

Bank of Hawai'i Corporation
second quarter 2023
financial report

July 24, 2023

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

**quality balance
sheet performance**

strong liquidity

**low risk balance
sheet construct**

earnings highlights

- total deposits increased 0.1%
 - growth attributed to increase in core customer deposits
 - loans and leases increased 0.7%
-

- \$1.7 billion in cash & cash equivalents
 - \$8.5 billion in readily available liquidity
 - readily available liquidity exceeds uninsured deposits
-

- 0.04% net charge-off rate
 - 0.08% non-performing assets level
 - 79% of loan portfolio real-estate secured with combined wtd avg LTV of 55%
 - commercial real estate (CRE) portfolio comprises 27% of total loans with wtd avg LTV of 56%
-

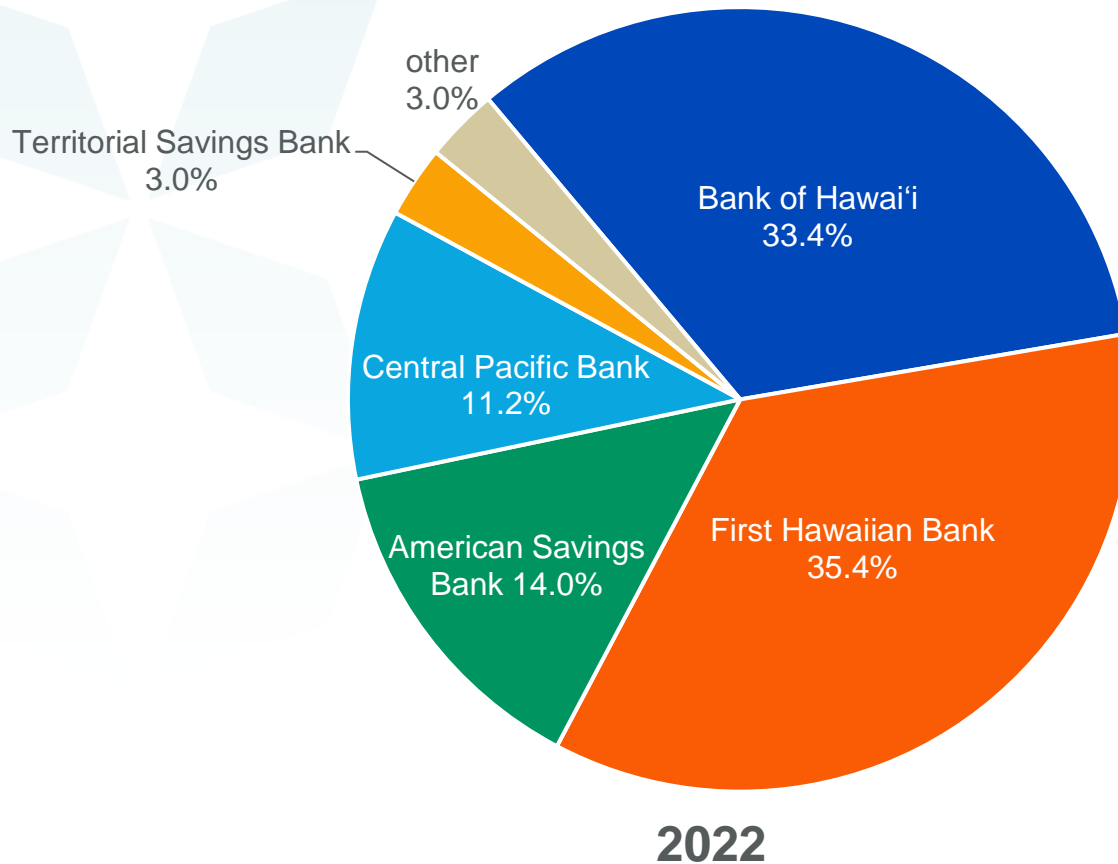
- \$1.12 earnings per diluted share
- 1.08% total average cost of deposits
- \$104.0 million noninterest expense
- 14.95% return on average common equity

our deposits

through our 125 year history in the islands, Bank of Hawai'i has developed an exceptionally seasoned deposit base, built one relationship at a time, over many years, and in neighborhoods and communities we understand

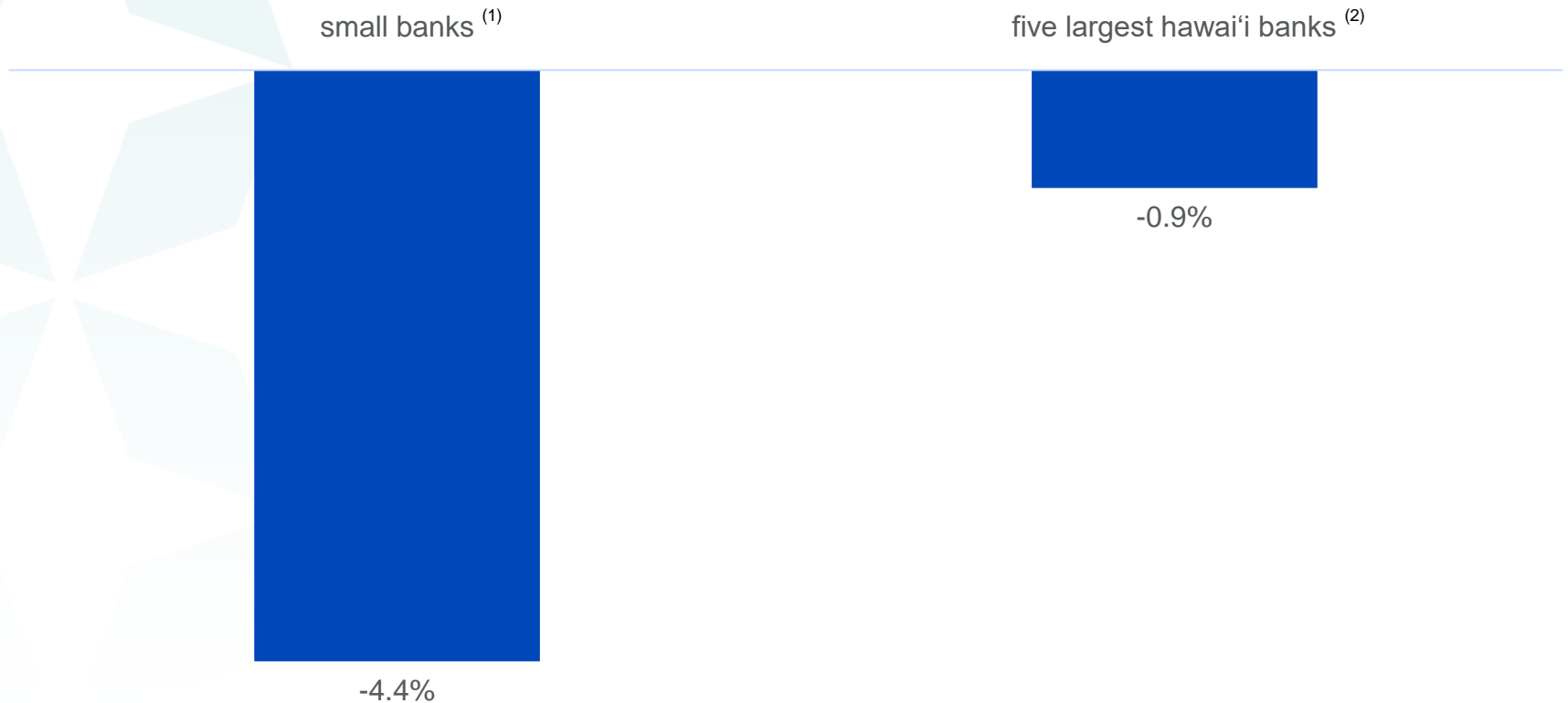
- ✓ unique marketplace
- ✓ diversified
- ✓ tenured

unique deposit market



unique deposit market with five local competitors holding 97% of the bank deposit market

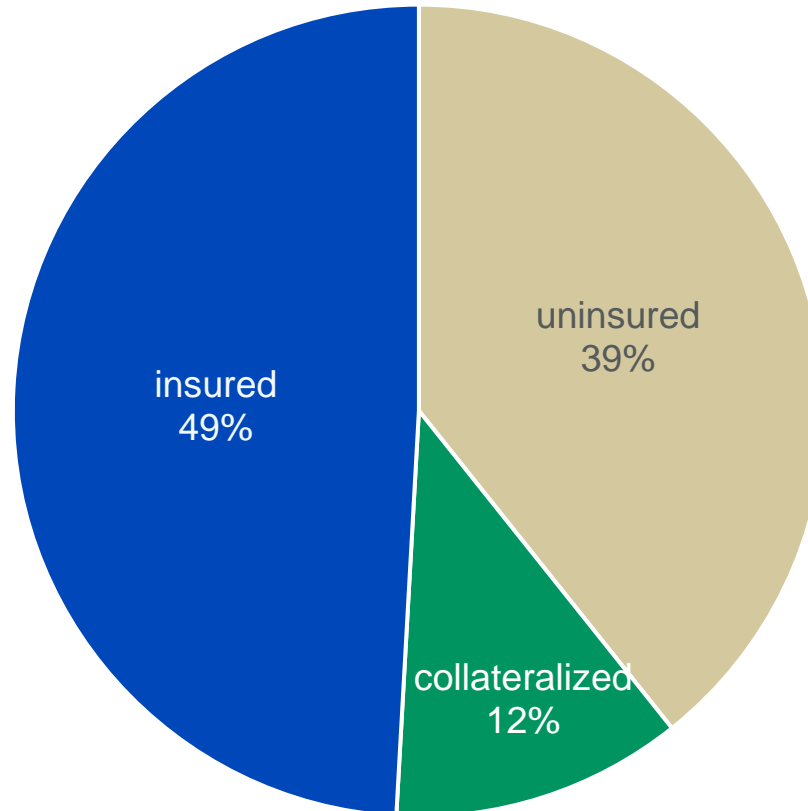
q1 2023 change in deposit balances



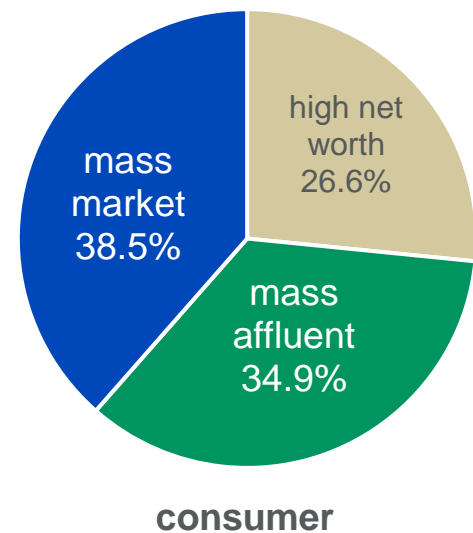
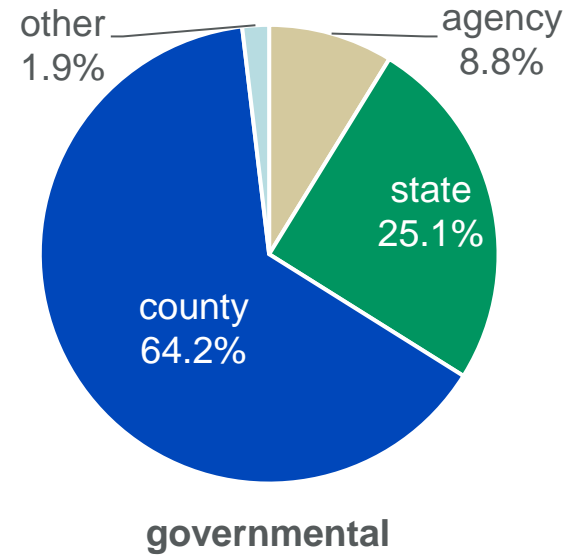
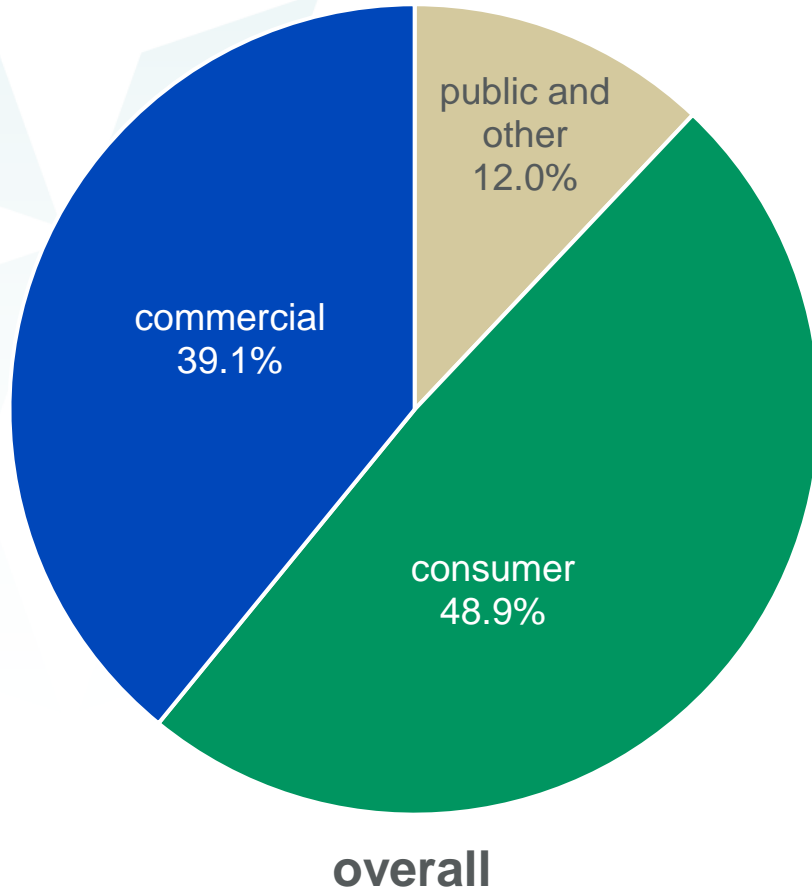
(1) compares 3/29/23 vs. 12/28/22; small banks data derived from H.8 Assets and Liabilities of Commercial Banks in the United States, Table 9 - Assets and Liabilities of Small Domestically Chartered Commercial Banks in the United States, not seasonally adjusted

