

Bank of Hawaii Corporation  
**fourth quarter 2021**  
**financial report**

January 24, 2022

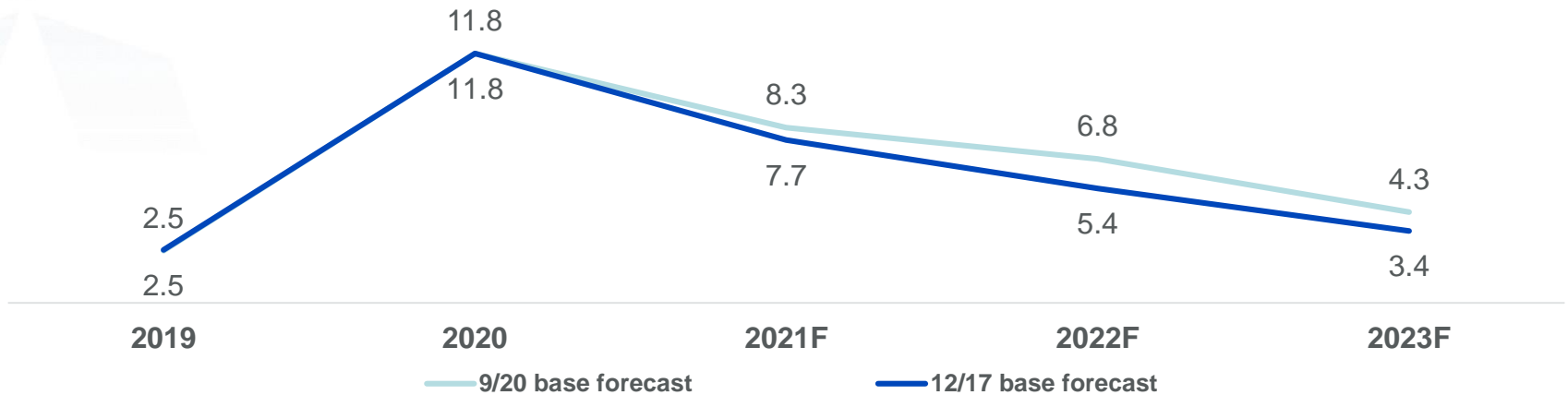
## forward-looking statements

*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.*

# unemployment

experience & forecast

## Hawaii unemployment rate



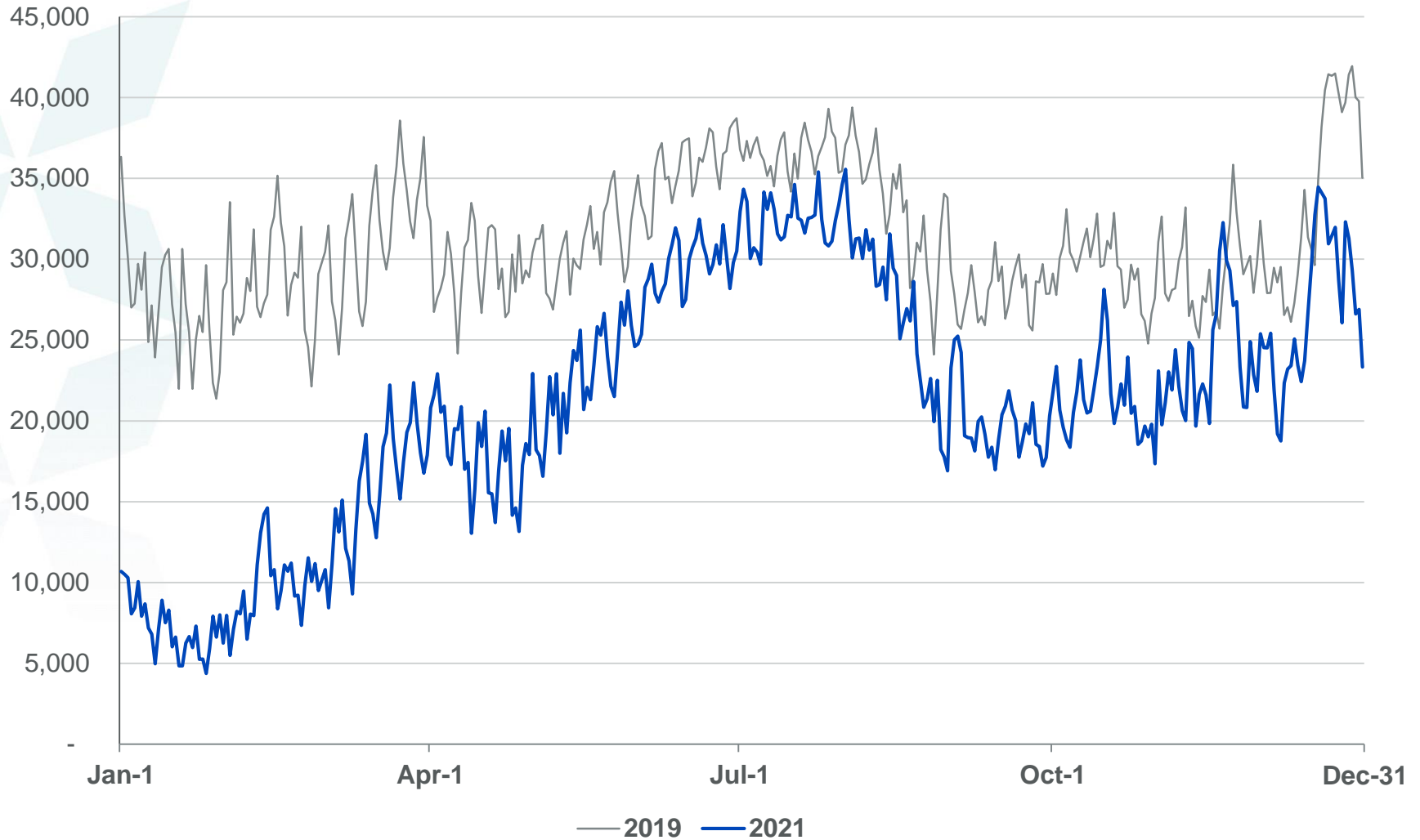
# Hawaii real estate market

Oahu market indicators – 2021 vs 2020

	single family homes				condominiums			
	<u>2021</u>		<u>Dec 2021</u>		<u>2021</u>		<u>Dec 2021</u>	
closed sales	4,526	↑ 17.9%	378	↓ -10.0%	7,203	↑ 53.1%	593	↑ 15.4%
median sales price (000s)	\$990	↑ 19.3%	\$1,050	↑ 20.7%	\$475	↑ 9.2%	\$485	↑ 6.6%
median days on market	9	↓ -35.7%	11	↑ 10.0%	12	↓ -50.0%	13	↓ -31.6%

