



 First Hawaiian, Inc.

3rd QUARTER 2020 EARNINGS CALL

October 23, 2020

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 and June 30, 2020.

Hawaii

- Increases in positive COVID cases in July and August led to a second stay at home order on Oahu in early September
- Oahu began reopening in late September under a four tier framework with quantitative criteria for loosening and tightening restrictions
- State of Hawaii pre-travel testing program began October 15
- Housing market remains strong: September median single family home resale price on Oahu was \$880k
- September State of Hawaii unemployment rate: 15.1%

FHB Operations

- Continuing to re-open most of our branches. Have decided to permanently close four.
- Maintaining split operations center
- Launched online mortgage origination portal in July. 40% of our applications came through the portal in Q3.
- Launched PPP loan forgiveness process
 - In conjunction with the SBA, hosted webinars to educate borrowers on loan forgiveness application process
 - Began submitting loan forgiveness applications

Q3 2020 HIGHLIGHTS¹

- **Increases in net interest and noninterest income, expenses held flat**

- **12 bp increase in NIM**
- **Improved asset quality metrics**

	Q3 2020	Q2 2020
Net Income (\$mm)	\$65.1	\$20.0
Diluted EPS	\$0.50	\$0.15
Net Interest Margin	2.70%	2.58%
Efficiency Ratio	50.0%	52.7%
ROA / ROATA ²	1.16% / 1.21%	0.36% / 0.38%
ROE / ROATCE ²	9.58% / 15.16%	2.99% / 4.74%
Tier 1 Leverage Ratio	7.91%	7.75%
CET 1 Capital Ratio	12.22%	11.86%
Total Capital ratio	13.47%	13.11%
Dividend ³	\$0.26 / share	\$0.26 / share

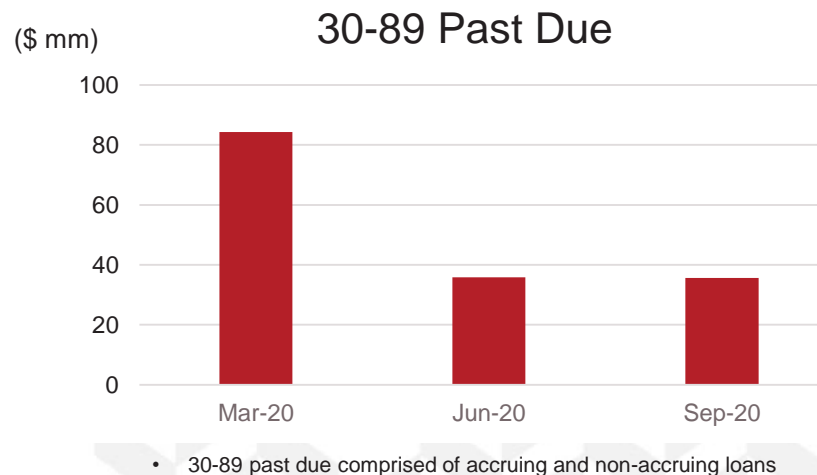
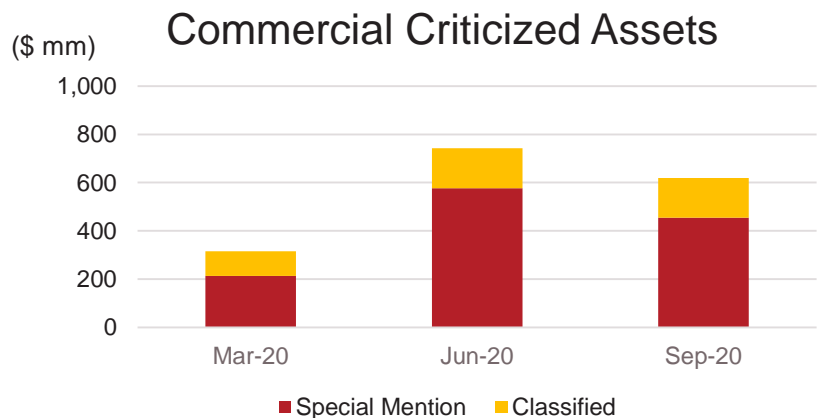
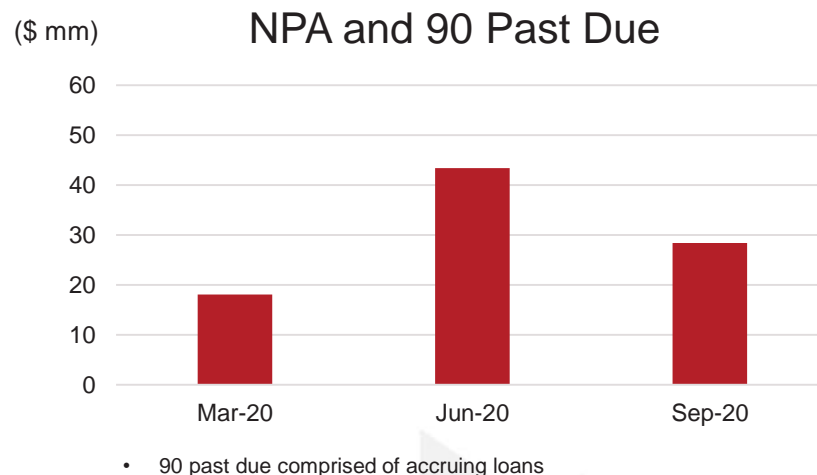
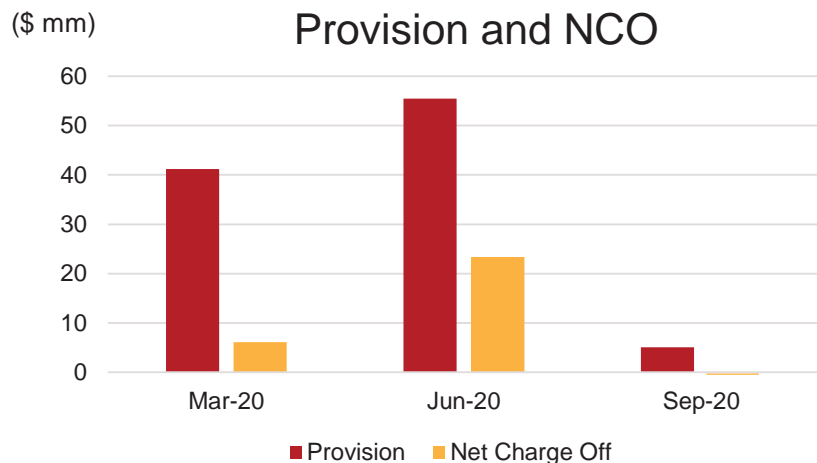
- 4.8% increase in net interest income
- 7.1% increase in noninterest income
- Noninterest expenses flat
- 6 bp decrease in cost of deposits
- Improved asset quality metrics
- \$5.1 mm provision expense
- Strong liquidity: 169% modified US liquidity coverage ratio
- Well-capitalized: 12.22% CET1 ratio
- Declared \$0.26 / share dividend

