



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

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HONOLULU, Oct. 28, 2022 (GLOBE NEWSWIRE) -- First Hawaiian, Inc. (NASDAQ:FHB), ("First Hawaiian" or the "Company") today reported financial results for its quarter ended September 30, 2022.

"I'm pleased to report that we had a very strong third quarter, as net income increased by over 16% from the prior quarter," said Bob Harrison, Chairman, President and CEO. "We had robust loan growth and credit quality remained excellent."

On October 26, 2022, the Company's Board of Directors declared a quarterly cash dividend of \$0.26 per share. The dividend will be payable on December 2, 2022, to stockholders of record at the close of business on November 21, 2022.

Third Quarter 2022 Highlights:

- Net income of \$69.0 million, or \$0.54 per diluted share
- Total loans and leases increased \$437.6 million versus prior quarter
- Total deposits decreased \$509.7 million versus prior quarter
- Net interest margin increased 33 basis points to 2.93%
- Recorded a \$3.2 million provision for credit losses
- Board of Directors declared a quarterly dividend of \$0.26 per share

Balance Sheet

Total assets were \$24.9 billion as of September 30, 2022, compared to \$25.4 billion as of June 30, 2022.

Gross loans and leases were \$13.7 billion as of September 30, 2022, an increase of \$437.6 million, or 3.3%, from \$13.3 billion as of June 30, 2022.

Total deposits were \$22.1 billion as of September 30, 2022, a decrease of \$509.7 million, or 2.3%, from \$22.6 billion as of June 30, 2022.

Net Interest Income

Net interest income for the third quarter of 2022 was \$162.7 million, an increase of \$17.6 million, or 12.1%, compared to \$145.1 million for the prior quarter.

The net interest margin was 2.93% in the third quarter of 2022, an increase of 33 basis points compared to 2.60% in the prior quarter.

Provision Expense

During the quarter ended September 30, 2022, we recorded a \$3.2 million provision for credit losses. In the quarter ended June 30, 2022, we recorded a \$1.0 million provision for credit losses.

Noninterest Income

Noninterest income was \$45.9 million in the third quarter of 2022, an increase of \$1.7 million compared to noninterest income of \$44.1 million in the prior quarter.

Noninterest Expense

Noninterest expense was \$113.3 million in the third quarter of 2022, an increase of \$4.2 million compared to noninterest expense of \$109.2 million in the prior quarter.

The efficiency ratio was 54.0% and 57.3% for the quarters ended September 30, 2022 and June 30, 2022, respectively.

Taxes

The effective tax rate was 25.0% for the quarters ended September 30, 2022 and June 30, 2022.

Asset Quality

The allowance for credit losses was \$148.2 million, or 1.08% of total loans and leases, as of September 30, 2022, compared to \$148.9 million, or 1.12% of total loans and leases, as of June 30, 2022. The reserve for unfunded commitments was \$30.1 million as of September 30, 2022, compared to \$29.0 million as of June 30, 2022. Net charge-offs were \$2.8 million, or 0.08% of average loans and leases on an annualized basis, for the quarter ended September 30, 2022, compared to net charge-offs of \$2.3 million, or 0.07% of average loans and leases on an annualized basis, for the quarter ended June 30, 2022. Total non-performing assets were \$8.4 million, or 0.06% of total loans and leases and other real estate owned, on September 30, 2022, compared to total non-performing assets of \$7.9 million, or 0.06% of total loans and leases and other real estate owned, on June 30, 2022.

Capital

Total stockholders' equity was \$2.2 billion on September 30, 2022 compared to \$2.3 billion on June 30, 2022.

The tier 1 leverage, common equity tier 1 and total capital ratios were 7.78%, 11.79%, and 12.92%, respectively, on September 30, 2022, compared with 7.54%, 11.98%, and 13.14%, respectively, on June 30, 2022.

The Company repurchased 0.1 million shares of common stock at a total cost of \$2.5 million under the stock repurchase program in the third quarter. The average cost was \$23.24 per share repurchased. Remaining buyback authority under the stock repurchase program was \$65.5 million on September 30, 2022.

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.

Please note that the process for accessing the conference call has changed. Participants will need to click on the registration link provided below, register for the conference call, and then you will receive the dial-in number and a personalized PIN code.

To access the call by phone, please register via the following link: <https://register.vevent.com/register/Blefa7fae07c09405291195a9acfdb68b6>, and you will be provided with dial in details. To avoid delays, we encourage participants to dial into the conference call fifteen minutes ahead of the scheduled start time.

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.

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 and our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2022 and June 30, 2022.

Use of Non-GAAP Financial Measures

Return on average tangible assets, return on average tangible stockholders' equity, tangible book value per share and tangible stockholders' equity to tangible assets are non-GAAP financial measures. 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 14 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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Financial Highlights

Table 1

| (dollars in thousands, except per share data) | For the Three Months Ended | | | For the Nine Months Ended | |
|---|----------------------------|------------------|-----------------------|---------------------------|------------|
| | September 30, 2022 | June 30, 2022 | September 30, 2021 | September 30, 2022 | 2021 |
| Operating Results: | | | | | |
| Net interest income | \$ 162,736 | \$ 145,147 | \$ 132,593 | \$ 441,755 | \$ 393,232 |
| Provision for credit losses | 3,183 | 1,000 | (4,000) | (1,564) | (39,000) |
| Noninterest income | 45,857 | 44,137 | 50,104 | 131,374 | 143,343 |

| | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|
| Noninterest expense | 113,332 | 109,175 | 101,036 | 326,549 | 296,730 |
| Net income | 69,018 | 59,360 | 64,279 | 186,097 | 208,713 |
| Basic earnings per share | 0.54 | 0.46 | 0.50 | 1.46 | 1.61 |
| Diluted earnings per share | 0.54 | 0.46 | 0.50 | 1.45 | 1.61 |
| Dividends declared per share | 0.26 | 0.26 | 0.26 | 0.78 | 0.78 |
| Dividend payout ratio | 48.15 % | 56.52 % | 52.00 % | 53.79 % | 48.45 % |
| Performance Ratios⁽¹⁾: | | | | | |
| Net interest margin | 2.93 % | 2.60 % | 2.36 % | 2.65 % | 2.45 % |
| Efficiency ratio | 53.98 % | 57.33 % | 55.07 % | 56.63 % | 55.10 % |
| Return on average total assets | 1.10 % | 0.94 % | 1.02 % | 0.99 % | 1.16 % |
| Return on average tangible assets (non-GAAP) ⁽²⁾ | 1.14 % | 0.98 % | 1.06 % | 1.03 % | 1.21 % |
| Return on average total stockholders' equity | 12.08 % | 10.52 % | 9.31 % | 10.55 % | 10.26 % |
| Return on average tangible stockholders' equity (non-GAAP) ⁽²⁾ | 21.53 % | 18.79 % | 14.63 % | 18.26 % | 16.19 % |
| Average Balances: | | | | | |
| Average loans and leases | \$ 13,491,428 | \$ 13,058,558 | \$ 12,881,885 | \$ 13,125,660 | \$ 13,108,427 |
| Average earning assets | 22,258,066 | 22,520,605 | 22,533,174 | 22,413,209 | 21,523,731 |
| Average assets | 24,957,042 | 25,250,176 | 25,058,085 | 25,095,438 | 24,013,691 |
| Average deposits | 22,148,039 | 22,401,558 | 21,621,836 | 22,170,824 | 20,595,400 |
| Average stockholders' equity | 2,267,152 | 2,262,654 | 2,738,540 | 2,358,195 | 2,719,442 |
| Market Value Per Share: | | | | | |
| Closing | 24.63 | 22.71 | 29.35 | 24.63 | 29.35 |
| High | 28.14 | 28.44 | 30.06 | 31.16 | 30.80 |
| Low | 21.21 | 21.49 | 25.75 | 21.21 | 23.14 |