# daily arrivals

*total passenger count\**



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



# 4Q financial update

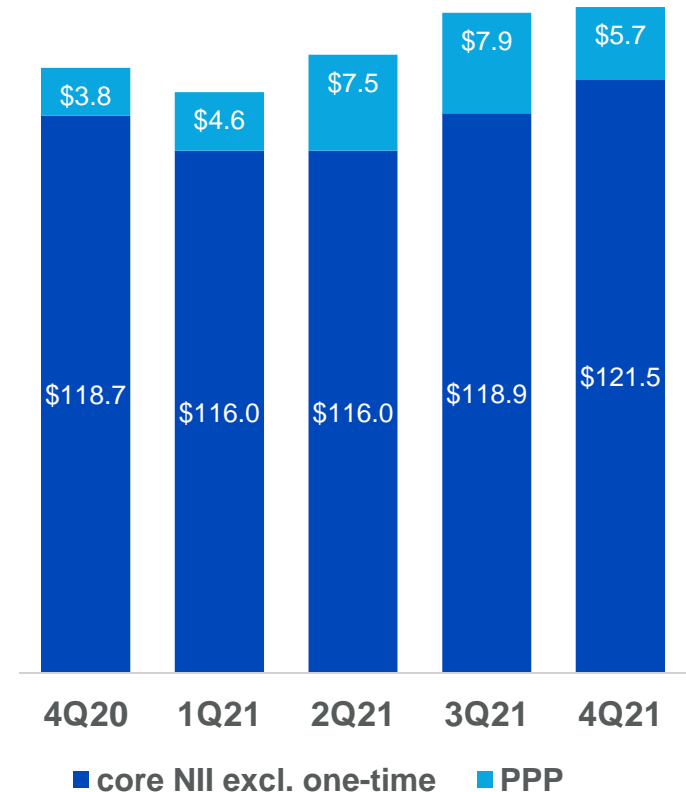
# core loan and NII growth

strong core loan and steady NII growth excluding PPP in 2021

## core loan growth



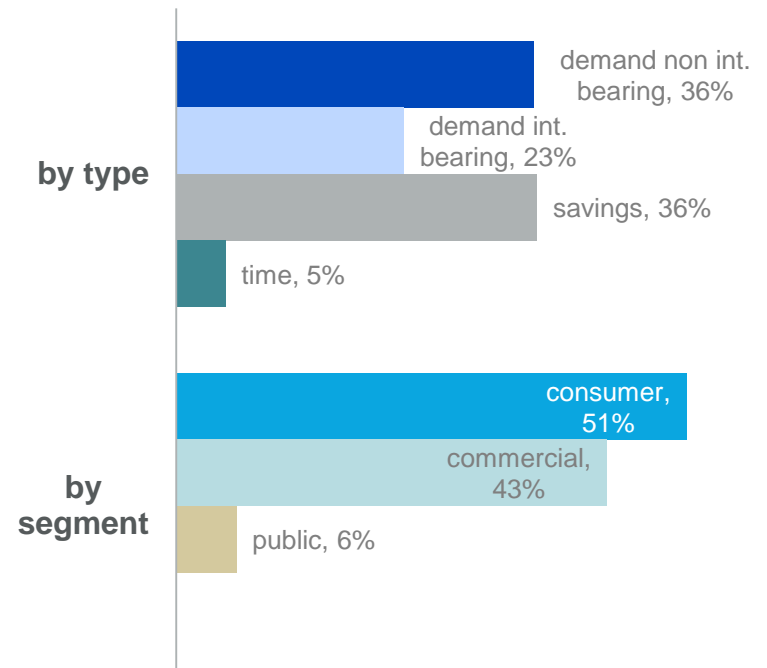
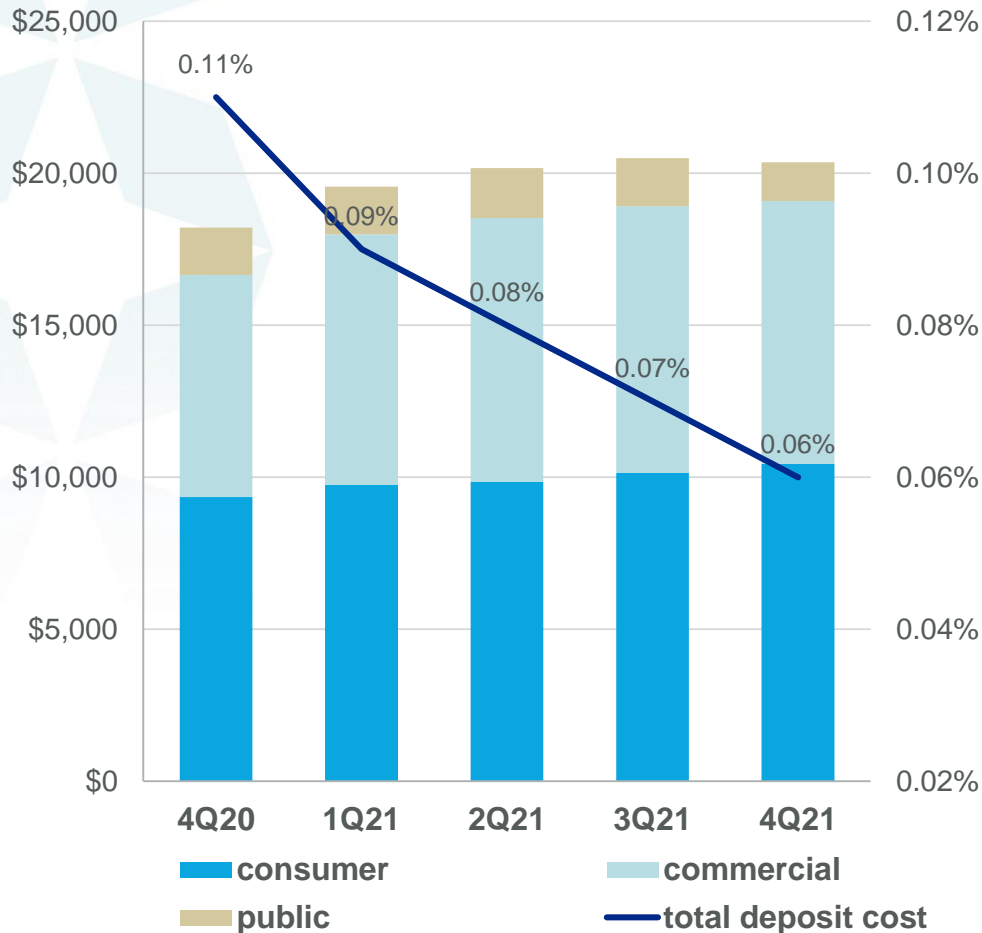
## net interest income



# strong core deposit base

\$ in millions

strong low cost, long duration core deposit base helps to mitigate rising rates

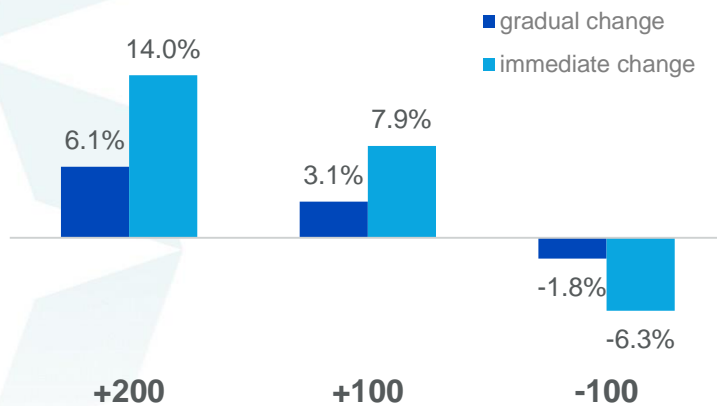




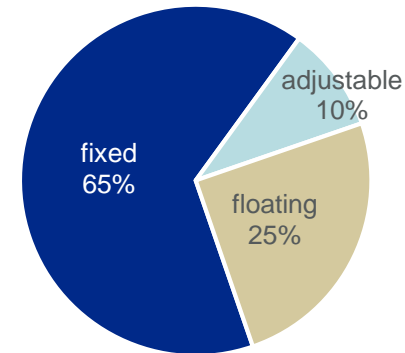
# positioned for higher rates

ample liquidity, cash flow and healthy variable loan mix position us well for higher rate environment

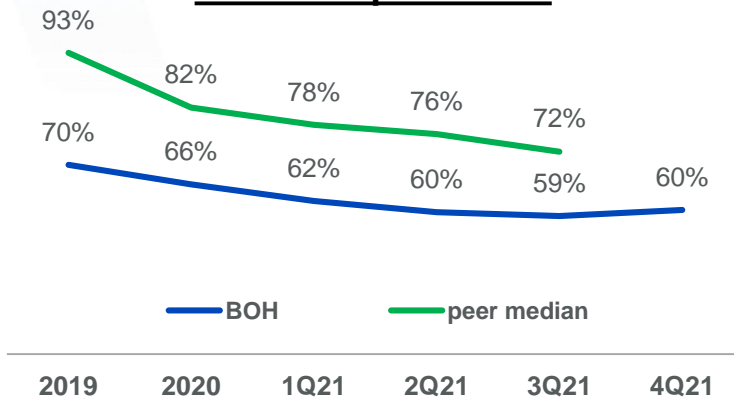
## impact on future annual NII



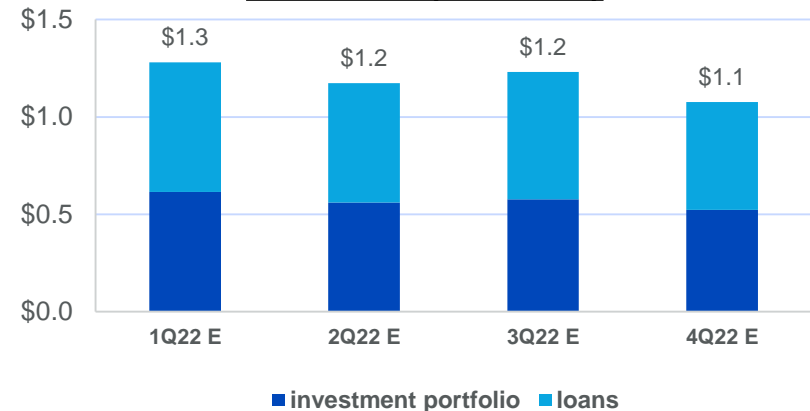
## loan mix



## loan to deposit ratio



## cash flow (\$billions)



# financial summary

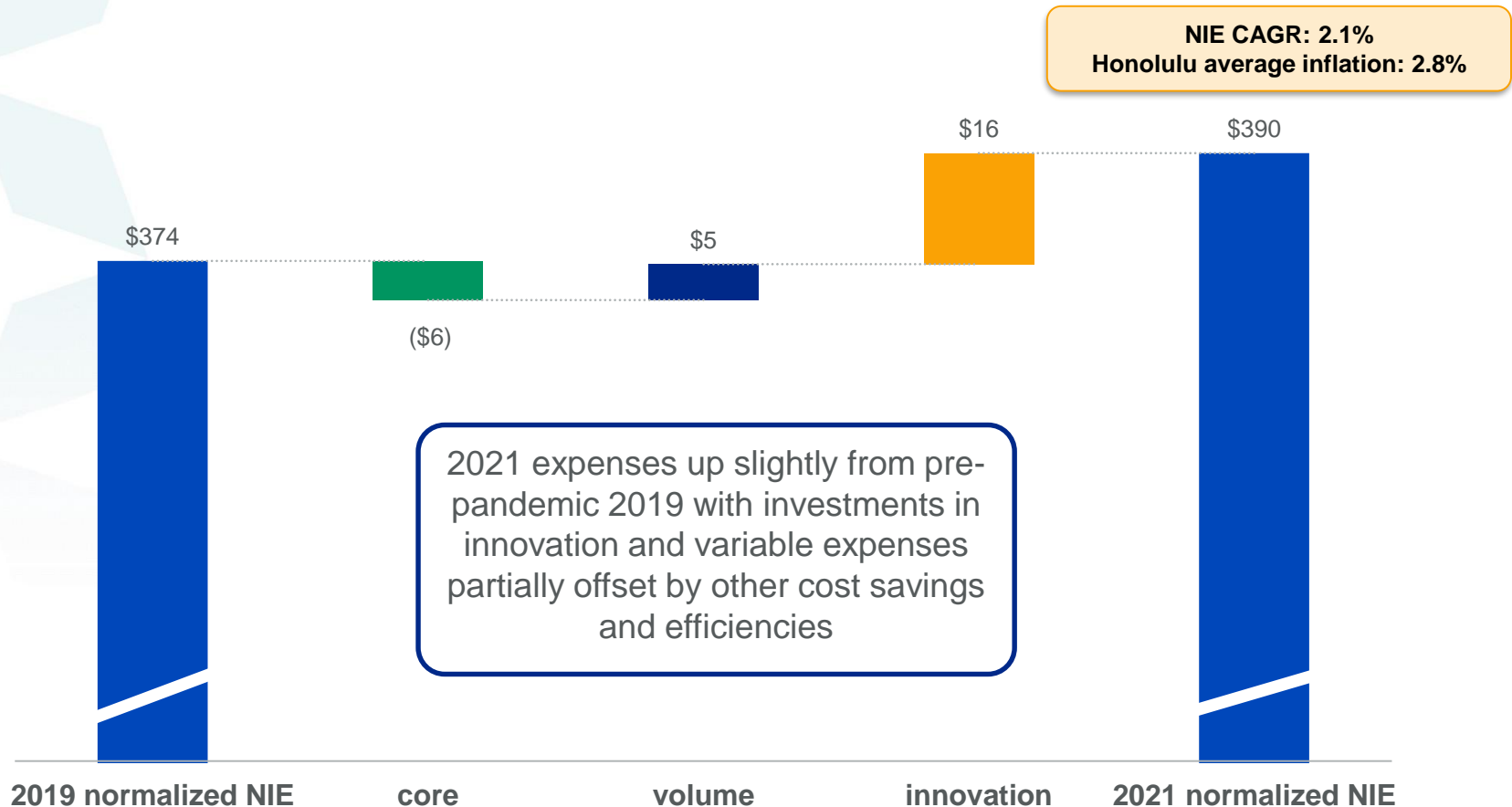
*\$ in millions, except per share amounts*

