



ANNUAL REPORT 2018



# BCGE Group

## Key consolidated figures

<b>Balance sheet</b> (in CHF million)	2018	2017	2016	2015	2014
Balance sheet total	23,034	22,671	21,393	20,016	17,494
Advances to clients	16,603	15,692	14,973	13,711	13,551
Client deposits and borrowings	18,056	17,981	16,315	15,691	14,222
Shareholders' equity	1,570	1,472	1,386	1,319	1,236

<b>Results</b> (in CHF million)					
Gross income from interest operations	247	210	206	198	206
Result from commission business and services	117	107	100	101	108
Result from trading activities	29	30	26	28	27
Other ordinary income	16	19	17	20	19
Total operating income	409	366	349	347	360
Operating expenses	232	223	222	211	207

<b>Operating profit</b> (in CHF million)	161	128	111	130	115
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<b>Result of the period</b> (in CHF million)	91	82	79	78	76
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<b>Assets managed and administered</b> (in CHF billion)	26.7	26.4	23.1	21.8	19.8
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### Total number of employees

• by full-time work units	760.6	748.3	737.6	720.5	710.4
• by people	811	799	791	773	763

### Ratios (as a %)

Shareholders' equity/total assets	6.8	6.5	6.5	6.6	7.1
Market capitalisation on equity	88.1	80.2	77.3	71.2	62.4
Operating profit on equity	10.5	8.9	8.1	10.0	10
Return on equity (ROE)	5.9	5.6	5.8	6.0	6.3
Cost/income	56.7	60.8	63.4	60.9	57.4
Capital coverage	15.6	15.0	13.2	14.4	14.0

### Figures per share (in CHF)

Shareholders' equity	218	204	193	183	172
Operating profit	22	18	15	18	16
Net profit	13	11	11	11	11
Dividend per CH 50 share	3.4*	2.9	2.8	2.8	2.5

### Stock market data (parent company)

High and low share prices (in CHF)					
• upper	198	166	149	131	117
• lower	162	148	129	105	104
• closing	192	164	149	130	107
Market capitalisation (in CHF million at 31 December)	1,382	1,180	1,072	939	771
Number of shares in thousands (historical information)	7,200	7,200	5,721	5,721	5,721
Book equity/number of shares	221	207	195	186	175

\* Proposal submitted to the General Meeting on 30 April 2019.

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



# Overview

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**Inside cover** **Key figures**

---

**2** **Key points**

---

**3** **Looking back**

---

**4** **Messages**

---

**4** Message from the Chairman

**8** Message from the Chief Executive Officer

---

**10** **Group identity**

---

**12** BCGE Group

**13** Business model based on the Geneva economy

**14** Services offered

**16** Constantly evolving business model

**17** Digital banking and innovation

**18** Well-established local presence

**19** International dimension

**20** The BCGE share

**22** Organisation chart

---

**26** **Business development 2018**

---

**28** Geneva division

**30** Companies, business property and institutional investors

**32** Finance and asset management

**34** International

**35** Infrastructure and banking products

---

**36** **Subsidiaries**

---

**38** Main subsidiaries

---

**41** **Risk control**

---

**42** Wide-ranging and systematic monitoring

---

**44** **Talent and expertise**

---

**46** Talent and expertise

**47** Ethical and environmental responsibility

---

**61** **Shareholder information and corporate governance**

---

**86** **Comments on the Group accounts**

---

**92** **BCGE Group 2018 consolidated financial statements and notes**

---

**132** **2018 financial statements, parent company**

---

**Inside cover** **Addresses**

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# Key points

## Progress on all fronts

2

# 26%

Increased operating result, driven by trading income and innovation

# 12%

Increase in operating income, putting the Bank among the leading cantonal banks

# 17%

Dividend increase proposed to Annual General Meeting

# 12%

Increase in net profit to CHF 91.2 million

# 29%

Share of commission in sales, demonstrating good diversification of revenues and risks

# 1.06%

Interest margin improving, thanks to good ALM management and low cost of risk

# 30%

Share of revenues in EUR and USD constantly increasing, indicating greater diversification

# 22%

Share of the Geneva mortgage market

# 10%

The operating result to equity ratio is among the highest of its banking peers

# 16.6

billion CHF of economic financing, mainly for Geneva

# 2.9

billion CHF of additional business and personal loans in three years

# 26.7

billion CHF in assets under management and administration

# 19,800 companies, public authorities and legal entities as clients

# Looking back

## A rich and eventful year



### Partner of the day celebrating *Culture, economy and society, a virtuous circle*

As part of its support for the seventh edition of the European Artistic Crafts Days (JEMA), organised jointly by the City and Canton of Geneva, BCGE participated in a day dedicated to the creative economy. On 15 November, the public had the opportunity to listen to the informed input of experts from the European Commission, the Montréal Chamber of Commerce and Institute of Tourism and from the Economic and Environmental Development Agency of the province of Hainaut (Belgium).



### One topic in the BCGE *L'essentiel de la finance* lecture series was "collective intelligence"

Other topics in the September programme were strategic issues such as behavioural finance, SMEs and economic war, the development of the Swiss property market and crisis management. The whole series comprised five mornings and one evening of original presentations; 500 of the Bank's clients attended.



### Florissant branch opened

BCGE opened its new "4.0 branch" in Florissant. Geneva mayor Sami Kanaan cut the ribbon at the opening ceremony. With its spring 2018 makeover, the branch has been transformed into a cleanly designed location offering a personalised welcome and featuring new digital tools such as tablet account opening, video in the offices, and the latest ATMs.



### Séverine Pont-Combe reached the heights in the *Patrouille des glaciers* ski race

At the 2018 edition of the iconic *Patrouille des Glaciers* ski race, Séverine Pont-Combe did the Bank proud by taking second place with her team.



### Mickael Matthey, won the Anières tournament

Mickael Matthey, the French-Swiss wrestler, is one of the four athletes supported by BCGE. On 13 May, he jointly took the Geneva title at the Canton of Geneva Festival at Anières.



# Message from the Chairman

## BCGE will continue to grow

4



**Gilbert Probst**

The Bank's 2018 results are excellent. These results were obtained at the price of having to make numerous changes to stay in line with multiple regulations – such as the automatic exchange of information in the Basel III capital requirements. They were also achieved despite persistently negative rates, fluctuating economic and stock market conditions, and a local and international political environment that was peppered with uncertainties.

Undaunted, the BCGE stock turned in a remarkable performance (+17.1%) within the SPI index (which fell by 8.6%). It offers an attractive yield of 1.8% (in terms of the dividend on the year-end price) in an environment of depressed rates. Public and private shareholders are bound to be pleased with this steadiness and confidence displayed by the market.

The result was a wholly collaborative achievement, for which we have to thank every employee, team and branch, together with the support and audit departments. It is the product of a team spirit and a joint effort to attain a common goal. The Bank's success is not based on sterile competition between entities, generalists and specialists or front office and operations; it stems from everyone's contribution, the effects of cooperation, interaction, open and innovative ways of thinking, together with clear-sighted and inspiring leadership. I should like to return here to the strengths that seem to me to underlie our success: namely the wide-ranging competencies and development of the business units at all levels; the balance between digitalisation and the personal relationship with clients; and finally, the Bank's authentic and all-encompassing culture.

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BCGE reflects the structure of

## Geneva's economy

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### **Expertise at all levels**

Expertise and responsibilities are key factors! Agility, that fashionable concept, is one of BCGE's inherent characteristics! It allows us to stay at the top of our game, being innovative and flexible, developing as an institution, adapting to regulations and new market demands. Above all, it promotes a culture within the Bank that motivates implementation of strategies, encourages work of quality and the search for performance, and sets value on processes that combine excellent results and good governance. The expertise and development of each person is the basis of achievements at all levels: from employee to senior management and the Board of Directors. This high degree of expertise within Geneva's economy also benefits our clients, investors, entrepreneurs, as well as public authorities and shareholders.



Drawing advantage from the inclusion of its three new members with their varied backgrounds, the Board of Directors has reviewed its portfolio of expertise, the profiles it needs and the forms of its future development. Expertise such as trade finance, export finance, banking law, compliance, accounting expertise, lending and strategy are all harmoniously represented. The Board of Directors, the Control Committee, the Appointments and Remuneration Committee and the Risks and Strategy Committee have each met on numerous occasions. This high degree of commitment is necessary in view of the size and complexity of banking today. The Board is continuously educating itself in matters of good governance, in particular by means of internally-organised training sessions or days off-site with professional organisations or experts. This year's training focused on development of the property market, financial management, interest rate risk management, business in the French market and global commodity finance.

Advice has a central role in corporate governance and culture. The banking regulator is now performing its monitoring duty with such intensity that it might be seen to be focusing solely on the past and on current realities, thus paralysing any propensity to any kind of risk-taking; this propensity is, however, essential for the life and growth of the institution. Another purpose of advice is to sustain efforts and processes aimed at creating value, to foster growth and to guide strategies towards a successful conclusion. It is absolutely essential that good governance should have the appropriate expertise for the advice function and senior management to draw upon, while making use of high quality and irreproachable reporting and transparency vis-à-vis its operating units and exercising effective control. Also indispensable is a remuneration policy that attracts talent and encourages long-term success. To this we might add a mechanism to identify potential conflicts of interest and risks, together with a master plan to manage them. It will become increasingly important to find a balance between the control that stems from good governance and the strategy that aims at sound value creation.

“From 2000 to 2018, the Bank created added value of CHF 1.2 billion<sup>1</sup>.”

<sup>1</sup>Dividends, taxes and allocations to reserves.

### **Digitalisation and personalised relationships with clients**

Today, digitalisation is a fact of life for every industry. This does not mean, however, that everything is to be done by robots or computers, but it does represent a challenge in terms of mastering costs, all the more so if the “regulation” factor is taken into account. Digitalisation is not our main business model, but it opens up new perspectives in terms of process optimisation and raises the question of how we divide up activities and responsibilities between ourselves and our partners. It implies external cooperative ventures or outsourcing for reasons of efficiency.

Digital access to banking services suits some clients but not all. This is why our welcome and advice strategy is based on a multichannel approach. Our particular skill lies in the special relationship we enjoy with the client. Digital technology remains a working tool, something that facilitates and enhances that special relationship. It enables communication that is visible and transparent at all times. It also encourages us to reinforce our traditional values and our service culture. Form filling and the number of ATM transactions can be reduced; so much the better, if this leads to more frequent and better-quality personal contacts and advice. We are convinced that online banking optimises and simplifies service provision. On the other hand, the traditional approach remains indispensable for nurturing loyalty or bolstering client confidence. To be able to provide clients with optimum advice, it is essential to know them well: to be familiar with their expectations, risk profiles and their professional and private circumstances. This is not achieved by means of a perfect digitalisation model. What is needed, it seems to us, is a service-orientated business culture based on an interpersonal awareness, creativity, responsible decision-making, collaboration and the exchange of information within our Bank.

### **Business culture: an all-round matter**

The business strategy literature tells us that the organisational structure of governance follows strategy and that everything depends on the corporate culture. In reality, corporate culture has an impact on strategy and on corporate governance. These three elements are closely linked and must be in balance. BCGE's culture is the product of its history and its rebirth with a strong and experienced management team, who were determined to make the Bank grow and play the economic role expected of it. BCGE's mission is to contribute to the development of Geneva and its region, by providing all its residents, businesses and corporate bodies with competitive banking services matching the specific features of a regional and national institution. Beyond the respect for the regulatory requirements that are part and parcel of irreproachable business conduct, banking practice at BCGE is led by the following ethical principles: integrity, equity, loyalty, independence and transparency.

In addition, the Bank is attuned to the requirements of sustainable development. Its policy is included as part of this report (see page 47). Specifically, it has included this outlook in three essential areas of its business: corporate ecology, active risk management and its products. In terms of corporate ecology, the Bank strives to diminish the direct environmental consequences of its business by reducing consumption of energy and materials and by managing its waste. Active risk management includes identifying and assessing reputational and social risks in its analytical and management processes. As regards banking products and services, the Bank offers a wide choice of financial services and products under the environmentally friendly "Responsible performance" label, which respect both financial and environmental/social analysis criteria together.

## The bank of tomorrow

BCGE will continue to grow in a volatile economic environment. The prevailing uncertainty is further reinforced by inter-bloc trade conflict, the increased debt borne by many countries (including neighboring countries), the prospective end of artificially cheap money and the slowing of world economic growth. The Bank's local political environment has always been lively and remains so. Various initiatives<sup>1</sup> and political desires demand all our attention; they require that we take firm positions, particularly as regards the defence of all our shareholders' interests and maintaining the political and ideological independence of the Bank's governance. Throughout 2018, the Board of Directors and Executive Board fought against – with the requisite moderate tone – an initiative and opinions to the effect that the recovery plan instituted by the Council of State and the Great Council in 2000 were neither legal nor adhered to. The Bank was able to show that, on the contrary, the plan was effective and strictly implemented.

It was effective in that it enabled step-by-step rebuilding of the economic numbers, so that within a few years the damage the Bank had suffered was completely repaired and reversed. We may point out that from 2000 to 2018 the Bank created added value of CHF 1.2 billion (in dividends, taxes and allocations to reserves) and that 77% of this amount came back to the public authorities. This happened because the entities concerned – State, Fondation de Valorisation and BCGE – assiduously carried out their legal and regulatory tasks, as was confirmed by the auditors, the banking regulators and all the general meetings held to this day.

In the same vein, the Board of Directors is worried by another initiative of a political nature: one which aims to reduce the Council of State's freedom to appoint directors and also to impose constraints of partisan obedience upon it. Being contrary to all the principles of good governance – specifically those encompassed by the environmental, social and governance criteria (ESG) which favour the Board of Directors' competence and independence – this proposition has been the subject of an objection that the Bank has lodged with the Council of State.

In the same spirit of wanting to protect the Bank's interests, the Board of Directors is also resisting certain standpoints which would seek to impose on the Bank unnecessary constraints regarding recruitment, promotion and remuneration. The Bank adheres in every regard to the requirements associated with its legal form; its statements in the remuneration register are completely transparent and compliant.

BCGE reflects the structure of the Geneva economy. It has developed a streamlined business model. The diversity of its business units allows it to respond to the potential of the local and international fabric of a regional economy: a trading and exporting economy.

In conclusion, I should like to express the Bank's gratitude to our employees for their commitment, to our shareholders for their trust, and to all our partners for their work with us.



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

<sup>1</sup> Constitutional initiatives: *BCGE must reimburse the 3.2 billion lent by the State* and two bills amending the Law on the Banque Cantonale de Genève (LBCGe), projects 11414 and 12020 *Support for small and microenterprises*.

# Message from the Chief Executive Officer

## Anticipating clients' banking expectations

8



Blaise Goetschin

### 2018: a year of clear facts

Financially, 2018 was a year of great quality. In the first part of this contribution I shall summarise its main features. Then I shall examine the Bank's preparedness for the transformation of demand in the banking industry. Businesses, private individuals and institutional investors are very rapidly changing the way they use banking services. Some examples of these changes and the responses to them show that the BCGE Group is adapting its strategies and services offered rapidly and effectively.

The year can be summarised in the form of five major aggregates. Growth can be seen on several fronts: in mortgage financing, which has grown to CHF 11.4 billion (+3.7%); in the assets of private and institutional management, at CHF 26.7 billion (+1.2%); and turnover, **which has passed the CHF 400 million mark**, confirming BCGE's place among the leading cantonal banks. Operational productivity is at a very good level, in the category of internationally-orientated universal banks, with a cost/income ratio of 56.7%. Profitability shows an operating profit to equity ratio of 10.5%, an increase of 160 basis points. Equity is CHF 1.57 billion, an increase of 6.6%. This steady capital growth makes possible an optimum equity coverage ratio of 15.63% while also creating the conditions for growth of the business units, in particular those in the lending area. Growth of cash flow is both aggressive in terms of its business attitude and defensive in its increasing capacity to absorb the costs of risk. These remarkable financial results reflect the commitment shown by employees and the soundness of the Bank. This success is based on the study and deep understanding of the substantial structural changes that are under way in the banking markets.

### Anticipating an ageing population

It is an acknowledged fact that the population is ageing. Medicine and its associated technologies improve the day-to-day lives and comfort of older people. BCGE take an active part in the support they receive. First of all, there is its network of 21 branches, geographically distributed in such a way as to counteract the restricted mobility affecting older people. To this dense network and the competence of its welcome staff may be added an essential dimension for elderly or disabled people: an ethical stance, in the form of the reassurance provided by appropriate and honest advice. This ethical dimension is a central element of our in-house training, and our requirements often surpass what the regulations require. It is also what guides our product and pricing policies, which aim for fairness and transparency.

### Integrated solutions for SMEs

In a hyper-regulated and permanently unstable world, a business has to concentrate on its priorities: its clients, the development of its offering and its strategic choices. It must be able to count on a bank that operates as a general provider of financial services. The Bank's approximately 19,800 business clients expect to find integrated solutions in its various disciplines and entities. For many years, BCGE has been perfecting and expanding its offer. In foreign exchange, for example, the ForXchange app facilitates spot or forward transactions at the best prices within an open architecture system. Our specialist unit oversees the installation and operation of technological infrastructure (for payments, cash management etc.). Specialists in the Currency Arbitrage, Currency Clients and Corporate Advisory sections advise on the best strategies to adopt. In the company transfer area, the Dimension subsidiary systematically prepares and values the company that is to be transferred to someone within the same family, to its management or to third-party acquirers. Lastly, in the financing area, in addition to the usual investment and working capital lending, BCGE adds capital risk and equity financing through its Capital Transmission SA subsidiary, which celebrated its tenth birthday with excellent results. Today, BCGE's range of services to business clients puts it among the top few of cantonal banks and allows it to rival the big Swiss and foreign institutions on equal terms. It is no coincidence **that 66% of the Bank's turnover is achieved with business and institutional clients.**

### Being at the forefront of new online banking services

The new forms in which banking services are used impose their rules and methods on the suppliers of financial services and on clients of all generations. Having everything, straight away, from anywhere, at any time – these have become the new “cultural” imperatives. BCGE is in the leading group of digitalised banks. Opening accounts online and obtaining mortgage loans from the Bank’s site have become, as of this year, an ordinary reality. Similarly, the Avantage Service loyalty programme, which already has nearly 33,000 members, now has a dedicated app in the Bank’s three official production languages. The online call and advice centre has expanded, allowing it to extend its hours of service and above all to answer the increasingly technical questions being asked by 100% digital clients.

### Offering the choice of “socially responsible” financial solutions

During the year under review, the Bank has enlarged its offer of financial solutions meeting the highest ethical and environmental requirements. A complete range of investment services under the “Responsible performance” brand means that the Bank can offer an investment fund of the ESG (environment, society, governance) type or “Minergie” (energy saving) mortgage loans that benefit from preferential rates. Over 10% of the volume of assets managed for institutional clients has been selected on SRI (socially responsible investment) principles. The selection filters are carefully discussed with the clients concerned and each of their priorities is integrated into the investment instructions. By adhering to complete political and ideological neutrality, the Bank offers its personal or institutional clients real choices to reflect frequently divergent sensibilities.

### Helping all our clients cope with globalisation

Defined in several ways, admired or condemned, globalisation is a reality. It requires greater mobility. We have many clients who move within Switzerland, but also in Europe or the rest of the world to study, work or do business. We can support them thanks to payment, exchange and remote online account monitoring facilities. We enable those who relocate abroad to maintain their banking roots in Switzerland. A specialised and economical programme has recently come into operation to serve the expatriate staff of Swiss or foreign companies based in Switzerland. This has naturally led to a collaboration being established with the Organisation of the Swiss Abroad (OSA). Globalisation also requires SMEs to design commercial strategies aimed at foreign markets. Thanks to a diverse range of export finance services, its interbank collaboration network in some 60 countries with approximately 425 banks, and its infrastructure in the European Union, the Middle East and Asia, BCGE is able to provide daily support to Genevan and Swiss entrepreneurs active in these markets. To be able to help personal clients and companies get the better of globalisation, the Bank has to have first-rate competencies. It makes a priority of investing in the human capital that is indispensable for this purpose, through recruitment, management development and training in financial disciplines. It is no coincidence that **29.6% of the Bank’s turnover is achieved in currencies other than the CHF – mostly the USD and the EUR.** The numbers in a financial statement are the result of strategic orientations and investments carried out five or 10 years earlier.

The Bank is in a position to meet the challenges that have been briefly described above, and a good many others. High-quality expertise, a flexible and rigorous structure, adaptability to change in various market segments: these are three strengths to be cultivated over the long term...



Blaise Goetschin  
Chief Executive Officer

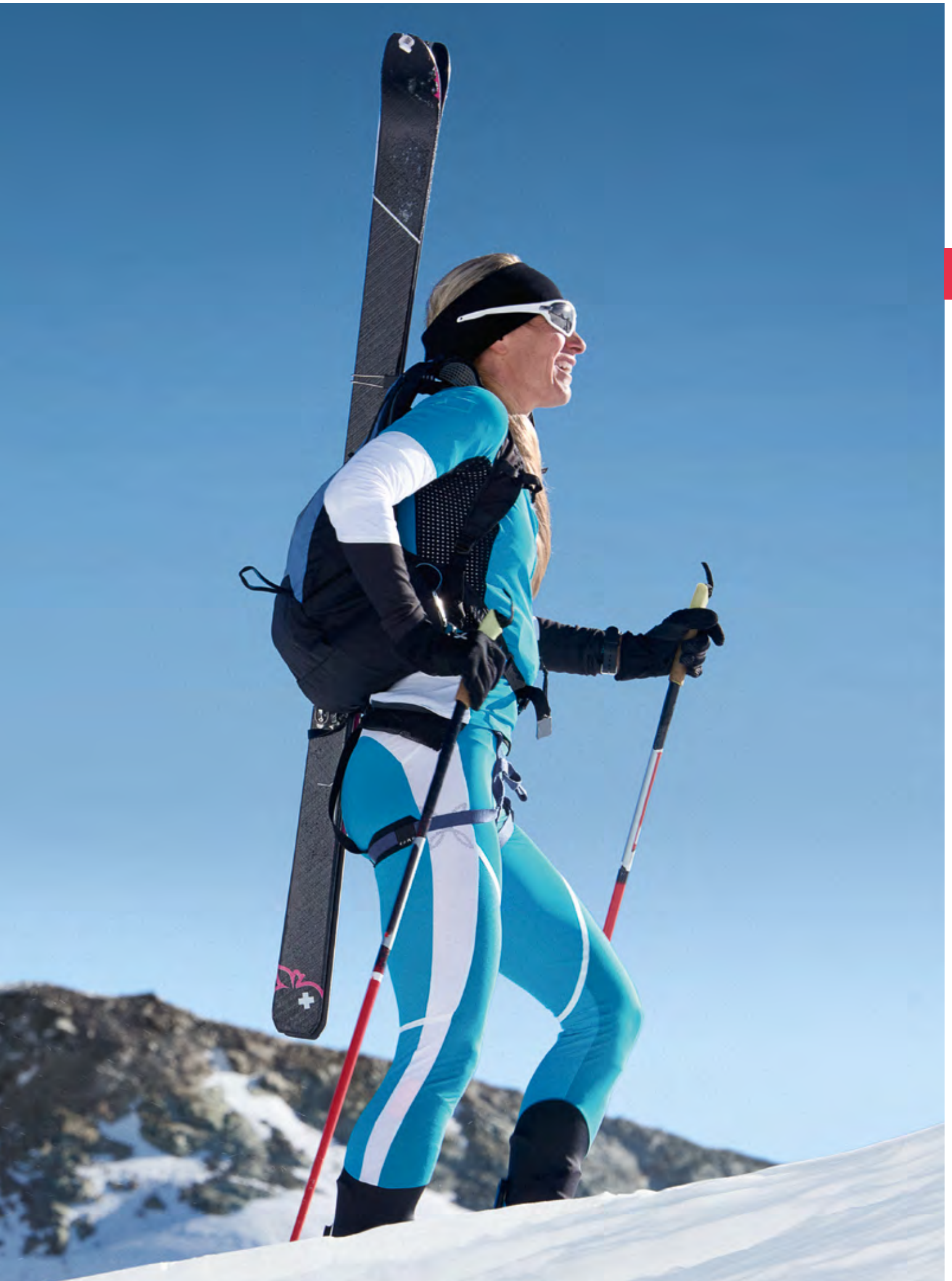


**Group identity**

# **A bank by your side in Switzerland and abroad**

**Standing by Genevans in Switzerland or abroad,  
listening and responding to them**







# BCGE Group

## A leading bank in Switzerland

12



Geneva head office

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.

### PORTRAIT OF THE BCGE GROUP



#### 1816

Founded in 1816, Banque Cantonale de Genève (BCGE) plays a vital role in supporting and boosting the regional economy. BCGE forms the central pillar of retail banking as well as corporate finance, particularly for the SME community and the Geneva property sector. BCGE works with the public authorities and also offers private banking services and financial asset management for institutional clients. It has branches in Lausanne and Zurich as well as representation offices in Dubai and Hong Kong Kong. Listed on the Swiss stock exchange, SIX Swiss Exchange (code: BCGE), it has a staff of 751, or 811 at group level (761 in full-time equivalents).