(2) includes: First Hawaiian Bank, Bank of Hawai'i, American Savings Bank, Central Pacific Bank, and Territorial Savings Bank

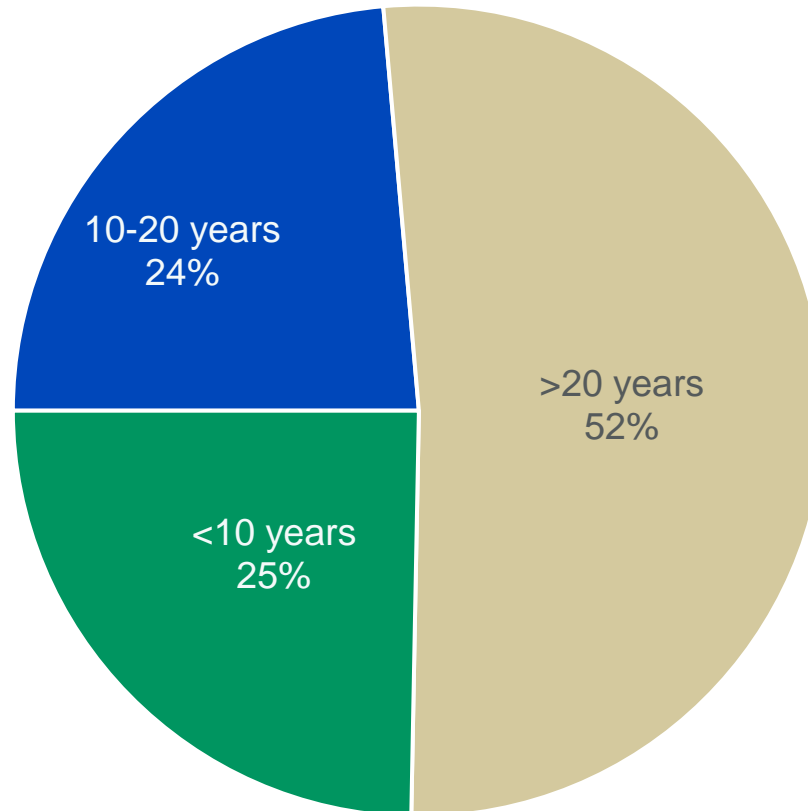
majority of deposits insured or collateralized