(1) Comparisons to Q2 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 October 21, 2020. Payable December 4, 2020 to shareholders of record at close of business on November 23, 2020.

ASSET QUALITY IMPROVED FROM Q2



ALLOWANCE FOR CREDIT LOSS

PROVISION STABILIZED ON UNCHANGED OUTLOOK AND IMPROVED ASSET QUALITY

Q3 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 in the model.

Q3 ACL increased by \$3.8 million to \$195.8 million. The reserve for unfunded commitments increased by \$1.4 million to \$24.6 million.

Q3 asset coverage is 1.45% of all loans and 1.56% excluding PPP loans.

Asset Rollforward of the Allowance for Credit Losses

(\$ in 000's)	C&I	CRE	Const	Lease	Mortgage	Home Equity	Consumer	Total
6/30/20 ACL	21,299	53,122	5,276	3,837	33,874	7,635	67,077	192,120
Charge-offs	(598)	-	-	-	-	-	(4,238)	(4,836)
Recoveries	1,699	-	30	-	27	16	3,148	4,920
Provision	(1,129)	(1,389)	(372)	214	8,316	(50)	(1,918)	3,672
9/30/20 ACL	21,271	51,733	4,934	4,051	42,217	7,601	64,069	195,876
% of Total ACL	10.9%	26.4%	2.5%	2.1%	21.6%	3.9%	32.7%	100%
Total Loan Balance	3,170,262	3,461,085	662,871	245,977	3,669,051	864,789	1,425,934	13,499,969
Asset Ratio (w/ PPP)	0.67%	1.49%	0.74%	1.65%	1.15%	0.88%	4.49%	1.45%
Asset Ratio (no PPP)	0.95%	1.49%	0.74%	1.65%	1.15%	0.88%	4.49%	1.56%

LOAN DEFERRALS

96% OF BORROWERS OFF DEFERRAL RETURNED TO PAYMENT

As of 9/30/20	Total Deferrals ¹ (\$ mm)	Returned to Pay (\$ mm)	Original Deferrals (\$ mm)	2 nd Deferrals (\$ mm)	Delinquent (\$ mm)
Commercial and Industrial	810	789	9	10	1
Commercial Real Estate	1,196	1,093	58	46	-
Construction	62	59	3	1	-
Lease Financing	10	10	-	-	-
Sub-Total Commercial	2,078	1,951	70	56	1
Residential Mortgage	684	70	589	25	-
Consumer	259	210	36	-	13
Sub-Total Consumer	944	280	625	25	13
Grand Total	3,022	2,232	695	81	14

