



 First Hawaiian, Inc.

2nd QUARTER 2019 EARNINGS CALL

July 25, 2019



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 include, but are not limited to, statements relating to guidance described herein, 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, and any such forward-looking statements are subject to risks, assumptions, estimates and uncertainties that are difficult to predict. Actual results may prove to be materially different from the results expressed or implied by the forward-looking statements. Factors that could cause our actual results to differ materially from those described in the forward-looking statements can be found in our SEC filings, including, but not limited to, our annual report on Form 10-K for the year ended December 31, 2018, which is available on our website (www.fhb.com) and the SEC's website (www.sec.gov). Any forward-looking statement speaks only as of the date on which it is made, and we do not undertake any obligation to update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by applicable law.

Q2 2019 HIGHLIGHTS

- **Strong earnings**
- **Excellent credit quality**

- **NIM growth**
- **Continued expense management**

	Reported	Core ¹
Net income (\$mm)	\$72.4	\$72.6
Earnings per diluted share	\$0.54	\$0.54
Net interest margin	3.25%	3.25%
Efficiency Ratio	48.0%	47.9%
ROA / ROATA ²	1.42% / 1.50%	1.43% / 1.50%
ROE / ROATCE ²	11.13% / 17.99%	11.16% / 18.03 %
Tier 1 Leverage Ratio		8.75%
CET 1 Capital Ratio		11.84%
Total Capital ratio		12.81%
Dividend ³		\$0.26 / share

- Excellent credit quality
- NIM increased 2 bps versus prior quarter
- Disciplined expense management, efficiency ratio in line with guidance
- Strong profitability metrics
- Repurchased 1.5 million shares, returning \$40 million in capital to shareholders

(1) Core measurements are non-GAAP financial measurements. Core excludes certain gains, expenses and one-time items. See non-GAAP reconciliations of core net income, core diluted EPS, and core efficiency ratio to the comparable GAAP measurements in the appendix of this slide presentation

(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

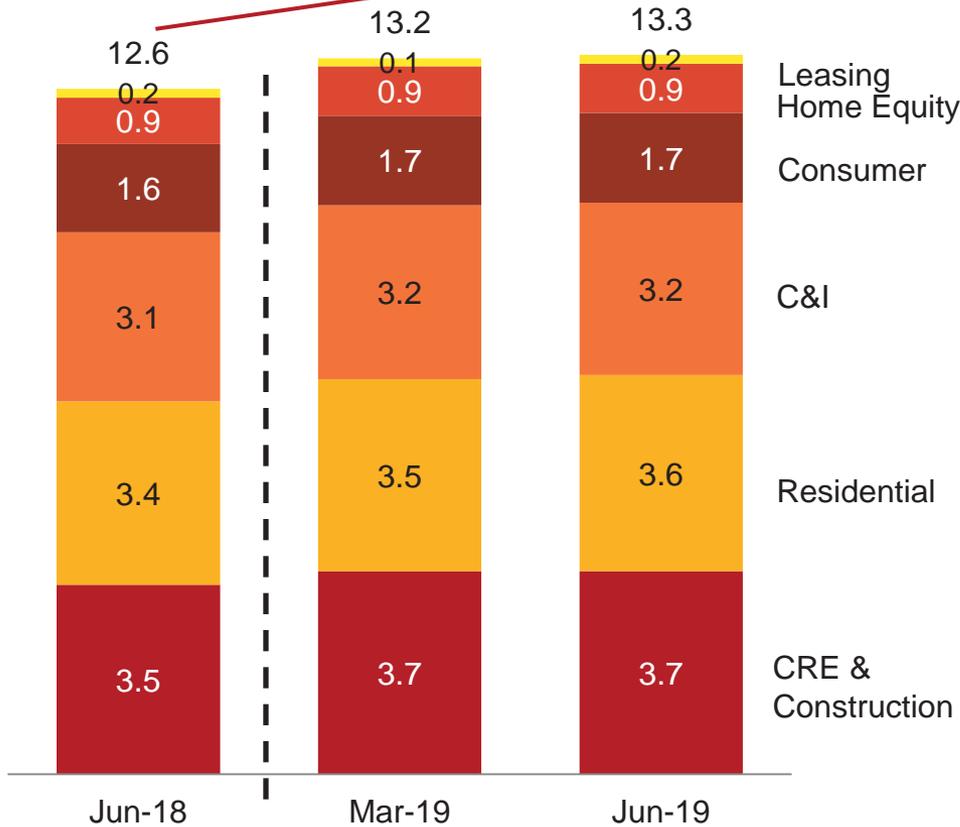
(3) Declared on July 24, 2019. Payable Sept 6, 2019 to shareholders of record at close of business on Aug 26, 2019

