



**BANCWEST**

A BNP PARIBAS company

# Annual Report 2004



- |            |              |
|------------|--------------|
| Arizona    | New Mexico   |
| California | North Dakota |
| Colorado   | Oregon       |
| Idaho      | South Dakota |
| Iowa       | Utah         |
| Minnesota  | Washington   |
| Nebraska   | Wisconsin    |
| Nevada     | Wyoming      |



- Hawai'i
- Guam
- Saipan

# RECORD EARNINGS, RECORD GEOGRAPHIC EXPANSION



Walter A. Dods, Jr.

Don J. McGrath

During 2004, BancWest had its 10th straight year of earnings growth. We also expanded our Bank of the West subsidiary into 10 new states in the West, Rocky Mountains, Great Plains and Midwest.

Our net income for the year was \$473.4 million, an increase of 8.4% over 2003. Since 2001, our assets have more than doubled to \$50.1 billion and net income has climbed 85.8%.

We made acquisitions during the year that led to the most significant geographic expansion in our history and also created a platform for continued growth. As a result, BancWest is now the seventh-largest bank holding company in the Western United States with 541 banking locations in 17 states, Guam and Saipan.

## How We Grew in 2004

Both of our subsidiary banks continued to generate significant internal, organic growth. In addition, during the last quarter of 2004 we acquired:

- ◆ Community First Bankshares, Inc., with total assets of \$5.5 billion and 166 Community First National Bank locations in 12 states in the Southwest, Rocky Mountains, Great Plains and east to Minnesota, Iowa and Wisconsin.
- ◆ USDB Bancorp (total assets of \$1.2 billion), parent of the 19-branch Union Safe Deposit Bank, headquartered in Stockton, California.

- ◆ Branches of the acquired institutions have already been fully integrated into Bank of the West. The Community First transaction introduced the bank's "Bear" brand into Arizona, Colorado, Iowa, Minnesota, Nebraska, North Dakota, South Dakota, Utah, Wisconsin and Wyoming. The USDB acquisition added to our presence in San Joaquin and Stanislaus Counties in California's Central Valley.

## Growing In the Future

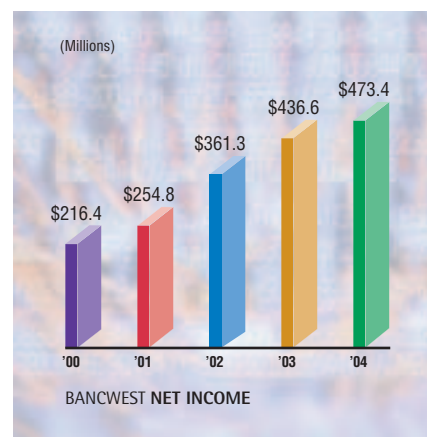
BancWest will continue to seek opportunities to grow by acquisition in close cooperation with our shareholder, BNP Paribas. We'll be searching for profitable acquisitions of two types:

1. Those that expand the geographic scope of our network, as we did with Community First.
2. In-fill acquisitions of community banks that enable us to enlarge market share and strengthen our network in existing markets, as we did with Union Safe Deposit. Acquisition of Community First opened up a wide new footprint for this second type of growth.

To complement this strategy, we will also open de novo branches in select high-growth markets to deepen our network and leverage brand awareness.

Bank of the West in 2004 created a Corporate Development Department to standardize identification of likely acquisitions, perform due diligence and integrate acquisitions into our company. This is something BancWest knows how to do well; over the past 15 years, our subsidiary banks have completed 14 acquisitions, improving profitability and efficiency along the way.

We are confident we will find new opportunities that will be strategically valuable for BancWest and allow us to serve new groups of customers.



## Building Relationships

The heart of BancWest's approach is good, old-fashioned community banking – building relationships with customers, one to one. Our subsidiaries offer the convenience and product sophistication of the largest banks, with the personalized “high-touch” service associated with our community bank roots.

Our bankers deepen customer relationships by listening carefully so that we can provide products and services to best meet our clients' needs. The result is closer ties with the businesses and consumers who trust us, resulting in increased cross-sales and opportunities for added fee income.

