Annual Report 2011

BNP Paribas (Suisse) SA

BNP PARIBAS | The bank for a changing world

ANNUAL REPORT 2011
BNP PARIBAS (SUISSE) SA

CONTENTS

A UNIVERSAL BANK

BNP Paribas (Suisse) SA is one of the Group's major international operations, with nearly 1,800 employees. Based in Geneva since 1872 and with branches in Zurich, Basel and Lugano, the Bank is the leading foreign bank in Switzerland thanks to its competitiveness and performance in commodities financing, corporate and institutional client services and wealth management.

The corporate and investment banking business (CIB) plays an important role with Swiss and foreign corporate clients and major Swiss institutional clients due to its size, extensive experience and ability to call on a network with global expertise in all areas of banking. Closely involved with Geneva's boom as an international centre for commodities financing, BNP Paribas (Suisse) SA is the world leader in this area and offers a full range of financing services for commodities processing, transportation and distribution.

Through its historical presence in Switzerland, the Group has a long tradition in wealth management and provides private investors with extensive expertise in financial management and wealth planning. Investing for the long-term, preserving capital and optimising returns are the key principles underlying its wealth management philosophy.

Driven by a strong tradition in both personal and business banking, which has its roots in our 140-year history in Switzerland, we are also «the bank for a changing world». The customer confidence capital we have built up over the years is our most valuable asset. To protect this asset, we have therefore made four strong commitments:

- Remaining true to our primary mission: long-term service to our clients.
- Being prepared to take risks, while ensuring close risk control.
- Following a strict business ethic.
- Being a responsible bank.

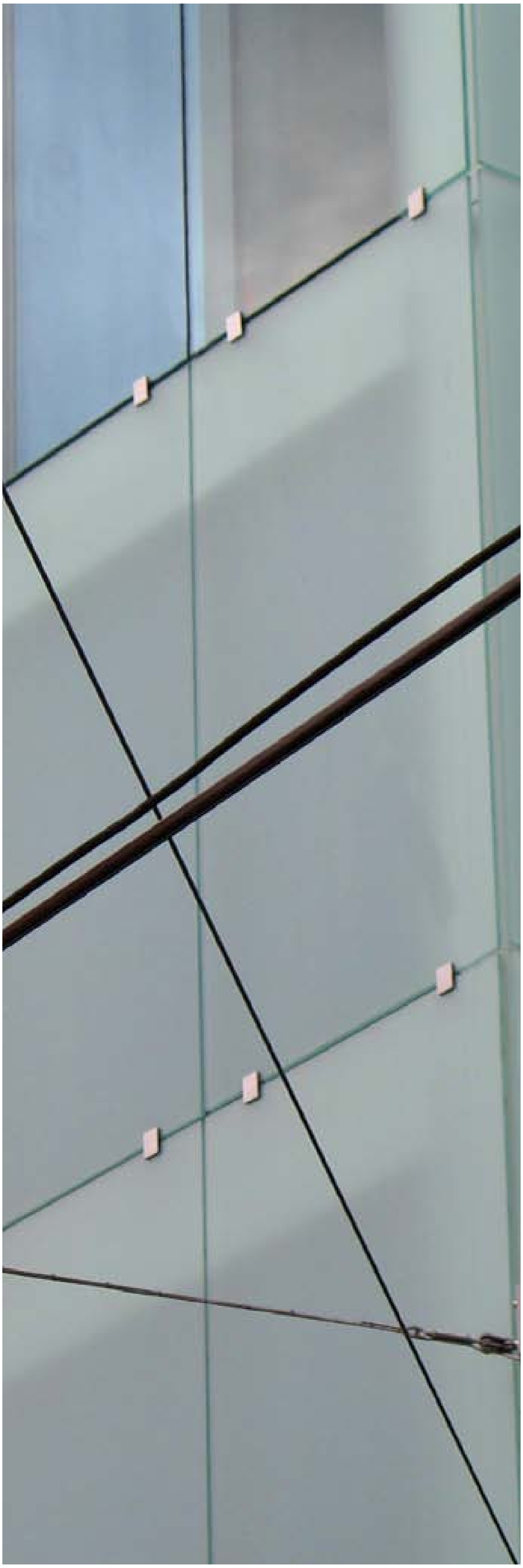
A RESPONSIBLE BANK

BNP Paribas (Suisse) SA meets its economic responsibilities by financing its clients' plans and projects, but it also goes beyond that and recognises that it has responsibilities in three other areas, in accordance with the Group Charter:

- Employer responsibility, which means treating all our employees in a fair and loyal manner. We have made a strong, conscious commitment to diversity in all its forms. Our employment policy puts a strong priority on internal job mobility and training.
- Civic responsibility through our efforts to combat exclusion and promote education and culture. Our commitment to society is also reflected in the corporate philanthropy work done by the BNP Paribas Switzerland Foundation in the areas of culture, health, outreach and education.
- Environmental responsibility by carefully monitoring the environmental impacts of both our banking activities, through detailed policies in risk areas, and our own operations.

Guided by the core values of commitment, ambition, creativity and responsiveness, managed in accordance with a clear set of management principles – client focus, risk-aware entrepreneurship, people care and leading by example – and inspired to the highest business ethic by the Group's code of conduct, BNP Paribas people strive each day to ensure successful outcomes for all those who place their trust in the Bank and for the good of society. We are proud to be a responsible bank and we take great pride in our profession. That is our vision for the bank.

* The full text of the Responsibility Charter is available on our website at bnpparibas.ch



MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

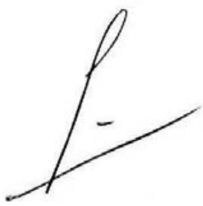
DESPITE THE DIFFICULT ECONOMIC ENVIRONMENT IN 2011, BNP PARIBAS (SUISSE) SA EQUALLED ITS 2009 PERFORMANCE WITH CONSOLIDATED PRE-TAX EARNINGS OF CHF 414 MILLION, AN INCREASE OF 14% COMPARED WITH 2010.

The Bank continued to adjust its balance sheet by making more selective use of its assets. Total assets therefore decreased by 23% to CHF 33.8 billion, which was reflected in a 12% decline in revenues compared with 2010. Tight control over operating costs, which were down 3% compared with 2010, coupled with a lower cost of risk and gains on property disposals, drove net operating income up by 16% compared with 2010.

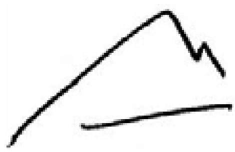
At 31 December 2011, the Bank's consolidated equity stood at CHF 4.0 billion, giving a Basel 2.5 capital ratio of 23% compared with a minimum requirement of 12% for banks classified as category 3 under the FINMA 2011/2 Circular, demonstrating the Bank's financial robustness and resilience to the difficult economic environment.

BNP Paribas (Suisse) SA has preserved its position as leader in commodities financing and leading foreign bank for Swiss franc bond issues. It has also strengthened its Wealth Management business.

We are proud of the way our teams continued to deliver excellent customer service in what was a highly challenging year. The Bank and its diversified model weathered these tough times successfully and have come through stronger than before. In 2012, BNP Paribas (Switzerland) SA will continue to adjust its positions with the aim of building on its first-class performance and remaining the bank for a changing world, at the service of its clients.



Georges Chodron de Courcel
Chairman of the Board of Directors



Pascal Boris
Chief Executive Officer

BOARD OF DIRECTOR
AS OF 31 DECEMBER 2011

Chairman	Georges CHODRON de COURCEL *	~~Directeur Général Délégué~~ BNP Paribas, Paris
Vice-Chairman	Michel HALPERIN * • +	~~Avocat au Barreau~~, Genève
Members of the Board	Jean CLAMON •	~~Directeur Général~~, BNP Paribas, Paris
	Jacques D'ESTAIS *	~~Responsable~~ Investment Solutions, BNP Paribas, Paris
	Ulrich GYGI	~~Président du Conseil d'administration des~~ Chemins de fer fédéraux suisses CFF, Bern
	Marina MASONI	~~Avocate~~, Lugano
	Bruno MEIER	~~Administrateur~~, Founex
	Christophe R. GAUTIER +	~~Administrateur de sociétés~~, Zumikon
	Michel PEBEREAU	~~Président d'honneur~~ BNP Paribas, Paris
	Yves PERBEN * +	~~Administrateur~~ Corpofina, Genève
	Dominique REMY *	~~Responsable du Métier~~ Structured Finance, BNP Paribas, Paris
	Peter G. SULZER • +	~~Administrateur de sociétés~~, Zurich
Secretary of the Board	Philippe BERTA	~~Directeur des Affaires Juridiques~~
Secretary of the Audit Committee	Philippe BERTA	~~Directeur des Affaires Juridiques~~
Internal Audit	Cédric PERRUCHOT	~~Directeur de l'Audit Interne~~
Statutory Auditors	PricewaterhouseCoopers SA	

* Members of the Board Committee

• Members of the Audit Committee

\+ Directors

(Independent within the meaning of FINMA 2008/24)

EXECUTIVE MANAGEMENT AS OF 31 DECEMBER 2011

Executive Management	Pascal BORIS	Chief Executive Officer
	Marcel GAILLARD	General Manager
	Jacques-Olivier THOMANN	General Manager
	Hans-Juergen KOCH	~~Directeur Général~~
	Patrick VOEGELI	General Manager
	Paul PERRAUDIN	Member of the Executive Management
	Igor JOLY	Member of the Executive Management
	Pierre VRIELINCK	Member of the Executive Management
	Rudy GUILLEMYN	Secretary

MANAGEMENT REPORT BNP PARIBAS (SUISSE) SA

ECONOMIC ENVIRONMENT AND MARKET TRENDS

After a recovery in 2010, the world economy fell back again in 2011 with growth slipping to 3.8% compared with 5.2% the previous year. Whilst activity in the emerging and developing economies remained buoyant, with growth of 9.2% for China and 7.4% for India, the developed countries suffered a sharp economic slowdown with growth falling to below 2% (1.8% for the United States and 1.6% for the European Union).

The main stock markets, which were relatively buoyant in early 2011 thanks to good corporate results and an expansionist US economic policy, proved quite resilient to the external events that shook the first half (Japanese earthquake, Arab Spring), although trends were somewhat chaotic. A combination of various factors from the summer onwards led to severe turbulence in the financial markets (stock market slump, pressure on «peripheral» rates in the euro zone and sovereign CDSs), which affected the morale of economic agents and made access to credit more difficult. Standard and Poor's downgrade of US sovereign debt in early August contributed to these trends. One of the consequences of the sharp fall in confidence indices and activity in July and August was growing doubt over the robustness of economic growth. In turn, these fears fuelled aversion to risky assets. Although economic data improved towards the year end in the United States, the same was not true in the euro zone, where signs of a recession in the final quarter began to accumulate.

Faced with a hesitant economic climate, which prevented any convincing improvement in unemployment, the Fed maintained its highly accommodating monetary policy. It reinforced its arsenal in September with the aim of keeping rates very low across the entire yield curve and intimated that it could take additional quantitative measures. Conversely, the European Central Bank (ECB) initially raised its refinancing rate twice by 25 bp in April and July to 1.5%. As signs that the European economy was about to slip into recession accumulated, the ECB softened its position considerably in September and reversed its monetary policy in November when its new President was appointed. The refinancing rate was cut twice by 25 bp, bringing it down to 1% in December and the ECB took unprecedented measures to provide banks with refinancing.

In the foreign exchange markets, the EUR/USD rate fluctuated between 1.30 and 1.50 during 2011, with the euro ultimately losing 3.1% against the dollar over the year. Increasing aversion to risk and difficulties in the euro zone led to a sharp appreciation of the Swiss franc as of Spring 2011. The Swiss National Bank's decision in September to set a floor rate of 1.20 for the EUR/CHF rate proved effective as the Swiss franc only gained 3.2% against the euro over twelve months.

In this difficult economic climate, the BNP Paribas Group's model proved robust. The Group reported net earnings of EUR 6.0 billion despite a 75% write-down of Greek sovereign debt (EUR 3.4 billion), a contraction of dollar financing sources (USD 53.0 billion) and the implementation of a plan to reduce its balance sheet and activity with the aim of improving its Tier 1 ratio by 100 bp by the end of 2012.

BNP Paribas (Suisse) SA, through its predominantly USD-based commodity financing activities, made a considerable contribution to reducing the Group's dollar funding by scaling back its commitments by 35% or CHF 6.0 billion, mainly by selling loans.
This unprecedented climate did not spare the Bank's other activities. Wealth Management was faced with capital outflows due to investor distrust of euro zone banks and the tax agreements signed by Switzerland with Germany and the United Kingdom under the Rubik project.

In this exceptional climate, BNP Paribas (Suisse) reported consolidated revenues of CHF 1,011 million, down 11.8% compared with 2010 and consolidated pre-tax earnings of CHF 413.9 million, up 13.5% thanks to positive trends in the cost of risk and to gains on property sales.

BNP PARIBAS (SUISSE) SA GROUP

In corporate and investment banking, the Bank's activities include structured finance – particularly commodities and export financing – primary market issuance and placement, and proprietary trading in the currency, fixed-income and equity derivative markets. As part of the reorganisations connected with the Fortis integration, the shipping finance business was transferred to other Group entities during 2011.

Wealth Management focuses exclusively on international clients with substantial assets, providing personalised services such as investment advice, discretionary management and wealth planning.

BNP Paribas (Suisse) SA is in charge of cash management for all banking businesses and entities in its scope of consolidation.

It has branches in Basel, Lugano, Zurich and Guernsey and subsidiaries in Monaco and the United Arab Emirates. Its subsidiary BNP Paribas Wealth Management (DIFC) Ltd, based in the Dubai International Financial Center (United Arab Emirates), was incorporated on 16 November 2011. Consequently, the Dubai representative office will be closed during 2012.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated total assets amounted to CHF 33.8 billion, down CHF 10.0 billion or 22.9%.

On the assets side, money market instruments fell by CHF 4.8 billion compared with 2010 to CHF 7.1 billion, due to a decrease in SNB treasury notes (down CHF 2.9 billion) and certificates of deposits purchased from BNP Paribas SA Paris (down CHF 1.6 billion). Due from banks rose by CHF 2.6 billion to CHF 8.3 billion. Due from customers fell sharply by 31.9% or CHF 5.8 billion to CHF 12.3 billion, due to corporate and investment banking activities, whilst Wealth Management lending activities held steady. Mortgage loans decreased by CHF 0.2 billion to CHF 1.0 billion. Securities held for trading totalled CHF 1.3 billion, a sharp decrease of CHF 1.4 billion compared with 2010, owing mainly to a decrease in the equities portfolio of the equity derivatives business (down CHF 1.6 billion), partly offset by an increase in the bond trading portfolio (up CHF 0.2 billion). Non-current financial assets fell by CHF 0.4 billion to CHF 2.2 billion.

On the liabilities side, due to banks stood at CHF 7.8 billion, down CHF 9.2 billion compared with 2010. This should be seen in relation to the decrease in money market instruments, due from banks and the trading portfolio on the assets side. Due to customers totalled CHF 20.7 billion, a decrease of just CHF 0.7 billion despite the fall in amounts due from customers on the assets side (down CHF 5.8 billion). Consolidated equity amounted to CHF 4.0 billion.

Off-balance sheet items – contingent liabilities, irrevocable commitments and commitments under documentary credits related to commodities financing – amounted to CHF 18.9 billion, up CHF 1.1 billion compared with 2010 due to the transfer of commitments from on- to off-balance sheet as part of the balance sheet reduction plan. Derivative financial instruments were down CHF 2.4 billion to CHF 38.3 billion. Fiduciary operations totalled CHF 0.4 billion, down CHF 1.5 billion due to the transfer of fiduciary investments in secondary currencies to the Guernsey branch from another Group entity.

In the income statement, banking income was down 11.8% to CHF 1,010.7 million.

During 2011, there was a change in the presentation of dividend income and refinancing expenses on the proprietary equity derivatives trading business. In accordance with the provisions governing the preparation of financial statements (DEC-FINMA), dividend income and refinancing expenses on the proprietary equity derivatives trading business are now recognised in gains or losses on proprietary trading, whereas they were previously recognised in net interest income under, respectively, interest income and dividends from trading portfolio and interest expense. The 2010 comparative figures have been adjusted accordingly.

