

# GE Money Bank Annual Report 2011

ieve the right balance in our business. Our lasting success is based on one simple concept: **we continually strive to achieve the right balance in our business.** Our lasting success is based on one si



GE imagination at work

# Balance. Balance.


achieve the right balance in our business. Our lasting success is based on one simple concept: we continually strive to achieve the right balance in our business. Our lasting success is based on one

Robert Oudmayer, CEO GE Money Bank, married with three children.

Finance and money are important topics – for society and for each and every human being. **With this in mind, we are aware of our particular responsibility and are committed to clear values:**

right balance in our business. Our lasting success is based on one simple concept: we continually strive to achieve the right balance in our business. Our lasting success is based on one simple concept:

Maximum transparency, best possible information and utmost respect towards our customers. Our ongoing success is based on a simple concept: keeping the right balance in all we do – in the interest of our customers, employees and business partners.

A handwritten signature in black ink, consisting of a stylized 'R' followed by a horizontal line.

**Robert Oudmayer**  
CEO GE Money Bank AG



cept: we continually strive to achieve the right balance in our business. ... on the simple concept ... y strive to achieve the right balance in our business. einf...

3 billion



# International know-How at national level. **Balance.**

right balance in our business. Our lasting success is based on one simple concept: we continually strive to achieve the right balance in our business. Our lasting success is based on one simple concept

#### Board of Directors:

Peter K pfer, President of the Board of Directors, Zollikon  
Brendan Gilligan, Vice-President of the Board of Directors, Dublin  
Christopher M. Chambers, Member of the Board of Directors, London

#### Internal Audit:

Bert Mitsch, Head of Internal Audit

#### Auditors:

KPMG AG, Zurich

#### Head office:

GE Money Bank AG  
B ndliweg 20  
8048 Zurich  
Telefon +41 44 439 81 11  
[gemoneybank.ch](http://gemoneybank.ch)

#### Branches:

Aarau, Baden, Basel,  
Bellinzona, Bern, Biel, Chur, Frauenfeld,  
Fribourg, Geneva, La Chaux-de-Fonds,  
Lausanne, Lugano, Lucerne, Montreux,  
Neuch tel, Olten, Sion, Solothurn, St. Gallen,  
Wetzikon, Winterthur, Yverdon, Zurich,  
Zurich-Oerlikon



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Management from left to right:

Dr Alain P. Röthlisberger, General Counsel  
 Bert Mitsch, Head of Internal Audit  
 Dr Roland Lüthi-Oetterli, Chief Information Officer  
 Michael Marek, Head of Operations  
 Daniel Frei, Head of Cards  
 Brigitte Kaps, Head of Corporate Communication  
 Robert Oudmayer, Chief Executive Officer  
 Femi Macaulay, Chief Marketing Officer  
 June Hirst, Head of Human Resources  
 Régis Lehmann, Head of Online Business and Insurance  
 Heinz Hofer, Head of Branches  
 Dale Cochran, Chief Risk Officer  
 Antoine Boubllil, Chief Financial Officer  
 Roland Brändli, Head of Motor Solutions  
 Peter Schnellmann, Head of Funding



CUSTOMERS



PARTNERS



EMPLOYEES



right balance in our business. Our lasting success is based on one simple concept: we continually strive to achieve the right balance in our business. Our lasting success is based on one simple concept.

The Cooperative Holiday Assistance Schools in Suhr use their return on investments to sponsor sporting and cultural school events. For us, investing in these areas represents investing in the future of our society. GE Money Bank provides the financial security we need in order to make this possible.

**Robert Jost**  
President of Cooperative Holiday Assistance Schools, Suhr



CUSTOMERS

# As an experienced intermediary between supply and demand, **we strive every day to ensure that the Swiss Franc is invested in Switzerland.**

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Fixed-term deposits and cash bonds represent a unique opportunity to profitably manage cash positions, particularly for institutional investors. Within the last two years, hundreds of Swiss institutional investors have entrusted over 1 billion CHF in total to us. Thanks to market-leading interest rates, our products offer an attractive and constant return on investment.

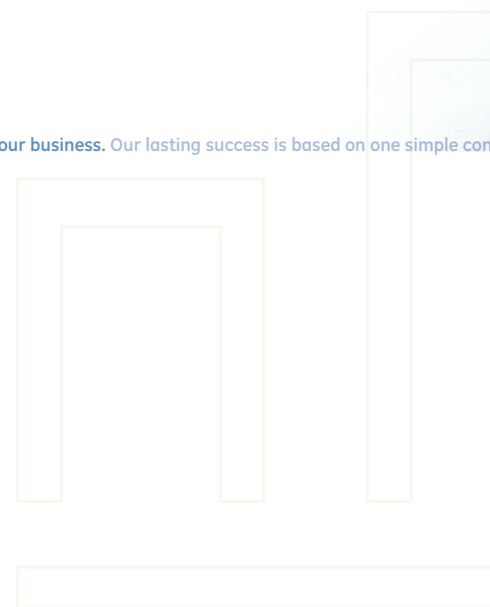




# As an independent vehicle finance provider, **we support our business partners in making their business successful.**

right balance in our business. Our lasting success is based on one simple concept: **we continually strive to achieve the right balance in our business.** Our lasting success is based on one simple concept

For more than 50 years we have been supporting our local Sales Area Managers, Swiss garage owners and used car, motorbike and caravan dealers with products for vehicle lease financing tailored to their needs. More than 5,000 business partners have been cooperating actively and loyally with us for many years.





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What we appreciate about the cooperation with GE Money Bank is the continuous alignment of the products to our requirements and to the needs of the market. The assistance and support of their professional and experienced field team is also of primary importance to us and has enabled a close and constructive collaboration to grow over the years.

**Carmelo Impusino**

Director Honda Automobile, Zurich





right balance in our business. Our lasting success is based on one simple concept: we continually strive to achieve the right balance in our business. Our lasting success is based on one simple concept.

We successfully launched the Cumulus MasterCard in cooperation with GE Money Bank. With the benefit of their know-how and flexibility, we are continually able to meet the needs of our discerning Cumulus MasterCard customers. And we have been doing this successfully for more than five years.

**Benedikt Zumsteg**

Area Manager Cumulus, Migros-Genossenschafts-Bund



# As a specialist in the field of credit cards, we support our business partners in further strengthening their relationships with customers.

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With the launch of the Migros Cumulus Credit Card in September 2006, a unique success story was set in motion. Thanks to the support of our parent company General Electric (GE) and by investing significantly in technology, we have not only succeeded in developing a new and successful business segment, but have also created over 100 additional jobs in Switzerland. On top of that, we have gained further Swiss partners such as Conforama and TCS. We now have more than 400,000 satisfied credit card customers.



CUSTOMERS



EMPLOYEES



As a responsible provider of insurance products, **we ensure that our clients do not experience financial distress during economically difficult times.**

right balance in our business. Our lasting success is based on one simple concept: we continually strive to achieve the right balance in our business. Our lasting success is based on one simple concept

The financial security of our customers is of primary importance to us. Therefore, we have established innovative insurance solutions, based on our loans and credit card services, to enhance payment security and protection against credit card abuse. These products are highly appreciated by our customers.



CUSTOMERS



EMPLOYEES



...continually strive to achieve the right balance in our business. Our lasting success is based on one simple concept: we continually strive to achieve the right balance in our business. einf...

When life loses its balance, money is usually only one of the many challenges we are facing. As an innovative insurance partner of GE, we concentrate on remedying the financial problems, so our insured customers can take care of the more important aspects.

Enzo Meli

Account Manager Genworth Financial



Bohler



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Customers are the focus of our daily business. I consider it essential to analyse the precise needs and requirements of my customers during a personal discussion. This is followed by the responsible issuing of loans within the scope of what is financially possible.