To support this strategy, we worked to build the “Bear” brand in our new Southern California markets during 2004. In 2005, we will do the same in the markets we have just added by acquisition.

\* \* \*

The past year was a pivotal one in making BancWest one of the premier financial services franchises in our region. The states in the West have higher population growth and economic growth prospects than any other part of the nation. Our company has the size, the expertise and the strategy to continue to grow in these markets in the future as we have in the past.

We are proud to be a part of the worldwide BNP Paribas Group, which has strongly supported our growth strategy. BNP Paribas' backing and financial strength are essential as we move ahead to increase market share in our 17-state retail banking footprint.

Thank you again to the thousands of customers and employees who have come to count on Bank of the West and First Hawaiian Bank, especially the new members of our family who joined us during 2004.

**Walter A. Dods, Jr.**

Chairman and Chief Executive Officer (2004)  
Chairman of the Board (Effective January 1, 2005)

**Don J. McGrath**

President and Chief Operating Officer (2004)  
President and Chief Executive Officer (Effective January 1, 2005)

## Our Companies At A Glance

◆ **BancWest Corporation:** Among the 25 largest U.S. bank holding companies.

### ◆ Bank of the West

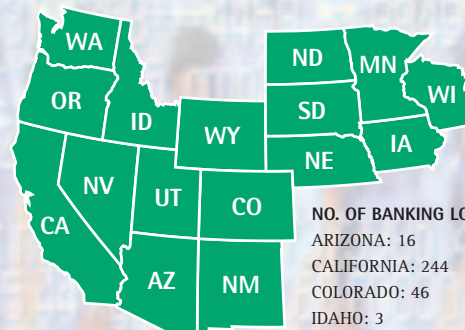
1. 3rd largest commercial bank headquartered in California.
2. Top-10 bank deposit market share in California, Colorado, New Mexico, Minnesota, North Dakota, Oregon and Wyoming.
3. No. 4 production agribusiness leader in the U.S.
4. Makes 1 of every 8 recreational vehicle loans in the U.S.
5. Largest specialized lender to religious institutions in the U.S.

### ◆ First Hawaiian Bank

1. Largest Hawai'i bank by total assets and deposits.
2. Largest Hawai'i bank in commercial, small-business and consumer lending.
3. Largest in Hawai'i in card transaction processing, issuing Visa® and MasterCard®.
4. Two out of three Hawai'i businesses and households have one or more First Hawaiian products.

## BancWest Corporation Map

### Bank of the West: 480 Banking Locations



### First Hawaiian Bank: 61 Branches



## Walter A. Dods, Jr. Retires At Year-End; Don J. McGrath Is New BancWest CEO

Walter A. Dods, Jr. retired on December 31, 2004 as Chief Executive Officer of BancWest Corporation, ending a 36-year career in banking, including 15 years as head of BancWest and its predecessor company, First Hawaiian, Inc.

Don J. McGrath continues as President of BancWest and succeeded Dods as Chief Executive Officer on January 1, 2005. McGrath also remains President and Chief Executive Officer of subsidiary Bank of the West, a position he has held since 1996.

McGrath has been an executive with Bank of the West since 1980. He and Dods negotiated the 1998 merger of Bank of the West and First Hawaiian Bank that created BancWest Corporation.

"Don is a talented executive who has been involved in strategy, planning and management of BancWest from the beginning. Nobody is better equipped to lead our company," Dods said.

Dods joined First Hawaiian Bank in 1968. Since 1989 he has been Chairman and CEO of

both the bank and its holding company. Dods will continue to serve as nonexecutive Chairman of the Board of BancWest and First Hawaiian Bank.

"It's been an honor to work alongside Walter to build the value of BancWest for our customers, employees, shareholder and the communities where we operate," McGrath said. "Our board is fortunate to be able to call on his wisdom and leadership in the future."

