



ANNUAL REPORT 2016



BCGE GROUP KEY CONSOLIDATED FIGURES	2016	2015	2014	2013	2012
Balance sheet (in CHF million)					
Balance sheet total	21,393	20,016	17,494	16,619	16,473
Advances to customers	14,973	13,711	13,551	13,155	12,994
Customer deposits and borrowings	16,315	15,691	14,222	14,266	13,703
Shareholders' equity	1,386	1,319	1,236	1,163	1,086
Results (in CHF million)					
Gross income from interest operations	206	198	206	201	205
Result from commission business and services	100	101	108	98	104
Result from trading activities	26	28	27	27	24
Other ordinary income	17	20	19	9	12
Total operating income	349	347	360	335	346
Operating expenses	222	211	207	204	208
Depreciation, valuation adjustments, provisions and losses and extraordinary results	54	69	77	58	70
Operating profit (in CHF million)	111	130	115	–	–
Result of the period (in CHF million)	79	78	76	73	67
Assets managed and administered (in CHF billion)	23.1	21.8	19.8	19.3	18.7
Total number of employees					
• by full-time work units	737.6	720.5	710.4	725.4	722.7
• by people	791	773	763	782	783
Ratios (as a %)					
Shareholders' equity/total assets	6.5	6.6	7.1	7.0	6.6
Market capitalisation on equity	77.3	71.2	62.4	69.7	68.6
Operating profit on equity	8.1	10.0	9.5	–	–
Return on equity (ROE)	5.8	6.0	6.3	6.4	6.3
Cost/income	63.4	60.9	57.4	60.8	60.3
Capital coverage	13.2	14.4	14.0	13.5	12.9
Figures for bearer shares (in CHF)					
Shareholders' equity	385	366	343	323	302
Operating profit	31	36	32	–	–
Net profit	22	22	21	20	19
Dividend	5.5*	5.5	5.0	4.5	4.5
Stock market data (parent company)					
High and low prices for bearer shares (in CHF)					
• upper	298	262	234	260	213
• lower	258	210	208	204	195
• closing	298	261	214	225	207
Market capitalisation (in CHF million at 31 December)	1,072	939	771	811	745
Number of shares in thousands	5,721	5,721	5,721	5,721	5,721
Book equity/number of shares	390	372	349	329	308

*Proposed to the General Meeting on 26 April 2017.

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, 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 738 PEOPLE (IN FULL-TIME EQUIVALENTS). BCGE IS LISTED ON THE SWISS STOCK EXCHANGE (SIX SWISS EXCHANGE) AND IS REGULATED BY FINMA.

BCGE stock exchange reference (symbol)

Swiss stock exchange listing	Swiss stock exchange, SIX Swiss Exchange
Reuters	BCGE.S
Bloomberg	BCGE SW
Telekurs	BCGE
Stock number	35 049 471
ISIN	CH0350494719

Structure of BCGE capital of CHF 360 millions

	Number of shares
Registered shares with par value CHF 50	7,200,000

Information

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BCGE ANNUAL REPORT 2016

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2016 was the bicentenary year of the Banque Cantonale de Genève. Several events were organised to remind us of our bank's committed service to the Geneva community since its foundation in 1816. But 2016 also marks a new stage in that long history. The past year was characterised by several economic challenges, and will be remembered for some notable progress achieved in terms of bank organisation, the modernisation of its capital structure and by renewed debate about the politicisation of appointment to its Board of Directors.

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



Business challenges

The economic climate of 2016 suffered from increasing uncertainties. In Europe, where unemployment remains high, there was only a weak recovery, in spite of decisive action by the European Central Bank. Moreover, political will in the European Union was fettered by the British decision to leave it and by the weakened leadership of its principal members. In the United States, the unexpected outcome of the presidential election has given rise to major doubts about the new administration's economic policy and on the future course of international economic cooperation. Finally, in Asia, the slowdown in Chinese growth hindered the dynamism of the world economy. A more uncertain and fragile environment of this kind was not beneficial for Switzerland or for Geneva, whose business life is so dependent on international trade. Fortunately, Switzerland was able to adapt and make the best of the unfavourable conditions. Internally, it found a positive way out of the complex situation created by the acceptance, on 9 February 2014, of the *Against Mass Immigration* referendum initiative. But **being an island of stability in a stormy world has meant that the banks, along with businesses and savers, have had to accept the consequences of a strong franc**; in particular, the setting of negative interest rates in an effort to combat the excessive strength of the currency.

Thanks to its diversified business model, the Bank has been able to limit the effect of these headwinds and seize the opportunities that arose in its markets. By so doing, it has achieved good operational growth, both in lending and in asset management, and its revenues are increasing. This has allowed it, despite a high cost base, to achieve a net profit greater than the previous year's.

Organisational progress

Following acceptance by the Great Council of Geneva of the amendment to the Banque Cantonale de Genève Act allowing the adoption of registered shares alone (i.e. abolishing the use of bearer shares), BCGE's annual general meeting approved the necessary changes to the Bank's articles of association. These amended articles of association were approved by the Great Council and are now in place. **Consequently, it was possible to put the capital uniformisation procedure into effect in February this year; this will help to increase the attractiveness of the BCGE share** on the stock exchange and enable the Bank to know who its shareholders are. Moreover, 2016 saw the end of the transition period, begun in 2013, during which the cantonal guarantee on savings and pensions deposits was to be eliminated. (The federal guarantee still applies.) BCGE is now on an equal footing with the other commercial banks in the canton. Finally, in 2016, normalisation of the Bank's tax status was started. By the time five annual adjustments have been completed in 2021, BCGE will be subject to the same tax regime as other companies in the canton; the conditions in which it operates in the market will also thereby be normalised. Of course, the Bank hopes that at the end of this process, corporate taxation reform will be completely in place.

Politicisation of nominations to the Board of Directors

Already in 2014, a bill was put before the Great Council aiming to introduce political affiliation criteria, in addition to professional requirements, when selecting members of the Bank's Board of Directors, who are appointed by the public authorities. A procedure of this kind is inappropriate in the case of BCGE, as its governance rules are not comparable to those of the canton's other publicly owned corporations. When they appoint their representatives to the BCGE Board of Directors, the public authorities must not only comply with cantonal laws but also adhere to the relevant federal banking regulations. These regulations, which are clearly set out in Finma circular 2017/11 *Corporate governance – banks*, require that the Board of Directors of a bank be constituted in such a way as to include the necessary technical competence and experience so that the activities of the institution can be overseen in an effective manner. Every change to the BCGE Board of Directors therefore requires a targeted search for competences, necessitating a close dialogue between the Bank and the nominating body, in order to identify possible candidates. Adding to this already complex process the need to take account of a political affiliation would considerably reduce the likelihood of making the best choices. Moreover, the independence of a director beholden to a political party would be impaired; there is a risk that the defence of the Bank's interests would not be uppermost in their mind. This bill would therefore entail a gradual deterioration in the technical competence of our Board of Directors and a loss of independence of its members; this is not in the interests of the shareholders, either public or private. It may be recalled that the Bank's setbacks at the end of the 1990s were due in part to the politicisation that had weakened its governance. Returning to this practice would mark a serious step backwards in terms of the oversight of our business.

Those who favour this plan seem to fear the BCGE board would be dominated by an inflexible and narrow outlook that would militate against accomplishment of the Bank's mandate. I can reassure them on this point: there are some very diverse opinions on the BCGE board, and the discussions held there are very open. This diversity arises not from applying a predetermined formula but from an open dialogue, centred on the search for competences by the Bank together with the public authorities. BCGE is like Switzerland: **diversity – a form of true wealth – must be a constant objective of the responsible institutions**, and cannot be dictated by a law. At any event, political affiliation is not a guarantee of diversity.

A jointly achieved result

In an environment which was at all times difficult, the Bank achieved a good result in 2016. This would not have been possible without the commitment of all, from regular employee to senior management. The Board of Directors is very grateful to them. It would also like to thank the Bank's shareholders for their loyalty and their confidence.

In 2016, the year of its bicentenary, Banque Cantonale de Genève fulfilled its mandate by serving Geneva and its region, individuals and companies, savers and borrowers; and it did so in the interest of all its shareholders. Once again, it showed that it is the only Geneva bank that serves all Genevans.



Jean-Pierre Roth

Chairman of the Board of Directors

Message from the Chief Executive Officer

BCGE is progressively taking its place among the leading Swiss banks...

2016 was another year of good results. The bank is progressing along the strategic routes of market competitiveness, operational productivity and returns on capital. This progress, noted on the stock exchange, has been achieved in an environment made precarious either by wayward interest rates or the chronic flood of regulation. Of course, this run of good years is due first and foremost to the exemplary commitment of our staff and the loyalty of our customers. But it is also explained by a number of other variables, the importance of which needs to be grasped to secure the future of our institution and to transform it into a Swiss banking leader.

A useful bicentenary year

During the year, the Bank was able to improve its competitive position on its various markets. From the most traditional (mortgage lending reached CHF 10.4 billion [+4%]) to the most keenly contested (assets under administration have passed the CHF 23 billion mark), the Bank is gaining market share with clockwork-like regularity. In terms of productivity, even if the cost/revenues ratio remains at around 63%, this is in reality increasing, either through the introduction of several IT innovations (in particular digitisation or e-banking) or through the increasingly favourable ratio of volumes processed (nearly 11 million payment transactions) to staffing levels. Lastly, from the point of view of returns on capital, the Bank is maintaining its position among the best cantonal banks, with an operating income return on equity of 8.1%. A recent study¹ shows that BCGE generated an annual return of 9.9% for the Canton of Geneva from 2010 to 2015. This puts it in eighth position out of 24 cantonal banks in these terms. Given its annual growth in share value of over 14%, this ranking is unlikely to deteriorate.

A difficult environment – which will stay that way

While all these aggregate numbers are flattering, the keen-eyed observer will nonetheless have noticed evidence of a complicated environment in other indicators. Interest income is the first to suffer from the dispiriting state of Swiss franc rates. **Only daily use of a defensive strategy, and the application of a great deal of technical skill in a context of very measured risk-taking, allowed the Bank to maintain its margin at CHF 211 million (+0.6%).** As regards the effects of the regulatory “dynamic”, we might point out the duty of preparing the highly bureaucratic automatic exchange of tax information as one example of the negative factors on the costs side. In terms of the outlook, these two constraining factors will not be disappearing any time soon. The Bank, however, is well prepared in these matters, as it monitors cyber risks and potential threats of economic crime very closely. In this context, it is important both to sustain and accentuate the Bank's current strong points and to make business and operational preparations for tomorrow's markets.

Capitalising on what creates today's success

There are numerous reasons for the Bank's resilience in the face of a very tough environment. I will dwell on two of them. To start with, the commitment of our staff, which manifests itself in many ways, including innovations. New investment products, new services, process improvements: there is a long list of “bottom-up” projects initiated by individuals or by teams created for a specific purpose. The Bank's management is very much aware of this source of initiative. The second success factor: **the loyalty of our customer base, made evident by its stability and the constant increase in product uptake.** We study our clients' expectations closely. This led us, for example, to protect the BCGE Avantage service loyalty programme (32,700 member clients at 31 December 2016) from the pressure of low interest rates (it was slightly amended in 2017, but still represents one of the best savings offers on the Swiss market). This careful monitoring, undertaken through direct contacts and market research (BCGE has 18,600 legal persons as its clients, of whom 14,900 are resident in Geneva), also led us to offer small businesses, independent professionals and artisans the professional loans with the most economical rates on the market. Enterprising staff and clients who remain attached to clearly perceived advantages represent two necessary key conditions that underlie the Bank's longevity. They are not, however, sufficient conditions in the environment that is looming on the horizon.

¹ AMREIN Simon, DIETRICH Andreas, LENGWILER Christoph, PASSARDI Marco, 2016 *IFZ Retail Banking-Studie 2016*. Hochschule Luzern.

Building the foundations of tomorrow's success, today

Effective execution, motivation and quality of service are, of course, fundamental. But strategic adaptation, anticipation of what is useful and the flexibility of the business model will make the difference in a sector revolutionised by technology, new banking consumer behaviours and globalised competition. BCGE has long been prepared for dealing with the structural changes that are now becoming apparent.

It has greatly reduced its dependence on the traditional regional banking model based upon the simple equation of mortgages and savings, which would have led it to become simply a sort of local property fund. **To avoid this fate, it diversified into new business lines, with a consequently improved spread of revenues and risks.**

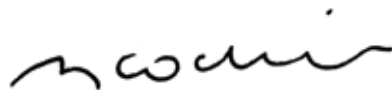
It was energetic in counteracting its initial disadvantage: the subcritical size of its original market. To do so, it patiently deployed itself on the Swiss market, and internationally in well-understood niches. **Today, 24% of its turnover is denominated in euros and dollars, which makes it an exporter within Geneva's economy.**

It has been able to respond to the demands of every segment of the Geneva economy, in all its variety and complexity. **To do so, it has developed specific responses to the needs of companies and institutions which today represent two-thirds of its turnover.**

It has been aggressive in entering the great market adjacent to Geneva's borders. **To this end, it has been active in France and the European Union for over 20 years**, achieving success and earning the gratitude of its clients.

Finally, it has equipped itself to guide Geneva's economy in its international expansion. **To do this, it created a specialised unit, the International Clients Division;** it has established support structures in Asia and in the Middle East; and it has developed a highly targeted base of foreign clients, most of whom have private or business links with Geneva.

The Bank's strengths that are apparent today explain the quality of the current results. As for tomorrow's results, they will depend on the five routes to expansion summarised above. These courses have been set for several years and our teams have the necessary skills in these most complex areas of business. This is why we can allow ourselves to make a very favourable forecast for the Bank's development, despite the gloom and aridity that currently characterise the banking sector.



Blaise Goetschin
Chief Executive Officer





A DOWN-TO-EARTH BANK NEAR YOU.

Standing by the people of Geneva –
thoughtful, ready to help and close at hand.

- 22 branches
- 124 ATMs for withdrawals and deposits
- 220 advisers in the branch network
- Structured to simplify your financial life
- Dependable experts who listen to you

Group identity

Parent company and subsidiaries
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 them in their activities and operations, which often extend far beyond Geneva's borders, it has branches in Lausanne and Zurich, in addition to 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 two specialised subsidiaries: Capital Transmission, which provides equity financing for SMEs, and Dimension, for evaluation and advice regarding company transfers.



Geneva head office
at 17, quai de l'Île

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. It has branches in Lausanne and Zurich as well as representative offices in Dubai and Hong Kong. Listed on the Swiss stock exchange, SIX Swiss Exchange (code: BCGE), the group employs 685 people (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.



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. Its investment capacity allows it to support its clients over the long term and to assist their projects by acquiring minority shares or through mezzanine financing.



2015 Founded in 1994, Dimension SA is active in company evaluation and transfer, particularly in the distribution, industrial, watchmaking, construction, property, services, security and IT sectors. Based in Lausanne (its headquarters), the company has a branch in Geneva and is active throughout Switzerland. An experienced, reliable and pragmatic partner, Dimension SA is a key partner with whom a company owner can analyse value creation potential and undertake company transfer operations. It has been part of the BCGE Group (as a wholly-owned subsidiary) since 2015.

Group identity

Business model attuned to the Genevan economy
A strategy centred around markets and innovation

BCGE is a bank with a strategy aimed at long-term, sustainable success. It is active in two broad market categories: private individuals (natural persons) and companies or institutions (legal entities). To respond competitively to the needs of such a diverse clientele, it develops specific business lines (strategic areas of activity). There are thirteen of these, as described below. These business lines have very diverse characteristics: this is why the BCGE group is organised as a manager of a portfolio of activities. It can also justifiably be described as a universal bank... A number of transverse management principles prevail throughout the organisation.

A FINANCIAL POLICY AIMING AT LONGEVITY

The main financial objective is for the Bank to grow steadily in value. This value is based on the expected total of free cash flow. The increase in total free cash flow depends essentially on the organic and qualitative growth of business (the incremental growth business model).

Strategic decisions and operational management prioritise long-term growth in the Bank's equity value (reflected by market capitalisation) – if need be to the detriment of short-term profitability – and must not cause under investment or excessively raise the risk profile, or in any way undermine the Bank's ethical practice.

A RESPONSE ADAPTED TO EACH MARKET SEGMENT

Business lines, their commercial policies and the resources assigned to them are calibrated by the Bank on the basis of a detailed study of markets and an evaluation of how accessible they are and what potential they have. **Five of the thirteen business lines are centred on individual clients:** day-to-day banking services, fundamental financial planning, savings and pensions, private banking and private finance; together, these represent one third of the Bank's total revenues. Of the eight business lines devoted to companies and institutions, four are concerned with lending. These are corporate finance, business property finance, public authorities finance and trade finance. The remaining business lines are strategic financial advice, financial markets, asset management and services to banks and insurance companies. **Two thirds of the group's turnover is achieved with public and private companies and institutions.**

The Bank manages this portfolio of business areas with the aim of optimising the profitability/risk ratio of each, while fostering operational synergies among them. It builds competitive and sustainable positions and seeks to attain leadership in each of its business lines. To do so, it capitalises on its reputation as a safe, transparent and innovative bank.

The Bank maximises use of its available equity, while ensuring its continued existence with a safety margin defined in the financial framework. Having achieved a high level of capital use, the current priority for additional growth focuses on areas of business that use less equity.

Successfully blending a public mission and the need for profitability



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.**" BCGE harmoniously combines its public mission, notably by providing the Geneva economy with finance of over CHF 15 billion, and the need to be a profitable commercial enterprise: it has no monopoly or protected status. (It has no cantonal guarantee.)

Group identity

Services offered

A bank organised by market segment

MANAGEMENT ENTITIES

Main business lines	Geneva					 CAPITAL TRANSMISSION CTSA	 DIMENSION
	Private Clients and Family Businesses	International Clients	Corporate and Institutional Clients	Finance and Risk Management	BCGE (France)		
Individuals							
Day-to-day banking services	■						
Fundamental financial planning	■						
Savings and pensions	■						
Private banking	■	■	■		■		
Private financing	■	■	■		■		
Companies							
Company financing	■	■	■		■	■	
Commercial property finance			■		■		
Public authority financing	■						
Global commodity finance		■					
Strategic financial consultancy and M&A		■	■				■
Financial markets				■			
Asset management			■	■			
Banks and insurances		■	■		■		

Group identity

Services offered

A complete range of banking and financial services

INDIVIDUALS

Day-to-day banking services

GE CH

Current accounts
Individual accounts
Bank cards
Safe deposit boxes

Online banking services

GE CH

BCGE Netbanking
Mobile BCGE Netbanking application
BCGE Paymit application

Saving

GE CH

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

Pension planning

GE CH F

Pension advice centre
2nd and 3rd pillar accounts
Life insurance contracts
Fund-based savings plans
Annuities

Investments

GE CH F

Custody of securities
Online stock trading
Investment funds and structured funds
Property funds
Tracker certificates
Fund-based savings plans
Precious metals

Private banking

GE CH F INT

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

Housing finance

GE CH F

Main residences
Second homes
Construction or renovation loans

Consumer financing

GE CH

Vehicle leasing
Personal loans

COMPANIES

Corporate finance and cash management

GE CH F

SMEs
Large corporations
Professionals and self-employed
State and related entities
Municipalities and municipal property trusts
Parastatal institutions and churches
Public property trusts
Public bodies in Switzerland
Non-profit-making bodies

Property and construction finance

GE CH F

Property investors
Property development
Office property and public corporations
Construction companies

International commodity trade finance

GE CH F INT

Trade transaction financing
Structured financing

Financial services and markets for banks and insurance companies

GE CH F INT

Currencies
Online forex platform
Securities, investment funds
Metals
Capital markets
Cash
Banknotes

Multinationals and international Institutions

GE CH F INT

Corporate consultancy

GE CH F

Strategic financial consultancy (Financial Advisory department)
Mergers and acquisitions (M&A) (Dimension)

Equity finance

GE CH F

Minority participation,
Mezzanine finance, Management buyout (Capital Transmission)

INSTITUTIONS

Finance and cash management

GE CH

Private and public pension funds
Private and public foundations
Family office
State institutions

Services to independent wealth managers

GE

Asset management

GE CH F INT

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
Sovereign funds and similar entities

Advice to institutional investors

GE CH F INT

Interest rate management advice
Exchange rate management advice

Financial services and markets for institutional clients

GE CH F INT

Stock markets
Currencies
Online forex platform
Metals
Issues
Capital markets
Cash

GE

Geneva

CH

Swiss market

F

French market – through BCGE (France)

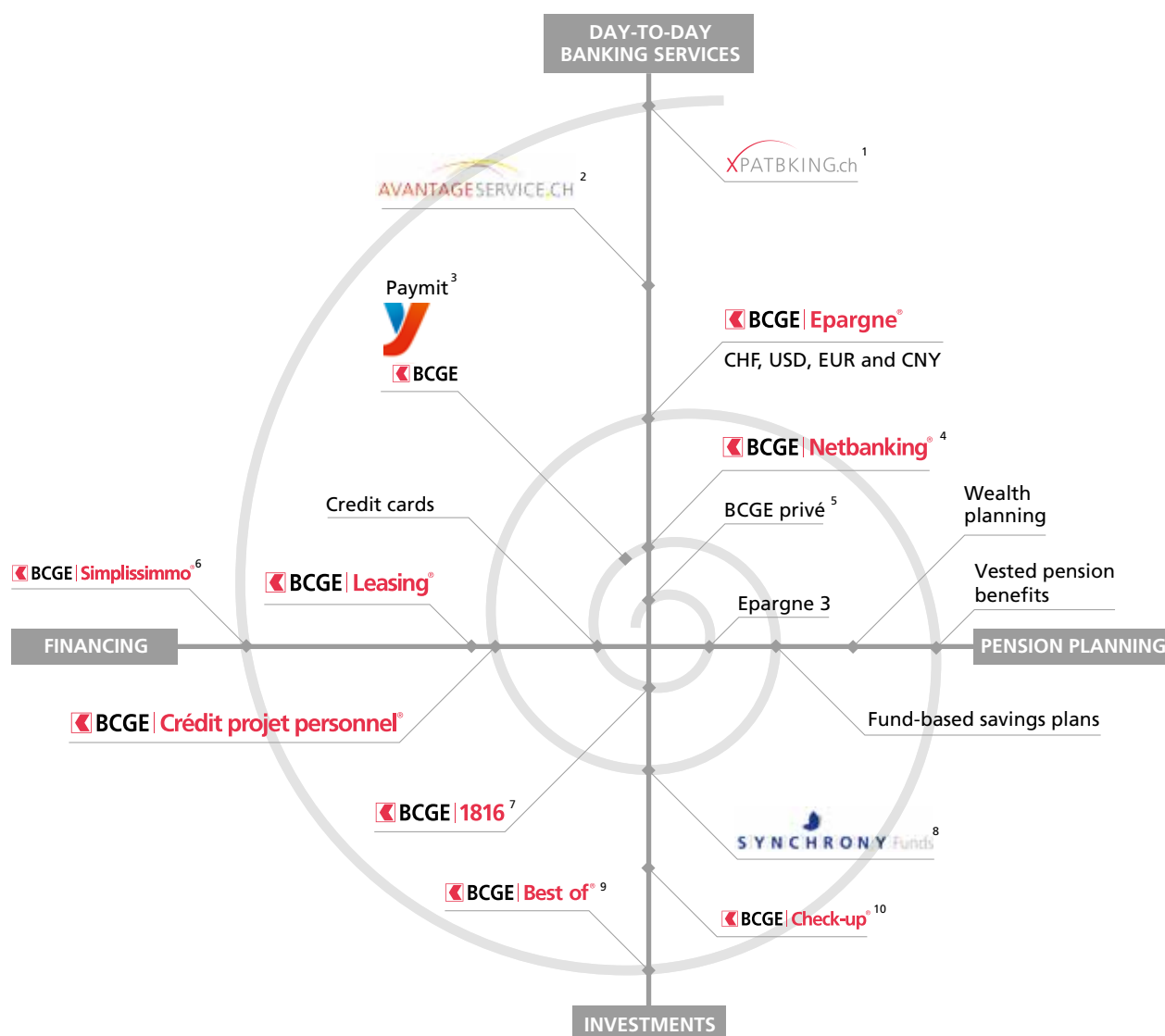
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International markets – all the operations are agreed and registered in Switzerland. BCGE acts in Dubai and Hong Kong through its representative offices licensed by the respective authorities in those jurisdictions. These offices limit themselves to promoting the Bank's activities and products and do not carry out operations.

Group identity

Services offered

Range of provision for individual clients



¹ Banking solutions for expatriates.

² Loyalty programme providing up to 2% extra interest on savings.

³ Mobile payment solutions.

⁴ Online banking.

⁵ Account for receiving income and managing banking transactions.

⁶ Simple and very reasonable mortgage solutions, flexible for main residence or holiday home needs.

⁷ Online banking platform.

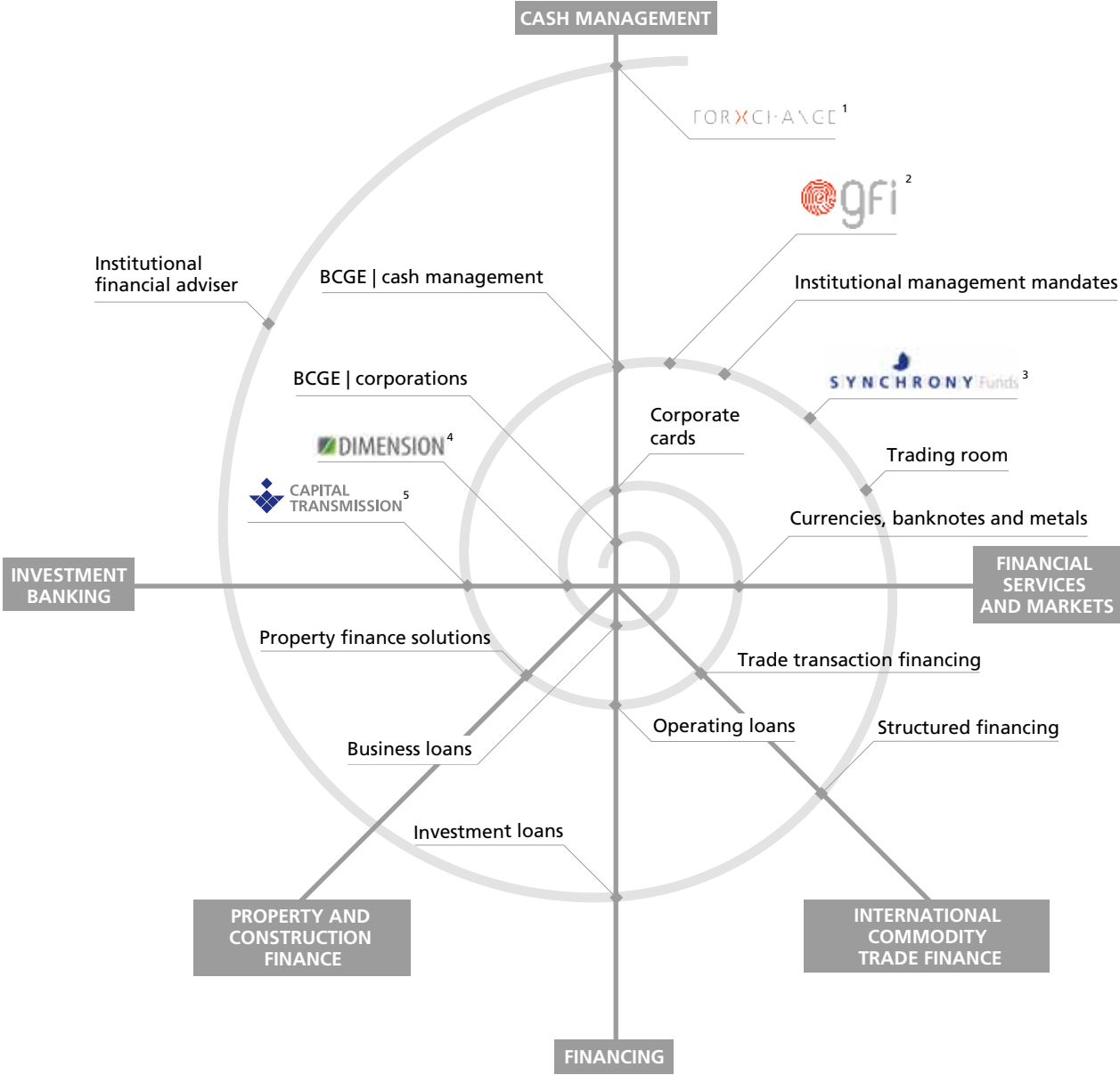
⁸ Range of bank investment funds.

⁹ Management mandate with 24 profiles.

¹⁰ Personalised financial advice.

Group identity

Services offered
 Range of provision for companies and institutions

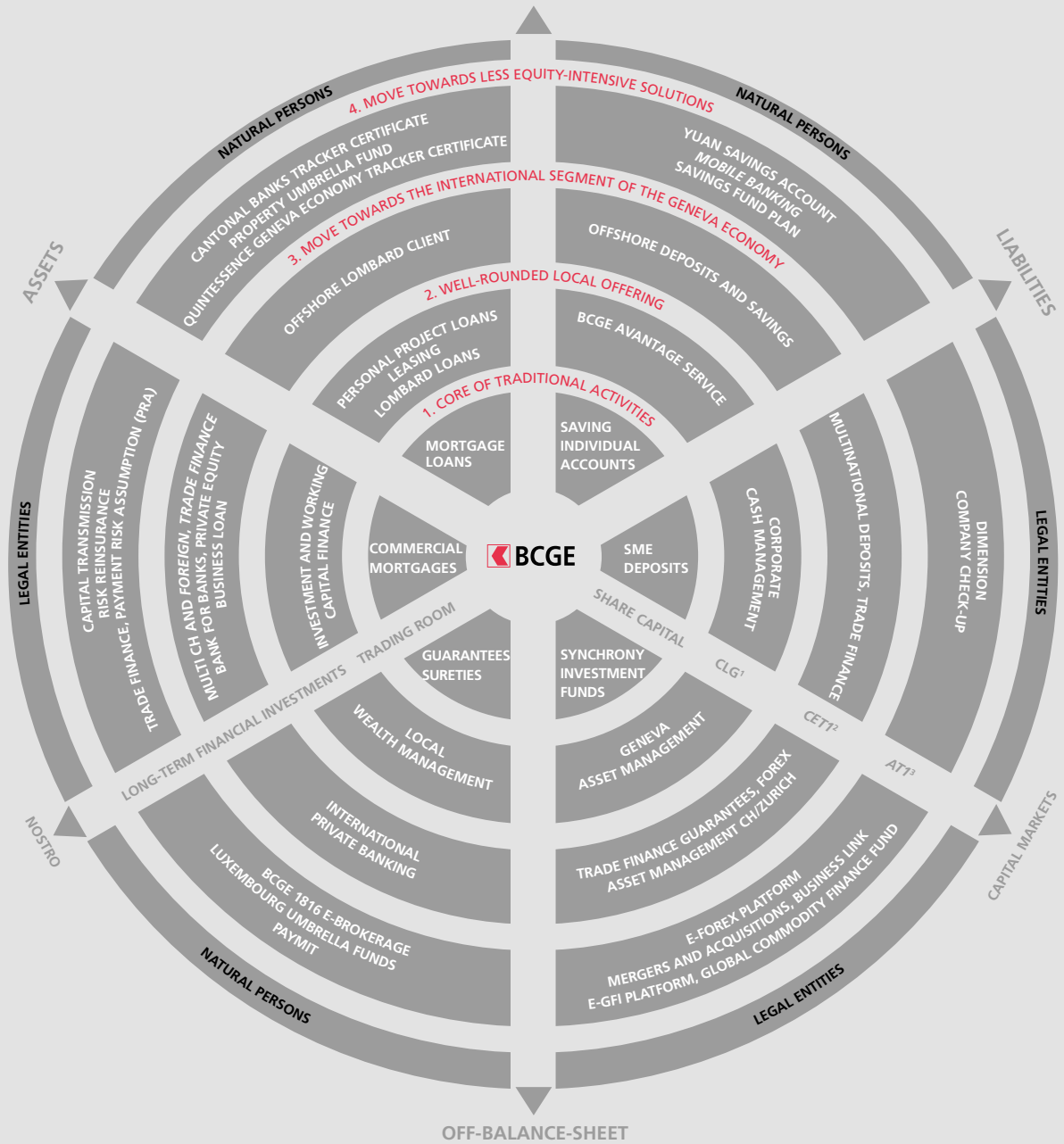


¹ Online forex platform.
² Secure platform for independent wealth managers.
³ Range of professional investment funds for institutional investors.
⁴ Mergers and acquisitions.
⁵ Equity financing.

Group identity

A constantly developing business model
Four phases of development

Based on a core of traditional activities which remain important today, the BCGE business model has undergone regular changes, leading to a widening of the Bank's competences and abilities. The changes have been implemented with the aim of offering a complete and competitive range of services. These strategic choices have allowed the financial results to show steady growth.



¹ Refinancing by loans from the Mortgage Bond Centre of the Swiss cantonal banks.
² Loan in respect of common equity tier 1 (CET1).
³ Loan in respect of additional equity tier (AT1).