| | As of September 30, 2022 | As of June 30, 2022 | As of December 31, 2021 | As of September 30, 2021 |
|--|--------------------------------|---------------------------|-------------------------------|--------------------------------|
| (dollars in thousands, except per share data) | | | | |
| Balance Sheet Data: | | | | |
| Loans and leases | \$ 13,700,374 | \$ 13,262,781 | \$ 12,961,999 | \$ 12,834,339 |
| Total assets | 24,870,272 | 25,377,533 | 24,992,410 | 25,548,322 |
| Total deposits | 22,091,738 | 22,601,454 | 21,816,146 | 22,120,003 |
| Long-term borrowings | — | — | — | 200,000 |
| Total stockholders' equity | 2,200,651 | 2,252,611 | 2,656,912 | 2,711,734 |
| Per Share of Common Stock: | | | | |
| Book value | \$ 17.28 | \$ 17.67 | \$ 20.84 | \$ 21.14 |
| Tangible book value (non-GAAP) ⁽²⁾ | 9.46 | 9.86 | 13.03 | 13.38 |
| Asset Quality Ratios: | | | | |
| Non-accrual loans and leases / total loans and leases | 0.06 % | 0.06 % | 0.05 % | 0.07 % |
| Allowance for credit losses for loans and leases / total loans and leases | 1.08 % | 1.12 % | 1.21 % | 1.26 % |
| Capital Ratios: | | | | |
| Common Equity Tier 1 Capital Ratio | 11.79 % | 11.98 % | 12.24 % | 12.63 % |
| Tier 1 Capital Ratio | 11.79 % | 11.98 % | 12.24 % | 12.63 % |
| Total Capital Ratio | 12.92 % | 13.14 % | 13.49 % | 13.88 % |
| Tier 1 Leverage Ratio | 7.78 % | 7.54 % | 7.24 % | 7.39 % |
| Total stockholders' equity to total assets | 8.85 % | 8.88 % | 10.63 % | 10.61 % |
| Tangible stockholders' equity to tangible assets (non-GAAP) ⁽²⁾ | 5.05 % | 5.16 % | 6.92 % | 6.99 % |
| Non-Financial Data: | | | | |
| Number of branches | 51 | 51 | 54 | 54 |
| Number of ATMs | 303 | 297 | 299 | 298 |
| Number of Full-Time Equivalent Employees | 2,042 | 2,021 | 2,036 | 2,025 |

(1) Except for the efficiency ratio, amounts are annualized for the three and nine months ended September 30, 2022 and 2021 and the three months ended June 30, 2022.

(2) Return on average tangible assets, return on average tangible stockholders' equity, tangible book value per share and tangible stockholders' equity to tangible assets are non-GAAP financial measures. 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 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 tangible book value per share as the ratio of tangible stockholders' equity to outstanding shares. Tangible stockholders' equity is calculated by subtracting (and thereby effectively excluding) amounts related to the effect of goodwill from our total stockholders' equity. 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. For a reconciliation to the most directly comparable GAAP financial measure, see Table 14, GAAP to Non-GAAP Reconciliation.

Consolidated Statements of Income

Table 2

| (dollars in thousands, except per share amounts) | For the Three Months Ended | | | For the Nine Months Ended | |
|---|----------------------------|-------------|---------------|---------------------------|-------------|
| | September 30, | June 30, | September 30, | September 30, | |
| | 2022 | 2022 | 2021 | 2022 | 2021 |
| Interest income | | | | | |
| Loans and lease financing | \$ 134,646 | \$ 111,916 | \$ 110,765 | \$ 350,294 | \$ 332,623 |
| Available-for-sale investment securities | 19,644 | 16,643 | 25,234 | 68,394 | 73,017 |
| Held-to-maturity investment securities | 17,950 | 18,289 | — | 36,239 | — |
| Other | 4,150 | 2,896 | 1,205 | 7,828 | 2,362 |
| Total interest income | 176,390 | 149,744 | 137,204 | 462,755 | 408,002 |
| Interest expense | | | | | |
| Deposits | 13,653 | 4,597 | 3,218 | 20,999 | 10,637 |
| Short-term and long-term borrowings | 1 | — | 1,393 | 1 | 4,133 |
| Total interest expense | 13,654 | 4,597 | 4,611 | 21,000 | 14,770 |
| Net interest income | 162,736 | 145,147 | 132,593 | 441,755 | 393,232 |
| Provision for credit losses | 3,183 | 1,000 | (4,000) | (1,564) | (39,000) |
| Net interest income after provision for credit losses | 159,553 | 144,147 | 136,593 | 443,319 | 432,232 |
| Noninterest income | | | | | |
| Service charges on deposit accounts | 7,089 | 6,843 | 6,989 | 21,433 | 20,339 |
| Credit and debit card fees | 17,746 | 17,056 | 16,017 | 49,652 | 47,314 |
| Other service charges and fees | 9,179 | 9,018 | 10,233 | 27,851 | 29,382 |
| Trust and investment services income | 9,800 | 8,759 | 8,625 | 27,442 | 25,824 |
| Bank-owned life insurance | (341) | (859) | 4,841 | (1,617) | 10,334 |
| Investment securities gains, net | — | — | — | — | 102 |
| Other | 2,384 | 3,320 | 3,399 | 6,613 | 10,048 |
| Total noninterest income | 45,857 | 44,137 | 50,104 | 131,374 | 143,343 |
| Noninterest expense | | | | | |
| Salaries and employee benefits | 51,372 | 49,902 | 46,484 | 149,500 | 136,402 |
| Contracted services and professional fees | 16,625 | 18,617 | 15,042 | 52,389 | 48,746 |
| Occupancy | 8,115 | 7,334 | 6,790 | 22,859 | 21,274 |
| Equipment | 10,791 | 7,754 | 6,549 | 24,522 | 18,402 |
| Regulatory assessment and fees | 2,487 | 2,301 | 1,828 | 7,012 | 5,688 |
| Advertising and marketing | 1,902 | 1,994 | 1,469 | 5,924 | 4,529 |
| Card rewards program | 8,141 | 7,285 | 6,676 | 22,309 | 17,773 |
| Other | 13,899 | 13,988 | 16,198 | 42,034 | 43,916 |
| Total noninterest expense | 113,332 | 109,175 | 101,036 | 326,549 | 296,730 |
| Income before provision for income taxes | 92,078 | 79,109 | 85,661 | 248,144 | 278,845 |
| Provision for income taxes | 23,060 | 19,749 | 21,382 | 62,047 | 70,132 |
| Net income | \$ 69,018 | \$ 59,360 | \$ 64,279 | \$ 186,097 | \$ 208,713 |
| Basic earnings per share | \$ 0.54 | \$ 0.46 | \$ 0.50 | \$ 1.46 | \$ 1.61 |
| Diluted earnings per share | \$ 0.54 | \$ 0.46 | \$ 0.50 | \$ 1.45 | \$ 1.61 |
| Basic weighted-average outstanding shares | 127,377,713 | 127,672,244 | 128,660,038 | 127,534,746 | 129,323,973 |
| Diluted weighted-average outstanding shares | 127,796,617 | 128,014,777 | 129,210,448 | 127,996,672 | 129,895,311 |