### Directors

#### Frank Bonetto <sup>1,2</sup>

Executive Vice President,  
BancWest Corporation  
Vice Chairman, Regional Banking Group,  
Bank of the West

#### François Dambrine

Head of Retail Banking in the U.S.A.,  
BNP Paribas

#### Gérard Denot <sup>2</sup>

Vice Chairman, BancWest Corporation  
Vice Chairman, Commercial Banking Group,  
Bank of the West

#### W. Allen Doane

President & Chief Executive Officer,  
Alexander & Baldwin, Inc.

#### Walter A. Dods, Jr. <sup>1</sup>

Chairman of the Board, BancWest Corporation and  
First Hawaiian Bank  
Trustee, Estate of S. M. Damon

#### Dr. Julia Ann Frohlich

President Emeritus,  
Blood Bank of Hawaii

#### Robert A. Fuhrman

Chairman of the Board, Bank of the West  
Vice Chairman, President &  
Chief Operating Officer (Retired),  
Lockheed Corporation

#### Paul Mullin Ganley

Trustee, Estate of S. M. Damon  
Partner, Carlsmith Ball LLP

#### David M. Haig

Trustee, Estate of S. M. Damon

#### John A. Hoag

Chairman, Hawaii Reserves, Inc.  
President (Retired),  
First Hawaiian Bank

#### Donald G. Horner <sup>1,2</sup>

Executive Vice President,  
BancWest Corporation  
President & Chief Executive Officer,  
First Hawaiian Bank

#### Bert T. Kobayashi, Jr.

Senior Partner,  
Kobayashi, Sugita & Goda

#### Michel Larrouilh

Chairman & Chief Executive Officer (Retired),  
Old BancWest Corporation  
CEO (Retired) and Director Emeritus,  
Bank of the West  
Honorary Senior Executive,  
Banque Nationale de Paris

#### Pierre Mariani <sup>2</sup>

Member of the Executive Committee and  
Head of International Retail Banking and  
Financial Services, BNP Paribas

#### Dr. Fujio Matsuda

President (Retired),  
University of Hawai'i

#### Don J. McGrath <sup>1,2</sup>

President & Chief Executive Officer,  
BancWest Corporation  
Chairman, Executive Committee,  
BancWest Board of Directors  
President & Chief Executive Officer,  
Bank of the West

#### Rodney R. Peck

Senior Partner,  
Pillsbury Winthrop LLP

#### Edouard A. Sautter

Honorary Senior Executive Vice President,  
Banque Nationale de Paris

#### Eric K. Shinseki

General, U.S. Army (Retired)

#### John K. Tsui

Chairman, Towne Development of Hawaii, Inc.  
Vice Chairman & Chief Credit Officer (Retired),  
BancWest Corporation  
President & Chief Operating Officer (Retired),  
First Hawaiian Bank

#### Jacques Henri Wahl

Senior Advisor (Retired) to  
the Chief Executive Officer of BNP Paribas  
and of Banque Nationale de Paris  
Former Director & President,  
Banque Nationale de Paris

#### Robert C. Wo

President & Secretary,  
BJ Management Corporation  
Chairman, C. S. Wo & Sons, Ltd.

