



AUDIT COMMITTEE CHARTER

PURPOSE

The purpose of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of First Hawaiian, Inc. (the “Company”) is to oversee the accounting and financial reporting processes of the Company and the audits of the financial statements of the Company.

As set forth in this charter (this “Charter”), the Committee will assist the Board with the oversight of (i) the integrity of the Company’s consolidated financial statements and regulatory reporting, (ii) compliance with legal and regulatory requirements, (iii) the appointment, dismissal, compensation, qualifications and independence of the independent registered public accounting firms (the “independent auditors”) and (iv) the performance of the independent auditors and the internal audit function of the Company and its bank subsidiary. The Committee will also prepare an audit committee report as required by the Securities Exchange Commission (the “SEC”) for inclusion in the Company’s annual proxy statement.

However, it will not be the responsibility of the Committee to plan or conduct audits or to determine that the Company’s financial statements are complete and accurate and are in accordance with generally accepted accounting principles in the United States (“GAAP”). These are the responsibilities of management. It is further the responsibility of the independent auditors to audit the financial statements and opine on whether they are presented fairly in all material respects in accordance with GAAP.

COMMITTEE MEMBERSHIP

The Committee will be comprised of at least three (3) directors, all of whom: (i) are “independent” under Section 10A(m) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”); (ii) are independent as defined under Rule 5605(a)(2) of The NASDAQ Stock Market (“NASDAQ”); (iii) meet the criteria for independence set forth in Rule 10A-3(b)(1) under the Exchange Act (subject to the exemptions provided in Rule 10A-3(c) under the Exchange Act); and (iv) have not participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three (3) years. Each member of the Committee also must be able to read and understand fundamental financial statements, including a company’s balance sheet, income statement and cash flow statement, at the time of the member’s appointment to the Committee. At least one (1) member of the Committee must have past employment experience in finance or accounting, requisite professional certification in accounting or other comparable experience or background which results in the member’s financial sophistication.

Except as provided below, the Board will appoint the members of the Committee, and members will serve at the pleasure of the board, for such term or terms as the Board may determine.

However, under the Stockholder Agreement between BNP Paribas (“BNPP”) and the Company, unless BNPP waives its rights to appoint members to the Committee, until the date BNPP ceases to directly or indirectly beneficially own at least 5% of the Company’s outstanding common stock, if any of the directors designated for nomination and election to the Board by BNPP qualifies as an independent director and satisfies the requirements of NASDAQ listing standards and Rule 10A-3 under the Exchange Act, then at least one (1) member of the Committee will be a director designated for nomination and election to the Board by BNPP.

The Board will designate one (1) member of the Committee as its chair (the “Chair”).

COMMITTEE OPERATIONS

The Committee will meet at least once every fiscal quarter, or more frequently as circumstances dictate, at such time and place as the Chair may determine, to discuss with management the annual audited financial statements and quarterly financial statements, as applicable. Further meetings will occur, or actions will be taken by unanimous written consent, when deemed necessary or desirable by the Committee or the Chair. The Committee will meet in executive session, outside the presence of management, at least twice a year to discuss such matters as it may deem appropriate. In addition, the Committee should meet separately with management, the Director of Audit and the independent auditors to discuss any other matters that the Committee or any of these persons or firms believe should be discussed privately.

The Committee will maintain free and open communication with the Board. The Committee will make regular reports to the Board regarding actions taken by the Committee. The Committee also will maintain minutes or other records of its meetings, activities and decisions.

The Committee may request any officer or employee of the Company, the Company’s outside counsel or independent auditors to attend a meeting of the Committee or to meet with any members of, or serve as consultants to, the Committee.

COMMITTEE RESPONSIBILITIES

To carry out its purposes, the Committee will have the following duties and responsibilities:

1. Oversight of Independent Auditors

To fulfill its oversight responsibility for the independent auditors, the Committee will:

- (i) Be directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditors (including the resolution of disagreements between management and the independent auditors regarding financial reporting), who will report directly to the Committee.
- (ii) Be directly responsible for the appointment, compensation, retention and oversight of the work of any other registered public accounting firm

engaged for the purpose of preparing or issuing an audit report or to perform audit, review or attestation services, which firm will also report directly to the Committee.

