



 First Hawaiian, Inc.

# **1<sup>st</sup> QUARTER 2022 EARNINGS CALL**

April 22, 2022



# FORWARD-LOOKING STATEMENTS

*This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements 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.*

# Q1 2022 FINANCIAL HIGHLIGHTS<sup>1</sup>

	Q1 2022	Q4 2021
Net Income (\$mm)	\$57.7	\$57.0
Diluted EPS	\$0.45	\$0.44
Net Interest Margin	2.42%	2.38%
Efficiency Ratio	59.0%	60.5%
ROA / ROATA <sup>2</sup>	0.93% / 0.97%	0.88% / 0.92%
ROE / ROATCE <sup>2</sup>	9.19% / 15.08%	8.46% / 13.47%
Tier 1 Leverage Ratio	7.50%	7.24%
CET 1 Capital Ratio	12.27%	12.24%
Total Capital ratio	13.48%	13.49%
Dividend <sup>3</sup>	\$0.26 / share	\$0.26 / share

- Net income \$57.7 mm
- Grew loans \$40 mm (ex PPP)
- Grew total deposits \$454 mm, Grew consumer and commercial deposits \$421 mm
- Net interest margin expanded 4 bps. Cost of deposits down 1 bp to 5 bps
- Excellent credit quality. \$5.7 mm negative provision recorded
- Well capitalized: 12.27% CET1 ratio
- Declared \$0.26 / share dividend

(1) Comparisons to Q4 2021

(2) ROATA and ROATCE are non-GAAP financial measures. A reconciliation of average tangible assets and average tangible stockholders' equity to the comparable GAAP measurements is provided in the appendix of this slide presentation.

(3) Declared on April 20, 2022. Payable June 3, 2022 to shareholders of record at close of business on May 23, 2022.

# BALANCE SHEET HIGHLIGHTS

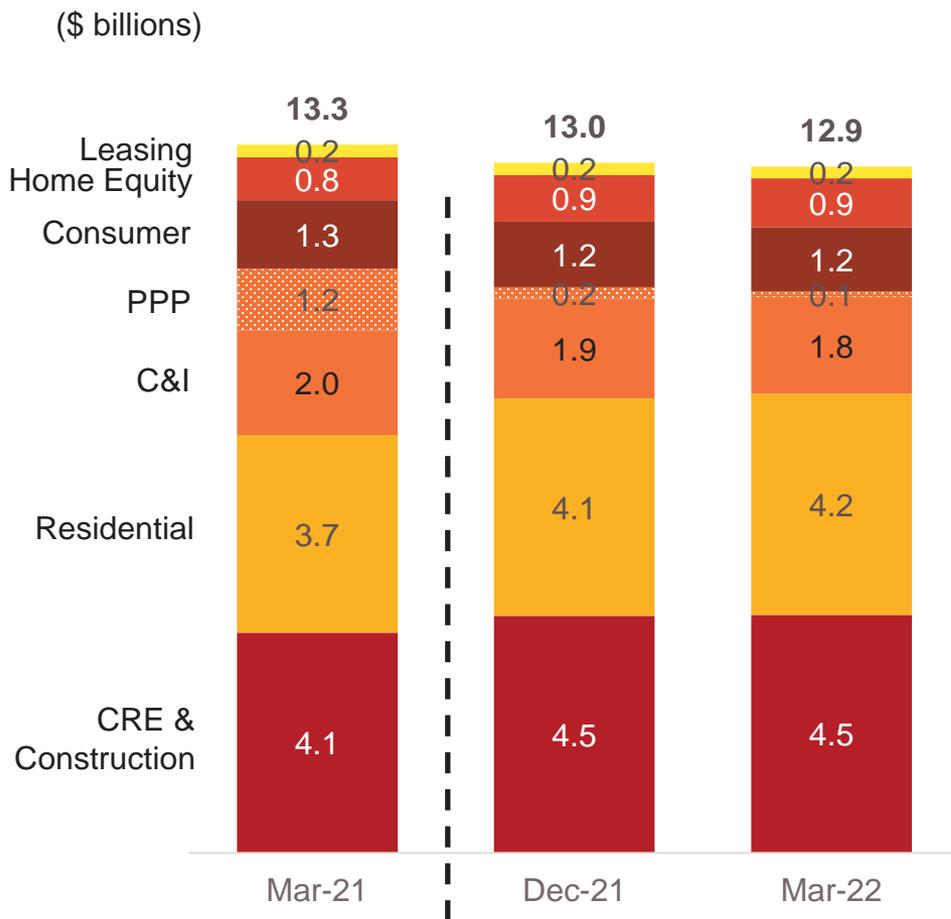
\$ in thousands	3/31/22	12/31/21
<b>Assets</b>		
Int-bearing Deposits in Other Banks	\$ 1,352.1	\$ 1,011.8
Investment Securities	8,062.4	8,428.0
Loans and Leases	12,891.7	12,962.0
Total Assets	25,042.7	24,992.4
<b>Liabilities</b>		
Deposits	\$ 22,270.4	\$ 21,816.1
Long-Term Borrowings	---	---
Total Stockholders Equity	2,285.1	2,656.9