Gains on proprietary trading amounted to CHF 12.7 million in 2011 (CHF 45.5 million in 2010), the main contribution coming from equity derivatives trading (CHF 18.2 million) offset by a loss on bond and currency trading (CHF 5.5 million).

Operating expenses fell by 2.8% to CHF 584.0 million. Employee benefits expenses were down 6.2% to CHF 409.0 million, mainly due to the restructuring costs incurred in 2010 in connection with the integration of Fortis in Switzerland and Monaco and the resulting cost savings in 2011. Conversely, other operating expenses increased by 6.0% to CHF 175.0 million due to the cost of IT projects and Group services.

As revenues declined more than expenses, the cost/income ratio rose from 52.4% in 2010 to 57.8% in 2011. Gross operating income came to CHF 426.7 million compared with CHF 545.6 million in 2010, a decrease of 21.8%.

Value adjustments, provisions and losses came to CHF 107.1 million, less than half the previous year's level due to the major provision charges taken in 2010 for the structured finance business (CHF 126.0 million) and Wealth Management (CHF 85.8 million), mainly in connection with the Fortis integration. In parallel, non-recurring income rose by CHF 54.0 million to CHF 157.2 million, including CHF 68 million in gains on property sales (Binovard and Philosophes in Geneva and Aeschengraben in Basel).

Given the positive trends in the cost of risk, coupled with gains on property sales, consolidated pre-tax earnings came to CHF 413.9 million, up 13.5% compared with 2010. Consolidated net income was CHF 329.4 million.

Customer assets were down 8.8% to CHF 37.4 billion compared with CHF 41.0 million at end-2010. This CHF 3.6 billion decrease stemmed from a combination of capital outflows (CHF 0.7 billion) and the performance and currency effect (CHF 2.9 billion).

STATUTORY FINANCIAL STATEMENTS

The Bank's total assets stood at CHF 32.3 billion, down CHF 10.1 billion from the previous year, mainly due to the balance sheet reduction plan implemented at BNP Paribas Group level.

On the assets side, due from banks and money market instruments amounted to CHF 14.5 billion, a decrease of CHF 2.3 billion. Due from customers and mortgage loans stood at CHF 12.8 billion, a decrease of 32.0% or CHF 6.0 billion. Securities held for trading were down CHF 1.4 billion to CHF 1.3 billion. Non-current financial assets fell by CHF 0.4 billion to CHF 2.2 billion.

On the liabilities side, due to banks amounted to CHF 8.3 billion, down CHF 9.0 billion compared with 2010. Customer deposits were down just CHF 1.0 billion to CHF 18.8 billion. Equity, including the fund for general banking risks, stood at CHF 3.1 billion.

Off-balance sheet items – contingent liabilities, irrevocable commitments and guarantees – amounted to CHF 18.8 billion, an increase of CHF 1.0 billion. The size of this item reflects the Bank's substantial activity in documentary credits in the commodities financing business. Volumes handled in 2011 amounted to CHF 276.4 billion compared with CHF 279.0 billion in 2010, a decrease of 0.9%.

Net banking income was down 14.1% to CHF 985.6 million. The CHF 162.4 million decline was due to a CHF 49.8 million or 10.0% decrease in net interest income, a CHF 39.2 million or 7.7% decrease in fee income, a CHF 32.3 million or 76.2% decrease in proprietary trading (CHF 34.1 million decrease in bond and currency trading offset by a CHF 2.1 million increase in equity and fixed-income derivatives trading) and a CHF 41.2 million or 40.7% decrease in other ordinary banking income, mainly due to dividends paid by subsidiaries (down CHF 33.2 million) and income from transfer pricing agreements (down CHF 13.2 million).

Operating expenses fell by 2.7% to CHF 553.0 million, including CHF 388.2 million in employee benefits expenses (down 6.0%) and CHF 164.8 million in other operating expenses (up 5.9%). The decrease was due to restructuring costs incurred in 2010 in connection with the Fortis Bank (Suisse) SA integration and the resulting cost savings in 2011, partly offset by an increase in the cost of IT projects and Group services. The cost/income ratio deteriorated by 6.6 percentage points compared with 2010, to 56.1%.

Gross operating income amounted to CHF 432.5 million, a decrease of 25.4% compared with 2010.

Value adjustments, provisions and losses decreased by CHF 48.6 million to CHF 281.8 million despite a CHF 155.0 million charge to the general provision (CHF 175.0 million compared to CHF 20.0 million in 2010). Excluding the general provision charge, provisions for loan losses and other risks decreased by CHF 106.4 million. Non-recurring income amounted to CHF 156.7 million, including CHF 78.1 million in reversals of specific loan loss provisions and provisions for litigation taken in prior years, CHF 3.1 million in recoveries of written-off debts, CHF 68.0 million in gains on property sales and CHF 5.7 million in gains on the partial disposal of a business operation. Non-recurring expenses amounted to CHF 13.4 million, including CHF 11.9 million in an exceptional write-down of goodwill following the sale of the building to which it had been allocated.

Net income for BNP Paribas (Suisse) SA amounted to CHF 211.4 million compared with CHF 338.0 million in 2010, a decrease of 37.5%.

BASEL II CAPITAL ADEQUACY RATIO

Under the Basel II capital and risk diversification rules, the Bank uses the advanced internal ratings-based approach (A-IRB) to calculate its capital requirements for credit and counterparty risk in the financing businesses, and the standardised approach for other businesses. The standardised approach is used to calculate capital requirements for market risk and the basic indicator approach for operational risk.

At 31 December 2011, BNP Paribas (Suisse) SA's Basel II capital ratio was 24.3% (18.2% at end-2010).

FINMA Circular 2011/2 «Capital buffer and capital planning – banks», which came into effect on 1 July 2011, classifies financial institutions into five categories based on various criteria such as total assets, assets under management, privileged deposits and capital requirements to determine the level of capital buffer required under Pillar 2. On these criteria, BNP Paribas (Suisse) is classified in category 3, which implies an additional capital buffer of 50% under Pillar 2, or a minimum capital ratio of 12% (8% under Pillar 1 + 50% of 8% under Pillar 2).

In accordance with section 5 of FINMA Circular 2008/22, BNP Paribas (Suisse) SA does not disclose Pillar 3 capital data as similar information to that required in Switzerland is published by the BNP Paribas Group in France (see 2011 annual financial report, chapter 5 on Pillar 3, available at http://invest.bnpparibas.com).

COMPENSATION REPORT

1
COMPENSATION POLICY GUIDELINES

REGULATIONS GOVERNING THE COMPENSATION POLICY

The BNP Paribas Group's compensation policy complies with European Directive CRD III and with the decree published by the French Ministry of the Economy and Finance on 13 December 2010. The Group aims to ensure that the behaviour of employees whose activities can have an impact on the firm's risk profile is consistent with its long-term objectives.

BNP Paribas (Suisse) SA's compensation policy is in line with the guidelines set by the BNP Paribas Group. Furthermore, its compensation system must comply with the provisions of FINMA circular 10/1 of 21 October 2009 on the minimum standards for compensation schemes of financial institutions, effective as of 1 January 2011 and applicable in particular to banks with equity of at least CHF 2 billion.

COMPENSATION STRUCTURE

BNP Paribas (Suisse) SA applies the same guidelines on compensation structure and developments as all Group entities. These guidelines meet the Group's risk management objectives and are adjusted to comply with developments in international and/or local regulations, as well as market practices.

BNP Paribas (Suisse) SA's compensation package comprises a fixed salary component and a performance-related component. Each component may represent a different percentage of the total package depending on the business line or function.

More generally and in line with Group practices, BNP Paribas (Suisse) SA's compensation policy is designed to be fair and transparent. These principles are reflected in:

- a single annual compensation review process;
- a strict system of delegation operating in accordance with directives issued at Group level;

- a governance system based on a Compensation Committee, a Compliance, Risk and Finance Committee and the involvement of the Board of Directors.

FIXED SALARY

BNP Paribas (Suisse) SA employees receive a basic salary that reflects their level of qualifications and responsibilities, as well as their skills and involvement in their designated tasks. Basic salaries are determined by reference to market levels (local and/or business line).

PERFORMANCE-RELATED COMPENSATION

Performance-related compensation is neither guaranteed nor contractual and is set each year in accordance with the Group's financial capacity.

The general guidelines governing the award of individual performance-related compensation are:

- Objective assessment of individual performance giving priority to the best performing employees who have contributed the most to risk management. Performance appraisals are held to communicate targets and assess how well they have been achieved.
- Consistency with market values for equivalent functions, responsibilities and performance.
- Group principles, requiring employees to comply with internal rules and procedures.

Performance-related compensation for employees in the internal control and compliance functions is determined independently from that of the business lines whose activities they control, in a fully objective manner and free of any conflicts of interest.

Performance-related compensation practices for employees involved in activities that can have an impact on the Bank's risk profile evolve in line with new regulations, particularly those issued by FINMA, and have led to:

- Deferral of a proportion of performance-related compensation over a period of three years. Payment of each deferred portion is subject to specific conditions;
- Indexation of a proportion of the performance-related compensation to BNP Paribas share price performance in order to align the interests of employees with those of the shareholders.

THE GLOBAL STOCK INCENTIVE PLAN (GSIP) – STOCK OPTIONS AND STOCK AWARDS

Fixed and performance-related compensation may be supplemented by BNP Paribas stock option and stock award plans with the aim of incentivising and retaining high-potential employees and key managers by giving them the opportunity to share in the Group's long-term value creation. These incentive plans are contingent upon the beneficiary's continued employment with the Group over a vesting period of four years. A proportion of the award is also subject to financial performance conditions.

	GSIP 2011	GSIP 2010
Stock option		
Nombre d'options attribuées	20'880	22'000
Nombre de bénéficiaires	19	23
Valeur unitaire comptable en Euros	11,03 - 12,13	13,28 - 14,98
Actions gratuites		
Nombre d'options gratuites attribuées	17'400	15'990
Nombre de bénéficiaires	102	98
Valeur unitaire comptable en Euros	45,95	48,57

Information about compensation paid by BNP Paribas (Suisse) SA is provided in the table below in accordance with principle no. 9 of FINMA circular 10/1.

	(CHF millions)		
Information on compensation for the current year	**31.12.11**	(1)	**31.12.10**
Total compensation (2)	309'112		329'936
Number of beneficiaries (average)	1'893		1'826
Of which performance-related compensation (3)	50'365		69'083
Of which deferred compensation due (4)	2'009		4'208
Number of beneficiaries	21		42
Deferred compensation still due (5)	31.12.11		31.12.10
	8'037		12'383
Debits and credits made during the year relating to prior years (6)	31.12.11		31.12.10
	-3'554		-4'048
Benefits paid to the Board of Directors, Senior Management and employees whose activity has a significant impact on the firm's risk profile	**31.12.11**		**31.12.10**
Sign-on payments	455		425
Number of beneficiaries	2		3
Severance payments	0		0
Number of beneficiaries	0		0

(1) Data on a consolidated basis. Compensation figures are presented before restructuring costs.
(2) Total compensation is paid in cash and includes fixed and performance-related compensation, overtime, jubilees and retirement bonuses.
(3) Performance-related compensation comprises amounts due in respect of the year and sign-on and severance payments made during the year.
(4) Deferred compensation due is paid in cash over a period of three years and partially indexed to the BNP Paribas share price.
(5) Deferred compensation still due represents the balance to be paid in respect of deferred plans for the three previous years.
(6) The credit in 2010 and 2011 mainly includes a provision reversal related to the remeasurement of deferred compensation for prior years.

2
ROLES AND RESPONSIBILITIES IN THE COMPENSATION POLICY

The Board of Directors of BNP Paribas (Suisse) SA defines the framework and key guidelines of the compensation policy. Implementation of the policy is the responsibility of the Board Committee.

The Board ensures at all times that the compensation systems comply with the BNP Paribas Group's directives and the applicable regulations.

The Board Committee has set up a Compensation Committee and a Compliance, Risk and Finance Committee. The Board Committee approves proposals made by the Compensation Committee.

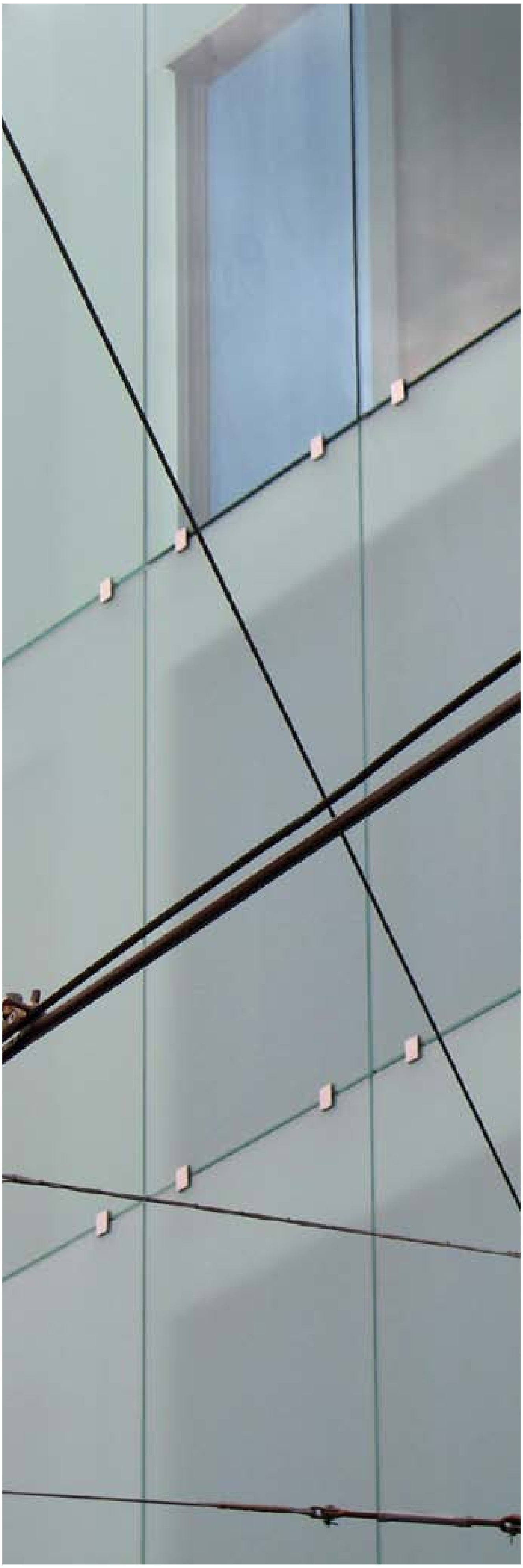
The Compensation Committee's key responsibilities are:

- Review and make any changes to the compensation strategy and policy applicable generally and/or by business line/function.
- Make proposals on the overall amounts to be allocated to fixed and performance-related compensation plans, generally and by business line/function, and ensure that the compensation systems do not encourage employees to adopt behaviours that are in conflict with the risk management policy.
- Ensure that compensation policies are competitive compared with the market.
- Ensure that the principles of non-discrimination are observed.

Senior Management makes proposals to the Compensation Committee in line with the applicable principles and policies.

The Compliance, Risk and Finance Committee comprises members drawn from the three relevant functions (or representatives appointed by them). Its main responsibility is to analyse information provided by the Human Resources Department and/or Senior Management about the Bank's compensation principles and policies. It gives an opinion on the conformity of the compensation policy with the applicable regulations and the Bank's risk management policy.

Lastly, the Internal Audit department verifies, as part of its audit plan, that the compensation policies are implemented in accordance with both internal directives and local and international regulations.



