

Bank of Hawaii Corporation
fourth quarter 2020
financial report

january 25, 2021

forward-looking statements

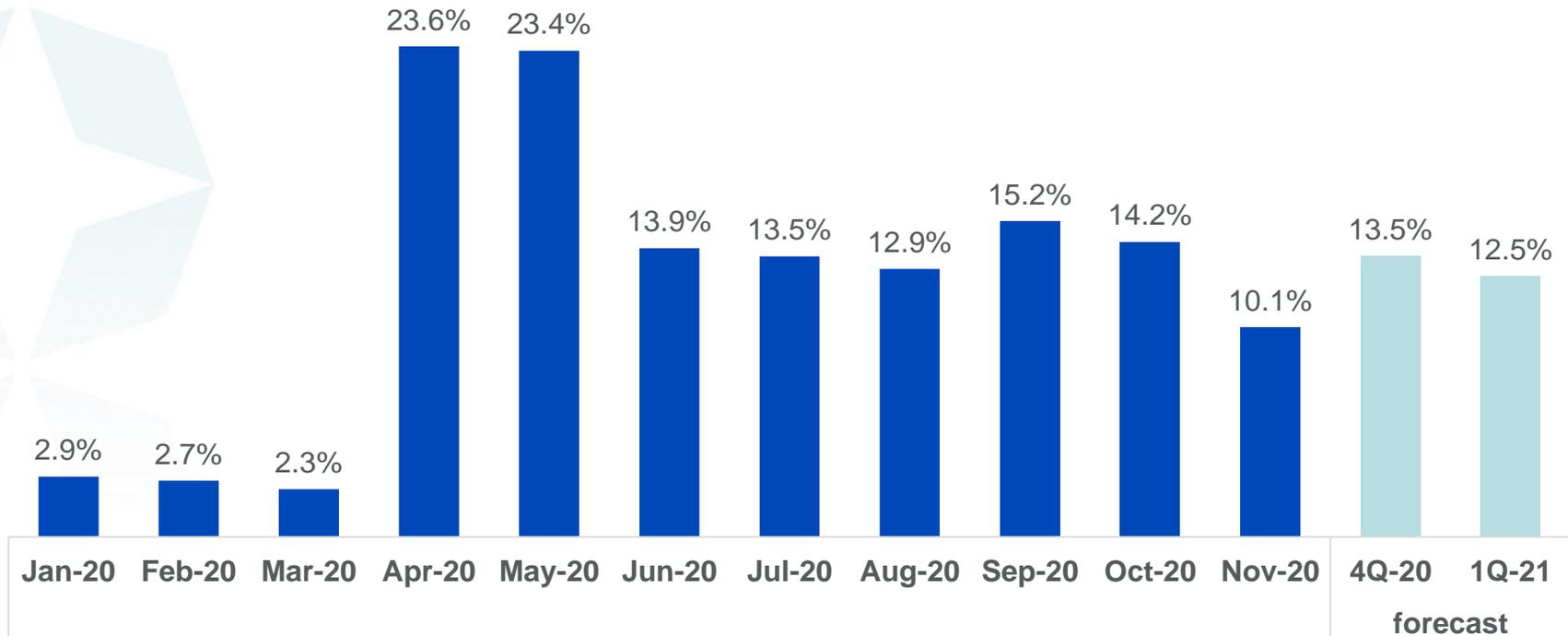
this presentation, and other statements made by the Company in connection with it, may contain forward-looking statements concerning, among other things, forecasts of our financial results and condition, expectations for our operations and business prospects, and our assumptions used in those forecasts and expectations. we have not committed to update forward-looking statements to reflect later events or circumstances.



2020 unemployment

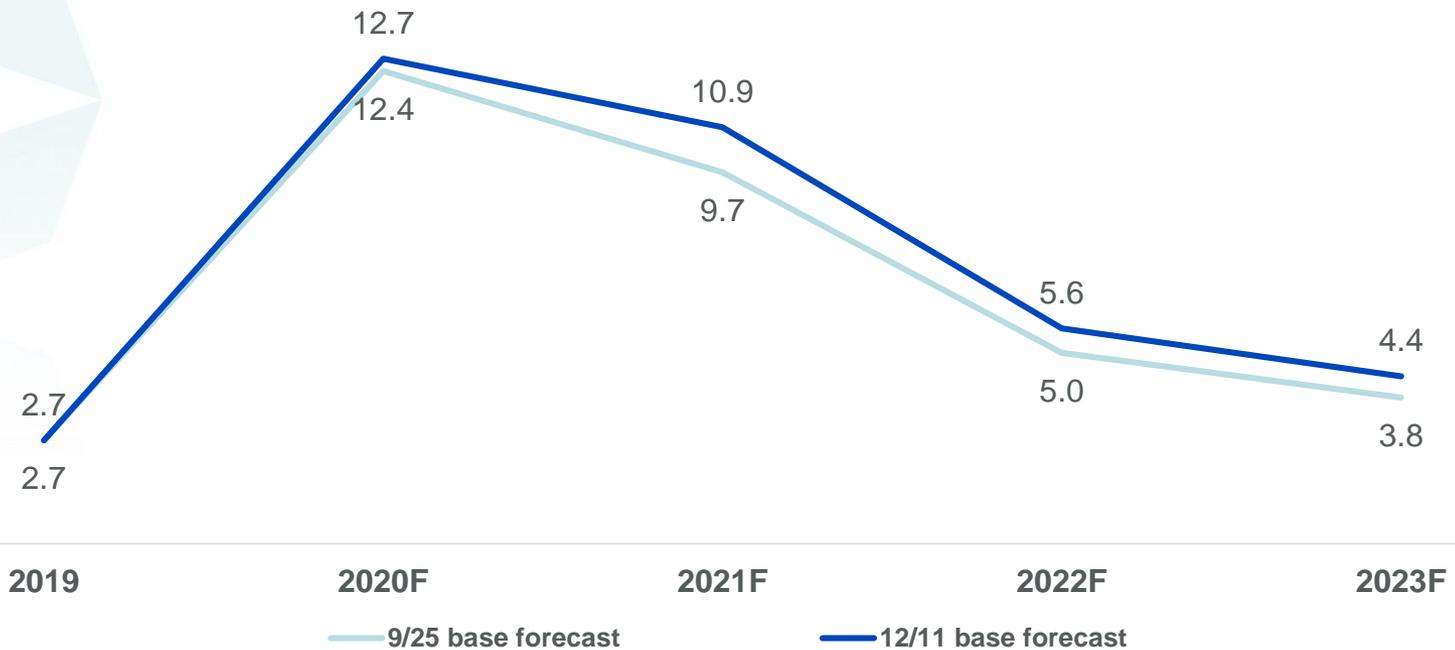
experience & forecast

Hawaii unemployment rate



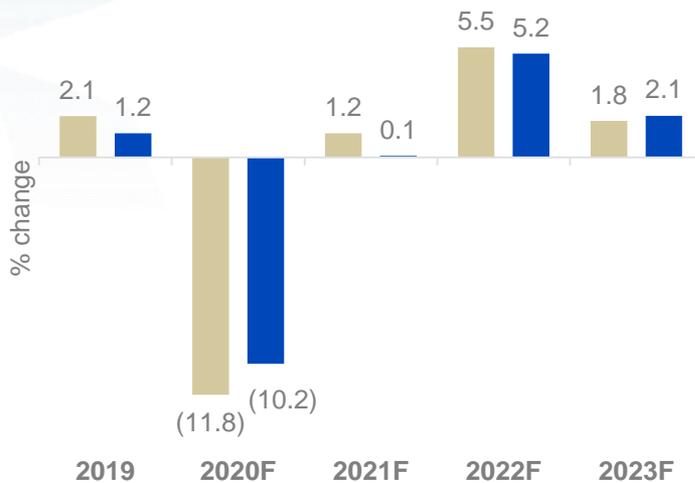
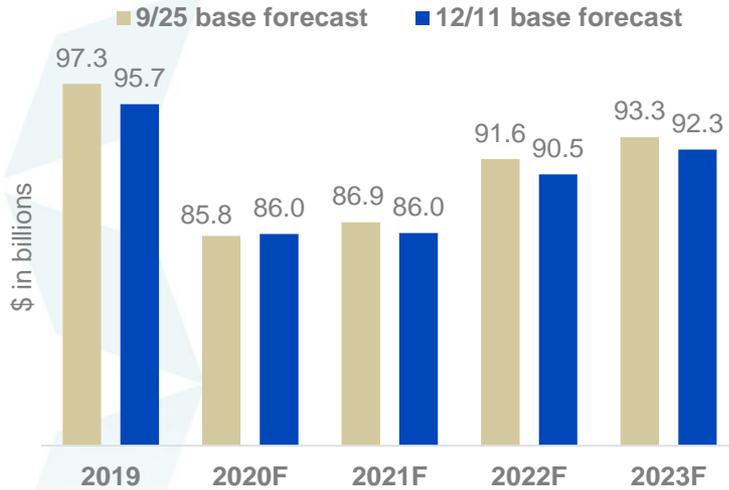
economic forecast

Hawaii unemployment rate

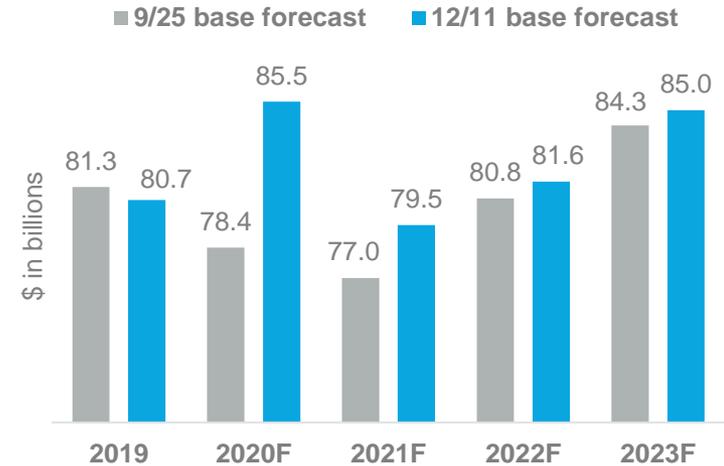


economic forecast

real GDP



personal income



Hawaii real estate market

Oahu market indicators – 2020 vs 2019

single family homes

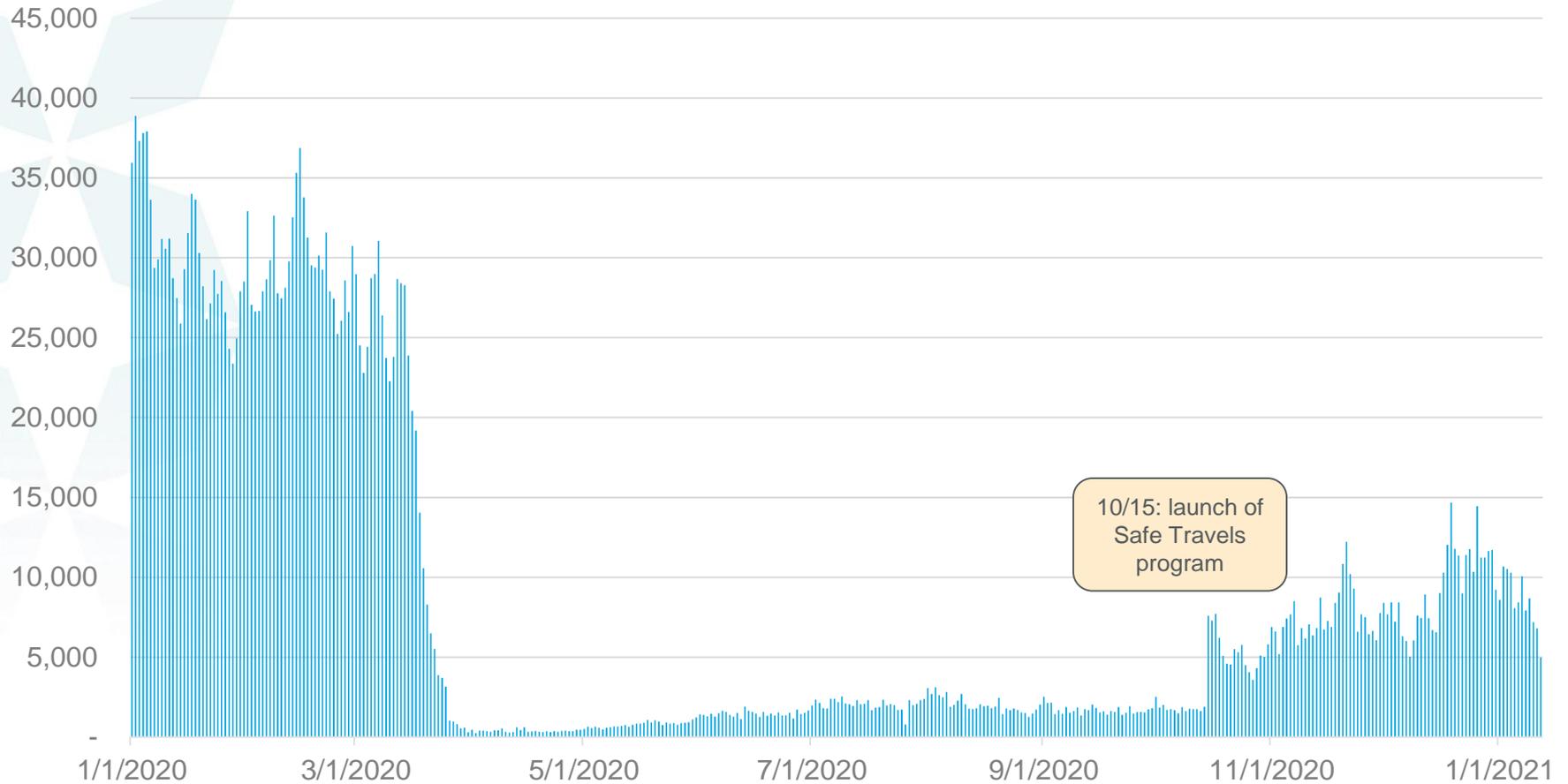
	<u>2020</u>	<u>2019</u>	<u>%</u>	<u>dec 2020</u>	<u>dec 2019</u>	<u>%</u>
closed sales	3,838	3,750	2.3%	420	309	35.9%
median sales price (000s)	\$830	\$789	5.2%	\$870	\$820	6.1%
median days on market	14	22	-36.4%	10	18	-44.4%
months of inventory	1.4	2.5	-44.0%	1.4	2.5	-44.0%

