



# **BNP Paribas Resolution Plan Public Section**



## Forward Looking Statements

This document contains forward-looking statements. BNP Paribas may also make forward-looking statements in its audited annual financial statements, in its interim financial statements, in press releases and in other written materials and in oral statements made by its officers, directors or employees to third parties.

Statements that are not historical facts, including statements about BNP Paribas' beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections, and therefore undue reliance should not be placed on them. Forward-looking statements speak only as of the date they are made, and BNP Paribas undertakes no obligation to update publicly any of them in light of new information or future events.



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# 1. Executive Summary

BNP Paribas (BNPP or Group) is one of the world's largest banks with retail and commercial banking, investment banking and brokerage, and wealth management operations around the world. Its presence in the United States of America (U.S.) dates back to the late 1800s.

BNPP prepared this Resolution Plan to provide the Federal Reserve and the Federal Deposit Insurance Corporation (FDIC) with its strategy for resolving its operations in the U.S. in a rapid and orderly manner. The Resolution Plan addresses the requirements set forth in the joint Federal Reserve and FDIC rule implementing Section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (165(d) Rule), and guidance provided by regulators.

BNPP recognizes its responsibility as a global bank to remain resilient. Should BNPP reach a point where it needed to resolve its U.S. operations, the execution of this Resolution Plan for its U.S. operations would mitigate the risk of an adverse effect on the financial stability of the U.S.

BNPP's combined U.S. operations (CUSO) consist of BNP Paribas USA Inc. (BNPP USA Inc.) and the BNPP branches in the U.S. BNPP USA Inc. is a large and noncomplex intermediate holding company (IHC) with retail and commercial banking, investment banking and brokerage, and asset management operations. BNPP has branches in New York, San Francisco and Chicago.

This is BNPP's fourth Resolution Plan, and it includes enhancements based on the feedback provided by regulators. It covers material changes from the 2015 BNPP Resolution Plan, including enhancements to its U.S. organizational structures and risk management frameworks, and compliance with the Federal Reserve's Enhanced Prudential Standards for Bank Holding Companies and Foreign Banking Organizations.

The Resolution Plan describes the hypothetical sequence of events that would push BNPP's material entities in the U.S. from normal operations into resolution, and the subsequent actions to wind down the remaining balance sheet.

BNPP's Resolution Plan is a tailored resolution plan, with the reduced requirements outlined in the 165 (d) Rule for foreign banks with relatively small nonbanking operations in the U.S. The Federal Reserve and the FDIC require that BNPP's Resolution Plan addresses a scenario in which the U.S. operations experience material financial distress, and the parent is unable or unwilling to provide sufficient financial support for the continuation of U.S. operations. BNPP modeled its resolution on the Dodd-Frank Act Stress Test (DFAST) supervisory severely adverse scenario and on its internal liquidity stress tests (iLST), incorporating systemic and idiosyncratic stress on capital and liquidity.

The Resolution Plan envisions a 'multiple points of entry' resolution strategy, with separate resolution proceedings for each material entity. The Resolution Plan assumes a two-phase strategy: a runway period of no more than 30 days, and the resolution period.

The runway period includes hypothetical severe systemic liquidity stress and a hypothetical three-notch downgrade of BNP Paribas SA, the legal parent company headquartered in Paris, leading to a point of non-viability. Market participants would assume that BNPP is unwilling or unable to support its U.S. operations due to ongoing stress at the Group level. BNPP assumes that recovery actions would not be effective. The second phase is the resolution of the material entities, with the transfer, sale or write-off of remaining assets and liabilities.

The scenarios and models outlined in this Resolution Plan are not a forecast of economic conditions or financial results, but rather a hypothetical scenario designed to help assess how BNPP's U.S. operations would be resolved should they reach a point of non-viability. The Resolution Plan does not aim to assess the likelihood of the hypothetical resolution of BNPP's U.S. material entities.

## **2. Overview of BNP Paribas**

BNPP is a well-capitalized and highly liquid bank operating in 73 countries, with a common equity tier 1 capital (CET1) ratio of 11.8% and assets of about 1.96 trillion Euros as of December 31, 2017. It has two main businesses:

- Retail Banking & Services includes retail banking in France and abroad, personal finance, insurance and wealth management. It is divided into Domestic Markets and International Financial Services. Established in more than 60 countries and employing close to 147,000 people, Retail Banking & Services generated more than 70% of BNPP's 2017 revenue from operating divisions.
- Corporate and Institutional Banking (CIB) includes corporate banking, global markets and securities services. With over 30,000 staff in 57 countries, CIB generated close to 30% of BNPP's 2017 revenue.

BNPP created its U.S. IHC in 2016 to consolidate the retail banking operations of BancWest Corp (BWC) in San Francisco and the U.S. CIB businesses in New York into one legal entity.

### **2.1. Global Retail Banking**

Retail Banking & Services has two main businesses: Domestic Markets, which includes France, Italy, Belgium, and Luxembourg; and International Financial Services, which includes International Retail Banking.

Retail Banking & Services also includes Arval (corporate vehicle leasing), BNPP Leasing Solutions and BNPP Personal Investors (online savings and brokerage), and Cash Management and Factoring.

International Retail Banking includes the U.S. and the Europe-Mediterranean region. In the U.S., the Group owns BWC, with 110.4 BN in assets as of December 31, 2017.

International Retail Banking also includes insurance, and wealth and asset management services, with the following four business lines, some of which do not conduct business in the U.S.:

- Insurance: BNP Paribas Cardif provides savings solutions and creditor insurance to consumers. It has close to 8,000 employees and 100 million customers in 35 countries, with strong positions in Europe, Asia and Latin America
- Private Banking: BNP Paribas Wealth Management serves affluent and wealthy individuals. It is a private bank with €364 BN of assets under management and nearly 6,800 professionals in Europe, Asia and the U.S.
- Asset Management: BNP Paribas Asset Management manages €424 BN of assets in 35 countries with 2,333 employees
- Real Estate Services: BNP Paribas Real Estate is one of Europe's leaders in commercial real estate. It has 4,505 employees in 13 countries, including France, Germany and the United Kingdom

### **2.2. Global Corporate and Institutional Banking**

CIB conducts investment banking operations globally, including in Paris, London, Brussels, New York, Hong Kong, Tokyo and Singapore. CIB provides corporate banking, advisor, and capital markets services through its Corporate Banking, Securities Services, Global Markets business.

