



First Hawaiian, Inc.

4TH QUARTER 2017 EARNINGS CONFERENCE CALL

JANUARY 25, 2018

► FORWARD-LOOKING STATEMENTS



This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are not historical facts, and are based on current expectations, estimates and projections about our industry, management's beliefs and certain assumptions made by management, and any such forward-looking statements are subject to risks, assumptions, estimates and uncertainties that are difficult to predict. Actual results may prove to be materially different from the results expressed or implied by the forward-looking statements. Factors that could cause our actual results to differ materially from those described in the forward-looking statements can be found in our SEC filings, including, but not limited to, our annual report on Form 10-K for the year ended December 31, 2016, which is available on our website (www.fhb.com) and the SEC's website (www.sec.gov). Any forward-looking statement speaks only as of the date on which it is made, and we do not undertake any obligation to update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by applicable law.

► Q4 2017 HIGHLIGHTS



Solid Earnings and Dividend Increase

- Net income of \$11.7 million, or \$0.08 per diluted share
- \$47.6 million charge to provision for income taxes due to revaluation of certain tax-related assets at new projected tax rate
- Core net income⁽¹⁾ of \$59.2 million, or \$0.42 per diluted share
- Increased dividend to \$0.24 per share, or 9.1%

Disciplined Growth, Excellent Credit Quality, Strong Balance Sheet

- Loan and lease growth of \$128 million, or 1.1%, to \$12.3 billion
- Deposits stable at \$17.6 billion
- Net charge-off ratio: 0.17% annualized
- Capital ratios in excess of well-capitalized ratios at 12/31/17

Strong Financial Performance

- Efficiency ratio of 47.5%
- ROATA⁽¹⁾ of 0.24%, core ROATA⁽¹⁾ of 1.22%
- ROATCE⁽¹⁾ of 2.94%, core ROATCE⁽¹⁾ of 14.90%

Other Highlights

- Named the Hawaii's 2017 SBA Lender of the Year – Category 1 and 2017 SBA 504 Lender of the Year by the Small Business Administration
- Added to KBW Regional Bank Index (December 2017)

⁽¹⁾ Non-GAAP financial measure. A reconciliation to the comparable GAAP measurement is provided in the appendix of this slide presentation

▶ TAX CUTS AND JOBS ACT



4Q17 Impact

- \$3.7 million expense accrual in salaries and employee benefits for one-time bonuses
- \$47.6 million charge to provision for income taxes due to revaluation of certain tax-related assets at the projected tax rate

Outlook

- 2018 effective tax-rate expected to be ~26%
- Anticipate investing ~ 20% of tax savings back into the business
 - Increased minimum hourly pay to \$15.00 – expected impact on 2018 expenses: \$5.7 million
 - Evaluate opportunities to accelerate implementation of strategic initiatives
- Assess impact on capital levels, optimize return on capital, evaluate opportunities to distribute excess capital to shareholders

⁽¹⁾ Non-GAAP financial measure. A reconciliation to the comparable GAAP measurement is provided in the appendix of this slide presentation

► SUMMARY INCOME STATEMENT



► Quarterly core net income⁽¹⁾ up 3.9% QoQ and 5.7% YoY

(\$ in millions except per share data)	Quarter Ended			Year Ended	
	12/31/17	9/30/17 ⁽²⁾	12/31/16 ⁽²⁾	12/31/17	12/31/16 ⁽²⁾
Net interest income	\$ 134.9	\$ 133.3	\$ 131.3	\$ 528.8	\$ 491.6
Provision for loan and lease losses	5.1	4.5	3.9	18.5	8.6
Noninterest income	54.3	49.7	51.0	205.6	226.0
Noninterest expense	89.9	84.8	84.5	347.6	337.3
Pre-tax income	94.3	93.7	93.9	368.4	371.8
Tax expense	82.6	35.3	37.3	184.7	141.6
Net Income	\$ 11.7	\$ 58.4	\$ 56.6	\$ 183.7	\$ 230.2
Core adjustments	(0.2)	(2.1)	(0.9)	(1.5)	(21.1)
Tax adjustments	47.7	0.8	0.3	48.1	8.0
Core Net Income ⁽²⁾	\$ 59.2	\$ 57.0	\$ 56.0	\$ 230.4	\$ 217.1
Diluted earnings per share	\$ 0.08	\$ 0.42	\$ 0.41	\$ 1.32	\$ 1.65
Core diluted earnings per share ⁽²⁾	0.42	0.41	0.40	1.65	1.56