- (iii) Resolve disagreements regarding financial reporting between management and the independent auditors.
- (iv) Preapprove, or adopt procedures to pre-approve, all audit and non-audit services to be provided by the independent auditors. Review all audit engagement fees and terms, including the independent auditors' engagement letters to ensure conformity with applicable laws and regulatory requirements.
- (v) Annually obtain from the independent auditors a formal written statement of the fees billed in each of the last two (2) fiscal years for each of the following categories of services rendered by the independent auditors: (i) audit fees for the audit of the annual financial statements of the Company and the review of the financial statements included in the Company's quarterly reports on Form 10-Q or services that are normally provided by the independent auditors in connection with statutory and regulatory filings or engagements; (ii) audit-related fees for assurance and related services not included in clause (i) that are reasonably related to the performance of the audit or review of the Company's financial statements, in aggregate and by each service; (iii) tax fees for professional services rendered for tax compliance, tax advice and tax planning, in the aggregate and by each service; and (iv) all other fees for products and services rendered by the independent auditors, other than those described in clauses (i), (ii) and (iii) above, in the aggregate and by each service.
- (vi) Obtain and review annually the formal written statement submitted by the independent auditors (the "Auditor's Statement"), it being understood that the independent auditors are responsible for the accuracy and completeness of that Statement, and review and discuss with the independent auditors any relationships or services disclosed in the Auditors' Statement that may affect the quality of audit services or the objectivity and independence of the independent auditors. The Auditor's Statement shall describe: the auditors' internal quality-control procedures; any material issues raised by the most recent internal quality-control review or peer review of the auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five (5) years, respecting one or more independent audits carried out by the auditors, and any steps taken to deal with any such issues; and (to assess the auditors' independence) all relationships between the independent auditors and the Company, including the matters set forth in the letter from the independent accountant required by the applicable requirements of the Public Company Accounting Oversight Board (the "PCAOB").

- (vii) Obtain from the independent auditors in connection with any audit a timely report relating to the Company's annual audited financial statements describing (i) all critical accounting policies and practices to be used; (ii) all alternative treatments within GAAP for policies and practices related to material items that have been discussed with management officials of the Company, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditors; and (iii) any other material written communications between the independent auditors and the management of the Company, such as any "management" letter or schedule of unadjusted differences.
- (viii) Discuss with the independent auditors any significant issues arising from the most recent PCAOB inspection of the independent auditors, to the extent relevant to the Company, including the independent auditors' response to any identified deficiencies.
- (ix) Review and evaluate the qualifications, performance and independence of the lead partner of the independent auditors.
- (x) Discuss with management the timing and process for implementing the rotation of the lead audit partner, the concurring partner and any other active audit engagement team partner, and consider whether there should be a regular rotation of the audit firm itself.
- (xi) Take into account the opinions of management and the Director of Audit and Audit Division in assessing the independent auditors' qualifications, performance and independence.
- (xii) Review and discuss with management the appointment and termination of the independent auditors.

2. **Oversight of the Audit Division**

The Committee will provide oversight of the internal audit function performed by the Audit Division under the direction of the Director of Audit. The Committee will:

- (i) Approve the appointment, compensation, replacement and dismissal of the Director of Audit. Review the performance of the Director of Audit in carrying out his or her duties at the Company. Advise the Director of Audit that he or she is expected to provide to the Committee summaries of and, as appropriate, the significant reports to management prepared by the Audit Division and management's responses thereto.
- (ii) Review and approve the charter of the Audit Division, risk assessment methodology, audit plan, budget and staffing levels, resource allocation, and organizational structure of the Company's internal audit activities, and significant changes thereto.

- (iii) Review all audit results in connection with Company audit activities, including reports of significant issues and recommendations arising out of internal and external audits and summaries of internal audits.
- (iv) Review the Director of Audit's progress report of actual audits completed compared to the internal audit plan.
- (v) Review minutes of, and significant reports to, the subsidiary bank's audit committee (together with management's responses to those reports).
- (vi) Review and approve outsourced or co-sourced internal audit activities of the Company or its bank subsidiary.