### Executive Officers

#### Don J. McGrath <sup>1,2</sup>

President &  
Chief Executive Officer

#### Gérard Denot <sup>2</sup>

Vice Chairman

#### Frank Bonetto <sup>1,2</sup>

Executive Vice President

#### Bernard Brasseur

Executive Vice President &  
Risk Manager

#### Steve Glenn

Executive Vice President –  
Administration

#### Douglas C. Grigsby

Executive Vice President,  
Chief Financial Officer & Treasurer

#### Donald G. Horner <sup>1,2</sup>

Executive Vice President

#### J. Michael Shepherd

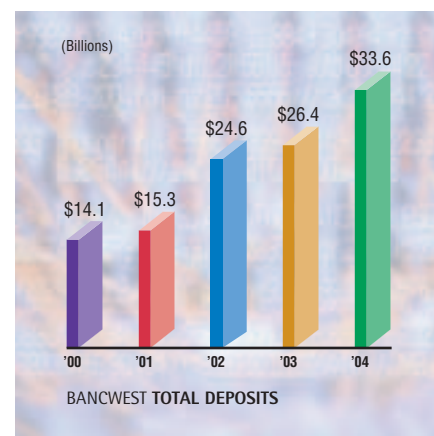
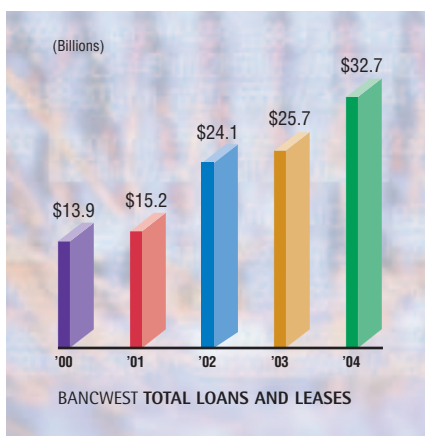
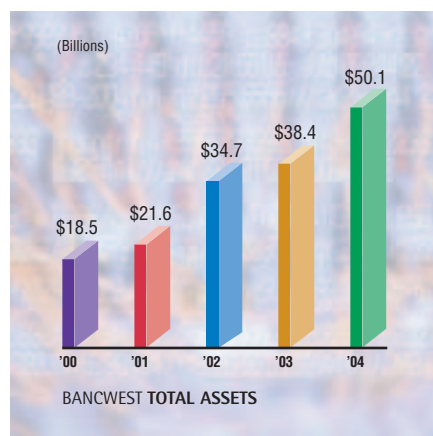
Executive Vice President,  
General Counsel & Secretary

<sup>1</sup> Throughout 2004, Walter A. Dods, Jr. was Chairman and Chief Executive Officer of both BancWest Corporation and First Hawaiian Bank. Effective January 1, 2005:

- Mr. Dods retired as CEO of the companies, but remains Chairman of the Board of both.
- Don J. McGrath became President and Chief Executive Officer of BancWest Corporation.
- Donald G. Horner became President and Chief Executive Officer of First Hawaiian Bank.
- Frank Bonetto and Mr. Horner became Directors of BancWest Corporation.

<sup>2</sup> BancWest Board Executive Committee

# BANCWEST CORPORATION HIGHLIGHTS

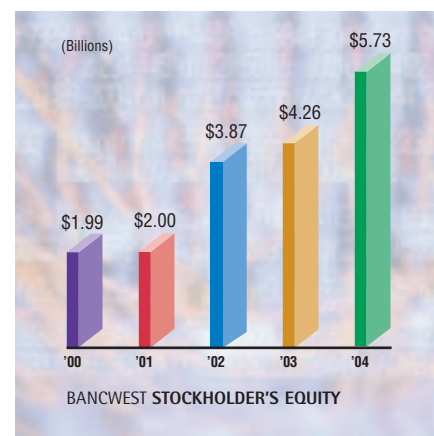
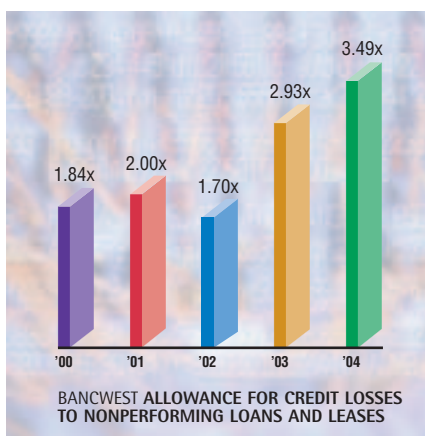
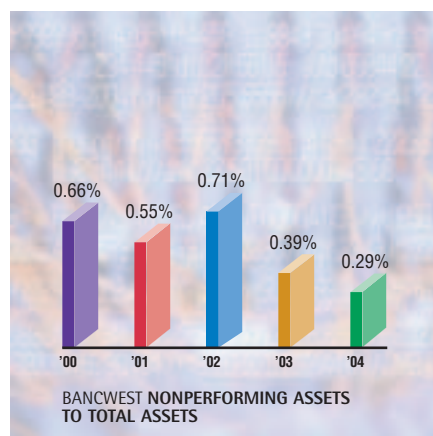


(dollars in thousands)