Consolidated Balance Sheets

Table 3

September 30, June 30, December 31, September 30,

| | | | | | | | | | |
|--|--------------------|-------|------|--------------------|-------|------|--------------------|-------|------|
| Taxable | 3,733.8 | 19.2 | 2.05 | 3,946.4 | 16.6 | 1.68 | 6,654.6 | 22.9 | 1.37 |
| Non-Taxable | 45.1 | 0.6 | 5.16 | 8.4 | 0.1 | 5.26 | 561.1 | 2.9 | 2.11 |
| Held-to-Maturity Investment Securities | | | | | | | | | |
| Taxable | 3,573.6 | 14.6 | 1.64 | 3,533.6 | 15.0 | 1.70 | — | — | — |
| Non-Taxable | 613.6 | 4.2 | 2.72 | 607.0 | 4.1 | 2.71 | — | — | — |
| Total Investment Securities | 7,966.1 | 38.6 | 1.93 | 8,095.4 | 35.8 | 1.77 | 7,215.7 | 25.8 | 1.43 |
| Loans Held for Sale | 0.7 | — | 3.62 | 0.3 | — | 5.06 | 2.2 | — | 2.39 |
| Loans and Leases ⁽¹⁾ | | | | | | | | | |
| Commercial and industrial | 2,025.5 | 20.7 | 4.05 | 1,951.3 | 15.0 | 3.09 | 2,367.2 | 19.7 | 3.29 |
| Commercial real estate | 4,016.7 | 42.3 | 4.18 | 3,808.9 | 30.7 | 3.23 | 3,447.0 | 25.4 | 2.92 |
| Construction | 737.4 | 8.6 | 4.63 | 711.3 | 6.3 | 3.57 | 862.4 | 7.0 | 3.24 |
| Residential: | | | | | | | | | |
| Residential mortgage | 4,224.0 | 36.4 | 3.45 | 4,183.0 | 36.7 | 3.51 | 3,866.1 | 34.6 | 3.58 |
| Home equity line | 991.1 | 7.2 | 2.87 | 945.7 | 5.9 | 2.49 | 837.7 | 5.5 | 2.62 |
| Consumer | 1,218.0 | 17.1 | 5.57 | 1,218.0 | 15.5 | 5.09 | 1,260.2 | 16.8 | 5.28 |
| Lease financing | 278.7 | 2.7 | 3.81 | 240.4 | 2.1 | 3.53 | 241.3 | 2.0 | 3.23 |
| Total Loans and Leases | 13,491.4 | 135.0 | 3.98 | 13,058.6 | 112.2 | 3.44 | 12,881.9 | 111.0 | 3.43 |
| Other Earning Assets | 75.9 | 0.1 | 0.69 | 69.0 | 0.1 | 0.79 | 77.0 | 0.3 | 1.34 |
| Total Earning Assets ⁽²⁾ | 22,258.1 | 177.7 | 3.18 | 22,520.6 | 150.9 | 2.68 | 22,533.2 | 138.0 | 2.44 |
| Cash and Due from Banks | 277.0 | | | 300.8 | | | 290.5 | | |
| Other Assets | 2,421.9 | | | 2,428.8 | | | 2,234.4 | | |
| Total Assets | \$ 24,957.0 | | | \$ 25,250.2 | | | \$ 25,058.1 | | |

Interest-Bearing Liabilities

Interest-Bearing Deposits

| | | | | | | | | | |
|---|--------------------|-----------------|-------------|--------------------|-----------------|-------------|--------------------|-----------------|-------------|
| Savings | \$ 6,871.5 | \$ 6.7 | 0.39 % | \$ 6,971.3 | \$ 1.7 | 0.10 % | 6,886.0 | \$ 0.6 | 0.03 % |
| Money Market | 4,086.1 | 4.8 | 0.47 | 4,127.4 | 1.4 | 0.14 | 3,957.1 | 0.5 | 0.05 |
| Time | 1,720.5 | 2.1 | 0.48 | 1,671.4 | 1.5 | 0.36 | 1,884.4 | 2.1 | 0.45 |
| Total Interest-Bearing Deposits | 12,678.1 | 13.6 | 0.43 | 12,770.1 | 4.6 | 0.14 | 12,727.5 | 3.2 | 0.10 |
| Federal Funds Purchased | 0.2 | — | 1.67 | — | — | — | — | — | — |
| Long-Term Borrowings | — | — | — | — | — | — | 200.0 | 1.4 | 2.76 |
| Total Interest-Bearing Liabilities | 12,678.3 | 13.6 | 0.43 | 12,770.1 | 4.6 | 0.14 | 12,927.5 | 4.6 | 0.14 |
| Net Interest Income | | \$ 164.1 | | | \$ 146.3 | | | \$ 133.4 | |
| Interest Rate Spread | | | 2.75 % | | | 2.54 % | | | 2.30 % |
| Net Interest Margin | | | 2.93 % | | | 2.60 % | | | 2.36 % |
| Noninterest-Bearing Demand Deposits | 9,469.9 | | | 9,631.4 | | | 8,894.3 | | |
| Other Liabilities | 541.6 | | | 586.0 | | | 497.7 | | |
| Stockholders' Equity | 2,267.2 | | | 2,262.7 | | | 2,738.6 | | |
| Total Liabilities and Stockholders' Equity | \$ 24,957.0 | | | \$ 25,250.2 | | | \$ 25,058.1 | | |

(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 \$1.3 million, \$1.2 million and \$0.8 million for the three months ended September 30, 2022, June 30, 2022, and September 30, 2021, respectively.

