2014 ANNUAL REPORT

BNP PARIBAS (SUISSE) SA

BNP PARIBAS

The bank
for a changing
world

BNP Paribas (Suisse) SA

2014 Annual Report

Contents

BNP Paribas (Suisse) SA
A universal bank

BNP Paribas (Suisse) SA is one of the Group's major international operations, with close to 1,600 employees. Based in Geneva since 1872 and with branches in Zurich, Basel and Lugano, the Bank is a leading foreign bank in Switzerland thanks to its competitiveness and expertise 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 owing to its size, extensive experience and ability to call on a network with global expertise in all areas of banking. Indeed, BNP Paribas (Suisse) SA is the leading foreign bank in Swiss franc bond issues.

Closely involved with Geneva's boom as an international centre for commodities financing, BNP Paribas (Suisse) SA is a 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 also 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 BNP Paribas Wealth Management's philosophy.

Driven by a strong tradition in both personal and business banking, which has its roots in our history of 140 years in Switzerland, we are also "the bank for a changing world". Our number one asset is the confidence that our clients place in us, which has been built up over time. 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.

BNP Paribas (Suisse) SA
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, helping to combat social exclusion and promoting 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. We carefully monitor 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 in their approach to business ethics by the Group's code of conduct, BNP Paribas people in Switzerland and around the world 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. It is our core mission.

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


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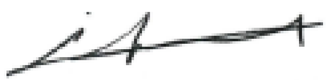
Message from the Chairman of the Board of Directors and the Chief Executive Officer

Several events in 2014 had a major impact on our Group in Switzerland. The settlement with the US authorities, geopolitical tensions in some of our key markets, the tightening-up of regulations and, most recently, the surge in the Swiss franc represent challenges to which BNP Paribas (Suisse) SA has to adapt.

Against this backdrop, we took a number of initiatives to make the transition as smooth as possible so BNP Paribas in Switzerland can pursue its development in complete safety. Over several years, we have set in motion a major transformation to adapt to the changes in our business lines so that we can meet our customers' needs efficiently while complying with the constantly growing international regulatory requirements. We have also launched reviews to redesign winning strategies for the main business lines that represent a major asset to our Bank – high net-worth clients in Wealth Management, Swiss corporates and financial institutions via the local Corporate & Institutional Banking activities, and clients specialised in commodities and energy.

Our aim is to plot a course for our Bank safely through the successive crises, while continuing to serve our customers and meet their needs in full compliance with the regulations. We achieved some great commercial successes in 2014, with major transactions for very large Swiss businesses such as Nestlé and Novartis, as well as some noteworthy deals with commodity and energy companies and with large private clients. We are learning the lessons of the very rapid changes in the international banking environment on a daily basis, and our aim is to establish our organisation as a leading international bank in the Swiss market and make 2015 a year of further achievement and success stories.



Jean Clamon
Chairman of the Board of Directors

Geoffroy Bazin
Chief Executive Officer

Board of Directors at 31 December 2014

Chairman	Jean Clamon *	Director, Paris
Vice-Chairman	Christian Bovet *•+	Professor at the University of Geneva, Geneva
Members of the Board	Pascal Boris	Director, London
	Marc Carlos *	Head of Global Trade and Transaction Banking, BNP Paribas, Paris
	Jacques d'Estais •*	Head of Investment Solutions, BNP Paribas, Paris
	Christophe R. Gautier +	Director, Zumikon
	Ulrich Gygi +•	Chairman of the Board of Directors, Chemins de fer fédéraux suisses CFF, Bern
	Vincent Lecomte	Head of Wealth Management, BNP Paribas, Paris
	Marina Masoni +	Attorney-at-law, Lugano
	Bruno Meier +*	Director, Bahamas
	Michel Pébereau	Honorary Chairman, BNP Paribas, Paris
	Peter G. Sulzer +•	Director, Zurich
Secretary of the Board	Andreas Nanni	Member of the Executive Management, Head of Legal
Internal Audit	Alban Lefebvre	Member of the Executive Management, Internal Audit
Statutory Auditors	Deloitte SA	

* Members of the Board Committee

• Members of the Audit Committee

+ Members of the Board (independent within the meaning of FINMA 2008/24)

Executive Management at 31 December 2014

Executive Management	Geoffroy Bazin	Chief Executive Officer
	Emmanuel Rogy	General Manager
	Patrick Voegeli	General Manager
	Pierre Vrielinck	General Manager
	Maria-Antonella Bino	Member of the Executive Management
	Igor Joly	Member of the Executive Management
	Kim-Andrée Potvin	Member of the Executive Management
	Emmanuelle Roux-Lalanne	Secretary

MANAGEMENT REPORT

Economic environment and market trends

Global economic growth remained broadly stable in 2014 at 3.3%, masking significant differences between the leading countries. In particular, growth remained strong in the United States at 2.4% in 2014 from 2.2% in 2013, and in the United Kingdom accelerated from 1.7% in 2013 to 2.6% in 2014. In contrast, growth was again sluggish in the euro zone at 0.8% in 2014 (contraction of 0.5% in 2013) and contracted sharply in Japan (0.1% in 2014, 1.6% in 2013). Emerging and developing countries were a mixed bag. Growth picked up in India (5.8% in 2014, 5.0% in 2013) and Mexico (2.1% in 2014, 1.4% in 2013) but slowed in Brazil (0.1% in 2014, 2.5% in 2013), Russia (0.6% in 2014, 1.3% in 2013) and South Africa (1.4% in 2014, 2.2% in 2013). Growth in China was again brisk at 7.4%, albeit just a shade lower than the 7.8% posted in 2013.

The financial markets also experienced contrasting trends in 2014. In the first part of the year, geopolitical factors (Ukraine, Syria, etc.) and the issue of central bank-injected liquidity held sway in the equity markets. Tumbling oil prices – Brent crude prices collapsed 50% in six months to end the year below the $60 mark – were added to this mix in the second half. What's more, the European markets were pulled down by the political situation in Greece, which raised the spectre of further instability. In this troubled environment, the central banks failed to restore sustained investor confidence. Performance varied considerably from one region to another. The S&P 500 index gained 11.4%, setting record after record on the back of healthy earnings reports and brisk corporate activity against a backdrop of solid economic growth. But in the euro zone, sluggish growth and inflation, plus worries about Russia and Greece, capped progress (Euro Stoxx 50 index up 1.2%).

Long-term rates continued to move lower in 2014. The yield on 10-year T-Notes dropped 86 basis points from 3.03% at year-end 2013 to 2.17% at year-end 2014. 10-year Bund yields pulled back from 1.93% at year-end 2013 to 0.54% one year later, a fall of 139 basis points. Euro-zone bonds outperformed owing to the ECB's monetary policy, with two reductions in benchmark rates and expectations of quantitative easing.

The EUR/USD exchange rate drifted between 1.34 and 1.39 in the first half, before making a decisive turnaround in the second half to end the year at 1.21, its lowest level since July 2012, on concerns triggered by the situation in Russia (dollar acts as a safe haven) and the political crisis in Greece (drag on the euro). The Swiss franc remained consistently strong, with a 2014 average EUR/CHF exchange rate of 1.2145 (1.2291 in 2013) and USD/CHF exchange rate of 0.9155 (0.9255 in 2013).

Amid tough economic conditions, the **BNP Paribas Group** posted a strong operating performance thanks to its diversified model and the trust of its institutional, corporate and individual customers. Even so, the Group's earnings were depressed by significant non-recurring items, including the EUR 6.0 billion in costs arising from the comprehensive settlement with the US authorities following the review of certain USD transactions in countries subject to US sanctions. Revenues were EUR 39.2 billion, up 2.0% on 2013. Net income attributable to equity holders came to EUR 0.2 billion. Excluding non-recurring items, it stood at EUR 7.0 billion, up 16.7% on the previous year. The Group's balance sheet is extremely sound. Solvency was high with a fully loaded Basel 3 common equity Tier 1 ratio of 10.3%, identical to the year-end 2013 level. The fully loaded Basel 3 leverage ratio was 3.6%. Its Liquidity Coverage Ratio was 114%, with an instantly available liquidity reserve of EUR 291 billion.

In this challenging economic and geopolitical environment, Switzerland fared better than the euro zone, posting growth of 1.6% despite the strength of the Swiss franc. There was no let-up in international pressure on Swiss markets in relation to regulatory and tax issues.

BNP Paribas (Suisse) SA Group

The 2014 results of the BNP Paribas (Suisse) SA Group were substantially affected by the USD 3.9 billion in financial penalties it incurred as part of the comprehensive settlement paid by BNP Paribas Group to the US authorities for the unauthorised transactions it initiated. To meet FINMA's requirements and those of the Swiss Code of Obligations, a CHF 2.8 billion non-returnable contribution was carried out by BNP Paribas SA, Paris.

Consolidated revenues were CHF 650 million in 2014, down 22.7% on 2013. Its consolidated net loss came to CHF 3'560 million in 2014, compared with net income of CHF 105 million in 2013. Excluding non-recurring items, which produced a total negative impact of CHF 3'686 million in 2014 compared with a negative impact of CHF 57 million in 2013, consolidated net income was CHF 126 million in 2014, down 21.9% on the previous year.

In corporate and investment banking, the BNP Paribas (Suisse) SA Group's 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.

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

On 1 October 2014, BNP Paribas (Suisse) SA acquired from BNP Paribas Investment Partners SA its BNP Paribas Investment Partners (Suisse) SA subsidiary. This entity was merged with and into BNP Paribas (Suisse) SA under a short-form procedure, with retroactive effect from 1 July 2014.

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

BNP Paribas (Suisse) SA has branches in Basel, Lugano, Zurich and Guernsey and subsidiaries in Monaco and the United Arab Emirates.

Consolidated financial statements

Consolidated total assets amounted to CHF 21.0 billion, down CHF 3.1 billion or 12.8%.

On the asset side, due from banks, mainly from the Group, were steady at CHF 2.3 billion. Due from customers fell back 16.9% or CHF 2.1 billion to CHF 10.4 billion, including a CHF 1.5 billion decline in Corporate and Investment banking and a CHF 0.6 billion drop in Wealth Management. Mortgage loans were stable at CHF 1.5 billion. Compared with 2013, securities held for trading fell by CHF 0.5 billion to CHF 0.9 billion owing to a decrease in Fixed-income's bond portfolio. Non-current financial assets dropped by CHF 0.4 billion to CHF 2.1 billion owing chiefly to a maturing fixed-income transaction and ALM's bond portfolio.

On the liabilities side, due to banks stood at CHF 3.1 billion, down CHF 0.8 billion compared with 2013, as a result of the decrease in due from customers on the assets side. Due to customers fell back CHF 1.7 billion to CHF 14.2 billion, including a CHF 1.0 billion decline in Corporate and Investment banking and a CHF 0.7 billion drop in Wealth Management. Additional paid-in capital of CHF 2.9 billion derived from the non-returnable contribution by BNP Paribas SA, Paris, following the financial penalties incurred by BNP Paribas (Suisse) SA in connection with the comprehensive settlement with the US authorities. Taking this capital injection into account, consolidated equity contracted by CHF 1.1 billion on year-end 2013 to CHF 2.2 billion, after a dividend payout of CHF 0.3 billion and a consolidated loss of CHF 3.6 billion, offset by the CHF 2.8 billion non-returnable shareholder contribution.