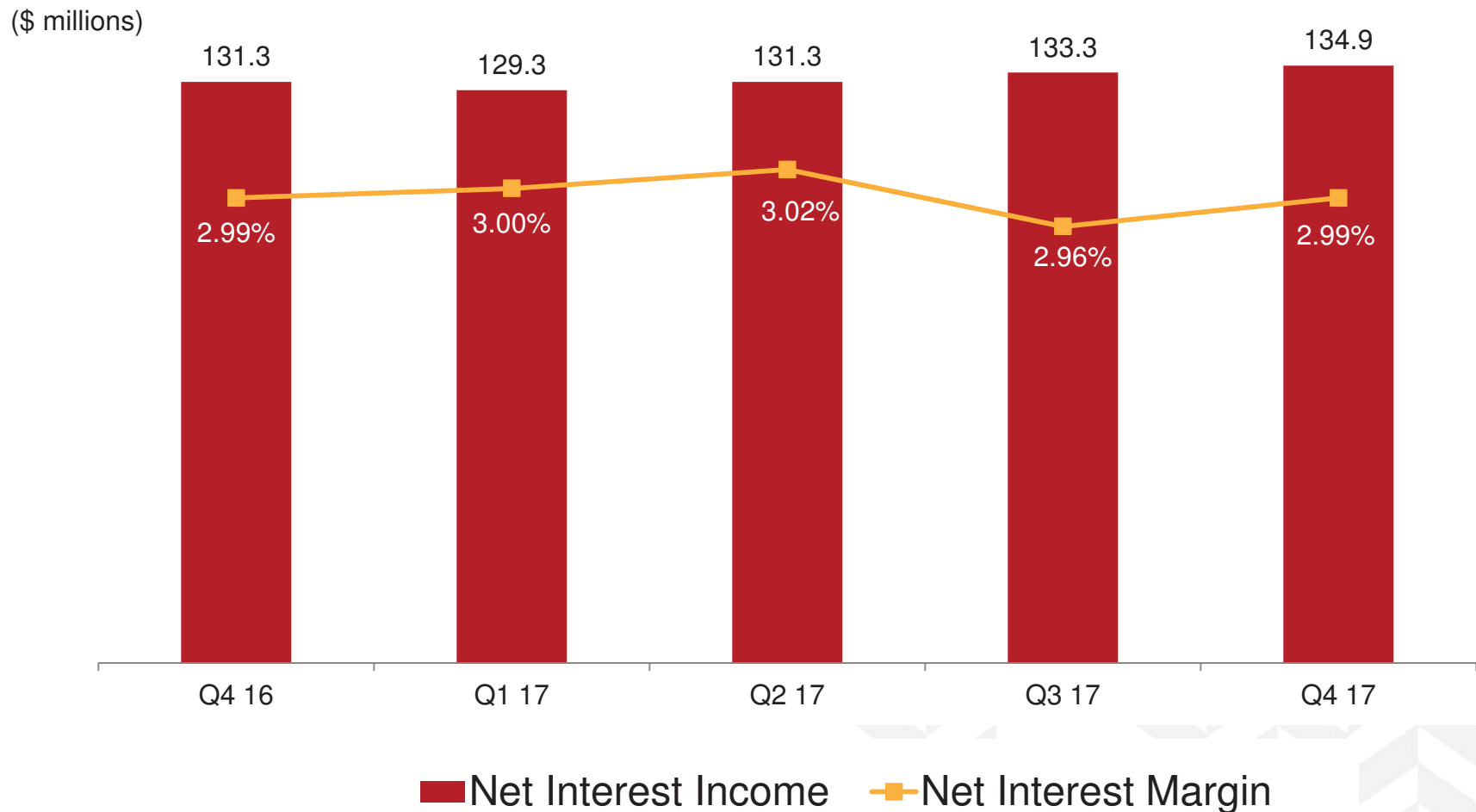
Note: Totals may not foot due to rounding

⁽¹⁾ Non-GAAP financial measure. A reconciliation to the comparable GAAP measurement is provided in the appendix of this slide presentation

⁽²⁾ Noninterest income and noninterest expenses for the quarters ended 9/30/17 and 12/31/16 and year ended 12/31/16 have been revised from the amounts previously reported to reflect the reclassifications described in the footnote to Table 1 of the fourth quarter 2017 earnings release