~~NOTES TO THE~~ CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011 BNP PARIBAS (SUISSE) SA~~, GENEVA~~

BNP Paribas (Suisse) SA

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2011
(with prior year comparative data)
(in CHF)

ASSETS

	31.12.2011	31.12.2010
Cash and cash equivalents	233’983’696	142’711’188
Money market instruments	7’127’022’276	11’969’907’329
Due from banks	8’298’549’502	5’724’192’865
Due from customers	12’354’507’959	18’137’943’963
Mortgage loans	1’001’545’898	1’241’482’804
Securities and precious metals trading portfolio	1’261’874’598	2’689’174’008
Non-current financial assets	2’198’029’301	2’594’895’979
Non-consolidated investments	4’682’222	2’137’613
Property, plant and equipment	174’385’385	218’717’972
Intangible assets	57’307’709	95’011’511
Accruals and prepayments	397’712’523	328’382’280
Other assets	656’574’247	677’269’736
Total assets	**33’766’175’316**	**43’821’827’248**
Total due from non-consolidated entities and significant shareholders	**13’309’533’827**	**12’984’497’163**

BNP Paribas (Suisse) SA

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2011

(with prior year comparative data)

(in CHF)

LIABILITIES AND EQUITY

	31.12.2011	31.12.2010
Money market instruments	221'340	627'376
Due to banks	7'814'455'461	16'989'545'411
Due to customers in the form of savings and investments	315'254	518'780
Other amounts due to customers	20'677'396'243	21'401'634'220
Loans from central mortgage bond institutions	-	25'000'000
Accruals and prepayments	348'222'213	282'371'207
Other liabilities	649'547'950	1'200'463'371
Value adjustments and provisions	321'780'752	295'843'657
Reserves for general banking risks	135'948'560	135'948'560
Share capital	320'270'600	320'270'600
Treasury shares	(95'026)	(95'026)
Additional paid-in capital	2'453'642	2'453'642
Retained earnings	3'166'301'601	2'852'627'742
Net income for the year	329'356'726	314'617'708
Total liabilities and equity	**33'766'175'316**	**43'821'827'248**
Total subordinated liabilities	**805'000'000**	**805'000'000**
Total due to non-consolidated entities and significant shareholders	**5'334'685'449**	**14'498'489'345**

BNP Paribas (Suisse) SA

CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS AT 31 DECEMBER 2011
(with prior year comparative data)
(in CHF)

	2010	2011
Contingent liabilities	14'282'163'983	14'775'555'905
Irrevocable commitments	3'516'560'510	1'954'776'427
Guarantees	1'069'098'548	1'006'473'921
Derivative financial instruments		
Contract volumes	38'264'216'919	40'684'789'273
Positive replacement values	558'557'051	517'465'134
Negative replacement values	544'724'163	547'304'866
Fiduciary operations	432'160'281	1'902'782'736

BNP Paribas (Suisse) SA

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

(with prior year comparative data)
(in CHF)

	31.12.2011	31.12.2010
NET BANKING INCOME		
INTEREST INCOME AND EXPENSE		
Interest income	676’644’390	726’578’777
Interest income and dividends from trading portfolios	45’931’665	36’526’925
Interest income and dividends	26’529’546	37’804’238
from non-current financial assets» Interest expense	(285’677’693)	(286’227’293)
Net interest income	463’427’908	514’682’647
FEE INCOME		
Fee income from lending activities	263’308’953	294’209’035
Fee income from trading activities	267’697’126	303’504’268
Fee income from other services	19’482’392	20’225’031
Fee expense	(60’174’389)	(83’793’335)
Net fee income	490’314’082	534’144’999
GAINS OR LOSSES ON PROPRIETARY TRADING	12’713’658	45’542’261
OTHER ORDINARY BANKING INCOME AND EXPENSE:		
Gains or losses on the disposal of non-current financial assets	2’012’380	16’227
Income from equity investments	1’850’000	1’575’000
- o/w other non-consolidated equity interests CHF 1,850,000 (2010: CHF 1,575,000)		
Gains on property sales	2’350’420	2’626’134
Other ordinary banking income	38’881’596	51’940’033
Other ordinary banking expenses	(815’385)	(3’894’365)
Net other ordinary banking income	44’279’011	52’263’029
OPERATING EXPENSES:		
Employee benefits expense	(409’016’165)	(435’907’139)
Other operating expenses	(175’003’667)	(165’093’294)
Total operating expenses	(584’019’832)	(601’000’433)
GROSS OPERATING INCOME	**426’714’827**	**545’632’503**
DEPRECIATION AND AMORTISATION OF NON-CURRENT ASSETS	(49’207’895)	(66’332’170)
VALUE ADJUSTMENTS, PROVISIONS AND LOSSES	(107’145’233)	(213’442’825)
NET INCOME BEFORE NON-RECURRING ITEMS AND TAXES	270’361’699	265’857’508
NON-RECURRING INCOME	157’228’526	103’214’786
NON-RECURRING EXPENSE	(13’696’616)	(4’544’193)
TAXES	(84’536’883)	(49’910’393)
NET INCOME	329’356’726	314’617’708

BNP Paribas (Suisse) SA

CONSOLIDATED STATEMENT OF CASH FLOWS AT 31 DECEMBER 2011
(with prior year comparative data)
(in thousands of CHF)

	31.12.2011		31.12.2010	
	Sources of funds	Uses of funds	Sources of funds	Uses of funds
Cash flows from operating activities (generated internally)		158'380	696'203	-
Net income for the year	329'357		314'618	-
Depreciation and amortisation of non-current assets	49'208		66'332	-
Foreign exchange differences	23'805		48'605	
Value adjustments and provisions		27'051	136'607	-
Accrued income and prepaid expenses		69'330	-	76'695
Accrued expenses and deferred income	65'851		50'439	
Other assets	20'695	-	-	92'971
Other liabilities	-	550'915	249'268	-
Cash flows from financing activities	-	-	9'321	-
Net deductions from reserves				755
Reserves for general banking risks		-	10'076	-
Cash flows from investing activities	402'402	-	68'694	-
Non-consolidated investments and investments accounted for by the equity method	-	2'679	-	1'110
Non-current financial assets	372'117	-	208'258	-
Property, plant and equipment and intangible assets	32'964			138'454
Cash flows from banking activities	244'022	-	774'218	-
Short, medium and long-term transactions	-	152'749	-	977'948
Money market instruments		406	331	-
Due to banks	-	9'175'090	-	5'157'989
Due to customers		724'442	954'300	-
Loans from central mortgage bond institutions	-	25'000	-	-
Money market instruments	4'842'885	-	1'814'376	-
Due from banks		2'574'357	727'074	-
Due from customers including mortgage loans	6'076'361		-	291'770
Securities and precious metals trading portfolio	1'427'299	-	975'730	-
Change in cash and cash equivalents	-	91'273	203'730	-
Cash and cash equivalents		91'273	203'730	-

BNP Paribas (Suisse) SA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011
(figures in thousands of Swiss francs unless otherwise stated)

1. BUSINESS REVIEW AND EMPLOYEES

BNP Paribas (Suisse) SA («the Bank») is the parent company of the BNP Paribas (Suisse) SA Group («the Group»). The Bank has branches in Basel, Lugano, Zurich and Guernsey and subsidiaries in the United Arab Emirates and Monaco.

Its subsidiary BNP Paribas Wealth Management (DIFC) Limited, based in the Dubai International Financial Center (United Arab Emirates), was incorporated on 16 November 2011. Consequently, the Dubai representative office will be closed during 2012.

The Group's scope of consolidation is presented in section 2 a) below.

BNP Paribas (Suisse) SA operates in all corporate and investment banking businesses and in wealth management, with all the necessary support services.

In corporate and investment banking, activities encompass specialised financing – particularly international trade finance – primary market issuance and placement, and proprietary trading in the foreign exchange, fixed-income and equity derivatives markets.

The wealth management business focuses on international clients with substantial assets and is conducted through the Bank and its subsidiary in Monaco.

BNP Paribas (Suisse) SA is in charge of cash management for all banking businesses and entities in its scope of consolidation. It also provides an information systems hub for some of the Group's Swiss and foreign entities. It outsources its information systems requirements to the Swiss subsidiary of BNP Paribas Partners for Innovation, a joint venture between BNP Paribas SA Paris and IBM France. It also outsources its back office activities for bond trading to BNP Paribas SA London branch, its administration and accounting activities for equity derivatives to BNP Paribas Arbitrage Paris and its back office activities for equity derivatives to Fortis Bank NV/SA Brussels.

The Bank has a share capital of CHF 320.3 million.

At 31 December 2011, the Group had 1,818 employees (2010: 1,832 employees), broken down as follows:

Switzerland: 1,699 employees (2010: 1,700 employees)
International: 119 employees (2010: 132 employees)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Group comprising BNP Paribas (Suisse) SA and its subsidiaries have been prepared in accordance with the by-laws, the Swiss Code of Obligations, the Federal Banking Law and the directives on the preparation of financial statements issued by the Autorité Fédérale de Surveillance des Marchés Financiers (FINMA). Accordingly, they have been prepared so as to present a true and fair view of the Group's assets and liabilities, financial position and results of operations.

A) SIGNIFICANT ACCOUNTING POLICIES

CONSOLIDATED SUBSIDIARIES

Significant subsidiaries in which the Bank directly or indirectly owns more than 50% of the share capital are fully consolidated. The separate financial statements of those subsidiaries are adjusted to comply with the accounting policies described below. The balance sheets and income statements of each subsidiary are aggregated and any intragroup commitments, loans, income and expenses are eliminated on consolidation.

Entities in which the Group directly or indirectly owns at least 20% of the voting rights are accounted for using the equity method, except for those which are not material or in which the Bank does not play an active management role.

The net difference on elimination of balances resulting from the use of a different accounting method are recognised in the balance sheet under «Other assets» or «Other liabilities».

GOODWILL

Goodwill is the difference between the cost of an acquisition and the fair value of the net assets acquired. It is recognised under «Intangible assets». Goodwill is amortised on a straight-line basis over five years.

SCOPE OF CONSOLIDATION

At 31 December 2011, the scope of consolidation includes the Group's interest in BNP Paribas Wealth Management Monaco, a banking subsidiary with share capital of EUR 13.0 million, audited by Messrs Claude Palmero and Claude Tomatis in Monaco.

NON-CONSOLIDATED INVESTMENTS:

Minority holdings or investments below the materiality threshold are measured at cost. A provision is recognised for any prolonged impairment in value.

Non-consolidated investments are measured at cost. Non-consolidated investments in foreign currencies are translated at the exchange rate prevailing on the date of acquisition (historical cost convention).

A provision is recognised for any prolonged impairment in value.

Non-consolidated investments in foreign currencies are refinanced in the same currency and translated at the year-end rate.

TRANSLATION OF FOREIGN CURRENCY TRANSACTIONS AND BALANCE SHEET ITEMS

Balance sheet items in foreign currencies are translated into CHF at the year-end rate.

Off-balance sheet items are translated at the year-end rate, except for forward currency transactions which are translated at the rate applicable to the remaining term to maturity.

Income and expense in foreign currencies are translated into CHF at the rate prevailing on the transaction date. The only exception to this principle is a proportion of net revenue generated in US dollars by the Bank, which is translated at the rate for the currency positions taken during the year to hedge the exchange rate risk on this revenue.

The average USD/CHF exchange rate used to translate the US dollar revenues in the year was CHF 0.8901 (2010: 1.0547).

In view of the US dollar rate at end-2011, the Bank has not hedged its 2012 revenues.

The following year-end rates were used for the main currencies:

	31.12.2011	31.12.2010
USD/CHF	0.94070	0.93250
EUR/CHF	1.21650	1.24800
YEN/CHF	1.21450	1.14900
GBP/CHF	1.45665	1.45040

The average rates used on consolidation at end-2011 were USD/CHF 0.88511 (end-2010: 1.04107), EUR/CHF 1.23131 (end-2010: 1.38024).

The income statement items of subsidiaries denominated in foreign currencies have been translated into CHF at the average rate for the year.

FINANCIAL YEAR

The financial year corresponds to the calendar year.

RECOGNITION OF TRANSACTIONS

Transactions are recognised on their value date, with the exception of derivatives, securities and some transfers, which are recognised on the transaction date. The Bank's Senior Management believes that the impact of this treatment is not material.

ACCRUAL ACCOUNTING

Income is recognised when earned or accrued and expenses when incurred.

MONEY MARKET INSTRUMENTS

Money market instruments comprise discounted bills, certificates of deposits purchased from BNP Paribas SA Paris and Swiss National Bank treasury notes. These positions are held mainly to cover the Group's liquidity needs and are measured at cost on the balance sheet date.

DUE FROM CUSTOMERS

Loan and guarantee facilities granted to customers are measured at their face value. Provisions are recognised to cover known or estimated losses at the balance sheet date. Interest and fee income more than 90 days in arrears is considered as doubtful and a provision is taken.

Provisions are determined on a case-by-case basis. Specific provisions for principal and interest are deducted from the corresponding assets.

Since 1 January 2010, for the mortgage lending business taken over by the Bank from the former Fortis Bank (Suisse) SA, loans that have not been impaired on an individual basis are assessed for risk on a collective basis using the BNP Paribas Group's internal rating system, which is based on historical data adjusted where appropriate to take account of specific local features and circumstances prevailing on the balance sheet date.

This assessment is used to identify pools of loans which, given events that have occurred since they were granted, have a collective probability of default at maturity that constitutes objective evidence of impairment across the entire portfolio, but cannot be individually allocated to the loans comprising that portfolio. The assessment also provides an estimate of the relevant losses taking account of trends in the economic cycle over the assessment period. Estimated losses are recognised as a liability in the balance sheet and then offset in assets as an additional collective value adjustment which is charged through profit or loss under the line item «Value adjustments, provisions and losses». When a potential loss can be individually allocated, a specific value adjustment is recognised by debit to the additional collective provision.

Additional collective value adjustments amounted to CHF 13.3 million at 31 December 2011 (2010: CHF 29.7 million).

Loans secured by property assets are recognised in the balance sheet under «Mortgage loans».

SECURITIES HELD FOR TRADING

Fixed or variable income securities held for trading are measured at market value.

NON-CURRENT FINANCIAL ASSETS

Non-current financial assets comprise interest-bearing securities which the Group intends to hold to maturity and investments in bonds, interest bearing securities, shares or similar securities held for the sole purpose of earning a satisfactory return in the medium-term but without any management involvement in the issuing companies.

Interest-bearing securities which the Group intends to hold to maturity are measured at cost. The difference between the cost and redemption value of bonds is amortised on a straight-line basis until maturity (accrual method) and the amortisation charge is recognised through profit or loss under «Interest and dividend income from non-current financial assets».
Equities that are regularly quoted in an active market are measured at the lower of cost and market value. Unlisted equities are measured at the lower of cost and intrinsic value. A provision is taken for any negative difference and recognised under «Other ordinary banking expenses». Subsequent provision reversals are recognised under «Other ordinary banking income».

STOCK LENDING AND REPURCHASE AGREEMENTS

Repurchase agreements and stock loans remain on the balance sheet and are measured in accordance with the accounting principles applicable respectively to securities held for trading and non-current financial assets provided that the Group retains the benefit of the rights attached to the relevant securities. Amounts received from the sale of securities under repurchase agreements or received as collateral for the stock loans are recognised in the balance sheet under «Due to customers» or «Due to banks». Interest expense on these commitments is recognised in the income statement on an accrual basis.

Reverse repurchase agreements and stock borrows are not recognised on the balance sheet unless the counterparty has transferred the power to dispose of the relevant securities. Amounts paid for the purchase of securities under reverse repurchase agreements or given as collateral for stock borrows are recognised under due from customers or due from banks as applicable. Interest income on these assets is recognised in the income statement on an accrual basis.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at cost and depreciated on a straight-line basis over their estimated useful lives.

If there is evidence of impairment or a change in estimated useful life, an exceptional write-down is made and the residual carrying amount is then depreciated over the new estimated useful life. Depreciation and exceptional write-downs are recognised in the income statement under «Depreciation and amortisation of non-current assets». If the reasons for the exceptional write-down no longer apply, a full or partial reversal of the impairment charge taken in prior periods is recognised in non-recurring income.

