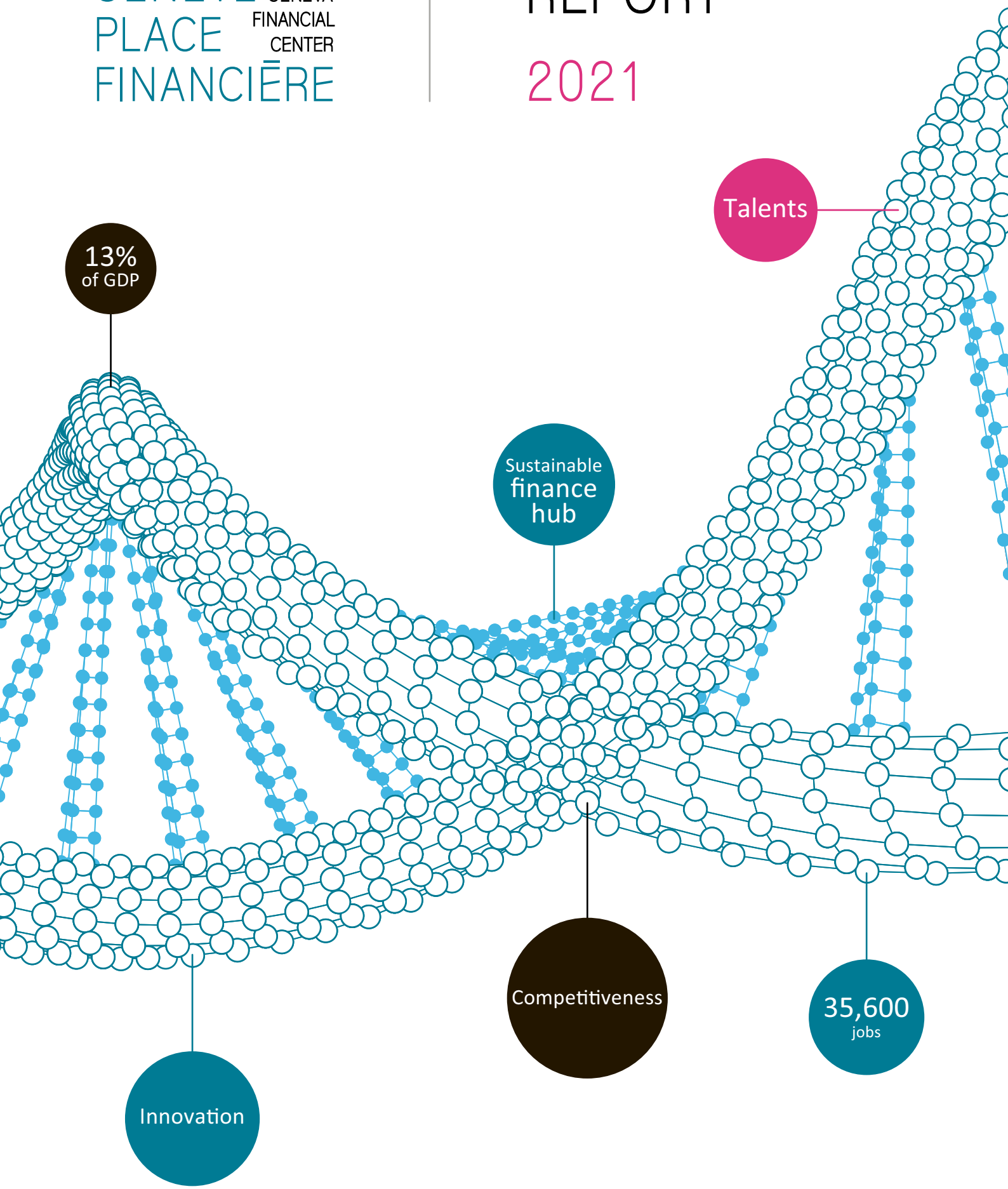
FONDATION GENÈVE PLACE FINANCIÈRE
GENEVA FINANCIAL CENTER

ANNUAL REPORT 2021



The Geneva Financial Center

Established in 1991 by the 80 banks that were members of the Geneva Stock Exchange, the Geneva Financial Center (GFC) is the city's umbrella association for this sector, which generates 35,600 jobs and accounts for 13% of Geneva's GDP. It is based on three pillars: private and institutional wealth management, commodity trade financing, and commercial and retail banking. Few financial centers offer such a wide range of talent and such a dense network of finance-related activities: international lawyers, insurance and inspection companies, audit firms and shipping companies. This chain of expertise is instrumental in attracting numerous multinationals: the cluster is unrivalled anywhere in the world. The mission of the Geneva Financial Center is to develop an optimal business environment for all the financial center's partners.

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Message from the President

A resilient financial center, firmly rooted in the economy

This activity report gives an insight into the main developments that have taken place over the past twelve months in areas of interest to the Geneva Financial Center (GFC).

For the second consecutive year, 2021 was marked by Covid-19 and its impact on the economy of Switzerland and Geneva. The pandemic affected some sectors more than others. Banking and finance was one of the sectors that proved to be remarkably resilient.

The economic survey 2021-2022 (see page 5), conducted by the GFC, gives a heartening diagnosis of the health of this sector in Geneva. In wealth management, one of the three pillars of the Geneva Financial Center, together with commercial and retail banking as well as commodity trade financing, the banks and independent wealth managers were able to rely on strong net capital inflows. This trend was confirmed when the annual results for 2021 were published. This increase in net capital inflows was mainly attributable to foreign clients, demonstrating the attractiveness of the Geneva financial center compared to international competitors. Despite an environment of heightened competition, the Swiss financial center managed to maintain its leadership in private cross-border wealth management with a market share of 25% according to the figures published by the Boston Consulting Group.

In the context of the economic crisis caused by the pandemic, the banks played their key role as providers of liquidity to businesses, in particular through Covid-19 loans guaranteed by the Confederation. However, the involvement of the financial center in the economy goes beyond this. The macroeconomic impact analysis published by BAK Economics on November 23, 2021, shows that, in addition to its role in financing, the financial sector is also an important factor in the economy. In 2020 it directly generated gross value added of CHF 66.5 billion, equivalent to 10% of the Swiss economy's total output. Moreover, 5% of all jobs in Switzerland are in the financial sector, equivalent to more than 200,000 highly qualified staff.

When the cantonal budget for 2022 was presented in Geneva, the Council of State drew attention to the major contribution made by the financial center, alongside other economic activities, generating additional tax revenue in excess of CHF 1 billion for the canton. With its 35,000 jobs, the financial industry alone accounts for just under 13% of Geneva's gross domestic product (GDP). With the addition of commodity trading, its contribution exceeds 30% of GDP.

The optimism reflected in the figures must of course be tempered by the war in Ukraine which broke out on February 24, 2022. This geopolitical situation creates uncertainty, but it is still too soon to measure the impact on the financial sector. Through the Swiss Bankers' Association (SBA), the Financial Center strongly condemned this conflict and supported the sanctions imposed by the Federal Council (see page 7). Economic and legal considerations aside, the Geneva Financial Center wishes to express its support for the people of Ukraine and salutes their courage in the face of this aggression.

Focus on an attractive system of taxation

Year on year, particular attention is paid to taxation because it has a substantial influence on the Swiss economic center's attractiveness. At national level, we must first and foremost welcome the rejection of the 99% initiative by a large majority of the people and cantons (see page 15). Reform of withholding tax is also crucially important (see page 15). This levy is a serious handicap for the capital market in our country and more particularly green bond issuance in Switzerland. The figures speak for themselves: over 700 billion euros in green bonds have already been issued in Luxembourg. In Switzerland, the equivalent figure barely reaches CHF 24 billion. We can therefore only hope that on September 25, 2022, the Swiss people will understand the vital need for this reform to bring back to our country activities that create jobs and generate tax revenues, but are for the time being benefiting competing centers. In the international

Yves MIRABAUD
President

arena, the company taxation reform drawn up under the aegis of the OECD is being watched closely (see page 16). It provides in particular for the introduction of a minimum 15% tax rate in 2024. Switzerland will have to work hard to integrate this new standard into its legislation in good time.

Although some signals on the taxation front are encouraging and now simply need to be confirmed, uncertainty has surrounded bilateral relations with the European Union (EU) since the breakdown of negotiations on a framework agreement on May 26, 2021 (see page 17). The Federal Council did not present its roadmap until nine months later, on February 25, 2022. There is no longer any question of a framework agreement, only a sectoral approach. Institutional issues between Switzerland and the EU will therefore have to be resolved on a case-by-case basis. Unfortunately, the banking and financial center is not one of the sectors earmarked for priority treatment. For the financial center, access to the European market remains crucial. As the economic survey 2021-2022 shows (see page 5), financial stakeholders do not move at the same pace as the political agenda. Measures have already been taken by the financial intermediaries to develop their business in Europe with, as the main consequence, an increase in staff numbers employed outside Switzerland. In this matter too, it is entirely up to us to create economic value on our own territory.

Speeding up on digital innovation and sustainability

On the banking and financial scene, fundamental trends are emerging in an endeavour to capitalize on the favourable dynamic that began in 2021 and continues to generate growth. The Banking Barometer published by Ernst & Young in January 2022 highlights a priority for the establishments surveyed that may at first sight seem self-evident: their clientele. In order to maintain their ability to generate added value on a lasting basis, 42% of banks believe that acquiring, fostering and securing the loyalty of this clientele must be a priority. These three pillars are closely followed by a better understanding of clients (38%) and a better client experience (37%).

In the field, the GFC finds that the attainment of these objectives must involve, in particular, continued investments in digitisation with an emphasis on cybersecurity (see page 11), as well as a commitment to sustainability (see pages 12 and 20).

On sustainability, the statistics published by Swiss Sustainable Finance (SSF) prove that the orientation of financial flows towards greener activities is now under way: the volume of sustainable investments made in Switzerland rose by 30% between 2020 and 2021 to exceed CHF 1,980 billion. This transition concerns us all: it is not confined to the financial sector. Private and institutional investors, together with the political authorities, civil society and academia, all have a key role to play. The success of the second “Building Bridges” event (see page 20) testifies to this new collective awareness. Regulations that create incentives and a common definition at international level are vital to expedite this process and avoid the risks of greenwashing. The European Union was the first to issue classification and transparency standards for sustainable products (see page 12). In Switzerland, the federal authorities and professional associations are closely involved and working towards self-regulation (see page 12).

