
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): **July 28, 2017**

FIRST HAWAIIAN, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

001-14585

(Commission File Number)

99-0156159

(IRS Employer Identification No.)

**999 Bishop St., 29th Floor
Honolulu, Hawaii**

(Address of Principal Executive Offices)

96813

(Zip Code)

(808) 525-7000

(Registrant's Telephone Number, Including Area Code)

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company x

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. x

Item 7.01 Regulation FD Disclosure.

First Hawaiian, Inc. (the "Company"), the holding company for First Hawaiian Bank, is furnishing with this Current Report on Form 8-K a copy of an investor presentation that it intends to use for any investor meetings or related interactions during the months of July and August in fiscal year 2017. A copy of the presentation also will be posted to the Company's website (www.fhb.com) in the Investor Relations section.

Pursuant to Regulation FD, the presentation materials are furnished as Exhibit 99.1. The information in this Item 7.01 and Exhibit 99.1 shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act except as expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Presentation Materials

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be filed on its behalf by the undersigned hereunto duly authorized.

FIRST HAWAIIAN, INC.

Date: July 28, 2017

By: /s/ Robert S. Harrison
Robert S. Harrison
Chairman of the Board and Chief Executive Officer
(Principal Executive Officer)

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EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Presentation Materials

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First Hawaiian, Inc.

INVESTOR PRESENTATION

JULY / AUGUST 2017

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,” “contemplate,” “seek,” “estimate,” “intend,” “plan,” “target,” “project,” “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. Although we believe that the expectations reflected in these forward-looking statements are reasonable as of the date made, actual results may prove to be materially different from the results expressed or implied by the forward-looking statements. For a discussion of some of the 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, 2016. Except as required by law, we assume no obligation to update these forward-looking statements or to update the reasons why actual results could differ materially from those anticipated in the forward-looking statements, even if new information becomes available in the future.

Use of Non-GAAP Financial Measures

The information provided herein includes certain non-GAAP financial measures. 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. 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 financial condition as reported under GAAP and all other relevant information when assessing our performance or financial condition. The reconciliation of such measures to the comparable GAAP figures are included in the appendix of this presentation.

Solid Earnings

- Net income of \$56.9 million, or \$0.41 per diluted share
- Core net income⁽¹⁾ of \$57.2 million, or \$0.41 per diluted share

Continued Growth, Strong Balance Sheet

- Loan and lease growth of \$281 million, or 2.4%
- Deposit growth of \$514 million, or 3.0%
- Net charge-off ratio: 0.11% annualized
- CET1 ratio of 12.7% and Tier 1 Leverage ratio of 8.7%

Strong Financial Performance

- Efficiency ratio of 47.3% and core efficiency 47.1%^{(1) (2)}
- ROATA⁽¹⁾ of 1.22%, core ROATA⁽¹⁾ of 1.23%
- ROATCE⁽¹⁾ of 14.9%, core ROATCE⁽¹⁾ of 15.0%

Other

- Hawaii economy remains strong led by increased visitor spending and a healthy real estate market
- \$0.22 quarterly dividend represents a 53.7% payout ratio in 2Q17

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

(2) Core efficiency ratio is a non-GAAP financial measure. 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. Reconciliation of the components of our core efficiency ratio to comparable GAAP measures are provided in the appendix.

		Quarterly Results				Annual Results		
		2Q 2017	1Q 2017	2Q 2016	2Q 2017 vs.		2016	2015
(\$ in millions)					1Q 2017	2Q 2016		
Balance Sheet	Loans and Leases	\$ 12,062	\$11,781	\$ 11,188	2.4 %	7.8 %	\$11,520	\$10,722
	Deposits	17,452	16,938	16,122	3.0	8.2	16,795	16,062
Core Income Statement⁽¹⁾	Net Interest Income	\$ 131.3	\$129.3	\$ 120.4	1.5 %	9.0 %	\$491.7	\$456.5
	Provisions	4.4	4.5	1.9	(2.2)	131.6	8.6	9.9
	Noninterest Income	48.9	49.4	46.4	(1.1)	5.4	190.4	188.2
	Noninterest Expense	84.8	84.0	78.5	1.0	8.0	322.6	319.6
	Net Income	\$ 57.2	\$57.0	\$ 54.9	0.3	4.2	\$217.1	\$196.3
	Earnings per Share	\$ 0.41	\$0.41	\$ 0.39	0.0	5.1	\$1.56	\$1.41
Core Operating Metrics⁽¹⁾	Net Interest Margin	3.02 %	3.00%	2.88 %	2 bps	14 bps	2.88%	2.75%
	Noninterest Income / Total Revenue	27.1	27.6	27.8	(51)	(67)	27.9	29.2
	Efficiency Ratio ⁽²⁾	47.1	47.0	47.0	11	3	47.3	49.6
	ROATA ⁽³⁾	1.23	1.23	1.23	-	-	1.18	1.10
	ROATCE ⁽³⁾	15.0	15.5	14.8	(52)	21	13.8	11.3
Credit / Capital	NCOs / Average Loans	0.11 %	0.15%	0.10 %	(4)bps	1 bps	0.08%	0.09%
	NALs / Total Loans	0.06	0.06	0.12	-	(6)	0.08	0.16
	CET1 / Tier 1	12.7	12.8	12.5	(5)	28	12.8	15.3

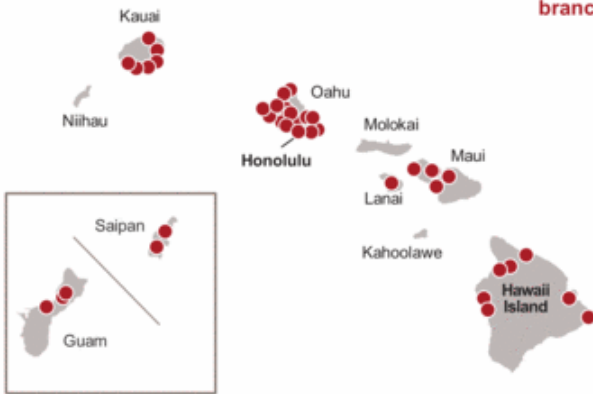
(1) Core excludes certain gains, expenses and one-time items. See annual and quarterly non-GAAP reconciliations of core net income, core net interest income, core noninterest income and core noninterest expense used to calculate core ratios in the appendix.

(2) Core efficiency ratio is a non-GAAP financial measure. 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. Reconciliation of the components of our core efficiency ratio to comparable GAAP measures are provided in the appendix.

(3) ROATA (return on average tangible assets) and ROATCE (return on average tangible common equity) are non-GAAP financial measures. A reconciliation to the comparable GAAP measure is provided in the appendix.

Branch Presence

62
branches



Company Highlights

- ✓ Oldest and largest Hawaii-based bank
- ✓ Full service community bank with complete suite of products and services
- ✓ #1 deposit market share in Hawaii since 2004
- ✓ Largest Hawaii-based lender across all categories
- ✓ \$12.3bn assets under administration as well as more than 44mm transactions processed by merchant services in 2016
- ✓ Proven through the cycle and top quartile operating performance

Source: Public filings and SNL Financial

Note: Financial data as of 31-Mar-17. Market data as of 21-Jul-17.

(1) Top quartile is based on public banks \$10-\$50bn in assets constituted as of 31-Dec-16; excludes merger targets.

