Annual Report 2019

ANNUAL REPORT 2019
BNP PARIBAS (SUISSE) SA

BNP PARIBAS

The bank
for a changing
world

Annual Report 2019
BNP Paribas (Suisse) SA

Summary

Edito & Strategy

Interview

I ended my New Year's message to employees in late 2019 with some wise words from William Arthur Ward – "the pessimist complains about the wind; the optimist expects it to change; the realist adjusts the sails" – stressing that BNP Paribas was steadfastly implementing its transformation plan in Switzerland. Little did I know just how relevant they would be.

The covid-19 pandemic has given a fundamental reboot to our working practices and required us all to be tremendously flexible so that we can keep our essential activities going. Our employees have never shirked from their collective responsibility to our clients and to the economy at large and have shown exemplary fortitude. Today more than ever, I believe we have proven we are stronger together.

2020 will command a place in the history books for many different reasons – not only because of economic, environmental, social, health and cultural developments but also owing to the more people-focused approach that has been taken. Our core beliefs have been put to the sternest of tests. I want us to lead the way so that BNP Paribas in Switzerland remains a major international force pursuing sustainable and responsible growth for the benefit of all our clients.

What were the stand-out commercial achievements of 2019?
2019 brought unprecedented success in Corporate and Institutional Banking (CIB) and in Wealth Management (WM), our two main business lines. For example, we were appointed to lead Stadler's IPO and won an SRI mandate for a major family office prospective client, with our expertise and our skills prevailing despite fierce competition from our rivals. We owe these accomplishments to both the tremendous work by our sales teams and to all the staff working in our Bank's support functions, who play a critical role in flawless execution for our clients.

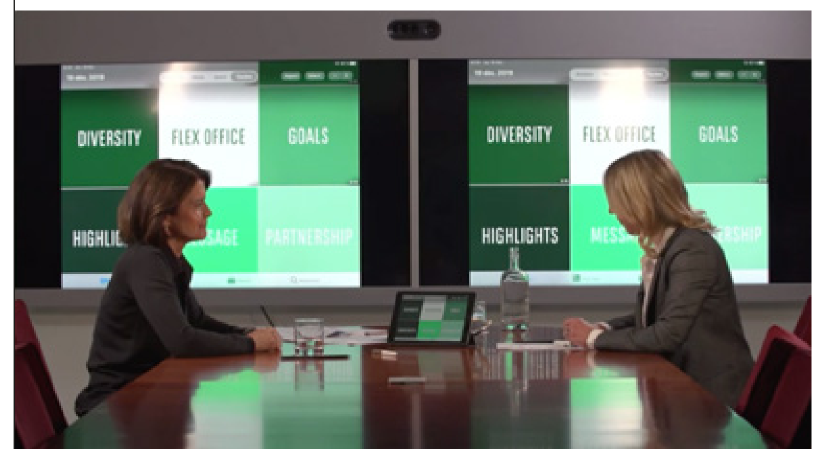
What major strategic changes are planned for 2020?
We have set in motion some radical changes within our Bank in Switzerland, which is a real asset for our Group in Europe. We need to continue to capitalise and build on this momentum and align our strategy with our Group's. Our aim is to serve the Swiss market, and to do so by offering our clients an international range of products and services in both CIB and WM.

What is your strategy for developing the business?
We are the leading international bank in Switzerland, and my goal is to maintain that status. To do so, we need to expand our positions in certain client segments where our capabilities and our products set us apart from our local rivals and other international banks – most of which do not have such an extensive range of products and services as we do. As I mentioned before, being part of the Group gives us an advantage and our international network is a major asset in helping us to meet the needs of all our clients – be they corporate and institutional clients or high net-worth individuals. Our goal is to continue expanding in the Swiss local market, which represents an avenue of strategic development for BNP Paribas in Switzerland.

What are your objectives for 2020?
Even though the current pandemic-related situation is bound to cause problems, it is imperative for us, first and foremost, to continue meeting the banking needs of our clients. It's essential to listen to their needs and to help them overcome the new challenges they now face. We also need to push ahead with our commercial development, which means winning new clients. That's vital for us to successfully complete the transformation we have set in motion.

Corporate social responsibility lies at the heart of the strategy. How is this reflected and what practical initiatives will be implemented?
The Group's aim and our aim, too, is to provide funding and support for sustainable and responsible growth. In Switzerland, we have drawn up a socially responsible action plan predicated on concrete initiatives fully aligned with the Group's values and with the expectations of our clients and our employees. In October, the BNP Paribas Foundation in Switzerland established a partnership with Réalise covering its Opportunity programme. Our common goal is to establish the training model created by Réalise in three to five Swiss cantons. The model targets adults and is well-suited to the sectors of activity creating the most jobs. We also plan to continue working towards our carbon footprint mitigation targets through initiatives that are clearly visible to all of us.

Our mantra for 2020 is to act as an engaged and innovative enterprise, sparing no efforts to build a better world.



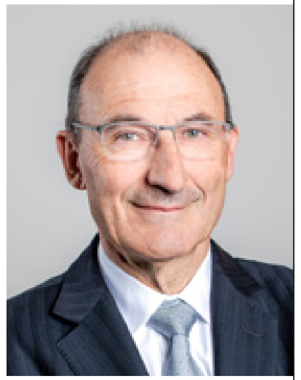
Governance

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

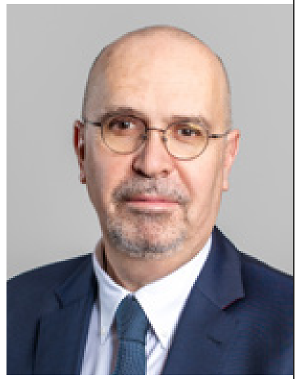
Engineer who earned his diploma from Ecole Centrale de Paris, Jean Clamon joined BNP Paribas Group in 1976. His last position, which he held from 2008 to 2015, was Head of Internal Auditing and Conformity.

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

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.

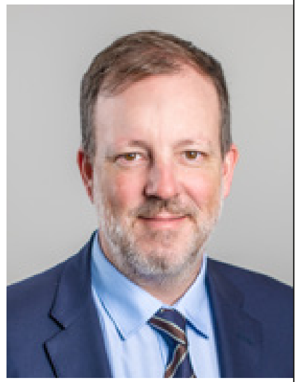


Christian BOVET *
Vice-chairman of the Board of Directors
Vice-chairman of the Financial Risks Committee
Chairman of the Audit Committee
Member of the Compensations Committee
Swiss, born on 24th April 1959

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



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.

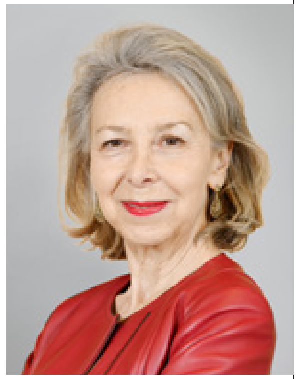
Sources of inspiration
- Nelson Mandela, former president of South Africa

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

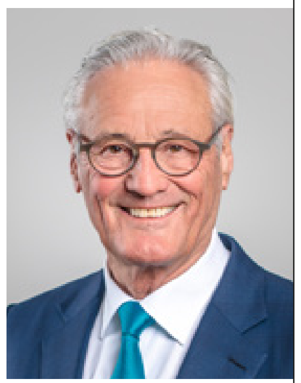


Sylvie DAVID-CHINO
Director
Member of the Audit Committee
French

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

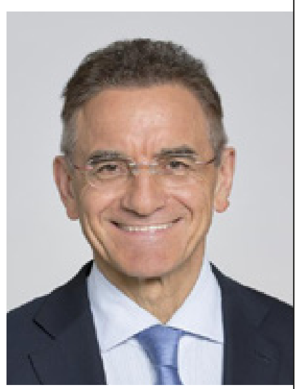
** Director fulfilling the criteria of independance according to FINMA 2008/24*



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.

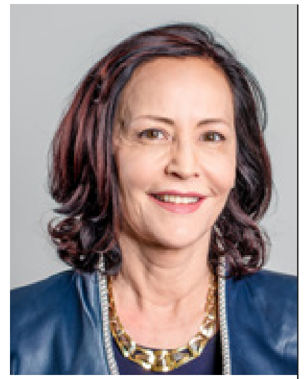
Sources of inspiration
"The three great figures of the last century who, through the force of their beliefs, changed the course of their countries and the world." Christophe R. Gautier
- Mahatma Gandhi, Indian politician
- Winston Churchill, former Prime Minister of the United Kingdom
- Nelson Mandela,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



Yves SERRA
French, born on 2nd December 1953

A graduate of the École Centrale de Paris and the University of Wisconsin, Yves Serra started his career working in France and Asia for Sulzer Brothers. In 1992, he joined Charmilles Technologies in Tokyo as Regional CEO for Asia before being appointed as CEO of the Geneva-based subsidiary. He moved to Georg Fischer in 2003 as CEO of the Piping Systems subsidiary and became CEO of the group in 2008. He joined the Board of Directors of BNP Paribas (Suisse) SA in 2019.

Further implications
- Chairman of the Board of Directors of Stäubli Holding AG
- Vice Chairman of the Board of Georg Fischer AG
- Member of the Board BNP Paribas Switzerland
- Advisor Recruit Holdings Tokyo Japan
- Member of the Board of the Chapter Board "Doing Business in USA" of the Swiss American Chamber of Commerce (Switzerland)
- Member of the Board of "Schweizerischen Management Gesellschaft" (SMG)



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

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.

** 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

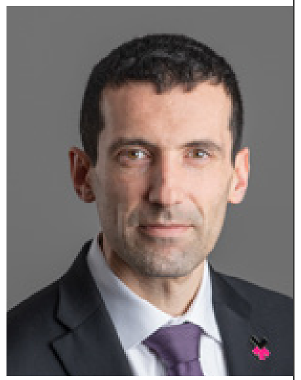
BNP Paribas in Switzerland's General Management is composed as follows:

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



Arnaud ZEITOUN
Deputy CEO
French, Born on 29th June, 1978

Arnaud Zeitoun studied at the École Polytechnique de Paris and gained a qualification in Market Statistics and Finance from ENSAE before starting his career at Société Générale Asset Management.
He joined the BNP Paribas group in 2003 as part of the Inspection Générale. After working within the CIB Fixed Income and then Global Market entity for nine years, he joined BNP Paribas Asset Management in 2016 as Global Head of Transformation. In December 2019, Mr Zeitoun was appointed as Deputy CEO of BNP Paribas (Suisse), tasked with directing the transformation of the bank in Switzerland.

