ANNUAL REPORT 2016
BNP PARIBAS (SUISSE) SA

BNP PARIBAS

The bank
for a changing
world

Annual report 2016
BNP Paribas (Suisse) SA

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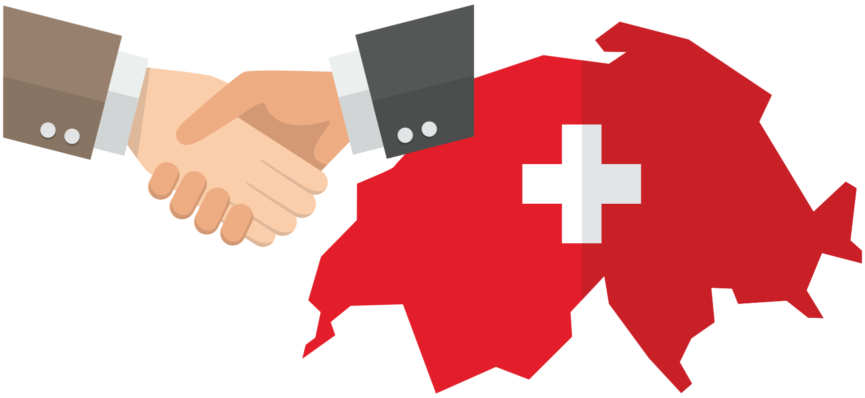
2020 Swiss Forward plan

BNP Paribas, the European bank of reference in Switzerland



One Vision

- Developing a sustainable and sound business model
- A Swiss bank supporting the Swiss economy
- 2020 revenues expected to reach **+500 Million CHF**
- A Swiss bank based on 4 strategic pillars

4 Pillars

INTEGRATION

An integrated model to the Group to guarantee financial stability and provide a wide range of products and investments.

INNOVATION

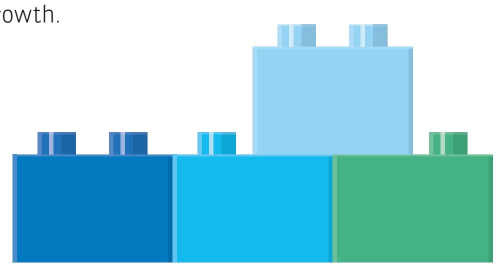
At the heart of the bank's strategy: partnerships with start-ups, fintechs, academics to provide solutions to our customers' new needs, Open innovation and internal incubation programs for staff.

RESPONSIBILITY

With our CSR commitment we aspire to contribute to sustainable and socially responsible growth.

SECURITY

To be recognised as a reference in Switzerland in terms of financial security.



Our Clients

INSTITUTIONALS

Pension funds, banks, insurance

CORPORATES

Multinationals, mid-caps, large Corporates

PRIVATE CLIENTS

High Net Worth Individuals, Key Clients, Family Offices, Entrepreneurs and Executives

Our Business Lines

WEALTH MANAGEMENT

Selected number of countries where BNP Paribas Group is present.

2020 objective:
- To reach:
  CHF32Mds AUM with Organic and external growth
- To recruit:
  40 Private bankers Relationship Managers

CORPORATE & INSTITUTIONAL BANKING

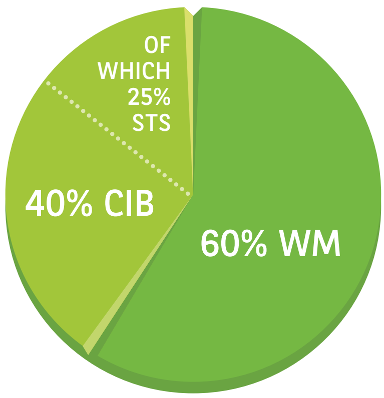
Corporate Banking
onshore strategy

2020 objective:
Target:
- Top 50 Pension Funds
- Top 50 Family Offices
- Onboard 100 new mid-cap clients.

Specialized Trade Solutions

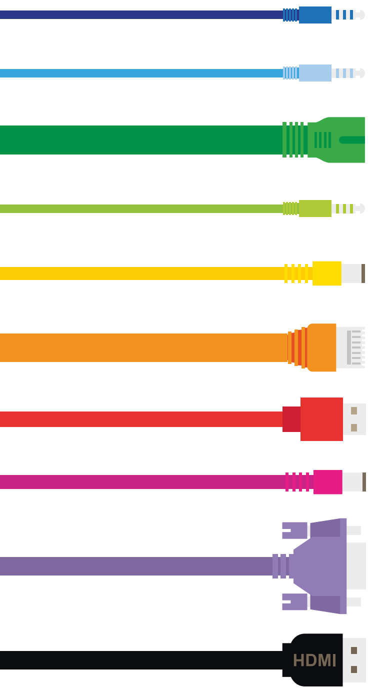
- 300 main large traders

2020 objective:
Equip with financing commodities 300 corporate clients already active with BNP Paribas Group in Europe.



SWISS NEXT

TRANSFORMATION
DIGITALIZATION
INNOVATION



Our clients are our priority

PERSONALISED OFFERING

To focus on the needs of our clients, we constantly tweak our offering and introduce new services for them – and with them.

GENUINE RELATIONSHIPS

First and foremost, we want to build a genuine relationship with our clients and get to know them better.

NEW FORMS OF COMMUNICATION

With the advent of new media and digital platforms, we are able to engage more deeply with our clients.

AWARENESS OF SUSTAINABILITY ISSUES

Socially responsible investing (SRI) and corporate social responsibility (CSR) are two areas attracting growing interest among our clients. We will continue to pursue these priorities.

CLIENT COMMUNITY

We enable our clients to form a network and to pursue projects together.

We motivate our employees

WE GUIDE AND SUPPORT TALENT

Our employees are our primary asset. They are our eyes and ears in the market and for our business. They are brimming with ideas.

WE ENCOURAGE ENTREPRENEURIAL SPIRIT

We encourage our employees to come up with new ideas for services or improvements to existing ones and to share them. Then we help them to implement these ideas.

WE ARE CREATING A COMMUNITY OF CHANGE MAKERS

The employees who have taken part in innovative projects are able to form a network to share their experiences with others.

WE REWARD COMMITMENT

When employees take part in a pioneering project, their accomplishments are recognised as being part of their role, and they are rewarded accordingly.

Our culture of innovation

SUPPORTING OUR STRATEGY

REINVENT OUR WEALTH MANAGEMENT CLIENT EXPERIENCE

- My Advisory
- My BioPass
- The leader's connection

BOTTOM-UP CULTURE OF INNOVATION

Convert employees' ideas into concrete projects

Colibri: our internal incubator

GOOD PLACE TO WORK INITIATIVES

- BNP Paribas Way and Code of Conduct
- Speed meeting area
- Never Eat Alone

OPEN INNOVATION PROJECTS

- Partnership with Swiss Academics
- Co-Working WM and Compliance
- Fast Track on boarding

CONNECTED ROADMAP

- Security Cybersecurity
- Digital and mobile working
- Robotisation
- Data Management

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

Despite unstable economic conditions and relentless pace of change in the banking industry, we accomplished a great deal in 2016. We resolutely pursued the key initiatives we launched in 2015 – to sharpen our client focus, bolster our ability to innovate, revitalise our corporate culture and contribute to sustainable and responsible growth. We are also proud of our major commercial success where we clinched deals in the Swiss market with major players, both international and local, such as McDonald's, EDF, IATA, Chopard and Temenos.

Swiss Forward, BNP Paribas' growth plan for 2020 in Switzerland, clearly maps out our goal of becoming the leading European bank in Switzerland. Our goal is to continue the expansion through our business with Swiss institutions and private clients by offering an extensive range of banking services.

Going forward, we will also need to transform our organisation and keep pace with change by embracing agile and innovative workflows. That is why we have made Open Innovation and digital transformation the cornerstones of our strategic development plans. This will help us to meet the growing demands of our clients. It will also help to satisfy our employees' desire for a well-equipped and more digital-enabled environment. Many very innovative and high-potential actions are being put in place to prepare tomorrow's bank.

In 2017, we want to continue the many initiatives we have undertaken in all our businesses and functions. We guarantee our customers an increasingly innovative, adapted and efficient service, along with their interests, while guaranteeing the optimum security of their operations.

Jean Clamon
Chairman

Geoffroy Bazin
Chief Executive Officer

Board of Directors at 31 December 2016

Chairman	*	Jean CLAMON	Director, Paris
Vice-Chairman	*▲•	Christian BOVET	Professor at the University of Geneva, Geneva
Members of the Board	•	Sylvie DAVID-CHINO	Global Head of Compliance International Financial Services, BNP Paribas, Paris
	*	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 Swiss Federal Railways SBB
		Vincent LECOMTE	Head of Wealth Management, BNP Paribas, Paris
	▲	Marina MASONI	Attorney-at-law, Lugano
	▲•	Peter G. SULZER	Director, Zurich
Secretary of the Board		Andreas NANNI	Member of Executive Management, Head of Legal
Internal Audit		Alban LEFEBVRE	Member of Executive Management, Internal Audit
Statutory Auditors		Deloitte SA	

• Members of the Audit Committee
* Members of the Risk Committee
▲ Members of the Board (independent within the meaning of FINMA Circular 2008/24)


#strategy


#Swiss Forward

Executive Management at 31 December 2016

Executive Management	Geoffroy BAZIN	Chief Executive Officer
	Patrick VOEGELI	General Manager
	Pierre VRIELINCK	General Manager
	Maria-Antonella BINO	Member of Executive Management
	Igor JOLY	Member of the Executive Management
	Kim-Andrée POTVIN	Member of the Executive Management
	Valérie GUILLEMET	Secretary

Management report

Economic environment and market trends

The global economy continued to grow at a broadly unchanged pace of 3.1% in 2016. Growth was fairly tepid in most industrialised countries. The picture in emerging and developing countries was again mixed. That said, trends in several major emerging markets, such as Brazil and Russia, firmed up somewhat.

