or with mortgage guarantees.

At 31 December 2014, no outstanding credits or loans not complying with market practices were awarded to any person in close relationship with the members of the Board of Directors or five of the six members of the Executive Board. The wife of one member of the Executive Board benefited from staff terms owing to a mortgage loan being taken out by her husband.

4.09 Major shareholders and groups of shareholders bound by voting agreements	31.12.2014		31.12.2013	
	Par value		Par value	
	in CHF	%	in CHF	%
<b>Registered shares with voting rights</b>				
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
<b>Bearer shares with voting rights</b>				
State of Geneva	33,863,600	9.41	33,863,600	9.41
City of Geneva	14,727,000	4.09	14,727,000	4.09
Geneva State Pension Fund (CPEG)	21,440,000	5.96	21,440,000	5.96
Other shareholders	77,886,800	21.62	77,886,800	21.62

At 31 December 2014, the State of Geneva held 44.27% of the Bank's share capital (registered and bearer shares) and has 49.80% of the voting rights.

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

	Balance at 31.12.2013	Utilisation according to purpose	Recoveries, non		New provisions	Releases of provisions	Balance at 31.12.2014
			Changes to allocation (new allocation)	performing interest, exchange differences			
Valuation adjustments and provisions for default risks (collection and country risks)	117,920	-21,075	-	7,204	10,486	-	114,535
Valuation adjustments and provisions for financial investments	9,894	-309	-	-5	111	-	9,691
Valuation adjustments and provisions for other operating risks	35,587	-1,770	-	-	5,793	-	39,610
Other provisions	-	-1,064	-	-	1,064	-	-
<b>Total valuation adjustments and provisions</b>	<b>163,401</b>	<b>-24,218</b>	<b>-</b>	<b>7,199</b>	<b>17,454</b>	<b>-</b>	<b>163,836</b>
Valuation adjustments directly netted with assets	-138,783						-136,498
<b>Total valuation adjustments and provisions as per the balance sheet</b>	<b>24,618</b>						<b>27,338</b>
<b>Reserve for general banking risks</b>	<b>105,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,000</b>	<b>-</b>	<b>120,000</b>

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

<b>4.11 Off-balance-sheet transactions</b> (in CHF 1,000)	<b>31.12.2014</b>	<b>31.12.2013</b>
<b>Fiduciary transactions</b>		
Fiduciary deposits with third parties	6,424	23,001
<b>Total fiduciary transactions</b>	<b>6,424</b>	<b>23,001</b>

<b>4.12 Trading results by sector</b> (in CHF 1,000)	<b>31.12.2014</b>	<b>31.12.2013</b>
Foreign-exchange trading / banknote trading, including derivatives	25,313	25,477
Precious metals trading	1,339	541
Securities trading	-114	2,596
<b>Total trading operations</b>	<b>26,538</b>	<b>28,614</b>

<b>4.13 Other assets and liabilities</b> (in CHF 1,000)	<b>31.12.2014</b>		<b>31.12.2013</b>	
	<b>other assets</b>	<b>other liabilities</b>	<b>other assets</b>	<b>other liabilities</b>
Replacement value of financial instruments	30,662	237,379	20,333	141,780
Clearing account	176,250	–	99,242	–
Bond issuance costs, amortisation of bonds and mortgage-backed bonds	10,041	1,605	10,941	789
Spread of penalties on early loan repayment	–	9,375	–	10,769
Federal tax	9,796	7,603	8,718	10,104
Spread of gains on derivatives	–	9,060	–	8,851
Spread of securities using accrual method	–	451	–	1,231
Securities and coupons	–	223	–	356
Other	10,757	22,806	4,885	6,787
<b>Total</b>	<b>237,506</b>	<b>288,502</b>	<b>144,119</b>	<b>180,667</b>

**PROPOSED ALLOCATION OF PROFIT** (in CHF 1,000)

The Board of Directors will propose at the Ordinary General Meeting, to be held on 22 April 2015, that the profit is allocated as follows:

	<b>31.12.2014</b>	<b>31.12.2013</b>
Net profit for the year	69,803	67,517
Retained earnings	1,106	1,029
<b>Earnings available for distribution</b>	<b>70,909</b>	<b>68,546</b>
Allocation to general legal reserve	-48,000	-48,000
Dividend of 5% (2013: 4.5%) to holders of registered shares (A and B) and bearer shares	-18,000	-16,200
Special allocation to the State of Geneva (20% of the dividends paid)	-3,600	-3,240
<b>Retained earnings</b>	<b>1,309</b>	<b>1,106</b>



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