Note: Totals may not sum due to rounding

¹ All loans flagged as having received a COVID-19 deferral

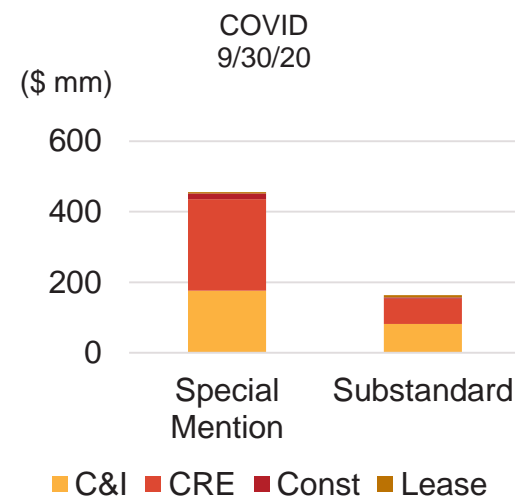
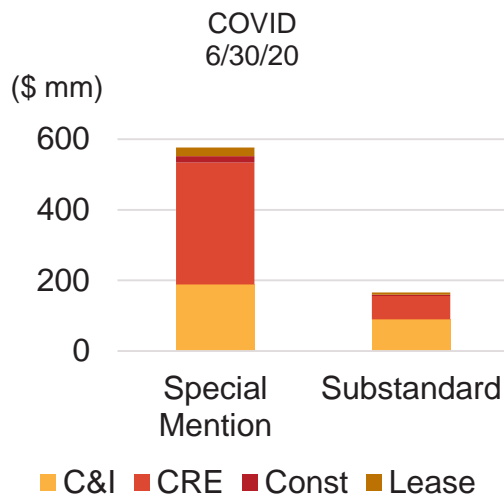
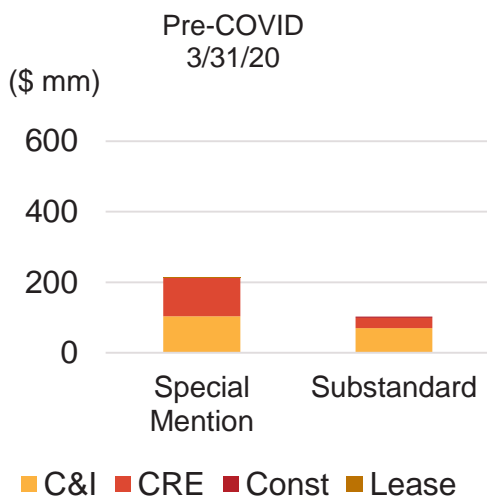
- 96% of borrowers coming off deferral have returned to payments with a small portion offered a 2nd deferral based on additional considerations.
- 5.8% of the loan portfolio remains on active deferral.
- Excluding residential mortgage, 1.2% of the loan portfolio remains on active deferral.

COMMERCIAL RISK RATING

COMPOSITION BY LOAN TYPE

As of 9/30/20

Risk Rating	C&I (\$ 000's)	%	CRE (\$ 000's)	%	Const. (\$ 000's)	%	Lease (\$ 000's)	%	Total (\$ 000's)	%
Pass	2,812,984	89%	3,130,181	90%	586,440	88%	235,996	96%	6,765,601	90%
Special Mention	176,499	6%	259,023	8%	16,083	2%	3,541	1%	455,146	6%
Substandard	81,820	3%	71,379	2%	3,946	1%	6,440	3%	163,585	2%
Doubtful	195	0%	0	0%	0	0%	0	0%	195	0%
Other	98,764	3%	502	0%	56,402	9%	0	0%	155,668	2%
Total	3,170,262	100%	3,461,085	100%	662,871	100%	245,977	100%	7,540,195	100%



EXPOSURE TO SELECT INDUSTRIES

BALANCES FLAT TO DOWN VS Q1, EX PPP

As of 9/30/20	Total (\$ mm)	C&I (\$ mm)	CRE/ Const (\$ mm)	% of Total Loans and Leases	PPP ² (\$ mm)	Comments
Hospitality and Hotels	525	148	377	3.9%	57	Investment grade SNC and properties with good LTV/Sponsorship
Retail (ex auto)	737	163	574	5.5%	60	Primarily businesses and properties geared to essential spend
Auto Related	916	788	128	6.8%	64	Long time customers many being multi store/brand
Transportation	118	106	12	0.9%	36	No aircraft exposure
Food Service	205	199	6	1.5%	112	Primarily franchisees with QSR formats
Leveraged (High Risk C&I) ¹	100	100	-	0.7%	-	

