

First Hawaiian, Inc. Reports First Quarter 2022 Financial Results and Declares Dividend

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HONOLULU, April 22, 2022 (GLOBE NEWSWIRE) -- First Hawaiian, Inc. (NASDAQ:FHB), ("First Hawaiian" or the "Company") today reported financial results for its quarter ended March 31, 2022.

"I'm pleased to report that we started 2022 with a strong quarter," said Bob Harrison, Chairman, President and CEO. "We had good earnings and continued consumer and commercial deposit growth, and credit quality remained excellent."

On April 20, 2022 the Company's Board of Directors declared a quarterly cash dividend of \$0.26 per share. The dividend will be payable on June 3, 2022 to stockholders of record at the close of business on May 23, 2022.

First Quarter 2022 Highlights:

- Net income of \$57.7 million, or \$0.45 per diluted share
- Total loans and leases decreased \$70.3 million versus prior quarter. PPP loans decreased \$110.3 million versus the prior quarter
- Total deposits increased \$454.3 million versus prior quarter
- Recorded a \$5.7 million negative provision for credit losses
- Board of Directors declared a quarterly dividend of \$0.26 per share

Balance Sheet

Total assets were \$25.0 billion as of March 31, 2022, unchanged from December 31, 2021.

Gross loans and leases were \$12.9 billion as of March 31, 2022, a decrease of \$70.3 million, or 0.5%, from \$13.0 billion as of December 31, 2021.

Total deposits were \$22.3 billion as of March 31, 2022, an increase of \$454.3 million, or 2.1%, from \$21.8 billion as of December 31, 2021.

Net Interest Income

Net interest income for the first quarter of 2022 was \$133.9 million, a decrease of \$3.5 million, or 2.5%, compared to \$137.3 million for the prior quarter.

The net interest margin (NIM) was 2.42% in the first quarter of 2022, an increase of 4 basis points compared to 2.38% in the fourth quarter of 2021.

Provision Expense

During the quarter ended March 31, 2022, we recorded a \$5.7 million negative provision for credit losses. In the quarter ended December 31, 2021, we did not record a provision for credit losses.

Noninterest Income

Noninterest income was \$41.4 million in the first quarter of 2022, a decrease of \$0.2 million compared to noninterest income of \$41.6 million in the fourth quarter of 2021.

Noninterest Expense

Noninterest expense was \$104.0 million in the first quarter of 2022, a decrease of \$4.7 million compared to noninterest expense of \$108.7 million in the fourth quarter of 2021.

The efficiency ratio was 59.0% and 60.5% for the quarters ended March 31, 2022 and December 31, 2021, respectively.

Taxes

The effective tax rate was 25.0% for the quarter ended March 31, 2022 and 18.7% for the quarter ended December 31, 2021.

Asset Quality

The allowance for credit losses was \$150.3 million, or 1.17% of total loans and leases, as of March 31, 2022, compared to \$157.3 million, or 1.21% of total loans and leases, as of December 31, 2021. The reserve for unfunded commitments was \$29.0 million as of March 31, 2022, compared to \$30.3 million as of December 31, 2021. Net charge-offs were \$2.6 million, or 0.08% of average loans and leases on an annualized basis, for the quarter ended March 31, 2022, compared to net charge-offs of \$6.2 million, or 0.19% of average loans and leases on an annualized basis, for the quarter ended December 31, 2021. Total non-performing assets were \$8.6 million, or 0.07% of total loans and leases and other real estate owned, at March 31, 2022, compared to total non-performing assets of \$7.3 million, or 0.06% of total loans and leases and other real estate owned, at December 31, 2021.

Capital

Total stockholders' equity was \$2.3 billion at March 31, 2022, compared to \$2.7 billion at December 31, 2021.

The tier 1 leverage, common equity tier 1 and total capital ratios were 7.50%, 12.27% and 13.48%, respectively, at March 31, 2022, compared with 7.24%, 12.24% and 13.49%, respectively, at December 31, 2021.

The Company did not repurchase any shares in the first quarter.

First Hawaiian, Inc.First Hawaiian, Inc. (NASDAQ:FHB) is a bank holding company headquartered in Honolulu, Hawaii. Its principal subsidiary, First Hawaiian Bank, founded in 1858 under the name Bishop & Company, is Hawaii's oldest and largest financial institution with branch locations throughout Hawaii, Guam and Saipan. The company offers a comprehensive suite of banking services to consumer and commercial customers including deposit products, loans, wealth management, insurance, trust, retirement planning, credit card and merchant processing services. Customers may also access their accounts through ATMs, online and mobile banking channels. For more information about First Hawaiian, Inc., visit the Company's website, www.fhb.com.**Conference Call Information**First Hawaiian will host a conference call to discuss the Company's results today at 1:00 p.m. Eastern Time, 7:00 a.m. Hawaii Time. To access the call, participants should dial (844) 452-2942 (US/Canada), or (574) 990-9846 (International) ten minutes prior to the start of the call and enter the conference ID: 6391237. A live webcast of the conference call, including a slide presentation, will be available at the following link: www.fhb.com/earnings. The archive of the webcast will be available at the same location. A telephonic replay of the conference call will be available two hours after the conclusion of the call until 4:30 p.m. (Eastern Time) on April 29, 2022. The replay can be accessed dialing (855) 859-2056 or (404) 537-3406 and entering the conference ID: 6391237.**Forward-Looking Statements**