GOOD LOAN PRODUCTION

Total Loans and Leases

(\$ billions)

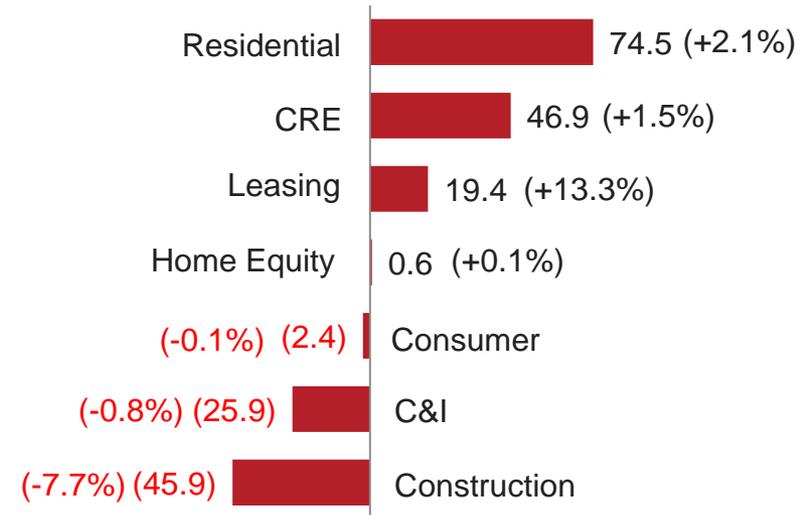
YOY growth: \$627 mm (5.0%)



Note: Segments may not sum to total due to rounding

Q2 '19 vs Q1 '19 Net Change (+0.5%)

(\$ millions)