condominiums

	<u>2020 YTD</u>	<u>2019 YTD</u>	<u>%</u>	<u>dec 2020</u>	<u>dec 2019</u>	<u>%</u>
closed sales	4,706	5,408	-13.0%	514	428	20.1%
median sales price (000s)	\$435	\$425	2.4%	\$455	\$425	6.9%
median days on market	24	25	-4.0%	19	30	-36.7%
months of inventory	3.3	3.4	-2.9%	3.3	3.4	-2.9%

daily arrivals

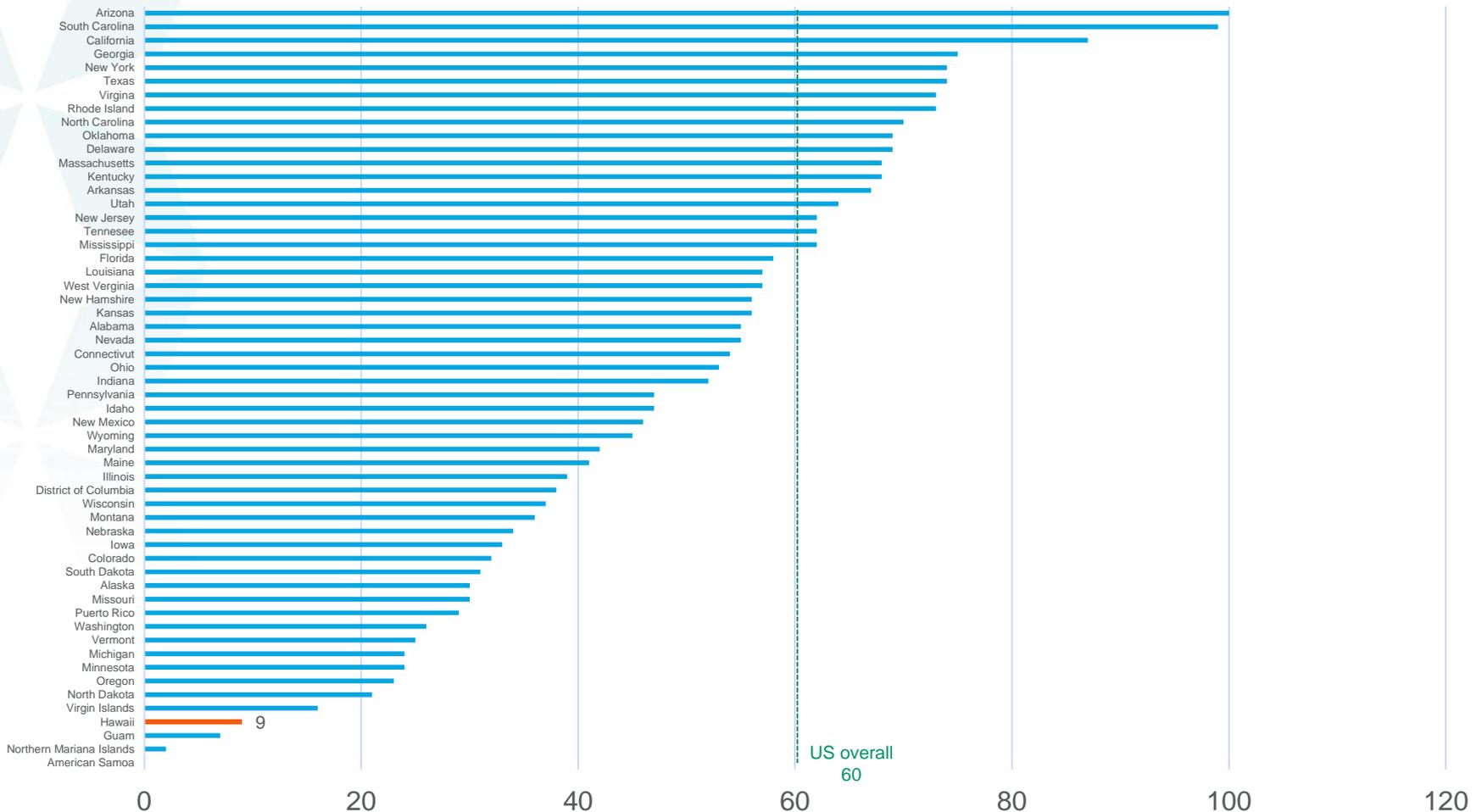
*total passenger count**



*source: Department of Business, Economic Development, and Tourism, excluding from Canada

COVID-19 cases

7 day rolling average of daily new cases per 100,000





Q4 financial update

financial summary

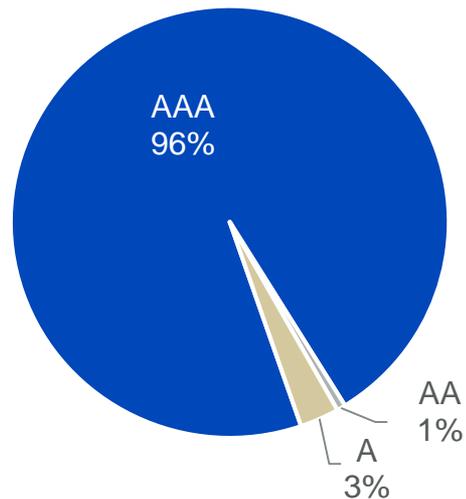
\$ in millions, except per share amounts

	<u>4Q 2020</u>	<u>3Q 2020</u>	<u>Δ 3Q 2020</u>	<u>4Q 2019</u>	<u>Δ 4Q 2019</u>	<u>2020</u>	<u>Δ 2019</u>
net interest income	\$ 119.5	\$ 124.2	\$ (4.7)	\$ 123.9	\$ (4.4)	\$ 496.3	\$ (1.4)
noninterest income	45.3	41.7	3.5	47.7	(2.4)	184.4	1.1
total revenue	164.8	165.9	(1.1)	171.6	(6.8)	680.7	(0.3)
noninterest expense	98.7	89.9	8.7	93.0	5.7	373.8	(5.4)
operating income	66.1	76.0	(9.8)	78.5	(12.4)	306.9	5.1
credit provision	15.2	28.6	(13.4)	4.8	10.5	117.8	101.8
income taxes	8.6	9.5	(0.9)	15.6	(7.0)	35.3	(24.6)
net income	\$ 42.3	\$ 37.8	\$ 4.5	\$ 58.1	\$ (15.8)	\$ 153.8	\$ (72.1)
diluted EPS	\$ 1.06	\$ 0.95	\$ 0.11	\$ 1.45	\$ (0.39)	\$ 3.86	\$ (1.70)
<u>end of period balances</u>							
investment portfolio	\$ 7,054	\$ 6,389	10.4 %	\$ 5,661	24.6 %	\$ 7,054	24.6 %
loans and leases	11,940	11,794	1.2	10,991	8.6	11,940	8.6
total deposits	18,212	17,739	2.7	15,784	15.4	18,212	15.4
shareholders' equity	1,375	1,362	0.9	1,287	6.8	1,375	6.8

investment portfolio

excess liquidity deployed into high-quality, low-risk investment portfolio

Moody's rating



Q4-20 duration (yrs)

AFS	3.38
HTM	3.21
Total	3.30

Q4-20 premium amortization

\$9.6 million

Highly liquid and pledgeable

Secure and reliable cash flows

performance metrics

	<u>4Q 2020</u>	<u>3Q 2020</u>	<u>Δ 3Q 2020</u>	<u>4Q 2019</u>	<u>Δ 4Q 2019</u>	<u>2020</u>	<u>Δ 2019</u>
return on assets	0.83%	0.76%	0.07%	1.29%	(0.46)%	0.79%	(0.50)%
return on equity	12.26%	11.01%	1.25%	17.84%	(5.58)%	11.38%	(6.27)%
net interest margin	2.48%	2.67%	(0.19)%	2.95%	(0.47)%	2.73%	(0.30)%
efficiency ratio	59.9%	54.2%	5.7%	54.3%	5.6%	54.9%	(0.8)%
CET1 / tier 1 capital ratio	12.1%	12.1%	(0.0)%	12.2%	(0.1)%	12.1%	(0.1)%
tier 1 leverage ratio	6.7%	6.8%	(0.1)%	7.3%	(0.5)%	6.7%	(0.5)%

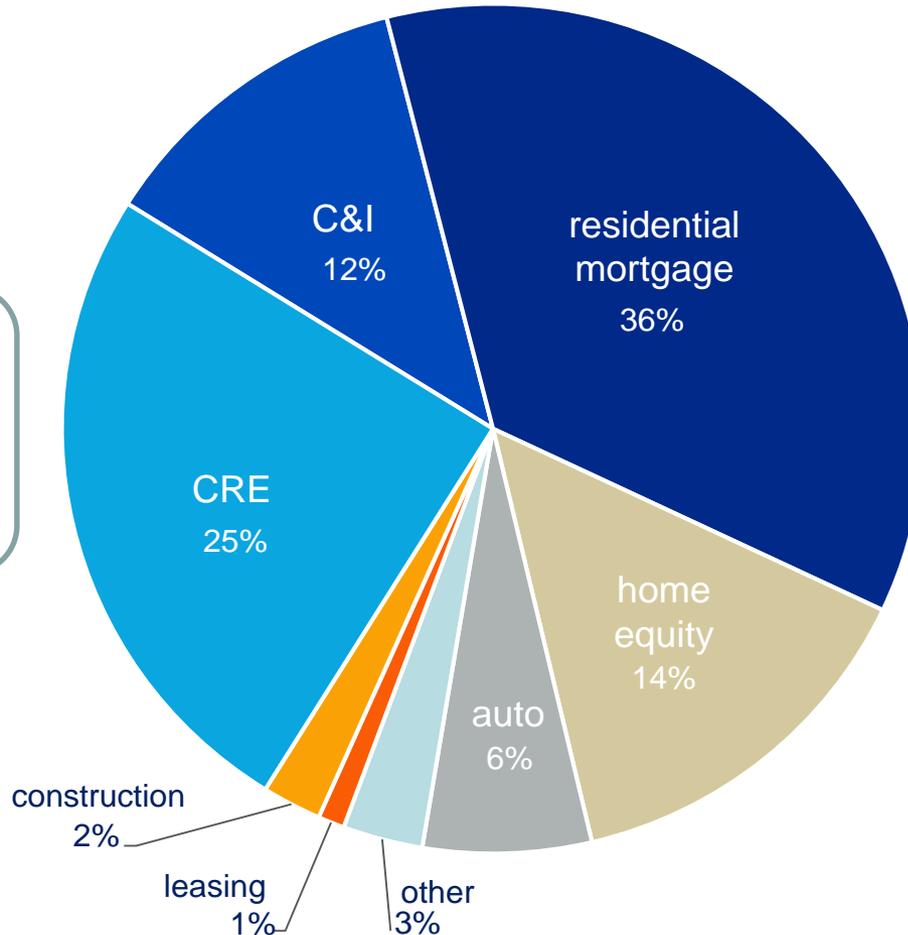


Q4 credit update

loan portfolio

excluding PPP

**78% of portfolio secured with quality real estate
with combined weighted average loan to value of 56%**



40% commercial
68% real estate secured
wtd avg LTV 56%
66% w/ BOH ≥ 10 yrs
avg balance \$0.5 MM

