BNP Paribas USA, Inc.

2018 Dodd Frank Act Company-Run Capital Stress Test Disclosure

June 28, 2018

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BNP Paribas USA, Inc.

Incorporated in this disclosure are the annual stress test results of BNP Paribas USA, Inc. and its subsidiary banks.

BNP Paribas USA, Inc. (BNPP USA)

- BNPP USA is a wholly-owned subsidiary of BNP Paribas (BNPP SA). BNPP SA is a well-capitalized and highly liquid global bank operating in 74 countries with consolidated assets of 1.96 trillion Euros as of December 31, 2017. BNPP USA was established as BNPP SA's intermediate holding company (IHC) in July 2016 to consolidate its U.S. operations and comply with the Federal Reserve Board's (FRB) Enhanced Prudential Standards for Bank Holding Companies and Foreign Banking Organizations. BNPP USA is also a bank holding company (BHC).

- BNPP USA is a large and noncomplex[1] IHC with retail, commercial and investment banking, brokerage and asset management operations. It has $139.1 BN[2] in assets as of December 31, 2017 in two direct subsidiaries: BancWest Corporation (BWC) and BNP Paribas US Wholesale Holdings Corporation (WHC). BWC, with $110.4 BN[2] in assets, is a BHC focusing on consumer and middle market commercial banking and has two direct subsidiaries: Bank of the West (BOW) and First Hawaiian Bank (FHB)[3]. WHC, with $28.7 BN[2] in assets, focuses on brokerage, investment banking and asset management.

Subsidiary Banks

- Bank of the West is a regional bank chartered in California and headquartered in San Francisco, with $89.8 BN in assets as of December 31, 2017. BOW operates a network of retail, wealth, commercial and business banking branches and offices in 23 states.

- First Hawaiian Bank is headquartered in Honolulu and is Hawaii's oldest and largest financial institution. As of December 31, 2017 it held $20.6 BN in assets and operated over 60 branches.

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[1] As defined by FRB in SR 15-19
[2] Entity level balances include eliminations between legal entities
[3] As of 12/31/17 BWC owned 62% of FHB's outstanding shares. As of 06/15/18, BWC owned 48.8% of FHB pursuant to subsequent secondary offerings

BNPP USA Company Run Stress Test Results and Process

BNPP USA is subject to the Comprehensive Capital Analysis and Review (CCAR) and Dodd-Frank Act Stress Test (DFAST) requirements under the FRB's capital planning rules and the Dodd-Frank Wall Street Reform and Consumer Protection Act.

This disclosure provides the results of BNPP USA's DFAST stress-test results under the hypothetical supervisory severely adverse scenario for BNPP USA and its subsidiary banks. The results herein reflect Dodd-Frank Capital Action assumptions.

BNPP USA projects capital and financial results over a nine-quarter forecast horizon, starting January 1, 2018. This projection is not a forecast of economic conditions or financial results, but rather a hypothetical scenario designed by regulators to help assess the strength and resilience of financial institutions in the event of a severe economic downturn. The disclosure includes results for BNPP USA and the two Insured Depositary Institutions (IDI's): Bank of the West and First Hawaiian Bank.

Disclosure requirements include:

- Description of risks included and methodologies used in stress testing

- Aggregate cumulative financial estimates of major income statement categories

- Cumulative dollar loss and loss rates by portfolio

- Explanation of the most significant causes for changes in capital ratios

- Beginning, ending and minimum values of capital ratios

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Stress Test Scenarios

Stress Test Scenarios:

IHCs and their subsidiary banks are required to run at least five economic scenarios, including an internally developed stress and a supervisory stress scenario to make sure that the IHC and subsidiary banks have sufficient capital to continue lending and serving their customers during an economic downturn. Capital is an important measure of a bank's strength. It is a bank's cushion against various types of unexpected losses, and protects depositors' money.

BHCs and banks are given the same three hypothetical economic scenarios by their regulators, one of which reflects a severe economic crisis. Banks are also required to design two scenarios on their own, including an economic downturn scenario. The severely adverse scenario provided by regulators is the most severe of the three regulatory scenarios, and deals with a severe global recession that is accompanied by a global aversion to long term fixed income assets.