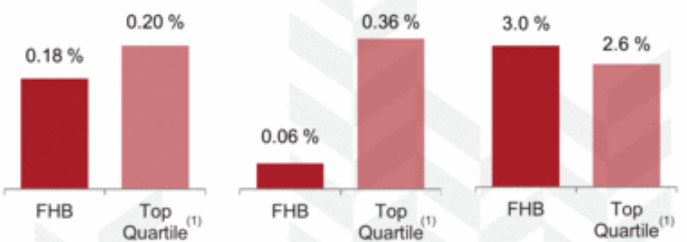
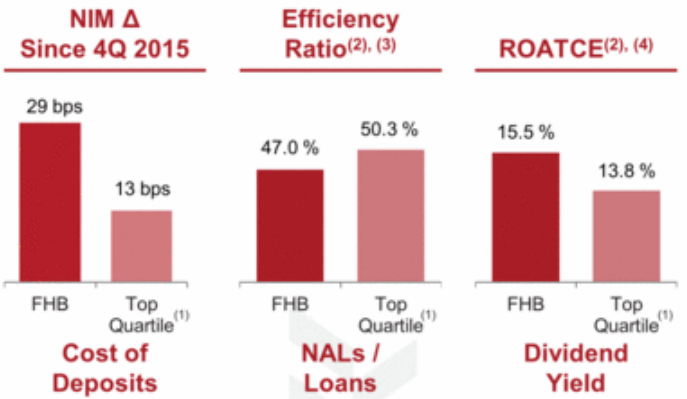
(2) Ratios shown as core. Core operating measures exclude certain gains, expenses and one-time items. See quarterly non-GAAP reconciliation of core net income, core net interest income, core noninterest income and core noninterest expense in the appendix.

(3) Core efficiency ratio is a non-GAAP financial measure. 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. Reconciliation of the components of our core efficiency ratio to comparable GAAP measures are provided in the appendix.

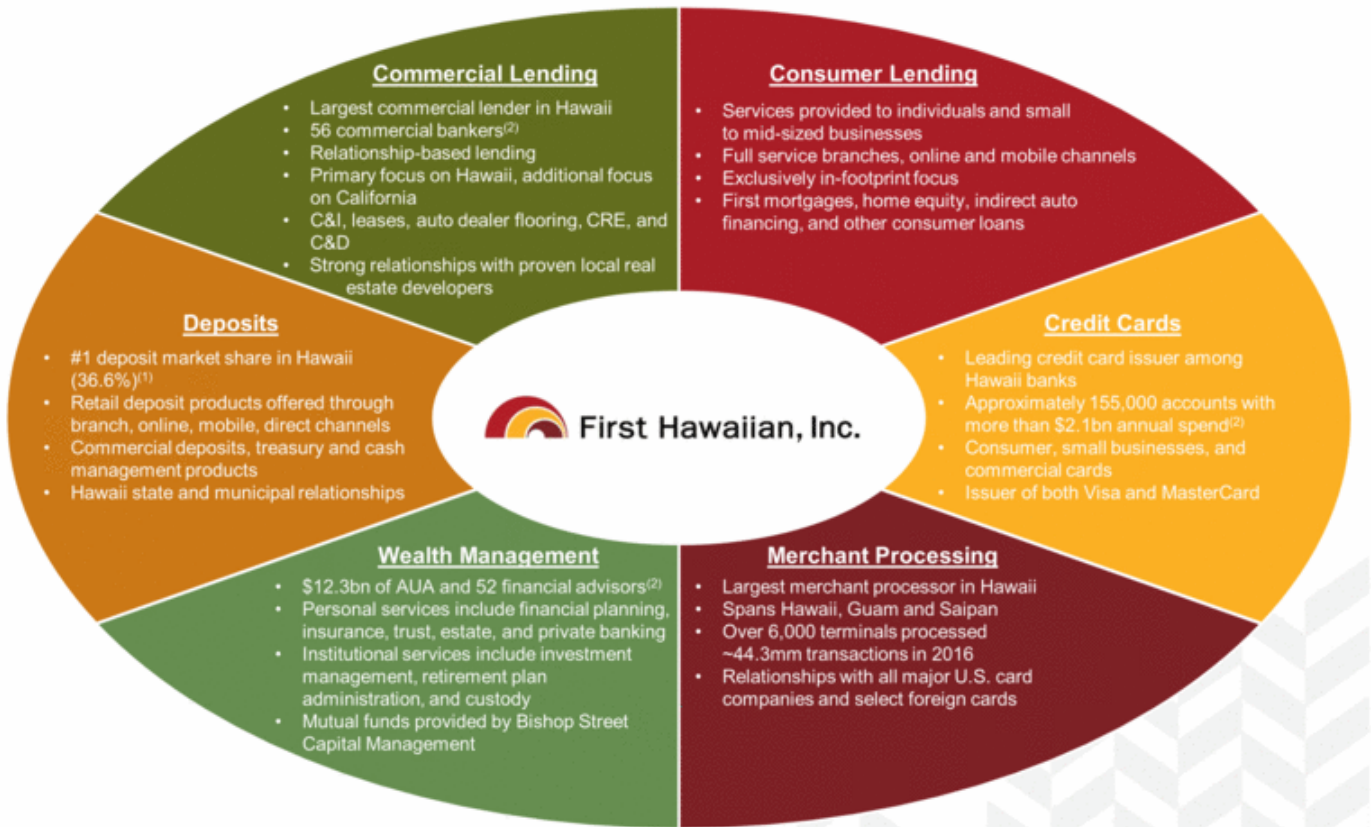
(4) ROATCE (return on average tangible common equity) is a non-GAAP financial measure. A reconciliation to the comparable GAAP measure is provided in the appendix.

Financial Overview – 1Q 2017 (\$ billions)

Market Cap	\$ 4.1	Loans	\$ 11.8
Assets	\$ 19.8	Deposits	\$ 16.9



First Hawaiian is a full service community bank focused on building relationships with our customers

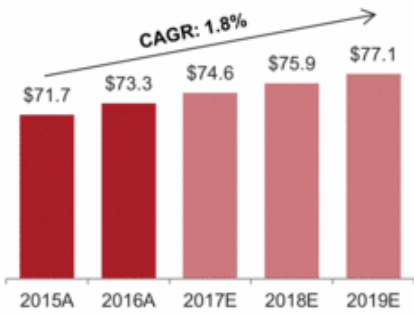


(1) Source: FDIC as of 30-Jun-16.
 (2) As of 31-Mar-17.

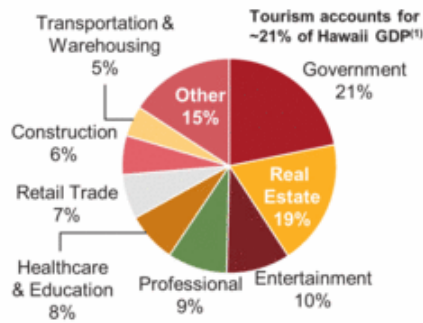
HAWAII IS AN ATTRACTIVE MARKET WITH STRONG ECONOMIC BACKDROP

The Hawaii economy has remained steady through economic cycles and maintains a favorable outlook

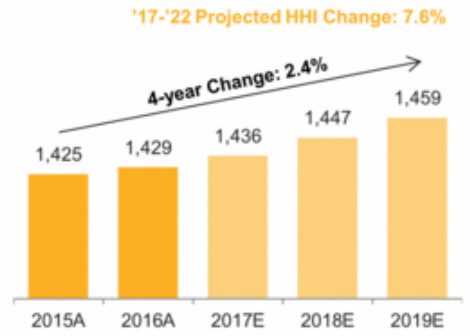
Real GDP (\$ billion)



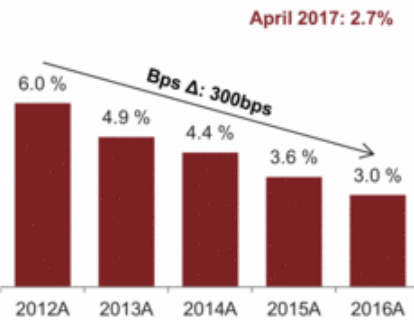
GDP by Industry (2016)



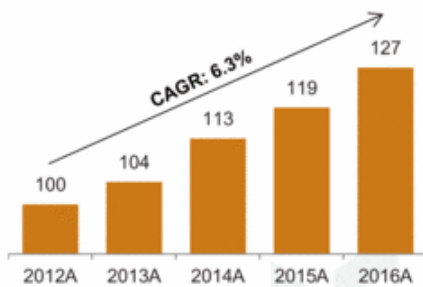
Population (000s)



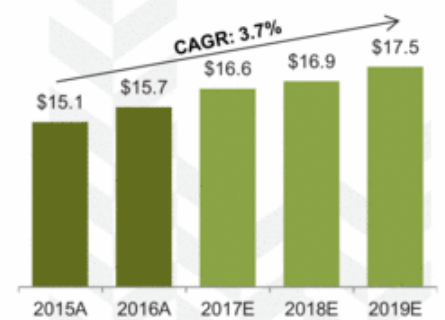
Unemployment (Year End)