Off-balance sheet items – contingent liabilities, irrevocable commitments and commitments under documentary credits related to commodities financing – amounted to CHF 10.1 billion, down CHF 2.8 billion or down 21.9% compared with 2013. Derivative financial instruments rose by CHF 3.4 billion or 18.2% to CHF 22.3 billion.

In the income statement, banking income declined 22.7% year-on-year to CHF 650.3 million. The CHF 191.5 million revenue decline was attributable to contractions in net interest income (CHF 59.9 million, down 16.1%), net fee income (CHF 74.8 million, down 19.4%), proprietary trading (CHF 54.1 million, down 156.6%) and other ordinary banking income and expense (CHF 2.7 million, down 5.3%).

Operating expenses fell by 0.5% year-on-year to CHF 563.7 million compared with 2013. Employee benefits expenses contracted by 3.8% to CHF 368.4 million, mainly as a result of the adaptation plans implemented by the business lines of the BNP Paribas (Suisse) SA Group. Other operating expenses rose by 6.5% to CHF 195.4 million as a result of significant non-recurring items. These totalled CHF 49.1 million in 2014, compared with CHF 29.7 million in 2013, and predominantly consisted of professional fees (attorneys, consultants) and various costs incurred under the comprehensive settlement with the US authorities in relation to certain US dollar transactions, the US Program and the Bank's capital injection in 2014. Excluding these non-recurring items, other operating expenses were down 4.9%.

Value adjustments, provisions and losses came to CHF 3,734.0 million, up from CHF 133.5 million in the previous year. The CHF 3,600.5 million increase flowed largely from the CHF 3,486.0 million in financial penalties incurred by BNP Paribas (Suisse) SA under the comprehensive settlement with the US authorities (equivalent to USD 3,853.3 million), provisions for international trade finance operations and provisions to cover the risk of a fine under the US Program.

Non-recurring items rose to CHF 84.3 million, up CHF 22.5 million compared with 2013. They included CHF 32.2 million for the reversal of specific loan loss provisions and provisions for litigation taken in previous years, CHF 49.3 million in recoveries of written-off loans and CHF 2.8 million in non-recurring income mainly from corrections to prior-year transactions.

The BNP Paribas (Suisse) SA Group's consolidated net loss stood at CHF 3,560.3 million in 2014 compared with net income of CHF 104.8 million in 2013. Excluding non-recurring items, which produced a negative impact totalling CHF 3'686.4 million in 2014 compared with a negative impact of CHF 56.8 million in 2013, 2014 consolidated net income totalled CHF 126.1 million, down 21.9% from CHF 161.5 million in 2013.

Customer assets fell by 8.3% to CHF 32.4 billion at 31 December 2014 from CHF 35.3 billion at year-end 2013. This CHF 2.9 billion decrease stemmed from a combination of CHF 3.6 billion in capital outflows and a positive performance and currency effects of CHF 0.7 billion.

Statutory financial statements

BNP Paribas (Suisse) SA's total assets stood at CHF 20.5 billion, down CHF 3.0 billion from year-end 2013.

On the assets side, due from banks and money market instruments amounted to CHF 2.8 billion, a decrease of CHF 0.4 billion. Due from customers and mortgage loans declined by CHF 2.0 billion to CHF 11.1 billion. Securities held for trading declined by CHF 0.5 billion to CHF 0.9 billion. Non-current financial assets fell by CHF 0.5 billion to CHF 2.1 billion.

On the liabilities side, due to banks amounted to CHF 5.3 billion, down CHF 0.5 billion compared with 2013. Customer deposits declined by CHF 1.9 billion to CHF 11.6 billion. Equity, including the fund for general banking risks, stood at CHF 1.4 billion, down from CHF 2.3 billion at year-end 2013.

Off-balance sheet items – contingent liabilities, irrevocable commitments and guarantees – totalled CHF 9.9 billion, down CHF 3.0 billion or 23.3%. Contributing to this decline was the 37.9% slump in the volumes of documentary credits traded from CHF 184.3 billion in 2013 to CHF 114.4 billion in 2014.

Net banking income was CHF 627.2 million, down 22.5% on 2013. The CHF 182.5 million revenue decline reflected the combined impact of a CHF 58.0 million (-16.2%) decrease in net interest income, a CHF 73.1 million (-20.1%) decline in fee income, a CHF 53.9 million (-172.1%) fall in proprietary trading, and a CHF 2.5 million (4.5%) rise in other ordinary banking income.

Operating expenses fell by 0.1% to CHF 537.5 million, including CHF 351.3 million in employee benefits expenses (down 3.9%) and CHF 186.2 million in other operating expenses (up 7.7%).

Gross operating income amounted to CHF 89.6 million compared with CHF 271.4 million in 2013.

Value adjustments, provisions and losses of CHF 3'732.2 million included CHF 3'486.0 million in financial penalties under the comprehensive settlement with the US authorities.

Non-recurring items of CHF 270.9 million reflected CHF 219 million for the reversal of loan loss provisions taken in previous years, CHF 49.3 million in recoveries of written-off loans and CHF 2.6 million in non-recurring income mainly from corrections to prior-year transactions.

The 2014 net loss came to CHF 3'412.7 million, compared with net income of CHF 102.8 million in 2013.

Basel III capital adequacy ratio

Under the Basel III 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.

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. Based on these criteria, BNP Paribas (Suisse) SA is classified 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).

At 31 December 2014, the Bank's solvency ratio under Basel III, after factoring in the specific additional requirements specific to equity, stood at 14.97%. Excluding the additional requirements, the main one of which concerning operating risk was temporary and applies on a sliding-scale, the solvency ratio stood at 22.01% at 31 December 2014, compared with 24.93% at 31 December 2013, reflecting a still high level of capital by comparison with regulatory requirements.

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 2014 registration document and annual financial report, chapter 5, Risks and Capital Adequacy, 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 the CRD III and CRD IV European Directives 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 is designed to 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 and are aligned with the risk management objectives. 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 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).

VARIABLE COMPENSATION

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

Variable compensation is determined in such a way as to avoid implementing incentives that may give rise to conflicts of interest between employees and clients, or the failure to comply with the code of conduct rules.

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, 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;
- Indexing part of the variable compensation to BNP Paribas's share price in order to align the interests of beneficiaries and shareholders.

INTERNATIONAL SUSTAINABILITY INCENTIVE SCHEME (ISIS) PLAN

Fixed and variable compensation may be supplemented by individual awards in cash, known as the International Sustainability Incentive Scheme (ISIS), which aims to give key BNP Paribas personnel an opportunity to share in the Group's value creation. This scheme aims to reward, retain and incentivise its beneficiaries in a responsible manner and on the basis of the Group's operating performance. As such, 80% of the award is indexed to financial performance and 20% is contingent on meeting social and environmental criteria. Moreover, payment is contingent on the beneficiary's continuous presence within the Group during three years following the award date.

	ISIS 2014	ISIS 2013
Amount awarded (in thousands of CHF)	**1'104**	**1'045**
Number of beneficiaries	**100**	**97**

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.

	(in thousands of CHF)	
Information on compensation for the current year	**31 Dec 2014[1]**	**31 Dec 2013[1]**
Total compensation [2]	272'962	290'819
Number of beneficiaries (average)	1'583	1'620
Of which performance-related compensation [3]	42'469	52'511
Of which deferred compensation due [4]	1'507	1'276
Number of beneficiaries	24	23

Deferred compensation still due [5]	**31 Dec 2014**	**31 Dec 2013**
	3'824	5'524

Debits and credits made during the year relating to prior years	**31 Dec 2014**	**31.12.13**
	-5'196	-1'976

Benefits paid to the Board of Directors, Senior Management and employees whose activity has a significant impact on the firm's risk profile	**31 Dec 2014**	**31 Dec 2013**
Sign-on payments	0	12
Number of beneficiaries	0	1
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, long-service awards and retirement bonuses.
(3) Performance-related compensation comprises awards 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 previous three 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. The Board Committee rules on proposals made by the Compensation Committee.

The Compensation Committee's key responsibilities are to:

- Approve any changes to the compensation strategy and policy applicable generally and/or by business line/function.
- Ensure that the compensation systems do not encourage employees to behave in a manner conflicting with the risk management policy.
- Ensure that compensation policies are competitive compared with the market.
- Ensure that the principles of non-discrimination are observed.
- Approve the proposals drawn up by Senior Management and the Human Resources division concerning pay increases and awards of variable compensation, generally and/or by business line/function, as well as ensuring they are applied.

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

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.

BNP Paribas (Suisse) SA, Geneva

Consolidated financial statements at 31 December 2014

BNP Paribas (Suisse) SA

Consolidated balance sheet at 31 December 2014

(with prior-year comparative data)
(in CHF)

ASSETS

	31 Dec 2014	31 Dec 2013
Cash and cash equivalents	2'812'663'526	2'545'180'129
Money market instruments	215'571'667	638'271'697
Due from banks	2'322'538'064	2'320'806'152
Due from customers	10'390'707'401	12'505'329'713
Mortgage loans	1'475'214'598	1'516'215'423
Securities and precious metals trading portfolio	853'812'949	1'370'423'478
Non-current financial assets	2'125'396'729	2'516'993'708
Non-consolidated investments and investments accounted for by the equity method	4'512'127	4'535'875
Property, plant and equipment	132'990'377	144'994'396
Intangible assets	939'663	19'842'362
Accruals and prepayments	120'944'128	151'576'337
Other assets	544'395'743	341'982'547
Total assets	**20'999'686'972**	**24'076'151'817**

Total due from non-consolidated investments and significant shareholders	**1'685'554'078**	**1'829'120'473**

BNP Paribas (Suisse) SA

Consolidated balance sheet at 31 December 2014

(with prior-year comparative data)
(in CHF)

LIABILITIES

	31 Dec 2014	31 Dec 2013
Money market instruments	1'200'718	517'944
Due to banks	3'148'900'426	3'958'247'095
Due to customers in the form of savings and investments	337'267	357'222
Other amounts due to customers	14'192'550'396	15'899'042'215
Accruals and prepayments	258'415'390	288'272'774
Other liabilities	709'370'890	285'529'582
Value adjustments and provisions	465'810'516	364'138'942
Reserves for general banking risks	135'948'560	135'948'560
Share capital	320'270'600	320'270'600
Treasury shares	(107'026)	(107'026)
Additional paid-in capital	2'850'781'318	2'453'642
Retained earnings	2'476'512'430	2'716'718'176
Net income/(loss) for the year	(3'560'304'513)	104'762'091
Total liabilities and equity	**20'999'686'972**	**24'076'151'817**
Total due to non-consolidated entities and significant shareholders	**2'213'403'644**	**3'122'278'240**

