



 First Hawaiian, Inc.

1st QUARTER 2021 EARNINGS CALL

APRIL 23, 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, 2020.

STATE OF HAWAII UPDATE

STATE OF HAWAII COVID 19 TRENDS



**AVERAGE DAILY
NEW CASES**
(Last 7 days)
80

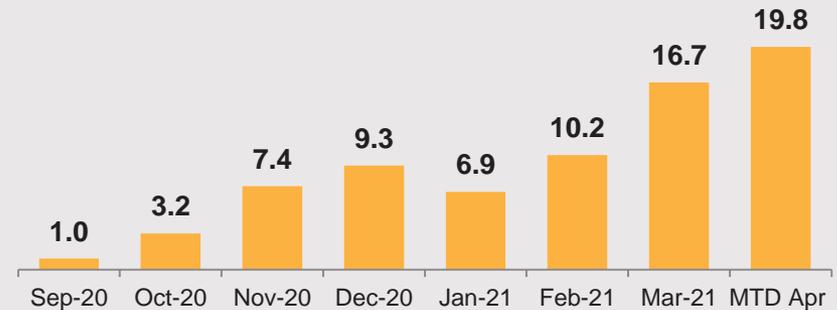


**TEST POSITIVITY
RATE**
(Last 7 days)
1.6%

Source: <https://hiema-hub.hawaii.gov/pages/covid-dashboard> as of 4/21/21

DAILY AVERAGE VISITOR ARRIVALS¹

(thousands)



Source: <https://hawaiiicovid19.com/travel/data/>
(1) MTD April through 4/20/21

STATE OF HAWAII VACCINATION PROGRESS¹



**TOTAL DOSES
ADMINISTERED¹**
1,087,674

(Total population est: 1,415,857)



**PERCENT OF
POPULATION 18+
RECEIVING AT
LEAST ONE DOSE²**
44%



**PERCENT OF
POPULATION 18+
FULLY
VACCINATED²**
32%

Source: <https://health.hawaii.gov/coronavirusdisease2019/what-you-should-know/current-situation-in-hawaii/#vaccine> as of 4/21/21

- (1) Includes vaccine administered by State of Hawaii Department of Health and hospitals statewide, Department of Defense, and Federal Programs for Nursing Homes and Long Term Care Facilities
(2) Based on doses administered by State of Hawaii Department of Health and hospitals statewide

HAWAII ECONOMIC INDICATORS



STATE UNEMPLOYMENT RATE

- March seasonally-adjusted unemployment rate: 9.0%



OAHU RESIDENTIAL REAL ESTATE (YTD through 3/31/21)

- Median single-family home sale price: \$915k, +17.3% vs prior year
- Median condominium sale price: \$455k, +5.8% vs prior year

Sources: US Department of Labor – Bureau of Labor Statistics, Honolulu Board of Realtors

Q1 2021 HIGHLIGHTS¹

	Q1 2021	Q4 2020
Net Income (\$mm)	\$57.7	\$61.7
Diluted EPS	\$0.44	\$0.47
Net Interest Margin	2.55%	2.71%
Efficiency Ratio	55.5%	46.6%
ROA / ROATA ²	1.02%/1.07%	1.09%/1.14%
ROE / ROATCE ²	8.58%/13.51%	8.99%/14.14%
Tier 1 Leverage Ratio	7.90%	8.00%
CET 1 Capital Ratio	12.82%	12.47%
Total Capital ratio	14.07%	13.73%
Dividend ³	\$0.26 / share	\$0.26 / share

- Net income \$57.7 mm
- Originated over 3,600 PPP loans for \$459 mm
- Grew deposits \$906 mm, 3 bp decrease in cost of deposits
- Excellent credit quality, no provision taken
- Well capitalized: 12.82% CET1 ratio
- Declared \$0.26 / share dividend

(1) Comparisons to Q4 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 April 21, 2021. Payable June 4, 2021 to shareholders of record at close of business on May 24, 2021.

ORIGINATED \$459MM PPP LOANS

Total Loans and Leases

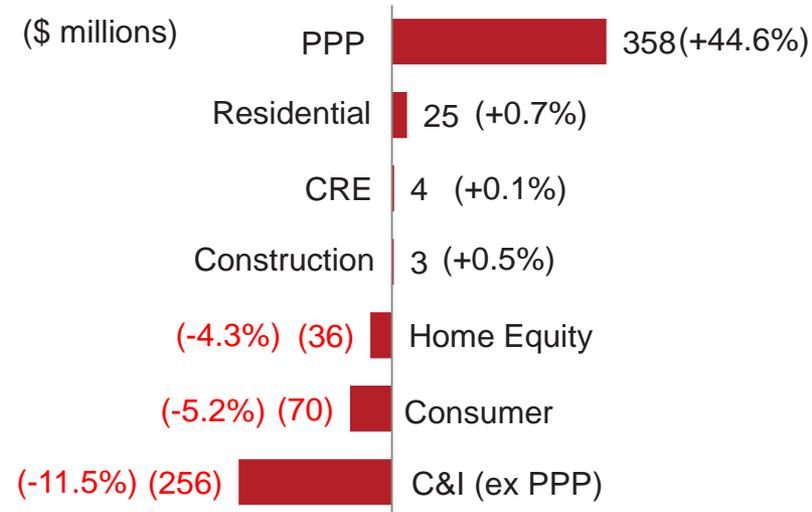
(\$ billions)



