

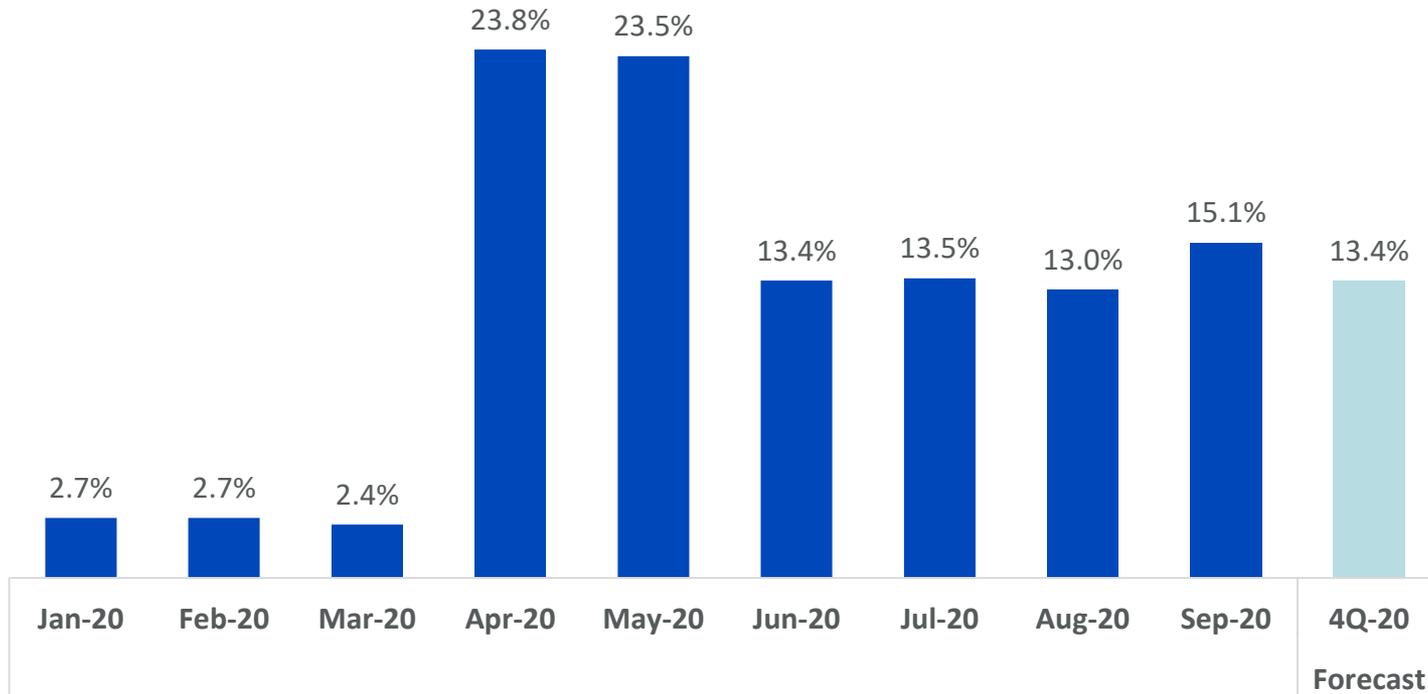
**Bank of Hawaii Corporation**  
**Third Quarter 2020 Financial Results**

***October 26, 2020***

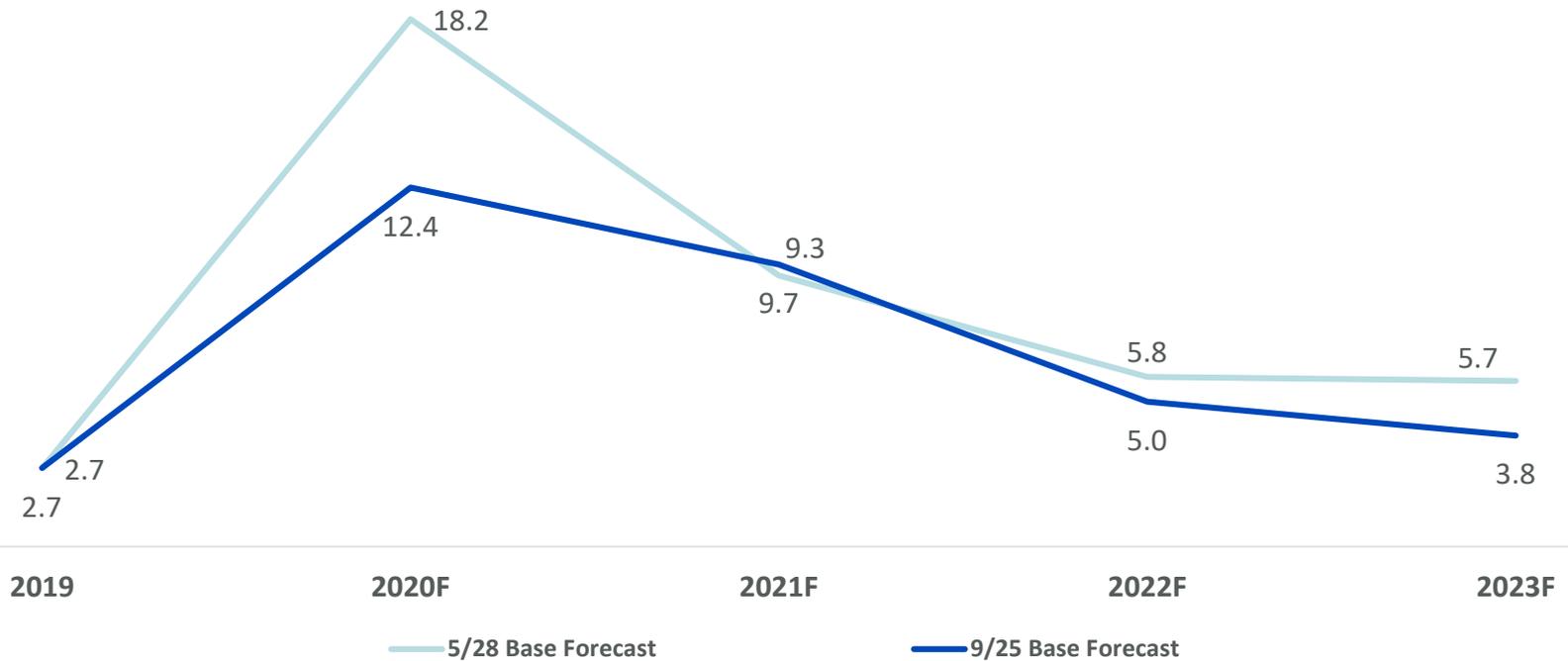
# 2020 Unemployment

*Experience & Forecast*

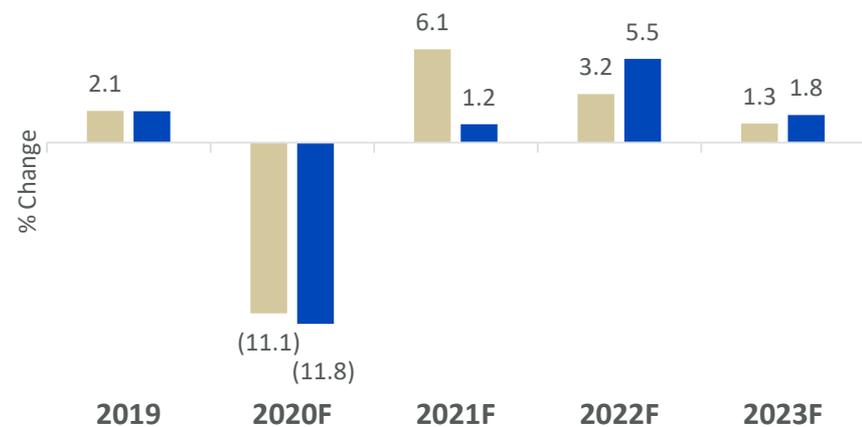
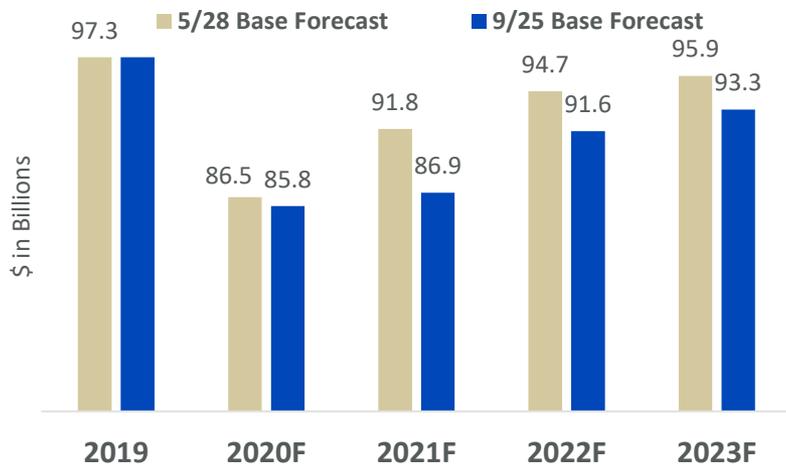
## Hawaii Unemployment Rate



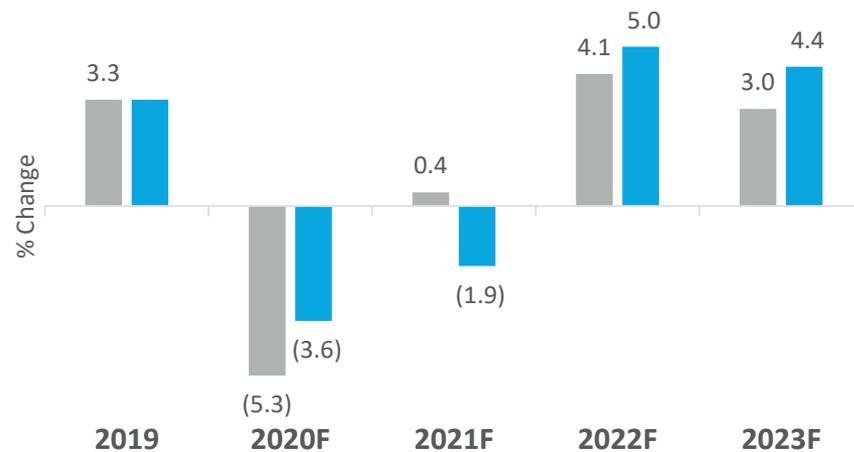
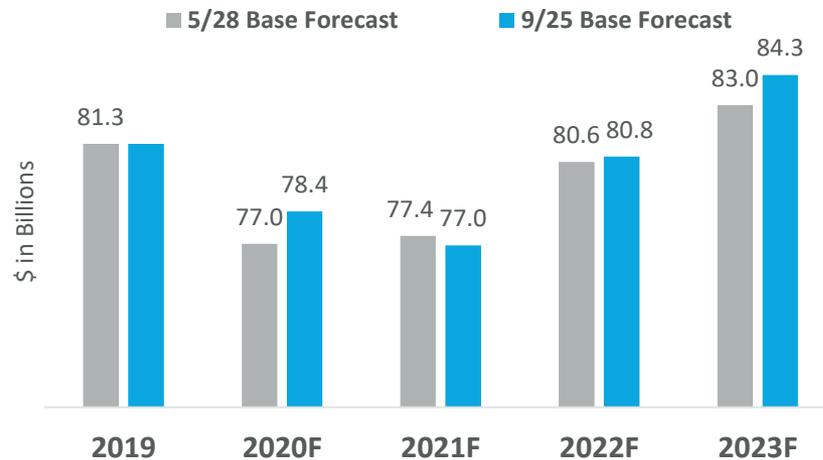
## Hawaii Unemployment Rate



## Real GDP



## Personal Income



# Hawaii Real Estate Market

## Oahu Market Indicators – 2020 vs 2019

### SINGLE FAMILY HOMES

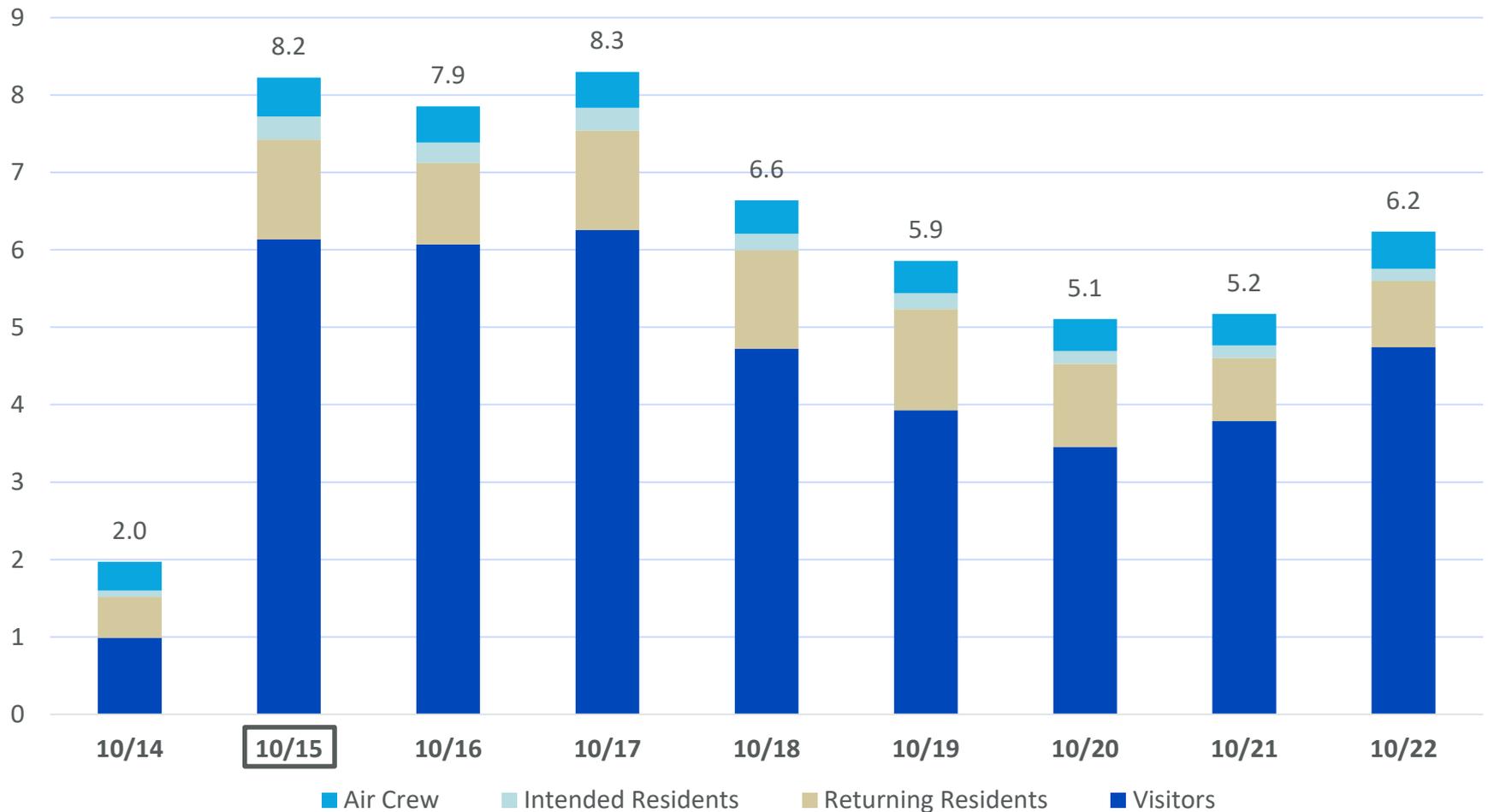
	<u>2020 YTD</u>	<u>2019 YTD</u>	<u>%</u>	<u>Sep 2020</u>	<u>Sep 2019</u>	<u>%</u>
Closed Sales	2,735	2,774	-1.4%	391	347	12.7%
Median Sales Price (000s)	\$811	\$785	3.3%	\$880	\$777	13.3%
Median Days on Market	17	23	-26.1%	9	29	-69.0%
Months of Inventory	1.9	3.5	-45.7%	1.9	3.5	-45.7%

### CONDOMINIUMS

	<u>2020 YTD</u>	<u>2019 YTD</u>	<u>%</u>	<u>Sep 2020</u>	<u>Sep 2019</u>	<u>%</u>
Closed Sales	3,305	4,074	-18.9%	456	466	-2.1%
Median Sales Price (000s)	\$430	\$425	1.2%	\$445	\$445	0.0%
Median Days on Market	28	26	7.7%	21	27	-22.2%
Months of Inventory	4.0	3.9	2.6%	4.0	3.9	2.6%

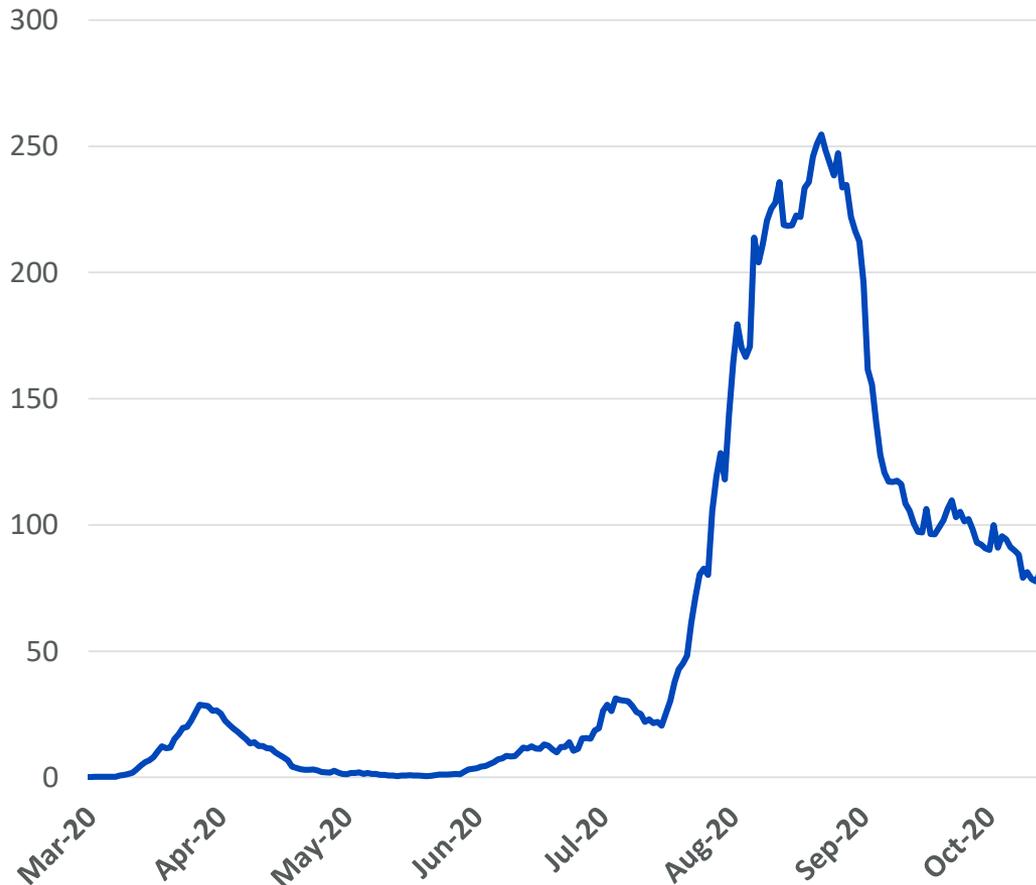
# Daily Arrivals

Trans-Pacific Passenger Arrivals in Thousands



# COVID-19 Cases

Hawaii New COVID-19 Cases (7-Day Average)



