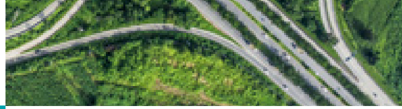


Annual Report 2018

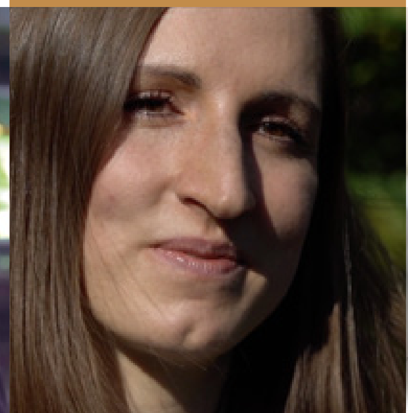
ANNUAL REPORT 2018
BNP PARIBAS (SUISSE) SA

BNP PARIBAS

The bank for a changing world

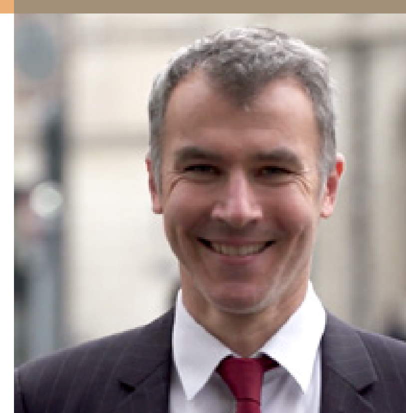
Annual Report 2018
BNP Paribas (Suisse) SA

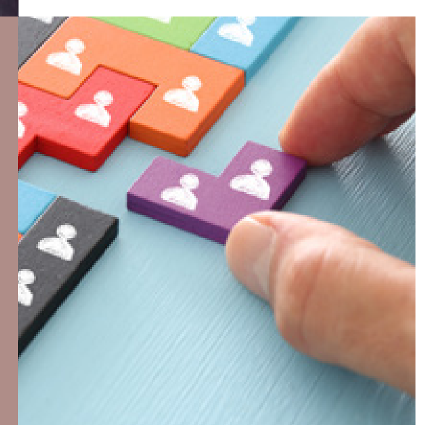
Summary



Edito & Strategy



Monique Vialatou has been a part of BNP Paribas Group for over 30 years. She started out in retail banking in France and later joined Corporate and Institutional Banking in France and the USA. She took the helm at BNP Paribas in Thailand, then Canada, and is now Chief Executive Officer of BNP Paribas in Switzerland since July 2018.

Interview

How would you sum up 2018?

We significantly increased our revenues over the year despite encountering some headwinds. This means we have been able to maintain our client franchises and have shown a definite capacity to seek business opportunities for our two main trades which are Wealth Management (fortune management for private customers) and Corporate and Institutional Banking-CIB- (financial solutions for companies and institutional clients). Our business model has evolved a lot over these last few years. We now have a voluntaristic policy concerning how we select our investments and our clients, who must maintain a certain level of commitment regarding social and energetic matters.

How are you going to grow ?

Regarding private banking, 2019 will be devoted to intensifying our efforts in German-speaking Switzerland and in the Middle-East with a ultra-high net worth clientele.

Regarding CIB activities we would like to develop, amongst others, smaller companies-the mid-cap which have a very promising future. The services we offer are adapted to handle their operational flows and long and short-term financing. We wish to double our income by investing in companies, like Stadler Rail for example, with which we collaborated for their stock market launch last April.

Lastly, we will pursue the optimization and modernization of our operational measures and IT, an essential component to carry out the transformation of BNP Paribas in Switzerland and therefore insure its operational and financial security.

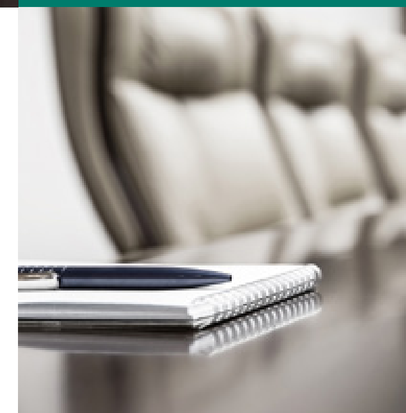
The Groups social commitments are more and more significant. What are the consequences for BNP Paribas in Switzerland ?

Actually, respecting civil society and the environment is an invariable process in our business. The Group has a very clear policy concerning its commitment in four fields which are the climate, youths, entrepreneurs and local ecosystems.

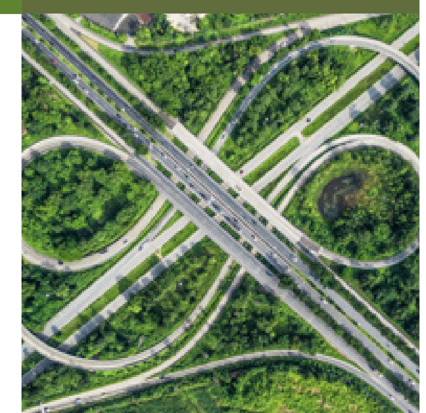
We lead voluntaristic actions which contribute to the sustainable development objectives of the UN, we have been nominated "Best bank in the world for sustainable finance" in July 2018.

In Switzerland, we created a board dedicated to RSE. Some of the objectives which were initiated in 2018 are becoming a reality, like the Positive Impact Business, where employees are granted a certain amount of working hours and the Paperless project within the bank which will be very impactful in the years to come.
Additionally, we are also very active concerning environmental obligations in Switzerland and are also partners of the Solar Impulse Foundation of Bertrand Piccard which supports 1000 innovating solutions in energy transition.




Governance

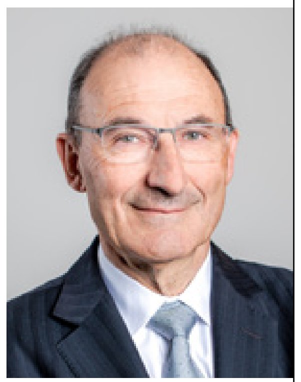

BNP Paribas (Suisse) SA > 8

The Board is made up of 10 directors for whom the mandatory term of office is three years.

The Board of Directors is responsible for overseeing the company's main objectives.
It has three general powers:

1. Assessing the company's strategic decisions
2. Participating in the smooth running of the company
3. Controlling and monitoring all transactions linked to the activities of BNP Paribas in Switzerland.

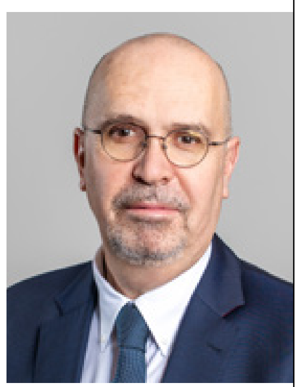
The Board of Directors for BNP Paribas (Suisse) S.A. is composed as follows:



Jean CLAMON
Chairman of the Board of Directors
Chairman of the Financial Risks Committee
Member of the Compensations Committee
French, born on 10th September 1952

Engineer who earned his diploma from Ecole Centrale de Paris, Jean Clamon joined BNP Paribas Group in 1976. His last position, which he held from 2008 to 2015, was Head of Internal Auditing and Conformity.

Sources of inspiration
- Winston Churchill, former Prime Minister of United Kingdom
- Charles de Gaulle, former French President
- Konrad Adenauer, former First Chancellor of the Federal Republic of Germany
- Simone Veil, French politician

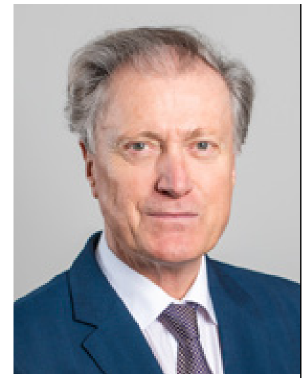


Christian BOVET *
Vice-chairman of the Board of Directors
Vice-chairman of the Financial Risks Committee
Chairman of the Audit Committee
Member of the Compensations Committee
Swiss, born on 24th April 1959

After studying law at the University of Fribourg and at the Columbia University School of Law, Christian Bovet practiced as an associate lawyer, then as a professor of law. He joined the Federal Commission of Communication (ComCom) in 1999 and served until 2011. In 2014, he joined the BNP Paribas (Suisse) SA Board of Directors.

Notable accomplishments
- Dean of the Faculty of Law at the University of Geneva from 2007 to 2012.
- Member of the management board for the Centre of Banking and Financial Law of the Faculty of Law at the University of Geneva
- Visiting professor at the Universities of Lausanne, Aix-Marseille, Renmin University of China (Beijing) and Grenoble, as well as at the Max Planck Institute in Munich
- Editor of the publication "Finanzmarktaufsicht / Monitoring financial markets" (Helbing Lichtenhahn) and co-editor of the Western Swiss Treatise on competition law (Helbing Lichtenhahn) and of a collection of papers on Swiss and European competition law, with electronic application (Weblaw)

Further implications
- Member of the Board and the Office of the Foundation for Medical Research (Geneva) Member of the Scientific Committee for the "Concurrences" review

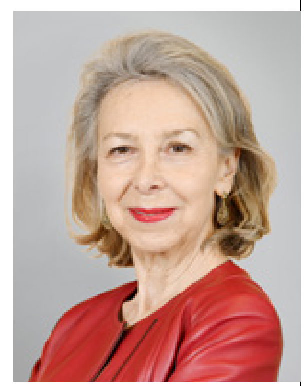


Herbert BOLLIGER *
Director
Member of the Audit Committee
Swiss, born on 23rd November 1953

A graduate of the University of Munich and the Controller Academy of Munich, Herbert BOLLIGER joined the BAYER (Suisse) SA group from 1980 to 1983 before joining the MIGROS group. He held the position of Managing Director for the Migros Federation of Cooperatives from 2005 through to December 2017.

Further implications
- Member of the Board for the "Cerebral" Foundation
- Member of the executive committee for the Marketing Institute of the University of Saint-Gall
- Member of the Honorary Committee for the Forum Europe Lucerne

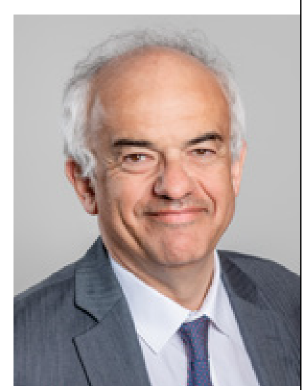
Sources of inspiration
- Gottlieb Duttwiller, founder of MIGROS
- Bill Gates, founder of MICROSOFT
- Bruce Springsteen, musician



Sylvie DAVID-CHINO
Director
Member of the Audit Committee
French

Graduated from the "Institut d'Etudes Politiques de Paris", from Paris I Law University and owner of a CPA-HEX MBA, Sylvie DAVID-CHINO occupied various positions within the corporate banking, international finance and international Private Banking at BNP Paribas.

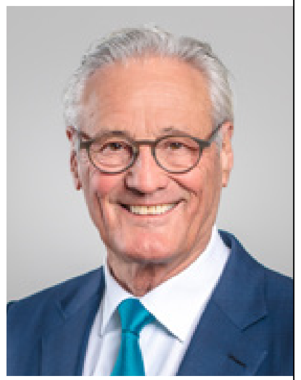
Sources of inspiration
- Simone VEIL, French politician
- Sakamoto RYOMA, Japanese politician



Jacques D'ESTAIS
Director
Member of the Financial Risks Committee
Vice-chairman of the Audit Committee
Member of the Compensations Committee
French, born on 30th October 1959

After graduating from the ESSEC Business School, Jacques D'ESTAIS joined the BNP Paribas group in 1983. After having occupied several different positions, he joined the general management team of Investment Solutions, International Retail Banking and Personal Finance in December 2011. Since April 2015, Jacques D'Estais has been Deputy Managing Director in charge of International Financial Services at BNP Paribas.