Note: Segments may not sum to total due to rounding

Q1 '21 vs Q4 '20 Net Change

(\$ millions)



Q1 Drivers

- C&I:
 - PPP loans: +\$358 mm
 - Dealer Flooring: (\$181 mm)
 - SNC (\$41 mm)
- Consumer:
 - Indirect auto: (\$38 mm)
 - Other unsecured (\$22 mm)

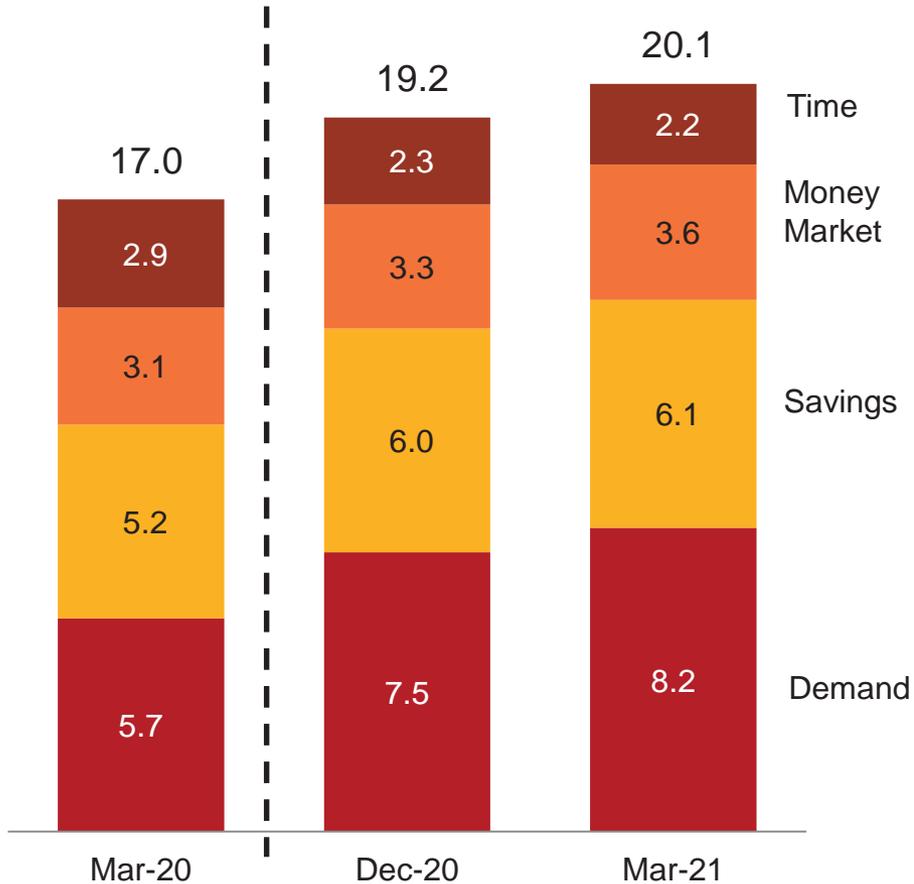
Outlook

- Low single-digit growth (ex PPP) for full year 2021

\$906 MM INCREASE IN DEPOSITS 3 BP DROP IN COST OF DEPOSITS

Total Deposits

(\$ billions)



Quarterly
Cost of
Deposits

38 bps

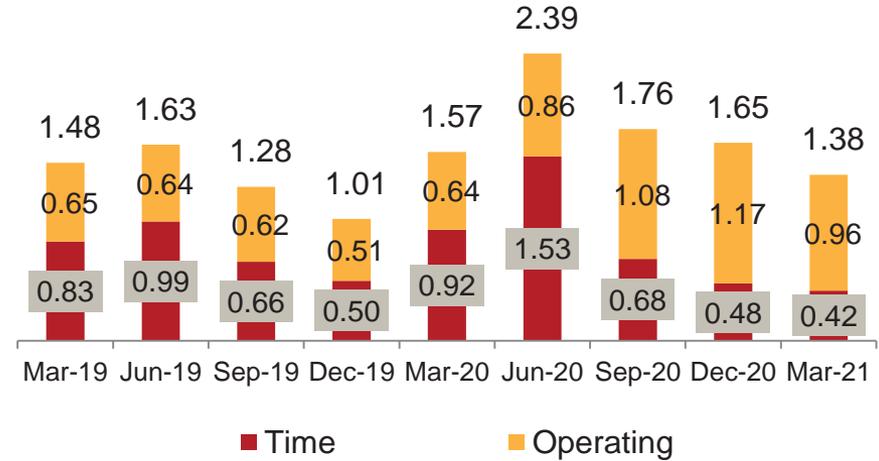
11 bps

8 bps

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

Public Deposits

(\$ billions)