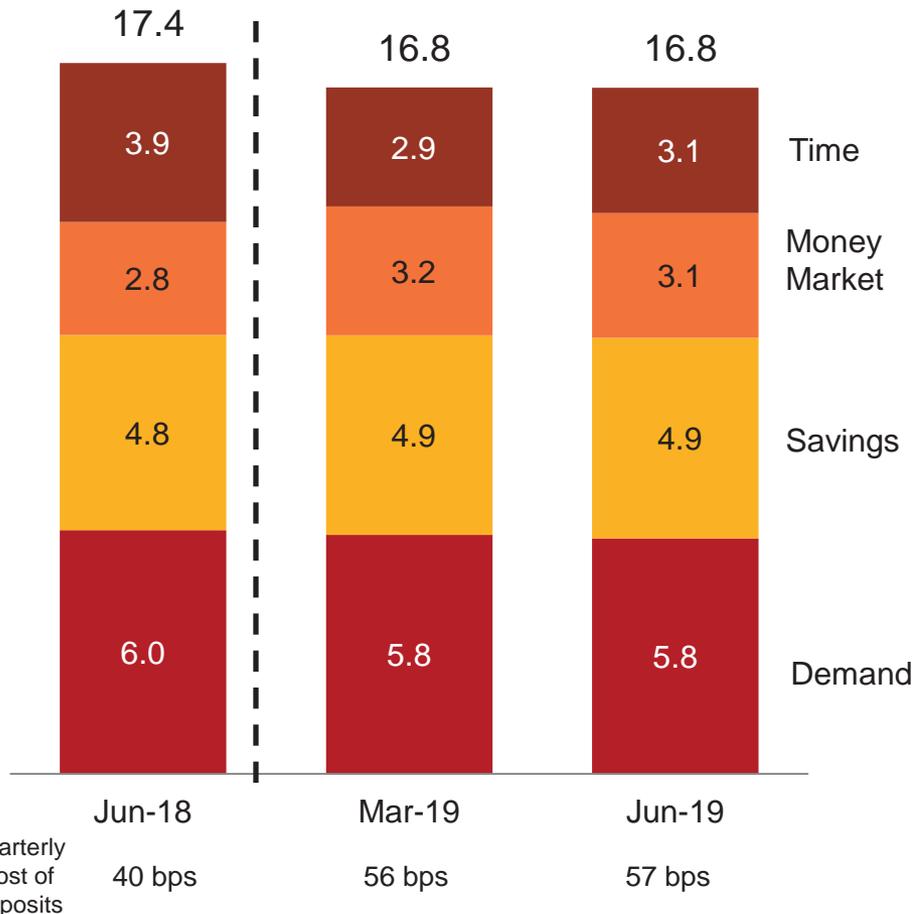
2019 Outlook – Total Loans and Leases

Mid-single digit range

DEPOSIT GROWTH IN LINE WITH EXPECTATIONS, DEPOSIT COSTS LEVELING OFF

Total Deposits

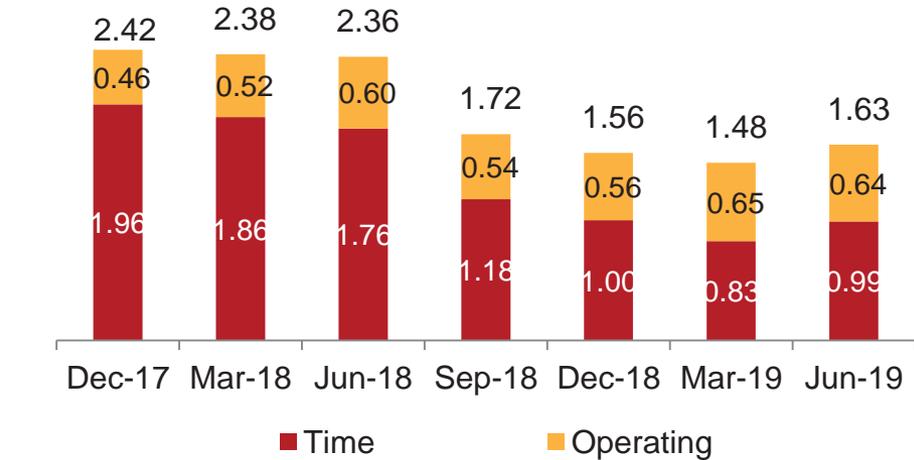
(\$ billions)



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

Public Deposits

(\$ billions)

