Bank of the West
Dodd-Frank Act Bank-Run Stress Test Results

March 24, 2015
Bank of the West Review

Bank of the West ("the Bank") is a State of California chartered bank serving customers from over 600 retail and commercial banking locations in 19 Western and Midwestern states as well as New York, Chicago, Dallas and Atlanta.

The Bank offers a diversified portfolio of products and services for our customers including:

- **Personal Banking** – Branch, online, mobile and telephone banking services to meet the needs of the individuals, families and communities we serve
- **Small and Medium Enterprise Banking** – Financing, cash management and financial advice for small and medium-sized businesses and entrepreneurs
- **Commercial Banking** – Commercial lending combined with the breadth of products and expertise of a global financial institution
- **Wealth Management** – Wealth planning, investment management, personal banking, retirement, trust and estate services designed to meet the needs of affluent individuals and families
- **National Finance** – Credit products for homes, vehicles and other major consumer purchases

The Bank is wholly owned by BancWest Corporation, a financial holding company, which is a wholly owned subsidiary of BNP Paribas ("BNPP"), which:

- Is a leading bank in the Eurozone with headquarters in Paris
- Has more than 188,000 employees and has a presence in 75 countries
- Maintains leading businesses in Europe, a significant presence in the United States and strong positions in Asia and the emerging markets
Bank of the West Run Stress Test Results and Process

Regulations implementing Dodd-Frank Act stress testing (“DFAST”) require the Bank to apply various economic and financial assumptions to the Bank’s portfolio and publicly disclose those results.

The Bank projects financial results over a nine quarter forecast horizon, starting October 1, 2014 and ending on December 31, 2016. Capital actions included in this stress test disclosure include quarterly common dividend payments equal to the Bank’s trailing four quarter average of dividend payments as of September 30, 2014 and no common share repurchases, as required by the Dodd-Frank Act. As such, capital actions in this disclosure may differ from the Bank’s planned capital actions.

Disclosure requirements include:

– Description of risks included and methodologies used in stress test

– Aggregate cumulative financial estimates of major income statement categories

– Cumulative dollar loss and loss rates by portfolio

– Explanation of most significant causes for changes in capital ratios

– Beginning, ending and minimum values of capital ratios

This is not a forecast of economic conditions, but rather hypothetical scenarios designed by regulators to help assess the strength and resilience of financial institutions in the event of severe economic and financial environments. Summary information regarding the Supervisory Adverse and Supervisory Severely Adverse Scenarios are included in this disclosure. For additional information on these scenarios, please refer to the 2015 Supervisory Scenarios for Annual Stress Tests Required under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, published by the Federal Deposit Insurance Corporation on October 23, 2014.
Description of the Supervisory Adverse Scenario

The Supervisory Adverse Scenario provided by the FDIC is a mild recessionary scenario characterized by a global weakening in economic activity, increasing U.S. inflationary pressures, and rapid increases in both short- and long-term U.S. Treasury rates.

**Gross Domestic Product and Unemployment**
- A mild recession begins in the fourth quarter of 2014, with U.S. Real GDP dropping 0.5% peak to trough over three quarters.
- The economies of the euro area, United Kingdom, and Japan all experience recessions. Also, developing Asia experiences below-trend growth. The euro area has modest price declines, while Japan experiences a sustained period of deflation steeper than the euro area.
- There is a moderate increase in unemployment, as the U.S. unemployment rate increases by 1.9 percentage points, peaking at 8% in 2016.

**U.S. Real Estate and Equity Prices**
- Commercial real estate prices fall by 16% nationwide, and residential real estate prices decline by 13% nationally.
- Financial markets decline, with the S&P 500 Index falling by 25% from peak-to-trough, and market volatility rises.

**Inflation and Interest Rates**
- The U.S. economy experiences a significant rise in core inflation, with headline CPI increasing to 4% in the third quarter of 2015 and remaining elevated through the forecast horizon.
- Treasury yields across the maturity spectrum increase. Short-term interest rates reach 5.25% by the end of 2017, and longer-term Treasuries rise as well, but at a slower rate that results in a flatter yield curve compared to the base scenario.
- Mortgage rates increase through 2017 and peak at 7.6%.
Description of the Supervisory Severely Adverse Scenario

The Supervisory Severely Adverse Scenario provided by the FDIC is a deep recessionary scenario characterized by significant declines in Gross Domestic Product (GDP) across the globe, large reductions in real estate prices, and falling equity markets.