The capital markets started the year on a downbeat note. Concerns about global growth and the Chinese economy, combined with the plunge in oil prices, dragged down the equity markets in January. Although initial talks between Saudi Arabia and other producers did not yield anything of much substance, they demonstrated a willingness to talk, and this triggered a rapid recovery in oil prices to around $50, and with it a pick-up in equities during February and March. This rally continued into April and May, but showed signs of petering out despite a fairly supportive environment. After the shockwaves caused by the UK's vote in late June to leave the European Union, which sent the markets tumbling, equities regained considerable ground in July, before stabilising. Volatility moved higher again in the autumn, with the direction of oil prices, uncertainty about monetary policies and question marks over the pace of global expansion keeping investors rather wary. From October, their nerves were even more frayed in the run-up to the US presidential election. Donald Trump's election against all the odds triggered a clear rebound in equities and the dollar and put upward pressure on long-term rates based on expectations of a more expansionary fiscal policy. The equity rally continued into December, with the pick-up in oil prices after the deal on cutting production providing it with some support.

Long-term rates moved in different directions in the United States and Europe. In the face of the early 2016 turbulence in equities, the yield on 10-year US T-Notes abruptly sank from 2.27% at year-end 2015 to below 1.70% in February. 10-year yields hovered between 1.40% and 2.0% until September, before moving firmly higher, initially owing to the upward pressure on European rates and then, to an even greater extent, after Donald Trump's surprise election. The yield on 10-year T-Notes moved back to its highest level since September 2014 of over 2.60% straight after the Fed meeting that decided to hike its benchmark rates by 25 basis points on 14 December. In early 2016, the yield on 10-year bunds headed significantly lower from its year-end level of 0.63% in 2015, owing to the ECB's accommodative monetary policy. In June, the UK referendum result drove German 10-year yields into negative territory. After drifting aimlessly at around the -0.10% mark until September, they picked up ground from October, and their upward movement accelerated in November in the wake of the US markets. In December, the ECB's announcement that it would be scaling down its monthly bond purchases from April 2017, drove 10-year bund yields up to their highest level since late January (0.40%). They closed the year at 0.21%, a net reduction of 42 basis points over 12 months.

In the foreign exchange market, volatility surged on several occasions during 2016 to levels not seen since 2011. The EUR/USD cross rate traded in a very wide range (1.04-1.16). It powered up to over 1.16 in early May in a chaotic recovery despite the monetary easing announced in March. After Brexit, volatility subsided without any clear trends emerging, except in sterling, which slumped to a year-on-year loss of 13.9% against the euro and of 16.3%

against the US dollar. Donald Trump's election was a game-changer. After some wild swings on the announcement of the result, the US dollar posted strong gains against most major currencies – of developed countries and emerging markets alike. The rebound in the dollar reflected expectations of stronger growth in the US economy, potentially leading the Fed to speed up the normalisation in its monetary policy. Despite the foreign currency volatility, the Swiss franc held its ground against other currencies in 2016. The EUR/CHF cross rate remained in a 1.07-1.11 range while the USD/CHF cross rate fluctuated between 0.97 and 1.03.


#client focus

BNP Paribas Group

BNP Paribas posted a firm overall performance in 2016, demonstrating the strength of its integrated and diversified business model. Its revenues rose 1.1% compared with 2015 to reach EUR 43.4 billion despite the low level of interest rates and unsupportive market conditions. The Group kept a tight grip on its operating expenses, which edged up 0.4% compared with 2015 to EUR 29.4 billion. The cost of risk recorded a significant decline of 14.1%. The key factors contributing to this decline were the tight control on risk at origination, the low interest-rate environment and further improvements in Italy. Net income attributable to equity holders came to EUR 7.7 billion, up 15.1% from 2015.

The Group's balance sheet was very strong. The fully loaded Basel III Common Equity Tier 1 ratio stood at 11.5% at 31 December 2016, up 60 basis points from its level at 31 December 2015. The transfer to reserves made from net income after the dividend payment was the main contributor. The fully loaded Basel III leverage ratio calculated using all Tier 1 equity came to 4.4% at 31 December 2016. This represented an increase of 40 basis points compared with at 31 December 2015. The Liquidity Coverage Ratio (LCR) was 123% at 31 December 2016.

BNP Paribas (Suisse) SA

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

In Corporate and Investment Banking (CIB), 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 on Swiss and international clients with substantial assets, providing personalised services such as investment advice, discretionary management, tax and wealth planning.

BNP Paribas (Suisse) SA is in charge of cash management for all banking businesses and entities in its scope of consolidation. The Bank also provides an information systems hub and back office services for some of the BNP Paribas Group's Swiss and foreign entities. Conversely, it outsources a number of activities to BNP Paribas Group units, including IT production, certain IT developments, supplier invoice processing, back office activities for bond trading, equity derivatives, part of its Wealth Management client securities back office activities, and the Swift payment traffic platform, message filtering and monitoring.

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

BNP Paribas (Suisse) SA's 2016 financial statements showed an increase in outstanding loans and a decline in deposits and assets under management. These trends reflected the ongoing implementation of transformation plans in its two main businesses – international trade finance and Wealth Management – with a drive to refocus on a smaller number of countries and clients to pursue expansion in priority markets.

Consolidated financial statements

BNP Paribas (Suisse) SA's total assets rose CHF 2.8 billion to CHF 23.9 billion at 31 December 2016. This increase was attributable to the ALM Treasury activities in connection with management of the Bank's liquidity.

On the asset side, its CHF 6.3 billion in cash consisting of deposits with the SNB reflected a CHF 2.8 billion increase for liquidity purposes. Due from banks, chiefly from the BNP Paribas Group, declined CHF 0.7 billion to CHF 2.5 billion. Due from securities financing transactions – reflecting reverse repo transactions with institutional clients – were stable at CHF 0.6 billion. Due from customers rose by CHF 0.3 billion to CHF 8.3 billion. This 4.2% increase was attributable to Corporate Banking, which accounted for CHF 5.4 billion, with Wealth Management remaining stable at CHF 2.9 billion. Mortgage loans rose 9.1% to CHF 1.4 billion. Trading activities were stable at CHF 0.9 billion, and non-current financial assets held firm at CHF 2.6 billion.

On the liabilities side, due to banks – mainly to the BNP Paribas Group – stood at CHF 10.6 billion, up CHF 4.4 billion compared with 2015 as a result of management of the Bank's liquidity and interest-rate risk. Customer deposits fell back CHF 1.5 billion to CHF 10.1 billion. Wealth Management registered an outflow of CHF 1.7 billion in deposits, while Corporate Banking deposits increased by CHF 0.2 billion.

Off-balance sheet items – contingent liabilities, irrevocable commitments and commitments under documentary credits related to commodities financing – amounted to CHF 8.9 billion, up CHF 0.8 billion or up 10.1% compared with at year-end 2015.

In the income statement, banking income declined 1.5% on 2015 to CHF 524.9 million. The CHF 8.1 million decline was due to contractions in the gross result from interest operations (CHF 19.0 million, down 7.4%), the result from commission business and services (CHF 37.2 million, down 17.5%) offset partly by positive changes in value adjustments for loan losses and losses arising from interest operations (CHF 36.9 million, down 95.1%), higher other ordinary banking income and expense (CHF 9.7 million, up 20.7%) and the result from trade transactions and the fair value option (CHF 1.5 million).

Operating expenses fell by 5.0% to CHF 480.0 million compared with 2015. Employee benefits expenses contracted by 8.1% to CHF 324.7 million, mainly as a result of the cost reductions unlocked through the adaptation plans implemented by the BNP Paribas (Suisse) SA Group's various business lines. Other operating expenses edged 2.1% higher to CHF 155.3 million as a result of transformation costs related to the aforementioned adaptation plans. Excluding these non-recurring items, other operating expenses dropped 3.7%.

Value adjustments to investments, depreciation and amortisation of property, plant and equipment and intangible assets were stable at CHF 11.3 million. Changes in provisions and other value adjustments, losses totalled CHF 93.3 million. These derived to a great extent from the CHF 95.6 million reversal of a provision for other operating risks because the risk assessment did not justify retaining the provision.

Non-recurring income amounted to CHF 3.4 million compared with CHF 75.8 million in 2015.

The BNP Paribas (Suisse) SA Group's consolidated net income stood at CHF 123.9 million in 2016 compared with CHF 42.4 million in 2015. Excluding non-recurring items, which had a total impact of CHF 51.0 million in 2016 compared with a negative impact of CHF 33.0 million in 2015, 2016 consolidated net income totalled CHF 72.9 million, down 3.4% from CHF 75.5 million in 2015.

BNP Paribas (Suisse) SA Group's customer assets fell to CHF 26.5 billion at 31 December 2016, down 3.3% from CHF 27.4 billion at year-end 2015. This CHF 0.9 billion decrease stemmed from the CHF 1.4 billion in net capital outflows, CHF 0.7 billion in negative performance and currency effects and CHF 0.2 billion in other negative effects.