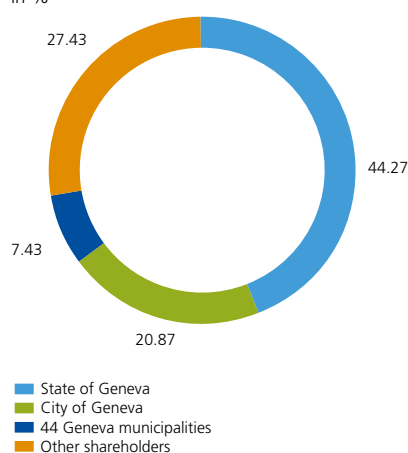
Group identity

The BCGE share
Capitalisation of CHF 1.07 billion

The BCGE share rose in value by 14% over the year, thereby outperforming the Swiss performance index (SPI) by 15%.

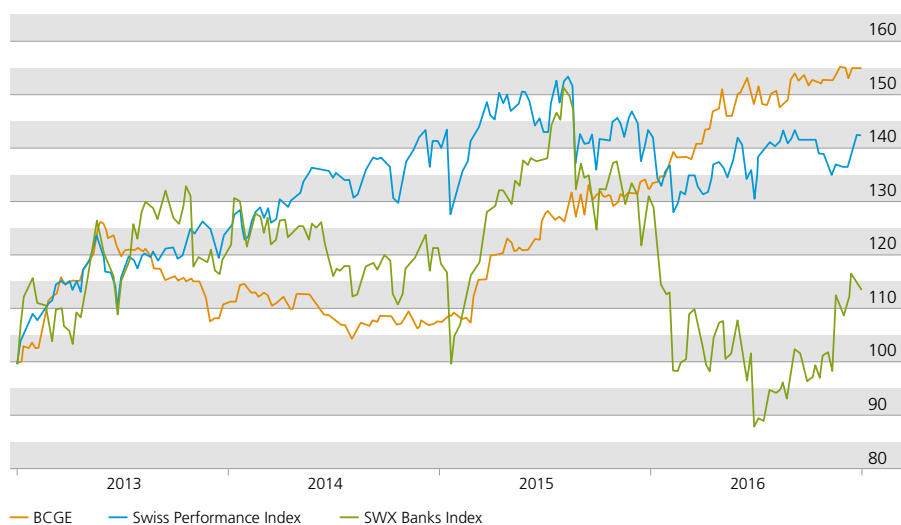
Having ended the year 2015 at CHF 130.375 (adjusted for the two-for-one stock split of 2 February 2017), the BCGE share rose throughout 2016 and closed at CHF 148.875. **The share has also outperformed the SPI index by 13% over the last four years;** its performance against the Swiss banks index has been even stronger (43%). The Bank's market capitalisation topped the one billion mark in 2016 (CHF 1,072 million). There remains significant potential for a further increase, given the difference between the share price and the share's intrinsic value, which is CHF 195, or 131% of the stock market value.

Capital distribution and voting rights in %



Share price movement

Share price movement relative to 1 January 2013, in CHF



Figures per share ¹ (in CHF)	2016	2015	2014	2013	2012
Shareholders' equity	193	183	172	162	151
Operating income	15	18	16	–	–
Net profit	11	11	11	10	9
Dividend	5.5 ²	5.5	5.0	4.5	4.5

Stock market data (parent company)

High and low prices for bearer shares (in CHF) ¹					
– high	149	131	117	130	107
– low	129	105	104	102	98
– close	149	130	107	113	104
Market capitalisation (in CHF million at 31 December)	1,072	939	771	811	745
Book equity/number of shares ¹	195	186	175	165	154

¹ Adjusted in accordance with capital structure in place from 2 February 2017.

² Proposed to the AGM on 25 April 2017.





A BANK COMMITTED TO SUPPORTING SMEs.

Standing by entrepreneurs and innovators,
with concentration, leadership and endurance.

- Finance (property, business, equity, leasing)
- Company transfer
- Private equity
- Mergers and acquisitions
- Cash management



CORPORATE AND INSTITUTIONAL CLIENTS
Yves Spörri

FINANCE AND RISK MANAGEMENT
Eric Bourgeaux (seated)

INTERNATIONAL CLIENTS
Pierre-Olivier Fragnière

CEO
Blaise Goetschin (seated)

GENEVA PRIVATE CLIENTS AND FAMILY BUSINESSES
Claude Bagnoud

ORGANISATION, IT AND OPERATIONS
Jean-Marc Joris

Group identity

Divisions: internal enterprises

A structure adapted to strategic challenges

The bank is organised into six divisions: three of them are orientated towards the clientele, two have a supporting role while maintaining contact with the clientele, and one is dedicated exclusively to support. They are all operated as internal enterprises, which reinforces their autonomy and promotes their responsibility.

Executive Board division (70 employees)

Blaise Goetschin, Chief Executive Officer

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

Finance and Risk Management division (87 employees)

Eric Bourgeois, member of the Executive Board, CFO

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, administers internal lending regulation, 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. BCGE Asset management defines the group's investment strategy and is responsible for managing mandates and investment funds.

Geneva Private Clients and Family Businesses division

(231 employees)

Claude Bagnoud (since 1 January 2017), member of the Executive Board

The division serves all private clients located in the Canton of Geneva and its surrounding region. In particular, it provides services to private individuals, professionals, small businesses, the self-employed and to public authorities in Geneva and Switzerland. It provides local banking services through its network of 22 branches, five out-of-branch banking zones and its 124 ATMs. To maintain its market leadership, the division provides its clients with ranges of very comprehensive services through multiple 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 view to optimum financial planning.

Corporate and Institutional Clients division (58 employees)

Yves Spörri (since 1 January 2017), member of the Executive Board

As a partner of businesses, multinationals, international institutions and institutional investors, 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 well-being. 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. The Corporate and Institutional Clients division also offers institutions all the Bank's competences in the asset management area, whether they be pension funds, foundations or funds managed by companies or their managements.

International Clients division (94 employees)

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 (nearly 4,500 clients), international commodity trade finance (nearly 260 clients) and relationships with nearly 400 banks and insurance companies. 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.

Organisation, IT and Operations division (144 employees)










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 and security tasks and manages the www.bcg.ch website as well as its payment and e-brokerage platform.

Group identity








Organisation chart
As at 1 March 2017





















20














 EXECUTIVE BOARD Blaise Goetschin ^{I, III, VI, VII} Chief Executive Officer		 Christophe Weber ^{IV, VII} Chief of Staff & Planning		 Hélène De Vos Vuadens Communications & Investor Relations	
 Elisabeth Ray Tang Human Resources		 Christian Hamm Marketing			
 Philippe Marti ^{IV} Legal & Recovery		 Marius Hämmig ^I Recovery		 René-Christian Métrailler Legal	
				 Francine Robin Estate & Guardianship	


 GENEVA PRIVATE CLIENTS & FAMILY BUSINESSES Claude Bagnoud ^{I, III, V, VI} Member of the Executive Board		 Pierre Villanti Business Development & Branch Network		 Sébastien Collado SMEs & Self-employed	
 Alain Voirol Public Bodies		 Pierrette Jatou Klopfenstein Centre Sector		 Pierre-Olivier Vialla West Sector	
 Alexandre Scala Right Bank Sector		 Franco Furcolo BCGE Private Banking Swiss Clients		 Albert Gallegos Financial Planning	
				 Paulo Oliveira Online banking	

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

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

 INTERNATIONAL CORPORATE & PRIVATE BANKING Pierre-Olivier Fragnière ^{I, III, V} Member of the Executive Board		 Josiane Tistouet ICPB Chief of Staff	
 Nicolas Demierre ^{II} Global Commodity Finance	 Serge Chesternine Commodity Trade Finance 1	 Claudio Pietroforte Private Banking international	 Priska Tribelhorn Team 1 Private Banking International Geneva
 Danila Mariotti Commodity Trade Finance 2	 Nicolas Dervaux Structured Finance & Distribution	 Olivier Ernoult Team 2 Private Banking International Geneva	 Mario Al-Jebouri Representative Office Dubai
 Olivier Thyssen Credit & Transaction Management	 Philippe Maillart Operations Global Commodity Finance	 Laurent Juget Team 3 Private Banking International Geneva	 Anne de Gendre Private Banking Lausanne
 Boris Bijleveld Banks & Insurances	 Léonard Graz Banks 1	 David Ting Representation Office Hong Kong	 Karl Aeschbacher Private Banking Zurich
 Irene Diez Banks 2 & Insurance Companies		 Massimo Cangini Independent Portfolio Managers	

 FINANCE & RISK CONTROL Eric Bourgeaux ^{III, V, VI} Member of the Executive Board		 Marc Doerks ^{III, V, VI} Finance Chief of Staff & Risk Control		 Pierre Sauvagnat ^{II, III} Financial Markets & Treasury	
 Yvan Nicolet General Accounting	 Frédéric Vernet Financial Control	 Marianne Bourgoz Gorgé ^{III, V} Risk Control	 Marie-José Bratcov Compliance		
 Constantino Cancela ^{II} BCGE Asset Management	 Marc Riou ^{II} Institutional Portfolio Management	 Axel Moser ^{II} Private Portfolio Management	 Thierry Angele Financial Advisory		
 Constantino Cancela Financial Studies	 Valérie Lemaigre ^{II, III} Investment Office				

 INTERNAL AUDIT Monique Seiss Baudry Head of Internal Audit, reports to the Board of Directors

^I Member of Credit Committee

^{II} Member of Strategic Investment Committee

^{III} Member of ALM Committee

^{IV} Member of the Credit Risk Committee

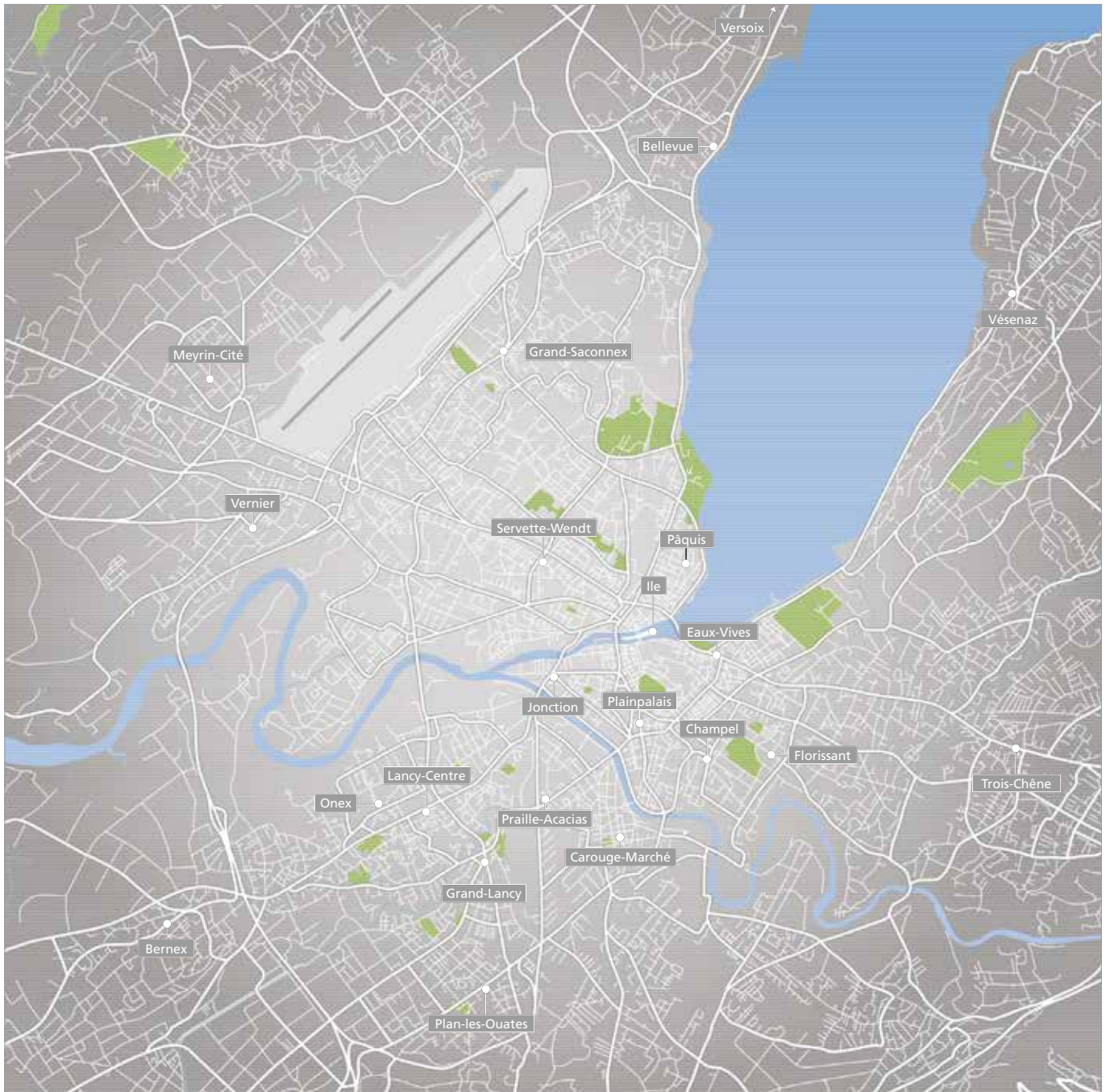
^V Member of Risk Committee

^{VI} Member of IT Strategy Committee

^{VII} Member of Organisation Strategy Committee

Group identity

Well-established local presence
Network of 22 branches

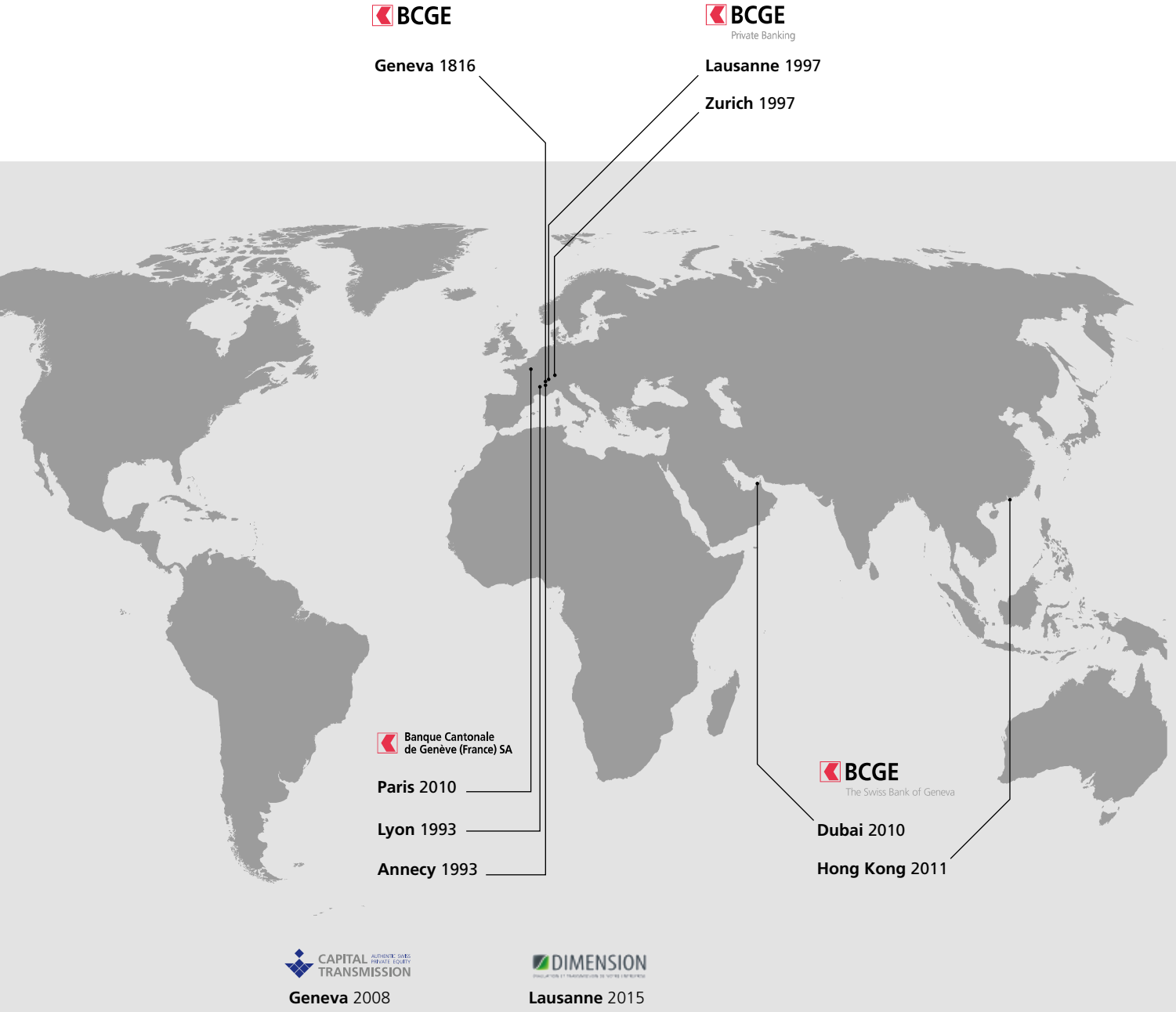


■ BCGE branch

Group identity

International dimension

Infrastructure in Switzerland, Europe, Asia and the Middle East



Geneva



Lausanne



Zurich



Lyon



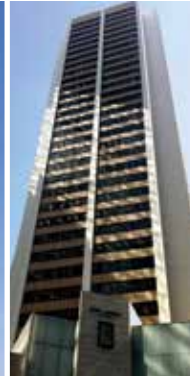
Annecy



Paris



Dubai



Hong Kong







A BALANCED BANK AWARE OF ITS POSITION.

Standing by its clients, shareholders and staff,
harmoniously, fairly and transparently.

- Corporate strategy based on balance among its stakeholders
- Convictions and values clearly stated
- Transparent communication policy
- Strict ethical and environmental line
- Prudent and measured approach aiming at the long term

Business development in 2016

Private clients, self-employed professionals, small businesses and Geneva public authorities

A bank at the service of each Genevan

BCGE's constant presence in its clients' neighbourhoods constitutes a permanent competitive advantage. The service offering has been enhanced by extended online banking opening hours and the development of new functionalities for the Mobile Netbanking application; in this way, BCGE creates "online presence". In 2016, nearly 10,700 new clients joined the Bank, and the number of services for them to use keeps on growing. Mortgage lending to private clients reached CHF 3.8 billion. Nearly 32,700 people now benefit from the BCGE Avantage service loyalty programme.

Change at the head of the division

Since 1 January, the Geneva Private Clients and Family Businesses division has been led by Claude Bagnoud. At that same date, it was amalgamated with the Public Authorities department, and now constitutes the Bank's centre of excellence dedicated to serving the people of Geneva.

The adviser: the client's key contact with their Bank

The number of client meetings during the year totalled nearly 86,500. This figure shows the crucial role played by the adviser in the understanding of people's needs and the choice of individualised solutions. Every client should be able to say, "I know my banker." Combining tradition and innovation, **the bank branch remains the close link fostering the special relationship with clients**, which is then supplemented by Internet and mobile banking. Advisers possess a wide range of expertise, encompassing cash management solutions, savings, pension planning, borrowing and investments. Their mission is to place **the client at the centre of the relationship**, whether the contact takes place in the branch or over the Internet.

A high-density and accessible banking network

BCGE **has a network of branches that best suits the needs of the people of the canton in terms of availability and their mobility**. It decentralises the competencies of over 200 client advisers and staff members throughout its 22 branches. It also provides five out-of-branch banking zones and 124 ATMs. Clients of the 24 cantonal banks have free access to the biggest network of automated banking equipment in Switzerland. Credit cards saw year-on-year growth (6.5%), as did Maestro debit cards (+4.3%).

The Bank is very competitive for deposits and savings and is Geneva's principal savings institution. Savings deposits increased by CHF 108 million and now total CHF 3.7 billion, which sends a strong signal of confidence from savers.

Mortgage lending to individuals growing

In a competitive environment, the Bank, with its thorough knowledge of the local market, **remains the canton of Geneva's top mortgage lender**. It supports clients and prospects by financing their plans for main residences or second homes in Geneva, in Switzerland and in France. The BCGE Simplissimmo mortgage offering and personalised solutions provide clients with excellent conditions, as well as the opportunity to choose the best duration and repayment terms. Mortgage lending to private clients totals CHF 3.8 billion, having grown 5.3% in 2016. The security of persons and property, for which insurance provides one of the main pillars, is also a business objective; this service offering is enriched by a partnership agreement with La Mobilière.

Proven success of the BCGE Avantage service loyalty programme

The Bank works to help its clients preserve and maximise returns from their assets. It has continued to pay interest on BCGE Epargne accounts benefiting from the BCGE Avantage programme, despite the negative interest rate environment. This **loyalty plan offers an exceptional bonus, comprising up to 2% additional interest and over**; this benefits clients using several services. The CHF 14 million loyalty bonus was distributed to approximately 32,700 clients on 31 December 2016.



A specialised private banking entity for Geneva residents

The BCGE Swiss Clientele Private Banking department is a specialised banking partner dedicated to preserving and growing the assets of clients residing in Geneva. This department, based at the Bank's headquarters and comprising seven senior advisers, **offers a personalised advice and management service**. The entity, which has 55 new clients, manages assets of over CHF 800 million, of which 34.5% is under discretionary management.



Individualised advice at each stage of life

BCGE advises each generation according to its specific needs. Its wealth management is based on a methodology taking account of the investor's objectives, time horizon and profile. The department, specialised in wealth optimisation, consistently analyses its clients' pension arrangements. When insuring the best-quality pension planning, in addition to management mandates, **third-party products are independently selected**, in line with their performance and specific characteristics. Finally, branch advisers consistently carry out a financial summary check-up (BCGE Check-up), allowing clients to ensure that their personal wealth situation matches their financial objectives. 3,600 BCGE Check-up interviews took place during the year.

Epargne 3 accounts – an optimum pension solution

The number of new Epargne 3 accounts grew by 4.8%. This excellent performance confirms **BCGE's role as the leading savings institution in the region**. 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. BCGE Plan d'épargne fonds met with great success, with 4,500 plans being subscribed to. It shows how suitable this plan is for savers who wish to build up wealth through regular investment, making monthly payments in line with their financial resources.



Steady progress in the number of deposits managed via online trading

The BCGE 1816 online stock market platform continues to progress: there were **7,000 registered accounts** on 31 December 2016, a year-on-year increase of 20.3%. Permanently available and easy to use, it allows clients to buy and sell securities on the financial markets, directly and completely autonomously. It is an economical and reliable solution with a simple, user-friendly interface. Together with the BCGE Netbanking electronic payments system, it constitutes a complete financial control panel for the investing client.

Extended hours for online and telephone services

At least 25 staff members **process requests during extended hours**, Monday to Friday from 7.30 a.m. to 7.30 p.m., and on Saturday from 9 a.m. to 4 p.m. They provide clients with fast and effective day-to-day banking services, either by telephone (058 211 21 00) or e-mail, with all the promptness and professionalism that might be expected.

Netbanking workshops

To provide better support for clients in this digital revolution, Netbanking workshops are regularly held in a new training facility in Petit-Lancy. During these workshops, clients – current or potential users of the Bank's e-banking services – can attend presentations on various BCGE digital solutions and defensive measures against cybercrime. They can also receive personalised assistance from an expert, either on site or remotely.

The BCGE Business partner programme

The Bank offers a range of products, preferential charges and high-quality services to the employees of partner businesses. This collaboration can extend to providing an external adviser for the workplace or installing automated banking equipment. The programme has proved its usefulness, serving 78 contracted businesses in Geneva, Zurich and Lausanne.

Commitment to independent professionals and small businesses in Geneva

BCGE is **the leading player in the SME and independent professionals market. It has earned particular recognition for the competence of its specialist teams** and its support of the local economy. 2016 once again provided an opportunity for the Bank to show how committed it is to serving small businesses in Geneva every day. In an economic environment that is still in turmoil, the SME and Self-employed Financing department experts supported over 10,500 companies and their CEOs, providing them with a range of appropriately adapted services for their professional and private needs.

The fact that the Bank is not only available but also close at hand – the branch is always near the client's place of work – made it possible to provide Geneva's SMEs and self-employed with finance of CHF 484 million, either in terms of investment or cash flow. A range of appropriate and economical forms of financing (vehicle leasing, small-business loans, capital goods leasing, etc.) allows the needs of this client group to be covered. In close cooperation with the guarantee institutions or the cantonal support structures, the Bank responds generously to any well-formulated and well-documented request for financing from entrepreneurs or experienced and reliable independent professionals.

A dependable partner for municipalities and public authorities

Despite highly competitive market conditions, BCGE was able to pursue the expansion of its business with the canton's public authorities with great success, by financing numerous projects for the public good, including major real estate projects that have entered an active phase. Total lending to the public authorities, **exceeding CHF 3.2 billion**, was distributed thus: approximately 28% to Geneva municipalities and their municipal trusts; 31% to public property trusts and 21% to other public authorities in Switzerland. The greater part of the balance, accounting for 15% of the total, goes to the State of Geneva and its satellite entities. The increase in lending was partly accounted for by the public property trusts and the other public authorities in Switzerland.

BCGE has remained **the privileged partner of the large autonomous public utilities**, municipalities and public property trusts, by offering them the solutions that match their needs and helping them implement major local public projects. 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 partner respected by public authority finance managers. BCGE is developing its financial engineering competences, allowing it to provide advanced consultancy on risk management and debt optimisation.

Regular meetings with the authorities

The Bank continued to support the Canton of Geneva in 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, which deals with interest rates, the economic situation and news about BCGE. The Bank's management has periodic meetings with the municipalities and their magistrates for information and discussion purposes. The range of specialised competencies offered by BCGE has also led to an increase in the number of public bodies it serves in Switzerland.

Business development in 2016

Corporate, business property
and institutional investors

A bank at the service of the Swiss economy

An improving business environment, a modest correction in property prices and attractive financing conditions combine to produce a reasonable framework for Geneva's economy. Total lending by the Companies and Institutional Clients Centre, for the most part to medium-sized and large companies in Geneva and in Switzerland, increased by a steady 7.1%. This growth occurred in an economic and rate context that nonetheless required strict monitoring of risk levels and specific attention to protecting margins. From 1 January 2017, the management of this entity was entrusted to Yves Spörri (see page 93).

Good growth of company financing

There was good growth in new business during the year, even if the propensity of companies to invest remains modest. The client ownership rate grew, thanks to a wider range of services and the production of dedicated solutions for the specific needs of certain internationally orientated companies.

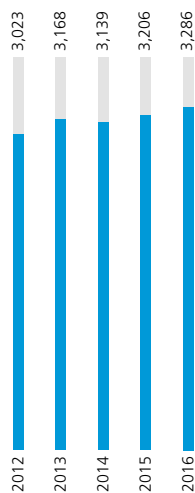


The management of these clients' interest rate and currency risks was facilitated by several innovative solutions devised by the Bank's competence centres, including the trading room and the Financial Advisory department. **The new ForXchange by BCGE platform, offering a new order-execution service on the currency markets, is a very useful tool for companies.** It can be directly accessed on the Internet via an up-to-date and flexible interface. Unlike online brokers, this service allows delivery of the desired currencies, in addition to netting.

Business property adapts to the market's soft landing

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

Mortgage loans to real estate professionals in CHF million



While remaining high, property prices in Geneva, particularly as regards commercial buildings, have been eroding for several years. The supply of such properties continues to exceed demand. The increased amount of vacant space, particularly in the city centre, has created more favourable negotiating conditions for tenants. Moreover, the increase in housing construction, resulting in a substantially higher number of property transactions, coupled with a slight fall in population growth, has led to an increase in the vacancy rate: this is now 0.45% for residential properties and 3.98% for offices¹.

At the same time, the fall in prices and the historically low level of interest rates still favour a dynamic Geneva property market. BCGE is maintaining its strategy of **selective growth**. It is able to increase its mortgage lending, while carefully selecting its risks with the aid of professional teams who are aware of prudent financing criteria and clients' needs.

The Bank is steadily establishing its position in the institutional investor market

The mission of the Institutional Investors department is to make available the Bank's entire asset management expertise to institutional clients, in terms of pension funds, trusts, family offices or corporately managed assets. In addition to its traditional overall or active/passive sector management mandates, the Bank also offers **private equity investments, thus remaining true to its role as an actor in the real economy**. The Institutional Investor department is also tasked with promoting the family of investment funds especially designed for this type of investor.

To meet the challenge of the digital transformation, BCGE has reinforced its online banking teams with a new corporate e-solutions service: this offers companies personalised assistance comprising professional advice to simplify and improve their payment processes and cash flows.

¹ OCSTAT.

Another successful year in the Franco-Swiss economic zone

BCGE supports the economic development of Geneva and its region. Geneva is a forum for exchange with influence extending far beyond its geographical limits. Every day, over 84,000 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 or Swiss nationals resident in France. Through the French Corporate Clients department and the French subsidiary, BCGE (France) (see page 38), BCGE constitutes one of the means of developing the commercial and financial links between the two neighbouring countries. Through its provision of finance both to individuals and to companies, and to CEOs wishing to invest or do business in France, BCGE remains the key point of contact, providing almost 700 clients with knowledge-based solutions, expertise and a team of specialists with French and Swiss banking backgrounds. The course of business during the year confirmed that BCGE, in providing **almost CHF 170 million of new financing for Franco-Swiss property and commercial projects**, is maintaining its position as a preferred partner of the economic players in this cross-border region.

Serving leading figures in business and public life

The Personal Finance department offers personalised support for all types of financial questions concerning **wealth management, planning or transmission**. The special feature of this offering is to provide assistance to clients whose jobs put them under great time pressure and who require a high degree of responsiveness: in the main, leading figures in business and political life.

Expertise offered to multinationals and international institutions

The Multinationals and International Institutions department was created in 2016. It promotes, in Switzerland and abroad, all BCGE's products and services to multinationals, institutions and associations operating in several countries.

To meet the needs of these clients, the Bank's specialists **rely on skills already in place at the Bank**, in particular global commodity finance, the trading room, corporate lending and financing, asset management and private banking, together with the BCGE Business Partners and Xpatbking.ch programmes.

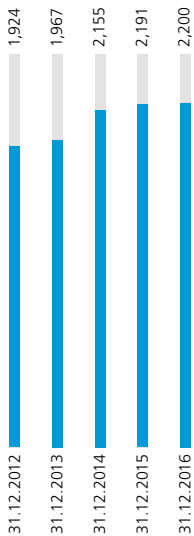
Business development in 2016

International

A bank serving Geneva's economic presence in the world

The International Clients division encompasses, in distinct business units, the domains of international private banking, global commodity finance and relationships with banks and insurance companies.

Assets under management and administration, international private banking
in CHF million



A concentrated, and therefore well-adapted, organisational structure

This division's business strategy aims at growth over the long term, adhering to a sustained and transparent investment philosophy, and takes a personalised and selective approach. The division **has developed new lines of business**, introduced new IT tools and optimised its organisational structure. The division's activities have shown healthy growth and a high degree of resilience in competitive and volatile markets.

Private banking puts quality of growth before quantity

This business unit groups together all the international private banking activities, with the exception of those managed by BCGE (France). A stable and transparent investment philosophy, methodical and realistic asset management, **a personalised approach and quality products**: these are the priorities that are applied within a long-term strategy.

The international private banking business unit benefited not only from a **widening of the Bank's client base and regular and qualitative growth of assets under management**, but also from effective control of the funds invested; this was despite the constraint of adaptation to restrictive regulation, as experienced by other banks. It is constantly reinforcing its competencies and knowledge in matters of foreign regulation, and can draw upon extensive in-depth experience. In addition, it benefits from being attached to a division tasked with supporting the most international segment of Geneva's economy.

Moreover, strict control of costs and operational risks has enabled it to maintain the revenues produced by this business, despite the expense generated by the many regulatory constraints.

Zurich and Lausanne reinforce the effectiveness of the Geneva headquarters

BCGE's national dimension was reinforced in 2016 by its two branches, in Zurich and Lausanne. These entities are also assigned complementary missions, **aiming at an increasingly significant resident clientele, both Swiss and foreign, in particular heads of Swiss companies or persons active in global commodity finance.** The branches also address the needs of a client group comprising "expatriate" Genevans and people from French-speaking countries who are aware of the BCGE brand and values. The Bank offers these clients a rich variety of products, from classic items (such as wealth management advice and pension planning) to private banking services, private financing and mortgages.

Two strategic outposts serving the Bank and Geneva

The year was also marked by an increase in the visibility of the BCGE brand outside Switzerland and in **the two areas of great growth potential (Middle East/Africa and Asia, including China)**, where the Dubai and Hong Kong representative offices are located. In 2016, the executive management visited the supervisory authorities and the economic policy bodies in the Emirates and then in Hong Kong. There is also effective cooperation with the Swiss embassies and consulates. On occasion, the quality of these relationships assists Geneva's economic promotion initiatives.

These representative offices constitute effective means of applying, strictly within the bounds of local regulations, the Bank's international business lines strategy, in particular commodities financing, correspondent banking and private banking.