**Gross Domestic Product and Unemployment**
- A deep global recession begins in the fourth quarter of 2014, with U.S. Real GDP dropping 4.5% peak-to-trough over five quarters.
- The economies of the euro area, United Kingdom, and Japan all experience a broad-based contraction. Also, developing Asia experiences below-trend growth. Economies dependent on imported oil, including developing Asia, Japan, and the euro area, are hit especially hard by increasing oil prices.
- There is a significant increase in unemployment, as the U.S. unemployment rate increases by 4 percentage points, peaking at 10% in 2016.

**U.S. Real Estate and Equity Prices**
- Commercial real estate prices fall by more than 30% nationwide, and residential real estate prices decline by 25% nationally.
- Financial markets plummet, with the S&P 500 Index falling by 60% from peak-to-trough, and market volatility increases.

**Inflation and Interest Rates**
- Higher oil prices in the near-term drive an increase in the CPI with prices rising as much as 4.25% year-over-year early in the forecast period before falling back.
- Treasury yields across the maturity spectrum are significantly lower than in the base scenario, and short-term interest rates remain near zero through 2017.
- Mortgage rates increase through 2015 to 5% before falling and flattening in the following periods.
- Spreads on investment-grade corporate bonds jump approximately 330 basis points at their peak.
### Description of Risks Included in DFAST

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>CREDIT</td>
<td>Risk of loss resulting from the failure of a borrower or counterparty to honor its financial or contractual obligations to the Bank.</td>
</tr>
<tr>
<td>LIQUIDITY</td>
<td>Risk that the Bank is unable to liquidate assets to satisfy debt or deposit obligations as they come due or fund increases in assets.</td>
</tr>
<tr>
<td>MARKET VALUATION</td>
<td>Risk of loss due to a decline in market sensitive items or items recorded at fair value.</td>
</tr>
<tr>
<td>OPERATIONAL</td>
<td>Risk of loss from external events or inadequate or failed internal processes, people or systems. This risk includes idiosyncratic events, such as disruption in Information Technology (IT) systems, errors and omissions in processes and fraudulent activity by internal and external parties.</td>
</tr>
</tbody>
</table>
# Summary of Capital & Risk Components Captured in DFAST Projections

<table>
<thead>
<tr>
<th>CAPITAL COMPONENTS</th>
<th>KEY RISKS CAPTURED</th>
</tr>
</thead>
</table>
| **PRE-PROVISION NET REVENUE ("PPNR")** | • Projections based on macroeconomic factors  
• Major assumptions for growth and runoff are reviewed with lines of businesses |
| | • Interest rate  
• Operational  
• Liquidity  
• Prepayment and other options |
| **OTHER INCOME RELATED ITEMS** | • Net realized gains and losses on sales of securities and other-than-temporary impairment ("OTTI") |
| | • Credit  
• Liquidity  
• Interest rate  
• Market valuation |
| **PROVISIONS FOR CREDIT LOSSES** | • Projections of expected losses, allowance for loan and lease losses and nonperforming assets  
• Function of underlying commercial and consumer loan characteristics |
| | Credit Risk:  
• Changes in probability of default and loss given default (loss severity)  
• Changes in commitment utilization |
| **CAPITAL RATIOS AND PROJECTIONS** | • Risk-weighted assets computed with correlation to historical Call Report trends  
• Quarterly capital action projections for each quarter reflect 2014 dividend amounts continuing at same pace across the planning horizon |
| | • Enterprise-wide risk assessment  
• Capital adequacy process including governance and challenge  
• Internal controls, data quality, process maturity and model risk |
### Scope
- Net interest income
- Noninterest income and other fee related revenues excluding realized gains on investment securities
- Noninterest expense includes losses associated with operational risk