**Beat Iseli**

Branch Manager – employed since 1981



balance.

# As a reliable partner **we enable our customers to effectively maintain the right balance, irrespective of their life situation.**

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The branch managers of our 25 branch offices in Switzerland have, on average, more than 20 years' experience supporting personal customers. Our expertise and competence in providing premium quality customer advisory services and in granting loans have enabled us to be successfully active in the Swiss financial market for 100 years. Not surprisingly, the handling of any individual request in a responsible manner during personal consultations is part of our corporate philosophy.



PARTNERS



EMPLOYEES



The high-performance culture of our company **is based on our strong corporate values, integrity and management style. Accordingly, our success not only reflects what we do, but how we do it.**

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As a diversified company, we deploy an open and unique culture in all areas of the business and are committed to creating a productive balance for our employees. Flexible work programmes and the fact that we actively support the health of our employees both contribute to achieving this balance. Although our 700 employees – more than 50% of which are women – come from over 40 different countries, 50% of our workforce is Swiss.

We are committed to helping our employees achieve their personal goals by providing local and international career prospects – just one of the advantages of being part of a global company. These are only a few of the many reasons why we were recognised as one of the best employers in Switzerland by Great Place to Work\* in 2011.



CUSTOMERS



PARTNERS

\* Source: [greatplacetowork.ch](http://greatplacetowork.ch)



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GE Money Bank is an international company with excellent team spirit. I appreciate the informal business etiquette between staff and superiors.

**Marco Künzle**  
Regional Sales Director, Motor Solutions

GE Money Bank is innovative and dynamic and gives me the opportunity to develop both personally and professionally.

**Meera Kaneswaran**  
Area Manager Early Collections

GE Money Bank provides opportunities for further development. As I consider this very important it was a decisive factor in choosing my employer.

**Anita Ursprung**  
Assistant Branch Manager, Basel

I can use my skills and competencies optimally in a positive and constructive working atmosphere.

**Nick Holton**  
Senior Risk Manager



Balance.

right balance in our business. Our lasting success is based on one simple concept: we continually strive to achieve the right balance in our business. Our lasting success is based on one simple concept.

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*The German version of the Annual Reports is legally binding,  
the English version is provided for information purposes only.*

# Events in the year under review.

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Despite the debt crisis in the peripheral eurozone states intensifying right from the start of the year, the surge in the value of the Swiss franc against the euro and US dollar and the noticeable knock-on cooling effect on the Swiss economy, GE Money Bank AG can again look back on a successful year.

The credit card business celebrated its fifth anniversary by reporting further successes. CUMULUS MasterCard achieved an excellent mark (5.2) in the customer satisfaction survey conducted by Comparis\* and again attracted a considerable number of new customers. A further milestone was achieved by establishing a strategic cooperation with Touring Club Switzerland (TCS) at the beginning of 2011. Four new card products were launched on the basis of this alliance, each with an attractive loyalty programme, and these also received positive consumer endorsement in Switzerland and international recognition.

The Direct Channel, a subsidiary business, and Motor Solutions (in particular car financing) also recorded a successful year in terms of results. In order to achieve the company's aim of continuing to generate profitable growth opportunities we launched an initiative to optimise online business by focussing more on the current and future needs of our customers.

The Insurance business also achieved significant growth in 2011 with Payment Protection Insurance, which has a close connection to our core business, leading the way. A new product entitled CardProtect was launched offering credit card customers comprehensive insurance against the loss and theft of credit cards and other documents. This also recorded pleasing sales.

The business area Funding proved very successful due to attractive interest rates for cash bonds and fixed-term deposits. New customers included a number of major institutional investors from industry, banks and the public sector in addition to private investors.

As part of a securitisation transaction planned for the year 2012, a wholly-owned subsidiary, Swiss Auto Lease 2012-1 GmbH, was founded in December 2011. Furthermore, the Bank also wholly owns Prokredit AG.

### Comment on accounting principles

Given that the subsidiaries of GE Money Bank AG were not engaged in business activities during the year under review, no consolidated financial statements have been prepared.

This annual report was prepared in accordance with the legal provisions (Art. 23 to Art. 27 of the Banking Ordinance; BO) and the supplementary guidelines on accounting standards of FINMA (FINMA-Circ. 08/2 "Accounting – banks").

Information on equity provisions pursuant to FINMA Circular 08/22 (FINMA-Circ. 08/22 "Capital adequacy disclosure – banks") is disclosed separately in the report "Disclosure of equity provisions" of GE Money Bank AG. This report is published on the GE Money Bank AG website.

GE Money Bank AG and its subsidiaries are part of an American bank subholding company. This subholding company, GE Capital International Financing Corporation (GECIFC), is regulated by the New York State Department of Financial Services (NYDFS).

GECIFC is included as a sub-group in the consolidated financial statements of General Electric Company (USA), which publishes its own annual report available to the public.

### Comment on the annual financial statements

At the end of 2011, 89.7% (3.96 billion CHF) of the Bank's assets comprise consumer loans, outstanding sums owed on credit cards, vehicle lease financing and loans granted to companies, compared to 83.1% (5.4 billion CHF) in the previous year.

During 2011, the equity ratio increased by 4.3% to 19%. Leverage decreased accordingly from 85.3% to 81%.

GE Money Bank AG is predominantly refinanced internally within the Group. However, the amount of client funds increased from 675.5 million CHF to 1'479 million CHF during the year. This mainly comprises loans from banks and institutional investors, and cash bonds.

The disclosed equity of GE Money Bank AG as at year end was 835.9 million CHF compared to 954.9 million CHF as of 30 November 2010. This reduction in disclosed equity is due to the fact that the business was restructured as of 1 December 2010. As part of this transaction, the financing operation which was not relating to the core business was not carried over to GE Money Bank AG.

Borrowed capital of 3.6 billion CHF is to a large extent subordinate and originates mainly from General Electric Capital Corporation (USA). GE Money Bank's liabilities to group companies represent 52.4% of all borrowed capital or 1.9 billion CHF.

The profit for the year was 135.9 million CHF, taking into account value adjustments and losses on amounts due from customers representing 29.1 million CHF, depreciation and amortisation of fixed assets of 7.2 million CHF and taxes of 38.6 million CHF.

The Board of Directors proposes to the General Meeting of Shareholders that the distribution of a dividend be waived and instead 135 million CHF be allocated to other reserves and 0.9 million CHF carried forward to the new financial statements.

On behalf of the Board of Directors and Management, we would like to thank our customers and business partners for the trust you have placed in us. We would also like to express our particular gratitude to our entire team of dedicated employees for their commitment and loyalty. This is the key to our success.

