



First Hawaiian, Inc.

2018 ANNUAL REPORT

160
YEARS
OF
YES



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First Hawaiian, Inc.

First Hawaiian, Inc. (NASDAQ: FHB) is a bank holding company headquartered in Honolulu, Hawai'i. Its principal subsidiary, First Hawaiian Bank, was founded in 1858 as Bishop & Co., and today is Hawai'i's oldest and largest financial institution with assets of \$20.7 billion at December 31, 2018. The bank has 55 branches throughout Hawai'i, three in Guam and two in Saipan. The bank offers a comprehensive suite of banking services to consumer and commercial customers including deposit products, loans, wealth management, insurance, trust, retirement planning, credit card and merchant processing services. Customers may also access their accounts through ATMs, online, and mobile banking channels. For more information about First Hawaiian, Inc., visit www.fhb.com.

ON THE COVER: The Tom Moffatt Waikiki Shell in Honolulu, September 15, 2018—As part of First Hawaiian's 160th Anniversary celebration, the bank sponsored the "Kapono & Friends Concert" featuring the music of Henry Kapono, accompanied by Hawai'i's most iconic musicians for an unforgettable evening under the stars at the Waikiki Shell for bank employees and the community.



Milestones: 160 Years Young, And Fully Independent Again

The First Hawaiian story started 160 years ago when Honolulu businessman Charles Reed Bishop founded Bishop & Co., the first successful bank in Hawai'i. Bishop & Co.'s ultimate successor company, First Hawaiian, Inc. (First Hawaiian), is the parent of First Hawaiian Bank, the largest and most profitable financial institution in Hawai'i.

Since its founding in 1858, the company has grown and thrived while operating within a monarchy, a republic, a U.S. territory, and the 50th State. Twenty years ago, we joined forces with global bank BNP Paribas (BNPP) by merging with its California subsidiary, Bank of the West. In 2001, First Hawaiian became a wholly owned subsidiary of BNPP.

Then, in 2016, BNPP held an Initial Public Offering (IPO) of our common stock with the intention of selling all of its interest in First Hawaiian over time; we began the process of making our bank a separate, standalone company once again. That process accelerated in 2018 when three more BNPP secondary stock offerings further reduced its ownership share. Those sales, combined with First Hawaiian's repurchase of nearly 4.8 million shares directly from BNPP, reduced its ownership position from 62% to 18.4% as 2018 ended.

Early in 2019, BNPP made one final stock offering, fully exiting its ownership in First Hawaiian's common stock and making us once again a fully independent local bank.

Reaching this important milestone in our company's history has been a major undertaking requiring close collaboration across the bank. We continued to perform well during this transition, as our 2018 financial results demonstrate.

As a result of its stock sales, the number of BNPP-nominated directors on our nine-member board decreased from five to two in 2018. The remaining BNPP-nominated directors departed in early 2019.

Mahalo and merci to our friends at BNPP for their strong support.



Robert S. Harrison

On January 23, 2019, First Hawaiian's Board of Directors increased our quarterly dividend by 8.3% to \$0.26 per share, the third dividend increase in the 29 months since our IPO. These increases and our share repurchases demonstrate our intent to distribute capital to our shareholders. Including dividends and repurchases, our company has returned \$413.5 million to shareholders since the 2016 IPO—\$262.8 million in 2018 alone.

High Rankings in 2018

First Hawaiian Bank placed ninth in "Best Banks in America 2018," *Forbes* magazine's ranking of the 100 largest publicly-traded U.S. banks and thrifts based on their growth, credit quality, and profitability.

First Hawaiian Bank also won the 2018 SBA Lender of the Year—Category 1 award from the U.S. Small Business Administration Hawai'i District. It's our second straight win.

For the seventh consecutive year, First Hawaiian Bank was named one of the "Best Places to Work in Hawaii" by *Hawaii Business* magazine.

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We were the first Hawai'i company to win the ATD BEST Award from the Association for Talent Development, which has 36,000 members from 120 countries. The honor recognized First Hawaiian Bank's employee training programs for **Building talent. . . Enterprise-wide. . . Strategically driving a. . . Talent development culture.**

For the past 24 years, through nine consecutive examination cycles, we earned the highest FDIC rating ("Outstanding") for our performance under the Community Reinvestment Act (CRA). This federal law encourages banks to support the credit and financial service needs of the entire community, including low- and moderate-income neighborhoods.

Strategic Plan

The BEST award praised our successful programs to strengthen employee engagement. A menu of training opportunities helps employees at all levels broaden their knowledge and leadership skills, including year-long Advanced Leaders' and Emerging Leaders' Programs.

Emphasis on employee engagement is just one facet of our Strategic Plan, which sets our sights on: 1) being #1 in customer service among banks in Hawai'i; 2) being the best place to work among banks in Hawai'i; and 3) growing loans, deposits, wealth management revenue, and net income for the benefit of all our stakeholders.

First Hawaiian Bank was the first local bank in Hawai'i to offer voice banking through Amazon's Alexa, one example of using new digital technology to enhance the customer experience of consumer, business, and wealth management customers. For consumers, we continue to enhance our online and mobile features which include mobile deposit capture, expedited bill payment, personal financial management tools, snap-to-pay (taking a picture of your bill and paying remotely), and biometric security (fingerprint and facial recognition). The new online and mobile platform for commercial customers supports multiple users, ACH and wire payments, exportable reports, and improved security. The newly upgraded digital wealth management platforms provide secure access to an individually tailored home page with critical resources at our customers' fingertips to better manage and achieve their financial goals.

Our customer experience solution gives us real-time feedback from customers, whether they interact with First Hawaiian Bank in person, online, or by phone. This gives us a better insight into our customers' experience, resulting in deeper relationships, more leads, and customer satisfaction and net promoter scores that far exceed industry averages.

Economic Expansion Continues

Thanks to another record tourism performance, Hawai'i enjoyed its ninth consecutive year of economic expansion in 2018. As the cycle matures, rates of growth may taper off going forward, but both State government economists and the University of Hawai'i Economic Research Organization expect Hawai'i's expansion to continue until at least 2021, with increases in GDP, visitor arrivals and spending, real personal income, and jobs.