**STATES / TERRITORIES WITH LOWEST CASES IN LAST 7 DAYS PER 100,000**

Vermont	13
Maine	16
<b>Hawaii</b>	<b>38</b>
New Hampshire	42
Washington, D.C.	52
Oregon	54
New York	54
California	58
Washington	60
Maryland	71
<b>United States</b>	<b>128</b>

Source: NY Times as of 10/21/2020

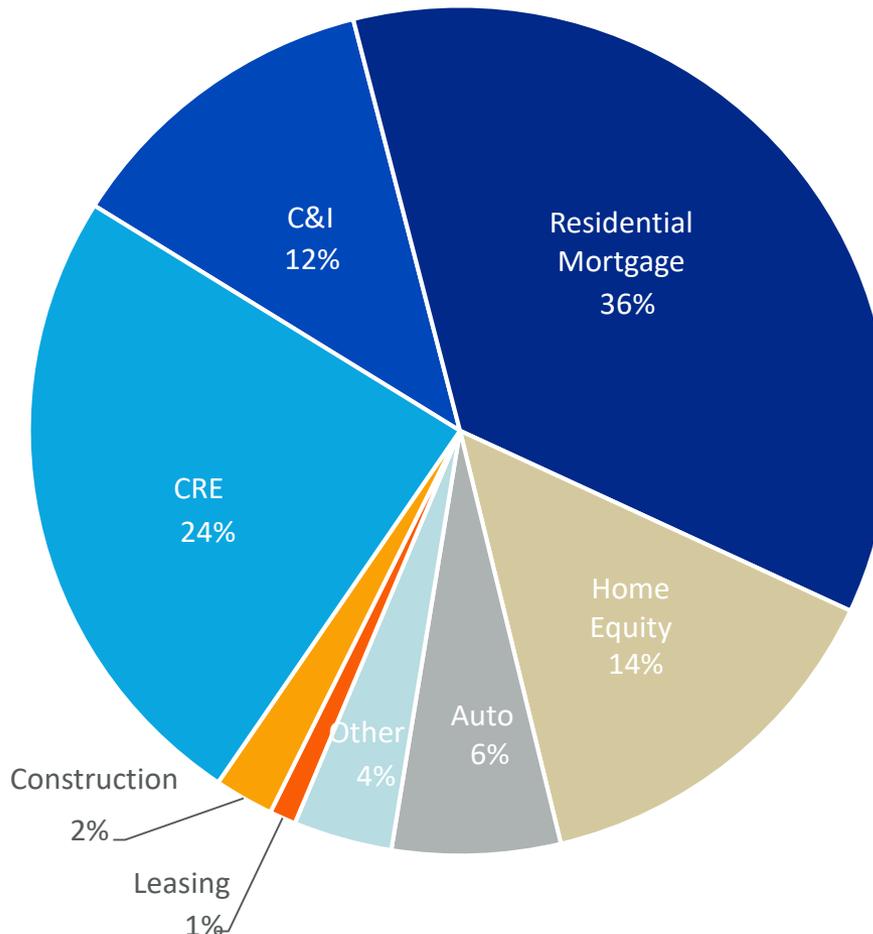
- Strong Credit Metrics
- Continued Stable Loan Growth
- Strong Deposit Growth
- Well Managed Funding Costs
- Strong Liquidity
- Solid Capital Levels

# Credit Overview

# Loan Portfolio

Excluding PPP

**76% of Portfolio Secured with Quality Real Estate  
with Combined Weighted Average Loan to Value of 56%**



**40% Commercial**  
67% Real Estate Secured  
Wtd Avg LTV 55%  
66% w/ BOH  $\geq$  10 yrs  
Avg Balance \$0.5 MM

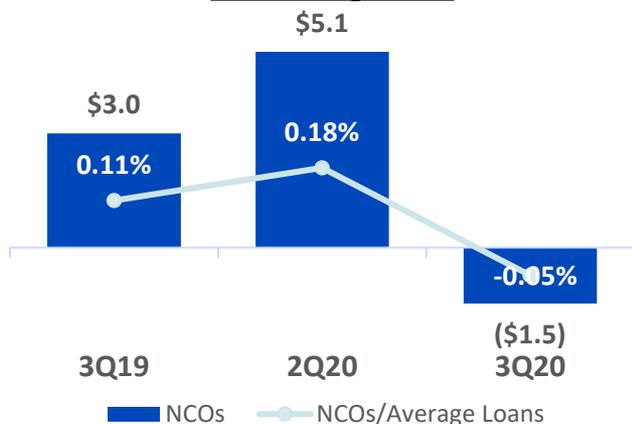
**60% Consumer**  
83% Real Estate Secured  
Wtd Avg LTV 56%  
56% w/ BOH  $\geq$  10 yrs

Note: Excludes \$544 MM in PPP loan balances

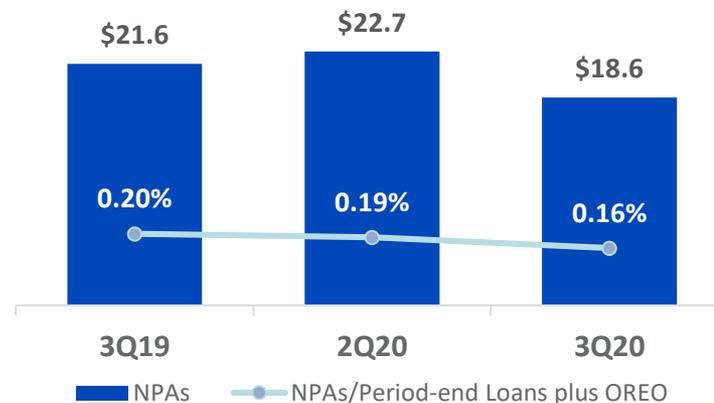
# Credit Quality

\$ in millions

## Net Charge-offs



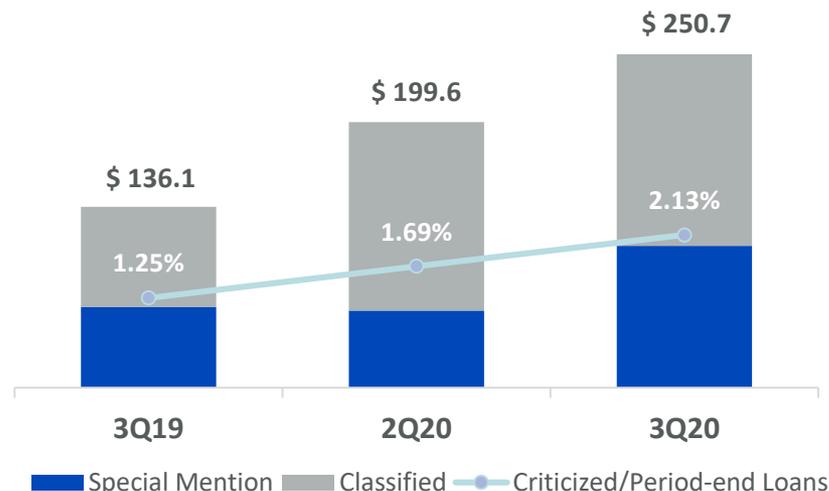
## Nonperforming Assets



## Delinquencies



## Criticized



# Third Quarter 2020 Reserve Build

\$ in millions

Portfolio	12/31/2019	CECL adoption impact	1Q20 Build	3/31/2020	2Q20 Build	6/30/2020	3Q20 Build	9/30/2020
Consumer	36.2	17.1	16.9	70.2	30.7	100.9	22.3	123.2
Commercial	73.8	(18.8)	13.0	68.0	4.5	72.5	7.8	80.3
Total	110.0	(1.7)	29.9	138.2	35.2	173.4	30.1	203.5
Coverage	1.00%	-0.01%	0.23%	1.22%	0.25%	1.47%	0.26%	1.73%
Coverage excluding PPP	1.00%	-0.01%	0.23%	1.22%	0.31%	1.53%	0.27%	1.80%

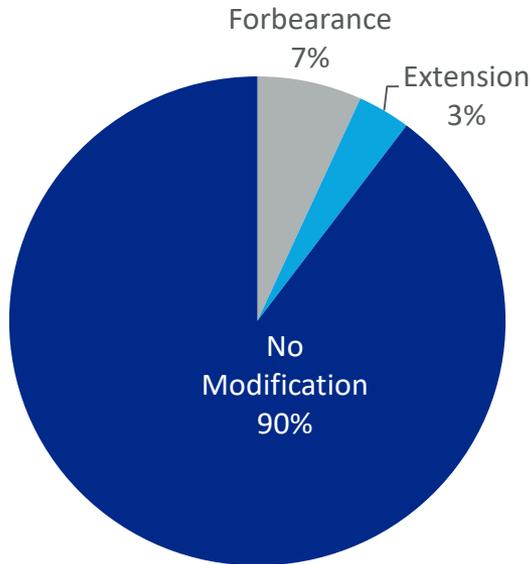
# Customer Relief Update

\$1,528 million (13.0%)

## Deferrals & Extensions as of 9/30/20

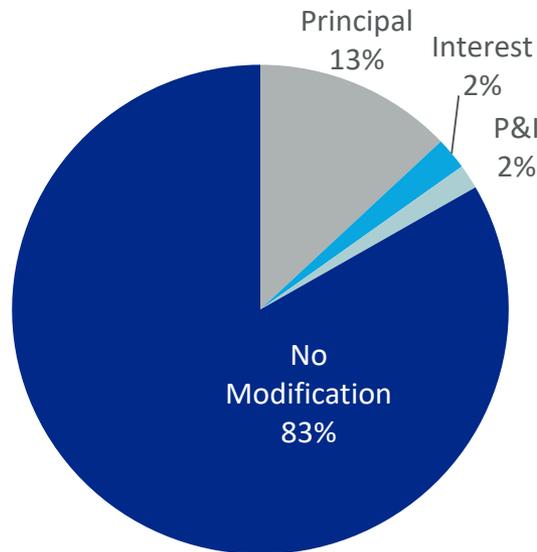
### Consumer

5.9% Outstandings



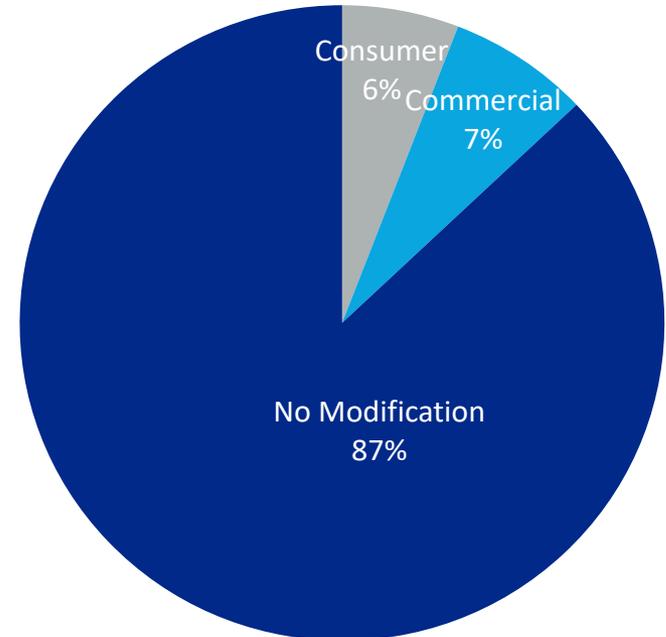
### Commercial

7.1% Outstandings



### Total Modifications

13.0% Outstandings

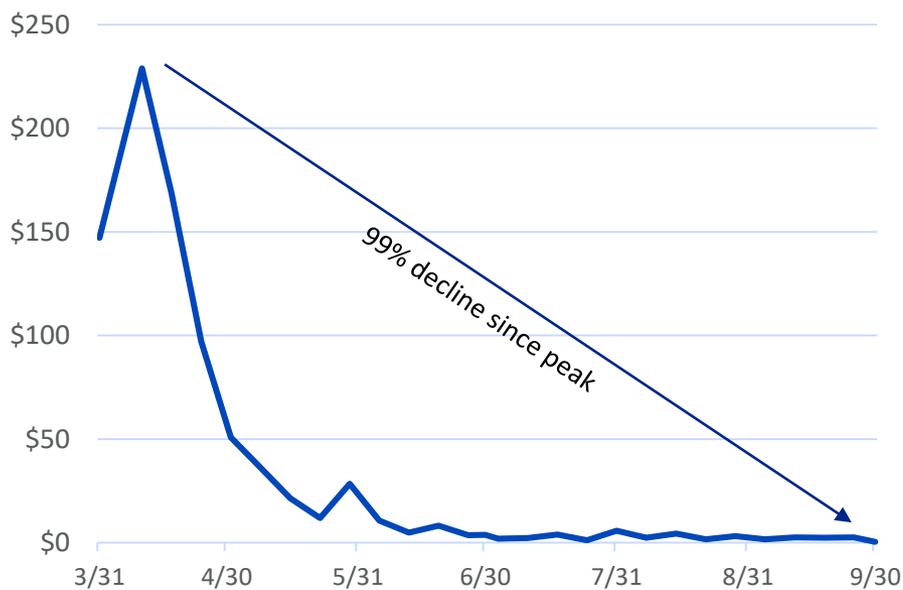


# Customer Relief Update

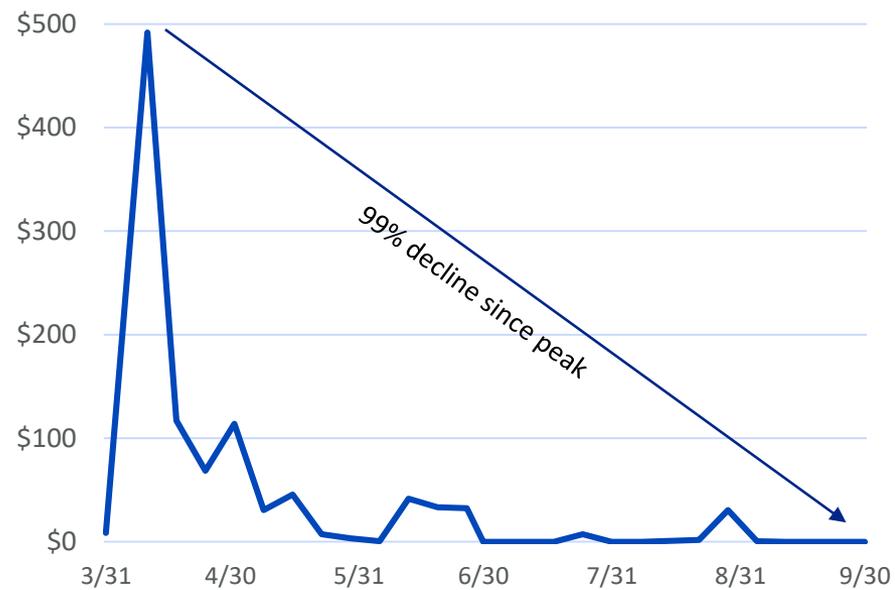
\$ in millions

- 16,778 Accounts as of September 30<sup>th</sup>
- Deceleration in Activity Since Peak in April

## Weekly Payment Deferrals Granted



— New Consumer



— New Commercial

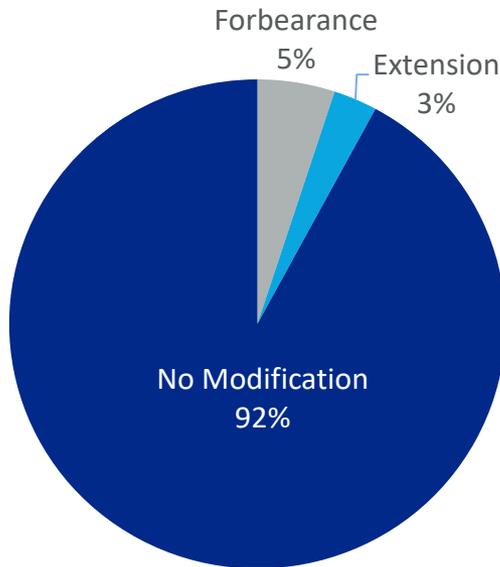
# Customer Relief Update

\$1,013 Million (8.6%)

