



First Hawaiian, Inc.

3rd Quarter 2024 Earnings Call

October 25, 2024



▶ 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. 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 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, 2023 and Form 10-Q for the quarters ended March 31, 2024 and June 30, 2024.

Q3 2024 financial HIGHLIGHTS¹

	Q3 2024	Q2 2024
Net Income (\$mm)	\$61.5	\$61.9
Diluted EPS	\$0.48	\$0.48
Net Interest Margin	2.95%	2.92%
Efficiency Ratio	59.8%	59.2%
ROA / ROATA ²	1.02% / 1.06%	1.04% / 1.08%
ROE / ROATCE ²	9.45% / 15.35%	9.91% / 16.42%
Tier 1 Leverage Ratio	9.14%	9.03%
CET1 Capital Ratio	13.03%	12.73%
Total Capital ratio	14.25%	13.92%
Dividend ³	\$0.26 / share	\$0.26 / share

- Net income \$61.5 mm

- Total loans and leases decreased \$118.5 mm

- Total deposits decreased \$91.1 mm

- Cost of deposits: 1.71%

- Total cost of funds: 1.78%

- Net interest margin increased 3 bp

- Excellent credit quality. Recorded \$7.4 mm provision expense

- Well capitalized: 13.0% CET1 ratio

- Declared \$0.26 / share dividend

(1) Comparisons to Q2 2024

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

(3) Declared on October 23, 2024. Payable November 29, 2024 to shareholders of record at close of business on November 18, 2024.

Q3 2024 balance sheet highlights

\$ in millions	9/30/24	6/30/24
Assets		
Cash and Cash Equivalents ¹	\$ 1,072.8	\$ 1,114.8
Investment Securities - AFS	2,056.0	2,068.0
Investment Securities - HTM	3,853.7	3,917.2
Loans and Leases	14,241.4	14,359.9
Total Assets	23,780.3	23,991.8
Liabilities		
Deposits	\$20,227.7	\$20,318.8
Short-term borrowings	250.0	500.0
Total Stockholders' Equity	2,648.0	2,550.3

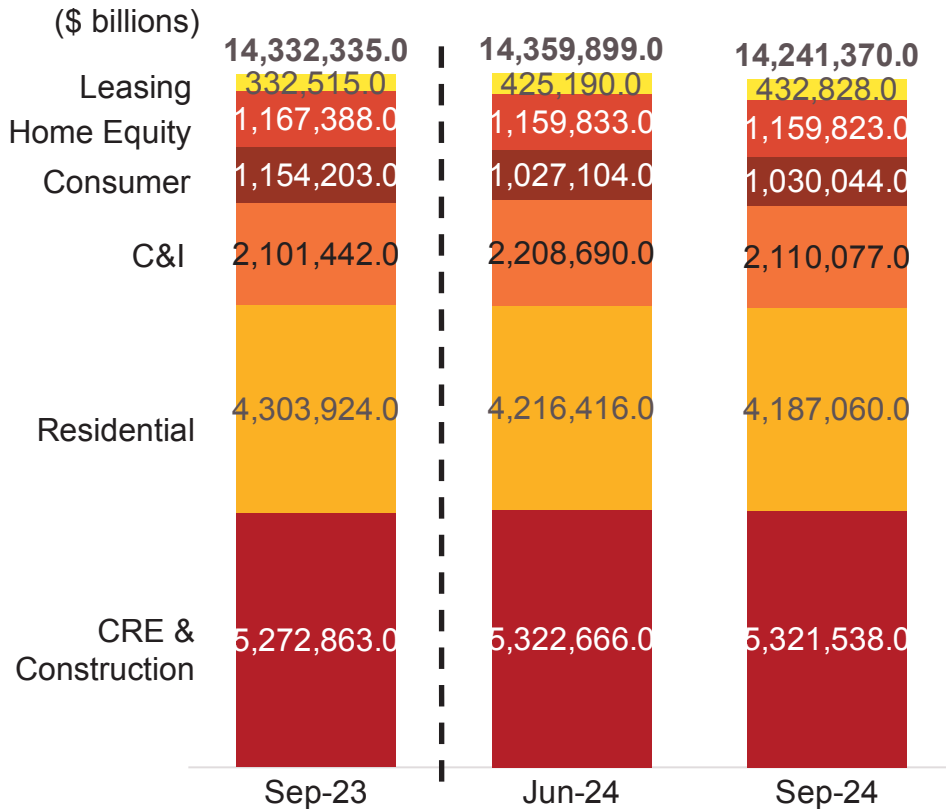
¹ Includes Cash and due from banks and Interest-bearing deposits in other banks