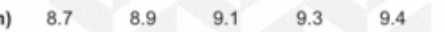
Housing Price Index (Year End)



Visitor Expenditures (\$ billion)









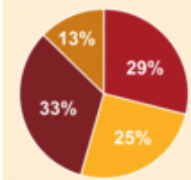
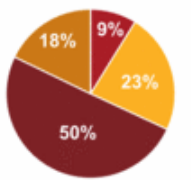
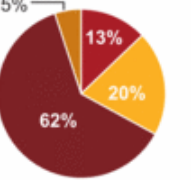
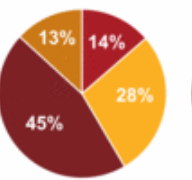
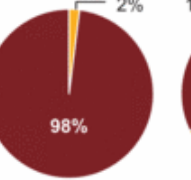
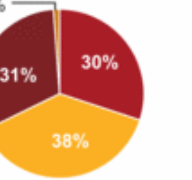
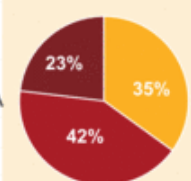
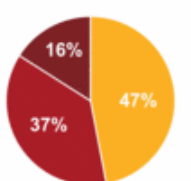
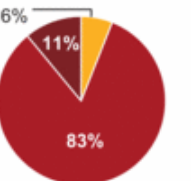
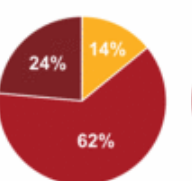
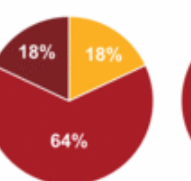
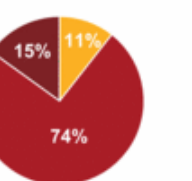
Visitor Arrivals (mm)



Source: Hawaii Department of Business, Economic Development & Tourism, Bureau of Labor Statistics, Federal Housing Finance Agency, and SNL Financial
 Note: Real GDP adjusts nominal GDP to 2009 dollars. Unemployment and housing index are shown as seasonally adjusted. Data current as of 31-Dec-16.
 (1) Based on \$15.7bn of 2016 visitor spending according to the Hawaii Tourism Authority.

THE CLEAR LEADER IN HAWAII

The banking market in Hawaii is dominated by local banks with the top 6 banks accounting for ~98% of deposits; First Hawaiian is the clear leader among its Hawaii banking peers based on size and operating performance

	 First Hawaiian, Inc.	 Bank of Hawaii	 AMERICAN Savings Bank	 CENTRAL PACIFIC BANK	 Territorial Savings Bank	 HAWAII NATIONAL BANK	
Branches	62	70	51	35	29	14	
FTEs	2,195	2,115	1,104	792	268	172	
Assets (\$bn)	\$19.8	\$16.7	\$6.6	\$5.4	\$1.9	\$0.7	
Loans (\$bn)	11.8	9.1	4.7	3.6	1.4	0.4	
Deposits (\$bn)	16.9	14.5	5.7	4.8	1.5	0.6	
1Q 2017 ROATCE	15.5% ^{(1), (2)}	14.9% ⁽³⁾	12.7%	10.7%	7.4%	3.0%	
1Q 2017 ROATA	1.23 ^{(1), (2)}	1.04 ⁽³⁾	0.99	1.00	0.91	0.26	
Loan Portfolio							
							
Hawaii Deposits	Rank	#1	#2	#3	#4	#5	#6
	Share	36.6%	31.8%	13.1%	11.0%	3.7%	1.5%

Source: SNL Financial and FDIC. For peer companies, peer company filings, SNL Financial and FDIC

Note: Balance sheet and income statement data as of 31-Mar-17. Deposit market share as of 30-Jun-16. CPF FTEs for period ended 30-Sep-16.

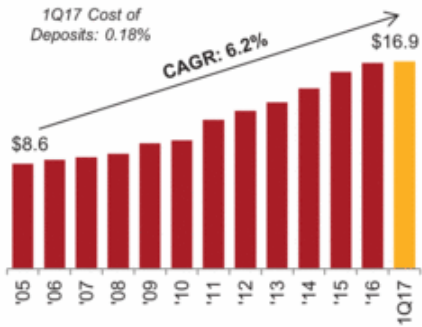
(1) ROATCE (return on average tangible common equity) and ROATA (return on average tangible assets) are non-GAAP financial measures. Reconciliations to the comparable GAAP measures are provided in the appendix.

(2) FHB ROATCE and ROATA shown as core. Core excludes certain expenses, gains and one-time items. See annual non-GAAP reconciliation of core net income in the appendix.

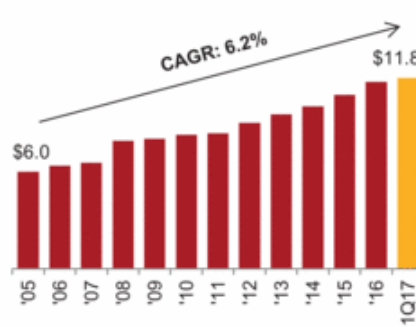
(3) BOH ROATCE and ROATA exclude gain on sale of 90,000 Visa Class B shares at \$12.5mm.

STRONG ORGANIC GROWTH AND HIGH PERFORMANCE

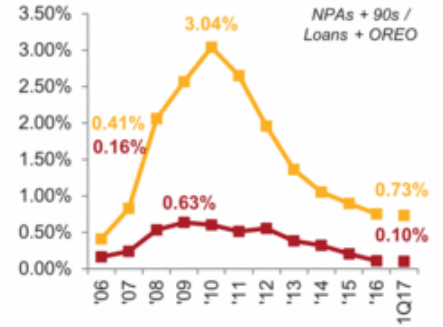
Consistent Deposit Growth



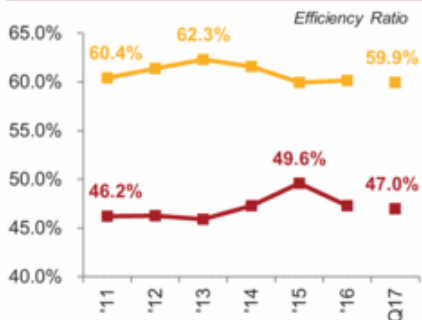
Steady, Balanced Loan Growth



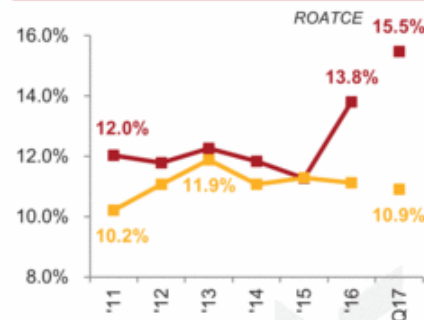
Through the Cycle Credit Performer



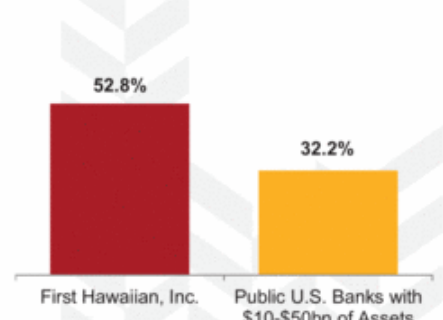
Strong Expense Mgmt. Culture⁽¹⁾



Consistent Record of Profitability^{(1),(2)}



Attractive Dividend Payout (LTM)⁽³⁾



Source: Public filings and SNL Financial

Note: Financial data as of 31-Mar-17. \$10-\$50bn banks constituted as of 31-Dec-16; excludes merger targets.

(1) FHB ratios shown as core. Core excludes certain gains, expenses and one-time items. See annual and quarterly non-GAAP reconciliations of core net income, core net interest income, core noninterest income and core noninterest expense used to calculate core ratios in the appendix.

(2) ROATCE (return on average tangible common equity) is a non-GAAP financial measures. A reconciliation to the comparable GAAP measure is provided in the appendix.

(3) FHB dividend payout ratio based on 1Q17 LTM earnings and a \$0.84 per share cash dividend for the last-twelve months ended 31-Mar-17.

