# PUBLIC SECTION

# BNP Paribas 165(d) Resolution Plan
# Bank of the West IDI Resolution Plan

## 1. Introduction

BNP Paribas (“BNPP SA” and its subsidiaries and affiliates, collectively referred to as “BNPP”, “BNPP Group” or the “Group”) is a foreign bank holding company with operations in the United States (“US”) and more than USD 50 billion in total consolidated assets. Therefore, BNPP SA is deemed to be a “covered company” in accordance with the rule requiring the preparation and submission of a resolution plan for systemically important financial institutions (“165(d) Rule”). The 165(d) Rule was issued by the Board of Governors of the Federal Reserve System (“FRB”) and the Federal Deposit Insurance Corporation (“FDIC”) to implement Section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”).

As required by regulation, BNPP’s US Resolution Plan (“RP”) is provided in two parts:

- BNPP’s 165(d) Resolution Plan (“165(d) RP”) has been developed in accordance with the requirements of Section 165(d) of the Dodd-Frank Act. The Public Section of the 165(d) RP is provided in Section 2; and
- BNPP’s subsidiary, Bank of the West (“BOW”), is an insured depository institution (“IDI”) regulated by the FDIC. BOW has developed an IDI Resolution Plan (“IDI RP”) in accordance with the FDIC’s rule requiring the preparation and submission of a resolution plan for covered IDIs (“IDI Rule” and, together with the 165(d) Rule, the “Rules”). An IDI RP is required for IDIs with USD 50 billion or more in total assets (“CIDIs”). The Public Section of the IDI RP is provided in Section 3.

The FDIC and the FRB have each, by rule and through the supervisory process, prescribed the assumptions, required approach, and scope for these RPs, and have required that certain information be included in a Public Section of each RP. BNPP SA, on behalf of itself and its subsidiaries, submits this Public Section (including the Public Section of the IDI RP, submitted by BOW by its inclusion as Section 3) in compliance with those Rules and related guidance. The 165(d) and the IDI RP together comprise a plan by which BNPP believes it would achieve a rapid and orderly resolution of its US operations in a manner that would avoid serious adverse effects on financial stability in the US. In addition, the IDI RP would enable the FDIC, as receiver, to resolve BOW in a manner that ensures that depositors receive access to their insured deposits within one business day of BOW’s failure (two business days if the failure occurs on a day other than Friday), maximizes the net present value return from the sale or disposition of its assets, and minimizes the amount of any loss realized by BOW’s creditors in the bank.

# 2. 165(d) Resolution Plan

## 2.1 Executive Summary

Since submitting its first RP to the US authorities in 2013, BNPP has made substantial progress towards improving the bank's operational readiness for resolution and demonstrating that an orderly resolution of BNPP's Material Entities ("MEs") in the US ("US Operations") is feasible. All levels of the organization remain committed to the continued enhancement of BNPP's resolution preparedness over the coming years, recognizing the importance of this issue in addressing "too big to fail" in the highly unlikely event that the bank faced a situation that forced its US Operations into resolution.

The analysis in the RP shows that BNPP could execute an orderly resolution of its US Operations, which include two broker-dealer businesses, a NY branch, and an IDI. This assessment builds on a hypothetical scenario reflective of the Several Adverse scenario of the Dodd-Frank Act Stress Testing ("DFAST") as well as an internally calibrated market shock, and incorporates systemic and idiosyncratic liquidity stresses more severe in aggregate than the Liquidity Coverage Ratio parameters.

The ability to execute an orderly resolution of BNPP's US Operations is enhanced by the relatively low complexity of the businesses it engages in combined with the low risk and highly liquid nature of their balance sheets. Particular attributes of BNPP's two US broker-dealer businesses and BNP Paribas NY Branch (" BNPP NY Branch") supporting an orderly resolution include:

- **The low risk profile and complexity of the businesses relative to other global systemically important banks' broker-dealers:** BNPP's two broker-dealers focus primarily on market-making activities for highly liquid instruments, including US Government Securities Trading, prime brokerage, margin loans, repurchase transactions ("repos") on government and high quality corporate securities, and financing solutions for corporate and institutional banking clients. This significantly limits the broker-dealers' loss exposure in the event of a period of stress in the market and reduces the potential losses to creditors in a resolution situation.
- **Highly liquid nature of the balance sheets:** The assets of BNPP's two US broker-dealer businesses are composed overwhelmingly of highly liquid assets, including US Treasury securities, Agency debt and Agency MBS, and short-dated reverse repos and margin loans. Moreover, derivatives are generally not held in the U,S. broker dealers, simplifying resolution and the unwinding of positions. The substantial liquidity generating capacity provides significant scope for maintaining the operations required for a managed wind-down of the operations during resolution.
- **Simple organizational structure:** BNPP's entities are part of a simple legal structure (see Table 2-1) that facilitates transparency and clarity on the actions needed for resolution and helps to limit interconnections between entities. This

facilitates their orderly resolution by enabling an efficient separation and wind-down of each business.

In addition, BNPP's RP demonstrates that the resolution of its US Operations will not cause material instability to the US financial system. This is due to the limited footprint of the US Operations on both an aggregate basis and by core business line.

BNPP has and continues to make improvements to its RP, with significant efforts invested in the identification and ex-ante mitigation of potential impediments to resolution. Improvement initiatives in 2015 have included:

- Preparation of a financial projection model to support the identification of issues and to analyze the liquidity generating capacity of the US MEs under a hypothetical resolution scenario.
- Improved ability to maintain continuity of both internal shared services and third-party services.
- Addressing cross-default and early termination provisions in financial contracts.
- Enhancements to operational preparedness for resolution including detailed communication planning, staff retention, customer account transfer and monitoring and reporting.

While no reliance is made on the Group's strategy for the purposes of this plan (as per regulatory guidance received in the US), it should be noted that BNPP's group-level resolution strategy is built around a Single Point of Entry ("SPOE") approach. This is in line with regulatory guidance provided by France's Autorité de Contrôle Prudentiel et de Résolution[1]. If implemented, the group-level resolution strategy would provide further support for the orderly wind-down of BNPP's US Operations.

**2016 will see significant developments which will further improve resolvability**

BNPP has made significant enhancements to its RP this year, and will continue to make further progress in the coming year. 2016 will be a year of transition with the creation of our Intermediate Holding Company ("IHC") and the entry into full operation of the European Banking Union's Single Resolution Mechanism, which will be catalysts for the further strengthening of BNPP's resolvability.

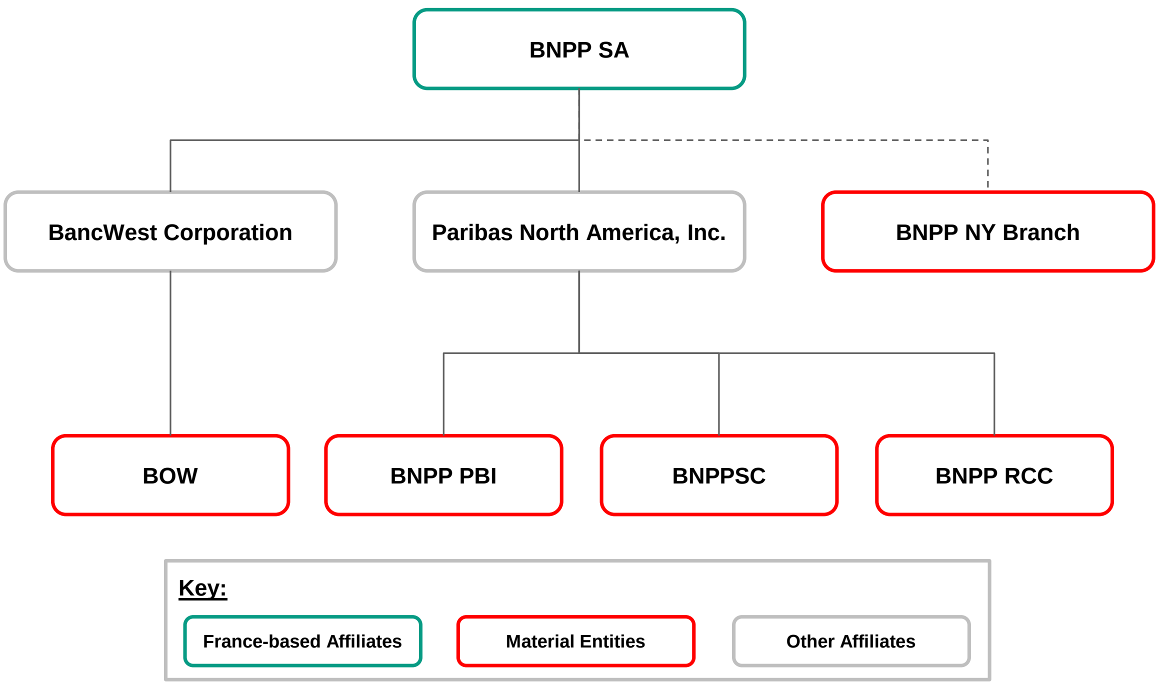
[1] Communication on the Resolution Strategy of ACPR Resolution Board, 12 March 2014

## 2.2 Presentation of the Resolution Plan for BNPP's US Operations

### 2.2.1 Material Entities

BNPP's US RP describes how the bank would execute an orderly resolution of the five US MEs identified in the RP. A summary of the US MEs is included in the table below.

**Table 2-1: Overview of BNPP's Material Entities in the US – simplified structure**




BNPP's US MEs are primarily engaged in low risk, low complexity businesses and product lines.

Summary description of the MEs in the US:

- BNP Paribas Securities Corp. ("BNPPSC") is a registered broker-dealer, focusing in the fixed income markets, including US Government Securities Trading, corporate fixed income securities trading, agent activities, clearing, and investment banking, advisory activities and futures commission merchant ("FCM") services.
- BNP Paribas Prime Brokerage Inc ("BNPP PBI") is a registered broker-dealer, offering prime brokerage and FCM services. Prime brokerage services include

secured financing, securities settlement, custody, capital introduction and securities lending to hedge funds, investment companies, affiliates and others. FCM services include providing commodity clearing and execution services to various affiliates and institutional customers.

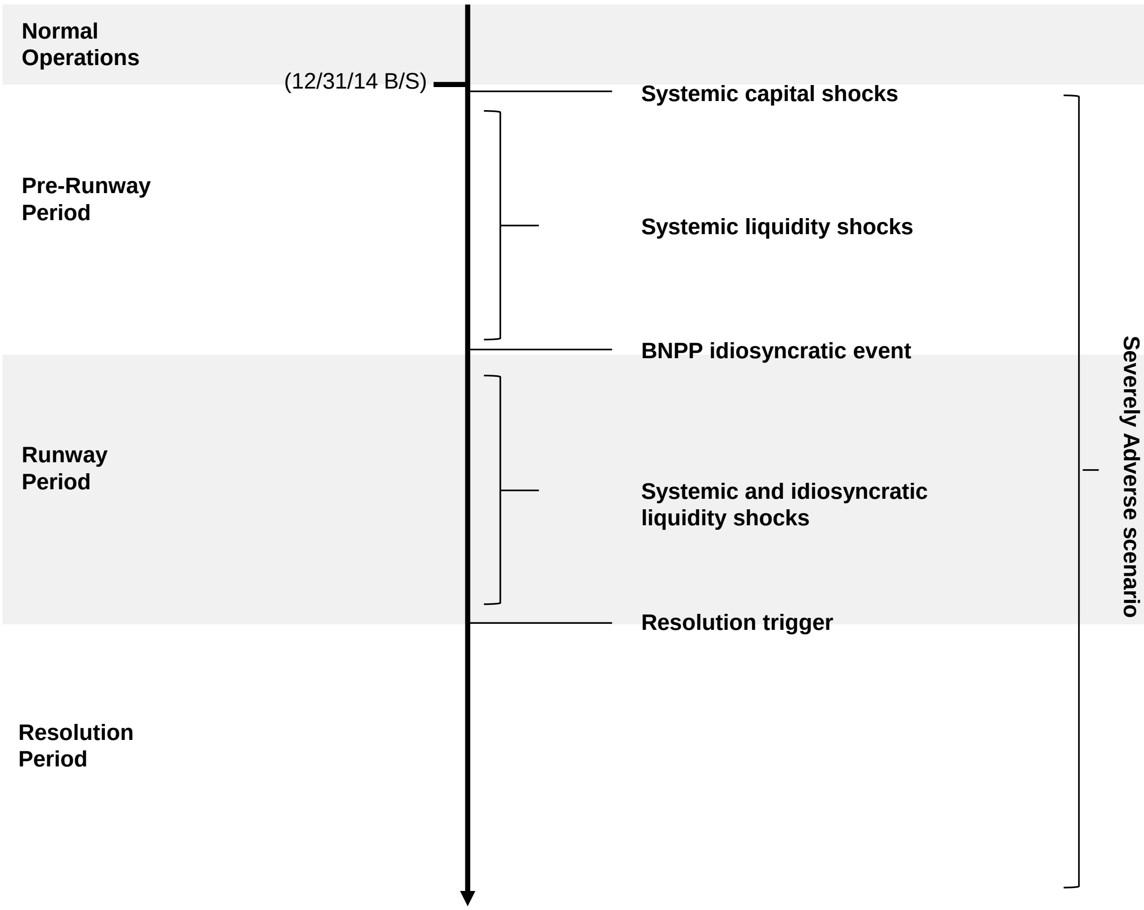
- BNPP NY Branch primarily conducts corporate banking activities for a range of clients.
- BNP Paribas RCC, Inc ("BNPP RCC") is a shared services company that provides operational and functional support to BNPPSC, BNPP PBI, and BNPP NY Branch.
- BOW is a retail and commercial bank licensed in California with a network of 565 branches spread across 19 US states.