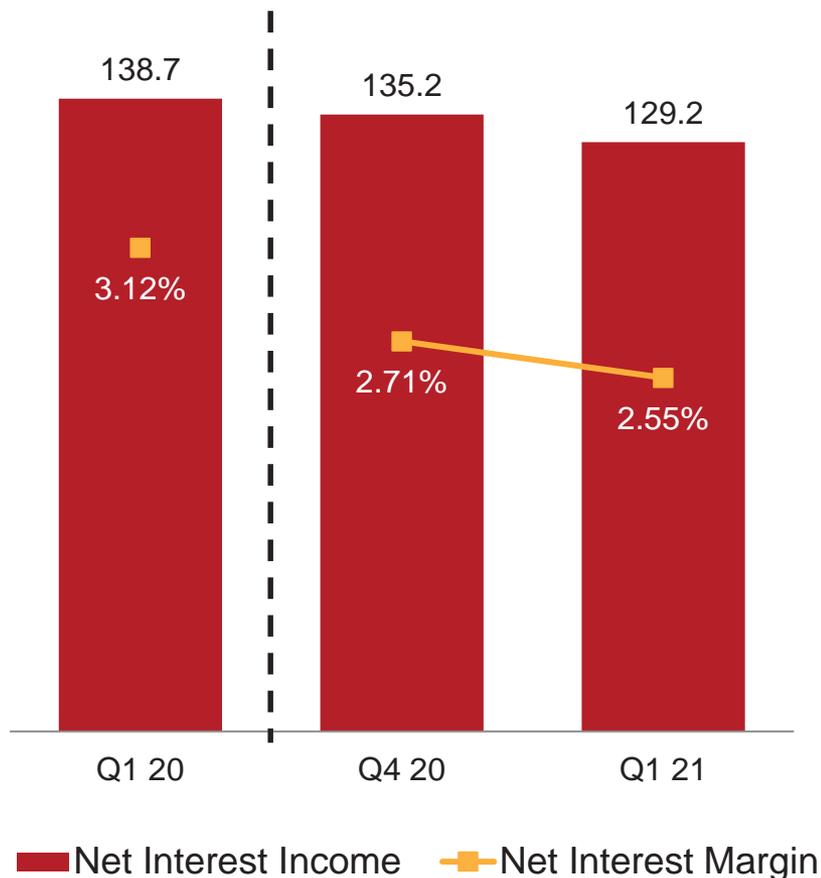
Q1 Highlights

- \$ 906.0 mm increase in total deposits
- \$1.2 bn increase in consumer and commercial deposits, partially offset by, \$269.1 mm decrease in public deposits.
- 8 bps cost of deposits

HIGH LIQUIDITY IMPACTED NIM

Net Interest Income and Net Interest Margin

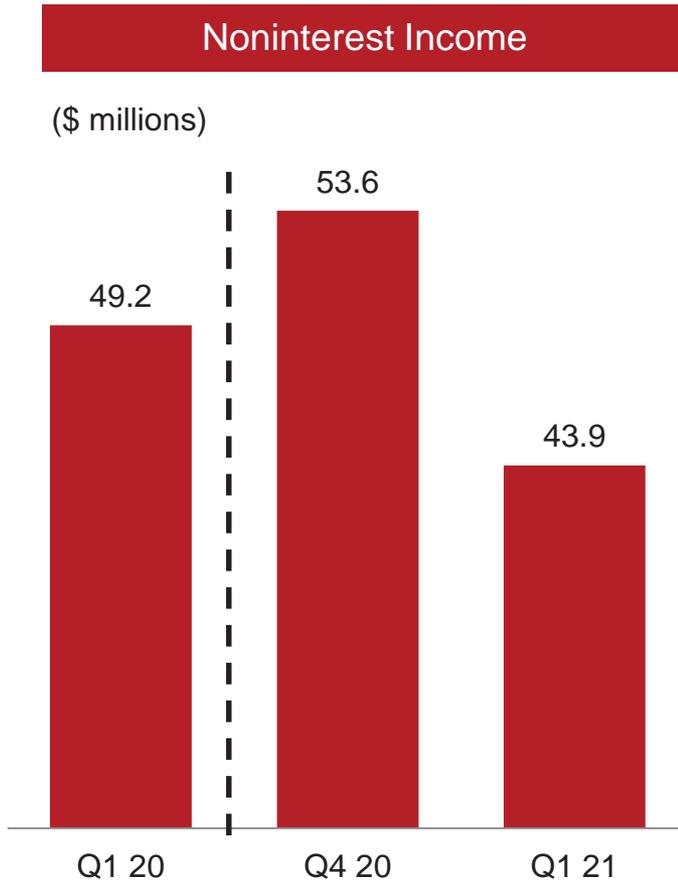
(\$ millions)