Q3 Highlights

- Continued to use low-yielding investment portfolio run off to fund loan growth / reduce high-cost deposits
- \$500 mm FHLB advance matured in Q3, rolled over \$250 mm into a new, short-term advance
- Investment portfolio duration was 5.8 yrs at 9/30/24
- Balance sheet remains strong
 - Continued to grow capital levels
 - Continue to maintain high liquidity levels
 - Loan/deposit ratio: 70%

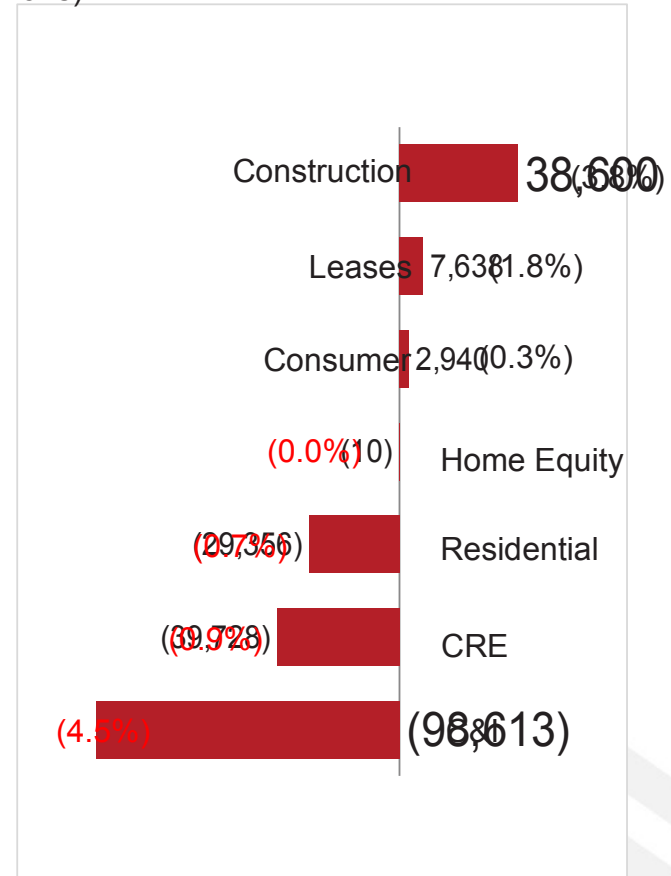
Loans impacted by payoffs

Total Loans and Leases



9/30/24 vs 6/30/24 Net Changes

(\$ millions)