## Deferrals & Extensions as of 10/23/20

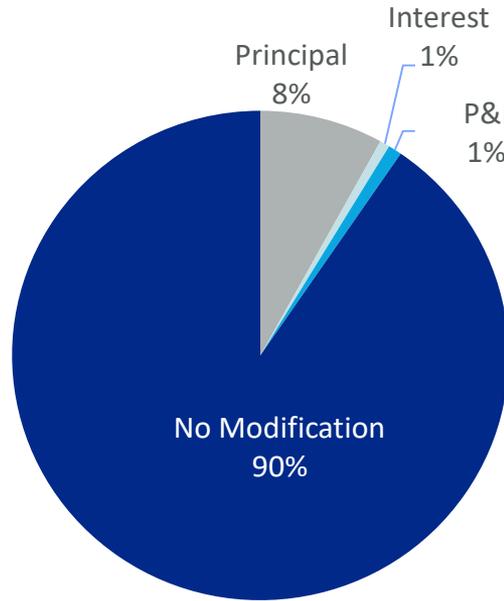
### Consumer

4.5% Outstandings



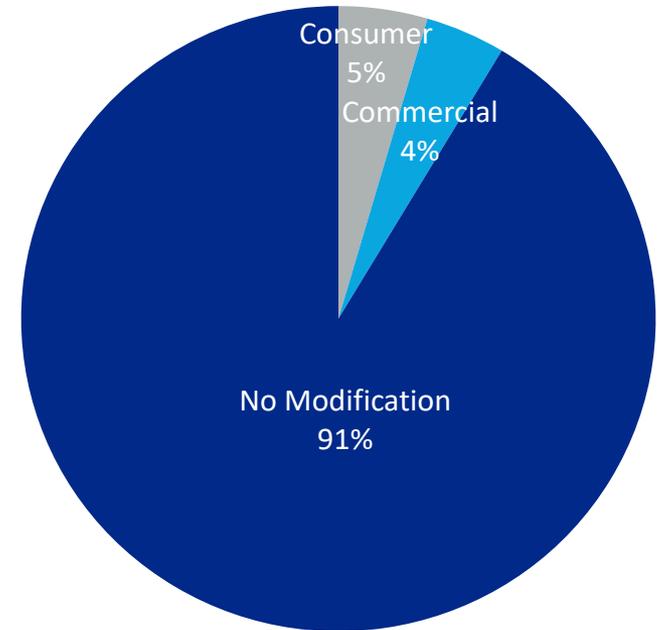
### Commercial

4.1% Outstandings



### Total Modifications

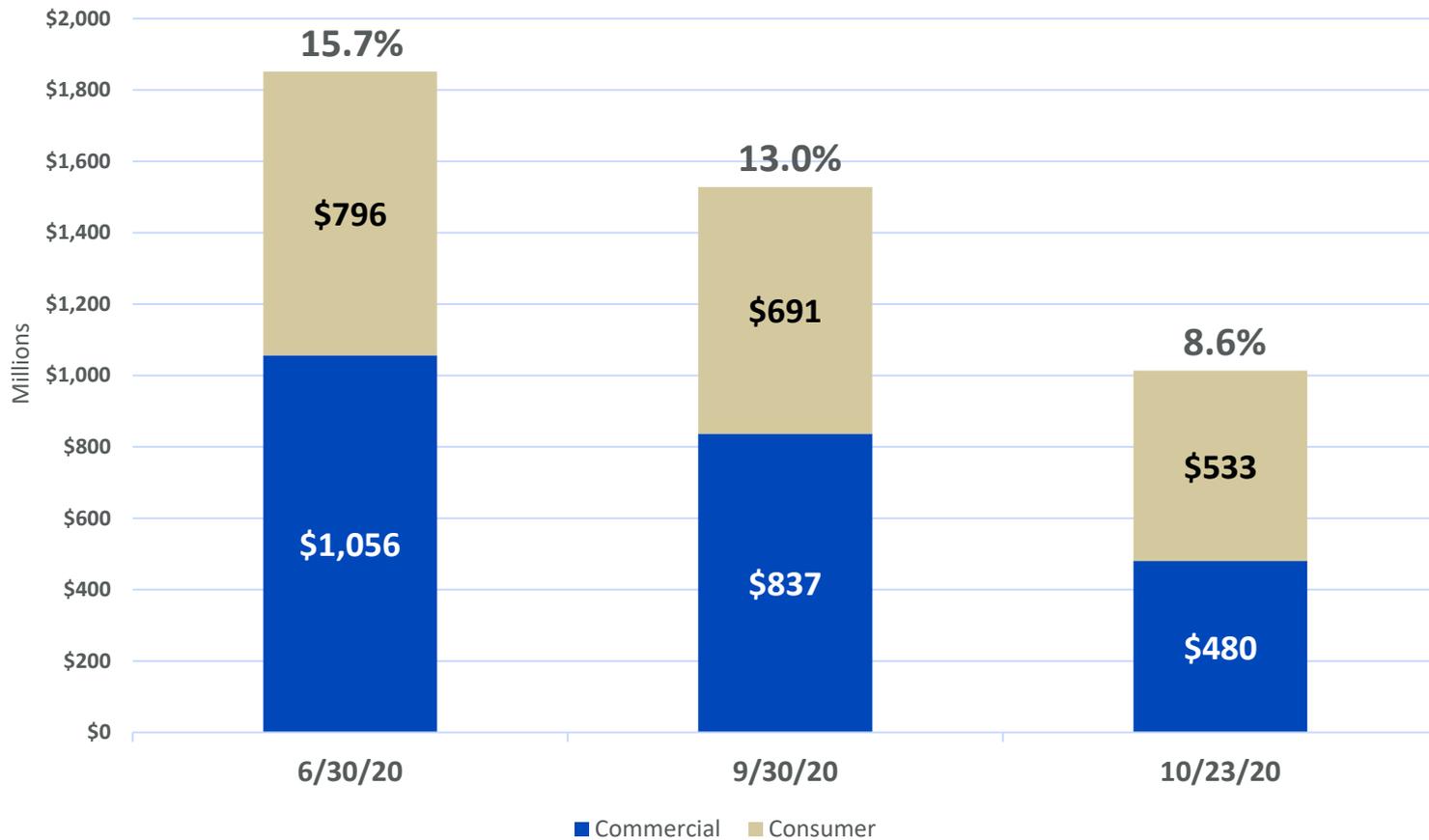
8.6% Outstandings



# Customer Relief Update

45% Decline from June 30, 2020

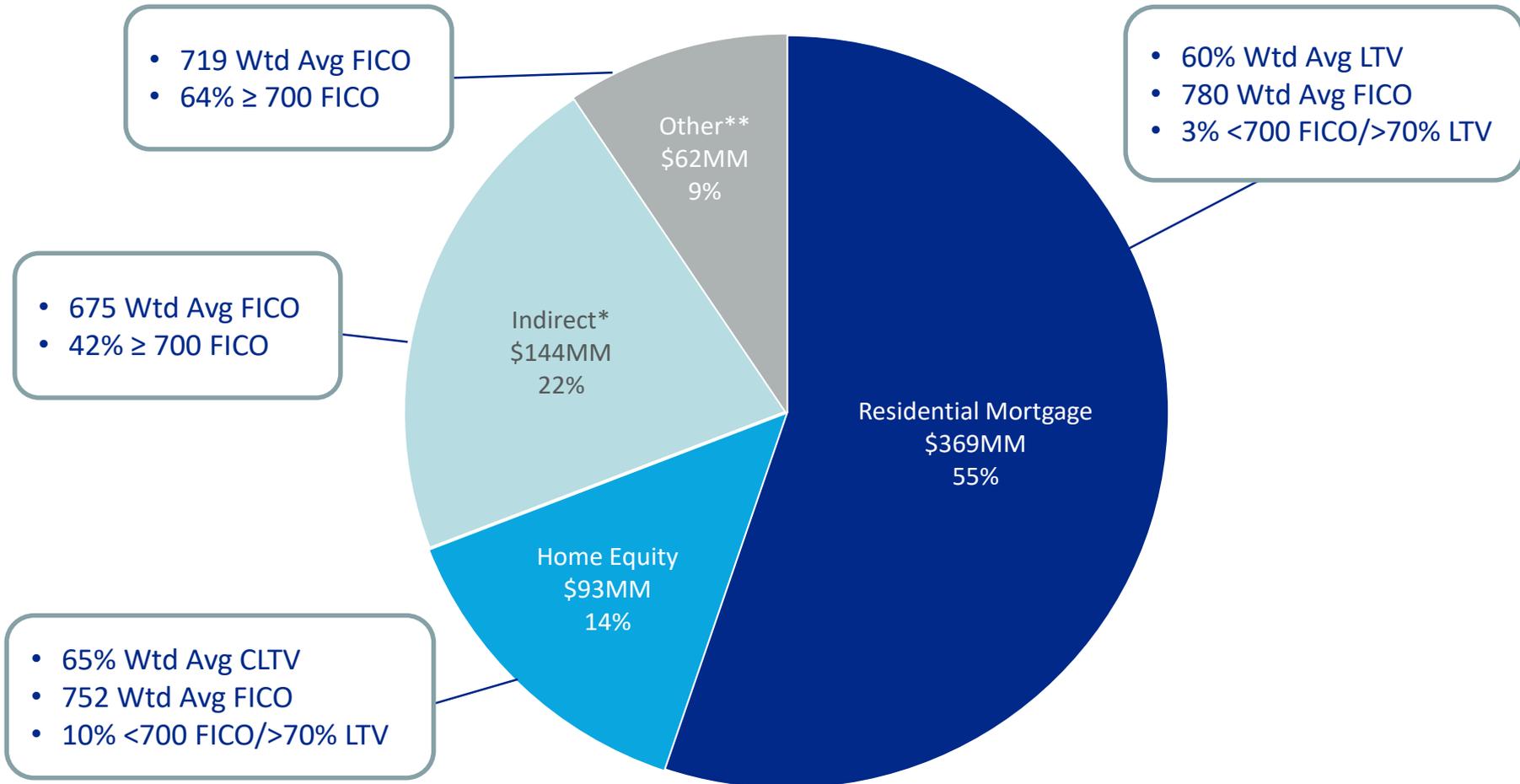
## Deferrals and Extension Timeline



# Consumer Customer Relief

\$668 million (5.7%)

## 69% Secured with 61% Weighted Average LTV as of 9/30/20



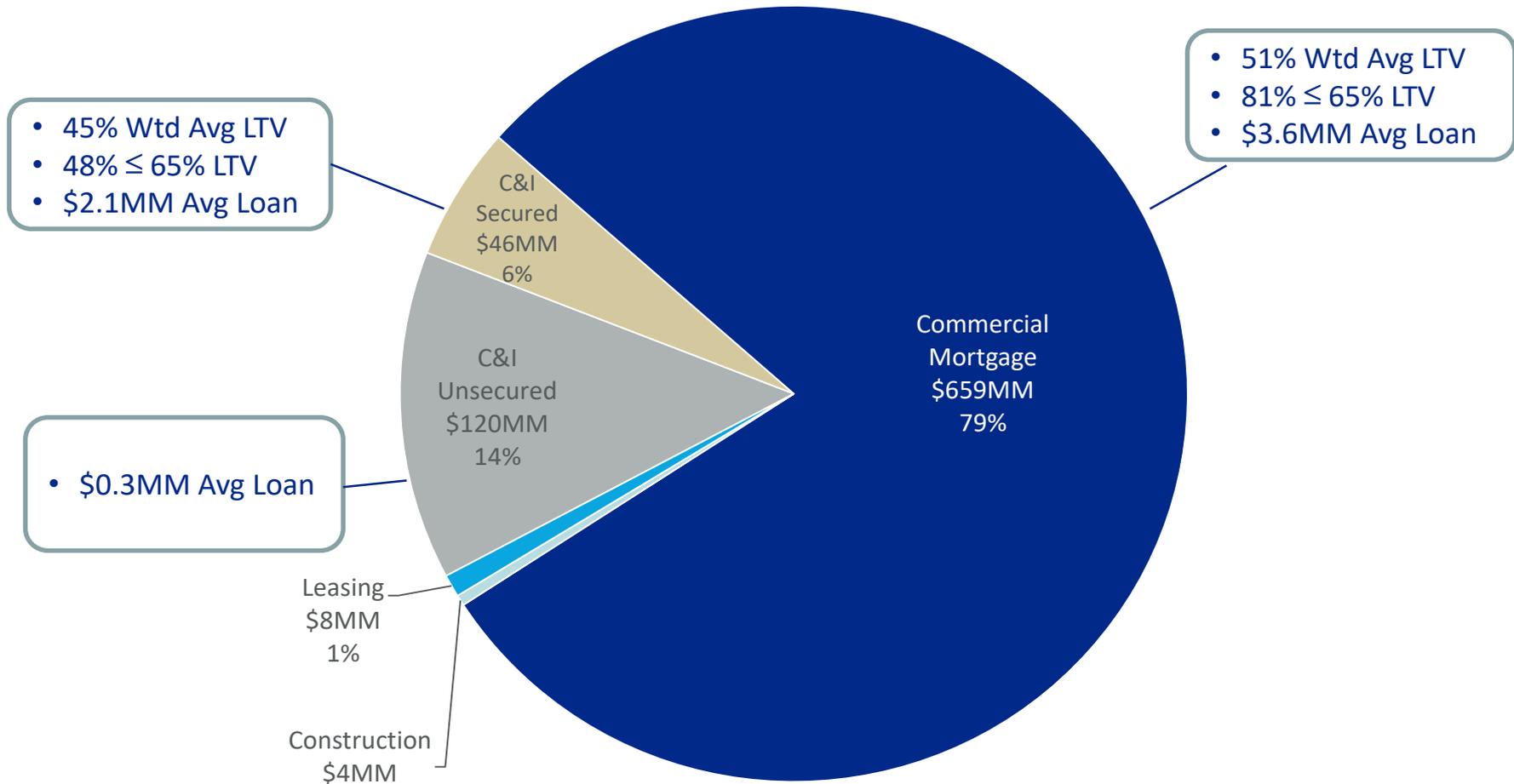
\* Indirect excludes recourse loans (\$23MM)

\*\*Other includes Direct Installment loans and Auto Lease. Origination FICO used for Auto Lease.

# Commercial Customer Relief

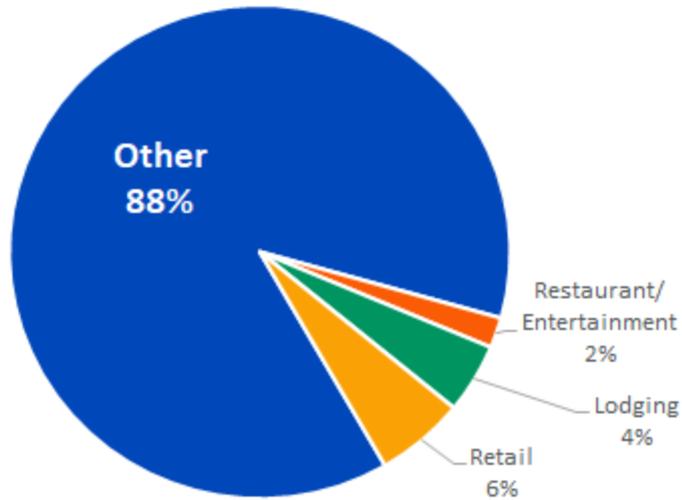
\$837 million (7.1%)

85% Secured with 51% Weighted Average LTV  
as of 9/30/20

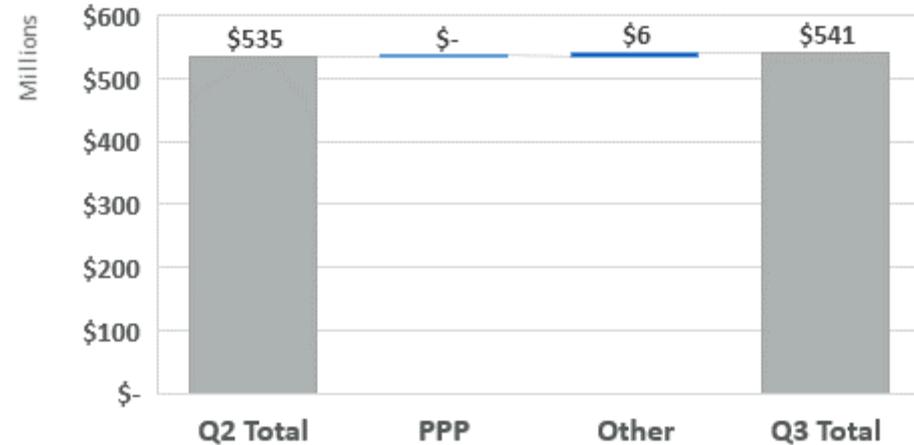


# High Risk Industries

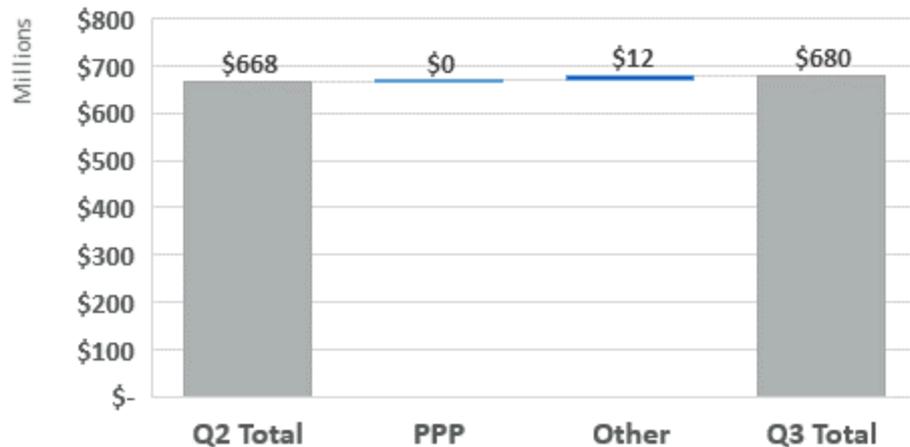
\$1,456 million (12%) / \$1,305 million (11%) Excluding PPP



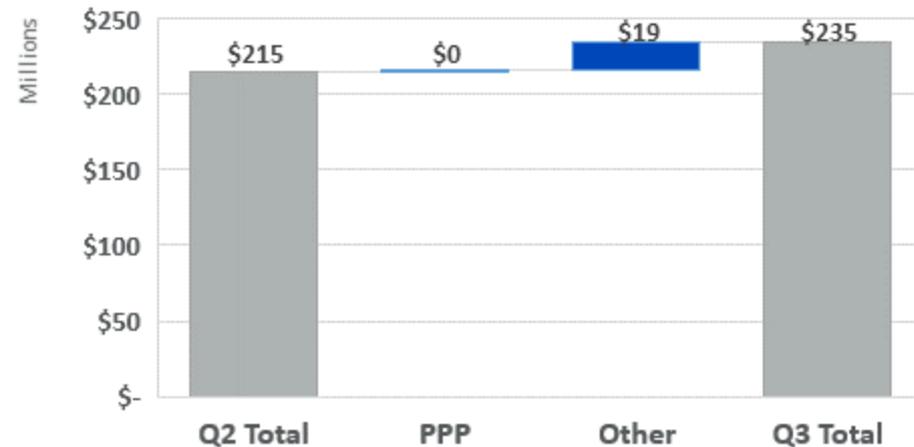
**Lodging Balance Growth (Q3 v Q2)**



**Retail Balance Growth (Q3 v Q2)**



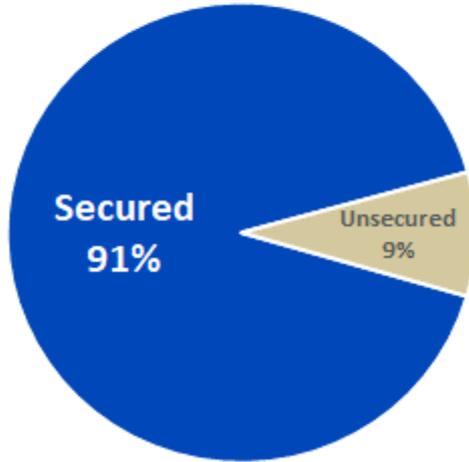
**Restaurant/Entertainment Balance Growth (Q3 v Q2)**



# Retail

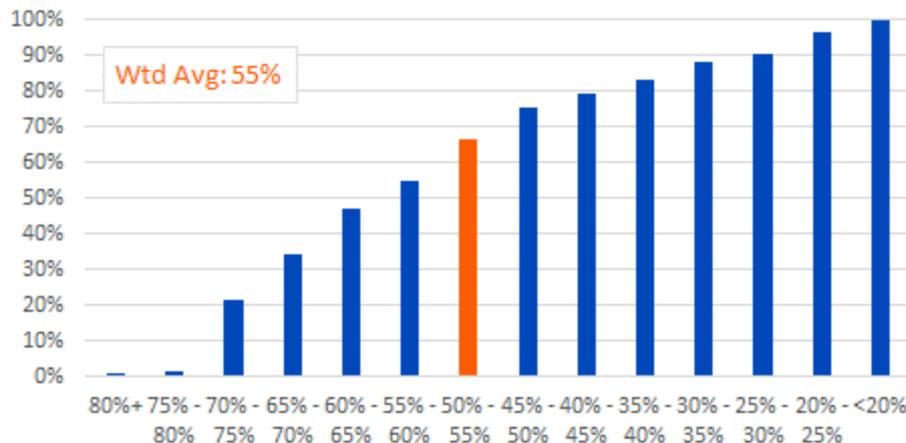
\$648 million (5%) - Excluding PPP

## Real Estate Secured



- 91% Real Estate Secured
  - 55% Wtd Avg LTV
  - Average Exposure \$3.4 MM
  - Largest Exposure \$40 MM
  - 66% of Portfolio has an LTV  $\leq$  65%
- 96.9% is Secured or has Essential Anchor
- 0.9% Unsecured and Deferred
- 99.95% Secured or Paying Interest

