



dialogue

the Banque Cantonale de Genève magazine | Summer 2019

Farmers' Cooperative,
growth through innovation
and promotion

Seven recommendations
to private clients

Mortgage loan:
an informed decision

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Blaise Goetschin
CEO

A bank that contributes to your financial security

One would expect our modern society to provide full protection for all assets. In Switzerland, property law remains firmly entrenched in legislation, urban and rural security is generally reliable, insurance covers almost all risks and taxation on assets remains tolerable. However, this enchanting description does not necessarily correspond to citizens' day-to-day reality of various attacks on their wealth. Our institution fights alongside its clients to prevent, sometimes foil or seek to reduce the damage associated with criminal activities.

A concept of wealth security advice for private individuals has been developed with specialists and experienced advisers. It has recently been introduced under the brand name "Bastion". The main elements are as follows:

Identify threats

One would have to seek the help of Prévert to imagine all the types of security incidents that may occur. As far as wealth is concerned, the degree of risk naturally increases with its size. Extortion can occur at home, remotely, or on commercial premises, in the presence of cash, computers or means of payment that are insecure. In another context, people vulnerable due to old age or disease are taken advantage of, often by some unscrupulous relatives. Lastly, in the digital world, such as online banking, cyber-attacks are frequent and increasingly sophisticated.

Implement preventive measures

As is true in military matters, *Si vis pacem para bellum*, prevention is the cornerstone of all security. Like fire or war, we cannot rule out the possibility that a disaster may occur. In fact, we must acknowledge this reality and be prepared for it. The main strategic focus is to diversify and allocate assets.

Diversification entails spreading assets over a large number of positions (categories, countries) using one or more management mandates. Allocation means dividing assets into at least two segments. A first segment will consist of the assets necessary for day-to-day life. They must be easily and immediately accessible and usable. They must therefore be on digital platforms with all the associated risks. A second segment will consist of the assets that make up the stable assets. These assets must be subject to maximum security safeguards. They should not be accessible online, even by the holder, in order to avoid any risk of password theft, such as home-jacking. In other words, these assets will be deposited in a secure bank and in encrypted accounts. Their access will only be possible in a protected manner. In addition, mail concerning them will be retained by the institution in order to avoid the threat of phishing (theft of data in mailboxes or violation of postal secrecy). It should also be noted that these protective measures do not affect transparency and tax obligations.

Learning to respond to an attack

In the event of a security breach, immediate action must be taken. Notify institutions (credit cards) and banks (accounts, IT links, platform) as soon as possible. It is important to clearly define the boundaries of the assets affected. It is also necessary to ensure that the source of the attack is properly neutralised. Naturally, the insurance companies will have to be notified. The filing of a complaint must also be examined with the help of a lawyer. (continues on page 2)

Contents

Geneva economic dashboard	2
Geneva, culture and society	
The Salève, an attraction that has been constantly evolving for centuries	4
Geneva, a business in action	
<i>Le Cercle des Agriculteurs</i> (Farmers' Cooperative), growth through innovation and promotion	6
Geneva and its dynamic municipalities	
An innovative concept for the future restaurant of the <i>Centre intercommunal de sport, loisirs et nature des Evaux</i>	9
Governance	
25 th BCGE Annual Ordinary General Meeting	12
Quality of service	
BCGE accessible to its clients in Switzerland	14
Bastion, your financial security	15
News	
BCGE Asset Management signatory to the United Nations Principles for Responsible Investment (UNPRI)	16
BCGE is committed to sustainable mobility alongside the TPG (Geneva public transport)	17
2019 <i>Prix de l'Artisanat</i> awarded to Atelier MAQ3, architectural model makers	18
Economy	
Seven recommendations to private clients	19
Investments and placements	
Emerging versus dynamically growing regions	20
Private equity: different specialised business lines	21
What is at stake for mortgages at retirement – How does one decide on the right mortgage?	
Should one's mortgage be amortised?	22
Mortgage loan: an informed decision	23
Innovation and digitalisation	
Focus on two studies:	
Digitalisation Study on the Real Estate Sector in Switzerland/ Cybersecurity risks – a matter for the board!	25
The book to discover:	
<i>Le franc suisse – La fragilité d'une monnaie forte</i>	25

Credits

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Cover: Eline Rol, rower, an athlete sponsored by BCGE, photographed by Loris Von Siebenthal

Regularly review your security system

A structured discussion with the bank's security specialists enables you to cover every angle. In addition to the standard advice on creating and storing passwords, a review of all physical security measures often pays off. Criminals are very imaginative and therefore one must use imagination to identify one's own security vulnerabilities in advance.

The bank is committed to a security partnership with its clients. The main objective of the approach is to build client loyalty over the long term. The bank also has a vested interest in ensuring that its clients are not victims of criminal activities, which may lead to litigation or proceedings in which it may have to participate as a witness. The technical interactions between banks and clients, a certain form of solidarity, are naturally amplified in the face of digitalisation and its counterpart, cybercrime. ■

Blaise Goetschin
CEO

Geneva economic dashboard

Economic situation for the current year and forecasts

Economic outlook 2019-2020

Macroeconomy	GDP		Inflation		Unemployment rate	
	2019	2020	2019	2020	2019	2020
Switzerland	1.3%	1.6%	0.8%	0.9%	2.5%	2.5%
Geneva	1.1%	1.6%	0.8%	0.9%	4.4%	4.4%
Eurozone	1.4%	1.2%	1.7%	1.0%	7.7%	7.3%
USA	2.1%	1.8%	1.9%	2.0%	4.0%	4.0%

Key interest rates	3 months	12 months	18 months
Switzerland	-0.75%	-0.50%	-0.25%
Eurozone	0.00%	0.25%	0.50%
USA	2.50%	2.75%	2.50%

10-year interest rates	3 months	12 months	18 months
Switzerland	-0.44%	0.50%	0.70%
Eurozone	0.24%	0.70%	1.20%
USA	2.12%	2.80%	2.80%

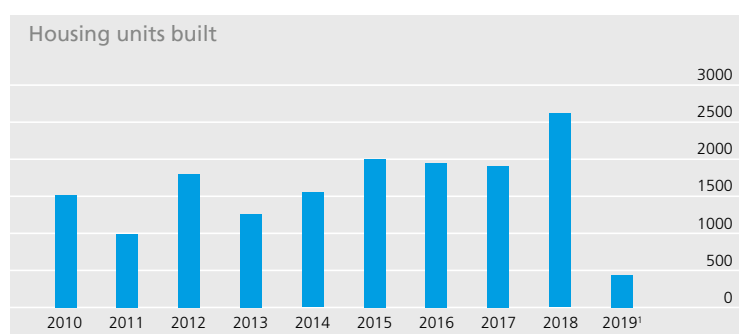
Forex and oil	3 months	12 months	18 months
EUR/CHF	1.13	1.20	1.20
USD/CHF	1.00	0.96	0.96
EUR/USD	1.13	1.25	1.25
Crude oil-brent (USD/barrel)	61	65	65

Source: Thomson Reuters & BCGE

Many housing units will be put on the market

We should not jump to conclusions after reading the figures for the first quarter of 2019 which show a sharp drop in total housing gains (447 compared to 701 at the same time in 2018). On the one hand, over the last 12 months, the housing stock has increased by 2%, or 2,642 additional dwellings (the sum of new constructions and transformations, minus destructions). In total, 496 buildings were built, representing a volume of more than 3.3 million m³ and a value of more than 2.4 billion Swiss francs, figures that rose sharply compared to the previous year (respectively +84% and +23%).

On the other hand, 6,624 new housing units were under construction at the end of March 2019, a historically high figure. Many housing units will therefore soon be put on the market, mainly in the City of Geneva, as well as in the municipalities of Vernier and Thônex.

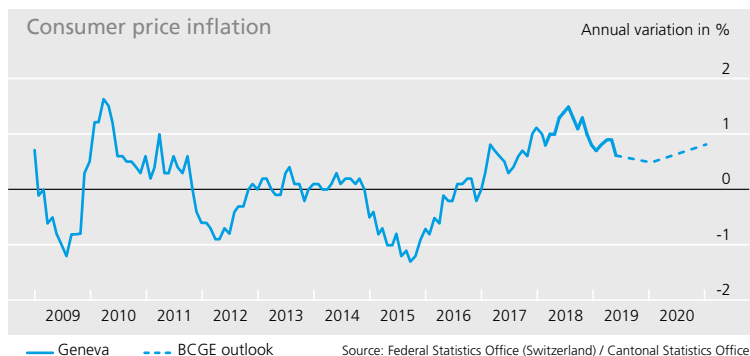


¹ Provisional figure

Source: State Secretariat for Economic Affairs

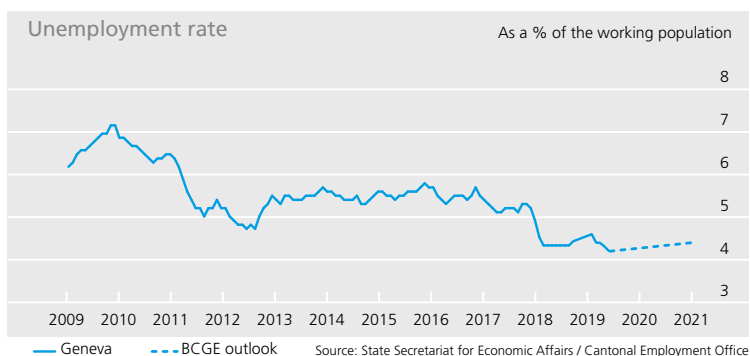
The price index continues its modest increase

In January 2019, the Geneva consumer price index was exactly at the same level as it had been in December 2010. This represents almost a decade of stagnation, since only 16 months, including 10 months in 2018, posted a slightly higher value over this period. However, since the beginning of the year, there has been a slight increase in monthly terms (+0.2% in April over one month and +0.9% compared to the same month in 2018). Nevertheless, it should be noted that the average annual variation remained at +1.1% for the ninth consecutive month. For the record, the main expense for Geneva households is rent, followed by health and transport. Another item is to taxes, depending on income. This item is not included in the consumer price index.