#### 1993

With its headquarters in Lyon and branches in Annecy and Paris, Banque Cantonale de Genève (France) SA is a wholly-owned BCGE subsidiary. It offers corporate finance and property services to businesses and self-employed professionals, in addition to wealth management for private clients. BCGE France contributes to the development of the economic zone stretching from Lyon to Geneva; it has a staff of 56.



#### 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.



#### 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. Experienced, reliable and pragmatic, 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.

# Business model based on the Geneva economy

## A straightforward and accessible bank

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BCGE is a bank with a strategy aimed at long-term, sustainable success. It is active on behalf of private individuals (natural persons) and companies or institutions (legal entities).

### **A financial policy aiming at sustainability**

To respond competitively to the needs of a very diverse clientele, the Bank develops specific business lines, organised into strategic activity portfolios. BCGE's business model is that of a universal bank. A number of horizontal operational principles determine the overall structure. The main financial objective is for the Bank to grow steadily in value. This value is based on the expected sum of free cash flow. The increase in total 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 necessary, at the expense of short-term profitability. The aim is to avoid under-investment or an excessively high risk profile, and to not undermine the Bank's ethical conduct in any way.

### **A response adapted to each market segment**

The Bank calibrates its business lines, commercial policy and resources on the basis of a detailed study of markets and an evaluation of how accessible these are and what potential they have. Five of the Bank's fourteen 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, services to institutional investors and services to banks and insurance companies. The fourteenth business line creates and manages investment funds. 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. 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 regulatory and 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.

# Services offered

## A bank organised by market segment

### Management entities

Main business lines	Parent company				Subsidiary		Digital	
	Geneva Division	International Clients	Corporate and Institutional Clients	Finance and Risk Control Division	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			■		■			
Financing public authorities			■					
Global commodity finance		■						
Strategic financial consultancy and M&A		■	■				■	
Financial markets				■				
Institutional investors			■	■				
Banks and insurance companies		■		■				
<b>Investment products</b>								
Collective investment products	■	■	■	■	■			

# A complete range of banking and financial services

## Individuals

### Day-to-day banking services

- |    |    |
|----|----|
| GE | CH |
|----|----|
- Current accounts
  - Individual accounts
  - Bank cards
  - Credit cards
  - Safe deposit boxes
  - Currencies

### Online banking services

- |    |    |
|----|----|
| GE | CH |
|----|----|
- Netbanking
  - Mobile Netbanking app
  - BCGE Twint app

### Savings

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

### Private banking

- |    |    |   |     |
|----|----|---|-----|
| GE | CH | F | INT |
|----|----|---|-----|
- Discretionary management mandates
  - Lombard loans
  - Term and trustee deposit accounts
  - Investment advice, advisory
  - Estate planning
  - Private equity investments

### Housing finance

- |    |    |   |
|----|----|---|
| GE | CH | F |
|----|----|---|
- Main residences
  - Second homes
  - Construction or renovation loans

### Consumer financing

- |    |    |
|----|----|
| GE | CH |
|----|----|
- Vehicle leasing
  - Personal loans

## Companies

### Corporate finance and cash management

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

### Property and construction finance

- |    |    |   |
|----|----|---|
| GE | CH | F |
|----|----|---|
- Property investors
  - Property development
  - Office property and public corporations
  - Construction companies

### International commodity trade finance

- |    |    |   |     |
|----|----|---|-----|
| GE | CH | F | INT |
|----|----|---|-----|
- Trade transaction financing
  - Structured financing

### Financial services and markets for banks and insurance companies

- |    |    |   |     |
|----|----|---|-----|
| GE | CH | F | INT |
|----|----|---|-----|
- Currencies
  - Online forex platform
  - Online stock 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 |
|----|----|---|-----|
- Mandates
  - Active Swiss equity management
  - Quantitative management
  - Balanced management
  - Bond management
  - Sustainable management
  - Private equity
  - Sovereign funds and similar entities
  - Institutional investment advice

### 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	CH	F
Geneva	Swiss market	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 representation 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.



# Digital banking and innovation

## Modernisation of IT platforms

In parallel to the traditional communications network, BCGE provides access to digital interfaces, while confirming its focus on personalised advice. It develops targeted applications, ensuring data security.

### Online Banking

The new Netbanking platform is available to over 80,000 users. Its functionalities make managing accounts and payments simpler. Invoices are processed with the eBill tool, enabling clients to receive them directly in digital form via Netbanking. Rolled out at the end of 2018, it is used by most Swiss banks. At the BCGE online call and advice centre, over 25 staff are available to provide information and assistance Monday to Friday from 7:30 a.m. to 7:30 p.m., and on Saturday from 9 a.m. to 4 p.m., by telephone (058 211 21 00) or by online messaging.



People can become bank clients simply by accessing the [www.avantageservice.ch](http://www.avantageservice.ch) and [www.bcge.ch](http://www.bcge.ch) websites. They provide greater convenience and independence with their extended hours of service; clients are identified remotely and do not need to come to a branch.



The number of users of the 1816 online trading platform increased by 6.5%. Integrated within Netbanking and Mobile Banking, it enables clients to buy and sell securities directly on the financial markets. Investors therefore have access to a complete financial dashboard.



### Mobile banking

The Mobile Netbanking smart phone app enables biometric face recognition for the latest generation telephones. 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. The number of app users and operations has grown substantially, while total transactions and their volume in CHF terms has increased almost fivefold.



### Specialised online transaction platforms

The ForXchange online currency exchange platform, which is mainly intended for SMEs and companies doing business abroad, facilitates spot or future currency transactions, with access to the market-makers. It enabled currency transactions worth CHF 55 million.



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



### Digital identity

SwissSign Group aims to create a unique, Switzerland-wide digital identity standard. This should provide users with a maximum level of security, whether for financial services transactions, insurance, online purchases, medical care or electronic voting. BCGE owns 3% of the company.

Well-established local presence  
Network of 21 branches  
125 ATMs



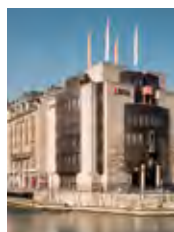
- Head office
- Sector hub
- Branches



# International dimension

## Infrastructure in Switzerland, Europe, Asia and the Middle East

 **BCGE**



Geneva 1816

 **BCGE**  
Private Banking



Lausanne 1997



Zurich 1997

 **Banque Cantonale de Genève (France) SA**



Paris 2010



Lyon 1993



Annecy 1993

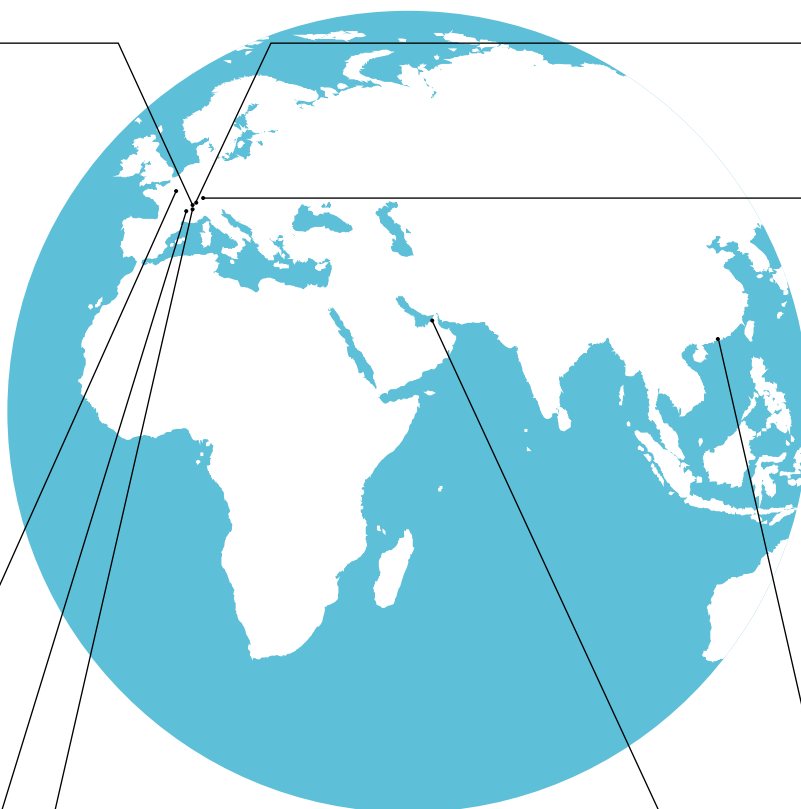
 **BCGE**  
The Swiss Bank of Geneva



Hong Kong 2011



Dubai 2010



 **CAPITAL TRANSMISSION**  
AGENCE SUISSE  
PRIVATE EQUITY

Geneva 2008

 **DIMENSION**  
CONSULTING ET MANAGEMENT DE TOUTES LES ENTITES

Lausanne 2015

# The BCGE share

## Capitalisation of CHF 1.38 billion

20

The return on the BCGE share in 2018 was 18.9%, while the SPI and SMI indices fell, by 9.6% and 8.1% respectively. The share price increased by 17.1%.

In 2018, BCGE's market capitalisation increased by CHF 200 million (CHF 28.10 per share), to attain a level of just over CHF 1.38 billion. This result is due to the encouraging financial performance of the last few years.

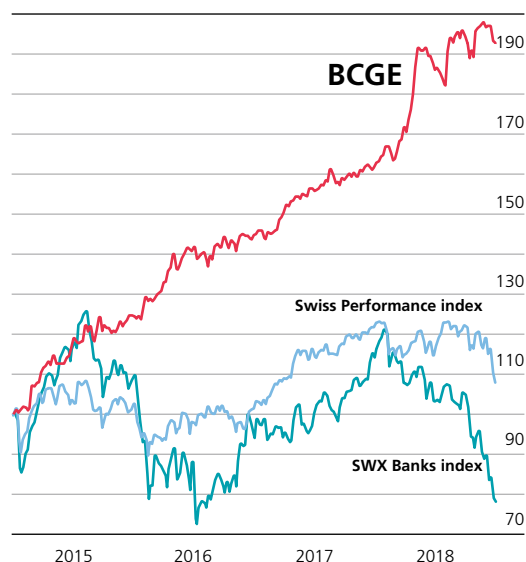
The closing price of the BCGE share in 2017 was CHF 163.90; this increased throughout 2018 to close at CHF 192 (+17.1%). The increase occurred for the most part in the first four months of the year, with a second surge at the start of August following publication of the half year results.

The share was unaffected by the Swiss market's correction in the last quarter. It offers an attractive dividend yield of 1.8% (dividend proposed to the annual general meeting, divided by the year-end price).

Considerable upside potential remains, due to the environment of negative rates and to the difference between the quoted price of the share and its intrinsic value, as measured by shareholders' equity per share; this intrinsic value is CHF 221, representing 115% of the stock market value.

### Share price movement

Share price movement relative to 1 January 2015 in CHF



2018 2017 2016 2015 2014

### Figures per share<sup>1</sup> (in CHF)

Shareholders' equity	218	204	193	183	172
Operating income	22	18	15	18	16
Net profit	13	11	11	11	11
Dividend <sup>2</sup>	3.4	2.9	2.8	2.8	2.5

### Stock market data (parent company)

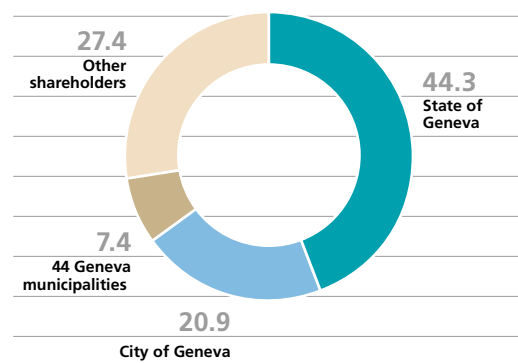
High and low share prices (in CHF) <sup>1</sup>					
– high	198	166	149	131	117
– low	162	148	129	105	104
– closing	192	164	149	130	107
Market capitalisation (in CHF million at 31 December)	1,382	1'180	1'072	939	771
Book equity / number of shares <sup>1</sup>	221	207	195	186	175

<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.

### Capital distribution and voting rights

(%)



# Organisation chart

## As of 1 March 2019

### Executive Board



**Blaise Goetschin** <sup>I, III, VI, VII</sup>  
Chief Executive Officer



**Christophe Weber** <sup>IV, VIII</sup>  
Chief of Staff  
and Planning



**Hélène De Vos Vuadens**  
Communications and  
Investor Relations



**Elisabeth Ray Tang**  
Human Resources



**Christian Hamm**  
Marketing



**Philippe Marti** <sup>IV, VIII</sup>  
Legal and litigation



**Marius Hämmig** <sup>I</sup>  
Litigation



**René-Christian Métrailler**  
Legal



**Francine Robin**  
Estates, Wardships,  
Legal Guardianships

### Geneva Division



**Pierrette Jaton Klopfenstein** <sup>III, VI, VII</sup>  
Member of the Executive Board



**Pierre-Olivier Vialla** (a.i.)  
Branch Network and  
Business Development  
West Sector



**Sébastien Collado**  
SMEs and Self-employed



**André Thiévent**  
Centre Sector



**David Bottoli**  
Left Bank Sector



**Alexandre Scala**  
Right Bank Sector



**Franco Furcolo**  
BCGE Private Banking  
Swiss Clients



**Albert Gallegos**  
Financial Planning  
and Pensions



**Paulo Oliveira**  
Online Banking

**International Clients**



**Pierre-Olivier Fragnière** I, III, V  
Member of the Executive Board



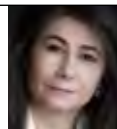
**Josiane Tistounet**  
ICPB Chief of Staff



**Nicolas Demierre** II  
Global Commodity  
Finance



Serge Chesternine  
Commodity  
Trade Finance 1



Danila Mariotti  
Commodity  
Trade Finance 2



Philippe Maillart  
Global Commodity  
Finance Operations



Nicolas Dervaux  
Commodity  
Trade Finance 3



Olivier Thyssen  
Credit and Transaction  
Management



**Boris Bijleveld**  
Banks and Insurance  
Companies



Léonard Graz  
Banks 1



Irene Díez  
Banks 2 and  
Insurance Companies



**Claudio Pietroforte**  
International  
Private Banking



Beat Glusstein  
Team 1 Private Banking  
International Geneva



Olivier Ernoult  
Team 2 Private Banking  
International Geneva



Mario Al-Jebouri  
Representation  
Office Dubai



Laurent Juget  
Team 3 Private Banking  
International Geneva



Renaud Chambolle  
Representation Office  
Hong Kong



Stéphane Cuere  
Independent Portfolio  
Managers



Christoph Habluetzel  
Private Banking  
Switzerland, Lausanne,  
Zurich

# Organisation chart

## As of 1 March 2019

### Corporatate and Institutional Clients



**Yves Spörri** <sup>I, III, V, VI</sup>  
Member of the Executive Board



Patrick Senger  
**C & IC Chief of Staff and Business Development**



Charles Kaeser <sup>I</sup>  
**Real Estate and Construction**



Virginie Fauveau  
**Corporate Finance**



Raoul Monnay <sup>I</sup>  
**Swiss Corporate Clients**



Catherine Raphoz  
**French Corporate Clients**



Patrizio Arioni  
**Institutional Investors**



Raoul Monnay  
**Multinationals and International Institutions**



**Claude Bagnoud** <sup>I, IV</sup>  
**Public Bodies and Participations**



Alain Voirol  
**Public Authorities**



Nicolas Bézaguet  
**Personal Finance**



**Eric Wesse** <sup>II</sup>  
Chief Executive Officer  
BCGE (France) SA  
Wholly-owned  
BCGE Group subsidiary



**Virginie Fauveau**  
Director  
Capital Transmission SA  
Wholly-owned  
BCGE Group subsidiary



**Claude Romy**  
Director  
Dimension SA  
Wholly-owned  
BCGE Group subsidiary

### Organisation, Technology and Operations



**Jean-Marc Joris** <sup>V, VI, VII</sup>  
Member of the Executive Board



Jean-Michel Comte  
**Banking Operations Service Centre**



Grégory Denizou  
**Service Centre Credits and Services**



Céline Orlandini  
**Logistics and Procurement**



Benito Perez <sup>VI, VII</sup>  
**Organisation**



Daniel Stocco <sup>VI</sup>  
**IT**

## Finance and 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  
and Risk Control**



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



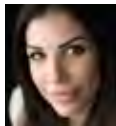
Yvan Nicolet  
**General Accounting**



Frédéric Vernet  
**Financial Control**



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



Marie-José Bratcov <sup>VIII</sup>  
**Compliance**



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



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



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



Thierry Angele  
**Financial Advisory**



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

## Internal Audit (attached to Board of Directors)



**Monique Seiss Baudry**  
Head of Internal Audit

<sup>I</sup> Member of Credit Committee  
<sup>II</sup> Member of Strategic Investment Committee  
<sup>III</sup> Member of ALM Committee  
<sup>IV</sup> Member of the Increased 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>VIII</sup> Member of the Compliance Authority Committee





**Business development 2018**

**A bank  
committed to  
supporting business**

Standing by CEOs and CFOs  
with constancy and creativity





# Geneva division

## Banking innovation for the canton

28

The Florissant branch has been completely remodelled: it now combines personalised advice and new technologies. The Bank has now added the Start Ep account to its range of services, to encourage young people to save.

With its 21 locations, BCGE has the highest density of branches in the canton, with three of these also open on Saturday mornings from 9 a.m. to midday. In 2018, 254 advisers, of whom half hold the SAQ (Swiss Association for Quality) qualification, or are in the process of obtaining it, delivered 95,377 personalised advice interviews.

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# 95,377

personalised advice interviews

---

The value of home mortgages provided by the division passed the CHF 4 billion mark, an annual increase of 4.4%; the number of new clients was up 14.7%, at 12,846; and an additional 155 Best of asset management mandates took the total number of such mandates to 3,011.

3,587 clients had a full financial analysis carried out by their personal adviser, using the check-up tool, and a further 363 had a complete asset analysis at the Pensions Advisory and Financial Planning Unit.

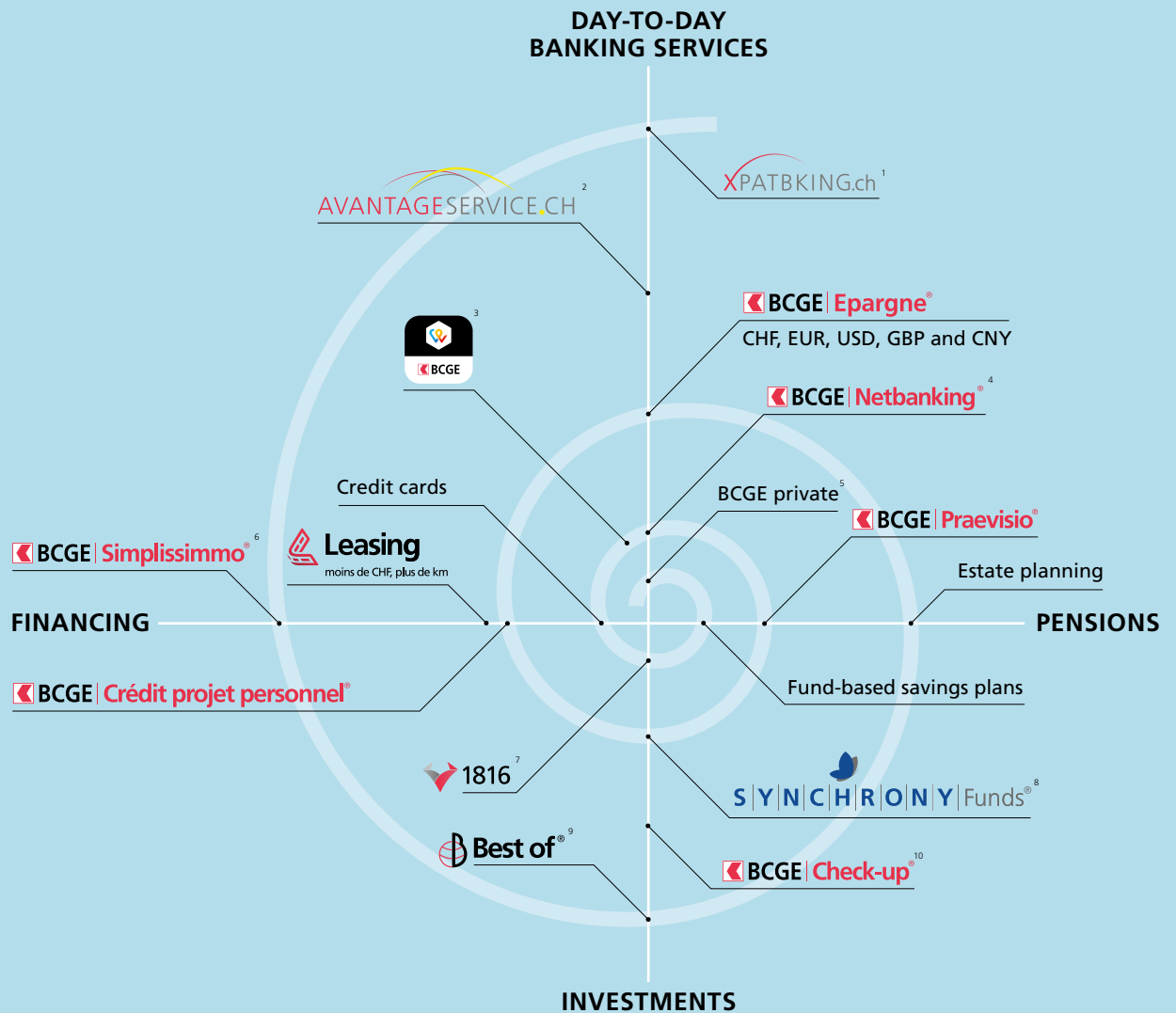
The Bank serves 232,794 individual, corporate and institutional clients. Over 32,850 clients are members of its Avantage service loyalty programme, thus benefiting from a total of CHF 10.3 million of loyalty bonuses.



**Pierrette Jaton Klopfenstein, head of the Geneva division, member of the Executive Board**

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## A day-to-day partner 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> Dedicated account for receiving income and managing banking transactions.

<sup>6</sup> Simple, very economical mortgage solutions that are adjustable according to needs, for main residences or second homes.

<sup>7</sup> Online trading platform.

<sup>8</sup> Range of BCGE investment funds.

<sup>9</sup> Management mandate with 24 profiles.

<sup>10</sup> Personalised wealth management advice.

# Companies, business property and institutional investors

## A partner bank working for the success of entrepreneurs

30



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

**Financing provided mainly to medium-size,  
large and multinational companies in Geneva and  
Switzerland grew by 7.1%, while mortgage loans  
to real estate professionals increased by 3.4%.**

---

# 7.1%

growth in lending to companies  
in Geneva and Switzerland

---

New business growth was encouraging and there was a clear propensity for companies to invest. The historically low level of interest rates continues to benefit the market and investment in property. Against this background, the Bank's market share and total lending increased.

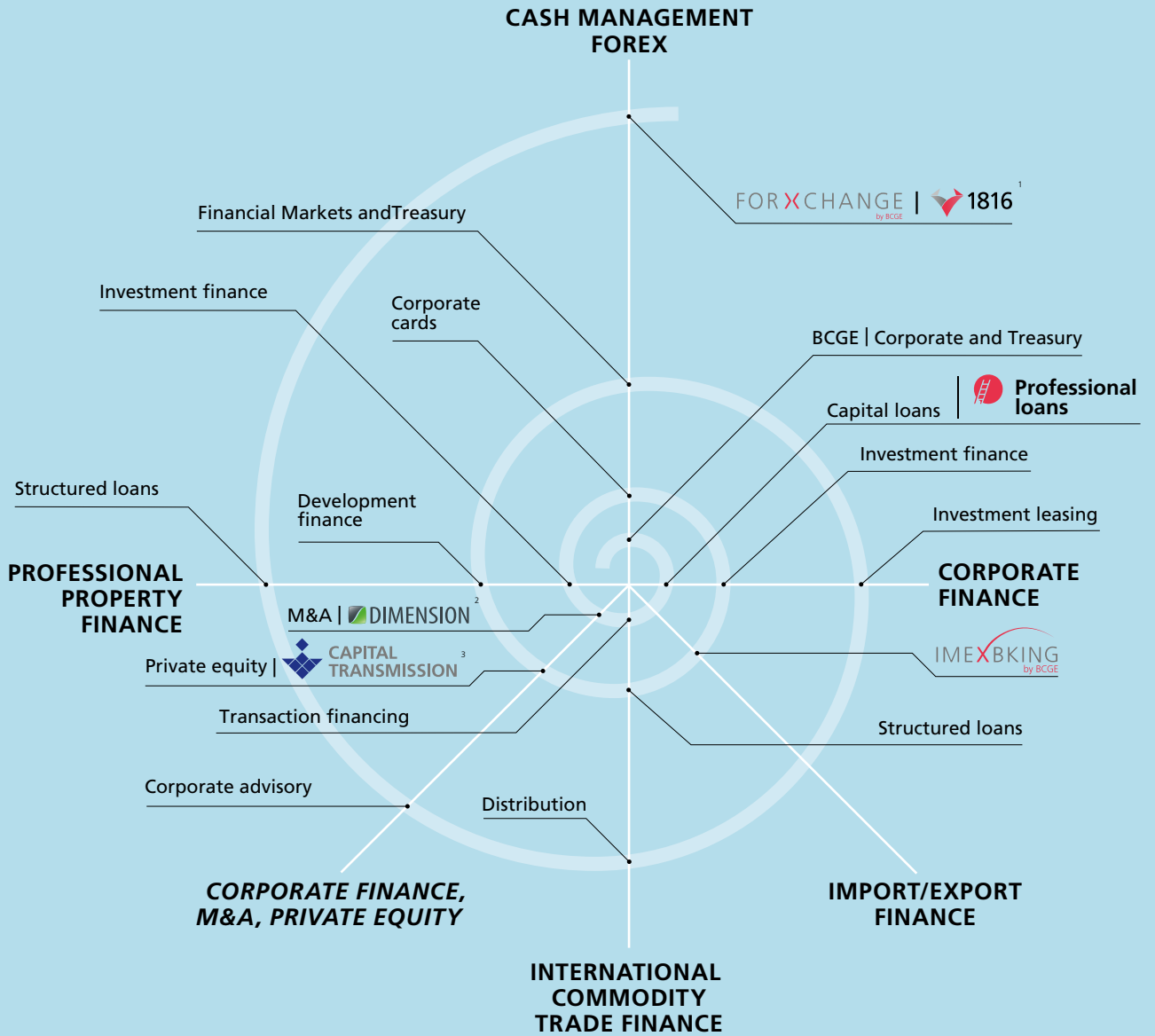
A pillar of the regional economy, BCGE is the preferred partner of the major utilities, the municipalities and cantonal and municipal public property trusts.