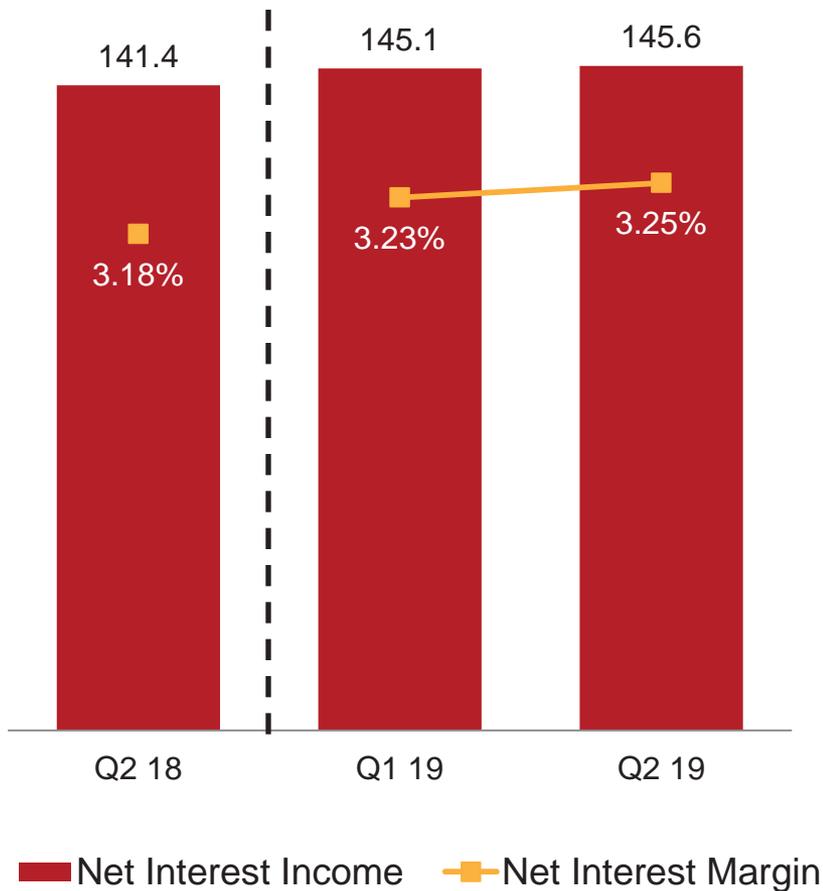


- Deposits grew \$109mm, or 0.7%, after excluding:
 - \$258mm outflow from two commercial accounts
 - \$147mm increase in public deposits
- Increase in line with our 2-3% full year growth expectations
- 1 basis point increase in cost of deposits

NIM INCREASE OF 2 BASIS POINTS

Net Interest Income and Net Interest Margin

(\$ millions)

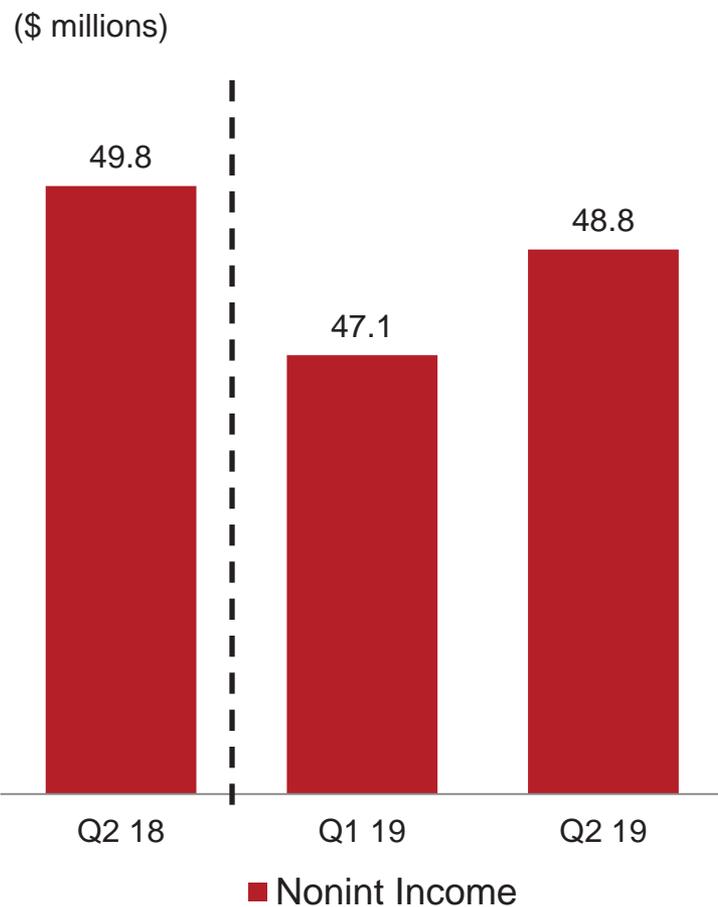


	Q2 2019	Q1 2019
Reported NIM	3.25%	3.23%
Premium adjustment	.04	.04
NIM after adjustment	3.29%	3.27%