Over the first three quarters of 2018, the value of private building permits and government contract awards rose, helping to fill the pipeline for future construction work of all kinds. We at First Hawaiian believe an increase in housing construction of all types—and especially workforce and affordable housing—would benefit the industry and the social fabric.

Hawai'i's seasonally-adjusted unemployment rate has hovered at or below 2.5% since early 2017. The year-end rate of 2.5% was among the three lowest state unemployment rates in the nation.

Strong Loan Growth + Higher Margin + Strong Economy = Record Earnings

Our record-setting financial performance in 2018 was driven by strong loan growth, higher net interest margin, exceptional asset quality, and durable economic strength in Hawai'i, where we are the clear banking market leader. We remain the largest Hawai'i bank based on net income, assets, loans, and deposits.

Net income was a record \$264.4 million, up 43.9% from 2017, due in part to a \$47.6 million charge to net income in 2017 as a result of that year's tax reform bill. In 2019, the bank completed balance sheet restructuring transactions that are expected to improve our overall financial position. Core net income⁽¹⁾ totaled \$286.7 million, up 24% from 2017.

Loans and leases reached a record \$13.1 billion, up 6.5%, thanks to increases in commercial real estate, residential real estate, consumer and commercial and industrial lending.

Deposits totaled \$17.2 billion, down 2.6% due to a planned \$962 million reduction in higher-cost government agency time deposits.

Total assets were a record \$20.7 billion, up 0.7%.

Net interest margin expanded from 2017 by 17 basis points to 3.16%.

⁽¹⁾Core net income excludes certain gains, expenses and one-time items. See GAAP/Non-GAAP Reconciliation on Page 20 of this Annual Report.

The U.S. military remains a strong economic force in both Hawai'i and Guam; with O'ahu hosting Pearl Harbor Naval Shipyard, Army and Marine combat troops, and Pacific headquarters for all service branches. U.S. defense spending remains strong here due to our strategic location.

Despite headwinds caused by natural disasters (flooding, a volcanic eruption, hurricane threats), the resilient tourism industry posted its seventh straight record year. Visitor arrivals were up 5.9% from 2017 to nearly 10 million, helped by added airline seat capacity. Visitor expenditures rose 6.8%.

Philanthropy & Volunteerism

While our economy and diverse population are undoubted strengths, human and social needs still need to be met. First Hawaiian Bank and its employees play a leading role in doing so:

- ▶ First Hawaiian Bank, the First Hawaiian Bank Foundation, and our employees donated \$4.25 million to about 400 non-profit organizations. We gave special help to neighborhoods on Kaua'i, East O'ahu, and Hawai'i Island that were hit by devastating natural disasters.
- ▶ We again ranked #1 among Hawai'i for-profit firms in the 2018 Most Charitable Companies list created by *Hawaii Business* magazine. Our cash donation total was 75% higher than that of the second-place company.
- ▶ To mark our 160th Anniversary, we donated \$160,000 to the Bernice Pauahi Bishop Museum, established in 1889 by our bank's founder, Charles Reed Bishop, to honor his late wife, Princess Pauahi, the last direct descendant of King Kamehameha I.
- ▶ Our workforce and retirees donated a record of over \$821,000 to 32 charities in Hawai'i, Guam, and Saipan through our annual Kōkua Mai employee giving campaign. For the third consecutive year, 99% of employees contributed.
- ▶ Our Community Care employee volunteer service program aids non-profits which serve those most in need. Nearly 1,000 employee volunteers worked more than 7,000 hours on the bank's 23 Community Care

projects, turning out on Saturday mornings to assist schools, disaster victims, food banks, the Kahauiki Village for homeless families, youth groups, and environmental and health organizations.

Aloha & Mahalo

We bid farewell to the BNP Paribas-nominated directors who left our board: Xavier Antiglio, Thibault Fulconis, Gérard Gil, Jean-Milan Givadinovitch, Michael Shepherd, and Michel Vial. In turn, prominent local business leaders—Faye W. Kurren, Jenai S. Wall, and C. Scott Wo—were named to the First Hawaiian, Inc. board, creating a majority of independent directors. Faye, Jenai, and Scott continue to serve on the First Hawaiian Bank board as well.

Also, Gen. Eric K. Shinseki retired from the bank's board and was succeeded by Mark Teruya. We thank all of these former directors for their service and wise counsel.

Ravi Mallela, our new Chief Financial Officer, has joined our Senior Management Committee. He brings extensive corporate finance experience and expertise.



We celebrated our 160th anniversary in 2018 by promoting "160 Years of **Yes.**" As we embark on this new chapter in our bank's history, we will continue to focus on strengthening our customer relationships, delivering outstanding customer experiences, and being the top bank in the markets we serve. I am confident that the best is yet to come in Year 161 and beyond.

Aloha,

ROBERT S. HARRISON
Chairman & Chief Executive Officer

FINANCIAL HIGHLIGHTS FIRST HAWAIIAN, INC.

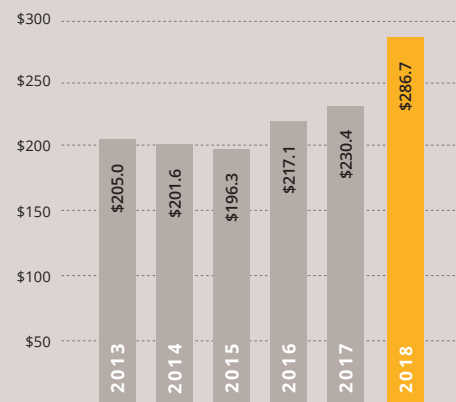
(dollars in thousands, except per share amounts)