1 Rising Interest Rates

- Well positioned for NIM improvement in rising interest rate environment

2 Opportunity to Reduce Effective Tax Rate

- Tax optimization strategies
- Tax reform

3 Capital Distribution

- Strong annual capital generation
- Ability to consider increasing dividends and/or share repurchases, subject to receipt of necessary regulatory approvals

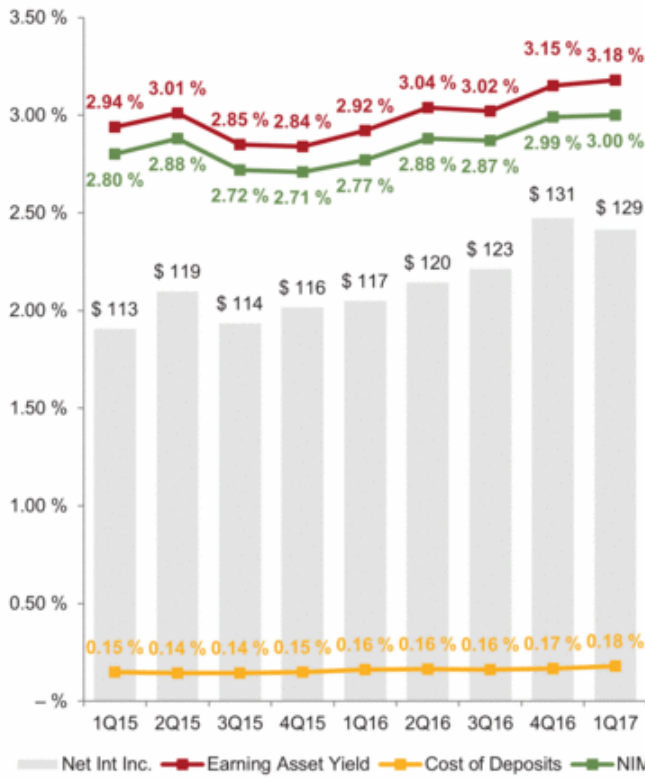
4 Separation from BNP Paribas



Drivers of Returns

POSITIONED FOR NIM UPSIDE GIVEN EARNING ASSET MIX AND RATE SENSITIVITY

Improving NIM



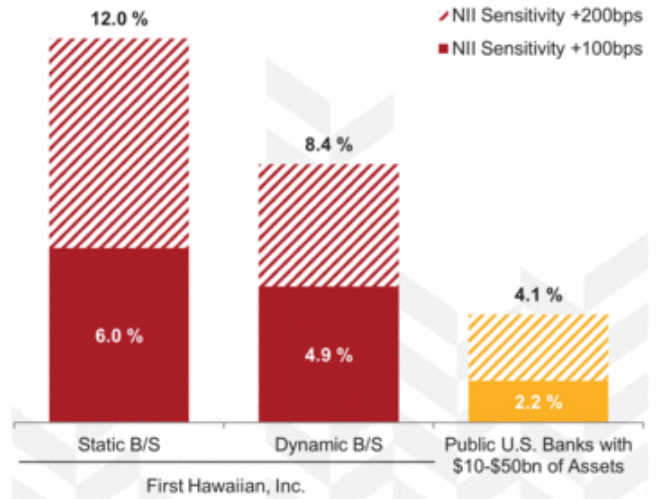
Source: Public filings and SNL Financial
 Note: Financial data as of 31-Mar-17. \$10-\$50bn banks constituted as of 31-Dec-16; excludes merger targets.

(1) FHB results based on instantaneous shift in rates; \$10-\$50bn bank results on an as reported basis (includes both instantaneous and gradual rate shock scenarios based on reporting).

Well Positioned for Rising Rates

- 98% of balance sheet funded with deposits
- Hawaii has experienced lower deposit costs and had a lower deposit beta in the last rate cycle

NII Benefit From Rate Hike⁽¹⁾



Potential Tax Optimization Opportunities

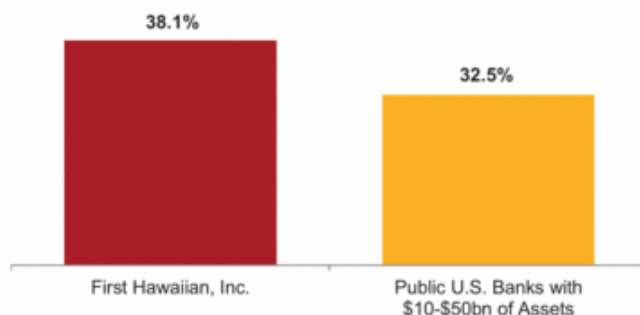
- Tax credit investment
 - Low income housing tax credits of ~\$4.5mm for 2017 and ~\$4.8mm for 2018
- Tax exempt securities
 - No municipal bonds held in current portfolio
- Tax reform
 - Time and impact remains uncertain

Potential Financial Impact⁽¹⁾

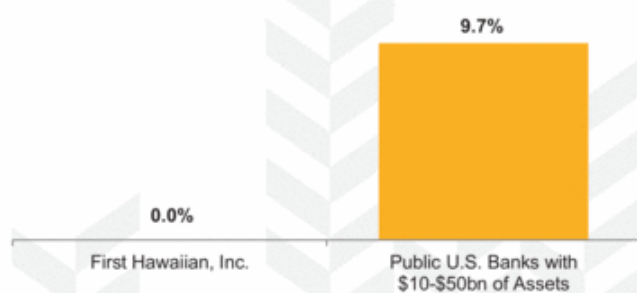
Each 1% lower tax rate equals a yearly addition of:

- ~\$3.6mm of net income
- ~\$0.03 of EPS
- ~24bps of ROATCE

2016 Effective Tax Rate



Municipal Securities (as a % of Securities Portfolio)



	First Hawaiian, Inc.	Public U.S. Banks with \$10-\$50bn of Assets
Avg. Securities / Avg. Earning Assets	30.0%	18.7%

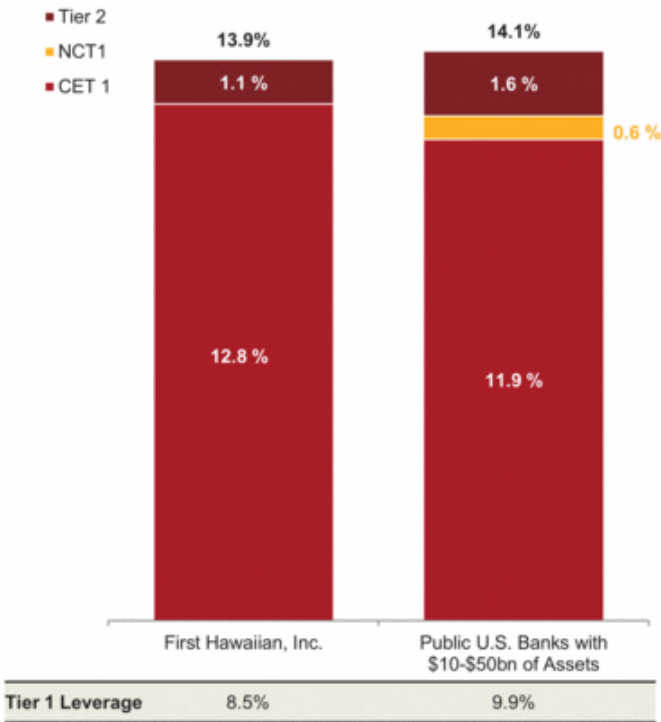
Source: Public filings and SNL Financial

Note: Financial data as of 31-Mar-17. \$10-\$50bn banks constituted as of 31-Dec-16; excludes merger targets.

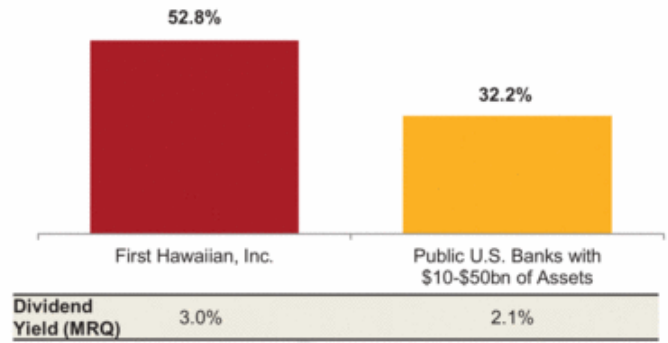
⁽¹⁾ Based on 1Q17 annualized.