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect our current views with respect to, among other things, future events and our financial performance. These statements are often, but not always, made through the use of words or phrases such as "may", "might", "should", "could", "predict", "potential", "believe", "expect", "continue", "will", "anticipate", "seek", "estimate", "intend", "plan", "projection", "would", "annualized" and "outlook", or the negative version of those words or other comparable words or phrases of a future or forward-looking nature. 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, many of which, by their nature, are inherently uncertain and beyond our control. Accordingly, we caution you that any such forward-looking statements are not guarantees of future performance and are subject to risks, assumptions, estimates and uncertainties that are difficult to predict. Further, statements about the potential effects of the COVID-19 pandemic on our businesses and financial results and conditions may constitute forward-looking statements and are subject to the risk that the actual effects may differ, possibly materially, from what is reflected in those forward-looking statements due to factors and future developments that are uncertain, unpredictable and in many cases beyond our control, including the scope and duration of the pandemic, actions taken by governmental authorities in response to the pandemic, and the direct and indirect impact of the pandemic on our customers, third parties and us. Although we believe that the expectations reflected in these forward-looking statements are reasonable as of the date made, there can be no assurance that actual results will not prove to be materially different from the results expressed or implied by the forward-looking statements. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements, including (without limitation) the risks and uncertainties associated with the ongoing impacts of COVID-19, the domestic and global economic environment and capital market conditions and other risk factors. For a discussion of some of these risks and important factors that could affect our future results and financial condition, see our U.S. Securities and Exchange Commission ("SEC") filings, including, but not limited to, our Annual Report on Form 10-K for the year ended December 31, 2021.

Use of Non-GAAP Financial Measures

Return on average tangible stockholders' equity, 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 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 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. Investors should consider our performance and capital adequacy as reported under GAAP and all other relevant information when assessing our performance and capital adequacy.

Table 12 at the end of this document provides a reconciliation of these non-GAAP financial measures with their most directly comparable GAAP measures.

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| (dollars in thousands, except per share data) | March 31, 2022 | December 31, 2021 | March 31, 2021 |
|--|-------------------|----------------------|-------------------|
| Operating Results: | | | |
| Net interest income | \$ 133,872 | \$ 137,327 | \$ 129,158 |
| Provision for credit losses | (5,747) | — | — |
| Noninterest income | 41,380 | 41,573 | 43,868 |
| Noninterest expense | 104,042 | 108,749 | 96,306 |
| Net income | 57,719 | 57,022 | 57,693 |
| Basic earnings per share | 0.45 | 0.45 | 0.44 |
| Diluted earnings per share | 0.45 | 0.44 | 0.44 |
| Dividends declared per share | 0.26 | 0.26 | 0.26 |
| Dividend payout ratio | 57.78% | 59.09% | 59.09% |
| Performance Ratios⁽¹⁾: | | | |
| Net interest margin | 2.42% | 2.38% | 2.55% |
| Efficiency ratio | 59.04% | 60.50% | 55.53% |
| Return on average total assets | 0.93% | 0.88% | 1.02% |
| Return on average tangible assets (non-GAAP) | 0.97% | 0.92% | 1.07% |
| Return on average total stockholders' equity | 9.19% | 8.46% | 8.58% |
| Return on average tangible stockholders' equity (non-GAAP) | 15.08% | 13.47% | 13.51% |
| Average Balances: | | | |
| Average loans and leases | \$ 12,819,612 | \$ 12,814,316 | \$ 13,242,270 |
| Average earning assets | 22,463,209 | 23,100,445 | 20,476,149 |
| Average assets | 25,080,453 | 25,650,505 | 22,944,699 |
| Average deposits | 21,960,819 | 22,246,577 | 19,503,067 |
| Average stockholders' equity | 2,547,865 | 2,675,513 | 2,727,701 |
| Market Value Per Share: | | | |
| Closing | 27.89 | 27.33 | 27.37 |
| High | 31.16 | 30.14 | 30.80 |
| Low | 26.93 | 25.17 | 23.14 |

| (dollars in thousands, except per share data) | As of March 31, 2022 | As of December 31, 2021 | As of March 31, 2021 |
|---|----------------------------|-------------------------------|----------------------------|
| Balance Sheet Data: | | | |
| Loans and leases | \$ 12,891,743 | \$ 12,961,999 | \$ 13,300,289 |
| Total assets | 25,042,720 | 24,992,410 | 23,497,596 |
| Total deposits | 22,270,430 | 21,816,146 | 20,133,681 |
| Long-term borrowings | — | — | 200,010 |
| Total stockholders' equity | 2,285,149 | 2,656,912 | 2,683,630 |
| Per Share of Common Stock: | | | |
| Book value | \$ 17.90 | \$ 20.84 | \$ 20.68 |
| Tangible book value (non-GAAP) ⁽²⁾ | 10.10 | 13.03 | 13.01 |
| Asset Quality Ratios: | | | |
| Non-accrual loans and leases / total loans and leases | 0.07% | 0.05% | 0.07% |
| Allowance for credit losses for loans and leases / total loans and leases | 1.17% | 1.21% | 1.51% |
| Capital Ratios: | | | |
| Common Equity Tier 1 Capital Ratio | 12.27% | 12.24% | 12.82% |
| Tier 1 Capital Ratio | 12.27% | 12.24% | 12.82% |
| Total Capital Ratio | 13.48% | 13.49% | 14.07% |
| Tier 1 Leverage Ratio | 7.50% | 7.24% | 7.90% |
| Total stockholders' equity to total assets | 9.13% | 10.63% | 11.42% |
| Tangible stockholders' equity to tangible assets (non-GAAP) | 5.36% | 6.92% | 7.50% |
| Non-Financial Data: | | | |
| Number of branches | 51 | 54 | 54 |
| Number of ATMs | 298 | 299 | 297 |
| Number of Full-Time Equivalent Employees | 2,022 | 2,036 | 2,090 |

1. Except for the efficiency ratio, amounts are annualized for the three months ended March 31, 2022, December 31, 2021 and March 31, 2021.