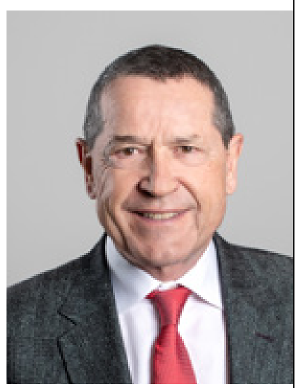
** Director fulfilling the criteria of independance according to FINMA 2008/24*



Christophe R. GAUTIER *
Director
Member of the Compensations Committee
Swiss, born on 2nd April 1947

A graduate of the University of Saint-Gall, Stanford Business School and Harvard, Christophe R. Gautier joined the family business, DKSH Holding Ltd. Today, he's Chairman of the Board at Wolfgang Weber-Thedy AG, as well as an independent investor.

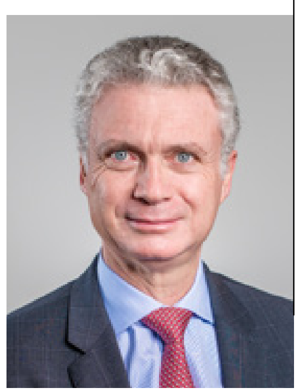
Notable accomplishments
"The three great figures of the last century who, through the force of their beliefs, changed the course of their countries and the world." Christophe R. Gautier
- Mahatma Gandhi, Indian politician
- Winston Churchill, former Prime Minister of the United Kingdom
- Nelson Mandela, former President of the Republic of South Africa



Ulrich GYGI *
Director
Member of the Financial Risks Committee
Member of the Audit Committee
Swiss, born on 6th December 1946

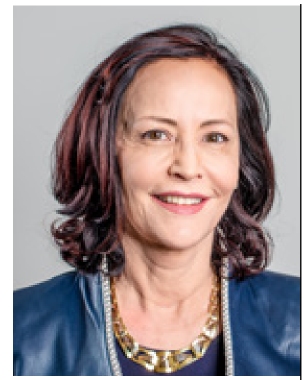
After a bachelor's degree and PhD in Economics from the University of Bern, Ulrich Gygi joined the Administration of Federal Finance (AFF) of the Swiss Confederation in 1979. He became Director of the AFF in 1989, then CEO of the Swiss Post from 2000 to 2009. In 2009, he joined the Swiss Federal Railway (CFF) as Chairman of the Board until June 2016.

Sources of inspiration
- Men and women who have the courage to speak out against the tyrants of their homelands.



Vincent LECOMTE
Director
French, born on 30th June 1964

Graduated from ESCP Europe (Paris), Vincent LECOMTE joined in 1992 BNP Paribas. He joined BNP Paribas Wealth Management in 2010 as Chief Operating Officer. Since 2011, he is co-Chief Executive Officer with Sofia Merlo.



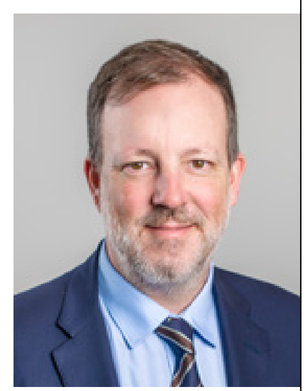
Marina MASONI *
Director
Member of the Audit Committee
Swiss, born on 25th July 1958

After a law degree at the University of Zurich, followed by a lawyer and a notary licence, Marina Masoni joined the law offices of Masoni-Fontana in Lugano. She has been MP of the Great Council, then State Counsellor, Minister of Finance and Economy for the Canton of Tessin. In 1998, 2000 and 2005, Marina Masoni was President of the cantonal government. In 2007, she joined the general management team for Wegelin & Co. in Saint-Gall, then became director of the Lugano branch from 2008 to 2010. Since 2010, she has been a consultant at the law offices of Masoni-Fontana.

Further implications
Executive Boards
- Fondazione Teatro dell'Architettura (Mendrisio), Vice-chairwoman of the Foundation's Board
- Magazzini Generali con Punto Franco SA (Chiasso), Chairwoman of the Board of Directors
- Stiftung für MeinungsFreiheit und MedienVielfalt (Bern), Chairwoman of the Foundation's Board

Professional organisations
- Ticinomoda, Associazione fabbricanti e operatori ramo abbigliamento del Cantone Ticino (Lugano), Chairwoman
- Chamber of Commerce, Canton of Ticino, Member of the Board

Sources of inspiration
- Alexis de Tocqueville, philosopher
- Friedrich A. von Hayek, economist



Yannick JUNG
Director
Member of the Financial Risks Committee
Member of the Compensation Committee
French, born on 15th July 1972

Following studies at the École Supérieure de Commerce de Paris (ESCP) and Washington University, Yannick Jung joined the BNP Group in 1997. He then became part of the management team of the Corporate and Institutional Banking branch in 2007. He has been Head of Global Banking EMEA since December 2017.

Sources of inspiration
- Nelson Mandela, former president of South Africa

** Director fulfilling the criteria of independance according to FINMA 2008/24*

The General Management at BNP Paribas in Switzerland supports the Swiss subsidiary in developing and making strategic, innovative and sustainable decisions.

General Management at BNP Paribas in Switzerland provides strategic support for sustainable innovation

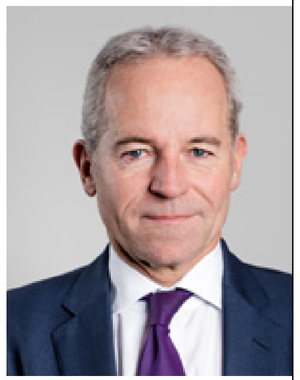
BNP Paribas in Switzerland's General Management is composed as follows:

Monique VIALATOU
Chief Executive Officer, BNP Paribas in Switzerland
French, Born on 28th february.1960

Monique Vialatou has been with the BNP Paribas Group for more than 30 years. She possesses a wealth of experience both in retail banking in France and within CIB. She has held several positions with Large Corporate Coverage teams in France, and in the United States as Senior Relationship Manager. She was Country Head of BNP Paribas Group in Thailand. Since 2014, Monique has been CEO of the bank in Canada where she playd a major role in the development of the BNP Paribas franchise and for connectivity in the region. She is also a member of the Americas Executive Committee. She is CEO for BNP Paribas in Switzerland since 2018.

Further implications
- Fondation, AFBS et CCIFS

Sources of inspiration
- Simone Veil
- Nelson Mandela



Patrick VOEGELI
Chief Executive Officer, Corporate & Institutional Banking in Switzerland
Swiss, born on 24th November 1962

Following an internship and Federal Certificate of Qualification in Business at UBS, Patrick VOEGELI held different positions on the trading floor at Unigestion and Chemical Bank. In 1991, he joined BNP Paribas in Switzerland and became Head of Trading within the financial department. Since 2010, he's held the position of CEO for Corporate & Institutional Banking in Switzerland.

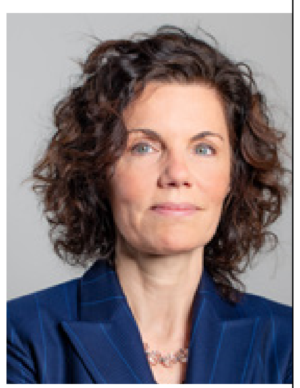
Further implications
- Member of SIX (Swiss Exchange) Regulatory Board

Sources of inspiration
- Roger Federer, Swiss tennis player
  "His exemplary nature, his modesty, his perseverance, his determination to constantly improve his performance"

Hubert MUSSEAU
Chief Executive Officer, BNP Paribas Wealth Management in Switzerland
French, born on 17th June 1971

With a Master's degree in Economy and Econometrics from Panthéon Assas – Paris II University and from EM Lyon, Hubert MUSSEAU joined the BNP Paribas Group in 1996. He held positions in Corporate & Institutional Banking, Internal Audit and then he joined the Wealth Management business-line in 2005. He's been the CEO of BNP Paribas Wealth Management in Switzerland since April 2017.

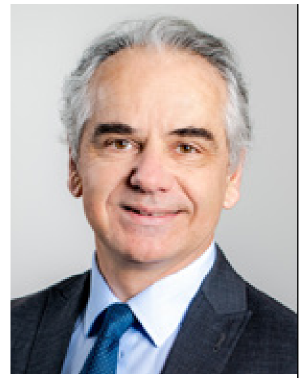
Sources of inspiration
- Joseph Kessel, adventurer, journalist and novelist
- Winston Churchill, former Prime Minister of the United Kingdom



Maria-Antonella BINO
General Counsel
Head of Transversal Risk Monitoring and Legal
Swiss, born on 17th November 1966

Maria-Antonella BINO, Doctor of Law from the University of Geneva, joined BNP Paribas in Switzerland in 2013 as Head of Conformity, Legal Affairs and Permanent Control. Former deputy Federal First Investigating Judge and former deputy Public Prosecutor, she now holds the position of General Counsel and Head of Transversal Risk Monitoring. She has also been a member of the Board of Directors and the Audit Committee in Switzerland since 2016.

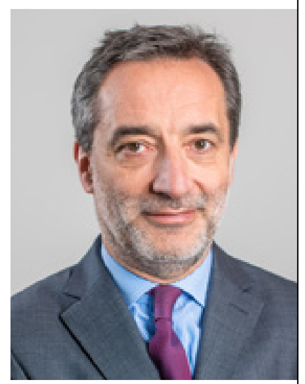
Sources of inspiration
- « The secret of wisdom, power and knowledge is humility.» Ernest Hemingway
- Alberto Moravia, writer
- Margaret Thatcher, former Prime Minister of the United Kingdom
- Sergio Marchionne, Managing Director of the Fiat Group



Yannick DUVAL
Chief Operating Officer
French, Born on 30th July 1965

Graduate of the "Institut de Formation en Informatique et Communication" in 1989, Yannick Duval began his career with Société Générale and Banque Indosuez. He joined BNP Paribas in 2002 as General Secretary in Lisbon, Amsterdam then Tokyo. From 2009 to 2013, he was an Executive Member of the Board of BNP Paribas Bank NV. Thereafter, he became Head of Programme and Organisation in Paris, then London. He joined BNP Paribas in Switzerland as Chief Operating Officer in 2018.

Sources of inspiration
- Eric Tabarly, French navigator
- Michel Petrucciani, French pianist

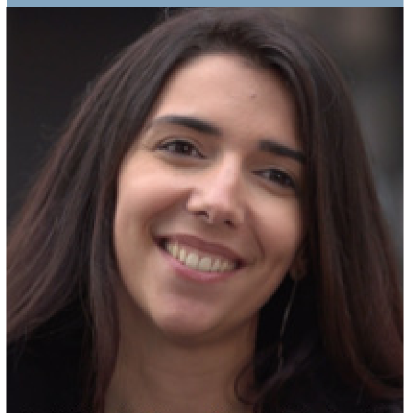


Lionel BERTHIER
Head of Human Resources
French, Born on 2nd December 1961

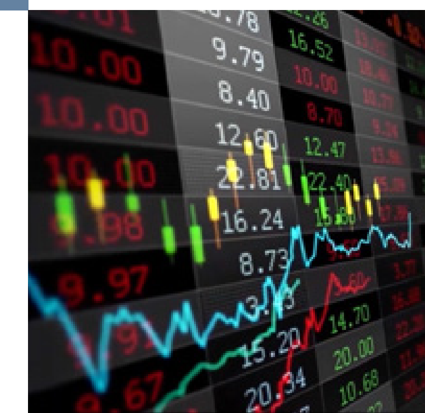
After studying at the Political Institute of Studies in Paris and obtaining a Master's degree in Political Science at University Paris 2, Lionel BERTHIER joined the BNP Paribas Group in 1988. He held various positions within business functions and Human Resources. In 2011, he relocated to São Paulo where he held, among other positions, the role of Head of Human Resources for Brazil and Latin America. In January 2018, he joined the Swiss entity as Human Resources Director.

Further implications
- Member of the Pensions Committee for BNP Paribas (Suisse) SA
- Member of the Circle of Banking HR Directors in Geneva
- Member of the Former Students of Sciences Po Paris association

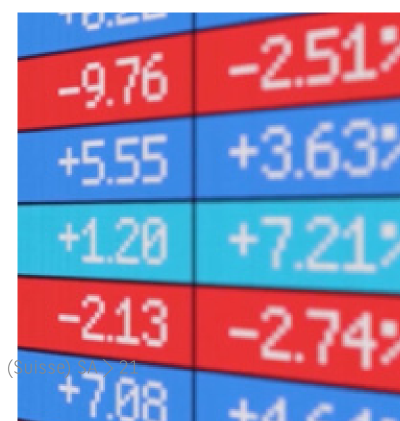
Notable accomplishments
- Active member of the organisation "Teto": participating in actions in the favelas in Brazil aiming to help inhabitants build their own houses.