Supervisory Severely Adverse Scenario:

- GDP reaches a trough that is 7.5% below the pre-recession peak

- Unemployment rate increases to 10%

- Equity prices fall 65% by early-2019, accompanied by a surge in equity market volatility

- Short-term Treasury rates fall and remain near zero through the end of the scenario period, while 10-year Treasury yields remain unchanged

- Real estate prices experience large declines, with house prices and commercial real estate prices respectively falling 30% and 40% by 2019 Q3

- Financial conditions in corporate and real estate lending markets are stressed severely

- Severe recessions in the euro area, the U.K., and Japan and a shallow and brief recession in developing Asia

Descriptions of Risks

CREDIT/ COUNTERPARTY	Risk that borrower or counterparty will fail to meet the terms of an obligation in accordance with agreed terms.
OPERATIONAL	Risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. It includes regulatory, compliance, technology and legal risk, but excludes strategic and reputational risk.
MARKET/ INTEREST RATE	Risk resulting from adverse movement in market rates or prices, such as interest rates, foreign exchange rates or equity prices.
LIQUIDITY	Risk of the BHC's inability to meet its obligations as they come due because of inability to liquidate assets or obtain adequate funding or because it cannot easily unwind or offset specific exposures without significant compromise to pricing.
OTHER RISKS	Business/Strategic Risk is the risk that arises from adverse business decisions or business plans. Reputational risk is related to the confidence placed on the BHC by its customers, clients, providers, counterparts, shareholders and regulators. Model Risk is the risk resulting from the use of models that fail to perform the tasks or capture the risks for which they were designed.

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Projection Methodologies Cover Key Risks for Elements Impacting Capital

Element	Projection Methodologies	Key Risks Captured
Pre-Provision Net Revenue (PPNR)	- Projections based on macroeconomic factors and management judgment - Major assumptions for growth and runoff are reviewed with lines of business and management	- Business/Strategic - Interest rate and Liquidity - Operational - Counterparty and Trading
Other Income Related Items	- Net realized gains and losses on sales of securities and other-than-temporary impairment (OTTI)	- Credit - Interest rate - Market valuation
Provisions for Credit Losses	- Projections of expected losses, allowance for loan and lease losses, non-performing assets - Function of underlying commercial and consumer loan characteristics as well as macroeconomic factors	- Credit: Changes in probability of default or loss given default (loss severity) and exposure at default - Changes in reserve levels
Risk Weighted Assets	- Risk-weighted assets forecast with correlation to historical Call Report trends under Basel III standardized approach. Asset balances are forecasted using models and strategic assumptions	- Credit risk, Counterparty risk and Market Risk

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PPNR Risks and Methodologies

	Supervisory Severely Adverse Scenario Nine-Quarter Cumulative PPNR $0.5 BN (January 1, 2018 – March 31, 2020)

Scope	▪ Net interest income ▪ Non-interest income and other fee-related revenues excluding realized gains and losses on investment securities ▪ Non-interest expense includes losses associated with operational risk, counterparty and trading losses
Approach	▪ For BWC and WHC, net interest income projections are based on product-level forecasts for interest-earning asset and interest-bearing liability balances, combined with product-level forecast for loan and deposit rates ▪ BWC fee revenue projections are generally tied to balance sheet forecasts and bank initiatives ▪ WHC revenue projections reflect forecasted investment banking income, commissions and fees from clearing activities, trading revenue, NII associated with trading products, and service payments from non-IHC affiliates for agency services performed by BNPP USA Inc.'s subsidiaries ▪ For BWC and WHC, non-interest expense forecasts are projected using a combination of statistical and judgmental approaches
Types of Risks Identified and Captured	▪ Business/Strategic ▪ Operational ▪ Interest rate and liquidity ▪ Trading and Counterparty losses
Methodologies	▪ Forecasts are based on statistical models linked to macroeconomic variables or qualitative approaches reflecting management judgment. All forecast methods and results are subject to multiple internal review and challenge processes. ▪ Projected operational losses are based on business indicator model and idiosyncratic scenario analysis

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Provision for Credit Losses Risk and Methodologies

