



 First Hawaiian, Inc.

4th QUARTER 2020 EARNINGS CALL

January 22, 2021

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, 2019 and our Quarterly Report on Form 10-Q for the quarters ended March 31, 2020, June 30, 2020 and September 30, 2020.

Q4 2020 HIGHLIGHTS¹

➤ **Increases in net interest income and noninterest income**

➤ **Lower noninterest expenses**
➤ **1 bp increase in NIM**

	Q4 2020	Q3 2020
Net Income (\$mm)	\$61.7	\$65.1
Diluted EPS	\$0.47	\$0.50
Net Interest Margin	2.71%	2.70%
Efficiency Ratio	46.6%	50.0%
ROA / ROATA ²	1.09%/1.14%	1.16%/1.21%
ROE / ROATCE ²	8.99%/14.14%	9.58%/15.16%
Tier 1 Leverage Ratio	8.00%	7.91%
CET 1 Capital Ratio	12.47%	12.22%
Total Capital ratio	13.72%	13.47%
Dividend ³	\$0.26 / share	\$0.26 / share

- Slight increase in net interest income
- 9.6% increase in noninterest income
- 3.8% decrease in noninterest expenses
- \$119 mm PPP loans forgiven/paid down
- Improved deposit mix, 2 bp decrease in cost of deposits
- Strong liquidity: 179% modified US liquidity coverage ratio
- Well capitalized: 12.47% CET1 ratio
- Declared \$0.26 / share dividend

(1) Comparisons to Q3 2020

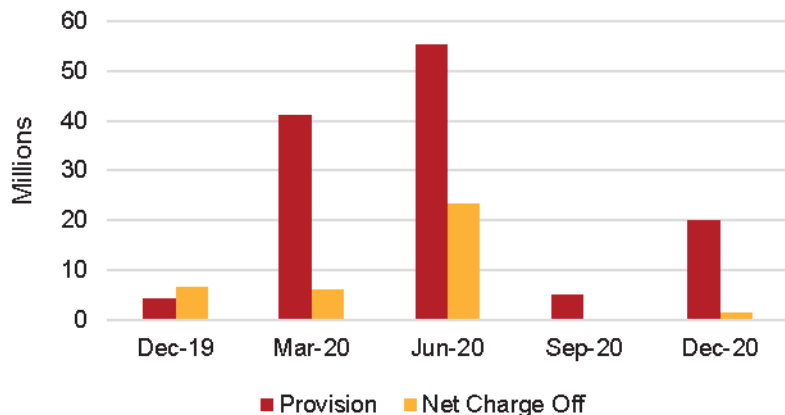
(2) ROATA and ROATCE are non GAAP financial measures. A reconciliation of average tangible assets and average tangible stockholders' equity to the comparable GAAP measurements is provided in the appendix of this slide presentation.

(3) Declared on January 20, 2021. Payable March 5, 2021 to shareholders of record at close of business on February 22, 2021.