### 2.2.2 The Sequence of the Strategy

The RP describes BNPP's resolution strategy for its US Operations and illustrates its implementation through a hypothetical resolution scenario. This hypothetical scenario assumes a combination of a systemic capital shock (based on the DFAST Severely Adverse scenario) and systemic and idiosyncratic liquidity shocks that reflect a severe macroeconomic recession.

The timeline leading to resolution is split into a 30-day pre-runway period ("Pre-Runway Period") and a 24-day runway period leading up to resolution ("Runway Period") as per the diagram in Table 2-2.

**Table 2-2: Overall timeline and sequence of events**




During the Pre-Runway Period, the MEs are assumed to be subject to system-wide capital and liquidity shocks that lead to losses and funding stress. Towards the end of the Pre-Runway Period, BNPP experiences an idiosyncratic stress event such as a material credit downgrade at the group level. Together, the system-wide shocks and idiosyncratic stress result in a state where recovery actions would be inadequate and the MEs would enter the Runway Period leading to resolution.

During the Runway Period, the MEs would suffer additional idiosyncratic liquidity shocks as well as the continued effect of system-wide market shocks. As BNPP's financial condition deteriorates, providers of funding are assumed to reduce their exposure by ceasing to engage in certain trades with the bank. BNPP would activate its liquidity contingency plans ("LCPs") in response to these shocks; the LCPs aim to manage liquidity sources in order to meet current and future financial obligations in stressed or abnormal circumstances. For the purposes of modeling the Runway Period, it is assumed no recovery actions will be adequate to prevent entry into resolution.

At the end of the Runway Period, each of the MEs (excluding BNPP RCC) is assumed to fail and enter resolution.

### 2.2.3 Resolution Strategy for the Material Entities

The RP submission describes the strategy for BNPP's MEs in the US, and is supported by a financial projection model to simulate the financial position of each ME during resolution. The US resolution strategy consists of a Multiple Point of Entry approach for the US entities, where orderly liquidations are implemented separately for each of BNPPSC, BNPP PBI, and BNPP NY Branch, while the assets and certain liabilities of BOW would be transferred out of FDIC receivership first to a Bridge Bank and then to third-party acquirers. BNPP RCC, a service company, would not enter resolution, but would be voluntarily liquidated once the resolutions of the other MEs are substantially completed.

**Table 2-3: Resolution Strategy by Material Entity**

| Material entity | Orderly liquidation | Bridge bank |
|---|---|---|
| BNPPSC | X | |
| BNPP PBI | X | |
| BNPP NY Branch | X | |
| Bank of the West | | X |
| BNPP RCC | X (voluntary) | |

The results of the financial projection model indicate that US taxpayers would not bear any losses as a consequence of the implementation of BNPP's strategy. Further details are provided below on the specific strategies for each ME:

**BNPPSC**

BNPPSC would be wound down after the initiation of a Securities Investor Protection Act ("SIPA") proceeding by a trustee appointed by Securities Investor Protection Corporation ("SIPC Trustee"). Since BNPPSC is expected to have customers eligible for protection under SIPA, Securities Investor Protection Corporation ("SIPC") can exercise its discretion to bring the liquidation proceedings under SIPA, which would supersede any proceedings initiated under the Bankruptcy Code. Consequently, the RP assumes that a SIPA proceeding would be the regime used to resolve BNPPSC instead of a Chapter 7 liquidation.

Under the resolution strategy, the SIPC Trustee would transfer customer accounts to a solvent broker-dealer and transfer BNPPSC's FCM customer accounts to a solvent FCM. The SIPC Trustee would then liquidate the remainder of BNPPSC's broker-dealer business and FCM business.

**BNPP PBI**

BNPP PBI would be wound down after the initiation of a SIPA proceeding by a SIPC Trustee. Since BNPP PBI is expected to have customers eligible for protection under SIPA, SIPC can exercise its discretion to bring the liquidation proceedings under SIPA, which would supersede any proceedings initiated under the Bankruptcy Code. Consequently, the RP assumes that a SIPA proceeding, and not a Chapter 7 liquidation, would be the regime used to resolve BNPP PBI. The SIPC Trustee would transfer customer accounts to a solvent broker-dealer and transfer BNPP PBI's FCM customer accounts to a solvent FCM. The SIPC Trustee would then liquidate the remainder of BNPP PBI's broker-dealer business and FCM business.

**BNPP NY Branch**

The BNPP NY Branch would be seized by the Superintendent of the New York State Department of Financial Services, who would then commence liquidation. The Superintendent would take control of the assets of the BNPP NY Branch, resolve any competing claims, and seek to liquidate the assets to satisfy the claims of creditors of BNPP NY Branch in an orderly and transparent process. To the extent that the assets of the BNPP NY Branch would not be sufficient to satisfy the claims of all unaffiliated creditors, the Superintendent has the authority to seize other assets of BNPP SA located in New York and dispose of them to satisfy unaffiliated creditor claims.

**BOW**

BOW would be resolved under the Federal Deposit Insurance Act ("FDIA") by the FDIC, following its appointment as receiver. The BOW preferred resolution strategy provides for the creation of a Bridge Bank and a transfer of the Bank's assets and certain loan portfolios and business units that BOW believes would be desirable from the Bridge Bank to third-party prospective purchasers. Based on BOW's analysis, this strategy is likely to be the least costly resolution strategy that could be effected by the FDIC. The Bank's assets and deposit liabilities should be a desirable target for potential acquirers due to its attractive deposit mix, presence in high-growth Western markets (e.g., California, Colorado), its expertise in specific niche banking areas, such as agriculture, religious institutions, and certain areas of consumer finance, and its strong credit culture. As required by the December 2014 guidance from the FDIC on IDI RPs, the BOW IDI

RP includes analysis of additional resolution strategies, specified by the FDIC, including an initial public offering and liquidation of the Bank.

**BNPP RCC**

BNPP RCC, a dedicated service company that provides services to the other MEs, is assumed not to fail. It is not regulated as a financial or banking entity, and it would not enter resolution proceedings. During the Runway Period and in resolution, the service and maintenance of systems supported by BNPP RCC is expected to continue to operate in accordance with relevant inter-affiliate agreements until such service is no longer required. Access to systems hosted by BNPP RCC would continue during the Runway Period and in resolution. BNPP RCC would be voluntarily liquidated once the other MEs were substantially resolved.

### 2.2.4 Measures Taken to Improve Resolvability

BNPP has implemented a significant number of steps in recent years to improve the resolvability of its US Operations through a robust identification and ex-ante mitigation of potential impediments. Recent measures taken in 2015 include the following:

**Creation of a Financial Projection Model for the Resolution Scenario**

BNPP developed a financial model to assess the liquidity and balance sheet for MEs individually throughout the resolution timeline. This has supported the further enhancement of BNPP's RP by:

- Ensuring that the MEs have liquidity generating capacity to support the orderly execution of the resolution strategy under the hypothetical scenario.
- Identifying potential impediments to resolvability arising over the course of the wind-down of the MEs.

**Maintaining Continuity of Shared Services**

The continued provision of shared services to the MEs in resolution is a key component in ensuring that Critical Operations and Core Business Lines ("Core BLs") can be maintained appropriately in the Runway and Resolution Periods.

Recognizing the importance of this topic, BNPP has conducted a review of its service level agreements ("SLAs") and multilateral service agreements ("MSAs") that cover the provision of services provided by one BNPP affiliate to another. As part of its initiative, BNPP has:

- Reviewed and updated its inventory of SLAs and MSAs.
- Established new SLAs and MSAs for key services.

As a part of this initiative, BNPP has identified and continues to implement amendments to certain provisions of key SLAs and MSAs to facilitate the continued provision of services during times of stress and in resolution.

**Maintaining Continuity of Third-Party Services**

BNPP also recognizes the importance of ensuring the continued provision of services provided to its US Operations by third parties during times of stress and in resolution. During resolution, certain vendor-based services would be necessary to support the orderly wind-down of BNPP's MEs.

As part of its efforts to improve resolvability, BNPP has implemented the following initiatives:

- Identification of key third-party service providers with the aim of including resiliency-in-resolution terms in new contracts, as appropriate, and revision of existing contracts to include resiliency in resolution on a case by case basis.
- Analysis of BNPP's payment, clearing, and settlement activities and identification of the Financial Market Utility providers ("FMUs") that would be material to the MEs in executing the resolution strategies.
- Identification and assessment of contingency options for the services provided by key FMUs and other parties providing payment, clearing, and settlement services.

**Operational Preparedness for Resolution**

The successful implementation of an orderly resolution of BNPP's US Operations requires a high level of operational preparedness within the organization. This includes appropriate management and governance structures, communication plans, staff retention strategies, and management information systems that support an orderly resolution.

BNPP has invested this year in the further improvement of its operational preparedness for resolution. Particular initiatives implemented recently include:

- Development of an operational plan for the efficient transfer of customers' accounts from BNPP's US broker-dealers, BNPPSC and BNPP PBI, to other broker-dealers in a timely and efficient manner once in resolution.
- Enhancement of BNPP's processes for monitoring intraday liquidity and funding needs in order to reduce intraday dependencies, facilitate collateral management, and enhance the MEs' ability to meet payment system obligations in a stressed environment.
- Refinement of its personnel retention strategy through the identification of the key functional roles that would be required in resolution and developed a retention strategy to retain key personnel in resolution
- Development of a detailed communications plan for the periods leading to and during resolution. The purpose of the plan is to facilitate internal escalation and crisis

response in times of distress, and to plan for appropriate communication with regulators and key external and internal stakeholders to facilitate orderly resolution.

**Addressing Cross-Default and Early Termination Provisions in Financial Contracts**

BNPP is addressing the industry-wide concern about cross-default provisions and early termination rights that may be triggered when insolvency proceedings begin. These triggers may present roadblocks in resolving entities with a significant number of qualified financial contracts (“QFCs”).

- Identification and review of the QFCs in which a US ME is a party to determine which QFCs have affiliate cross-default provisions.
- Active participation in the development of, and signatory to, the revised International Swaps and Derivatives Association 2015 Resolution Stay Protocol (“ISDA Protocol”), which extends the scope of the ISDA protocol agreed in 2014 to cover the main Securities Financing Transactions master agreements which are used globally in the markets as well as ISDA Master Agreements.

### 2.2.5 Plans for Further Enhancement

BNPP is in the process of establishing a US IHC, as required under the FRB’s Final Rule on Enhanced Prudential Standards (“EPS”) for Bank Holding Companies and Foreign Banking Organizations. Once fully implemented, the US IHC will be required to maintain capital and liquidity resources under US Basel III standards in keeping with the enhanced prudential standards promulgated by the FRB under Section 165 of the Dodd-Frank Act.