BNP Paribas (Suisse) SA

Consolidated statement of off-balance sheet items at 31 December 2014

(with prior-year comparative data)
(in CHF)

	31 Dec 2014	31 Dec 2013
Contingent liabilities	5'446'787'027	8'195'489'931
Irrevocable commitments	4'488'147'805	4'329'702'720
Guarantee commitments	189'276'136	432'875'069
Derivative financial instruments:		
Contract volume	22'345'458'107	18'900'689'286
Positive replacement values	236'010'689	131'361'862
Negative replacement values	263'982'847	177'522'814
Fiduciary operations	1'386'392'598	1'987'012'426

BNP Paribas (Suisse) SA

Consolidated income statement for the year ended 31 December 2014

(with prior-year comparative data)
(in CHF)

	31 Dec 2014	31 Dec 2013
Net Banking Income and Expenses		
Net Interest Income and Expense:		
Interest income	497'116'982	633'169'622
Interest income and dividends from trading portfolios	21'207'609	34'739'780
Interest income and dividends from non-current financial assets	21'094'885	27'984'567
Interest expense	(228'564'479)	(325'183'459)
Net Interest income	**310'854'997**	**370'710'510**
Net Fee Income		
Fee income from lending activities	140'794'582	197'230'535
Fee income from trading activities	185'643'652	229'866'409
Fee income from other services	28'241'026	18'356'963
Fee expense	(42'983'376)	(58'918'770)
Net fee income	**311'695'884**	**386'535'137**
Gains and Losses on Proprietary Trading	**(19'563'218)**	**34'542'597**
Other Ordinary Banking Income And Expense		
Gains or losses on the disposal of non-current financial assets	195'019	(4'101'765)
Total income from equity investments - o/w other investments (non-consolidated: CHF - (2013: CHF 10,981,347)	-	10'981'347
Gains on property sales	1'557'756	1'835'799
Other ordinary banking income	45'979'375	41'989'525
Other ordinary banking expenses	(394'655)	(710'686)
Net other ordinary banking income	**47'337'495**	**49'994'220**
Operating Expenses		
Employee benefits expense	(368'359'803)	(383'045'901)
Other operating expenses	(195'387'101)	(183'465'250)
Total operating expenses	**(563'746'904)**	**(566'511'151)**
Gross income/(loss)	**86'578'254**	**275'271'313**
Depreciation and amortisation on non-current assets	(33'103'665)	(35'902'263)
Value adjustments, provisions and losses	(3'734'018'729)	(133'451'246)
Income before non-recurring items	**(3'680'544'140)**	**105'917'803**
Non-recurring income	84'287'902	61'752'438
Non-recurring expense	(2'733'826)	(3'210'552)
Tax	38'685'551	(59'697'598)
Net Income/(loss) for the Year	**(3'560'304'513)**	**104'762'091**

BNP Paribas (Suisse) SA

Consolidated statement of cash flows at 31 December 2014

(with prior-year comparative data)
(in thousands of CHF)

	31 Dec 2014		31 Dec 2013	
	Sources of funds	Uses of funds	Sources of funds	Uses of funds
Cash flows from operating activities (generated internally)	**-**	**3'214'497**	**299'543**	**-**
Net income for the year	-	3'560'305	104'762	-
Depreciation and amortisation on non-current assets	33'104	-	35'902	-
Foreign exchange differences	-	676	491	-
Value adjustments and provisions	91'177	-	104'131	-
Accrued income and prepaid expenses	30'632	-	272'127	-
Accrued expenses and deferred income	-	29'857	-	95'089
Other assets	-	202'413	-	88'422
Other liabilities	423'841	-	-	34'359
Cash flows from financing activities	**2'504'037**	**-**	**-**	**899'972**
Other awards	2'848'328	-	-	12
Dividends	-	344'291	-	899'960
Cash flows from investing activities	**389'424**	**-**	**-**	**933'869**
Non-consolidated investments and investments accounted for by the equity method	24	-	-	375
Non-current financial assets	391'597	-	-	935'309
Property, plant and equipment and intangible assets	-	2'197	1'815	-
Cash flows from banking activities	**-**	**321'037**	**-**	**1'534'298**
Medium- and long-term transactions	**588'520**	**-**	**1 '947'466**	**-**
Money market instruments	683	-	-	89
Due to banks	-	809'347	-	1 '217'004
Due to customers	-	1'706'512	-	3 '976'076
Money market instruments	422'700	-	4'374'617	-
Due from banks	-	1'732	2'532'105	-
Due from customers, including mortgage loans	2'166'118	-	-	95'463
Securities and precious metals trading portfolio	516'611	-	329'375	-
Change in cash and cash equivalents	**-**	**267'483**	**-**	**413'168**
Cash and cash equivalents	-	267'483	-	413'168

BNP Paribas (Suisse) SA

Notes to the consolidated financial statements for the year ended 31 December 2014

(figures in thousands of CHF unless otherwise stated)

1. Business review and employees

The BNP Paribas Group in Switzerland (hereinafter "the Group") is made up of BNP Paribas (Suisse) SA (hereinafter "the Bank") and its subsidiaries.

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

BNP Paribas (Suisse) SA has branches in Basel, Lugano, Zurich and Guernsey and subsidiaries in the United Arab Emirates and Monaco.

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, the Bank's 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. The Bank provides an information systems hub and back-office services 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/ accounting activities for equity derivatives and back office activities for equity derivatives to BNP Paribas Arbitrage Paris, its supplier invoice processing to BNP Paribas India Solutions Private Ltd, Mumbai, certain IT developments to BNP Paribas Group units (Singapore, Mumbai) and the Swift payment traffic platform, message filtering and monitoring to BNP Paribas SA Paris.

On 1 October 2014, BNP Paribas (Suisse) SA acquired from BNP Paribas Investment Partners SA, its subsidiary of BNP Paribas Investment Partners (Suisse) SA. This entity was merged with and into BNP Paribas (Suisse) SA under a short-form procedure, effective retroactively to 1 July 2014.

BNP Paribas (Suisse) SA has a share capital of CHF 320.3 million.

At 31 December 2014, the Group had 1'590 employees (2013: 1'631 employees), breaking down as follows:

Switzerland:	1'493 employees (2013: 1'528 employees)
International:	97 employees (2013: 103 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 Swiss Financial Market Supervisory Authority (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 is recognised on the balance sheet under "Other assets" or "Other liabilities".

• Goodwill
Goodwill is the difference between the cost of 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 2014, 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 François Brych and Jean-Humbert Croci 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 Swiss francs 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 may be translated at the rate for the currency positions taken during the year to hedge the exchange rate risk against the Swiss franc of part of net revenues generated in this currency.

The average USD/CHF exchange rate used to translate the US dollar revenues in the year was CHF 0.9138 (2013: 0.9272).

In view of the US dollar rate at end-2014, the Bank has not hedged its 2015 revenues.

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

	31 Dec 2014	31 Dec 2013
USD/CHF	0.99240	0.89080
EUR/CHF	1.20230	1.22275
YEN/CHF*	1.20497	1.17786
GBP/CHF	1.54610	1.47305

* Rate per 100 yen

The average rates used for consolidation purposes at end-2014 were USD/CHF 0.91553 (end-2013: 0.92549) and EUR/CHF 1.21448 (end-2013: 1.22912).

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 at 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.

For the mortgage lending business taken over by the Bank from the former Fortis bank (Suisse) SA in May 2010, 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 at the balance sheet date. The full amount of this provision set aside based on the analysis at 31 December 2012 was used at 30 June 2014, and no further allowance was set aside.

In addition, since 2012, the same risk analysis has been applied to corporate and investment banking (CIB) loans. Collective reserves are recognised on a centralised basis in the accounts of BNP Paribas SA Paris for all the subsidiaries and branches concerned, including BNP Paribas (Suisse) SA, and have been recorded in the accounts of these entities retrospectively to 1 January 2012.

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 on 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 millions	**31 Dec 2014**	**31 Dec 2013**
Sector provision for mortgage loans	-	4.1
Collective reserve for CIB	16.9	18.0

Loans secured by property assets are recognised on the balance sheet under "Mortgage loans".

• Transfer of financial assets

In its commodities finance business, the Bank carried out a securitisation in 2013 that was partially refinanced by outside investors, with recourse limited to the assets transferred. This transaction resulted in full derecognition of financial assets.
The vehicle set up for this purpose was halted early during 2014.

• 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 or market value. Unlisted equities are measured at the lower of cost or 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 economic 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 on 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 borrowing transactions 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 borrowing 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 is measured at cost and depreciated on a straight-line basis over its estimated useful life.

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	3-5 years
customer portfolio	5 years

• Intangible assets
Intangible assets comprise goodwill on consolidated investments and purchased goodwill, amortised on a straight-line basis over five 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 depreciated 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 on 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 long-service awards, 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 the 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 on the balance sheet.

Gross replacement values shown on 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 at 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 on the balance sheet.

A deferred tax liability of CHF 245.3 million was recognised on the balance sheet under "Value adjustments and provisions" at 31 December 2014 (CHF 290.7 million at 31 December 2013). This amount was determined by applying the Bank's effective tax rate (24.23%) to the general provisions of CHF 1'012.4 million carried in the statutory financial statements of Group companies. There were no deferred tax assets at 31 December 2014 or 2013. 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 participation 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 that 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 on the balance sheet.

B) RISK MANAGEMENT REVIEW

• Introduction
The Bank's Board of Directors carries out an annual risk assessment 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 BNP Paribas Group's policies on structural interest rate risk on undated assets and liabilities carried on the balance sheets of the various entities (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 to these positions, the Bank trades on its own account within the limits set 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. 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 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 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, and legal and tax risks.

An Internal Control Committee at parent company level meets periodically 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.

- Settlement with the US authorities relating to US dollar transactions involving parties subject to US sanctions

On 30 June 2014, the BNP Paribas Group reached a comprehensive settlement regarding the review of certain USD transactions involving parties subject to US sanctions.

This settlement included agreements with the US Department of Justice, the US Attorney's Office for the Southern District of New York, the New York County District Attorney's Office, the Board of Governors of the US Federal Reserve System (FED), the New York State Department of Financial Services (DFS), and the Office of Foreign Assets Control (OFAC).

In addition, the settlement included guilty pleas entered into by BNP Paribas SA Paris on behalf of the relevant entities in relation to violations of certain US laws and regulations regarding economic sanctions against certain countries and related record-keeping. BNP Paribas also agreed to pay a total of USD 8.97 billion.

FINMA also conducted its own review and found that BNP Paribas (Suisse) SA had over an extended period of time committed grave breaches of its obligations of detecting, curbing and monitoring risks arising from transactions with its trading partners in countries subject to US sanctions, without identifying any indication of breaches of Swiss sanctions.