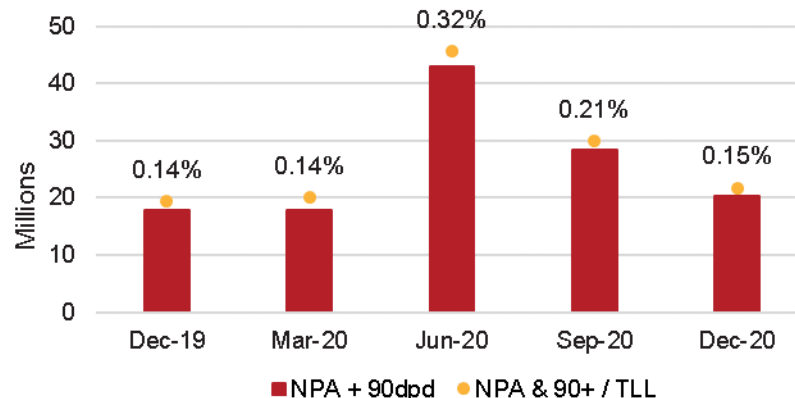
ASSET QUALITY

WELL-POSITIONED COMING INTO 2021

Provision and NCO

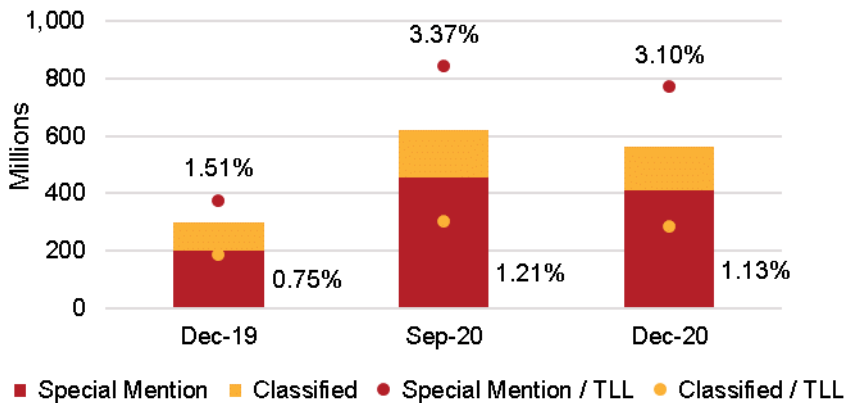


NPA and 90 Past Due

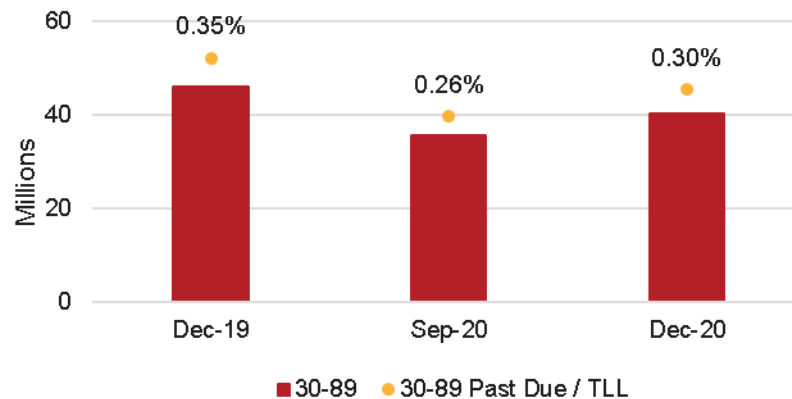


- 90 past due comprised of accruing loans

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

PROVISION INCREASED DUE TO CONTINUED UNCERTAINTY

Q4 provisions reflect a weak but unchanged economic view with relatively few changes in the risk composition of the portfolio.

We continue to hold a qualitative overlay for loans based on default expectations not imbedded in the model.

Q4 ACL increased by \$12.6 million to \$208.5 million. The reserve for unfunded commitments increased by \$6 million to \$30.6 million.

Q4 ACL / Total Loans and Leases is 1.57% of all loans and 1.67% net of PPP loans.

Asset Rollforward of the Allowance for Credit Losses

(\$ in 000's)	C&I	CRE	Const	Lease	Mortgage	Home Equity	Consumer	Total
9/30/2020 ACL	21,271	51,733	4,934	4,051	42,217	7,601	64,069	195,876
Charge-offs	-799	-30	-	-	-	-46	-7,049	-7,924
Recoveries	2,986	615	30	-	37	21	2,812	6,501
Provision	1,253	5,805	5,075	-753	-1,793	-413	4,827	14,001
12/31/2020 ACL	24,711	58,123	10,039	3,298	40,461	7,163	64,659	208,454
% of Total ACL	11.9%	27.9%	4.8%	1.6%	19.4%	3.4%	31.0%	100.0%
Total Loan Balance	3,019,507	3,392,676	735,819	245,411	3,690,218	841,624	1,353,842	13,279,097
ACL/Total LL (w/ PPP)	0.82%	1.71%	1.36%	1.34%	1.10%	0.85%	4.78%	1.57%
ACL/Total LL (no PPP)	1.11%	1.71%	1.36%	1.34%	1.10%	0.85%	4.78%	1.67%