The creation of an IHC will support the continued improvements in the resolvability of BNPP’s US Operations, for example through the adoption of a US SPOE strategy for the US RP. As part of the IHC implementation process, BNPP will be undertaking a series of initiatives to support the continued improvements to its resolvability. These will include:

- Incorporating the financial projection model into the IHC modeling infrastructure
- Further developments in MIS reporting to support operations during resolution
- Enhancements in intra-day funding and liquidity monitoring
- Improved monitoring of affiliate cross-default and cross-netting provisions

In addition, BNPP’s IHC will be compliant with the FRB’s proposed Total Loss Absorbing Capital requirements.

## 2.3 Overview of BNP Paribas

BNPP is one of the world's largest global banking organizations, is headquartered in Paris, and has significant global activity managed from Paris and London. It is present in 75 countries and has almost 188,000 employees. As at 31 December 2014, BNPP had three primary operating divisions: Retail Banking ("RB"), Corporate & Investment Banking, and Investment Solutions.

In 2015, the Group has reorganized certain businesses:

- **Retail Banking and Services, which includes:**
  - Domestic Markets, comprising:
    - French Retail Banking;
    - BNL banca commerciale, Italian retail banking;
    - Belgian Retail Banking ;
    - Other Domestic Markets activities including Luxembourg Retail Banking
  - International Financial Services, comprising:
    - Europe-Mediterranean;
    - BancWest;
    - Personal Finance;
    - Insurance;
    - Wealth and Asset Management.

- **Corporate and Institutional Banking ("CIB"), which includes:**
  - Corporate Banking;
  - Global Markets;
  - Securities Services.

The following summary financial information for BNPP was prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted in the European Union, rather than US GAAP, as of and for the year ended December 31, 2014. This information is taken from the audited consolidated financial statements included in BNPP's Annual Registration Document, the French-language version of which was filed with the Autorité de contrôle prudentiel et de résolution ("ACPR") on March 6, 2015.

**Table 2-4: BNPP Group Balance Sheet**

| Balance Sheet | (in EUR millions) |
|---|---|
| **Assets** | |
| Cash and amounts due from central banks | 117,473 |
| Financial instruments at fair value through profit or loss | |
| Trading securities | 156,546 |
| Loans and repurchase agreements | 165,776 |
| Instruments designated at fair value through profit or loss | 78,827 |
| Derivative financial instruments | 412,498 |
| Derivatives used for hedging purposes | 19,766 |
| Available-for-sale financial assets | 252,292 |
| Loans and receivables due from credit institutions | 43,348 |
| Loans and receivables due from customers | 657,403 |
| Remeasurement adjustment on interest-rate risk hedged portfolios | 5,603 |
| Held-to-maturity financial assets | 8,965 |
| Current and deferred tax assets | 8,629 |
| Accrued income and other assets | 110,088 |
| Equity-method investments | 7,371 |
| Investment property | 1,614 |
| Property, plant, and equipment | 18,032 |
| Intangible assets | 2,951 |
| Goodwill | 10,577 |
| **Total Assets** | **2,077,759** |
| | |
| **Liabilities and Equity** | |
| Liabilities | |
| Due to central banks | 1,680 |
| Financial instruments at fair value through profit or loss | |
| Trading securities | 78,912 |
| Borrowings and repurchase agreements | 196,733 |
| Instruments designated at fair value through profit or loss | 57,632 |

| Balance Sheet | (in EUR millions) |
|---|---|
| Derivative financial instruments | 410,250 |
| Derivatives used for hedging purposes | 22,993 |
| Due to credit institutions | 90,352 |
| Due to customers | 641,549 |
| Debt securities | 187,074 |
| Remeasurement adjustment on interest-rate risk hedged portfolios | 4,765 |
| Current and deferred tax liabilities | 2,893 |
| Accrued expenses and other liabilities | 87,798 |
| Technical reserves of insurance companies | 175,214 |
| Provisions for contingencies and charges | 12,337 |
| Subordinated debt | 13,936 |
| **Total Liabilities** | 1,984,118 |
| | |
| Consolidated Equity | |
| Share capital, additional paid-in capital, and retained earnings | 83,162 |
| Net income for the period attributable to shareholders | 157 |
| Total Capital, Retained Earnings and Net Income for the Period Attributable to Shareholders | 83,319 |
| Change in assets and liabilities recognized directly in equity | 6,091 |
| Shareholders' Equity | 89,410 |
| Retained earnings and net income for the period attributable to minority interests | 4,097 |
| Changes in assets and liabilities recognized directly in equity | 134 |
| Total minority interests | 4,231 |
| **Total Consolidated Equity** | **93,641** |
| **Total Liabilities and Equity** | **2,077,759** |

Source: BNPP Annual Registration Document

### 2.3.1 Major funding sources

At year-end 2014, equity, customer deposits, and medium- and long-term resources represented a surplus of EUR 144 billion compared to the funding needs of client activity and tangible and intangible assets. BNPP's liquid and asset reserves immediately available totaled EUR 291 billion.

BNPP's Group Asset & Liability Management - Treasury function is responsible for managing liquidity reserves, which comprise assets that can be easily liquidated in the event of a liquidity event. The liquidity reserve comprises deposits with central banks, available securities that can be immediately sold on the market or through a repurchase agreement, and available securities and loans that can be refinanced with central banks.

Liquidity stress tests are performed regularly on various maturities and are based on market factors and/or factors specific to BNPP. The availability of sufficient reserves in the liquidity buffer to cope with a liquidity crisis is regularly measured at the group and entity level.

### 2.3.2 Capital

Under the European Union regulation transposed into French law by Regulation 91-05, BNPP's capital adequacy ratio must be at least 8% at all times, including a Tier 1 capital ratio of at least 6% and a Common Equity Tier 1 ratio of at least 4.5%.

BNPP is in the process of establishing a US IHC, as required under the FRB's Final Rule on EPS for Bank Holding Companies and Foreign Banking Organizations. Once fully implemented, the US IHC will be required to maintain capital and liquidity resources under US Basel III standards in keeping with the enhanced prudential standards promulgated by the FRB under Section 165 of the Dodd-Frank Act.

BNPP's solvency ratios (capital to risk-weighted assets), as of December 31, 2014, were 12.6% for Total Capital and 11.5% for Tier 1. BNPP's Common Equity Tier 1 ratio was 10.3% (fully loaded in accordance with CRD 4).

### 2.3.3 Description of BNPP's primary operating divisions

BNPP has two primary operating divisions: RB and Services and CIB, both of which have a presence in the US within the MEs.

**Retail Banking and Services**

RB has more than 7,000 branches in 49 countries and employs close to 135,000 people, 71% of the Group's total workforce. In 2014 more than half of BNPP revenues from the operating divisions were generated by RB. These activities are grouped into Domestic Markets, International RB and Personal Finance. Within RB, BNPP has four domestic markets: France, Italy, Belgium, and Luxembourg.

In addition to traditional retail banking products, RB also includes: Arval (corporate vehicle leasing with services included), BNPP Leasing Solutions (rental solutions) and BNPP Personal Investors (online savings and brokerage). Additional activities include Wealth Management, Cash Management and factoring.

International Financial Services

Additionally, BNPP has significant international retail banking operations in the US, Turkey, and Poland and consumer credit business with BNP Paribas Personal Finance.

BNPP's International RB presence covers the Europe-Mediterranean region and the US. BancWest Corporation ("BancWest") is the bank holding company of BOW and First Hawaiian Bank ("FHB"), BNPP's US IDIs. BancWest and its IDI subsidiaries had 11,643 employees, 631 branches, and total assets of over USD 86 billion at December 31, 2014.

Insurance and Wealth and Asset Management ("WAM") offers a broad range of products and services around the world, designed to meet all the requirements of individual, corporate, and institutional investors. Investment Partners provides its customers with a unified business model founded on the complementarity of its areas of expertise, the sharing of a comprehensive vision and the constant objective of increasing the value of customers' assets and investments.

Insurance and WAM consists of the following four business lines, some of which only conduct activities outside the US:

- **Insurance** – BNPP Cardif provides savings solutions and creditor insurance to individuals and families and to their property. It is active in 37 countries with 90 million customers and has strong positions in Europe, Asia and Latin America;

- **Private Banking** – BNPP Wealth Management serves a clientele of affluent or wealthy individuals, shareholder families, and entrepreneurs. BNPP Wealth Management is a world renowned private bank with EUR 305 billion of assets under management in 2014 and has 6,445 professionals practicing in 27 countries;

- **Asset Management** – BNPP Investment Partners provides clients with asset management expertise. It operates in 35 countries and has 2,625 employees; and

- **Real Estate Services** – BNPP Real Estate covers every stage of the property cycle. In commercial real estate, it serves customers in 36 countries through its direct offices (415 European countries and three platforms in Hong Kong, and Dubai) and its alliances with local partners (22 countries). In residential real estate, BNPP Real Estate is most active in France (the Paris region and other metropolitan areas), but is increasing its activity in Rome and Milan.

**Corporate and Institutional Banking**

BNPP CIB conducts investment banking operations globally, including in Paris, London, Brussels, New York, Hong Kong, Tokyo, and Singapore. CIB provides clients with corporate banking, advisory, and capital markets services through the Corporate Banking, Corporate Finance, Security Services, and Global Markets divisions.

Corporate Banking combines financing solutions (vanilla lending and specialized financing, including export, project, acquisition and leveraged finance) with all banking transaction products: liquidity management, cash management, deposit collection and international trade transactions.

Corporate Finance offers advisory services for mergers and acquisitions (“M&A”) (advisory mandates for purchase or disposal, strategic financial advice, privatization advice, etc.) and primary equity activities (IPOs, capital increases, convertible and exchangeable bond issues, etc.).

Nearly 300 professionals cover Europe, the Middle East and Africa (EMEA) region within Corporate Finance, and through integrated teams dedicated to advisory services and financing for certain sectors (energy, infrastructure, real estate, media and telecoms, metals and mining, and transport). In Asia Pacific, corporate finance experts operate within an Investment Banking platform that offers clients a comprehensive and integrated range of advisory and financing services with specific expertise in the real estate, transport, and energy and natural resources sectors. In North America and Latin America, the teams include about 60 professionals.

Global Markets is a global business line, with a main operating hub in London and a very strong international presence. Global Markets offers broad sets of products and services to its clients, as described below:

- G10 Rates - The G10 Rates business offers a suite of interest rate products (cash and derivatives instruments) addressing a broad spectrum from financing and market access, to yield enhancement and hedging.
- Equity Derivatives - Equity Derivatives provides flow and structured products for institutional, distribution network, and corporate entity clients. Clients include corporations, banks, asset managers, distribution channels which serve retail investors, pensions, insurers and hedge funds.

- Foreign Exchange and Local Markets ("FXLM") - With international, local and emerging market capabilities and reach, FXLM partners with clients to address the challenges of the macro-economic and new regulatory environment together. The business caters to clients including Corporates, Banks, Hedge Funds, Asset Managers, Insurance Companies and Pension Funds.
- Commodity Derivatives - The BNP Paribas Commodity Derivatives platform provides financing and risk management products to corporate and institutional clients, whose businesses are highly correlated to commodity prices, providing social utility to the wider commodities community.
- Prime Solutions and Financing - Designed as a multi-asset execution, clearing and financing provider, the Prime Solutions & Financing business regroups all Prime Brokerage, Securities Lending, Repo Funding, Derivatives Clearing and Agency execution activities of Global Markets, across asset classes.
- Credit - The credit platform includes vanilla flow products, investment grade, high yield, loans and complex derivatives products. Its distribution franchise leverages BNP Paribas' primary market leadership, global trading set up and our recognized research teams. Clients include Banks, Insurance Companies, Asset Managers, Official Institutions, Corporates, Pension and Hedge Funds.
- Primary - BNP Paribas Primary Markets provides funding and capital products to Corporates, Sovereigns, Supranationals and Agencies and Financial Institutions via the global bond and loan markets. Its extensive product experience, market knowledge, investor intelligence, and global sales network allows BNP Paribas to work closely with issuers before entering the market. It also offers Structured Product Origination (e.g. Securitization, Conduit) to its investor base.