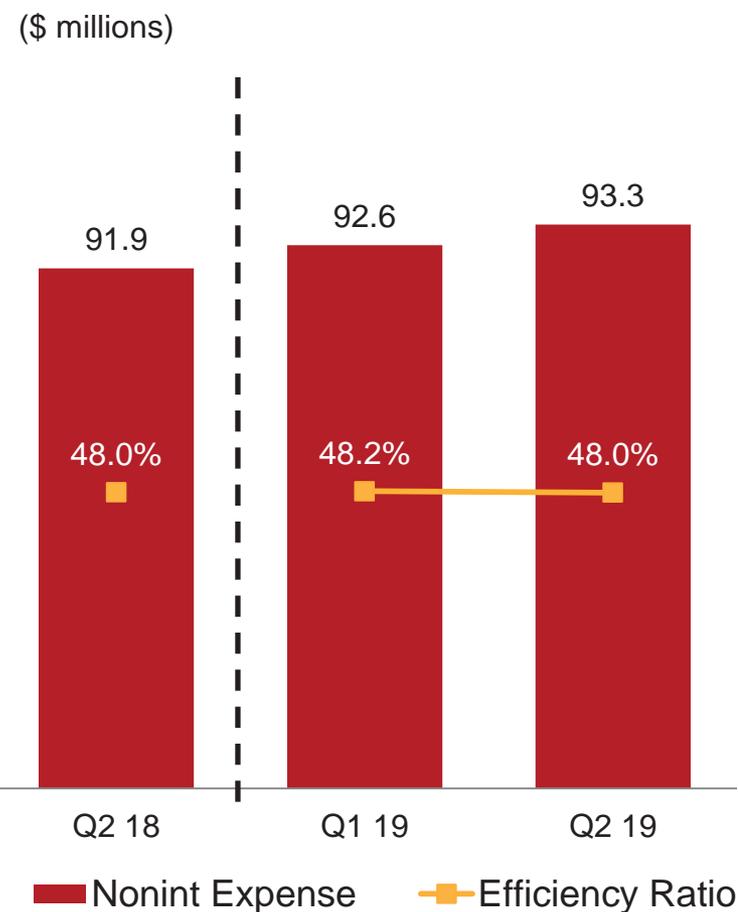
- NIM increase primarily due to shift in asset mix
 - Lower average cash balances, higher average loan balances
 - Partially offset by small increase in cost of deposits

STABLE NONINTEREST INCOME, PRUDENT EXPENSE MANAGEMENT

Noninterest Income

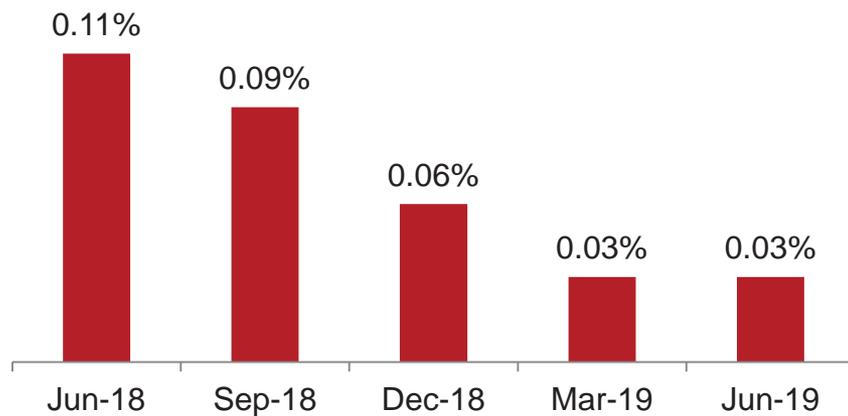


Noninterest Expense



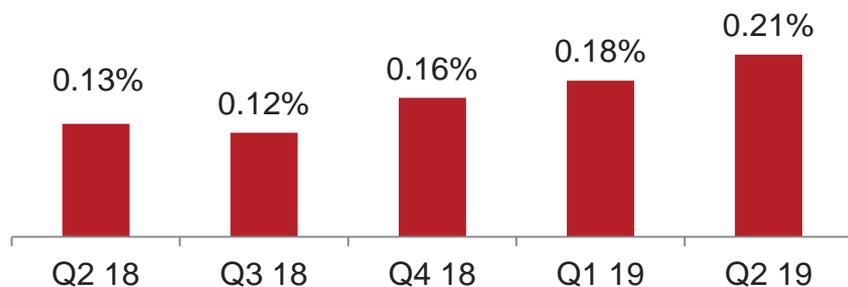
CONTINUED EXCELLENT ASSET QUALITY

NPAs / Total Loans and Leases + OREO



➤ NPAs down \$0.5 mm versus prior quarter to \$3.9 mm, or 3 bps of total loans and leases and OREO

