



je connais mon banquier je connais mon banquier

Annual report

je connais mon banquier je connais mon banquier

2005

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**Banque Cantonale
de Genève**

"L'économie va bien. La BCGE séduit plus que jamais. Le bénéfice 2005 bondit de 44%."

Tribune de Genève, 2 March 2006

"Die Banque Cantonale de Genève (BCGE) hat 2005 (...) eigentlich ganz gut gearbeitet."

Neue Zürcher Zeitung, 2 March 2006

"La BCGE triple son dividende."

Le Temps, 2 March 2006

Editorial

Optimal access to financial services

The report you have in your hands presents the BCGE Group's financial results for 2005. It describes our main activities in a year that has been particularly rich in events and changes for the Bank. These results are excellent in terms of growth and improved profitability. The Bank has emerged from this year strengthened, energised and better placed to offer banking services of the highest quality to the region's individuals, companies and institutions.

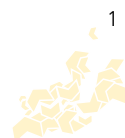
In Geneva, the Bank is widely known, amongst other things, for its 25 branches and 67 ATMs. It offers the highest concentration of branches in the canton. The network of branches is the access point of choice to the Bank's large number of services for the general public (which are shown in a diagram on page 4), and is complemented by remote services that include telephone helplines as well as first-rate Internet banking facilities.

Having such a large number of contact points with its customer base is one of the competitive advantages specific to cantonal banks. 848 branches and 1,237 ATMs throughout the country bear witness to this. Numerous experts agree: credit rating agency Standard & Poor's said in March 2006 that this proximity to customers contributes to the fact that Swiss cantonal banks are among the strongest regional banks in Europe.

This year, we have chosen to illustrate our report with pictures taken by Geneva photographer Philippe Schiller. During his travels through the canton, visiting our branches, he has captured them in a new light, showing their daily activities from a particularly aesthetic angle. Watching a tram go by in the colours of the BCGE, he has presented it as the logical link between the various arches of our branches.

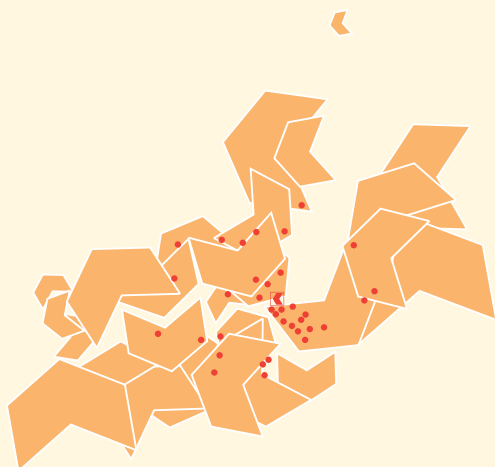


Nicolas de Saussure
CEO's Office and Communication



A banking group serving the region

The Banque Cantonale de Genève and its 25 branches



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*This English version of the annual report is a free translation of the French official version.



The BCGE Group in brief

A very comprehensive range of services – “made in Geneva”

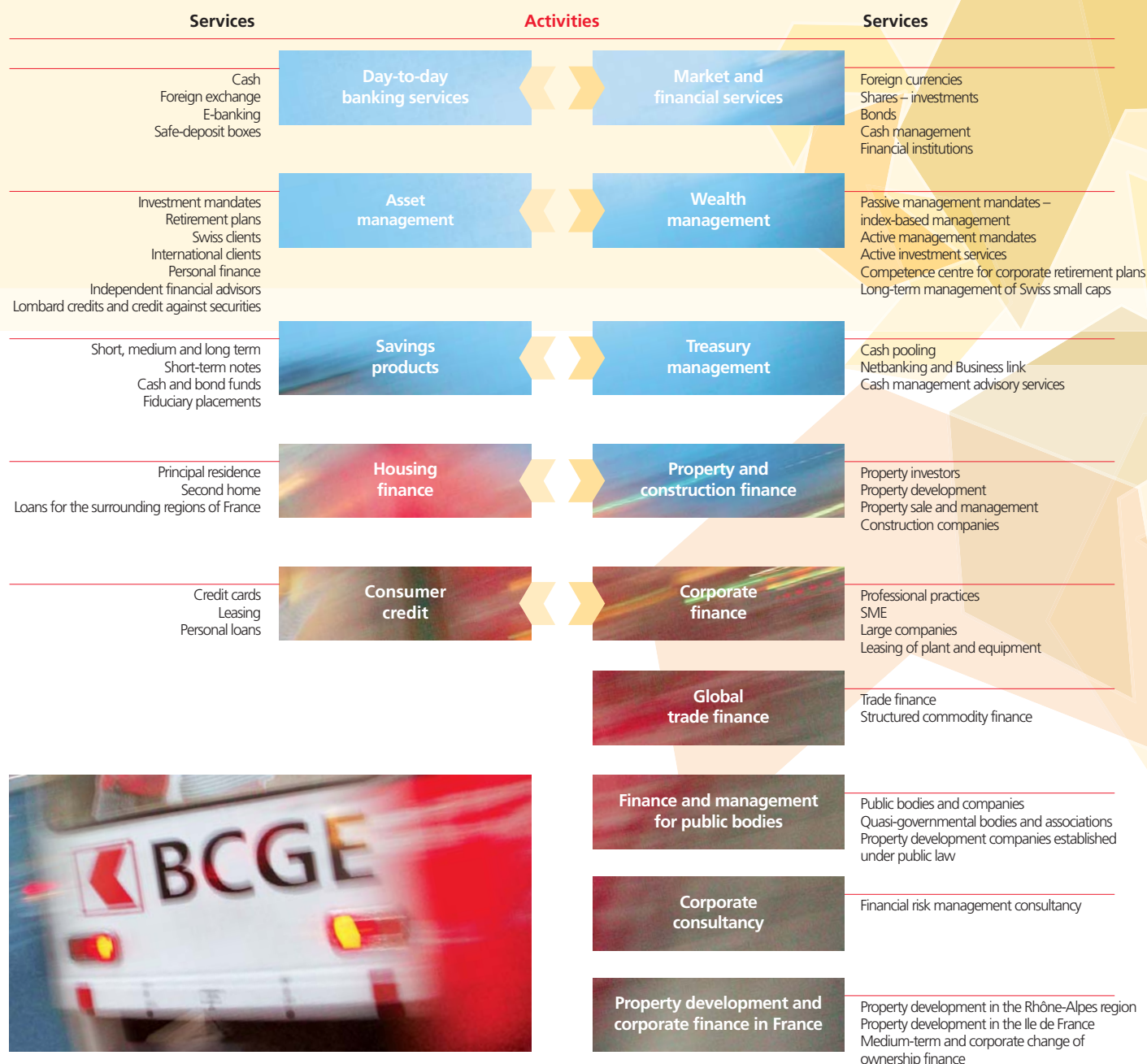
As a “full service” regional bank, BCGE offers a comprehensive range of banking services that is continuously tailored to meet customers’ needs. The portfolio of services intended for individuals, corporate clients and institutions is set out in the diagram below. Each activity includes several very specific skills.

Individuals

- The BCGE is an organisation open to all, providing financial advice and services. In our branches the client will find staffs to speak to whom he or she knows, who are accessible and who are specialists in the finer points of finance.
- The BCGE recommends the adoption of a personal or family financial model which is both reassuring and attractively priced.

Corporate clients

- The BCGE is an organisation open to all companies in Geneva and its region. It offers the services and skills of specialists who are experienced in corporate finance.
- The BCGE provides access to capital and credit markets. It advises the adoption of prudent and economic open-architecture solutions. For companies in the region, its presence in the market represents an alternative to the large banks, particularly in terms of fees and adaptability of solutions offered.



The BCGE Group key figures

	2005	2004	2003	2002	2001
Balance-sheet in CHF millions					
Total balance-sheet	12,783	13,892	14,561	15,450	17,144
Loans to clients	10,996	11,386	12,021	12,857	14,377
Client deposits and borrowings	11,569	12,782	13,254	13,607	13,775
Shareholders' equity	705	654	622	624	653
Results in CHF millions					
Interest income	183	179	171	173	161
Commission income	88	81	73	67	71
Trading income	14	9	18	13	12
Other ordinary income	10	9	14	7	15
Total income	295	278	276	260	259
Operating expenses	195	199	200	190	191
Gross profit	101	79	76	70	68
Depreciation, valuation adjustments, provisions and losses, extraordinary income	55	47	69	110	345
Group profit in CHF millions	46	32	7	-28	-31
Staff (full-time equivalents)	763	773	829	847	888
Ratios in %					
Shareholders' equity / total balance-sheet	5.5	4.7	4.3	4.0	3.8
Gross profit / shareholders' equity	14.3	12.1	12.2	11.2	10.5
Return on equity (ROE)	6.5	4.9	1.2	-4.5	-4.8
Expenses / income	65.9	71.6	72.5	73.1	73.7
Data per bearer share in CHF					
Shareholders' equity	196	182	173	173	181
Gross profit	28	22	21	19	19
Net profit	13	9	2	-8	-9
Dividend	3*	1	-	-	-
Stock market data					
History of bearer share price in CHF					
- high	197	198	173	170	225
- low	182	174	115	115	143
- at year-end	190	187	172	140	171
Market capitalisation in CHF millions	684	673	619	504	616
Number of shares in thousands	5,721	5,721	5,721	5,721	5,721
Shareholders' equity/number of shares	200	187	179	177	

* Proposal to be submitted to the Ordinary General Meeting of Shareholders on 15 June 2006.



The BCGE Group in brief

"To contribute to the development of the Canton of Geneva and its region"

The overall mission of BCGE Group is "to contribute to the development of the Canton of Geneva and its region" by providing all residents, businesses, or institutions with top-quality banking services which remain competitive over the long term. Whether developed by the Bank or independently selected, these services are in line with the specific situation and capacities of a regional bank.

BCGE Group is active principally in the Geneva market, but also in the Swiss and French markets. With its four units, the parent company and its three subsidiaries, it offers banking solutions to private, business, and institutional clients. In all, the Group has 832 employees (763 full-time equivalents).

Four companies with a shared mission



Banque Cantonale de Genève

1816

Geneva

A full-service regional bank, the **Banque Cantonale de Genève** serves the community with the most highly developed banking network of the canton, with 25 branches and 67 ATMs. Its activities are presented in detail on page 4 of this report. The Bank also provides its services via the Internet (BCGE Netbanking) and by telephone. BCGE is listed on the Swiss Stock Exchange, SWX (BCGE). It has 747 employees.



Banque Cantonale de Genève (France) SA

1994

Lyon

With its head office in Lyon and a branch in Annecy, the **Banque Cantonale de Genève (France) SA** is a subsidiary of the Banque Cantonale de Genève. It provides corporate and real-estate financing for corporate clients, as well as asset management for its private clients. It extends the regional presence of BCGE Group in France. It has total assets of CHF 371.5 million and 32 employees. Further details are available on pages 22 and 89.

SYNCHRONY
asset management

1996

Geneva

A wholly-owned subsidiary of the Banque Cantonale de Genève, **Synchrony Asset Management SA** provides sophisticated asset-management solutions and services, incorporating quantitative management techniques intended for institutional clients. Assets under management currently amount to CHF 2.701 billion. It has 17 staff. Further details are available on pages 20 and 89.



1934

Zurich

A subsidiary of the Banque Cantonale de Genève since 1997, **Anker Bank SA** contributes to the development of BCGE Group's private wealth-management activities in the Swiss market. Based in Zurich, it also has branches in Lausanne, Lugano and Geneva. It has total assets of CHF 239.9 million. The assets managed and administered by Anker Bank amount to CHF 944 million. Further information is available on pages 23 and 89.



A region in the heart of Europe

In Geneva

- Private clients who live or work in the canton
- Swiss and international businesses
- Public bodies
- Commodity trading companies
- Swiss and foreign banks and institutional investors

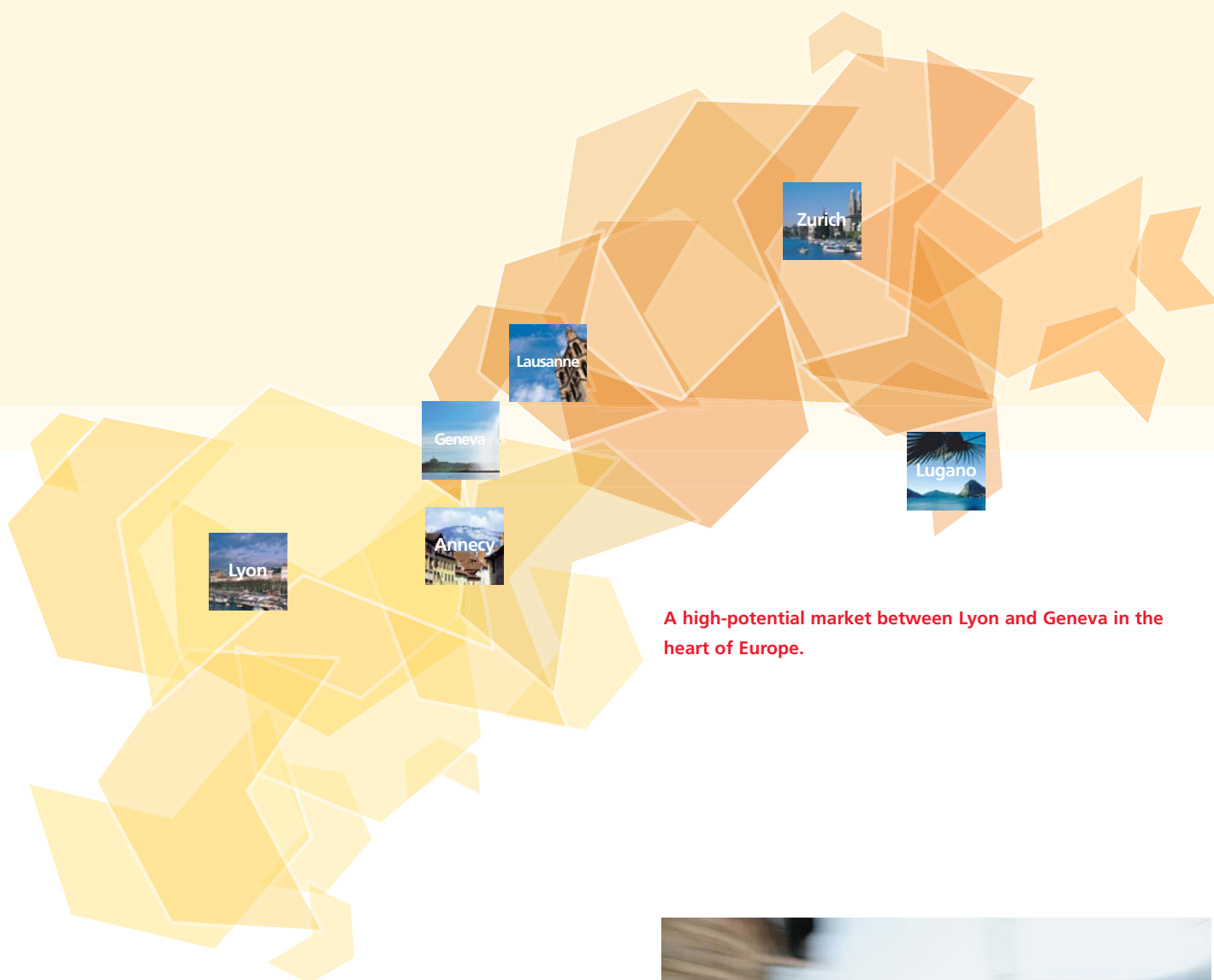
In Switzerland

- Swiss and non-Swiss persons active in wealth management and private equity funds
- Institutional investors

In France

- Business communities and businesses in the Rhône-Alpes region
- Swiss businesses operating in France
- Individuals active in wealth management and private equity funds

BCGE Group provides services and supports its clients in Geneva, throughout Switzerland, and in France:



A high-potential market between Lyon and Geneva in the heart of Europe.



Organigramme

As at 1 March 2006



Chief Executive Officer
Blaise Goetschin
CEO ☆ □ ✕



Retail Banking and Branch Network
Johan B. A. Kroon
MEB □ △



Corporate Banking
Claude Bagnoud
MEB ☆ □ △



Private Banking
Alain Spadone
MEB ○ □



CEO's Office and Communications
Nicolas de Saussure



Corporate Lending, SMEs
François Kirchhoff
☆



Swiss Corporate Clients
Christian Turbé
☆



Swiss Clients
Franco Furcolo



Marketing
Fabien Rei



Branch Management
Johan B. A. Kroon
a.i.



French Corporate Clients
Jérôme Monnier



International Clients
Amin Khamsi
○



Human Resources
Elisabeth Ray Tang



Central Sector
Alexandre Scala



International Corporations
Pierre-Olivier Fragnière



Personal Finance
Misha Nagelmackers-Voinov



Legal
Felice Graziano



Northern Sector
Giovanni Lo Bué



Real-estate and construction
Jos von Arx
☆



Investment Strategy and Financial Analysis
Jean-Luc Lederrey
○



Western Sector
André Frossard



Public Bodies
Ronald Labbé



Centralised Management
Urs Buser
○



Eastern Sector
Andrew Gilbert



Independent Financial Advisors, Reporting, Support and Management
Philippe Bailat

BCGE Group subsidiaries



BCGE (France) SA
100% subsidiary of the BCGE
Alain Bochet
Managing Director



Anker Bank SA
100% subsidiary of the BCGE
Gilbert Pfaeffli
Managing Director
○

Finance and Risk Management

Eric Bourgeaux
CFO □ ▲ ✕



Operations and Control

Emile Rausis
MEB ☆ ◆ ▲



Organisation and Information Technology

Jean-Marc Joris
MEB ✕



Internal Audit

Monique Seiss Baudry



Financial Markets and Treasury

Max Baertsch
○ □



Credit Control

François Grimm
☆ ◆



Organisation

Claudia Hurther
✕



Financial Institutions

François Julia



Debt Recovery and Workout

Bernard Matthey
◆



Information Technology

Christian Kemper
✕



General Accounting

Yvan Nicolet



Credit Administration

Hans-Joerg Frey



Information System development

Jean-Marc Joris
a.i.



Financial Control

Marc Doerks
□



Market Transactions

Catherine Million



Risk Management and Compliance

Michel Maignan
□ ▲ ✕



Client and Services Administration

Audrey Wiesmann



Payment Transactions

Claude Regamey



Logistics

Christophe Marin



- ☆ Member of the Credit Committee
- Member of the Investment Strategy Committee
- Member of the ALM Committee
- ◆ Member of the Credit Risk Committee
- ▲ Member of the Risk Committee
- ✕ Member of the Information Technology Strategy Committee

Synchrony Asset Management SA
100% subsidiary of the BCGE

Constantino Cancela
Managing Director



Message from the Chairman of the Board of Directors

The BCGE pursues its objectives from a solid base

For four years our organisation has patiently worked its way back to stability, not spectacularly but with remarkable persistence. Today we can look back on the journey we have undertaken and the work we have accomplished with genuine pride. Now we can turn our attention to a promising future with determination and confidence.

Indeed, the Banque Cantonale de Genève is once again in sound economic health and able to generate profits consistently. The proof is the Group results for 2005, which include a consolidated net profit of CHF 45.8 million and a profit before extraordinary items and taxes of CHF 58 million before the allocation of a sum of CHF 10 million to reserves for general banking risks. Also, we are gradually approaching our primary determined objective of having a return on equity of 10%. Gross profit is just as significant: it broke through the CHF 100 million barrier and shows a strong upward trend.

These results are the fruit of much effort dedicated to a patient and lasting reconstruction of the BCGE. Just like a sports team, it is not usually enough to have talent, ability and enthusiasm in order to win. You also need to rely on inspiration, that desire to win that sometimes lets you reach goals and achievements that nobody could have hoped for. I can assure you that the staff in our organisation demonstrate between them a combination of qualities that will be indispensable as we go on to beat all the records we have already set. So I am taking this opportunity to offer my thanks and best wishes to all, because without them our excellent results and our future ambitions would not be possible.

More than 6,150 "client shareholders"

The Board of Directors would also like to thank the growing number of faithful clients and the Bank's shareholders whose numbers continue to increase – testimony to the high regard in which the Geneva community holds the BCGE. On 31 December 2005, 6,154 of the Bank's clients held BCGE shares; about two thirds of these held fewer than 25 shares.

Payment of an ordinary dividend of 3%

Given the excellent results in 2005, the Board of Directors has decided to recommend the payment of a dividend of 3% of the par value of the shares at the next General Meeting of Shareholders; this corresponds to CHF 3 per bearer share or a total sum of CHF 10.8 million. This distribution to shareholders represents a spectacular increase as it is three times the one paid out for the 2004 financial year, that being the first dividend since the crisis.

This level of dividend enables us to repay the trust of our shareholders and to send the markets a message about our stock: even if it performed modestly in 2005, we have still made a significant payment to strengthen shareholders' equity.

Repayment to the *Fondation de valorisation*

The aforementioned dividend payment is accompanied by the special allocation of CHF 2.2 million to the State of Geneva by way of repayment of the loans made by the State to the *Fondation de valorisation des Actifs de la Banque cantonale de Genève*. This is actually the first application of Article 34 of the BCGE's new Articles of Association (old Article 38) which were approved by the last General Meeting of Shareholders held on 3 May 2005 and by the Grand



Council at their meeting on 16 September 2005. These measures correspond to the agreement reached with the State of Geneva on the step-by-step repayment of the operating costs of the *Fondation*. By making this payment, the Bank is playing its part in providing restitution for the losses suffered by the State of Geneva in 2000 but without disrupting the distribution policy to the body of shareholders nor the required creation of reserves.

Reform of corporate governance

The year 2005 was also marked by the reform of the internal institutions of the Banque Cantonale de Genève and the modernisation of its corporate governance. The Board of Directors has contributed to this reform project which led to the Bill for the amendment of the Law of the Banque Cantonale de Genève, which was approved by the Grand Council on 23 June 2005. This new legislation caused the Bank to amend its Articles of Association during the Extraordinary General Meeting of Shareholders held on 13 December 2005. These were ratified by the Grand Council on 16 March 2006.

Disbanding the Bank Committee

The Bank Committee was disbanded, as a two-tier Executive Board was a handicap to clear, uniform operation of our internal bodies; directors who were not part of the Bank Committee did not have the same frequency or depth of information although they had the same responsibility to third parties as their colleagues who sat on this committee.

Reduction in the number of directors and definition of their responsibilities

The second most important point in the reform was a reduction in the number of directors, which went hand in hand with an improved definition of the responsibilities necessary for them to perform their duties. The transition to a smaller Board of Directors (11 directors instead of 15-18) is without doubt proof of good governance and a necessary adaptation to a banking environment which is much more complex and technical.

Thanks

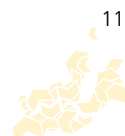
I must make a particular point of thanking my colleagues on the Board of Directors for the quality of their work. This year my thanks are more particularly directed to those who performed the maximum number of positions allowed by law or who can no longer offer themselves for re-election for reasons of age or incompatibility with their other duties.

I also express my particular thanks to Mr David Hiler, who held the position of Deputy Chairman of the Board of Directors up to his election to the State Council last November. His contribution and input have been of grand value during the Bank's recovery period. My best wishes go with him to his new position and the weighty responsibilities that he wanted to take on in his continuing service to the community.

It is thanks to the work of all concerned – the members of the Group's Board of Directors, the members of the Executive Board and staff – that the Banque Cantonale de Genève is once more on the road to success. There is no doubt that it has the strengths, skills and means needed to meet new challenges and to continue to achieve consistently improving results for many years to come. It is on this resolutely optimistic note that I conclude with the confidence that 2006 – which has started with the best of outlooks – will deliver what it promises.



Michel Mattacchini
Chairman of the Board of Directors



Message from the Chief Executive Officer

Towards selective and targeted growth

Geneva is a very special case. With an immense international reputation, renowned for the quality of its exporters and bankers, it is also immense in terms of the grandeur of the countryside which surrounds it. Geneva: minuscule in its 282 km², modest in terms of its 434,000 inhabitants, deprived of space for growth by the circumstances of history. Geneva is an unusual market for a cantonal bank. 45,081 cross-border commuters, 123,367 Swiss citizens, 12,809 persons working in international organisations, about 150 international companies combine to create multiple but diverse financial flows and opportunities which are in addition to an economy which is already dynamic. A cultural amalgam, unique in Switzerland, with 40% of its population non-Swiss from across the whole world, with as many customs and banking preferences to address through a suitable strategy. We must adapt to fierce competition as Geneva is also home to 150 banks employing 17,000 staff. It is in this landscape that the BCGE has taken the road to growth once more together with improved profitability.

What strategic responses are necessary in such a market if we are to ensure that we continue to grow? I will briefly touch on three such responses as we have invested much in them over recent years and they are now coming to bear results.

To make a name for ourselves by means of a novel concept of financial consultancy

Finance has become an industry. An industry owing to its procedures and its methods of production, an industry owing to its research and dynamic development, but also an industry due to its way of addressing and advising its customers, especially the general public. An industry manufactures products it believes it can sell via distribution channels.

If one follows this logic, a conversation between a banker and his client takes the shape of a sales pitch rather than advice. This is the “product push”, the result of the marketing of the 80s of which the insurance industry is the past master with some talented imitators in the banking sector. Those days are over. This is why the BCGE has fundamentally reorganised its consultancy activity. We have defined the main areas which concern us and our clients’ expectations and have designed an original approach to personal financial management.

The creation of such an advisory capability does not happen overnight, as the resolution of personal or family financial matters can sometimes be an extraordinarily complex affair. How much should be kept in a savings account? How should assets be divided between retirement planning and wealth management? What is the right balance between mortgage debt and a portfolio under management? I list these to outline the “essential financial dilemmas” which our advisors must attempt to resolve with their clients well before any decision on the financial product or products, in-house products or third-party products which will best meet each individual situation.

The BCGE has developed a basic personal financial model based on its own financial thinking. It serves as a guide for our advisors who steer each person or family towards a solution which encompasses every special feature of the situation under discussion. This new financial approach significantly increases the value added by the Bank and makes each advisor a banker in the true sense of the word.

This reorganisation is going ahead in stages and is accompanied by a major training campaign, changes to tools and appropriate communication measures. It forms an exceptional developmental focus.



Developing the ability to expand in Switzerland and the Rhône-Alpes region

At the height of the crisis, the BCGE could have followed a strategy of withdrawal back to the Canton of Geneva and forgone all activity in the two major economic zones which surround Geneva – the Swiss and the Rhône-Alpes markets.

On the contrary, the strategy we followed was one of preservation of the external entities and the reorientation of those that were strongest. Thanks to Anker Bank, which was reorganised from top to bottom, and BCGE France at Lyon, which refocused its activities, we have a platform on which growth, admittedly at a measured pace, is now possible and, indeed, has already commenced.

The possibilities which were protected are substantial. The growth we so much seek both in the Swiss and French markets results, in the main, from operations within the existing BCGE client network and will be based on flows or transactions related to Geneva, whether from close by or further afield. They may involve individuals or Geneva companies who are in need of support in the Swiss or French markets or, on the other hand, need assistance in their operations or relocation of activities to Geneva.

This cross-border expertise is one of the BCGE's strengths; the Bank gains from the combined knowledge of our Swiss and French teams. Not only is there a pool of growth but this activity is based on internal expertise which binds the BCGE to its main market and to the service of all in Geneva.

To become the major provider of banking services to the "Genevois" in the widest sense of the word

Geneva is expanding within its own boundaries and in the world at large. Although there might be more people born in the canton of Valais in Geneva than in Sion, one can also ask if there will soon be more people born in Geneva who are now outside than inside its boundaries. These external "Genevois", who are citizens of the world, are particularly adept at understanding the non-residents who work, operate or temporarily stay in the Geneva region and who are among the clients which the BCGE serves and seeks out. Our services are directed at these differing communities and socio-professional groups who, in spite of their mobility (9 million people pass each year through Geneva's international airport) and their homes outside the canton (50,000 cross-border and 25,000

domestic commuters come into the canton each day), all contribute to "Grander Geneva". We are aware of the marked expectations of and affection for the cantonal bank among this community.

Brochures in several languages, a bilingual version of our website, and the first presentations in English all give concrete shape to our outreach towards foreign residents.

The availability of mortgages for residences outside the canton particularly demonstrates our ability and our wish to follow our clients in their projects beyond our frontiers. A complete range of banking services for the person working in Geneva but living in other cantons of Switzerland has been a resounding success. Finally, a number of foreign companies, and even banks, with branches in Geneva entrust the management of their retail business to us, allowing their staff to receive a full range of services at a standard of excellence which would satisfy the most demanding Human Resources director.

Winning over such diverse and varied clients who make up local and international Geneva forms a programme which is at the same time fascinating for our staff and rich in potential for our Bank.

After several years of a patient and far-reaching reorientation of our strategies, processes and minds, the BCGE is now in a position to exploit a growth potential which is within its grasp.

Staff at all levels are today organised and equipped to conduct a business in a very competitive market. We must thank them and be thankful for them. The operating units, divisions and departments are structured as businesses, each of them with a front- and back-office area, a strategic and a financial plan. The flawless 2005 has been a grand motivator for teams who have worked tirelessly to achieve so much in recent years. It is in this intellectual and mental determination that the BCGE finds the strength which is its grandest asset.



Blaise Goetschin
Chief Executive Officer



Business review in 2005

Growth across all areas of the Bank's activities and strong profit growth in 2005

The Banque Cantonale de Genève reached its 2005 strategic financial goals: growth in all activities and clear improvement in profitability. Net profit stands at 45.8 million francs, an improvement of 43.8% over the net result of 2004. Operating profit, before a transfer of 10 million to the reserve for general banking risks, leapt by 137.9%, to 58 million.

In the light of these results the Board of Directors will propose to the Shareholders' Meeting that a dividend of 3% of the nominal value be paid, a threefold increase over that for 2004, plus an allocation of 30 million francs to the General Reserve.

Total operating income grew by 6.5%, to 295.5 million francs. Sources of income were very well diversified and there was growth in the major sectors of activity (+2.4% for interest income, +8.7% for commission income. And +54.5% for trading income). Expenses have been well controlled at 194.8 million (a 1.9% drop in comparison with 2004).

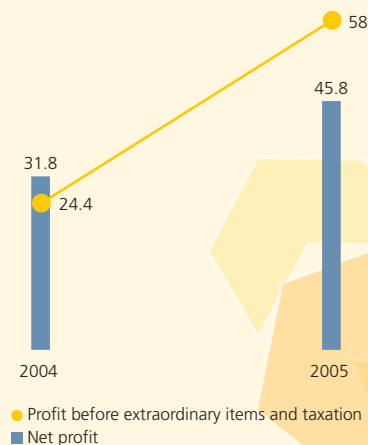
Gross profit passed an important milestone and reached 100.7 million, up by 27.6%. As of 31 December 2005, the total of full-time equivalent employees of the Group was 763 (773 in 2004).

Net profit shows strong growth of 43.8%

The 2005 results of the BCGE Group demonstrate further improvements in the Bank's ability to generate profits. The net profit of 45.8 million francs shows an increase of 14.0 million, a rise of 43.8% over the net profit of 31.8 million for 2004. Operating results alone (before extraordinary items and taxes) increased by 33.6 million to 58 million, a leap of 137.9% over the operating results for 2004.

Strong net profit growth

in CHF million

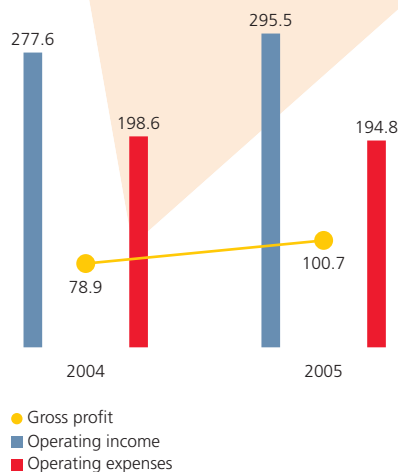


Gross profit up 27.6%

Gross profit has passed the 100 million franc mark, reaching exactly 100.7 million, a growth of 21.8 million or 27.6% over the last year. This result arises principally from growth in operating income which reached 295.5 million, an increase of 6.5% over 2004. It is also due to continuing reduction in expenses, which dropped 1.9% to 194.8 million because of the positive impact of measures introduced over the past several years to improve productivity.

27.6% growth in gross profit

in CHF million



Noticeable growth in productivity

Once again the BCGE Group achieved improved return on equity, which rose from 4.9% in 2004, to 6.5% in 2005. The cost/income ratio dropped from 71.6% to 65.9%. This improvement reflects results obtained from the modernisation projects introduced in 2001.

The impetus of these changes will be maintained via a number of programmes currently underway in the areas of information technology marketing and training.

Excellent progress in return on shareholders' equity



Net reduction in the cost income ratio, mainly thanks to an increase in receipts



Increase in all the major sources of operating income

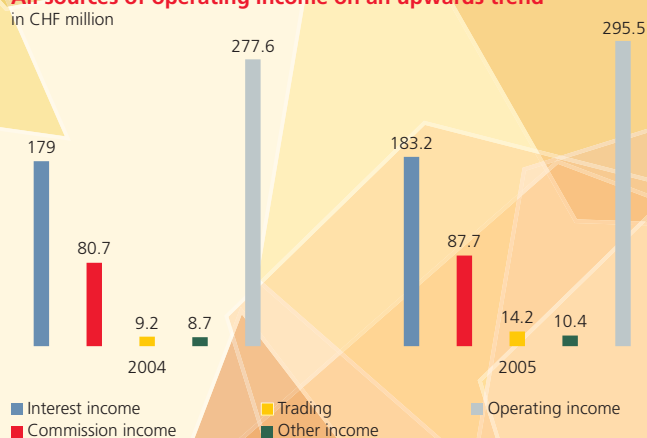
All BCGE's major sources of operating income experienced welcome growth in 2005.

Interest operations increased by 2.4%, rising to 183.2 million francs. Commission operations and services enjoyed significant growth of 8.7%, increasing to 87.7 million francs. This upward movement is due to growth in both major areas of commission income.