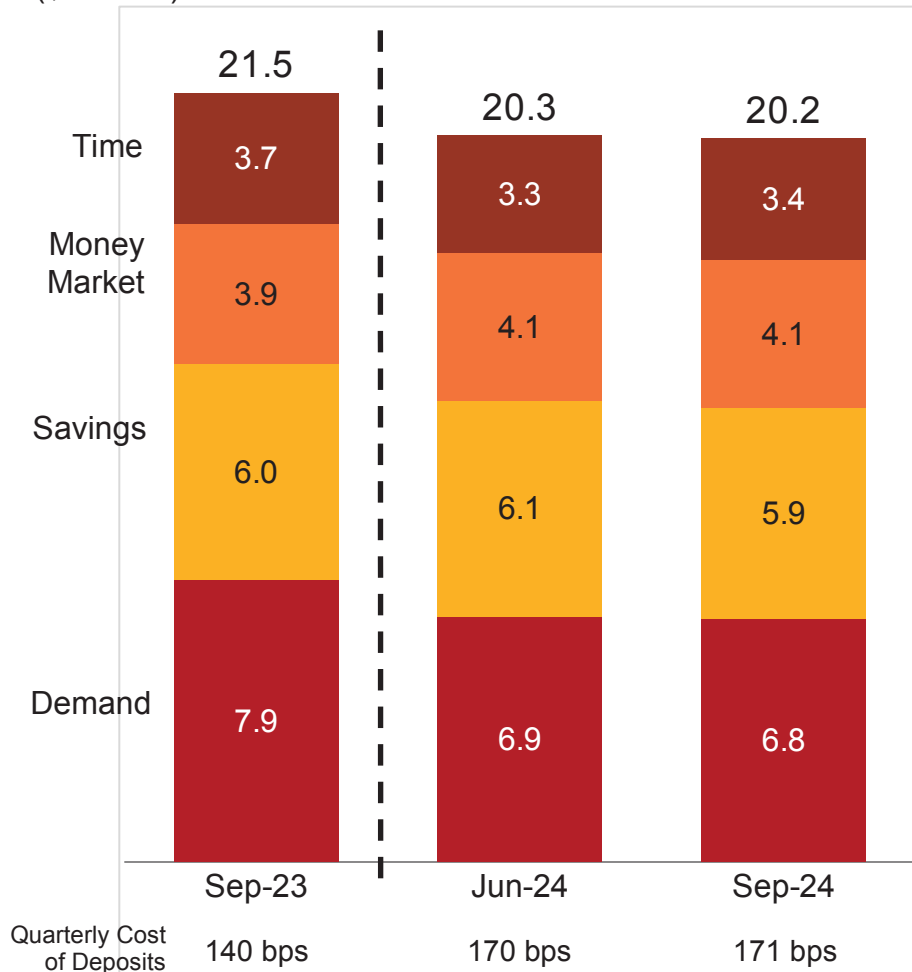


Note: Segments may not sum to total due to rounding

Retail & Comml deposits up \$21 mM deposit costs Stabilizing

Total Deposits

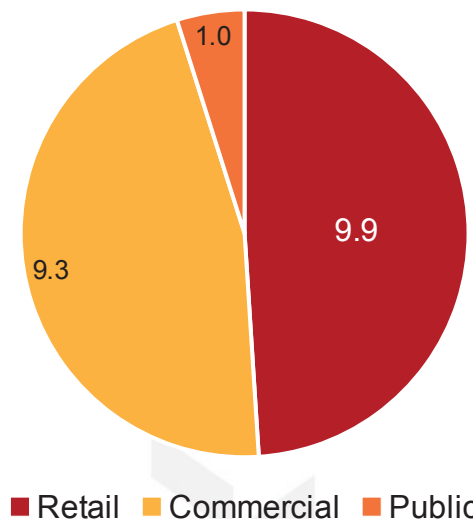
(\$ billions)



Note: Segments may not sum to total due to rounding

Deposit Composition

(\$ billions)