Comments

- Lower net interest income due to lower rates and balances on loans
- 16 bp drop in NIM due to balance sheet repricing, excess cash and lower PPP forgiveness
 - ~7 bps due to asset and liability repricing
 - ~6 bps due to unanticipated excess liquidity
 - ~3 bps due to lower PPP fees than prior quarter
- Excess liquidity expected to continue to pressure NIM for the foreseeable future
- Fee income from PPP loan forgiveness will increase from Q1 levels, as we have resumed processing forgiveness applications

LOWER NONINTEREST INCOME IN Q1 First Hawaiian, Inc.



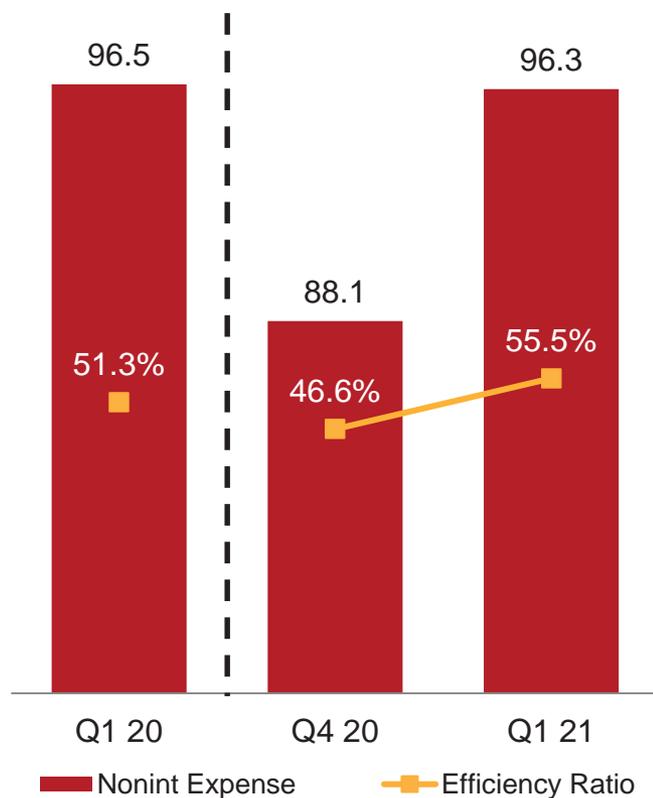
- Comments**
- Q4 2020 noninterest income included several one-time items
 - Gain on Sale of Loans: +\$7.1mm
 - FIN48 tax adjustment: +\$1.2mm
 - Lower card interchange exp: +\$1.0mm
 - Visa B charge: (\$4.8mm)
 - Q1 2021 drivers
 - Lower swap fee income: \$0.9mm
 - Lower mortgage sales gains: \$1.0mm
 - Lower BOLI income: \$1.8mm

- Outlook**
- Noninterest income expected to recover to \$47 - \$48 mm in Q2

Q1 EXPENSES IMPACTED BY NON-RECURRING ITEMS

Noninterest Expense

(\$ millions)



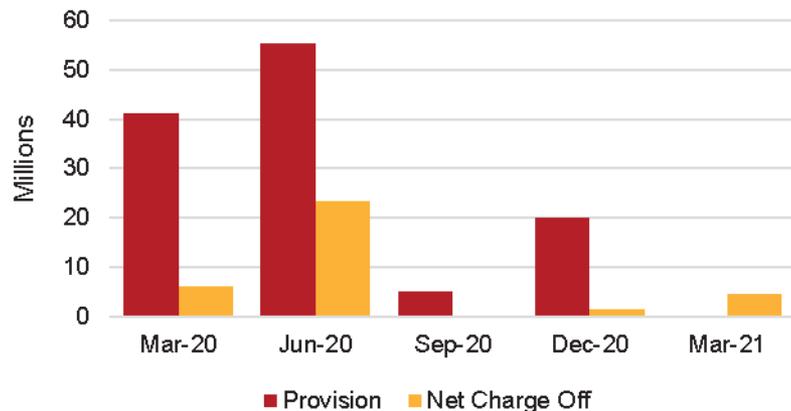
Comments

- Significant Q1 2021 drivers
 - Higher Salaries/Benefits: \$1.2mm
 - Higher Contracted Services: \$3.2mm
 - Tech investment: \$2.2mm
 - One-time PPP Support: \$1.0mm
 - Higher Other Expenses: \$1.3mm
 - Non-recurring Misc Operating Exp: \$1.2mm