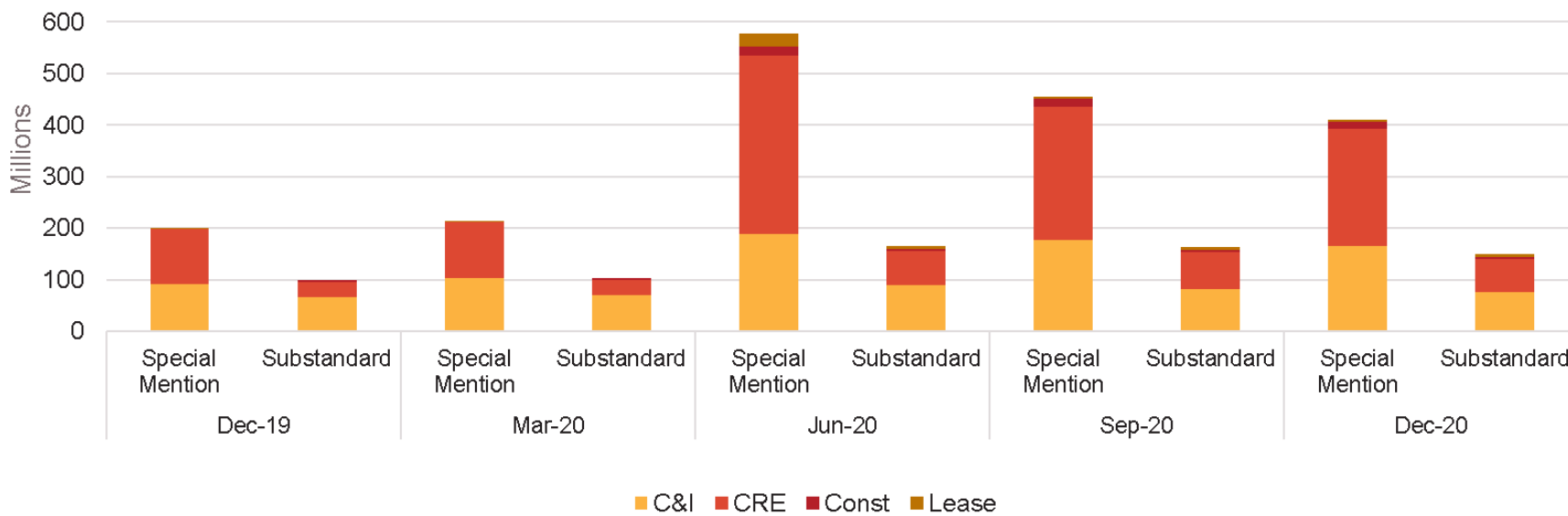
COMMERCIAL RISK RATING

COMPOSITION BY LOAN TYPE

As of 12/31/2020 (\$ mm)

Risk Rating	C&I		CRE		Const.		Lease		Total	
Pass	2,685,883	89%	3,100,309	91%	667,354	91%	234,933	95%	6,688,479	90%
Special Mention	164,897	6%	226,905	7%	15,104	2%	4,099	2%	411,005	6%
Substandard	75,273	2%	64,964	2%	3,891	1%	6,379	3%	150,507	2%
Doubtful	-	-	-	-	-	-	-	-	-	-
Other	93,454	3%	498	-	49,470	7%	-	-	143,422	2%
Total	3,019,507	100%	3,392,676	100%	735,819	100%	245,411	100%	7,393,413	100%

Q1 2020 (Pre-COVID) through Q4 2020



DEFERRALS AND MODIFICATIONS

REPERFORMANCE RATES REMAIN STRONG

As of 12/31/20 (\$ mm)	COVID Deferrals & Mods ¹	Returned to Pay (\$ mm)	Original Deferrals (\$ mm)	Subsequent Deferrals & Mods (\$ mm)	Delinquent (\$ mm)
Commercial and Industrial	888	881	3	4	2
Commercial Real Estate	1,151	1,076	6	66	3
Construction	56	53	2	1	1
Lease Financing	11	4	-	7	-
Sub-Total Commercial	2,106	2,013	10	79	5
Residential Mortgage	670	44	516	108	2
Consumer	240	216	-	12	12
Sub-Total Consumer	910	260	516	121	14
Grand Total	3,016	2,273	526	199	19

Note: Totals may not sum due to rounding

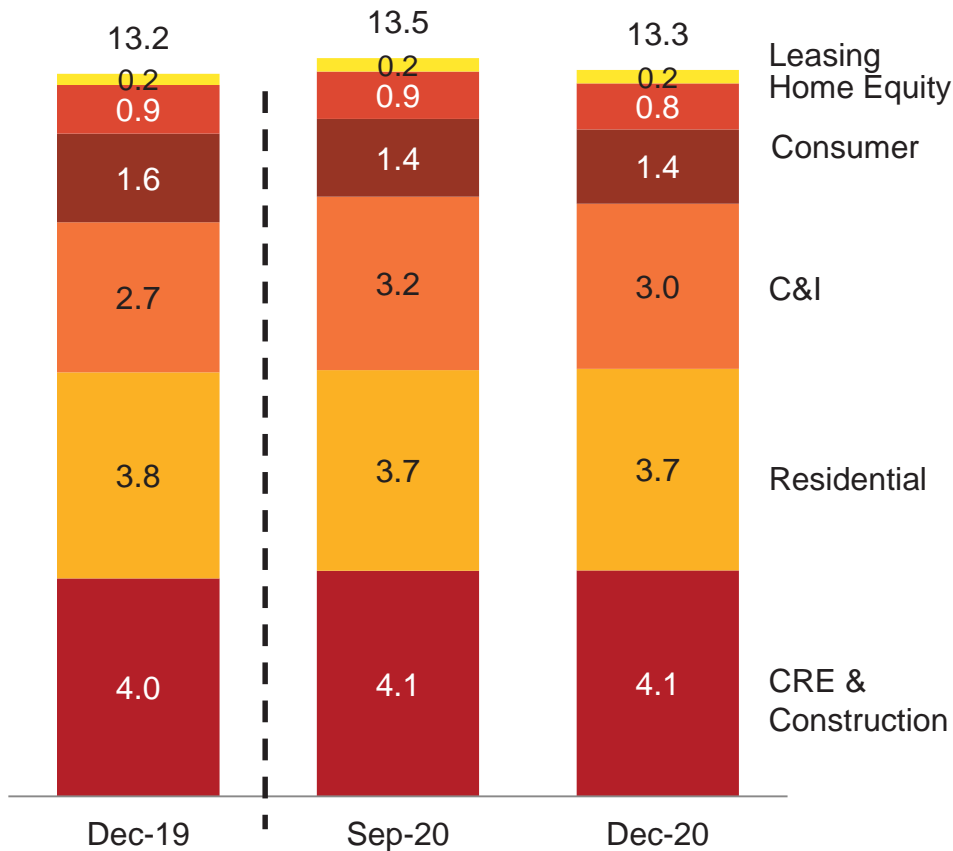
¹ All loans classified under Covid-related programs

