



## ANNUAL REPORT 2017



PRIX DE L'ÉCONOMIE  
GENEVOISE  
2017



<b>BCGE GROUP KEY CONSOLIDATED FIGURES</b>	<b>2017</b>	2016	2015	2014	2013
<b>Balance sheet</b> (in CHF million)					
Balance sheet total	22,671	21,393	20,016	17,494	16,619
Advances to customers	15,692	14,973	13,711	13,551	13,155
Customer deposits and borrowings	17,981	16,315	15,691	14,222	14,266
Shareholders' equity	1,472	1,386	1,319	1,236	1,163
<b>Results</b> (in CHF million)					
Gross income from interest operations	210	206	198	206	201
Result from commission business and services	107	100	101	108	98
Result from trading activities	30	26	28	27	27
Other ordinary income	19	17	20	19	9
Total operating income	366	349	347	360	335
Operating expenses	223	222	211	207	204
Depreciation, valuation adjustments, provisions and losses and extraordinary results	68	54	69	77	58
<b>Operating profit</b> (in CHF million)	128	111	130	115	-
<b>Result of the period</b> (in CHF million)	82	79	78	76	73
<b>Assets managed and administered</b> (in CHF billion)	26.4	23.1	21.8	19.8	19.3
<b>Total number of employees</b>					
• by full-time work units	748.3	737.6	720.5	710.4	725.4
• by people	799	791	773	763	782
<b>Ratios</b> (as a %)					
Shareholders' equity/total assets	6.5	6.5	6.6	7.1	7.0
Market capitalisation on equity	80.2	77.3	71.2	62.4	69.7
Operating profit on equity	8.9	8.1	10.0	10	-
Return on equity (ROE)	5.6	5.8	6.0	6.3	6.4
Cost/income	60.8	63.4	60.9	57.4	60.8
Capital coverage <sup>1</sup>	15.0	13.2	14.4	14.0	13.5
<b>Figures for shares</b> (in CHF)					
Shareholders' equity	204	193	183	172	162
Operating profit	18	15	18	16	-
Net profit	11	11	11	11	10
Dividend	5.8 <sup>2</sup>	5.5	5.5	5.0	4.5
<b>Stock market data</b>					
High and low prices for shares <sup>3</sup> (in CHF)					
• upper	166	149	131	117	130
• lower	148	129	105	104	102
• closing	164	149	130	107	113
Market capitalisation (in CHF million at 31 December)	1,180	1,072	939	771	811
Number of shares in thousands (historical information)	7,200	5,721	5,721	5,721	5,721
Book equity/number of shares <sup>3</sup>	207	195	186	175	165

<sup>1</sup> The equity coverage ratio no longer takes into account the anti-cyclical buffer as of 2017.

BCGE's minimum requirement increased from 12% to 12.5%, including this anti-cyclical buffer as of that date.

<sup>2</sup> Proposal submitted to the General Meeting on 2 May 2018. <sup>3</sup> Adjusted in line with the capital structure existing as of 2 February 2017.

#### BCGE stock exchange reference (symbol)

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

#### Structure of BCGE capital of CHF 360 million

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

#### Information

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#### BCGE: banking solutions made in Geneva

A UNIVERSAL BANK SINCE 1816, BCGE PROVIDES HIGH-QUALITY SERVICES TO PRIVATE, CORPORATE AND INSTITUTIONAL CLIENTS IN GENEVA AND ITS SURROUNDING AREA. BCGE IS ACTIVE IN THE FOLLOWING AREAS: RETAIL BANKING SERVICES, PRIVATE BANKING, ASSET MANAGEMENT, FINANCIAL AND PENSION PLANNING, MORTGAGES AND CORPORATE AND PUBLIC AUTHORITY LENDING. IT OPERATES A TRADING ROOM AND OFFERS SERVICES IN FINANCIAL ENGINEERING, THE EVALUATION AND TRANSFER OF COMPANIES, PRIVATE EQUITY AND TRADE FINANCE. THE BCGE GROUP HAS 21 BRANCHES IN GENEVA AND ALSO HAS SUBSIDIARIES OR OFFICES IN LAUSANNE, ZÜRICH, LYON, ANNECY, PARIS, DUBAI AND HONG KONG. THE GROUP EMPLOYS 748 PEOPLE (IN FULL-TIME EQUIVALENTS). BCGE IS LISTED ON THE SWISS STOCK EXCHANGE (SIX SWISS EXCHANGE) AND IS REGULATED BY FINMA.



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2017 was an excellent year for BCGE, as the content of the following annual report shows.



Gilbert Probst,  
Chairman, and  
Blaise Goetschin,  
Chief Executive  
Officer

**A historic economic role**

Our roots are resolutely Genevan. Our two centuries of history bear witness to our uninterrupted and constant service to our canton and its prosperity. The stages of economic and industrial development have succeeded each other, some marked by euphoria, others affected by recession; but we have always been there at hand. As early as 1847, when the canton was about to mechanise and modernise, we were able to anticipate developments, to adapt and to sustain its new needs. Today, the canton is much more diversified. Its new industries and its openness to the world make it strong. The banking system and worldwide regulation have become much more complex, and competition is increasing, but we continue to adapt with the same focus and forbearance. BCGE has seen continuous growth and travelled a demanding road over the last 17 years, allowing it to attain the high degree of maturity and profitability for which it is known today. It has had the capacity to reshape itself to become a healthy and very successful business organisation. It plays an important and responsible role within the economy. Lastly, it is distinguished by its faultless repayment record vis-a-vis the State of Geneva. This has allowed the Bank to develop and strengthen its equity. It provides the public sector shareholders with a good yield on their shares. It allows the public authorities, in particular the State, to collect taxes. Thus the Bank paid CHF 47 million to the public authorities in 2017.

All this is made possible, and will remain so in the foreseeable future, by managing the Bank as a private enterprise, with a stock exchange quotation and a wide range of shareholders and the concomitant duty of treating all of them equitably. We therefore advise against anything that might worsen its competitive position or its attractiveness to investors and any action that might hinder accomplishment of its statutory mission. The Bank currently undertakes its mission of supporting the economy in full measure, particularly in respect of SMEs; and it assists development and growth through its various business activities both in the Lake Geneva region and in neighbouring parts of France, or through its international relationships.

### **Managing diversity with a wealth of experience**

Despite the success, we must of course remain vigilant. 2017 was another year of accelerating innovation, and of profound transformation in terms of our clients' expectations and the changing face of competition. I hardly need mention the importance of the new technologies that are making digital transformation a key priority: digitalisation, automation, "data-driven" economic models, new distribution channels, incubation of start-ups and their selective integration, artificial intelligence, chatbots, blockchain and much else besides. Far from being surprised or caught on the back foot by such concepts, we started thinking about the necessary changes years ago.

Along with the opportunities, these changes generate a good many fears: the need for new skills, new types of cooperation, reallocations, reorganisations, perceived threats to jobs, etc. We must examine these risks closely, and be grateful for the institutional experience and degree of maturity that we have acquired during the storms of the last two centuries. I know what qualities of far-sightedness and foresight the Bank's management possesses. Moreover, our teams in daily contact with our clients in Switzerland, neighbouring France and the wider world bear witness to Geneva's new economic diversity.

We are already on the road to the future. Our concern for the local economy, its people, the entrepreneurs and the SMEs translates into the highly professional services that our business-financing activities provide, from the international city of Geneva to the new Silk Road. We are also helping Swiss banking grow by taking great pride in such a regional icon. BCGE is a profitable and competitive bank. We have a recognised and appreciated physical presence which, in our context, represents a true added value. We are also continuing our digital development by launching new apps or platforms such as *avantageservice.ch*, and by upgrading some of our operational models to meet the expectations of growth segments.

This is to the credit of the women and men at BCGE who embody, in their values, their passion and intelligence, the day-to-day services and the projects that strengthen the Bank in the longer term. All of them contribute to our institution in their own individual way. BCGE received two awards for excellence this year. Firstly, there was the 2017 Geneva Economy Award awarded by the Geneva Chamber of Commerce, Industry and Services (CCIG), the Department of Security and the Economy (DSE) and Office for the Promotion of Industries and Technologies (OPI). Secondly, the Bank was also awarded the 2017 prize of the *Cercle suisse des administratrices*, in recognition of the gender mix of its board of directors, 30% of whose members are women. For over 10 years, BCGE has, while under no legal constraint to do so, made efforts to promote female participation on its board. In addition to their place on the board of directors, women are also well represented at other levels at BCGE. Thus, while men comprise 55% of the Bank's staff, women occupy 41% of managerial roles and 25% of top management positions. Without ever having had recourse to any form of discrimination, BCGE practises an inclusive policy and does all it can to let women, and people of diverse origins, reconcile their professional careers and their private lives (through part-time working or parental leave).

**Positive continuity, from past to present to future**

Finally, BCGE's good health is also linked to its stock-market quotation and its wide range of shareholders, whose diversity implies the concomitant duty of equal treatment. Dealing with the many variable winds and currents of local and world conditions requires unwavering adroitness, rectitude and independence. It also requires a competent board of directors that is capable of speaking out freely and clearly. The Bank's current governance is excellent, being able to draw upon a useful and effective store of combined experience. It is essential that this quality be maintained, and in particular that any politicisation be avoided. Taking the long view also ensures that short-termism is rejected and sudden temptations are shunned.

We should once again underscore the importance of governance, by noting the essential qualities that need to be preserved: the competence and independence of the board of directors. These qualities must be maintained by avoiding any politicisation.

This is because it is the responsibility of the board of directors to maintain balanced leadership, organic growth and bank profitability, along with the effective and efficient functioning of the organisation. The key factor in this work of good governance is the ability to maintain an appropriate balance between countervailing poles to guarantee the institution's stability.

In conclusion, it is with some pride that we can confirm that BCGE is developing healthily over the long term. Its governance is balanced, generating stability and progress. Its growth rate is appreciable, powered by a constant quest for efficiency and a desire to innovate. Its organisation is effective, combining team spirit, operational coordination, agility and autonomy.

The 2017 results were achieved thanks to the commitment of all the staff, from entry-level employee to the top of 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 confidence.

For our institution, let us hope that in 2018 we are able to respond still better to the needs of our clients, mainly in Geneva, but also wherever else they may be and in those places where we shall build lasting business and professional relationships.



**Gilbert Probst**  
Chairman of the Board of Directors



The year under review saw the Bank pass some significant milestones and confirm its position among the leaders in the Swiss banking market. The Group's competitiveness is well proven in its key markets and major segments. Operating productivity has progressed, thanks to ever better-integrated and sophisticated IT. Profitability has attained a high level of quality. The company's long-term future demands methodical preparation, in terms of equity capital coverage, or the fundamental technological orientation implemented over the last few years. This allows the Bank to use a multitude of distribution channels, in a wide range of segments, using several languages and in various time zones.

## POSITIVE DEVELOPMENT OF FINANCIAL AGGREGATES

The strong 2017 results are the product of a subtle balance between a range of objectives (growth, profitability, diversification etc.) and a multitude of constraints (capital adequacy regulations, liquidity and distribution of financial income etc.). Three examples of these pivotal points are set out briefly below.

### Growth versus equity

There was growth on several fronts; mortgage financing reached CHF 10.98 billion or +6%, client assets grew to CHF 26.4 billion or +14.3%, and the Synchrony group investment funds approached the CHF 2.5 billion mark in 61 fund classes. In tandem with this pleasing business growth, the Group has to constantly increase the basis for calculating its equity. The coverage ratio at 31 December 2017 was 15.02%. This is a high level, the result of a responsible distribution policy allowing capital self-financing and of sophisticated financial engineering, which has led the Bank to raise additional capital in the form of *AT1* and *T2*<sup>1</sup> under excellent conditions.

### Costs versus income

Cost-income ratio is an interesting indicator, albeit a binary and not very explanatory one. At 60.84%, it lies within the 'good' range of comparable banks, i.e. diversified banks with international operations. In 2017, the Bank continued to invest massively in its technological and IT infrastructure. Numerous apps were perfected with new functionalities, such as online securities trading (1816) and foreign exchange operations (forXchange) for institutions and companies. Training of executive staff and employees was intensified in several regulatory and areas. Of course, all this generated a high level of costs, but one which was entirely justified. Total costs remain under control at CHF 222.7 million, an increase of just 0.5% compared to 2016. A more significant part of the equation is income, which reached CHF 366.1 million, up 4.8%, despite an erosion of asset yield due to the interest rate market situation. Growth in turnover was obtained thanks to a very wide range of business lines and a top quality service offering. The fact that more than one third of turnover is achieved with corporate and institutional clients bears witness to this excellence.

### Liquidity versus negative rates

The power of a universal bank is also measured by its capacity to attract deposits. In 2017, the Bank grew its liquid assets by more than CHF 1.3 billion. The surplus enabled it to obtain excellent refinancing rates and to comfortably fulfil the demanding regulatory requirements in this specific area. Seen from another angle, deposits not reinvested by clients represent a considerable cost for the Bank, due to the burdensome negative rates regime. Here again, a necessary balance had to be found in order to, on the one hand, preserve the Bank's interest margin and, on the other hand, to maintain the long-term relationship with its clients. A transparent and fair policy in this area made it possible to build a coordinated cash management strategy with large depositors.

<sup>1</sup> Two subordinated loans totalling CHF 200 million.

## FURTHER DIGITISATION

The 4.0 digital revolution is an irrefutable reality. The fact remains that, faced with an avalanche of speeches and miracle products, the banks – like all the actors in the economy – have to prioritise and transform their operating processes on the basis of a programming plan. BCGE is following three main principles in managing this change: creating utility for its clients, maintaining the personal link with the adviser by means of a “multichannel approach” and by ensuring high degree of IT security.

In 2017, the forXchange platform, developed with a Geneva fintech company, worked with its first few dozen clients. It is being rolled out in defined stages. Client training, monitoring the execution chain and integrating the IT around the fintech core all required precise coordination. This learning curve shows that bank tech needs to be integrated carefully into banks’ complex operational and regulatory machinery.

Another major development was the launch of the *avantageservice.ch* platform at the end of the year. This cumulative savings interest bonus programme already has 32,897 members. It is now available online for all natural persons resident in Switzerland and can be activated in just a few minutes. By instituting this programme, the Bank has taken a significant step towards digitalisation. This functionality is not a substitute for the client relationship but a parallel complement to it, above all by offering time-saving, simplified operation. But the originality of this new app is far from being simply technological; on the contrary, its most innovative aspect is its marketing concept. In particular, it gives immediate access to one of the best-developed loyalty programmes in the new-style consumer banking.

## SERVING AN OUTWARDLY-ORIENTATED ECONOMY

In keeping with its mission of providing support to the Geneva economy, the Bank assists not only purely domestic actors but also Geneva companies that export, import, distribute, receive or invest in an international dimension.

One third of the Bank’s turnover is achieved in currencies other than the Swiss franc, mainly the euro and the US dollar. The Bank, which was the first to offer a yuan savings account, is growing in all its overseas-facing business lines. Commodity trade finance experienced a record year, with an average amount outstanding of USD 1,704 million; similarly, correspondent banking did business with 386 banks in over 57 countries, and international private banking grew strongly, with assets under management of CHF 2.9 billion (+15.3%). The French subsidiary obtained excellent results and is managing several growth projects. It also assists expatriates with its specific Xpatbking programme. In addition, it has signed a collaboration agreement with the Organisation of the Swiss Abroad (OSA) to facilitate the management of members’ banking business that is still located in Switzerland.

Geneva’s economic prosperity is intrinsically linked to the accessibility and dynamism of foreign markets. BCGE plays a full part in this situation, thanks to its range of financing and advisory services, its specialised teams and its infrastructure, particularly in France, Asia and the Middle East. Serving the Geneva economy in its international role is not an optional extra.

### **NECESSARY AND USEFUL DIVERSIFICATION**

The Bank continued to widen its portfolio of business activities in 2017. The new unit dealing with Swiss and foreign multinationals is already operating with 15 clients. Savers with longer investment horizons have been offered a new form of fund, the LPP 80. These two examples illustrate the Bank's ability to adapt in such a way that its offering is as broad as that of the competition, both for companies and for individual clients. Such diversification is necessary. But a by-product of this market-imposed requirement is another useful aspect of diversification: the concentration of risk is reduced by spreading income sources in terms of geography, currency and sector.

### **FINELY-TUNED FINANCIAL MANAGEMENT**

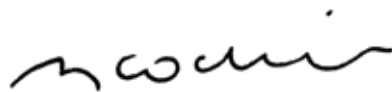
There is commercial banking, and there is "financial portfolio" banking. The latter entity plays a central role in generating income and in moderating financial risks. ALM (Assets and Liabilities Management) has played a very dynamic role in an interest rate scenario that is objectively unfavourable for universal banks. It has contributed to obtaining excellent refinancing conditions while adhering to a very strict regulatory and internal prudential framework.

### **A CREDIBLE IMAGE ON THE CAPITAL MARKET**

Over the past few years, the Bank has methodically built up a very positive image on the capital market. The excellent issue conditions of two equity-type loans, *A71* and *T2*, are proof of this. Similarly, the share price has appreciated, taking market capitalisation up to CHF 1.2 billion, a 10.1% increase. This positive development for shareholders was also assisted by the introduction of the single type of share during the year. The share's total return thus reached 11.9%.

### **A MODULAR AND ANTICIPATORY BUSINESS MODEL**

The Bank is organised by market segment. The front office divisions and departments operate like enterprises that are required to succeed and grow in their business areas. This business and organisational model is modular and allows human and technology resources, along with risk budgets, to be deployed to match market cycles or structural changes. The Bank is well prepared to anticipate and seize prospective growth opportunities. Digitisation, ageing population, hyper-regulation, globalisation of the banking business, asset inflation: there is no lack of challenges. BCGE is in an excellent position to join the country's leading banks in expanding the financial centres of Geneva and Switzerland.



**Blaise Goetschin**  
Chief Executive Officer





## A BALANCED BANK AWARE OF ITS POSITION

Standing by its clients, shareholders and staff with determination, transparency and a sense of fairness.

- Corporate strategy based on balance among stakeholders
- Clearly stated convictions and values
- Transparent communication
- Strict ethical and environmental line
- Prudent and measured management, aiming at the long term

# Group identity

## Parent company and subsidiaries

### A leading bank in Switzerland

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.

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Geneva head office  
at 17, quai de l'Île

#### PORTRAIT OF THE BCGE GROUP

### BCGE

**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). It has 692 employees (full-time equivalents) and 748 in the group as a whole, i.e. 799 persons.

### Banque Cantonale de Genève (France)

**1993**

With its headquarters in Lyon and branches in Annecy and Paris, Banque Cantonale de Genève (France) SA is a wholly-owned BCGE subsidiary. It offers corporate finance and property services to businesses and self-employed professionals, in addition to wealth management for private clients. BCGE France contributes to the development of the economic zone stretching from Lyon to Geneva. Banque Cantonale de Genève (France) employs 53 people.

### CAPITAL TRANSMISSION

AUTHENTIC SWISS  
PRIVATE EQUITY

**2008**

Capital Transmission SA, Geneva, finances and provides equity investment in business transfer and expansion operations mainly in the Geneva region. It also operates throughout Switzerland and in certain specific cases in France. It has an investment capacity that allows it to support its clients over the long term and to assist their projects by acquiring minority shares or through mezzanine financing.

### DIMENSION

EVALUATION ET TRANSMISSION DE VOTRE ENTREPRISE

**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 based on the Geneva economy A straightforward and accessible bank

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 income. Of the eight business lines devoted to companies and institutions, four are concerned with lending. These are, namely, 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 ethical banking principles." BCGE harmoniously combines its public mission, notably by providing the Geneva economy with finance of over CHF 15 billion, with the need to be a profitable commercial enterprise: it has no monopolistic advantage. (It has no cantonal guarantee).

# Group identity

Range of services

A bank organised by market segment

## MANAGEMENT ENTITIES

Main business lines	Geneva Division	International Clients	Corporate and Institutional Clients	Finance and Risk Management	BCGE (France)	Capital Transmission	DIMENSION	Avantage- service.ch
<b>Individuals</b>								
Day-to-day banking services								
Savings and pensions								
Fundamental financial planning								
Private banking								
Private financing								
<b>Companies</b>								
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  
Currencie

#### Online banking services

GE CH

Netbanking  
Mobile Netbanking app  
BCGE Twint app

#### 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 plan  
Annuities

#### Investments

GE CH F

Custody of securities  
Online securities 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  
Online securities trading  
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

#### Service to independent wealth managers

GE CH

#### 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 investors

GE CH F INT

Interest rate management advice  
Exchange rate management advice

#### Financial services and markets

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)

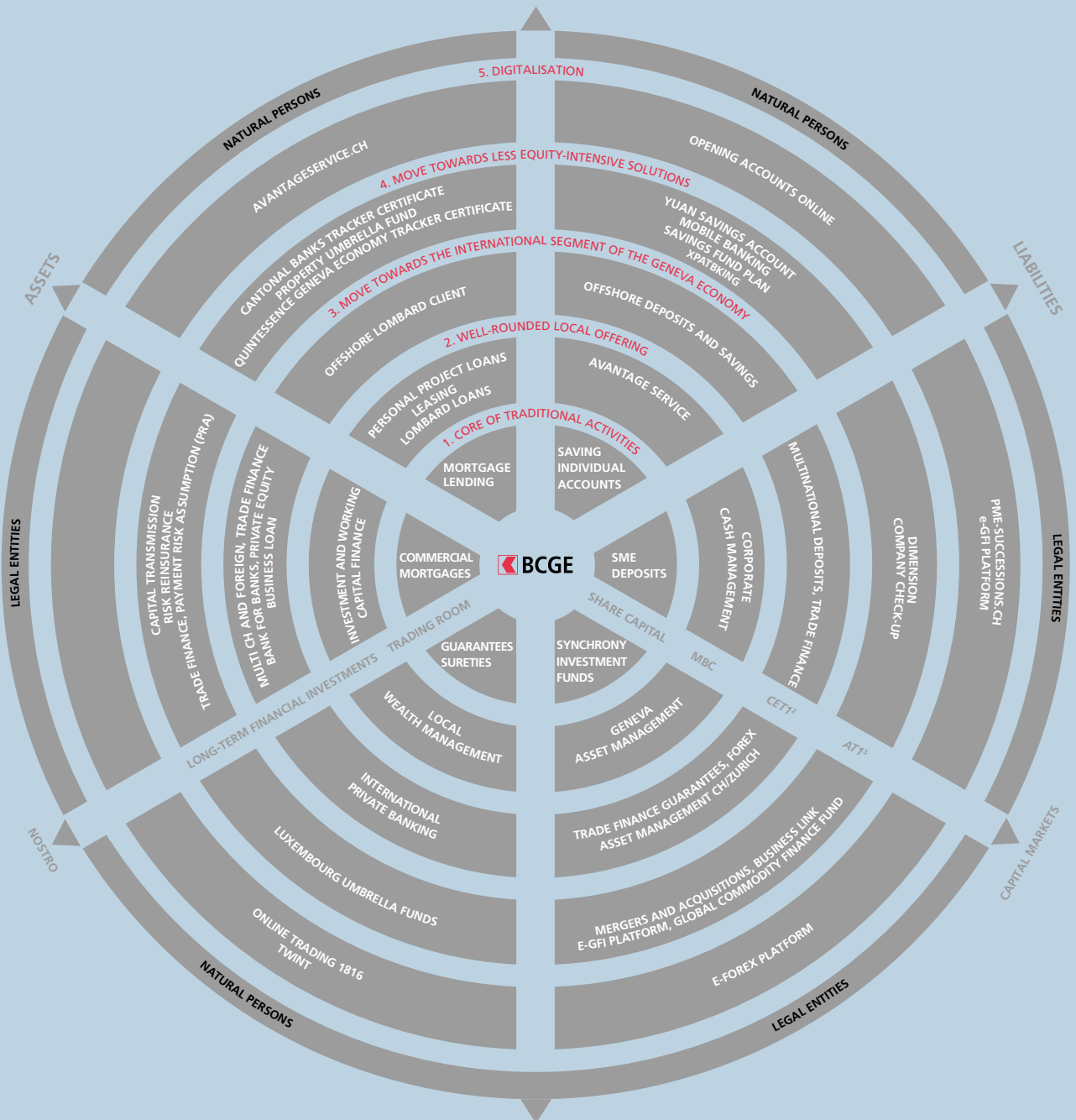
INT

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

## Constantly developing business model Five 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.



<sup>1</sup> Refinancing by loans from the Mortgage Bond Centre of the Swiss cantonal banks.

<sup>2</sup> Loan in respect of common equity tier 1 (CET1).

<sup>3</sup> Loan in respect of additional equity tier 1 (AT1).

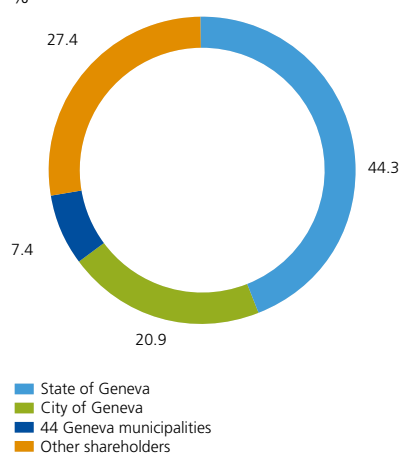
# Group identity

## The BCGE share Capitalisation of CHF 1.18 billion

The yield in 2017 was 11.9% (compared with 19.9% for the SPI index); 10.1% of this comprised its price increase (while the SMI rose 14.1%).

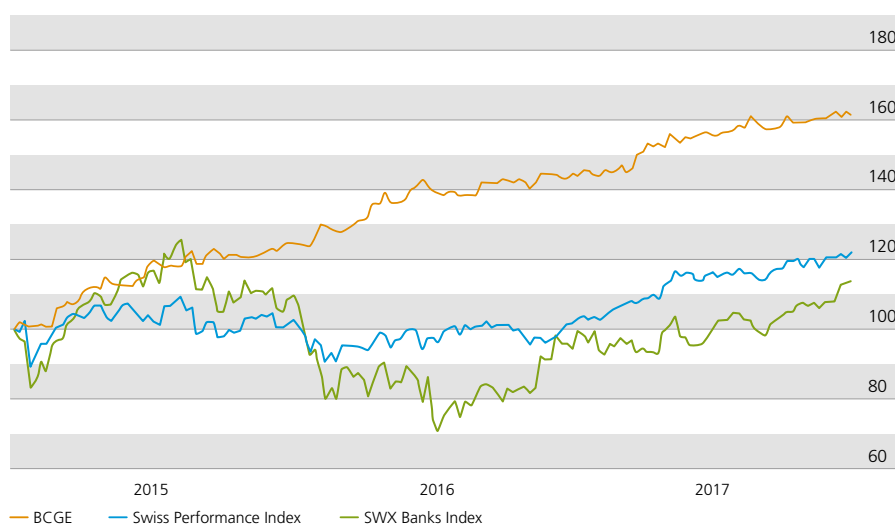
2017 was the year that saw the introduction of the use of registered shares only; the equity structure was modernised through the combination of three types of share into one. The BCGE share ended 2016 at CHF 148.875 (adjusted for the two-for-one stock split of 2 February 2017) and rose throughout the year to close at CHF 163.90, an increase of 10.1%. The Bank's market capitalisation is just over CHF 1.18 billion. Considerable upside potential remains due to the difference between the quoted price of the share and its intrinsic value as measured by shareholders' equity per share; the share's intrinsic value is CHF 207 and represents 126% of the stock market value.

Capital distribution and voting rights %



Share price movement

Share price movement relative to 1 January 2015, CHF



Figures per share <sup>1</sup> (in CHF)	2017	2016	2015	2014	2013
Shareholders' equity	204	193	183	172	162
Operating income	18	15	18	16	–
Net profit	11	11	11	11	10
Dividend	5.8 <sup>2</sup>	5.5	5.5	5.0	4.5

### Stock market data (parent company)

High and low share prices (in CHF) <sup>1</sup>	2017	2016	2015	2014	2013
– high	166	149	131	117	130
– low	148	129	105	104	102
– close	164	149	130	107	113
Market capitalisation (in CHF million at 31 December)	1,180	1,072	939	771	811
Book equity / number of shares <sup>1</sup>	207	195	186	175	165

<sup>1</sup> Adjusted in accordance with capital structure in place from 2 February 2017.

<sup>2</sup> Proposed to the AGM on 2 May 2018.



A person's profile is visible on the left side of the image, looking out over a large body of water. In the background, there are mountains under a clear sky. The image is divided into geometric sections by diagonal lines. The top right section is a solid grey color, and the bottom right section is a lighter grey color. The text is positioned in the grey sections.

# A BANK THAT ACCOMPANIES YOU IN SWITZERLAND AND ABROAD

By the side of Genevans in Switzerland or abroad with a sense of service, flexibility and availability.