diversified deposit base

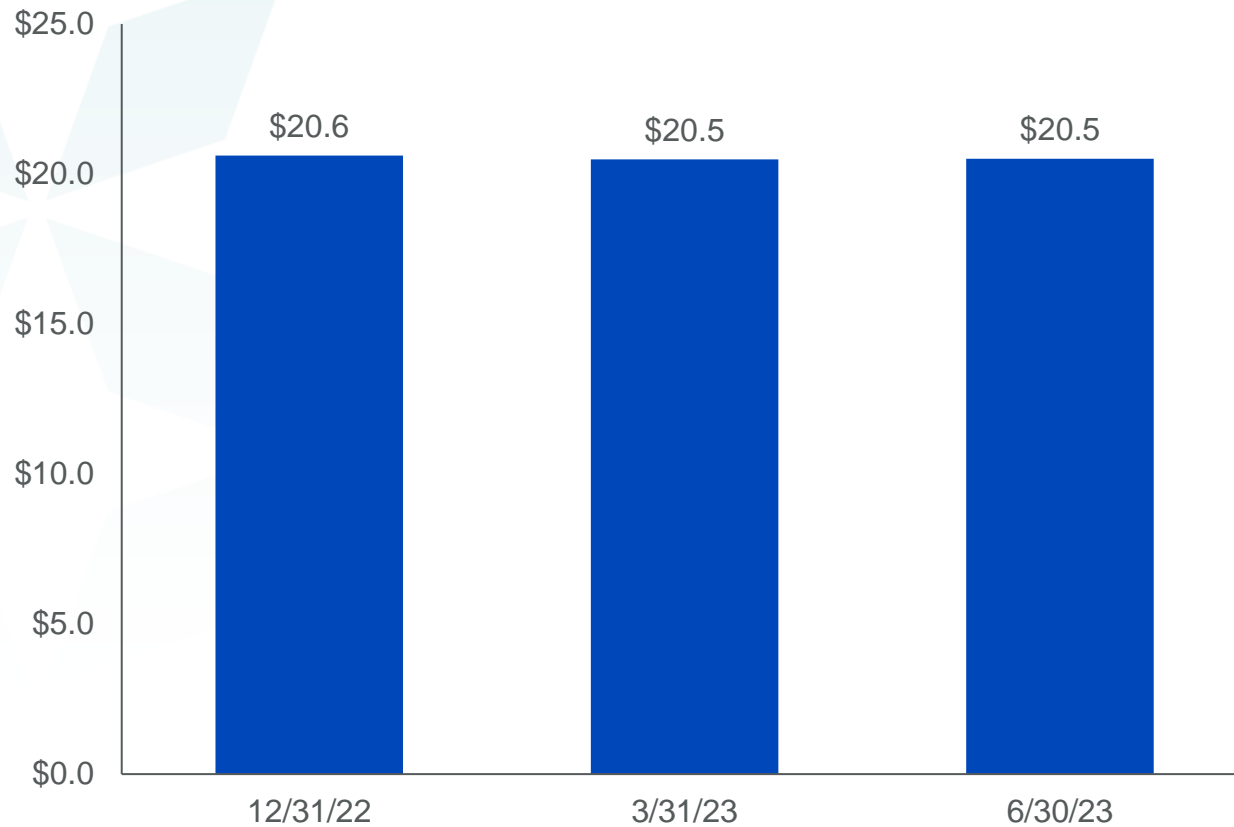


tenured deposit base



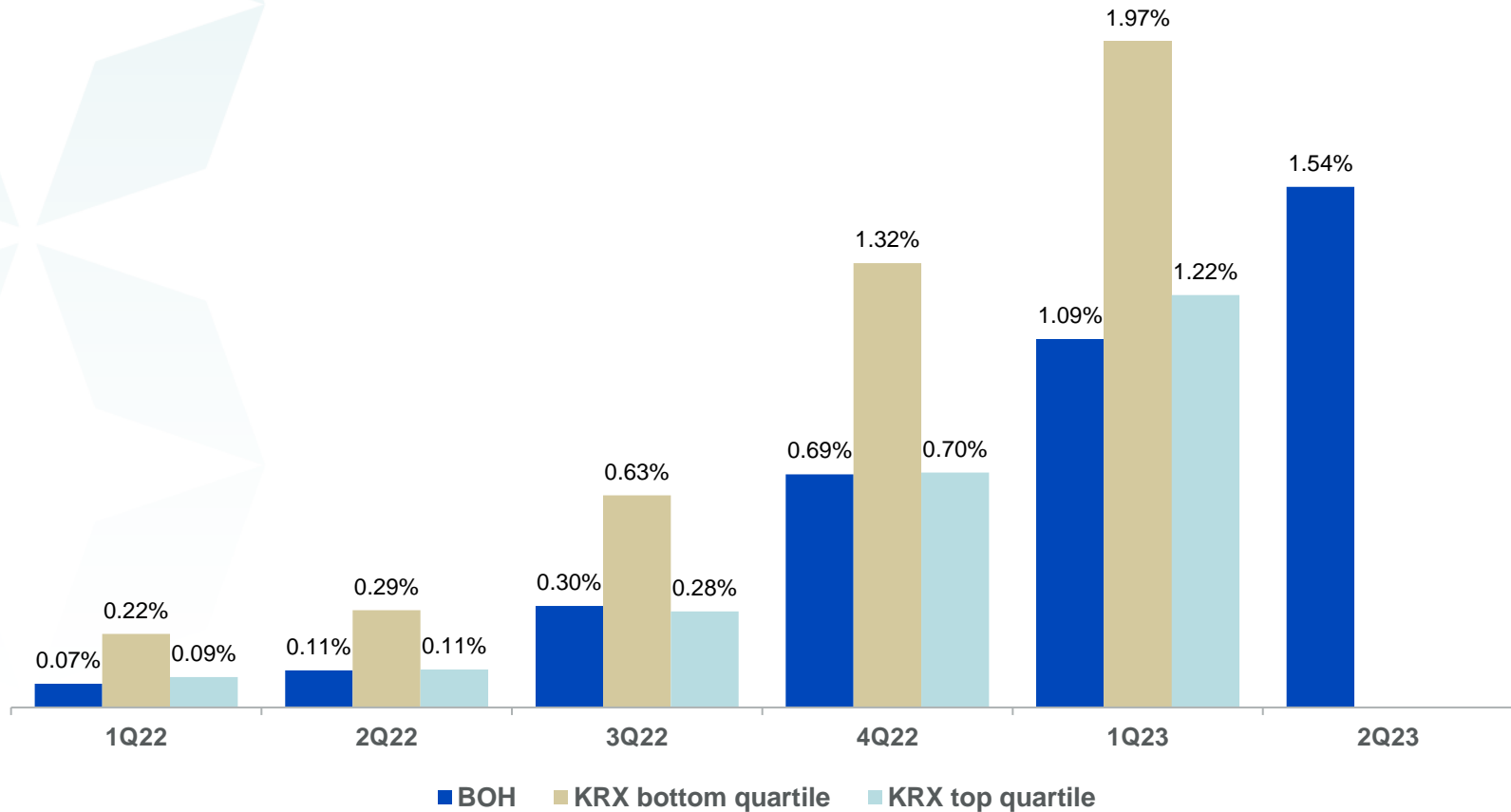
deposit balances

\$ in billions



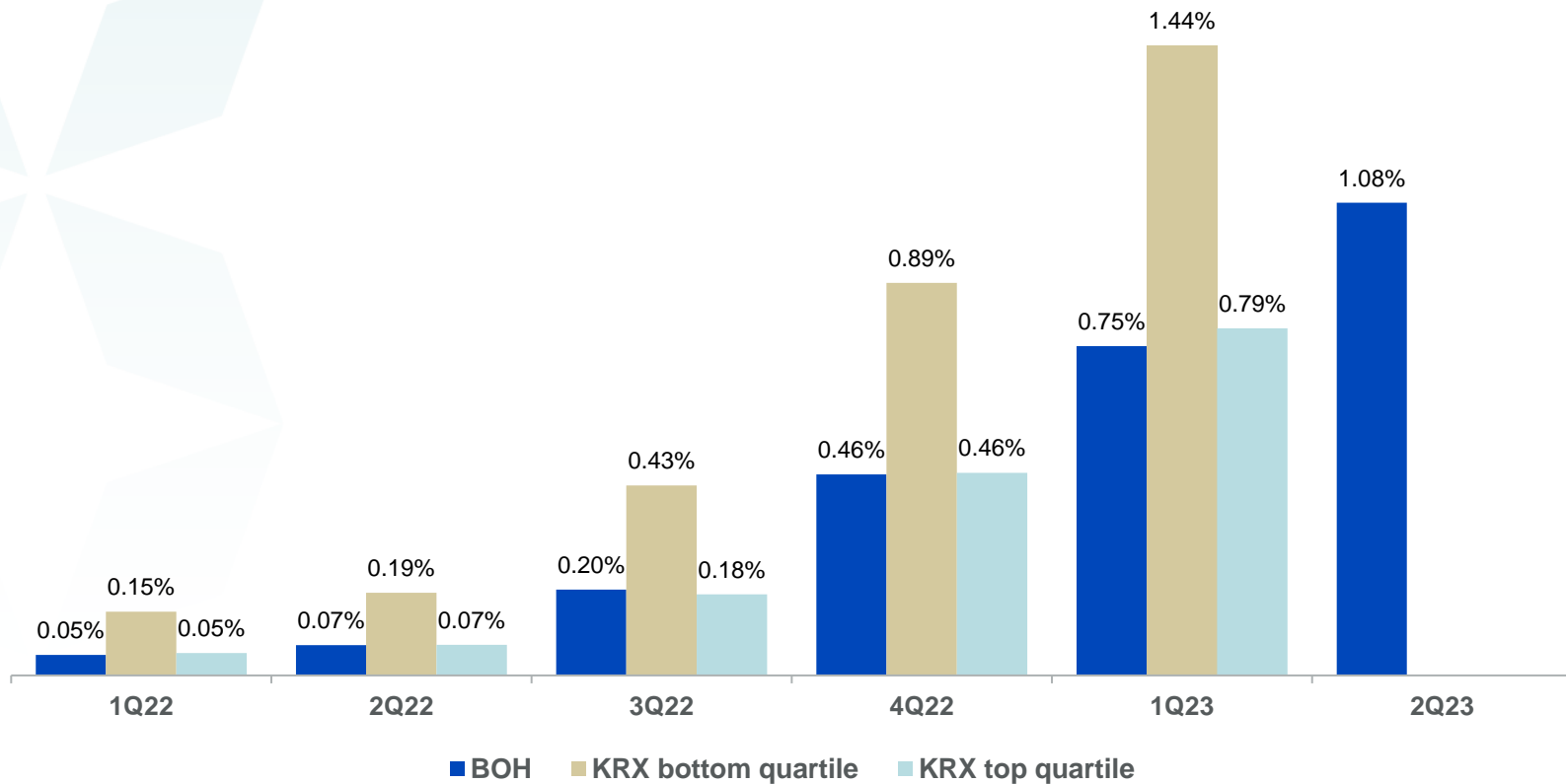
- **spot balance** increased by 0.1%
- **average balance** decreased by 2.0%

cost of funds interest-bearing deposits



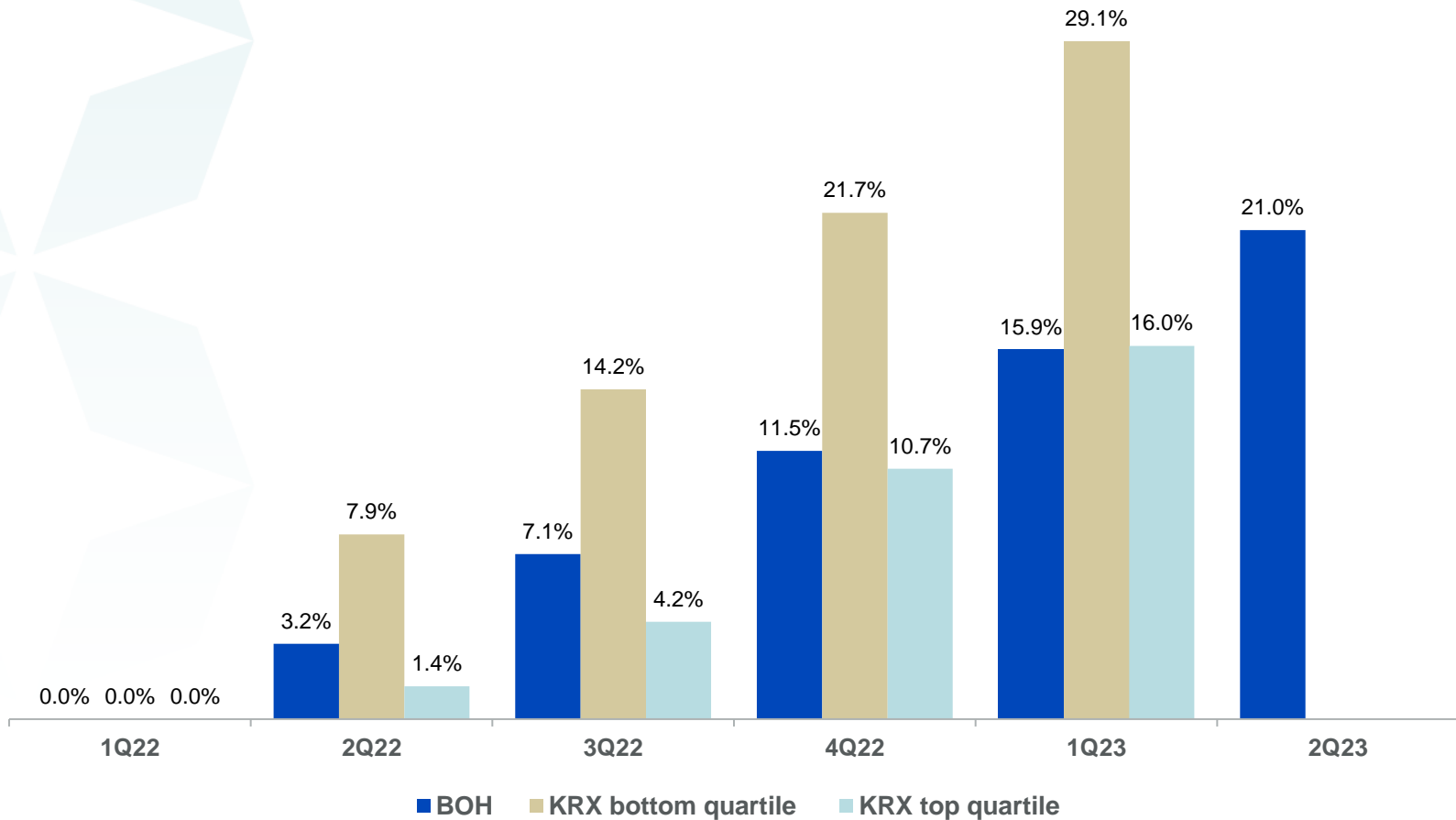
source: S&P Capital IQ; KBW Regional Banking Index (KRX) as of 1/3/23, top quartile represents 25th percentile and bottom quartile represents 75th percentile, when sorted by lowest to highest

cost of funds total deposit costs



source: S&P Capital IQ; KBW Regional Banking Index (KRX) as of 1/3/23, top quartile represents 25th percentile and bottom quartile represents 75th percentile, when sorted by lowest to highest

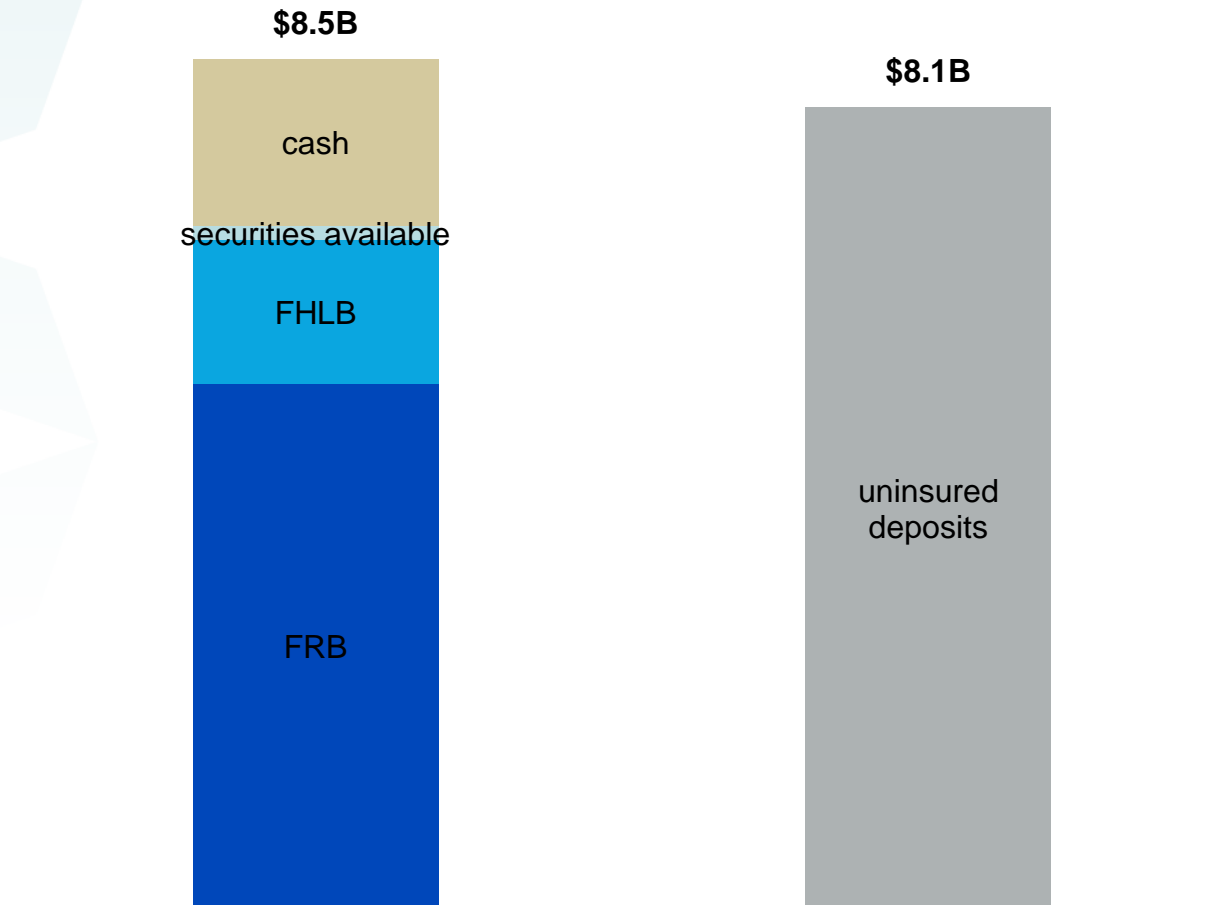
deposit beta performance



source: S&P Capital IQ; KBW Regional Banking Index (KRX) as of 1/3/23, beta calculated as change in average total deposit rate divided by change in average Fed Funds rate, top quartile represents 25th percentile and bottom quartile represents 75th percentile, when sorted by lowest to highest

readily available liquidity

Bank of Hawai'i carries substantial liquidity lines and equivalents for both day-to-day operational purposes as well as for liquidity backstop purposes