The depreciation periods used for the main categories of property, plant and equipment are as follows:

- Buildings: 10 to 60 years depending on parts
- Furnishings and furniture: 5 years
- Office equipment: 3 years
- Other hardware: 5 years
- Software: 3 to 5 years
- Customer portfolio: 5 years

INTANGIBLE ASSETS

Intangible assets comprise goodwill on consolidated investments and purchased goodwill, amortised on a straight-line basis over 5 years. If there is evidence of impairment or a change in estimated useful life, an exceptional write-down is made and the residual carrying amount is then amortised over the new estimated useful life.

ISSUES

The Bank makes structured bond issues for its institutional clients, which are measured at market value.

VALUE ADJUSTMENTS AND PROVISIONS

Provisions are taken for impairment of on- and off-balance sheet assets and for litigation risks. All value adjustments and provisions are recognised under «Value adjustments and provisions», other than provisions for non-current financial assets and specific loan loss provisions, which are deducted from the corresponding asset in the balance sheet.

EMPLOYEE BENEFIT OBLIGATIONS

Obligations arising from existing pension plans are measured and provided for on the balance sheet using the actuarial method recommended in Swiss Gaap RPC 16. Provisions taken correspond to the net present value of the obligation at the balance sheet date (see note 3.9 below).

Employee benefits other than pensions, such as retirement bonuses and jubilees, are expensed as and when earned by the Group's employees.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are measured as follows:

- For arbitrage activities, changes in fair value of instruments traded on organised markets are recognised through profit or loss under «Gains or losses on proprietary trading». This principle also applies to over-the-counter swaps, in which case market value is equal to the net present value of future cash flows.
- Gains or losses on derivative instruments designated as micro- or macro-hedges are measured and recognised in the same way as gains or losses on the hedged items. Macro-hedges are mainly used for managing balance sheet items with no fixed maturity. Gains or losses are recognised in interest income and expense. Any difference compared with market value is recognised in the set-off account in the balance sheet.

Gross replacement values shown in the balance sheet under «Other assets» and «Other liabilities» correspond to the market value of derivative financial instruments arising from trading on behalf of clients and on own account, held on the balance sheet date. Gross positive replacement values represent receivables and gross negative replacement values represent liabilities. The respective positions held at the balance sheet date are disclosed in notes 3.6 and 3.7.

Gross positive and negative replacement values of IRSs and FRAs entered into with the same counterparty are netted if a netting agreement has been signed with the counterparty.

TAXES

Group entities provide for tax due in respect of prior periods, tax on net income for the period and taxable equity at the year end in accordance with the rules and rates prevailing in their home country.

Where applicable, deferred tax assets or liabilities are recognised in respect of temporary differences, calculated using the liability method. Deferred tax assets and liabilities are not netted in the balance sheet.

A deferred tax liability of CHF 271.4 million was recognised in the balance sheet under «Value adjustments and provisions» at 31 December 2011 (2010: CHF 229 million). This amount relates to general provisions of CHF 1,120.1 million carried in the statutory financial statements of Group companies, calculated at the prevailing rate of 24.23%. There were no deferred tax assets at 31 December 2011 or 2010.

Other indirect taxes and duties are recorded under «Other operating expenses».

FEE INCOME

Fee income is recognised in the income statement when debited to the client. Fiduciary fees, fees charged on a periodical basis, fees on syndicated loan participations and some financing fees are accounted for on an accrual basis.

RESERVES FOR GENERAL BANKING RISKS

The Group takes reserves for general banking risks to cover the risks inherent in the banking business which are not covered by specific provisions. These reserves are recognised as equity and have been taxed.

TREASURY SHARES

Treasury shares are deducted from equity under a separate line item entitled «Treasury shares».

CONTINGENT LIABILITIES, IRREVOCABLE COMMITMENTS AND GUARANTEES

Off-balance sheet items are shown at their face value. Provisions are taken for identified risks and recognised as a liability in the balance sheet.

B) RISK MANAGEMENT REVIEW

INTRODUCTION

The Board of Directors assesses risk during Board meetings based on an ad hoc report prepared by Senior Management.

INTEREST RATE RISK

The Bank is responsible for managing and monitoring all interest rate risk on forward and futures transactions carried out by Group entities. It is also responsible for ensuring compliance with the Group's policies on structural interest rate risk on non-maturity assets and liabilities carried on the various entities' balance sheets (equity, customer sight deposits).

This operating method is based on service contracts entered into by the Bank and the relevant Group entities, under which they agree to centralise all their interest rate and counterparty risk with the Bank.
In addition, the Bank holds trading positions within the limits set out in its internal regulations.

Under an active asset and liability management policy, the Group reinvests part of its non-interest bearing customer sight deposits in medium and long-term investments to benefit from a better rate than that offered by the money market. Similarly, a part of its equity is invested in long-term investments.

OTHER MARKET RISKS

Only the Bank is authorised to trade in the equity, fixed-income and foreign exchange markets on its own account. It trades in the financial markets in accordance with the directives of the Swiss Bankers Association in force since 1 July 1996 applicable to derivative risk management.

The main components of the Bank's risk management system are:

- position limits for each business and maximum loss limits for trading;
- credit limits by counterparty;
- real time monitoring of trading activities and a weekly performance analysis for interest rate maturity mismatching activities;
- a detailed reporting system for reporting to the committees responsible for overseeing market and credit risk.

The Bank uses the internal value at risk model used by all BNP Paribas Group entities. The model uses simulation techniques and estimates potential losses on market activities based on the historical volatility of the main inputs (interest rates, currency rates, equity prices) likely to lead to a change in portfolio value and the historical correlations between those variables.

Other Group entities trade in derivative financial instruments on behalf of clients, mainly currency, equity and interest rate derivatives.

CREDIT RISK

All Group entities apply the Group's credit risk management policy on a consistent basis.

Loans are classified according to an internal risk rating system which is used to measure the quality of credit portfolios at all times. There is a system of delegated signature authorities for granting loans, tailored to the needs of each individual entity. Each entity controls the risks related to loans granted, compliance with delegated signature authorities, and loan classification in accordance with the internal rating system.

The Bank's risk management department and the Board of Directors receive a consolidated risk report on a regular basis. Provision requirements are determined periodically.

COUNTRY RISK

As regards sovereign risk, the Group is part of the centralised risk management system established by its own parent company, BNP Paribas SA Paris. The principles and methods applied by the BNP Paribas Group for country risk comply with the directives issued by the Swiss Bankers Association.

The BNP Paribas Group has ad hoc committees that set limits by area and country, which include credit facilities granted by the Group. These committees are also responsible for regular analysis and measurement of country risk outside the EU and OECD. These countries are classified in increasing order of risk and there is a minimum provisioning requirement for each category. In addition, loans are weighted according to maturity structure and transaction type. However, no provision is taken by the Bank or Group entities as BNP Paribas SA Paris is responsible for taking all requisite country risk provisions based on information reported by BNP Paribas Group Swiss entities.

OPERATIONAL AND REPUTATIONAL RISK

The Group has dedicated units responsible for identifying, measuring and controlling risks related to the operational aspects of its business, and particularly with regard to compliance, information systems security and legal and tax risks.

In addition, an internal control committee at parent company level meets monthly to review the operational risk management system, permanent controls, compliance and ethics, and to monitor implementation of recommendations made by the external or internal auditors.

C) POLICY FOR THE USE DERIVATIVE FINANCIAL INSTRUMENTS

Proprietary trading activities are conducted in accordance with internal directives governing market and interest rate risk management.

Trading on behalf of clients covers foreign exchange transactions (forward and options), equity options, stock indices, fixed-income instruments, precious metals and futures.

For these transactions, Group banks calculate a risk equivalent to determine the amount of collateral required. The risk equivalent is either the replacement value of the instruments plus an add-on or the usual margin calculated by the market. Margin calls are made if the value of the assets provided as collateral is no longer adequate for the risk.

D) CONSOLIDATED SUPERVISION

Consolidated supervision of the various Group entities is the responsibility of the Bank's Senior Management, which draws up reporting and control procedures. Senior Management monitors the operations of its subsidiaries within the limits set by the various Boards of Directors.

Members of the Bank's Senior Management sit on the Boards of the Group's consolidated entities.

E) CHANGES IN PRESENTATION OF THE INCOME STATEMENT

During 2011, there was a change in the presentation of dividend income and refinancing expenses on the proprietary equity derivatives trading business. In accordance with the provisions governing the preparation of financial statements (DEC-FINMA), dividend income and refinancing expenses on the proprietary equity derivatives trading business are now recognised in gains or losses on proprietary trading, whereas they were previously recognised in net interest income under, respectively, interest income and dividends from trading portfolio and interest expense. The 2010 comparative figures have been adjusted accordingly.

Other income statement items have been also been reclassified for consistency with the 2011 financial statements presentation.

	31.12.2010	31.12.2010	
	Before reclassification	**After reclassification**	**Change**
Interest income	757'917'826	726'578'777	(31'339'049)
Interest income and dividends from trading portfolios	190'490'875	36'526'925	(153'963'950)
Interest expense	(295'236'045)	(286'227'293)	9'008'752
Fee income from lending activities	264'872'723	294'209'035	29'336'312
Gains and losses on proprietary trading	(101'415'674)	45'542'261	146'957'935
Employee benefits expense	(439'661'427)	(435'907'139)	3'754'288
Other operating expenses	(161'339'006)	(165'093'294)	(3'754'288)

3.
NOTES TO THE CONSOLIDATED BALANCE SHEET

3.1
COLLATERAL FOR LOANS AND OFF-BALANCE SHEET ITEMS

	31.12.2011			
Breakdown of collateral	**Mortgage guarantees**	**Mortgage guarantees**	**Unsecured**	**Total**
Loans:				
Due from customers	180'772	7'305'798	4'867'938	12'354'508
Mortgage loans				
- residential	836'355	22'548	25'665	884'568
- retail	115'454		348	115'802
- commercial				-
- other	1'176			1'176
Total 31.12.2011	1'133'757	7'328'346	4'893'951	13'356'054
Total 31.12.2010	1'377'610	9'866'111	8'135'706	19'379'427
Off-balance sheet				
Contingent liabilities	-	3'077'425	11'204'739	14'282'164
Irrevocable commitments	-	32'204	3'484'357	3'516'561
Guarantees	-	251'379	817'720	1'069'099
Total 31.12.2011	-	3'361'008	15'506'816	18'867'824
Total 31.12.2010	-	4'097'542	13'639'264	17'736'806

Non-performing loans	**Gross**	**Estimated value of collateral**	**Net amound**	**Specific value adjustments**
31.12.2011	579'060	230'383	348'677	348'677
31.12.2010	1'268'588	820'394	448'194	448'194

Non-performing loans fell by a net CHF 99.5 million compared with the previous year due to a decrease in risks in the Shipping and Corporate financing activities.

3.2
SECURITIES AND PRECIOUS METALS TRADING PORTFOLIO

	31.12.2011	31.12.2010
Debt securities	**968'676**	**799'181**
- Listed*	968'676	799'181
Equity investments*	293'199	1'889'993
TOTAL	1'261'875	2'689'174
- o/w repurchase agreements contracted for liquidity purposes	298'211	222'165

*Traded on a recognised exchange

3.3
NON-CURRENT FINANCIAL ASSETS AND NON-CONSOLIDATED INVESTMENTS

	Carrying amount		Carrying amount	
	31.12.2011	**31.12.2010**	**31.12.2011**	**31.12.2010**
Debt securities	1'099'170	1'462'597	1'099'447	1'462'874
- o/w held-to-maturity	1'099'170	1'462'597	1'099'170	1'462'597
Equity investments	729'256	734'884	753'774	759'933
- o/w significant holdings*	728'852	725'727	728'852	725'727
Precious metals	369'320	397'195	369'320	397'195
Properties	283	220	283	220
TOTAL	2'198'029	2'594'896	2'222'824	2'620'222
- o/w repurchase agreements contracted for liquidity purposes	960'419	1'462'597		
Non-consolidated investments				
- no market value	4'682	2'138		
Total non-consolidated investments	4'682	2'138		

* At least 10% of the share capital or voting rights
** For unlisted non-current financial assets, cost has been used as fair value, adjusted for any provisions required

3.4
NAME, HEAD OFFICE, BUSINESS ACTIVITY AND PERCENTAGE INTEREST IN SIGNIFICANT EQUITY INVESTMENTS

	Business	Percentage holding 2011*	Percentage holding 2010*	Share capital at 31 December 2011 (in thousands)		Share capital at 31 December 2010 (in thousands)	
Consolidated subsidiaries							
BNP Paribas Wealth Management Monaco, Monaco	Banking	100%	100%	EUR	12'960	EUR	12'960
Non-consolidated investments							
BNP Paribas (Bahamas) Ltd, Nassau (1)	Banking	100%	100%	USD	12'400	USD	12'400
BNP Paribas Wealth Management (DIFC) Limited, Dubai (2)	Finance company	100%	-	USD	4'000	-	-
Bergues Finance Ltd, Nassau (3)	Finance company	100%	100%	USD	100	USD	100
Royale Neuve II, Luxembourg (4)	Finance company	100%	100%	GBP	500'000	GBP	500'000

* Voting rights identical to percentage holding
1) Investment held indirectly through Bergues Finance Ltd. Placed in liquidation in December 2010 and no longer consolidated in 2010.
2) Company incorporated on 16 November 2011, holds a category 4 licence and is therefore not permitted to engage in lending or discretionary management activities.
3) Placed in liquidation in December 2010 and no longer consolidated in 2010.
4) On 17 January 2009, the Bank acquired 100% of Royale Neuve II, a Luxembourg law company with share capital of GBP 500 million (CHF 781 million). This acquisition formed part of the BNP Paribas Group's investment strategy. The Bank does not intend to hold it for the long-term and accordingly will have no involvement in Royale Neuve II's management during the investment period. Given the characteristics of this acquisition, the Bank does not believe the conditions for full consolidation are met. It is recognised in «non-current financial assets».

3.5
NON-CURRENT ASSETS

	Cost	Accumulated depreciation &amort.	Carrying amount at 31.12.10	2011 Changes of allocation	Invest-ments	Divest-ment	Depr. & amount	Carrying amount at 31.12.11
Non-consolidated investments								
Other investments	3'913	(1'775)	2'138	-	3'664	(985)	(134)	4'683
Total investments	3'913	(1'775)	2'138	-	3'664	(985)	(134)	4'683
Property								
Owner-occupied property	241'934	(92'106)	149'828	232	946	(22'761)	(3'504)	124'741
Other property	19'461	(12'113)	7'348	-	-	(7'348)	-	-
Plant and equipment	197'795	(136'253)	61'542	(232)	11'490	(3'377)	(19'779)	49'644
Total property, plant and equipment	459'190	(240'472)	218'718	-	12'436	(33'486)	(23'283)	174'385
Goodwill	242'101	(147'607)	94'494	-	-	(11'901)	(25'786)	56'807
Other intangible assets	2'345	(1'827)	518	-	-	(13)	(4)	501
Total intangible assets	244'446	(149'434)	95'012	-	-	(11'914)	(25'790)	57'308
Fire insurance value of property (1)			342'823					307'237
Fire insurance value of plant and equipment (1)			148'903					91'322
Commitments: future operating lease payments			594					668

(1) For BNP Paribas Wealth Management Monaco, master fire insurance policies (property and other) have been taken out at BNP Paribas Group France level.

3.6
OTHER ASSETS

	31.12.2011	31.12.2010
Positive replacement values	558'557	464'192
Netting account	20'723	6'549
Suspense account	21'374	22'684
Other*	55'920	183'845
	656'574	677'270

* At 31.12.2010, includes CHF 150 million of SNB treasury notes to be delivered to BNP Paribas SA, Luxembourg branch, on 3.01.2011 (value date).

3.7
OTHER LIABILITIES

	31.12.2011	31.12.2010
Negative replacement values	544'724	494'031
Suspense account	14'136	14'041
Other*	90'688	692'391
	649'548	1'200'463

* At 31.12.2010, includes CHF 598 million of SNB treasury notes acquired on 30.12.2010 for settlement on 3.01.2011 (value date).