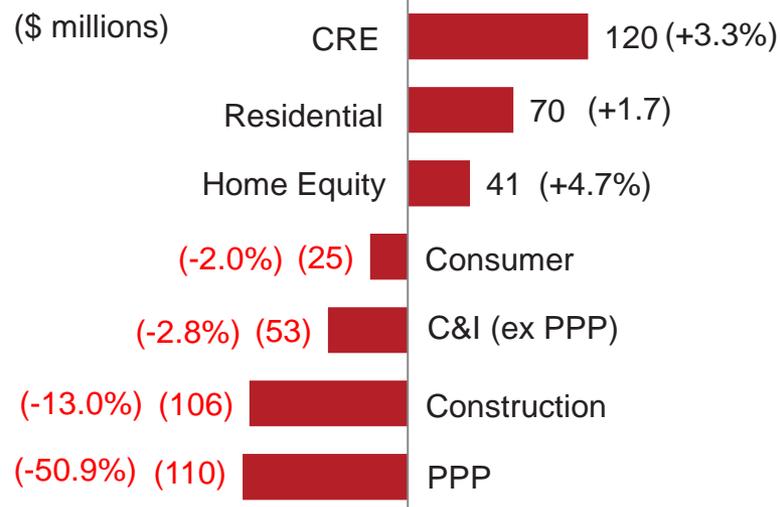
Comments
<ul style="list-style-type: none"> <li>• Continued strong liquidity position                             <ul style="list-style-type: none"> <li>○ 58% loan/deposit ratio at 3/31/22</li> </ul> </li> <li>• Decline in investment portfolio balance due to mark-to-market (MTM) accounting                             <ul style="list-style-type: none"> <li>○ No credit risk issues</li> <li>○ Limited extension risk, duration at 3/31/22 was 5.5 yrs versus 5.6 years at 12/31/21</li> </ul> </li> <li>• MTM adjustment reflected in AOCI and stockholders equity                             <ul style="list-style-type: none"> <li>○ Reduced tangible book value, but no impact on regulatory capital ratios</li> <li>○ No impact on ability to return capital to stockholders</li> </ul> </li> </ul>