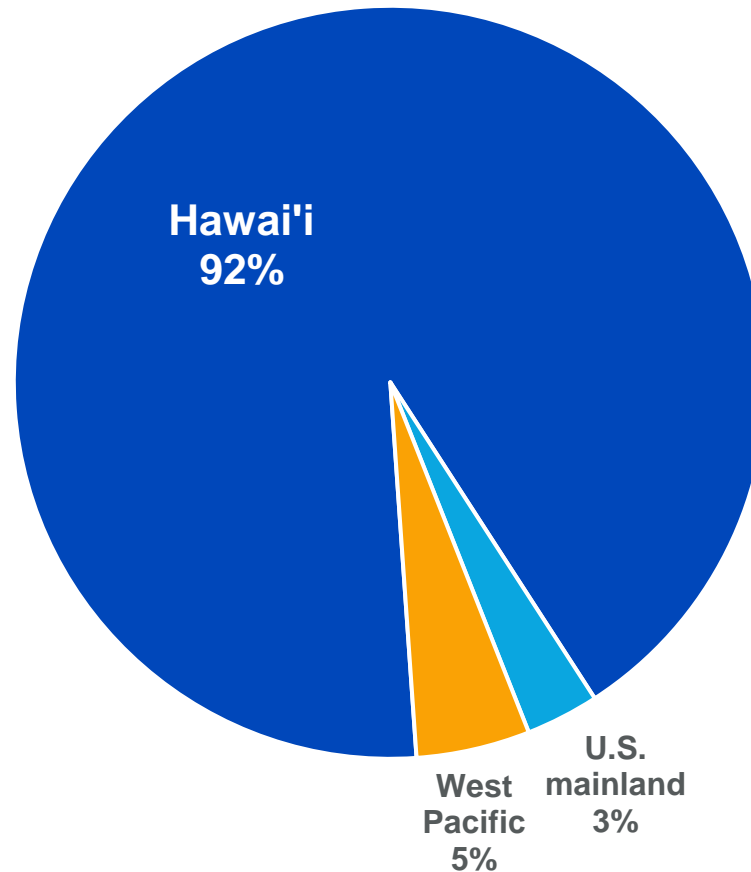




credit performance

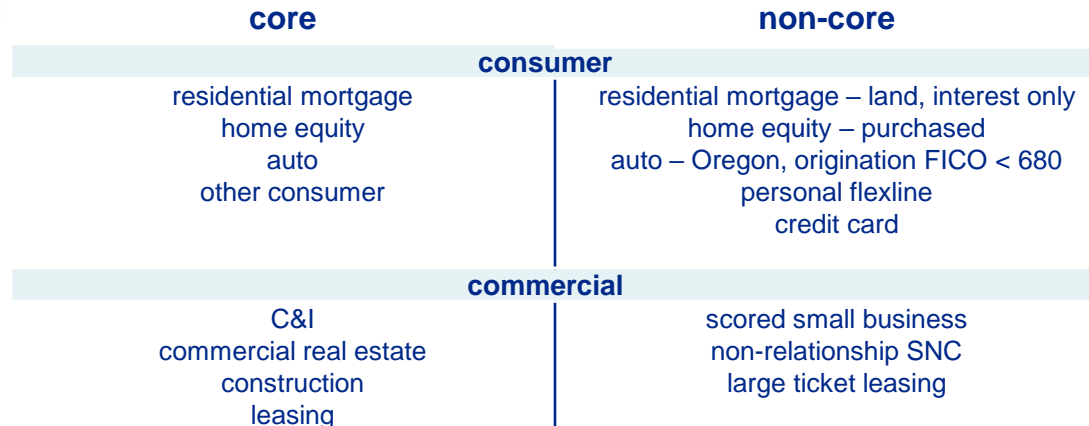
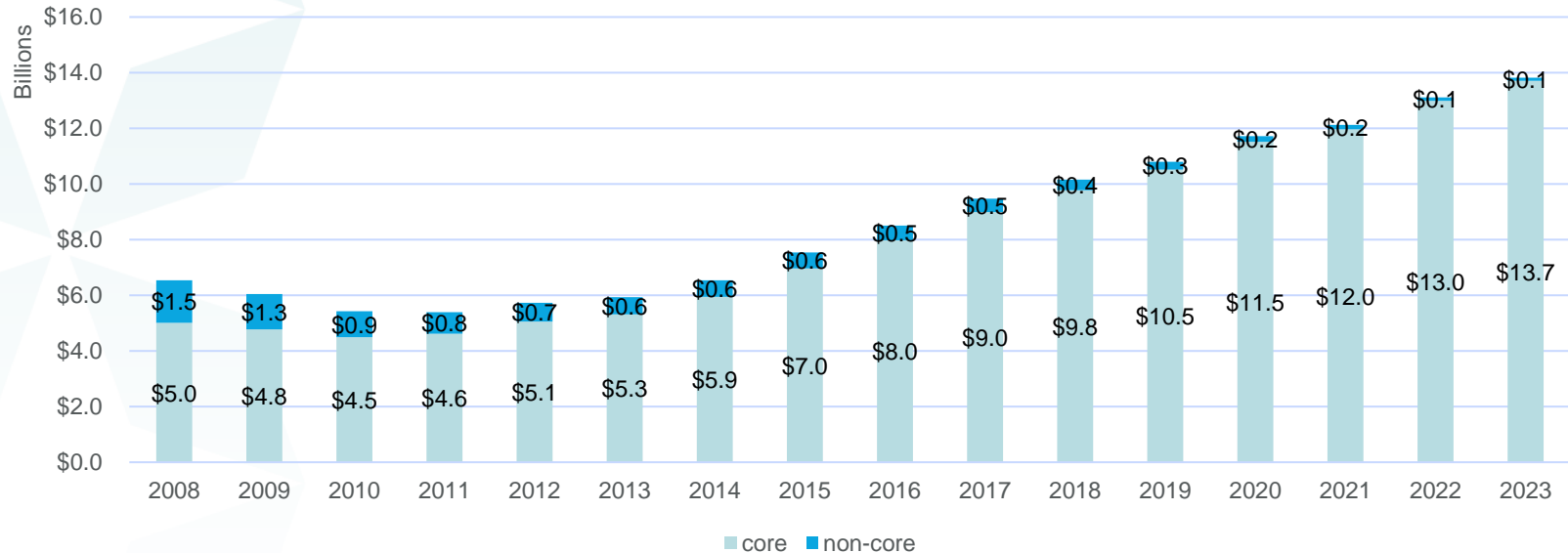
lending philosophy

**we lend in markets we know
& to long-standing relationships we understand**



de-risking the balance sheet

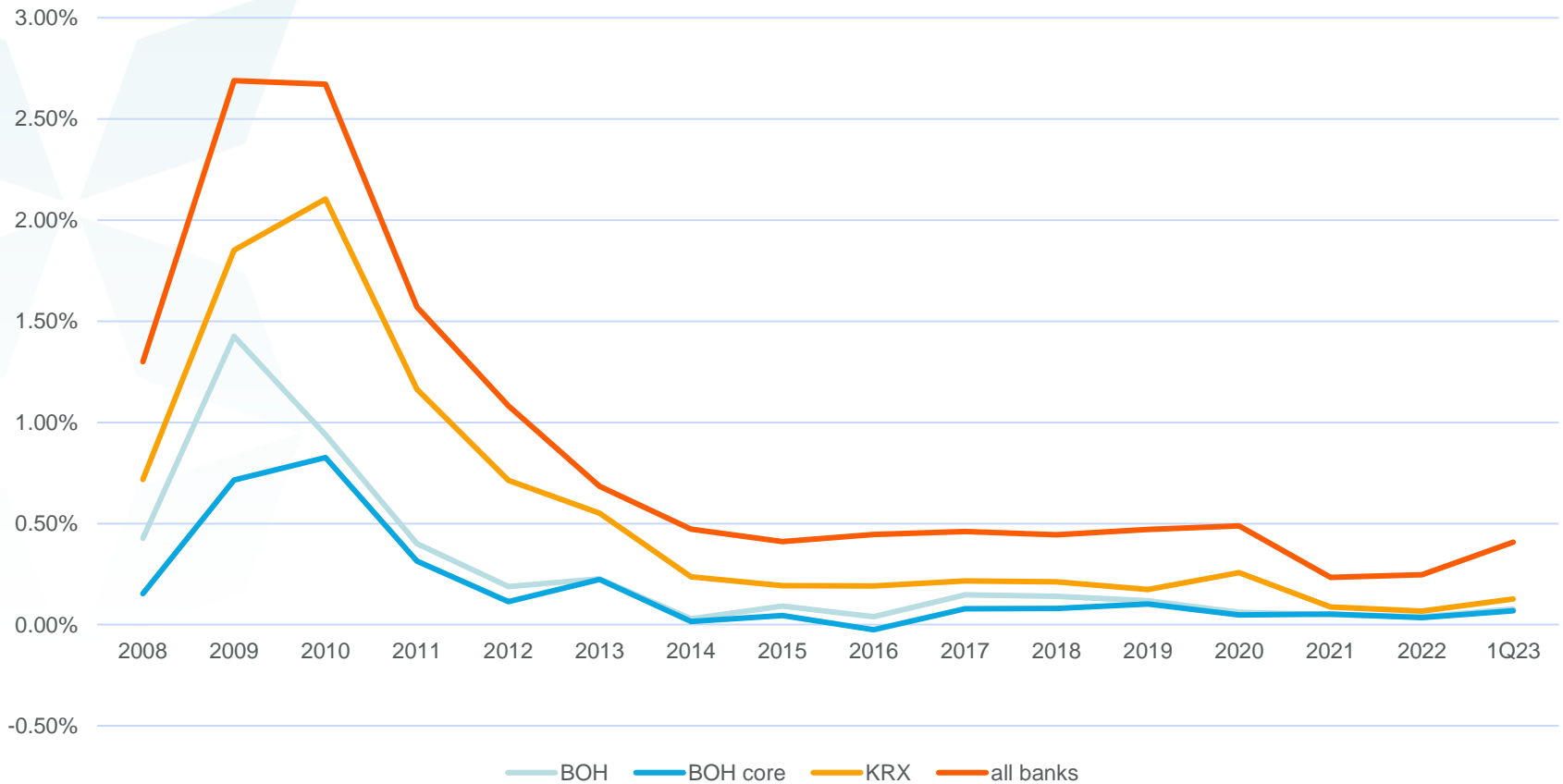
loan portfolio balance



historical net charge-off rates

lower net charge offs through different economic cycles

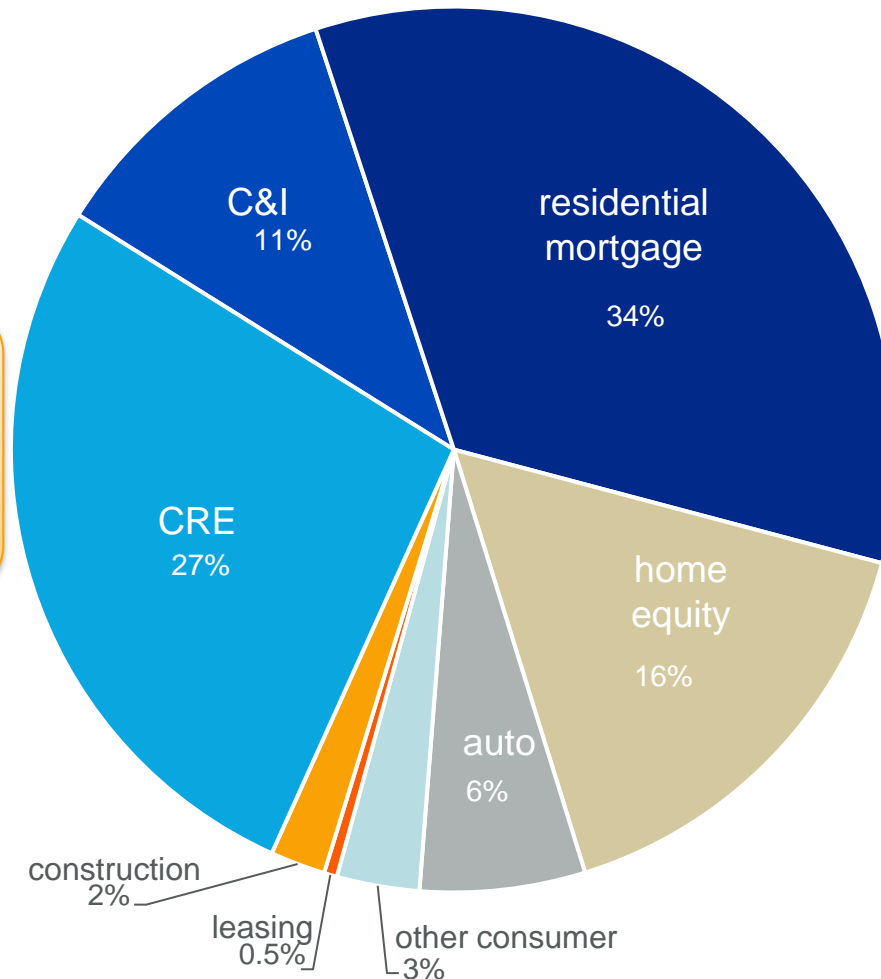
annual net charge-off rate



KRX – represents historical average net charge-off rates for banks in the KBW Regional Banking index as of 1/3/23 (source: S&P Capital IQ)
all banks – represents historical average net charge-off rates for all FDIC insured banks (source: FDIC)

loan portfolio

**79% of portfolio secured with real estate
with combined weighted average loan to value of 55%**



40% commercial

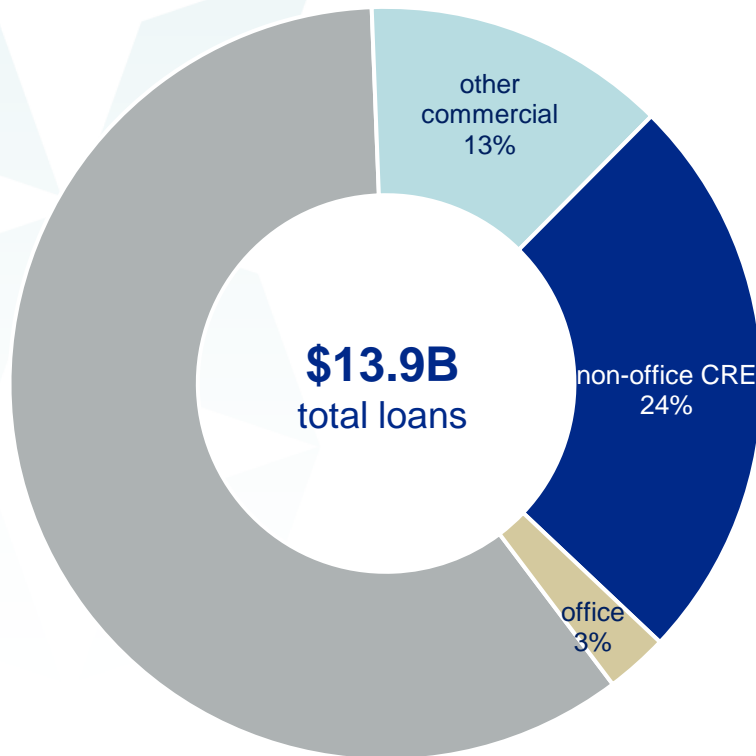
- 72% real estate secured
- wtd avg LTV 56%
- 56% w/ BOH ≥ 10 yrs
- avg bal \$0.7MM