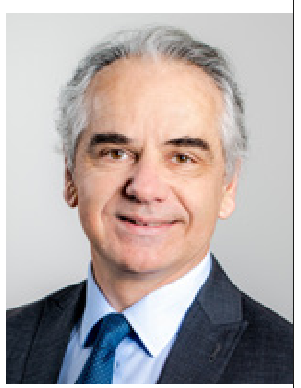
Notable accomplishments
- Running a half-marathon in under 90 minutes in 2018

Sources of inspiration
- My wife and my two daughters

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.

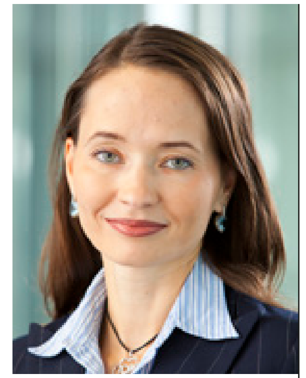
Sources of inspiration
- Joseph Kessel, adventurer, journalist and novelist
- Winston Churchill, former Prime Minister of the United Kingdom



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

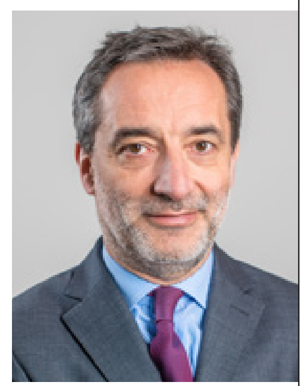


Enna PARISET
Head of CIB in Switzerland
Swiss

Enna Pariset has 26 years of experience working in the US, the UK, France and Switzerland. She has previously worked at the World Bank in Washington DC and at JP Morgan in London and Paris.
Enna has been with BNP Paribas for 17 years in both client origination and management roles, encompassing Mergers & Acquisitions, Commodities and Coverage.
She also served as Global Head of Metals and Mining Investment Banking and Head of Food, Beverage and Retail IB EMEA. She continues in her role as Head of Corporate and Commodities Coverage Switzerland.

Further implications
- Vice Chairman of the Board of Directors, Arval (Schweiz) AG
- Board Member, Fondation BNP Paribas Suisse

Sources of inspiration
"Imagination is more important than knowledge. Knowledge is limited. Imagination encircles the world." Albert Einstein



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 14 million in consolidated net profit on 2019 revenues of over CHF 449 million.

Key figures

BALANCE SHEET

in CHF millions

TOTAL ASSETS
18'612

LOANS & ADVANCES TO CUSTOMERS
9'007

CUSTOMERS DEPOSITS
8'005

EQUITY
1'868

RATIOS

in CHF millions

SOLVABILITY RATIO
17.66%

LEVERAGE RATIO
7.71%

LCR LIQUIDY RATIO
161.81%

PROFIT & LOSS

in CHF millions

BANKING INCOME
449

NET PROFIT BEFORE TAXES
-65

GROSS PROFIT
-19

NET PROFIT
14

ASSETS UNDER MANAGEMENT

in CHF millions

30'010

The BNP Paribas (Suisse) Group generated CHF 14 million in consolidated net profit on revenues of CHF 449 million. These 2019 figures were lower than those recorded in 2018.

The BNP Paribas (Suisse) Group has a stable and robust balance sheet, with assets totalling CHF 18.6 billion, CHF 9.0 billion in loans and advances to customers, CHF 8.0 billion in customer deposits and CHF 1.9 billion in equity.

Its various ratios comfortably exceed the minimum regulatory requirements (Basel III capital adequacy ratio, after factoring in additional capital requirements, of 17.66% vs. 12%, leverage ratio of 7.71% vs. 3% and a Liquidity Coverage Ratio (LCR) of 161.81% vs. 100%).

The BNP Paribas (Suisse) Group's customer assets rose 14% to CHF 30 billion, largely as a result of the acquisition in November 2019 of a customer portfolio from another BNP Paribas Group entity.

Management report

Economic environment and market trends

The **pace of growth in the global economy** slackened in 2019. Worldwide GDP grew by 2.9%, its weakest level since the 2009 financial crisis, after increasing by 3.7% for two years. In the United States, private consumption kept GDP growth at 2.3%, compared with 2.9% in 2018. Growth in the euro zone slowed down, with GDP rising 1.2%, down from 1.9% in 2018. Weaker foreign demand was the main culprit, and it had a negative impact on the processing industry, especially in Germany where growth slipped from 1.5% in 2018 to 0.5% in 2019. China's economy also expanded at a slower pace. Its GDP rose by 6.1% in 2019, down from growth of 6.6% in 2018, mirroring the trend in a number of emerging markets.

Monetary policy was loosened in 2019. After four rate hikes in 2018, the US Federal Reserve (Fed) cut its benchmark rates three times in the second half of 2019, bringing them down to a 1.50% to 1.75% range by the end of the year. The European Central Bank (ECB) resumed its bond purchases in November having halted them only in January 2019. Like central banks in other developed countries such as Canada, the United Kingdom and Japan, the Swiss National Bank decided to keep its benchmark rates on hold.

Despite the slowdown in growth, mounting geopolitical tensions, especially between the United States and Iran, and the worsening commercial relationships between the United States and its trading partners (China, European Union), the **financial markets** performed very well. Global equities rallied by 24.1% (MSCI all countries index in USD), the fourth-strongest annual gain since 1987. That came after an 11.2% decline in 2018, the largest fall since the 2008 financial crisis. Bonds did not disappoint, either, generating healthy returns amid weaker economic data and accommodative monetary policies in developed and emerging countries alike.

Further appreciation in the US dollar against most other currencies, despite some erratic swings during the year was the top story in the **currency markets** during 2019. The euro was held back by the downturn in the euro-zone economy and the political uncertainties and social protests across various member states. The Swiss franc and the Japanese yen made up ground against both the US dollar and the euro. Amid Brexit-related uncertainties, sterling swung one way then the other throughout 2019.

BNP Paribas Group

The BNP Paribas Group performed very well over the year as a whole, showing the strength of its diversified and integrated business model and of its ability to create value in rapidly changing economic, technological, regulatory, societal, and environmental conditions.

Revenues totalled EUR 44.6 billion, up 4.9% on 2018. The Group's operating expenses increased to EUR 31.3 billion, up 2.5% compared with 2018. Its cost of risk rose to EUR 3.2 billion, an increase of EUR 0.4 billion compared with 2018. It stood at 39 basis points of loans and advances to customers. This consistently low level reflects tight risk control at the loan origination stage, the low interest rate environment and the continuing improvement in the loan portfolio in Italy. Net income attributable to equity holders came to EUR 8.2 billion, up 8.6% from 2018 and up 4.7% excluding non-recurring items.

The BNP Paribas Group's balance sheet is in great shape. Its Common Equity Tier 1 ratio stood at 12.1% at 31 December 2019, up 40 basis points from its level at 1 January 2019. Its leverage ratio stood at 4.6%. The Liquidity Coverage Ratio was 125% at 31 December 2019, with an instantly available liquidity reserve of EUR 309 billion.

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 requisite support functions.

Corporate & Institutional Banking focuses on meeting the needs of large and mid-sized corporate clients in Switzerland, multinationals, commodities dealers and financial institutions. Wealth Management's primary avenue of development in Switzerland is serving the needs of the major domestic and international fortunes and supporting entrepreneurs with their projects.

BNP Paribas (Suisse) SA is in charge of cash management for all the 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, a number of its back office activities, 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.

Faced, like other banks, with the challenge of negative interest rates, narrower interest margins and the need for more rapid investments in technology amid a mixed environment for growth in Europe, BNP Paribas (Suisse) SA embarked on the next stage of its transformation with the announcement on 28 November 2019 of a restructuring plan potentially affecting up to 250 employees. The plan will be implemented during the course of 2020 and 2021 and aims to make the Bank in Switzerland more efficient, by harnessing synergies across the Group to a greater extent, and also more competitive over the long term.

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 totalled CHF 18.6 billion at 31 December 2019, stable compared with year-end 2018.

On the asset side, its CHF 2.2 billion in cash consisting of deposits with the SNB declined by CHF 0.1 billion. Due from banks, chiefly from the BNP Paribas Group, were stable at CHF 1.8 billion Loans and advances to customers fell by 5.2% or CHF 0.5 billion to CHF 9.0 billion. Corporate Banking accounted for a decrease of CHF 0.8 billion, with Wealth Management posting a CHF 0.3 billion increase. Mortgage loans rose CHF 0.1 billion. Trading portfolio assets moved up CHF 0.3 billion to CHF 1.2 billion as a result of securities held for equity derivative trading purposes. Financial investments were stable at CHF 1.8 billion.

On the liabilities side, due to banks – mainly to the BNP Paribas Group – stood at CHF 7.9 billion, up CHF 0.5 billion compared with 2018 as a result of management of liquidity and interest-rate risk. Customer deposits were stable at CHF 8.0 billion.

Off-balance sheet items – contingent liabilities, irrevocable commitments and guarantee commitments under documentary credits related to commodities financing – amounted to CHF 8.4 billion, down CHF 1.1 billion and down 11.4% compared with at year-end 2018.

On the income statement, banking income declined 2.9% on 2018 to CHF 449.4 million. This CHF 13.6 million top-line contraction reflected the CHF 15.7 million fall in the gross result from interest operations and the CHF 11.6 million decline in commission business and services income, offset partially by the CHF 2.7 million positive change in value adjustments for credit risks and losses arising from interest operations, the CHF 3.1 million rise in the result from trading activities and the fair value option and CHF 7.9 million in other ordinary banking income (up 18.7%).

Operating expenses came to CHF 468.2 million, up 3.8% compared with 2018. Employee benefits expense rose 3.6% to CHF 334.3 million. Other operating expenses moved up 4.2% to CHF 133.8 million, largely as a result of the ongoing transformation plans.

Changes in provisions and other value adjustments and losses had a negative impact of CHF 38.8 million, after a positive impact of CHF 17.9 million in 2018. The main factor at work was a restructuring provision linked to the restructuring plan announced on 28 November 2019.

