U.S. Department of Justice

Tax Division

Washington, D.C. 20530

CDC:TJS:CDWasserman
5-16-4680
2014200688

Keith Krakaur, Esq.
Christopher Gunther, Esq.
Skadden, Arps, Slate, Meagher & Flom, LLP
Four Times Square
New York, NY 10036

November 10, 2015

Re: BNP - Paribas (Suisse)
DOJ Swiss Bank Program – Category 2
Non-Prosecution Agreement

Dear Messrs. Krakaur and Gunther:

On December 23, 2013, BNP-Paribas (Suisse) SA ("BNPP") submitted a Letter of Intent to participate in Category 2 of the Department of Justice's Program for Non-Prosecution Agreements or Non-Target Letters for Swiss Banks, as announced on August 29, 2013 (hereafter "Swiss Bank Program"). This Non-Prosecution Agreement ("Agreement") is entered into based on the representations of BNPP in its Letter of Intent and information provided by BNPP pursuant to the terms of the Swiss Bank Program. The Swiss Bank Program is incorporated by reference herein in its entirety in this Agreement.[1] Any violation by BNPP of the Swiss Bank Program will constitute a breach of this Agreement.

On the understandings specified below, the Department of Justice will not prosecute BNPP for any tax-related offenses under Titles 18 or 26, United States Code, or for any monetary transaction offenses under Title 31, United States Code, Sections 5314 and 5322, in connection with undeclared U.S. Related Accounts held by BNPP during the Applicable Period (the "conduct"). BNPP admits, accepts, and acknowledges responsibility for the conduct set forth in the Statement of Facts attached hereto as Exhibit A and agrees not to make any public statement contradicting the Statement of Facts. This Agreement does not provide any protection against prosecution for any offenses except as set forth above, and applies only to BNPP and does not apply to any other entities or to any individuals. BNPP expressly understands that the protections provided under this Agreement shall not apply to any acquirer or successor entity unless and until such acquirer or successor formally adopts and executes this Agreement. BNPP

[1] Capitalized terms shall have the meaning ascribed to them in the Swiss Bank Program.

enters into this Agreement pursuant to the authority granted by its Board of Directors in the form of a Board Resolution (a copy of which is attached hereto as Exhibit B).

In recognition of the conduct described in this Agreement and in accordance with the terms of the Swiss Bank Program, BNPP agrees to pay the sum of $59,783,000 as a penalty to the Department of Justice ("the Department"). This shall be paid directly to the United States within seven (7) days of the execution of this Agreement pursuant to payment instructions provided to BNPP. This payment is in lieu of restitution, forfeiture, or criminal fine against BNPP for the conduct described in this Agreement. The Department will take no further action to collect any additional criminal penalty from BNPP with respect to the conduct described in this Agreement, unless the Tax Division determines BNPP has materially violated the terms of this Agreement or the Swiss Bank Program as described on pages 5-6 below. BNPP acknowledges that this penalty payment is a final payment and no portion of the payment will be refunded or returned under any circumstance, including a determination by the Tax Division that BNPP has violated any provision of this Agreement. BNPP agrees that it shall not file any petitions for remission, restoration, or any other assertion of ownership or request for return relating to the penalty amount or the calculation thereof, or file any other action or motion, or make any request or claim whatsoever, seeking to collaterally attack the payment or calculation of the penalty. BNPP agrees that it shall not assist any others in filing any such claims, petitions, actions, or motions. BNPP further agrees that no portion of the penalty that BNPP has agreed to pay to the Department under the terms of this Agreement will serve as a basis for BNPP to claim, assert, or apply for, either directly or indirectly, any tax deduction, any tax credit, or any other offset against any U.S. federal, state, or local tax or taxable income.

The Department enters into this Agreement based, in part, on the following Swiss Bank Program factors:

(a) BNPP's timely, voluntary, and thorough disclosure of its conduct, including:

- how its cross-border business for U.S. Related Accounts was structured, operated, and supervised (including internal reporting and other communications with and among management);
- the name and function of the individuals who structured, operated, or supervised the cross-border business for U.S. Related Accounts during the Applicable Period;
- how BNPP attracted and serviced account holders; and
- an in-person presentation and documentation, properly translated, supporting the disclosure of the above information and other information that was requested by the Tax Division;

(b) BNPP's cooperation with the Tax Division, including conducting an internal investigation and making presentations to the Tax Division on the status and findings of the internal investigation;

(c) BNPP's production of information about its U.S. Related Accounts, including:

- the total number of U.S. Related Accounts and the maximum dollar value, in the aggregate, of the U.S. Related Accounts that (i) existed on August 1, 2008; (ii) were opened between August 1, 2008, and February 28, 2009; and (iii) were opened after February 28, 2009;

- the total number of accounts that were closed during the Applicable Period; and