Since BNP Paribas (Suisse) SA carries some of the responsibility for the incriminated transactions, it decided to take a portion of the financial penalties based on the volumes of unauthorised transactions it initiated, which worked out at USD 3.85 billion. This charge was recorded in "Value adjustments, provisions and losses".

To meet FINMA's requirements and in response to the loss of the Bank's capital as required pursuant to Article 725 para. 1 of the Swiss Code of Obligations, a CHF 2.85 billion non-returnable shareholder contribution was provided by BNP Paribas SA, Paris and recognised in "Statutory reserves from capital contributions".

Furthermore, BNP Paribas SA Paris accepted a temporary suspension of one year starting on 1 January 2015 affecting certain USD direct clearing operations, mainly focused on the Oil & Gas Energy & Commodity Finance business line, including BNP Paribas (Suisse) SA.

In advance of the settlement, the BNP Paribas Group designed robust new compliance and control procedures. These reflect major changes to the Group's operational processes. Specifically:

- a new department called Group Financial Security US, part of the Group Compliance function, will be headquartered in New York and will ensure that the BNP Paribas Group complies globally with US regulation related to international sanctions and embargoes.
- all USD flows for the entire BNP Paribas Group will be ultimately processed and controlled via the branch in New York.

- US Program

Following the agreement between the United States and Switzerland signed on 29 August 2013 to settle tax litigation applying to undeclared accounts of US citizens, BNP Paribas (Suisse) SA decided to participate in Category 2 of the US Department of Justice (DoJ) Disclosure Program.

Category 2 allows banks that have reason to believe that they may have inadvertently violated US tax and currency laws between August 2008 and 2013 to seek Non-Prosecution Agreements (NPAs) that will protect them from future criminal prosecution by the DOJ, barring subsequent discovery of negative factors by the US authorities. A fine will, however, be assessed against these banks on the basis of assets held for US clients who are unable to prove that they have declared those assets to the US authorities, in accordance with the criteria stipulated by the Program.

The work performed under the Program to review the client base and identify clients likely to be undeclared US taxpayers was continued during 2014 and presented to the DoJ.

In the fourth quarter of 2014, the Program entered its negotiation phase with the presentation by the DoJ of a draft NPA to category 2 banks. Given the numerous uncertainties concerning the regulations of the US Program, the risk of penalties and/or external costs yet to be incurred were provided for.

C) POLICY FOR THE USE OF DERIVATIVE FINANCIAL INSTRUMENTS

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

The Group's entities trade in derivative financial instruments on behalf of their clients. Transactions cover foreign exchange (forward currency contracts and currency options), equity options, stock indices, fixed-income, precious metals and futures.

For these transactions, Group entities 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 where the value of the assets provided as collateral is no longer adequate for the risk incurred.

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.

3.
Notes to the consolidated balance sheet

3.1
COLLATERAL FOR LOANS AND OFF-BALANCE SHEET ITEMS

	31 Dec 2014			
Breakdown of collateral	**Mortgage guarantees**	**Other guarantees**	**Unsecured**	**Total**
Loans:				
Due from customers	180'555	5'190'442	5'019'710	10'390'707
Mortgage loans				
- residential	910'437	15'678	8'258	934'373
- commercial	82'042	-	-	82'042
- other	316'519	51'237	91'044	458'800
Total at 31 Dec 2014	**1'489'553**	**5'257'357**	**5'119'012**	**11'865'922**
Total at 31 Dec 2013	1'442'479	7'010'312	5'568'754	14'021'545
Off balance sheet:				
Contingent liabilities	-	803'300	4'643'487	5'446'787
Irrevocable commitments	-	147'251	4'340'897	4'488'148
Guarantees	-	109'927	79'349	189'276
Total at 31 Dec 2014	**-**	1'060'478	9'063'733	10'124'211
Total at 31 Dec 2013	-	1'713'541	11'244'527	12'958'068

Non-performing loans	**Gross**	**Estimated value of collateral**	**Net**	**Specific Value adjustments**
31 Dec 2014	**859'009**	**501'866**	**357'143**	**357'143**
31 Dec 2013	870'287	520'111	350'176	350'176

3.2
SECURITIES AND PRECIOUS METALS TRADING PORTFOLIO

	31 Dec 2014	31 Dec 2013
Debt securities	222'287	727'437
- listed *	222'287	727'437
- o/w measured at lower of cost or market value	-	-
Equity investments*	631'526	642'986
- o/w Treasury shares	-	-
Precious metals	-	-
TOTAL	**853'813**	**1'370'423**
* o/w repurchase agreements contracted for liquidity purposes	119'846	228'227

* traded on a recognised exchange

3.3
NON-CURRENT FINANCIAL ASSETS AND NON-CONSOLIDATED INVESTMENTS

	Carrying amount		Fair value **	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Debt securities	1'777'044	2'079'510	1'777'453	2'079'913
- o/w held-to-maturity	1'777'044	2'079'510	1'777'169	2'079'645
- o/w measured at lower of cost or market value	-	-	-	-
Equity investments	424	417	30'856	31'836
- o/w significant holdings*	-	-	-	-
Precious metals	345'803	436'446	345'803	436'446
Property	1'284	621	1'284	621
TOTAL	**2'124'555**	**2'516'994**	**2'155'396**	**2'548'816**
- o/w repurchase agreements contracted for liquidity purposes	1'777'169	1'944'440		
Non-consolidated investments				
- no market value	4'512	4'536		
Total non-consolidated investments	4'512	4'536		

* at least 10% of the share capital or voting rights
**For unlisted long-term investments, cost has been used as fair value, adjusted for any provisions required

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

	Business	Percentage holding 2014*	Percentage holding 2013*	Share capital at 31 December 2014 (in thousands)		Share capital at 31 December 2013 (in thousands)	
Consolidated subsidiaries:							
BNP Paribas Wealth Management Monaco, Monaco	Banking	100%	100%	EUR	12'960	EUR	12'960
Non-consolidated investments:							
BNP Paribas Wealth Management (DIFC) Limited, Dubai (1)	Finance company	100%	100%	USD	4'000	USD	4'000

* Voting rights identical to percentage holding
1) Company holds a category 4 licence and is therefore not permitted to engage in lending or discretionary management activities.

3.5
NON-CURRENT ASSETS

	2014							
	Cost	Accumulated depreciation & amortisaton	Carrying amount at 31 Dec. 2013	Changes of allocation	Investments	Divestments	Depreciation & amortisation	Carrying amount at 31 Dec. 2014
Non-consolidated investments:								
Other investments	6'071	1'535	4'536	-	-	(24)	-	4'512
Total investments	**6'071**	**1'535**	**4'536**	**-**	**-**	**(24)**	**-**	**4'512**
Property:								
Owner-occupied property	168'431	56'813	111'618	117	236	-	(3'108)	108'863
Other property	-	-	-	-	-	-	-	-
Other property, plant and equipment	169'361	135'985	33'376	(117)	3'705	(1'844)	(10'993)	24'127
Total property, plant and equipment	**337'792**	**192'798**	**144'994**	**-**	**3'941**	**(1'844)**	**(14'101)**	**132'990**
Goodwill	225'518	206'182	19'336	-	125	-	(19'002)	459
Other intangible assets	1'806	1'300	506	-	-	(25)	-	481
Total intangible assets	**227'324**	**207'482**	**19'842**	**-**	**125**	**(25)**	**(19'002)**	**940**
Fire insurance value of property[(1)]			266'987					271'421
Fire insurance value of plant and equipment[(1)]			92'472					73'105
Commitments: future operating lease payments			625					236

[(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 Dec 2014	31 Dec 2013
Positive replacement values	236'011	131'362
Netting account	11'494	8'063
Suspense account	210'850	151'551
Other	86'041	51'007
	544'396	**341'983**

3.7
OTHER LIABILITIES

	31 Dec 2014	31 Dec 2013
Negative replacement values	263'983	177'523
Suspense account	10'517	17'792
Other	434'871	90'215
	709'371	**285'530**

3.8
ASSETS PLEDGED OR ASSIGNED AS COLLATERAL FOR ITS OWN COMMITMENTS AND ASSETS SUBJECT TO RETENTION OF TITLE

Assets assigned as collateral were non-material as at 31 December 2014, as they were at 31 December 2013.

At 31 December 2014, lending and repurchase transactions broke down as follows:

Stock lending and repurchase agreements	**31 Dec 2014**	**31 Dec 2013**
	Amount or value of collateral:	
Cash collateral payables	-	82'860
Carrying amount of securities held on own account, lent or assigned as collateral	60'534	141'137
Securities received as collateral under stock lending transactions, stock borrowing and repurchase agreements with an unconditional right to sell or re-use as collateral.	-	-
Stock lending and repurchase agreements	**60’534**	**223’997**

3.9
COMMITMENTS TO OWN PENSION FUND INSTITUTIONS

The credit balance on current accounts held by pension funds with the Bank at 31 December 2014 amounted to CHF 13.5 million (2013: CHF 11.4 million).

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

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

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

The latest audited annual financial statements for the pension funds at 31 December 2013 prepared in accordance with Swiss GAAP RPC 26 show a coverage rate of:

- 110.4% for the BNP Paribas Group Swiss pension fund,
- 114.6% for the Executive supplementary pension fund.

The estimated coverage rates at 31 December 2014 were:

- 116.5% for the BNP Paribas Group Swiss pension fund,
- 124.6% for the Executive supplementary pension fund.

The Group's foreign subsidiaries have defined contribution pension plans that are independent from those of the Bank.
Employer's contributions paid to the pension funds by the Bank amounted to CHF 33.6 million (2013: CHF 37.3 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 9.3 million at 31 December 2014 (31 December 2013: CHF 12.4 million).