	2004	2003	2002
<b>FOR THE YEAR:</b>			
Net income	\$ 473,377	\$ 436,564	\$ 361,332
Return on average total assets	1.15%	1.22%	1.15%
Return on average stockholder's equity	10.22	10.74	10.50
<b>AT YEAR END:</b>			
Total assets	\$ 50,054,026	\$ 38,352,215	\$ 34,749,267
Loans and leases	32,688,843	25,722,079	24,146,087
Deposits	33,613,779	26,403,117	24,557,479
Stockholder's equity	5,730,035	4,262,872	3,867,482
<b>YEAR-END FINANCIAL RATIOS (AT DECEMBER 31):</b>			
Allowance for credit losses to total loans and leases	1.33%	1.52%	1.59%
Nonperforming assets to total assets (1)	0.29	0.39	0.71
Allowance for credit losses to nonperforming loans and leases (2)	3.49x	2.93x	1.70x

(1) Nonperforming assets consist of nonperforming loans and leases and other real estate owned and repossessed personal property.

(2) Nonperforming loans and leases consist of nonaccrual loans and leases.



## Basis of Presentation

Due to the high degree of summarization involved in their presentation, the condensed financial statements included in this report do not conform to financial statement standards under generally accepted accounting principles. Audited financial statements for BancWest Corporation, prepared in conformity with generally accepted accounting principles, appear in the BancWest Corporation 2004 Form 10-K, to be filed with the Securities & Exchange Commission.

## Corporate Organization

BancWest Corporation ([www.bancwestcorp.com](http://www.bancwestcorp.com)) is a financial holding company headquartered in Honolulu, Hawai'i, and incorporated under the laws of Delaware. Our principal subsidiaries, Bank of the West (a State of California-chartered bank) and First Hawaiian Bank (a State of Hawai'i-chartered bank), provide commercial and consumer banking services, engage in equipment and vehicle leasing and offer trust, investment and insurance products. At December 31, 2004, BancWest had 9,829 full-time equivalent employees.

BancWest Corporation is a wholly owned subsidiary of BNP Paribas ([www.bnpparibas.com](http://www.bnpparibas.com)), an international financial services group with solid roots in Europe, leading positions in Asia and an active presence in the United States. It has offices in more than 85 countries and is the leading bank in the Eurozone in terms of net income.

**BANK OF THE WEST** has three major business segments:

- ◆ **The Commercial Banking Group** serves mid-market and larger companies, with specialized expertise in agribusiness; commercial real estate and construction; Small Business Administration credit; religious institutions; health care; financial institutions and municipalities; equipment leasing; cash management; loan syndication; trade finance; and capital markets.
- ◆ **The Regional Banking Group** serves individuals and small businesses through 480 banking locations and 506 ATMs in 16 states (California, Arizona, Colorado, Idaho, Iowa, Minnesota, Nebraska, Nevada, New Mexico, North Dakota, Oregon, South Dakota, Utah, Washington, Wisconsin and Wyoming) as well as through Internet and

telephone banking channels. A specialized "Pacific Rim Banking" division provides a full range of banking services to Asian-American businesses and individuals through bilingual branches in California. We offer Private Banking, as well as trust and investment services.

- ◆ **The Consumer Finance Group** provides auto loans and leases in the West, and loans for pleasure craft and recreational vehicles nationwide, both directly to consumers and indirectly through 5,000 dealers.

**FIRST HAWAIIAN BANK**'s major business segments are:


- ◆ **Retail Banking**, which is delivered through 61 branches in Hawai'i, Guam and Saipan, as well as 210 ATMs, a telephone banking center and the Internet. Through this network, First Hawaiian offers residential mortgage loans, consumer loans, banking products for smaller businesses and fee-based products and services such as annuities and mutual funds, insurance and securities brokerage.
- ◆ **Consumer Finance**, which delivers residential mortgages, credit cards, personal and automobile loans. First Hawaiian is the largest issuer of MasterCard® and VISA® credit cards in Hawai'i.
- ◆ **Commercial Banking**, which includes lending to small and medium-sized businesses, cash management, construction lending and permanent financing for commercial developments.
- ◆ **Financial Management**, which includes trust and investment management services for estates, trusts and individuals. A subsidiary, First Hawaiian Insurance, Inc., provides insurance brokerage services. We also offer Bishop Street Funds, a proprietary family of mutual funds. The Private Banking Department provides a wide range of products to high-net-worth individuals.