- 83% of COVID deferrals have ended, with 91% returning to contractual payments and just under 1% of those are delinquent
- Nearly all of the remaining original deferrals are residential mortgages, with \$397 million expired on 1/1/2021. (92% of the residential mortgages that expired on 1/1/21 have since returned to pay.)

PPP LOANS DOWN BY \$119MM

Total Loans and Leases

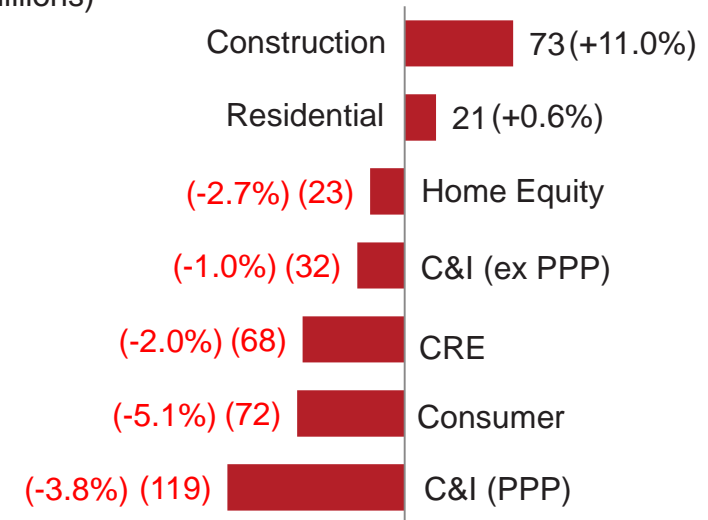
(\$ billions)



Note: Segments may not sum to total due to rounding

Q4 '20 vs Q3 '20 Net Change

(\$ millions)



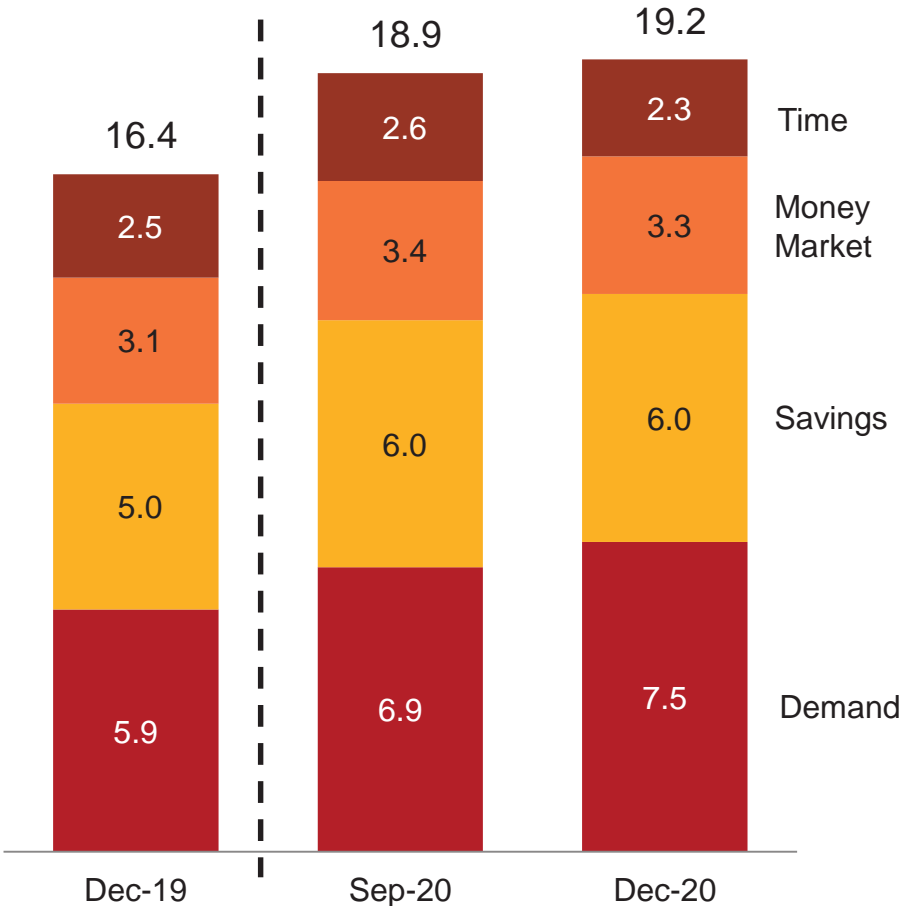
Q4 Highlights

- C&I loan drivers:
 - PPP loans: (\$119 mm)
 - C&I SNC: (\$73 mm)
 - Dealer Flooring: +\$77 mm
- Consumer loan drivers:
 - Indirect auto: (\$53 mm)