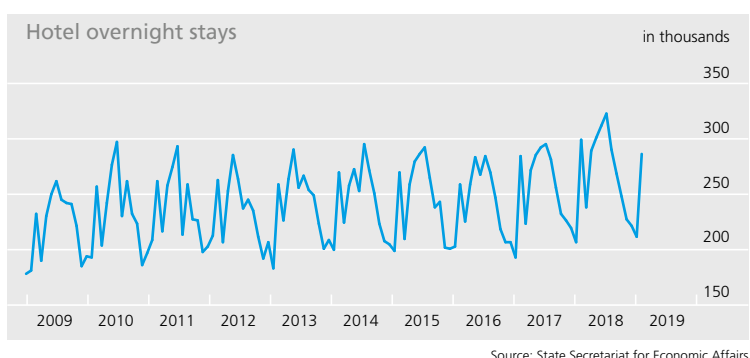
A growing labour market

The Geneva labour market remained very dynamic, as reflected in various indicators for the first quarter. Firstly, the wage bill continued the growth process begun two years earlier: in annual terms, it increased by 4.2% in nominal terms (+3.1% in real terms). Secondly, the unemployment rate continued to fall: in April 10,129 people were registered as unemployed (4.3% or 0.1 point lower). As for job seekers, they fell below the 15,000 mark (14,987), reaching one of the lowest levels in the last twelve years. Lastly, the number of active foreign cross-border commuters in the canton increased by 1.9% compared to the first quarter of 2018, a more pronounced variation than at the national level (although low in historical comparison for Geneva).



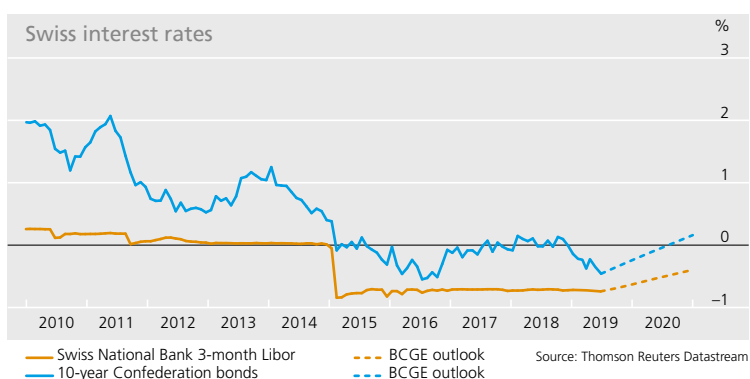
Hotels: slowdown after the boom

The Geneva hotel industry has reached record levels over the past two years, but has slowed down in terms of overnight stays in the first quarter of 2019. Although the latter still posted increases in January and February (respectively +0.7 and +2.2% compared to the corresponding months of 2018), they fell sharply in March (-4%). As a result, over the first three months of the year, the 125 establishments in the Geneva hotel network saw their number of guests fall by 0.8% to 720,000 overnight stays, which nevertheless remains a very good result in historical terms. It should be noted that this decrease is attributable to guests from Switzerland, who seem to have shunned the end of the lake (-7.7% this quarter), whereas demand from foreign guests continued to rise (+0.9%).



Interest rates remain negative

The normalisation of monetary policy may be delayed in relation to initial expectations. In other words, interest rates will not return to positive territory as fast as we would like. As for short-term interest rates, the first increases by the Swiss National Bank, in line the European Central Bank, should not occur before 2020. As for long-term rates, which declined in the first quarter, they are not very compatible with the expected scenario of moderate growth and inflation. If the latter is confirmed, it should restore long-term yields that could reach levels close to 0.2% for the 10-year period of the Confederation, or even higher in 2020. ■



BCGE Asset management



The Salève, an attraction that has been constantly evolving for centuries

A short tour of some unusual and historical facts will entice you to discover this special mountain. A glance at the past, but also at the future, since its cable car is to be completely renovated.

most well-known mountain in Europe in all fields of natural science, as recorded in the report from a symposium devoted to the 30 years of preservation of the Salève region¹.

Cog railway

In the field of scientific investigation, the mountain is also the birthplace of some world premieres, such as the electric cog railway. Inaugurated in 1892, it started in Etrembières and went as far as Les Treize-Arbres, via Monnetier. Two years later, the line was extended with a new section, linking Veyrier to this village, which was very popular with the first tourists, who often stopped there before continuing their journey to the terminus.

The journey took one hour. At the top, there was even a botanical garden, as described in a very detailed book on "Le Salève et son chemin de fer à crémaillère" (The Salève and its cog railway)².

As there was no public electricity grid, the *Compagnie de Chemin de Fer du Salève* built an electricity production plant, linked to a dam on the Arve: the Arthaz hydroelectric plant, which is still in operation today. Drawing its energy from these turbines powered by Arve water, this revolu-

From seeing the Salève every day, Geneva's inhabitants think they know everything about "their" mountain. And yet... Did you know that world premieres have been held there? Or that the word "rock-climbing", which is mentally associated with high and steep peaks, has its origin in this modest limestone plateau that rises to 1,379 metres?

But let's start at the beginning. The history of the Salève was first recorded in the tropics 150 million years ago. The region was then covered by a shallow ocean filled with a rich prehistoric life. It is these beaches and water that explain the presence of fossils of many different invertebrates, which the attentive eye, with a little luck, can still spot. Many specimens have been discovered over the centuries, including fossils of the huge prehistoric snail, the *Natica leviathan*, which could measure up to 30 centimetres in height.

For some 500 years now, the Salève has attracted the curiosity of visiting naturalists because of its geographical position in the heart of Europe, its proximity to a city, its geomorphological features and its varied flora (more than 1,000 species recorded, including the hoof of Venus, the beautiful orchid with a very distinctive shape). As a result, since the beginning of the 19th century, it has been the

Left-hand page: photo of the renovation project of the Salève cable car, by DDA Architects, Paris. Its objective: to bring back to life the emblematic building of Greater Geneva, inaugurated by the Geneva architect Maurice Brailleard in 1932, while preserving its historical aspect. The main objective of the project is to improve the conditions of access and the reception area of both stations.



For more information...

A leaflet and an application for smartphones are offered free of charge by the Salève cable car with information on two walks, one for advanced hikers (5.5 km, 2h30, 670 metres of altitude difference, medium difficulty), the other for families (4 km, 2h, 160 metres of altitude difference, easy).

In total, the Salève has some 250 kilometres of marked trails maintained by the Joint Association of the Salève, and many more unmarked trails, sometimes very steep and dangerous.

The Maison du Salève organises many activities for children and adults: conferences, guided tours, workshops, birthdays, discovery walks, hikes.

Lastly, for those who prefer their sofa, there are many books on the history, walks, characters or legends of the Salève, not to mention a detective novel by a Geneva author (Olivia Gerig, "L'Ogre du Salève", Editions Encre fraîche).

tionary train was a great success before suffering competition from the road, then from the cable car, until it ceased to operate in 1935.

Nearly 90 years later, however, we still see traces of this funicular if we walk towards the Pas-de-l'Échelle: a tunnel and a staircase carved into the rock that was then bordered by the train route.

Ascent by Motosacoche (motorcycle)

The first ascent by private motorised vehicle dates back to 1904. It was the Franco-Swiss brothers Henri and Armand Dufaux who managed to climb the mountain, even overcoming a 20% slope, on rocky roads. These genius inventors (as well as aviation pioneers) arrived at Les Treize-Arbres on their Motosacoche, a bicycle equipped with a removable motor that they had designed and manufactured in their Geneva-based company.

As Dominique Ernst (an expert on the Salève) tells us in one of his books³, this small feat paved the way for many other climbs. The *Société Genevoise d'Automobiles* even considered using this mountain as an advertising window to demonstrate the sturdiness of its new cars.