Average Balances and Interest Rates

Table 5

| (dollars in millions) | Nine Months Ended September 30, 2022 | | | Nine Months Ended September 30, 2021 | | |
|--|---|--------------------|----------------|---|--------------------|----------------|
| | Average Balance | Income/ Expense | Yield/ Rate | Average Balance | Income/ Expense | Yield/ Rate |
| Earning Assets | | | | | | |
| Interest-Bearing Deposits in Other Banks | \$ 1,051.7 | \$ 7.3 | 0.93 % | \$ 1,604.6 | \$ 1.5 | 0.13 % |
| Available-for-Sale Investment Securities | | | | | | |
| Taxable | 5,145.3 | 64.9 | 1.68 | 6,303.5 | 67.5 | 1.43 |
| Non-Taxable | 227.9 | 4.4 | 2.59 | 436.9 | 6.9 | 2.11 |
| Held-to-Maturity Investment Securities | | | | | | |
| Taxable | 2,382.2 | 29.7 | 1.66 | — | — | — |
| Non-Taxable | 409.1 | 8.3 | 2.71 | — | — | — |

| | | | | | | |
|---|------------------------|--------------------|--------------------|------------------------|--------------------|--------------------|
| Total Investment Securities | <u>8,164.5</u> | <u>107.3</u> | <u>1.75</u> | <u>6,740.4</u> | <u>74.4</u> | <u>1.47</u> |
| Loans Held for Sale | <u>0.7</u> | <u>—</u> | <u>2.92</u> | <u>4.4</u> | <u>0.1</u> | <u>2.31</u> |
| Loans and Leases ⁽¹⁾ | | | | | | |
| Commercial and industrial | <u>1,983.5</u> | <u>50.3</u> | <u>3.39</u> | <u>2,756.2</u> | <u>61.2</u> | <u>2.97</u> |
| Commercial real estate | <u>3,820.6</u> | <u>98.8</u> | <u>3.46</u> | <u>3,417.5</u> | <u>75.6</u> | <u>2.96</u> |
| Construction | <u>738.4</u> | <u>20.7</u> | <u>3.74</u> | <u>803.8</u> | <u>19.2</u> | <u>3.19</u> |
| Residential: | | | | | | |
| Residential mortgage | <u>4,173.1</u> | <u>108.0</u> | <u>3.45</u> | <u>3,776.5</u> | <u>103.3</u> | <u>3.65</u> |
| Home equity line | <u>943.2</u> | <u>18.5</u> | <u>2.62</u> | <u>824.1</u> | <u>16.7</u> | <u>2.71</u> |
| Consumer | <u>1,218.2</u> | <u>48.1</u> | <u>5.29</u> | <u>1,287.1</u> | <u>51.4</u> | <u>5.34</u> |
| Lease financing | <u>248.7</u> | <u>6.7</u> | <u>3.60</u> | <u>243.2</u> | <u>5.7</u> | <u>3.10</u> |
| Total Loans and Leases | <u>13,125.7</u> | <u>351.1</u> | <u>3.57</u> | <u>13,108.4</u> | <u>333.1</u> | <u>3.39</u> |
| Other Earning Assets | <u>70.6</u> | <u>0.5</u> | <u>0.92</u> | <u>65.9</u> | <u>0.8</u> | <u>1.65</u> |
| Total Earning Assets ⁽²⁾ | <u>22,413.2</u> | <u>466.2</u> | <u>2.78</u> | <u>21,523.7</u> | <u>409.9</u> | <u>2.54</u> |
| Cash and Due from Banks | <u>289.9</u> | | | <u>291.7</u> | | |
| Other Assets | <u>2,392.3</u> | | | <u>2,198.3</u> | | |
| Total Assets | \$ 25,095.4 | | | \$ 24,013.7 | | |
| Interest-Bearing Liabilities | | | | | | |
| Interest-Bearing Deposits | | | | | | |
| Savings | <u>\$ 6,837.8</u> | <u>\$ 8.9</u> | <u>0.17 %</u> | <u>\$ 6,410.9</u> | <u>\$ 1.7</u> | <u>0.04 %</u> |
| Money Market | <u>4,087.6</u> | <u>6.8</u> | <u>0.22</u> | <u>3,758.3</u> | <u>1.5</u> | <u>0.05</u> |
| Time | <u>1,713.4</u> | <u>5.3</u> | <u>0.41</u> | <u>2,067.7</u> | <u>7.4</u> | <u>0.48</u> |
| Total Interest-Bearing Deposits | <u>12,638.8</u> | <u>21.0</u> | <u>0.22</u> | <u>12,236.9</u> | <u>10.6</u> | <u>0.12</u> |
| Federal Funds Purchased | <u>0.1</u> | <u>—</u> | <u>1.67</u> | <u>—</u> | <u>—</u> | <u>—</u> |
| Long-Term Borrowings | <u>—</u> | <u>—</u> | <u>—</u> | <u>200.0</u> | <u>4.2</u> | <u>2.76</u> |
| Total Interest-Bearing Liabilities | <u>12,638.9</u> | <u>21.0</u> | <u>0.22</u> | <u>12,436.9</u> | <u>14.8</u> | <u>0.16</u> |
| Net Interest Income | | \$ 445.2 | | | \$ 395.1 | |
| Interest Rate Spread | | | 2.56 % | | | 2.38 % |
| Net Interest Margin | | | 2.65 % | | | 2.45 % |
| Noninterest-Bearing Demand Deposits | <u>9,532.0</u> | | | <u>8,358.5</u> | | |
| Other Liabilities | <u>566.3</u> | | | <u>498.9</u> | | |
| Stockholders' Equity | <u>2,358.2</u> | | | <u>2,719.4</u> | | |
| Total Liabilities and Stockholders' Equity | \$ 25,095.4 | | | \$ 24,013.7 | | |

(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 \$3.5 million and \$1.9 million for the nine months ended September 30, 2022 and 2021, respectively.