On the one hand, commission on wealth management rose by 14.2% to 38.1 million and on the other hand, dynamic activity in the area of corporate finance, particularly in the international business segment, had a positive impact on commission from loan operations, up 13% to 35.3 million.

The area of trading operations (equities and foreign exchange) developed very satisfactorily in 2005, surging by 54.5% to 14.2 million compared to 2004, which had seen a reduction due to the weak market volatility.

All sources of operating income on an upwards trend



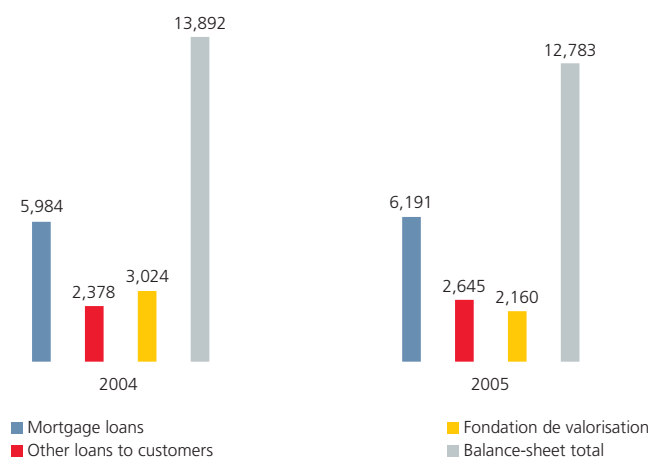
Improvement in interest productivity

The interest margin continued to improve thanks to effective ALM management well adapted to the interest markets. The restructuring of balance-sheet liabilities hedging arrangements that began a number of years ago is producing excellent results and is now positioning the Bank in an optimal manner to support development over the long term.

Marked growth in commercial assets

Return to growth in mortgage and business lending led to an increase in mortgage loans of 207 million francs or 3.5%, for a total of 6.2 billion. Loans to clients (without the *Fondation de valorisation*, see chart top right page) showed even more significant growth with an increase of 267.5 million francs or 11.2%, to 2.6 billion. The reduction in the balance-sheet total to 12.8 billion francs arises for the most part from a noticeable and highly pleasing decrease of the outstanding debt to the *Fondation de valorisation et des Actifs de la Banque Cantonale de Genève* of 864.5 million francs, representing a drop of 28.6% over one year. From an initial amount of 5.3 billion, the outstanding debt had been reduced to only 2.2 billion by 31 December 2005.

Return to growth in mortgage and business lending without the *Fondation de valorisation*



Business review in 2005

Growth in all areas of activity and strong profit increase in 2005

Improved refinancing structure

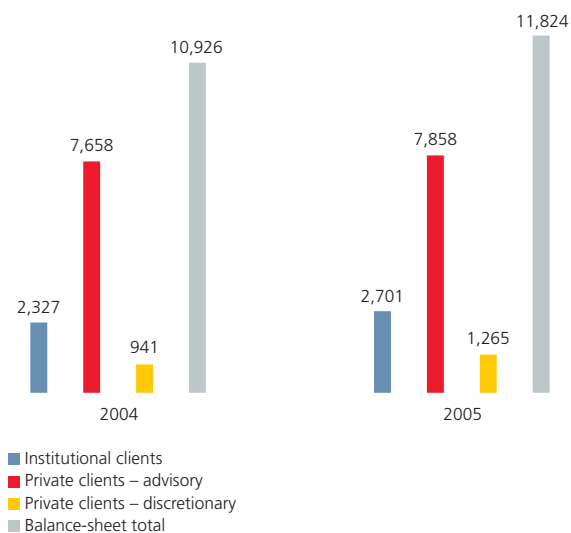
Liabilities to clients in the form of savings and deposit accounts amount to 4.9 billion francs, up 15.9 million or 0.3%. This stability is due to the alternative investment instruments recommended by BCGE, particularly in view of the situation on the interest rate and equity markets. Despite that, the proportion of refinancing in the form of savings deposits increased to 38% as against 36.8% at the end of 2004. We must also point out the excellent coverage of mortgage loans by savings deposits, as this amounts to 78.5%. Dropping by 717.9 million francs to 3.6 billion, long-term refinancing was reduced by taking advantage of excellent interest rate conditions. Loans due to banks, amounting to 314 million, are now being kept within an optimal range.

Success in wealth management

Funds under discretionary and advisory management experienced overall growth of 8.2%, rising to 11.8 billion francs. In part due to the excellent year on the stock markets in 2005, private clients' assets under discretionary management increased by 34.4% to 1.3 billion. This development is linked to the significant successes achieved by the BCGE Best of range of discretionary mandates. The total of institutional assets managed by our subsidiary, Synchrony Asset Management, increased by 16.1% to 2.7 billion. Funds under discretionary and advisory management by Anker Bank, our subsidiary for private asset management, increased by 107.1 million or 12.8% to 944 million francs.

Increase in assets under management (+8.2%)

in CHF million



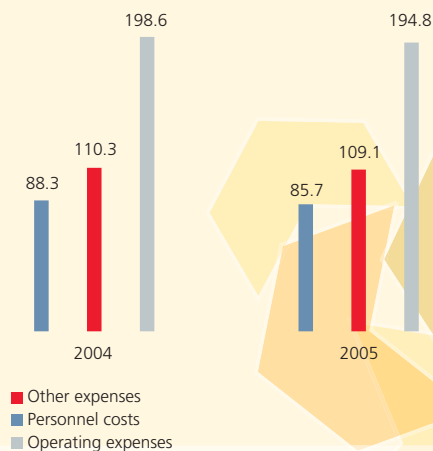
Control of operating costs

Cost reduction is continuing with a further drop of 1.9% to 194.8 million francs. Personnel costs dropped by 1.1% to 109.1 million, reflecting a slight reduction in total staff numbers, which stood at 763 full-time equivalents on 31 December 2005.

Our productivity programmes continued to produce highly pleasing results as other operating costs dropped by 3% to 85.7 million.

Reduction in expenses

in CHF million



Provisions in line with budget

The valuation adjustments and provisions are in line with the risk budget, at 29.5 million francs in 2005, compared with 31.2 million for the preceding year.



Financial soundness confirmed

Shareholders' equity stands at 681.8 million francs, representing 5.3% of the balance sheet total. At 140%, the equity cover ratio demonstrates that BCGE has now been put back on a sound financial footing. The slight downward movement in the cover ratio is due to reduced level of subordinated loans. This represents a positive development in the sense that such loans are slightly more expensive than other forms of refinancing. The financial strength of the Banque Cantonale de Genève is also demonstrated by the satisfactory rating of A-/A-2/stable from Standard & Poor's, confirmed on 17 February 2006.

More than 6,150 "shareholder clients"

BCGE is delighted with the continuing increase in the number of individual shareholders. The increase demonstrates strong commitment by individual clients and by Geneva's community to the Bank.

As of 31 December 2005, 6,154 individuals owned shares in BCGE, approximately two thirds of them owning less than 25 shares. This figure includes only shares deposited with BCGE itself (bearer shares).

Payment of an ordinary dividend of 3%

Given the excellent results in 2005, the Board of Directors of the Banque Cantonale de Genève will propose to the Shareholders' Meeting the payment of a dividend of 3% of nominal value, the equivalent of 3 francs per bearer share, for a total amount of 10.8 million francs. In accordance with Article 38 of the Statutes of the Banque Cantonale de Genève, a special allocation of 2.2 million to the State of Geneva will be made as repayment of the loans made by the State to the Fondation de valorisation des Actifs de la Banque Cantonale de Genève.

Positive outlook

For 2006, BCGE is forecasting income growth, continuing cost control, and consequently a reasonable increase in its gross profit. Optimal risk management and reduced depreciation mean that net profits can reliably be expected to be higher in 2006 than in 2005.



Business units

Divisions of BCGE



Blaise Goetschin (CEO)



Eric Bourdeaux (CFO)



Johan Bernard Alexander Kroon

Planning and Coordination

The division is responsible for providing services across BCGE Group as a whole. It supports the CEO in his leadership, planning, and oversight responsibilities for the Bank and its subsidiaries. It prepares and documents his relationships with the Board of Directors and regulatory agencies, as well as with institutions and clients. It is responsible for marketing and for Internet and remote telephone banking. It also includes human resources and training, in addition to legal affairs, communications, and investor relations.

Finance and Risk Management

The division's mission is to provide the financial framework appropriate for the strategy and goals of the Bank by seeking strong and competitive financing. Basing its decisions on proven techniques of risk management, it guides the balance-sheet in a dynamic manner. As the Bank has one of the few trading rooms in French-speaking Switzerland, the Finance and Risk Management Division provides clients with the best possible service for the full range of equity and foreign-exchange transactions. BCGE's financial engineering offers innovative solutions to corporate and institutional clients in the areas of interest-rate and foreign-exchange risk management.

► p. 20

Retail Banking and Branch Network

The Retail Banking and Branch Network Division serves all the people of Geneva and the surrounding area. It meets the financial needs of individuals, small businesses and professionals. In these market segments, the Bank has a relationship with one out of every two people in the canton. Through its network of 25 branches, its 24 / 7 banking areas and its 67 ATMs, the division provides banking services close to where clients live or work, offering a complete range of products and services, as well as high-quality professional advice, all at competitive rates.

► p. 21





Claude Bagnoud



Alain Spadone



Emile Rausis



Jean-Marc Joris

Corporate Banking

As a partner of businesses and public bodies in the canton and surrounding area, the Corporate Banking Division is in constant touch with approximately 10,000 corporate or public-sector clients and makes a decisive contribution to the economic life of Geneva. With a broad range of financial products, it provides loans to corporate clients for their working capital and development projects, as well as supporting clients' mergers and acquisitions activities. The division provides financing for real-estate developments and the construction industry. It is also active in the French market with a dedicated department and in close cooperation with BCGE France.

► p. 22

Private Banking

The division is responsible for private banking clients in Geneva, Switzerland, and other countries. It offers investment solutions tailor-made for the clients' particular needs. Approximately 3,000 private clients have given the Bank a BCGE Best of discretionary mandate, for a total of over a billion francs. The division offers a dedicated service for estate planning and global wealth analysis. It supports the investment strategy of the Group, which is also successfully employed by Anker Bank SA, a subsidiary specialising in wealth management.

► p. 23

Operations and Control

The division is responsible for the administration of lending operations, as well as the monitoring and control of risks associated with lending. In addition, it handles distressed situations by way of debt recovery and workout. Its responsibilities also extend to the management of non-banking properties for resale, and to the management of the Bank's non-strategic financial assets. Since February 2005 the division has also included the following departments: Logistics, Banking Transactions, Market Transactions, as well as Client Administration and Accounts.

► p. 24

Organisation and Information Technology

The division manages the Bank's information technology requirements in conjunction with the external service provider Unicile, and also organisational activities. Up until the end of January 2006 it was also responsible for all the operational activities of the Bank, as well as questions relating to IT and logistics.

Starting in February 2006, the division has been exclusively focussed on tasks relating to the organisation and development of the IT system in order to meet significant current and future challenges in the area of information technology.

► p. 25



Review of the business units

Finance and Risk Management Division

Highlights of 2005

Success of the balance-sheet financial optimisation strategy

In 2005 the Finance and Risk Management Division continued its restructuring of the BCGE balance-sheet, at the same time increasing profitability by means of particularly successful ALM management. Loans to the Bank dropped by nearly a billion francs, largely due to repayment of loans to the *Fondation de valorisation* for a total of CHF 864.5 million, far higher than the amount prescribed in the ten-year plan. This is excellent news for Geneva as a whole, and for the State in particular, but it also clearly represents a challenge for the Bank, which consequently has to reorganise its balance-sheet but without significantly increasing risk. BCGE was also able to repay several long-term loans, for a total of approximately CHF 717.8 million. The interest rates on these loans were much less attractive than current market conditions.

Capital adequacy ratio at a good level

At 140%, the capital adequacy ratio dropped slightly. This reduction is due to technical considerations; the Bank reduced its reliance on subordinated loans in 2005. We would remind readers that subordinated loans, which are more expensive, are recorded in the accounts, in part, among the Bank's equity and are gradually written down.

Agreement reached with the State for repayment of the operating expenses of the Fondation de valorisation

Agreement was reached in 2005 with the State of Geneva concerning the methods of repaying the operating expenses of the *Fondation de valorisation*. This balanced agreement, which respects the interests of both sides, provides for a special allocation within the framework of the annual profit-sharing, amounting to 20% of the total of ordinary and special dividends.

Confirmation of Standard and Poor's rating: A- / A-2 / stable

At the end of 2004, BCGE obtained its first official rating. This excellent news confirmed the restored credibility and stability of the Bank, its development potential and the quality of its shareholders. This rating was again confirmed in 2005, which contributed towards strengthening the Bank's image and reducing refinancing costs.

Trading room: at the service of financial decision centres in Geneva

BCGE is one of the few cantonal banks – and one of the very few banks in Geneva – to offer its clients a trading room.

The Bank presented its operations to the media in 2005 at a press conference on the topic of "Financial Strategy, Liquidity, and Financial Markets: BCGE's expertise in serving businesses and public bodies".

Reorganisation of Risk Management and Compliance

The "Compliance" section was amalgamated with the Risk Management Department. This new structure makes possible global and integrated risk management and concentration of control and investigative know-how and experience for the management of different types of risk, in accordance with the new regulations of the Federal Banking Commission (CFB) and Basle II. In this connection, BCGE was one of the banks invited to draw up the QIS-5 preparatory study protocol; this was a valued contribution to the development of these new practices (see page 26).

Synchrony Asset Management SA

Synchrony Asset Management experienced highly pleasing growth in assets under management, particularly index-linked mandates. Balanced management developed well under the "Synchrony Finest of" heading. This subsidiary specialising in institutional management also developed active management of smaller Swiss company stocks. Its goal is to invest in the best 20 or 25 stocks in this market segment, selected according to financial, but also environmental and social criteria. Synchrony Asset Management SA is thus in a position to market an SRI (socially responsible investment) product, based on corresponding methodology. Synchrony also adjusted its image in 2005 and adopted a new logo (see page 32).

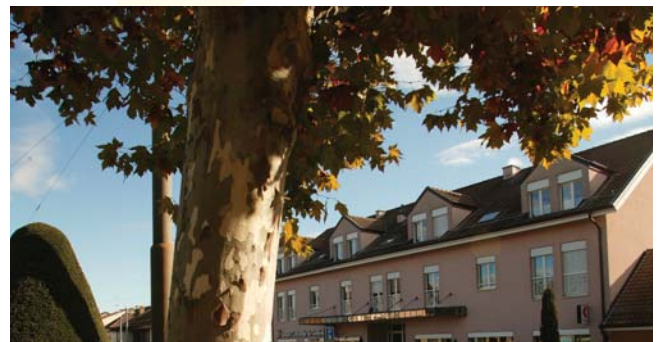
Continuing the close partnership with Swisscanto

BCGE continued its close collaboration with Swisscanto. This joint undertaking of Swiss cantonal banks specialises in the development and marketing of retirement and investment products for private and institutional clients. It holds a dominant position among investment fund managers in the Swiss market.



Eric Bourgeaux

Member of the Executive Board



Retail Banking and Branch Network

Highlights of 2005

Increase in market share in 2005

In an environment more competitive than ever before, the division improved its market shares, particularly in the areas of real-estate finance, savings, investment, pension products, and personal loans. Quality of advice, the number of clients, and client retention increased significantly.

Success of the BCGE Simplissimo brand

The BCGE Simplissimo brand, which offers quick, easy-to-understand and affordable mortgage solutions, together with unequalled knowledge of the regional market, experienced unprecedented success with the people of Geneva. The grand flexibility of this solution makes possible the blending of fixed rates, variable rates, Libor and forward rates. With a product adapted to the particular market, BCGE is continuing to support the financing of its clients' real-estate acquisitions in France.

Mortgages in neighbouring France

With a range suited to that market (flexibility and conditions), BCGE is seeking to accompany its customers in financing their property plans in the French catchment area.

Small businesses and self-employed professionals

The General Public and Networks division has a department specifically dedicated to small businesses and self-employed professionals. It currently has several thousand customers, representing a considerable share of that market. BCGE partners them in their expansion, while retaining a careful risk management policy.

Enhanced personalised service and advice

The division prioritises employee skills development. In order to guarantee comprehensiveness and excellence in advice to clients, it has further strengthened its training and certification programmes for staff in the branch network. The training is directed particularly towards mortgage loans, wealth management, and retirement products.

Welcome growth in savings and investments

The Bank maintained its leading position in the savings market, particularly by means of the BCGE Avantage service programme which offers additional savings rewards through a very attractive loyalty programme. 40,000 clients have joined the programme and obtained significant interest bonuses. The advisors in the branch network increased their advising activities in the area of wealth management, with a record number of BCGE Best of mandates and BCGE Rainbow fund subscriptions.

Complete restructuring of BCGE services for young people

Since the launch of the new range of services for young people (see page 28) new accounts grew by 20%.

Free withdrawals at ATMs

BCGE has a large number of ATMs. Furthermore, BCGE continues to not charge its customers for the withdrawals they make from the ATMs of other banks, contrary to increasingly widespread practice.

Frequent dialogue with our clients by means of specialised talks

In order to help clients benefit from its unrivalled local skills and know-how in the areas of real-estate finance, wealth management, wealth transfer, estate planning and retirement planning, BCGE organised a host of talks and seminars on these topics in collaboration with experts from inside and outside the Bank.



Johan Bernard Alexander Kroon

Member of the Executive Board



Review of the business units

Corporate Banking

Highlights of 2005

Growth in a very competitive environment

Over all, the Corporate Banking Division recorded growth in its activities, despite a competitive environment and the limitation or syndication of certain holdings resulting from their risk profile. It also completed a number of new large-scale transactions, in particular sophisticated financial arrangements responding to the complex needs of certain businesses; this emphasised the highly developed skills of BCGE specialists in the area of corporate banking.

Success of the "BCGE L'essentiel de la finance" seminars

More than 150 entrepreneurs participated in our "BCGE L'essentiel de la finance" seminars, organised in September together with a large international accounting and consulting firm on the topics of corporate finance, mergers and acquisitions. With this seminar the Bank was able to demonstrate not only the depth of its knowledge and experience in this complex area, but also to confirm its role as the leading local performer for business in the canton and surrounding area.

An ideal partner for public bodies

In 2005, BCGE remained in constant touch with public bodies in the canton. The Corporate Division particularly supported municipalities and their housing foundations in their activities, by offering tailor-made solutions to find the best choices in the areas of financing strategies and risk control. Lastly, BCGE optimised its financial relations with the State of Geneva, particularly by contributing to the centralisation and management of its cash flows.

Notable successes in a still tight property market

Because of its sophisticated advice and its knowledge of local market conditions, BCGE was able to be successful in a market where large-scale developments were rare indeed.

Favourable environment for international trading

In 2005 the commodities trading market provided an environment favourable for financing international trading. The repeated strong profits in this sector exceeded expectations. They represent a source of strategic diversification in one of the major pillars of Geneva's service economy.

Harmonious development of the Switzerland-France linkage

In 2005 the Corporate Department France worked hard to support the joint business undertakings of the parent company and its French subsidiary. The active presence of BCGE in France and in Switzerland made it possible to support cross-border clients in the different phases of the investment cycle. In addition, the two financial vehicles for real-estate investment – Compagnie Foncière Franco-Suisse SA and Dixence SAS – jointly held with other investors including the Swiss Karl Steiner Group, achieved excellent performances, resulting above all from the quality of the projects undertaken in the Rhône-Alpes region and in the area around Paris.

Banque Cantonale de Genève (France) SA

The mission of BCGEF is to extend the presence of BCGE Group in the Rhône-Alpes region and in France. Its 2005 results represented an excellent performance in all areas. During the year, the Group continued its process of integrating its French subsidiary into the credit-risk management process. The development of private wealth management, particularly the launch of the BCGEF Best of Life International mandate, progressed outstandingly. This "on-shore" wealth management instrument has become particularly attractive for residents of an EU country because of a product based on life insurance. In refinancing matters, BCGE has continued to enjoy the support of its parent company, as it has done in the past.



Claude Bagnoud

Member of the Executive Board



Private Banking

Highlights of 2005

This was an exceptional year in equity markets.

Business in the Private Banking Division showed welcome strength, supported by the good performance of the BCGE Best of doctrine and the upward movement of equity and bond indices. More than 3,000 clients have given discretionary mandates to the Bank, allowing it to manage their assets as it thinks fit; this represents an annual growth of over 30%. The aggregate sum of assets under management has passed the billion franc mark.

Excellent performance by the BCGE Best of mandates

Supported by the growth of world financial markets, particularly those of Switzerland and Europe, all forms of BCGE Best of experienced exceptional returns in 2005. BCGE Best of in Swiss francs achieved a net gain of 18.72% (dynamic profile), 11.22% (balanced) and 4.53% (defensive). Both euro- and sterling-denominated mandates also achieved solid performances.

New BCGE Best of mandate – 100% equities

During 2005 the Division prepared an extension of the BCGE Best of range – for the moment suffice to mention the BCGE Best of Equity World in which all funds are invested in equities which will be launched in spring 2006 and be denominated in CHF, EUR, USD or GBP*. For the French subsidiary, the BCGE Best of has been linked to life insurance.

BCGE Rainbow fund: 170 million francs invested

The BCGE Rainbow fund, which for the last 15 years has fulfilled the growing interest of clients wishing to invest limited sums, moved strongly upwards in 2005. The dynamic "Diamant" profile passed the CHF 100 million net asset milestone and the "Saphir" defensive profile reached CHF 70 million. We are also in the process of developing a new euro-denominated Rainbow fund which will be launched during 2006. It is particularly targeted at clients looking for a return in this currency.

Protection designed by the Bank's financial engineering

The Division has developed new certificates protecting portfolios from risks such as a fall in the financial markets or currencies and against interest-rate rises. There are 12 of these certificates in total; they are denominated in four currencies (CHF, USD, EUR and GBP) and extend across three risk profiles (defensive, balanced and dynamic). They are aimed in particular at clients with investment mandates.

Creation of the new Personal Finance Department

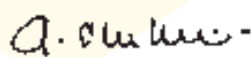
A new department called the "Personal Finance Department" was created in early autumn 2005 to provide a global wealth management approach specifically for executives, entrepreneurs and local personalities.

The BCGE publishes the first cantonal GDP figures

The forecast of the world, Swiss and Geneva economies undertaken by the BCGE's Financial Research Department was the subject of a press conference and an innovative publication. The Bank was the first organisation to produce its analysis which was based on the information on the Geneva economy supplied by the BAK Institute, particularly the canton's GDP from 1980 to 2012.

Excellent growth by Anker Bank SA

2005 was marked by a strong improvement in the activities of Anker Bank SA thanks to the reinforcement of the teams in Zurich and Lausanne. The position of Anker Bank was particularly improved by the dynamics of the BCGE Best of doctrine. The Bank will also gain significantly from the results of the in-depth IT and operational migration. Supported by a strengthened back office shared with its parent company, Anker Bank now devotes all its attention to providing value-added advice, faithful to its motto "authentic Swiss private banking".



Alain Spadone

Member of the Executive Board



Review of the business units

Operations and control

Highlights of 2005

Automation of loan approval processes

2005 represented the first full year in which automation of loan approvals was in operation using a new IT tool. The results of this reform initiated in July were beneficial both for the Retail Banking and Branch Network Division and for the administration of loans.

Continuous improvement in the IT system is the responsibility of the Credit Control Department which is also responsible for development, training and maintenance. This IT application, which is designed to automate the process of adjusting mortgages and commercial lending as well as granting loans, allows us to rationalise and standardise the Bank's loan products.

Last financial year for the Workout Department

The Workout Department, which is responsible for monitoring problematic commercial and real-estate situations saw a major reduction in its business, whether finance for companies, organisations experiencing temporary difficulties or investments held by the Bank. The Bank was able to sell five non-strategic holdings, the biggest of which were Sécheron SA and Hasler Rail AG. It is worth remembering that the latter company has considerably improved its financial and commercial position since 2000 to the point of paying dividends. In addition, the Bank was able to hand it over to reputable and experienced Swiss purchasers with its potential not just intact but also offering promise for the future. Due to this welcome reduction in its activity, the department was merged with the Debt Recovery Department in January 2006.

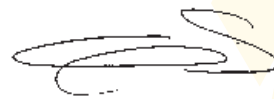
Vigorous management of the Debt Recovery Department

During the 2005 financial year, over CHF 2.5 million of debt which had previously been written off was recovered, CHF 926,000 resulted from active management of bankruptcy certificates by the Debt Recovery Department.

Turning now to the real-estate sector, the favourable conditions on the Geneva market allowed us to sell 14 properties at an aggregate profit of almost CHF 400,000 while repurchase at public auction was only necessary on three occasions. The inventory of real property due for resale therefore totalled CHF 6.6 million which is a sign of good management for a group with a mortgage portfolio of CHF 6.2 billion.

Provisions in line with the budget

Allocations to valuation adjustments, provisions and losses, at CHF 29.5 million in 2005, are in line with the risk budget (CHF 31.2 million for the previous financial year).



Emile Rausis

Member of the Executive Board



Organisation and Information Technology

Highlights of 2005

Centralisation of banking activities

The Organisation and Information Technology Division continued to manage the whole of the banking activities in a centralised manner. It also concentrated on a number of ambitious projects to modernise the Bank's information technology infrastructure, directing its efforts particularly towards the definition and preparation of development projects for the information system; the studies for this process are now in the final stage and their conclusions will be announced in the course of 2006. The Logistics Department continued the detailed inventory of the processes within the Bank and their optimisation, thus achieving cost reductions and consequently also a noticeable improvement in productivity.

Optimisation of securities management in 2005

In the course of 2005, the division improved the organisation of securities administration activities in order to concentrate them in one location and to improve productivity. Within this framework the Bank concentrated its securities in a single custodian in order to simplify procedures and generate savings. To the same end, concentration of the financial information systems of the Bank was carried out and new IT modules were introduced to improve and simplify transactions on the money markets.

New BCGE Netbanking services

BCGE Netbanking made new, secure-environment services available to users. On the one hand, Inbox (a secure message service) makes it possible to exchange individualised messages with a BCGE Netbanking advisor and to receive information from the Bank on a regular basis. On the other hand, E-invoices enables clients to receive and pay suppliers' invoices directly on the website. Finally, a new function was developed so that clients can receive their statements in electronic format instead of on paper. This new service, inaugurated on 1 January 2005, has the advantage of being fast, secure and free. It contributes directly to environmental protection (saving paper and energy). These changes were steered by the Marketing Department within the framework of improving client services.

European Union savings taxation

The European Union's regulations on savings taxation which came into force on 1 July 2005 made a significant update of the Osiris programme necessary. In the vast majority of cases, depending on the type of account and information on the client's place of residence, the system determines automatically if the client is subject to EU taxation.

Branch renovation programme

BCGE continued its programme of systematic renovation of its branches, five of which were completely modernised or enlarged in 2005. As part of this process, the client areas were reorganised in the Florissant, Servette and Meyrin branches, and a new client advising space was opened in the Bellevue branch. Everywhere in the canton the work done at the Bank's branches reinforced the common visual identity, at the same time as improving the comfort and quality of client reception.



Jean-Marc Joris

Member of the Executive Board



Risk management

At the centre of the Bank's strategy

BCGE's risk protection policy is laid out in detail on pages 54 and 55. The following paragraphs present the main thrusts of this activity in 2005.

As a result of its mission, BCGE is a full-service bank and must therefore develop a risk management strategy properly adapted to the complexity of its banking activities in order to protect itself from the wide range of risks which could impact on the whole of its activities. This requirement demands that risk management be placed at the centre of the Bank's management processes.

BCGE relies on the expertise of its Finance and Risk Management Division in order to develop and implement a global concept for the identification, prevention, and management of all the risk components to which the Bank is directly or indirectly exposed. It draws up a rolling inventory of risks and their potential impact, summarises and prioritises them, and constantly seeks ways to protect the Bank against risk.

At BCGE the objective of risk strategy is to find the balance between an acceptable risk level and optimal profitability. The Bank is motivated by caution and the priority given to ensuring the continuity of the Bank, its business, and the business of its clients.

Risk management occupies a central position in the development of the Bank's strategy. In particular, the annual review of the strategic and financial plan considers the constantly changing risks in grand detail and prioritises them. Where appropriate, the Bank will then modify its business and operating strategies accordingly.

Strengthening compliance

In accordance with its overall risk management strategy, BCGE has transferred its compliance activities to the Risk Management Department in order to promote symbiosis and a better response to the increased importance attached to compliance control.

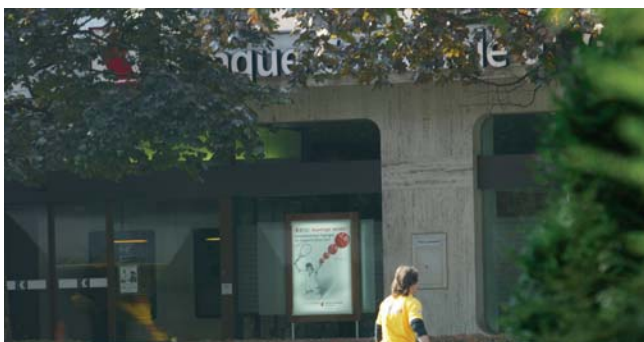
The Bank continued the strengthening of its compliance function, particularly by increasing staff numbers in the appropriate units and improving staff training. As part of this, training was provided to the compliance units in each front-office division and on regular monitoring of unusual movements.

"Économie des risques"

As part of a strategy of continuous profitability improvement, the Bank initiated a programme entitled "Économie des risques" which consists of developing a culture and method of working characterised by a deep-seated attitude of risk avoidance and risk forecasting; the programme makes use of scenarios, simulations and advanced probability analyses. It makes it possible to analyse known risks and the corrective measures to be taken, as well as to monitor the changes of different risks by category and by banking activity, with the aim of improving risk forecasting. This development aims to enhance optimal use of shareholders' equity.

Adjustment to Basle II standards

In 2005 the Bank continued the implementation of the changes necessary to ensure compliance with the requirements of Basle II. These requirements provide the Bank with improved methods of identifying default risks and operational risks at the level of the banking system. The Bank is combining the new methods of calculating risk and shareholders' equity. BCGE successfully completed the QIS-5 simulation (Quantitative Impact Statement) of the Federal Banking Commission (FBC). Work is continuing in 2006 on the installation of software and the optimisation of equity use.



Credit risk analysis

The Bank has reinforced a risk management approach which emphasises a precise allocation of responsibilities for the analysis and monitoring of risk, beginning with the account manager and then moving up the chain of command and the persons and committees responsible for loan approvals. This philosophy is applied by all the units of the Group. Three rating models particular to the BCGE Group are used for corporate clients, for individual clients, and for commodities trading clients. Client ratings published by recognised agencies are used in the first instance; if these are not available, internal ratings are used. Country ratings are in line with internationally recognised standards. The system of country limits was revised after improvements had been made in the monitoring of direct country-related risks.

Internal control and operational risks

A number of work programmes and projects made enabled an increased oversight of the different operational risks connected to the activities of the Bank. Among these it is appropriate to draw attention to an in-depth study of accounting procedures using the same methodology as has been applied to the trading room since 2004.

Emphasis was placed on system interfaces and on transaction monitoring. The Group's units have constantly followed Swiss regulatory criteria in respect of liquidity risk. Risk policy regarding financial markets has remained cautious. The allocation of equity in this area is limited. The level of legal risk remained stable throughout 2005. No significant risk of this type emerged during the year. Finally, a number of projects were undertaken to improve the system of controls of both BCGE and its subsidiaries. Monitoring and adaptation to the new regulations were undertaken by the compliance unit.

Interest-rate risk and ALM management

Interest-rate risk management was developed and strengthened significantly. The new services requested by clients, such as forward loans, by which they can protect themselves against possible rises in interest rates, were taken into account. The analysis of off-balance-sheet items was refined. Similarly, the analysis of the components of the economic value of equity was improved. Derivatives used for hedging risks are now monitored in detail. The major risk indicators as defined by Directive 99/2 of the Federal Banking Commission remain well under control.



Achievements in 2005

In brief

Rejuvenating services for younger clients

A range of innovative and very competitive accounts aimed at people between 11 and 30 was launched in June 2005. In particular, it consists of 3 accounts: BCGE Latitude for 11 to 18-year-olds who wish to learn about banking, BCGE Nomade for 15 to 25-year-olds who want to manage their income inexpensively, and BCGE Formation for students between 18 and 30 in post-secondary education.



Success of estate planning conferences

More than 330 people attended BCGE conferences on estate planning. The presentations and discussions, led by BCGE experts and by guest speakers from the outside, enabled participants to obtain information on the best pension solutions for their particular situation.



Ordinary general meeting

4,953,988 votes, i.e. 80.53% of the capital, were represented at the 11th Ordinary General Meeting, held on 3 May, 2005. The shareholders approved the consolidated financial statements and the parent company's financial statements for the year by a large majority and welcomed the return to dividend payments. In particular, they adopted the mechanism for reimbursing the State for the operating expenses of the *Fondation de valorisation*. The General Meeting approved the activities of the Board of Directors for 2004.



Extraordinary general meeting

Following the new BCGE Act's entry into force, an Extraordinary General Meeting was called for 13 December 2005 to approve the Articles of Association arising from the Act. The Articles were approved by an overwhelming majority. Pierre Mirabaud, President of the Swiss Bankers' Association, was kind enough to attend the meeting and congratulated BCGE on its achievements. David Hiler, Member of the Geneva Council of State and Head of the Finance Department, also spoke of the highly pleasing developments within the Bank.



Repayment of the operating costs of the *Fondation de valorisation*

Having returned to a higher level of profitability, BCGE has now turned to the task of gradually repaying the operating expenses of the *Fondation de valorisation des actifs de la BCGE*, which since 2000 had been paid by the State of Geneva. The repayment process is conducted by means of a special allocation within the framework of the annual distribution of profits and is equal to 20% of the total amount of ordinary and special dividends.