- upon execution of the Agreement, as to each account that was closed during the Applicable Period, (i) the maximum value, in dollars, of each account, during the Applicable Period; (ii) the number of U.S. persons or entities affiliated or potentially affiliated with each account, and further noting the nature of the relationship to the account of each such U.S. person or entity or potential U.S. person or entity (e.g., a financial interest, beneficial interest, ownership, or signature authority, whether directly or indirectly, or other authority); (iii) whether it was held in the name of an individual or an entity; (iv) whether it held U.S. securities at any time during the Applicable Period; (v) the name and function of any relationship manager, client advisor, asset manager, financial advisor, trustee, fiduciary, nominee, attorney, accountant, or other individual or entity functioning in a similar capacity known by BNPP to be affiliated with said account at any time during the Applicable Period; and (vi) information concerning the transfer of funds into and out of the account during the Applicable Period, including (a) whether funds were deposited or withdrawn in cash; (b) whether funds were transferred through an intermediary (including but not limited to an asset manager, financial advisor, trustee, fiduciary, nominee, attorney, accountant, or other third party functioning in a similar capacity) and the name and function of any such intermediary; (c) identification of any financial institution and domicile of any financial institution that transferred funds into or received funds from the account; and (d) identification of any country to or from which funds were transferred; and

(d) BNPP's retention of a qualified independent examiner who has verified the information BNPP disclosed pursuant to II.D.2 of the Swiss Bank Program.

Under the terms of this Agreement, BNPP shall: (a) commit no U.S. federal offenses; and (b) truthfully and completely disclose, and continue to disclose during the term of this Agreement, consistent with applicable law and regulations, all material information described in Part II.D.1 of the Swiss Bank Program that is not protected by a valid claim of privilege or work product with respect to the activities of BNPP, those of its parent company and its affiliates, and its officers, directors, employees, agents, consultants, and others, which information can be used for any purpose, except as otherwise limited in this Agreement.

Notwithstanding the term of this Agreement, BNPP shall also, subject to applicable laws or regulations: (a) cooperate fully with the Department, the Internal Revenue Service, and any other federal law enforcement agency designated by the Department regarding all matters related to the conduct described in this Agreement; (b) provide all necessary information and assist the

United States with the drafting of treaty requests seeking account information of U.S. Related Accounts, whether open or closed, and collect and maintain all records that are potentially responsive to such treaty requests in order to facilitate a prompt response; (c) assist the Department or any designated federal law enforcement agency in any investigation, prosecution, or civil proceeding arising out of or related to the conduct covered by this Agreement by providing logistical and technical support for any meeting, interview, federal grand jury proceeding, or any federal trial or other federal court proceeding; (d) use its best efforts promptly to secure the attendance and truthful statements or testimony of any officer, director, employee, agent, or consultant of BNPP at any meeting or interview or before a federal grand jury or at any federal trial or other federal court proceeding regarding matters arising out of or related to the conduct covered by this Agreement; (e) provide testimony of a competent witness as needed to enable the Department and any designated federal law enforcement agency to use the information and evidence obtained pursuant to BNPP's participation in the Swiss Bank Program; (f) provide the Department, upon request, consistent with applicable law and regulations, all information, documents, records, or other tangible evidence not protected by a valid claim of privilege or work product regarding matters arising out of or related to the conduct covered by this Agreement about which the Department or any designated federal law enforcement agency inquires, including the translation of significant documents at the expense of BNPP; and (g) provide to any state law enforcement agency such assistance as may reasonably be requested in order to establish the basis for admission into evidence of documents already in the possession of such state law enforcement agency in connection with any state civil or criminal tax proceedings brought by such state law enforcement agency against an individual arising out of or related to the conduct described in this Agreement.

BNPP further agrees to undertake the following:

1. The Tax Division has agreed to specific dollar threshold limitations for the initial production of transaction information pursuant to Part II.D.2.b.vi of the Swiss Bank Program, and set forth in subparagraph (c) on page 3 of this Agreement. BNPP agrees that, to the extent it has not provided complete transaction information, it will promptly provide the entirety of the transaction information upon request of the Tax Division.

2. BNPP agrees to close as soon as practicable, and in no event later than two years from the date of this Agreement, any and all accounts of recalcitrant account holders, as defined in Section 1471(d)(6) of the Internal Revenue Code; has implemented, or will implement, procedures to prevent its employees from assisting recalcitrant account holders to engage in acts of further concealment in connection with closing any account or transferring any funds; and will not open any U.S. Related Accounts except on conditions that ensure that the account will be declared to the United States and will be subject to disclosure by BNPP.

3. BNPP agrees to use best efforts to close as soon as practicable, and in no event later than the four-year term of this Agreement, any and all U.S. Related Accounts classified as "dormant" in accordance with applicable laws, regulations and guidelines, and will provide periodic reporting upon request of the Tax Division if unable to close any dormant accounts within that time period. BNPP will only

provide banking or securities services in connection with any such "dormant" account to the extent that such services are required pursuant to applicable laws, regulations and guidelines. If at any point contact with the account holder(s) (or other person(s) with authority over the account) is re-established, BNPP will promptly proceed to follow the procedures described above in paragraph 2.

