

Bank of Hawai'i Corporation
fourth quarter 2023
financial report

January 22, 2024

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

highlights

**quality balance
sheet performance**

strong liquidity

strong credit

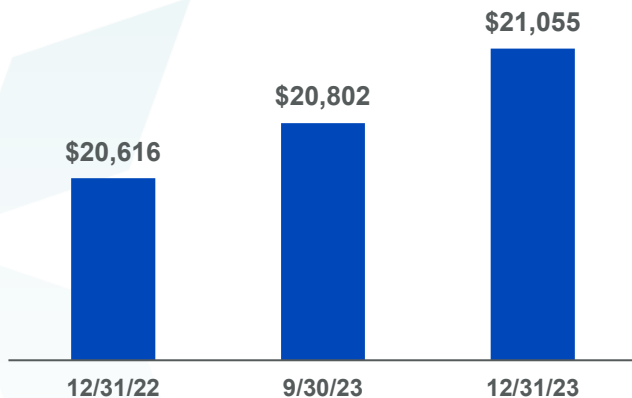
earnings highlights

- period end total deposits increased 1.2%
 - average total deposits increased 1.0%
 - growth attributed to increase in core customer deposits
 - total loans and leases increased by 0.3%
-
- \$10.2 billion in readily available liquidity exceeds \$8.9 billion in uninsured/uncollateralized deposits
-
- 0.05% net charge-off rate
 - 0.08% non-performing assets level
 - 79% of loan portfolio real-estate secured with combined wtd avg LTV of 54%
 - CRE portfolio comprises 27% of total loans
 - wtd avg LTV of 55%;
 - only 7.9% maturing in 2024;
 - CRE office exposure only 3% of total loans
-
- \$0.72 diluted earnings per common share
 - 1.67% average cost of total deposits
 - 9.55% return on average common equity
 - industry-wide FDIC special assessment resulted in a \$14.7 million charge

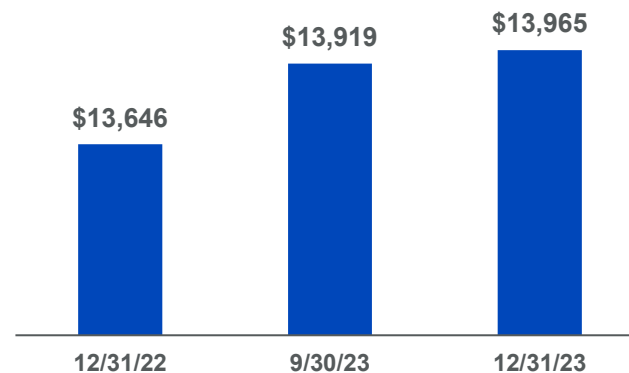
highlights – balance sheet

\$ in millions

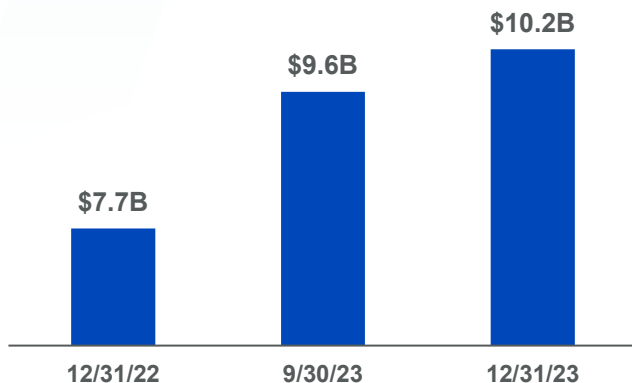
deposit strength



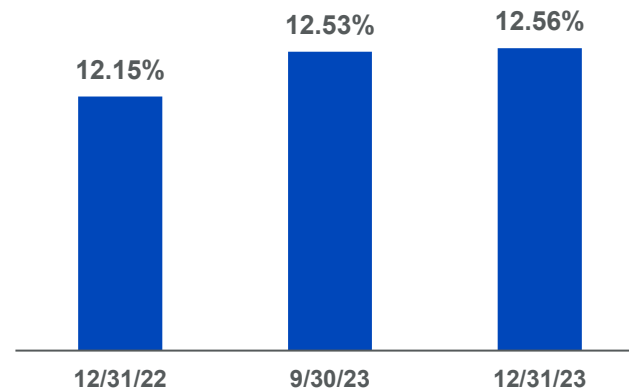
moderate loans and leases growth



increased readily available liquidity



organic capital growth



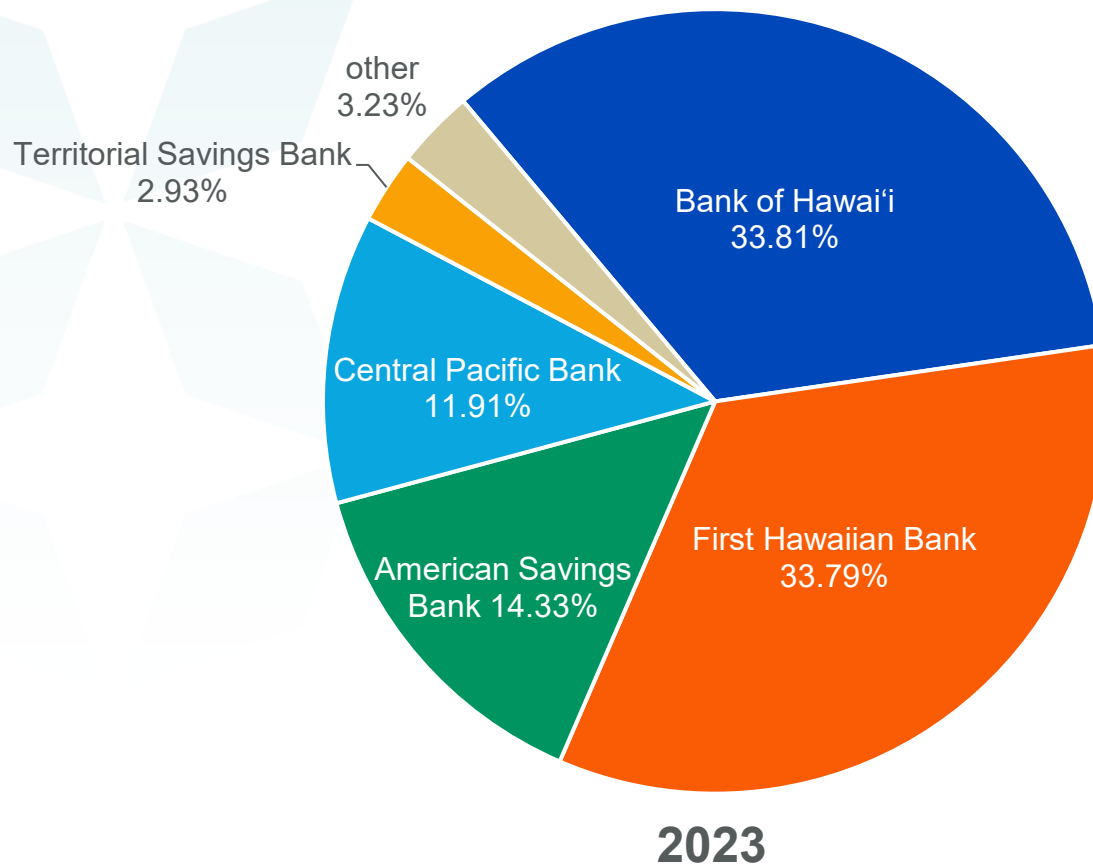
tier 1 capital ratio

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

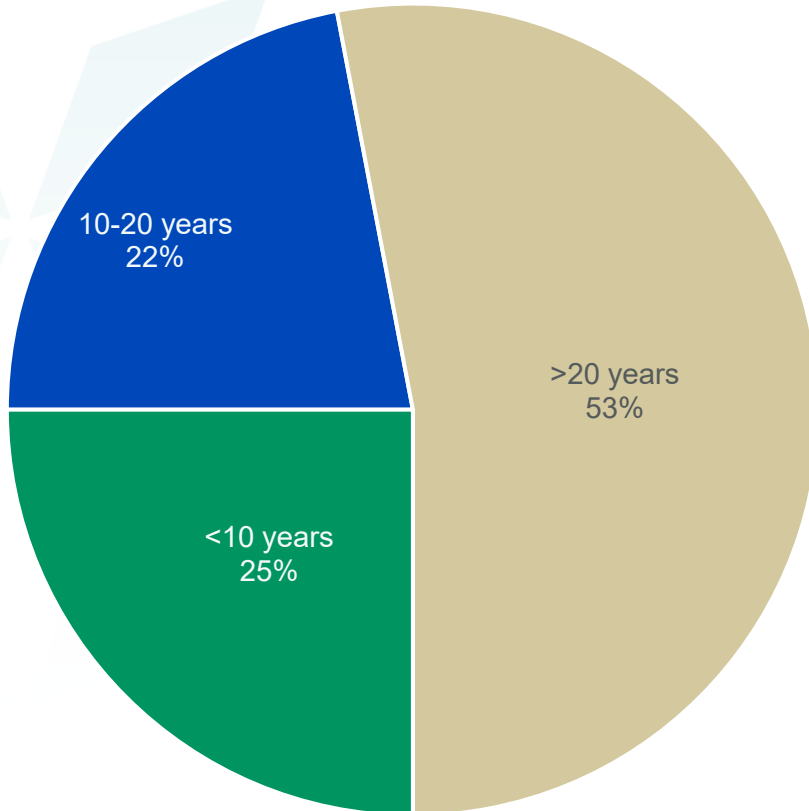
- ✓ unique marketplace
- ✓ diversified
- ✓ long tenured

unique deposit market



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

long tenured deposit base



segment ⁽¹⁾	avg tenure (yrs)
Commercial Core	28.0
The Private Bank	18.6
Small Business	18.3
Community	22.3
total	23.4