## Secured LTV Distribution

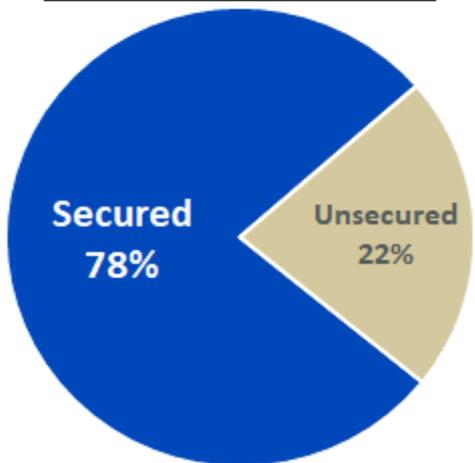


		Deferred		
		Yes	No	Total
Secured	Yes	27.2%	64.1%	91.3%
	No	0.9%	7.7%	8.7%
	Total	28.2%	71.8%	100.0%

# Lodging

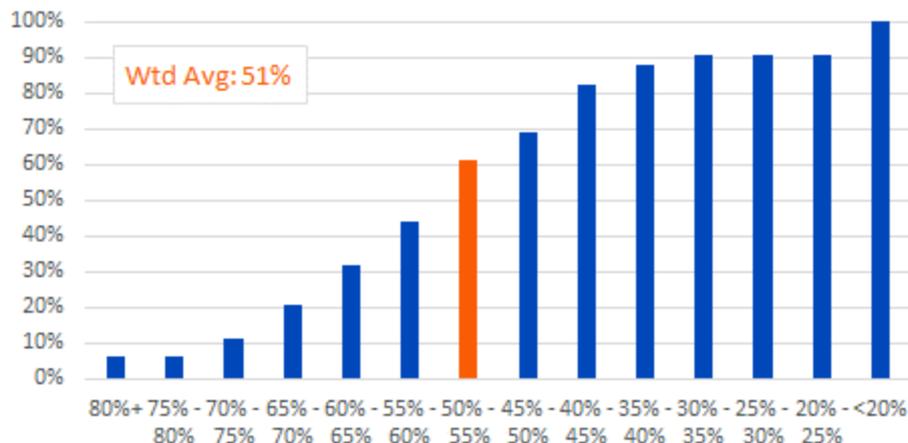
\$503 million (4%) - Excluding PPP

## Real Estate Secured



- 78% Real Estate Secured
  - 51% Wtd Avg LTV
  - Average Exposure \$8.9 MM
  - Largest Exposure \$40 MM
  - 79% of Portfolio has an LTV  $\leq$  65%
- 93% of Unsecured Outstandings to Global Hotel and Timeshare Brands
- 5.3% Unsecured and Deferred
- 95.1% Secured or Paying Interest

## Secured LTV Distribution

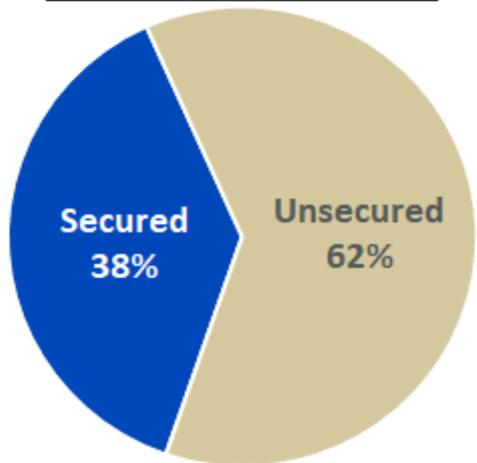


		Deferred		
		Yes	No	Total
Secured	Yes	47.4%	30.3%	77.8%
	No	5.3%	16.9%	22.2%
	Total	52.8%	47.2%	100.0%

# Restaurant/Entertainment

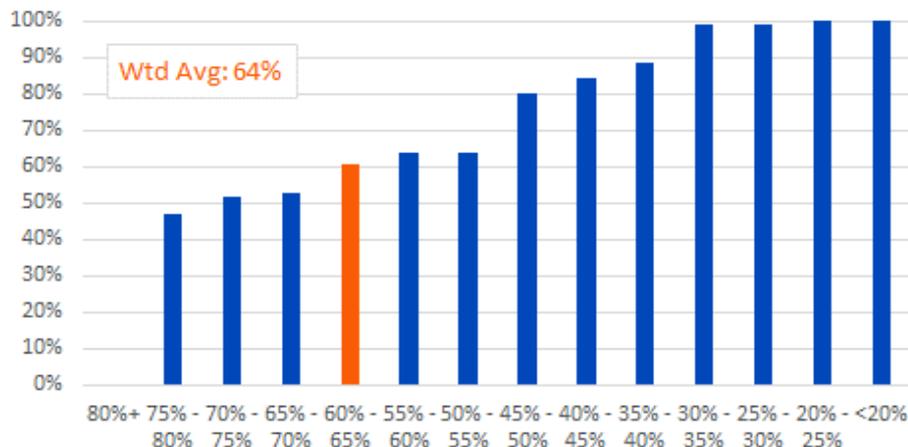
\$154 million (1%) - Excluding PPP

## Real Estate Secured



- 38% Real Estate Secured
  - 64% Wtd Avg LTV
  - Average Exposure \$1.6 MM
  - Largest Exposure \$25.7 MM
  - 47% of Portfolio has an LTV  $\leq$  65%
- \$32.9 MM Unsecured and Deferred
  - Average Exposure \$0.5 MM
- 98.8% Secured or Paying Interest

## Secured LTV Distribution



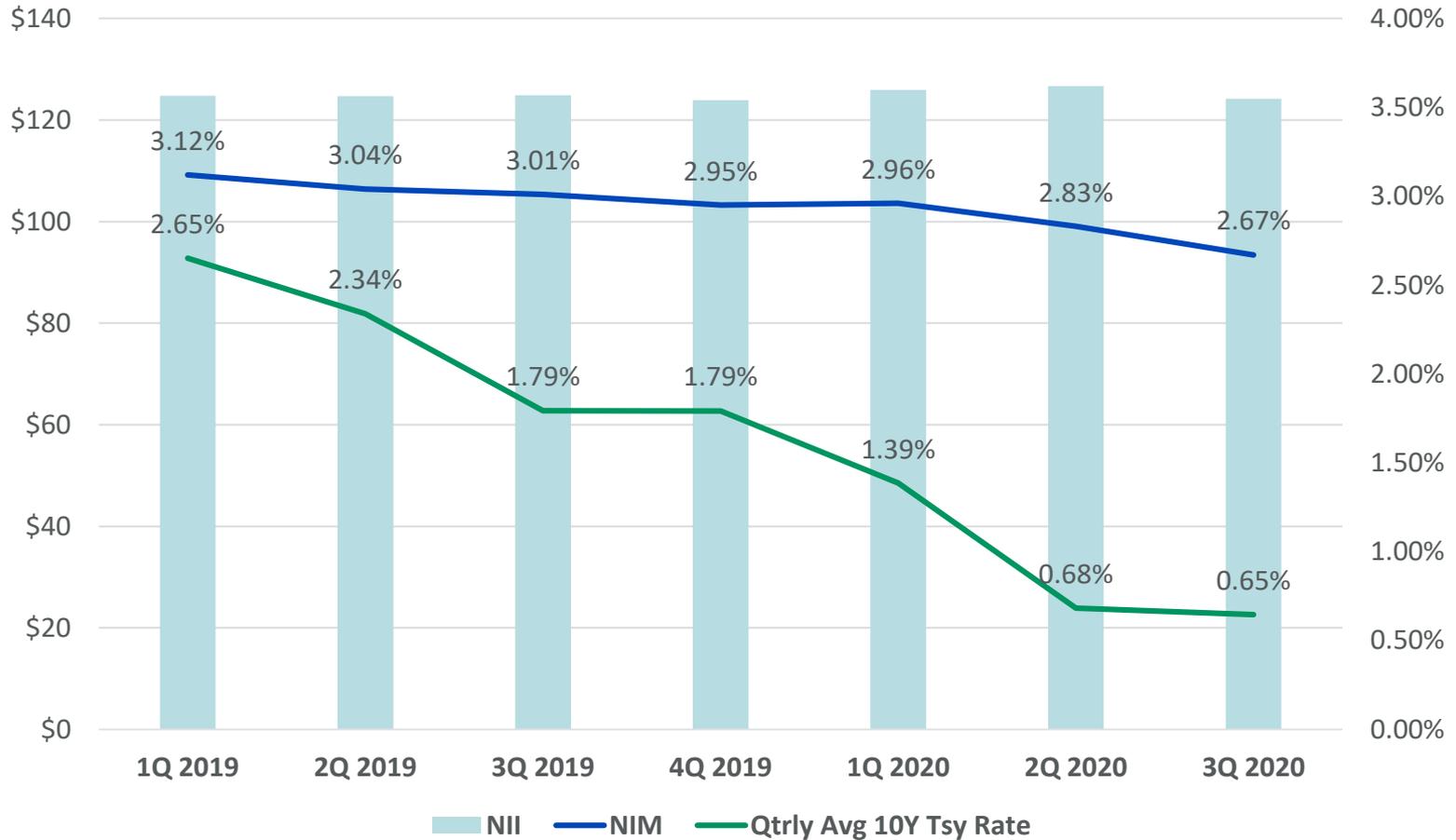
		Deferred		
		Yes	No	Total
Secured	Yes	9.6%	28.4%	38.0%
	No	21.3%	40.6%	62.0%
	Total	30.9%	69.1%	100.0%

# Financial Overview

# Stable Net Interest Income

\$ in millions

## Net Interest Income Steady Despite Sharply Lower Interest Rates and Margin Pressure

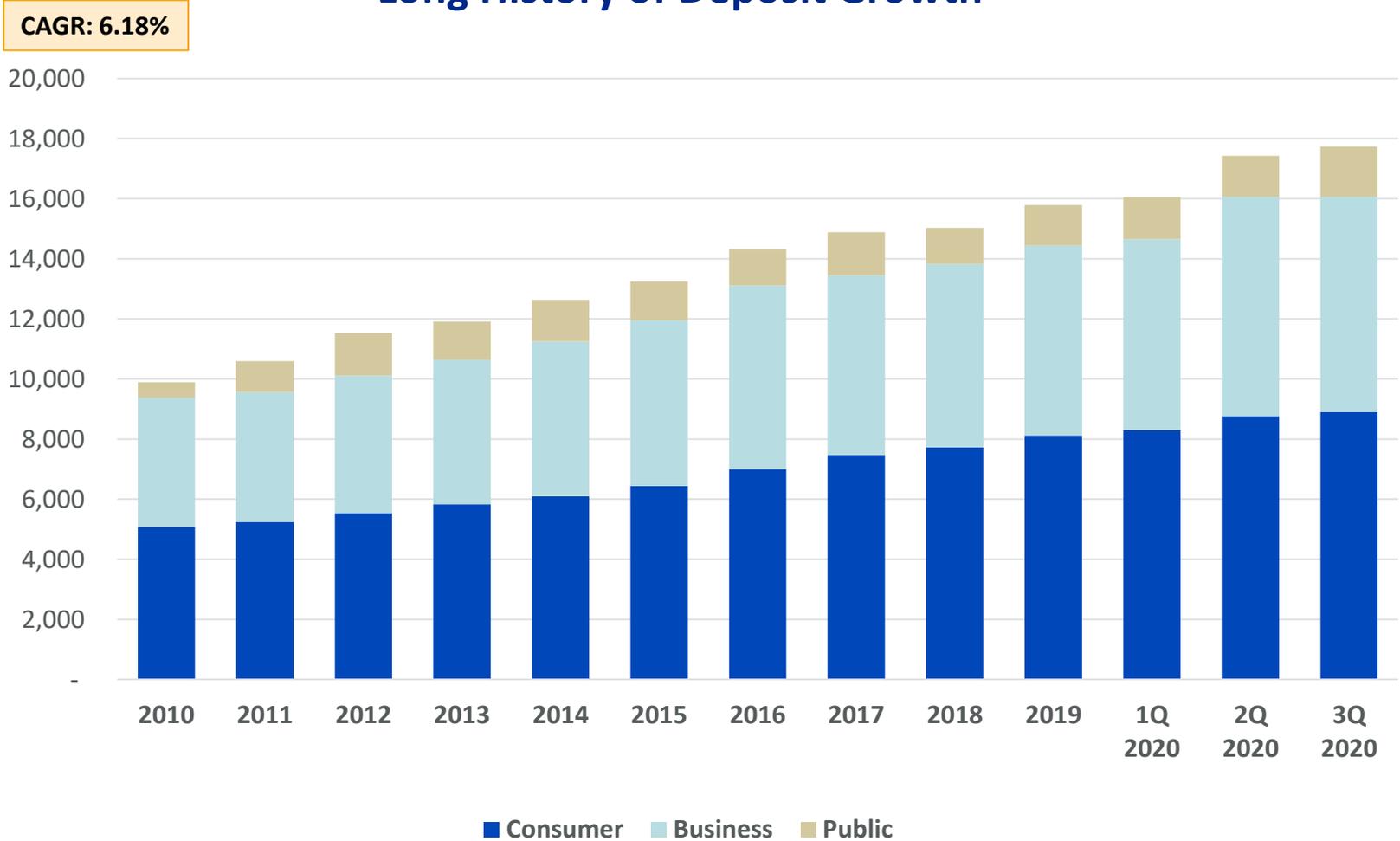


Note: Q2 2020 includes \$2.9MM interest recovery

# History of Deposit Growth by Segment

\$ in millions

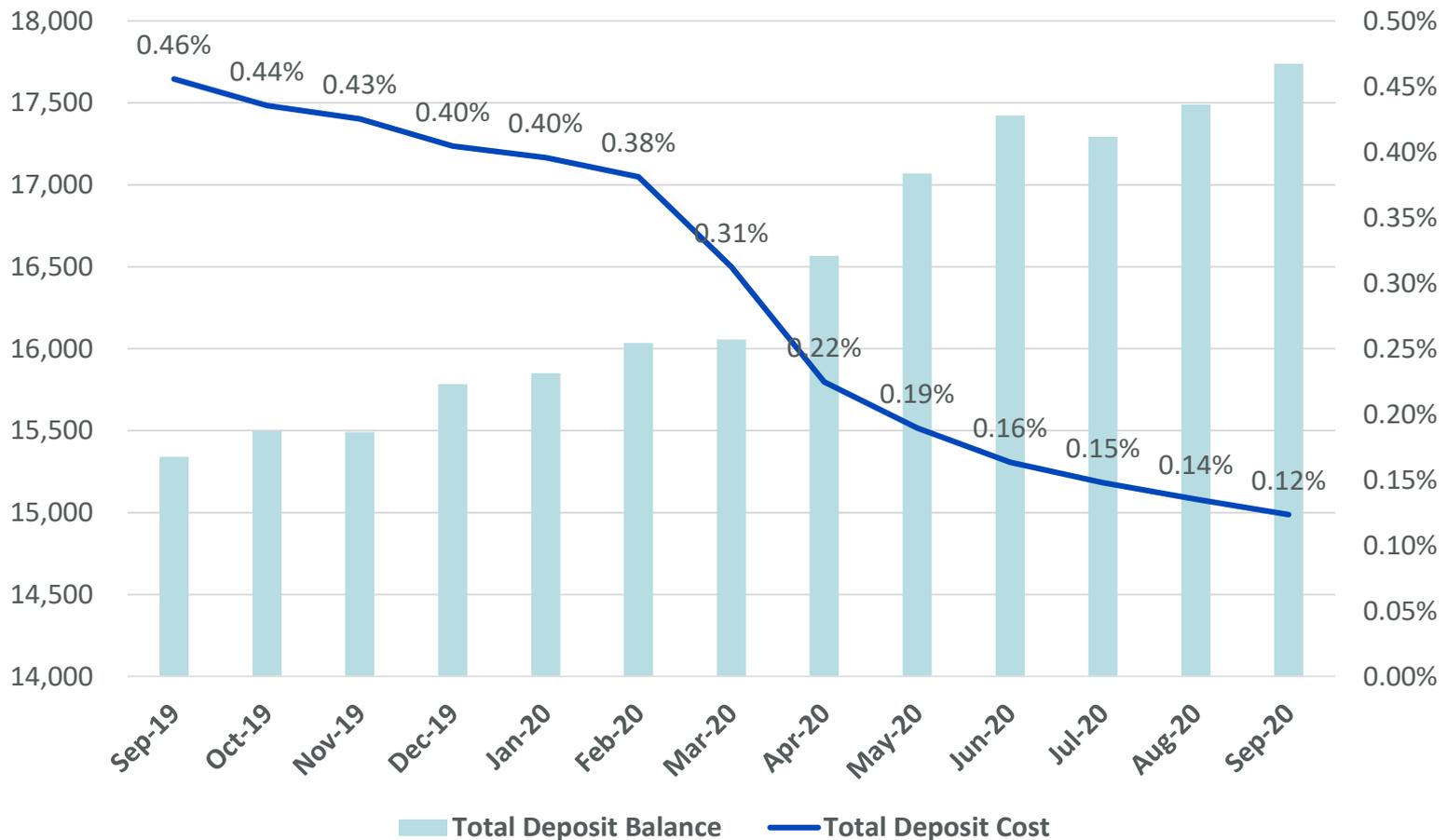
## Long History of Deposit Growth



# Deposit Rate Trends

\$ in millions

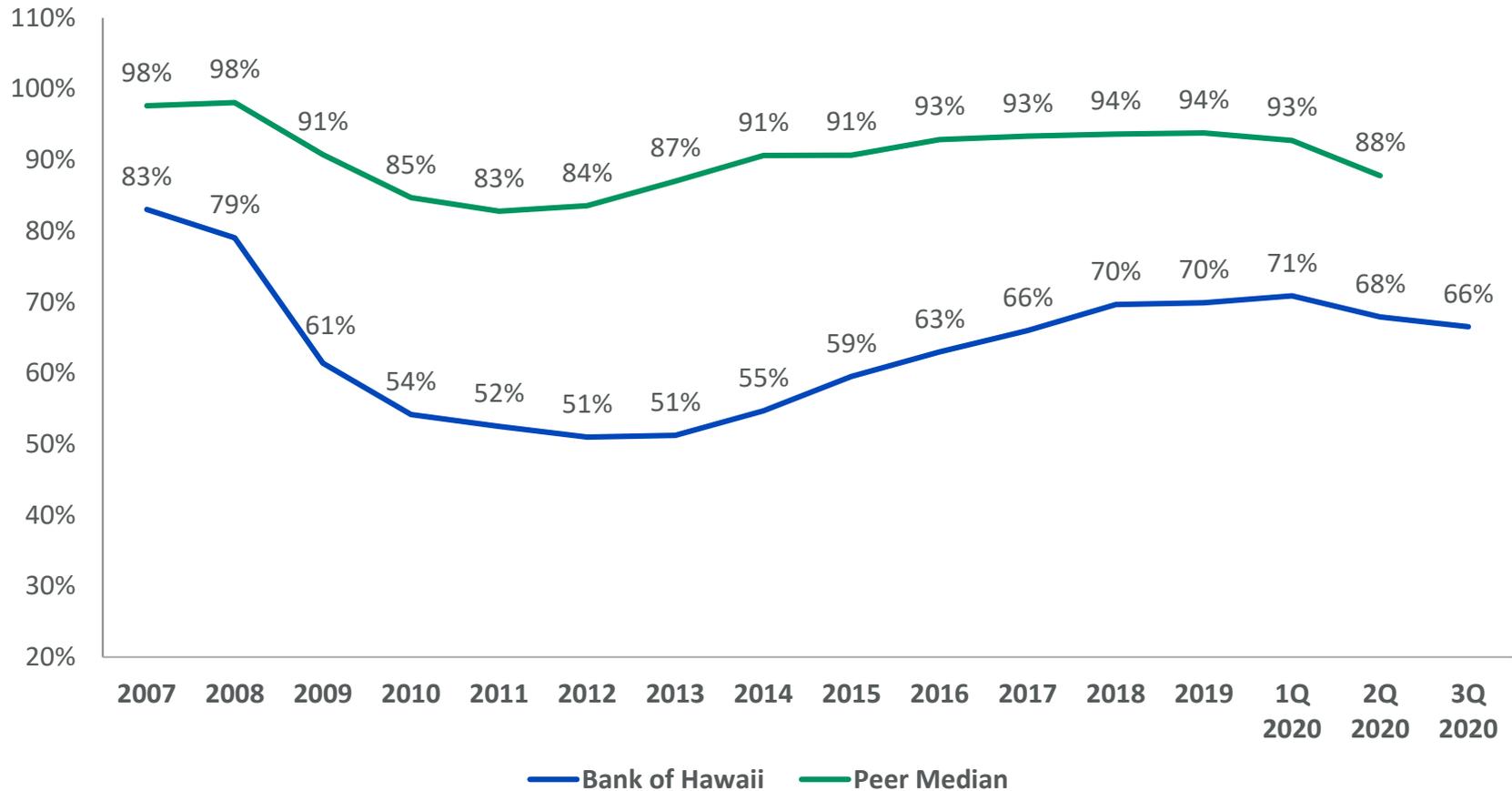
## Well-Managed Deposit Rates and Funding Costs Remain Low



