



U.S. Department of Justice

Tax Division

Washington, D.C. 20530

CDC:TJS:JES:MWKotila
5-16-4721
2014200732

Ralph M. Levene, Esq.
Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019

Eric Stupp, Esq.
Bär & Karrer AG
Brandschenkestrasse 90
8027 Zürich
Switzerland

Re: PKB Privatbank AG
DOJ Swiss Bank Program – Category 2
Non-Prosecution Agreement

Dear Messrs. Levene and Stupp:

PKB Privatbank AG submitted a Letter of Intent on December 24, 2013, 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 PKB Privatbank AG in its Letter of Intent and information provided by PKB Privatbank AG 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 PKB Privatbank AG of the Swiss Bank Program will constitute a breach of this Agreement.

On the understandings specified below, the Department of Justice will not prosecute PKB Privatbank AG 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 PKB Privatbank AG during the Applicable Period (the "conduct"). PKB Privatbank AG admits, accepts, and acknowledges

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

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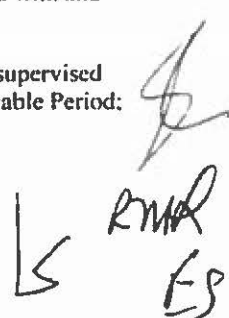
responsibility for the conduct set forth in the Statement of Facts attached hereto as Exhibit A and agrees not to make any public statement contradicting the Statement of Facts. This Agreement does not provide any protection against prosecution for any offenses except as set forth above, and applies only to PKB Privatbank AG and does not apply to any other entities or to any individuals. PKB Privatbank AG 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. PKB Privatbank AG 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, PKB Privatbank AG agrees to pay the sum of \$6,328,000 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 PKB Privatbank AG. This payment is in lieu of restitution, forfeiture, or criminal fine against PKB Privatbank AG for the conduct described in this Agreement. The Department will take no further action to collect any additional criminal penalty from PKB Privatbank AG with respect to the conduct described in this Agreement, unless the Tax Division determines PKB Privatbank AG has materially violated the terms of this Agreement or the Swiss Bank Program as described on pages 5-6 below. PKB Privatbank AG 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 PKB Privatbank AG has violated any provision of this Agreement. PKB Privatbank AG 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. PKB Privatbank AG agrees that it shall not assist any others in filing any such claims, petitions, actions, or motions. PKB Privatbank AG further agrees that no portion of the penalty that PKB Privatbank AG has agreed to pay to the Department under the terms of this Agreement will serve as a basis for PKB Privatbank AG 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) PKB Privatbank AG'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 PKB Privatbank AG attracted and serviced account holders; and

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- 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;

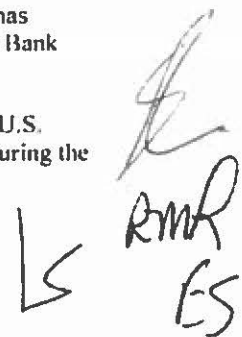
(b) PKB Privatbank AG's cooperation with the Tax Division, including conducting an internal investigation and making presentations to the Tax Division on the status and findings of the internal investigation;

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

Under the terms of this Agreement, PKB Privatbank AG shall: (a) commit no U.S. federal offenses; and (b) truthfully and completely disclose, and continue to disclose during the



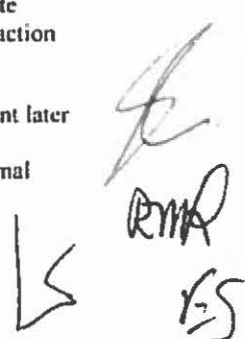
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term of this Agreement, consistent with applicable law and regulations, all material information described in Part II.D.1 of the Swiss Bank Program that is not protected by a valid claim of privilege or work product with respect to the activities of PKB Privatbank AG, 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, PKB Privatbank AG 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 PKB Privatbank AG 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 PKB Privatbank AG'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 PKB Privatbank AG; 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.

PKB Privatbank AG 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. PKB Privatbank AG 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. PKB Privatbank AG 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

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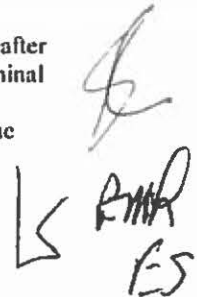
Revenue Code; has implemented, or will implement, procedures to prevent its employees from assisting recalcitrant account holders to engage in acts of further concealment in connection with closing any account or transferring any funds; and will not open any U.S. Related Accounts except on conditions that ensure that the account will be declared to the United States and will be subject to disclosure by PKB Privatbank AG.