### Approach
- Net interest income components are based upon product level forecast for interest-earning assets and interest-bearing liabilities by scenario
- Loan yields and portfolio balances include assumptions for new business volumes, prepayments and runoff
- Available funding includes wholesale funds and advances from the Federal Home Loan Bank
- Fee revenues are tied to certain balance sheet forecasts and bank initiatives
- Major components of noninterest expense are based upon economic scenarios and management’s expectations

### Types of Risks Identified
- Interest Rate
- Liquidity
- Operational
- Prepayment and other options

### Methodologies
- Statistical models are used for key performance indicators (growth) forecasts that link macroeconomic variables
- Net interest income output includes scheduled principal and projected prepayments based on balance sheet forecast by scenario
- Operational losses are based on historical experience and scenario analysis

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**Severely Adverse Scenario**

PPNR $1.2 Billion

(October 1, 2014 – December 31, 2016)
Other Income Related Risks and Methodologies

Severely Adverse Scenario
Other Revenue $0.0 Billion
(October 1, 2014 – December 31, 2016)

| Scope | Includes the following revenue components not included in PPNR:  
|       | • Net realized losses on investment securities  
|       | • Other-than-temporary impairment ("OTTI") of investment securities |
| Approach | • OTTI projections are based upon varying methods, including qualitative analysis for the majority of the Bank's portfolio as well as CUSIP-level projections and application of probability of default and loss given default  
|       | • Minimal OTTI is expected within the Bank's securities portfolio as most of the decline in the value of these assets is expected to be temporary and due to factors other than credit, such as illiquidity and interest rate movements |
| Types of Risks Identified | • Credit  
|       | • Liquidity  
|       | • Interest rate  
|       | • Market valuation |
| Methodologies | The Bank uses the methods described below in addition to management’s judgment for the valuation of the Bank's investment security portfolios:  
|       | • Discounted cash flow methodology for all asset classes  
|       | • Prepayment estimates to adjust expected cash flows for mortgage-backed securities and lattice approach for callable bonds |
### Provision for Credit Losses Risks & Methodologies

#### Scope
- Represents inherent credit-related loss retained in the Bank’s loan portfolios and related commitments

#### Approach
- Expected losses are based on the composition and characteristics of loans and lines in the Bank’s portfolio
- Credit quality is modeled using the probability of default and loss given default with differing methodologies for commercial and consumer loans as follows:
  - Commercial loans are assessed based upon the Bank’s internal credit risk ratings and estimated values of collateral
  - Consumer loans are assessed for credit quality by delinquency status, FICO migration and loan-to-value deterioration

#### Types of Risks Identified
Credit risks, which are impacted by:
- Probability of obligor or counterparty downgrade or default
- Consumer loan transition statuses (current, delinquent, default)
- Loss severity
- Collateral valuation
- Changes in commitment utilization

#### Methodologies
- Statistical analyses that consider the inherent and idiosyncratic characteristics of the Bank’s portfolio
- Reflects reserve levels estimated in accordance with accounting standards, regulatory guidance and the Bank’s internal accounting policies
- Losses are not computed based upon banking industry averages and instead consider Bank specific characteristics such as geography, product mix and collateral requirements

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**Severely Adverse Scenario**
Provision for Credit Losses $2.2 Billion
(October 1, 2014 – December 31, 2016)
### Severely Adverse Scenario

Common Equity Tier 1 $5.3 Billion
(as of December 31, 2016)

| Scope | • Common Equity Tier 1 ("CET1"), Tier 1 Capital ("T1C"), Total Risk-Based Capital and Tier 1 Leverage Ratios are computed on quarterly basis  
• Granular forecast of risk-weighted assets |
|---|---|
| Approach | • Full projection of balance sheet and income statement for each scenario  
• Projections reflect management’s decision to opt out of including impact of Accumulated Other Comprehensive Income (“AOCI”) in capital  
• Based upon Standardized Approach for Revised Regulatory Capital Guidelines (Basel III Standardized)  
  • Significant impact due to application of higher risk-weightings for deferred tax assets, High-Volatility Commercial Real Estate (“HVCRE”), application of Simplified Supervisory Formula (“SSFA”), unused commitments less than one year, nonaccrual loans and restructured loans  
• On and off-balance sheet exposures were risk-weighted taking into account the prepayment, new volume and other outputs from the modeling process  
• Includes impact of disallowed deferred tax asset (where appropriate)  
• Robust internal controls and governance review |
| Types of Risks Identified | • Enterprise-wide risk assessment and summary of the Bank’s overall Capital Adequacy Process (“CAP”)  
• Robust governance structure with challenge from business units and executive management  
• Model risk and process maturity covered in capital buffer and based on material risk assessment  
• Internal controls framework |
| Methodologies | • Accumulation of all of the Bank’s modeling processes for the forecast of the balance sheet, PPNR, losses and other elements  
• Capital buffer based on risk identification processes and risk assessment processes |
# DFAST Supervisory Severely Adverse and Adverse Scenario Results