# Strong Liquidity

Loan to Deposit Ratio Compared with Peers

## Ample Liquidity to Fund Continued Growth

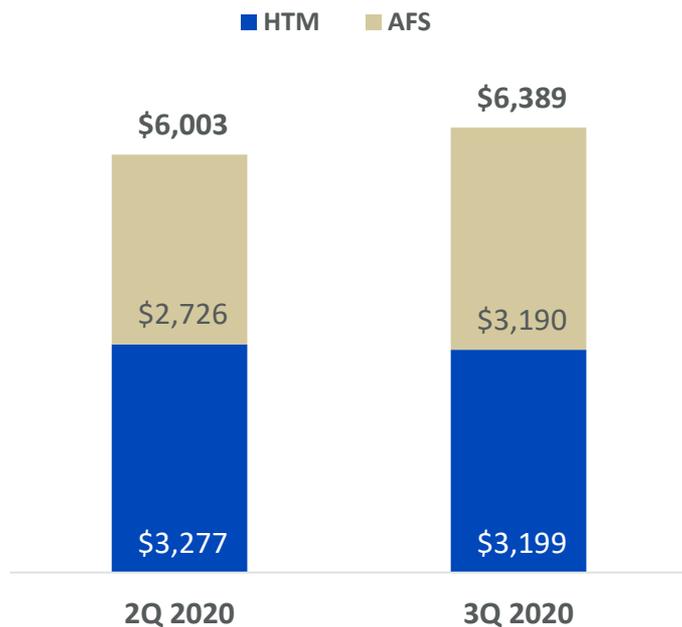


# Investment Portfolio & Duration

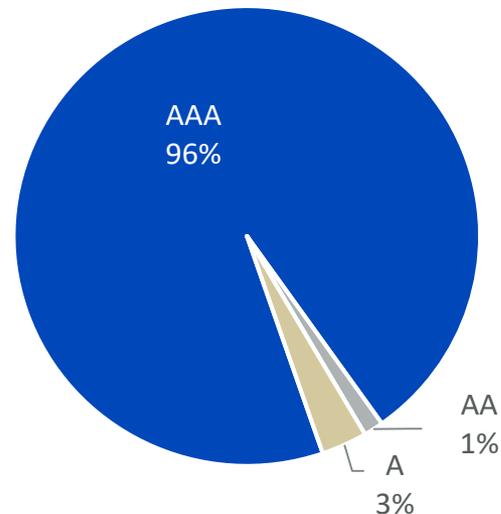
\$ in millions

## Investment Securities Portfolio Consists of High-Quality Securities

**Total Investment Portfolio**



**Moody's Rating**



**Duration (yrs)**

AFS	3.59
HTM	3.49
Total	3.54

**Premium Amortization**

\$9.1

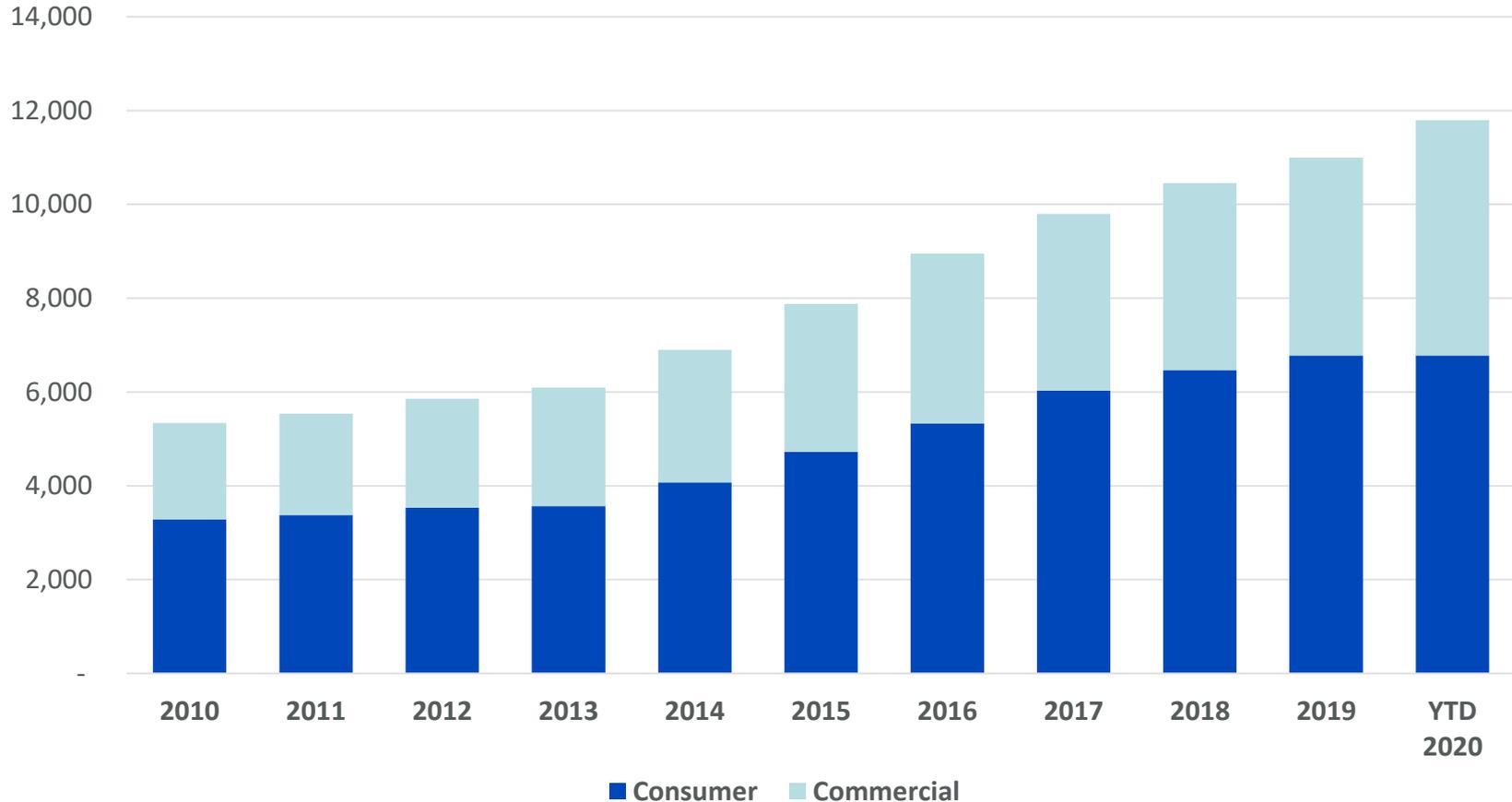
Highly liquid and pledgeable  
Secure and reliable cash flows

# History of Loan Growth by Segment

\$ in millions

## Long History of Stable Loan Growth

CAGR: 8.47%

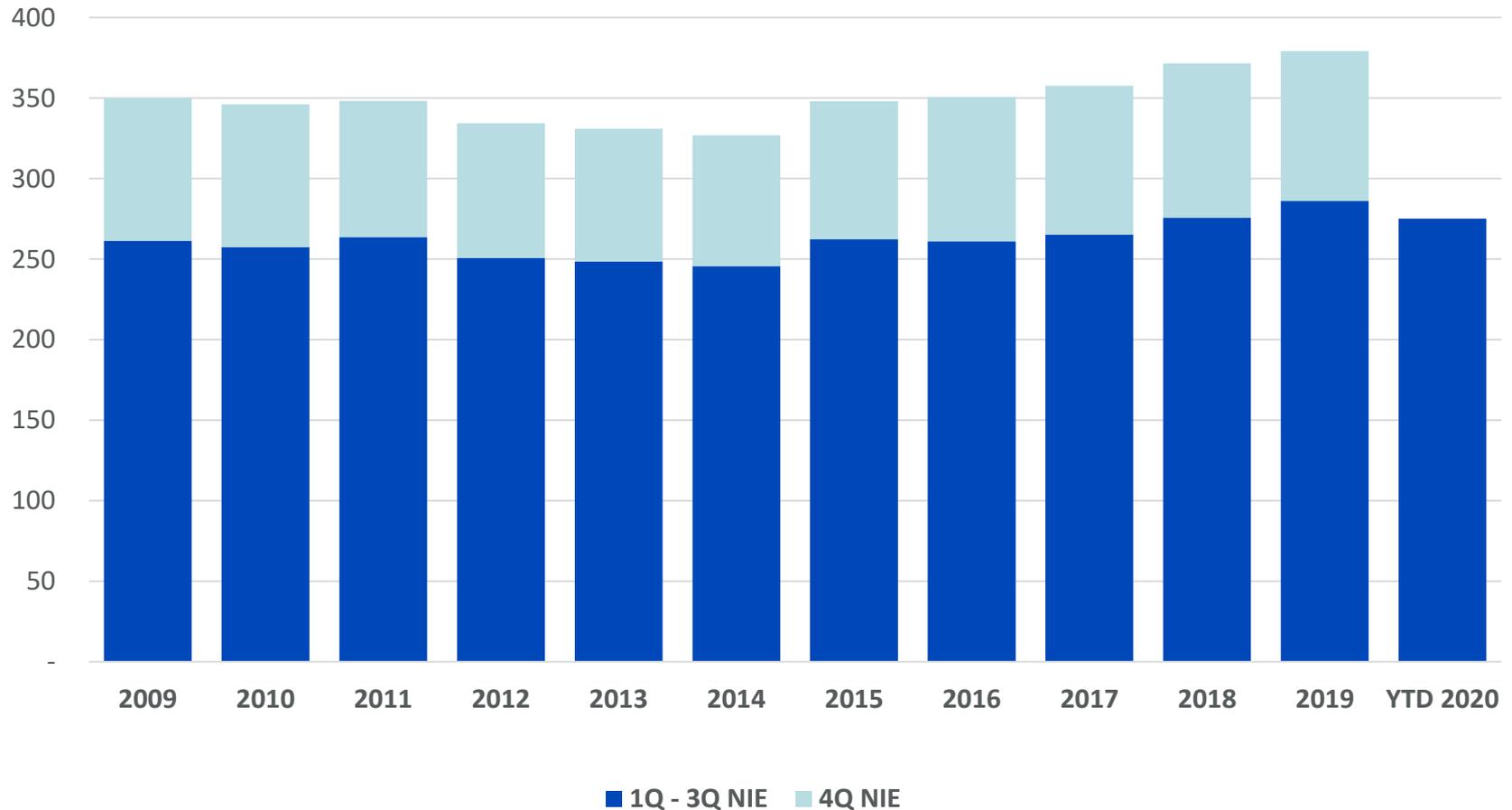


# Disciplined Expense Management

\$ in millions

NIE CAGR: 0.8%  
Average Inflation: 1.9%

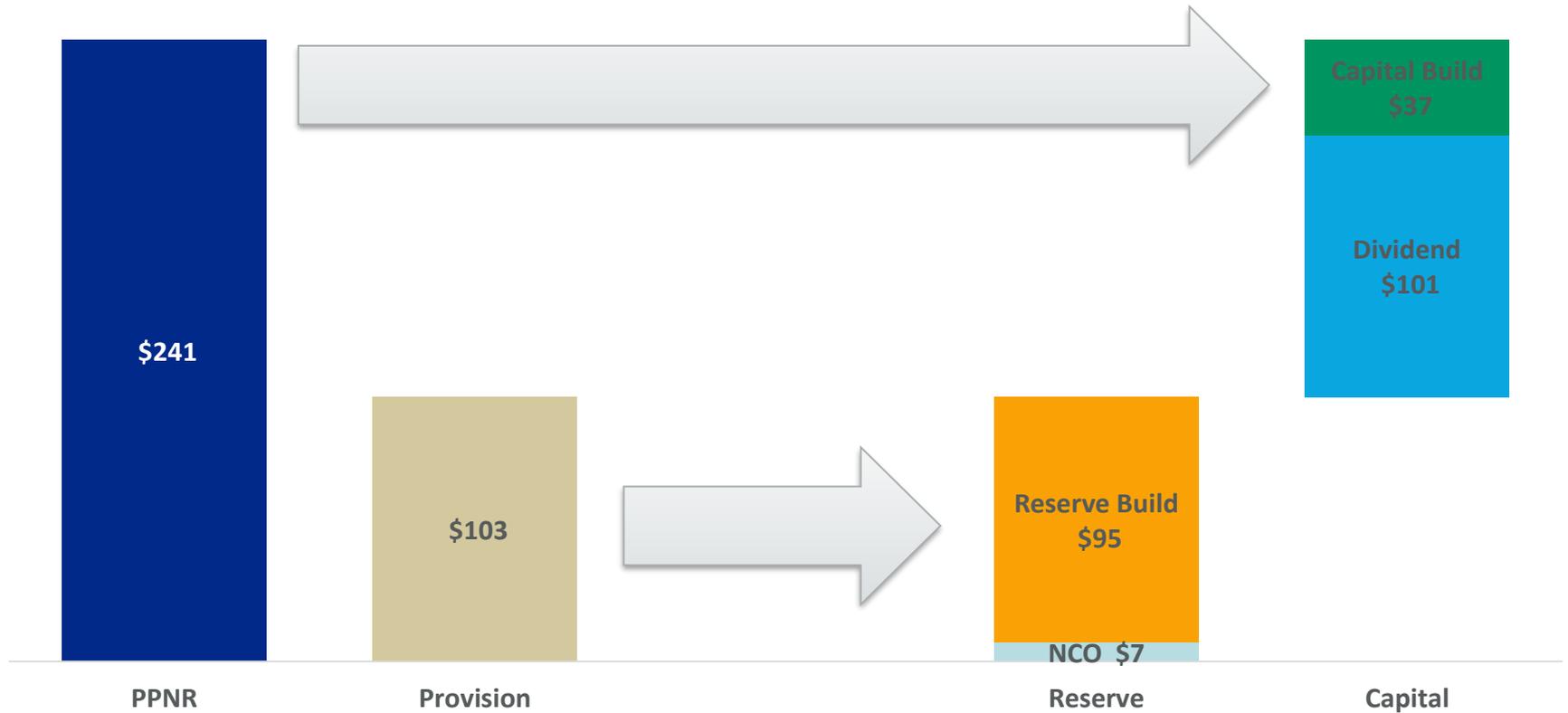
## Long Term Disciplined Expense Management



# Reserve and Capital Build

\$ in millions

YTD 2020



Note: Dividend amount shown is pre-tax

# Fortress Capital Position Improving

## Growth in Risk-Based Capital, Well in Excess of Required Minimums



# Financial Summary

*\$ in millions, except per share amounts*

	<u>3Q 2020</u>	<u>2Q 2020</u>	<u>3Q 2019</u>	<u>Δ 2Q 2020</u>	<u>Δ 3Q 2019</u>
<b>Net Interest Income</b>	\$ 124.2	\$ 126.7	\$ 124.9	\$ (2.5)	\$ (0.7)
<b>Noninterest Income</b>	41.7	51.3	46.5	(9.5)	(4.8)
<b>Total Revenue</b>	165.9	178.0	171.4	(12.1)	(5.5)
<b>Noninterest Expense</b>	89.9	88.9	100.3	1.1	(10.4)
<b>Operating Income</b>	76.0	89.1	71.1	(13.1)	4.9
<b>Credit Provision</b>	28.6	40.4	4.3	(11.8)	24.4
<b>Income Taxes</b>	9.5	9.8	14.8	(0.2)	(5.2)
<b>Net Income</b>	\$ 37.8	\$ 38.9	\$ 52.1	\$ (1.1)	\$ (14.2)
<b>Diluted EPS</b>	\$ 0.95	\$ 0.98	\$ 1.29	\$ (0.03)	\$ (0.34)

## End of Period Balances

<b>Investment Portfolio</b>	6,389	6,003	5,541	6.4%	15.3%
<b>Loans &amp; Leases</b>	11,794	11,805	10,881	-0.1%	8.4%
<b>Total Deposits</b>	17,739	17,423	15,341	1.8%	15.6%
<b>Shareholders' Equity</b>	1,362	1,352	1,291	0.7%	5.4%

Note: Numbers may not add up due to rounding

# Performance Metrics

	<u>3Q 2020</u>	<u>2Q 2020</u>	<u>3Q 2019</u>	<u>Δ 2Q 2020</u>	<u>Δ 3Q 2019</u>
<b>Return on Assets</b>	0.76%	0.82%	1.17%	-0.06%	-0.41%
<b>Return on Equity</b>	11.01%	11.58%	16.02%	-0.57%	-5.01%
<b>Net Interest Margin</b>	2.67%	2.83%	3.01%	-0.16%	-0.34%
<b>Efficiency Ratio</b>	54.2%	50.0%	58.5%	4.3%	-4.3%