The Bank also makes use of its securities management expertise on behalf of institutional clients, multinationals, institutions and associations operating on an international scale.

BCGE serves almost 19,800 companies, including 11,000 small businesses. It also works with companies in the neighbouring part of France.

With its subsidiaries (see pages 12, 38 and 39) and its Corporate Advisory department – specialising in financial risk management – BCGE addresses the range of corporate strategic scenarios, such as launching expansion phases, sourcing new capital, company transfer, managing financial debt and currency exchange risk, or optimising cash management

A strategic ally to companies, with a complete range of solutions



<sup>1</sup> Online forex platform.  
<sup>2</sup> Mergers and acquisitions.  
<sup>3</sup> Equity financing.



# Finance and asset management

## Growth in assets entrusted to the Bank

32

# 25.7%

Increase in financial results



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

### In a persistently low-rate environment, opportunities remain within our investment philosophy.

Even though the economic numbers are still promising, the markets have seen high levels of volatility and instances of underperformance in most financial centres. In a context of negative or low rates, CHF-denominated bond issues had little success.

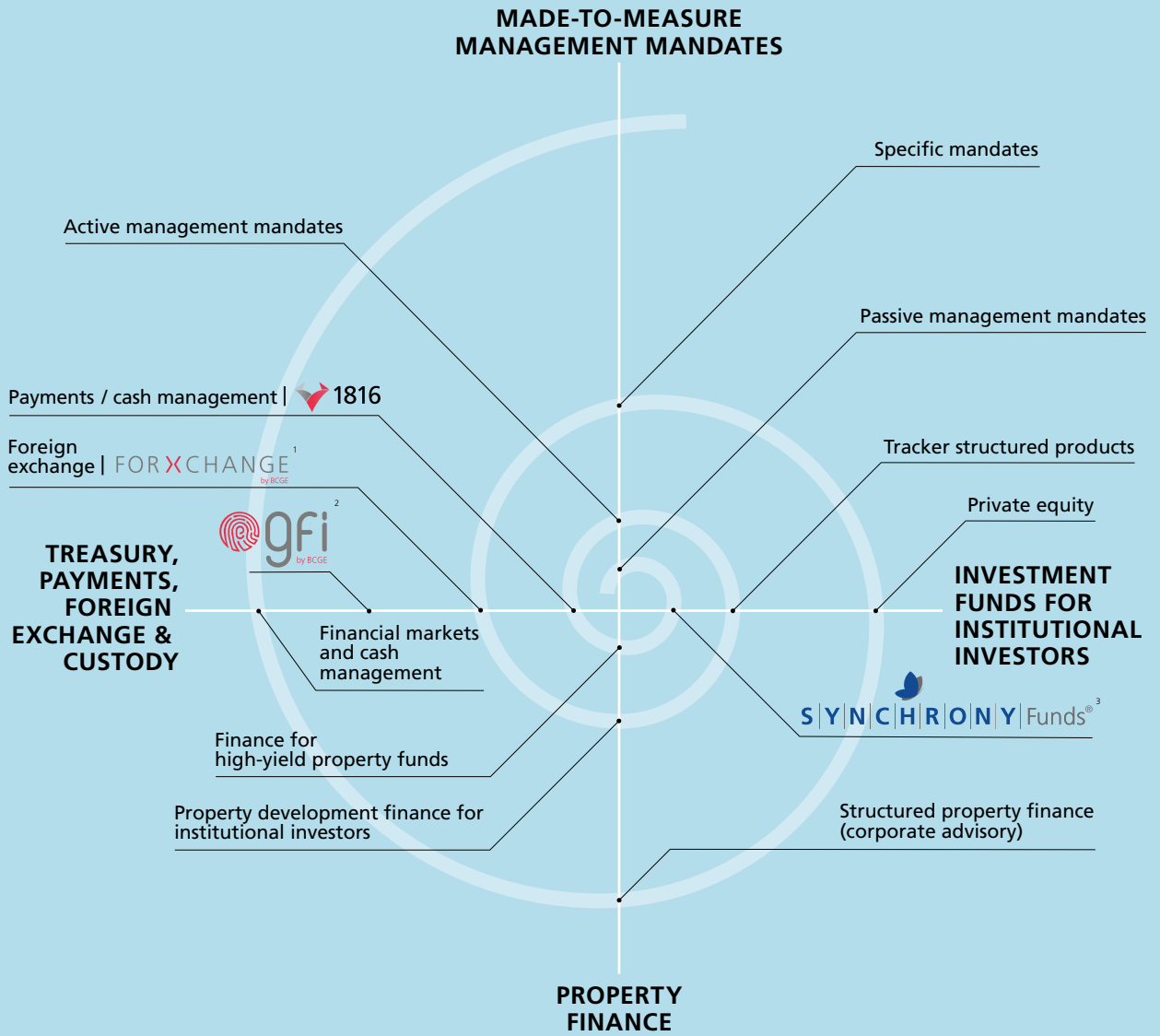
Assets entrusted to BCGE for discretionary management have grown to over CHF 6.8 billion (private mandates, institutional mandates and investment funds). Despite the stock market fluctuations, total assets of the Synchrony funds continue to grow and currently stand at CHF 2.56 billion.

In five years, the Synchrony funds – there are 64 of them – have attracted assets of almost CHF 1.6 billion, of which CHF 310 million in 2018; this growth is well above the Swiss market average, for the sixth year in succession.

The Bank has launched a dedicated fund for protected persons in Switzerland: the Synchrony Guardian fund.

The Swiss equity funds managed by BCGE Asset Management achieved excellent relative performance in 2018: in particular the Synchrony High Dividend Swiss Stocks fund, which outperformed its benchmark by 4.17%.





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

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

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

# International

## A growing business, serving the international city of Geneva

34

The International Clients division harmoniously encompasses international private banking, global commodity finance and relationships with banks and insurance companies.

2018 saw growth in all the International Clients division's business lines. The international private banking business is strengthening its client base and the qualitative growth of assets under management.

The year was also marked by confirmation of its positioning on the Swiss market, via a Zurich-based structure managing three business centres: Lausanne, Zurich and, from 2019, Basle.

The Global Commodity Finance business unit supports some 300 clients based in Switzerland or the principal trading centres abroad. Its revenues are growing and its risks are soundly managed.

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# 6%

growth in the premium clientele of the international private banking business

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The Banking and Insurance business unit covers approximately 425 banks, located in some 60 countries. It also works with major international insurance companies. It is one of our Bank's core business lines, combining skills that meet the needs of a Swiss and international clientele.



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

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# Infrastructure and banking products

## Successful launch of self-onboarding

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# 4,467

accounts  
opened online  
or via tablets

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

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The Bank makes it possible to open accounts and access online banking services in a matter of minutes.

As part of its digitalisation programme, the division has implemented a self-onboarding platform that allows new clients to open bank accounts online, remotely and without delay, and create the relevant contract documentation. Individual clients can thereby open their accounts within extended hours of service, in a matter of minutes, without needing to physically go to a branch. The process includes online identification and document signature.

This solution also simplifies and optimises all the associated administrative processes. The complete automation of the inputting and checking tasks substantially improves productivity and enables procedures to be greatly speeded up. A relationship can be set up and completely processed in less than 20 minutes.

Making use of the best technologies, this innovation, which was developed with leading digital partners working with the Bank's specialist teams, represents a new level of Swiss banking digitalisation. BCGE's profile is that of a universal bank of national significance, which is methodically implementing digitalisation in its business and contractual processes.

Subsidiaries

# A bank turning the frontier to its advantage

Standing by cross-border commuters  
and entrepreneurs in Switzerland  
and France – with pragmatism and experience







# Main subsidiaries

## Good results for the three entities

38

In France, lending grew by 12%. Capital Transmission SA invested CHF 34.4 million in 13 companies, while Dimension SA undertook nine company transfers.

# 64%

increase in profit at BCGE (France)

 **Banque Cantonale de Genève (France)**



**Eric Wesse, Chairman of the Board of BCGE (France)**

Sustained, in particular, by a largely favourable economic environment and historically low interest rates, lending by the BCGE Group's French bank reached EUR 677 million, an increase of EUR 73 million (+12%). In the face of stiff competition, the Bank benefited from the quality of advice provided to its clients and from the rigour of its investment philosophy, continuing to grow its assets under management; which reached almost EUR 500 million, a net increase of EUR 100 million (+23%). The net profit of BCGE (France) was EUR 8.4 million, up EUR 3.3 million (+64%), through the combined effect of sustained business development and the payment of a EUR 1.7 million dividend by the Compagnie Foncière Franco Suisse. The French subsidiary benefits from the support of the parent company in the area of refinancing.

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

 **DIMENSION**  
EVALUATION ET TRANSMISSION DE VOTRE ENTREPRISE



**Claude Romy, Managing Director of Dimension SA**

Dimension SA specialises in company evaluation and transfer. A recognised mergers and acquisitions player in French-speaking Switzerland since 1994, and a wholly-owned BCGE Group subsidiary since 2015, 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 it for the market with a view to optimising the proceeds for its clients. Since its foundation, the subsidiary has helped 197 entrepreneurs transfer or acquire a company.

In 2018, Dimension SA was involved in nine company transfers; it advised the fifth-generation owner of a family company producing luggage and car accessories, based in Switzerland, Germany and the Czech Republic.

In addition, it organised four management buyout operations.

Several testimonials can be found at [www.dimension.ch/news.html](http://www.dimension.ch/news.html).

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



**Virginie Fauveau, Director of Capital Transmission SA**

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BCGE's Capital Transmission SA subsidiary is a capital investment company that aims to create sustainable added value for the firms it invests in. This well-known Swiss private equity player took part in the management buy-in of a company specialising in integrated software solutions for the agricultural, construction and civil engineering markets, thereby ensuring its long-term future. It also invested in a Swiss firm, a major European player in the design and manufacture of sterilisation baskets for orthopaedic surgery, to assist its management team in a new phase of their company's development.

Capital Transmission SA also participated in the management buyout of the business unit of a leading Geneva-based manufacturer of special alloy moulded components for heat treatment ovens. The subsidiary also assisted the management of a quoted US company, a world leader in the development and production of high voltage products for electricity infrastructure, in the purchase of its Swiss subsidiary, in order to strengthen the company's permanent presence in Switzerland.

In terms of disposals, a shareholding was sold to an investment fund. Capital Transmission's portfolio comprises 13 investments with a total value of CHF 34.4 million.

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







Risk control

# A bank committed to supporting SMEs

Standing by entrepreneurs  
and innovators – with concentration  
and endurance

# Wide-ranging and systematic monitoring

## Risk management is omnipresent at various levels

42

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.

# 15.6%

Shareholders' equity coverage for the Group

Specifically, these second-level departments are the Compliance and Risk Control departments. These units monitor and control risks, modelling them so that the Bank can maintain 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 BCGE and the external authorities. Through various operating committees, these departments distribute their analyses, follow-up of processes and information required for managing every type of risk.

### The Asset and Liability Management committees

The Risk Committee (CRISK, see page 64) analyses the risk situation every month and reviews information from the other committees. This inventory is compiled 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. The asset and liability management committee (CALM), which monitors the balance sheet and rate risks, also meets each month. It studies exposure to interest rate risk, measuring income sensitivity and sensitivity of the net present value of shareholders' equity, analyses internal transfer rate margins and monitors the liquidity coverage ratios required by regulations.

BCGE is ranked in "category 3" in terms of FINMA circular 2011/2: including the anti-cyclical buffer, the minimum threshold of its equity coverage ratio is 12.6%. Business planning takes these requirements into consideration when forecasting growth, in order to guarantee this level of equity coverage. The minimum threshold is easily covered; the publication requirements relating to shareholders' equity will be made available on the Bank's website ([www.bcge.ch/exigences-publications](http://www.bcge.ch/exigences-publications)) and are summarised on page 100.

### Credit risk (see also page 109)

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. The yield from operations, in terms of income from interest and commissions, is weighed up against the costs of the transaction and against the risks incurred. 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 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.

### Country risks

Country risks are widely diversified. Leaving aside France, where the Bank does a 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. They are the subject of a weekly report presented to the committee dealing with international trade finance.

### Market risk (see also pages 109 and 122, point 5.21)

The deliberate reduction in the Bank's proprietary trading, the nostro account, means that market trading risks are limited. At the end of 2018, this portfolio mainly comprised BCGE shares, for which the Bank acts as the market-maker (supporting the share's liquidity). Checks on the progress of the share and the quantities held are made daily.

### Foreign exchange risk (see also page 110)

The Swiss franc represents the majority 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.

### Long-term investment risk (see also page 110)

The long-term investment portfolio amounted to CHF 1.9 billion in December 2018. These protect against liquidity risks; their yield also contributes to results and they allow the Bank to diversify its commitments. Over 69% of the long-term investments are rated AAA, with other securities being in the AA+ to A- range.

### Operational risk (see also page 111)

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. Risk mapping and related checks are put in place and regularly monitored, to provide an overall view of well-controlled operational risks.

### Compliance risk (see also page 111)

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 regarding 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 application of the internal regulatory system. Lastly, 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.

The centralised organisation is supplemented by specialists directly attached to the front-office divisions, providing advisers with immediate support as they carry out operational tasks.



Talent and expertise

# A bank that can deal with market highs and lows

Standing by treasurers,  
traders and institutional clients  
with precision and speed





# Talent and expertise

## BCGE employees are entrepreneurs and partners for their clients

# 5%

Proportion of BCGE employees undergoing training

Opportunities for development and responsibility make BCGE a very attractive employer. Certificated professional training courses and development programmes provide all employees with the support they need to progress. From the first responsibility levels, front-office advisers are partners and decision-makers for their clients.

At the end of 2018, 811 staff worked for the BCGE Group, i.e. 761 full-time equivalents. Staff levels therefore grew by 1.6% over the year (in 2017, the Group had 799 employees, or 748 full-time equivalents). Staff costs also reflect the increasing demands of the banking environment, where high qualification levels are required. They grew by 7.3% to CHF 144.1 million (CHF 134.3 million in 2017).

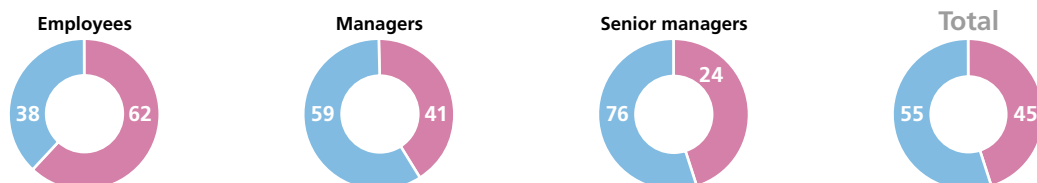
Approximately 300 front-office employees benefit from a mainly quantitatively-based variable remuneration policy. Depending on the business line (private banking, global trade finance, branch network, institutional investors, lending etc.), specific models have been developed in line with strategic objectives.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

BCGE employs, on a permanent basis, 35 people in training. Twenty-five of these are taking external courses with a view to obtaining a CFC, a federal diploma or certificate while working at BCGE. These apprentices, high school graduate trainees and students at the Haute Ecole de Gestion de Genève (HEG) or the AKAD Ecole Supérieure en Banque et Finance receive on-the-job coaching from practical trainers who prepare them for their future role as bank client advisers. BCGE also regularly offers traineeships to university graduates, either in management or in specific areas such as financing, compliance, organisation or taxation (10 in total).



Proportion of women and men, %

Women Men





# 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.

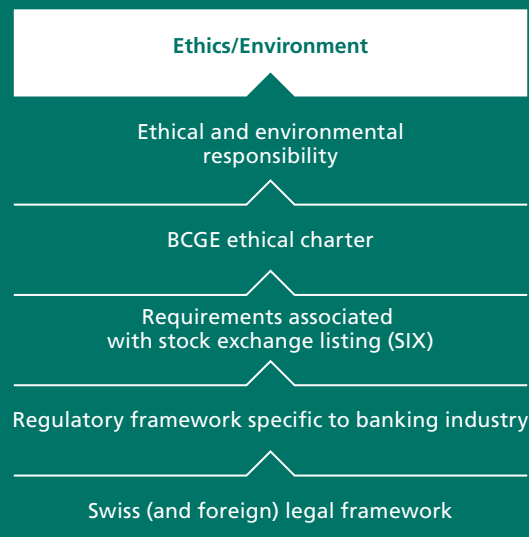
### 1. Introduction

The Bank’s 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 necessity of adapting to the highly dynamic demand in the banking market, in the face of a hundred competitors in the financial centre of Geneva.

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 range of 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 figure 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, 2014 and 2016),
- 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.

**4. 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 2018 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 Code of obligations, 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>Payout ratio</p> <p>★★★</p>

- ★★★ Objectives fully achieved.
- ★★ Some improvements.
- ★ Priority area for improvement.

## Clients

Commitments made	Action	Effectiveness measurement criteria
To protect our clients' financial privacy	<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>
To offer competitive services that meet needs to create value	<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>
To select the clientele so as to avoid associating the Bank with practices worthy of criticism	<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>

## Clients

Commitments made	Action	Effectiveness measurement criteria
To make available financial services for investment and pension planning that respect the long-term interests of clients	<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>
To give all our clients access to plainly-worded quality information	<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>
To effectively organise complaints procedures	<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>
To treat all clients equally, whatever the level of their assets	<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>
To offer clients the chance to access environmentally aware and socially responsible financial products	<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
To offer working conditions that foster creativity and a high level of productivity	<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>	<ul style="list-style-type: none"> <li>Audits by the cantonal inspection and workplace relations department</li> <li>Number of Employment Tribunal cases and decisions</li> </ul> <p>★★★</p>
To ensure equality of opportunity without regard to origin, sex, nationality or religion	<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>	<ul style="list-style-type: none"> <li>File on non-adherence to these principles (possible evidence)</li> </ul> <p>★★★</p>
To provide opportunities for career development	<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>	<ul style="list-style-type: none"> <li>Changes in the training budget</li> <li>Number of posts filled by internal promotion</li> </ul> <p>★★★</p>
To align remuneration purely in the interest of the company and its clients	<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>	<ul style="list-style-type: none"> <li>Staff turnover rate</li> <li>Loss of talent</li> </ul> <p>★★★</p>
To encourage environmentally-friendly transport	<ul style="list-style-type: none"> <li>Financially support the purchase of Geneva public transport (TPG) annual season tickets</li> <li>Encourage car sharing</li> <li>Encourage train travel for business trips</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring of this programme</li> </ul> <p>★★★</p>

## Employees

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

## The Community

Commitments made	Action	Effectiveness measurement criteria
To create value for the public authorities	Ensure the long-term development of the Bank	<p>Taxes, duties, salaries, employment, other contributions</p> <p>★★★</p>
To support investment in Geneva	Monitor investments and major expenditure in the Geneva economy through use of the strategic indicators	<p>Publication of investments in the Geneva community</p> <p>★★★</p>
To promote respectful use of natural resources	<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>

## The Community

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. Mission, roles and responsibilities

### 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 [...] It shall be managed according to tried and tested ethical banking principles." BCGE harmoniously combines its public mission with the need to be a profitable commercial enterprise: it has no monopolistic advantage nor any cantonal guarantee. 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. The BCGE Asset Management business unit is a signatory to the UN Principles for Responsible Investment.

### Roles and responsibilities by entity

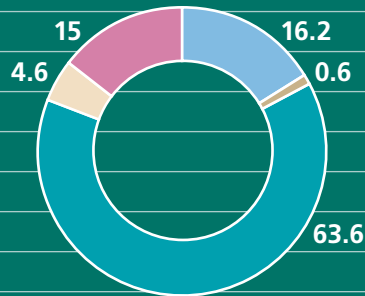
The Board of Directors adopts the company's ethical and environmental responsibility policy and informs shareholders of its application by means of the annual report. The Executive Board sets the operational objectives within this policy at Bank level, monitors the achievement of these and produces a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

In 2017, the BCGE Group paid the equivalent of CHF 211 per household in dividends<sup>1</sup> and taxes to the Canton of Geneva and the Geneva municipalities, i.e. over CHF 40 million. Since 2000, it has created value of CHF 1.2 billion, with 77% of this amount – CHF 964 million – accruing to the public authorities.

<sup>1</sup> Proposal submitted to the General Meeting on 30 April 2019.

## Breakdown of results 2000-2018

Estimate (%)



- Dividends for the public authorities
- Dividends for the State of Geneva Pension Fund (CPEG)
- Held in reserve
- Private dividends
- Taxes (with direct federal tax)

The Group paid suppliers CHF 94.3 million in Switzerland 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.

### 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 2018, 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	22,629	62.5%	14.0%
Other Swiss cantons and municipalities	183	0.5%	0.1%
Swiss Confederation	8,957	24.7%	5.6%
Foreign	4,449	12.3%	2.8%
<b>Total</b>	<b>36,218</b>	<b>100%</b>	<b>22.5%</b>

See also point 5.39 on pages 130 and 159

### Foundation in aid of cultural, social and sporting activities

The Fondation Immobilière Patrimoine was founded by BCGE in 1996. It took over buildings which had been owned by the *Caisse d'épargne de la République et Canton de Genève* and the *Banque hypothécaire du Canton de Genève*, the two banks from which BCGE was created. The aim of the foundation is to support cultural, social and sporting activities of general interest in the Canton of Geneva and its region. To this end, the foundation owns several buildings that previously belonged to the founding institutions. 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). As part of this support, the foundation has helped various charitable, sporting and cultural organisations. François Kirchhoff and Patrick Senger, BCGE director and assistant director respectively, represent the Bank on the five-member foundation council.

## 7. 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. To assist in technical maintenance operations in its various buildings, the Bank has acquired a 100% electric utility vehicle.



Consumables	2018	2017	2016	2016	2014
Paper purchase (number of sheets) including:	6,105,000	6,011,000	6,393,000	6,445,000	6,960,000
FSC wood fibres	60,000	61,000	67,000	45,000	35,000
FSC eucalyptus fibres	4,220,000	4,175,000	4,251,000	3,300,000	5,775,000
100% recycled	1,825,000	1,775,000	2,075,000	3,100,000	1,150,000
Paper destroyed (tonnes)	75	61	53.7	59.1	60.7
PET recovered (kg)	1,546	1,336	1,198	1,227	1,188
IT components recovered (kg) <sup>1</sup>	125	292	781	68	1

<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

BCGE is continuing to transform and renovate its premises in a cost-effective, ecological way, working with the cantonal authorities, architects and engineering firms, as during the remodelling of the Florissant branch. 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.

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

The environmental benefits are shown by the improvements in environmental costs/needs ratios for this area of infrastructure. BCGE is optimising its workspace ratio by concentrating its non-branch activities on two sites. The Bank has two main sites: one essentially sales-orientated (Quai de l'Île) 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 Energy Service (ScanE) plan to change electricity provision (NOE) continued to bear fruit: electricity and gas consumption fell by 3.8% and 8% respectively.

In order to minimise the environmental impact of its electricity consumption, BCGE has opted for the environmentally-friendly hydraulically-generated power offered by its supplier, SIG. When modernising its facilities, BCGE undertakes energy efficiency measures and systematically seeks to implement eco-efficient solutions. It participates in the Ambition Négawatt Vision programme of its electricity supplier, SIG, and has already made numerous energy savings.

### Environmentally-friendly transportation

BCGE encourages the use of public transport by providing a free TPG (Geneva public transport) season ticket together with an incentive allowance. 30% of employees working in Geneva benefit from these, at a total cost of CHF 180,775, which is entirely paid for by BCGE. 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.