- Corporate Banking provides financing solutions (including export, project, acquisition and leveraged finance) and banking products (liquidity management, cash management, deposit



collection and international trade transactions). CIB also includes the corporate finance business, which offers advisory services for mergers and acquisitions and primary equity activities in Europe, the Middle East and Africa (EMEA), Asia Pacific, North America, and Latin America.

- Global Markets provides investment, hedging, financing and research services to corporate and institutional clients, as well as to retail banking networks. The businesses include:
  - G10 Rates: 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: flow and structured products for institutional, distribution network, and corporate entity clients. Clients include corporations, banks, asset managers, pension and hedge funds, insurers, and distribution channels that serve retail investors
  - FX and Local Markets: clients including corporates, banks, hedge funds, asset managers, insurance companies and pension funds
  - Commodity Derivatives: provides financing and risk management products to corporate and institutional clients
  - Prime Solutions and Financing: clearing and financing provider
  - Primary & Credit Markets: Vanilla flow products, investment grade, high yield, loans and complex derivatives products; and funding and capital products to corporates, sovereigns, supnationals and agencies, and financial institutions via the global bond and loan markets. It also includes structured product origination.
  - U.S. Government Securities Trading, a core business line for resolution planning, as described in section 2.2.1.
- Securities Services provides integrated solutions for all involved in the investment cycle, including sell-side, buy-side and issuers:
  - Investment banking, broker-dealer, bank and market infrastructure (sell-side operators) execution services, derivatives clearing, local and global clearing, settlement and custody for asset classes worldwide. Outsourcing solutions for middle and back-office activities
  - Global custody and trustee bank, transfer agent and fund distribution support, fund administration and middle-office outsourcing, investment reporting, risk and performance measurement for institutional investors
  - 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, including securities lending and borrowing, foreign exchange, credit and collateral management, trading service and financing

## 2.3. U.S. Operations

The creation of the IHC in 2016 put virtually all U.S. subsidiaries under BNPP USA Inc., simplifying the Group's U.S. operations by reducing operating risk and the number of legal entities. In addition, BNPP has branches in the U.S. that are part of its combined U.S. operations (CUSO) but not part of the IHC.

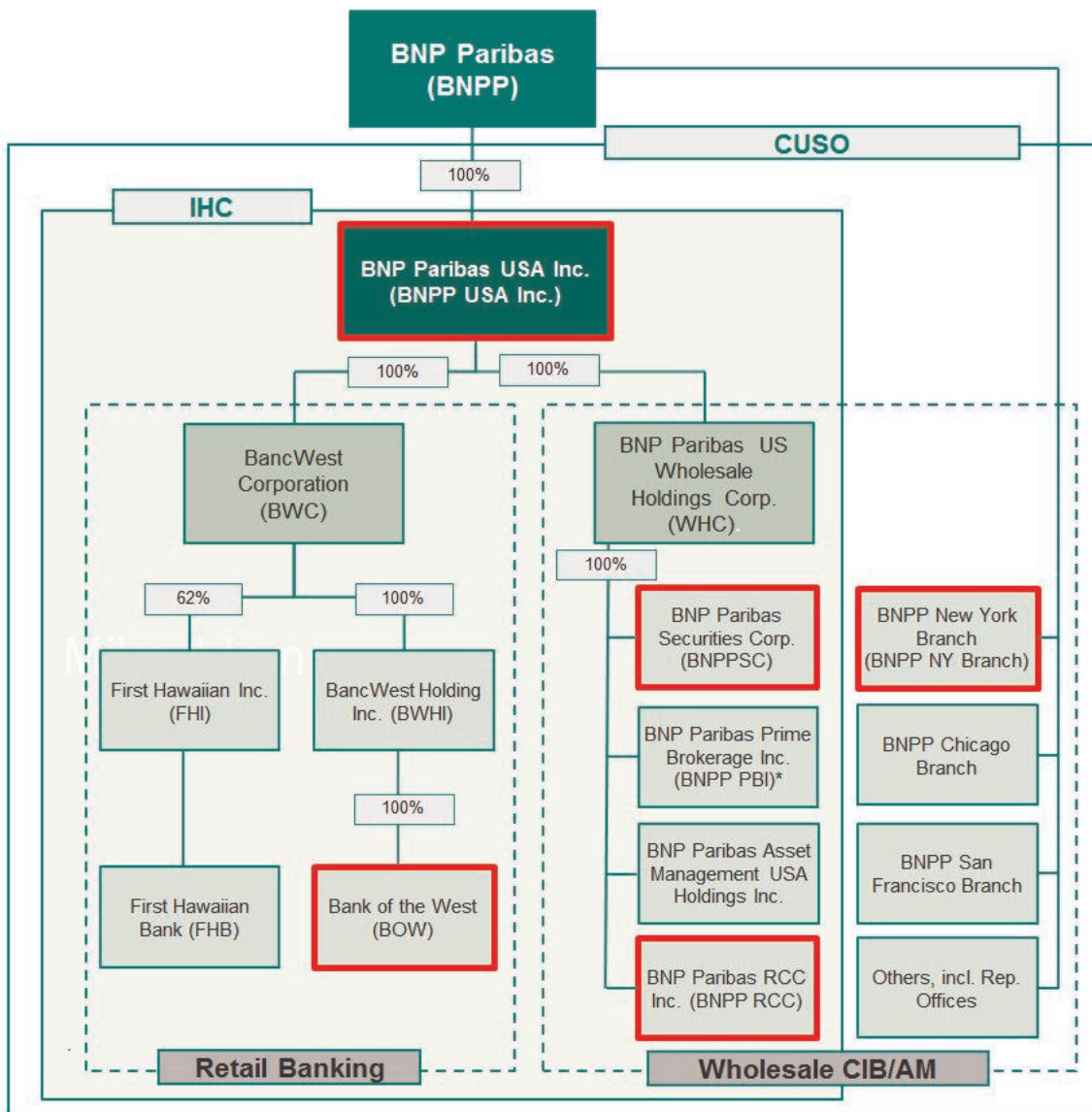
BNPP USA Inc. has two direct subsidiaries:

- BancWest Corporation (BWC)
- BNP Paribas US Wholesale Holdings Corp. (WHC)

BNPP USA Inc. has three divisions:

- Retail banking through BWC
- CIB through WHC
- AM through WHC

**Exhibit 2.1: BNPP's U.S. Organization as of December 31, 2017 (Material Entities in Red Frame)**



\*BNPP merged BNPP PBI and BNPPSC in 2018, with BNPPSC becoming the surviving entity.