note: as of December 31, 2023

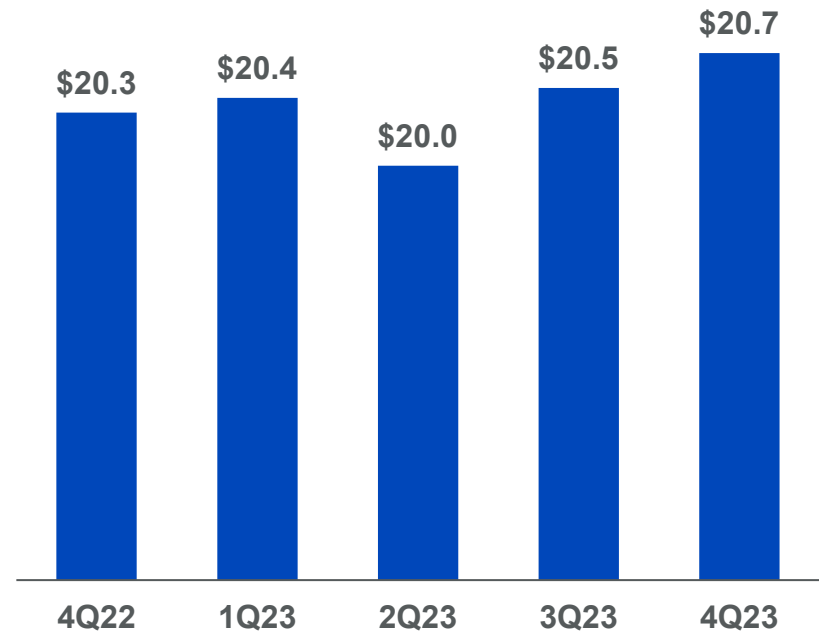
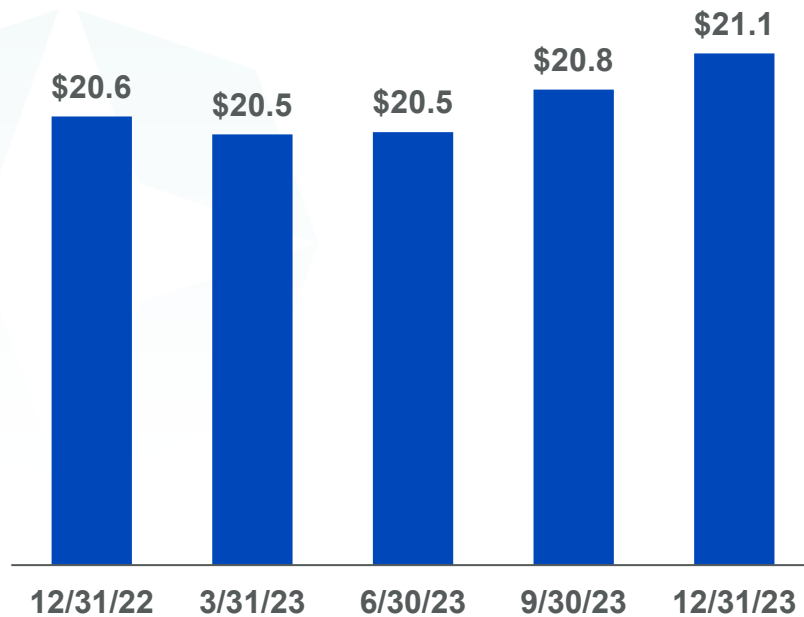
(1): excludes public products and Bank of Hawai'i accounts

stable deposit balances

\$ in billions

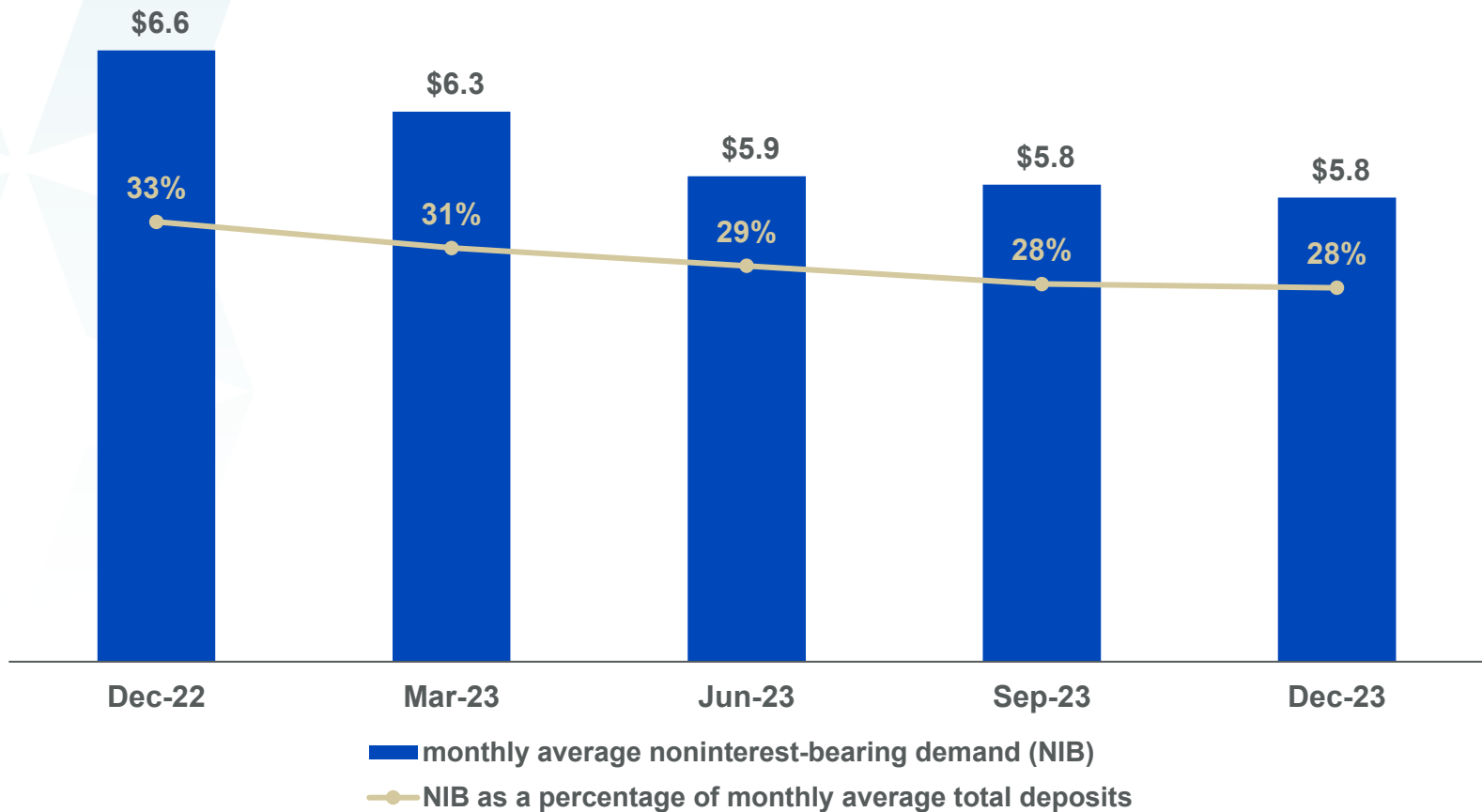
spot balance increased by 1.2% from 9/30/23