2019 operating profit showed a loss of CHF 66.0 million compared with a profit of CHF 23.7 million in 2018. Lower revenues, higher operating expenses and the negative impact of changes in provisions and other value adjustments, and losses were the key contributors.

Extraordinary income amounted to CHF 1.4 million compared with CHF 8.0 million in 2018.

The BNP Paribas (Suisse) SA Group's consolidated net profit stood at CHF 13.9 million in 2019, down 57.9% from CHF 33.0 million in 2018. Excluding non-recurring items, which had a total positive impact of CHF 7.0 million in 2019 compared with negative CHF 10.7 million in 2018, consolidated net income totalled CHF 6.9 million in 2019, compared with CHF 43.7 million in 2018.

BNP Paribas (Suisse) SA Group's customer assets rose to CHF 30.0 billion at 31 December 2019, up 13.9% from CHF 26.3 billion at year-end 2018. This CHF 3.7 billion rise in assets breaks down into CHF 0.1 billion in net capital inflows, CHF 1.5 billion in positive performance and currency effects and CHF 2.0 billion in other effects, largely reflecting the acquisition in November 2019 of a customer portfolio from another BNP Paribas Group entity.

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, preferential 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 2019, the Bank's capital adequacy ratio under Basel III, after factoring in additional capital requirements, stood at 17.66%, up from 13.79% at 31 December 2018. This 3.87-point increase reflects the CHF 42.1 million reduction in minimum capital requirements with the entry into force on 1 January 2019 of the new Capital Adequacy Ordinance (CAO). Under this new legislation, banks may no longer use surplus capital to cover breaches of large exposure limits. That translates into a CHF 245 million deduction from the capital included at 31 December 2018. The consolidated Common Equity Tier 1 (CET1) ratio and the consolidated Tier 1 capital ratio stood at 19.67% at 31 December 2019, compared with 18.28% at 31 December 2018.

The consolidated leverage ratio was 7.71% at 31 December 2019, compared with 7.42% at 31 December 2018, ahead of the minimum requirement of 3.0%.

The consolidated Liquidity Coverage Ratio (LCR) was 161.81% at 31 December 2019 compared with 135.86% at 31 December 2018.

A list of the key metrics required by FINMA in accordance with margin no. 13 of Circular 2016/1 concerning 2019 with comparative figures for 2018 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 2019 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

	31.12.19	30.09.19	30.06.19	31.03.19	31.12.18
Key metrics for regulatory purposes in accordance with margin no. 13 to FINMA Circular 2016/1					
Available capital (CHF)					
Common Equity Tier 1 capital (CET1) (CHF)	1 845 371				1 811 485
Tier 1 capital (T1) (CHF)	1 845 371				1 811 485
Total capital	1 845 371				1 811 485
Risk-weighted assets (RWAs) (CHF)					
Total risk-weighted assets (RWAs)	9 380 797				9 906 975
Minimum capital requirements (CHF)	750 464				792 558
Risk-based capital ratios (as a % of RWAs)					
CET1 ratio (%)	19.6718%				18.28%
Tier 1 ratio (%)	19.6718%				18.28%
Total capital ratio (%)	19.6718%				18.28%
Additional CET1 buffer requirements (as a % of RWAs)					
Capital conservation buffer requirement according to the minimum Basel standard (2.5% from 2019)	3.3%				3.3%
Countercyclical buffer requirement according to the minimum Basel standard (Art. 44a CAO) (%)	0.0164%				0.0157%
Bank G-SIB and/or D-SIB additional requirements (%)	0%				0%
Total of bank CET1 specific buffer requirements (%)	3.3164%				3.3157%
CET1 available after meeting the bank's minimum capital requirements (after deducting the CET1 allocated to hedge the minimum requirements and, where appropriate, cover TLAC requirements) (%)	11.6718%				10.2849%
Target equity ratios in accordance with annex 8 of the CAO (as a % of RWAs)					
Capital buffer in accordance with annex 8 of the CAO (as a %)	4.0000%				4.0000%
Countercyclical buffers (Art. 44 and 44a of the CAO) (%)	0.0164%				0.0157%
Target CET1 ratio (%) in accordance with annex 8 of the CAO plus countercyclical buffers in accordance with Art. 44 and 44a of the CAO	7.8164%				7.8157%
Target T1 ratio (%) in accordance with annex 8 of the CAO plus countercyclical buffers in accordance with Art. 44 and 44a of the CAO	9.6164%				9.6157%
Target total capital ratio (%) in accordance with annex note 8 of the CAO plus countercyclical buffers in accordance with Art. 44 and 44a of the CAO	12.0164%				12.0157%
Basel III leverage ratio					
Total Basel III leverage ratio exposure (CHF)	23 939 906				24 409 327
Basel III leverage ratio (Tier 1 capital as a % of total exposures)	7.7083%				7.4213%
Liquidity Coverage Ratio (LCR) (*)					
LCR numerator: total high-quality liquid assets (CHF)	6 699 627	8 726 496	8 827 364	8 459 317	6 860 617
LCR denominator: total net cash outflows (CHF)	5 314 228	7 991 831	7 997 071	7 938 497	6 067 490
Liquidity Coverage Ratio (LCR) (%)	126.07%	109.19%	110.38%	106.56%	113.07%

(*) Average end-of-month values for the relevant quarter.

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[1] European directive of 26 June 2013, as enacted into French law in the French Monetary and Financial Code,
- the ordinance 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 not intended to encourage excessive risk-taking, but to avoid incentives potentially giving rise to conflicts of interest and to deter unauthorised investment activities. Another of its aims is to prevent unequal treatment.

The compensation policy of BNP Paribas (Suisse) SA and its consolidated subsidiaries (BNP Paribas Wealth Management Monaco) is in line with the guidelines set by the BNP Paribas Group. Furthermore, its compensation system aims to comply with the provisions of FINMA Circular 10/1 of 21 October 2009 as amended on 22 September 2016 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 compensation for their duties potentially linked to their attendance at meetings. 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 commitment to 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 a manner that is internally consistent.

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 based on 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 Code of Conduct, Rules and Regulations or of the arrangements for the evaluation and management of risks automatically lead to a reduction in or loss of the performance-related compensation.

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")

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. Regardless of any disciplinary measures taken, failure to abide by these principles entails a reduction or the complete loss of performance-related compensation as a matter of course.

For Group MRTs, performance-related compensation includes a non-deferred portion and a deferred portion. The deferred portion is directly proportional to the level of 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.
Each annual instalment vests only if the conditions agreed when the original award was made, such as the continued profitability of the business line and/or division and/or Group as a whole are satisfied at the relevant year-end date.

The purpose of these conditions is to:
• factor in the impact of the activities undertaken during the year under consideration on performance in subsequent years,
• align individual behaviour with the Group's strategy and interests.

Should the conditions not be met for a specific year, the deferred annual instalment is forfeited.

Any breach of the Code of Conduct, compliance or risk management arrangements may also, in certain cases, lead to the loss of some or all rights to the deferred instalments of performance-related compensation awarded previously and, possibly, the return of components already paid under clawback provisions.

The performance-related compensation awarded to an employee classified as an MRT may not exceed that individual's fixed salary for the relevant year multiplied by a certain ratio. That ratio may be increased to 2x subject to approval by BNP Paribas SA's Annual General Meeting of Shareholders.

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

	2019 Plans	2018 Plans
Amount awarded	1 190	1 169
Number of beneficiaries	117	114

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

in thousands of CHF

Disclosure of compensation for the current year	31.12.19 [1]	31.12.18 [1]
Total compensation [2]	237 895	233 675
Number of beneficiaries (average)	*1 395*	*1 400*
Of which performance-related compensation [3]	35 731	33 816
Of which deferred compensation due [4]	*1 744*	*1 821*
Number of beneficiaries	*20*	*20*
Deferred compensation still due [5]	**2 897**	**2 734**
Debits and credits made during the year relating to prior years	**2 232**	**-130**
"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 and social plan
(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 2019

Consolidated balance sheet at 31 December 2019

in CHF / with prior-year comparative data

Assets	31.12.19	31.12.18
Cash and cash equivalents	2 177 822 395	2 273 500 954
Due from banks	1 801 485 410	1 822 246 057
Reverse repurchase agreements	-	-
Loans and advances to customers	9 006 585 764	9 498 711 123
Mortgage loans	1 975 424 070	1 844 666 456
Trading portfolio assets	1 234 602 728	964 310 769
Positive mark-to-market values of derivative financial instruments	203 608 687	178 570 116
Financial investments	1 783 889 929	1 734 061 764
Accrued income and prepaid expenses	107 517 953	111 847 095
Non-consolidated holdings	7 395 474	4 058 661
Tangible fixed assets	67 728 077	62 271 915
Intangible assets	11 534 137	5 500 527
Other assets	234 687 273	216 557 539
Total assets	**18 612 281 897**	**18 716 302 976**
Total subordinated assets	-	-

Liabilities	31.12.19	31.12.18
Due to banks	7 885 100 670	7 355 541 955
Liabilities from securities financing transactions	-	387 951 242
Customers deposits	8 005 270 827	7 975 684 074
Trading portfolio liabilities	148 008 238	296 288 981
Negative mark-to-market values of derivative financial instruments	239 362 470	157 693 406
Accrued expenses and deffered income	209 996 770	243 551 367
Other liabilities	85 231 250	210 181 741
Provisions	171 070 224	218 818 516
Reserves for general banking risks	135 948 560	135 948 560
Share capital	320 270 600	320 270 600
Capital reserve	2 579 918	2 565 618
o/w tax-exempt capital contributions	-	-
Retained earnings	1 403 419 103	1 385 971 102
Currency translation reserve	(7 736 446)	(7 073 359)
Own shares	(126 276)	(111 976)
Consolidated net profit	13 885 989	33 021 149
Total liabilities and shareholder's equity	**18 612 281 897**	**18 716 302 976**
Total subordinated liabilities	-	-

Consolidated off-balance sheet transactions at 31 December 2019

in CHF / with prior-year comparative data

	31.12.19	31.12.18
Contingent liabilities	3 891 076 296	4 176 719 711
Irrevocable commitments	4 342 068 577	4 945 607 914
Guarantee commitments	214 645 967	417 529 020