# LOANS (EX PPP) GREW \$40 MM IN Q1

## Total Loans and Leases



## Q1 '22 vs Q4 '21 Net Changes



## Q1 Highlights

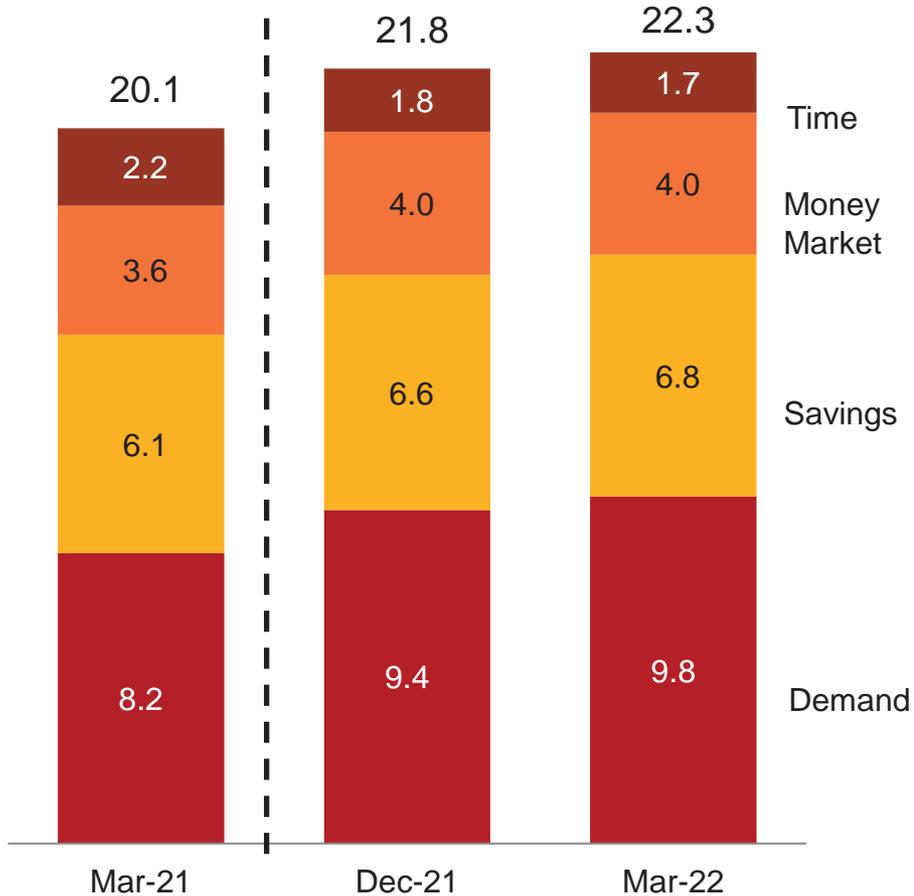
- Total Loans: (\$70.3 mm)
  - PPP loans: (\$110.3 mm)
  - C&I - Dealer Flooring: +\$9.0 mm
- Remaining PPP loans at 3/31/22: \$106.2 mm

Note: Segments may not sum to total due to rounding

# \$421 MM INCREASE IN CONSUMER AND COMMERCIAL DEPOSITS, 5 BP COST OF DEPOSITS

## Total Deposits

(\$ billions)



Quarterly  
Cost of  
Deposits

8 bps

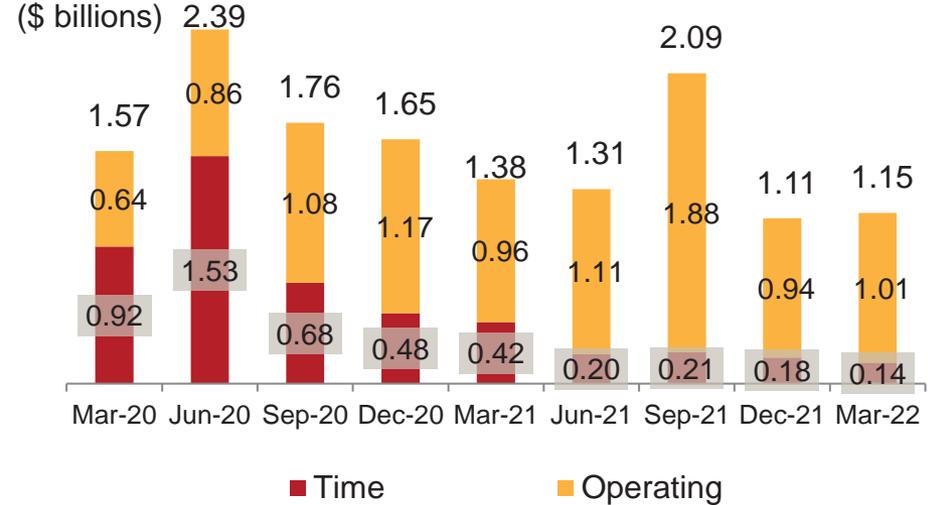
6 bps

5 bps

Note: Segments may not sum to total due to rounding

## Public Deposits

(\$ billions)