In conclusion, the Geneva Financial Center must make a determined commitment to a favourable environment, enabling the banking and financial sector to play its key role as a driver of the economy (through wealth management and lending services in particular) and in the economy itself (through the creation of jobs and added value in Switzerland). In this undertaking, all kinds of staff training – basic, in-service and academic – must be a priority (see page 23). The ability of the financial center to respond to its clients’ legitimate expectations in the areas of digitisation and sustainable finance depends on the skills of our staff.


BIGGEST MOVERS
Close price
Petrol
Change on day -2.50
Share Price
Change on day 1.38
Jan 20
2009
Feb 19
Share Price

2

The Current Economic Situation

The Geneva Financial Center (GFC) has conducted an economic survey of banks and independent managers at the center since 2002. The results obtained reflect their opinions and perceptions of the progress of their business environment and the outlook for the financial center. The banking sector comprises 92 banks with a presence in Geneva, generating more than 17,000 jobs and accounting for 13% of the Canton of Geneva's GDP. There are also over 500 independent managers providing a total of 3,000 jobs. The financial center in the broad sense of the term (banks, independent wealth managers, insurance and fiduciary companies etc.) generates more than 35,000 high value-added jobs.

The results of the 2021-2022 economic survey provide a heartening diagnosis of the health of the Geneva financial center. Its strength enabled it to continue to play its essential role during the coronavirus pandemic, namely that of providing credit for businesses. In fact, Swiss banks granted some 139,000 loans with a value in excess of CHF 17 billion as part of the Covid-19 lending programme.

Banking and finance was one of the sectors that proved to be remarkably resilient during the economic crisis generated by the Covid-19 pandemic, with increased net profit and net capital inflows.

In the first half of 2021, the majority of banking establishments and independent wealth managers reported higher profits; the increase was over 15% for more than one-third of them. This excellent economic performance underpins the GFC's strategic model based on diversity of business models, activities and professions. After two years in which the pandemic played a prominent role, the impact of Covid-19 on the progress of business was less severe in the first half of 2021 than in 2020, thereby demonstrating the ability of financial intermediaries to adapt.

In wealth management, one of the Geneva financial center's three pillars together with commercial and retail banking and commodity trade financing, the center's dynamic and competitive performance has been confirmed by several indicators showing increases. All the financial intermediaries grew their assets under management and their earnings increased strongly. The overwhelming majority reported growth of more than 10%. This is a strong indication of the Geneva financial center's attractiveness. Taking a closer look, the performance of these assets has been shaped both by the strength of the stock markets and by fluctuations in contributions and withdrawals. However, exchange effects only had a limited impact.

The increase in net capital inflows in 2021 is undoubtedly another strong indicator of the strength of the Geneva financial center. For some categories, the major banks and those employing fewer than 50 staff in particular, net inflows reached record highs. During the stressful period caused by the pandemic, this testifies to renewed confidence in the Geneva financial center. This favourable trend is attributable mainly to an international clientele. Assets under management for European clients have risen while the Middle East remains one of the key regions with strong inflows. In this area, the Geneva banks have to compete globally. However, the figures for market shares in private cross-border wealth management published regularly by the Boston Consulting Group show Switzerland's importance in this sector. Despite an increasingly competitive environment, the Swiss financial center maintains its leadership position with a 25% market share.

> **If the financial sector is to continue to play its key role in the economy, renewal of the dialogue with the EU and attractive taxation must top the political agenda**

For both private and institutional wealth management, access to the European market remains a strategic priority to maintain employment, especially on the front office side, in Switzerland. Luxembourg continues to rank as the destination of choice for the transfer of activities abroad. However, financial intermediaries do not move at the same pace as the political agenda. They did not wait for a potential agreement between Switzerland and the European Union (EU) in order to take measures to develop their business in Europe soil. By doing so, they increased their staff numbers outside Switzerland to a greater extent.

It is therefore crucial to the financial center for Berne to maintain better relations with Brussels. The worst scenario of all would be to see the dialogue stall altogether, leading to an erosion of the bilateral route. The banking and financial sector therefore expects the Federal Council to adopt a dynamic vision of relations with Europe in order to make progress on the many issues that are vital to our country's prosperity and level of employment (see page 17).

As with earnings, there is a growing mood of optimism with regard to employment in banking and finance. Asked why staff numbers rose in 2021, the establishments surveyed referred to the organic growth of their business. It was the front office that benefited from the highest increase in staff numbers in 2021. IT departments were not far behind, showing that financial intermediaries continued to invest in innovation in response to digitisation, and in measures to enhance cybersecurity.

In the economic survey, the banks and independent wealth managers welcomed these results with confidence and expected 2022 to be another good year, even if the largest establishments express some caution over job creation in Switzerland as compared to other countries. This optimism is based on the financial center's attractiveness as well as on the strength of its banks. For the first time, Switzerland tops the competitiveness ranking published by the IMD and is classed as the most innovative country in Europe in a European Commission report. The Swiss National Bank (SNB) also takes a positive view of the situation of Swiss banks in its annual report on financial stability. The central bank considers that they proved to be resilient when confronted with the economic crisis caused by the Covid-19 pandemic.

In this context, an analysis of the real estate market was presented to the traditional GFC press conference on October 5, 2021 (see page 19). This key indicator of the health of the Geneva economy also successfully survived the pandemic crisis. In fact, the energy, digital and demographic transitions are important underlying trends. Real estate in Switzerland and especially in Geneva is currently in a generally dynamic cycle, albeit with variations from one segment to another. In Geneva, strong demand for housing is correlated with a very low vacancy rate. In terms of commercial property, the picture is more mixed: arcades, retail outlets and hotels are the worst affected sectors. In this context, the property sector presents no more than moderate risks to the banks because of their prudent policy and a tight set of regulatory provisions.

The 2021-2022 economic survey reaches the following conclusion: the financial center is one of the sectors that stood up best in the face of the turbulence in 2021. The great majority of financial players expect to see strong performance in 2022 in terms of their operating income, profit and employment. This is therefore a highly successful financial center which is now committed to transitioning towards a more sustainable economic model (see page 20) and is at the forefront of the digital revolution (see page 11).

The optimism expressed in the 2021-2022 economic survey must of course be tempered by the war in Ukraine which broke out on February 24, 2022. Its impact on the financial center cannot be measured yet. The 2022-2023 economic survey will provide the first indications in this regard.

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Framework Conditions

1. Sanctions imposed because of the war in Ukraine

Through the Swiss Bankers' Association (SBA), the Financial Center has condemned the war of aggression waged by Russia against Ukraine. It supports the sanctions imposed under the Embargo Act and the Federal Council Ordinance.

On February 28, 2022, the Federal Council imposed with immediate effect the sanctions adopted by the European Union (EU) against a list of prominent people and businesses. The Federal Council Ordinance has been gradually broadened in line with the decisions taken in Brussels.

The list of measures is extensive. It includes a freeze on the assets of the individuals and entities listed in the text of the Ordinance. More than 1,000 prominent people are affected.

The Ordinance also imposes a ban on the acceptance of deposits which applies to Russian citizens as well as to individuals residing in the Russian Federation. This prohibition likewise covers banks and businesses established in Russia. The measure takes effect if the total value of deposits made by the individual or legal entity exceeds CHF 100,000-.

These measures do not apply to Swiss nationals, citizens of a Member State of the European Economic Area (EEA) or individuals holding a temporary or permanent residence permit in Switzerland or in an EEA Member State.

The Ordinance also prohibits all transactions with a company or entity situated in the Russian Federation, with the exception of transactions that are essential for the purchase, import or transport of certain commodities, such as oil and natural gas.

The Federal Council also decided to exclude a number of Russian banks from the SWIFT international payments system with effect from March 2, 2022.

The State Secretariat for Economic Affairs (SECO) is responsible for verifying the implementation of these measures. Any breach of the sanctions is punishable in criminal law under the Embargo Act. FINMA is also involved in this process.

Swiss banks fully comply with all the sanctions that have been imposed. Integrity and reputation are key factors for the Financial Center

Framework Conditions

2. For a Competitive Legal and Regulatory Framework

FINMA: Risk Monitor 2021

On November 11, 2021, FINMA published its Risk Monitor 2021. As was the case last year, the supervisory authority identified the following six main risks: persistently low interest rates, a potential correction of the property and mortgage markets, payment defaults or corrections on loans to businesses and corporate borrowings abroad, cyberattacks, prevention of money laundering and difficult access to foreign markets. With the exception of the property and mortgage markets for which FINMA identifies higher risks, the other risks remained the same as in 2020.

Anticyclical component of shareholders' equity

On January 26, 2022, acting on a recommendation from the SNB, the Federal Council decided to reactivate the anticyclical component of shareholders' equity which it had suspended because of the pandemic. It set this component at the maximum permitted rate of 2.5% for credits guaranteed by residential property. The banks have been allowed until September 30, 2022 to comply with these more stringent criteria which will be verified by FINMA.

Deposit guarantee – Insolvency law - Segregation of intermediated securities

On December 17, 2021, the Swiss Parliament adopted the partial revision of the Banking Act.

This text focuses on deposit guarantees. It stipulates that the time limit set for esisuisse to pay funds to the liquidator will be reduced from 20 to 7 days. A further 7-day time limit will apply to payment of the guaranteed sum to depositors by the liquidator. The financing method will also be changed. Instead of the additional liquidities that must be held at present, the banks will be required to place on permanent deposit with a reliable sub-custodian either first-class securities that can be sold easily or cash in Swiss francs equivalent to one-half of the contributions that they are required to pay. Alternatively, they may grant a loan of the same amount to the guarantee entity. Lastly, the maximum commitment will equate to 1.6% of the total guaranteed deposits, subject to a minimum of CHF 6 billion. This represents an increase of around CHF 1.3 billion in the contributions payable by esisuisse members.

The reform in question also applies to two other fields: firstly, insolvency law in connection with restructuring plans and secondly, the obligation imposed upon the banks to hold client securities separately from their own securities (segregation). The new law is expected to enter into force in 2023.