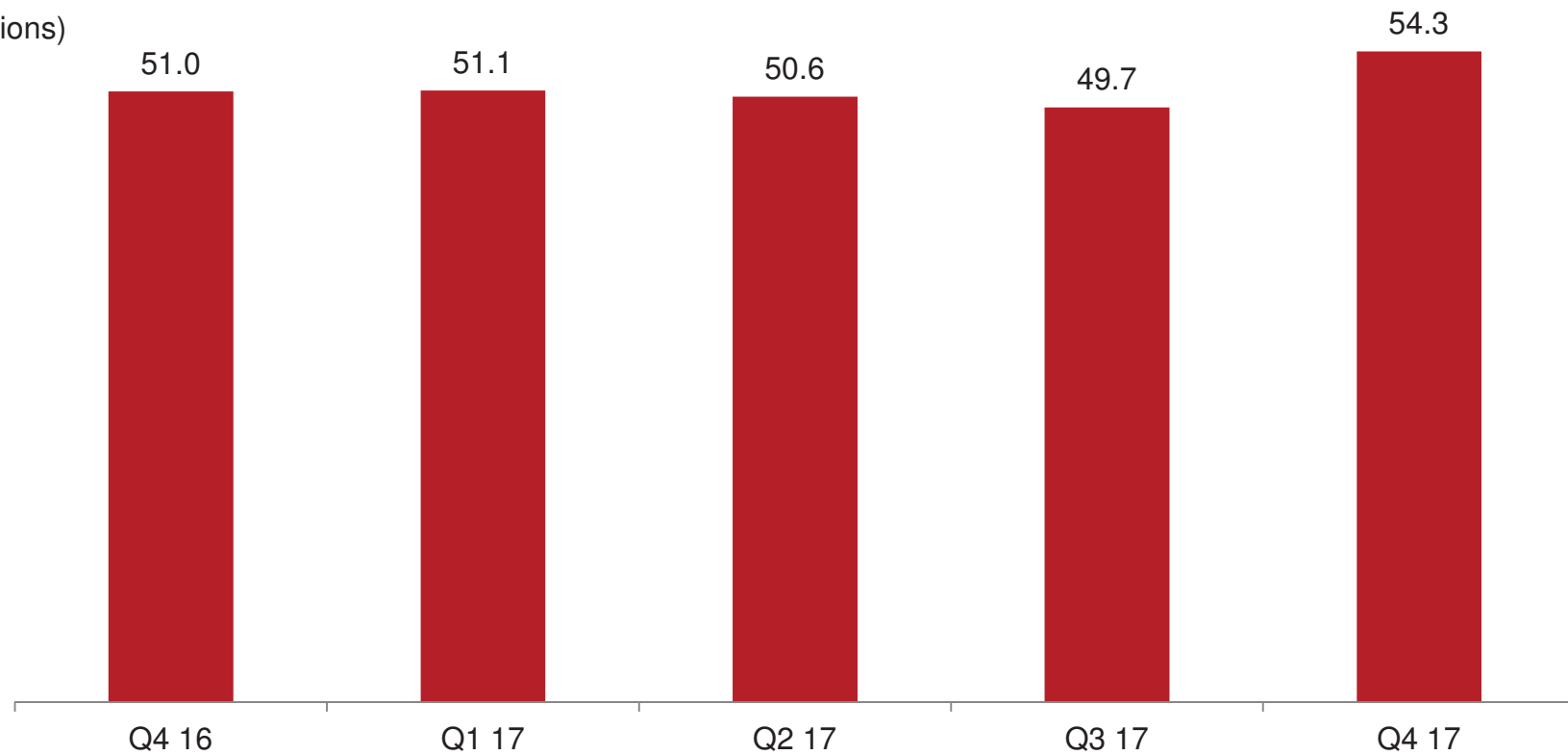
▶ NET INTEREST INCOME

- Well positioned for further increases following December Fed rate increase



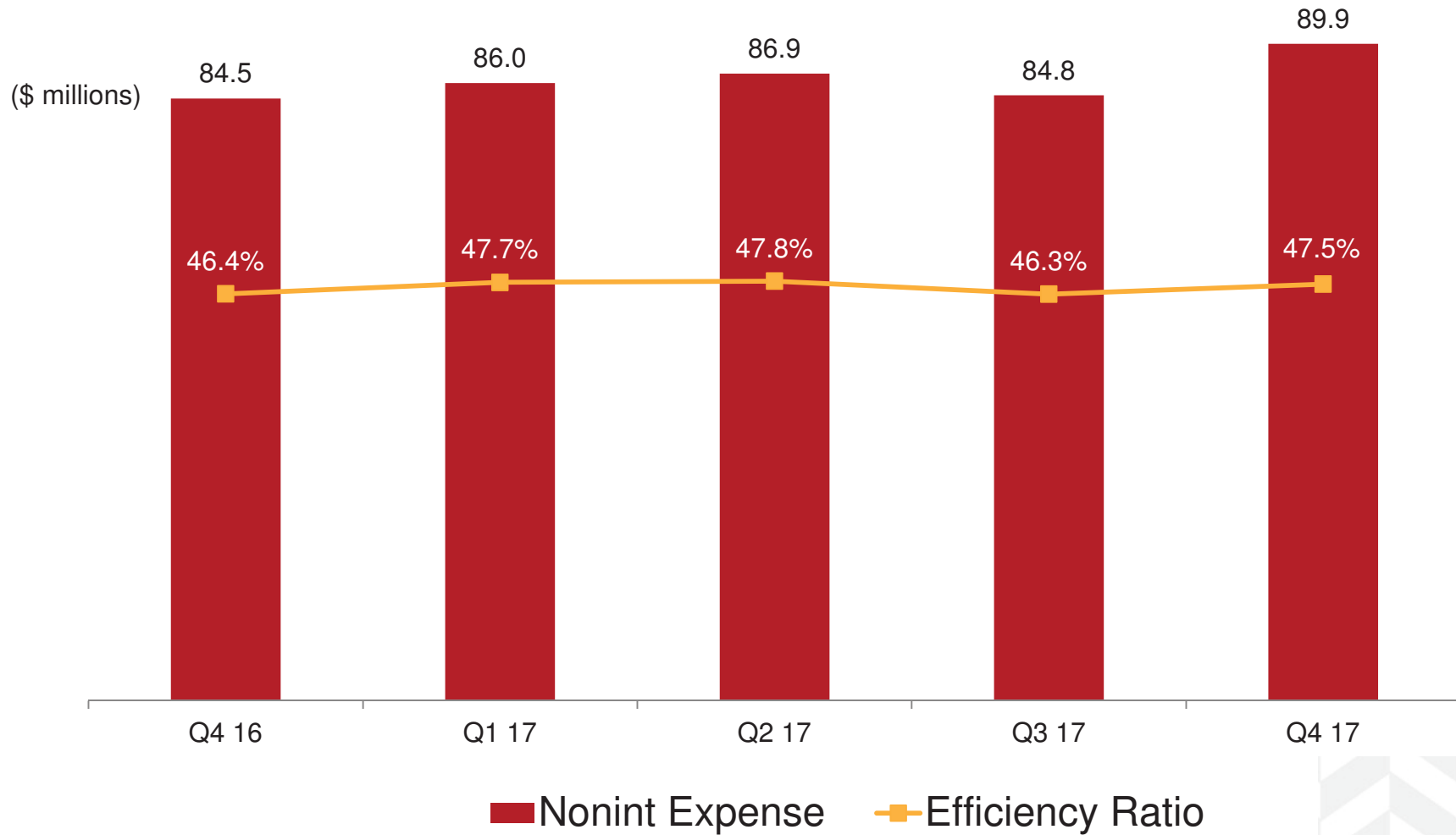
▶ NONINTEREST INCOME⁽¹⁾

(\$ millions)



¹⁾ Noninterest income for the quarters prior to Q4 2017 have been revised from the amounts previously reported to reflect the reclassifications described in the footnote to Table 1 of the fourth quarter 2017 earnings release