Consolidated income statement for the year ended 31 December 2019

in CHF / with prior-year comparative data

	31.12.19	31.12.18
Result from interest operations		
Interest income	525 702 066	492 455 858
Interest income and dividends from trading activities	3 709 416	7 951 138
Interest income and dividends from non-current financial assets	16 492 973	12 378 393
Interest expense	-319 983 235	-271 204 774
Gross result from interest operations	**225 921 220**	**241 580 615**
Changes in value adjustments for loan losses and losses linked to interest transactions	-39 355 984	-42 035 931
Sub-total, net result from interest operations	**186 565 236**	**199 544 684**
Result from commission business and services		
Fees income from securities and investment activities	141 667 354	153 445 212
Fees income from lending activities	59 139 702	65 347 450
Fees income from other services	16 458 470	18 618 714
Fees expense	-49 925 516	-58 431 141
Sub-total, Result from commission business and services	**167 340 010**	**178 980 235**
Result from trading activities and fair value option	**45 010 334**	**41 875 387**
Other ordinary banking income and expense		
Gains/(losses) on the disposal of non-current financial assets	21 000	-7 697
Income from investments (o/w other non-consolidated investments: CHF 361,454)	1 354 291	2 976
Real estate income	1 158 620	1 165 799
Miscellaneous ordinary income	48 282 118	41 582 458
Miscellaneous ordinary expense	-369 570	-230 295
Sub-total, Net other ordinary banking income and expense	**50 446 459**	**42 513 241**
Operating expenses		
Employee benefits expenses	-334 342 814	-322 711 534
Other operating expenses	-133 841 460	-128 446 029
Sub-total, operating expenses	**-468 184 274**	**-451 157 563**
Value adjustments to participations, depreciation of tangible fixed assets and amortisation of intangible assets	-8 422 352	-5 983 712
Changes in provisions and other value adjustments, losses	-38 755 673	17 952 429
Operating profit	**-66 000 260**	**23 724 701**
Extraordinary income	1 411 394	7 983 928
Extraordinary expenses	-132 887	-275 430
Taxes	78 607 742	1 587 950
Net profit/(loss) for the year	**13 885 989**	**33 021 149**

Consolidated cash flows statement at 31 December 2019

in thousands of CHF / with prior-year comparative data

	31.12.19		31.12.18	
	Sources of funds	Uses of funds	Sources of funds	Uses of funds
Net profit for the year	**13 886**	**-**	**33 021**	**-**
Value adjustments to investments, depreciation and amortisation of property, plant and equipment and intangible assets	8 678	-	7 787	-
Provisions and other value adjustments	-	47 748	-	33 759
Changes in value adjustments for loan losses and losses	38 756	-	-	17 952
Accrued income and prepaid expenses	4 329	-	2 205	-
Accrued expenses and deferred income	-	33 555	12 346	-
Other assets	-	18 130	102 831	-
Other liabilities	-	124 950	-	41 960
Prior year's dividend	-	30 426	-	64 855
Cash flows from operating activities	**65 648**	**254 809**	**158 190**	**158 526**
Reservations entries	14 853	-	-	-
Translation difference	-	663	-	753
Cash flows from equity transaction	**14 853**	**663**	**-**	**753**
Non-consolidated holdings		3 337	-	1 826
Real estate		55	30	-
Other property, plant and equipment		10 504	-	5 840
Intangible assets		9 608	-	1 990
Cash flows from movements related to investments, property, plant and equipment and intangible assets	**-**	**23 504**	**30**	**9 656**
Cash flows from banking operations				
Due to banks	74 951	-	162 493	-
Customer deposits	81	-	-	168
Due from banks	40 000	-	30 000	-
Loans and advances to customers	-	55 678	-	179 553
Mortgage loans	-	20 475	-	11 711
Financial investments	38 619	-	155 501	-
Medium- and long-term operations (> 1-year):	**153 650**	**76 154**	**347 994**	**191 432**
Due to banks	454 608	-	-	553 300
Liabilities from securities financing transactions	-	387 951	387 951	-
Customer deposits	29 506	-	-	921 009
Trading portfolio liabilities	-	148 281	97 332	-
Negative mark-to-market values of derivative financial instruments	81 669	-	-	80 140
Due from banks	-	19 239	321 606	-
Loans and advances to customers	509 048	-	-	888 342
Mortgage loans	-	110 282	-	129 823
Trading portfolio assets	-	270 292	361 628	-
Positive mark-to-market values of derivative financial instruments	-	25 039	92 548	-
Financial investments	-	88 447	-	68 517
Short-term operations:	**1 074 831**	**1 049 531**	**1 261 065**	**2 641 130**
Cash and cash equivalents position				
Cash and cash equivalents	95 679	-	1 234 218	-
Total	**1 404 660**	**1 404 660**	**3 001 497**	**3 001 497**

Statement of changes in consolidated equity at 31 December 2019

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**	**1 385 971**	**135 949**	**-7 073**	**-112**	**33 021**	**1 870 593**
Effect of exchange rate differences	-	-	-	-	-663	-	-	-663
Dividend and other distributions	-	-	-30 426	-		-	-	-30 426
Transfers affecting other reserves	-	14	47 874	-	-	-14	-33 021	14 853
Consolidated net profit	-	-	-	-	-	-	13 886	13 886
Equity at 31.12.2019	**320 271**	**2 580**	**1 403 419**	**135 949**	**-7 736**	**-126**	**13 886**	**1 868 241**

Notes to the consolidated financial statements for the year ended 31 December 2019

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 Geneva, 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 back office activities to BNP Paribas SA, Lisbon branch, and the Swift payment traffic platform for WM and CIB, message filtering and monitoring to BNP Paribas SA, Paris.

BNP 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 2019, the Group had 1,356 employees (2018: 1,436 employees), breaking down as follows:

Switzerland: 1 270 employees (2018: 1 342 employees)
International: 86 employees (2018: 94 employees)

The Group's average headcount in 2019 was 1,402 employees (2018: 1,401 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.

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 2019, 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 holdings or investments below the materiality threshold are measured at cost. A value adjustment is recognised for any prolonged impairment in value.

Non-consolidated holdings are measured at cost. Non-consolidated holdings 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 holdings 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 was CHF 0.9904 in the year (2018: 0.9662).

At the end of 2018 and 2019, no hedging strategy had been put in place to cover a portion of the 2019 or 2020 results respectively.

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

	31.12.19	31.12.18
USD/CHF	0.96720	0.98630
EUR/CHF	1.08575	1.12760
CHF/JPY*	1.12221	1.11495
GBP/CHF	1.27875	1.26095

Rate per 100 yen

The average rates used for consolidation purposes at end-2019 were USD/CHF 0.9937622 (end-2018: 0.9785171) and EUR/CHF 1.1126012 (end-2018: 1.1548571).

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

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 loans and advances to 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 ("stage 1"): if at the reporting date, the counterparty's credit risk of 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) concerning exposures for which the capital requirement for credit risk is measured using 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 credit 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 credit 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.

Financial investments

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 "Miscellaneous ordinary expense". Subsequent provision reversals are recognised under "Miscellaneous 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 investments, depreciation of property, plant and equipment, 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 (Goodwill):** 5 years

Intangible assets

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

Other intangible assets include expenses incurred on software developed internally. Upon entry into service, the software created by the Bank is recognised under 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 mark-to-market values shown on the balance sheet under "Positive mark-to-market values of derivative financial instruments" and "Negative mark-to-market 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 mark-to-market values represent assets and gross negative mark-to-market values represent liabilities. The respective positions at the balance sheet date are disclosed in note 3.4.

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

Taxes

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

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

Other indirect taxes and duties are recorded under "Other operating 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
Own 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 the Bank 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 mark-to-market 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

	31.12.19	31.12.18
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	148'011	767 994
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		193 939	5 976 136	3 150 273	9 320 348
Mortgage loans		1 863 791	45 837	82 135	1 991 764
Real estate		1 433 917	38 011	81 355	1 553 283
Commercial and industrial property		-	-	-	-
Other		429 874	7 826	780	438 481
Total loans (before offset with value adjustments)					
	31.12.19	**2 057 731**	**6 021 973**	**3 232 408**	**11 312 111**
	31.12.18	1 961 786	5 998 183	3 760 793	11 720 762
Total loans (after offset with value adjustments)					
	31.12.19	**1 988 423**	**5 865 565**	**3 128 021**	**10 982 010**
	31.12.18	1 891 200	5 709 608	3 742 569	11 343 377

Off balance sheet					
Contingent liabilities		-	609 460	3 281 616	3 891 076
Irrevocable commitments		7 820	406 891	3 927 358	4 342 069
Guarantee commitments		-	172 405	42 241	214 646
Total off-balance sheet commitments					
	31.12.19	**7 820**	**1 188 756**	**7 251 215**	**8 447 791**
	31.12.18	3 901	1 357 109	8 178 847	9 539 857

Impaired loans		Gross receivables	Realization value of a risk mitigants	Net receivables	Individual imperment charge / reversal
	31.12.19	**466 335**	**133 885**	**332 450**	**332 450**
	31.12.18	520 933	154 271	366 662	366 662

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	31.12.19	31.12.18
Trading portfolio	**1 234 603**	**964 311**
Debt securities, money market instruments/transactions	354 451	498 401
o/w listed	*354 451*	*498 401*
Equity securities	880 152	465 910
Total assets	**1 234 603**	**964 311**
o/w calculated using a valuation model	-	-
o/w repurchase agreements contracted for liquidity purposes	***130 349***	***257 860***

Commitments	31.12.19	31.12.18
Trading portfolio	**148 008**	**296 289**
Debt securities, money market instruments/transactions	148 008	296 289
o/w listed	*148 008*	*296 289*
Total commitments	148 008	296 289
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		13 808	13 236	961 097	32 462	15 890	2 028 050
futures		-	-	-	-	-	-
options (OTC)		210	210	175 026	-	-	-
Total		**14 018**	**13 446**	**1 136 123**	**32 462**	**15 890**	**2 028 050**
Currencies, precious metals							
forward contracts		95 832	88 202	8 130 468	-	54 158	4 365 141
cross-currency interest rate swaps		19 300	14 301	1 820 250	1 161	12 379	1 050 852
options (OTC)		40 836	40 836	1 977 895	-	-	-
Total		**155 968**	**143 339**	**11 928 613**	**1 161**	**66 538**	**5 415 993**
Equities/Indices							
forward contracts		-	-	-	-	-	-
futures		-	149	892 932	-	-	-
options (OTC)		-	-	-			
Total		**-**	**149**	**892 932**	**-**	**-**	**-**
Total after any netting agreements	**31.12.19** o/w calculated using a valuation model	**169 986**	**156 934**	**13 957 667**	**33 622**	**82 428**	**7 444 044**
	31.12.18 o/w calculated using a valuation model	**145 779**	**139 401**	**14 638 366**	**32 791**	**18 292**	**5 986 185**