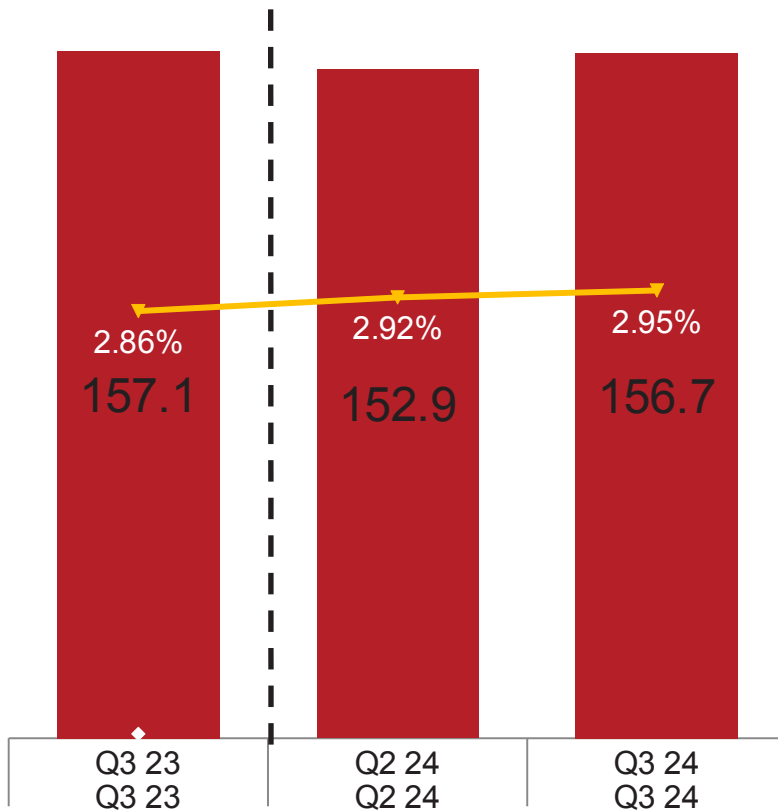
Q3 Highlights

- \$91 mm, or 0.4%, decrease in total deposits
 - \$21 mm increase in retail and commercial deposits
 - \$91 mm decrease in retail deposits
 - \$112 mm increase in commercial deposits
 - \$112 mm decrease in public deposits
 - \$30 mm decrease in public time deposits
- 171 bp cost of deposits, up 1 bp
- 34% noninterest bearing / total deposit ratio, unchanged from prior quarter

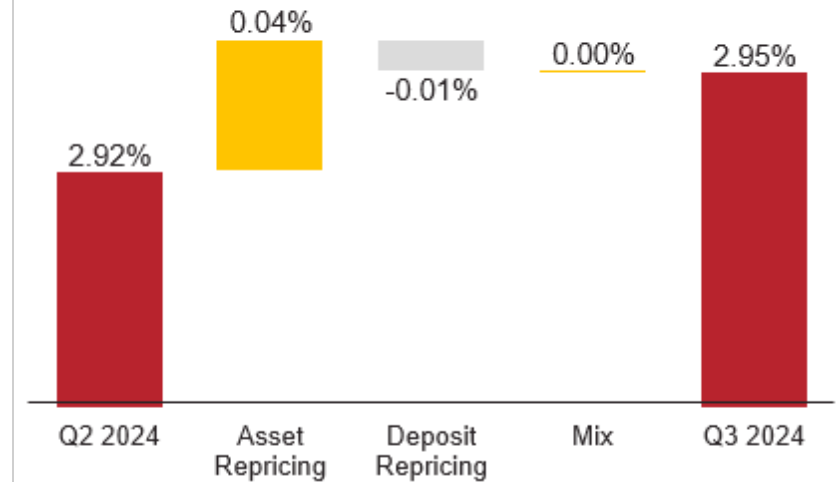
\$3.9 mm increase in net int income 3 bp increase in NIM

Net Interest Income and Net Interest Margin

(\$ millions)