3.10
VALUE ADJUSTMENTS, PROVISIONS AND MOVEMENTS DURING THE YEAR

	Balance at 31 Dec 2013	Utilisations for original purpose	Recoveries, doubtful interest, exchange differences	New charges through profit or loss	Reversals released to profit or loss	Balance at 31 Dec 2014
Provisions for deferred taxes	290'738	-	-	-	(45'431)	245'307
Value adjustments and provisions for loan losses and other risks						
- Value adjustments and provisions for loan losses	419'184	(114'837)	45'066	78'836	(21'739)	406'510
- Value adjustments and provisions for other operating risks	44'224	(2'413)	11'184	144'616	(1'702)	195'909
- Restructuring provisions	512	(152)	(10)	-	-	350
- Provisions for pension commitments	12'426	(2'572)	(67)	773	(239)	10'321
- Other provisions	20'197	(75)	792	7'711	(8'564)	20'061
Total value adjustments and provisions	**787'281**	**(120'049)**	**56'965**	**231'936**	**(77'675)**	**878'458**
To be deducted:						
Value adjustments deducted directly from assets	(423'142)	-	-	-	-	(412'647)
Total value adjustments and provisions carried on the balance sheet	**364'139**	**-**	**-**	**-**	**-**	**465'811**
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 2014	
Paid-up share capital	320'271
Additional paid-in capital	2'454
Retained earnings	2'716'718
Reserves for general banking risks	135'949
Net income/(loss) for the year as per the balance sheet	104'762
Treasury shares	(107)
Total equity at 1 January 2014 (before appropriation of net income)	**3’280’046**

Non-returnable shareholder contribution	2'848'328
Dividends	(344'291)
Translation difference	(676)
Net income/(loss) for the year	(3'560'305)
Total equity at 31 December 2014 (before appropriation of net income)	**2’223’102**

Including	
Paid-up share capital	320'271
Additional paid-in capital	2'850'781
Retained earnings	2'476'512
Reserves for general banking risks	135'949
Net income/(loss) for the year as per the balance sheet	(3'560'305)
Treasury shares	(107)

Treasury shares	Number	Value
Equity at 1 January 2014	163	107
Acquisitions	-	-
Sales	-	-
Equity as at 31 Dec. 2014	**163**	**107**

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

	31 Dec 2014							
	Sight	Cancellable	Less than 3 months	3 to 12 months	12 months to 5 years	More than 5 years	Non-current	Total
CURRENT ASSETS:								
Cash and cash equivalents	2'812'663	-	-	-	-	-	-	2'812'663
Money market instruments	-	5'245	210'327	-	-	-	-	215'572
Due from banks	336'898	18	1'247'343	377'775	360'504	-	-	2'322'538
Due from customers	-	2'743'546	4'358'086	848'956	2'393'784	46'335	-	10'390'707
Mortgage loans	-	792'317	34'647	129'328	287'463	231'460	-	1'475'215
Securities and precious metals trading portfolio	853'813	-	-	-	-	-	-	853'813
Non-current financial assets	346'103	-	80'060	133'392	1'204'431	359'286	2'125	2'125'397
Total current assets: 31 Dec 2014	**4'349'477**	**3'541'126**	**5'930'463**	**1'489'451**	**4'246'182**	**637'081**	**2'125**	**20'195'905**
Total current assets: 31 Dec 2013	4'632'245	5'132'622	5'735'374	2'324'601	5'005'820	581'937	621	23'413'220
Fonds étrangers :								
Money market instruments	1'201	-	-	-	-	-	-	1'201
Due to banks	859'009	-	1'927'441	62'612	170'981	128'858	-	3'148'901
Due to customers in the form of savings and investments	-	337	-	-	-	-	-	337
Other amounts due to customers	12'487'083	53'413	1'108'150	516'999	16'267	10'638	-	14'192'550
Total foreign funds: 31 Dec 2014	**13'347'293**	**53'750**	**3'035'591**	**579'611**	**187'248**	**139'496**	**-**	**17'342'989**
Total foreign funds: 31 Dec 2013	14'664'107	144'546	3'645'589	1'019'814	281'851	102'257	-	19'858'164
Net 31 Dec 2014	**(8'997'816)**	**3'487'376**	**2'894'872**	**909'840**	**4'058'934**	**497'585**	**2'125**	**2'852'916**
Net 31 Dec 2013	(10'031'862)	4'988'076	2'089'785	1'304'787	4'723'969	479'680	621	3'555'056

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 1.1 million at 31 December 2014 (2013: CHF 1.1 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 Dec 2014	**31 Dec 2013**	**31 Dec 2014**	**31 Dec 2013**
Balance sheet				
Sight accounts	168'628	177'797	173'493	154'940
Term accounts	332'586	245'327	199'504	474'533
Replacement values of derivatives	98	673	99	560

	Total volume	
	31 Dec 2014	**31 Dec 2013**
Off-balance sheet		
Contingent liabilities	154'244	130'238
Irrevocable commitments	44'517	-
Guarantees	4'653	22'079
Derivative financial instruments:		
- IRS	3'700	6'200
- Forward currency transactions	30'291	61'566
- Interest rate futures	-	570'000
- Caps and floors	9'924	8'908
- Securities futures	729'521	1'045'426
- Listed equity options	711'486	1'314'823
Fiduciary deposits	-	8'063

Total loans and commitments to non-consolidated investments and significant shareholders:
At 31 December 2014, loans to non-consolidated investments and significant shareholders amounted to CHF 1,686 million (2013: CHF 1,829 million). Commitments to non-consolidated investments and significant shareholders amounted to CHF 2,213 million at 31 December 2014 (2013: CHF 3,122 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.

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 Dec 2014	31 Dec 2013
Guarantees received	2'137'728	2'795'395
Guarantees issued	705'547	617'254

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

3.14
BREAKDOWN OF ASSETS BETWEEN SWITZERLAND AND INTERNATIONAL

	31 Dec 2014			31 Dec 2013		
	Switzerland	International	Total	Switzerland	International	Total
Assets						
Cash and cash equivalents	2'810'333	2'330	2'812'663	2'542'524	2'656	2'545'180
Money market instruments	-	215'572	215'572	-	638'272	638'272
Due from banks	12'446	2'310'092	2'322'538	64'610	2'256'196	2'320'806
Due from customers	2'897'835	7'492'872	10'390'707	3'296'886	9'208'444	12'505'330
Mortgage loans	429'241	1'045'974	1'475'215	506'375	1'009'840	1'516'215
Securities and precious metals trading portfolio	688'886	164'927	853'813	816'050	554'373	1'370'423
Non-current financial assets	1'055'966	1'069'431	2'125'397	1'167'591	1'349'403	2'516'994
Non-consolidated investments and investments accounted for by the equity method	459	4'053	4'512	479	4'057	4'536
Property, plant and equipment and intangible assets	132'890	1'040	133'930	163'122	1'715	164'837
Accruals and prepayments	78'889	42'055	120'944	79'526	72'050	151'576
Other assets	318'413	225'983	544'396	205'835	136'148	341'983
Total assets	**8'425'358**	**12'574'329**	**20'999'687**	**8'842'998**	**15'233'154**	**24'076'152**

Liabilities:						
Money market instruments	1'201	-	1'201	518	-	518
Due to banks	96'325	3'052'576	3'148'901	127'188	3'831'059	3'958'247
Due to customers in the form of savings and investments	7	330	337	7	350	357
Other amounts due to customers	3'591'051	10'601'499	14'192'550	3'900'793	11'998'249	15'899'042
Accruals and prepayments	211'664	46'751	258'415	239'214	49'059	288'273
Other liabilities	465'463	243'908	709'371	120'358	165'171	285'529
Value adjustments and provisions	459'160	6'651	465'811	358'512	5'627	364'139
Reserves for general banking risks	135'949	-	135'949	135'949	-	135'949
Share capital	320'271	-	320'271	320'271	-	320'271
Treasury shares	(107)	-	(107)	(107)	-	(107)
Additional paid-in capital	2'848'327	2'454	2'850'781	-	2'454	2'454
Retained earnings	2'447'938	28'574	2'476'512	2'689'400	27'318	2'716'718
Net income/(loss) for the year	(3'560'590)	285	(3'560'305)	96'378	8'384	104'762
Total liabilities and equity	**7'016'659**	**13'983'028**	**20'999'687**	**7'988'481**	**16'087'671**	**24'076'152**

3.15
BREAKDOWN OF ASSETS BY COUNTRY

	31 Dec 2014		31 Dec 2013	
	Absolute value	**Percentage**	**Absolute value**	**Percentage**
Switzerland	8'425'358	40%	8'842'998	37%
Europe	9'073'351	43%	10'078'540	42%
o/w: France	*2'607'165*	*12%*	*3'132'504*	*13%*
United Kingdom	*994'570*	*5%*	*1'058'239*	*4%*
Caribbean	1'255'770	6%	1'765'493	7%
Latin America	105'278	1%	137'000	1%
North America	473'382	2%	777'062	3%
Asia-Pacific	1'389'055	7%	2'291'395	10%
Africa	277'493	1%	183'664	1%
Total assets	**20'999'687**	**100%**	**24'076'152**	**100%**

3.16
BREAKDOWN OF ASSETS AND LIABILITIES BY MAJOR CURRENCY

	CHF	USD	EUR	Other	Total
Assets					
Cash and cash equivalents	2'803'980	605	7'098	980	2'812'663
Money market instruments	-	215'572	-	-	215'572
Due from banks	598'089	285'207	887'782	551'460	2'322'538
Due from customers	405'158	6'882'189	2'452'931	650'429	10'390'707
Mortgage loans	617'075	26'066	676'951	155'123	1'475'215
Securities and precious metals trading portfolio	853'813	-	-	-	853'813
Non-current financial assets	1'536'919	-	242'654	345'824	2'125'397
Non-consolidated investments and investments accounted for by the equity method	459	3'874	179	-	4'512
Property, plant and equipment	132'479	-	511	-	132'990
Intangible assets	411	-	529	-	940
Accruals and prepayments	90'191	11'456	16'208	3'089	120'944
Other assets	509'310	30'570	4'420	96	544'396
Total positions reported as assets	**7'547'884**	**7'455'539**	**4'289'263**	**1'707'001**	**20'999'687**
Settlement claims arising from spot, futures and options transactions	784'582	6'063'309	6'051'133	3'273'668	16'172'692
Total assets	**8'332'466**	**13'518'848**	**10'340'396**	**4'980'669**	**37'172'379**

Liabilities					
Money market instruments	1'201	-	-	-	1'201
Due to banks	1'245'403	767'813	779'152	356'533	3'148'901
Due to customers in the form of savings and investments	7	19	311	-	337
Other amounts due to customers	1'131'732	6'786'746	4'838'366	1'435'706	14'192'550
Accruals and prepayments	193'241	4'505	58'252	2'417	258'415
Other liabilities	309'998	307'177	91'319	877	709'371
Value adjustments and provisions	312'727	142'129	10'641	314	465'811
Reserves for general banking risks	135'949	-	-	-	135'949
Share capital	320'271	-	-	-	320'271
Treasury shares	(107)	-	-	-	(107)
Additional paid-in capital	2'848'327	-	2'454	-	2'850'781
Retained earnings	2'447'938	-	28'574	-	2'476'512
Net income/(loss) for the year	(3'560'590)	-	285	-	(3'560'305)
Total positions reported as liabilities	**5'386'097**	**8'008'389**	**5'809'354**	**1'795'847**	**20'999'687**
Settlement commitments arising from spot, futures and options transactions	2'923'558	5'516'641	4'529'601	3'174'926	16'144'726
Total liabilities and equity	**8'309'655**	**13'525'030**	**10'338'955**	**4'970'773**	**37'144'413**
Net position by currency	**22'811**	**(6'182)**	**1'441**	**9'896**	**27'966**

4.
Notes to the consolidated statement of off-balance sheet items

4.1
BREAKDOWN OF CONTINGENT LIABILITIES

	31 Dec 2014	31 Dec 2013
Irrevocable guarantees and similar	1'991'439	1'741'978
Warranties and similar	416'071	389'395
Irrevocable commitments	3'039'277	6'064'117
	5'446'787	**8'195'490**