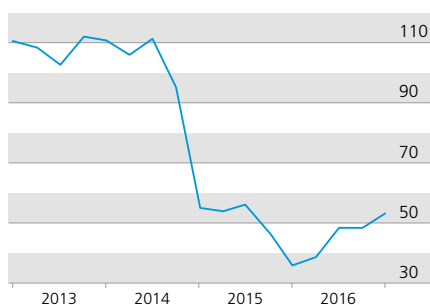
Productivity and service quality as a priority for independent wealth managers

The e-GFI platform was set up for the benefit of independent wealth managers – a demanding group of professionals. Within its organisational structure, the Bank has a department meeting the needs of this type of client, who represent an interesting growth avenue. The bank numbers among its clients over 80 managers, who are responsible for CHF 610 million of assets under management and administration. Nine out of ten of them are resident in Switzerland.

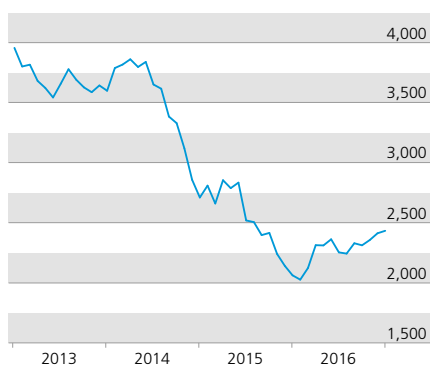


The new **Xpatbking.ch service concentrates on wealth advice, pension planning and cross-selling for expatriates having a wealth or family link with Switzerland**, but also for foreign expatriates in Switzerland. This concept is in line with a clearly identified development path, as Swiss expatriates posted abroad by their companies are estimated to total several hundred thousand, and there is also a large population of foreign expatriates in Switzerland. In French-speaking Switzerland, this service offering is channelled through the Bank's Geneva operations and its Lausanne branch, while in German-speaking Switzerland it is handled by the Zurich branch.

Oil price
USD per barrel



Commodity prices
Points, according to index
Rogers International
Commodity Total Index



Global commodity finance expanding

BCGE has been active in global commodity finance for 17 years, in the areas of energy (approximately 70%), metals (approximately 15%) and agricultural products (approximately 15%). Through its dedicated Global Commodity Finance business unit, it supports over 250 branch clients, who are based mainly in Geneva, Switzerland, or the principal active trading centres abroad.

Active on five continents, the Bank strengthens Geneva's position as a world centre for this sector by applying a **business policy that especially focuses on international companies based in the canton.**

2016 was a stimulating year for the sector, featuring a rapidly developing economic environment, geopolitical changes in several parts of the world and commodity prices at a historically low level, with oil priced at an average of USD 44 in 2016, i.e. 17% lower than 2015 and 56% lower than in 2014.

At the same time, this created opportunities for business diversification: these were seized, resulting in a 32% growth of business over the year. This was achieved with continued adherence to a prudent and selective approach. In this respect, **BCGE qualitatively strengthened its supervision and risk distribution activities.** This type of action quietly supported the loan business offering within a context of healthy control of shareholders' equity.

International dimension of the Banks and Insurance business unit

Like the other activities of the International Clients division, the Banks and Insurance business unit contributes to BCGE's international dimension. Indeed, nearly **400 banks in 55 countries** are now in a business relationship with BCGE through this unit. Similarly, the unit works with major international insurance companies.

During 2016, the macro economic context and the geopolitical situation led to the unit adjusting its business resources and taking preventive action to fragment its counterparty risks. In parallel, and in the same way as for global commodity finance, the unit's business strategy for banks and insurance companies was supplemented by the development of risk sale operations aiming to weight the Bank's credit risk and to ensure controlled use of shareholders' equity that the business requires.

Business development in 2016

Finance and asset management

Synchrony investment funds pass the CHF 1.9 billion mark

BCGE launched a new listed Swiss cantonal bank tracker certificate and a certificate reflecting the essence of the Geneva economy, along with an umbrella fund investing in the Swiss property market. Assets managed in investment funds saw a sharp increase of CHF 335 million, equivalent to 21.5% of assets outstanding. Assets entrusted to BCGE discretionary management have grown strongly, to over CHF 5.5 billion (private mandates, institutional mandates and investment funds).

Continued expansion of BCGE's "in-house" range of funds

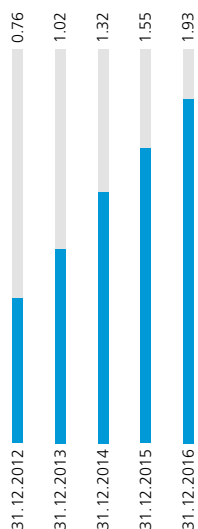
As at the end of 2016, the Bank had a platform of over 50 classes of funds, all strong performers and adapted to the Swiss and European markets alike. Over the years, the Synchrony range of investment funds has been significantly extended and the assets managed using these instruments have grown. BCGE's funds totalled over CHF 1.93 billion at the end of 2016 (CHF 0.76 billion as at 31 December 2012). **The growth achieved by these Bank funds in the last four years is well above the Swiss market average.** In 2016 alone, the inflow of funds was CHF 335 million, the equivalent of 21.5% of the assets outstanding.



Synchrony: a strongly growing brand

BCGE's funds are grouped under the single Synchrony brand, which celebrated its 20th anniversary in 2016, having become a benchmark for the market. BCGE capitalises on this brand **to make its name better known on the Swiss and international markets.** This strategy fits in logically with expansion of the discretionary management business. In four years, the Synchrony funds have attracted assets of nearly CHF 1 billion.

Total assets of Synchrony funds in CHF billion



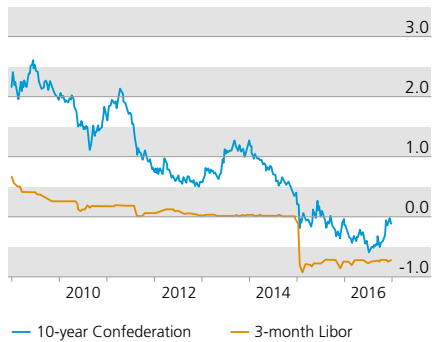
Certificates based on the real economy

The Bank successfully placed with its clients a third certificate comprising listed cantonal bank shares, selected according to economic efficiency criteria. The nature of the product and its investment context proved very popular. At the beginning of the year, the business unit offered some of its clients **a product that is very innovative, as it is the first allowing investors to participate directly in the growth of Geneva's economy.** To mark its bicentenary, BCGE launched, with the assistance of the BCV, the Geneva Economy Quintessence tracker certificate, a basket of shares investing in over 20 Swiss and world companies. Finally, two of the Bank's funds trading Swiss equities, Synchrony All Caps CH and Synchrony Small & Mid Caps CH, achieved exceptional performance in 2016, topping their respective benchmarks by 7% (SPI and SPI Extra).

Growth in the paying agent business

The BCGE trading room offers its services to front-office entities. It is active in the trading of currencies, banknotes, shares, bonds, derivatives or structured products and investment funds. It is a member of the SIX Swiss exchange. As lead transaction manager, the Bank participates in bond issues for its clients and for its own account. It helps keep the public informed by publishing a weekly stock market report, which appears in the regional press.

Switzerland: interest rates
in %



The trading room also participates actively in the Bank's asset and liability management (ALM). To do so, it manages liquidity reserves by means of bond, private equity, cash and other investments. ALM positioning after Brexit allowed good results to be achieved, despite difficult market conditions.

Bond volumes are slightly down, but **progress in the paying agent business in respect of foreign capital collective portfolios** compensated for this overall. Currency trading operations are profitable, and the banknotes and precious metals competence centre kept activity at a high level, despite reduced volumes compared with January 2015. The BCGE 1816 online trading platform continued to grow.

A business unit with multiple areas of expertise

The BCGE Asset Management business unit comprises five departments: Institutional and Private Portfolio Management (both departments responsible for investment mandates and funds), Financial Advisory (investment advice and financial engineering: see below), Financial Analysis (analysing third-party funds and individual securities) and the Investment Office (economic analysis and forecasting). Together, these departments form BCGE's core unit for asset management.

Financial engineering for companies and financial institutions

The Bank offers services providing expertise in financial strategy and risk control to financial managers in companies and public authorities, and to heads of companies in the property field. In particular, BCGE offers advice in three areas: **debt management, control of foreign currency risk and cash-flow optimisation**. 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 in Asian markets or which have long experience there.

The BCGE Asian desk is, in particular, a meeting point for entrepreneurs who wish to start doing business in Asia. It provides them with both theoretical and practical expertise. Several events have been held since 2013. **Recognised experts and executives who have already established themselves successfully in the area** are invited to speak. In 2016, Professor Jean-Pierre Lehmann (IMD) and SGS executive vice president François Marti led a discussion on "The New Silk Road".



A BANK THAT MOVES TO THE TOP WITH YOU.

At your side with new banking services providing security, simplicity and personalization.

- Netbanking (BCGE Netbanking)
- Mobile banking (BCGE mobile app)
- Online payment (BCGE Netbanking)
- Automated Forex platform (E-Forex)
- Online trading (BCGE 1816)

Business development in 2016

BCGE (France)

A bank at the service of the Geneva economic dimension in France

The BCGE (France) subsidiary had an excellent year, achieving substantially increased net income of EUR 5.3 million (+13%). Business activity continued at a sustained pace, both in financing and in private management, despite a still hesitant French economy and heavy regulatory constraints.

Banque Cantonale de Genève (France)

Selective growth in mortgage lending

The subsidiary was very active in its core business, namely business property finance and personal property financing in the Rhône-Alpes/Auvergne and Ile-de-France regions. **It also increased its presence among medium-sized companies and company heads**, which constitute a targeted client group. Lending reached EUR 522 million at the end of 2016, up nearly EUR 40 million year on year.

Development of private management despite an uncertain financial context

Against a background of highly volatile financial markets and increased competition, the Bank benefited from the quality of the advice given to its clients and the rigour of its investment philosophy, increasing its assets under management at a sustained pace.

High level of profitability

Net income at BCGE (France) grew strongly to EUR 5.3 million (+13%). Operating income increased 10% (EUR 1.7 million) to EUR 18 million. The cost/income ratio (51%) is at a very healthy level compared to other banks in the region, demonstrating effective cost control. Profitability, expressed in terms of return on equity (ROE), at 10.8%, remains high. The quality of this performance confirms the Bank's favourable strategic positioning.

The continued strengthening of shareholders' equity over the last several years and the good 2016 results are allowing the company **to initiate a prudent policy of dividend distribution from 2017**. BCGE (France) continues to benefit from the support of its parent company in the area of refinancing.

Executives with complementary competencies

The Supervisory Board of BCGE (France) comprises seven members: Blaise Goetschin, Chairman, Eric Bourgeaux, Vice-Chairman, BCGE, represented by Claude Bagnoud, Alain Bochet, Constantino Cancela, Georges Canto and Manuel Riera.



B. Goetschin, E. Bourgeaux, C. Bagnoud, A. Bochet, C. Cancela, professor G. Canto and M. Riera.

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 assisted by a management committee comprising, in addition to its Executive Board members, Stéphanie Lachgar, Property Finance Manager, Philippe Bouganim, Products Offering Manager, Guillaume Bénet, Internal Control Manager, and Franck Martin, Accounts, Finance and Reporting Manager. This body is tasked with operational management, implementation of strategy and the monitoring of performance and results.



E. Wesse, C. Stampfli, M.-C. Boulmier, A. Besse, S. Lachgar, P. Bouganim, G. Bénet and F. Martin.

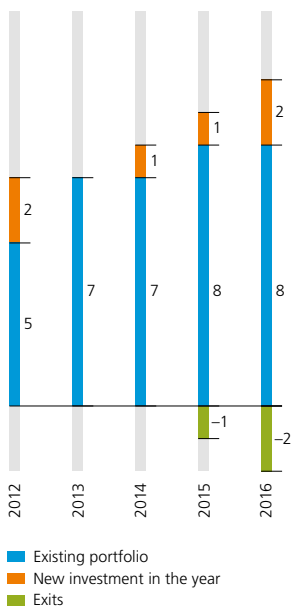
www.bcgef.fr

Business development in 2016

Capital Transmission SA, Geneva
A bank serving SME growth

This subsidiary, established in 2008, has an equity investment capacity allowing it to fund the long-term expansion of companies or facilitate their transfer.

Number of shareholdings



Contributing to equity funding for companies

Capital Transmission SA is an investment company whose mission is to create sustainable added value in the private equity market. **It pursues a policy of balanced risk by investing in profitable companies with a proven track record.** Every year, the subsidiary analyses a large number of projects and selects the best. The outward-looking attitude of the Capital Transmission SA team provides entrepreneurs and future investors with real support. It is a first-line partner assisting company leaders in their long-term strategies.

Two new equity interests in Geneva companies

When a sector-leading company in the Geneva area was transferred to a new management team, Capital Transmission SA assisted the buyers by providing additional equity funding. This transfer of a family-owned group is ensuring the continued existence of a local company, while building the foundations for its future growth.

Capital Transmission SA has also **participated in a capital increase for a well-known brand in the canton.** Thanks to this capital increase, it will have the necessary finance to implement its growth strategy in the Swiss market and so become a key player in its sector.

Profits taken in sales

As the performance of a private equity portfolio is also shown by the profits achieved when shareholdings are sold, it can be reported that a company in the portfolio was bought by a strategic investor on very favourable terms. A mezzanine loan was also repaid in full. As at 31 December 2016, Capital Transmission's portfolio comprised eight investments with a total value of CHF 14 million. The subsidiary's net profit was CHF 4.9 million.

www.capitaltransmission.ch

Business development in 2016

Dimension SA

A Bank in a strategic dialogue with entrepreneurs

40 Dimension SA specialises in company evaluation and transfer. It has been a recognised mergers and acquisitions player in French-speaking Switzerland since 1994.



One hundred and eighty-one operations

An experienced and pragmatic partner, Dimension SA is a business contact with whom a company owner can analyse value creation potential and undertake company transfer operations. Dimension SA showcases the company, carefully designs its negotiation strategy and prepares to put it on the market with a view to maximising the proceeds for the vendors. Since its foundation, Dimension SA has helped 181 entrepreneurs transfer or acquire a company.

Sale procedure for five companies

In 2016, Dimension SA assisted in the sale of five companies, one of which was an **insurance company in French-speaking Switzerland**. Its parent company had decided to concentrate on its core business, so it was sold to another insurer in the region, which would thereby be able to complete its product range.



PME 360°: a new service for SME owners

In 2016, Dimension SA extended its range by offering a new service, entitled *PME 360°*. This is a completely new service, comprising a global analysis of the financial, legal and organisational challenges associated with the transfer aims, undertaken in complete confidence and underpinned by the proven expertise of its specialists. **PME 360° is a structured, concrete, neutral and professional service.**



Claude Romy (managing director), Raphaël Gabella, Tanja Jamina, Eva Joss and François Kirchhoff.

www.dimension.ch

Infrastructure and bank production

An efficient, safe and innovative bank

The bank has continued its programme of investing in digitisation. It has installed several latest-generation software packages, to be able to offer more functionalities online. This technology platform, based on solutions by Appway and Liferay, will facilitate independent access to online services for the Bank's clients and prospects. New out-of-branch banking zones are available in the canton; the renovated Les Pâquis branch was opened in April, and staff members have a new training centre at Lancy.



ForXchange, the new online foreign currency trading platform

The Bank has added to its range of online services by providing its institutional and professional clients with a foreign currency trading platform. In cooperation with the Geneva fintech company Olfa, the Bank developed this new service enabling spot and forward foreign exchange operations online, with optimised access for market makers.

The new product is **mainly intended for SMEs and larger companies**, particularly those conducting business abroad, facilitating their management of online currency operations. Thanks to ForXchange by BCGE, clients can deal in the main currency pairs and precious metals at a favourable rate; 14 currencies are on offer, including the franc, euro, dollar, pound and yen, along with gold, silver, platinum and palladium. They can execute spot, forward and swap trades in real time, or enter limit orders.



e-GFI, the portal for independent fund managers

Independent fund managers dealing with the Bank now have a **secure platform that allows them to check their clients' positions and operations online**. This tool was developed in cooperation with software publisher Temenos on the basis of the Triple A program, which the Bank also uses for its own portfolio and institutional management.

New secure portal for digital access by clients

Always on the alert **to combat the threat of online crime**, the Bank has once more reinforced its protective measures. Significant investment and action were undertaken in 2016. **Additional verification steps** were integrated into authentication checking and financial transaction validation processes.

In order to provide and ensure the security of all the new online functionalities, the Bank has created **a new, centralised, unified portal to enable strong authentication**. The single-access system means that the client will be able to benefit from the increasing functionalities without further need for the Bank to supply new digital services. A **personalised communication tab** will allow clients to receive the latest information about products or digital services from the Bank.



Online payment tools: Paymit and Twint

As a participant in the Paymit and Twint systems, which have now merged, the Bank deployed the first version of this mobile payment app in October. This allows money to be **sent and requested in a matter of seconds**. The associated BCGE account is debited or credited directly. The simplicity of the payments procedure allows a user, for example, to deposit money in someone else's account, to receive it in their own or to borrow from a third party. In certain stores and restaurants, the payments function allows the camera on the smartphone to be used **to pay for the desired product by scanning its QR code**. Transactions are limited to CHF 500 a day (with additional monthly limits). These transactions are not subject to any charges. Security is ensured by an app-specific code.

Deployment of the new Sic4 payment platform

The Sic4 harmonisation of payments project is being conducted by the Swiss financial sector **to bring Swiss systems and practices closer to European standards and practices** (particularly SEPA), to simplify Swiss procedures and formats and to modernise the payments infrastructure.

The Bank is currently actively preparing this harmonisation process in cooperation with its partners Finnova, Swisscom and Bottomline. The first phase was completed in 2016, allowing the operations of PostFinance to be switched over to the new ISO 20022 standard of the SIC and EuroSic clearing houses.

Continued improvement of bank production processes

The Bank is pursuing its programme of improving the productivity and efficiency of its processes. In 2016, in the market operations area, several improvements were made to the automatic processing of orders on foreign stock markets, centralised portfolio management and registered share register management.

New out-of-branch automated banking zones and renovation

In line with the master development plan, the Bank modernised and **continued to install new automated banking equipment**, for example in the Skylab building in the municipality of Plan-les-Ouates and at Geneva international airport.



The Les Pâquis branch

The Les Pâquis branch, which has been entirely renovated, officially reopened in April after major work lasting four months. The branch has an entirely new look: the layout has been completely reorganised, a new central reception space created, the banking equipment modernised, and a bright and welcoming client advice area has been built. The Bank now has a modern branch, situated in the heart of the Les Pâquis district, near the station and the shopping centre.

Dealing with physical crime

Faced with the increase in criminal acts against its equipment, the Bank once again **reinforced the surveillance and protection of its ATMs**, in particular by stepping up interventions by the companies responsible for security, supplies and repairs. New surveillance and crime-combating methods were also deployed in the branches and subsidiaries.

Programme for adaptation to new Swiss and international regulations

2016 once again saw the implementation of several projects arising from new regulatory requirements, standards and laws. In terms of reporting to the Swiss National Bank (SNB), and more particularly in order to satisfy the new liquidity requirements (LCR/NSFR), the Bank continued to deploy BearingPoint's FiRE application. As regards compliance with new tax standards, the Bank put in place the measures and the necessary tools associated with the US Foreign Account Tax Compliance Act (FATCA) and those for the automatic exchange of information (AEOI). Finally, several amendments to standards, internal processes and IT functionalities were deployed to comply with the requirements of the Swiss Collective Investment Schemes Act (CISA) and the Financial Market Infrastructures Act (FinMIA).

New telephone infrastructure

The change in client and Bank behaviour, in terms of ever more frequent use of digital mobile systems, led BCGE to **renew its telephone infrastructure** in order to ensure higher quality, more effective and faster service. The online banking service and the support units now possess state-of-the-art terminals allowing them to process, transfer and manage calls received from every type of Bank client.

Le 65, BCGE's training centre

The Bank has opened new premises as a staff training location and as a company restaurant. It has been named "65" in reference to the address of the administrative site, and was inaugurated in June 2016. With its **contemporary atmosphere and clean lines**, the 65 restaurant is open to staff all day long, offering freshly prepared food for eating in or taking out. This may also be enjoyed during in-house training sessions. It can seat 80 people inside and 50 on the terrace. Operated by the Training and Management Development department, the training centre has three large modular rooms. It is used by staff for the numerous internal courses, and also by clients during the BCGE Netbanking workshops, for example.

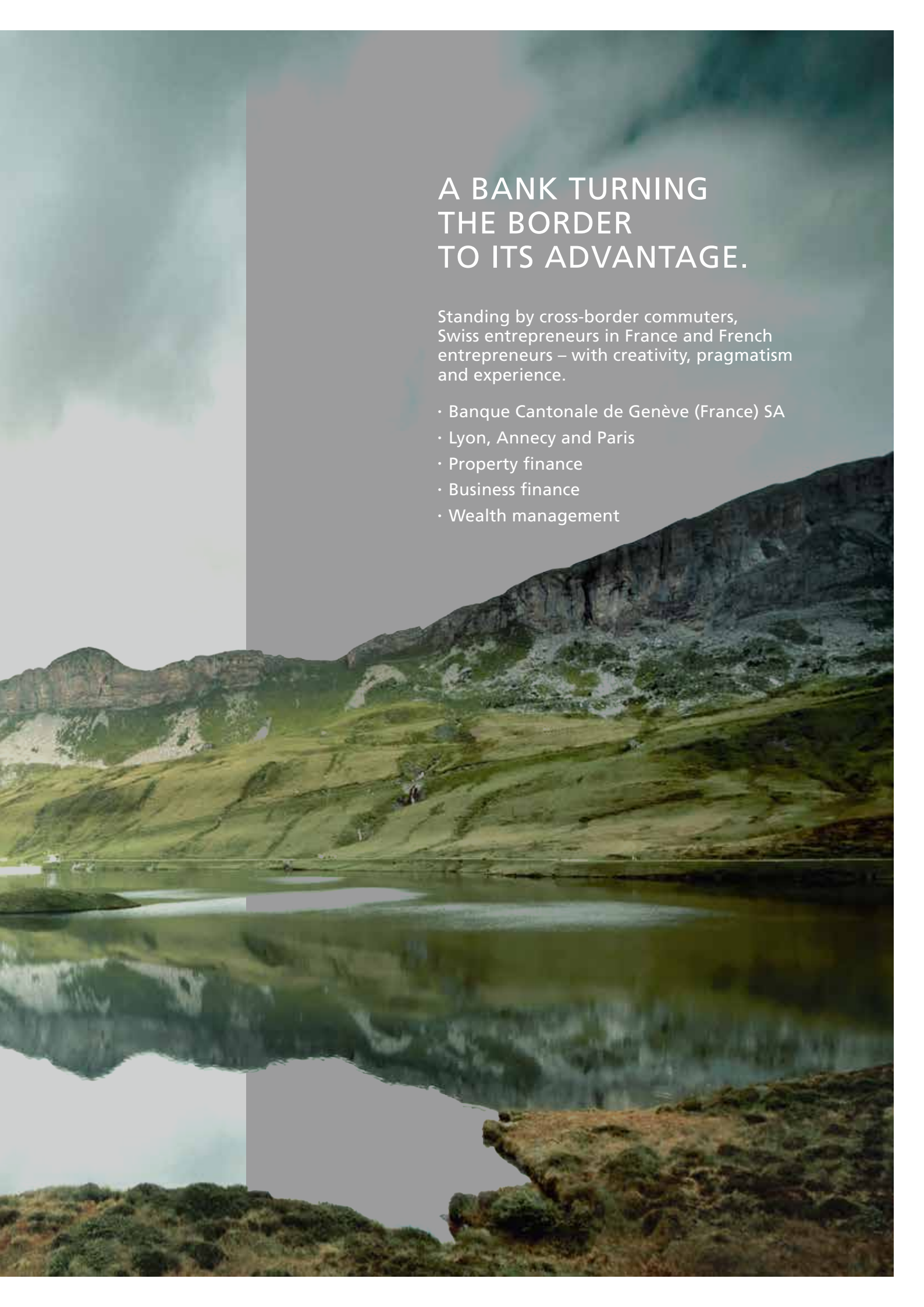


The company restaurant



The training centre





A BANK TURNING THE BORDER TO ITS ADVANTAGE.

Standing by cross-border commuters,
Swiss entrepreneurs in France and French
entrepreneurs – with creativity, pragmatism
and experience.

- Banque Cantonale de Genève (France) SA
- Lyon, Annecy and Paris
- Property finance
- Business finance
- Wealth management

Risk management

Wide-ranging and systematic monitoring

46

Risk management 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 Management departments. These units carry out the overall control of risks, modelling them so that the Bank can keep 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-up of processes and information required for managing every type of risk.

The Risk Committee (see page 78) analyses the risk situation every month. This inventory is analysed in the form of reports and examination of positions held. In the BCGE (France) subsidiary, one risk committee examines the situation monthly, and another one does so with regard to risks associated with international trade finance. A committee to monitor the balance sheet and rate risks, the asset and liability management (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.**

Stress tests (techniques to evaluate a financial institution's resistance to shocks) in respect of the whole portfolio are an indispensable part of the monitoring process. As regards regulation, the liquidity coverage ratio (LCR) is published, and the preparatory calculations for the net stable funding ratio (NSFR) and the leverage ratio have been made.

BCGE is ranked in "category 3" according to the Finma circular 2011/2, which sets a minimum threshold of 12% equity coverage to be observed at all times. Business planning takes this requirement into consideration when forecasting growth, in order to guarantee this level of equity coverage. The minimum 12% threshold is easily covered. At the end of 2016, equity coverage was between 12.93% and 13.21% for the Group.

The publication requirements relating to shareholders' equity are available on the Bank's website (www.bcge.ch/disclosure-obligations). The equity requirement to cover credit risks, market risks, weighted non-counterparty risks, the counter-cyclical buffer and operational risks is calculated at regular intervals and published internally on a quarterly basis.

Credit risk (see also page 117)

Establishing rolling equity coverage planning for the next few years requires outstanding coordination between front office and risk control units. The Bank's decision to allocate equity limits by area of strategic business forms a solid basis on which to achieve 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 return from operations, in terms of income from interest and 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 express concern on this issue. The Bank therefore maintains its cautious lending policy. The number of new transactions which do not comply with internal standards (also referred to as exceptions to policy, ETP) for new business is stable.

Breakdown of loans

The breakdown of loans by tranche is stable. As in previous years, there is a wide distribution for loans of less than CHF 1,000,000, with a mode, i.e. the most frequently occurring number, of approximately CHF 500,000. The distribution of loans of between CHF 1,000,000 and CHF 10,000,000 shows a steady decline, whereas the distribution of loans for amounts greater than CHF 10,000,000 has 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 16% of the total. The proportions were slightly different for commercial mortgages, where loans based on Libor accounted for 34% of the total.

Country risks

Country risks are widely 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.

Country commercial limits are in place for the international trading business and are checked daily by the Risk Management 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 2016.

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. Indirect risks are mainly monitored in the countries of Eastern Europe and Central Asia. These risks are mainly associated with commodities trading.

Concentration risk (see also page 118)

In the strictly regulatory sense, the State of Geneva of course continues to appear consistently in the "big risk" category.

Market risks (see also page 118)

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 comprised approximately 45,000 BCGE shares at the end of 2016 (compared with approximately 51,000 at the end of 2015) for which the Bank acts as the market maker (with support for the share's liquidity). Checks on the progress of the share and the quantities held are made daily.

Interest-rate risk (see also page 118)

The sensitivity of the balance sheet to the value effect (economic value of equity) is within the limit set by the Board of Directors at the end of the year. CHF interest rates have remained largely negative since the Swiss National Bank set the 3-month Libor fluctuation band between -1.25% and -0.25%. **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. Measures to reduce sensitivity to the economic value of equity were put in place to guard against low rates.

Foreign-exchange risk (see also page 118)

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

Liquidity risk (see also page 118)

The Bank is highly liquid. This liquidity increased following the SNB's decision to move rates into negative territory at the beginning of 2015. The Bank's total assets have passed the CHF 21 billion mark.

Long-term investment risk (see also page 118)

The long-term investment portfolio amounted to CHF 1.83 billion in December 2016. This provides protection against liquidity risks; **the aim is to compensate for the zero profitability of Confederation short-term papers** 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 by means of this portfolio. Over 65% of long-term investments were rated AAA, with other securities being in the AA+ to A- range.

Operational risk (see also page 119)

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 provides a breakdown at Bank and division level; it shows at least one key risk indicator per process.

Compliance risk (see also page 119)

The Compliance department, tasked with ensuring the Bank's adherence to compliance requirements, is divided into five sections. The first, Prudential Regulation and Monitoring, sets out the internal regulatory framework and carries out regulatory monitoring. The second, Cross-border Operations, deals with adherence to rules in respect of the supply of financial services and products. The Anti-Money Laundering section prevents and detects the risk of money laundering and the financing of terrorism. Surveillance and Controls monitors the application of the internal regulatory system. Finally, Helpdesk and Training provides a permanent service (via a hotline) and continuous training in compliance matters.

This structure allows all regulatory-compliance-related risks to be covered in an optimum, cross-departmental manner. This centralised organisation is supplemented by specialists directly attached to the front-office divisions, providing advisers with immediate support as they carry out operational tasks.





A BANK THAT TARGETS THE PROTECTION OF YOUR FREE TIME AND YOUR ASSETS.

At the side of individuals and families
with attention, rigor and responsiveness.

- Private banking
- Secured savings
- Pension funds
- Estate planning
- Mortgage finance

Talents and skills

Employee training and experience: the primary condition of competitiveness

Clients expect their banker to give them professional advice on the service that matches their needs. For over 10 years, BCGE has trained its staff both in the client diagnosis approach (check-ups) and in the Bank's increasingly specialised competences through use of demanding internal courses and certifications. The 2016 launch of ISO 17024 external certifications, recognised by the Swiss Confederation and issued by the Swiss Association for Quality (SAQ), has added to the current range.

Inclusion of new competencies

At the end of 2016, 791 staff worked for the BCGE Group (738 full-time equivalents). Compared to year end 2015, staff numbers are up (+2.3%: in 2015 the group had a staff of 773 or 721 full-time equivalents), due both to the development of new lines of business and to sustain the growth of the new competencies in remote banking (telephone, netbanking, etc.). Staff costs also reflect the increasing demands of the banking environment, where high qualification levels are required. They increased 1.7% to CHF 131.3 million (as against CHF 129.1 million in 2015).

Staff development and civic responsibility

BCGE supports banking training in Geneva by making available a significant number of jobs for new entrants to the market. Whether this takes the form of **apprenticeships, university internships, training development schemes or on-the-job training** (in the lending business line), the Bank makes a substantial investment through its managers who, for the most part, supervise these young people as they take the first steps in their careers. After training, most of them take on permanent positions in the Bank.

BCGE also gives young people who are studying or are resident in Geneva the opportunity to gain initial banking experience and extra income by providing a large number of summer traineeships (in 2016, 45 people were employed on this basis, generating the equivalent of 92 working months).

The Bank cooperates with the cantonal employment department to give equal opportunities to suitably qualified Geneva residents who are seeking work.

Over 80% of employees own shares in the Bank

As at 31 December 2016, 80% of Group employees held BCGE shares, having either acquired them through bonus plans or purchased them on the stock exchange. At the end of 2016, **they owned over 86,661 shares in total** (or CHF 25.8 million, i.e. 2.4% of the Bank's total stock market capitalisation). Including retired staff and other beneficiaries of preferential terms, this figure rose to 100,989 shares, up 7.3% on the previous year.

70% of BCGE employees attended specific training in 2016

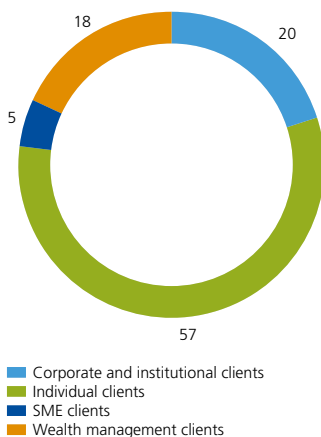
As part of its continuing training strategy, BCGE is focused on pursuing the development of its employees' skills. In 2016, 517 employees undertook specific business-line-related and/or managerial training averaging 4.2 days' duration, i.e. a total of over 2,198 days devoted to training.

Fifty new internal business line certifications

With 50 new business line certifications awarded in 2016, **the certification rate of BCGE advisers is 85%**. These business line certifications accredit their knowledge in the areas of financing, professional and private pension planning or wealth management. 66% of those certified are accredited in two competency areas out of three. In a very competitive environment, BCGE continues to deepen its advisers' financial knowledge by increasing the proportion of qualified bankers with three internal certifications. The adoption of the Swiss Association for Quality (SAQ) individual client certification (ISO 17024 standard) will also help reinforce multi-area competencies. In this context, the SAQ wealth management and corporate and institutional clients certifications, planned for 2017–2020, will accredit the business expertise of bankers specialised in corporate finance and that of Swiss and international private banking wealth managers.



Employee certification by business line
Proportion in line with certificates awarded



Training for regulatory change

One hundred and six employees took on-site courses on the Automatic Exchange of Information, which came into effect on 1 January 2017, in order to provide better support for our clients regarding its impact and consequences. Eighty-six specialists also received training in changes to international taxation rules. At the same time, **236 employees completed the LBA (anti-money laundering) Evaluation 2016 certification**, qualifying them after an online course aimed at training customer advisers in the new rules, and covering in particular the concepts of “controlling person”, the new forms, and the rules associated with simple partnerships. The 2016 training plan also contained specific integration training for new employees, with the purpose of reinforcing knowledge of administrative instructions, internal security regulations, adherence to legal requirements and compliance.