On behalf of the Board of Directors

On behalf of the Management



Peter Küpfer

President of the Board of Directors



Robert Oudmayer

Chief Executive Officer

\* Source: [www.comparis.ch/kreditkarten](http://www.comparis.ch/kreditkarten)

\*\* Source: Trophée Publi-News, Paris 2011

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# BBQ

# Facts & Figures.

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Balance



## Balance sheet

		31.12.2011	30.11.2010 <sup>1)</sup>
		TCHF	TCHF
<b>Assets</b>	<i>Notes</i>		
Liquid assets		371'047	1'004'282
Amounts due from banks		19'295	29'287
Amounts due from customers	3.1; 3.7	3'955'118	5'395'442
Financial investments	3.2	325	487
Non-consolidated participating interests	3.2; 3.3	30	100
Tangible fixed assets	3.3	8'945	12'866
Accrued income and prepaid expenses		45'018	47'061
Other assets	3.5	8'290	6'658
<b>Total assets</b>		<b>4'408'068</b>	<b>6'496'183</b>
Total amounts due from group companies and holders of qualified participations		4'745	1'230'810
<b>Liabilities</b>			
Amounts due to banks		440'500	137'000
Amounts due to customers in savings or deposit accounts		460'887	329'470
Other amounts due to customers		1'872'065	4'507'273
Cash bonds		577'693	209'035
Accrued expenses and deferred income		59'386	158'873
Other liabilities	3.5	25'653	59'621
Value adjustments and provisions	3.7	135'953	140'024
Banks capital	3.8; 3.9	30'000	30'000
General legal reserve	3.9	670'000	259'850
Other reserves	3.9	0	534'005
Profit carried forward	3.9	0	470
Profit for the year	3.9	135'931	130'562
<b>Total liabilities</b>		<b>4'408'068</b>	<b>6'496'183</b>
Total subordinated liabilities		1'861'308	4'578'369
Total amounts due to group companies and holders of qualified participations		1'872'867	4'585'436
<b>Off-Balance-Sheet Transactions</b>			
Contingent liabilities	3.1; 4.1	37'864	38'303
Irrevocable commitments	3.1; 4.2	3'694	2'870

<sup>1)</sup> For the previous year's figures we would refer you to point 2 of the notes on the annual financial statements.

## Income statement

	1.12.2010 - 31.12.2011 <sup>1)</sup>	1.1.-30.11.2010 <sup>1)</sup>
	TCHF	TCHF
<b>Income and expenses from ordinary banking operations</b>		
<b>Result from interest operations</b>		
Interest and discount income	457'515	411'861
Interest and dividend income from financial investments	0	0
Interest expense	-110'770	-108'061
<b>Subtotal for interest operations</b>	<b>346'745</b>	<b>303'800</b>
<b>Result from commission business and services</b>		
Commission income from other services	81'875	58'817
Commission expense	-53'154	-44'203
<b>Subtotal for commission business and services</b>	<b>28'721</b>	<b>14'614</b>
<b>Result from other ordinary activities</b>		
Other ordinary income	318	863
<b>Subtotal for other result from ordinary activities</b>	<b>318</b>	<b>863</b>
<b>Operating expenses</b>		
Personnel expenses	5.1 -106'311	-85'589
General and administrative expenses	5.2 -58'587	-50'489
<b>Subtotal for operating expenses</b>	<b>-164'898</b>	<b>-136'078</b>
<b>Gross profit</b>	<b>210'886</b>	<b>183'199</b>
Depreciation and amortisation of fixed assets	3.3 -7'153	-7'409
Value adjustments, provisions and losses	-29'118	-5'371
<b>Result before extraordinary items and taxes</b>	<b>174'615</b>	<b>170'419</b>
Extraordinary income	5.3 0	0
Extraordinary expenses	5.3 -59	-2'530
Taxes	-38'625	-37'327
<b>Profit for the year</b>	<b>135'931</b>	<b>130'562</b>

<sup>1)</sup> The figures can only be compared to a limited extent as the financial year under review comprised 13 months and the previous year only 11 months. For the previous year's figures we would refer you to point 2 of the notes on the annual financial statements.

## Appropriation of profit

	31.12.2011 <sup>1)</sup>	30.11.2010 <sup>1)</sup>
	TCHF	TCHF
<b>Appropriation of profit</b>		
Profit for the year	135'931	130'562
Profit carried forward	0	470
Distributable profit	135'931	131'032
Appropriation of profit as proposed to the ordinary general meeting of shareholders:		
Allocations to other reserves	-135'000	-131'000
<b>Profit carried forward</b>	<b>931</b>	<b>32</b>

<sup>1)</sup> The figures can only be compared to a limited extent as the financial year under review comprised 13 months and the previous year only 11 months. For the previous year's figures we would refer you to point 2 of the notes on the annual financial statements.

## Cash flow statement

	1.12.2010 - 31.12.2011 <sup>1)</sup>		1.1. - 30.11.2010 <sup>1)</sup>	
	Source	Use	Source	Use
	of funds	of funds	of funds	of funds
	TCHF	TCHF	TCHF	TCHF
<b>Cash flow from operating activities (Internal financing)</b>	<b>145'127</b>	<b>103'558</b>	<b>141'725</b>	<b>68'987</b>
Profit / loss for the year	135'931		130'562	
Depreciation of fixed assets	7'153		7'409	
Value adjustments and provisions		4'071	3'754	
Accrued income and prepaid expenses	2'043			6'400
Accrued expenses and deferred income		99'487		62'587
<b>Cash flow from shareholders' equity transactions</b>	<b>0</b>	<b>254'887</b>	<b>0</b>	<b>0</b>
Restructuring		254'887		
<b>Cash flow from investment activities</b>	<b>70</b>	<b>3'232</b>	<b>0</b>	<b>1'378</b>
Participating interests	70			
Other tangible fixed assets		3'232		1'378
<b>Cash flow from banking operations</b>	<b>2'887'288</b>	<b>2'670'808</b>	<b>1'900'339</b>	<b>1'971'699</b>
<b>Medium and long-term business (&gt; 1 year)</b>				
Amounts due to banks	200'000		100'000	
Amounts due to customers in savings and deposit accounts	10'000			
Other amounts due to customers		2'626'499	175'402	
Cash bonds	351'102		196'389	
Other assets		1'632		3'377
Amounts due from customers	1'221'759			875'948
Other liabilities		33'968	28'584	
<b>Short-term business (≤ 1 year)</b>				
Amounts due to banks	103'500		37'000	
Amounts due to customers in savings and deposit accounts	121'417		154'109	
Other amounts due to customers		8'709		319'165
Cash bonds	17'556		1'329	
Amounts due from banks	9'992		62'577	
Amounts due from customers	218'565		1'143'930	
Financial investments	162		1'019	
<b>Liquidity</b>				
Liquid assets	633'235			773'209

<sup>1)</sup> The figures can only be compared to a limited extent as the financial year under review comprised 13 months and the previous year only 11 months. For the previous year's figures we would refer you to point 2 of the notes on the annual financial statements.

# Notes on Annual Financial Statements.

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## 1. Explanatory notes on the bank's business activities, number of staff employed and risk management

### Business purpose

GE Money Bank AG has its headquarters in Zurich and 25 branches across Switzerland. Its business purpose focuses primarily on granting loans to private customers and small and medium-sized enterprises (SME), vehicle lease financing, granting loans to affiliated companies, receiving funds in the form of deposit accounts and fixed-term deposits and issuing cash bonds. Furthermore, GE Money Bank AG has a MasterCard licence and issues various credit cards, including the Cumulus MasterCard.

### Number of staff employed

The number of employees adjusted to account for part-time staff represents 699 as at year end (previous year: 704).

### Balance sheet

As interest operations constitute the most important source of income for the Bank, consumer loans, vehicle lease financing and credit cards are of primary importance. Consumer loans and credit cards are granted on an unsecured basis, whereas finance leases are covered by assets. Furthermore, the Bank provides additional Payment Protection Insurance which covers the customer's monthly loan repayment in the event of unemployment, accident or sickness,

as well as further insurance products. Funding requirements are covered by the Bank's parent company, third-party banks and through money received from customers.

### Other business areas

GE Money Bank AG mainly operates in the field of rented real estate properties. The Bank has two non-consolidated participating interests.

### Risk management

Credit, interest, settlement and market risk policies – the appropriateness of which is assessed annually by the Board of Directors – form the basis for the Bank's risk management. Clear limits are specified for individual risks and compliance with these guidelines is monitored permanently.

The Board of Directors is informed regularly about net assets, the financial position, liquidity and results as well as the risks associated with these by means of a structured early information system.

Due to the strategic specialisation of the Bank in the field of consumer loans, credit cards and leases, the Bank is mainly susceptible to default, interest and settlement risks. These risks are monitored

using suitable measures and managed actively. Moreover, the Bank's exposure to risk is reduced by setting appropriate limits. The most important aspects in the management of individual risk categories are described below.