Post Organisation Act (POA)

On June 20, 2021, the Federal Council approved the Dispatch on a partial revision of the POA. The aim is to authorise PostFinance to grant mortgages and credits to third parties on a strictly independent basis. Moreover, the legal requirements for the privatisation of PostFinance will be put in place. However, the Federal Council takes the view that the possibility of granting credits should be introduced before privatisation.

It should be noted that the Financial Center has delivered an unfavourable opinion on this subject. It believes that the imposition of a new parastatal player in a market that is already highly competitive would not bring about any improvement. In a market such as real estate and mortgages, practical knowledge of the field is important. Otherwise, the risk taken may prove to be disproportionate. However, the Swiss Post Office currently has no experience or operational expertise in lending practice. This consequently creates an additional risk for the Post Office and indirectly for the State. Taxpayers would then have to pick up the tab for any losses made by PostFinance.

Moreover, there would be a distortion of competition in the French-speaking Swiss market to the extent that, unlike PostFinance, BCGE and BCV would no longer benefit from a State guarantee.

In addition, the Financial Center is of the opinion that if the project were to go ahead despite all the obstacles PostFinance would have to be privatised at the same time as the acquisition of the right to grant credits and not at a later date as the Federal Council is proposing.

In March 2022, sympathizing with these various arguments, the Economic Affairs and Taxation Committee of the Council of States decided by ten votes to zero with 3 abstentions not to address this reform. The Finance Committee of the Council of States followed suit. The Council of States is expected to consider the proposal during its plenary session in summer 2022.

PostFinance must be privatised at the same time as the acquisition of the right to grant credits

Trusts under Swiss law

In January 2022, the Federal Council launched a consultation on the introduction of the trust system in Swiss law. It recognises the need for this new estate planning and wealth preservation tool. The aim is to give Swiss residents and businesses a flexible, reliable and suitable vehicle in which to hold their assets. Moreover, this tool has the potential to create new opportunities for the Financial Center, in particular for wealth management. In addition, a trust under Swiss law will prevent dependence on foreign rules and jurisprudence. Furthermore, the possibility of settling disputes by arbitration will ensure discretion and competence.

Unfortunately, the tax provisions set out in the draft text are incompatible with its aim and would lead to the exodus of many people residing in Switzerland who have either set up trusts or benefit from them. Against the wishes of the cantons and the sector, the Federal Tax Administration (FTA) intends to change the existing practice and make irrevocable discretionary trusts taxable in the same way as foundations if at least one beneficiary or possibly the settlor is a Swiss resident. This would result in triple taxation: estate duty or gift tax upon formation of the trust, tax on profits within the structure and then income tax upon distribution. These new fiscal rules would make the new trust under Swiss law completely unattractive and would also lead to the departure from Switzerland of trustees, settlors and beneficiaries of trusts under foreign law. It is consequently essential to remove the tax component from the draft text!

> **The proposal for the introduction of the trust under Swiss law misses its target by imposing a new tax regime!**

Collective capital investments

European regulations

On November 25, 2021, the European Commission published a proposal to amend the AIFM Directive. The changes specifically aim to clarify the rules on delegation, harmonise liquidity management tools, improve data collected through regulatory reports, include the central securities depositaries in the custody chain and, last but not least, improve the range of depositary services on small European markets. These texts are currently under consideration by the European Parliament and Council. The issue of delegation is the main concern of the Swiss Asset Managers.

> **In the process of amending the AIFM Directive, the issue of delegation is the main concern of the Swiss Asset Managers**

Limited Qualified Investor Fund (L-QIF)

In December 2021, the Federal Parliament adopted an amendment to the Federal Act on Collective Investment Schemes (FISA) to create a new investment fund category called "Limited Qualified Investor Funds" (L-QIF). This investment vehicle can be placed on the market without FINMA authorisation. This will reduce the cost and the duration of the procedure for launching these products. However, only qualified investors will be eligible for these funds and they will not be distributed in the European Union (EU) in the absence of equivalence with the AIFM Directive. This text is expected to enter into force in 2023.

AMAS self-regulation

On November 28, 2021, the Asset Management Association Switzerland (AMAS) published a new model distribution agreement whose use is not, however, mandatory but which aims to ensure some uniformity of practice within the industry. In 2021, AMAS also published updated versions of model fund documents (prospectus, fund agreement, investment regulations, etc.).

At the same time, FINMA recognised the revised AMAS directives as a minimum standard pursuant to LSFin and LEFin: Rules of Conduct, Directives for real estate funds and Technical Directives in various areas. These texts entered into force on January 1, 2022.

It should also be noted that the Federal Council has extended the transitional period for drafting a basic information document on financial instruments within the meaning of LSFin until December 31, 2022.

Regulation and technological change

Distributed Ledger Technology (DLT)

The new federal legislation on DLT was adopted in 2020. The aim was to adapt the law regulating the securities market to provide a legal basis for trading rights through electronic ledgers. This involved amending the law on intermediated securities to specify the link with the new type of securities. The law also regulates the way in which crypto assets may be claimed in the event of bankruptcy. Finally, legal provisions on the insolvency of banks have been harmonised with the amendments made to the general law on insolvency and a new category of authorisation has been created in the law on financial market infrastructures for DLT-based trading systems.

The elements allowing the introduction of blockchain-based securities offerings were brought into force by the Federal Council with effect from February 1, 2021. The other parts of the draft law entered into force on August 1, 2021, at the same time as the implementing provisions set out in the Ad Hoc Ordinance.

In September 2021, FINMA granted two licences for the operation of financial market infrastructure based on DLT technology. The first licence was for the SIX Digital Exchange SA as a central depositary, and the second licence was granted to SDX Trading AG as a stock exchange.

In September 2021, FINMA also approved the first crypto fund under Swiss law in the category of alternative investments that involve a high degree of risk and whose distribution is confined to qualified investors.

Electronic Identity Act

On March 7, 2021, 64.4% of Swiss citizens voted against the Federal Act on Electronic Identification Services. It was opposed by all the cantons. This text established the principle of task sharing between the State and private providers for the supply and management of the e-ID.

In September 2021, the Federal Council launched a public consultation on the future e-ID. Three options were on the table. The first consisted of a sovereign or user "self-managed" identity. The second was based on a public key infrastructure, similar to that already used to render biometric passports secure, with decentralised data. The third enabled the creation of a central state identity provider.

Based on this consultation, the Federal Council adopted the first variant on December 17, 2021. e-ID users should retain control of their data as far as possible. A draft law will be submitted for consultation in the summer of 2022.

Cybersecurity

In July 2021, the SNB and SIX launched the Secure Swiss Finance Network (SSFN). It should increase the financial system's capacity to resist cyber risks. It is intended for use by the banks that play an active part in payment transactions.

In January 2022, the Federal Council launched a consultation procedure on the preliminary draft proposal for amendment of the Information Security Act concerning the introduction of an obligation to report cyberattacks against critical infrastructure sectors to the future National Cybersecurity Centre (NCSC). According to this text, the reporting obligation would also apply to the banks which must in any case already report certain attacks to FINMA.

> **The Secure Swiss Finance Network is enabling the Swiss financial sector to address the growing threat of cyber incidents**

Regulation and sustainable finance

European legislation

On July 6, 2021, the European Commission published several texts on a new sustainable finance strategy with six groups of measures. It also adopted a Regulation establishing an EU green bond standard whose application is optional (EUGBS). Lastly, this package includes a Delegated Act supplementing Article 8 of the Taxonomy Regulation which requires financial and non-financial businesses to provide information to investors on the environmental performance of their assets and economic activities.

Federal Council guidelines on climate reporting by large Swiss companies

On August 18, 2021, the Federal Council mandated the Federal Finance Department (FFD) to draw up by the summer of 2022 a proposal to be submitted for consultation, taking account of the following guidelines:

- public companies, banks and insurance companies with more than 500 employees whose balance sheet total exceeds CHF 20 million or whose turnover is more than CHF 40 million will be required to publish a report on climate issues;
- it is expected that compulsory implementation of the recommendations of the "Task Force on Climate-Related Financial Disclosures (TCFD)" will come into effect from 2024 for the financial year 2023 through a separate implementing ordinance relating to the counter-proposal to the initiative for responsible multinationals.

Other actions of the Federal Council and Administration

On November 17, 2021, the Swiss Government adopted a report in response to the Müller Postulate "How can Switzerland make financial flows compatible with climate objectives?" In its view, the most effective measures are those which specifically ensure that investments are climate friendly, such as the sectoral agreements reached between the different branches of the financial sector and the Confederation. In addition, greater transparency in relation to the positive or negative impacts of investments on the climate can have an indirect positive effect on the climate by enabling better informed investment decisions to be taken. In this regard, the Federal Council refers to the PACTA climate compatibility test conducted by the Federal Office for the Environment (FOEN) in 2020. The next PACTA test will be undertaken on a voluntary basis in 2022.

Among the recommended measures, the Federal Council advises Financial Center stakeholders to ensure the transparency of all financial products and client portfolios with the assistance of comparable and meaningful climate compatibility indicators. It also invites the financial sector to join international "Net Zero" alliances and wishes to encourage the conclusion of sectoral agreements for this purpose. In order to combat greenwashing, it also wants to see the adoption of consistent definitions of the impact of investments on sustainable development.

The Federal Council has instructed the Federal Finance Department (FFD), acting in cooperation with the Federal Department of the Environment, Transport, Energy and Communications (DETEC), to report to it on the state of implementation of these measures by the end of 2022. It has also mandated the FFD, with the cooperation of DETEC and FINMA, to submit proposals to it by the end of 2022 on the way in which the law on financial markets might be adapted, in particular in terms of transparency, to prevent greenwashing.

Furthermore, it has decided to pave the way for the issue of green bonds by the Confederation.

Lastly, since December 2021, a working group headed by the State Secretariat for International Finance (SIF) has been working on a climate score whose purpose is to reveal the extent to which financial products are aligned with the Paris Agreement. Publication is scheduled for June 2022.

FINMA Circulars on "Disclosure" by banks and insurance companies

On May 31, 2021, FINMA announced a review of its Circulars on "Disclosure" by banks and insurance companies. The supervisory authority thus intends to firm up its practice in the field of disclosure of climate-related financial risks.