- Branches in Lausanne and Zurich
- Offices in Dubai and Hong Kong
- Business Partner and XpatBking programmes
- Multilingual banking operations

# Group identity












## Organisation chart







At 1 March 2018

18

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


 <b>GENEVA DIVISION</b> <b>Claude Bagnoud</b> <sup>I, III, V, VII, 1</sup> <b>Member of the Executive Board</b>		 <b>Pierre Villanti</b> <b>Business Development &amp; Branch Network</b>	 <b>Sébastien Collado</b> <b>SMEs &amp; Self-employed</b>
 <b>Alain Voirol</b> <b>Public Bodies</b>	 <b>Pierrette Jaton Klopfenstein</b> <sup>2</sup> <b>Centre Sector</b>	 <b>Pierre-Olivier Vialla</b> <b>West Sector</b>	 <b>David Bottoli</b> <b>Left Bank Sector</b>
 <b>Alexandre Scala</b> <b>Right Bank Sector</b>	 <b>Franco Furcolo</b> <b>BCGE Private Banking Swiss Clients</b>	 <b>Albert Gallegos</b> <b>Financial Planning</b>	 <b>Paulo Oliveira</b> <b>Online Banking</b>

 <b>CORPORATE &amp; INSTITUTIONAL CLIENTS</b> <b>Yves Spörri</b> <sup>I, III, V, VI</sup> <b>Member of the Executive Board</b>		 <b>Patrick Senger</b> <b>C &amp; IC Chief of Staff &amp; Business Development</b>	 <b>Charles Kaeser</b> <sup>1</sup> <b>Real Estate &amp; Construction</b>
 <b>Virginie Fauveau</b> <b>Corporate Finance</b>	 <b>Nicolas Bézaguet</b> <b>Personal Finance</b>	 <b>Raoul Monnay</b> <sup>I, IV</sup> <b>Swiss Corporate Clients</b>	 <b>Catherine Raphoz</b> <b>French Corporate Clients</b>
 <b>Patrizio Arioni</b> <b>Institutional Investors</b>	 <b>Raoul Monnay</b> <b>Multinationals &amp; International Institutions</b>		
 <b>Eric Wesse</b> <sup>II</sup> <b>Chief Executive Officer</b> <b>BCGE (France) SA</b> <small>Wholly-owned BCGE Group subsidiary</small>	 <b>Virginie Fauveau</b> <b>Managing Director</b> <b>Capital Transmission SA</b> <small>Wholly-owned BCGE Group subsidiary</small>	 <b>Claude Romy</b> <b>Managing Director</b> <b>Dimension SA</b> <small>Wholly-owned BCGE Group subsidiary</small>	


 <b>ORGANISATION, TECHNOLOGY &amp; OPERATIONS</b> <b>Jean-Marc Joris</b> <sup>V, VI, VII</sup> <b>Member of the Executive Board</b>		 <b>Jean-Michel Comte</b> <b>Service Centre Banking Operations</b>	 <b>Grégory Denizou</b> <b>Service Centre Credits &amp; Services</b>
 <b>Céline Orlandini</b> <b>Logistics &amp; Procurement</b>	 <b>Michael Kropf</b> <sup>VI, VII</sup> <b>Organisation</b>	 <b>Daniel Stocco</b> <sup>VI</sup> <b>IT</b>	




**INTERNATIONAL CORPORATE & PRIVATE BANKING**  
**Pierre-Olivier Fragnière** <sup>I, III, V</sup>  
 Member of the Executive Board



**Josiane Tistounet**  
 ICPB Chief of Staff



**Nicolas Demierre** <sup>II</sup>  
 Global commodity finance



**Serge Chesternine**  
 Commodity Trade Finance finance 1




**Claudio Pietroforte**  
 Private Banking international



**Beat Glusstein**  
 Team 1 Private Banking International Geneva



**Danila Mariotti**  
 Commodity Trade Finance finance 2



**Nicolas Dervaux**  
 Operations Global Structured Finance and Distribution



**Olivier Ernoult**  
 Team 2 Private Banking International Geneva




**Mario Al-Jebouri**  
 Representation Office Dubai



**Olivier Thyssen**  
 Credit and 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




**Renaud Chambolle**  
 Representation Office Hong Kong



**Christopher Demetropoulos (a.i.)**  
 Private Banking Zurich




**Irene Diez**  
 Banks 2 & Insurance Companies




**Stéphane Cuere**  
 Independent Portfolio Managers



**FINANCE & RISK CONTROL**  
**Eric Bourgeaux** <sup>III, V, VI</sup>  
 Member of the Executive Board, CFO



**Marc Doerks** <sup>III, V, VI</sup>  
 Finance Chief of Staff & Risk Control




**Pierre Sauvagnat** <sup>II, III</sup>  
 Financial Markets & Treasury




**Yvan Nicolet**  
 General Accounting



**Frédéric Vernet**  
 Financial Control



**Marianne Bourgoz Gorgé** <sup>III, V</sup>  
 Risk Control



**Marie-José Bratcov**  
 Compliance




**Constantino Cancela** <sup>II</sup>  
 BCGE Asset Management



**Marc Riou** <sup>II</sup>  
 Institutional Portfolio Management



**Axel Moser** <sup>II</sup>  
 Private Portfolio Management




**Thierry Angele**  
 Financial Advisory



**Constantino Cancela**  
 Financial Studies



**Valérie Lemaigre** <sup>II, III</sup>  
 Investment Office



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

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

<sup>1</sup> Up to 31 March 2018.

<sup>2</sup> Member of the Executive Board, Geneva division from 1 April 2018.

# Group identity

Well-established local presence

Network of 21 branches

125 ATMs



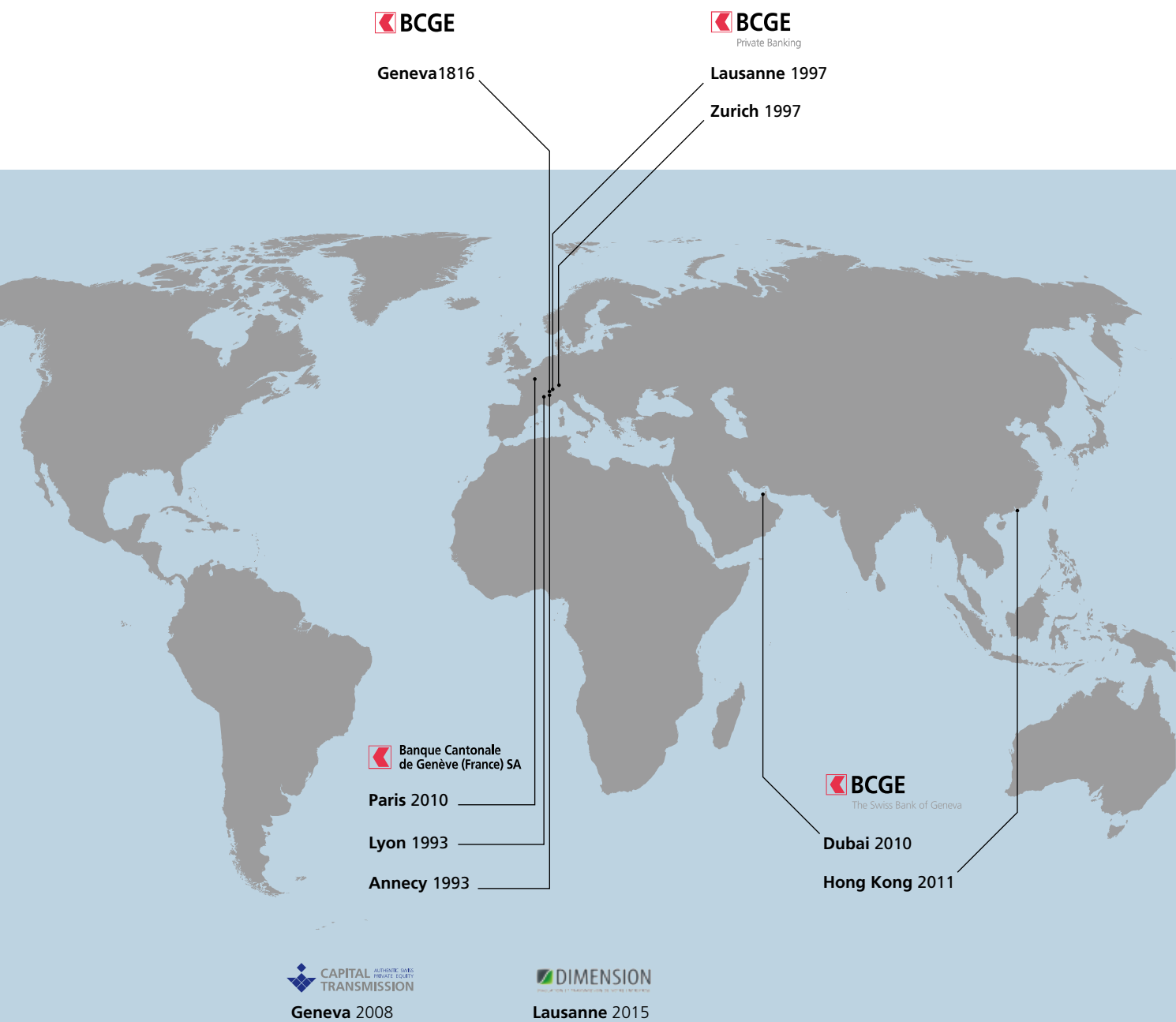
- Head office
- Area office
- Branches



# Group identity

International dimension

Infrastructure in Switzerland, Europe, Asia and the Middle East



BCGE | Group identity



Geneva



Lausanne



Zurich



Lyon



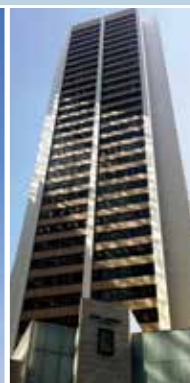
Annecy



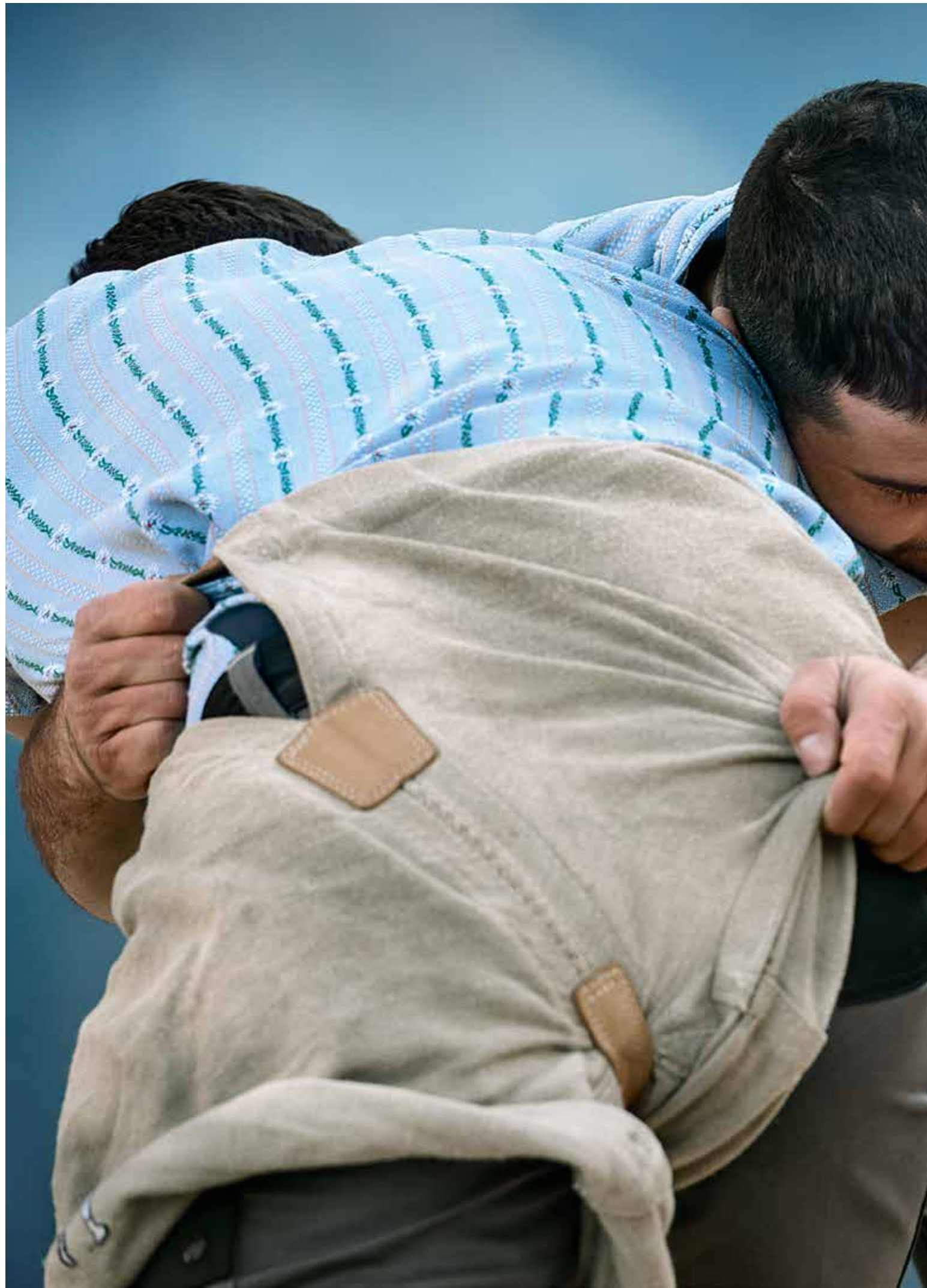
Paris



Dubai



Hong Kong





## A BANK THAT PUTS ITS STRENGTH BEHIND FINANCING RETIREMENT

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

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

# Business development 2017

Geneva division

A bank at the service of the canton

The division serves all private clients located in the Canton of Geneva and its surrounding region. It offers a complete range of banking services to private individuals, independent professionals, small businesses, self-employed persons and to private and public institutions. Mortgage lending reached CHF 5.3 billion. In 2017, it won the canton's economy prize.



Claude Bagnoud,  
Head of the Geneva  
division, member of  
the Executive Board

## A special client relationship

BCGE has **a network of 21 branches to meet the needs of the people of the canton in terms of availability and their mobility**. 29% of the population aged over 14 are clients of the Bank and 63% of clients surveyed between April and June 2017 thought that its service had improved over the past year. 44% chose BCGE as their main bank because of its reputation. Credit cards saw year-on-year growth (5.1%), as did Maestro debit cards (+3.3%). BCGE is a bank that embodies safety and stability and is the canton's principal savings-gathering institution; savings deposits total CHF 3.6 billion. BCGE finances first- or second-home purchases in Geneva, in Switzerland and France. **Thanks particularly to the Simplissimmo mortgage offering**, mortgage lending totals CHF 5.3 billion (+4.4%). **The Avantage service loyalty programme has 32,897 client members**; it allows them to build up an exceptional bonus which can give them up to 2% extra interest on their savings. A loyalty bonus totalling CHF 9.6 million was distributed.

## Made-to-measure wealth management expertise

Wealth analysis takes account of clients' family, wealth and tax situations together with their personal objectives. The Check-up offering allows advisers to undertake an overall financial check-up. The needs and expectations of clients must **meet an expectation in terms of yield while complying with prudential constraints**.

## Success of Epargne 3 and Business partner

As pension planning has acquired key importance, the number of new Epargne 3 accounts grew by 4.3%. The Epargne 3 account enables clients to **secure their financial future and fill in any gaps left by the 1st and 2nd pillars**, and achieve a tax saving at the same time. BCGE Plan épargne fonds met with great success, with 5,758 plans being subscribed to.

The Bank continues to extend its Business partner offering, which provides high-quality consultancy services at preferential charges for the staff of 86 partner businesses.



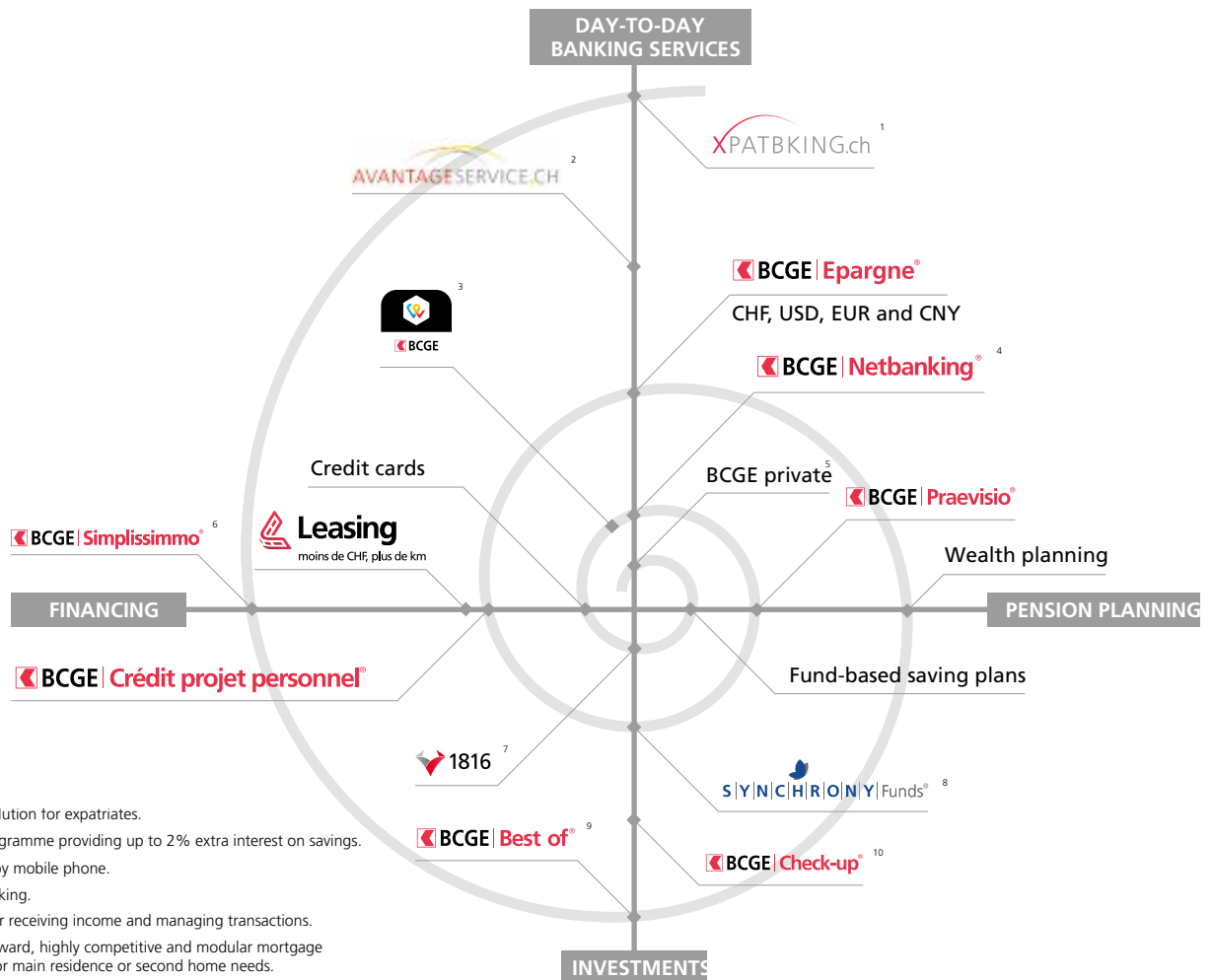
### Geneva Economy Award 2017

At its 15th Economics Event, the Geneva Chamber of Commerce, Industry and Services (CCIG) and the canton's Department of Security and Economy (DSE) and Office for the Promotion of Industries and Technologies (OPI) presented the 2017 Geneva Economy Award to the Banque Cantonale de Genève. This economics prize, and its sister innovation award, were instituted in 2012 to promote and enhance Geneva's economic landscape. They are also intended to reward companies whose reputation and influence promote a positive and dynamic image of Geneva.

### BCGE, pillar of the local economy and the public authorities

A pillar of the regional economy, BCGE is the market leader for SMEs and self-employed persons, to whom it offers professional, flexible and high-quality support. The experts in the SME and Self-employed Financing department assisted **over 9,675 companies and their CEOs**, providing them with finance totalling CHF 199.3 million. BCGE has remained the **preferred partner of the major utilities, the municipalities and cantonal and municipal public property trusts**. At 31 December 2017, total loans outstanding granted to public authorities comprised two large segments: approximately 32% were for Geneva's municipalities and their municipal trusts, with an equivalent amount for public property trusts. Most of the balance goes to the State of Geneva and its satellite entities which, together, account for approximately 12% of the total.

### Range of provision for individual clients



- <sup>1</sup> Banking solution for expatriates.
- <sup>2</sup> Loyalty programme providing up to 2% extra interest on savings.
- <sup>3</sup> Payments by mobile phone.
- <sup>4</sup> Online banking.
- <sup>5</sup> Account for receiving income and managing transactions.
- <sup>6</sup> Straightforward, highly competitive and modular mortgage solutions for main residence or second home needs.
- <sup>7</sup> Online securities trading platform.
- <sup>8</sup> The Bank's range of investment funds.
- <sup>9</sup> Management mandates with 24 profiles.
- <sup>10</sup> Personalised asset management advice.

# Business development 2017

## Companies, business property and institutional investors A multi-service bank, an ally of the entrepreneur

The total financing provided by the Corporate and Institutional Clients division, for the most part to large and medium-sized companies in Geneva and Switzerland, grew substantially by 8.3% to CHF 6 billion. Meanwhile, mortgages to real estate professionals grew 9.3% to CHF 3.6 billion. This growth took place in a favourable economic environment, with a slight correction in property prices and attractive financing conditions.



Yves Spörri,  
Head of the  
Corporate and  
Institutional Clients  
division, member of  
the Executive Board

### Growth of business finance

New business saw pleasing growth during the year, with companies again showing a propensity to invest. The client ownership rate grew, thanks to the expanded range of services and the production of dedicated solutions.

### Growth in mortgages

While remaining high, property prices in Geneva have been eroding for several years, particularly for commercial buildings. However, there were fewer vacant properties of this type in 2017. Moreover, the increase in housing construction, resulting in a substantially higher number of property transactions, coupled with a slight fall in population growth, led to an increase in the vacancy rate: this is now 0.51% for residential properties. The fall in prices and the historically low level of interest rates are still favourable for the property market. **Against this background, BCGE increased its mortgage lending by 9.3% to CHF 3.6 billion for real estate professionals**, while taking a selective approach to risks.

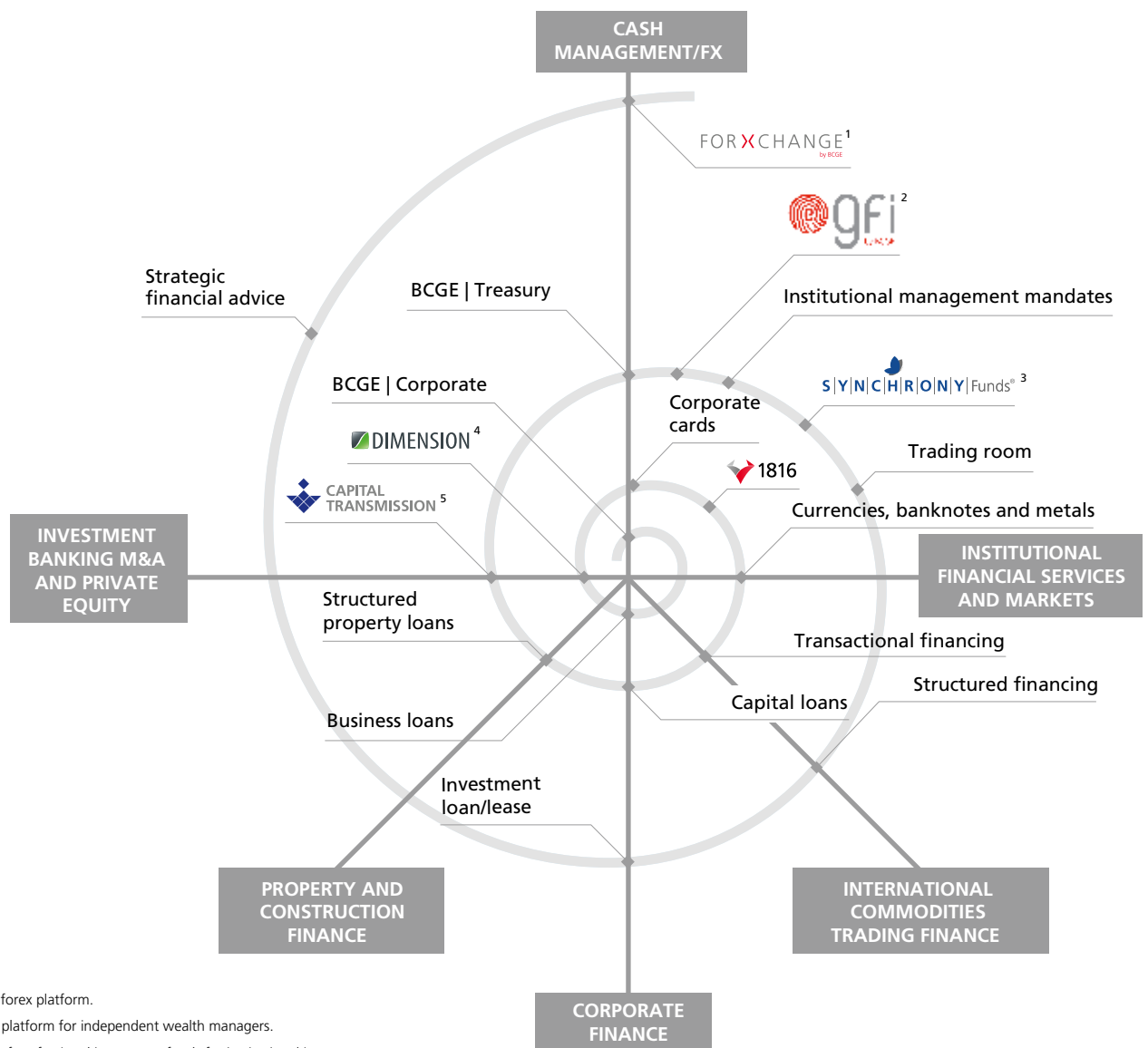
### A successful year in the institutional investor market and in the Franco-Swiss economic zone

The mission of the Institutional Investors department is to make available the Bank's entire asset management expertise to institutional clients (pension funds, trusts, family offices or corporately managed assets). In addition to traditional management mandates, the Bank also offers **private equity investments**. BCGE is also at the service of international organisations, multinationals, cross-border workers, expatriates or Swiss nationals resident in France. As a point of contact for nearly 700 clients, the French Corporate Clients department increased its lending by 11.4% to CHF 869 million, in Franco-Swiss property and commercial projects.

### Serving leading figures, multinationals and international institutions

The Personal Finance department offers personalised support for all types of financial questions concerning **wealth management, planning or transmission**, providing assistance to clients in leadership roles with very little time to spare. For its part, the Multinationals and International Institutions department provides services to multinationals, institutions and associations operating in several countries. It benefits particularly from the **Bank's expertise** in financing, capital markets, forex, cash operations and asset management.

#### Range of facilities for corporate and institutional clients



<sup>1</sup> Online forex platform.

<sup>2</sup> Secure platform for independent wealth managers.

<sup>3</sup> Range of professional investment funds for institutional investors.

<sup>4</sup> Mergers and acquisitions.

<sup>5</sup> Equity financing.

# Business development 2017

## International

### A bank serving Switzerland's and Geneva's worldwide economic reach

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.



Pierre-Olivier Fragnière, Head of the International Clients division, member of the Executive Board

#### Selective and structured growth generating healthy resilience

2017 saw effective growth in all the International Clients division's business lines. Assets under management grew steadily and increased in quality. Thanks to strict control of costs and operational risks, it maintained its income level, despite the expense generated by regulatory constraints and the very stiff competition. 2017 was marked by the **optimisation of its organisational structure, with the creation of the International Private Clients department**; this encompasses clients resident outside Switzerland whose deposited assets do not strictly meet the criteria of international private banking business. **The Xpatbking.ch service offering** is oriented towards wealth management advice, pension planning and cross selling for expatriates having wealth or family links with Switzerland. This concept has led to the signature of a partnership agreement with the **Organisation of the Swiss Abroad (OSA)**. In order to better serve the demanding clientele of independent asset managers, an **e-GFI platform** was deployed and its functionalities enhanced in 2017.

**BCGE's national and international dimension has gained in strength with each passing year**, thanks to the two branches in Zürich and Lausanne and the two representative offices in Dubai and Hong Kong. The teams in these locations were reinforced in 2017.

#### Expansion of global commodity finance and of banking and institutional relationships

BCGE has been active in global commodity finance for 18 years, mainly in the energy area (approximately 65%). Its Global Commodity Finance business unit supports approximately **230 branch clients, who are based mainly in Geneva, Switzerland or the principal active trading centres abroad**. 2017 saw a selective increase in the volumes handled and a diversification of business relationships. The Banking and Insurance business unit covers **386 banks, located in 57 countries**. The improved world macroeconomic context enabled it to strengthen its business relationships in 2017. This business unit also works with major **international insurance companies**.



# Business development 2017

Finance and asset management

## Increasingly powerful Synchrony investment funds

BCGE reinforced its shareholders' equity by issuing subordinated loans at very attractive rates. Front office activities benefited from the division's high level of competence, in the form of financial services, asset and liability management, and mandate management. Development of the Synchrony range of funds has been pursued with the creation of eight new funds. It measures just a little short of CHF two and a half billion.



Eric Bourgeois,  
Head of the Finance  
and Risk Control  
Division and member  
of the Executive  
Board

### A competitive financial environment

The mission of the Finance division and its asset management unit is to provide a financial framework that generates competitive conditions for the Bank and its front-line units, and ultimately benefits the clients. Its reputation in asset management and investment funds is growing as a result of the high level of performance it achieves. It implements the procedures required to avoid or detect the biggest risks and to guarantee the efficiency of its compliance and internal control systems.