4.2
BREAKDOWN OF LOANS BY COMMITMENT

	31 Dec 2014	31 Dec 2013
Commitments arising from deferred payments	129'671	394'392
Other guarantees	59'605	38'483
	189'276	**432'875**

4.3
DERIVATIVE FINANCIAL INSTRUMENTS HELD AT THE YEAR-END

	Financial instruments held for trading			Hedging instruments		
	Positive replacement values	Negative replacement values	Contract volumes	Positive replacement values	Negative replacement values	Contract volumes
Fixed income instruments						
Forward contracts including FRAs						
Swaps	12'200	18'334	2'898'552	36	19'026	1'369'026
Futures	-	-	-	-	-	-
Options (OTC)	100	100	369'284	-	-	-
Currencies, precious metals						
Forward contracts	114'422	112'013	5'887'317	-	-	-
Cross-currency interest rate swaps	33'000	23'430	2'952'892	11'805	609	2'087'739
Options (OTC)	58'474	58'474	5'339'134	-	-	-
Equities/Indices						
Forward contracts	34	-	508	-	-	-
Futures	-	203	729'521	-	-	-
Options (OTC)	-	-	-	-	-	-
Options (exchange traded)	5'940	31'794	711'486	-	-	-
Credit derivatives						
Credit default swaps	-	-	-	-	-	-
Total before impact of netting agreements						
Gross at 31 Dec. 2014	**224'170**	**244'348**	**18'888'694**	**11'841**	**19'635**	**3'456'765**
Gross at 31 Dec. 2013	126'800	155'237	15'825'302	4'562	22'286	3'075'387

	Positive replacement values (cumulative)	Negative replacement values (cumulative)
Total after impact of netting agreements		
Net at 31 Dec. 2014	**236'011**	**263'983**
Net at 31 Dec. 2013	131'362	177'523

4.4
FIDUCIARY OPERATIONS

Fiduciary operations break down as follows:

	31 Dec 2014	31 Dec 2013
Fiduciary deposits		
Group banks	1'324'317	1'883'049
Other banks	62'076	103'741
Sub-total	**1'386'393**	**1'986'790**

Fiduciary loans		
Non-banking clients	-	222
Sub-total	**-**	**222**
Total fiduciary operations	**1'386'393**	**1'987'012**

4.5
ADMINISTERED ASSETS

Type of administered assets	31 Dec 2014	31 Dec 2013
Assets under discretionary management	4'091'597	4'042'673
Other administered assets	28'270'530	31'255'946
Total administered assets	**32'362'127**	**35'298'619**
Net inflows/withdrawals of new money	**(3'639'197)**	**(2'200'898)**

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 amounted to CHF 1,978 million (2013: CHF 1,575 million).

Net new inflows/outflows comprise all external inflows and outflows of cash and securities recorded on client accounts. They do 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 Dec 2014	31 Dec 2013
Derivative financial instruments	4'081	8'223
Notes	143	698
Currencies	(23'787)	25'622
	(19'563)	**34'543**

5.2 EMPLOYEE BENEFITS EXPENSE

	31 Dec 2014	31 Dec 2013
Wages and salaries	259'693	277'565
Social security benefits	26'628	27'233
Employer's pension contributions	33'600	37'300
Other employee benefits expense	48'439	40'948
	368'360	**383'046**

5.3 OTHER OPERATING EXPENSES

	31 Dec 2014	31 Dec 2013
Premises	21'768	23'230
Information systems and other installations	62'283	63'892
Other operating expenses	111'336	96'343
	195'387	**183'465**

5.4
NON-RECURRING INCOME

Non-recurring income, which came to CHF 84.3 million in 2014, reflected CHF 32.2 million for the reversal of loan loss provisions taken in previous years, CHF 49.3 million in recoveries of written-off loans and CHF 2.8 million in non-recurring income mainly from adjustments to prior-year transactions.

In 2013, non-recurring income amounted to CHF 61.8 million, including CHF 36.1 million for the reversal of specific loan loss provisions and provisions for litigation taken in previous years, CHF 5.4 million in recoveries of written-off loans and CHF 9.5 million in gains on the sale of property, plant and equipment. The balance of CHF 10.8 million comprised non-recurring income arising mainly from the adjustment of transactions recorded in prior years.

5.5
NON-RECURRING EXPENSE

Non-recurring expense amounted to CHF 2.7 million in 2014, including CHF 1.8 million for retirement of intangible assets and CHF 0.9 million in non-recurring expenses arising principally from the adjustment of prior-year transactions.

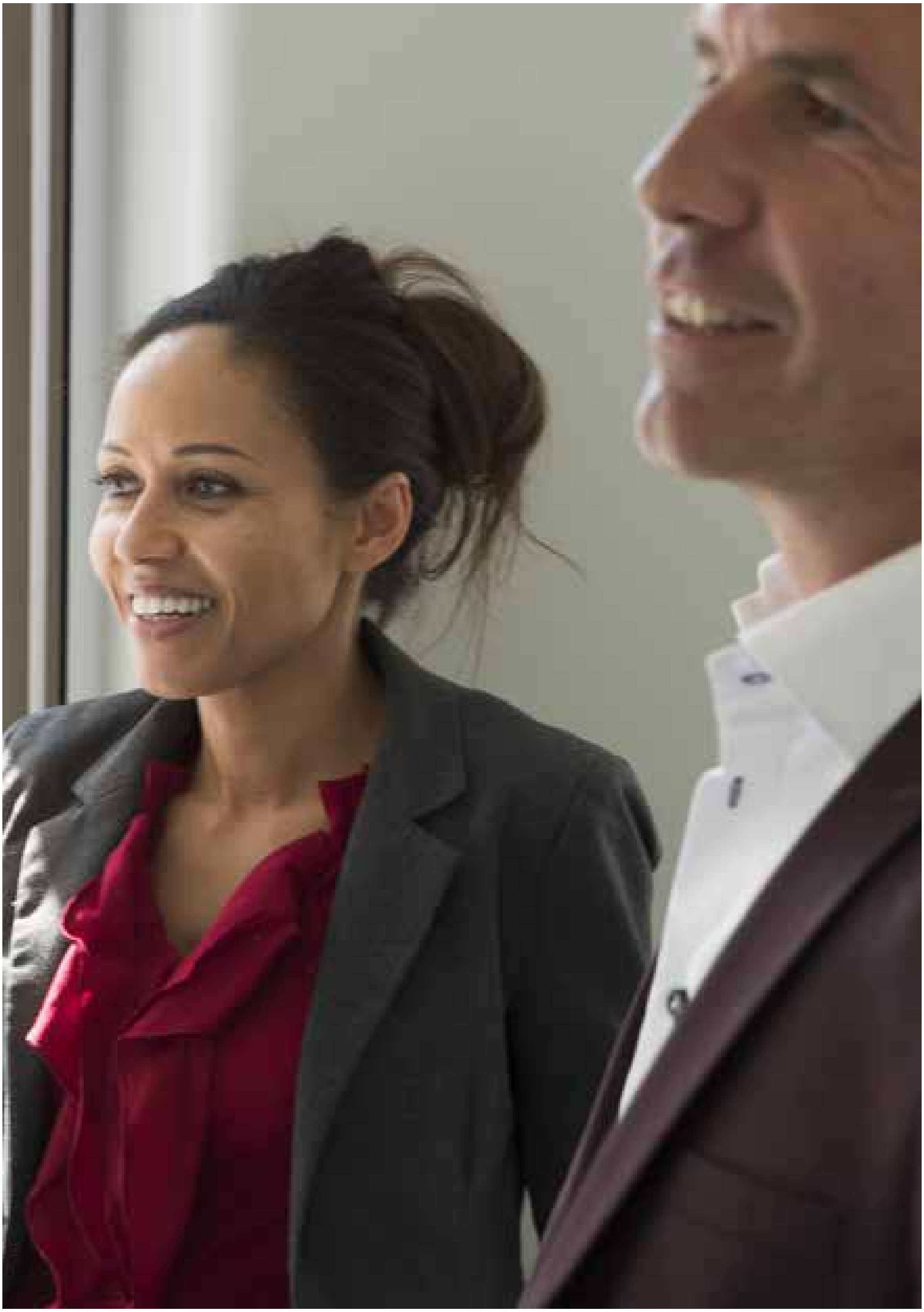
In 2013, non-recurring expense amounted to CHF 3.2 million, comprising CHF 1.6 million for retirement of intangible assets and CHF 1.3 million for provisions for interest recorded in prior years. The balance of CHF 0.3 million comprised non-recurring expenses arising mainly on the adjustment of transactions 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 before elimination of intragroup transactions:

2014	Switzerland	International	Total
Net interest income	301'129	9'726	310'855
Net fee income	289'527	22'169	311'696
Gains and losses on proprietary trading	(22'588)	3'025	(19'563)
Net other ordinary banking income	46'563	774	47'337
Operating expenses	(537'438)	(26'309)	(563'747)
Gross operating income	**77'193**	**9'385**	**86'578**

2013	Switzerland	International	Total
Net interest income	352'961	17'749	370'710
Net fee income	362'317	24'218	386'535
Gains and losses on proprietary trading	31'326	3'217	34'543
Net other ordinary banking income	49'273	721	49'994
Operating expenses	(536'799)	(29'712)	(566'511)
Gross operating income	**259'078**	**16'193**	**275'271**



BNP Paribas (Suisse) SA

Auditor’s report on the consolidated financial statements

Deloitte.

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Report of the Statutory Auditor

To the General Meeting of
BNP Paribas (Suisse) SA, Geneva

Report of the Statutory Auditor on the Consolidated Financial Statements

As statutory auditor, we have audited the accompanying consolidated financial statements of BNP Paribas (Suisse) SA, which comprise the consolidated balance sheet, consolidated income statement, consolidated statement of cash flows and notes to the consolidated financial statements (pages 28 to 63), for the year ended December 31, 2014.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of these consolidated financial statements in accordance with the requirements of Swiss law and the consolidation and valuation principles as set out in the notes. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

Opinion

In our opinion, the consolidated financial statements for the year ended December 31, 2014 give a fair view of the patrimony, of the financial position and of the results according to the Swiss law and the consolidation and valuation principles as set out in the notes.

Audit. Tax. Consulting. Corporate Finance.
Member of Deloitte Touche Tohmatsu Limited

Deloitte.