### **Credit risks**

The credit policy includes all commitments from which a loss may arise if the other party fails to honour its contractual obligations. This applies mainly to bank clients; however, car dealer may also be affected.

The clientele of the Bank primarily comprises natural persons and SMEs. Loans are predominantly granted to finance private consumer goods. The large number of borrowers naturally results in a broad risk diversification.

Credit risks are minimised by taking them into account when granting loans. In addition, these are monitored using risk control systems throughout the term.

Prior to granting loans, the consumer's creditworthiness and capacity to enter into a credit agreement are assessed. The creditworthiness of the consumer is evaluated according to the legal regulations of the Federal Law on Consumer Credit. The amount of credit is determined in compliance with internal models for calculating the risk profile of potential contracting parties.

Periodic assessments of the quality of the portfolio are undertaken throughout the entire term. As a result, respective value adjustments may sometimes be required.

General value adjustments are calculated per type of loan and/or lease. In addition, statistic models are used to determine the future development of the portfolio by means of past data.

Calculations of value adjustments are based on the net default risks expected for the next twelve months, i.e. taking into account any recoveries of agreements written off in the accounts.

To ensure ongoing supervision of the vehicle lease financing business, the sales department examines the monthly sales volume, depreciation and further indicators necessary for supervision for each dealer. Furthermore, the risk department analyses all dealers with a potential risk on a monthly basis. This mainly concerns dealers with substantial obligations resulting from demo leasing, stock financing or residual values. In addition, further examinations are carried out on an ad hoc basis by the Bank's risk department.

As a general rule, the Bank does not demand securities for granting loans.

The legally required capital adequacy for credit risk is determined according to the Swiss standard.

The Bank does not use external ratings.

### **Market risks**

Market risks refer to the danger of losing own positions as a result of changes in market prices, e.g. relating to shares, interest, exchange rates or raw materials.

### **Interest rate risks and balance sheet structure**

The Bank is exclusively engaged in balance sheet transactions. Interest rate risks arise either from decreasing interest receivable and/or rising interest payable.

The management of assets and liabilities in regard to the monitoring of associated interest rate risks is defined as Asset & Liability Management (ALM).

The Board of Directors is responsible for ensuring an adequate interest rate risks policy which complies with the Bank's overall business policy and strategy, and delegates the organisation and implementation of an effective ALM to the Bank's Management. The Asset & Liability Committee (ALCO) is in charge of operationally supervising and monitoring interest rate risks as well as actively monitoring the balance sheet structure, and reports to the responsible bodies of the Bank on a regular basis. When faced with various possible changes in interest rates, the internal ALM aims to keep the interest rate risks of the Bank within the parameters defined by the Bank itself. This goal is pursued by means of a limit system.

There are two approaches used for analyzing interest-rate risks, the earnings perspective ("income effect") and the net present value perspective ("asset effect"). As a result of the strategic focus of the Bank (assets are predominantly financed by means of fixed interest rates) and its financing structure, interest rate risks are of secondary importance. Therefore, the Bank currently dispenses with a dynamic analysis of the effects of changes in market interest rates on the balance sheet structure.

Furthermore, the effects on the Bank caused by extraordinary changes in the interest rate level are measured by means of regular stress tests which are calculating the income and asset effect. There is no requirement to hold capital for such risks arising from a non-trading book.

### **Foreign currency risks**

As a result, foreign exchange positions arise only to a very small extent.

The market risks standard approach is applied to calculate the necessary equity.

### **Liquidity risks**

Solvency is monitored and ensured in accordance with banking regulations. The Bank's Management continuously supervises both

the minimum reserves (previously referred to as cash liquidity) and the total liquidity, and gives a regular account to ALCO and the Board of Directors of the Bank.

#### **Other market risks**

The Bank is not engaged in active trading and its financial investments do not contain share price risks.

The de minimis approach is applied to calculate the necessary equity.

#### **Operational risks**

Operational risks are defined as any losses caused by inadequacies or errors that occur during processes involving people or IT systems, or by external factors.

By establishing a proactive risk management culture and applying appropriate qualitative and quantitative tools, potential undesired risk commitments should be minimised.

In order to identify and monitor any operational risks, the Bank uses various instruments and methods, such as a loss database, risk indicators and an annual operational risk assessment. The loss database records not only the financial events, but also their causes. Additionally, improvement concepts and risk reduction measures for the Bank's process and quality management, information security, internal controls and emergency organisation are also developed and implemented. After identifying the risks for all business areas within the annual operational risk assessment, their frequency and severity are analysed, evaluated and documented. Based on this risk assessment, possible measures to remove or minimise risks are introduced by the Management. Furthermore, loss reporting criteria and risk indicators are defined. Thus, by supplying the most important information, the supervision process ensures that any operational risks are managed and controlled smoothly.

The overall system implemented is orientated towards recognised standards and the FINMA-Circ. 08/24, «Supervision and internal control within the banking sector» of 20 November 2008.

Each business function, whether in front offices, controlling or logistics, is responsible for identifying and managing any operational risks. All business functions are supported by the Management and a Committee within the Bank established for this purpose. These bodies ensure that a disciplined risk culture is promoted, and thus risk transparency is enhanced. This enables the specified directives for day-to-day business to be followed on a permanent basis. Regular training courses on operational risks enhance the staff's general awareness of these issues. Additionally, the Bank uses neutral process controls which work independently from the front office departments thus ensuring the integrity of the risk and control process.

The standard approach with the factor for private customer business is used to calculate the equity used to cover risk. The income indicators of the last 3 years consist of the sum of the following income statement positions:

- Result from interest operations
- Result from commission and services
- Result from real estate properties

#### **Legal risks**

The Bank has implemented the necessary measures to minimise legal and contractual risks. Internal and external specialists are responsible for drafting contracts and seeking any necessary clarification.

#### **Compliance risks**

The internal Compliance department ensures that banking processes comply with applicable legal and regulatory provisions as well as the duties of care. Both the Compliance and the Legal department are responsible for supervising any requirements and developments on the part of supervisory authorities, the legislator or other organisations. In addition, Compliance ensures that internal directives and regulations are adapted to regulatory developments. Managers acquire a profound knowledge of the regulatory requirements through regular training and are thus able to implement these. The internal auditors regularly monitor compliance with regulatory provisions.

#### **Outsourcing**

The Bank has outsourced various business areas to either Swiss or foreign enterprises. These comprise administrative processes in the back/mid-office area, e.g. the provision of services within the group and externally, primarily in connection with IT processes.

The provisions of the FINMA-Circ. 08/7, «Outsourcing - banks», are adhered to. Comprehensive outsourcing and/or service level agreements («SLA») are concluded with the service providers. Consequently, by means of such agreements, service providers are obliged to safeguard the protection of sensitive data in respect of banking secrecy and data security, to comply with IT security guidelines and finally to grant the Bank's internal and external auditors on-site access to all documents in question.

#### **General principles**

Accounting and valuation principles are based on the Code of Obligations, the Banking Law, its relevant regulation and the guidelines of FINMA.

#### **Recording and accounting**

All transactions concluded as of the balance sheet date are recorded and valued in accordance with recognised principles. As a

## 2. Accounting and valuation principles

general rule, they are recorded as off-balance-sheet transactions until the settlement date when they are recorded in the balance sheet.

### Foreign currency conversion

Receivables and payables in foreign currencies are converted at the rate prevailing on the balance sheet date. Foreign currency transactions are posted at the respective daily exchange rate. Foreign currency gains or losses are booked in the position "Other operating expenses"

The following conversion rates are applied for foreign currency conversion:

	2011	previous year
	Rate prevailing on the balance sheet date	Rate prevailing on the balance sheet date
USD	0.9150	0.9643
EUR	1.2348	1.3485
GBP	1.4258	1.5184

### Liquid assets, amounts due to customers and banks, issued cash bonds

These are recorded at nominal value or acquisition cost.