Analysis of Change in Net Interest Income

Table 6

| (dollars in millions) | Three Months Ended September 30, 2022 Compared to June 30, 2022 | | |
|--|--|------------|------------|
| | Volume | Rate | Total |
| Change in Interest Income: | | | |
| Interest-Bearing Deposits in Other Banks | \$ (1.7) | \$ 2.9 | \$ 1.2 |
| Available-for-Sale Investment Securities | | | |
| Taxable | (0.9) | 3.5 | 2.6 |
| Non-Taxable | 0.5 | — | 0.5 |
| Held-to-Maturity Investment Securities | | | |
| Taxable | 0.2 | (0.6) | (0.4) |
| Non-Taxable | 0.1 | — | 0.1 |
| Total Investment Securities | <u>(0.1)</u> | <u>2.9</u> | <u>2.8</u> |
| Loans and Leases | | | |
| Commercial and industrial | 0.6 | 5.1 | 5.7 |
| Commercial real estate | 1.8 | 9.8 | 11.6 |
| Construction | 0.3 | 2.0 | 2.3 |
| Residential: | | | |
| Residential mortgage | 0.3 | (0.6) | (0.3) |

| | | | |
|---|---------------|----------------|----------------|
| Home equity line | 0.3 | 1.0 | 1.3 |
| Consumer | — | 1.6 | 1.6 |
| Lease financing | 0.4 | 0.2 | 0.6 |
| Total Loans and Leases | 3.7 | 19.1 | 22.8 |
| Total Change in Interest Income | 1.9 | 24.9 | 26.8 |
| Change in Interest Expense: | | | |
| Interest-Bearing Deposits | | | |
| Savings | — | 5.0 | 5.0 |
| Money Market | — | 3.4 | 3.4 |
| Time | — | 0.6 | 0.6 |
| Total Interest-Bearing Deposits | — | 9.0 | 9.0 |
| Total Change in Interest Expense | — | 9.0 | 9.0 |
| Change in Net Interest Income | \$ 1.9 | \$ 15.9 | \$ 17.8 |

Analysis of Change in Net Interest Income

Table 7

| (dollars in millions) | Three Months Ended September 30, 2022 Compared to September 30, 2021 | | |
|--|---|----------------|----------------|
| | Volume | Rate | Total |
| Change in Interest Income: | | | |
| Interest-Bearing Deposits in Other Banks | \$ (1.1) | \$ 4.2 | \$ 3.1 |
| Available-for-Sale Investment Securities | | | |
| Taxable | (12.4) | 8.7 | (3.7) |
| Non-Taxable | (4.2) | 1.9 | (2.3) |
| Held-to-Maturity Investment Securities | | | |
| Taxable | 14.6 | — | 14.6 |
| Non-Taxable | 4.2 | — | 4.2 |
| Total Investment Securities | 2.2 | 10.6 | 12.8 |
| Loans and Leases | | | |
| Commercial and industrial | (3.0) | 4.1 | 1.1 |
| Commercial real estate | 4.7 | 12.2 | 16.9 |
| Construction | (1.1) | 2.6 | 1.5 |
| Residential: | | | |
| Residential mortgage | 3.1 | (1.3) | 1.8 |
| Home equity line | 1.1 | 0.6 | 1.7 |
| Consumer | (0.6) | 0.9 | 0.3 |
| Lease financing | 0.3 | 0.4 | 0.7 |
| Total Loans and Leases | 4.5 | 19.5 | 24.0 |
| Other Earning Assets | — | (0.2) | (0.2) |
| Total Change in Interest Income | 5.6 | 34.1 | 39.7 |
| Change in Interest Expense: | | | |
| Interest-Bearing Deposits | | | |
| Savings | — | 6.1 | 6.1 |
| Money Market | — | 4.3 | 4.3 |
| Time | (0.2) | 0.2 | — |
| Total Interest-Bearing Deposits | (0.2) | 10.6 | 10.4 |
| Long-Term Borrowings | (0.7) | (0.7) | (1.4) |
| Total Change in Interest Expense | (0.9) | 9.9 | 9.0 |
| Change in Net Interest Income | \$ 6.5 | \$ 24.2 | \$ 30.7 |

Analysis of Change in Net Interest Income

Table 8

| (dollars in millions) | Nine Months Ended September 30, 2022 Compared to September 30, 2021 | | |
|-----------------------------------|--|------|-------|
| | Volume | Rate | Total |
| Change in Interest Income: | | | |

| | | | | | | |
|--|----|--------------|----|-------------|----|-------------|
| Interest-Bearing Deposits in Other Banks | \$ | (0.7) | \$ | 6.5 | \$ | 5.8 |
| Available-for-Sale Investment Securities | | | | | | |
| Taxable | | (13.4) | | 10.8 | | (2.6) |
| Non-Taxable | | (3.8) | | 1.3 | | (2.5) |
| Held-to-Maturity Investment Securities | | | | | | |
| Taxable | | 29.7 | | — | | 29.7 |
| Non-Taxable | | 8.3 | | — | | 8.3 |
| Total Investment Securities | | 20.8 | | 12.1 | | 32.9 |
| Loans Held for Sale | | (0.1) | | — | | (0.1) |
| Loans and Leases | | | | | | |
| Commercial and industrial | | (18.8) | | 7.9 | | (10.9) |
| Commercial real estate | | 9.5 | | 13.7 | | 23.2 |
| Construction | | (1.6) | | 3.1 | | 1.5 |
| Residential: | | | | | | |
| Residential mortgage | | 10.5 | | (5.8) | | 4.7 |
| Home equity line | | 2.3 | | (0.5) | | 1.8 |
| Consumer | | (2.8) | | (0.5) | | (3.3) |
| Lease financing | | 0.1 | | 0.9 | | 1.0 |
| Total Loans and Leases | | (0.8) | | 18.8 | | 18.0 |
| Other Earning Assets | | 0.1 | | (0.4) | | (0.3) |
| Total Change in Interest Income | | 19.3 | | 37.0 | | 56.3 |
| Change in Interest Expense: | | | | | | |
| Interest-Bearing Deposits | | | | | | |
| Savings | | 0.1 | | 7.1 | | 7.2 |
| Money Market | | 0.1 | | 5.2 | | 5.3 |
| Time | | (1.1) | | (1.0) | | (2.1) |
| Total Interest-Bearing Deposits | | (0.9) | | 11.3 | | 10.4 |
| Long-Term Borrowings | | (2.1) | | (2.1) | | (4.2) |
| Total Change in Interest Expense | | (3.0) | | 9.2 | | 6.2 |
| Change in Net Interest Income | \$ | 22.3 | \$ | 27.8 | \$ | 50.1 |

Loans and Leases

Table 9

| (dollars in thousands) | September 30, 2022 | June 30, 2022 | December 31, 2021 | September 30, 2021 |
|---|-----------------------|----------------------|----------------------|-----------------------|
| Commercial and industrial: | | | | |
| Commercial and industrial excluding Paycheck Protection Program loans | \$ 2,017,095 | \$ 1,898,899 | \$ 1,870,657 | \$ 1,692,315 |
| Paycheck Protection Program loans | 26,712 | 43,233 | 216,442 | 503,069 |
| Total commercial and industrial | 2,043,807 | 1,942,132 | 2,087,099 | 2,195,384 |
| Commercial real estate | 4,103,310 | 3,956,828 | 3,639,623 | 3,569,768 |
| Construction | 765,862 | 727,771 | 813,969 | 826,078 |
| Residential: | | | | |
| Residential mortgage | 4,252,041 | 4,212,768 | 4,083,367 | 3,914,632 |
| Home equity line | 1,010,631 | 971,569 | 876,608 | 852,074 |
| Total residential | 5,262,672 | 5,184,337 | 4,959,975 | 4,766,706 |
| Consumer | 1,218,885 | 1,207,051 | 1,229,939 | 1,238,714 |
| Lease financing | 305,838 | 244,662 | 231,394 | 237,689 |
| Total loans and leases | \$ 13,700,374 | \$ 13,262,781 | \$ 12,961,999 | \$ 12,834,339 |