Key figures



The BNP Paribas (Suisse) Group generated CHF 33 million in consolidated net profit on 2018 revenues of over CHF 463 million.

Key figures

BALANCE SHEET
in CHF millions

CUSTOMERS DEPOSITS
7'976

LOANS & ADVANCES TO CUSTOMERS
9'499

TOTAL ASSETS
18'716

EQUITY
1'871

RATIOS
in CHF millions

SOLVABILITY RATIO
13.79%

LEVERAGE RATIO
7.42%

LCR LIQUIDY RATIO
135.86%

PROFIT & LOSS
in CHF millions

NET PROFIT BEFORE TAXES
31

BANKING INCOME
463

NET PROFIT
33

GROSS PROFIT
12

NET PROFIT
44
EXCLUDING EXTRAORDINARY INCOME

ASSETS UNDER MANAGEMENT
in CHF millions

26'341

BNP Paribas (Suisse) Group generated CHF 33 million in consolidated net profit on CHF 463 million revenues. These 2018 figures were lower than in 2017 as a result of a higher cost of risk.

BNP Paribas (Suisse) Group has a healthy balance sheet, with assets totalling CHF 18.7 billion, CHF 8.0 billion in customer deposits, close to CHF 9.5 billion in customer loans, and equity stable at CHF 1.9 billion.

Its various ratios comfortably exceed the minimum regulatory requirements (Basel III capital adequacy ratio, after factoring in additional capital requirements, of 13.79% vs. 12%, leverage ratio of 7.4% vs. 3% and a Liquidity Coverage Ratio (LCR) of 135.9% vs. 90%).

BNP Paribas (Suisse) Group's customer assets pulled back to their year-end 2016 level of CHF 26 billion as the capital markets headed lower in late 2018.

Management report

Economic environment and market trends

The pace of growth in the **global economy** held up in 2018. GDP grew by 3.7%, compared with 3.8% in 2017, despite weaker performance in certain countries, including Europe (Euro zone: 1.8% in 2018 vs. 2.4% in 2017) and Asia (China: 6.6% in 2018 vs. 6.9% in 2017). Growth slowed as the year went on, while inflation remained subdued. The US economy fared better than the rest of the world, with GDP growth running at 2.9% in 2018, up from 2.2% in 2017.

The **capital markets** began 2018 in fine form. The rally in global equities from late 2017 onwards, after legislation enacting tax cuts was passed in the United States, continued for the first nine months. Then in the fourth quarter, they lost significant ground again on fears about the growth outlook for the global economy, with signs of a slowdown appearing in the Chinese economy. The situation was compounded by political and geopolitical uncertainty arising from factors such as the Trump administration's protectionist measures, the United Kingdom's departure from the European Union and the rise of new political parties in Europe and several emerging markets. After rising 21.6% in 2017, the MSCI all countries index slipped 11.2% in 2018, its largest decline since 2008. Emerging markets were not left unscathed, with the MSCI Emerging index sliding 16.6% after rallying 34.4% in 2017.

The US Federal Reserve hiked its **interest rates** in March, June, September and December with all these decisions widely anticipated by investors. The European Central Bank (ECB) kept its benchmark rates on hold in 2018 at levels that had not changed since 2016. During the fourth quarter, the ECB scaled down its bond purchases. Yields on 10-year US Treasuries moved higher at the beginning of the year from 2.41% at year-end 2017 as investors anticipated an acceleration in inflation. They reached 3.11% in May, then 3.25% in October, their highest level since 2011. The yields then started pulling back, ending 2018 at 2.68%. 10-year Bund yields had a bumpy ride, ending the year at 0.24%, compared with 0.43% at year-end 2017.

Dollar appreciation was the main theme in the **currency markets** during 2018. The EUR/USD cross-rate began the year at 1.25, but the US dollar then strengthened on the back of the Fed's monetary policy and the international uncertainties. The euro also appreciated despite the reduction in the ECB's quantitative easing. However, the European currency was held back by a slower pace of growth and political risks, especially after the elections in Italy. The Swiss franc lost ground against the US dollar over the course of the year. The CHF/USD picked up from a low of 0.92 in February to end 2018 at 0.98. The Swiss franc advanced against the euro in the second half, initially hovering in a 1.12 to 1.16 range before ending 2018 with a 3.7% gain in its value at 1.13, compared with 1.17 at year-end 2017.

BNP Paribas Group

The BNP Paribas Group's revenue base grew in 2018 as a result of stronger lending volumes amid economic growth in Europe. Nonetheless, the persistently low interest-rate environment and adverse market trends, especially very challenging trends towards the end of the year, were a drag on its revenue performance.

Revenues totalled EUR 42.5 billion, down 1.5% on 2017. The Group's operating expenses increased to EUR 30.6 billion, up 2.1% compared with 2017. Its cost of risk declined from EUR 2.9 billion in 2017 to EUR 2.8 billion, or 35 basis points of outstanding customer loans. This low level reflects tight risk control at the loan origination stage, the low interest rate environment and the continuing improvement in Italy. Net profit attributable to equity holders came to EUR 7.5 billion, down 3.0% from 2017, but down just 1.4% adjusted for non-recurring items.

The BNP Paribas Group's balance sheet is very strong. Its fully loaded3 Basel 3 Common Equity Tier 1 ratio stood at 11.8% at 31 December 2018 (stable compared with at 31 December 2017). The fully loaded Basel 3 leverage ratio was 4.5%, and its Liquidity Coverage Ratio stood at 132%.

BNP Paribas (Suisse) SA

BNP Paribas (Suisse) SA is 99.99%-owned by BNP Paribas SA, Paris. It 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 commodities financing, 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 certain activities to BNP Paribas Group units, such as IT developments, supplier invoice processing, back office activities for bond trading, equity derivatives, part of its Wealth Management client securities back office activities, CIB payment card processing, the Swift payment traffic platform, message filtering and monitoring.

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

BNP Paribas (Suisse) SA's 2018 consolidated financial statements show an increase in outstanding customer loans, while its deposits and assets under management declined as a result of the negative interest rates and the heavy equity market losses in late 2018.

Consolidated financial statements

BNP Paribas (Suisse) SA's consolidated financial statements include the financial statements of BNP Paribas (Suisse) SA and its subsidiary BNP Paribas Wealth Management Monaco.

Its total consolidated assets declined CHF 1.0 billion to CHF 18.7 billion at 31 December 2018. This decrease was predominantly attributable to the ALM Treasury activities in connection with the management of the Bank's liquidity.

On the asset side, its CHF 2.3 billion in liquid assets consisting of deposits with the SNB declined by CHF 1.2 billion. Due from banks, chiefly from the BNP Paribas Group, declined CHF 0.4 billion to CHF 1.8 billion. Due from customers rose by CHF 1.1 billion to CHF 9.5 billion. Wealth Management contributed CHF 0.4 billion and Corporate Banking CHF 0.7 billion towards this 12.9% increase. Mortgage loans rose CHF 0.1 billion. Trading portfolio assets fell back CHF 0.4 billion to CHF 1.0 billion as a result of securities held for equity derivative trading purposes. BNP Paribas (Suisse) SA's financial investments declined CHF 0.1 billion to CHF 1.7 billion. The decline was attributable to the ALM Treasury activities in connection with the Bank's ALM and liquidity management.

On the liabilities side, due to banks – mainly to the BNP Paribas Group – stood at CHF 7.4 billion, down CHF 0.4 billion compared with 2017 as a result of management of liquidity and interest-rate risk. Due in respect of customer deposits fell back CHF 0.9 billion to CHF 8.0 billion, with a CHF 0.5 billion decline in Wealth Management and a CHF 0.4 billion drop in Corporate Banking.

Off-balance sheet items - contingent liabilities, irrevocable commitments and credit commitments under documentary credits related to commodities financing - amounted to CHF 9.5 billion, up CHF 1.2 billion or up 14.5% compared with at year-end 2017.

On the income statement, operating income declined 8.5% on 2017 to CHF 462.9 million. This CHF 42.9 million top-line contraction reflected the negative change in value adjustments for default risks and losses from interest operations (CHF 45.3 million), the 29.4% decline in the result on trading activities and the fair value option (CHF 17.5 million) and the CHF 1.2 million fall in the gross result from interest operations, offset partially by a CHF 11.7 million increase in commission business and services (up 7.0%) and CHF 9.3 million in other ordinary income (up 28.0%). Most of the CHF 17.5 million reduction in the result on trading activities and the fair value option derived from the Global Markets and ALM Treasury businesses (CHF 16.3 million) and reflects fixed-income and currency trading (CHF 17.4 million).

Operating expenses fell to CHF 451.2 million, down 2.3% compared with 2017. Personnel expenses declined 1% to CHF 322.7 million. General and administrative expenses dropped back 5.5% to CHF 128.5 million, largely thanks to cost reductions unlocked through the ongoing transformation plans.

Value adjustments to participations, depreciation of tangible fixed assets and amortisation of intangible assets declined by CHF 6.8 million to CHF 6.0 million. Of this figure, CHF 3.8 million was attributable to adjustments to the investment in BNP Paribas Wealth Management (DIFC) Ltd. Positive changes in provisions and other value adjustments, losses totalled CHF 17.9 million compared with CHF 10.6 million in 2017. These figures reflected reversals of provisions for litigation with former clients and the authorities in Switzerland and other countries.

2018 operating profit totalled CHF 23.7 million, down 43.4% from CHF 41.9 million in 2017. The main factors contributing to this decline were the cost of risk with the negative change of CHF 42.0 million in value adjustments for default risks and losses from interest operations.

Extraordinary income amounted to CHF 8.0 million compared with CHF 32.8 million in 2017. A CHF 4.4 million insurance indemnity in 2018 covering a client dispute and a capital gain of CHF 25.0 million on the sale of an operating property and business in 2017 accounted for the lion's share of these items over the past two years.

The BNP Paribas (Suisse) SA Group's consolidated net profit stood at CHF 33.0 million in 2018, down from CHF 66.3 million in 2017. Excluding non-recurring items, which had a total negative impact of CHF 10.7 million in 2018 compared with positive CHF 1.3 million in 2017, 2018 consolidated net profit totalled CHF 43.7 million, down 32.7% from CHF 65.0 million in 2017.

BNP Paribas (Suisse) SA Group's customer assets fell to CHF 26.3 billion at 31 December 2018, down 6.0% from CHF 28.0 billion at year-end 2017. This CHF 1.7 billion decline in assets breaks down into CHF 0.6 billion in net capital outflows, CHF 1.2 billion in negative performance and currency effects and CHF 0.1 billion in other negative effects.

Basel III ratios

Under the Basel III capital and risk diversification rules, the Bank uses the advanced internal ratings-based approach (A-IRB) to calculate its capital requirements for credit and counterparty risk in the financing businesses, and the standardised approach for other businesses. The 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 2018, the Bank's capital adequacy ratio under Basel III, after factoring in additional capital requirements, stood at 13.79%, down from 14.30% at 31 December 2017. The consolidated Common Equity Tier 1 (CET1) ratio and the consolidated Tier 1 capital ratio stood at 18.28% at 31 December 2018, compared with 20.49% at 31 December 2017.

The consolidated fully loaded Basel leverage ratio was 7.42% at 31 December 2018, compared with 7.16% at 31 December 2017, ahead of the minimum requirement of 3.0%.

The consolidated Liquidity Coverage Ratio (LCR) was 135.86% at 31 December 2018 compared with 119.83% at 31 December 2017.

A list of the key regulatory indicators laid down by FINMA in accordance with margin no. 13 of Circular 2016/1 concerning 2018 with comparative figures for 2017 is provided in the appendix.

In accordance with margin no. 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 2016 registration document and annual financial report, chapter 5, Risks and Capital Adequacy - Pillar 3, available at *http://invest.bnpparibas.com*).