<u>Securities Services</u> provides integrated solutions for all involved in the investment cycle, including sell-side, buy-side and issuers:

- Investment banks, broker-dealers, banks and market infrastructures (sell-side operators) are offered customized solutions in execution services, derivatives clearing, local and global clearing, settlement and custody for all asset classes worldwide. Outsourcing solutions for middle and back-office activities are also provided;
- Institutional investors – asset managers, hedge funds, sovereign wealth funds, insurance companies, pension funds, fund distributors and promoters (buy-side) – enjoy a wide range of services: global custody, custodian and trustee bank, transfer agent and fund distribution support, fund administration and middle-office outsourcing, investment reporting, risk and performance measurement;
- Issuers (originators, arrangers and corporates) have access to a wide range of fiduciary management services: securitization and structured finance services, debt agency services, issuer advisory, stock-option plans and employee shareholding management, shareholder services and management of shareholders' meetings;
- Market and financing services are offered to all customers: securities lending and borrowing, foreign exchange, credit and collateral management, trading service and financing.

## 2.4 Material Entities in the US

BNPP's US operations, other than BOW and FHB, are operated primarily out of New York. Other locations across the US include Chicago, Houston, Miami, Boston, Jersey City and Iselin (New Jersey), McLean (Virginia), Reading and King of Prussia (Pennsylvania), and San Francisco and Los Angeles. BOW and FHB provide RB services to individuals and mid-market corporates in the western US and Hawaii. BNPP employs approximately 15,000 people within the US.

BNPP has identified five MEs based on the criteria set forth in the 165(d) rule (refer to Table 2-1 for a description of the legal structure). A description of each ME is provided below.

### 2.4.1 BNP Paribas Securities Corp.

BNPPSC is a US registered broker-dealer with the Securities and Exchange Commission ("SEC") under the Securities Exchange Act ("Exchange Act") and is a registered FCM with the Commodity Futures Trading Commission ("CFTC") under the Commodity Exchange Act. BNPPSC is a wholly owned subsidiary of BNP Paribas North America, Inc. ("BNPP NA") and an indirect subsidiary of BNPP SA.

BNPPSC is one of 22 primary dealers registered with the FRBNY and is approved to participate in the US Treasury Auction's competitive and non-competitive bidding process. BNPPSC engages in the following business activities: US Government Securities Trading, corporate fixed income securities trading, agent activities, marketing, investment banking and advisory activities, cleared swaps, and bond and financial futures clearing. BNPPSC is BNPP's main broker dealer in the US, in terms of assets, revenue, head count and capital.

**Interconnectedness**

BNPPSC has interconnections with affiliates in the conduct of its activities, including in the Core BL of US Government Securities Trading. These interconnections and dependencies include:

- Shared services, including HR, Finance & Tax, procurement, anti-money laundering, and Information Technology ("IT") are provided by BNPP RCC; Treasury is provided by BNPP NY Branch
- Inter-affiliate guarantees from parent entities
- Capital, funding and liquidity arrangements, including existing or contingent credit exposures with BNPP PBI and BNPP SA

- Inter-affiliate contractual arrangements such as cross collateral, cross-default, netting, and risk transfers.

**Assets and Liabilities**

As of December 31, 2014, BNPPSC's gross balance sheet accounted for USD 106 billion of assets and USD 103 billion of liabilities. BNPPSC also had USD 3 billion of equity and subordinated debt.

**Capital and Funding Resources**

BNPPSC is self-funded primarily with securities sold under agreements to repurchase, securities loaned, and securities sold but not yet purchased. BNPPSC has unsecured uncommitted lines of credit from affiliate entities. BNPPSC also borrows securities from and loans securities to BNPP PBI.

BNPPSC's capital structure includes common stock additional paid in capital; retained earnings and subordinated liabilities due to affiliates. Regulatory capital is maintained pursuant to requirements under the Securities Exchange Act of 1934 and the Commodity Exchange Act.

### 2.4.2 BNP Paribas Prime Brokerage Inc.

BNPP PBI is a registered broker-dealer with the SEC under the Exchange Act and is a registered FCM with the CFTC under the Commodity Exchange Act. BNPP PBI is a wholly owned subsidiary of BNPP NA and an indirect subsidiary of BNPP SA.

BNPP PBI offers prime brokerage and FCM services. Prime brokerage services include secured financing, securities settlement, custody, capital introduction and securities lending to hedge funds, investment companies, affiliates and others. FCM services include providing commodity clearing and execution services to various affiliates and institutional customers. BNPP PBI conducts repos with several third parties to finance the margin balances of BNPP PBI's clients. BNPP PBI is BNPP's second largest broker-dealer in the US.

**Interconnectedness**

BNPP PBI's interconnections with affiliates are similar to those reported for BNPPSC. The main interconnections and dependencies include:

- Shared services, including HR, Finance & Tax, procurement, anti-money laundering, and IT are provided by BNPP RCC; Treasury is provided by BNPP NY Branch
- Inter-affiliate guarantees from parent entities

- Capital, funding and liquidity arrangements, including existing or contingent credit exposures with BNPPSC and BNPP SA

#### Assets and Liabilities

As of December 31, 2014, BNPP PBI's gross balance sheet accounted for USD 62 billion of assets and USD 58 billion of liabilities. BNPP PBI also had USD 4 billion of equity and subordinated debt.

#### Capital and Funding Resources

BNPP PBI's sources of funding are similar in type to those of BNPPSC. BNPP PBI is self-funded primarily with securities sold under agreements to repurchase, securities loaned, and customer deposits. BNPP PBI has unsecured uncommitted lines of credit from other parts of the BNPP Group. In addition, BNPP PBI borrows securities from and loans securities to BNPPSC and the BNPP NY Branch.

BNPP PBI is ranked 13 among 74 US FCMs in terms of adjusted net capital as of December 2014, according to the CFTC.

BNPP PBI's capital structure includes common stock; additional paid in capital; retained earnings and subordinated liabilities due to affiliates. Regulatory capital is maintained pursuant to requirements under the Securities Exchange Act of 1934 and the Commodity Exchange Act.

### 2.4.3 BNP Paribas New York Branch

The BNPP NY Branch is a legal and operational extension of BNPP SA, and thus, is not a separate legal entity. BNPP SA currently operates two state-licensed branch offices in New York City that are consolidated for reporting purposes. The BNPP NY Branch primarily conducts banking activities for the Corporate Banking operating division, offering short-, medium- and long-term financing solutions to satisfy corporate and institutional clients' needs for structured products.

#### Interconnectedness

BNPP NY Branch's interconnections with affiliates include:

- Shared services, including HR, Finance & Tax, procurement, anti-money laundering, and IT are provided by BNPP RCC

- Inter-affiliate guarantees with other entities within BNPP Group
- Capital, funding and liquidity arrangements, including existing or contingent credit exposures with other non-US affiliates.

**Assets and Liabilities**

As of December 31, 2014, BNPP NY Branch's balance sheet accounted for USD 95 billion of total assets and liabilities, according to its Federal Financial Institutions Examination Council ("FFIEC") call report.

**Capital and Funding Resources**

BNPP NY Branch's customer business is self-funded through time deposits and certificates of deposit, as well as through BNP Paribas Finance, Inc.'s commercial paper ("CP") issuances as of December 31, 2014. In 2015, BNP Paribas Finance, Inc.'s CP program was replaced by a CP Program directly issued out of the BNPP NY Branch and BNP Paribas Finance, Inc.'s was put in run-off mode.

BNPP NY Branch includes capital structure includes retained earnings and capital due to BNPP SA. The BNPP NY Branch has no subordinated debt owed to BNPP SA or its affiliates, as of December 31, 2014.

### 2.4.4 Bank of the West

BOW is a regional retail bank headquartered in San Francisco, California. BOW has a retail branch presence in 19 states. The Bank also has representative offices in Chicago, Dallas, Atlanta, Schaumburg (Illinois), Tokyo and Taipei, a retail branch in the Cayman Islands and a commercial branch in New York. BOW offers a range of retail banking products and services to individuals, small to mid-size businesses, and large corporate clients. BOW is a wholly owned subsidiary of BancWest, which in turn is a direct subsidiary of BNPP SA.

**Interconnectedness**

BOW's financial and operational interconnections with affiliates are limited. The Bank does not rely on BNPP or its affiliates to fund daily operations. BOW functions as a standalone entity for cash flow purposes. BOW does not rely on BNPP for regular liquidity or additional capital infusions. BOW has received capital infusions from BNPP through BancWest, but does not rely on such additional capital for its normal operations. BOW participates in businesses, joint ventures and internal coordination with BNPP;

however, none of these activities, either in isolation or in aggregate, is material to BOW or BNPP's operations given their limited scope and reach.

As of December 31, 2014, BOW did not receive any critical services directly from BNPP RCC or other affiliates.

**Assets and Liabilities**

As of December 31, 2014, BOW's balance sheet accounted for USD 72 billion of assets, USD 60 billion of liabilities and USD 12 billion of equity.

**Capital and Funding Resources**

BOW's core customer deposits have historically provided a sizable source of relatively stable and low-cost funding. In addition to deposits, BOW accesses other sources of funding, which may include, depending on the conditions in the market, Fed Funds purchases (from other Federal Reserve Bank members), Eurodollars, wholesale CDs, market-linked CDs, affiliate funding, Federal Home Loan Bank ("FHLB") advances, repurchase agreements, asset securitizations, and sales of unencumbered liquid securities. BOW would also have access to the Federal Reserve Discount Window, but does not rely on this as a source of normal funding.

As of December 31, 2014 and measured using a Basel I basis, BOW maintained a 13.48% Tier 1-based capital ratio[2] and a 14.60% total risk based capital ratio,[3] with a leverage ratio of 11.88%.[4]

For additional information on BOW, refer to Section 3.

### 2.4.5 BNP Paribas RCC, Inc.

BNPP RCC is a wholly-owned subsidiary of BNPP NA, and an indirect wholly owned subsidiary of BNPP SA. This shared services entity conducts back office operations, IT, and other operational support in support of BNPPSC, BNPP PBI and BNPP NY Branch.

[2] Tier 1 Risk-Based Capital Ratio = Tier 1 Capital / Risk-Weighted Assets.
[3] Total Risk-Based Capital Ratio = Total Risk-Based Capital / RWA.
[4] Leverage Ratio = Tier 1 Capital / Total Assets.

**Interconnections**

BNPP RCC's sole purpose is to provide services and support to BNPPSC, BNPP PBI and BNPP NY Branch. The company's personnel provide significant support to the Core BL of US Government Securities Trading and to the BNPP NY Branch, BNPPSC, and BNPP PBI. BNPP RCC also relies on certain operational support from affiliates. BNPP RCC's financial condition is dependent on payments from invoicing affiliates.

## 2.5 Core Business Lines

BNPP has identified two Core BLs based on the criteria of the 165(d) Rule:

- US Retail Banking
- US Government Securities Trading

The mapping of Core BLs to MEs is included in the table below:

**Table 2-5: Mapping of Core Business Lines to Material Entities**

| Core Business Line | BNPPSC | BNPP PBI | BNPP NY Branch | BOW | BNPP RCC |
|---|---|---|---|---|---|
| US Retail Banking | | | | X | |
| US Government Securities Trading | X | | X | | X |

The RP provides details on BNPP's strategy for maintaining the US Retail Banking operations and performing an orderly wind-down of the US Government Securities Trading operations under resolution.

### 2.5.1 US Retail Banking

BNPP conducts its US RB business through BOW and FHB. BOW and FHB offer a range of banking products and services to individuals, small to mid-size businesses, and large corporate clients.

### 2.5.2 US Government Securities Trading

US Government Securities Trading, conducted by BNPPSC, provides BNPP with strategic access to US origination and distribution of US Treasury and Government

Sponsored Entity ("GSE")-backed securities. US Government Securities Trading comprises BNPPSC's Primary Dealer, GSE, and repo activities. The business is conducted by several desks: US Treasury securities, agency securities and repos. As a primary dealer, BNPPSC participates in auctions conducted by the FRBNY for US Treasury bonds, notes, and bills.

## 2.6 Derivative and Hedging Activities

This section describes the derivative and hedging activities of BNPP Group and its MEs in the US.