2. Tangible book value is a non-GAAP financial measure. We compute our tangible book value as the ratio of tangible stockholders' equity to shares outstanding. Tangible stockholders' equity is calculated by subtracting (and thereby effectively excluding) amounts related to the effect of goodwill from our total stockholders' equity. For a reconciliation to the most directly comparable GAAP financial measure, see Table 12, GAAP to Non-GAAP Reconciliation.

Consolidated Statements of Income

Table 2

| (dollars in thousands, except per share amounts) | For the Three Months Ended | | |
|---|----------------------------|----------------------|-------------------|
| | March 31, 2022 | December 31, 2021 | March 31, 2021 |
| Interest income | | | |
| Loans and lease financing | \$ 103,732 | \$ 111,865 | \$ 110,939 |
| Available-for-sale securities | 32,107 | 28,393 | 23,146 |
| Other | 782 | 1,051 | 491 |
| Total interest income | 136,621 | 141,309 | 134,576 |
| Interest expense | | | |
| Deposits | 2,749 | 3,216 | 4,056 |
| Short-term and long-term borrowings | — | 766 | 1,362 |
| Total interest expense | 2,749 | 3,982 | 5,418 |
| Net interest income | 133,872 | 137,327 | 129,158 |
| Provision for credit losses | (5,747) | — | — |
| Net interest income after provision for credit losses | 139,619 | 137,327 | 129,158 |
| Noninterest income | | | |
| Service charges on deposit accounts | 7,501 | 7,171 | 6,718 |
| Credit and debit card fees | 14,850 | 16,266 | 14,551 |
| Other service charges and fees | 9,654 | 9,196 | 8,846 |
| Trust and investment services income | 8,883 | 8,895 | 8,492 |
| Bank-owned life insurance | (417) | 2,851 | 2,389 |
| Other | 909 | (2,806) | 2,872 |
| Total noninterest income | 41,380 | 41,573 | 43,868 |
| Noninterest expense | | | |
| Salaries and employee benefits | 48,226 | 45,982 | 43,936 |
| Contracted services and professional fees | 17,147 | 14,603 | 17,188 |
| Occupancy | 7,410 | 8,074 | 7,170 |
| Equipment | 5,977 | 6,317 | 5,491 |

| | | | |
|---|------------------|------------------|------------------|
| Regulatory assessment and fees | 2,224 | 2,557 | 2,034 |
| Advertising and marketing | 2,028 | 1,579 | 1,591 |
| Card rewards program | 6,883 | 7,471 | 4,835 |
| Other | 14,147 | 22,166 | 14,061 |
| Total noninterest expense | 104,042 | 108,749 | 96,306 |
| Income before provision for income taxes | 76,957 | 70,151 | 76,720 |
| Provision for income taxes | 19,238 | 13,129 | 19,027 |
| Net income | \$ 57,719 | \$ 57,022 | \$ 57,693 |
| Basic earnings per share | \$ 0.45 | \$ 0.45 | \$ 0.44 |
| Diluted earnings per share | \$ 0.45 | \$ 0.44 | \$ 0.44 |
| Basic weighted-average outstanding shares | 127,556,242 | 127,893,011 | 129,933,104 |
| Diluted weighted-average outstanding shares | 128,121,126 | 128,512,257 | 130,589,878 |

Consolidated Balance Sheets

Table 3

| (dollars in thousands) | March 31, 2022 | December 31, 2021 | March 31, 2021 |
|---|----------------------|----------------------|----------------------|
| Assets | | | |
| Cash and due from banks | \$ 274,022 | \$ 246,716 | \$ 278,994 |
| Interest-bearing deposits in other banks | 1,352,138 | 1,011,753 | 983,816 |
| Investment securities, at fair value (amortized cost: \$8,733,170 as of March 31, 2022, \$8,560,733 as of December 31, 2021 and \$6,708,431 as of March 31, 2021) | 8,062,384 | 8,428,032 | 6,692,479 |
| Loans held for sale | — | 538 | 9,390 |
| Loans and leases | 12,891,743 | 12,961,999 | 13,300,289 |
| Less: allowance for credit losses | 150,280 | 157,262 | 200,366 |
| Net loans and leases | 12,741,463 | 12,804,737 | 13,099,923 |
| Premises and equipment, net | 315,766 | 318,448 | 319,949 |
| Other real estate owned and repossessed personal property | — | 175 | — |
| Accrued interest receivable | 61,561 | 63,158 | 69,879 |
| Bank-owned life insurance | 471,401 | 471,819 | 468,927 |
| Goodwill | 995,492 | 995,492 | 995,492 |
| Mortgage servicing rights | 7,650 | 8,302 | 10,869 |
| Other assets | 760,843 | 643,240 | 567,878 |
| Total assets | \$ 25,042,720 | \$ 24,992,410 | \$ 23,497,596 |
| Liabilities and Stockholders' Equity | | | |
| Deposits: | | | |
| Interest-bearing | \$ 12,504,821 | \$ 12,422,283 | \$ 11,958,606 |
| Noninterest-bearing | 9,765,609 | 9,393,863 | 8,175,075 |
| Total deposits | 22,270,430 | 21,816,146 | 20,133,681 |
| Long-term borrowings | — | — | 200,010 |
| Retirement benefits payable | 134,323 | 134,491 | 143,736 |
| Other liabilities | 352,818 | 384,861 | 336,539 |
| Total liabilities | 22,757,571 | 22,335,498 | 20,813,966 |
| Stockholders' equity | | | |
| Common stock (\$0.01 par value; authorized 300,000,000 shares; issued/outstanding: 140,875,595 / 127,686,307 shares as of March 31, 2022, issued/outstanding: 140,581,715 / 127,502,472 shares as of December 31, 2021 and issued/outstanding: 140,455,180 / 129,749,890 shares as of March 31, 2021) | 1,409 | 1,406 | 1,405 |
| Additional paid-in capital | 2,530,795 | 2,527,663 | 2,517,048 |
| Retained earnings | 628,642 | 604,534 | 497,418 |
| Accumulated other comprehensive loss, net | (517,502) | (121,693) | (43,435) |
| Treasury stock (13,189,288 shares as of March 31, 2022, 13,079,243 shares as of December 31, 2021 and 10,705,290 shares as of March 31, 2021) | (358,195) | (354,998) | (288,806) |
| Total stockholders' equity | 2,285,149 | 2,656,912 | 2,683,630 |
| Total liabilities and stockholders' equity | \$ 25,042,720 | \$ 24,992,410 | \$ 23,497,596 |

