

Resolution Plan of Banca Monte dei Paschi di Siena S.p.A.
for
Banca Monte dei Paschi di Siena S.p.A., New York Branch
("BMPSNY")
2016
Updated as of December 2, 2016

1. Public Section

1. Foreword to BMPSNY's 2016 Resolution Plan

Banca Monte dei Paschi di Siena New York Branch (BMPSNY) is an entity belonging to the Monte dei Paschi di Siena Group ("BMPS" or "Bank") which is present throughout Italy and in major international financial centers, with operations ranging from traditional banking activities to Private Banking and Corporate Banking, and a traditional vocation for household accounts and small and medium enterprises.

On December 17th 2015, the General Manager of BMPSNY, Vincenzo Ciancio, was appointed by the Board of Directors of the BMPS as the designated officer for coordinating and submitting to the FDIC and Federal Reserve the Resolution Plan. The Resolution Plan was filed by Mr. Ciancio on December 22nd 2015.

Unless otherwise indicated, information in this Public Summary is provided as at December 31st, 2015.

2. Contents of BMPSNY's 2016 Resolution Plan: exemption from certain informational requirements

The Board of Governors of the Federal Reserve System and the FDIC (the Agencies) reviewed the Resolution Plan submitted by BMPSNY on December 22nd, 2015.

Following their review, the Agencies determined that pursuant to paragraph 4(k) of the Resolution Plan Rule [Section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, 12 U.S.C. § 5365(d), and the jointly issued implementing regulation, 12 CFR Part 243 (Board) and 12 CFR Part 381 (FDIC)] to reduce the informational content that will be required to provide in its resolution plan submissions due by December 31, of 2016, 2017, and 2018 ("Reduced Plans"), subject to the "conditions for Reduced Plans". The covered company is exempted from all informational requirements of section .4 of the Rule, other than the requirements of paragraphs .4(b)(2), .4(b)(3) and 4(c)(1)(vi).

Specifically, the BMPSNY's 2016 Resolution Plan is only required to contain information concerning 1) material changes that require modifications to the company's most recently filed resolution plan in 2015 and 2) any actions taken by BMPSNY since the 2015 Plan to improve the effectiveness of its Resolution Plan.

BMPSNY was notified by the FDIC of the above determination on June 10th, 2016.

By the following sections BMPSNY has intended to comply with the Resolution Plan requirement for 2016 by submitting information that is responsive to and consistent with the determination reached by the Agencies.

3. Material changes requiring modifications to BMPSNY's 2015 Resolution Plan

On July 1st, 2016, the Parent Company paid to the Ministry of Economy and Finance, in a monetary form, the interest accrued in 2015 on the New Financial Instruments redeemed on 15 June 2015 for an amount of roughly EUR 46.0 mln. This payment had no effect on the levels of capitalisation of the Group.

On July 29th, 2016, the EBA EU-wide stress test results were published, showing for the Bank a hefty CET1 ratio decrease in the adverse scenario (fully loaded at – 2.4%), whereas, in the “baseline” scenario, the CET1 ratio for 2018 is confirmed at 12%. The 2016 Stress Test does not have a success/failure threshold; instead it was designed to provide significant information within the 2016 supervision process. Therefore, the results will be used by the competent authorities to assess the capacity of the bank to comply with the regulatory constraints in stressed scenarios on the basis of common methodologies and assumptions. The adverse stress scenario was designed by ECB/ESRB and covers a three-year horizon (2016-2018) under the assumption of a static financial statements starting from December 2015; therefore, it does not take into account future changes in business strategies and the restructuring plan currently underway providing for further developments in the next two years or other measures the Bank may take.

On July 29th, 2016, the BMPS’ Board of Directors approved the guidelines of a transaction (the “**Transaction**”), which is expected to allow for the de-recognition of the Group’s entire bad loan portfolio (EUR 27.7 billion gross and EUR 10.2 billion net, 31 March 2016). The envisaged strengthening in coverage of non-performing exposures (i.e. bad loans, unlikely to pay and past due loans) and the de-recognition of the bad loan portfolio through the securitization structure, is expected to result, on a preliminary basis, in a capital shortfall of Euro 5.0 billion compared to a fully phased CET1 of 11.4%, as of 31 March 2016. The completion of the Transaction is subject, among others, to approval by the relevant supervisory and regulatory authorities. The comprehensive capital plan submitted by the Bank to the ECB includes the capital increase aimed at obtaining a more than adequate capital position. The Transaction encompasses a number of simultaneous and closely related actions, which should be regarded as indivisible components of a comprehensive solution, including the: 1. Increase in the coverage ratios of impaired exposures; 2. De-recognition of the entire bad loan portfolio; 3. Recapitalization of the Bank.