### 2.6.1 BNPP Group

BNPP is an active participant in the global derivatives markets and as such, engages in hedging and market-making activities in foreign exchange, credit, interest rate, equity and commodity index derivatives. Derivatives counterparties include corporate and institutional clients. BNPP's derivative activities include trading in swaps, forwards, futures and options. These derivatives are either standard contracts transacted through regulated exchanges or over-the-counter ("OTC") derivatives. Exchange-traded products are "cleared", and OTC products may be "cleared" or "uncleared".

The majority of derivative financial instruments held for trading are related to transactions initiated for trading purposes. They may result from market-making or arbitrage activities. Transactions include trades in "ordinary" instruments such as credit default swaps and structured transactions with complex risk profiles tailored to meet the needs of BNPP's customers. The net position is subject to limits in all cases. Some derivative instruments are also contracted to hedge financial assets or financial liabilities for which BNPP has not documented a hedging relationship, or which do not qualify for hedge accounting under IFRS. This applies in particular to credit derivative transactions, which are primarily contracted to protect BNPP's loan book.

Hedges initiated by BNPP consist mainly of interest rate or currency hedges using derivative financial instruments (e.g., swaps, options, and forwards). Depending on the hedging objective, derivative financial instruments used for hedging purposes are qualified as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations.

Forward financial instruments are purchased on various markets for use as specific or general hedges of assets and liabilities, or for transaction purposes. BNPP's commitments related to these instruments are recognized off-balance sheet at nominal value. The accounting treatment of these instruments depends on the corresponding investment strategy.

### 2.6.2 BNPPSC, BNPP PBI, and BNPP NY Branch

BNPP's two broker-dealers and the NY Branch have relatively limited derivatives positions booked into them (inter-affiliate and third-party), which facilitates the orderly implementation of the resolution strategy:

- BNPPSC engages in derivatives trading as an agent on behalf of BNPP SA and other BNPP legal entities, with transactions booked remotely (at BNPP SA in Paris or its London branch). Since the booking entity is BNPP SA, those transactions have limited implications for BNPPSC's resolvability.
- BNPP PBI acts as an agent when it executes cleared derivatives transactions and commodities futures for clients and affiliates, which are also booked remotely.
- BNPP NY Branch acts as principal in derivatives transactions, but the outstanding transactions are not material to the MEs and are therefore not expected to pose a risk to its resolvability.

BNPP NY Branch is the only ME out of the three with significant hedges on its balance sheet. BNPP NY Branch engages in credit default swaps and interest rate swaps to manage credit or interest rate exposures on the loan portfolios of BNPP's US branches.

### 2.6.3 BOW

Please refer to Section 3 for further details on BOW's derivative and hedging activities.

## 2.7 Memberships in Material Payment, Clearing, and Settlement Systems

BNPP uses a wide array of memberships in FMUs, including payment systems, clearinghouses, securities depositories, and central counterparties. The next table enumerates material FMU direct memberships used by BNPPSC, BNPP PBI, the BNPP NY Branch, BOW, and BNPP RCC:

**Table 2-6 Material FMUs for MEs**

| FMU | Function | BNPP member |
|---|---|---|
| BNY Mellon | Settlement | BNPPSC, BNPP PBI, BNPP NY Branch |
| Chicago Mercantile Exchange Clearing | Clearing | BNPPSC, BNPP PBI |
| CHIPS | Payments | BNPP NY Branch |
| CLS Bank International | Payments | BNPP SA |
| Depository Trust and Clearing Corporation | Settlement | BNPPSC, BNPP PBI, BNPP NY Branch |
| Endpoint Exchange | Payments | BOW |
| eProcessing Network | Payments | BNPP NY Branch |
| Eurex Clearing AG | Clearing | BNP Paribas Securities Services Frankfurt Branch[5] |
| Euroclear Belgium | Settlement | BNPPSC |
| | | BNPP PBI |
| FedACH | Payments | BNPP NY Branch, BOW |
| Federal Reserve System (Check Services Platform) | Payments | BOW |
| FedWire Funds Services | Payments | BNPP NY Branch, BOW |
| Fedwire Securities Services | Settlement | BOW |
| Fixed Income Clearing Corporation / Government Securities Division | Clearing | BNPPSC |
| Fixed Income Clearing Corporation / Mortgage Backed Securities Division | Clearing | BNPPSC |

[5] BNP Paribas Securities Services Frankfurt Branch is not an ME, but is in the chart listed above because it is a direct member of an FMU, and it is relied on by a Material Entity for indirect access.

| FMU | Function | BNPP member |
|---|---|---|
| ICE Clear Credit LLC | Settlement and Clearing | BNPPSC |
| ICE Clear Europe | Clearing | BNPP PBI |
| ICE Clear US | Clearing | BNPP PBI |
| LCH.Clearnet Limited | Clearing | BNPPSC, BNPP PBI |
| LCH.Clearnet LLC | Clearing | BNPPSC |
| LCH.Clearnet SA | Clearing | BNPPSC |
| National Securities Clearing Corporation | Clearing | BNPPSC, BNPP PBI |
| Options Clearing Corporation | Clearing | BNPPSC, BNPP PBI |
| Small Value Payment Company | Payments | BOW |
| Society for Worldwide Interbank Financial Telecommunication (“SWIFT”) Alliance | Payments | BNPPSC, BNPP PBI, BNPP NY Branch, BOW |

## 2.8 Global Operations

BNPP is a leading European provider of financial services on a worldwide scale. BNPP employed nearly 188,000 people and operated in 75 countries. BNPP's business activities are organized principally by the operating divisions of RB and Services and CIB, and secondarily by region. Globally, RB and Services is the largest operating division in terms of assets and revenues. Control functions are organized at group and regional levels.

The regions include Europe, North America, South America, Asia-Pacific, Africa, and the Middle East. European operations had over 147,000 employees as of December 31, 2014. In Europe, BNPP has four primary domestic markets: Belgium, France, Italy, and Luxembourg. CIB has a large presence in Europe, the Americas, and Asia-Pacific.

The following table enumerates BNPP's consolidated revenues by geographic area for the year 2014. The geographic split of segment results is based on the region in which they are recognized for accounting purposes and does not necessarily reflect the counterparty's nationality or the location of operations.

**Table 2-7 Revenues by Geographic Area**

| Revenues by Geographic Area | Amount (in EUR millions) |
|---|---|
| Europe | 29,644 |
| North America | 4,041 |
| APAC | 2,713 |
| Others | 2,770 |
| **TOTAL** | 39,168 |

Source: BNPP Annual Registration Document

## 2.9 Material Supervisory Authorities

As of November 4, 2014, BNPP became subject to direct prudential supervision by the European Central Bank ("ECB"). BNPP and its subsidiaries are also subject to supervision by the ACPR in France. BNPP is also subject to supervision and regulation under US federal and state laws. In particular, as a bank holding company, BNPP and its US subsidiaries are subject to general regulatory oversight by the FRB. The following material US supervisory authorities also provide regulatory oversight over the MEs:

**Table 2-8 Primary US Supervisory Authorities**

| Material Entity | Primary Supervisory Authorities |
|---|---|
| BNPP NY Branch | New York State Department of Financial Services ("NYSDFS") |
| BNPPSC | SEC |
| | CFTC |
| BNPP PBI | SEC |
| | CFTC |
| BOW | FDIC |
| | California Department of Business Oversight ("CDBO") |
| BNPP RCC | None |

## 2.10 Principal Officers

The table below identifies the members of the BNPP Board of Directors, as at November 30, 2015.

**Table 2-9 BNPP Board of Directors**

| BNPP Board of Directors | |
|---|---|
| **Name** | **Role / Title** |
| Jean Lemierre | Chairman of the Board of Directors of BNP Paribas |
| Jean-Laurent Bonnafe | Chief Executive Officer and Director of BNP Paribas |
| Monique Cohen | Non-Executive Director |
| Pierre Andre de Chalendar | Non-Executive Director |
| Marion Guillou | Non-Executive Director |
| Denis Kessler | Non-Executive Director |
| Jean-Francois Lepetit | Non-Executive Director |
| Nicole Misson | Non-Executive Director (elected by BNPP SA executives) |
| Laurence Parisot | Non-Executive Director |
| Daniela Schwarzer | Non-Executive Director |
| Michel Tilmant | Non-Executive Director |
| Emiel Van Broekhoven | Non-Executive Director |
| Sandrine Verrier | Non-Executive Director (elected by BNPP SA employees) |
| Jane Fields Wicker-Miurin | Non-Executive Director |

The table below identifies the members of the BNPP Group Executive Committee, as at November 30, 2015:

**Table 2-10 BNPP Group Executive Committee**

| BNPP Group Executive Committee | |
|---|---|
| **Name** | **Role / Title** |
| Jean-Laurent Bonnafe | Chief Executive Officer and Director |
| Philippe Bordenave | Chief Operating Officer |
| Thierry Laborde | Deputy Chief Operating Officer and Head of Domestic Markets |
| Alain Papiasse | Deputy Chief Operating Officer |
| Michel Konczaty | Deputy Chief Operating Officer |
| Jacques d'Estais | Deputy Chief Operating Officer and Head of International Financial Services |
| Marie-Claire Capobianco | Head of French Retail Banking |
| Stefaan Decraene | Head of International Retail Banking |
| Yann Gerardin | Head of CIB |
| Maxime Jadot | Head of BNP Paribas Fortis |
| Laurent David | Head of BNPP Personal Finance |
| Eric Martin | Head of Group Compliance |
| Yves Martrenchar | Head of Group Human Resources |
| Eric Raynaud | Head of Asia-Pacific Region |
| Frank Roncey | Head of Group Risk Management |
| Thierry Varene | Head of key accounts, Chairman of corporate clients financing and advisory EMEA |

## 2.11 Corporate Governance and Processes Related to Resolution Planning

BNPP's US operations have leveraged the existing governance framework of BNPP's Group Recovery and Resolution Planning ("RRP"). The BNPP Board of Directors is the ultimate owner of the Group RRP, including the RP. The BNPP Board of Directors is responsible for overseeing the implementation of the Group RRP, which includes the documentation of supporting processes, methods, reporting lines and responsible persons.

The US Resolution Plan ("US RP") Steering Committee is responsible for overseeing the development, resourcing, maintenance, and filing of the 165(d) RP. The US RP Steering Committee approves the scope, resolution assumptions and other methodology decisions, and monitors project status. The US RP Steering Committee focuses primarily on the 165(d) RP, and includes a BOW representative.

The US RP Steering Committee is chaired by the Chief Operating Officer of the North America Region (CIB/Investment Partners). Members belong to a number of functions (such as Legal, Finance, and Operations) and businesses in order to provide coordination and consistency, and additional members were added in response to project requirements.

To ensure completeness of the content and alignment to the guidance provided by the regulators, the US RP Steering Committee retained external legal counsel and financial consultants to review and provide technical analysis.

The RP teams for BNPP's US operations received oversight and guidance from the BNPP RRP team on matters relating to the structure, content, and process. The BNPP RRP team is also BNPP's main liaison to BNPP's Crisis Management Group, which, under the leadership of the ACPR, includes representatives from the FRB, the FDIC, the NYSDFS, and the CDBO.

The 165(d) RP was reviewed and approved by the Board of Directors of Paribas North America, Inc. ("PNA") through a delegation to Mr. Jean-Yves Fillion, Chief Executive Officer of PNA at the PNA Board meeting. The IDI RP was reviewed and approved by the BOW Board of Directors. Both the 165(d) RP and the IDI RP were also provided to the USA Risk Oversight Committee for review and endorsement.

The consolidated RP, including the 165(d) RP and the IDI RP, was presented to the Internal Control Risk Management and Compliance Committee of the Board of Directors. Mr. Jean-Laurent Bonnafe, Group CEO of BNPP, reviewed and approved the consolidated RP, including the 165(d) RP and the IDI RP, prior to its filing, pursuant to a delegation of authority to him by the BNPP Board of Directors.

## 2.12 Material Management Information Systems

Management information systems ("MIS") at BNPP are software applications that aggregate, or break-out, financial and transaction data. Front office applications feed systems for operations, regulatory compliance programs, and independent risk management. The operational systems in turn feed the accounting applications. For purposes of this 165(d) RP, MIS excludes hardware and FMUs (the latter are described in Section 2.7).