60% consumer

- 84% real estate secured
- wtd avg LTV 54%
- 57% w/ BOH ≥ 10 yrs
- avg bal \$0.07MM

commercial real estate (CRE)

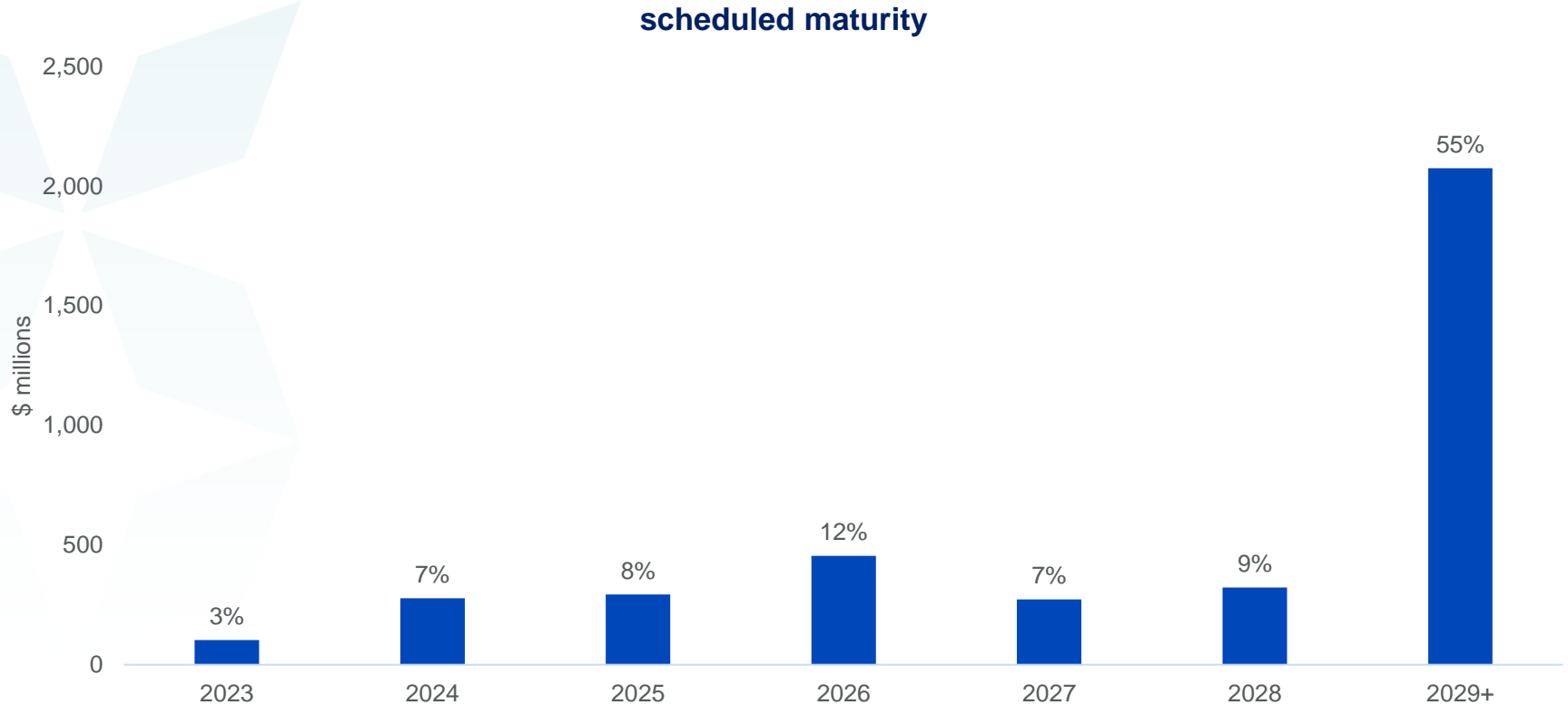
27% of total loans



asset type	% total loans	wtd avg LTV
multi-family	6.5%	59%
industrial	5.5%	56%
retail	5.2%	55%
lodging	4.1%	53%
office	2.7%	56%
specialty	2.9%	53%
other	0.6%	48%
total CRE	27.3%	56%

CRE scheduled maturities

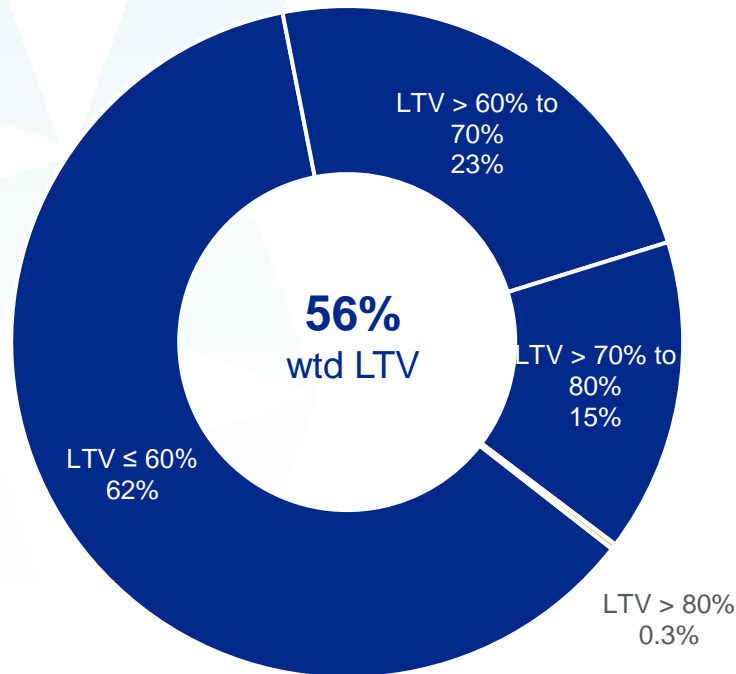
10% maturing prior to 2025



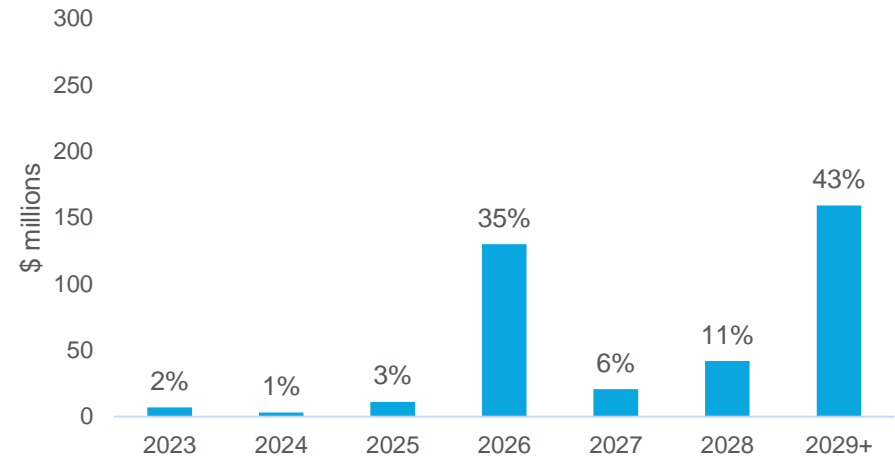
CRE office

3% of total loans

LTV distribution



scheduled maturity

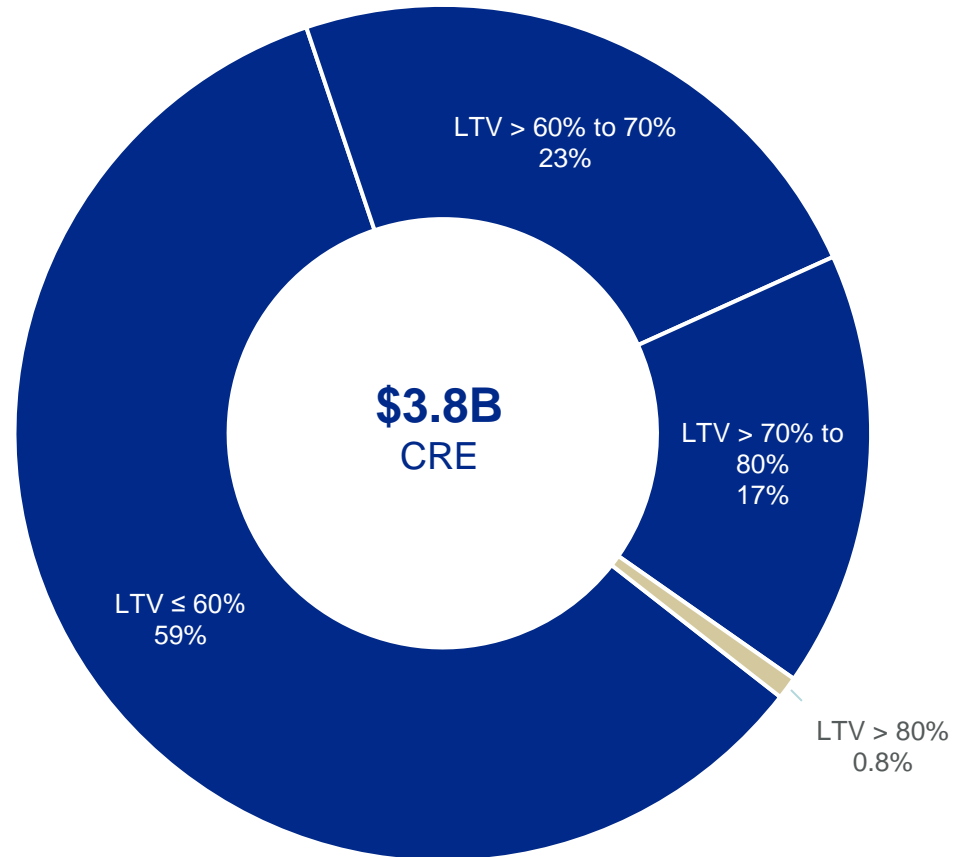


highlights

- 56% wtd avg LTV
- \$1.7MM average exposure
- 26% CBD (Downtown Honolulu)
 - 63% wtd avg LTV
 - 47% with repayment guaranties
- 3% maturing prior to 2025

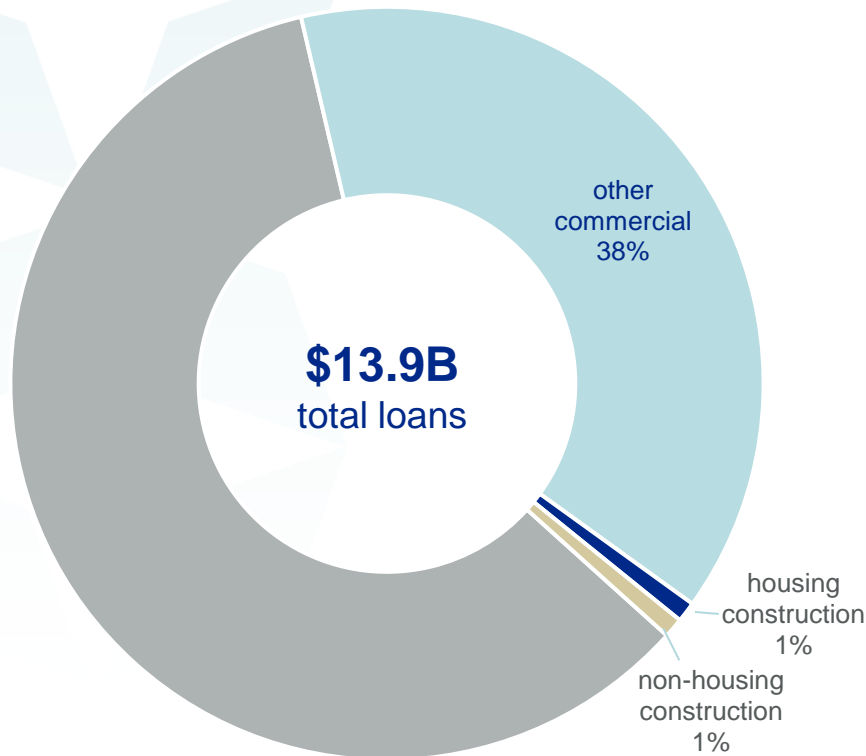
CRE tail risk

LTV > 80% - 0.8% of CRE, 0.2% of total loans



construction

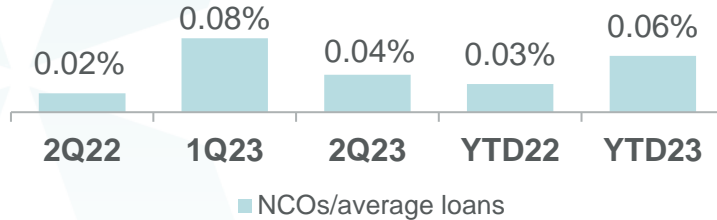
2% of total loans



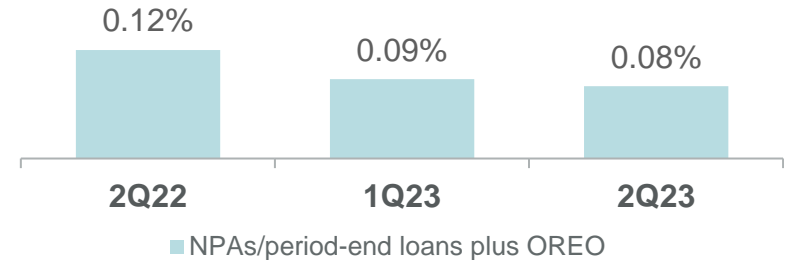
asset type	% total loans	wtd avg LTV
housing – low income / affordable	0.8%	63%
housing – other	0.1%	46%
retail	0.4%	64%
industrial	0.2%	67%
lodging	0.2%	49%
office	0.1%	71%
specialty	0.01%	56%
total construction	1.7%	62%