Deposits

Table 10

| (dollars in thousands) | September 30, 2022 | June 30, 2022 | December 31, 2021 | September 30, 2021 |
|------------------------|-----------------------|------------------|----------------------|-----------------------|
| Demand | \$ 9,317,093 | \$ 9,610,883 | \$ 9,393,863 | \$ 8,873,424 |
| Savings | 6,724,783 | 7,243,185 | 6,612,775 | 7,347,079 |
| Money Market | 4,150,940 | 4,079,706 | 4,033,070 | 4,019,250 |
| Time | 1,898,922 | 1,667,680 | 1,776,438 | 1,880,250 |

Total Deposits \$ 22,091,738 \$ 22,601,454 \$ 21,816,146 \$ 22,120,003

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

Table 11

| (dollars in thousands) | September 30, 2022 | June 30, 2022 | December 31, 2021 | September 30, 2021 |
|------------------------------------|-----------------------|------------------|----------------------|-----------------------|
| Non-Performing Assets | | | | |
| Non-Accrual Loans and Leases | | | | |
| Commercial Loans: | | | | |
| Commercial and industrial | \$ 1,528 | \$ 682 | \$ 718 | \$ 746 |
| Commercial real estate | 727 | 727 | 727 | 745 |
| Total Commercial Loans | 2,255 | 1,409 | 1,445 | 1,491 |
| Residential Loans: | | | | |
| Residential mortgage | 6,028 | 6,450 | 5,637 | 7,137 |
| Total Residential Loans | 6,028 | 6,450 | 5,637 | 7,137 |
| Total Non-Accrual Loans and Leases | 8,283 | 7,859 | 7,082 | 8,628 |
| Other Real Estate Owned | 139 | — | 175 | — |
| Total Non-Performing Assets | \$ 8,422 | \$ 7,859 | \$ 7,257 | \$ 8,628 |

Accruing Loans and Leases Past Due 90 Days or More

| | | | | |
|---|-----------------|-----------------|-----------------|-----------------|
| Commercial Loans: | | | | |
| Commercial and industrial | \$ 1,445 | \$ 2,230 | \$ 740 | \$ 439 |
| Commercial real estate | — | 176 | — | — |
| Construction | 390 | 352 | — | — |
| Total Commercial Loans | 1,835 | 2,758 | 740 | 439 |
| Residential Loans: | | | | |
| Residential mortgage | — | 750 | 987 | 100 |
| Home equity line | 1,832 | 1,039 | 3,681 | 3,871 |
| Total Residential Loans | 1,832 | 1,789 | 4,668 | 3,971 |
| Consumer | 1,976 | 1,218 | 1,800 | 1,376 |
| Total Accruing Loans and Leases Past Due 90 Days or More | \$ 5,643 | \$ 5,765 | \$ 7,208 | \$ 5,786 |

Restructured Loans on Accrual Status and Not Past Due 90 Days or More

| | | | | |
|-------------------------------|----------------------|----------------------|----------------------|----------------------|
| | \$ 27,342 | \$ 29,440 | \$ 34,893 | \$ 36,234 |
| Total Loans and Leases | \$ 13,700,374 | \$ 13,262,781 | \$ 12,961,999 | \$ 12,834,339 |

Allowance for Credit Losses and Reserve for Unfunded Commitments

Table 12

| (dollars in thousands) | For the Three Months Ended | | | For the Nine Months Ended | |
|---|----------------------------|-------------------|-----------------------|---------------------------|-----------------------|
| | September 30, 2022 | June 30, 2022 | September 30, 2021 | September 30, 2022 | September 30, 2021 |
| Balance at Beginning of Period | \$ 177,900 | \$ 179,238 | \$ 198,370 | 187,584 | 239,057 |
| Loans and Leases Charged-Off | | | | | |
| Commercial Loans: | | | | | |
| Commercial and industrial | (328) | (243) | (224) | (1,277) | (1,517) |
| Commercial real estate | (750) | — | — | (750) | (66) |
| Total Commercial Loans | (1,078) | (243) | (224) | (2,027) | (1,583) |
| Residential Loans: | | | | | |
| Residential mortgage | (1) | — | — | (1) | (98) |
| Home equity line | — | (1,120) | (235) | (1,163) | (235) |
| Total Residential Loans | (1) | (1,120) | (235) | (1,164) | (333) |
| Consumer | (3,986) | (3,659) | (2,926) | (11,754) | (13,384) |
| Total Loans and Leases Charged-Off | (5,065) | (5,022) | (3,385) | (14,945) | (15,300) |
| Recoveries on Loans and Leases Previously Charged-Off | | | | | |
| Commercial Loans: | | | | | |
| Commercial and industrial | 240 | 301 | 121 | 594 | 623 |

| | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Commercial real estate | — | — | 15 | 14 | 30 |
| Construction | — | — | — | — | 166 |
| Lease financing | — | 60 | — | 60 | — |
| Total Commercial Loans | <u>240</u> | <u>361</u> | <u>136</u> | <u>668</u> | <u>819</u> |
| Residential Loans: | | | | | |
| Residential mortgage | 37 | 192 | 215 | 245 | 246 |
| Home equity line | 356 | 191 | 27 | 575 | 89 |
| Total Residential Loans | <u>393</u> | <u>383</u> | <u>242</u> | <u>820</u> | <u>335</u> |
| Consumer | <u>1,653</u> | <u>1,940</u> | <u>2,405</u> | <u>5,741</u> | <u>7,857</u> |
| Total Recoveries on Loans and Leases Previously Charged-Off | <u>2,286</u> | <u>2,684</u> | <u>2,783</u> | <u>7,229</u> | <u>9,011</u> |
| Net Loans and Leases Charged-Off | (2,779) | (2,338) | (602) | (7,716) | (6,289) |
| Provision for Credit Losses | 3,183 | 1,000 | (4,000) | (1,564) | (39,000) |
| Balance at End of Period | <u>\$ 178,304</u> | <u>\$ 177,900</u> | <u>\$ 193,768</u> | <u>\$ 178,304</u> | <u>\$ 193,768</u> |
| Components: | | | | | |
| Allowance for Credit Losses | \$ 148,163 | \$ 148,942 | \$ 161,246 | \$ 148,163 | \$ 161,246 |
| Reserve for Unfunded Commitments | 30,141 | 28,958 | 32,522 | 30,141 | 32,522 |
| Total Allowance for Credit Losses and Reserve for Unfunded Commitments | <u>\$ 178,304</u> | <u>\$ 177,900</u> | <u>\$ 193,768</u> | <u>\$ 178,304</u> | <u>\$ 193,768</u> |
| Average Loans and Leases Outstanding | \$ 13,491,428 | \$ 13,058,558 | \$ 12,881,885 | \$ 13,125,660 | \$ 13,108,427 |
| Ratio of Net Loans and Leases Charged-Off to Average Loans and Leases Outstanding ⁽¹⁾ | 0.08% | 0.07% | 0.02% | 0.08% | 0.06% |
| Ratio of Allowance for Credit Losses for Loans and Leases to Loans and Leases Outstanding | 1.08% | 1.12% | 1.26% | 1.08% | 1.26% |
| Ratio of Allowance for Credit Losses for Loans and Leases to Non-accrual Loans and Leases | 17.89x | 18.95x | 18.69x | 17.89x | 18.69x |

(1) Annualized for the three and nine months ended September 30, 2022 and 2021, and three months ended June 30, 2022.