@challenge

Basel III ratios

Under the Basel III capital and risk diversification rules, BNP Paribas (Suisse) SA 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 market risk capital requirements are calculated using the standardised approach and those for operational risk using the basic indicator approach.

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 in Category 3, which implies an additional capital buffer of 50% under Pillar 2, or a minimum capital ratio of 12% (8% under Pillar 1 + 50% of 8% under Pillar 2), consisting of 7.8% in respect of Common Equity Tier 1 (CET 1), 1.8% in respect of Additional Tier 1 (AT1) and 2.4% in respect of Tier 2 capital.

At 31 December 2016, the Bank's solvency ratio under Basel III, after factoring in the additional requirements specific to equity, stood at 16.39%. Excluding the additional requirements – chief among which a temporary additional requirement for operating risk that applies on a sliding-scale – the consolidated solvency ratio stood at 20.40% at 31 December 2016, compared with 22.05% at 31 December 2015, reflecting a still high level of capital by comparison with regulatory requirements.

The consolidated Common Equity Tier 1 (CET1) ratio and the consolidated Tier 1 capital ratio also stood at 20.40% at 31 December 2016.

The consolidated leverage ratio was 6.09% at 31 December 2016, ahead of the minimum requirement of 3%.

The consolidated Liquidity Coverage Ratio was 104.65% at 31 December 2016.

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 the 2016 registration document and annual financial report, chapter 5, Risks and Capital Adequacy, available at http://invest.bnpparibas.com).

Annex

in thousands of CHF

	31.12.16
Key metrics for regulatory purposes in accordance with Note 13 to FINMA Circular 2016/1	
Minimum capital requirements based on risk-weighted requirements (CHF)	702'703
Capital (CHF)	1'791'666
Common Equity Tier 1 capital (CET1) (CHF)	1'791'666
Dont fonds propres de base (T1) (CHF)	1'791'666
Risk-weighted assets (RWAs)	8'783'785
CET1 ratio (Common Equity Tier 1 capital as a % of RWA)	20.4%
T1 ratio (Tier 1 capital as a % of RWA)	20.4%
Total capital ratio (as a % of RWA)	20.4%
Countercyclical capital buffer (as a % of RWA)	0%
Target CET1 ratio (as a %) based on Annex 8 of the Capital Adequacy Ordinance (CAO), plus the countercyclical buffer	7.8%
Target T1 ratio (as a %) based on Annex 8 of the CAO, plus the countercyclical buffer	9.6%
Target total capital ratio (as a %) based on Annex 8 of the CAO, plus the countercyclical buffer	12%
Basel III leverage ratio (Tier 1 capital as a % of total exposure)	6.1%
Total exposures (CHF)	29'435'716
Liquidity Coverage Ratio (LCR) (as a %) for the 4th quarter	111%
LCR numerator: sum of high-quality liquid assets (CHF)	8'383'998
LCR denominator: sum of net cash outflows (CHF)	7'566'494
Liquidity Coverage Ratio (LCR) (as a %) for the 3rd quarter	107%
LCR numerator: sum of high-quality liquid assets (CHF)	8'020'557
LCR denominator: sum of net cash outflows (CHF)	7'522'465
Liquidity Coverage Ratio (LCR) (as a %) for the 2nd quarter	101%
LCR numerator: sum of high-quality liquid assets (CHF)	8'288'159
LCR denominator: sum of net cash outflows (CHF)	8'233'822
Liquidity Coverage Ratio (LCR) (as a %) for the 1st quarter	103%
LCR numerator: sum of high-quality liquid assets (CHF)	6'722'976
LCR denominator: sum of net cash outflows (CHF)	6'526'368


action & dynamism

Compensation report

1) Compensation Policy Guidelines

Regulations governing the compensation policy

The BNP Paribas Group applies all the regulatory controls on compensation, as provided for by:

- the CRD4 European directive[1] of 26 June 2013, as enacted into French law in the French Monetary and Financial Code,
- the ruling of 20 February 2014,
- the decree and order of 3 November 2014,
- Commission Delegated Regulation (EU) of 4 March 2014 on the criteria for identifying categories of staff whose professional activities have a material impact on an institution's risk profile ("Material Risk Takers", or hereinafter "MRTs") at a consolidated level across all its branches and subsidiaries, including those established outside the European Union,
- the EBA guidelines of 27 June 2016 on sound remuneration policies, as adopted by the ACPR's position statement.

Accordingly, the Bank's compensation policy complies with all these guidelines and is intended not to encourage excessive risk-taking, to avoid incentives potentially giving rise to conflicts of interest and not to trigger or encourage unauthorised investment activities.

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

[1] *Capital Requirements Directive*

Compensation structure

BNP Paribas (Suisse) SA applies the same guidelines on compensation structure and developments as all Group entities. These guidelines meet the Group's risk management objectives and are adjusted to comply with developments in international and/or local regulations, as well as market practices.
BNP Paribas (Suisse) SA's employees receive a fixed salary 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 fixed basic salary that reflects their level of qualifications and responsibilities, as well as their skills and involvement in their designated tasks. Where appropriate, they may also receive additional fixed compensation as a reward for the specific demands of their job. Basic salaries are determined by reference to market levels (local and/or business line) in line with a principle of internal consistency.

Performance-related compensation

BNP Paribas (Suisse) SA's performance-related compensation is neither guaranteed nor a contractual right. It is set each year on a discretionary basis in accordance with the pay policy for the relevant year taking into account the Group's financial capacity and governance principles in force.

Performance-related 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 compliance rules.

The compensation structure must provide a sufficient level of fixed salary as a reward for the professional activity involved, with regard to the employee's seniority, expertise and professional experience in the relevant post, so that it is feasible for no performance-related component to be paid.
The method for determining the performance-related component reflects an assessment of the individual's long-term quantitative and qualitative performance with respect to fixed objectives, an evaluation of each employee's professional conduct with regard to the Group's values, team spirit, compliance rules, Code of Conduct and procedures, and contribution to risk management (including operational risk). Performance appraisals are held to communicate targets and assess how well they have been achieved.

Regardless of any disciplinary measures taken, failure to comply with the applicable rules or procedures or breaches of the compliance rules or the Group's Code of Conduct automatically leads to a reduction in or loss of the performance-related component.

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

Employees whose professional activities have a significant impact on the Group's risk profile ("Material Risk Takers" or "MRTs")

For MRTs, performance-related compensation includes a non-deferred portion and a deferred portion. The deferred portion is directly proportional to the size of the performance-related compensation, based on a fixed scale set every year by Senior Management. It varies between 40% and 60% at least, for the highest levels of performance-related compensation.

As required by the regulations, half of (deferred and non-deferred) performance-related compensation is paid in cash and half in cash indexed to the price of BNP Paribas shares after a retention period of 6 months.

The share indexation aligns the interests of beneficiaries with those of shareholders, instilling a sense of solidarity with the Bank's overall results.

The deferred portion vests in instalments over a period of at least three years following the year of award, provided that the business line's, division's and Group's financial performance targets are achieved and the behavioural conditions set at the time of the award are met.

Loyalty plans

In addition, performance-related compensation may also consist in a loyalty or medium – to long-term compensation plan, or indeed any other appropriate instrument for rewarding and enhancing the loyalty of the Group's key and high-potential employees, by giving them an incentive reflecting the growth in the value created.

For MRTs, this loyalty plan is deferred in its entirety for over 3 years and is structured as a debt-like instrument, with payouts contingent upon no resolution measure being taken by the regulator and a Group Common Equity Tier 1 ratio of over 7%[2] being maintained.

In thousand of CHF

	2016 Plans	**2015 Plans**
Amount awarded	1'232	1'152
Number of grantees	112	94

[2] *Group Common Equity Tier 1 ratio of 11,5% on 31/12/2016*


#flexibility


#united

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

Disclosure of compensation for the current year	**31.12.16 [1]**	**31.12.15 [1]**
Total compensation [2]	238'212	250'151
Number of beneficiaries (average)	*1'425*	*1'498*
Of which performance-related compensation [3]	33'159	35'817
Of which deferred compensation due [4]	1'718	1'636
Number of beneficiaries	*21*	*22*
Deferred compensation still due [5]	**3'170**	**4'519**
Debits and credits made during the year relating to prior years	**1'667**	**-2'859**
"Benefits paid to the Board of Directors, Senior Management and employees whose activity has a significant impact on the firm's risk profile ("Material Risk Takers" or "MRTs")"		
Sign-on payments	0	0
Number of beneficiaries	*0*	*0*
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) Governance

The Board of Directors defines the framework and key guidelines of the compensation policy. To this end, it has set up a Compensation Committee to approve the compensation policy and proposals submitted for its consideration.

The Board of Directives ensures that the compensation systems comply at all times with the BNP Paribas Group's directives and the applicable Swiss banking regulations, drawing on the work of 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 performance-related 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.