## **Retail Business**

BNPP USA Inc.'s retail banking operations are self-funded, mainly through retail and commercial deposits. BWC is a bank holding company with two insured depository institutions (IDI) as of December 31, 2017: Bank of the West (BOW) and First Hawaiian Bank (FHB). BWC is managed locally while its functional groups are aligned with BNPP USA Inc.

BOW is a material entity for this Resolution Plan. It originates commercial, small business and consumer loans and leases, provides FDIC insured deposit products; and offers a wide range of banking, trust and investment solutions for individuals and businesses. BOW is the third-largest bank lender to U.S. agricultural production loans; the third-largest bank lender in Small Business Administration 504 lending, a leading Recreational Vehicles (RV) and Marine lender, and a leading bank in the religious institutions sector. BOW offers investment services through its subsidiary BancWest Investment Services Inc., a registered broker-dealer.

FHB is chartered in Hawaii and headquartered in Honolulu. BWC has been divesting its ownership interest in First Hawaiian Inc. (FHI), the holding company for FHB. On December 31, 2017, BWC owned 62% of FHI's outstanding shares and fully consolidated it for U.S. GAAP purposes. Since then, BWC has further reduced its ownership of FHI, to 18.4% as of December 1, 2018. BWC plans to divest its remaining ownership progressively.

## **Wholesale Businesses**

WHC operates mainly two business divisions: CIB and AM. It has two legal entities: a securities broker-dealer and an institutional investment advisory firm.

- BNPPSC is a market maker and primary dealer with clearing and merger and acquisition services. It also provides securities financing, settlement, clearing and custody, and securities lending services. BNPPSC is a primary broker-dealer, providing BNPP's global businesses with access to U.S. dollar markets.
- BNP Paribas Asset Management USA Holdings Inc. provides fixed income and equity strategies for institutional investors and has a Securities Exchange Commission (SEC) registered investment advisory firm.

WHC also includes BNP Paribas RCC Inc. (BNPP RCC), a functional support entity for information technology (IT) and operations, finance and tax, facilities, compliance, and human resources (HR). It provides operational and functional support for other material entities, the critical operations, and U.S. Government Securities Trading.

## **BNPP's U.S. Branches**

Certain CIB business activities in the U.S. are booked through BNPP SA branches rather than the IHC. BNPP operates branches in New York, Chicago and San Francisco.

The BNP Paribas New York Branch (BNPP NY Branch) is a legal and operational extension of BNPP SA, not a separate legal entity. The Group currently operates two state-licensed branch offices in New York City, which are consolidated for regulatory reporting purposes. The BNPP NY Branch personnel manage the BNP Paribas Cayman Islands Branch. Further, the BNPP New York Branch acts as the U.S. dollar warehouse for the Group.

The IHC and CUSO share a common management structure, and BNPP established a U.S. Risk Committee to oversee all of CUSO activities, with separate mandates for IHC and CUSO.

### 3. Financial Information

#### BNPP Capital

BNPP's fully loaded Basel 3 common equity tier 1 capital ratio was 11.8% as of December 31, 2017. The fully loaded Basel 3 leverage ratio was 4.6%. The Liquidity Coverage Ratio was 121% and the Group's immediately available liquidity reserve was EUR 285 billion.

#### Exhibit 3.1: BNP Paribas Income Statement

Consolidated BNPP Group (IFRS) (In millions of Euros)	For the year ended December 31,	
	2017	2016
Interest income	40,785	40,894
Interest expense	(19,011)	(18,518)
Commission income	13,231	12,765
Commission expense	(5,777)	(5,563)
Net gain on financial instruments at fair value through profit or loss	5,733	6,189
Net gain on available-for-sale financial assets and other financial assets not measured at fair value	2,338	2,211
Income from other activities	42,041	36,532
Expense on other activities	(36,179)	(31,099)
<b>Revenues</b>	<b>43,161</b>	<b>43,411</b>
Salary and employee benefit expense	(16,496)	(16,402)
other Operating expenses	(11,729)	(11,279)
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	(1,719)	(1,697)
<b>Gross Operating Income</b>	<b>13,217</b>	<b>14,033</b>
Cost of Risk	(2,907)	(3,262)
<b>Operating Income</b>	<b>10,310</b>	<b>10,771</b>
Share of earnings of equity-method entities	713	633
Net gain on non-current assets	488	(12)
Goodwill	(201)	(182)
<b>Pre-Tax Income</b>	<b>11,310</b>	<b>11,210</b>
Corporate Income Tax	(3,103)	(3,095)
<b>Net Income</b>	<b>8,207</b>	<b>8,115</b>
Net income attributable to minority interests	448	413
<b>Net Income Attributable To Equity Holders</b>	<b>7,759</b>	<b>7,702</b>
Basic earnings per share	6.05	6.00
Diluted earnings per share	6.05	6.00

**Exhibit 3.2: BNP Paribas Balance Sheet**

Consolidated BNPP Group (IFRS) (In millions of Euros)	As of December 31,		
	2017		2016
<b>Assets</b>			
Cash and amounts due from central banks	178,446		160,400
Financial instruments at fair value through profit or loss			
Trading securities	119,452		123,679
Loans and repurchase agreements	143,558		152,242
Instruments designated as at fair value through profit or loss	96,932		87,644
Derivative financial instruments	230,230		328,162
Derivatives used for hedging purposes	13,756		18,133
Available-for-sale financial assets	231,975		267,559
Loans and receivables due from credit institutions	45,670		47,411
Loans and receivables due from customers	727,675		712,233
Remeasurement adjustment on interest-rate risk hedged portfolios	3,064		4,664
Held-to-maturity financial assets	4,792		6,100
Current and deferred tax assets	6,568		7,966
Accrued income and other assets	107,211		115,967
Equity-method investments	6,812		6,910
Investment property	7,065		1,911
Property, plant and equipment	24,148		22,523
Intangible assets	3,327		3,239
Goodwill	9,571		10,216
<b>Total Assets</b>	<b>1,960,252</b>		<b>2,076,959</b>
<b>Liabilities</b>			
Due to central banks	1,471		233
Financial instruments at fair value through profit or loss			
Trading securities	69,313		70,326
Borrowings and repurchase agreements	172,147		183,206
Instruments designed as at fair value through profit or loss	53,441		54,076
Derivative financial instruments	228,019		318,740
Derivatives used for hedging purposes	15,682		19,626
Due to credit institutions	76,503		75,660
Due to customers	766,890		765,953
Debt securities	148,156		153,422
Remeasurement adjustment on interest-rate risk hedged portfolios	2,372		4,202
Current and deferred tax liabilities	2,466		3,087
Accrued expenses and other liabilities	86,135		99,407
Technical reserves of insurance companies	203,436		193,626
Provisions for contingencies and charges	11,061		11,801
Subordinated debt	15,951		18,374
<b>Total Liabilities</b>	<b>1,853,043</b>		<b>1,971,739</b>
<b>Consolidated Equity</b>			