Loans and Leases by Year of Origination and Credit Quality Indicator

Table 13

| (dollars in thousands) | Term Loans | | | | | | Revolving Loans Amortized Cost Basis | Revolving Loans Amortized Cost Basis | Converted to Term Loans Amortized Cost Basis | Total |
|----------------------------------|--|------------|-----------|------------|-----------|------------|--------------------------------------|--------------------------------------|--|-------|
| | Amortized Cost Basis by Origination Year | | | | | | | | | |
| | 2022 | 2021 | 2020 | 2019 | 2018 | Prior | | | | |
| Commercial Lending | | | | | | | | | | |
| Commercial and Industrial | | | | | | | | | | |
| Risk rating: | | | | | | | | | | |
| Pass | \$ 310,400 | \$ 425,853 | \$ 55,272 | \$ 177,670 | \$ 55,923 | \$ 151,156 | \$ 709,823 | \$ 15,997 | \$ 1,902,094 | |
| Special Mention | 2,179 | 274 | 1,492 | 2,562 | 209 | 1,776 | 31,747 | 467 | 40,706 | |
| Substandard | 655 | 719 | 872 | 1,383 | 956 | 1,196 | 14,728 | 89 | 20,598 | |
| Other ⁽¹⁾ | 12,817 | 8,707 | 10,095 | 4,664 | 2,355 | 1,358 | 40,413 | — | 80,409 | |
| Total Commercial and Industrial | 326,051 | 435,553 | 67,731 | 186,279 | 59,443 | 155,486 | 796,711 | 16,553 | 2,043,807 | |
| Commercial Real Estate | | | | | | | | | | |
| Risk rating: | | | | | | | | | | |
| Pass | 700,785 | 696,763 | 355,992 | 548,364 | 449,754 | 1,242,315 | 66,075 | — | 4,060,048 | |
| Special Mention | 183 | — | 559 | 14,965 | 515 | 9,549 | 687 | — | 26,458 | |
| Substandard | — | — | 176 | — | 1,724 | 14,749 | 2 | — | 16,651 | |
| Other ⁽¹⁾ | — | — | — | — | — | 153 | — | — | 153 | |
| Total Commercial Real Estate | 700,968 | 696,763 | 356,727 | 563,329 | 451,993 | 1,266,766 | 66,764 | — | 4,103,310 | |
| Construction | | | | | | | | | | |
| Risk rating: | | | | | | | | | | |
| Pass | 83,233 | 225,116 | 84,312 | 92,856 | 116,344 | 86,722 | 13,443 | — | 702,026 | |

| | | | | | | | | | |
|----------------------|---------|---------|--------|--------|---------|--------|--------|---|---------|
| Special Mention | — | — | — | 229 | — | — | — | — | 229 |
| Substandard | — | — | — | — | 346 | 494 | — | — | 840 |
| Other ⁽¹⁾ | 22,424 | 25,610 | 4,258 | 2,247 | 3,908 | 3,367 | 953 | — | 62,767 |
| Total Construction | 105,657 | 250,726 | 88,570 | 95,332 | 120,598 | 90,583 | 14,396 | — | 765,862 |

Lease Financing

Risk rating:

| | | | | | | | | | |
|-----------------------|---------|--------|--------|--------|-------|--------|---|---|---------|
| Pass | 110,563 | 25,450 | 46,635 | 42,307 | 6,904 | 68,028 | — | — | 299,887 |
| Special Mention | — | 434 | 2,591 | 1,342 | 9 | — | — | — | 4,376 |
| Substandard | — | — | 196 | 14 | 13 | 1,352 | — | — | 1,575 |
| Total Lease Financing | 110,563 | 25,884 | 49,422 | 43,663 | 6,926 | 69,380 | — | — | 305,838 |

| | | | | | | | | | |
|---------------------------------|---------------------|---------------------|-------------------|-------------------|-------------------|---------------------|-------------------|------------------|---------------------|
| Total Commercial Lending | \$ 1,243,239 | \$ 1,408,926 | \$ 562,450 | \$ 888,603 | \$ 638,960 | \$ 1,582,215 | \$ 877,871 | \$ 16,553 | \$ 7,218,817 |
|---------------------------------|---------------------|---------------------|-------------------|-------------------|-------------------|---------------------|-------------------|------------------|---------------------|