The establishments concerned will in future be required to describe their principal climate-related financial risks and the impact of these risks on their commercial strategy, their business model and their financial planning. They will also be required to publish their procedure for the identification, assessment and management of climate-related financial risks and quantitative data concerning these risks. Lastly,

> **By comparing investors' goals with the products, asset managers make sure that every investor receives the right product in for their sustainability goals**

these establishments will have to describe the central features of their governance structure in relation to climate-related financial risks.

These revised Circulars came into effect on July 1, 2021. In the first phase, only the major banks and insurance companies (categories 1 and 2) fall within the scope of application of these obligations. These new rules are based on the recommendations made by the "Task Force on Climate-related Financial Disclosures (TCFD)".

FINMA Guidance 05/2021

On November 3, 2021, FINMA published guidance on preventing and combating greenwashing. This document includes information about the sustainability of Swiss collective capital investments and the organisation of the institutions that manage collective capital investments, with particular reference to sustainability and rules of conduct at the point of sale.

AMAS and SSF recommendations

On November 26, 2021, AMAS and Swiss Sustainable Finance (SSF) published recommendations on the minimum transparency requirements for sustainable investment products. They pursue three main objectives. Firstly, they provide a more precise definition of the different approaches to sustainable investment and the minimum criteria for the implementation of these approaches. They also seek to define minimum requirements for information to investors about the different approaches and investment tools. Lastly, they seek to explain which approaches to sustainable investment best meet the different objectives of investors.

SBA publications

In August 2021, the Swiss Bankers' Association (SBA), in association with the Boston Consulting Group, published a study seeking to establish financing needs with a view to achieving climate neutrality in Switzerland by 2050. The sum needed for this purpose is estimated at CHF 387.2 billion. A substantial part of the investment required concerns the road transport and building sectors. According to this analysis, 83% of this financing could be covered by ordinary funding provided by the banks.

The SBA is currently working on self-regulation in the field of sustainable finance, which has three aspects: advice to clients on wealth management and in relation to mortgage lending, and product classification. The classification is being developed in association with AMAS and SSF. The SBA also advises its members to subscribe to international sector "Net Zero" initiatives.

Prevention of money laundering and financing of terrorism

Legislative proposals by the EU on the prevention of money laundering

On July 20, 2021, the European Commission presented legislative proposals seeking to strengthen the European Union's (EU) rules on the prevention of money laundering and financing of terrorism. This package provides in particular for the creation of a new EU authority to coordinate the national authorities in order to ensure correct and systematic application of EU rules by the private sector. Reference is also made to the traceability of crypto-asset transfers. Lastly, a cap of 10,000 euros will be imposed on cash payments throughout the EU, with the proviso that national caps of less than 10,000 euros may be maintained.

The legislative package will be examined by the European Parliament and Council. The Commission expects that the future Anti-Money Laundering Authority will become operational in 2024.

Second National Report on Risks of Money Laundering and Terrorist Financing

On October 29, 2021, the State Secretariat for International Finance (SIF) published its Second Report on the national evaluation of the risks of money laundering and terrorist financing in Switzerland. This document concludes that the considerable risk of money laundering to which Switzerland is exposed has not changed fundamentally since 2015, the date of the previous report. Due to the extensive international involvement of the Swiss financial center, the main risk is that it may be used to launder money acquired by committing previous offences abroad.

The Report refers to developments in three fields, i.e. online casinos (authorised since 2019), terrorist financing and crypto assets. Reference is also made to the improvement of legislative and regulatory instruments since 2015.

Anti-Money Laundering Ordinance (AMLO) and FINMA Anti-Money Laundering Ordinance (AMLO-FINMA)

On October 1, 2021, the Federal Council launched a consultation procedure on an amendment to the Anti-Money Laundering Ordinance (AMLO). This action followed the adoption of the revised Anti-Money Laundering Act (AMLA) by the Swiss Parliament in March 2021. The proposed implementing provisions in particular involve the system for reporting suspicions of money laundering, the introduction of a requirement to obtain a licence to purchase second-hand precious metals, the designation of the Central Precious Metals Control Office as the new anti-money laundering supervisory authority and the transparency of associations which present an increased risk of terrorist financing.

These changes also require an amendment to the FINMA Anti-Money Laundering Ordinance (AMLO-FINMA). In March 2022, the supervisory authority launched a consultation on a text which specifically aims to define the obligation of financial intermediaries to regularly update client data; this shall be set out in an internal directive.

Framework Conditions

3. For an Attractive Tax System

In Switzerland

Reform of the Withholding Tax Act

In December 2021, the Federal Parliament adopted the withholding tax reform which provides that this tax will continue to be imposed on the interest earned on bank balances held by individuals in Switzerland and abolished on all other interest paid to all investors.

The purpose of this reform is to revive the Swiss capital market, particularly in the context of financing the energy transition. At the present time, the great majority of Swiss bonds are issued abroad in order to avoid withholding tax. Its abolition would enable the activities linked to these transactions to be repatriated to Switzerland, together with the accompanying expertise. In the field of green bonds, our country is lagging far behind. Luxembourg has more than 1,000 green bonds with a total value in excess of 500 billion euros. At the end of March 2022, just 75 sustainable bonds were listed on the Swiss exchange with an overall value of just under CHF 24 billion, nearly half of which were in any case issued abroad.

Unfortunately, a referendum has been launched against this law and the Swiss people will be called upon to decide the matter on September 25, 2022. All the Swiss economic associations have come down in favour of "yes".

A YES to the withholding tax reform will revive the Swiss capital market, particularly in the context of financing the energy transition!

Stamp duty

The Confederation levies stamp duty on securities issues, on securities trading and on insurance premiums; in all, this duty raises around CHF 2 billion every year. These taxes place the Swiss financial center at a disadvantage in relation to its main competitors which have no such duty.

In order to remedy this competitive disadvantage, the Federal Chambers set to work on a comprehensive reform in 2009. Following a tortuous passage through Parliament, in June 2021 Parliament finally voted in favour of abolishing stamp duty on new issues. However, the Socialist Party launched a referendum against this tax. The people decided this matter on February 13, 2022. Unfortunately, they voted by 62.7% to reject the proposal.

Popular initiative "Less tax on salaries, equitable taxation of capital (99% initiative)"

On September 26, 2021, the Swiss people voted "no" by 65% on the 99% initiative which was opposed by all the cantons.

The Financial Center actively opposed this initiative, tabled by the Young Socialists, seeking to impose a 150% tax on proportions of capital income exceeding a certain amount (which was not defined in the wording of the initiative). The text also failed to explain what the term "proportions of capital income" in fact meant. According to the initiators this was to apply to interest (including rents), dividends and capital gains. To put it clearly, had this initiative been adopted it would have put an end to the partial taxation of dividends and introduced a tax on private capital gains.

At international level

OECD International standard for the automatic exchange of information (AEOI)

In January 2022, 121 States and territories had undertaken to implement the OECD Automatic Exchange of Information (AEOI). The United States are not participating in this action to the extent that FATCA does not require transparency from American banks on analysis of legal structures. Switzerland has already activated the AEOI standard with 105 countries and jurisdictions.

In March 2022, the OECD launched a consultation procedure to review the standard. The aim is to improve the due diligence procedures and declaration provisions in order to provide the tax administrations with more useful information and limit, as far as possible, the burden imposed on financial intermediaries.

At the same time, the OECD is consulting on a new crypto-asset reporting framework (CARF), to take account of the fact that crypto assets may be transferred and held without the involvement of traditional financial intermediaries. Under the CARF, individuals and entities that provide professional services for the exchange of crypto assets against other crypto assets or against fiat currencies must apply reasonable due diligence procedures to identify their clients and then prepare an annual statement of the overall values of exchanges and transfers for these clients.

OECD: company taxation

Initially, on the basis of its May 2019 roadmap, the OECD published a number of proposals designed to respond to the fiscal challenges raised by digitisation of the economy. The project was subsequently modified to cover the biggest multinational companies worldwide. The approach is founded on two pillars:

- **First pillar: "OECD Unified approach"**
  This section provides for an equitable distribution of the rights to tax the profits of multinationals based in several different countries. The rules for allocating the profits will thus be adjusted in favour of the States in which the consumers of goods and services are located. In return, all unilateral taxes on digital services should be abolished. This section covers all multinationals whose global turnover exceeds 20 billion euros and whose profitability exceeds 10%. The extractive industries (oil, gas and mining), together with the "regulated financial services", will be excluded.

- **Second pillar: "Global Anti Base Erosion (GLoBE)"**
  This section aims to introduce a 15% minimum rate of taxation in order to combat erosion of the tax base. These rules apply to multinationals whose annual turnover exceeds 750 million euros, including those operating in the financial field. The tax base will be defined by the OECD rules known as GloBE.

On July 1, 2021, an agreement was reached on the main principles set out for the two pillars and on the minimum rate of 15%. A joint declaration was adopted by 130 countries (this number subsequently rose to 133 and later 136 countries), including Switzerland.

In Switzerland, to enable compliance with the time frame for implementation, i.e. 2024, the Federal Council decided to adopt an amendment to the Constitution which will enable it to promulgate a temporary Ordinance. A law will then be drafted to replace this Ordinance. An additional tax will be levied on businesses that do not reach an effective tax rate of 15% calculated by the GloBE rules. This additional levy will be collected and retained by the cantons which will be able to take compensatory measures to maintain the attractiveness of their economic area. The Federal Council plans to adopt the Dispatch on the Amendment to the Constitution in June 2022 with a view to a popular vote in June 2023.

Framework Conditions

4. Relations with the European Union

Institutional Agreement with the EU

On May 26, 2021, the Federal Council announced that it did not intend to sign the Agreement negotiated between Switzerland and the EU. The Government justified this unilateral decision by pointing out that substantial differences remained on key issues. These concerned in particular the accompanying measures and the Directive on the rights of EU.

Shortly afterwards, the Federal Council described the main outline of its European policy. It plans to eliminate divergences between Swiss and European law and open a political dialogue with Brussels. It also decided to draft a Dispatch with a view to releasing Switzerland's second contribution in favour of certain Member States of the EU (the "1 billion cohesion payment"). This Dispatch was published on August 11, 2021. Both Federal Chambers approved the payment of this sum in October 2021.

The adverse consequences of the abandonment of the framework agreement by the Federal Council soon materialised. The EU did not update the mutual recognition of medical technology products and it relegated Switzerland to the category of a third country in the context of the Horizon Europe research programme.