Year Ended December 31,

| | 2018 | 2017 |
|---|---------------|---------------|
| INCOME STATEMENT DATA | | |
| Interest income | \$ 646,051 | \$ 570,768 |
| Interest expense | 79,733 | 41,964 |
| Net interest income | 566,318 | 528,804 |
| Provision for loan and lease losses | 22,180 | 18,500 |
| Net interest income after provision for loan and lease losses | 544,138 | 510,304 |
| Noninterest income | 178,993 | 205,605 |
| Noninterest expense | 364,953 | 347,554 |
| Income before provision for income taxes | 358,178 | 368,355 |
| Provision for income taxes | 93,784 | 184,673 |
| Net income | \$ 264,394 | \$ 183,682 |
| Core adjustments (Non-GAAP) ⁽¹⁾ | 22,317 | 46,684 |
| Core net income (Non-GAAP) ⁽¹⁾ | \$ 286,711 | \$ 230,366 |
| Core basic earnings per share (Non-GAAP) ⁽¹⁾ | \$ 2.09 | \$ 1.65 |
| Core diluted earnings per share (Non-GAAP) ⁽¹⁾ | \$ 2.09 | \$ 1.65 |
| Basic weighted-average outstanding shares | 136,945,134 | 139,560,305 |
| Diluted weighted-average outstanding shares | 137,111,420 | 139,656,993 |
| OTHER FINANCIAL INFO / PERFORMANCE RATIOS | | |
| Net interest margin | 3.16% | 2.99% |
| Core net interest margin (Non-GAAP) ⁽²⁾ | 3.16% | 2.99% |
| Efficiency ratio | 48.96% | 47.32% |
| Core efficiency ratio (Non-GAAP) ⁽²⁾ | 46.59% | 47.02% |
| Return on average total assets | 1.31% | 0.92% |
| Core return on average total assets (Non-GAAP) ⁽²⁾ | 1.42% | 1.16% |
| Return on average total stockholders' equity | 10.76% | 7.24% |
| Core return on average total stockholders' equity (Non-GAAP) ⁽²⁾ | 11.67% | 9.08% |
| BALANCE SHEET DATA | | |
| Loans and leases | \$ 13,076,623 | \$ 12,277,925 |
| Allowance for loan and lease losses | 141,718 | 137,253 |
| Interest-bearing deposits in other banks | 606,801 | 667,560 |
| Investment securities | 4,498,342 | 5,234,658 |
| Goodwill | 995,492 | 995,492 |
| Total assets | 20,695,678 | 20,549,461 |
| Total deposits | 17,150,068 | 17,612,122 |
| Total liabilities | 18,170,839 | 18,016,910 |
| Total stockholders' equity | 2,524,839 | 2,532,551 |
| Book value per share | 18.72 | 18.14 |
| ASSET QUALITY RATIOS | | |
| Non-performing loans and leases / total loans and leases | 0.05% | 0.08% |
| Allowance for loan and lease losses / total loans and leases | 1.08% | 1.12% |
| Net charge-offs / average total loans and leases | 0.14% | 0.14% |
| CAPITAL RATIOS | | |
| Common Equity Tier 1 capital ratio | 11.97% | 12.45% |
| Tier 1 capital ratio | 11.97% | 12.45% |
| Total capital ratio | 12.99% | 13.50% |
| Tier 1 leverage ratio | 8.72% | 8.52% |
| Total stockholders' equity to total assets | 12.20% | 12.32% |
| Tangible stockholders' equity to tangible assets | 7.76% | 7.86% |

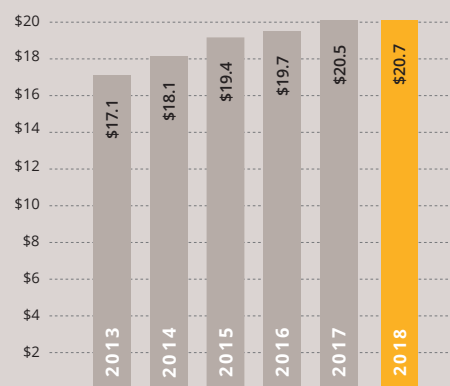
CORE NET INCOME (IN MILLIONS)⁽¹⁾

2018 Core Net Income (Non-GAAP): \$286.7 million
5-Year Compound Annual Growth Rate: 6.9%



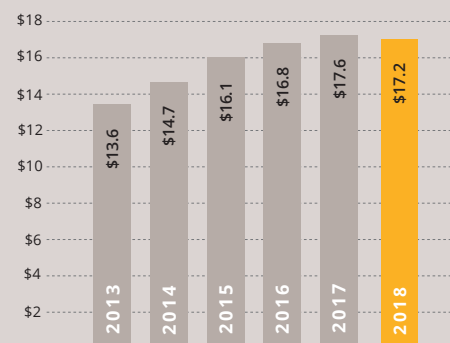
ASSETS (IN BILLIONS)

Total Assets (12/31/18): \$20.7 billion
5-Year Compound Annual Growth Rate: 3.9%



DEPOSITS (IN BILLIONS)

Total Deposits (12/31/18): \$17.2 billion
5-Year Compound Annual Growth Rate: 4.8%



⁽¹⁾ These amounts are Non-GAAP financial measures. See GAAP/Non-GAAP Reconciliation on Page 20 of this Annual Report for reconciliations of core net income, core basic earnings per share and core diluted earnings per share to comparable GAAP measures.

⁽²⁾ These ratios are Non-GAAP financial measures. For an explanation of how these ratios are computed, as well as a reconciliation of the components of such ratios to comparable GAAP measures, see GAAP/Non-GAAP Reconciliation on page 20 of this Annual Report, including Notes (1) through (4) in that section.



KAMALI
FOOD & WINE
FESTIVAL
PRESENTED BY
Hawaiian Bank
Mastercard
Roy Yamaguchi

BUSINESS BANKING

Roy's Restaurants and Hawai'i Food & Wine Festival

Roy and Denise Yamaguchi, Founders

HONOLULU, O'AHU

"As a young chef, I was inspired to create dishes that reflected my roots in Japan and Hawai'i. I opened my first Roy's in Honolulu in 1988, and today we have more than 30 restaurants from Japan to the East Coast.

"First Hawaiian Bank has always been a part of our success, helping us achieve bigger goals and better results. Restaurant financing is notoriously difficult, but our banker at the time, Steve Williams, went to bat for our first loan and vouched for us. That means a lot, especially as a business owner.

"Since then, we've done a lot of banking with First Hawaiian — and only with First Hawaiian. Today, our banker is Bob Harrison, the CEO at First Hawaiian, and he has championed Roy's from the very beginning. He listens to every idea and gives us honest, valuable advice, to ensure that Roy's Restaurants is at the top of its game.

"When we created the Hawai'i Food and Wine Festival, we were passionate about developing a non-profit with a goal to put a spotlight on Hawai'i and give back to our community and State. The bank understood our vision and helped us achieve our goal.