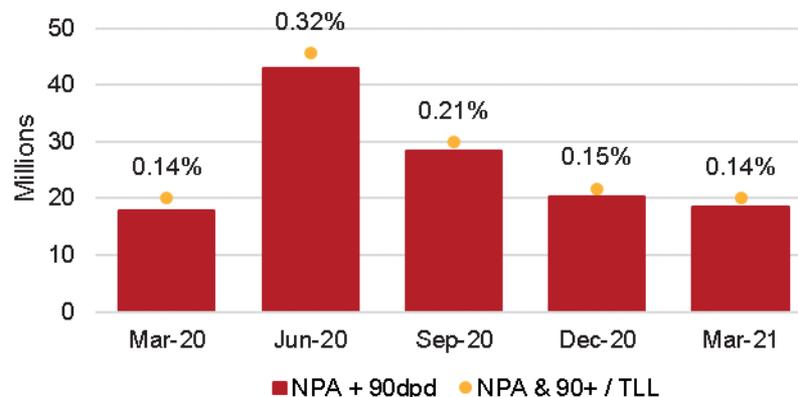
ASSET QUALITY

CONTINUED IMPROVEMENT IN AQ SINCE Q2 2020

Provision and NCO

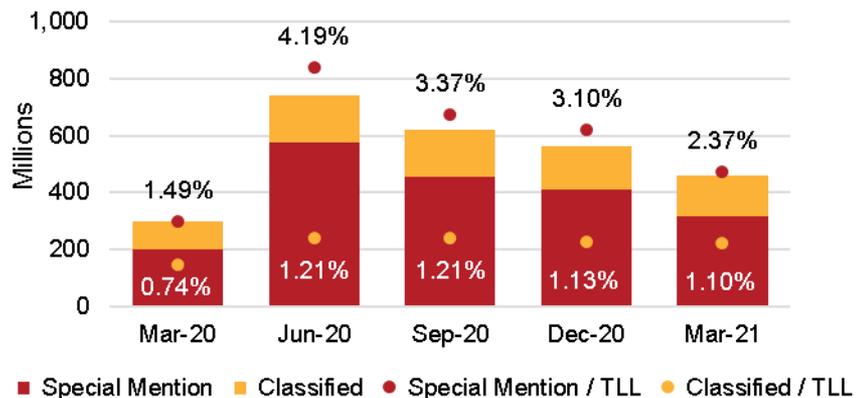


NPA and 90 Past Due

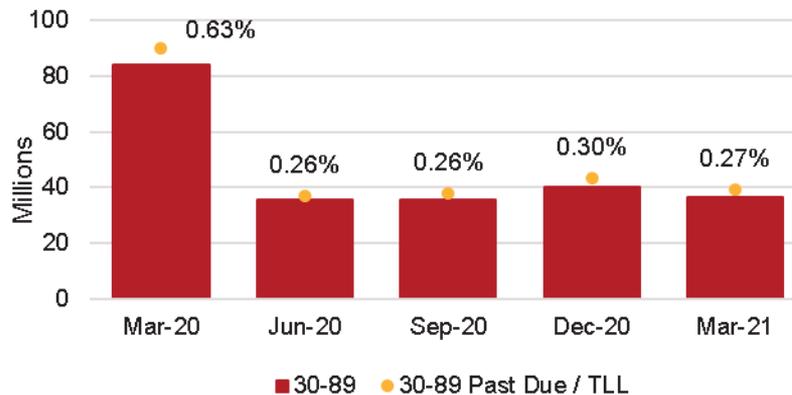


• 90 past due comprised of accruing loans

Commercial Criticized Assets



30-89 Past Due



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

ALLOWANCE FOR CREDIT LOSS

NO PROVISION IN Q1 2021

No provision recorded in Q1 as the economic outlook remained stable and the composition of the portfolio risk was relatively unchanged.

Q1 ACL decreased by \$8.1 million to \$200.4 million. The reserve for unfunded commitments increased by \$3.5 million to \$34.1 million.

Q1 ACL / Total Loans and Leases is 1.51% of all loans and 1.65% 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
12/31/2020 ACL	24,711	58,123	10,039	3,298	40,461	7,163	64,659	208,454
Charge-offs	-963	-66	-	-	-98	-	-6,541	-7,668
Recoveries	215	3	166	-	17	24	2,655	3,080
Provision	3,359	-6,369	347	-101	-1,909	-519	1,692	-3,500
3/31/2021 ACL	27,322	51,691	10,552	3,197	38,471	6,668	62,465	200,366
% of Total ACL	13.6%	25.8%	5.3%	1.6%	19.2%	3.3%	31.2%	100.0%
Total Loan Balance	3,121,436	3,396,233	739,271	238,148	3,715,676	805,746	1,283,779	13,300,289
ACL/Total LL (w/ PPP)	0.88%	1.52%	1.43%	1.34%	1.04%	0.83%	4.87%	1.51%
ACL/Total LL (no PPP)	1.39%	1.52%	1.43%	1.34%	1.04%	0.83%	4.87%	1.65%