3. **Oversight of Accounting and Financial Reporting Matters**

The Committee will:

- (i) Advise management, the Director of Audit and the independent auditors that they are expected to provide to the Committee a timely analysis of significant issues and practices relating to accounting principles and policies, financial reporting and internal control over financial reporting.
- (ii) Review major changes to industry accounting and auditing standards, regulatory reporting requirements and the Company's accounting principles and practices.
- (iii) Consider any reports or communications (and management's and/or the Audit Division's responses thereto) submitted to the Committee by the independent auditors required by or referred to in applicable PCAOB or other applicable standards, including, as applicable reports and communications related to:
 - the overall audit strategy, including the timing of the audit, significant risk the independent auditors identified, and significant changes to the planned audit strategy or identified risks;
 - the extent to which the independent auditors intend to use the Audit Division's auditors in the audit;
 - deficiencies, including significant deficiencies or material weaknesses, in internal control identified during the audit or other matters relating to internal control over financial reporting;
 - consideration of fraud in a financial statement audit;
 - detection of illegal acts;

- the independent auditors' responsibility under generally accepted auditing standards;
- any restrictions on audit scope;
- significant accounting policies and audit conclusions regarding significant accounting estimates and any items required to be communicated by the independent auditors in accordance with Clarified Statements on Auditing Standards AU-C section 260, "The Auditor's Communication With Those Charged With Governance", and AU-C section 265, "Communicating Internal Control Related Matters Identified in an Audit";
- significant issues discussed by the independent auditors with the national office respecting auditing or accounting issues presented by the engagement, or other difficult or contentious matters for which the independent auditors have consulted outside the engagement team;
- a description of the process management used to develop critical accounting estimates, including the significant assumptions underlying highly subjective estimates;
- any accounting adjustments arising from the audit that were noted or proposed by the independent auditors but were passed (as immaterial or otherwise);
- the responsibility of the independent auditors for other information in documents containing audited financial statements;
- disagreements with management;
- consultation by management with other accountants, information about other accounting firms or other persons performing audit procedures, and the basis upon which the independent auditors can serve as principal auditor if significant parts of the audit will be performed by other auditors;
- major issues discussed with management prior to retention of the independent auditors;
- difficulties encountered with management in performing the audit;
- the independent auditors' judgments about the quality of the entity's accounting principles;

- reviews of interim financial information, including the quarterly financial statements, conducted by the independent auditors;
 - significant transactions that are outside the ordinary course of business or unusual; and
 - other matters arising out of the audit that are significant to the oversight of the Company's financial reporting process, including complaints or concerns regarding accounting or auditing matters that have come to the independent auditors' attention.
- (iv) Meet with management, the independent auditors and, if appropriate, the Director of Audit:
- to discuss the scope of the annual audit;
 - prior to filing a Report on Form 10-K or 10-Q, to review and discuss the audited financial statements and quarterly financial statements and related reports, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations";
 - to review and discuss the management report on the integrity and fair presentation of the Company's financial statements, compliance with applicable laws and regulations related to safety and soundness and the effectiveness of internal controls over financial reporting;
 - to discuss any significant matters arising from any audit, including any audit problems or difficulties, whether raised by management, the Director of Audit, Audit Division or the independent auditors, relating to the financial statements of the Company.
 - to discuss any difficulties the independent auditors encountered in the course of the audit, including any restrictions on their activities or access to requested information and any significant disagreements with management;
 - to discuss any "management" or "internal control" letter issued, or proposed to be issued, by the independent auditors to the Company;
 - to review the form of opinion the independent auditors propose to render to the Board and shareholders; and
 - to discuss, as appropriate: (a) any major issues regarding accounting principles and financial statement presentations,

including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies; (b) analyses prepared by management or the independent auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements; and (c) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company.