Financial information in the media

Throughout the year, BCGE had a daily stock-market column in the *Tribune de Genève* providing information on the Swiss equity bond, and currency markets. Starting in January 2006, Anker Bank has been continuing this innovation with a daily column in *Le Temps*, focussing particularly on the Swiss Market Index (SMI) and smaller Swiss stocks.



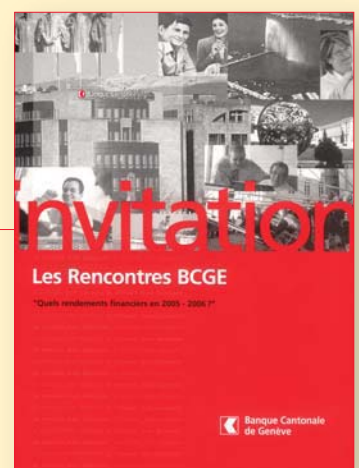
6,000th shareholder client

The number of BCGE shareholder clients grew from 3,625 in October 2002 to 6,154 in December 2005, an increase of 67% in a little over three years. These figures reflect only those securities which are on deposit with BCGE. The State of Geneva holds 49.8% of the share capital, the City of Geneva 20.9% and the other municipalities in the canton have a 7.4% holding. The 6,154 individual shareholders together have 21.9% of the share capital. The majority are small investors with fewer than 25 shares.



Les Rencontres BCGE: record attendance!

"How to invest in 2005"; this was the topic for the very successful Rencontres BCGE in 2005. This series of seminars, organised in different locations in the canton, aims to make the Bank's investment strategy known to the general public. A First in 2005, a 'Rencontre' was held in English – following requests from our English-speaking clients.



Achievements in 2005

In brief

BCGE Rainbow fund Diamant: CHF 100 million

For the first time in the history of BCGE Group, the assets under management in the BCGE Rainbow fund balanced category passed the benchmark of CHF 100 million in net assets. BCGE Rainbow fund, an investment fund created by BCGE in 1990, is intended for clients who wish to invest sums of CHF 5,000 and up over the long or medium term in the stock market. The Rainbow fund has two categories denominated in Swiss Francs: Saphir (conservative, launched in April 2004) and Diamant (balanced).



BCGE L'essentiel de la finance

How to stand out from the competition, Estate planning, Housing needs in Geneva, Cooperation between municipalities and regionalisation. These were some of the topics discussed together with our business partners, public-sector and business leaders in seminars attended by several hundred professionals.



First publication of GDP for the Canton of Geneva

For the second year in a row BCGE announced its business forecast, among other things by means of a brochure available at its branches and sent to its partner organisations. A new feature of the 2005 edition was the publication of a cantonal GDP – an item of statistical information previously unavailable. This information was supplemented by a historical summary from 1980 onwards and an estimate of GDP growth to 2012.



Defining housing needs in Geneva

Available at www.bcge.ch, the study *Living in Geneva: Where? When? How?* analyses the expectations of the people in Geneva in the area of housing. Based on a sample of 812 in-depth interviews, it provides a qualitative assessment of housing demand for rentals and sales.



Partner at the microfinance symposium

BCGE was an active partner at the symposium “Investing Private Capital in Micro & Small Business Finance” held in Geneva on 10 and 11 October on the occasion of the United Nations’ International Year of Microcredit. Organised by the Geneva Financial Center and the Centre for Applied Studies in International Negotiation (CASIN), the symposium attracted several hundred people active in finance from everywhere in the world.



New Personal Finance department

The Personal Finance department was created in September in order to provide global wealth-management services (management, planning, wealth transfer) for a clientele composed of executives, entrepreneurs and leaders living in Geneva. Misha Nagelmackers-Voinov was appointed Head of the department.

Sale of Sécheron SA and HaslerRail SA

Following its strategy of giving up control of manufacturing businesses, BCGE handed over the reins of Sécheron SA and HaslerRail SA to a group of Swiss businessmen on very favourable terms. Having supported and encouraged growth in the two businesses over a ten-year period, the Bank gave preference to partners with strength and experience in the industrial sector willing to continue and expand industrial activity at the current locations over the long term.



BCGE Simplissimmo

The BCGE Simplissimmo advertising campaign was well received by the people of Geneva. This is evident from the market studies conducted in 2005. The same is true for the autumn offer “Win a 1-year interest holiday on your mortgage”. Advertisements in the press and radio commercials accompanied other promotional activities, among which is a welcoming gift for every new client – a bird house made for BCGE at the Epsetera La Combe workshops.



Achievements in 2005

In brief

Launch of electronic statements

The introduction of electronic bank statements noticeably enhances BCGE Netbanking services – they are faster, more ecological, more economical, and easily archivable.



New Leadership at Anker Bank in Lausanne

Racheleano Mecozzi was appointed to head up the Lausanne branch of Anker Bank. He has been with BCGE Group for 28 years, 10 of them in wealth management. Mr. Mecozzi was active in the successful introduction and development of the BCGE Best of discretionary mandates. These are the leaders of the Group's wealth-management philosophy and are also offered to its clientele by Anker Bank.



New logo for Synchrony

Synchrony Asset Management now has a new logo expressing its dynamism and highlighting the Synchrony brand. Simpler, better proportioned, this logo improves the legibility and visibility of this entity specialising in institutional asset management.



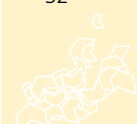
A smoke-free bank

BCGE banned smoking in its offices and branches from 1 September, 2005. This step, made following a survey undertaken within the Bank, has been very well received by clients and staff alike.



BCGE Netbanking

In 2005 there were over three million internet transactions and 7,687 new BCGE Netbanking users, plus approximately 11,500 new Open-line (voice-activated server) users.



BCGE in the community

The BCGE is active in a large number of economic organisations, professional bodies and educational institutions at both regional and national level.

Cantonal bank organisations

Union des Banques Cantonales Suisses (Basle)

The defence of common interests and encouraging cooperation between the 24 Swiss cantonal banks.

Blaise Goetschin – Member of the Board of Directors

www.ubcs.ch

Centrale de Lettres de Gage (CLG), (Zurich)

Long-term loans for cantonal banks secured by mortgage bonds.

Blaise Goetschin – Deputy Chairman of the Board of Directors

www.pfandbriefzentrale.ch

Finarbit (Zurich)

Brokerage house specialising in the negotiation of money-market products and derivatives.

Max Baertsch – Member of the Board of Directors

www.finarbit.ch

Swisscanto Holding SA (Bern)

Business management and employee retirement plan consultancy.

Alain Spadone – Member of the Board of Directors

Swisscanto SA (Basle)

Financial services, investment and retirement plan consultancy.

Johan Bernard Alexander Kroon – Member of the Board of Directors

Swisscanto Fondation de libre passage (Basle)

Johan Bernard Alexander Kroon – Member of the board of the foundation

Swisscanto Supra Fondation collective (Basle)

Johan Bernard Alexander Kroon – Member of the board of the foundation

www.swisscanto.ch

Professional banking organisations

SwissBanking (Association Suisse des Banquiers)

Development and protection of the interests of Switzerland as a financial market-place.

Blaise Goetschin – Member of the Board of Directors

www.swissbanking.org

Geneva Financial Center

Promotion of Geneva as a financial market-place. Training programmes.

Blaise Goetschin – Member of the Foundation's Board

www.geneva-finance.ch

Geneva Economic Organisations

The Geneva Chamber of Industry and Commerce

Promotion of the Geneva economy and company assistance.

Blaise Goetschin – Member of the Board

www.ccig.ch

Fondation du Palais des Expositions

Exhibition and Convention Centre.

Claude Bagnoud – Member of the Foundation's Board

www.geneva-palexpo.ch

Union des Associations Patronales Genevoises (UAPG)

Coordination of the Geneva employers' associations and representation of their interests.

Claude Bagnoud – Member of the Technical Committee

www.uapg.ch

SMEs and new companies

Fondation Start PME

Support for the Geneva economy and for the creation and maintenance of employment in Geneva.

Christian Turbé – Consultative member of the Foundation's Board

Genilem

Partnership and consultative organisation for company founders.

Narcisse Moix – Member of the Foundation's Board

www.genilem.ch

Office Genevois de Cautionnement Mutuel

Guarantees for commercial bank loans for new companies

Luca Bonaiti – Member of the Board of Directors.

Tanguy De Jaegere – Member of the Board of Directors

www.ogcm.ch

Real-estate

Chambre Genevoise Immobilière

Representation and defence of real-estate owners' interests.

Jos Von Arx – Committee Member and Treasurer

www.cgionline.ch

Coopérative Romande de Cautionnement Immobilier (CRCI)

The Real-Estate Guarantee Cooperative for French-speaking Switzerland.

Jos von Arx – Member of the Foundation's Board

www.crci-hbw.ch

Fondation Parloca (ex-Locacasa)

Low-cost federal-subsidised housing.

Jos von Arx – Member of the Foundation's Board

Training institutes

Institut d'Etudes Immobilières

Postgraduate training for leaders in real-estate.

Jos Von Arx – Member of the Foundation's Board

www.iei-geneve.ch

Institut Supérieur de Formation Bancaire

Professional training specialising in banking and wealth management.

Blaise Goetschin – Deputy Chairman

Tanguy De Jaegere – Member of the Scientific Committee

www.isfb.ch

Société d'Etudes Economiques et Sociales (Lausanne)

Economic and social research. Liaison office between universities and businesses.

Blaise Goetschin – Member of the Management Committee

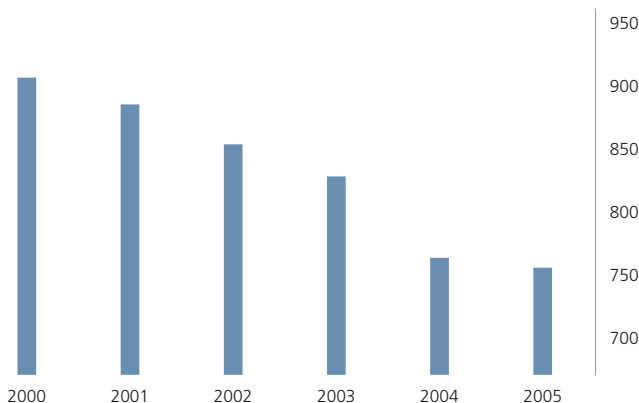
www.hec.unil.ch/sees

BCGE and its staff

Staff numbers and synergies

The number of employees in BCGE Group remained virtually unchanged in 2005, with an end-of-year total of 832 (763 full-time equivalent positions). The year was principally devoted to adapting staff numbers and skills to the operational changes following the reorganisation of some of the work processes. In addition, the subcontracting to BCGE of some back-office services of the Bank's subsidiary Anker Bank SA was undertaken without increasing staff numbers and to Anker Bank's complete satisfaction. The latter is now in a position to benefit from the specialist skills of a larger business.

BCGE staff in full-time equivalents



New manager

In August, responsibility for the Human Resources Department was given to Mrs Elizabeth Ray Tang, member of the management.

Annualisation of working hours

In 2005 a policy of accounting for staff working time on an annual, instead of a daily, basis was introduced. This system provides work teams with a high level of flexibility; because of this, the teams are in a better position to deal with the cyclical changes in volume of work which arise from their responsibilities. Employees, on the other hand, have a higher degree of freedom in the organisation of their working time, and manage their personal schedules by arrangement with their supervisors, depending on the work load and the specified annual number of working hours.



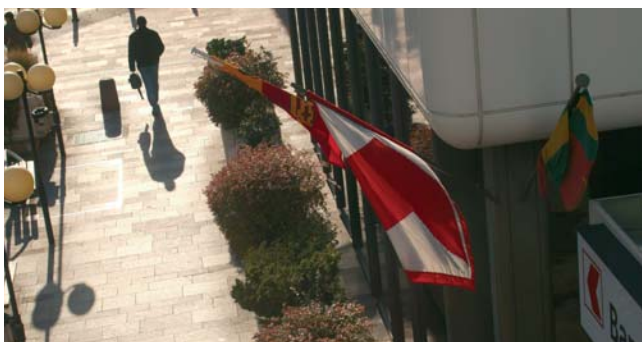
BCGE rewards its employees' spirit of business innovation with prizes for creativity and introduction of innovative processes (advertisements in the Tribune de Genève)

Setting goals and performance assessment

Employees set personal goals with their supervisors on an annual basis. At the end of the year they assess the degree to which these goals have been achieved and jointly decide on training requirements. In this way, all employees are fully aware of their medium-term goals, including training and development possibilities. This method also means that the Bank is aware of the skills required to achieve its primary goals.

Remuneration

Payment policy is moving towards encouraging individual performance. However, BCGE intends to maintain a policy of placing grand importance on both team performance and the Bank's overall performance. The Bank also has a policy of equal pay for men and women.



Incentives and rewards committees

The Bank encourages and rewards its staff who actively contribute to business development and to recruiting talented new colleagues. To this end it has implemented a number of incentive schemes explained in detail in the Staff Regulations and which apply to all staff, with the exception of the members of the Executive Board.

Ergonomics

With the sale in 2004 of the Corratier building, space and office arrangements were completely reorganised at the beginning of the year. This meant that a number of open-plan offices were created, significantly changing work habits and practices. The results are very positive.

Career support and training

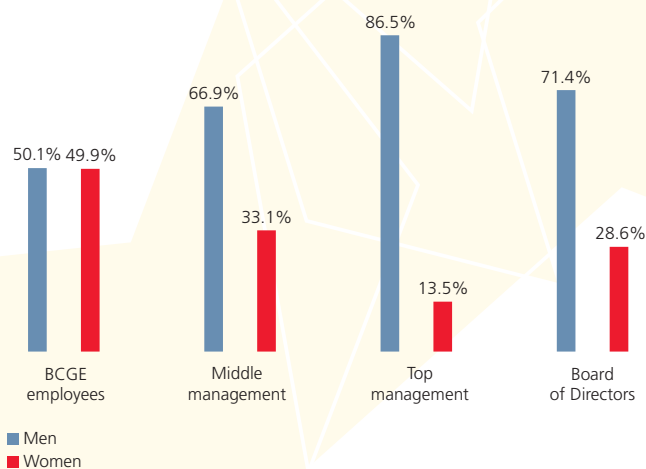
In 2005 training priorities were oriented towards front-office functions. Employees in the branch network benefitted significantly from extensive professional development programmes in the areas of client reception, identification of client needs, and the progressive development of superior banking knowledge and skills. To this end, BCGE has developed a demanding, high-level training and certification programme, particularly in the areas of real-estate finance and wealth management. Two management training programmes were implemented in 2005, consisting of a dozen half-day sessions. These programmes are specifically for the heads of both front and back-office departments.

Male / female in equal proportions

Overall, BCGE employs women and men in equal proportions (49.26% women and 50.74% men). In managerial functions the proportion of women is 29.18%. Five women are department heads (13.5%), a proportion which should increase over the next few years. Of the seven persons who were promoted to this responsibility in 2005, four were women. At the management level, the proportion of women is 28.6%, a relatively high figure.

Male / female in equal proportions

Figures as at 1 March 2006



Ethical, social and environmental statement

The Bank has a Code of Ethics to guide its activities. Approved by the General Meeting and by the Grand Council of the Republic and Canton of Geneva, this document is central to the Bank's strategy. It provides for a regular public statement, in the Annual Report, of the ways in which these values have been incorporated into the organisation of the Bank.

At the same time as fulfilling its mission and fully respecting its regulatory obligations, the Bank has adopted five ethical principles – integrity, equity, loyalty, independence, and transparency – which also apply to its partners, and has undertaken to respect the principle of sustainable development. This chapter presents a report and provides information on the major activities undertaken in 2005 in this area.

Towards our clients

Ease of accessibility for our clients

BCGE is developing accessibility for all its clients, particularly by means of the most highly developed network of branches and ATMs in the canton. With its BCGE Netbanking, BCGE also provides a very large number of services accessible from clients' homes or place of work. In order to encourage use of these services, the Bank will introduce a support mechanism in 2006 to help explain IT banking terms; this is intended particularly for elderly clients. A number of renovations have been undertaken to improve client reception, particularly by means of the creation of additional client areas and by updating our offices and branches.

Support for start-ups

BCGE provides high-quality services to all residents of the canton, whatever their situation. Among these services there is our extremely active role in providing support for start-ups. In particular, the Bank administers the Fondation Start-PME, a Geneva foundation under public law supporting job creation and the maintenance of employment levels by means of financial support, loan guarantees and equity holdings. In addition, the Bank is the sole banking partner, and sole shareholder together with the Canton, of the Office Genevois de Cautionnement Mutuel (OCGM) which has the responsibility of helping retail businesses, skilled tradesmen and SMEs obtain access to business loans in order to start, take over, or expand a business.

Independence: the fundamental principle of wealth management

The wealth-management philosophy of the Bank guarantees a high level of independence and transparency. The BCGE Rainbow Fund, BCGE Best of, and Synchrony Finest mandates impose rigorous selection of the best investment funds, which excludes "in-house" funds.

Communication and skill-sharing

Beginning in 2003, and with the help of specialists from inside and outside the Bank, BCGE has been inviting its clients to seminars under the heading of BCGE Essentials of Finance to provide information on topics useful for the development of the economy. These seminars promote entrepreneurial thinking and support a spirit of innovation. As part of this, a number of publications have been produced making available the major topics of these seminars to the public at large. In 2005 five seminars were organised, leading to three publications: Living in Geneva: Where, When and How?; BCGE Business Forecast for 2006 (see page 30); and How to Improve Corporate Governance. In addition to, and complementing these seminars, a number of conferences were organised on such topics as the business cycle, wealth management, retirement preparation, and mortgage financing. At the suggestion of Anker Bank SA and Synchrony Asset Management SA, talks were also given outside the canton, as well as by BCGE (France) SA in Lyon.

Equality of treatment

The Bank practices a fair fee policy by providing the same terms to all its clients, irrespective of their net worth.

BCGE Club CFO

In addition to its financial services, the Bank has developed BCGE Club CFO, a high-calibre financial engineering service for businesses and public bodies in order to help them optimise their financial management and risk control. In doing this, the Bank shares with its clients the services which it has developed for itself. In 2005 BCGE Club CFO received significant exposure, which will be continued in the future in the form of a real "club".



Equity holdings by clients

Through its BCGE Avantage service loyalty programme, the Bank encourages its clients to become shareholders and in this way to associate themselves further with the growth of the business. Last year, 867 new “shareholder clients” demonstrated their confidence in the Bank.

Towards suppliers

Transparency in business relationships

In 2005, the Bank issued internal guidelines on the selection of, and in relationships with, suppliers. This document clearly defines the rules to be followed, particularly in the areas of calls for tenders, drawing up contracts, invoicing and payment. These guidelines also provide guarantees for the supplier, particularly in the areas of payment, terms, and contractual conditions. These internal guidelines contribute to the enhancement of fair and equitable business practices with all suppliers who meet the criteria of the call for tenders. It ensures each business that its tender will be treated fairly and objectively. It guarantees contract conditions and a short time limit for payment.

Eco-friendly suppliers

The Bank’s internal guidelines contain general purchase conditions, agreed to by the supplier, by which he undertakes to provide his services according not only to qualitative and economic criteria, but also to safety, ethical, and environmental ones.

The directives also specify that preference will be given to suppliers supporting the development and spread of environmentally friendly technologies.

Towards staff

Partners of employees

In order to provide solutions to work-related and personal circumstances, the Bank provides staff with access to a number of bodies outside its organisational structures and the Human Resources Department. In this way the Staff Committee, made up of nine members drawn from the different divisions of the Bank, acts as a link to the Executive Board. It deals with individual cases and also passes on more general concerns to the Head of Human Resources and to the Chief Executive Officer.

BCGE also provides referrals to the social workers of the Service Social Inter-entreprises to which it belongs and which it funds, along with other Geneva businesses.

Finally, a mediation service external to the Bank was inaugurated in 2005. It provides psychological support and may help a staff member to negotiate settlement of a work-related issue.

Commitment to training young people in Geneva

Despite the increasing demands on employers who are active in the area of job training for young people, BCGE has not reduced its commitment and is positioning itself as one of the major contributors in Geneva in the area of training the next generation of banking personnel.

Consistent with that, as at 31 December there were 23 trainees within the Group, i.e. nearly one quarter of all trainees in the canton in the banking sector. The total number of banking trainees has significantly dropped over the last few years. In the majority of cases, when the trainees have concluded their education they remain with the Bank. BCGE also offers six work-placement positions each year to people who have obtained the school-leaving certificate or its equivalent, and eight internship places of 18 months to those who have recently completed a university “licence” degree.

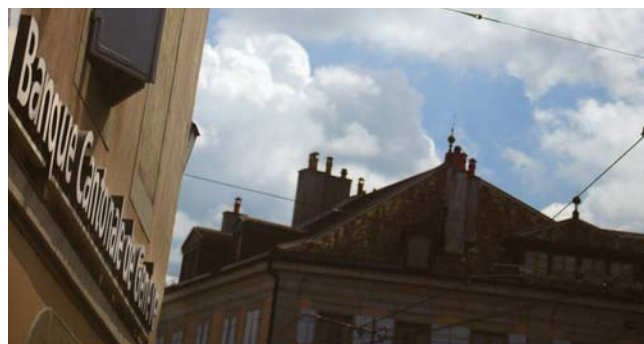
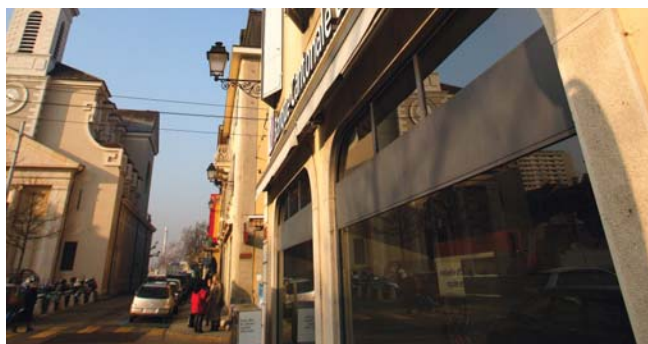
Recreation

BCGE also makes the recreation facilities at its training centre available to staff. In magnificent grounds on the outskirts of the city, employees and their families may take advantage of the tennis courts and swimming pool – among other facilities; they may also use a very fine restaurant.

Towards the environment

Development of eco-effectiveness programmes

In accordance with its commitment to support sustainable development, BCGE has a medium-term Eco-Effectiveness Plan which contains a list of seventeen large projects in the area. This plan falls within the responsibilities of the Logistics Department. So far, nine projects have been concluded, four are still in progress, three have not yet been fully defined, and one had to be abandoned because it was technically impossible.



Ethical, social and environmental statement

In collaboration with SwissElectricity, a business specialising in the optimisation of energy expenditure (electricity, water, gas) by well-known businesses, BCGE has increased its efforts to analyse its energy costs, including the wattage of electrical outlets and the quality of the energy supplied.

To complement the above, BCGE has made application to ScanE (Service cantonal d'énergie) to receive support measures relating to a "preliminary energy audit". This audit will be carried out in 2006 on its two main buildings. Depending on the recommendations of the audit, a decision will be taken on a complete energy audit, which would then lead to the implementation of further energy-saving measures.

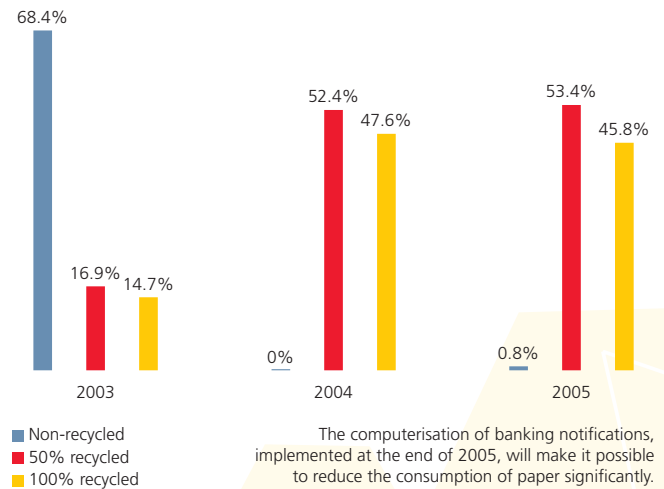
Complete recycling programme

Starting in 2003, the Bank developed a complete recycling programme. It was possible to reduce the quantity of recycled batteries by eliminating battery-dependent equipment and by using battery chargers. The recycling of aluminium soft-drink cans dropped dramatically, falling from 1.2 tonnes to 21 kilograms, as this type of container was removed from vending machines. However, the aluminium recycling programme has been retained for use by the Bank's employees. Over a tonne of PET was recycled, and 90 tonnes of paper. 1,363 printer cartridges were recycled in 2005, as against 834 in 2004.

Purchasing recycled paper

The Bank buys and uses recycled or partially-recycled paper almost exclusively. Of a total of 65.5 tonnes, only 0.76% of the paper used does not come in any way from recycling, 30 tonnes of paper are completely recycled and 35 tonnes are 50% recycled.

Paper purchases (excluding Unicible)



Development of remote banking

Over the past few years a significant effort has been made in the area of remote banking, over the Internet (BCGE Netbanking) or by telephone. The major innovations in 2005 were the move to computerised banking notifications, which results in a significant reduction in paper consumption, thus contributing to protection of the environment, and the implementation of a very effective online banking advisory service (022 317 27 27).

Encouraging the use of public transport

The Bank's Staff Regulations prescribe that work-related trips or journeys must be made by public transport as far as this is possible.



Review of the Geneva economy

2005 was characterised by strong economies across the whole world and ended on a dynamic note. The first half formed a transition period, giving positive signals, and the second half of the year was marked by a clear recovery.

Slow-down in demographic growth

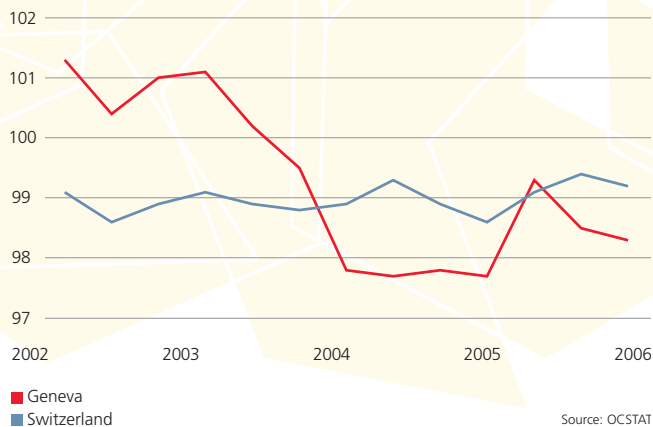
The reduction in the rate of population growth, which commenced in 2004, continued with an increase of 2,499 persons in 2005, compared with 4,010 in 2004. This results from the reduction in the number of foreigners entering Geneva and the reduction in the number of Swiss leaving the canton. The total gain from population movements (+814 persons) was still therefore based solely on the number of foreigners entering Geneva. However, for the first time since 1997, the excess of births over deaths (+1,685) was the main factor behind population growth. According to the Cantonal Statistics Office (OCSTAT) at the end of December 2005 the canton's population was 440,982, of which 38.7% were non-Swiss.

Slight recovery in employment

At the end of 2005, the number of jobs was 0.5% up on the same period in 2004 (compared with a reduction of 2.4% in the previous year). The increase, however, could only be seen in manufacturing (+8.3% between the end of 2004 and the end of 2005); the service sector continued to shed jobs (-0.8%).

Total jobs – index

Index: 3rd quarter 2001 = 100

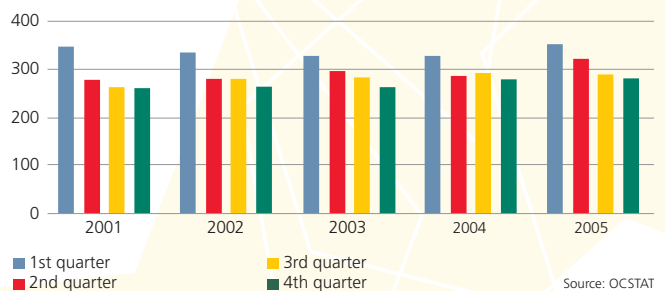


Strong increase in aggregate employment earnings

The aggregate value of wages and salaries increased by 4.8% in nominal terms over the whole of 2005, compared with an increase of only 1.4% in 2004. The increase in real terms was 3.4% (compared with 0.2% a year earlier). We should remember that unemployment benefits, estimated to be CHF 498 million over the whole of 2005, are not included in these figures. If they were included, the increase would rise to 4.5% in nominal terms and 3.1% in real terms.

Total wages and salaries paid in the canton of Geneva

Quarterly indices¹ (1980 = 100)



¹ The 1st quarterly index for each year is influenced by payments of end-of-year bonuses. The sequence was interrupted in 2000-2001 following adjustments due to regulatory changes. Consequently the figures for 2001 and 2002 cannot be directly compared with those of previous years

Foreign workers and cross-border commuters

Out of the 17,472 foreign immigrants (-6.4% on 2004), 9,941 (57% of the total) came to Geneva to take up paid employment. The latter group includes 4,541 working for international organisations (of whom 27.6% are citizens of the 25 countries of the EU) and 5,400 hold residence permits (of whom 82% are from the EU). The majority of these permit-holders are working in banks, insurance companies and consultancies or in commerce and the hospitality industry. 7,516 new cross-border work permits were issued in 2005 compared with 6,885 in 2004, an increase of 9.2%. At the end of December 2005, 51,316 persons held cross-border work permits (+13.8% in one year).

Apparent stability in the job market

The unemployment rate was 7.3% at the end of 2004 and at the end of 2005; it therefore appears to have remained stable during 2005. The reality, however, is more complex. In the first half of the year the number of registered unemployed increased (+3.6% from January to June). The decision by the federal government to reduce the number of days for



Review of the Geneva economy

which unemployment benefit could be drawn by persons under 50 years of age from 520 days to 400, reduced the number of unemployed artificially during July and August. The unemployment rate increased again after this period.

Manufacturing saw an uplift towards the end of the year

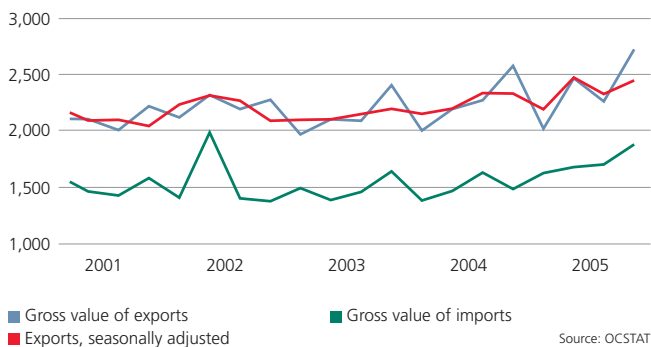
Having been mainly satisfactory in 2004, Geneva industry struggled to maintain growth in business during 2005. An improvement in the economy only became apparent in the fourth quarter. The utilisation rate of industrial capacity increased strongly and the growth in production accelerated. The improvement was particularly marked amongst export-based companies.

Exports and imports increase

Exports from the Canton of Geneva increased by 4.7% in 2005 compared with 2004 (excluding precious metals, gemstones, art and antiques). However, this increase was slightly below the increase recorded in the previous year (+5.6%). The most notable growth in absolute value was in shipments to the USA (+CHF 267 million, an increase of 20.8%). Exports from Geneva to China rose by an unprecedented 59.9%. Imports in 2005 increased by 15.4% compared with the previous year, having remained flat in 2004. The increase recorded in 2005 is the largest for 5 years.

Exports and imports from/to the Canton of Geneva

in CHF million

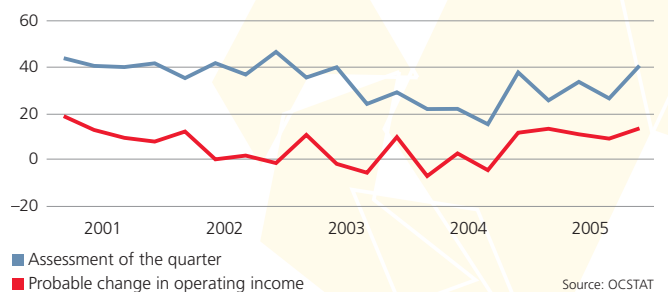


Construction spending on the increase

Compared with 2004, business in the construction industry showed a slight improvement in 2005. Estimates of total spending showed an upward trend over the full year. The cumulative value of new investment spending on equipment, order entry levels and backlogs over the first nine months showed a clear increase over 2004. According to developers, the improvement came essentially from the construction of building shells where revenues increased each quarter when calculated on a 12-month moving average. On the other hand, the outlook in the building industry is weak. Thus the reduction in the value of construction starts (-14% between 2004 and 2005) and building permits granted (-14% also) encourages prudence.

Business changes in Geneva real-estate services

Balance



Housing construction: a mixed review

1,599 houses and apartments were built in 2005, 306 more than in 2004. On the other hand, at the end of 2005, the number of dwellings under construction (2,142) represents a net reduction compared with the end of 2004 (-377). Construction starts for houses and apartments (1,154 in 2005) and building permits (1,274) were also on the decrease (-360 and -282 respectively). However, in a few months this decrease could be replaced by strong growth, as the number of applications for building permits is remarkably high at 1,735 – a number which has not been seen since the end of 1998. On the other hand, in the commercial construction sector, there was a major increase in recently completed floor area (+61% between 2004 and 2005). However, floor area under construction, just starting or for which permits have been granted is in decline.