Average Balances and Interest Rates

Table 4

| (dollars in millions) | Three Months Ended March 31, 2022 | | | Three Months Ended December 31, 2021 | | | Three Months Ended March 31, 2021 | | |
|--|--------------------------------------|--------------------|----------------|---|--------------------|----------------|--------------------------------------|--------------------|----------------|
| | Average Balance | Income/ Expense | Yield/ Rate | Average Balance | Income/ Expense | Yield/ Rate | Average Balance | Income/ Expense | Yield/ Rate |
| Earning Assets | | | | | | | | | |
| Interest-Bearing Deposits in Other Banks | \$ 1,138.3 | \$ 0.6 | 0.20% | \$ 2,074.5 | \$ 0.8 | 0.15% | \$ 938.7 | \$ 0.2 | 0.10% |
| Available-for-Sale Investment Securities | | | | | | | | | |
| Taxable | 7,800.3 | 29.2 | 1.50 | 7,515.2 | 25.8 | 1.37 | 5,949.9 | 22.1 | 1.49 |
| Non-Taxable | 636.7 | 3.6 | 2.32 | 615.3 | 3.3 | 2.14 | 278.0 | 1.3 | 1.80 |
| Total Available-for-Sale Investment Securities | 8,437.0 | 32.8 | 1.56 | 8,130.5 | 29.1 | 1.43 | 6,227.9 | 23.4 | 1.50 |
| Loans Held for Sale | 1.2 | — | 2.02 | 1.0 | — | 1.35 | 9.2 | 0.1 | 2.46 |
| Loans and Leases ⁽¹⁾ | | | | | | | | | |
| Commercial and industrial | 1,973.1 | 14.6 | 3.01 | 2,084.0 | 21.1 | 4.01 | 3,026.7 | 20.4 | 2.74 |
| Commercial real estate | 3,632.2 | 25.8 | 2.88 | 3,572.9 | 26.0 | 2.89 | 3,385.2 | 24.9 | 2.98 |
| Construction | 766.9 | 5.7 | 3.03 | 806.6 | 6.3 | 3.09 | 746.8 | 5.8 | 3.16 |
| Residential: | | | | | | | | | |
| Residential mortgage | 4,111.0 | 34.8 | 3.38 | 4,014.9 | 34.9 | 3.48 | 3,696.1 | 34.7 | 3.76 |
| Home equity line | 891.6 | 5.5 | 2.48 | 864.4 | 5.5 | 2.52 | 822.0 | 5.7 | 2.80 |
| Consumer | 1,218.6 | 15.6 | 5.19 | 1,241.3 | 16.3 | 5.22 | 1,323.7 | 17.7 | 5.43 |
| Lease financing | 226.2 | 1.9 | 3.42 | 230.2 | 1.9 | 3.27 | 241.8 | 1.8 | 3.02 |
| Total Loans and Leases | 12,819.6 | 103.9 | 3.27 | 12,814.3 | 112.0 | 3.48 | 13,242.3 | 111.0 | 3.39 |
| Other Earning Assets | 67.1 | 0.2 | 1.31 | 80.1 | 0.3 | 1.27 | 58.0 | 0.3 | 1.79 |
| Total Earning Assets ⁽²⁾ | 22,463.2 | 137.5 | 2.47 | 23,100.4 | 142.2 | 2.45 | 20,476.1 | 135.0 | 2.66 |
| Cash and Due from Banks | 292.1 | — | — | 282.2 | — | — | 294.0 | — | — |
| Other Assets | 2,325.2 | — | — | 2,267.9 | — | — | 2,174.6 | — | — |
| Total Assets | \$ 25,080.5 | | | \$ 25,650.5 | | | \$ 22,944.7 | | |
| Interest-Bearing Liabilities | | | | | | | | | |
| Interest-Bearing Deposits | | | | | | | | | |
| Savings | \$ 6,668.4 | \$ 0.5 | 0.03% | \$ 7,086.0 | \$ 0.8 | 0.04% | \$ 5,975.1 | \$ 0.6 | 0.04% |
| Money Market | 4,048.9 | 0.5 | 0.05 | 4,048.3 | 0.5 | 0.05 | 3,530.0 | 0.4 | 0.05 |
| Time | 1,748.5 | 1.7 | 0.39 | 1,819.0 | 1.9 | 0.42 | 2,288.5 | 3.0 | 0.53 |
| Total Interest-Bearing Deposits | 12,465.8 | 2.7 | 0.09 | 12,953.3 | 3.2 | 0.10 | 11,793.6 | 4.0 | 0.14 |
| Long-Term Borrowings | — | — | — | 110.9 | 0.8 | 2.74 | 200.0 | 1.4 | 2.76 |
| Total Interest-Bearing Liabilities | 12,465.8 | 2.7 | 0.09 | 13,064.2 | 4.0 | 0.12 | 11,993.6 | 5.4 | 0.18 |

| | | | | | |
|---|--------------------|-------|--------------------|-------|--------------------|
| Net Interest Income | \$ 134.8 | | \$ 138.2 | | \$ 129.6 |
| Interest Rate Spread | | 2.38% | | 2.33% | 2.48% |
| Net Interest Margin | | 2.42% | | 2.38% | 2.55% |
| Noninterest-Bearing Demand Deposits | 9,495.0 | | 9,293.3 | | 7,709.5 |
| Other Liabilities | 571.8 | | 617.5 | | 513.9 |
| Stockholders' Equity | 2,547.9 | | 2,675.5 | | 2,727.7 |
| Total Liabilities and Stockholders' Equity | \$ 25,080.5 | | \$ 25,650.5 | | \$ 22,944.7 |