\$330 MM INCREASE IN DEPOSITS 2 BASIS POINT DROP IN COST OF DEPOSITS

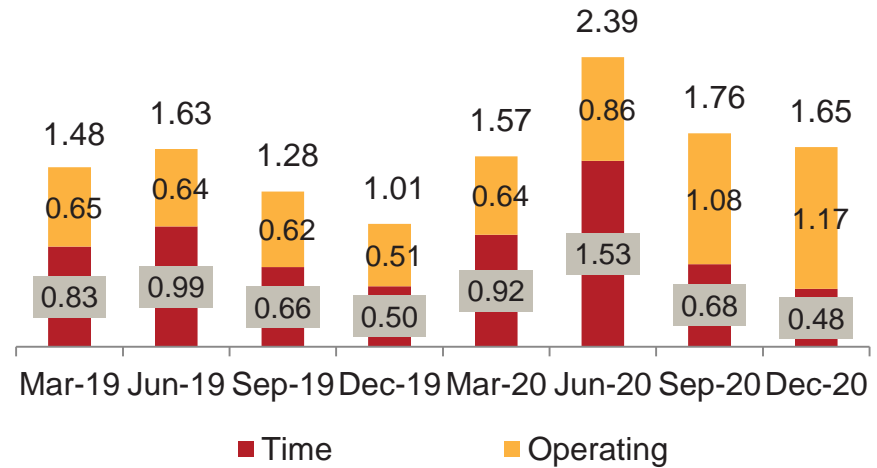
Total Deposits

(\$ billions)



Public Deposits

(\$ billions)



Q4 Highlights

- \$ 330.0 mm increase in total deposits
- \$441.6 mm increase in consumer and commercial deposits, partially offset by, \$111.6 mm decrease in public deposits.
- 11 bps cost of deposits

Quarterly
Cost of
Deposits

Dec-19
44 bps

Sep-20
13 bps

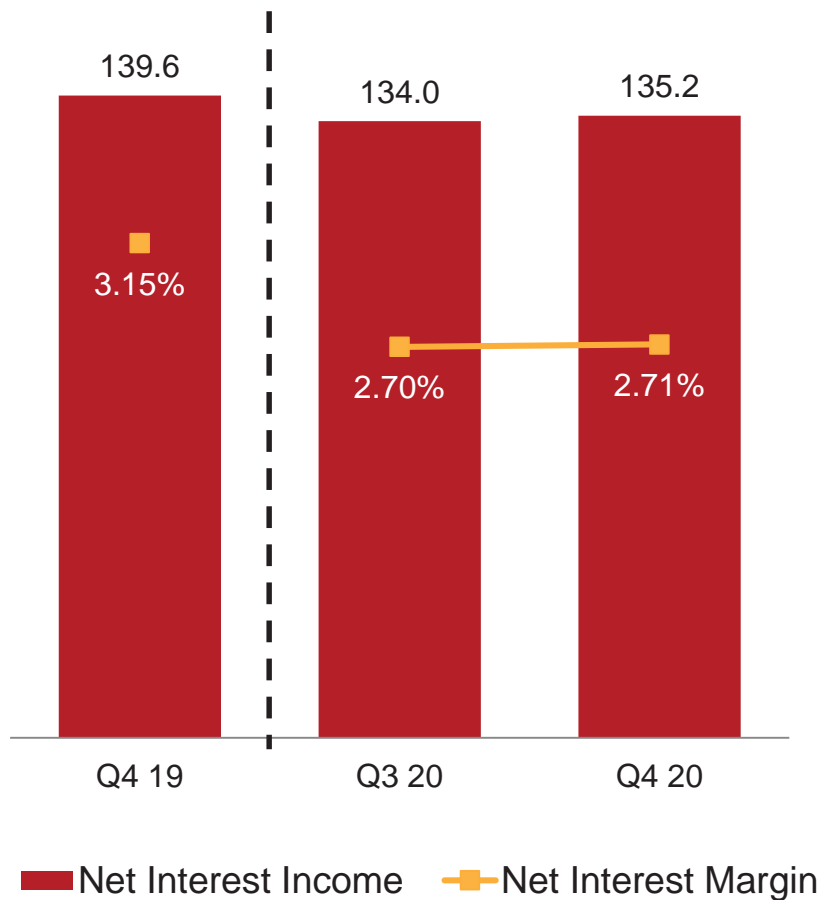
Dec-20
11 bps

Note: Segments in chart may not sum to total due to rounding

ONE BASIS POINT INCREASE IN NIM

Net Interest Income and Net Interest Margin

(\$ millions)