### Capital markets, stock exchanges and currencies

Its issuing business for the Swiss public authorities, for the **Mortgage Bond Centre and for companies benefited from the slight increase in interest rates**. 2017 saw a record number of issues by the Bank. In a worldwide first, it simultaneously issued **two subordinated loans (AT1 and T2) totalling CHF 200 million** that allowed it to bolster its capital base. At the time of issue, the AT1 rate was the most competitive ever obtained on the markets.

### Strong inflow of funds to Synchrony

The Bank has a platform of 61 classes of funds adapted to the Swiss and European markets, totalling CHF 2.5 billion at the end of 2017. In five years, the Synchrony funds have attracted assets of almost CHF 1.3 billion, of which CHF 306 million in 2017; **this rate of growth is well above the Swiss market average**. Among its new features, the Bank launched a world first: the Synchrony Silk Road Zone Stocks themed fund. This enables investors to participate in the best companies involved in the construction of the new silk roads. Synchrony positions itself as a high-end brand, unlike the industry segment that undertakes low-cost mass-market management, in the manner of most ETFs.

### Remarkable management performance

Assets entrusted to BCGE for discretionary management have grown strongly to over CHF 6.7 billion (private mandates, institutional mandates and investment funds). The funds and mandates managed by BCGE Asset Management achieved **excellent performances in 2017, in both absolute and relative terms**.

  
**S|Y|N|C|H|R|O|N|Y** Funds®  
made in Geneva



# Business development 2017

## Digital banking and innovation

### A bionic bank that makes technology work for people

In parallel to the traditional communications network, BCGE has chosen to provide access to digital interfaces, while confirming its focus on personalised advice. It aims to develop targeted applications while ensuring data security.



#### Online banking

Netbanking is a safe and practical platform for making payments and viewing accounts and deposits throughout the world, twenty-four hours a day, seven days a week. All banking operations (viewing accounts, payments, purchase and sale of securities, receiving e-documents etc.) are executed smoothly and at a low cost. Use of the platform, which is available in French, English and German, is free. It offers numerous operational functionalities with highly secure connections and transactions.



At the end of 2017, BCGE launched the **avantageservice.ch** web platform for individual clients resident in Switzerland. **Savings accounts are linked to online mortgages**, individual pension planning, investment funds and management mandates. The new site includes much more than the now classic online mortgage, albeit this provides certain financing in less than 15 minutes, which can be legally agreed by means of a secure digital process. The solution offers a range of services that are just one click away and which can be opened spontaneously and independently online.

At the **BCGE online call and advice centre**, over 25 staff are available to provide information and assistance from Monday to Friday from 7:30 a.m. to 7:30 p.m., and on Saturday from 9 a.m. to 4 p.m. Clients benefit from having their daily banking needs taken care of rapidly and efficiently, by telephone (058 211 21 00) or by e-mail.

#### Online securities trading

Simple and economical to use, the **1816 online trading platform** continues to attract new users, with 8,135 accounts opened by 31 December 2017 (+16.3%). Integrated within Netbanking and Mobile Banking, it enables clients to buy and sell securities directly on the financial markets. Investors therefore have access to complete financial dashboard.



#### Mobile banking

Thanks to the touch ID function, the **Mobile Netbanking** smartphone app is simple and quick to use for setting up standing orders and managing payments. The **Twint** app, dedicated to immediate money transfers to other bank clients in Switzerland, can be used to make payments to a wide range of businesses and internet shopping sites. **BCGE Twint accounts are debited or credited in a matter of seconds. It makes it easy to send payments to other people's accounts, receive money on one's own account or to borrow from a third party.** Transactions, which are free, are limited to CHF 500 per day (with monthly limits).



#### Specialised online transaction platforms

In collaboration with fintech company Finastra, the Bank has developed the **ForXchange online currency platform, for spot and forward exchange transactions, with optimised access for market-makers.** Mainly intended for SMEs and companies with business activities abroad, it facilitates online management of currency operations. Clients may deal in 14 currencies and the main precious metals (gold, silver, platinum and palladium) at favourable rates, carry out spot, forward and swap operations in real time, and issue limit orders within an extended time range.



Independent asset managers dealing with the Bank can use the secure **eGFI** platform, which allows them to check their clients' positions and online operations.

# Business development 2017

BCGE (France)

A bank serving Geneva's economic presence in France

The BCGE (France) subsidiary is highly profitable, showing a return on equity (ROE) of 9.5 %. Lending grew by 15.7%.

## Growth of lending in a favourable environment

### Banque Cantonale de Genève (France)



Eric Wesse,  
Chief Executive Officer

Against a background of economic recovery, the French bank continued to grow its financing activities, **both for real estate professionals in a very active market, and for companies.** BCGE (France) confirmed its willingness to expand its business with medium-sized enterprises and company leaders in this area. Lending reached EUR 604 million, an increase of EUR 82 million over the year.

#### Private management further increased

In an environment of increased competition and healthy financial markets, the Bank strengthened its teams with additional resources. It also profited from the quality of the advice given to its clients and the rigour of its investment philosophy, **continuing to increase its assets under management at a sustained pace. These reached EUR 400 million**, showing net growth of almost EUR 50 million over the year.

#### Persistently high level of profitability

Net income at BCGE (France) was EUR 5.1 million (-3.3%) and operating income grew strongly in all business lines, to reach EUR 19 million (+5.0%). Despite an increase in operating expenses incurred in achieving the Bank's long-term growth, the cost income ratio of 55% remains at a very satisfactory level and above the sector average. Profitability expressed in return on equity (ROE) terms was high, at 9.5%.

The quality of this performance bears witness to the French subsidiary's capacity to build the base of its future growth. The continued strengthening of shareholders equity over the last several years **allowed BCGE (France) to initiate a policy of dividend distribution in 2017, which will continue in 2018 on the basis of the good 2017 result.** BCGE (France) continues to benefit from the support of the parent company in the area of refinancing.

#### Executives with complementary competencies

The Supervisory Board of BCGE (France) comprises eight members: Blaise Goetschin, Chairman, Eric Bourgeois, Vice-chairman, and BCGE, represented by Yves Spörri (from 11 April 2017) and Claude Bagnoud (until 11 April 2017), Alain Bochet, Constantino Cancela, Georges Canto and Manuel Riera.

The Executive Board comprises four members: Eric Wesse, Chairman, Christian Stampfli, Company Secretary, Alain Besse, Financial Development Director and Jérôme Monnier, (from 11 April 2017), Private Management 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 Frank Martin, Accounts, Financial and Reporting Manager. This body is tasked with operational management, implementation of strategy and the monitoring of performance and results.

[www.bcgef.fr](http://www.bcgef.fr)





# A BANK THAT BOOSTS YOUR PENSION PLANNING

Working alongside companies,  
with consistency, precision and creativity.

- Investment financing
- Cash and forex management
- Global commodity finance
- Mergers and acquisitions
- Equity finance

# Business development 2017

## 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. Having achieved a profit of CHF 4.1 million, it is making an important contribution to the Group's financial success.



Virginie Fauveau,  
Managing Director

### A Geneva actor in capital investment

Capital Transmission SA is a capital investment company whose mission is to create **sustainable added value** for the companies it invests in. It pursues a policy of balanced risk by investing in **mature and profitable** companies. The Capital Transmission team, comprising private equity professionals, contributes real hands-on ability in structuring operations and in supporting entrepreneurs. Over the years, Capital Transmission has confirmed its reputation as a first-line partner assisting teams of business leaders in their expansion strategies.

### Three new investments completed

When a Swiss group sold its subsidiaries, Capital Transmission SA **assisted the manager-buyers** of two business units by providing them with additional equity. A group historically based in the Canton of Zug, the company is now one of **Europe's leaders in the investment and training of aviation industry flight and maintenance staff**. This transfer has ensured the group's long-term future, while consolidating the bases of its future development.

Capital Transmission also took part in a **management buy-in operation** of a group specialising in the design and production of small plastic or metal technical components. Thanks to this operation, the long-term future of the group is now ensured and its development plan, particularly in Switzerland, can now take shape.

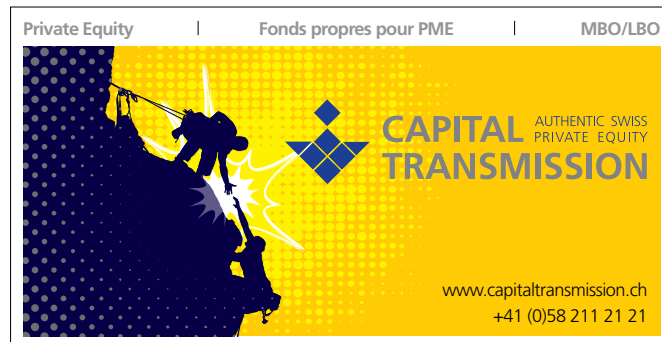
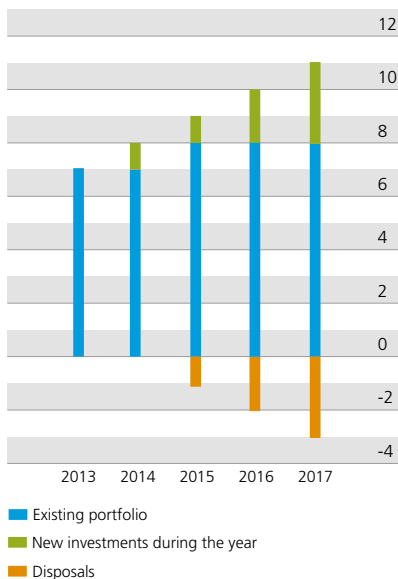
In parallel, Capital Transmission also took part in the **management buy-out operation** of a company in the swimming pool water treatment and equipment installation business. This operation has enabled the group to ensure its future development, particularly in the export market.

### Three portfolio disposals

Capital Transmission also made some disposals from its portfolio. For example, one shareholding was purchased by a strategic Swiss investor on very favourable terms. Meanwhile, two mezzanine loans were also repaid in full. At 31 December 2017, Capital Transmission's portfolio comprised **10 investments** with a total value of **CHF 23 million**. **For 2018, its budget was increased by CHF 50 million to 75 million, proof of its good financial health and growth prospects.**

[www.capitaltransmission.ch](http://www.capitaltransmission.ch)

Development of the  
Capital Transmission SA portfolio  
in numbers of shareholdings



## Dimension SA

### A bank that maintains a strategic dialogue with entrepreneurs

Dimension SA specialises in company evaluation and transfer. It has been a recognised mergers and acquisitions player in French-speaking Switzerland since 1994. It has been a wholly-owned BCGE subsidiary since 2015.



Claude Romy,  
Managing Director

### One hundred and eighty-eight transactions

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 188 entrepreneurs transfer or acquire a company.

### Sale procedure for seven Swiss companies

In 2017, Dimension SA guided the sale of seven companies. For example, there was the sale of a **financial technology SME** based in French-speaking Switzerland. This company wished to accelerate its growth with the support of a strategic partner for its business development, with the aim of offering consumers new services and expanding its client base to include new e-commerce retail sites. **Dimension's role was to plan the stages of the process:** helping the SME's directors to present the purchaser with development scenarios, preparing the due diligence and consultancy during the final negotiations. Dimension SA also assisted a **specialist automatic lathe producer in Neuchâtel**. To ensure its long-term future, continuity and development, the shareholder decided to transfer the company to its CEO supported by a group of Swiss investors. **Dimension designed and implemented the management buyout operation** that will ensure this SME's continued existence.

### Increased participation in [www.pme-successions.ch](http://www.pme-successions.ch)

In 2017, Dimension SA participated in increasing the capital of [www.pme-successions.ch](http://www.pme-successions.ch), thereby **expanding the service offering to SMIs and SMEs**. This sister company (50% owned) provides a professional platform to guide SMI or SME clients, trustees, lawyers and notaries. In 2017, [www.pme-successions.ch](http://www.pme-successions.ch) carried out about 10 operations in areas as varied as cheesemaking, a veterinary practice, metallurgy and several segments of the building industry.

[www.dimension.ch](http://www.dimension.ch)



# Business development 2017

## Infrastructure and banking products

### Innovation is permanent

Processes continue to be automated and much equipment has been renewed, particularly the ATMs for deposits and withdrawals.



Jean-Marc Joris,  
Head of the  
Organisation, IT and  
Operations division,  
member of the  
Executive Board

#### Optimisation of procedures

**The Bank deploys the digital solutions of [avantageservice.ch](#) and those for initiating client relationships online** to simplify and optimise the associated administrative processes. Use of a business process management tool supplied by Appway when these solutions were being built made it possible to completely **automate the tasks involved in inputting and checking contractual information**. The Bank has thereby significantly reduced processing times.

**Work has continued on optimising processes** for improving productivity and efficiency, particularly as regards fixed-term advances, checking and revising loan guarantee maturities, managing capital market orders and checking payment flows.

#### Modernised infrastructure

In collaboration with Swisscom, the IT department **replaced the local area network (LAN) hardware in its entirety**. The equipment deployed allows more broadband traffic to be carried, thus permitting use of voice- or video-based technologies. The Bank has also replaced all its printers, in partnership with Canon. **The number of copiers has been reduced, and printing can be done at a significantly lower unit cost per page**. Lastly, the Bank replaced all 22 ATM terminals, to allow payments in and withdrawals.



### Investments in the Bank's infrastructure security management

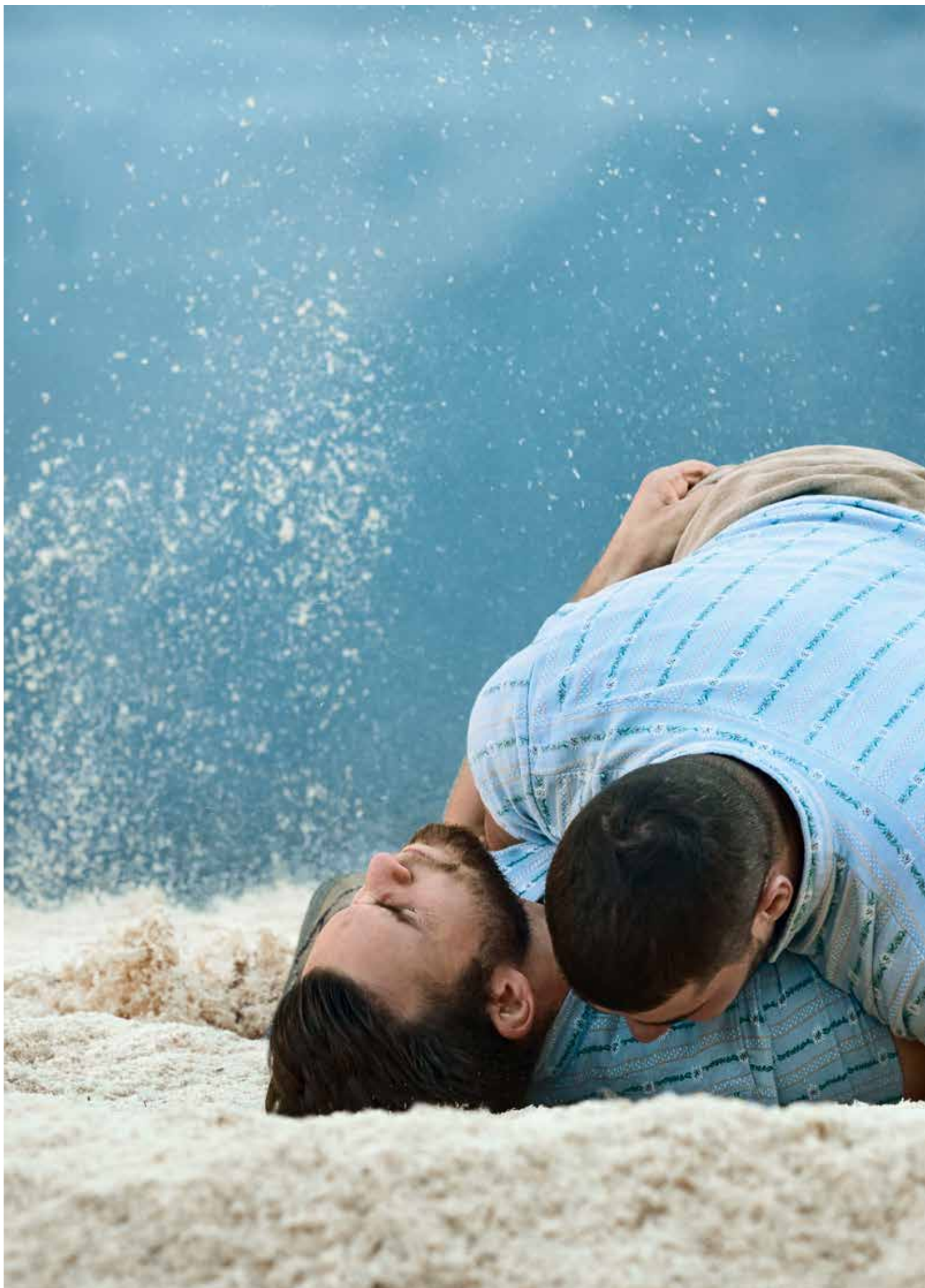
**In 2017, the Bank acquired new crisis management infrastructure.** This system is based on the Transfer method of operation (see page 46) and is equipped with high-grade technology that guarantees the Bank's capacity to react and remain effective in the event of the continuity plan being triggered.

The Bank's ATMs have been enhanced by the **addition of several security features** allowing them to detect gas insertion, identify card reader interference, automatically ink-stain banknotes and encrypt communications.

### Application of legal requirements and payment harmonisation

2017 saw the implementation of several projects arising from new regulatory requirements, standards and tax legislation. On 31 December, the Bank put in place the **reporting systems required by the Foreign Account Tax Compliance Act (FATCA) and those needed for the automatic exchange of information (AEOI)**. Moreover, in the area of financial markets, the **Bank implemented the provisions and reporting processes required in the context of the Swiss Federal Act on Financial Market Infrastructures (FinMIA) and the European Market Infrastructure Regulation (EMIR) directives**.

The Bank is actively pursuing the payment transactions harmonisation process in collaboration with its partners Finnova, Swisscom and Bottomline. The second phase took place in 2017, allowing operations by the Bank's clients to be brought under the new ISO 20022 standard.





## A BANK COMMITTED TO SUPPORTING SMEs

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

- Financing (property, professional, equity, leasing)
- Company transfer
- Private equity
- Mergers and acquisitions
- Cash management

# Risk Management

## Wide-ranging and systematic monitoring

40

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 72) 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 testing (techniques to evaluate a financial institution's resistance to shocks) in respect of the whole portfolio is 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 2011/2 circular, which sets a minimum threshold of 12% equity coverage to be observed at all times; to this, an anti-cyclical buffer of 0.5% is added, taking the regulatory requirement to a 12.5% ratio. Business planning takes these requirements into consideration when forecasting growth, in order to guarantee this level of equity coverage. The minimum 12.5% threshold is easily covered. At the end of 2017, equity coverage was between 14.94% and 15.02% for the Group.

The publication requirements relating to shareholders' equity will be made available on the Bank's website ([www.bcge.ch/disclosure-obligations](http://www.bcge.ch/disclosure-obligations)) and are summarised on page 106. 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 115)

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 yield from operations, in terms of income from interest and from commission, is weighed up against the costs of the transaction and against the risks incurred, measured by the sums potentially at risk and the probabilities of their occurring.

There is still speculation about the property market overheating and the regulator continues to 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, for loans of less than CHF 1,000,000, there is a wide distribution, with a mode value (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 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 8% of the total. The proportions were slightly different for commercial mortgages, where loans based on Libor accounted for 3% of the total.

### Country risks

Country risks are widely diversified. Leaving aside France, where the Bank does a relatively significant amount of business through its French subsidiary BCGE (France) SA, 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 checked on a daily basis** 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 2017.

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 115)

In the strictly regulatory sense, the State of Geneva of course continues to appear consistently in the "big risk" category. The same applies to ZKB and some insurance groups.

### Market risk (see also page 115)

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 76,000 BCGE shares at the end of 2017 (compared with approximately 45,000 at the end of 2016 before the introduction of the registered share and the two-for-one split), 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 116)

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 are by and large remaining negative. **The Bank has a portfolio of swaps in order to limit sensitivity to a hypothetical sharp increase** in rates.

### Foreign exchange risk (see also page 116)

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 116)

The Bank is highly liquid. This liquidity has increased in the last few years of negative rates. The Bank's total assets have exceeded CHF 22 billion.

### Long-term investment risk (see also page 116)

The long-term investment portfolio amounted to CHF 1,6 billion in December 2017. It provides protection against liquidity risks; **the aim is to compensate the zero profitability** of Confederation short-term paper and thus optimise positions, so that they create great resilience to risk, while making a positive contribution by virtue of their yield. The Bank is successfully diversifying its exposure as a result of this portfolio. Over 67% of long-term investments were rated AAA, with other securities being in the AA+ to A- range.

### Operational risk (see also page 116)

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

### Compliance risk (see also page 117)

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 MOVES TO THE TOP WITH YOU

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

- Online banking (Netbanking)
- Mobile banking (BCGE Mobile Netbanking) and payments (BCGE Twint)
- Online mortgage application and savings account opening
- Automated currency platform (ForXchange)
- 1816 online trading

# Talents and skills

## A bank that supports the achievement and performance of each staff member

BCGE provides working conditions that foster the development of all its employees and allow them to develop in a professional environment that is entrepreneurial, innovative and fair. There are several professional development programmes, but the Bank expects all its employees to be self-directed, to demonstrate creativity and to take up the opportunities offered to them. To meet clients' expectations, BCGE employees are competent, responsible, professional and exemplary in their work. 82% of employees own shares in the Bank.

### Staff levels stable in 2017

At the end of 2017, 799 staff worked for the BCGE Group, i.e. 748 full-time equivalents. Staff levels therefore remained stable (in 2016 the group had 791 employees, or 738 full-time equivalents). Staff costs also reflect the increasing demands of the banking environment, where high qualification levels are required. They increased by 2.3% to CHF 134.3 million (as against CHF 131.3 million in 2016).

### Transparent variable remuneration policy

Approximately 300 front office employees benefit from a mainly mathematically-based variable remuneration policy. Depending on the business line (private banking, global trade finance, branch network, institutional investors, lending etc.), specific models have been developed in line with strategic objectives. These are matched with the interests of the client and the Bank and reflect rigorous and disciplined administrative management.

### Promoting the training of young people

BCGE supports banking training in Geneva by making available a significant number of jobs for new entrants to the market. Whether it be in the form of **apprenticeships, university internships, training development schemes or on-the-job training** (in the lending business line) the Bank makes a substantial financial and practical investment in this area.

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 2017, 6 people were employed on this basis, generating the equivalent of 57 working months).

### Continuous development of competencies

As part of its training strategy, BCGE aims at the continuous development of competencies. In 2017, 532 employees undertook specific-area or management training of an average 5.2 days. This means that over 2,786 days were devoted to training.

With 50 new certifications awarded in 2017 in the areas of financing, pension planning and investment, the certification rate of BCGE advisers is 83%. BCGE adheres to the Swiss Association for Quality SAQ ISO 17024 standard aimed at raising bank adviser competency levels: **21 employees achieved this certification in 2017.**

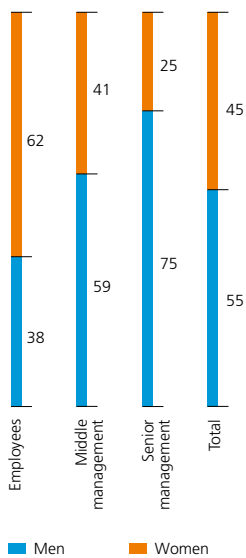
### Loans for crisis management

In 2017, 30 employees undertook Transfer<sup>1</sup> training and 60 specialists who had already done so participated in a crisis management exercise on the Bank's premises. They were thus able to practise in a real environment the skills they had acquired in this training course, which focuses on crisis management. **With the aim of stimulating the company spirit of the up-and-coming management generation, BCGE launched a new wave of the micro-MBA.** 20 candidates are currently taking this course, which teaches mental agility and how to use management tools needed to identify and take advantage of market opportunities.



<sup>1</sup> [www.vtg.admin.ch/fr/organisation/kdo-ausb/fsca/zs/mika.html](http://www.vtg.admin.ch/fr/organisation/kdo-ausb/fsca/zs/mika.html).

Proportion of men and women %



### High-grade qualifications

Six apprentices were awarded their Swiss federal certificate of competence (one of these in conjunction with their professional commercial matriculation), one employee gained the Compliance Officer diploma (financial market specialism) awarded by VisionCompliance, and another the same body's QI/FATCA specialist certificate. BCGE also had the pleasure of congratulating the recipients of a master's degree in international trade, a certified auditor diploma and a certificate in investment performance measurement (CIPM).

### Equal opportunities for all

Women comprise 45% of staff, occupying 41% of management positions and **25% of senior executive roles**; BCGE is thus one of the Swiss banks with the highest proportion of women in its management. **Identification of talents prevails over any other consideration in recruitment or appointment decisions.** Selection takes place according to a neutral appointment policy and in-company talent identification is the work of a specific committee. In addition, BCGE applies support measures such as ready access to part-time working for all – 26% of staff benefit from this – or parental leave. By benchmarking remuneration on the banking market, BCGE periodically checks that its own remuneration policies are not discriminatory in terms of a wide variety of criteria (age, length of service, sex, seniority, business line etc.). In 2017, the Bank won **the award of the Cercle Suisse des Administratrices, in acknowledgement of the proportion of women on its board of directors (4 out of the 11 seats)**, but also for its promotion of women throughout its organisation.

### Internal incentives are appreciated

BCGE has an incentive plan to promote excellence, involving the award of various prizes, as outlined below.

### Prizes awarded to employees

Award	Team/ individual	Aim	Number of times a year	Amount of award (in CHF)
<i>Avantage service</i>	Team	To support the promotion of BCGE Avantage service	2	60,000
<i>Check-up</i>	Team	To highlight the quality of advice provided in BCGE Check-up interviews	2	60,000
<i>Hubble</i>	Individual	To promote modern methods for managing assets	2	31,300
<i>New clients</i>	Team	To reward acquiring and retaining clients	1	30,000
<i>Intrapreneur</i>	Individual	To encourage imagination and creativity	2	38,200
<i>Oberon</i>	Individual	To reward implementation of an innovative idea	variable	2,300
<i>Service centre</i>	Individual	To foster ways of improving productivity and reducing costs	2	18,000
<i>Client service</i>	Individual	To boost excellence in client service	2	55,300

# Communication

## A multi-faceted and continuous information flow

BCGE is committed to communicating to all its stakeholders regularly and in a variety of different ways. To this end, it has put in place several different channels of communication that allow it to interact with a large audience both within and outside Geneva. Its status as a cantonal bank and listed company requires it to produce clear, transparent and regular information for its target audiences. BCGE has a department of Communication and Investor Relations that acts as the Bank's spokesperson, supported by the Executive Board and the Group's employees; this allows maintenance of a continuous and open dialogue with its shareholders, clients and external institutions, the Bank's partners and all Geneva's citizens.



### Varied media and information channels

Protecting BCGE's reputation and developing its image are essential to ensuring the institution's long-term future. To achieve this, the Communications and Investor Relations department is active every day in designing, editing and transmitting information about the Bank and its development (services, news and products) to the financial markets and the regional economy, through several channels (the media, the internet, publications, events, public relations, audiovisual productions, presentations and networking). In continuous contact with Swiss media, it has regular banking and stock-market reports published in several daily newspapers in French-speaking Switzerland (260 reports in 2017) and arranges quarterly press conferences to provide the public with in-depth information on the Bank's results or on topics linked with BCGE's expertise. In 2017, over 800 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 17,300 copies, the Dialogue client magazine covers the Bank's achievements and its services; it also contains information on the economy of a general nature, though with a particular emphasis on Geneva. Around fifty corporate publications and presentations provide details of the Bank's organisation, expertise and business lines. As 21st century information channels absolutely must be mobile and accessible, the Bank permanently updates the data on its website ([www.bcge.ch](http://www.bcge.ch)) and on those of its subsidiaries (there were over 7.5 million web page visits in 2017). The website can also be accessed via a mobile app. The Bank also has its own YouTube channel, on which a number of its lectures and audiovisual productions can be viewed. In addition to these news channels, BCGE has also produced a film that presents the Bank's DNA, values and long-term expertise. This features some real Swiss wrestlers and a cross-country skier in authentic Alpine landscapes, in imagery based in particular on the Bank's 2016 poster campaign.



### Close links with clients, shareholders and investors

BCGE considers relationships and contacts with its shareholders and investors to be of fundamental importance. The Bank organises events aimed especially at them every year; these include the Annual General Meeting and some roadshows, which can add to their number. In parallel, the Bank produces publications for its clients, shareholders and investors in order to present its macroeconomic outlook and investment recommendations. In 2017, it issued over 240 financial and economic publications. Each year, in partnership with cantonal institutions, BCGE co-publishes two studies pertaining to a current economic affairs topic of interest to the regional community. In 2017, its study entitled *Entreprises familiales: une vision à long terme dans un monde pressé* [Family-run companies: a long-term vision in a busy world], published with the Geneva Chamber of Commerce, Industry and Services and OCSTAT, was referenced in economic circles. As a listed company, the Bank publishes its results on a half-yearly and yearly basis.



### A network of regional and international partners

Over 40 events, attended by nearly 4,300 people, were organised in 2017. Among these, the Jeunes event drew 220 young people, who had the chance to see Lucas Tramèr, rowing gold medallist at the 2016 Rio Olympics, and Julien Donzé (aka "le Grand JD"), a professional YouTuber.