Supervisory Severely Adverse Scenario
Nine-Quarter Cumulative Provision for Credit Losses $4.3 BN
(January 1, 2018 – March 31, 2020)

Scope	▪ Represents credit-related loss retained in BNPP USA's loan and leases portfolios and related commitments through the planning horizon as well as the reserve for the expected losses
Approach	▪ Expected losses (EL) are based on the composition and characteristics of loans and lines in the BNPP USA's portfolio, including its two subsidiaries ▪ Credit quality is modeled using a loan-level approach by projecting and combining Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) for each outstanding exposure • Commercial loans and lines are assessed based upon the BHC's internal credit risk ratings, estimated values of collateral, utilization rate, and other product-specific characteristics • Consumer loans are assessed for credit quality based upon delinquency status, FICO score, loan-to-value deterioration, and a few other product-specific characteristics • Credit loss models also use a set of portfolio-specific macroeconomic drivers as predictors
Types of Risks Identified and Captured	Credit risks, which are impacted by: ▪ Evolution and current state of BancWest's internal risk grade for commercial exposures ▪ Consumer loan delinquency status (current, delinquent, default) ▪ Loss severity ▪ Changes in reserves ▪ Collateral type and collateral valuation ▪ Obligor/product-specific characteristics ▪ Changes in commitment utilization
Methodologies	▪ Statistical analyses that consider the idiosyncratic characteristics of IHC's portfolios ▪ Reflects stress reserve levels estimated in accordance with accounting standards, regulatory guidance and BNPP USA's internal accounting policies ▪ Losses are computed at the loan-level based upon IHC specific characteristics such as credit quality, geography, product mix and collateral requirements, and then aggregated

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Capital Ratios and Projections Risks and Methodologies

	Supervisory Severely Adverse Scenario Ending Projection Period Tier 1 Capital $9.0 BN (January 1, 2018 – March 31, 2020)
Scope	▪ Common Equity Tier 1 (CET 1), Tier 1 Capital, Total Risk Based Capital and Tier 1 Leverage Ratios are computed on a quarterly basis ▪ Granular forecast of risk-weighted assets
Approach	▪ Full projection of balance sheet and income statement for each scenario ▪ Based upon Standardized Approach for Revised Regulatory Capital Guidelines (Basel III Standardized) with opt-out of impact of AOCI to capital ▪ On and off-balance sheet exposures were risk-weighted, taking into account the prepayment, new volume and other outputs from the modeling process ▪ Internal controls framework overseeing all elements of Capital Planning Process ▪ Governance review and challenge
Types of Risks Identified and Captured	▪ Covers all material risks identified throughout the enterprise, which were subject to governance that includes challenge from business units, executive management and the Board ▪ Data limitations, process maturity and other weaknesses factored into the overlay process. Model risk captured directly through the capital buffer
Methodologies	▪ Accumulation of all modeling processes for the forecast inclusive of balance sheet, PPNR, loan and lease losses and other elements

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Supervisory Severely Adverse Scenario Results (1 of 2)

Projected Loan Losses by Type of Loans for 2018 Q1 through 2020 Q1 under the Supervisory Severely Adverse Scenario						
Loan losses ($ in Billions)	BNPP USA		BOW		FHB	
	9-Quarter losses	Loss rate[4]	9-Quarter losses	Loss rate[4]	9-Quarter losses	Loss rate[4]
	3.19	4.2%	2.96	4.9%	0.23	1.8%
First Lien Mortgages, Domestic	0.09	0.7%	0.08	0.9%	0.01	0.4%
Junior Liens and HELOCs, Domestic	0.07	1.7%	0.06	1.9%	0.01	1.1%
Commercial and Industrial	1.11	6.9%	1.07	7.9%	0.05	1.8%
Commercial Real Estate, Domestic	0.93	4.9%	0.89	5.5%	0.04	1.5%
Credit Cards	0.10	20.6%	0.05	25.1%	0.05	17.3%
Other Consumer	0.65	4.3%	0.59	4.3%	0.06	4.4%
Other Loans[5]	0.25	2.9%	0.24	4.1%	0.02	1.5%