		Positive mark-to-market values (cumulative)	Negative mark-to-market values (cumulative)
Total after any netting agreements	**31.12.19**	**203 609**	**239 362**
	31.12.18	178 570	157 693

	Breakdown by counterparty		
	Central clearing houses	Banks and securities dealers	Other clients
Positive replacement values (after any netting agreements)	-	127 564	76 045

3.5) Breakdown of non-current financial assets

	Book value		Fair value	
	31.12.19	31.12.18	31.12.19	31.12.18
Debt securities	1 486 439	1 449 192	1 486 498	1 449 254
o/w held-to-maturity	*1 486 439*	*1 449 192*	*1 486 439*	*1 449 192*
Equity securities	398	398	69 801	37 690
Precious metals	293 715	283 965	293 715	283 965
Buildings, goods and vehicles	3 339	507	3 339	507
Total	**1 783 890**	**1 734 062**	**1 853 353**	**1 771 416**
o/w repurchase agreements contracted for liquidity purposes	*1 016 950*	*935 246*	*1 016 950*	*935 246*

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	1 414 521	71 918				

3.6) Analysis of non-consolidated holdings

	Cost	Book value at 31.12.2018	Investments	Divestments (incl. currency effect)	Value adjustments	Book value at 31.12.2019
Other investments						
with no equity value[1]	4 512	4 059	2 906	192	238	7 395
Total investments	**4 512**	**4 059**	**2 906**	**192**	**238**	**7 395**

[1] *Including BNP Paribas Wealth Management (DIFC) Limited, Dubai, a company with share capital of USD 4,000 million, increased by USD 3,000 million to USD 7,000 million. This Company holds a category 4 licence and is not therefore 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 31.12.2018	Changes of allocation	Investments	Divestments	Depreciation and amortisation	Carrying amount at 31.12.2019
Owner-occupied property	106 753	-59 964	46 759	299	55	-	-2 024	45 089
Other buildings	-	-	-	-	-	-	-	-
Software acquired separately or developed internally	54 542	-52 897	1 646	1 042	442	-	-1 202	1 927
Other property, plant and equipment	120 459	-106 591	13 868	620	10 078	-15	-3 838	20 712
Leased property								
- o/w owner-occupied property								
- o/w other buildings								
- o/w other property, plant and equipment								
Total tangible fixed assets	**281 723**	**-219 451**	**62 272**	**1 960**	**10 574**	**-15**	**-7 064**	**67 728**

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	**181**	**96**	**47**	**19**	**19**	**-**	**-**

3.9) Analysis of intangible assets

	Cost	Cumulative amortisation	Carrying amount at 31.12.2018	Changes of allocation	Investments	Divestments	Amortisation	Carrying amount at 31.12.2019
Goodwill	146 394	-143 348	3 045	-	8 527	-	-1 609	9 963
Other intangible assets	3 697	-1 241	2 456	-1 960	1 085	-4	-5	1 572
Total intangible assets	**150 091**	**-144 590**	**5 501**	**-1 960**	**9 612**	**-4**	**-1 614**	**11 534**

3.10) Breakdown of other assets and other liabilities

Other assets	31.12.19	31.12.18
Direct taxes	133 894	131 952
Indirect taxes	22 103	23 796
Settlement accounts	34 663	37 852
Clearing accounts	-	358
Deferred tax asset	-	-
Other	44 028	22 599
Total	**234 687**	**216 557**

Other liabilities	31.12.19	31.12.18
Settlement accounts	28 551	34 418
Indirect taxes	5 773	6 836
Other	50 908	168 928
Total	**85 232**	**210 182**

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 2019, as they were at 31 December 2018.

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 2019 amounted to CHF 54.1 million (2018: CHF 10.7 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 2018 prepared in accordance with Swiss GAAP RPC 26 show a coverage rate of

- 113.2% for the BNP Paribas Group Swiss pension fund,
- 117.9% 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 established contribution pension plans that are independent from those of the Bank.

	Estimated plan surplus at year-end 2019	Group's economic interest		Change in economic interest vs. previous year (economic benefit/commitment)	Contributions paid in 2019	Pension expenses in employee benefits expense	
		31.12.19	31.12.18			31.12.19	31.12.18
Pension funds with plan surplus/shortfall							
BNP Paribas Group Swiss pension fund	113.1%	-	-	-	27 889	30 260	28 520
Executive supplementary pension fund in Switzerland	121.7%	-	-	-	1 281	1 281	1 241

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

	Balance at 31.12.2018	Uses as intended	Reclassifications	Foreign exchange differences	Interest in arrears, recoveries	New charges through profit or loss	Reversals through profit or loss	Etat au 31.12.2019
Provisions for deferred taxes[1]	186 864	-75 809	-	-	-	-	-10 255	100 800
Provisions for pension commitments	-	-	-	-	-	-	-	-
Provisions for credit risks	6 991	-492	-	-131	-	5 210	-	11 578
Provisions for other operating risks	17 072	-209	-	-77	-	307	-969	16 124
Restructuring provisions[2]	63	-33	-	-2	-	35 533	-28	35 533
Other provisions	7 826	-876	-	-22	-	326	-220	7 035
Total provisions	**218 817**	**-77 419**	**-**	**-232**	**-**	**41 376**	**-11 472**	**171 070**
Reserves for general banking risks[3]	**135 949**	**-**	**-**	**-**	**-**	**-**	**-**	**135 949**
Value adjustments for credit risks and country risks	**384 377**	**-87 586**	**-**	**-7 018**	**15 204**	**45 865**	**-4 404**	**346 438**
o/w value adjustments for impaired loans	*366 662*	*-87 890*	-	*-7 010*	*15 204*	*49 646*	*-4 162*	*332 450*
o/w value adjustments for underlying risks	*17 715*	*304*	-	*-8*	-	*-3 781*	*-242*	*13 988*

1 Deferred tax liability arising from unrealised gains of CHF 700 million in the Bank's annual financial statements (2018: CHF 771.2 million), determined using the tax rate enacted at 1 January 2020, i.e. 14.4% vs. 24.23% previously.
This change in the tax rate gave rise to the release of CHF 75.8 million in provisions for deferred taxes in 2019.
See note 5.7 on Current and deferred tax
2 See note 5.5 Significant losses
3 The reserves for general banking risks are taxed when formed.

3.15) Analysis of the share capital

	31.12.19			31.12.18		
	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	
	31.12.19	31.12.18	31.12.19	31.12.18
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 2019 or 31 December 2018.

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	
	31.12.19	31.12.18	31.12.19	31.12.18
Sight accounts	146 542	181 801	41 981	38 795
Term accounts	301 994	498 858	164 117	66 789

	Off balance sheet	
Contingent liabilities	74 975	68 403
Irrevocable commitments	-	-
Guarantees	23 073	36 071

	Derivative financial instruments	
IRS	-	-
OTC interest-rate options	-	-
Forward currency transactions	-	-
OTC currency options	-	-
OTC securities options	-	26 493
Interest-rate futures	-	-
Securities futures	1 785 864	1 500 555
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	
	31.12.19	**31.12.18**	**31.12.19**	**31.12.18**
Sight accounts	218 632	131 019	540 396	491 020
Term accounts	1 291 864	1 389 238	6 048 357	7 182 562

	Off balance sheet	
Contingent liabilities	294 043	238 042
Irrevocable commitments	581 868	878 168
Guarantees	419	402

	Derivative financial instruments	
IRS	2 947 889	3 853 965
OTC interest-rate options	-	67 110
Forward currency transactions	4 399 278	4 786 445
OTC currency options	673 004	1 286 326
OTC securities options	-	23 747
Dividend swaps	-	-

	Fiduciary transactions	
	3 989 855	3 397 812

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:

	31.12.19	31.12.18
Guarantees received	1 097 382	832 983
Guarantees given	1 502 679	1 208 128

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	2 177 822	-	-	-	-	-	-	2 177 822
Due from banks	349 822	3 574	274 693	113 397	520 000	540 000	-	1 801 485
Reverse repurchase agreements	-	-	-	-	-	-	-	-
Loans and advances to customers	-	1 880 325	4 789 612	854 753	1 280 627	201 268	-	9 006 586
Mortgage loans	-	24 574	270 246	591 187	875 450	213 968	-	1 975 424
Trading portfolio assets	1 234 603	-	-	-	-	-	-	1 234 603
Positive mark-to-market values of derivative financial instruments	203 609	-	-	-	-	-	-	203 609
Financial investments	294 112	-	10 011	274 564	680 163	521 700	3 339	1 783 890
31.12.19	**4 259 968**	**1 908 473**	**5 344 562**	**1 833 901**	**3 356 240**	**1 476 936**	**3 339**	**18 183 419**
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
Foreign funds / financial instruments								
Due to banks	465 315	-	5 110 174	1 211 743	1 097 869	-	-	7 885 101
Customer deposits	7 342 538	8 017	503 320	150 081	-	1 314	-	8 005 271
Trading portfolio liabilities	148 008	-	-	-	-	-	-	148 008
Negative mark-to-market values of derivative financial instruments	239 362	-	-	-	-	-	-	239 362
31.12.19	**8 195 224**	**8 017**	**5 613 494**	**1 361 824**	**1 097 869**	**1 314**	**-**	**16 277 742**
31.12.18	8 185 086	6 012	4 482 208	2 087 751	1 022 918	1 233	-	15 785 208