"First Hawaiian has been a presenting sponsor since 2015 and we couldn't ask for a better partner. Thanks to the bank's support, we've been able to raise money for the Hawai'i Agricultural Foundation, Kapi'olani Community College, Culinary Institute of the Pacific, and other organizations, all in support of our community.

"At the end of the day, personal relationships count more than anything else. That's why we first chose to work with and continue to choose First Hawaiian every day. Having that kind of communication, trust and honesty with your bank is a real gift. You can't buy that."

– Roy and Denise Yamaguchi

Mahalo for Supporting Local Business

Talk to the Owner, We're Employee-Owned

BUILD BETTER
HPM BUILDING SUPPLY

ROUGH PLUMBING

TOOLS

POWER TOOL



CORPORATE BANKING

HPM Building Supply

Michael Fujimoto, Executive Chairman
Jason Fujimoto, President & CEO

HILO, HAWAII ISLAND

"HPM Building Supply has been building homes on Hawai'i for nearly a century, ever since my great-grandfather, Kametaro Fujimoto, founded the business in Hilo in 1921. In addition to being a multigenerational company, we're also employee owned.

"After 60 years together, First Hawaiian Bank has become part of our family. We know they will be there for us during good times and bad. That is why relationships mean the world to us.

"When building activity declined during the Great Recession, our business struggled. It was one of the most challenging times in HPM's long history. First Hawaiian trusted our management team, stood by us and increased our short-term financing, allowing us to ride out the recession and expand the business geographically. It was an act of loyalty and faith that we will always be grateful for.

"Now that our business has grown, First Hawaiian provided us with everything we needed to take advantage of our success. We were able to resize our portfolio of services to meet the changing needs of our business over time. We now work with the bank on short-term and mid-term financing, merchant services, a corporate card program — it's not uncommon for us to be in touch with our First Hawaiian team on a daily basis.

"Serving on First Hawaiian's board of directors has helped me get to know their leaders and understand their values. Above all, they are committed to being a relationship bank, and it shows in every interaction and decision we make.

"As a customer, I know that First Hawaiian makes me feel like more than just a number or statistic. They understand HPM's business, our character, who we are as businesspeople and individuals. That's the kind of personal relationship we value most."

– Michael Fujimoto



SURFING
THE HISTORY OF SURFING



SMALL BUSINESS BANKING

Salvage Public

Joseph Serrao and Nāpali Souza, Owners

KAIMUKŪ, O'AHU

"We started Salvage Public as a way to create and share stories from our past. Our name and clothing designs are our way of salvaging different experiences and memories from childhood.

"At first, we were just experimenting with artwork and typography and making graphic T-shirts. As we started to grow the business and made the transition from our corporate jobs to build this new brand, we became First Hawaiian customers through our old friend, Ryan Woodward.

"Ryan knew us, and more importantly, he believed in what we were doing. To have that support from our bank was huge, especially in the beginning when you are just starting out.

"In our second year, we expanded into Japan and had to develop two collections at once. We got a line of credit through Ryan and it became a turning point in our relationship with First Hawaiian. Here, we had a banker who treated our venture seriously and came through for us during a time when we were looking to grow.

"That level of service has kept us as a customer these past few years, starting with Ryan and continuing with our current banker, Greg Hackler. Our relationship with Greg is very much like a friendship. As a small business, our needs are always changing, but Greg keeps us top of mind and lets us know when new opportunities come up.

"With First Hawaiian, we feel like we're part of a community. We go to the branch right down the street almost every day to make deposits. But we also have an online platform we can access when we need to. The convenience and service works on a variety of levels. It feels like we have more people looking out for us—like 'ohana."

– Joseph Serrao and Nāpali Souza



THE SUP AWARDS
2014
Jimmy Robinson

PERSONAL BANKING

Kai Lenny

Professional Waterman, Eight-Time Stand-Up Paddleboard World Champion

PĀ'IA, MAUI

"I was named for the ocean, and it's where I feel most at home. Today I'm lucky enough to make my living on the water as a professional athlete, participating in big-wave surfing, stand-up paddleboarding, windsurfing, kitesurfing, and other competitions around the world.

"Ever since I rode my first wave at age four, it seems like First Hawaiian Bank has been right there with me. When I was a little kid, I was part of a program that gave me an "ambassadorship" with the bank. I even have old photos with the FHB logo on one of my first boards!

"When I turned 15 and needed a credit card to survive traveling on my own, I officially became a customer. My dad had such a good relationship with the bank that it was an easy choice — they felt like family already.

"From the moment I opened my first account, I've been impressed with First Hawaiian's service and flexibility. They make sure I have everything I need to get across the globe and back. You never know when you'll run into an issue in another country and need to access your accounts quickly. It helps to know I can call First Hawaiian anytime, even with a 12-hour time difference, and have someone on the other line.

"I've always felt it was the only bank I want to work with because they go above and beyond in everything they do. As I've grown, they've helped me with loans and other accounts, with exceptional service and integrity. Walking into the branch, I love the family atmosphere — there's a lot of talk story. First Hawaiian is a part of my 'ohana, they support me and want to see me succeed."





WEALTH MANAGEMENT AND PRIVATE BANKING

Henry Kapono Foundation

Henry and Lezlee Kapono, Founders

HONOLULU, O'AHU

"All I ever wanted to do was play music. Music has been such a big part of my life, from singing in church as a kid, to being a part of Cecilio & Kapono, to performing today. It gives me an opportunity to share my experience with people and make them feel good.

"Lezlee and I met while volunteering for a non-profit organization, and eventually became business partners and life partners. In 2001, we opened Kapono's, a restaurant and music venue at Aloha Tower. We both had personal banking relationships with First Hawaiian, which naturally evolved into a business banking relationship with our banker, Greg Sitar.

"When the restaurant struggled during the first couple of years, we expected to have problems working with our bank, but our relationship with Greg instead grew stronger. He regularly sat down with us and helped us figure out what we needed to do to overcome the obstacles we were facing. He saw that we were passionate about what we were doing and gave us the support and options to organize the loan, allowing us to leverage our strengths and be successful.

"With FHB we were able to grow our business into new opportunities like the Henry Kapono Foundation. Greg saw the work we were doing in the community and suggested we think about starting a foundation to support local arts, culture and music, something we successfully launched in 2018. He's always helping us think about the next chapter in our lives.