3.8
ASSETS ASSIGNED AS COLLATERAL

~~At 31 December 2011, assets assigned as collateral broke down as follows:~~

Stock lending and repurchase agreements	**31.12.2011**	**31.12.2010**
	Amount or value of collateral	
Cash collateral receivables	2'132'753	-
Cash collateral payables (CHF millions)	1'263'356	2'258'600
Carrying amount of securities held on own account, lent or assigned as collateral	130'350	57'500
Securities received as collateral under stock lending transactions, stock borrows and repurchase agreements with an unconditional right to sell or re-use as collateral	3'031'379	-
Stock lending and repurchase agreements	6'557'838	2'316'100

3.9
PENSION FUND COMMITMENTS

The credit balance on current accounts opened by pension funds with the Group at 31 December 2011 amounted to CHF 73.9 million (2010: CHF 53.8 million).

All employees of the Bank are affiliated to a pension fund common to all BNP Paribas Group entities in Switzerland. The fund provides its affiliates with pension benefits in exchange for contributions.

On 31 May 2011, the Board of the former Fortis Bank (Suisse) SA's pension fund voted to dissolve and liquidate the fund. To ensure equal treatment between all employees, the beneficiaries and pensioners of the ex-Fortis pension fund were transferred to the BNP Paribas Group's pension fund in Switzerland on 1 January 2011.

The Bank's managers and Senior Management members are also affiliated to a supplementary pension fund in exchange for contributions.

Neither of the funds is technically in shortfall. The surplus does not constitute an economic benefit for the Bank.

The latest audited annual financial statements for the pension funds at 31 December 2010 prepared in accordance with Swiss Gaap RPC 26 show a coverage rate of:

- 106.3% for the BNP Paribas Group Swiss pension fund;
- 105.4% for the Fortis Bank (Suisse) SA pension fund;
- 104.8% for the Executive supplementary pension fund.

The coverage rates at 31.12.2011 were:
- 104.5% for the BNP Paribas Group Swiss pension fund,
- 103.3% for the Executive supplementary pension fund.

The Group's foreign subsidiaries have defined contribution pension plans which are independent from those of the Bank.

Employer's contributions paid to the pension funds amounted to CHF 45.5 million (2010: CHF 40.9 million) and are identical to the contributions recognised in employee benefits expenses.

The Bank measures its pension obligation using the actuarial method for pension funds.

Total provisions recognised by the Group for pension commitments amounted to CHF 15.5 million at 31 December 2011 (2010: CHF 11.6 million).

3.10
VALUE ADJUSTMENTS, PROVISIONS AND MOVEMENTS DURING THE YEAR

	Balance at 31.12.10	Utilisations and reversals for original purpose	Change of allocation	Recoveries, doubtful interest, exchange differences	New charge through profit or loss	Reversals released to profit or loss	Balance at 31.12.11
Provisions for taxes	228'952	-	-	-	42'402	-	271'354
Value adjustments and provisions for loan losses and other risks							
- Value adjustments and provisions for loan losses	477'903	(102'573)	-	17'435	90'812	(78'227)	405'350
- Value adjustments and provisions for other operating risks	19'294	(276)	-	(57)	1'706	(40)	20'627
- Restructuring provisions	3'060	(1'795)	-	-	-	-	1'265
- Provisions for pension commitments	11'568	(1'323)	-	(80)	5'483	(155)	15'493
- Other provisions	2'109	(363)	-	-	-	-	1'746
Total value adjustments and provisions	742'886	(106'330)	-	17'298	140'403	(78'422)	715'835
To be deducted:							
Value adjustments deducted directly from assets	(447'042)						(394'054)
Total value adjustments and provisions carried on the balance sheet	295'844						321'781
Reserves for general banking risks**	135'949						135'949

** The CHF 135,949 charge to the reserves for general banking risks has been taxed.

3.11
STATEMENT OF CHANGES IN EQUITY

Equity at 1 January 2011	
Paid-up share capital	320'271
Additional paid-in capital	2'454
Retained earnings	2'852'628
Reserves for general banking risks	135'949
Net income for the year	314'618
Treasury shares	(95)
Total equity at 1 January 2011 (before appropriation of net income)	3'625'825
Translation difference	(944)
Net income for the year	329'357
Total equity at 31 December 2011 (before appropriation of net income)	3'954'238
o/w	
Paid-up share capital	320'271
Additional paid-in capital	2'454
Retained earnings	3'166'302
Reserves for general banking risks	135'949
Net income for the year	329'357
Treasury shares	(95)

Treasury shares	**Nombre**	**Valeur**
Balance at 1 January 2011	159	95
Purchases	-	-
Sales	-	-
Balance at 31 December 2011	159	95

3.12
MATURITY OF CURRENT ASSETS, NON-CURRENT FINANCIAL ASSETS AND FOREIGN FUNDS

	31.12.2011							
	Sight	Cancel-lable	Less than 3 months	3 to 12 months	12 months to 5 years	More than 5 years	Non cur-rent	Total
Current assets								
Cash and cash equivalents	233'984							233'984
Money market instruments			4'760'326	2'366'696				7'127'022
Due from banks	1'492'300	704	4'175'901	1'313'218	1'068'761	247'665		8'298'549
Due from customers		3'777'229	5'409'054	767'769	2'090'663	309'793		12'354'508
Mortgage loans		726'523	74'678	7'523	52'497	140'325		1'001'546
Securities and precious metals trading portfolio	1'261'875							1'261'875
Non-current financial assets	1'098'049		155'039	215'187	564'664	164'281	810	2'198'030
Total current assets: 31.12.2011	4'086'208	4'504'456	14'574'998	4'670'393	3'776'585	862'064	810	32'475'514
Total current assets: 31.12.2010	5'302'798	6'927'683	13'111'065	10'076'730	4'756'772	2'324'513	747	42'500'308
Foreign funds								
Money market instruments	221							221
Due to banks	420'216	499	4'841'989	1'271'865	1'185'738	94'148		7'814'455
Due to customers in the form of savings and investments		315						315
Other amounts due to customers	11'301'640	1'635'442	6'837'411	886'529	5'656	10'718		20'677'396
Loans from central mortgage bond institutions								-
Total foreign funds: 31.12.2011	11'722'077	1'636'256	11'679'400	2'158'394	1'191'394	104'866	-	28'492'387
Total foreign funds: 31.12.2010	14'205'413	1'581'474	19'368'111	1'014'683	2'108'033	139'611	-	38'417'325
Net 31.12.2011	(7'635'869)	2'868'200	2'895'598	2'511'999	2'585'191	757'198	810	3'983'127
Net 31.12.2010	(8'902'615)	5'346'209	(6'257'046)	9'062'047	2'648'739	2'184'902	747	4'082'983

3.13
LOANS AND ADVANCES TO MEMBERS OF THE GOVERNING BODIES AND LOANS AND COMMITMENTS TO RELATED COMPANIES

LOANS TO MEMBERS OF THE GOVERNING BODIES~~:~~
Loans to members of the governing bodies amounted to CHF 1.6 million at 31 December 2011 (2010: CHF 1.4 million). They are secured by property assets. The loans have been granted on an arm's length basis.

LOANS AND COMMITMENTS TO RELATED COMPANIES~~:~~
The following table shows gross loans and commitments to related companies (entities controlled by BNP Paribas SA Paris).

	Loans		Commitments	
	31.12.2011	**31.12.2010**	**31.12.2011**	**31.12.2010**
Balance sheet				
Sight accounts	541'661	351'971	313'955	203'034
Term accounts	554'258	1'078'215	954'667	801'647
Replacement values of derivatives	2'459	6'679	3'315	7'452

	Volume total	
	31.12.2011	**31.12.2010**
Off-balance sheet		
Contingent liabilities	48'867	67'150
Guarantees	28'519	26'460
Derivative financial instruments		
- IRS	79'700	249'700
- Forward currency transactions	103'761	14'278
- Interest rate futures	1'676'000	1'931'000
- OTC equity options	6'057	-
- Caps and floors	9'407	-

TOTAL LOANS AND COMMITMENTS TO NON-CONSOLIDATED INVESTMENTS AND SIGNIFICANT SHAREHOLDERS

At 31 December 2011, loans to non-consolidated investments and significant shareholders amounted CHF 13,310 million (2010: CHF 12,984 million). Commitments to non-consolidated investments and significant shareholders amounted to CHF 5,335 million (2010: CHF 14,498 million). These loans and commitments mainly comprise the balance of interbank treasury transactions held at the balance sheet date with BNP Paribas SA Paris and its foreign branches. Commitments to significant shareholders comprise subordinated loans in an amount of CHF 805 million (2010: CHF 805 million).

Transactions with related companies and significant shareholders are made on an arm's length basis.

As part of its international trade finance business, the Bank has issued guarantees to and received guarantees from BNP Paribas Group banks for the following amounts:

	31.12.2011	31.12.2010
Guarantees received	2,236,375	3,006,246
Guarantees issued	534,108	736,326

The Bank has given BGL BNP Paribas S.A. (Luxembourg) a liability warranty to cover any loss that might arise as a result of the litigation assumed by BGL BNP Paribas S.A. (Luxembourg) pursuant to its acquisition and merger of UEB (Luxembourg), former subsidiary of the Bank.

3.14
BREAKDOWN OF ASSETS BETWEEN SWITZERLAND AND INTERNATIONAL

	31.12.2011			31.12.2010		
	Switzerland	International	Total	Switzerland	International	Total
Assets						
Cash and cash equivalents	230’605	3’379	233’984	140’677	2’034	142’711
Money market instruments	499’721	6’627’301	7’127’022	3’438’052	8’531’855	11’969’907
Due from banks	373’853	7’924’696	8’298’549	591’734	5’132’459	5’724’193
Due from customers	4’251’417	8’103’091	12’354’508	5’358’521	12’779’423	18’137’944
Mortgage loans	756’927	244’619	1’001’546	751’826	489’657	1’241’483
Securities and precious metals trading portfolio	371’992	889’883	1’261’875	1’940’472	748’702	2’689’174
Non-current financial assets	370’522	1’827’507	2’198’029	398’922	2’195’974	2’594’896
Non-consolidated investments and investments accounted for by the equity method	4’184	498	4’682	1’456	682	2’138
Property, plant & equipment and intangible assets	228’467	3’226	231’693	309’847	3’882	313’729
Accruals and prepayments	302’433	95’280	397’713	251’877	76’505	328’382
Other assets	183’796	472’778	656’574	179’751	497’519	677’270
Total assets	7’573’917	26’192’258	33’766’175	13’363’135	30’458’692	43’821’827
Liabilities and equity						
Money market instruments	221	-	221	627	-	627
Due to banks	1’153’933	6’660’522	7’814’455	1’276’254	15’713’291	16’989’545
Due to customers in the form of savings and investments	7	308	315	7	512	519
Other amounts due to customers	3’748’819	16’928’577	20’677’396	4’019’908	17’381’726	21’401’634
Loans from central mortgage bond institutions	-	-	-	25’000	-	25’000
Accruals and prepayments	294’209	54’013	348’222	247’645	34’726	282’371
Other liabilities	166’628	482’920	649’548	954’914	245’549	1’200’463
Value adjustments and provisions	315’644	6’137	321’781	289’102	6’742	295’844
Reserves for general banking risks	135’948	-	135’948	135’948	-	135’948
Share capital	320’271	-	320’271	320’271	-	320’271
Treasury shares	(95)	-	(95)	(95)	-	(95)
Additional paid-in capital		2’454	2’454	-	2’454	2’454
Retained earnings	3’126’689	39’613	3’166’302	2’788’698	63’930	2’852’628
Net income for the year	315’433	13’924	329’357	277’573	37’045	314’618
Total liabilities and equity	9’577’707	24’188’468	33’766’175	10’335’852	33’485’975	43’821’827

3.15
BREAKDOWN OF ASSETS BY COUNTRY

	31.12.2011		31.12.2010	
	Amount	**%**	**Amount**	**%**
Switzerland	7'573'917	23%	13'363'135	31%
Europe	20'084'635	59%	23'018'901	53%
o/w *France*	13'813'402	41%	13'936'718	32%
United Kingdom	726'066	2%	1'906'572	4%
Caribbean	2'799'856	8%	3'712'375	8%
Latin America	131'617	0%	95'031	0%
North America	822'669	3%	368'084	1%
Asia-Pacific	2'086'015	6%	2'661'218	6%
Africa	267'466	1%	603'083	1%
Total assets	33'766'175	100%	43'821'827	100%

3.16
BREAKDOWN OF ASSETS AND LIABILITIES BY MAJOR CURRENCY

	CHF	USD	EUR	Autres	Total
Assets					
Cash and cash equivalents	223'941	754	8'560	729	233'984
Money market instruments	499'721	2'459'734	4'167'567	-	7'127'022
Due from banks	4'005'558	1'446'143	1'325'915	1'520'933	8'298'549
Due from customers	458'309	7'239'218	3'313'322	1'343'659	12'354'508
Mortgage loans	804'472	206	135'688	61'180	1'001'546
Securities and precious metals trading portfolio	643'185	618'690	-	-	1'261'875
Non-current financial assets	966'624	-	12	1'231'393	2'198'029
Non-consolidated investments and investments accounted for by the equity method	520	3'981	181	-	4'682
Property, plant and equipment	173'248	-	1'137	-	174'385
Intangible assets	56'758	-	550	-	57'308
Accruals and prepayments	281'452	57'459	51'474	7'328	397'713
Other assets	630'232	10'090	15'603	649	656'574
Total assets	8'744'020	11'836'275	9'020'009	4'165'871	33'766'175
Settlement claims arising from spot, futures and options transactions	853'907	7'557'044	3'773'959	2'764'930	14'949'840
Total assets	9'597'927	19'393'319	12'793'968	6'930'801	48'716'015
Liabilities and equity					
Money market instruments	174	3	44	-	221
Due to banks	2'362'257	3'113'888	1'077'610	1'260'700	7'814'455
Due to customers in the form of savings and investments	22	18	275	-	315
Other amounts due to customers	1'365'874	11'260'982	5'808'539	2'242'001	20'677'396
Loans from central mortgage bond institutions	-	-	-	-	-
Accruals and prepayments	265'074	38'264	38'611	6'273	348'222
Other liabilities	547'543	61'125	40'735	145	649'548
Value adjustments and provisions	306'904	3'573	10'168	1'136	321'781
Reserves for general banking risks	135'948	-	-	-	135'948
Share capital	320'271	-	-	-	320'271
Treasury shares	(95)	-	-	-	(95)
Additional paid-in capital	-	-	2'454	-	2'454
Retained earnings	3'126'689	-	39'613	-	3'166'302
Net income for the year	323'887	-	5'470	-	329'357
Total liabilities and equity	8'754'548	14'477'853	7'023'519	3'510'255	33'766'175
Settlement commitments arising from spot, futures and options transactions	693'911	4'934'239	5'777'422	3'527'432	14'933'004
Total liabilities and equity	9'448'459	19'412'092	12'800'941	7'037'687	48'699'179
Net position by currency	149'468	(18'773)	(6'973)	(106'886)	16'836

4. NOTES TO THE CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS

4.1 BREAKDOWN OF CONTINGENT LIABILITIES

~~Contingent liabilities break down as follows:~~

	31.12.2011	31.12.2010
Irrevocable guarantees and similar	2'224'084	2'265'091
Warranties and similar	535'450	337'677
Irrevocable commitments	11'522'630	12'172'788
	14'282'164	14'775'556

4.2 BREAKDOWN OF GUARANTEE COMMITMENTS

	31.12.2011	31.12.2010
Commitments arising from deferred payments	1'011'483	931'095
Other guarantees	57'616	75'379
	1'069'099	1'006'474

4.3

DERIVATIVE FINANCIAL INSTRUMENTS HELD AT THE YEAR-END

	Financial instruments held for trading			Financial instruments held for hedging		
	Positive replacement values	Negative replacement values	Contract volumes	Positive replacement values	Negative replacement values	Contract volumes
Fixed-income instruments						
Forward contracts including FRAs	-	-	-			
Swaps	30'421	86'589	5'358'853	417	26'480	1'547'483
Futures			1'676'000			
Options (OTC)	1'670	1'670	196'715			
Currencies, precious metals						
Forward contracts	115'161	114'245	6'573'248	15'753		1'994'171
Cross-currency interest rate swaps	69'587	70'363	5'118'775	1'795	4'218	952'430
Options (OTC)	22'314	22'314	2'971'658			
Equities/indices						
Forward contracts	1'505	888	420'026			
Futures	13'580		2'814'483			
Options (OTC)	29'974	35'412	1'111'160			
Options (exchange traded)	253'262	180'427	6'924'174			
Credit derivatives						
Credit default swaps	3'118	2'118	605'041			
Total before impact of netting agreements						
Gross total at 31.12.2011	540'592	514'026	33'770'133	17'965	30'698	4'494'084
Gross total at 31.12.2010	516'882	439'732	36'454'333	583	107'573	4'230'456

	Positive replacement values (cumulative)	Negative replacement values (cumulative)
Total after impact of netting agreements		
Net total at 31.12.2011	558'557	544'724
Net total at 31.12.2010	464'192	494'032

4.4
FIDUCIARY OPERATIONS

Fiduciary operations break down as follows:

		31.12.2011	31.12.2010
Fiduciary deposits			
	Group banks	35'166	1'318'318
	Other banks	394'878	580'502
	Sub-total	430'044	1'898'820
Fiduciary loans			
	Group banks	1'881	3'730
	Non-banking clients	235	233
	Sub-total	2'116	3'963
	Total fiduciary operations	432'160	1'902'783

4.5

ADMINISTERED ASSETS

Type of assets administered	31.12.2011	31.12.2010
Assets under discretionary management	4'358'570	5'205'246
Other administered assets	33'033'869	35'809'340
Total administered assets	37'392'439	41'014'586
Net new inflows/outflows	**(726'761)**	**(2'589'182)**

Administered assets comprise retail and institutional client assets (balance sheet deposits, fiduciary deposits, securities portfolios) for all BNP Paribas Group entities in Switzerland. They do not include assets for which the Group acts only as custodian, which amount to CHF 1,581 million (2010: CHF 1,864 million).