Appendix

in thousands of CHF

	31.12.18	31.12.17
Key metrics for regulatory purposes in accordance with margin no. 13 to FINMA Circular 2016/1		
Minimum capital requirements based on risk-weighted assets (CHF)	792 558	700 913
Capital taken into account (CHF)	1 811 485	1 795 275
o/w Common Equity Tier 1 capital (CET1) (CHF)	1 811 485	1 795 275
o/w Tier 1 capital (T1) (CHF)	1 811 485	1 795 275
Risk-weighted assets (RWAs)	9 906 975	8 761 418
CET1 ratio (Common Equity Tier 1 capital as a % of RWA)	18.28%	20.49%
T1 ratio (Tier 1 capital as a % of RWA)	18.28%	20.49%
Total capital ratio (as a % of RWA)	18.28%	20.49%
Countercyclical capital buffer (as a % of RWA)	0.02%	0.02%
Target CET1 ratio (as a %) based on Annex 8 of the CAO, plus the countercyclical buffer	7.82%	7.82%
Target T1 ratio (as a %) based on Annex 8 of the CAO, plus the countercyclical buffer	9.62%	9.62%
Target total capital ratio (as a %) based on Annex 8 of the CAO, plus the countercyclical buffer	12.02%	12.02%
Basel III leverage ratio (Tier 1 capital as a % of total exposures)	7.42%%	7.16%
Total exposures (CHF)	24 409 327	25 085 820
Liquidity Coverage Ratio (LCR) (as a %) for the 4th quarter	113.07%	108.63%
LCR numerator: sum of high-quality liquid assets (CHF)	6 860 617	7 757 448
LCR denominator: sum of net cash outflows (CHF)	6 067 490	7 141 303
Liquidity Coverage Ratio (LCR) (as a %) for the 3rd quarter	109.23%	108.13%
LCR numerator: sum of high-quality liquid assets (CHF)	8 156 722	8 420 048
LCR denominator: sum of net cash outflows (CHF)	7 467 338	7 786 691
Liquidity Coverage Ratio (LCR) (as a %) for the 2nd quarter	107.87%	104.42%
LCR numerator: sum of high-quality liquid assets (CHF)	8 501 811	8 397 078
LCR denominator: sum of net cash outflows (CHF)	7 881 464	8 041 348
Liquidity Coverage Ratio (LCR) (as a %) for the 1st quarter	106.21%	105.62%
LCR numerator: sum of high-quality liquid assets (CHF)	9 155 841	8 634 548
LCR denominator: sum of net cash outflows (CHF)	8 620 284	8 175 035

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 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 2010/1 of 21 October 2009 on the minimum standards for remuneration schemes of financial institutions, effective as of 1 January 2011.

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.

Directors' compensation consists of a fixed component that varies according to the office held (Chairman, Vice-Chairman, Member) plus attendance fees. From 1 January 2018, directors not satisfying the independence requirements laid down in FINMA Circular 2017/1 do not receive any compensation in respect of their duties as a director.

[1] *Capital Requirements Directive*

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

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")

FFor Group 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.

Employees identified as MRTs are formally reviewed on an annual basis independently by the control functions (Risk and Compliance) with respect to compliance with the Code of Conduct, Rules and Regulations, and to evaluation and management of the risks as defined by the Group. The results of these reviews are then taken into consideration by the managers of the relevant employees in their annual performance reviews and in their annual performance related compensation.

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% being maintained.

In thousand of CHF

	2018 Plans	2017 Plans
Amount awarded	1 169	1 165
Number of beneficiaries	114	107

Information about compensation paid by BNP Paribas (Suisse) SA is provided in the table below in accordance with principle no. 9 of FINMA Circular 2010/1.

in thousands of CHF

Disclosure of compensation for the current year	**31.12.18 (1)**	**31.12.17 (1)**
Total compensation (2)	233 675	232 627
Number of beneficiaries (average)	*1 400*	*1 390*
Of which performance-related compensation (3)	33 816	33 576
Of which deferred compensation due (4)	*1 821*	1 652
Number of beneficiaries	*20*	*23*
Deferred compensation still due (5)	**2 734**	**3 518**
Debits and credits made during the year relating to prior years	**-130**	**1 200**
"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.

Consolidated financial statements at 31 December 2018

Consolidated balance sheet at 31 December 2018

in CHF / with prior-year comparative data

Assets	31.12.18	31.12.17
Cash and cash equivalents	2 273 500 954	3 507 718 756
Due from banks	1 822 246 057	2 173 852 098
Reverse repurchase agreements	-	-
Loans and advances to customers	9 498 711 123	8 412 863 823
Mortgage loans	1 844 666 456	1 703 132 812
Trading portfolio assets	964 310 769	1 325 938 855
Positive mark-to-market values of derivative financial instruments	178 570 116	271 117 730
Financial investments	1 734 061 764	1 821 046 508
Accrued income and prepaid expenses	111 847 095	114 052 127
Non-consolidated holdings	4 058 661	2 232 789
Tangible fixed assets	62 271 915	61 948 584
Intangible assets	5 500 527	5 775 898
Other assets	216 557 539	319 388 039
Total assets	**18 716 302 976**	**19 719 068 019**
Total subordinated assets	-	-

Liabilities	31.12.18	31.12.17
Due to banks	7 355 541 955	7 746 348 390
Liabilities from securities financing transactions	387 951 242	-
Customers deposits	7 975 684 074	8 896 860 733
Trading portfolio liabilities	296 288 981	198 956 816
Negative mark-to-market values of derivative financial instruments	157 693 406	237 832 917
Accrued expenses and deffered income	243 551 367	231 205 641
Other liabilities	210 181 741	252 142 169
Provisions	218 818 516	252 543 906
Reserves for general banking risks	135 948 560	135 948 560
Share capital	320 270 600	320 270 600
Capital reserve	2 565 618	2 560 668
o/w tax-exempt capital contributions	-	-
Retained earnings	1 385 971 102	1 384 426 443
Currency translation reserve	(7 073 359)	(6 240 795)
Own shares	(111 976)	(107 026)
Consolidated net profit	33 021 149	66 318 997
Total liabilities and shareholder's equity	**18 716 302 976**	**19 719 068 019**
Total subordinated liabilities	-	-

Consolidated off-balance sheet transactions at 31 December 2018

in CHF / with prior-year comparative data

	31.12.18	31.12.17
Contingent liabilities	4 176 719 711	3 569 051 329
Irrevocable commitments	4 945 607 914	4 552 362 778
Guarantee commitments	417 529 020	209 972 061

Consolidated income statement for the year ended 31 December 2018

in CHF / with prior-year comparative data

	31.12.18	31.12.17
Result from interest operations		
Interest income	492 455 858	432 563 814
Interest income and dividends from trading activities	7 951 138	4 469 754
Interest income and dividends from non-current financial assets	12 378 393	16 113 322
Interest expense	-271 204 774	-210 383 495
Gross result from interest operations	**241 580 615**	**242 763 395**
Changes in value adjustments for loan losses and losses linked to interest transactions	-42 035 931	3 234 570
Sub-total, net result from interest operations	**199 544 684**	**245 997 965**
Result from commission business and services		
Fees income from securities and investment activities	153 445 212	146 243 764
Fees income from lending activities	65 347 450	62 614 254
Fees income from other services	18 618 714	17 143 303
Fees expense	-58 431 141	-58 755 718
Sub-total, Result from commission business and services	**178 980 235**	**167 245 603**
Result from trading activities and fair value option	**41 875 387**	**59 348 706**
Other ordinary banking income and expense		
Gains/(losses) on the disposal of non-current financial assets	-7 697	-
Income from investments (o/w other non-consolidated investments: CHF 361,454)	2 976	21 811
Real estate income	1 165 799	1 455 401
Niseallaneous ordinary income	41 582 458	31 919 685
Niseallaneous ordinary expenses	-230 295	-197 460
Net other ordinary banking income	**42 513 241**	**33 199 437**
Operating expenses		
Employee benefits expenses	-322 711 534	-325 859 337
Other operating expenses	-128 446 029	-135 881 950
Sub-total, operating expenses	**-451 157 563**	**-461 741 287**
Value adjustments to participations, depreciation of tangible fixed assets and amortisation of intangible assets	-5 983 712	-12 774 537
Changes in provisions and other value adjustments, losses	17 952 429	10 635 288
Operating profit	**23 724 701**	**41 911 175**
Extraordinary income	7 983 928	32 785 550
Extraordinary expenses	-275 430	-331 931
Taxes	1 587 950	-8 045 797
Net profit/(loss) for the year	**33 021 149**	**66 318 997**

Consolidated cash flows statement at 31 December 2018

in thousands of CHF / with prior-year comparative data

	31.12.18		31.12.17	
	Sources of funds	Uses of funds	Sources of funds	Uses of funds
Net profit for the year	**33 021**	**-**	**66 319**	**-**
Value adjustments to investments, depreciation and amortisation of property, plant and equipment and intangible assets	7 787	-	10 710	-
Provisions and other value adjustments	-	33 759	-	12 530
Changes in value adjustments for loan losses and losses	-	17 952	-	10 635
Accrued income and prepaid expenses	2 205	-	24 074	-
Accrued expenses and deferred income	12 346	-	-	47 579
Other assets	102 831	-	124 871	-
Other liabilities	-	41 960	170 441	-
Prior year's dividend	-	64 855	-	323 665
Cash flows from operating activities	**158 190**	**158 526**	**396 415**	**394 409**
Deductions from reserves	-	-	-	-
Translation difference	-	753	1 628	-
Cash flows from equity transaction	**-**	**753**	**1 628**	**-**
Equity investments	-	1 826	2 260	-
Real estate	30	-	51 747	-
Tangible fixed assets	-	5 840	-	4 549
Intangible assets	-	1 990	-	2 625
Cash flows from movements related to investments, property, plant and equipment and intangible assets	**30**	**9 656**	**54 007**	**7 174**
Cash flows from banking operations				
Due to banks	162 493	-	403 086	-
Customer deposits	-	168	418	-
Due from banks	30 000	-	283 307	-
Loans and advances to customers	-	179 553	425 467	-
Mortgage loans	-	11 711	-	686 780
Non-current financial assets	155 501	-	135 328	-
Medium- and long-term operations (> 1-year):	**347 994**	**191 432**	**1 247 606**	**686 780**
Due to banks	-	553 300	-	3 213 363
Liabilities from securities financing transactions	387 951	-	-	-
Customer deposits	-	921 009	-	1 209 199
Trading portfolio liabilities	97 332	-	130 545	-
Negative mark-to-market values of derivative financial instruments	-	80 140	-	121 825
Due from banks	321 606	-	73 027	-
Reverse repurchase agreements	-	-	623 000	-
Loans and advances to customers	-	888 342	-	521 955
Mortgage loans	-	129 823	426 834	-
Trading portfolio assets	361 628	-	-	467 446
Positive mark-to-market values of derivative financial instruments	92 548	-	246 526	-
Non-current financial assets	-	68 517	648 255	-
Short-term operations	**1 261 065**	**2 641 130**	**2 148 186**	**5 533 788**
Cash and cash equivalents position				
Cash and cash equivalents	1 234 218	-	2 774 308	-
Total	**3 001 497**	**3 001 497**	**6 622 150**	**6 622 150**

Statement of changes in consolidated equity at 31 December 2018

in thousands of CHF / with prior-year comparative data

	Share capital	Capital reserve	Returned earnings	Reserves for general banking risks	Currency translation reserve	Own shares	Net profit for the year	Net equity
Equity at 31.12.2018	**320 271**	**2 566**	**1 384 427**	**135 949**	**-6 241**	**-107**	**66 319**	**1 903 179**
Effect of exchange rate differences	-	-	80	-	-833	-	-	-753
Dividend and other distributions	-	-	-64 855	-	-	-	-	-64 855
Returned earnings	-	5	66 319	-	-	-5	-66 319	-
Consolidated net income	-	-	-	-	-	-	33 021	33 021
Equity at 31.12.2018	**320 271**	**2 566**	**1 385 971**	**135 949**	**-7 074**	**-112**	**33 021**	**1 870 592**

Notes to the consolidated financial statements for the year ended 31 December 2018

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, which has its head office in Switzerland, has branches in Basel, Lugano, Zurich and Guernsey, as well as subsidiaries in the United Arab Emirates and Monaco.