"Our relationship came full circle for First Hawaiian's 160th Anniversary. First Hawaiian helped produce 'The Songs of C&K' commemorative album and sponsored Kapono & Friends concerts on O'ahu and Maui. A portion of the proceeds from the album and concerts benefits our foundation so we can help others the way First Hawaiian helped us. Thanks to FHB and Greg, we know the best is yet to come."

- Henry Kapono



CARING *for* COMMUNITY

Giving back can take many forms. In celebration of First Hawaiian Bank's 160th Anniversary, employees set out to volunteer in 160 different ways in 2018.





Some chose to take the field as volunteer soccer coaches, others spent time tutoring students or serving on non-profit boards. On their own time, many First Hawaiian employees found ways to make a difference within their community.

Other employees lent a helping hand through the bank's employee volunteer program, Community Care. With Community Care events on O'ahu, Maui, Kaua'i, Hawai'i Island, Saipan and Guam, every employee had a chance to participate.

Nearly 1,000 employees came out to 23 Community Care events in 2018, working side-by-side to beautify schools and the new Kahauiki Village community, help families in need, and support local causes. They packed food and clothes for those affected by the volcano and hurricane disasters. They got their hands dirty planting trees, painting classrooms, and even waded through knee-deep water to rebuild a historic fishpond wall at He'eia.

In addition to putting in thousands of hours of volunteer service, our employees showed their generosity in other ways. The annual Kōkua Mai employee giving campaign raised over \$821,000 for 32 charities in 2018. For the third straight year, 99% of our 2,200 First Hawaiian team members chose to participate, reflecting a deep commitment to community giving.

Even retired First Hawaiian bankers continued to live the bank's culture of caring, with more than 200 retirees donating \$88,000 to support Kōkua Mai.

Caring for community is deeply ingrained in First Hawaiian's core values. It's a proud tradition our employees continue today by donating their time, talents and resources to the communities we serve.

CONSOLIDATED STATEMENTS OF INCOME

FIRST HAWAIIAN, INC.

(dollars in thousands except per share amounts)

| | Year Ended December 31, | |
|---|-------------------------|--------------------|
| | 2018 | 2017 |
| INTEREST INCOME | | |
| Loans and lease financing | \$ 529,877 | \$ 462,675 |
| Available-for-sale securities | 107,123 | 102,272 |
| Other | 9,051 | 5,821 |
| Total interest income | <u>646,051</u> | <u>570,768</u> |
| INTEREST EXPENSE | | |
| Deposits | 72,976 | 41,944 |
| Short-term and long-term borrowings | 6,757 | 20 |
| Total interest expense | <u>79,733</u> | <u>41,964</u> |
| Net interest income | 566,318 | 528,804 |
| Provision for loan and lease losses | 22,180 | 18,500 |
| Net interest income after provision for loan and lease losses | <u>544,138</u> | <u>510,304</u> |
| NONINTEREST INCOME | | |
| Service charges on deposit accounts | 32,036 | 35,807 |
| Credit and debit card fees | 65,716 | 64,049 |
| Other service charges and fees | 38,316 | 34,063 |
| Trust and investment services income | 31,324 | 30,485 |
| Bank-owned life insurance | 9,217 | 13,283 |
| Other-than-temporary impairment (OTTI) losses on available-for-sale debt securities | (24,085) | — |
| Other | 26,469 | 27,918 |
| Total noninterest income | <u>178,993</u> | <u>205,605</u> |
| NONINTEREST EXPENSE | | |
| Salaries and employee benefits | 167,162 | 163,086 |
| Contracted services and professional fees | 49,775 | 45,011 |
| Occupancy | 27,330 | 23,485 |
| Equipment | 17,714 | 17,247 |
| Regulatory assessment and fees | 14,217 | 14,907 |
| Advertising and marketing | 4,813 | 6,191 |
| Card rewards program | 24,860 | 23,363 |
| Other | 59,082 | 54,264 |
| Total noninterest expense | <u>364,953</u> | <u>347,554</u> |
| Income before provision for income taxes | 358,178 | 368,355 |
| Provision for income taxes | 93,784 | 184,673 |
| Net income | <u>\$ 264,394</u> | <u>\$ 183,682</u> |
| Core adjustments (Non-GAAP) ⁽¹⁾ | <u>22,317</u> | <u>46,684</u> |
| Core net income (Non-GAAP)⁽¹⁾ | <u>\$ 286,711</u> | <u>\$ 230,366</u> |
| Core basic earnings per share (Non-GAAP) ⁽¹⁾ | <u>\$ 2.09</u> | <u>\$ 1.65</u> |
| Core diluted earnings per share (Non-GAAP) ⁽¹⁾ | <u>\$ 2.09</u> | <u>\$ 1.65</u> |
| Basic weighted-average outstanding shares | <u>136,945,134</u> | <u>139,560,305</u> |
| Diluted weighted-average outstanding shares | <u>137,111,420</u> | <u>139,656,993</u> |

Refer to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018, for the Consolidated Financial Statements, including Report of Independent Registered Public Accounting Firm, thereon.

⁽¹⁾ Core net income excludes certain gains, expenses and one-time items. See GAAP/Non-GAAP Reconciliation on page 20 of this Annual Report for reconciliations of core net income, core basic earnings per share and core diluted earnings per share to comparable GAAP measures.

CONSOLIDATED BALANCE SHEETS

FIRST HAWAIIAN, INC.