NCOs / Ave Loans and Leases



➤ Net charge-offs of \$6.9 mm, or 21 bps on average loans and leases on an annualized basis

STATE ECONOMIC OUTLOOK REMAINS POSITIVE

Healthy Labor Market

- June statewide seasonally-adjusted state unemployment rate was 2.8%, compared to 3.7% nationally

Strong Visitor Industry

(data through 5/31/19)

- YTD visitor arrivals: 4.2 million, up 3.8% vs prior year
- YTD visitor spending: \$7.2 billion, down 3.1% vs prior year

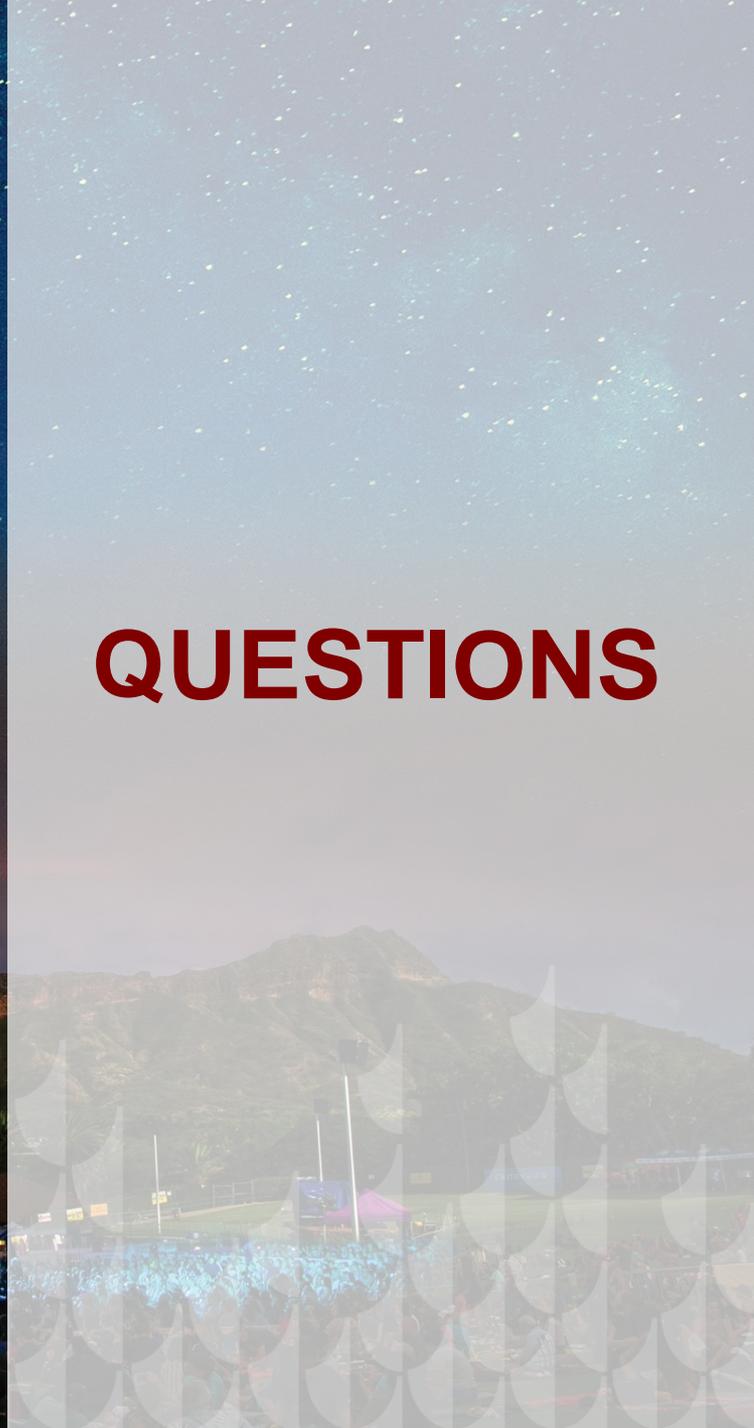
Oahu Residential Real Estate

(YTD through 6/30/19)