## Acquisitions During 2004

### COMMUNITY FIRST, USDB BANCORP

On November 1, 2004, BancWest expanded operations into 10 additional states and in California's Central Valley by acquiring:

- ◆ Community First Bankshares, Inc., parent company of Community First National Bank and Community First Insurance, Inc., in a \$1.2-billion cash transaction. Community First National Bank operated 166 banking locations in 12 states throughout the Great Plains, the Great Lakes area, the Rocky Mountains and the



Southwest. As of September 30, 2004, Community First Bankshares had total assets of \$5.5 billion, deposits of \$4.4 billion and net loans of \$3.4 billion. The transaction introduced Bank of the West into Arizona, Colorado, Iowa, Minnesota, Nebraska, North Dakota, South Dakota, Utah, Wisconsin and Wyoming.

- ◆ USDB Bancorp, in a cash transaction valued at \$245 million. USDB operated 19 Union Safe Deposit Bank branches in San Joaquin and Stanislaus Counties in Central California. As of September 30, 2004, USDB had total assets of \$1.2 billion, deposits of \$0.9 billion and net loans of \$0.7 billion.

On December 3, 2004, former branches of Community First National Bank were integrated into Bank of the West. On January 21, 2005, branches of Union Safe Deposit Bank also became branches of Bank of the West.

#### CIC/HCM ASSET MANAGEMENT

On June 1, 2004, Bishop Street Capital Management, the investment-management subsidiary of First Hawaiian Bank, acquired CIC/HCM Asset Management, Inc., the largest independent institutional fixed-income specialist in Hawai'i with \$300 million under management.

### Financial Overview of 2004

Net income, assets, deposits and loans increased during 2004 over 2003 primarily due to: (1) growth in loans and leases, primarily consumer lending and residential mortgages, offset by a lower net interest margin; (2) growth in deposits, especially noninterest-bearing deposits; (2) the acquisition of Community First Bankshares and USDB Bancorp in November 2004.

- ◆ **Net income** for the 12 months ended December 31, 2004 was \$473.4 million, up 8.4% from 2003.
- ◆ **Total assets** at December 31, 2004 were \$50.1 billion, up 30.5% from a year earlier.
- ◆ **Total deposits** at December 31, 2004 were \$33.6 billion, up 27.3% from a year earlier.
- ◆ **Total loans and leases** at December 31, 2004 were \$32.7 billion, up 27.1% from a year earlier.
- ◆ **Stockholder's equity** increased to \$5.7 billion at December 31, 2004, up 34.4% from a year earlier.

### Credit Quality

Nonperforming assets were reduced from \$151.2 million at December 31, 2003 to \$146.8 million at December 31, 2004, an improvement of 2.9%. The year-end ratio of nonperforming assets to total loans, leases and other real estate owned was 0.45%, a significant improvement from 0.59% at December 31, 2003.

Consistent with the improvement in credit quality, our allowance for credit losses was 1.33% of total loans and leases at December 31, 2004, compared to 1.52% a year earlier. The allowance represented 349% of nonperforming loans and leases at December 31, 2004, compared to 293% a year earlier.

BancWest recorded loan loss provision expense of \$49.2 million during 2004, a decrease of 39.5% from the previous year. The loan portfolio is continually stress-tested to identify potential problem industries and borrowers. Net charge-offs were 0.23% of average total loans and leases in 2004, compared to 0.30% in 2003.

### Results of Operations

**Net interest income** for 2004 was \$1.4 billion, a 4.5% increase from 2003, primarily due to: (1) growth in all loan and lease categories except vehicle leasing, offset by a lower net interest margin; (2) deposit growth in both subsidiary banks; (3) the acquisition of Community First Bankshares and USDB Bancorp in November 2004.

**Net interest margin** decreased to 3.88% from 4.31% in 2003, reflecting the impact of the current interest rate environment.