## Projected Loan Losses by Type of Loans for Q4 2014 through Q4 2016

<table>
<thead>
<tr>
<th>Loan Losses</th>
<th>Supervisory Severely Adverse Scenario</th>
<th>Supervisory Adverse Scenario</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>9-Quarter losses in Billions</td>
<td>Loss rate(^{(1)})</td>
</tr>
<tr>
<td>First Lien Mortgages</td>
<td>$1.6</td>
<td>3.1%</td>
</tr>
<tr>
<td>Junior Liens and HELOCs</td>
<td>0.1</td>
<td>1.8</td>
</tr>
<tr>
<td>Commercial and Industrial(^{(2)})</td>
<td>0.2</td>
<td>3.0</td>
</tr>
<tr>
<td>Commercial Real Estate</td>
<td>0.4</td>
<td>3.5</td>
</tr>
<tr>
<td>Credit Cards</td>
<td>0.0</td>
<td>17.0</td>
</tr>
<tr>
<td>Other Consumer(^{(3)})</td>
<td>0.4</td>
<td>3.0</td>
</tr>
<tr>
<td>Other Loans(^{(4)})</td>
<td>0.3</td>
<td>3.8</td>
</tr>
</tbody>
</table>

Note: Totals may not sum due to rounding

\(^{(1)}\) Loss rates are calculated by summing the nine quarters of losses and dividing by the nine-quarter average balance for a given loan portfolio.

\(^{(2)}\) Commercial and industrial loans include small- and medium- size enterprise loans and corporate cards.

\(^{(3)}\) Other Consumer loans include automobile, boats and recreational vehicles.

\(^{(4)}\) Other loans include equipment loans, equipment leases and loans secured by farmland.
### Calculated Capital Ratios\(^{(1)}\)

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Stressed Capital Ratios – Severely Adverse</th>
<th>Stressed Capital Ratios – Adverse</th>
<th>Well-Capitalized Requirements (%)(^{(3)})</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3Q14 (%)</td>
<td>4Q16 (%)</td>
<td>Lowest (%)(^{(2)})</td>
<td>4Q16 (%)</td>
</tr>
<tr>
<td>Tier 1 Common Ratio (^{(1)})</td>
<td>13.7</td>
<td>9.6</td>
<td>9.6</td>
<td>11.4</td>
</tr>
<tr>
<td>Common Equity Tier 1 Ratio</td>
<td>N/A</td>
<td>9.1</td>
<td>9.1</td>
<td>11.0</td>
</tr>
<tr>
<td>Tier 1 Capital Ratio</td>
<td>13.7</td>
<td>9.1</td>
<td>9.1</td>
<td>11.0</td>
</tr>
<tr>
<td>Total Capital Ratio</td>
<td>14.9</td>
<td>10.3</td>
<td>10.3</td>
<td>12.3</td>
</tr>
<tr>
<td>Tier 1 Leverage Ratio</td>
<td>12.0</td>
<td>7.9</td>
<td>7.9</td>
<td>9.7</td>
</tr>
</tbody>
</table>

### Bank of the West Cumulative Metrics (October 1, 2014 – December 31, 2016)

<table>
<thead>
<tr>
<th></th>
<th>$\text{in billions}$</th>
<th>Severely Adverse</th>
<th>Adverse</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-provision net revenue</td>
<td>$1.2</td>
<td>$2.1</td>
<td></td>
</tr>
<tr>
<td>Other revenues</td>
<td>0.0</td>
<td>0.0</td>
<td></td>
</tr>
<tr>
<td>Provision for loan and lease losses</td>
<td>(2.2)</td>
<td>(1.1)</td>
<td></td>
</tr>
<tr>
<td>Net income (loss) before taxes</td>
<td>(1.0)</td>
<td>1.0</td>
<td></td>
</tr>
</tbody>
</table>

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\(^{(1)}\) Risk-weighted assets were calculated using the general risk-based capital approach for each quarter in 2014. Risk-weighted assets were calculated under the Basel III standardized capital risk-based approach beginning January 1, 2015 with the exception of the tier 1 common ratio which uses the general risk-based capital approach for all quarters.