4. BNPP agrees to retain all records relating to its U.S. cross-border business, including records relating to all U.S. Related Accounts closed during the Applicable Period, for a period of ten (10) years from the termination date of the this Agreement.

With respect to any information, testimony, documents, records or other tangible evidence provided to the Tax Division pursuant to this Agreement, the Tax Division provides notice that it may, subject to applicable law and regulations, disclose such information or materials to other domestic governmental authorities for purposes of law enforcement or regulatory action as the Tax Division, in its sole discretion, shall deem appropriate.

BNPP's obligations under this Agreement shall continue for a period of four (4) years from the date this Agreement is fully executed. BNPP, however, shall cooperate fully with the Department in any and all matters relating to the conduct described in this Agreement, until the date on which all civil or criminal examinations, investigations, or proceedings, including all appeals, are concluded, whether those examinations, investigations, or proceedings are concluded within the four-year term of this Agreement.

It is understood that if the Tax Division determines, in its sole discretion, that: (a) BNPP committed any U.S. federal offenses during the term of this Agreement; (b) BNPP or any of its representatives have given materially false, incomplete, or misleading testimony or information; (c) the misconduct extended beyond that described in the Statement of Facts or disclosed to the Tax Division pursuant to Part II.D.1 of the Swiss Bank Program; or (d) BNPP has otherwise materially violated any provision of this Agreement or the terms of the Swiss Bank Program, then (i) BNPP shall thereafter be subject to prosecution and any applicable penalty, including restitution, forfeiture, or criminal fine, for any federal offense of which the Department has knowledge, including perjury and obstruction of justice; (ii) all statements made by BNPP's representatives to the Tax Division or other designated law enforcement agents, including but not limited to the appended Statement of Facts, any testimony given by BNPP's representatives before a grand jury or other tribunal whether prior to or subsequent to the signing of this Agreement, and any leads therefrom, and any documents provided to the Department, the Internal Revenue Service, or designated law enforcement authority by BNPP shall be admissible in evidence in any criminal proceeding brought against BNPP and relied upon as evidence to support any penalty on BNPP; and (iii) BNPP shall assert no claim under the United States Constitution, any statute, Rule 410 of the Federal Rules of Evidence, or any other federal rule that such statements or documents or any leads therefrom should be suppressed.

Determination of whether BNPP has breached this Agreement and whether to pursue prosecution of BNPP shall be in the Tax Division's sole discretion. The decision whether conduct or statements of any current director, officer or employee, or any person acting on behalf of, or at the direction of, BNPP, will be imputed to BNPP for the purpose of determining whether

BNPP has materially violated any provision of this Agreement shall be in the sole discretion of the Tax Division.

In the event that the Tax Division determines that BNPP has breached this Agreement, the Tax Division agrees to provide BNPP with written notice of such breach prior to instituting any prosecution resulting from such breach. Within thirty (30) days of receipt of such notice, BNPP may respond to the Tax Division in writing to explain the nature and circumstances of such breach, as well as the actions that BNPP has taken to address and remediate the situation, which explanation the Tax Division shall consider in determining whether to pursue prosecution of BNPP.

In addition, any prosecution for any offense referred to on page 1 of this Agreement that is not time-barred by the applicable statute of limitations on the date of the announcement of the Swiss Bank Program (August 29, 2013) may be commenced against BNPP, notwithstanding the expiration of the statute of limitations between such date and the commencement of such prosecution. For any such prosecutions, BNPP waives any defenses premised upon the expiration of the statute of limitations, as well as any constitutional, statutory, or other claim concerning pre-indictment delay and agrees that such waiver is knowing, voluntary, and in express reliance upon the advice of BNPP's counsel.

It is understood that the terms of this Agreement do not bind any other federal, state, or local prosecuting authorities other than the Department. If requested by BNPP, the Tax Division will, however, bring the cooperation of BNPP to the attention of such other prosecuting offices or regulatory agencies.

It is further understood that this Agreement and the Statement of Facts attached hereto may be disclosed to the public by the Department and BNPP consistent with Part V.B of the Swiss Bank Program.

This Agreement supersedes all prior understandings, promises and/or conditions between the Department and BNPP. No additional promises, agreements, and conditions have been entered into other than those set forth in this Agreement and none will be entered into unless in writing and signed by both parties.

