

Bank of the West Government Banking



City of Los Angeles
700 E. Temple Street, Room 350
Los Angeles, CA 90012

August 20, 2019
9:00 – 11:00 AM

Presentation to:

CITY OF LOS ANGELES Board of Deferred Compensation Administration



AGENDA

- Introductions
- Summary Investment Provider Data (separate document)
- Account Background
 - FDIC Insurance & Collateralization of non-insured amounts
 - Interest Rate
- Economic/Market Review
 - Short Term Interest Rate
 - Long Term Interest Rate
- Corporate Review
 - Bank of the West Organization
 - BNP Paribas Key Facts
 - Financial Strength, Safety and Soundness
- Bank of the West Relationship Team

INTRODUCTIONS

Bank of The West

Matthew Kirschenman, Vice President

Sr. Government Relationship Manager
Los Angeles

Lily Ng, Director

Government Banking Manager
Sacramento, CA

Craig Conley, Vice President

Fixed Income Sales
San Ramon, CA

BANK OF THE WEST SUMMARY

Firm Name		Bank of the West			
As of Date		July 1, 2019			
Account Name		Public Fund Interest Checking			
Ticker Symbol		N/A			
Investment Vehicle Type		Public Fund Interest Checking			
Total Bank Assets		\$88.2 Billion (as of 3/31/2019)			
Total Bank Assets in Strategy		N/A			
Total Assets Managed for City of LA DCP		\$191 Million			
In DCP Account		\$191 Million			
In Profile Funds		N/A			
Fees: Expense Ratio for LA DCP Holdings		0.0% Gross / 0.0% Net			
Revenue Share		N/A			
Index History*	10 Year	5 Year	3 Year	1 Year	2019 Q2
Fund Return*	0.59%	1.11%	1.71%	2.36%	2.19%
Benchmark: 3 Month LIBOR minus 15 bps					

*Rates longer than 1-year are annualized

ACCOUNT BACKGROUND

- The City's Deferred Compensation Plan offered is a Bank Deposit Savings option. This product provides Plan participants with the opportunity to invest in an interest-bearing account which is insured by the Federal Deposit Insurance Corporation (FDIC). This is a FDIC Insured Employee Benefits Deposit Account.
- Bank of the West is a depository of the City of Los Angeles 457 Plan assets since October 2009
- The deposit account is a full and direct obligation of Bank of the West
- This depository account is not an investment fund and is not comprised of securities
- We do not act as a fiduciary or an investment advisor on this account
- We do not act as a broker dealer on this account
- This account has no direct compensation
- There is no related-party compensation on this account
- There is no termination compensation on this account
- There is no bundled arrangement on this account
- There is no recordkeeping costs on this account
- Based on the Schedule of Fees and Charges, fees for this interest checking account are waived when there is a \$5,000 minimum daily balance or \$7,500 average monthly balance

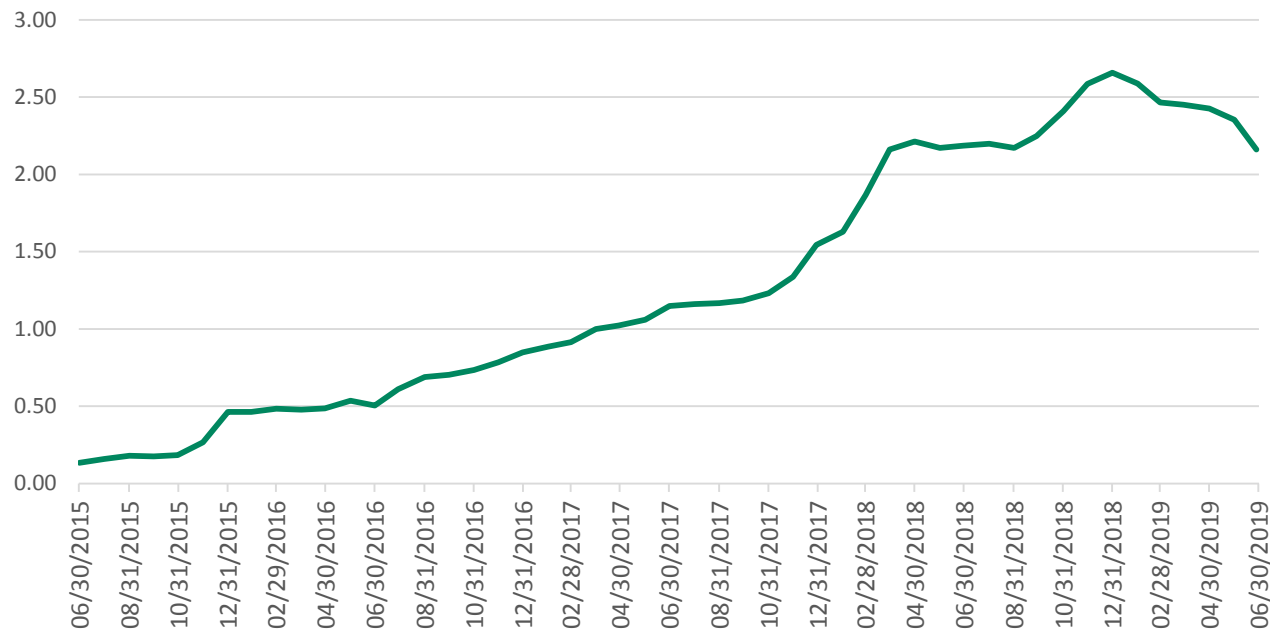
FDIC INSURANCE & COLLATERIZATION OF NON-INSURED AMOUNTS