	<u>4Q 2021</u>	<u>3Q 2021</u>	<u>4Q 2020</u>	<u>Δ 3Q 2021</u>	<u>Δ 4Q 2020</u>	<u>2021</u>	<u>Δ 2020</u>
net interest income	\$ 126.4	\$ 126.8	\$ 119.5	\$ (0.4)	\$ 6.9	\$ 497.3	\$ 1.0
noninterest income	42.6	41.4	45.3	1.2	(2.7)	171.4	(13.1)
<b>total revenue</b>	<b>169.0</b>	<b>168.2</b>	<b>164.8</b>	<b>0.8</b>	<b>4.2</b>	<b>668.6</b>	<b>(12.1)</b>
noninterest expense	101.7	96.5	98.7	5.2	3.0	393.6	19.8
<b>operating income</b>	<b>67.3</b>	<b>71.7</b>	<b>66.1</b>	<b>(4.4)</b>	<b>1.2</b>	<b>275.1</b>	<b>(31.9)</b>
credit provision	(9.7)	(10.4)	15.2	0.7	(24.9)	(50.5)	(168.3)
income taxes	13.1	20.0	8.6	(6.9)	4.6	72.2	36.9
<b>net income</b>	<b>\$ 63.8</b>	<b>\$ 62.1</b>	<b>\$ 42.3</b>	<b>\$ 1.8</b>	<b>\$ 21.5</b>	<b>\$ 253.4</b>	<b>\$ 99.6</b>
<b>net income available to common</b>	<b>61.9</b>	<b>61.0</b>	<b>42.3</b>	<b>0.8</b>	<b>19.6</b>	<b>250.4</b>	<b>96.6</b>
<b>diluted EPS</b>	<b>\$ 1.55</b>	<b>\$ 1.52</b>	<b>\$ 1.06</b>	<b>\$ 0.03</b>	<b>\$ 0.49</b>	<b>\$ 6.25</b>	<b>\$ 2.39</b>
<b>end of period balances</b>							
investment portfolio	\$ 8,971	\$ 9,253	\$ 7,054	(3.1) %	27.2 %	\$ 8,971	27.2 %
loans and leases	12,259	12,073	11,940	1.5	2.7	12,259	2.7
loans and leases excl. PPP	12,132	11,804	11,422	2.8	6.2	12,132	6.2
total deposits	20,360	20,494	18,212	(0.7)	11.8	20,360	11.8
shareholders' equity	1,612	1,597	1,375	0.9	17.3	1,612	17.3

# disciplined expenses

\$ in millions

## disciplined expense management



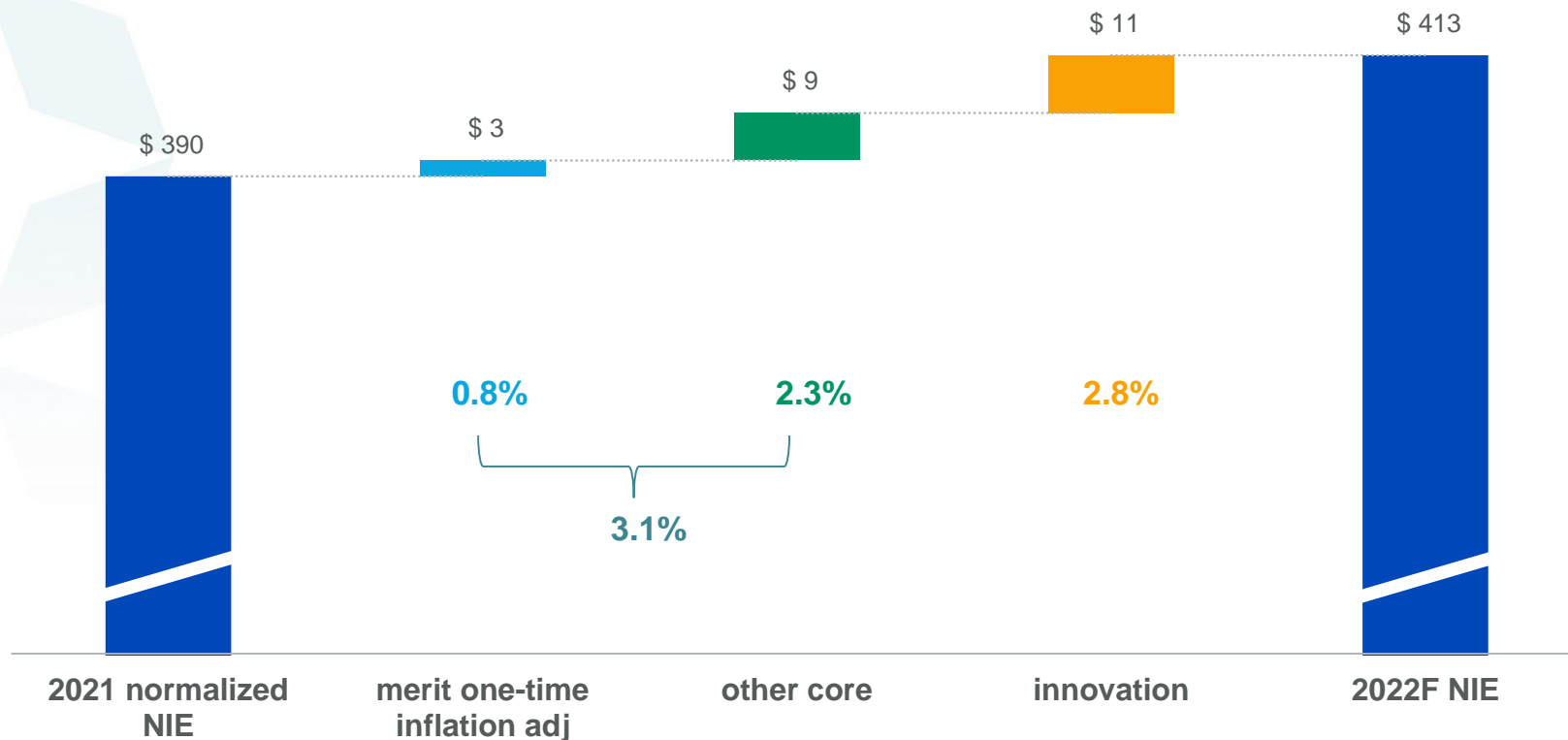
note: numbers may not add up due to rounding

2019 normalized NIE excludes \$5.3 million of one-time items; 2021 normalized NIE excludes \$3.7 million of one-time items