UNITED STATES DEPARTMENT OF JUSTICE
TAX DIVISION

CAROLINE D. CIRAOLO
Acting Assistant Attorney General
11/19/2015
Date

THOMAS J. SAWYER
Senior Counsel for International Tax Matters
19 November 2015
Date

CARL D. WASSERMAN
Trial Attorney
Nov. 19, '15
Date

AGREED AND CONSENTED TO:
BNP-PARIBAS (Suisse) SA

By: _____
Geoffroy Bazin
Chief Executive Officer
18 nov 2015
Date

By: _____
Maria-Antonella Bino
Chief Legal Officer
18 nov 2015
Date

APPROVED:

Keith D. Krakaur, Esq.
Nov. 18, 2015
Date

Christopher J. Gunther, Esq.
Skadden, Arps, Slate, Meagher & Flom LLP
Nov. 18, 2015
Date

Counsel for BNP-Paribas SA

EXHIBIT A TO BNP PARIBAS (SUISSE) SA
NON-PROSECUTION AGREEMENT

INTRODUCTION

1. BNP Paribas (Suisse) SA ("BNPP" or the "Bank") has had a presence in Switzerland since 1872. The Bank is headquartered in Geneva and has Swiss branches in Zurich, Basel, and Lugano. Overall, the Bank has approximately 1,500 employees in Switzerland. The Wealth Management business line in Switzerland ("Wealth Management") has approximately 95 private bankers organized by geographic markets. No department or desk was dedicated to marketing banking services or products to the North American market. As of December 2014, Wealth Management had approximately 10,700 clients and 28.9 billion Swiss francs ($29.2 billion) in assets under management. The Bank also has a Corporate and Institutional Banking ("CIB") business line.

2. During the Applicable Period,[1] the Bank provided private banking and asset management services to individuals and entities in and outside of Switzerland, including citizens and residents of the United States ("U.S. taxpayers"). Wealth Management provided these services through its private bankers based inside Switzerland, with strict limitations on the services available to U.S. taxpayers domiciled in and outside of the United States, as described hereafter. U.S. taxpayers were also clients of CIB, although the services provided by CIB were very different from those provided by Wealth Management.[2]

3. In 2008, BNP Paribas Bank Group agreed to acquire the worldwide operations of Fortis Bank ("Fortis Merger"), which was at the time the largest bank in Belgium and was struggling from the financial crisis. The Fortis Merger closed in May 2010, and its terms required the Bank to absorb Fortis Banque (Suisse) S.A. The Fortis Merger was a multi-billion euro transaction.

4. A dedicated Task Force was created in 2010 to ensure the migration of well-documented accounts to BNPP from Fortis. This review revealed that Fortis possessed a number of foreign accounts with poor documentation, including those with ties to the United States, that were not to be accepted, according to BNPP policy at the time.

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[1] Capitalized terms not otherwise defined in this Statement of Facts have the meanings set forth in the Program for Non-Prosecution or Non-Target Letters for Swiss Banks, issued on August 29, 2013 (the "Swiss Bank Program").

[2] CIB clients use the expertise of the Bank for specific commercial transactions, and CIB does not provide private banking services. For example, CIB clients could not purchase securities (including, without limitation, U.S. securities). For these reasons, CIB did not have a specific policy regarding U.S. clients, although CIB maintained a small number of U.S. Related Accounts. In one case, a Wealth Management relationship manager omitted the existence of a CIB client's U.S. passport in opening a Wealth Management account for that client.

U.S. INCOME TAX & REPORTING OBLIGATIONS

5. U.S. citizens, resident aliens, and legal permanent residents have an obligation to report all income earned from foreign bank accounts on their tax returns and to pay the taxes due on that income. Since tax year 1976, U.S. citizens, resident aliens, and legal permanent residents have had an obligation to report to the Internal Revenue Service ("IRS") on the Schedule B of a U.S. Individual Income Tax Return, Form 1040, whether they had a financial interest in, or signature authority over, a financial account in a foreign country in a particular year by checking "Yes" or "No" in the appropriate box and identifying the country where the account was maintained.

6. Since 1970, U.S. citizens, resident aliens, and legal permanent residents who have had a financial interest in, or signature authority over, one or more financial accounts in a foreign country with an aggregate value of more than $10,000 at any time during a particular year were required to file with the Department of the Treasury a Report of Foreign Bank and Financial Accounts, FinCEN Form 114, formerly known as Form TD F 90-22.1 (the "FBAR").

7. An "undeclared account" is an account held or beneficially owned by an individual subject to U.S. tax and maintained in a foreign country that had not been reported by the individual account owner to the U.S. government on an income tax return and an FBAR.

8. "U.S. Related Accounts" means accounts which exceeded $50,000 in value at any time during the Applicable Period, and as to which indicia exist that a U.S. person or entity has or had a financial or beneficial interest in, ownership of, or signature authority (whether direct or indirect) or other authority over the account.