Cumulative P&L Metrics (2018 Q1 through 2020 Q1)			
($ in Billions)	BNPP USA	BOW	FHB
Pre-Provision Net Revenue[6]	0.5	1.7	0.7
Other Revenues[7]	0.0	0.0	0.0
Provision for Loan and Lease Losses	(4.3)	(3.9)	(0.4)
Net Income (loss) Before Taxes	(3.8)	(2.3)	0.4

Note: Totals may not sum due to rounding

[4] Loss rates are calculated by summing the nine quarters of losses and dividing by the nine-quarter average balance for a given loan portfolio. Average loan balances used to calculate portfolio loss rates exclude loans held for sale and loans held for investment under the fair-value option
[5] Other Loans include Other Loans and Leases, Loans Secured by Farmland, and Real Estate Loans (Not in Domestic Offices)
[6] PPNR and NIBT for BOW and FHB do not add up to BNPP USA primarily due to income and expenses from non-depository entities and holding company expenses
[7] Other Revenues include net realized gains and losses on securities and OTTI

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Supervisory Severely Adverse Scenario Results (2 of 2)

| Capital Ratios[8] | Basel III Capital Ratios | | | Regulatory Minimum[9] |
| | Actual | Stressed Capital Ratios | | |
	2017 Q4	2020 Q1	Lowest (over the projection horizon)	
BNPP USA				
CET 1 Ratio	12.4%	8.5%	8.4%	4.5%
Tier 1 Capital Ratio	12.8%	8.9%	8.9%	6.0%
Total Risk-Based Capital Ratio	15.0%	11.4%	11.4%	8.0%
Tier 1 Leverage Ratio	9.3%	6.5%	6.5%	4.0%
BOW				
CET 1 Ratio	12.1%	8.1%	8.0%	4.5%
Tier 1 Capital Ratio	12.1%	8.1%	8.0%	6.0%
Total Risk-Based Capital Ratio	13.1%	9.4%	9.3%	8.0%
Tier 1 Leverage Ratio	9.8%	6.6%	6.5%	4.0%
FHB				
CET 1 Ratio	12.4%	12.2%	11.9%	4.5%
Tier 1 Capital Ratio	12.4%	12.2%	11.9%	6.0%
Total Risk-Based Capital Ratio	13.4%	13.4%	13.1%	8.0%
Tier 1 Leverage Ratio	8.5%	8.0%	7.9%	4.0%

| RWA ($ in Billions)[10]	Actual RWA 2017 Q4	RWA Projection 2020 Q1
BNPP USA	100.8	101.1
BOW	68.6	66.5
FHB	13.1	13.1

[8] Capital Ratios include any capital action across the forecasting horizon under DFAST capital actions assumptions
[9] Regulatory minimums as defined in the Comprehensive Capital Analysis Review 2018 Summary Instructions
[10] Risk Weighted Assets calculated under Basel III Standardized Approach. Totals may not sum due to non-depositary entities and consolidation entries