► NONINTEREST EXPENSE⁽¹⁾



¹⁾ Noninterest expenses for the quarters prior to Q4 2017 have been revised from the amounts previously reported to reflect the reclassifications described in the footnote to Table 1 of the fourth quarter 2017 earnings release

▶ SELECTED BALANCE SHEET ITEMS

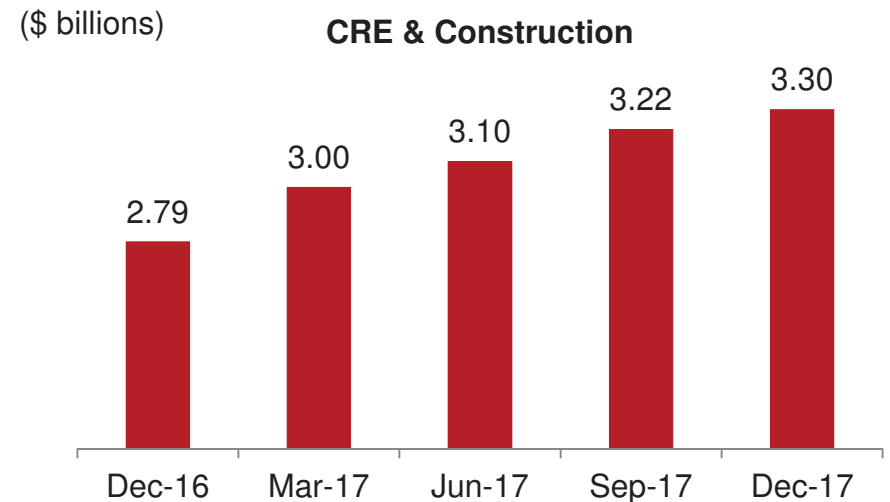
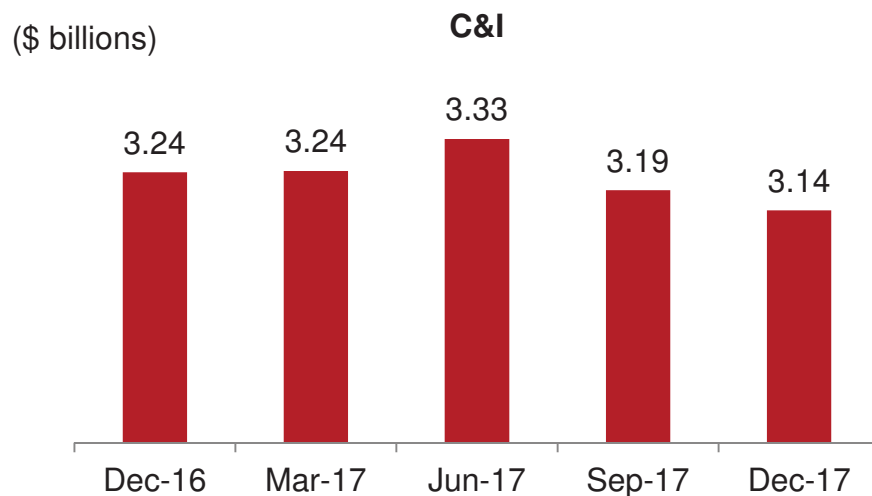
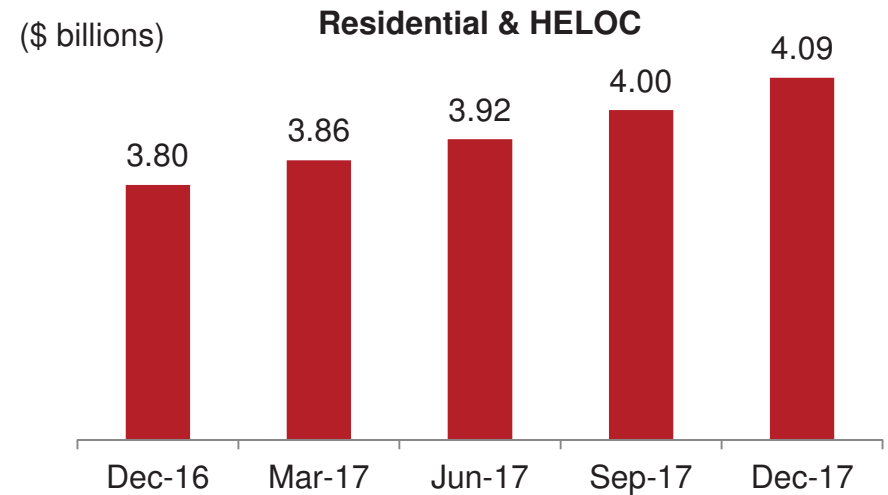
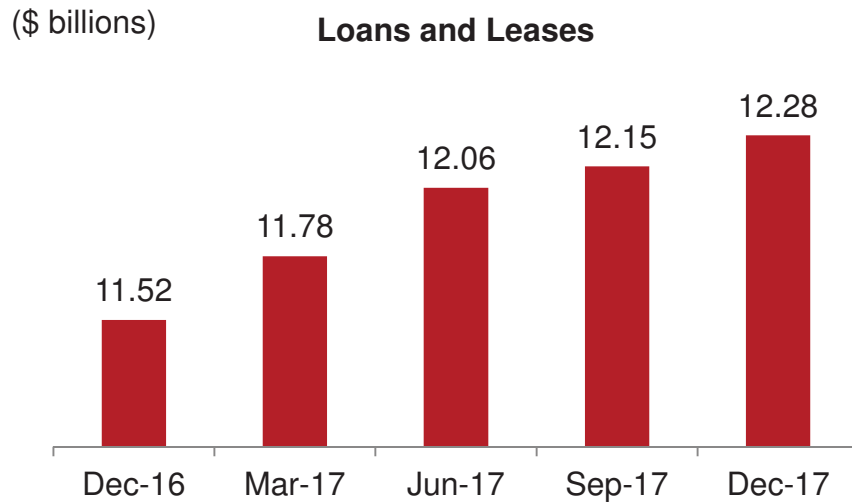