### 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.

	2018	2017	2016	Change 2018–2017
Electricity (kWh)	3,798,889	3,950,334	3,983,965	-151,445
Gas (kWh)	909,693	989,783	993,763	-80,091
Water (m <sup>3</sup> )	10,747	9,681	9,654	1,066

Source: SIG



## 8. Responsible performance product offer

### Range of products

BCGE offers a range of banking products embodying the highest ethical and environmental standards. This "Responsible performance" range is offered in addition to the Bank's more traditional products and can be freely chosen by the client. Initiated in 2005 and regularly extended, this range of products is offered in the form of modules from which clients may make a selection. The use of Netbanking limits the quantity of paper used, statements and advices being provided in electronic form only. The same applies to 1816, the Bank's online trading desk.

### Loans

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

Leasing: BCGE offer a preferential rate for financing electric vehicles or those with low fuel consumption. 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* (SRI standing for "socially responsible investment") is a fund that invests exclusively in assets (shares, bonds and investment funds) that are generally acknowledged as being sustainable or socially responsible. It is managed using an 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)* was launched in 2006, while *Synchrony (LU) Swiss Small and Mid Caps CHF* started in 2017. These funds invest long-term in around 30 second-tier Swiss securities (companies that are listed but not included in the SMI), which are selected on the basis of sustainability criteria. To be chosen, these companies must demonstrate a balance of above-average financial, social and environmental qualities. Securities are thus selected according to the criteria of sustainability and those of classic financial analysis. This method is applied with a view to controlling specific risks.

*Synchrony Swiss Government Bonds* was launched in 1996: 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 249 million. With the Best of Swiss Economy Dynamique ISR mandates, the other discretionary mandates and funds managed on behalf of clients, BCGE manages CHF 760 million of assets according to sustainability principles (i.e. 12% of its assets under management).

BCGE has a *Responsible performance* investment policy, which can be viewed at [www.bcge.ch/pdf/performance-responsible-BCGE.pdf](http://www.bcge.ch/pdf/performance-responsible-BCGE.pdf)



BCGE IS COMMITTED



ONLINE BANKING AND PAYMENTS (BCGE NETBANKING) | MOBILE BANKING (BCGE MOBILE APP) AND PAYMENTS (BCGE TWINT)  
ONLINE ACCOUNT OPENING (ONBOARDING)



Shareholder information  
and corporate governance

## A bank that moves to the top with you

At your side with new banking services  
ensuring simplicity and personalisation

# Shareholder information and corporate governance

<b>1. Group structure and shareholding</b>	64
1.1 Group structure	64
1.1.1 <i>Operating structure</i>	64
1.1.3 <i>Scope of consolidation</i>	66
1.2 Major shareholders	66
1.3 Cross holdings	66
<b>2. Capital structure</b>	67
2.1 Capital	67
2.2 Authorised or conditional capital	67
2.3 Changes in the share capital	67
2.4 Shares and participation certificates	67
2.4.1 <i>Shares and participation certificates</i>	67
2.4.2 <i>Dividend policy</i>	67
2.5 Profit-sharing certificates	67
2.6 Transfer restrictions and registration of nominees	67
2.6.1 <i>Transfer restrictions</i>	67
2.6.2 <i>Reasons for granting exceptions</i>	67
2.6.3 <i>Registration of nominees</i>	67
2.6.4 <i>Procedure</i>	67
2.7 Convertible bonds and options	67
<b>3. Board of directors</b>	68
3.1 Members	68
3.2 Other activities and vested interests	70
3.3 Ordinance against excessive pay awards	70
3.4 Election and duration of appointments	70
3.5 Internal organisation	71
3.5.1 <i>Allocation of tasks within the Board of Directors</i>	71
3.5.2 <i>Committees of the Board of Directors</i>	71
3.5.3 <i>Working methods</i>	72
3.6 Powers of the Board of Directors and the Executive Board	72
3.7 Information and control mechanisms	74
<b>4. Executive board</b>	76
4.1 Members	76
4.3 Other activities and vested interests	78
4.4 Service contracts	78

<b>5. Remuneration, participation and loans</b>	79
5.1 Contents and procedure for setting remuneration and participation programmes	79
5.3 Transparency	81
<b>6. Shareholders' participation rights</b>	82
6.1 Limitation and representation of voting rights	82
6.2 Quorum	82
6.3 Convening of General Meetings	82
6.4 Agenda items	82
6.5 Share registration	82
<b>7. Taking control and defensive measures</b>	82
<b>8. Independent auditor</b>	83
8.1 Duration of the audit mandate and of the mandate of the auditor-in-charge	83
8.2 Independent auditors' fees	83
8.3 Additional fees	83
8.4 Information on control and monitoring of independent auditors	83
<b>9. Information policy</b>	84

# Shareholder information and corporate governance

## 1. Group structure and shareholding

### 1.1 Group structure

#### 1.1.1 Operating structure

Banque Cantonale de Genève (hereafter BCGE) is a limited company established by public law according to Article 763 of the Swiss Code of Obligations. It has the status of a cantonal bank as defined by the Federal Banking Act. The Bank was registered in the Geneva Trade Register on 17 December 1993 and conducts its business under the registered name of "Banque Cantonale de Genève SA". The registered office and management of the Bank are in Geneva. It operates branches and agencies. The Bank is listed on the SIX Swiss Exchange. The 7,200,000 registered shares are listed. The market capitalisation is calculated on the basis of a price of CHF 192.00 as at 31 December 2018.

Market capitalisation	CHF 1,382 million
Stock number	35,049,471
ISIN number	CH0350494719

The organisation chart of the BCGE Group is on pages 22 to 25. 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 76 and 77;
- 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.

#### Risk Committee (CRisk)

##### Composition of the committee

Eric Bourgeois (chairman)  
Yves Spörri (vice-chairman)  
Marc Doerks (secretary)  
Claude Bagnoud, until 31 March 2018  
Pierre-Olivier Fragnière  
Pierrette Jatton-Klopfenstein, from 1 April 2018  
Jean-Marc Joris  
Marie-Anne Bourgoz Gorgé

##### Principal roles

Supervising risk control and management capability  
Improving identification and prevention of risks  
Alerting the Executive Board as necessary

#### Asset and Liability Management Committee (CALM)

##### Composition of the committee

Blaise Goetschin (chairman)  
Eric Bourgeois (vice-chairman)  
Marc Doerks (secretary)  
Claude Bagnoud, until 31 March 2018  
Pierre-Olivier Fragnière  
Pierrette Jatton-Klopfenstein, from 1 April 2018  
Yves Spörri  
Marie-Anne Bourgoz Gorgé  
Valérie Lemaigre  
Pierre Sauvagnat

##### Principal roles

Conduct and control of financial policy, supervision of balance sheet and rate risk forecasting



### Credit Committee

#### Composition of the committee

Yves Spörri (chairman)  
 Pierre-Olivier Fragnière (vice-chairman)  
 Claude Bagnoud (deputy vice-chairman)  
 Marius Hämmig  
 Tanguy de Jaegere  
 Charles Kaeser  
 Raoul Monnay

Blaise Goetschin (no voting right, has right of veto)

#### Principal roles

Decisions on credit commitments within its competence  
 Decisions regarding provisioning level on announcements of delcredere risk and transfer of business to Litigation department or Workout

### Credit Risk Commission (CCRA)

#### Composition of the committee

Philippe Marti (chairman)  
 Marius Hämmig (secretary)  
 Claude Bagnoud (vice-chairman), from 1 April 2018  
 Raoul Monnay, until 31 March 2018  
 Tanguy de Jaegere  
 Christophe Weber

#### Principal roles

Decisions linked to non-performing loans (litigation, workout)  
 Decisions / notice to higher authorities on debt write-offs

### IT Strategy Committee (CSI)

#### Composition of the committee

Eric Bourgeois (chairman)  
 Jean-Marc Joris (vice-chairman)  
 Sylvie Ammann (secretary, no voting right)  
 Blaise Goetschin  
 Yves Spörri  
 Marc Doerks  
 Michael Kropf, until 21 September 2018  
 Benito Perez, from 22 September 2018  
 Daniel Stocco

#### Principal roles

Supervising implementation of IT strategy  
 Controlling use of IT budget

### Strategic Organisation Committee (CSO)

#### Composition of the committee

Jean-Marc Joris (chairman)  
 Claude Bagnoud (vice-chairman), jusqu'au 31 mars 2018  
 Pierrette Jatton-Klopfenstein (vice-chair), from 1 April 2018  
 Michael Kropf (secretary), until 21 September 2018  
 Benito Perez (interim) (secretary), from 22 September 2018  
 Blaise Goetschin  
 Christophe Weber, until 31 December 2018

#### Principal roles

Supervising adequacy of the organisation  
 Monitoring large-scale organisational projects

### 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

#### Principal roles

Investment Strategy

### Authority Compliance Committee

#### Composition of the committee

Philippe Marti (chairman)  
 Marie-José Bratcov (vice-chairman)  
 Christine Panosetti Lattafi (secretary)  
 Marie-Anne Bourgoz Gorgé  
 Christophe Weber

#### Principal roles

Arbitrating in differences between the front offices and the front office compliance specialists or the Compliance department

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

The complete scope of consolidation includes, in particular, at 31 December 2018, these wholly-owned subsidiary companies:

- Banque Cantonale de Genève (France) SA (www.bcgef.fr), Lyon, share capital EUR 30 millions;
- Capital Transmission SA, Genève, share capital CHF 2 millions;
- Dimension SA, Lausanne, share capital CHF 300,000;
- Dimension Corporate Finance SA, Genève, 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, Genève, share capital CHF 400,000.

### 1.2 Major shareholders

Information on the major shareholders known to BCGE:

#### Major shareholders' equity interests

As at 31.12.2018

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%
<b>Sub-total, public bodies</b>	<b>5,224,970</b>	<b>5,224,970</b>	<b>261,248,500</b>	<b>72.57%</b>
State of Geneva Pension Fund (CPEG)	428,800	428,800	21,440,000	5.96%
<b>Total major shareholders</b>	<b>5,653,770</b>	<b>5,653,770</b>	<b>282,688,500</b>	<b>78.52%</b>
Other shareholders	1,546,230	1,546,230	77,311,500	
<b>Existing capital</b>	<b>7,200,000</b>	<b>7,200,000</b>	<b>360,000,000</b>	<b>100%</b>

Announcements regarding acquisition of published shareholdings during 2018 can be accessed via the following Internet link:

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

### 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.

<sup>1</sup> The scope of consolidation is shown on page 106.

## 2. Capital structure

### 2.1 Capital

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

### 2.2 Authorised or conditional capital

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

### 2.3 Changes in the share capital

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 remained unchanged.

### 2.4 Shares and participation certificates

#### 2.4.1 Shares and participation certificates

The share capital is 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, with the same rights.

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.

### 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. Article 7, para. 3 of the Banque Cantonale de Genève Act (LBCGe; entered into force 28 January 2017) specifies that the Canton, the City of Geneva and the other municipalities represented by the Association of Geneva Municipalities must enter into a shareholders' agreement governing the minimum number of shares that each public authority is required to hold. On 30 April 2018, the Cantonal Department of Finance published a press release reporting that a shareholders' agreement of this type had been concluded.

#### 2.6.2 Reasons for granting exceptions

No exceptions are granted.

#### 2.6.3 Registration of nominees

At 31 December 2018, 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 an amendment to the Banque Cantonale de Genève Act (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 by the State Council in 2017.

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), and Vice-chairman of the Swiss Board Institute (Geneva) and Institute of Directors for Switzerland. From 2007 to 2016, Gilbert Probst was Managing Director at the World Economic Forum (WEF). He is the founder of the Geneva Public-Private Partnership Center 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.



#### **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 Entreprendre Suisse Romande, the business creation network in French-speaking Switzerland.



#### **Michel Pasteur**

born 20 December 1953, Swiss.  
Member, appointed by the State Council in 2018.

A graduate in commercial and industrial sciences, with a specialisation in financial management (finance option), from the University Geneva and holder of a Swiss Federal Chartered Diploma in Accountancy. He began his career as an auditor with a major international trustee company. Within an international firm of auditors, he managed numerous bank and investment company audits. Having been a member of the executive committee and compliance department manager of a large international banking group in Switzerland, in 2006 he joined a large private bank as its compliance officer. Since 2014 he has been an independent compliance consultant.



#### **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.  
Chair of the Control Committee since 16 May 2018.

A graduate of the Lyon School of Management in Finance and Accounting, the expertise of Ms Costafrolaz 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, 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 by the State Council in 2014.  
Member of the Appointments and Remuneration Committee.

Holds a BSc degree in Finance and Economics from the University of Southampton, UK. A member of the Institute of Chartered Accountants in England & Wales since 1983, a licensed auditor and a member of 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 salary hosting company, in 2009.



### **Serge Fasel**

born 28 January 1957, Swiss.  
Member, appointed in 2018 by the Municipal Council of Geneva.  
Member of the Risk and Strategy Committee.

Holds a law degree from the University of Geneva and passed the Geneva bar exam in 1991. He has been a member of the FBT Avocats legal practice in Geneva since 1993 and manages its judicial group. He has long experience both in cases held in ordinary courts and in national and international arbitration. His areas of activity include all forms of commercial litigation, in particular in banking and finance. He is also active in the areas of bankruptcy law, labour law and economic crime. He is also active in the areas of bankruptcy law, labour law and economic crime. He is also a deputy judge at the Court of Justice and has completed a course in military law.



### **Bernard Girod**

born 5 February 1956, Swiss.  
Member, appointed by the State Council in 2018.  
Member of the Appointments and Remuneration Committee.

Holds an ET technician diploma in mechanics. He has enjoyed a long career as an entrepreneur and is chairman of the board of Serbeco and ED Energie Durable and company secretary of Prop. He is also the member of several boards of directors or foundation councils in Geneva, such as the *Office de Promotion des Industries et des Technologies* (OPI), the *Hospice général* (until 30 November 2018), Autobritt and the *Fondation privée pour des Logements à Loyers Modérés* (FPLM).



### **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 bearer shareholders.  
Chairman of the Appointments and Remuneration Committee.

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



### **Angela de Wolff**

born 10 June 1968, Swiss and British.  
Member, appointed by the State Council in 2010.  
Chairwoman of the Risk and Strategy Committee.

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



### 3.2 Other activities and vested interests

#### Gilbert Probst

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

#### Jean Olivier Kerr

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

#### Michel Pasteur

Member of the Board of Directors of the Forum Finance Group, Geneva.

#### Grégoire Carasso

Member of the Great Council in Geneva. Member of the Board of Directors of Transvoirie 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

Member of the Boards of Directors of Bruellan SA, Geneva; Fondation Genesia, Geneva; Association Genève-roule, Geneva; Antion Biosciences SA, Geneva. Founder and CEO of Swiss Labour Contractors Sàrl, Geneva.

#### Serge Fasel

Chairman of the interparty judicial commission and the PDC.

#### Bernard Girod

Chairman of the Renée Girod, Carouge and Jean-Simonet, Carouge foundations and vice-chairman of Le Caré, Geneva. Member of the boards of directors of ASTAG section Genève, Geneva and Les Recycleurs de Genève, Geneva.

#### 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.

#### John Tracey

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 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 Boards of Directors of Swiss Investment Fund for Emerging Markets SA (SIFEM AG), Berne, et de la Fondation Audemars-Watkins, 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](http://www.bcge.ch/statuts).

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

Director	Year first appointed	Year current mandate ends	Number of times reappointed	Renewable mandate
Gilbert Probst	2017	2021	1	no
Jean Olivier Kerr	2017	2022	1	yes
Michel Pasteur	2018	2022	0	yes
Grégoire Carasso	2014	2022	1	yes
Michèle Costafrolaz	2017	2022	1	yes
Gina Empson	2014	2022	1	yes
Serge Fasel	2018	2022	0	yes
Bernard Girod	2018	2022	0	yes
Jean-Marc Mermoud	2010	2022	2	no
John Tracey	2010	2021	2	no
Angela de Wolff	2010	2022	2	no

### 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: Jean Olivier Kerr (since 16 May 2018).  
Secretary to the Board: Michel Pasteur (since 16 May 2018).

#### 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 four members of the Board of Directors: John Tracey, chairman, Jean Olivier Kerr, Gina Empson and Bernard Girod (since 16 May 2018), members. It meets when an appointment requires it to do so but at least once a year. In 2018, it met six times.

##### Risk and Strategy Committee

The Risk and Strategy Committee studies the risk environment in which the Bank operates or intends to operate. It gives the Board of Directors prior notice of any important decision of a strategic nature or relating to identifying and managing risks. It is composed of four members of the Board of Directors: Angela de Wolff, chair, Fabienne Knapp (member until the General Meeting of 16 May 2018), Jean-Marc Mermoud, Grégoire Carasso and Serge Fasel (since 16 May 2018), members. In 2018, it met six times.

##### Control Committee

The Control Committee takes its powers and duties from article 24 and subsequent of the Bank's Articles of Association. 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, chairman (until the General Meeting of 2 May 2018), Michèle Costafrolaz, chair (since 2 May 2018) and Michel Pasteur (since 16 May 2018), both directors, together with Alain Heck, appointed by the State Council. In principle, the Control Committee meets at least once a fortnight. In 2018, the Control Committee held 28 ordinary meetings.

### 3.5.3 Working methods

The Board of Directors meets at least 15 times a year. In 2018, it met 15 times, with meetings lasting an average of four hours. The level of participation in these meetings was 95%. 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 2018, 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 2018, 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 14 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 appropriate organisation of the Bank;
3. the annual budget put forward by the Executive Board;
4. approval, on its proposal by 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;
5. the overall framework for limiting risk;
6. granting overall credit risk parameters, as well as granting loans which are within its powers;
7. risk-related policies, particularly regarding credit, rates, countries and insurance, put forward by the Executive Board; it reviews these policies as required by events;
8. information to be obtained in the risk management area;
9. the strategic framework for the Executive Board's role in setting lending rates and savings deposit rates;

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

10. strategic framework for the Executive Board's role in cash management, foreign exchange, investments and share deposits as well as other securities;
11. the Bank's policy regarding property assets;
12. approval of any permanent acquisition or disposal of holdings;
13. 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 24 ch. 3 of these regulations;
14. 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;
15. the appointment within it of two directors as members of the Control Committee and the appointment of its Chairman;
16. the appointment of the members of the Executive Board;
17. the appointment of the Chief Risk Officer (CRO);
18. the appointment of members of the management deputy and members of
19. the policy relating to salaries and employee insurance;
20. the salaries and variable remuneration of the members of the Executive Board and members of the Internal Audit department;
21. periods of prohibition of the purchase and sale of shares in the Bank or other sensitive shares for staff and units during closed periods;
22. ratifying proposals for appointments of representatives of the Bank as directors of holdings included in the scope of consolidation;
23. 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 20 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 and the risk management master plan;
2. to draw up the necessary documents and proposals for the senior management of the Bank to make decisions;
3. to prepare the annual budget and submit it to the Board of Directors;
4. to ensure that the structures and organisation of the Bank comply with legal obligations and the best practices of the profession;
5. to ensure that the Bank has a sufficiently high profile in economic circles;
6. to guarantee that the decisions of the Bank's senior management are correctly implemented;
7. to propose for ratification the appointment of representatives of the Bank as directors of holding companies included in the scope of consolidation;
8. to propose for ratification the appointment of representatives of the Bank as directors of holdings not included in the scope of consolidation.

Management and organisational regulations provide for powers to decide on:

1. setting interest rates in the strategic framework provided by the Board of Directors;
2. loans, cash management, investments, foreign-exchange operations and securities investment in accordance with the guidelines of the Board of Directors;
3. acquisition and disposal of any capital equipment used by the Bank, representing long-term financial investments and premises not intended for use by the Bank, for an amount not exceeding CHF 5,000,000. This ceiling does not apply to negotiable securities, which are authorised within the general framework for limiting risk;
4. the maintenance and renewal of real estate for a maximum of CHF 3,000,000 per building;
5. the appointment of executives and commercial agents;
6. setting the salaries of all the Bank's staff except itself and the Internal Audit employees;
7. internal regulations on Bank operations, to the extent that they are not governed by law, the Articles of Association or regulations;
8. supervising compliance with regulations on liquidity, shareholders' equity and risk sharing;
9. determining the necessary rules for the application of risk management and submitting these for approval by the Board of Directors;
10. submitting the system of overall limits to the Board of Directors for approval; this includes in particular market operation limits, bank limits or country limits;
11. regularly submitting to the Board of Directors reports on business development (financial statements, analyses, major transactions and events, etc.) and any other reports that may be requested by the Board;
12. preparing a quarterly list of all the major risks as defined by the Federal Ordinance on share capital and risk sharing by banks and securities dealers (OFR), 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 Chief Financial Officer;
- Reports on control tasks carried out within the Group by the internal audit manager and half-yearly follow-up of the internal and independent audits;
- Verbal report on the activity of the control committee at each meeting, by its Chairman;
- Half-yearly presentation of Balanced Scorecards for the divisions by their managers (Executive Board members);
- Half-yearly reports by the independent auditors.



**Internal Audit**

Internal Audit is an independent unit of the Executive Board, reporting directly to the Board of Directors. It carries out regular controls on all the Bank's business and that of its subsidiaries and therefore has an unlimited right to information. Its organisation, its field of activity and its operations are governed by Articles 28 and 29 of the Bank's Articles of Association, by articles 28 to 31 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 2018, 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.

## 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 to 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.



**Pierrette Jaton Klopfenstein**

born 4 April 1970, Swiss.  
Head of the Geneva Division.

Holder of an HEC degree from the University of Lausanne, a Swiss federal marketing technician diploma, SAQ individual client adviser certification and an advanced management diploma from the University of St Gallen Executive School (ES-HSG), Pierrette Jaton Klopfenstein is mainly active in the areas of pensions (with Swiss Life) and marketing (BCV). She joined BCGE in 2003 as a product manager and then took responsibility for business development. Subsequently, she took charge of a number of departments: as Head of Marketing (2007–2011), Chief of Staff and Planning (2011–2012), Head of Logistics (2012–2013) and then Head of the Centre sector of the Geneva division. She was appointed to the Executive Board as member responsible for that division, from 1 April 2018.



**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.



**Jean-Marc Joris**

born 10 September 1968, Belgian.  
Head of Organisation, IT and Operations Division.

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

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

- has any operational position within BCGE or any BCGE 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.

### 4.3 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.

#### Pierrette Jatton Klopfenstein

Chair of the Saubraz Development Association.

#### 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, Berne.

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

The contracts signed with Swisscom are valid until 2020. These contracts cover hosting services and third-party application maintenance. The latter have been in place since 1 October 2010. In 2018, BCGE paid Swisscom a total of CHF 22.3 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 2.8 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 2018, 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-incitement 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 in the table below and at point 5.22 of the parent company accounts.



Plan	Criterion for attribution	Description	Moratorium period <sup>1</sup>
<b>1 Ordinary variable remuneration</b>	Minimum variable remuneration of 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, as preferred
<b>Complementary amount</b>	Level of consolidated annual results compared to 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>3</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 Minority shareholdings</b>	From one year's service	4 bonus shares on condition 4 shares are bought at market price	5 to 10 years, as preferred

<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 Board of Directors may decide each year to modify the proportion of blocked shares and cash attributed to members of the Executive Board.

<sup>3</sup> The moratorium is maintained beyond the end of the contract for members of the Executive Board.

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.

#### 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.

#### 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, 70% 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 2018. 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 2018, variable remuneration including share option schemes, represented between 69% and 89% 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 151, point 5.22.

## 6. Shareholders' participation rights

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### 6.1 Limitation and representation of voting rights

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

### 6.2 Quorum

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

### 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

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

## 8. Independent auditor

At the Ordinary General Meeting of 25 April 2017, the mandate of the Bank's independent auditor, Deloitte SA, was renewed for 2018.

### 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.

	31.12.2018	31.12.2017
Audit of BCGE Group	738'700	791'500
<i>of which BCGE only</i>	<i>724'200</i>	<i>777'000</i>

### 8.3 Additional fees

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

	31.12.2018	31.12.2017
Audit of BCGE Group	117'500	188'000
<i>of which BCGE only</i>	<i>117'500</i>	<i>188'000</i>

Additional fees amounting to CHF 14,500, not connected with the audit, were paid in 2018 to Deloitte in Switzerland (73,200 in 2017)

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

In 2018, the auditor was asked to attend (part-time) three meetings of the entire Board of Directors and 12 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 all relevant information on the BCGE Group using our website, [www.bcge.ch](http://www.bcge.ch), and our mobile app. Shareholders are invited to address their questions to the Board of Directors or to the Executive Board, particularly by using the [actionnaires@bcge.ch](mailto:actionnaires@bcge.ch) e-mail address.

Press releases are distributed according to news events and needs.