| (continued) | Term Loans | | | | | | Revolving Loans Converted to Term Loans | Revolving Loans Amortized Cost Basis | Amortized Cost Basis | Total |
|----------------------------------|--|------------------|----------------|----------------|----------------|------------------|---|--|----------------------------|-------|
| | Amortized Cost Basis by Origination Year | | | | | | | | | |
| (dollars in thousands) | 2022 | 2021 | 2020 | 2019 | 2018 | Prior | | | | |
| Residential Lending | | | | | | | | | | |
| Residential Mortgage | | | | | | | | | | |
| FICO: | | | | | | | | | | |
| 740 and greater | \$ 474,234 | \$ 1,056,814 | \$ 577,378 | \$ 244,169 | \$ 169,100 | \$ 941,705 | \$ — | \$ — | \$ 3,463,400 | |
| 680 - 739 | 54,037 | 122,420 | 77,660 | 44,519 | 21,581 | 137,573 | — | — | 457,790 | |
| 620 - 679 | 7,749 | 19,021 | 13,776 | 4,801 | 3,868 | 35,926 | — | — | 85,141 | |
| 550 - 619 | 168 | 1,930 | 292 | 225 | 2,060 | 7,225 | — | — | 11,900 | |
| Less than 550 | 2,053 | 1,236 | 59 | — | 339 | 4,621 | — | — | 8,308 | |
| No Score ⁽³⁾ | 16,029 | 14,771 | 6,874 | 13,004 | 16,023 | 50,871 | — | — | 117,572 | |
| Other ⁽²⁾ | 19,155 | 18,827 | 15,436 | 9,398 | 9,229 | 29,468 | 5,861 | 556 | 107,930 | |
| Total Residential Mortgage | 573,425 | 1,235,019 | 691,475 | 316,116 | 222,200 | 1,207,389 | 5,861 | 556 | 4,252,041 | |
| Home Equity Line | | | | | | | | | | |
| FICO: | | | | | | | | | | |
| 740 and greater | — | — | — | — | — | — | 781,307 | 1,961 | 783,268 | |
| 680 - 739 | — | — | — | — | — | — | 164,166 | 2,650 | 166,816 | |
| 620 - 679 | — | — | — | — | — | — | 42,043 | 2,124 | 44,167 | |
| 550 - 619 | — | — | — | — | — | — | 8,719 | 1,375 | 10,094 | |
| Less than 550 | — | — | — | — | — | — | 1,157 | 487 | 1,644 | |
| No Score ⁽³⁾ | — | — | — | — | — | — | 4,642 | — | 4,642 | |
| Total Home Equity Line | — | — | — | — | — | — | 1,002,034 | 8,597 | 1,010,631 | |
| Total Residential Lending | 573,425 | 1,235,019 | 691,475 | 316,116 | 222,200 | 1,207,389 | 1,007,895 | 9,153 | 5,262,672 | |
| Consumer Lending | | | | | | | | | | |
| FICO: | | | | | | | | | | |
| 740 and greater | 167,566 | 120,725 | 59,620 | 50,907 | 30,750 | 12,114 | 116,628 | 195 | 558,505 | |
| 680 - 739 | 80,920 | 72,861 | 41,177 | 36,236 | 19,242 | 10,311 | 68,968 | 569 | 330,284 | |
| 620 - 679 | 19,673 | 32,216 | 15,779 | 19,379 | 11,622 | 8,584 | 30,441 | 1,033 | 138,727 | |
| 550 - 619 | 2,159 | 5,975 | 5,859 | 9,266 | 6,476 | 5,188 | 9,803 | 983 | 45,709 | |
| Less than 550 | 520 | 1,557 | 2,631 | 4,311 | 2,106 | 1,991 | 2,923 | 379 | 16,418 | |
| No Score ⁽³⁾ | 2,122 | 337 | 1 | 50 | 28 | 35 | 38,831 | 237 | 41,641 | |
| Other ⁽²⁾ | 1,645 | 4,197 | 358 | 1,393 | — | 2,153 | 77,855 | — | 87,601 | |
| Total Consumer Lending | 274,605 | 237,868 | 125,425 | 121,542 | 70,224 | 40,376 | 345,449 | 3,396 | 1,218,885 | |

| | | | | | | | | | |
|-------------------------------|---------------------|---------------------|---------------------|---------------------|-------------------|---------------------|---------------------|------------------|----------------------|
| Total Loans and Leases | \$ 2,091,269 | \$ 2,881,813 | \$ 1,379,350 | \$ 1,326,261 | \$ 931,384 | \$ 2,829,980 | \$ 2,231,215 | \$ 29,102 | \$ 13,700,374 |
|-------------------------------|---------------------|---------------------|---------------------|---------------------|-------------------|---------------------|---------------------|------------------|----------------------|

(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.

GAAP to Non-GAAP Reconciliation

Table 14

| (dollars in thousands, except per share amounts) | For the Three Months Ended | | | For the Nine Months Ended | |
|---|----------------------------|---------------|---------------|---------------------------|---------------|
| | September 30, | June 30, | September 30, | September 30, | |
| | 2022 | 2022 | 2021 | 2022 | 2021 |
| Income Statement Data: | | | | | |
| Net income | \$ 69,018 | \$ 59,360 | \$ 64,279 | \$ 186,097 | \$ 208,713 |
| Average total stockholders' equity | \$ 2,267,152 | \$ 2,262,654 | \$ 2,738,540 | \$ 2,358,195 | \$ 2,719,442 |
| Less: average goodwill | 995,492 | 995,492 | 995,492 | 995,492 | 995,492 |
| Average tangible stockholders' equity | \$ 1,271,660 | \$ 1,267,162 | \$ 1,743,048 | \$ 1,362,703 | \$ 1,723,950 |
| Average total assets | \$ 24,957,042 | \$ 25,250,176 | \$ 25,058,085 | \$ 25,095,438 | \$ 24,013,691 |
| Less: average goodwill | 995,492 | 995,492 | 995,492 | 995,492 | 995,492 |
| Average tangible assets | \$ 23,961,550 | \$ 24,254,684 | \$ 24,062,593 | \$ 24,099,946 | \$ 23,018,199 |
| Return on average total stockholders' equity ⁽¹⁾ | 12.08 % | 10.52 % | 9.31 % | 10.55 % | 10.26 % |
| Return on average tangible stockholders' equity (non-GAAP) ⁽¹⁾ | 21.53 % | 18.79 % | 14.63 % | 18.26 % | 16.19 % |
| Return on average total assets ⁽¹⁾ | 1.10 % | 0.94 % | 1.02 % | 0.99 % | 1.16 % |
| Return on average tangible assets (non-GAAP) ⁽¹⁾ | 1.14 % | 0.98 % | 1.06 % | 1.03 % | 1.21 % |

| (dollars in thousands, except per share amounts) | As of | As of | As of | As of |
|---|--------------------|---------------|-------------------|--------------------|
| | September 30, 2022 | June 30, 2022 | December 31, 2021 | September 30, 2021 |
| Balance Sheet Data: | | | | |
| Total stockholders' equity | \$ 2,200,651 | \$ 2,252,611 | \$ 2,656,912 | \$ 2,711,734 |
| Less: goodwill | 995,492 | 995,492 | 995,492 | 995,492 |
| Tangible stockholders' equity | \$ 1,205,159 | \$ 1,257,119 | \$ 1,661,420 | \$ 1,716,242 |
| Total assets | \$ 24,870,272 | \$ 25,377,533 | \$ 24,992,410 | \$ 25,548,322 |
| Less: goodwill | 995,492 | 995,492 | 995,492 | 995,492 |
| Tangible assets | \$ 23,874,780 | \$ 24,382,041 | \$ 23,996,918 | \$ 24,552,830 |
| Shares outstanding | 127,357,680 | 127,451,087 | 127,502,472 | 128,255,570 |
| Total stockholders' equity to total assets | 8.85% | 8.88 % | 10.63 % | 10.61 % |
| Tangible stockholders' equity to tangible assets (non-GAAP) | 5.05% | 5.16 % | 6.92 % | 6.99 % |
| Book value per share | \$ 17.28 | \$ 17.67 | \$ 20.84 | \$ 21.14 |
| Tangible book value per share (non-GAAP) | \$ 9.46 | \$ 9.86 | \$ 13.03 | \$ 13.38 |

(1) Annualized for the three and nine months ended September 30, 2022 and 2021, and three months ended June 30, 2022.



Source: First Hawaiian, Inc.