# investing in the future

\$ in millions

**5.9% growth in 2022 expenses driven by strategic investments and adjustments for inflation**



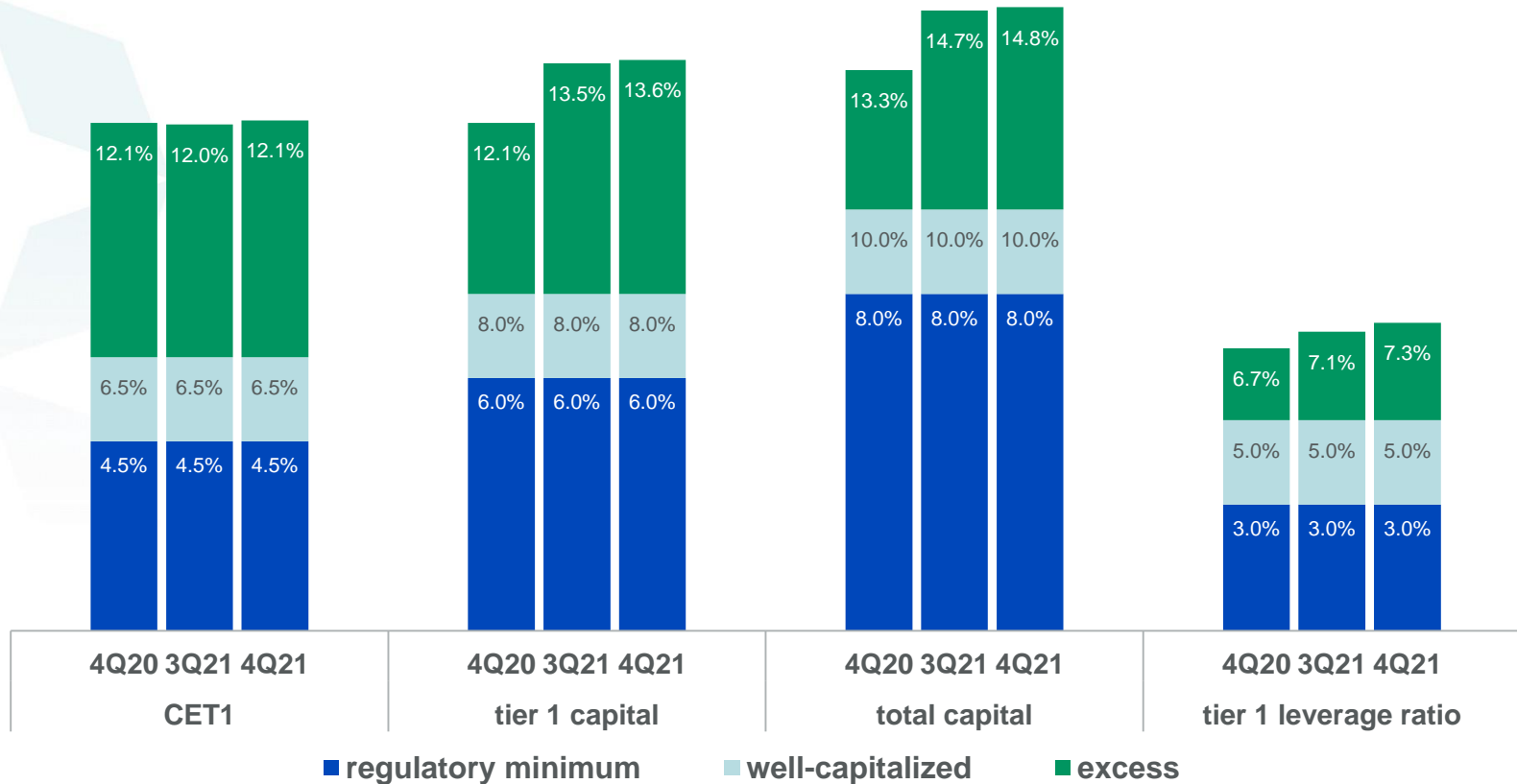
note: numbers may not add up due to rounding  
2021 normalized NIE excludes \$3.7 million of one-time items

# performance metrics

	<u>4Q 2021</u>	<u>3Q 2021</u>	<u>4Q 2020</u>	<u>Δ 3Q 2021</u>	<u>Δ 4Q 2020</u>	<u>2021</u>	<u>Δ 2020</u>
<b>return on assets</b>	1.12 %	1.07 %	0.83 %	0.05 %	0.29 %	1.14 %	0.35 %
<b>return on common equity</b>	17.40	17.08	12.26	0.32	5.14	17.92	6.54
<b>net interest margin</b>	2.34	2.32	2.48	0.02	(0.14)	2.36	(0.37)
<b>efficiency ratio</b>	60.18	57.38	59.88	2.80	0.30	58.86	3.95
<b>CET1 capital ratio</b>	12.12 %	12.02 %	12.06 %	0.10 %	0.06 %	12.12 %	0.06 %
<b>tier 1 capital ratio</b>	13.56	13.47	12.06	0.09	1.50	13.56	1.50
<b>tier 1 leverage ratio</b>	7.32	7.10	6.71	0.22	0.61	7.32	0.61

# fortress capital position

## strong risk-based capital



note: 4Q21 regulatory capital ratios are preliminary

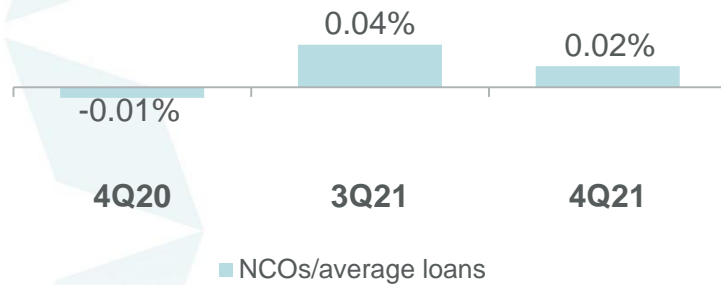


# 4Q credit update

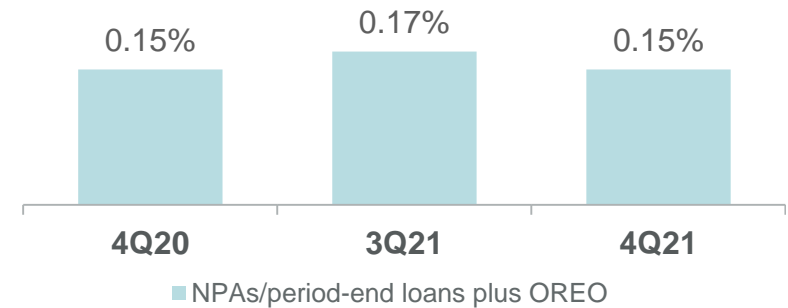
# credit quality

\$ in millions

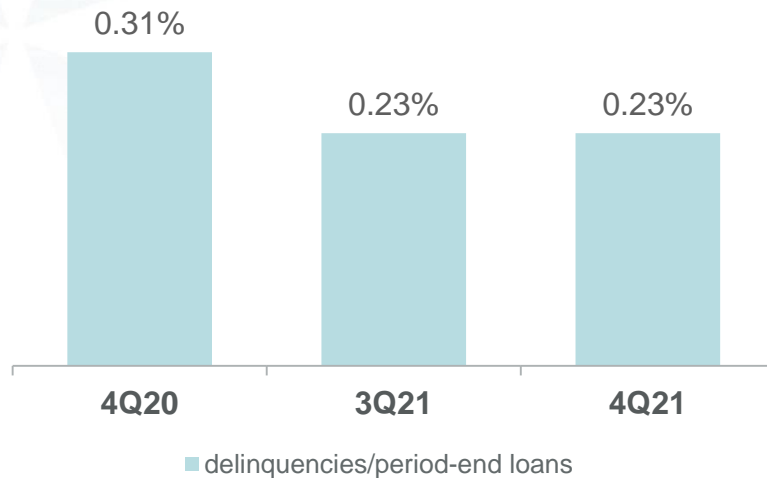
## net charge-offs



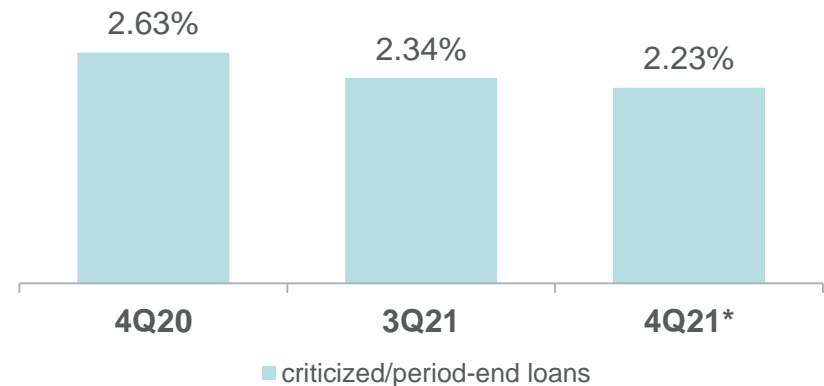
## non-performing assets



## delinquencies



## criticized



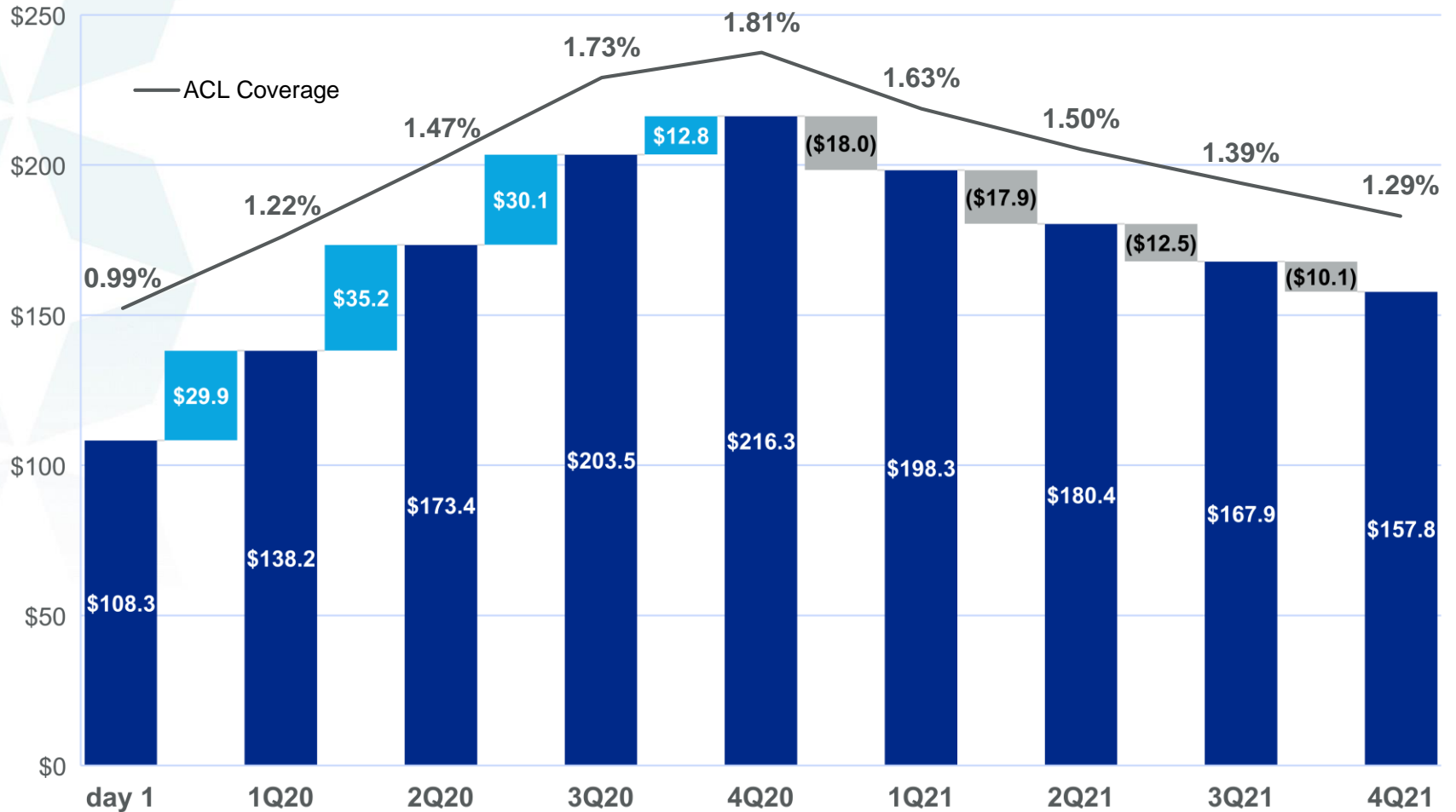
\* 63% of total criticized in CRE with 61% wtd avg LTV