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

In corporate and investment banking, the Bank’s activities encompass specialised financing – particularly in commodities – 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 high net-worth clients 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. Conversely, it outsources a number of activities to BNP Paribas Group units. These include the back office activities for bond trading to BNP Paribas SA, Paris, its administration/accounting activities for equity derivatives and back office activities for equity derivatives to BNP Paribas Arbitrage, Paris, its supplier invoice processing to BNP Paribas India Solutions Private Ltd, Mumbai, certain IT developments to BNP Paribas Group units (Singapore, Mumbai), 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.

BBNP Paribas (Suisse) SA has a share capital of CHF 320.3 million and is 99.99%-owned by BNP Paribas SA, Paris.

At 31 December 2018, the Group had 1,436 employees (2017: 1,372 employees), breaking down as follows:

Switzerland: 1 342 employees (2017: 1 287 employees)	
International: 94 employees (2017: 85 employees)	

The Group's average headcount in 2018 was 1,401 employees (2017: 1,386 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.

Amendments concerning the impairment of Due from customers and mortgage loans were introduced on 1 January 2018 and are presented in "a) Accounting principles – Impairment of loans and advances, mortgage loans, provisions for financing and guarantee commitments". These consist in impairment of the 12-month or lifetime expected credit losses, depending on the credit situation. Under these new principles, the collective reserve for corporate and investment banking (CIB) counterparties was released.

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 2018, 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 François Brych and Jean-Humbert Croci in Monaco

Non-consolidated holdings

Minority or non-material participations below the materiality threshold are measured at cost. A value adjustment is recognised for any prolonged impairment in value.

Non-consolidated participations are measured at cost. Non-consolidated participations 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 participations 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 the proportion of net revenue generated in US dollars by the Bank, which may be translated at the rate for the currency positions established during the year to hedge the exchange rate risk against the Swiss franc of the portion of net revenues generated in this currency.

The average USD/CHF exchange rate used to translate the US dollar revenues in the year was CHF 0.9662 (2017: 0.9895).

With a view to hedging part of its 2018 results against a possible decline in the US dollar, BNP Paribas (Suisse) SA introduced a hedging strategy at the end of 2017 covering USD 25 million. This hedging position was not remeasured in the income statement at the year-end date.

At the end of 2018, no hedging strategy was put in place to cover a portion of the 2019 results.

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

	31.12.18	31.12.17
USD/CHF	0.98630	0.97710
EUR/CHF	1.12760	1.17225
JPY/CHF*	1.11495	1.15167
GBP/CHF	1.26095	1.32065

Rate per 100 yen

The average rates used for consolidation purposes at end-2018 were USD/CHF 0.9785171 (end-2017: 0.984606) and EUR/CHF 1.1548571 (end-2017: 1.1119064).

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.

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

Impairment of loans and advances, mortgage loans, provisions for financing and guarantee commitments
The impairment model used for credit risk is based on expected losses. It is applied to all items due from customers and to mortgage loans.

Three stages, each corresponding to a specific situation based on trends in counterparty credit risk since initial recognition of the asset, have been identified:

- 12-month expected credit losses for non-impaired assets ("stage 1"): if at the reporting date, the counterparty's credit risk has been impaired at an amount equal to 12-month expected credit losses (resulting from the risk of default within the next 12 months)
- Lifetime expected credit losses for non-impaired assets ("stage 2"): the loss allowance is measured at an amount equal to the lifetime expected credit losses if the credit risk of the financial instrument has increased significantly since initial recognition, but the financial asset is not considered credit-impaired or doubtful
- Lifetime expected credit losses for credit-impaired or doubtful financial assets ("stage 3"): When a counterparty has been impaired, the loss allowance is also measured at an amount equal to the lifetime expected credit losses.

Expected credit losses are defined as an estimate of credit losses (i.e., the present value of all cash shortfalls) weighted by the probability of occurrence of these losses over the expected life of financial instruments. They are measured on an individual basis, for all exposures.

In practice, for exposures classified in stage 1 and stage 2, expected credit losses are measured as the product of the probability of default (PD), Loss Given Default (LGD) and Exposure At Default (EAD), discounted at the effective interest rate of the exposure (EIR). They result from the risk of default within the next 12 months (stage 1), or from the risk of default over the lifetime of the facility (stage 2).

For exposures classified in stage 3, expected credit losses are measured as the value, discounted at the effective interest rate, of all cash shortfalls over the life of the financial instrument. Cash shortfalls represent the difference between the cash-flows that are due in accordance with the contract, and the cash-flows that are expected to be received.

The methodology developed is based on existing concepts and methods (in particular the Basel framework and that adopted by the BNP Paribas Group) on exposures for which the capital requirement for credit risk is measured according to the IRBA methodology. This method is also applied to portfolios for which the capital requirement for credit risk is measured according to the standardised approach.

Impairment of loans is recognised ("stage 3") 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, 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.

Expected credit losses take into account the estimated value of collateral (guarantees received), which is the value of the guarantee, up to the amount of the assets covered.

Non-bank collateral is measured on the basis of the fair value of the underlying asset (securities, metals, currencies, goods, etc.) pledged. For collateral in the form of a third-party pledge, the value is measured on the basis of the assets held by the third party in the Bank's books. Bank guarantees are assessed based on a review of the solvency of the guarantor bank.

For mortgage-backed collateral, the value is measured based on expert appraisals or established valuation methods.

Changes in the value of impaired assets are recognised through profit or loss under "Changes in value adjustments for default risks and losses from interest operations". Any subsequent increase in value arising from an objective cause after the impairment is also recognised through profit or loss under "Changes in value adjustments for default risks and losses from interest operations".

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.

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

Financial investments 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 financial investments".

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 expenses". Subsequent provision reversals are recognised under "Other ordinary income".

Securities lending and repurchase agreements

Repurchase agreements and securities loans remain on the balance sheet and are measured in accordance with the accounting principles applicable respectively to securities held for trading and financial investments 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 loans 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 from these assets is recognised in the income statement on an accrual basis.

Tangible fixed assets

Tangible fixed assets are 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 their new estimated useful life. Depreciation and exceptional write-downs are recognised in the income statement under "Value adjustments to participations, depreciation of tangible fixed assets, and amortisation of 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 extraordinary 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 participations 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 tangible fixed assets.

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 financial investments, 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 on proprietary trading at the balance sheet date. Gross positive replacement values represent assets 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.

Taxes

Group entities provide for tax due in respect of prior periods, tax on net profit 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.

No deferred tax assets were recognised on the balance sheet under "Other assets" at 31 December 2018 (2017 : CHF 0.6 million). This amount was recognised on the Monaco subsidiary's tax loss carryforwards.

A deferred tax liability of CHF 186.9 million was recognised on the balance sheet under "Provisions" at 31 December 2018 (2017: 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 "General and administrative expenses".

Commission income

Commission income is recognised in the income statement when debited to the client. Fiduciary fees, fees charged per period, 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

Own shares

Treasury shares are deducted from equity under a separate line item entitled "Own shares".

Contingent liabilities, irrevocable and credit commitments

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 framework 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 transformation 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.

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.

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 repurchase and reverse repurchase agreements

	31.12.18	31.12.17
Book value of cash collateral delivered in connection with securities borrowing and reverse repurchase transactions[1]	-	-
Book value of obligations from cash collateral received in connection with securities lending and repurchase transactions*	387 951	
Book value of securities held in connection with proprietary trading, securities lending or delivered as collateral in connection with securities borrowing as well as securities transferred in connection with repurchase agreements	767 994	146 444
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	-	-

[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)					
Loans and advances to customers		229 075	5 949 095	3 673 387	9 851 557
Mortgage loans		1 732 711	49 088	87 406	1 869 205
Real estate		1 296 729	44 904	86 487	1 428 120
Commercial and industrial property		-	-	-	-
Other		435 982	4 184	919	441 085
Total loans (before offset with value adjustments)					
	31.12.18	**1 961 786**	**5 998 183**	**3 760 793**	**11 720 762**
	31.12.17	1 782 429	5 803 905	2 870 869	10 457 203
Total loans (after offset with value adjustments)					
	31.12.18	**1 891 200**	**5 709 608**	**3 742 569**	**11 343 377**
	31.12.17	1 729 351	5 539 672	2 846 974	10 115 997

Off balance sheet					
Contingent liabilities		-	833 564	3 343 156	4 176 720
Irrevocable commitments		3 901	320 966	4 620 741	4 945 608
Guarantee commitments		-	202 579	214 950	417 529
Total off-balance sheet commitments					
	31.12.18	**3 901**	**1 357 109**	**8 178 847**	**9 539 857**
	31.12.17	2 672	1 150 447	7 178 267	8 331 386

Impaired loans		Gross receivables	Realization value of a risk mitigants	Net receivables	Individual imperment charge / reversal
	31.12.18	**520 933**	**154 271**	**366 662**	**366 662**
	31.12.17	516 635	170 425	346 210	346 210

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 portfolio assets and liabilities and other financial instruments at fair value (assets and liabilities)

Assets	31.12.18	31.12.17
Trading portfolio	**964 311**	**1 325 939**
Debt securities, money market instruments/transactions	498 401	486 850
o/w listed	*498 401*	*486 850*
Equity securities	465 910	839 089
Total assets	**964 311**	**1 325 939**
o/w calculated using a valuation model	-	-
o/w repurchase agreements contracted for liquidity purposes	***257 860***	***273 029***

Commitments	31.12.18	31.12.17
Trading portfolio	**296 289**	**198 957**
Debt securities, money market instruments/transactions	296 289	198 957
o/w listed	*296 289*	*198 957*
Total commitments	296 289	198 957
o/w calculated using a valuation model	-	-

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

	Trading Instruments			Hedging Instruments		
	Positive mark-to-market values	Negative mark-to-market values	Contract volumes	Positive mark-to-market values	Negative mark-to-market values	Contract volumes
Fixed income instruments						
swaps	15 872	15 031	1 990 927	16 063	13 711	1 863 039
futures	-	-	-	-	-	-
options (OTC)	84	84	134 220	-	-	-
Total	**15 956**	**15 115**	**2 125 147**	**16 063**	**13 711**	**1 863 039**
Currencies, precious metals						
forward contracts	76 407	76 540	6 011 644	7 969	-	2 581 452
cross-currency interest rate swaps	22 229	14 562	2 651 831	8 759	4 581	1 541 694
options (OTC)	29 649	29 649	2 810 318	-	-	-
Total	**128 285**	**120 751**	**11 473 793**	**16 728**	**4 581**	**4 123 146**
Equities/Indices						
forward contracts	-	-	-	-	-	-
futures	-	1 998	991 932	-	-	-
options (OTC)	1 538	1 537	47 494			
Total	**1 538**	**3 535**	**1 039 426**	**-**	**-**	**-**
Total after any netting agreements — **31.12.18** o/w calculated using a valuation model	**145 779**	**139 401**	**14 638 366**	**32 791**	**18 292**	**5 986 185**
Total after any netting agreements — **31.12.17** o/w calculated using a valuation model	**195 933**	**191 690**	**24 652 246**	**75 185**	**46 143**	**14 678 274**

		Positive mark-to-market values (cumulative)	Negative mark-to-market values (cumulative)
Total after any netting agreements	**31.12.18**	**178 570**	**157 693**
	31.12.17	271 118	237 833

	Breakdown by counterparty		
	Central clearing houses	Banks and securities dealers	Other clients
Positive replacement values (after any netting agreements)	-	115 518	63 052

3.5) Breakdown of non-current financial assets

	Book value		Fair value	
	31.12.18	31.12.17	31.12.18	31.12.17
Debt securities	1 449 192	1 602 158	1 449 254	1 602 391
o/w held-to-maturity	*1 449 192*	*1 602 158*	*1 449 192*	*1 602 158*
Equity securities	398	401	37 690	36 026
Precious metals	283 965	217 960	283 965	217 960
Buildings, goods and vehicles	507	528	507	528
Total	**1 734 062**	**1 821 047**	**1 771 416**	**1 856 905**
o/w repurchase agreements contracted for liquidity purposes	*935 246*	*1 129 997*	*935 246*	*1 129 997*