3.19) Breakdown of assets and liabilities by Switzerland and international

	31.12.19			31.12.18		
Assets	Switzerland	International	Total	Switzerland	International	Total
Cash and cash equivalents	2 175 966	1 856	2 177 822	2 270 952	2 549	2 273 501
Due from banks	22 287	1 779 199	1 801 485	26 543	1 795 703	1 822 246
Reverse repurchase agreements	-	-	-	-	-	-
Loans and advances to customers	2 768 226	6 238 360	9 006 586	3 139 646	6 359 065	9 498 711
Mortgage loans	263 273	1 712 151	1 975 424	248 804	1 595 862	1 844 666
Trading portfolio assets	1 064 409	170 194	1 234 603	666 293	298 018	964 311
Positive mark-to-market values of derivative financial instruments	25 636	177 972	203 609	24 521	154 049	178 570
Financial investments	1 059 846	724 044	1 783 890	962 683	771 379	1 734 062
Accrued income and prepaid expenses	88 828	18 690	107 518	88 862	22 985	111 847
Non-consolidated holdings	459	6 936	7 395	459	3 600	4 059
Tangible fixed assets	67 359	369	67 728	61 970	302	62 272
Intangible assets	11 358	176	11 534	5 330	170	5 500
Other assets	218 823	15 864	234 687	201 539	15 019	216 558
Total assets	**7 766 471**	**10 845 811**	**18 612 282**	**7 697 602**	**11 018 701**	**18 716 303**

	31.12.19			31.12.18		
Liabilities	Switzerland	International	Total	Switzerland	International	Total
Due to banks	2 020	7 883 080	7 885 101	67 780	7 287 762	7 355 542
Liabilities from securities financing transactions	-	-	-	-	387 951	387 951
Customer deposits	2 681 531	5 323 740	8 005 271	2 482 256	5 493 428	7 975 684
Trading portfolio liabilities	69 425	78 584	148 008	187 828	108 461	296 289
Negative mark-to-market values of derivative financial instruments	69 593	169 769	239 362	41 397	116 296	157 693
Accrued expenses and deferred income	166 289	43 708	209 997	195 035	48 516	243 551
Other liabilities	83 194	2 037	85 231	207 218	2 964	210 182
Provisions	157 698	13 372	171 070	209 470	9 348	218 818
Reserves for general banking risks	135 949	-	135 949	135 949	-	135 949
Share capital	320 271	-	320 271	320 271	-	320 271
Capital reserve	126	2 454	2 580	112	2 454	2 566
Retained earnings	1 381 326	22 093	1 403 419	1 365 734	20 237	1 385 971
Currency translation reserve	-7 736	-	-7 736	-7 073	-	-7 073
Own shares	-126	-	-126	-112	-	-112
Consolidated net profit/(loss)	10 391	3 495	13 886	27 255	5 766	33 021
Total liabilities and shareholder's equity	**5 069 950**	**13 542 332**	**18 612 282**	**5 233 120**	**13 483 183**	**18 716 303**

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

	31.12.19		31.12.18	
	Absolute value	Percentage	Absolute value	Percentage
Africa	144 936	1%	193 237	1%
Asia	1 524 859	8%	1 416 200	8%
Caribbean	839 178	5%	800 896	4%
Europe	7 396 270	40%	7 759 266	41%
o/w France	*3 139 370*	*17%*	*3 266 203*	*17%*
o/w United Kingdom	*873 426*	*5%*	*829 984*	*4%*
Latin America	178 443	1%	140 163	1%
North America	728 904	4%	706 970	4%
Oceania	33 221	0%	36 862	0%
Switzerland	7 766 471	42%	7 697 602	41%
Total assets	**18 612 282**	**100.00%**	**18 751 196**	**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 31.12.2019		Net international exposure at 31.12.2018	
Rating class[1]	in CHF	Percentage	in CHF	Percentage
1	7 942 579	73.46%	8 190 532	74,43%
2	0	0.00%	0	0,00%
3	913 488	8.45%	959 267	8,72%
4	877 019	8.11%	744 889	6,77%
5	94 039	0.87%	157 662	1,43%
6	106 584	0.99%	144 045	1,31%
7	97 868	0.91%	79 518	0,72%
Unrated	780 350	7.22%	727 813	6,61%
Total assets	**10 811 927**	**100.00%**	**11 003 726**	**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	2 174 139	3 183	273	227	2 177 822
Due from banks	1 277 853	232 972	142 260	148 401	1 801 485
Reverse repurchase agreements	-	-	-	-	-
Loans and advances to customers	1 125 326	2 634 901	4 573 805	672 554	9 006 586
Mortgage loans	341 020	1 238 776	1 767	393 860	1 975 424
Trading portfolio assets	1 234 603	-	0	-	1 234 603
Positive mark-to-market values of derivative financial instruments	170 189	10 360	22 862	199	203 609
Financial investments	998 881	58 122	433 173	293 715	1 783 890
Accrued income and prepaid expenses	89 440	8 266	8 326	1 486	107 518
Non-consolidated holdings	459	156	6 781	-	7 395
Tangible fixed assets	67 359	369	-	-	67 728
Intangible assets	11 358	176	-	-	11 534
Other assets	227 570	2 714	4 366	37	234 687
Total balance sheet assets	**7 718 196**	**4 189 995**	**5 193 612**	**1 510 479**	**18 612 282**
Settlement claims arising from currency spot, futures and options transactions	**2 873 147**	**3 108 913**	**7 558 346**	**3 632 365**	**17 172 771**
Total assets	**10 591 343**	**7 298 908**	**12 751 957**	**5 142 844**	**35 785 053**

	CHF	EUR	USD	Other	Total
Liabilities					
Due to banks	351 118	842 866	5 979 074	712 043	7 885 101
Liabilities from securities financing transactions	-	-	-	-	-
Customer deposits	1 280 944	3 512 869	2 278 428	933 029	8 005 271
Trading portfolio liabilities	148 008	-	-	-	148 008
Negative mark-to-market values of derivative financial instruments	218 286	17 018	3 055	1 003	239 362
Accrued expenses and deferred income	115 240	62 286	26 302	6 169	209 997
Other liabilities	62 114	20 044	2 978	96	85 231
Provisions	155 931	7 110	896	7 134	171 070
Reserves for general banking risks	135 949	-	-	-	135 949
Share capital	320 271	-	-	-	320 271
Capital reserve	126	2 454	-	-	2 580
Retained earnings	1 386 943	16 476	-	-	1 403 419
Currency translation reserve	-7 736	-	-	-	-7 736
Own shares	-126	-	-	-	-126
Consolidated net profit/(loss)	10 476	3 410	-	-	13 886
Total balance sheet liabilities and shareholder's equity	**4 177 543**	**4 484 532**	**8 290 733**	**1 659 474**	**18 612 282**
Settlement commitments arising from currency spot, futures and options transactions	**6 459 808**	**2 839 371**	**4 442 604**	**3 486 817**	**17 228 600**
Total liabilities and shareholder's equity	**10 637 351**	**7 323 903**	**12 733 337**	**5 146 292**	**35 840 883**
Net position by currency	**-46 008**	**-24 995**	**18 621**	**-3 447**	**-55 830**

4. Notes concerning off-balance sheet transactions

4.1) Breakdown of contingent assets and liabilities

	31.12.19	31.12.18
Loan collateral and related commitments	2 243 605	2 181 318
Warranties and similar	293 947	339 783
Irrevocable commitments under documentary credits	1 353 524	1 655 619
Total contingent commitments	**3 891 076**	**4 176 720**

4.2) Breakdown of loans by commitment

	31.12.19	31.12.18
Commitments arising from deferred payments	172 129	315 265
Other guarantees	42 517	102 264
Total	**214 646**	**417 529**

4.3) Breakdown of fiduciary transactions

	31.12.19	31.12.18
Fiduciary deposits with third party companies	16 121	32 561
Fiduciary deposits with related companies	3 989 855	3 397 812
Total	**4 005 976**	**3 430 373**

4.4) Assets under management

	31.12.19	31.12.18
Breakdown		
Type of administered assets:		
Assets under discretionary management agreements	5 002 968	3 981 985
Other assets under management	25 007 348	22 358 781
Total assets under management (including double-counted)	**30 010 316**	**26 340 766**
o/w double-counted	-	-

	31.12.19	31.12.18
Changes		
Total initial assets under management (including double-counted)	**26 340 766**	**28 036 592**
+/- Net funds inflows/outflows	121 358	-573 692
+/- Changes in prices, interest, dividends and exchange rates	1 532 272	-1 242 117
+/- Other effects	2 015 920	119 984
Total final assets under management (including double-counted)	**30 010 316**	**26 340 767**

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 2,265 million (2018: CHF 2,298 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.

The "Other effects" contributing to the CHF 2,016 million in assets under management in 2019 largely reflect the acquisition in November 2019 of a customer portfolio from another BNP Paribas Group entity.

5. Notes to the consolidated income statement

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

	31.12.19	31.12.18
Breakdown by business area		
Corporate Banking	3 386	2 672
Global Markets	11 780	8 368
ALM Treasury	6 294	6 688
Wealth Management	23 549	24 147
Total	**45 010**	**41 875**

	31.12.19	31.12.18
Result from use of fair value option		
Result from trading activities in:		
Fixed income instruments	12 358	532
Equity investments	2 266	3 662
Currencies	30 637	38 206
Precious metals	-251	-525
Total result from trading activities	**45 010**	**41 875**

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

	31.12.19	31.12.18
Negative interest paid[1]	-51 488	-55 704
Negative interest received[2]	10 760	15 428

[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

	31.12.19	31.12.18
Salaries and wages	-225 345	-218 837
o/w cost of share-based payments and alternative forms of performance-related compensation	*-37 441*	*-32 569*
Social security benefits	-22 884	-22 269
Employer's pension contributions	-31 541	-29 761
Other employee benefits expense	-54 573	-51 845
Total	**-334 343**	**-322 712**

5.4) Breakdown of other operating expenses

	31.12.19	31.12.18
Premises	-13 522	-17 073
Expenses related to information and communication technology	-39 274	-42 473
Expenses related to vehicles, machines, furnishings and furniture and other facilities, including operating leases	-1 527	-1 569
Auditors fees	-1 165	-1 284
o/w for statutory audit and prudential audit services	*-1 165*	*-1 284*
Other operating expenses	-78 354	-66 047
Total	**-133 841**	**-128 446**

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

A provision for restructuring costs was set aside in 2019 for the restructuring plan announced by the Bank on 28 November 2019. It accounts for the lion's share of the changes in provisions and other value adjustments and losses totalling CHF 38.8 million.

No significant losses were recorded in 2018.

Extraordinary income

Extraordinary income came to CHF 1.4 million in 2019. This amount reflected a CHF 0.7 million reversal of provisions taken in previous years and CHF 0.7 million in non-recurring income mainly from corrections to prior-year transactions.