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

Channels	Languages	Form/addressee	URL/e-mail address	Timetable
Annual report	F	Printed/Internet	<a href="http://www.bcge.ch/rapport-annuel">www.bcge.ch/rapport-annuel</a>	22 March 2019
	En	Printed/Internet	<a href="http://www.bcge.ch/annual-report">www.bcge.ch/annual-report</a>	17 May 2019
General Meeting	F	Shareholders and guests	–	30 April 2019
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> <a href="http://www.bcge.ch/financial-results">www.bcge.ch/financial-results</a>	26 February/ 6 August 2019
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>	occasional
			<a href="http://www.bcge.ch/financial-results">www.bcge.ch/financial-results</a>	
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>	
<i>Dialogue</i> 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> <a href="http://www.bcge.ch/publications-bcge">www.bcge.ch/publications-bcge</a>	regular

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

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Comments on the Group accounts

# A bank that journeys with you and protects your assets

By the side of Genevans with empathy  
and readiness to help





SECURE INFRASTRUCTURE TO PROTECT YOUR WEALTH

# Impressive increase in operating profit (+26%)

## Dividend increased by 17%

88

Banque Cantonale de Genève recorded excellent 2018 results. Operating profit reached CHF 161.3 million, up 25.7%, driven by commercial income and innovation. Net profit also rose sharply to CHF 91.2 million (+11.7%). The Bank's competitive position is confirmed.

### Strong increase in profitability

Operating profit rose by more than CHF 33 million to CHF 161.3 million (+25.7%), while net profit rose sharply (+11.7%) to CHF 91.2 million. Operating income rose by 11.8% to CHF 409.4 million, placing the Bank at the top of the league compared to other cantonal banks. Operating expenses were reduced and grew three times more slowly than operating income. The Bank is a job creator (+12) with a workforce of 811 employees (or 761 full-time equivalents).

Net interest margin and commissions increased in both the corporate and private client segments. Net interest income grew by 17.6% to CHF 247.2 million (0.98%). This growth was supported by the increase in lending, private equity activity and an increase in the interest margin to 1.06% (2017: 0.98%) stemming from good asset liability management (ALM) and low risk costs. However, the commercial interest margin remains under pressure in the mortgage and corporate sector. The share of commissions in turnover (29%) shows a good diversification of revenue sources and risks. The share of income in EUR and USD is increasing steadily and amounts to 30% of turnover, another sign of healthy diversification.

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

In the last three years, the Bank has granted more than CHF 2.9 billion in additional loans to companies and private individuals which corresponds to a total of CHF 16.6 billion. Mortgage loans, based on a targeted approach, have moved up to almost CHF 11.4 billion, (+3.7%). Loans to companies and public authorities increased by CHF 508 million. Since 1st January 2018, 448 additional companies have been added to the existing circle of client partners, making a total of 19,797 companies. The share of mortgages in the balance sheet total remains moderate (49.4%), reflecting its healthy diversification.

### Growth in assets under management and administration

Assets under management and administration increased by 1.2% (CHF 308 billion) to CHF 26.7 billion. The institutional client segment rose by 2.1% to CHF 12.8 billion, while private clients accounted for a total of CHF 13.9 billion. Private banking activities were boosted with 434 new Best of management mandates. Investment funds increased to CHF 2.6 billion (+2.7%), reflecting the success and wide distribution of the Synchrony brand.

### Increase in shareholders' equity

Over the full year, shareholders' equity expanded by CHF 97.7 million (+6.6%), bringing it to CHF 1.57 billion. An additional CHF 865 million of shareholders' equity has been created since 2005. BCGE thus belongs to the circle of well-capitalised and sound banks. It is rated A+/Stable/A-1 by Standard & Poor's.

### 210 new shareholders

The expansion of the shareholder base of private and institutional investors testifies to the Bank's reputation and attractiveness. The number of individuals and companies that have joined the ranks of its shareholders is growing strongly (+210 individuals or entities). As at 31 December 2018, the Bank had 14,481 registered shareholders (compared with 14,271 at the end of 2017). In addition, there are also several hundred shareholders who have deposited almost 975,000 shares with other institutions. The shareholder base is well diversified: 83% of shareholders known to the Bank hold between one and fifty shares. 77% of BCGE employees are shareholders, holding 2.5% of the Bank's capital.

## Main consolidated figures for the financial year 2018 (in CHF 1,000)

	31.12.2018	31.12.2017	Variation 2018 vs 2017	
<b>Results</b>				
Operating income	409,423	366,110	43,313	11.8%
Operating expenses	232,025	222,735	9,290	4.2%
Operating profit	161,317	128,299	33,018	25.7%
Net profit	91,159	81,604	9,555	11.7%
ROE (return on equity)	5.9%	5.6%	28 basis points	4.9%
Dividend	6.8% <sup>1</sup>	5.8%	100 basis points	17.2%

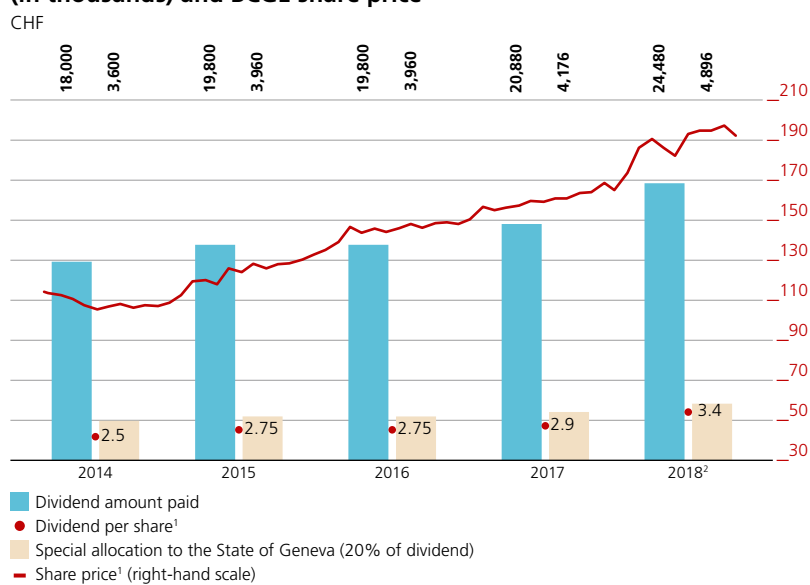
### Balance sheet volumes

Balance sheet total	23,033,833	22,671,315	362,518	1.6%
Mortgage loans	11,387,669	10,985,361	402,308	3.7%
Assets under management and administration	26,688,019	26,380,457	307,562	1.2%
Shareholders' equity	1,569,922	1,472,199	97,723	6.6%
Tier 1 capital ratio <sup>1</sup>	14.67%	14.03%	64 basis points	4.6%
Available regulatory capital ratio	15.63%	15.02%	61 basis points	4.1%
Employees (full-time equivalents)	761	748	12 <sup>2</sup>	1.6%

<sup>1</sup> Proposed to the Annual General Meeting on 30 April 2019.

<sup>2</sup> Due to rounding (staff numbers have increased from 748.3 to 760.6).

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



<sup>1</sup> Adjusted in line with the capital structure existing as of 2 February 2017.

<sup>2</sup> Proposed dividends and special allocation to the State of Geneva.



### Stock market capitalisation reaches a record level

Share performance over the year 2018 (+17%) reflects increased investor interest. There is still considerable upside potential, as even the intrinsic equity value exceeds CHF 220. Market capitalisation is therefore 87% of net asset value.

### Strong growth of dividend

A dividend of CHF 3.40, representing an increase of 17.2%, is to be proposed to the Annual General Meeting. The value contributed to the public authorities in 2018, in the form of taxes and dividends, amounts to CHF 59 million, an increase of over 25%.

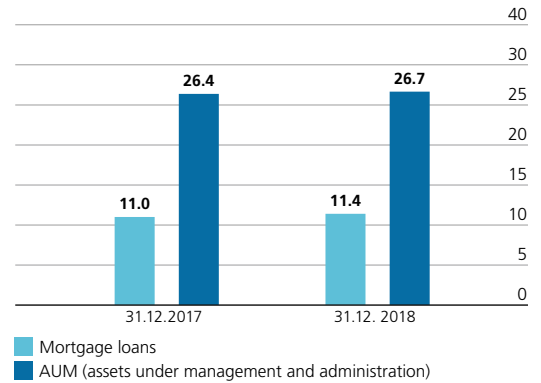
### Strategic priorities for 2019

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

- core partner for the regional economy and for SMEs,
- main financier of privately-owned and social housing in Geneva,
- 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,
- to pursue its digital transition and growth of new online business.

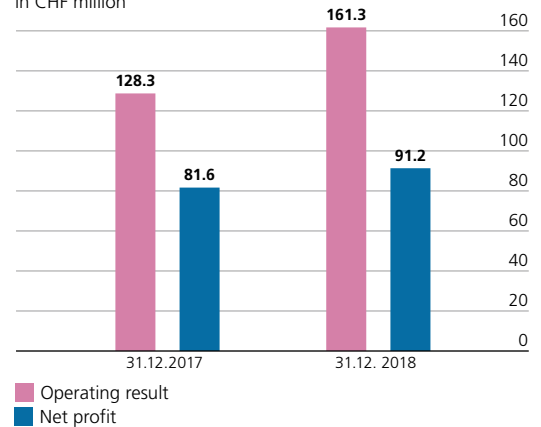
### Changes in mortgage lending and AUM

in CHF billion



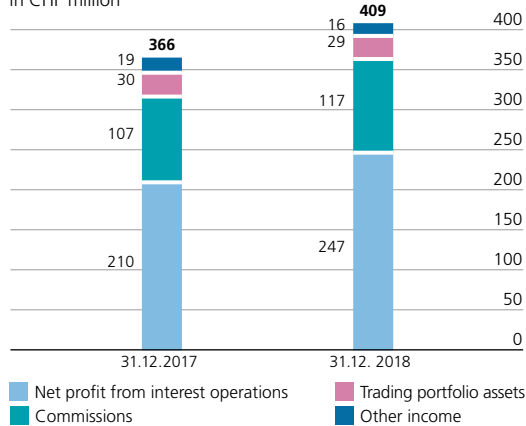
### Changes in operating income and net profit

in CHF million



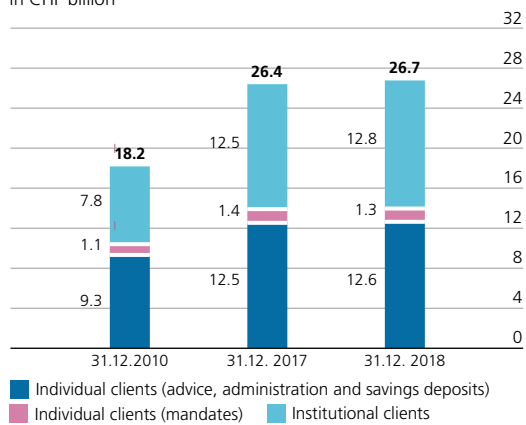
## Development of revenues

in CHF million



## Increase in assets under management and administration

in CHF billion



## Outlook for 2019

The Bank intends to continue its business expansion despite a slowing economic environment. In doing so it will be applying 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 business areas that are less equity-intensive (private banking, asset management, funds, mergers and acquisitions, and financial engineering consultancy).

For the full year 2019, the Bank expects operating profitability to be close to that of 2018.

**Gilbert Probst**  
Chairman

**Eric Bourgeaux**  
Chief financial officer

# BCGE Group 2018 consolidated financial statements and notes



## A bank that puts its strength behind financing your retirement

At the side of pension funds,  
foundations and family offices,  
with discrimination and patience







## 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 101 to 130) of Banque Cantonale de Genève and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2018 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, 2018 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 5,215 mios and CHF 11,388 mios out of a total balance sheet of CHF 23,034 mios, representing respectively 23% and 49% as at December 31, 2018. These total amounts of credit are presented net of value adjustments as follows:</p> <table border="1" data-bbox="204 533 815 779"> <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>5,307</td> <td>11,390</td> </tr> <tr> <td>Value adjustments</td> <td>-92</td> <td>-2</td> </tr> <tr> <td>Net values</td> <td>5,215</td> <td>11,388</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 107 - 109 and to table 5.02 of the notes to the consolidated financial statements on page 113 for further information.</p>	CHF mios	Amounts due from customers	Mortgage loans	Gross values	5,307	11,390	Value adjustments	-92	-2	Net values	5,215	11,388	<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	5,307	11,390											
Value adjustments	-92	-2											
Net values	5,215	11,388											
<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 111 and to table 5.16 of notes to the consolidated financial statements on page 120 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



Fanny Doan  
Licensed Audit Expert

Geneva, February 21, 2019

# BCGE Group 2018 consolidated financial statements and notes

<b>Essential regulatory key figures (KM1)</b>	100
<b>BCGE balance sheet items and off-balance-sheet transactions</b>	101
<b>Profit and loss account items</b>	102
<b>Presentation of the cash flow statement</b>	103
<b>Statement of shareholders' equity</b>	104
<b>Summary presentation</b>	105
1. Registered name, legal form, registered office and goal	105
2. Accounting and valuation principles	106
3. Risk control	108
<b>Notes to consolidated financial statements</b>	112
5.01 Breakdown of securities financing transactions (assets and liabilities)	112
5.02 Presentation of collateral for loans/receivables and off-balance-sheet transactions, as well as impaired loans/receivables	113
5.03 Breakdown of trading portfolios and other financial instruments at fair value (assets and liabilities)	114
5.04 Presentation of derivative financial instruments (assets and liabilities)	114
5.05 Breakdown of financial investments	115
5.06 Presentation of participations	115
5.07 Disclosure of companies in which the Bank holds a permanent direct or indirect significant participation	116
5.08 Presentation of tangible fixed assets	116
5.09 Presentation of intangible assets	116
5.10 Breakdown of other assets and other liabilities	117
5.11 Disclosure of assets pledged or assigned to secure own commitments and of assets under reservation of ownership	117
5.12 Disclosure of liabilities relating to own pension schemes	117
5.13 Disclosures on the economic situation of own pension schemes	118
5.14 Presentation of issued structured products	118
5.15 Presentation of bonds outstanding and mandatory convertible bonds and central mortgage institution loans	119
5.16 Presentation of value adjustments and provisions, reserves for general banking risks and changes therein during the current year	120
5.17 Presentation of the Bank's capital	120
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	121

5.19	Disclosure of amounts due from/to related parties	121
5.20	Disclosure of holders of significant participations	122
5.21	Disclosure of own shares and composition of equity capital	122
5.22	Disclosures in accordance with the Ordinance against Excessive Compensation with respect to Listed Stock Corporations and Article 663c para. 3 CO for banks whose equity securities are listed	123
5.23	Presentation of the maturity structure of financial instruments	123
5.24	Presentation of assets and liabilities by domestic and foreign origin in accordance with the domicile principle	124
5.25	Breakdown of total assets by country or group of countries (domicile principle)	125
5.26	Breakdown of total assets by credit rating of country groups (risk domicile view)	125
5.27	Presentation of assets and liabilities broken down by the most significant currencies	126
5.28	Breakdown and explanation of contingent assets and liabilities	127
5.29	Breakdown of credit commitments	127
5.30	Breakdown of fiduciary transactions	127
5.31	Breakdown of managed assets and presentation of their development	127
5.32	Breakdown of the result from trading activities and the fair value option	127
5.33	Disclosure of material refinancing income in the item <i>Interest and discount income</i> as well as material negative interest	128
5.34	Breakdown of personnel expenses	128
5.35	Breakdown of general and administrative expenses	128
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	128
5.37	Disclosure of and reasons for revaluations of participations and tangible fixed assets up to the acquisition value	128
5.38	Presentation of the operating result broken down according to domestic and foreign origin, according to the principle of permanent establishment	129
5.39	Presentation of current taxes, deferred taxes, and disclosure of tax rate	130
5.40	Disclosures and explanations of the earnings per equity security	130



# Essential regulatory key figures (KM1)

## Consolidated

### Equity taken into consideration in CHF 1,000

	2018	2017
1 Common Equity Tier 1 capital (CET <sup>1</sup> )	1,540,546	1,447,143
2 Core capital (T1 <sup>2</sup> )	1,738,936	1,645,533
3 Total capital	1,853,710	1,761,606

### Risk-weighted assets in CHF 1,000

4 RWA <sup>3</sup>	11,857,550	11,723,775
4a Minimum capital requirements	948,604	937,902

### Risk-based capital ratios as percentage of RWA<sup>3</sup>

5 CET1 <sup>1</sup> ratio	12.99%	12.34%
6 Core capital ratio	14.67%	14.04%
7 Total equity ratio	15.63%	15.03%

### CET1<sup>1</sup> buffer requirements as percentage of RWA<sup>3</sup>

8 Capital buffer according to Basel minimum standard (2.5% from 2019)	1.875%	1.25%
9 Countercyclical buffers (art. 44a OFR <sup>4</sup> ) according to Basel minimum standard	–	–
10 Additional capital buffer according to international or domestic systemic risk	–	–
11 Total of bank CET1 <sup>1</sup> -specific requirements according to Basel minimum standard	1.875%	1.25%
12 CET1 <sup>1</sup> available to cover buffer requirements according to Basel minimum standard (after deduction of CET1 <sup>1</sup> allocated to cover minimum requirements and if applicable to cover TLAC <sup>5</sup> requirements)	12.13%	11.53%

### Target capital ratios according to Annex 8 OFR<sup>4</sup> as percentage of RWA<sup>3</sup>

12a Capital buffer according to Annex 8 OFR <sup>4</sup>	4.00%	4.00%
12b Countercyclical buffers (art. 44 and 44a OFR <sup>4</sup> )	0.56%	0.54%
12c Target CET1 <sup>1</sup> ratio according to Annex 8 OFR <sup>4</sup> with addition of countercyclical buffers according to art. 44 and 44a OFR <sup>4</sup>	8.36%	8.34%
12d Target T1 <sup>2</sup> ratio according to Annex 8 OFR <sup>4</sup> with addition of countercyclical buffers according to art. 44 and 44a OFR <sup>4</sup>	10.16%	10.14%
12e Total target capital ratio according to Annex 8 OFR <sup>4</sup> with addition of countercyclical buffers according to art. 44 and 44a OFR <sup>4</sup>	12.56%	12.54%

### Basel III leverage ratio

13 Total assets in CHF 1,000	23,760,340	23,815,753
14 Basel III leverage ratio (core capital as percentage of total assets)	7.32%	6.91%

### Liquidity coverage ratio (LCR<sup>6</sup>)

	30.09.2018	30.06.2018	31.03.2018		
15 LCR <sup>6</sup> numerator: total high-quality liquid assets, in CHF 1,000	4,231,720	3,973,116	4,224,788	4,311,477	4,478,681
16 LCR <sup>6</sup> denominator: total net cash outflows, in CHF 1,000	3,621,263	3,346,963	3,241,143	3,559,103	2,863,509
17 Liquidity coverage ratio LCR <sup>6</sup> , as a percentage	117%	119%	130%	121%	156%

<sup>1</sup> Common equity tier 1.

<sup>2</sup> Tier 1.

<sup>3</sup> Risk weighted assets.

<sup>4</sup> Ordinance on Shareholders' Equity.

<sup>5</sup> Total loss-absorbing capacity.

<sup>6</sup> Liquidity coverage ratio.

The complete *Disclosure Obligations regarding Capital Adequacy* will be available on the Bank's website from the evening of 23 April 2019 ([www.bcge.ch/disclosure-obligations](http://www.bcge.ch/disclosure-obligations)). The Bank applies the standardised international approach, also known in the abbreviated form BIS-SA, for regulatory disclosures of credit risk and the standardised approach for market risk and operating risk.

### 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 –155.8 million (in the event of a 100 basis point rate rise) and CHF 170.4 million (in the event of a 100 basis point rate fall). The impact on revenues would vary between CHF 4.3 million and CHF –9.5 million, with a floor benchmark rate of 0% for client services.

# BCGE balance sheet items and off-balance-sheet transactions

## Consolidated

<b>Assets</b>	Notes	31.12.2018 in CHF 1,000	31.12.2017 in CHF 1,000	Variation in CHF 1,000
Liquid assets	5.23	3,410,649	3,435,533	-24,884
Amounts due from banks	5.23	464,007	766,360	-302,353
Amounts due from securities financing transactions	5.23	49,205	580,000	-530,795
Amounts due from customers	5.23	5,215,130	4,706,766	508,364
Mortgage loans	5.23	11,387,669	10,985,361	402,308
Trading portfolio assets	5.03	60,782	55,549	5,233
Positive replacement values of derivative financial instruments	5.04	12,716	15,130	-2,414
Financial investments	5.05	1,883,422	1,749,983	133,439
Accrued income and prepaid expenses		28,887	29,919	-1,032
Participations	5.06	61,450	61,589	-139
Tangible fixed assets	5.08	121,878	129,651	-7,773
Other assets	5.10	338,038	155,474	182,564
<b>Total assets</b>		<b>23,033,833</b>	<b>22,671,315</b>	<b>362,518</b>

Total subordinated claims		25,301	20,953	4,348
<i>of which subject to mandatory conversion and/or debt waiver</i>		–	–	–

### Liabilities

Amounts due to banks	5.23	2,526,459	2,541,918	-15,459
Liabilities from securities financing transactions	5.23	481,086	482,846	-1,760
Amounts due in respect of customer deposits	5.23	14,644,276	14,548,789	95,487
Trading portfolio liabilities	5.03	2,379	1,045	1,334
Negative replacement values of derivative financial instruments	5.04	4,277	3,962	315
Cash bonds	5.23	2,540	4,043	-1,503
Bond issues and central mortgage institution loans	5.15	3,411,255	3,432,055	-20,800
Accrued expenses and deferred income		101,546	84,289	17,257
Other liabilities	5.10	277,603	86,461	191,142
Provisions	5.16	12,490	13,708	-1,218
Reserves for general banking risks	5.16	215,000	180,000	35,000
Bank's capital	5.17	360,000	360,000	–
Statutory capital reserve		318,299	315,949	2,350
<i>of which tax-exempt capital contribution reserve</i>				
Statutory retained earnings reserve		615,104	558,557	56,547
Own shares		-13,206	-10,383	-2,823
Currency translation reserve		-16,434	-13,528	-2,906
Profit/loss (result of the period)		91,159	81,604	9,555
<b>Total liabilities</b>		<b>23,033,833</b>	<b>22,671,315</b>	<b>362,518</b>

Total subordinated liabilities	5.15	308,390	508,055	-199,665
<i>of which subject to mandatory conversion and/or debt waiver</i>	5.15	308,390	308,200	190

### Off-balance-sheet transactions

Contingent liabilities	5.28	889,735	747,945	141,790
Irrevocable commitments	5.02	729,606	715,342	14,264
Obligations to pay up shares and make further contributions	5.02	153,518	131,018	22,500
Credit commitments	5.29	78,989	100,827	-21,838

# Profit and loss account items

## Consolidated

	Notes	31.12.2018 in CHF 1,000	31.12.2017 in CHF 1,000	Variation in CHF 1,000
<b>Result from interest operations</b>				
Interest and discount income	5.33	281,949	253,794	28,155
Interest and dividend income from trading portfolios		64	341	-277
Interest and dividend income from financial investments		17,848	15,972	1,876
Interest expense		-57,962	-53,697	-4,265
<b>Gross result from interest operations</b>		<b>241,899</b>	<b>216,410</b>	<b>25,489</b>
Changes in value adjustments for default risks and losses from interest operations		5,299	-6,197	11,496
<b>Subtotal net result from interest operations</b>		<b>247,198</b>	<b>210,213</b>	<b>36,985</b>
<b>Result from commission business and services</b>				
Commission income from securities trading and investment activities		48,393	45,657	2,736
Commission income from lending activities		37,352	32,372	4,980
Commission income from other services		38,466	37,652	814
Commission expense		-7,499	-8,781	1,282
<b>Subtotal result from commission business and services</b>		<b>116,712</b>	<b>106,900</b>	<b>9,812</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>29,228</b>	<b>29,778</b>	<b>-550</b>
<b>Other result from ordinary activities</b>				
Result from the disposal of financial investments		6,622	7,286	-664
Income from participations		10,576	6,188	4,388
Result from real estate		1,199	1,151	48
Other ordinary income		6,799	6,578	221
Other ordinary expenses		-8,911	-1,984	-6,927
<b>Subtotal other result from ordinary activities</b>		<b>16,285</b>	<b>19,219</b>	<b>-2,934</b>
<b>Total operating income</b>		<b>409,423</b>	<b>366,110</b>	<b>43,313</b>
<b>Operating expenses</b>				
Personnel expenses	5.34	-144,088	-134,295	-9,793
General and administrative expenses	5.35	-87,937	-88,440	503
<b>Subtotal operating expenses</b>		<b>-232,025</b>	<b>-222,735</b>	<b>-9,290</b>
Value adjustments on participations, depreciation and amortisation of tangible fixed assets and intangible assets	5.36	-15,983	-15,415	-568
Changes to provisions and other value adjustments, and losses	5.36	-98	339	-437
<b>Operating result</b>		<b>161,317</b>	<b>128,299</b>	<b>33,018</b>
Extraordinary expenses	5.36	2	48	-46
Change in reserves for general banking risks	5.36	-35,000	-20,000	-15,000
Taxes	5.39	-35,160	-26,743	-8,417
<b>Profit/loss (result of the period)</b>		<b>91,159</b>	<b>81,604</b>	<b>9,555</b>

# Presentation of the cash flow statement

## Consolidated

(in CHF 1,000)