On July 29th, 2016, the Board of Directors of BMPS approved the result of the first half.

On September 14th, 2016 the Board of Directors of the Bank unanimously approved the appointment of Mr. Marco Morelli as the Group’s new Chief Executive Officer and General Manager, who replaced Mr. Fabrizio Viola, who resigned.

On September 14th, 2016 Mr. Massimo Tononi announced that he would resign as Chairman and Director of the Bank effective after the conclusion of the Shareholders’ Meeting of the 24 November 2016.

On October 24th, 2016, the Board of Directors of BMPS approved:

- the result of the first nine months;
- a new Business Plan 2016/2019 with the main targets being identified as followed:
 - Net Income greater than EUR 1.1bn at the end of the Plan, with target ROTE above 11% despite prudent revenue growth.
 - Strengthening capital and liquidity position.

- Radical improvement of Credit Risk Management.
- New and efficient operating model to exploit the value of our resilient customer base
- Accelerating digitalizing process to support commercial relaunch.
- Approved a new organizational structure.
- Convocation notice of an Extraordinary and Ordinary Shareholders' Meeting on November 24th, 2016.

Extraordinary and Ordinary Shareholders' Meeting was convened in order to adopt the resolutions required to implement **Transaction**, aimed at (i) the de-recognition of the portfolio of the non-performing loans of BMPS as at June 30th 2016 amounting to up to EUR 27,6 billion (GBV) excluding non-performing leasing loans equal to approx. EUR 0.9 billion, to be transferred separately, and non transferable non-performing loans in the amount of approx. EURO 0.4 billion), through distribution of the junior notes to shareholders of the Bank, and (ii) carrying out a recapitalisation of the Bank of up to EUR 5 billion.

The Transaction, structured in continuity with what was announced to the market on July 29th 2016 and September 26th 2016, encompasses a number of simultaneous and interconnected actions, including:

1. De-recognition from the BMPS balance sheet of the portfolio of bad loans, with the exceptions referred to above;
2. Recapitalization of the Bank.

In the context of the Transaction, the increase in the coverage ratios of impaired exposures is also provided for.

On November 23rd 2016, the Bank received authorization from the European Central Bank (ECB) in relation to the Transaction announced to the market on 25 October.

Furthermore Bank of Italy has notified that it has successfully completed its assessment procedure, in accordance with Article 56 of the Italian Unified Banking Act, regarding the changes to the By-Laws for the purposes of the Transaction.

On November 24th, 2016 the Extraordinary and Ordinary Shareholders' Meeting of the Bank was held under the chairmanship of Massimo Tononi. In the extraordinary session approved, with 96,13% votes in favor, to grant the Board of Directors the power - to be exercised by and no later than 30 June 2017 - to increase the share capital for consideration, in one or more issues and in one or more tranches, with the exclusion or limitation of the pre-emptive right pursuant to Article 2441, paragraph 5 of the Italian Civil Code, for an overall amount of up to EUR 5 billion, including any premium. In the same extraordinary session, further to the reverse split of ordinary BMPS shares, Shareholders approved the financial statements as at 30 September 2016 and the proposal for a voluntary reduction of the share capital covering previous losses and losses resulting from the financial statements as at 30 September 2016.

In the ordinary session, Shareholders appointed Alessandro Falciai, member of the Bank's Board of Directors since April 2015, as Chairman of the Bank and elected Massimo Egidi as a new member of the Board, as independent. Furthermore, the Shareholders' Meeting appointed Marco Morelli as member of the Board of Directors.

Lastly, the ordinary Shareholders' Meeting approved the adoption of the measures relating to: (a) the allocation of the share premium that will arise following the exercise of the delegation and the subsequent execution of the share capital increase referred to in the extraordinary session; (b) the distribution in kind of the share premium reserve, once it is constituted as a result of the execution

of what is resolved at point (a), through the allocation to Banca Monte dei Paschi di Siena's shareholders of securities representing junior notes, arising out of the securitisation of doubtful loans.