(\$ in millions except per share data)	As of		
	12/31/17	9/30/17	12/31/16
Selected Assets			
Investment securities	\$ 5,234.7	\$ 5,315.0	\$ 5,077.5
Loans and leases	12,277.4	12,149.7	11,520.4
Total assets	20,549.5	20,565.6	19,661.8
Selected Liabilities and Stockholders' Equity			
Total deposits	\$ 17,612.1	\$ 17,595.5	\$ 16,794.5
Total stockholders' equity	2,532.6	2,581.9	2,476.5
Shares Outstanding	139,588,782	139,586,282	139,530,654
Book value per share	\$ 18.14	\$ 18.50	\$ 17.75
Tangible book value per share ⁽¹⁾	11.01	11.36	10.61
Tier 1 Leverage Ratio	8.52 %	8.66 %	8.36 %
CET 1 / Tier 1	12.45 %	12.71 %	12.75 %
Total Capital Ratio	13.50 %	13.77 %	13.85 %

⁽¹⁾ Non-GAAP financial measure. A reconciliation to the comparable GAAP measurement is provided in the appendix of this slide presentation

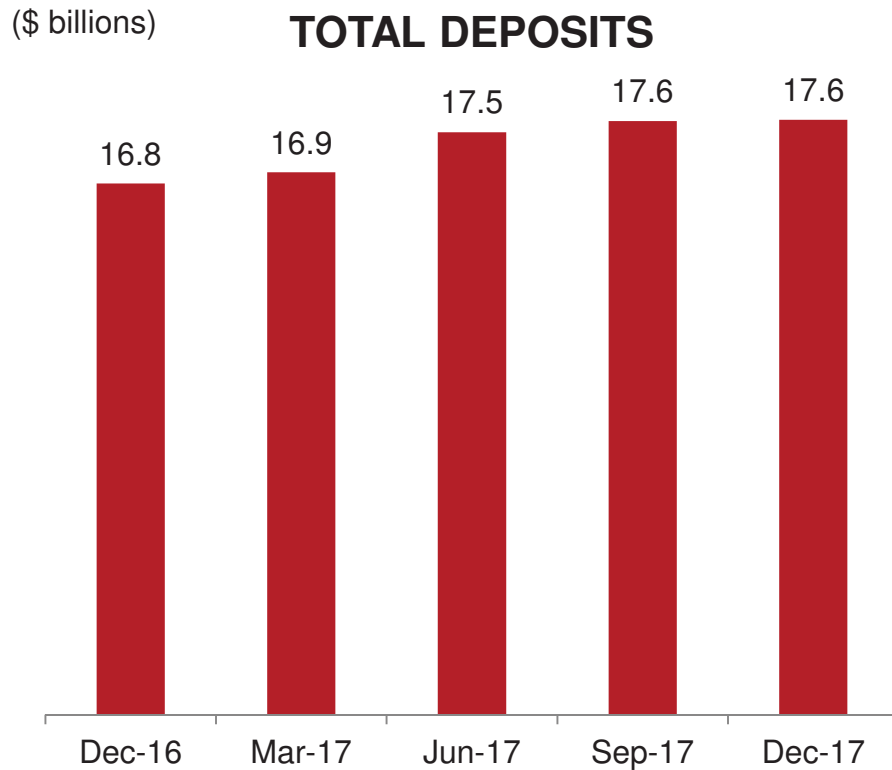
▶ LOANS

- Strong 6.6% loan growth in 2017
- Seeing benefits from change in mortgage lending model