666 meters without a pylon

The cable car has made it possible to reach the top in just a few minutes. It can also claim to be a world premiere, according to the "Petit Livre du Salève"⁴: it has the distinction of having a reach of 666 metres, without an intermediate pylon.

Built in 1932 by the Geneva architect Maurice Brailleard and the Savoyard developer Auguste Fournier, it is the result, like almost everything that involves the Salève, of a Franco-Genevan adventure.

The cable car's existence has not been easy. In the mid-1970s, it ceased to operate. It reopened nearly 10 years later, but its future seemed uncertain. However, in recent years, it has become a real hit. Since 2010, the number of visitors has almost doubled to almost 300,000 per year.

This symbol of Greater Geneva will reach a new milestone, as the *Groupement local de coopération transfrontalière (GLCT)* (local group for cross-border cooperation), which manages the cable car, has decided to completely renovate the departure and arrival stations. The architectural firm appointed by a Franco-Swiss

jury will thus bring the building designed by Brailleard back to life, while retaining its visual aspect, which is so iconic.

A future panoramic restaurant

The upper esplanade will be completely redesigned. The building had remained unfinished and the upper floor where the restaurant should have been was obstructed for decades by the technical installations of the cable car. There was no service area in which the restaurant could function. The restaurant therefore had to be installed on the lower floor without the panoramic view intended. Renovation is due to start in the autumn of 2020 and the restaurant will then recover the upper floor where it was originally designed to be.

Thus, in 2022, for its 90th anniversary, the cable car will be redesigned, including a high terrace that will allow visitors to contemplate the Geneva basin, the Voirons and the Alps. It will also have a museum area and a climbing wall to train for rock climbing.

This is perhaps the ideal time to reveal the origin of the word "rock climbing". Its history, as the passionate and learned Dominique Ernst recounts in his previously quoted book, begins around 1875 on the heights of Collonges-sous-Salève where excellent climbers attempted to ascend all the possible routes available. Despite their efforts, a track in the gorge of the Varappes sector resisted their attempts. The months went by and they continued to fail to climb that particular track. And so they were given the nickname "rock climbers". This new word became so widespread that it was later found in the pages of dictionaries... ■

Aline Yazgi

1 "Le Salève, quels patrimoines après 30 ans de préservation", a conference co-organised by the Joint Association of the Salève and the Geneva School of Engineering, Architecture and Landscape (HEPIA), under the patronage of a large scientific committee, published in December 2018

2 LEPÈRE Gérard, ERNST Dominique "Le Salève et son chemin de fer à crémaillère". Ed. La Salévienne, 2018.

3 ERNST Dominique, "Le Salève. Des histoires et des Hommes", Slatkine, 2015.

4 Produced by students of the Geneva School of Engineering, Architecture and Landscape, published by HEPIA and the Joint Association of the Salève, 2017.

Le Cercle des Agriculteurs (Farmers' Cooperative), growth through innovation and promotion

Based in Satigny with sites in Veyrier, Meinier and Lully, the *Cercle des Agriculteurs* groups together 235 cereal growers in the canton. The cooperative's mission is not only to boost Geneva's cereal production, but also to supply the needs for all types of production. With a team of 70 employees managed since 2008 by John Schmalz and a board of directors made up of farmers, it has experienced very rapid growth over the past 10 years thanks to a successful diversification strategy based on innovation and promotion.

150 years of existence at the service of Geneva cereal farmers

Founded in 1868, the *Cercle des Agriculteurs* was initially intended to centralise farmers' purchases. First located at La Servette, not far from the grain silos at the Pont de l'Île, the Cooperative grew and moved to Rue des Noirettes in Carouge, with a depot at La Pallanterie - on the site of the current bakery the Four à bois. "Following a change of management in the early 1980s, the cooperative moved from Carouge to Satigny, where it rebuilt all the facilities necessary for cereals," says John Schmalz, the entrepreneurial general manager of the *Cercle des Agriculteurs*.

It was at this time that the cooperative started running stores, which first supplied farmers with specific household and basic necessities, before opening them to the general public. A new major change occurred in the early 2000s, when the Cooperative took over the management of the grain silos in the free ports, an essential step in the supply of cereals to the canton and to Switzerland as a whole.

Healthy growth over the last 10 years

In 2008, John Schmalz, with a background in banking and 18 years' experience in the motorcycle and automotive industry, took over the general management of the *Cercle des Agriculteurs*, which at that time had only 37 employees.

"For more than 20 years, Geneva cereal has been grown in the most organic way possible, as farmers no longer use fungicides or insecticides."

John Schmalz, general manager of the *Cercle des Agriculteurs*

"I take my hat off to all the people who have worked over the past 140 years, because I inherited a company whose course had been mapped out with a clear vision, a solid strategy that needed to be further developed," says John Schmalz, chosen for his business profile and his ability to develop internal skills and share resources and values.

A cooperative does not have the same restrictions as a public limited company. Indeed, its objective is not to make profits at any price, but to provide services to farmers and to ensure the growth of the cereal sector. In order to fulfil this mission, the *Cercle des Agriculteurs* has concentrated its activities on three fronts over the past 10 years: the development of flour under the GRTA label (Geneva Region and Land of the Future), the revival of the malting industry and the launch of the organic cereal sector.





Geneva, a business in action (continued)

Innovative diversification strategies

John Schmalz's predecessor had started selling flour produced from Geneva wheat to the bakery sector by supplying the Pallanterie mill. *"The flour industry promotes locally produced cereals under the GRTA label, a wonderful tool for the promotion of Geneva's agriculture set up by Robert Cramer in 2004,"* John Schmalz is happy to say.

In addition to the large flour bags, the Cooperative began manufacturing 1kg packages, available at its own sales outlets and in various other stores in the canton. They have the particularity of being packaged by the Protected Workshops of the SGIPA (Geneva Society for the Professional Integration of Adolescents and Adults), a collaboration that reflects the values of the *Cercle des Agriculteurs*.

The growth of the GRTA flour market has increased, with around 40 bakeries and a supermarket now promoting this 100% Geneva-based product. In the same spirit of promoting Geneva's cereals, the coop-

"With the development of GRTA flour, the innovation of malting and the development of the organic cereal sector, we have found ways to enhance Geneva's agriculture and its stakeholders, to promote local products and thus fulfil our role as a cooperative."

John Schmalz

erative opted for innovation by taking on a very exciting challenge with considerable success: to reintroduce the malting of barley (no longer cultivated since the 1950s but now the canton boasts 80 hectares) by creating a malting plant capable of supplying Swiss craft breweries. *"We started conducting trials and analyses as early as 2010 because we had to learn how to grow this cereal again. In 2015, we introduced the local production of malt obtained from malt barley produced in Geneva, working on a single aspect, quality,"* says John Schmalz.

A culture that respects the environment

The third front for creating value: the Cooperative has largely contributed to the development of the organic cereal sector, whose surface area is constantly increasing, with the installation of a collection centre in Jussy. *"For more than 20 years, Geneva cereal has been grown in the most organic way possible, as farmers no longer use fungicides or insecticides,"* says John Schmalz.

To replace herbicides, several solutions have been developed; such as plant cover, a protective measure consisting of covering the ground with plants that will die before the ones you want to cultivate grow. The Cooperative also collaborates with the HEPIA (Geneva School of Engineering, Architecture and Landscape) in Lullier, in particular with Professor François Lefort, who succeeded in isolating a bacterium from a tree in Chêne-Bourg. Cultivated, grown and then finally reduced to powder, it is now distributed by the *Cercle des Agriculteurs* and aims to stimulate cultures by activating the microbial life in the subsoil. This collaboration even extends to a new field of activity, with the upcoming creation of a start-up for the cultivation and production of yeasts for artisanal breweries. On the basis of a student project at HEPIA, strain samples have been taken from Geneva malt barley and the first stages are planned for this summer 2019.

For the past 6 years, the Cooperative has been using drones to drop starch capsules containing trichogramma larvae every year. These tiny wasps will enable us to avoid using pesticides by attacking the corn borer, a lepidopteran pest of the maize plant. *"We must continue to study nature in order to develop the future. The programme to reduce the use of various products was launched over 15 years ago. The progress made in process improvement is significant and the will to continue along these lines exists. The changes will not be immediately visible and patience will be required, but it will be worth it,"* concludes John Schmalz. ■

Marie-Christine Lang



John Schmalz, general manager of the Cercle des Agriculteurs



An innovative concept for the future restaurant of the *Centre intercommunal de sport, loisirs et nature des Evaux* (the intercommunal centre of sports, leisure and nature of Evaux)

With a surface area of 50 hectares and visited by 200,000 people each year, the *Centre intercommunal des Evaux*, located in the municipalities of Onex and Confignon, is the largest urban park in Switzerland. Since the old restaurant closed in 2012, a snack bar has provided refreshments in the park.

In the spring of 2021, the snack bar will be replaced with a very beautiful wooden building, perfectly in harmony with the surrounding nature, including not only a restaurant, but also a multi-purpose room dedicated to public and private events.