3. PKB Privatbank AG 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. PKB Privatbank AG 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, PKB Privatbank AG will promptly proceed to follow the procedures described above in paragraph 2.
4. PKB Privatbank AG 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.

PKB Privatbank AG's obligations under this Agreement shall continue for a period of four (4) years from the date this Agreement is fully executed. PKB Privatbank AG, 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) PKB Privatbank AG committed any U.S. federal offenses during the term of this Agreement; (b) PKB Privatbank AG 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) PKB Privatbank AG has otherwise materially violated any provision of this Agreement or the terms of the Swiss Bank Program, then (i) PKB Privatbank AG 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 PKB Privatbank AG's representatives to the



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Tax Division or other designated law enforcement agents, including but not limited to the appended Statement of Facts, any testimony given by PKB Privatbank AG'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 PKB Privatbank AG shall be admissible in evidence in any criminal proceeding brought against PKB Privatbank AG and relied upon as evidence to support any penalty on PKB Privatbank AG; and (iii) PKB Privatbank AG 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 PKB Privatbank AG has breached this Agreement and whether to pursue prosecution of PKB Privatbank AG 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, PKB Privatbank AG, will be imputed to PKB Privatbank AG for the purpose of determining whether PKB Privatbank AG 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 PKB Privatbank AG has breached this Agreement, the Tax Division agrees to provide PKB Privatbank AG with written notice of such breach prior to instituting any prosecution resulting from such breach. Within thirty (30) days of receipt of such notice, PKB Privatbank AG may respond to the Tax Division in writing to explain the nature and circumstances of such breach, as well as the actions that PKB Privatbank AG has taken to address and remediate the situation, which explanation the Tax Division shall consider in determining whether to pursue prosecution of PKB Privatbank AG.

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 PKB Privatbank AG, notwithstanding the expiration of the statute of limitations between such date and the commencement of such prosecution. For any such prosecutions, PKB Privatbank AG 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 PKB Privatbank AG's counsel.

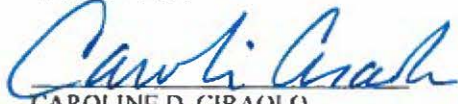
It is understood that the terms of this Agreement, do not bind any other federal, state, or local prosecuting authorities other than the Department. If requested by PKB Privatbank AG, the Tax Division will, however, bring the cooperation of PKB Privatbank AG to the attention of such other prosecuting 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 PKB Privatbank AG consistent with Part V.B of the Swiss Bank Program.

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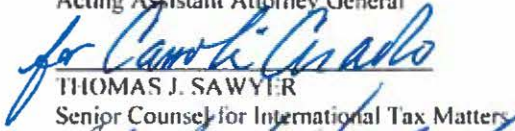
This Agreement supersedes all prior understandings, promises and/or conditions between the Department and PKB Privatbank AG. No additional promises, agreements, and conditions have been entered into other than those set forth in this Agreement and none will be entered into unless in writing and signed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

UNITED STATES DEPARTMENT OF JUSTICE
TAX DIVISION



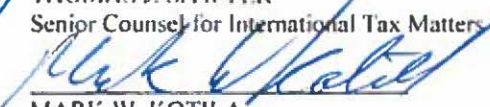
CAROLINE D. CIRAOLO
Acting Assistant Attorney General

7/30/2015
Date



THOMAS J. SAWYER
Senior Counsel for International Tax Matters

7/30/2015
Date



MARK W. KOTILA
Trial Attorney

7/30/2015
Date

AGREED AND CONSENTED TO:
PKB PRIVATBANK AG

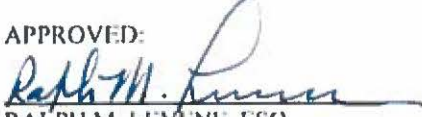
By: 
LUCA SONCINI
Chief Financial & Risk Officer

July 29 2015
Date


By: 
SANDRO TREICHLER
Head of Legal & Compliance

July 29, 2015
Date

APPROVED:


RALPH M. LEVENE, ESQ.
Counsel for PKB Privatbank AG

July 29, 2015
Date


ERIC STUPP, ESQ.
Counsel for PKB Privatbank AG

28 July 2015
Date

**EXHIBIT A TO THE NON-PROSECUTION AGREEMENT WITH
PKB PRIVATBANK AG**

STATEMENT OF FACTS

INTRODUCTION

1. Founded in 1958, PKB Privatbank AG (the "Bank" or "PKB") is a private bank organized under the laws of Switzerland. Since 2000, PKB has maintained its head office in Lugano, Switzerland. During the period from August 1, 2008 through the present (the "Applicable Period"), PKB has also maintained offices in Bellinzona, Zurich, Geneva, and Lausanne, Switzerland. As of year-end 2014, PKB's Swiss banking operations had a total of approximately 250 employees based in Switzerland.
2. PKB is wholly owned by Compagnie de l'Occident pour la Finance et l'Industrie SA, a company incorporated in the Grand Duchy of Luxembourg and listed on the Euro MTF market in Luxembourg. In December 2010, PKB acquired Banca Gesfid SA, a Lugano-based private bank. In March 2012, PKB acquired CMB Banque Privée (Suisse) SA, another Lugano-based private bank. In September 2013, PKB acquired certain assets of Liechtensteinische Landesbank (Schweiz) AG, Lugano Branch (the closing of the transaction and account transfer took place as of January 2, 2014).
3. PKB's main business unit is its private banking division. The private banking division offers clients traditional private banking and asset management services, including investment advisory, discretionary investment management, and portfolio fund management services. While PKB also operates a Corporate Banking division, this division is mostly focused on providing loans and mortgages, letters of credit, advance payment guarantees, and other types of contractual commitments to its private banking clients, including to corporations owned in whole or in part by such clients. Similarly, PKB's Capital Markets and Foreign Exchange division is mostly focused on providing support to PKB's private banking clients and asset management group for transactions in securities, currencies and derivatives.
4. PKB has never marketed its services in the United States. It has never had a dedicated U.S. desk or any private bankers, or relationship managers, responsible for soliciting or servicing U.S. person prospects or clients. Nor has it ever had a strategy to focus on U.S. prospects or clients, whether resident in the United States or abroad.
5. During the Applicable Period, PKB's total assets under management had a maximum value of approximately \$9 billion covering some 9,800 accounts, including some 244 declared and undeclared U.S.-related accounts with an aggregate maximum balance of approximately \$328.8 million. Of these U.S.-related accounts, 134 accounts with an aggregate maximum balance of approximately \$195.8 million had U.S. beneficial owners. This latter figure represented approximately 2% of the aggregate maximum balance of the Bank's total assets under management during the Applicable Period.

U.S. INCOME TAX & REPORTING OBLIGATIONS

6. 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 that individual 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.
7. 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 (the "FBAR," formerly known as Form TD F 90-22.1). The FBAR was due on June 30 of the following year.
8. An "undeclared account" was a financial account 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.
9. Since 1935, Switzerland has maintained criminal laws that ensure the secrecy of client relationships at Swiss banks. While Swiss law permits the exchange of information in response to administrative requests made pursuant to a tax treaty with the United States and certain legal requests in cases of tax fraud, Swiss law otherwise prohibits the disclosure of identifying information without client authorization. Because of the secrecy guarantee that they created, these Swiss criminal provisions have historically enabled U.S. clients to conceal their Swiss bank accounts from U.S. authorities.
10. 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 in which UBS admitted that its cross-border banking business used Swiss privacy law to aid and assist U.S. clients in opening and maintaining undeclared assets and income from the IRS. Since UBS, several other Swiss banks have publically announced that they were or are the targets of similar criminal investigations and that they would likewise be exiting and not accepting certain U.S. clients. These cases have been closely monitored by banks operating in Switzerland, including PKB, since at least August of 2008.

THE USE OF OFFSHORE STRUCTURES BY U.S. RELATED ACCOUNTS

11. Prior to the Applicable Period, PKB did not uniformly require U.S. taxpayers holding a financial or beneficial interest in an account maintained at PKB to provide the bank with an IRS Form W-9 or otherwise provide evidence that such taxpayers were in

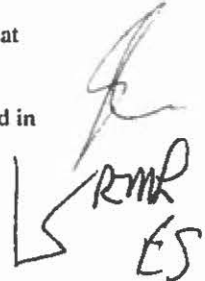
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compliance with applicable U.S. tax and information reporting obligations in respect of their PKB accounts.