credit quality

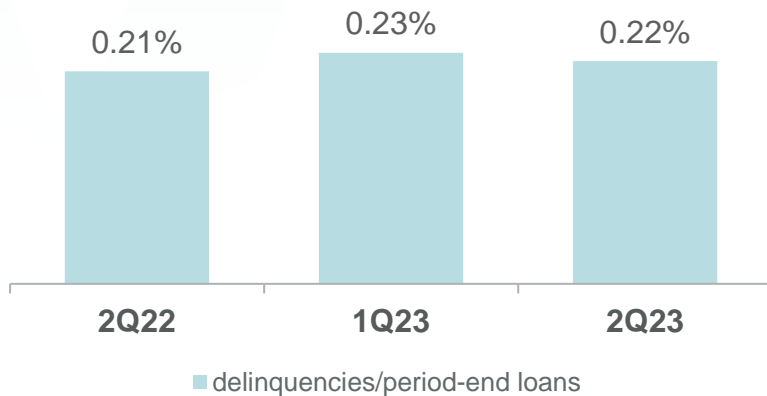
net charge-offs



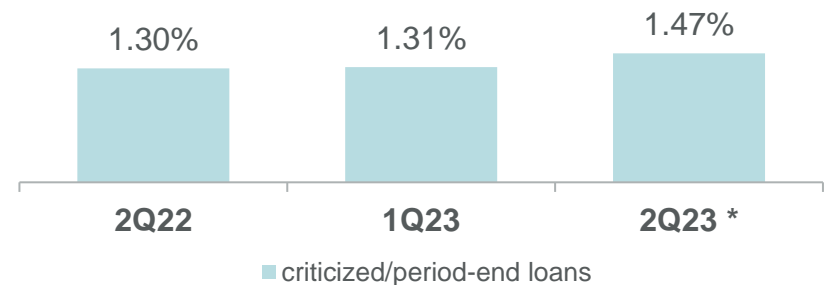
non-performing assets



delinquencies



criticized



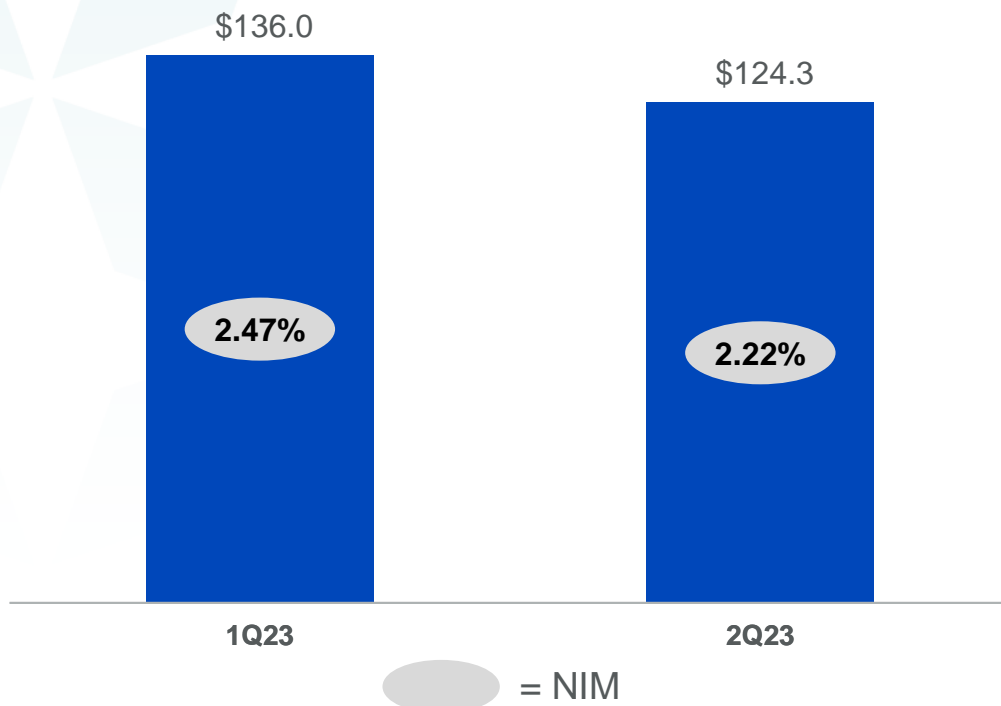
* 75% of total criticized in CRE with 57% wtd avg LTV



financial update

NII and NIM

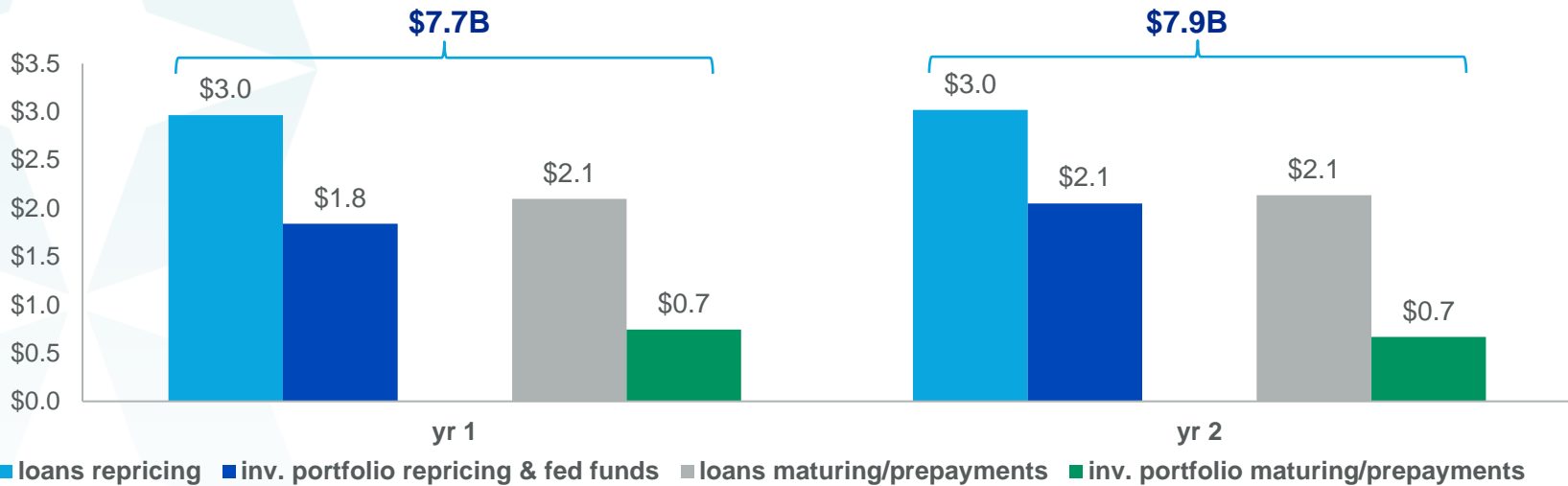
\$ in millions



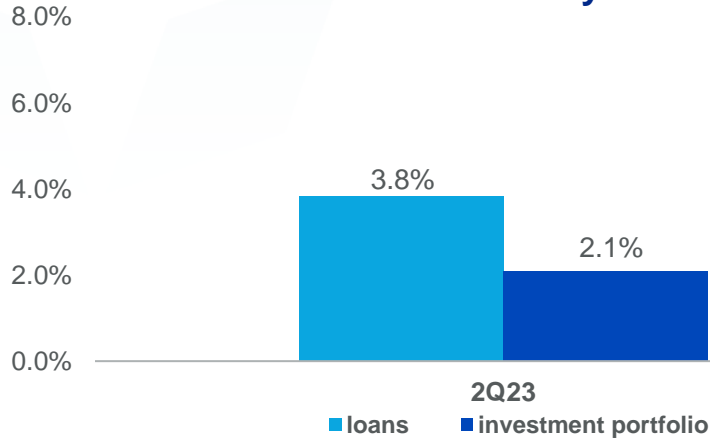
- NII and NIM challenges from inverted yield curve and higher short term rates
- deposit rates and betas remain well below peers
- \$1.7 billion in cash & cash equivalents reduced NIM by approximately 4 bps

asset repricing

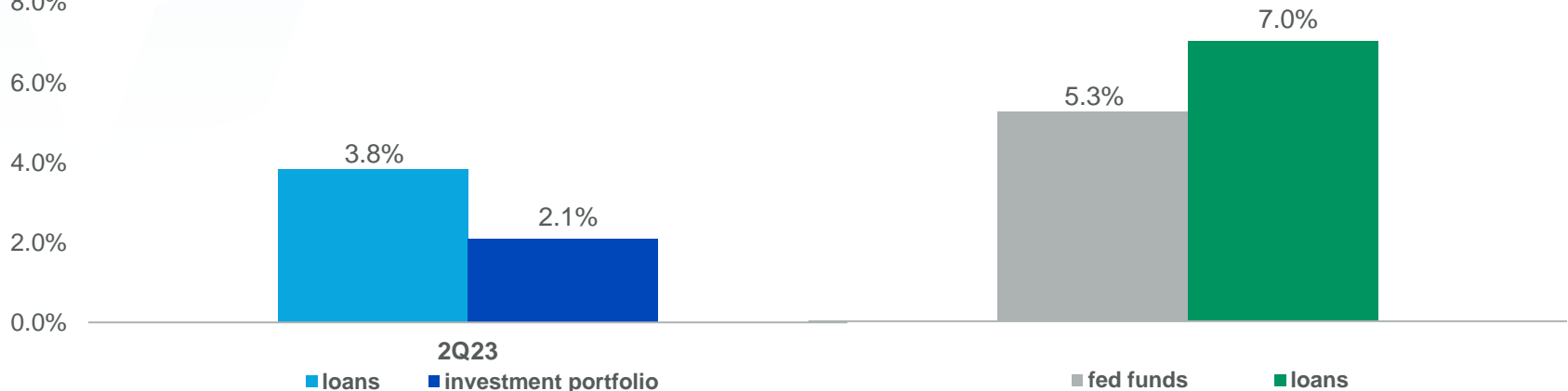
projected repricing, maturities & prepayments (\$ in billions)



matured/run-off yield



reinvestment opportunity

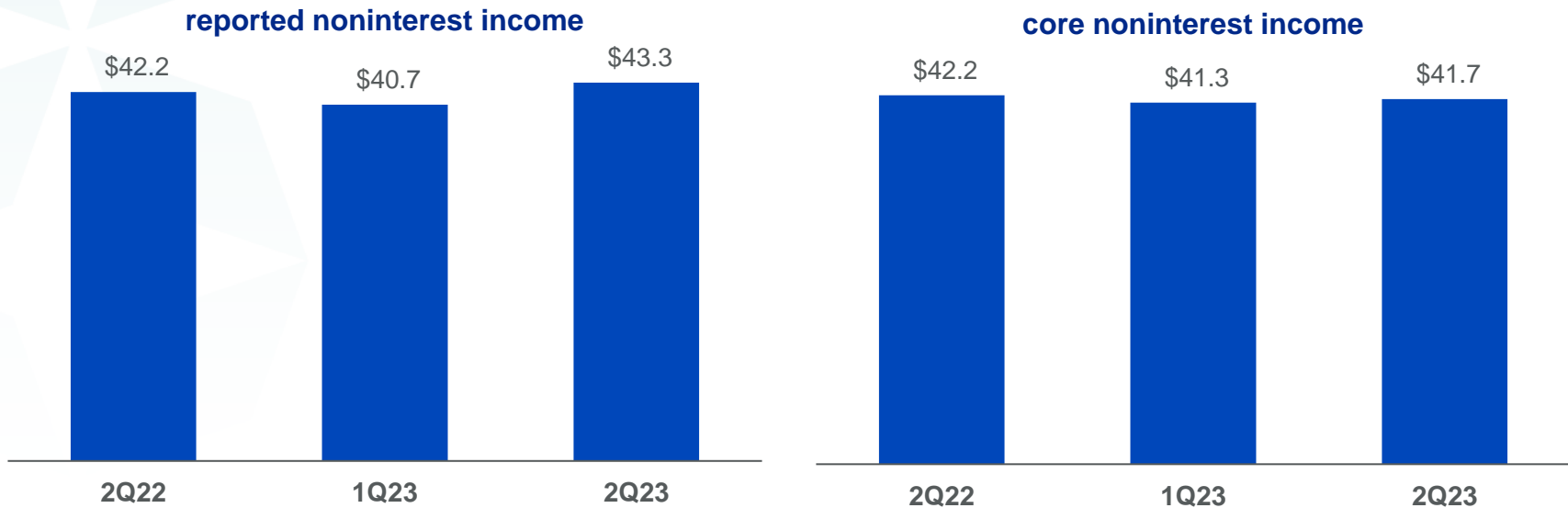


note: numbers may not add up due to rounding, loans repricing includes \$200.0 million of fixed rate loans swapped to floating rate loans, matured/run-off yield for loans includes only fixed-rate loans; matured/run-off yield for investment portfolio excludes security called in 2Q23