# reserve trend

\$ in millions

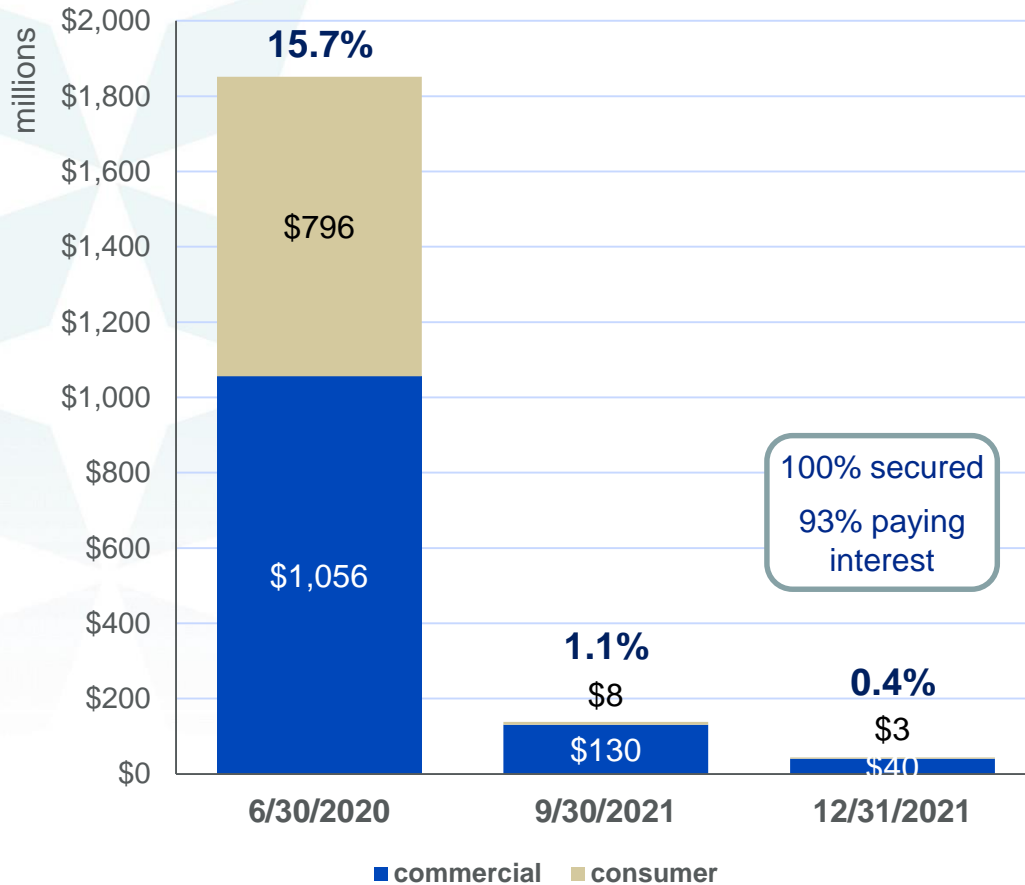
## allowance for credit losses



note: balances and coverage ratio based on allowance for credit losses – loans and leases

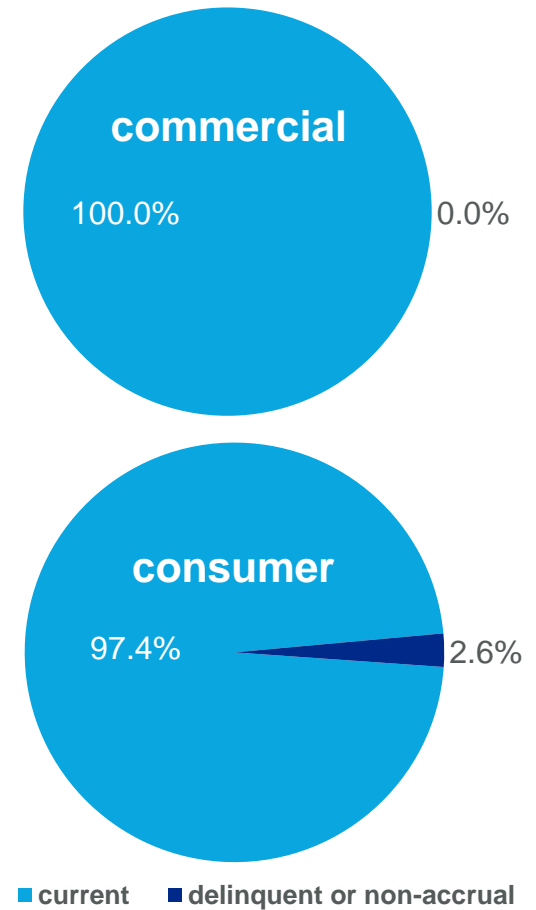
# customer relief update

## outstanding deferrals



97.6% decline in deferrals since June 30, 2020

## returned to payment



99.1% of former deferrals are current

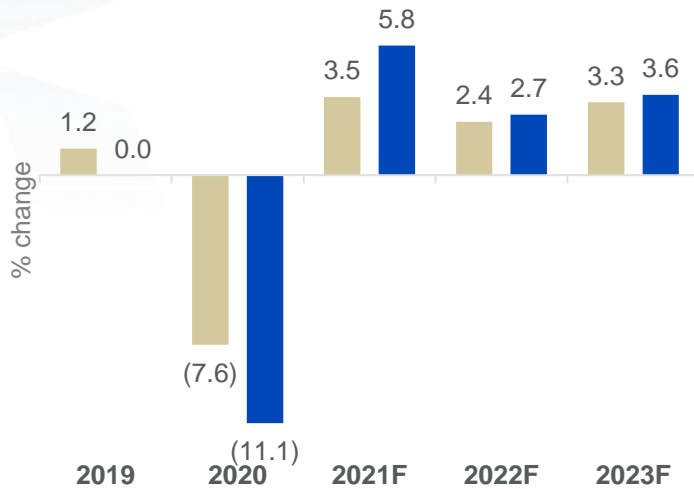
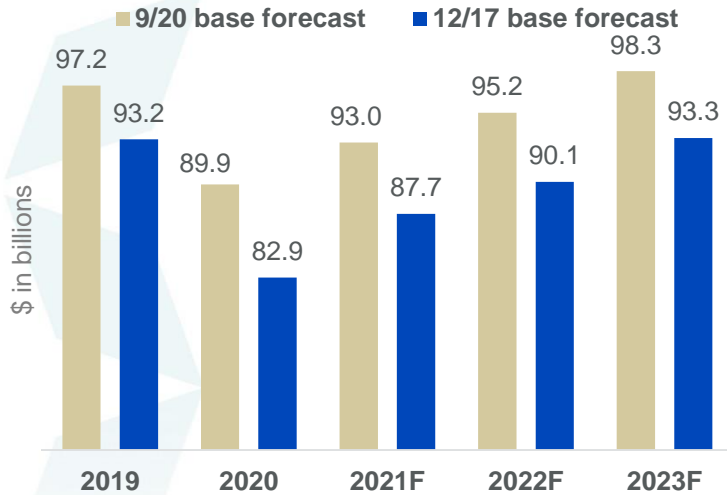
# Q & A



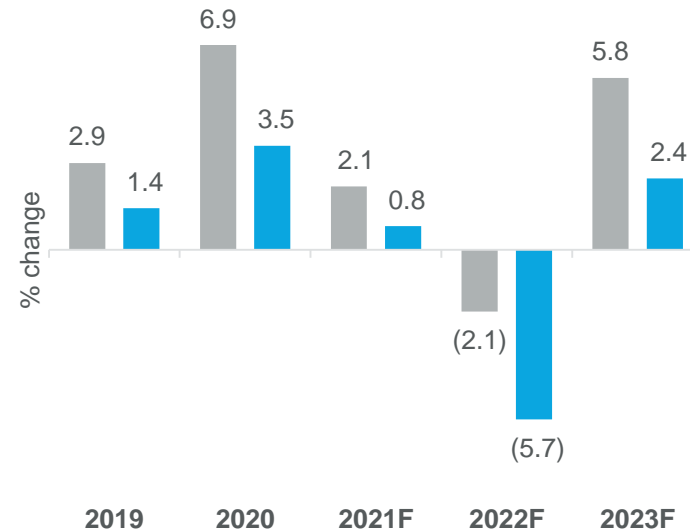
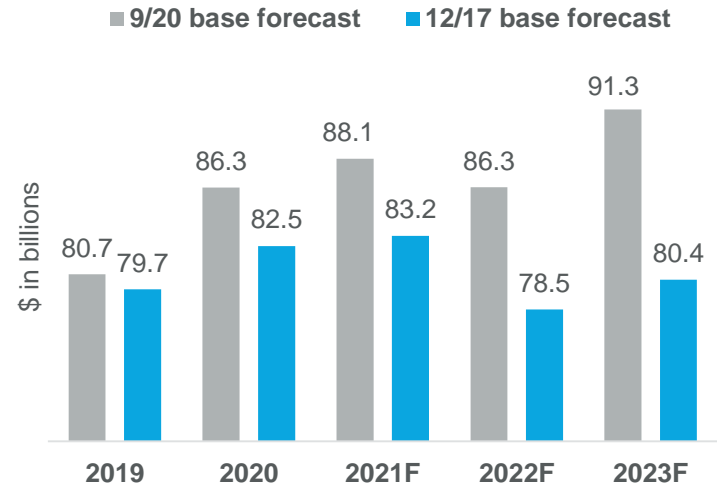
# appendix