Q2 '24 – Q3 '24 NIM Walk



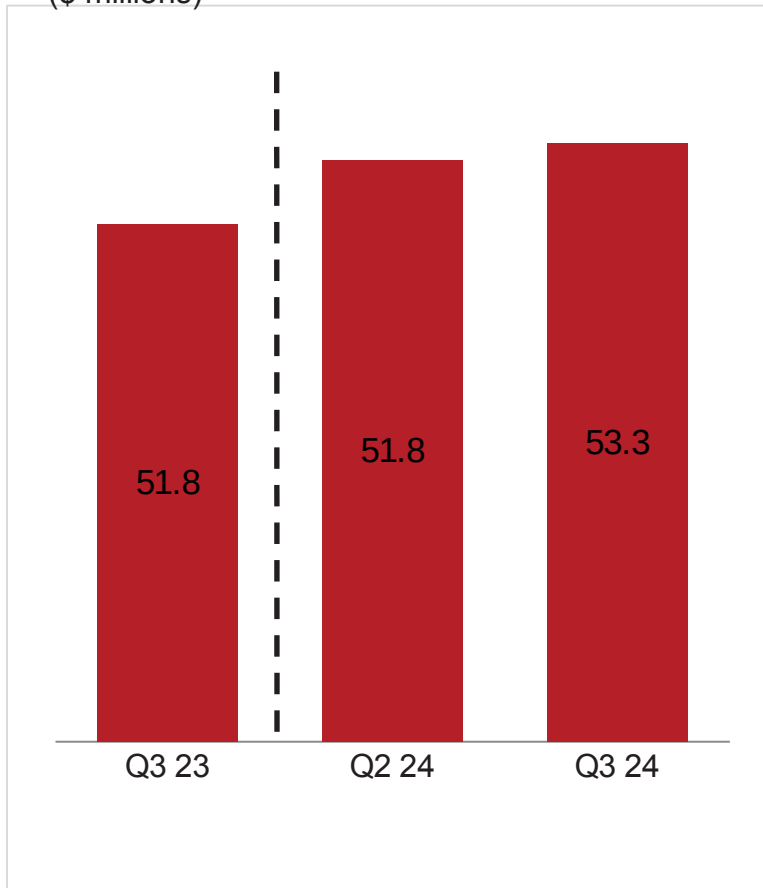
Q3 Highlights

- Net interest margin increased 3 bps in Q3
 - Increase in NIM due to asset repricing, partially offset by deposit repricing
- Total cost of funds: 1.78%

Noninterest income and Expense

Noninterest Income

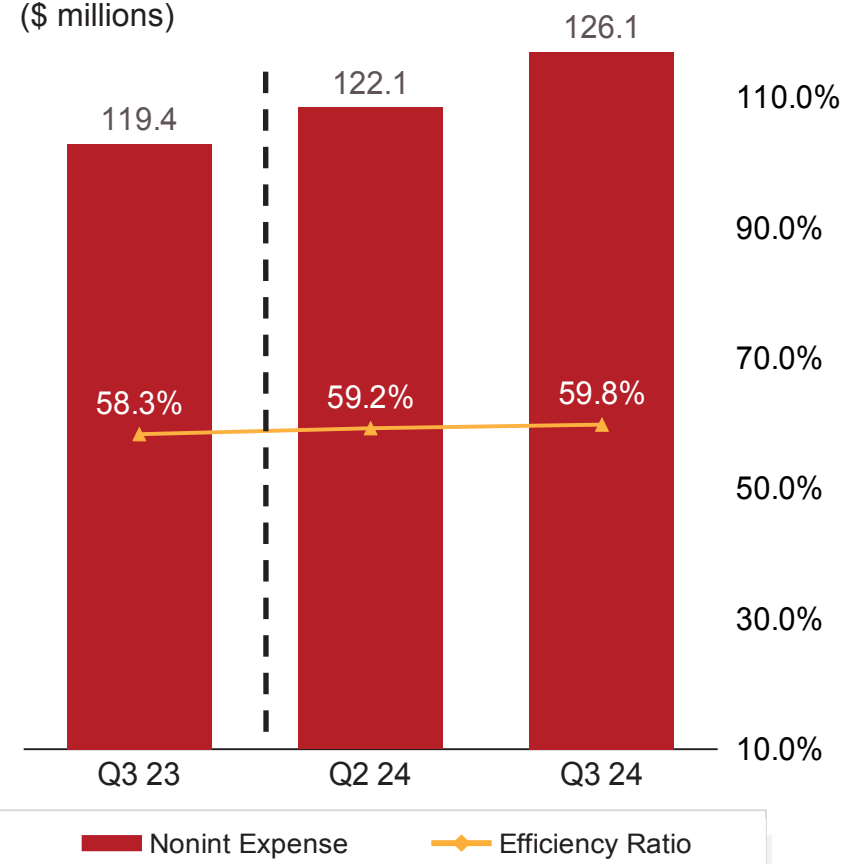
(\$ millions)



- No unusual items in Q3

Noninterest Expense

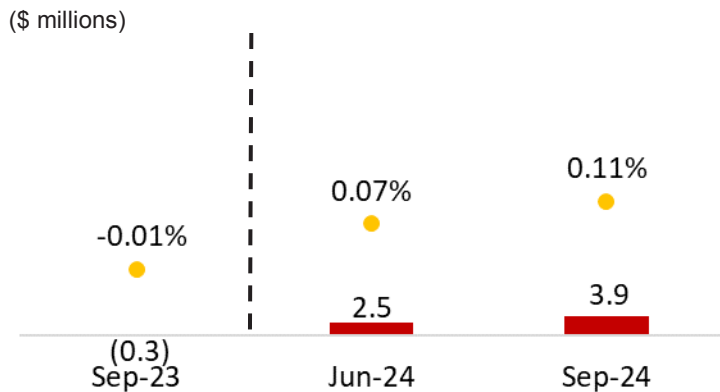
(\$ millions)