As part of its audit plan, the Internal Audit department conducts an ex-post review and verifies that BNP Paribas (Suisse) SA's compensation policies are implemented in accordance with both internal directives and local and international regulations.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#cohesion


#mid caps


@ambition


@transformation

Consolidated financial statements at 31 December 2016

Consolidated balance sheet at 31 December 2016

in CHF / with prior-year comparative data

Assets	31.12.16	31.12.15
Cash and cash equivalents	6’282’027’143	3’522’097’473
Due from banks	2’530’186’096	3’257’888’118
Due from securities financing transactions	623’000’000	650’000’000
Due from customers	8’305’740’679	7’970’319’377
Mortgage loans	1’443’187’287	1’322’655’007
Trading portfolio assets	858’492’909	941’122’062
Positive replacement values of derivative financial instruments	517’643’797	339’100’688
Non-current financial assets	2’604’629’746	2’518’073’062
Accruals and prepayments	138’125’880	126’643’907
Non-consolidated investments	4’493’061	4’494’704
Property, plant and equipment	118’134’009	123’729’131
Intangible assets	4’873’950	8’391’595
Other assets	444’258’879	325’687’190
Total assets	**23’874’793’436**	**21’110’202’314**
Total subordinated loans	-	-

Liabilities	31.12.16	31.12.15
Due to banks	10’556’625’836	6’174’684’603
Due to customers	10’105’642’137	11’578’962’681
Trading portfolio liabilities	68’412’264	47’608’336
Negative replacement values of derivative financial instruments	359’657’719	220’840’372
Accruals and prepayments	278’784’055	257’414’127
Other liabilities	81’701’624	193’437’199
Provisions	265’074’276	374’036’959
Reserves for general banking risks	135’948’560	135’948’560
Share capital	320’270’600	320’270’600
Additional paid-in capital	2’560’668	2’560’668
o/w tax-exempt capital contributions	-	-
Retained earnings	1’584’209’599	1’769’803’929
Translation differences	(7’869’168)	(7’697’035)
Treasury shares (negative item)	(107’026)	(107’026)
Consolidated net income	123’882’292	42’438’342
Total liabilities and equity	**23’874’793’436**	**21’110’202’314**
Total subordinated liabilities	-	-

Consolidated off-balance sheet transactions at 31 December 2016

in CHF / with prior-year comparative data

	31.12.16	31.12.15
Contingent liabilities	3'912'086'042	3'398'525'028
Irrevocable commitments	4'726'417'332	4'468'538'567
Guarantee commitments	247'675'429	206'814'821

Consolidated income statement for the year ended 31 December 2016

in CHF / with prior-year comparative data

	31.12.16	31.12.15
Result from interest operations		
Interest income	368'114'026	366'825'003
Interest income and dividends from trading activities	3'387'992	4'275'657
Interest income and dividends from non-current financial assets	18'026'375	20'234'301
Interest expense	-150'999'428	-133'781'549
Gross result from interest operations	**238'528'965**	**257'553'412**
Changes in value adjustments for loan losses and losses linked to interest transactions	-1'898'829	-38'848'659
Sub-total, net result from interest operations	**236'630'136**	**218'704'753**
Result from commission business and services		
Fee income from securities and investment activities	142'701'996	149'025'454
Fee income from lending activities	63'365'821	75'572'756
Fee income from other services	22'475'810	30'931'909
Fee expense	-53'033'847	-42'862'699
Sub-total, Result from commission business and services	**175'509'780**	212'667'420
Result from trading activities and fair value option	**56'424'785**	**54'926'030**
Other ordinary banking income and expense		
Gains/(losses) on the disposal of non-current financial assets	83'494	-469'123
Income from investments (o/w other non-consolidated investments: CHF 361,454)	361'454	2'131'089
Result from properties	1'611'970	1'414'749
Other ordinary banking income	54'437'063	44'025'412
Other ordinary banking expense	-76'092	-352'470
Net other ordinary banking income	**56'417'889**	**46'749'657**
Operating expenses		
Employee benefits expense	-324'667'868	-353'360'804
Other operating expenses	-155'290'686	-152'033'325
Sub-total, operating expenses	**-479'958'554**	**-505'394'129**
Value adjustments to investments, depreciation and amortisation of property, plant and equipment and intangible assets	-11'300'726	-11'294'317
Changes in provisions and other value adjustments, losses	93'331'404	-101'957'985
Operating result	**127'054'714**	**-85'598'571**
Non-recurring income	3'403'379	75'781'251
Non-recurring expense	-849'479	-996'570
Taxes	-5'726'322	53'252'232
Net income/(loss) for the year	**123'882'292**	**42'438'342**

Consolidated statement of cash flows at 31 December 2016

in thousands of CHF / with prior-year comparative data

	31.12.16		31.12.15	
	Sources of funds	Uses of funds	Sources of funds	Uses of funds
Net income for the year	**123'882**	**-**	**42'438**	**-**
Value adjustments to investments, depreciation and amortisation of property, plant and equipment and intangible assets	11'301	-	11'294	
Provisions and other value adjustments	-	108'963	-	88'205
Changes in value adjustments for loan losses and losses	-	1	-	30'376
Accrued income and prepaid expenses	-	11'482	4'206	-
Accrued expenses and deferred income	21'370	-	-	1'001
Other assets	-	118'572	-	17'302
Other liabilities	-	111'736	-	251'951
Prior year's dividend	-	228'033	-	-
Cash flows from operating activities	**156'553**	**578'786**	**57'939**	**388'835**
Deductions from reserves	-	-	-	-
Translation difference	-	172	-	2'322
Cash flows from financing activities	**-**	**172**	**-**	**2'322**
Equity investments		-	17	-
Property		30	-	264
Other property, plant and equipment		1'079	-	1'568
Intangible assets		1'078	-	7'653
Cash flows from movements related to investments, property, plant and equipment and intangible assets	**2**	**2'187**	**17**	**9'485**
Cash flows from banking activities				
Due to banks	202'092	-	-	24'312
Due to customers	-	4'017	-	20'781
Due from banks	-	14'967	-	1'687'836
Due from customers	13'101	-	696'495	-
Mortgage loans	-	94'738	64'617	-
Non-current financial assets	6'266	-	-	354'306
Medium-and long-term transactions (> 1-year)	**221'459**	**113'722**	**761'112**	**2'087'235**
Due to banks	4'179'849	-	3'087'748	-
Due to customers	-	1'469'304	-	2'572'544
Trading portfolio liabilities	20'804	-	-	11'844
Negative replacement values of derivative financial instruments	138'817	-	-	43'142
Due from banks	742'669	-	752'486	-
Due from securities financing transactions	27'000	-	-	650'000
Due from customers	-	348'522	1'956'366	-
Mortgage loans	-	25'794	87'943	-
Trading portfolio assets	82'629	-	-	87'309
Positive replacement values of derivative financial instruments	-	178'543	-	103'090
Non-current financial assets	-	92'822	-	38'370
Short-term transactions	**5'191'769**	**2'114'985**	**5'884'543**	**3'506'301**
Cash and cash equivalents position				
Cash and cash equivalents	-	2'759'930	-	709'434
Total	**5'569'782**	**5'569'782**	**6'703'611**	**6'703'611**

Statement of changes in consolidated equity at 31 December 2016

in thousands of CHF / with prior-year comparative data

	Share capital	Additional paid-in capital	Retained earnings	Reserves for general banking risks	Translation differences	Treasury shares	Net income for the year	Total
Equity at 31 Dec. 2015	**320'271**	**2'561**	**1'769'804**	**135'949**	**-7'697**	**-107**	**42'438**	**2'263'218**
Foreign exchange differences	-	-	-	-	-172	-	-	-172
Dividend and other distributions	-	-	-228'033	-	-	-	-	-228'033
Transfers affecting other reserves	-	-	42'438	-	-	-	-42'438	-
Consolidated net income	-	-	-	-	-	-	123'882	123'882
Equity at 31 Dec. 2016	**320'271**	**2'561**	**1'584'210**	**135'949**	**-7'869**	**-107**	**123'882**	**2'158'896**


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Notes to the consolidated financial statements for the year ended 31 December 2016

figures in thousands of CHF / unless otherwise stated

1) Business review and employees

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

The scope of consolidation is presented in Chapter 2 section 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 (CIB), 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 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), part of the Securities back office activities for Wealth Management clients to BNP Paribas SA, Lisbon branch, and the Swift payment traffic platform, message filtering and monitoring to BNP Paribas SA Paris.

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

At 31 December 2016, the Group had 1'431 employees (2015: 1'446 employees), breaking down as follows:

Switzerland: 1'344 employees (2015: 1'368 employees)
International: 87 employees (2015: 78 employees)

The Group's average headcount in 2016 was 1,435 employees (2015: 1,505 employees).

2) Significant accounting policies

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 circulars 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.

The significant accounting principles were amended by FINMA Circular 2015/1 "Accounting – banks", which came into force on 1 January 2015.

Changes primarily concerning adjustments to the structure of the balance sheet were made to the comparative figures for 2015.

The main reclassifications made are shown below:

		Reclassifications			
	Before reclassifications at 31 Dec. 2015	***Value adjustment for underlying risks (1)***	***Effect of unwinding discount on impaired loans (2)***	**Total (1) - (2)**	**After reclassifications at 31 Dec. 2015**
Assets					
Due from customers	7'983'794	*-13'475*	-	*-13'475*	7'970'319
Accruals and prepayments	116'738	-	*9'906*	*9'906*	126'644
Total	***8'100'532***	***-13'475***	***9'906***	***-3'569***	***8'096'963***
Liabilities					
Provisions	377'606	*-13'475*	*9'906*	*-3'569*	374'037
Total	**377'606**	***-13'475***	***9'906***	***-3'569***	**374'037**

a) Accounting principles

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 arising on an acquisition is the difference between the cost and fair value of the net assets acquired. It is recognised under “Intangible assets”. It is amortised on a straight-line basis over 5 years.

Scope of consolidation

At 31 December 2016, 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 value adjustment 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 at the date of acquisition (historical cost convention).

A value adjustment 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 Swiss francs 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 was CHF 0.9796 in the year (2015 : 1.0039).