12. From in or about 2001 and continuing into the Applicable Period, PKB continued to service certain U.S. clients without disclosing their identity to the IRS. In certain cases, the U.S. clients, with the assistance of their advisors, would create an entity, such as a Liechtenstein foundation, a Panamanian corporation, or a British Virgin Islands corporation, and pay a fee to third parties to act as corporate directors. Those third parties, at the direction of the U.S. client, would then open a bank account at PKB in the name of the entity or transfer assets from an account at another Swiss or other foreign bank.
13. In such cases involving a non-U.S. entity, PKB was aware that a U.S. client was the true beneficial owner of the account. Despite this, PKB would obtain from the entity's directors an IRS Form W-8BEN (or equivalent bank document) that falsely declared that the beneficial owner of the PKB account was not a U.S. taxpayer. In some cases, the U.S. client or a related party also held a power of attorney or other signature authority with respect to the PKB account, thereby permitting the U.S. client to act directly with respect to the account and assets held therein notwithstanding the corporate form of the account holder. Ultimately, the use of such offshore structures by U.S. taxpayer clients provided an additional layer of confidentiality and further assisted them in concealing their beneficial ownership of their PKB accounts and evading their U.S. tax and information reporting obligations.
14. During the Applicable Period, PKB had at least 30 U.S.-related accounts held by entities created in Panama, Liechtenstein, British Virgin Islands, the Cayman Islands or other foreign countries with U.S. beneficial owners for which PKB had false IRS Forms W-8BEN in the file. PKB did not institute written policies during this time prohibiting the use of offshore structures by U.S. taxpayers to evade their U.S. tax and information reporting obligations until 2012.

OVERVIEW OF BUSINESS WITH U.S. RELATED ACCOUNTS

15. PKB has, among its clients, individuals and entities resident in Switzerland along with individuals and entities resident outside of Switzerland, including certain clients who were or became citizens or residents of the United States during the Applicable Period. During the Applicable period, PKB was aware that some U.S. taxpayers who had opened and maintained accounts at the Bank were not complying with their U.S. income tax and reporting obligations.
16. During the Applicable Period, approximately 50 of PKB's employees were Swiss-based relationship managers responsible for servicing clients with accounts booked at PKB in Switzerland. These relationship managers served as the primary contact persons for the Bank's U.S. clients or their advisors. Most of these relationship managers were responsible for managing at least one of the U.S.-related accounts at PKB.
17. PKB offered a variety of traditional Swiss banking services that it knew would and in



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certain instances did assist U.S. clients in concealing assets and income from the IRS. One such service was hold mail, pursuant to which the Bank would hold all mail correspondence for a particular client at the Bank. The Bank also offered code name or numbered account services. These services collectively allowed U.S. clients to conceal their identities and minimize the paper trail associated with the undeclared assets and income they held at PKB in Switzerland.

18. In addition to the above-described conduct, the Bank employed a variety of other means or conduct that it knew or should have known would assist U.S. taxpayers in concealing their PKB accounts, including by:
- a) in at least five instances, referring a U.S. taxpayer to an outside service provider to establish an offshore structure for purposes of holding an undeclared account at PKB;
 - b) in at least four instances, assisting a U.S. taxpayers in transferring assets from accounts being closed at PKB to other PKB accounts held by a non-U.S. relative or other non-U.S. parties;
 - c) in at least four instances, assisting U.S. beneficial owners in transferring assets from accounts being closed at PKB to accounts at other banks in Switzerland;
 - d) in at least three instances, opening accounts for U.S. taxpayers who had left other banks being investigated by the U.S. Department of Justice, including UBS (two of these accounts were acquired as a result of the acquisition of Banca Gesfid SA in December 2010); and
 - e) in at least four instances, providing credit cards or debit cards linked to undeclared accounts held in the name of an offshore trust, foundation or company beneficially owned by one or more U.S. taxpayers.

MITIGATING FACTORS

19. Beginning in late 2008, PKB initiated a number of steps to improve and enhance compliance with respect to accounts held or beneficially owned by U.S. taxpayers. Thus, in November 2008, PKB management determined that the Bank would no longer open accounts for U.S. taxpayers absent positive evidence of tax compliance. This policy decision was communicated to private banking personnel in December 2008. In 2011, the Bank reiterated this policy, making clear that the U.S. clients were not part of the Bank's target business, and that U.S. client accounts could only be opened with documentation of tax compliance. In or about August 2012, the Bank implemented a U.S. Client Policy, which formalized and enhanced the steps that had been taken in the period 2008 through 2011 to ensure that any new accounts opened by U.S. clients were tax compliant. As part of the U.S. Client Policy, new U.S. clients were required to provide a signed IRS Form W-9 and a Swiss banking secrecy waiver. The U.S. Client Policy also addressed existing U.S. clients, requiring such clients to provide a signed IRS Form W-9 and banking secrecy waiver.