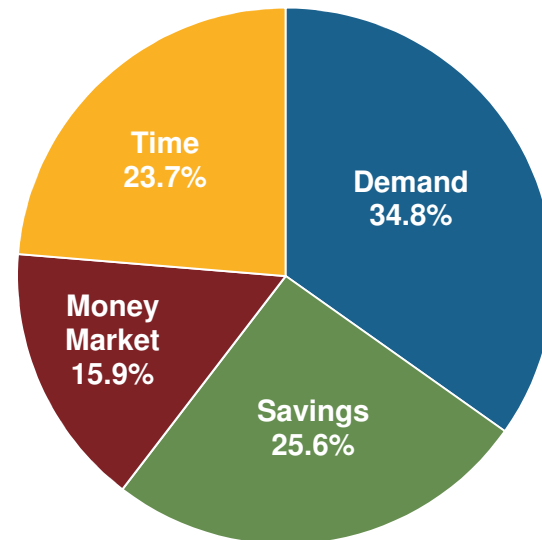


▶ DEPOSITS

- 4.9% growth in 2017
- Positive shift in deposit mix during the fourth quarter



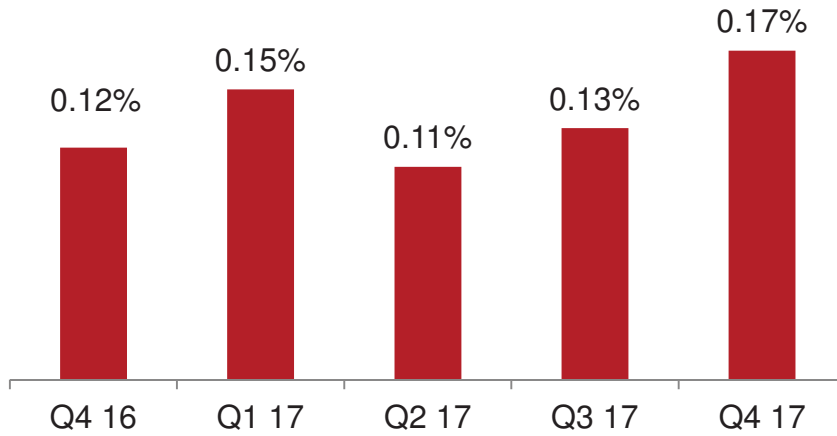
DEPOSIT COMPOSITION



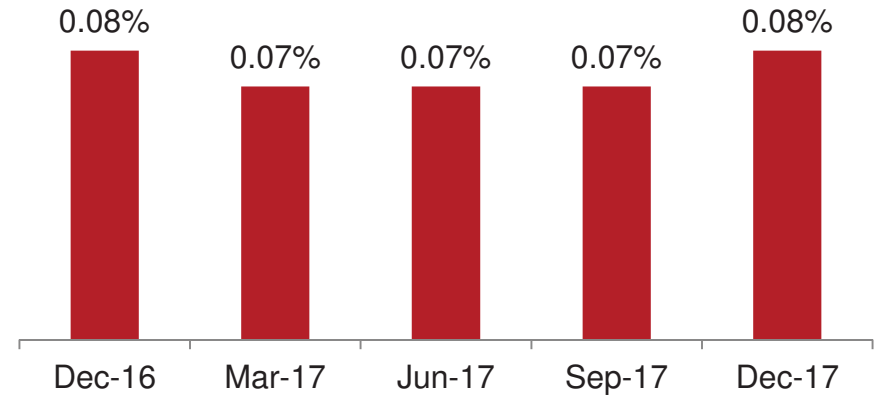
12/31/17

▶ ASSET QUALITY

NCOs / Ave Loans and Leases

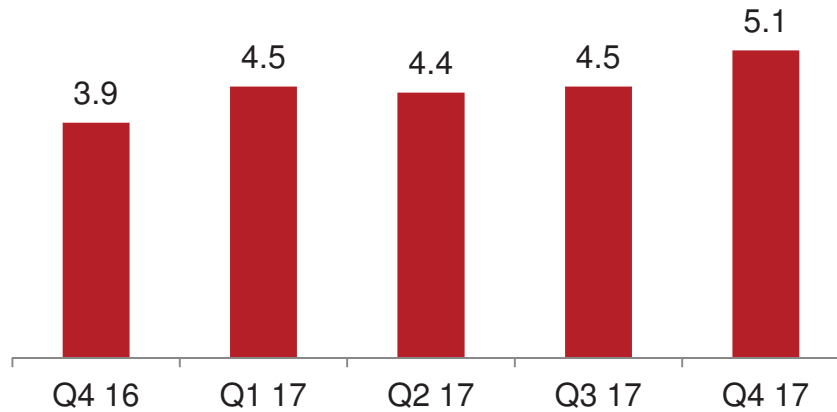


NPAs / Total Loans and Leases + OREO



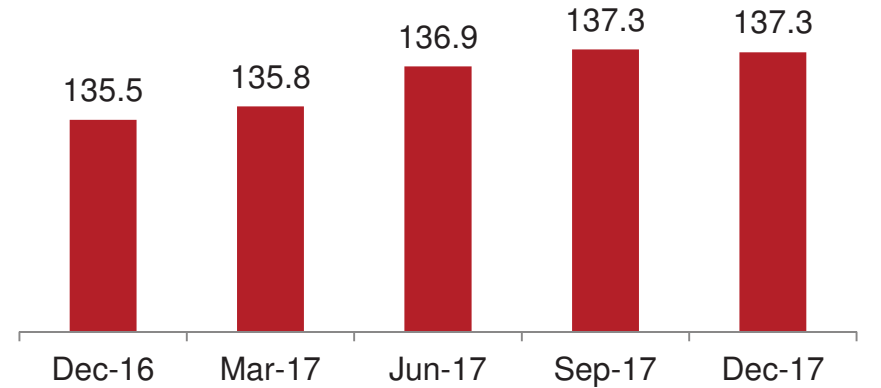
Provision Expense

(\$ millions)



ALLL

(\$ millions)



▶ HAWAII'S ECONOMY



Healthy Labor Market

- December statewide seasonally-adjusted state unemployment rate was 2.0%, compared to 4.1% nationally

Strong Visitor Industry

(data through 11/30/17)

- YTD visitor arrivals: 8.5 million, up 4.9% vs prior year
- YTD visitor spending: \$15.1 billion, up 6.6% vs prior year

Oahu Residential Real Estate

(YTD through 12/31/17)

- Volume of single family home sales: +6.3% vs prior year
- Volume of condominium sales: +6.9% vs prior year
- Median single-family home sale price: \$755k, +2.7% vs prior year
- Median condominium sale price: \$405k, +3.8% vs prior year

Sources: Hawaii Tourism Authority, State of Hawaii Department of Labor and Industrial Relations, Honolulu Board of Realtors.



QUESTIONS

Non-GAAP Reconciliations



▶ GAAP TO NON-GAAP RECONCILIATIONS



We present net interest income, noninterest income, noninterest expense, net income, earnings per share and the related ratios described below, on an adjusted, or “core,” basis, each a non-GAAP financial measure. These core measures exclude from the corresponding GAAP measure the impact of certain items that we do not believe are representative of our financial results. We believe that the presentation of these non-GAAP financial measures helps identify underlying trends in our business from period to period that could otherwise be distorted by the effect of certain expenses, gains and other items included in our operating results. We believe that these core measures provide useful information about our operating results and enhance the overall understanding of our past performance and future performance. Investors should consider our performance and financial condition as reported under GAAP and all other relevant information when assessing our performance or financial condition.