Robust capital levels and strong capital generation support an attractive return opportunity for shareholders through organic growth, dividends and/or share repurchases⁽¹⁾

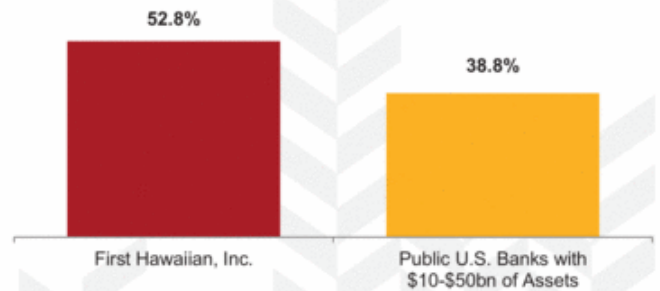
Robust Capital Position



Attractive Dividend Payout Ratio (LTM 1Q17)⁽²⁾



Strong Total Payout Ratio (LTM 1Q17)⁽²⁾



Source: Public filings and SNL Financial

Note: Financial data as of 31-Mar-17. Market data as of 21-Jul-17. \$10-\$50bn banks constituted as of 31-Dec-16; excludes merger targets.

⁽¹⁾ Dividends and share repurchases are subject to approval of FHB's board of directors, future capital needs and regulatory approvals.

⁽²⁾ FHB dividend payout ratio and total payout ratio are based on 1Q17 LTM earnings and a \$0.84 per share cash dividend for the last-twelve months ended 31-Mar-17.

- 1 *Growing core deposit base*
- 2 *Consistent high quality loan growth*
- 3 *Best-in-class credit performance*
- 4 *Well positioned for rising rates*
- 5 *Disciplined expense culture focused on driving operating leverage*
- 6 *Delivering low volatility earnings and top quartile return profile*
- 7 *Focused on maximizing shareholder return*

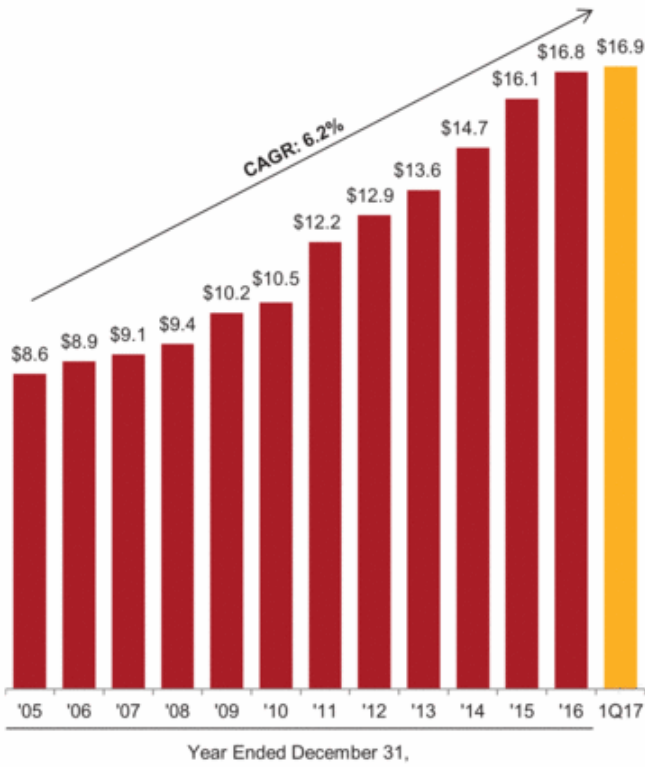


APPENDIX

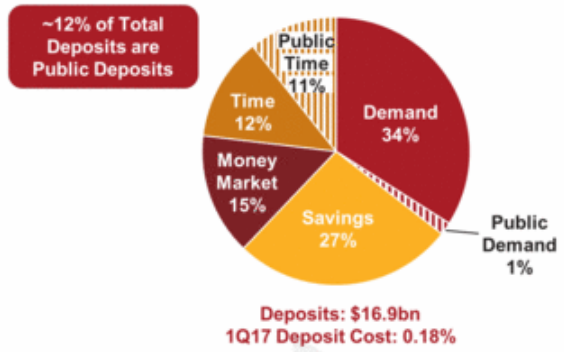


Strong brand, deep ties to the community and a leading market share position have driven an attractive, low-cost deposit base

Consistent Deposit Growth (\$bn)



Deposit Portfolio Composition (1Q17)



Best-in-Class Cost of Deposits



Source: Public filings and SNL Financial
Note: Financial data as of 31-Mar-17. \$10-\$50bn banks constituted as of 31-Dec-16; excludes merger targets.

STeady ORGANIC GROWTH AND BALANCED LOAN PORTFOLIO

Steady through the cycle organic loan growth and balanced loan portfolio with attractive forward growth opportunities

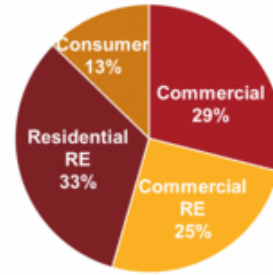
Steady Loan Growth (\$bn)



Year	Loans / Deposits
'05	70%
'06	71%
'07	72%
'08	84%
'09	78%
'10	79%
'11	69%
'12	70%
'13	70%
'14	68%
'15	67%
'16	69%
1Q17	70%

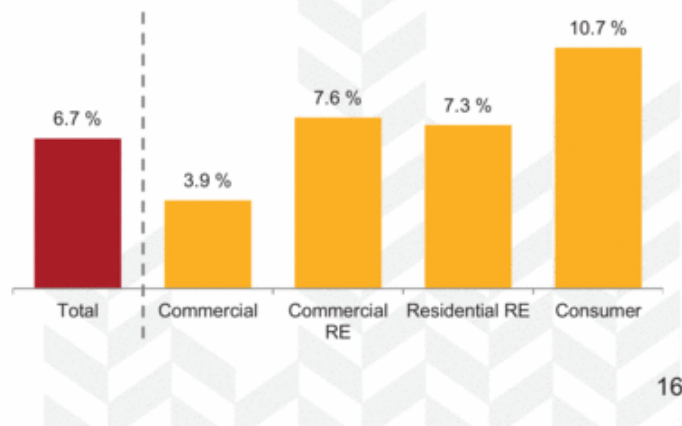
Source: Public filings and SNL Financial
Note: Financial data as of 31-Mar-17.

Balanced Loan Portfolio (1Q17)



Loans: \$11.8bn
1Q17 Loan Yield: 3.85%

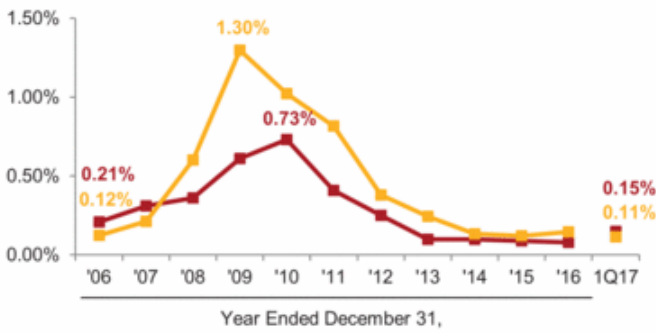
Growth in All Categories (2013FY – 1Q17 CAGR)



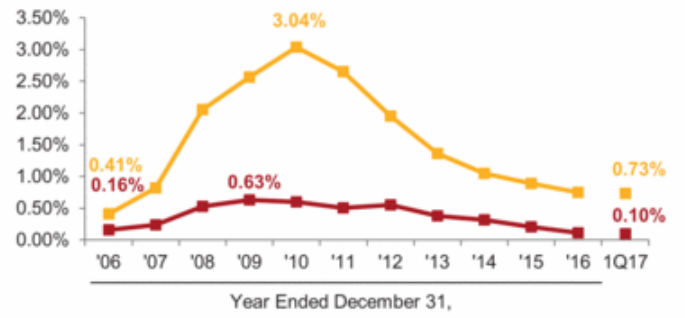
PROVEN, CONSISTENT, AND CONSERVATIVE CREDIT RISK MANAGEMENT

Strong through the cycle credit performance driven by conservative approach to credit risk management