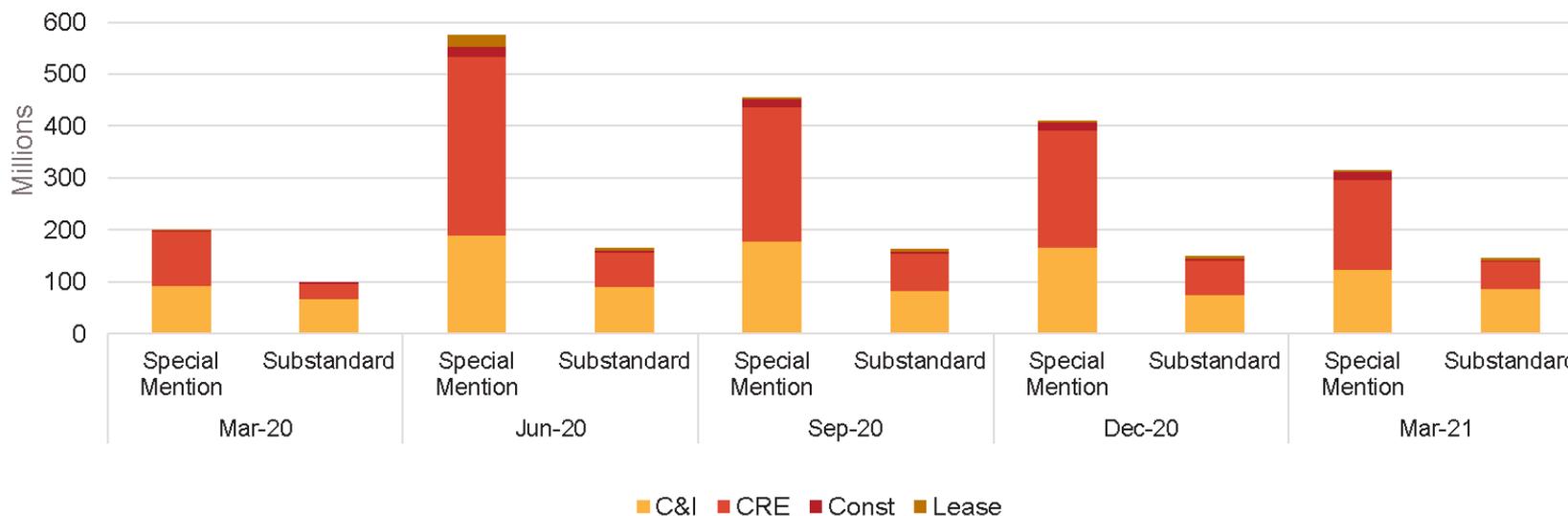
COMMERCIAL RISK RATING

COMPOSITION BY LOAN TYPE

As of 3/31/2021 (\$ mm)

Risk Rating	C&I		CRE		Const.		Lease		Total	
Pass	2,828,177	91%	3,169,677	93%	674,491	91%	227,988	95%	6,900,333	92%
Special Mention	123,093	4%	173,144	5%	14,814	2%	3,851	2%	314,902	4%
Substandard	85,179	3%	52,923	2%	2,014	0%	6,309	3%	146,425	2%
Doubtful	-	-	-	-	-	-	-	-	-	-
Other	84,987	2%	489	-	47,952	7%	-	-	133,428	2%
Total	3,121,436	100%	3,396,233	100%	739,271	100%	238,148	100%	7,495,088	100%

Q1 2020 (Pre-COVID) through Q1 2021



DEFERRALS AND MODIFICATIONS

REPERFORMANCE RATES REMAIN STRONG

As of 3/31/21 (\$ mm)	<u>COVID Deferrals & Mods¹</u>	Returned to Pay (\$ mm)	Original Deferrals (\$ mm)	Subsequent Deferrals & Mods (\$ mm)	Delinquent (\$ mm)
Commercial and Industrial	654	651	-	-	3
Commercial Real Estate	1,137	1,124	-	11	2
Construction	54	53	-	-	1
Lease Financing	11	3	-	7	-
Sub-Total Commercial	1,856	1,832	-	18	6
Residential Mortgage	593	529	11	42	12
Consumer	229	212	-	10	7
Sub-Total Consumer	822	740	11	51	19
Grand Total	2,678	2,572	11	70	25