1. Non-performing loans and leases are included in the respective average loan and lease balances. Income, if any, on such loans and leases is recognized on a cash basis.

2. Interest income includes taxable-equivalent basis adjustments of \$1.0 million, \$0.9 million and \$0.4 million for the three months ended March 31, 2022, December 31, 2021, and March 31, 2021, respectively.

Analysis of Change in Net Interest Income

Table 5

| (dollars in millions) | Three Months Ended March 31, 2022 Compared to December 31, 2021 | | |
|--|--|-----------------|-----------------|
| | Volume | Rate | Total |
| Change in Interest Income: | | | |
| Interest-Bearing Deposits in Other Banks | \$ (0.4) | \$ 0.2 | \$ (0.2) |
| Available-for-Sale Investment Securities | | | |
| Taxable | 1.0 | 2.4 | 3.4 |
| Non-Taxable | — | 0.3 | 0.3 |
| Total Available-for-Sale Investment Securities | 1.0 | 2.7 | 3.7 |
| Loans and Leases | | | |
| Commercial and industrial | (1.2) | (5.3) | (6.5) |
| Commercial real estate | — | (0.2) | (0.2) |
| Construction | (0.4) | (0.2) | (0.6) |
| Residential: | | | |
| Residential mortgage | 0.9 | (1.0) | (0.1) |
| Home equity line | 0.1 | (0.1) | — |
| Consumer | (0.5) | (0.2) | (0.7) |
| Lease financing | (0.1) | 0.1 | — |
| Total Loans and Leases | (1.2) | (6.9) | (8.1) |
| Other Earning Assets | (0.1) | — | (0.1) |
| Total Change in Interest Income | (0.7) | (4.0) | (4.7) |
| Change in Interest Expense: | | | |
| Interest-Bearing Deposits | | | |
| Savings | (0.1) | (0.2) | (0.3) |
| Time | (0.1) | (0.1) | (0.2) |
| Total Interest-Bearing Deposits | (0.2) | (0.3) | (0.5) |
| Long-Term Borrowings | (0.4) | (0.4) | (0.8) |
| Total Change in Interest Expense | (0.6) | (0.7) | (1.3) |
| Change in Net Interest Income | \$ (0.1) | \$ (3.3) | \$ (3.4) |

Analysis of Change in Net Interest Income

Table 6

| (dollars in millions) | Three Months Ended March 31, 2022 Compared to March 31, 2021 | | |
|--|---|-----------------|---------------|
| | Volume | Rate | Total |
| Change in Interest Income: | | | |
| Interest-Bearing Deposits in Other Banks | \$ 0.1 | \$ 0.3 | \$ 0.4 |
| Available-for-Sale Investment Securities | | | |
| Taxable | 6.9 | 0.2 | 7.1 |
| Non-Taxable | 1.9 | 0.4 | 2.3 |
| Total Available-for-Sale Investment Securities | 8.8 | 0.6 | 9.4 |
| Loans Held for Sale | (0.1) | — | (0.1) |
| Loans and Leases | | | |
| Commercial and industrial | (7.7) | 1.9 | (5.8) |
| Commercial real estate | 1.8 | (0.9) | 0.9 |
| Construction | 0.1 | (0.2) | (0.1) |
| Residential: | | | |
| Residential mortgage | 3.8 | (3.7) | 0.1 |
| Home equity line | 0.5 | (0.7) | (0.2) |
| Consumer | (1.4) | (0.7) | (2.1) |
| Lease financing | (0.1) | 0.2 | 0.1 |
| Total Loans and Leases | (3.0) | (4.1) | (7.1) |
| Other Earning Assets | — | (0.1) | (0.1) |
| Total Change in Interest Income | 5.8 | (3.3) | 2.5 |
| Change in Interest Expense: | | | |
| Interest-Bearing Deposits | | | |
| Savings | — | (0.1) | (0.1) |
| Money Market | 0.1 | — | 0.1 |
| Time | (0.6) | (0.7) | (1.3) |
| Total Interest-Bearing Deposits | (0.5) | (0.8) | (1.3) |
| Long-Term Borrowings | (0.7) | (0.7) | (1.4) |
| Total Change in Interest Expense | (1.2) | (1.5) | (2.7) |
| Change in Net Interest Income | \$ 7.0 | \$ (1.8) | \$ 5.2 |