The BCGE *L'essentiel de la finance* lecture series gave the Bank's clients the opportunity to meet some top-ranking international celebrities. In 2017, French scientist and writer Joël de Rosnay and French doctor and entrepreneur Laurent Alexandre shared their vision of artificial intelligence and human and societal evolution. The seminars were reported on in the French-speaking Swiss media and were published on the BCGE YouTube channel; they were also the subject of a special edition of the academic journal *Revue Economique et Sociale* ([www.bcge.ch/res](http://www.bcge.ch/res)). At international level, BCGE attracted attention through events organised by its Dubai office, whose representatives met the United Arab Emirates (UAE) financial authorities in Dubai and in Abu Dhabi; they also had conversations with Swiss diplomats on the money markets, the economic outlook and on the opportunities and risks associated with business in Switzerland and the Middle East. The Bank also invited its clients to an exclusive event in Dubai. It presented its activities and Switzerland's key advantages to an audience of entrepreneurs at the Dubai Chamber of Commerce and Industry alongside the staff of the Swiss consulate general in the Emirate.



### In-house information for all

The BCGE Group has almost 800 employees, and the Bank values and encourages the internal communication that occurs face-to-face and in the various meetings and committees in the company. At the same time, it distributes information via several channels. For example, the intranet, in addition to e-mail, rapidly disseminates news and information about all the Group's entities and activities. An essential medium, it allows staff to access internal applications and inform themselves on new developments, framework regulations, press articles, results, financial information, organisational developments, new projects etc. The internal newsletter, which went entirely digital in 2017, carries illustrated articles and reports. Every six months, the Executive Board invites staff to an information meeting on the occasion of publication of the half-yearly and annual results, to give a presentation of recent action and the future outlook. There are regular business lunches, during which employees and/or outside speakers showcase a business line, a topic of general interest or a project in the course of development.

### Towards digitalisation

As part of its digital strategy, the Bank has a web monitoring programme focusing on reputation and protection of the brand. It has a presence on certain social media such as LinkedIn and Facebook. It has launched a YouTube channel, on which can be found a number of its audiovisual productions and video recordings of lectures of interest that it has organised or in which it has participated. 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 is aware of the risks associated with the use of new technologies: its website features an online banking security section to inform its users of the risks of scams and internet criminality, to encourage them to act cautiously and take appropriate preventive measures.



A skier's hand in a black glove holds a ski pole with a yellow and black grip. The background is a snowy mountain slope under a clear blue sky. The image is split diagonally by a semi-transparent grey overlay.

## A BANK THAT'S GOING YOUR WAY

By the side of Genevans: there to help,  
close at hand, with empathy.

- 21 bank branches
- 125 ATMs
- 251 advisers in the branch network
- Structures to simplify your financial life
- Experts you can trust, who listen to you

# Ethical and environmental responsibility

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 subject to market laws 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 concept of “sustainable development” and “corporate social responsibility” (CSR).

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





## 2. REGULATORY FRAMEWORK

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

- Banque Cantonale de Genève Act (LBCGe)
- 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

### Ethical and environmental responsibility

Corporate ethical and environmental responsibility comprises a set of standards affecting human rights, in particular, 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 that 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 and 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, in its own right, imposes a highly demanding code of conduct on the company.

### Stakeholders: clients

Clients are decisive for a bank's success. BCGE aims 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 services and advisory company, the quality, commitment and loyalty to the company of employees 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.

In 2017, the BCGE group paid the equivalent of CHF 171 per household in dividends and taxes to the Canton of Geneva and to the Geneva municipalities. It paid suppliers CHF 94.6 million for goods and services. A major proportion of this amount was paid to Geneva-based companies or to the Geneva entities of companies invoiced in other Swiss cantons, such as Swisscom.

## 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 2017 EVALUATIONS

### Shareholders

Objectives	Way 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 of obligations</i>, article 663b bis</p> <p>Make sure results are transparent</p> <p>Provide the control committee and in the external audit process with all relevant information</p>	<p><i>Payout ratio</i></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"> <li>Adhere to data protection standards</li> <li>Implement an internal security system to combat illicit appropriation of information</li> <li>Commit not to use clients' private data</li> <li>Ensure a high level of security on the website</li> </ul>	<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"> <li>Ensure a moderate e-brokerage policy (no encouragement of speculation)</li> <li>Inform clients of the advantages and risks associated with the Bank's products</li> <li>Ensure a transparent retrocessions policy</li> <li>Establish a fair marketing policy</li> </ul>	<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"> <li>Avoid money-laundering or accusations of complicity with a dubious client</li> <li>Support tax regularisation measures</li> <li>Carefully select clients using deposit and lending services, avoiding relationships which may be worthy of criticism</li> <li>Develop systematic checking processes for situations which may be pre-identified as involving reputational risk</li> <li>Ensure that the Bank adheres to CSR standards in international trade finance</li> <li>Prevent over-indebtedness in the personal lending business</li> <li>Attribute country risk lines on the basis of in-depth analyses</li> </ul>	<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>	<ul style="list-style-type: none"> <li>Provide the Human Resources department with resources and authority</li> <li>Avoid job specifications that are too repetitive or precarious</li> <li>Cooperate with the mediator and the Service Social Inter-Entreprises</li> <li>Maintain a dialogue with the Staff Committee</li> <li>Develop the internal communication process</li> <li>Recognise entrepreneurial spirit and exceptional performance through the award of prizes</li> <li>Organise a means of expressing grievances</li> </ul>	<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>	<ul style="list-style-type: none"> <li>Value first and foremost talent and commitment</li> <li>Support training, career counseling</li> <li>Ensure the Bank's political and ideological neutrality</li> <li>Guarantee a selection system (in terms of recruitment and promotion) that is impartial and fair</li> </ul>	<p>File on non-adherence to these principles (possible evidence)</p> <p>★★★</p>
<p>To provide opportunities for career development</p>	<ul style="list-style-type: none"> <li>Establish a well thought-out and demanding training policy (with an annual plan)</li> <li>Monitor talents and ensure career progression is prepared</li> <li>Evaluate performance objectively and confidentially</li> <li>Encourage employees to maintain and develop their competencies</li> </ul>	<p>Changes in the training budget</p> <p>★★★</p>
<p>To align remuneration purely in the interest of the company and its clients</p>	<ul style="list-style-type: none"> <li>Establish precise internal rules</li> <li>Align remuneration policies with long-term strategies and the interest of the clients</li> </ul>	<p>Staff turnover rate</p> <p>Loss of talent</p> <p>★★★</p>
<p>To encourage environmentally-friendly transport</p>	<ul style="list-style-type: none"> <li>Financially support purchase of Geneva public transport (TPG) annual season tickets</li> <li>Encourage car sharing</li> <li>Encourage train travel for business trips</li> </ul>	<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><i>Horizon Direction</i> course, with the <i>BCGENOMICS</i> 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 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	<ul style="list-style-type: none"> <li>Maintain local services</li> <li>Ensure assistance is provided to disabled people in the branches</li> <li>Support local social action by means of a special budget</li> <li>Support popular sports, particularly by means of sponsorship</li> </ul>	<ul style="list-style-type: none"> <li>Number of clients with disabilities</li> <li>★★★</li> </ul>
To protect the environment	<ul style="list-style-type: none"> <li>Strategic objectives are set out in the strategic plan (heating, paper consumption, carbon footprint, etc.).</li> <li>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</li> <li>The annual report contains precise information in this respect</li> </ul>	<ul style="list-style-type: none"> <li>Environmental balance sheet</li> <li>★★★</li> </ul>
To have an ethical and environmental responsibility policy in line with external realities	<ul style="list-style-type: none"> <li>Monitor developments in the socio-political debate</li> </ul>	<ul style="list-style-type: none"> <li>Participate in seminars</li> <li>Possible amendments to the policy</li> <li>★★★</li> </ul>

## 6. FOUNDATION IN AID OF CULTURAL, SOCIAL AND SPORTING ACTIVITIES

The *Fondation Immobilière Patrimoine* was founded by the *Caisse d'épargne de la République et Canton de Genève* and the *Banque hypothécaire du Canton de Genève* with the aim of supporting cultural, social and sporting activities of general interest in the Canton of Geneva and its region. To this end, the foundation acquired several buildings that had previously belonged to the founders. Management of the buildings generates funds which allow the net revenue from the capital to be assigned to the aims of the foundation (after payment of the interest and the normal amortisation of the loans, on the one hand, and the costs associated with the normal upkeep and depreciation of the buildings, on the other). Among the persons assisted by the foundation in 2017 were Swiss skipper Alan Roura, who took 12th position in the *Vendée Globe* round-the-world sailing race on the eve of his 24th birthday, and Paloma Mello-Héritier, a Swiss hope in junior synchronised swimming. Other beneficiaries included various charitable associations, a number of live shows and an artisanal enterprise rewarded for its work with apprentices. François Kirchhoff and Patrick Senger, BCGE director and assistant director respectively, represent the Bank on the foundation council, alongside its chairman, attorney Lucien Lazzarotto, and two architects, Serge Vuarraz and Bénédicte Montant. In future years, the foundation intends to lend increased support to cultural, social and sporting activities of general interest in the Canton of Geneva and its region.



## 7. 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.

### Responsible tax paying

The Bank's tax payment conduct involves adherence to all direct and indirect tax payment requirements, as a company and as an employer, in all the countries in which it operates, and attributing income and costs in line with the location where operations are recorded.

	Taxes paid in 2017, including business and tourism taxes (in CHF 1,000)	Proportion of total taxes paid (%)	Rate of tax, excluding VAT (%)
Canton of Geneva and Geneva municipalities	16,658	69.47%	12.98%
Other Swiss cantons and municipalities	110	0.46%	0.09%
Swiss Confederation	7,357	30.68%	5.73%
Foreign	3,553	14.82%	2.77%
Total	27,677	100.00%	21.57%

See also point 5.39 on pages 136 and 163

## 8. OPERATIONAL MANAGEMENT

### An everyday job

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 ecological factors**. Continuous renewal of all IT infrastructure enables access to the latest technology (virtualisation, centralised storage, sharing computer capacity) in line with future ecological data centre standards.

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

### 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. City-centre deliveries are performed on foot, and light mail is delivered by a supplier using bicycle couriers.

CONSUMABLES	2017	2016	2015	2014	2013
Paper purchase (number of sheets)					
including	6,011,000	6,393,000	6,445,000	6,960,000	6,595,000
<i>FSC wood fibres</i>	61,000	67,000	45,000	35,000	70,000
<i>FSC eucalyptus fibres</i>	4,175,000	4,251,000	3,300,000	5,775,000	4,325,000
100% recycled	1,775,000	2,075,000	3,100,000	1,150,000	2,200,000
Paper destroyed (tons)	60.9	53.7	59.1	60.7	46.1
PET recovered (kg)	1,336	1,198	1,227	1,188	987
IT components recovered (kg) <sup>1</sup>	292	781	68	1	1,700

<sup>1</sup> IT components are weighed only when they are 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 the premises in a cost-effective, ecological way, working with the cantonal authorities, architects and surveyors. The study for the connection of the Quai de l'Île building to the Genilac hydrothermal system, carried out in partnership with the cantonal energy department, has been completed; this should lead to an optimisation of energy efficiency. When building work is undertaken, BCGE pays particular attention to the materials used (whether they are its own material purchases or those of its sub-contractors) and to suppliers' fulfilling their obligation to sort their waste.

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

### Concentrating the Bank's core activities on two operational sites

The environmental benefits are visible through improvements in environmental costs/needs ratios for the infrastructure. BCGE is optimising its 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; these total 2% in two years. In order to minimise the environmental impact of its electricity consumption, BCGE has opted for the environmentally-friendly hydraulically-generated electricity offered by its supplier. When modernising its facilities, BCGE undertakes energy efficiency measures and systematically seeks to implement eco-efficient solutions. It participates in the Ambition Négawatt Vision of its electricity supplier, SIG, and has already made numerous energy savings. This year, BCGE was awarded the éco21 "Committed Company 2017" certificate for its commitment to SIG's energy economy programme.

ELECTRICITY	2017 (kWh)	2016 (kWh)	2015 (kWh)	Chng. kWh (1yr)	Var. kWh (2 yrs)
City centre	1,394,839	1,390,569	1,393,349	4,270	1,490
Lancy	1,390,028	1,421,430	1,413,002	(31,402)	(22,974)
Branches	1,165,467	1,171,966	1,227,711	(6,499)	(62,244)
<b>Total</b>	<b>3,950,334</b>	<b>3,983,965</b>	<b>4,034,062</b>	<b>(33,631)</b>	<b>(83,728)</b>

GAS	2017 (kWh)	2016 (kWh)	2015 (kWh)	Chng. kWh (1yr)	Var. kWh (2 yrs)
City centre <sup>1</sup>	989,783	993,763	998,508	(3,979)	(8,725)
<b>Total</b>	<b>989,783</b>	<b>993,763</b>	<b>998,508</b>	<b>(3,979)</b>	<b>(8,725)</b>

WATER	2017 (m³)	2016 (m³)	2015 (m³)	Chng. m³ (1yr)	Var. m³ (2 yrs)
City centre	4,942	4,286	6,484	656	(1,542)
Lancy	2,245	2,154	1,912	91	333
Branches	2,494	3,214	3,609	(720)	(1,115)
<b>Total</b>	<b>9,681</b>	<b>9,654</b>	<b>12,005</b>	<b>27</b>	<b>(2,324)</b>

Source: SIG

<sup>1</sup> In addition to head office, three branches located in buildings owned by BCGE are also heated by gas.

## Environmentally-friendly transportation

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-one 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 sustainable financing of a durable, long-term economy. It offers a range of banking services, known as BCGE Responsible Performance, which seek to incorporate ethical and ecological 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 (CH) and Synchrony (LU) Swiss Small and Mid Caps CHF:** these funds invest 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:** the fund is at least two-thirds invested in Swiss Confederation bonds. The remainder may be invested in bonds or other debt securities issued or guaranteed by a Swiss public authority or by a Swiss mortgage bond issue centre.

These four Bank funds hold combined assets of CHF 288 million. Together with the other mandates and funds managed on behalf of clients, BCGE manages nearly CHF 840 million of assets in accordance with sustainability principles.

### Trade finance

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





## 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





# 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 2017 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 branches and agencies. The Bank is listed on the SIX Swiss Exchange. The 7,200,000 registered shares are listed. The market capitalisation is calculated on the basis of a price of CHF 163.90 as at 31 December 2017.

Market capitalisation (31.12.2017)	CHF 1,180 million
Stock number (as of 2.2.2017)	35,049,471
ISIN number, (as of 2.2.2017)	CH0350494719

The organisation chart of the BCGE Group is on pages 18 and 19. 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 86 and 87;
- Coordination of the divisions and benefits from synergies applicable across all divisions are ensured on the one hand by the CEO and his staff and, on the other, by a matrix operating structure;
- The underlying operation of the above is reinforced by various strategic committees which have been allocated major responsibilities or controls by the Executive Board. The principal committees are described in the table below:

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

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

### Investment Strategy Committee

#### Composition of the committee

Constantino Cancela (chairman)  
 Valérie Lemaigre (vice-chairman)  
 Chantal Fellay (secretary)  
 Jean-Paul Dellenbach  
 Nicolas Demierre  
 Amin Khamsi  
 Axel Moser  
 Marc Riou  
 Pierre Sauvagnat  
 Pierre Weiss  
 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 (secretary)  
 Claude Bagnoud  
 Pierre-Olivier Fragnière  
 Yves Spörri  
 Marie-Anne Bourgoz Gorgé  
 Valérie Lemaigre  
 Pierre Sauvagnat

#### Main role

Conduct and control of financial policy, supervision of forward looking management of balance sheet 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  
 Yves Spörri  
 Marc Doerks  
 Michael Kropf  
 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)  
 Claude Bagnoud (vice-chairman)  
 Michael Kropf (secretary)  
 Blaise Goetschin  
 Christophe Weber

#### Main role

Supervising adequacy of the organisation  
 Monitoring large-scale organisational projects

### 1.1.3 Scope of consolidation<sup>1</sup>

The complete scope of consolidation includes, in particular, at 31 December 2017, these wholly-owned subsidiary companies:

Banque Cantonale de Genève (France) SA ([www.bcgef.fr](http://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.

The publication of acquisitions of equity stakes during the 2017 financial year can be consulted using the following link:

<https://www.six-exchange-regulation.com/fr/home/publications/significant-shareholders.html>

## 1.2 Major shareholders

Information on the major shareholders known to BCGE as at 31 December 2017:

### Major shareholders' equity interests

As at 31/12/2017

Shareholders	Registered shares	Total votes	Total nominal value	% capital and votes
State of Geneva	3,187,715	3,187,715	159,385,750	44.27%
City of Geneva	1,502,646	1,502,646	75,132,300	20.87%
44 Geneva municipalities	534,609	534,609	26,730,450	7.43%
State of Geneva Pension Fund (CPEG)	428,800	428,800	21,440,000	5.96%
<b>Total</b>	<b>5,653,770</b>	<b>5,653,770</b>	<b>282,688,500</b>	<b>78.52%</b>
<b>Existing capital</b>	<b>7,200,000</b>	<b>7,200,000</b>	<b>360,000,000</b>	<b>100%</b>

## 1.3 Cross holdings

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.

<sup>1</sup> The scope of consolidation is shown on page 112.

## 2. CAPITAL STRUCTURE

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

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

The introduction of the single type of share has altered the distribution of voting rights of the major shareholders (see situation above).

### 2.1 Capital

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

### 2.2 Authorised or conditional capital

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

### 2.3 Changes in the share capital

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

### 2.4 Shares and participation certificates

#### 2.4.1 Shares and participation certificates

Until 1 February 2017, the capital was 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 on the SIX Swiss Exchange. The registered shares were exclusively held by Geneva public authorities and were not listed. Registered "B" shares entitled their holders to the same pecuniary rights as those associated with bearer shares.

Since 2 February 2017, the share capital has been composed entirely of registered shares, listed on the SIX Swiss Exchange, with a par value of CHF 50, i.e. a total of 7,200,000 shares, all fully paid up.

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. The 2017 dividend was paid on the basis of the new registered BCGE share.

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. Moreover, pursuant to article 3a LB, the canton must hold more than one third of the capital and the voting rights.

#### 2.6.2 Reasons for granting exceptions

No exceptions are granted.

#### 2.6.3 Registration of nominees

At 31 December 2017, 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](http://www.bcge.ch/loi-bcge)), subject to a referendum.

### 2.7 Convertible bonds and options

BCGE has not issued any convertible bonds or options.

### 3. BOARD OF DIRECTORS

#### 3.1 MEMBERS<sup>1</sup>

The Board of Directors is composed of 11 non-executive members. They are independent within the meaning of FINMA Circular 2017/1: Corporate governance – banks.



**Gilbert Probst**

born 17 September 1950, Swiss.

Chairman, appointed in 2017 by the State Council.

Holder of a Doctorate and a Master's degree in economics and social sciences from the University of St Gallen. Honorary Professor, Director of the Public-Private Partnership Centre and Co-director of the MBA programme at the Geneva School of Economics and Management (GSEM), Vice-chairman of the Swiss Board Institute (Geneva) and Institute of Directors for Switzerland and Chairman of SKU (Zurich). From 2007 to 2016, Gilbert Probst was Managing Director at the World Economic Forum (WEF). He is the founder of the PPP Centre and the Geneva Knowledge Forum (University of Geneva), and of the Centre for Organizational Excellence (University of St Gallen). He has been a member of numerous boards of directors of Swiss companies.



**Patrick Mage**

born 31 July 1949, Swiss.

Deputy Chairman, appointed in 2006 by the State Council. 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.



**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 since 2016 as a doctoral candidate.



**Michèle Costafrolaz**

born 2 August 1954, French.

Member, elected in 2017 by the shareholders. Member of the Control Committee.

A graduate of the Lyon School of Management in Finance and Accounting, her expertise is in financial audit and business advisory services in the accounting and financial field. Starting her career in external audit with Deloitte Haskins & Sells in Paris in 1977, she occupied several management positions in the company before becoming Managing Partner - Audit with Deloitte SA, Geneva (1984-2013). An accredited senior auditor with the Federal Audit Oversight Authority, Ms Costafrolaz has been a founding shareholder and board member of MCT Audit & Advisory, Geneva since 2013, Chair of the audit committee of the Global Alliance for Improved Nutrition foundation since 2015 and a member of the Supervisory Board of Ermewa Holding SA, France, since 2014.

<sup>1</sup> No member of the Executive Board

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





**Gina Empson**  
born 23 March 1958, Swiss and British.  
Member, appointed in 2014 by the State Council.  
Member of the Appointments and Remuneration Committee.

A member of the Institute of Chartered Accountants in England & Wales since 1983, a licensed auditor and a member of EXPERTsuisse. 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.



**Jean Olivier Kerr**  
born 19 June 1956, Swiss.  
Member, elected in 2017 by the shareholders.  
Member of the Appointments and Remuneration Committee.

With postgraduate degrees from the International Agri-food Management Institute (IGIA) and from the Institute for Advanced Studies in Rural Law and Agricultural Economics (IHEDREA, Paris), his particular expertise is in risk management, strategy analysis and execution, and organisational change management and leadership. Having joined Cargill as a trader in 1980, he occupied various positions in Paris, Amsterdam, Milan, Geneva and Minneapolis before being appointed, firstly, Manager at Cargill Europe, Geneva (1999-2007), then Vice-chairman of Cargill International, Geneva (2008-2014). He is a member of Entrepreneurs Suisse Romande, the business creation network in French-speaking Switzerland.



**Fabienne Knapp**  
born 9 February 1965, Swiss.  
Member, appointed in 2006 by the State Council.  
Member of the Control Committee until May 2017.  
Member of the Risk and Strategy Committee since May 2017.

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.



**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.



**John Tracey**  
born 29 October 1950, Swiss and British.  
Member, elected in 2010 by the shareholders.  
Chairman of the Appointments and Remuneration Committee since 18 May 2017.

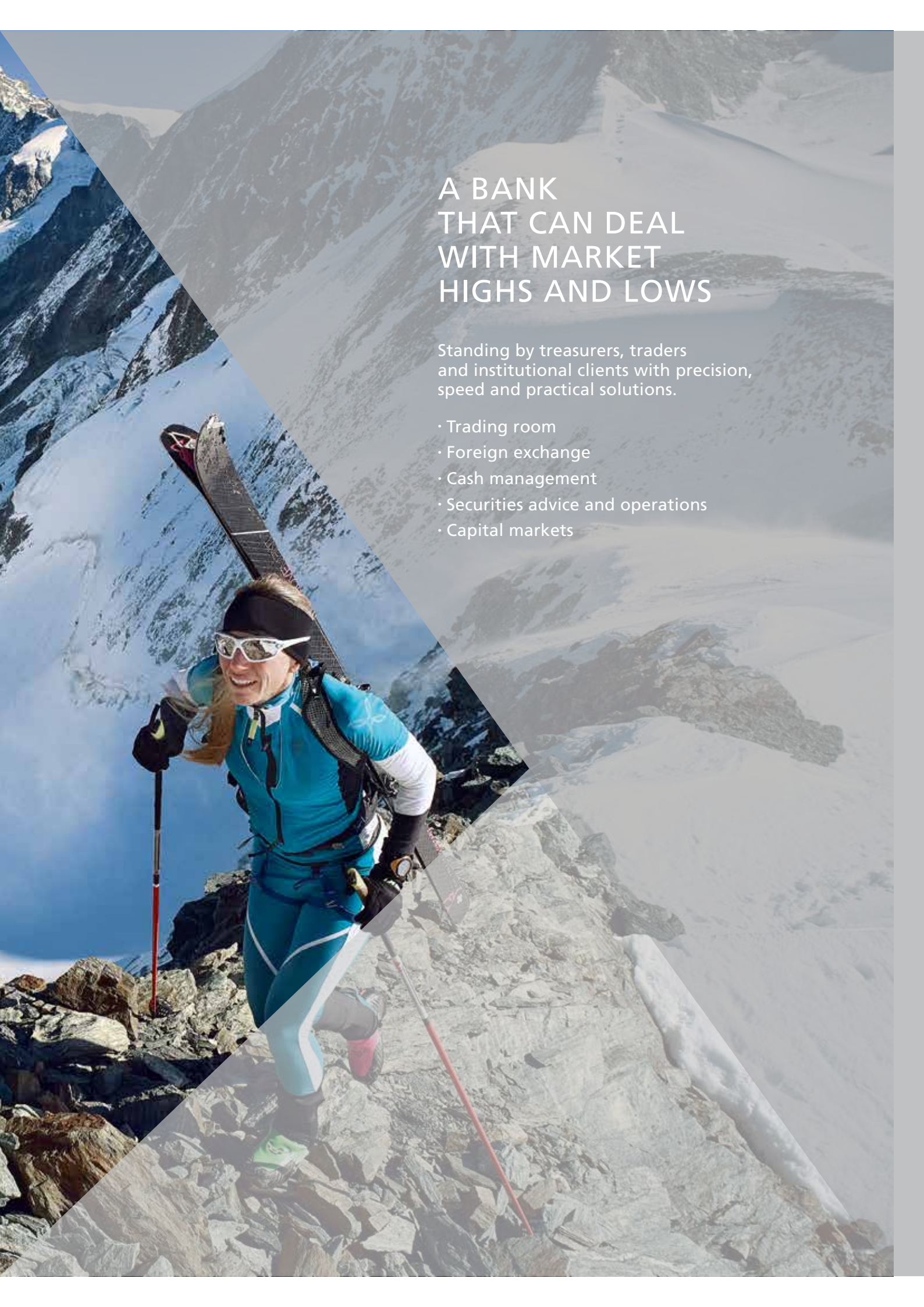
Holds a business studies and international marketing degree from the University of Leeds. His career in marketing, communication and other management functions with Procter & Gamble in Geneva spans almost 35 years. A former director of Procter & Gamble International and a previous head of external relations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



**Angela de Wolff**  
born 10 June 1968, Swiss and Italian.  
Member, appointed in 2010 by the State Council.  
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 woman in a blue and white ski suit is climbing a rocky mountain peak. She has skis on her back and is using a red trekking pole. The background shows a vast, snow-covered mountain range under a clear blue sky. The image is split diagonally, with the top right portion being a faded, semi-transparent version of the same scene.

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### 3.2 Other activities and vested interests

#### Gilbert Probst

Member of the *Stiftung zur Förderung der systemorientierten Managementlehre* foundation, St. Gallen.

#### Patrick Mage

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

#### 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 Board of Directors of Carasso SA, Satigny.

#### Michèle Costafrolaz

Chair of the Board of Directors of ID Logistics SA, Geneva. Member of the Boards of Directors of Coninco Explorers in Finance SA, Vevey and Helvetia Conseils & Révisions SA, Geneva.

#### Gina Empson

Chair of the Board of Directors of ICS Corporate Services SA, Geneva. Member of the Boards of Directors of Bruellan SA, Geneva; Fondation Genesis, Geneva; Association Genève-roule, Geneva; Antion Biosciences SA, Geneva. Founder and CEO of Swiss Labour Contractors Sàrl, Geneva.

#### Jean Olivier Kerr

Member of the Boards of Directors of Oceana Shipping AG, Coire et Navemar SA, Fribourg.

#### Fabienne Knapp

Independent 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 Groupe CGN SA.

#### John Tracey

Deputy Vice-chairman of the Board of Directors of Genève Aéroport and Chairman of the Strategy 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. Vice-chair of Swiss Sustainable Finance, Zurich. Member of the TBLI (Amsterdam) advisory board. Member of the Boards of Directors of Swiss Investment Fund for Emerging Markets SA (SIFEM AG), Bern, and of the Fondation Audemars-Watkins foundation, Geneva.

### 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 State Council;
- 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 General Meeting;
- The State Council nominates 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 Association<sup>1</sup> and article 12 of the LBCGe<sup>2</sup>.

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

<sup>2</sup> 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
Gilbert Probst	2017	2018	0	yes
Patrick Mage	2006	2018	2	no
Mourad Sekkiou	2006	2018	2	no
Grégoire Carasso	2014	2018	0	yes
Michèle Costafrolaz	2017	2018	0	yes
Gina Empson	2014	2018	0	yes
Jean Olivier Kerr	2017	2018	0	yes
Fabienne Knapp	2006	2018	2	no
Jean-Marc Mermoud	2010	2018	1	yes
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: Gilbert Probst.

Deputy Chairman of the Board: Patrick Mage.

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: John Tracey, chair, Jean Olivier Kerr and Gina Empson, members. It meets when an appointment requires it to do so but at least once a year. In 2017, 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, Fabienne Knapp (member from 18 May 2017, previously member of the Control Committee), Jean-Marc Mermoud and Grégoire Carasso, members. In 2017, it met five times.

##### Control Committee

The Control Committee takes 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 State Council. The member of the Control Committee appointed by the State Council cannot be a civil servant. He/she is subject to banking secrecy. Its members are Patrick Mage, chair, and Michèle Costafrolaz, both directors, and Alain Heck, appointed by the State Council. In principle, the Control Committee meets at least once a fortnight. In 2017, the Control Committee held 25 ordinary meetings.

##### 3.5.3 Working methods

The Board of Directors meets at least 15 times a year. In 2017, it met 15 times, with meetings lasting an average of four hours. The level of participation in these meetings was 93%. 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 2017, 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 2017, the Board had two standing committees, in addition to the Control Committee: an Appointments and Remuneration Committee and a Risk and Strategy Committee. In order to deal with the increasing complexity of banking business, the members of the Board of Directors benefit from training sessions regularly organised by the Bank. Each member is able to request training in a specific area from the Chairman, who has a budget for this purpose.

### 3.6 Powers of the Board of Directors and the Executive Board<sup>1</sup>

The powers and duties of the Board of Directors 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 dictate that the Board of Directors decides on:

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

<sup>1</sup> According to the regulation that was in force in 2017. Its amendment was approved by FINMA on 20 February 2018.