A methodical management development programme

In 2016, **72 BCGE employees undertook the Transfer¹** training. This management training course, centred on crisis management, comprises four consecutive modules: the standard training, crisis management and two situation-based stress test modules. After a practical introduction to team-leading tools, from perception of the problem to decision-making, the BCGE training then moves on to dealing with difficult situations, involving application of a decision-making process that has proved its worth in the military, and by doing exercises based on concrete situations. 80% of BCGE’s managerial staff has now started the training course; 40% have completed it and 11 “BCGE Swiss army awards” have been presented. This is a particularly demanding distinction conferred at the end of the course, certifying the holder’s ability to lead a task force under crisis conditions.

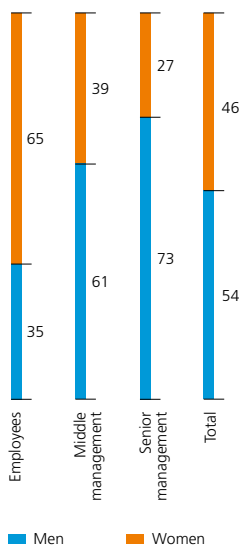
The **annual management championship, which took place in Geneva**, pitted eight teams of eight managers against each other in several tests of decision-making and on-the-ground action. The champion bicentenary team comprised Hélène De Vos Vuadens (captain), David Bottoli, Nicolas Charavner, Gregory Denizou, Marius Hämmig, Charles Kaser, Laurent Juget and Claudio Pietroforte.

Specialist technical training

Three apprentices were awarded their Swiss federal certificate of competence (one of these in conjunction with their professional commercial matriculation); three employees gained diplomas and certificates awarded by the VisionCompliance company, including the compliance officer (sanctions specialist) diploma, the compliance officer (tax compliance specialist) diploma, the Central Registry staff diploma and a QI/FATCA specialist certificate. BCGE had the pleasure of congratulating two new recipients of federal diplomas, two diplomas in finance and investment expertise, a bachelor of science in business economics with a major in banking and finance, three master of advanced studies (MAS) degrees in banking and finance, with one including a wealth management option, awarded by the Kaléidos Institute, a *Swiss fund and asset management officer* qualification awarded by Fund Academy and an ImmoPlus certificate awarded by Geneva’s professional association of property managers and brokers.

¹ www.vtg.admin.ch/fr/organisation/hka.html.

Proportion of men and women in %



Equal opportunities

Women comprise 46% of staff, occupying 36% of management positions **and 27% of executive 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 wide variety of support tools (ready access to part-time working for both women and men – 27% of staff work part-time – or maternity/paternity leave) and selection tools (neutral appointment policy, identification of internal talent by a specific committee). By benchmarking remuneration on the banking market, BCGE periodically checks that its remuneration policies are not discriminatory in terms of a wide variety of criteria (age, length of service, sex, seniority, business line, etc.).

The staff committee: a constructive partnership

Whether it is a matter of recording working time, which led to the signature of an agreement with our main social partner in 2016, or other issues affecting company policy regarding human resources, the staff committee acts proactively, sensitively and with conviction throughout the year.

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 for imagination and creativity is awarded to employees who help conceive new ideas to generate improvements. **The Service center prize rewards achievement in improving productivity and cost reductions.** The Customer service prize is awarded in recognition of excellence in client service, in the form of an exceptional act or exemplary attitude. The Hubble prize rewards employees for succeeding in persuading as many clients as possible to use modern and cost-effective methods to increase their self-reliance in managing their assets.

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

Prizes awarded to employees

Prize	By 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 in BCGE Check-up meetings
<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 center</i>	Individual	Encouraging projects aimed at improving productivity and reducing costs
<i>Customer service</i>	Individual	Supporting customer service excellence

Information and communication

Communication that is clear and accessible to all

By virtue of its statutory mission as a cantonal bank and owing to increasing demands in terms of information associated 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 closely 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 a continuous open dialogue with shareholders, clients and external institutions as well as all the people of Geneva. In 2016, on the occasion of its bicentenary, the Bank found several ways to show its gratitude to its clients, shareholders, employees and the people of Geneva for their trust and loyalty since 1816.



Regular and transparent communication

The Communications and Investor Relations 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 (286 reports in 2016) and arranges press conferences four times a year in order to provide the public with in-depth information on the Bank's results or on topics linked with BCGE's expertise. In 2016, almost 2,300 articles relating to BCGE were published in the Swiss and international press and electronic media, 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 18,500 copies, the *Dialogue* customer magazine covers the Bank's achievements and its services as well as information on the economy in general 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) 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; nearly 7,421,500 pages of information were viewed in 2016. 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.



Sustained contact with clients, shareholders and investors

BCGE considers relationships and contacts with its shareholders and investors to be of fundamental importance. To this end, every year it organises events aimed especially at them, including roadshows and the annual general meeting. In 2016, to celebrate its bicentenary, it welcomed 1,100 shareholders (a record number!) to some exceptional events: a sit-down dinner in Geneva's colours, a regional specialities market, brass bands, displays by Compagnie 1602 and the Vieux Grenadiers, an exhibition and historic films about BCGE. Geneva's minister of finance, Serge dal Busco, gave a well-received speech. 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 2016, it published over 240 financial and economic publications. In order to publicise its convictions in terms of its investment philosophy, the Bank produces, in addition to its brochure in four 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. In 2016, its study on innovation, produced with the Geneva Chamber of Commerce, Services and Industry and OCSTAT, was quoted in economic and political circles. As a listed company, it publishes its results on a half-yearly and yearly basis. Accordingly, it sent out 3,000 annual reports in French and English to investors in 2016.



A regional and international network of economic and financial partners

In 2016, the Communications and Investor Relations department organised 44 events, which were attended by over 4,000 people. Among these is BCGE Asian Desk, a forum for entrepreneurs with knowledge of or interest in Asia to meet and discuss their experiences and methods; it offers expertise that is both theoretical and practical. The 2016 autumn season of the BCGE Essentials of Finance seminars included internationally renowned speakers. Among these were Swiss aeronaut Bertrand Piccard, French psychiatrist Christophe André and London School of Economics professor Paul Dolan, who dealt with the topics of positive psychology and happiness at work. They were joined by Christian Dussart (rated one of the world's four top professors of marketing by the Society for Marketing Advances), who discussed digital techniques as accelerators of growth and creators of value for companies. Reports on the seminars appeared in the media of French-speaking Switzerland and were the subject of a special edition of the academic journal *Revue Economique et Sociale* (www.bcge.ch/res). At the international level, BCGE's profile was raised by the activities of its Hong Kong representative office in December. The chairmen of the board of directors and of the executive board had meetings with the monetary authorities (HKMA) and the Swiss ambassador in China to discuss the money markets, the economic outlook and business opportunities and risks in Switzerland and Asia. The Bank also invited its clients to a prestigious gala dinner at the Hong Kong Jockey Club; at the same time it gave a presentation on its business and the advantages of Switzerland to an audience of entrepreneurs at the CMA Building, located next to the Swiss consulate general in Hong Kong.



Keeping staff continuously informed

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 several means of communication. On the electronic front, in addition to e-mail, the Bank's 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. As far as 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. The CEO chairs several internal presentations on management development.

A targeted online communications strategy

In order to take advantage of advances in information technology, the Bank, as part of its online strategy, implemented, with the support of internal and external experts, a web surveillance programme covering its reputation and brand protection. It also has a presence on a number of social networks such as LinkedIn and Facebook. Information tools have been developed internally and externally by means of publications, messages, specialised pages on the intranet for employees and on the Internet for clients and partners. The Bank also regularly uses the online banking/security page on its website to alert its clients and partners to risks of scams and Internet criminality, and to encourage them to act cautiously and take preventive measures when using new technologies.





A BANK THAT ENGAGES FOR THE SUCCESS OF COMPANIES.

At the side of companies with consistency,
precision and creativity.

- Investment financing
- Cash and Forex management
- Global commodity finance
- Mergers and acquisitions
- Private equity

Ethical and environmental responsibility policy

A cantonal bank is by nature
based on the concept of serving a community

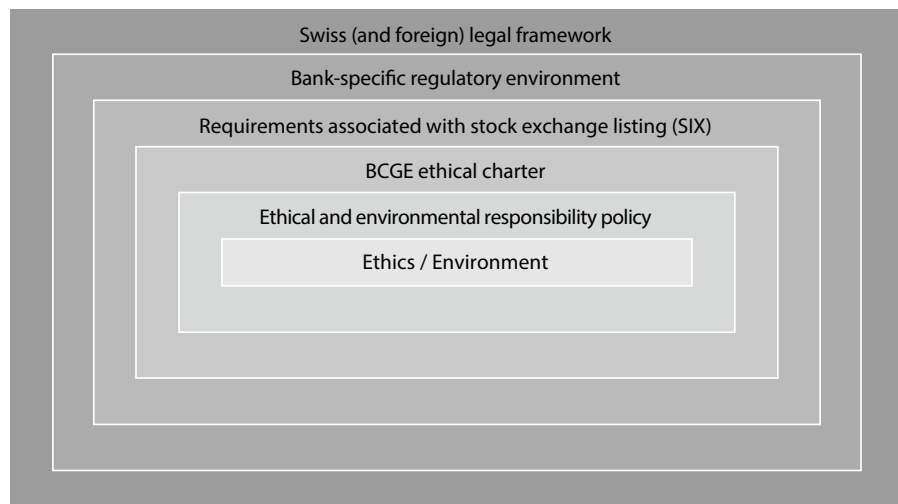
This service is precisely set out in law: it consists of contributing to the development of the economy of Geneva and its region. At the same time, BCGE is also, by force of circumstance, an “ordinary” Swiss bank that is subject to market disciplines and expected to be competitive and profitable. Its stock-market listing testifies to the desire of its public-sector shareholder to see it fully subjected to the competitive environment without any special protection or favour. BCGE therefore has to reconcile these two aims with the existential necessity of adapting to the highly dynamic demand in the banking market, in the face of over a hundred competitors in the financial centre of Geneva.

1 INTRODUCTION

Fully cognizant of this challenge, in 2003 the government (the Council of State and the vote of the Great Council) appended to the relevant Act **an ethical charter** corresponding to the realities of the current banking market and to the moral requirements created by the emergence of the concepts of “sustainable development” and “corporate social responsibility” (CSR).

For several years, BCGE has adopted conduct that is in line with its responsibilities to society. It does so both out of respect for its own values and ideals and out of strategic and commercial interest. Indeed, the fact of being open to scrutiny by the regional economic community as a public-law banking institution listed on the stock exchange and rated by a major rating agency obliges it henceforth to behave irreproachably in terms of reputational risk.

There is another key parameter: Swiss banking operates within a highly regulated environment that sets numerous limits (which we will not repeat here, even though they are measures with CSR effects); to these may be added the **very intense monitoring undertaken principally by Finma**, but also by the SNB, and the compliance requirements (MROS, MPC, SECO, COMCO). Taken together, these create a prescribed framework that is highly restrictive in terms of good conduct; it is summarised in the graphic below.



2 REGULATORY FRAMEWORK

BCGE's ethical and environmental responsibility arises partly from the Bank's founding documents:

- Banque Cantonale de Genève Act: www.bcge.ch/loi-bcge
- the Ethical Charter of the Banque Cantonale de Genève (adopted by the BCGE Annual General Meeting of Shareholders and by the Great Council of Geneva in 2003)

and on the documentation available at federal Swiss level, namely:

- the Swiss Code of Good Practice for Corporate Governance (economiesuisse, 2002, updated in 2007 and 2014)
- Corporate Social Responsibility from a Business Perspective (economiesuisse, 2015)
- Position Paper and Action Plan of the Federal Council on corporate social and environmental responsibility (Swiss Confederation, SECO, 2015)

3 PRINCIPLES AND STAKEHOLDERS

Corporate ethical and environmental responsibility

Corporate ethical and environmental responsibility comprises a set of standards affecting human rights, in particular, and standards in respect of the workplace, the environment and combating corruption. These standards aim to “optimise the utility of the company's stakeholders and to avoid or mitigate the possible negative effects of their activities” (SECO). This concept therefore takes into account the impact a company has on society and the environment. To these elements can be added the concept of good corporate governance, considered “the lodestar of sensible corporate social responsibility” (economiesuisse: Swiss Code of Good Practice for Corporate Governance).

Corporate ethical and environmental responsibility is intended to **go beyond the regulatory requirements** embodied in legislative texts, without, however, disadvantaging the everyday running of the business, since “economic success is the primary – and the most important – function of a company as regards society, because this allows it to create jobs, to pay taxes and therefore to lay the foundations of the population's and the economy's prosperity” (economiesuisse). Corporate, ethical and environmental responsibility aims to achieve objectives relating to the community in general, and especially to the company's stakeholders, i.e. those parties who take part in or are affected by its activity. Attaining these objectives ensures the Bank's longevity.

Stakeholders: the shareholders

The presence of a variety of shareholders among the stakeholders reminds the Bank that it is acting within 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. It is important to motivate them with a high level of earnings and a well-balanced dividend policy. As can be seen, BCGE's shareholder base is a particular one, as it is mixed (public and private), with an important role played by the State of Geneva, the City of Geneva and the Geneva Municipalities in addition to a **growing community of private shareholders**, mainly comprising clients and employees. The listing of BCGE shares on the stock market constitutes a pledge of transparency and, of itself, imposes a highly demanding code of conduct on the company.

Stakeholders: clients

A bank's clients constitute the decisive factor for its success. BCGE intends to retain the loyalty of individual clients and their family circle, over several generations if possible. This long-term commitment demands a great respect for the client's interests and a very high level of quality advice (including the ethical aspect). The production processes of its banking services must offer the best quality and be formalised in order to provide consistency over time. The partnership with the client base aims to satisfy needs of a financial nature. Satisfaction surveys must regularly demonstrate **a good fit between client needs and the services offered** by the Bank. The Bank's marketing approach and business initiatives are designed to satisfy established needs, generate true utility and foster clients' long-term interests. Comprehensive and varied documentation ensures the transparency of the Bank's offer of products and services. It provides its clients with a clear and regular account of its analysis of the economic situation.

Stakeholders: staff

In a company providing services and advice, the quality, commitment and integrity of employees to the company are preconditions for its survival and growth. An enterprise mindful of its future development does its best to maintain the loyalty of the staff it recruits and to energise them. In addition to its obligation to fairly reward individual performance and competence, it should treat its employees with respect, in a non-discriminatory manner, and support their professional development. BCGE's human resources policy puts these principles into practice.

Stakeholders: the community

This general concept covers several areas, including the equitable distribution of services (non-discriminatory location, fair tariffs, etc.); supporting socially responsible activities; creating value for public authorities (taxes, fees, donations, salaries paid, etc.); and fulfilling its legally established mission of contributing to the development of the economy. In the field of corporate finance, specific rules of engagement must enable small businessmen and tradesmen to be treated with fairness and respect. In the area of lending and investment, **care must be taken that projects that are contrary to the Bank's principles of social responsibility are not supported**. Moreover, clients must be offered investment vehicles that aim to preserve natural resources and/or support enterprises known to be socially responsible. Finally, at local level, the Bank reports on its view of the Geneva economy and takes part in specialist regional research.

4 DESIRED OBJECTIVES

The **principal objective** of the BCGE share is to ensure its economic success, in line with its mission of providing services to the community, as stipulated in Article 2 of the Banque Cantonale Act of 24 June 1993.

The **complementary objective** of BCGE is to meet society's ethical and environmental expectations that go beyond purely statutory obligations based on the respect of legal requirements, agreements between social partners and other contracts.

5 OBJECTIVES BY STAKEHOLDER AND 2016 EVALUATIONS

Shareholders

Objectives	Ways and means	Effectiveness measurement criteria
To adopt a form of corporate governance that complies with the stakeholders' highest expectations	<p>Adhere strictly to legal and regulatory requirements</p> <p>Adopt a transparent remuneration policy that rewards competencies and responsibilities</p>	<p>Possible reactions to questions regarding the annual report and/or the General Meeting</p> <p>★★★</p>
To inspire loyalty in our community of public and private shareholders	<p>Decide on a three-year strategic plan ensuring the Bank's medium-term development</p> <p>Organise regular communication and roadshows</p> <p>Produce numerous detailed publications</p>	<p>Return on equity (ROE)</p> <p>Investor communication</p> <p>Shareholders' equity</p> <p>Capitalisation</p> <p>Number of client shareholders</p> <p>★★★</p>
To guarantee shareholders remuneration that is in line with the market and compatible with the Bank's long-term development	<p>Adhere to the <i>Code des obligations</i>, article 663b bis</p> <p>Make sure results are transparent</p> <p>Provide the State's representative on the control committee and in the external audit process with all relevant information</p>	<p>Payout ratio</p> <p>★★★</p>

★★★ Objectives fully achieved.

★★★ Some improvements.

★★★ Priority area for improvement.

Clients

Commitments made	Action	Effectiveness measurement criteria
<p>To protect our clients' financial privacy</p>	<ul style="list-style-type: none"> Adhere to data protection standards Implement an internal security system to combat illicit appropriation of information Commit not to use clients' private data Ensure a high level of security on the website 	<p>No occurrence of information leaks (complaints)</p> <p>★★★</p>
<p>To offer competitive services that meet needs to create value</p>	<ul style="list-style-type: none"> Ensure a moderate e-brokerage policy (no encouragement of speculation) Inform clients of the advantages and risks associated with the Bank's products Ensure a transparent retrocessions policy Establish a fair marketing policy 	<p>No justified criticism in the specialised press (consumer-related, etc.)</p> <p>★★★</p>
<p>To select the clientele so as to avoid associating the Bank with practices worthy of criticism</p>	<ul style="list-style-type: none"> Avoid money-laundering or accusations of complicity with a dubious client Support tax regularisation measures Carefully select clients using deposit and lending services, avoiding relationships which may be worthy of criticism Develop systematic checking processes for situations which may be pre-identified as involving reputational risk Ensure that the Bank adheres to CSR standards in international trade finance Prevent over-indebtedness in the personal lending business Attribute country risk lines on the basis of in-depth analyses 	<p>Number of reputational incidents</p> <p>★★★</p>

Commitments made	Action	Effectiveness measurement criteria
<p>To make available financial services for investment and pension planning that respect the long-term interests of clients</p>	<p>To seek the best investment solutions for clients</p> <p>To develop simple and clearly understandable products with a long-term orientation and not for short-term speculation</p> <p>To allow investors to check their mandates at regular intervals</p> <p>To apply strict financing standards in the lending business</p>	<p>Absence of justified complaints, legal cases or referrals to the ombudsman regarding the Bank's mandates, financial products, advice, or tariffs</p> <p>★★★</p>
<p>To give all our clients access to plainly worded quality information</p>	<p>Publish numerous explanatory brochures about our services and key financial issues</p> <p>Organise open-access lectures on specific topics every year</p>	<p>Holding of planned events and attendance rates</p> <p>★★★</p>
<p>To effectively organise complaints procedures</p>	<p>Institute an administrative work order on processing complaints and regular tracking of complaints through reporting at Executive Board level</p> <p>Keep an inventory of complaints against the Bank and regularly inform the Board of Directors about this</p> <p>Ensure regular monitoring of satisfaction rates in the reports</p> <p>Undertake anonymous client enquiries every two years</p>	<p>Client satisfaction rate</p> <p>Number of cases referred to the ombudsman</p> <p>Number of complaints</p> <p>★★★</p>
<p>To treat all clients equally, whatever the level of their assets</p>	<p>Apply a uniform tariff for services, whatever the extent of the client's resources</p> <p>Refuse to segment the clientele in a manner that excludes or downgrades clients with modest assets</p> <p>Develop loyalty programmes (BCGE Avantage service)</p>	<p>If necessary, a check on tariffs by the Management Control department</p> <p>★★★</p>
<p>To offer clients the chance to access environmentally aware and socially responsible financial products</p>	<p>Provide the opportunity of managing institutional mandates according to the principles of socially responsible investment (SRI)</p> <p>Recommend SRI-type funds</p> <p>Favour Minergie loans</p>	<p>Provide a complete range of products</p> <p>Sales development</p> <p>★★★</p>

Employees

Commitments made	Action	Effectiveness measurement criteria
<p>To offer working conditions that foster creativity and a high level of productivity</p>	<p>Provide the Human Resources department with resources and authority</p> <p>Avoid job specifications that are too repetitive or precarious</p> <p>Cooperate with the mediator and the <i>Service Social Inter-Entreprises</i></p> <p>Maintain a dialogue with the Staff Committee</p> <p>Develop the internal communication process</p> <p>Recognise entrepreneurial spirit and exceptional performance through the award of prizes</p> <p>Organise a means of expressing grievances</p>	<p>Audits by the cantonal inspection and workplace relations department</p> <p>Number of Employment Tribunal cases and decisions</p> <p>★★★</p>
<p>To ensure equality of opportunity without regard to origin, sex, nationality or religion</p>	<p>Value first and foremost talent and commitment</p> <p>Ensure the Bank's political and ideological neutrality</p> <p>Guarantee a selection system (in terms of recruitment and promotion) that is impartial and fair</p>	<p>File on non-adherence to these principles (possible evidence)</p> <p>★★★</p>
<p>To provide opportunities for career development</p>	<p>Establish a well-thought-out and demanding training policy (with an annual plan)</p> <p>Monitor talents and ensure career progression is prepared</p> <p>Evaluate performance objectively and confidentially</p> <p>Encourage employees to maintain and develop their competencies</p>	<p>Changes in the training budget</p> <p>★★★</p>
<p>To align remuneration purely in the interest of the company and its clients</p>	<p>Establish precise internal rules</p> <p>Align remuneration policies with long-term strategies and the interest of the clients</p>	<p>Staff turnover rate</p> <p>Loss of talent</p> <p>★★★</p>
<p>To encourage environmentally-friendly transport</p>	<p>Financially support purchase of Geneva public transport (TPG) annual season tickets</p> <p>Encourage car sharing</p> <p>Encourage train travel for business trips</p>	<p>Monitoring of this programme</p> <p>★★★</p>

Commitments made	Action	Effectiveness measurement criteria
<p>To promote integrity and the CSR approach in management</p>	<p>Horizon Direction course, with the BCGENOMICS model, given to all new managers (overview of the values, strategies, methods and terminology used within the Bank)</p> <p>Values of the BCGE managers: courage and independence of mind, integrity, commitment and hard work, attention to detail and ability to make the theoretical concrete</p> <p>Promotion of teambuilding in the annual management championship</p>	<p>Regular holding of courses / events listed here</p> <p>★★★</p>

The Community

Commitments made	Action	Effectiveness measurement criteria
<p>To create value for the public authorities</p>	<p>Ensure the long term development of the bank</p>	<p>Taxes, duties, salaries, employment, other contributions</p> <p>★★★</p>
<p>To support investment in Geneva</p>	<p>Monitor investments and major expenditure in the Geneva economy through use of the strategic indicators</p>	<p>Publication of investments in the Geneva community</p> <p>★★★</p>
<p>To promote respectful use of natural resources</p>	<p>Reduce use of natural resources in renovation work</p> <p>Promote recycling of waste</p> <p>Encourage behaviour by staff that is respectful of the environment</p> <p>Select suppliers on the basis of their adherence to the labour and environmental standards in force</p> <p>Reduce the use of resources through an active outsourcing policy</p> <p>Work with large-scale partners that have ethically and environmentally respectful policies</p>	<p>Adherence to internal directives</p> <p>★★★</p>

Commitments made	Action	Effectiveness measurement criteria
To support local initiatives	Maintain local services Ensure assistance is provided to disabled people in the branches Support local social action by means of a special budget Support popular sports, particularly by means of sponsorship	Number of clients with disabilities ★★★
To protect the environment	Strategic objectives are set out in the strategic plan (heating, paper consumption, carbon footprint, etc.) In relation to the Bank's size, the environmental efficiency measures it has adopted are of a high level. They are inspired primarily by the ISO 14001 environmental management standard The annual report contains precise information in this respect	Environmental balance sheet ★★★
To have an ethical and environmental responsibility policy in line with external realities	Monitor developments in the sociopolitical debate	Participate in seminars Possible amendments to the policy ★★★

6 MISSION, ROLES AND RESPONSIBILITIES

Mission

BCGE's corporate ethical and environmental responsibility policy constitutes an additional framework that goes further than the regulatory requirements of the law and the supervisory authorities (Swiss National Bank, Finma, etc.) and allows the Bank to undertake its activities in harmony with each of its stakeholders, without impeding the running of its business.

Roles and responsibilities by entity

The Board of Directors adopts the company's ethical and environmental responsibility policy and informs shareholders of its application by means of the annual report. The Executive Board sets the operational objectives within this policy at Bank level, monitors the achievement of these and produces a succinct report for the Board of Directors.

7 OPERATIONAL MANAGEMENT

Concrete objectives

Concrete objectives are set in the strategic plan (in terms of heating, paper consumption, carbon footprint, etc.). In relation to the BCGE's size, the environmental efficiency measures adopted by it are at a high level. They are inspired primarily by the ISO 14001 environmental management standard.

On a day-to-day basis, the Bank **minimises its environmental impact** 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 both sides by default.

IT-related energy consumption

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

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

Management of recyclables and consumables

As a part of recycling, BCGE's facilities management pursues its mission responsibly 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 are based on **respect for the environment**. It adheres 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 in the least polluting category of the Euro 5 standard. In the city centre, light mail is delivered by a supplier using bicycle couriers.

CONSUMABLES	2016	2015	2014	2013
Paper purchases (number of sheets) including:	6,393,000	6,445,000	6,960,000	6,595,000
<i>FSC wood fibres</i>	67,000	45,000	35,000	70,000
<i>FSC eucalyptus fibres</i>	4,251,000	3,300,000	5,775,000	4,325,000
<i>100% recycled</i>	2,075,000	3,100,000	1,150,000	2,200,000
Paper destroyed (tonnes)	53.7	59.1	60.7	46.1
PET recovered (kg)	1,198	1,227	1,188	987
IT components recovered (kg) ¹	781	68	1	1,700

¹ IT components are only weighed when delivered to the recycling plant, prior to which they are stored in a warehouse.

Renovation of premises

The BCGE Works department is continuing to transform and renovate premises in a cost-effective, environmentally-friendly way, working with the cantonal authorities, architects and surveyors. The energy audit of the Quai de l'Île building, carried out in 2016 under the partnership with the cantonal energy department, showed that a number of improvements were possible. In particular, **optimisation of the building's air-conditioning system** is being studied. When building work is undertaken, BCGE pays particular attention to the materials used (whether they are its own purchases or those of its sub-contractors) and to suppliers' fulfilling their obligation to sort their waste.

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

Concentrating the Bank's core activities on two operational sites

The environmental benefits are demonstrated by improved environmental costs/needs ratios for the infrastructure. BCGE is optimising the workspace ratio by concentrating its non-branch activities on two sites. The Bank has two main sites: one mainly sales-orientated (at the Île premises) 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 new electricity provision plan (NOE), from the Energy Service (ScanE), continued to bear fruit, allowing a further reduction in electricity consumption. Consumption by the two main Geneva sites decreased over two years from 4,155,634 to 3,987,415 kWh, a **4.0% reduction**. In order to minimise the environmental impact of its electricity consumption, BCGE 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. It participates in the Ambition Négawatt Vision of its electricity supplier, SIG, and has already made numerous energy savings. Ambition Négawatt Vision is aimed at companies that are actively committed to operating energy efficiency policies and which work in close cooperation with the éco21 team at SIG.

ELECTRICITY	2016 (kWh)	2015 (kWh)	2014 (kWh)	Chng. kWh (1 yr)	Chng. kWh (2 yr)
City centre	1,390,569	1,393,349	1,426,840	(2,779)	(36,271)
Lancy	1,421,430	1,413,002	1,506,193	8,428	(84,763)
Branches	1,171,966	1,227,711	1,222,601	(55,745)	(50,635)
Total	3,987,415	4,034,062	4,155,634	(50,096)	(171,669)

GAS	2016 (kWh)	2015 (kWh)	2014 (kWh)	Chng. kWh (1 yr)	Chng. kWh (2 yr)
City centre ¹	993,763	998,508	916,957	(4,745)	76,806
Total	993,763	998,508	916,957	(4,745)	76,806

WATER	2016 (m ³)	2015 (m ³)	2014 (m ³)	Chng. m ³ (1 yr)	Chng. m ³ (2 yr)
City centre	4,286	6,484	7,019	(2,198)	(2,733)
Lancy	2,154	1,912	2,392	242	(238)
Branches	3,214	3,609	2,641	(395)	573
Total	9,654	12,005	12,052	(2,351)	(2,398)

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

Source: SIG

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. These allowances totalled CHF 65,000 and were granted to 29% of staff working in Geneva. The Bank also proposes **car-sharing schemes** on its intranet site. In addition, special conditions are offered to staff at sites outside Geneva. The Bank also requires that its employees travel on business by train and other land-based public transport systems as much as possible.

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

BCGE's range of services

In its investment product offering, BCGE has taken on board concepts aimed at supporting the financing of a sustainable, long-term economy. It offers a range of banking services, known as BCGE Performance responsible, which seek to incorporate ethical and environmental criteria in the best way possible.

Loans

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

BCGE Leasing: BCGE offers preferential rates for the 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

Synchrony LPP 40 SRI: This fund invests exclusively in assets (shares, bonds and investment funds) which are generally acknowledged as being sustainable or 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.

Synchrony Swiss Small and Mid Caps: This fund invests in the long term in around 30 second-tier Swiss securities (companies not listed on the SMI) selected on the basis of sustainability criteria. To be chosen, these companies must demonstrate a balance of above-average financial, social and environmental qualities.

Synchrony Swiss Government bonds: This fund invests in government bonds at a level of at least two thirds of their value. The fund balance may be invested in bonds or other debt securities issued or guaranteed by a Swiss public law body or by a Swiss office charged with the issue of mortgage bonds.

These three Bank funds hold combined assets of CHF 216 million. With the other mandates and funds managed on behalf of clients, the BCGE oversees assets amounting to almost CHF 800 million according to the principles of sustainability.

Trade Finance

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





A BANK THAT PUTS ITS STRENGTH BEHIND FINANCING RETIREMENT.

At the side of pension funds, foundations and family offices with judgement, wisdom and patience.

- Institutional asset management
- Investment funds
- Pension foundations
- Portfolio protection strategies
- Trading room

Shareholder information and corporate governance

Shareholder information and corporate governance

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The following report describes the management and supervisory principles of the BCGE Group. It is structured according to the corporate governance principle advocated by the Six Swiss Exchange (hereafter SIX) which applies to the year as at 31 December 2016 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". The registered office and management of the Bank are in Geneva. It operates subsidiaries and branches. The Bank is listed on the SIX Swiss Exchange. The 1,479,174 bearer shares are listed. The market capitalisation is calculated on the basis of a price of CHF 297.75 as at 31 December 2016. For the situation as of 2 February 2017, see below and point 2 *Capital structure*.

Stock number, bearer share	164,268
ISIN number, bearer share	CH0001642682
Market capitalisation (31.12.2016)	CHF 1,072 million, registered ¹ and bearer shares CHF 440 million (exact amount 440,424,058) bearer shares only
Stock number, registered share (as of 2.2.2017)	35,049,471
ISIN number, registered share (as of 2.2.2017)	CH0350494719

¹ The capitalisation of the registered shares is calculated on the basis of a price of CHF 148.875 proportionately to the bearer shares.