NCOs / Average Loans



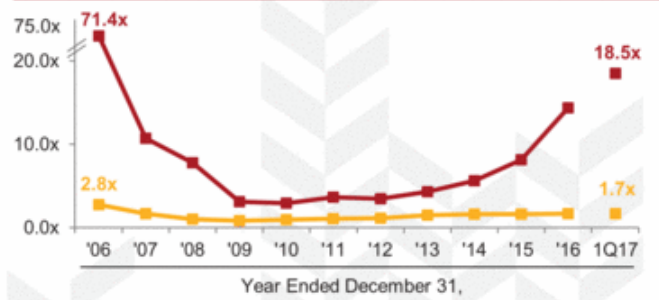
NPAs + 90s / Loans + OREO



Reserves / Loans



Reserves / Non-Accrual Loans



— First Hawaiian, Inc.

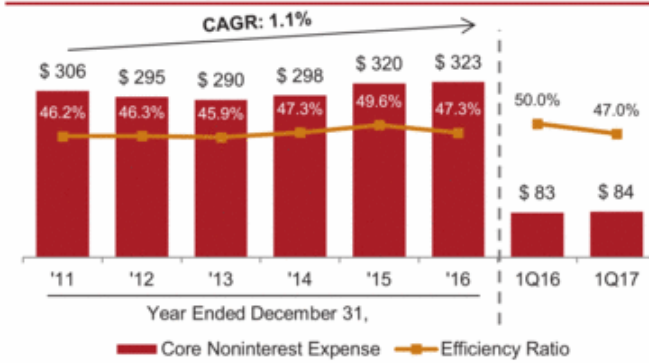
— Public U.S. Banks with \$10-\$50bn of Assets

Source: Public filings and SNL Financial

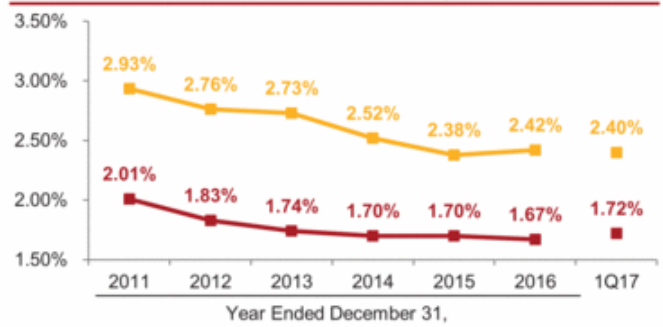
Note: Financial data as of 31-Mar-17. \$10-\$50bn banks constituted as of 31-Dec-16; excludes merger targets.

OPERATING LEVERAGE THROUGH PRUDENT EXPENSE MANAGEMENT

Well Managed Core Noninterest Expense⁽¹⁾



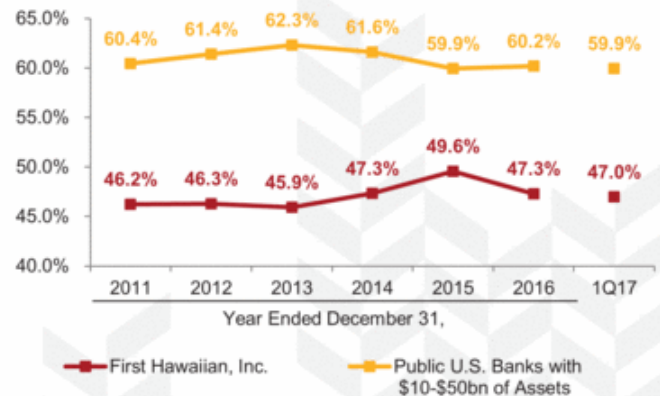
Non-Interest Expense / Average Assets⁽¹⁾



Driving Future Operating Leverage

- Improving margins and benefit from rising rates
- Additional operating capacity
- Scalable fee businesses
- Close management of expenses though transition
 - Expect ~47% efficiency ratio in 2017
 - Expect ~47 - 48% efficiency ratio in 2018

Efficiency Ratio^{(1), (2)}



Source: Public filings and SNL Financial

Note: Financial data as of 31-Mar-17. \$10-\$50bn banks constituted as of 31-Dec-16; excludes merger targets.

(1) FHB measures shown as core. Core excludes certain gains, expenses and one-time items. See annual and quarterly non-GAAP reconciliations of core net income, core net interest income, core noninterest income and core noninterest expense used to calculate core ratios in the appendix.

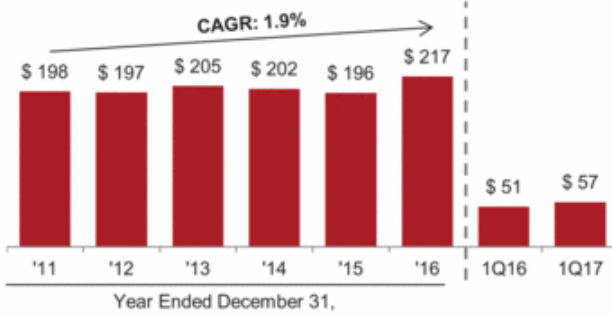
(2) Core efficiency ratio is a non-GAAP financial measure. We compute our core efficiency ratio as the ratio of core noninterest expense to the sum of core net interest income and core noninterest income. Reconciliation of the components of our core efficiency ratio to comparable GAAP measures are provided in the appendix.

SUSTAINED, CONSISTENT TRACK RECORD OF STRONG PROFITABILITY

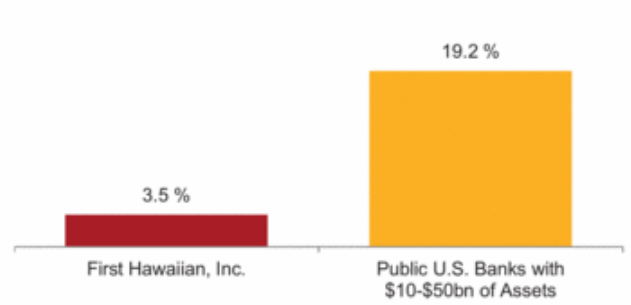
Focused on maintaining peer leading profitability through stable, consistent growth

Consistent Earnings

Consistent Core Earnings⁽¹⁾

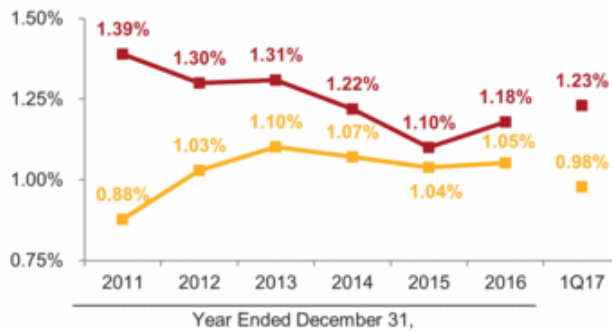


Low Earnings Volatility⁽²⁾



Top Quartile Profitability

ROATA^{(1),(3)}



ROATCE^{(1),(3)}



— First Hawaiian, Inc.

— Public U.S. Banks with \$10-\$50bn of Assets

Source: Public filings and SNL Financial

Note: Financial data as of 31-Mar-17. \$10-\$50bn banks constituted as of 31-Dec-16; excludes merger targets.