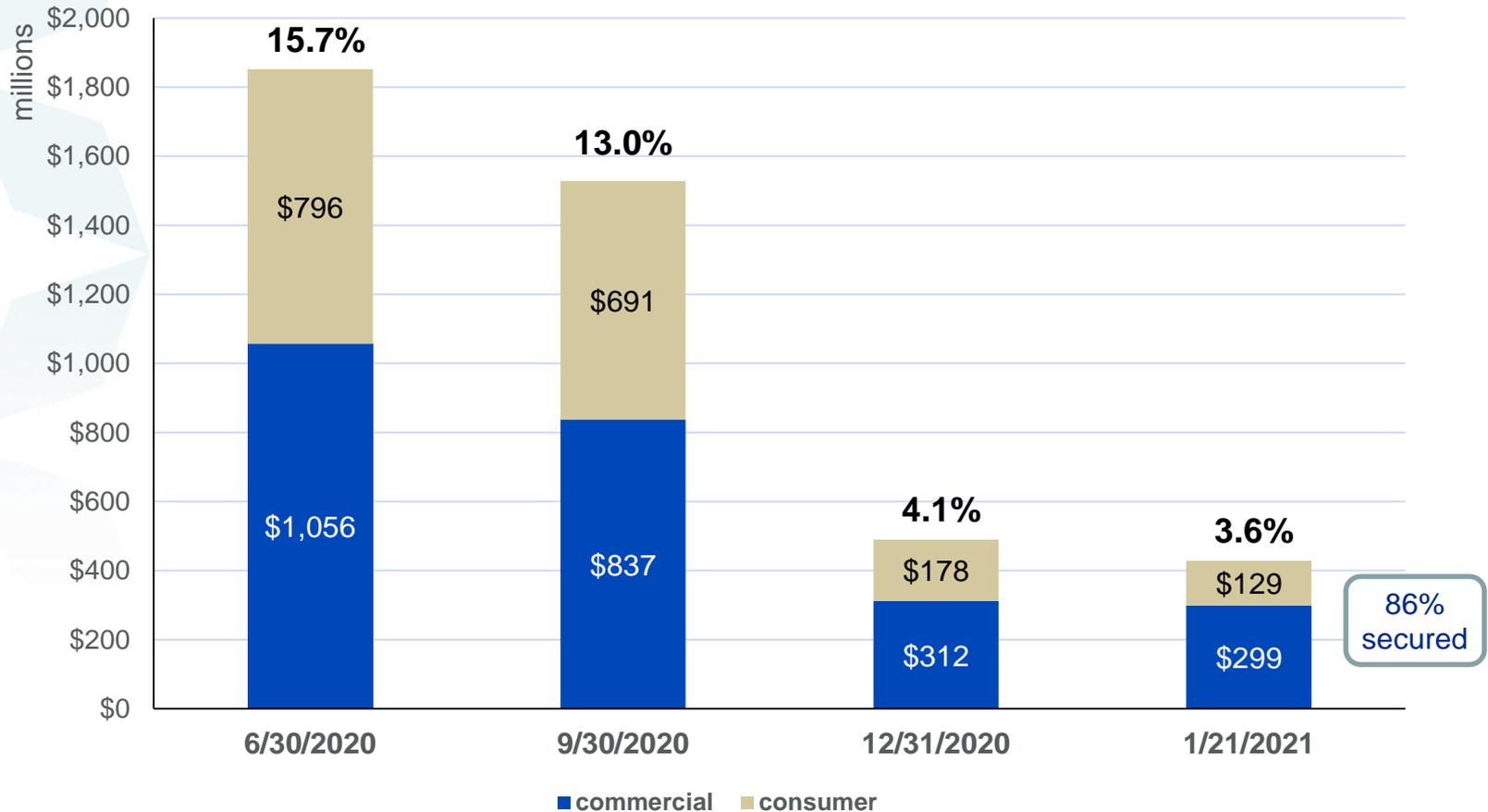
60% consumer
84% real estate secured
wtd avg LTV 56%
56% w/ BOH ≥ 10 yrs

note: excludes \$528 MM in PPP loan balances

customer relief update

77% decline from June 30, 2020

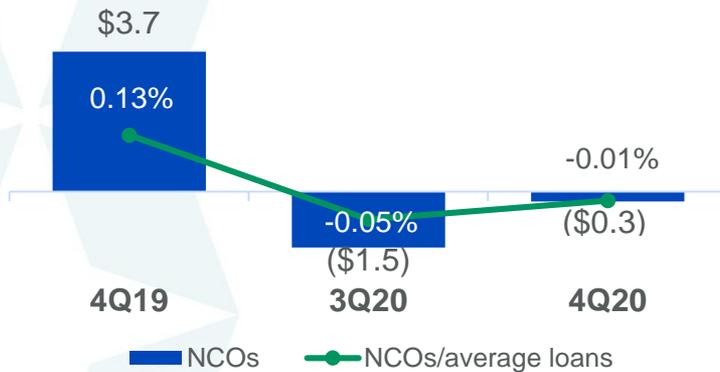
deferrals and extension timeline



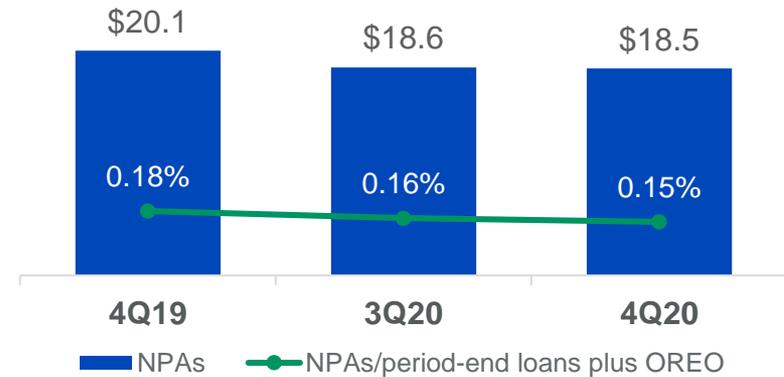
credit quality

\$ in millions

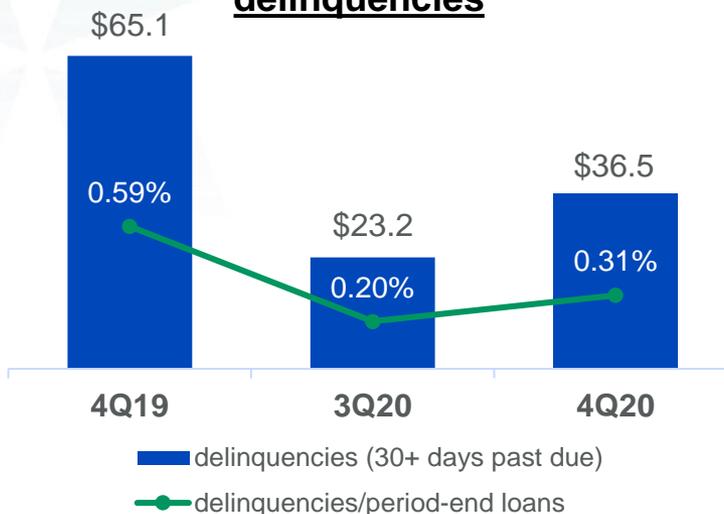
net charge-offs



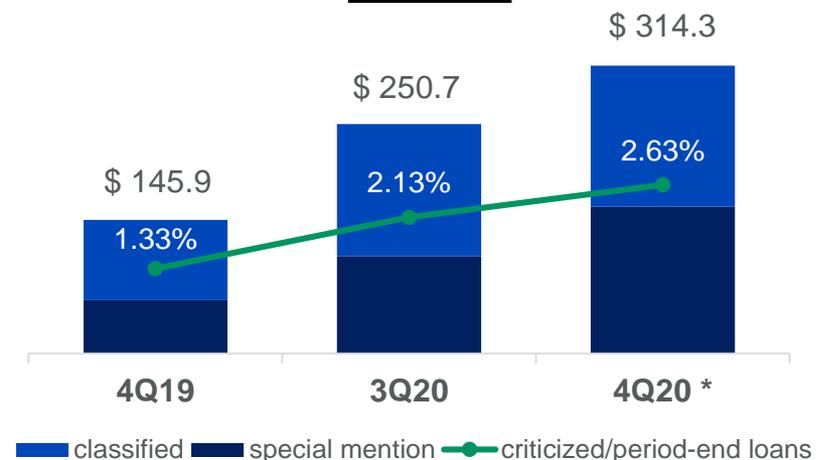
nonperforming assets



delinquencies



criticized

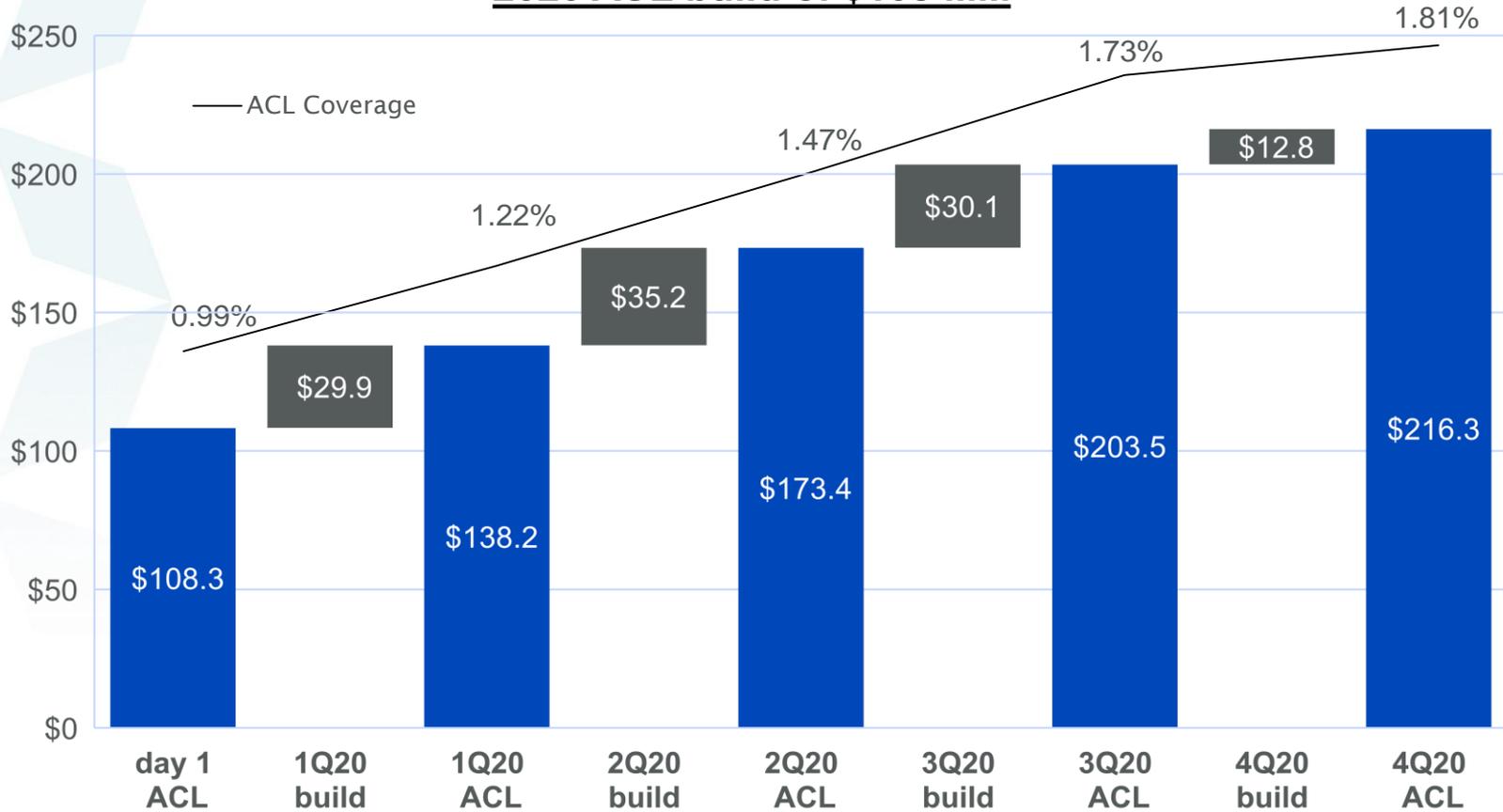


* 60% of total criticized in CRE with 58% wtd avg LTV

2020 reserve build

\$ in millions

2020 ACL build of \$108 MM





looking forward

2021 macro environment

- economic growth conditioned on COVID-19 conditions and trajectory
- accommodative monetary environment
- changed consumer preference

2021 priorities

- continued risk vigilance
- support the recovery
- lean into evolving consumer preference
- self fund growth

support the recovery

- exceptional capital & liquidity position
- customer outreach
- deep market knowledge
- digital

steady market share performance

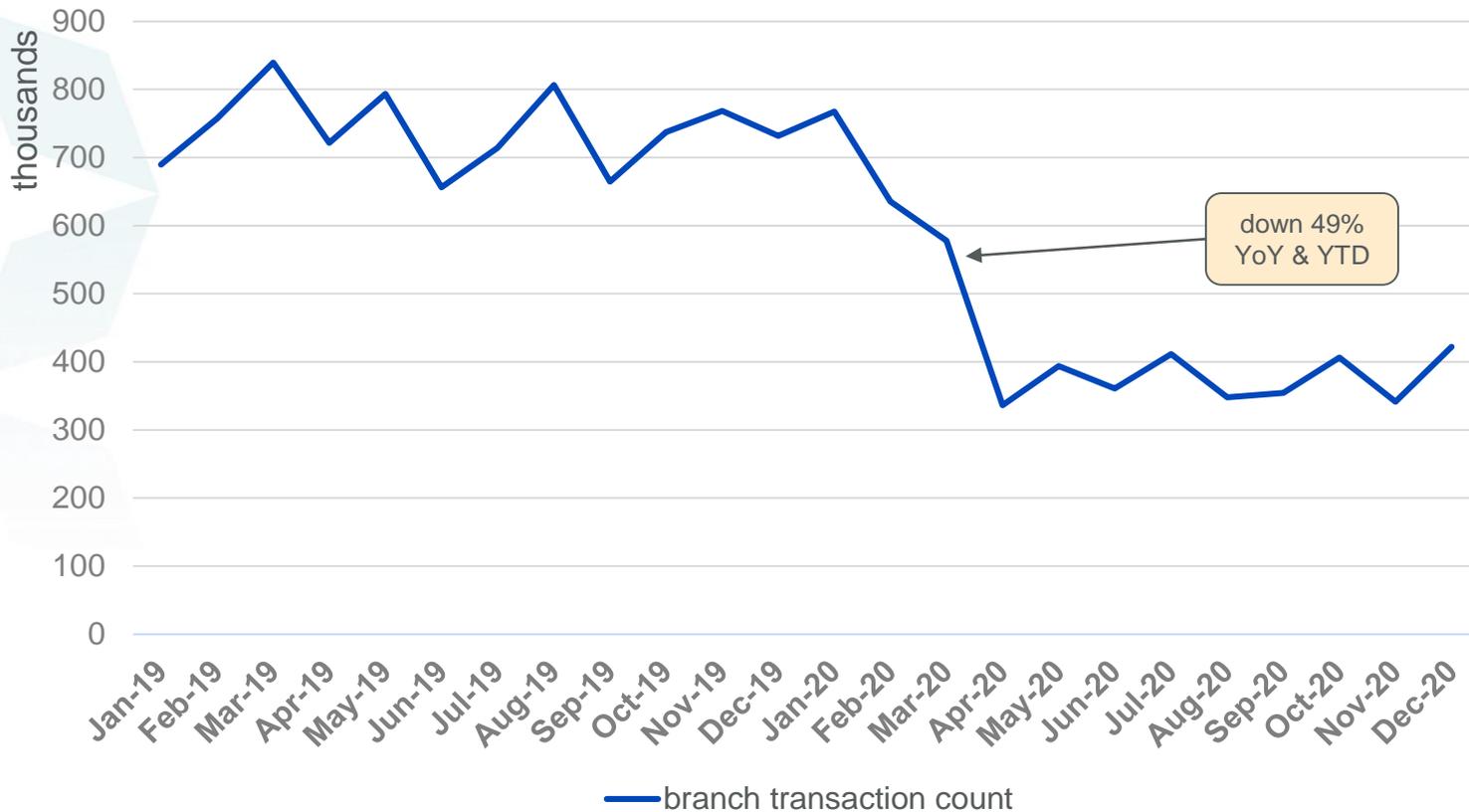
	<u>3-years</u>	<u>5-years</u>	<u>10-years</u>
loans	0.9%	2.9%	4.9%
deposits	1.7%	1.8%	0.7%