BNP Paribas (Suisse) SA
Report of the statutory auditor
For the year ended
December 31, 2014

Report on Other Legal Requirements

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

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

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

Deloitte SA

Alexandre Buga
Licensed Audit Expert
Auditor in Charge

Thierry Aubertin
Licensed Audit Expert

Geneva, March 19, 2015
AB/THA/fta

BNP Paribas (Suisse) SA
Statutory financial statements at 31 December 2014

Balance sheet at 31 December 2014

(with prior-year comparative data)
(in CHF)

ASSETS

	31 Dec 2014	31 Dec 2013
Cash and cash equivalents	2'810'333'293	2'542'524'450
Money market instruments	215'571'667	638'271'697
Due from banks	2'548'069'757	2'550'999'167
Due from customers	9'981'298'272	11'845'314'104
Mortgage loans	1'145'113'498	1'210'530'456
Securities and precious metals trading portfolio	853'812'949	1'370'423'478
Non-current financial assets	2'124'662'145	2'662'893'355
Equity investments	51'095'991	51'115'991
Property, plant and equipment	132'890'376	163'122'055
Accruals and prepayments	117'405'389	147'716'813
Other assets	531'039'051	330'438'937
Total assets	**20'511'292'389**	**23'513'350'501**
Total due from Group companies and significant shareholders	**1'919'868'514**	**2'068'784'719**

Balance sheet at 31 December 2014

(with prior-year comparative data)
(in CHF)

LIABILITIES

	31 Dec 2014	31 Dec 2013
Money Market Instruments	1'200'718	517'944
Due to banks	5'336'123'471	5'867'721'886
Due to customers in the form of savings and investments	102'637	117'611
Other amounts due to customers	11'572'240'359	13'488'627'560
Accruals and prepayments	239'099'898	270'347'287
Other liabilities	704'235'513	277'709'038
Value adjustments and provisions	1'227'702'538	1'269'034'602
Reserves for general banking risks	135'948'560	135'948'560
Share capital	320'270'600	320'270'600
General statutory reserves	3'466'207'903	617'880'227
Treasury shares	107'026	107'026
Other reserves	536'213'368	536'213'368
Retained earnings	384'563'897	626'032'665
Net income (loss) for the year	(3'412'724'098)	102'822'127
Total liabilities and equity	**20'511'292'389**	**23'513'350'501**
Total due to Group companies and significant shareholders	**4'413'331'610**	**5'036'350'464**

Statement of off-balance sheet items at 31 December 2014

(with prior-year comparative data)
(in CHF)

	31 Dec 2014	31 Dec 2013
Contingent liabilities	5'424'850'826	8'143'401'958
Irrevocable commitments	4'298'118'212	4'329'702'720
Guarantees	190'386'368	443'099'197
Derivative financial instruments:		
Contract volume	22'346'106'515	18'893'700'961
Positive replacement values	235'933'048	131'361'834
Negative replacement values	263'982'847	177'522'814
Fiduciary operations	1'386'392'598	1'987'012'426

Income statement for the year ended 31 December 2014

(with prior-year comparative data)
(in CHF)

	31 Dec 2014	31 Dec 2013
Net Banking Income and expense		
Net Interest Income and expense		
Interest income	486'546'279	622'581'449
interest income and dividends from trading portfolios	21'207'610	34'739'780
Interest income and dividends from non-current financial assets	21'093'749	30'569'277
Interest expense	(227'631'892)	(328'580'959)
Net interest income	**301'215'745**	**359'309'547**
Fee Income		
Fee income from lending activities	138'265'620	196'459'657
Fee income from trading activities	164'878'262	206'325'863
Fee income from other services	26'403'827	15'790'239
Fee expense	(40'020'672)	(55'983'051)
Net fee income	**289'527'036**	**362'592'708**
Gains and Losses on Proprietary Trading	**(22'588'087)**	**31'317'920**
Other Ordinary Banking Income And Expense		
Gains or losses on the disposal of non-current financial assets	195'019	(4'101'765)
Income from equity investments	5'284'041	14'022'593
Gains on property sales	1'557'756	1'835'799
Other ordinary banking income	52'359'161	45'425'738
Other ordinary banking expenses	(394'655)	(710'686)
Net other ordinary banking income	**59'001'322**	**56'471'680**
Operating Expenses		
Employee benefits expense	(351'309'566)	(365'409'266)
Other operating expenses	(186'237'604)	(172'911'151)
Operating expenses	**(537'547'170)**	**(538'320'417)**
Gross income/(loss)	**89'608'847**	**271'371'437**
Depreciation and amortisation on non-current assets	(32'314'474)	(35'026'818)
Value adjustments, provisions and losses	(3'732'161'371)	(133'731'593)
Income (loss) before non-recurring items	**(3'674'866'998)**	**102'613'027**
Non-recurring income	270'882'792	60'412'997
Non-recurring expense	(2'370'340)	(3'136'290)
Tax	(6'369'551)	(57'067'606)
Net Income/(loss) for the Year	**(3'412'724'098)**	**102'822'127**

BNP Paribas (Suisse) SA

Board of Directors' proposal to the Annual General Meeting on how to cover the loss on the balance sheet

(with prior-year comparative data)
(in CHF)

	31 Dec 2014	31 Dec 2013
Net income/(loss) for the year	(3'412'724'098)	102'822'127
Earnings carried forward	384'563'897	626'032'665
Net income/(loss) on the balance sheet	**(3'028'160'201)**	**728'854'792**

Appropriation of the net income/(loss) on the balance sheet		
Dividend		
- CHF 107.50 per CHF 100 registered share	-	344'290'895
Transfers affecting the general statutory reserves	(2'848'327'676)	-
Transfers affecting other reserves	(179'832'525)	-
Retained Earnings	-	384'563'897
	(3'028'160'201)	**728'854'792**

BNP Paribas (Suisse) SA
Notes to the statutory financial statements for the year ended 31 December 2014
(figures in thousands of CHF unless otherwise stated)

1. Business review and employees

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

In corporate and investment banking, the Bank's 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.

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

BNP Paribas (Suisse) SA is in charge of cash management for all banking businesses and entities in its scope of consolidation. The Bank provides an information systems hub and back-office services 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/accounting activities for equity derivatives and back office activities for equity derivatives to BNP Paribas Arbitrage Paris, its supplier invoice processing to BNP Paribas India Solutions Private Ltd, Mumbai, certain IT developments to Group units (Singapore, Mumbai) and the Swift payment traffic platform, message filtering and monitoring to BNP Paribas SA Paris.

On 1 October 2014, BNP Paribas (Suisse) SA acquired from BNP Paribas Investment Partners SA, its subsidiary of BNP Paribas Investment Partners (Suisse) SA. This entity was merged with and into BNP Paribas (Suisse) SA under a short-form procedure, effective retroactively to 1 July 2014.

BNP Paribas (Suisse) SA has a share capital of CHF 320.3 million.

At 31 December 2014, the Bank had 1,493 employees (2013: 1,528).

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 Swiss Financial Market Supervisory Authority (FINMA).

A) ACCOUNTING PRINCIPLES

• Translation of foreign currency transactions and balance sheet items

Balance sheet items in foreign currencies are translated into Swiss francs 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 US dollars, which may be translated at the rate for the currency positions taken during the year to hedge the exchange rate risk on this part of the Bank's revenue. The average USD/CHF exchange rate used to translate the US dollar revenues in the year was CHF 0.9138 (2013: 0.9272).

In view of the US dollar rate at end-2014, the Bank has not hedged its 2015 revenues.

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

	31 Dec 2014	31 Dec 2013
USD/CHF	0.99240	0.89080
EUR/CHF	1.20230	1.22275
YEN/CHF*	1.20497	1.17786
GBP/CHF	1.54610	1.47305

*rate per 100 yens

• 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 at 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 at 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.

For the mortgage lending business taken over by the Bank from the former Fortis bank (Suisse) SA in May 2010, 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 at the balance sheet date. The full amount of this provision set aside based on the analysis at 31 December 2012 was used at 30 June 2014, and no further allowance was set aside.

In addition, since 2012, the same risk analysis has been applied to corporate and investment banking (CIB) loans. Collective reserves are recognised on a centralised basis in the accounts of BNP Paribas SA Paris for all the subsidiaries and branches concerned, including BNP Paribas (Suisse), and have been recorded in the accounts of these entities retrospectively to 1 January 2012.

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 on 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 millions	**31 Dec 2014**	**31 Dec 2013**
Sector provision for mortgage loans	-	4.1
Collective reserve for CIB	16.9	18.0

Loans secured by property assets are recognised on the balance sheet under "Mortgage loans".

• Transfer of financial assets
In its commodities finance business, the Bank carried out a securitisation in 2013 that was partially refinanced by outside investors, with recourse limited to the assets transferred. This transaction resulted in full derecognition of financial assets.
The structure set up for this purpose was halted early during 2014:

• 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 Bank 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 that the Bank 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 or 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 economic 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 on 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 borrowing transactions 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 borrowing transactions 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 that also includes intangible assets is depreciated on a straight-line basis over its estimated useful life. It is 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	3-5 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 on 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 long-service awards, 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 on the balance sheet.

Gross replacement values shown on 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 participation 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 that 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 on the balance sheet

B) RISK MANAGEMENT REVIEW

• Introduction

The Board of Directors carries out an annual risk assessment based on an ad hoc report prepared by Senior Management.

The risk management policy is described in the Risk Policy directive approved by the Bank's Board of Directors, dealing with the general risk policy, trading policy and interest rate risk policy. This directive sets out the organisational framework, responsibilities and powers 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 undated 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 weekly performance analysis for interest rate maturity mismatching activities;
- a detailed system for reporting to the committees responsible for overseeing market and credit risk.

The Bank uses the internal value at risk model employed 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 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 in a situation giving cause for concern. 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.

An internal control committee meets periodically 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.

- Settlement with the US authorities relating to US dollar transactions involving parties subject to US sanctions

On 30 June 2014, the BNP Paribas Group reached a comprehensive settlement regarding the review of certain USD transactions involving parties subject to US sanctions.

This settlement included agreements with the US Department of Justice, the US Attorney's Office for the Southern District of New York, the New York County District Attorney's Office, the Board of Governors of the US Federal Reserve System (FED), the New York State Department of Financial Services (DFS), and the Office of Foreign Assets Control (OFAC).

The settlement included guilty pleas entered into by BNP Paribas SA Paris on behalf of the relevant entities in relation to violations of certain US laws and regulations regarding economic sanctions against certain countries and related record-keeping. BNP Paribas also agreed to pay a total of USD 8.97 billion.

FINMA also conducted its own review and found that BNP Paribas (Suisse) SA had over an extended period of time committed grave breaches of its obligations of detecting, curbing and monitoring risks arising from transactions with its trading partners in countries subject to US sanctions, without pinpointing any sign of breaches of Swiss sanctions.

Since BNP Paribas (Suisse) SA carries some of the responsibility for the incriminated transactions, it decided to take a portion of the financial penalties based on the volumes of unauthorised transactions it initiated, which worked out at USD 3.85 billion. This charge was recorded in "Value adjustments, provisions and losses".

To meet FINMA's requirements and in response to the loss of the Bank's capital as required pursuant to Article 725 para. 1 of the Swiss Code of Obligations, a CHF 2.85 billion non-returnable shareholder contribution was provided by BNP Paribas SA Paris and recognised in "Statutory reserves from capital contributions".