	2018		2017	
	Cash inflow	Cash outflow	Cash inflow	Cash outflow
<b>Cash flow from operating activities (internal financing):</b>				
– Result of the period	91,159	–	81,604	–
– Changes in reserves for general banking risks	35,000	–	20,000	–
– Value adjustments on participations, depreciation and amortisation of tangible fixed assets and intangible assets	15,983	–	15,415	–
– Provisions and other value adjustments	–	1,218	–	1,773
– Changes in value adjustments for default risk and losses	–	–	–	–
– Accrued income and prepaid expenses	1,032	–	14,269	–
– Accrued expenses and deferred income	17,257	–	1,557	–
– Other items	8,578	–	60,948	–
– Previous year's dividend	–	20,880	–	19,800
– Special allocation to the State of Geneva	–	4,176	–	3,960
<b>Subtotal</b>	–	<b>142,735</b>	–	<b>168,260</b>
<b>Cash flow from shareholders' equity transactions:</b>				
– Recognised in reserves	–	557	6,829	–
– Change in own equity securities	–	2,823	1,499	–
<b>Subtotal</b>	<b>3,380</b>	–	–	<b>8,328</b>
<b>Cash flow from transactions in respect of participations, tangible fixed assets and intangible assets:</b>				
– Participations	–	379	–	37,634
– Real estate	–	–	–	–
– Other tangible fixed assets	–	7,692	–	11,307
<b>Subtotal</b>	<b>8,071</b>	–	<b>48,941</b>	–
<b>Cash flow from banking operations:</b>				
<b>Medium and long-term business (greater than 1 year):</b>				
– Amounts due to banks	85,241	–	14,646	–
– Amounts due in respect of customer deposits	696	–	–	6,126
– Cash bonds	–	1,503	–	1,388
– Bonds	–	199,800	123,810	–
– Central mortgage institution loans	179,000	–	227,000	–
– Amounts due from banks	–	282	148	–
– Amounts due from customers	–	156,302	–	151,782
– Mortgage loans	–	402,308	–	618,891
– Financial investments	–	73,092	61,262	–
<b>Short-term business:</b>				
– Amounts due to banks	–	100,700	178,104	–
– Liabilities from securities financing transactions	–	1,760	–	548,511
– Amounts due in respect of customer deposits	94,791	–	1,321,529	–
– Trading portfolio liabilities	1,334	–	–	23
– Negative replacement values for derivative financial instruments	315	–	–	15,632
– Amounts due from banks	302,635	–	–	118,285
– Amounts due from securities financing transactions	530,795	–	–	580,000
– Amounts due from customers	–	352,062	51,645	–
– Trading portfolio assets	–	5,233	–	13,882
– Positive replacement values of derivative financial instruments	2,414	–	4,154	–
– Financial investments	–	60,347	20,436	–
Liquidity				
– Liquid assets	24,884	–	–	75,861
<b>Subtotal</b>	<b>131,284</b>	–	<b>127,647</b>	–
<b>Total balances</b>	<b>142,735</b>	<b>142,735</b>	<b>176,588</b>	<b>176,588</b>

# Statement of shareholders' 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>315,949</b>	<b>640,161</b>	<b>180,000</b>	<b>-13,528</b>	<b>-10,383</b>		<b>1,472,199</b>
Acquisition of own shares						-10,161		-10,161
Disposal of own shares						9,469		9,469
Profit (loss) on disposal of own shares		2,131				-2,131		-
Currency translation differences					-2,906			-2,906
Dividends and other distribution		218	-20,880					-20,662
Special allocation to the State of Geneva (20% of the dividend paid)			-4,176					-4,176
Other allocations to (transfers from) the reserves for general banking risks				35,000				35,000
Other allocations to (transfers from) the other reserves		1	-1					-
Profit/loss (result of the period)							91,159	91,159
<b>Equity at end of current period</b>	<b>360,000</b>	<b>318,299</b>	<b>615,104</b>	<b>215,000</b>	<b>-16,434</b>	<b>-13,206</b>	<b>91,159</b>	<b>1,569,922</b>



# Summary presentation

## Consolidated

### 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 SA. 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.

Staff numbers	31.12.2018	31.12.2017
Full-time equivalents	760.6	748.3
Full-time equivalents	751.3	742.1
Headcount	811.0	799.0
Average headcount	800.8	794.2

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.

In 2018 a popular cantonal initiative entitled *BCGE must repay the 3.2 billion lent by the State!* was filed. This initiative was declared to be null and void on 13 February 2019 by the State Council of the Canton of Geneva.

There were no extraordinary events in 2018.

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 2018 financial year, an amount of CHF 4.9 million will be paid provided that the Board of Directors' proposed dividend is adopted by the General Meeting. As a result, a total amount of CHF 21,240,000 will have been repaid since 2009, thus bringing repayments made by the Bank to a total of CHF 48,677,000 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.

Balance sheet total	in CHF 1,000
Banque Cantonale de Genève, Geneva	22,897,266
Capital Transmission SA, Geneva	35,926
Investissements Fonciers SA, Lausanne	20,780
Dimension Corporate Finance SA, Geneva	1,055
Dimension SA, Lausanne	1,759
Swiss Public Finance Solutions SA, Geneva	12,104
Banque Cantonale de Genève (France) SA, Lyon	850,687
Compagnie Foncière du Saint Gothard SAS, Puteaux	43,245
Compagnie Foncière Franco-Suisse SAS, Lyon	35,938
Rhône Saône Léman SNC, Lyon	9
Rhône Saône Courtage Sàrl, Lyon	82

### 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 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	Unit (currency)	Exchange rate at 31.12.2018	Exchange rate at 31.12.2017
US dollar	1	0.9841	0.9764
Euro	1	1.1264	1.1703
Pound sterling	1	1.2584	1.3209
Yen	100	0.8944	0.8676

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

Receivables and liabilities 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 control

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.

### 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. 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 or 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 compliance with limits and stop-loss in the Financial Markets & Treasury department. 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.

- **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 2018.

# Notes to consolidated financial statements

## Consolidated

112

### 5.01 Breakdown of securities financing transactions (assets and liabilities)

(in CHF 1,000)

	31.12.2018	31.12.2017
Book value of receivables from cash collateral delivered in connection with securities borrowing and reverse repurchase transactions	49,205	580,000
Book value of obligations from cash collateral received in connection with securities lending and repurchase transactions	481,086	482,846
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	494,792	484,551
<i>with unrestricted right to resell or pledge</i>	494,792	484,551
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	51,343	582,483
<i>of which, repledged securities</i>	–	–
<i>of which, resold securities</i>	–	–

## 5.02 Presentation of collateral for loans/receivables and off-balance-sheet transactions, as well as impaired loans/receivables

(in CHF 1,000)

	Type of collateral			Total
	Secured by mortgage	Other collateral	Unsecured	
<b>Loans (before netting with value adjustments)</b>				
<b>Amounts due from customers</b>	<b>864,967</b>	<b>864,918</b>	<b>3,576,661</b>	<b>5,306,546</b>
<b>Mortgage loans</b>	<b>11,389,505</b>	–	–	<b>11,389,505</b>
<i>Residential property</i>	9,046,563	–	–	9,046,563
<i>Office and business premises</i>	1,663,348	–	–	1,663,348
<i>Commercial and industrial premises</i>	341,726	–	–	341,726
<i>Other</i>	337,868	–	–	337,868
<b>Total loans (before netting with value adjustments)</b>				
<b>31.12.2018</b>	<b>12,254,472</b>	<b>864,918</b>	<b>3,576,661</b>	<b>16,696,051</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>Total loans (after netting with value adjustments)</b>				
<b>31.12.2018</b>	<b>12,252,636</b>	<b>831,744</b>	<b>3,518,419</b>	<b>16,602,799</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>Off-balance-sheet</b>				
Contingent liabilities	–	82,606	807,129	889,735
Irrevocable commitments	–	4,537	725,069	729,606
Obligations to pay up shares and make further contributions	–	–	153,518	153,518
Credit commitments	–	–	78,989	78,989
<b>Total off-balance-sheet</b>				
<b>31.12.2018</b>	<b>–</b>	<b>87,143</b>	<b>1,764,705</b>	<b>1,851,848</b>
<b>31.12.2017</b>	<b>–</b>	<b>–</b>	<b>1,695,132</b>	<b>1,695,132</b>
<b>Impaired loans/receivables</b>				
	Gross debt amount	Estimated liquidation value of collateral	Net debt amount	Individual value adjustments
<b>31.12.2018</b>	<b>181,418</b>	<b>82,997</b>	<b>98,421</b>	<b>93,252</b>
<b>31.12.2017</b>	<b>216,420</b>	<b>100,035</b>	<b>116,385</b>	<b>108,870</b>

### 5.03 Breakdown of trading portfolios and other financial instruments at fair value (assets and liabilities)

(in CHF 1,000)

<b>Assets</b>	31.12.2018	31.12.2017
<b>Trading portfolio assets</b>		
Debt securities, money market securities/transactions	5,206	1,003
<i>of which, listed</i>	5,206	1,003
Equity securities	60	732
Precious metals and commodities	55,505	53,518
Other trading portfolio assets	11	296
<b>Total assets</b>	<b>60,782</b>	<b>55,549</b>
<i>of which, securities eligible for repo transactions in accordance with liquidity requirements</i>	5,206	–
<b>Liabilities</b>		
<b>Trading portfolio liabilities</b>		
Equity securities	1	–
Other trading portfolio liabilities	2,378	1,045
<b>Total liabilities</b>	<b>2,379</b>	<b>1,045</b>

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

(in CHF 1,000)

		Trading instruments			Hedging instruments		
		Positive replacement values	Negative replacement values	Contract volume	Positive replacement values	Negative replacement values	Contract volume
Interest rate instruments	Swaps	1,605	1,605	25,348	26,382	108,714	5,437,659
	Options (OTC <sup>1</sup> )	6,321	6,321	93,427	–	679	191,965
Foreign exchange/ precious metals	Forward contracts	7,753	6,638	1,432,271	13,253	6,281	1,699,413
	Options (OTC)	649	649	111,299			
<b>Total before netting agreements</b>							
<b>31.12.2018</b>		<b>16,328</b>	<b>15,213</b>	<b>1,662,345</b>	<b>39,635</b>	<b>115,674</b>	<b>7,329,037</b>
<i>of which, based on an evaluation model</i>		8,575	8,575	230,074	26,382	109,393	5,629,624
<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>		10,363	10,233	270,072	24,081	122,095	6,014,696
		Positive replacement values (cumulative)		Negative replacement values (cumulative)			
<b>Total after netting agreements</b>							
<b>31.12.2018</b>			<b>12,716</b>			<b>4,277</b>	
<b>31.12.2017</b>			<b>15,130</b>			<b>3,962</b>	

	Central clearing houses	Banks and securities dealers	Other customers
<b>Breakdown by counterparty</b>			
<b>Positive replacement values (after netting agreements)</b>	–	<b>1,857</b>	<b>10,859</b>

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



## 5.05 Breakdown of financial investments

(in CHF 1,000)

	Book value		Fair value	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Debt securities	1,773,466	1,648,384	1,803,751	1,682,158
<i>of which, intended to be held to maturity</i>	1,388,076	1,191,489	1,414,250	1,221,809
<i>of which, not intended to be held to maturity</i>	385,390	456,895	389,501	460,349
Equity securities	109,016	94,107	116,983	105,449
<i>of which, qualified participations<sup>1</sup></i>	9,075	6,300	9,075	6,300
Real estate and vehicles	940	7,492	940	7,492
<b>Total</b>	<b>1,883,422</b>	<b>1,749,983</b>	<b>1,921,674</b>	<b>1,795,099</b>
<i>of which, securities eligible for repo transactions in accordance with liquidity requirements</i>	1,422,425	1,297,195	1,447,256	1,325,253

<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	1,618,381	134,624	–	–	–	20,461

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

## 5.06 Presentation of participations

(in CHF 1,000)

	2018								
	Acquisition cost	Accumulated value adjustments and changes in book value (valuation using the equity method)	Book value at previous year end	Additions	Disposals	Depreciation	Changes in book value in the case of participations valued using the equity method/ depreciation reversals	Book value as at end of current year	Market value
<b>Participations valued using the equity method</b>									
Without market value	26,344	6,568	32,912	–	–3,230	–	1,948	31,630	–
<b>Other participations</b>									
With market value	40	–	40	38	–2	–	–	76	76
Without market value	28,637	–	28,637	1,624	1	–518	–	29,744	–
<b>Total participations</b>	<b>55,021</b>	<b>6,568</b>	<b>61,589</b>	<b>1,662</b>	<b>–3,231</b>	<b>–518</b>	<b>1,948</b>	<b>61,450</b>	<b>76</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 capital (in CHF 1,000)	Share of capital (in %)	Share of votes (in %)	Held directly	Held indirectly
<b>Full consolidation</b>							
Banque Cantonale de Genève (France) SA, Lyon	Bank	EUR	30,000	100	100	X	
Rhône Saône Courtage Sàrl, Lyon	Real estate brokerage	EUR	10	100	100		X
Rhône Saône Léman SNC, Lyon	Real estate company	EUR	10	100	100		X
Capital Transmission SA, Geneva	Investments	CHF	2,000	100	100	X	
Dimension Corporate Finance SA, Geneva	Transfer of assets	CHF	160	100	100	X	
Dimension SA, Lausanne	Valuing and selling companies	CHF	300	100	100		X
Swiss Public Finance Solutions SA, Geneva	Financial advice	CHF	400	100	100	X	

### Integration by the equity method

Compagnie Foncière Franco-Suisse SAS, Lyon	Real estate transactions	EUR	2,088	33.3	33.3		X
Compagnie Foncière du Saint Gothard SAS, Puteaux	Real estate transactions	EUR	12,075	33.3	33.3	X	
Investissements Fonciers SA, Lausanne	Institutional asset management	CHF	1,000	42.0	42.0	X	

### Other participations

Central mortgage bond institution of Swiss cantonal banks, Zurich	Issue of mortgage bonds	CHF	1,625,000	5.9	5.9	X	
SIX Group Ltd, Zurich	Financial industry service provider	CHF	19,522	1.6	1.6	X	
www.pme-successions.ch SA, Ecublens	Transfer of assets	CHF	100	50.0	50.0		X

## 5.08 Presentation of tangible fixed assets

(in CHF 1,000)

	2018						
	Acquisition cost	Accumulated depreciation	Book value at previous year end	Additions	Disinvestments	Depreciation	Book value as at end of current year
Bank buildings	134,444	-41,725	92,719	-	-	-4,827	87,892
Other real estate	21,801	-7,629	14,172	-	-	-407	13,765
Proprietary or separately acquired software	28,907	-18,560	10,347	5,806	-	-5,593	10,560
Other tangible fixed assets	31,775	-19,362	12,413	1,919	-33	-4,638	9,661
<b>Total tangible fixed assets</b>	<b>216,927</b>	<b>-87,276</b>	<b>129,651</b>	<b>7,725</b>	<b>-33</b>	<b>-15,465</b>	<b>121,878</b>

## 5.09 Presentation of intangible assets

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	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Changes in replacement values of derivative financial instruments	64,471	75,432	–	–
Interest rate components of financial investments intended to be held to maturity but sold prior to maturity	90	104	53	83
Interest rate components of hedging transactions sold prior to maturity	17,895	31,360	17,510	16,585
<b>Balance of the compensation account, recording valuation adjustments with no impact on the income statement</b>	<b>82,456</b>	<b>106,896</b>	<b>17,563</b>	<b>16,668</b>
Coupons	–	–	50	50
Issue/borrowing costs of bonds and central mortgage institution <sup>1</sup> to be depreciated	1,736	2,805	–	–
Spread of penalties for early loan repayments	–	–	11,956	14,101
Operation of continuous linked settlement system under way	228,437	24,798	229,499	25,063
Other internal banking transactions	12,271	13,438	10,673	25,535
Indirect taxes	13,138	7,537	7,862	5,044
<b>Total</b>	<b>338,038</b>	<b>155,474</b>	<b>277,603</b>	<b>86,461</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	110,531	–
SIX Swiss Exchange (Swiss electronic stock exchange)	26,195	–
Central mortgage institution of the Swiss cantonal banks: <i>nominal value of mortgage securities kept separately</i>	5,308,302	2,953,000

## 5.12 Disclosure of liabilities relating to own pension schemes

	Number		Value (in CHF 1,000)	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
As custodian bank	–	–	37,758	37,403
Negative replacement values	–	–	15	–
BCGE shares held by the Foundation	60,000	60,000	11,520	9,834

## 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 <sup>1</sup>	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	
		31.12.2018	31.12.2017			31.12.2018	31.12.2017
Pension schemes with overfunding	0	–	–	–	14,412	14,479	14,050

<sup>1</sup> The Pension Fund's audited annual accounts as at 31 December 2018 are not available. The surplus is based on the audited financial statements as at 31 December 2017.

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

(in CHF 1,000)

		2018					
		Weighted average interest rate	Maturities	Amounts issued in foreign currencies	Amounts issued in CHF	Own bonds held	Book value in the balance sheet
CHF loan issued on 10.06.2015	Non-subordinated	0.500%	10.06.24	–	150,000	–135	149,865
CHF subordinated loan issued on 28.06.2017	Subordinated without PONV <sup>1</sup> clause	1.125%	28.06.27		110,000	–	110,000
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>460,000</b>	<b>–1,745</b>	<b>458,255</b>
	Total non-subordinated	0.500%			150,000	–135	149,865
	Total subordinated with PONV <sup>1</sup> clause	2.000%			310,000	–1,610	308,390
<b>Total</b>		<b>1.511%</b>	–	–	<b>460,000</b>	<b>–1,745</b>	<b>458,255</b>

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

		2018						
Overview of maturities of bonds outstanding		Within 1 year	More than 1 year and less than 2 years	More than 2 years and less than 3 years	More than 3 years and less than 4 years	More than 4 years and less than 5 years	More than 5 years	Total
Bonds (nominal)		–	–	–	–	–	460,000	460,000
Bonds (according to the balance sheet)		–	–	–	–	–	458,255	458,255

	Amount
Loans from central mortgage institution	2,953,000



## 5.16 Presentation of value adjustments and provisions, reserves for general banking risks and changes therein during the current year

(in CHF 1,000)

	Previous year end	Use in conformity with designated purpose	Reclassifications	Currency differences	Past due interest, recoveries	New creations charged to income	Releases to income	Balance at current year end
Provisions for default risks	909	–	–	–34	–	–	–2	873
Provisions for other business risks	1,895	–1,023	–	–1	–	681	–536	1,016
Other provisions	10,904	–258	–	–	–	503	–548	10,601
<b>Total provisions</b>	<b>13,708</b>	<b>–1,281</b>	<b>–</b>	<b>–35</b>	<b>–</b>	<b>1,184</b>	<b>–1,086</b>	<b>12,490</b>
<b>Reserves for general banking risks</b>	<b>180,000</b>					<b>35,000</b>		<b>215,000</b>
<b>Value adjustments for default and country risks</b>	<b>108,870</b>	<b>–11,481</b>		<b>–671</b>	<b>1,833</b>	<b>2,132</b>	<b>–7,431</b>	<b>93,252</b>
<i>of which, value adjustments for default risks in respect of impaired loans/receivables</i>	<i>108,870</i>	<i>–11,481</i>		<i>–671</i>	<i>1,833</i>	<i>2,132</i>	<i>–7,431</i>	<i>93,252</i>
<i>of which, value adjustments for latent risks</i>	<i>–</i>	<i>–</i>		<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>

## 5.17 Presentation of the Bank's capital

(in CHF 1,000)

	31.12.2018			31.12.2017		
	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	360,000	7,200,000	360,000	360,000	7,200,000	360,000
<b>Share capital</b>	<b>360,000</b>	<b>7,200,000</b>	<b>360,000</b>	<b>360,000</b>	<b>7,200,000</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>7,200,000</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>7,200,000</b>	<b>360,000</b>

## 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

	Number Equity securities		Value (in CHF 1,000) Equity securities	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Members of the Board of Directors <sup>1</sup>	58	94	11	15
Members of executive bodies <sup>2,3</sup>	7,812	4,899	1,500	803
Employees <sup>4</sup>	18,834	17,680	3,524	2,789
<b>Total</b>	<b>26,704</b>	<b>22,673</b>	<b>5,035</b>	<b>3,607</b>

<sup>1</sup> Number of bonus shares issued during the financial period.

<sup>2</sup> Paid in 2019 on the basis of the 2018 results.

<sup>3</sup> Amounts calculated on the basis of a closing share price on 31.12.2018 of CHF 192.

<sup>4</sup> However, the variable remuneration components have not yet been paid to employees, who have not been able to exercise their rights.

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 79. 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	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Holders of qualified participations	97,462	62,618	48,900	63,636
Group companies	31,630	–	2,222	1,359
Linked companies	1,538,012	1,329,850	177,264	128,150
Transactions with members of governing bodies	5,931	6,617	2,657	9,299
Other related parties	–	–	37,773	37,403

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.

## 5.20 Disclosure of holders of significant participations

	31.12.2018		31.12.2017	
	Nominal	% of equity	Nominal	% of equity
<b>Single registered shares</b>				
State of Geneva	159,385,750	44.3	159,385,750	44.3
City of Geneva	75,132,300	20.9	75,132,300	20.9
44 Geneva municipalities	26,730,450	7.4	26,730,450	7.4
<b>Subtotal public bodies</b>	<b>261,248,500</b>	<b>72.6</b>	<b>261,248,500</b>	<b>72.6</b>
CPEG – State of Geneva Pension Fund	21,440,000	6.0	21,440,000	6.0
Various shareholders	77,311,500	21.4	77,311,500	21.4
<b>Total</b>	<b>360,000,000</b>	<b>100.0</b>	<b>360,000,000</b>	<b>100.0</b>

## 5.21 Disclosure of own shares and composition of equity capital

### Own shares

BCGE shares	Situation as at 1 January 2018	76,242
	Purchases	55,341
	Sales	50,934
	Situation as at 31 December 2018	80,649
Average transaction price (average market value) in CHF		184.7
Bearer shares held by its pension fund		60,000

## 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.

## 5.23 Presentation of the maturity structure of financial instruments

(in CHF 1,000)

	Due							Total
	At sight	Cancellable	Within 3 months	Within 3 to 12 months	Within 12 months to 5 years	After 5 years	No maturity	
<b>Assets/financial instruments</b>								
Liquid assets	3,410,649							3,410,649
Amounts due from banks	101,646	–	285,092	76,757	512	–	–	464,007
Receivables resulting from securities financing operations	–	–	49,205	–	–	–	–	49,205
Amounts due from customers	1,233,817	161,241	1,402,574	263,810	1,193,843	959,845	–	5,215,130
Mortgage loans	3,477	1,969,062	648,413	586,339	3,088,704	5,091,674	–	11,387,669
Trading portfolio assets	60,782	–	–	–	–	–	–	60,782
Positive replacement values of derivative financial instruments	12,716	–	–	–	–	–	–	12,716
Financial investments	129,508	–	18,008	230,440	807,881	696,675	910	1,883,422
<b>Total</b>								
<b>31.12.2018</b>	<b>4,952,595</b>	<b>2,130,303</b>	<b>2,403,292</b>	<b>1,157,346</b>	<b>5,090,940</b>	<b>6,748,194</b>	<b>910</b>	<b>22,483,580</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>Debt capital/financial instruments</b>								
Amounts due to banks	604,013	–	1,521,124	301,435	18,979	80,908	–	2,526,459
Liabilities from securities financing transactions	–	–	211,050	270,036	–	–	–	481,086
Amounts due in respect of customer deposits	8,648,231	5,127,853	696,274	171,222	696	–	–	14,644,276
Trading portfolio liabilities	2,379	–	–	–	–	–	–	2,379
Negative replacement values of derivative financial instruments	4,277	–	–	–	–	–	–	4,277
Cash bonds	–	–	50	310	1,490	690	–	2,540
Bond issues and central mortgage institution loans	–	–	30,000	147,000	582,000	2,652,255	–	3,411,255
<b>Total</b>								
<b>31.12.2018</b>	<b>9,258,900</b>	<b>5,127,853</b>	<b>2,458,498</b>	<b>890,003</b>	<b>603,165</b>	<b>2,733,853</b>	<b>–</b>	<b>21,072,272</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>

## 5.24 Presentation of assets and liabilities by domestic and foreign origin in accordance with the domicile principle

(in CHF 1,000)

	2018		2017	
	Domestic	Foreign	Domestic	Foreign
<b>Assets</b>				
Liquid assets	3,385,558	25,091	3,422,309	13,224
Amounts due from banks	250,563	213,444	340,892	425,468
Amounts due from securities financing transactions	49,205	–	580,000	–
Amounts due from customers	3,067,742	2,147,388	2,695,130	2,011,636
Mortgage loans	11,033,050	354,619	10,592,363	392,998
Trading portfolio assets	60,782	–	54,920	629
Positive replacement values of derivative financial instruments	10,628	2,088	12,125	3,005
Financial investments	1,332,301	551,121	1,219,602	530,381
Accrued income and prepaid expenses	27,026	1,861	28,267	1,652
Participations	37,831	23,619	36,813	24,776
Tangible fixed assets	121,188	690	128,872	779
Other assets	337,346	692	154,434	1,040
<b>Total assets</b>	<b>19,713,220</b>	<b>3,320,613</b>	<b>19,265,727</b>	<b>3,405,588</b>
<b>Liabilities</b>				
Amounts due to banks	953,560	1,572,899	800,900	1,741,018
Liabilities from securities financing transactions	157,696	323,390	265,816	217,030
Amounts due in respect of customer deposits	11,570,623	3,073,653	11,543,958	3,004,831
Trading portfolio liabilities	2,379	–	1,045	–
Negative replacement values of derivative financial instruments	2,684	1,593	3,962	–
Cash bonds	2,468	72	3,971	72
Bond issues and central mortgage institution loans	3,411,255	–	3,432,055	–
Accrued expenses and deferred income	97,191	4,355	80,581	3,708
Other liabilities	273,995	3,608	84,932	1,529
Provisions	12,490	–	13,708	–
Reserves for general banking risks	215,000	–	180,000	–
Bank's capital	360,000	–	360,000	–
Statutory capital reserve	318,299	–	315,949	–
Statutory retained earnings reserve	615,104	–	558,557	–
Own shares	–13,206	–	–10,383	–
Currency translation reserve	–16,434	–	–13,528	–
Profit/loss (result of the period)	91,159	–	81,604	–
<b>Total liabilities</b>	<b>18,054,263</b>	<b>4,979,570</b>	<b>17,703,127</b>	<b>4,968,188</b>