average balance increased by 1.0% from 3Q23



stabilization in NIB

\$ in billions



2023 deposit balances change

all commercial banks⁽¹⁾

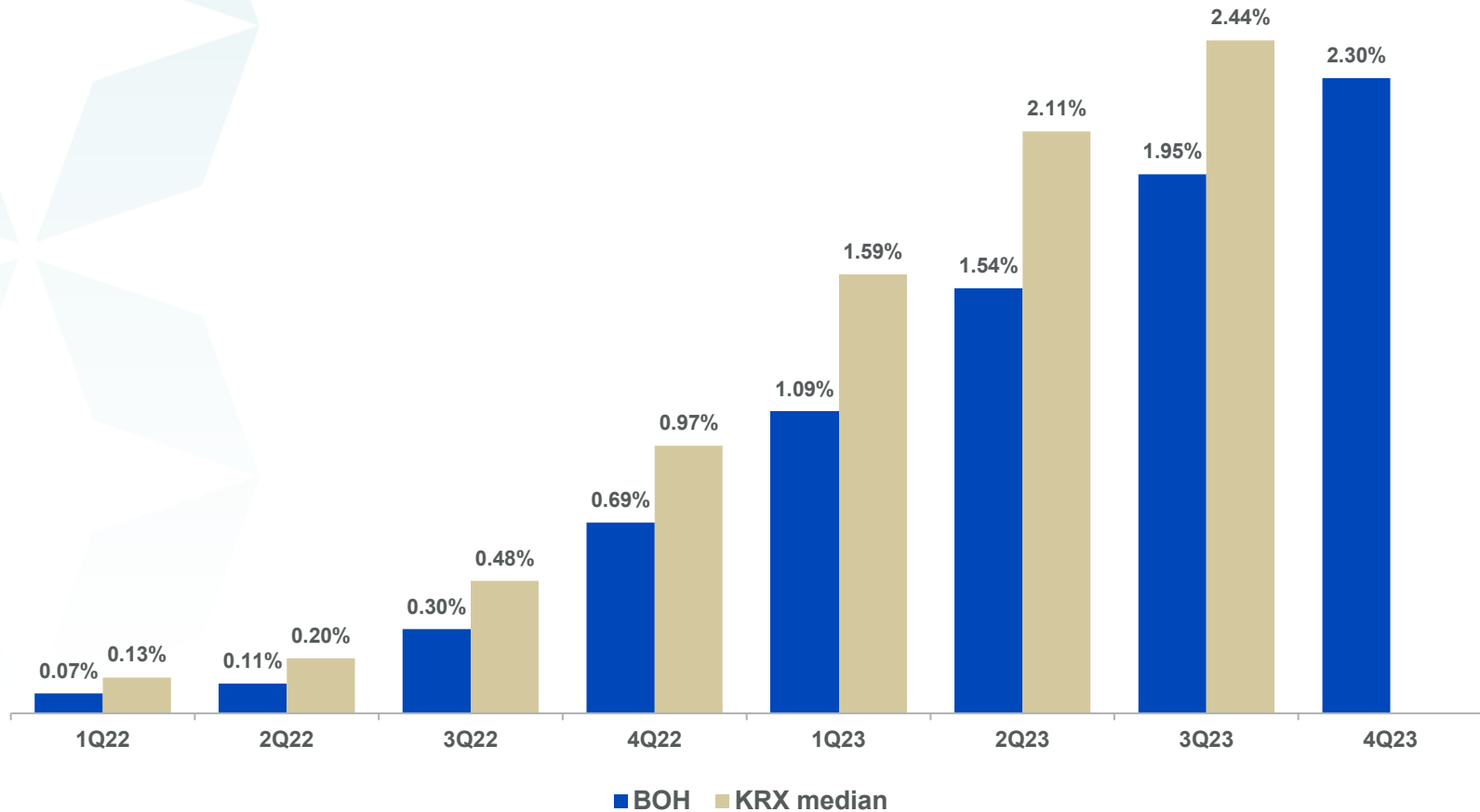
-1.9%

BOH⁽²⁾

2.1%

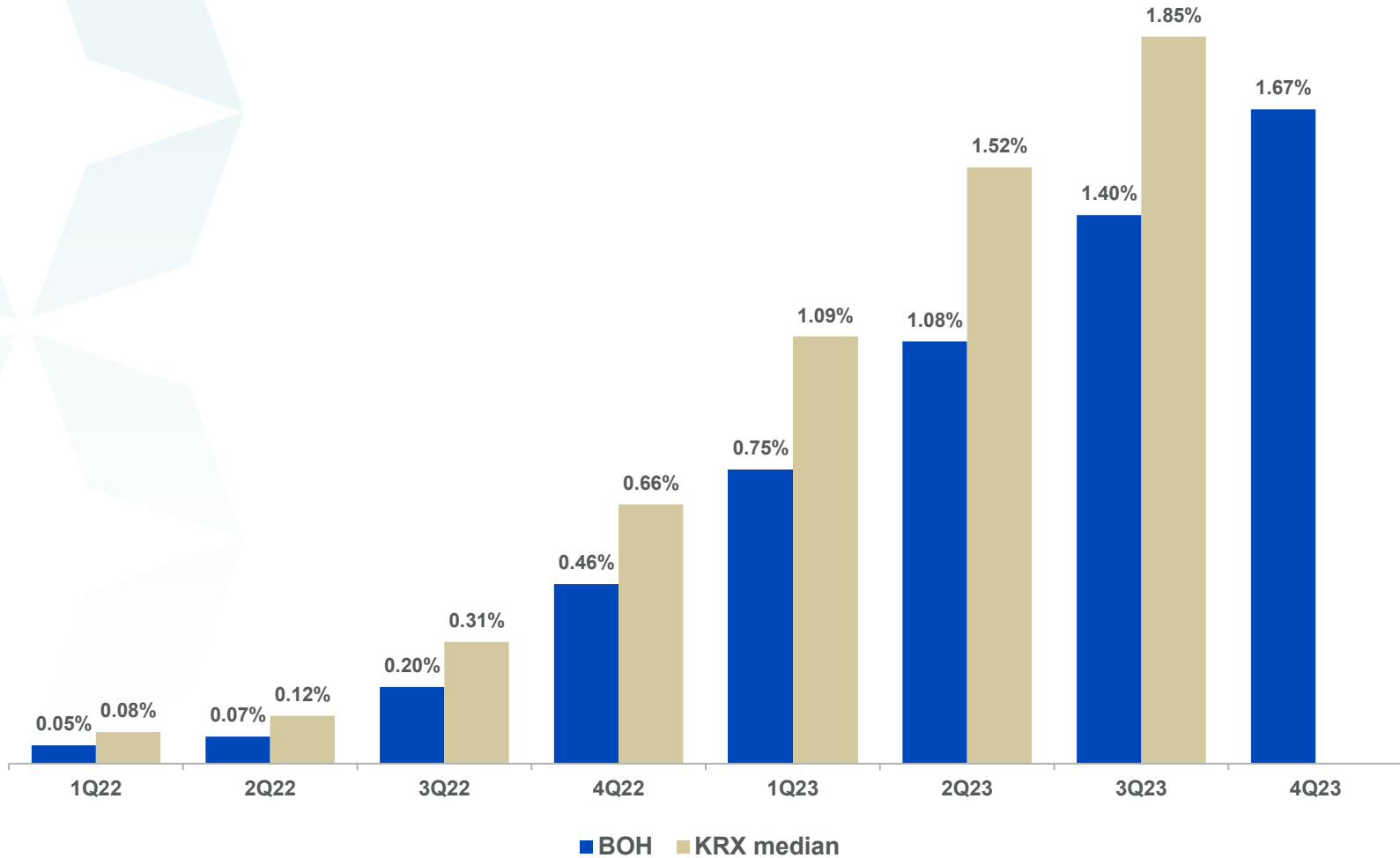
- (1) compares 12/27/23 vs. 12/28/22; all commercial bank data derived from H.8 Assets and Liabilities of Commercial Banks in the United States, Table 9 - Assets and Liabilities of All Commercial Banks in the United States, not seasonally adjusted
- (2) compares 12/31/23 vs. 12/31/22

cost of funds interest-bearing deposits



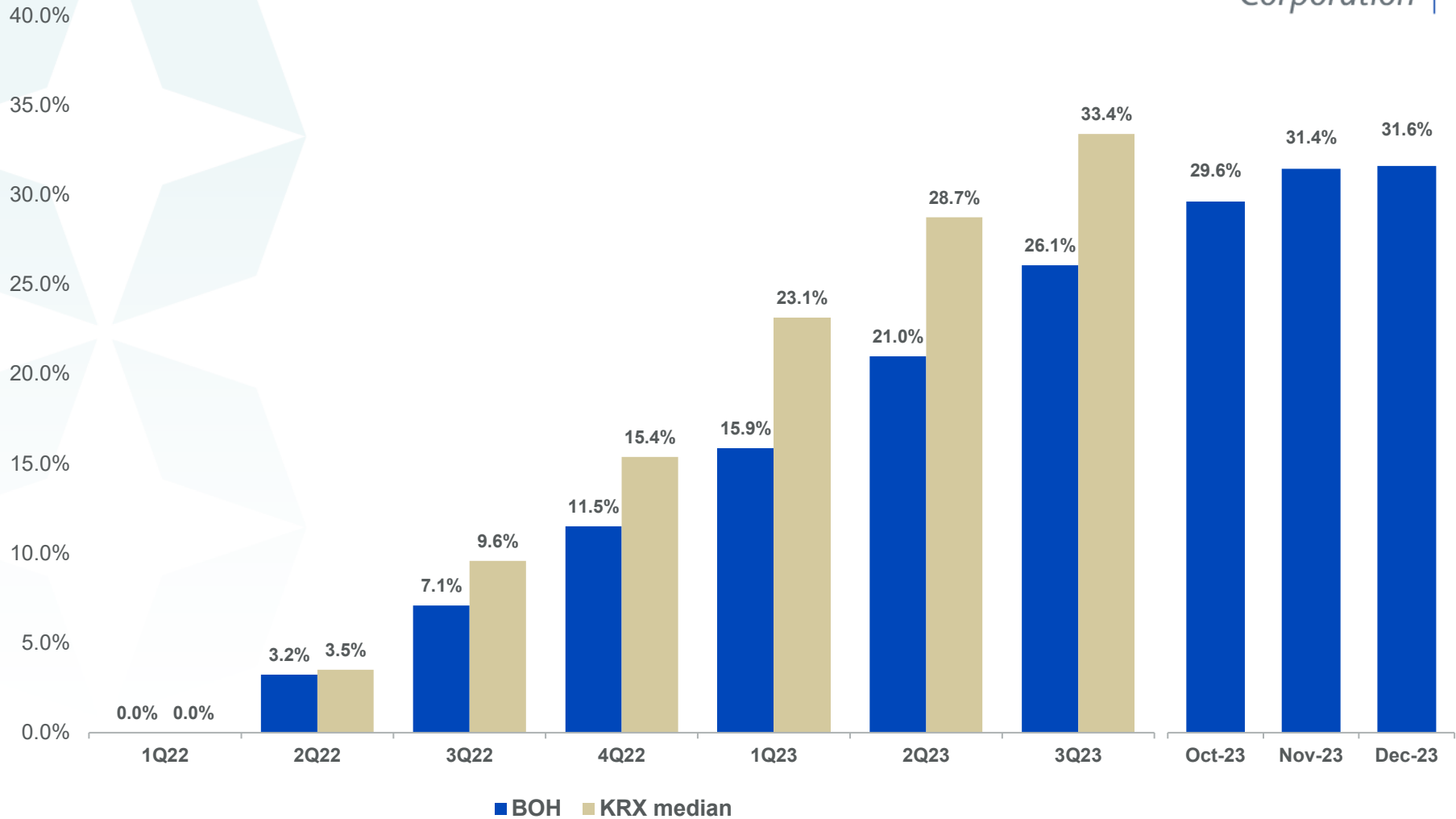
source: S&P Capital IQ; KBW Regional Banking Index (KRX) as of 1/3/23