With a view to hedging part of its 2017 results against a possible decline in the US dollar, the Bank introduced a hedging strategy at the end of 2016 covering USD 10 million. This hedging position was not remeasured in the income statement at the year-end date.

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

	31.12.16	31.12.15
USD/CHF	1.01690	0.99810
EUR/CHF	1.07410	1.08515
JPY/CHF*	1.14877	1.20598
GBP/CHF	1.25715	1.47965

**Rate per 100 Yen*

The average rates used for consolidation purposes at end-2016 were USD/CHF 0.98526 (end-2015 : 0.96231) and EUR/CHF 1.089917 (end-2015 : 1.067815).

The income statement items of subsidiaries denominated in foreign currencies have been translated into Swiss francs 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.

Due from customers

Loan and guarantee facilities granted to customers are measured at their face value, which is usually the net amount disbursed at the outset.


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Impairment of loans and advances, mortgage loans, provisions for financing and guarantee commitments

Impairment of loans is recognised when there is objective evidence of impairment as a result of an event that occurred after arrangement of the loan, this event affects the amount or timing of future cash flows and its impact can be estimated reliably. Loans are analysed individually to determine whether such impairment exists. Similar arrangements apply to the analysis of provisions for financing and guarantee commitments given by the Group, including the probability that financing commitments will be drawn down.
On an individual basis, an objective evidence of impairment is any observable data linked to one of the following eventualities:

- the existence of accounts unpaid for at least three months,
- knowledge or observation of significant financial difficulties at the counterparty such that it is possible to conclude that a proven risk exists, whether or not an amount has remained unpaid,
- the concessions on the terms of loans granted solely as a result of the borrower's financial difficulties.

Impairment is measured as the difference between the carrying amount before impairment and the present value of the components deemed recoverable (principal, interest, guarantees, etc.) after discounting them at the effective interest rate originally in force.
The estimated value of collateral (guarantees received) is the value of the guarantee up to the amount of the assets covered.

Changes in the value of impaired assets are thus recognised through profit or loss under "Changes in value adjustments for loan losses and losses linked to interest transactions". Any subsequent increase in value arising from an objective cause after the impairment is recognised through profit or loss under "Changes in value adjustments for loan losses and losses linked to interest transactions".

Impairment of a loan or an advance, plus related interest, is recognised under assets as a separate provision reducing the original amount of the loan. Provisions for a financial instrument recorded off balance sheet, a financing or guarantee commitment, or for litigation, are recognised in "Provisions" as liabilities.

A loan is impaired fully or partially through profit or loss and its provision is reversed to reflect the loss when all avenues of recourse available to the Bank for recovering the components of the loan and the guarantees have been exhausted or when it has been fully or partially forgiven.

Corporate and Investment Banking (CIB) loans are assessed for risk using the BNP Paribas Group's internal rating system, which is based on historical data. 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, then offset on the asset side by means of value adjustments for underlying risks charged through profit or loss under "Changes in value adjustments for loan losses and losses linked to interest transactions". Where a potential loss cannot be allocated individually, a specific provision is recognised and the corresponding value adjustment for underlying risks is reversed through "Changes in value adjustments for loan losses and losses linked to interest transactions".

The value adjustments for underlying risks are as follows:

CHF millions

	31.12.16	31.12.15
	6.8	13.5

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

Securities held for trading

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

Non-current financial assets

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

Interest-bearing securities 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 recorded under "Other ordinary banking expenses". Subsequent provision reversals are recognised under "Other ordinary banking income".


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Securities lending and repurchase agreements

Repurchase agreements and securities lending transactions 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 securities lending transactions are recognised on the balance sheet under "Liabilities from securities financing transactions". Interest expense on these commitments is recognised in the income statement on an accrual basis.

Reverse repurchase agreements and securities 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 securities borrowing transactions are recognised under "Due from securities financing transactions". 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 "Value adjustments to investments, depreciation and amortisation of property, plant and equipment and intangible 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 components
- furnishings and furniture: 5 years
- office equipment: 3 years
- mobile telephony, tablets: 2 years
- other hardware: 5 years
- software: 3-5 years
- customer portfolio: 5 years

Intangible assets

Goodwill includes 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 amortised over the new estimated useful life.
Other intangible assets include expenses incurred on software developed internally. Upon entry into service, the software created by the Bank is recognised under property, plant and equipment.

Issues

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

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 "Provisions", other than provisions for non-current financial assets, specific loan loss provisions and value adjustments for underlying risks, 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 notes 3.12 and 3.13 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 "Result from trading activities". 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 "Positive replacement values of derivative financial instruments" and "Negative replacement values of derivative financial instruments" correspond to the market value of derivative financial instruments arising from trading on behalf of clients and proprietary trading at the balance sheet date. Gross positive replacement values represent receivables and gross negative replacement values represent liabilities. The respective positions at the balance sheet date are disclosed in note 3.4.

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.


#transverse

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 asset of CHF 1.3 million was recognised on the balance sheet under "Other assets" at 31 December 2016 (2015: CHF 1.4 million). This amount was recognised on the Monaco subsidiary's tax loss carryforwards.

A deferred tax liability of CHF 186.9 million was recognised in the balance sheet under "Provisions" at 31 December 2016 (2015: CHF 186.9 million). This amount was determined by applying the Bank's effective tax rate (24.23%) to the general provisions of CHF 771.2 million carried in the statutory financial statements of Group companies.

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 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.


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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 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.

In addition, a dedicated BNP Paribas (Suisse) SA Executive Committee conducts a quarterly review of operational risks and litigation risks provided for and to be provided for in the Bank's financial statements. In December 2016, it decided to reverse a CHF 95.6 million provision for other operating risks set aside in 2014 (CHF 53.1 million) and 2015 (CHF 42.5 million) because the risk assessment did not justify retaining the provision.

US Program

Following the agreement entered into between the United States and Switzerland 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.
Under the terms of the Non Prosecution Agreement signed with the US Department of Justice in November 2015, BNP Paribas (Suisse) SA agreed to pay USD 59.8 million in penalties. These penalties were provided for in full in 2013 and 2014.

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) Balance sheet disclosures

3.1) Breakdown of securities financing transactions (assets and liabilities)

	31.12.16	31.12.15
Book value of cash collateral delivered in connection with securities borrowing and reverse repurchase transactions[1]	623'000	650'000
Book value of securities lent in connection with securities lending or delivered as collateral in connection with securities borrowing as well as securities transferred in connection with repurchase agreements	53'832	24'774
Fair value of securities received and serving as collateral in connection with securities lending or securities borrowed in connection with securities borrowing as well as securities received in connection with reverse repurchase agreements with an unrestricted right to resell or repledge	622'909	645'229

[1] Prior to any netting agreements

3.2) Analysis of collateral for loans and off-balance sheet transactions, plus impaired loans

		Breakdown of collateral			
		Mortgage collateral	Other collateral	No collateral	Total
Loans (before offset with value adjustments)					
Due from customers		160'844	4'608'508	3'912'785	8'682'137
Mortgage loans		1'309'715	41'393	113'295	1'464'403
Residential		983'978	38'193	110'209	1'132'380
Commercial		1'006	-	445	1'451
Other		324'731	3'200	2'641	330'572
Total loans (before offset with value adjustments)					
	31.12.16	**1'470'559**	**4'649'901**	**4'026'080**	**10'146'540**
	31.12.15	1'332'236	4'833'551	3'522'602	9'688'388
Total loans (after offset with value adjustments)					
	31.12.16	**1'422'027**	**4'328'233**	**3'998'668**	**9'748'928**
	31.12.15	1'294'671	4'520'459	3'477'844	9'292'974
Off balance sheet					
Contingent liabilities		148	643'859	3'268'079	3'912'086
Irrevocable commitments		1'473	330'109	4'394'835	4'726'417
Guarantee commitments		-	110'532	137'143	247'675
Total off-balance sheet commitments					
	31.12.16	**1'621**	**1'084'500**	**7'800'057**	**8'886'178**
	31.12.15	1'864	1'365'746	6'706'268	8'073'878

Impaired loans		Gross	Estimated value of collateral	Net	Specific value adjustments
	31.12.16	**653'912**	**253'785**	**400'127**	**400'127**
	31.12.15	635'431	226'547	408'884	408'884

The estimated value of collateral (guarantees received) is the estimated value of the guarantee used to calculate the value adjustment, up to the amount of the assets covered.