The organisational diagram of the BCGE Group is on page 20. The 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 17, 88 and 92;
- coordination of the divisions and the 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 basic organisation as described above is reinforced by strategic committees tasked by the Executive Board with major competencies or controls. Specifically, these are the institutions described in the table below:

Credit Committee
<p>Composition of the committee</p> <p>Yves Spörri (chairman since 1.1.2017) Pierre-Olivier Fragnière (vice-chairman) Claude Bagnoud (chairman until 31.12.2016, then deputy vice-chairman since 1.1.2017) Blaise Goetschin (no voting right, has right of veto) Sébastien Collado (until 31.12.2016) Marius Hämmig Tanguy de Jaegere Charles Kaeser Raoul Monnay</p>
<p>Main roles</p> <p>Decisions on credit commitments within its competence Decisions regarding provisioning level on announcements of delcredere risk and transfer of business to Litigation department or Workout section</p>

Risk Committee (CRisk)
<p>Composition of the committee</p> <p>Eric Bourgeois (chairman) Claude Bagnoud (vice-chairman until 31.12.2016) Yves Spörri (vice-chairman since 1.1.2017) Marc Doerks Pierre-Olivier Fragnière Jean-Marc Joris Jérôme Monnier (until 31.12.2016) Marie-Anne Bourgoz Gorgé</p>
<p>Main roles</p> <p>Supervising risk control and management capability Improving identification and prevention of risks Alerting the Executive Board as necessary</p>

Investment Strategy Committee

Composition of the committee

Constantino Cancela (chairman)
 Valérie Lemaigre (vice-chair)
 Pierre Weiss (secretary)
 Jean-Paul Dellenbach
 Nicolas Demierre
 Amin Khamsi
 Axel Moser
 Marc Riou
 Pierre Sauvagnat
 Eric Wesse

Main role

Determination of investment strategy

Asset and Liability Management Committee (CALM)

Composition of the committee

Blaise Goetschin (chairman)
 Eric Bourgeaux (vice-chairman)
 Marc Doerks
 Claude Bagnoud
 Pierre-Olivier Fragnière
 Yves Spörri (since 1.1.2017)
 Jérôme Monnier (until 31.12.2016)
 Marie-Anne Bourgoz Gorgé
 Valérie Lemaigre
 Pierre Sauvagnat

Main role

Conduct and control of financial policy, supervision of forward-looking balance sheet management and rate and liquidity risks

IT Strategy Committee (CSI)

Composition of the committee

Eric Bourgeaux (chairman)
 Jean-Marc Joris (vice-chairman)
 Sylvie Ammann (secretary, no voting right)
 Blaise Goetschin
 Claude Bagnoud (until 31.12.2016)
 Yves Spörri (since 1.1.2017)
 Marc Doerks
 Cornelia Friedhoff
 Guy Reboh
 Daniel Stocco

Main role

Supervising implementation of IT strategy
 Controlling use of IT budget

Credit Risk Commission (CCRA)

Composition of the committee

Philippe Marti (chairman)
 Raoul Monnay (vice-chairman)
 Tanguy de Jaegere
 Christophe Weber

Main role

Decisions linked to non-performing loans (litigation, workout)
 Decisions/early warning to senior management as regards cancellation of debts

Strategic Organisation Committee (CSO)

Composition of the committee

Jean-Marc Joris (chairman)
 Jérôme Monnier (vice-chairman and member until 31.12.2016)
 Claude Bagnoud (vice-chairman since 1.1.2017)
 Guy Reboh (secretary)
 Blaise Goetschin
 Christophe Weber

Main role

Supervising adequacy of the organisation
 Monitoring large-scale organisational projects

1.1.3 Scope of consolidation¹

The complete scope of consolidation includes, in particular, at 31 December 2016, these wholly-owned subsidiary companies:

- Banque Cantonale de Genève (France) SA (www.bcgef.fr), Lyon, share capital EUR 20 million;
- Capital Transmission SA, Genève, share capital CHF 2 million;
- Dimension SA, Lausanne, share capital CHF 300,000;
- Dimension Corporate Finance SA, Geneva, share capital CHF 160,000;
- Rhône Saône Courtage Sàrl, Lyon, share capital EUR 10,000;
- Rhône Saône Léman SNC, Lyon, share capital EUR 10,000;
- Swiss Public Finance Solutions SA, Geneva, share capital CHF 400,000.

1.2 Major shareholders

Information on the major shareholders known to BCGE as at 31 December 2016:

Major shareholders' equity interests

As at 31.12.2016

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
State 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 Geneva municipalities	5,753	523,103	528,856	575,300	26,155,150	26,730,450	9.24%	7.43%
State of Geneva Pension Fund (CPEG)	214,400	0	214,400	21,440,000	0	21,440,000	3.75%	5.96%
Total	706,059	4,241,652	4,947,711	70,605,900	212,082,600	282,688,500	86.49%	78.52%
Existing capital	1,479,174	4,241,652	5,720,826	147,917,400	212,082,600	360,000,000	100%	100%

The publication of acquisitions of equity stakes during the 2016 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.

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.

¹ The scope of consolidation is shown on page 126.

2 CAPITAL STRUCTURE

The single type of share was introduced on 2 February 2017. The bearer shares with a par value of CHF 100 were converted (in a ratio of one to two), together with the "A" and "B" registered shares with a par value of CHF 50 (in a ratio of one to one), to the new single type of listed registered share with a par value of CHF 50.

After the conversion, the Banque Cantonale de Genève share capital of CHF 360,000,000 remained unchanged and comprises 7,200,000 registered shares with a par value of CHF 50. They are quoted on the SIX Swiss Exchange.

The introduction of the single share changed the distribution of voting rights (for the new distribution, see the table on page 15). In points 2.4.1 and 2.6.1 following, the past has been used to describe the situation on 31 December 2016. The reference date is indicated after the verb.

2.1 Capital

The Bank's capital is 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

2.4.1 Shares and participation certificates

The capital was (at 31 December 2016) composed of "A" and "B" registered shares and bearer shares making a total of 5,720,826 shares, all fully paid-up:

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

The bearer shares were listed (at 31 December 2016) on the SIX Swiss Exchange. The registered shares were (at 31 December 2016) exclusively held by Geneva public authorities and were 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 entitled (at 31 December 2016) their holders to the same pecuniary rights as those associated with bearer shares.

There are no participation certificates.

2.4.2 Dividend policy

The aim of the Bank is to maintain a steady dividend distribution policy, based on respect for and motivation of its public and private shareholders. It seeks to provide investors with a return on the share (in terms of dividend and price) in line with market conditions (as regards stock exchange, interest rates, etc.) and complies with the objectives established in the Bank's strategic planning. It may reduce or suspend the dividend upon the occurrence of an extraordinary event, in particular to maintain the equity coverage ratio.

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. 2, states that the Canton and the Municipalities must hold the majority of the votes attaching to the Bank's share capital. Furthermore, registered shares were (at 31 December 2016) only transferable between public authorities. Moreover, each Municipality was (at 31 December 2016) required to keep at least 2,010 "A" registered shares of a par value of CHF 50.

2.6.2 Reasons for granting exceptions

No exceptions are granted.

2.6.3 Registration of nominees

At 31 December 2016, the Bank's articles did not include any provision allowing inclusion of nominees in the register of shareholders.

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), 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 Members¹

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 Council of State in 2010.

Doctorate in political science, with distinction in international economy, University of Geneva and honorary doctorate in economic science, University of Neuchâtel. Joined the 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. Jean-Pierre Roth will step down from the Board of Directors following the Annual General Meeting of 25 April 2017.



Josef Küttel

born 20 June 1952, Swiss.

Deputy chairman, elected in 2010 by the bearer shareholders.

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). Josef Küttel will step down from the Board of Directors following the Annual General Meeting of 25 April 2017.



Mourad Sekkiou

born 5 October 1957, Swiss, Algerian and French.

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 working in several of Geneva's SMEs, he joined the University of Geneva as Vice-chancellor for Academic Affairs in 2007, as a director of the Global Studies Institute from 2013 and as a PhD candidate since 2016.



Gina Empson

born 23 March 1958, Swiss and British.

Member, appointed by the Council of State 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 10 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.

¹ 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 Council of State 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 Council of State 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 bearer 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. Ton Schurink will step down from the Board of Directors following the Annual General Meeting of 25 April 2017.



John Tracey

born 29 October 1950, Swiss and British.

Member, elected in 2010 by the bearer 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 Council of State 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.





A BANK THAT SURFS THE PUBLIC-PRIVATE WAVE.

Standing by magistrates and public sector financial managers, with imagination, reliability and receptiveness.

- Financing cantons and municipalities
- Payment service for the public sector
- Subsidised property financing
- Public property foundations
- Bond issues

3.2 Other activities and vested interests

Jean-Pierre Roth

Member of the Boards of Directors of Nestlé, Vevey; Swatch Group, Neuchâtel; Swiss Re, Zurich; and MKS (Switzerland), Geneva.

Josef Kützel

Chairman of the Board of Directors of Kieswerk Untervaz AG, Untervaz (Grisons). Vice-chairman of the Boards of Directors of Griston Holding AG, Untervaz (Grisons), TT Club Mutual Insurance Ltd, London; and TTB Bermuda. Member of the Boards of Directors of BLS Cargo AG, Bern; and BLS/BLS Netz AG, Bern.

Mourad Sekkiou

Member of the Boards of Directors of Actipart SA, Geneva; Roval SA, Geneva; Firad SA, Geneva; and of Société d'Etudes de Placements et Finances SA (SEPF), Geneva.

Grégoire Carasso

Municipal councillor, Geneva. Member of the Boards of Directors of Carasso-Bossert SA, Satigny; Cafipro SA, Satigny; and CPM Holding SA, Fribourg.

Gina Empson

Chair of the Board of Directors of ICS Corporate Services SA, Geneva. Member of the Board of Directors of Bruellan SA, Geneva; Genesis, Geneva. Founder and CEO of Swiss Labour Contractors Sàrl, Geneva.

Fabienne Knapp

Independent consultant.

Patrick Mage

Since retiring from the Credit Suisse Group (Switzerland) in 2004 he has worked as a consultant.

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. Deputy Chairman of the Board of Directors of CGN Belle Epoque SA, Lausanne. Member of the Board of Directors of CGN Group SA, Lausanne.

Ton Schurink

Chairman of the Board of Directors of CFT Services & Partners SA, Carouge. Member of the Boards of Directors of Groupe Navemar SA, Fribourg; and Oceana Shipping AG (of the Navemar Group), Coire (Grisons); Amtrada Holding BV, Amsterdam; and of CFT Trading FZ LLC, Dubai.

John Tracey

Deputy vice-chairman of the Board of Directors of Genève Aéroport and chairman of the strategy, risks and communication committee. Member of the Board of Directors 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. Member of the Board of the H. Dudley Wright Foundation, Geneva.

Angela de Wolff

Chairwoman of Conser Invest S.A., Geneva. Executive member of the Sustainable Finance Geneva association. Member of the Board of Swiss Sustainable Finance, Zurich. Member of the TBLI (Amsterdam) advisory board.

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 eleven directors are elected or appointed as follows:

- five members appointed by the Council of State;
- two members appointed by the City of Geneva;
- one member appointed by the other Geneva municipalities;
- three members individually elected by the shareholders other than the public authorities at the Annual General Meeting;
- the Council of State appoints the Chairman from among the directors.

The duration of a director's appointment is four years, renewable twice. If the appointment is made during a term, the duration of the appointment is limited to the duration of the term. The appointment ends on the day of the General Meeting following the date on which a director has reached his/her seventieth birthday at the latest. The procedures for appointing and proposing candidates are governed by Article 11 of the Bank's Articles of Association¹ and Article 12 of the LBCGe².

¹ www.bcge.ch/statuts.

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

Director	Year first appointed	Year current mandate ends	Number of times reappointed	Renewable mandate
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 Board of Directors: 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 2016, it met seven 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 (member until 25 April 2016), Jean-Marc Mermoud and Grégoire Carasso, members. In 2016, it met five times.

Control Committee

The Control Committee derives its powers and duties from Article 24 and subsequent of the Bank's Articles of Association. 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 Council of State. The member of the Control Committee appointed by the Council of State 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 Council of State. In principle, the Control Committee meets at least once a fortnight. In 2016, the Control Committee held 25 ordinary meetings.

3.5.3 Working methods

The Board of Directors meets at least 15 times a year. In 2016, it met 15 times, with meetings lasting an average of 3 hours and 50 minutes. Attendance at these meetings was 92%. It is chaired by the Chairman of the Board of Directors or, in his/her absence, by the Deputy Chairman or Secretary. It may hold extraordinary meetings if business so requires or at the request of four of its members or of the auditors. The Board can only make decisions if the majority of its members are present. Decisions are made by simple majority of the members present, and the Chairman casts the deciding vote if there is a tie. Minutes are taken of each meeting, signed by the Chairman of the meeting and the Secretary and approved at the next meeting. The members of the Board of Directors must be able to consult files relating to the points placed on the agenda twenty-four hours before the meeting starts at the latest. The Chief Executive Officer or his/her replacement participates with a consultative vote in the meetings of the Board of Directors but does not take part in the votes or the elections. He/she may require the presence of other members of the Executive Board or third parties if he/she deems it necessary. In 2016, 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 2016, 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 and in Article 12 of the LBCGe. In addition, management and organisational guidelines require 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 these regulations;
13. cancellation of debts, observance of out-of-court settlements, postponing debts or transfers of debts for amounts higher than CHF 2,000,000 or if the commitment was the subject of a decision 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.

The powers and responsibilities of the Executive Board are defined in Article 22 of the Bank's Articles of Association. 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 or country limits;
11. regularly submitting to the Board of Directors reports on business development (financial statements, analyses, major transactions and events, etc.) and any other reports that may be requested by the Board;
12. preparing a quarterly list of all the major risks as defined by Article 83 of the Federal Ordinance on Capital Adequacy and Risk Diversification for Banks and Securities Traders (CAO), 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 internal audit manager and half-yearly follow-up of the internal and independent audits;
- verbal report on the activity of the control committee at each meeting, by its Chairman;
- half-yearly presentation of balanced scorecards for the divisions by their managers (Executive Board members);
- half-yearly reports by the independent auditors.

Internal audit

Internal audit is an independent unit of the Executive Board, reporting directly to the Board of Directors. It carries out regular controls on all the Bank's business and that of its subsidiaries and therefore has an unlimited right to information. Its organisation, its field of activity and its operations are governed by Articles 29 and 30 of the Bank's Articles of Association, Articles 22 to 25 of the Bank's Organisational and Management Regulations, by the Charter on Internal Audit approved by the Board of Directors and by the LBCGe.

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 auditors Deloitte. The audit firms authorised by Finma and appointed to carry out these assessments have 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 external auditors 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 nine auditors and one vacant position as at 31 December 2016, the Internal Audit is headed by Monique Seiss Baudry, who holds a Master's degree in economics from the University of Geneva, a certificate of advanced studies (CAS) in compliance management, a Certified Internal Auditor (CIA) diploma and Certification in Risk Management Assurance (CRMA) from the IIA.

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





A BANK THAT PLAYS IN THE NATIONAL LEAGUE.

Standing by Genevans living
in French-speaking Switzerland
or working in German-speaking Switzerland,
loyally, flexibly and receptively.

- Lausanne subsidiary
- Zurich subsidiary
- Business Partner programme
- Institutional management in Switzerland
- Multilingual banking transactions

4 EXECUTIVE BOARD

4.1 Members¹

The Executive Board is made up of six members, chaired by Mr Blaise Goetschin. It is appointed for an indeterminate period; its members are retired on reaching the legal age of retirement, in the absence of any previous agreement between the Executive Board member and the Board of Directors.



Blaise Goetschin
born 1 February 1957, Swiss.
Chief Executive Officer (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, Bern and Basel. 1993, head of CS Corporate Finance: private companies in Switzerland. 1995, head of Cantonal finance administration, Canton of Vaud. Major (ret.) Swiss Army 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. Distinction in the financial industry category of the 2016 ranking of the best Swiss CEOs compiled by the Institut Obermatt.



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

A graduate of the Ecole Supérieure de Commerce de Paris and holder of a DECS degree. From 1981 to 1982, auditor with KPMG, Paris. From 1982 to 1986, auditor with Pricewaterhouse in Geneva. From 1986 to 1988, manager of Asea Capital, which subsequently became the ABB World Treasury Centre in Geneva. From 1988 to 1996, manager and then general manager of Nokia Finance International BV, Geneva. From 1998 to 2000, director of Clariden Bank, and from 1997 to 2000 manager of André & Cie, Lausanne. He has been head of the Finance and Risk Control Division and a member of the BCGE Executive Board since 1 December 2000.



Claude Bagnoud
born 1 January 1964, Swiss and French.
Head of the Corporate and Institutional Clients
Division (until 31 December 2016).

A graduate of the Ecole Supérieure de Commerce de Genève 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. Became a manager in 1991 and then 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 an internship 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. Since 1 January 2017 he has been head of the Geneva Private Clients and SMEs 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 Professionnelle Commerciale and a diploma from the Ecole de Banque et de Cadres UBS. From 1981 to 1985, deputy head of the Documentary Credit business at BNP, Geneva. From 1986 to 1988, head of operations at Gatoil, Geneva, a group engaged in oil trading, refining and distribution in Switzerland and internationally. From 1988 to 1990, as a specialist in the oil business, account manager for BBL, Geneva. From 1990 to 2000, he worked at BNP Geneva, and, from 1996, was in charge of developing new markets in Eastern Europe, Asia and Africa, and was promoted to management in the context of this business activity. In 2000, he joined Banque Cantonale de Genève, with responsibility for creating and developing a unit specialising in international trade finance; head of the Global Commodity Finance business unit. In March 2011, he was appointed to the Executive Board with responsibility for the International Clients division.

¹ 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.



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 ING Baring Private Bank in Geneva. April 2002 as a member of the management of Banque Cantonale de Genève in charge of the Organisation department and as interim manager of the IT department. On 1 July 2003 he was appointed a member of the Executive Board, heading the Operations and IT division.



Yves Spörri
born 17 September 1968, Swiss.
Head of the Corporate and Institutional Clients
division (from 1 January 2017).

A graduate in agricultural engineering from the Swiss Federal Institute of Technology, Zurich (ETH). From 1994 to 2001, he held a number of different positions in the Correspondent Banking department at Bank Kreiss AG in Frankfurt. In 2001, he joined the banking relationships section at Banque Cantonale de Genève at managerial level, becoming a senior manager in 2004; head of the Financial Institutions and Public Authorities department in 2007 and manager of the Banks and International Institutions business unit in 2011. Since July 2016, he has managed the Banks and Insurance Companies business unit and the Multinationals and International Institutions department. In January 2017 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 (until 31 December 2016).

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. From July 2011 to 31 December 2016, he was the member of the BCGE Executive Board responsible for the Private Clients and Family Businesses division. He will join the executive board of Banque Cantonale de Genève (France) with effect from 1 April 2017.

4.2 Other activities and vested interests

Blaise Goetschin Chairman of the Boards of Directors of the Mortgage Bond Centre of the Swiss cantonal banks, Zurich, of Capital Transmission SA, Geneva, and of Dimension SA, Lausanne. Chairman of the Supervisory Board at Banque Cantonale de Genève (France) SA, Lyon. Deputy chairman of the Higher Institute for Training in Banking in Geneva. Committee member of the Board of the Union of Swiss Cantonal Banks, Basel. Member of the Boards of Directors of the Swiss Bankers' Association, Basel; and of Investissements Fonciers SA, Lausanne. Member of the Boards of the Professional Pension Fund of the Banque Cantonale de Genève; the Geneva Financial Centre Foundation and the Fondation H. Dudley Wright, Geneva. Member of the committees of the Geneva Association for Property Owners and the Société d'Etudes Economiques et Sociales, Lausanne.

Eric Bourgeois Chairman of Swiss Public Finance Solutions, Geneva. Member of the Board of Capital Transmission SA, Geneva. 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.

Claude Bagnoud Deputy chairman of the Board of the Fondation Industrielle La Gravière, Lancy. Deputy chairman of the Supervisory Boards of Compagnie Foncière Franco-Suisse SAS, Lyon; and of Compagnie Foncière du Saint Gothard SAS, Puteaux, France. Member of the Board of Directors of Dimension Corporate Finance SA, Geneva; and Dimension SA, Lausanne. Member of the Supervisory Board at Banque Cantonale de Genève (France) SA, Lyon. Member of the Board of the Geneva Chamber of Commerce and Industry (CCIG). Member of the Technical Commission of the Union of Geneva Employers' Associations (UAPG).

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

4.4 Service contracts

BCGE outsources its main IT operations to Swisscom, Bern.

A framework collaboration agreement with detailed annexes, compliant with the Finma circular 2008/7 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 2016, BCGE paid Swisscom a total of CHF 18.6 million for its IT services.

Management of the telephone network has also been entrusted to Swisscom until 2021. The services under all these contracts amounted to CHF 2.5 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 amounted to CHF 3.5 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 2016, the Board did not make use of this supplementary 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 11 November 2015.

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 50%, 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 or retail banking, partly or wholly mathematically-based remuneration models to determine the variable salary component have been implemented. They were developed bearing in mind the following main parameters: defence of the interests of clients, recognition of individual or collective competence, non-incitement to excessive risk-taking, correlation of variable remuneration and bank revenues. The remuneration of the compliance and control roles in the division management teams does not depend on the results of the division. The blocking periods for the Bank's shares acquired by all parent company staff through the share option schemes and the associated tax conditions are explained at point 5.18 of the parent company accounts.

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 6 to 12 months' notice of termination.

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, 50% of which is paid in the form of Bank shares subject to a five-year moratorium. This budget is used if the operating results for the year under review are higher than the average of two out of the three previous years, which was not the case in 2016. 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 2016, variable remuneration, including share option schemes, represented between 29% and 119% 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 159, point 5.22 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

At 31 December 2016, the "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 Shareholders' Meeting of 22 April 2015, the mandate of the Bank's independent auditor, Deloitte SA, was renewed for 2016.

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

These auditors' fees are paid to Deloitte in Switzerland.

	31.12.2016	31.12.2015
Audit of BCGE Group	665,600	620,000
<i>of which BCGE only</i>	<i>651,100</i>	<i>601,000</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.

	31.12.2016	31.12.2015
Audit of BCGE Group	207,154	103,000
<i>of which BCGE only</i>	<i>207,154</i>	<i>103,000</i>

Additional fees amounting to CHF 17,000, not connected with the audit, were paid in 2016 to Deloitte in Switzerland (75,000 in 2015).

8.4 Information on control and monitoring of independent auditors

In 2016, the auditor was asked to attend (part-time) three meetings of the entire Board of Directors and fourteen 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 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 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/e-mail address	Timetable
Annual report	F	Printed/Internet	www.bcge.ch/rapport-annuel	17 March 2017
	En	Printed/Internet	www.bcge.ch/annual-report	18 May 2017
Annual General Meeting	F	Shareholders and guests	–	25 April 2017
Website	F / En	Investors	www.bcge.ch	permanent
Financial information (push and pull link)	F / En	Internet or written request	www.bcge.ch/contact-investisseur www.bcge.ch/investors-contact	permanent
Press conference on annual and half-yearly results	F	Verbal/Internet	www.bcge.ch/resultat-financier-bcge www.bcge.ch/financial-results	28 February/ 8 August 2017
Press releases	F/D ¹ /En ¹	Print and electronic media, mainly Swiss/Internet	www.bcge.ch/resultat-financier-bcge www.bcge.ch/financial-results	occasional
Mailboxes	F	E-mail	actionnaires@bcge.ch communication@bcge.ch presse@bcge.ch	permanent
Magazine <i>Dialogue</i>	F	Printed/Internet	www.bcge.ch/dialogue	3 times a year
Institutional publications	F / En	Printed/Internet	www.bcge.ch/publications www.bcge.ch/publications-bcge	regular

¹ In certain cases.

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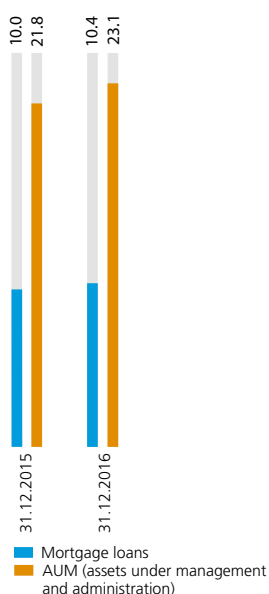
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Comments on the group accounts

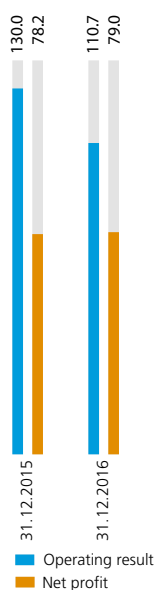
New increase in net profit

The BCGE Group achieved very strong results in 2016. With a net profit of CHF 79 million (+1%), profitability, in terms of return on equity (5.8%), is on the high end compared with its peers. Its strong competitiveness is clearly demonstrated by two indicators: mortgage lending, which exceeded CHF 10 billion (+4%), and assets under management and administration of CHF 23.1 billion (+6%). Equity topped CHF 1.3 billion (+5.1%). The dividend proposed to the General Meeting on 25 April 2017 represents 5.5% of par value. In 2017, the Bank expects a comparable level of operating profitability to 2016.

Changes in mortgage lending and AUM in CHF billion



Changes in operating result and net profit in CHF million



Key group figures for 2016 (in CHF 1,000)

Results	31.12.2016	31.12.2015	Variation 2016-2015	
Operating income	349,445	347,209	2,236	0.6%
Operating expenses	221,555	211,396	10,159	4.8%
Operating result	110,709	129,999	(19,290)	(14.8%)
Net profit	79,008	78,211	797	1.0%
Balance sheet and volumes traded				
Total assets	21,392,692	20,016,211	1,376,481	6.9%
Mortgage lending	10,366,470	9,966,068	400,402	4.0%
Assets under management and administration	23,078,096	21,766,549	1,311,547	6.0%
Shareholders' equity	1,386,027	1,319,193	66,834	5.1%
Tier 1 capital ratio	12.62%	13.36%	(74 basis points)	(5.5%)
Available regulatory capital ratio	13.21%	14.37%	(116 basis points)	(8.1%)
Employees (full-time equivalents)	738	721	17	2.4%

¹ -24, due to rounding.

Record net profit

Net profit continued its upward trajectory, rising CHF 0.8 million to CHF 79 million. Excluding non-recurring items in the previous financial year, operating profit worked out at a solid CHF 110.7 million. The Group's profitability held up well, despite the strength of the CHF and its impact on the corporate sector, negative interest rates and low commodity prices. The performance is primarily driven by a business model that is diversified in terms of banking areas, currencies and countries.

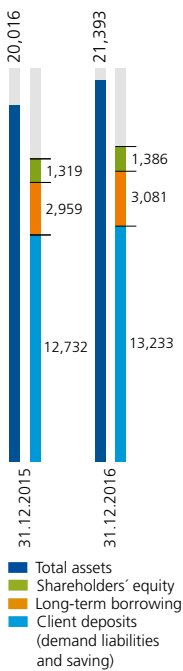
Income is up, thanks to diversification and international expansion

Total income is at a record high of CHF 349 million. It was underpinned by an increase in the result from the interest margin business to CHF 211 million, which was itself boosted by growth in mortgages and dynamic rate management. The interest margin stood at 1.02% against a backdrop of ongoing negative rates (2015: 1.10%). The CHF 100 million in commission was virtually maintained. Commission on securities grew on the back of increased wealth management and new investment products. Commission from lending continued to be affected by the low commodity prices, while other commission, particularly in retail banking, remained stable. The international share of turnover in EUR and USD was 24% (17% in 2015).

Controlled increase in costs

Ordinary operating expenses rose to CHF 90 million on the back of capital expenditure on digitalisation and bank tech and physical and IT security costs. For their part, personnel costs rose 1.7% to CHF 2.2 million. There are a whole series of regulatory and technological projects that require highly specialised talent. The Bank was a net job creator in 2016 with 738 employees (full-time equivalents, +17).

Changes in liabilities
in CHF million



A major player in financing Geneva's economy

BCG is a full-service bank, serving entrepreneurs. It has over 18,500 corporate customers. Mortgage loans rose CHF 400 million (+4.0%) year on year, exceeding CHF 10 billion. Corporate and public authority lending rose CHF 862 million to CHF 4.6 billion. In total, the Bank provided CHF 1.26 billion in additional lending to companies. The overall relatively moderate proportion of mortgages in the balance sheet reflects a policy of deconcentrating exposure to real estate risk.

Ongoing balance sheet growth

The balance sheet expanded for the ninth consecutive year and now stands at over CHF 21 billion (+6.9%).

High level of growth in customer deposits

The Bank protects its customers by limiting the impact of negative interest rates on their assets. Customer deposits rose by 3.9% to CHF 13.2 billion. Liabilities are soundly diversified, and the mortgage loan to deposit ratio stood at 128%. The BCGE Avantage service loyalty programme, which offers up to 2% additional remuneration on the savings account, has over 32,700 members.

Ongoing growth in assets under management and administration

Assets under management (AUM) exceeded CHF 23 billion, up CHF 1.3 billion (+6%). Private banking activities grew despite the structural transformation in the sector. The Synchrony investment funds were roundly successful and now have close to CHF 2 billion (+24%). The BCGE 1816 online stock trading platform continued to grow: the number of people using the service rose 20.3% to 7,000¹.

Increase in equity

Equity rose CHF 66.8 million year on year and since 2001 has risen CHF 733 million in aggregate. With CHF 1.39 billion in equity and the coverage ratio of 13.2%, BCGE is a well capitalised and sound bank.

Stable dividend

The Board of Directors is proposing a dividend of 5.5% of par value to the General Meeting. This stability reflects the strong results in the Bank's solid long-term outlook. CHF 19.8 million will thus be distributed to public, institutional and private shareholders.

Steady increase in contribution to the public purse

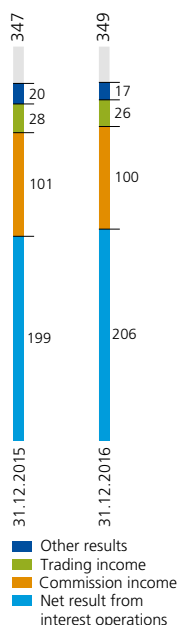
The Bank made a major contribution to the public purse; for 2016, this contribution will amount to CHF 43 million. Over the last three years it has contributed CHF 124 million.

Strategic priorities for 2017

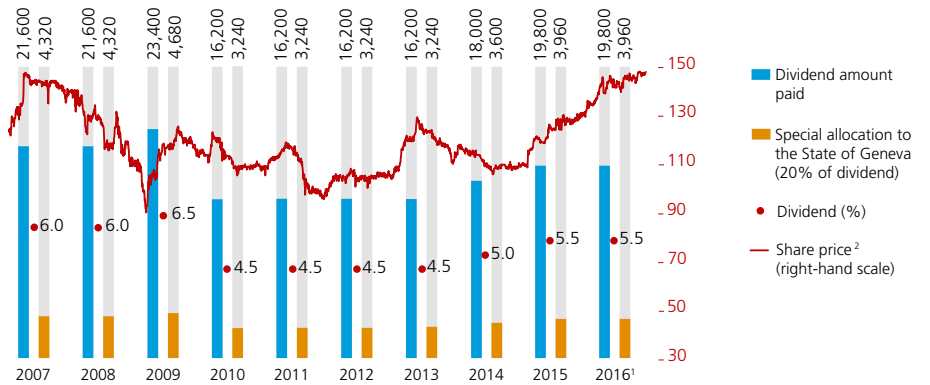
The Bank has set five strategic priority areas for the current year:

- to be the primary partner for the regional economy and the companies based there;
- 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 in the Swiss market and internationally;
- to improve operational productivity.

Development of revenues
in CHF million



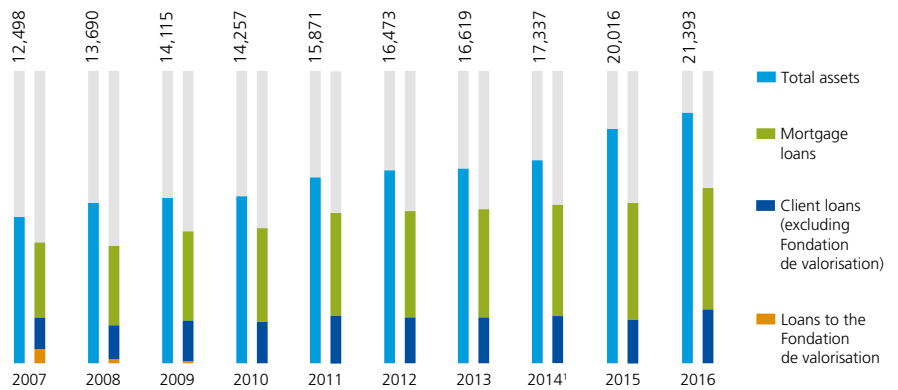
Changes in the dividend, dividend amount paid (in thousands) and BCGE share price in CHF



¹ Proposed dividend and special allocation to the State of Geneva.

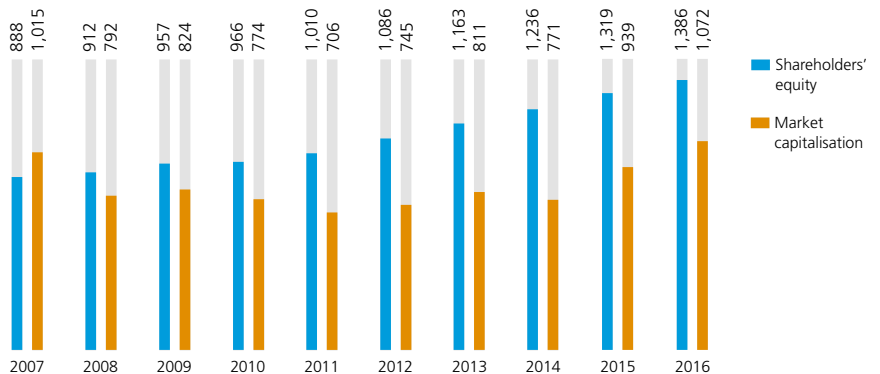
² Adjusted in line with capital structure applicable from 2 February 2017.

Changes in the balance sheet in CHF million

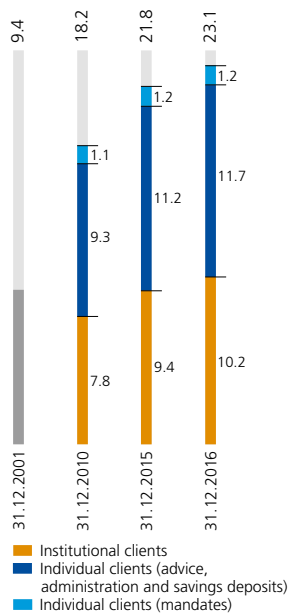


¹ From 2014, the figures have been amended to reflect the new accounting rules for banks.

Changes in shareholders' equity and stock market capitalisation in CHF million



Changes in assets under management and administration in CHF billion



Outlook for 2017

The Bank intends to accelerate its expansion despite the uncertain financial climate in Switzerland and internationally. 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 the loyalty of its customer base reaffirm its positive strategic positioning. The bank's financial soundness makes it a very safe repository for deposits.