Loans and Leases

Table 7

| (dollars in thousands) | March 31, | December 31, | March 31, |
|---|--------------|--------------|--------------|
| | 2022 | 2021 | 2021 |
| Commercial and industrial: | | | |
| Commercial and industrial excluding Paycheck Protection Program loans | \$ 1,817,346 | \$ 1,870,657 | \$ 1,962,672 |
| Paycheck Protection Program loans | 106,188 | 216,442 | 1,158,764 |
| Total commercial and industrial | 1,923,534 | 2,087,099 | 3,121,436 |
| Commercial real estate | 3,759,980 | 3,639,623 | 3,396,233 |
| Construction | 708,300 | 813,969 | 739,271 |
| Residential: | | | |

| | | | |
|-------------------------------|----------------------|----------------------|----------------------|
| Residential mortgage | 4,153,824 | 4,083,367 | 3,715,676 |
| Home equity line | 918,101 | 876,608 | 805,746 |
| Total residential | 5,071,925 | 4,959,975 | 4,521,422 |
| Consumer | 1,204,834 | 1,229,939 | 1,283,779 |
| Lease financing | 223,170 | 231,394 | 238,148 |
| Total loans and leases | \$ 12,891,743 | \$ 12,961,999 | \$ 13,300,289 |

Deposits

Table 8

| (dollars in thousands) | March 31, 2022 | December 31, 2021 | March 31, 2021 |
|------------------------|----------------------|----------------------|----------------------|
| Demand | \$ 9,765,609 | \$ 9,393,863 | \$ 8,175,075 |
| Savings | 6,812,758 | 6,612,775 | 6,141,161 |
| Money Market | 3,990,225 | 4,033,070 | 3,642,604 |
| Time | 1,701,838 | 1,776,438 | 2,174,841 |
| Total Deposits | \$ 22,270,430 | \$ 21,816,146 | \$ 20,133,681 |

Non-Performing Assets and Accruing Loans and Leases Past Due 90 Days or More

Table 9

| (dollars in thousands) | March 31, 2022 | December 31, 2021 | March 31, 2021 |
|--|----------------------|----------------------|----------------------|
| Non-Performing Assets | | | |
| Non-Accrual Loans and Leases | | | |
| Commercial Loans: | | | |
| Commercial and industrial | \$ 707 | \$ 718 | \$ 593 |
| Commercial real estate | 727 | 727 | 937 |
| Construction | — | — | 579 |
| Lease financing | 75 | — | — |
| Total Commercial Loans | 1,509 | 1,445 | 2,109 |
| Residential Loans: | | | |
| Residential mortgage | 7,092 | 5,637 | 6,999 |
| Total Residential Loans | 7,092 | 5,637 | 6,999 |
| Total Non-Accrual Loans and Leases | 8,601 | 7,082 | 9,108 |
| Other Real Estate Owned | — | 175 | — |
| Total Non-Performing Assets | \$ 8,601 | \$ 7,257 | \$ 9,108 |
| Accruing Loans and Leases Past Due 90 Days or More | | | |
| Commercial Loans: | | | |
| Commercial and industrial | \$ 591 | \$ 740 | \$ 1,365 |
| Commercial real estate | — | — | 1,054 |
| Construction | — | — | 89 |
| Total Commercial Loans | 591 | 740 | 2,508 |
| Residential Loans: | | | |
| Residential mortgage | 13 | 987 | — |
| Home equity line | 2,252 | 3,681 | 4,975 |
| Total Residential Loans | 2,265 | 4,668 | 4,975 |
| Consumer | 1,588 | 1,800 | 2,024 |
| Total Accruing Loans and Leases Past Due 90 Days or More | \$ 4,444 | \$ 7,208 | \$ 9,507 |
| Restructured Loans on Accrual Status and Not Past Due 90 Days or More | \$ 32,590 | \$ 34,893 | \$ 39,831 |
| Total Loans and Leases | \$ 12,891,743 | \$ 12,961,999 | \$ 13,300,289 |

Allowance for Credit Losses

Table 10

| (dollars in thousands) | For the Three Months Ended | | |
|--|----------------------------|----------------------|-------------------|
| | March 31, 2022 | December 31, 2021 | March 31, 2021 |
| Balance at Beginning of Period | \$ 157,262 | \$ 161,246 | \$ 208,454 |
| Loans and Leases Charged-Off | | | |
| Commercial Loans: | | | |
| Commercial and industrial | (706) | (4,432) | (963) |
| Commercial real estate | — | — | (66) |
| Total Commercial Loans | (706) | (4,432) | (1,029) |
| Residential Loans: | | | |
| Residential mortgage | — | (534) | (98) |
| Home equity line | (43) | (107) | — |
| Total Residential Loans | (43) | (641) | (98) |
| Consumer | (4,109) | (3,250) | (6,541) |
| Total Loans and Leases Charged-Off | (4,858) | (8,323) | (7,668) |
| Recoveries on Loans and Leases Previously Charged-Off | | | |
| Commercial Loans: | | | |
| Commercial and industrial | 53 | 244 | 215 |
| Commercial real estate | 14 | 9 | 3 |
| Construction | — | 100 | 166 |
| Total Commercial Loans | 67 | 353 | 384 |
| Residential Loans: | | | |
| Residential mortgage | 16 | 15 | 17 |
| Home equity line | 28 | 28 | 24 |
| Total Residential Loans | 44 | 43 | 41 |
| Consumer | 2,148 | 1,743 | 2,655 |
| Total Recoveries on Loans and Leases Previously Charged-Off | 2,259 | 2,139 | 3,080 |
| Net Loans and Leases Charged-Off | (2,599) | (6,184) | (4,588) |
| Provision for Credit Losses - Loans and Leases | (4,383) | 2,200 | (3,500) |
| Balance at End of Period | \$ 150,280 | \$ 157,262 | \$ 200,366 |
| Average Loans and Leases Outstanding | \$ 12,819,612 | \$ 12,814,316 | \$ 13,242,270 |
| Ratio of Net Loans and Leases Charged-Off to Average Loans and Leases Outstanding ⁽¹⁾ | 0.08 % | 0.19 % | 0.14 % |
| Ratio of Allowance for Credit Losses for Loans and Leases to Loans and Leases Outstanding | 1.17 % | 1.21 % | 1.51 % |
| Ratio of Allowance for Credit Losses for Loans and Leases to Non-accrual Loans and Leases | 17.47x | 22.21x | 22.00x |