evolving consumer preference

- rapid change in certain consumer preferences
- span of change likely to extend to 18 to 24 months in total from March 2020
- degree of snap back dependent on perception – enhancement or inconvenience?
- “new” normal

evolving consumer preference

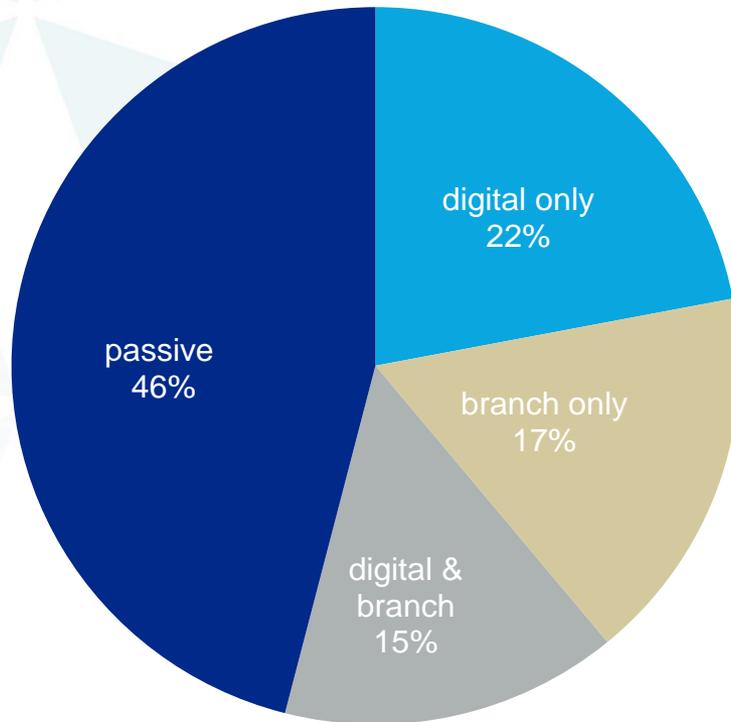
in-person branch transactions have fallen sharply