### Amounts due arising from money-market instruments

Amounts due arising from money-market instruments are posted at acquisition cost less any depreciation. The discount not yet earned is deferred in the respective balance sheet position over the term of the agreement.

### Amounts due from banks

Loans and interest thereon due but not yet paid are disclosed at nominal value less any value adjustments.

### Amounts due from customers

As a general rule, loans are disclosed at nominal value less value adjustments. Lease financing is recorded at the value of amortised tangible assets plus due and unpaid interest, default interest and fees.

Loans/receivables for which it is unlikely that the debtors will be able to fulfil their future obligations are depreciated or value-adjusted.

As a general rule, non-performing fixed-term loans are depreciated after 120 days and amounts due from revolving products (incl. credit cards) after 180 days.

Interest and commissions are non-performing when they are more than 90 days overdue. From then on, they are no longer recorded.

In order to cover the inherent default risks arising from the large number of small receivables present in credit portfolios (e.g. consumer loan, credit card, leasing portfolios) on a specific valuation date, general value adjustments based on empirical values are established. General value adjustments are deducted directly from the respective asset positions.

In the event of receivables being considered not fully or partially collectible or being waived, their derecognition is charged to the respective value adjustments. Recoveries of derecognised receivables are accredited directly to the interest income.

### Amounts due from/to group companies and holders of qualified participations

Amounts due from/to group companies and holders of qualified participations are recorded at nominal value. The conditions correspond to those applicable to independent third parties. Holders of qualified participations are deemed natural persons or legal entities that directly or indirectly hold at least 10% of the capital or the voting rights or have a material influence on the operational decisions of the Bank in another manner.

### Financial investments

In the case of tangible assets acquired via credit transactions destined for sale, the lowest value is determined as the lower of the acquisition cost or liquidation value. Tangible assets are disclosed under financial investments and proceeds from their sale as well as any value adjustments are regarded as recoveries and collected accordingly.

### Participating interests

These are valued at acquisition cost, taking into account depreciation required for operational reasons.

### Tangible fixed assets

Expenditure for new tangible fixed assets is capitalised if they are used for more than one accounting period and exceed the minimal value for capitalisation. The valuation of tangible fixed assets is recorded at acquisition cost, taking into account depreciation required for operational reasons. Tangible fixed assets are reviewed for impairment as soon as there is cause to think their accounting value is no longer correct due to events or circumstances.



Depreciation is effected by applying the straight-line method and is based on the guidelines of the General Electric group. These are as follows:

Buildings	Max. 40 years
Other tangible fixed assets	Max. 10 years
Software (incl. self-developed or purchased software)	Max. 5 years

## Pension benefit obligations

For the purpose of providing an occupational pension plan, the Bank established an independent foundation (pension fund for employees of companies and subsidiaries of General Electric in Switzerland) and pays into this the contributions required by regulation. The organisation and management of the pension fund as well as financing of pension benefit obligations comply with the regulations documented in the deed of foundation and the applicable pension regulations. The Bank's accrued income and prepaid expenses, accrued expenses and deferred income and receivables and liabilities relating to these companies are recorded in the balance sheet.

The economic impacts of pension benefit obligations on the Bank are assessed annually on the basis of the annual financial statements of the pension funds prepared in accordance with Swiss GAAP FER 26 and other facts related to assessing the financial situation. By applying the statistical method, any over/underfunding calculated in this regard can be treated in accordance with Swiss GAAP FER 16 as follows:

- In the case of overfunding, an economic benefit can be accounted for if it is intended to use the surplus for lowering employer contributions. There is no right for refund.
- Underfunding in pension funds with an economic obligation for the Bank is posted to income.

Determining the economic impact is based on the financial situation of each pension fund as of its last annual financial statement, provided the reporting date occurred within the past twelve months. Where there are indications of material developments, their impact is taken into account.

Any employer contribution reserve is capitalised and may be used for the settlement of future contributions.

## Accrued income and prepaid expenses

Income and expenses are properly accrued in accordance with the balance sheet date. Credit commissions paid to third parties are capitalised and charged to commission expenses. They are amortised over the respective term of the loan on a declining-balance basis (products with fixed terms) or on a straight-line basis (revolving products). Direct costs arising from the conclusion of contracts are capitalised and depreciated on a declining-balance basis (pro-

ducts with fixed terms) or on a straight-line basis (revolving products). Commissions collected in advance are recognised as a liability and are realised on a straight-line basis as commission income over the term of the loan.

## Taxes

### Current taxes

As a general rule, current taxes are recurring such as annual income and capital taxes. They are determined on the basis of the result of the current year and recorded as expense. Non-recurring or transaction-based taxes are not a component of current income taxes.

Direct taxes due from current income are recorded as accrued liabilities.

### Contingent liabilities

Contingent liabilities are disclosed at nominal value in the off-balance sheet. Provisions required for foreseeable risks are created in the balance sheet in the position «value adjustments and provisions».

### Irrevocable commitments

Irrevocable commitments are disclosed at nominal value in the off-balance sheet. Provisions required for foreseeable risks are created in the balance sheet in the position «value adjustments and provisions».

### Value adjustments and provisions

According to the principle of prudence, value adjustments and provisions are established for any discernible risks of loss. Value adjustments and provisions no longer required in any accounting period are released to income. Recoveries of receivables written off in prior periods are credited directly to value adjustments.

Value adjustments for default risks are deducted directly from the relevant asset position. Provisions for other risks are disclosed under this position in the balance sheet.

## Events after the balance sheet date

There were no events after the balance sheet date.

## Any further significant information, explanations and substantiations

The figures for the previous year reported in this annual report (balance sheet, profit and loss account and notes) refer to the previous company called GE Money Bank AG, which was renamed GE Capital Swiss Funding AG as of 1 December 2010 when all of its banking business was transferred through an asset transfer pursuant to Article 69 et seq. of the Merger Act [Fusionsgesetz (FusG)] to

the new company also called GE Money Bank AG, trading at that time as GE Money AG. As a result the 2011 financial year comprised 13 months and the 2010 financial year 11 months. GE Money AG had no active business activities in 2010 and as at 30 November 2010 had reported equity capital of 100,000 CHF, amounts due from banks of 100,000 CHF and a profit of 0 CHF. The 2010 financial year was closed in accordance with the provisions of the Swiss Code of Obligations [Obligationenrecht (OR)] and was audited by KPMG AG.

The details of this transaction are outlined in the following:

#### **Purpose and consequences of the asset transfer**

The former GE Money Bank AG was a licensed bank subject to the Swiss Financial Market Supervisory Authority (FINMA). Prior to the asset transfer, the former GE Money Bank AG refinanced its core business almost exclusively internally within the GE Group. The new GE Money Bank AG received a banking licence from FINMA on implementation of the asset transfer on 1 December 2010 and has since been subject to its supervision. The intention is for the new GE Money Bank AG to cover its capital requirements primarily through the Swiss capital market in order to be able to spot any current market opportunities quickly and appropriately.

The asset transfer facilitated the transfer of the entire banking business of the former GE Money Bank AG including all assets and liabilities and associated contracts to the new GE Money Bank AG. Financing activities not related to the core business were not included in the asset transfer and remained with the former GE Money Bank AG. These include intra-group loans to the bank BPH S.A. (Poland) and the financing provided by the parent company and its subsidiaries. Furthermore, all tax credits and liabilities relating to the period prior to the asset transfer were also left with the former GE Money Bank AG. The new GE Money Bank AG is continuing to perform the banking business transferred to it under the same framework and in compliance with the requirements of the supervisory authorities. The registered office remains at Bändliweg 20, 8048 Zurich. Transferring the business activities did not result in any changes for business partners or banking customers.