Improvement for estate and letting agents

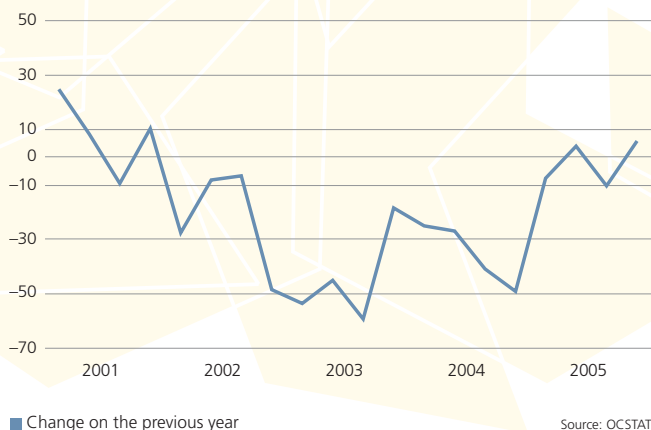
Although still in a period of shortage with those involved in this sector bemoaning the lack of availability of buildings, business in this area is reported to have been satisfactory in 2005, confirming the improvement seen at the end of 2004. In the field of building management, commissions and / or fees grew throughout the year. On the other hand, growth was erratic in property development and even negative amongst brokers (except for the fourth quarter).

Sluggish business for restaurants and hotels

In the hotel industry business, although still weak in the first half of the year, improved markedly from the summer onwards. The number of overnight stays, turnover and gross profit all showed a major increase over the previous year. In 2005, compared with 2003 (the last year for which a comparison is possible as hotel statistics were not prepared in 2004), the number of overnight stays for persons living in Switzerland or the EU (who together represent almost two thirds of overnight stays in Geneva) grew by 17.4% and 10.1% respectively. Overnight stays for residents of the Middle East (6.3% of the total) decreased by 8.8%. Geneva restaurants had poor results in 2005. The number of meals served and turnover fell throughout the whole year. On the other hand, the gross profit remained at the same level across the sector when compared with the previous year.

Restaurants: gross profit

Balance



More planes and fewer cars

The total number of passengers passing through Geneva International Airport (AIG) was well over 9 million in 2005, an increase of 0.5% in one year and grander than in previous years. At the end of 2005, 286,284 motor vehicles were registered in the Canton of Geneva. The annual rate of increase continued to drop and was only 0.2% over the previous year. For the first time since 1993, the number of private cars registered even dropped by 0.4%.

Moderate increase in inflation in spite of high oil prices

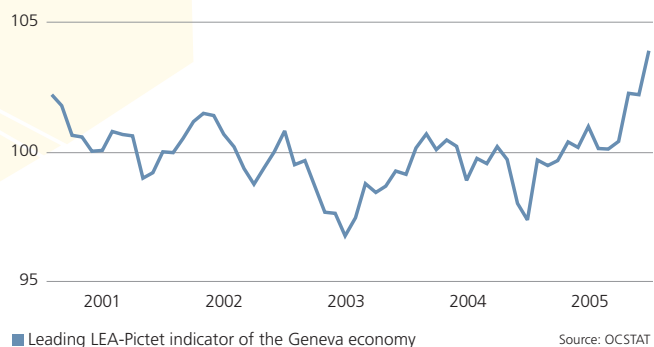
In 2005 the price of energy sources increased significantly as a result of the surge in oil prices (heating oil: +38.3% as a year-to-year average, gas: +14.7%; petrol and diesel oil: +9.8%). However, the price of other goods and services increased at a much lower rate (domestic rents by 1.7% for example); some even dropped (telecommunication services: -5.8%). Ultimately, the increase in costs of consumer goods remained low in 2005 and increased only by an average annual rate of 1.4% and at a 12-month moving average of 1.2% between December 2004 and December 2005.

Short-term outlook for the Geneva economy

A strong first quarter of 2006 is expected. The LEA-Pictet indicator which forecasts the economic activity in Geneva for the coming 6 to 9 months showed clear acceleration in the fourth quarter, thus broadly confirming the positive trend observed since the beginning of the year.

Changes in the Geneva economy

Index (Dec 1983 = 100)



Source: Office cantonal de la statistique (OCTAT)
 'Reflets conjoncturel de l'économie genevoise, mars 2006' and
 'Reflets conjoncturel de l'économie genevoise, supplément annuel 2006'
 Geneva, March 2006

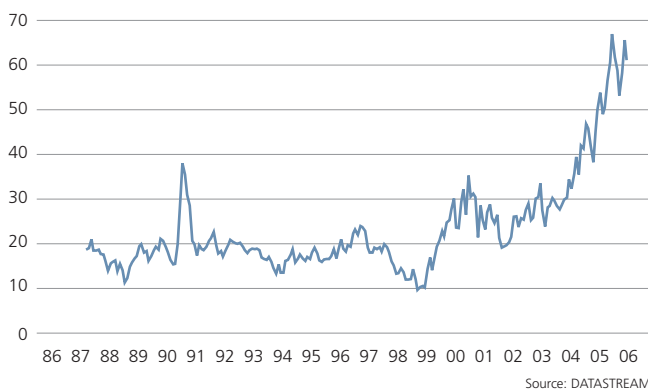
Review of financial markets

2005 was a vintage year

2005 was a good year for investors and, to a lesser degree, for the world economy. In spite of a new surge in the price of crude oil and commodities, growth was more robust than forecast and inflation, excluding energy, remained generally at a modest level in the majority of industrialised countries. The strongest economic expansion was seen in North and South America and in Asia but signs of a recovery in economic activity also appeared in Switzerland, Europe and Japan after a short-lived period of economic stagnation in the first half of the year.

The oil price surged again in 2005

Price of Brent crude in USD



Rebalancing expected in 2006

The world economy could benefit from more balanced growth in 2006, with a slow-down in activity in the USA accompanied by gentle acceleration in Europe and Japan. Economic growth in 2006 could remain at 3% in the USA and approach 2% in Switzerland and in the Eurozone. The economic "lift-off" in emerging countries is expected to continue. In 2005 the Chinese economy benefited from growth close to 10% which was maintained both by exports and extremely high investment spending. Growth of the same order is expected for 2006.

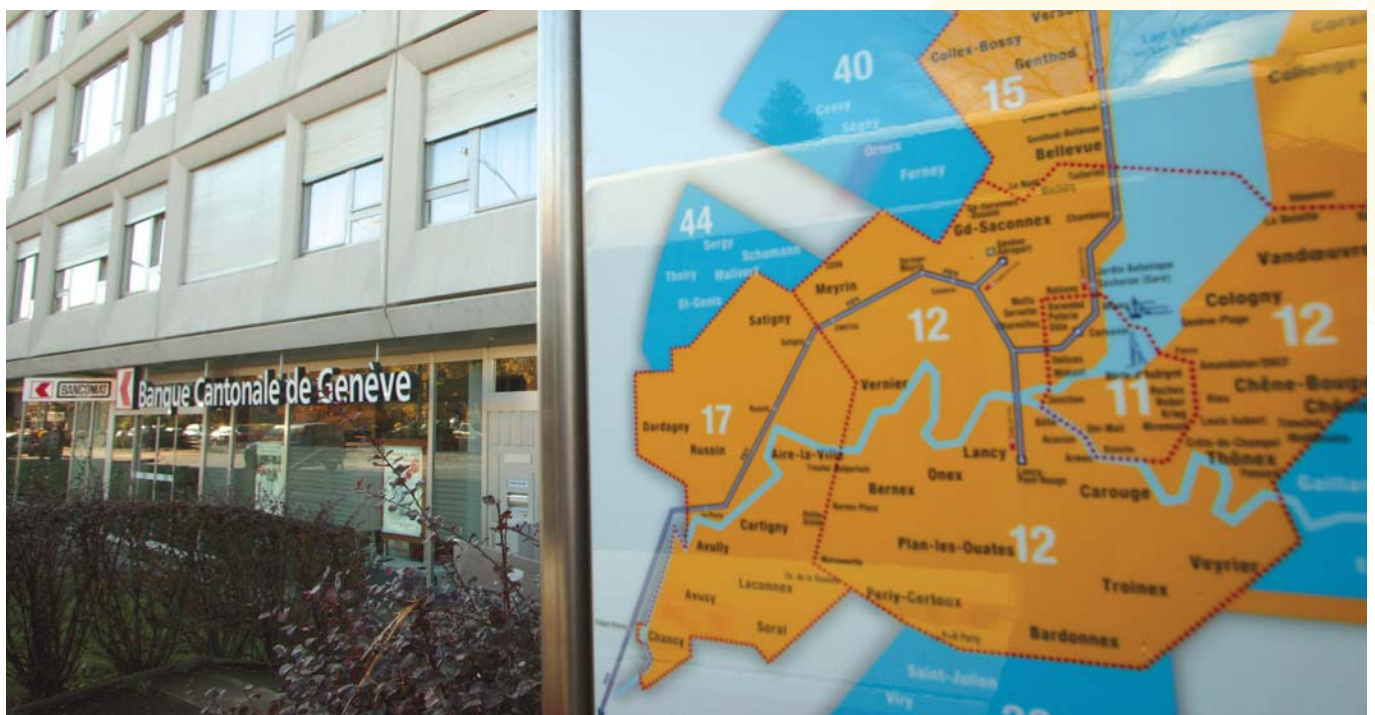
New records for crude

Driven by the strong demand originating both in the industrialised countries and developing countries such as China, the price of oil hit new all-time highs of over US\$ 70 per barrel after an increase of more than 40% in the year. The hike in energy prices is expected to continue in the years to come if economic growth continues, as world oil production capacity is only just able to satisfy increased demand. However, the economic impact of this oil shock has been relatively limited up to the present.

Monetary policies aimed at economic stimulation

The surge in oil prices has not caused a general increase in the price of goods and services. The relatively small increase in prices excluding oil has therefore allowed central banks to follow a policy of monetary stimulation in Europe and Japan, keeping interest rates at historical lows.

In the USA, the strength of the growth and signs of overheating in the real-estate market prompted the Federal Reserve to increase the Fed funds rate by more than 3% since June 2004; although this does not yet constitute a tight monetary policy, this increase in US interest rates



contributed to the unexpected rebound in the dollar against the euro, the Swiss franc and the yen in 2005.

The greenback regained more than 15% against major currencies

Exchange rate USD – CHF



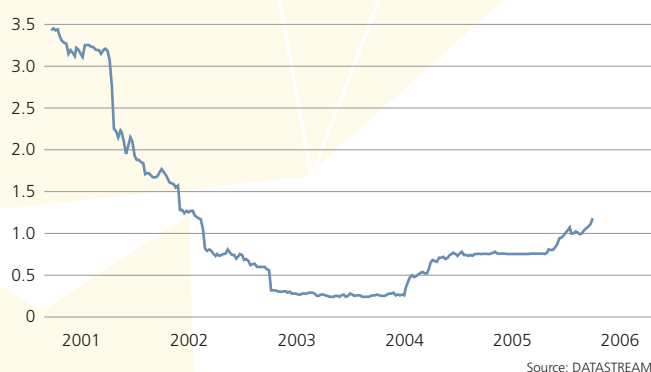
After gaining more than 15% against the yen, the euro and the Swiss franc in 2005, the US dollar halted a slide which had begun in 2000. Nevertheless, the dollar could recommence its downward path in the coming years because of the USA's deepening balance-of-payments deficit with the rest of the world. The euro has remained stable vis-à-vis the Swiss franc. In order to support the economic recovery in Switzerland and prevent the appreciation of the Swiss franc against the euro, the Swiss National Bank (SNB) followed a monetary policy designed to provide significant support to the economy, leaving its benchmark interest rate – the 3-month Libor – at 0.75% during the major part of the year. In December 2005, however, the acceleration of economic growth in Switzerland forced the SNB to lift the 3-month Libor to 1%. The European Central Bank (ECB) also prudently increased its benchmark interest rate from 2% to 2.25%.

Reduction in bond yields

To the surprise of many observers, bond yields continued to fall in 2005 in capital markets in Switzerland and the Eurozone in spite of the recovery in economic growth. The yield on Swiss government bonds even fell in September 2005 to the lowest level seen for a century. The yield on the Swiss 10-year benchmark bond dropped below 2% before recovering by slightly less than half a percentage point at the end of the year after the publication of several favourable economic indicators. The yields on Swiss and European bonds are forecast to rise in 2006 but a series of factors will combine to maintain interest rates at a historically low level: low inflation rates and the continuance of monetary policies designed to stimulate economies, strong demand for bonds by institutional investors such as pension funds and low financing requirements by companies which have significantly improved their profitability and strengthened their balance-sheets in recent years.

Interest rates have remained at a historically low level

Switzerland: 3-month libor



Review of financial markets

Increasing pace of stock market rallies

Abundant world liquidity and the enhanced profitability of listed companies have played a decisive role in the improvement of equity market indices seen since spring 2003 – an increase which accelerated in 2005, wiping out the grander part of the losses suffered in the major stock-market correction of 2000-2003. During the past year the main stock-market indices gained between 20% and over 40% depending on the market in Europe, Japan and the emerging countries.

The Swiss stock market achieved one of the best performances in the world

Swiss Performance Index (SPI)



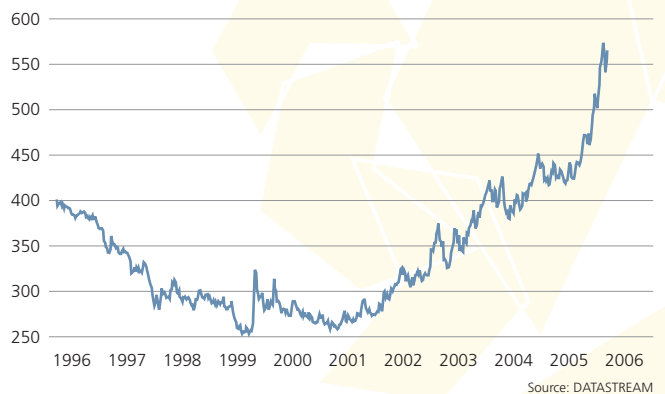
With a rise in the Swiss Performance Index (SPI) of 35%, the Swiss stock market achieved one of the best performances in the world along with the Japanese stock, which moved ahead by 45%. In Europe, the DJ Euro Stoxx index gained over 20%. The US market was weak with a gain in the S&P 500 index of less than 3% in dollar terms.

Commodities – the star performers

Energy and commodity stocks were the star performers of 2005, with some in the two sectors gaining 80%. Profit growth is expected to slow down in 2006 in the majority of industrialised countries as the cycle of profit-margin improvements, begun in 2001, will soon come to an end in most sectors. However, in the absence of an unexpected geopolitical shock, financial markets could still register modest growth during the year. The environment will remain relatively favourable for equities in 2006, with sustained economies, abundant liquidity and only moderate interest-rate increases. However, in the longer term equity performances will revert to an average growth of the order of 6%, which corresponds to the rate of world economic growth.

As foreseen, gold broke through the USD 500 per ounce barrier

Gold price in USD per ounce



BCGE: a prudent strategy

We prudently increased the proportion of equities in portfolios during 2005 in order to benefit from the gains in stock markets. While continuing the dominant position in Swiss and European issues, we have slightly increased the proportion of Japanese equities and maintained a relative subordinate position in the US market. Our portfolio of equity investment funds demonstrated their qualities of strength and performance by gaining more than their respective markets, while at the same time showing less volatility. The bond part of our portfolios has been invested in medium-term maturities issued by first-class borrowers. This strategy of prudence will be continued in 2006.



English translation of
French official version

REPORT OF THE GROUP AUDITORS

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

As Group auditors, we have audited the consolidated financial statements (pages 48 to 71) of Banque Cantonale de Genève for the year ended December 31, 2005.

These consolidated financial statements are the responsibility of the Board of directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss Auditing Standards as well as with International Standards on Auditing (ISA), which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position, the results of operations and the cash flows in conformity with the legal requirements applicable to banks, and comply with Swiss law.

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

DELOITTE SA



Pierre-Alain Bracher
Auditor in charge



Alexandre Buga

February 28, 2006

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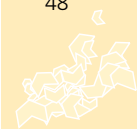
*This English version of the annual report is a free translation of the French official version.



The BCGE Group balance sheet

Consolidated

	Notes	31.12.2005 in CHF thousands	31.12.2004 in CHF thousands	Variation in CHF thousands
Assets				
Cash	5.13	141,288	145,328	-4,040
Money-market instruments	5.13	313,193	649,251	-336,058
Due from banks	5.13	707,009	1,086,391	-379,382
Due from clients	5.13	4,804,703	5,401,726	-597,023
<i>of which Fondation de valorisation</i>		<i>2,159,527</i>	<i>3,024,002</i>	<i>-864,475</i>
Mortgages	5.13	6,191,039	5,984,063	206,976
Trading portfolios	5.2	13,778	1,922	11,856
Financial investments	5.4	278,374	240,218	38,156
Investments consolidated by equity method	5.5	19,741	18,268	1,473
Fixed assets	5.7	200,682	210,046	-9,364
Intangible assets	5.7	11,372	11,532	-160
Accrued income and prepaid expenses		34,581	33,570	1,011
Other assets	5.8	67,326	109,400	-42,074
Total assets		12,783,086	13,891,715	-1,108,629
Total subordinated claims		22,567	9,825	12,742
Total due from non-consolidated investments and qualified participants		248,866	170,701	78,165
<i>of which total claims on the Canton of Geneva</i>		<i>178,866</i>	<i>100,701</i>	<i>78,165</i>
Liabilities				
Money-market instruments	5.13	3,308	1,462	1,846
Due to banks	5.13	314,049	283,309	30,740
Due to clients on savings and deposit accounts	5.13	4,862,215	4,846,294	15,921
Due to clients, other	5.13	3,032,622	3,532,141	-499,519
Medium-term notes (cash bonds)	5.13	67,728	79,027	-11,299
Bonds and mortgage-backed bonds	5.13	3,606,230	4,324,100	-717,870
Accrued expenses and deferred income		77,180	78,424	-1,244
Other liabilities	5.8	88,321	87,535	786
Valuation adjustments and provisions	5.12	26,227	5,265	20,962
Reserve for general banking risks	5.12	10,000	-	10,000
Share capital		360,000	360,000	-
Capital reserve		305,545	305,488	57
Retained earnings / accumulated deficit	3,372	-24,863	28,235	-1,353
Treasury shares		-18,889	-17,536	-1,353
Foreign-exchange differences		-616	-766	150
Group profit		45,794	31,835	13,959
Total liabilities		12,783,086	13,891,715	-1,108,629
Total subordinated debt		440,000	524,230	-84,230
Total due to non-consolidated investments and qualified participants		203,519	224,444	-20,925
<i>of which total due to the Canton of Geneva</i>		<i>201,954</i>	<i>223,012</i>	<i>-21,058</i>
Off-balance-sheet items				
Contingent liabilities	5.18	529,448	504,839	24,609
Irrevocable commitments		210,566	125,302	85,264
Commitments to subscribe and pay further sums		39,011	39,136	-125
Commitments resulting from deferred payments	5.19	7,840	20,226	-12,386
Financial derivatives:				
- underlying amounts	5.20	3,969,664	3,609,270	360,394
- positive replacement values	5.20	40,598	69,532	-28,934
- negative replacement values	5.20	68,966	62,994	5,972
Fiduciary transactions	5.21	325,256	362,555	-37,299



The BCGE Group profit-and-loss account

Consolidated

	Notes	31.12.2005 in CHF thousands	31.12.2004 in CHF thousands	Variation in CHF thousands
Interest income and expenses				
Interest and discount income	5.22	391,567	397,184	-5,617
Interest and dividends from trading portfolios	5.22	1,130	1,139	-9
Interest and dividends from financial investments	5.22	13,438	5,119	8,319
Interest expenses	5.23	-222,961	-224,474	1,513
<i>Net interest income</i>		<i>183,174</i>	<i>178,968</i>	<i>4,206</i>
Commission and fee income				
Commission income from lending		35,308	31,240	4,068
Commission income from trading, securities and deposits		38,131	33,382	4,749
Commission income from other services		24,954	25,065	-111
Commission expenses		-10,723	-9,000	-1,723
<i>Net commission and fee income</i>		<i>87,670</i>	<i>80,687</i>	<i>6,983</i>
Net result of trading operations	5.24	14,175	9,172	5,003
Other ordinary results				
Income from sale of financial investments		1,415	311	1,104
Income from investments		1,774	3,184	-1,410
<i>of which consolidated by equity method</i>		<i>1,774</i>	<i>3,184</i>	<i>-1,410</i>
Real-estate income		1,697	1,940	-243
Other ordinary income		6,382	4,669	1,713
Other ordinary expenses		-789	-1,360	571
<i>Other ordinary income (expenses), net</i>		<i>10,479</i>	<i>8,744</i>	<i>1,735</i>
<i>Net operating income</i>		<i>295,498</i>	<i>277,571</i>	<i>17,927</i>
Operating expenses				
Payroll expenses	5.25	-109,136	-110,322	1,186
Other operating expenses	5.26	-85,672	-88,313	2,641
<i>Net operating expenses</i>		<i>-194,808</i>	<i>-198,635</i>	<i>3,827</i>
Gross profit		100,690	78,936	21,754
Depreciation of fixed assets	5.27	-13,227	-23,321	10,094
Valuation adjustments, provisions and losses	5.28	-29,450	-31,234	1,784
Result before extraordinary items and taxes		58,013	24,381	33,632
Extraordinary income	5.29	1,671	10,251	-8,580
Extraordinary expenses	5.30	-11,000	-1,263	-9,737
Taxes		-2,890	-1,534	-1,356
Net profit for the year		45,794	31,835	13,959



The BCGE Group cash flow statement

Consolidated

	2005 Source of funds in CHF thousands	2005 Use of funds in CHF thousands	2004 Source of funds in CHF thousands	2004 Use of funds in CHF thousands
Cash flow from operating income (internal financing)				
- net profit for the year	45,794	–	31,835	–
- depreciation of fixed assets	12,252	–	22,203	–
- depreciation of goodwill	975	–	1,118	–
- allocation to capital reserve	57	–	–	3,563
- allocation for currency conversion difference	150	–	–	406
- valuation adjustments and provisions	20,962	–	–	424
- reserve for general banking risks	10,000	–	–	–
- accrued income and prepaid expenses	–	1,011	–	278
- accrued expenses and deferred income	–	1,244	–	15,206
- other items	42,860	–	–	18,936
- dividends from previous financial year	–	3,600	–	–
<i>Balance</i>	<i>127,195</i>		<i>16,343</i>	
Cash flow from investment activities				
- other financial interests	–	1,473	–	2,875
- fixed assets	–	2,888	15,764	–
- intangibles	–	815	–	–
<i>Balance</i>		<i>5,176</i>	<i>12,889</i>	
Cash flow from banking transactions				
<i>Medium- and long-term transactions (> 1 year)</i>				
- due to banks	894	–	–	11,116
- due to clients	–	49,975	–	1,344
- medium-term notes (cash bonds)	–	8,340	–	6,553
- bonds and mortgage-backed bonds	–	695,895	–	652,995
- due from banks	–	–	1,915	–
- due from clients	265,677	–	567,293	–
- mortgages	–	222,044	–	782,478
- financial investments	–	59,204	–	155,274
<i>Short-term transactions</i>				
- due to banks	29,846	–	–	187,561
- due to clients	–	433,623	4,108	–
- cash bonds	–	2,959	–	55,688
- bonds and mortgage-backed bonds	–	21,975	239,815	–
- allocation to profit reserves	–	–	3,725	–
- allocation to treasury shares	–	1,353	236	–
- due to money-market instruments	1,846	–	246	–
- due from money-market instruments	336,058	–	160,573	–
- due from banks	379,382	–	6,249	–
- due from clients	331,346	–	32,349	–
- mortgages	15,068	–	818,370	–
- financial investments	21,048	–	7,470	–
- trading portfolios	–	11,856	2,473	–
Liquid resources				
- cash	4,040	–	–	21,045
<i>Balance</i>		<i>122,019</i>		<i>29,232</i>



The BCGE Group statement of shareholders' equity

Consolidated

in CHF thousands

Shareholders' equity at 1 January 2005

Share capital	360,000
Capital reserve	305,488
Retained earnings / accumulated loss	6,972
Treasury shares	-17,536
Foreign exchange differences	-766

Total shareholders' equity at 1 January 2005

654,158

- Dividend and other allocations	-3,600
+ Allocation to the reserve for general banking risks	10,000
+ Group profit at 31 December 2005	45,794
- Repurchase of treasury shares (at cost)	-5,592
+ Sale of treasury shares (at cost)	4,239
+/- Profit / loss on the sales of treasury shares	57
+/- Foreign exchange differences	150

Total shareholders' equity at 31 December 2005

705,206

Of which:	
Share capital	360,000
Capital reserve	305,545
Reserve for general banking risks	10,000
Accumulated profit	3,372
Net result for the year	45,794
+/- Foreign exchange differences	-616
- Treasury shares	-18,889

Treasury shares (bearer shares)

At 1 January 2005	89,542
+ Purchases	29,721
- Sales	21,735
At 31 December 2005	97,528

Average transaction price (average cash value)	CHF 190.88
Commitments contingent on the transfer or acquisition of the Bank's own shares	-
Bearer shares held by the Bank's pension fund	10,000
Bank's own shares reserved for a specific purpose	-
Stock options held by persons close to the Bank	-
Derivatives on the Bank's own shares	-

in units

Notes to the consolidated financial statements 2005

The BCGE Group

1. Business activities and staff

The Banque Cantonale de Genève Group acts as a universal bank and, as a cantonal bank, also has the role of supporting the economic development of the Canton of Geneva and its region.

Its activities include mortgage lending and commercial loans, both to companies and for international trade. The Group is also active in asset management and manages public offerings and placements in the financial markets.

At the end of the year the Bank employed 762.7 persons when converted to full-time equivalents (773.2 in 2004).

The Bank's policy is to outsource its information technology so as to concentrate on high-value-added business in its own field. The Bank has appointed Unicile SA in Lausanne to accommodate and operate its central computer resource and databank, and to print and send banking statements. The relationship is governed by service contracts (SLA) in compliance with the Federal Banking Commission's CFB 99/2 circular on outsourcing.

2. Agreement with the majority shareholder

The principles governing the transfer of certain assets from BCGE to the *Fondation de valorisation* are set out in a tripartite agreement signed on 27 July 2000 and in a supplementary agreement signed on 19 November 2001 between the Canton of Geneva, the Banque Cantonale de Genève and the *Fondation de valorisation*.

The agreement lays down procedures for the disposal of the assets, their financing, and repayments between the *Fondation de valorisation* and the Bank.

Pursuant to law number 8194 of 19 May 2000, the Bank must, as part of the allocation of the annual profit and after making the necessary provisions and allocation of sums to reserves to meet the requirements of shareholders' equity, reimburse the costs incurred by the *Fondation de valorisation* immediately after the General Meeting of Shareholders for the following:

- interest and other financial costs
- operating costs
- costs incurred to liquidate its property portfolio (other than taxes)

The Bank has signed a Financial Agreement with the State and the *Fondation* which requires a tripartite agreement to be concluded before the eligibility of the above costs is recognised.

The State will take the place of the Bank for that part of the above costs which remain unpaid by the Bank to the *Fondation de valorisation*. In accordance with the Articles of Association (as amended in 2005), the Bank will reimburse the State and the *Fondation* pro rata to the dividends distributed to shareholders (20% share).

These loans are secured by a simple guarantee of the Republic and Canton of Geneva up to a maximum sum of CHF 5 million. There is provision for payment for this simple guarantee in the tripartite Agreement. A remuneration of CHF 1 million was paid in respect of the 2005 financial year (CHF 1 million in 2004).

3. Principles governing the consolidated financial statement

Terms of reference

The accounts of the Banque Cantonale de Genève Group comply with the Swiss Code of Obligations, the Federal Banking Act and its executive ordinance and the accounting directives of the Federal Banking Commission (status on 25 March 2004).

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 each year.

Scope of consolidation

Banks, financial and real-estate firms whose consolidation makes an important financial difference, have been included in these financial statements as follows:

	Balance-sheet total
	in CHF thousands
Banque Cantonale de Genève SA, Geneva	12,653,985
Dixence SAS, Puteaux (France)	421,172
Banque Cantonale de Genève (France) SA, Lyon	371,458
Anker Bank SA, Zurich	239,950
Investissements Fonciers SA, Lausanne	17,482
Compagnie Foncière Franco-Suisse SAS, Lyon	17,222
Synchrony Asset Management SA, Geneva	4,144

Changes to the scope of consolidation

A new unit has been formed (Dixence SAS, Paris (Puteaux) of which the bank holds 41.4% of the shares. The company has been included in the scope of consolidation.

Full consolidation

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.

The equity method

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.

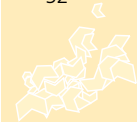
Consolidation process

On 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 these shares represent. Any difference is recorded either as a valuation adjustment on the consolidated balance sheet or as goodwill.

Goodwill is shown on the balance sheet as "intangible assets". Intangible liabilities are allocated, according to their characteristics, either to profit reserves, capital reserves or offset by a reduction of intangible assets.

Liabilities and receivables, as well as income and expenses from inter-company transactions are eliminated.

Profit-and-loss and balance-sheet items in foreign currencies are converted into Swiss francs at the rate applying at year-end.



Equity capital is converted at historical rates. The difference is accounted for as a conversion difference.

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 principle" are generally made to treasury shares and bonds by deducting the corresponding liabilities.

Recording dates

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

Currencies, banknotes and precious metals

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

Main currencies	Unit	Exchange rate 31.12.2005	Exchange rate 31.12.2004
US dollar	1	1.3123	1.1360
Euro	1	1.5566	1.5450
Pound sterling	1	2.2652	2.1813

Income and expenses are converted at the rate applying on the transaction date.

Gains and losses arising on conversion are reported under the heading "Results of trading operations".

Cash and receivables from monetary instruments

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

Due from and to banks, customers and mortgage loans

Receivables and liabilities are recorded at their nominal values. Receivables on the balance sheet are valued at no more than the value they represent for the Bank. Provisions made to cover potential losses known or estimated at the balance-sheet date are booked as a reduction in the value of the corresponding assets. Interest and corresponding commissions which are unpaid 90 days from due date are considered non-performing and are reflected directly in "valuation adjustments and provisions" as a reduction in the corresponding assets. In such a case, they are only shown in the profit and loss account at the time when payment is actually made.

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

Repurchase and reverse repurchase agreements

Transactions in securities using repurchase and reverse repurchase agreements (repos), are recorded in 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 so long as the seller retains the rights to them;
- the subsequent transfer of received securities is entered on the balance sheet as a non-monetary liability at market value.

Trading portfolios

Securities held in portfolios are recorded on the balance sheet at their year-end market values. Results are recorded under "Results from trading operations".

In accordance with the Group's principle of true and fair view, treasury bonds are not marked-to-market, but recorded at their nominal value. Treasury shares are recorded at Group level by deducting their acquisition cost from shareholders' equity, under a separate position called "Treasury shares".

Payment of dividends and results of subsequent transfers are attributed to "Capital reserve".

Financial investments

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

Other debt and equity investments are valued using the principle of the lowest valuation, whether at their lowest market value or at cost, less any necessary adjustment.

Buildings acquired in the course of lending operations and intended for resale are carried on the balance sheet at cost, less any adjustments in value and liquidation costs, on the principle of lowest market value.

Fixed assets

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

- 100 years for buildings occupied by the Bank,
- 10 years for fixtures,
- 8 years for furniture and refurbishment,
- 5 years for office machines,
- 3 to 5 years for IT programmes and equipment.

Intangible assets

Intangible assets comprise goodwill arising on first-time consolidation. They are written down linearly over periods of 5 or 20 years. Twenty-year depreciation is justified by strategy and the value of the asset.

Direct taxation

The Bank makes provision for the estimated amount of tax payable for the year.

Financial derivatives

Positions in financial instruments open at year-end are reported at their market values. Adjustments made to replacement values are accounted for according to the intention underlying the transaction:

- active trading positions, at market price in the profit-and-loss account,
- hedging positions in accordance with the valuation of the underlying transaction hedged.

In this last case, the replacement value is recorded in "compensation accounts" under the heading "Other assets" or "Other liabilities."

Reserve for general banking risks

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

Notes to the consolidated financial statements 2005

The BCGE Group

Modification of accounting and valuation principles

Loans recorded under "Financial Investments" and previously valued using the accrual method are now valued using the lowest value method.

4. Risk management

Risk policies are approved or revised by the Board of Directors according to legal requirements. These are consistently applied within the Group. The Bank has set up different risk committees to assess, monitor and manage risks incurred.

Basic principles

Risk control is separated from units responsible for taking positions. The Bank has set up a Risk Management department to strengthen the front and control functions.

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

4.1 Consolidated supervision

The organisation of risk management within the Group is based on the Bank's own management principles. The aim is a comprehensive understanding of risks and their uniform control at consolidated level.

The Risk Management department in the Finance and Risk Management division consolidates positions and their analyses. It draws up monthly reports and submits them to the Bank Committee and to the Board of Directors on a quarterly basis. The circulation of these reports and their systematic review with the front departments during Risk and ALM committee meetings have made the overall approach more effective. A single system consolidates all individual positions and provides an overview. The operational data from IT systems is reconciled to the accounting data monthly.

4.2 Credit risks

The lending policy determines the framework for all credit operations and lays down different conditions which are to be applied depending on the borrower's financial situation and the type of transaction. Collateral is assessed each year for commercial loans, at least every 5 years for second mortgages and every 10 years for first mortgages. Security is further assessed in the event of renegotiation with the borrower.

Authority to grant credit is determined by the weighted value of the commitment. The different authority levels are, in ascending order, the front-office departments, the Credit Committee, the Bank Committee and the Board of Directors.

Ratings are allocated to loans (A to E and F to I for contracts at risk) and are updated by a dedicated system which provides information for risk management.

Ratings are calculated objectively using a program that has been customised for BCGE by its Administration and Credit Control division. The Risk Management unit performs statistical analyses of these ratings.

A significant drop in rating triggers a risk-assessment process, and if necessary, the setting up of provisions and the transfer of the case to the workout or the litigation departments.

The Operations and Control division deals with all loans. It reinforces the formal checks and the information screening performed by the front-office departments that grant the loans.

This Division monitors any instances of non-compliance with limits, rating down-grades, risk concentrations by economic sector or economic groups. The front Divisions (Corporate, Retail Banking and Branch Network, Private Banking) carry out initial risk assessments when commencing the provision of services and granting credit.