9. Since the 1930s, Switzerland has maintained criminal laws that require the secrecy of client relationships at Swiss banks. While Swiss law and the treaty with the U.S. limiting information exchange to cases of tax fraud permit the disclosure of client information in response to legal and administrative requests, including requests based on a treaty with the United States, Swiss laws otherwise prohibit the disclosure of identifying information without client authorization. These are Swiss criminal laws punishable by imprisonment. Because of the secrecy guarantee that they created, these Swiss criminal provisions enabled certain U.S. clients to conceal their Swiss bank accounts from U.S. authorities.

BNPP'S QUALIFIED INTERMEDIARY AGREEMENT AND ITS ROLE WITH RESPECT TO UNDECLARED ACCOUNTS

10. In 2001, BNPP entered into a Qualified Intermediary Agreement with the IRS. The Qualified Intermediary regime provided a comprehensive framework for U.S. information reporting and tax withholding by a non-U.S. financial institution relating to U.S. securities. The Qualified Intermediary Agreement was designed to help ensure that, with respect to U.S. securities held in an account at the bank, non-U.S. persons were subject to the proper U.S. withholding tax rates and that U.S. persons holding U.S. securities were properly paying U.S. tax.

11. The Qualified Intermediary Agreement took account of the fact that BNPP, like other Swiss banks, was prohibited by Swiss law from disclosing the identity of an account holder. In general, if a U.S. account holder wanted to trade in U.S. securities and avoid mandatory U.S. tax withholding, the agreement required BNPP to obtain the consent of the account holder to disclose the client's identity to the IRS.

12. BNPP's view was that it could continue maintaining accounts for U.S. customers without disclosing their identity to the IRS as long its account holders were prohibited from trading in U.S. based securities or the account was nominally held by a non-U.S. based entity.

13. With the knowledge that Swiss banking secrecy laws would prevent BNPP from disclosing their identities to the IRS absent any client or statutory authorization, certain U.S. clients of BNPP filed false and fraudulent U.S. Individual Income Tax Returns, Forms 1040, which failed to report their respective interest in their undeclared accounts and the related income. Certain U.S. clients also failed to file and otherwise report their accounts on FBARs.

OVERVIEW OF THE U.S. CROSS-BORDER BUSINESS

14. BNPP, during the Applicable Period, held and managed approximately 760 U.S. Related Accounts with a peak value of approximately $1.2 billion in assets under management. Approximately half of this amount is attributable to 205 accounts that were opened by and received from Fortis. CIB had 35 U.S. Related Accounts.

15. The Bank never maintained a U.S. desk or business group dedicated to U.S. taxpayers, and it did not market its services in the U.S. nor to U.S. taxpayers. In addition, U.S. clients were not targeted in the Bank's business plan. However, through referrals, pre-existing relationships, and acquisitions of other institutions, the Bank maintained and accepted a number of U.S. taxpayers.

16. BNPP serviced its clients through both its own relationship managers and through the use of external asset managers. Compensation for relationship managers was determined by net new assets and revenues, and there was no financial incentive offered to obtain U.S. clients. Although BNPP used retrocession payments or similar incentives to compensate certain external asset managers for bringing in accounts, these did not specifically target U.S. clients.

17. BNPP was aware that U.S. taxpayers had a legal duty to report to the IRS, and pay taxes on the basis of all of their income, including income earned in accounts that these U.S. taxpayers maintained at the Bank. Certain employees of the Bank understood that certain U.S. taxpayers who maintained accounts at the Bank during the Applicable Period were not complying with their U.S. reporting obligations.

18. BNPP offered a variety of traditional Swiss banking services that it knew could assist, and did in fact assist, certain U.S. clients in the concealment of assets and income from the IRS:

- The Bank opened and maintained accounts for U.S. taxpayers in the name of non-U.S. corporations, foundations, trusts, or other legal entities, in which U.S. taxpayers concealed their beneficial ownership of the accounts. During the Applicable Period, the Bank maintained 242 U.S. related entity accounts, comprising assets under management of nearly $650 million by peak value. A number of these entities were in fact sham entities.

- Although the Bank did not provide direct structuring services to U.S. clients, the Bank readily accepted accounts in which external trust companies created and administered offshore structures incorporated or based in offshore locations such as the British Virgin Islands, Panama, Liechtenstein, and Liberia, for certain of the Bank's U.S. clients. In certain instances with respect to these accounts, the Bank took instructions directly from U.S. beneficial owners with power of attorney over the account, including instructions for cash withdrawals, with the funds going directly to the true U.S. beneficial owner on the entity account.

- Through certain of its employees, the Bank assisted or sought to assist clients in avoiding detection by skirting legal, regulatory, or internal bank policy. Specifically:

    - In 2013, a Bank employee wrote to an entity account holder noting that the Bank's internal compliance procedures under FATCA revealed that that one of the beneficial owners of the entity was born in the United States. The Bank's employee asked the entity representative to provide official proof that the beneficial owner was not a U.S. citizen, or either sign a FATCA waiver or remove the beneficial owner. When the account holder did not agree, the Bank employee proposed that the entity representative confirm that the beneficial owners were shareholders of the company and fill out a Form A. The Bank employee stated "I would be very happy if we could solve this matter in a way to make the account disappear from the sight of the US tax authorities."