#### **Transfer agreement**

##### *Transaction structure*

Pursuant to the transfer agreement, as of 1 December 2010 the new GE Money Bank AG took on the entire banking business including all rights, property holdings and assets, and all obligations and liabilities as listed in the transfer balance sheet, drawn up on a provisional basis as at 30 September 2010 and audited, relating to the overall amount of the asset surplus of 3,518,922,278.40 CHF from the former GE Money Bank AG. The transfer was effected in the following three parallel stages:

- Increase in the equity capital of the new GE Money Bank AG of 100,000 CHF by 29,900,000 CHF through the issue of 29,900 new registered shares each with a nominal value of 1,000 CHF to the

former GE Money Bank AG. Payment of the newly issued shares by the former GE Money Bank AG took place in the form of a contribution in kind of a portion of the asset surplus in the amount of 29,900,000 CHF which was offset in full against the increase in equity capital.

- A further portion of the asset surplus in the amount of 670,000,000 CHF was paid into the new GE Money Bank AG by the former GE Money Bank AG as a contribution to the equity capital of the new company.
- The remaining portion of the asset surplus in the amount of 2,819,022,278.40 CHF was sold by the former GE Money Bank AG to the new GE Money Bank AG at a price of 2,819,022,278.40 CHF, whereby the new GE Money Bank AG issued the former GE Money Bank AG with a promissory note in the amount of the purchase price on 1 December 2010.

The contribution in kind, contribution to equity capital and sale of the assets and liabilities of the banking business by the former GE Money Bank AG to the new GE Money Bank AG was effected through the asset transfer in accordance with Article 69 et seq. FusG.

##### *Amendment to purchase price*

The calculation of the asset surplus of the former GE Money Bank AG relevant to the asset transfer was made using the audited transfer balance sheet as at 30 September 2010. Pursuant to the transfer agreement, the final asset surplus of the former GE Money Bank AG was to be determined within four months of implementation of the asset transfer on the basis of the audited accounts as at 30 November 2010.

##### *Notification of employees*

Employees were informed of the asset transfer in accordance with statutory provisions.

##### *Transfer of contracts*

All contracts relevant to banking activities were included in the asset transfer and thus transferred to the new GE Money Bank AG. With the exception of the loan agreement with the subsidiary Prokredit AG, loan agreements with other affiliated companies were not transferred to the new GE Money Bank AG.

##### *Warranties and guaranties*

Within the framework of what is legally permissible, all warranties and guaranties concerning the items that were transferred in the asset transfer were made obsolete.

##### *Deferred conditions*

The asset transfer was concluded on the condition that a banking licence was granted by the Swiss Financial Market Supervisory Authority to the new GE Money Bank AG. This condition was met.

#### *Applicable law*

The asset transfer was subject to Swiss law.

#### **Return service for the transfer**

In return for transferring the banking business to the new GE Money Bank AG, the former GE Money Bank AG received 29,900 new registered shares each worth a nominal value of 1,000 Swiss francs. In addition, the new GE Money Bank AG also issued the former GE Money Bank AG with a promissory note in the amount of the remaining asset surplus.

#### **Consequences for employees**

Employees were notified of the asset transfer (see "Notification of employees" above). All employment contracts were transferred to the new GE Money Bank AG by law in accordance with Article 333 OR. There were no redundancies in connection with the asset transfer. The conditions of employment contracts and pension funds were unchanged by the transfer. The transfer of the banking business consequently had no impact on employment conditions.

#### **Changes in the accounting and valuation principles as compared to the previous year**

In the current year, no material changes were made concerning the accounting and valuation principles.

In the year under review, the way that recoveries of amounts due from customers which had previously been written off were handled in accounts was amended. As a result recoveries of amounts previously written off are now no longer credited in their full amount but instead only at the amount originally written off and directly to value adjustments. Any profit is credited to interest income. This change boosted interest income by 29.1 million Swiss francs.

### 3. Information on the balance sheet

#### 3.1 Overview of collateral for loans and off-balance-sheet transactions

		secured	other		
		by mortgage	collateral	unsecured	Total
		TCHF	TCHF	TCHF	TCHF
<b>Loans</b>					
Amounts due from customers		0	8'757	3'946'361	3'955'118
<b>Total loans</b>	<b>31.12.2011</b>	<b>0</b>	<b>8'757</b>	<b>3'946'361</b>	<b>3'955'118</b>
	30.11.2010	0	14'154	5'381'288	5'395'442
<b>Off-balance-sheet</b>					
Contingent liabilities		0	0	37'864	37'864
Irrevocable commitments		0	0	3'694	3'694
<b>Total off-balance-sheet</b>	<b>31.12.2011</b>	<b>0</b>	<b>0</b>	<b>41'558</b>	<b>41'558</b>
	30.11.2010	0	0	41'173	41'173
			Estimated		General
		Gross	liquidation of	Net debt	individual value
		debt amount	collateral	amount	adjustments <sup>2)</sup>
<b>Impaired loans/receivables <sup>1)</sup></b>	<b>31.12.2011</b>	<b>20'957</b>	<b>14'738</b>	<b>6'219</b>	<b>55'538</b>
	30.11.2010	26'272	16'586	9'686	63'849

<sup>1)</sup> Loans/receivables are considered impaired if contractually agreed payments for capital or interest are more than 90 days overdue.

<sup>2)</sup> The value of general individual value adjustments refers to the total of all amounts due from customers.

## 3.2 Analysis of financial investments and participating interests

	Book value		Fair Value	
	31.12.2011	30.11.2010	31.12.2011	30.11.2010
	TCHF	TCHF	TCHF	TCHF
<b>Financial investments</b>				
Commodities (Assets from leasing transactions)	325	487	325	487
<b>Total financial investments</b>	<b>325</b>	<b>487</b>	<b>325</b>	<b>487</b>
including securities eligible for repo transactions in accordance with liquidity regulations	0	0	0	0

		31.12.2011	30.11.2010
	Geschäfts- tätigkeit	Kapital TCHF	Quote Quote
<b>Disclosure of participating interests</b>			
GE Money AG, Zürich - finance company	Inaktiv	0	100%
Prokredit AG, Zürich - finance company	Inaktiv	2'000	100%
Swiss Auto Lease 2011 - 1 GmbH	Inaktiv	20	100%

The assets of Swiss Auto lease 2011 - 1 GmbH and Prokredit AG amount to a total of 3.3 million CHF. However, they represent only 0.08% of the assets of GE Money Bank AG and are considered insignificant from the perspective of the Bank. Therefore, no consolidated financial statements have been prepared.

As described under point 2 of the notes on the annual financial statements, the former GE Money Bank AG (now known as GE Capital Swiss Funding AG) wholly owned GE Money AG as at 30 November 2010. The entire banking business was transferred to this company (the new GE Money Bank AG) with effect from 1 December 2010. The holding in Prokredit AG was also transferred to the new GE Money Bank AG as part of this transaction. Furthermore, in the year under review a wholly owned subsidiary of GE Money Bank AG, known as Swiss Auto Lease 2012 - 1 GmbH, was founded on 8 December 2011 as part of a securitisation transaction planned for 2012.