Consolidated BNPP Group (IFRS) (In millions of Euros)	As of December 31,	
	2017	2016
<i>Share capital, additional paid-in capital and retained earnings</i>	<b>91,094</b>	86,794
<i>Net income for the period attributed to shareholders</i>	7,759	7,702
Total capital, retained earnings and net income for the period attributable to shareholders	98,853	94,496
Changes in assets and liabilities recognized directly in equity	3,130	6,169
<b>Shareholders' equity</b>	<b>101,983</b>	<b>100,665</b>
Retained earnings and net income for the period attributable to minority interests	5,352	4,460
Changes in assets and liabilities recognized directly in equity	(126)	95
<b>Total minority interests</b>	<b>5,226</b>	<b>4,555</b>
<b>Total Consolidated Equity</b>	<b>107,209</b>	<b>105,220</b>
<b>Total Liabilities and Equity</b>	<b>1,960,252</b>	<b>2,076,959</b>

## 4. Material Entities

BNPP identified BNPPSC, BNPP RCC, BOW and the BNPP NY Branch as material entities. A material entity is defined by the 165(d) Rule as "a subsidiary or foreign office of the covered company that is significant to the activities of a critical operation or core business line."

As of December 31, 2017, the combined activities of the material entities represented 83% of BNPP's U.S. assets, 87% of BNPP's U.S. net banking income (NBI), and 79% of BNPP's U.S. personnel.

### **BNP Paribas USA Inc.**

BNPP USA Inc. is a direct subsidiary of BNPP and has two direct subsidiaries: BWC and WHC. BNPP USA Inc. is regulated by the Federal Reserve.

While the guidance by Federal Reserve and the FDIC published on January 29, 2018 does not explicitly require the designation of BNPP USA Inc. as material entity, BNPP determined that such designation would ensure the most comprehensive analysis of BNPP USA Inc.'s resolution.

BNPP USA Inc. is incorporated in Delaware and headquartered in New York, NY, with \$24.1 BN of non-consolidated assets, \$6.6 BN of non-consolidated liabilities and \$17.5 BN of non-consolidated equity as of December 31, 2017.

BNPP USA Inc. assets largely consist of cash deposited at BOW, investments in subsidiaries and loans to BNPPSC. Its liabilities largely consist of unsecured borrowings from affiliates. BNPP USA Inc. does not rely on third parties for secured or unsecured funding.

BNPP USA Inc. does not engage in trading activities requiring to source funding on a daily basis. Its liquidity sources and uses in business as usual are stable and largely driven by liquidity and capital requirements of the consolidated IHC. On certain occasions, BNPP USA Inc. engages in transactions with its subsidiaries associated with the management of its liquidity buffer, such as investment in US Treasuries securities.

BNPP USA Inc. is a holding company. It does not directly engage in any of the critical operations or core business lines. BNPP USA Inc. does not employ personnel.

### **BNP Paribas Securities Corp.**

BNPPSC is a SEC registered broker-dealer and wholly owned by WHC. It is incorporated in Delaware and headquartered in New York, NY, with \$14.6 BN of assets, \$12.5 BN of liabilities and \$2.1 BN of equity and subordinated debt as of December 31, 2017.

BNPPSC is a member of the New York Stock Exchange (NYSE) and the Financial Industry Regulatory Authority (FINRA). In addition, BNPPSC is registered as a futures commission merchant (FCM) with the Commodity Futures Trading Commission (CFTC). As an FCM, BNPPSC is a member of the Chicago Mercantile Exchange (CME), the National Futures Association (NFA), LCH Clearnet Limited and ICE Clear Credit LLC. BNPPSC is approved by the ICE Clear Credit LLC as a clearing member for credit default swap products and by CME to clear over-the-counter swap derivative transactions.

BNPPSC engaged in market making transactions and brokerage activities primarily for institutions, other broker-dealers and affiliates, and in investment banking activities and certain operational services in the following CIB businesses:

- U.S. Government Securities Trading
  - Corporate Fixed Income Securities Trading
  - Repo trading

- Agent Activities
- Marketing
- Investment Banking and Advisory
  - Corporate Finance
  - BNP Paribas Capstar Partners
  - Clearing

BNPPSC, including the core business line of U.S. Government Securities Trading, is interconnected to other BNPP entities. These interconnections and dependencies include:

- Shared services, including HR, finance and tax, procurement, anti-money laundering, and IT provided by BNPP RCC; and treasury provided by the BNPP NY Branch
- Inter-affiliate guarantees; and capital, funding and liquidity arrangements, including existing or contingent credit exposures, with parent entities
- Inter-affiliate contractual arrangements, such as cross-collateral, cross-default, netting and risk transfers

BNPPSC is primarily self-funded on a secured basis with securities sold under agreements to repurchase, securities loaned, and securities sold but not yet purchased. When needed, BNPPSC borrows funds from the BNPP Cayman Island Branch under an unsecured uncommitted line of credit.

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.

### **Bank of the West**

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

BOW is headquartered in San Francisco with \$89.8 BN of assets, \$77.6 BN of liabilities and \$12.1 BN of equity as of December 31, 2017. It operates a network of retail, wealth management, and commercial and business banking branches and offices primarily in Western and Midwestern states.

BOW has five lines of business:

- Commercial Banking
- Retail Banking
- Personal Finance
- Small Medium Enterprises
- Wealth Management

BOW's financial and operational interconnections with other BNPP entities are limited. BOW does not rely on other BNPP entities to fund daily operations, or for regular liquidity or capital. BOW has received capital infusions from BNPP through BWC, but does not rely on such additional capital for its normal operations.

BOW participates in businesses, joint ventures and internal coordination with other BNPP entities, none of which, either in isolation or in aggregate, are material to BOW or BNPP's operations, given their limited scope and reach.

BOW's core customer deposits have historically provided a sizable source of stable and low-cost funding. In addition, BOW accesses other sources of funding, which may include, depending on the conditions in the market, Fed Funds purchases, Eurodollars, wholesale certificates of deposits (CD), market-linked CDs, affiliate funding, Federal Home Loan Bank advances, repurchase agreements, asset securitizations and sales of unencumbered liquid securities.