- The Bank also processed requests for cash withdrawals by U.S. taxpayers from accounts being closed. For example:

    - In early 2012, after part of an account was transferred to a bank in Malaysia, a bank employee gave instructions for the withdrawal of the balance of the account in the amount of 238,000 Swiss francs.

    - In November 2009, in light of the Bank's policy that non-compliant U.S. accounts be closed, such an account holder received permission to withdraw $731,000 in cash, with several employees coordinating the withdrawal so that the account holder need not "waste time at the cash desk."

    - In August and September of 2009, a Bank employee informed an account

holder that the Bank had adopted a new U.S. Related Account policy. The employee and account holder agreed that the client would come to the Bank before September 5, 2009 to withdraw the remaining account balance and close the account. Instructions were given to allow the client to withdraw $255,838, as well as 49,233 euros.

- In August 2010, a client identified by the Bank as a U.S. Related Account holder requested that his BNPP-issued travel cash card be recharged. The employee handling the account sent an email, with a subject line reading, "US Person with Cash Card," to another Bank employee requesting legal advice regarding whether a recharge of cash could be authorized on the card even though the account holder was a U.S.-Related Account holder. The second employee said that "from a legal point of view, I shall not authorize the recharge of the travel cash card," and warned that the Bank might in the future even require the account to be closed. However, the employee indicated that "[i]f, for commercial reasons, you want to recharge his card, I will let you deal with Employee ---. This decision will be taken under your responsibility." The Bank agreed to allow the client to use the card "one last time" and, after replenishing it with 10,000 euros, closed the account.

- The Bank also accepted and closed accounts of U.S. clients in cases where the Bank knew or should have known those accounts were undeclared where those clients: (i) did not request information that might be needed to file tax returns, (ii) signed a Form W-9 without purchasing U.S. securities, and/or (iii) did not explain why they held assets through structures.

- The Bank maintained 338 numbered accounts for certain U.S. taxpayers, and agreed to hold bank statements and other mail relating to 487 U.S. Related Accounts at the Bank's offices in Switzerland, rather than sending them to the U.S. taxpayers in the United States. This allowed account holders to minimize the paper trail associated with the undeclared assets and income they held at BNPP.

19. Among the Bank's sources of U.S. Related Accounts were three cases of introducer agreements with: (i) an attorney who moved assets of individuals into accounts held by structures; (ii) a branch of a U.S. bank; and (iii) a trust company with an introducer agreement. These agreements were established by financial institutions acquired by the Bank. The Bank ended those agreements following those acquisitions, and in most cases closed the resulting U.S. Related Accounts. The non-U.S. structures and entities mentioned above were set up by the clients without the assistance of the Bank. Specifically:

    - BNPP acquired 13 U.S. Related Accounts developed as the result of a retrocession agreement between United European Bank (UEB) and a Geneva-based attorney, when BNPP acquired UEB in 2006. BNPP closed all of those accounts: nine were closed in 2009, two in January of 2010, one in 2011, and the remaining account was

closed in late 2014. Five of those account holders are participants in the IRS's Offshore Voluntary Disclosure Initiative ("OVDI").

- A U.S. bank had a written introducer agreement with Fortis Banque that prohibited the introduction of U.S. Related Accounts. Through the introducing U.S. bank, Fortis opened nine U.S. Related Accounts (none of which had U.S. indicia at the account opening), eight of which were closed by BNPP (two in 2010, one in 2011, two in 2012, three in 2013, with the remaining one still open).

- Fortis itself had a written introducer agreement with a trust company whose principals are under indictment in the United States for facilitating tax fraud. Of the 94 accounts it introduced to Fortis, 12 were U.S. Related Accounts (two are in OVDI), and one was maintained and subsequently closed by BNPP.

20. In December of 2013, the Bank voluntarily entered the United States Department of Justice's Program for Non-Prosecution Agreements or Non-Targets Letters for Swiss Banks (the "Swiss Bank Program") as a Category 2 bank.

BANK POLICIES AND CLOSING OF ACCOUNTS

21. Well before announcement of the Swiss Bank Program and without any obligation to do so under Swiss law, the Bank, with a view to anticipating and responding to potential regulatory requests as well as to properly manage its risk, established and executed a series of increasing strict and conservative policies and account reviews designed to reduce its existing population of U.S. Related Accounts and prevent the opening of new U.S. Related Accounts. By August 1, 2013, when the Swiss Bank Program was announced, the Bank already had closed 553 of approximately 760 accounts, or 73%, of accounts held directly or indirectly by U.S. taxpayer clients.