- All assets administered by Bank are insured by the FDIC in accordance with its rules and regulations.
- Upon notice provided by the recordkeeper, Bank shall collateralize all balances by participant that is not insured by the FDIC, in accordance with the State of California Government Code Section 16521, 16610-16622 and 16625-16629 as applicable.
- The City of Los Angeles trust plan is now covered under the California Public Funds Pooled.

INTEREST RATE

- The rate structure will be the 3-month London Interbank Offered Rate (LIBOR) rate less 0.0015 (15 basis points). Interest will be calculated based on actual days (actual/actual) and credited monthly. The rate will be adjusted quarterly and will be reset two business days prior to the quarter in which the interest rate will apply.
- Over the course of the past 4 years the 3 month LIBOR – 15 bps rate has increased from a low of 0.13% in May of 2015 up to a high of 2.65% in December of 2018. The 3 month LIBOR – 15 bps rate is currently at 2.16%.

3-Month LIBOR - 15 bps

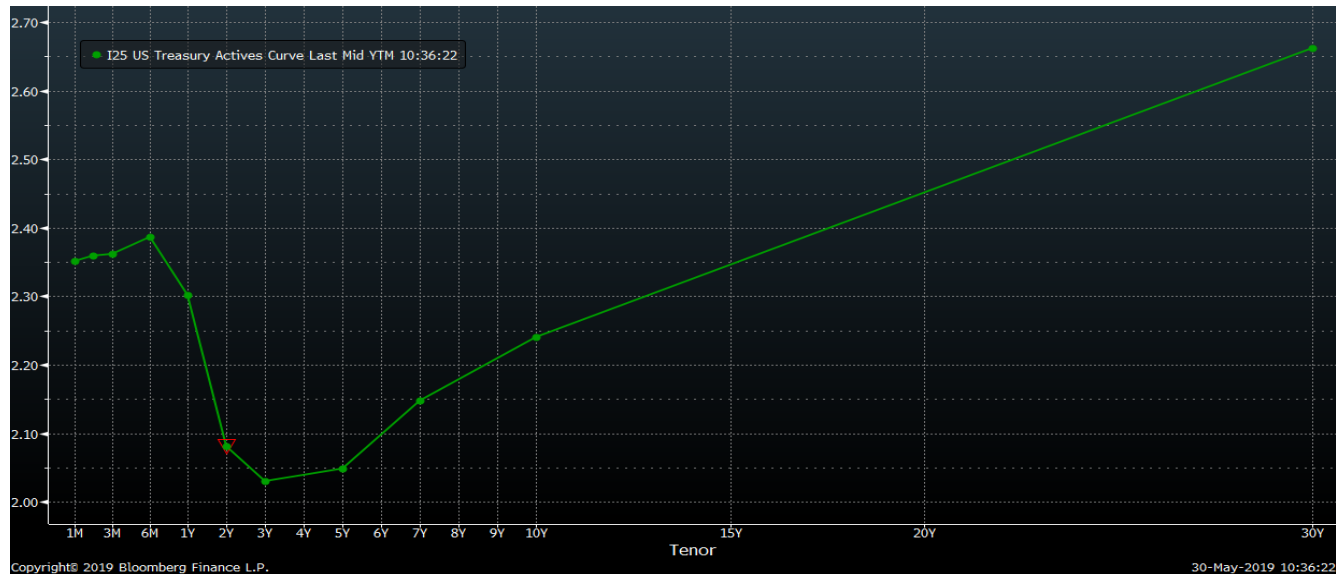
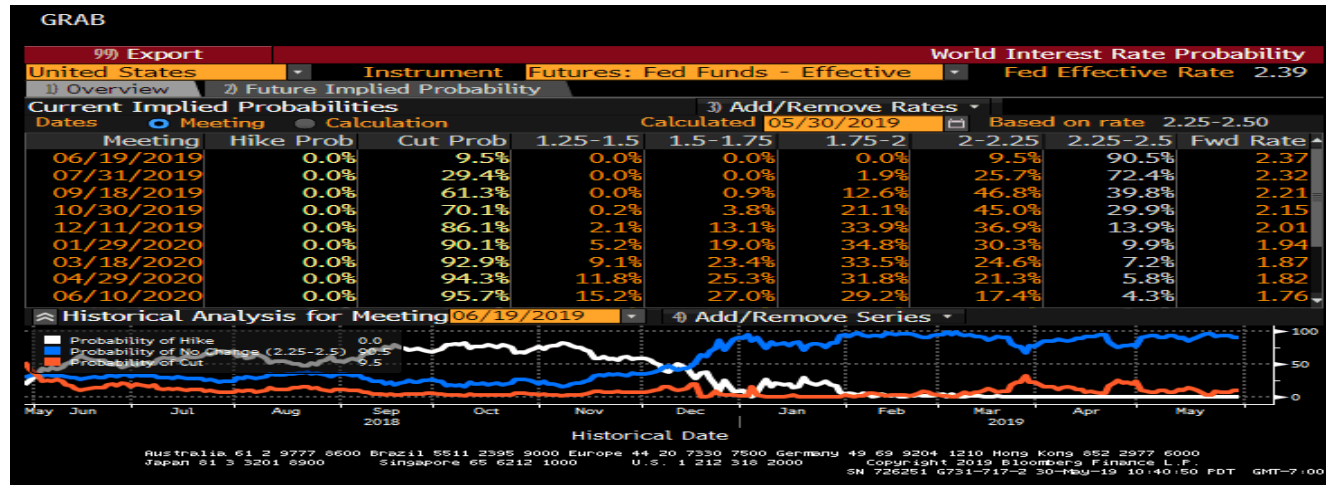