Net new inflows/outflows comprise all external inflows and outflows of cash and securities recorded on client accounts. It does not include internal interest or fee entries or purchases of securities financed by loans. Similarly, external outflows and inflows of funds pursuant to client credit facilities (use of credit facility then repayment) are eliminated.

5.
NOTES TO THE CONSOLIDATED INCOME STATEMENT

5.1
BREAKDOWN OF GAINS AND LOSSES ON PROPRIETARY TRADING

	31.12.2011	31.12.2010
Derivative financial instruments*	(20'412)	3'362
Notes	585	(85)
Currencies	32'541	42'265
	12'714	**45'542**

* During 2011, there was a change in the presentation of dividend income and refinancing expenses on the proprietary equity derivatives trading business. In accordance with the provisions governing the preparation of financial statements (DEC-FINMA), dividend income and refinancing expenses on the proprietary equity derivatives trading business are now recognised in gains or losses on proprietary trading, whereas they were previously recognised in net interest income under, respectively, interest income and dividends from trading portfolio and interest expense. The 2010 comparative figures have been adjusted accordingly.

5.2
EMPLOYEE BENEFITS EXPENSE

	31.12.2011	31.12.2010
Wages and salaries	293’922	313’662
Social security benefits	26’353	29’667
Employer’s pension contributions	45’500	40’900
Other employee benefits expense	43’241	51’678
	409’016	**435’907**

5.3
OTHER OPERATING EXPENSES

	31.12.2011	31.12.2010
Premises	29’993	31’149
Information systems and other installations	66’628	70’354
Other operating expenses	78’383	63’590
	175’004	**165’093**

5.4
NON-RECURRING INCOME

Non-recurring income amounted to CHF 157.2 million in 2011, including CHF 78.4 million in the reversal of specific loan loss provisions and provisions for litigation taken in previous years, CHF 3.1 million in recoveries of written-off loans, CHF 68.0 million in gains on property, plant and equipment sales and CHF 5.7 million in gains on the partial disposal of a business operation. The balance of CHF 2.0 million comprises non-recurring income arising mainly from the regularisation of transactions recorded in prior years.

Non-recurring income amounted to CHF 103.2 million in 2010, including CHF 98.9 million in the reversal of specific loan loss provisions and provisions for litigation taken in previous years, CHF 1.4 million in recoveries of written-off loans and CHF 0.1 million in gains on property, plant and equipment sales. The balance of CHF 2.8 million comprises non-recurring income arising mainly from the regularisation of transactions recorded in prior years.

5.5
NON-RECURRING EXPENSE

Non-recurring expense amounted to CHF 13.7 million in 2011, comprising CHF 11.9 million in an exceptional write-down of an intangible asset and CHF 0.8 million in property, plant and equipment retirements. The balance of CHF 1.0 million comprises non-recurring expenses arising mainly on the regularisation of transactions recorded in prior years.

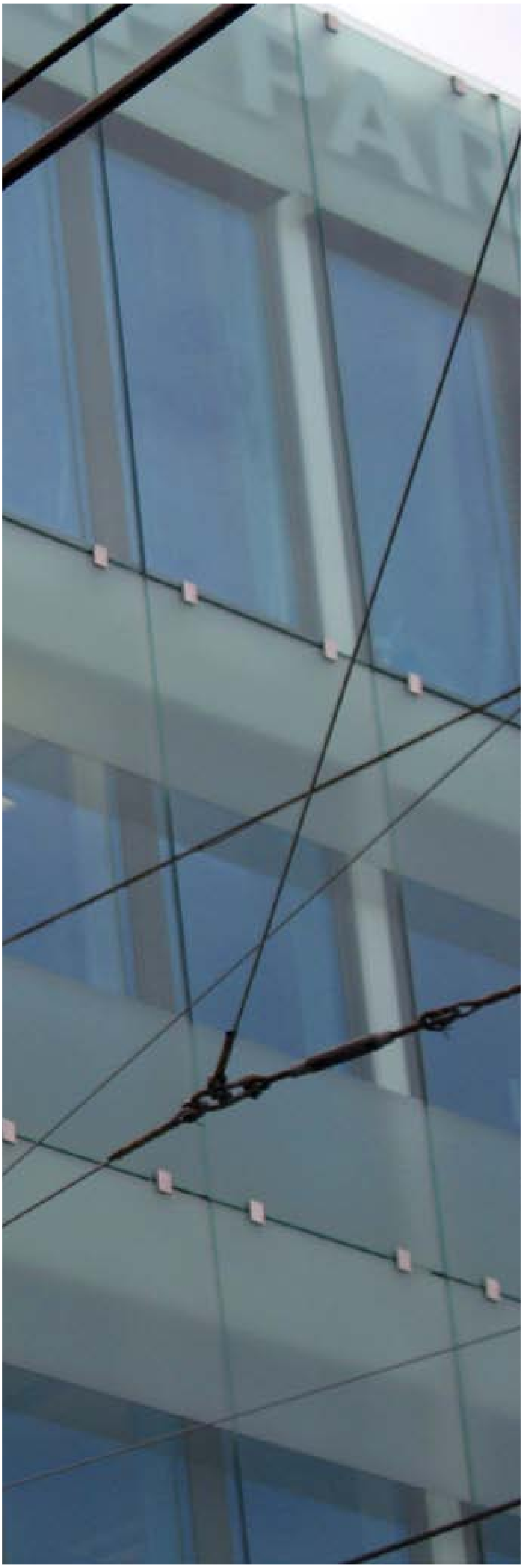
Non-recurring expense amounted to CHF 4.5 million in 2010, including CHF 0.6 million in losses on property, plant and equipment sales. The balance of CHF 3.9 million comprises non-recurring expenses arising mainly on the regularisation of transactions recorded in prior years.

5.6 BREAKDOWN OF INCOME AND EXPENSES BETWEEN SWITZERLAND AND INTERNATIONAL ACCORDING TO WHERE THE OPERATION IS BASED

The amounts in the table below are shown after elimination of intragroup transactions.

2011	Switzerland	International	Total
Net interest income	440'744	22'684	463'428
Net fee income	465'635	24'679	490'314
Gains and losses on proprietary trading	10'048	2'666	12'714
Net other ordinary banking income	43'832	447	44'279
Operating expenses	(552'253)	(31'767)	(584'020)
Gross operating income	**408'006**	**18'709**	**426'715**

2010	Switzerland	International	Total
Net interest income	477'930	36'753	514'683
Net fee income	505'115	29'030	534'145
Gains and losses on proprietary trading	42'313	3'229	45'542
Net other ordinary banking income	51'960	303	52'263
Operating expenses	(567'608)	(33'392)	(601'000)
Gross operating income	**509'710**	**35'923**	**545'633**



RAPPORT DU RÉVISEUR DES COMPTES CONSOLIDÉS

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Rapport de l'organe de révision
à l'Assemblée générale de
BNP Paribas (Suisse) SA
Genève

Rapport de l'organe de révision sur les comptes consolidés

En notre qualité d'organe de révision, nous avons effectué l'audit des comptes consolidés de BNP Paribas (Suisse) SA, comprenant le bilan, le compte de résultat, le tableau de financement et l'annexe (pages 23 à 61) pour l'exercice arrêté au 31 décembre 2011.

Responsabilité du Conseil d'administration

La responsabilité de l'établissement des comptes consolidés, conformément aux directives régissant l'établissement des comptes des banques et aux dispositions légales, incombe au Conseil d'administration. Cette responsabilité comprend la conception, la mise en place et le maintien d'un système de contrôle interne relatif à l'établissement et la présentation des comptes consolidés afin que ceux-ci ne contiennent pas d'anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs. En outre, le Conseil d'administration est responsable du choix et de l'application de méthodes comptables appropriées ainsi que des estimations comptables adéquates.

Responsabilité de l'organe de révision

Notre responsabilité consiste, sur la base de notre audit, à exprimer une opinion sur les comptes consolidés. Nous avons effectué notre audit conformément à la loi suisse et aux Normes d'audit suisses. Ces normes requièrent de planifier et réaliser l'audit pour obtenir une assurance raisonnable que les comptes consolidés ne contiennent pas d'anomalies significatives.

Un audit inclut la mise en œuvre de procédures d'audit en vue de recueillir des éléments probants concernant les valeurs et les informations fournies dans les comptes consolidés. Le choix des procédures d'audit relève du jugement de l'auditeur, de même que l'évaluation des risques que les comptes consolidés puissent contenir des anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs. Lors de l'évaluation de ces risques, l'auditeur prend en compte le système de contrôle interne relatif à l'établissement des comptes consolidés pour définir les procédures d'audit adaptées aux circonstances, et non pas dans le but d'exprimer une opinion sur l'efficacité de celui-ci. En outre, l'audit comprend une évaluation de l'adéquation des méthodes comptables appliquées, du caractère plausible des estimations comptables effectuées ainsi qu'une appréciation de la présentation des comptes consolidés dans leur ensemble. Nous estimons que les éléments probants recueillis constituent une base suffisante et adéquate pour former notre opinion d'audit.

Opinion d'audit

Selon notre appréciation, les comptes consolidés pour l'exercice arrêté au 31 décembre 2011 donnent une image fidèle du patrimoine, de la situation financière et des résultats en conformité avec les directives régissant l'établissement des comptes des banques et sont conformes à la loi suisse.

PricewaterhouseCoopers SA, avenue Giuseppe-Motta 50, Case postale, 1211 Genève 2
Téléphone: +41 58 792 91 00, Téléfax: +41 58 792 91 10, www.pwc.ch

pwc

Rapport sur d'autres dispositions légales

Nous attestons que nous remplissons les exigences légales d'agrément conformément à la loi sur la surveillance de la révision (LSR) et d'indépendance (art. 728 CO et art. 11 LSR) et qu'il n'existe aucun fait incompatible avec notre indépendance.

Conformément à l'art. 728a al. 1 chiff. 3 CO et à la Norme d'audit suisse 890, nous attestons qu'il existe un système de contrôle interne relatif à l'établissement et la présentation des comptes consolidés, défini selon les prescriptions du Conseil d'administration.

Nous recommandons d'approuver les comptes consolidés qui vous sont soumis.

PricewaterhouseCoopers SA

Philippe Bochud	Alain Lattafi
Expert-réviseur	Expert-réviseur
Auditeur responsable	

Genève, le 20 avril 2012

NOTES TO THE STATUTORY FINANCIAL STATEMENTS AT 31 DECEMBER 2011

BNP Paribas (Suisse) SA

BALANCE SHEET AT 31 DECEMBER 2011
(in CHF)
(with prior year comparative data)

ASSETS

	31.12.2011	31.12.2010
Cash and cash equivalents	230'604'468	140'676'643
Money market instruments	7'127'022'276	11'969'907'329
Due from banks	7'423'028'489	4'912'631'782
Due from customers	11'758'664'927	17'534'869'385
Mortgage loans	1'001'508'235	1'241'433'914
Securities and precious metals trading portfolio	1'261'874'598	2'689'174'008
Non-current financial assets	2'198'124'328	2'594'991'006
Equity investments	51'263'974	48'712'420
Property, plant and equipment	228'467'243	304'845'168
Accruals and prepayments	382'874'735	318'778'774
Other assets	633'594'240	662'714'807
TOTAL ASSETS	**32'297'027'513**	**42'418'735'235**
Total due from Group companies and significant shareholders	**12'432'863'688**	**12'186'902'258**

BNP Paribas (Suisse) SA

BALANCE SHEET AT 31 DECEMBER 2011
(in CHF)
(with prior year comparative data)

LIABILITIES AND EQUITY

	31.12.2011	31.12.2010
Money market instruments	221'340	627'376
Due to banks	8'280'863'939	17'282'074'401
Due to customers in the form of savings and investments	117'424	118'588
Other amounts due to customers	18'812'436'062	19'777'231'495
Loans from central mortgage bond institutions	-	25'000'000
Accruals and prepayments	334'694'148	274'075'976
Other liabilities	629'081'818	1'190'348'874
Value adjustments and provisions	1'166'285'395	1'007'312'851
Reserves for general banking risks	135'948'560	135'948'560
Share capital	320'270'600	320'270'600
General statutory reserves	617'880'227	617'880'227
Reserve for treasury shares	95'026	95'026
Other reserves	536'213'368	536'213'369
Retained earnings	1'251'537'893	913'526'864
Net income for the year	211'381'713	338'011'029
Total liabilities and equity	**32'297'027'513**	**42'418'735'235**
Total subordinated liabilities	**805'000'000**	**805'000'000**
Total due to Group companies and significant shareholders	**5'797'762'466**	**14'787'771'468**

BNP Paribas (Suisse) SA

STATEMENT OF OFF-BALANCE SHEET ITEMS AT 31 DECEMBER 2011
(in CHF)
(with prior year comparative data)

	2010	2011
Contingent liabilities	14'235'509'391	14'716'281'635
Irrevocable commitments	3'517'807'422	2'004'329'207
Guarantees	1'069'718'683	1'007'272'452
Derivative financial instruments:		
Contract volume	37'316'818'256	40'247'196'038
Positive replacement values	548'400'903	511'870'490
Negative replacement values	533'576'492	541'816'601
Fiduciary operations	432'160'281	1'902'782'736

BNP Paribas (Suisse) SA

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011
(with prior year comparative data)
(in CHF)

	31.12.2011	31.12.2010
NET BANKING INCOME		
INTEREST INCOME AND EXPENSE:		
Interest income	674'231'242	705'472'127
Interest income and dividends from trading portfolios	45'931'665	36'526'925
Interest income and dividends from non-current financial assets	26'515'234	37'798'938
Interest expense	(298'258'276)	(281'541'177)
Net interest income	448'419'865	498'256'813
FEE INCOME		
Fee income from lending activities	262'731'178	293'278'332
Fee income from trading activities	245'951'148	278'110'203
Fee income from other services	16'550'184	16'811'596
Fee expense	(58'061'639)	(81'865'191)
Net fee income	467'170'871	506'334'940
GAINS OR LOSSES ON PROPRIETARY TRADING	10'048'113	42'312'882
OTHER ORDINARY BANKING INCOME AND EXPENSE		
Gains or losses on the disposal of non-current financial assets	2'013'202	16'157
Income from equity investments	16'427'382	49'208'167
Gains on property sales	2'350'419	2'626'133
Other ordinary banking income	39'951'728	53'131'245
Other ordinary banking expenses	(815'385)	(3'894'365)
Net other ordinary banking income	59'927'346	101'087'337
OPERATING EXPENSES		
Employee benefits expense	(388'170'508)	(412'816'778)
Other operating expenses	(164'848'814)	(155'674'907)
Sous-total charges d'exploitation	(553'019'322)	(568'491'684)
GROSS OPERATING INCOME	**432'546'873**	**579'500'288**
DEPRECIATION AND AMORTISATION OF NON-CURRENT ASSETS	(43'173'611)	(58'406'774)
VALUE ADJUSTMENTS, PROVISIONS AND LOSSES	(281'819'545)	(233'206'788)
NET INCOME BEFORE NON-RECURRING ITEMS AND TAXES	107'553'717	287'886'727
NON-RECURRING INCOME	156'691'781	97'690'031
NON-RECURRING EXPENSE	(13'436'788)	(2'515'002)
TAXES	(39'426'998)	(45'050'727)
NET INCOME FOR THE YEAR	**211'381'713**	**338'011'029**

BNP Paribas (Suisse) SA

APPROPRIATION OF DISTRIBUTABLE EARNINGS RECOMMENDED BY THE BOARD OF DIRECTORS TO THE ANNUAL GENERAL MEETING
(in CHF)
(with prior year comparative data)

	2011	2010
NET INCOME FOR THE YEAR	211'381'713	338'011'029
RETAINED EARNINGS	1'251'537'893	913'526'864
DISTRIBUTABLE EARNINGS	**1'462'919'606**	**1'251'537'893**
APPROPRIATION OF DISTRIBUTABLE EARNINGS:		
Dividend		
- CHF 66 per CHF 100 registered share	211'378'596	-
Retained earnings	1'251'541'010	1'251'537'893
	1'462'919'606	**1'251'537'893**

BNP Paribas (Suisse) SA

NOTES TO THE STATUTORY FINANCIAL STATEMENTS AT 31 DECEMBER 2011
(figures in thousands of Swiss francs unless otherwise stated)

1. BUSINESS REVIEW AND EMPLOYEES

BNP Paribas (Suisse) SA («the Bank») houses all the corporate and investment banking and wealth management activities of the BNP Paribas Group («the Group») in Switzerland.