22. Starting in 2003, the Bank issued a policy requiring U.S. residents opening new accounts to provide a Form W-9 (regardless of whether accounts held U.S. securities), and certification that the person was aware of, and fully complied with, tax requirements pertaining to foreign accounts maintained by U.S. persons. The certification was included in a "U.S. waiver" authorizing the Bank to release information to U.S. authorities upon request ("Certification-Waiver") after using best efforts to discuss the authorities' request with the client. The Certification-Waivers were designed to confirm clients' compliance with their tax obligations. BNPP nevertheless determined, based on advice of external legal counsel, that those waivers alone did not permit the disclosure of account information to the Department of Justice for purposes of the Swiss Bank Program. The Bank also required U.S. persons who were non-U.S. residents opening new accounts to sign a Certification-Waiver and provide a Form W-9 if the account held U.S. securities. To ensure compliance with these policies, the Bank in 2003 created a committee ("COMUS") to assess any new account that was affiliated with a U.S. person or beneficial owner and to make sure that the Bank had received all relevant documentation.

23. In 2005, the Bank instituted additional restrictions, including requiring a Form W-9 and Certification-Waiver from any U.S. resident who was a "beneficial owner" (as defined for Swiss banking purposes) of a non-U.S. company. The Bank also held mandatory training sessions in 2005 and 2007 to ensure that Wealth Management employees were aware of and followed its policies for U.S. persons. The Bank continues to hold such trainings. Despite these policies, however, the Bank disregarded evidence that many of the accounts were not in fact properly declared, facilitating the tax avoidance schemes of account holders. Specifically:

    - The Bank opened an account in the name of a foreign entity in 2005 and accepted a declaration of non-U.S. tax status on behalf of the entity when a U.S. person was identified as the beneficial owner for Swiss banking purposes. Before the account was closed, the beneficial owner withdrew 177,000 euros from the account via wire transfer.

    - The Bank opened an account in 2001 for a foreign entity with a U.S. beneficial owner. The Bank did not obtain a Form W-9 from the account holder until at least late 2007, and prior to that the account contained an instruction forbidding the Bank from buying or holding U.S. securities until "appropriate US tax documentation" was supplied. No securities were ever held in the account, which was not closed until 2010. During 2008 and 2009, the U.S. beneficial owner made five withdrawals (three via wire transfer totaling 39,740 British pounds and 22,500 euros, and two in cash for 26,000 British pounds each).

    - For an account opened in 1996 and closed in 2009, the U.S. beneficial owner of the entity account holder gave instruction for two wire transfers under $10,000 in late 2008 and a final wire transfer of $189,000 to a U.S. bank to close the account in February 2009.

    - In numerous other cases, the Bank, despite its training sessions, continued to allow account holders it knew or should have known were violating U.S. tax law to transact business in BNPP accounts.

24. In or about 2008, Swiss bank UBS AG ("UBS") publicly announced that it was the target of a criminal investigation by the IRS and the United States Department of Justice and that it would be exiting and no longer accepting certain U.S. clients. On February 18, 2009, the Department of Justice and UBS filed a deferred prosecution agreement in the Southern District of Florida.

25. In response to the UBS case in 2008, the Bank established an action plan and a team dedicated to assessing the implementation of decisions by COMUS regarding existing U.S. accounts. The new rules prohibited: (1) new account openings for non-U.S. companies, trusts, foundations, etc., with U.S. "beneficial owners" (whether or not they were U.S. residents); and (2) new account openings for U.S. clients who were residents in the U.S. The Bank decided not to accept as clients U.S. persons who were former clients of UBS, unless it was determined by the COMUS that those accounts were not

undeclared.

26. COMUS also commenced a review of existing U.S. accounts in order to determine if an account should be closed. The Bank decided to close the accounts if they did not have the requested documentation (i.e., Form W-9 and Certification-Waiver). Such accounts were presented to COMUS and additional documentation (i.e., Form W-9 and Certification-Waiver) was required from the client. In the absence of this documentation, the Bank closed the accounts.

27. Beginning in early 2009, BNPP established a further action plan refusing to open, and closing, accounts that were not compliant with its U.S. client policy, including accounts of U.S. resident individuals (except cash accounts duly tax documented) and U.S. entities. The Bank also instructed its private bankers in writing to invite all their U.S. clients (even those who were asked to close their accounts) to consult their U.S. tax experts and, if necessary, regularize their tax status with U.S. authorities. After the Fortis Merger, the Bank applied its U.S. client policy to accounts on-boarded from Fortis, and in the process closed many such accounts.

28. In 2008 and 2009, BNPP closed 306 U.S. Related Accounts.

29. In 2012, BNPP established an additional action plan requesting its remaining U.S. resident clients to close their accounts (unless the person had provided a Form W-9 and Certification-Waiver). Notwithstanding these plans, a number of U.S. Related Accounts remain open primarily because the Bank believes the account holders have complied with BNPP's U.S. policies, including providing waivers allowing for reporting under FATCA, or are dormant accounts that cannot be easily closed under Swiss law.