Managed by a dynamic and committed foundation

Responsible for the management and development of this vast area of sports, leisure and relaxation, the *Fondation des Evaux* groups together the municipalities of Onex, Lancy, Bernex, Confignon and the City of Geneva. “*The State of Geneva also participates in the Foundation, as it provides the land free of charge through a building lease,*” explains Ruth Bänziger, President of the Foundation and Mayor of the City of Onex.

Created in 1982, this foundation’s mission is to offer diversified sports and leisure services and infrastructures accessible to all, while preserving and promoting nature and the surrounding biodiversity.

It currently has 11 seats, one of which belongs to the State and the others allocated according to the financial participation of each of the above-mentioned municipalities. “*The contribution of the municipalities is calculated on the basis of the use of the infrastructure by clubs and associations, as well as by the public,*” says Ruth Bänziger.

For the management and maintenance of the park, the Foundation has about twenty employees, three apprentices, a dozen seasonal assistants, including students who work at the ticket office on weekends to rent equipment and tennis courts and an animator for the little train, an attraction much appreciated by young users.

A building in perfect harmony with the site

The Foundation has been working on finding the best solution to replace the park’s old restaurant and offer a new facility to users who are very enthusiastic about the new project. Renovation of the building was not possible for technical reasons, therefore it has been decided to demolish the ground floor but keep the basement.



Geneva and its dynamic municipalities (continued)

"We are rebuilding on top of the basement, a very important criterion in terms of impact on the landscape. This is a requirement due to the location of the building very close to a forest area. It was therefore impossible to modify the structure," explains Philippe Gay, Director of the *Fondation des Evaux*.

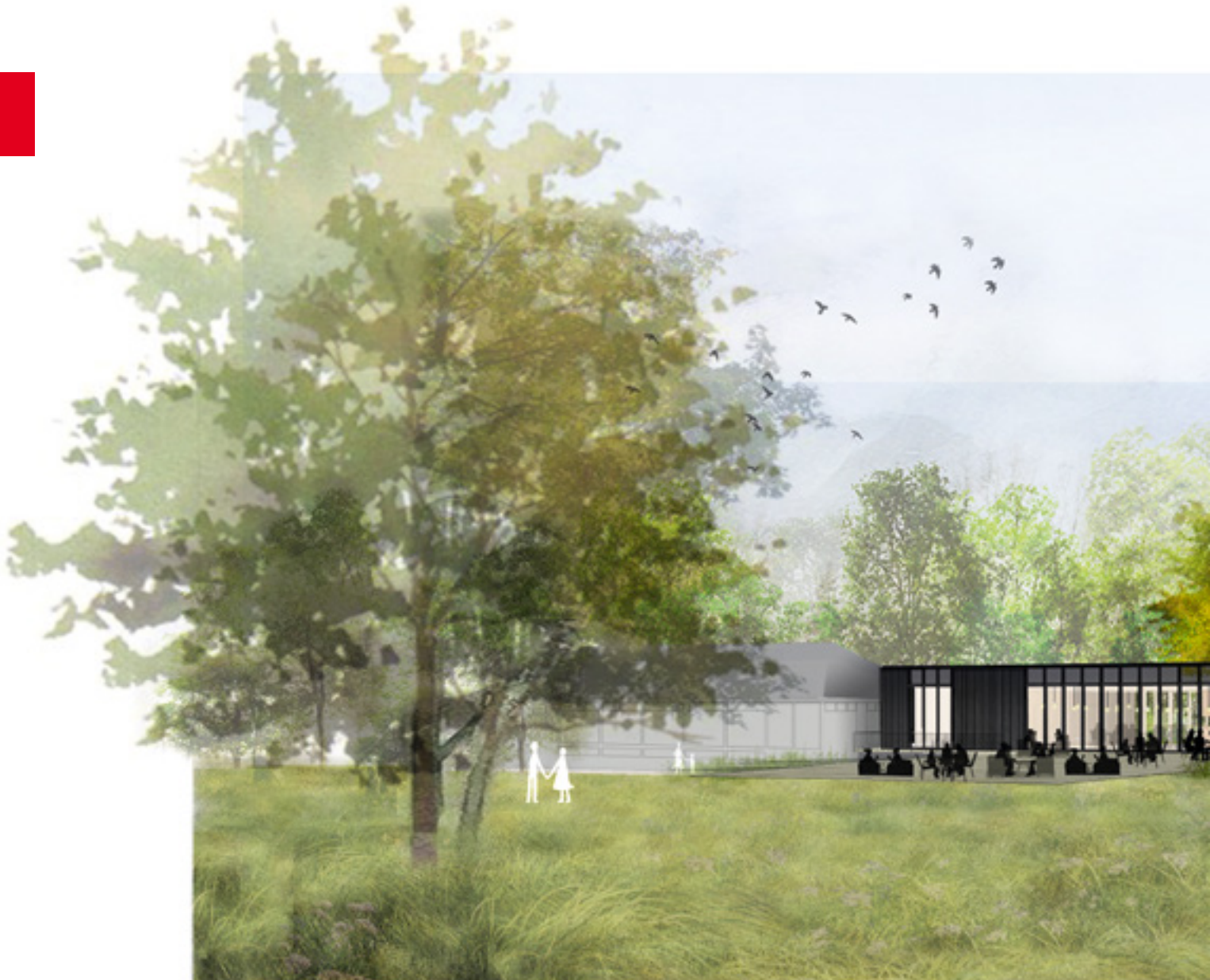
The project has been designed to respect the harmony with the surrounding nature and the ecological and environmental commitments. The architectural design competition organised by the Foundation and comprising half a dozen projects, was won by the Guenin-Hüni architecture's office, based in Carouge. In spring 2021, a magnificent building, clad in larch wood and with large bay windows, will stand in the place of the old one.

It will have a restaurant with a capacity of 90 seats inside and 140 on the terrace, as well as a multipurpose room with 120 seats. *"The Foundation has redesigned the layout of the interior of the buildings by enlisting the help of food service pro-*

fessionals. The beautiful kitchen of nearly 90 m² will be able to cater to both the dining room and the banquet room," explains Philippe Gay. The cost of the building is CHF 8 million, an amount that is well within the standards for this type of project. The Foundation had to work hard from the outset to find solutions for the financing and to submit a project that was sufficiently coherent and unifying to be adopted by the municipal councils of the municipalities concerned.

An innovative concept centred around a vegetable garden

The Foundation has worked on a culinary concept that combines sport, leisure and nature. To be part of the charming natural setting of the Evaux Park, it was important to promote healthy and organic food. Fortunately, the Foundation was approached by an association that wanted to develop a permaculture vegetable garden in Les Evaux. *"With similar objectives, we were able to develop a project that fulfilled our requirements and reflected the image we wanted to give the restaurant,"* says Philippe Gay.



The vegetable garden, cultivated by this association, has been calibrated in order to be able not only to provide the restaurant with fresh and organic produce, but also to work on raising awareness during school outings. The idea is to offer students in the canton the opportunity to take a fun walk in the vegetable garden, with permaculture gardeners on hand to explain the concept of this unique type of agriculture.

“The third pillar of the vegetable garden is training in order to promote collective vegetable gardens everywhere. We would like to offer training courses and workshops on the vegetable garden and provide work rooms, the restaurant and even dormitories for people coming from a little further afield”, adds Philippe Gay. The awareness and training component is part of the Foundation’s general concept, having been created by the public authorities and being a training entity itself. The Intermunicipal Centre is thus located at the heart of a beautiful network composed of the Hotel School, the corporate space, the Official Youth Foundation and Aigues Vertes. In the near future, the Bernex agro-urban farm will be added to this. Lastly, the highly proactive Foundation is already tackling a new challenge, that of facilitating access to the park by promoting soft mobility. ■

Marie-Christine Lang

A magnificent green setting with plenty of activities for everyone

The 50 hectares of the *Centre des Evaux* are divided into three areas:

The first is dedicated to sports and includes 8 training and competition football fields, an athletics stadium, 6 competition tennis courts, 4 beach volleyball courts, 6 petanque courts, 4 table tennis tables, a skateboard ramp, an 18-basket disc golf course (frisbee). The site also has an adventure park with eight aerial tree-line courses and 3 mini courses for children from 3 to 6 years old.

The second area is dedicated to leisure activities, with barbecues installed for picnics, rental areas for events, children’s games, a small train and pedal go-karts.

The third area is devoted to nature, in which measures are taken to preserve its rich biodiversity. The walker can stroll through the ten hectares of forests, the banks of the Rhône and the meadows of the park and discover many points of interest, such as the wild bees’ hotel, the aromatic spiral, the apiaries or the pond.

“It was necessary to respond to the high demand for venues in the municipalities where events and demonstrations could be organised, not to mention all the families who miss the restaurant, where they had celebrated memorable moments.”