### **BNP Paribas RCC Inc.**

BNPP RCC is a wholly owned subsidiary of WHC. It is incorporated in Delaware, with \$214 MM of assets, \$198 MM of liabilities and \$16 MM of equity as of December 31, 2017.

BNPP RCC provides the following support services within Information Technology & Operations and other functions:

- Information Technology
- Capital Market Operations
- Banking Operations
- Cash Management Operations
- Procurement
- Finance & Tax
- Securities Services
- Human Resources
- General Inspection
- Ethics & Compliance
- Office of the Chief Operating Officer

BNPP RCC's sole purpose is to provide services and support to BNPPSC and the BNPP NY Branch. It provides significant support to the core business line of U.S. Government Securities Trading, and to BNPPSC and the BNPP NY Branch. BNPP RCC also relies on certain operational support from affiliates.

BNPP RCC is funded by affiliates through payments for services provided to those affiliates, including BNPPSC and the BNPP NY Branch. BNPP RCC does not obtain funding from third parties. BNPP RCC's financial condition is dependent on payments from invoicing BNPP entities.

### **BNP Paribas New York Branch**

The BNPP NY Branch, including the International Banking Facility, is a legal and operational extension of BNPP SA and not a separate legal entity. The Group currently operates two state-licensed branch offices in New York City, which are consolidated for regulatory reporting purposes.

The BNPP NY Branch had \$72.6 BN of assets, \$68.9 BN of liabilities and \$3.7 BN of equity as of December 31, 2017.

The BNPP NY Branch is the 100% owner of BNP Paribas VPG Master LLC, which owns multiple special purpose vehicles for the purpose of holding assets acquired in settlement or in reduction of debts or obligations which were previously contracted in the regular course of business. The BNPP NY Branch personnel manage the BNPP Cayman Islands Branch.

The BNPP NY Branch is subject to U.S. banking regulation and to supervision by the Federal Reserve



and the New York State Department of Financial Services. These regulators post on-site bank examiners. Examiners also conduct targeted examinations of various operations of the BNPP NY Branch.

The BNPP NY Branch's interconnections with BNPP affiliates include:

- Shared services, including HR, finance and tax, procurement, anti-money laundering, and IT provided by BNPP RCC
- Inter-affiliate guarantees with other BNPP entities
- Capital, funding and liquidity arrangements, including existing or contingent credit exposures with other non-U.S. BNPP entities

The BNPP NY Branch's business is self-funded through deposits, as well as through commercial paper issuances. Its capital structure includes retained earnings and capital due to BNPP SA. The BNPP NY Branch has no subordinated debt outstanding.



## 5. Core Business Lines

BNPP identified U.S. Government Securities Trading and U.S. Retail Banking as its core business lines. A core business line is defined by the 165(d) Rule as "those business lines, including associated operations, services, functions and support that, in the firm's view, upon failure would result in a material loss of revenue, profit, or franchise value. The resolution plan should address how the resolution of the covered company will affect the core business lines."

### U.S. Government Securities Trading

U.S. Government Securities Trading provides access to the U.S. Treasury and government sponsored enterprise (GSE)-backed bond and repo markets. The following Global Markets business lines provide those services:

- U.S. Treasury securities
- Agency securities
- Repurchase agreements (repo)

Trading and primary dealer activities are important components of the Group's global business strategy. As a primary dealer, BNPPSC participates in auctions for U.S. Treasury bonds, notes and bills. The core business line also includes repurchase agreements (repos) and securities purchased under agreements to resell (reverse repos) that are collateralized with fixed income securities (U.S. government issued, agency and GSE-sponsored mortgage-backed).

### Retail Banking

BWC's retail banking operations are self-funded, mainly through retail and commercial deposits. The operations are managed locally, while its functional groups are aligned with the BNPP USA Inc.

BOW and FHB manage and administer their loan portfolios independently. More than 80% of BWC's commercial and consumer loans are held by BOW. FHB, chartered in Hawaii and headquartered in Honolulu, is Hawaii's oldest and largest financial institution. As of December 31, 2017 it held \$20.6 BN in assets, operated over 60 branches and had a 38% deposit market share in Hawaii.

BWC has been simplifying its operations through the ongoing divestiture of First Hawaiian Inc. (FHI), BWC's direct subsidiary that is the holding company for FHB. Effective August 1, 2018, BWC owned 33.3% of FHI's outstanding shares. An additional secondary offering, completed on September 10, 2018, brought the ownership down to 18.4%.

## 6. Derivatives

BNPP is an active participant in the global derivatives markets. It 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 derivatives 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; OTC products may be cleared or uncleared.

Material entities that engage in derivatives trading are the BNPP NY Branch, BNPPSC and BOW. In addition, BNPPSC clears derivatives on behalf of affiliates (including BNPP and BOW) and external customers. BNPPSC generally engages in derivatives transactions as agent, while the BNPP NY Branch and BOW engage in derivatives activities as principal.

Material entities generally do not engage in affiliate back-to-back derivatives transactions. However, BOW enters into derivatives transactions with BNPP directly for BOW's risk mitigating hedging purposes. It uses BNPPSC as a Futures Commission Merchant for certain cleared derivatives.

Certain derivatives activities involve split hedges, in which the risk exposure associated with a position or portfolio held by one legal entity is hedged with derivatives transactions that are booked in a different legal entity. In these cases, transfer pricing agreements transfer profits and losses of offshore bookings to the legal entity that executed the transaction.

In the normal course of business, parent BNPP SA issues guarantees covering certain subsidiaries. These guarantees may be given at the request of third parties such as financial institutions, ratings agencies and customers. Outside of these parent guarantees, there are no guarantees covering derivatives and involving material entities. Accordingly, no guarantees are provided by any material entity that may cover the obligations related to the derivatives activity of another BNPP SA legal entity.

### Hedging Practices

Risks arising from derivatives transactions (e.g., counterparty, market risk) are managed at the individual desk or aggregated portfolio level. Consequently, to manage its overall risk position, the Group continually hedges its portfolio risks. Hedging relationships mainly consist of interest rate or currency hedges using derivatives (e.g., swaps, options and forwards) and credit default swaps. These hedges, executed by BNPPSC acting as agent, are booked at BNPP SA. Each trading desk enters into these transactions to hedge its products and mitigate risks.

The BNPP NY Branch and BOW are the only material entities with significant hedges on their financial statements. BNPPSC's hedging activities are conducted as part of its agency relationship with BNPP SA, and are nominal and executed primarily to hedge residual risks from inventory positions. Because transfer pricing agreements allocate certain global profits and losses with respect to derivatives transactions to BNPPSC, its market risk and exposure to profits and losses with respect to the hedges and the underlying positions is the net of the two trades.