In corporate and investment banking, the Bank's activities include structured finance – particularly international trade finance – primary market issuance and placement, and proprietary trading in the currency, fixed-income and equity derivative markets.

Wealth Management focuses exclusively on international clients with substantial assets, providing personalised services such as investment advice, discretionary management, tax and wealth planning.

The Bank is in charge of cash management for all banking businesses and entities in its scope of consolidation.

It has a share capital of CHF 320.3 million.

The Bank has branches in Basel, Lugano, Zurich and Guernsey and subsidiaries in the United Arab Emirates and Monaco.

Its subsidiary BNP Paribas Wealth Management (DIFC) Limited, based in the Dubai International Financial Center (United Arab Emirates), was incorporated on 16 November 2011. Consequently, the Dubai representative office will be closed during 2012.

The Bank provides an information systems hub for some of the BNP Paribas Group's Swiss and foreign entities. It outsources its information systems requirements to the Swiss subsidiary of BNP Paribas Partners for Innovation, a joint venture between BNP Paribas SA Paris and IBM France. It also outsources its back office activities for bond trading to BNP Paribas SA London branch, its administration and accounting activities for equity derivatives to BNP Paribas Arbitrage Paris and its back office activities for equity derivatives to Fortis Bank NV/SA Brussels.

At 31 December 2011, the Bank had 1,705 employees (2010: 1,713).

2. SIGNIFICANT ACCOUNTING POLICIES

The statutory financial statements have been prepared in accordance with the by-laws, the Swiss Code of Obligations, the Federal Banking Law and the directives on the preparation of financial statements issued by the Autorité Fédérale de Surveillance des Marchés Financiers (FINMA).

A) ACCOUNTING POLICIES

TRANSLATION OF FOREIGN CURRENCY TRANSACTIONS AND BALANCE SHEET ITEMS

Balance sheet items in foreign currencies are translated into CHF at the year-end rate.

Income statement items in foreign currencies are translated into CHF at the rate prevailing on the transaction date. The only exception to this principle is a proportion of net revenue generated in USD, which is translated at the rate for the currency positions taken during the year to hedge the exchange rate risk on this revenue. The average USD/CHF exchange rate used to translate the US dollar revenues in the year was CHF 0.8901 (2010: 1.0547). In view of the US dollar rate at end-2011, the Bank has not hedged its 2012 revenues.

The following year-end rates were used for the main currencies:

	31.12.2011	**31.12.2010**
USD/CHF	0.94070	0.93250
EUR/CHF	1.21650	1.24800
YEN/CHF	1.21450	1.14900
GBP/CHF	1.45665	1.45040

RECOGNITION OF TRANSACTIONS

Transactions are recognised on their value date, with the exception of derivatives, securities and some transfers, which are recognised on the transaction date. The Bank's Senior Management believes that the impact of this treatment is not material.

ACCRUAL ACCOUNTING

Income is recognised when earned or accrued and expenses when incurred.

MONEY MARKET INSTRUMENTS

Money market instruments comprise discounted bills, certificates of deposits purchased from BNP Paribas SA Paris and Swiss National Bank treasury notes. They are measured at cost on the balance sheet date.

DUE FROM CUSTOMERS

Loan and guarantee facilities granted to customers are measured at their face value. Provisions are taken for known or estimated losses on the balance sheet date on a case-by-case basis.

Interest and fee income more than 90 days in arrears is considered as doubtful and a provision is taken. Specific provisions for principal and interest are recognised as a liability and deducted from the corresponding assets.

Since 1 January 2010, for the mortgage lending business taken over from the former Fortis Bank (Suisse), loans that have not been impaired on an individual basis are assessed for risk on a collective basis using the BNP Paribas Group's internal rating system, which is based on historical data adjusted where appropriate to take account of specific local features and circumstances prevailing on the balance sheet date.

This assessment is used to identify pools of loans which, given events that have occurred since they were granted, have a collective probability of default at maturity that constitutes objective evidence of impairment across the entire portfolio, but cannot be individually allocated to the loans comprising that portfolio. The assessment also provides an estimate of the relevant losses taking account of trends in the economic cycle over the assessment period. Estimated losses are recognised as a liability in the balance sheet and then offset in assets as an additional collective value adjustment which is charged through profit or loss under the line item «Value adjustments, provisions and losses». When a potential loss can be individually allocated, a specific value adjustment is recognised by debit to the additional collective provision.

Additional collective value adjustments amounted to CHF 13.3 million at 31 December 2011 (2010: CHF 29.7 million).

Loans secured by property assets are recognised in the balance sheet under «Mortgage loans».

SECURITIES HELD FOR TRADING

Fixed or variable income securities held for trading are measured at market value.

NON-CURRENT FINANCIAL ASSETS

Non-current financial assets comprise interest-bearing securities which the Group intends to hold to maturity and investments in bonds, interest bearing securities, shares or similar securities held for the sole purpose of earning a satisfactory return in the medium-term but without any management involvement in the issuing companies.

Interest-bearing securities which the Group intends to hold to maturity are measured at cost. The difference between the cost and redemption value of bonds is amortised on a straight-line basis until maturity (accrual method) and the amortisation charge is recognised through profit or loss under «Interest and dividend income from non-current financial assets».

Listed equities are measured at the lower of cost and market value. Unlisted equities are measured at the lower of cost and intrinsic value. A provision is taken for any negative difference and recognised under «Other ordinary banking expenses». Subsequent provision reversals are recognised under «Other ordinary banking income».

STOCK LENDING AND REPURCHASE AGREEMENTS

Repurchase agreements and stock loans remain on the balance sheet and are measured in accordance with the accounting principles applicable respectively to securities held for trading and non-current financial assets provided that the Group retains the benefit of the rights attached to the relevant securities. Amounts received from the sale of securities under repurchase agreements or received as collateral for the stock loans are recognised in the balance sheet under «Due to customers» or «Due to banks». Interest expense on these commitments is recognised in the income statement on an accrual basis.

Reverse repurchase agreements and stock borrows are not recognised on the balance sheet unless the counterparty has transferred the power to dispose of the relevant securities. Amounts paid for the purchase of securities under reverse repurchase agreements or given as collateral for stock borrows are recognised under due from customers or due from banks as applicable. Interest income on these assets is recognised in the income statement on an accrual basis.

EQUITY INVESTMENTS

Permanent equity investments are measured at cost. Investments in foreign currencies are translated at the exchange rate prevailing on the date of acquisition or

31 December 2008 for investments acquired before that date (historical cost convention).

A provision is recognised for any prolonged impairment in value.

Equity investments in foreign currencies are refinanced in the same currency and translated at the closing rate.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, which also include intangible assets, are depreciated on a straight-line basis over their estimated useful lives. They are measured at cost less accumulated depreciation.

If there is evidence of impairment or a change in estimated useful life, an exceptional write-down is made and the residual carrying amount is then depreciated over the new estimated useful life. Depreciation and exceptional write-downs are recognised in the income statement under «Depreciation and amortisation of non-current assets». If the reasons for the exceptional write-down no longer apply, a full or partial reversal of the impairment charge taken in prior periods is recognised in non-recurring income.

The depreciation periods used for the main asset categories are as follows:

• Buildings	: 10 to 60 years depending on parts
• Furnishings and furniture	: 5 years
• Office equipment	: 3 years
• Other hardware	: 5 years
• Software	: 3 to 5 years
• Customer portfolio	: 5 years

ISSUES

Structured bond issues made on behalf of institutional clients are measured at market value.

VALUE ADJUSTMENTS AND PROVISIONS

Provisions are taken for impairment of on- and off-balance sheet assets and for litigation risks. All value adjustments and provisions are recognised under «Value adjustments and provisions», other than provisions for non-current financial assets and specific loan loss provisions, which are deducted from the corresponding asset in the balance sheet.

EMPLOYEE BENEFIT OBLIGATIONS

Obligations arising from existing pension plans are measured and provided for on the balance sheet using the actuarial method recommended in Swiss Gaap RPC 16. Provisions taken correspond to the net present value of the obligation at the balance sheet date (see note 3.4 below).

Employee benefits other than pensions, such as retirement bonuses and jubilees, are expensed as and when earned by the Bank's employees.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments and measured as follows:

For arbitrage activities, changes in fair value of instruments traded on organised markets are recognised through profit or loss under «Gains or losses on proprietary trading».

This principle also applies to over-the-counter swaps, in which case market value is equal to the net present value of future cash flows.

Gains or losses on derivative instruments designated as micro- or macro-hedges are measured and recognised in the same way as gains or losses on the hedged items. Macro-hedges are mainly used for managing balance sheet items with no fixed maturity. Gains or losses are recognised in interest income and expense. Any difference compared with market value is recognised in the set-off account in the balance sheet.

Gross replacement values shown in the balance sheet under «Other assets» and «Other liabilities» correspond to the market value of derivative financial instruments arising from trading on behalf of clients and on own account, held on the balance sheet. Gross positive replacement values represent receivables and gross negative replacement values represent liabilities. The respective positions held at the balance sheet date are disclosed in notes 3.1 and 3.2.

Positive and negative replacement values of IRSs and FRAs entered into with the same counterparty are netted if a netting agreement has been signed with the counterparty.

TAXES
Provisions are taken for tax on the year's net income and on taxable equity at the year end, after taking account of any tax loss carryforwards from prior fiscal periods.

Other indirect taxes and duties are recorded under «Other operating expenses».

FEE INCOME
Depending on its nature, fee income is recognised in the income statement when debited to the client or an accrual basis (fiduciary fees, fees billed periodically, fees on syndicated loan participations and some financing fees).

RESERVES FOR GENERAL BANKING RISKS
The Bank takes reserves for general banking risks to cover the risks inherent in the banking business which are not covered by specific provisions. These reserves are recognised as equity and have been taxed.

CONTINGENT LIABILITIES, IRREVOCABLE COMMITMENTS AND GUARANTEES
Off-balance sheet items are shown at their face value. Provisions are taken for identified risks and recognised as a liability in the balance sheet.

B) RISK MANAGEMENT REVIEW

INTRODUCTION
The Board of Directors assesses risk during Board meetings based on an ad hoc report prepared by Senior Management.

The risk policy is described in three directives approved by the Bank's Board of Directors, dealing with the general risk policy, trading policy and interest rate risk policy. These directives set out the organisational framework, responsibilities and authorities as regards risk management processes (identification, measurement, control, reporting and supervision).

INTEREST RATE RISK
The Bank is responsible for managing and monitoring all interest rate risks on forward and futures transactions carried out by the Bank and its consolidated banking entities. It is also responsible for ensuring compliance with the BNP Paribas Group's policies on structural interest rate risk on non-maturity assets and liabilities carried on the balance sheets of all consolidated banking entities (equity, customer sight deposits).

In addition to these positions, the Bank trades on its own account within the limits set in its internal regulations.

Its treasury activities are governed by a system of limits and delegated signature authorities. The Board of Directors' Committee is responsible for setting global limits for interest rate risk exposure. They are drilled down into operational limits by the Senior Management's Markets Committee. Monitoring interest rate risk is the responsibility of a unit that is independent from the operating departments.

OTHER MARKET RISKS
The Bank trades in the financial markets in accordance with the directives issued by the Swiss Bankers Association on derivatives risk management applicable since 1 July 1996.

The key components of its control system are:

- position limits for each business and maximum loss estimates for trading;
- credit limits by counterparty;
- real time monitoring of trading activities and a weekly performance analysis for interest rate maturity mismatching activities;
- a detailed reporting system for reporting to the committees responsible for overseeing market and credit risk.

The Bank uses the internal value at risk model used by all BNP Paribas Group entities. The model uses simulation techniques and estimates potential losses on market activities based on the historical volatility of the main inputs (interest rates, currency rates, securities prices) likely to lead to a change in portfolio value and the historical correlations between these variables.

CREDIT RISK

Credit risk management is delegated to various parts of the Bank in accordance with its internal regulations and «general risk policy». Credit limits are granted under delegated signature authorities. Loans are classified according to an internal risk rating system which is used to measure the quality of credit portfolios. Credit files are comprehensively reviewed at least once a year.

All credit applications must be approved by an internal credit committee whose powers and signature authorities are defined by the Board of Directors' Committee.

The risk management department, which reports to Senior Management, regularly controls compliance with delegated credit limits and internal rating classifications. It also controls credit quality and reports regularly to Management on any borrowers potentially in difficulties. Provision requirements are determined monthly.

COUNTRY RISK

As regards sovereign risk, the Bank is part of the centralised risk management system established by its parent company, BNP Paribas SA Paris. The principles and methods applied by the BNP Paribas Group for country risk comply with the directives issued by the Swiss Bankers Association.

The BNP Paribas Group has ad hoc committees that set limits by area and country, which include credit facilities granted by the Bank. These committees are also responsible for regular analysis and measurement of country risk outside the EU and OECD. These countries are classified in increasing order of risk and there is a minimum provisioning requirement for each category. However, no provision is taken locally as BNP Paribas SA Paris is responsible for taking all required country risk provisions based on information reported by BNP Paribas Group entities. In addition, loans are weighted according to maturity structure and transaction type.

OPERATIONAL AND REPUTATIONAL RISK

The Bank has dedicated units for identifying, measuring and controlling risks related to the operational aspects of its activities, and particularly with regard to compliance, information systems and legal and tax risks.

In addition, an internal control committee meets monthly to review the operational risk management system, permanent controls, compliance and ethics, and to monitor implementation of recommendations made by the external or internal auditors.

C) POLICY FOR USE OF DERIVATIVE FINANCIAL INSTRUMENTS

Proprietary trading activities are conducted in accordance with directives governing market and interest rate risk management.

The Bank trades in derivative financial instruments on behalf of its clients. Transactions cover foreign exchange (forward currency contracts and currency options), equity options, stock indices, fixed-income, precious metals and futures.