Ruth Bänziger, President of the *Fondation des Evaux*



25th BCGE Annual Ordinary General Meeting

The Banque Cantonale de Genève held its 25th Annual General Meeting on 30 April 2019 at the Bâtiment des Forces Motrices in Geneva, with 578 shareholders, representing 88.53% of the registered voting rights.



Hélène De Vos Vuadens
Head of Communications
and Investor Relations
(until 31 May 2019)

17% increase in dividend

99.53% of the shareholders approved the 2018 annual report and financial statements, and 99.49% voted in favour of a dividend of CHF 3.40 per share. The outlook for 2019 is positive and supported by first-quarter indications.

Substantial contribution in favour of the public authorities

The Shareholders' meeting allocated the available profit.

CHF 22.7 million were distributed among public, institutional and private shareholders.

In addition to the dividend, up 17.2%, it voted, in accordance with its articles of association, in favour of paying CHF 4.9 million to the State of Geneva (special allocation to the State of Geneva, repayment of advances made for the *Fondation de valorisation's* operating costs).

Hence, the BCGE has distributed a total sum, including taxes, of CHF 59 million to the public authorities based on the results for the financial year 2018, bringing the total of its contribution to the public authorities to almost CHF 1 billion since 2000.

Excellent results despite a difficult context

In the presence of shareholders and guests, Gilbert Probst, Chairman of BCGE's Board of Directors, noted "how excellent the 2018 results were, achieved despite the costly implementation of regulatory changes and ongoing negative rates".

He also highlighted the three major strengths of the Bank, "the skills displayed by all of the staff, the balance between digital technology and personalised client relationships and, lastly, the Bank's authentic and inclusive culture".

Growth, the major strategic focus

Blaise Goetschin, Chairman of the Executive Board, highlighted the level of income which exceeded the CHF 400 million mark in 2018. Similarly, the increases in revenues, balance sheet and shareholders' equity reinforce the Bank's credibility in the market.

The increase in cash-flow facilitates a better diversification of the Bank's business lines, strengthening the solidity of the BCGE and making it "a real growth stock".

The 2018 Annual Report can be consulted on our website <https://www.bcge.ch> under [Publications/Financial Reports](#) or ordered by e-mail from communication@bcge.ch

Calendar

The results for the first half of 2019 will be published on 06.08.2019.

The 2020 General Meeting is set for 05.05.2020. ■



BCGE reflects the structure of Geneva's economy

"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.

Imperturbably, 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".

Gilbert Probst
Chairman of the Board of Directors



"Die Genfer KB überzeugt"

"The 2018 financial year was a very good one, as indicated in the annual report. This was even reported in the Finanz und Wirtschaft which was full of compliments about French-speaking companies: *Die Genfer KB überzeugt*"

Blaise Goetschin
CEO

Key points Progress on all fronts

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

BCGE accessible to its clients in Switzerland

Understanding the expectations, profile and situation of your client is essential to building a personalised relationship and advising them in the best possible way. Banque Cantonale de Genève is pursuing its strategy of face-to-face availability to its clients and assisting them in their activities in Switzerland. To this end, the Bank is reinforcing its wealth management expertise in Lausanne as well as in Zurich and soon in Basel. Interview with Christoph Habluetzel, Head of Private Banking Switzerland.

Banque Cantonale de Genève has offices in Lausanne and Zurich. What are the challenges of being present in these two financial centres?

In general, the new requirements of increasingly mobile clients have revolutionised business models and the concept of territoriality. The economy is strongly influenced by the outside world and our clients expect us to adapt with flexibility and speed to this environment. The bank must be able to accompany its clients not only in Geneva but also on national and international markets.

This requires a more sustained presence in the Swiss financial and industrial centre for Swiss residents and foreign clients based in Lausanne and Zurich, such as expatriates or foreign companies.

Our presence in Lausanne and Zurich was first and foremost the result of the 1997 acquisition of Anker Bank, then based in Zurich, Lausanne, Geneva and Lugano. One of the main activities of this institution was private banking, on which BCGE decided to capitalise. Thus, in 2008, in a bid to consolidate strengths under an umbrella brand and then rationalise IT, we integrated the bank with its own branches.

To illustrate your example, what are the latest innovations in your Lausanne office?

In recent years, the number of Geneva residents living beyond the cantonal borders has increased considerably. We are committed to following, for example, the members of our **Best of**® community – those with a private banking mandate – wherever their activities and domicile take them. We also work with Geneva-based companies that are expanding outside the Canton of Geneva, in Switzerland and abroad.

Our objective is to provide personalised and locally-based solutions to both Swiss and international clients. We therefore wish to continue to reinforce the expertise for which we are already known in the financial centre.





“Our objective is to provide tailor-made solutions to both Swiss and international clients, as well as to foreign companies based in Switzerland.”

Christoph Habluetzel
Head of Private Banking Switzerland

As for our Lausanne office, we have expanded our resources, with the creation of a team, headed by the new branch manager since 1 July 2019, which is mainly dedicated to clients residing around the Lake Geneva area. Our clients can also count on a new head for our Business Partner activity as well as a new Senior Relationship Manager. This additional team is strongly established in the region and has extensive experience in wealth management and banking advisory services.

You refer to an increase in wealth management activities. What are the prospects?

The activities of BCGE's branches in Switzerland are managed by the Private Banking Switzerland department. Today, our offices in Lausanne, Zurich and, as of this autumn, Basel, constitute a global centre of expertise in private banking. These are entities that work together, in collaboration with the Geneva headquarters, with a focus on mobility and flexibility.

By combining our skills in an area where our clients are active, we are able to respond even more effectively to their needs, while enabling them to remain fundamentally close to their trusted partner, BCGE. ■

Bastion, your financial security



The increase in cases of fraud and other types of attacks is generating media interest and growing questions. True to its principles of privacy protection and data security, BCGE has developed solutions enabling its clients to protect themselves against certain risks, as well as some of the most secure tools for executing transactions online.



Pierre Villanti
Head of Products and
Services for private clients

With Bastion, you identify the types of threats to which you are exposed and what actions you can take to counter them as effectively as possible.

Indeed, beyond the intrinsic security offered by its solutions, BCGE accompanies you in safeguarding your assets, by helping you to become aware of the dangers, but also of the measures that can be implemented to minimise them.

Bastion is a personal interview between the client and a bank expert specially trained in this field, who handles banking security issues, aimed at protecting the privacy and assets from potential criminal acts. Three angles are taken into consideration:

- Precautions to be taken to protect your assets from financial crime.
- Protecting your Netbanking connection from sophisticated hackers.
- Securing payment methods against traps by hackers.

All security issues related to assets are discussed with the client by means of a questionnaire designed to analyse the client's habits and knowledge in this area.

At the end of this analysis, the client will be able to quickly establish a diagnosis of his security level and will have at his disposal concrete and precise measures allowing him to optimise it. He will also be able to adopt systematic cautious behaviour when using his banking services.



Would you like to know more? Your adviser is at your disposal to introduce you to Bastion.

The Bastion security analysis is free of charge for clients with a **Best of**® mandate and for those participating in

the programme (3 and 4 bonuses).

BCGE Asset Management signatory to the United Nations Principles for Responsible Investment (UNPRI)

Mindful of the evolving needs of society, BCGE has developed, over the past few years, a range of banking services called "BCGE Responsible Performance", which aims to effectively integrate ethical and ecological criteria. As such, BCGE Asset Management has joined the signatories of the United Nations Principles for Responsible Investment (UNPRI).



Laurent Brossy
Financial Analyst,
Responsible Investment

A pragmatic approach for the past 20 years

BCGE strives to provide its clients with solutions that contribute to the development of a sustainable economy that are both credible and efficient. In terms of investment, BCGE Asset Management has been offering investment products that integrate sustainability factors (ESG) for more than 20 years, using an approach that aims to increase returns while reducing specific risks.

"The bank's pragmatic and inclusive approach is based on the idea that a company that respects the environment, values its people and applies good governance practices is better equipped to achieve higher economic and financial performance. Our experience has shown that it is also a good way to reduce the specific risks associated with each individual investment."

Constantino Cancela
Head of BCGE Asset Management

An internationally recognised standard

The six Principles for Responsible Investment (PRI), launched in 2006 at the initiative of the United Nations, now has more than 2'000 signatories in Switzerland and abroad. This is a voluntary commitment aimed at the financial sector to encourage asset managers to integrate environmental, social and governance (ESG) criteria into investment decisions.

The PRI initiative provides an international and recognised reference model for financial actors. As a signatory, BCGE Asset management aims to apply the following six Principles for Responsible Investment (<https://www.unpri.org/>):

1. Integrate ESG issues into investment analysis and decision-making processes.
2. Integrate ESG issues into share ownership policies and procedures.
3. Ask the entities in which we invest to be transparent about ESG issues.
4. Promote the adoption and implementation of the Principles in the investment sector.
5. Cooperate to improve the implementation of PRI.
6. Report on activities and progress made in implementing the Principles.