Note: Totals may not sum due to rounding

¹ All loans classified under Covid-related programs

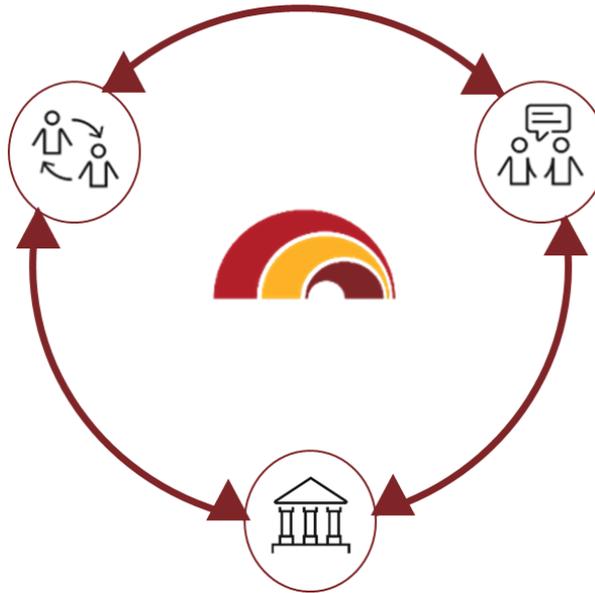
- 97% of COVID deferrals and modifications have ended, with 96% returning to contractual payments and just under 1% of those are delinquent

DIGITAL TRANSFORMATION

RELATIONSHIP BANKING REIMAGINED

Relationship Banking:

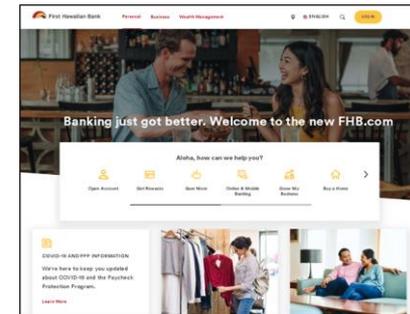
- Over 160 years of brand equity serving our community
- Continue to develop deep, meaningful relationships through **In-Person** and **Digital Banking** to provide access, convenience and personalized service



Sound **advice** and **guidance** powered by scalable, digital service with a focus on Customer Experience:

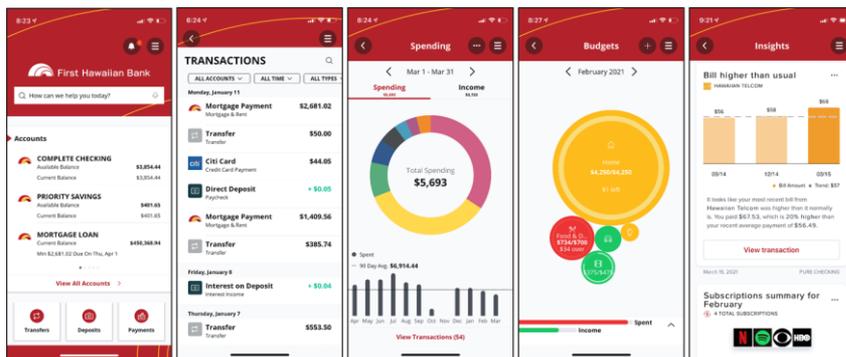
New and Enhanced

- FHB.com
- Personal Financial Management Platform
- Mobile and Online Banking



Data-driven Banking Experiences unlocks customer opportunity

- Core Conversion built on microservices and open API framework
- Customer Data Platform – 360 view of customer data



QUESTIONS



First Hawaiian, Inc.



SUMMARY INCOME STATEMENT



(\$ in millions except per share data)	Quarter ended		
	3/31/21	12/31/20	3/31/20
Net interest income	\$ 129.2	\$ 135.2	\$ 138.7
Provision for credit losses	0.0	20.0	41.2
Noninterest income	43.9	53.6	49.2
Noninterest expense	96.3	88.1	96.5
Pre-tax income	76.7	80.7	50.2
Tax expense	19.0	19.0	11.4
Net Income	\$ 57.7	\$ 61.7	\$ 38.9
Core adjustments ⁽¹⁾	-	4.8	(0.1)
Tax adjustments	-	(1.3)	0.0
Core Net Income ⁽¹⁾	\$ 57.7	\$ 65.3	\$ 38.8
Diluted earnings per share	\$ 0.44	\$ 0.47	\$ 0.30
Core diluted earnings per share ⁽¹⁾	\$ 0.44	\$ 0.50	\$ 0.30

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		
	3/31/21	12/31/20	3/31/20
Selected Assets			
Investment securities	\$ 6,692.5	\$ 6,071.4	\$ 4,058.5
Loans and leases	13,300.3	13,279.1	13,380.3
Total assets	23,497.6	22,662.8	20,755.9
Selected Liabilities and Stockholders' Equity			
Total deposits	\$ 20,133.7	\$ 19,227.7	\$ 17,020.0
Total stockholders' equity	2,683.6	2,744.1	2,664.7
Shares Outstanding	129,749,890	129,912,272	129,827,968
Book value per share	\$ 20.68	\$ 21.12	\$ 20.52
Tangible book value per share ⁽¹⁾	13.01	13.46	12.86
Tier 1 Leverage Ratio	7.90 %	8.00 %	8.63 %
CET 1 / Tier 1	12.82 %	12.47 %	11.65 %
Total Capital Ratio	14.07 %	13.73 %	12.90 %