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Significant Drivers of Changes to the Projected CET1 Ratio under the Supervisory Severely Adverse Scenario for BNPP USA
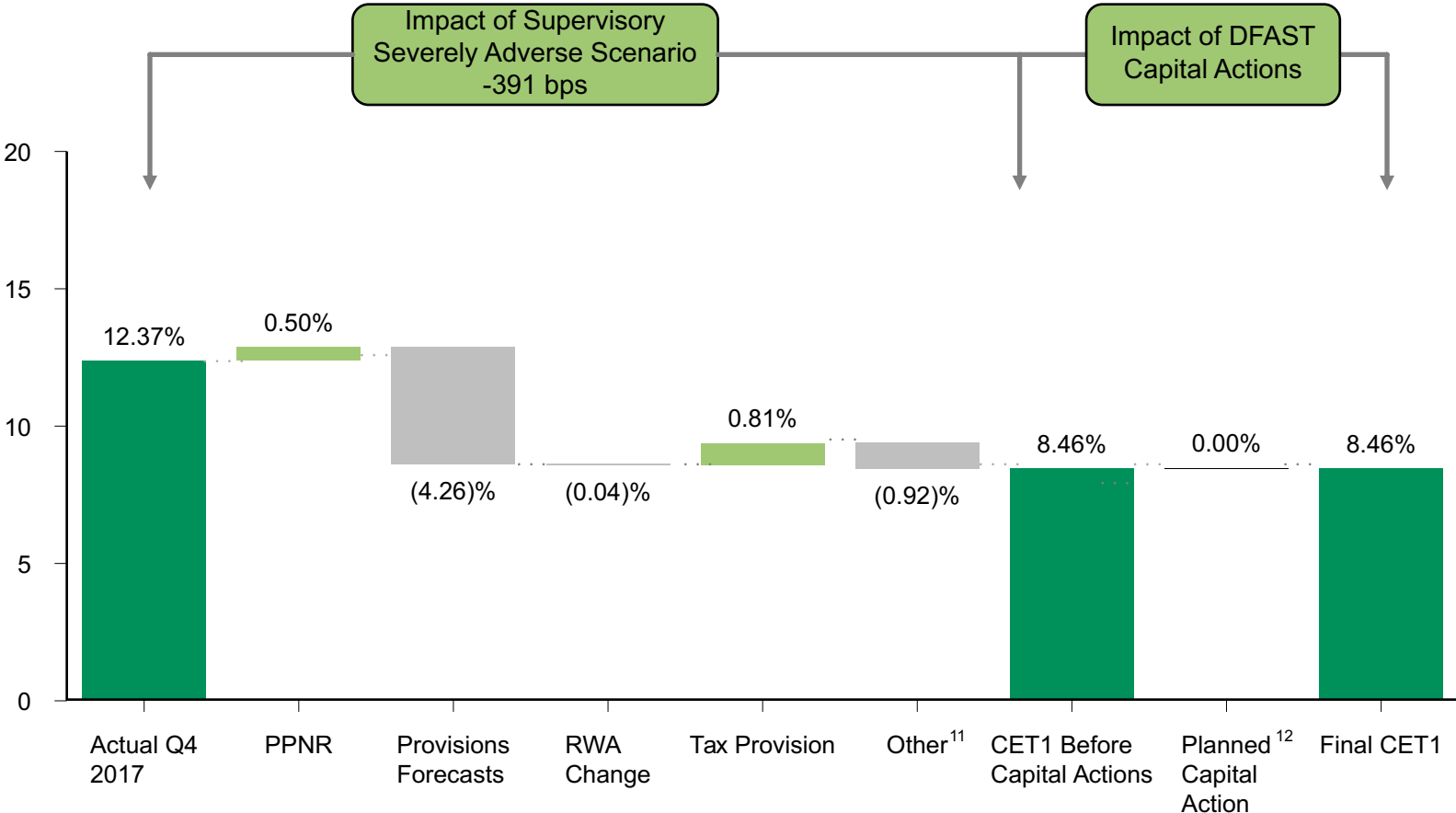
[11] Other includes income attributable to non-controlling interests, DTA from net operating loss and tax credit carry forwards

[12] FHI's minority interest is not included in BNPP USA's CET1 since FHI is not a depository institution; changes in FHI's CET1 driven by its capital actions have no impact on BNPP USA's CET1

Note: Totals may not sum due to rounding

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Forward Looking Statements

- This disclosure contains statements related to stress tests conducted by BNPP USA under the DFAST requirements. The stress test projections are based on hypothetical scenarios under severely stressed economic conditions. These estimates are not forecasts of BNPP USA's actual expected losses, revenues, net income before taxes, or capital ratios.

- Results incorporate an assumption that First Hawaiian Inc. remains a consolidated subsidiary of BNPP USA over the forecast horizon. This assumption is consistent with the FRB's 2018 CCAR instructions, and does not represent a commitment on the part of BNPP to sell, or not to sell, further holdings of First Hawaiian Inc.

- FRB conducts its own stress testing, based on its internally developed models and methodologies. Because the FRB does not fully disclose it's forecast methodologies, BNPP USA may not be able to explain variances between its own internal stress test results and the FRB's projections.

- This disclosure does not constitute an offer to sell, or a solicitation of an offer to purchase, any securities from any of the entities herein.

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