- Q3 2024 noninterest expense includes \$3.8 mm release of tax reserves that was fully offset by a \$3.8 mm reduction in income tax expense

Asset Quality remains strong

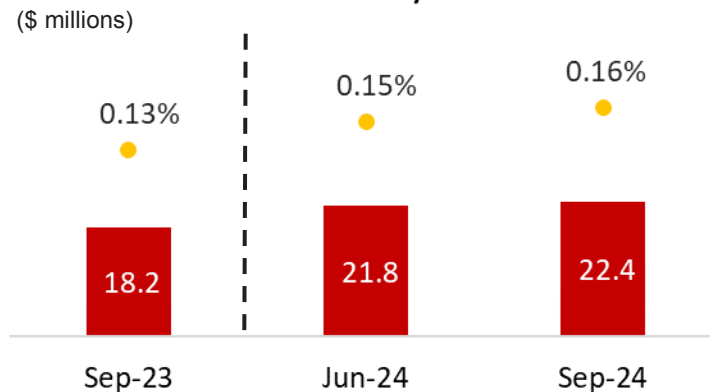
NCO and NCO Rate



■ QTD Net Charge Off ● QTD NCO Rate

▪ QTD NCO Rate - Annualized QTD NCO/Avg Loans and Leases

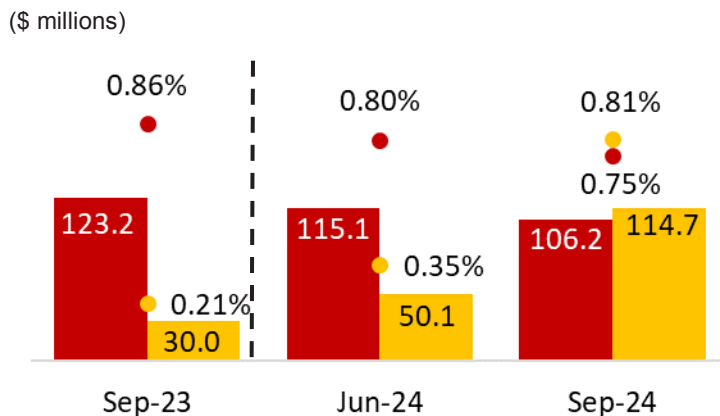
NPA and 90+ Days Past Due



■ NPA & 90+ Days Past Due ● NPA & 90+ Days Past Due / TLL

▪ Includes OREO and 90+ days past due accruing loans

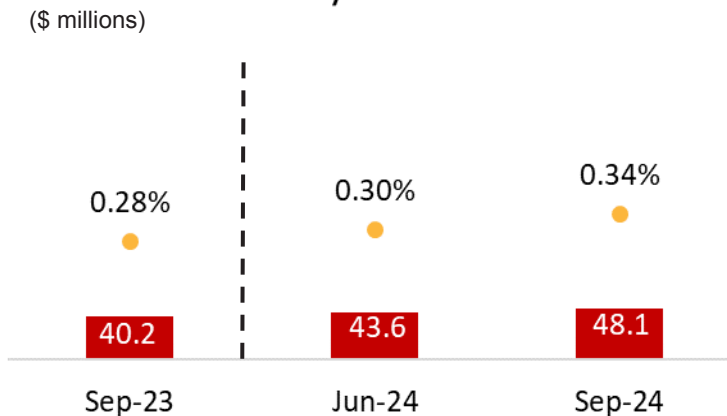
Commercial Criticized Assets



■ Special Mention ■ Classified ● Special Mention / TLL ● Classified / TLL

▪ TLL - Total Loans and Leases

30-89 Days Past Due



■ 30-89 Days Past Due ● 30-89 Days Past Due / TLL

▪ 30-89 days past due is comprised of accruing and non-accruing loans

Allowance for Credit Loss

Reserve Levels continue to provide for uncertainty

- The Asset ACL / Total Loans and Leases increased to 1.15% from 1.12% over last quarter.