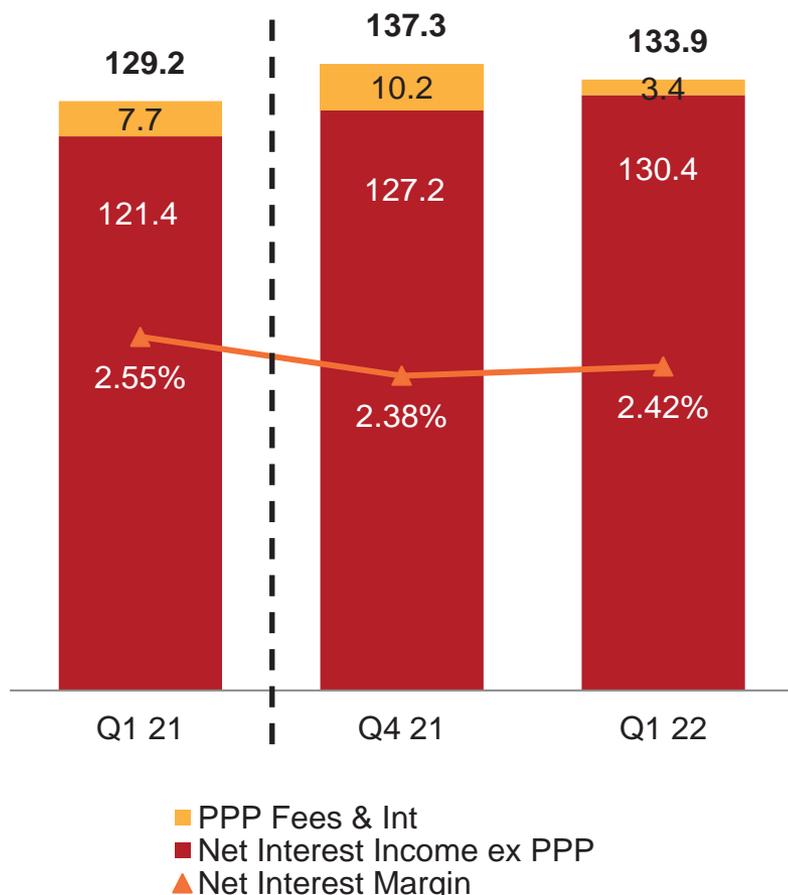
## Q1 Highlights

- \$454 mm increase in total deposits
  - \$421 mm increase in consumer and commercial deposits
  - \$34 mm increase in public deposits
- Cost of deposits down 1 bp to 5 bps

# 4 BP INCREASE IN NIM, HIGHER NET INTEREST INCOME EX PPP

## Net Interest Income and Net Interest Margin

(\$ millions)



