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BNP Paribas USA, Inc.
Liquidity Coverage Ratio Disclosure

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Introduction & IHC Overview

BNP Paribas USA, Inc. is a wholly-owned subsidiary of BNP Paribas, a French incorporated company. BNP Paribas is a European leading provider of banking and financial services. BNP Paribas has been present in the United States since the late 1800s and has over 13,500 employees in North America. BNP Paribas U.S.A. offers its U.S. clients a full range of financial services through its two core businesses: Wholesale Banking and Retail Banking.

Following the adoption of Regulation YY of the Board of Governors of the Federal Reserve System, BNP Paribas organized its U.S. subsidiaries under a designated U.S. intermediate holding company, BNP Paribas USA, Inc. BNP Paribas USA, Inc. and its subsidiaries (collectively, the "IHC") engage in multiple businesses, including CIB, Asset Management and Retail Banking. The IHC is subject to risk-based and leverage capital requirements, liquidity requirements, capital planning requirements, as well as other prudential requirements.

The U.S. Liquidity Coverage Ratio rule (the "LCR Rule") requires the IHC to maintain an amount of unencumbered high quality liquid assets ("HQLA") sufficient to meet its total net cash outflow amount over a prospective 30-day period of significant stress. The ratio of eligible HQLA to total net cash outflow amount (the "Liquidity Coverage Ratio" or "LCR") is required to be a minimum of 100%. The IHC is subject to a modified form of the LCR Rule with IHC's total net cash outflow weighted by 70% of the otherwise applicable amount. Under the LCR Rule, the amount of HQLA held by a subsidiary that exceeds the amount of the subsidiary's net cash outflows, and that are not transferable to the IHC due to regulatory or other restrictions must be excluded from the IHC's HQLA.

The LCR Rule imposes quarterly public disclosure requirements on the IHC. This report represents the IHC's LCR disclosures for the quarter ended December 31, 2018.

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Liquidity Coverage Ratio Overview

LCR Overview

The IHC's average weighted LCR for the quarter ended December 31, 2018 is summarized below:

(in millions USD)	**Average Weighted Amount**
HQLA[1]	**$18,627**
Total Net Cash Outflow Amount[2]	**$13,428**
Liquid Coverage Ratio	**140%**
Excess HQLA[1]	**$5,199**

[1] Excludes certain HQLA held at subsidiaries after accounting for the LCR Rule's restrictions related to the transferability of HQLA.
[2] The total net cash outflow amount is inclusive of the 70% factor applicable to the computation of the modified LCR.

The IHC maintained an average LCR of 140% for the quarter ended December 31, 2018. This ratio represents an increase of 5% over the prior quarter's average. The evolution of the ratio can be understood through its two primary components:

- HQLA, which decreased from USD 20.5 billion to USD 18.6 billion. This decrease was primarily due to the IHC's deconsolidation of First Hawaiian, Inc. in August 2018 and a reduction of the IHC's cash holdings at the Federal Reserve.
- Net cash outflows, which decreased from USD 15.1 billion to USD 13.3 billion. The decrease was primarily due to the aforementioned deconsolidation of First Hawaiian, Inc., as well as activities related to unsettled U.S. Treasury note purchases and evolutions in the maturity profile of funding to BNP Paribas USA, Inc. from BNP Paribas.

The IHC's average LCR may experience fluctuations between reporting periods due to changes in HQLA and net cash outflows as a result of normal business activity. Through well-established liquidity risk management practices, including internal limits to avoid concentration risk, the IHC expects to maintain an adequate liquidity position on an ongoing basis.

LCR Quantitative Disclosure

The table on the following page presents quantitative disclosure of the IHC's average LCR, and average unweighted and weighted amount of HQLA, cash inflows and outflows, for the three months ended December 31, 2018.

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BNP Paribas USA, Inc (Modified LCR)