### 3.3 Statement of fixed asset additions and disposals

	Accumulated						
	depreciation	Carry value					
Cost	and	previous year		Additions	Disposals	Depreciation	Book value
value	value	end	30.11.2010				31.12.2011
TCHF	adjustments	30.11.2010	TCHF	TCHF	TCHF	TCHF	TCHF
	TCHF	TCHF	TCHF	TCHF	TCHF	TCHF	TCHF
Participating interests							
- according to equity method	0	0	0	30	0	0	30
<b>Total participating interests</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>30</b>	<b>0</b>	<b>0</b>	<b>30</b>
Bank buildings	1'158	-495	663	0	0	-33	630
Other tangible fixed assets	91'341	-79'137	12'203	3'232	0	-7'120	8'315
<b>Total tangible fixed assets</b>	<b>92'499</b>	<b>-79'632</b>	<b>12'866</b>	<b>3'232</b>	<b>0</b>	<b>-7'153</b>	<b>8'945</b>

	31.12.2011	30.11.2010
	TCHF	TCHF
Fire insurance value of bank buildings	901	867
Fire insurance value of other tangible fixed assets	16'287	17'461
Commitments: future leasing instalments arising from operating leases	1'675	1'378

### 3.4 Disclosure of pledged or assigned assets to secure own commitments

There were no pledged or assigned assets to secure own commitments as per the balance sheet date.

### 3.5 Other assets and liabilities

	31.12.2011	31.12.2011	30.11.2010	30.11.2010
	Other	Other	Other	Other
	assets	liabilities	assets	liabilities
	TCHF	TCHF	TCHF	TCHF
Indirect taxes	5	3'539	3	15'550
Clearing accounts	1'980	21'247	1'069	43'265
Unredeemed coupons and cash bonds	0	186	0	86
Negative replacement values	0	0	0	0
Amounts due from the sale of insurance products	3'984	0	3'650	0
Other assets and liabilities	2'321	681	1'936	720
<b>Total other assets and liabilities</b>	<b>8'290</b>	<b>25'653</b>	<b>6'658</b>	<b>59'621</b>

### 3.6 Disclosures of pension funds

The employees of GE Money Bank and its subsidiaries are insured by the pension fund for employees of companies and subsidiaries of General Electric in Switzerland («pension fund»).

Apart from temporary staff with an expected duration of employment of less than three months and people receiving an IV pension and whose degree of incapacity to perform day-to-day tasks is 70%, all employees of at least 17 and with an annual base salary exceeding 75% of the applicable maximum single old-age pension are insured. As a general rule, statutory retirement age is 65; however, for early retirement, starting from the age of 58, no special conditions apply. The pension plan insures both mandatory occupational benefits and extra-mandatory benefits.

The financial situation of the pension fund is calculated as follows:

Nominal value <sup>1)</sup>	Walver of use	Balance sheet		Changes as		Result from ECR as a component	
				compared to the previous year	of personnel expenses		
				1.12.2010 - 31.12.2011	1.12.2010 - 31.12.2011	1.1.- 30.11.2010	
				TCHF	TCHF	TCHF	TCHF
<b>Employer contribution reserves (ECR)</b>							
Pension plan without							
over-/underfunding	2'129	-2'129	0	0	0	0	0
<b>Total</b>	<b>2'129</b>	<b>-2'129</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Over-/ underfunding <sup>1)</sup>	Over-/ underfunding	Economic benefit/ obligation		Changes		Contributions	
				as compared to the prev- ious year	to the period	Pension expenses as part of the personnel expenses	
31.12.2011	31.12.2010	31.12.2011	31.12.2010	1.12.2010- 31.12.2011	1.12.2010- 31.12.2011	1.12.2010- 31.12.2011	1.1.- 30.11.2010
(not audited)	audited			TCHF	TCHF	TCHF	TCHF
<b>Economic benefit/ economic obligation and pension expenses</b>							
Pension plan							
without over-/ underfunding	-2'709	701	-8'516	-8'516	0	6'178	6'178
<b>Total</b>	<b>-2'709</b>	<b>701</b>	<b>-8'516</b>	<b>-8'516</b>	<b>0</b>	<b>6'178</b>	<b>5'086</b>

Pension benefit obligations as of the balance sheet date amount to TCHF 8,516 (Previous year: TCHF 8,516).

<sup>1)</sup> The figures for the financial statements as of 31.12.2011 are not available as the financial statements of «Pension fund GE (Switzerland)» have not yet been audited. The preliminary valuation of the pension funds resulted in a coverage ratio of 98.1 percent which represents an underfunding of 2'709 TCHF.





### 3.8 Banks capital and holders of interests exceeding 5% of all voting rights

		31.12.2011			30.11.2010	
		Capital			Capital	
Total	No. of shares	eligible	Total	No. of shares	eligible	
par value	or interests	for dividend	par value	or interests	for dividend	
TCHF		TCHF	TCHF		TCHF	
<b>Bank's capital</b>						
Share capital	30'000	30'000	30'000	30'000	30'000	30'000
<b>Total</b>	<b>30'000</b>	<b>30'000</b>	<b>30'000</b>	<b>30'000</b>	<b>30'000</b>	<b>30'000</b>
<b>Significant shareholders with voting rights</b>		<b>Share as %</b>			<b>Share as %</b>	
GE Capital International Financing Corporation, Connecticut			30'000	30'000	100.00%	
GE Capital Swiss Funding AG, Zürich		30'000	30'000	100.00%		

#### Indirect holders of interests

GE Capital International Financing Corporation, New York, USA  
 GE Capital Global Financial Holdings, Inc., Connecticut, USA  
 Customized Auto Credit Services, Inc., Delaware, USA  
 General Electric Capital Vehicle Investments, Inc., Delaware, USA  
 General Electric Capital European Investments, Inc., Delaware, USA  
 General Electric Capital Corporation, Delaware, USA  
 General Electric Company, New York, USA

### 3.9 Statement of shareholders' equity

	TCHF
<b>Equity at beginning of current year</b>	
Bank's capital	30'000
General statutory reserve	259'850
Other reserves	534'005
Distributable profit	131'032
<b>Total equity at beginning of current year (before appropriation of profit)</b>	<b>954'887</b>
Release of reserves due to restructuring and new company formation	-254'887
Profit for the current year	135'931
<b>Total equity at end of current year (before appropriation of profit)</b>	<b>835'931</b>
of which	
Bank's capital	30'000
General statutory reserve	670'000
Other reserves	0
Distributable profit	135'931

### 3.10 Maturity analysis of current assets and third-party liabilities

				Due			
				within	within		
			within	3 to 12	12 months	after	
	At sight	Cancellable	3 months	months	to 5 years	5 years	Total
	TCHF	TCHF	TCHF	TCHF	TCHF	TCHF	TCHF
<b>Current assets</b>							
Liquid assets	371'047						371'047
Amounts due from banks	19'295						19'295
Amounts due from customers	18'418	637'127	37'217	227'380	2'614'246	420'730	3'955'118
Financial investments	325						325
<b>Total current assets</b>							
<b>31.12.2011</b>	<b>409'085</b>	<b>637'127</b>	<b>37'217</b>	<b>227'380</b>	<b>2'614'246</b>	<b>420'730</b>	<b>4'345'785</b>
30.11.2010	1'056'245	747'656	43'852	325'010	4'077'737	178'998	6'429'498
<b>Third-party capital</b>							
Amounts due to banks			50'000	90'500	300'000		440'500
Amounts due to customers in							
savings and deposit accounts		160'837	90'000	200'050	10'000		460'887
Other amounts due to							
customers	3'532	0	4'233	2'719	1'861'537	44	1'872'065
Cash bonds	0	0	2'332	18'990	546'371	10'000	577'693
<b>Total third-party capital</b>							
<b>31.12.2011</b>	<b>3'532</b>	<b>160'837</b>	<b>146'565</b>	<b>312'259</b>	<b>2'717'908</b>	<b>10'044</b>	<b>3'351'145</b>
30.11.2010	10'003	162'370	6'117	210'939	310'231	4'483'118	5'182'778

### 3.11 Amounts due to/from related companies as well as loans to members of governing bodies

	31.12.2011	30.11.2010
	TCHF	TCHF
<b>Related companies</b>		
Amounts due from related companies	4'745	274
Amounts due to related companies	8'256	717

Amounts due to/from related companies are linked to accounts for daily transaction settlements.