Core net interest margin, core return on average total assets and core return on average total stockholders’ equity are non-GAAP financial measures. We compute our core net interest margin as the ratio of core net interest income to average earning assets. We compute our core return on average total assets as the ratio of core net income to average total assets. We compute our core return on average total stockholders’ equity as the ratio of core net income to average stockholders’ equity.

Return on average tangible stockholders’ equity, core return on average tangible stockholders’ equity, return on average tangible assets, core return on average tangible assets and tangible stockholders’ equity to tangible assets are non-GAAP financial measures. We compute our return on average tangible stockholders’ equity as the ratio of net income to average tangible stockholders’ equity, which is calculated by subtracting (and thereby effectively excluding) amounts related to the effect of goodwill from our average total stockholders’ equity. We compute our core return on average tangible stockholders’ equity as the ratio of core net income to average tangible stockholders’ equity, which is calculated by subtracting (and thereby effectively excluding) amounts related to the effect of goodwill from our average total stockholders’ equity. We compute our return on average tangible assets as the ratio of net income to average tangible assets, which is calculated by subtracting (and thereby effectively excluding) amounts related to the effect of goodwill from our average total assets. We compute our core return on average tangible assets as the ratio of core net income to average tangible assets. We compute our tangible stockholders’ equity to tangible assets as the ratio of tangible stockholders’ equity to tangible assets, each of which we calculate by subtracting (and thereby effectively excluding) the value of our goodwill. We believe that these measurements are useful for investors, regulators, management and others to evaluate financial performance and capital adequacy relative to other financial institutions. Although these non-GAAP financial measures are frequently used by stakeholders in the evaluation of a company, they have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our results or financial condition as reported under GAAP.

The following tables provide a reconciliation of these non-GAAP financial measures with their most closely related GAAP measures.