### Risk Management Practices

BNPP has a comprehensive risk management process in place for managing the risks associated with derivatives, including counterparty and market risk. The Group Risk Management department supervises this process and is responsible for measuring and controlling risk at the Group level.

## 7. Payment, Clearing and Settlement

BNPP's U.S. resolution strategy requires continued access to certain Financial Market Utilities (FMU). The Federal Reserve defines FMUs as multilateral systems that provide the infrastructure for transferring, clearing and settling payments, securities and other financial transactions among financial institutions or between financial institutions and the Federal Reserve.

BNPP has a wide array of memberships with FMU providers, including payment systems, securities settlement systems, central securities depositories, central counterparties, financial institutions and messaging systems.

- Payment FMU providers include both payment systems and the Society for Worldwide Interbank Financial Telecommunication (SWIFT)
- Clearing FMU providers refer to central counterparty clearing houses
- Settlement FMU Providers include securities settlement systems, central securities depositories and financial institutions providing settlement and custody services.

**Exhibit 7.1: Top FMU Providers**

FMU Provider Type	FMU Provider
Payment	Clearing House Interbank Payment System (CHIPS)
	CLS Bank International (CLS)
	Endpoint Exchange
	eProcessing Network (EPN)
	FedACH
	Federal Reserve System (Check Services platform)
	Federal Reserve Wire Network (Fedwire)
	The Clearing House (formerly Small Value Payment Company (SVPCo))
	The Society for Worldwide Interbank Financial Telecommunication (SWIFT)
Clearing	Chicago Mercantile Exchange (CME) Clearing
	Eurex Clearing AG
	Fixed Income Clearing Corporation Government Securities Division (FICC-GSD)
	Fixed Income Clearing Corporation Mortgage-Backed Securities Division (FICC-MBSD)
	ICE Clear Credit LLC (ICE Clear Credit)
	ICE Clear Europe
	ICE Clear US
	LCH.Clearnet Limited
	LCH.Clearnet LLC
	LCH.Clearnet SA
	National Securities Clearing Corporation (NSCC)
Options Clearing Corporation (OCC)	
Settlement	BNY Mellon
	Euroclear Belgium (Euroclear)
	Fedwire Securities Services
	The Depository Trust Company (DTC)

## 8. Management Information Systems

BNPP uses a wide array of applications that provide information to management regarding risks, financial data, legal structures and regulatory reporting. Reports are generated to support the business and the management actions. Information is aggregated at all levels of the organization to provide reports, including daily reports tailored to the needs of the various businesses and levels of management.

Management information system platforms used in the U.S. are predominantly global, administered and developed, or licensed primarily by the Information Technology & Operations team at BNPP and the BNP Paribas London branch. Information Technology & Operations administers and develops or licenses a number of U.S.-only applications, and provides infrastructure and user support for global and U.S.-only applications.

Systems critical to the various operations and business have been identified in the Information Continuity Program. Processes, teams and tools required to produce key information necessary to manage BNPP have been identified in the Business Continuity Plan.

BNPP does not expect its U.S. material entities to face any material challenges to maintaining continuous access to either the vendor-licensed or the BNPP-developed management information systems to wind-down critical operations and core business lines.

## **9. Resolution Strategy**

The U.S. Resolution Plan envisions a Multiple Points of Entry resolution scenario, with separate resolution proceedings for its material entities. This strategy is different from the Group's Single Point of Entry strategy, under which none of the U.S. subsidiaries, including BNPP USA Inc., will go through resolution.

BNPP assumes that the U.S. Resolution Plan would be initiated only if the Group's, and its home country regulators' efforts to execute the Single Point of Entry strategy were to be deemed unsuccessful. Otherwise, BNPP would enter into resolution under a Single Point of Entry Strategy (SPOE) strategy should the Autorité de Contrôle Prudentiel et de Résolution, one of BNPP's European regulators, determine that recovery is unsuccessful.

In line with tailored plan guidance, this Resolution Plan does not analyze resolution of either BOW or the BNPP NY Branch. BOW filed its resolution plan with the FDIC earlier in 2018.

### **BNPP USA Inc.**

The failure of BNPP USA Inc. would be triggered by its anticipated inability to meet its financial obligations to its creditors absent additional funding and BNPP SA's inability/unwillingness to support the US operations, at the onset of the runway period. Once the parent is either unable or unwilling to support BNPP USA Inc., BNPP USA Inc. will commence a chapter 11 proceeding.

Failure of BNPP USA Inc.'s indirect subsidiaries, BNPPSC and BOW, would trigger significant impairment of the loans placed with BNPPSC, and the equity investments in WHC and BWC. The impairment would wipe out a significant portion of BNPP USA Inc.'s equity at the onset of the resolution period. These subsidiaries would unwind their operations over the resolution period. BNPP USA Inc. expects it would have few outstanding third party unsecured obligations at the end of the resolution period, possibly due to the satisfaction of such claims during the resolution period.

Some unaffiliated liabilities would be required in BNPP USA Inc.'s Chapter 11 proceeding to confirm a plan. BNPP USA Inc. expects that the principal unsecured creditors at the end of the resolution period would be its affiliate, BNPP SA including its branches. During the bankruptcy proceedings, BNPP USA Inc.'s current equity would be canceled, and BNPP SA would receive equity in the reorganized debtor in exchange for its existing claims under BNPP USA Inc.'s bankruptcy plan.

From the Group strategy perspective, BNPP USA Inc. is not expected to reorganize at the end of the resolution period; it will be liquidated and any residual funds will be distributed to BNPP SA.

### **BNPPSC**

BNPP assumes that BNPPSC would be resolved in a Securities Investor Protection Act (SIPA) proceeding.

To execute the resolution strategy, BNPPSC operations would need to be maintained only for the limited time required to complete the wind down of its assets. To maintain the operations needed to effect an orderly wind down, the Securities Investor Protection Corporation Trustee would need to continue to pay for certain personnel, rent and office expenses, IT expenses, third-party services, inter-affiliate services and other non-compensation costs; most of these expenses would be incurred only for a very limited time.

This strategy has remained unchanged from the 2015 BNPP Resolution Plan. BNPP updated the quantitative analysis related to BNPPSC's funding and liquidity needs before and in resolution, as well as impacts on BNPPSC balance sheet to reflect the material reduction on BNPPSC's footprint.