Breakdown of counterparties based on their S&P rating	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	below B-	not rated
Book value of debt securities	1 434 190	15 002				

3.6) Analysis of non-consolidated holdings

	Cost	Book value at 31.12.2017	Investments	Divestments (incl. currency effect)	Value adjustments	Book value at 31.12.2018
Other investments						
with no equity value[1]	4 512	2 233	-	23	1 803	4 059
Total investments	**4 512**	**2 233**	**-**	**23**	**1 803**	**4 059**

[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 headquarters	Main Business	Method of consolidation	Share capital (in 000s)	Shareholding	Voting rights	Direct/ indirect ownership
BNP Paribas Wealth Management Monaco, Monaco	Banking	Full consolidation	EUR 12 960	100.00	100.00	direct

3.8) Tangible fixed assets

	Cost	Cumulative depreciation and value adjustments	Carrying amount at 31.12.2017	Changes of allocation	Investments	Divestments	Depreciation and amortisation	Carrying amount at 31.12.2018
Owner-occupied property	106 753	-57 987	48 766	-	-	-30	-1 977	46 759
Software acquired separately or developed internally	53 162	-51 808	1 354	805	776	-201	-1 089	1 646
Other property, plant and equipment	115 113	-103 283	11 829	81	5 275	-11	-3 308	13 868
Tangible fixed assets	**275 027**	**-213 078**	**61 949**	**887**	**6 052**	**-242**	**-6 373**	**62 272**

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	**307**	**126**	**96**	**47**	**19**	**19**	**-**

3.9) Analysis of intangible assets

	Cost	Cumulative amortisation	Carrying amount at 31.12.2017	Changes of allocation	Investments	Divestments	Amortisation	Carrying amount at 31.12.2018
Goodwill	146 395	-141 970	4 426	-	-	-2	-1 379	3 046
Other intangible assets	2 592	-1 241	1 350	-887	1 999	-8	-	2 455
Total intangible assets	**148 987**	**-143 211**	**5 776**	**-887**	**1 999**	**-10**	**-1 379**	**5 501**

3.10) Breakdown of other assets and other liabilities

Other assets	**31.12.18**	**31.12.17**
Direct taxes	131 952	120 352
Indirect taxes	23 796	76 799
Settlement accounts	37 852	102 426
Clearing accounts	358	229
Deferred tax asset	-	609
Other	22 599	18 973
Total	**216 557**	**319 388**

Other liabilities	**31.12.18**	**31.12.17**
Settlement accounts	34 418	99 481
Indirect taxes	6 836	3 995
Other	168 928	148 666
Total	**210 182**	**252 142**

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 2018, as they were at 31 December 2017.

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 2018 amounted to CHF 10.7 million (2017: CHF 43.2 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 obligations using the actuarial method for pension funds.

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

Neither of the BNP Paribas Group's Swiss pension funds is running at a technical deficit.

The latest audited annual financial statements for these pension funds at 31 December 2017 prepared in accordance with Swiss GAAP RPC 26 show a coverage rate of:

- 118.6% for the BNP Paribas Group Swiss pension fund,
- 129.1% for the Executive supplementary pension fund in Switzerland.

Since there are no plans to use the pension fund surpluses to reduce employer contributions, to return them to the employer or to use them for an economic purpose other than paying out regulatory benefits, these surpluses do not constitute economic benefits 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 2018	Group's economic interest		Change in economic interest vs. previous year (economic benefit/commitment)	Contributions paid in 2018	Pension expenses in employee benefits expense	
		31.12.18	31.12.17			31.12.18	31.12.17
Pension funds with plan surplus/shortfall							
BNP Paribas Group Swiss pension fund	113,1%	-	-	-	27 702	28 520	28 152
Executive supplementary pension fund in Switzerland	121,7%	-	-	-	1 241	1 241	1 190

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

	Balance at 31.12.2017	Uses as intended	Reclassifications	Foreign exchange differences	Interest in arrears, recoveries	New charges through profit or loss	Reversals through profit or loss	Etat au 31.12.2018
Provisions for deferred taxes	186 864	-	-	-	-	-	-	186 864
Provisions for pension commitments	-	-	-	-	-	-	-	-
Provisions for credit risks	10 367	-4 185	-	-	-	809	-	6 991
Provisions for other operating risks	46 601	-10 321	-	-227	-	5 362	-24 343	17 072
Restructuring provisions	183	-	-	-5	-	64	-179	63
Other provisions	8 528	-552	-	-13	-	226	-363	7 826
Total provisions	**252 544**	**-15 058**	**-**	**-245**	**-**	**6 461**	**-24 885**	**218 817**
Reserves for general banking risks [1]	**135 949**	**-**	**-**	**-**	**-**	**-**	**-**	**135 949**
Value adjustments for credit risks and country risks	**351 573**	**-10 990**	**-**	**-5 022**	**13 050**	**60 370**	**-24 604**	**384 377**
o/w value adjustments for impaired loans	*346 210*	*-10 990*	*-*	*-4 913*	*13 050*	*42 655*	*-19 350*	*366 662*
o/w value adjustments for underlying risks	*5 363*	*-*	*-*	*-109*	*-*	*17 715*	*-5 254*	*17 715*

[1] The reserves for general banking risks are taxed when formed.

3.15) Analysis of the share capital

	31.12.18			31.12.17		
	Total par value	**Number of shares**	**Share capital with dividend rights**	**Total par value**	**Number of shares**	**Share capital with dividend rights**
Share capital[1]	320 271	3 202 706	320 271	320 271	3 202 706	320 271
o/w paid-up	*320 271*	*3 202 706*	*320 271*	*320 271*	*3 202 706*	*320 271*
Total share capital	**320 271**	**3 202 706**	**320 271**	**320 271**	**3 202 706**	**320 271**

[1] The share capital is made up of 3'202'706 registered shares each with a par value of CHF 100 and is 99.99%-owned by BNP Paribas SA, Paris.

3.16) 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	
	31.12.18	31.12.17	31.12.18	31.12.17
Senior executives	-	-	-	-
Employees	-	-	-	-
Total	**-**	**-**	**-**	**-**

3.17) 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 2018 or 31 December 2017.

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	
	31.12.18	31.12.17	31.12.18	31.12.17
Sight accounts	181 801	137 885	38 795	53 074
Term accounts	498 858	293 414	66 789	33 558

	Off balance sheet	
Contingent liabilities	68 403	88 206
Irrevocable commitments	-	-
Guarantees	36 071	13 428

	Derivative financial instruments	
IRS	-	-
OTC interest-rate options	-	-
Forward currency transactions	-	4 292
OTC currency options	-	-
OTC securities options	26 493	44 539
Interest-rate futures	-	-
Securities futures	1 500 555	848 937
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	
	31.12.18	**31.12.17**	**31.12.18**	**31.12.17**
Sight accounts	131 019	165 704	491 020	594 653
Term accounts	1 389 238	1 731 216	7 182 562	7 056 999

	Off balance sheet	
Contingent liabilities	238 042	137 657
Irrevocable commitments	878 168	293 253
Guarantees	402	690

	Derivative financial instruments	
IRS	3 853 965	7 374 710
OTC interest-rate options	67 110	118 401
Forward currency transactions	4 786 445	10 050 462
OTC currency options	1 286 326	1 496 795
OTC securities options	23 747	25 195
Dividend swaps	-	-

	Fiduciary transactions	
	3 397 812	3 267 034

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:

	31.12.18	31.12.17
Guarantees received	832 983	910 014
Guarantees given	1 208 128	993 837

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 BNP Paribas (Suisse) SA.

3.18) 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	2 273 501	-	-	-	-	-	-	2 273 501
Due from banks	235 512	1 445	320 633	164 656	530 000	570 000	-	1 822 246
Due from securities financing transactions	-	-	-	-	-	-	-	-
Due from customers	-	2 077 446	5 185 872	809 176	1 203 521	222 696	-	9 498 711
Mortgage loans	-	28 241	198 789	548 694	795 344	273 598	-	1 844 666
Trading portfolio assets	964 311	-	-	-	-	-	-	964 311
Positive replacement values of derivative financial instruments	178 570	-	-	-	-	-	-	178 570
Non-current financial assets	284 363	-	20 032	188 677	687 018	553 464	507	1 734 061
31.12.18	**3 936 257**	**2 107 132**	**5 725 326**	**1 711 203**	**3 215 883**	**1 619 758**	**507**	**18 316 066**
31.12.17	5 578 878	2 322 211	4 989 627	1 494 549	3 040 238	1 789 640	529	19 215 672
Foreign funds / financial instruments								
Due to banks	429 948	-	3 860 542	2 042 134	1 022 918	-	-	7 355 542
Due to customers	7 301 156	6 012	621 666	45 617	-	1 233	-	7 975 684
Trading portfolio liabilities	296 289	-	-	-	-	-	-	296 289
Negative replacement values of derivative financial instruments	157 693	-	-	-	-	-	-	157 693
31.12.18	**8 185 086**	**6 012**	**4 482 208**	**2 087 751**	**1 022 918**	**1 233**	**-**	**15 785 208**
31.12.17	9 440 429	13 481	4 035 634	2 728 628	856 805	5 021	-	17 079 998

3.19) Breakdown of assets and liabilities by Switzerland and international

	31.12.18			31.12.17		
Assets	**Switzerland**	**International**	**Total**	**Switzerland**	**International**	**Total**
Cash and cash equivalents	2 270 952	2 549	2 273 501	3 505 301	2 418	3 507 719
Due from banks	26 543	1 795 703	1 822 246	8 030	2 165 822	2 173 852
Reverse repurchase agreements	-	-	-	-	-	-
Loans and advances to customers	3 139 646	6 359 065	9 498 711	2 397 773	6 015 091	8 412 864
Mortgage loans	248 804	1 595 862	1 844 666	254 394	1 448 739	1 703 133
Trading portfolio assets	666 293	298 018	964 311	1 118 252	207 687	1 325 939
Positive mark-to-market values of derivative financial instruments	24 521	154 049	178 570	84 468	186 650	271 118
Financial investments	962 683	771 379	1 734 062	974 393	846 654	1 821 047
Accrued income and prepaid expenses	88 862	22 985	111 847	91 327	22 725	114 052
Non-consolidated holdings	459	3 600	4 059	459	1 774	2 233
Tangible fixed assets	61 970	302	62 272	61 614	333	61 947
Intangible assets	5 330	170	5 500	5 618	158	5 776
Other assets	201 539	15 019	216 558	306 483	12 905	319 388
Total assets	**7 697 602**	**11 018 701**	**18 716 303**	**8 808 112**	**10 910 956**	**19 719 068**

	31.12.18			31.12.17		
Liabilities	**Switzerland**	**International**	**Total**	**Switzerland**	**International**	**Total**
Due to banks	67 780	7 287 762	7 355 542	84 003	7 662 345	7 746 348
Liabilities from securities financing transactions	-	387 951	387 951	-	-	-
Customers deposits	2 482 256	5 493 428	7 975 684	2 984 244	5 912 616	8 896 860
Trading portfolio liabilities	187 828	108 461	296 289	137 683	61 274	198 957
Negative mark-to-market values of derivative financial instruments	41 397	116 296	157 693	45 236	192 597	237 833
Accrued expenses and deffered income	195 035	48 516	243 551	192 053	39 152	231 205
Other liabilities	207 218	2 964	210 182	247 699	4 443	252 142
Provisions	209 470	9 348	218 818	238 759	13 785	252 544
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	112	2 454	2 566	107	2 454	2 561
Retained earnings	1 365 734	20 237	1 385 971	1 364 916	19 511	1 384 427
Currency translation reserve	-7 073	-	-7 073	-6 241	-	-6 241
Own shares	-112	-	-112	-107	-	-107
Consolidated net profit	27 255	5 766	33 021	63 860	2 459	66 319
Total liabilities and shareholder's equity	**5 233 120**	**13 483 183**	**18 716 303**	**5 808 432**	**13 910 636**	**19 719 068**