(dollars in thousands)

Year Ended December 31,

2018

2017

ASSETS

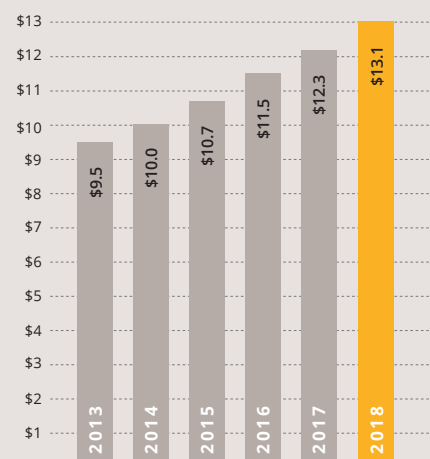
| | | |
|---|----------------------|----------------------|
| Cash and due from banks | \$ 396,836 | \$ 367,084 |
| Interest-bearing deposits in other banks | 606,801 | 667,560 |
| Investment securities | 4,498,342 | 5,234,658 |
| Loans and leases | 13,076,623 | 12,277,925 |
| Less: allowance for loan and lease losses | 141,718 | 137,253 |
| Net loans and leases | 12,934,905 | 12,140,672 |
| Premises and equipment, net | 304,996 | 289,215 |
| Other real estate owned and repossessed personal property | 751 | 329 |
| Accrued interest receivable | 48,920 | 47,987 |
| Bank-owned life insurance | 446,076 | 438,010 |
| Goodwill | 995,492 | 995,492 |
| Mortgage servicing rights | 16,155 | 13,196 |
| Other assets | 446,404 | 355,258 |
| Total assets | \$ 20,695,678 | \$ 20,549,461 |

LIABILITIES AND STOCKHOLDERS' EQUITY

| | | |
|---|----------------------|----------------------|
| Deposits: | | |
| Interest-bearing | \$ 11,142,127 | \$ 11,485,269 |
| Noninterest-bearing | 6,007,941 | 6,126,853 |
| Total deposits | 17,150,068 | 17,612,122 |
| Long-term borrowings | 600,026 | 34 |
| Retirement benefits payable | 127,909 | 134,218 |
| Other liabilities | 292,836 | 270,536 |
| Total liabilities | 18,170,839 | 18,016,910 |
| Stockholders' equity | | |
| Common stock | 1,397 | 1,396 |
| Additional paid-in capital | 2,495,853 | 2,488,643 |
| Retained earnings | 291,919 | 139,177 |
| Accumulated other comprehensive loss, net | (132,195) | (96,383) |
| Treasury stock | (132,135) | (282) |
| Total stockholders' equity | 2,524,839 | 2,532,551 |
| Total liabilities and stockholders' equity | \$ 20,695,678 | \$ 20,549,461 |

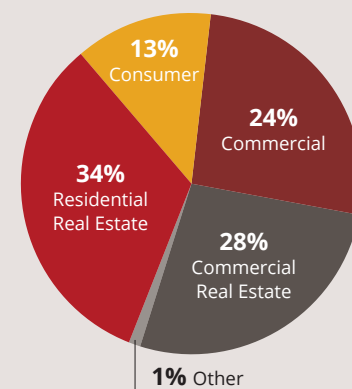
LOANS AND LEASES (IN BILLIONS)

Total Loans & Leases (12/31/18): \$13.1 billion
5-Year Compound Annual Growth Rate: 6.5%



DIVERSIFIED LOAN & LEASE PORTFOLIO

As of 12/31/18



Refer to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018, for the Consolidated Financial Statements, including Report of Independent Registered Public Accounting Firm, thereon.

GAAP/NON-GAAP RECONCILIATION

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. 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. Non-GAAP measures have limitations as analytical tools and investors should not consider them in isolation or as a substitute for analysis of our financial results or financial condition as reported under GAAP. The following table provides a reconciliation of net interest income, noninterest income, noninterest expense, and net income to their “core” Non-GAAP financial measures:

(dollars in thousands except per share data)

| | Year Ended December 31, | |
|---|-------------------------|----------------|
| | 2018 | 2017 |
| Net interest income | \$ 566,318 | \$ 528,804 |
| Core net interest income (Non-GAAP) | \$ 566,318 | \$ 528,804 |
| Noninterest income | \$ 178,993 | \$ 205,605 |
| OTTI losses on available-for-sale debt securities | 24,085 | — |
| Gains on sale of real estate and other assets | — | (6,922) |
| Core noninterest income (Non-GAAP) | \$ 203,078 | \$ 198,683 |
| Noninterest expense | \$ 364,953 | \$ 347,554 |
| Loss on litigation settlement ^(a) | (4,125) | — |
| One-time items ^{(b), (c)} | (2,267) | (5,457) |
| Core noninterest expense (Non-GAAP) | 358,561 | 342,097 |
| Net income | \$ 264,394 | \$ 183,682 |
| OTTI losses on available-for-sale debt securities | 24,085 | — |
| Gains on sale of real estate and other assets | — | (6,922) |
| Loss on litigation settlement ^(a) | 4,125 | — |
| One-time items ^(c) | 2,267 | 5,457 |
| Tax reform bill | — | 47,598 |
| Tax adjustments ^(d) | (8,160) | 551 |
| Total core adjustments | 22,317 | 46,684 |
| Core net income (Non-GAAP) | \$ 286,711 | \$ 230,366 |
| Basic earnings per share | \$ 1.93 | \$ 1.32 |
| Diluted earnings per share | \$ 1.93 | \$ 1.32 |
| Core basic earnings per share (Non-GAAP) | \$ 2.09 | \$ 1.65 |
| Core diluted earnings per share (Non-GAAP) | \$ 2.09 | \$ 1.65 |
| Basic weighted-average outstanding shares | \$ 136,945,134 | \$ 139,560,305 |
| Diluted weighted-average outstanding shares | \$ 137,111,420 | \$ 139,656,993 |

^(a) The Company reached an agreement in principle to resolve a putative class action lawsuit alleging that the Bank improperly charged certain overdraft fees.

In connection with the anticipated settlement agreement, the Company recorded an expense of approximately \$4.1 million during the year ended December 31, 2018.

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

^(c) One-time items for the year ended December 31, 2018 included 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 as well as public offering-related costs. One-time items for the year ended December 31, 2017 included salaries and benefits stemming from the Tax Act and public offering-related costs.

^(d) Represents the adjustments to net income, tax effected at the Company's effective tax rate for the respective period, exclusive of one-time Tax Act expense.

Note (1): Core net interest margin is a Non-GAAP financial measure. We compute our core net interest margin as the ratio of core net interest income to average earning assets. For a reconciliation to the most directly comparable GAAP financial measure for core net interest income, see GAAP/Non-GAAP Reconciliation above.

Note (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. For a reconciliation to the most directly comparable GAAP financial measure for core noninterest expense, core net interest income and core noninterest income, see GAAP/Non-GAAP Reconciliation above.