Note: Segments may not sum to total due to rounding

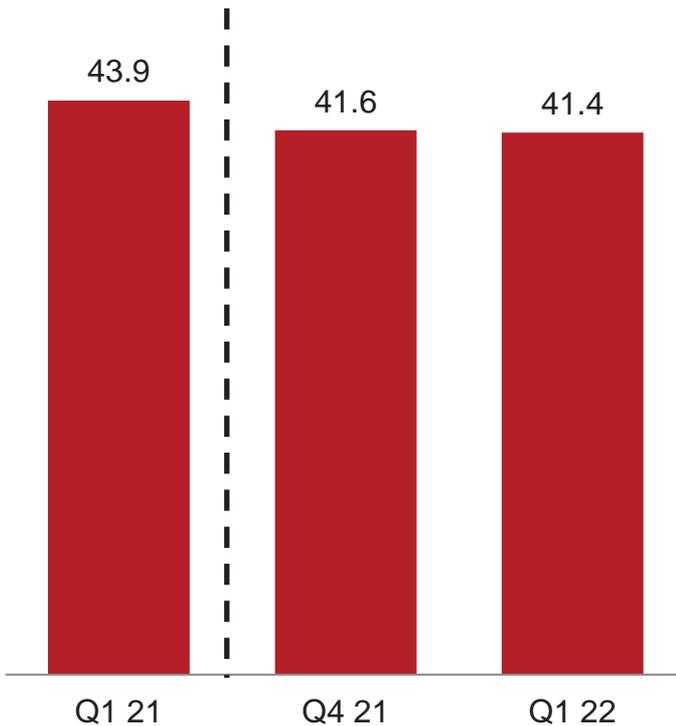
## Comments

- \$3.5 mm decrease in net interest income driven by lower PPP fees
  - Increases due to higher rates and balances of investment securities offset by \$6.8 mm decrease in PPP fees and interest income
- 4 basis point increase in NIM primarily due to lower average cash balances and higher balances and yields on securities, offset by lower PPP fees
- PPP contributions in Q1
  - \$3.0 mm in fees due to forgiveness/amortization
  - \$0.4 mm interest income
- Remaining unamortized PPP fees: \$2.1 mm
- Saw indications that loan yields reached an inflection point in late Q1

# NONINTEREST INCOME AND EXPENSE

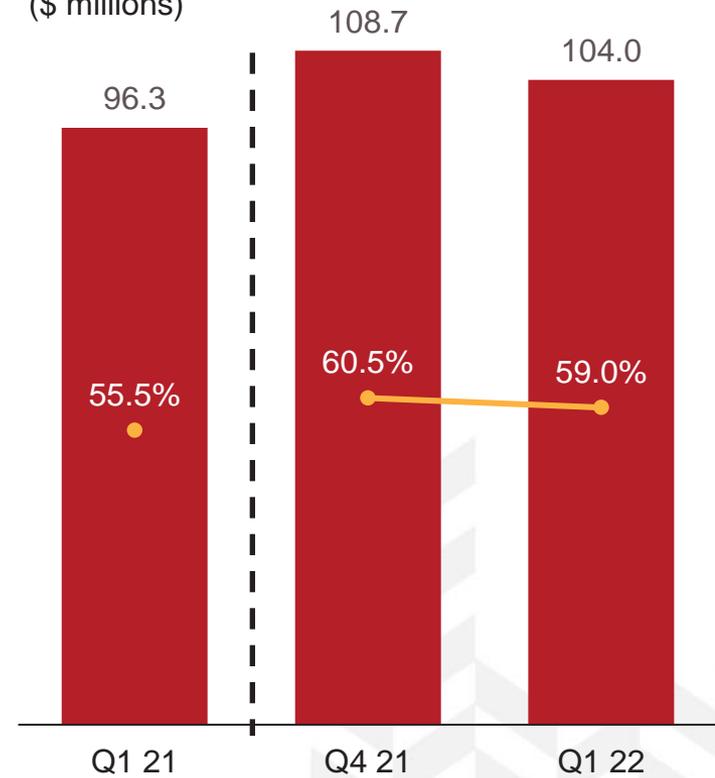
## Noninterest Income

(\$ millions)



## Noninterest Expense

(\$ millions)



■ Nonint Expense

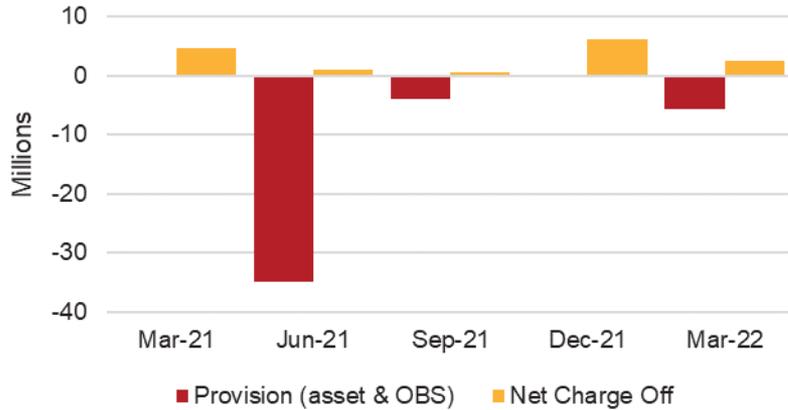
— Efficiency Ratio

- Lower credit and debit card fees due to seasonality
- Lower BOLI income due to market movements