A pragmatic CSR policy

Founded, by its nature and legal mission, on a community service project, BCGE is committed to a sustainable and ethical approach, aligned with the interests of clients and society. Resisting the greenwashing¹ phenomenon, the bank pursues a course of action that respects its social and environmental responsibilities, while taking into account its strategic and commercial development challenges. It integrates environmental, social and governance issues into risk analysis, credit granting, partner selection and investment choices. ■

¹ Greenwashing is a marketing method to communicate with the public using the ecological argument. The term greenwashing is often used by NGOs to stigmatise companies that try to display environmental concerns that they are far from having in their work practices.

Guide to acquiring equipment, borrowing or investing money, seeking advice, obtaining information or protecting oneself by aiming for the highest ethical and environmental criteria.

BCGE has created an internal "Responsible performance" label to offer its clients a range of responsible strategic services (refer to *Dialogue spring 2019: Evolution of the "Responsible performance" service offer*, Laurent Brossy, financial analyst).

BCGE advisers are at your disposal to introduce this label to you.

For more information:
<https://www.bcge.ch/financer-et-investir-autrement>



BCGE IS COMMITTED

BCGE is committed to sustainable mobility alongside the TPG (Geneva public transport)

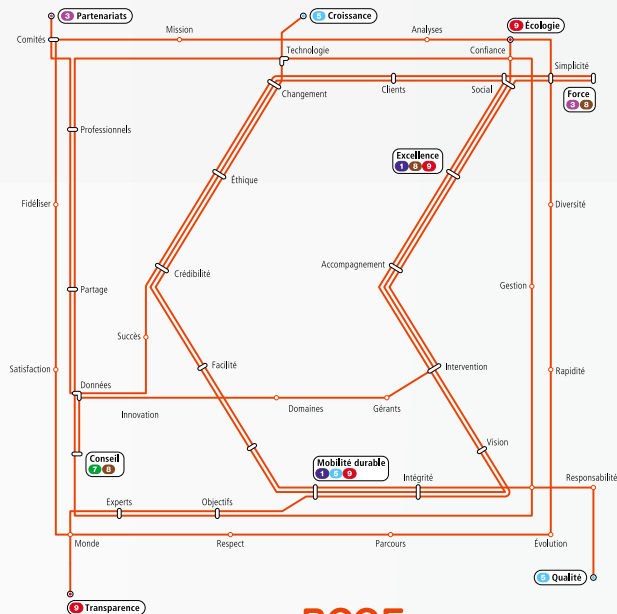
Concerned about the environment, the Banque Cantonale de Genève encourages the sustainable mobility of its employees by financing their public transport pass. As such, its partnership with Geneva Public Transport (TPG) stands out as an exemplary civic initiative in terms of sustainable development.

Corporate social and environmental responsibility (CSR) encompasses a set of principles that affect corporate governance and strategic choices, as well as societal and environmental criteria. A cantonal bank is, by its very nature, based on a service to a community. Thus, BCGE has adopted, in practice, a policy that respects its CSR responsibilities by offering its employees an annual Unireso subscription in order to encourage them to use soft mobility.

In this spirit, it gives them the opportunity to play a part in eco-responsible mobility. By promoting the use of public transport over the complex management of parking, the bank contributes to their quality of life and generally raises awareness of environmental issues.

Sharing fundamental values of public interest, sustainability and vision with the TPG, BCGE has agreed to be one of the pilot companies in their initiative to encourage other companies to make a commitment to sustainable mobility. To this end, the TPGs offer a wide range of services: financing Unireso subscriptions, organising shuttle services for major events, integrating a ticket into the ticketing system for a private or public show or event, etc.

We applaud the originality of their campaign on the theme of ecomobility in which the logo of the partner companies is displayed in the form of a network plan. Discover BCGE's one! ■



BCGE, engagée pour la mobilité durable

BCGE, committed to sustainable mobility. Concerned about the environment, the Banque Cantonale de Genève encourages the sustainable mobility of its employees by financing their public transport pass. It thus contributes to their well-being while preserving the quality of life in the region. Promote ecomobility, together it is possible! tpg.ch/business



Soucieuse de l'environnement, la Banque Cantonale de Genève encourage la mobilité durable de ses collaborateurs en finançant leur abonnement aux transports publics. Elle contribue ainsi à leur bien-être tout en préservant la qualité de vie dans la région.
 Favoriser l'ecomobilité, ensemble c'est possible!
tpg.ch/business

2019 *Prix de l'Artisanat* awarded to Atelier MAQ3, architectural model makers



1/100 scale model: Megaron - Community Centre, Lancy – 2014, Brodbeck and Roulet

The *Geneva Prix de l'Artisanat*¹, created in 1991 and sponsored by BCGE since 1999, aims to highlight, each year, the skills of a Geneva craftsman, his commitment to training the next generation and the transmission of his know-how. This year, it was awarded to Atelier MAQ3, which creates models of architecture, urban planning and design competitions.

L'Atelier MAQ3 (www.maq3.ch) was founded in 2010 by Jean-Jacques Haegler, Julien Marquet and Jérôme Blanc, in the continuity of the workshop initiated by François Meyer in 1970, where the 3 current partners were then employed. In 2009, the retirement of their mentor was the perfect opportunity to unite their common passion for model making and thus perpetuate the work already accomplished. They joined forces to take over the workshop.

¹ Sponsored by BCGE, the Geneva *Prix de l'Artisanat* is awarded under the patronage of the Association of Geneva Municipalities and granted by the State of Geneva.

They are particularly proud of this decision on receiving the *Prix de l'Artisanat* 10 years later. The synergy of their skills as interior designers, construction coordinators and cabinet makers is their strength. Today, equipped with state-of-the-art technology tools, L'Atelier MAQ3 is known for the innovative dimension of the model maker's profession.

The ceremony for the 2019 *Prix de l'Artisanat* took place on May 8 at the Théâtre Pitoëff and was opened by State Councillor Pierre Maudet, in charge of the Department of Economy, and Sandrine Salerno, Administrative Councillor of the City of Geneva. Also in attendance were: Xavier Magnin, President of the Association of Geneva

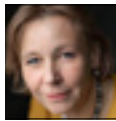
Municipalities, Guy Mérat, President of the Jury and, for BCGE, Hélène De Vos Vuadens, Head of the Communication and Investor Relations Department (until 31.05.2019). ■



Find out more on BCGE's Youtube channel: the film featuring the three architectural model makers.

Seven recommendations to private clients

How can you successfully manage your personal finances in an environment marked by extremely low interest rates?



**Pierrette
Jatou Klopfenstein**
Head of the Geneva Division



The food pyramid – The food pyramid represents a model of healthy eating. It shows the various food groups and the relative proportions for each. Any imbalance, especially at the lowest levels, will jeopardise the integrity of the whole structure.

The BCGE financial pyramid – BCGE has developed a wealth philosophy that allows you to balance and to harmonise your economic situation according to your financial possibilities, your preferences, your life stages and your personal projects. From cash to investments, our advisers will help you achieve your financial balance.

For more information:
<https://www.bcge.ch/pdf/conseil-financier-personnalise.pdf>

1 Carry out an annual financial check-up to determine the proper allocation of your assets and the right balance between income and expenses.

Preparing your annual budget, at least once a year, enables you to anticipate differences between your income and expenses and, if necessary, take measures to remedy this. It is also important to check that your assets are well allocated between short-term cash, savings, pension provision and long-term investment.

2 Ensure sufficient liquidity and a savings reserve.

If possible, maintain an amount between one and two monthly salaries to cover current bills and unexpected expenses; build up¹ savings equivalent to three or four monthly salaries in order to have freedom of action for the future and to carry out personal projects.

3 Build up an individual pension plan by taking advantage of tax benefits, within the limits provided by the law.

To supplement your income from AVS and your pension fund and aim for a replacement rate of 80% when you retire, subscribe as soon as possible to third pillar products, allocating at least half of a monthly salary to them each year.

4 Carry out a personal wealth analysis at each decisive stage of your private and professional life.

Three essential points: check the coverage you have for yourself and your loved ones in terms of risk (disability, death). Conduct a dynamic wealth analysis to identify future income gaps. Anticipate measures to top up these gaps as soon as possible in order to maintain your standard of living after retirement.

5 Invest your available assets in an asset management mandate, with a highly diversified, rigorous and transparent approach.

Once your basic needs (liquidity, savings, pension) have been optimised, it is possible to seek better returns through financial investments, depending on your time horizon and risk profile. We recommend delegating the management of your assets to competent professionals, whose investment strategy is based on transparent and rigorous guiding principles reflecting the real economy.

6 Finance your main or secondary home by taking advantage of the very low interest rates currently available.

Integrate the financing of your primary and/or secondary home into a long-term budget vision, taking into account future changes in interest rates and maintenance costs. Take advantage of the current low financial expenses to increase your savings, for example, for important work to be done or to amortise your mortgage more quickly (see our article on page 22).