BNPP's MIS capabilities enable users to aggregate data locally or globally at the level of product or operational process, business line or function, or legal entity. Automated processing is prevalent, as encouraged by the Federal Reserve Banks. MIS development is performed by a mix of in-house developers, vendors, and in-house partnerships with vendors.

MIS is used for credit and market risk management, banking and trading transaction recordkeeping, business-level and legal entity financial reporting, regulatory reporting (including trade reporting), middle office processing, clearing and settlement, collateral management, client and referential data, treasury and liquidity analysis, compliance monitoring, and legal document maintenance.

Internal users belong to BNPP's local and global business units and functions. External users are clients and regulators.

Global and local Information Technology & Operations divisions support MIS, except in the Group Risk Management ("GRM") division, which supports the MIS applications that GRM uses. Global and local policies ensure infrastructure is protected against unauthorized internal access or external attack.

BNPP's US operations maintain a Business Continuity Management ("BCM") program for critical IT (including MIS) and other processes of business lines and functions. A database contains written plans for each division, and these plans are tested at least semi-annually. Disaster Recovery involves back-up and testing for data recovery. Local off-site capabilities are maintained continuously for critical MIS and operational processes. Similar global and regional programs cover non-US applications and processes upon which there is US reliance.

# 3. Bank of the West IDI Resolution Plan

## 3.1 Introduction

This IDI Public Section provides an overview of the overall resolution strategy for BOW, a state non-member bank headquartered in San Francisco, California. BOW is 100% owned by BancWest, which in turn is 100% owned by BNPP SA, the French banking holding company.

To ensure that depositors receive prompt access to their insured deposits in the event of the failure of an IDI and to enable the FDIC to perform its resolution functions most efficiently, the FDIC adopted a rule in January 2012, the IDI Rule, under which each IDI with USD 50 billion or more in total assets is deemed a CIDI and must periodically submit an IDI RP to the FDIC.

The IDI Rule requires the CIDI to submit an IDI RP that should enable the FDIC, as receiver, to resolve the institution under Sections 11 and 13 of the FDIA (listed at 12 U.S.C. §1821 and §1823), in a manner that ensures that depositors receive access to their insured deposits within one business day of the institution's failure (two business days if the failure occurs on a day other than Friday), maximizes the net present value return from the sale or disposition of its assets and minimizes the amount of any loss to be realized by the institution's creditors. The IDI RP should also describe how the strategies for the separation of the CIDI and its subsidiaries from its parent company's organization and sale or disposition of deposit franchise, core business lines and major assets can be demonstrated to be the least costly to the Deposit Insurance Fund of all possible methods for resolving the CIDI.

The IDI RPs are intended to help the FDIC evaluate potential loss severity and to enable the FDIC to perform its resolution functions most efficiently. Each IDI RP is intended to convey to the FDIC a comprehensive understanding of the organization, operation, and business practices of the CIDI and to provide the FDIC with essential information concerning the CIDI's structure, operations, business practices, financial responsibilities, and risk exposures.

The IDI RP submitted by BOW is intended to form part of the RP submitted by BNPP SA, the ultimate parent of BOW, to the ACPR, the French banking regulator and home regulator of BNPP. Since 2011, BNPP has been subject to requirements by the ACPR in France and guidelines of the G-20's Financial Stability Board to submit annually a Group Recovery and RP. BNPP SA is submitting a resolution plan pursuant to Section 165(d) of the Dodd-Frank Act, which mandates that each covered company periodically submit to the FRB, the Financial Stability Oversight Council, and the FDIC the plan of such company for its rapid and orderly resolution under the applicable insolvency regimes in the event of its material financial distress or failure. These insolvency regimes include receivership under the FDIA, reorganization or liquidation under the Bankruptcy Code, and liquidation under SIPA, with the authority of a trustee appointed by SIPC.

Each RP submitted by Group entities, including BOW's IDI RP, is not binding on the FDIC, a bankruptcy court or any other relevant resolution authority in the unlikely event of the failure of that member of the Group. Also, it should be emphasized that the failure scenario and associated assumptions described herein are hypothetical and do not necessarily reflect an event or events to which BOW is or may become subject.

## 3.2 IDI Plan Material Entities

BOW is a California banking corporation with a banking license granted by the California Department of Business Oversight ("CDBO"). BOW is a state non-member bank whose primary Federal regulator is the FDIC and whose home state regulator is the CDBO.

Headquartered in San Francisco, California, as of November 18, 2015, BOW has a branch network comprised of 565 branches. BOW has a retail branch presence in 19 states including Arizona, California, Colorado, Iowa, Idaho, Kansas, Minnesota, Missouri, North Dakota, Nebraska, New Mexico, Nevada, Oklahoma, Oregon, South Dakota, Utah, Washington, Wisconsin and Wyoming, and one off-shore branch in the Cayman Islands. BOW also has representative offices in Chicago, Dallas, Atlanta, Schaumburg (Illinois), Tokyo and Taipei and a commercial branch in New York.

BOW is a CIDI under the IDI Rule. It has no subsidiaries that are themselves MEs, as BOW's Core BLs and critical services are conducted almost entirely within BOW.

## 3.3 IDI Plan Core Business Lines

BOW has four Core BLs, as described below:

- **Regional Banking Group** ("RBG") supports a large base of personal and small business customers in the 19-state footprint through BOW's network of 565 branches. RBG employs a relationship-driven model, whereby a wide range of lending and deposit products are provided to consumers, as well as to small and medium-sized businesses. RBG's aim is to position itself as a member of the local communities in its footprint.

- **Commercial Banking Group** ("CBG") offers a full range of credit and deposit solutions to middle and large market commercial clients with its specialized expertise in agribusiness, equipment finance, commercial real estate, government and public sector banking, and religious institution finance. CBG bankers operate in cities throughout the BOW's 19-state retail footprint and in BOW's representative offices in Chicago, Atlanta and Dallas and a commercial branch in New York. CBG also offers its commercial customers capital markets, cash management, foreign exchange and global trade products and services, as well as manufacturer leasing programs, lease portfolio servicing and back-office processing, syndications, and asset-based lending. Capital markets transactions are performed by CBG at the request of Bank clients.

- **National Finance Group** ("NFG") is responsible for the origination and servicing of BOW's consumer loans and lines using both direct and indirect origination channels, and three servicing platforms. NFG is currently organized into three divisions.

- **National Consumer Finance Division** ("NCF") purchases automobile, recreational vehicle and marine loan contracts from over 5,500 dealerships across the US. NCF is also responsible for the direct origination of non-real estate secured and unsecured personal loans and lines.

- **Consumer Real Estate Services Division** (“CRES”) provides mortgage loans and home equity loans and lines primarily targeted to RBG’s and WMG’s clients.

- **Credit Card Services Division** ("CSD") offers credit card financing also primarily targeted to existing RBG and WMG customers. NCF, CRES and NFG support units are also responsible for the servicing of all consumer loans and lines (using internal staff as well as third party vendors) including payment processing, collections and other aspects of the loan from the funding through the ultimate payoff.

➢ **Wealth Management Group** ("WMG") focuses on expanding banking relationships with retail, mass affluent, high net worth and ultra-high net worth customers already within BOW’s franchise area, while also seeking new client relationships sourced externally. WMG has two business divisions: the Private Client Services Division ("PCS") and the Retirement & Investment Division ("R&I"), known by its trade name, BancWest Investment Services ("BWIS"). PCS provides banking and investment solutions tailored to its customers, offering deposit, credit, trust services, and investment products. PCS also houses Trust Services, the fiduciary arm of WMG. R&I offers brokerage investment services to all segments of BOW’s customer base with traditional products and services.

In late 2015 the Bank announced the new Consumer Banking Division, created to better align the Bank’s capabilities and to deliver on its strategy. The Consumer Banking Division combines the former Regional Banking and National Finance Groups. The reorganization created two new centralized functions (Product Management and Payment Solutions and Integration, Governance and Project Management) and a new Retail Network structure. The new Consumer Banking Division is headed by Andy Harmening, who was recently promoted to Vice Chairman. The new organization structure, implemented in December 2015, will be reflected in next year’s RP. It should be noted that the Bank’s product and service offerings, targeted customer base and geographic footprint are not affected by this reorganization.

Additional information related to BOW's business is contained in the BOW Annual Report, available at www.bankofthewest.com.

## 3.4 Summary of Financial Information

### 3.4.1 Consolidated Financial Information

The following audited financial statements have been prepared in accordance with accounting principles generally accepted in the US ("US GAAP"). Further information may be found in the accompanying notes as included in the 2014 BOW Annual Report.

**Table 3-1: Bank of the West and Subsidiaries Consolidated Statements of Comprehensive Income**

| BANK OF THE WEST AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME | For the year ended December 31, | | |
|---|---|---|---|
| (dollars in thousands) | 2014 | | 2013 |
| **Net income attributable to Bank of the West** | **$ 544,222** | | $ 560,605 |
| Other comprehensive income (loss), before tax | | | |
| Net change in pension and other benefits adjustment | **(97,961)** | | 118,790 |
| Net change in unrealized gains (losses) on securities available for sale | **169,562** | | (433,963) |
| Net change in unrealized gains (losses) on cash flow derivative hedges | **8,785** | | (22,482) |
| **Other comprehensive income (loss), before tax** | **80,386** | | (337,655) |
| Income tax (expense) benefit related to other comprehensive income | **(32,605)** | | 137,088 |
| Other comprehensive income (loss), net of tax | **47,781** | | (200,567) |
| Comprehensive income attributable to Bank of the West | **592,003** | | 360,038 |
| Comprehensive income attributable to non-controlling interest | **3,346** | | 2,328 |
| **Total comprehensive income** | **$ 595,349** | | $ 362,366 |

**Table 3-2: Bank of the West and Subsidiaries Consolidated Statements of Income**

| BANK OF THE WEST AND SUBSIDIARIES | For the year ended December 31, | | |
|---|---|---|---|
| (dollars in thousands) | 2014 | | 2013 |
| **Interest income** | | | |
| Loans and lease financing | **$ 1,894,12** | | $ 1,854,086 |
| Securities available for sale | **183,129** | | 160,304 |
| Other | **23,581** | | 16,940 |
| Total interest income | **2,100,839** | | 2,031,330 |
| **Interest expense** | | | |
| Deposits | **128,702** | | 134,561 |
| Short-term borrowings and long-term debt | **25,625** | | 26,468 |
| Total interest expense | **154,327** | | 161,029 |
| Net interest income | **1,946,512** | | 1,870,301 |

| BANK OF THE WEST AND SUBSIDIARIES | For the year ended December 31, | |
|---|---|---|
| (dollars in thousands) | 2014 | 2013 |
| Provision for credit losses | **64,455** | 44,686 |
| Net interest income after provision for credit losses | **1,882,057** | 1,825,615 |
| **Noninterest income** | | |
| Service charges on deposit accounts | **146,291** | 147,421 |
| Credit and debit card fees | **92,116** | 82,474 |
| Loan fees | **54,331** | 47,288 |
| Other service charges and fees | **41,590** | 42,417 |
| Insurance agency fees | **30,311** | 28,255 |
| Net gains on customer accommodation derivatives | **28,872** | 22,817 |
| Net gains on sales of loans and leases | **28,339** | 43,327 |
| Bank-owned life insurance | **24,732** | 20,473 |
| Brokerage income | **24,016** | 23,675 |
| Trust and investment services income | **21,388** | 20,455 |
| Gain on sale of equity investments | **8,280** | 0 |
| Net gains on debt securities available for sale | **440** | 66,683 |
| (Loss) gain on credit guarantee derivative | **(333)** | 4,396 |
| Write-downs of other real estate owned assets, net | **(2,391)** | (4,274) |
| Other | **4,523** | 7,106 |
| Total non-interest income | **502,505** | 552,513 |
| **Noninterest expense** | | |
| Salaries and employee benefits | **884,157** | 862,999 |
| Contracted services and professional fees | **184,197** | 156,734 |
| Occupancy | **141,199** | 139,990 |
| Equipment | **64,495** | 62,524 |
| Advertising and marketing | **41,926** | 44,017 |
| Intangible amortization | **42,131** | 36,678 |
| Regulatory assessment and fees | **40,639** | 32,389 |
| Collection and repossession | **15,096** | 18,216 |
| Other | **128,887** | 121,825 |
| Total noninterest expense | **1,542,727** | 1,475,372 |
| Income before income taxes and non-controlling interest | **841,835** | 902,756 |
| Income tax expense | **294,267** | 339,823 |
| Net income before non-controlling interest | **547,568** | 562,933 |
| Net income attributable to non-controlling interest | **3,346** | 2,328 |
| **Net income attributable to Bank of the West** | **$ 544,222** | $ 560,605 |