# economic forecast

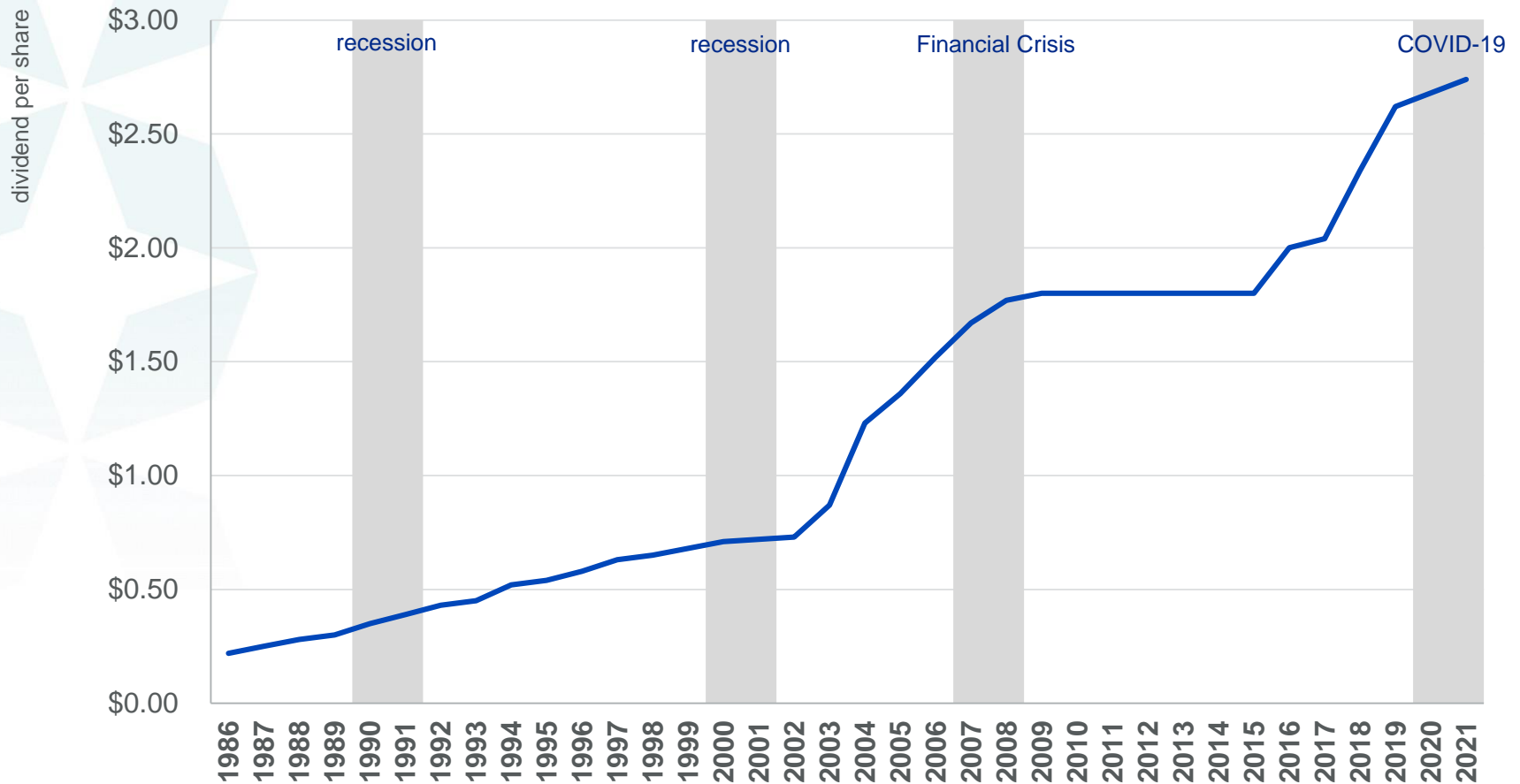
## real GDP



## personal income



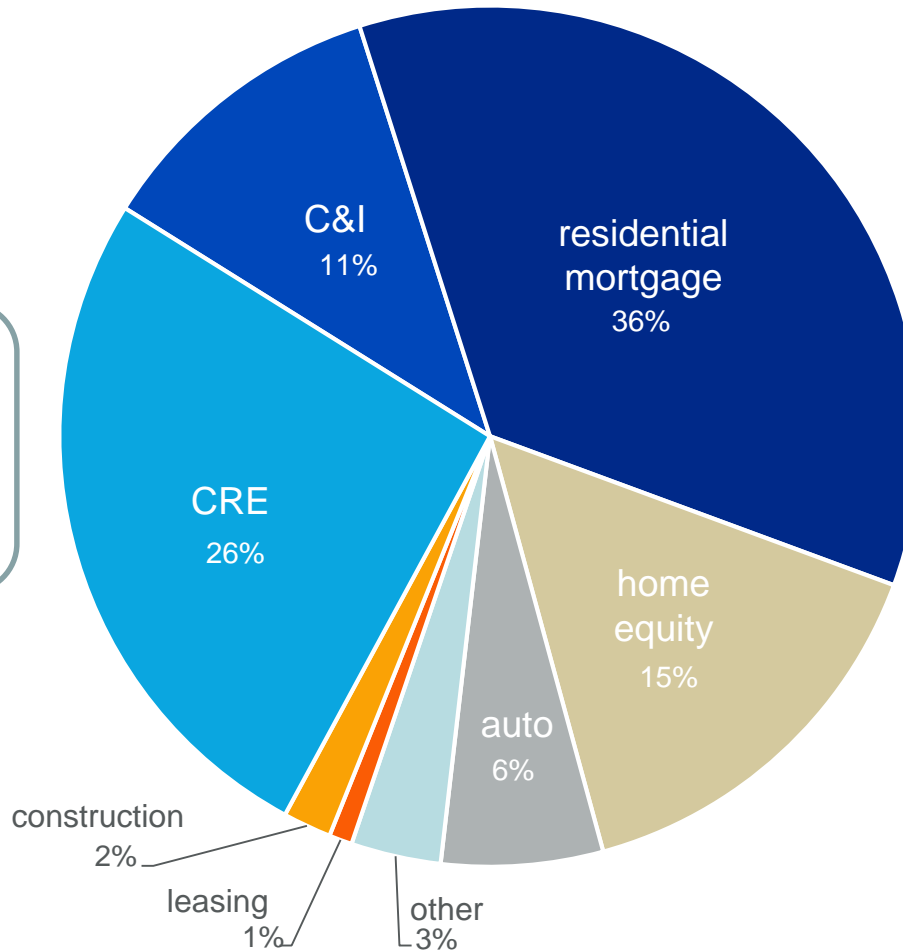
# unbroken history of dividends



# loan portfolio

excluding PPP

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



40% commercial  
70% real estate secured  
wtd avg LTV 57%  
58% w/ BOH ≥ 10 yrs  
avg balance \$0.6MM

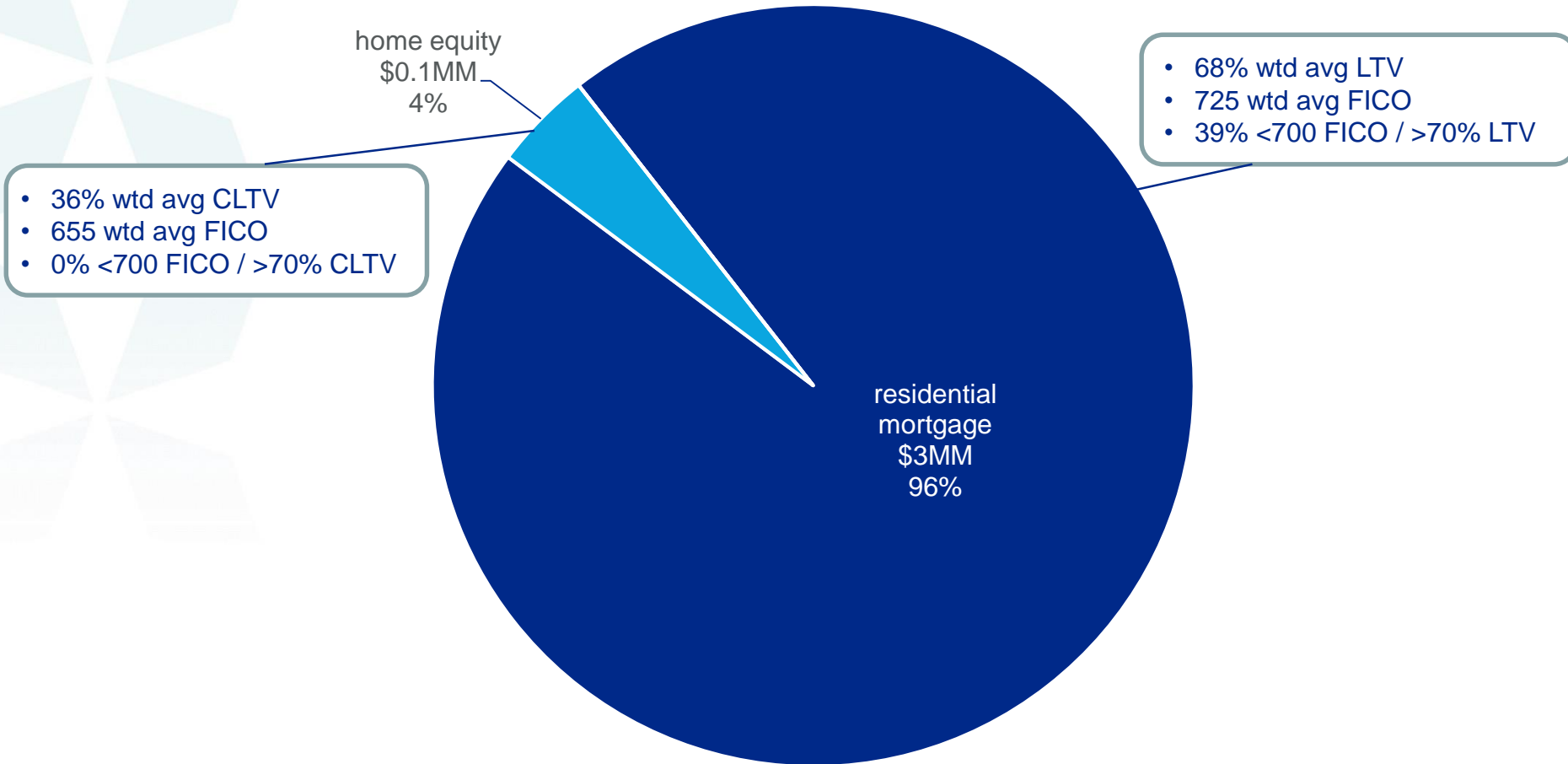
60% consumer  
84% real estate secured  
wtd avg LTV 55%  
58% w/ BOH ≥ 10 yrs