\(^{(2)}\) Lowest capital ratio over the nine-quarter projection horizon.

\(^{(3)}\) Requirements to be well-capitalized under prompt corrective action provision. These ratios are in excess of the minimum requirements for the FDIC's capital adequacy purposes.
Most Significant Causes for Changes from Tier 1 Common to Common Equity Tier 1

### 9 Quarter DFAST Results - 3Q14 Actual to 4Q16 Supervisory Adverse

<table>
<thead>
<tr>
<th>Tier 1 Common</th>
<th>Reductions to Capital</th>
<th>Increases to Capital</th>
<th>Common Equity Tier 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Starting 3Q14 Actuals</td>
<td>PPNR and Other Revenues(^{(2)})</td>
<td>Provisions(^{(2)})</td>
<td>Net Capital Distributions(^{(3)})</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.3%</td>
<td>1.2%</td>
<td>1.6%</td>
</tr>
</tbody>
</table>

Pretax impact: $2.1

After-tax: $1.3

<table>
<thead>
<tr>
<th>Reductions to Capital</th>
<th>$2.1</th>
<th>($1.1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increases to Capital</td>
<td>($0.7)</td>
<td>($0.9)</td>
</tr>
<tr>
<td>Common Equity Tier 1</td>
<td>($0.3)</td>
<td>N/A</td>
</tr>
</tbody>
</table>

**Note:** Totals may not sum due to rounding

1. Risk-weighted assets were calculated using the general risk-based capital approach for each quarter in 2014. Risk-weighted assets were calculated under the Basel III standardized capital risk-based approach beginning January 1, 2015 with the exception of the tier 1 common ratio which uses the general risk-based capital approach for all quarters.
2. Consolidated tax rate assumed to be 40.6%.
4. Includes the combined impact of other changes to capital and tax related items not identified above.
5. Includes changes in volume and mix of risk-weighted assets and new risk-weightings under Basel III.
### Most Significant Causes for Changes from Tier 1 Common to Common Equity Tier 1

**9 Quarter DFAST Results - 3Q14 Actual to 4Q16 Supervisory Severely Adverse**

<table>
<thead>
<tr>
<th></th>
<th>Tier 1 Common</th>
<th>Reductions to Capital</th>
<th>Increases to Capital</th>
<th>Common Equity Tier 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Starting 3Q14</td>
<td></td>
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<tr>
<td>Actuals</td>
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<tr>
<td>PPNR and Other</td>
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</tr>
<tr>
<td>Revenues&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Provisions&lt;sup&gt;(2)&lt;/sup&gt;</td>
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<tr>
<td>Net Capital</td>
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<tr>
<td>Distributions&lt;sup&gt;(3)&lt;/sup&gt;</td>
<td></td>
<td></td>
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<tr>
<td>Other Capital-</td>
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<tr>
<td>Related Items&lt;sup&gt;(4)&lt;/sup&gt;</td>
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<tr>
<td>RWA&lt;sup&gt;(5)&lt;/sup&gt;</td>
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<td></td>
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<tr>
<td>Ending 4Q16</td>
<td></td>
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<tr>
<td>Supervisory Sev.</td>
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<tr>
<td>Adverse</td>
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<tr>
<td>Pretax impact:</td>
<td></td>
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<tr>
<td>$1.2</td>
<td></td>
<td>($2.2)</td>
<td></td>
<td></td>
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<tr>
<td>After-tax</td>
<td></td>
<td>($1.3)</td>
<td>($0.9)</td>
<td>($0.9)</td>
</tr>
<tr>
<td>N/A</td>
<td></td>
<td></td>
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