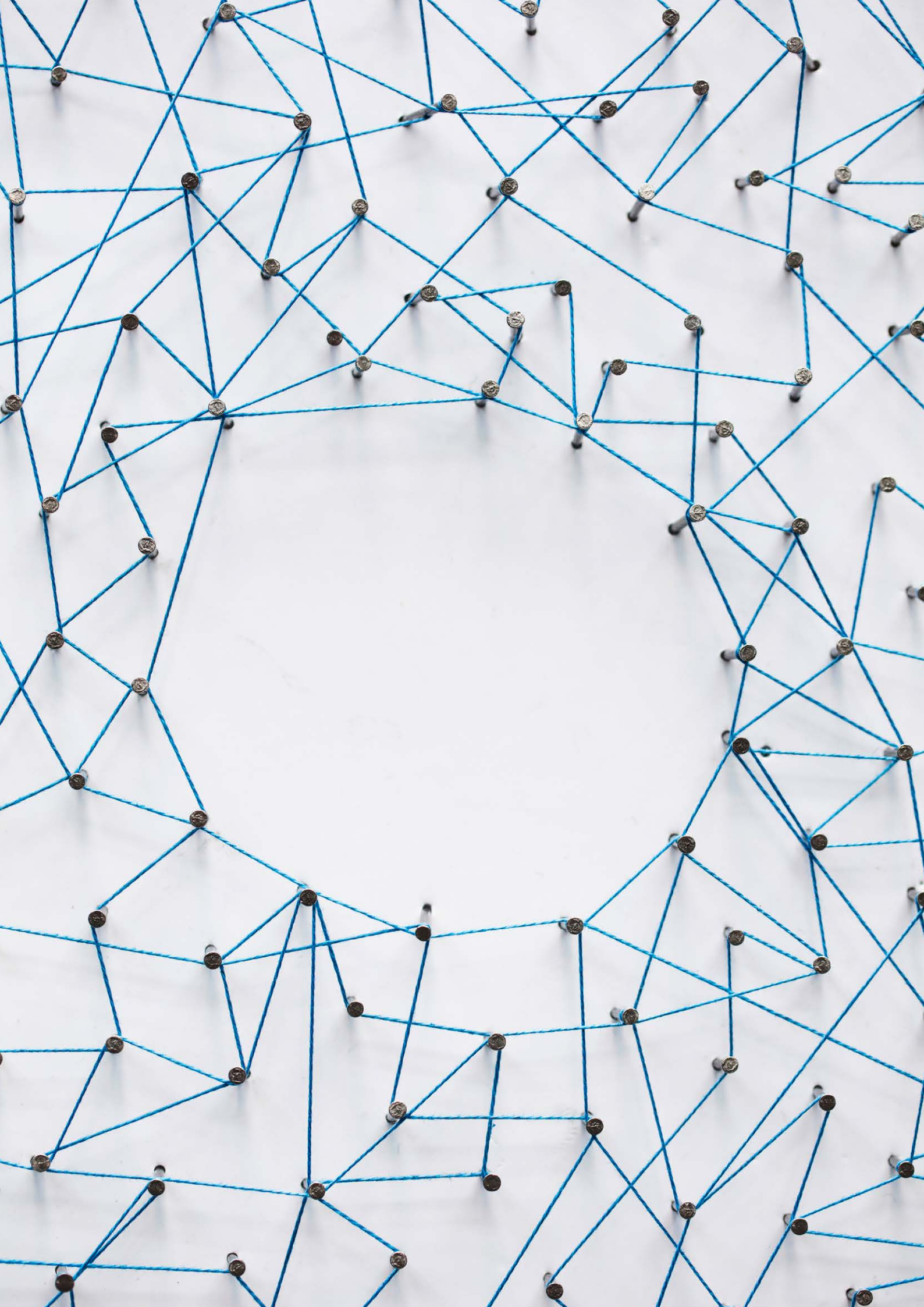
On February 25, 2022, the Federal Council announced its new European strategy. It excludes the horizontal approach provided for in the framework agreement and proposes a sectoral or vertical approach instead. This makes provision for the settlement of institutional issues, in particular dynamic adoption of the law and dispute resolution in each of the different sectoral agreements. Moreover, the Government is willing to consider making the cohesion contribution permanent. The sectors that may be the subject of future sectoral agreements include electricity, food safety, research, health and education, but not financial services.

In the field of European policy, Switzerland favours a new package of bilateral agreements and access to the internal market by sectors

Stock market equivalence: measure seeking to protect the Swiss stock market infrastructure

It will be recalled that, in June 2019, the EU refused to recognise the equivalence of the Swiss stock exchange. In response to this situation, the Confederation activated a protective measure on July 1, 2019. This Ordinance specifies that foreign trading platforms have been subject to a recognition obligation, which may be refused by the Federal Council, if they allow trading in shares in Swiss companies.

While reasserting its wish to obtain unrestricted recognition of equivalence from Brussels, the Federal Council decided to extend the above Ordinance until December 31, 2025; it also opened a consultation procedure with a view to its inclusion in the Financial Markets Infrastructure Act (FinMIA) for a five-year period from the date of its entry into force, with the proviso that it may be deactivated at any time before that date. The consultation ended on March 4, 2022.



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Communication & Promotion

Media relations

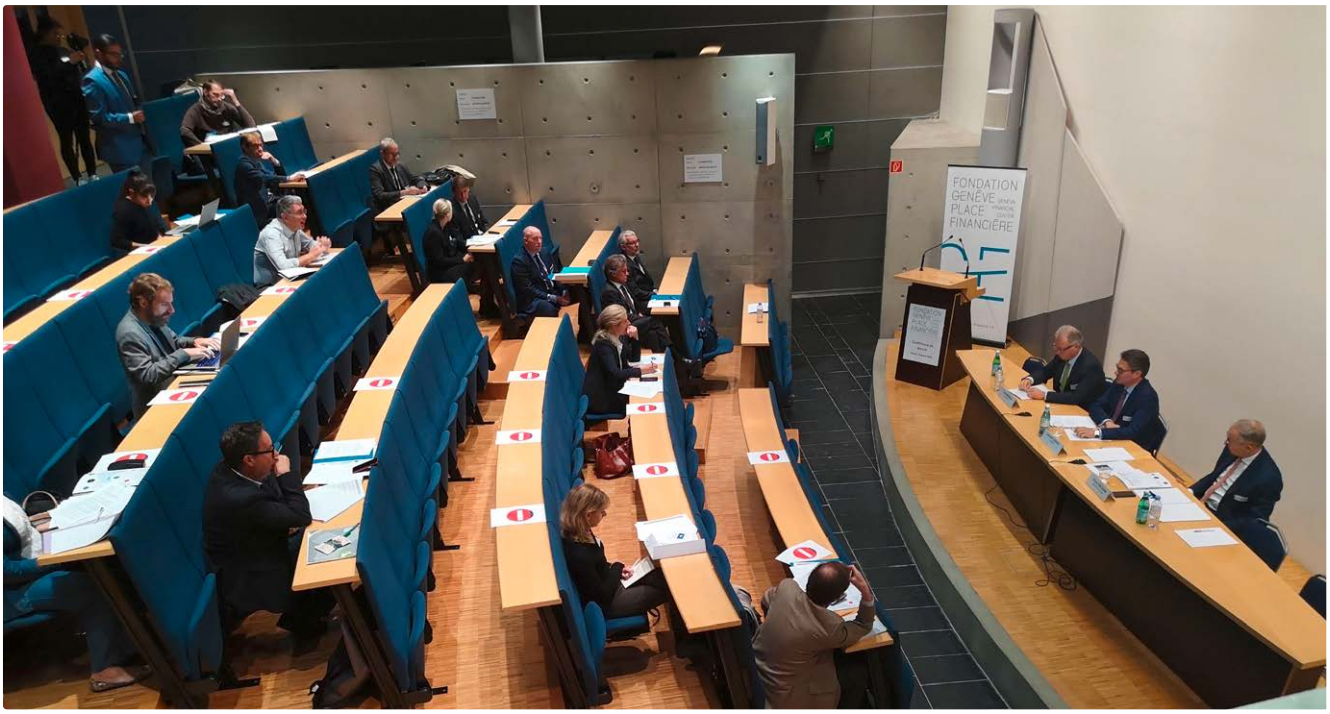
On October 5, 2021, the Geneva Financial Center (GFC) invited representatives of the Swiss and foreign media to its traditional press conference.

Journalists reported extensively on this event with the emphasis on three main topics: the financial center's resilience in the face of the Covid-19 pandemic; the positioning of the Geneva Financial Center as a sustainable finance hub (see page 20); and the results of the 2021-2022 economic survey (see page 5), in particular, the increased growth in profits and personnel expected in 2021, as well as the dynamic performance of the Geneva real estate market. These topics were presented by Yves Mirabaud (President), Blaise Goetschin (Board Member) and Edouard Cuendet (Managing Director).

A common message underpinned the three talks. The strength of the Geneva Financial Center enabled it to play a fundamental role during the coronavirus pandemic, namely that of providing loans to businesses. This highly successful financial center is committed to transitioning to a more sustainable economic model and is in the forefront of the digital revolution. If the banking and financial sector is to continue playing its key role as we emerge from the health crisis, the political, legal and fiscal framework must be favourable (see page 8).

In this context, the relaunch of the dialogue with the European Union (EU) and the development of an attractive tax regime remain priorities.

Geneva banks and wealth managers are making a strong comeback." L'Agefi, October 6, 2021



Sustainable finance: “Building Bridges”

The need for a transition towards a more resilient and sustainable economy is unanimously recognised within the Financial Center. By directing financial flows towards sustainable activities, the financial sector is playing its part in transforming the markets and creating the models of the future. Sustainable finance provides an approach based on a long-term vision. This concept of intergenerational equity is an integral part of the Geneva Financial Center’s DNA: the wish to hand down capital is at the heart of its ambition.

The global financial system is playing a key role in the implementation of the UN 2030 agenda and the Paris Climate Agreement. With assets of CHF 8,649 billion under management at the end of 2021, Switzerland ranks in the forefront of global financial centers. The GFC therefore has an important leverage effect and sustainable finance is in the process of becoming standard practice. Data published by Swiss Sustainable Finance (SSF) on sustainable investments made in our country speak for themselves: the volume of sustainable investments in Switzerland grew by 30% between 2020 and 2021 to reach more than CHF 1,980 billion. This upward trend is confirmed year on year, proving that a paradigm shift is under way.