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

	31.12.18		31.12.17	
	Absolute value	**Percentage**	**Absolute value**	**Percentage**
Africa	193 237	1%	315 724	2%
Asia	1 416 200	8%	1 162 276	6%
Caribbean	800 896	4%	853 092	4%
Europe	7 759 266	41%	7 774 905	39%
o/w France	*3 266 203*	*17%*	*3 679 504*	*19%*
o/w United Kingdom	*829 984*	*4%*	*760 936*	*4%*
Latin America	140 163	1%	136 867	1%
North America	706 970	4%	645 148	3%
Oceania	36 862	0%	22 943	0%
Switzerland	7 697 602	41%	8 808 113	45%
Total assets	**18 751 196**	**100.00%**	**19 719 068**	**100.00%**

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

	Net international exposure at 31.12.2018		Net international exposure at 31.12.2017	
Rating class[1]	**in CHF**	**Percentage**	**in CHF**	**Percentage**
1	8 190 532	74,43%	9 027 828	78.33%
2	0	0,00%	10	0.00%
3	959 267	8,72%	584 621	5.07%
4	744 889	6,77%	601 868	5.22%
5	157 662	1,43%	328 506	2.85%
6	144 045	1,31%	117 279	1.02%
7	79 518	0,72%	154 595	1.34%
Unrated	727 813	6,61%	710 288	6.16%
Total assets	**11 003 726**	**100,00%**	**11 524 995**	**100.00%**

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

3.22) Breakdown of assets and liabilities by currency

	CHF	EUR	USD	Other	Total
Assets					
Cash and cash equivalents	2 269 180	3 697	398	226	2 273 501
Due from banks	1 321 075	163 088	184 121	153 962	1 822 246
Reverse repurchase agreements	-	-	-	-	-
Loans and advances to customers	1 095 859	2 733 828	5 079 800	589 224	9 498 711
Mortgage loans	345 793	1 132 063	5 155	361 655	1 844 666
Trading portfolio assets	964 311	-	-	-	964 311
Positive mark-to-market values of derivative financial instruments	161 123	6 075	11 130	242	178 570
Financial investments	949 351	57 586	443 160	283 965	1 734 062
Accrued income and prepaid expenses	90 039	9 987	10 896	925	111 847
Non-consolidated holdings	459	168	3 432	-	4 059
Tangible fixed assets	61 970	302	-	-	62 272
Intangible assets	5 330	170	-	-	5 500
Other assets	210 924	3 156	2 430	48	216 558
Total balance sheet assets	**7 475 414**	**4 110 120**	**5 740 522**	**1 390 247**	**18 716 303**
Settlement claims arising from currency spot, futures and options transactions	**1 234 657**	**2 795 796**	**7 716 536**	**3 609 575**	**15 356 564**
Total assets	**8 710 071**	**6 905 916**	**13 457 058**	**4 999 822**	**34 072 867**

	CHF	EUR	USD	Other	Total
Liabilities					
Due to banks	126 927	680 000	5 905 887	642 728	7 355 542
Liabilities from securities financing transactions	-	-	387 951	-	387 951
Customers deposits	1 392 497	3 289 230	2 423 616	870 341	7 975 684
Trading portfolio liabilities	296 289	-	-	-	296 289
Negative mark-to-market values of derivative financial instruments	145 888	6 052	5 487	266	157 693
Accrued expenses and deffered income	145 520	61 028	31 695	5 308	243 551
Other liabilities	48 793	31 432	129 729	228	210 182
Provisions	206 788	5 327	1 542	5 161	218 818
Reserves for general banking risks	135 949	-	-	-	135 949
Share capital	320 271	-	-	-	320 271
Additional paid-in capital	112	2 454	-	-	2 566
Retained earnings	1 365 734	20 237	-	-	1 385 971
Currency translation reserve	-7 073	-	-	-	-7 073
Own shares	-112	-	-	-	-112
Consolidated net profit/(loss)	27 376	5 645	-	-	33 021
Total balance sheet liabilities and shareholder's equity	**4 204 959**	**4 101 405**	**8 885 907**	**1 524 032**	**18 716 303**
Settlement commitments arising from currency spot, futures and options transactions	**5 248 735**	**2 819 572**	**3 775 257**	**3 485 751**	**15 329 315**
Total liabilities and shareholder's equity	**9 453 694**	**6 920 977**	**12 661 164**	**5 009 783**	**34 045 618**
Net position by currency	**-743 623**	**-15 061**	**795 894**	**-9 961**	**27 249**

4. Notes concerning off-balance sheet transactions

4.1) Breakdown of contingent assets and liabilities

	31.12.18	31.12.17
Loan collateral and related commitments	2 181 318	1 787 200
Warranties and similar	339 783	284 294
Irrevocable commitments under documentary credits	1 655 619	1 497 557
Total contingent commitments	**4 176 720**	**3 569 051**

4.2) Breakdown of loans by commitment

	31.12.18	31.12.17
Commitments arising from deferred payments	315 265	161 784
Other guarantees	102 264	48 188
Total	**417 529**	**209 972**

4.3) Breakdown of fiduciary transactions

	31.12.18	31.12.17
Fiduciary deposits with third party companies	32 561	12 218
Fiduciary deposits with related companies	3 397 812	3 267 034
Total	**3 430 373**	**3 279 252**

4.4) Assets under management

	31.12.18	31.12.17
Breakdown		
Type of administered assets:		
Assets under discretionary management agreements	3 981 985	4 381 375
Other assets under management	22 358 781	23 655 217
Total assets under management (including double-counted)	**26 340 766**	**28 036 592**
o/w double-counted	-	-

	31.12.18	31.12.17
Changes		
Total initial assets under management (including double-counted)	**28 036 592**	**26 509 151**
+/- Net funds inflows/outflows	-573 692	642 468
+/- Changes in prices, interest, dividends and exchange rates	-1 242 117	1 547 936
+/- Other effects	119 984	-662 963
Total final assets under management (including double-counted)	**26 340 767**	**28 036 592**

Assets under administration 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 2,298 million (2017: CHF 2,549 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 commission entries or purchases of securities financed by loans. Similarly, external outflows and inflows of funds pursuant to client credit facilities (use of credit facility then repayment) are eliminated.

5. Notes to the consolidated income statement

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

	31.12.18	31.12.17
Breakdown by business area		
Corporate Banking	2 672	1 592
Global Markets	8 368	19 304
ALM Treasury	6 688	12 052
Wealth Management	24 147	26 401
Total	**41 875**	**59 349**

	31.12.18	31.12.17
Result from use of fair value option		
Result from trading activities in:		
Fixed income instruments	532	13 136
Equity investments	3 662	3 027
Currencies	38 206	43 017
Precious metals	-525	169
Total result from trading activities	**41 875**	**59 349**

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

	31.12.18	31.12.17
Negative interest paid[1]	-55 704	-56 015
Negative interest received[2]	15 428	12 367

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

5.3) Breakdown of employee benefits expense

	31.12.18	31.12.17
Salaries and wages	-218 837	-220 332
o/w cost of share-based payments and alternative forms of performance-related compensation	*-32 569*	*-34 225*
Social security benefits	-22 269	-22 702
Employer's pension contributions	-29 761	-29 342
Other employee benefits expense	-51 845	-53 484
Total	**-322 712**	**-325 859**

5.4) Breakdown of other operating expenses

	31.12.18	31.12.17
Premises	-17 073	-15 693
Expenses related to information and communication technology	-42 473	-41 903
Expenses related to vehicles, machines, furnishings and furniture and other facilities, including operating leases	-1 569	-2 142
Auditors fees	-1 284	-1 372
o/w for statutory audit and prudential audit services	*-1 284*	*-1 372*
Other operating expenses	-66 047	-74 772
Total	**-128 446**	**-135 882**

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

Significant losses
No significant losses were recorded in 2017 or 2018.

Extraordinary income
Extraordinary income came to CHF 8 million in 2018. This amount reflected a CHF 4.4 million insurance indemnity related to a customer dispute, a CHF 1.2 million reversal of loan loss provisions taken in previous years and CHF 2.4 million in non-recurring income mainly from corrections to prior-year transactions.

Extraordinary income came to CHF 32.8 million in 2017. This amount reflected CHF 25.0 million in gains on the sale of tangible fixed assets and intangible assets, CHF 4.5 million for the reversal of loan loss provisions taken in previous years and CHF 3.3 million in non-recurring income mainly from corrections to prior-year transactions.

Extraordinary expense
Extraordinary expense came to CHF 0.3 million in 2018. This expense included non-recurring expenses arising principally from the adjustment of prior-year transactions.

Extraordinary expense came to CHF 0.3 million in 2017. This expense included non-recurring expenses arising principally from the adjustment of prior-year transactions.

5.6) Breakdown of operating profit 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:

	Suisse	Etranger	Total
Result from interest operations			
Interest income	466 902	25 554	492 456
Interest income and dividends from trading activities	7 951	-	7 951
Interest income and dividends from non-current financial assets	12 378	-	12 378
Interest expense	-264 887	-6 318	-271 205
Gross result from interest operations	**222 345**	**19 236**	**241 581**
Changes in value adjustments for loan losses and losses linked to interest transactions	-42 036	-	-42 036
Sub-total, net result from interest operations	**180 309**	**19 236**	**199 545**
Result from commission business and services			
Fees income from trading activities	139 037	14 408	153 445
Fees income from lending activities	64 369	978	65 347
Fees income from other services	17 474	1 145	18 619
Fees expenses	-57 335	-1 096	-58 431
Sub-total, Result from commission business and services	**163 545**	**15 435**	**178 980**
Result from trading activities and fair value option	**40 431**	**1 444**	**41 875**
Other ordinary banking income and expense	**41 948**	**565**	**42 513**
Total operating profit	**426 234**	**36 680**	**462 914**
Operating expenses			
Employee benefits expenses	-307 541	-15 171	-322 712
Other operating expenses	-113 946	-14 500	-128 446
Total operating expenses	**-421 487**	**-29 671**	**-451 158**
Value adjustments to investments, depreciation of property, plant and equipment, and amortisation of intangible assets	-5 796	-187	-5 983
Changes in provisions and other value adjustments, losses	17 653	299	17 952
Operating profit	**16 604**	**7 121**	**23 725**

5.7) Current and deferred tax

	31.12.18	31.12.17
Current tax expense	2 278	-7 373
Reversal of provision for deferred tax liabilities	-	-
Increase in deferred tax assets	-	-
Reversal of deferred tax assets	-690	-673
Total tax expense	**1 588**	**-8 046**
Average tax rate	-5,05%	10.82%

For 2018, a CHF 10 million provision for tax expense was reversed in respect of the final tax expense for 2012 and 2013.

6. Material post-balance sheet events

In late February 2019, the parent company was advised of the deterioration in the finances of a cereals trading company with loan commitments totalling CHF 20.0 million. In early March, it emerged that the expected payment of CHF 9.1 million in respect of a cargo financed by the parent company had been made to another Bank.

At 31 December 2018, the client's commitments did not appear to carry any risk of default based on margin nos. 411 and 430 of FINMA's new accounting guidelines for banks (PCB). Since the event giving rise to a risk of a loss linked to an established default by the client or fraud occurred in 2019, any value adjustment for default risks and losses from interest operations will be recognised in the 2019 financial year.

Report of the Statutory Auditor

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Report of the Statutory Auditor

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

Report of the Statutory Auditor on the Consolidated Financial Statements

As statutory auditor, we have audited the accompanying consolidated financial statements of BNP Paribas (Suisse) SA, which comprise the consolidated balance sheet, consolidated income statement, consolidated statement of cash flows, statement of equity and notes to the consolidated financial statements (pages 35 to 77), for the year ended December 31, 2018.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of these consolidated financial statements in accordance with Swiss accounting principles applicable for banks and the requirements of Swiss law. 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, 2018 give a fair view of the financial position, the results of operations and the cash flows in accordance with Swiss accounting principles applicable for Banks and comply with Swiss law.

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.

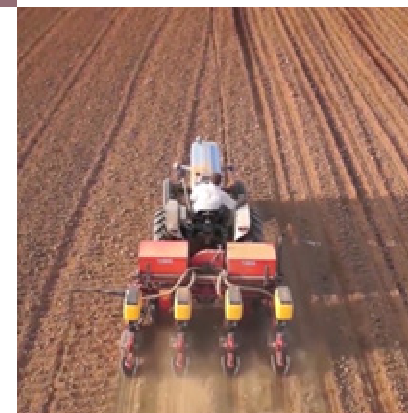
We recommend that the consolidated financial statements submitted to you be approved.