**Bank of Hawaii Corporation**  
**Third Quarter 2020 Financial Results**

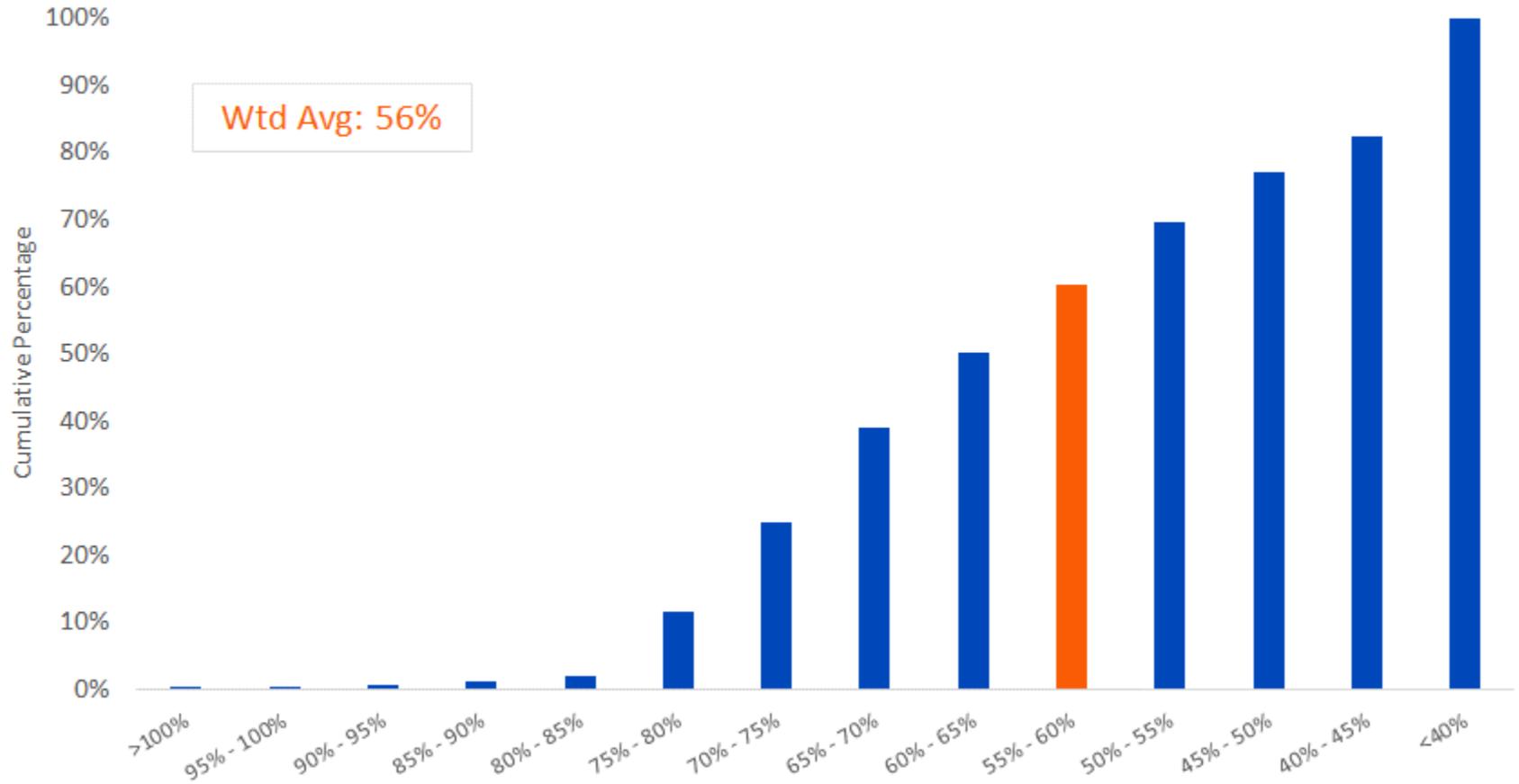
***October 26, 2020***

# APPENDIX

# Residential Mortgage

Current LTV

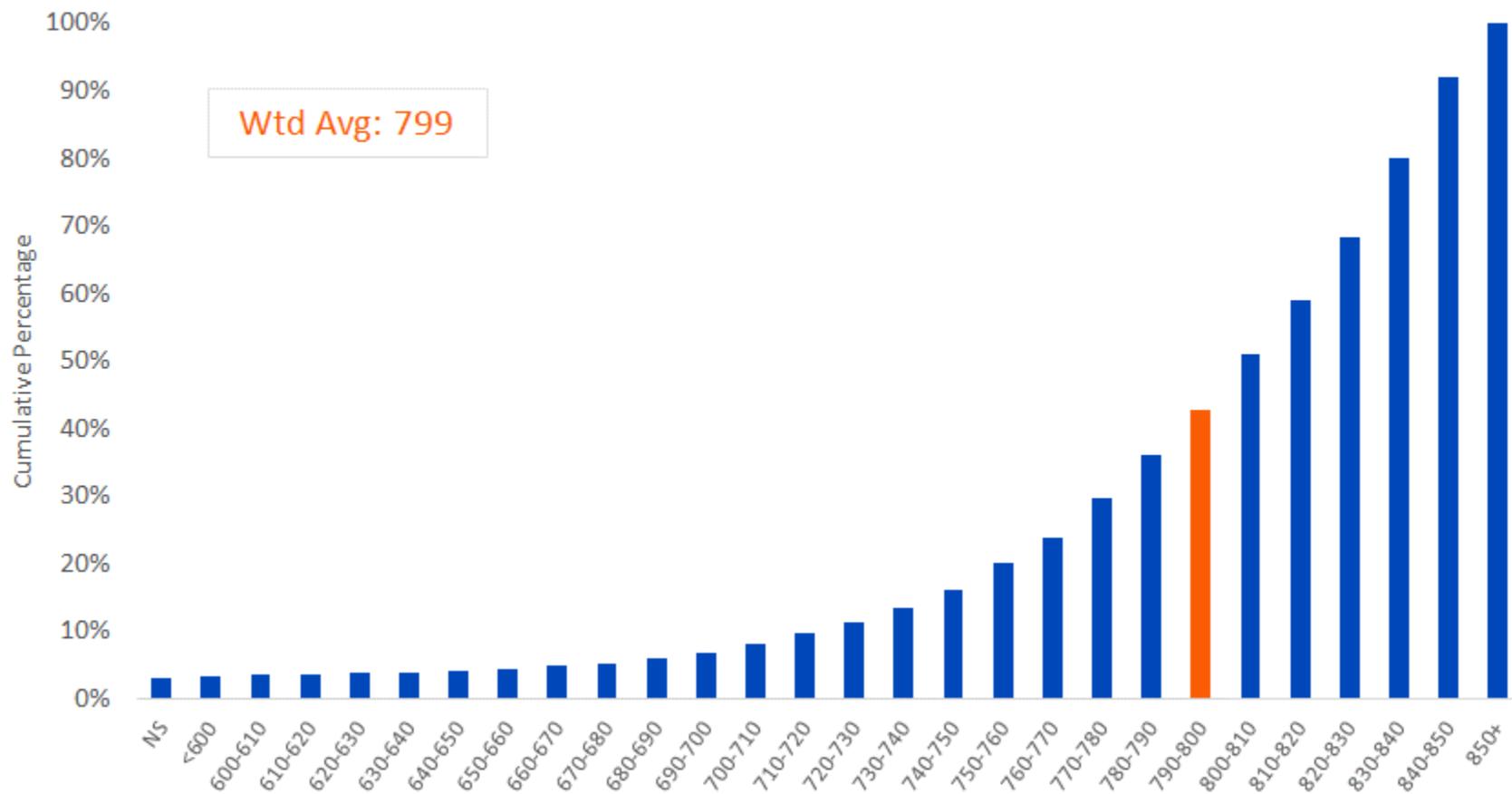
## Residential Mortgage - Current LTV



# Residential Mortgage

Monitoring FICO

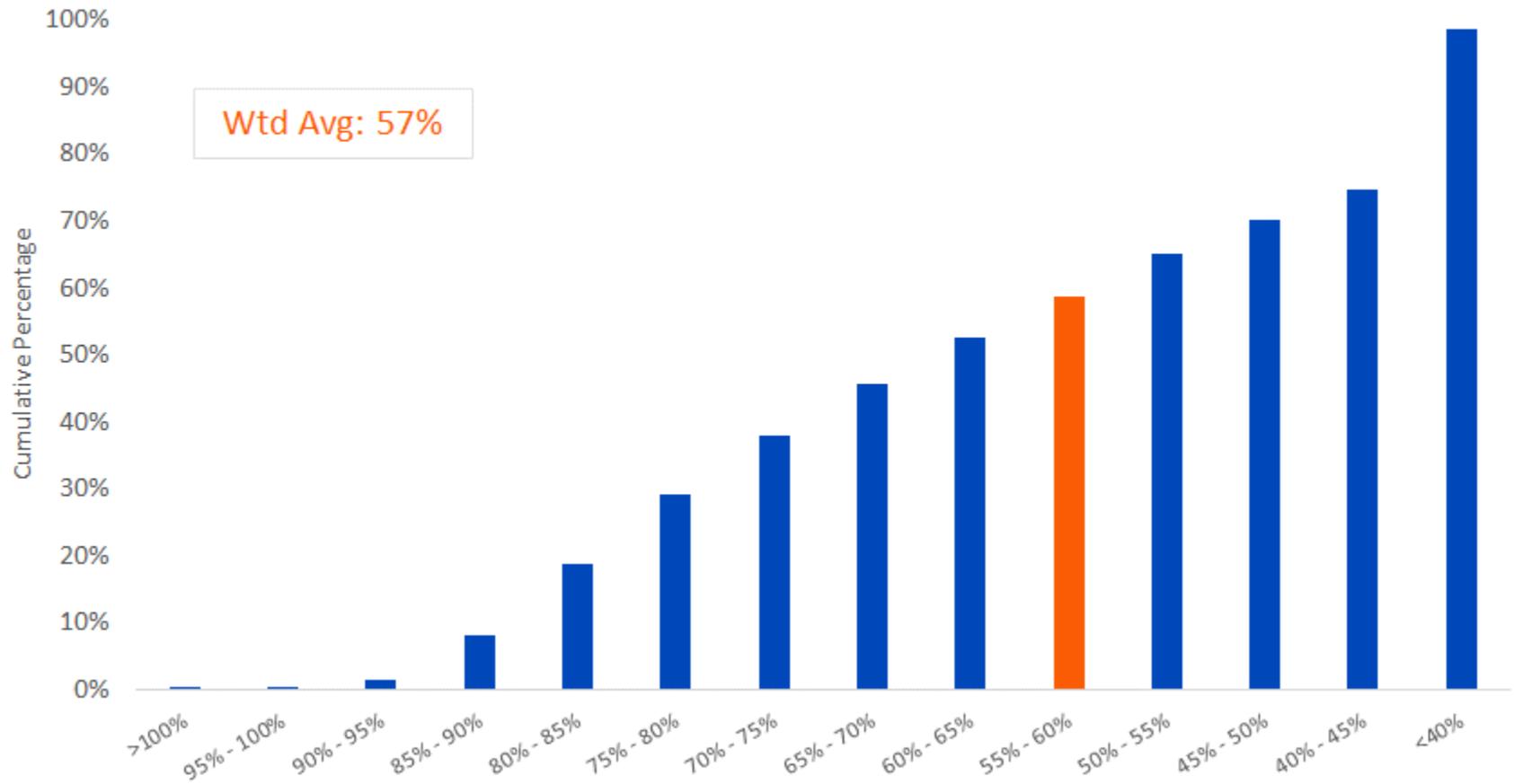
## Residential Mortgage - Monitoring FICO