**Noninterest income** totaled \$431.5 million in 2004, a 10.0% increase over the previous year due largely to increases in service charges and fees and acquisition of Community First and USDB.

**Noninterest expenses** totaled \$962.5 million, up 7.8% from 2003, due largely to the acquisitions.

BancWest's net income as a percentage of average assets was 1.15% for 2004, compared to 1.22% in 2003.

**Efficiency ratio** was 53.96% in 2004, compared to 52.96% in 2003. The efficiency ratio is a measure of costs incurred to generate revenue.



**BANCWEST**  
A BNP PARIBAS company

**BancWest Corporation** ([www.bancwestcorp.com](http://www.bancwestcorp.com)) is a financial services holding company with total assets of \$50.1 billion. BancWest is headquartered in Honolulu, with an administrative headquarters in San Francisco, California. Based on asset size, BancWest is the seventh largest bank holding company in the Western United States. Our subsidiaries provide commercial and consumer banking services, engage in commercial and equipment and vehicle leasing and offer trust and insurance products. Principal subsidiaries are:



**Bank of the West** ([www.bankofthewest.com](http://www.bankofthewest.com)) has 480 banking locations in California, Arizona, Colorado, Idaho, Iowa, Minnesota, Nebraska, Nevada, New Mexico, North Dakota, Oregon, South Dakota, Utah, Washington, Wisconsin and Wyoming. Bank of the West had total assets of \$38.8 billion, total loans and leases of \$26.6 billion and total deposits of \$25.1 billion at December 31, 2004. It is the third largest commercial bank headquartered in California. Bank of the West serves nearly 3 million retail and commercial customers including national specialty business lines such as equipment leasing, religious institution lending, agribusiness lending and SBA lending.



**First Hawaiian Bank** ([www.fhb.com](http://www.fhb.com)), a Hawai'i-chartered bank, with 61 branches in Hawai'i, Guam and Saipan. At December 31, 2004, First Hawaiian had total assets of \$10.6 billion, total loans and leases of \$5.5 billion and total deposits of \$7.7 billion. It is Hawai'i's largest bank, based on total assets and deposits. It also has subsidiaries engaged in insurance sales; commercial equipment and vehicle leasing; and money management services for institutional and individual clients.



BancWest Corporation is a wholly owned subsidiary of BNP Paribas ([www.bnpparibas.com](http://www.bnpparibas.com)), a European leader in banking and financial services, which has a significant and growing presence in the United States and leading positions in Asia. The most profitable bank in the Eurozone, it has a presence in 85 countries with 95,000 employees. The group enjoys key positions in Corporate and Investment Banking, Private Banking & Asset Management, Insurance, Securities Services and Retail Banking. BNP Paribas had total assets of \$1.23 trillion (€906 billion) at December 31, 2004.

## Credit Ratings

### Standard & Poor's

BancWest Corporation subordinated debt: A  
Bank of the West uninsured CDs: long-term A+, short-term A-1  
First Hawaiian Bank uninsured CDs: long-term A+, short-term A-1

### Moody's

BancWest Corporation subordinated debt: A3  
Bank of the West deposits: long-term Aa3, short-term P-1  
First Hawaiian Bank deposits: long-term Aa3, short-term P-1

### Fitch

BancWest Corporation long-term senior debt: AA-  
Bank of the West deposits: long-term AA-, short-term, F1+  
First Hawaiian Bank deposits: long-term AA-, short-term, F1+

(Ratings as of December 31, 2004)

## BancWest Corporation Form 10-K

Those seeking a copy of Form 10-K or other financial information about BancWest Corporation should contact:

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*Executive Vice President and  
Chief Financial Officer,*  
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E-mail: [dgrigsby@bankofthewest.com](mailto:dgrigsby@bankofthewest.com)

## General Information

Contacts for news media representatives and others seeking general information:

### BancWest Corporation or First Hawaiian Bank

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Corporate Communications*  
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### Bank of the West

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*Vice President,  
Corporate Communications*  
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## Corporate Addresses

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Phone: (808) 525-7000  
[www.fhb.com](http://www.fhb.com)