ECONOMIC / MARKET REVIEW

The FED has center stage and everyone is waiting for them to act. Following a very aggressive 4 quarter point rate hikes in 2018, the Fed is now looking to cut rates as early as July, but will most likely hold off until September or December.

The current yield curve is completely inverted with short term yields, 3 months and under, are way above longer term yields. This is a situation that will not remain for much longer, so either yields on the short term will be greatly reduced or long term yields will move substantially higher.

ECONOMIC / MARKET REVIEW



CORPORATE REVIEW

- Bank of the West is a wholly owned subsidiary of BNP Paribas. No material facts to mention
- Bank of the West is not involved in any Federal Reserve stress tests.
- BNP Paribas Securities Corp NA is one of 24 Primary Dealers with the Federal Reserve
- BNP Paribas is a global leader in banking. BNP Paribas is governed by the European Central Bank (ECB).

BANK OF THE WEST Q1 2019 RESULTS

■ Credit Ratings

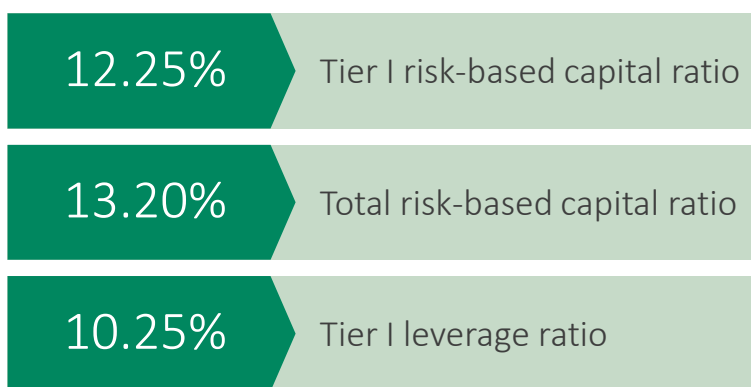
— As of 04/5/19

	Long-term Issuer	Short-term Issuer	Long-term Deposits	Short-term Deposits
MOODY'S	A3	P-1	Aa3	P-1
FITCH	A	F1	A+	F1
STANDARD & POOR'S*	A	A-1		