The Bank expects ongoing negative rates and strong market volatility, both factors liable to affect its interest margin and commission income. Lending growth will remain subdued due to regulations governing capital requirements and the counter-cyclical buffer. The Bank is stepping up the development of business areas that are less capital-intensive (private banking, asset management, investment funds, mergers and acquisitions, and financial engineering consultancy).

In 2017, the Bank expects an increase in operating profitability comparable to that of 2016.

Jean-Pierre Roth
Chairman

Eric Bourgeois
Chief Financial Officer

2016 consolidated financial statements and notes

BCGE Group

Statutory Auditor's Report

To the General Meeting of
Banque Cantonale de Genève, Geneva

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements (pages 110 à 140) of Banque Cantonale de Genève and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2016 and the consolidated income statement, consolidated statement of cash flows and statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2016 and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with the Swiss accounting rules for banks and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards (SAS). Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority (FAOA)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the scope of our audit responded to the key audit matter												
<p>Value adjustments for default risks</p> <p>The book values of amounts due from customers and mortgage loans amount respectively to CHF 4,607 mios and CHF 10,366 mios out of a total balance sheet of CHF 21,393 mios, representing respectively 21.5% and 48.5% as at December, 31 2016. These total amounts of credit are presented net of value adjustments as follows:</p> <table border="1" data-bbox="220 689 798 1008"> <thead> <tr> <th>CHF mios</th> <th>Amounts due from customers</th> <th>Mortgage loans</th> </tr> </thead> <tbody> <tr> <td>Gross values</td> <td>4,708</td> <td>10,369</td> </tr> <tr> <td>Value adjustments</td> <td>-101</td> <td>-3</td> </tr> <tr> <td>Net values</td> <td>4,607</td> <td>10,366</td> </tr> </tbody> </table> <p>The estimated value adjustments are based on the "Règlement des crédits" of the bank. The value adjustments are individually estimated and include an inherent part of significant judgement from Management regarding the level and the timing of the accounting of the value adjustments. With regard to the level of credit granted, the value adjustments for default risks are considered as a key audit matter.</p> <p>Please refer to pages 115 - 118 and to table 5.02 of the notes to the consolidated financial statements on page 123 for further information.</p>	CHF mios	Amounts due from customers	Mortgage loans	Gross values	4,708	10,369	Value adjustments	-101	-3	Net values	4,607	10,366	<p>We performed walk through procedures in order to evaluate the adequacy of the design and implementation of controls as well as the effectiveness of the credit granting process, the follow-up and the valuation processes of value adjustments for default risk (adjustment rules).</p> <p>Furthermore, we performed substantive procedures consisting of :</p> <ul style="list-style-type: none"> - Testing a sampling of different types of credit (mortgage, commercial and Global Commodity Finance), including those which were not identified by the bank as impaired, in order to build up our own opinion and to evaluate the need of an impairment and whether it has been properly recognised; - Review of external valuations and assumptions retained by the bank for the value adjustments on the mortgage loans; - Review of assumptions retained by the bank for value adjustments on commercial loans and Global Commodities Finance; - Review of files which are closely monitored due to higher risks of default but not yet adjusted; - Valuation of the judgement level applied by the bank and testing that the value adjustments have been approved in accordance with internal authorization rules; - Review of bank's Exception-to-policy reports. <p>We also reviewed and checked the evolution of the main significant and risky files identified by the bank in particular in mortgage loans, commercial loans and Global Commodity Finance. We checked the correct bookings of these value adjustments.</p> <p>Based on our procedures performed, we have collected sufficient appropriate audit evidences in order to cover the risk of valuation of value adjustments for default risks.</p>
CHF mios	Amounts due from customers	Mortgage loans											
Gross values	4,708	10,369											
Value adjustments	-101	-3											
Net values	4,607	10,366											

Key audit matter	How the scope of our audit responded to the key audit matter
<p>Valuation of the litigation provision</p> <p>Due to its activity of universal and cantonal bank involving a significant number of clients, BCGE is exposed to litigation risk. A list of litigation cases, procedures and prosecutions is established by Management. The valuation of those provisions includes an inherent part of judgement from the Management.</p> <p>Please refer to page 119 and to table 5.16 of notes to the consolidated financial statements on page 130 for further information.</p>	<p>We tested the adequacy of the design and the implementation as well as the efficiency of key controls for legal risks regarding the identification, the valuation of provisions and the proper recording of related litigation provision.</p> <p>We obtained the list of litigation cases, procedures and prosecutions established by the Management. We inquired the Head of Legal and Management regarding open and significant cases.</p> <p>In addition, we reviewed and discussed the assumptions used by Management for the estimation of the level of provision of the significant cases. These assumptions have been confirmed through the replies obtained by sending confirmations requests to lawyers involved in these litigations and discussed with Management.</p> <p>We also tested the proper recording of these provisions.</p> <p>Based on our procedures performed, we have collected sufficient appropriate audit evidences for covering the risk of valuation of the litigation provision.</p>

Other Information in the Annual Report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the standalone financial statements of the Company and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with the Swiss accounting rules for banks and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A more detailed description of our responsibilities in auditing financial statements is available on the website of EXPERTsuisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description is also part of our report.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of 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, May 15, 2017

MME/THA/nmo

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¹ Numbering in accordance with Annex 5 of the *Accounting rules for banks, securities dealers, financial groups and conglomerates (ARB)*.

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Balance sheet and off-balance-sheet transactions

Consolidated

	Notes	31.12.2016 in CHF 1,000	31.12.2015 in CHF 1,000	Change in CHF 1,000
ASSETS				
Liquid assets	5.23	3,359,672	3,417,235	(57,563)
Amounts due from banks	5.23	648,223	349,460	298,763
Amounts due from securities financing transactions	5.23	–	199,660	(199,660)
Amounts due from customers	5.23	4,606,629	3,745,110	861,519
Mortgage loans	5.23	10,366,470	9,966,068	400,402
Trading portfolio assets	5.03	41,667	71,246	(29,579)
Positive replacement values of derivative financial instruments	5.04	19,284	22,930	(3,646)
Financial investments	5.05	1,831,681	1,856,245	(24,564)
Accrued income and prepaid expenses		44,188	29,578	14,610
Participations	5.06	23,955	25,972	(2,017)
Tangible fixed assets	5.08	133,759	136,846	(3,087)
Other assets	5.10	317,164	195,861	121,303
Total assets		21,392,692	20,016,211	1,376,481
Total subordinated claims		1,853	6,563	(4,710)
<i>of which subject to mandatory conversion and/or debt waiver</i>		–	2,040	(2,040)
LIABILITIES				
Amounts due to banks	5.23	2,349,168	1,907,096	442,072
Liabilities from securities financing transactions	5.23	1,031,357	747,977	283,380
Amounts due in respect of customer deposits	5.23	13,233,386	12,732,334	501,052
Trading portfolio liabilities	5.03	1,068	624	444
Negative replacement values of derivative financial instruments	5.04	19,594	25,674	(6,080)
Cash bonds	5.23	5,431	8,523	(3,092)
Bond issues and central mortgage institution loans	5.15	3,081,245	2,959,144	122,101
Accrued expenses and deferred income		82,732	66,393	16,339
Other liabilities	5.10	187,203	237,109	(49,906)
Provisions	5.16	15,481	12,144	3,337
Reserves for general banking risks	5.16	160,000	150,000	10,000
Bank's capital	5.17	360,000	360,000	–
Statutory capital reserve		314,912	312,781	2,131
Statutory retained earnings reserve		503,309	448,859	54,450
Own shares		(11,882)	(12,071)	189
Currency translation reserve		(19,320)	(18,587)	(733)
Profit/loss (result of the period)		79,008	78,211	797
Total liabilities		21,392,692	20,016,211	1,376,481
Total subordinated liabilities	5.15	303,760	307,430	(3,670)
<i>of which subject to mandatory conversion and/or debt waiver</i>	5.15	108,280	109,940	(1,660)
OFF-BALANCE-SHEET TRANSACTIONS				
Contingent liabilities	5.28	756,917	488,314	268,603
Irrevocable commitments	5.02	556,224	500,930	55,294
Obligations to pay up shares and make further contributions	5.02	114,151	62,538	51,613
Credit commitments	5.28	123,758	29,310	94,448

Income statement

Consolidated

	Notes	31.12.2016 in CHF 1,000	31.12.2015 in CHF 1,000	Change in CHF 1,000
RESULT FROM INTEREST OPERATIONS				
Interest and discount income	5.33	246,864	248,363	(1,499)
Interest and dividend income from trading portfolios		517	360	157
Interest and dividend income from financial investments		14,441	22,369	(7,928)
Interest expense		(50,675)	(61,212)	10,537
Gross result from interest operations		211,147	209,880	1,267
Changes in value adjustments for default risks and losses from interest operations		(5,181)	(11,059)	5,878
Subtotal net result from interest operations		205,966	198,821	7,145
RESULT FROM COMMISSION BUSINESS AND SERVICES				
Commission income from securities trading and investment activities		41,889	41,444	445
Commission income from lending activities		26,492	27,504	(1,012)
Commission income from other services		37,060	37,031	29
Commission expense		(5,524)	(5,207)	(317)
Subtotal result from commission business and services		99,917	100,772	(855)
RESULT FROM TRADING ACTIVITIES AND THE FAIR VALUE OPTION				
Subtotal result from trading activities and the fair value option	5.32	26,357	28,013	(1,656)
OTHER RESULT FROM ORDINARY ACTIVITIES				
Result from the disposal of financial investments		8,003	10,807	(2,804)
Income from participations		2,157	2,437	(280)
Result from real estate		916	1,081	(165)
Other ordinary income		8,349	7,353	996
Other ordinary expenses		(2,220)	(2,075)	(145)
Subtotal other result from ordinary activities		17,205	19,603	(2,398)
Total operating income		349,445	347,209	2,236
OPERATING EXPENSES				
Personnel expenses	5.34	(131,282)	(129,074)	(2,208)
General and administrative expenses	5.35	(90,273)	(82,322)	(7,951)
Subtotal operating expenses		(221,555)	(211,396)	(10,159)
Value adjustments on participations, depreciation and amortisation of tangible fixed assets and intangible assets	5.36	(14,391)	(15,729)	1,338
Changes to provisions and other value adjustments, and losses	5.36	(2,790)	9,915	(12,705)
Operating result		110,709	129,999	(19,290)
Extraordinary income	5.36	156	146	10
Extraordinary expenses	5.36	(72)	(58)	(14)
Change in reserves for general banking risks	5.36	(10,000)	(30,000)	20,000
Taxes	5.39	(21,785)	(21,876)	91
Profit/loss (result of the period)		79,008	78,211	797

Presentation of the cash flow statement

Consolidated

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(in CHF 1,000)	2016		2015	
	Cash inflow	Cash outflow	Cash inflow	Cash outflow
Cash flow from operating activities (internal financing):				
– Result of the period	79,008	–	78,211	–
– Changes in reserves for general banking risks	10,000	–	30,000	–
– Value adjustments on participations, depreciation and amortisation of tangible fixed assets and intangible assets	14,391	–	15,729	–
– Provisions and other value adjustments	3,337	–	–	15,334
– Accrued income and prepaid expenses	–	14,610	–	4,399
– Accrued expenses and deferred income	16,339	–	17,046	–
– Other items	–	171,209	196,369	–
– Previous year's dividend	–	19,800	–	18,000
– Special allocation to the State of Geneva	–	3,960	–	3,600
Subtotal	86,504	–	–	296,022
Cash flow from shareholders' equity transactions:				
– Recognised in reserves	1,397	–	–	4,861
– Change in own equity securities	189	–	1,922	–
Subtotal	–	1,586	2,939	–
Cash flow from transactions in respect of participations, tangible fixed assets and intangible assets:				
– Participations	2,017	–	–	1,074
– Real estate	–	–	–	–
– Other tangible fixed assets	–	11,304	–	7,105
– Intangible assets	–	–	–	1,282
Subtotal	9,287	–	9,461	–
Cash flow from banking operations:				
Medium and long-term business (greater than 1 year):				
– Amounts due in respect of customer deposits	6,099	–	–	3,069
– Cash bonds	–	3,092	–	3,314
– Bonds	–	6,899	237,151	–
– Central mortgage institution loans	129,000	–	151,893	–
– Amounts due from banks	–	101	–	277
– Amounts due from customers	–	49,535	–	81,871
– Mortgage loans	–	400,402	–	462,494
– Financial investments	31,605	–	–	75,557
Short-term business:				
– Amounts due to banks	442,072	–	893,107	–
– Liabilities from securities financing transactions	283,380	–	113,882	–
– Amounts due in respect of customer deposits	494,953	–	1,083,891	–
– Trading portfolio liabilities	444	–	–	5,173
– Negative replacement values for derivative financial instruments	–	6,080	–	58,680
– Amounts due from banks	–	298,662	247,725	–
– Amounts due from securities financing transactions	199,660	–	–	100,660
– Amounts due from customers	–	811,984	384,696	–
– Trading portfolio assets	29,579	–	–	19,040
– Positive replacement values of derivative financial instruments	3,646	–	7,732	–
– Financial investments	–	7,041	–	57,994
Liquidity				
– Liquid assets	57,563	–	–	2,535,570
Subtotal	–	94,205	283,622	–
Total balances	95,791	95,791	296,022	296,022

Presentation of the statement of changes in equity

Consolidated

in CHF 1,000

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	Bank's capital	Statutory capital reserve	Statutory retained earnings reserve	Reserves for general banking risks	Currency translation reserve	Own shares (negative item)	Result of the period	Total
Equity at start of current period	360,000	312,781	527,070	150,000	(18,587)	(12,071)		1,319,193
Acquisition of own shares						(10,541)		(10,541)
Disposal of own shares						12,544		12,544
Profit (loss) on disposal of own shares		1,814				(1,814)		–
Currency translation differences					(733)			(733)
Dividends and other distribution		317	(19,800)					(19,483)
Special allocation to the State of Geneva (20% of the dividend paid)			(3,960)					(3,960)
Other allocations to (transfers from) the reserves for general banking risks				10,000				10,000
Other allocations to (transfers from) the other reserves			(1)					(1)
Profit/loss (result of the period)							79,008	79,008
Equity at end of current period	360,000	314,912	503,309	160,000	(19,320)	(11,882)	79,008	1,386,027

1 REGISTERED NAME, LEGAL FORM, REGISTERED OFFICE AND GOAL

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". The registered office and management of the Bank are in Geneva.

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 Bank intends to develop its business despite an uncertain national and international financial context. It is drawing on the diversity of its skill base and the fact that its business model is in line with the specificities of the Geneva region economy.

Activity report

The business component of the activity report is disclosed in the *Comment on the group accounts chapter*. The Bank publishes its capital adequacy in the document entitled *Publication requirements relating to shareholders' equity*, in accordance with the Basle III guidelines, and applies the standard Swiss approach in respect of credit risk and the standard approach for market risk and operational risk.

Number of employees	31.12.2016	31.12.2015
Full-time equivalents	737.6	720.5
Average full-time equivalents	732.8	713.2
Number of employees	791.0	773.0
Average number of employees	785.9	765.8

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 circular 2008/7 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.

There were no extraordinary events in 2016.

No significant event occurred after the year end date.

Agreements with the majority 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 2016 financial year, an amount of CHF 3.96 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 29.1 million will have been repaid since 2009, thus bringing repayments made by the Bank to a total of CHF 56.6 million since the Bank's consolidation in 2000.

2 ACCOUNTING AND VALUATION PRINCIPLES

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 implementing ordinance and the Finma circular 2015/1 on accounting rules for banks (ARB). 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

Firms whose consolidation makes an important financial difference have been included in these financial statements as follows:

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, Geneva	21,321,545
Capital Transmission SA, Geneva	29,960
Investissements Fonciers SA, Lausanne	21,039
Dimension Corporate Finance SA, Geneva	1,056
Dimension SA, Lausanne	1,007
Swiss Public Finance Solutions SA, Geneva	254
Banque Cantonale de Genève (France) SA, Lyon	654,849
Compagnie Foncière du Saint Gothard SAS, Puteaux	23,598
Compagnie Foncière Franco-Suisse SAS, Lyon	28,976
Rhône Saône Léman SNC, Lyon	812
Rhône Saône Courtage Sàrl, Lyon	72

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 income statement over a maximum period of 10 years.

• Intercompany transactions

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

• Treatment of foreign currency exchange differences

Other assets, balance sheet debt and depreciation and amortisation of tangible assets of entities domiciled outside Switzerland and recorded in foreign currencies are converted into Swiss francs at the rate applying at year end. Income statement items of these entities, other than depreciation and amortisation of tangible assets, are converted into CHF at the average closing rates of the 12 months of the year. The shareholders' equity of these entities is converted at the historic average rates of each balance-sheet item. The resulting exchange differences are directly accounted for in equity under "Foreign exchange reserve".

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 own shares and bonds by deducting the corresponding liabilities.

Recording dates

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

Currencies, banknotes and precious metals

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

Main currencies	Units currencies	Rate at 31.12.2016	Rate at 31.12.2015
US Dollar	1	1.0177	0.9966
Euro	1	1.0727	1.0852
Pound sterling	1	1.2565	1.4769
Yen	100	0.8704	0.8281

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 resources

Cash is reported on the balance sheet at its face value.

Due from banks, customers and mortgage loans

Receivables and liabilities are recorded at their face values. Pledged collateral is valued prudently, systematically and periodically, applying uniform principles and based, other than in exceptional cases, on a market value. The Bank values real estate either using an expert system (hedonic approach) or by internal valuations for unusual or luxury items, or, in the case of income properties, by discounting future cash flows.

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 directly under "provisions" which are deducted from the corresponding assets. In such cases, they are only shown in the income statement at the time when the payment is actually made.

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

Amounts due from securities financing transactions

Amounts due from transactions in securities or formerly operations 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. The subsequent transfer of received securities is entered on the balance sheet as a non-monetary liability at market value.

Trading portfolio assets

Securities held in portfolios are recorded on the balance sheet at their year end market value. Results are recorded under "results from trading activities and the fair value option".

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

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

Hedging operations

The Bank uses derivative financial instruments to protect itself from market risks. Hedging transactions are valued in the same way as the hedged items and the result is recorded in the same accounting item.

Financial assets

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.

Tangible 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
Software and IT equipment	3 to 10 years
	depending on their lifecycle

Taxes

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.

Amounts due to banks

Receivables and liabilities are recorded at their face values.

Amounts due in respect of customer deposits

All amounts due in respect of non-banking customer deposits appear on the balance sheet at their nominal value.

Positive and negative replacement values of derivative financial instruments

Positions in financial instruments open at year end are reported at their market values, either by means of a valuation model in line with the type of derivative financial instrument in the "Positive/negative replacement values of derivative financial instruments" and are accounted for according to the purpose of the underlying transaction:

- active trading positions, at market price in the income statement,
- hedging positions in accordance with the valuation of the underlying transaction hedged.

Provisions

Provisions include those intended to cover necessary operational risks, provisions for off-balance-sheet default risks and provisions for deferred taxes.

Reserves for general banking risks

The reserves for general banking risks are precautionary reserves accumulated via the "Change in reserves for general banking risks" item to cover general business risks. These reserves are taxed.

Contingent liabilities

Contingent liabilities record, in particular, guarantees to secure credits issued in the form of bill guarantees, bank securities and sureties.

Irrevocable commitments

Irrevocable commitments relate to the granting of loans or other services that have not been used by the year end date but are granted definitively. Commitments to pay under the terms of the deposit guarantee are posted under this item.

Commitments related to additional payments and further contributions for shares

Commitments related to additional payments and further contributions for shares and other equity investments are recorded in this item.

Modification of general accounting and valuation principles

There has been no change in accounting principles.

3 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 into account the existing internal control system, the Risk Control department, work of the internal and external auditors 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 into account 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" defined by the Finma circular 2011/2, 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 13.21% as at 31 December 2016 (14.37% in 2015), with the common equity tier 1 ratio (CET1 and AT1) standing at 12.62% (13.36% in 2015).

Consolidated supervision

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

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

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

Types of risks

• Credit Risk department

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 subject to a system of expert rating. This lays down different conditions which are to be applied depending on the borrower's financial situation and the type of transaction.

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

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

Ratings are allocated to borrowers by an expert rating system (10 grades from A+ to E-) and are updated by dedicated systems. Ratings F to I for at-risk business are calculated by the Bank using its credit regulation criteria. 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 Workout unit and Litigation department.

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

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

- **Concentration risk**

Major risks (large risks in the meaning of art. 95 FRO) are continuously monitored and reported quarterly to the Board of Directors and to the external 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. Exposure to risk rates arises when maturity rates and asset volumes are mismatched with the refinancing of liabilities. These asymmetries are the cause of this risk and have an effect on interest income and on the Bank's equity valuation. Fixed rate or at-sight banking products without maturities are modelled in order to respond as effectively as possible to rate changes made when market rates move. These models are reviewed periodically and adapted to market conditions if necessary. Dynamic simulations are carried out in order to monitor revenue risks to the interest margin in the light of various rate scenarios. 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 and the Swiss public authorities, in compliance with strict limits. BCGE continues to act with great prudence by maintaining high levels of liquidity and managing a bond portfolio that is widely diversified and to which sale and repurchase agreements can be applied. This means that credit facilities can be obtained with a large number of counterparties. Bonds included under the long-term financial investment item are restricted to those with AAA ratings or at least A- or equivalent.

The Bank manages its liquidity risk by monitoring exposure through use of a schedule of balance sheet items and balance sheet structure, and by calculating the regulatory liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR). It also manages the risk dynamically, by modelling the growth of business and the need for refinancing. As part of its asset and liabilities management (ALM), the Bank monitors liquidity risk within the limits set by the Board of Directors.

- **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 continuously 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. The Compliance department (see below) 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 the clients' place 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 "Provisions".

- **Other risks**

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

- **Business policy for use of derivative financial instruments**

The Bank uses derivative financial instruments in particular to protect itself from interest rate changes. These hedging operations, which form part of hedge accounting, are decided within the process of asset and liability management. They are evaluated in a manner analogous to the underlying transaction hedged and are undertaken exclusively with external counterparties. In the case of operations recorded on the balance sheet, the value of which is posted at nominal value, the replacement value of the derivative financial instruments is neutralised under the corresponding items.

- **Relationship between underlying operations and hedging transactions**

Following a hedging operation, the relationship is established between the financial instrument and the underlying operation concerned. The valuation of the items changes in inverse proportion in order to reduce exposure. The documentation pays particular attention to the aims of the risk management strategy associated with the hedging transaction and the effectiveness assessment method. The relationship between the underlying transaction and the hedging transactions is subjected to regular forward-looking assessment.

- **Measurement of hedging effectiveness**

The effectiveness of the hedge relationship is measured by means of the underlying operation or the macrohedge of the portfolio as a whole and is re-examined regularly. Operations for which the hedge relationship is no longer effective or only partially so are allocated to the trading result. No absence of effectiveness was observed in 2016.





A BANK THAT CAN DEAL WITH MARKET HIGHS AND LOWS.

Standing by cash managers,
traders and institutions with precision,
speed and practical solutions.

- Trading room
- Foreign exchange
- Cash management
- Securities advice and operations
- Capital markets

Notes to consolidated financial statements

Consolidated

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5.01 Breakdown of securities financing transactions (assets and liabilities) (in CHF 1,000)	31.12.2016	31.12.2015
Book value of receivables from cash collateral delivered in connection with securities borrowing and reverse repurchase transactions	–	199,660
Book value of obligations from cash collateral received in connection with securities lending and repurchase transactions	1,031,357	747,977
Book value of securities lent in connection with securities lending or delivered as collateral in connection with securities borrowing as well as securities in own portfolio transferred in connection with repurchase agreements <i>with unrestricted right to resell or pledge</i>	1,038,041 <i>1,038,041</i>	747,055 <i>747,055</i>
Fair value of securities received and serving as collateral in connection with securities lending or securities borrowed in connection with securities borrowing as well as securities received in connection with reverse repurchase agreements with an unrestricted right to resell or repledge	1,097	199,275
<i>of which, repledged securities</i>	–	–
<i>of which, resold securities</i>	–	–

5.02 Presentation of collateral for loans/receivables and off-balance-sheet transactions, as well as impaired loans/receivables (in CHF 1,000)	TYPE OF COLLATERAL			
	Secured by mortgage	Other collateral	Unsecured	Total
Loans (before netting with value adjustments)				
Amounts due from customers	646,272	452,798	3,609,255	4,708,325
Mortgage loans	10,368,813	–	–	10,368,813
<i>Residential property</i>	8,318,733	–	–	8,318,733
<i>Office and business premises</i>	1,414,782	–	–	1,414,782
<i>Commercial and industrial premises</i>	405,956	–	–	405,956
<i>Other</i>	229,342	–	–	229,342
Total loans (before netting with value adjustments)				
31.12.2016	11,015,085	452,798	3,609,255	15,077,138
31.12.2015	10,620,954	355,629	2,853,389	13,829,972
Total loans (after netting with value adjustments)				
31.12.2016	11,015,085	449,633	3,508,381	14,973,099
31.12.2015	10,618,507	355,629	2,737,042	13,711,178
Off-balance-sheet				
Contingent liabilities	–	–	756,917	756,917
Irrevocable commitments	–	–	556,224	556,224
Obligations to pay up shares and make further contributions	–	–	114,151	114,151
Credit commitments	–	–	123,758	123,758
Total off-balance-sheet				
31.12.2016	–	–	1,551,050	1,551,050
31.12.2015	–	100	1,080,992	1,081,092
Impaired loans/receivables				
		Estimated liquidation value		Individual value
	Gross debt amount	of collateral	Net debt amount	adjustments
31.12.2016	244,750	132,619	112,131	104,039
31.12.2015	239,724	122,390	117,334	110,155

5.03 Breakdown of trading portfolios and other financial instruments at fair value (assets and liabilities) (in CHF 1,000)

Assets	31.12.2016	31.12.2015
Trading portfolio assets		
Debt securities, money market securities/transactions <i>of which, listed</i>	2,842 2,842	34,206 34,206
Equity securities	598	643
Precious metals and commodities	36,032	35,594
Other trading portfolio assets	2,195	803
Total assets	41,667	71,246
<i>of which, securities eligible for repo transactions in accordance with liquidity requirements</i>	<i>2,017</i>	<i>1,083</i>
Liabilities	31.12.2016	31.12.2015
Trading portfolio liabilities		
Equity securities	2	4
Other trading portfolio liabilities	1,066	620
Total liabilities	1,068	624

5.04 Presentation of derivative financial instruments (assets and liabilities)

(in CHF 1,000)	TRADING INSTRUMENTS			HEDGING INSTRUMENTS		
	Positive	Negative	Contract	Positive	Negative	Contract
	replacement	replacement		replacement	replacement	
	values	values	volume	values	values	volume
Interest rate instruments Swaps	10,644	10,644	95,842	34,913	165,097	5,747,199
Options (OTC ¹)	260	95	46,725	12	–	86,505
Foreign exchange / Forward contracts	65,337	24,015	3,520,179	–	–	–
precious metals Combined interest rate and currency swaps	–	–	–	8,220	–	101,770
Options (OTC ¹)	842	842	85,307	–	–	–
Total before netting agreements						
31.12.2016	77,083	35,596	3,748,053	43,145	165,097	5,935,474
<i>of which, based on an evaluation model</i>	<i>11,746</i>	<i>11,581</i>	<i>227,874</i>	<i>43,145</i>	<i>165,097</i>	<i>5,935,474</i>
31.12.2015	85,816	31,946	3,368,004	34,942	182,369	5,114,651
<i>of which, based on an evaluation model</i>	<i>10,298</i>	<i>10,071</i>	<i>188,263</i>	<i>34,942</i>	<i>182,369</i>	<i>5,114,651</i>

	Positive replacement values (cumulative)	Negative replacement values (cumulative)
Total after netting agreements		
31.12.2016	19,284	19,594
31.12.2015	22,930	25,674

Breakdown by counterparty	Central clearing houses	Banks and securities dealers	Other customers
Positive replacement values (after netting agreements)	–	6,034	13,250

¹ Over the counter.

5.05 Breakdown of financial investments (in CHF 1,000)	Book value		Fair value	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Debt securities	1,731,162	1,775,877	1,767,502	1,813,999
<i>of which, intended to be held to maturity</i>	1,168,937	1,221,661	1,201,918	1,256,551
<i>of which, not intended to be held to maturity</i>	562,225	554,216	565,584	557,448
Equity securities	89,693	73,526	144,748	97,722
<i>of which, qualified participations¹</i>	6,300	1,475	6,300	3,002
Precious metals	–	31	–	31
Real estate	10,826	6,811	10,826	6,811
Total	1,831,681	1,856,245	1,923,076	1,918,563
<i>of which, securities eligible for repo transactions in accordance with liquidity requirements</i>	1,364,454	1,396,857	1,394,837	1,430,942

¹ At least 10% of capital or votes.

Breakdown of counterparties by rating²

	AAA to AA–	A+ to A–	BBB+ to BBB–	BB+ to B–	Below B–	Unrated
Debt securities						
Book value	1,572,205	158,957	–	–	–	–

² In accordance with S&P ratings.

5.06 Presentation of participations (in CHF 1,000)

	2016							Book value as at end of current year	Market value
	Acquisition cost	Accumulated value adjustments and changes in book value (valuation using the equity method)	Book value at previous year end	Additions	Disposals	Changes in book value in the case of participations valued using the equity method/ depreciation reversals	Book value as at end of current year		
Participations valued using the equity method									
without market value	19,202	6,770	25,972	991	(2,528)	(661)	23,774	–	
Other participations									
without market value	–	–	–	181	–	–	181	–	
Total participations	19,202	6,770	25,972	1,172	(2,528)	(661)	23,955	–	

5.07 Disclosure of companies in which the Bank holds a permanent direct or indirect significant participation

Company name and domicile	Business activity		Company	Share	Share	Held	Held
			capital	of capital	of votes		
			(in 1,000)	(%)	(in %)	directly	indirectly
Full consolidation							
Banque Cantonale de Genève (France) SA, Lyon	Bank	EUR	20,000	100	100	X	
Rhône Saône Courtage Sàrl, Lyon	Real estate brokerage	EUR	10	100	100		X
Rhône Saône Léman SNC, Lyon	Real estate company	EUR	10	100	100		X
Capital Transmission SA, Geneva	Investments	CHF	2,000	100	100	X	
Dimension Corporate Finance SA, Geneva	Transfer of assets	CHF	160	100	100	X	
Dimension SA, Lausanne	Valuing and selling companies	CHF	300	100	100		X
Swiss Public Finance Solutions SA, Geneva	Financial advice	CHF	400	100	100	X	
Integration by the equity method							
Compagnie Foncière Franco-Suisse SAS, Lyon	Real estate transactions	EUR	2,088	33.3	33.3		X
Compagnie Foncière du Saint Gothard SAS, Puteaux	Real estate transactions	EUR	12,075	33.3	33.3	X	
Investissements Fonciers SA, Lausanne	Institutional asset management	CHF	1,000	42.0	42.0	X	

5.08 Presentation of tangible fixed assets (in CHF 1,000)

	2016					
	Acquisition	Accumulated	Book value	Additions	Depreciation	Book value
			at previous			as at end of current
cost	depreciation	year end	year	year	year	
Bank buildings	134,444	(30,787)	103,657	–	(5,041)	98,616
Other real estate	21,801	(6,655)	15,146	–	(577)	14,569
Proprietary or separately acquired software	20,105	(13,322)	6,783	5,549	(4,423)	7,909
Other tangible fixed assets	38,961	(27,701)	11,260	5,755	(4,350)	12,665
Total tangible fixed assets	215,311	(78,465)	136,846	11,304	(14,391)	133,759

5.09 Presentation of intangible assets (in CHF 1,000)

The Bank has no intangible assets recorded on its books.

5.10 Breakdown of other assets and other liabilities (in CHF 1,000)

	Other assets		Other liabilities	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Compensation account	107,033	126,444	–	–
Issuing/borrowing costs of bonds and mortgage-backed bonds ¹ to be depreciated	2,564	3,675	–	–
Spread of penalties for early loan repayments	–	–	9,890	10,074
Federal Tax Administration	8,373	10,358	6,149	6,194
Spread of gains on derivative instruments	36,097	47,199	18,724	9,551
Spread on securities using accrual method	–	–	113	820
Securities and coupons	–	–	55	162
Operation of continuous linked settlement system under way	143,589	–	143,075	201,690
Others	19,508	8,185	9,197	8,618
Total	317,164	195,861	187,203	237,109

¹ With the Central mortgage institution of the Swiss cantonal banks.

5.11 Disclosure of assets pledged or assigned to secure own commitments and of assets under reservation of ownership (in CHF 1,000)**Pledged/assigned assets**

	Book value	Effective commitments
Swiss National Bank	104,000	–
SIX Swiss Exchange (Swiss electronic stock exchange)	26,160	–
Euroclear	2,000	–
Central mortgage institution of the Swiss cantonal banks: <i>nominal value of mortgage securities kept separately</i>	<i>4,727,874</i>	<i>2,547,000</i>

5.12 Disclosure of liabilities relating to own pension schemes

	Number		Value (in CHF 1,000)	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
As custodian bank	–	–	25,894	23,802
BCGE shares held by the Foundation	30,000	15,000	8,933	3,911

5.13 Disclosures on the economic situation of own pension schemes (in CHF 1,000)

a) Employer contribution reserves (ECR)

The BCGE Group has not recorded contribution reserves in its books.

b) Presentation of the economic benefit/obligation of the pension costs (in CHF 1,000)

	¹ Overfunding/ underfunding at end of current year	Economic interest of the bank/financial group		Change in economic interest (economic benefit/ obligation) versus previous year	Contributions paid for the current period	Pension expenses in personnel expenses					
		31.12.2016	31.12.2015			31.12.2016	31.12.2015				
		Pension schemes with overfunding	31,111			–	–	–	13,846	14,119	13,375

¹ The Pension Fund's audited annual accounts as at 31 December 2016 are not available. The surplus is based on the audited financial statements as at 31 December 2015.