## 5.25 Breakdown of total assets by country or group of countries (domicile principle)

(in CHF 1,000)

	2018		2017	
	Absolute	Share as %	Absolute	Share as %
<b>Assets</b>				
Europe • France	1,778,943	7.6	1,687,128	7.5
• Luxembourg	207,008	0.9	200,684	0.9
• Germany	163,389	0.7	230,929	1.0
• United Kingdom	131,023	0.6	131,581	0.6
• Other European countries	359,206	1.6	389,060	1.7
United Arab Emirates	109,359	0.5	144,264	0.6
Singapore	97,108	0.4	136,860	0.6
United States	80,757	0.4	122,055	0.5
Others	393,820	1.7	363,027	1.6
<b>Assets held abroad</b>	<b>3,320,613</b>	<b>14.4</b>	<b>3,405,588</b>	<b>15.0</b>
Switzerland	19,713,220	85.6	19,265,727	85.0
<b>Total assets</b>	<b>23,033,833</b>	<b>100</b>	<b>22,671,315</b>	<b>100</b>

## 5.26 Breakdown of total assets by credit rating of country groups (risk domicile view)

(in CHF 1,000)

Rating category (SERV)	Net foreign exposure/ current year end	
	Absolute	Share as %
0/Hi	2,810,751	84.9
2	168,730	5.1
3	80,021	2.4
4	652	0.0
5 and 6	130,176	3.9
7	20,998	0.6
Unrated	102,976	3.1
<b>Total</b>	<b>3,314,304</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

(in CHF 1,000)

	Currencies					
	CHF	EUR	USD	GBP	OTHER	METALS
<b>Assets</b>						
Liquid assets	3,342,159	64,496	2,455	699	840	–
Amounts due from banks	206,322	28,278	171,235	6,141	16,431	35,600
Receivables resulting from securities financing operations	–	–	49,205	–	–	–
Amounts due from customers	2,148,717	1,658,174	1,379,716	14,882	13,641	–
Mortgage loans	11,245,469	135,852	6,348	–	–	–
Trading portfolio assets	5,265	–	–	–	12	55,505
Positive replacement values of derivative financial instruments	12,716	–	–	–	–	–
Financial investments	1,394,071	387,337	97,011	2,391	2,612	–
Accrued income and prepaid expenses	27,026	1,861	–	–	–	–
Participations	45,258	16,022	170	–	–	–
Tangible fixed assets	121,188	690	–	–	–	–
Other assets	108,718	59,122	170,122	9	67	–
<b>Total assets shown in balance sheet</b>	<b>18,656,909</b>	<b>2,351,832</b>	<b>1,876,262</b>	<b>24,122</b>	<b>33,603</b>	<b>91,105</b>
Delivery entitlements from spot exchange, forward forex and forex options transactions	443,057	1,013,619	1,558,244	70,709	72,192	2,620
<b>Total assets</b>	<b>19,099,966</b>	<b>3,365,451</b>	<b>3,434,506</b>	<b>94,831</b>	<b>105,795</b>	<b>93,725</b>
<b>Liabilities</b>						
Amounts due to banks	330,282	996,054	1,131,933	9,506	2,883	55,801
Liabilities from securities financing transactions	–	185,856	295,230	–	–	–
Amounts due in respect of customer deposits	11,626,070	1,529,321	1,352,333	57,189	44,297	35,066
Trading portfolio liabilities	1,858	392	122	7	–	–
Negative replacement values of derivative financial instruments	4,277	–	–	–	–	–
Cash bonds	2,540	–	–	–	–	–
Bond issues and central mortgage institution loans	3,411,255	–	–	–	–	–
Accrued expenses and deferred income	97,136	4,410	–	–	–	–
Other liabilities	271,280	5,593	730	–	–	–
Provisions	12,480	–	–	10	–	–
Reserves for general banking risks	215,000	–	–	–	–	–
Bank's capital	360,000	–	–	–	–	–
Statutory capital reserve	318,299	–	–	–	–	–
Statutory retained earnings reserve	615,104	–	–	–	–	–
Own shares	–13,206	–	–	–	–	–
Currency translation reserve	–16,434	–	–	–	–	–
Profit/loss (result of the period)	91,159	–	–	–	–	–
<b>Total liabilities shown in the balance sheet</b>	<b>17,327,100</b>	<b>2,721,626</b>	<b>2,780,348</b>	<b>66,712</b>	<b>47,180</b>	<b>90,867</b>
Delivery obligations from spot exchange, forward forex and forex options transactions	1,842,735	569,929	651,593	27,983	57,563	2,620
<b>Total liabilities</b>	<b>19,169,835</b>	<b>3,291,555</b>	<b>3,431,941</b>	<b>94,695</b>	<b>104,743</b>	<b>93,487</b>
<b>Net position per currency</b>	<b>–69,869</b>	<b>73,896</b>	<b>2,565</b>	<b>136</b>	<b>1,052</b>	<b>238</b>

## 5.28 Breakdown and explanation of contingent assets and liabilities

(in CHF 1,000)

	2018	2017
Guarantees to secure credits and similar	104,714	81,897
Irrevocable commitments arising from documentary letters of credit	784,321	665,348
Other contingent liabilities	700	700
<b>Total contingent liabilities</b>	<b>889,735</b>	<b>747,945</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)

	2018	2017
Commitments arising from deferred payments	78,989	100,827
<b>Total credit commitments</b>	<b>78,989</b>	<b>100,827</b>

## 5.30 Breakdown of fiduciary transactions

(in CHF 1,000)

	2018	2017
Fiduciary investments with third-party companies	157,792	34,950
<b>Total fiduciary transactions</b>	<b>157,792</b>	<b>34,950</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.

## 5.32 Breakdown of the result from trading activities and the fair value option

(in CHF 1,000)

	2018	2017
Interest rate instruments (including funds)	290	1,948
Equity securities (including funds)	-88	48
Foreign currencies	28,774	27,219
Commodities/precious metals	252	563
<b>Total result from trading activities</b>	<b>29,228</b>	<b>29,778</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.

### 5.34 Breakdown of personnel expenses

(in CHF 1,000)

	2018	2017
Salaries (meeting attendance fees and fixed compensation to members of the Bank's governing bodies, salaries and benefits)	112,075	103,814
– of which, expenses relating to share-based compensation and alternative forms of variable compensation	4,472	3,175
Social insurance benefits	27,878	26,293
Other personnel expenses	4,135	4,188
<b>Total personnel expenses</b>	<b>144,088</b>	<b>134,295</b>

### 5.35 Breakdown of general and administrative expenses

(in CHF 1,000)

	2018	2017
Office space expenses	9,315	9,413
Expenses for information and communications technology	33,733	33,846
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	185	240
Fees of audit firm(s) <sup>1</sup>	1,944	1,593
– of which, for financial and regulatory audits	1,458	1,325
– of which, for other services	486	268
Other operating expenses	42,760	43,348
<b>Total other operating expenses</b>	<b>87,937</b>	<b>88,440</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)

	2018		2017	
	Switzerland	Abroad	Switzerland	Abroad
<b>Result from interest operations</b>				
Interest and discount income	261,785	20,164	237,357	16,437
Interest and dividend income from trading portfolios	64	–	341	–
Interest and dividend income from financial investments	17,848	–	15,972	–
Interest expense	–58,169	207	–53,702	5
<b>Gross result from interest operations</b>	<b>221,528</b>	<b>20,371</b>	<b>199,968</b>	<b>16,442</b>
Changes in value adjustments for default risks and losses from interest operations	6,639	–1,340	–4,765	–1,432
<b>Subtotal net result from interest operations</b>	<b>228,167</b>	<b>19,031</b>	<b>195,203</b>	<b>15,010</b>
<b>Result from commission business and services</b>				
Commission income from securities trading and investment activities	47,078	1,315	44,470	1,187
Commission income from lending activities	33,278	4,074	28,372	4,000
Commission income from other services	37,081	1,385	36,335	1,317
Commission expense	–7,499	–	–8,781	–
<b>Subtotal result from commission business and services</b>	<b>109,938</b>	<b>6,774</b>	<b>100,396</b>	<b>6,504</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>29,228</b>	<b>–</b>	<b>29,778</b>	<b>–</b>
<b>Other result from ordinary activities</b>				
Result from the disposal of financial investments	6,622	–	7,286	–
Income from participations	6,662	3,914	6,111	77
Result from real estate	1,199	–	1,151	–
Other ordinary income	6,799	–	6,578	–
Other ordinary expenses	–8,911	–	–1,984	–
<b>Subtotal other result from ordinary activities</b>	<b>12,371</b>	<b>3,914</b>	<b>19,142</b>	<b>77</b>
<b>Total operating income</b>	<b>379,704</b>	<b>29,719</b>	<b>344,519</b>	<b>21,591</b>
<b>Operating expenses</b>				
Personnel expenses	–135,832	–8,256	–127,058	–7,237
General and administrative expenses	–83,052	–4,885	–84,242	–4,198
<b>Subtotal operating expenses</b>	<b>–218,884</b>	<b>–13,141</b>	<b>–211,300</b>	<b>–11,435</b>
Value adjustments on participations, depreciation and amortisation of tangible fixed assets and intangible assets	–15,597	–386	–14,967	–448
Changes to provisions and other value adjustments, and losses	–98	–	339	–
<b>Operating result</b>	<b>145,125</b>	<b>16,192</b>	<b>118,591</b>	<b>9,708</b>

## 5.39 Presentation of current taxes, deferred taxes, and disclosure of tax rate

(in CHF 1,000)

	Rate in % <sup>1</sup>	2018	Rate in % <sup>1</sup>	2017
<b>Current tax</b>				
Banque Cantonale de Genève	21.2%	30,336	19.3%	23,045
Banque Cantonale de Genève (France) SA	31.3%	4,407	37.4%	3,404
Capital Transmission SA	3.6%	209	3.1%	131
Dimension SA	23.1%	148	21.7%	8
Swiss Public Finance Solutions SA	50.0%	16	43.6%	3
Various, not significant <sup>2</sup>		5		1
<b>Deferred taxes</b>	<b>33.3%</b>	<b>39</b>	<b>33.3%</b>	<b>151</b>
		<b>35,160</b>		<b>26,743</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)

	31.12.2018	31.12.2017
<b>Net earnings to be allocated to the shareholders</b>	<b>91,159</b>	<b>81,604</b>

### Registered shares

Average number of shares in circulation	7,200,000	7,200,000
<b>Earnings per share (in CHF)</b>	<b>12.66</b>	<b>11.33</b>

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





# 2018 financial statements, 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 140 to 160) of the Banque Cantonale de Genève, which comprise the balance sheet as at December 31, 2018, 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, 2018 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 4,432 mios and CHF 11,388 mios out of a total of balance sheet of CHF 22,897 mios, representing respectively 19% and 50% as of December 31, 2018. These total amounts of credit are presented net of value adjustments as follows:</p> <table border="1" data-bbox="204 533 815 779"> <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>4,511</td> <td>11,389</td> </tr> <tr> <td>Value adjustments</td> <td>-79</td> <td>-1</td> </tr> <tr> <td>Net values</td> <td>4,432</td> <td>11,388</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 107 - 109 and to table 5.02 of the notes to the financial statements on the page 144 for further information.</p>	CHF mios	Amounts due from customers	Mortgage loans	Gross values	4,511	11,389	Value adjustments	-79	-1	Net values	4,432	11,388	<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	4,511	11,389											
Value adjustments	-79	-1											
Net values	4,432	11,388											
<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 111 and to table 5.16 of notes to the financial statements on page 149 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



Fanny Doan  
Licensed Audit Expert

Geneva, February 21, 2019



# 2018 financial statements, parent company

<b>BCGE balance sheet items and off-balance-sheet transactions</b>	140
<b>Profit and loss account items</b>	141
<b>Statement of shareholders' equity</b>	142
<b>Summary presentation</b>	143
1. Registered name, legal form, registered office and goal	143
2. Accounting and valuation principles	143
3. Change in accounting principles	143
4. Risk management	143
<b>Details relating to the items in the note to the annual financial statements</b>	144
5.01 Breakdown of securities financing transactions (assets and liabilities)	144
5.02 Presentation of collateral for loans/receivables and off-balance-sheet transactions, as well as impaired loans/receivables	144
5.03 Breakdown of trading portfolios and other financial instruments at fair value (assets and liabilities)	145
5.04 Presentation of derivative financial instruments (assets and liabilities)	145
5.05 Breakdown of financial investments	146
5.06 Presentation of participations	146
5.07 Disclosure of companies in which the Bank holds a permanent direct or indirect significant participation	147
5.08 Presentation of tangible fixed assets	147
5.09 Presentation of intangible assets	147
5.10 Breakdown of other assets and other liabilities	147
5.11 Disclosure of assets pledged or assigned to secure own commitments and of assets under reservation of ownership	148
5.12 Disclosure of liabilities relating to own pension schemes	148
5.13 Disclosures on the economic situation of own pension schemes	148
5.14 Presentation of issued structured products	148
5.15 Presentation of bonds outstanding and mandatory convertible bonds and central mortgage institution loans	148
5.16 Presentation of value adjustments and provisions, reserves for general banking risks and changes therein during the current year	149
5.17 Presentation of the Bank's capital	149
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	149

5.19	Disclosure of amounts due from/to related parties	150
5.20	Disclosure of holders of significant participations	150
5.21	Disclosure of own shares and composition of equity capital	150
5.22	Disclosures in accordance with the Ordinance against Excessive Compensation with respect to Listed Stock Corporations and Article 663c para. 3 CO for banks whose equity securities are listed	151
5.23	Presentation of the maturity structure of financial instruments	153
5.24	Presentation of assets and liabilities by domestic and foreign origin in accordance with the domicile principle	154
5.25	Breakdown of total assets by country or group of countries (domicile principle)	155
5.26	Breakdown of total assets by credit rating of country groups (risk domicile view)	155
5.27	Presentation of assets and liabilities broken down by the most significant currencies	156
5.28	Breakdown and explanation of contingent assets and liabilities	157
5.29	Breakdown of credit commitments	157
5.30	Breakdown of fiduciary transactions	157
5.31	Breakdown of managed assets and presentation of their development	157
5.32	Breakdown of the result from trading activities and the fair value option	157
5.33	Disclosure of material refinancing income in the item <i>Interest and discount income</i> as well as material negative interest	157
5.34	Breakdown of personnel expenses	158
5.35	Breakdown of general and administrative expenses	158
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	158
5.37	Disclosure of and reasons for revaluations of participations and tangible fixed assets up to the acquisition value	159
5.38	Presentation of the operating result broken down according to domestic and foreign origin, according to the principle of permanent establishment	159
5.39	Presentation of current taxes, deferred taxes, and disclosure of tax rate	159
5.40	Disclosures and explanations of the earnings per equity security	159

# BCGE balance sheet items and off-balance-sheet transactions

## Parent company

<b>Assets</b>	Notes	31.12.2018 in CHF 1,000	31.12.2017 in CHF 1,000	Variation in CHF 1,000
Liquid assets	5.23	3,400,882	3,431,086	-30,204
Amounts due from banks	5.23	1,124,638	1,448,245	-323,607
Amounts due from securities financing transactions	5.23	49,205	580,000	-530,795
Amounts due from customers	5.23	4,431,691	3,963,831	467,860
Mortgage loans	5.23	11,387,669	10,985,361	402,308
Trading portfolio assets	5.03	60,782	55,549	5,233
Positive replacement values of derivative financial instruments	5.04	12,717	15,536	-2,819
Financial investments	5.05	1,853,058	1,730,485	122,573
Accrued income and prepaid expenses		26,420	25,517	903
Participations	5.06	91,709	91,648	61
Tangible fixed assets	5.08	121,185	128,866	-7,681
Other assets	5.10	337,310	154,279	183,031
<b>Total assets</b>		<b>22,897,266</b>	<b>22,610,403</b>	<b>286,863</b>

Total subordinated claims		4,640	6,156	-1,516
<i>of which are subject to mandatory conversion and/or debt waiver</i>		-	-	-

### Liabilities

Amounts due to banks	5.23	2,528,845	2,619,485	-90,640
Liabilities from securities financing transactions	5.23	481,086	482,846	-1,760
Amounts due in respect of customer deposits	5.23	14,579,091	14,477,970	101,121
Trading portfolio liabilities	5.03	2,379	1,045	1,334
Negative replacement values of derivative financial instruments	5.04	4,385	3,962	423
Cash bonds	5.23	2,540	4,043	-1,503
Bond issues and central mortgage institution loans	5.15	3,411,255	3,432,055	-20,800
Accrued expenses and deferred income		96,423	78,111	18,312
Other liabilities	5.10	272,747	78,587	194,160
Provisions	5.16	12,490	13,708	-1,218
Reserves for general bank risks	5.16	215,000	180,000	35,000
Bank's capital	5.17	360,000	360,000	-
Statutory capital reserve		310,890	310,890	-
<i>of which tax-exempt capital contribution reserve</i>		180,192	180,192	-
Statutory retained earnings reserve		553,934	500,500	53,434
Own shares		-13,132	-10,224	-2,908
Profit carried forward/loss carried forward		1,369	1,049	320
Profit/loss (result of the period)		77,964	76,376	1,588
<b>Total liabilities</b>		<b>22,897,266</b>	<b>22,610,403</b>	<b>286,863</b>

Total subordinated liabilities	5.15	308,390	508,055	-199,665
<i>of which subject to mandatory conversion and/or debt waiver</i>	5.15	308,390	308,200	190

### Off-balance-sheet transactions

Contingent liabilities	5.28	860,264	720,059	140,205
Irrevocable commitments	5.02	628,451	637,628	-9,177
Obligations to pay up shares and make further contributions	5.02	153,518	131,018	22,500
Credit commitments	5.29	78,989	100,827	-21,838

# Profit and loss account items

## Parent company

	Notes	31.12.2018 in CHF 1,000	31.12.2017 in CHF 1,000	Variation in CHF 1,000
<b>Result from interest operations</b>				
Interest and discount income	5.33	261,109	236,737	24,372
Interest and dividend income from trading portfolios		64	341	-277
Interest and dividend income from financial investments		9,195	9,722	-527
Interest expense		-58,040	-53,704	-4,336
<b>Gross result from interest operations</b>		<b>212,328</b>	<b>193,096</b>	<b>19,232</b>
Changes in value adjustments for default risks and losses from interest operations		6,639	-4,766	11,405
<b>Subtotal net result from interest operations</b>		<b>218,967</b>	<b>188,330</b>	<b>30,637</b>
<b>Result from commission business and services</b>				
Commission income from securities trading and investment activities		47,078	44,470	2,608
Commission income from lending activities		33,278	28,372	4,906
Commission income from other services		35,025	35,073	-48
Commission expense		-7,499	-6,514	-985
<b>Subtotal result from commission business and services</b>		<b>107,882</b>	<b>101,401</b>	<b>6,481</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>29,377</b>	<b>29,723</b>	<b>-346</b>
<b>Other result from ordinary activities</b>				
Result from the disposal of financial investments		5,367	6,946	-1,579
Income from participations		11,602	11,256	346
Result from real estate		1,199	1,151	48
Other ordinary income		7,378	6,968	410
Other ordinary expenses		-5,291	-1,786	-3,505
<b>Subtotal other result from ordinary activities</b>		<b>20,255</b>	<b>24,535</b>	<b>-4,280</b>
<b>Total operating income</b>		<b>376,481</b>	<b>343,989</b>	<b>32,492</b>
<b>Operating expenses</b>				
Personnel expenses	5.34	-134,595	-125,987	-8,608
General and administrative expenses	5.35	-82,734	-83,844	1,110
<b>Sub total operating expenses</b>		<b>-217,329</b>	<b>-209,831</b>	<b>-7,498</b>
Value adjustments on participations, depreciation and amortisation of tangible fixed assets and intangible assets	5.36	-15,755	-15,124	-631
Changes to provisions and other value adjustments, and losses	5.36	-98	339	-437
<b>Operating result</b>		<b>143,299</b>	<b>119,373</b>	<b>23,926</b>
Extraordinary income	5.36	2	48	-46
Extraordinary expenses	5.36	-	-	-
Change in reserves for general banking risks	5.36	-35,000	-20,000	-15,000
Taxes	5.39	-30,337	-23,045	-7,292
<b>Profit/loss (result of the period)</b>		<b>77,964</b>	<b>76,376</b>	<b>1,588</b>

# Statement of shareholders' equity

## Parent company

(in CHF 1,000)

	Bank's capital	Statutory capital reserve	Statutory retained earnings reserve	Reserves for general banking risks	Profit carried forward	Own shares (negative item)	Result of the period	Total
<b>Equity at start of current period</b>	<b>360,000</b>	<b>310,890</b>	<b>500,500</b>	<b>180,000</b>	<b>77,425</b>	<b>-10,224</b>		<b>1,418,591</b>
Acquisition of own shares						-10,161		-10,161
Disposal of own shares						9,469		9,469
Profit (loss) on disposal of own shares			2,216			-2,216		-
Dividends and other distribution			218		-20,880			-20,662
Special allocation to the State of Geneva (20% of the dividend paid)					-4,176			-4,176
Other allocations to (transfers from) the reserves for general banking risks				35,000				35,000
Other allocations to (transfers from) the other reserves			51,000		-51,000			-
Profit/loss (result of the period)							77,964	77,964
<b>Equity at end of current period</b>	<b>360,000</b>	<b>310,890</b>	<b>553,934</b>	<b>215,000</b>	<b>1,369</b>	<b>-13,132</b>	<b>77,964</b>	<b>1,506,025</b>

# Summary presentation

## Parent company

### 1. Registered name, legal form, registered office and goal

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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	31.12.2018	31.12.2017
Full-time equivalents	701.5	692.4
Headcount	751	742

### 2. Accounting and valuation principles

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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

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There has been no change in accounting principles.

### 4. Risk management

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



# Details relating to the items in the note to the annual financial statements

## Parent company

### 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 112.

### 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			Total
	Secured by mortgage	Other collateral	Unsecured	
<b>Loans (before netting with value adjustments)</b>				
<b>Amounts due from customers</b>	<b>407,129</b>	<b>570,717</b>	<b>3,532,518</b>	<b>4,510,364</b>
<b>Mortgage loans</b>	<b>11,389,505</b>	<b>–</b>	<b>–</b>	<b>11,389,505</b>
<i>Residential property</i>	9,046,563	–	–	9,046,563
<i>Office and business premises</i>	1,663,348	–	–	1,663,348
<i>Commercial and industrial premises</i>	341,726	–	–	341,726
<i>Other</i>	337,868	–	–	337,868
<b>Total loans (before netting with value adjustments)</b>				
<b>31.12.2018</b>	<b>11,796,634</b>	<b>570,717</b>	<b>3,532,518</b>	<b>15,899,869</b>
<b>31.12.2017</b>	<b>11,105,930</b>	<b>371,825</b>	<b>3,567,970</b>	<b>15,045,725</b>
<b>Total loans (after netting with value adjustments)</b>				
<b>31.12.2018</b>	<b>11,794,798</b>	<b>550,286</b>	<b>3,474,276</b>	<b>15,819,360</b>
<b>31.12.2017</b>	<b>11,104,026</b>	<b>371,825</b>	<b>3,473,341</b>	<b>14,949,192</b>
<b>Off-balance-sheet</b>				
Contingent liabilities	–	82,606	777,658	860,264
Irrevocable commitments	–	4,537	623,914	628,451
Obligations to pay up shares and make further contributions	–	–	153,518	153,518
Credit commitments	–	–	78,989	78,989
<b>Total off-balance-sheet</b>				
<b>31.12.2018</b>	<b>–</b>	<b>87,143</b>	<b>1,634,079</b>	<b>1,721,222</b>
<b>31.12.2017</b>	<b>–</b>	<b>–</b>	<b>1,589,532</b>	<b>1,589,532</b>
<b>Impaired loans/receivables</b>				
	Gross debt amount	Estimated liquidation value of collateral	Net debt amount	Individual value adjustments
<b>31.12.2018</b>	<b>145,432</b>	<b>60,627</b>	<b>84,805</b>	<b>80,509</b>
<b>31.12.2017</b>	<b>177,204</b>	<b>73,825</b>	<b>103,379</b>	<b>96,533</b>

### 5.03 Breakdown of trading portfolios and other financial instruments at fair value (assets and liabilities)

The parent company figures are identical to the consolidation figures. Please see note 5.03 to the consolidated accounts on page 114.