*S&P upgraded BOTW on 4/5/19

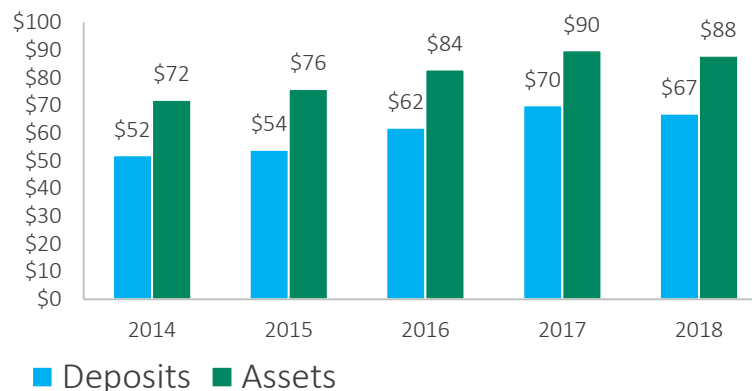
■ Capital Ratios¹

— As of 03/31/2019



■ Financial Highlights

— Deposits & Assets (billions)²



¹Bank of the West reporting as of 03/31/19. ²Bank of the West reporting as of 3/31/19.

PEER BANK RATING COMPARISON AS OF Q1 2019

Company Name	Total Deposits (incl Dom & For) (\$000)	Total Assets (\$000)	Tier 1 Risk-Based Ratio (%)	DEBT CREDIT RATING			
				S&P		Moody's	
				LT Issuer Rating	Short-Term/ CP Rating	LT Issuer Rating	Short-Term/ CP Rating
HSBC Bank USA, National Association	127,371,326	172,380,093	17.66	AA-	A-1+	Aa3	P-1
MUFG Union Bank, National Association	88,741,021	123,983,164	16.57	A	A-1	A2	P-1
Capital One Bank (USA), National Association	70,749,565	117,943,175	15.60	BBB+	A-2	Baa1	P-1
JPMorgan Chase Bank, National Association	1,540,078,000	2,194,835,000	13.85	A+	A-1	Aa2	P-1
BMO Harris Bank, National Association	89,032,681	119,082,536	12.50	A+	A-1	Baa1	P-1
Citibank, N.A.	1,018,666,000	1,415,081,000	12.48	A+	A-1	A1	P-1
Bank of the West	66,669,796	87,628,883	12.30	A-	A-2	A3	P-1
Fifth Third Bank	108,488,017	139,986,411	12.27	A-	A-2	A3	P-1
Regions Bank	95,129,702	123,928,444	12.22	A-	A-2	Baa2	P-1
Bank of America, National Association	1,435,687,000	1,797,881,000	12.17	A+	A-1	Aa3	P-1
Wells Fargo Bank, National Association	1,320,695,000	1,665,128,000	12.17	A+	A-1	Aa2	P-1
First Republic Bank	74,759,252	96,094,222	12.14	A-	A-2	Baa1	P-1
SunTrust Bank	163,527,658	205,527,049	11.24	A-	A-2	Baa1	P-1
KeyBank National Association	109,050,224	136,905,256	11.22	A-	A-2	A3	P-1
Compass Bank	70,733,877	89,113,200	11.10	BBB+	A-2	Baa2	P-1
Comerica Bank	58,028,400	71,529,062	10.97	A-	A-2	A3	P-1
U.S. Bank National Association	342,906,860	456,011,031	10.12	AA-	A-1+	A1	P-1
PNC Bank, National Association	270,239,003	368,603,488	9.69	A	A-1	A2	P-1

YOUR BANK OF THE WEST TEAM

Government Banking Division Manager	Relationship Manager	Fixed Income Consultant
<u>Lily Ng</u> Director	<u>Matthew Kirschenman</u> Vice President	<u>Craig Conley</u> Vice President
500 Capitol Mall, Ste 1200 Sacramento, CA 95814 916-552-4404 Office 916-508-9660 Cell	300 South Grand Ave, 5 th floor Los Angeles, CA 90071 213-972-0646 Office 213-256-5693 Cell	2527 Camino Ramon San Ramon, CA 94583 925-843-8743 Office 925-984-9116 Cell
lily.ng@botw.com	matthew.kirschenman@botw.com	craig.conley@botw.com

Government Banking



THANK YOU

Let's continue the conversation ...

MATTHEW KIRSCHENMAN, VICE PRESIDENT

O 213-972-0646 | C 213-408-9748

matthew.kirschenman@botw.com

LILY NG, DIRECTOR

O 916-552-4404 | C 213-256-5693

lily.ng@botw.com

www.bankofthewest.com