noninterest income

\$ in millions

stable core noninterest income from diverse sources

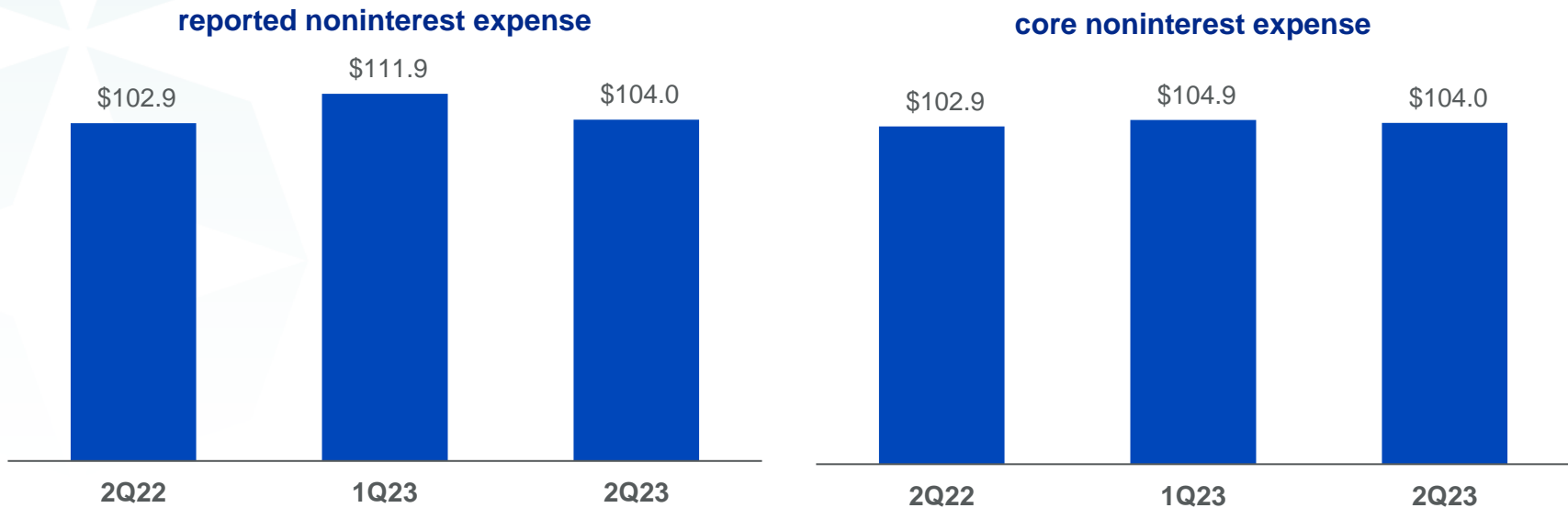


note: 1Q23 reported noninterest income included a negative \$0.6 million adjustment related to a change in the Visa Class B conversion ratio, 2Q23 reported noninterest income includes \$1.5 million related to the sale of a low-income housing tax credit investment

noninterest expense

\$ in millions

disciplined expense management in challenging operating environment



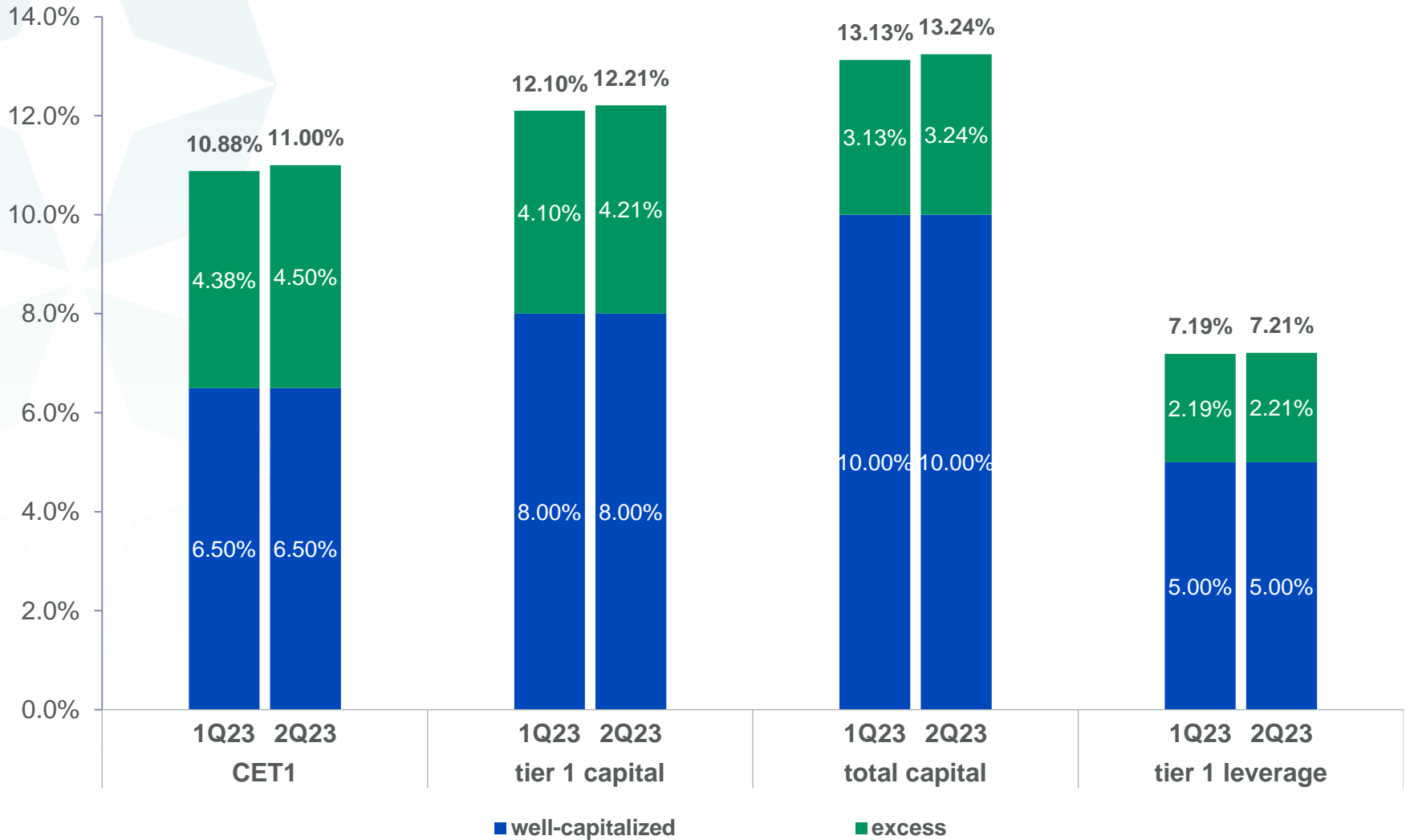
note: 1Q23 reported noninterest expense included seasonal payroll expenses of approximately \$4.0 million and separation expenses of \$3.1 million

financial summary

\$ in millions, except per share amounts

	<u>2Q 2023</u>	<u>1Q 2023</u>	<u>2Q 2022</u>	<u>Δ 1Q 2023</u>	<u>Δ 2Q 2022</u>
net interest income	\$ 124.3	\$ 136.0	\$ 132.9	\$ (11.6)	\$ (8.6)
noninterest income	43.3	40.7	42.2	2.5	1.1
total revenue	167.6	176.7	175.1	(9.1)	(7.5)
noninterest expense	104.0	111.9	102.9	(7.9)	1.1
operating income	63.6	64.8	72.1	(1.2)	(8.6)
credit provision	2.5	2.0	(2.5)	0.5	5.0
income taxes	15.0	15.9	17.8	(0.9)	(2.8)
net income	\$ 46.1	\$ 46.8	\$ 56.9	\$ (0.8)	\$ (10.8)
net income available to common	\$ 44.1	\$ 44.9	54.9	\$ (0.8)	\$ (10.8)
diluted EPS	\$ 1.12	\$ 1.14	\$ 1.38	\$ (0.02)	\$ (0.26)
return on assets	0.77 %	0.80 %	1.00 %	(0.03) %	(0.23) %
return on common equity	14.95	15.79	18.19	(0.84)	(3.24)
net interest margin	2.22	2.47	2.47	(0.25)	(0.25)
efficiency ratio	62.07	63.34	58.80	(1.27)	3.27
end of period balances					
investment portfolio	\$ 7,869	\$ 8,128	\$ 8,277	(3.2) %	(4.9) %
loans and leases	13,915	13,825	12,952	0.7	7.4
total deposits	20,509	20,491	21,026	0.1	(2.5)
shareholders' equity	1,358	1,354	1,349	0.3	0.7

capital



note: 2Q23 regulatory capital ratios are preliminary

takeaways

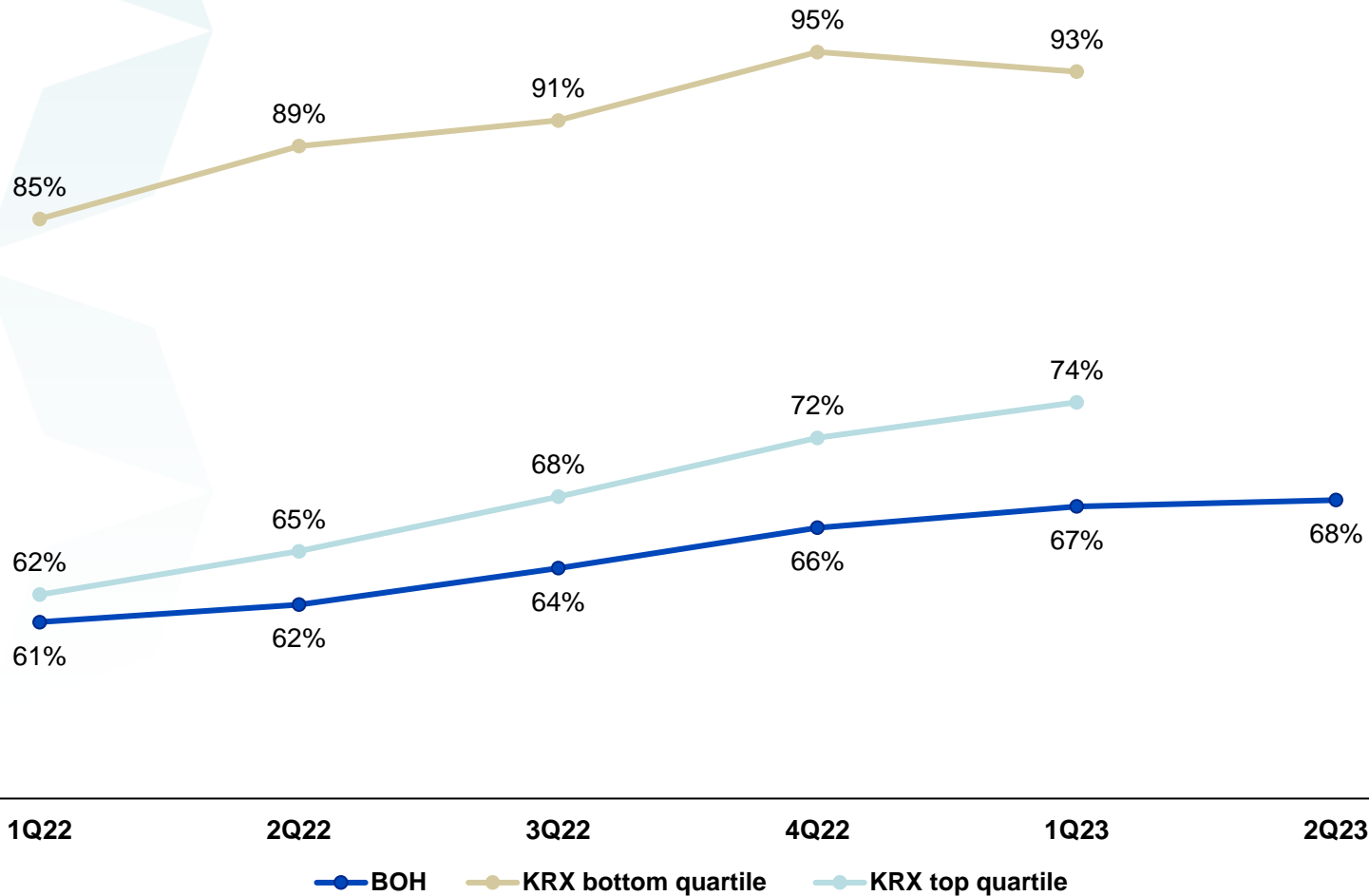
- ✓ unique and competitively advantageous deposit market
- ✓ high quality deposit base
- ✓ market leading cost of deposits
- ✓ high quality assets
- ✓ exceptional credit quality
- ✓ strong risk-based capital