On November 25th, 2016, the share capital decrease and the reverse split of ordinary BMPS shares with the ratio of 1 new ordinary share for 100 shares owned (with prior cancellation, for accounting balancing purposes, of 64 ordinary shares of BMPS) have been filed with the Companies' Registrar of Siena. The reverse split of the ordinary shares of BMPS shall take place on 28 November 2016.

The Bank' share capital, post decrease and reverse split, amounts to EUR 7,365,674,050.07, fully paid up and it is represented by 29,320,798 of ordinary shares.

On December 2nd 2016, Voluntary Cash Tender offer and Institutional LME Offers - carried out by BMPS in relation to 11 subordinated securities issued or guaranteed by it with cash to be mandatorily applied to subscribe for newly-issued BMPS ordinary shares - ended. On the basis of the provisional results indicated by the Intermediaries Responsible for the Collection of Acceptances (as at December 2nd 2016) the Securities tendered pursuant to the Offers are above Euro 1 billion for the capital increase of the Bank.

The Offer and the Institutional LME Offers are conditional upon each of the following events:

- 1) the Settlement Date for the Offer, to be fixed pursuant to the timetable of the Underwriting Period in relation to the BMPS Capital Increase, to fall no later than 31 December 2016;
- 2) receipt by the Bank of orders and/or underwriting commitments of New Monte Paschi Shares for an aggregate amount of €5 billion in the context of the Capital Increase; and
- 3) the deconsolidation of the NPL Portfolio, as well as satisfaction of any further conditions to the Capital Increase established by the Board of Directors of BMPS pursuant to the Delegation.

As at September 30th, 2016, the major shareholders of the Bank held a total of 7.19% of the share capital and were represented by the following:

<i>Shareholders</i>	<i>%</i>
MEF	4.024%
AXA SA	3.170%
Other shareholders (less than 3%)	92.806%

BMPSNY has assumed that - taking into account the current shareholder structure, in which no single shareholders may be considered to control BMPS – the Resolution Plan for the year 2016 has been submitted to the Board of Directors of BMPS itself which has authorized Mr. Vincenzo Ciancio to file the required documentation to the FDIC and Federal Reserve within December 31st, 2016.

There have been no material changes directly affecting BMPSNY's operations during 2016.

Actions taken by BMPSNY in 2016 to improve the effectiveness of its Resolution Plan

The Resolution Plan of BMPSNY may be reasonably considered effective due to the organizational structure of the Branch and to the low complexity and magnitude of operations carried out. The effectiveness of the Resolution Plan remains unchanged, due to the liquidity cushion held with the Federal Reserve (see the Confidential Section of the Resolution Plan), which contributes to strengthen the resources promptly available to the Branch for ensuring a fast and orderly liquidation of its activities.

INTRODUCTION

BMPS has developed a U.S. Resolution Plan (the “Resolution Plan”) as required pursuant to the final rule (the “165(d) Rule”) issued by the Board of Governors of the Federal Reserve System (“Federal Reserve”) and the Federal Deposit Insurance Corporation (“FDIC”) pursuant to Section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”). The 165(d) Rule requires foreign banking organizations that are treated as bank holding companies (“BHCs”) under Section 8(a) of the International Banking Act, with total global consolidated assets of U.S. \$50 billion or more to submit periodically to the Federal Reserve and FDIC a plan for the rapid and orderly resolution in the event of material distress or failure of the U.S. operations of the BHC.

BMPS and its branches/subsidiaries operate in the different segments of the banking and financial industry, with activities ranging from traditional banking to special purpose loans, asset management, bancassurance and investment banking. BMPS performs functions of direction, coordination and control over the Group’s companies, as part of the more general guidelines set out by the Board of Directors in compliance with the instructions provided by the Bank of Italy in the interest of the Banking Group’s stability.

As of September 30th, 2016, the Group had approximately 5.1 million customers.

At the same date, the Group had a domestic network of 2,043 branches in Italy. The organizational structure of the Foreign Network remains unchanged and includes:

- 4 operational branches (London, New York, Hong Kong and Shanghai);
- 10 representative offices located in various “target areas” of the EU, Central-Eastern Europe, North Africa, India and China;
- 2 banks under foreign law: BMP Belgio (9 branches in Belgium) and MP Banque (18 branches in France).

As of September 30th, 2016, the Group employed approximately 25,641.