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 share capital and risk sharing by banks and securities dealers, for the Board of Directors.

### 3.7 Information and control mechanisms

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

- The Chairman of the Board of Directors is provided with weekly reports of the Executive Board's meetings;
- Report by the Chairman of the Executive Board at each meeting of the Board of Directors on the progress of business;
- Quarterly risk reports by the chief risk officer;
- 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

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, by articles 22 to 25 of the Bank's Management and Organisational 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 audit firm 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 independent auditor 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 9 auditors as at 31 December 2017, 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 PROTECTS YOUR FREE TIME AND YOUR ASSETS

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

- Secured savings
- Private banking
- Pensions
- Estate planning
- Mortgage financing

## 4. EXECUTIVE BOARD

### 4.1 Members<sup>1</sup>

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.  
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 CS Corporate Finance: private companies in Switzerland. 1995, head of Cantonal finance administration, Canton of Vaud. Major (retd.) 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.



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

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



**Claude Bagnoud**  
born 1 January 1964, Swiss and French.  
Head of the Geneva Division (known as  
Corporate and Institutional Clients Division until  
31 December 2017).

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. He was a manager in 1991 and became head of the BCGE Commercial Lending department from 1994 to 1995. From 1996 to 1999, he was in charge of the real estate and commercial credit section for the general market. He was appointed to the management in 1996. He completed an internship in London in 1999. In 2000, he was section head in the Industries, Trade and Services department. May 2001, Member of the Executive Board and Head of the Geneva Private Clients and SME 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.

<sup>1</sup> No member of the Executive Board

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



**Jean-Marc Joris**  
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. Appointed member of the management of Banque Cantonale de Genève in charge of the Organisation department and as interim manager of the IT department in April 2002. 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.

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 head of the Corporate and Institutional Clients division.

## 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; Capital Transmission SA, Geneva and 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** 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. Chairman of the Supervisory Board at Banque Cantonale de Genève (France) SA, Lyon. Member of the Office and Board of the Geneva Chamber of Commerce and Industry (CCIG). Member of the Technical Commission of the Union of Geneva Employers' Associations (UAPG).

**Yves Spörri** Member of the Board of Directors of Dimension SA, Lausanne and the Supervisory Board of Banque Cantonale de Genève (France) SA, Lyon.

#### 4.4 Service contracts

BCGE outsources its main IT operations to Swisscom, Bern.

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

The contracts signed with Swisscom are valid until 2020. These contracts cover hosting services and third party application maintenance. The latter have been in place since 1 October 2010. In 2017, BCGE paid Swisscom a total of CHF 22.7 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 2.9 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 3.2 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 2017, 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 four to eight shares). They can also obtain four free shares once a year by purchasing four 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 front office business areas, such as private banking, trade finance, lending or network banking, partly or wholly quantitatively-based remuneration models defining the variable proportion of the salary 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-incident to excessive risk-taking, administrative rigour, 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 entities they audit. 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 according to the employees choice for certain plans. When the granting of free shares involves a purchase by the employee, the shares acquired by the employee are blocked for the same period.

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

Plan	Criterion for attribution	Description	Moratorium period <sup>1</sup>
<b>1 Variable remuneration ordinary</b>	Variable remuneration or exceptional bonus of at least CHF 3,000	4 bonus shares in tranches of CHF 3,000 on condition 2 shares are bought at market price	5 to 10 years, according to choice
<b>complementary amount</b>	Level of consolidated annual results compared to the results of the three preceding years	50% in shares for members of the Executive Board and senior management, 20% in shares for other employees	5 years <sup>2</sup>
<b>2 Seniority</b>	From 3 years' service	From 4 to 14 shares (from 25 years' service)	5 years
<b>3 Loyalty</b>	From 10 years' service and in 5-year tranches	CHF 4,000 in shares	5 years
<b>4 Shareholding</b>	From one year's service	4 bonus shares on condition 4 shares are bought at market price	5 to 10 years, according to choice

<sup>1</sup> The moratorium is cancelled in the event of end of employment, except for staff whose employment contract is terminated by retirement or disability; in this case, they may choose to maintain the moratorium.

<sup>2</sup> The moratorium is maintained beyond the end of the contract for members of the Executive Board.

### 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 six to twelve 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 the case in 2017. Total compensation for members of the Executive Board may therefore vary to a certain extent from year to year 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 2017, variable remuneration including share option schemes, represented between 56% and 157% 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 all the Bank's other employees, are eligible for 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 page 155, 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 provides 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, split, transformation 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. One or more shareholders together representing at least one tenth of the share capital, may also convene an Extraordinary General Meeting, indicating their objective in doing so. One or more shareholders representing shares totalling a par value of CHF 1 million may propose in writing an item for the agenda, within 40 days preceding the General Meeting. 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, to initiate a special audit or to appoint an auditor.

### 6.5 Share registration

The Bank keeps a share register at the headquarters of the company showing the names and addresses of the owners or beneficiaries. Only persons whose names are included in the share register as shareholders with voting rights are considered to be shareholders by the Bank and may exercise their right to vote or the other associated rights.

## 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 26 April 2016, the mandate of the Bank's independent auditor, Deloitte SA, was renewed for 2017.

### 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 auditor's fees are paid to Deloitte in Switzerland.

	31.12.2017	31.12.2016
Audit of BCGE Group	791,500	665,600
<i>of which BCGE only</i>	<i>777,000</i>	<i>651,100</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.

	31.12.2017	31.12.2016
Audit of BCGE Group	188,000	207,154
<i>of which BCGE only</i>	<i>188,000</i>	<i>207,154</i>

Additional fees amounting to CHF 73,200, not connected with the audit, were paid in 2017 to Deloitte in Switzerland (17,000 in 2016).

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

In 2017, the auditor was asked to attend (part-time) three meetings of the entire Board of Directors and 10 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 on the basis of three criteria: reputation, no incompatibility with the Bank, and fees. Evaluation of additional services unconnected with the audit is made using the same criteria. An additional criterion is the potential for economies of scale, when the supplier of additional services and the auditor are from the same entity.

## 9. INFORMATION POLICY

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

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

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

Channels	Languages	Former/addressee	URL/e-mail address	Timetable
Annual report	F	Printed/Internet	<a href="http://www.bcge.ch/rapport-annuel">www.bcge.ch/rapport-annuel</a>	16 March 2018
	En	Printed/Internet	<a href="http://www.bcge.ch/annual-report">www.bcge.ch/annual-report</a>	17 May 2018
Annual General Meeting	F	Shareholders and guests	–	2 May 2018
Website	F/En	Investors	<a href="http://www.bcge.ch">www.bcge.ch</a>	permanent
Financial information (Push and pull link)	F/En	Internet written request	<a href="http://www.bcge.ch/contact-investisseur">www.bcge.ch/contact-investisseur</a>	permanent
			<a href="http://www.bcge.ch/investors-contact">www.bcge.ch/investors-contact</a>	
Press conference on Annual and half-yearly results	F	Verbal/Internet	<a href="http://www.bcge.ch/resultat-financier-bcge">www.bcge.ch/resultat-financier-bcge</a>	27 February/ 7 August 2018
Press releases	F/D <sup>1</sup> /En <sup>1</sup>	Print and electronic media mainly Swiss/Internet	<a href="http://www.bcge.ch/resultat-financier-bcge">www.bcge.ch/resultat-financier-bcge</a> <a href="http://www.bcge.ch/financial-results">www.bcge.ch/financial-results</a>	occasional
Mailboxes	F	E-mail	<a href="mailto:actionnaires@bcge.ch">actionnaires@bcge.ch</a>	permanent
			<a href="mailto:communication@bcge.ch">communication@bcge.ch</a> <a href="mailto:presse@bcge.ch">presse@bcge.ch</a>	
Dialogue magazine	F	Printed/Internet	<a href="http://www.bcge.ch/dialogue">www.bcge.ch/dialogue</a>	3 times a year
Institutional publications	F/En	Printed/Internet	<a href="http://www.bcge.ch/publications">www.bcge.ch/publications</a>	regular
			<a href="http://www.bcge.ch/publications-bcge">www.bcge.ch/publications-bcge</a>	

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

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# Comments on the group accounts

# Comments on the group accounts

## Record income and an increase in dividend

Banque Cantonale de Genève recorded excellent 2017 results. The financial year closed with growth in operating profit of nearly 16% at a record level of CHF 128.3 million. Net profit was up, at CHF 81.6 million. This strong progress was underpinned by all revenue sources, international activities in particular. The cost/income ratio stands at 60.8%, a good level, thanks to the growth in income (CHF 366.1 million, +4.8%) and the control exercised over expenses and risks. Profitability continued to move up in a difficult rates context: return on equity, at 5.6%, is at a high level, and the earnings to equity ratio stands at 8.9%. Assets under bank management and administration rose to CHF 26.4 billion, while mortgage lending followed a targeted upward trend to almost CHF 11 billion (+6%). For the 2018 full year, the Bank is expecting an increase in operating profitability comparable to that of 2017.

### Main consolidated figures for the financial year (in CHF thousand)

Results	31.12.2017	31.12.2016	Variation 2017 vs. 2016	
Operating income	366,110	349,445	16,665	4.8%
Operating expenses	222,735	221,555	1,180	0.5%
Operating profit	128,299	110,709	17,590	15.9%
Net profit	81,604	79,008	2,596	3.3%
ROE (return on equity)	5.6%	5.8%	-16 basis points	-2.8%
Dividend	5.8% <sup>1</sup>	5.5%	30 basis points	5.5%

### Balance sheet volumes

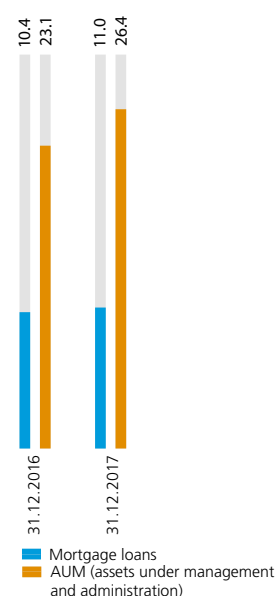
Total assets	22,671,315	21,392,692	1,278,623	6.0%
Mortgage loans	10,985,361	10,366,470	618,891	6.0%
Assets under management and administration	26,380,457	23,078,096	3,302,361	14.3%
Shareholders' equity	1,472,199	1,386,027	86,172	6.2%
Tier 1 capital ratio	14.03%	<sup>2</sup>	<sup>2</sup>	<sup>2</sup>
Ratio of regulatory capital available	15.02%	<sup>2</sup>	<sup>2</sup>	<sup>2</sup>
Staff (full-time equivalents)	748	738	11 <sup>3</sup>	1.4%

<sup>1</sup> Proposal submitted to the Annual General Meeting on 2 May 2018.

<sup>2</sup> The equity adequacy ratio no longer takes into account the counter-cyclical capital buffer as from year 2017. BCGE's minimum requirement has gone from 12% to 12.5%, including this counter-cyclical buffer since the same date.

<sup>3</sup> Due to rounding (staff numbers have increased from 737.6 to 748.3).

Changes in mortgage lending and AUM  
CHF billion



### Strong increase in profitability

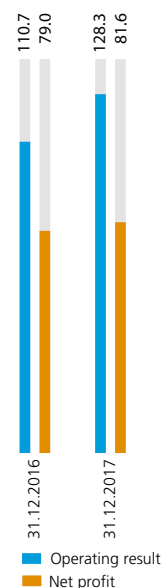
Operating profit reached a record level at CHF 128.3 million (+15.9%), with net profit substantially up at 81.6 million. Operating income increased by 4.8%, at CHF 366.1 million, underpinned by both traditional and new business lines. Net interest income rose by 2.1%, at CHF 210 million, bolstered by business growth and a cost of risk practically zero. Operating expenses, meanwhile, are well controlled and remain stable, absorbing the regulatory costs and the digitalisation drive conducted by the Bank. Income enjoyed strong growth, with all commission categories recording significant increases.

Net interest income rose by 2.1%, due to the continuing low cost of risk. Commissions benefited from the increased volumes in asset management and trade finance. Active trading positions expanded by 13% thanks to operations on the capital and forex markets. Incomes in EUR and USD, representing 27.4% of total income, are constantly rising, indicative of the increasing diversification of income sources.

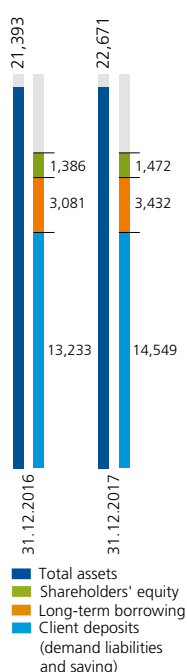
### A major player in financing Geneva's economy

The Bank has granted more than CHF 2.1 billion of additional business and personal loans in three years. Mortgage lending, based on a targeted approach, has moved up to almost CHF 11 billion, (+6%). Since 1st January 2017, 793 additional businesses have joined the ranks of its partner-clients, making a total of 19,349 businesses. The mortgage share of the total balance sheet is moderate (48%) compared to the benchmark, this being the result of the policy targeted at diluting exposure to real estate risk.

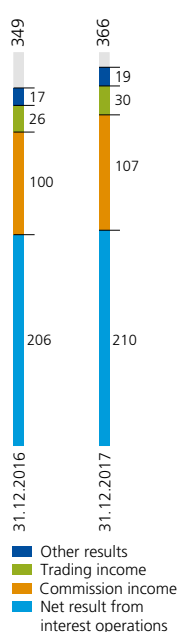
Changes in operating income and net profit  
CHF million



Changes in liabilities  
CHF million



Development of revenues  
CHF million



### Increase in assets under management and administration

Assets under management and administration increased by 14.3% (CHF 3.3 billion) and now stand at CHF 26.4 billion. The institutional client base grew by 22.1%, passing the CHF 12 billion mark. The private client segment now totals CHF 13.9 billion. The private banking business, despite the sector's structural changes, has benefited from substantial inflows from the existing client base, especially in mandates; in addition, the range of products has been enhanced (private equity, share trackers, advisory services for large portfolios). Lastly, the Synchrony investment funds have grown to CHF 2.5 billion (+29%). Three funds focusing on high dividends have notably been launched, as well as two funds governed by Luxembourg law.

### Increase in equity

Over the full year, shareholders' equity expanded by CHF 86.2 million (+6.2%), and now stands at a total of CHF 1.47 billion. An additional CHF 767 million of shareholders' equity has been created since 2005. The BCGE is a well-capitalised and sound bank.

### Nearly 500 new shareholders

The broadening of the Bank's shareholder base, both private and institutional, testifies to its sound health and its attractiveness, with the number of individual and business clients becoming shareholders increasing sharply (+460 individuals or business structures). As at 31 December 2017, the Bank had 14,271 registered shareholders (compared with 13,811 end-2016). On top of these figures, there are also several hundred shareholders who have deposited more than 985,000 shares with other establishments. The body of shareholders is very diverse (82.9% of shareholders known to the Bank own between one and fifty shares). 82% of BCGE staff members are shareholders, owning 2.5% of the Bank's capital.

### Stock market capitalisation reaches a record level

The transformation of the capital structure (successful introduction of a single registered share and the splitting of its par value in two) on 2 February 2017 helped improve the stock's liquidity and attractiveness on the capital market, offering greater transparency of the shareholder structure. The issuance of two subordinated bonds also had a positive impact. Share performance over the year 2017 (+10%) reflects the attractiveness of the Bank for investors. There is still considerable upside potential, as the intrinsic equity value stands at CHF 207 and represents 126% of the stock market value.

### Increased dividend

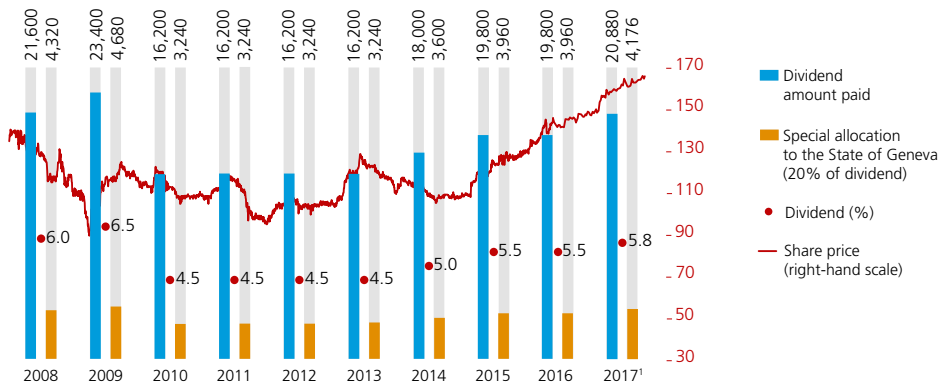
A dividend of CHF 2.90, representing an increase of 5.5%, is to be proposed to the Annual General Meeting. The value contribution to the public authorities, in taxes and dividends specifically, amounts to CHF 47 million, up 9%.

### Strategic priorities for 2018

The Bank is working on five strategic priorities for the current year, summarised as follows:

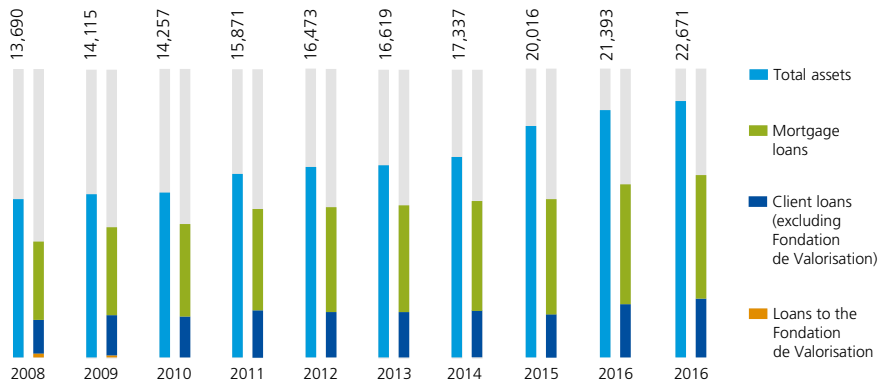
- core partner for the regional economy and for businesses,
- selective growth in mortgage finance,
- targeted expansion of private banking in Switzerland and internationally,
- to increase its market share in asset management, and investment funds on the Swiss market and internationally,
- improvement in operational productivity.

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

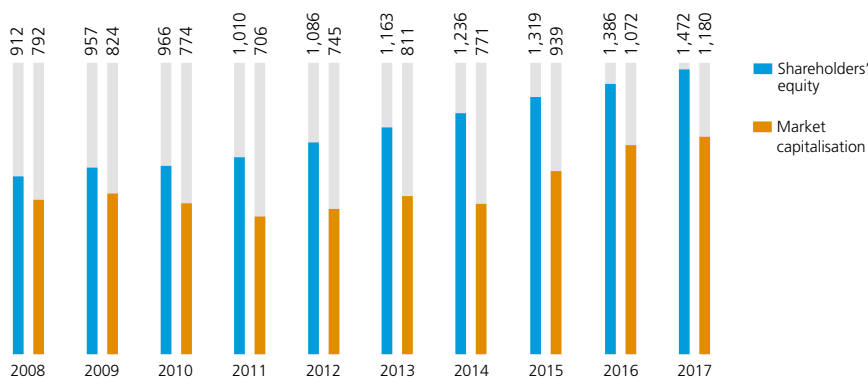


<sup>1</sup> Proposed dividend and special allocation to the State of Geneva.

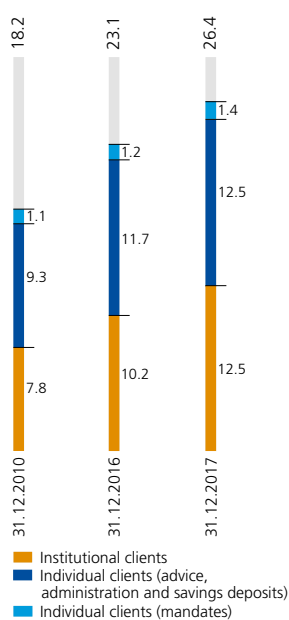
Changes in the balance sheet  
CHF million



Changes in shareholders' equity and stock market capitalisation  
CHF million



Changes in assets under management and administration  
CHF billion



### Outlook for 2018

The Bank intends to speed up its business expansion in an economic environment, which is picking up. This drive is based on the diversity of its skills and the fact that its business model is aligned with the specific features of Geneva's economy.

- The growth of high added-value business and the loyalty of its client base reaffirm BCGE's favourable strategic positioning.
- The Bank's financial soundness makes it a safe and stable repository for deposits.
- The Bank expects low rates to persist along with higher market volatility, factors which are likely to affect its interest margin and commission income.
- Lending growth will remain moderate due to the regulations governing capital requirements and the counter-cyclical buffer.
- The Bank is stepping up the development of its business areas that are less capital-intensive (private banking, asset management, investment funds, mergers and acquisitions, and financial engineering consultancy).
- For the full year 2018, the Bank expects operating profitability to be close to that of 2017.

**Gilbert Probst**  
Chairman

**Eric Bourgeaux**  
Chief Financial Officer



# 2017 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 107 to 136) of Banque Cantonale de Genève and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2017 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.

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, 2017 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><b>Value adjustments for default risks</b></p> <p>The book values of amounts due from customers and mortgage loans amount respectively to CHF 4,707 mios and CHF 10,985 mios out of a total balance sheet of CHF 22,671 mios, representing respectively 21% and 48% as at December 31, 2017. These total amounts of credit are presented net of value adjustments as follows:</p> <table border="1" data-bbox="245 577 858 824"> <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>4,814</td> <td>10,987</td> </tr> <tr> <td>Value adjustments</td> <td>-107</td> <td>-2</td> </tr> <tr> <td>Net values</td> <td>4,707</td> <td>10,985</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 113 - 115 and to table 5.02 of the notes to the consolidated financial statements on page 119 for further information.</p>	CHF mios	Amounts due from customers	Mortgage loans	Gross values	4,814	10,987	Value adjustments	-107	-2	Net values	4,707	10,985	<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"> <li>• 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;</li> <li>• Review of assumptions retained by the bank for the value adjustments on the mortgage loans;</li> <li>• Review of external valuations and assumptions retained by the bank for value adjustments on commercial loans and Global Commodities Finance;</li> <li>• Review of files which are closely monitored due to higher risks of default but not yet adjusted;</li> <li>• Valuation of the judgement level applied by the bank and testing that the value adjustments have been approved in accordance with internal authorization rules;</li> <li>• Sending confirmation requests to the external lawyers involved in cases having higher risks of default;</li> <li>• Review of bank's Exception-to-policy reports.</li> </ul> <p>We also reviewed and followed 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 booking of these value adjustments.</p> <p>Based on the 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	4,814	10,987											
Value adjustments	-107	-2											
Net values	4,707	10,985											
<p><b>Valuation of the litigation provision</b></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 117 and to table 5.16 of notes to the consolidated financial statements on page 126 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>Furthermore, we performed substantive procedures consisting of:</p> <ul style="list-style-type: none"> <li>• Review of the list of litigation cases, procedures and prosecutions established by the Management;</li> <li>• Interview with the Head of Legal and the Management regarding open and significant cases;</li> <li>• Review of the assumptions used by Management for the estimation of the level of provision of the significant cases;</li> <li>• Sending confirmations requests to the external lawyers involved in these litigations;</li> <li>• Test the proper recording of these provisions.</li> </ul> <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, February 22, 2018

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<sup>1</sup> Numbering according to Annex 5 of the *Accounting rules for banks, securities dealers, financial groups and conglomerates (ARB)*.

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# Equity and liquidity statement

## Consolidated

in CHF 1,000  
or %

<b>Equity</b>		
Minimum equity, based on risk-weighted requirements	CHF	937,902
Equity taken into account	CHF	1,761,606
of which Core Equity Tier 1 capital (or CET1 <sup>1</sup> )	CHF	1,447,143
of which core capital (or T1 <sup>2</sup> )	CHF	1,645,533
Risk-weighted assets (or RWA <sup>3</sup> )	CHF	11,723,775
CET1 ratio (Core Equity Tier 1 capital as a percentage of RWA <sup>3</sup> )		12.34%
T1 ratio (core capital as a percentage of RWA <sup>3</sup> )		14.04%
Total equity ratio (as a % of RWA <sup>3</sup> )		15.03%
Counter-cyclical equity buffer (as a percentage of RWA <sup>3</sup> )		0.54%
Target CET1 <sup>1</sup> ratio (as a percentage) according to annex 8 of the Federal Ordinance on Capital Adequacy, plus the counter-cyclical buffer		8.34%
Target T1 <sup>2</sup> ratio (as a percentage) according to annex 8 of the Federal Ordinance on Capital Adequacy, plus the counter-cyclical buffer		10.14%
Total equity target ratio (as a percentage) according to annex 8 of the Federal Ordinance on Capital Adequacy, plus the counter-cyclical buffer		12.54%
Basel III leverage ratio (core capital as a percentage of total assets)		6.91%
<b>Total assets</b>	<b>CHF</b>	<b>23,815,753</b>
<b>Liquidity</b>		
Short-term liquidity ratio (or LCR <sup>4</sup> ) in 4th quarter		156%
LCR <sup>4</sup> numerator: total high-quality liquid assets	CHF	4,478,681
LCR <sup>4</sup> denominator: total net cash outflows	CHF	2,863,509
Short-term liquidity ratio (or LCR <sup>4</sup> ) in 3rd quarter		145%
LCR <sup>4</sup> numerator: total high-quality liquid assets	CHF	4,182,375
LCR <sup>4</sup> denominator: total net cash outflows	CHF	2,879,244
Short-term liquidity ratio (or LCR <sup>4</sup> ) in 2nd quarter		150%
LCR <sup>4</sup> numerator: total high-quality liquid assets	CHF	4,099,210
LCR <sup>4</sup> denominator: total net cash outflows	CHF	2,732,895
Short-term liquidity ratio (or LCR <sup>4</sup> ) in 1st quarter		126%
LCR <sup>4</sup> numerator: total high-quality liquid assets	CHF	3,663,222
LCR <sup>4</sup> denominator: total net cash outflows	CHF	2,911,237

<sup>1</sup> Common equity tier 1 (CET1).

<sup>2</sup> Tier 1 (T1).

<sup>3</sup> Risk weighted assets (RWA).

<sup>4</sup> Liquidity coverage ratio (LCR).

### Risk of interest rate changes in the banking book

In the event of a change in the interest rate curve, the market value of the Bank's equity would oscillate between CHF -104.0 million (in the event of a 100 basis point rate rise) and CHF 107.4 million (in the event of a 100 basis point rate fall). The impact on revenues would vary between CHF 16.5 million and CHF -17.7 million, with a floor benchmark rate of 0% for client services.

All the *publication requirements relating to shareholders' equity* will be available on the Bank's website ([www.bcege.ch/disclosure-obligations](http://www.bcege.ch/disclosure-obligations)).

The Bank applies the standard Swiss approach, otherwise known as SA-CH, for the regulatory disclosures of credit risk and the standard approach for market risk and operational risk.