• Little or no direct exposure to entertainment, energy or nursing homes

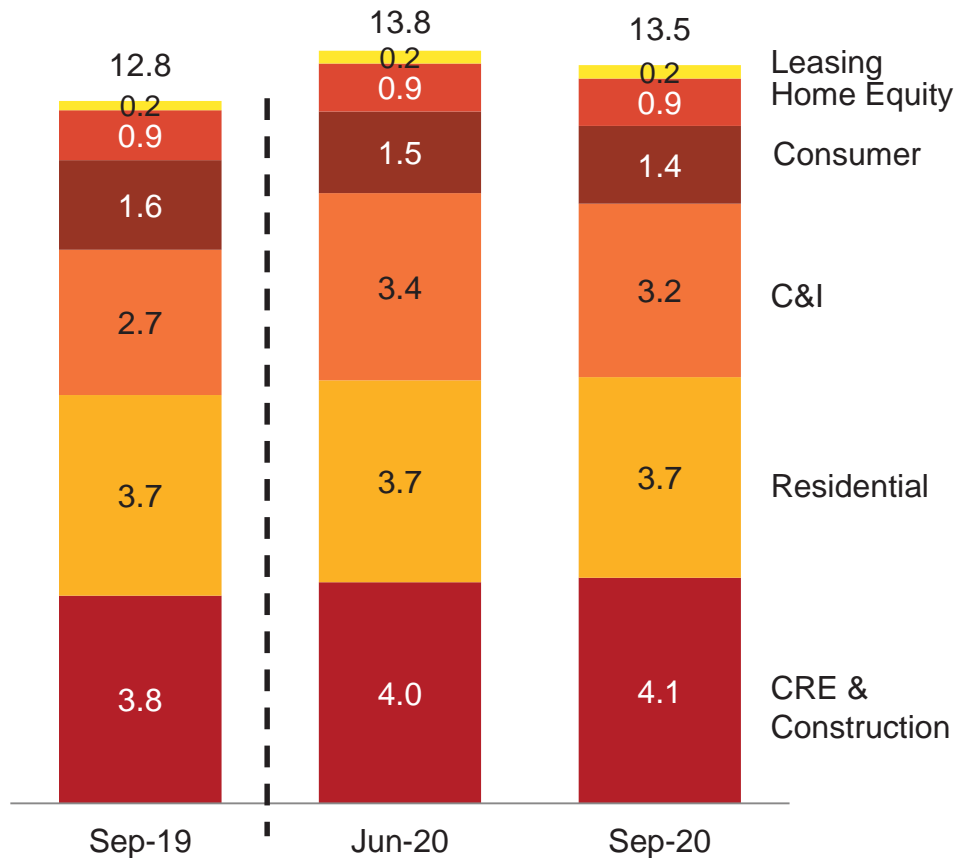
¹ Leveraged category is composed of accounts not contained in select industries listed

² PPP balances presented are contained in total for each category

1.9% DECLINE IN LOANS AND LEASES

Total Loans and Leases

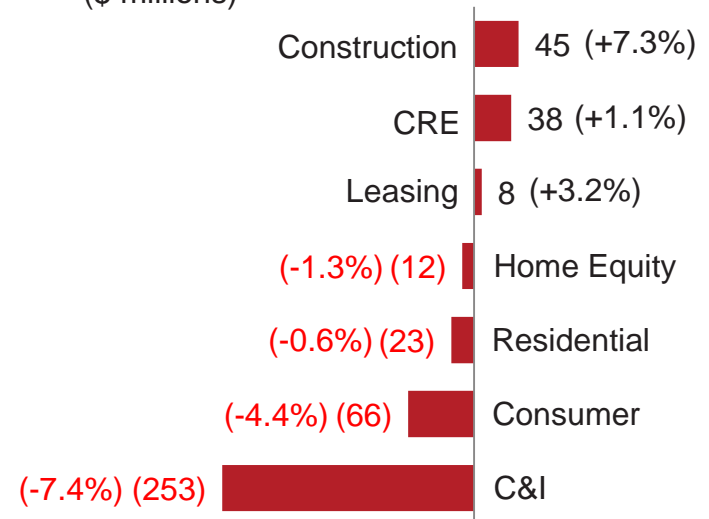
(\$ billions)



Note: Segments may not sum to total due to rounding

Q3 '20 vs Q2 '20 Net Change

(\$ millions)



Q3 Large Changes

- C&I loan drivers: (\$253 mm)
 - SNC: (\$106 mm)
 - Dealer Flooring: (\$53 mm)
- Consumer loan drivers: (\$66 mm)
 - Indirect auto: (\$34 mm)
 - Credit card: (\$12 mm)