### Table 3-3: Bank of the West and Subsidiaries Consolidated Balance Sheets

| BANK OF THE WEST AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS | As of December 31, | |
|---|---|---|
| (dollars in thousands, except per share amounts) | 2014 | 2013 |
| **Assets** | | |
| Cash and due from banks | **$ 842,066** | $ 825,492 |
| Interest-bearing deposits in other banks | **3,334,885** | 2,442,252 |
| Trading assets | **6,499** | 6,499 |
| Securities available for sale | **9,255,844** | 8,685,416 |
| Loans held for sale | **62,877** | 13,959 |
| Loans and leases: | | |
| Loans and leases | **50,821,366** | 47,329,731 |
| Less allowance for loan and lease losses | **601,305** | 634,573 |
| Net loans and leases | **50,220,061** | 46,695,158 |
| Premises and equipment, net | **398,681** | 421,741 |
| Other real estate owned and repossessed personal property | **26,237** | 25,497 |
| Interest receivable | **159,151** | 162,777 |
| Bank-owned life insurance | **1,337,363** | 1,327,950 |
| Identifiable intangible assets | **203,210** | 193,363 |
| Goodwill | **4,201,513** | 4,201,513 |
| Pension assets | **1,537** | 40,741 |
| Other assets | **1,632,419** | 1,425,423 |
| **Total assets** | **$ 71,682,343** | $ 66,467,781 |
| **Liabilities and equity** | | |
| Deposits: | | |
| Interest-bearing | **$ 36,695,760** | $ 34,375,898 |
| Noninterest-bearing | **15,417,437** | 13,996,570 |
| Total deposits | **52,113,197** | 48,372,468 |
| Short-term borrowings | **5,153,548** | 3,055,802 |
| Long-term debt | **1,412,213** | 2,312,978 |
| Liability for pension benefits | **180,491** | 118,583 |
| Other liabilities | **914,380** | 895,157 |
| Total liabilities | **59,773,829** | 54,754,988 |
| Equity: | | |
| Common stock, par value $0.001 per share: | | |
| Authorized — 20,000,000 shares | | |
| Issued and outstanding — 5,548,359 shares as of December 31, 2014 and 2013 | **6** | 6 |
| Additional paid-in capital | **9,735,894** | 9,735,522 |
| Retained earnings | **2,254,917** | 2,110,695 |

| BANK OF THE WEST AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS | As of December 31, | |
|---|---|---|
| (dollars in thousands, except per share amounts) | 2014 | 2013 |
| Accumulated other comprehensive loss | (100,653) | (148,434) |
| Total Bank of the West stockholder's equity | 11,890,164 | 11,697,789 |
| Non-controlling interest | 18,350 | 15,004 |
| Total equity | 11,908,514 | 11,712,793 |
| **Total liabilities and equity** | $ 71,682,343 | $ 66,467,781 |

### 3.4.2 Capital

BOW's capital structure is governed by the Capital Policy, which describes the primary capital management objectives as follows:

- To maintain capital at a level appropriate to support BOW's businesses, risk appetite, growth, and strategic initiatives;
- To maintain BOW's capital at a level that exceeds the level qualifying BOW as a "well capitalized" financial institution under US banking regulatory standards;
- To balance capital adequacy with capital efficiency to support management of BOW in a safe and sound manner;
- To meet its obligations to creditors and to counterparties, as they come due; and
- To continue to serve as a financial intermediary.

BOW conducts a semi-annual assessment of capital adequacy to assess the sufficiency of BOW's capital relative to defined risks under base case and stress case scenarios. BOW's current semi-annual capital adequacy process is comprised of benchmarking, balance sheet and income projections, capital forecasting, and stress testing performed through internally developed models and tools used to calculate impacts to capital. BOW's independent governance process covers the models which are used in BOW's capital adequacy determination process.

As of December 31, 2014, BOW calculated regulatory risk-weighted assets and risk-based capital in accordance with Basel I rules. The capital metrics in the following chart are measured using a Basel I basis.

**Table 3-4: Capital Metrics Measured Using Basel I Basis**

| Capital Metric | US Regulatory Minimum [1] | | BOW Actual as of 12/31/14 |
|---|---|---|---|
| | Adequately Capitalized | Well Capitalized | |
| **Tier 1 Capital Ratio** [2] | 4 % | 6 % | 13.48 % |
| **Total Capital Ratio** [3] | 8 % | 10 % | 14.60 % |
| **Leverage Ratio** [4] | 4 % | 5 % | 11.88 % |

(1) “Adequately Capitalized” and “Well Capitalized” per current US regulatory definitions. 12 CFR §325.103.
(2) Tier 1 Risk-Based Capital Ratio = Tier 1 Capital / Risk-Weighted Assets (RWA)
(3) Total Risk-Based Capital Ratio = Total Risk-Based Capital / RWA
(4) Leverage Ratio = Tier 1 Capital / Total Assets

As of March 31, 2015, BOW began reporting regulatory risk-weighted assets and capital in accordance with Basel III rules (standardized approach) as required by Sections 171 and 939A of the Dodd-Frank Act and related regulations. For reference, Basel III ratios as of June 30, 2015 were Common Equity Tier 1 of 13.42%, Tier 1 Capital of 13.45%, Total Capital of 14.54% and Tier 1 Leverage of 11.76%.

### 3.4.3 Major Funding Sources

BOW’s core customer deposits have historically provided a sizable source of relatively stable and low-cost funding. In addition to deposits, BOW accesses other sources of funding which may include, depending on market conditions, Fed Funds purchases (from other Federal Reserve member institutions), Eurodollars, wholesale CDs, Market-Linked Certificates of Deposit (“MLCDs”), affiliate funding, FHLB advances, repurchase agreements, asset securitizations, and sales of unencumbered liquid securities. BOW would also have access to the Federal Reserve Discount Window, but does not rely on this as a source of normal funding.

### 3.5 Derivative and Hedging Activities

BOW primarily uses derivatives to manage exposure to market risk, including interest rate risk and foreign currency risk, and to assist customers with their risk management objectives.

BOW's Capital Markets trading, derivatives and hedging activities are conducted to provide its customers access to investment products, interest rate risk management tools in conjunction with loan products, and foreign currency products. In typical transactions of this type, BOW enters into transactions with approved customers, with BOW taking the position opposite that of the customer. BOW then enters into offsetting trades with third party market participants to hedge the positions created by the customer transactions.

BOW's Treasury Department engages in derivatives transactions to hedge its internal interest rate risk and to hedge, on a back-to-back basis, the exposure on the interest payments on MLCDs.

While BOW maintains an investment portfolio for collateral, liquidity and balance sheet management purposes, it does not conduct proprietary trading.

BOW designates certain derivatives as hedging instruments in a qualifying hedge accounting relationship (either as a fair value hedge or a cash flow hedge). BOW's remaining derivative instruments consist of derivative transactions that do not qualify for hedge accounting and derivatives held for customer accommodation.

BOW has fair value hedges which primarily consist of interest rate swaps designed to hedge the change in fair value corresponding to interest rate changes of underlying fixed-rate debt. BOW records changes in the fair value of derivatives designated as fair value hedges and changes in the fair value of the hedged items in noninterest income.

BOW's cash flow hedges are interest rate swaps that hedge the forecasted cash flows of underlying variable-rate debt and variable-rate loans. Changes in the fair values of derivatives designated as cash flow hedges, to the extent effective, are recorded in other comprehensive income until income from the cash flows of the hedged items is realized. Any ineffectiveness which may arise during the hedging relationship is recognized in earnings in the period in which it arises. If a derivative designated as a cash flow hedge is terminated or deemed overall ineffective, the gain or loss in other comprehensive income is amortized to earnings over the period the forecasted hedged transactions impact earnings. If a hedged forecasted transaction is probable of not occurring, hedge accounting is ceased and any gain or loss included in other comprehensive income (loss) is reported in earnings immediately.

As of December 31, 2014, BOW had USD 350 million of derivatives designated as fair value hedges and USD 5 billion designated as cash flow hedges.

BOW's derivatives are subject to credit risk associated with counterparties to the derivative contracts. BOW measures that credit risk based on its assessment of the probability of counterparty default and includes that within the fair value of the derivative. BOW manages counterparty credit risk by utilizing master netting and Credit Support Annex ("CSA") agreements which allow BOW to call for immediate, full collateral coverage when credit-rating thresholds are triggered by counterparties. As of December 31, 2014 and 2013, the aggregate fair value of all derivatives under CSAs were in a net liability position of USD 105 million and USD 139 million to which BOW posted USD 87 million and USD 141 million of investment securities as collateral, respectively, and USD 3 million and USD 11 million of restricted cash, respectively.

## 3.6 Memberships in Material Payment, Clearing, and Settlement Systems

### 3.6.1 Introduction

BOW is a member or client of the payment, clearing and settlement systems or FMU entities listed below, none of which are managed, owned, or operated by BOW. BOW itself is the member or client, and BOW's Banking Services Group manages these relationships for the Core BLs.

Table 3-5 below summarizes the types of systems described in this section.

**Table 3-5: Description of Payment, Clearing and Settlement Systems Types**

| Categories | Systems Descriptions |
|---|---|
| Payment | Payment systems facilitate the transfer of money from one bank to another, typically on a real-time and gross basis. They include payment systems that are comprised of instruments, procedures and rules for the transfer of funds between or among participants; the systems include the participants and the entity operating the arrangement. |
| Clearing | Clearing systems facilitate the clearing of securities and derivatives transactions. Clearing FMU Providers act as central counterparties (each a "CCP"), facilitating the netting of transactions between clearing members. |
| Settlement | Settlement systems facilitate the settlement process for securities transactions. Settlement systems enable securities to be transferred and settled by book entry according to a set of predetermined, multilateral rules. |

### 3.6.2 Payment Systems

- **Checks**

BOW accepts checks from its customers though the branch, mobile and ATM networks and via remote deposit capture devices. BOW balances and distributes these checks to collection entities that facilitate payment, including the following list.

Checks Systems include:

- Federal Reserve System (Check Services platform)
- The Small Value Payment Company (affiliated with The Clearing House)
- Endpoint Exchange

### Wires

BOW receives and sends wire transfer transactions through the Federal Reserve's FedWire network. The Federal Reserve processes and settles wire transfers in a real-time processing environment. BOW uses an industry standard vendor platform to format and send outgoing wire transfers, and to receive and post incoming wire transfers for settlement to customer accounts.

Customers may initiate wire transfer instructions through the branch network or through the DirectWire call-center service. Some customers may also initiate wire transfers through BOW's WebDirect application (which is a vendor platform). For international wire transfers, BOW uses the Society for Worldwide Interbank Financial Telecommunication ("SWIFT") network to initiate payment instructions.

Wires Systems include:

- Federal Reserve System (FedWire platform)
- SWIFT network

### Automated Clearing House

BOW receives and sends Automated Clearing House ("ACH") transactions through the Federal Reserve's FedACH Services ("FedACH") system. BOW functions as both a Receiving Depository Financial Institution and as an Originating Depository Financial Institution, as defined in the NACHA Operating Rules, to facilitate ACH transaction processing for customers. Transactions are received from, and originated to, the Federal Reserve System for settlement among other financial institutions, originators and receivers.

ACH Systems include:

- Federal Reserve System (FedACH system)

### Cash

BOW provides currency, as well as processes deposits, for some commercial customers. BOW uses a number of vendors to provide this service, including Wells Fargo, Union Bank, Loomis, Brinks, Rochester, and the Federal Reserve System.