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 provisions taken in previous years and CHF 2.4 million in non-recurring income mainly from corrections to prior-year transactions.

Extraordinary expense

Extraordinary expense came to CHF 0.3 million in 2019. 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:

	Switzerland	International	Total
Result from interest operations			
Interest income	499 004	26 698	525 702
Interest income and dividends from trading activities	3 709	-	3 709
Interest income and dividends from non-current financial assets	16 493	-	16 493
Interest expense	-313 059	-6 925	-319 983
Gross result from interest operations	**206 148**	**19 773**	**225 921**
Changes in value adjustments for loan losses and losses linked to interest transactions	-39 356	-	-39 356
Sub-total, net result from interest operations	**166 792**	**19 773**	**186 565**
Result from commission business and services			
Fees income from trading activities	129 262	12 405	141 667
Fees income from lending activities	58 542	598	59 140
Fees income from other services	15 525	933	16 458
Fees expenses	-49 064	-861	-49 926
Sub-total, Result from commission business and services	**154 265**	**13 075**	**167 340**
Result from trading activities and fair value option	**43 054**	**1 957**	**45 010**
Other ordinary banking income and expense	**49 984**	**462**	**50 446**
Total operating profit	**414 095**	**35 267**	**449 362**
Operating expenses			
Employee benefits expenses	-319 969	-14 374	-334 343
Other operating expenses	-119 665	-14 176	-133 841
Total operating expenses	**-439 634**	**-28 550**	**-468 184**
Value adjustments to investments, depreciation of property, plant and equipment, and amortisation of intangible assets	-8 317	-105	-8 422
Changes in provisions and other value adjustments, losses	-36 513	-2 243	-38 756
Operating profit	**-70 369**	**4 369**	**-66 000**

5.7) Current and deferred tax

	31.12.19	31.12.18
Current tax expense	-7 457	2 278
Reversal of provision for deferred tax liabilities	86 065	-
Increase in deferred tax assets	-	-
Reversal of deferred tax assets	-	-690
Total tax expense	**78 608**	**1 588**
Average tax rate	121.45%	-5,05%

Of the release of CHF 86.0 million in provisions for deferred taxes taken in 2019, CHF 75.8 million reflected the change in the tax rate applicable to the Bank from 24.2% to 14.4% with effect from 1 January 2020 and CHF 10.2 million the restatement of the CHF 71.2 million release of the provisions for unrealised gains recorded in the Bank's separate financial statements.

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

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, 2019.

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, 2019 give a true and 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

M. Meissner

Myriam Meissner
Licensed Audit Expert
Auditor in Charge

S. Morin

Sophie Morin
Licensed Audit Expert

Geneva, March 12, 2020


Acting for change

Partnerships

SOLARIMPULSE
AROUND THE WORLD IN A SOLAR AIRPLANE

BNP Paribas continues its commitment strategy with the Solar Impulse Foundation

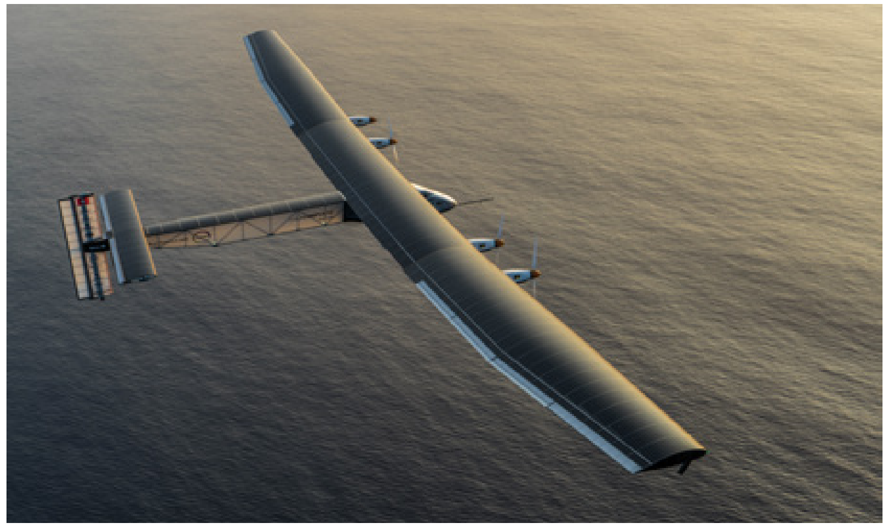
Partner of the Solar Impulse Foundation

The partnership with the Solar Impulse Foundation continues and demonstrates our desire to contribute to responsible and sustainable growth, serving the world in which we live. It thus supports the acceleration of the energy transition, through the selection of 1000 cost-effective and efficient solutions to meet environmental challenges and promote an economy with a positive impact.

As part of our partnership to help identify "1000 Efficient Solutions", a community of committed BNP Paribas volunteers in Switzerland in Geneva and Zurich made their skills in terms of reputation risk available throughout the year.

Since the beginning of the partnership, nearly 300 solutions have already been submitted to our volunteers.

As part of their partnership, BNP Paribas hosted a Hackathon for the Solar Impulse Foundation (SIF) in Paris. The aim of this day was to bring together technical experts from companies backing the SIF project – 1000 efficient solutions – and give them an opportunity to find people offering solutions.



swiss open
STARLING HOTEL GENEVA

BNP Paribas and the Swiss Open, a real partnership

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!

For six 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. Since its creation in 2002, the Foundation's mission has been to encourage talent. At the Swiss Open there are many!

Monique Vialatou *"This Swiss Open has had some fantastic matches, and is a major sporting event under the banner of solidarity where inclusion and respect are at the forefront".*

Think Cinema Lausanne is back for its second edition, after the second edition which gathered over 10 ,000 spectators in 2019. The bank, official partner and founder, is supporting the third edition of this annual international event set up by Vincent Perez, “Think Cinema Lausanne”.*

New for this third edition :

BNP Paribas Think Cinema prize – Meetings of the young short film director.

BNP Paribas is supporting youth creativity in Switzerland, in particular through its Foundation. As part of its policy of social engagement, BNP Paribas is also helping young people to make their professional and entrepreneurial dreams a reality. To coincide with this year’s Rencontres, the bank is launching the BNP Paribas Think Cinema Prize for young directors, which is aimed at ECAL students.
The prize offers students the opportunity to compete in an annual event with a prestigious profile in Switzerland and further afield and should act as a springboard for their future career trajectory.

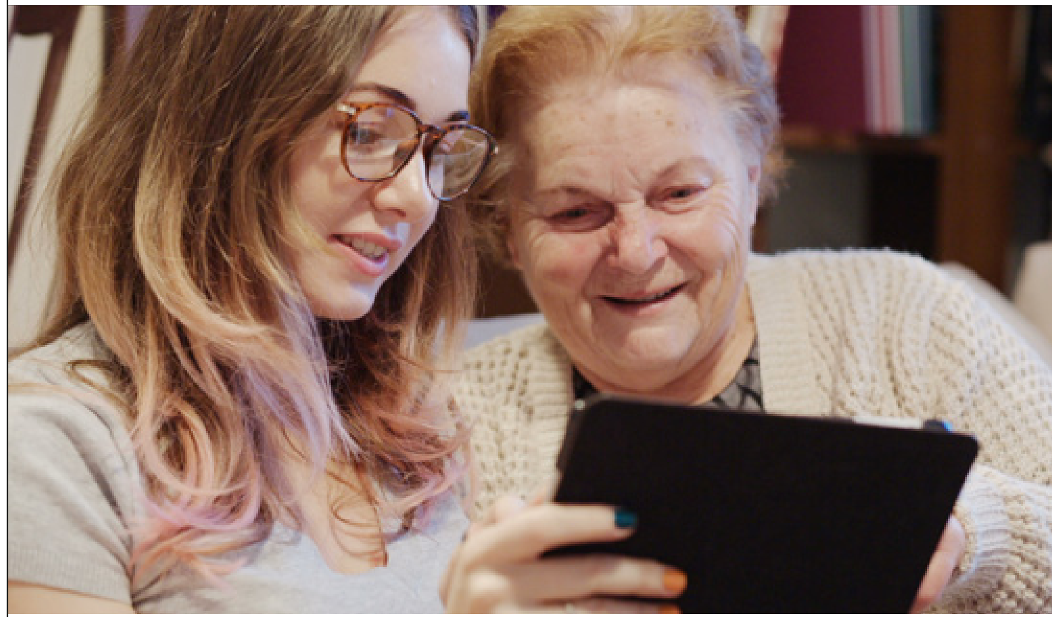
Monique Vialatou, CEO of BNP Paribas (Suisse) SA. “The cinema has naturally become an allied territory for the BNP Paribas brand and today, the Group is active across the entire value chain of the 7th art, from creation to distribution. With BNP Paribas you’ll always be inspired by cinema. We’re therefore delighted to support “Think Cinema Lausanne”. This third edition of a major event – between heritage and potential – shares values that are dear to us: transmission and innovation. We encourage all generations to participate in this reflection relating to the 7th art”.
**Event postponed due to Coronavirus outbreak*

It is an initiative funded and co-founded by the BNP Paribas Swiss Foundation. This initiative aims to tackle social isolation among the elderly and to help students find housing in Geneva.

“1h per m2 : a student under my roof“

In 2016, in partnership with Pro Senectute Genève and the University of Geneva, the BNP Paribas Swiss Foundation co-founded the “1h/m²: a student under my roof” programme. By offering intergenerational living accommodation based on the exchange of an unoccupied room for help with various tasks, this initiative aims to tackle social isolation among the elderly and to help students find housing in Geneva.

In three years, the number of beneficiaries has more than tripled. This represents more than 70 tandems in 2019.



YOJOA Partnership
BNP Paribas promotes the professional integration of young refugees (between 16-25 years old).
This programme is an integral part of the BNP Paribas Group's plan to support the hosting and integration of refugees in Europe.

YOJOA Partnership

Every year since 2018, the Bank in Switzerland has offered **summer internships for three refugee youths**. This initiative is part of a collaboration with YOJOA - Youth Job Accelerator programme which aims to promote the professional integration of young refugees in Geneva.

The BNP Paribas Swiss Foundation and "réalise" committed to the jobs of tomorrow.

"réalise"

On Monday 14 October, the BNP Paribas Suisse Foundation and social enterprise "réalise" entered into a major partnership and created the programme " OPPORTUNITY, Training today for tomorrow's job". The goal: roll out an innovative training model across Switzerland and promote equal opportunities to access new social, environmental and digital jobs.