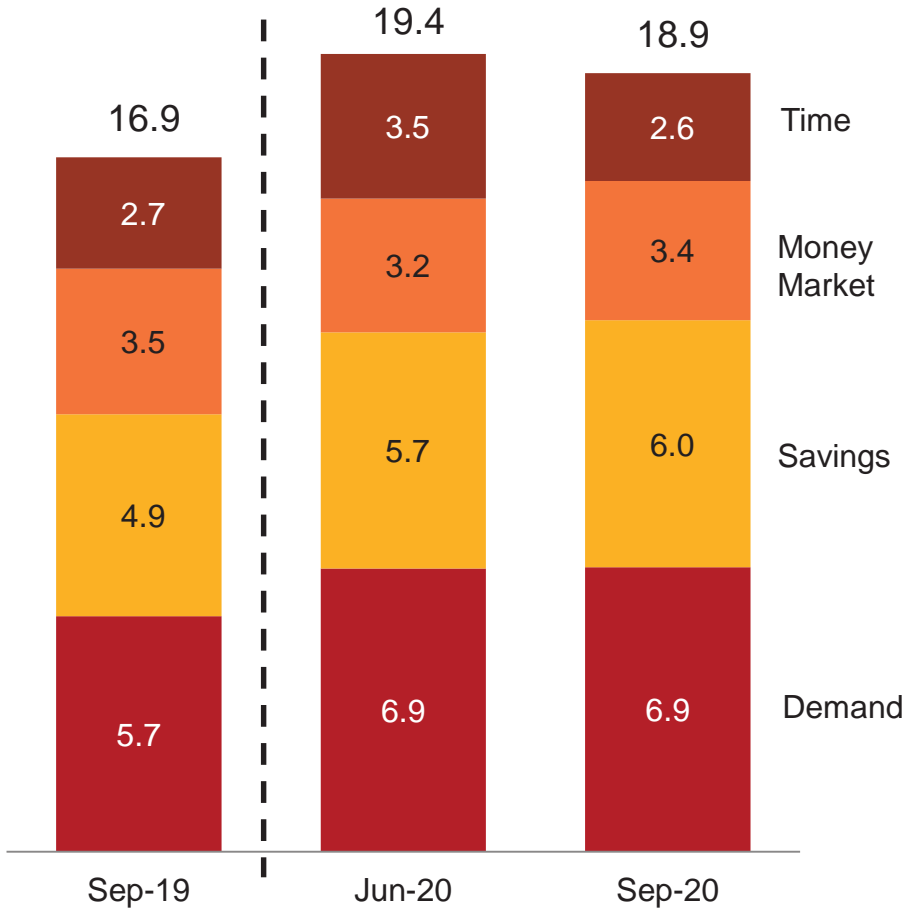
1% GROWTH IN CONSUMER AND COMMERCIAL DEPOSITS

6 BP REDUCTION IN COST OF DEPOSITS



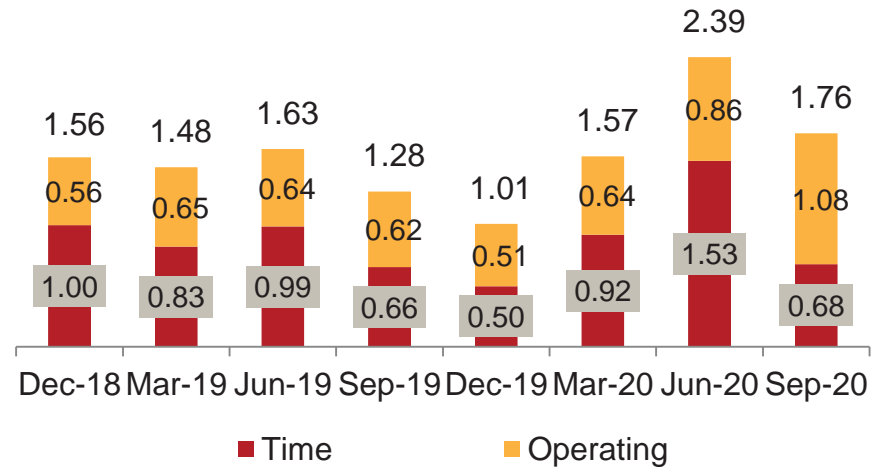
Total Deposits

(\$ billions)



Public Deposits

(\$ billions)



Dec-18 Mar-19 Jun-19 Sep-19 Dec-19 Mar-20 Jun-20 Sep-20

■ Time ■ Operating

Significant Items in Q3

- Cost of deposits reduced by 6 bps to 13 bps
- \$464 mm decline in total deposits
 - \$166 mm, or 1%, increase in consumer and commercial deposits
 - \$630 mm decrease in public deposits, includes \$853 mm reduction in public time deposits