Deloitte SA

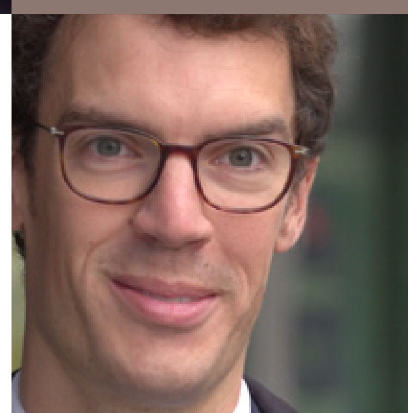
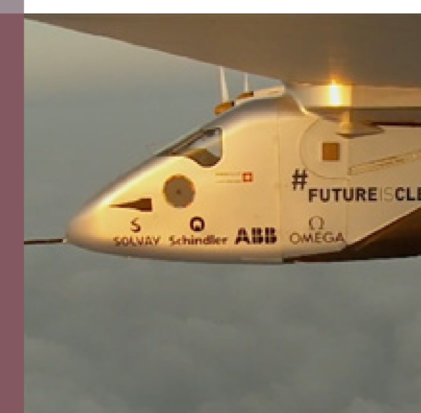
Alexandre Buga Licensed Audit Expert Auditor in Charge	Nicola Padula Licensed Audit Expert

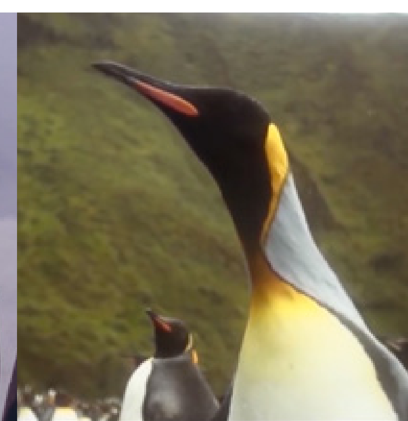
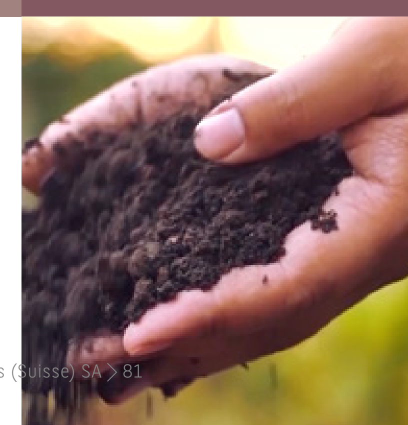
Geneva, March 14, 2019



Acting for change

Partnerships

Think Cinema Lausanne is back for its second edition, after the first edition which gathered over 8,000 spectators. The bank, official partner and founder, is supporting the second edition of this annual international event set up by Vincent Perez, "Think Cinema Lausanne".

BNP Paribas in Switzerland Partner of "THINK CINEMA LAUSANNE"

Think Cinema Lausanne is an event for film enthusiasts, students and professionals to rediscover films past and present, and reflect on cinema's future. This year we are going "Beyond Limits", with internationally renowned guests, a selection of some thirty groundbreaking films, talks, conferences. Think Cinema Lausanne will show a selection of films that have transcended social or technical conventions, challenged boundaries, or whose makers went beyond the limits of sanity or reason in the making of their masterpieces.

BNP Paribas continues its commitment strategy with the Solar Impulse Foundation

Partner of the Solar Impulse Foundation

SOLARIMPULSE
AROUND THE WORLD IN A SOLAR AIRPLANE

The Solar Impulse Foundation Partnership continues and embodies our responsible strategy and promotes a community and an ecosystem of sustainable investment. It supports energy transition, makes us part of the selection of Bertrand Piccard's 1000 efficient solutions, thus delivering a concrete impact.

As part of our partnership to help identify "1000 Efficient Solutions", **more than 70 volunteers from the Bank in Geneva and Zurich** – including 13 experts – carried out throughout the year reputational assessments on some of the solutions submitted.

BNP Paribas and the Swiss Open, a real partnership

For four years now, the BNP Paribas Swiss Foundation has been very proud to support the Swiss Open, an international wheelchair tennis tournament. Every year it gathers the best players over the world in Geneva. Since its creation in 2002, the Foundation's mission has been to encourage talent. At the Swiss Open there are many!

BNP Paribas in Switzerland and the Swiss Open have found an exceptional partnership to share their values: to try harder and to push yourself. Each year many volunteers want to help and organize the tournament. It is a long story between BNP Paribas and Tennis!

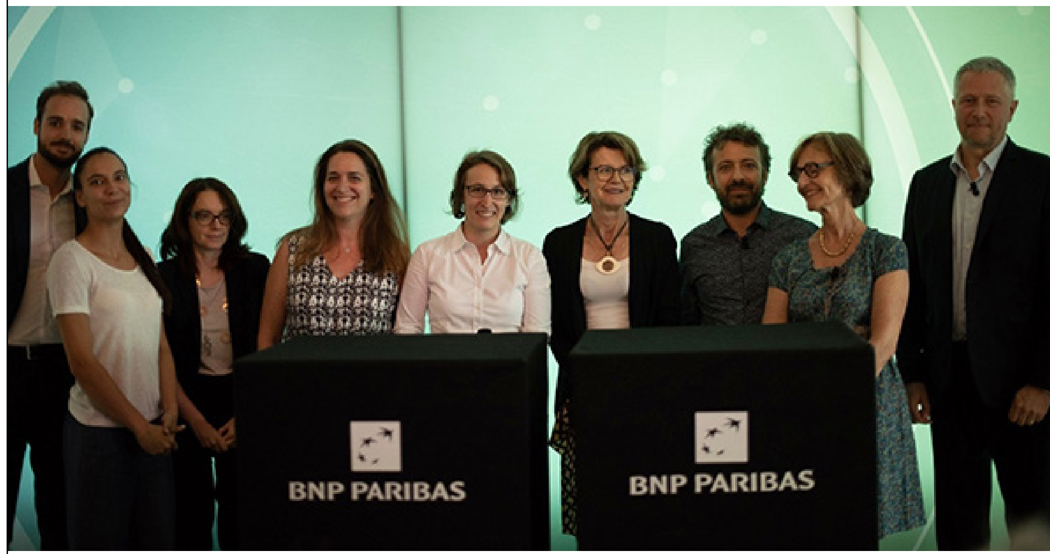
Employees' involvement

WeGenerations Switzerland is the new Intergenerational Network of BNP Paribas employees in Switzerland.

WeGenerations

C'est en quelques mots :

- **An inspiring network powered by all of us**
- A network promoting **meaningful interactions** between employees from all generations, seniority levels and business lines
- A unique opportunity to grow together whilst having fun
- An **international network:** already a success in France, Italy...
- Our values :
  - **Diversity** as a source of **creativity**
  - **Generosity** as the basis of **mutual enrichment**
  - **Curiosity** as the key to unlock a **world of opportunities**
- **Inspiring conferences, collaborative communities, networking meet-ups, and co-development duos**



SWISS NEXT TRANSFORMATION DIGITALISATION INNOVATION

This one-day event dedicated to innovation fostered many discussions and discoveries on the latest digital trends in the banking sector, but also ongoing transformation projects in BNP Paribas in Switzerland.

Our priority: our customers

Small teams from all sectors of the bank work together to stimulate innovative ideas. *"There are a lot of creative minds in the bank, and those resources have to be used".*

We use all the creative resources of the company. We gather small teams from all sectors of the bank to stimulate innovative ideas.

Every year the BNP Paribas group and We Are Tennis organise an international tennis tournament for its employees for which the final is played at Roland Garros.

Wat Cup - We are Tennis Cup

This year, 40 employees from BNP Paribas in Switzerland will participate in the national selection for the We Are Tennis Cup (WAT Cup). A chance for our employees to share their passion for tennis.

Tennis, a sport which embodies the values of BNP Paribas
Launched in 2015, the WAT Cup has become a major event for the employees of the BNP Paribas group. Every year, more than 30 countries and nearly 130 employees participate in and share the values of fair-play, responsiveness and performance.

One dream: to step out onto the clay court at Roland Garros
Throughout the day there will be successive matches to determine which team will represent Switzerland in the International Grand Final which will bring together employees from all over the world !

The new communication tool between the Legal and the Métiers comes from BNP Paribas in Switzerland internal incubator

MyLegal : a real success

#MyLegal
by BNP Paribas in Switzerland

It that demonstrates the success of the projects from our internal incubator, Colibri. It is now an essential digitalisation platform for legal questions, it is somehow the digital lawyer of BNP Paribas in Switzerland. It has enlisted many and transversal talents.

The objective of this new tool is **to facilitate exchanges between Legal teams and the Métiers** in order to let the jurists focus on value-added tasks, but also **to disseminate Legal culture in a digital way.**

The Design Factory is a place of exchanges which drives collaboration, proximity, dialogue and thus the effectiveness in the development and growth of the projects. We welcome our clients in a user-friendly atmosphere and happy mood to discuss our ideas and to make evolve our products together.

Design Factory & Experience client

The Design Factory is a space converted into user-friendly basecamps to foster collaborative work and support the BIG (Breakthrough Innovation Group) teams, whose ambition is to deliver high-value products in a very short period of time for Wealth Management clients.
In order to deliver a product rapidly we prefer working methods from start-ups: composition of small multi-skilled teams (pizza teams), appearance of new learnings (Product owners, Growth Hackers, UX/UI, CX Board, Swiss Knife...), use of the Design Thinking and Lean methods. The needs and the customer experience are at the heart of our developments, the co-creation with customers, how and why we should get involved in it are fully intergrated into the process.

Be prepared for its mobility is to insure its future within a company that is constantly evolving.

My Mobility

Why choosing a professional mobility? How can you start? What kind of obstacle will you have to overcome?

Career mobility is a major consideration in this changing world and roles are constantly evolving. It is therefore important for everyone to work on building their own career, day after day, making sure to develop skills that are geared towards the needs of tomorrow.

Positive Impact Business

BNP Paribas is the world's best bank for Sustainable Finance according to the Euromoney Awards for Excellence 2018.

BNP Paribas named World's Best Bank for Sustainable Finance

BNP Paribas has committed itself to sustainable finance in a way that is unmatched in the sector. By turning down deals and pulling out of sectors that are not sustainable, as well as driving new sustainable finance initiatives across all of its businesses.

BNP Paribas and ECOM: Major financing operation under the sign of positive social impact

ECOM Agroindustrial is a global commodity trading and processing company based in Switzerland. The company specializes mainly in coffee, cocoa and cotton.

BNP Paribas has been of one the mandated bank by ECOM Agroindustrial to arrange the **refinancing Social Impact Revolving Credit Facility**.

It is an innovative social impact incentive to interlink ECOM's social impact objectives and the company's funding. **Any social impact discount received by the Company will be distributed into the ECOM Foundation and ECOM's Sustainable Management Services division.**

As part of the Group's Company Commitment policy and its implementation in Switzerland, a week dedicated to Engagement and Corporate Social Responsibility is organized in Geneva.

Commitment week

Commitment means including the notion of positive impact vis-à-vis societal issues into the bank's strategy: energy transition, equal opportunities for young people, diversity, support for entrepreneurs and for the regions in which we operate.

Our engagement, it's a positive contribution to society, which is now fully part of the bank's core missions.

Sustainable development goals at the heart of the bank's strategy

BNP Paribas in Switzerland committed into sustainable development

BNP Paribas in Switzerland highlights its **strategy as a responsible bank**, its **local initiatives oriented towards positive impact**, but also some **major issues related to sustainable development** such as Sustainable Development Goals supported by the United Nations.

SBB Green Class: SBB and Arval join forces to launch a sustainable door-to-door mobility

SBB Green Class

To **encourage the use of electric vehicles** and support the energy transition, Arval (Suisse) SA got involved to the partnership as a specialist in fleet management, to guarantee its customers' mobility. Thus the customers will be able to take advantage of the electric vehicle fleet at Arval (Suisse) SA

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