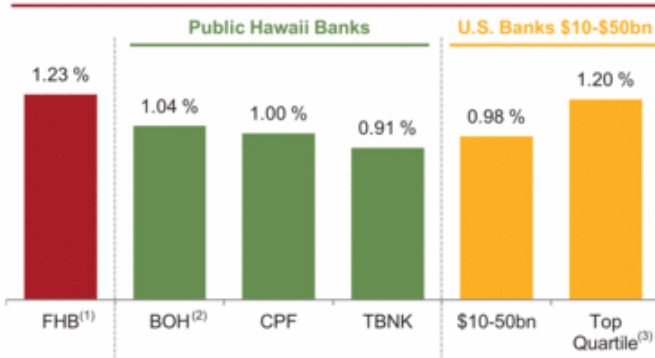
(1) FHB measures shown as core. Core excludes certain gains, expenses and one-time items. See annual and quarterly non-GAAP reconciliations of core net income, core net interest income, core noninterest income and core noninterest expense used to calculate core ratios in the appendix.

(2) Volatility of earnings calculated as the standard deviation in the change in earnings since 2011.

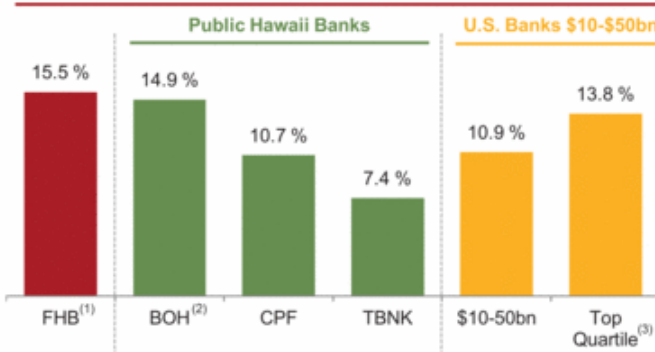
(3) ROATA (return on average tangible assets) and ROATCE (return on average tangible common equity) are non-GAAP financial measures. A reconciliation to the comparable GAAP measures are provided in the appendix.

FHB CURRENTLY UNDERVALUED RELATIVE TO HAWAII PEERS

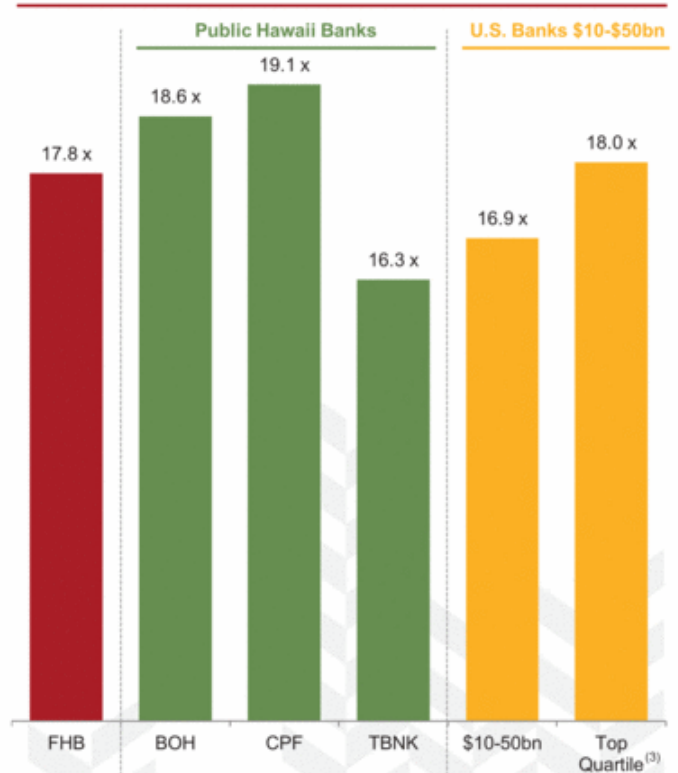
1Q 2017 ROATA



1Q 2017 ROATCE



Price / 2017E EPS



Source: Public filings, SNL Financial, IBES earnings estimates.

Note: Financial data as of 31-Mar-17. Market data as of 21-Jul-17. \$10-\$50bn banks constituted as of 31-Dec-16; excludes merger targets. IPO as of 4-Aug-16.

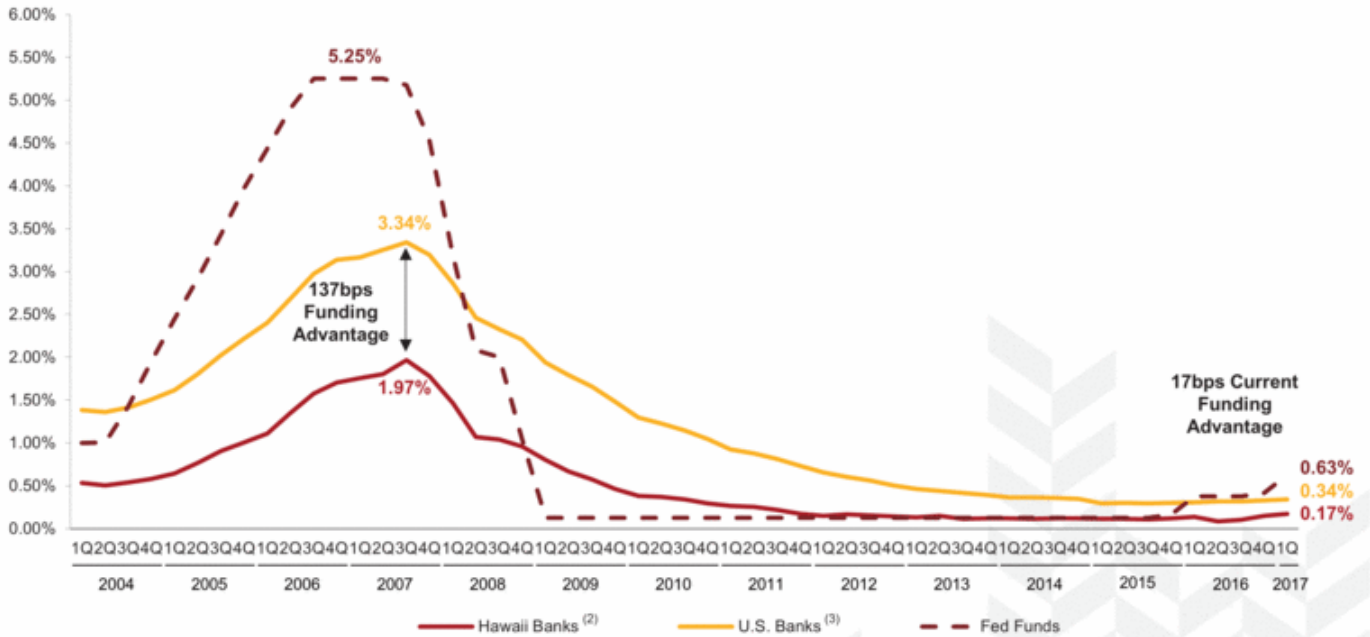
(1) ROATCE (return on average tangible common equity) and ROATA (return on average tangible assets) are non-GAAP financial measures. Reconciliations to the comparable GAAP measures are provided in the appendix. Core excludes certain expenses, gains and one-time items. See annual non-GAAP reconciliation of core net income in the appendix.

(2) BOH ROATCE and ROATA exclude gain on sale of 90,000 Visa Class B shares at \$12.5mm.

(3) Top quartile is based on public banks \$10-\$50bn in assets constituted as of 31-Dec-16; excludes merger targets.

HAWAII BANKS HAVE A SIGNIFICANT DEPOSIT ADVANTAGE

Hawaii banks experience more favorable deposit behavior across all rate cycles; Hawaii banks experienced a deposit beta⁽¹⁾ of ~34% vs. ~47% for broader U.S. banks during the last rising rate cycle



Source: SNL Financial and the Federal Reserve website

⁽¹⁾ Deposit beta is defined as the change in deposit costs as a percentage of the change in Fed Funds over a particular period. Deposit cost uses starting point (2Q04) to peak (3Q07); one quarter lag.

⁽²⁾ Includes First Hawaiian, Bank of Hawaii, American Savings, Central Pacific, Territorial Bancorp, Hawaii National.

⁽³⁾ Includes all U.S. bank holding companies excluding Hawaii-based banks.

We present net interest income, noninterest income, noninterest expense, net income, 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.

Core net interest margin, 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 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 stockholders' equity.

Core efficiency ratio is a non-GAAP financial measure. 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.

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 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) amounts related to our goodwill.