# Home Equity

Current CLTV

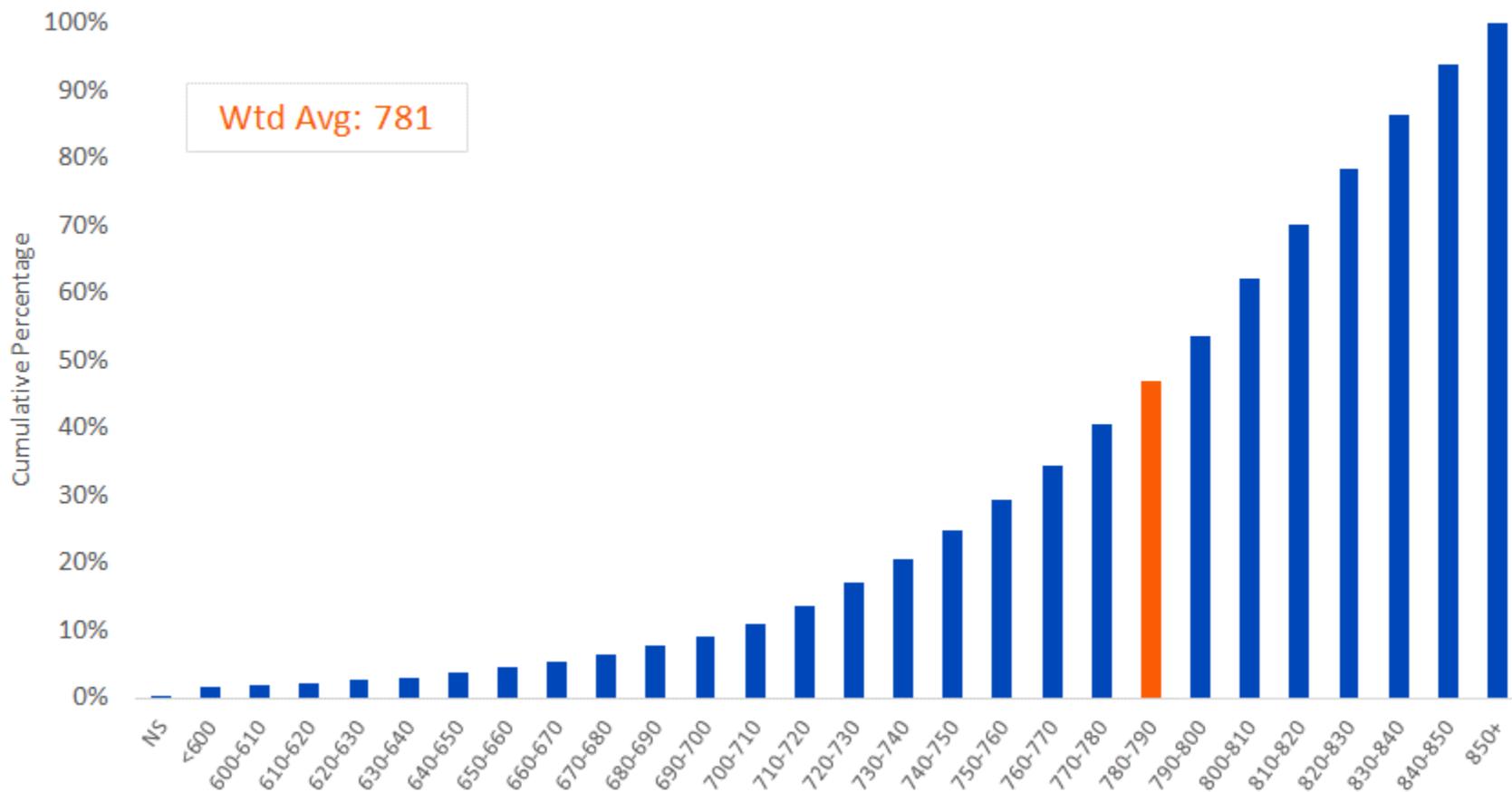
## Home Equity - Current CLTV



# Home Equity

## Monitoring FICO

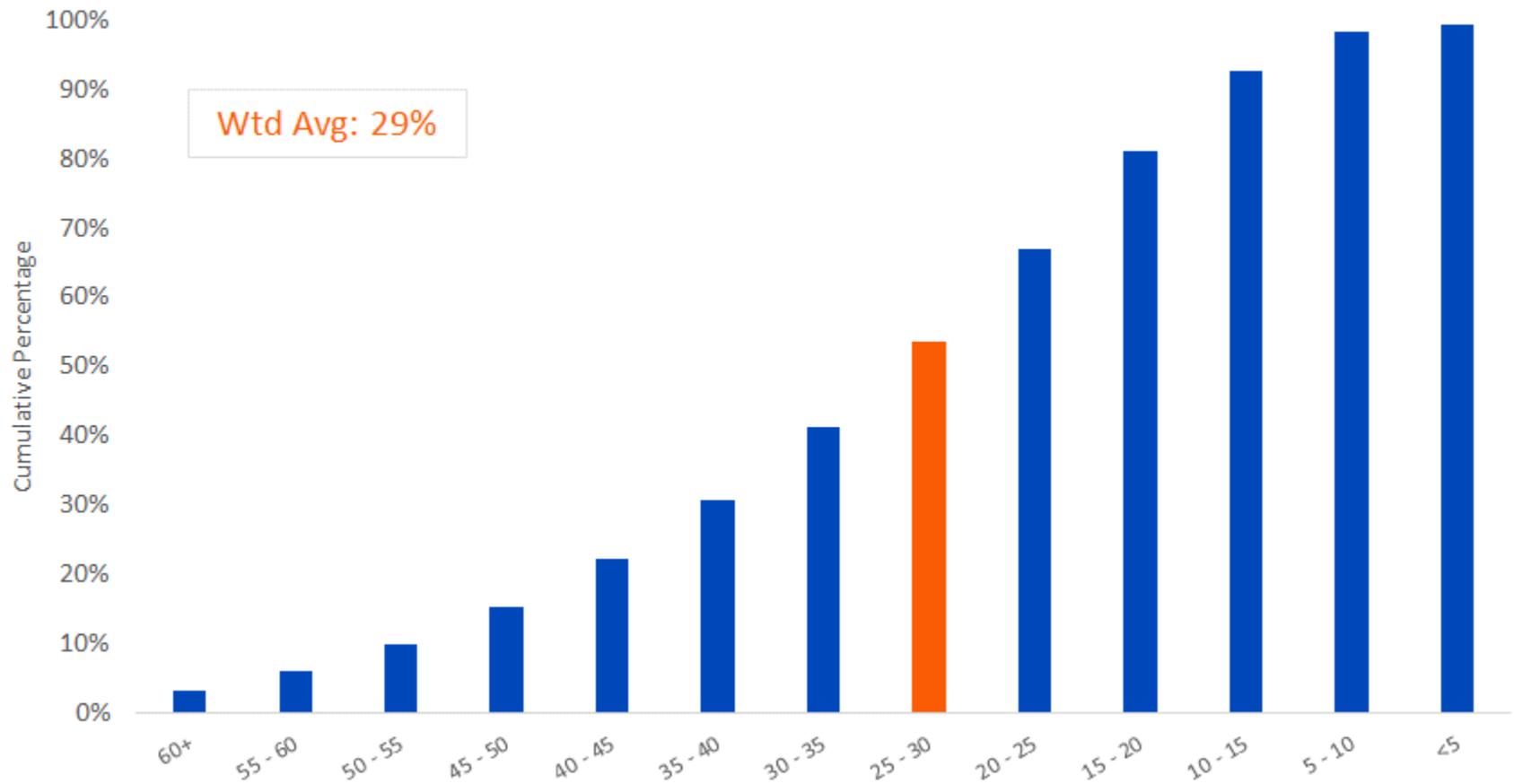
### Home Equity - Monitoring FICO



# Automobile

DTI

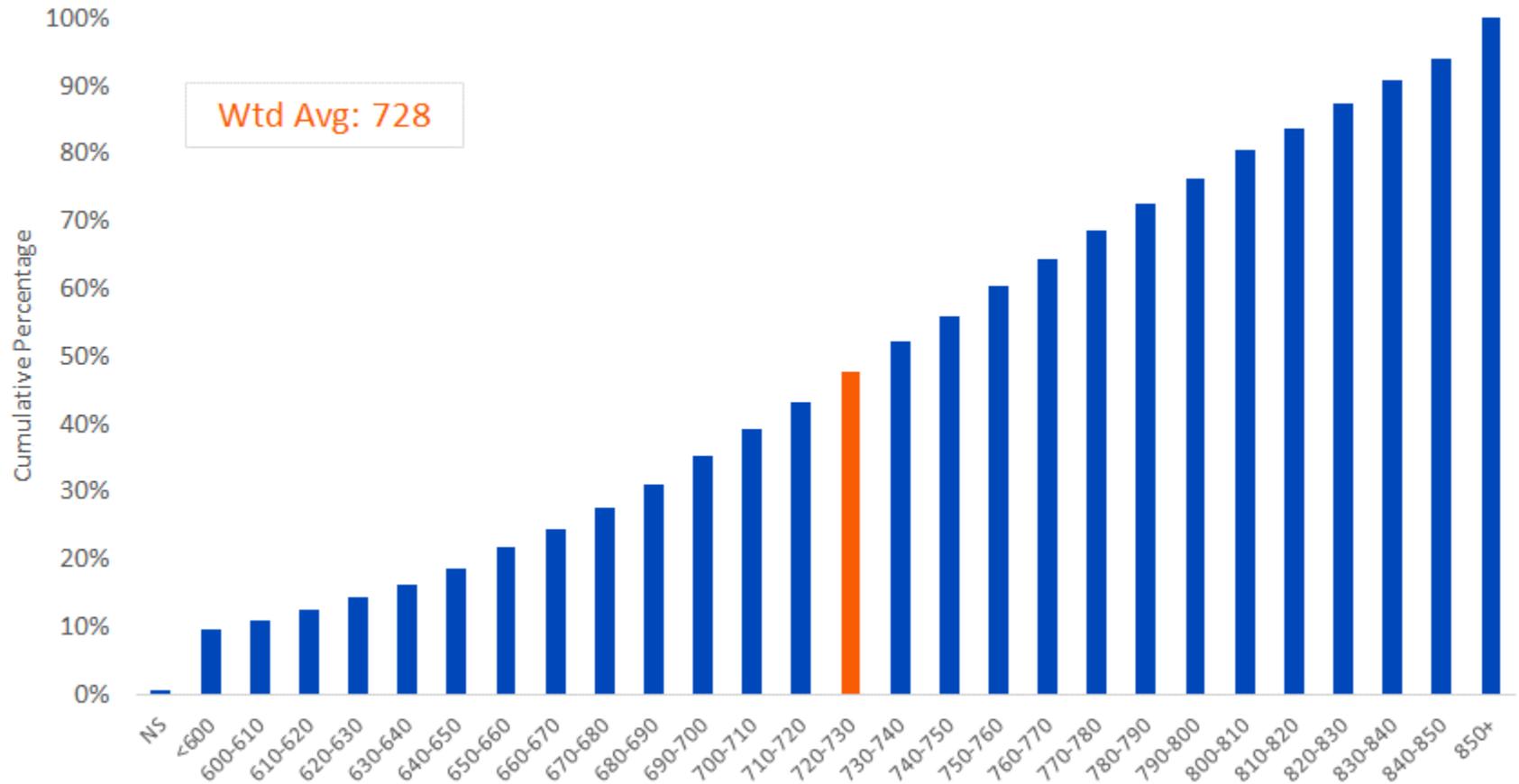
## Automobile - DTI



# Automobile

## Monitoring FICO

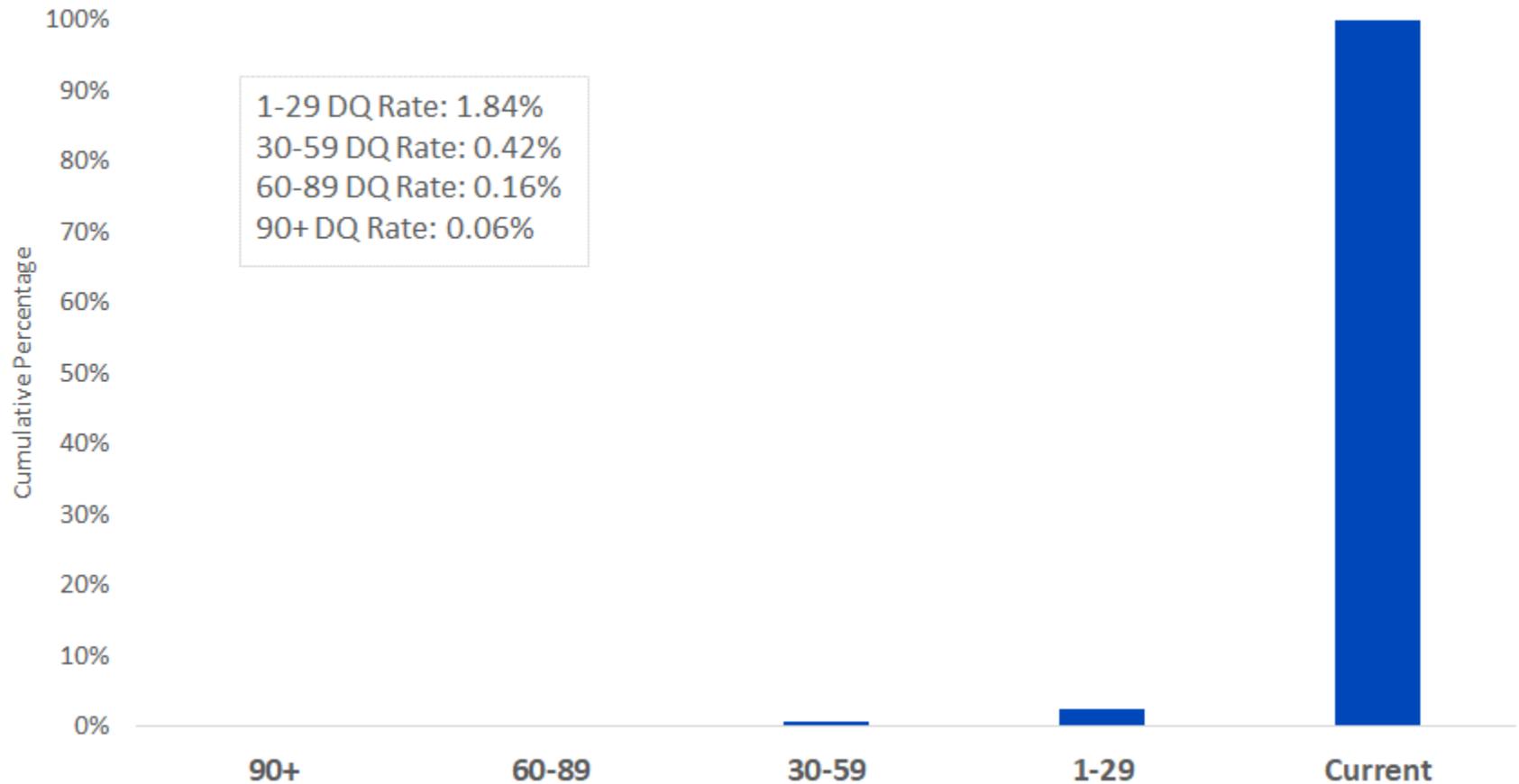
### Automobile- Monitoring FICO



# Other Consumer

## Delinquency Status

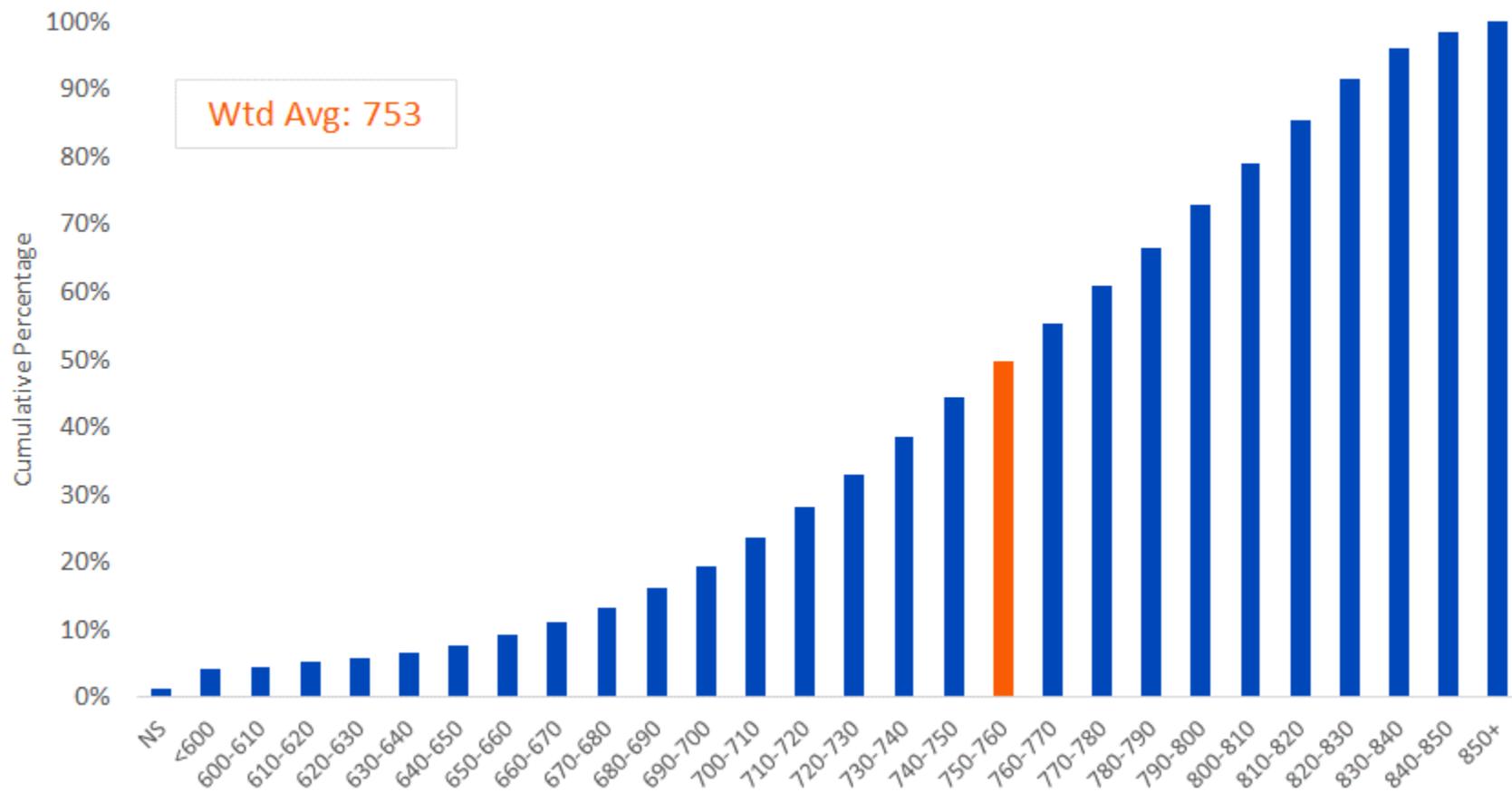
### Other Consumer-Delinquency Status



# Other Consumer

## Monitoring FICO

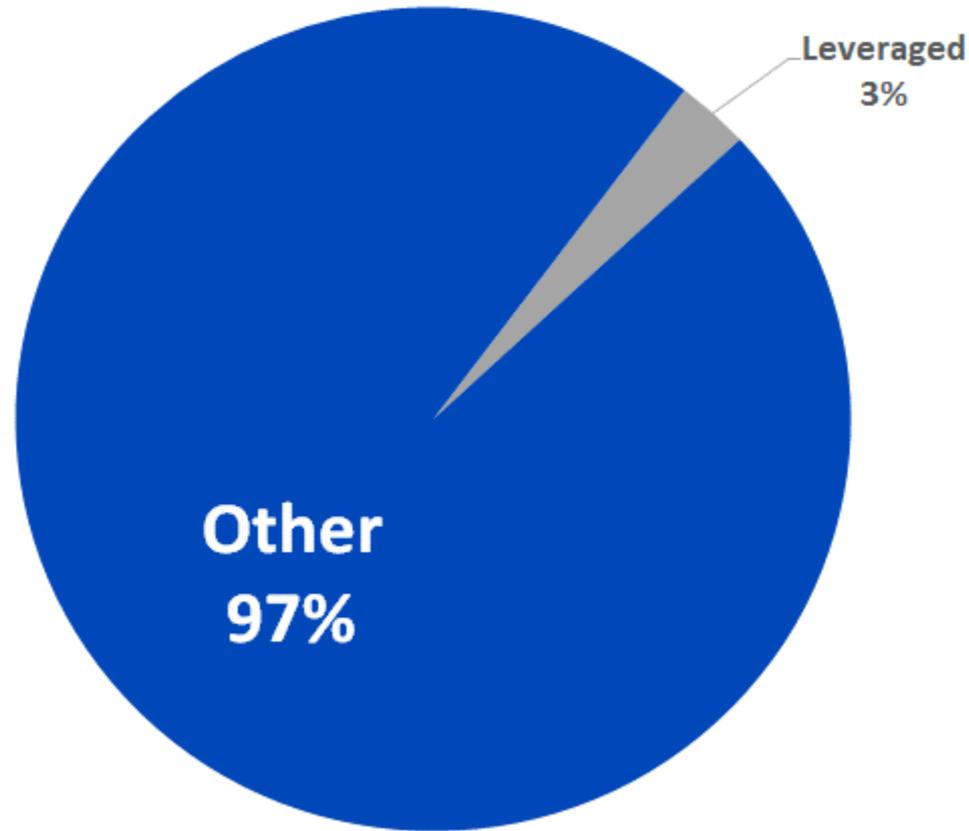
### Other Consumer- Monitoring FICO



# Commercial & Industrial

*Leveraged vs Other*

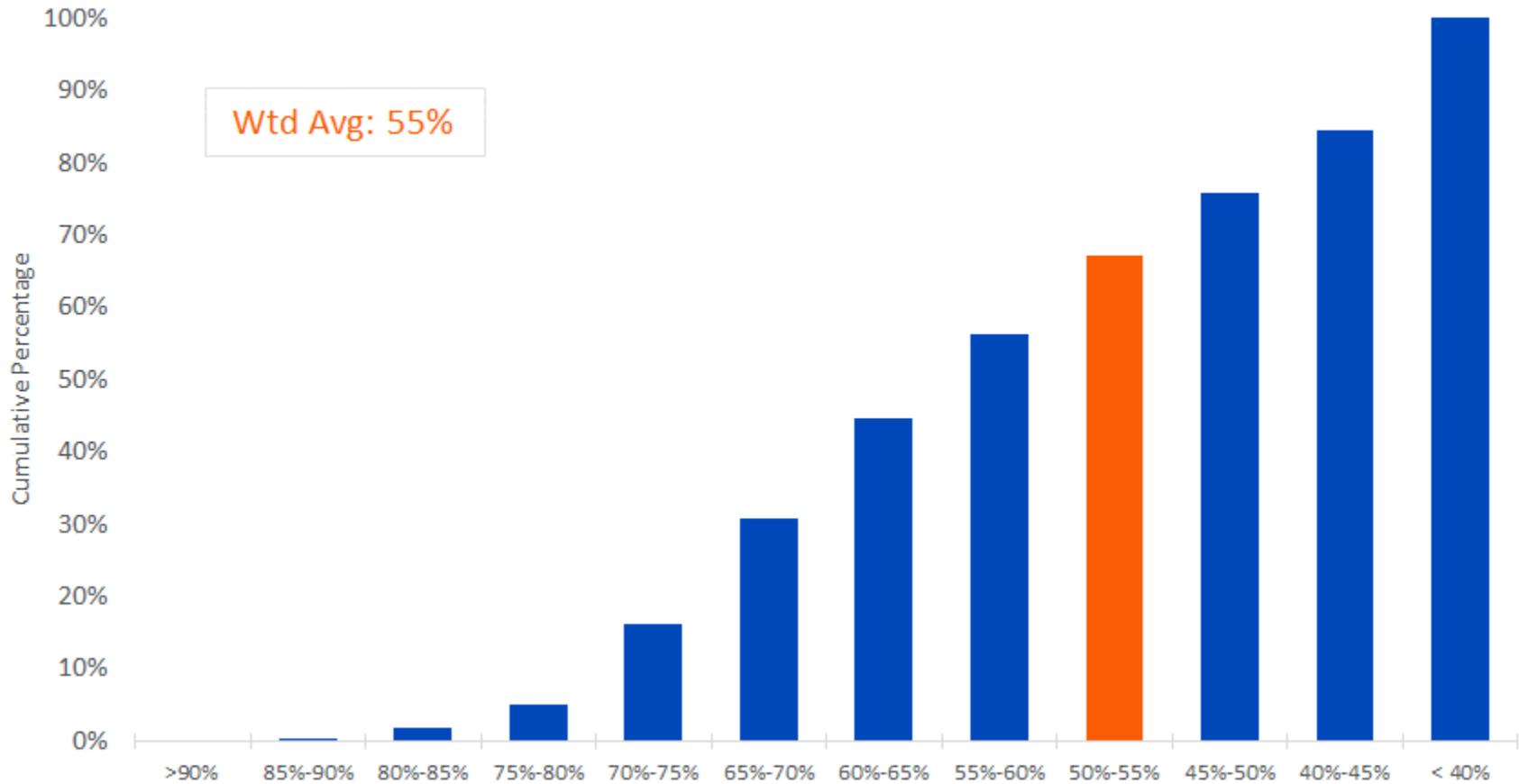
## Commercial & Industrial - Leveraged



# Commercial Mortgage

Current LTV

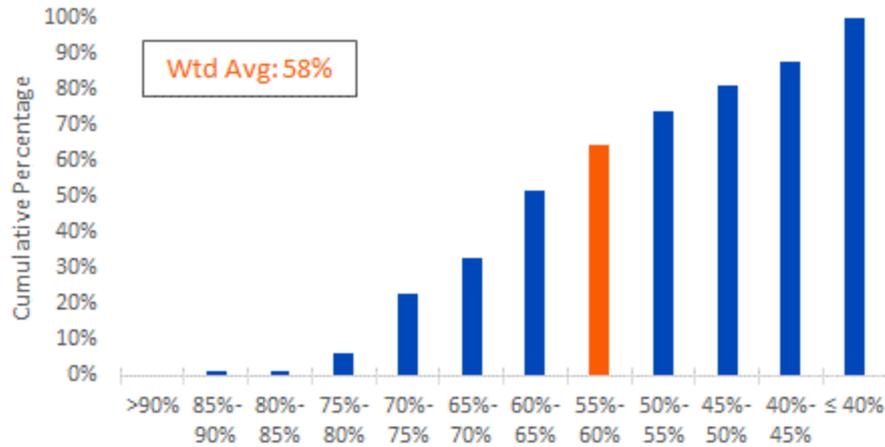
## Commercial Mortgage - Current LTV



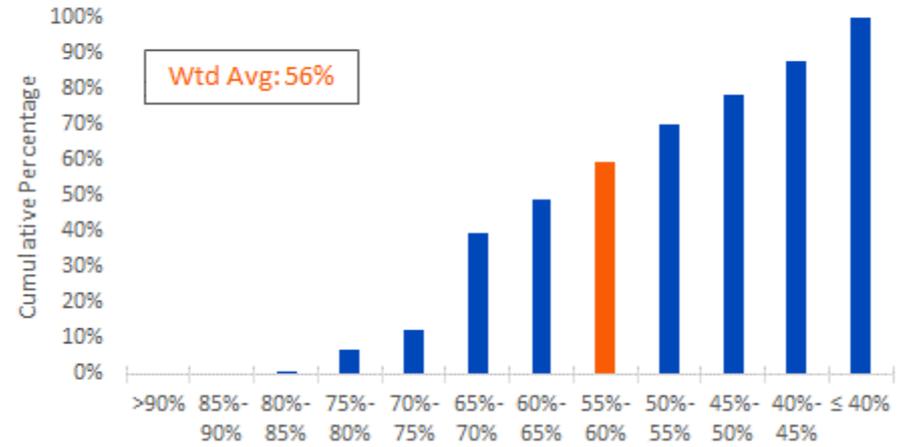
# Commercial Mortgage Detail

## Current LTV

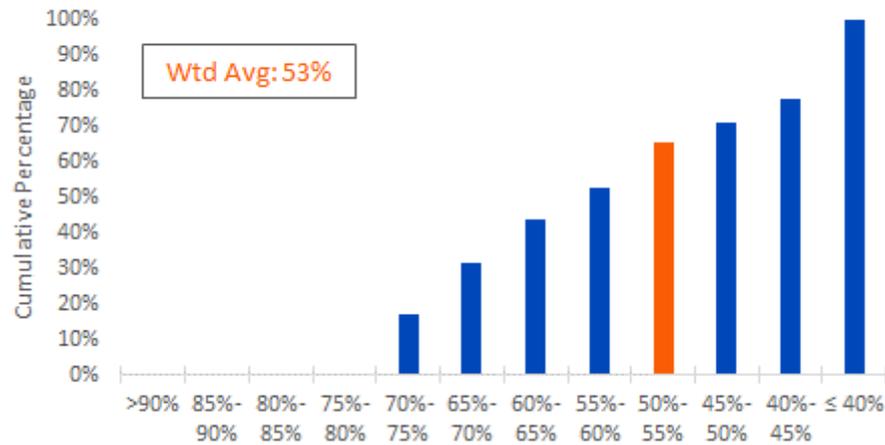