The banks and financial institutions are well aware of the risks of greenwashing which is synonymous with an inconsistency between the expectations of the end investor and the features of the sustainable products proposed by the financial institutions. This requires greater transparency and a clearer classification of sustainable activities to improve end investors’ understanding of them. That is why Swiss banks and asset managers are actively contributing to the development of international standards to make the true definition of “green” clear to investors and financial stakeholders (see page 12). They have also developed cutting-edge expertise which enables them to offer attractive products that are consistent with the principles of sustainability in private and institutional wealth management and in commercial and retail banking. In retail banking, risk, performance and liquidity are the key factors to be taken into account when selling financial products and giving advice. Action to bring products into line with the sustainability objective must include this diversification requirement. Last but not least, this dynamic approach is accompanied by adequate training of staff (see page 23).

However, the financial sector is just one link in a chain which also includes private investors and the public authorities. In Switzerland, the Federal Council has announced a number of measures to ensure transparency of climate-related financial risks (see page 12). In the area of taxation, reform

Capital invested with a sustainable investment approach amounts to more than CHF 1,980 billion in Switzerland

of withholding tax is vital to permit the expansion of green bonds (see page 15). Moreover, change will not be possible unless this issue is taken into account in the real economy. The challenge is therefore to strengthen the dialogue and shared commitment on the part of all the relevant players in the financial sector, politics and civil society.

In this context, the second edition of "Building Bridges", held in hybrid format between November 29 and December 2, 2021, takes on its full significance. As its name implies, this major event seeks to build bridges between the financial center and the international community with a view, in particular, to expediting the financing of the UN's 17 Sustainable Development Goals (SDGs). This initiative brought together the financial industry, international Geneva and the federal, cantonal and communal authorities at a summit held on Monday, November 29, 2021 followed by 77 events organised as part of "Building Bridges Week" between November, 30 and December 2, 2021.

More than 1,450 participants attending in person and 7,500 online, from over 34 countries, contributed to the success of this event and illustrated the diversity of the stakeholders in this ecosystem. The quality of the programme, the high standard of the speakers and the opportunity to network were welcomed by the participants. The "Summit" which is the key event of the week brought together almost 500 participants at the Maison de la Paix. The presence of Federal Councillor Ueli Maurer, in charge of the Federal Department of Finance (FDF), and Amina Mohammed, Deputy Secretary-General of the United Nations Office at Geneva, demonstrated the extent to which sustainable finance is a matter of universal concern. The discussions and debates held during the day confirmed the shared principles and objectives towards which Financial Geneva and International Geneva are working together: transparency, good governance, risk management in particular climate risk, the quality of reporting and, last but not least, the development of appropriate training.

Significant announcements included one by Federal Councillor Ueli Maurer who, at the opening of the Summit, stated the Federal Council's intention of introducing a "climate rating index" in Switzerland in the course of 2022 to measure the support of financial companies for the objectives set out in the Paris Agreement (see page 12). In response, the roadmap published by SSF and the study carried out jointly by the Swiss Bankers' Association (SBA) and the Boston Consulting Group will pave the way for closer cooperation between the government and the financial sector (see page 13). The roadmap makes practical recommendations and proposes specific measures designed to ensure that the sector's financial flows and activities are all aligned with the Paris Agreement and allow the financial center to achieve its net zero emissions target by 2050. The study points out that the Swiss credit and capital markets have the capacity to raise the CHF 400 billion francs needed by the Swiss economy if it is to reach this "net zero" target.

The 2021 "Building Bridges" event thus enabled us to move on from words to action and to launch the essential dynamic progress towards a sustainable economic and social environment. The Founding Partners, of which the GFC is one, have already agreed to meet again on October 3 to 6, 2022 to continue this process.

Engagement, Skills, Geneva

5

Education & Training

Encouraging excellence

One of the keys to the success of the Geneva Financial Center is its ability to attract the finest talent. Finance is an essential sector of activity for employment and for the Geneva economy as it generates over 35,000 jobs and contributes 13% to cantonal GDP. According to the Federal Office of Statistics, at the end of 2020 43% of staff in Switzerland had a university degree compared to just 28% in other sectors of the economy. These same statistics also reveal that 23% of the workforce joined the banking sector after taking a course of basic professional training. This proves that there is more than one gateway for access to jobs in the financial sector. Moreover, the learning process continues with continuing professional development which is the sole guarantor of excellence in the longer term.

Continuing education: active career management

At the end of December 2021, the banking sector employed around 90,000 people in Switzerland. At the same time, in this same branch of the economy, 1,941 people were registered unemployed while there were more than 3,700 vacancies. Insofar as the number of vacancies and the number of unemployed persons, and especially the ratio between these two figures, are the key labour market indicators, it is reasonable to assume that post-pandemic employment in banking is performing rather well. The survey conducted by the Swiss Bankers' Association (SBA) between the end of 2020 and June 2021 confirms a welcome trend: employment in Swiss banks saw a small increase of 0.2% or 146 posts; optimism is the order of the day since one-quarter of all establishments expect to create new jobs. In Geneva, the economic survey conducted by the GFC for 2021-2022 (see page 5) reaches the same conclusions.

These data show that employees in the banking sector are highly employable. In other words they are able to find a new job, make their own way in the labour market, hold down a position and progress in their careers. In fact, employability largely depends on continuing lifelong education.

According to the Barometer of opportunities and concerns conducted by Employeurs Banques, the bank employers' association, the main concerns of employees in 2021 were the increased specialisation of the banking professions, the complexity of regulation and the employability of older staff. In relation to the age profile, those in the 55 to 64 age group rose from 10% in 2009 to 15% of the total in 2020.

One specialisation that is in demand in the financial sector is sustainable finance, as this subject pathway has now become an integral part of investment strategies (see page 20). The Federal Office for the Environment (FOEN), Swiss

Continuing education is always beneficial: staff become more employable and the financial sector becomes more competitive

Sustainable Finance (SSF) and the Swiss Finance Institute (SFI) all reach the same conclusion: financial advisers must improve their knowledge of sustainability. Staff are in real need of explanations of what are often complex concepts if they are to respond successfully to developments in this field and to client expectations.

In Geneva, several continuing education courses are already rising to this challenge. The Haute école de gestion Genève (HEG) awards a "Certificate of advanced studies (CAS) in sustainable finance" in partnership with SSF. To date, 80 students have been awarded the certificate at the end of this course which has gained international recognition, as evidenced by the Innovation Prize awarded in Paris in 2019. The Institute for Studies in Finance and Banking (ISFB) also offers a certificate of specialisation in sustainable finance designed to enable advisers to engage in a dialogue with their clients, understand their motivation and offer sustainable investment solutions. Encouraged by the success of this course, from the spring of 2022, the ISFB has also been offering CFA certification preparatory courses in ESG investing.

SAQ CWMA certification also aims to respond to developments in the field of sustainable finance. Since its inception in 2017, the key topic of sustainable investment has been integrated into the "body of knowledge". As part of the regular reviews linked to this certification, there will be stricter requirements for advisers' knowledge of sustainability from 2022 onwards both for new candidates and for those who were awarded their certificates before this date. In the latter case, this upskilling will take place on the occasion of the mandatory three-yearly renewal of their certification. The 16,000 advisers who already have SAQ CWMA certification in Switzerland will consequently maintain a high standard of expertise. In Geneva, the ISFB, which is an accredited service provider, awarded 82 SAQ CWMA ("Certified Wealth Management Advisor") certificates in 2021 and 495 candidates are currently studying for the certificate.

There are more than

16,000

SAQ CWMA certified advisers in Switzerland

Participation in the Board of the Institute for Studies in Finance and Banking (ISFB)

As a key player in continuing education in the banking and financial sector, the ISFB also helps to maintain the competitiveness of the Geneva Financial Center. The GFC plays its part in particular through the presence of Christian Skaanild as President and Blaise Goetschin as Vice-President, together with Jean-François Beausoleil and Edouard Cuendet as active members of the Board.

University education: the role of education in the sustainable transition

University education has also become involved in the green wave. It remains a popular point of entry to the banking professions. "Employeurs Banques", the bank employers' association, points out that 51% of men and 31% of women have a university degree. In order to continue providing a talent pool for the financial sector, the universities are redoubling their efforts to develop courses in the field of sustainability.

In Geneva, the University is contributing to this movement, with the "Certificate of advanced studies (CAS) in sustainable development: horizon 2030", the aim being to respond to the present and future challenges of sustainable finance through a unique combination of cross-sector expertise. The many courses offered by UNIGE also include a "Master of Science in Responsible Management" designed to educate future leaders in the concept of social responsibility. Moreover, in order to respond to the increasing demand for wealth management experts, the Geneva Finance Research Institute (GFRI) has introduced a "Master of Science in Wealth Management (GEMWeM)" which includes sustainable finance.

In this context, the Graduate Institute also aims to train sustainable finance specialists through its "Certificate of advanced studies (CAS) SDG investing" which has already attracted some 60 students, together with the launch in autumn 2022 of a Master's degree in sustainable finance to impart analytical and quantitative skills as well as an understanding of financial instruments and approaches designed to provide an answer to social and environmental questions. University education in this field is also the result of public-private partnerships such as the "Swiss Lab for Sustainable finance" (SL4SF), a collaborative research hub based in Geneva.

Choosing a career

When they move to secondary school level II, students must make a choice about their future education. This is why GFC has accepted the task of presenting the wide range of careers in banking and the different pathways available to access them. It also develops teaching aids intended for human resources and training managers, bank staff wishing to enhance their skills and anyone else who plans to take up a career in banking.

Basic training: a model that compares favourably with other courses

After two years marked by the Covid-19 pandemic, the "Transition Barometer", a twice-yearly survey of young people conducted on behalf of the State Secretariat for Education, Research and Innovation (SERI), is an essential snapshot of the situation of young people as they move from compulsory education to secondary level II. The impact, in particular psychological, of coronavirus on this population deserves to be measured. To that end, this barometer surveys the decisions taken by young people on their future education and training as they come to the end of their schooling and assesses the situation on the Swiss market for apprenticeship places.