Rollforward of the On-Balance Sheet Allowance for Credit Losses

(\$ in 000's)	C&I	CRE	Const	Lease	Mortgage	Home Equity	Consumer	Total
6/30/2024	14,713	44,412	9,331	2,352	46,152	9,183	34,374	160,517
Charge-offs	-1,178	-400	-	-	-	-	-4,192	-5,770
Recoveries	160	-	-	-	31	86	1,560	1,837
Provision	-470	1	481	-62	-3,287	1,268	9,185	7,116
9/30/2024	13,225	44,013	9,812	2,290	42,896	10,537	40,927	163,700
% of Total ACL	8.1%	26.9%	6.0%	1.4%	26.2%	6.4%	25.0%	100.0%
Total Loan Balance	2,110,077	4,265,289	1,056,249	432,828	4,187,060	1,159,823	1,030,044	14,241,370
ACL/Total LL	0.63%	1.03%	0.93%	0.53%	1.02%	0.91%	3.97%	1.15%

Commercial real estate

(As of 9/30/24)

Property Type	Balances (\$ mm)	% of Balances	Weighted Average LTV	% Criticized
Office	732	17.2%	59.3%	1.7%
Hotel	381	8.9%	53.9%	0.0%
Retail	823	19.3%	61.4%	1.1%
Multi-family	837	19.6%	55.1%	12.1%
Industrial	653	15.3%	58.1%	2.8%
Dealer Related	455	10.7%	68.3%	0.0%
Other	384	9.0%	56.1%	0.6%
Total	4,265	100.0%	58.9%	3.4%

CRE exposure decreased \$40.0MM from Q2 2024 with the larger decreases in Office, Dealer Related, and Industrial. The portfolio continues to be well diversified across property types, well secured with a weighted average LTV of 58.9%.

- Office exposure in CRE represents approximately 5.1% of total loans and leases, with criticized office CRE at 9 bps of total loans and leases.
- The CRE portfolio continues to perform well, reflecting the quality of sponsorship and underlying collateral.
- The Bank continues to monitor the CRE book closely, focusing attention on investor real estate, construction/development and office.



QUESTIONS



First Hawaiian, Inc.



Summary Income Statement

(\$ in millions except per share data)	Quarter ended		
	9/30/24	6/30/24	9/30/23
Net interest income	\$ 156.7	\$ 152.9	\$ 157.1
Provision for credit losses	7.4	1.8	7.5
Noninterest income	53.3	51.8	46.1
Noninterest expense	126.1	122.1	119.4
Pre-tax income	76.4	80.7	76.4
Tax expense	15.0	18.8	18.1
Net Income	\$ 61.5	\$ 61.9	\$ 58.2
Diluted earnings per share	\$ 0.48	\$ 0.48	\$ 0.46

Note: Totals may not sum due to rounding.

Selected balance sheet items

(\$ in millions except per share data)	As of		
	9/30/24	6/30/24	9/30/23
Selected Assets			
Investment securities – AFS	\$ 2,056.0	\$ 2,068.0	\$ 2,722.7
Investment securities – HTM	3,853.7	3,917.2	4,104.1
Loans and leases	14,241.4	14,360.0	14,332.3
Total assets	23,780.3	23,991.8	24,912.5
Selected Liabilities and Stockholders' Equity			
Total deposits	\$ 20,227.7	\$ 20,319.0	\$ 21,511.5
Short-term borrowings	250.0	500.0	500.0
Total stockholders' equity	2,648.0	2,550.3	2,351.0
Shares Outstanding	127,886,167	127,879,012	127,609,934
Book value per share	\$ 20.17	\$ 19.94	\$ 18.42
Tangible book value per share ⁽¹⁾	12.92	12.16	10.62
Tier 1 Leverage Ratio	9.14 %	9.03 %	8.45 %
CET 1 / Tier 1	13.03 %	12.73 %	12.21 %
Total Capital Ratio	14.25 %	13.92 %	13.38 %

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

Commercial & Industrial

(As of 9/30/24)

Industry	Balances (\$ mm)	% of Balances	% Criticized
Auto Dealers	768	36.4%	1.9%
Retail	-	0.0%	0.0%
Hospitality/Hotel	84	4.0%	0.1%
Food Service	44	2.1%	2.4%
Transportation	67	3.2%	1.4%
Other	1,147	54.3%	4.8%
Total	2,110	100.0%	3.4%

Industries deemed to exhibit higher volatility represent a modest amount of total C&I exposure and dealer related credits represent about 36.4% of total C&I.