# Balance sheet and off-balance-sheet transactions

## Consolidated

	Notes	31.12.2017 in CHF 1,000	31.12.2016 in CHF 1,000	Change in CHF 1,000
<b>ASSETS</b>				
Liquid assets	5.23	3,435,533	3,359,672	75,861
Amounts due from banks	5.23	766,360	648,223	118,137
Amounts due from securities financing transactions	5.23	580,000	–	580,000
Amounts due from customers	5.23	4,706,766	4,606,629	100,137
Mortgage loans	5.23	10,985,361	10,366,470	618,891
Trading portfolio assets	5.03	55,549	41,667	13,882
Positive replacement values of derivative financial instruments	5.04	15,130	19,284	(4,154)
Financial investments	5.05	1,749,983	1,831,681	(81,698)
Accrued income and prepaid expenses		29,919	44,188	(14,269)
Participations	5.06	61,589	23,955	37,634
Tangible fixed assets	5.08	129,651	133,759	(4,108)
Other assets	5.10	155,474	317,164	(161,690)
<b>Total assets</b>		<b>22,671,315</b>	<b>21,392,692</b>	<b>1,278,623</b>
Total subordinated claims		20,953	1,853	19,100
<i>of which subject to mandatory conversion and/or debt waiver</i>		–	–	–
<b>LIABILITIES</b>				
Amounts due to banks	5.23	2,541,918	2,349,168	192,750
Liabilities from securities financing transactions	5.23	482,846	1,031,357	(548,511)
Amounts due in respect of customer deposits	5.23	14,548,789	13,233,386	1,315,403
Trading portfolio liabilities	5.03	1,045	1,068	(23)
Negative replacement values of derivative financial instruments	5.04	3,962	19,594	(15,632)
Cash bonds	5.23	4,043	5,431	(1,388)
Bond issues and central mortgage institution loans	5.15	3,432,055	3,081,245	350,810
Accrued expenses and deferred income		84,289	82,732	1,557
Other liabilities	5.10	86,461	187,203	(100,742)
Provisions	5.16	13,708	15,481	(1,773)
Reserves for general banking risks	5.16	180,000	160,000	20,000
Bank's capital	5.17	360,000	360,000	–
Statutory capital reserve		315,949	314,912	1,037
Statutory retained earnings reserve		558,557	503,309	55,248
Own shares		(10,383)	(11,882)	1,499
Currency translation reserve		(13,528)	(19,320)	5,792
Profit/loss (result of the period)		81,604	79,008	2,596
<b>Total liabilities</b>		<b>22,671,315</b>	<b>21,392,692</b>	<b>1,278,623</b>
Total subordinated liabilities	5.15	508,055	303,760	204,295
<i>of which subject to mandatory conversion and/or debt waiver</i>	5.15	308,200	108,280	199,920
<b>OFF-BALANCE-SHEET TRANSACTIONS</b>				
Contingent liabilities	5.28	747,945	756,917	(8,972)
Irrevocable commitments	5.02	715,342	556,224	159,118
Obligations to pay up shares and make further contributions	5.02	131,018	114,151	16,867
Credit commitments	5.29	100,827	123,758	(22,931)

# Income statement

## Consolidated

	Notes	31.12.2017 in CHF 1,000	31.12.2016 in CHF 1,000	Change in CHF 1,000
<b>RESULT FROM INTEREST OPERATIONS</b>				
Interest and discount income	5.33	253,794	246,864	6,930
Interest and dividend income from trading portfolios		341	517	(176)
Interest and dividend income from financial investments		15,972	14,441	1,531
Interest expense		(53,697)	(50,675)	(3,022)
<b>Gross result from interest operations</b>		<b>216,410</b>	<b>211,147</b>	<b>5,263</b>
Changes in value adjustments for default risks and losses from interest operations		(6,197)	(5,181)	(1,016)
<b>Subtotal net result from interest operations</b>		<b>210,213</b>	<b>205,966</b>	<b>4,247</b>
<b>RESULT FROM COMMISSION BUSINESS AND SERVICES</b>				
Commission income from securities trading and investment activities		45,657	41,889	3,768
Commission income from lending activities		32,372	26,492	5,880
Commission income from other services		37,652	37,060	592
Commission expense		(8,781)	(5,524)	(3,257)
<b>Subtotal result from commission business and services</b>		<b>106,900</b>	<b>99,917</b>	<b>6,983</b>
<b>RESULT FROM TRADING ACTIVITIES AND THE FAIR VALUE OPTION</b>				
<b>Subtotal result from trading activities and the fair value option</b>	5.32	<b>29,778</b>	<b>26,357</b>	<b>3,421</b>
<b>OTHER RESULT FROM ORDINARY ACTIVITIES</b>				
Result from the disposal of financial investments		7,286	8,003	(717)
Income from participations		6,188	2,157	4,031
Result from real estate		1,151	916	235
Other ordinary income		6,578	8,349	(1,771)
Other ordinary expenses		(1,984)	(2,220)	236
<b>Subtotal other result from ordinary activities</b>		<b>19,219</b>	<b>17,205</b>	<b>2,014</b>
<b>Total operating income</b>		<b>366,110</b>	<b>349,445</b>	<b>16,665</b>
<b>OPERATING EXPENSES</b>				
Personnel expenses	5.34	(134,295)	(131,282)	(3,013)
General and administrative expenses	5.35	(88,440)	(90,273)	1,833
<b>Subtotal operating expenses</b>		<b>(222,735)</b>	<b>(221,555)</b>	<b>(1,180)</b>
<b>Value adjustments on participations, depreciation and amortisation of tangible fixed assets and intangible assets</b>	5.36	<b>(15,415)</b>	<b>(14,391)</b>	<b>(1,024)</b>
<b>Changes to provisions and other value adjustments, and losses</b>	5.36	<b>339</b>	<b>(2,790)</b>	<b>3,129</b>
<b>Operating result</b>		<b>128,299</b>	<b>110,709</b>	<b>17,590</b>
Extraordinary income	5.36	48	156	(108)
Extraordinary expenses	5.36	–	(72)	72
Change in reserves for general banking risks	5.36	(20,000)	(10,000)	(10,000)
Taxes	5.39	(26,743)	(21,785)	(4,958)
<b>Profit/loss (result of the period)</b>		<b>81,604</b>	<b>79,008</b>	<b>2,596</b>



# Presentation of the cash flow statement

## Consolidated

(in CHF 1,000)	2017		2016	
	Cash inflow	Cash outflow	Cash inflow	Cash outflow
<b>Cash flow from operating activities (internal financing):</b>				
– Result of the period	81,604	–	79,008	–
– Changes in reserves for general banking risks	20,000	–	10,000	–
– Value adjustments on participations, depreciation and amortisation of tangible fixed assets and intangible assets	15,415	–	14,391	–
– Provisions and other value adjustments	–	1,773	3,337	–
– Accrued income and prepaid expenses	14,269	–	–	14,610
– Accrued expenses and deferred income	1,557	–	16,339	–
– Other items	60,948	–	–	171,209
– Previous year's dividend	–	19,800	–	19,800
– Special allocation to the State of Geneva	–	3,960	–	3,960
<b>Subtotal</b>	–	<b>168,260</b>	<b>86,504</b>	–
<b>Cash flow from shareholders' equity transactions:</b>				
– Recognised in reserves	6,829	–	1,397	–
– Change in own equity securities	1,499	–	189	–
<b>Subtotal</b>	–	<b>8,328</b>	–	<b>1,586</b>
<b>Cash flow from transactions in respect of participations, tangible fixed assets and intangible assets:</b>				
- Participations	–	37,634	2,017	–
- Other tangible fixed assets	–	11,307	–	11,304
<b>Subtotal</b>	<b>48,941</b>	–	<b>9,287</b>	–
<b>Cash flow from banking operations:</b>				
<b>Medium and long-term business (greater than 1 year):</b>				
– Amounts due in respect of customer deposits	–	6,126	6,099	–
– Cash bonds	–	1,388	–	3,092
– Bonds	123,810	–	–	6,899
– Central mortgage institution loans	227,000	–	129,000	–
– Amounts due from banks	148	–	–	101
– Amounts due from customers	–	151,782	–	49,535
– Mortgage loans	–	618,891	–	400,402
– Financial investments	61,262	–	31,605	–
<b>Short-term business:</b>				
– Amounts due to banks	178,104	–	442,072	–
– Liabilities from securities financing transactions	–	548,511	283,380	–
– Amounts due in respect of customer deposits	1,321,529	–	494,953	–
– Trading portfolio liabilities	–	23	444	–
– Negative replacement values for derivative financial instruments	–	15,632	–	6,080
– Amounts due from banks	–	118,285	–	298,662
– Amounts due from securities financing transactions	–	580,000	199,660	–
– Amounts due from customers	51,645	–	–	811,984
– Trading portfolio assets	–	13,882	29,579	–
– Positive replacement values of derivative financial instruments	4,154	–	3,646	–
– Financial investments	20,436	–	–	7,041
Liquidity				
– Liquid assets	–	75,861	57,563	–
<b>Subtotal</b>	<b>127,647</b>	–	–	<b>94,205</b>
<b>Total balances</b>	<b>176,588</b>	<b>176,588</b>	<b>95,791</b>	<b>95,791</b>

# Presentation of the statement of changes in equity

Consolidated

in CHF 1,000

	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
<b>Equity at start of current period</b>	<b>360,000</b>	<b>314,912</b>	<b>582,317</b>	<b>160,000</b>	<b>(19,320)</b>	<b>(11,882)</b>		<b>1,386,027</b>
Acquisition of own shares						(2,845)		(2,845)
Disposal of own shares						5,131		5,131
Profit (loss) on disposal of own shares		787				(787)		–
Currency translation differences					5,792			5,792
Dividends and other distribution		250	(19,800)					(19,550)
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				20,000				20,000
Other allocations to (transfers from) the other reserves			–					–
Profit/loss (result of the period)							81,604	81,604
<b>Equity at end of current period</b>	<b>360,000</b>	<b>315,949</b>	<b>558,557</b>	<b>180,000</b>	<b>(13,528)</b>	<b>(10,383)</b>	<b>81,604</b>	<b>1,472,199</b>

### 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 activities despite an uncertain national and international financial context. This development is based on the diversity of its skills and the fact that its business model is aligned with the specific features of Geneva's economy.

### Activity report

The business component of the activity report appears 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	31.12.2017	31.12.2016
Full-time equivalents	748.3	737.6
Average full-time equivalents	742.1	732.8
Number of employees	799.0	791.0
Average number of employees	794.2	785.9

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

There were no extraordinary events in 2017.

No significant event occurred after the year-end date.

### Agreements with the majority shareholder

Chapter 5 of article 33 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 2017 financial year, an amount of CHF 4.18 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 33.3 million will have been repaid since 2009, thus bringing repayments made by the Bank to a total of CHF 60.8 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	22,610,403
Capital Transmission SA, Geneva	38,368
Investissements Fonciers SA, Lausanne	20,904
Dimension Corporate Finance SA, Geneva	1,055
Dimension SA, Lausanne	911
Swiss Public Finance Solutions SA, Geneva	12,545
Banque Cantonale de Genève (France) SA, Lyon	838,762
Compagnie Foncière du Saint Gothard SAS, Puteaux	36,575
Compagnie Foncière Franco-Suisse SAS, Lyon	44,015
Rhône Saône Léman SNC, Lyon	9
Rhône Saône Courtage Sàrl, Lyon	65

### Consolidation process

#### • Share capital consolidation

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

#### • Goodwill

Goodwill and the difference of first consolidation are shown on the balance sheet as "intangible assets" and depreciated through the profit and loss account over 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 foreign currencies are converted into Swiss francs at the following year-end rates:

Main currencies	Currency units	Rate at 31.12.2017	Rate at 31.12.2016
US Dollar	1	0.9764	1.0177
Euro	1	1.1703	1.0727
Pound sterling	1	1.3209	1.2565
Yen	100	0.8676	0.8704

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".

### Liquid assets

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

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

### Amount due/liabilities from securities financing transactions

Amounts due/liabilities 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 operations 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 investments

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

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

### 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.

**Liabilities arising from client deposits**

All receivables and liabilities arising from client deposits are recorded at their face values.

**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" items 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 to pay under the terms of the deposit guarantee are posted under 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 annual analysis of the Group's principal risks. This analysis takes account of the existing internal control system, the Risk Control department, internal and external audit work and the Executive Board's reports.

**Basic principles**

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

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

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

BCGE belongs in the "category 3" defined by the FINMA circular 2011/2, notably with a balance sheet in excess of CHF 15 billion. FINMA has set the threshold for this category at 12% of equity capital coverage. FINMA has set the threshold for this category at 12% of equity capital coverage. To this, 0.5% has been added for the anti-cyclical buffer, which takes the regulatory requirement for the own funds ratio to a total of 12.5%. Consolidated equity capital coverage was 15.02% as at 31 December 2017, with the common equity tier 1 ratio (CET1 and AT1) standing at 14.03%. It should be noted that BCGE successfully issued two subordinated bonds at the end of May 2017: an AT1 of CHF 90 million and a T2 of CHF 110 million.

### 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 risks

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

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

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

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

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

#### • Risk concentration

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 independent auditors.

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

#### • Market risks

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

Market risk control requires that open positions must be identified, measured and controlled. Evaluation of the trading portfolio and supervision of limits are carried out on a single system, allowing risks incurred to be evaluated without delay and a report to be produced on a daily basis. An independent department is tasked with permanently monitoring the Trading Room transactions, compliance with limits and stop-loss. Connection to the centralised risk-control IT system also offers synchronised reports on capital requirements for these trading transactions. The Bank has a policy of maintaining low exposure to market risks in commodities trading. In addition, the ALM Committee meets on a monthly basis. The Committee oversees management of the Bank's balance sheet in the light of potential changes in the business and financial market situation and other parameters. The ALM Committee monitors all financial risks.

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

- **Rate risks**

Rate risks are those risks arising from fluctuations in the value of non-trading portfolio positions as a result of changes in interest rates. 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 risks**

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 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 2017.

# Notes to consolidated financial statements

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<b>5.01 Breakdown of securities financing transactions (assets and liabilities)</b> (in CHF 1,000)	<b>31.12.2017</b>	<b>31.12.2016</b>
Book value of receivables from cash collateral delivered in connection with securities borrowing and reverse repurchase transactions	580,000	–
Book value of obligations from cash collateral received in connection with securities lending and repurchase transactions	482,846	1,031,357
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>	484,551 484,551	1,038,041 1,038,041
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 <i>of which, repledged securities</i> <i>of which, resold securities</i>	582,483 – –	1,097 – –

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
<b>Loans (before netting with value adjustments)</b>				
<b>Amounts due from customers</b>	<b>523,757</b>	<b>648,414</b>	<b>3,641,561</b>	<b>4,813,732</b>
<b>Mortgage loans</b>	<b>10,987,265</b>	–	–	<b>10,987,265</b>
<i>Residential property</i>	8,722,347	–	–	8,722,347
<i>Office and business premises</i>	1,582,689	–	–	1,582,689
<i>Commercial and industrial premises</i>	388,798	–	–	388,798
<i>Other</i>	293,431	–	–	293,431
<b>Total loans (before netting with value adjustments)</b>				
<b>31.12.2017</b>	<b>11,511,022</b>	<b>648,414</b>	<b>3,641,561</b>	<b>15,800,997</b>
<b>31.12.2016</b>	<b>11,015,085</b>	<b>452,798</b>	<b>3,609,255</b>	<b>15,077,138</b>
<b>Total loans (after netting with value adjustments)</b>				
<b>31.12.2017</b>	<b>11,509,118</b>	<b>636,077</b>	<b>3,546,932</b>	<b>15,692,127</b>
<b>31.12.2016</b>	<b>11,015,085</b>	<b>449,633</b>	<b>3,508,381</b>	<b>14,973,099</b>
<b>Off-balance-sheet</b>				
Contingent liabilities	–	–	747,945	747,945
Irrevocable commitments	–	–	715,342	715,342
Obligations to pay up shares and make further contributions	–	–	131,018	131,018
Credit commitments	–	–	100,827	100,827
<b>Total off-balance-sheet</b>				
<b>31.12.2017</b>	–	–	<b>1,695,132</b>	<b>1,695,132</b>
<b>31.12.2016</b>	–	–	<b>1,551,050</b>	<b>1,551,050</b>
<b>Impaired loans/receivables</b>		<b>Estimated liquidation value</b>	<b>Net debt amount</b>	<b>Individual value adjustments</b>
<b>31.12.2017</b>	<b>Gross debt amount</b> <b>216,420</b>	<b>100,035</b>	<b>116,385</b>	<b>108,870</b>
<b>31.12.2016</b>	<b>244,750</b>	<b>132,619</b>	<b>112,131</b>	<b>104,039</b>

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

<b>Assets</b>	<b>31.12.2017</b>	<b>31.12.2016</b>
<b>Trading portfolio assets</b>		
Debt securities, money market securities/transactions <i>of which, listed</i>	1,003 1,003	2,842 2,842
Equity securities	732	598
Precious metals and commodities	53,518	36,032
Other trading portfolio assets	296	2,195
<b>Total assets</b>	<b>55,549</b>	<b>41,667</b>
<i>of which, securities eligible for repo transactions in accordance with liquidity requirements</i>	–	2,017
<b>Liabilities</b>	<b>31.12.2017</b>	<b>31.12.2016</b>
<b>Trading portfolio liabilities</b>		
Equity securities	–	2
Other trading portfolio liabilities	1,045	1,066
<b>Total liabilities</b>	<b>1,045</b>	<b>1,068</b>

### 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	1,793	1,793	28,816	24,080	121,832	5,828,621
Options (OTC <sup>1</sup> )	7,624	7,512	113,641	1	263	186,075
Foreign exchange / Forward contracts	42,420	14,048	3,516,031	–	–	–
precious metals Combined interest rate and currency swaps	189	171	37,084	–	–	–
Options (OTC)	757	757	90,530	–	–	–
<b>Total before netting agreements</b>						
<b>31.12.2017</b>	<b>52,783</b>	<b>24,281</b>	<b>3,786,102</b>	<b>24,081</b>	<b>122,095</b>	<b>6,014,696</b>
<i>of which, based on an evaluation model</i>	<i>10,363</i>	<i>10,233</i>	<i>270,072</i>	<i>24,081</i>	<i>122,095</i>	<i>6,014,696</i>
<b>31.12.2016</b>	<b>77,083</b>	<b>35,596</b>	<b>3,748,053</b>	<b>43,145</b>	<b>165,097</b>	<b>5,935,474</b>
<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>

	Positive replacement	Negative replacement
	values (cumulative)	values (cumulative)
<b>Total after netting agreements</b>		
<b>31.12.2017</b>	<b>15,130</b>	<b>3,962</b>
<b>31.12.2016</b>	<b>19,284</b>	<b>19,594</b>

<b>Breakdown by counterparty</b>	Central clearing	Banks and securities	Other
	houses	dealers	customers
<b>Positive replacement values (after netting agreements)</b>	–	<b>3,553</b>	<b>11,577</b>

<sup>1</sup> Over the counter.

5.05 Breakdown of financial investments (in CHF 1,000)	Book value		Fair value	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Debt securities	1,648,384	1,731,162	1,682,158	1,767,502
<i>of which, intended to be held to maturity</i>	1,191,489	1,168,937	1,221,809	1,201,918
<i>of which, not intended to be held to maturity</i>	456,895	562,225	460,349	565,584
Equity securities	94,107	89,693	105,449	144,748
<i>of which, qualified participations<sup>1</sup></i>	6,300	6,300	6,300	6,300
Real estate and vehicles	7,492	10,826	7,492	10,826
<b>Total</b>	<b>1,749,983</b>	<b>1,831,681</b>	<b>1,795,099</b>	<b>1,923,076</b>
<i>of which, securities eligible for repo transactions     in accordance with liquidity requirements</i>	1,297,195	1,364,454	1,325,253	1,394,837

<sup>1</sup> At least 10% of capital or votes.

#### Breakdown of counterparties by rating<sup>2</sup>

	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Below B-	Unrated
Debt securities						
Book value	1,515,823	123,143	–	–	–	9,418

<sup>2</sup> In accordance with S&P ratings.

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

	2017							
	Accumulated value adjustments and changes in book value (valuation using the equity method)			Changes in book value in the case of participations valued using the equity method/ depreciation reversals				
	Acquisition cost	Book value at previous year end	Book value at year end	Additions	Disposals	depreciation reversals	Book value as at end of current year	Market value
<b>Participations valued using the equity method</b>								
without market value	17,665	6,109	23,774	7,459	1,220	459	32,912	–
<b>Other participations</b>								
with market value	–	–	–	37	3	–	40	40
without market value	181	–	181	28,463	(7)	–	28,637	–
<b>Total participations</b>	<b>17,846</b>	<b>6,109</b>	<b>23,955</b>	<b>35,959</b>	<b>1,216</b>	<b>459</b>	<b>61,589</b>	<b>40</b>

### 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	
			capital	of capital	of votes	directly	indirectly
			(in 1,000)	(in %)	(in %)		
<b>Full consolidation</b>							
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, Genève	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	
<b>Integration by the equity method</b>							
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	
<b>Other participations</b>							
Central mortgage bond institution of Swiss cantonal banks, Zurich	Issue of mortgage bonds	CHF	1,175,000	5.9	5.9	X	
SIX Group Ltd, Zurich	Financial industry service provider	CHF	19,522	1.6	1.6	X	

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

2017

	Acquisition cost	Accumulated depreciation	Book value				Book value
			at previous year end	Additions	Disinvestments	Depreciation	as at end of current year
Bank buildings	134,444	(35,828)	98,616	–	–	(5,897)	92,719
Other real estate	21,801	(7,232)	14,569	–	–	(397)	14,172
Proprietary or separately acquired software	23,967	(16,058)	7,909	7,151	–	(4,713)	10,347
Other tangible fixed assets	33,165	(20,500)	12,665	4,170	(14)	(4,408)	12,413
<b>Total tangible fixed assets</b>	<b>213,377</b>	<b>(79,618)</b>	<b>133,759</b>	<b>11,321</b>	<b>(14)</b>	<b>(15,415)</b>	<b>129,651</b>

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

Banque Cantonale de Genève Group 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	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Compensation account	75,432	107,033	–	–
Issuing/borrowing costs of bonds and mortgage-backed bonds <sup>1</sup> to be depreciated	2,805	2,564	–	–
Spread of penalties for early loan repayments	–	–	14,101	9,890
Federal Tax Administration	7,537	8,373	5,044	6,149
Spread of gains on derivative instruments	25,015	36,097	16,585	18,724
Spread on securities using accrual method	–	–	83	113
Securities and coupons	–	–	50	55
Operation of continuous linked settlement system under way	24,798	143,589	25,063	143,075
Others	19,887	19,508	25,535	9,197
<b>Total</b>	<b>155,474</b>	<b>317,164</b>	<b>86,461</b>	<b>187,203</b>

<sup>1</sup> The Mortgage Bond Centre 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)

	Book value	Effective commitments
<b>Pledged/assigned assets</b>		
Swiss National Bank	111,231	–
SIX Swiss Exchange (Swiss electronic stock exchange)	26,168	–
Euroclear	2,020	–
Central mortgage institution of the Swiss cantonal banks: <i>nominal value of mortgage securities kept separately</i>	<i>5,201,819</i>	<i>2,774,000</i>

**5.12 Disclosure of liabilities relating to own pension schemes**

	Number <sup>1</sup>		Value (in CHF 1,000)	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
As custodian bank	–	–	37,403	25,894
BCGE shares held by the Foundation	60,000	60,000	9,834	8,933

<sup>1</sup> Since 02.02.2017, the date on which the single type of share was introduced, the Bank has only registered shares of par value CHF 50. The number of shares as at 31.12.2016 has consequently been adjusted.

### 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)

	'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					
		31.12.2017	31.12.2016			31.12.2017	31.12.2016				
		Pension schemes with overfunding	–			–	–	–	14,010	14,050	14,119

<sup>1</sup> The Pension Fund's audited annual accounts as at 31 December 2017 are not available. The surplus is based on the audited financial statements as at 31 December 2016.

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

### 5.14 Presentation of issued structured products

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



5.15 Presentation of bonds outstanding and mandatory convertible bonds and central mortgage institution loans				2017			
				Amounts		Amounts	
(in CHF 1,000)		Weighted		issued	Amounts	Own	in the
		average	Maturities	in foreign	issued	bonds	balance
		interest rate		currencies	in CHF	held	sheet
CHF loan issued on 10.06.2015	Non-subordinated	0.500 %	10.06.24	–	150,000	–	150,000
CHF subordinated loan issued on 07.11.2011	Subordinated without PONV <sup>1</sup> clause	3.125 %	07.11.18	–	200,000	(145)	199,855
CHF subordinated loan issued on 28.06.2017	Subordinated with PONV <sup>1</sup> clause	1.125 %	28.06.27	–	110,000	(190)	109,810
Perpetual AT1-type CHF loan issued on 18.06.2014	Subordinated with PONV <sup>1</sup> clause	2.875 %	N/A	–	110,000	(1,610)	108,390
Perpetual AT1-type CHF loan issued on 28.06.2017	Subordinated with PONV <sup>1</sup> clause	2.000 %	N/A	–	90,000	–	90,000
<b>Total</b>			–	–	<b>660,000</b>	<b>(1,945)</b>	<b>658,055</b>
	Total non-subordinated	0.500 %			150,000	–	150,000
	Total subordinated without PONV <sup>1</sup> clause	3.125 %			200,000	(145)	199,855
	Total subordinated with PONV <sup>1</sup> clause	2.000 %			310,000	(1,800)	308,200
<b>Total</b>		<b>2.000 %</b>	–	–	<b>660,000</b>	<b>(1,945)</b>	<b>658,055</b>

<sup>1</sup> Point of non viability (PONV).

Overview of maturities of bonds outstanding		2017					
		More than	More than	More than	More than	More	Total
		1 year and	2 years and less	3 years and less	4 years and less	5 years and less	
		less than	than	than	than	than	
		1 year	2 years	3 years	4 years	5 years	
Bonds (nominal)		200,000	–	–	–	–	460,000
Bonds (according to the balance sheet)		199,855	–	–	–	–	458,200
	<b>Amount</b>						
Loans from central mortgage institution		2,774,000					

## 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			Currency differences	Past due interest, recoveries	New creations charged to income	Releases to income	Balance at current year end
		designated purpose	Reclassifications						
Provisions for default risks	840	–	–	76	–	1	(8)	909	
Provisions for other business risks	1,757	(367)	–	–	–	505	–	1,895	
Other provisions	12,884	(1,616)	–	–	473	157	(994)	10,904	
<b>Total provisions</b>	<b>15,481</b>	<b>(1,983)</b>	<b>–</b>	<b>76</b>	<b>473</b>	<b>663</b>	<b>(1,002)</b>	<b>13,708</b>	
<b>Reserves for general banking risks</b>	<b>160,000</b>		–	–		<b>20,000</b>	–	<b>180,000</b>	
<b>Value adjustments for default and country risks</b>	<b>104,039</b>	<b>(7,757)</b>	–	<b>1,136</b>	<b>5,255</b>	<b>12,629</b>	<b>(6,432)</b>	<b>108,870</b>	
<i>of which, value adjustments for default risks in respect of impaired loans/receivables</i>	<i>104,039</i>	<i>(7,757)</i>	–	<i>1,136</i>	<i>5,255</i>	<i>12,629</i>	<i>(6,432)</i>	<i>108,870</i>	
<i>of which, value adjustments for latent risks<sup>1</sup></i>	–	–	–	–	–	–	–	–	

<sup>1</sup> In accordance with current standards, valuation adjustments for financial investments are no longer presented in these notes.

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

	31.12.2017			31.12.2016		
	Total par value	Number of shares	Capital eligible for dividend	Total par value	Number of shares	Capital eligible for dividend
<b>Bank's capital</b>						
Single registered share of CHF 50 <sup>1</sup>	360,000	7,200,000	360,000	–	–	–
"A" registered shares	–	–	–	132,552	2,651,032	132,552
"B" registered shares	–	–	–	79,531	1,590,620	79,531
Bearer shares	–	–	–	147,917	1,479,174	147,917
<b>Share capital</b>	<b>360,000</b>	<b>7,200,000</b>	<b>360,000</b>	<b>360,000</b>	<b>5,720,826</b>	<b>360,000</b>
<i>of which, paid up</i>	<i>360,000</i>	<i>7,200,000</i>	<i>360,000</i>	<i>360,000</i>	<i>5,720,826</i>	<i>360,000</i>
<b>Total bank's capital</b>	<b>360,000</b>	<b>7,200,000</b>	<b>360,000</b>	<b>360,000</b>	<b>5,720,826</b>	<b>360,000</b>

<sup>1</sup> Since 02.02.2017, the date on which the single type of share was introduced, the Bank has only registered shares of par value CHF 50.

The Bank did not have conditional or authorised share capital as at 31.12.2017.

### 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 <sup>1</sup>		Equity securities <sup>1</sup>	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Members of the Board of Directors <sup>2</sup>	94	106	15	16
Members of executive bodies <sup>3,4</sup>	4,899	2,640	803	395
Employees <sup>2,5</sup>	17,680	19,856	2,789	2,973
<b>Total</b>	<b>22,673</b>	<b>22,602</b>	<b>3,606</b>	<b>3,384</b>

<sup>1</sup> This table shows the participation rights granted during the year and no longer the total of participation rights held at the closing date (Annual Report 2016). Moreover, the 2016 figures have been modified and adjusted for the single type of registered share of par value CHF 50.

<sup>2</sup> Number of bonus shares issued during the financial period.

<sup>3</sup> Paid in 2018 on the basis of the 2017 results and in accordance with the principles used for table 5.22.

<sup>4</sup> Amounts calculated on the basis of a closing share price on 31.12.2017 of CHF 163.90.

<sup>5</sup> For employees, the participation rights paid during the financial period (on a cash basis) are taken into consideration, as the 2017 variable remuneration projections and the linked plans cannot be reliably determined at the time of producing the report.

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

The contractual conditions for the attribution of the various plans are explained in point 5 of the section on Shareholder information and corporate governance, on page 88. 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.

### 5.19 Disclosure of amounts due

from/to related parties (in CHF 1,000)	Amounts due from		Amounts due to	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Holders of qualified participations	62,618	122,168	63,636	82,522
Group companies	–	1,715	1,359	458
Linked companies	1,329,850	1,395,484	128,150	201,622
Transactions with members of governing bodies	6,617	4,016	9,299	6,699
Other related parties	–	–	37,403	25,894

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

Loans to officers of the Bank are mainly mortgage loans granted to directors and members of the Executive Board. Members of the Executive Board 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 bodies.

Finally, the Bank no longer pays any remuneration to the State of Geneva under the terms of the guarantee granted to savings and pension deposits (CHF 1.6 million in 2016).

**5.20 Disclosure of holders of significant participations**

	31.12.2017		31.12.2016	
	Nominal	% of equity	Nominal	% of equity
<b>Single registered shares<sup>1</sup></b>				
State of Geneva	159,385,750	44.3	–	–
City of Geneva	75,132,300	20.9	–	–
44 Geneva municipalities	26,730,450	7.4	–	–
CPEG – State of Geneva Pension Fund	21,440,000	6.0	–	–
Various shareholders	77,311,500	21.5	–	–
<b>Total</b>	<b>360,000,000</b>	<b>100.0</b>	–	–

**Registered shares with voting rights**

State of Geneva	–	–	125,522,150	34.9
City of Geneva	–	–	60,405,300	16.8
44 Geneva municipalities	–	–	26,155,150	7.3
<b>Total</b>	–	–	<b>212,082,600</b>	<b>59.0</b>

**Bearer shares with voting rights**

State of Geneva	–	–	33,863,600	9.4
City of Geneva	–	–	14,727,000	4.1
44 Geneva municipalities	–	–	575,300	0.2
CPEG – State of Geneva Pension Fund <sup>2</sup>	–	–	21,440,000	6.0
Various shareholders	–	–	77,311,500	21.3
<b>Total</b>	–	–	<b>147,917,400</b>	<b>41.0</b>

<sup>1</sup> Since 2 February 2017, the date on which the single type of share was introduced, the Bank has only registered shares of par value CHF 50.