cost of funds total deposits



source: S&P Capital IQ; KBW Regional Banking Index (KRX) as of 1/3/23

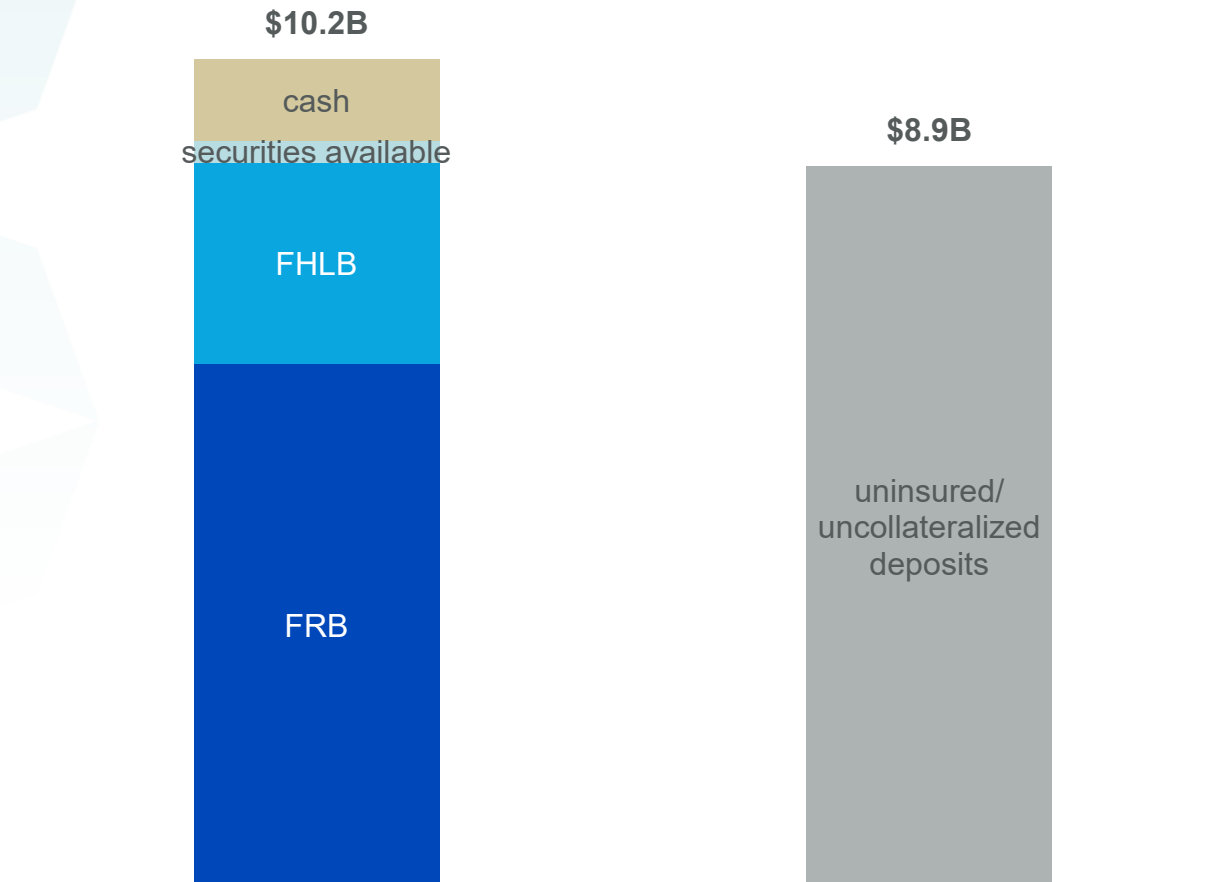
deposit beta performance



source: S&P Capital IQ; KBW Regional Banking Index (KRX) as of 1/3/23

readily available liquidity

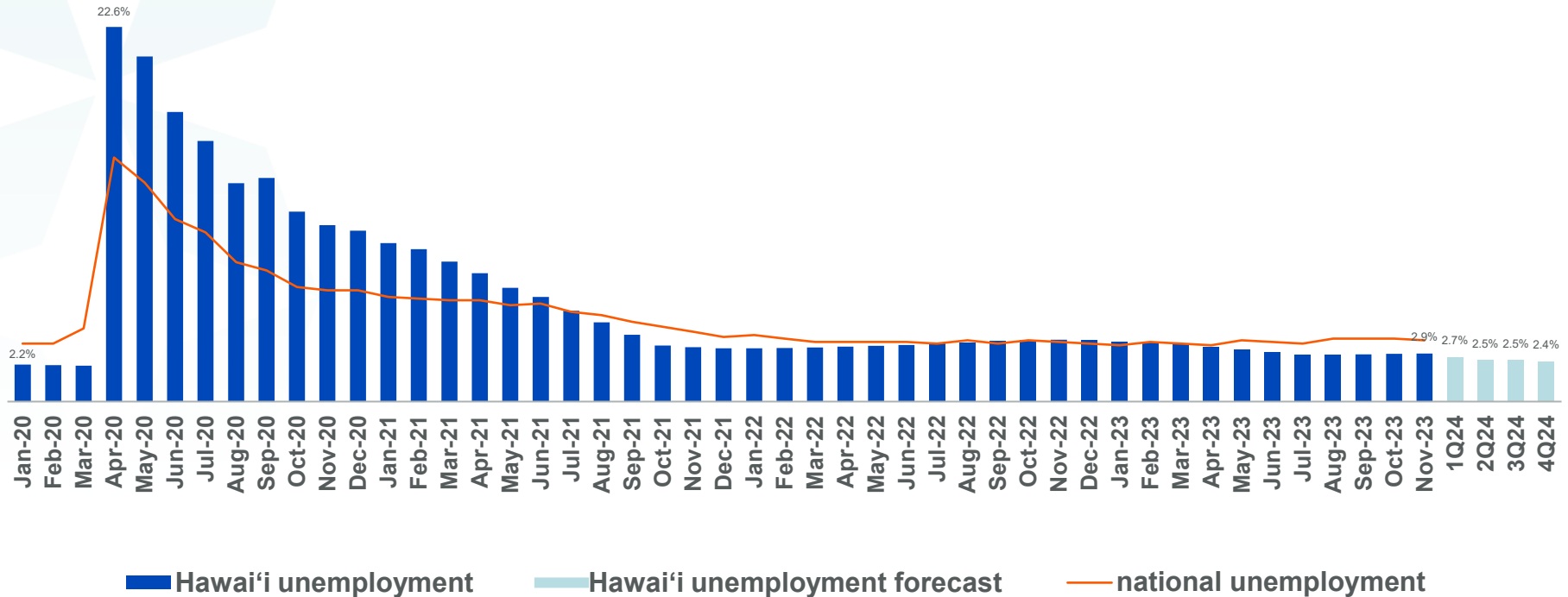
Bank of Hawai'i carries substantial liquidity lines and equivalents for both day-to-day operational and liquidity backstop purposes



note: as of December 31, 2023, FRB borrowing capacity includes Bank Term Funding Program margins, cash includes fed funds sold and cash and due from banks, and securities available includes unencumbered investment securities

unemployment

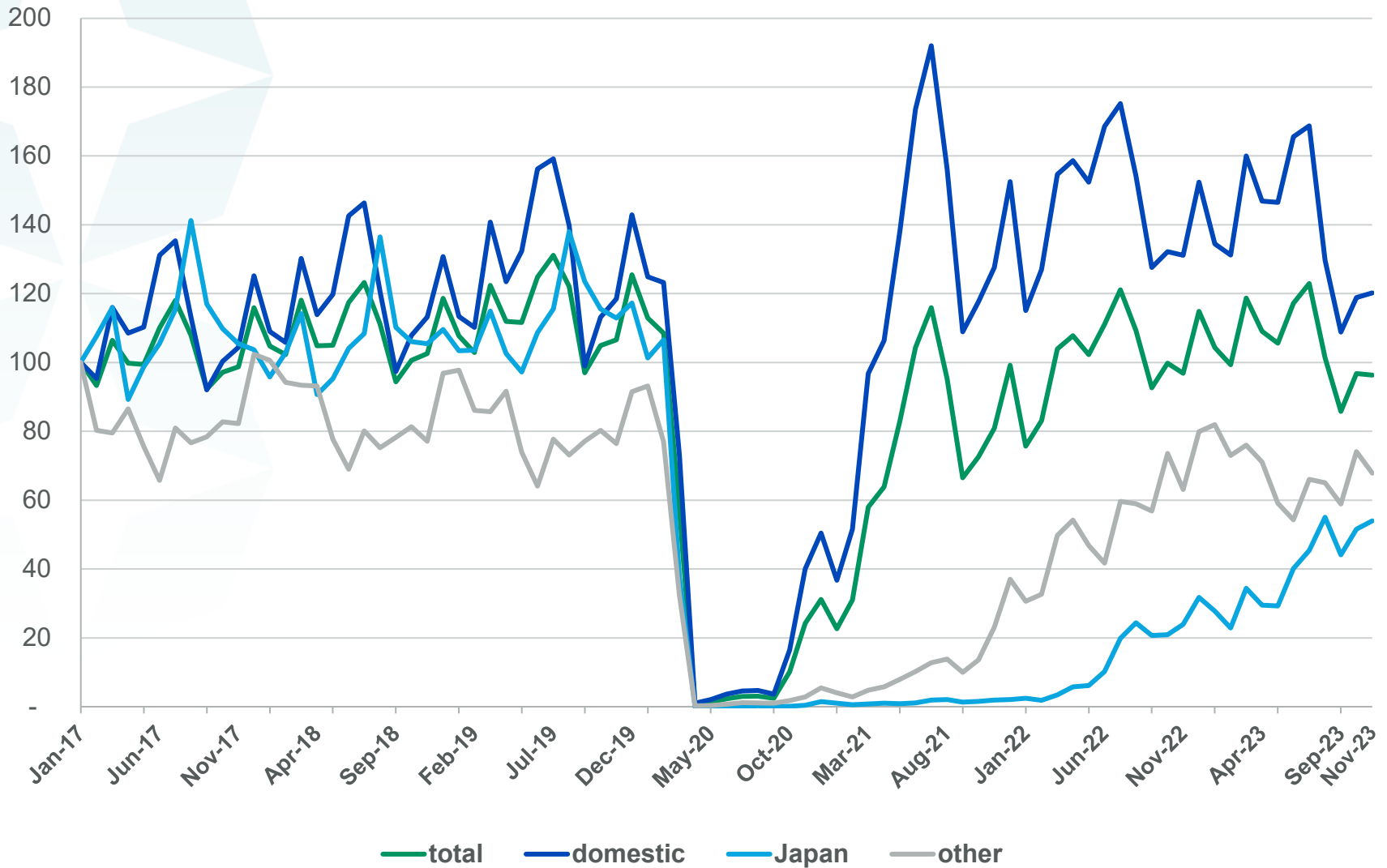
experience & forecast



source for Hawai'i unemployment: University of Hawaii Economic Research Organization (UHRO), seasonally adjusted
 source for national unemployment: Bureau of Labor Statistics, seasonally adjusted

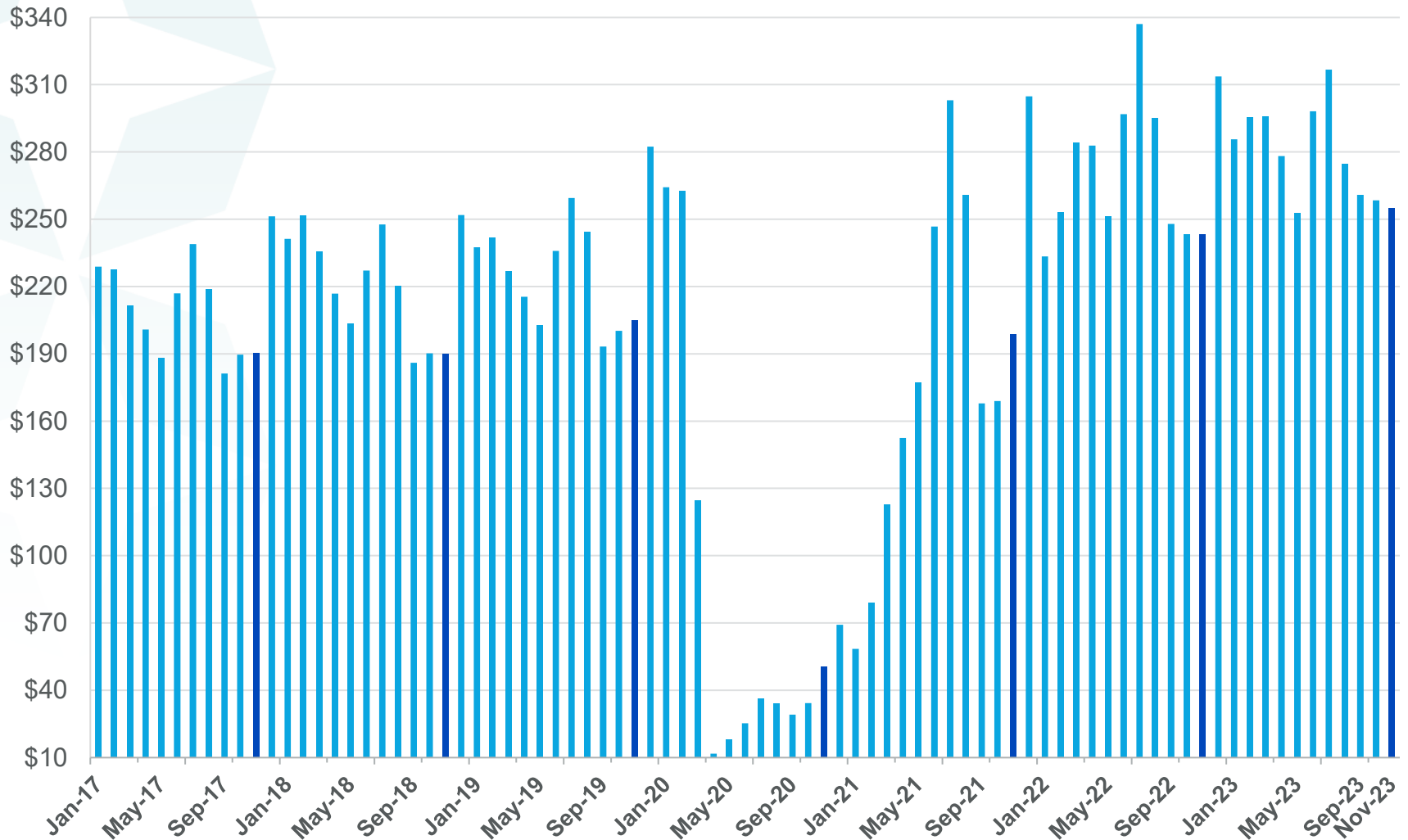
visitor arrivals

monthly by market, indexed to January 2017



revenue per available room

revenue per available room (RevPAR)



