3.3) Breakdown of trading operations and other financial instruments at fair value (assets and liabilities)

Assets	**31.12.16**	**31.12.15**
Trading portfolio	**858’493**	**941’122**
Debt securities, money market instruments/transactions	109’055	226’679
o/w listed	*109’055*	*226’679*
Equity investments	749’438	714’443
Total assets	**858’493**	**941’122**
o/w calculated using a valuation model	-	-
o/w repurchase agreements contracted for liquidity purposes	***32’144***	***101’446***

Commitments	**31.12.16**	**31.12.15**
Trading portfolio	**68’412**	**47’608**
Debt securities, money market instruments/transactions	68’412	47’608
o/w listed	*68’412*	*47’608*
Total commitments	68’412	47’608
o/w calculated using a valuation model	-	-

3.4) Analysis of derivative financial instruments (assets and liabilities)

	Trading Instruments			Hedging Instruments		
	Positive replacement values	Negative replacement values	Contract volumes	Positive replacement values	Negative replacement values	Contract volumes
Fixed income instruments						
swaps	7'370	9'387	3'919'741	6'653	16'064	2'204'107
futures	-	-	550'000	-	-	-
options (OTC)	245	245	352'765	-	-	-
Total	**7'615**	**9'632**	**4'822'506**	**6'653**	**16'064**	**2'204'107**
Currencies, precious metals						
forward contracts	115'031	115'860	7'544'214	10	361	30'296
cross-currency interest rate swaps	115'813	61'550	6'024'957	127'304	14'813	8'236'258
options (OTC)	141'378	141'378	6'844'697	-	-	-
Total	**372'222**	**318'788**	**20'413'868**	**127'314**	**15'174**	**8'266'554**
Equities/Indices						
forward contracts	-	-	-	-	-	-
futures	3'840	-	770'815	-	-	-
Total	**3'840**	**-**	770'815	**-**	**-**	**-**
Total after any netting agreements — **31.12.16** o/w calculated using a valuation model	**383'677**	**328'420**	**26'007'189**	**133'967**	**31'238**	**10'470'661**
Total after any netting agreements — 31.12.15 o/w calculated using a valuation model	259'336	186'611	20'354'492	79'764	34'229	7'334'847

		Positive replacement values (cumulative)	Negative replacement values (cumulative)
Total after any netting agreements	**31.12.16**	**517'644**	**359'658**
	31.12.15	339'101	220'840

	Breakdown by counterparty		
	Central clearing houses	Banks and securities dealers	Other clients
Positive replacement values (after any netting agreements)	-	302'952	214'692

3.5) Breakdown of non-current financial assets

	Carrying amount		Fair value	
	31.12.16	**31.12.15**	**31.12.16**	**31.12.15**
Debt securities	2’365’006	2’307’195	2’365’375	2’307’578
o/w held-to-maturity	*2’365’006*	*2’307’195*	*2’365’099*	*2’307’304*
Equity investments	400	403	32’250	31’819
Precious metals	238’190	209’477	238’190	209’477
Buildings, goods and vehicles	1’033	998	1’033	998
Total	**2’604’630**	**2’518’073**	**2’636’849**	**2’549’873**
o/w repurchase agreements contracted for liquidity purposes	*1’739’339*	*2’234’228*	*1’739’339*	*2’234’228*

Breakdown of counterparties based on their S&P rating	**AAA to AA-**	**A+ to A-**	**BBB+ to BBB-**	**BB+ to B-**	**below B-**	**unrated**
Debt securities at carrying amount	2’287’667	77’339				

3.6) Analysis of non-consolidated investments

	Cost	Carrying amount at 31.12.2015	Investments	Divestments (incl. currency effect)	Value adjustments	Carrying amount at 31.12.2016
Other investments						
with no equity value[1]	4'512	4'495	-	-2	-	4'493
Total investments	**4'512**	**4'495**	**-**	**-2**	**-**	**4'493**

[1] Including BNP Paribas Wealth Management (DIFC) Limited, Dubai, a company with share capital of USD 4,000 million. This Company holds a category 4 licence and is therefore not permitted to engage in lending or discretionary management activities. Given the size of its balance sheet, the Bank considered that the conditions for consolidating BNP Paribas Wealth Management (DIFC) Limited were not met.

3.7) Disclosure of businesses in which the Bank holds a direct or indirect significant permanent interest

Company name and registered office	Business	Method of consolidation	Share capital (in 000s)	Shareholding	Voting rights	Direct/ indirect ownership
BNP Paribas Wealth Management Monaco, Monaco	Bank	Full consolidation	EUR 12'960	100%	100%	direct


#evolution


@friendliness

3.8) Analysis of property, plant and equipment

	Cost	Cumulative depreciation and value adjustments	Carrying amount at 31.12.2015	Changes of allocation	Investments	Divestments	Depreciation and amortisation	Carrying amount at 31.12.2016
Owner-occupied property	169’048	-63’038	106’010	82	30	-	-3’133	102’989
Software acquired separately or developed internally	54’137	-50’670	3’467	2’467	93	-13	-3’041	2’973
Other property, plant and equipment	115’465	-101’213	14’252	1’127	1’001	-2	-4’206	12’172
Total property, plant and equipment	**338’650**	**-214’921**	**123’729**	**3’676**	**1’124**	**-15**	**-10’380**	**118’134**

Maturity schedule of off balance sheet leasing commitments	**Total**	**o/w due in 1 year**	**o/w due >1 – <=2 years**	**o/w due >2 – <=3 years**	**o/w due >3 – <=4 years**	**o/w due >4 – <=5 years**	**o/w due after 5 years**
Total leasing commitments	**329**	**106**	**99**	**85**	**40**	**-**	**-**

3.9) Analysis of intangible assets

	Cost	Cumulative amortisation	Carrying amount at 31.12.2015	Changes of allocation	Investments	Divestments	Amortisation	Carrying amount at 31.12.2016
Goodwill	143’887	-139’628	4’259	-	-	-	-920	3’339
Other intangible assets	5’406	-1’273	4’133	-3’676	1’085	-7	-	1’536
Total intangible assets	**149’293**	**-140’901**	**8’392**	**-3’676**	**1’085**	**-7**	**-920**	**4’874**

3.10) Breakdown of other assets and other liabilities

	Other assets	
	31.12.16	**31.12.15**
Direct tax	248’080	210’121
Indirect tax	75’919	53’312
Settlement accounts	80’945	27’976
Clearing accounts	16’180	7’066
Deferred tax asset	1’282	1’388
Other	21’853	25’824
Total	**444’259**	**325’687**

	Other liabilities	
	31.12.16	**31.12.15**
Settlement accounts	13’706	49’282
Indirect tax	6’524	6’145
Other	61’472	138’010
Total	**81’702**	**193’437**


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reactivity & responsibility

3.11) Disclosure of assets pledged or assigned as collateral for its own commitments and assets subject to retention of title

Assets assigned as collateral were non-material at 31 December 2016, as they were at 31 December 2015.

3.12) Disclosure of commitments to own pension fund institutions

The credit balance on current accounts held by pension funds with the Bank at 31 December 2016 amounted to CHF 19.0 million (2015: CHF 19.3 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.

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 7.6 million at 31 December 2016 (31 December 2015 : CHF 7.8 million).


#prospects

3.13) Disclosures of the economic position of own pension fund institutions

The latest audited annual financial statements for the pension funds at 31 December 2015 prepared in accordance with Swiss GAAP RPC 26 show a coverage rate of:

- 112.8% for the BNP Paribas Group Swiss pension fund,
- 127.5% 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.

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

	Estimated plan surplus at year-end 2016	Group's economic interest		Change in economic interest vs. previous year (economic benefit/commitment)	Contributions paid in 2016	Pension expenses in employee benefits expense	
		31.12.16	**31.12.15**			**31.12.16**	**31.12.15**
Pension funds with plan surplus/shortfall							
BNP Paribas Group Swiss pension fund	112.7%	-	-	-	26'237	28'010	35'956
Executive supplementary pension fund in Switzerland	125.0%	-	-	-	1'163	1'163	1'332

3.14) Analysis of value adjustments, provisions and reserves for general banking risks and changes during the reference period

	Balance at 31.12.2015[2]	Uses as intended	Foreign exchange differences	Non-performing loans, recoveries	New charges through profit or loss	Reversals through profit of loss	Balance at 31.12.2016
Provisions for deferred taxes	186'864	-	-	-	-	-	186'864
Provisions for pension commitments	8'850	-953	-34	-	1'174	-67	8'970
Provisions for loan losses	26'613 [(2)]	-17'625	-	-	-	-	8'988
Provisions for other operating risks	150'136 [(2)]	-1'768	-97	-	7'769	-97'024	59'016
Restructuring provisions	818	-430	-8	-	-	-	380
Other provisions	756	-	3	-	641	-545	855
Total provisions	**374'037 [(2)]**	**-20'776**	**-136**	-	**9'584**	**-97'636**	**265'074**
Reserves for general banking risks [(1)]	**135'949**	**-**	**-**	**-**	**-**	**-**	**135'949**
Value adjustments for loan losses and country risks	**422'359**	**-29'051**	**2'072**	**17'108**	**23'092**	**-28'649**	**406'931**
o/w value adjustments for loan losses on impaired loans	*408'884*	*-29'051*	*2'060*	*17'108*	*22'508*	*-21'382*	*400'127*
o/w value adjustments for underlying risks	*13'475*	-	*12*	-	*584*	*-7'267*	*6'804*

[1] The reserves for general banking risks are taxed when formed.
[2] Figures after reclassifications. See Significant accounting policies.


#data quality


#dynamism

3.15) Number and value of participation rights or options on such rights granted to any members of executive or governing bodies or to employees

	Number of performance shares granted		Share-based payment costs	
	31.12.16	**31.12.15**	**31.12.16**	**31.12.15**
Senior executives	2'605	3'850	129	215
Employees	10'185	11'268	506	625
Total	**12'790**	**15'118**	**635**	**840**

Between 2006 and 2012, the BNP Paribas Group set up a Global Share-Based Incentive Plan under which performance shares were allotted to certain Group employees.

The performance shares allotted between 2009 and 2012 vested definitively, subject to the individual's continued employment, after a vesting period of either 3 or 4 years. With effect from 2010, the portion of each beneficiary's conditional allotment was set at 100% of the total allotment for Executive Committee members and senior executives at the BNP Paribas Group and at 20% for other beneficiaries.

The performance condition for performance shares granted up to 2011 to which a portion of these shares are subject is linked to the Group's earnings per share.