note: excludes \$129MM in PPP loan balances including deferred costs and fees

# consumer relief

\$3 million (0.03%)

100% secured with 66% weighted average LTV as of 12/31/21

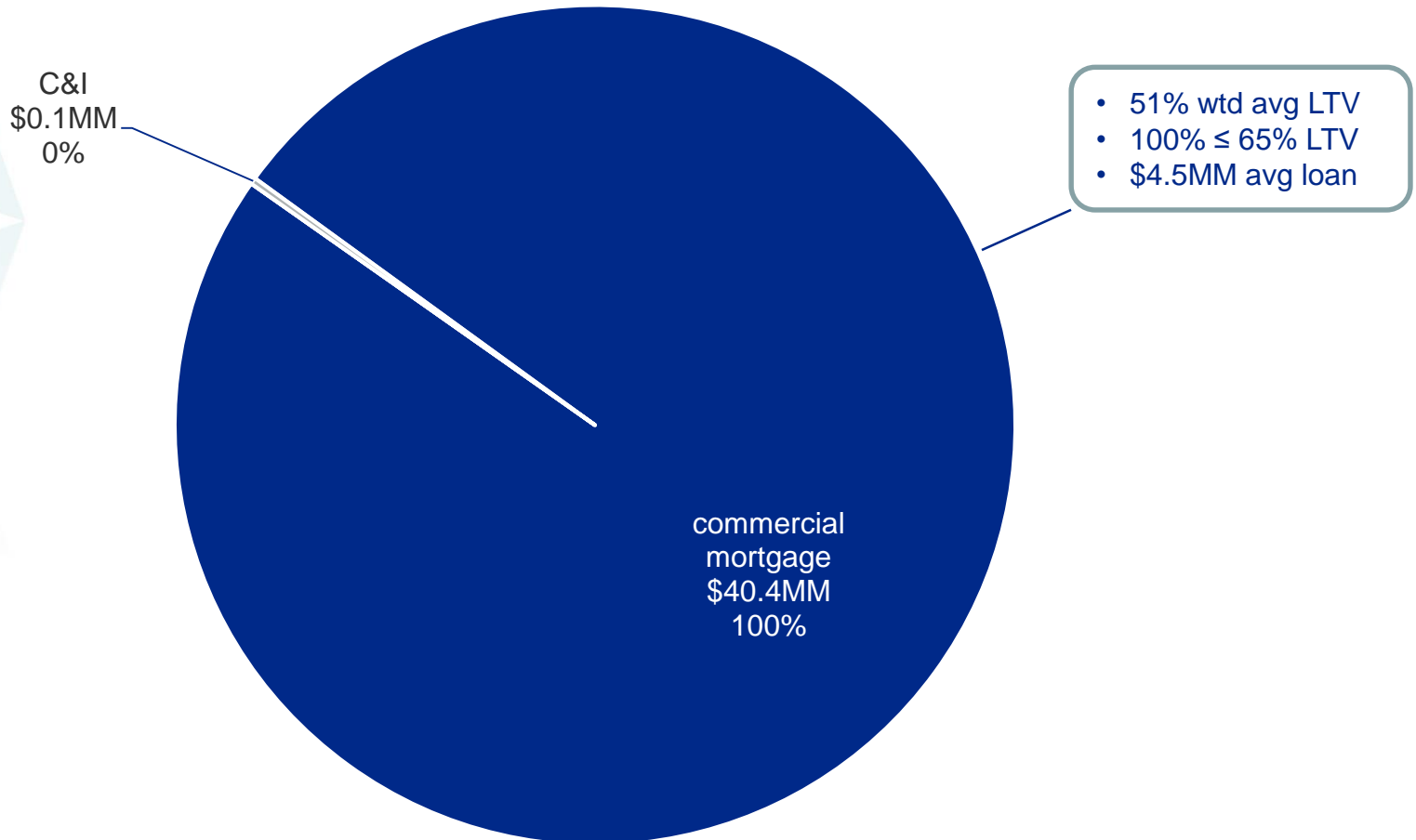




# commercial relief

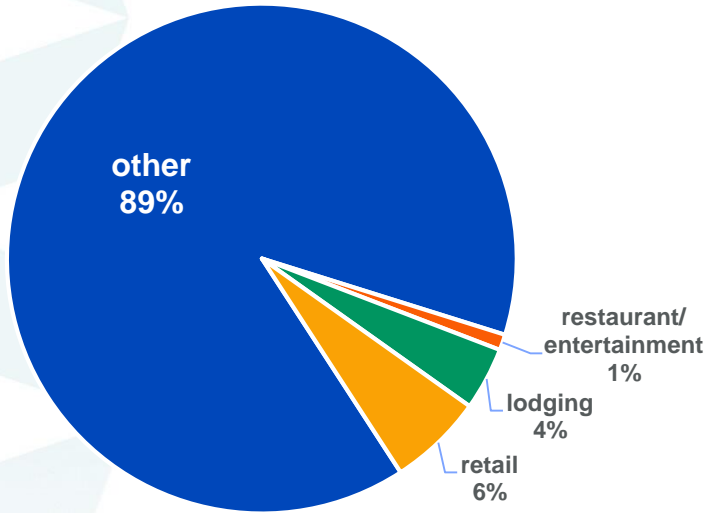
\$40 million (0.3%)

**100% secured with 51% weighted average LTV as of 12/31/21**  
**100% continue to pay interest**

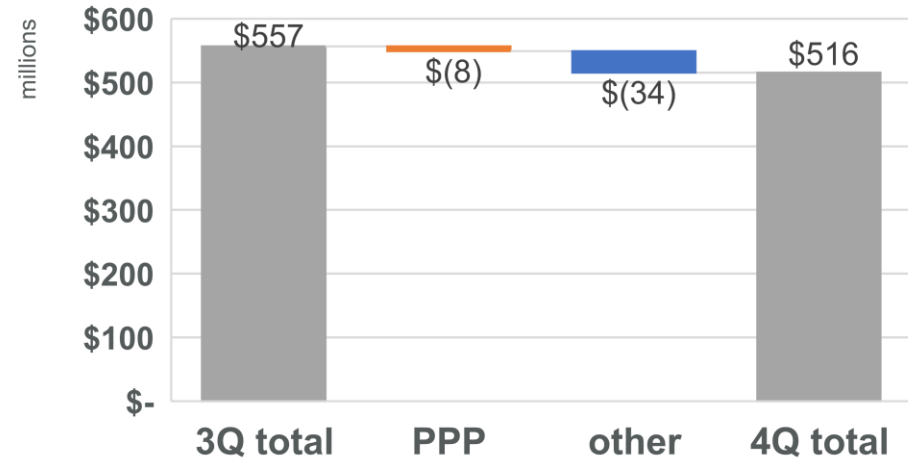


# high risk industries

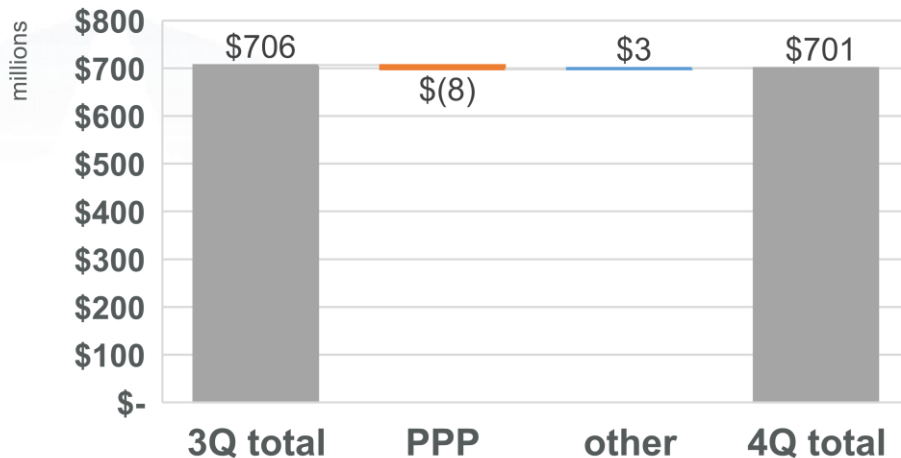
\$1,397 million (11%) / \$1,331 million (11%) excluding PPP