The risk controls in place are regularly revised, adapted and enhanced.

A risk committee meets regularly. Overall credit-position reports are circulated each month for all the credit items.

Each report breaks down the entire credit portfolio by type of loan (commercial mortgages and residential mortgages at fixed or variable rates being the main items), field of activity (NOGA codes) and rating category.

A database compiles information on the amounts at risk in case of default (EAD – Exposure At Default). Provisions are thus made for the EAD amounts. A further list of cases handed over to the workout and litigation departments shows the amount recovered and the amount effectively lost (LGD – Loss Given Default). Information compiled on these cases provides statistical data for forecasting.

These elements from the Advanced IRB method and the Basle II agreements are supplemented by probability matrices on rating changes.

Non-performing and doubtful 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.

Major risks (significant risks within the meaning of Article 21 of the Banking Ordinance) are determined at least monthly and are submitted each quarter to the Board of Directors and the independent auditors.

The Board of Directors reviews banks' limits annually in the light of financial fluctuations and geopolitical risks.

4.3 Risks associated with international trade finance

Risks associated with international trade finance are permanently monitored and analysed. The dedicated IT system connected to the risk-management system performs situation analyses, which list each third party with their ratings, limits and outstanding financings. Commodity analyses complete the picture. Off-balance-sheet positions and indirect risks have been identified in the system.

4.4 Market risks

Market risks are due to variations in exchange rates, stockmarket prices and interest rates.

The policy on interest-rate risk is approved by the Board, which delegates its implementation to the Executive Board. The ALM (Asset and Liability Management) Committee meets monthly. The Committee contributes to decisions on steering the Bank's balance sheet in the light of possible trends in business, the financial-market situation and other parameters. The results of reports from the Risk Management department are



presented and discussed at the ALM Committee. In compliance with legal requirements, the ALM Committee analyses the effects of rate fluctuations on income (short-term) and on value (long-term).

All significant trading transactions are tracked on a single system that allows immediate assessment of risks. Connection to the centralised risk-management computers also offers synchronised reports on capital requirements for these trading transactions.

An independent department is tasked with a permanent check of the trading transactions, compliance with the limits and stop-loss arrangements. In order to meet internal needs, the synchronised reports were supplemented in several respects by value-at-risk calculations. The Risk Management department also monitors trading operations.

4.5 Risk concentration

The integrated IT system for risk management calculates the funding requirement for each transaction and aggregates these by economic groups. For the purpose of risk prevention, strict attention is paid to possible credit bunching. With the exception of the *Fondation de valorisation*, for which special dispensation was received from the Swiss Federal Banking Commission, no position may account for more than 25% of the Bank's equity. These positions are constantly monitored and the quarterly regulatory report is compiled systematically each month for internal circulation. Less than 5 positions are above the notification limit of 10% of equity; these all involve the State of Geneva and banks. In fact, concentrated risks within the meaning of Article 21 of the Banking Ordinance do not represent a significant risk for BCGE.

4.6 Operational risks

New directives and instructions published by the regulatory bodies, in particular the new anti-money-laundering measures, are analysed by the Services and Compliance Administration department and the Risk Management department as soon as they are published. They are then presented at *ad hoc* committee meetings and implemented. Administrative instructions and other internal directives are regularly updated and made accessible on the Bank's Intranet.

Analysis of IT vulnerability, according to the MARION method (method of risk analysis by level optimisation) is underway. The implementation of procedures for operational-risk control established according to the Basle II directives has started.

4.7 Legal risks

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

The Bank is currently involved in legal proceedings related to its past, acting, depending on the case, as defendant or plaintiff. The outcome of these proceedings cannot for the time being be predicted.



Notes to the consolidated financial statements 2005

The BCGE Group

5. Notes to the consolidated financial statements 2005

5.1 Summary of collateral for loans and off-balance-sheet operations

	Type of collateral			
	Mortgages in CHF thousands	Other collateral in CHF thousands	Without collateral in CHF thousands	Total in CHF thousands
Loans				
Due from clients	311,655	2,950,205	1,542,843	4,804,703
Mortgages, of which:	6,166,683	1,837	22,519	6,191,039
• Residential real-estate	5,018,854	–	–	5,018,854
• Office and business premises	686,921	–	–	686,921
• Industrial property	283,018	–	–	283,018
• Other	177,890	1,837	22,519	202,246
Total loans 31.12.2005	6,478,338	2,952,042	1,565,362	10,995,742
Total loans 31.12.2004	6,215,319	3,848,116	1,322,354	11,385,789
Off-balance-sheet items				
Contingent liabilities	–	–	529,448	529,448
• Guarantees / sureties	–	–	140,921	140,921
• Documentary credits	–	–	388,527	388,527
Irrevocable commitments	5,420	3,800	201,346	210,566
Commitments to subscribe capital or pay further sums	–	–	39,011	39,011
Acceptances	–	–	7,840	7,840
Off-balance-sheet total 31.12.2005	5,420	3,800	777,645	786,865
Off-balance-sheet total 31.12.2004	7,920	–	681,583	689,503

	Gross amount in CHF thousands	Estimated liquidation value of guarantees in CHF thousands	Net amount in CHF thousands	Individual valuation adjustments in CHF thousands
Impaired loans				
31.12.2005	685,381	114,887	570,494	570,494
31.12.2004	705,477	113,283	592,194	592,194

5.2 Trading portfolios

	31.12.2005 in CHF thousands	31.12.2004 in CHF thousands
Trading portfolios		
• Debt securities		
– listed (traded on a recognised securities market)	9,109	104
• Equity securities	1,610	79
• Precious metals	3,059	1,739
Total trading portfolios	13,778	1,922



5.3 Essential credits and liabilities under other balance-sheet items, valued at market price, the results of which are under "Net result of trading income"

- Positive replacement values of financial derivatives accounted for under "Trading results" (Other assets)
- Negative replacement values of financial derivatives accounted for under "Trading results" (Other liabilities)

31.12.2005 in CHF thousands	31.12.2004 in CHF thousands
4,603	14,649
27,566	6,379

5.4 Financial investments

	Book value		Fair value	
	31.12.2005 in CHF thousands	31.12.2004 in CHF thousands	31.12.2005 in CHF thousands	31.12.2004 in CHF thousands
Financial investments				
Debt securities	231,700	165,484	232,294	167,092
<i>of which valued by the accrual method</i>	–	163,832	–	165,388
<i>of which valued at lowest price</i>	231,700	1,652	232,294	1,704
Investments	35,920	57,694	48,927	69,568
<i>of which qualified participations*</i>	10,515	31,468	13,070	32,504
Real-estate	10,754	17,040	10,754	17,040
Total financial investments	278,374	240,218	291,975	253,700

*Minimum 10% of capital or of votes

5.5 Investments consolidated by the equity method

	31.12.2005 in CHF thousands	31.12.2004 in CHF thousands
Without quoted value	19,741	18,268
Total investments consolidated by the equity method	19,741	18,268



Notes to the consolidated financial statements 2005

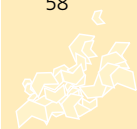
The BCGE Group

5.6 Registered names, head offices, businesses, share capitals and major percentage stakes held

Company, head office	Business	Capital in thousands	% stake
Fully consolidated			
Banque Cantonale de Genève (France) SA, Lyon	Bank	EUR 15,250	100
Anker Bank SA, Zurich	Bank	CHF 20,000	100
Synchrony Asset Management SA, Genève	Institutional asset management	CHF 2,000	100
Investments consolidated by equity method			
Compagnie Foncière Franco-Suisse SAS, Lyon	Real-estate	EUR 2,088	33.3
Dixence SAS, Puteaux	Real-estate	EUR 12,075	41.4
Investissements Fonciers SA, Lausanne	Fund manager	CHF 1,000	42.0

Under the agreement dated 26 November 2004, the Bank reduced its holding in Compagnie Foncière Franco-Suisse SAS to 33.3% and acquired a 41.4% holding in Dixence SAS. The Bank sold its holding in Sécheron SA on 19 August 2005.

The Bank has other insignificant minority holdings.



5.7 Fixed assets

	31.12.2004 in CHF thousands			31.12.2005 in CHF thousands			
	Historical cost	Accumulated amortisation	Book value	Investments	Disposals	Amortisation	Book value
Investments							
Investments consolidated by equity method	18,268	–	18,268	9,580	–8,107	–	19,741
Total investments	18,268	–	18,268	9,580	–8,107	–	19,741
Real-estate							
Bank premises	147,568	–12,039	135,529	95	–	–3,585	132,039
Other premises	78,693	–22,534	56,159	–	–566	–1,172	54,421
Total real-estate	226,261	–34,573	191,688	95	–566	–4,757	186,460
Other tangible assets	31,570	–13,212	18,358	3,359	–	–7,495	14,222
Total tangible assets	257,831	–47,785	210,046	3,454	–566	–12,252	200,682
Intangible assets (consolidation goodwill)	19,543	–8,011	11,532	–	815	–975	11,372
Fire insurance value of real-estate			566,399				513,457
Fire insurance value of other tangible assets			121,287				108,530
Commitments: future liabilities on operating leases			203				–

“Cumulative depreciation” includes adjustments to valuations and provisions (“Other provisions”) of “Other fixed assets” amounting to CHF 19.6 million.

5.8 Other assets and liabilities

	31.12.2005 in CHF thousands		31.12.2004 in CHF thousands	
	Other assets	Other liabilities	Other assets	Other liabilities
Replacement values of financial instruments	40,598	68,966	69,532	62,994
Clearing account	12,330	–	12,268	–
Spread of gains on swaps	–	2,191	–	2,150
Federal tax	3,732	13,280	2,272	13,656
Securities & coupons	1,842	708	562	1,791
Issue costs / bond issues to be amortised	4,495	–	6,365	–
Other	4,329	3,176	18,401	6,944
Total	67,326	88,321	109,400	87,535

Notes to the consolidated financial statements 2005

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5.9 Assets pledged or assigned against the Bank's commitments and assets sold with retention of title

	On 31.12.2005 in CHF thousands	
	Book value of assets pledged or consigned as collateral	Effective commitments
Swiss National Bank		
Limit	100,000	–
Nominal value of securities and debts pledged	–	–
Swiss electronic exchange		
Nominal value of pledged securites	27,562	24,600
Mortgage-backed securities <i>(Centrale d'émission de lettres de gage des banques cantonales suisses)</i>		
Nominal value of mortgage securities kept aside	3,439,816	3,439,816
Total borrowings	2,401,000	2,401,000

Securities lending and repo transactions

	31.12.2005 in CHF thousands	31.12.2004 in CHF thousands
Claims resulting from a cash pledge when borrowing securities or entering into a repurchase agreement	415,000	22,000
Commitments resulting from cash received in securities lending or repo transactions	–	50,000
Securities held on own account, loaned or transferred as collateral for securites lending or repo transactions	–	50,020
<i>of which securities with unrestricted rights of subsequent sale or pledge</i>	–	–
Securities received as collateral in securities lending and borrowing and in repo transactions, with unrestricted rights of subsequent sale or pledge	414,760	22,005
<i>of which securities sold or remitted to a third party as collateral</i>	–	–



5.10 Liabilities towards own pension plans

	31.12.2005 in CHF thousands	31.12.2004 in CHF thousands
Liabilities towards the pension fund	–	–
Liabilities towards the pension fund as a custodian bank	17,267	15'629

Description of the plan

The BCGE's pension plan is a defined-benefit plan but contribution-oriented according to paragraph 4 of the Swiss GAAP RPC 16 recommendation. Employer's and employees' contributions are fixed in advance according to the rules of the plan. The employer bears none of the investment or actuarial risks. Past surpluses generated by the plan have been used to improve early retirement benefits.

The BCGE pension plan is the Group's main pension fund covering all the Bank's employees as well as the workforce of some affiliated companies.

Membership and rights

Active and retired employees constitute those insured under the plan. Membership starts with employment, but not before 1 January following the 17th birthday for life and disability insurance, and not before 1 January following the 24th birthday for retirement benefits.

Membership is compulsory for the Bank's employees whose annual salary reaches the minimum set out in Article 2, paragraph 1 of the Pensions Act (LPP), with the following exceptions:

- employees hired for 3 months or less;
- employees having an additional professional activity if they are already covered by a compulsory insurance for their main job, or if they are mainly self-employed.

Membership ceases with the end of the working relationship.

Insured benefits

All insured women and men have rights to the retirement benefits from the first of the month following their 62nd birthday and at the latest from the first of the month following their 65th birthday.

The benefits are calculated on the last fixed salary, the years insured or bought and the average degree of occupation. Early retirement is possible from the age of 56, with a reduction of the retirement benefits as determined by the rules of the plan. Other insured benefits comprise a refundable or non-refundable bridge to the state pension (AVS), a life disability annuity as well as annuities for surviving spouses and children or for children of retired or disabled pensioners.

Regulated contributions

The contribution fixed by the rules of the plan is 25.5% of the insured salary (gross salary less a harmonisation deduction of CHF 13,000). The employer pays 17% of the salary and the employee 8.5%.

Employer's contribution reserves

Not applicable. No provision in the rules of the pension plan.

Liabilities arising from the termination of employment which is otherwise unprovided for

At the termination of a working relationship, the pension fund starts paying the vested benefit which is equal to the current value of acquired benefits and at least to the value of the exit benefits, according to Article 17 of the Vesting Act (LFLP).

Current value of future reductions of existing contributions to free funds

Not applicable.

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5.11 Outstanding bond issues

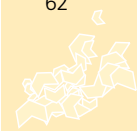
5.11.1 Bonds and mortgage-backed bonds	31.12.2005 in CHF thousands	31.12.2004 in CHF thousands
Bonds	1,205,230	1,673,100
Mortgage-backed bonds	2,401,000	2,651,000
Total bonds and mortgage-backed bonds	3,606,230	4,324,100
Average interest rate at year-end	3.5%	3.45%

5.11.2 Bonds

Year of issue	Maturity at call / final	Interest rate %	Nominal amount in CHF thousands	Securities held only by the Bank in CHF thousands	Outstanding amount in CHF thousands	Amount by maturity in CHF thousands
1996	2006	4.5000	100,000	1,340	98,660 *	
1998	2006	3.5000	100,000	9,820	90,180	
1999	2006	0.9800	200,000	–	200,000 **	
2001	2006	1.5383	40,000	–	40,000 **	428,840 2006
1997	2007	4.0000	200,000	3,495	196,505	
2000	2007	1.0700	50,000	–	50,000 **	
1997	2007	4.2500	100,000	2,650	97,350 *	343,855 2007
1998	2008	4.2500	120,000	6,815	113,185 *	113,185 2008
1999	2009	3.2500	100,000	360	99,640	
1997	2009	4.0000	100,000	40	99,960	199,600 2009
2004	2014	3.5000	120,000	250	119,750 *	119,750 2014
Total			1,230,000	24,770	1,205,230	
<i>of which subordinated debt</i>			<i>440,000</i>	<i>11,055</i>	<i>428,945</i>	

* = Subordinated

** = Libor-based private placements



5.12 Valuation adjustments and provisions, as well as reserves for general banking risks

	Balance at end 2004 in CHF thousands	Utilisation according to purpose in CHF thousands	Recoveries, non-performing interest, exchange differences in CHF thousands	New provisions in CHF thousands	Releases of provisions in CHF thousands	Balance at end 2005 in CHF thousands
Valuation adjustments and provisions for default risks (collection and country risks)	629,873	-45,433	6,551	39,008	-33,601	596,398
Valuation adjustments and provisions on financial investments	17,405	-5,241	–	2,193	-1,841	12,516
Valuation adjustments and provisions for other operating risks	3,074	-443	–	23,198	-1,392	24,437
Other provisions	21,237	-2,092	–	2,237	–	21,382
Total valuation adjustments and provisions	671,589	-53,209	6,551	66,636	-36,834	654,733
Less: Valuation adjustments directly netted with assets	-666,324	–	–	–	–	-628,506
Total valuation adjustments and provisions as per the balance sheet	5,265	–	–	–	–	26,227
Reserve for general banking risks	–	–	–	10,000	–	10,000

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

New loans covered by provisions for recovery risk have been the subject of contracts, the contents of which warrant their inclusions in “Other operating risks”. The policy for identification and assessment of legal risks is set out in Note 4.7.

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5.13 Maturity structure of current assets, financial investments and debt

	Sight	Redeemable at notice	Time to maturity				Fixed assets	Total
			Within 3 months	3 to 12 months	12 months to 5 years	More than 5 years		
in CHF thousands								
Current assets								
Cash	141,288	–	–	–	–	–	–	141,288
Money-market instruments	4	–	204,755	108,434	–	–	–	313,193
Due from banks	108,674	–	537,224	61,111	–	–	–	707,009
Due from clients	829,762	894,833	173,213	1,206,046	1,426,720	274,129	–	4,804,703
Mortgages	63,463	949,805	320,956	840,080	3,069,384	947,351	–	6,191,039
Trading portfolios	13,778	–	–	–	–	–	–	13,778
Financial investments	37,638	–	–	–	80,040	149,277	11,419	278,374
Total current assets								
31.12.2005	1,194,607	1,844,638	1,236,148	2,215,671	4,576,144	1,370,757	11,419	12,449,384
31.12.2004	1,110,409	2,052,233	1,745,025	2,658,483	5,037,702	887,999	17,048	13,508,899
Debt								
Money-market instruments	3,308	–	–	–	–	–	–	3,308
Due to banks	107,734	–	84,724	1,635	51,056	68,900	–	314,049
Due to clients on savings and deposit accounts	740,140	4,122,075	–	–	–	–	–	4,862,215
Due to clients, other	1,776,513	–	1,006,806	204,146	44,157	1,000	–	3,032,622
Medium-term notes (cash bonds)	–	–	6,744	12,743	43,799	4,442	–	67,728
Mortgage-backed bonds	–	–	266,840	557,000	1,984,640	797,750	–	3,606,230
Total debt								
31.12.2005	2,627,695	4,122,075	1,365,114	775,524	2,123,652	872,092	–	11,886,152
31.12.2004	2,561,783	4,147,733	1,276,519	1,331,238	2,790,933	958,127	–	13,066,333

5.14 Amounts due to / from affiliates and loans to officers

31.12.2005

in CHF thousands

31.12.2004

in CHF thousands

Due from affiliates	2,516,041	3,311,103
of which Fondation de valorisation	2,159,527	3,024,002
Due to affiliates	66,047	66,182
Loans to officers	4,471	5,197

Due from affiliates (excluding the *Fondation de valorisation*) are mostly mortgages to property development foundations created under public law of the Canton of Geneva. Due to affiliates correspond to the current accounts of these foundations created under public law. Operations with the *Fondation de valorisation* are carried out in conditions that are in accordance with those applied to public institutions.

Loans granted to officers of the Bank are mainly mortgage loans granted to directors and members of the Executive Board at conditions identical to those granted to Bank employees.

Loans and liabilities in respect of qualifying persons noted at the foot of the balance-sheet result from banking transactions executed at conditions granted to public bodies.

The Bank paid CHF 4.7 million in fees to the Canton of Geneva for the simple guarantee on the loans to the *Fondation de valorisation* (CHF 1 million) and for the guarantee on savings accounts (CHF 3.7 million).

5.15 Assets and liabilities by domestic and foreign origin

31.12.2005

in CHF thousands

31.12.2004

in CHF thousands

	Domestic	Foreign	Domestic	Foreign
Assets				
Cash	115,313	25,975	134,203	11,125
Money-market instruments	299,321	13,872	648,171	1,080
Due from banks	506,657	200,352	316,601	769,790
Due from clients	3,705,323	1,099,380	4,503,835	897,891
Mortgages	6,166,162	24,877	5,969,838	14,225
Trading portfolios	13,350	428	1,859	63
Financial investments	119,544	158,830	240,178	40
Investments consolidated by the equity method	6,886	12,855	12,179	6,089
Fixed assets	200,391	291	209,805	241
Intangible assets	11,372	–	11,532	–
Accrued income and prepaid expenses	31,309	3,272	31,664	1,906
Other assets	66,767	559	108,306	1,094
Total assets	11,242,395	1,540,691	12,188,171	1,703,544
Liabilities				
Money-market instruments	3,308	–	1,462	–
Due to banks	301,394	12,655	211,410	71,899
Due to clients on savings and deposit accounts	4,354,998	507,217	4,353,373	492,921
Due to clients, other	2,702,297	330,325	3,232,447	299,694
Medium-term notes (cash bonds)	67,728	–	79,027	–
Bonds and mortgage-backed bonds	3,606,230	–	4,324,100	–
Accrued expenses and deferred income	75,112	2,068	77,150	1,274
Other liabilities	86,227	2,094	84,141	3,394
Valuation adjustments and provisions	26,227	–	4,720	545
Reserve for general banking risks	10,000	–	–	–
Share capital	360,000	–	360,000	–
Capital reserve	305,545	–	305,488	–
Retained earnings / accumulated deficit	3,372	–	–24,863	–
Treasury shares	–18,889	–	–17,536	–
Foreign exchange differences	–616	–	–766	–
Group profit	45,794	–	31,835	–
Total liabilities	11,928,727	854,359	13,021,988	869,727

Notes to the consolidated financial statements 2005

The BCGE Group

5.16 Total assets by country or group of countries

	31.12.2005 in CHF thousands		31.12.2004 in CHF thousands	
	Amount	%	Amount	%
Assets				
Europe				
Switzerland	11,242,395	87.8	12,188,171	87.7
France	853,581	6.6	561,483	4.0
United Kingdom	126,582	1.0	179,639	1.3
Greece / Cyprus	88,828	0.7	43,758	0.3
Turkey	34,814	0.4	47,019	0.4
Germany	22,560	0.2	142,588	1.0
Belgium	21,943	0.2	39,484	0.3
Iceland	19,988	0.2	–	0.0
Poland	19,820	0.2	–	0.0
Italy	14,372	0.2	48,277	0.4
Luxembourg	10,748	0.1	20,893	0.2
Austria	2,238	0.0	171,310	1.2
Other	54,983	0.4	143,759	1.0
North America				
US	63,752	0.5	154,324	1.1
Canada	3,444	0.0	641	0.0
South and Central America	91,966	0.6	107,335	0.8
Africa	10,165	0.1	3,292	0.0
Middle East	5,617	0.0	14,086	0.1
Asia				
India	39,099	0.3	19,788	0.2
China	10,437	0.1	1,610	0.0
Japan	1,110	0.0	553	0.0
Other	20,975	0.2	2,321	0.0
Australia / Oceania				
Australia	22,078	0.2	1,247	0.0
Other	1,591	0.0	137	0.0
Total assets	12,783,086	100.0	13,891,715	100.0



5.17 Balance sheet by major currencies for the Group

31.12.2005

Currencies

in CHF thousands

	CHF	USD	EUR	OTHER	METALS
Assets					
Cash	87,591	1,675	49,906	2,116	–
Money-market instruments	299,321	9,102	4,770	–	–
Due from banks	456,860	157,563	62,286	24,470	5,830
Due from clients	3,540,466	582,989	678,866	2,382	–
Mortgages	6,188,147	210	2,682	–	–
Trading portfolios	10,251	236	177	55	3,059
Financial investments	278,301	–	73	–	–
Investments consolidated under the equity method	14,637	–	5,104	–	–
Fixed assets	200,391	–	291	–	–
Intangible assets	11,372	–	–	–	–
Accrued income and prepaid expenses	32,566	4	2,011	–	–
Other assets	66,767	–	559	–	–
Total asset positions	11,186,670	751,779	806,725	29,023	8,889
Delivery claims from spot exchange deals, forward exchange deals and currency-option transactions	779,083	182,066	190,074	13,865	–
Total assets	11,965,753	933,845	996,799	42,888	8,889
Liabilities					
Money-market instruments	3,297	8	3	–	–
Due to banks	41,861	69,079	200,146	2,963	–
Due to clients on savings and deposit accounts	4,820,230	–	41,985	–	–
Due to clients, other	2,543,853	191,941	268,325	21,831	6,672
Medium-term notes (cash bonds)	67,728	–	–	–	–
Mortgage-backed bonds	3,606,230	–	–	–	–
Accrued expenses and deferred income	73,202	126	3,397	455	–
Other liabilities	85,212	81	3,022	6	–
Valuation adjustments and provisions	–4,764	19,243	10,476	1,272	–
Reserve for general banking risks	10,000	–	–	–	–
Share capital	360,000	–	–	–	–
Capital reserve	305,545	–	–	–	–
Retained earnings / accumulated deficit	3,372	–	–	–	–
Treasury shares	–18,889	–	–	–	–
Currency conversion difference	–616	–	–	–	–
Group profit	45,794	–	–	–	–
Total liability positions	11,942,055	280,478	527,354	26,527	6,672
Delivery claims from spot exchange deals, forward exchange deals and currency options transactions	98,949	652,088	421,933	14,604	–
Total liabilities	12,041,004	932,566	949,287	41,131	6,672
Net position by currency	–75,251	1,279	47,512	1,757	2,217

Notes to the consolidated financial statements 2005

The BCGE Group

5.18 Contingent liabilities

	31.12.2005 in CHF thousands	31.12.2004 in CHF thousands
Irrevocable guarantees	140,921	108,265
Irrevocable commitments arising from letters of credit	388,527	396,574
Contingent liabilities	529,448	504,839

5.19 Loans by acceptances

	31.12.2005 in CHF thousands	31.12.2004 in CHF thousands
Commitments resulting from deferred payments	7,840	20,226
Loans by acceptances	7,840	20,226



5.20 Open derivative instruments at year-end

	TRADING INSTRUMENTS			HEDGING INSTRUMENTS		
	Positive replacement value in CHF thousands	Negative replacement value in CHF thousands	Contract volume in CHF thousands	Positive replacement value in CHF thousands	Negative replacement value in CHF thousands	Contract volume in CHF thousands
Interest-rate instruments						
Forward contracts inc. FRAs	14	–	50,000	–	–	–
Swaps	–	–	–	34,123	40,464	2,452,453
Futures	19	–	3,411	–	–	–
Options (OTC)	–	–	–	1,872	936	280,920
Total interest-rate instruments	33	–	53,411	35,995	41,400	2,733,373
Currencies / precious metals						
Forward contracts	3,880	26,963	992,215	–	–	–
Swaps	317	230	140,790	–	–	–
Options (OTC)	77	77	32,083	–	–	–
Total currencies / precious metals	4,274	27,270	1,165,088	–	–	–
Equity securities / indices						
Futures	33	33	7,692	–	–	–
Exchange-traded options	263	263	10,100	–	–	–
Total equity securities / indices	296	296	17,792	–	–	–
Total at 31.12.2005	4,603	27,566	1,236,291	35,995	41,400	2,733,373
Total at 31.12.2004	14,649	6,379	1,151,268	54,883	56,615	2,458,002

The Bank did not enter into any specific netting contracts.

5.21 Fiduciary transactions

	31.12.2005 in CHF thousands	31.12.2004 in CHF thousands
Fiduciary deposits with third parties	316,623	353,922
Fiduciary loans	8,633	8,633
Fiduciary transactions	325,256	362,555

Notes to the consolidated financial statements 2005

The BCGE Group

5.22 Interest income	31.12.2005 in CHF thousands	31.12.2004 in CHF thousands
Loans to banks and clients	387,719	394,557
Bills of exchange and money-market instruments	3,848	2,627
Interest and dividends earned on financial investments	13,438	5,119
Interest and dividends earned on trading portfolios	1,130	1,139
Total	406,135	403,442

5.23 Interest expenses	31.12.2005 in CHF thousands	31.12.2004 in CHF thousands
Banks	8,888	4,565
Clients	59,742	62,268
Debts	116,612	137,787
Subordinated debts	23,104	19,300
Other	14,615	554
Total	222,961	224,474

5.24 Trading results	31.12.2005 in CHF thousands	31.12.2004 in CHF thousands
Currency and banknote trading, including derivatives	12,729	8,108
Precious-metals trading	963	16
Securities trading	483	1,048
Total	14,175	9,172

5.25 Payroll expenses	31.12.2005 in CHF thousands	31.12.2004 in CHF thousands
Salaries and bonus payments	85,622	85,443
Social security benefits	8,309	8,342
Contributions to pension funds	11,181	10,851
Other staff expenses	4,024	5,686
Total	109,136	110,322

5.26 Other operating expenses	31.12.2005 in CHF thousands	31.12.2004 in CHF thousands
Occupancy expenses	10,262	11,594
IT expenses	37,272	39,049
Office equipment, furniture, vehicles	247	326
Other operating expenses	37,891	37,344
Total	85,672	88,313



5.27 Depreciation of fixed assets

	31.12.2005 in CHF thousands	31.12.2004 in CHF thousands
Permanent installations	4,757	5,721
Appliances, fixtures and telecommunications, IT programs and equipment	5,639	12,976
Office equipment, furniture and vehicles	1,856	3,506
Financial interests and goodwill	975	1,118
Total	13,227	23,321

5.28 Valuation adjustments, provisions and losses

	31.12.2005 in CHF thousands	31.12.2004 in CHF thousands
Valuation adjustments and provisions for recovery risks on loans	5,407	36,977
Valuation adjustments and provisions for other operating risks	21,806	-7,393
Other provisions	2,237	1,650
Total	29,450	31,234

5.29 Extraordinary income

	31.12.2005 in CHF thousands	31.12.2004 in CHF thousands
Sale of fixed assets	750	9,974
Other	921	277
Total	1,671	10,251

5.30 Extraordinary expenses

	31.12.2005 in CHF thousands	31.12.2004 in CHF thousands
Fee for the Canton of Geneva's simple guarantee on the loan to the <i>Fondation de valorisation</i>	1,000	1,000
Reserve for general banking risks	10,000	-
Other extraordinary expenses	-	263
Total	11,000	1,263

5.31 Taxes

	31.12.2005 in CHF thousands	31.12.2004 in CHF thousands
Current taxes	2,897	1,614
Deferred taxes	-7	-80
Total	2,890	1,534

The deferred taxes recorded in the balance sheet are made up as follows:

Deferred tax liability	291	284
Deferred tax credit	204	204

5.32 Income and expenses of ordinary banking activities in Switzerland and abroad, according to domicile's accounting principles

	31.12.2005 in CHF thousands		31.12.2004 in CHF thousands	
	Domestic	Foreign	Domestic	Foreign
Income from interest-rate operations	175,671	7,503	172,638	6,330
Income from commissions and services	84,991	2,679	78,286	2,401
Income from trading	13,927	248	9,172	-
Other ordinary income	7,439	3,040	5,556	3,188
Operating expenses	-189,153	-5,655	-193,559	-5,076
Gross profit	92,875	7,815	72,093	6,843



Corporate Governance*

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*This English version of the annual report is a free translation of the French official version.



Corporate governance

Articles of Association and Corporate Instructions

The Banque Cantonale de Genève held an Extraordinary Shareholders' Meeting on 13 December 2005 due to changes in its Articles of Association which followed the amendment to the Law on the Banque Cantonale de Genève which came into force on 1 November 2005.

The new Articles of Association were approved by the Meeting and will come into force after ratification by the Grand Council and entry in the Trade Register. Both these events are expected to take place in 2006.

The main changes in the Articles of Association relate to the governance of the Bank:

1. Reduction of in the number of directors (now 11 compared with 15 to 18 previously).
2. Dissolution of the Bank Committee.
3. Responsibilities and authority of the Board of Directors are refocused on its duty of general supervision and approval of the Bank's strategic objectives.
4. Qualifications required for directors to hold office, particularly their economic, legal, financial and banking expertise, are defined in detail as is any incompatibility with certain positions in competing banks or in public bodies.

Therefore, the Corporate Management and Organisational Instructions will be revised in order to be in line with the new Articles of Association.

This section of the report refers to the former Law on the Banque Cantonale de Genève which was in force for the greater part of the 2005 financial year and to the Articles of Association and Corporate Instructions which were applicable for the whole of 2005.

Nevertheless, the Articles of Association to be found on pages 100 ff of this Annual Report are the ones which were approved at the Extraordinary Shareholders' Meeting mentioned above. The reader is referred to the 2004 Annual Report for the previous version of the Articles of Association.

1. General information on the Bank

1.1 Registered name – Legal form

The Banque Cantonale de Genève 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. It 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". Except where otherwise specified in the Cantonal Law governing the Banque Cantonale de Genève, the Articles of Association, the Federal Banking Act and Federal Stock Exchange and Securities Trading Act, the provisions of Title 26 of the Swiss Code of Obligations are applicable to the Bank. The registered office and the management of the Bank are in Geneva, where it also operates branches.

1.2 Purpose, businesses and duration

The main purpose of the Banque Cantonale de Genève is to contribute to the economic development of the canton and region. In its capacity as a multi-purpose bank, it handles all transactions covered by the Federal Banking Act and trades in securities. In particular, it performs the transactions listed under article 2 of the Articles of Association (page 100).

The Bank is authorised to conduct its business in any financial or stockmarket in Switzerland and abroad. It is managed according to the proven principles of economy and banking ethics. It was established for an unlimited period.

1.3 Supervision

The Bank is subject to supervision by the Federal Banking Commission, in compliance with the Federal Banking Act. The Federal Banking Commission may require from the Bank and its auditors any information and documents needed for the performance of its task. The Council of State of the Republic and Canton of Geneva (Geneva State Council) supervises the compliance with cantonal laws.