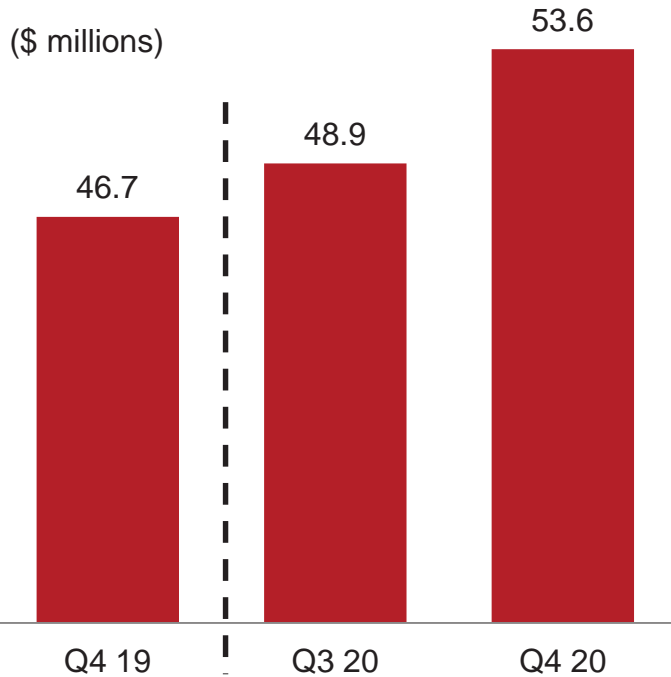


Q4 Highlights

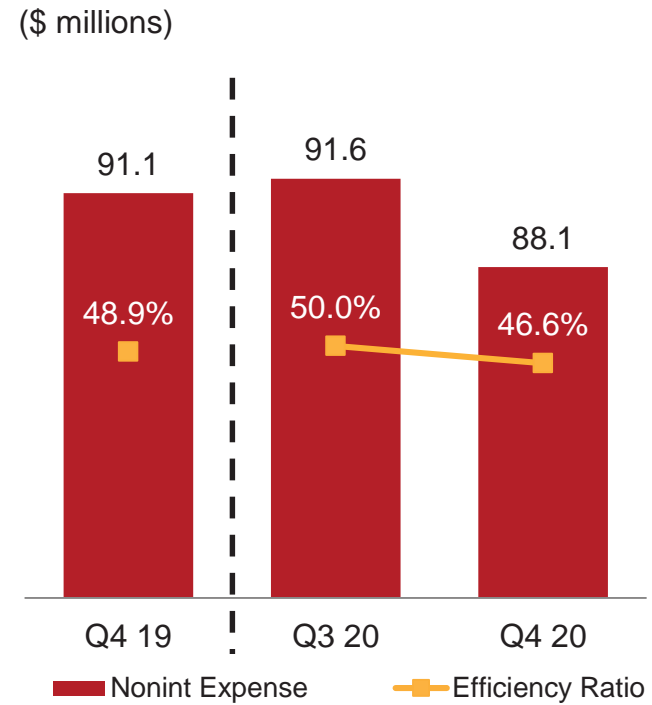
- One basis point increase in NIM
 - Amortization of PPP loan fees added about two basis points to NIM
 - No material premium amortization adjustment in Q4
- Excess cash will continue to impact NIM