The objective of the Group is the creation of value over time for all stakeholders, giving priority to customer satisfaction, personal professional development, shareholders’ interests, and the territory of reference. All this is pursued through an established, shared system of values based on:

- A responsibility ethic
- Orientation towards the customer
- Attention to change

- Entrepreneurship and productivity
- Professional competence
- Team spirit and cooperation

The Group's U.S. activities primarily relate to corporate financing, the provision of payment services and banking facilities to corporate and retail clients and a notional amount of foreign exchange transactions to satisfy the foreign currency needs of customers. These activities are principally undertaken by the New York branch of BMPS.

The Bank is supportive of the regulatory reform efforts to promote global financial stability and mitigate the systemic risks arising from the failure of any individual large financial institution. It also supports the goal that financial institutions should be able to be resolved without taxpayer or U.S. government involvement.

Given the above, it needs to be specified that BMPS has a limited footprint in the U.S. and has no core business lines, critical operations or material entities whose failure or discontinuance would pose a threat to the financial stability of the United States. In the unlikely event of material financial distress or failure, the Resolution Plan demonstrates how the U.S. operations of BMPS can be resolved in an orderly manner without any need for extraordinary financial support from the U.S. or Italian governments.

A. MATERIAL ENTITIES

Rule 165(d) defines a "material entity" as an entity that is significant to the activities of a core business line or critical operation. BMPS performed a review of its operations in the U.S. and identified one entity that is significant to BMPS' limited U.S. business activities. However, because BMPS has no core business lines or critical operations, it has determined that the primary U.S. operating entity of BMPS is not a material entity for the purposes of the Resolution Plan.

B. CORE BUSINESS LINES

For the purposes of the 165(d) Rule, "core business lines" are those business lines of the covered company, including associated operations, services, functions and support, that in the view of the covered company, upon failure, would result in a material loss of revenue, profit or franchise value.

The principal business activities undertaken by BMPSNY primarily relate to: (i) corporate financing; and (ii) the provision of payment services and banking facilities to corporate and retail clients. To assess whether a particular business line is a core business line, BMPS looked at a variety of factors, including the ratio of total U.S. assets and revenues such business lines account for relative to the global assets and revenues for that business line, as well as other subjective factors such as the assessment of whether failure of a particular business line would result in a significant loss of franchise value to BMPS. Based on this analysis, BMPS determined that none of

the business activities undertaken in the U.S. are “core business lines” for the purposes of the Resolution Plan.

C. SUMMARY FINANCIAL INFORMATION REGARDING ASSETS, LIABILITIES, CAPITAL AND MAJOR FUNDING SOURCES

1. Assets and Liabilities

For detailed financial information on BMPS’ global operations, please refer to in BMPS’ 2015 Annual Report. Exhibit C.1 summarizes the balance sheet for BMPSNY.

	<u>Dec 31, 2015</u>	<u>Dec 31, 2014</u>
ASSETS:		
Cash and balances due from depository institutions	73.9	85.5
U.S. Government securities		
Corporate securities		
Fed Funds sold and reverse repo transactions		
Loans secured by real estate	43.8	55.1
Loans to banks in foreign countries		7.5
Loans to other Financial Institutions	24.8	110.5
Commercial and industrial Loans: U.S. addresses	137.8	92.2
Commercial and industrial Loans: Non-U.S. addresses	46.6	47.3
Loans to foreign governments and official Institutions		5.7
- Loans for purchasing or carrying securities		
All other Loans and leases	0.4	0.1
- Lease financing receivables		
- Unearned income on Loans and Leases		
Trading assets		
Other assets	5.1	3.1
Net due from related institutions in the U.S. and in foreign countries	289.1	166.5
<u>TOTAL ASSETS</u>	<u>621.5</u>	<u>573.5</u>

LIABILITIES:

Total deposits and credit balances	262.2	172.6
Fed Funds sold and reverse repo transactions		
Other borrowed money	357.7	399.0
Trading liabilities		
Other liabilities to nonrelated parties	1.6	1.9
Net due to related institutions in the U.S. and in foreign countries		
<u>TOTAL LIABILITIES</u>	<u>621.5</u>	<u>573.5</u>

2. Capital

As a branch of BMPS, BMPSNY does not hold standalone capital, nor is it subject to standalone regulatory capital minimums.

3. Funding sources

The Treasury Department of BMPS manages all currency liquidity and funding on a global basis for the consolidated BMPS operations in line with global asset/liability management guidelines.

BMPSNY's Treasury Operations manage the day to day asset/liability management position and liquidity needs of BMPSNY in line with Group policy and risk limits established and allocated by BMPS.