Q4 2018 In millions of U.S. Dollars		Average Unweighted Amount	Average Weighted Amount
HIGH-QUALITY LIQUID ASSETS			
1	Total eligible high-quality liquid assets (HQLA), of which:	18,893.00	18,627.00
2	Eligible level 1 liquid assets	17,121.00	17,121.00
3	Eligible level 2A liquid assets	1,772.00	1,506.00
4	Eligible level 2B liquid assets	0.00	0.00
CASH OUTFLOW AMOUNTS			
5	Deposit outflow from retail customers and counterparties, of which:	36,853.00	2,697.00
6	Stable retail deposit outflow	17,934.00	538.00
7	Other retail funding outflow	16,293.00	1,629.00
8	Brokered deposit outflow	2,626.00	530.00
9	Unsecured wholesale funding outflow, of which:	21,897.00	11,208.00
10	Operational deposit outflow	3,745.00	928.00
11	Non-operational funding outflow	18,069.00	10,197.00
12	Unsecured debt outflow	83.00	83.00
13	Secured wholesale funding and asset exchange outflow	31,489.00	11,712.00
14	Additional outflow requirements, of which:	18,893.00	5,925.00
15	Outflow related to derivative exposures and other collateral requirements	5,012.00	3,936.00
16	Outflow related to credit and liquidity facilities including unconsolidated structured transactions and mortgage commitments	13,881.00	1,989.00
17	Other contractual funding obligation outflow	103.00	103.00
18	Other contingent funding obligations outflow	0.00	0.00
19	**TOTAL CASH OUTFLOW**	109,235.00	31,645.00
CASH INFLOW AMOUNTS			
20	Secured lending and asset exchange cash inflow	25,796.00	8,972.00
21	Retail cash inflow	467.00	233.00
22	Unsecured wholesale cash inflow	1,728.00	1,197.00
23	Other cash inflows, of which:	2,063.00	2,063.00
24	Net derivative cash inflow	2,057.00	2,057.00
25	Securities cash inflow	6.00	6.00
26	Broker-dealer segregated account inflow	0.00	0.00
27	Other cash inflow	0.00	0.00
28	**TOTAL CASH INFLOW**	30,054.00	12,465.00
			Average Amount[1]
29	**HQLA AMOUNT**		18,626.00
30	**TOTAL NET CASH OUTFLOW AMOUNT EXCLUDING THE MATURITY MISMATCH ADD-ON**		13,428.00
31	**MATURITY MISMATCH ADD-ON[2]**		N/A
32	**TOTAL NET CASH OUTFLOW AMOUNT**		13,428.00
33	**LIQUIDITY COVERAGE RATIO (%)**		140.00%

[1] The amounts reported in this column may not equal the calculation of those amounts using component amounts reported in rows 1-28 due to technical factors such as the application of the level 2 liquid asset caps, the total inflow cap, and for depository institution holding companies subject to subpart G, the application of the modification to total net cash outflows.

[2] The IHC is subject to the modified LCR and therefore is not required to calculate a maturity mismatch add-on.

High Quality Liquidity Assets

HQLA, as defined in the LCR Rule, includes certain unencumbered assets that can be promptly monetized. HQLA is categorized into three classifications. Level 1 is considered the most liquid and not subject to haircuts. Levels 2A and 2B are subject to defined haircuts. Levels 2A and 2B combined can represent no more than 40% of the total HQLA of the IHC.

The IHC's HQLA for the quarter ended December 31, 2018 are summarized below:

(in millions USD)	**Average Unweighted**	**Average Weighted**
Total High Quality Liquid Assets	**$18,893**	**$18,627**
Eligible High Quality Liquid Assets	**$18,893**	**$18,627**
Level 1	$17,121	$17,121
Level 2A	$1,772	$1,506
Level 2B	$0	$0

The IHC's average weighted eligible HQLA was USD 18.6 billion, as compared to USD 20.5 billion for the prior quarter. These amounts exclude the amount of HQLA held by each subsidiary of the IHC that exceeds that subsidiary's net cash outflows if not transferable to the IHC due to regulatory or other restrictions.

Level 1 assets represented USD 17.1 billion or 92% of the IHC's total eligible HQLA in the quarter. The majority of the Level 1 assets are unrestricted reserve balances with the Federal Reserve, U.S. Treasury securities and U.S. government agency-issued guaranteed mortgage-backed securities (e.g., Ginnie Mae). The remaining 8% of HQLA is classified as Level 2A assets, which mainly consists of U.S. agency mortgage-backed securities.

Net Cash Outflows

The IHC's net cash outflows are determined through the application of standardized outflow and inflow rates prescribed by the LCR Rule, to certain assets, liabilities and off-balance sheet items over a 30-day stress horizon.

For the quarter ended December 31, 2018, the average weighted cash inflow was USD 12.5 billion. Secured lending and asset exchanges, composed of reverse repos and customer margin loans, represented USD 8.9 billion or 71% of the total average secured weighted inflows. Net derivatives positions represented USD 2.1 billion or 17%. The remaining inflows were primarily composed of unsecured wholesale cash.

Over the same period, the average weighted cash outflow was USD 31.6 billion. Secured outflows, composed of securities lending, reverse repos, short positions, and clearing activities, represented USD 11.7 billion or 37% of total average weighted outflows. Unsecured outflows largely composed of wholesale deposits represented USD 11.2 billion or 35% of total average weighted outflows. The remaining USD 8.7 billion is predominantly composed of net derivatives positions and non-financial corporate credit facilities.

Refer to the "Sources of Funding" and "Off-Balance Sheet Commitments and Guarantees" sections below for further details.

Sources of Funding

Deposits

A key source of liquidity is the IHC's depository business, which supports the financing of corporate and retail activities. The IHC's deposit portfolio is well-diversified across retail and operational deposits, both of which are considered to be stable sources of liquidity within the context of the LCR calculation. This is due to the fact that these deposits are either linked to the respective customer's operational services and/or are fully insured, and therefore may be retained during a stress scenario.

For the quarter ended December 31, 2018, the IHC had total average unweighted retail deposits of USD 36.8 billion and operational deposits of USD 3.7 billion. The average weighted retail deposit cash outflows were USD 2.7 billion and operational deposit outflows were USD 0.9 billion. The retail and operational deposits have an implied LCR average weighted cash outflow rate of 7% and 25%, resulting in a stable source of liquidity of 93% and 75%, respectively.