7 Choose a reliable banking partner with an excellent reputation.

Entrust your financial assets to a banking institution for whom you have total trust. Its solidity, as well as its sustainable and responsible approach to client relations, are essential. It is important to pay close attention to the recommendations on measures to protect your assets and transactions in order to reduce risks as much as possible.

¹ BCGE proposes the BCGE at attractive conditions.

loyalty programme, which makes it possible to obtain additional interest

Emerging versus dynamically growing regions

The term “emerging markets”, first used in 1981 by Antoine Van Agtmael, employed by the International Finance Corporation of the World Bank, characterised at the time “economies in the process of emerging from underdevelopment”. This definition refers to middle-income economies with high growth potential, which open up to the global economy. Following the publication of the United Nations World Organisation report in 2015, international organisations recently refrained from using the term “emerging countries”.



Socrate Ferro
CIIA, Financial Analyst

This report presents the progress in development made in the world and now classifies countries as “developing region” and “developed region”. The term “emerging” has therefore been dropped and the notion of regions introduced. BCGE has decided to follow the same principle and now uses the term “dynamic growth region”.

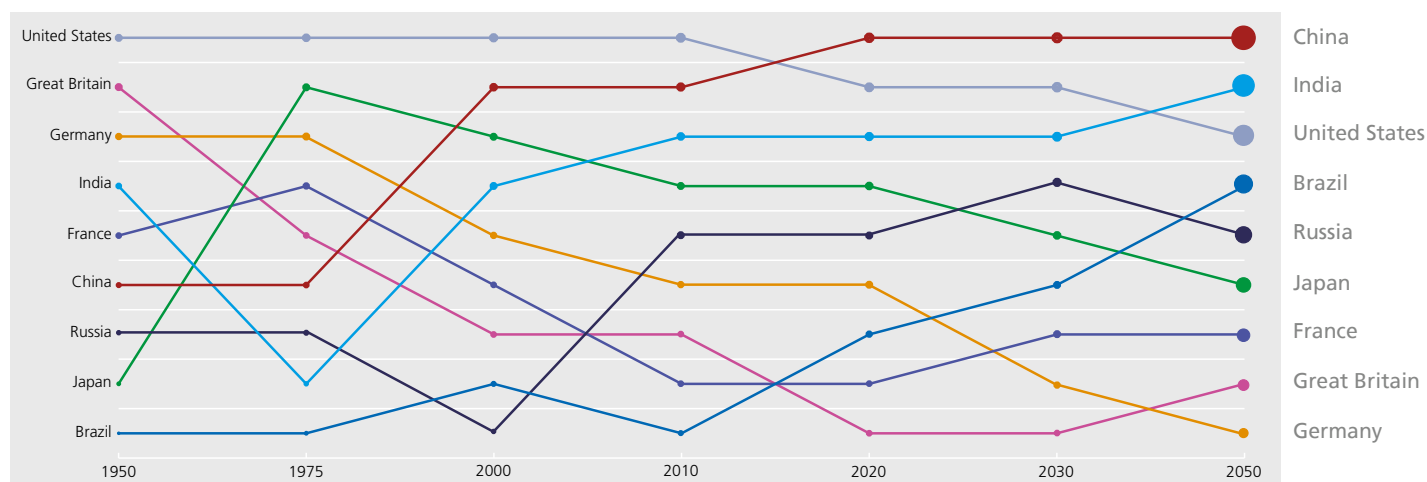
It should be noted that the economic and demographic weight of these regions is constantly increasing. The distribution of world GDP in these regions far surpassed that of developed countries (57.6% vs. 42.4%). The World Bank even predicts that China and India’s annual produced wealth (GDP) will exceed that of the United States by 2050. As for the distribution of the world population, developed countries represent only 15% of the total.

In addition, the sophistication of economic activity in dynamically growing regions is increasingly more appealing than that of developed countries and is also rising on the scale of quality and added value of industrial production.

Three groups of countries identified

The aggregate of dynamically growing countries needed to be updated and processed in order to take into account the growing heterogeneity and weight of the economic fabric of these regions, which are characterised by certain development poles. BCGE has identified three very distinct groups:

- Countries exporting commodities and highly sensitive to industrial metal and energy prices (Latin America, Russia...).
- Countries exporting manufactured products with low added value (ASEAN) and high added value (China, Taiwan and South Korea...).
- Countries still heavily indebted abroad in USD (current account deficit), sensitive to the impact of political risk on the currency (India, Turkey, Mexico...).



Source: Data from World Bank and The World in 2050, PriceWaterhouseCoopers 2008; updates 2015 from John Haworth and Gordon Cookson

In order to respond to this new heterogeneity of dynamic markets, BCGE has modified its investment approach by abandoning a global approach in the creation of their emerging portfolio.

Today, it fundamentally combines the top-down (macro-economic) and bottom-up (selection of the best managers) approach by investing in regions and/or countries according to the nature of the economic activity and its position in the economic cycle of the markets, while continuing to use open architecture.

For example, in our logo  **Best of**[®], the current positions favour low added-value industrial production in Asia (ASEAN), which is less exposed to the problems of global trade and the cycle of high added-value technological investments that have been favoured in the last two years. Countries exporting commodities, as well as countries with a high level of debt in USD, are less represented in a period of price and currency uncertainty. ■

On the same subject:
[Emerging markets: an outdated concept, article written by Blaise Goetschin, CEO, in PME Magazine, June 2017, Guest section](#)

Private equity: different specialised business lines

Private equity refers to financing in the form of direct equity participation in the capital of a privately held company, with the objective of contributing to its development by improving its potential to create value.



Ozren Bakaric
Head of Corporate Advisory

It groups together four types of business, each corresponding to a stage of development of the company.

- “Venture capital” focuses on newly created companies with high growth potential.
- “Growth capital” aims to finance the expansion of growing companies.
- “Buyout” consists of transactions related to company buyouts in the context of leveraged and non-leveraged transactions.
- “Distressed private equity” relates to the acquisition, injection of financial resources and recovery of companies in difficulty

Investment cycle in four phases

Regardless of the type of business, private equity is structured around a cycle of four phases.

It all starts with the “deal flow” or how to find investment opportunities with suitable funding levels and in sufficient numbers, in order to be able to make the best possible selection.

This is followed by the “deal execution” or how to turn this opportunity into a participation. Some of the tools used are typically preference shares, possibly with priority dividends or preferential liquidation. These equity investments are generally accompanied by significant incentive plans to maintain the motivation of the company’s managers.

The next phase is the one that falls within the true domain of private equity, that being to boost the growth of the companies in a portfolio. It can take the form of in-depth sector expertise, a vast network of contacts, a specific understanding of the market, a unique strategic vision as a means of identifying and creating value or experience in building effective management teams with the benefit of their ability to overhaul business processes.

This investment cycle ends with the “exit strategy” or how to achieve the highest possible valuation for the long investment over several years; for example, through a sale to an industrial company, a sale to another private equity firm, a takeover by the current or new management team of the transferred company or an initial public offering. This step requires negotiation skills and a thorough knowledge of financial transactions.

Various payment methods can be put in place to accommodate the interests of

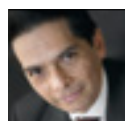
the seller and the buyer, which differ in nature. The most traditional way is to pay in cash on the closing day of the transaction. Some transactions include additional payment clauses providing for the payment of a price on the closing day, with amounts payable later on the basis of the company’s future results.

Our expertise in private equity

Over the past ten years, BCGE has acquired solid experience in private equity. We have been actively involved in direct investments since 2008 through our investment company Capital Transmission SA, which specialises in minority participations and mezzanine financing for SMEs in Switzerland and France. We also have a proven track record in the selection of private equity funds, mainly from managing three funds of funds in the years 2014, 2017 and 2019, targeting the best private-equity specialists. ■

What is at stake for mortgages at retirement – How does one decide on the right mortgage? Should one's mortgage be amortised?

In Switzerland, only 37.5% of households own their own home and although this rate has been rising steadily since the 1970s, it is far from the European average (70%). In Geneva, the rate is only 18%. Statistics also show that the household mortgage loan ratio is at an all-time high. According to the SNB, it exceeds 140% of GDP (compared to an average of 80% for the more advanced countries). Indeed, there are currently CHF 1,014 billion of total mortgage loans outstanding in Switzerland! Therefore, when the time comes to retire, the question of debt repayment arises. Let us review the elements necessary for the best strategy.



Albert Gallegos
Head of Pensions Advisory
and Financial Planning

First, in order to make the right calculations, you need to know the real cost of your debt.

How to proceed? A few preliminary remarks: mortgage loan interest is deductible from taxable income, which reduces the tax burden. If the mortgage loan is repaid, taxable income and the tax burden increase. The effect is reversed if you take out an additional mortgage loan. Therefore, it is essential to know your "marginal tax rate" (MTR) which is the rate applicable to any additional income or reduction in income.

Second, it is necessary to take into account your investor profile.

That is, your objective and subjective ability to invest in products that are more or less risky. This enables you to determine the possible investments that can be made and thus compare their net return with the real net cost of debt referred to above.