stable real estate prices

Oahu market indicators – December 2023

single family homes

condominiums

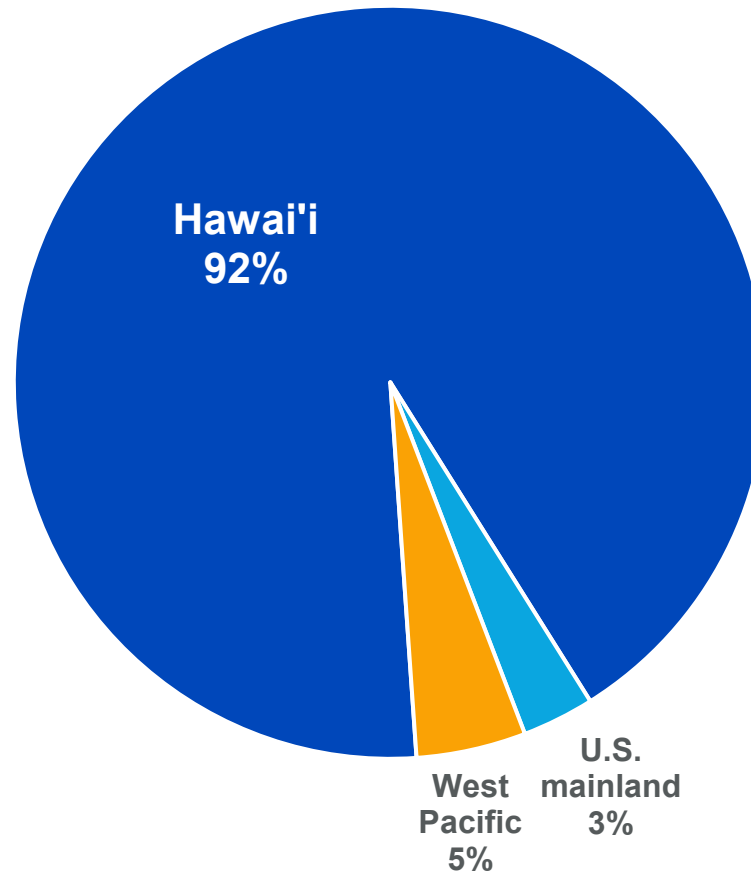
	<u>Dec 2023</u>	<u>Dec 2022</u>	<u>Dec 2019</u>	<u>Δ Dec 2022</u>	<u>Δ Dec 2019</u>	<u>Dec 2023</u>	<u>Dec 2022</u>	<u>Dec 2019</u>	<u>Δ Dec 2022</u>	<u>Δ Dec 2019</u>
median sales price (000s)	\$997	\$1,050	\$820	 -5.1%	 21.5%	\$510	\$503	\$426	 1.5%	 19.9%
months of inventory	2.8	2.1	2.5	 0.7 months	 0.3 months	3.2	2.2	3.4	 1.0 months	 -0.2 months
closed sales	182	202	309	 -9.9%	 -41.1%	272	360	428	 -24.4%	 -36.4%
median days on market	18	25	18	 7 days		26	21	30	 5 days	 4 days



credit performance

lending philosophy

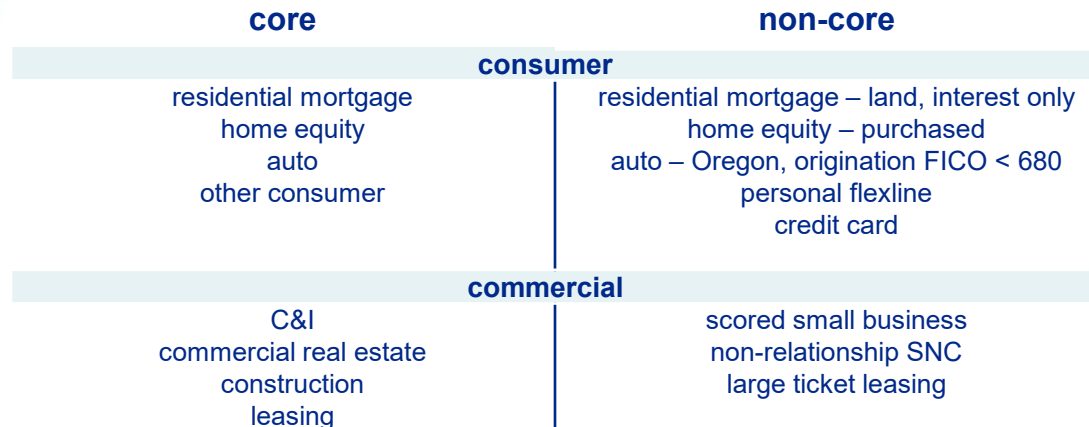
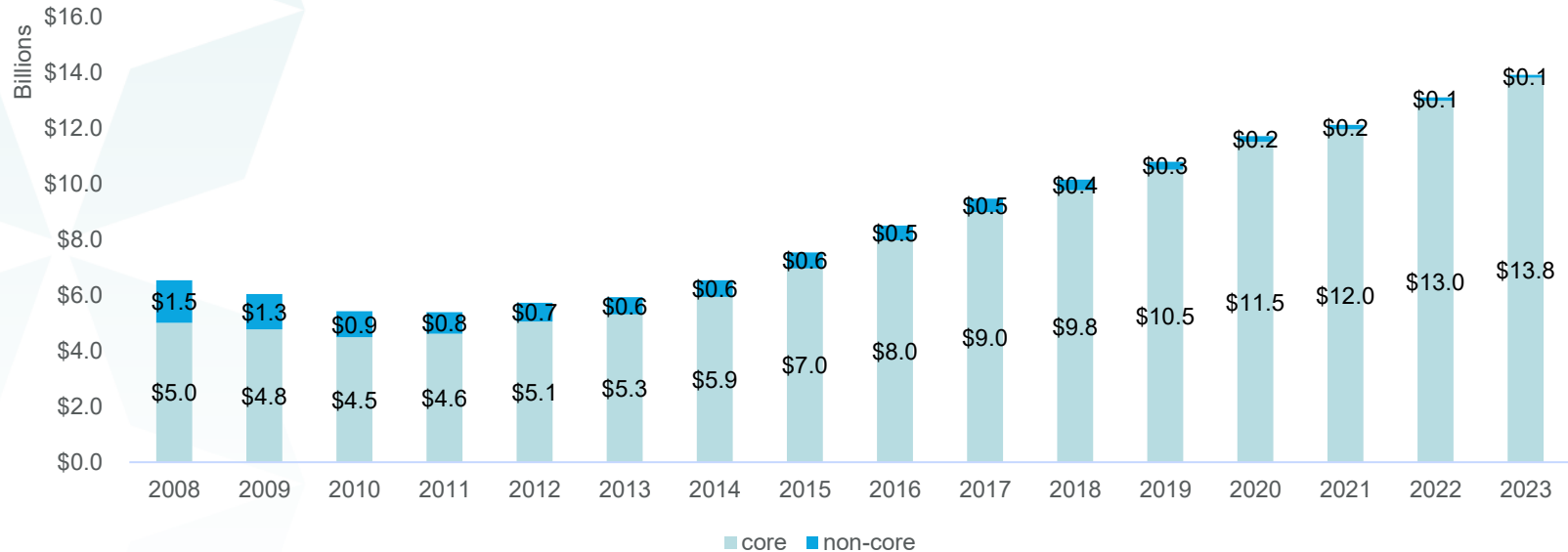
we lend in our core markets
to long-standing relationships