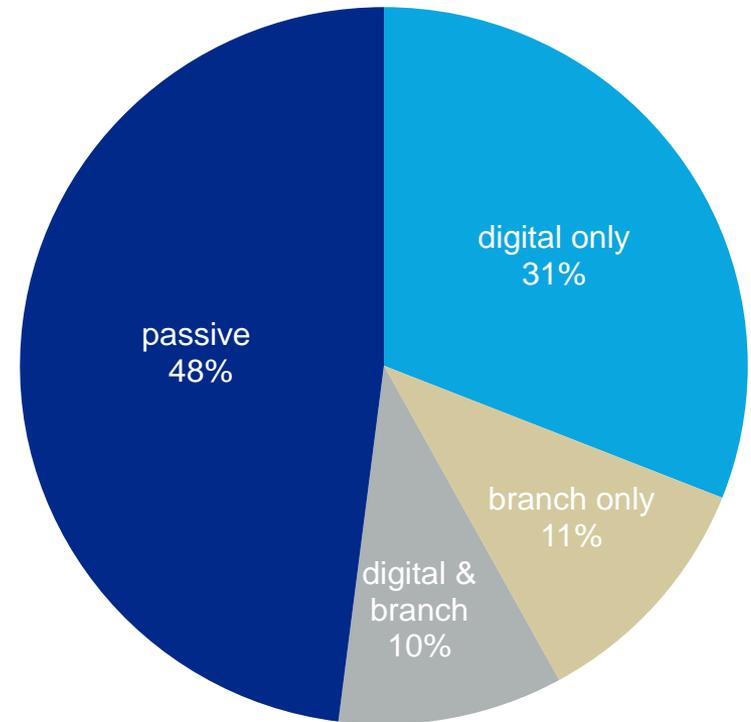
evolving consumer preference

transactor type

2019

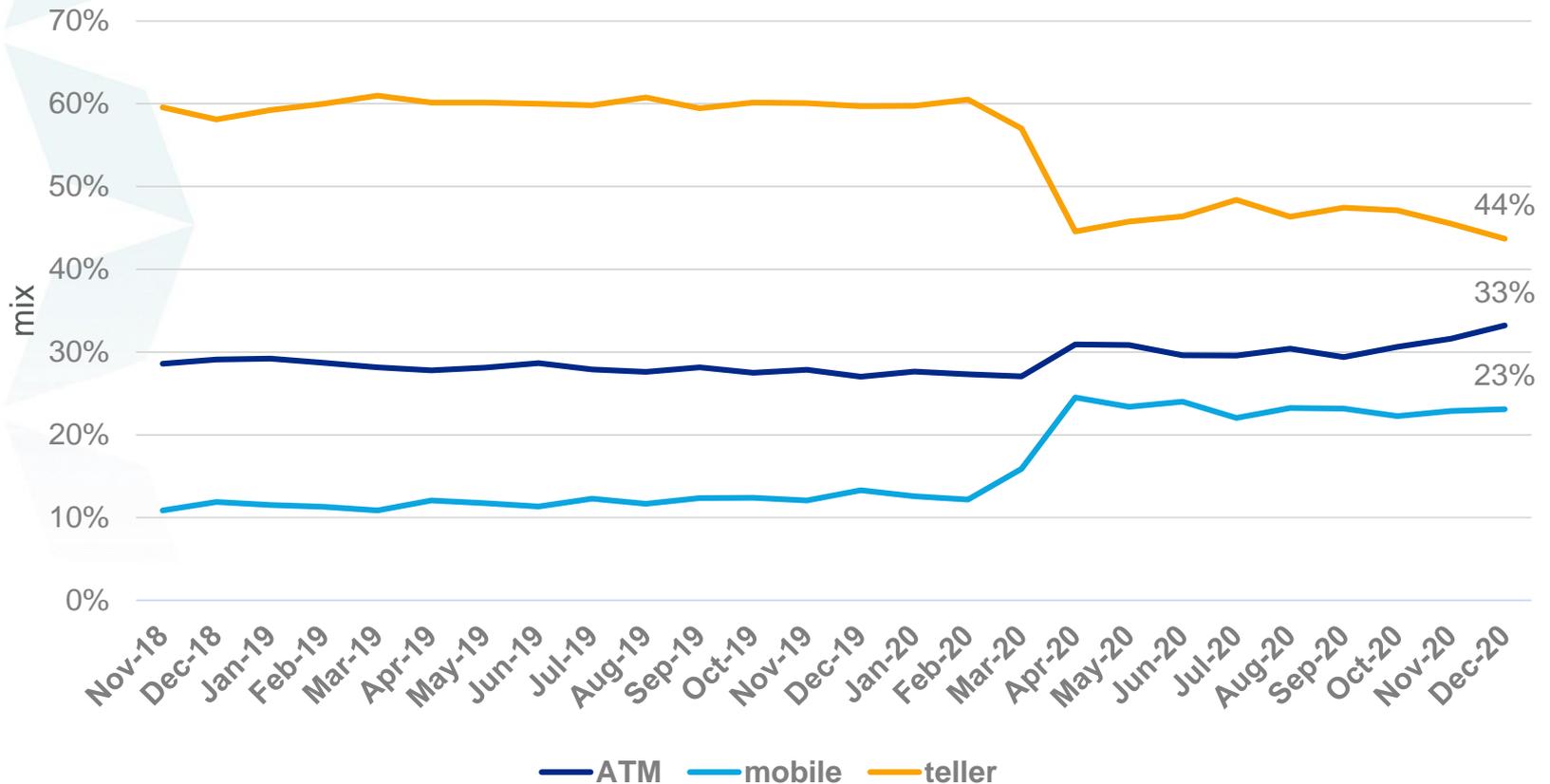


2020



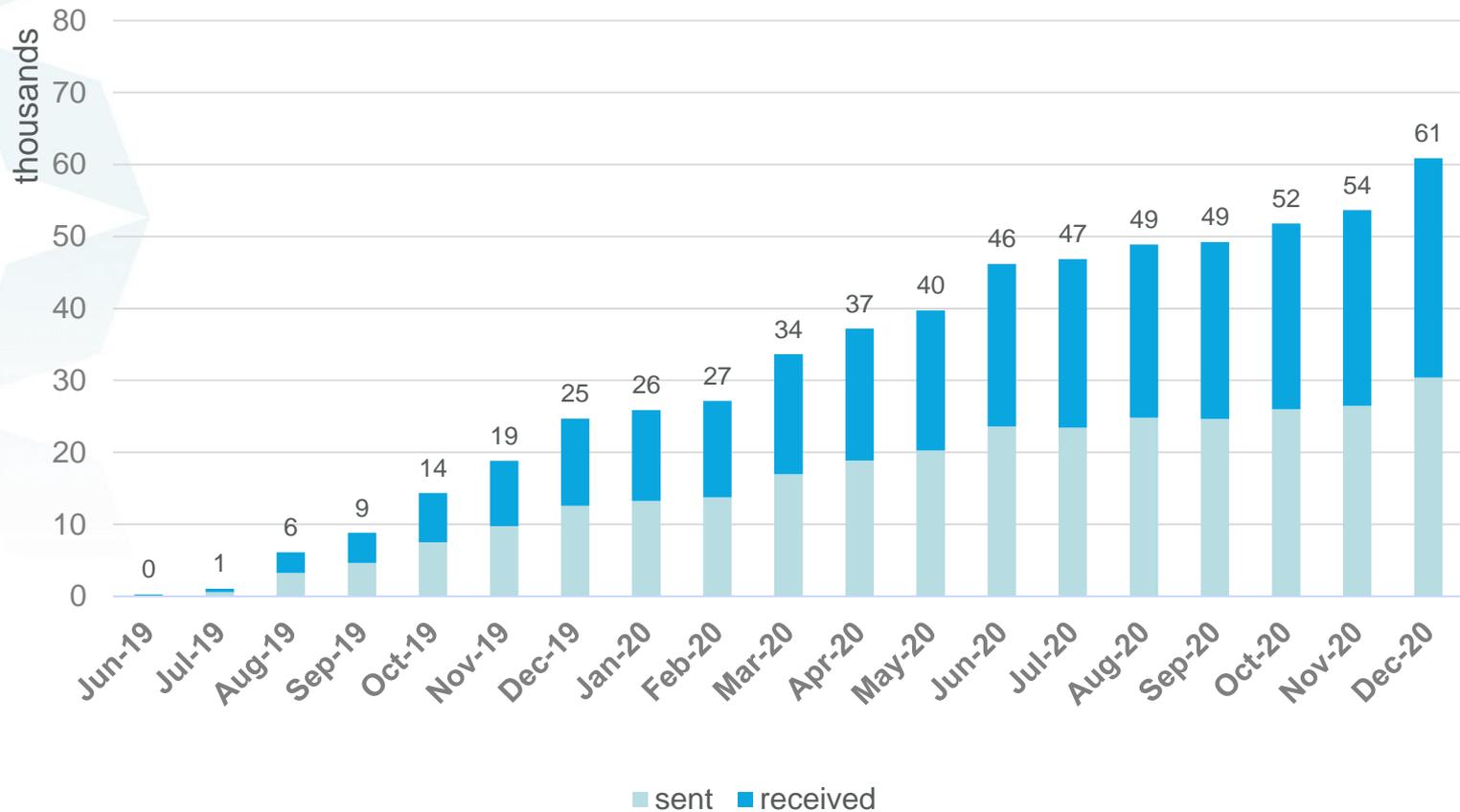
evolving consumer preference

consumer digital deposit migration



evolving consumer preference

growing number of Zelle transactions

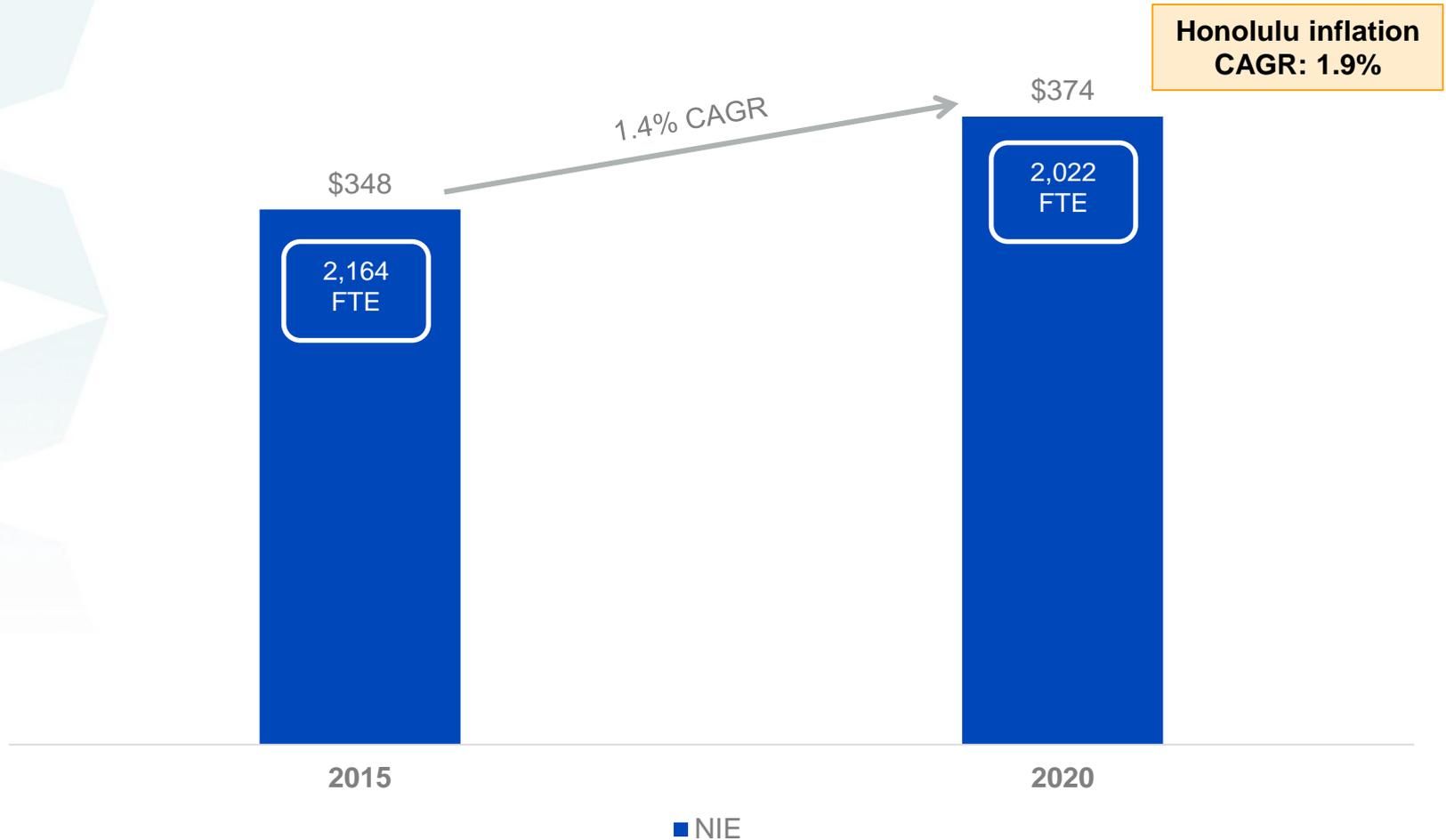


self fund growth

- core competency
- strategic & long-term oriented
- internally driven
- never ending

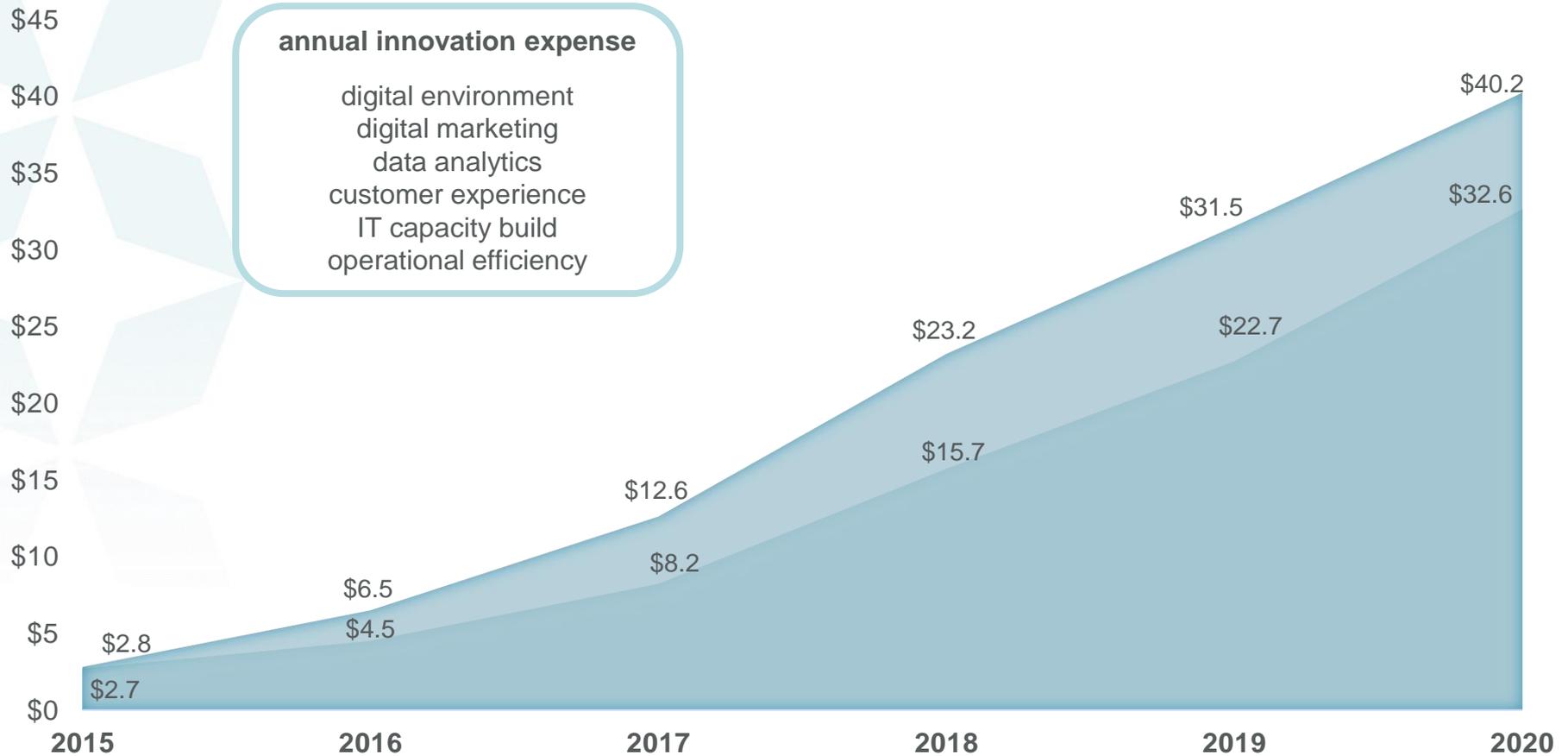
proven expense discipline

\$ in millions



commitment to future growth

\$ in millions



- annual innovation expense plus other IT project annual expense
- annual innovation expense

SimpliFi Arena

- digital sub-brand launch in 2017
- 10-year naming agreement with University of Hawaii
- main and most prominent arena sports venue in the state



2021 programs

Branch/ATM optimization efforts

- closure of 12 in-store format branches
- sunset 50 cash dispensing ATMs
- \$6.1 million one time cost, \$5.1 million in annual savings

Voluntary Separation Incentive Program

- separation incentive eligible to employees with certain age and years-of-service criteria. incentive consists of payment based on years-of-service plus customary retirement benefit
- program is company prescribed but implemented at business unit discretion
- voluntary for eligible employees

competitive innovation edge



Q & A

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appendix

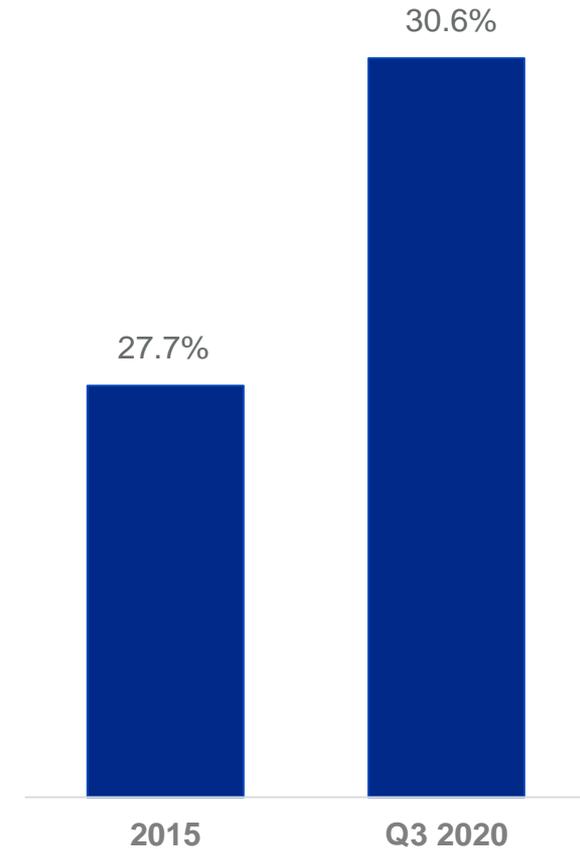
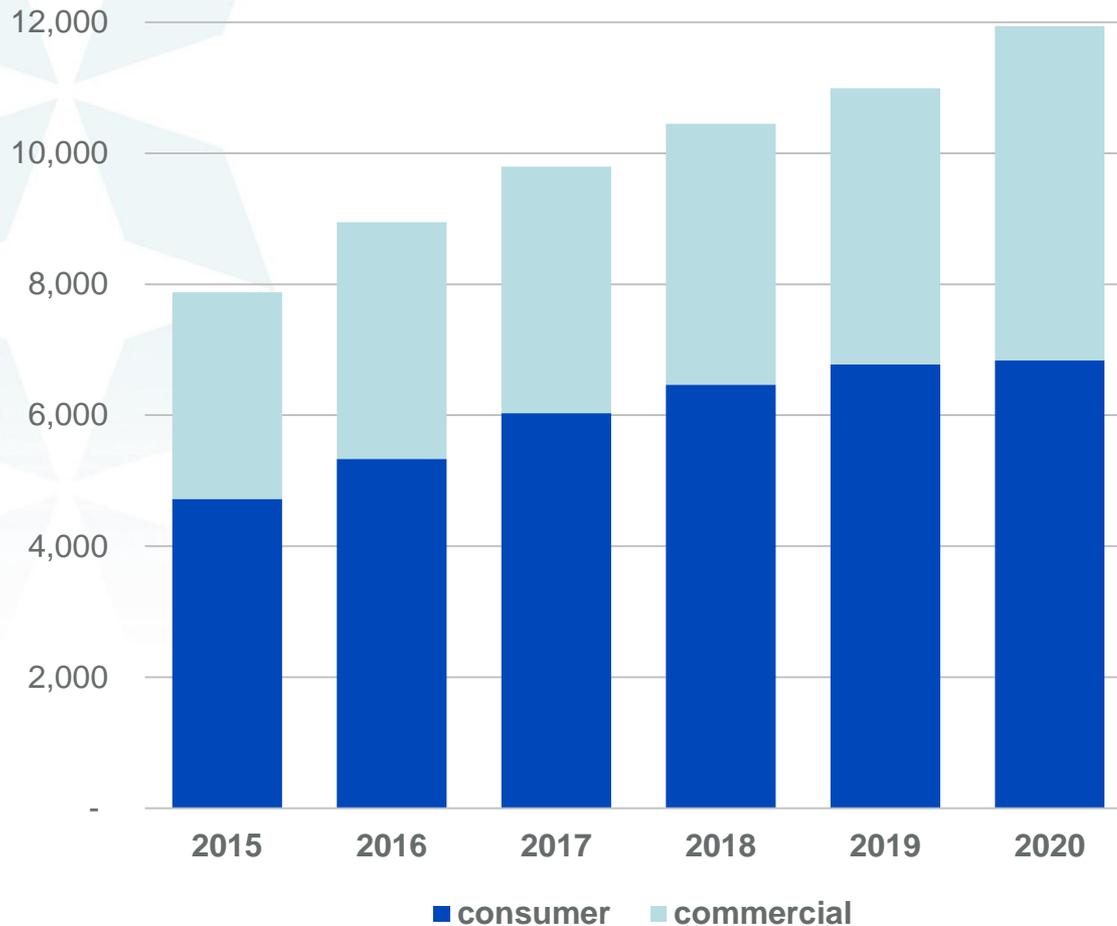
loan growth