### 3.6.3 Clearing Systems

Indirectly, through BNPPSC, BOW uses CME to clear derivatives transactions. Transactions are submitted for clearing by CME through BOW's account with BNPPSC, which is a clearing member of CME.

BOW does not use any clearing FMU or similar platform for any of its foreign exchange transactions. Instead, BOW settles directly with its customers and interbank counterparties for these transactions.

### 3.6.4 Settlement Systems

BOW accesses settlement systems indirectly through certain vendors that are direct members. These primarily consist of The Depository Trust Company and its affiliates and subsidiaries. BOW also uses Fedwire Securities Services for settlement and custody of Fed-eligible securities (e.g., US Treasuries and Agency securities).

## 3.7 Foreign Operations

BOW has limited foreign operations, consisting of two representative offices (Tokyo and Taipei) and one overseas branch (Cayman Islands) used for taking Eurodollar and foreign currency deposits. In mid-2015, BOW began the process of closing its Cayman Islands branch; all accounts, transactions and deposits should be transferred onshore or closed by December 31, 2015.

## 3.8 Material Supervisory Authorities

BOW is a California banking corporation with a banking license granted by the CDBO. BOW is a state nonmember bank subject to regulation, supervision and examination by the FDIC and the CDBO. BOW maintains insurance on its customer deposit accounts with the FDIC, which requires quarterly assessments of deposit insurance premiums.

BOW is also supervised by the Consumer Financial Protection Bureau for certain consumer protection purposes and complies with regulations issued by the CFTC for certain commercial banking purposes. BOW is a member of the FHLB System and is required to maintain an investment in the capital stock of the FHLB.

BWIS, a wholly-owned subsidiary of BOW, is a broker/dealer registered with and regulated by the SEC and a member of the Financial Industry Regulatory Authority and SIPC.

## 3.9 Principal Officers

The table below identifies members of BOW's Executive Management Committee.

**Table 3-6: Bank of the West Executive Management Committee**

| Officer | Position |
|---|---|
| J. Michael Shepherd | Chairman and Chief Executive Officer |
| Thibault Fulconis | Vice Chairman and Chief Operating Officer |
| Andy Harmening | Vice Chairman, Consumer Banking Services |
| Pierre Ramadier [1] | Senior Executive Vice President, WMG |
| Dan Beck | Executive Vice President, Chief Financial Officer |
| Donald Duggan | Senior Executive Vice President, Banking Services; Chief Diversity Officer |
| Kirsten Garen | Executive Vice President, Chief Information Officer |
| Scott Germer | Senior Executive Vice President, Risk Manager |
| Gilles Karpowicz | Executive Vice President, Director of Audit and Inspection |
| Russ Playford | Senior Executive Vice President, Chief Risk Officer |
| Jean Marc Torre | Senior Executive Vice President, CBG |
| Vanessa Washington | Senior Executive Vice President, General Counsel & Secretary |
| Paul Wible | Senior Executive Vice President, NFG |

[1] Mr. Pierre Ramadier, Head of Wealth Management for International Retail Markets at BNP Paribas, will join Bank of the West in January 2016 as Head of the Wealth Management Group

## 3.10 Corporate Governance and Processes Related to Resolution Planning

BOW has established a process for developing the RP in compliance with the requirements set forth in the Dodd-Frank Act and a governance process to oversee that development and to approve the final RP. Building on experience from previous RPs submitted and on additional guidance received from the FDIC, there are significant improvements in this year's RP, both in process and content.

The senior executive ultimately responsible for the Plan is BOW's Chief Risk Officer (the "CRO"). BOW assembled a core team of experienced professionals charged with developing the Plan in accordance with all applicable guidance. The core team is supplemented by numerous subject matter experts throughout BOW. The process for completing this year's RP was enhanced compared to prior years.

Key elements of the RP leveraged, where appropriate, existing processes and products that were already subject to their own governance and validations, such as DFAST, liquidity stress testing, contingency funding planning, etc. BOW's core team also actively participated in and contributed to BNPP North America's processes related to the preparation of its RP pursuant to Section 165(d). These efforts were designed to improve the quality and consistency of the RP approach, methodology and governance across all BNPP MEs, including BOW and its IDI RP.

Regarding BOW's RP approval governance, after review and approval by the CRO, the RP was reviewed and approved by BOW's Executive Management Committee. Final approval was obtained from BOW's Board Risk Committee and BOW's Board of Directors.

### 3.11 Material Management Information Systems

BOW utilizes MIS for risk management, accounting, financial, and regulatory reporting, as well as internal management reporting and analysis. BOW's management uses a number of key reports that are generated by or derive from the management information systems and applications to monitor, measure, and manage BOW's businesses.

Key MIS and applications are inventoried internally at BOW. The inventory includes a detailed description of each system or application, along with BOW internal owner, the type of implementation and the use and function.

Systems and applications at BOW are essential to smooth and effective operations and are managed through a Business Continuity Approach. BOW maintains a BCM Plan which is administered in accordance with current regulatory guidance and corporate practices. The BCM Plan is designed to:

- allow BOW to continue to serve customers and financial market participants;
- minimize financial loss to BOW; and
- mitigate the negative effects of disruptions on BOW's strategic plans, reputation, operations, liquidity, credit quality, market position and ability to comply with applicable laws and regulations.

In accordance with FFIEC guidance and applicable laws and regulations, BOW's Board Risk Committee and BOW's Executive Management Committee have approved, and continue to oversee compliance with, BOW's BCM Program Policy. The BCM Program Policy, includes:

- assistance for Business Continuity Plans, to aid business units in developing continuity plans and identifying office space to be used in the event of a disaster;
- assistance with Technical Disaster Recovery Plans, to aid IT in developing recovery plans for the technology needed to support priority businesses and critical infrastructure; and
- contingency exercises, including exercises of the recovery plans to train management and staff and to find areas for improvement.

### 3.12 Description of BOW's Resolution Strategy

BOW has developed resolution strategies, including its preferred resolution strategy, under the assumption that a series of idiosyncratic events has caused the failure of BOW. The IDI RP is based on BOW's balance sheet as of December 31, 2014 and assumes that BOW is operating under normal conditions as of that date. BOW then experiences hypothetical idiosyncratic loss events under economic conditions consistent with the severely adverse, adverse and baseline scenarios developed by the FRB for BOW's 2015 DFAST submission. As required under the FDIC guidance for the 2015 IDI RPs, these events lead to an insolvency-based ground for an FDIC receivership under the FDIA and the failure of BOW.

Neither the preferred resolution strategy described below nor the RP itself is binding on the FDIC as receiver, a bankruptcy court, or any other resolution authority. In the event of an actual resolution of BOW, the strategy implemented and approach taken by BOW, the FDIC as receiver or any other resolution authority could differ, possibly materially, from the strategies BOW has described. The proposed failure scenario and assumptions described in this Public Summary and in the IDI RP are hypothetical and do not necessarily reflect an event or events to which BOW is or may become subject.

BOW has selected a single, preferred resolution strategy that it believes is the most effective method of resolving BOW in the unlikely event of its failure (the "Preferred Strategy"). The Preferred Strategy is based on an FDIC receivership process under the FDIA. In the event of an actual failure of BOW, the FDIC would evaluate a number of options for resolving BOW with the goal of maximizing value for the receivership, incurring the least cost to the FDIC's deposit insurance fund, ensuring access for BOW's customers to their insured deposits within one or two business days (depending on the timing of BOW's failure), and limiting contagion effects and the loss of franchise value that might be caused by a drawn-out resolution process.

The IDI RP focuses on the Preferred Strategy and provides detail on specific actions that BOW and the FDIC would take, beginning with the occurrence of a series of unrelated idiosyncratic events that first cause material financial loss to BOW and then cause its failure, through the point in time when the remaining bank operations are returned to private ownership at the end of the receivership.

A central component of the Preferred Strategy is the FDIC's power under the FDIA to form a Bridge Bank in connection with the failure of a bank. The Bridge Bank capability allows the FDIC as receiver to provide, maintain and operate some or all of the business of the failed bank during the time between its failure and the time when the FDIC can implement a resolution strategy and return the bank to private ownership. The establishment of a Bridge Bank can stabilize a bank and continue its day-to-day operations, giving the FDIC time to determine an appropriate resolution strategy.

Each of the resolution strategies presented in the IDI RP, including the Preferred Strategy, contemplates actions consistent with the rights accorded to the FDIC as receiver under the FDIA and does not rely on a systemic-risk exception determination by the FDIC under the FDIA. A central component of the Preferred Strategy is the FDIC's power under the FDIA to form a “Bridge Bank” in connection with the failure of a bank. This bridge bank capability allows the FDIC as receiver to provide, maintain and operate some or all of the business of the failed bank during the time between its failure and the time when the FDIC can implement a resolution strategy and return the bank to private ownership. The establishment of a Bridge Bank can stabilize a bank and continue its day-to-day operations, giving the FDIC time to determine an appropriate resolution strategy. In the IDI RP, the Preferred Strategy contemplates the FDIC exercising its rights as receiver in the establishment of a Bridge Bank for BOW and the transfer to the Bridge Bank of the vast majority of the failed BOW's assets and certain of its liabilities.

After the establishment by the FDIC of a Bridge Bank for the failed BOW, the Preferred Strategy contemplates the divestiture sale of certain loan portfolios and business units that BOW believes would be desirable to third-party prospective purchasers on a stand-alone basis. This divestiture would be used to generate liquidity and recovery proceeds for the receivership and to reduce the size of the Bridge Bank’s balance sheet to facilitate its eventual sale and resolution.

After this divestiture, the FDIC as receiver would prepare the remaining Bridge Bank for sale to another financial institution. These remaining assets and business units, though affected by the failure, should be a desirable target for purchase given BOW's attractive deposit mix, presence in high-growth Western markets (e.g., California, Colorado); its expertise in specific niche banking areas (e.g., agriculture and religious institutions); and its strong credit culture. The Preferred Strategy contemplates that the remaining bank at the point of its sale and the end of resolution to be approximately 45% the size (as measured by total assets) of BOW at December 31, 2014, and would be expected to have similar Core BLs (except for that portion of the business sold in the first loan and business divestiture).

As required by the December 2014 guidance from the FDIC on CIDI RPs, the BOW RP analyzes multiple resolution strategies including the Preferred Strategy, a liquidation, a sale to multiple acquirers with an initial public offering (“IPO”) and a whole bank sale. In addition, the RP identifies financial institutions that could be potential acquirers of all or part of the Bank and evaluates the viability of those acquirers, taking into consideration factors that could affect regulatory approval of an acquisition.

Under a hypothetical liquidation resolution strategy, BOW would rely on the receivership mechanism only. Bank operations (i.e., operating the branch network, etc.) would cease. The receiver would pay off insured depositors rather than transfer their deposit accounts to a Bridge Bank or acquiring institution. Following the pay-off of insured depositors, the receiver would sell the remaining assets. Under the liquidation strategy, the substantial majority of BOW’s balance sheet could be liquidated.

A hypothetical sale to multiple acquirers with an IPO is similar to the Preferred Strategy in that it also includes the divestiture of certain loan portfolios and business units that BOW believes would be desirable to third-party prospective purchasers on a stand-alone basis. However, in this strategy, instead of selling the remaining bank to an acquirer, the FDIC exits via an IPO. In the case of a strategic private sale of the remaining bank under the Preferred Strategy, the acquirer would need to provide any regulatory common equity capital required against Risk-Weighted Assets, and similarly, this recapitalization of regulatory common equity capital is also required in the course of becoming a regulated, stand-alone bank. Given the expected difficulty of going public in market conditions envisioned by the Severely Adverse scenario, it is assumed an IPO could not be successfully launched shortly after BOW's hypothetical failure and would be unlikely to be the least costly strategy.

In the whole bank sale strategy, the FDIC would transfer certain assets and liabilities from the receivership to a Bridge Bank in a purchase and assumption transaction. The establishment of a Bridge Bank is expected to stabilize the institution and to create conditions most favorable for retention of the Bank's franchise value. Potential strategic acquirers for the whole Bank would include large regional and super-regional banks within some or all of the Bank's nineteen-state footprint and large foreign banks looking to expand into or across the US.