The primary source of funding for BMPSNYs operations is through intercompany deposits. Sources of external funding include issuances of Yankee certificates of deposit and other customer deposits from Corporate Banking activities.

BMPS provides BMPSNY with a liquidity cushion and BMPSNY maintains this balance in the reserve account of BMPSNY at the Federal Reserve Bank of New York.

D. DESCRIPTION OF DERIVATIVE AND HEDGING ACTIVITIES

BMPSNY has engaged in a notional amount of interest rate swaps activities in connection with the hedging of BMPSNY's fixed rate assets. As of December 31st, 2015, there were no derivatives maintained by BMPSNY.

The Group's trading in derivatives is exclusively intended to meet customers' hedging needs and is targeted at the Group's corporate customers classified as Retail clients or Professional/Qualified investors under the Markets in Financial Instruments Directive.

Derivatives products offered are broken down into two main classes:

- Derivatives for new hedges; and
- Debt-rescheduling hedges.

Each class is in turn subdivided into three sub-classes depending on the type of underlying assets:

- Interest rate hedges;
- Foreign exchange hedges; and
- Commodity hedges.

Group trading in OTC derivatives is regulated according to the following main guidelines:

- Trading in derivatives by customers is conditional upon ascertaining and monitoring that they are only used for hedging purposes. Three types of hedging relationships are possible:
 - Micro-hedges, i.e. hedging of individual, well-defined items in the customer's assets and/or liabilities held with the Group or other intermediaries;
 - Macro-hedges, i.e. hedging of a portfolio of assets and/or liabilities, or a part of it, held with the Group or other intermediaries; and
 - Forward transaction hedges, i.e. by way of example, hedging through OTC derivatives in which the underlying is an exchange rate against future settlement of specific business transactions;
- Customer trading shall not in any case have a leverage effect on hedged positions;
- Trading must occur in compliance with the requirement of appropriateness (to ensure the highest level of customer protection) ; and
- Trading under the appropriateness regime is only allowed as a marginal option for participation in tenders, for a subset of corporate clients with proven high level of financial culture and for Financial Institutions. The execution of transactions qualifying as inappropriate is in any case prevented.

Further details of the Group's derivatives and trading activities are set forth in BMPS' 2014 Annual Report.

E. MEMBERSHIPS IN MATERIAL PAYMENT, CLEARING AND SETTLEMENT SYSTEMS

The Group uses payment, settlement and clearing systems to conduct its operations and meet customer needs. The U.S. operations rely on the Fedwire Funds Service and the Society for

Worldwide Interbank Financial Telecommunication messaging service, of which BMPSNY is a member. These systems are used by BMPS' U.S. operations to facilitate customer payment services in a global economy.

F. FOREIGN OPERATIONS

Foreign banking operations are focused on the globalisation processes of Italian corporate clients in all major foreign financial markets as well as some emerging countries that have business relations with Italy. To facilitate this cross border activity, BMPS, as anticipated above, owns and manages a small number of foreign subsidiaries consisting of:

- Two European banking subsidiaries (Monte Paschi Banque, based in France, and Monte Paschi Belgium, based in Belgium); and
- Four branches located in New York, London, Shanghai and Hong Kong.

While this international network plays an important role in the global business strategy of the Group, the foreign banking operations do not undertake consumer oriented marketing activity. As such, the international operations remain small, relative to the Group's global operations.

BMPS is a public company, listed on the Italian Stock Exchange, and is a member of FTSE MIB index (the main benchmark index of the Italian stock market). For further information on BMPS' global operations, please refer to BMPS' 2015 Annual Report and Accounts.

G. MATERIAL SUPERVISORY AUTHORITIES

The banking operations of BMPS are subject to a significant body of laws and regulations that are a condition for authorization to conduct its banking and financial services business in each jurisdiction where it conducts operations. These requirements are largely prescribed on a jurisdictional basis by the applicable government, central bank, regulatory authorities or other applicable bodies. Details of the supervisory authorities for BMPS and its U.S. operations (other than for supervision on the Resolution Plan Rule) are included at Exhibit G.1 below.