Third, family situation and in particular the inheritance aspect have an important role to play in deciding whether or not to pay off your mortgage.

If the transfer of a property to a family member is planned, according to your own financial situation and that of the beneficiary, it is necessary to calculate whether the transfer is made with or without a mortgage loan, because the impact on taxation may influence the final choice.

Thus, the property owner who would like to analyse a possible amortisation must ask himself the following questions: how much does the debt cost me after deducting the interest? What is my marginal tax rate? Should I pay off part of my mortgage with my risk-free savings or sell my investments to do so? If the property is transferred to an heir: should I keep the mortgage in my name? What is the situation for my heir?

Let's take an example to illustrate this issue (see table below): a married couple, living in Chêne-Bougeries, with a taxable income of CHF 170'000 and who pay CHF 45'111 in taxes. Their average tax rate is 23.8%. They have CHF 100,000 in savings, which they do not need in the medium term. Their mortgage loan of CHF 150,000 is about to come to maturity. The related gross interest rate is 2%. Their marginal tax rate is 38.5%.

Let us use these elements to calculate the real cost of the debt. The couple pays their bank CHF 3,000, an amount deductible from their income, which allows them to save CHF 1,155 (interest paid multiplied by the marginal tax rate). This calculation allows us to conclude that the real after-tax mortgage loan rate is 1.23% and not 2%. The rate calculated in this way will be used as the basis for determining whether it is worth amortising their mortgage loan.

To make the right choice, it is necessary to determine the risk tolerance of the couple. Are they very conservative in their investments or are they willing to take measured risks?

If they invest their savings in a simple bank account that yields a return of 0.1%, they should repay their loan. This is because savings pay much less than the actual cost of their debt.

On the other hand, if they are invested in a diversified fund with 50% in equities that generates an average long-term return of 1.97% after taxation, then, in principle, their mortgage loan should not be amortised!

Better still, let us imagine that they can buy back years from their pension fund

and that it pays an average rate of 1% on their pension assets; they should then buy into their occupational pension fund, which is by far the best investment, provided that an analysis of the pension fund has been carried out beforehand in relation to the degree of coverage and the reserve for fluctuations in values and asset allocation.

In conclusion, taxation should not be the only element that determines the right financial strategy. The optimal mortgage solution is a global financial analysis, which takes into account pension planning, investments and diversification, and even inheritance and not just taxation! ■

Comparison of returns between various long-term investments*

Investment	Savings account	BCGE Epargne (Avantage service) 4 bonuses (in %)	Funds Balanced CHF (in %)	Funds World Equity CHF	Buying into the pension fund (in %)
Taxable amount (interest, dividends)	0.10	2.10	1.25	2.00	
Minus the income tax deduction (MTR 38.5%)	0.04	0.81	0.48	0.77	
Non-taxable amount (capital gains)			1.20	2.50	
Net return after income tax	0.06	1.29	1.97	3.73	7.47

* The information in this table in no way constitutes investment advice, tax advice or advice of any other nature. No investment or other decision should be made solely on the basis of this document. BCGE declines all responsibility for any damage, direct or indirect, relating to the use of this data.

Mortgage loan: an informed decision

Are you planning to buy, build or renovate a property and are you looking for the most suitable financing for your situation?

Embarking on a real estate project is one of life's most important decisions. This must be carefully considered and be part of an overall and thorough analysis of your hopes, obligations and prospects.

The uniqueness and complexity of each situation requires a personalised approach with an experienced partner.

Banque Cantonale de Genève, the leader in the mortgage market in the Canton of Geneva, can guide you throughout the process. The Bank offers you simple, modular mortgage solutions at an optimal rate. As a universal bank, it can also answer all your other financial questions.

Would you like to know more or find out how your BCGE mortgage loan can boost your savings?

Our expert advisers are at your disposal to answer your questions: hypothèque@bcge.ch ■

Visual: exclusive artwork created by Brigitte Lopez, Swiss-German artist, for BCGE.

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Mortgage loan: an informed decision

Committing to a real estate project is a complex process. It requires constant attention and a knowledgeable and experienced partner.

A partner who contributes to your ideas and accompanies you all the way.

Banque Cantonale de Genève's expert advisers are at your disposal to help you make the best possible assessment and financing decision.

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Foyer-Handicap partner of Geneva's SMEs

Foyer-Handicap was founded in Geneva fifty years ago. Since then, the Foundation has pursued its mission: to fully integrate in our society people with disabilities and to fight for inclusion. Aware of the importance of professional activity for everyone's personal development, Foyer-Handicap has created work units that offer quality services in several economic sectors.

Label-fh : renowned quality companies

The Label-fh is the brand name for the products and services produced by the work units of the Foundation Foyer-Handicap. It is a guarantee of proximity as well as hand-made, local and social quality. Since 2016, Foyer-Handicap has been very active in the local economy. Some 500 co-workers work in various sectors: transport, education, communication, packaging, embroidery, auxiliary equipment, catering and horticulture. The Foundation has set up dozens of partnerships with SMEs in the Geneva, and wishes to develop further in the future. Opportunities for co-workers are multiplying and the quality of work of the units is gaining increasing recognition: provided evidence is the high attendance of the restaurant Ô5, which is managed by the co-workers of Foyer-Handicap. Tasty, seasonal and committed to sustainable development, the restaurant's cuisine promotes local and organically grown products. With fast service and attentive staff, the Ô5 is a not-to-be-missed address in the Acacias neighborhood.

Our future partner is you

Since their creation, the units have evolved and become real social companies. Until a few years ago, adapted work was separated from the rest of the world. Today, the objective is to enable people with disabilities to gain access to open companies in contact with the public. Foyer-Handicap's units succeed in generating quality and productivity, while respecting everyone's own pace. If the activities of these units have now an economic dimension, they must also have a meaning for the person who carries them out, in accordance with the Foundation's values: fulfilment, empowerment and recognition.

If Label-fh interests you, visit our website
label-fh.ch | foyer-handicap.ch | 022 309 11 11



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Focus on two studies

Digitalisation has a significant and growing influence on the Swiss real estate sector. This is what emerges from an EY study, based on a survey of 160 companies active in the Swiss real estate market. The availability of relevant data in digital form is considered a crucial element. In addition to gains in efficiency, it enables early optimisation, based on historical values, of maintenance measures, the risk of disputes arising from the invoicing of additional costs or the termination behaviour of tenants. All these examples have repercussions on the value of real estate.

In terms of internal organisation, less than one in ten of the people interviewed consider it necessary to have a department responsible for digital technology within the management. Yet, the study points out that conceiving digitalisation as an information technology is too simplistic. This subject concerns all the company's activities and should be considered in a cross-disciplinary way, for example by creating the position of Chief Digital Officer.



EY – *Digitalisation Study on the Real Estate Sector in Switzerland*, April 2019.
<https://www.ey.com/ch/en/home>

Cybersecurity is an ongoing process that must be on the agenda of the board of directors and senior management, not just the IT department. Cybercrime can have major financial, commercial and reputational consequences. In fact, nearly one in two companies (49%) in the world claims to have been a victim of crime in cyberspace, according to a PwC study conducted among more than 7,000 companies in 123 countries. In Switzerland, the percentage is 44%, but given that there's no duty to report such incidents, the real figure is probably much higher. In view of the implications and scale of the phenomenon, the study stresses that boards of directors cannot delegate this strategic responsibility and must regularly assess market and financial risks, as well as threats from cyberspace. These must be identified and understood in terms of financial impacts on business.

PwC – *Pulling fraud out of the shadows, Global Economic Crime and Fraud Survey 2018*, supplemented by the study focusing on Switzerland: *PwC Switzerland, Cybersecurity risks – a matter for the board!*, March 2019.
<https://www.pwc.com/gx/en/services/advisory/forensics/economic-crime-survey.html#cta-1>
<https://www.pwc.ch/en.html>



The book to discover

Yves Genier, an economic journalist with the daily newspaper *La Liberté*, tells the story of the Swiss franc from its creation to the present day in a small, very concise and effective book, which has just been published in the *Swiss Knowledge* series.

The role of the Swiss franc in international transactions is far from insignificant, as the author reminds us: the seventh most traded currency in the world, after the dollar, the euro, the yen, the pound and the Australian and Canadian dollars; political and economic stability; one of the largest money supplies in the world, due to the size of the Swiss economy, which ranks 19th in the world and accumulates surpluses. As we know, the crises among our neighbours make our currency too desirable, overly strengthening it, to the great detriment of our export industry and tourism-related professions.

The Swiss National Bank has little latitude to tackle this. It is sometimes forced to adopt strategies with negative consequences for the national economy: "Swiss monetary policy is therefore like the tightrope walkers: finding a way to move forward in a balance between domestic needs and external impulses. As a small economy earning one franc out of two abroad, Switzerland cannot afford to ignore this, even when it is not in its interest."

YVES GENIER
Le franc suisse – La fragilité d'une monnaie forte, 2018
Presses polytechniques et universitaires romandes



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