Furthermore, BNP Paribas SA Paris accepted a temporary suspension of one year starting on 1 January 2015 affecting certain USD direct clearing operations, mainly focused on the Oil & Gas Energy & Commodity Finance business line, including BNP Paribas (Suisse) SA.

In advance of the settlement, the BNP Paribas Group designed robust new compliance and control procedures. These reflect major changes to the Group's operational processes. Specifically:

- a new department called Group Financial Security US, part of the Group Compliance function, will be headquartered in New York and will ensure that the BNP Paribas Group complies globally with US regulation related to international sanctions and embargoes.
- all USD flows for the entire BNP Paribas Group will be ultimately processed and controlled via the branch in New York.

- US Program

Following the agreement between the United States and Switzerland signed on 29 August 2013 to settle tax litigation applying to undeclared accounts of US citizens, the Bank decided to participate in Category 2 of the US Department of Justice (DoJ) Disclosure Program.

Category 2 allows banks that have reason to believe that they may have inadvertently violated US tax and currency laws between August 2008 and 2013 to seek Non-Prosecution Agreements (NPAs) that will protect them from future criminal prosecution by the DOJ, barring subsequent discovery of negative factors by the US authorities. A fine will, however, be assessed against these banks on the basis of assets held for US clients who are unable to prove that they have declared those assets to the US authorities, in accordance with the criteria stipulated by the Program.

The work performed under the Program to review the client base and identify clients likely to be undeclared US taxpayers was continued during 2014 and presented to the DoJ.

In the fourth quarter of 2014, the Program entered its negotiation phase with the presentation by the DoJ of a draft NPA to category 2 banks. Given the numerous uncertainties concerning the regulations of the US Program, the risk of penalties and/or external costs yet to be incurred were provided for.

C) COMMENTS ON THE POLICY FOR THE 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.

3. Notes to the balance sheet

3.1 OTHER ASSETS

	31 Dec 2014	31 Dec 2013
Positive replacement values	235'933	131'362
Netting account	11'494	8'063
Suspense account	208'732	149'821
Other	74'880	41'193
	531'039	**330'439**

3.2 OTHER LIABILITIES

	31 Dec 2014	31 Dec 2013
Negative replacement values	263'983	177'523
Suspense account	9'471	16'273
Other	430'782	83'913
	704'236	**277'709**

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

At 31 December 2014, lending and repurchase transactions broke down as follows:

	31 Dec 2014	31 Dec 2013
	Amount or value of collateral:	
Cash collateral payables	-	82'860
Carrying amount of securities held on own account, lent or assigned as collateral	60'534	141'137
Securities received as collateral under stock lending transactions, stock borrowing and repurchase agreements with an unconditional right to sell or re-use as collateral.	-	-
Stock lending and repurchase agreements	**60'534**	**223'997**

3.4 COMMITMENTS TO OWN PENSION FUND INSTITUTIONS

The credit balance on current accounts held by pension funds with the Bank at 31 December 2014 amounted to CHF 13.5 million (2013: CHF 11.4 million).

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

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

The latest audited annual financial statements for the pension funds at 31 December 2013 prepared in accordance with Swiss GAAP RPC 26 show a coverage rate of:
- 110.4% for the BNP Paribas Group Swiss pension fund,
- 114.6% for the Executive supplementary pension fund in Switzerland.

The estimated coverage rates at 31 December 2014 were:
- 116.5% for the BNP Paribas Group Swiss pension fund in Switzerland,
- 124.6% for the Executive supplementary pension fund in Switzerland.

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 31.4 million (2013: CHF 35.7 million) and are identical to the contributions recognised in employee benefits expenses.

The Bank measures its pension obligations 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 BNP Paribas Group Swiss pension fund an undertaking to finance the cost of implementing this guarantee. Provisions amounted to CHF 7.0 million at 31 December 2014 (2013: CHF 9.3 million).

3.5
VALUE ADJUSTMENTS, PROVISIONS AND RESERVES FOR GENERAL BANKING RISKS

	Balance at 31 Dec 2013	Utilisations for original purpose	Recoveries, doubtful interest, exchange differences	New charges through profit or loss	reversals released to profit or loss	Balance at 31 Dec 2014
Value adjustments and provisions for loan losses and other risks						
- Value adjustments and provisions for loan losses	417'251	(113'876)	45'110	78'654	(21'739)	405'400
- Value adjustments and provisions for other operating risks	44'175	(2'413)	11'185	144'616	(1'690)	195'873
- Provisions for pension commitments	9'278	(2'572)	-	325	-	7'031
- Other provisions	1'219'541	-	814	6'156	(195'574)	1'030'937
Total value adjustments and provisions	**1'690'245**	**(118'861)**	**57'109**	**229'751**	**(219'003)**	**1'639'241**
To be deducted:						
Value adjustments deducted directly from assets	(421'210)					(411'538)
Total value adjustments and provisions carried on the balance sheet	**1'269'035**					**1'227'703**
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 Dec 2014			31 Dec 2013		
Share capital	**Total par value**	**Number of shares**	**Share capital entitled to dividend**	**Total par value**	**Number of shares**	**Share capital entitled to 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 share capital comprises 3,202,706 registered shares with a value of CHF 100.

		31 Dec 2014		31 Dec 2013	
Significant shareholders and groups of shareholders bound by a voting agreement		**Par value**	**Percentage of voting rights**	**Par value**	**Percentage of voting rights**
Voting right	BNP Paribas SA, Paris	320'247	99.99	320'247	99.99
	Other	24	0.01	24	0.01
		320'271	**100.00**	**320'271**	**100.00**

3.7
STATEMENT OF CHANGES IN EQUITY

Equity at 1 January 2014	
Paid-up share capital	320'271
General statutory reserves	617'880
Treasury shares	107
Other reserves	536'213
Reserves for general banking risks	135'949
Net income/(loss) on the balance sheet	728'855
Total equity at 1 January 2014 (before appropriation of net income)	**2'339'275**
Statutory reserve arising from non-returnable shareholder contributions	2'848'328
Dividend and other amounts drawn from prior-year net income	(344'291)
Net income/(loss) for the year	(3'412'724)
Total equity at 31 December 2014 (before appropriation of net income)	**1'430'588**
Including	
Paid-up share capital	320'271
General statutory reserves	3'466'208
Treasury shares	107
Other reserves	536'213
Reserves for general banking risks	135'949
Net income/(loss) on the balance sheet	(3'028'160)

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

Loans to members of the governing bodies:

Loans to members of the governing bodies amounted to CHF 1.1 million at 31 December 2014 (2013: CHF 1.1 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 Bank, BNP Paribas SA Paris):

	Loans		Commitments	
Balance sheet	**31 Dec 2014**	**31 Dec 2013**	**31 Dec 2014**	**31 Dec 2013**
Sight accounts	168'628	177'753	173'493	154'940
Term accounts	332'586	245'327	199'504	474'533
Replacement values of derivatives	98	673	99	560

	Total volume	
Off balance sheet	**31 Dec 2014**	**31 Dec 2013**
Contingent liabilities	154'244	130'238
Irrevocable commitments	44'517	-
Guarantee commitments	4'653	22'079
Derivative financial instruments:		
- IRS	3'700	6'200
- Forward currency transactions	30'291	61'566
- Interest rate futures	-	570'000
- Caps and floors	9'924	8'908
- Securities futures	729'521	1'045'426
- Listed equity options	711'486	1'314'823
Fiduciary deposits	-	8'063

Loans and commitments to Group companies and significant shareholders:

Loans to Group companies and significant shareholders amounted to CHF 1,920 million at 31 December 2014 (2013: CHF 2,069 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 4,413 million at 31 December 2014 (2013: CHF 5,036 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 Dec 2014	31 Dec 2013
Guarantees received	2'137'728	2'795'395
Guarantees issued	705'547	617'254

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

4.
Notes to the statement of off-balance sheet items

4.1
FIDUCIARY OPERATIONS

	31 Dec 2014	31 Dec 2013
Fiduciary deposits		
Group banks	1'324'317	1'883'049
Other banks	62'076	103'740
Sub-total	**1'386'393**	**1'986'789**
Fiduciary loans		
Non-banking clients	-	223
Sub-total	**-**	**223**
Total fiduciary operations	**1'386'393**	**1'987'012**

5. Notes to the income statement

5.1 GAINS AND LOSSES ON PROPRIETARY TRADING

	31 Dec 2014	31 Dec 2013
Derivative financial instruments	4'081	8'224
Notes	140	626
Currencies	(26'809)	22'468
Gains and losses on proprietary trading	**(22'588)**	**31'318**

5.2 NON-RECURRING INCOME

Non-recurring income, which came to CHF 270.9 million in 2014, reflected CHF 219.0 million for the reversal of loan loss provisions taken in previous years, CHF 49.3 million in recoveries of written-off loans and CHF 2.6 million in non-recurring income mainly from corrections to prior-year transactions.

In 2013, non-recurring income amounted to CHF 60.4 million, including CHF 35.1 million for the reversal of provisions taken in previous years, CHF 5.3 million in recoveries of written-off loans and CHF 9.5 million in gains on the sale of property, plant and equipment. The balance of CHF 10.5 million comprised non-recurring income arising mainly from the adjustment of transactions recorded in prior years.

5.3 NON-RECURRING EXPENSE

Non-recurring expense amounted to CHF 2.4 million in 2014, including CHF 1.8 million for retirement of intangible assets and CHF 0.6 million in non-recurring expenses arising principally from the adjustment of prior-year transactions.

Non-recurring expense in 2013 amounted to CHF 3.1 million in 2013, including CHF 1.6 million for retirement of intangible assets, CHF1.3 million in provisions for prior-year interest and CHF 0.2 million in non-recurring expenses arising principally from the adjustment of prior-year transactions.


BNP

Auditor’s report

Deloitte.

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Report of the Statutory Auditor

To the General Meeting of
BNP Paribas (Suisse) SA, Geneva

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements of BNP Paribas (Suisse) SA, which comprise the balance sheet, income statement and notes (pages 70 to 93) for the year ended December 31, 2014.

Board of Directors' Responsibility

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements for the year ended December 31, 2014 comply with Swiss law and the Company's articles of incorporation.

Audit. Tax. Consulting. Corporate Finance.
Member of Deloitte Touche Tohmatsu Limited

Deloitte.

BNP Paribas (Suisse) SA
Report on the financial statements
For the year ended
December 31, 2014

Report on Other Legal Requirements

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

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

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

We draw attention to the fact that the financial statements of BNP Paribas (Suisse) SA show a capital loss according to article 725 paragraph 1 Code of Obligations. However, we point out that financial restructuring measures have been taken by a non-refundable shareholder contribution of CHF 2.85 billion as indicated in Note 2b (page 81) of the financial statements.

Deloitte SA

Alexandre Buga	Thierry Aubertin
Licensed audit expert	Licensed audit expert
Auditor in charge	

Geneva, March 19, 2015
AB/THA/fta

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BNP PARIBAS

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