NONINTEREST INCOME UP ON INCREASED TRANSACTIONS AND 1X ITEMS, NONINTEREST EXPENSE DOWN \$3.5 MM

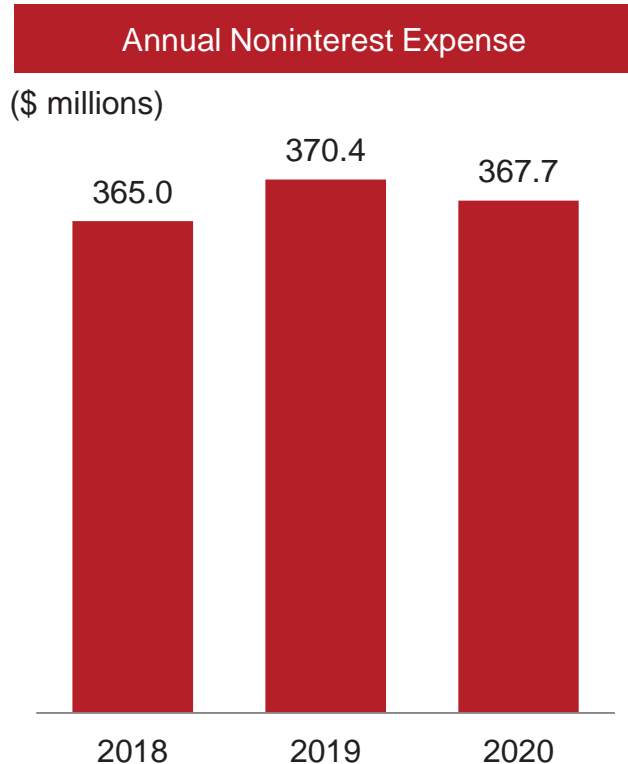
Noninterest Income



Noninterest Expense



ANNUAL EXPENSES HAVE REMAINED RELATIVELY FLAT OVER THE LAST 3 YEARS



- Reported expenses have only grown at a 0.37% CAGR the last two years
 - 2020 expenses were \$2.8 million lower than 2019 expenses
- 2020 expenses came in well below original expectations
 - Limited hiring
 - Higher deferred loan production costs due to record levels of mortgage and PPP loan production
 - Lower transaction volume-related expenses

QUESTIONS





SUMMARY INCOME STATEMENT



(\$ in millions except per share data)	Quarter ended		
	12/31/20	9/30/20	12/30/19
Net interest income	\$ 135.2	\$ 134.0	\$ 139.6
Provision for credit losses	20.0	5.1	4.3
Noninterest income	53.6	48.9	46.7
Noninterest expense	88.1	91.6	91.1
Pre-tax income	80.7	86.2	91.0
Tax expense	19.0	21.1	23.2
Net Income	\$ 61.7	\$ 65.1	\$ 67.8
Core adjustments ⁽¹⁾	4.8	0.0	4.7
Tax adjustments	(1.3)	0.0	(1.3)
Core Net Income ⁽¹⁾	\$ 65.3	\$ 65.1	\$ 71.3
Diluted earnings per share	\$ 0.47	\$ 0.50	\$ 0.52
Core diluted earnings per share ⁽¹⁾	\$ 0.50	\$ 0.50	\$ 0.54

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		
	12/31/20	9/30/20	12/31/19
Selected Assets			
Investment securities	\$ 6,071.4	\$ 5,692.9	\$ 4,075.6
Loans and leases	13,279.1	13,500.0	13,211.7
Total assets	22,662.8	22,310.7	20,166.7
Selected Liabilities and Stockholders' Equity			
Total deposits	\$ 19,227.7	\$ 18,897.8	\$ 16,445.0
Total stockholders' equity	2,744.1	2,733.9	2,640.3
Shares Outstanding	129,912,272	129,911,789	129,928,479
Book value per share	\$ 21.12	\$ 21.04	\$ 20.32
Tangible book value per share ⁽¹⁾	13.46	13.38	12.66
Tier 1 Leverage Ratio	8.00 %	7.91 %	8.79 %
CET 1 / Tier 1	12.47 %	12.22 %	11.88 %
Total Capital Ratio	13.72 %	13.47 %	12.81 %

⁽¹⁾ Non-GAAP financial measure. A reconciliation to the directly comparable GAAP measure is provided in the appendix of this slide presentation. 15

GAAP TO NON-GAAP RECONCILIATIONS



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

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

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

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

GAAP TO NON-GAAP RECONCILIATION



(dollars in thousands, except per share amounts)	For the Three Months Ended			For the Year Ended	
	December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Income Statement Data:					
Net income	\$ 61,739	\$ 65,101	\$ 67,836	\$ 185,754	\$ 284,392
Core net income	\$ 65,288	\$ 65,083	\$ 71,250	\$ 189,378	\$ 291,785
Average total stockholders' equity	\$ 2,732,271	\$ 2,704,129	\$ 2,636,651	\$ 2,698,853	\$ 2,609,432
Less: average goodwill	995,492	995,492	995,492	995,492	995,492
Average tangible stockholders' equity	\$ 1,736,779	\$ 1,708,637	\$ 1,641,159	\$ 1,703,361	\$ 1,613,940
Average total assets	\$ 22,468,040	\$ 22,341,485	\$ 20,089,601	\$ 21,869,064	\$ 20,325,697
Less: average goodwill	995,492	995,492	995,492	995,492	995,492
Average tangible assets	\$ 21,472,548	\$ 21,345,993	\$ 19,094,109	\$ 20,873,572	\$ 19,330,205
Return on average total stockholders' equity ⁽¹⁾	8.99 %	9.58 %	10.21 %	6.88 %	10.90 %
Core return on average total stockholders' equity (non-GAAP) ⁽¹⁾	9.51 %	9.57 %	10.72 %	7.02 %	11.18 %
Return on average tangible stockholders' equity (non-GAAP) ⁽¹⁾	14.14 %	15.16 %	16.40 %	10.91 %	17.62 %
Core return on average tangible stockholders' equity (non-GAAP) ⁽¹⁾	14.95 %	15.15 %	17.22 %	11.12 %	18.08 %
Return on average total assets ⁽¹⁾	1.09 %	1.16 %	1.34 %	0.85 %	1.40 %
Core return on average total assets (non-GAAP) ⁽¹⁾	1.16 %	1.16 %	1.41 %	0.87 %	1.44 %
Return on average tangible assets (non-GAAP) ⁽¹⁾	1.14 %	1.21 %	1.41 %	0.89 %	1.47 %
Core return on average tangible assets (non-GAAP) ⁽¹⁾	1.21 %	1.21 %	1.48 %	0.91 %	1.51 %

⁽¹⁾ Annualized for the three months ended December 31, 2020, September 30, 2020 and December 31, 2019.