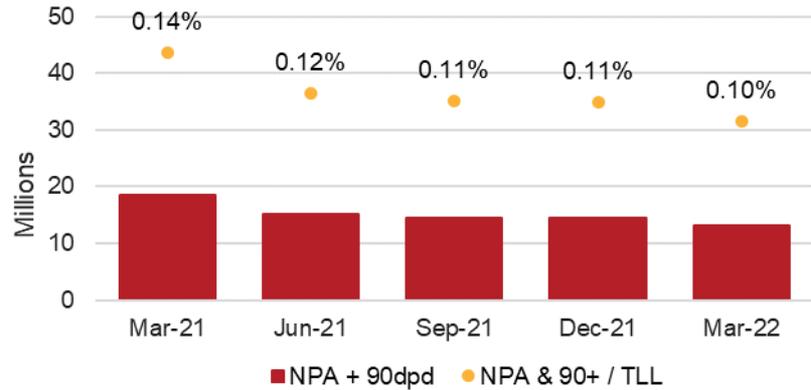
# ASSET QUALITY

## CONTINUED STRONG CREDIT PERFORMANCE

### Provision and NCO

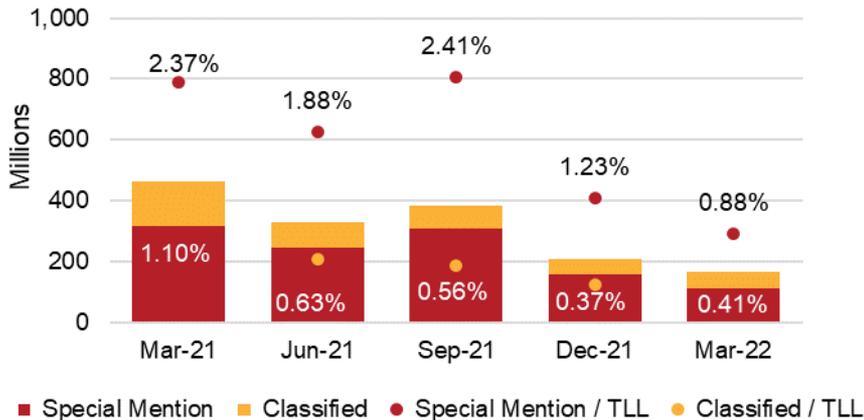


### NPA and 90 Past Due

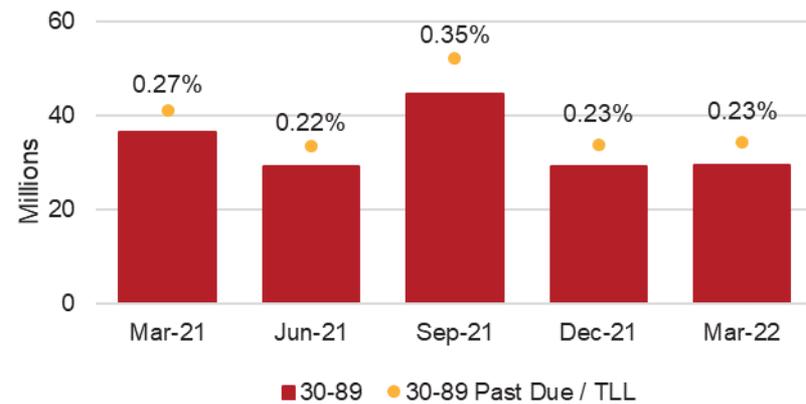


- 90 past due comprised of accruing loans
- Includes OREO

### Commercial Criticized Assets



### 30-89 Past Due



- 30-89 past due comprised of accruing and non-accruing loans

Note: TLL - Total Loans and Leases

# ALLOWANCE FOR CREDIT LOSS

## RESERVE LEVELS CONTINUE TO PROVIDE FOR UNCERTAINTY

The economic outlook moderately improved with downside risks due to inflation and geo-political instability.

Q1 Asset ACL decreased by 4.4% or \$7.0 million to \$150.3 million with \$2.6 million in NCO and a \$4.4 million provision release. The reserve for unfunded commitments decreased by \$1.4 million to \$29.0 million.

The Asset ACL decrease is primarily due to the release of the Covid-19 overlay on the Residential portfolio (\$3.7 million), improved economic outlook and improved asset quality.

Q1 ACL / Total Loans and Leases is 1.17% of all loans and 1.18% net of PPP loans.