dynamically managing credit risk

de-risking the balance sheet

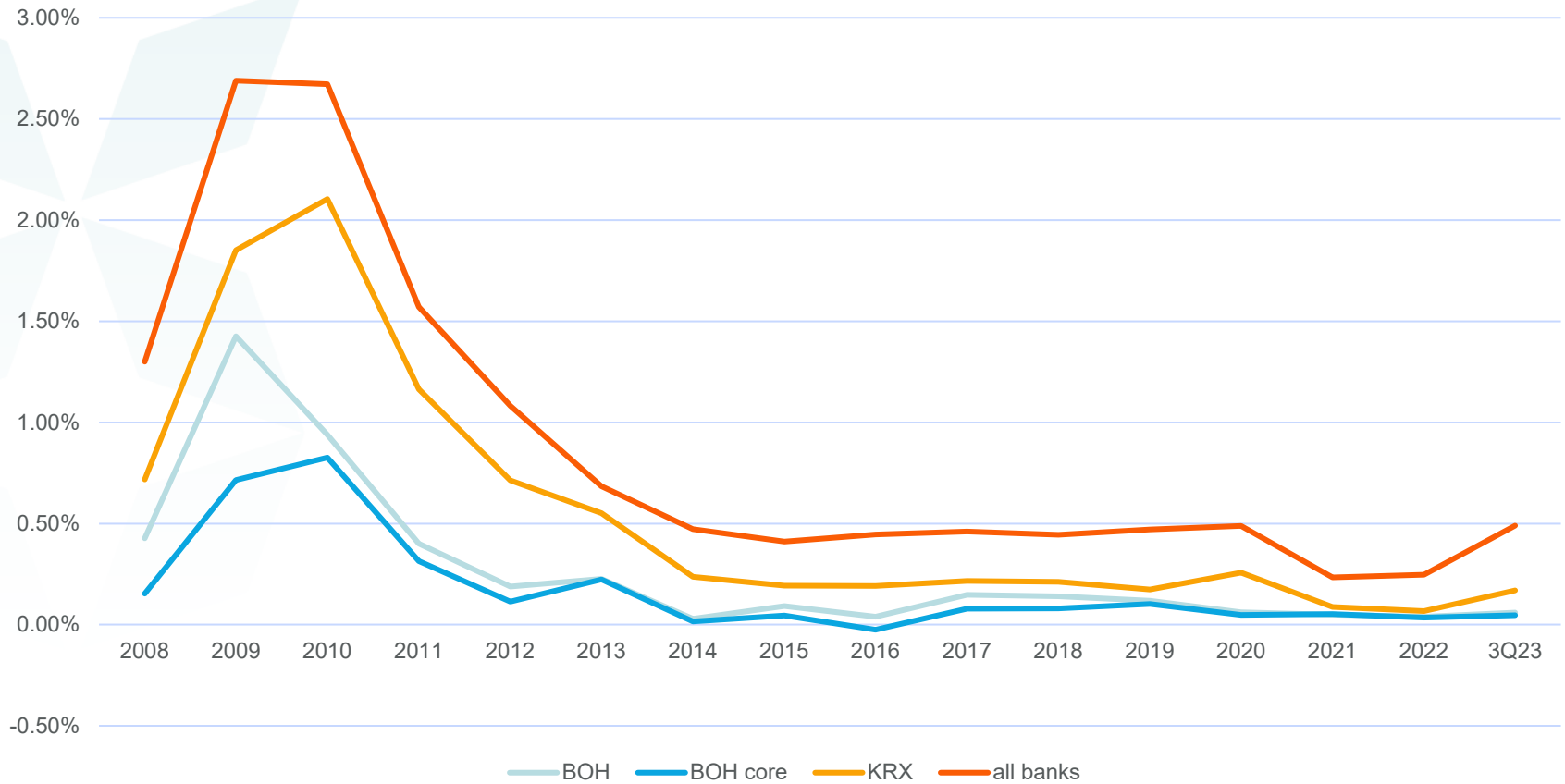
loan portfolio balance



historical net charge-off rates

lower net charge offs through different economic cycles

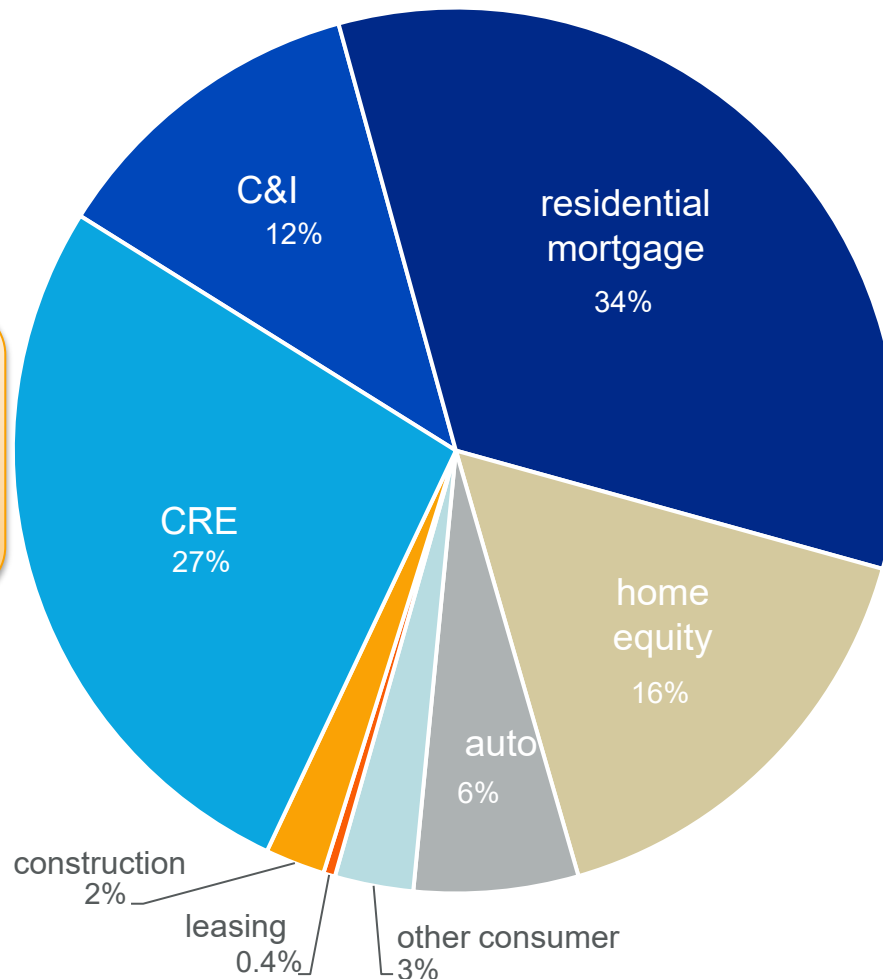
annual net charge-off rate



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 54%**



41% commercial

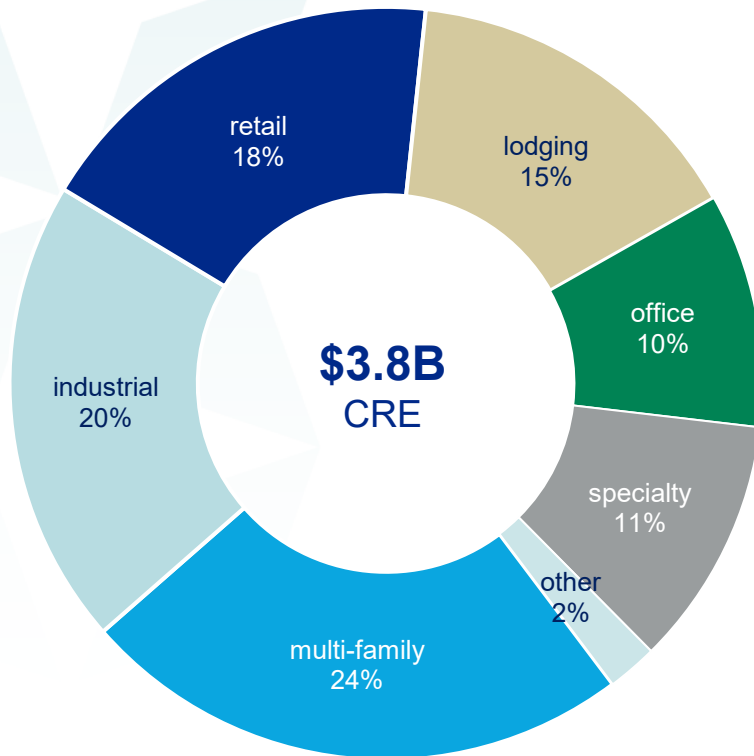
- 70% real estate secured
- wtd avg LTV 55%
- 59% w/ BOH \geq 10 yrs
- avg bal \$0.7MM

59% consumer

- 85% real estate secured
- wtd avg LTV 54%
- 60% w/ BOH \geq 10 yrs
- avg bal \$0.07MM

commercial real estate (CRE)

27% of total loans

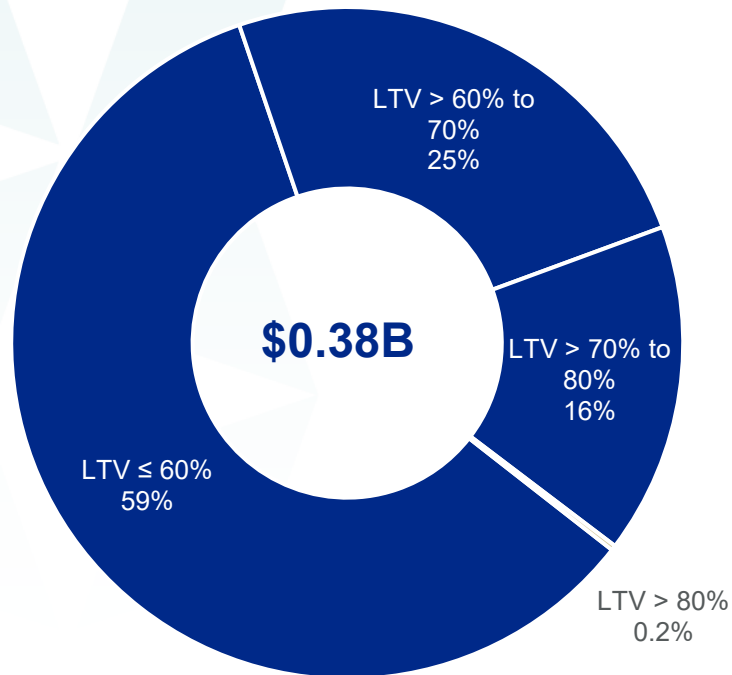


asset type	% total CRE	wtd avg LTV
multi-family	24%	58%
industrial	20%	56%
retail	18%	55%
lodging	15%	52%
office	10%	55%
specialty	11%	53%
other	2%	48%
total CRE	100%	55%

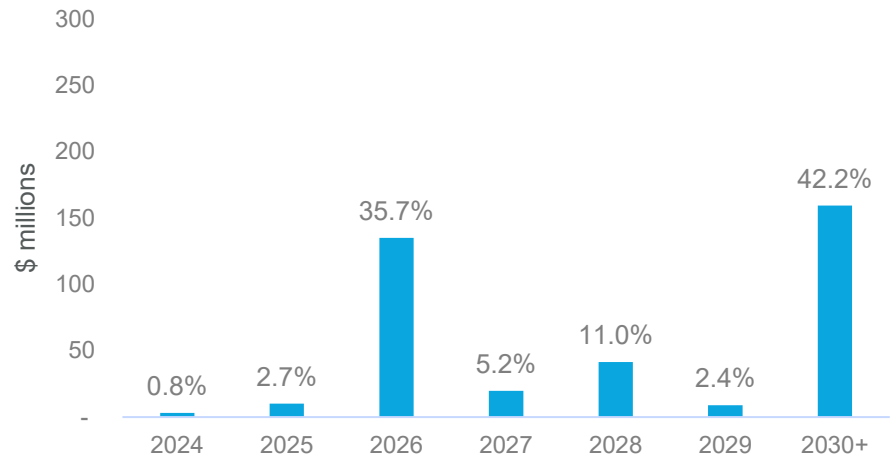
CRE office

3% of total loans

LTV distribution



scheduled maturity



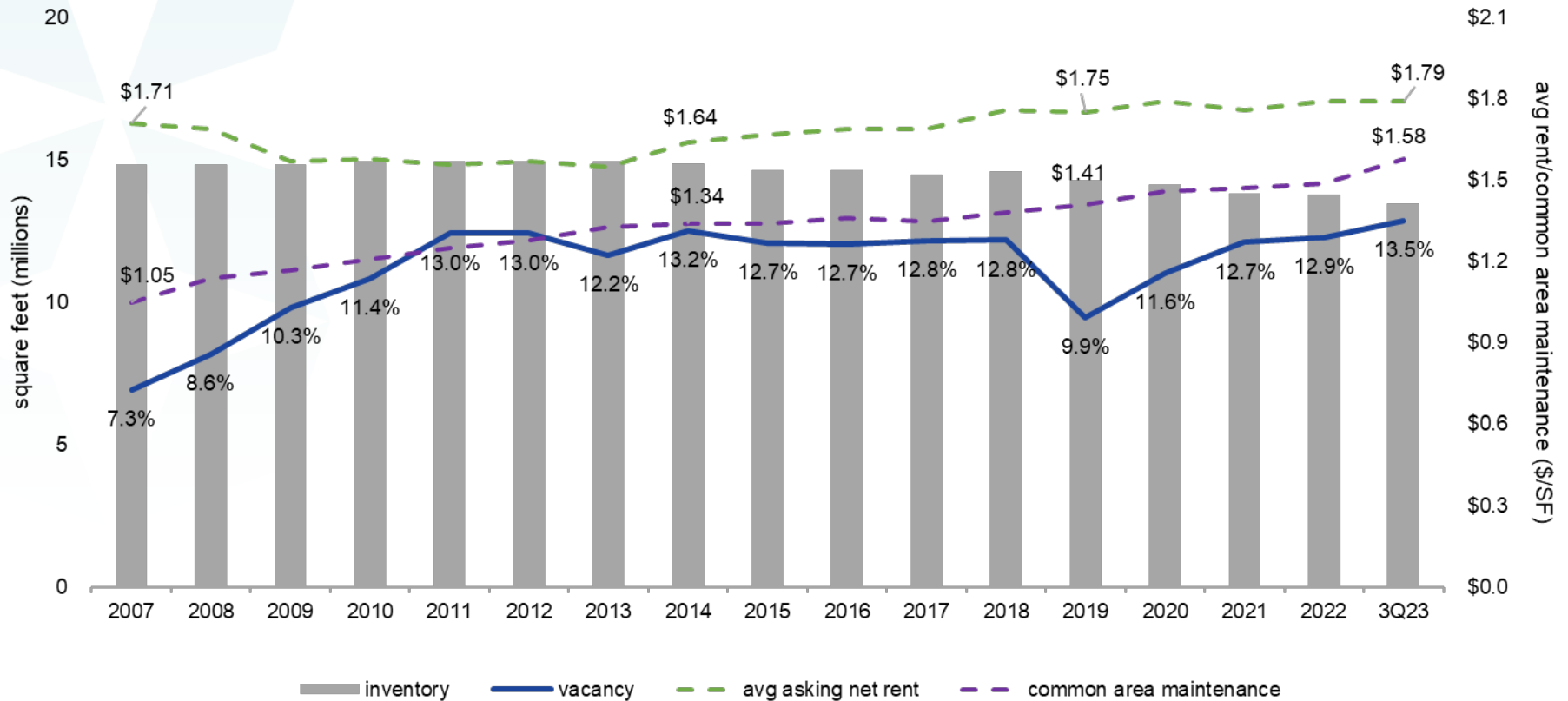
highlights

- 55% wtd avg LTV
- \$1.8MM average exposure
- 23% CBD (Downtown Honolulu)
 - 60% wtd avg LTV
 - 43% with repayment guaranties
- 4% maturing prior to 2026