Construction

(As of 9/30/24)

Property Type	Balances (\$ mm)	% of Balances	Weighted Average LTV	% Criticized
Office	67	6.3%	45.1%	0.0%
Hotel	67	6.3%	50.6%	0.0%
Retail	24	2.3%	62.4%	0.0%
Multi-family	540	51.1%	56.8%	0.0%
Industrial	133	12.6%	51.8%	0.0%
Dealer Related	66	6.3%	80.2%	0.0%
Other	159	15.1%	58.2%	0.1%
Total	1,056	100.0%	56.8%	0.0%

The construction book is concentrated in Multi-family and largely centered in rental and for-sale housing. Multi-family criticized rate is 0.0%, unchanged from 0.0% in Q2 2024.

GAAP to non-gaap reconciliations

Return on average tangible assets, return on average tangible stockholders' equity, tangible book value per share and tangible stockholders' equity to tangible assets are non-GAAP financial measures. 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 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 tangible book value per share as the ratio of tangible stockholders' equity to outstanding shares. Tangible stockholders' equity is calculated by subtracting (and thereby effectively excluding) amounts related to the effect of goodwill from our total stockholders' equity. 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) the value of our goodwill. 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. Investors should consider our performance and capital adequacy as reported under GAAP and all other relevant information when assessing our performance and capital adequacy.

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)	For the Three Months Ended			For the Nine Months Ended	
	September 30, 2024	June 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Income Statement Data:					
Net income	\$ 61,492	\$ 61,921	\$ 58,221	\$ 177,633	\$ 187,481
Average total stockholders' equity	\$ 2,588,806	\$ 2,512,471	\$ 2,367,422	\$ 2,532,911	\$ 2,337,292
Less: average goodwill	995,492	995,492	995,492	995,492	995,492
Average tangible stockholders' equity	\$ 1,593,314	\$ 1,516,979	\$ 1,371,930	\$ 1,537,419	\$ 1,341,800
Average total assets	\$ 24,046,696	\$ 23,958,913	\$ 24,727,893	\$ 24,064,208	\$ 24,699,826
Less: average goodwill	995,492	995,492	995,492	995,492	995,492
Average tangible assets	\$ 23,051,204	\$ 22,963,421	\$ 23,732,401	\$ 23,068,716	\$ 23,704,334
Return on average total stockholders' equity ⁽¹⁾	9.45 %	9.91 %	9.76 %	9.37 %	10.72 %
Return on average tangible stockholders' equity (non-GAAP) ⁽¹⁾	15.35 %	16.42 %	16.84 %	15.43 %	18.68 %
Return on average total assets ⁽¹⁾	1.02 %	1.04 %	0.93 %	0.99 %	1.01 %
Return on average tangible assets (non-GAAP) ⁽¹⁾	1.06 %	1.08 %	0.97 %	1.03 %	1.06 %

(dollars in thousands, except per share amounts)	As of	As of	As of	As of
	September 30, 2024	June 30, 2024	December 31, 2023	September 30, 2023
Balance Sheet Data:				
Total stockholders' equity	\$ 2,648,034	\$ 2,550,312	\$ 2,486,066	\$ 2,351,009
Less: goodwill	995,492	995,492	995,492	995,492
Tangible stockholders' equity	\$ 1,652,542	\$ 1,554,820	\$ 1,490,574	\$ 1,355,517
Total assets	\$ 23,780,285	\$ 23,991,791	\$ 24,926,474	\$ 24,912,524
Less: goodwill	995,492	995,492	995,492	995,492
Tangible assets	\$ 22,784,793	\$ 22,996,299	\$ 23,930,982	\$ 23,917,032
Shares outstanding	127,886,167	127,879,012	127,618,761	127,609,934
Total stockholders' equity to total assets	11.14 %	10.63 %	9.97 %	9.44 %
Tangible stockholders' equity to tangible assets (non-GAAP)	7.25 %	6.76 %	6.23 %	5.67 %
Book value per share	\$ 20.71	\$ 19.94	\$ 19.48	\$ 18.42
Tangible book value per share (non-GAAP)	\$ 12.92	\$ 12.16	\$ 11.68	\$ 10.62

⁽¹⁾ Annualized for the three and nine months ended September 30, 2024 and 2023 and the three months ended June 30, 2024