	31.12.2011	30.11.2010
	TCHF	TCHF
<b>Loans to members of governing bodies</b>		
Amounts due from members of governing bodies	88	87
Amounts due to members of governing bodies	1'685	1'431

Amounts due to/from members of governing bodies concern personal accounts.

Normal market conditions apply.

#### Transactions with related parties

As at 31 December 2011, GE Money Bank AG had a loan from GE Capital Swiss Funding AG in the amount of 1.86 billion CHF. This transaction was effected with conditions applicable to third-party transactions.

### 3.12 Domestic and foreign origin (according to the principle of domicile)

	31.12.2011		30.11.2010	
	Domestic	Foreign	Domestic	Foreign
	TCHF	TCHF	TCHF	TCHF
<b>Assets</b>				
Liquid assets	371'047		1'004'282	
Amounts due from banks	19'295		29'287	
Amounts due from customers	3'913'900	41'218	4'125'898	1'269'544
Financial investments	325		487	
Non-consolidated participating interests	30		100	
Tangible fixed assets	8'945		12'866	
Accrued income and prepaid expenses	45'018		47'061	
Other assets	7'957	333	6'065	593
<b>Total assets</b>	<b>4'366'517</b>	<b>41'551</b>	<b>5'226'046</b>	<b>1'270'137</b>
<b>Liabilities</b>				
Amounts due to banks	440'500		137'000	
Amounts due to customers in savings or deposit accounts	456'810	4'077	324'868	4'602
Other amounts due to customers	1'871'472	593	23'216	4'484'057
Cash bonds	577'443	250	208'805	230
Accrued expenses and deferred income	55'719	3'667	62'974	95'899
Other liabilities	25'650	3	59'621	
Value adjustments and provisions	135'953		140'024	
Bank's capital	30'000		30'000	
General legal reserve	670'000		259'850	
Other reserves	0		534'005	
Profit carried forward	0		470	
Profit for the year	135'931		130'562	
<b>Total liabilities</b>	<b>4'399'478</b>	<b>8'590</b>	<b>1'911'395</b>	<b>4'584'788</b>

### 3.13 Analysis of assets by country / group of countries (according to the principle of domicile)

	31.12.2011		30.11.2010	
	Absolute	Share as	Absolute	Share as
	TCHF	%	TCHF	%
<b>Assets</b>				
Switzerland	4'366'517	99.1%	5'226'047	80.5%
Principality of Liechtenstein	15'910	0.3%	17'795	0.2%
Other foreign countries	25'641	0.6%	1'252'341	19.3%
<b>Total assets</b>	<b>4'408'068</b>	<b>100.0%</b>	<b>6'496'183</b>	<b>100.0%</b>

### 3.14 Analysis of assets and liabilities according to currency

	CHF	EUR	USD	GBP	other
	TCHF	TCHF	TCHF	TCHF	TCHF
<b>Assets</b>					
Liquid assets	371'047				
Amounts due from banks	19'295				
Amounts due from customers	3'955'118				
Financial investments	325				
Participating interests (non-consolidated)	30				
Tangible fixed assets	8'945				
Accrued income and prepaid expenses	45'018				
Other assets	7'957	333			
<b>Total assets</b>	<b>4'407'735</b>	<b>333</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Liabilities</b>					
Amounts due to banks	440'500				
Amounts due to customers in savings and deposit accounts	460'887				
Other amounts due to customers	1'871'576	439	50		
Cash bonds	577'693				
Accrued expenses and deferred income	55'719		291	3'376	
Other liabilities	25'651	3			
Value adjustments and provisions	135'953				
Bank's capital	30'000				
General statutory reserve	670'000				
Other reserves	0				
Profit carried forward	0				
Profit for the year	135'931				
<b>Total liabilities</b>	<b>4'403'910</b>	<b>442</b>	<b>341</b>	<b>3'376</b>	<b>0</b>
<b>Net position per currency</b>	<b>3'825</b>	<b>-109</b>	<b>-341</b>	<b>-3'376</b>	<b>0</b>
Previous year (30.11.2010)	-593	0	593	0	0



## 4. Information on off-balance-sheet transactions

### 4.1 Contingent liabilities

	31.12.2011	30.11.2010
	TCHF	TCHF
Unpaid leasing transactions as well as credits in accordance with the Federal Law on Consumer Credit, „FLCC>	37'864	38'303
<b>Total contingent liabilities</b>	<b>37'864</b>	<b>38'303</b>

### 4.2 Irrevocable commitments

	31.12.2011	30.11.2010
	TCHF	TCHF
Payment commitment related to the deposit insurance	3'694	2'870
<b>Total irrevocable commitments</b>	<b>3'694</b>	<b>2'870</b>

## 5. Information on the income statement

### 5.1 Analysis of «personnel expenses»

	1.12.2010 - 31.12.2011	1.1. - 30.11.2010
	TCHF	TCHF
Salaries and benefits	88'424	71'969
Social insurance benefits	13'023	9'980
Value adjustments for economic benefits or obligations arising from pension funds		
Other personnel expenses	4'864	3'640
<b>Total personnel expenses</b>	<b>106'311</b>	<b>85'589</b>

### 5.2 Analysis of «general and administrative expenses»

	1.12.2010 - 31.12.2011	1.1. - 30.11.2010
	TCHF	TCHF
Office space expenses	10'066	8'105
Expenses for IT, machinery, furniture, motor vehicles and other	7'010	5'114
Other operating expenses (office supplies and consumables, printed matter, telephone, postage and other transport costs, travelling allowances, insurance premiums, advertising expenses, legal and debt collection costs, auditing expenses, various administrative expenses 41'511	37'270	
<b>Total general and administrative expenses</b>	<b>58'587</b>	<b>50'489</b>

### 5.3 Explanatory notes on extraordinary income as well as value adjustments and provisions no longer required

	1.12.2010 - 31.12.2011	1.1. - 30.11.2010
	TCHF	TCHF
<b>Extraordinary income</b>		
Dissolution of provisions no longer required and not re-designated	0	0
Other income	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
<b>Extraordinary expenses</b>		
Additional expenses for value-added tax	0	2'529
Subsequent adjustments of the balance of amounts due from customers	0	0
Other expenses	59	1
<b>Total</b>	<b>59</b>	<b>2'530</b>

## Report of the statutory auditor on the annual financial statements to the General Meeting of Shareholders of GE Money Bank Ltd. (formerly GE Money Ltd.), Zurich

As statutory auditor, we have audited the accompanying financial statements of GE Money Bank Ltd. (formerly GE Money Ltd.), which comprise the balance sheet, income statement, statement of cash flows and notes from pages 26 to 52 for the period from 1 December 2010 to 31 December 2011.

### *Board of Directors' responsibility*

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### *Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements for the year ended 31 December 2011 comply with Swiss law and the company's articles of incorporation.

We would like to highlight the fact that for previous year figures reported in the balance sheet, income statement, statement of cash flows and notes only limited comparability is given. This is due to the asset transfer described in note "Any further significant information, explanations and substantiations". The previous year figures represent the former GE Money Bank Ltd., Zurich, which was renamed GE Capital Swiss Funding Ltd., Zurich as of 1 December 2010.

### **Report on other legal requirements**

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

### **Michael Schneebeili**

Licensed Audit Expert  
Auditor in Charge

### **Michel Simantirakis**

Licensed Audit Expert

Zurich, April 19, 2012



Our lasting success is based on one simple concept: we continually strive to achieve the right balance in our business. Our lasting success is based on one simple concept: we continually strive to achieve the right balance in our business.



GE imagination at work