Oahu investor office market

13.5 million square feet

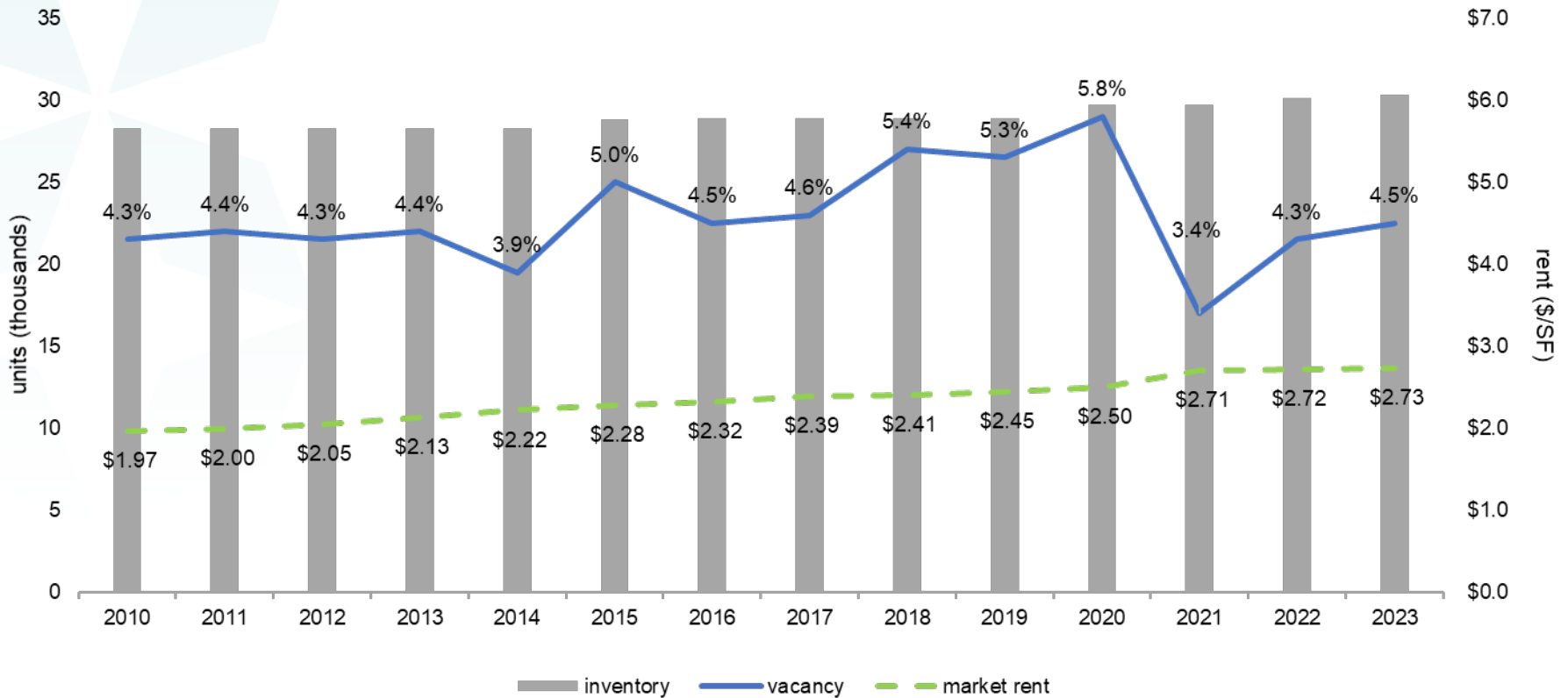
rents remain stable as conversions to alternative purpose continue to drive decline in inventory



Honolulu multi-family market

30,307 units

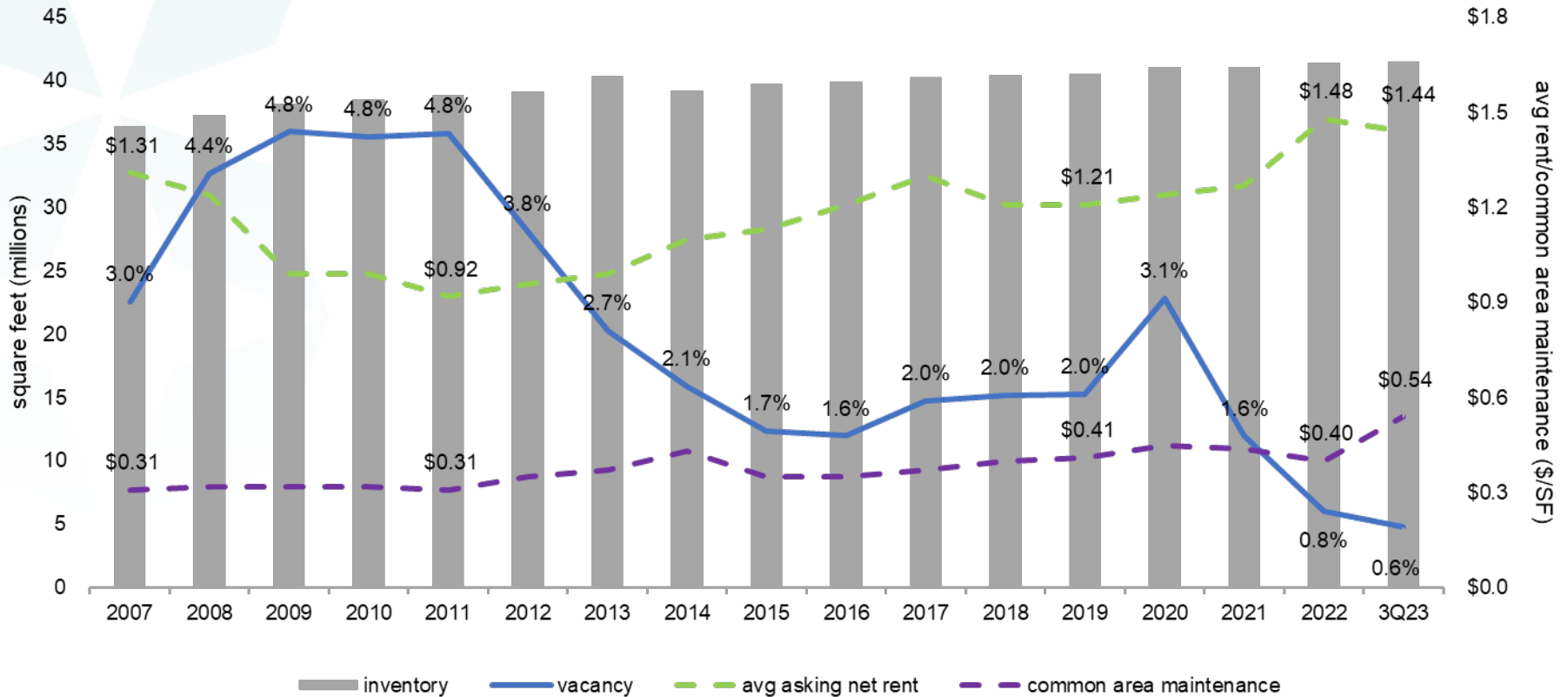
severely limited existing and new supply, compounded by the high cost of homeownership, continues to drive rental demand



Oahu industrial market

41.5 million square feet

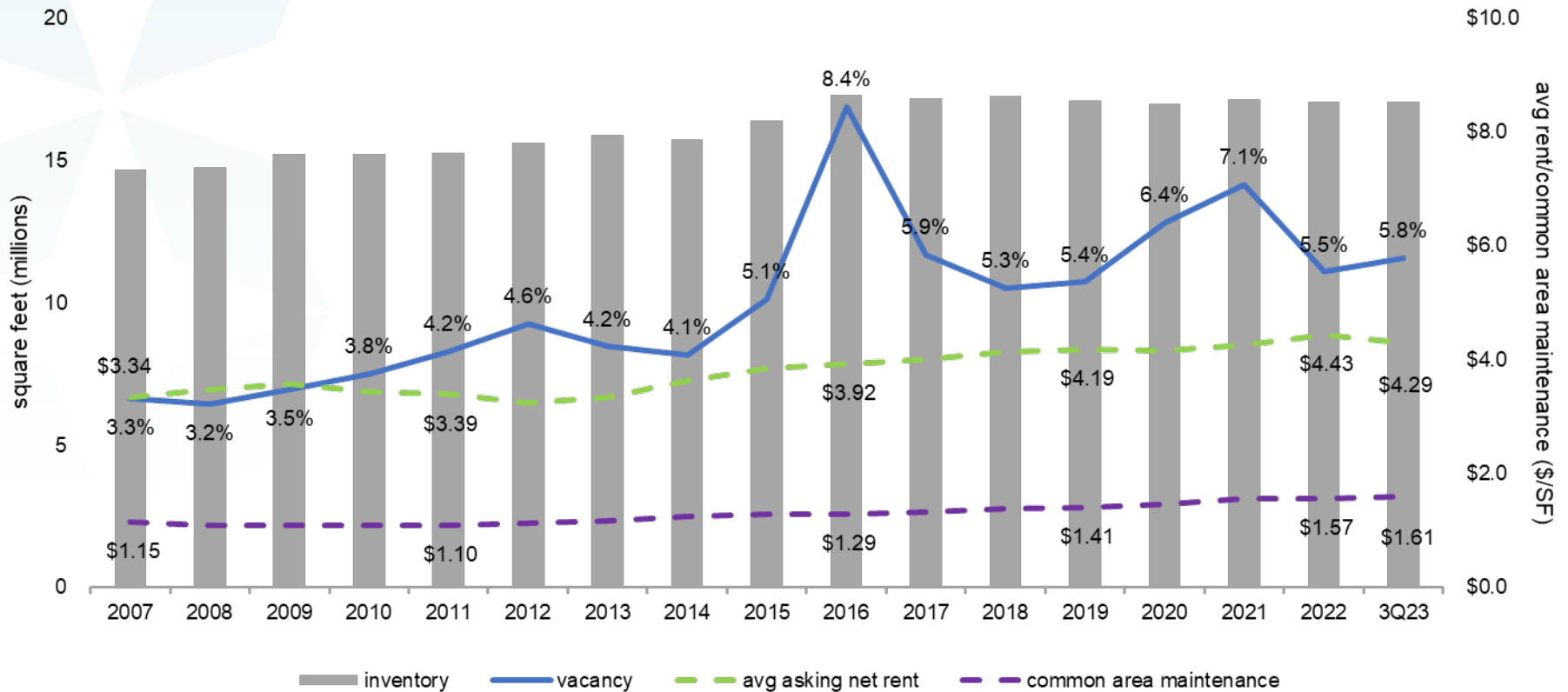
vacancy rates at a historic low, while available industrial space listings remain near record low