In 2012, the performance condition adopted was modified and assessed based on the performance of BNP Paribas shares relative to the Dow Jones Euro Stoxx Bank index.

Measurement of performance shares

The unit value of performance shares adopted is their value when they vest.

The final allotment of performance shares was made in 2012.

3.16) Disclosures of loans and commitments to related parties

Loans to members of the governing bodies

Loans to members of the governing bodies were not material at 31 December 2016 or 31 December 2015.

Loans and commitments to related companies

The following table shows (gross) loans and commitments to related companies (entities controlled by BNP Paribas SA Paris):

	Loans		Commitments	
	31.12.16	**31.12.15**	**31.12.16**	**31.12.15**
Sight accounts	144’103	172’002	78’879	226’420
Term accounts	228’885	444’604	63’476	144’705

	Off balance sheet	
Contingent liabilities	78’855	73’071
Irrevocable commitments	-	43’242
Guarantees	10’817	1’035

	Derivative financial instruments	
IRS	-	-
OTC interest-rate options	-	-
Forward currency transactions	2’290	37’688
OTC currency options	-	72’040
Interest-rate futures	550’000	-
Securities futures	770’815	739’997
Dividend swaps	-	-

Transactions with related companies are entered into on an arm’s length basis.

Total loans and commitments to significant shareholders

Loans and commitments mainly comprise the balance of interbank treasury transactions at the balance sheet date with BNP Paribas SA Paris and its foreign branches.

	Loans		Commitments	
	31.12.16	**31.12.15**	**31.12.16**	**31.12.15**
Sight accounts	249’067	269’945	559’750	254’773
Term accounts	1’762’807	2’402’781	9’739’071	5’627’931

	Off balance sheet	
Contingent liabilities	209’229	166’572
Irrevocable commitments	217’121	108’158
Guarantees	635	867

	Derivative financial instruments	
IRS	5’583’849	5’384’003
OTC interest-rate options	176’383	183’110
Forward currency transactions	10’786’306	9’890’998
OTC currency options	2’371’025	1’856’916
Securities futures	-	-
Dividend swaps	-	198

	Fiduciary transactions	
	2’634’186	2’216’554

Transactions with significant shareholders are entered into on an arm’s length basis.

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

	31.12.16	**31.12.15**
Guarantees received	971’535	1’837’935
Guarantees given	968’358	489’768

The Bank has given BGL BNP Paribas SA (Luxembourg) a liability warranty covering 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.


fresh & sweet

3.17) Presentation of maturity structure of financial instruments

	Sight	Cancellable	Matured					Total
			Less than 3 months	Between 3 months and 12 months	Between 12 months and 5 years	Over 5 years	Non-current	
Assets / financial instruments								
Cash and cash equivalents	6'282'027	-	-	-	-	-	-	6'282'027
Due from banks	242'193	-	820'874	53'812	783'307	630'000	-	2'530'186
Due from securities financing transactions	-	623'000	-	-	-	-	-	623'000
Due from customers	-	1'629'423	4'195'185	809'002	1'517'250	154'881	-	8'305'741
Mortgage loans	-	867'122	77'213	128'400	239'917	130'535	-	1'443'187
Trading portfolio assets	858'493	-	-	-	-	-	-	858'493
Positive replacement values of derivative financial instruments	517'644	-	-	-	-	-	-	517'644
Non-current financial assets	238'498	-	141'841	691'947	961'669	569'642	1'033	2'604'630
31.12.16	**8'138'855**	**3'119'545**	**5'235'113**	**1'683'161**	**3'502'143**	**1'485'058**	**1'033**	**23'164'908**
31.12.15	5'214'312	2'622'728	5'301'237	1'216'381	4'896'862	1'268'737	998	20'521'256
Foreign funds / financial instruments								
Due to banks	724'299	-	8'101'753	1'273'235	363'187	94'152	-	
Due to customers	9'397'000	5'176	676'087	26'396	-	983	-	10'105'642
Trading portfolio liabilities	68'412	-	-	-	-	-	-	68'412
Negative replacement values of derivative financial instruments	359'658	-	-	-	-	-	-	359'658
31.12.16	**10'549'369**	**5'176**	**8'777'840**	**1'299'631**	**363'187**	**95'135**	**-**	**21'090'338**
31.12.15	10'847'396	8'983	5'863'066	1'021'000	260'247	21'404	-	18'022'096

3.18) Analysis of assets and liabilities between Switzerland and international

	31.12.16			31.12.15		
Assets	**Switzerland**	**International**	**Total**	**Switzerland**	**International**	**Total**
Cash and cash equivalents	6'279'734	2'293	6'282'027	3'519'353	2'744	3'522'097
Due from banks	33'659	2'496'527	2'530'186	221'201	3'036'687	3'257'888
Due from securities financing transactions	623'000	-	623'000	650'000	-	650'000
Due from customers	2'225'285	6'080'456	8'305'741	2'068'911	5'901'408	7'970'319
Mortgage loans	288'254	1'154'933	1'443'187	317'080	1'005'575	1'322'655
Trading portfolio assets	794'289	64'204	858'493	815'724	125'398	941'122
Positive replacement values of derivative financial instruments	78'359	439'285	517'644	25'409	313'692	339'101
Non-current financial assets	1'220'258	1'384'372	2'604'630	986'214	1'531'859	2'518'073
Accruals and prepayments	107'845	30'281	138'126	94'956	31'688	126'644
Equity investments	459	4'034	4'493	459	4'036	4'495
Property, plant and equipment	117'815	319	118'134	123'357	372	123'729
Intangible assets	4'380	494	4'874	7'893	499	8'391
Other assets	427'488	16'771	444'259	309'514	16'173	325'687
Total assets	**12'200'825**	**11'673'969**	**23'874'793**	**9'140'071**	**11'970'131**	**21'110'202**

	31.12.16			31.12.15		
Liabilities	**Switzerland**	**International**	**Total**	**Switzerland**	**International**	**Total**
Due to banks	12'846	10'543'780	10'556'626	3'963	6'170'722	6'174'685
Due to customers	3'337'587	6'768'055	10'105'642	2'695'582	8'883'380	11'578'963
Trading portfolio liabilities	10'362	58'050	68'412	3'694	43'914	47'608
Negative replacement values of derivative financial instruments	79'610	280'048	359'658	35'134	185'706	220'840
Accruals and prepayments	238'719	40'065	278'784	217'145	40'269	257'414
Other liabilities	75'186	6'516	81'702	191'961	1'476	193'437
Provisions	253'385	11'689	265'074	343'743	30'294	374'037
Reserves for general banking risks	135'949	-	135'949	135'949	-	135'949
Share capital	320'271	-	320'271	320'271	-	320'271
Additional paid-in capital	107	2'454	2'561	107	2'454	2'561
Retained earnings	1'566'529	17'681	1'584'210	1'749'063	20'741	1'769'804
Translation differences	-7'869	-	-7'869	-7'697	-	-7'697
Treasury shares	-107	-	-107	-107	-	-107
Consolidated net income/(loss)	123'574	308	123'882	46'468	-4'030	42'438
Total liabilities and equity	**6'146'148**	**17'728'646**	**23'874'793**	**5'735'275**	**15'374'927**	**21'110'202**


#commodities


#diversity

3.19) Breakdown of total assets by country (according to where the operation is based)

	31.12.16		31.12.15	
	Absolute value	**Percentage**	**Absolute value**	**Percentage**
Africa	270'126	1%	226'830	1%
Asia	1'009'349	4%	1'018'071	5%
Caribbean	985'081	4%	1'079'939	5%
Europe	8'662'922	36%	8'991'859	43%
o/w France	*3'712'696*	*16%*	*4'327'150*	*20%*
o/w United Kingdom	*986'222*	*4%*	*867'907*	*4%*
Latin America	32'926	0%	25'921	0%
North America	709'159	3%	600'644	3%
Oceania	4'406	0%	26'867	0%
Switzerland	12'200'825	51%	9'140'071	43%
Total assets	**23'874'793**	**100%**	**21'110'202**	**100%**

3.20) Breakdown of total assets based on the solvency of country groups (according to where the risk is located)

	Net international exposure at 31.12.2016		Net international exposure at 31.12.2015	
Rating class[1]	**in CHF**	**Percentage**	**in CHF**	**Percentage**
1	9'611'545	78.19%	9'714'120	77.70%
2	76'549	0.62%	113'378	0.91%
3	442'719	3.60%	419'244	3.35%
4	480'823	3.91%	443'706	3.55%
5	650'393	5.29%	754'422	6.03%
6	155'696	1.27%	135'255	1.08%
7	156'650	1.27%	132'436	1.06%
Unrated	717'925	5.84%	789'032	6.31%
Total assets	**12'292'300**	**100.00%**	**12'501'592**	**100.00%**