Together, "réalise" and the BNP Paribas Swiss Foundation embody the values of **commitment** and **support for the transition** towards more sustainable, connected and shared growth.

The OPPORTUNITY programme has been jointly set up by the two partners with the aim of introducing the adult education model created by "réalise", which focuses on the most promising economic sectors for present and future employment, in between three and five Swiss cantons.

Employees' involvement

Volunteering Hours and social engagement platform Alaya

The social engagement platform, Alaya

BNP Paribas in Switzerland offers to each employee an annual allowance of sixteen "volunteering hours". A digital and community platform is simultaneously launched to connect easily with the associative world.

With the will to contribute to a better future and to be the bank for change, BNP Paribas wants to share with its employees the ambition to bring a positive and sustainable impact on society, including through social engagement. The Group has thus set a goal to **reach 1 million of hours** of corporate volunteering by 2020.

BNP Paribas (Suisse) SA launches its platform for solidarity engagement with the start-up Alaya at the same time. All the group's employees in Switzerland can now benefit from access to a digital platform that allows them to visualize the concrete needs of local associations and to respond to them by volunteering in the field, skills volunteering, fundraising or donating objects.

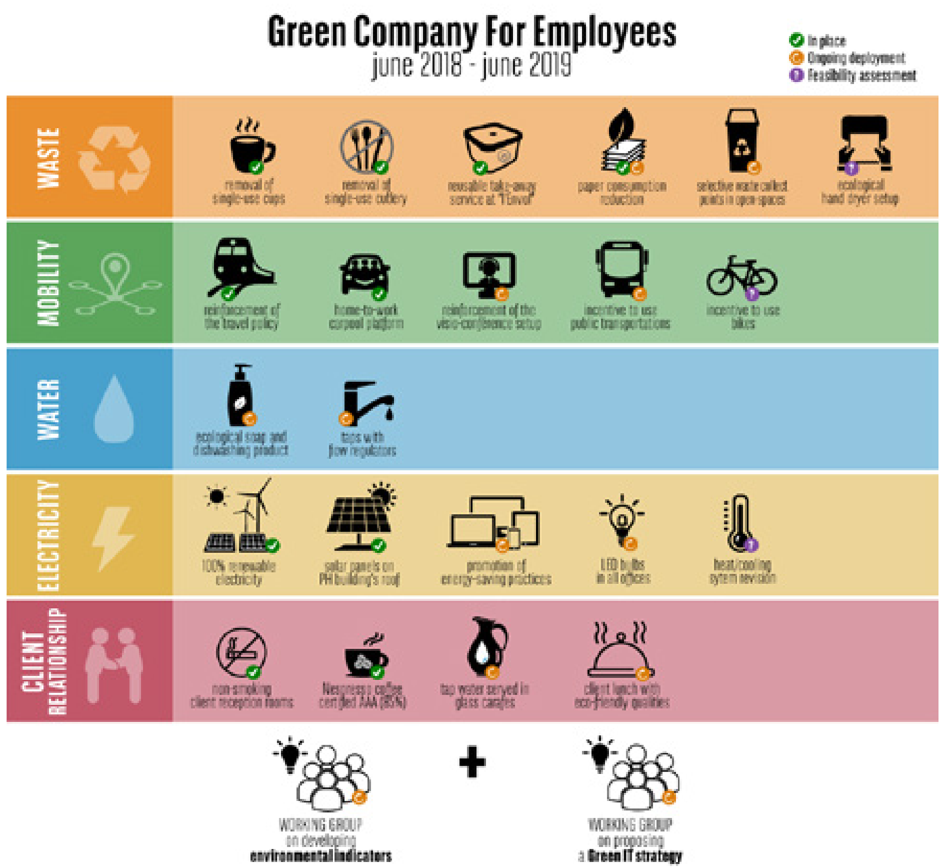
Concrete projects to reduce our carbon footprint and mobilize all employees in the environmental approach.

Green Company for Employees

Both inside and outside the company, our daily actions and behaviour have an **impact on the environment**, whether in terms of CO2 emissions, water, electricity and paper consumption, or even how much waste we produce.

In line with its ambition to be a responsible and engaged bank, at the end of 2017 the Group decided to go **carbon neutral**. The reduction of the bank's carbon footprint has also become a driver of **individual and collective change, impact and participation**.

For this reason, the Swiss Management team set up a series of concrete measures, aiming to promote **more eco-responsible behaviour through the "Green Company for Employees"** programme.



Coffee for Change

Know more about the UN's 17 Sustainable Development Goals (SDGs) and the local organisation working to achieve them through a monthly meet-up for coffee and a chat.

Coffee For Change

Coffee for Change: the monthly event for discussing the UN's Sustainable Development Goals
In order to raise awareness of the 17 UN Sustainable Development Goals and to promote the action of an association acting locally on these challenges, BNP Paribas' Engagement department in Switzerland has set up monthly coffee meetings. This is an ideal opportunity to meet local players and discuss about concrete actions to contribute to a more sustainable society.

Launched in February 2019, these events are open to BNP Paribas' employees and aim at discussing the SDG of the Month over coffee. Called Coffee for Change, these **30-minute sessions** take place **every month** and allow them to **find out about local initiatives** that tackle global issues.

There is more than just coffee: information will also be provided about collective initiatives and articles centred on this SDG theme.

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!

At BNP Paribas in Switzerland we are proud to promote the Inclusion of all regardless of people's sexual orientation or gender identity through Pride network.

Launch of the Pride network

The Pide network in Switzerland is committed to promoting the inclusion of all employees, regardless of their sexual orientation or gender identity, in daily life. This means inclusion in society, but more specifically within our bank.

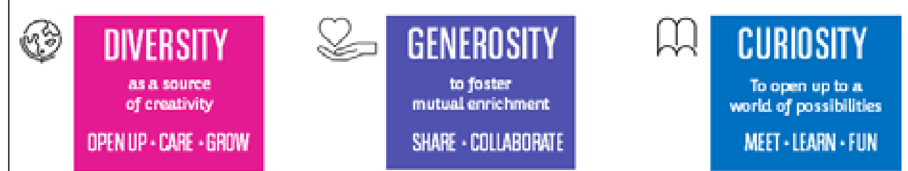
> "BE YOURSELF, EVERYONE ELSE IS ALREADY TAKEN"
>
> *Oscar Wilde*

What is WeGen? WeGen is an interactive, inclusive and inspiring network, with fresh ideas, supported by some 240 members.

WeGenerations

It is open to all employees where users can exchange ideas and enjoy exciting events together. Expanding the network, sharing experiences, exploring new horizons – we aim to get different generations talking and moving forward together.

In 2019, WeGen organised around **fifteen events** in Geneva and Zurich to:
- Exchange between employees on the bank's business lines,
- Sharing experiences as an elite athlete
- Meet with researchers and experts at round table discussions
- Expand your network
- Encouraging creativity



Positive Impact Business

BNP Paribas in Switzerland organises for the first time a «Diversity and Inclusion Week».

Diversity and Inclusion Week

Gender, sexual orientation, disability, age, parenthood, background, bias and stereotypes: these are subjects at the heart of BNP Paribas' principles. Diversity and Inclusion in the workplace is a challenge that cncerns each of us in our daily relationships. Respect for differences and valuing each individual are core values of BNP Paribas in Switzerland.

The bank has therefore organised workshops, conferences and other forms of meetings to exchange with experts on these subjects.

At BNP Paribas, and for more than ten years, we have been committed to creating a business model that makes the bank an 'accelerator' of the ecological transition.

BNP Paribas, the best European climate bank according to ShareAction

This decision has been a necessary one given the **climate emergency**, but it is also a demanding one when we consider that BNP Paribas had its origins in banks created in the nineteenth century to advance the industrial revolution, and also that the bank has always made financing companies a major focus of its business.

While this legacy does not bestow any advantage on us regarding comparisons of exposure to fossil fuels, it does give us a significant capacity to contribute to a **less carbon-intensive world** while enabling people to continue to work, care for themselves, heat their homes and move around. Rather than simply turning away from clients involved in fossil fuels—and leaving them to financial institutions less sensitive to climate matters—we are building a dialogue with them and directing our efforts to help them change practices and **step up their own ecological transition.**

Today, after a first study published in 2017, ShareAction has ranked **BNP Paribas for the second time running as the best European bank in terms of contributing to climate-risk management**. ShareAction is an independent, British NGO created 12 years ago. It seeks to transform the financial system by directing investors towards projects that benefit communities and the environment.

Many examples explain BNP Paribas' position. To date it remains **the only bank to exclude financing of companies specialising in non-conventional hydrocarbons** (shale gas, oil sands, etc.) and is part of the small group of banks having a **precise timetable for exiting coal**. Also highlighted as leading practices are the products and services developed by BNP Paribas with public institutions (EBRD, UN Environment, etc.) to foster climate resilience.

BNP Paribas has expressed its desire to be a **sustainable-finance leader** in its 'company purpose'. Our commitment to this principle obliges us to take far-reaching actions that are only just beginning.

We need to be able to **analyse the environmental footprint** of our entire loan portfolio—that of companies today and that of individuals tomorrow—and direct it so it aligns progressively with the objectives of the Paris agreement. This is an effort we must undertake ourselves and also by working with peers, regulators and the entire ecosystem of governmental and non-governmental organisations that is developing standards to assess, in a reliable, comparable way, the impact and environmental risks of banks and their customers.

BNP Paribas' teams are fully mobilised to contribute, together with their clients, to this **transformation vital for our collective future**.

Thanks to the new Sustainable Advisory service, our clients can invest in line with their values

Sustainable Advisory service with positif impact

Resolutely committed to the UN Sustainable Development Goals, the Advisory and Impact Solutions teams launched a new investment advisory service.

Thanks to the Sustainable Advisory service, clients can enjoy a **high level of customisation** allowing them to **align their investments with their values**.

In addition to traditional financial analysis, this approach also creates long-term value by **anticipating the social and environmental risks** to which an investment portfolio is exposed, while capturing **sustainable development growth opportunities**.

Thanks to this new investment concept, Wealth Management is demonstrating its commitment to a **more sustainable economy**, by offering its clients a stand-out service.

With the Sustainable Advisory service, our clients and employees become **genuine drivers of change**.

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