<sup>2</sup> In accordance with the announcement made to SIX Swiss Exchange by CPEG on 08.01.2014.

At 31 December 2017, the State of Geneva held 44.27% of the Bank's share capital and has the same percentage of the voting rights.

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

BCGE shares <sup>1</sup>	Situation as at 1 January 2017	90,686
	Purchases	18,179
	Sales	32,623
	Situation as at 31 December 2017	76,242

Average transaction price (average market value) in CHF 157

Bearer shares held by its pension fund 60,000

<sup>1</sup> Since 2 February 2017, the date on which the single type of share was introduced, the Bank has only registered shares of par value CHF 50. This situation as at 1 January 2017 has consequently been adjusted.

**5.22 Disclosures in accordance with the Ordinance against Excessive Compensation with respect to Listed Stock Corporations<sup>1</sup> and Article 663c para. 3 CO for banks whose equity securities are listed**

Please see note 5.22 of the parent company accounts.

<sup>1</sup> Please see the *Recueil systématique de la Confédération*, code 221.331.

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
<b>Assets / financial instruments</b>								
Liquid assets	3,435,533							3,435,533
Amounts due from banks	188,643		509,063	68,424	230			766,360
Receivables resulting from securities financing operations	–	–	580,000	–	–	–	–	580,000
Amounts due from customers	789,642	153,430	1,606,459	159,849	1,110,606	886,780		4,706,766
Mortgage loans		1,902,518	599,519	563,881	3,141,390	4,778,053		10,985,361
Trading portfolio assets	55,549							55,549
Positive replacement values of derivative financial instruments	15,130							15,130
Financial investments	38,963		124,592	154,054	906,803	518,110	7,461	1,749,983
<b>Total</b>								
<b>31.12.2017</b>	<b>4,523,460</b>	<b>2,055,948</b>	<b>3,419,633</b>	<b>946,208</b>	<b>5,159,029</b>	<b>6,182,943</b>	<b>7,461</b>	<b>22,294,682</b>
<b>31.12.2016</b>	<b>4,420,984</b>	<b>1,905,142</b>	<b>2,669,048</b>	<b>1,132,835</b>	<b>5,064,521</b>	<b>5,670,269</b>	<b>10,827</b>	<b>20,873,626</b>
<b>Debt capital / financial instruments</b>								
Amounts due to banks	432,371		1,378,032	716,869	1,953	12,693		2,541,918
Liabilities from securities financing transactions			64,367	418,479				482,846
Amounts due in respect of customer deposits	8,484,469	5,127,391	635,054	301,875				14,548,789
Trading portfolio liabilities	1,045							1,045
Negative replacement values of derivative financial instruments	3,962							3,962
Cash bonds			714	789	1,800	740		4,043
Bond issues and central mortgage institution loans			159,000	353,855	620,000	2,299,200		3,432,055
<b>Total</b>								
<b>31.12.2017</b>	<b>8,921,847</b>	<b>5,127,391</b>	<b>2,237,167</b>	<b>1,791,867</b>	<b>623,753</b>	<b>2,312,633</b>	<b>–</b>	<b>21,014,658</b>
<b>31.12.2016</b>	<b>8,029,329</b>	<b>4,993,959</b>	<b>2,781,117</b>	<b>1,154,365</b>	<b>976,846</b>	<b>1,785,633</b>	<b>–</b>	<b>19,721,249</b>

5.24 Presentation of assets and liabilities by domestic and foreign origin in accordance with the domicile principle (in CHF 1,000)	2017		2016	
	Domestic	Foreign	Domestic	Foreign
<b>Assets</b>				
Liquid assets	3,422,309	13,224	3,322,775	36,897
Amounts due from banks	340,892	425,468	169,860	478,363
Amounts due from securities financing transactions	580,000	–	–	–
Amounts due from customers	2,695,130	2,011,636	3,050,786	1,555,843
Mortgage loans	10,592,363	392,998	9,976,135	390,335
Trading portfolio assets	54,920	629	41,154	513
Positive replacement values of derivative financial instruments	12,125	3,005	13,534	5,750
Financial investments	1,219,602	530,381	1,319,790	511,891
Accrued income and prepaid expenses	28,267	1,652	42,947	1,241
Participations	36,813	24,776	8,550	15,405
Tangible fixed assets	128,872	779	132,906	853
Other assets	154,434	1,040	316,311	853
<b>Total assets</b>	<b>19,265,727</b>	<b>3,405,588</b>	<b>18,394,748</b>	<b>2,997,944</b>
<b>Liabilities</b>				
Amounts due to banks	800,900	1,741,018	996,251	1,352,917
Liabilities from securities financing transactions	265,816	217,030	447,418	583,939
Amounts due in respect of customer deposits	11,543,958	3,004,831	10,870,255	2,363,131
Trading portfolio liabilities	1,045	–	1,067	1
Negative replacement values of derivative financial instruments	3,962	–	11,863	7,731
Cash bonds	3,971	72	5,431	–
Bond issues and central mortgage institution loans	3,432,055	–	3,081,245	–
Accrued expenses and deferred income	80,581	3,708	80,391	2,341
Other liabilities	84,932	1,529	184,704	2,499
Provisions	13,708	–	15,481	–
Reserves for general banking risks	180,000	–	160,000	–
Bank's capital	360,000	–	360,000	–
Statutory capital reserve	315,949	–	314,912	–
Statutory retained earnings reserve	558,557	–	503,309	–
Own shares	(10,383)	–	(11,882)	–
Currency translation reserve	(13,528)	–	(19,320)	–
Profit/loss (result of the period)	81,604	–	79,008	–
<b>Total liabilities</b>	<b>17,703,127</b>	<b>4,968,188</b>	<b>17,080,133</b>	<b>4,312,559</b>

5.25 Breakdown of total assets by country or group of countries (domicile principle) (in CHF 1,000)	2017		2016	
	Absolute	Share as %	Absolute	Share as %
<b>Assets</b>				
Europe • France	1,687,128	7.4	1,393,051	6.5
• Germany	230,929	1.0	213,494	1.0
• Luxembourg	200,684	0.9	171,567	0.8
• United Kingdom	131,581	0.6	152,899	0.7
• Other European countries	389,060	1.7	381,387	1.8
United Arab Emirates	144,264	0.6	121,293	0.6
Singapore	136,860	0.6	64,446	0.3
United States	122,055	0.5	74,961	0.4
Others	363,027	1.6	424,846	2.0
<b>Assets held abroad</b>	<b>3,405,588</b>	<b>15.0</b>	<b>2,997,944</b>	<b>14.0</b>
Switzerland	19,265,727	85.0	18,394,748	86.0
<b>Total assets</b>	<b>22,671,315</b>	<b>100</b>	<b>21,392,692</b>	<b>100</b>

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	
	Absolute	Share as %
<b>Rating category (SERV)</b>		
0/HI	3,011,116	85.4
2	161,349	4.6
3	78,662	2.2
4	83,118	2.4
5 and 6	99,359	2.8
7	13,328	0.4
Unrated	76,151	2.2
<b>Total</b>	<b>3,523,083</b>	<b>100.0</b>

The SERV rating is recognised by FINMA.

## 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
<b>Assets</b>						
Liquid assets	3,370,619	60,216	2,711	737	1,250	–
Amounts due from banks	255,086	139,436	303,210	614	19,853	48,161
Receivables resulting from securities financing operations	580,000	–	–	–	–	–
Amounts due from customers	1,852,528	1,519,408	1,284,047	19,414	31,369	–
Mortgage loans	10,808,180	152,400	24,781	–	–	–
Trading portfolio assets	1,105	148	716	–	62	53,518
Positive replacement values of derivative financial instruments	15,130	–	–	–	–	–
Financial investments	1,264,573	407,691	74,224	1,967	1,528	–
Accrued income and prepaid expenses	28,267	1,652	–	–	–	–
Participations	42,833	18,587	169	–	–	–
Tangible fixed assets	128,872	779	–	–	–	–
Other assets	128,778	25,890	–	764	42	–
<b>Total assets shown in balance sheet</b>	<b>18,475,971</b>	<b>2,326,207</b>	<b>1,689,858</b>	<b>23,496</b>	<b>54,104</b>	<b>101,679</b>
Delivery entitlements from spot exchange, forward forex and forex options transactions	575,933	1,292,625	1,561,727	104,293	106,090	2,977
<b>Total assets</b>	<b>19,051,904</b>	<b>3,618,832</b>	<b>3,251,585</b>	<b>127,789</b>	<b>160,194</b>	<b>104,656</b>
<b>Liabilities</b>						
Amounts due to banks	168,994	1,272,274	1,025,326	15,547	1,121	58,656
Liabilities from securities financing transactions	200,000	263,318	19,528	–	–	–
Amounts due in respect of customer deposits	11,407,512	1,463,835	1,534,825	61,222	43,753	37,642
Trading portfolio liabilities	1,045	–	–	–	–	–
Negative replacement values of derivative financial instruments	3,962	–	–	–	–	–
Cash bonds	4,043	–	–	–	–	–
Bond issues and central mortgage institution loans	3,432,055	–	–	–	–	–
Accrued expenses and deferred income	80,519	3,770	–	–	–	–
Other liabilities	68,534	9,394	8,494	15	24	–
Provisions	13,688	–	–	20	–	–
Reserves for general banking risks	180,000	–	–	–	–	–
Bank's capital	360,000	–	–	–	–	–
Statutory capital reserve	315,949	–	–	–	–	–
Statutory retained earnings reserve	558,557	–	–	–	–	–
Own shares	(10,383)	–	–	–	–	–
Currency translation reserve	(13,528)	–	–	–	–	–
Profit/loss (result of the period)	81,604	–	–	–	–	–
<b>Total liabilities shown in the balance sheet</b>	<b>16,852,551</b>	<b>3,012,591</b>	<b>2,588,173</b>	<b>76,804</b>	<b>44,898</b>	<b>96,298</b>
Delivery obligations from spot exchange, forward forex and forex options transactions	2,238,478	539,450	664,191	50,876	114,278	8,186
<b>Total liabilities</b>	<b>19,091,029</b>	<b>3,552,041</b>	<b>3,252,364</b>	<b>127,680</b>	<b>159,176</b>	<b>104,484</b>
<b>Net position per currency</b>	<b>(39,125)</b>	<b>66,791</b>	<b>(779)</b>	<b>109</b>	<b>1,018</b>	<b>172</b>



<b>5.28 Breakdown and explanation of contingent assets and liabilities</b> (in CHF 1,000)	<b>2017</b>	<b>2016</b>
Guarantees to secure credits and similar	81,897	89,148
Irrevocable commitments arising from documentary letters of credit	665,348	667,069
Other contingent liabilities	700	700
<b>Total contingent liabilities</b>	<b>747,945</b>	<b>756,917</b>

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

<b>5.29 Breakdown of credit commitments</b> (in CHF 1,000)	<b>2017</b>	<b>2016</b>
Commitments arising from deferred payments	100,827	123,758
<b>Total credit commitments</b>	<b>100,827</b>	<b>123,758</b>

<b>5.30 Breakdown of fiduciary transactions</b> (in CHF 1,000)	<b>2017</b>	<b>2016</b>
Fiduciary investments with third-party companies	34,950	26,213
<b>Total fiduciary transactions</b>	<b>34,950</b>	<b>26,213</b>

### 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.

<b>5.32 Breakdown of the result from trading activities and the fair value option</b> (in CHF 1,000)	<b>2017</b>	<b>2016</b>
<b>Result from trading activities</b>		
Interest rate instruments (including funds)	1,948	159
Equity securities (including funds)	48	13
Foreign currencies	27,219	25,694
Commodities/precious metals	563	491
<b>Total result from trading activities</b>	<b>29,778</b>	<b>26,357</b>

### 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.

<b>5.34 Breakdown of personnel expenses</b> (in CHF 1,000)	<b>2017</b>	<b>2016</b>
Salaries (meeting attendance fees and fixed compensation to members of the Bank's governing bodies, salaries and benefits)	103,814	101,327
– of which, expenses relating to share-based compensation and alternative forms of variable compensation <sup>1</sup>	3,175	3,857
Social insurance benefits	26,293	26,110
Other personnel expenses	4,188	3,845
<b>Total personnel expenses</b>	<b>134,295</b>	<b>131,282</b>

<sup>1</sup> On the basis of distributions made during calendar year 2017 (on a cash basis).

<b>5.35 Breakdown of general and administrative expenses</b> (in CHF 1,000)	<b>2017</b>	<b>2016</b>
Office space expenses	9,413	11,804
Expenses for information and communications technology	33,846	31,597
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	240	461
Fees of audit firm(s) <sup>1</sup>	1,593	1,281
– of which, for financial and regulatory audits	1,325	1,179
– of which, for other services	268	102
Other operating expenses	43,348	45,130
– of which, compensation for any cantonal guarantee	–	1,606
<b>Total other operating expenses</b>	<b>88,440</b>	<b>90,273</b>

<sup>1</sup> Including 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)

	2017		2016	
	Switzerland	Abroad	Switzerland	Abroad
<b>Result from interest operations</b>				
Interest and discount income	237,357	16,437	230,559	16,305
Interest and dividend income from trading portfolios	341	–	517	–
Interest and dividend income from financial investments	15,972	–	14,441	–
Interest expense	(53,702)	5	(50,334)	(341)
<b>Gross result from interest operations</b>	<b>199,968</b>	<b>16,442</b>	<b>195,183</b>	<b>15,964</b>
Changes in value adjustments for default risks and losses from interest operations	(4,765)	(1,432)	(2,768)	(2,413)
<b>Subtotal net result from interest operations</b>	<b>195,203</b>	<b>15,010</b>	<b>192,415</b>	<b>13,551</b>
<b>Result from commission business and services</b>				
Commission income from securities trading and investment activities	44,470	1,187	40,869	1,020
Commission income from lending activities	28,372	4,000	23,228	3,264
Commission income from other services	36,335	1,317	35,841	1,219
Commission expense	(8,781)	–	(5,524)	–
<b>Subtotal result from commission business and services</b>	<b>100,396</b>	<b>6,504</b>	<b>94,414</b>	<b>5,503</b>
<b>Result from trading activities and the fair value option</b>				
<b>Subtotal result from trading activities and the fair value option</b>	<b>29,778</b>	<b>–</b>	<b>26,357</b>	<b>–</b>
<b>Other result from ordinary activities</b>				
Result from the disposal of financial investments	7,286	–	8,003	–
Income from participations	6,111	77	2,029	128
Result from real estate	1,151	–	916	–
Other ordinary income	6,578	–	8,349	–
Other ordinary expenses	(1,984)	–	(2,220)	–
<b>Subtotal other result from ordinary activities</b>	<b>19,142</b>	<b>77</b>	<b>17,077</b>	<b>128</b>
<b>Total operating income</b>	<b>344,519</b>	<b>21,591</b>	<b>330,263</b>	<b>19,182</b>
<b>Operating expenses</b>				
Personnel expenses	(127,058)	(7,237)	(124,945)	(6,337)
General and administrative expenses	(84,242)	(4,198)	(86,581)	(3,692)
<b>Subtotal operating expenses</b>	<b>(211,300)</b>	<b>(11,435)</b>	<b>(211,526)</b>	<b>(10,029)</b>
<b>Value adjustments on participations, depreciation and amortisation of tangible fixed assets and intangible assets</b>	<b>(14,967)</b>	<b>(448)</b>	<b>(14,044)</b>	<b>(347)</b>
<b>Changes to provisions and other value adjustments, and losses</b>	<b>339</b>	<b>–</b>	<b>(2,840)</b>	<b>50</b>
<b>Operating result</b>	<b>118,591</b>	<b>9,708</b>	<b>101,853</b>	<b>8,856</b>

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

	Rate in % <sup>1</sup>	2017	Rate in % <sup>1</sup>	2016
<b>Current tax</b>				
Banque Cantonale de Genève	19.3%	23,045	18.6%	18,132
Banque Cantonale de Genève (France) SA	37.4%	3,404	38.2%	3,559
Capital Transmission SA	3.1%	131	3.8%	240
Dimension SA	21.7%	8	9.3%	9
Various, not significant <sup>2</sup>		4		7
<b>Deferred taxes</b>	33.3%	151	33.3%	(162)
		<b>26,743</b>		<b>21,785</b>

<sup>1</sup> Weighted average rate used, on the basis of the operating result.

<sup>2</sup> 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)

	31.12.2017	31.12.2016 <sup>1</sup>
<b>Net earnings to be allocated to the shareholders</b>	81,604	79,008
<b>Registered shares</b>		
Average number of shares in circulation	7,200,000	7,200,000
Earnings per share (in CHF) <sup>1</sup>	11.33	10.97

<sup>1</sup> Since 2 February 2017, the date on which the single type of share was introduced, the Bank has only registered shares of par value CHF 50. This situation as at 1 January 2017 has consequently been adjusted.

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

# 2017 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 144 to 164) of the Banque Cantonale de Genève, which comprise the balance sheet as at December 31, 2017, 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, 2017 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 (SAS). 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 (FAOA)*

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><b>Value adjustments for default risks</b></p> <p>The book values of amounts due from customers and mortgage loans amount respectively to CHF 3,964 mios and CHF 10,985 mios out of a total of balance sheet of CHF 22,610 mios, representing respectively 17% and 49% as of December 31, 2017. These total amounts of credit are presented net of value adjustments as follows:</p> <table border="1" data-bbox="140 546 751 792"> <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>4,058</td> <td>10,987</td> </tr> <tr> <td>Value adjustments</td> <td>-94</td> <td>-2</td> </tr> <tr> <td>Net values</td> <td>3,964</td> <td>10,985</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 113 - 115 and to table 5.02 of the notes to the financial statements on the page 148 for further information.</p>	CHF mios	Amounts due from customers	Mortgage loans	Gross values	4,058	10,987	Value adjustments	-94	-2	Net values	3,964	10,985	<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"> <li>• 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;</li> <li>• Review of assumptions retained by the bank for the value adjustments on the mortgage loans;</li> <li>• Review of external valuations and assumptions retained by the bank for value adjustments on commercial loans and Global Commodities Finance;</li> <li>• Review of files which are closely monitored due to higher risks of default but not yet adjusted;</li> <li>• Valuation of the judgement level applied by the bank and testing that the value adjustments have been approved in accordance with internal authorization rules;</li> <li>• Sending confirmation requests to the external lawyers involved in cases having higher risks of default;</li> <li>• Review of bank's Exception-to-policy reports.</li> </ul> <p>We also reviewed and followed 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 booking 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	4,058	10,987											
Value adjustments	-94	-2											
Net values	3,964	10,985											
<p><b>Valuation of the litigation provision</b></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 117 and to table 5.16 of notes to the financial statements on page 153 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>Furthermore, we performed substantive procedures consisting of:</p> <ul style="list-style-type: none"> <li>• Review of the list of litigation cases, procedures and prosecutions established by the Management;</li> <li>• Interview with the Head of Legal and the Management regarding open and significant cases;</li> <li>• Review of the assumptions used by Management for the estimation of the level of provision of the significant cases;</li> <li>• Sending confirmations requests to the external lawyers involved in these litigations;</li> <li>• Test the proper recording of these provisions.</li> </ul> <p>Based on the procedures performed, we have collected sufficient appropriate audit evidences to cover 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, February 22, 2018

# 2017 financial statements and notes

## Parent company

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# Balance sheet items and off-balance-sheet transactions

## Parent company

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	Notes	31.12.2017 in CHF 1,000	31.12.2016 in CHF 1,000	Change in CHF 1,000
<b>ASSETS</b>				
Liquid assets	5.23	3,431,086	3,347,718	83,368
Amounts due from banks	5.23	1,448,245	1,158,836	289,409
Amounts due from securities financing transactions	5.23	580,000	–	580,000
Amounts due from customers	5.23	3,963,831	4,002,172	(38,341)
Mortgage loans	5.23	10,985,361	10,366,470	618,891
Trading portfolio assets	5.03	55,549	41,667	13,882
Positive replacement values of derivative financial instruments	5.04	15,536	19,284	(3,748)
Financial investments	5.05	1,730,485	1,823,345	(92,860)
Accrued income and prepaid expenses		25,517	42,181	(16,664)
Participations	5.06	91,648	70,872	20,776
Tangible fixed assets	5.08	128,866	132,899	(4,033)
Other assets	5.10	154,279	316,101	(161,822)
<b>Total assets</b>		<b>22,610,403</b>	<b>21,321,545</b>	<b>1,288,858</b>
Total subordinated claims		6,156	13,116	(6,960)
<i>of which are subject to mandatory conversion and/or debt waiver</i>		–	–	–
<b>LIABILITIES</b>				
Amounts due to banks	5.23	2,619,485	2,384,873	234,612
Liabilities from securities financing transactions	5.23	482,846	1,031,357	(548,511)
Amounts due in respect of customer deposits	5.23	14,477,970	13,175,330	1,302,640
Trading portfolio liabilities	5.03	1,045	1,068	(23)
Negative replacement values of derivative financial instruments	5.04	3,962	19,594	(15,632)
Cash bonds	5.23	4,043	5,431	(1,388)
Bond issues and central mortgage institution loans	5.15	3,432,055	3,081,245	350,810
Accrued expenses and deferred income		78,111	80,205	(2,094)
Other liabilities	5.10	78,587	183,523	(104,936)
Provisions	5.16	13,708	15,481	(1,773)
Reserves for general bank risks	5.16	180,000	160,000	20,000
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>		<i>180,192</i>	<i>180,192</i>	–
Statutory retained earnings reserve		500,500	453,386	47,114
Own shares		(10,224)	(11,647)	1,423
Profit carried forward/loss carried forward		1,049	1,292	(243)
Profit/loss (result of the period)		76,376	69,517	6,859
<b>Total liabilities</b>		<b>22,610,403</b>	<b>21,321,545</b>	<b>1,288,858</b>
Total subordinated liabilities	5.15	508,055	303,760	204,295
<i>of which subject to mandatory conversion and/or debt waiver</i>	5.15	<i>308,200</i>	<i>108,280</i>	<i>199,920</i>
<b>OFF-BALANCE-SHEET TRANSACTIONS</b>				
Contingent liabilities	5.28	720,059	724,697	(4,638)
Irrevocable commitments	5.02	637,628	504,437	133,191
Obligations to pay up shares and make further contributions	5.02	131,018	114,151	16,867
Credit commitments	5.29	100,827	123,758	(22,931)

# Income statement items

## Parent company

	Notes	31.12.2017 in CHF 1,000	31.12.2016 in CHF 1,000	Change in CHF 1,000
<b>RESULT FROM INTEREST OPERATIONS</b>				
Interest and discount income	5.33	236,737	231,237	5,500
Interest and dividend income from trading portfolios		341	517	(176)
Interest and dividend income from financial investments		9,722	14,440	(4,718)
Interest expense		(53,704)	(50,620)	(3,084)
<b>Gross result from interest operations</b>		<b>193,096</b>	<b>195,574</b>	<b>(2,478)</b>
Changes in value adjustments for default risks and losses from interest operations		(4,766)	(2,768)	(1,998)
<b>Subtotal net result from interest operations</b>		<b>188,330</b>	<b>192,806</b>	<b>(4,476)</b>
<b>RESULT FROM COMMISSION BUSINESS AND SERVICES</b>				
Commission income from securities trading and investment activities		44,470	40,870	3,600
Commission income from lending activities		28,372	23,229	5,143
Commission income from other services		35,073	34,548	525
Commission expense		(6,514)	(5,524)	(990)
<b>Subtotal result from commission business and services</b>		<b>101,401</b>	<b>93,123</b>	<b>8,278</b>
<b>RESULT FROM TRADING ACTIVITIES AND THE FAIR VALUE OPTION</b>				
<b>Subtotal result from trading activities and the fair value option</b>	5.32	<b>29,723</b>	<b>26,335</b>	<b>3,388</b>
<b>OTHER RESULT FROM ORDINARY ACTIVITIES</b>				
Result from the disposal of financial investments		6,946	2,082	4,864
Income from participations		11,256	3,352	7,904
Result from real estate		1,151	916	235
Other ordinary income		6,968	8,625	(1,657)
Other ordinary expenses		(1,786)	(2,220)	434
<b>Subtotal other result from ordinary activities</b>		<b>24,535</b>	<b>12,755</b>	<b>11,780</b>
<b>Total operating income</b>		<b>343,989</b>	<b>325,019</b>	<b>18,970</b>
<b>OPERATING EXPENSES</b>				
Personnel expenses	5.34	(125,987)	(123,844)	(2,143)
General and administrative expenses	5.35	(83,844)	(86,465)	2,621
<b>Sub total operating expenses</b>		<b>(209,831)</b>	<b>(210,309)</b>	<b>478</b>
<b>Value adjustments on participations, depreciation and amortisation of tangible fixed assets and intangible assets</b>	5.36	<b>(15,124)</b>	<b>(14,359)</b>	<b>(765)</b>
<b>Changes to provisions and other value adjustments, and losses</b>	5.36	<b>339</b>	<b>(2,839)</b>	<b>3,178</b>
<b>Operating result</b>		<b>119,373</b>	<b>97,512</b>	<b>21,861</b>
Extraordinary income	5.36	48	137	(89)
Extraordinary expenses	5.36	–	–	–
Change in reserves for general banking risks	5.36	(20,000)	(10,000)	(10,000)
Taxes	5.39	(23,045)	(18,132)	(4,913)
<b>Profit/loss (result of the period)</b>		<b>76,376</b>	<b>69,517</b>	<b>6,859</b>

# 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					
<b>Equity at start of current period</b>	<b>360,000</b>	<b>310,890</b>	<b>453,386</b>	<b>160,000</b>	<b>70,809</b>	<b>(11,647)</b>		<b>1,343,438</b>
Acquisition of own shares						(2,845)		<b>(2,845)</b>
Disposal of own shares						5,131		<b>5,131</b>
Profit (loss) on disposal of own shares			863			(863)		<b>-</b>
Dividends and other distribution			251		(19,800)			<b>(19,549)</b>
Special allocation to the State of Geneva (20% of the dividend paid)					(3,960)			<b>(3,960)</b>
Other allocations to (transfers from) the reserves for general banking risks				20,000				<b>20,000</b>
Other allocations to (transfers from) the other reserves			46,000		(46,000)			<b>-</b>
Profit/loss (result of the period)							76,376	<b>76,376</b>
<b>Equity at end of current period</b>	<b>360,000</b>	<b>310,890</b>	<b>500,500</b>	<b>180,000</b>	<b>1,049</b>	<b>(10,224)</b>	<b>76,376</b>	<b>1,418,591</b>

### 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.

#### Activity report

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

Number of staff	31.12.2017	31.12.2016
Full-time equivalents	692.4	685.0
Headcount	742	737

### 2. ACCOUNTING AND VALUATION PRINCIPLES

The financial statements of the parent company are drawn up according to Group principles with the exception of the restatement of certain items to present a true and fair representation of the consolidated financial statements, principally the treatment of BCGE bonds and Treasury shares. In addition, companies within the scope of consolidation and set out in note 2 to the summary presentation of the consolidated financial statements are valued at the acquisition cost less depreciation where judged appropriate.

### 3. CHANGE IN ACCOUNTING PRINCIPLES

There has been no change in accounting principles.

### 4. RISK MANAGEMENT

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 only the parent company handles these transactions. Please see note 5.01 to the consolidated accounts on page 118.

### 5.02 Presentation of collateral for loans/

receivables and off-balance-sheet transactions,  
as well as impaired loans/receivables (in CHF 1,000)

Loans (before netting with value adjustments)

	Secured by mortgage	TYPE OF COLLATERAL		
		Other collateral	Unsecured	Total
<b>Amounts due from customers</b>	<b>118,665</b>	<b>371,825</b>	<b>3,567,970</b>	<b>4,058,460</b>
<b>Mortgage loans</b>	<b>10,987,265</b>	–	–	<b>10,987,265</b>
<i>Residential property</i>	8,722,347	–	–	8,722,347
<i>Office and business premises</i>	1,582,689	–	–	1,582,689
<i>Commercial and industrial premises</i>	388,798	–	–	388,798
<i>Other</i>	293,431	–	–	293,431

**Total loans**

(before netting with value adjustments)

<b>31.12.2017</b>	<b>11,105,930</b>	<b>371,825</b>	<b>3,567,970</b>	<b>15,045,725</b>
31.12.2016	10,549,802	367,941	3,543,870	14,461,613

**Total loans**

(after netting with value adjustments)

<b>31.12.2017</b>	<b>11,104,026</b>	<b>371,825</b>	<b>3,473,341</b>	<b>14,949,192</b>
31.12.2016	10,549,802	364,776	3,454,064	14,368,642

**Off-balance-sheet**

Contingent liabilities	–	–	720,059	720,059
Irrevocable commitments	–	–	637,628	637,628
Obligations to pay up shares and make further contributions	–	–	131,018	131,018
Credit commitments	–	–	100,827	100,827

**Total off-balance sheet**

<b>31.12.2017</b>	–	–	<b>1,589,532</b>	<b>1,589,532</b>
31.12.2016	–	–	1,467,043	1,467,043

### Impaired loans/receivables

	Gross debt amount	Estimated liquidation		Individual value adjustments
		value of collateral	Net debt amount	
<b>31.12.2017</b>	<b>177,204</b>	<b>73,825</b>	<b>103,379</b>	<b>96,533</b>
31.12.2016	205,593	103,987	101,606	92,971



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

The parent company figures are identical to the consolidation figures. Please see note 5.03 to the consolidated accounts on page 120.