COOPERATION THROUGHOUT THE SWISS BANK PROGRAM

30. Throughout its participation in the Swiss Bank Program, the Bank provided full cooperation to the U.S. Department of Justice. The Bank has also made timely and comprehensive disclosures regarding its U.S. cross-border business consistent with the Swiss Bank Program's requirements and deadlines. Specifically, the Bank, with the assistance of U.S. and Swiss counsel, its external forensic advisor, and in compliance with Swiss law has:

    - conducted an internal investigation that included but was not limited to: (a) interviews of relationship managers and members of management; (b) reviews of client account files and correspondence; (c) analysis of relevant management policies; (d) email searches and reviews of roughly 70,000 emails; and (e) a review of approximately 10,000 physical client files;

    - submitted each account with U.S. indicia to an *ad hoc* validation committee composed of members of the Bank, its external forensic advisor, and Swiss counsel, in consultation with U.S. counsel, to establish whether the account was U.S. related;

- established a dedicated "Task Force" that reported regularly to the Bank's management, which over the past two years (i) located former Bank clients and contacted current clients to obtain evidence of tax compliance, (ii) obtained authorization to disclose their identities to the U.S. Department of Justice, and (iii) generally encouraged individuals that provided no evidence of tax compliance to promptly regularize their U.S. tax situation with assistance of legal counsel.

- was able to provide to the U.S. authorities, in accordance with Swiss law, the identities of 336 U.S. persons – comprising approximately two-thirds of the assets under management for U.S.-Related Accounts – who were either clients or beneficial owners of accounts;

- provided information concerning 15 U.S. client accounts held at the Bank in Switzerland since August 2008 to enable the United States authorities to file treaty requests to the Swiss competent authority;

- described in detail the structure of its U.S. cross-border business, including but not limited to: (a) the policies put in place by the Bank to comply with U.S. law; (b) a summary of the top 20 U.S. Related Accounts by assets under management value; (c) a redacted summary of external asset managers and relationship managers with U.S. Related Accounts by assets under management; and (d) substantial information about U.S. Related Accounts associated with external asset managers and relationship managers;

- provided a list of the names and functions of all individuals who structured, operated, or supervised the cross-border business at the Bank;

- provided relevant information concerning its relationship managers; and

- utilized the Bank's Independent Examiner in the Swiss Bank Program for purposes of reviewing each U.S. Related Account and confirming information that addressed issues regarding the penalty under Section II.H of the Swiss Bank Program.

32. Prospectively, the Bank has established a team that will monitor all U.S. Related Accounts to ensure that the transition between the U.S. Program and FATCA is implemented appropriately.

BNP PARIBAS

BNP Paribas (Suisse) SA

EXHIBIT B TO NON-PROSECUTION AGREEMENT

Resolution of the Board of Direction of of BNP Paribas (Suisse) SA

At a duly held meeting held on November 3, 2015 the Board of Directors (the "Board") of BNP Paribas (Suisse) SA (the "Company") resolved as follows:

WHEREAS, the Company has been engaged in discussions with the United States Department of Justice (the "DOJ") regarding certain issues arising out of, in connection with, or otherwise relating to the conduct of its U.S. cross-border business;

WHEREAS, in order to resolve such discussions, it is proposed that the Company enter into a certain non-prosecution agreement with the DOJ (the "Agreement"); and

WHEREAS, the Company's U.S. and Swiss counsel have advised the Board of Directors of the Company's rights, possible defenses, and the consequences of entering into the Agreement;

This Board hereby **RESOLVES** that:

1. The Board of the Company has reviewed the entire Agreement attached hereto, including the Statement of Facts attached as Exhibit A to the Agreement, consulted with Swiss and U.S. counsel in connection with this matter and voted to enter into the Agreement, including to pay a sum of USD 59'783'000.- to DOJ in connection with the Agreement;

2. Geoffroy Bazin, Chief Executive Officer of the Company, and Maria-Antonella Bino, Head of the Legal Department of the Company with joint signature by two (collectively, the "Authorized Signatories"), are hereby authorized on behalf of the Company to execute the Agreement substantially in such form as reviewed by this Board with such non-material changes as the Authorized Signatories may approve;

3. The Board hereby authorizes, empowers and directs the Authorized Signatories to take, on behalf of the Company, any and all actions as may be necessary or appropriate, and to approve and execute the forms, terms or provisions of any agreement or other document, as may be necessary or appropriate to carry out and effectuate the purpose and intent of the foregoing resolutions; and

4. All of the actions of the Authorized Signatories of the Company, are hereby severally ratified, confirmed, approved and adopted as actions on behalf of the Company.

IN WITNESS WHEREOF, the Board of Directors of the Company has executed this Resolution on November 11, 2015.

Christian BOVET
Vice chairman of the Board

Andreas NANNI
Corporate Secretary