[1] *established using the Swiss Export Risk Insurance system*

3.21) Analysis of assets and liabilities by the largest currencies

	CHF	EUR	USD	Other	Total
Assets					
Cash and cash equivalents	6'276'954	4'142	556	375	6'282'027
Due from banks	1'585'618	145'230	382'893	416'445	2'530'186
Due from securities financing transactions	623'000	-	-	-	623'000
Due from customers	588'004	2'347'144	4'886'932	483'661	8'305'741
Mortgage loans	438'900	776'096	18'760	209'431	1'443'187
Trading portfolio assets	858'493	-	-	-	858'493
Positive replacement values of derivative financial instruments	504'284	11'779	1'364	217	517'644
Non-current financial assets	1'537'961	270'799	557'680	238'190	2'604'630
Accruals and prepayments	112'843	11'794	12'769	720	138'126
Equity investments	459	160	3'874	-	4'493
Property, plant and equipment	117'815	319	-	-	118'134
Intangible assets	4'380	494	-	-	4'874
Other assets	439'786	3'378	1'086	9	444'259
Total balance sheet assets	**13'088'496**	**3'571'335**	**5'865'914**	**1'349'048**	**23'874'793**
Settlement claims arising from currency spot, futures and options transactions	**3'265'068**	**5'468'586**	**13'881'289**	**5'928'677**	**28'543'620**
Total assets	**16'353'564**	**9'039'921**	**19'747'203**	**7'277'725**	**52'418'413**

	CHF	EUR	USD	Other	Total
Liabilities					
Due to banks	337'154	931'944	8'474'823	812'705	10'556'626
Due to customers	1'082'080	3'725'036	4'078'876	1'219'650	10'105'642
Trading portfolio liabilities	68'412	-	-	-	68'412
Negative replacement values of derivative financial instruments	350'458	3'706	4'242	1'252	359'658
Accruals and prepayments	178'847	75'392	23'108	1'437	278'784
Other liabilities	43'124	20'021	18'178	379	81'702
Provisions	237'407	16'751	6'238	4'678	265'074
Reserves for general banking risks	135'949	-	-	-	135'949
Share capital	320'271	-	-	-	320'271
Additional paid-in capital	107	2'454	-	-	2'561
Retained earnings	1'566'356	17'681	-	-	1'584'037
Translation differences	-7'697	-	-	-	-7'697
Treasury shares	-107	-	-	-	-107
Consolidated net income/(loss)	123'574	308	-	-	123'882
Total balance sheet liabilities and equity	**4'435'934**	**4'793'293**	**12'605'465**	**2'040'101**	**23'874'793**
Settlement commitments arising from currency spot, futures and options transactions	**11'729'127**	**4'163'010**	**7'109'523**	**5'341'207**	**28'342'867**
Total liabilities and equity	**16'165'061**	**8'956'303**	**19'714'988**	**7'381'308**	**52'217'660**
Net position by currency	**188'503**	**83'618**	**32'215**	**-103'583**	**200'753**

4) Notes concerning off-balance sheet transactions

4.1) Breakdown of contingent assets and liabilities

	31.12.16	31.12.15
Loan collateral and related commitments	1'870'576	1'607'500
Warranties and similar	349'124	331'196
Irrevocable commitments under documentary credits	1'692'386	1'459'829
Total contingent liabilities	**3'912'086**	**3'398'525**

4.2) Breakdown of loans by commitment

	31.12.16	31.12.15
Commitments arising from deferred payments	176'983	156'405
Other guarantees	70'692	50'410
Total	**247'675**	**206'815**

4.3) Breakdown of fiduciary transactions

	31.12.16	31.12.15
Fiduciary deposits with third party companies	13'322	26'654
Fiduciary deposits with related companies	2'634'186	2'216'554
Total	**2'647'508**	**2'243'208**

4.4) Répartition des avoirs administrés et présentation de leur évolution

	31.12.16	31.12.15
Breakdown of administered assets		
Type of administered assets:		
Assets under discretionary management	3'480'736	3'595'551
Other administered assets	23'028'415	23'806'180
Total administered assets (including double-counting)	**26'509'151**	**27'401'731**
o/w double-counting	-	-

	31.12.16	31.12.15
Changes in administered assets		
Total initial administered assets (including double-counting)	**27'401'731**	**32'362'127**
+/- Net new inflows/outflows	-1'447'296	-2'567'561
+/- Movements in prices, interest, dividends and exchange rates	744'973	-1'962'221
+/- Other effects	-190'257	-430'614
Total final administered assets (including double-counting)	**26'509'151**	**27'401'731**

Administered assets comprise retail and institutional client assets (balance sheet deposits, fiduciary deposits, securities portfolios) for all BNP Paribas (Suisse) Group entities. They do not include assets for which the Group acts only as custodian, which amounted to CHF 2,093 million (2015: CHF 1,600 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.


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5) Notes to the income statement

5.1) Breakdown of the result from trading activities and fair value option

	31.12.16	31.12.15
Breakdown by business area		
Corporate Banking	4'914	6'939
Global Markets	14'733	20'391
ALM Treasury	11'036	3'454
Wealth Management	25'742	24'142
Total	**56'425**	**54'926**

	31.12.16	31.12.15
Result from use of fair value option		
Result from trading activities in:		
Fixed income instruments	12'152	15'997
Equity investments	1'574	3'519
Currencies	42'900	35'369
Precious metals	-201	42
Total result from trading activities	**56'425**	**54'926**

5.2) Disclosure of significant refinancing revenues from interest income and expense

	31.12.16	31.12.15
Negative interest paid [1]	-38'259	-12'967
Negative interest received [2]	8'048	-

[1] Negative interest derives from active transactions recorded in interest income
[2] Negative interest derives from passive transactions recorded in interest expense

5.3) Breakdown of employee benefits expense

	31.12.16	31.12.15
Salaries and wages	-224'846	-235'003
o/w cost of share-based payments and alternative forms of performance-related compensation	*-33'477*	*-33'511*
Social security benefits	-23'366	-24'194
Employer's pension contributions	-29'080	-37'287
Other employee benefits expense	-47'376	-56'877
Total	**-324'668**	**-353'361**

5.4) Breakdown of other operating expenses

	31.12.16	31.12.15
Premises	-16'657	-19'103
Expenses related to information and communication technology	-30'918	-23'537
Expenses related to vehicles, machines, furnishings and furniture and other facilities, including operating leases	-2'213	-2'896
Audit firm fees	-1'431	-1'644
o/w for statutory audit and prudential audit services	*-1'431*	*-1'644*
Other operating expenses	-104'071	-104'853
Total	**-155'291**	**-152'033**

5.5) Significant losses, non-recurring income and expense, significant releases of unrealised gains, reserves for general banking risks, value adjustments and reversals of provisions

Significant losses

No significant losses were recorded in 2015 or 2016.

Non-recurring income

Non-recurring income came to CHF 3.4 million in 2016. This amount reflected CHF 1.5 million for the reversal of loan loss provisions taken in previous years and CHF 1.9 million in non-recurring income mainly from the adjustment of prior-year transactions.

Non-recurring income came to CHF 75.8 million in 2015. This amount reflected CHF 75.2 million for the reversal of loan loss provisions taken in previous years and CHF 0.6 million in non-recurring income mainly from the adjustment of prior-year transactions.

Non-recurring expense

Non-recurring expense came to CHF 0.8 million in 2016. This expense included non-recurring expenses arising principally from the adjustment of prior-year transactions.

Non-recurring expense came to CHF 1.0 million in 2015. This expense included CHF 0.2 million for retirement of intangible assets and CHF 0.8 million in non-recurring expenses arising principally from the adjustment of prior-year transactions.


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5.6) Breakdown of operating result between Switzerland and international according to where the operation is based

The amounts of income and expense in the table below are shown before elimination of intragroup transactions:

	Switzerland	International	Total
Result from interest operations: Interest income	349’910	18’204	368’114
Interest income and dividends from trading activities	3’388	-	3’388
Interest income and dividends from non-current financial assets	18’026	-	18’026
Interest expense	-143’066	-7’933	-150’999
Gross result from interest operations	**228’258**	**10’271**	**238’529**
Changes in value adjustments for loan losses and losses linked to interest transactions	-2’059	160	-1’899
Sub-total, net result from interest operations	**226’199**	**10’431**	**236’630**
Result from commission business and services: Fee income from trading activities	129’674	13’028	142’702
Fee income from lending activities	62’685	681	63’366
Fee income from other services	20’783	1’693	22’476
Fee expense	-52’035	-999	-53’034
Sub-total, Result from commission business and services	**161’107**	**14’403**	**175’510**
Result from trading activities and fair value option	**54’984**	**1’441**	**56’425**
Other ordinary banking income and expense	**56’014**	**404**	**56’418**
Total operating income	**498’304**	**26’679**	**524’983**
Operating expenses: Employee benefits expense	-310’373	-14’295	-324’668
Other operating expenses	-141’433	-13’858	-155’291
Total operating expenses	**-451’806**	**-28’153**	**-479’959**
Value adjustments to investments, depreciation and amortisation of property, plant and equipment and intangible assets	-11’133	-168	-11’301
Changes in provisions and other value adjustments, losses	93’357	-25	93’332
Operating result	**128’722**	**-1’667**	**127’055**

5.7) Current and deferred tax

	31.12.16	31.12.15
Current tax expense	-5'620	-6'578
Reversal of provision for deferred taxes	-	58'443
Increase in deferred tax assets	-	1'388
Reversal of deferred tax assets	-106	-
Total tax expense	**-5'726**	**53'252**
Average tax rate	4.42%	N/A

A CHF 58.4 million reversal of deferred tax liabilities was recorded in 2015 on CHF 241.2 million in write-backs of general provisions.


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Report of the Statutory Auditor

BNP Paribas (Suisse) SA Report of the Statutory Auditor
For the year ended December 31, 2016

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, statement of equity and notes to the consolidated financial statements (pages 34 to 94), for the year ended December 31, 2016.

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, 2016 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.

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

Vida Gratteau

Geneva, March 16, 2016
AB/VGR/nvi

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Annual report 2016
BNP Paribas (Suisse) SA

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