	As of December 31, 2020	As of September 30, 2020	As of December 31, 2019
Balance Sheet Data:			
Total stockholders' equity	\$ 2,744,104	\$ 2,733,934	\$ 2,640,258
Less: goodwill	995,492	995,492	995,492
Tangible stockholders' equity	\$ 1,748,612	\$ 1,738,442	\$ 1,644,766
Total assets	\$ 22,662,831	\$ 22,310,701	\$ 20,166,734
Less: goodwill	995,492	995,492	995,492
Tangible assets	\$ 21,667,339	\$ 21,315,209	\$ 19,171,242
Shares outstanding	120,912,272	129,911,789	129,928,479
Total stockholders' equity to total assets	12.11 %	12.25 %	13.09 %
Tangible stockholders' equity to tangible assets (non-GAAP)	8.07 %	8.16 %	8.58 %
Book value per share	\$ 21.12	\$ 21.04	\$ 20.32
Tangible book value per share (non-GAAP)	\$ 13.46	\$ 13.38	\$ 12.66

GAAP TO NON-GAAP RECONCILIATION



	For the Three Months Ended			For the Year Ended	
	December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	2019
(dollars in thousands, except per share amounts)					
Net interest income	\$ 135,227	\$ 134,002	\$ 139,619	\$ 535,734	\$ 573,402
Core net interest income (non-GAAP)	\$ 135,227	\$ 134,002	\$ 139,619	\$ 535,734	\$ 573,402
Noninterest income	\$ 53,598	\$ 48,898	\$ 46,708	\$ 197,380	\$ 192,533
Losses (gains) on sale of securities	12	(24)	123	114	2,715
Costs associated with the sale of stock ⁽¹⁾	4,828	—	4,500	4,828	4,500
Core noninterest income (non-GAAP)	\$ 58,438	\$ 48,874	\$ 51,331	\$ 202,322	\$ 199,748
Noninterest expense	\$ 88,127	\$ 91,629	\$ 91,058	\$ 367,672	\$ 370,437
One-time items ⁽²⁾	—	—	(48)	—	(2,814)
Core noninterest expense (non-GAAP)	\$ 88,127	\$ 91,629	\$ 91,010	\$ 367,672	\$ 367,623
Net income	\$ 61,739	\$ 65,101	\$ 67,836	\$ 185,754	\$ 284,392
Losses (gains) on sale of securities	12	(24)	123	114	2,715
Costs associated with the sale of stock ⁽¹⁾	4,828	—	4,500	4,828	4,500
One-time noninterest expense items ⁽²⁾	—	—	48	—	2,814
Tax adjustments ⁽³⁾	(1,291)	6	(1,257)	(1,318)	(2,636)
Total core adjustments	3,549	(18)	3,414	3,624	7,393
Core net income (non-GAAP)	\$ 65,288	\$ 65,083	\$ 71,250	\$ 189,378	\$ 291,785
Basic earnings per share	\$ 0.48	\$ 0.50	\$ 0.52	\$ 1.43	\$ 2.14
Diluted earnings per share	\$ 0.47	\$ 0.50	\$ 0.52	\$ 1.43	\$ 2.13
Efficiency ratio	46.59 %	50.01 %	48.86 %	50.10 %	48.36 %
Core basic earnings per share (non-GAAP)	\$ 0.50	\$ 0.50	\$ 0.55	\$ 1.46	\$ 2.19
Core diluted earnings per share (non-GAAP)	\$ 0.50	\$ 0.50	\$ 0.54	\$ 1.45	\$ 2.19
Core efficiency ratio (non-GAAP)	45.43 %	50.02 %	47.65 %	49.77 %	47.55 %

- 1) Costs associated with the sale of stock for the three and twelve months ended December 31, 2020 and 2019 related to changes in the valuation of the funding swap entered into with the buyer of our Visa Class B restricted sales in 2016.
- 2) One-time items for the three and twelve months ended December 31, 2019 included losses on our funding swap as a result of a 2019 decrease in the conversion rate of our Visa Class B restricted shares sold in 2016. One-time items for the twelve months ended December 31, 2019 also included costs related to a nonrecurring payment for a former executive of the Company pursuant to the Bank's Executive Change-in-Control Retention Plan and nonrecurring offering costs..
- 3) Represents the adjustments to net income, tax effected at the Company's effective tax rate for the respective period.