\$ in millions

CAGR: 8.7%

balances

market share

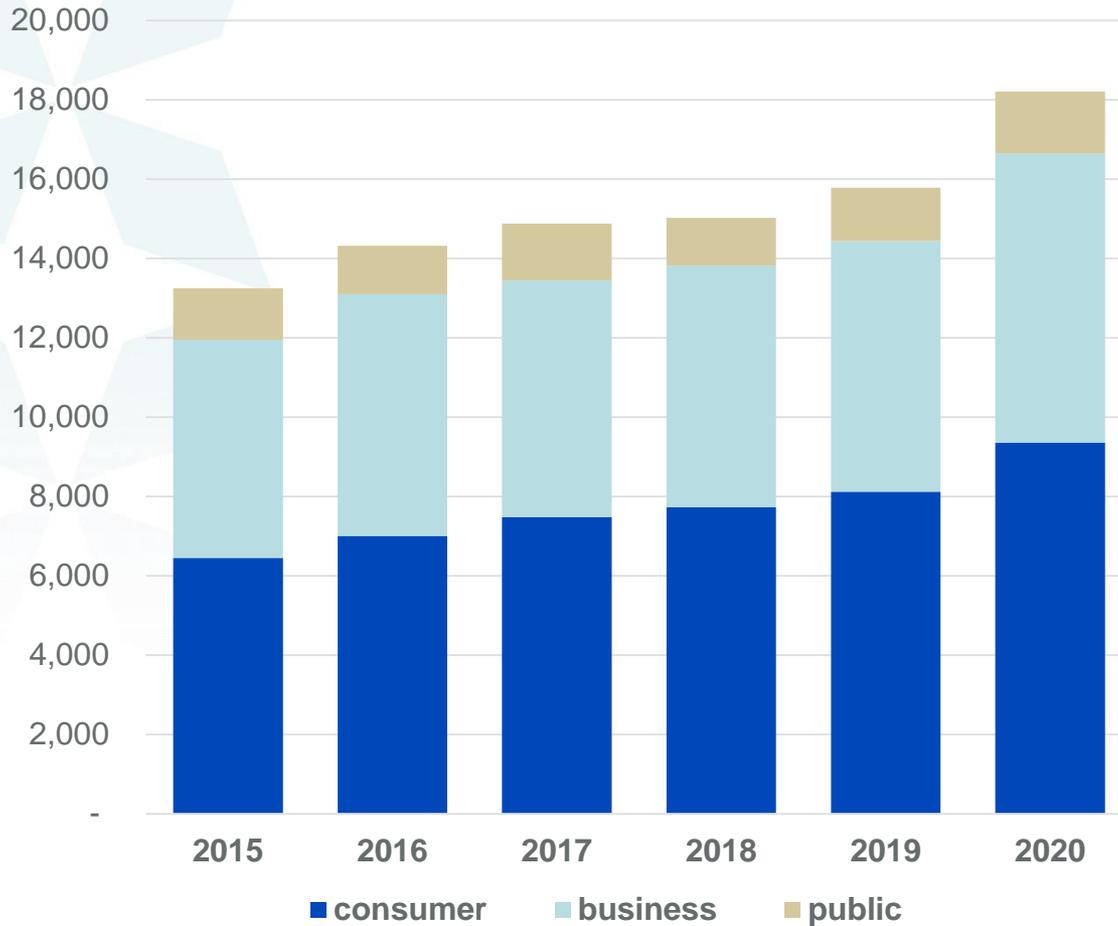


deposit growth

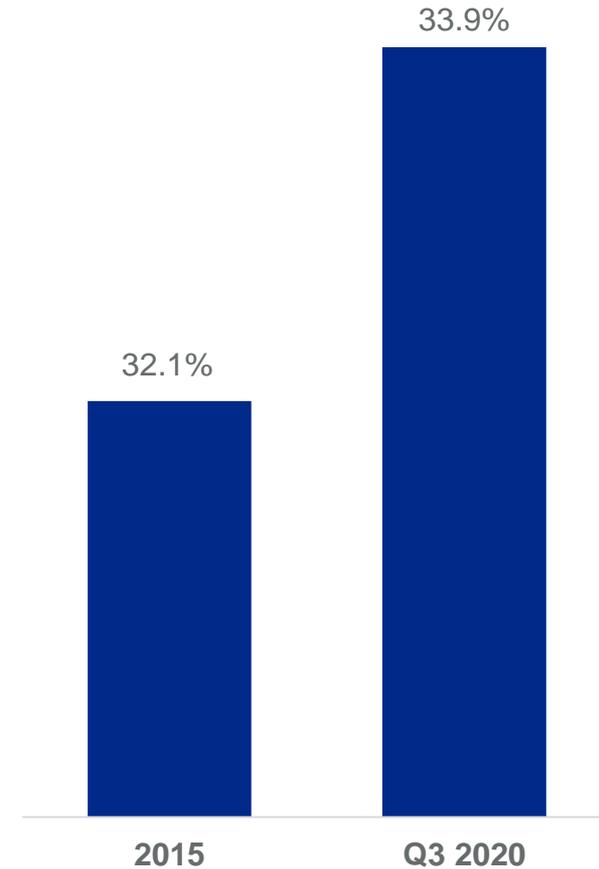
\$ in millions

CAGR: 6.6%

balances



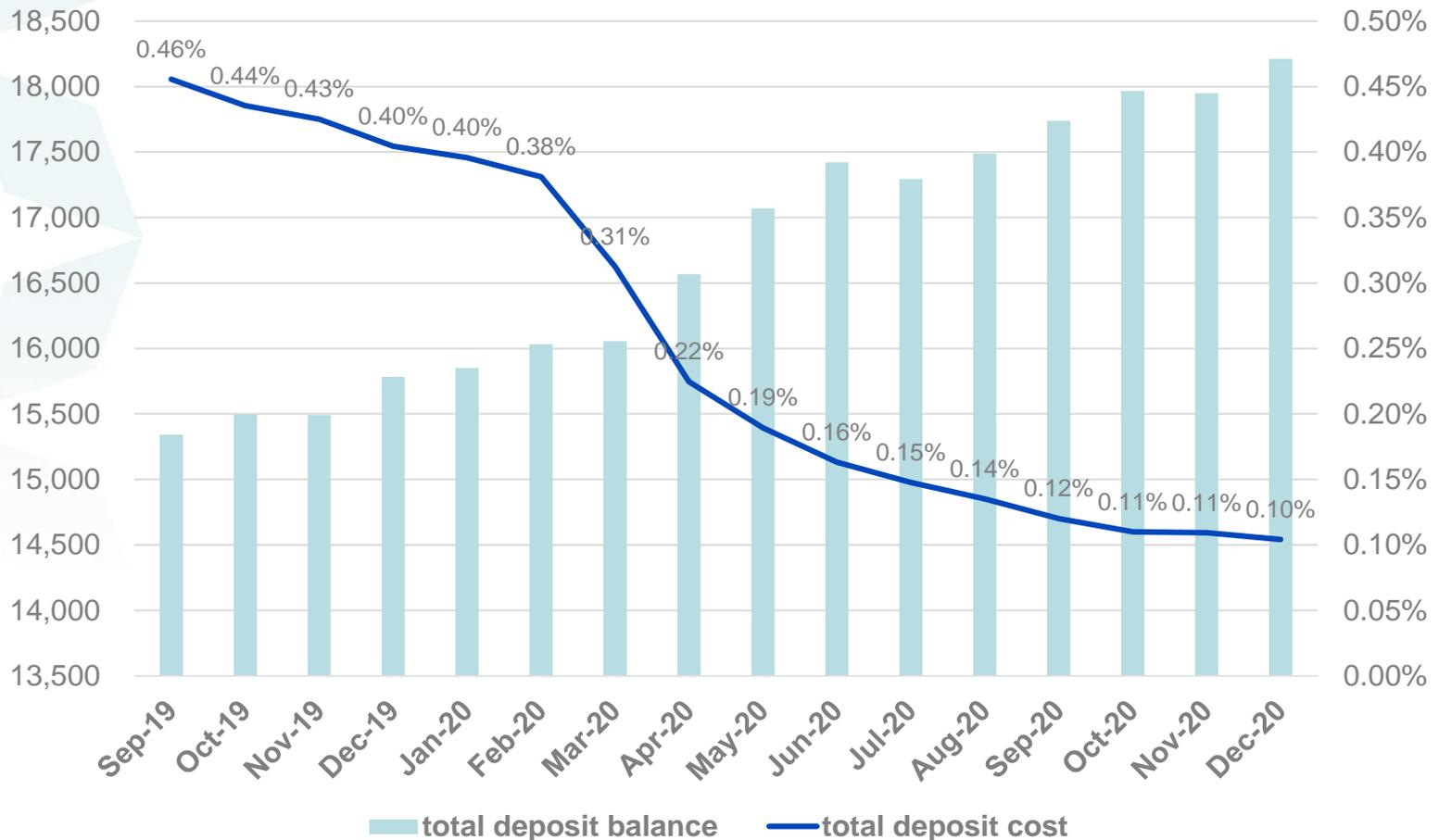
market share



growing low cost deposits

\$ in millions

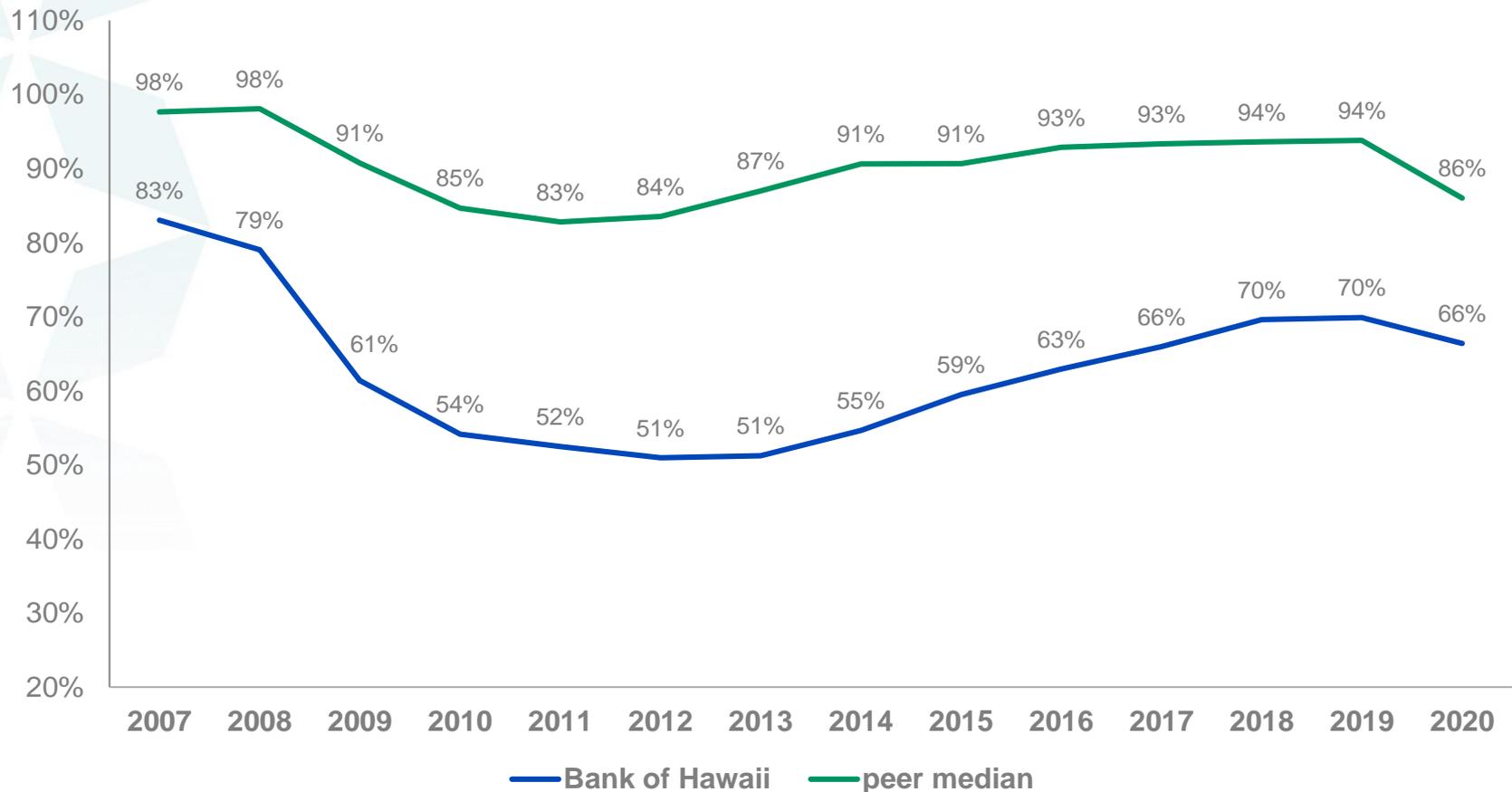
continuing to build very low cost funding to mitigate impact of low rates