- Volume of single family home sales: (3.7%) vs prior year
- Volume of condominium sales: (8.8%) vs prior year
- Median single-family home sale price: \$775k, (0.5%) vs prior year
- Median condominium sale price: \$419k, (1.4%) vs prior year



QUESTIONS





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 net interest margin, 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 net interest margin as the ratio of core net interest income to average earning assets. 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 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 Six Months Ended	
	June 30, 2019	March 31, 2019	June 30, 2018	June 30,	
				2019	2018
Income Statement Data:					
Net income	\$ 72,433	\$ 69,924	\$ 69,053	\$ 142,357	\$ 137,011
Average total stockholders' equity	\$ 2,610,565	\$ 2,540,600	\$ 2,466,392	\$ 2,575,775	\$ 2,483,252
Less: average goodwill	995,492	995,492	995,492	995,492	995,492
Average tangible stockholders' equity	\$ 1,615,073	\$ 1,545,108	\$ 1,470,900	\$ 1,580,283	\$ 1,487,760
Average total assets	\$ 20,390,273	\$ 20,494,837	\$ 20,121,504	\$ 20,442,266	\$ 20,263,820
Less: average goodwill	995,492	995,492	995,492	995,492	995,492
Average tangible assets	\$ 19,394,781	\$ 19,499,345	\$ 19,126,012	\$ 19,446,774	\$ 19,268,328
Return on average total stockholders' equity ⁽¹⁾	11.13 %	11.16 %	11.23 %	11.15 %	11.13 %
Return on average tangible stockholders' equity (non-GAAP) ⁽¹⁾	17.99 %	18.35 %	18.83 %	18.17 %	18.57 %
Return on average total assets ⁽¹⁾	1.42 %	1.38 %	1.38 %	1.40 %	1.36 %
Return on average tangible assets (non-GAAP) ⁽¹⁾	1.50 %	1.45 %	1.45 %	1.48 %	1.43 %
Average stockholders' equity to average assets	12.80 %	12.40 %	12.26 %	12.60 %	12.25 %
Average tangible stockholders' equity to average tangible assets (non-GAAP)	8.33 %	7.92 %	7.69 %	8.13 %	7.72 %

⁽¹⁾ Annualized for the three and six months ended June 30, 2019 and 2018 and three months ended March 31, 2019.

	As of June 30, 2019	As of March 31, 2019	As of December 31, 2018	As of June 30, 2018
Balance Sheet Data:				
Total stockholders' equity	\$ 2,659,441	\$ 2,613,202	\$ 2,524,839	\$ 2,459,175
Less: goodwill	995,492	995,492	995,492	995,492
Tangible stockholders' equity	\$ 1,663,949	\$ 1,617,710	\$ 1,529,347	\$ 1,463,683
Total assets	\$ 20,526,367	\$ 20,441,136	\$ 20,695,678	\$ 20,479,719
Less: goodwill	995,492	995,492	995,492	995,492
Tangible assets	\$ 19,530,875	\$ 19,445,644	\$ 19,700,186	\$ 19,484,227
Shares outstanding	133,508,212	135,012,015	134,874,302	136,642,060
Total stockholders' equity to total assets	12.96 %	12.78 %	12.20 %	12.01 %
Tangible stockholders' equity to tangible assets (non-GAAP)	8.52 %	8.32 %	7.76 %	7.51 %
Book value per share	\$ 19.92	\$ 19.36	\$ 18.72	\$ 18.00
Tangible book value per share (non-GAAP)	\$ 12.46	\$ 11.98	\$ 11.34	\$ 10.71