1. Annualized for the three months ended March 31, 2022, December 31, 2021 and March 31, 2021.

| (dollars in thousands) | Term Loans Amortized Cost Basis by Origination Year | | | | | | Revolving Loans Amortized Cost Basis | Revolving Loans Converted to Term Loans Amortized Cost Basis | Total |
|----------------------------------|--|---------------------|-------------------|-------------------|-------------------|---------------------|---|--|---------------------|
| | 2022 | 2021 | 2020 | 2019 | 2018 | Prior | | | |
| Commercial Lending | | | | | | | | | |
| Commercial and Industrial | | | | | | | | | |
| Risk rating: | | | | | | | | | |
| Pass | \$ 158,853 | \$ 483,473 | \$ 98,061 | \$ 184,897 | \$ 79,810 | \$ 166,075 | \$ 594,007 | \$ 31,048 | \$ 1,796,224 |
| Special Mention | 2,876 | 356 | 3,898 | 3,983 | 52 | 5,594 | 1,601 | 867 | 19,227 |
| Substandard | — | 337 | 1,296 | 1,776 | 13,251 | 757 | 15,877 | 138 | 33,432 |
| Other ⁽¹⁾ | 4,028 | 10,510 | 6,171 | 6,450 | 3,516 | 1,664 | 42,312 | — | 74,651 |
| Total Commercial and Industrial | 165,757 | 494,676 | 109,426 | 197,106 | 96,629 | 174,090 | 653,797 | 32,053 | 1,923,534 |
| Commercial Real Estate | | | | | | | | | |
| Risk rating: | | | | | | | | | |
| Pass | 240,807 | 682,346 | 351,893 | 523,735 | 471,899 | 1,291,495 | 77,724 | 14,752 | 3,654,651 |
| Special Mention | — | — | — | 47,897 | 473 | 39,064 | 696 | — | 88,130 |
| Substandard | — | — | — | — | 1,757 | 15,280 | 4 | — | 17,041 |
| Other ⁽¹⁾ | — | — | — | — | — | 158 | — | — | 158 |
| Total Commercial Real Estate | 240,807 | 682,346 | 351,893 | 571,632 | 474,129 | 1,345,997 | 78,424 | 14,752 | 3,759,980 |
| Construction | | | | | | | | | |
| Risk rating: | | | | | | | | | |
| Pass | 6,160 | 167,645 | 118,526 | 136,209 | 112,919 | 89,172 | 19,470 | — | 650,101 |
| Special Mention | — | — | — | 244 | 705 | 353 | — | — | 1,302 |
| Substandard | — | — | — | — | 357 | 827 | — | — | 1,184 |
| Other ⁽¹⁾ | 7,871 | 29,932 | 5,774 | 2,957 | 3,922 | 4,435 | 822 | — | 55,713 |
| Total Construction | 14,031 | 197,577 | 124,300 | 139,410 | 117,903 | 94,787 | 20,292 | — | 708,300 |
| Lease Financing | | | | | | | | | |
| Risk rating: | | | | | | | | | |
| Pass | 3,913 | 31,974 | 57,192 | 45,698 | 8,813 | 69,286 | — | — | 216,876 |
| Special Mention | — | 479 | 2,672 | 1,360 | 12 | 20 | — | — | 4,543 |
| Substandard | — | — | 270 | 123 | 15 | 1,343 | — | — | 1,751 |
| Total Lease Financing | 3,913 | 32,453 | 60,134 | 47,181 | 8,840 | 70,649 | — | — | 223,170 |
| Total Commercial Lending | \$ 424,508 | \$ 1,407,052 | \$ 645,753 | \$ 955,329 | \$ 697,501 | \$ 1,685,523 | \$ 752,513 | \$ 46,805 | \$ 6,614,984 |