2. Group and shareholder structure

2.1 BCGE operating structure

The organisation of the BCGE Group is described in pages 4 to 8. It is based on the delegation of operational authorities, on precisely defined responsibilities for internal control and on an entrepreneurial atmosphere extending throughout the whole structure. The underlying principles of this organisation for the parent company are:

- BCGE is organised in six divisions, each of which is considered to be a "company" which is dedicated to the needs of internal and external clients and which enjoys a large degree of autonomy. Each division is headed by a Member of the Executive Board. The composition and responsibilities of the Executive Board are described on pages 84 ff of this report.
- Coordination of the divisions and benefits from synergies applicable across all divisions are ensured on the one hand by a matrix operating structure and on the other hand by the CEO and his office. This organisation takes full advantage of the commercial synergies applicable across all front-office activities.
- The divisions' central administrative staff is maintained at as low a level as possible. Responsibilities are made transparent by quantitative and qualitative reporting. Delegation is maximised and is counterbalanced by a sophisticated risk monitoring system.
- The Executive Board is a permanent control and supervisory body. It acts collectively and represents all the Bank's main operational and strategic functions. It has six members plus a Chairman.
- The underlying operation of the above is reinforced by various committees which have been allocated major responsibilities or controls by the Executive Board. The principal committees are described in the table opposite:



Principal committees	Responsibilities	Chairman	Deputy Chairman
Credit Committee	This Committee takes decisions related to loans of a defined size. Decisions on the largest risks are taken by the Bank Committee or by the Board of Directors.	Claude Bagnoud	Blaise Goetschin
Strategy Committee	This Committee decides the investment strategy common to the whole of the BCGE Group and the extent of the financial investments it recommends.	Alain Spadone	Jean-Luc Lederrey
Asset and Liability Management Committee	This Committee directs and monitors the Group's financial policy, particularly with reference to balance-sheet management and risks associated with credit interest rates.	Blaise Goetschin	Eric Bourdeaux
Risk Committee	This Committee analyses the Group's strategic risks by monitoring the Bank's activities (see the Risk Management section, page 54) and by systematically examining each risk category.	Eric Bourdeaux	Emile Rausis
IT Strategy Committee	This Committee determines and monitors Group IT strategy. It also oversees cooperation with Unicile and the banks linked by this platform.	Blaise Goetschin	Jean-Marc Joris
Credit Risk Committee	This Committee takes decisions associated with specific or sensitive credit operations (operations subject to litigation or workout) as well as on non-strategic financial investments. Responsibility for the most significant risks rests with the Bank Committee or the Board of Directors.	Emile Rausis	Bernard Matthey

2.2 Subsidiary companies

Please refer to page 89 for information on the main subsidiary companies.

2.3 Major shareholders

Information on the major shareholders known to BCGE as at 31 December 2005 is set out in the following table:

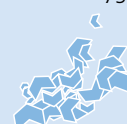
Shareholders	Bearer shares	A & B registered shares	Total votes	Nominal bearer share value in CHF	Nominal reg. share value in CHF	Total nominal value	% votes	% capital
Canton of Geneva	538,636	2,510,443	3,049,079	53,863,600	125,522,150	179,385,750	53.30	49.83
City of Geneva	147,270	1,208,106	1,355,376	14,727,000	60,405,300	75,132,300	23.69	20.87
Municipalities	5,963	523,103	529,066	596,300	26,155,150	26,751,450	9.25	7.43
Shares or votes of public authorities	691,869	4,241,652	4,933,521	69,186,900	212,082,600	281,269,500	86.24	78.13
Total votes and capital	1,479,174	4,241,652	5,720,826	147,917,400	212,082,600	360,000,000		

2.4 Cross participations

The Bank is not aware of the existence of any cross participations exceeding 3% of the capital or of the totality of shares with voting rights.

2.5 Business strategy and main objectives

Please refer to pages 4 to 6 of this annual report.



3. Capital structure

3.1 Share capital

The capital consists of 'A' and 'B' registered shares and bearer shares, making a total of 5,720,826 shares. The bearer shares have a nominal value of CHF 100 each and are listed on the Swiss exchange (SWX), whereas the registered shares with a nominal value of CHF 50 each are held exclusively by Geneva institutions established under public law and are not listed. The Canton and its municipalities hold all the registered shares, which give them a majority of the votes. Each municipality is required to hold at least 2,010 'A' registered shares with a nominal value of CHF 50 each. The Bank's capital now amounts to CHF 360,000,000. The capital is represented by 2,651,032 'A' registered shares with a nominal value of CHF 50 each, 1,590,620 'B' registered shares with a nominal value of CHF 50 each, and 1,479,174 bearer shares, each with a nominal value of CHF 100, all fully paid up.

3.2 BCGE bearer shares

Stock number 164268
ISIN number CH0001642682

3.3 BCGE bearer share symbols – Listing

Swiss Stock Exchange BCGE
Reuters BCGE.S
Bloomberg BCGE SW
Telekurs BCGE

3.4 Authorised or conditional capital increases

There is at present no provision 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).

3.5 Changes in the share capital

No changes were made to the share capital in the period under review.

3.6 Participation and dividend certificates

The Bank has issued no participation certificates or certificates giving dividend rights.

3.7 Transfer restrictions and registration of nominees

The bylaws of the Banque Cantonale de Genève contain no provisions to this effect.

3.8 Transfer restrictions by share category with an indication of possible clauses in the Group's Articles and of provisions governing the granting of dispensations

Under the Articles, the registered shares are transferable only between local municipalities. Moreover, each municipality is required to hold at least 2,010 'A' registered shares with a nominal value of CHF 50 each.

3.9 Procedure and conditions for lifting statutory privileges and transfer restrictions

Statutory privileges and transfer restrictions may only be removed by an amendment of the law on the Banque Cantonale de Genève, subject to a referendum.

3.10 Convertible loans and options

The Banque Cantonale de Genève has not issued any convertible loans or options.

4. Official bodies of the Banque Cantonale de Genève

In 2005, the official bodies of the Bank were:

- the General Meeting of Shareholders
- the Board of Directors
- the Bank Committee
- the Executive Board
- the Auditors
- the Control Committee

4.1 General Meeting of Shareholders

The General Meeting of Shareholders is the supreme body of the Bank. Persons who intend to attend the General Meeting must give evidence of their status as shareholders or of their authority to represent shareholders. The shareholders exercise their voting rights in proportion to the number of shares they hold, irrespective of their nominal values, each share giving the right to one vote.

4.2 Powers of the General Meeting of Shareholders

Please refer to Article 7 of the Articles of Association (unchanged except for the number of directors in Figure 2, page 101).

4.3 The Board of Directors

The Board of Directors may be constituted with 15 to 18 members. The Law on the Banque Cantonale de Genève determines its membership. It has 15 non-executive members, who are presented on page 80 ff, as follows: Michel Mattacchini, chairman, David Hiler, deputy chairman (up to 5 December 2005), Bernard Lescaze, deputy chairman (from 5 December 2005), Michel Terrier, secretary, Ion Bals, Gabriel Barrillier, Asma Benelmouffok, Madeleine Bernasconi, Bernard Clerc, Jean Gallay, Mariane Grobet-Wellner, Sami Kanaan, Erwin Meyer, Andràs November and Jean-Claude Rivollet.

4.4 Bank Committee

The Bank Committee currently has seven members, appointed according to the requirements of the Law on the Banque Cantonale de Genève. The members are Michel Mattacchini, chairman, David Hiler, deputy chairman up to 5 December 2005, Bernard Lescaze, deputy chairman from 5 December 2005, Michel Terrier, secretary, Ion Bals, Mariane Grobet-Wellner and Jean-Claude Rivollet.

5. Organisation of the Board of Directors and Bank Committee

5.1 Procedure for the election of Board members

Nominations to the Board of members representing bearer shareholders must reach the registered office of the Bank no later than 31 March before the ordinary General Meeting or one month before an extraordinary General Meeting convened to make such appointments. Directors representing the registered shareholders must be nominated by 31 March before the ordinary General Meeting or one month before an extraordinary General Meeting which renews the term of office of directors representing bearer shareholders.

5.2 Powers of the Board of Directors

Please refer to the Law on the Banque Cantonale de Genève.

In accordance with Article 16 of the Articles of Association, the Board of Directors is the body in charge of the general supervision of the



Bank pursuant to Article 3, Paragraph 2, Letter a) of the Swiss Federal Banking Act. It determines the Bank's general policy and the nature of its business as a function of the objectives defined by law, while at the same time ensuring the achievement of the purpose of Article 2. It monitors the Executive Board and the activities of the Bank Committee. It appoints the committees responsible for examining the Bank's various activities and which report back to the Board on these matters. It has the following powers and duties:

1. to appoint the members of the Bank Committee except for the Chairman;
2. to appoint the Deputy Chairman and the Secretary;
3. to appoint the members of the Executive Board, the head of Internal Audit and his / her staff based on a recommendation from the Control Committee;
4. to appoint auditors elected by the General Meeting of Shareholders as independent auditors as required by the Swiss Federal Banking Act; the auditors must be chosen from organisations outside the Bank from among auditors and accountancy firms recognised as bank auditors;
5. to nominate employee representatives to the Board of the Bank's staff pension and retirement fund;
6. to prepare drafts for the amendment of the Articles of Association for the approval of the General Meeting of Shareholders;
7. to supervise proper implementation of the Articles of Association and of the execution of the decisions of the General Meeting of Shareholders;
8. to prepare the management report for the preceding financial year and to present the balance sheet and Profit and Loss Account for the past year to the General Meeting of Shareholders; also to present proposals for the allocation of net profits;
9. to examine the independent auditor's annual audit report and other reports intended for the General Meeting of Shareholders;
10. to prepare all the proposals to be submitted to the General Meeting of Shareholders, together with a recommendation as and when required;
11. to adopt the internal regulations of the Bank and to monitor their implementation, most particularly with regard to of the granting of loans;
12. to decide on the establishment of new subsidiaries and branches;
13. to exercise internal control and monitor major risk situations within the meaning of Article 21, Paragraph 1 of the Swiss Federal Banking Act based on quarterly reports prepared by the Executive Board;
14. to approve any credits granted, shareholdings or acquisitions made which exceed the limits set out in the Articles of Association;
15. to maintain the register of A and B registered shares;
16. to nominate from its members two directors to be members of the Control Committee.

In addition to the powers conferred by the Articles of Association, the Board of Directors, in accordance with the management and organisational regulations of the Bank, determines the following:

1. the annual budget;
2. general policy on salaries and retirement plans;
3. the Bank's investment policy;
4. the information to be received relating to risk policy;
5. the acquisition or disposal of shareholdings over CHF 3,000,000.

5.3 The powers of the Bank Committee

Please refer to the Law on the Banque Cantonale de Genève. In accordance with Article 21 of the Articles of Association, the Bank Committee is responsible for monitoring the Bank's management, a responsibility delegated to it by the Board of Directors. It has the following powers and duties:

1. monitor the management of the Bank and to give instructions to its Executive Board;
2. carry out decisions taken by the Board of Directors;
3. approve any loans granted, shareholdings or acquisitions made, the amounts of which exceed the limits set out in the Articles of Association;
4. examine periodic reports from the Executive Board regarding current business issues;
5. examine internal and independent audit reports;
6. provide a recommendation on all matters submitted to the Board of Directors;
7. appoint members of the Management;
8. update the register of the external business interests of the directors, members of the Executive Board and the member of the Control Committee appointed by the State of Geneva according to the Articles of Association;
9. regularly inform the Geneva State Council of the state of the Bank's business and to reply to requests for information from the latter according to the law.

In addition to responsibilities conferred on it by law and the Articles of Association, the Bank Committee has the following powers and duties as defined by the management and organisational regulations:

1. granting loans and credits in accordance with the regulations;
2. making acquisitions and divestments of shareholdings worth less than CHF 3,000,000;
3. setting the base rates of mortgages and loans to local authorities;
4. setting savings-deposit rates;
5. approving the purchase and sale of capital goods for the Bank's own use and of real-estate, without prejudice to the powers of the Executive Board;
6. establishing internal directives concerning the investment of cash and securities deposits, exchange transactions, other securities and commitments made abroad;
7. setting the remuneration of the Executive Board and the head of the internal audit;
8. appointing the members of the Executive Board.

5.4 Allocation of tasks between the Board of Directors and the Bank Committee

The Board of Directors is the body responsible for the strategic management of the Bank in terms of Article 3, paragraph lit. 2a of the Federal Banking Act. It determines the general policy of the Bank and the nature of its activities according to the objectives defined by law, while ensuring the attainment of the Bank's purpose as defined in Article 2. It supervises the Executive Board and the activity of the Bank Committee. It appoints committees responsible for supervising and reporting on the different operations of the Bank. The Bank Committee, for its part, is delegated by the Board to supervise the management.



5.5 Working method of the Board of Directors and Bank Committee

The Board of Directors meets at least once a month. In the absence of its chairman, it is chaired by the vice chairman or the secretary. It may hold extraordinary meetings if business so requires, or at the request of seven of its members, of the Bank Committee or of the auditors. The Bank Committee meets at least once every 15 days or as often as the business of the Bank requires. The presence of a majority of its members is necessary. The members of the Board and of the Bank Committee must be able to consult the files on the items appearing on the agenda not less than 24 hours before the meeting opens. In the event of conflict of interests and in accordance with the Management and Organisational Regulations of the Bank, Members of the Board of Directors must withdraw on each occasion when they are directly or indirectly involved. As authorised by the Law on the Banque Cantonale de Genève, the Board of Directors may establish *ad hoc* or permanent committees to study particular subjects. These committees have no decision-making powers but are intended to prepare analyses and, if necessary, to present their reports and suggestions to the Board of Directors.

5.6 The number of meetings of the Board of Directors and Bank Committee in 2005

In 2005 the Board of Directors met for 16 ordinary meetings and the Bank Committee met for 35 ordinary meetings.

5.7 Risk management

Please refer to the paragraphs on Risk Management on pages 26 to 27 and 54 to 55.

6. Group management

6.1 Executive Board

The members of the Executive Board are: Blaise Goetschin, Chief Executive Officer; Claude Bagnoud, Head of the Corporate Banking division; Eric Bourgeois, Head of the Finance and Risk Management division; Jean-Marc Joris, Head of the Logistics and Information Technology division; Johan Bernard Alexander Kroon, Head of the Retail Banking and Branch Network division; Emile Rausis, Head of the Credit Control and Administration division; Alain Spadone, Head of the Private Banking division. The Executive Board is appointed for an indefinite period. However, its members are required to resign from their duties no later than at the end of the calendar year in which they reach the age of 65.

6.2 Powers and duties of the Executive Board

Please refer to Article 22 of the Articles of Association on page 103 (essentially unchanged except for the addition of Figure 5).

In addition to the powers granted to it by the Articles of Association, the Executive Board takes decisions according to the Management and Organisational Regulations on:

1. the setting of interest rates outside the responsibility of the Bank Committee;
2. loans, cash investments, exchange transactions and placing of securities pursuant to the Bank Committee's directives;
3. the acquisition and disposal of capital goods for the use of the Bank and of real-estate with a value of less than CHF 2,000,000, when such properties are not intended for use by the Bank;

4. the appointment of executives;
5. internal directives on banking operations that are not governed by law, the Articles, or the management and organisational regulations;
6. the maintenance and refurbishment of buildings at a cost not exceeding CHF 2,000,000 for each property;
7. determining the salaries of the Bank's staff with the exception of the Executive Board and the head of internal audit.

In addition, it is responsible for:

1. supervising compliance with regulations on liquidity, shareholders' equity and risk sharing;
2. determining the necessary rules for the application of risk-management policy and submitting these for approval by the Board of Directors;
3. appointing a member of the Executive Board responsible for monitoring the trend of derivative-related risks;
4. setting limits for country and interest-rate risks, exchange and market risks and submitting these limits to the Bank Committee for approval;
5. regularly submitting to the Board of Directors reports on business development (financial statements, analyses, major transactions and events) and any other reports that may be requested by the Board;
6. establishing a quarterly list of all the major risks defined by Article 21 of the Federal Banking Ordinance on the form drawn up by the Federal Banking Commission for the attention of the Bank Committee and the Board of Directors.

7. Control

7.1 The Control Committee

The Control Committee comprises three members: two directors designated by the Board of Directors and the third member appointed by Geneva's State Council. The member of the Control Committee appointed by the State Council cannot be a civil servant. He is governed by banking secrecy. The present members are: Erwin Meyer and Andr  s November, both of whom are directors, and Jean-Blaise Conne, chartered accountant, a partner at PricewaterhouseCoopers, appointed by the State Council of the Republic and Canton of Geneva.

7.2 Powers and duties of the Control Committee

Pursuant to Article 28 of the Articles of Association, the Control Committee meets at least every 14 days. It has the following powers and duties:

1. to supervise compliance with the Articles and all applicable legal and regulatory provisions as well as banking practices;
2. to ensure the liaison and coordination between the Board of Directors and the internal and independent auditors;
3. to offer an opinion to the Board of Directors on the appointment of the head of Internal Audit and his / her staff, on his / her list of duties and work schedule, the latter to be coordinated with tasks of the independent auditor;
4. to instruct Internal Audit to carry out any audit tasks or to carry out audits itself of any or all Bank activities;
5. to examine internal and independent audit reports;
6. to inspect all Bank matters at anytime, including those being placed on the agenda of the Board of Directors and Bank Committee;
7. to inspect notices calling meetings of the Board of Directors and of the Bank Committee, the agenda items submitted to them, the minutes established by them, the Executive Board and the auditors;



8. to make recommendations on all decisions falling within the purview of the Board of Directors and the Bank Committee relating to control and audit;
9. to make proposals to the Board of Directors and the Bank Committee;
10. to approve loans granted to the bank's directors, their spouses or direct families.

7.3 Number of meetings of the Control Committee in 2005

The Control Committee met for 23 ordinary meetings in 2005.

7.4 Internal audit

Internal audit is an independent unit reporting to the Board of Directors, with particular responsibility for evaluating the effectiveness of the Bank's risk-management and internal-control processes. It may make proposals to improve their efficiency and regularly submits the audit reports it prepares and its progress reports to the Board of Directors. In 2005 the department had a staff of 11 and carried out its duties both within the parent company and its subsidiaries. The Head of Internal Audit is Mme Monique Seiss Baudry who holds a diploma in economics.



Monique Seiss Baudry
Head of Internal Audit

7.5 Mechanisms of information and supervision for the Executive Board and the Board of Directors

The Board of Directors and the Bank Committee have different means at their disposal to check that the Executive Board is making proper use of the powers and responsibilities with which it is entrusted. In the first instance, the Executive Board provides the Bank Committee, and therefore by extension the Board of Directors, with all the information necessary for the performance of its duties, and particularly a monthly report on the results and risks as well as the major business decisions it has taken. Every six months, the Executive Board also makes a presentation to the Board of Directors about the results per unit and per sector. Minutes of the weekly meeting of the Executive Board are also submitted to the Chairman of the Board of Directors. The above is supplemented by specific six-monthly reports on risk management to the Board of Directors.

The Control Committee, amongst its other activities, supervises compliance with the Articles, legal and regulatory requirements applicable to the Bank, as well as banking practices and takes account of internal and independent audit reports. It has access at all times to all the Bank's files, including those relating to agenda items of meetings of the Board of Directors and the Bank Committee. Finally, the Internal Audit department, which reports to the Board of Directors, undertakes selective investigations and compiles reports on tasks allocated to it by the Board of Directors. A progress report on the audit recommendations which results from its work is submitted every quarter to the Board of Directors.



8. Further information on the Board of Directors

8.1 The Directors



Michel Mattacchini
Chairman
Born 20 February 1946
Swiss

He was elected to the Board of Directors at the 2001 General Meeting by the bearer shareholders. He has been Chairman of the Board of Directors since 1 June 2002.

Professional career:

His banking career has been with Société de Banque Suisse in Geneva and Basle and later in New York. He was subsequently placed in charge of the business division (multinationals), Swiss companies, real-estate, networks, branches, Rhône-Alpes and institutional investors. From 1999 to 2001 he was responsible for recovery management at UBS in French-speaking Switzerland. He retired from UBS in 2001 and continued his activity as an independent director and consultant.

Other activities:

Director of Parking du Mont-Blanc SA, Geneva until April 2005. He is also director and Deputy Chairman of Parking de Cornavin, Geneva, and a director and Deputy Chairman of 022 Télégénève SA, Geneva. From April 2005 Director of BISA, Boulangerie Industrielle, SA. From June 2005 Director of Parking du Plainpalais SA and Parking de Villereuse SA.

*Further notes: 1, 2, 3, 5, 6, 7, 9, 10, 11, 12.



David Hiler
Deputy Chairman up to 5 December 2005
Born 18 June 1955
Swiss

He was appointed a member of the Board of Directors by the Geneva City Council in 1998. He became a member of the Bank Committee and Deputy Chairman in 2000. He resigned from these responsibilities following his election to the Council of State of the Republic and Canton of Geneva.

Professional career:

He holds a degree in economics and social sciences from Geneva University and began his professional career as a teacher. He became an assistant in the department of economic history and then a lecturer. He was a journalist for the *Tribune de Genève* and has led different missions for the Republic of Geneva, the city of Geneva, municipalities, the Geneva Real Estate Chamber (CGI), the Geneva Residential Cooperative Society (SCHG) and the Geneva section of the Swiss Society of Entrepreneurs. As of 5 December 2005, he is a Member of the Council of State, Head of the Finance Department.

Other activities:

Member of the Board of the Real Estate Foundation of Geneva, Chairman of the Popular Albanian University of Geneva. Until 5 December 2005, he was a member of the Grand Council elected on the Green Party list and secretary of the Geneva Greens.

*Further notes: 1, 2, 3, 5, 7, 9, 10, 11.



Bernard Lescaze
Member, Deputy Chairman since 5 December 2005
Born 31 March 1947
Swiss

He was appointed to the Board by the Geneva City Council in 1994. He has also served on the Bank Committee since 2001.

Professional career:

Bernard Lescaze holds degrees in letters and law from Geneva University and a postgraduate diploma in history from Lausanne University. He worked for the FNRS before becoming an assistant at Geneva University and finally an assistant lecturer at the universities of Lausanne and Toulouse. Today he works as an independent historian and HES-SO lecturer.

Other activities:

Bernard Lescaze is secretary to the board of the University Foundation for Student Accommodation (FULE) and chairman of the Pittard Foundation of Andelyn. From 1987 to 2003, Bernard Lescaze was a member of the Geneva City Council. From 1993 to 2005, he was a member of the Grand Council elected on the Radical Party list. Since 1997 he has been Chair of the Dation Approval Committee. From 2002 to 2003, he was president of the Grand Council. Since 1 April 2005 he has been Associate Judge of the Board of Indictment of the Court of Justice.

*Further notes: 1, 2, 3, 4, 5, 7, 9, 10.



Michel Terrier
Secretary of the Board
Born 22 July 1944
Swiss

He was appointed to the Board of Directors in June 2000 by the Association of Geneva Municipalities. He is also a member of the Bank Committee.

Professional career:

After training with Banque Pasche SA in Geneva, Michel Terrier joined the Banque Scandinave en Suisse in 1965, which subsequently became Banque Edouard Constant SA. He left that institution in 1999 after being head of the treasury department (stockmarket, foreign exchange, bank listings). He is also active as a financial consultant.

Other activities:

Michel Terrier was Chairman of the public-law Foundation for Public Housing of the Jussy Municipality until 30 September 2003. He was also mayor of Jussy until 31 May 2003.

*Further notes: 1, 2, 3, 4, 5, 6, 7, 9, 10, 11, 12.





Ion Bals
Board Member
Born 24 June 1942
Swiss

He was elected to the Board at the 2001 General Meeting by the bearer shareholders. He is also member of the Bank Committee

Professional career:

After studying electronic engineering at the Ecole Polytechnique he was Managing Director of Orbisphère from 1985 to 1999 and Chairman of the Board of Directors of Orbisphère from 1992 to 1999.

Other activities:

He has been a member of the board of D.H. Wright Foundation for Science in Geneva since 1990. He has also been a member of the LAPMI Commission (law on assistance to small and medium-sized companies) since 1998. He is also a member of the Board of Directors of Omnisens, a start-up company operating on the site of the Federal Polytechnic in Lausanne.

*Further notes: 1, 2, 3, 5, 6, 7, 9, 10, 11.



Gabriel Barrillier
Board Member
Born 1 July 1945
Swiss

He was elected to the Board at the 1994 General Meeting by the bearer shareholders.

Professional career:

He holds a degree in political science (HEI), and was the secretary of the Swiss Farmers' Union until 1980. Since April 1980, he has also been Secretary General of the Geneva Building Trades Federation (FMB) and a member of many economic and professional bodies in Geneva and elsewhere in Switzerland. In particular, he is a member of the select committee of the Swiss Construction Industry (the umbrella organisation for the construction industry with its head office in Zurich) and of the Swiss Chamber of Arts and Sciences.

Other activities:

He is Deputy Chairman of the Board of the Banque Cantonale de Genève Retirement Foundation. He is a member of the Grand Council to which he was elected in October 2001 on the Radical Party list. He also holds various positions in several commissions and non-parliamentary and professional bodies. Member of the Board of Pro Mobility.

*Further notes: 1, 2, 3, 5, 7, 9, 10, 11, 12.



Asma Benelmouffok
Board Member
Born 1 February 1966
Swiss

She has been a member of the Board of Directors since April 2004 when she was appointed by the State Council to represent the canton's registered shareholders.

Professional career:

She holds a law degree from the University of Geneva and passed the Geneva bar exam in 1991. She has practised import-export law abroad and was appointed legal consultant to UEB, a subsidiary of BNP, in 1993.

From 1998 onwards she was Director of the Legal and Recovery (workout) departments and created a unit to combat money laundering. She also played an active role in the merger of BNP and Paribas and has been a member of the Board of BNP Paribas (Suisse) SA since 2001, where she is Director of Legal Affairs and Workout. Since April 2004 she has run her own business negotiation and mediation company.

*Further notes: 1, 2, 3, 4, 5, 6, 7, 9, 10, 11, 12.



Madeleine Bernasconi
Board Member
Born 15 September 1939
Swiss

She has been a member of the Board of Directors since 1998 when she was appointed by the Association of Geneva Municipalities.

Professional career:

After attending business school she trained as a teacher and taught in the department of Health and Youth. She then worked in the Finance department of ABN (*Algemene Bank Nederland*) after which she trained in public administration at the IDEHAP and was a Director of the Social Security department.

Other activities:

She is a member of the board of the Nouveau Meyrin Foundation, chair of the Jura La Tour Foundation, chair of the *Association de la Résidence du Jura* (EMS) and a member of the Tourism Foundation board in Geneva. From 1990 to May 2003, Madeleine Bernasconi was administrative councillor and mayor of Meyrin. From 1999 to 30 November 2003, she was a member of the National Council elected on the Radical Party list. Member of the Committee of the Cercle des dirigeants d'entreprises. Director of CIFAL Divonne – TLI (Centre International de Formation des Acteurs Locaux Trans Léman International).

*Further notes: 1, 2, 3, 5, 6, 7, 9, 10, 11.



Bernard Clerc
Board Member
Born 27 February 1946
Swiss

He was appointed to the Board of Directors by the Geneva City Council in May 2002.

Professional career:

After training as a social worker at the Social Studies Institute in Geneva, he was a social worker in various Geneva social services. He is currently in charge of research at the Hospice Général de Genève.

Other activities:

Bernard Clerc is a member of the committee of the Association for the Taxation of Financial Transactions and Assistance to Citizens (ATTAC-Geneva). Bernard Clerc held political office as a member of parliament from 1993 to 2001, elected on the list of the Left Alliance.

*Further notes: 1, 2, 3, 4, 5, 6, 7, 9, 10, 11, 12.



Corporate governance



Jean Gallay
Board Member
Born 18 March 1957
Swiss

Appointed to the Board of Directors by the Geneva State Council in 1994.

Professional career:

Jean Gallay holds a degree from the Federal Polytechnic School in Lausanne. Between 1983 and 1986 he worked at Hayek Engineering in Zurich as a strategy and reorganisation consultant. From 1987 to 1997, he was the manager of Jean Gallay SA, an industrial company established in Geneva. From 1997 to 2003, he was manager of Mag Plastic SA, a company based in Geneva. From 1994 to 2003, he was also a member of the steering committee of Mauser Werke GmbH, a company established in Germany. From 1997 until its sale in August 2005, he was a Director of Sécheron SA, an industrial holding company, wholly owned by the Banque Cantonale de Genève. Since 2003, he has been the manager of Frame SA, a company specialising in industrial investments.

Other activities:

He is a member of the bureau of the Geneva Chamber of Commerce and Industry (CCIG) and has a seat on the Board of Harwanne SA, Geneva, a listed financial and industrial investment company.

*Further notes: 1, 2, 3, 6, 9, 10, 11, 12.



Mariane Grobet-Wellner
Board Member
Born 22 May 1947
Swiss / Swedish

She was appointed to the Board of Directors by the Geneva State Council in October 2000. She has also been a member of the Bank Committee since her appointment to the Board.

Professional career:

She has a degree in economics and works as an independent economist. Colleague of Mr Joseph Ziegler, FIR trustee from 1976 to 1992, Member of the ICC (later IFD) cantonal commission for matters regarding imports from 1981 to 2001, Member of the cantonal commission of experts determining levels of funding for rental properties (LIPP III) since 2002.

Other activities:

Member of the Executive Committee of Asloca-Geneva since 1980. She was elected to the Geneva Grand Council in 1997 and re-elected in 2001 and 2005 on the Socialist Party list. President of the fiscal commission and vice president of the Finance Board commission. Member of the Emilie Gourd Foundation board since 2001. President of the UOG (Université ouvrière de Genève – Geneva Workers University)

*Further notes: 1, 2, 3, 5, 7, 9, 10, 11, 12.



Sami Kanaan
Board Member
Born 8 January 1964
Swiss

Member of the Board since his appointment by the Geneva City Council in 2000.

Professional career:

Sami Kanaan received a degree in physics from the Federal Polytechnic in

Zurich and also holds a bachelor's degree and a master's degree in political science from the University of Geneva. From 1989 to 1995, he was head of the French-speaking section of the University and Research Society (SUR) in Zurich and Geneva. From 1995 to 2001, he was responsible for the evaluation and quality-assurance activities of the European Conference of University Rectors in Geneva. From 2001 to 2005, he was an associate partner with the Evaluanda Bureau (political / public evaluations and organisational analysis) in Geneva. Since 1 June 2005 he has held the position of Associate Head of the Department of Social Affairs, Schools and the Environment of the City of Geneva.

Other activities:

He is chairman of the Transport and Environment Association Committee – Geneva section, and chairman of the Geneva AIDS Group Committee.

From 1997 to 2001, he was a member of the Geneva City Council. From November 2001 to October 2005, he was a member of the Geneva Grand Council elected on the Socialist Party list.

*Further notes: 1, 2, 3, 4, 7, 9, 10, 11, 12.



Erwin Meyer
Board Member
Born 6 August 1939
Swiss

Member of the Board of Directors since his appointment by the State Council in 1999. Also a member of the Control Committee.

Professional career:

Erwin Meyer began his banking career with Crédit Suisse and attended several training courses in banking in London and Frankfurt. He became head of the departments of corporate clients, branches and retail banking with Crédit Suisse in Geneva. He went on to take charge of loans at risk (workout) for French-speaking Switzerland when Crédit Suisse took over Banque Populaire Suisse. Finally, he was in charge of the credit unit of Crédit Suisse for French-speaking Switzerland. In 1998, Erwin Meyer retired from Crédit Suisse. Since 1998 he has been Chief Executive Officer of Rosbank (Switzerland) SA, based in Geneva.

Other activities:

He is a member of the board of the foundation and management of Orgexpo in Geneva which runs Palexpo. He is also a member of the bureau and Deputy Chairman of Geneva Tourism (OTG), company secretary of Banque Bonhôte and Co SA of Neuchâtel. His other duties include membership of the LAPMI Commission (law on aid for the financing of small and medium-sized companies) and membership of the Committee of the French-speaking section of the Russo-Swiss Chamber of Commerce in Geneva. He is also a reserve colonel in the army.

*Further notes: 1, 2, 3, 6, 7, 9, 10, 11, 12.



Andràs November
Board Member
Born 21 March 1936
Swiss

Member of the Board of Directors since his appointment by the State Council in 1999. He is also a member of the Control Committee.

Professional career:

Andràs November holds a degree in political science from Geneva University and a doctorate in political science from the University Institute



of Higher International Studies (IUHEI). He was a research assistant with the International Labour Office (ILO) and a researcher with Nestlé SA. He worked at the CFH Institute – Center for Watch Industry Training in Lausanne – the International Trade Center (UNCTAD / GATT) in Geneva and the general audit company Atag in Bern. He worked as a management consultant with the Institute for Research, Communication and Motivation (IRCM) in Geneva and worked with Centre-Info SA (centre for research and information on business and investors' responsibility) in Fribourg. Today, he is an honorary professor at the University Institute for Development Studies (IUED) and Chair of the Scientific Committee of a research programme on biotechnologies and sustainable development.

Other activities:

He is a member of the Environmental Council for the Canton of Geneva, a member of the Strategic Council for the Economic Promotion of the Canton of Geneva and a member of the Economic and Ecological Association for Sustainable Development.

*Further notes: 1, 2, 3, 6, 7, 9, 10, 11.



Jean-Claude Rivollet
Board Member
Born 12 August 1941
Swiss

He joined the Board of Directors in 2002 when he was elected at the General Meeting by the bearer shareholders. He is also a member of the Bank Committee.

Professional career:

Jean-Claude Rivollet has held a federal diploma as a chartered accountant since 1970. Until 1982, he worked with the audit company Bourquin Frères et Bérar SA. From 1982 to 1988, he worked as a self-employed chartered accountant in Geneva. Since 1989, he has been a managing director of Fiduciaire d'Expertise et de Révision SA in Geneva.

Other activities:

He is a director of Cave de Genève SA, Geneva.

*Further notes: 1, 2, 3, 5, 6, 7, 9, 10, 11.

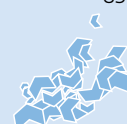
***Explanation of the further notes:**

1. Holds no operational responsibilities at BCGE or at a company of the Group.
2. Is not or has not been a member of the management bodies of BCGE, or a member company of the Group, in the three financial years before the year under review.
3. Does not have close ties with BCGE or a member company of the Group.
4. Holds no official posts in management and supervisory bodies of corporations, foundations or large organisations (Swiss or foreign) under private and public law.
5. Performs no permanent management or consultancy functions for large Swiss and foreign interest groups.
6. Has no official functions and no political office.
7. Does not sit on the boards of listed companies.
8. He / she or persons close to him / her have received free BCGE shares during the year under review.
9. He / she or persons close to him / her hold BCGE shares.
10. Neither he / she nor persons close to him / her have received options (including synthetic participation programme options) on BCGE shares.
11. Neither he / she nor persons close to him / her have received fees and additional remuneration for further services provided to BCGE or to another company in the BCGE Group.
12. Neither he / she nor persons close to him / her benefit from loans, sureties, advances or credits granted by BCGE or a company of the Group.