The BCGE pension fund is the Group's main pension fund and covers all the employees of the parent company as well as its Swiss subsidiaries.

5.14 Presentation of issued structured products

No positions were present on the closing date of the financial period under review and the previous financial period.

5.15 Presentation of bonds outstanding and mandatory convertible bonds and central mortgage institution loans		2016					
		Weighted average interest rate	Maturities	Amounts issued in foreign currencies	Amounts issued in CHF	Own bonds held	Book value in the balance sheet
(in CHF 1,000)							
USD loan issued on 23.6.2015	Non-subordinated	1.375%	23.06.17	100,000	101,770	(21,285)	80,485
CHF loan issued on 10.6.2015	Non-subordinated	0.500%	10.06.24	–	150,000	–	150,000
Subordinated CHF loan issued on 7.11.2011	Subordinated without PONV ¹ clause	3.125%	07.11.18	–	200,000	(4,520)	195,480
Perpetual AT1-type CHF loan issued on 18.6.2014	Subordinated with PONV ¹ clause	2.875%	N/A	–	110,000	(1,720)	108,280
Total			–	–	561,770	(27,525)	534,245
	Total non-subordinated	0.849%			251,770	(21,285)	230,485
	Total subordinated without PONV ¹ clause	3.125%			200,000	(4,520)	195,480
	Total subordinated with PONV ¹ clause	2.875%			110,000	(1,720)	108,280
Total		2.061%	–	–	561,770	(27,525)	534,245

¹ Point of non-viability (PONV).

Overview of maturities of bonds outstanding

	2016						Total
	More than 1 year and less than 1 year	More than 2 years and less than 2 years	More than 3 years and less than 3 years	More than 4 years and less than 4 years	More than 5 years and less than 5 years	More than 5 years	
Bonds (nominal)	101,770	200,000	–	–	–	260,000	561,770
Bonds (according to the balance sheet)	80,485	195,480	–	–	–	258,280	534,245
	Amount						
Loans from central mortgage institution	2,547,000						

5.16 Presentation of value adjustments and provisions, reserves for general banking risks and changes therein during the current year (in CHF 1,000)

	Previous year end	Use in conformity with designated purpose			Currency differences	Past due interest, recoveries	New creations charged to income	Releases to income	Balance at current year end
		Reclassifications							
Provisions for default risks	1,231	–	–	(10)	–	–	(381)	840	
Provisions for other business risks	663	(507)	1,082	–	–	611	(92)	1,757	
Other provisions	10,250	(10,580)	10,562	(1)	1	2,770	(118)	12,884	
Total provisions	12,144	(11,087)	11,644	(11)	1	3,381	(591)	15,481	
Reserves for general banking risks	150,000		–	–		10,000	–	160,000	
Value adjustments for default and country risks	130,438	(24,047)	(11,644)	281	3,830	11,203	(6,022)	104,039	
<i>of which, value adjustments for default risks in respect of impaired loans/receivables</i>	<i>118,794</i>	<i>(24,047)</i>	–	<i>281</i>	<i>3,830</i>	<i>11,203</i>	<i>(6,022)</i>	<i>104,039</i>	
<i>of which, value adjustments for latent risks¹</i>	<i>11,644</i>	–	<i>(11,644)</i>	–	–	–	–	–	

¹ In accordance with current standards, valuation adjustments for financial investments are no longer presented in this note.

Consequently, the amount in the previous annual report of 21,948 (in CHF 1,000) has been changed by 10,304 (in CHF 1,000) in the "Balance at previous year end" column.

5.17 Presentation of the Bank's capital (in CHF 1,000)

	31.12.2016			31.12.2015		
	Total par value	Number of shares	Capital eligible for dividend	Total par value	Number of shares	Capital eligible for dividend
Bank's capital						
"A" registered shares	132,552	2,651,032	132,552	132,552	2,651,032	132,552
"B" registered shares	79,531	1,590,620	79,531	79,531	1,590,620	79,531
Bearer shares	147,917	1,479,174	147,917	147,917	1,479,174	147,917
Share capital	360,000	5,720,826	360,000	360,000	5,720,826	360,000
<i>of which, paid up</i>	<i>360,000</i>	<i>5,720,826</i>	<i>360,000</i>	<i>360,000</i>	<i>5,720,826</i>	<i>360,000</i>
Total bank's capital	360,000	5,720,826	360,000	360,000	5,720,826	360,000

The Bank did not have conditional capital or authorised capital as at 31.12.2016.

On 2.2.2017, the capital structure changed: see point 2, page 81.

5.18 Number and value of equity securities or options on equity securities held by all executives and directors and by employees, and disclosures of any employee participation schemes (in CHF 1,000)

	Number		Value	
	Equity securities		Equity securities	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Members of the Board of Directors	1,045	954	311	249
Members of executive bodies	19,108	16,215	5,689	4,228
Employees	67,553	63,853	20,114	16,650
Total	87,706	81,022	26,114	21,126

No participation right options have been granted to the members of the Board of Directors, the Executive Board or to employees.

The contractual conditions for attribution of the various plans are explained in point 5 of the section on information to shareholders, corporate governance, on page 94. Plans associated with the remuneration of the ordinary variable component and that are part of the profit-sharing plan at the time of share purchase are subject to a moratorium of between 5 and a maximum of 10 years, as the beneficiary chooses. The other profit-sharing plans are subject to a moratorium of 5 years. Shares subject to a moratorium are valued at the price as at year-end 31 December 2016.

5.19 Disclosure of amounts due from/to related parties (in CHF 1,000)	Amounts due from		Amounts due to	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Holders of qualified participations	122,168	187,582	82,522	66,317
Group companies	1,715	4,244	458	725
Linked companies	1,395,484	1,420,095	201,622	240,557
Transactions with members of governing bodies	4,016	3,973	6,699	6,558
Other related parties	–	–	25,894	23,802

Amounts due from linked companies mainly comprise mortgages to property development foundations created under public law of the State of Geneva. Amounts due to linked companies mainly comprise the current accounts of these foundations created under public law.

Loans to members of governing bodies of the Bank are mainly mortgage loans granted to directors and members of the senior management. Members of the senior management benefit from the same conditions as those granted to the Bank's employees.

Loans and liabilities in respect of qualifying persons result from banking transactions executed at conditions granted to public authorities.

Finally, the Bank paid CHF 1.6 million to the State of Geneva as remuneration for the guarantee on saving deposits (CHF 1.6 million in 2015).

5.20 Disclosure of holders of significant participations

	31.12.2016		31.12.2015	
	Nominal	% of equity	Nominal	% of equity
Registered shares with voting rights				
State of Geneva	125,522,150	34.9	125,522,150	34.9
City of Geneva	60,405,300	16.8	60,405,300	16.8
44 Geneva municipalities	26,155,150	7.3	26,155,150	7.3
Total	212,082,600	59.0	212,082,600	59.0
Bearer shares with voting rights				
State of Geneva	33,863,600	9.4	33,863,600	9.4
City of Geneva	14,727,000	4.1	14,727,000	4.1
CPEG – State of Geneva Pension Fund	21,440,000	6.0	21,440,000	6.0
Various shareholders	77,886,800	21.5	77,886,800	21.5
Total	147,917,400	41.0	147,917,400	41.0

As at 31 December 2016, the State of Geneva holds 44.3% of the Bank's share capital (registered and bearer shares) and exercises 49.8% of the voting rights.

5.21 Disclosure of own shares and composition of equity capital**Own shares**

BCGE bearer shares	Situation as at 1 January 2016	51,287
	Purchases	37,206
	Sales	43,150
	Situation as at 31 December 2016	45,343
Average transaction price (average market value) in CHF		287.3
Bearer shares held by its pension fund		30,000

5.22 Disclosures in accordance with the Ordinance against Excessive Compensation with respect to Listed Stock Corporations¹ and Article 663c para. 3 CO for banks whose equity securities are listed

Please see note 5.22 of the parent company accounts.

¹ Please see the *Recueil systématique de la Confédération*, code 221.231

5.23 Presentation of the maturity structure of financial instruments (in CHF 1,000)	Due							
	At sight	Cancellable	Within	Within 3 to	Within 12 months	After 5 years	No maturity	Total
			3 months	12 months	to 5 years			
Assets / financial instruments								
Liquid assets	3,359,672							3,359,672
Amounts due from banks	177,789	–	375,084	94,972	378	–	–	648,223
Amounts due from customers	763,113	124,063	1,581,750	292,099	976,193	869,411	–	4,606,629
Mortgage loans	–	1,781,079	584,874	594,518	3,127,446	4,278,553	–	10,366,470
Trading portfolio assets	41,667	–	–	–	–	–	–	41,667
Positive replacement values of derivative financial instruments	19,284	–	–	–	–	–	–	19,284
Financial investments	59,459	–	127,340	151,246	960,504	522,305	10,827	1,831,681
Total								
31.12.2016	4,420,984	1,905,142	2,669,048	1,132,835	5,064,521	5,670,269	10,827	20,873,626
31.12.2015	4,243,702	1,831,729	2,013,812	1,202,203	5,023,201	5,306,513	6,794	19,627,954
Debt capital / financial instruments								
Amounts due to banks	328,967	–	1,683,583	336,618	–	–	–	2,349,168
Liabilities from securities financing transactions	–	–	464,445	566,912	–	–	–	1,031,357
Amounts due in respect of customer deposits	7,679,700	4,993,959	491,503	62,098	6,126	–	–	13,233,386
Trading portfolio liabilities	1,068	–	–	–	–	–	–	1,068
Negative replacement values of derivative financial instruments	19,594	–	–	–	–	–	–	19,594
Cash bonds	–	–	586	1,252	3,240	353	–	5,431
Bond issues and central mortgage institution loans	–	–	141,000	187,485	967,480	1,785,280	–	3,081,245
Total								
31.12.2016	8,029,329	4,993,959	2,781,117	1,154,365	976,846	1,785,633	–	19,721,249
31.12.2015	7,933,391	4,927,134	1,910,258	812,992	1,208,057	1,589,540	–	18,381,372

5.24 Presentation of assets and liabilities by domestic and foreign origin in accordance with the domicile principle (in CHF 1,000)	2016		2015	
	Domestic	Foreign	Domestic	Foreign
Assets				
Liquid assets	3,322,775	36,897	3,401,079	16,156
Amounts due from banks	169,860	478,363	146,773	202,687
Amounts due from securities financing transactions	–	–	199,660	–
Amounts due from customers	3,050,786	1,555,843	2,419,952	1,325,158
Mortgage loans	9,976,135	390,335	9,587,334	378,734
Trading portfolio assets	41,154	513	38,057	33,189
Positive replacement values of derivative financial instruments	13,534	5,750	14,392	8,538
Financial investments	1,319,790	511,891	1,347,110	509,135
Accrued income and prepaid expenses	42,947	1,241	27,567	2,011
Participations	8,550	15,405	8,930	17,042
Tangible fixed assets	132,906	853	135,877	969
Other assets	316,311	853	195,034	827
Total assets	18,394,748	2,997,944	17,521,765	2,494,446
Liabilities				
Amounts due to banks	996,251	1,352,917	849,249	1,057,847
Liabilities from securities financing transactions	447,418	583,939	269,609	478,368
Amounts due in respect of customer deposits	10,870,255	2,363,131	10,566,614	2,165,720
Trading portfolio liabilities	1,067	1	624	–
Negative replacement values of derivative financial instruments	11,863	7,731	17,004	8,670
Cash bonds	5,431	–	8,523	–
Bond issues and central mortgage institution loans	3,081,245	–	2,959,144	–
Accrued expenses and deferred income	80,391	2,341	64,881	1,512
Other liabilities	184,704	2,499	235,022	2,087
Provisions	15,481	–	12,084	60
Reserves for general banking risks	160,000	–	150,000	–
Bank's capital	360,000	–	360,000	–
Statutory capital reserve	314,912	–	312,781	–
Statutory retained earnings reserve	503,309	–	448,859	–
Own shares	(11,882)	–	(12,071)	–
Currency translation reserve	(19,320)	–	(18,587)	–
Profit/loss (result of the period)	79,008	–	78,211	–
Total liabilities	17,080,133	4,312,559	16,301,947	3,714,264

5.25 Breakdown of total assets by country or group of countries (domicile principle) (in CHF 1,000)	2016		2015	
	Absolute	Share as %	Absolute	Share as %
Assets				
Europe				
• France	1,393,051	6.5	1,346,607	6.7
• Germany	213,494	1.0	134,519	0.7
• Luxembourg	171,567	0.8	140,454	0.7
• United Kingdom	152,899	0.7	106,116	0.5
• Netherlands	116,475	0.5	64,296	0.3
• Other European countries	264,912	1.2	180,930	0.9
United States	74,961	0.4	70,179	0.4
Others	610,585	2.9	451,345	2.3
Assets held abroad	2,997,944	14.0	2,494,446	12.5
Switzerland	18,394,748	86.0	17,521,765	87.5
Total assets	21,392,692	100	20,016,211	100

5.26 Breakdown of total assets by credit rating of country groups (risk domicile view) (in CHF 1,000)	Net foreign exposure / current year end	
	in CHF	Share as %
Rating category (SERV)		
0/II	2,396,922	80.0
1	5,318	0.2
2	193,104	6.4
3	115,782	3.9
4	103,778	3.4
5 and 6	110,756	3.7
7	11,680	0.4
Unrated	60,604	2.0
Total	2,997,944	100.0

SERV rating recognised by Finma (Swiss insurance against export risks).

5.27 Presentation of assets and liabilities broken down by the most significant currencies for the Bank (in CHF 1,000)

	Currencies					
	CHF	EUR	USD	GBP	OTHER	METALS
Assets						
Liquid assets	3,272,059	81,785	3,255	1,191	1,382	–
Amounts due from banks	90,524	93,711	402,850	5,485	18,912	36,741
Amounts due from customers	2,366,487	1,071,989	1,136,832	4,878	26,443	–
Mortgage loans	10,229,794	130,621	6,055	–	–	–
Trading portfolio assets	5,117	–	513	–	5	36,032
Positive replacement values of derivative financial instruments	19,284	–	–	–	–	–
Financial investments	1,386,630	378,885	65,791	–	375	–
Accrued income and prepaid expenses	42,947	1,241	–	–	–	–
Participations	14,366	9,413	176	–	–	–
Tangible fixed assets	132,906	853	–	–	–	–
Other assets	171,816	139,559	4,507	1,179	103	–
Total assets shown in balance sheet	17,731,930	1,908,057	1,619,979	12,733	47,220	72,773
Delivery entitlements from spot exchange, forward forex and forex options transactions	526,089	1,291,600	1,779,560	67,806	39,984	2,216
Total assets	18,258,019	3,199,657	3,399,539	80,539	87,204	74,989
Liabilities						
Amounts due to banks	141,739	1,204,093	956,401	3,267	1,126	42,542
Liabilities from securities financing transactions	100,000	320,737	610,620	–	–	–
Amounts due in respect of customer deposits	10,993,602	1,165,059	945,914	59,798	39,161	29,852
Trading portfolio liabilities	–	296	459	313	–	–
Negative replacement values of derivative financial instruments	19,594	–	–	–	–	–
Cash bonds	5,431	–	–	–	–	–
Bond issues and central mortgage institution loans	3,000,760	–	80,485	–	–	–
Accrued expenses and deferred income	80,341	2,391	–	–	–	–
Other liabilities	180,554	4,785	865	30	969	–
Provisions	15,481	–	–	–	–	–
Reserves for general banking risks	160,000	–	–	–	–	–
Bank's capital	360,000	–	–	–	–	–
Statutory capital reserve	314,912	–	–	–	–	–
Statutory retained earnings reserve	503,309	–	–	–	–	–
Own shares	(11,882)	–	–	–	–	–
Currency translation reserve	(19,320)	–	–	–	–	–
Profit/loss (result of the period)	79,008	–	–	–	–	–
Total liabilities shown in the balance sheet	15,923,529	2,697,361	2,594,744	63,408	41,256	72,394
Delivery obligations from spot exchange, forward forex and forex options transactions	2,374,114	428,927	798,917	17,124	44,844	2,216
Total liabilities	18,297,643	3,126,288	3,393,661	80,532	86,100	74,610
Net position per currency	(39,624)	73,369	5,878	7	1,104	379

5.28 Breakdown and explanation of contingent assets and liabilities (in CHF 1,000)	2016	2015
Guarantees to secure credits and similar	89,148	77,114
Irrevocable commitments arising from documentary letters of credit	667,069	384,751
Other contingent liabilities	700	26,449
Total contingent liabilities	756,917	488,314

Irrevocable commitments are linked mainly with the trade finance credit business and with commodities pricing.

5.29 Breakdown of credit commitments (in CHF 1,000)	2016	2015
Commitments arising from deferred payments	123,758	29,310
Total credit commitments	123,758	29,310

5.30 Breakdown of fiduciary transactions (in CHF 1,000)	2016	2015
Fiduciary investments with third-party companies	26,213	10,531
Total fiduciary transactions	26,213	10,531

5.31 Breakdown of managed assets and presentation of their development

In accordance with Finma circular 15/1 margin no. 229, the Bank is not obliged to publish this note.

5.32 Breakdown of the result from trading activities and the fair value option (in CHF 1,000)	2016	2015
Result from trading activities		
Interest rate instruments (including funds)	159	890
Equity securities (including funds)	13	103
Foreign currencies	25,694	26,598
Commodities/precious metals	491	422
Total result from trading activities	26,357	28,013

5.33 Disclosure of material refinancing income in the item *Interest and discount income* as well as material negative interest (in CHF 1,000)

Negative interest on the lending business is recognised as a reduction in interest income and negative interest on borrowing as a reduction in interest costs. The Bank does not deduct financing costs from trading positions.

5.34 Breakdown of personnel expenses (in CHF 1,000)	2016	2015
Salaries (meeting attendance fees and fixed compensation to members of the Bank's governing bodies, salaries and benefits)	101,327	100,443
<i>of which, expenses relating to share-based compensation and alternative forms of variable compensation</i>	3,857	3,056
Social insurance benefits	26,110	25,089
Other personnel expenses	3,845	3,542
Total personnel expenses	131,282	129,074

5.35 Breakdown of general and administrative expenses (in CHF 1,000)	2016	2015
Office space expenses	11,804	9,428
Expenses for information and communications technology	31,597	30,711
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	461	442
Fees of audit firm(s) ¹	1,281	1,176
<i>– of which, for financial and regulatory audits</i>	1,179	1,050
<i>– of which, for other services</i>	102	126
Other operating expenses	45,130	40,565
<i>– of which, compensation for any cantonal guarantee</i>	1,606	1,602
Total other operating expenses	90,273	82,322

¹Including the fees of audit companies other than the external Auditors.

5.36 Explanations regarding material losses, extraordinary income and expenses, as well as material releases of hidden reserves, reserves for general banking risks, and value adjustments and provisions no longer required

Following changes in risks, the Bank has adjusted provisions for these new circumstances. Certain risks no longer exist and the relevant provisions have been released into the income statement.

5.37 Disclosure of and reasons for revaluations of participations and tangible fixed assets up to the acquisition value

The Bank has not revalued its participations or tangible assets.

5.38 Presentation of the operating result broken down according to domestic and foreign origin, according to the principle of permanent establishment (in CHF 1,000)

	2016		2015	
	Switzerland	Abroad	Switzerland	Abroad
Result from interest operations				
Interest and discount income	230,559	16,305	235,341	13,022
Interest and dividend income from trading portfolios	517	–	360	–
Interest and dividend income from financial investments	14,441	–	22,368	1
Interest expense	(50,334)	(341)	(61,144)	(68)
Gross result from interest operations	195,183	15,964	196,925	12,955
Changes in value adjustments for default risks and losses from interest operations	(2,768)	(2,413)	(10,053)	(1,006)
Subtotal net result from interest operations	192,415	13,551	186,872	11,949
Result from commission business and services				
Commission income from securities trading and investment activities	40,869	1,020	40,384	1,060
Commission income from lending activities	23,228	3,264	24,443	3,061
Commission income from other services	35,841	1,219	35,925	1,106
Commission expense	(5,524)	–	(5,202)	(5)
Subtotal result from commission business and services	94,414	5,503	95,550	5,222
Result from trading activities and the fair value option				
Subtotal result from trading activities and the fair value option	26,357	–	28,013	–
Other result from ordinary activities				
Result from the disposal of financial investments	8,003	–	10,807	–
Income from participations	2,029	128	1,453	984
Result from real estate	916	–	1,081	–
Other ordinary income	8,349	–	7,353	–
Other ordinary expenses	(2,220)	–	(2,075)	–
Subtotal other result from ordinary activities	17,077	128	18,619	984
Total operating income	330,263	19,182	329,054	18,155
Operating expenses				
Personnel expenses	(124,945)	(6,337)	(123,037)	(6,037)
General and administrative expenses	(86,581)	(3,692)	(78,906)	(3,416)
Subtotal operating expenses	(211,526)	(10,029)	(201,943)	(9,453)
Value adjustments on participations, depreciation and amortisation of tangible fixed assets and intangible assets	(14,044)	(347)	(15,423)	(306)
Changes to provisions and other value adjustments, and losses	(2,840)	50	10,039	(124)
Operating result	101,853	8,856	121,727	8,272

5.39 Presentation of current taxes, deferred taxes, and disclosure of tax rate (in CHF 1,000)

	Rate in % ¹	2016	Rate in % ¹	2015
Current tax				
Banque Cantonale de Genève	18.6%	18,132	15.6% ²	19,056
Banque Cantonale de Genève (France) SA	38.2%	3,559	32.8%	2,441
Capital Transmission SA	3.8%	240	31.4%	280
Dimension SA	9.3%	9	24.9%	49
Various, not significant ³		7		–
Deferred taxes				
Deferred taxes	33.3%	(162)	32.8%	50
Total current and deferred taxes		21,785		21,876

¹ Weighted average rate used, on the basis of the operating result

² For comparison, the BCGE rate at 31.12. 2015 has been adjusted (due to change in calculation method)

³ The other Group companies do not have a significant tax item

5.40 Disclosures and explanations of the earnings per equity security (in CHF 1,000)

	31.12.2016	31.12.2015
Net earnings to be allocated to the shareholders	79,008	78,211
Percentage of "A" registered shares in circulation compared to the outstanding share capital	36.82%	36.82%
Percentage of "B" registered shares in circulation compared to the outstanding share capital	22.09%	22.09%
Percentage of bearer shares in circulation compared to the outstanding share capital	41.09%	41.09%
"A" registered shares		
Net earnings to be allocated to the holders of "A" registered shares	29,091	28,797
Average number of shares in circulation	2,651,032	2,651,032
Earnings per share (in CHF)	10.97	10.86
"B" registered shares		
Net earnings to be allocated to the holders of "B" registered shares	17,454	17,278
Average number of shares in circulation	1,590,620	1,590,620
Earnings per share (in CHF)	10.97	10.86
Bearer shares		
Net income to be allocated to the holders of bearer shares	32,463	32,135
Average number of shares in circulation	1,479,174	1,479,174
Earnings per share (in CHF)	21.95	21.73

Banque Cantonale de Genève does not transact financial instruments that might dilute its profits.

2016 financial statements and notes

Parent company

Statutory Auditor's Report

To the General Meeting of
Banque Cantonale de Genève, Geneva

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements (pages 148 à 168) of the Banque Cantonale de Genève, which comprise the balance sheet as at December 31, 2016, the income statement, the statement of changes in equity and notes for the year then ended.

In our opinion, the accompanying financial statements as at December 31, 2016 comply with Swiss law and the company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How the scope of our audit responded to the key audit matters												
<p>Value adjustments for default risks</p> <p>The book values of amounts due from customers and mortgage loans amount respectively to CHF 4,002 mios and CHF 10,366 mios out of a total of balance sheet of CHF 21,322 mios, representing respectively 18.8% and 48.6% as of December, 31 2016. These total amounts of credit are presented net of value adjustments as follows:</p> <table border="1" data-bbox="194 663 775 976"> <thead> <tr> <th>CHF mios</th> <th>Amounts due from customers</th> <th>Mortgage loans</th> </tr> </thead> <tbody> <tr> <td>Gross values</td> <td>4,093</td> <td>10,369</td> </tr> <tr> <td>Value adjustments</td> <td>-91</td> <td>-3</td> </tr> <tr> <td>Net values</td> <td>4,002</td> <td>10,366</td> </tr> </tbody> </table> <p>The estimated value adjustments are based on the "Règlement des crédits" of the bank. The value adjustments are individually estimated and include an inherent part of significant judgement from Management regarding the level and the timing of the accounting of the value adjustments. With regard to the level of credit granted, the value adjustments for default risk are considered as a key audit matter.</p> <p>Please refer to pages 115 - 118 and to table 5.02 of the notes to the financial statements on the page 152 for further information.</p>	CHF mios	Amounts due from customers	Mortgage loans	Gross values	4,093	10,369	Value adjustments	-91	-3	Net values	4,002	10,366	<p>We performed walk through procedures in order to evaluate the adequacy of the design and implementation of controls as well as the effectiveness of the credit granting process, the follow-up and the valuation processes of value adjustments for default risk (adjustment rules).</p> <p>Furthermore, we performed substantive procedures consisting of :</p> <ul style="list-style-type: none"> - Testing a sampling of different types of credit (mortgage, commercial and Global Commodity Finance), including those which were not identified by the bank as impaired, in order to build up our own opinion and to evaluate the need of an impairment and whether it has been properly recognised; - Review of external valuations and assumptions retained by the bank for the value adjustments on the mortgage loans; - Review of assumptions retained by the bank for value adjustments on commercial loans and Global Commodities Finance; - Review of files which are closely monitored due to higher risks of default but not yet adjusted; - Valuation of the judgement level applied by the bank and testing that the value adjustments have been approved in accordance with internal authorization rules; - Review of bank's Exception-to-policy reports. <p>We also reviewed and checked the evolution of the main significant and risky files identified by the bank in particular in mortgage loans, commercial loans and Global Commodity Finance. We checked the correct bookings of these value adjustments.</p> <p>Based on our procedures performed, we have collected sufficient appropriate audit evidences in order to cover the risk of valuation of value adjustments for default risks.</p>
CHF mios	Amounts due from customers	Mortgage loans											
Gross values	4,093	10,369											
Value adjustments	-91	-3											
Net values	4,002	10,366											

Key audit matters	How the scope of our audit responded to the key audit matters
<p>Valuation of the litigation provision</p> <p>Due to its activity of universal and cantonal bank involving a significant number of clients, BCGE is exposed to litigation risk. A list of litigation cases, procedures and prosecutions is established by Management. The valuation of those provisions includes an inherent part of judgement from the Management.</p> <p>Please refer to page 119 and to table 5.16 of notes to the financial statements on page 157 for further information.</p>	<p>We tested the adequacy of the design and the implementation as well as the efficiency of key controls for legal risks regarding the identification, the valuation of provisions and the proper recording of related litigation provision.</p> <p>We obtained the list of litigation cases, procedures and prosecutions established by the Management. We inquired the Head of Legal and Management regarding open and significant cases.</p> <p>In addition, we reviewed and discussed the assumptions used by Management for the estimation of the level of provision of the significant cases. These assumptions have been confirmed through the replies obtained by sending confirmations requests to lawyers involved in these litigations and discussed with Management.</p> <p>We also tested the proper recording of these provisions.</p> <p>Based on our procedures performed, we have collected sufficient appropriate audit evidences for covering the risk of valuation of the litigation provision.</p>

Responsibility of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A more detailed description of our responsibilities in auditing financial statements is available on the website of EXPERTsuisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description is also part of our report.

Report on Other Legal and Regulatory Requirements

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

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the 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, May 15, 2017
MME/THA/nmo

2016 financial statements and notes

Parent company

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¹ Numbering in accordance with Annex 5 of the *Accounting rules for banks, securities dealers, financial groups and conglomerates (ARB)*.

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Balance sheet items and off-balance-sheet transactions

Parent company

	Notes	31.12.2016 in CHF 1,000	31.12.2015 in CHF 1,000	Change in CHF 1,000
ASSETS				
Liquid assets	5.23	3,347,718	3,412,298	(64,580)
Amounts due from banks	5.23	1,158,836	812,983	345,853
Amounts due from securities financing transactions	5.23	–	199,660	(199,660)
Amounts due from customers	5.23	4,002,172	3,175,889	826,283
Mortgage loans	5.23	10,366,470	9,966,068	400,402
Trading portfolio assets	5.03	41,667	70,460	(28,793)
Positive replacement values of derivative financial instruments	5.04	19,284	22,930	(3,646)
Financial investments	5.05	1,823,345	1,846,994	(23,649)
Accrued income and prepaid expenses		42,181	27,137	15,044
Participations	5.06	70,872	73,675	(2,803)
Tangible fixed assets	5.08	132,899	135,867	(2,968)
Other assets	5.10	316,101	195,115	120,986
Total assets		21,321,545	19,939,076	1,382,469
Total subordinated claims		13,116	17,958	(4,842)
<i>of which are subject to mandatory conversion and/or debt waiver</i>		–	2,040	(2,040)
LIABILITIES				
Amounts due to banks	5.23	2,384,873	1,916,290	468,583
Liabilities from securities financing transactions	5.23	1,031,357	747,977	283,380
Amounts due in respect of customer deposits	5.23	13,175,330	12,683,915	491,415
Trading portfolio liabilities	5.03	1,068	624	444
Negative replacement values of derivative financial instruments	5.04	19,594	25,685	(6,091)
Cash bonds	5.23	5,431	8,523	(3,092)
Bond issues and central mortgage institution loans	5.15	3,081,245	2,959,144	122,101
Accrued expenses and deferred income		80,205	64,678	15,527
Other liabilities	5.10	183,523	234,964	(51,441)
Provisions	5.16	15,481	11,915	3,566
Reserves for general bank risks	5.16	160,000	150,000	10,000
Bank's capital	5.17	360,000	360,000	–
Statutory capital reserve		310,890	310,890	–
<i>of which tax-exempt capital contribution reserve</i>		180,192	180,192	–
Statutory retained earnings reserve		453,386	401,917	51,469
Own shares		(11,647)	(11,498)	(149)
Profit carried forward/loss carried forward		1,292	1,309	(17)
Profit/loss (result of the period)		69,517	72,743	(3,226)
Total liabilities		21,321,545	19,939,076	1,382,469
Total subordinated liabilities	5.15	303,760	307,430	(3,670)
<i>of which subject to mandatory conversion and/or debt waiver</i>	5.15	108,280	109,940	(1,660)
OFF-BALANCE-SHEET TRANSACTIONS				
Contingent liabilities	5.28	724,697	463,633	261,064
Irrevocable commitments	5.02	504,437	442,574	61,863
Obligations to pay up shares and make further contributions	5.02	114,151	62,538	51,613
Credit commitments	5.28	123,758	29,310	94,448

Income statement items

Parent company

	Notes	31.12.2016 in CHF 1,000	31.12.2015 in CHF 1,000	Change in CHF 1,000
RESULT FROM INTEREST OPERATIONS				
Income from discount operations	5.33	231,237	234,337	(3,100)
Interest and dividend income from trading portfolios		517	360	157
Interest and dividend income from financial investments		14,440	22,368	(7,928)
Interest expense		(50,620)	(61,141)	10,521
Gross result from interest operations		195,574	195,924	(350)
Changes in value adjustments for default risks and losses from interest operations		(2,768)	(10,054)	7,286
Subtotal net result from interest operations		192,806	185,870	6,936
RESULT FROM COMMISSION BUSINESS AND SERVICES				
Commission income from securities trading and investment activities		40,870	40,385	485
Commission income from lending activities		23,229	24,397	(1,168)
Commission income from other services		34,548	34,617	(69)
Commission expense		(5,524)	(5,202)	(322)
Subtotal result from commission business and services		93,123	94,197	(1,074)
RESULT FROM TRADING ACTIVITIES AND THE FAIR VALUE OPTION				
Subtotal result from trading activities and the fair value option	5.32	26,335	27,903	(1,568)
OTHER RESULT FROM ORDINARY ACTIVITIES				
Result from the disposal of financial investments		2,082	10,422	(8,340)
Income from participations		3,352	2,655	697
Result from real estate		916	1,081	(165)
Other ordinary income		8,625	7,848	777
Other ordinary expenses		(2,220)	(2,175)	(45)
Subtotal other result from ordinary activities		12,755	19,831	(7,076)
Total operating income		325,019	327,801	(2,782)
OPERATING EXPENSES				
Personnel expenses	5.34	(123,844)	(122,024)	(1,820)
General and administrative expenses	5.35	(86,465)	(78,530)	(7,935)
Sub total operating expenses		(210,309)	(200,554)	(9,755)
Value adjustments on participations, depreciation and amortisation of tangible fixed assets and intangible assets	5.36	(14,359)	(15,465)	1,106
Changes to provisions and other value adjustments, and losses	5.36	(2,839)	10,038	(12,877)
Operating result		97,512	121,820	(24,308)
Extraordinary income	5.36	137	37	100
Extraordinary expenses	5.36	–	(58)	58
Change in reserves for general banking risks	5.36	(10,000)	(30,000)	20,000
Taxes	5.39	(18,132)	(19,056)	924
Profit/loss (result of the period)		69,517	72,743	(3,226)

Presentation of the statement of changes in equity

Parent company

in CHF 1,000

	Bank's capital	Statutory		Reserves for general banking risks	Profit carried forward	Own shares (negative item)	Result of the period	Total
		Statutory capital reserve	retained earnings reserve					
Equity at start of current period	360,000	310,890	401,917	150,000	74,052	(11,498)		1,285,361
Acquisition of own shares						(10,541)		(10,541)
Disposal of own shares						12,544		12,544
Profit (loss) on disposal of own shares			2,152			(2,152)		–
Dividends and other distribution			317		(19,800)			(19,483)
Special allocation to the State of Geneva (20% of the dividend paid)					(3,960)			(3,960)
Other allocations to (transfers from) the reserves for general banking risks				10,000				10,000
Other allocations to (transfers from) the other reserves			49,000		(49,000)			–
Profit/loss (result of the period)							69,517	69,517
Equity at end of current period	360,000	310,890	453,386	160,000	1,292	(11,647)	69,517	1,343,438

1 REGISTERED NAME, LEGAL FORM, REGISTERED OFFICE AND GOAL

Banque Cantonale de Genève (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". The Bank's registered office and management are in Geneva.