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

(in CHF 1,000)

		Trading instruments			Hedging instruments		
		Positive replacement values	Negative replacement values	Contract volume	Positive replacement values	Negative replacement values	Contract volume
Interest rate instruments	Swaps	1,605	1,605	25,348	26,382	108,714	5,437,659
	Options (OTC <sup>1</sup> )	6,321	6,321	93,427	–	679	191,965
Foreign exchange/ precious metals	Forward contracts	7,753	6,746	1,443,110	13,253	6,281	1,699,413
	Options (OTC)	649	649	111,299	–	–	–
<b>Total before netting agreements</b>							
<b>31.12.2018</b>		<b>16,328</b>	<b>15,321</b>	<b>1,673,184</b>	<b>39,635</b>	<b>115,674</b>	<b>7,329,037</b>
<i>of which, based on an evaluation model</i>		<i>8,575</i>	<i>8,575</i>	<i>230,074</i>	<i>26,382</i>	<i>109,393</i>	<i>5,629,624</i>
<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>
		Positive replacement values (cumulative)			Negative replacement values (cumulative)		
<b>Total after netting agreements</b>							
<b>31.12.2018</b>			<b>12,717</b>			<b>4,385</b>	
<b>31.12.2017</b>			<b>15,536</b>			<b>3,962</b>	

### Breakdown by counterparty

	Central clearing houses	Banks and securities dealers	Other customers
<b>Positive replacement values (after netting agreements)</b>	–	<b>1,858</b>	<b>10,859</b>

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

## 5.05 Breakdown of financial investments

(in CHF 1,000)

	Book value		Fair value	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Debt securities	1,753,005	1,638,966	1,782,845	1,672,553
<i>of which, intended to be held to maturity</i>	1,388,076	1,191,489	1,414,251	1,221,809
<i>of which, not intended to be held to maturity</i>	364,929	447,477	368,594	450,744
Equity securities	99,113	84,027	107,080	95,369
Real estate and vehicles	940	7,492	940	7,492
<b>Total</b>	<b>1,853,058</b>	<b>1,730,485</b>	<b>1,890,865</b>	<b>1,775,414</b>
<i>of which, securities eligible for repo transactions in accordance with liquidity requirements</i>	1,422,425	1,297,195	1,447,256	1,325,253

### 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	1,618,381	134,624	–	–	–	–

<sup>1</sup> In accordance with S&P ratings.

## 5.06 Presentation of participations

(in CHF 1,000)

	2018							Market value
	Acquisition cost	Accumulated value adjustments and changes in book value (valuation using the equity method)	Book value at previous year end	Additions	Disposals	Depreciation	Book value as at end of current year	
<b>Other participations</b>								
With market value	40	–	40	38	–2	–	76	76
Without market value	93,825	–2,217	91,608	1,618	–915	–678	91,633	–
<b>Total participations</b>	<b>93,865</b>	<b>–2,217</b>	<b>91,648</b>	<b>1,656</b>	<b>–917</b>	<b>–678</b>	<b>91,709</b>	<b>76</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 116.

## 5.08 Presentation of tangible fixed assets

(in CHF 1,000)

	Acquisition cost	Accumulated depreciation	Book value at previous year end	2018		Book value as at end of current year
				Additions	Depreciation	
Bank buildings	134,444	-41,725	92,719	-	-4,827	87,892
Other real estate	21,801	-7,629	14,172	-	-407	13,765
Proprietary or separately acquired software	28,907	-18,560	10,347	5,806	-5,593	10,560
Other tangible fixed assets	27,965	-16,337	11,628	1,590	-4,250	8,968
<b>Total tangible fixed assets</b>	<b>213,117</b>	<b>-84,251</b>	<b>128,866</b>	<b>7,396</b>	<b>-15,077</b>	<b>121,185</b>

## 5.09 Presentation of intangible assets

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	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Changes in replacement values of derivative financial instruments	64,471	75,432	-	-
Interest rate components of financial investments intended to be held to maturity but sold prior to maturity	90	104	53	83
Interest rate components of hedging transactions sold prior to maturity	17,895	31,360	17,510	16,585
<b>Balance of the compensation account, recording valuation adjustments with no impact on the income statement</b>	<b>82,456</b>	<b>106,896</b>	<b>17,563</b>	<b>16,668</b>
Coupons	-	-	50	50
Issuing/borrowing costs of bonds and central mortgage institution <sup>1</sup> to be depreciated	1,736	2,805	-	-
Spread of penalties for early loan repayments	-	-	11,956	14,101
Operation of continuously linked settlement system under way	228,437	24,798	229,499	25,063
Other internal banking transactions	11,543	12,243	5,821	17,661
Indirect taxes	13,138	7,537	7,858	5,044
<b>Total</b>	<b>337,310</b>	<b>154,279</b>	<b>272,747</b>	<b>78,587</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 117.

## 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 117.

## 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 <sup>1</sup>	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	
		31.12.2018	31.12.2017			31.12.2018	31.12.2017
Plans de prévoyance sans excédent ni insuffisance	0	–	–	–	14,302	14,369	13,911

<sup>1</sup> The Pension Fund's audited annual accounts as at 31 December 2018 are not available. The surplus is based on the audited financial statements as at 31 December 2017.

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

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 119.

## 5.16 Presentation of value adjustments and provisions, reserves for general banking risks and changes therein during the current year

(in CHF 1,000)

	Previous year end	Use in conformity with designated purpose	Reclassifications	Currency differences	Past due interest, recoveries	New creations charged to income	Releases to income	Balance at current year end
Provisions for default risks	909	–	–	–34	–	–	–2	873
Provisions for other business risks	1,895	–1,023	–	–1	–	681	–536	1,016
Other provisions	10,904	–258	–	–	–	503	–548	10,601
<b>Total provisions</b>	<b>13,708</b>	<b>–1,281</b>	<b>–</b>	<b>–35</b>	<b>–</b>	<b>1,184</b>	<b>–1,086</b>	<b>12,490</b>
<b>Reserves for general banking risks</b>	<b>180,000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>35,000</b>	<b>–</b>	<b>215,000</b>
<b>Value adjustments for default and country risks</b>	<b>96,533</b>	<b>–10,929</b>	<b>–</b>	<b>–199</b>	<b>1,743</b>	<b>162</b>	<b>–6,800</b>	<b>80,510</b>
<i>of which, value adjustments for default risks in respect of impaired loans/receivables</i>	<i>96,533</i>	<i>–10,929</i>	<i>–</i>	<i>–199</i>	<i>1,743</i>	<i>162</i>	<i>–6,800</i>	<i>80,510</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 120.

## 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

	Number Equity securities		Value (in CHF 1,000) Equity securities	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Members of the Board of Directors <sup>1</sup>	58	94	11	15
Members of executive bodies <sup>2,3</sup>	7,812	4,899	1,500	803
Employees <sup>4</sup>	17,292	16,353	3,253	2,562
<b>Total</b>	<b>25,162</b>	<b>21,346</b>	<b>4,764</b>	<b>3,380</b>

<sup>1</sup> Number of bonus shares issued during the financial period.

<sup>2</sup> Paid in 2019 on the basis of the 2018 results.

<sup>3</sup> Amounts calculated on the basis of a closing share price on 31.12.2018 of CHF 192.

<sup>4</sup> However, the variable remuneration components have not yet been paid to employees, who have not been able to exercise their rights.

Please see note 5.18 to the consolidated accounts on page 120.



## 5.19 Disclosure of amounts due from/to related parties

(in CHF 1,000)

	Amounts due from		Amounts due to	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Holders of qualified participations	97,462	62,618	48,900	63,636
Group companies	759,882	714,851	29,288	91,558
Linked companies	1,538,012	1,329,850	177,264	128,150
Transactions with members of governing bodies	5,931	6,617	2,657	9,299
Other related parties	–	–	37,773	37,403

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.

## 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 122.

## 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 122.

## 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 31.12.2018				
	Fixed compensation <sup>3</sup>	In locked up shares <sup>4,5</sup>	Total		Unlocked	Locked up <sup>4</sup>	Total	By kin	
<b>Board of Directors</b>									
Gilbert Probst, Chairman	280,500	564	281,064	644,000	–	8	8	–	
Jean Olivier Kerr, Deputy Chairman	77,290	564	77,854	4,000,000	90	8	98	–	
Patrick Mage, Deputy Chairman (until 2.5.2018)	46,463	644	47,107	– <sup>6</sup>	– <sup>6</sup>	– <sup>6</sup>	– <sup>6</sup>	– <sup>6</sup>	
Michel Pasteur, Secretary (from 2.5.2018)	68,306	–	68,306	–	–	–	–	–	
Mourad Sekkiou, Secretary (until 2.5.2018)	22,302	644	22,946	– <sup>6</sup>	– <sup>6</sup>	– <sup>6</sup>	– <sup>6</sup>	– <sup>6</sup>	
Grégoire Carasso	70,400	1,128	71,528	–	40	40	80	–	
Michèle Costafrolaz	116,636	564	117,200	–	–	8	8	–	
Gina Empson	70,400	1,128	71,528	–	40	40	80	20	
Serge Fasel, (from 2.5.2018)	46,257	–	46,257	–	–	–	–	–	
Bernard Girod, (from 2.5.2018)	46,257	–	46,257	1,550,000	40	–	40	–	
Fabienne Knapp, (until 2.5.2018)	23,789	631	24,420	– <sup>6</sup>	– <sup>6</sup>	– <sup>6</sup>	– <sup>6</sup>	– <sup>6</sup>	
Jean-Marc Mermoud	70,400	1,410	71,810	992,500	28	66	94	–	
Angela de Wolff	77,000	1,410	78,410	–	28	66	94	–	
John Tracey	77,000	1,410	78,410	1,000,000	68	66	134	40	
<b>Total Board of Directors</b>	<b>1,093,001</b>	<b>10,097</b>	<b>1,103,098</b>	<b>8,186,500</b>	<b>334</b>	<b>302</b>	<b>636</b>	<b>60</b>	

Previous year	Remuneration (before taxes)			Loans <sup>2</sup>	Number of BCGE shares held at 31.12.2018				
	Fixed compensation <sup>3</sup>	In locked up shares <sup>4,5</sup>	Total		Unlocked	Locked up <sup>4</sup>	Total	By kin	
<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>	

<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 12.6.2018 of CHF 188.64, expected value CHF 140.96. (in 2017: price at 13.6.2017 of CHF 157.02, expected value CHF 117.92).

<sup>6</sup> No longer a member of the Board of Directors at 31.12.2018, 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	735,092	1,463,288	332,656	1,795,944	306,183
<b>Total, Executive Board</b>	<b>2,460,342</b>	<b>2,270,020</b>	<b>4,730,362</b>	<b>1,084,102</b>	<b>5,814,464</b>	<b>1,100,086</b>
Blaise Goetschin, CEO (previous year)	728,196	740,852	1,469,048	165,363	1,634,411	293,040
<b>Total, Executive Board (previous year)</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>1,110,889</b>

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

Blaise Goetschin, CEO	81,571
<b>Total, Executive Board</b>	<b>111,190</b>
Blaise Goetschin, CEO (previous year)	83,107
<b>Total, Executive Board (previous year)</b>	<b>127,871</b>

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

	Number of shares locked up during the 2018 financial year			Number of BCGE shares held at 31.12.2018				Loans granted <sup>7</sup>
	Free		Purchased <sup>6</sup>	Unlocked	Locked u	Total	By kin	
	Unconditional	Conditional <sup>5</sup>						
Blaise Goetschin, CEO	1,724	796	400	5,316	10,057	15,373	40	130,000
Eric Bourgeois				1,848	9,541	11,389	80	400,000
Pierrette Jaton Klopfenstein				242	472	714	0	360,000
Pierre-Olivier Fragnière				1,312	6,235	7,547	0	300,000
Jean-Marc Joris				0	2,074	2,074	0	40,000
Yves Spörri				404	862	1,266	0	635,000
<b>Total, Executive Board</b>	<b>5,348</b>	<b>2,464</b>	<b>1,244</b>	<b>9,122</b>	<b>29,241</b>	<b>38,363</b>	<b>120</b>	<b>1,865,000</b>
Blaise Goetschin, CEO (previous year)	729	832	418	4,594	10,106	14,700	80	130,000
<b>Total, Executive Board (previous year)</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>

<sup>1</sup> Paid in 2019 on the basis of 2018 results.

<sup>2</sup> Shares subject to a 5- to 10-year moratorium, on the basis of the closing price (expected value) as at 31.12.2018. BCGE does not allocate stock options.

<sup>3</sup> Amounts calculated on the basis of a share price of CHF 192 on 31.12.2018 (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.

The principles of remuneration are explained on pages 79 to 81. No indemnity was paid indirectly to the members of the Executive Board. No indemnity was paid directly or indirectly, in 2018, 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 31.12.2018, 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 31.12.2018, 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							Total
	At sight	Cancellable	Within 3 months	Within 3 to 12 months	Within 12 months to 5 years	After 5 years	No maturity	
<b>Assets/financial instruments</b>								
Liquid assets	3,400,882							3,400,882
Amounts due from banks	91,507	–	872,509	76,848	14,629	69,145	–	1,124,638
Receivables resulting from securities financing operations	–	–	49,205	–	–	–	–	49,205
Amounts due from customers	1,233,856	136,834	1,388,302	174,547	722,644	775,508	–	4,431,691
Mortgage loans	3,477	1,969,062	648,413	586,339	3,088,704	5,091,674	–	11,387,669
Trading portfolio assets	60,782	–	–	–	–	–	–	60,782
Positive replacement values of derivative financial instruments	12,717	–	–	–	–	–	–	12,717
Financial investments	99,144	–	18,008	230,440	807,881	696,675	910	1,853,058
<b>Total</b>								
<b>31.12.2018</b>	<b>4,902,365</b>	<b>2,105,896</b>	<b>2,976,437</b>	<b>1,068,174</b>	<b>4,633,858</b>	<b>6,633,002</b>	<b>910</b>	<b>22,320,642</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>Debt capital/financial instruments</b>								
Amounts due to banks	628,927	–	1,509,860	290,171	18,979	80,908	–	2,528,845
Liabilities from securities financing transactions	–	–	211,050	270,036	–	–	–	481,086
Amounts due in respect of customer deposits	8,593,418	5,127,853	691,519	166,202	99	–	–	14,579,091
Trading portfolio liabilities	2,379	–	–	–	–	–	–	2,379
Negative replacement values of derivative financial instruments	4,385	–	–	–	–	–	–	4,385
Cash bonds	–	–	50	310	1,490	690	–	2,540
Bond issues and central mortgage institution loans	–	–	30,000	147,000	582,000	2,652,255	–	3,411,255
<b>Total</b>								
<b>31.12.2018</b>	<b>9,229,109</b>	<b>5,127,853</b>	<b>2,442,479</b>	<b>873,719</b>	<b>602,568</b>	<b>2,733,853</b>	<b>–</b>	<b>21,009,581</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>

## 5.24 Presentation of assets and liabilities by domestic and foreign origin in accordance with the domicile principle

(in CHF 1,000)

	2018		2017	
	Domestic	Foreign	Domestic	Foreign
<b>Assets</b>				
Liquid assets	3,385,558	15,324	3,422,309	8,777
Amounts due from banks	249,938	874,700	340,356	1,107,889
Amounts due from securities financing transactions	49,205	–	580,000	–
Amounts due from customers	3,079,787	1,351,904	2,709,003	1,254,828
Mortgage loans	11,033,050	354,619	10,592,363	392,998
Trading portfolio assets	60,782	–	54,920	629
Positive replacement values of derivative financial instruments	10,629	2,088	12,531	3,005
Financial investments	1,314,067	538,991	1,205,948	524,537
Accrued income and prepaid expenses	26,420	–	25,517	–
Participations	56,841	34,868	55,900	35,748
Tangible fixed assets	121,185	–	128,866	–
Other assets	337,310	–	154,279	–
<b>Total assets</b>	<b>19,724,772</b>	<b>3,172,494</b>	<b>19,281,992</b>	<b>3,328,411</b>
<b>Liabilities</b>				
Amounts due to banks	953,560	1,575,285	800,901	1,818,584
Liabilities from securities financing transactions	157,696	323,390	265,816	217,030
Amounts due in respect of customer deposits	11,572,610	3,006,481	11,554,016	2,923,954
Trading portfolio liabilities	2,379	–	1,045	–
Negative replacement values of derivative financial instruments	2,792	1,593	3,962	–
Cash bonds	2,468	72	3,971	72
Bond issues and central mortgage institution loans	3,411,255	–	3,432,055	–
Accrued expenses and deferred income	96,423	–	78,111	–
Other liabilities	272,747	–	78,587	–
Provisions	12,490	–	13,708	–
Reserves for general banking risks	215,000	–	180,000	–
Bank's capital	360,000	–	360,000	–
Statutory capital reserve	310,890	–	310,890	–
Statutory retained earnings reserve	553,934	–	500,500	–
Own shares	–13,132	–	–10,224	–
Currency translation reserve	1,369	–	1,049	–
Profit/loss (result of the period)	77,964	–	76,376	–
<b>Total liabilities</b>	<b>17,990,445</b>	<b>4,906,821</b>	<b>17,650,763</b>	<b>4,959,640</b>

## 5.25 Breakdown of total assets by country or group of countries (domicile principle)

(in CHF 1,000)

	2018		2017	
	Absolute	Share as %	Absolute	Share as %
<b>Assets</b>				
Europe • France	1,637,255	7.1	1,616,414	7.2
• Luxembourg	203,788	0.9	197,206	0.9
• Germany	163,389	0.7	230,929	1.0
• United Kingdom	128,432	0.6	128,889	0.6
• Other European countries	358,587	1.6	388,767	1.7
United Arab Emirates	109,359	0.5	144,264	0.6
Singapore	97,108	0.4	136,860	0.6
United States	80,757	0.4	122,055	0.5
Others	393,819	1.7	363,027	1.6
<b>Assets held abroad</b>	<b>3,172,494</b>	<b>13.9</b>	<b>3,328,411</b>	<b>14.7</b>
Switzerland	19,724,772	86.1	19,281,992	85.3
<b>Total assets</b>	<b>22,897,266</b>	<b>100</b>	<b>22,610,403</b>	<b>100</b>

## 5.26 Breakdown of total assets by credit rating of country groups (risk domicile view)

(in CHF 1,000)

Rating category (SERV)	Net foreign exposure/ current year end	
	Absolute	Share as %
0/Hi	2,649,234	84.0
2	168,730	5.4
3	80,021	2.5
4	652	0.0
5 and 6	130,176	4.1
7	20,998	0.7
Unrated	102,976	3.3
<b>Total</b>	<b>3,152,787</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

(in CHF 1,000)

	Currencies					
	CHF	EUR	USD	GBP	OTHER	METALS
<b>Assets</b>						
Liquid assets	3,342,159	54,729	2,455	699	840	–
Amounts due from banks	205,696	689,535	171,235	6,141	16,431	35,600
Receivables resulting from securities financing operations	–	–	49,205	–	–	–
Amounts due from customers	2,149,656	873,796	1,379,716	14,882	13,641	–
Mortgage loans	11,245,469	135,852	6,348	–	–	–
Trading portfolio assets	5,265	–	–	–	12	55,505
Positive replacement values of derivative financial instruments	12,717	–	–	–	–	–
Financial investments	1,375,837	375,207	97,011	2,391	2,612	–
Accrued income and prepaid expenses	26,420	–	–	–	–	–
Participations	86,961	4,578	170	–	–	–
Tangible fixed assets	121,185	–	–	–	–	–
Other assets	108,682	58,430	170,122	9	67	–
<b>Total assets shown in balance sheet</b>	<b>18,680,047</b>	<b>2,192,127</b>	<b>1,876,262</b>	<b>24,122</b>	<b>33,603</b>	<b>91,105</b>
Delivery entitlements from spot exchange, forward forex and forex options transactions	443,357	1,024,158	1,558,244	70,709	72,192	2,620
<b>Total assets</b>	<b>19,123,404</b>	<b>3,216,285</b>	<b>3,434,506</b>	<b>94,831</b>	<b>105,795</b>	<b>93,725</b>
<b>Liabilities</b>						
Amounts due to banks	330,282	998,440	1,131,933	9,506	2,883	55,801
Liabilities from securities financing transactions	–	185,856	295,230	–	–	–
Amounts due in respect of customer deposits	11,627,669	1,462,537	1,352,333	57,189	44,297	35,066
Trading portfolio liabilities	1,858	392	122	7	–	–
Negative replacement values of derivative financial instruments	4,385	–	–	–	–	–
Cash bonds	2,540	–	–	–	–	–
Bond issues and central mortgage institution loans	3,411,255	–	–	–	–	–
Accrued expenses and deferred income	96,423	–	–	–	–	–
Other liabilities	271,201	816	730	–	–	–
Provisions	12,480	–	–	10	–	–
Reserves for general banking risks	215,000	–	–	–	–	–
Bank's capital	360,000	–	–	–	–	–
Statutory capital reserve	310,890	–	–	–	–	–
Statutory retained earnings reserve	553,934	–	–	–	–	–
Own shares	–13,132	–	–	–	–	–
Currency translation reserve	1,369	–	–	–	–	–
Profit/loss (result of the period)	77,964	–	–	–	–	–
<b>Total liabilities shown in the balance sheet</b>	<b>17,264,118</b>	<b>2,648,041</b>	<b>2,780,348</b>	<b>66,712</b>	<b>47,180</b>	<b>90,867</b>
Delivery obligations from spot exchange, forward forex and forex options transactions	1,853,414	570,229	651,593	27,983	57,563	2,620
<b>Total liabilities</b>	<b>19,117,532</b>	<b>3,218,270</b>	<b>3,431,941</b>	<b>94,695</b>	<b>104,743</b>	<b>93,487</b>
<b>Net position per currency</b>	<b>5,872</b>	<b>–1,985</b>	<b>2,565</b>	<b>136</b>	<b>1,052</b>	<b>238</b>

## 5.28 Breakdown and explanation of contingent assets and liabilities

(in CHF 1,000)

	2018	2017
Guarantees to secure credits and similar	75,243	54,011
Irrevocable commitments arising from documentary letters of credit	784,321	665,348
Other contingent liabilities	700	700
<b>Total contingent liabilities</b>	<b>860,264</b>	<b>720,059</b>

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

## 5.29 Breakdown of credit commitments

The parent company figures are identical to the consolidation figures. Please see note 5.29 to the consolidated accounts on page 127.

## 5.30 Breakdown of fiduciary transactions

The parent company figures are identical to the consolidation figures. Please see note 5.30 to the consolidated accounts on page 127.

## 5.31 Breakdown of managed assets and presentation of their development

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

## 5.32 Breakdown of the result from trading activities and the fair value option

(in CHF 1,000)

	2018	2017
Interest rate instruments (including funds)	290	1,948
Equity securities (including funds)	-88	48
Foreign currencies	28,923	27,164
Commodities/precious metals	252	563
<b>Total result from trading activities</b>	<b>29,377</b>	<b>29,723</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 128.

### 5.34 Breakdown of personnel expenses

(in CHF 1,000)

	2018	2017
Salaries (meeting attendance fees and fixed compensation to members of the Bank's governing bodies, salaries and benefits)	106,449	99,108
– of which, expenses relating to share-based compensation and alternative forms of variable compensation	4,201	2,949
Social insurance benefits	24,900	23,744
Other personnel expenses	3,246	3,135
<b>Total personnel expenses</b>	<b>134,595</b>	<b>125,987</b>

### 5.35 Breakdown of general and administrative expenses

(in CHF 1,000)

	2018	2017
Office space expenses	8,418	8,581
Expenses for information and communications technology	32,511	32,570
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	108	149
Fees of audit firm(s) <sup>1</sup>	1,534	1,272
– of which, for financial and regulatory audits	1,048	1,007
– of which, for other services	486	265
Other operating expenses	40,163	41,272
<b>Total other operating expenses</b>	<b>82,734</b>	<b>83,844</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

The parent company position is identical to that for the Group. Please see note 5.36 to the consolidated accounts on page 128.

### 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>	2018	Rate in % <sup>1</sup>	2017
Current taxes	21.2%	30,337	19.3%	23,045
		<b>30,337</b>		<b>23,045</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 130.

**Proposition for the appropriation of available earnings** (in CHF 1,000)

The Board of Directors will propose to the AGM on 30 April 2019 to distribute the retained earnings, as follows:

	31.12.2018	31.12.2017
Result of the period	77,964	76,376
Profit brought forward from the prior year	1,369	1,049
<b>Profit available</b>	<b>79,333</b>	<b>77,425</b>
Dividend of 5% (2017: 5%)	18,000	18,000
Additional dividend of 0.8% (2017: 0.8%)	6,480	2,880
Special allocation to the State of Geneva (20% of the dividend paid)	4,896	4,176
<b>Retained earnings</b>	<b>29,376</b>	<b>25,056</b>
Allocation to the legal reserve resulting from the earnings	49,000	51,000
<b>Profit brought forward</b>	<b>957</b>	<b>1,369</b>





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