⁽¹⁾ Non-GAAP financial measure. A reconciliation to the directly comparable GAAP measure is provided in the appendix of this slide presentation. 17

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



	For the Three Months Ended		
	March 31, 2021	December 31, 2020	March 31, 2020
(dollars in thousands, except per share amounts)			
Income Statement Data:			
Net income	\$ 57,693	\$ 61,739	\$ 38,865
Core net income	\$ 57,693	\$ 65,288	\$ 38,803
Average total stockholders' equity	\$ 2,727,701	\$ 2,732,271	\$ 2,660,811
Less: average goodwill	995,492	995,492	995,492
Average tangible stockholders' equity	\$ 1,732,209	\$ 1,736,779	\$ 1,665,319
Average total assets	\$ 22,944,699	\$ 22,468,040	\$ 20,313,304
Less: average goodwill	995,492	995,492	995,492
Average tangible assets	\$ 21,949,207	\$ 21,472,548	\$ 19,317,812
Return on average total stockholders' equity ⁽¹⁾	8.58 %	8.99 %	5.87 %
Core return on average total stockholders' equity (non-GAAP) ⁽¹⁾	8.58 %	9.51 %	5.87 %
Return on average tangible stockholders' equity (non-GAAP) ⁽¹⁾	13.51 %	14.14 %	9.39 %
Core return on average tangible stockholders' equity (non-GAAP) ⁽¹⁾	13.51 %	14.95 %	9.37 %
Return on average total assets ⁽¹⁾	1.02 %	1.09 %	0.77 %
Core return on average total assets (non-GAAP) ⁽¹⁾	1.02 %	1.16 %	0.77 %
Return on average tangible assets (non-GAAP) ⁽¹⁾	1.07 %	1.14 %	0.81 %
Core return on average tangible assets (non-GAAP) ⁽¹⁾	1.07 %	1.21 %	0.81 %

⁽¹⁾ Annualized for the three months ended March 31, 2021, December 31, 2020 and March 31, 2020.

	As of	As of	As of
	March 31, 2021	December 31, 2020	March 31, 2020
Balance Sheet Data:			
Total stockholders' equity	\$ 2,683,630	\$ 2,744,104	\$ 2,664,685
Less: goodwill	995,492	995,492	995,492
Tangible stockholders' equity	\$ 1,688,138	\$ 1,748,612	\$ 1,669,193
Total assets	\$ 23,497,596	\$ 22,662,831	\$ 20,755,891
Less: goodwill	995,492	995,492	995,492
Tangible assets	\$ 22,502,104	\$ 21,667,339	\$ 19,760,399
Shares outstanding	129,749,890	129,912,272	129,827,968
Total stockholders' equity to total assets	11.42 %	12.11 %	12.84 %
Tangible stockholders' equity to tangible assets (non-GAAP)	7.50 %	8.07 %	8.45 %
Book value per share	\$ 20.68	\$ 21.12	\$ 20.52
Tangible book value per share (non-GAAP)	\$ 13.01	\$ 13.46	\$ 12.86

GAAP TO NON-GAAP RECONCILIATION



(dollars in thousands, except per share amounts)	For the Three Months Ended		
	March 31, 2021	December 31, 2020	March 31, 2020
Net interest income	\$ 129,158	\$ 135,227	\$ 138,683
Core net interest income (non-GAAP)	\$ 129,158	\$ 135,227	\$ 138,683
Noninterest income	\$ 43,868	\$ 53,598	\$ 49,228
Losses (gains) on sale of securities	—	12	(85)
Costs associated with the sale of stock ⁽¹⁾	—	4,828	—
Core noninterest income (non-GAAP)	\$ 43,868	\$ 58,438	\$ 49,143
Noninterest expense	\$ 96,306	\$ 88,127	\$ 96,466
Core noninterest expense (non-GAAP)	\$ 96,306	\$ 88,127	\$ 96,466
Net income	\$ 57,693	\$ 61,739	\$ 38,865
Losses (gains) on sale of securities	—	12	(85)
Costs associated with the sale of stock ⁽¹⁾	—	4,828	—
Tax adjustments ⁽²⁾	—	(1,291)	23
Total core adjustments	—	3,549	(62)
Core net income (non-GAAP)	\$ 57,693	\$ 65,288	\$ 38,803
Basic earnings per share	\$ 0.44	\$ 0.48	\$ 0.30
Diluted earnings per share	\$ 0.44	\$ 0.47	\$ 0.30
Efficiency ratio	55.53 %	46.59 %	51.33 %
Core basic earnings per share (non-GAAP)	\$ 0.44	\$ 0.50	\$ 0.30
Core diluted earnings per share (non-GAAP)	\$ 0.44	\$ 0.50	\$ 0.30
Core efficiency ratio (non-GAAP)	55.53 %	45.43 %	51.35 %

1) Costs associated with the sale of stock for the three 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) Represents the adjustments to net income, tax effected at the Company's effective tax rate for the respective period