- (v) Inquire of the Company's chief executive officer and chief financial officer as to the existence of any significant deficiencies in the design or operation of internal controls that could adversely affect the ability of the Company to record, process, summarize and report financial data, any material weaknesses in internal controls, and any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.
- (vi) Discuss the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.
- (vii) Obtain from the independent auditors assurance that the audit was conducted in a manner consistent with Section 10A of the Exchange Act which sets forth certain procedures to be followed in any audit of financial statements required under the Exchange Act.
- (viii) Discuss with the Company's chief compliance officer and internal or external legal counsel, as appropriate, any significant legal, compliance or regulatory matters that may have a material effect on the financial statements and the compliance policies of the Company, including material notices to or inquiries received from governmental agencies.
- (ix) Discuss and review the type and presentation of information to be included in earnings press releases.
- (x) Discuss the types of financial information and earnings guidance provided, and the types of presentations made, to analysts and ratings agencies.
- (xi) Establish hiring policies for employees or former employees of the independent auditors.

4. **Review of Compliance and Regulatory Matters**

The Committee will periodically review reports prepared by and for management, addressing the Company's compliance with laws and regulations. The Committee will:

- (i) Review reports by management on the results of the Company's regulatory examinations and monitor follow-up actions, as necessary, including the Company's corrective action programs and timetables for implementation.
- (ii) Receive periodic briefings on proposed or existing regulations that could significantly impact compliance risks related to the Company's business activities, including periodic briefings on the nature of the regulatory environment.
- (iii) Review reports prepared by management on the Company's program for monitoring compliance with laws and regulations.

5. **Oversight of Complaints Regarding Accounting, Auditing, Ethics and Compliance Matters**

The Committee will:

- (i) Review and address complaints received by the Company regarding questionable accounting or auditing matters, fraud, bribery, legal or regulatory non-compliance or possible violations of applicable laws, pursuant to the Company's Whistleblower Policy.
- (ii) Review and address any reports concerning material violations submitted to it by Company attorneys or outside counsel pursuant to the SEC attorney professional responsibility rules or otherwise.
- (iii) Review and discuss any complaints received by the Company regarding violations of the Company's Code of Ethics.

6. **Reporting and Recommendation**

The Committee will:

- (i) Prepare any report or other disclosures, including any recommendation of the Committee, required by the rules of the SEC to be included in the Company's annual proxy statement.
- (ii) Review and reassess the adequacy of this Charter at least annually and recommend any changes to the full Board.
- (iii) Report its activities to the Board on a regular basis and make such

recommendations with respect to the above and other matters as the Committee may deem necessary or appropriate.

- (iv) Produce and provide to the Board an annual performance evaluation of the Committee, which evaluation will compare the performance of the Committee with the requirements of this Charter. The performance evaluation will be conducted in such manner as the Committee deems appropriate. The report to the Board may take the form of an oral report by the Chair or any other member of the Committee designated by the Committee to make this report.

7. Performance of Additional Responsibilities

- (i) Perform any other duties or responsibilities expressly delegated to the Committee by the Board from time to time.

RESOURCES AND AUTHORITY OF THE COMMITTEE

The Committee will have the resources and authority appropriate to discharge its responsibilities, including the authority to engage independent auditors for special audits, reviews and other procedures and to retain independent counsel and other experts or consultants, as it deems necessary or appropriate, without seeking approval of the Board or management, and to determine the compensation to be paid by the Company to such auditors, counsel, experts or consultants.

The Company will provide for appropriate funding, as determined by the Committee, in its capacity as a committee of the Board, for payment of:

- a. Compensation to the independent auditors and any other public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company;
- b. Compensation of any independent counsel and other experts or consultants employed by the Committee; and
- c. Ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

DELEGATION TO SUBCOMMITTEE

The Committee may, in its discretion, delegate all or a portion of its duties to a subcommittee of the Committee. The Committee may, in its discretion, delegate to one or more of its members the authority to pre-approve any audit or non-audit services to be performed by the independent auditors, and to approve internal audit co-sourcing and outsourcing arrangements, provided that any such approvals are presented to the Committee at its next scheduled meeting.

AMENDMENTS

This Charter may be amended by means of an express resolution of the Board.

DISCLOSURE OF CHARTER

This Charter will be made available on the Company's website at www.fhb.com.