| (dollars in thousands) | Term Loans Amortized Cost Basis by Origination Year | | | | | | Revolving Loans Amortized Cost Basis | Revolving Loans Converted to Term Loans Amortized Cost Basis | Total |
|----------------------------------|--|---------------------|---------------------|---------------------|---------------------|---------------------|---|--|----------------------|
| | 2022 | 2021 | 2020 | 2019 | 2018 | Prior | | | |
| Residential Lending | | | | | | | | | |
| Residential Mortgage | | | | | | | | | |
| FICO: | | | | | | | | | |
| 740 and greater | \$ 185,434 | \$ 1,096,789 | \$ 615,500 | \$ 264,419 | \$ 183,368 | \$ 1,012,447 | \$ — | \$ — | \$ 3,357,957 |
| 680 - 739 | 26,812 | 128,172 | 72,766 | 44,872 | 25,913 | 159,950 | — | — | 458,485 |
| 620 - 679 | 3,088 | 13,196 | 12,304 | 5,995 | 5,021 | 39,145 | — | — | 78,749 |
| 550 - 619 | — | 2,267 | 1,570 | 720 | 731 | 8,847 | — | — | 14,135 |
| Less than 550 | 2,116 | 228 | 60 | — | 82 | 4,098 | — | — | 6,584 |
| No Score ⁽³⁾ | 6,550 | 15,806 | 7,676 | 13,968 | 17,545 | 56,444 | — | — | 117,989 |
| Other ⁽²⁾ | 18,485 | 30,872 | 16,042 | 9,704 | 10,810 | 32,600 | 43 | 1,369 | 119,925 |
| Total Residential Mortgage | 242,485 | 1,287,330 | 725,918 | 339,678 | 243,470 | 1,313,531 | 43 | 1,369 | 4,153,824 |
| Home Equity Line | | | | | | | | | |
| FICO: | | | | | | | | | |
| 740 and greater | — | — | — | — | — | — | 705,570 | 1,892 | 707,462 |
| 680 - 739 | — | — | — | — | — | — | 147,290 | 3,202 | 150,492 |
| 620 - 679 | — | — | — | — | — | — | 39,370 | 2,129 | 41,499 |
| 550 - 619 | — | — | — | — | — | — | 10,310 | 1,426 | 11,736 |
| Less than 550 | — | — | — | — | — | — | 1,482 | 494 | 1,976 |
| No Score ⁽³⁾ | — | — | — | — | — | — | 4,936 | — | 4,936 |
| Total Home Equity Line | — | — | — | — | — | — | 908,958 | 9,143 | 918,101 |
| Total Residential Lending | 242,485 | 1,287,330 | 725,918 | 339,678 | 243,470 | 1,313,531 | 909,001 | 10,512 | 5,071,925 |
| Consumer Lending | | | | | | | | | |
| FICO: | | | | | | | | | |
| 740 and greater | 60,821 | 145,550 | 74,436 | 68,970 | 46,731 | 24,261 | 112,298 | 217 | 533,284 |
| 680 - 739 | 26,319 | 87,933 | 50,976 | 48,120 | 28,498 | 18,340 | 68,407 | 647 | 329,240 |
| 620 - 679 | 6,222 | 39,016 | 19,677 | 25,307 | 16,453 | 14,473 | 30,462 | 1,038 | 152,648 |
| 550 - 619 | 292 | 7,159 | 7,314 | 11,776 | 8,904 | 8,485 | 10,352 | 1,129 | 55,411 |
| Less than 550 | 53 | 2,003 | 3,445 | 5,732 | 2,939 | 3,089 | 3,166 | 471 | 20,898 |
| No Score ⁽³⁾ | 280 | 458 | 9 | 53 | 35 | 52 | 35,063 | 337 | 36,287 |
| Other ⁽²⁾ | 502 | 4,247 | 363 | 1,691 | 4 | 2,181 | 68,078 | — | 77,066 |
| Total Consumer Lending | 94,489 | 286,366 | 156,220 | 161,649 | 103,564 | 70,881 | 327,826 | 3,839 | 1,204,834 |
| Total Loans and Leases | \$ 761,482 | \$ 2,980,748 | \$ 1,527,891 | \$ 1,456,656 | \$ 1,044,535 | \$ 3,069,935 | \$ 1,989,340 | \$ 61,156 | \$ 12,891,743 |

1. Other credit quality indicators used for monitoring purposes are primarily FICO scores. The majority of the loans in this population were originated to borrowers with a prime FICO score.

2. Other credit quality indicators used for monitoring purposes are primarily internal risk ratings. The majority of the loans in this population were graded with a "Pass" rating.

3. No FICO scores are primarily related to loans and leases extended to non-residents. Loans and leases of this nature are primarily secured by collateral and/or are closely monitored for performance.

| (dollars in thousands, except per share amounts) | For the Three Months Ended | | |
|---|----------------------------|----------------------|-------------------|
| | March 31, 2022 | December 31, 2021 | March 31, 2021 |
| Income Statement Data: | | | |
| Net income | \$ 57,719 | \$ 57,022 | \$ 57,693 |
| Average total stockholders' equity | \$ 2,547,865 | \$ 2,675,513 | \$ 2,727,701 |
| Less: average goodwill | 995,492 | 995,492 | 995,492 |
| Average tangible stockholders' equity | \$ 1,552,373 | \$ 1,680,021 | \$ 1,732,209 |
| Average total assets | \$ 25,080,453 | \$ 25,650,505 | \$ 22,944,699 |
| Less: average goodwill | 995,492 | 995,492 | 995,492 |
| Average tangible assets | \$ 24,084,961 | \$ 24,655,013 | \$ 21,949,207 |
| Return on average total stockholders' equity ⁽¹⁾ | 9.19% | 8.46% | 8.58% |
| Return on average tangible stockholders' equity (non-GAAP) ⁽¹⁾ | 15.08% | 13.47% | 13.51% |
| Return on average total assets ⁽¹⁾ | 0.93% | 0.88% | 1.02% |
| Return on average tangible assets (non-GAAP) ⁽¹⁾ | 0.97% | 0.92% | 1.07% |

| (dollars in thousands, except per share amounts) | As of March 31, 2022 | As of December 31, 2021 | As of March 31, 2021 |
|---|----------------------------|-------------------------------|----------------------------|
| | Balance Sheet Data: | | |
| Total stockholders' equity | \$ 2,285,149 | \$ 2,656,912 | \$ 2,683,630 |
| Less: goodwill | 995,492 | 995,492 | 995,492 |
| Tangible stockholders' equity | \$ 1,289,657 | \$ 1,661,420 | \$ 1,688,138 |
| Total assets | \$ 25,042,720 | \$ 24,992,410 | \$ 23,497,596 |
| Less: goodwill | 995,492 | 995,492 | 995,492 |
| Tangible assets | \$ 24,047,228 | \$ 23,996,918 | \$ 22,502,104 |
| Shares outstanding | 127,686,307 | 127,502,472 | 129,749,890 |
| Total stockholders' equity to total assets | 9.13% | 10.63% | 11.42% |
| Tangible stockholders' equity to tangible assets (non-GAAP) | 5.36% | 6.92% | 7.50% |
| Book value per share | \$ 17.90 | \$ 20.84 | \$ 20.68 |
| Tangible book value per share (non-GAAP) | \$ 10.10 | \$ 13.03 | \$ 13.01 |

1. Annualized for the three months ended March 31, 2022, December 31, 2021 and March 31, 2021.



Source: First Hawaiian, Inc.