Quarterly Cost of Deposits

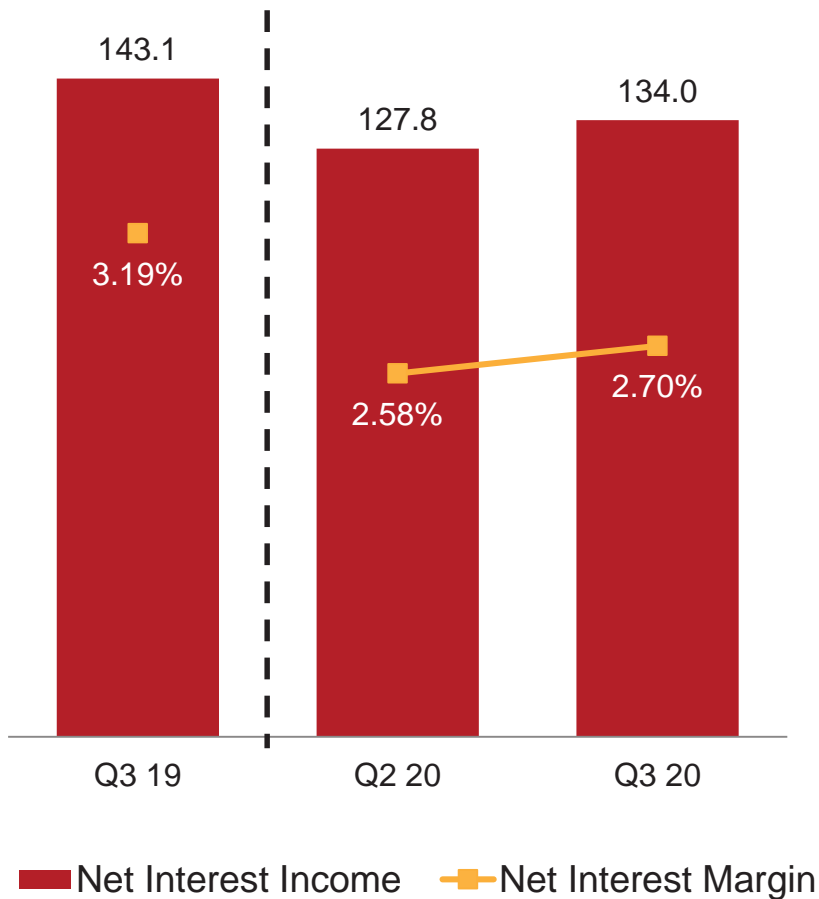
54 bps 19 bps 13 bps

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

12 BP INCREASE IN NIM

Net Interest Income and Net Interest Margin

(\$ millions)



	Q3 2020	Q2 2020
Reported NIM	2.70%	2.58%
Excess cash	0.07	0.21
Premium adjustment	0.03	0.06
NIM after adjustment	2.80%	2.85%

Significant Items in Q3

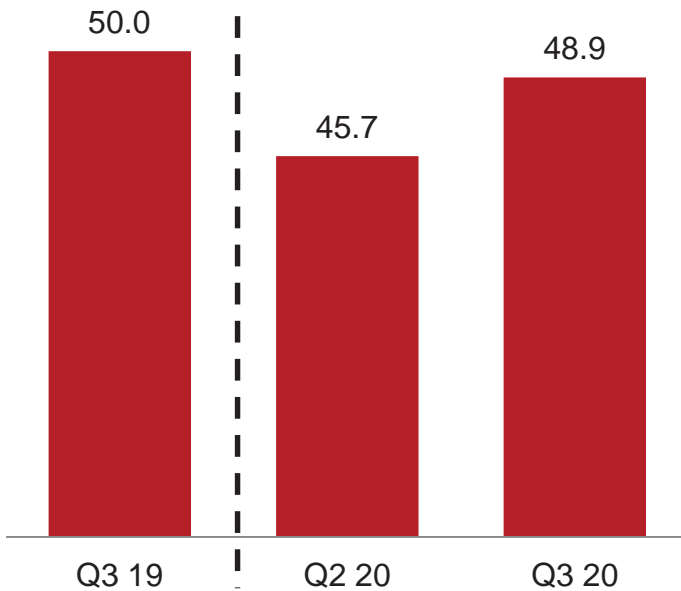
- 12 bp increase in NIM
- Full quarter benefit of \$200mm of FHLB advances that matured late in 2Q and \$200mm that matured in early 3Q
- Reduced average excess liquidity by ~\$550mm