8.2 Directors' terms

Article 12, Paragraphs 5 and 6 of the Law on the Banque Cantonale de Genève provides that the Chairman and directors are appointed for a period of four years and that they may be reappointed only twice. If they should take up their appointment during an administrative period, their appointment ends at the end of the administrative period. The appointment also ends not later than the day of the General Meeting which follows their seventieth birthday.

Director	Year first appointed	Current term ends	Number of times reappointed	Eligible for reappointment
Michel Mattacchini	2001	2006	1	yes
David Hiler	1998	5 Dec. 2005	1	–
Ion Bals	2001	2006	1	yes
Gabriel Barrillier	1994	2006	2	no
Asma Benelmouffok	2004	2006	0	yes
Madeleine Bernasconi	1998	2006	1	yes
Bernard Clerc	2002	2006	0	yes
Jean Gallay	1994	2006	2	no
Mariane Grobet-Wellner	2000	2006	1	yes
Sami Kanaan	2000	2006	1	yes
Bernard Lescaze	1994	2006	2	no
Erwin Meyer	1999	2006	1	no
Andràs November	1999	2006	1	no
Jean-Claude Rivollet	2002	2006	0	yes
Michel Terrier	2000	2006	1	yes



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9. Further information on the Executive Board



Blaise Goetschin
Chief Executive Officer
Born 1 September 1957
Swiss

Professional career:

He holds a degree from the HEC at Lausanne University and began his professional career in 1982 as an auditor with PriceWaterhouse in Geneva. In 1985, he joined Crédit Suisse, first in Zurich as deputy vice president, capital markets, and then in New York as an executive in the corporate banking department. In 1990 he became a member of the Executive Board in charge of the corporate-finance activity in French-speaking Switzerland, Bern and Basle. In 1993, he was given responsibility for the corporate finance / private companies function for the whole of Switzerland. In 1995, he was appointed by the State Council of the Canton of Vaud to take charge of the cantonal finance department. From 1998 to 2000, he was a general manager of the Fiduciary Trust Bank, private and institutional management, the Swiss subsidiary of this New York-based banking group. He has been chief executive officer of Banque Cantonale de Genève since 1 October 2000.

Other activities:

Blaise Goetschin is chairman of Anker Bank SA and of Synchrony Asset Management SA, chairman of the Supervisory Board at the Banque Cantonale de Genève (France) SA, deputy chairman of the board of *Centrale de Lettres de Gage SA*, director of *La Foncière-Investissements Fonciers SA*, committee member of the board of the Union of Swiss Cantonal Banks, member of the board of the Swiss Bankers Association, member of the board of the Geneva Financial Center Foundation, member of the board of the Geneva Chamber of Commerce and Industry, deputy chairman of the Higher Institute for Training in Banking in Geneva, member of the committee of the Society for Economic and Social Studies in Lausanne and of the committee of the Center for Military History and Forecasting in Pully.

*Further notes: 1, 4, 5, 6, 7, 8, 9, 10.



Eric Bourgeaux
Head of the Finance and Risk Management division (CFO)
and deputy to the Chairman of the Executive Board
Born 31 May 1956
Swiss / French

Professional career:

He is a graduate of the Higher Commercial School of Paris and holds a DECS degree. He began his professional career with KPMG Paris as an auditor and consultant. From 1982 to 1986, he was an auditor with PriceWaterhouse in Geneva. From 1986 to 1988, he was manager of Asea Capital, which subsequently became the ABB World Treasury Centre in Geneva, and from 1988 to 1996, manager and later general manager of Nokia Finance International BV, Geneva. From 1998 to 2000, he was a director of Clariden Bank and from 1997 to 2000, manager of André & Cie, Lausanne. He has been Head of the Finance and Risk Management Division and a Member of the BCGE Executive Board since 1 December 2000.

Other activities:

He is a member of the Supervisory Board of Banque Cantonale de Genève (France) SA, member of the Board of Synchrony Asset Management SA, member of the supervisory board of Compagnie Foncière Franco-Suisse and a board member of Asia Pacific Performance, Luxembourg. Member of the Supervisory Board of Dixence SAS, Puteaux.

*Further notes: 1, 4, 5, 6, 7, 8, 9, 10.



Claude Bagnoud
Head of Corporate division
Born 1 January 1964
Swiss

Professional career:

He is a graduate of the Higher School of Business in Geneva and holds a diploma from IMD Lausanne, Executive Development Programme (1999). Claude Bagnoud began his professional career as an accountant with the Geneva Industrial Services. In 1990, he joined the commercial credits department of the Banque Hypothécaire du Canton de Genève. Manager in 1991, he became head of the commercial credits department from 1994 to 1995. From 1996 to 1999, he was in charge of the real-estate and commercial credits section for the general market. In 1996, he was appointed to the management. In 1999, he followed a training course in London. In 2000, he was section head in the industries, trade and services department. In May 2001, he was appointed to the Executive Board with responsibility for the Corporate division.

Other activities:

Until October 2005 he was Director of Sécheron SA and HaslerRail AG. Director of Synchrony Asset Management SA, member of the Supervisory Board of BCGE (France) SA, member of the board of the La Gravière Industrial Foundation, member of the supervisory board of Compagnie Foncière Franco-Suisse, member of the board of the Palais des Expositions Foundation and of the Hall 6 Foundation. Member of the Supervisory Board of Dixence SAS, Puteaux.

*Further notes: 1, 4, 5, 6, 7, 8, 9.



Johan Bernard Alexander Kroon
Head of the Retail Banking and Branch Network division
Born 28 May 1963
Dutch

Professional career:

He holds an MBA and a Master of International Management from Thunderbird University (Arizona, USA). Johan Bernard Alexander Kroon began his professional career in 1987 with Citibank in Düsseldorf. From 1991 to 1994, he gained further experience in Germany with Citicorp Diners Club Deutschland in Frankfurt. From 1995 to 1997, he was Marketing Manager with the Citibank US & Europe Consumer Bank in Brussels, and from 1997 to 1999, Marketing and Strategic Planning Manager at the Citibank Private Bank in Geneva. He was Marketing Manager for Deutsche Bank International Private Banking in Geneva from 1999 to 2000. He then went on to become Head of Strategy and Marketing with JP Morgan Private Bank in Geneva. In May 2002, he became a member of the BCGE Executive Board responsible for the Retail Banking and Branch Network division.



Other activities:

Johan Bernard Alexander Kroon is president of the Board of the Transferable Pension Fund Foundation of BCGE and of the Savings Foundation Epargne 3. He is also a member of the Boards of the Swisscanto Transferable Pension Fund Foundation, of the Swisscanto Collective Foundation and of the Swisscanto Supra Collective Foundation.
*Further notes: 1, 3, 4, 5, 6, 7, 8, 9.



Emile Rausis
*Head of the Operation and Control division
(until 31 January 2006 "Credit Control and
Administration" Born 31 August 1957
Swiss*

Professional career:

He holds a federal banking diploma (CFC) and began his career in 1977 with Société de Banque Suisse in Monthey. From 1978 to 1984, he worked in the credit department of SBS in Geneva and was appointed junior manager on 1 April 1982. From 1984 to 1985, he worked as a credit manager with the Executive Board in Basle, in the credit department, Switzerland, responsible for the branches in French-speaking Switzerland. From 1985 to 1986, he returned to Geneva with responsibility for a credit customer group. From 1 April 1986, he became a company officer at Société de Banque Suisse until 1988, in charge of SME customers. Emile Rausis joined the Banque Hypothécaire du Canton de Genève in 1989 as deputy manager and pursued his career in the credits field. In 1991, he was appointed deputy manager responsible for a loans department and substitute for the head of the commercial division. In 1996, he took charge of finance and support for the SME department. In April 2001, Mr Rausis was appointed a member of the Executive Board and is now Head of the Operations and Control division.

Other activities:

He is a member of the board of Geparco Holding SA. Member of the Board of the Occupational Pension Foundation of the Banque Cantonale de Genève.

*Further notes: 1, 3, 4, 5, 6, 7, 8, 9.



Alain Spadone
*Head of the Private Banking division
Born 23 April 1949
French / Swiss*

Professional career:

He holds a degree from the Panthéon Sorbonne University in Paris and began his professional career as the headmaster of a private school from 1974 to 1986. From 1987 to 1991 he was a financial analyst with Fransad Finance in Geneva. He was also employed in a similar capacity by the Canadian Imperial Bank in Geneva from 1991 to 1992. From 1992 to 1996 he was a financial analyst and asset manager with the Union Bancaire Privée in Geneva. He served as a financial analyst and institutional manager with the Société Fiduciaire Suisse in Geneva from 1997 to 2000, at which point he was appointed Head of the Investment Strategy and Financial Analysis department of BCGE. He was appointed to the Executive Board of BCGE in 2002 with responsibility for private banking.

Other activities:

Alain Spadone is a member of the Board of Anker Bank SA Zurich, a member of the Supervisory Board of the Banque Cantonale de Genève (France) SA, Lyon and a member of the board of Swissca Holding SA.
*Further notes: 1, 3, 4, 5, 6, 7, 8, 9.



Jean-Marc Joris
*Head of the Operations and Information
Technology Division (until 31 January 2006
"Logistics and Information Technology")
Born 10 September 1968
Belgian*

Professional career:

He holds a degree in business and finance from the ICHEC, Brussels and in 1993 worked in the capital markets department of Dexia Luxembourg. From September 1993 to June 1997 he was a project manager in the Information Risk Management department of KPMG. From June 1997 to March 2002, he was deputy manager, head of business development at the ING Baring Private Bank in Geneva. Jean-Marc Joris joined the Banque Cantonale de Genève in April 2002 as a member of the management, in charge of the logistics department and as interim manager of the IT department. On 1 July 2003, he was appointed member of the Executive Board, heading the Operations and IT division.

Other activities:

He is a member of the board of the *Fondation Patrimoine*, Geneva.

*Further notes: 1, 3, 4, 5, 6, 7, 8, 9, 10.

***Explanation of further notes:**

1. Has held no previous posts at BCGE or a Group company.
2. Holds no official positions on the boards of supervisory bodies of companies, foundations or major entities (Swiss or foreign) established under either private or public law.
3. Performs no permanent management or consultancy duties for major Swiss and foreign interest groups.
4. Has no official functions and holds no political positions.
5. Does not sit on the boards of listed companies.
6. Received BCGE shares during the year under review as part of a stock option plan.
7. In addition to shares received under the stock option plan he / she or persons close to him / her holds BCGE shares.
8. Neither he / she nor persons close to him / her have received options (including synthetic participation programme options) on BCGE shares.
9. Neither he / she nor persons close to him / her has received fees and additional remuneration for further services provided to BCGE or another company in the BCGE Group.
10. Neither he / she nor persons close to him / her benefits from loans, sureties, advances or credits granted by BCGE or a company of the Group.



10. Management contract

BCGE outsources some of its main IT activities to Unicile (Prilly), a company which is a 100% subsidiary of the Banque Cantonale Vaudoise. A framework agreement on cooperation which complies with the Federal Banking Commission's circular CFB 99/2 on outsourcing plus its detailed addenda governs the relationship between the Bank and Unicile SA. Unicile SA provides the Bank with essential IT services such as operations, maintenance, hosting of the banking computer systems, management of the Bank's PCs and Windows servers, user support, etc. The majority of service contracts were renewed in December 2004 for a period of 3 years. Unicile's IT services charged a total fee of CHF 31,795,000 in 2005, of which CHF 8,055,000 was in respect of support and maintenance services and CHF 23,740,000 in respect of development and running costs.

11. Remuneration

Total remuneration of the Board of Directors in 2005: CHF 928,113

Of which fixed fees:	CHF	682,513
Of which attendance fees:	CHF	215,600
Of which entertainment allowance:	CHF	30,000

Highest fee paid to a member of the Board of Directors 2005: CHF 237,913

Of which fixed fees:	CHF	183,513
Of which attendance fees:	CHF	24,400
Of which entertainment allowance:	CHF	30,000

Total remuneration of the Executive Board in 2005: CHF 3,525,324

11.1 Shareholdings

Grant of shares during the financial year

The following numbers of shares were granted to members of the management bodies during the 2005 financial year under the various shareholding and stock option schemes (see point 11.8, opposite):

Number of bearer shares:

Members of the Executive Board	684
Members of the Board of Directors	—

Holdings

The total number of shares held as at 31 December 2005 (including shares granted during the financial year) by the members of the management bodies is:

Number of bearer shares:

Members of the Executive Board	2,937
Members of the Board of Directors	696

Loans and credits to members of the Board of Directors

Loans and credits to members of the Board of Directors and their close families amount to CHF 1,887,240, of which CHF 1,782,600 are mortgage-backed. The balance of CHF 89,368 represents an

unsecured loan in accordance with Article 32 of the previous Articles of Association. Six Board members and their families benefit from such loans and credits.

11.3 Loans and credits to members of the Executive Board in 2005

Loans and credits to members of the Executive Board and their close families totalled CHF 2,181,800 secured against mortgages. Four members of the Executive Board and their close families benefit from these loans.

11.4 Other

No registered shares are held by members of management bodies and the latter hold less than 1% of the bearer shares. They have no right to subscribe to shares or receive options and no unusual transaction has been undertaken by the Bank with them. The Bank has given no guarantee to third parties on behalf of members of the management bodies. No other consideration, whether financial or in kind, has been granted by the Bank or any Group company to the members of the management bodies during the financial year just closed.

11.5 Procedures for determining remuneration

The Bank Committee decides on the fixed and variable components of the remuneration paid to the members of the Executive Board. The Bank Committee also decides on the provisions of the participation plan attached to the variable component.

In accordance with the Management and Organisational Regulations of the Bank and after receiving proposals from the Bank Committee, the Board of Directors determines the ordinary fees and attendance fees of its members, the Committee members, the Chairman and, if applicable, of directors to whom special duties, whether regular or intermittent, have been assigned.

11.6 Remunerations to former members of management bodies

No such payments were made in 2005.

11.7 Additional payments and fees

No such payments were made or received in 2005.

11.8 Allocation of free shares during the financial year 2005 Stock option plan and bonus system

Stock option plan

Since 1996 the Bank's staff at every level have qualified for a stock option plan. Once they have been employed for three years they receive each year a number of free shares calculated according to the scale in force at the time. The Bank acquires these shares at the market price in order to meet its obligations under the stock option plan. To date, 16,249 bearer shares or 1.10% of the share capital has been distributed to the beneficiaries under this plan.

Shares linked to a bonus

Since March 1999, the Bank Committee, acting on a proposal from the Executive Board, has offered the beneficiaries of a bonus the possibility of acquiring bearer shares of the Banque Cantonale de Genève at a preferential price. The Banque Cantonale de Genève buys its own shares at the market price and then sells them, net of all costs, to the beneficiaries of bonuses, at the rate of one share for every CHF 3,000 of bonus (starting from a bonus of CHF 3,000). Two free



shares are offered to beneficiaries for each share they acquire. Up to 31 December 2005, 7,149 bearer shares were distributed to beneficiaries under this plan.

All shares acquired under the stock option plan or a bonus scheme are blocked for a period of 5 years during which they cannot be sold or pledged, except to the Bank. On the other hand, there is no restriction on the receipt of dividends by the holders and, in the event of any new share issue, they may benefit from any preferential subscription rights. Any free shares are liable to federal and cantonal income tax in accordance with directives issued by the appropriate tax authorities.

12. Shareholders' participation rights – limit and representation of voting rights

No limit exists on voting rights.

12.1 Quorum

The General Meeting is 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, unless there are contrary provisions in the law or in the Articles of Association. Decisions concerning the adoption and amendment of the Articles of Association, such as notice of a merger, takeover or winding up of the Bank, require a two-thirds majority of the share capital. For a second round of voting in elections, a simple majority suffices. In the case of a tie, the chairman of the General Meeting has the casting vote. Elections are by secret ballot. At the request of 30% of the votes present, other decisions can also be taken by secret ballot.

12.2 Convening the General Meeting

The ordinary 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 representing at least one-tenth of the share capital may also make a written request for an extraordinary General Meeting to be convened, stating the reason. If necessary, the independent auditors 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*. The meeting's agenda must be stated in the invitation to attend. The invitation must also mention that the usual documents are available to the shareholders at the Bank's registered office.

12.3 Agenda items

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

12.4 Entry in the share register

The Bank keeps the share register at the company's head office, a distinction being made between classes 'A' and 'B' registered shares. Each share gives entitlement to a proportion of the net profit of the company and the proceeds of liquidation. 'B' registered shares confer upon their holders the same ownership rights as those of bearer shares.

12.5 Taking control and defence measures

Obligation to make an offer – Opting up / out

No provision exists for these matters in the Articles of Association of the Banque Cantonale de Genève.

12.6 Clauses on taking control

There is no clause for this at the Banque Cantonale de Genève.

13. Independent auditor

At the ordinary General Meeting of 3 May 2005 the brief of the Bank's auditor, Deloitte & Touche SA, as independent auditor according to the Swiss Code of Obligations, was renewed for the year 2005.

13.1 Duration of the audit brief and of the brief of the auditor-in-charge

Since 1 January 2001, the auditor-in-charge, in terms of Article 46 para. 2 of the Federal Banking Ordinance, is Mr Pierre-Alain Bracher of Deloitte SA. The brief of the independent auditor is renewed each year by the Ordinary General Meeting of Shareholders.

13.2 Independent auditors' basic fees in 2005

In addition to a charge for the audit of the annual accounts, the audit fee also includes a charge for a limited review of the six-monthly accounts.

	31.12.2005	31.12.2004
Audit of the BCGE Group	1,082,750	1,169,500
of which audit of BCGE	870,000	946,500

13.3 Additional fees paid to independent auditors in 2005 related to the 2005 audit

	31.12.2005	31.12.2004
The BCGE Group	70,820	105,600
of which BCGE only	59,270	83,300

Additional fees, unrelated to the audit, were received by Deloitte SA in Switzerland for CHF 213,840 (2004: CHF 72,550).

13.4 Instructions for supervision and control relating to the independent auditors

For information on this matter please refer to the paragraphs dealing with the Control Committee on pages 78 and 103.

14. Information policy

The BCGE Group aims to maintain a communication and disclosure policy on its strategy, products, services and financial results to its clients, suppliers, staff and shareholders which is as transparent as possible. The Board of Directors expresses its views through its Chairman. The Chief Executive Officer is the official spokesman for the Bank. He determines the policies and disclosure policy of the BCGE Group. He delegates the management of information to the CEO's Office and Communications department. Staff is kept informed of the strategy, products, services and financial results of the Group by information published on the Intranet site, in the staff magazine and at periodic staff meetings organised by the Executive Board. Externally the Group communicates regularly through institutional publications (the

Corporate governance

magazine "Dialogue" which appears three times per year, the quarterly brochure "Investment Strategy" and various information bulletins issued by the Executive Board – there were three such bulletins in 2005). The Group websites (www.bcge.ch, www.synchrony.ch, www.ankerbank.ch, and www.bcgef.fr) contain all essential information. The Executive Board regularly meets journalists to present the annual and interim results as well as to discuss various matters relating to its activity. At the time of the publication of the annual and interim results the Group arranges for telephone conferences with financial analysts to inform them of the progress of the Group's business and its future outlook. On the question of shareholder relations, the Group encourages attendance at its Ordinary General Meeting. Shareholders are invited to put their questions to the Board of Directors or the Executive Board and may contact BCGE's CEO's Office and Communications Department at any time by mail, phone or email (actionnaires@bcge.ch). Investors who so wish may register on the Bank's website in order to receive by e-mail all announcements likely to affect the share's market price. Shareholders also receive annual publications setting out the Group's results and prospects, an annual report and the institutional publications relating to the Group strategy or philosophy. The documents published by BCGE are available in BCGE branches and on the parent company's web-site. Some of them are available in English and / or German.

14.1 Information

actionnaires@bcge.ch

14.2 Groupe BCGE – Investor relations and communications

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14.4 BCGE's method of financial analysis

Financial analyses (only secondary) performed by the Banque Cantonale de Genève are based on a macro-economic study of the general environment (economic outlook, interest rates and foreign currency rates) and on micro-economic analyses of listed companies. BCGE selects stocks and securities according to a "secondary" type of approach, essentially based on research supplied by specialised parties (banks, brokerage houses) chosen by the Bank. Research based on third-party studies is complemented, if required, by public information directly supplied by companies themselves in their regular financial publications (management reports, press releases and analysts' meetings).

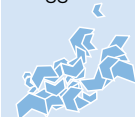
14.5 General organisation chart as at 1 March 2006

Please refer to pages 8 and 9.

15. Further information regarding the major shareholdings of the BCGE Group

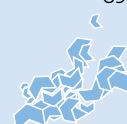
Please refer to the Notes to the consolidated financial statements 2005, note 5.6, page 58.

Company	Headquarters	Business	Share capital	31.12.2005 (% shareholding)	31.12.2004 (% shareholding)
Swisscanto	Bern	Investment funds	CHF 24,204,000	2.40	2.40
Banque Nationale Suisse	Zurich	Central Bank	CHF 25,000,000	0.55	0.55
Centrale de lettres de gage	Zurich	Refinancing	CHF 165,000,000	5.91	5.91
Telekurs Holding	Zurich	Securities clearing	CHF 45,000,000	0.90	0.90
Caleas AG	Zurich	Financial company	CHF 30,000,000	6.27	6.27
S.W.I.F.T.	La Hulpe	Banking transactions	EUR 10,800,000	0.03	0.03
Swiss Financial Service Group AG	Zurich	Securities transactions	CHF 26,000,000	1.06	1.06



16. Information on affiliate companies of the Banque Cantonale de Genève

	Anker Bank SA	BCGE (France) SA	Synchrony Asset Management SA
Business	bank	bank	institutional asset management
Affiliated	yes	yes	yes
Shareholding	100% BCGE	100% BCGE	100% BCGE
Cross-holdings	none	none	none
Group structure	consolidated	consolidated	consolidated
Date of Board directors' appointments	Blaise Goetschin (Chairman) 25.10.00 Raymond Flückiger (Deputy Chairman) 01.09.72 Alain Spadone 23.10.02 Markus Hugelshofer 22.01.97 Jean-Pierre Strebel 18.04.85 Philippe Bailat 23.06.04	Blaise Goetschin (Chairman) 18.12.00 Eric Bourgeaux (Deputy Chairman) 18.12.00 Alain Spadone 01.09.03 BCGE represented by Claude Bagnoud 02.10.01	Blaise Goetschin (Chairman) 27.10.00 Claude Bagnoud 18.01.01 Eric Bourgeaux 29.11.02
Length of term	2 years	2 years	1 year
Number of meetings of the Board of Directors / Supervisory Board in 2004	6	4	5
Auditors	Deloitte SA	Titular auditors Ernst & Young, to 2006 Mr Thierry Stévenon, to 2007 Substitute auditors Cabinet Cogem Audit, to 2007 Mr Marc Bonhomme, to 2006	Deloitte SA
Articles of Association	December 2005	July 2001	October 1998
Quorum for Annual General Meetings	The Ordinary General Meeting is properly constituted when a majority of the shares are represented, subject to any overriding restriction imposed by law or the Articles	Extraordinary General Meeting: 1st summons, 1/3 of the voting shares Extraordinary General Meeting: 2nd summons, 1/4 of the voting shares Ordinary General Meeting: 1st summons, 1/4 of the voting shares Ordinary General Meeting: 2nd summons, no quorum.	The Ordinary General Meeting is properly constituted irrespective of the number of shareholders present or represented.
Share capital	CHF 20,000,000 in 20,000 registered shares of CHF 1,000 nominal value, fully paid-up	EUR 15,250,000 in 1,000,000 registered shares of EUR 15.25 nominal value, fully paid-up	CHF 3,700,000 in 3,700 registered shares of CHF 1,000 nominal value, fully paid-up, linked according to the Articles



English translation of
French official version

AUDITORS' REPORT

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

As statutory auditors, we have audited the accounting records and the financial statements (pages 92 to 99) of Banque Cantonale de Genève for the year ended December 31, 2005.

These financial statements are the responsibility of the Board of directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss Auditing Standards as well as with International Standards on Auditing (ISA), which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records, the financial statements and the proposed appropriation of available earnings comply with Swiss law and the Bank's articles of incorporation.

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

DELOITTE SA



Pierre-Alain Bracher
Auditor in charge



Alexandre Buga

February 28, 2006



Parent company accounts 2005*

Parent company

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*This English version of the annual report is a free translation of the French official version.



Balance sheet before allocation

Parent company

	Notes	31.12.2005 in CHF thousands	31.12.2004 in CHF thousands	Variation in CHF thousands
Assets				
Cash		112,523	131,975	-19,452
Money-market instruments		313,193	649,251	-336,058
Due from banks		939,515	1,310,656	-371,141
Due from clients		4,445,761	5,082,300	-636,539
<i>of which Fondation de valorisation</i>		2,159,527	3,024,002	-864,475
Mortgages		6,136,022	5,947,412	188,610
Trading portfolios		51,980	31,254	20,726
Financial investments		277,709	239,546	38,163
Investments in Group companies		91,478	86,768	4,710
Fixed assets		187,897	195,627	-7,730
Accrued income and prepaid expenses		31,846	31,488	358
Other assets	4.12	66,061	107,222	-41,161
Total assets		12,653,985	13,813,499	-1,159,514
Total subordinated loans		36,888	23,112	13,776
Total due from Group companies and qualified participants		581,363	421,569	159,794
<i>of which total claims on the Canton of Geneva</i>		178,866	100,701	78,165
Liabilities				
Money-market instruments		3,308	695	2,613
Due to banks		377,823	403,210	-25,387
Due to clients on savings and deposit accounts		4,830,408	4,816,492	13,916
Due to clients, other		2,841,590	3,343,877	-502,287
Medium-term notes (cash bonds)		67,614	78,632	-11,018
Bonds and mortgage-backed bonds		3,631,000	4,340,230	-709,230
Accrued expenses and deferred income		73,144	76,174	-3,030
Other liabilities	4.12	85,167	81,747	3,420
Valuation adjustments and provisions	4.9	25,280	3,448	21,832
Reserve for general banking risks	4.9	10,000	-	10,000
Share capital	4.7	360,000	360,000	-
Capital reserve		304,851	282,851	22,000
Retained earnings		543	61	482
Result of the year		43,257	26,082	17,175
Total liabilities		12,653,985	13,813,499	-1,159,514
Total subordinated debt		440,000	524,230	-84,230
Total due to Group companies and qualified participants		346,291	406,614	-60,323
<i>of which total due to the Canton of Geneva</i>		201,954	223,072	-21,058
Off-balance-sheet items				
Contingent liabilities		489,595	471,403	18,192
Irrevocable commitments		213,740	84,449	129,291
Commitments to subscribe capital or pay further sums		39,011	39,136	-125
Commitments resulting from deferred payments		7,840	20,226	-12,386
Financial derivatives:				
- underlying amounts		3,984,388	3,550,418	433,970
- positive replacement values		40,725	68,534	-27,809
- negative replacement values		69,308	62,645	6,663
Fiduciary transactions	4.10	141,727	164,852	-23,125



Profit-and-loss account

Parent company

	Notes	31.12.2005 in CHF thousands	31.12.2004 in CHF thousands	Variation in CHF thousands
Interest income and expenses				
Interest and discount income		379,960	388,585	-8,625
Interest and dividends from trading portfolios		1,085	1,139	-54
Interest and dividends from financial investments		13,417	5,098	8,319
Interest expenses		-223,532	-225,741	2,209
<i>Net interest income</i>		<i>170,930</i>	<i>169,081</i>	<i>1,849</i>
Commission and fee income				
Commission income from loan transactions		33,356	29,705	3,651
Commission income from trading, securities and deposits		30,481	27,329	3,152
Commission income from other services		19,117	18,484	633
Commission expenses		-9,910	-8,365	-1,545
<i>Net commission and fee income</i>		<i>73,044</i>	<i>67,153</i>	<i>5,891</i>
Net result of trading operations	4.11	12,586	7,993	4,593
Other ordinary income				
Income from the sale of financial investments		1,415	310	1,105
Income from investments		1,455	912	543
Real-estate income		1,695	1,928	-233
Other ordinary income		6,904	5,812	1,092
Other ordinary expenses		-815	-1,357	542
<i>Other ordinary income (expenses), net</i>		<i>10,654</i>	<i>7,605</i>	<i>3,049</i>
<i>Total operating income</i>		<i>267,214</i>	<i>251,832</i>	<i>15,382</i>
Operating expenses				
Payroll expenses		-96,656	-96,814	158
Other operating expenses		-77,311	-80,495	3,184
<i>Net operating expenses</i>		<i>-173,967</i>	<i>-177,309</i>	<i>3,342</i>
Gross profit		93,247	74,523	18,724
Depreciation of fixed assets	4.4	-10,038	-28,028	17,990
Valuation adjustments, provisions and losses		-29,184	-28,189	-995
Result before extraordinary items and taxes		54,025	18,306	35,719
Extraordinary income	4.5	1,732	10,034	-8,302
Extraordinary expenses	4.6	-11,000	-1,001	-9,999
Taxes		-1,500	-1,257	-243
Net profit for the year		43,257	26,082	17,175



Statement of shareholders' equity

Parent company

in CHF thousands

Shareholders' equity at 1 January 2005

Share capital	360,000
Capital reserve	282,851
Profit	26,143

Total shareholders' equity at 1 January 2005

668,994

– Dividends and other allocations	–3,600
+ /– Other allocations / transfers from reserves	–22,000
+ Allocation to reserves for general banking risks	10,000
+ /– Allocation to the capital reserve from the previous year's profit	22,000
+ Profit for the year ended 31.12.2005	43,257

Total shareholders' equity at 31 December 2005

718,651

of which:

Share capital	360,000
General legal reserve	304,851
Reserves for general banking risks	10,000
Profit	43,800



Notes to the financial statements

Parent company

1. Notes on business and staff

The Bank's business and the outsourcing of its IT system are described in the notes to the consolidated accounts.

1.1 Staff numbers

	31.12.2005	31.12.2004
- Full-time equivalents	687	691
- Number of employees	747	761

2. Accounting and valuation principles adopted in the annual accounts

The financial statements of the parent company are drawn up according to Group principles with the exception of the restatement of certain items to present a true and fair representation of the consolidated accounts, principally the treatment of treasury bonds and shares. In addition, companies within the scope of consolidation and presented in note 3 to the consolidated accounts are valued at the acquisition cost less depreciation where judged appropriate.

3. Risk management

Please refer to Note 4 p. 54 ff to the consolidated accounts for our statements on risk management.

4. Notes to the parent-company accounts

4.1 Assets pledged or assigned against the Bank's commitments and assets with retention of ownership

	Book value of assets pledged or assigned in CHF thousands	Commitments in CHF thousands
Swiss National Bank		
Limit	100,000	–
Nominal value of securities and claims pledged	–	–
Swiss Electronic Exchange		
Nominal value of blocked securities	27,562	24,600
Mortgage-backed securities		
Nominal value of mortgage-backed securities	3,439,816	3,439,816
Total borrowings	2,401,000	2,401,000

Securities lending and repo transactions

	31.12.2005 in CHF thousands	31.12.2004 in CHF thousands
Claims resulting from a cash pledge when borrowing securities or entering into a repurchase agreement	415,000	22,000
Commitments resulting from cash received in securities lending or repo transactions	–	50,000
Securities held on own account, loaned or transferred as collateral in securities lending or repo transactions	–	50,020
<i>of which securities with unrestricted rights of subsequent transfer or pledge</i>	–	–
Securities received as collateral in securities lending and borrowing, and repo transactions, with unrestricted rights of subsequent sale or pledge	414,760	22,005
<i>of which securities transferred or remitted to a third party as collateral</i>	–	–

4.2 Liabilities towards the Bank's pension and retirement fund

	31.12.2005 in CHF thousands	31.12.2004 in CHF thousands
Liabilities towards the pension fund	–	–
Liabilities towards the pension fund as a custodian bank	17,267	15,224

Please refer to item 5.10 p. 61 in Notes to the consolidated financial statements 2005.



Notes to the financial statements

Parent company

4.3 Amounts due to / from affiliates and loans to officers

	31.12.2005 in CHF thousands	31.12.2004 in CHF thousands
Due from affiliates	2,516,041	3,311,103
<i>of which</i> Fondation de valorisation	2,159,527	3,024,002
Due to affiliates	66,047	66,182
Loans to officers	4,078	4,127

Please refer to item 5.14 p. 65 in the "Notes to the Consolidated Accounts".

4.4 Depreciation of fixed assets

	31.12.2005 in CHF thousands	31.12.2004 in CHF thousands
Fixtures	4,577	5,541
Installations, fittings, security and telecommunications equipment, IT plant and equipment and programmes	4,211	11,740
Plant and equipment, furniture, vehicles, intangible assets	1,250	3,273
Permanent investments*	–	7,474
Total	10,038	28,028

*In 2004, the Bank has forgiven a subordinated loan of CHF 7 million to its subsidiary, Anker Bank SA.