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. 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 financial condition as reported under GAAP and all other relevant information when assessing our performance or financial condition.

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

GAAP TO NON-GAAP RECONCILIATION

(Dollars in millions, except per share data)	For the Three Months Ended			As of and for the Twelve Months Ended December 31,					
	June 30, 2017	March 31, 2017	June 30, 2016	2016	2015	2014	2013	2012	2011
Net Income	\$ 56.9	\$56.7	\$ 54.9	\$230.2	\$213.8	\$216.7	\$214.5	\$211.1	\$199.7
Average Total Stockholders' Equity	\$ 2,528.4	\$2,488.5	\$ 2,491.1	\$2,568.2	\$2,735.8	\$2,698.4	\$2,667.4	\$2,664.2	\$2,640.6
Less: Average Goodwill	995.5	995.5	995.5	995.5	995.5	995.5	995.5	995.5	995.5
Average Tangible Stockholders' Equity	\$ 1,532.9	\$1,493.0	\$ 1,495.6	\$1,572.7	\$1,740.3	\$1,702.9	\$1,672.0	\$1,668.7	\$1,645.1
Total Stockholders' Equity	2,522.6	2,506.0	2,501.0	2,476.5	2,736.9	2,675.0	2,651.1	2,654.2	2,677.4
Less: Goodwill	995.5	995.5	995.5	995.5	995.5	995.5	995.5	995.5	995.5
Tangible Stockholders' Equity	\$ 1,557.1	\$1,510.5	\$ 1,505.5	\$1,481.0	\$1,741.4	\$1,679.5	\$1,655.6	\$1,658.7	\$1,681.9
Average Total Assets	19,692.2	19,769.5	18,950.0	19,334.7	18,785.7	17,493.2	16,653.6	16,085.7	15,246.8
Less: Average Goodwill	995.5	995.5	995.5	995.5	995.5	995.5	995.5	995.5	995.5
Average Tangible Assets	\$ 18,696.7	\$18,774.0	\$ 17,954.5	\$18,339.2	\$17,790.2	\$16,497.7	\$15,658.1	\$15,090.2	\$14,251.3
Total Assets	20,374.0	19,792.8	19,052.6	19,661.8	19,352.7	18,133.7	17,118.8	16,646.7	15,839.4
Less: Goodwill	995.5	995.5	995.5	995.5	995.5	995.5	995.5	995.5	995.5
Tangible Assets	\$ 19,378.5	\$18,797.3	\$ 18,057.1	\$18,666.3	\$18,357.2	\$17,138.2	\$16,123.3	\$15,651.2	\$14,843.9
Return on Average Total Stockholders' Equity ⁽¹⁾	9.03%	9.25%	8.86%	8.96%	7.81%	8.03%	8.04%	7.92%	7.56%
Return on Average Tangible Stockholders' Equity (non-GAAP)⁽¹⁾	14.89%	15.41%	14.75%	14.64%	12.28%	12.72%	12.83%	12.65%	12.14%
Return on Average Total Assets ⁽¹⁾	1.16	1.16	1.16	1.19	1.14	1.24	1.29	1.31	1.31
Return on Average Tangible Assets (non-GAAP)⁽¹⁾	1.22%	1.23%	1.23%	1.26%	1.20%	1.31%	1.37%	1.40%	1.40%

Note: Totals may not sum due to rounding.
⁽¹⁾ Annualized for the three month periods.

GAAP TO NON-GAAP RECONCILIATION

(Dollars in millions, except per share data)	For the Months Ended			For the Fiscal Year Ended December 31,					
	June 30, 2017	March 31, 2017	June 30, 2016	2016	2015	2014	2013	2012	2011
Net Interest Income	\$ 131.3	\$ 129.3	\$ 120.4	\$ 491.7	\$ 461.3	\$ 443.8	\$ 439.0	\$ 447.5	\$ 470.0
Accounting Change (ASC 310 Adjustment)	-	-	-	-	-	-	(4.3)	-	-
Early Buyout on Lease	-	-	-	-	-	(3.1)	-	-	-
Early Loan Termination ⁽¹⁾	-	-	-	-	(4.8)	-	-	-	-
Core Net Interest Income (Non-GAAP)	\$ 131.3	\$ 129.3	\$ 120.4	\$ 491.7	\$ 456.5	\$ 440.7	\$ 434.7	\$ 447.5	\$ 470.0
Noninterest Income	\$ 48.9	\$ 49.4	\$ 46.4	\$ 217.6	\$ 211.4	\$ 209.2	\$ 208.4	\$ 212.8	\$ 194.6
Gain on Sale of Securities	-	-	-	(4.6)	(7.7)	-	(0.2)	(16.7)	(1.7)
Gain on Sale of Stock (Visa/MasterCard)	-	-	-	(22.7)	(4.6)	(20.8)	(11.1)	-	-
Gain on Sale of Other Assets	-	-	-	-	(3.4)	-	(0.4)	(6.4)	-
Other Adjustments ^{(1),(2)}	-	-	-	-	(7.5)	-	-	-	(0.9)
Core Noninterest Income (Non-GAAP)	\$ 48.9	\$ 49.4	\$ 46.4	\$ 190.4	\$ 188.2	\$ 188.4	\$ 196.6	\$ 189.7	\$ 192.0
Noninterest Expense	\$ 85.2	\$ 84.3	\$ 78.5	\$ 328.8	\$ 319.6	\$ 297.7	\$ 290.7	\$ 295.6	\$ 306.1
Non-Recurring Items ⁽³⁾	(0.5)	(0.4)	-	(6.2)	-	-	(0.7)	(0.7)	-
Core Noninterest Expense (Non-GAAP)	\$ 84.7	\$ 83.9	\$ 78.5	\$ 322.6	\$ 319.6	\$ 297.7	\$ 290.0	\$ 294.9	\$ 306.1
Net Income	\$ 56.9	\$ 56.7	\$ 54.9	\$ 230.2	\$ 213.8	\$ 216.7	\$ 214.5	\$ 211.1	\$ 199.7
Accounting Change (ASC 310 Adjustment)	-	-	-	-	-	-	(4.3)	-	-
Early Buyout on Lease	-	-	-	-	-	(3.1)	-	-	-
Early Loan Termination	-	-	-	-	(4.8)	-	-	-	-
Gain on Sale of Securities	-	-	-	(4.6)	(7.7)	-	(0.2)	(16.7)	(1.7)
Gain on Sale of Stock (Visa/MasterCard)	-	-	-	(22.7)	(4.6)	(20.8)	(11.1)	-	-
Gain on Sale of Other Assets	-	-	-	-	(3.4)	-	(0.4)	(6.4)	-
Other Adjustments ^{(1),(2)}	-	-	-	-	(7.5)	-	-	-	(0.9)
Non-Recurring Items ⁽³⁾	0.5	0.4	-	6.2	-	-	0.7	0.7	-
Tax Adjustments ⁽⁴⁾	(0.2)	(0.1)	-	8.0	10.6	8.9	5.8	8.1	1.0
Total Core Adjustments	0.3	0.2	-	(13.1)	(17.5)	(15.0)	(9.5)	(14.3)	(1.7)
Core Net Income (Non-GAAP)	\$ 57.2	\$ 57.0	\$ 54.9	\$ 217.1	\$ 196.3	\$ 201.6	\$ 205.0	\$ 196.7	\$ 198.0
Core Basic EPS (Non-GAAP)	\$ 0.41	\$ 0.41	\$ 0.39	\$ 1.56	\$ 1.41	\$ 1.45	\$ 1.47	\$ 1.57	\$ 1.79
Core Diluted EPS (Non-GAAP)	\$ 0.41	\$ 0.41	\$ 0.39	\$ 1.56	\$ 1.41	\$ 1.45	\$ 1.47	\$ 1.57	\$ 1.79

Note: Totals may not sum due to rounding.

⁽¹⁾ Adjustments that are not material to our financial results have not been presented for certain periods.

⁽²⁾ Other adjustments include a one-time MasterCard signing bonus and a recovery of an investment that was previously written down.

⁽³⁾ Include non-recurring public company transition costs.

⁽⁴⁾ Represents the adjustments to net income, tax effected at the Company's effective tax rate for the respective period.