### CM Industrial - Current LTV



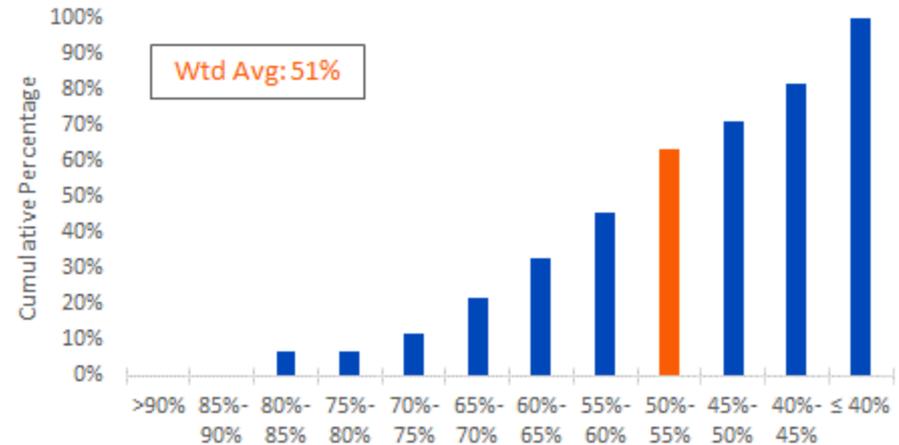
### CM Multi Family - Current LTV



### CM Retail - Current LTV



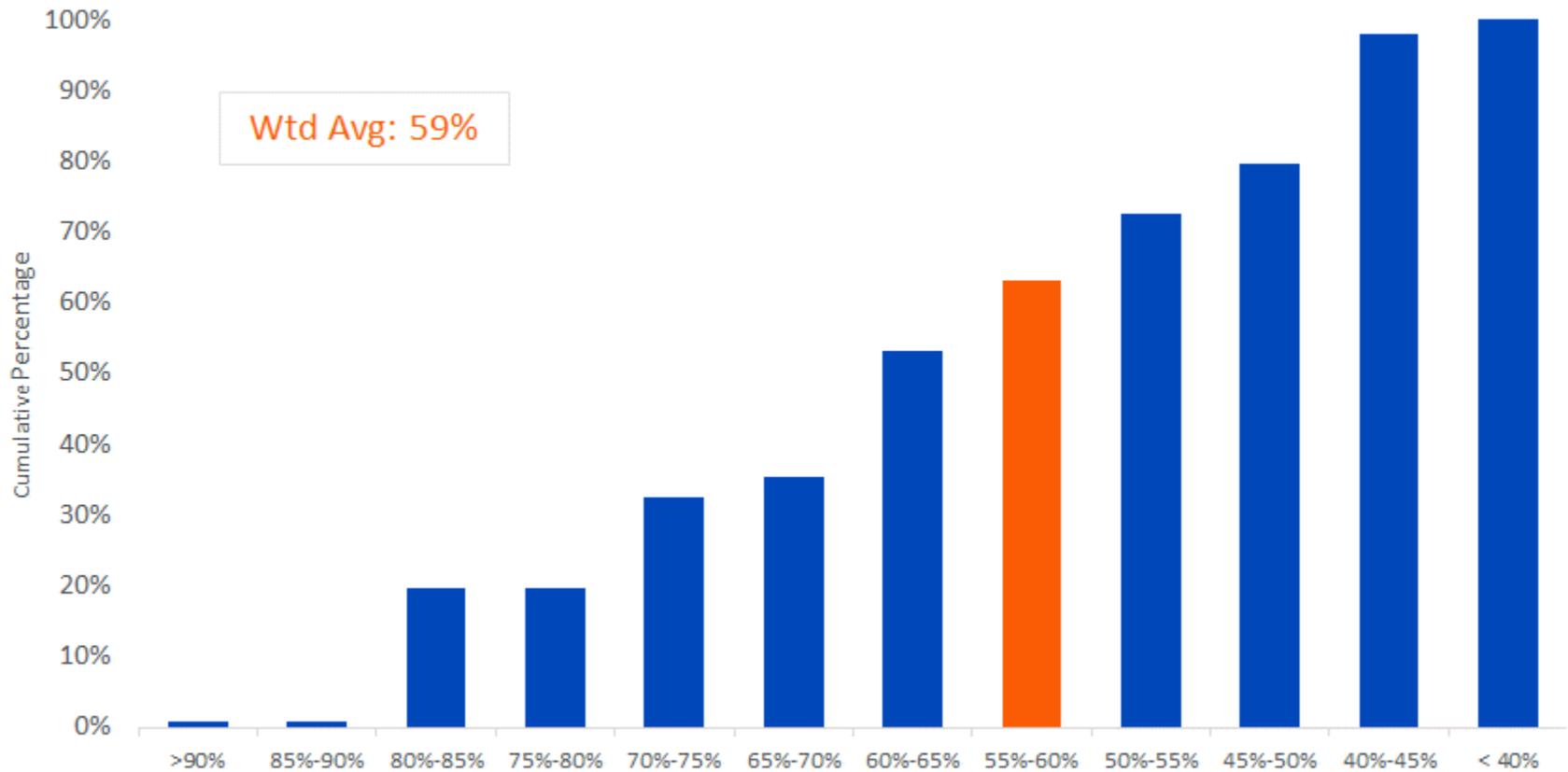
### CM Lodging - Current LTV



# Construction

Current LTV

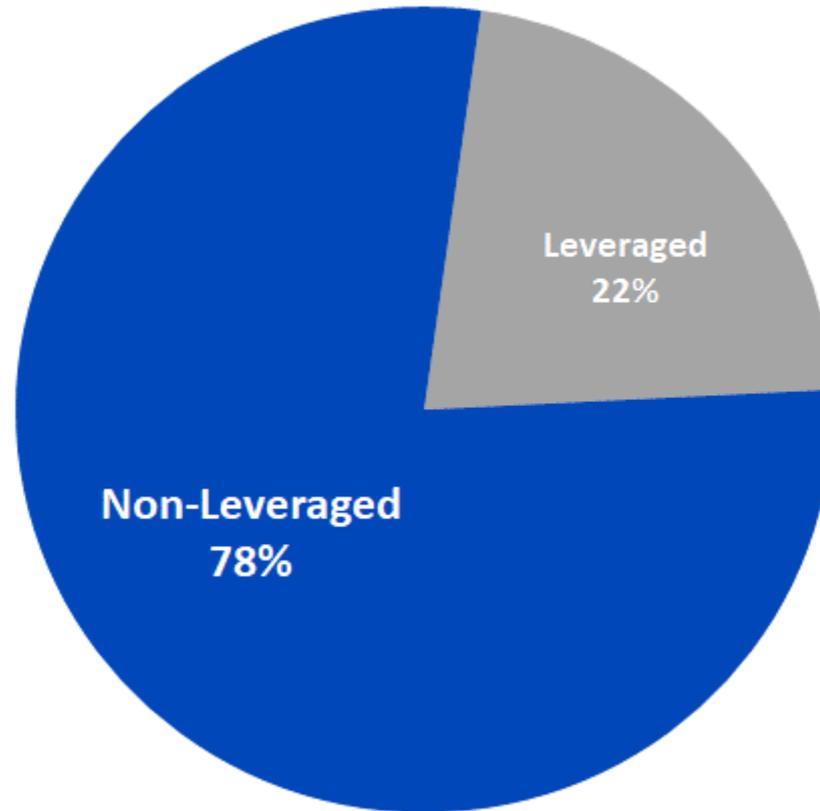
## Construction - Current LTV



# Lease Financing

*Leveraged vs Non-Leveraged*

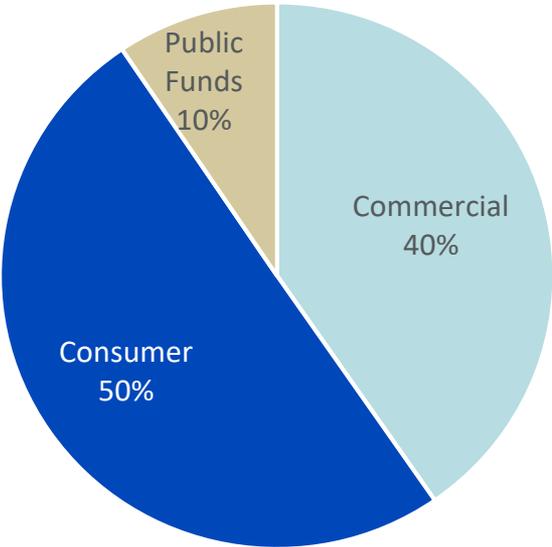
## Lease Financing - Leveraged vs Non-Leveraged



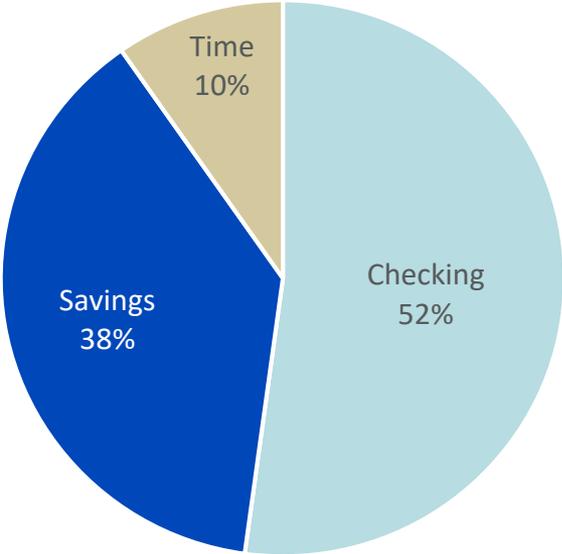
# Strong Mix of Deposits

As of September 30, 2020

## Solid Base of Core Customers and Core Deposits



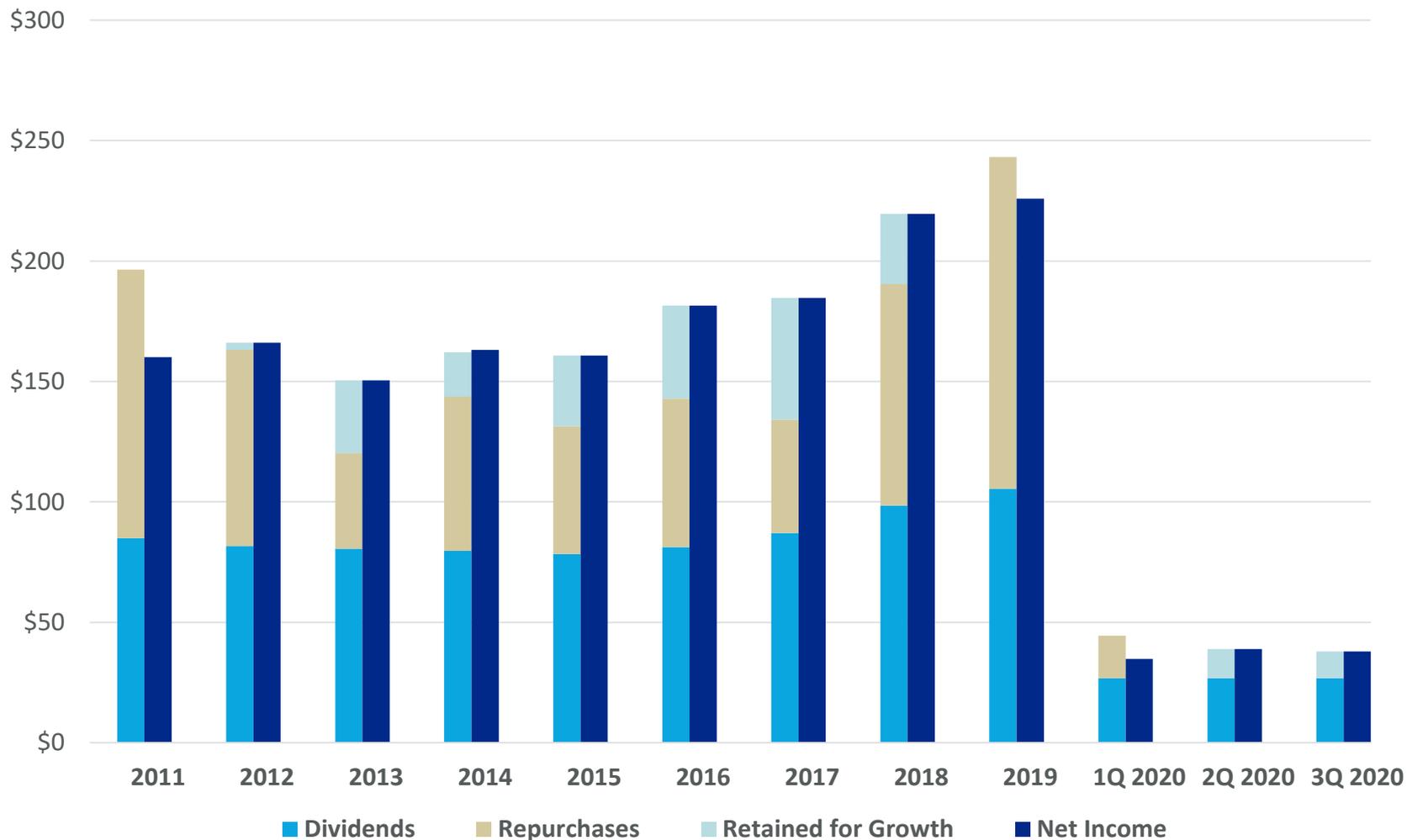
90% Core Consumer and Commercial Customers



90% Core Checking and Savings Deposits

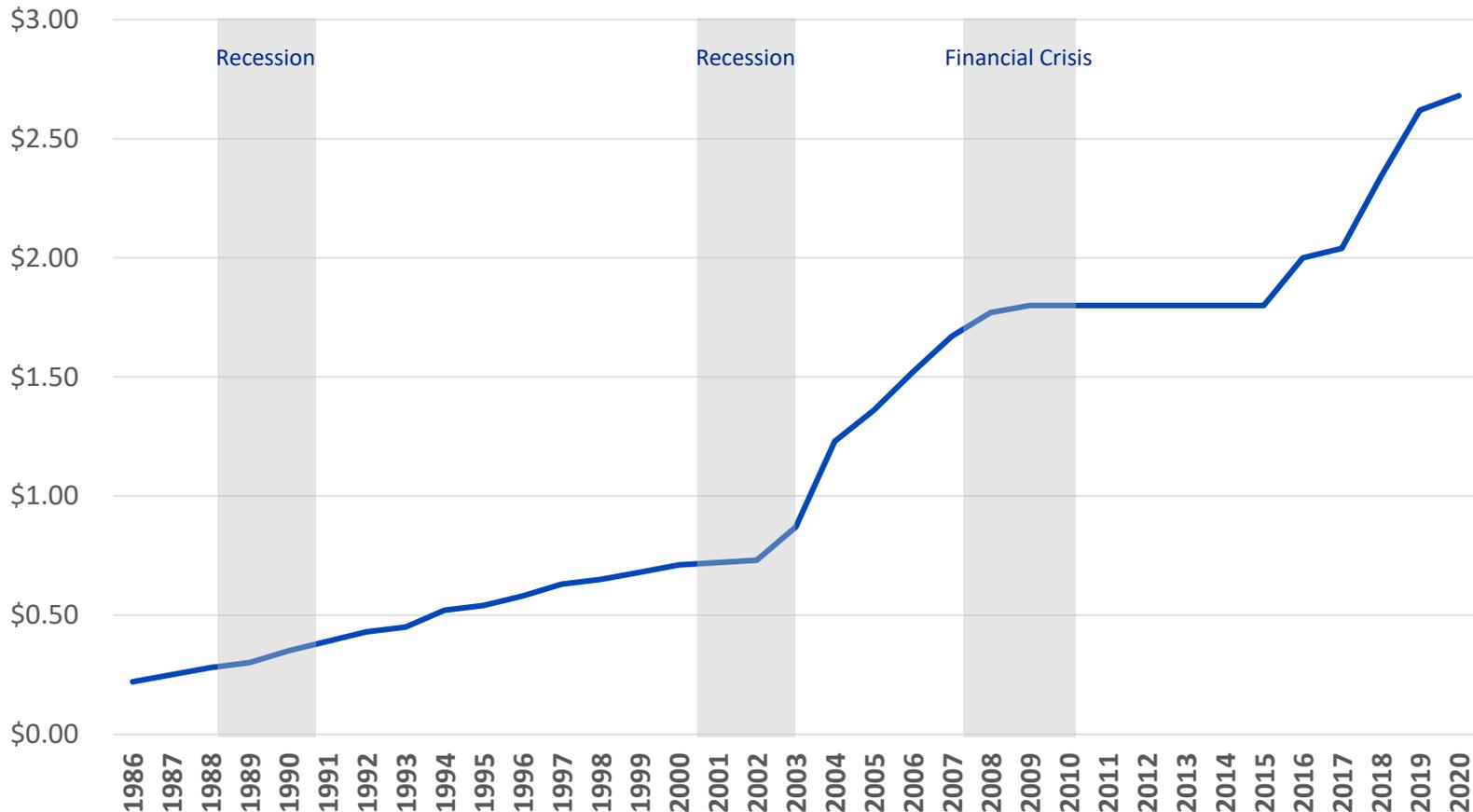
# Disciplined Capital Management

\$ in millions



# Unbroken History of Dividends

## Long and Unbroken History of Dividends



Note: Historical dividends adjusted for stock splits. YTD 2020 dividend annualized.

# History of Deposit Growth by Product

\$ in millions