Note (3): Core return on average total assets is a Non-GAAP financial measure. We compute our core return on average total assets as the ratio of core net income to average total assets. For a reconciliation to the most directly comparable GAAP financial measure for core net income, see GAAP/Non-GAAP Reconciliation above.

Note (4): Core return on average total stockholders' equity is a Non-GAAP financial measure. We compute our core return on average total stockholders' equity as the ratio of core net income to average total stockholders' equity. For a reconciliation to the most directly comparable GAAP financial measure for core net income, see GAAP/Non-GAAP Reconciliation above.

Note (5): Core basic earnings per share and core diluted earnings per share are computed by dividing core net income by the weighted average number of common shares outstanding for the period and, in the case of core diluted earnings per share, assuming conversion of potentially dilutive common stock equivalents.

PHILANTHROPY



"We owe our longevity and success to First Hawaiian's many leaders."

First Hawaiian Bank Senior Vice President and Team Leader Lisa Tomihama (left) with CFS President and CEO Karen Tan.

"At Child and Family Service, our mission is strengthening families and fostering the healthy development of children. We work with the whole family—from twinkle to wrinkle, from keiki to kūpuna—providing a foundation of support and human services to people dealing with the toughest issues on the island.

"Family is who we are, and the people we work with become a part of our family, too. There's a strong connection of 'ohana on both sides.

"As we celebrate our 120th anniversary, we're reminded of how special and rare it is to have a banking relationship that's lasted longer than a century. We're grateful that our partnership with First Hawaiian Bank has made it possible for us to serve the people of Hawai'i all these years.

"We owe our longevity and success to First Hawaiian's many leaders. They've served on our board, offered their expertise, and built a relationship that allows us to do our best work. First Hawaiian Bank has established a tradition of supporting us that continues to this day.

"Their former CEO, the late John Bellinger, organized the First Hawaiian Bank Leadership Cup golf fundraiser back in 1984, which has raised \$3.4 million over 31 years. The generosity of First Hawaiian employees through the bank's Kōkua Mai giving campaign is also a tremendous source of support for the work at CFS. It's not just the actions of the bank as a whole, but the personal generosity of their employees, that makes our relationship so meaningful.

"When the news first came out about the devastating impact of the lava flow on the Big Island, we got a call from First Hawaiian. Their leaders were concerned about the community and wanted to support our effort with a \$50,000 donation to provide direct relief to families in need, especially for our keiki.

"That demonstrates the level of care and commitment First Hawaiian has for Hawai'i. They don't wait to be asked. It's a very special perspective for a bank to have, but First Hawaiian is more than a bank. It's an organization that puts community first."

— Karen Tan, President & CEO, Child & Family Service

SENIOR MANAGEMENT





LEFT TO RIGHT:

Ravi Mallela

Executive Vice President & Chief Financial Officer

Iris Y. Matsumoto

Executive Vice President, Human Resources Division

Alan H. Arizumi

Vice Chairman, Wealth Management Group

Mitchell E. Nishimoto

Vice Chairman, Retail Banking Group

Robert S. Harrison

Chairman & Chief Executive Officer

Christopher L. Dods

Executive Vice President, Digital Banking & Marketing Group

Joel E. Rappoport

Executive Vice President, General Counsel & Corporate Secretary

Lance A. Mizumoto

Vice Chairman & Chief Lending Officer

Ralph M. Mesick

Vice Chairman & Chief Risk Officer

Gina O.W. Anonuevo

Executive Vice President & Chief Compliance Officer

Eric K. Yeaman

President & Chief Operating Officer

SENIOR OFFICERS

First Hawaiian Bank

EXECUTIVE
VICE PRESIDENTS

Tony K.F. Au
Consumer Banking Division

Derek A. Baughman
Enterprise Technology
Management

Neill A. Char
Private Banking Division and
Wealth Advisory Division

Michael A. Coates
Enterprise Operations
Services Division

Dawn Hofmann
Corporate Banking Division

Keethe T. Koyanagi
Chief Credit Officer

Daniel A. Nishikawa
Commercial Real Estate Division

SENIOR VICE PRESIDENTS

Benjamin K. Akana
Dealer Division

Joanne H. Arizumi
Main Banking Region

Darlene N. Blakeney
Corporate Banking Division

Joyce W. Borthwick
Residential Real Estate Division

James K. Bourgeois
Data Management Department

Sharon S. Brown
Community Relations Division

Martha L. Camacho
Leeward O'ahu Region

Derek A. Chang
Corporate Banking Division

Paula C.H. Chang
Dealer Division

Darrick J.M. Ching
Consumer Branch Banking
Division

Song H. Choi
Marketing Communications
Division

Shirley M. Durham
Enterprise Operations
Services Division

Conrado Figueroa
Western Region Dealer Center

Paulette L. Franklin
Credit Administration Division

John S. Fujimoto
Controller's Division

Jerome K. Fukuhara
Financial Planning & Analysis
Division

Glenn T. Goya
Makiki Banking Center

Calvin K. Hangai
Controller

Bradford L. Harrison
Wealth Advisory Division

Jason H. Haruki
Institutional Advisory Services

Kevin S. Haseyama
Finance Group

Gregory S. Hester
IT Division

Jeffrey N.M. Higashi
Pearlridge Banking Center

Gregg M. Hirano
Card Services Division

Theresa A. Hirata
Wealth Management
Service Center

Shigeo Hone
Japan Business Development

David A. Honma
Hawai'i Region Office

Alyssa S.N. Hostelley
Business Services Division

Stephen E.K. Kaa
Waikiki Banking Center

Leland K. Kahawai
Kaua'i Region Office

Courtney S. Kajikawa
Personal Trust Division

Brian M. Kakihiro
Maui Region Office

James S. Kaneshiro
Enterprise Operations
Services Division

Mark D. Kobayashi
Core Platform Conversion

Kent R. Lau
Main Banking Region

Tricia K.F. Lee
Corporate Compliance Division

George C.K. Leong, Jr.
Commercial Real Estate Division

Kenneth L. Miller
Institutional Advisory Services

Jody J. Mukaigawa
Kapi'olani Banking Region

Candice Y. Naito
Metro O'ahu Region

Steven R. Nakahara
Credit Administration Division

Lea M. Nakamura
Treasury & Investment Division

Vernon Y. Nakamura
Kalihi Banking Center

Cameron W. Nekota
Bank Properties Division

Michael T. Nishida
Enterprise Information Security

Todd T. Nitta
Corporate Banking Division

Todd D. Noia
Commercial Real Estate Division

Glen R. Okazaki
Service Delivery Division

Anna Ono
Audit Division

Carol M. Ono
Human Resources Division

Mark F. Oyadomori
Wealth Advisory Division

David K. Rair
Legal & Corporate Services
Division

Joyce Y. Sakai
Commercial Real Estate Division

Alethea A. Seto
Sales, Service & Retail Training
Division

Gregory J. Sitar
Kāhala Banking Center

Susan A. Strong
Omni Channel Center

Wayne K. Suehiro
University Banking Center

Lynn M. Takahashi
Private Banking Division

Mark S. Taylor
Core Platform Conversion

Michael G. Taylor
Wealth Advisory Division

Robert N. Taylor
Enterprise Risk

Elizabeth L. Tom
Private Banking Division

Lisa A. Tomihama
Main Banking Region

Michael A. Tottori
Wealth Advisory Division

Jaylene S.L. Tsukayama
Call Center

Edward G. Untalan
Guam & CNMI Region Office

Jeffrey S. Ventura
East O'ahu/Windward Region

Glenn N. Wachi
Kapi'olani Banking Region

Wesley M. Wakamura
Kapi'olani Banking Region

Derek M.S. Wong
Credit Originations Department

Kendall J.H. Wong
Kalihi Banking Center

Vernon Y.C. Wong
Wealth Advisory Division

Eric B. Yee
Private Banking Division

Terence C.Y. Yeh
Credit Administration Division

Sherri Y. Yim
Financial Planning & Analysis
Division

Eliza E. Young
Credit Department

First Hawaiian Leasing, Inc.

Robert S. Harrison
Chairman

Lance A. Mizumoto
Chief Executive Officer

Darlene N. Blakeney
President

Brian Y.C. Lau
Senior Vice President

Bishop Street Capital Management Corporation

Kenneth L. Miller
Chairman, Chief Executive
Officer, Chief Investment Officer
and Director of Equity

Jennifer C.M. Carias
President

Ryan S. Ushijima
Senior Vice President and
Chief Compliance Officer

First Hawaiian Bank Foundation

Robert S. Harrison
Chairman

Walter A. Dods, Jr.
Chairman Emeritus

Sharon S. Brown
President



THE 60 BRANCHES of FIRST HAWAIIAN BANK

BOARDS OF DIRECTORS

- First Hawaiian, Inc. Board of Directors
- ▲ First Hawaiian Bank Board of Directors

Robin K. Campaniano ▲
President and Chief Executive Officer (Retired),
 AIG Hawaii Insurance Company

Matthew J. Cox ■▲
Chairman and Chief Executive Officer,
 Matson, Inc.

W. Allen Doane ■▲
Chairman and Chief Executive Officer (Retired),
 Alexander & Baldwin, Inc.

Walter A. Dods, Jr. ▲
Chairman and Chief Executive Officer (Retired),
 First Hawaiian Bank

Michael K. Fujimoto ▲
Executive Chairman,
 HPM Building Supply

Robert S. Harrison ■▲
Chairman and Chief Executive Officer,
 First Hawaiian Bank

Robert P. Hiam ▲
President and Chief Executive Officer (Retired),
 Hawaii Medical Service Association

Donald G. Horner ▲
Partner,
 Malu Investments

David C. Hulihee ▲
Chairman and President,
 Royal Contracting Company, Ltd.

Bert T. Kobayashi, Jr. ▲
Senior Partner,
 Kobayashi, Sugita & Goda

Faye W. Kurren ■▲
President and Chief Executive Officer (Retired),
 Hawaii Dental Service

Leighton S.L. Mau ▲
President and Chief Operating Officer,
 Waikiki Business Plaza, Inc.

Mark K. Teruya ▲
Chairman, President and Chief Executive Officer,
 Armstrong Produce, Ltd.

Allen B. Uyeda ■▲
Chief Executive Officer (Retired),
 First Insurance Company of Hawaii, Ltd.

Jenai S. Wall ■▲
Chairman and Chief Executive Officer,
 Foodland Super Market, Ltd.

C. Scott Wo ■▲
Owner/Executive Team,
 C. S. Wo & Sons, Ltd.

Albert M. Yamada ▲
Vice Chairman, Chief Administrative Officer and Secretary (Retired),
 First Hawaiian Bank

Eric K. Yeaman ▲
President and Chief Operating Officer,
 First Hawaiian Bank

Directors who retired during 2018:

Eric K. Shinseki

First Hawaiian's Vision: To be the best relationship bank in the markets we serve.

Our Mission: To grow an innovative and successful bank that delivers excellent service and value to our customers, cares for our employees like family and is committed to the communities we serve.

Our Core Values:

CARING — Our employees have a caring spirit, a sincere compassion, combined with the professional capability to help customers, each other and our communities.

CHARACTER — Our employees understand that our bank was built upon and depends on the trust of our customers, as well as trust among each other.

COLLABORATION — We work together and support each other in serving our customers and communities while making the bank successful.

FSC



First Hawaiian, Inc.

SHAREHOLDER INFORMATION

CORPORATE HEADQUARTERS

First Hawaiian, Inc.
999 Bishop Street, Honolulu, Hawai'i 96813

TRANSFER AGENT AND REGISTRAR

American Stock Transfer & Trust Company LLC,
6201 15th Avenue, Brooklyn, NY 11219
help@astfinancial.com

COMMON STOCK LISTING: FHB

The common stock of First Hawaiian, Inc. is traded on the Nasdaq Global Select Market under the ticker symbol FHB.

INQUIRIES

Shareholders with questions about stock transfer services or share holdings may contact American Stock Transfer & Trust Company LLC, by calling (800) 937-5449, visiting www.astfinancial.com, or via email at help@astfinancial.com. Beneficial stockholders with shares held by a broker in the name of a brokerage house should contact their broker.

Investor Relations Contact:

Kevin Haseyama
(808) 525-6268 | ir@fhb.com

Media Contact:

Susan Kam
(808) 525-6254 | skam@fhb.com

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report 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, 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 Annual Report on Form 10-K for the Year Ended December 31, 2018 filed with the Securities and Exchange Commission.