Q & A



appendix

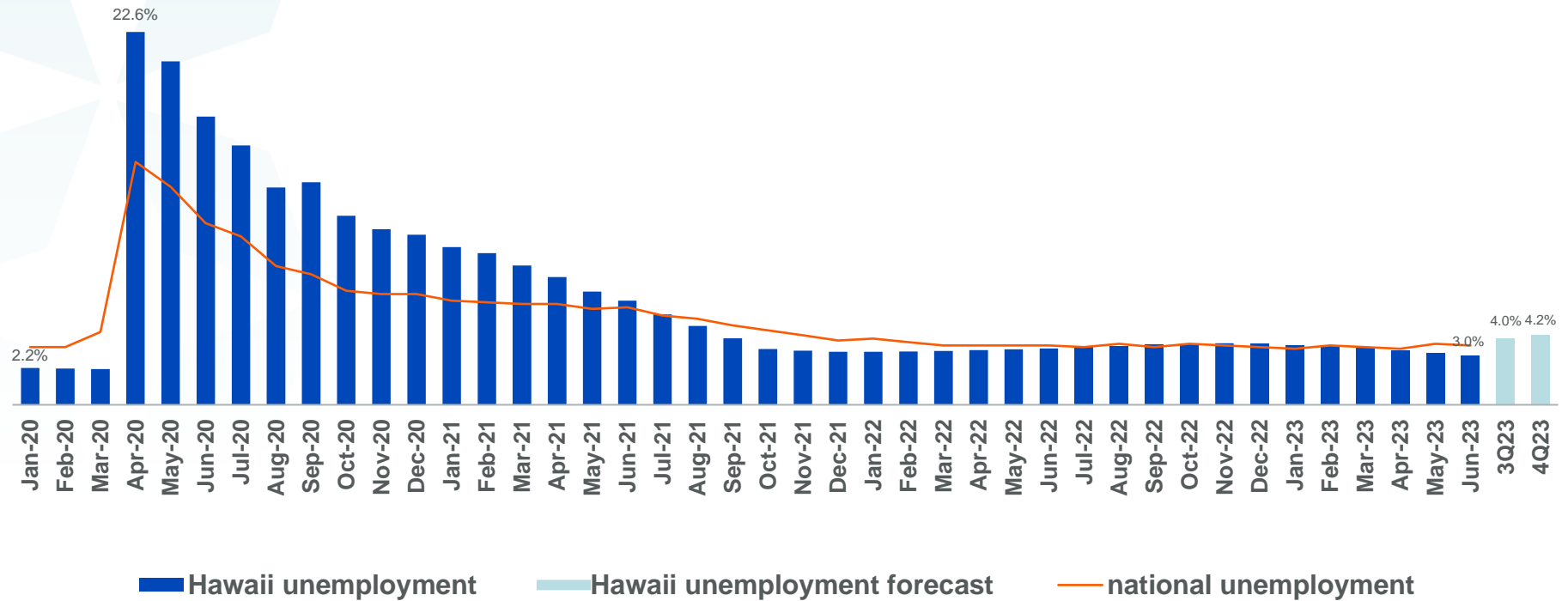
loan to deposit ratio



source: S&P Capital IQ; KBW Regional Banking Index (KRX) as of 1/3/23, top quartile represents 25th percentile and bottom quartile represents 75th percentile, when sorted by lowest to highest

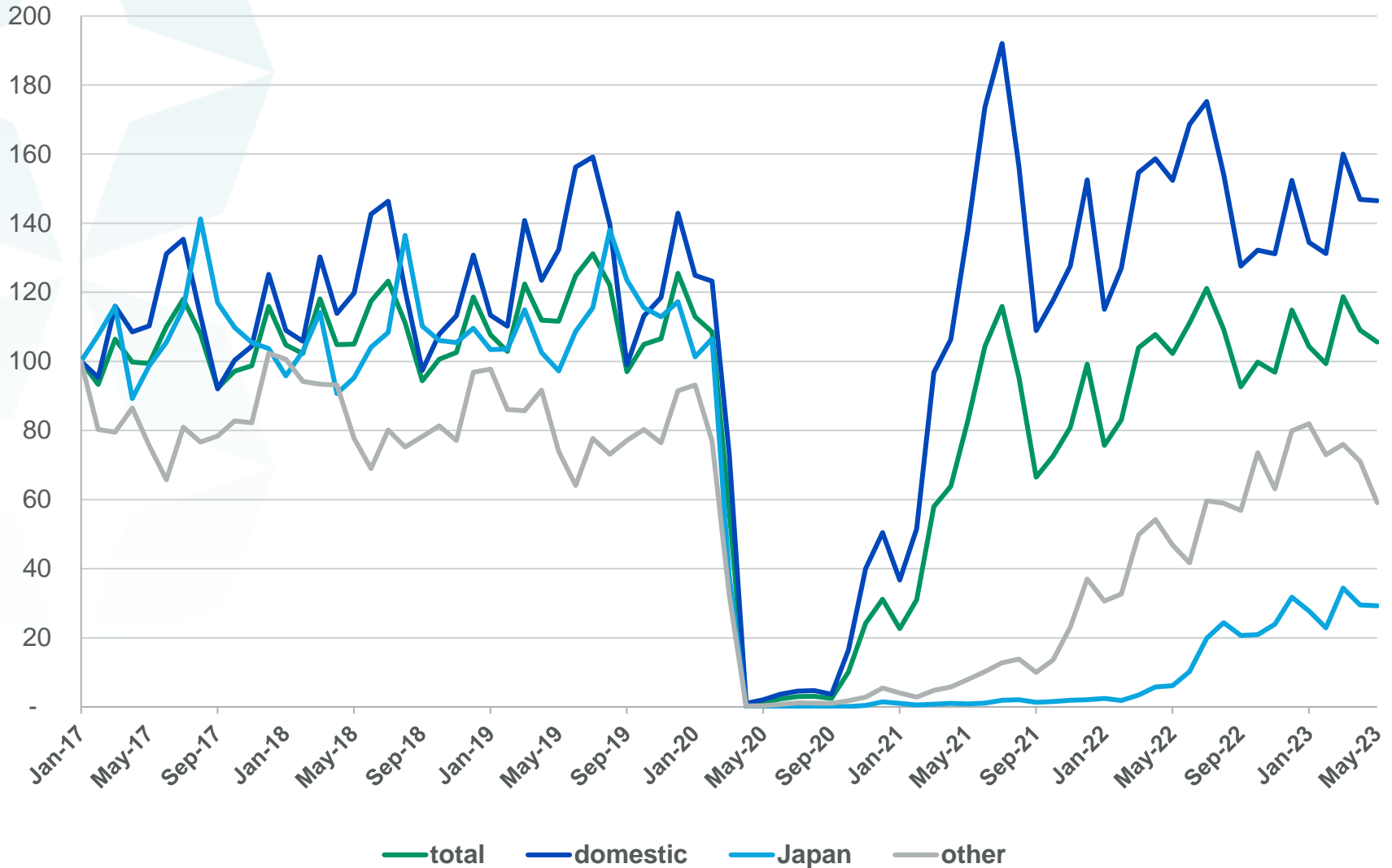
unemployment

experience & forecast



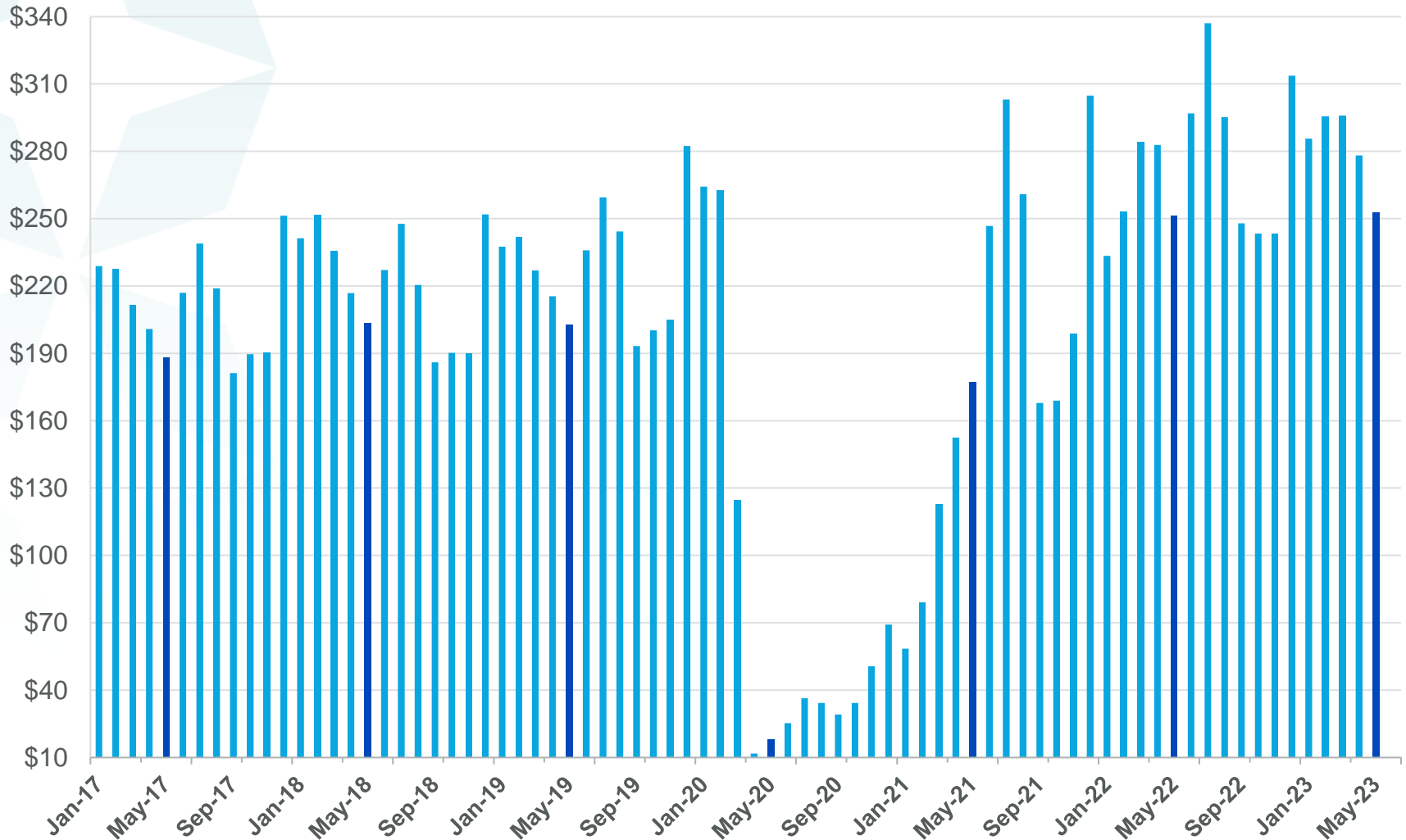
visitor arrivals

monthly by market, indexed to January 2017



revenue per available room

revenue per available room (RevPAR)



stable real estate prices

Oahu market indicators – June 2023

single family homes

condominiums

	<u>June 2023</u>	<u>June 2022</u>	<u>June 2019</u>	<u>Δ June 2022</u>	<u>Δ June 2019</u>	<u>June 2023</u>	<u>June 2022</u>	<u>June 2019</u>	<u>Δ June 2022</u>	<u>Δ June 2019</u>
median sales price (000s)	\$1,050	\$1,100	\$800	-4.5%	31.3%	\$510	\$534	\$433	-4.5%	17.9%
months of inventory	2.6	1.5	3.6	1.1 months	-1.0 months	2.8	1.6	3.9	1.2 months	-1.1 months
closed sales	248	357	327	-30.5%	-24.2%	470	626	473	-24.9%	-0.6%
median days on market	17	10	18	7 days	1 day	18	11	27	7 days	9 days