### **BNPP RCC**



BNPP assumes that BNPP RCC would not fail. BNPP RCC would wind down its activities and staffing in line with the wind down of affiliates. BNPP RCC would reduce staffing and overhead expenses as feasible. The economic conditions of the three stress scenarios would impact the operating expenses required over the course of resolution of these material entities.

## 10. Supervisory Authorities

BNPP is a global bank supervised by the European Central Bank (ECB) as its home supervisor. As a registered swap dealer, BNPP is also regulated in the U.S. by the Commodity Futures Trading Commission (CFTC)

In relation to resolution related matters, BNPP is supervised by the Autorité de Contrôle Prudentiel et de Résolution, France's resolution authority, and the Single Resolution Board (SRB). The SRB is the central resolution authority within the Banking Union, which, together with the national resolution authorities of participating member countries, forms the European Union's Single Resolution Mechanism.

BNPP's U.S. operations are primarily regulated by the Federal Reserve, the FDIC, and the state banking regulators in New York and California.

### **BNP Paribas USA Inc.**

BNPP USA Inc.'s primary regulator as an IHC is the Federal Reserve Bank of New York and the Federal Reserve System. Its subsidiaries are regulated by the SEC, the Financial Industry Regulatory Authority (FINRA), the FDIC and the California Department of Business Oversight (CDBO).

- 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 is also supervised by the Consumer Financial Protection Bureau (CFPB) and complies with regulations issued by the CFTC applicable to non-registered swap entities. BOW is a member of the Federal Home Loan Bank System and has a broker-dealer subsidiary regulated by the SEC and FINRA.

- BNPPSC is a broker-dealer regulated by the SEC.  
Further, BNPPSC is a member of the New York Stock Exchange (NYSE) and FINRA. In addition, BNPPSC is registered as a futures commission merchant (FCM) with the CFTC. As an FCM, BNPPSC is a member of the Chicago Mercantile Exchange (CME) and the National Futures Association (NFA).
- BNPP RCC is regulated by the Federal Reserve Bank of New York.

### **BNP Paribas New York Branch**

The BNPP NY Branch is regulated by the New York State Department of Financial Services, the Federal Reserve Bank of New York and the Federal Reserve System.

## 11. Principal Officers

The following tables list the principal officers of BNPP SA and its material entities in the U.S., as of December 31, 2017.

### Exhibit 11.1: Principal Officers of BNP Paribas

Officer	Position
Jean-Laurent Bonnafé	Chief Executive Officer (CEO)
Philippe Bordenave	Chief Operating Officer (COO)
Jacques d'Estais,	Deputy COO; Head of International Financial Services
Michel Konczaty	Deputy COO
Thierry Laborde	Deputy COO, Head of Domestic Markets
Alain Papiasse	Deputy COO, Head of CIB North America
Marie-Claire Capobianco	Head of French Retail Banking
Laurent David	Head of BNP Paribas Personal Finance
Stefaan Decraene	Head of International Retail Banking
Renaud Dumora	CEO of BNP Paribas Cardif
Yann Gérardin	Head of CIB
Maxime Jadot	Head of BNP Paribas Fortis
Nathalie Hartmann	Head of Group Compliance Function
Yves Martrenchar	Head of Group Human Resources
Andrea Munari	Country Head for Italy; Director and CEO of BNL
Eric Raynaud	Head of Asia Pacific
Frank Roncey	Head of Group Risk Management
Antoine Sire	Head of Corporate Engagement
Thierry Varène	Head of Key Clients; Chairman of Corporate Clients Financing and Advisory EMEA

### Exhibit 11.2: Principal Officers of the BNP Paribas New York Branch

Officer	Position
Peter Veyres	Branch Manager
Charles Abonnel	Deputy Branch Manager



**Exhibit 11.3: Principal Officers of BNP Paribas USA Inc.**

<b>Officer</b>	<b>Position</b>
Jean-Yves Fillion	CEO, BNPP USA Inc.; CEO, WHC; Chairman, CIB Americas
Nandita Bakhshi	Co-CEO, BNP Paribas USA; CEO, BancWest Corp.; CEO and President, Bank of the West
Philippe Ricard	COO, BNP Paribas USA; COO, WHC; COO, CIB Americas
Phiroze Rao	Chief Financial Officer (CFO), BNP Paribas USA
Bob Hawley	CEO, CIB Americas; Head of Global Markets Americas
Amanda Rajkumar	Head of Human Resources, BNP Paribas USA and CIB Americas
Joseph Malley	Head of Financial Institutions Coverage Americas
Donald Sutton	Head of North America Corporate Coverage
Eric Young	Chief Compliance Officer, BNP Paribas USA and CIB Americas
Richard Ferguson	Chief Risk Officer (CRO), BNP Paribas USA and CIB Americas
Ken McMullen	Treasurer, BNP Paribas USA
Gilles Karpowicz	General Auditor, BNP Paribas USA
Brady Cole	Chief Data Officer, BNP Paribas USA
Bruno Restuccia	Chief Information Officer, BNP Paribas USA
John S. Rogers	Chief Information Security Officer, BNP Paribas USA
Peter Cooke	General Counsel, BNP Paribas USA and CIB Americas
Vanessa Washington	Secretary, BNP Paribas USA; General Counsel and Secretary, Bank of the West