### 5.04 Presentation of derivative financial instruments (assets and liabilities)

(in CHF 1,000)

	TRADING INSTRUMENTS			HEDGING INSTRUMENTS		
	Positive replacement	Negative replacement	Contract	Positive replacement	Negative replacement	Contract
	values	values	volume	values	values	volume
Interest rate instruments						
Swaps	1,793	1,793	28,816	24,080	121,832	5,828,621
Options (OTC <sup>1</sup> )	7,624	7,512	113,641	1	263	186,075
Foreign exchange/ precious metals						
Forward contracts	42,826	14,048	3,520,770	–	–	–
Combined interest rate/ currency swaps	189	171	37,084	–	–	–
Options (OTC)	757	757	90,530	–	–	–
<b>Total before netting agreements</b>						
<b>31.12.2017</b>	<b>53,189</b>	<b>24,281</b>	<b>3,790,841</b>	<b>24,081</b>	<b>122,095</b>	<b>6,014,696</b>
<i>of which, based on an evaluation model</i>	<i>10,363</i>	<i>10,233</i>	<i>270,072</i>	<i>24,081</i>	<i>122,095</i>	<i>6,014,696</i>
<b>31.12.2016</b>	<b>77,083</b>	<b>35,596</b>	<b>3,748,053</b>	<b>43,145</b>	<b>165,097</b>	<b>5,935,474</b>
<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>

### Total after netting agreements

	Positive replacement values (cumulative)	Negative replacement values (cumulative)
<b>31.12.2017</b>	<b>15,536</b>	<b>3,962</b>
<b>31.12.2016</b>	<b>19,284</b>	<b>19,594</b>

### Breakdown by counterparty

#### Positive replacement values (after netting agreements)

<sup>1</sup> Over the counter.

	Central clearing houses	Banks and securities dealers	Other customers
<b>Positive replacement values (after netting agreements)</b>	<b>–</b>	<b>3,553</b>	<b>11,983</b>

**5.05 Breakdown of financial investments** (in CHF 1,000)

	Book value		Fair value	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Debt securities	1,638,966	1,731,162	1,672,553	1,767,502
<i>of which, intended to be held to maturity</i>	1,191,489	1,168,937	1,221,809	1,201,918
<i>of which, not intended to be held to maturity</i>	447,477	562,225	450,744	565,584
Equity securities	84,027	82,086	95,369	137,141
Real estate and vehicles	7,492	10,097	7,492	10,097
<b>Total</b>	<b>1,730,485</b>	<b>1,823,345</b>	<b>1,775,414</b>	<b>1,914,740</b>
<i>of which, securities eligible for repo transactions in accordance with liquidity requirements</i>	1,297,195	1,364,454	1,325,253	1,394,837

**Breakdown of counterparties by rating<sup>1</sup>**

	AAA to AA-	A+ to A-	BBB to BBB-	BB+ to B-	Below B-	Unrated
Debt securities						
Book value	1,515,823	123,143	–	–	–	–

<sup>1</sup> In accordance with S&P ratings.**5.06 Presentation of participations** (in CHF 1,000)

2017

	Accumulated value adjustments and changes in book value			Book value			Book value as at end of current year	Market value
	Acquisition cost	(valuation using the equity method)	value at previous year end	Additions	Disposal	Depreciation		
<b>Other participations</b>								
with market value	–	–	–	37	3	–	40	40
without market value	72,929	(2,057)	70,872	32,042	(11,146)	(160)	91,608	–
<b>Total participations</b>	<b>72,929</b>	<b>(2,057)</b>	<b>70,872</b>	<b>32,079</b>	<b>(11,143)</b>	<b>(160)</b>	<b>91,648</b>	<b>40</b>

### 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 the consolidated accounts on page 122.

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

	2017					Book value as at end of current year
	Acquisition cost	Accumulated depreciation	Book value at previous year end	Additions	Depreciation	
Bank buildings	134,444	(35,828)	98,616	–	(5,897)	92,719
Other real estate	21,801	(7,232)	14,569	–	(397)	14,172
Proprietary or separately acquired software	23,967	(16,058)	7,909	7,151	(4,713)	10,347
Other tangible fixed assets	29,740	(17,935)	11,805	3,780	(3,957)	11,628
<b>Total fixed assets</b>	<b>209,952</b>	<b>(77,053)</b>	<b>132,899</b>	<b>10,931</b>	<b>(14,964)</b>	<b>128,866</b>

### 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	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Compensation account	75,432	107,033	–	–
Issue/borrowing costs of bonds and central mortgage institution <sup>1</sup> to be depreciated	2,805	2,564	–	–
Spread of penalties for early loan repayments	–	–	14,101	9,890
Federal Tax Administration (FTA)	7,537	8,314	5,044	6,096
Spread of gains on derivative instruments	25,015	36,097	16,585	18,724
Spread on securities using accrual method	104	–	83	113
Securities and coupons	–	–	50	55
Operation of continuously linked settlement system under way	24,798	143,589	25,063	143,075
Others	18,588	18,504	17,661	5,570
<b>Total</b>	<b>154,279</b>	<b>316,101</b>	<b>78,587</b>	<b>183,523</b>

<sup>1</sup> The Mortgage Bond Centre 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 only the parent company handles these transactions. Please see note 5.11 to the consolidated accounts on page 123.

## 5.12 Disclosure of liabilities relating to own pension schemes

The parent company figures are identical to the consolidation figures because only the parent company handles these transactions. Please see note 5.12 to the consolidated accounts on page 123.

## 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)

	<sup>1</sup> 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	
		31.12.2017	31.12.2016			31.12.2017	31.12.2016
Pension schemes with overfunding	–	–	–	–	13,871	13,911	13,987

<sup>1</sup> The Pension Fund's audited annual accounts as at 31 December 2017 are not available. The surplus is based on the audited financial statements as at 31 December 2016.

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

## 5.14 Presentation of the issued structured products

No positions were present on the closing date of the financial period under review or 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 the parent company issues bonds and only the parent company holds some of its issued bonds. Please see note 5.15 to the consolidated accounts on page 125.

## 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		Reclassifications	Currency differences	Past due interest, recoveries	New creations charged to income	Releases to income	Balance at current year end
	Previous year end	designated purpose						
Provisions for default risks	840	–	–	76	–	1	(8)	909
Provisions for other business risks	1,757	(367)	–	–	–	505	–	1,895
Other provisions	12,884	(1,616)	–	–	473	157	(994)	10,904
<b>Total provisions</b>	<b>15,481</b>	<b>(1,983)</b>	<b>–</b>	<b>76</b>	<b>473</b>	<b>663</b>	<b>(1,002)</b>	<b>13,708</b>
<b>Reserves for general banking risks</b>	<b>160,000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>20,000</b>	<b>–</b>	<b>180,000</b>
<b>Value adjustments for default and country risks</b>	<b>92,971</b>	<b>(6,504)</b>	<b>–</b>	<b>168</b>	<b>5,132</b>	<b>10,299</b>	<b>(5,533)</b>	<b>96,533</b>
<i>of which, value adjustments for default risks in respect of impaired loans/receivables</i>	<i>92,971</i>	<i>(6,504)</i>	<i>–</i>	<i>168</i>	<i>5,132</i>	<i>10,299</i>	<i>(5,533)</i>	<i>96,533</i>
<i>of which, value adjustments for latent risks</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>

## 5.17 Presentation of the Bank's capital

The parent company figures are identical to the consolidation figures. Please see note 5.17 to the consolidated accounts on page 126.

## 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 <sup>1</sup>	Equity securities <sup>1</sup>	Equity securities <sup>1</sup>	Equity securities <sup>1</sup>
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Members of the Board of Directors <sup>2</sup>	94	106	15	16
Members of executive bodies <sup>3,4</sup>	4,899	2,640	803	395
Employees <sup>2,5</sup>	16,353	19,226	2,562	2,794
<b>Total</b>	<b>21,346</b>	<b>21,972</b>	<b>3,380</b>	<b>3,204</b>

<sup>1</sup> This table shows the participation rights granted during the year and no longer the total of participation rights held at the closing date (Annual Report 2016). Moreover, the 2016 figures have been modified and adjusted for the single type of registered share of CHF 50 par value.

<sup>2</sup> Number of bonus shares issued during the financial period.

<sup>3</sup> Paid in 2018 on the basis of the 2017 results and in accordance with the principles used for table 5.22.

<sup>4</sup> Amounts calculated on the basis of a closing share price on 31.12.2017 of CHF 163.90.

<sup>5</sup> For employees, the participation rights paid during the financial period (on a cash basis) are taken into consideration, as the 2017 variable remuneration projections and the linked plans cannot be reliably determined at the time of producing the report.

Please see note 5.18 to the consolidated accounts on page 127.

5.19 Disclosure of amounts due from/to related parties (in CHF 1,000)	Amounts due from		Amounts due to	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Holders of qualified participations	62,618	122,168	63,636	82,522
Group companies	714,851	554,713	91,558	52,104
Linked companies	1,329,850	1,395,484	128,150	201,622
Transactions with members of governing bodies	6,617	4,016	9,299	6,699
Other related parties	–	–	37,403	25,894

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

Loans to officers of the Bank are mainly mortgage loans granted to directors and members of the Executive Board Members of the Executive Board 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 bodies.

Finally, the Bank no longer pays any remuneration to the State of Geneva under the terms of the guarantee granted to savings and pension deposits (CHF 1.6 million in 2016).

## 5.20 Disclosure of holders of significant participations

The parent company figures are identical to the consolidation figures. Please see note 5.20 to the consolidated accounts on page 128.

## 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 the consolidated accounts on page 128.

## 5.22 Disclosures in accordance with the Ordinance against Excessive Compensation with respect to Listed Stock Corporations<sup>1</sup> 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 <sup>2</sup>	Number of BCGE shares held at 31.12.2017			
	Fixed	In locked up	Total		Unlocked	Locked up <sup>4</sup>	Total	By kin
	compensation <sup>3</sup>	shares <sup>4,5</sup>						
<b>Board of Directors</b>								
Gilbert Probst, Chairman (from 25.4.2017)	191,110	–	191,110	650,500	–	–	–	–
Jean-Pierre Roth, Chairman (until 25.4.2017)	89,390	472	89,862	– <sup>6</sup>	– <sup>6</sup>	– <sup>6</sup>	– <sup>6</sup>	– <sup>6</sup>
Patrick Mage, Deputy Chairman	133,330	1,408	134,738	–	70	74	144	–
Josef Küttel, Deputy Chairman (until 25.4.2017)	22,786	650	23,436	– <sup>6</sup>	– <sup>6</sup>	– <sup>6</sup>	– <sup>6</sup>	– <sup>6</sup>
Mourad Sekkiou, Secretary	66,000	1,408	67,408	–	42	74	116	–
Grégoire Carasso	70,400	939	71,339	–	40	28	68	–
Michèle Costafrolaz (from 25.4.2017)	65,807	–	65,807	–	–	–	–	–
Gina Empson	70,400	939	71,339	–	40	28	68	20
Jean Olivier Kerr (from 25.4.2017)	47,367	–	47,367	4,000,000	90	–	90	–
Fabienne Knapp	81,660	1,408	83,068	–	154	58	212	128
Jean-Marc Mermoud	70,400	1,173	71,573	1,516,500	16	64	80	–
Ton Schurink (until 25.4.2017)	24,538	685	25,223	– <sup>6</sup>	– <sup>6</sup>	– <sup>6</sup>	– <sup>6</sup>	– <sup>6</sup>
Angela de Wolff	77,000	1,173	78,173	–	16	64	80	–
John Tracey	74,498	1,173	75,671	1,000,000	56	64	120	40
<b>Total, Board of Directors</b>	<b>1,084,685</b>	<b>11,428</b>	<b>1,096,113</b>	<b>7,167,000</b>	<b>524</b>	<b>454</b>	<b>978</b>	<b>188</b>
<b>Previous year</b>								
	Remuneration (before taxes)			Loans <sup>2</sup>	Number of BCGE shares held at 31.12.2016			
	Fixed	In locked up	Total		Unlocked	Locked up <sup>4</sup>	Total	By kin
	compensation <sup>3</sup>	shares <sup>4</sup>						
<b>Board of Directors</b>								
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
<b>Total, Board of Directors</b>	<b>1,085,150</b>	<b>11,640</b>	<b>1,096,790</b>	<b>4,590,500</b>	<b>752</b>	<b>293</b>	<b>1,045</b>	<b>114</b>

<sup>1</sup> Please see the *Recueil systématique de la Confédération*, code 221.331.

<sup>2</sup> Maximum limits on Lombard loans, secured with securities or with mortgage guarantees.

<sup>3</sup> BCGE directors receive a fixed annual salary plus, in some cases, a functional allowance. The remuneration regulations are applied here. There has been no exception to their principles or procedures.

<sup>4</sup> 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.

<sup>5</sup> Amounts calculated on the basis of the price at 13.6.2017 of CHF 157.02, expected value CHF 117.92 (in 2016: adjusted price at 13.6.2016 of CHF 146.97, expected value CHF 109.83).

<sup>6</sup> No longer a member of the Board of Directors at 31.12.2017, so the corresponding number is not stated.

Executive Board remuneration, before tax	Remuneration in cash			Remuneration in shares <sup>1,2,3</sup>	Total remuneration	Social security contributions <sup>4</sup>
	Fixed	Variable <sup>1</sup>	Total	Variable	Total in CHF	Total
Blaise Goetschin, CEO	728,196	740,852	1,469,048	165,363	1,634,411	293,040
<b>Total, Executive Board</b>	<b>2,557,248</b>	<b>2,307,306</b>	<b>4,864,554</b>	<b>568,766</b>	<b>5,433,320</b>	<b>1,110,899</b>
Blaise Goetschin, CEO (previous year)	728,196	610,000	1,338,196	68,928	1,407,124	274,550
<b>Total, Executive Board (previous year)</b>	<b>2,612,064</b>	<b>1,927,000</b>	<b>4,539,064</b>	<b>263,438</b>	<b>4,802,502</b>	<b>1,072,117</b>

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

Blaise Goetschin, CEO	83,107
<b>Total, Executive Board</b>	<b>127,871</b>
Blaise Goetschin, CEO (previous year)	83,600
<b>Total, Executive Board (previous year)</b>	<b>130,030</b>

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

	Number of shares locked up during the 2017 financial year			Number of BCGE shares held at 31.12.2017			Loans granted <sup>7</sup>	
	Free		Purchased <sup>6</sup>	Unlocked	Locked up	Total	By kin	
	Conditional	Unconditional <sup>5</sup>						
Blaise Goetschin, CEO	729	832	418	4,594	10,106	14,700	80	130,000
Eric Bourgeois	–	–	–	338	9,642	9,980	80	400,000
Claude Bagnoud	–	–	–	–	2,726	2,726	–	150,000
Pierre-Olivier Fragnière	–	–	–	–	6,428	6,428	–	300,000
Jean-Marc Joris	–	–	–	–	2,130	2,130	–	40,000
Yves Spörri	–	–	–	448	662	1,110	–	635,000
<b>Total, Executive Board</b>	<b>2,299</b>	<b>2,600</b>	<b>1,310</b>	<b>5,380</b>	<b>31,694</b>	<b>37,074</b>	<b>160</b>	<b>1,655,000</b>
Blaise Goetschin, CEO (previous year) <sup>8</sup>	10	816	410	4,028	10,236	14,264	80	130,000
<b>Total, Executive Board (previous year)<sup>8</sup></b>	<b>60</b>	<b>2,580</b>	<b>1,302</b>	<b>4,994</b>	<b>33,222</b>	<b>38,216</b>	<b>120</b>	<b>1,591,333</b>

<sup>1</sup> Paid in 2018 on the basis of 2017 results.

<sup>2</sup> Shares subject to a 5 to 10-year moratorium, on the basis of the closing price (expected value) as at 31.12.2017. BCGE does not allocate stock options.

<sup>3</sup> Amounts calculated on the basis of a share price of CHF 163.90 on 31.12.2017 (expected value).

<sup>4</sup> Cumulative amount of social insurance and pension fund contributions; projected figures based on total remuneration.

<sup>5</sup> Bonus shares received by the Executive Board, conditional on the simultaneous acquisition of shares at market price.

<sup>6</sup> Shares subject to moratorium acquired at the market price within the participation programmes.

<sup>7</sup> Maximum limits on Lombard loans, secured with securities or with mortgage guarantees.

<sup>8</sup> Since 02.2.2017, the date on which the single type of share was introduced, the Bank has only registered shares of par value CHF 50. The number of shares as at 31.12.2016 has consequently been adjusted.

The principles of remuneration are explained on pages 88 and 89. No indemnity was paid indirectly to the members of the Executive Board. No indemnity was paid directly or indirectly, in 2017, 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 31.12.2017, 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 31.12.2017, no outstanding credits or loans not complying with market practices were awarded to any person in close relationship with the members of the Board of Directors or the Executive Board.



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
<b>Assets / financial instruments</b>								
Liquid assets	3,431,086							3,431,086
Amounts due from banks	201,988	-	1,089,176	68,472	10,578	78,031	-	1,448,245
Receivables resulting from securities financing operations	-	-	580,000	-	-	-	-	580,000
Amounts due from customers	789,677	123,655	1,578,962	90,153	694,399	686,985	-	3,963,831
Mortgage loans	-	1,902,518	599,519	563,881	3,141,390	4,778,053	-	10,985,361
Trading portfolio assets	55,549	-	-	-	-	-	-	55,549
Positive replacement values of derivative financial instruments	15,536	-	-	-	-	-	-	15,536
Financial investments	19,465	-	124,592	154,054	906,803	518,110	7,461	1,730,485
<b>Total</b>								
<b>31.12.2017</b>	<b>4,513,301</b>	<b>2,026,173</b>	<b>3,972,249</b>	<b>876,560</b>	<b>4,753,170</b>	<b>6,061,179</b>	<b>7,461</b>	<b>22,210,093</b>
<b>31.12.2016</b>	<b>4,371,342</b>	<b>1,904,350</b>	<b>3,086,686</b>	<b>1,066,612</b>	<b>4,757,708</b>	<b>5,562,697</b>	<b>10,097</b>	<b>20,759,492</b>
<b>Debt capital / financial instruments</b>								
Amounts due to banks	509,938	-	1,378,032	716,869	1,953	12,693	-	2,619,485
Liabilities from securities financing transactions	-	-	64,367	418,479	-	-	-	482,846
Amounts due in respect of customer deposits	8,429,040	5,127,391	615,565	305,974	-	-	-	14,477,970
Trading portfolio liabilities	1,045	-	-	-	-	-	-	1,045
Negative replacement values of derivative financial instruments	3,962	-	-	-	-	-	-	3,962
Cash bonds	-	-	714	789	1,800	740	-	4,043
Bond issues and central mortgage institution loans	-	-	159,000	353,855	620,000	2,299,200	-	3,432,055
<b>Total</b>								
<b>31.12.2017</b>	<b>8,943,985</b>	<b>5,127,391</b>	<b>2,217,678</b>	<b>1,795,966</b>	<b>623,753</b>	<b>2,312,633</b>	<b>-</b>	<b>21,021,406</b>
<b>31.12.2016</b>	<b>8,008,600</b>	<b>4,993,959</b>	<b>2,776,075</b>	<b>1,152,784</b>	<b>981,847</b>	<b>1,785,633</b>	<b>-</b>	<b>19,698,898</b>

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

	2017		2016	
	Domestic	Foreign	Domestic	Foreign
<b>ASSETS</b>				
Liquid assets	3,422,309	8,777	3,322,343	25,375
Amounts due from banks	340,356	1,107,889	169,860	988,976
Amounts due from securities financing transactions	580,000	–	–	–
Amounts due from customers	2,709,003	1,254,828	3,045,963	956,209
Mortgage loans	10,592,363	392,998	9,976,135	390,335
Trading portfolio assets	54,920	629	41,154	513
Positive replacement values of derivative financial instruments	12,531	3,005	13,534	5,750
Financial investments	1,205,948	524,537	1,312,483	510,862
Accrued income and prepaid expenses	25,517	–	42,181	–
Participations	55,900	35,748	27,598	43,274
Intangible assets	128,866	–	132,899	–
Other assets	154,279	–	316,101	–
<b>Total assets</b>	<b>19,281,992</b>	<b>3,328,411</b>	<b>18,400,251</b>	<b>2,921,294</b>
<b>LIABILITIES</b>				
Amounts due to banks	800,901	1,818,584	996,250	1,388,623
Liabilities from securities financing transactions	265,816	217,030	447,418	583,939
Amounts due in respect of customer deposits	11,554,016	2,923,954	10,885,954	2,289,376
Trading portfolio liabilities	1,045	–	1,067	1
Negative replacement values of derivative financial instruments	3,962	–	11,863	7,731
Cash bonds	3,971	72	5,431	–
Bond issues and central mortgage institution loans	3,432,055	–	3,081,245	–
Accrued expenses and deferred income	78,111	–	80,205	–
Other liabilities	78,587	–	183,523	–
Provisions	13,708	–	15,481	–
Reserves for general banking risks	180,000	–	160,000	–
Bank's capital	360,000	–	360,000	–
Statutory capital reserve	310,890	–	310,890	–
Statutory retained earnings reserve	500,500	–	453,386	–
Own shares	(10,224)	–	(11,647)	–
Profit carried forward/loss carried forward	1,049	–	1,292	–
Profit/loss (result of the period)	76,376	–	69,517	–
<b>Total liabilities</b>	<b>17,650,763</b>	<b>4,959,640</b>	<b>17,051,875</b>	<b>4,269,670</b>

5.25 Breakdown of total assets by country or group of countries (domicile principle) (in CHF 1,000)	2017		2016	
	Absolute	Share as %	Absolute	Share as %
<b>Assets</b>				
Europe • France	1,616,414	7.1	1,320,516	6.2
• Germany	230,929	1.0	213,494	1.0
• Luxembourg	197,206	0.9	170,780	0.8
• United Kingdom	128,889	0.6	150,432	0.7
• Other European countries	388,767	1.7	497,002	2.3
United Arab Emirates	144,264	0.6	121,293	0.6
Singapore	136,860	0.6	64,446	0.3
United States	122,055	0.5	74,961	0.4
Others	363,027	1.6	308,370	1.4
<b>Assets held abroad</b>	<b>3,328,411</b>	<b>14.7</b>	<b>2,921,294</b>	<b>13.7</b>
Switzerland	19,281,992	85.3	18,400,251	86.3
<b>Total assets</b>	<b>22,610,403</b>	<b>100</b>	<b>21,321,545</b>	<b>100</b>

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	
	Absolute	Share as %
<b>Rating category (SERV)</b>		
0/HI	2,899,102	85.0
2	161,349	4.7
3	78,662	2.3
4	83,118	2.5
5 and 6	99,359	2.9
7	13,328	0.4
Unrated	76,151	2.2
<b>Total</b>	<b>3,411,069</b>	<b>100.0</b>

The SERV rating is recognised by FINMA.

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

	Monnaies					
	CHF	EUR	USD	GBP	OTHER	METALS
<b>ASSETS</b>						
Liquid assets	3,370,619	55,769	2,711	737	1,250	–
Amounts due from banks	254,549	821,859	303,210	614	19,852	48,161
Amounts due from securities financing transactions	580,000	–	–	–	–	–
Amounts due from customers	1,854,964	774,036	1,284,047	19,414	31,370	–
Mortgage loans	10,808,180	152,400	24,781	–	–	–
Trading portfolio assets	1,105	148	716	–	62	53,518
Positive replacement values of derivative financial instruments	15,536	–	–	–	–	–
Financial investments	1,250,919	401,847	74,224	1,967	1,528	–
Accrued expenses and deferred income	25,517	–	–	–	–	–
Participations	86,020	5,459	169	–	–	–
Tangible fixed assets	128,866	–	–	–	–	–
Other assets	128,778	24,695	–	764	42	–
<b>Total assets shown in balance sheet</b>	<b>18,505,053</b>	<b>2,236,213</b>	<b>1,689,858</b>	<b>23,496</b>	<b>54,104</b>	<b>101,679</b>
Delivery entitlements from spot exchange, forward forex and forex options transactions	575,933	1,297,364	1,561,727	104,293	106,090	2,977
<b>Total assets</b>	<b>19,080,986</b>	<b>3,533,577</b>	<b>3,251,585</b>	<b>127,789</b>	<b>160,194</b>	<b>104,656</b>
<b>LIABILITIES</b>						
Amounts due to banks	168,995	1,349,840	1,025,326	15,547	1,121	58,656
Liabilities from securities financing transactions	200,000	263,318	19,528	–	–	–
Amounts due in respect of customer deposits	11,420,074	1,380,454	1,534,825	61,222	43,753	37,642
Trading portfolio liabilities	1,045	–	–	–	–	–
Negative replacement values of derivative financial instruments	3,962	–	–	–	–	–
Cash bonds	4,043	–	–	–	–	–
Bond issues and central mortgage institution loans	3,432,055	–	–	–	–	–
Accrued expenses and deferred income	78,111	–	–	–	–	–
Other liabilities	68,435	1,619	8,494	15	24	–
Provisions	13,688	–	–	20	–	–
Reserves for general banking risks	180,000	–	–	–	–	–
Bank's capital	360,000	–	–	–	–	–
Statutory capital reserve	310,890	–	–	–	–	–
Statutory retained earnings reserve	500,500	–	–	–	–	–
Own shares	(10,224)	–	–	–	–	–
Profit carried forward/loss carried forward	1,049	–	–	–	–	–
Profit/loss (result of the period)	76,376	–	–	–	–	–
<b>Total liabilities shown in the balance sheet</b>	<b>16,808,999</b>	<b>2,995,231</b>	<b>2,588,173</b>	<b>76,804</b>	<b>44,898</b>	<b>96,298</b>
Delivery obligations from spot exchange, forward forex and forex options transactions	2,242,827	539,450	664,191	50,876	114,278	8,186
<b>Total liabilities</b>	<b>19,051,826</b>	<b>3,534,681</b>	<b>3,252,364</b>	<b>127,680</b>	<b>159,176</b>	<b>104,484</b>
<b>Net position per currency</b>	<b>29,160</b>	<b>(1,104)</b>	<b>(779)</b>	<b>109</b>	<b>1,018</b>	<b>172</b>

<b>5.28 Breakdown and explanation of contingent assets and liabilities</b> (in CHF 1,000)	2017	2016
Guarantees to secure credits and similar	54,011	56,928
Irrevocable commitments arising from documentary letters of credit	665,348	667,069
Other contingent liabilities	700	700
<b>Total contingent liabilities</b>	<b>720,059</b>	<b>724,697</b>

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 the consolidated accounts on page 133.

#### 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 the consolidated accounts on page 133.

#### 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.

<b>5.32 Breakdown of the result from trading activities and the fair value option</b> (in CHF 1,000)	2017	2016
<b>Result from trading activities</b>		
Interest rate instruments (including funds)	1,948	159
Equity securities (including funds)	48	13
Foreign currencies	27,164	25,672
Commodities/precious metals	563	491
<b>Total result from trading activities</b>	<b>29,723</b>	<b>26,335</b>

#### 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 the consolidated accounts on page 133.

<b>5.34 Breakdown of personnel expenses</b> (in CHF 1,000)	<b>2017</b>	<b>2016</b>
Salaries (meeting attendance fees and fixed compensation to members of the Bank's governing bodies, salaries and benefits)	99,108	96,929
– of which, expenses relating to share-based compensation and alternative forms of variable compensation <sup>1</sup>	2,949	3,695
Social insurance benefits	23,744	23,770
Other personnel expenses	3,135	3,145
<b>Total personnel expenses</b>	<b>125,987</b>	<b>123,844</b>

<sup>1</sup> On the basis of the distributions made during calendar 2017 (on a cash basis).

<b>5.35 Breakdown of general and administrative expenses</b> (in CHF 1,000)	<b>2017</b>	<b>2016</b>
Office space expenses	8,581	11,030
Expenses for information and communications technology	32,570	30,684
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	149	219
Fees of audit firm(s) <sup>1</sup>	1,272	1,039
– of which, for financial and regulatory audits	1,007	937
– of which, for other services	265	102
Other operating expenses	41,272	43,493
– of which, compensation for any cantonal guarantee	–	1,606
<b>Total other operating expenses</b>	<b>83,844</b>	<b>86,465</b>

<sup>1</sup> Including 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 the consolidated accounts on page 134.

### **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 % <sup>1</sup>	2017	Rate in % <sup>1</sup>	2016
Current taxes	19.3%	23,045	18.6%	18,132
<b>Total current and deferred taxes</b>		<b>23,045</b>		<b>18,132</b>

<sup>1</sup> Weighted average rate used, on the basis of the operating result.

### 5.40 Disclosures and explanations of the earnings per equity security

Please see note 5.40 to the consolidated accounts on page 136.

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

The Board of Directors will propose to the AGM on 2 May 2018 to distribute the retained earnings, as follows:

	31.12.2017	31.12.2016
Result of the period	76,376	69,517
Profit brought forward from the prior year	1,049	1,292
<b>Profit available</b>	<b>77,425</b>	<b>70,809</b>
Dividend of 5% (2016: 5%)	18,000	18,000
Additional dividend of 0.8% (2016: 0.5%)	2,880	1,800
Special allocation to the State of Geneva (20% of the dividend paid)	4,176	3,960
<b>Retained earnings</b>	<b>25,056</b>	<b>23,760</b>
Allocation to the legal reserve resulting from the earnings	51,000	46,000
<b>Profit brought forward</b>	<b>1,369</b>	<b>1,049</b>





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