4.5 Extraordinary income

	31.12.2005 in CHF thousands	31.12.2004 in CHF thousands
Sale of fixed assets	750	9,974
Disposals	155	–
Various agreed funds	601	60
Reversal of provisions	131	–
Other	95	–
Total	1,732	10,034

4.6 Extraordinary expenses

	31.12.2005 in CHF thousands	31.12.2004 in CHF thousands
Costs arising from the Canton of Geneva's simple guarantee on the loan to the <i>Fondation de valorisation</i>	1,000	1,000
Allocation to reserves for general banking risks	10,000	–
Other	–	1
Total	11,000	1,001

4.7 Share capital and shareholders with more than 5% of all voting rights

	31.12.2005			31.12.2004		
	Total nominal value in CHF	Number of shares	Capital eligible for dividends in CHF	Total nominal value in CHF	Number of shares	Capital eligible for dividends in CHF
Share capital						
Class "A" registered shares	132,551,600	2,651,032	132,551,600	132,551,600	2,651,032	132,551,600
Class "B" registered shares	79,531,000	1,590,620	79,531,000	79,531,000	1,590,620	79,531,000
Bearer shares	147,917,400	1,479,174	147,917,400	147,917,400	1,479,174	147,917,400
Total share capital	360,000,000	5,720,826	360,000,000	360,000,000	5,720,826	360,000,000



4.8 Major shareholders and groups of shareholders bound by voting agreements

	31.12.2005		31.12.2004	
	Nominal value in CHF	%	Nominal value in CHF	%
Registered shares with voting rights				
Canton of Geneva	125,522,150	34.87	125,522,150	34.87
City of Geneva	60,405,300	16.78	60,405,300	16.78
44 municipalities of Geneva	26,155,150	7.27	26,155,150	7.27
Bearer shares with voting rights				
Canton of Geneva	53,863,600	14.96	53,863,600	14.96
City of Geneva	14,727,000	4.09	14,727,000	4.09
Other shareholders	79,326,800	22.03	79,326,800	22.03

On 31 December 2005, the Canton of Geneva held 49.83% of the Bank's shares (bearer and registered) and held 53.30% of the voting rights.

4.9 Valuation adjustments and provisions, as well as reserves for general banking risks

	Balance at end 2004 in CHF thousands	Utilisation according to purpose in CHF thousands	Changes to allocation (new allocation) in CHF thousands	Recoveries, non- performing interest, exchange differences in CHF thousands	New provisions in CHF thousands	Releases of provisions in CHF thousands	Balance at end 2005 in CHF thousands
Valuation adjustments and provisions for default risk (collection and country risk)	617,533	-44,887	–	6,445	5,021	–	584,112
Valuation adjustments and provisions for financial investments	17,405	-5,241	–	–	352	–	12,516
Valuation adjustments and provisions for other operating risks	1,798	-239	–	–	21,971	–	23,530
Other provisions	21,237	-2,092	–	–	2,192	–	21,337
Total valuation adjustments and provisions	657,973	-52,459	–	6,445	29,536	–	641,495
Less valuation adjustments directly netted with assets	-654,525	–	–	–	–	–	-616,215
Total valuation adjustments and provisions as per the balance sheet	3,448	–	–	–	–	–	25,280
Reserves for general banking risks	–	–	–	–	10,000	–	10,000

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

Various loans covered by provisions for recovery risks have been the subject of agreements, the content of which justifies allocation to provisions for "Other operating risks". The Bank's policy on the identification and quantification of legal risks is set out in Note 4.7 p. 55.



Notes to the financial statements

Parent company

4.10 Off-balance-sheet transactions

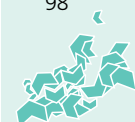
	31.12.2005 in CHF thousands	31.12.2004 in CHF thousands
Fiduciary transactions		
Fiduciary deposits with third parties	133,094	156,219
Fiduciary loans	8,633	8,633
Total fiduciary transactions	141,727	164,852

4.11 Trading results according to sector

	31.12.2005 in CHF thousands	31.12.2004 in CHF thousands
Foreign-exchange trading / banknote trading, including derivatives	11,505	6,327
Precious-metals trading	956	5
Securities trading	125	1,661
Total trading operations	12,586	7,993

4.12 Other assets and liabilities

	31.12.2005		31.12.2004	
	Other assets in CHF thousands	Other liabilities in CHF thousands	Other assets in CHF thousands	Other liabilities in CHF thousands
Replacement value of financial instruments	40,725	69,308	68,534	62,644
Compensation account	12,330	–	12,268	–
Allocation of profits on swaps	–	2,191	–	2,150
Federal tax administration	3,689	12,908	2,272	13,658
Securities and coupons	1,494	708	562	1,791
Issuing costs / bonds	4,487	–	6,365	–
Other	3,336	52	17,221	1,504
Total	66,061	85,167	107,222	81,747



5. Proposal for the allocation of the profit

The Board of Directors will propose to the Ordinary General Meeting to be held on 15 June 2006 that the profit be allocated as follows:

	31.12.2005 in CHF thousands	31.12.2004 in CHF thousands
Profit for the year	43,257	26,082
Retained profit from earlier years	543	61
Profit available for distribution	43,800	26,143
Allocation to capital reserve	-30,000	-22,000
Dividend of 3% payable to holders of the registered shares (A and B) and of the bearer shares	-10,800	-3,600
Special allocation to the State of Geneva (20% of the dividend paid)	-2,160	-
Profit carried forward	840	543



Articles of Association* approved by the General Meeting of Shareholders

Banque Cantonale de Genève

Chapter I – General Provisions

Article 1 / Legal Form, Registered Name and Registered Office

The Banque Cantonale de Genève is a public limited liability company established under public law according to Article 763 of the Swiss Code of Obligations. The Bank has the status of a cantonal bank within the meaning of the Swiss Federal Banking Act and it carries out its activities under the name of “Banque Cantonale de Genève”.

The provisions under Section 26 of the Swiss Code of Obligations shall apply except where otherwise specified in the Cantonal Law on the Banque Cantonale de Genève, these Articles of Association, federal legislation on banks and federal legislation on stock exchanges and trading in securities.

The Bank's registered office and management are in Geneva. It has subsidiaries and branches.

Article 2 / Purpose and Duration

The Bank's principal purpose is to contribute to the economic development of the Canton and the region.

As a universal bank, it carries out all operations covered by the Swiss Federal Banking Act and trades in transferable securities. In particular, it performs the following transactions:

1. acceptance of all types of funds for deposit, particularly savings deposits, including acting as a public consignment office;
2. discounting and cashing bills of exchange;
3. granting secured and unsecured credits;
4. granting mortgage loans;
5. purchase, sale and general trading of any transferable securities;
6. purchase, sale and trading of foreign currencies, foreign exchange and precious metals;
7. granting documentary credits, payment and collection of letters of credit;
8. granting bank guarantees;
9. safekeeping and administration of securities and valuables; management of assets and pension funds; lease of safe deposit boxes;
10. the firm underwriting of loans, participating in bond issues and financial transactions for Corporations established under public law, private companies and persons on an individual basis or as a member of an investment syndicate;
11. taking permanent or temporary share-holdings in commercial, industrial and financial companies and financial institutions and, if applicable, actively participating in the management of such businesses;
12. assuming management functions as well as acting as the custodian bank for investment funds and acting as a subscription office;
13. purchase and sale, for its own account, of real property or of share capital of real-estate companies.

The Bank is entitled to carry out its activity in all financial and stock markets in Switzerland and abroad.

The Bank is managed according to proven principles of economy and banking ethics.

It is established for an unlimited period.

Article 3 / Guarantee of the Canton of Geneva

Pursuant to the Law on Banque Cantonale de Genève, the Canton of Geneva guarantees savings and pension deposits, excluding any other liabilities.

The limit of the maximum guarantee by depositor category is set out in a regulation of the Geneva State Council.

Chapter II – Authorised Capital

Article 4 / Share Capital

The Bank's share capital amounts to 360 million Swiss Francs.

It is divided into 2,651,032 registered 'A' shares with a nominal value of CHF 50 each; 1,590,620 registered 'B' shares with a nominal value of CHF 50 each; and 1,479,174 bearer shares with a nominal value of CHF 100 each; all being fully paid-up.

New bearer shares may be represented by a durable global share certificate.

Share certificates carry the signature of the Bank's Chairman of the Board of Directors and of the Chief Executive Officer.

The registered 'A' and 'B' shares are held by the Canton and Municipalities of Geneva. Each Municipality is required to hold at least 2,010 registered 'A' shares with a nominal value of CHF 50.

The total of the registered 'A' and 'B' shares must represent, at least, the majority of the votes.

The Bank maintains a register of registered shares at its registered office. This share register distinguishes between 'A' and 'B' shares.

Each share entitles its holder to receive a proportionate part of the Bank's net profits and liquidation proceeds. The registered 'B' shares confer on their owners the same rights of ownership as those associated with the bearer shares.

With the exception of the guarantee provided by the Canton of Geneva under Article 3, shareholders are only bound by the statutory provisions. They are not personally responsible for the corporate debt.

Article 5 / Other Equity Capital

1. The Bank may raise additional capital, in particular through the issue of any recognised instrument on the financial markets.
2. The Bank may issue securities that include rights of participation in profits or in liquidation proceeds.

Chapter III – Bank Organisation

Article 6 / Governing Bodies

The Bank's governing bodies are:

- a) The General Meeting of Shareholders (General Meeting);
- b) The Board of Directors;
- c) The Executive Board;
- d) The Statutory Auditors;
- e) The Control Committee.

a) General Meeting of Shareholders

Article 7 / Authority

The Bank's highest Authority is the General Meeting of Shareholders. It has the following powers:

1. to adopt and modify the Articles of Association on the basis of proposals made by the Board of Directors and the Geneva State Council. Any modifications of the Articles of Association require ratification by the Geneva Grand Council before they come into force;



2. to appoint the Directors representing the holders of bearer shares, the number of which shall be three. Only holders of bearer shares shall participate in this vote;
3. to appoint the Statutory Auditors, as defined by the Swiss Code of Obligations, from among audit companies specialised in auditing the banking industry. The General Meeting may, on a proposal from the Board of Directors, appoint an *ad hoc* supervisory committee;
4. to approve the profit and loss account and balance sheet after having examined the management report and audit report;
5. to determine the allocation of net profits and the amount of dividends to be paid;
6. to grant discharge to the Board of Directors;
7. to give its opinion on the questions of merger, takeover and winding up of the Bank;
8. to take all necessary decisions within the limits defined by law and the Articles of Association;
9. to approve the Bank's charter of ethics subject to ratification by the Geneva Grand Council.

Article 8 / Organisation

The General Meeting is chaired by the Chairman of the Board; if he is unavailable by the Deputy Chairman or, failing him, by another Director.

The General Meeting shall, on a proposal from the Chairman, appoint the scrutinizers from among shareholders present.

Minutes are drawn up for every General Meeting. They mention resolutions and elections as well as statements which the shareholders require to be recorded.

The minutes and extracts thereof are signed by the Chairman and the Secretary of the General Meeting.

Article 9 / Invitations

The Ordinary General Meeting is held every year within six months of the end of the financial year.

Extraordinary General Meetings may be called whenever necessary.

One or more shareholders representing at least one tenth of the registered capital may also request, in writing, and indicating its purpose, that an Extraordinary General Meeting be called.

If necessary, the Company's Statutory Auditors may also call an Extraordinary General Meeting.

Article 10 / Method of calling the Meeting and Agenda

The Board of Directors shall convene the General Meeting, at least twenty days before the meeting, by means of a notification published in the "*Feuille d'avis officielle de la République et du Canton de Genève*" and in the "*Feuille officielle suisse du commerce*".

Agenda items will be stated in the notification. The usual documents will be made available to the shareholders at the Bank's registered office. The notification will include information to this effect.

The Board of Directors must include in the agenda any individual proposals subject to a vote provided they have been submitted in writing at least twenty days before the General Meeting.

No decision may be taken on matters that have not been included in the agenda, with the exception of the convening of an Extraordinary General Meeting.

Article 11 / Appointment of Directors

Suggestions for candidates proposed for appointment as Directors representing the holders of bearer shares must reach the Bank's registered office no later than March 31st preceding the Ordinary General Meeting or one month before an Extraordinary General Meeting in which such appointment is to be made.

The Directors who represent the holders of registered shares must be nominated by March 31st preceding the Ordinary General Meeting or one month before the Extraordinary General Meeting in which the mandates for members representing the holders of bearer shares are renewed.

Article 12 / Voting Rights

Persons wishing to attend a General Meeting must prove their status as shareholders or provide appropriate powers of representation.

Shareholders exercise their voting rights proportionately to the number of shares held irrespective of their nominal value, each share conferring upon the holder the right to one vote.

Article 13 / Resolutions

The General Meeting is validly constituted irrespective of the number of shares represented.

Decisions and elections shall be subject to the absolute majority of the votes allocated to the shares represented, unless otherwise provided by law or in these Articles of Association.

Decisions concerning the adoption and modification of these Articles of Association, as well as the notice of a merger, the takeover or winding up of the Bank require a two-thirds majority of the share capital.

If a second round of voting is necessary in elections, a simple majority will suffice.

In the event of a tie, the Chairman of the General Meeting has the casting vote.

The elections are by secret ballot. At the request of 30% of the votes represented, other decisions will also be made by secret ballot.

b) Board of Directors

Article 14 / Composition

The Board of Directors will include members with specific skills in banking, economics and law. Its composition must as far as possible reflect the various aspects of the economic and social life of the Canton of Geneva.

The Bank is administered by a Board of 11 members, the composition of which is determined by law.

The Geneva State Council appoints the Chairman of the Board from among the Directors.

The members of the Board of Directors, including the Chairman of the Board, must exercise their mandate as a member independently and must be free from conflicts of interests when acting as members of the Board.

The members of the Board of Directors may not hold any full time appointment in any cantonal or municipal executive body; they may not be a member of the Board of Directors, the Executive Board, the operational management or the statutory auditors of any other bank.



Articles of Association approved by the General Meeting of Shareholders

Banque Cantonale de Genève

Article 15 / Professional Duties

The Directors may not exercise other activities within the Bank.

They shall strictly respect the banking and professional secrecy requirements.

Article 16 / Powers

The Board of Directors forms the body in charge of the highest level of management of the Bank in accordance with Article 3, Paragraph 2, Letter (a) of the Swiss Federal Banking Act.

The Board of Directors establishes the Bank's general policies and decides on the nature of its activities in line with the objectives defined by law while it ensures compliance with the statutory purpose described in Article 2.

It is responsible for the high level management as well as the overall supervision of the Bank. It will in particular monitor the activities of the Executive Board in order to ascertain that the latter's actions comply with federal and cantonal law, the Articles of Association as well as internal rules and procedures.

The Board of Directors appoints permanent or *ad hoc* committees that are to examine the Bank's various activities and to report to the Board of Directors on these activities. The terms and conditions of these committees shall be appended to the Bank's standing instructions for the Bank's management and organisation.

The Board of Directors has the following powers and duties:

1. to elect the Deputy Chairman and the Secretary;
2. to appoint the members of the Executive Board and the Management;
3. to appoint the Head of Internal Audit and his / her staff based on a recommendation from the Control Committee;
4. to designate as the independent auditors required by the Swiss Federal Banking Act the audit company elected by the General Meeting of Shareholders. The Auditors must be chosen from organisations outside the Bank and from auditors and fiduciary companies recognised as bank auditors;
5. to appoint employer representatives to the board of the Bank's pension and retirement fund;
6. to prepare drafts for the amendment of the Articles of Association for approval by the General Meeting;
7. to monitor the proper implementation of the Articles of Association as well as the execution of decisions made by the General Meeting;
8. to prepare the management report for the past financial year and to present to the General Meeting the yearly balance sheet and profit and loss accounts as well as its proposals for the allocation of net profits;
9. to examine the Statutory Auditors' annual report and other reports intended for the General Meeting;
10. to prepare all the proposals to be submitted to the General Meeting, together with a recommendation, as and when required;
11. to adopt the internal regulations as well as the directives related to the Bank's activities
12. to establish the principles relating to internal controls and risk management;
13. to examine the Executive Board's periodical reports relating to the Bank's current business;
14. to examine internal audit reports and the reports of the Statutory Auditors;
15. to decide on the establishment and closure of subsidiaries and branches;

16. to adopt the prevailing standards relating to the granting of credits, to monitor their application and to approve decisions on major risks within the meaning of Article 21, Paragraph 1 of the Implementing Ordinance of the Swiss Banking Act of May 17th, 1972 (hereinafter referred to as "OB"); to approve decisions on business which is outside the norms which it has established;
17. to exercise internal control and, on the basis of quarterly statements compiled by the Executive Board, to monitor changes to major risks within the meaning of Article 21, Paragraph 1 OB;
18. to approve any investment or acquisition of a permanent nature in accordance with Article 27 of the Articles of Association; to take decisions on the acquisition or disposal of real property and capital equipment for the Bank's own use, subject to the powers of the Executive Board;
19. to maintain a register of the A and B registered shares;
20. to appoint two members of the Control Committee from amongst its own members;
21. to periodically assess the Bank's information systems, their contents and their adequacy with the Bank's needs;
22. to approve, jointly with the Control Committee, a three year programme of tasks to be completed by the Internal Audit Department in order to cover the full range of the controls deemed to be necessary;
23. to set up an information system between the Bank's governing bodies;
24. to inform, on a regular basis, the Geneva State Council of the state of the Bank's business within the limits set by law, and particularly by banking and stock-market legislation and the Swiss Code of Obligations, where necessary with the assistance of the Executive Board;
25. to answer to requests for information from the Geneva State Council as required by law and within the limits set by law, and particularly by banking and stock-market legislation and the Swiss Code of Obligations, where necessary with the assistance of the Executive Board;
26. to update the register of interests of the members of the Board of Directors, the Executive Board and members of the Bank's Control Committee;
27. to approve credits granted to members of the Board of Directors, the Executive Board and Control Committee as well as to their spouse and relatives in direct line, in accordance with Article 28 of the Articles of Association.

Article 17 / Information

At every meeting of the Board of Directors, the Executive Board shall inform the Board of Directors of the Bank's business situation and report on any matters that need to be reported.

The Chairman of the Board of Directors, the Executive Board, the Control Committee, the Internal Audit Department and the statutory auditors must inform the Board of Directors of any information necessary for the latter to exercise its overall supervision, particularly in respect of the business situation and the activities of the various sectors including subsidiaries.

Article 18 / Organisation and Operation

The Board of Directors shall meet at least 15 times per year. Its members must be able to examine files relating to agenda items, within a time period determined by the Regulations of that Board but latest 24 hours before the beginning of the Board Meeting.

The Board of Directors is chaired by the Chairman or, in his absence, by the Deputy Chairman or the Secretary.



The Board may hold extraordinary meetings whenever required by the Bank's business or at the request of four board members or at the request of the Statutory Auditors.

The Board of Directors may only make decisions if the majority of its members are present.

Board decisions are made by a simple majority of members present, the Chairman having the casting vote in the case of a tie.

Minutes shall be taken at every meeting and shall be signed by the Chairman of the meeting and the Secretary. The minutes must be approved at the next meeting.

Article 19 / The Chairman of the Board of Directors

The Chairman of the Board of Directors shall exercise the duties and prerogatives set out in the Bank's Articles of Association and its regulations; his terms and conditions shall be established by the Bank's organisation and management regulations.

He shall be informed, on a regular basis, by the Chief Executive Officer of the Bank's business situation and state of affairs. Any special event outside the ordinary course of business must be communicated to him without delay.

c) The Executive Board

Article 20 / Composition

The Executive Board is composed of the Chief Executive Officer and the members of the Executive Board.

The Board of Directors also appoints the Deputy Chairman of the Executive Board from amongst its own members.

The Executive Board shall be appointed for an unlimited period of time. However, members must resign at the latest at the end of the calendar year in which they reach the age of sixty-five.

Article 21 / Professional Duties

Members of the Executive Board must work on a full time basis for the Bank.

However, they may accept external responsibilities or functions with the express consent of the Board of Directors and when the Bank's interests justify such exception.

Article 22 / Powers

The Executive Board carries out the management of the Bank. It has the following powers and duties:

1. to implement the decisions of the Board of Directors. For this purpose, the Chairman of the Executive Board or his deputy shall attend meetings of the Board of Directors in an advisory capacity;
2. to establish proposals regarding business that falls within the competence of the Board of Directors;
3. to engage in litigation on behalf of the Bank;
4. to appoint executives;
5. to prepare quarterly statements which allow the Board of Directors to exercise internal control and monitor any changes of major risks within the meaning of Article 21, Paragraph 2 OB and to submit such statements to the Board of Directors;
6. to take decisions, the responsibility for which does not rest with other governing bodies according to the law, the Articles of Association or internal regulations. Its other powers and duties are also defined in the organisational regulations adopted by the Board of Directors.

d) The Statutory Auditors

Article 23 / Appointment and Powers

At the beginning of every year and in accordance with the Swiss Federal Banking Act, the Board of Directors shall designate as Statutory Bank Auditor, the audit company appointed by the General Meeting of Shareholders,

The General Meeting of Shareholders or the Board of Directors may request the Statutory Auditor to carry out additional inspections.

The reports of the External Statutory Auditors shall be presented to the Board of Directors and the Control Committee. They shall also be submitted to the Geneva State Council by the Bank, with the exception of any information subject to banking secrecy.

e) The Control Committee

Article 24 / Appointment

The Control Committee is composed of two Directors appointed by the Board of Directors and a third member appointed by the Geneva State Council.

The Control Committee member appointed by the Geneva State Council may not assume any public function. He / she is subject to banking secrecy.

Article 25 / Functions and Powers

The Control Committee will meet in principle at least every two weeks.

It has the following powers and duties:

1. to supervise compliance with the legal, statutory and regulatory requirements applicable to the Bank and its subsidiaries, as well as compliance with customary banking practices;
2. to liaise and ensure coordination between the Board of Directors, the Internal Audit Department and the External Statutory Auditors;
3. to offer an opinion to the Board of Directors on the appointment of the head of the Internal Audit Department and his / her staff, on his / her terms and conditions and work schedule, in coordination with that of the External Statutory Auditor;
4. to instruct the Internal Audit Department to carry out any audit tasks or to carry out audits itself of any or all of the Bank's activities, including those of its subsidiaries;
5. to examine internal and external audit reports;
6. to have access at all times to all the files of the External Statutory Auditor, including those being placed on the agenda of the Board of Directors;
7. to have access to notices calling meetings of the Board of Directors, to the agenda items submitted to the Board of Directors, to the minutes of Board Meetings, of the Executive Board and the audit bodies;
8. to make recommendations on all decisions falling within the competence of the Board of Directors on control and audit;
9. to make proposals to the Board of Directors;
10. to approve, jointly with the Board of Directors, a three year programme of tasks to be completed by the Internal Audit Department in order to cover the full range of the controls deemed to be necessary.

Article 26 / Supervision

The Bank is subject to supervision by the Swiss Federal Banking Commission according to the provisions of Swiss federal banking legislation.

The Swiss Federal Banking Commission may demand from the Bank and its statutory auditors any information and documents that are necessary for the execution of its tasks.



Articles of Association approved by the General Meeting of Shareholders

Banque Cantonale de Genève

The supervision of the compliance with cantonal legal provisions falls within the competence of the Geneva State Council.

Chapter IV – Authority for Acquisitions and Conflicts of Interests

Article 27 / Acquisitions and Share-holdings

The Board of Directors shall decide on acquisitions or disposals of share-holdings of a permanent nature.

It shall also decide on the acquisition and sale of capital equipment and real property for the Bank's own use, subject to the power of the Executive Board.

Article 28 / Incompatibility and Conflicts of Interests

Once in office, the Directors, the members of the Executive Board and the Control Committee member appointed by the State may not benefit from any new loans granted by the Bank with the exception of Lombard credits or mortgage loans for their private housing; such loans must be approved by the Board of Directors. This limitation also applies to the spouses and the family, in direct line, of the above-mentioned persons.

The conditions of credits granted to members of the Board of Directors, the Executive Board, the member of the Control Committee appointed by the State and their spouse and family in direct line as well as to persons and organisations connected with the above, must, under no circumstances, be different from those usually granted by the Bank save for the preferential conditions set out in the Bank's personnel regulations.

The Directors, members of the Executive Board and the Control Committee member nominated by the State shall inform the Board of Directors of any position they may hold as a body, company manager or representative of a private or public entity, of a Bank's client, or if they hold any public office or political mandate.

Bodies associated with such entities shall refrain from participating in any credit decision concerning that entity.

If they are linked with a public or private entity which is seeking finance from the Bank for a project, they will disclose any favours which they know of from these entities, prior to any decision of the Board of Directors on this matter. These disclosures shall be recorded in the credit registers and minutes of the bodies authorised to grant credits.

Chapter V – Audit

Article 29 / Internal Audit

An Internal Audit Department, independent of the Executive Board, is responsible for the Bank's financial and management audit. For this purpose it is responsible for carrying out regular audits on all the Bank's activities and has access to all files at all times.

The Internal Audit Department reports to the Board of Directors, which will approve its terms and conditions based on recommendations from the Control Committee.

The Board of Directors appoints the Head of Internal Audit and his / her staff on recommendations from the Control Committee.

Article 30 / Duties of the Internal Audit Department

The Internal Audit Department will submit its reports to the Board of Directors, the Control Committee, the Statutory Auditor and the Executive Board.

It will inform the Board of Directors of any irregularities and the measures it proposes to remedy such irregularities together with the Control Committee's recommendation.

The Internal Audit Department establishes each year a programme of work to be completed during the next financial year based on the three year programme of tasks to be completed in order to cover the full range of controls deemed to be necessary as approved by the Board of Directors and the Control Committee.

The Board of Directors, the Control Committee and, if necessary with the approval of the Board of Directors, the Executive Board, may at any time commission the Internal Audit Department with any audit tasks that they deem useful.

Chapter VI – Representations towards Third Parties

Article 31 / Signatures

The Bank shall be bound by the joint signature of two persons appointed by the Board of Directors.

Chapter VII – Annual Accounts and Allocation of Profits

Article 32 / Closing of Accounts

The Bank's accounts and balance sheet shall be closed on December 31st of every year.

The annual accounts and balance sheet as well as interim statements shall be established in accordance with principles set out in the Swiss Code of Obligations, the provisions of Swiss federal legislation on banks, stock exchanges and securities trading.

Article 33 / Review and Approval

The annual accounts and balance sheet, together with its reports, shall be reviewed by the Control Committee and then by the Board of Directors.

They will then be submitted to the General Meeting of Shareholders for approval.

Article 34 / Allocation of Profits

The General Meeting of the Bank's shareholders will, following proposals from the Board of Directors, after deduction of expenses, depreciation and necessary provisions, determine the use of the net profit in accordance with the following provisions of the Articles of Association:

1. the Meeting will allocate a minimum of 5% to the general reserve;
2. the Meeting will determine the ordinary dividend to be paid on the share capital; this dividend will not exceed 5% of the nominal value of the shares;
3. the Meeting will, if necessary, allocate funds to special reserves and to other various purposes;
4. the Meeting may decide on the payment of an additional dividend by share category;
5. the Meeting makes a special allotment, corresponding to 20% of the total of the ordinary and special dividends, to the State of Geneva as repayment for the loans made by the State to the *Fondation de valorisation* of the assets of Banque Cantonale de Genève; this repayment complies with the requirements of Article 11, Paragraph 2 of the law dated May 19th, 2000 setting up the *Fondation*;
6. the balance is to be carried forward.



held on 13 December 2005

Chapter VIII – Final Provisions

Article 35 / Liquidation

In the event of liquidation, the credit balance shall be distributed among the shareholders on a pro rata basis of the nominal value of their shares.

Article 36 / Validity

These Articles of Association were adopted by the General Meeting of Shareholders held on September 26th, 2000. They were amended by the General Meetings of shareholders held on May 15th, 2001; May 3rd, 2005 and December 13th, 2005.

They will come into force after their approval by the Grand Council on 16 March 2006.

Michel Mattacchini
Chairman of the Board of Directors

Michel Terrier
Secretary to the Board of Directors



A Bank at your service and close by

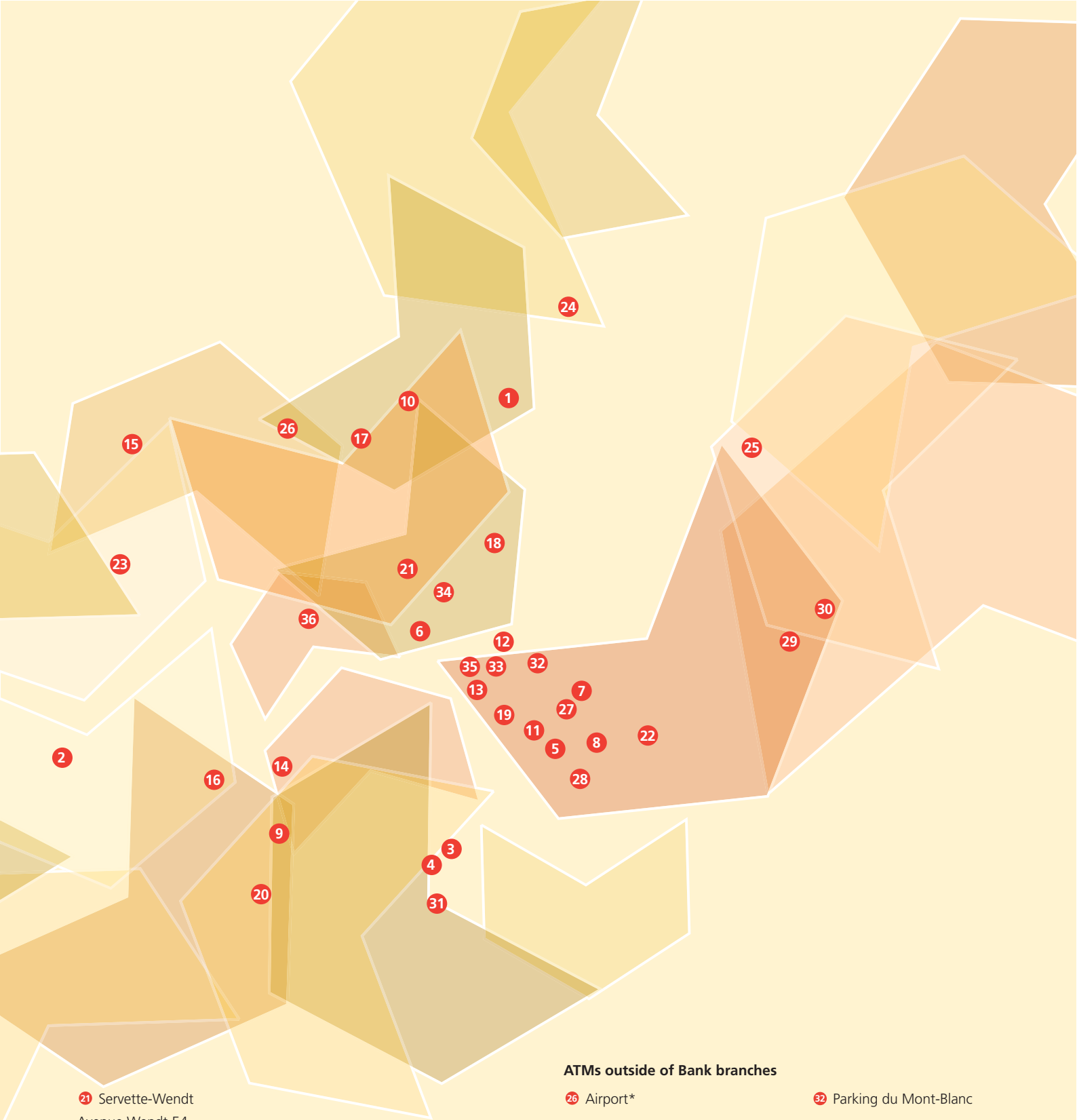
Branch network and ATMs

Only one telephone number: +41 (0)22 317 27 27

25 branches

- | | | | |
|---|--|--|---|
| 1 Bellevue
Route de Lausanne 329 | 6 Délices
Rue des Charmilles 1 | 11 Hôpital Cantonal
Rue Micheli-du-Crest 22 | 16 Onex
Avenue du Gros-Chêne 14 |
| 2 Bernex
Rue de Bernex 284 | 7 Eaux-Vives
Rue Versonnex 13 | 12 Ile
Quai de l'Ile 17 | 17 Palexpo
Palais des Expositions |
| 3 Carouge-Marché
Rue Saint-Victor 39 | 8 Florissant
Route de Florissant 66 | 13 Jonction
Boulevard Saint-Georges 2 | 18 Pâquis
Place de la Navigation 10 |
| 4 Carouge-Rondeau
Rue Ancienne 88 | 9 Grand-Lancy
Place du 1er Août 1 | 14 Lancy-Centre
Route de Chancy 67 | 19 Plainpalais
Rue de Carouge 22 |
| 5 Champel
Avenue de Champel 45 | 10 Grand-Saconnex
Route de Ferney 169 | 15 Meyrin-Cité
Rue De-Livron 19 | 20 Plan-les-Ouates
Place des Aviateurs 5 |





21 Servette-Wendt
Avenue Wendt 54

22 Trois-Chêne
Rue de Genève 78

23 Vernier
Route de Vernier 219

24 Versoix
Route de Suisse 37

25 Vézenaz
Route de Thonon 45 / 47

ATMs outside of Bank branches

26 Airport*

27 Boulevard Helvétique 27

28 Hôpital de Beau-séjour*
Avenue Beau-Séjour 26

29 Hôpital de Belle-Idée
Chemin du Petit Bel-Air 2

30 Hôpital de Gériatrie
Route de Mon-Idée 71-73

31 Mairie de Troinex*
Chemin de la Grand-Cour 2

32 Parking du Mont-Blanc

33 Rue de la Corraterie 4

34 Rue de Servette 29*

35 Rue du Stand 26

36 Services Industriels de
Genève SIG*
Chemin du Château-Bloch 2

* ATM with CHF only



“Zuversichtliche Genfer Kantonalbank. Gewinn weiter verbessert – Eigenkapitalrendite steigt auf 6% – Fortgesetzte Rationalisierungsprogramme.”

Finanz und Wirtschaft, 30 August 2006

“La Banque Anker repart sur de nouvelles bases.”

Private Banking, December 2005-January 2006

“La BCGE a désormais plus de 6’000 clients actionnaires.”

Tribune de Genève, 29 November 2006



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Anker Bank SA

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**Banque Cantonale
de Genève**