funding opportunities

loan to deposit ratio compared with peers

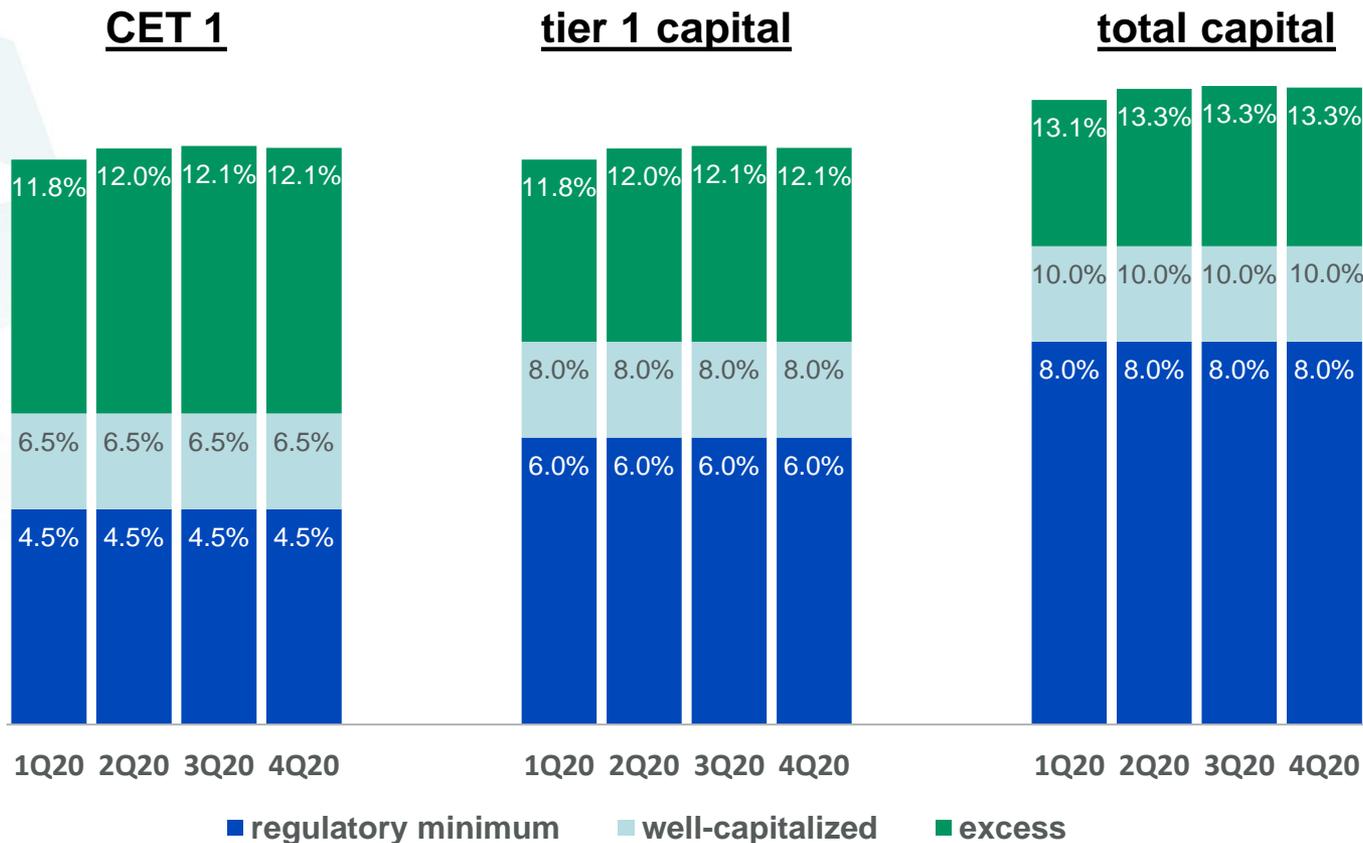
strong liquidity to fund continued growth



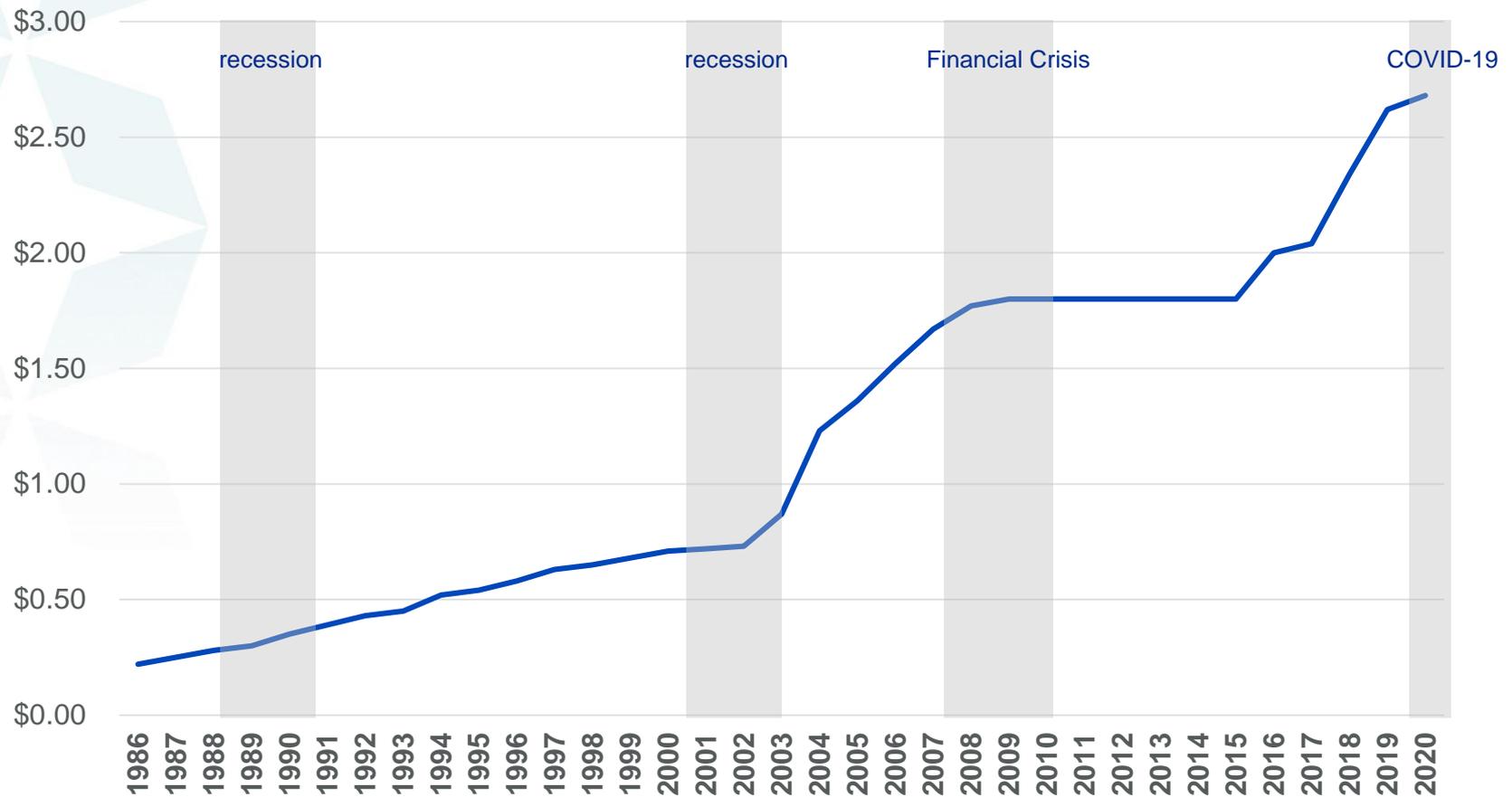
note: S&P Regional Bank Index excluding banks greater than \$50 B; 2020 peer data reflects Q3 2020

fortress capital position

strong risk-based capital, well in excess of required minimums



unbroken history of dividends

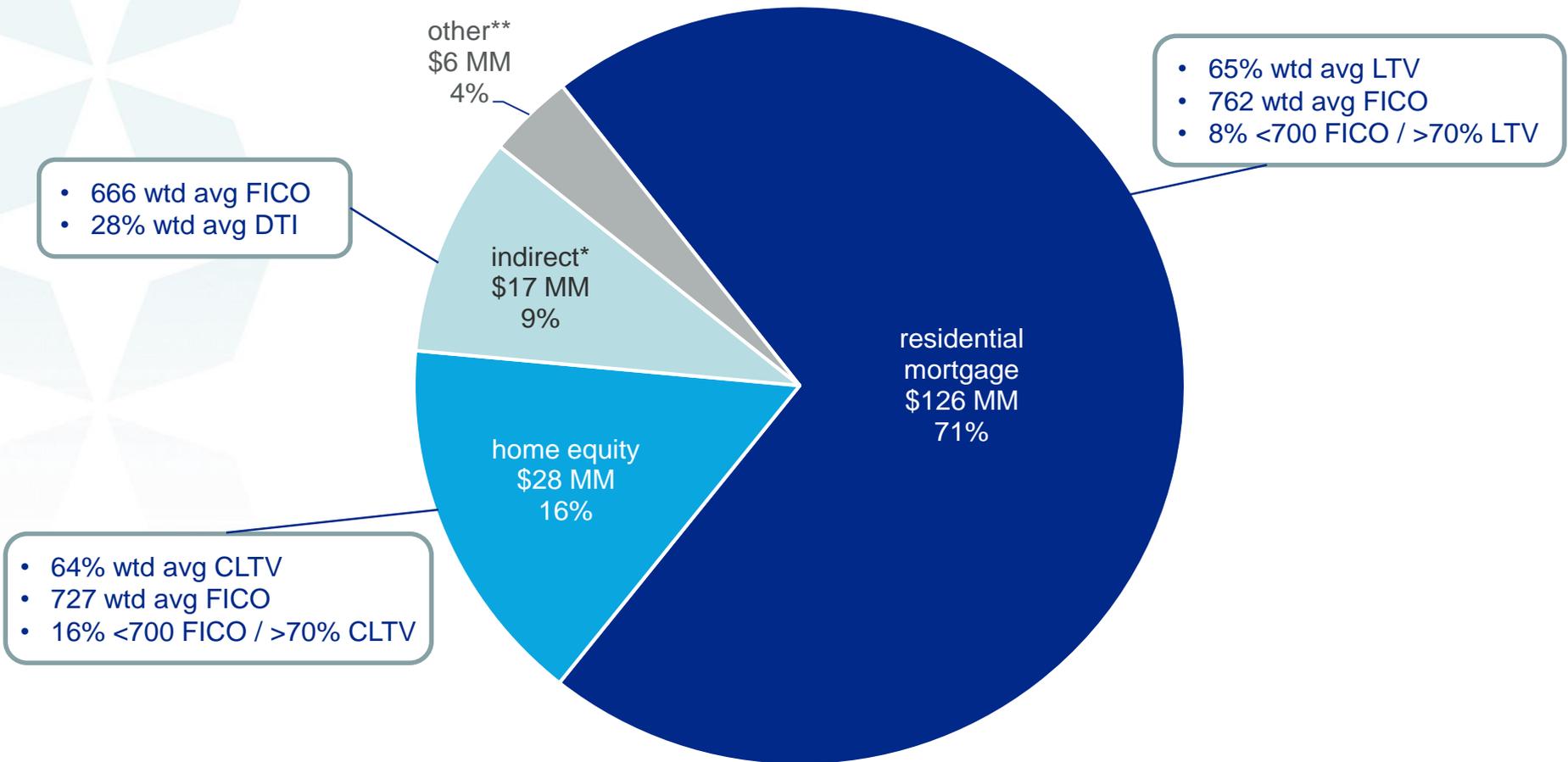


note: historical dividends adjusted for stock splits.

consumer relief

\$177 million (1.5%)

87% secured with 65% weighted average LTV as of 12/31/20



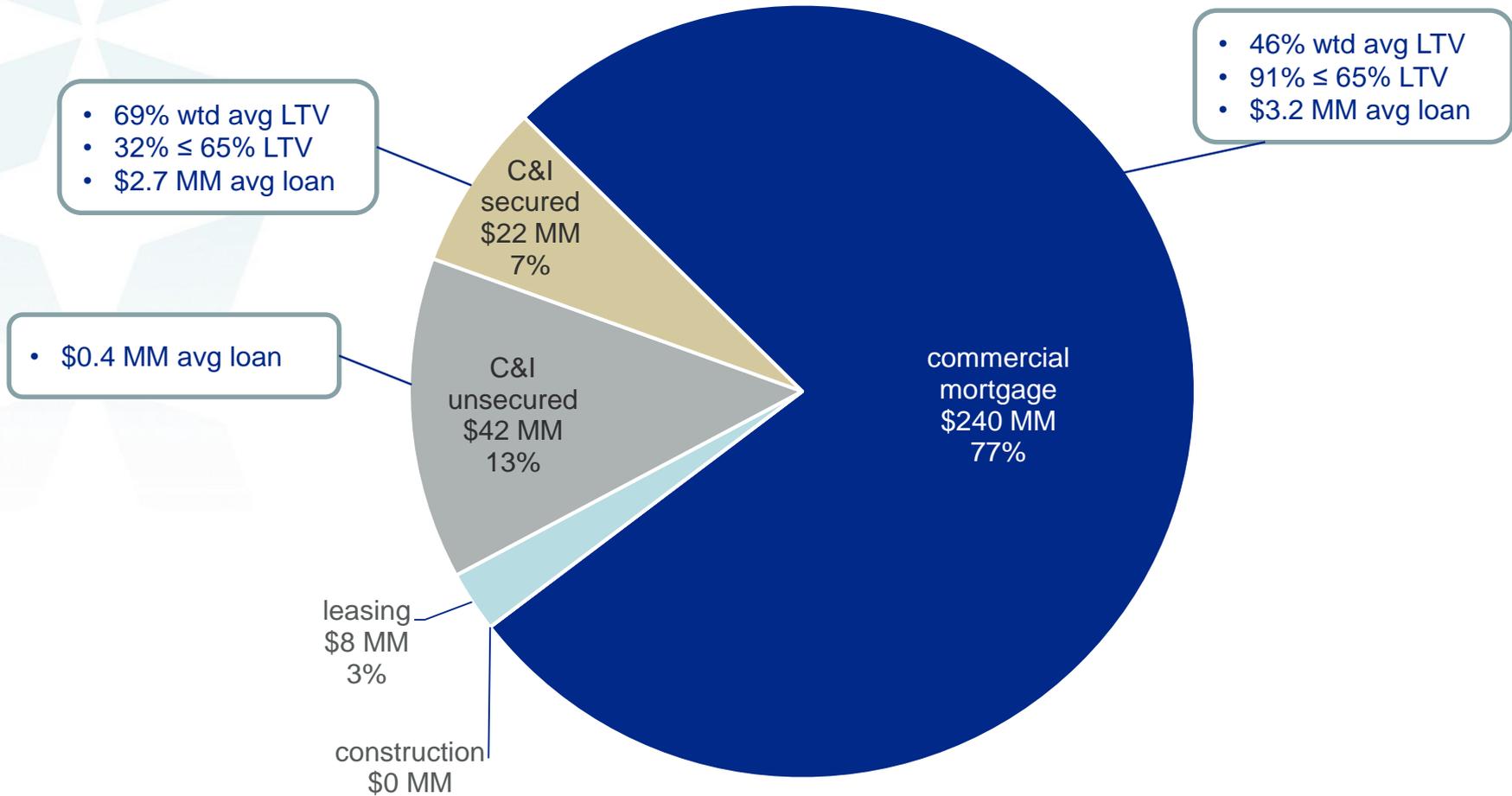
* indirect excludes recourse loans (\$1MM)