Activity report

The Bank's activities and its outsourced operations are described in the notes to the consolidated financial statements.

Number of staff	31.12.2016	31.12.2015
Full-time equivalents	685.0	668.8
Headcount	737	721

2 ACCOUNTING AND VALUATION PRINCIPLES

The parent company's financial statements are presented in accordance with the principles for the Group, apart from specific adjustments to conform with the true-and-fair-view principle for the consolidated accounts, i.e. chiefly the treatment of its own shares and participations. Moreover, those companies included in the scope of consolidation, presented in point 2 of the Summary presentation of the consolidated accounts, are booked at acquisition cost, less any value adjustments deemed necessary.

3 CHANGE IN ACCOUNTING PRINCIPLES

There has been no change in accounting principles.

4 RISK CONTROL

With regard to comments about risk control, readers are referred to point 3 of the Summary presentation of the consolidated financial statements.

Notes to annual financial statements

Parent company

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5.01 Breakdown of securities financing transactions (assets and liabilities)

The parent company figures are identical to the consolidation figures because, within the Group, only BCGE handles these transactions. Please see Note 5.01 to consolidated financial statements on page 122.

5.02 Presentation of collateral for loans/receivables and off-balance-sheet transactions, as well as impaired loans/receivables (in CHF 1,000)

	TYPE OF COLLATERAL			
	Secured by mortgage	Other collateral	Unsecured	Total
Loans (before netting with value adjustments)				
Amounts due from customers	180,989	367,941	3,543,870	4,092,800
Mortgage loans	10,368,813	–	–	10,368,813
<i>Residential property</i>	8,318,733	–	–	8,318,733
<i>Office and business premises</i>	1,414,782	–	–	1,414,782
<i>Commercial and industrial premises</i>	405,956	–	–	405,956
<i>Other</i>	229,342	–	–	229,342
Total loans (before netting with value adjustments)				
31.12.2016	10,549,802	367,941	3,543,870	14,461,613
31.12.2015	10,154,043	280,734	2,816,311	13,251,088
Total loans (after netting with value adjustments)				
31.12.2016	10,549,802	364,776	3,454,064	14,368,642
31.12.2015	10,151,596	279,660	2,710,701	13,141,957
Off-balance-sheet				
Contingent liabilities	–	–	724,697	724,697
Irrevocable commitments	–	–	504,437	504,437
Obligations to pay up shares and make further contributions	–	–	114,151	114,151
Credit commitments	–	–	123,758	123,758
Total off-balance sheet				
31.12.2016	–	–	1,467,043	1,467,043
31.12.2015	–	100	997,955	998,055

Impaired loans/receivables

	Gross debt amount	Estimated liquidation	Net debt amount	Individual value
		value of collateral		adjustments
31.12.2016	205,593	103,987	101,606	92,971
31.12.2015	235,821	122,243	113,578	107,180

5.03 Breakdown of trading portfolios and other financial instruments at fair value (assets and liabilities) (in CHF 1,000)

Assets	31.12.2016	31.12.2015
Trading portfolio assets		
Debt securities, money market securities/transactions <i>of which, listed</i>	2,842 2,842	34,206 34,206
Equity securities	598	643
Precious metals and commodities	36,032	35,594
Other trading portfolio assets	2,195	17
Total assets	41,667	70,460
<i>of which, securities eligible for repo transactions in accordance with liquidity requirements</i>	<i>2,017</i>	<i>1,083</i>
Liabilities	31.12.2016	31.12.2015
Trading portfolio liabilities		
Equity securities	2	4
Other trading portfolio liabilities	1,066	620
Total liabilities	1,068	624

5.04 Presentation of derivative financial instruments (assets and liabilities)

(in CHF 1,000)

		TRADING INSTRUMENTS			HEDGING INSTRUMENTS		
		Positive replacement values	Negative replacement values	Contract volume	Positive replacement values	Negative replacement values	Contract volume
Interest rate instruments	Swaps	10,644	10,644	95,842	34,913	165,097	5,747,199
	Options (OTC ¹)	260	95	46,725	12	–	86,505
Foreign exchange/precious metals	Forward contracts	65,337	24,015	3,520,179	–	–	–
	Combined interest rate/currency swaps	–	–	–	8,220	–	101,770
	Options (OTC ¹)	842	842	85,307	–	–	–
Total before netting agreements							
	31.12.2016	77,083	35,596	3,748,053	43,145	165,097	5,935,474
	<i>of which, based on an evaluation model</i>	<i>11,746</i>	<i>11,581</i>	<i>227,874</i>	<i>43,145</i>	<i>165,097</i>	<i>5,935,474</i>
	31.12.2015	85,816	31,958	3,370,174	34,942	182,369	5,114,651
	<i>of which, based on an evaluation model</i>	<i>10,298</i>	<i>10,071</i>	<i>188,263</i>	<i>34,942</i>	<i>182,369</i>	<i>5,114,651</i>
Total after netting agreements							
	31.12.2016	Positive replacement values (cumulative)		Negative replacement values (cumulative)			
	31.12.2015	19,284		19,594			
		22,930		25,685			

Breakdown by counterparty:

	Central clearing houses	Banks and securities dealers	Other customers
Positive replacement values (after netting agreements)	–	6,034	13,250

¹ Over the counter.

5.05 Breakdown of financial investments (in CHF 1,000)	Book value		Fair value	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Debt securities	1,731,162	1,775,877	1,767,502	1,813,999
<i>of which, intended to be held to maturity</i>	1,168,937	1,221,661	1,201,918	1,256,551
<i>of which, not intended to be held to maturity</i>	562,225	554,216	565,584	557,448
Equity securities	82,086	64,275	137,141	88,471
<i>of which, qualified participations¹</i>	–	1,475	–	3,002
Precious metals	–	31	–	31
Real estate	10,097	6,811	10,097	6,811
Total	1,823,345	1,846,994	1,914,740	1,909,312
<i>of which, securities eligible for repo transactions in accordance with liquidity requirements</i>	1,364,454	1,396,857	1,394,837	1,430,942

¹ At least 10% of capital or votes.

Breakdown of counterparties by rating²

	AAA to AA-	A+ to A-	BBB to BBB-	BB+ to B-	Below B-	Unrated
Debt securities						
Book value	1,572,205	158,957	–	–	–	–

² In accordance with S&P ratings.

5.06 Presentation of participations (in CHF 1,000) 2016

	Accumulated value adjustments and changes in book value			Book value at previous year end			Book value as at end of current year	Market value
	Acquisition cost	(valuation using the equity method)	Book value at previous year end	Additions	Disposal	Depreciation		
Other participations								
without market value	75,412	(1,737)	73,675	176	(2,659)	(320)	70,872	–
Total participations	75,412	(1,737)	73,675	176	(2,659)	(320)	70,872	–

5.07 Disclosure of companies in which the Bank holds a permanent direct or indirect significant participation

The parent company figures are identical to the consolidation figures. Please see Note 5.07 to consolidated financial statements on page 126.

5.08 Presentation of tangible fixed assets (in CHF 1,000)

	2016					
	Acquisition cost	Accumulated depreciation	Book value	Additions	Depreciation	Book value
			at previous year end			as at end of current year
Bank buildings	134,444	(30,787)	103,657	–	(5,041)	98,616
Other real estate	21,801	(6,655)	15,146	–	(577)	14,569
Proprietary or separately acquired software	20,105	(13,322)	6,783	5,549	(4,423)	7,909
Other tangible fixed assets	35,744	(25,463)	10,281	5,522	(3,998)	11,805
Total fixed assets	212,094	(76,227)	135,867	11,071	(14,039)	132,899

5.09 Presentation of intangible assets

The Bank has no intangible assets recorded on its books.

5.10 Breakdown of other assets and other liabilities (in CHF 1,000)

	Other assets		Other liabilities	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Compensation account	107,033	126,444	–	–
Issue/borrowing costs of bonds and central mortgage institution ¹ to be depreciated	2,564	3,675	–	–
Spread of penalties for early loan repayments	–	–	9,890	10,074
Federal Tax Administration (FTA)	8,314	10,358	6,096	6,163
Spread of gains on derivative instruments	36,097	47,199	18,724	9,551
Spread on securities using accrual method	–	–	113	820
Securities and coupons	–	–	55	162
Operation of continuously linked settlement system under way	143,589	–	143,075	201,690
Others	18,504	7,439	5,570	6,504
Total	316,101	195,115	183,523	234,964

¹ Central mortgage institution of the Swiss cantonal banks.

5.11 Disclosure of assets pledged or assigned to secure own commitments and of assets under reservation of ownership

The parent company figures are identical to the consolidation figures because within the group, only BCGE handles these transactions. Please see Note 5.11 to consolidated financial statements on page 127.

5.12 Disclosure of liabilities relating to own pension schemes

The parent company figures are identical to the consolidation figures because within the group, only BCGE handles these transactions. Please see Note 5.12 to consolidated financial statements on page 127.

5.13 Disclosure of the economic situation of own pension schemes (in CHF 1,000)

a) Employer contribution reserves (ECR)

BCGE has not recorded contribution reserves in its books.

b) Presentation of the economic benefit/obligation of the pension costs (in CHF 1,000)

	¹ Overfunding/ underfunding at end of current year	Economic interest of the bank/financial group		Change in economic interest (economic benefit/ obligation) versus previous year	Contributions paid for the current period	Pension expenses in personnel expenses	
		31.12.2016	31.12.2015			31.12.2016	31.12.2015
Pension schemes with overfunding	31,111	–	–	–	13,715	13,987	13,353

¹ The Pension Fund's audited annual accounts as at 31.12.2016 are not available. The surplus is based on the audited financial statements as at 31.12.2015.

The BCGE pension fund is the Group's main pension fund and covers all the employees of the parent company as well as its Swiss subsidiaries.

5.14 Presentation of the issued structured products

No positions were present on the closing date of the financial period under review and the previous financial period.

5.15 Presentation of bonds outstanding and mandatory, convertible bonds and mortgage bonds

The parent company figures are identical to the consolidation figures because only BCGE issues bonds and only BCGE holds some of its issued bonds. Please see Note 5.15 to consolidated financial statements on page 129.

5.16 Presentation of value adjustments and provisions, reserves for general banking risks and changes therein during the current year (in CHF 1,000)

	Use in conformity with				Currency differences	Past due interest, recoveries	New creations charged to income	Releases to income	Balance at current year end
	Previous year end	designated purpose	Reclassifications						
Provisions for default risks	1,231	–	–	(10)	–	–	(381)	840	
Provisions for other business risks	663	(507)	1,082	–	–	611	(92)	1,757	
Other provisions	10,021	(10,401)	10,562	–	1	2,758	(57)	12,884	
Total provisions	11,915	(10,908)	11,644	(10)	1	3,369	(530)	15,481	
Reserves for general banking risks	150,000		–	–		10,000	–	160,000	
Value adjustments for default and country risks	120,775	(23,217)	(11,644)	423	3,866	8,389	(5,621)	92,971	
<i>of which, value adjustments for default risks in respect of impaired loans/receivables</i>	<i>109,131</i>	<i>(23,217)</i>	–	<i>423</i>	<i>3,866</i>	<i>8,389</i>	<i>(5,621)</i>	<i>92,971</i>	
<i>of which, value adjustments for latent risks¹</i>	<i>11,644</i>	–	<i>(11,644)</i>	–	–	–	–	–	

¹ In accordance with current standards, valuation adjustments for financial investments are no longer presented in this note.

Consequently, the amount in the previous annual report of 21,948 (in CHF 1,000) has been changed by 10,304 (in CHF 1,000) in the "Balance at previous year end" column.

5.17 Presentation of the Bank's capital

The parent company figures are identical to the consolidation figures. Please see Note 5.17 to consolidated financial statements on page 130.

5.18 Number and value of equity securities or options on equity securities held by all executives and directors and by employees, and disclosures of any employee participation schemes (in CHF 1,000)

	Number		Value	
	Equity securities	Equity securities	Equity securities	Equity securities
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Members of the Board of Directors	1,045	954	311	249
Members of executive bodies	19,108	16,215	5,689	4,228
Employees	64,239	60,997	19,127	15,905
Total	84,392	78,166	25,128	20,382

Please see Note 5.18 to consolidated financial statements on page 131.

5.19 Disclosure of amounts due from/to related parties (in CHF 1,000)	Amounts due from		Amounts due to	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Holders of qualified participations	122,168	187,582	82,522	66,317
Group companies	554,713	519,552	52,104	49,208
Linked companies	1,395,484	1,420,095	201,622	240,557
Transactions with members of governing bodies	4,016	3,973	6,699	6,558
Other related parties	–	–	25,894	23,802

Amounts due from linked companies mainly comprise mortgages to property development foundations created under public law of the State of Geneva. Amounts due to linked companies mainly comprise the current accounts of these foundations created under public law.

Loans to members of governing bodies of the Bank are mainly mortgage loans granted to directors and members of the senior management. Members of the senior management benefit from the same conditions as those granted to the Bank's employees.

Loans and liabilities in respect of qualifying persons result from banking transactions executed at conditions granted to public authorities.

Finally, the Bank paid CHF 1.6 million to the State of Geneva as remuneration for the guarantee on saving deposits (CHF 1.6 million in 2015).

5.20 Disclosure of holders of significant participations

The parent company figures are identical to the consolidation figures. Please see Note 5.20 to consolidated financial statements on page 132.

5.21 Disclosure of own shares and composition of equity capital

The parent company figures are identical to the consolidation figures. Please see Note 5.21 to consolidated financial statements on page 132.

5.22 Disclosures in accordance with the Ordinance against Excessive Compensation with respect to Listed Stock Corporations¹ and Article 663c para. 3 CO for banks whose equity securities are listed

Credits, loans, remunerations and shareholdings of the Board of Directors

	Remuneration (before taxes)			Loans ²	Number of BCGE shares held at 31.12.2016			
	Fixed	In locked up	Total		Unlocked	Locked up ⁴	Total	By kin
	compensation ³	shares ^{4,5}						
Board of Directors								
Jean-Pierre Roth, Chairman	280,500	1,098	281,598	–	4	29	33	–
Josef Küttel, Deputy Chairman	76,450	1,098	77,548	350,000	24	29	53	–
Mourad Sekkiou, Secretary	66,000	1,318	67,318	–	14	36	50	–
Grégoire Carasso	70,400	439	70,839	–	16	8	24	–
Gina Empson	70,400	439	70,839	–	20	8	28	10
Fabienne Knapp	100,100	1,318	101,418	–	74	24	98	64
Patrick Mage	126,500	1,318	127,818	–	28	36	64	–
Jean-Marc Mermoud	70,400	1,098	71,498	1,540,500	4	29	33	–
Ton Schurink	77,000	1,318	78,318	1,700,000	540	36	576	–
Angela de Wolff	77,000	1,098	78,098	–	4	29	33	–
John Tracey	70,400	1,098	71,498	1,000,000	24	29	53	40
Total, Board of Directors	1,085,150	11,640	1,096,790	4,590,500	752	293	1,045	114

Previous year	Remuneration (before taxes)			Loans ²	Number of BCGE shares held at 31.12.2015			
	Fixed	In locked up	Total		Unlocked	Locked up ⁴	Total	By kin
	compensation ³	shares ⁴						
Board of Directors								
Jean-Pierre Roth, Chairman	280,500	714	281,214	–	–	26	26	–
Josef Küttel, Deputy Chairman	81,400	714	82,114	350,000	20	26	46	–
Mourad Sekkiou, Secretary	66,000	893	66,893	–	6	36	42	–
Grégoire Carasso	70,400	357	70,757	–	–	4	4	–
Gina Empson	70,400	357	70,757	–	20	4	24	–
Fabienne Knapp	100,100	893	100,993	–	70	20	90	64
Patrick Mage	126,500	893	127,393	–	20	36	56	–
Jean-Marc Mermoud	70,400	714	71,114	1,564,500	–	26	26	–
Ton Schurink	77,000	893	77,893	1,700,000	532	36	568	–
Angela de Wolff	77,000	714	77,714	–	–	26	26	–
John Tracey	70,400	714	71,114	1,000,000	20	26	46	–
Total, Board of Directors	1,090,100	7,858	1,097,958	4,614,500	688	266	954	64

¹ See the *Recueil systématique de la Confédération*, code 221.331.

² Maximum limits on Lombard loans, secured with securities or with mortgage guarantees.

³ BCGE directors receive a fixed annual salary plus, in some cases, compensation for their office. The remuneration regulations are applied here.

There has been no exception to the principles for procedures stipulated in the regulations.

⁴ There is a moratorium on BCGE shares for a period of 5 years. This moratorium on sales of shares is lifted in the event of leaving the Bank. BCGE has no stock option plan.

⁵ Amounts calculated on the basis of the rate at 13.6 2016 of CHF 293.95, discounted value CHF 219.66 (in 2015: rate at 11.6 CHF 239, discounted value CHF 178.60).

Executive Board remuneration, before tax	Remuneration in cash			Remuneration in shares ^{1,2,3}	Total remuneration	Social security contributions ⁴
	Fixed	Variable ¹	Total	Variable	Total in CHF	Total
Blaise Goetschin, CEO	728,196	610,000	1,338,196	68,928	1,407,124	291,121
Total, Executive Board	2,612,064	1,927,000	4,539,064	263,438	4,802,502	1,130,147
Blaise Goetschin, CEO (previous year)	728,196	754,256	1,482,452	173,639	1,656,091	293,369 ⁵
Total, Executive Board (previous year)	2,612,064	2,387,965	5,000,029	619,418	5,619,447	1,128,779⁵

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

Blaise Goetschin, CEO	83,600
Total, Executive Board	130,030
Blaise Goetschin, CEO (previous year)	82,137
Total, Executive Board (previous year)	124,824

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

	Number of BCGE shares held at 31.12.2016			By kin	Loans granted ⁶
	Unlocked	Locked up	Total		
Blaise Goetschin, CEO	2,014	5,118	7,132	40	130,000
Eric Bourgeois	359	4,871	5,230	20	400,000
Claude Bagnoud	20	1,561	1,581	–	150,000
Pierre-Olivier Fragnière	–	3,284	3,284	–	300,000
Jean-Marc Joris	–	1,071	1,071	–	40,000
Jérôme Monnier	104	706	810	–	571,333
Total, Executive Board	2,497	16,611	19,108	60	1,591,333
Blaise Goetschin, CEO (previous year)	1,747 ⁵	4,464	6,211 ⁵	40	130,000
Total, Executive Board (previous year)	1,878⁵	14,337	16,215⁵	100	813,363

¹ Paid in 2017 based on 2016 results.

² Shares subject to a five- to ten-year moratorium, on the basis of the closing price (expected value) as at 31.12.2016. BCGE does not allocate stock options.

³ Amounts calculated based on a share price of CHF 297.75 on 31 December 2016 (expected value).

⁴ Cumulative amount of social insurance and pension fund contributions.

⁵ 2015 figures have been corrected.

⁶ Lombard loans or with mortgage guarantees.

The principles of remuneration are explained on pages 94 and 96. No indemnity was paid indirectly to the members of the Executive Board. No indemnity was paid directly or indirectly, in 2016, 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 2016, no indemnities not complying with market practices were awarded to any person in close relationship with the members of the Board of Directors or the Executive Board.

At 31 December 2016, 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 to five out 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.

5.23 Presentation of the maturity structure of financial instruments (in CHF 1,000)	Due							
	At sight	Cancellable	Within 3 months	Within 3 to 12 months	Within 12 months to 5 years	After 5 years	No maturity	Total
Assets / financial instruments								
Liquid assets	3,347,718							3,347,718
Amounts due from banks	177,491	–	821,736	95,568	3,505	60,536	–	1,158,836
Amounts due from customers	733,329	123,272	1,552,736	225,279	666,253	701,303	–	4,002,172
Mortgage loans	–	1,781,078	584,874	594,519	3,127,446	4,278,553	–	10,366,470
Trading portfolio assets	41,667	–	–	–	–	–	–	41,667
Positive replacement values of derivative financial instruments	19,284	–	–	–	–	–	–	19,284
Financial investments	51,853	–	127,340	151,246	960,504	522,305	10,097	1,823,345
Total								
31.12.2016	4,371,342	1,904,350	3,086,686	1,066,612	4,757,708	5,562,697	10,097	20,759,492
31.12.2015	4,190,029	1,831,729	2,457,927	1,136,031	4,748,076	5,136,696	6,794	19,507,282
Debt capital / financial instruments								
Amounts due to banks	364,672	–	1,683,583	336,618	–	–	–	2,384,873
Liabilities from securities financing transactions	–	–	464,445	566,912	–	–	–	1,031,357
Amounts due in respect of customer deposits	7,623,266	4,993,959	486,461	60,517	11,127	–	–	13,175,330
Trading portfolio liabilities	1,068	–	–	–	–	–	–	1,068
Negative replacement values of derivative financial instruments	19,594	–	–	–	–	–	–	19,594
Cash bonds	–	–	586	1,252	3,240	353	–	5,431
Bond issues and central mortgage institution loans	–	–	141,000	187,485	967,480	1,785,280	–	3,081,245
Total								
31.12.2016	8,008,600	4,993,959	2,776,075	1,152,784	981,847	1,785,633	–	19,698,898
31.12.2015	7,921,352	4,927,134	1,891,010	805,092	1,208,030	1,589,540	–	18,342,158

5.24 Presentation of assets and liabilities by domestic and foreign origin in accordance with the domicile principle (in CHF 1,000)

	2016		2015	
	Domestic	Foreign	Domestic	Foreign
ASSETS				
Liquid assets	3,322,343	25,375	3,400,388	11,910
Amounts due from banks	169,860	988,976	110,118	702,865
Amounts due from securities financing transactions	–	–	199,660	–
Amounts due from customers	3,045,963	956,209	2,413,013	762,876
Mortgage loans	9,976,135	390,335	9,587,334	378,734
Trading portfolio assets	41,154	513	38,057	32,403
Positive replacement values of derivative financial instruments	13,534	5,750	14,392	8,538
Financial investments	1,312,483	510,862	1,338,107	508,887
Accrued income and prepaid expenses	42,181	–	27,137	–
Participations	27,598	43,274	27,917	45,758
Intangible assets	132,899	–	135,867	–
Other assets	316,101	–	195,115	–
Total assets	18,400,251	2,921,294	17,487,105	2,451,971
LIABILITIES				
Amounts due to banks	996,250	1,388,623	816,750	1,099,540
Liabilities from securities financing transactions	447,418	583,939	269,609	478,368
Amounts due in respect of customer deposits	10,885,954	2,289,376	10,573,405	2,110,510
Trading portfolio liabilities	1,067	1	624	–
Negative replacement values of derivative financial instruments	11,863	7,731	17,015	8,670
Cash bonds	5,431	–	8,523	–
Bond issues and central mortgage institution loans	3,081,245	–	2,959,144	–
Accrued expenses and deferred income	80,205	–	64,678	–
Other liabilities	183,523	–	234,964	–
Provisions	15,481	–	11,915	–
Reserves for general banking risks	160,000	–	150,000	–
Bank's capital	360,000	–	360,000	–
Statutory capital reserve	310,890	–	310,890	–
Statutory retained earnings reserve	453,386	–	401,917	–
Own shares	(11,647)	–	(11,498)	–
Profit carried forward/loss carried forward	1,292	–	1,309	–
Profit/loss (result of the period)	69,517	–	72,743	–
Total liabilities	17,051,875	4,269,670	16,241,988	3,697,088

5.25 Breakdown of total assets by country or group of countries (domicile principle) (in CHF 1,000)	2016		2015	
	Absolute	Share as %	Absolute	Share as %
Assets				
Europe				
• France	1,320,516	6.2	1,306,501	6.6
• Germany	213,494	1.0	134,519	0.7
• Luxembourg	170,780	0.8	138,887	0.7
• United Kingdom	150,432	0.7	106,116	0.5
• Netherlands	116,475	0.5	64,296	0.3
• Other European countries	380,527	1.8	244,424	1.2
United States	74,961	0.4	70,179	0.4
Others	494,109	2.3	387,049	1.9
Assets held abroad	2,921,294	13.7	2,451,971	12.3
Switzerland	18,400,251	86.3	17,487,105	87.7
Total assets	21,321,545	100	19,939,076	100

5.26 Breakdown of total assets by credit rating of country groups (risk domicile view) (in CHF 1,000)	Net foreign exposure/ current year end	
	in CHF	Share as %
Rating category (SERV)		
0/II	2,322,072	79.5
1	5,422	0.2
2	192,626	6.6
3	114,907	3.9
4	103,292	3.5
5 and 6	110,756	3.8
7	11,680	0.4
Unrated	60,539	2.1
Total	2,921,294	100.0

SERV rating recognised by Finma (Swiss insurance against export risks).

5.27 Presentation of assets and liabilities broken down by the most significant currencies for the Bank (in CHF 1,000)

	Currencies					
	CHF	EUR	USD	GBP	OTHER	METALS
ASSETS						
Liquid assets	3,271,626	70,263	3,255	1,191	1,383	–
Amounts due from banks	90,524	604,324	402,850	5,484	18,912	36,742
Amounts due from securities financing transactions	2,360,120	473,899	1,136,832	4,878	26,443	–
Amounts due from customers	10,229,794	130,621	6,055	–	–	–
Mortgage loans	5,117	–	513	–	5	36,032
Trading portfolio assets	19,284	–	–	–	–	–
Positive replacement values of derivative financial instruments	1,379,324	377,855	65,791	–	375	–
Accrued expenses and deferred income	42,181	–	–	–	–	–
Participations	57,718	12,978	176	–	–	–
Tangible fixed assets	132,899	–	–	–	–	–
Other assets	171,745	138,567	4,507	1,179	103	–
Total assets shown in balance sheet	17,760,332	1,808,507	1,619,979	12,732	47,221	72,774
Delivery entitlements from spot exchange, forward forex and forex options transactions	526,089	1,291,601	1,779,560	67,806	39,984	2,216
Total assets	18,286,421	3,100,108	3,399,539	80,538	87,205	74,990
LIABILITIES						
Amounts due to banks	141,739	1,239,799	956,401	3,267	1,125	42,542
Liabilities from securities financing transactions	100,000	320,737	610,620	–	–	–
Amounts due in respect of customer deposits	11,008,866	1,091,739	945,914	59,798	39,161	29,852
Trading portfolio liabilities	–	296	459	313	–	–
Negative replacement values of derivative financial instruments	19,594	–	–	–	–	–
Cash bonds	5,431	–	–	–	–	–
Bond issues and central mortgage institution loans	3,000,760	–	80,485	–	–	–
Accrued expenses and deferred income	80,205	–	–	–	–	–
Other liabilities	180,393	1,266	865	30	969	–
Provisions	15,481	–	–	–	–	–
Reserves for general banking risks	160,000	–	–	–	–	–
Bank's capital	360,000	–	–	–	–	–
Statutory capital reserve	310,890	–	–	–	–	–
Statutory retained earnings reserve	453,386	–	–	–	–	–
Own shares	(11,647)	–	–	–	–	–
Profit carried forward/loss carried forward	1,292	–	–	–	–	–
Profit/loss (result of the period)	69,517	–	–	–	–	–
Total liabilities shown in the balance sheet	15,895,907	2,653,837	2,594,744	63,408	41,255	72,394
Delivery obligations from spot exchange, forward forex and forex options transactions	2,374,114	428,927	798,917	17,123	44,846	2,216
Total liabilities	18,270,021	3,082,764	3,393,661	80,531	86,101	74,610
Net position per currency	16,400	17,344	5,878	7	1,104	380

5.28 Breakdown and explanation of contingent assets and liabilities (in CHF 1,000)	2016	2015
Guarantees to secure credits and similar	56,928	77,114
Irrevocable commitments arising from documentary letters of credit	667,069	384,751
Other contingent liabilities	700	1,768
Total contingent liabilities	724,697	463,633

Irrevocable commitments are linked mainly with the trade finance credit business and with commodities pricing.

5.29 Breakdown of credit commitments (in CHF 1,000)

The parent company figures are identical to the consolidation figures. Please see Note 5.29 to consolidated financial statements on page 137.

5.30 Breakdown of fiduciary transactions (in CHF 1,000)

The parent company figures are identical to the consolidation figures. Please see Note 5.30 to consolidated financial statements on page 137.

5.31 Breakdown of managed assets and presentation of their development

In accordance with Finma circular 15/1 margin no. 229, the Bank is not obliged to publish this schedule.

5.32 Breakdown of the result from trading activities and the fair value option (in CHF 1,000)	2016	2015
Result from trading activities		
Interest rate instruments (including funds)	159	783
Equity securities (including funds)	13	103
Foreign currencies	25,672	26,595
Commodities/precious metals	491	422
Total result from trading activities	26,335	27,903

5.33 Disclosure of material refinancing income in the item *Interest and discount income* as well as material negative interest

The parent company figures are identical to the consolidation figures. Please see Note 5.33 to consolidated financial statements on page 137.

5.34 Breakdown of personnel expenses (in CHF 1,000)	2016	2015
Salaries (meeting attendance fees and fixed compensation to members of the Bank's governing bodies, salaries and benefits)	96,929	96,131
<i>of which, expenses relating to share-based compensation and alternative forms of variable compensation</i>	3,695	3,056
Social insurance benefits	23,770	22,915
Other personnel expenses	3,145	2,978
Total personnel expenses	123,844	122,024

5.35 Breakdown of general and administrative expenses (in CHF 1,000)	2016	2015
Office space expenses	11,030	8,653
Expenses for information and communications technology	30,684	29,448
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	219	145
Fees of audit firm(s) ¹	1,039	928
<i>– of which, for financial and regulatory audits</i>	937	802
<i>– of which, for other services</i>	102	126
Other operating expenses	43,493	39,356
<i>– of which, compensation for any cantonal guarantee</i>	1,606	1,602
Total other operating expenses	86,465	78,530

¹Including the fees of audit companies other than the Auditors.

5.36 Explanations regarding material losses, extraordinary income and expenses, as well as material releases of hidden reserves, reserves for general banking risks, and value adjustments and provisions no longer required

The parent company position is identical to that for the Group. Please see Note 5.36 to consolidated financial statements on page 138.

5.37 Disclosure of and reasons for revaluations of participations and tangible fixed assets up to the acquisition value

The Bank has not revalued its participations or tangible assets.

5.38 Presentation of the operating result broken down according to domestic and foreign origin, according to the principle of permanent establishment

BCGE is not operationally domiciled in foreign countries. All its profits are generated in Switzerland.

5.39 Presentation of current taxes, deferred taxes, and disclosure of tax rate (in CHF 1,000)

	Rate in %	2016	Rate in %	2015
Current taxes	18.6%	18,132	15.6%	19,056
Deferred taxes		–		–
Total current and deferred taxes		18,132		19,056

¹ Average rate used, based on the operating profit.

² For comparison, the rate at 31.12. 2015 has been adjusted (due to change in calculation method).

5.40 Disclosures and explanations of the earnings per equity security

Please see Note 5.40 to consolidated financial statements on page 140.

PROPOSITION FOR THE APPROPRIATION OF AVAILABLE EARNINGS (in CHF 1,000)

The Board of Directors will propose to the AGM on 25 April 2017 to distribute the retained earnings, as follows:

	31.12.2016	31.12.2015
Result of the period	69,517	72,743
Profit brought forward from the prior year	1,292	1,309
Profit available	70,809	74,052
To be allocated to the statutory retained earnings reserve	46,000	49,000
Dividend of 5%	18,000	18,000
Additional dividend for 2016 of 0.5%	1,800	1,800
Special allocation to the State of Geneva (20% of the dividend paid)	3,960	3,960
Retained earnings	69,760	72,760
Profit brought forward	1,049	1,292

On 2.2.2017, the capital structure changed: see point 2, page 81.

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Photolithography
rs solutions

Print
Atar Roto Presse SA Genève

*Only the French version shall be binding
Printed on FSC-certified paper, FSC® C008839*



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