GAAP TO NON-GAAP RECONCILIATION



	For the Three Months Ended			For the Six Months Ended	
	June 30, 2019	March 31, 2019	June 30, 2018	June 30, 2019	2018
(dollars in thousands, except per share amounts)					
Net interest income	\$ 145,613	\$ 145,089	\$ 141,403	\$ 290,702	\$ 281,075
Core net interest income (non-GAAP)	\$ 145,613	\$ 145,089	\$ 141,403	\$ 290,702	\$ 281,075
Noninterest income	\$ 48,773	\$ 47,072	\$ 49,797	\$ 95,845	\$ 98,497
(Gain) loss on sale of securities	(21)	2,613	—	2,592	—
Core noninterest income (non-GAAP)	\$ 48,752	\$ 49,685	\$ 49,797	\$ 98,437	\$ 98,497
Noninterest expense	\$ 93,290	\$ 92,623	\$ 91,865	\$ 185,913	\$ 182,452
One-time items ⁽¹⁾	(261)	(261)	(914)	(522)	(1,321)
Core noninterest expense (non-GAAP)	\$ 93,029	\$ 92,362	\$ 90,951	\$ 185,391	\$ 181,131
Net income	\$ 72,433	\$ 69,924	\$ 69,053	\$ 142,357	\$ 137,011
(Gain) loss on sale of securities	(21)	2,613	—	2,592	—
One-time noninterest expense items ⁽¹⁾	261	261	914	522	1,321
Tax adjustments ⁽²⁾	(61)	(746)	(247)	(807)	(353)
Total core adjustments	179	2,128	667	2,307	968
Core net income (non-GAAP)	\$ 72,612	\$ 72,052	\$ 69,720	\$ 144,664	\$ 137,979
Core basic earnings per share (non-GAAP)	\$ 0.54	\$ 0.53	\$ 0.51	\$ 1.07	\$ 0.99
Core diluted earnings per share (non-GAAP)	\$ 0.54	\$ 0.53	\$ 0.50	\$ 1.07	\$ 0.99
Core efficiency ratio (non-GAAP)	47.86 %	47.42 %	47.56 %	47.64 %	47.71 %
Basic earnings per share	\$ 0.54	\$ 0.52	\$ 0.50	\$ 1.06	\$ 0.99
Diluted earnings per share	\$ 0.54	\$ 0.52	\$ 0.50	\$ 1.06	\$ 0.99
Efficiency ratio	47.99 %	48.20 %	48.04 %	48.09 %	48.06 %

(1) One-time items included nonrecurring offering costs, public company transition related costs and the loss on our funding swap as a result of a decrease in the conversion rate of our Visa Class B restricted shares sold in 2016.

(2) Represents the adjustments to net income, tax effected at the Company's effective tax rate for the respective period.

SUMMARY INCOME STATEMENT



(\$ in millions except per share data)	Quarter ended		
	6/30/19	3/31/19	6/30/18
Net interest income	\$ 145.6	\$ 145.1	\$ 141.4
Provision for loan and lease losses	3.9	5.7	6.0
Noninterest income	48.8	47.1	49.8
Noninterest expense	93.3	92.6	91.9
Pre-tax income	97.2	93.9	93.3
Tax expense	24.8	23.9	24.3
Net Income	\$ 72.4	\$ 69.9	\$ 69.1
Core adjustments ⁽¹⁾	0.2	2.9	0.9
Tax adjustments	(0.1)	(0.7)	(0.3)
Core Net Income ⁽¹⁾	\$ 72.6	\$ 72.1	\$ 69.7
Diluted earnings per share	\$ 0.54	\$ 0.52	\$ 0.50
Core diluted earnings per share ⁽¹⁾	0.54	0.53	0.50

⁽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		
	6/30/19	3/31/19	6/30/18
Selected Assets			
Investment securities	\$ 4,395.5	\$ 4,485.7	\$ 4,842.6
Loans and leases	13,264.6	13,197.5	12,637.7
Total assets	20,526.4	20,441.1	20,479.7
Selected Liabilities and Stockholders' Equity			
Total deposits	\$ 16,792.1	\$ 16,795.2	\$ 17,395.5
Total stockholders' equity	2,659.4	2,613.2	2,459.2
Shares Outstanding	133,508,212	135,012,015	136,642,060
Book value per share	\$ 19.92	\$ 19.36	\$ 18.00
Tangible book value per share ⁽¹⁾	12.46	11.98	10.71
Tier 1 Leverage Ratio	8.75 %	8.71 %	8.61 %
CET 1 / Tier 1	11.84 %	12.05 %	12.19 %
Total Capital Ratio	12.81 %	13.06 %	13.23 %

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