**Exhibit 11.4: Principal Officers of Bank of the West**

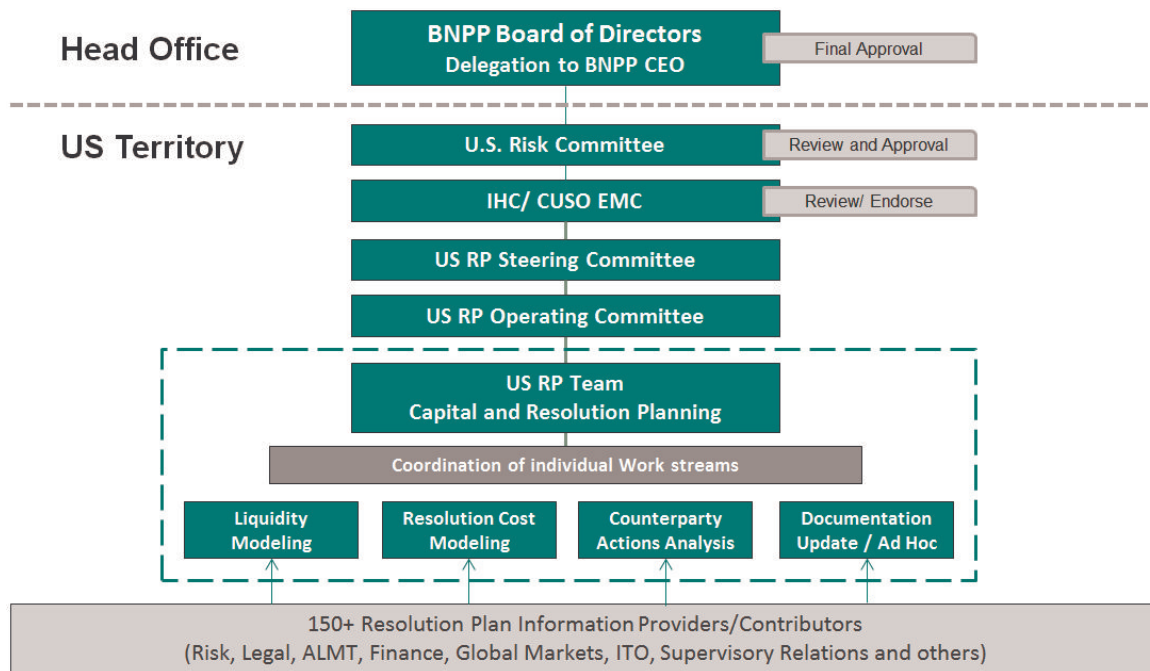
<b>Officer</b>	<b>Position</b>
Nandita Bakhshi	CEO and President
Thibault Fulconis	Vice Chairman and COO
Ryan Bailey	Executive Vice President, Head of the Retail Banking Group
Pierre Ramadier	Senior Executive Vice President, Wealth Management Group
Xavier Antiglio	Executive Vice President, Chief Financial Officer
Donald Duggan	Senior Executive Vice President, Head of Banking Services; Chief Diversity Officer
Raj Gopal	Executive Vice President, CRO
Jean Marc Torre	Senior Executive Vice President, Commercial Banking Group
Vanessa Washington	Senior Executive Vice President, General Counsel & Corporate Secretary
Sheri Paulo	Executive Vice President, Chief Human Resources Officer
Karin Lockovitch	Executive Vice President, Chief Compliance Officer
Emma Pertat	Senior Executive Vice President, General Auditor
Ben Stuart	Executive Vice President, Chief Marketing and Communications Officer
Jacob Sorenson	Executive Vice President, Chief Information Officer
Dan Cozine	Senior Executive Vice President, Head of the Corporate & Commercial Banking Group

## 12. Corporate Governance and Communication

BNPP's Board of Directors is the ultimate owner of the U.S. Operations Chapter of BNPP's Group Resolution Documentation, which includes the Resolution Plan. The board is responsible for overseeing the preparation of the Group Resolution Documentation, which includes the documentation of supporting processes, methods, reporting lines and responsible persons.

- BNPP's Board of Directors or its delegate approves the Resolution Plan
- The U.S. Risk Committee, which oversees all of BNPP's U.S. operations, approves the Resolution Plan regionally
- The Resolution Plan Steering Committee is responsible for overseeing the development, resourcing, maintenance, and filing of the Resolution Plan
- The Resolution Plan Operating Committee oversees the project, including working groups and modeling assumptions
- The subject matter experts include members from finance, treasury, risk, operations, HR, legal and other functions, as well as line of business representatives. Subject matter experts are responsible for securing organizational support for the development of the Resolution Plan

**Exhibit 12.1: 2018 Resolution Plan Governance Structure**



### Communication Plan

The communication plan for the Resolution Plan is designed to facilitate internal escalation and crisis response in times of distress, and to ensure that regulators and key external and internal stakeholders are adequately informed of any crisis or resolution decision.

BNPP developed a number of Early Warning Indicators that serve as qualitative and quantitative indicators of the progressive deterioration of liquidity conditions. Early Warning Indicators are divided into levels



based on severity. Early Warning Indicators are monitored by ALM Treasury. The occurrence of one or more Early Warning Indicators triggers an escalation process.

Communication with the regulators would be handled by the Supervisory Relations Group within BNPP. All communication to the public is exclusively handled by the Communications team. Other staff must respect confidentiality and may not make statements about the crisis or related actions to third parties unless they have been mandated to do so by the executive committee or by the Communications team.

The outline of a general communication script is described in the contingency funding plan of each entity. Further, scripts will be developed by the Communications team if necessary. These scripts will be for use by the Funding Desks and Capital Markets Global Markets Desks and for internal and external communications. Any public communication will be directed by the Communications team.

## 13. Glossary

Defined Term	Definition
165(d) Rule	Section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010
ACPR	Autorité de Contrôle Prudentiel et de Résolution. The French banking supervisor
Bankruptcy Code	US Bankruptcy Code
BN	Billion of U.S. Dollar
BNPP	BNP Paribas, collectively the businesses, divisions and subsidiaries of BNP Paribas SA
BNPP SA	BNP Paribas SA, legal entity, ultimate parent holding company based in Paris
BNPP (Canada)	BNP Paribas (Canada) subsidiary
BNPP NY Branch	BNP Paribas New York Branch
BNPP RCC	BNP Paribas RCC, Inc. originally stood for Regional Computing Center; the acronym became the legal name.
BNPPSC	BNP Paribas Securities Corp.
BOW	Bank of the West
CCAR	Comprehensive Capital Analysis and Review
CDBO	California Department of Business Oversight
CET 1	Common Equity Tier 1 Capital
CFTC	Commodity Futures Trading Commission
CIB	Corporate & Institutional Banking division
CME	Chicago Mercantile Exchange
CMG	Crisis Management Group
CUSO	Combined U.S. Operations
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.
DFAST	Dodd-Frank Act Stress Testing
DSIO	Dealer and Intermediary Oversight
ECB	European Central Bank
FDIC	Federal Deposit Insurance Corporation
FINRA	Financial Industry Regulatory Authority
FMU Providers	20 key FMUs and Financial Institutions identified in the Resolution Plan
Group	BNP Paribas, collectively the businesses, divisions and subsidiaries of BNP Paribas SA
HR	Human Resources
IDI	Insured Depository Institution
IHC	Intermediate Holding Company
IT	Information Technology
Joint Guidance	The requirements in the FDIC and FRB Guidance
NBI	Net banking income
NYSDFS	New York State Department of Financial Services
SIFMA	Securities Industry and Financial Markets Association
Single Resolution Board	European Resolution Authority
SIPA	Securities Investor Protection Act



SIPC	Securities Investor Protection Corporation
SIPC Trustee	A trustee appointed by SIPC to resolution proceedings under SIPA
Tri-Party Repo	Tri-Party Repurchase Agreements