It is reassuring that young people are still optimistic. Although slightly below the 2020 figures, the average values measured are 7.6 on a scale of 0 to 10 for satisfaction with education and training after compulsory schooling and 7.4 for overall satisfaction with their own lives. 82% of young people started their preferred course in summer 2021. However, the pandemic has left its mark: for 34% of young people, the coronavirus crisis made their choice of a future direction more difficult. Fortunately, 85% state that they were given adequate support in their choice of future education and training despite coronavirus and the accompanying restrictions.

In this context, apprenticeship remains a safe option to the extent that 43% of young Swiss people choose this route after compulsory schooling. A large majority of them opt for apprenticeships in the commercial sector, including banking apprenticeships. The "Transition Barometer" shows that the market for apprenticeship places in this sector was not affected by the pandemic. However, not all the apprenticeship places on offer were taken up, especially due to unsuitable applications. A banking apprenticeship requires high standards of language skills and personal qualities, such as the ability to work independently, an understanding of numbers and tenacity. These criteria make a banking apprenticeship a gateway to a successful career with many opportunities for continuing professional development, including the possibility of passing the Swiss Maturité, allowing entry to university, or a specialist higher education institution.

The stakeholders in the financial center regard the dual training system as an essential route because of its practical aspects. This is why they provide high quality supervision and offer apprenticeships leading to many finance professions. The quality of the training provided, close supervision of the apprentices and good employment prospects after completing the apprenticeship (over 85% of apprentices immediately find a job and many remain in the company which gave them the training), make banking one of the most attractive branches.

In this context, GFC maintains close contacts with the Canton of Geneva Department of Public Education, Training and Youth (DIP) and Office for Continuing Professional development (OFPC) of. During 2021, these regular discussions focussed mainly on the reform of training for employees in the commercial sector which is due to come into effect in the autumn of 2023. It is with the same objective that GFC plays an active part in the work of the Training Committee of the Swiss Bankers' Association (SBA).

In the field, the Geneva Financial Center (GFC) has deployed a strategy since 2016 seeking to promote apprenticeships in banking to pupils in the 10th and 11th years of the middle school (cycle d'orientation). Due to the restrictions associated with Covid-19, banking career presentations could not be given in person in 2021 and were replaced by digital sessions, including the Zoom on Careers in Banking and Finance held on December 8, 2021.

The quality of training, close supervision of apprentices and good job prospects make an apprenticeship in banking a very attractive proposition

Face-to-face visits resumed in spring 2022. In order to respond to the requirements of banking apprenticeships, the schools and GFC worked closely together to implement an initiative designed to create greater awareness among 10th year pupils before the summer break. This initiative helps to inform the students' thinking about the choice of direction that has to be made during the 11th year. This is why more detailed information is provided about the many opportunities offered by banking apprenticeships in the autumn.

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apprenticeship contracts with Geneva banks in 2020

EVENT

Zoom on Careers in Banking and Finance 2021

Organised each year by the Office for Training and Professional and Continuing Education (OFPC), the Zoom on Careers in Banking was held in a digital format on December 8, 2021. This event met with keen interest from the participants, who wanted to find out more about the many careers in banking through a presentation by the Geneva Financial Center. They also had an opportunity to speak to recruitment professionals and apprentices.

Training Fact Sheets

A wide variety of interesting careers are available in the financial sector. However, it is not always easy to determine which educational pathway matches one's aspirations and career objectives.

The GFC publishes a series of fact sheets that deal with the following areas:

- Economy and finance
- Management
- Banking operations
- Compliance, law, taxation and accounting
- International commodity trading

These fact sheets list the three training pathways that lead to a certificate or degree: full- time higher education, vocational training and continuing education

Skills guidelines

The Geneva Financial Center is the only organization in Geneva that issues skills guidelines for the banking professions, developed in collaboration with experts from banks in Geneva.

The GFC publishes skills guidelines for the following professions:

- Management assistant
- Compliance officer
- Central register employee
- Commercial client advisor
- Back office bank employee
- Wealth manager
- Commodity trade finance relationship manager
- Portfolio manager
- Risk management specialist

6

The Board

The Geneva Financial Center was established in 1991 by the 80 member banks of the Geneva Stock Exchange, with the aim of promoting the development and influence of the financial sector in the Lake Geneva region. The Board serves the interests of all financial sector participants and therefore aims to represent their diversity.

Commercial and wealth management banks

Yves Mirabaud * (President)	Chairman of the Board, Mirabaud & Cie SA
Laurent Ramsey * (Vice-President)	Managing Partner, Banque Pictet & Cie SA
Denis Pittet	Managing Partner, Banque Lombard Odier & Cie SA
Vincent Taupin * (until 03.12.2021)	CEO, Edmond de Rothschild (Suisse) SA
François Pauly * (since 03.12.2021)	CEO, Edmond de Rothschild (Suisse) SA

Cantonal banks

Blaise Goetschin*	CEO, Banque Cantonale de Genève
Pascal Kiener	CEO, Banque Cantonale Vaudoise

Major banks

Jean-François Beausoleil *	Director Geneva area, Group Managing Director, UBS SA
Pascal Besnard *	Area Manager Geneva, Group Managing Director, Credit Suisse (Suisse) SA

Foreign-owned banks

Jean-François Deroche *	CEO, CA Indosuez (Switzerland) SA
Peter Gabriele	CEO, J.P. Morgan (Suisse) SA

Partners

Dominique Fasel	Chairman of the Vaud Bankers' Association
Xavier Oberson	Partner, Oberson Abels SA
Christian Skaanild	President of the Institute for Studies in Finance and Banking and President of the GFC's Strategic Commission for the Banking Professions, Managing Partner, Bordier & Cie
André Tinguely	President of the Ordre Genevois d'Expert Suisse

* Members of the Bureau

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The Secretariat

The Secretariat is responsible for implementing the strategic priorities defined by the Board.

Management, Accounting and General Administration

Edouard Cuendet	Managing Director
Teuta Sinani	Assistant

Communication

Chantal Bourquin	Head of Communications, Executive Officer

Promotion and Training

Nancy Détry (since 01.02.2022)	Project Manager

PARTICIPATION IN OTHER ORGANIZATIONS

In 2021, the Geneva Financial Center was represented on many external committees and boards, in particular:

- The Retail Banking Committee of the Swiss Bankers' Association
- The Education and Training Committee of the Swiss Bankers' Association
- The Public Affairs Working Group of the Swiss Bankers' Association
- The "Meinungsumfrage" (Opinion Surveys) Working Group of the Swiss Bankers' Association
- The Strategy Committee of the Geneva Economic Development Office
- The Board of the Institute for Studies in Finance and Banking

FINANCIAL SUPERVISION

- The funds held by the Geneva Financial Center are managed by UBS Asset Management
- The accounts are kept by Société fiduciaire d'expertise et de révision SA (SFER), Geneva
- The auditor is the Verifid SA company, Geneva
- The 2021 accounts were approved at the Board meeting of May 16, 2022
- The Geneva Financial Center is recognized as a public interest foundation
- The Geneva Financial Center is supervised by the Cantonal Supervisory Authority for Foundations and Pension Schemes (ASFIP), Geneva.

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Association de Soutien à la Fondation Genève Place Financière

The Association de Soutien à la Fondation Genève Place Financière (ASFGPF) was created in 2016 to bring together stakeholders in the financial center. As its name in French implies, its aim is to support the GFC and create closer ties between financial center players.

Yves Mirabaud chairs the Association, and the other Committee members are Pascal Besnard (Area Manager Geneva, Credit Suisse (Suisse) SA), Gabriele Odone (Market Head for Geneva, Bank Julius Bär & Co. Ltd), Bas Rijke (Managing Director and Member of the Executive Committee of Bank J. Safra Sarasin Ltd), and Edouard Cuendet (Managing Director of the GFC). The Committee's membership therefore reflects the financial center's diversity.

The ASFGPF members had the honour of welcoming Nathalie Fontanet, State Councillor in charge of the Department of Finance and Human Resources, to their annual general meeting held on November 12, 2021. Her remarkable speech elicited keen interest, highlighting in particular the challenges of taxation in Geneva (see page 15).

The Association continues to attract establishments representing the different areas of expertise that make up the strength and diversity of the financial center; the number of members has risen to 45.

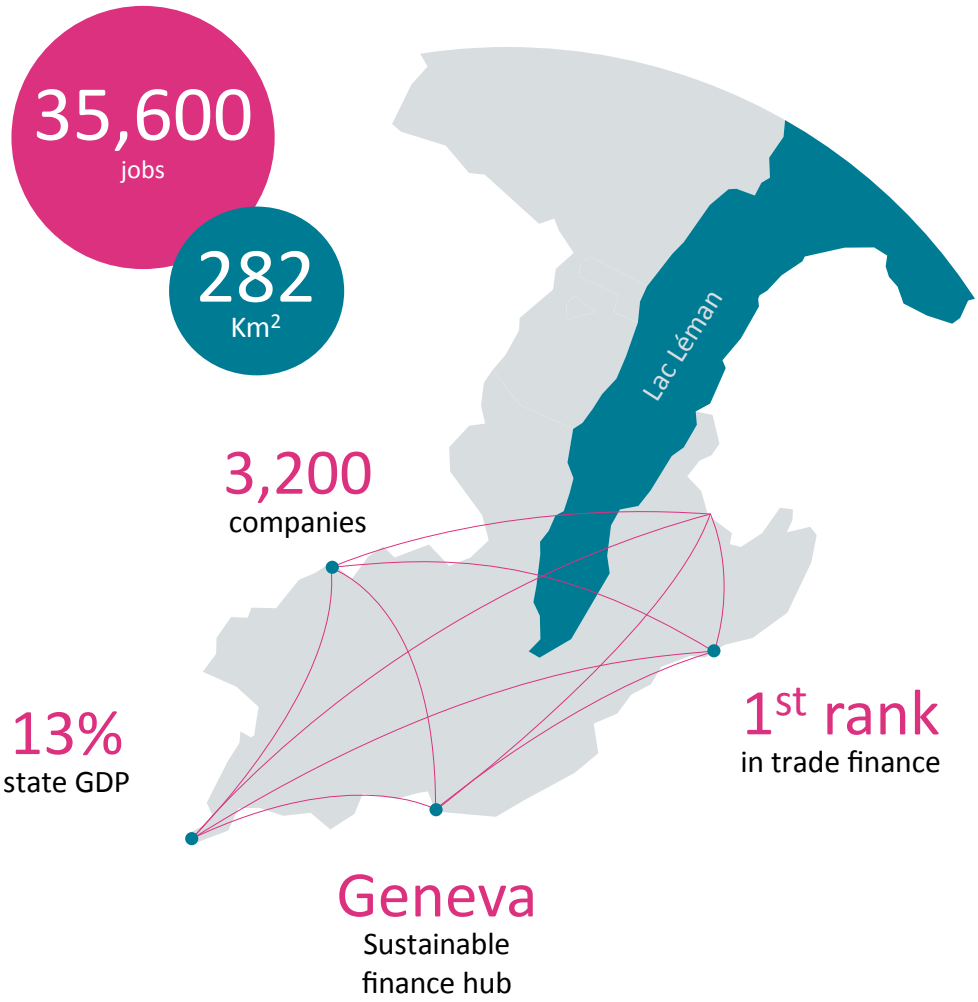
Although 2021 was once again hit hard by the Covid-19 pandemic, with an impact on the activities designed to strengthen ties between the different stakeholders in the Financial Center, the feeling of belonging to a sector that is vital to Geneva was reinforced by the exchange of information and dispatch of newsletters to ASFGPF members. The newsletters focused mainly on issues raised by the pandemic and its consequences for human resources. In this regard, close cooperation was established between the ASFGPF and Employeurs Banques (the bank employers' association).