The IHC's deposit and funding outflows for the quarter ended December 31, 2018 are summarized below:

(in millions USD)	**Average Unweighted Amount**	**Average Weighted Amount** [1]	**Cash Outflow Percentage**	**Liquidity Value**
Retail Deposit Outflow from retail Customers and counterparties:	**$36,853**	**$2,697**	**7%**	**93%**
Stable Retail Deposits Outflow	$17,934	$538	3%	97%
Other Retail Outflow	$16,293	$1,629	10%	90%
Brokered Deposit Outflow	$2,626	$530	20%	80%
Operational Deposit Outflow	**$3,745**	**$928**	**25%**	**75%**
Non-Operational Outflow	**$18,069**	**$10,197**	**56%**	**44%**
Total	**$58,667**	**$13,822**	**24%**	**76%**

1. The average weighted amount is exclusive of the 70% factor applicable to the computation of the modified LCR.

Short-term Funding

The IHC's short-term sources of funding mainly consist of repurchase and securities lending agreements, which are predominantly collateralized with HQLA, such as U.S.-government-issued debt (U.S. Treasuries) and guaranteed agency issued debt (MBS). Additionally, the IHC may obtain short-term funding through the issuance of time deposits, certificates of deposits, and commercial paper. Finally, a portion of the IHC's real estate lending is pledged to secure Federal Home Loan Bank advances.

Long-term Funding

The IHC further secures its liquidity position through the definition of a long-term funding plan, which aims to secure stable funding and liquidity for commercial needs, liquidity consumption under a normal business or stress scenario, and the overall management of liquidity reserves. Through diversification across markets, tenors, and currencies, the IHC's long-term funding plan provides support and funding for both the IHC and its subsidiaries.

Source of Funds (excluding deposits) reported in the consolidated BNP Paribas USA, Inc. quarter-end balance sheet, as of December 31, 2018

(in millions USD)	**Amount**
Repurchase Agreements - Securities Loaned or Sold	$6,136
Short-term Borrowings	$1,957
Long-term debt	$12,393
o/w TLAC	*$6,000*
Total Shareholder's Equity	$18,840

Off-balance Sheet Commitments and Guarantees

To meet the financing needs of customers, the IHC extends credit as loan commitments, financial guarantees, and credit and liquidity facilities. The facilities are used by customers for a variety of purposes, such as working capital, debt financing, and letters of credit. Unfunded or undrawn portions of such facilities linked to legally binding funding agreements represent potential future outflows, and are therefore included in the LCR calculation with the prescribed outflow rates.

Derivative Exposures

The IHC's exposure to derivatives instruments is predominantly derived from product offerings to assist clients in managing their credit and market risk exposure. In certain cases, derivative counterparties have contractual rights that require the IHC to post additional collateral as margin in the instance the IHC experiences a downgrade from a credit agency. The potential impact of such an event is reflected in the LCR through the net cash outflows related to derivatives; however, the IHC actively deploys risk-mitigating factors to ensure the ability to sustain any such event.

Liquidity & Liquidity Risk Management

The liquidity management practices of the IHC align with BNP Paribas' overall liquidity management policy to maintain a sound structural liquidity position and a balanced financing structure for the development of BNP Paribas business activities and ensure resilience to sustain its business during crisis situations. The IHC is committed to maintaining liquidity at an amount aligned with the internal risk profile and risk tolerance objectives through measures compliant with all regulatory requirements.

The IHC's [Board of Directors] provides oversight for the liquidity risk management of the IHC and it is responsible for establishing and periodically reviewing the acceptable level of liquidity risk that the IHC is willing to assume in connection with its operating strategies. Thereafter, the IHC's Asset & Liability Management Committees (ALCOs) oversee the implementation of an effective process for managing liquidity risks, including the adoption of new policies and risk limits. Operationally, the Asset & Liability Management Treasury department, overseen by the IHC Treasurer, is then responsible for working with the lines of business to manage liquidity within the established risk framework.

The IHC's liquidity management framework is founded upon on four key concepts:

- liquidity risk metrics
- steering of businesses' funding needs and stressed funding needs
- operational liquidity and funding management mitigation strategies
- contingency planning

This approach includes the management of liquidity through a wide range of metrics covering various instruments, maturities, counterparties, businesses, and entities. These metrics provide quantitative evaluation of the IHC's liquidity situation and the mitigation strategies. This includes both the active monitoring of the LCR and the estimation of liquidity risk associated with unanticipated funding requirements by employing various stress testing approaches.

Forward-Looking Statements

This report contains forward-looking statements. BNP Paribas and the IHC may also make forward-looking statements in their audited annual financial statements, in their interim financial statements, in press releases and in other written materials and in oral statements made by their officers, directors or employees to third parties. Statements that are not historical facts, including statements about BNP Paribas' or the IHC's beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections, and therefore undue reliance should not be placed on them. Forward-looking statements speak only as of the date they are made, and BNP Paribas and the IHC undertake no obligation to update publicly any of them in light of new information or future events.