For these transactions, the Bank calculates a risk equivalent to determine the amount of collateral required. In principle, the risk equivalent is either the replacement value plus an add-on or the usual margin calculated by the market.

Margin calls are made if the value of the assets provided as collateral is no longer adequate for the risk.

D) CHANGES IN PRESENTATION OF THE INCOME STATEMENT

During 2011, there was a change in the presentation of dividend income and refinancing expenses on the proprietary equity derivatives trading business. In accordance with the provisions governing the preparation of financial statements (DEC-FINMA), dividend income and refinancing expenses on the proprietary equity derivatives trading business are now recognised in gains or losses on proprietary trading, whereas they were previously recognised in net interest income under, respectively, interest income and dividends from trading portfolio and interest expense. The 2010 comparative figures have been adjusted accordingly.

Other income statement items have been also been reclassified for consistency with the 2011 financial statements presentation.

These reclassifications are shown in the table below.

	31.12.2010 before reclassification	**31.12.2010 after reclassification**	**Change**
Interest income	736’811’176	705’472’127	(31’339’049)
Interest income and dividends from trading portfolios	190’490’875	36’526’925	(153’963’950)
Interest expense	(290’549’929)	(281’541’177)	9’008’752
Fee income from lending activities	263’942’020	293’278’332	29’336’312
Gains and losses on proprietary trading	(104’645’052)	42’312’882	146’957’935
Employee benefits expense	(416’571’065)	(412’816’778)	3’754’288
Other operating expenses	(151’920’619)	(155’674’907)	(3’754’288)

3.
NOTES TO THE STATUTORY BALANCE SHEET

3.1
AUTRES ACTIFS

	31.12.2011	31.12.2010
Positive replacement values	548'404	458'597
Netting account	20'723	6'549
Suspense account	19'207	22'573
Other*	45'260	174'996
	633'594	**662'715**

* At 31.12.2010, includes CHF 598 million of SNB treasury notes acquired on 30.12.2010 for settlement on 3.01.2011 (value date).

3.2
OTHER LIABILITIES

	31.12.2011	31.12.2010
Negative replacement values	534'590	488'543
Suspense account	12'426	12'687
Other*	82'066	689'119
	629'082	**1'190'349**

* At 31.12.2010, includes CHF 598 million of SNB treasury notes acquired on 30.12.2010 for settlement on 3.01.2011 (value date).

3.3
ASSETS ASSIGNED AS COLLATERAL FOR OWN COMMITMENTS AND ASSETS SUBJECT TO RETENTION OF TITLE

	31.12.2011	31.12.2010
Stock lending and repurchase agreements		
	Montant ou valeur du gage :	
Cash collateral receivables	2'132'753	-
Cash collateral payables	1'263'356	2'258'600
Carrying amount of securities held on own account, lent or assigned as collateral	130'350	57'500
Securities received as collateral under stock lending transactions, stock borrows and repurchase agreements with an unconditional right to sell or re-use as collateral	3'031'379	
Stock lending and repurchase agreements	6'557'838	2'316'100

3.4
PENSION FUND COMMITMENTS

The credit balance on current accounts held by pension funds with the Bank at 31 December 2011 amounted to CHF 73.9 million (2010: CHF 53.8 million).

All employees of the Bank are affiliated to a pension fund common to all BNP Paribas Group entities in Switzerland. The fund provides its affiliates with pension benefits in exchange for contributions.

On 31 May 2011, the Board of the former Fortis Bank (Suisse) SA's pension fund voted to dissolve and liquidate the fund. To ensure equal treatment between all employees, the beneficiaries and pensioners of the ex-Fortis pension fund were transferred to the BNP Paribas Group's pension fund in Switzerland on 1 January 2011.

The Bank's managers and Senior Management members are also affiliated to a supplementary pension fund in exchange for contributions.

The latest audited annual financial statements for the pension funds at 31 December 2010 prepared in accordance with Swiss Gaap RPC 26 show a coverage rate of:

- 106.3% for the BNP Paribas Group Swiss pension fund;
- 105.4% for the Fortis Bank (Suisse) SA pension fund;
- 104.8% for the Executive supplementary pension fund.

The coverage rates at 31.12.2011 were:

- 104.5% for the BNP Paribas Group Swiss pension fund,
- 103.3% for the Executive supplementary pension fund.

Neither of the funds is technically in shortfall. The surplus does not constitute an economic benefit for the Bank.

Employer's contributions paid to the pension funds amounted to CHF 43.6 million (2010: CHF 38.9 million) and are identical to the contributions recognised in employee benefits expenses.

The Bank measures its pension obligation using the actuarial method for pension funds.

The Bank has guaranteed some categories of employee a level of benefits close to those offered by the original pension plan until the mergers that took place in 2001. It has therefore given the pension funds an undertaking to finance the cost of implementing this guarantee. Provisions amounted to CHF 12.5 million (2010: CHF 8.3 million).

3.5
VALUE ADJUSTMENTS, PROVISIONS AND RESERVES FOR GENERAL BANKING RISKS

	Balance at 31.12.10	Used for original purpose	Change in scope and allo-cation	Recoveries doubtful interest, exchange diffe-rences	New charges through profit or loss	Reversals released to profit or loss	Balance at 31.12.11
Value adjustments and provisions for loan losses and other risks:							
- Value adjustments and provisions for loan losses	476'611	(102'540)	-	17'465	90'699	(78'075)	404'160
- Value adjustments and provisions for other operating risks	18'068	(80)	-	(25)	1'681	(40)	19'604
- Restructuring provisions	3'059	(1'795)	-	-	-	-	1'264
- Provisions for pension commitments	8'302	(1'323)	-	-	5'482	-	12'461
- Other provisions	947'024	(363)		-	175'000	-	1'121'661
Total value adjustments and provisions	**1'453'064**	**(106'101)**	**-**	**17'440**	**272'862**	**(78'115)**	**1'559'150**
To be deducted:							
Value adjustments deducted directly from assets	(445'751)						(392'865)
Total value adjustments and provisions carried on the balance sheet	**1'007'313**						**1'166'285**
Reserves for general banking risks (1)	**135'949**						**135'949**

(1) The reserves for general banking risks are taxed upon initial recognition.

3.6
SHARE CAPITAL AND SHAREHOLDERS OWNING MORE THAN 5% OF ALL VOTING RIGHTS

	31.12.11			31.12.10		
Share capital	**Total par value**	**Number of shares**	**Share capital entitled to a dividend**	**Total par value**	**Number of shares**	**Share capital entitled to a dividend**
Equity capital	320'271	3'202'706	320'271	320'271	3'202'706	320'271
Total share capital	320'271	3'202'706	320'271	320'271	3'202'706	320'271

The equity capital comprises 3,202,706 registered shares with a par value of CHF 100.

		31.12.11		31.12.10	
Significant shareholders and groups of shareholders bound by a voting agreement		**Par value**	**Percentage of voting rights**	**Par value**	**Percentage of voting rights**
voting rights	BNP Paribas International BV*			150'014	46.84
	BNP Paribas SA Paris	320'247	99.99	170'232	53.15
	Other	24	0.01	25	0.01
		320'271	100.00	320'271	100.00

* Ultimately owned by BNP Paribas SA Paris.

3.7
STATEMENT OF CHANGES IN EQUITY

Equity at 1 January 2011	
Paid-up share capital	320’271
General statutory reserves	617’880
Reserve for treasury shares	95
Other reserves	536’213
Reserves for general banking risks	135’949
Retained earnings	1’251’538
Total equity at 1 January 2011 (before appropriation of net income)	**2’861’946**
Net income for the year	211’382
Total equity at 31 December 2011 (before appropriation of net income)	**3’073’328**
including	
Paid-up share capital	320’271
General statutory reserves	617’880
Reserve for treasury shares	95
Other reserves	536’213
Reserves for general banking risks	135’949
Retained earnings	1’462’920

3.8 LOANS TO MEMBERS OF THE GOVERNING BODIES AND LOANS AND COMMITMENTS TO RELATED COMPANIES

LOANS TO MEMBERS OF THE GOVERNING BODIES:
Loans to members of the governing bodies amounted to CHF 1.6 million at 31 December 2011 (2010: CHF 1.4 million). They are secured by property assets. The loans have been granted on an arm's length basis.

LOANS AND COMMITMENTS TO RELATED COMPANIES:
The following table shows gross loans and commitments to related companies (entities controlled by the parent company, BNP Paribas SA Paris).

	Loans		Commitments	
Balance sheet	**31.12.2011**	**31.12.2010**	**31.12.2011**	**31.12.2010**
Sight accounts	539'043	349'441	313'955	203'034
Term accounts	554'258	1'078'215	954'667	801'647
Replacement values of derivatives	2'459	6'679	3'315	7'452

	Total volume	
Off-balance sheet	**31.12.2011**	**31.12.2010**
Contingent liabilities	48'867	67'150
Guarantee commitments	28'519	26'460
Derivative financial instruments		
- IRS	79'700	249'700
- Forward currency transactions	103'761	14'278
- Interest rate futures	1'676'000	1'931'000
- OTC equity options	6'057	0
- Caps and floors	9'407	0

LOANS AND COMMITMENTS TO GROUP COMPANIES AND SIGNIFICANT SHAREHOLDERS:

Loans to Group companies and significant shareholders amounted to CHF 12,433 million at 31 December 2011 (2010: CHF 12,187 million). They mainly comprise the balance of interbank treasury transactions held with Group banks at the balance sheet date. These commitments bear interest at market rates.

Commitments to Group companies and significant shareholders amounted to CHF 5,798 million at 31 December 2011 (2010: CHF 14,788 million).

As part of its international trade finance business, the Bank has issued guarantees to and received guarantees from BNP Paribas Group banks for the following amounts:

	31.12.2011	**31.12.2010**
Guarantees received	2,236,375	3,006,246
Guarantees issued	534,108	736,326

The Bank has given BGL BNP Paribas S.A. (Luxembourg) a liability warranty to cover any loss that might arise as a result of the litigation assumed by BGL BNP Paribas S.A. (Luxembourg) pursuant to its acquisition and merger of UEB (Luxembourg), former subsidiary of the Bank.

4.
NOTES TO THE STATEMENT OF OFF-BALANCE SHEET ITEMS

4.1
FIDUCIARY OPERATIONS

	31.12.2011	31.12.2010
Fiduciary deposits:		
Group banks	35'166	1'318'318
Other banks	394'878	580'502
Sub-total	**430'044**	**1'898'820**
Fiduciary loans:		
Group banks	1'881	3'730
Non-banking clients	235	233
Sub-total	2'116	3'963
Total fiduciary operations	**432'160**	**1'902'783**

5.
NOTES TO THE INCOME STATEMENT

5.1
GAINS AND LOSSES ON PROPRIETARY TRADING

	31.12.2011	31.12.2010
Derivative financial instruments*	(20'411)	3'362
Notes	585	(83)
Currencies	29'874	39'034
	10'048	**42'313**

* During 2011, there was a change in the presentation of dividend income and refinancing expenses on the proprietary equity derivatives trading business. In accordance with the provisions governing the preparation of financial statements (DEC-FINMA), dividend income and refinancing expenses on the proprietary equity derivatives trading business are now recognised in gains or losses on proprietary trading, whereas they were previously recognised in net interest income under, respectively, interest income and dividends from trading portfolio and interest expense. The 2010 comparative figures have been adjusted accordingly.

5.2 NON-RECURRING INCOME

Non-recurring income amounted to CHF 156.7 million in 2011, including CHF 78.1 million in the reversal of specific loan loss provisions and provisions for litigation taken in previous years, CHF 3.1 million in recoveries of written-off loans, CHF 68.0 million in gains on property, plant and equipment sales and CHF 5.7 million in gains on the partial disposal of a business operation. The balance of CHF 1.8 million comprises non-recurring income arising mainly from the regularisation of transactions recorded in prior years.

Non-recurring income amounted to CHF 97.7 million in 2010, including CHF 94.7 million in the reversal of specific loan loss provisions and provisions for litigation taken in previous years, CHF 0.8 million in recoveries of written-off loans and CHF 0.1 million in gains on property, plant and equipment sales. The balance of CHF 2.1 million comprises non-recurring income arising mainly from the regularisation of transactions recorded in prior years.

5.3 NON-RECURRING EXPENSE

Non-recurring expense amounted to CHF 13.4 million in 2011, comprising CHF 11.9 million in an exceptional write-down of an intangible asset and CHF 0.8 million in property, plant and equipment retirements. The balance of CHF 0.7 million comprises non-recurring expenses arising mainly on the regularisation of transactions recorded in prior years.

Non-recurring expense amounted to CHF 2.5 million in 2010, including CHF 0.6 million in losses on property, plant and equipment sales. The balance of CHF 1.9 million comprises non-recurring expenses arising mainly on the regularisation of transactions recorded in prior years.

~~RAPPORT DU RÉVISEUR~~

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Rapport de l'organe de révision
à l'Assemblée générale de
BNP Paribas (Suisse) SA
Genève

Rapport de l'organe de révision sur les comptes annuels

En notre qualité d'organe de révision, nous avons effectué l'audit des comptes annuels de BNP Paribas (Suisse) SA, comprenant le bilan, le compte de résultat et l'annexe (pages 67 à 91) pour l'exercice arrêté au 31 décembre 2011.

Responsabilité du Conseil d'administration

La responsabilité de l'établissement des comptes annuels, conformément aux dispositions légales et aux statuts, incombe au Conseil d'administration. Cette responsabilité comprend la conception, la mise en place et le maintien d'un système de contrôle interne relatif à l'établissement et la présentation des comptes annuels afin que ceux-ci ne contiennent pas d'anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs. En outre, le Conseil d'administration est responsable du choix et de l'application de méthodes comptables appropriées ainsi que des estimations comptables adéquates.

Responsabilité de l'organe de révision

Notre responsabilité consiste, sur la base de notre audit, à exprimer une opinion sur les comptes annuels. Nous avons effectué notre audit conformément à la loi suisse et aux Normes d'audit suisses. Ces normes requièrent de planifier et réaliser l'audit pour obtenir une assurance raisonnable que les comptes annuels ne contiennent pas d'anomalies significatives.

Un audit inclut la mise en œuvre de procédures d'audit en vue de recueillir des éléments probants concernant les valeurs et les informations fournies dans les comptes annuels. Le choix des procédures d'audit relève du jugement de l'auditeur, de même que l'évaluation des risques que les comptes annuels puissent contenir des anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs. Lors de l'évaluation de ces risques, l'auditeur prend en compte le système de contrôle interne relatif à l'établissement des comptes annuels pour définir les procédures d'audit adaptées aux circonstances, et non pas dans le but d'exprimer une opinion sur l'efficacité de celui-ci. Un audit comprend, en outre, une évaluation de l'adéquation des méthodes comptables appliquées, du caractère plausible des estimations comptables effectuées ainsi qu'une appréciation de la présentation des comptes annuels dans leur ensemble. Nous estimons que les éléments probants recueillis constituent une base suffisante et adéquate pour former notre opinion d'audit.

Opinion d'audit

Selon notre appréciation, les comptes annuels pour l'exercice arrêté au 31 décembre 2011 sont conformes à la loi suisse et aux statuts.

Rapport sur d'autres dispositions légales

Nous attestons que nous remplissons les exigences légales d'agrément conformément à la loi sur la surveillance de la révision (LSR) et d'indépendance (art. 728 CO et art. 11 LSR) et qu'il n'existe aucun fait incompatible avec notre indépendance.

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Conformément à l'art. 728a al. 1 chiff. 3 CO et à la Norme d'audit suisse 890, nous attestons qu'il existe un système de contrôle interne relatif à l'établissement et la présentation des comptes annuels, défini selon les prescriptions du Conseil d'administration.

En outre, nous attestons que la proposition relative à l'emploi du bénéfice au bilan est conforme à la loi suisse et aux statuts et recommandons d'approuver les comptes annuels qui vous sont soumis.

PricewaterhouseCoopers SA

Philippe Bochud
Expert-réviseur
Auditeur responsable

Alain Lattafi
Expert-réviseur

Genève, le 20 avril 2012

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Brand & Communication
June 2012

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