7.1% INCREASE IN NONINTEREST INCOME

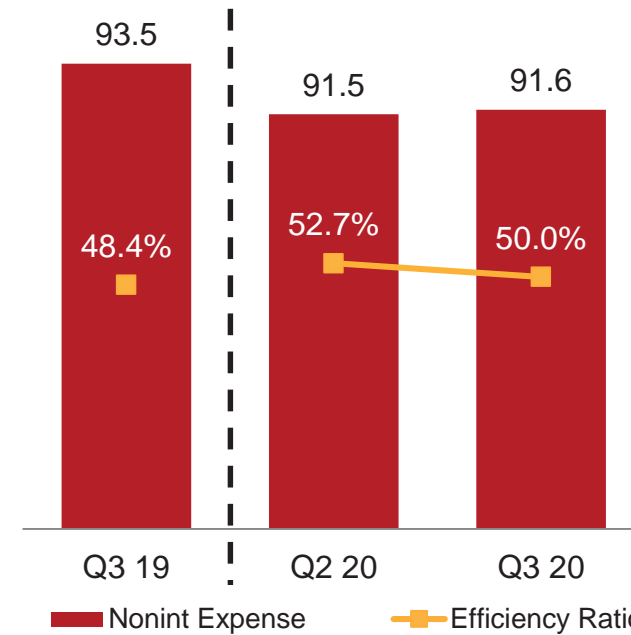
DISCIPLINED EXPENSE MANAGEMENT

Noninterest Income

(\$ millions)



Noninterest Expense



QUESTIONS





SUMMARY INCOME STATEMENT



(\$ in millions except per share data)	Quarter ended		
	9/30/20	6/30/20	9/30/19
Net interest income	\$ 134.0	\$ 127.8	\$ 143.1
Provision for credit losses	5.1	55.4	0.0
Noninterest income	48.9	45.7	50.0
Noninterest expense	91.6	91.5	93.5
Pre-tax income	86.2	26.6	99.6
Tax expense	21.1	6.5	25.4
Net Income	\$ 65.1	\$ 20.0	\$ 74.2
Core adjustments ⁽¹⁾	(0.0)	0.2	2.2
Tax adjustments	0.0	(0.1)	(0.6)
Core Net Income ⁽¹⁾	\$ 65.1	\$ 20.2	\$ 75.9
Diluted earnings per share	\$ 0.50	\$ 0.15	\$ 0.56
Core diluted earnings per share ⁽¹⁾	\$ 0.50	\$ 0.16	\$ 0.57

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		
	9/30/20	6/30/20	9/30/19
Selected Assets			
Investment securities	\$ 5,692.9	\$ 5,135.8	\$ 4,157.1
Loans and leases	13,500.0	13,764.0	12,843.4
Total assets	22,310.7	22,993.7	20,598.2
Selected Liabilities and Stockholders' Equity			
Total deposits	\$ 18,897.8	\$ 19,361.6	\$ 16,857.2
Total stockholders' equity	2,733.9	2,701.9	2,654.6
Shares Outstanding	129,911,789	129,866,898	131,260,900
Book value per share	\$ 21.04	\$ 20.81	\$ 20.22
Tangible book value per share ⁽¹⁾	13.38	13.14	12.64
Tier 1 Leverage Ratio	7.91 %	7.75 %	8.68 %
CET 1 / Tier 1	12.22 %	11.86 %	12.15 %
Total Capital Ratio	13.47 %	13.11 %	13.11 %

⁽¹⁾ Non-GAAP financial measure. A reconciliation to the directly comparable GAAP measure is provided in the appendix of this slide presentation. 16

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 Nine Months Ended	
	September 30, 2020	June 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Income Statement Data:					
Net income	\$ 65,101	\$ 20,049	\$ 74,199	\$ 124,015	\$ 216,556
Core net income	\$ 65,083	\$ 20,204	\$ 75,871	\$ 124,090	\$ 220,535
Average total stockholders' equity	\$ 2,704,129	\$ 2,697,775	\$ 2,648,428	\$ 2,687,632	\$ 2,600,259
Less: average goodwill	995,492	995,492	995,492	995,492	995,492
Average tangible stockholders' equity	\$ 1,708,637	\$ 1,702,283	\$ 1,652,936	\$ 1,692,140	\$ 1,604,767
Average total assets	\$ 22,341,485	\$ 22,341,654	\$ 20,332,457	\$ 21,667,948	\$ 20,405,261
Less: average goodwill	995,492	995,492	995,492	995,492	995,492
Average tangible assets	\$ 21,345,993	\$ 21,346,162	\$ 19,336,965	\$ 20,672,456	\$ 19,409,769
Return on average total stockholders' equity ⁽¹⁾	9.58 %	2.99 %	11.12 %	6.16 %	11.13 %
Core return on average total stockholders' equity (non-GAAP) ⁽¹⁾	9.57 %	3.01 %	11.37 %	6.17 %	11.34 %
Return on average tangible stockholders' equity (non-GAAP) ⁽¹⁾	15.16 %	4.74 %	17.81 %	9.79 %	18.04 %
Core return on average tangible stockholders' equity (non-GAAP) ⁽¹⁾	15.15 %	4.77 %	18.21 %	9.80 %	18.37 %
Return on average total assets ⁽¹⁾	1.16 %	0.36 %	1.45 %	0.76 %	1.42 %
Core return on average total assets (non-GAAP) ⁽¹⁾	1.16 %	0.36 %	1.48 %	0.76 %	1.44 %
Return on average tangible assets (non-GAAP) ⁽¹⁾	1.21 %	0.38 %	1.52 %	0.80 %	1.49 %
Core return on average tangible assets (non-GAAP) ⁽¹⁾	1.21 %	0.38 %	1.56 %	0.80 %	1.52 %