Exhibit G.1: Regulators by Entity

Entity	Regulatory Authority
BMPS	European Central Bank
	Bank of Italy
	The Commissione Nazionale per le Società e la Borsa
	Istituto per la Vigilanza sulle Assicurazioni Private e di Interesse Collettivo
BMPSNY	New York State Department of Financial Services
	Federal Reserve Bank of New York

H. PRINCIPAL OFFICERS

The tables below provide a list of the principal officers for BMPS

BMPS Board of Directors (as at November 24th, 2016)

Name	Position
Alessandro Falciai (11.24.2016)	Chairman
Roberto Isolani	Deputy Chairman
Marco Morelli	Director and CEO
Stefania Bariatti	Director
Béatrice Bernard	Director
Fiorella Bianchi	Director
Daniele Bonvicini	Director
Lucia Calvosa	Director
Maria Elena Cappello	Director
Massimo Egidi	Director
Fiorella Kostoris	Director
Stefania Truzzoli	Director
Antonino Turicchi	Director
Christian Whamond	Director

BMPS Board of Statutory Auditors

Name	Position
Elena Cenderelli	Chairman
Anna Girello	Statutory Auditor
Paolo Salvadori	Statutory Auditor
Gabriella Chersicla	Substitute Statutory Auditor
Carmela Regina Silvestri	Substitute Statutory Auditor

Senior Management Officials of BMPS

Name	Position
Marco Morelli	CEO and General Manager
Angelo Barbarulo	Deputy General Manager Vicar
Antonio Nucci	Deputy General Manager Chief Commercial Officer
Pierfrancesco Cocco	Chief Audit Executive
Ilaria Dalla Riva	Chief Human Capital Officer
Enrico M. Fagioli Marzocchi	Head of Problem Loans and Assets Division
Enrico Grazzini	Co-Chief Operating Officer

Fabrizio Leandri	Chief Lending Officer
Francesco Mele	Chief Financial Officer
Marco Palocci	Head of External Relations
Alessandro Papaniaros	Head of Compliance Area
Maurizio Pescarini	Co-Chief Operating Officer
Riccardo Quagliana	Group's General Counsel
Andrea Rovellini	Chief Risk Officer
Sergio Vicinanza	Head of Corporate and Investment Banking

I. RESOLUTION PLANNING CORPORATE GOVERNANCE STRUCTURE AND PROCESSES

The Resolution Plan has been developed, reviewed and approved in conjunction with senior management, various internal governance committees and subject matter experts including the following departments at BMPSNY level (Operations Department, Risk Management Department, IT Department, Information Security Department, Credit Department, MCR Department, General Manager) and Head Office Level (International Division, Compliance Division).

The BMPS' Board of Directors considered and approved the submission of the 2016 Resolution Plan to the Federal Reserve and the FDIC on December 14, 2016, in Siena, Italy prior to its submission by BMPSNY's General Manager - Vincenzo Ciancio - under delegated authority from the Board.

J. MATERIAL MANAGEMENT INFORMATION SYSTEMS

The banking operations of BMPS rely on robust management information systems to monitor the financial health and risk of their global operations and business activities. BMPS maintains comprehensive management information systems to capture and aggregate relevant information to inform decisions regarding the overall management of BMPS' business, including its U.S. operations.

Systems used for credit and market risk management, banking transaction recordkeeping, accounting, and financial and regulatory reporting, used in the day-to-day operations of BMPSNY are licensed from third-party vendors and are subject to contractual terms with the licensor.

BMPS maintains a number of policies governing the information technology control environment and key management information applications licensed are included in detailed business continuity plans designed to ensure continuity of operations in the event of a business interruption.

Given the noncritical nature of BMPS' U.S. operations and the limited scope of its U.S. footprint, the information collected and maintained, and the delivery systems used to report to management

and the Board of Directors of BMPS are fully adequate to provide the necessary information required to monitor and respond to material issues in a timely fashion.

K. DESCRIPTION OF RESOLUTION STRATEGY

As described above, BMPS has a limited footprint in the U.S. and has no core business lines, critical operations or material entities whose failure or discontinuance would pose a threat to the financial stability of the United States. Because of the limited operations of BMPS in the U.S., and the existence of a resolution regime for BMPSNY, it is expected that the discontinuation of the U.S. operations would proceed in an orderly fashion and would not have an adverse effect on the financial stability of the United States.

BMPS believes that the only basis upon which its U.S. operations would be put at risk of failure is as a result of severe financial distress from its activities in its principal markets. In the event of BMPS' failure, BMPSNY would be liquidated pursuant to the insolvency and liquidation provisions of the New York Banking Law by the Superintendent of the New York State Department of Financial Services. Given BMPSNY's size and limited geographic profile, it is expected that liquidation of BMPSNY by the Superintendent would be substantively completed within six months.