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20. PKB has fully cooperated with the Department of Justice during its participation in the Swiss Bank Program. PKB engaged U.S. and Swiss counsel as well as forensic accounting experts to conduct an internal review in order to identify and collect data and information regarding its U.S. taxpayer accounts and to examine its conduct in relation to such accounts. PKB then reported on the findings of its internal review to the DOJ and IRS, providing an in-person presentation and documentation supporting the findings of its review.
21. PKB further assisted the DOJ by providing on an anonymous basis aggregate and account-level information regarding accounts held by U.S. taxpayers who may not have been fully compliant with U.S. tax laws during the Applicable Period. PKB also assisted and has agreed to continue to assist the DOJ in preparing treaty requests under the Convention between the United States of America and the Swiss Confederation for the Avoidance of Double Taxation with Respect to Taxes on Income (Oct. 2, 1996), and the Protocol Amending the Convention (Sept. 23, 2009), if and when it is in force and applicable, including by identifying U.S. taxpayer accounts that may meet the standard for information exchange under these treaties.
22. All told, PKB closed approximately 95 U.S. taxpayer accounts during the Applicable Period, amounting to almost \$87 million in assets under management. Many of these U.S. taxpayer accounts were closed in connection with PKB's compliance efforts as described above. In addition, PKB undertook specific efforts to inform U.S. clients about and to encourage U.S. clients with potential tax compliance issues to enter the IRS's Offshore Voluntary Disclosure Program ("OVDP"). Based on PKB's efforts, many of its former U.S. clients entered into the IRS's OVDP and paid back taxes, penalties, and interest in connection with failing to report their undeclared accounts. In addition, PKB obtained waivers from some of its former U.S. clients, and provided their names to the U.S. government.

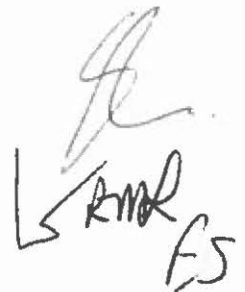
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EXHIBIT B TO THE NON-PROSECUTION AGREEMENT

WITH PKB PRIVATBANK AG

RESOLUTION OF THE BOARD OF DIRECTORS

WHEREAS, the Board of Directors (the "Board") of PKB Privatbank AG (the "Bank") decided in December 2013 to participate in the Program for Non-Prosecution Agreements or Non-Target Letters for Swiss Banks, dated 29 August 2013 (the "US Program");

WHEREAS, the Bank submitted on 24 December 2013 a Letter of Intent to the US Department of Justice ("DOJ") indicating its intention to participate as a category 2 bank in the US Program;

WHEREAS, in the Joint Statement between the DOJ and the Swiss Federal Department of Finance, Swiss banks have been encouraged by both the Swiss Government and the Swiss Financial Market Authority FINMA to participate in the US Program;

WHEREAS, the DOJ has proposed to the Bank a non-prosecution agreement (the "NPA") in connection with its participation in category 2 of the US Program;

WHEREAS, the Chief Financial & Risk Officer and Head of Legal and Compliance, along with the Bank's outside US and Swiss counsel have advised the Board of the consequences of entering into the NPA and the rights and obligations thereunder; and

WHEREAS, management of the Bank seeks the authorization from the Board to execute the NPA on behalf of the Bank and to take such other and further actions as may be necessary or appropriate to fulfill any further obligations in connection with its participation in Category 2 of the US Program and under the NPA as executed.

At a duly convened meeting on 20 July 2015, the Board hereby RESOLVED that:

1. The Board of the Bank has fully reviewed the NPA attached hereto, including the Statement of Facts attached as Exhibit A to the NPA.
2. The Board of the Bank has voted unanimously to enter into the NPA, including to pay a sum of USD \$ 6,328,000 to the DOJ in connection with the NPA;
3. Messrs. Luca Soncini, Chief Financial & Risk Officer, and Sandro Treichler, Head of Legal & Compliance, are hereby authorized by the Board of Directors to execute the NPA on behalf of the Bank (the "Authorized Signatories") substantially in such form as reviewed by this Board with such non-material changes as the Authorized Signatories may approve;

4. Ralph M. Levene, Wachtell, Lipton, Rosen & Katz, US counsel to the Bank, and Eric Stupp, Bär & Karrer, Swiss counsel to the Bank, are hereby authorized to sign the NPA as additional signatories (the "Additional Signatories");
5. The Board hereby authorizes, empowers and directs the Authorized Signatories or their delegates to take, on behalf of the Bank, 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, including to effectuate the NPA and the fulfillment of the Bank's obligations thereunder; and
6. All of the actions of the Authorized Signatories (or their delegates) and the Additional Signatories which have or will be taken in connection with the Bank's participation in Category 2 of the US Program and the NPA are hereby ratified, confirmed, approved and adopted as actions on behalf of the Bank.

IN WITNESS WHEREOF, the Board of Directors of the Bank has executed this Resolution this 20th day of July 2015.



Henry Peter

Chairman of the Board of Directors



Fernando Zari Malacrida

Vice-Chairman of the Board of Directors