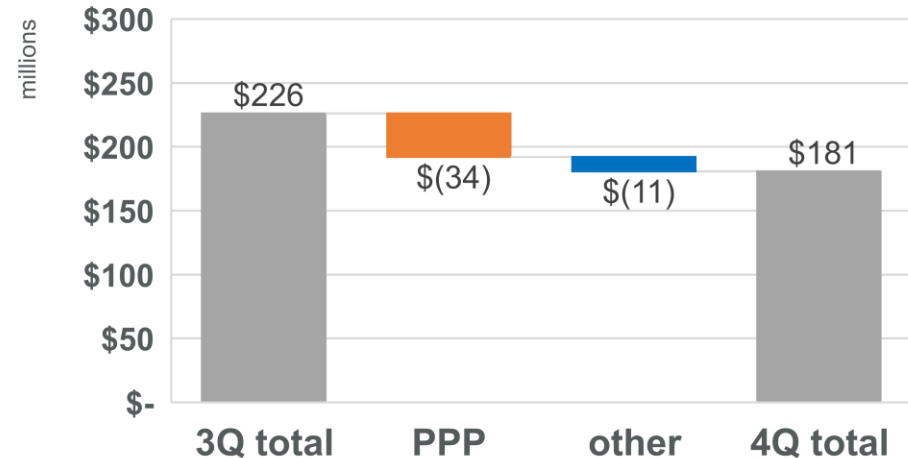
**lodging balance decline (4Q v 3Q)**



**retail balance decline (4Q v 3Q)**



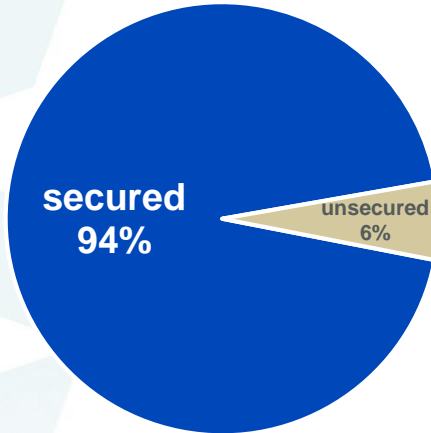
**restaurant/entertainment balance decline (4Q v 3Q)**



# retail

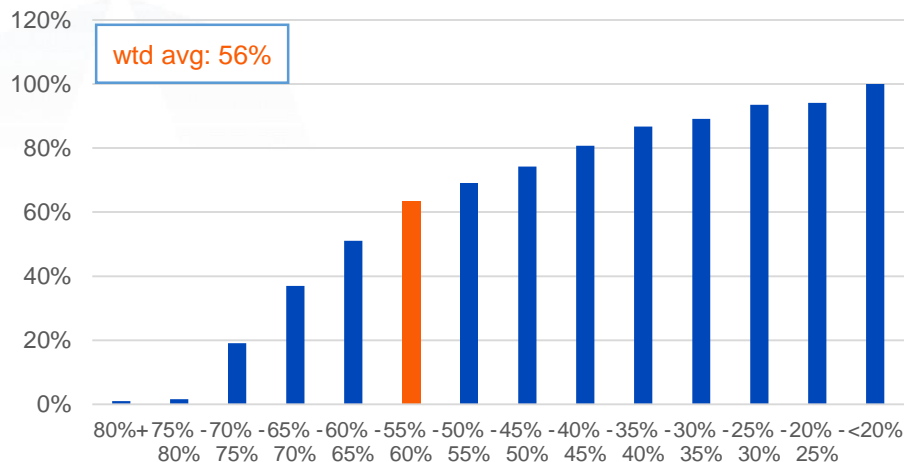
\$697 million (6%) – excluding PPP

## real estate secured



- 94% real estate secured
  - 56% wtd avg LTV
  - average exposure \$3.6MM
  - largest exposure \$39MM
  - 63% of portfolio has an LTV  $\leq$  65%
- 99% is secured or has essential anchor
- 0% unsecured and deferred
- 100% secured or paying interest

## secured LTV distribution

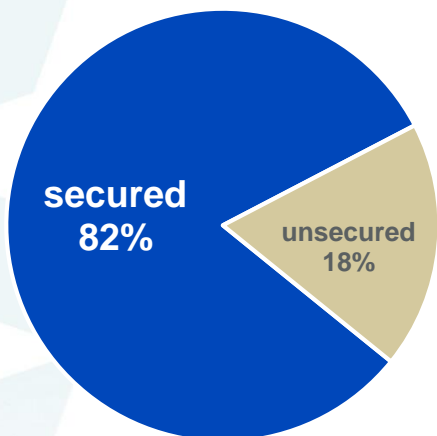


		deferred		total
		yes	no	
secured	yes	0.9%	93.3%	94.2%
	no	0.0%	5.8%	5.8%
	total	0.9%	99.1%	100.0%

# lodging

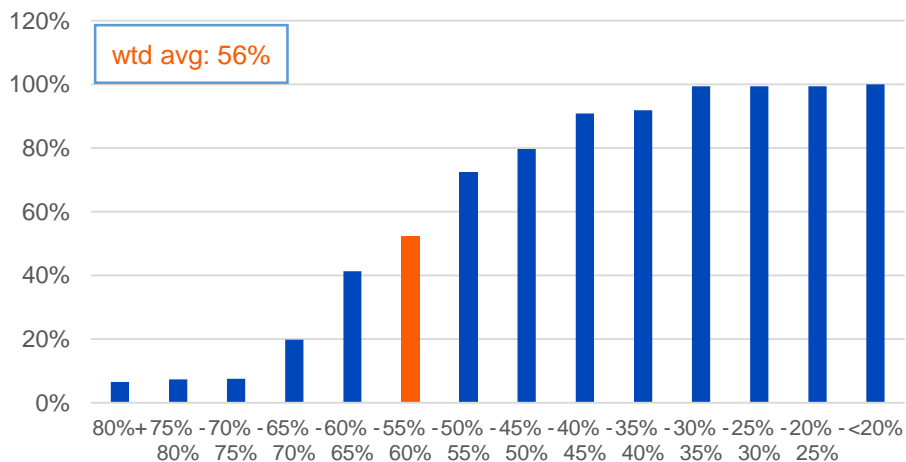
\$488 million (4%) – excluding PPP

## real estate secured



- 82% real estate secured
  - 56% wtd avg LTV
  - average exposure \$9.2MM
  - largest exposure \$40MM
  - 80% of portfolio has an LTV  $\leq$  65%
- 93% of unsecured outstandings to global hotel and timeshare brands
- 0% unsecured and deferred
- 100% secured or paying interest

## secured LTV distribution

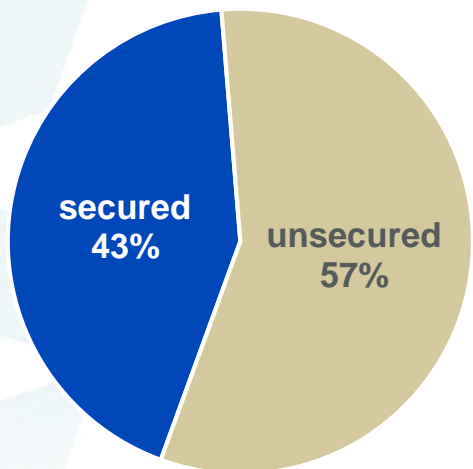


		deferred		total
		yes	no	
secured	yes	6.1%	75.4%	81.5%
	no	0.0%	18.5%	18.5%
	total	6.1%	93.9%	100.0%

# restaurant / entertainment

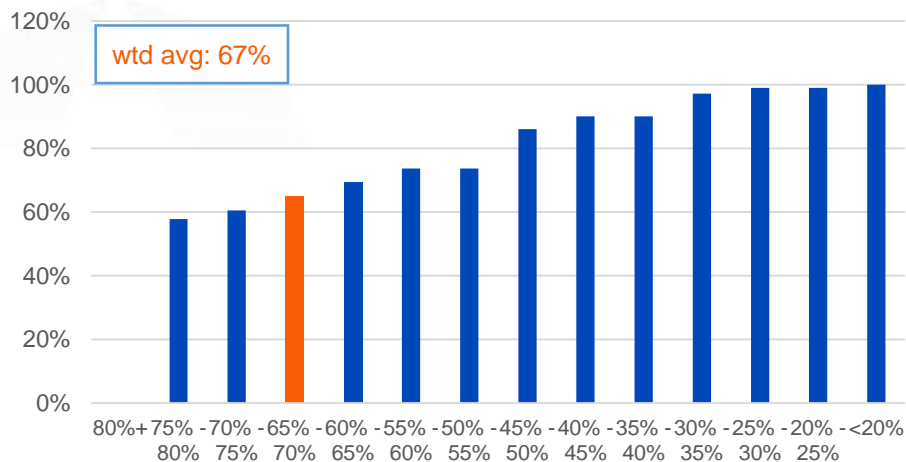
\$146 million (1%) – excluding PPP

## real estate secured



- 43% real estate secured
  - 67% wtd avg LTV
  - average exposure \$2.0MM
  - largest exposure \$29MM
  - 35% of portfolio has an LTV ≤ 65%
- 0.1% unsecured and deferred
- 100% secured or paying interest

## secured LTV distribution



		deferred		total
		yes	no	
secured	yes	0.0%	43.1%	43.1%
	no	0.1%	56.8%	56.9%
	total	0.1%	99.9%	100.0%