GAAP TO NON-GAAP RECONCILIATION



(dollars in thousands, except per share amounts)	For the Three Months Ended			For the Year Ended	
	December 31, 2017	September 30, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Income Statement Data:					
Net income	\$ 11,684	\$ 58,363	\$ 56,552	\$ 183,682	\$ 230,178
Average total stockholders' equity	\$ 2,570,704	\$ 2,564,563	\$ 2,507,514	\$ 2,538,341	\$ 2,568,219
Less: average goodwill	995,492	995,492	995,492	995,492	995,492
Average tangible stockholders' equity	\$ 1,575,212	\$ 1,569,071	\$ 1,512,022	\$ 1,542,849	\$ 1,572,727
Average total assets	\$ 20,193,919	\$ 20,109,090	\$ 19,778,918	\$ 19,942,807	\$ 19,334,653
Less: average goodwill	995,492	995,492	995,492	995,492	995,492
Average tangible assets	\$ 19,198,427	\$ 19,113,598	\$ 18,783,426	\$ 18,947,315	\$ 18,339,161
Return on average total stockholders' equity ⁽¹⁾	1.80 %	9.03 %	8.97 %	7.24 %	8.96 %
Return on average tangible stockholders' equity (non-GAAP) ⁽¹⁾	2.94 %	14.76 %	14.88 %	11.91 %	14.64 %
Return on average total assets ⁽¹⁾	0.23 %	1.15 %	1.14 %	0.92 %	1.19 %
Return on average tangible assets (non-GAAP) ⁽¹⁾	0.24 %	1.21 %	1.20 %	0.97 %	1.26 %
Average stockholders' equity to average assets	12.73 %	12.75 %	12.68 %	12.73 %	13.28 %
Tangible average stockholders' equity to tangible average assets (non-GAAP)	8.20 %	8.21 %	8.05 %	8.14 %	8.58 %
(a) Annualized for the three months ended December 31, 2017 and 2016, and the three months ended September 30, 2017					
	As of December 31, 2017	As of September 30, 2017	As of December 31, 2016		
Balance Sheet Data:					
Total stockholders' equity	\$ 2,532,551	\$ 2,581,858	\$ 2,476,485		
Less: goodwill	995,492	995,492	995,492		
Tangible stockholders' equity	\$ 1,537,059	\$ 1,586,366	\$ 1,480,993		
Total assets	\$ 20,549,461	\$ 20,565,627	\$ 19,661,829		
Less: goodwill	995,492	995,492	995,492		
Tangible assets	\$ 19,553,969	\$ 19,570,135	\$ 18,666,337		
Shares outstanding	139,588,782	139,586,282	139,530,654		
Total stockholders' equity to total assets	12.32 %	12.55 %	12.60 %		
Tangible stockholders' equity to tangible assets (non-GAAP)	7.86 %	8.11 %	7.93 %		
Book value per share	\$ 18.14	\$ 18.50	\$ 17.75		
Tangible book value per share (non-GAAP)	\$ 11.01	\$ 11.36	\$ 10.61		

GAAP TO NON-GAAP RECONCILIATION



(dollars in thousands, except per share amounts)	For the Three Months Ended			For the Year Ended	
	December 31, 2017	September 30, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Net interest income	\$ 134,886	\$ 133,319	\$ 131,250	\$ 528,804	\$ 491,672
Core net interest income (non-GAAP)	\$ 134,886	\$ 133,319	\$ 131,250	\$ 528,804	\$ 491,672
Noninterest income	\$ 54,324	\$ 49,664	\$ 50,984	\$ 205,605	\$ 226,037
Gains on sale of real estate	(4,255)	(2,667)	—	(6,922)	—
Gains on sale of securities	—	—	(1,516)	—	(4,566)
Gains on sale of stock (Visa/MasterCard)	—	—	—	—	(22,678)
Core noninterest income (non-GAAP)	\$ 50,069	\$ 46,997	\$ 49,468	\$ 198,683	\$ 198,793
Noninterest expense	\$ 89,850	\$ 84,784	\$ 84,466	\$ 347,554	\$ 337,280
One-time items ⁽¹⁾	(4,073)	(543)	(583)	(5,457)	(6,220)
Core noninterest expense (non-GAAP)	\$ 85,777	\$ 84,241	\$ 83,883	\$ 342,097	\$ 331,060
Net income	\$ 11,684	\$ 58,363	\$ 56,552	\$ 183,682	\$ 230,178
Gains on sale of real estate	(4,255)	(2,667)	—	(6,922)	—
Gains on sale of securities	—	—	(1,516)	—	(4,566)
Gains on sale of stock (Visa/MasterCard)	—	—	—	—	(22,678)
One-time items ⁽¹⁾	4,073	543	583	5,457	6,220
Tax reform bill	47,598	—	—	47,598	—
Tax adjustments ⁽²⁾	63	801	382	551	7,957
Total core adjustments	47,479	(1,323)	(551)	46,684	(13,067)
Core net income (non-GAAP)	\$ 59,163	\$ 57,040	\$ 56,001	\$ 230,366	\$ 217,111
Core basic earnings per share (non-GAAP)	\$ 0.42	\$ 0.41	\$ 0.40	\$ 1.65	\$ 1.56
Core diluted earnings per share (non-GAAP)	\$ 0.42	\$ 0.41	\$ 0.40	\$ 1.65	\$ 1.56

(a) One-time items include initial public offering related costs.

(b) Represents the adjustments to net income, tax effected at the Company's effective tax rate for the respective period.