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

	As of September 30, 2020	As of June 30, 2020	As of December 31, 2019	As of September 30, 2019
Balance Sheet Data:				
Total stockholders' equity	\$ 2,733,934	\$ 2,701,897	\$ 2,640,258	\$ 2,654,558
Less: goodwill	995,492	995,492	995,492	995,492
Tangible stockholders' equity	\$ 1,738,442	\$ 1,706,405	\$ 1,644,766	\$ 1,659,066
Total assets	\$ 22,310,701	\$ 22,993,715	\$ 20,166,734	\$ 20,598,220
Less: goodwill	995,492	995,492	995,492	995,492
Tangible assets	\$ 21,315,209	\$ 21,998,223	\$ 19,171,242	\$ 19,602,728
Shares outstanding	129,911,789	129,866,898	129,928,479	131,260,900
Total stockholders' equity to total assets	12.25 %	11.75 %	13.09 %	12.89 %
Tangible stockholders' equity to tangible assets (non-GAAP)	8.16 %	7.76 %	8.58 %	8.46 %
Book value per share	\$ 21.04	\$ 20.81	\$ 20.32	\$ 20.22
Tangible book value per share (non-GAAP)	\$ 13.38	\$ 13.14	\$ 12.66	\$ 12.64

GAAP TO NON-GAAP RECONCILIATION



(dollars in thousands, except per share amounts)	For the Three Months Ended			For the Nine Months Ended	
	September 30,	June 30,	September 30,	September 30,	
	2020	2020	2019	2020	2019
Net interest income	\$ 134,002	\$ 127,822	\$ 143,081	\$ 400,507	\$ 433,783
Core net interest income (non-GAAP)	\$ 134,002	\$ 127,822	\$ 143,081	\$ 400,507	\$ 433,783
Noninterest income	\$ 48,898	\$ 45,656	\$ 49,980	\$ 143,782	\$ 145,825
(Gains) losses on sale of securities	(24)	211	—	102	2,592
Core noninterest income (non-GAAP)	\$ 48,874	\$ 45,867	\$ 49,980	\$ 143,884	\$ 148,417
Noninterest expense	\$ 91,629	\$ 91,450	\$ 93,466	\$ 279,545	\$ 279,379
One-time items ⁽¹⁾	—	—	(2,244)	—	(2,766)
Core noninterest expense (non-GAAP)	\$ 91,629	\$ 91,450	\$ 91,222	\$ 279,545	\$ 276,613
Net income	\$ 65,101	\$ 20,049	\$ 74,199	\$ 124,015	\$ 216,556
(Gains) losses on sale of securities	(24)	211	—	102	2,592
One-time noninterest expense items ⁽¹⁾	—	—	2,244	—	2,766
Tax adjustments ⁽²⁾	6	(56)	(572)	(27)	(1,379)
Total core adjustments	(18)	155	1,672	75	3,979
Core net income (non-GAAP)	\$ 65,083	\$ 20,204	\$ 75,871	\$ 124,090	\$ 220,535
Basic earnings per share	\$ 0.50	\$ 0.15	\$ 0.56	\$ 0.95	\$ 1.62
Diluted earnings per share	\$ 0.50	\$ 0.15	\$ 0.56	\$ 0.95	\$ 1.61
Efficiency ratio	50.01 %	52.70 %	48.41 %	51.32 %	48.20 %
Core basic earnings per share (non-GAAP)	\$ 0.50	\$ 0.16	\$ 0.57	\$ 0.96	\$ 1.65
Core diluted earnings per share (non-GAAP)	\$ 0.50	\$ 0.16	\$ 0.57	\$ 0.95	\$ 1.64
Core efficiency ratio (non-GAAP)	50.02 %	52.64 %	47.25 %	51.31 %	47.51 %

- 1) One-time items for the three and nine months ended September 30, 2019 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, nonrecurring offering costs and the loss on our finding swap as a result of a 2019 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.