**other includes direct installment loans and auto lease. origination FICO used for auto lease.

commercial relief

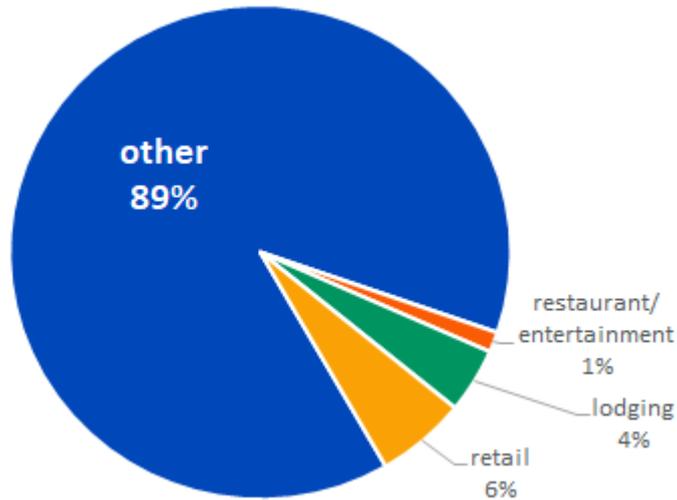
\$312 million (2.6%)

84% secured with 47% weighted average LTV as of 12/31/20
90% continue to pay interest

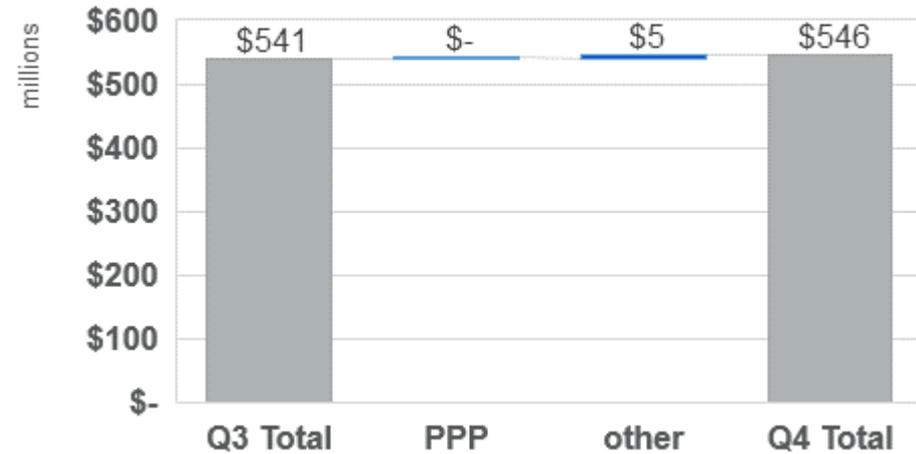


high risk industries

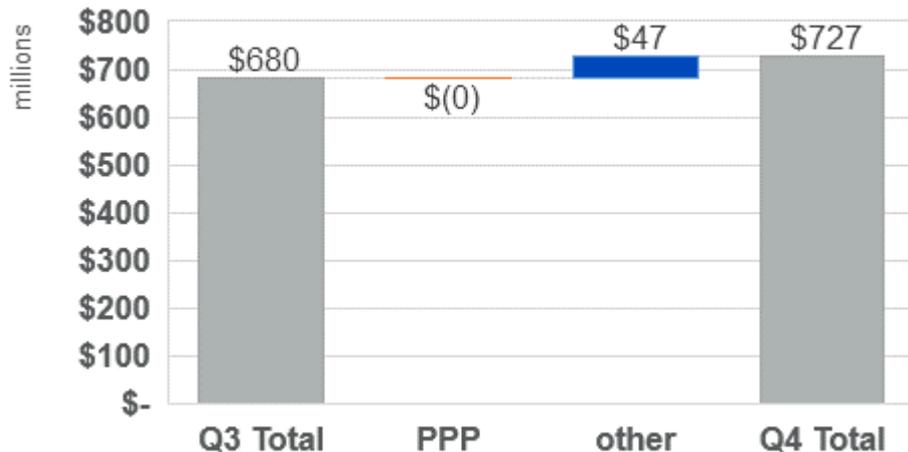
\$1,508 million (13%) / \$1,360 million (11%) excluding PPP



lodging balance growth (Q4 v Q3)



retail balance growth (Q4 v Q3)



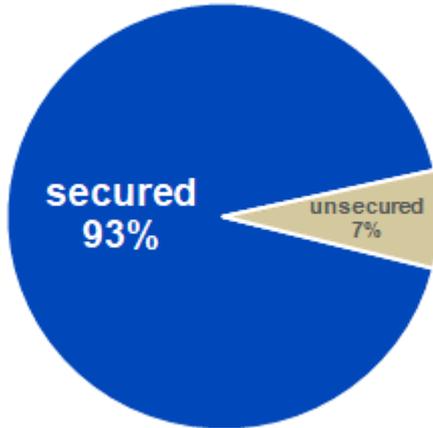
restaurant/entertainment balance growth (Q4 v Q3)



retail

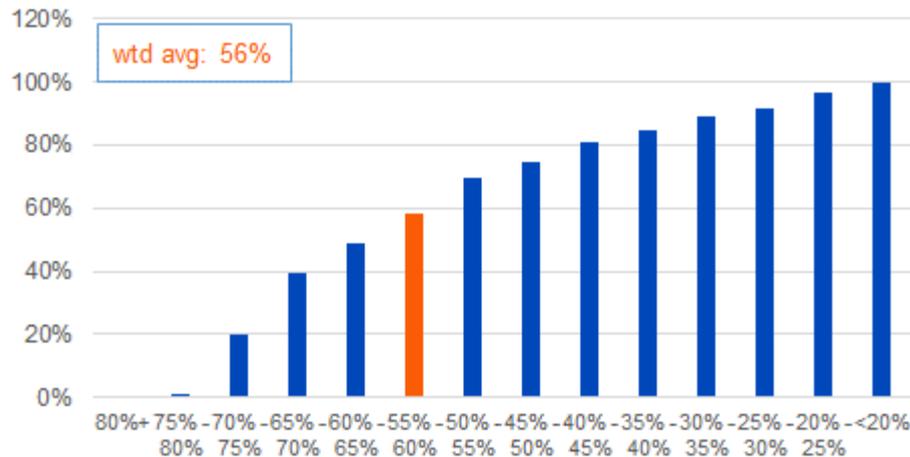
\$695 million (6%) – excluding PPP

real estate secured



- 93% real estate secured
 - 56% wtd avg LTV
 - average exposure \$3.5 MM
 - largest exposure \$40 MM
 - 60% of portfolio has an LTV \leq 65%
- 98.1% is secured or has essential anchor
- 0.04% unsecured and deferred
- 99.997% secured or paying interest

secured LTV distribution

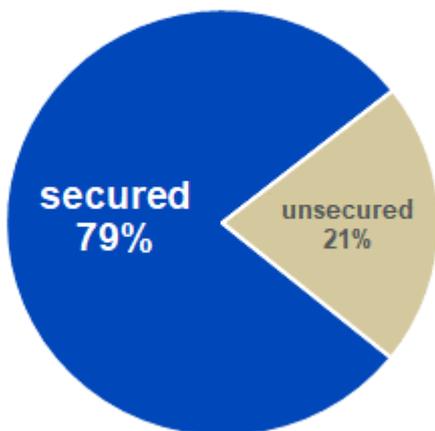


		deferred		
		yes	no	total
secured	yes	11.4%	81.3%	92.6%
	no	0.0%	7.3%	7.4%
	total	11.4%	88.6%	100.0%

lodging

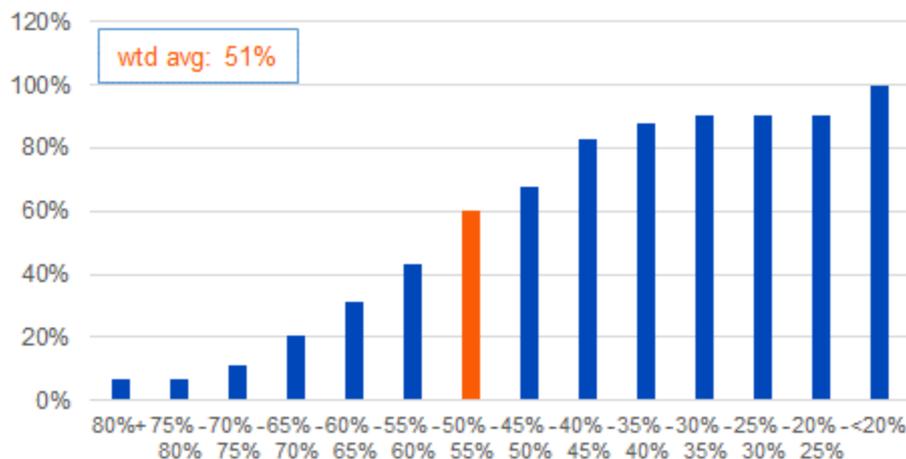
\$508 million (4%) – excluding PPP

real estate secured



- 79% real estate secured
 - 51% wtd avg LTV
 - average exposure \$9.4 MM
 - largest exposure \$40 MM
 - 80% of portfolio has an LTV \leq 65%
- 93% of unsecured outstandings to global hotel and timeshare brands
- 0.3% unsecured and deferred
- 99.9% secured or paying interest

secured LTV distribution

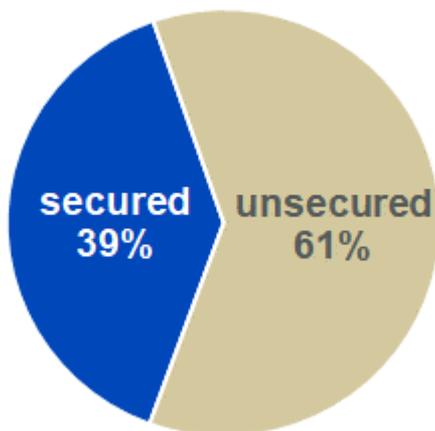


		deferred		
		yes	no	total
secured	yes	18.9%	59.7%	78.5%
	no	0.3%	21.1%	21.5%
	total	19.2%	80.8%	100.0%

restaurant / entertainment

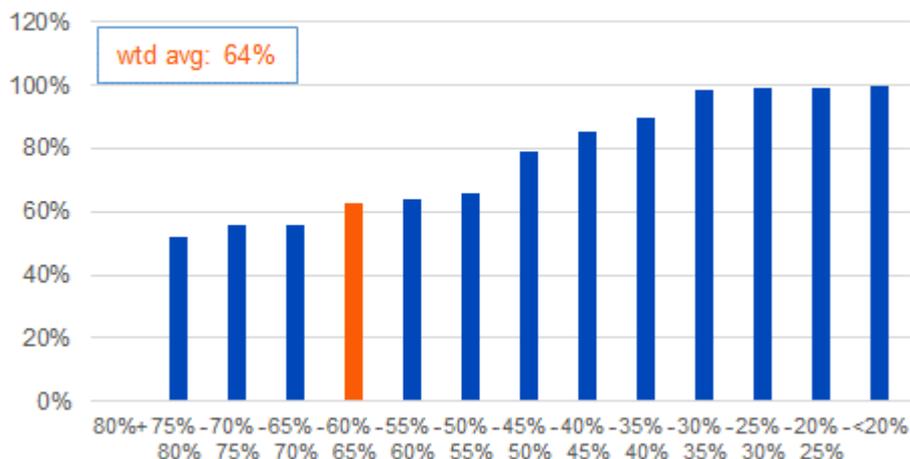
\$157 million (1%) – excluding PPP

real estate secured



- 39% real estate secured
 - 64% wtd avg LTV
 - average exposure \$1.7 MM
 - largest exposure \$25.9 MM
 - 44% of portfolio has an LTV \leq 65%
- \$26.8 MM unsecured and deferred
 - average exposure \$0.5 MM
- 99.5% secured or paying interest

secured LTV distribution



		deferred		
		yes	no	total
secured	yes	4.8%	34.4%	39.2%
	no	17.1%	43.8%	60.8%
	total	21.8%	78.2%	100.0%