### Rollforward of the On-Balance Sheet Allowance for Credit Losses

(\$ in 000's)	C&I	CRE	Const	Lease	Mortgage	Home Equity	Consumer	Total
12/31/2021 ACL	20,080	42,951	9,773	1,659	34,364	5,642	42,793	157,262
Charge-offs	-706	-	-	-	-	-43	-4,109	-4,858
Recoveries	53	14	-	-	16	28	2,148	2,259
Provision	-267	2,273	-865	-297	-3,492	-543	-1,192	-4,383
03/31/2022 ACL	19,160	45,238	8,908	1,362	30,888	5,084	39,640	150,280
% of Total ACL	12.7%	30.1%	5.9%	0.9%	20.6%	3.4%	26.4%	100.0%
Total Loan Balance	1,923,534	3,759,980	708,300	223,170	4,153,824	918,101	1,204,834	12,891,743
ACL/Total LL (w/ PPP)	1.00%	1.20%	1.26%	0.61%	0.74%	0.55%	3.29%	1.17%
ACL/Total LL (no PPP)	1.06%	1.20%	1.26%	0.61%	0.74%	0.55%	3.29%	1.18%

# QUESTIONS



First Hawaiian, Inc.



# SUMMARY INCOME STATEMENT



(\$ in millions except per share data)	Quarter ended		
	3/31/22	12/31/21	3/31/21
Net interest income	\$ 133.9	\$ 137.3	\$ 129.2
Provision for credit losses	(5.7)	-	-
Noninterest income	41.4	41.6	43.9
Noninterest expense	104.0	108.7	96.3
<b>Pre-tax income</b>	<b>77.0</b>	<b>70.2</b>	<b>76.7</b>
Tax expense	19.2	13.1	19.0
<b>Net Income</b>	<b>\$ 57.7</b>	<b>\$ 57.0</b>	<b>\$ 57.7</b>
Diluted earnings per share	\$ 0.45	\$ 0.44	\$ 0.44

Note: Totals may not sum due to rounding.

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

# SELECTED BALANCE SHEET ITEMS



(\$ in millions except per share data)	As of		
	3/31/22	12/31/21	3/31/21
<b>Selected Assets</b>			
Investment securities	\$ 8,062.4	\$ 8,428.0	\$ 6,692.5
Loans and leases	12,891.7	12,962.0	13,300.3
Total assets	25,042.7	24,992.4	23,497.6
<b>Selected Liabilities and Stockholders' Equity</b>			
Total deposits	\$ 22,270.4	\$ 21,816.1	\$ 20,133.7
Total stockholders' equity	2,285.1	2,656.9	2,683.6
Shares Outstanding	127,686,307	127,502,472	129,749,890
Book value per share	\$ 17.90	\$ 20.84	\$ 20.68
Tangible book value per share <sup>(1)</sup>	10.10	13.03	13.01
Tier 1 Leverage Ratio	7.50 %	7.24 %	7.90 %
CET 1 / Tier 1	12.27 %	12.24 %	12.82 %
Total Capital Ratio	13.48 %	13.49 %	14.07 %

<sup>(1)</sup> Non-GAAP financial measure. A reconciliation to the directly comparable GAAP measure is provided in the appendix of this slide presentation. 13

# GAAP TO NON-GAAP RECONCILIATIONS



*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.*

*The following tables provide a reconciliation of these non-GAAP financial measures with their most directly comparable GAAP measures.*

# GAAP TO NON-GAAP RECONCILIATION



(dollars in thousands, except per share amounts)	For the Three Months Ended		
	March 31, 2022	December 31, 2021	March 31, 2021
<b>Income Statement Data:</b>			
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 <sup>(1)</sup>	9.19 %	8.46 %	8.58 %
Return on average tangible stockholders' equity (non-GAAP) <sup>(1)</sup>	15.08 %	13.47 %	13.51 %
Return on average total assets <sup>(1)</sup>	0.93 %	0.88 %	1.02 %
Return on average tangible assets (non-GAAP) <sup>(1)</sup>	0.97 %	0.92 %	1.07 %
<b>Balance Sheet Data:</b>			
(dollars in thousands, except per share amounts)			
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

<sup>(1)</sup> Annualized for the three months ended March 31, 2022, December 31, 2021 and March 31, 2021