9

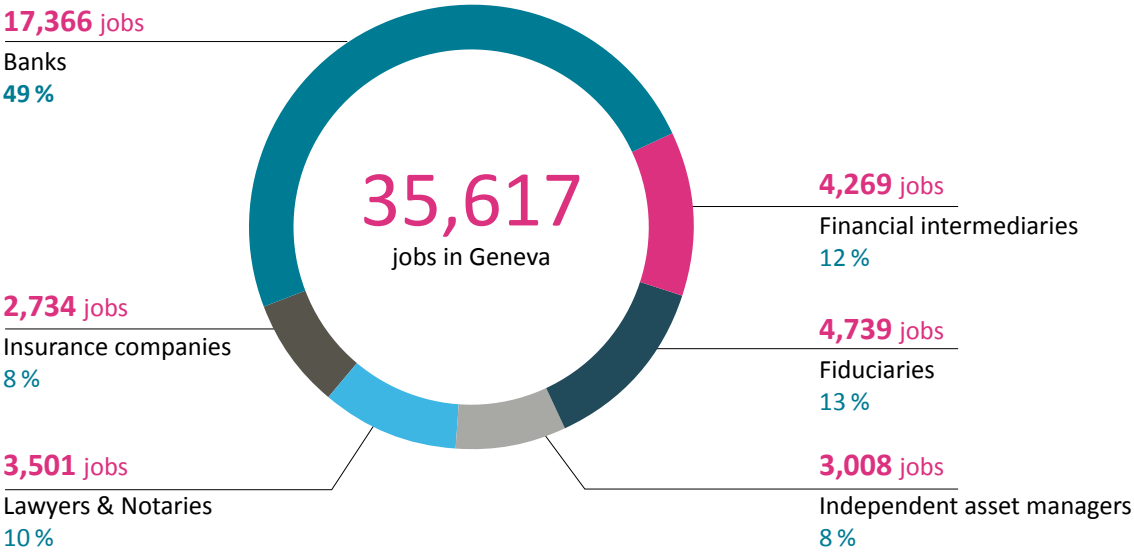
The Geneva financial center in figures

Figures as per September 30, 2020 – next update in October 2022

Geneva Financial Center



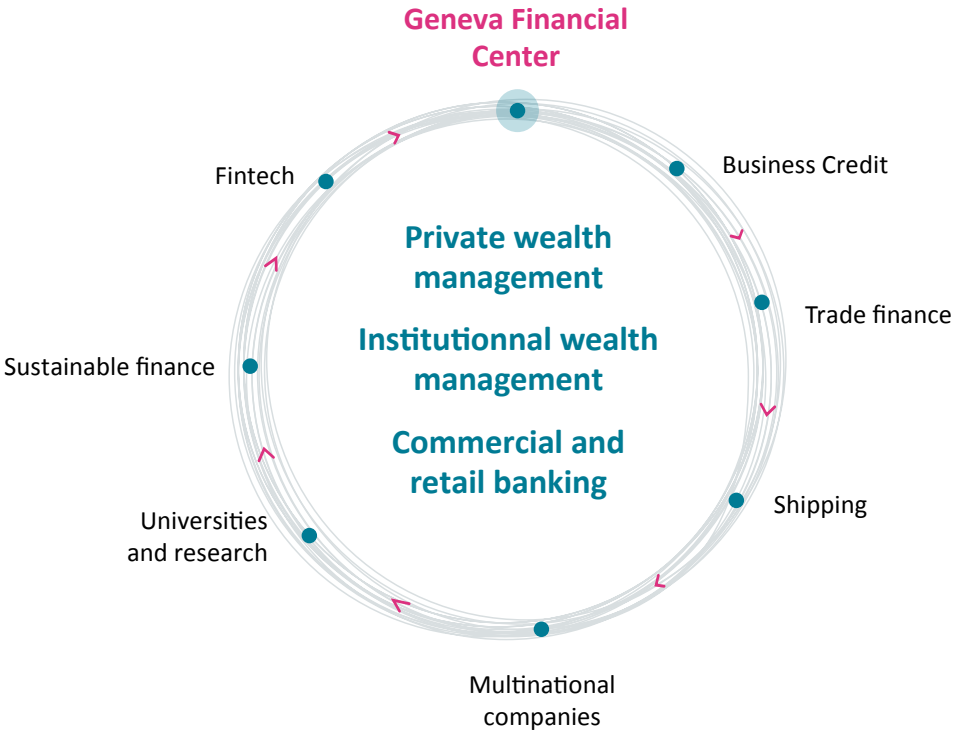
Number of employees in Geneva financial center



Sources : GFC/REG - Répertoire des Entreprises du canton de Genève (DSE) - September 2020

Cluster effect

The Geneva financial center enjoys an excellent international reputation due to a 500-year tradition founded on strict ethical principles. With the presence of activities such as shipping and inspection, Geneva has a center of excellence and an economic cluster that are unparalleled worldwide. For instance, wealth management provides assets for underwring commodity trading and credits. This creates a need for other services, such as shipping and inspection. These services in turn help attract numerous multinational companies. Last but not least, this unique value chain enhances the quality of universities and research and contributes to making Geneva a key player in sustainable finance.



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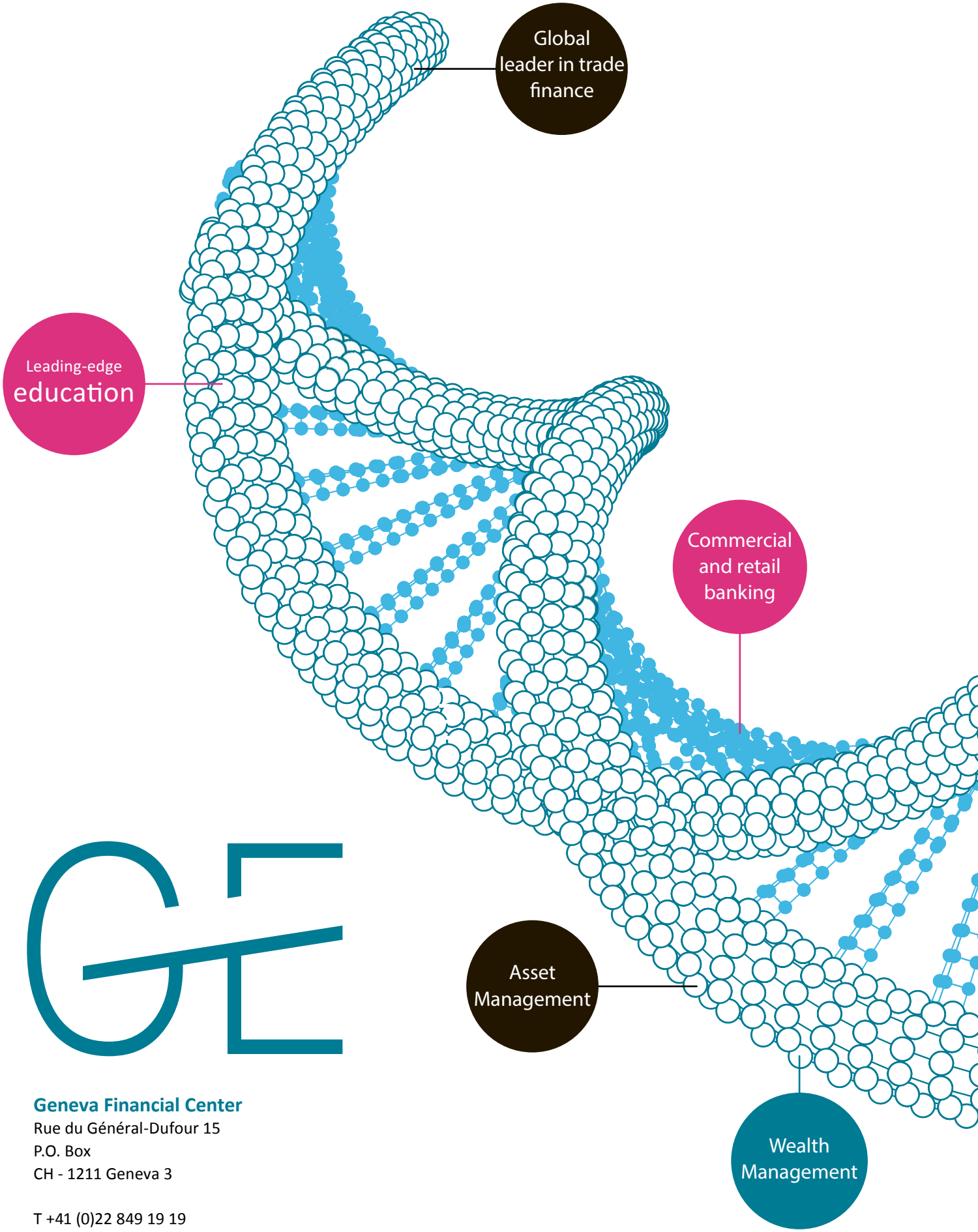

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