Oahu retail market

17.1 million square feet

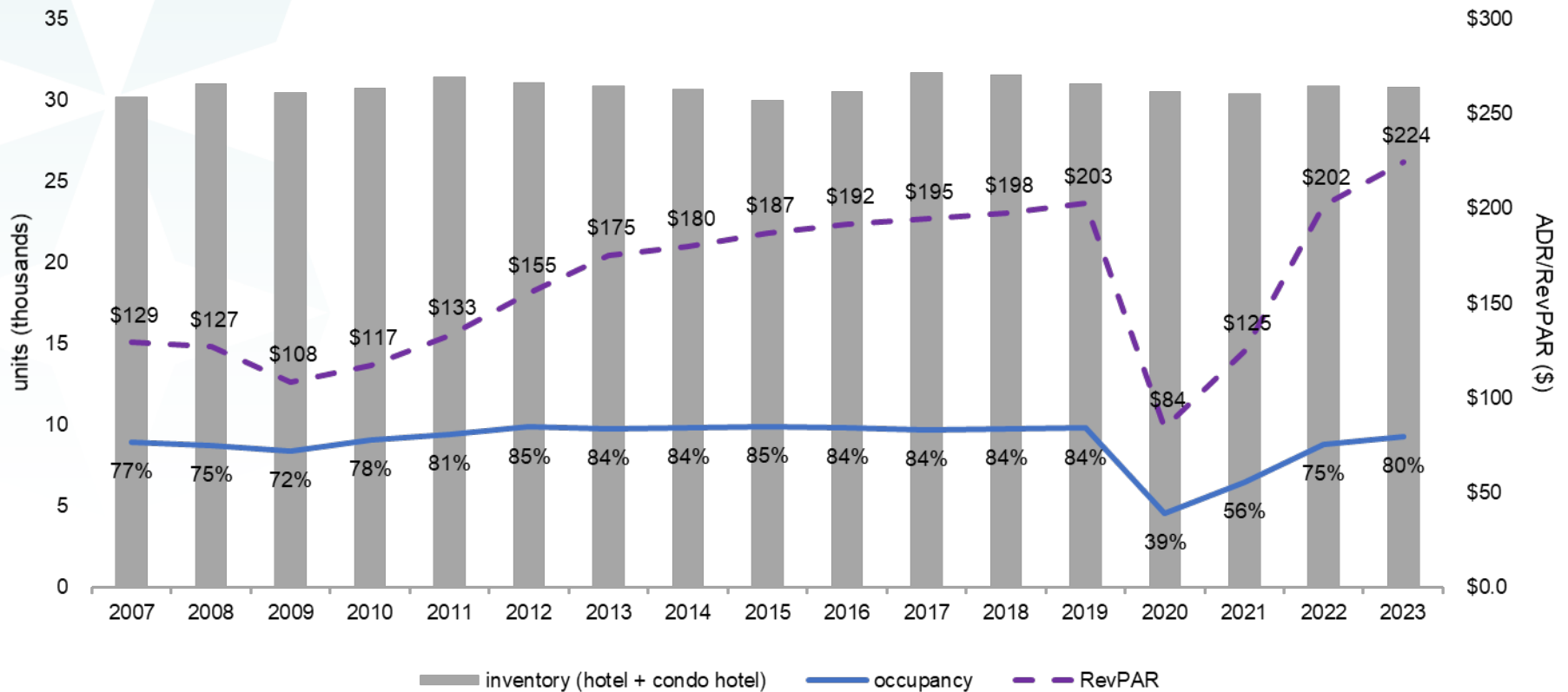
record retail sales and tourism spend continue to support post-pandemic recovery



Oahu lodging market

30.9 thousand rooms

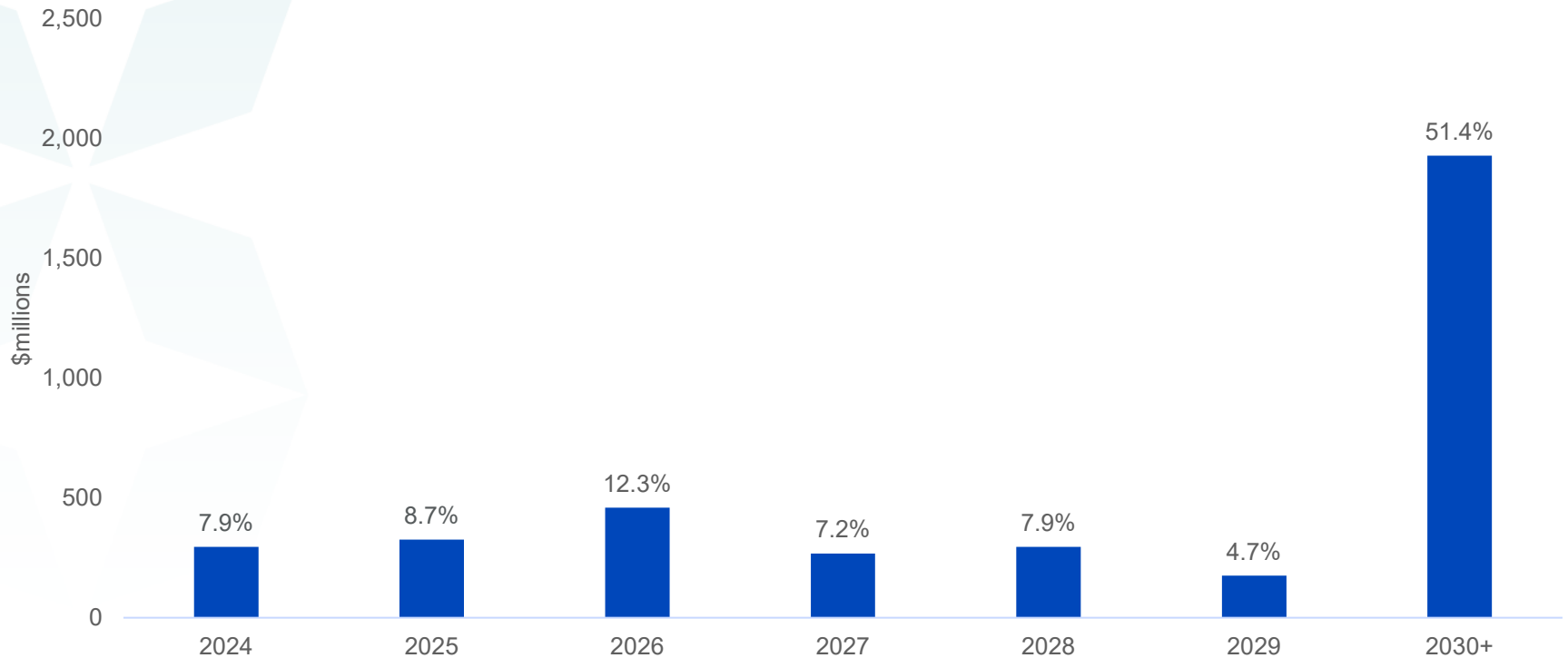
outlook is generally positive, as inventory remains flat and occupancy & RevPar report comparably with pre-pandemic tourism



CRE scheduled maturities

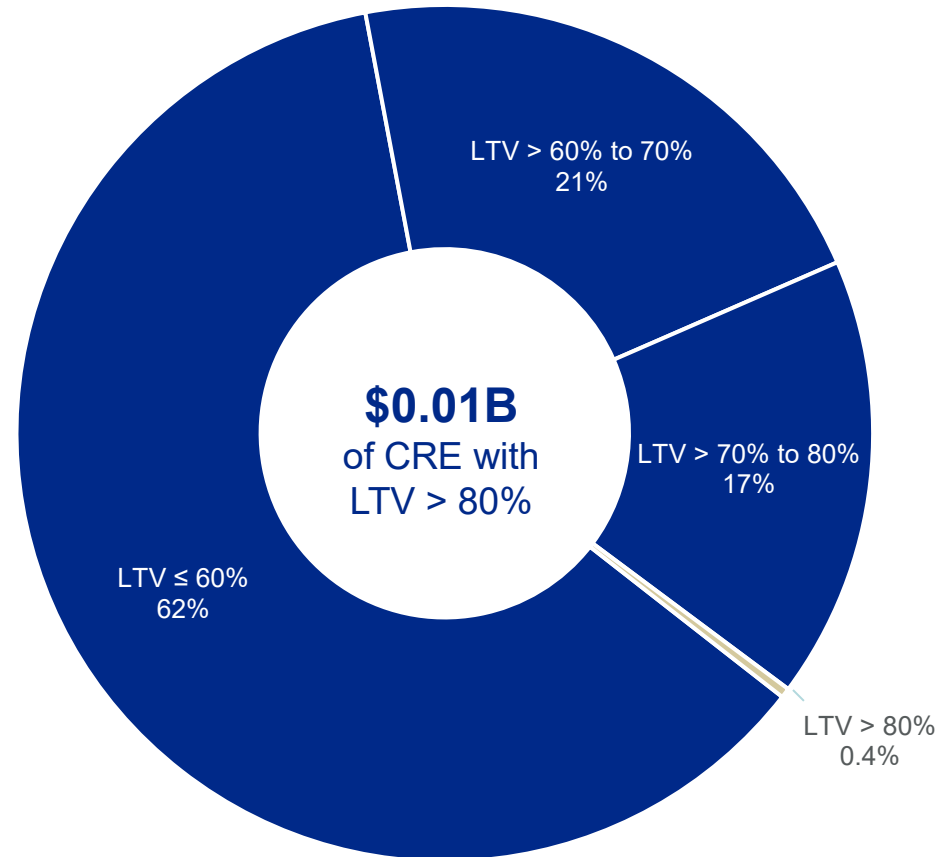
8% maturing in 2024

scheduled maturities



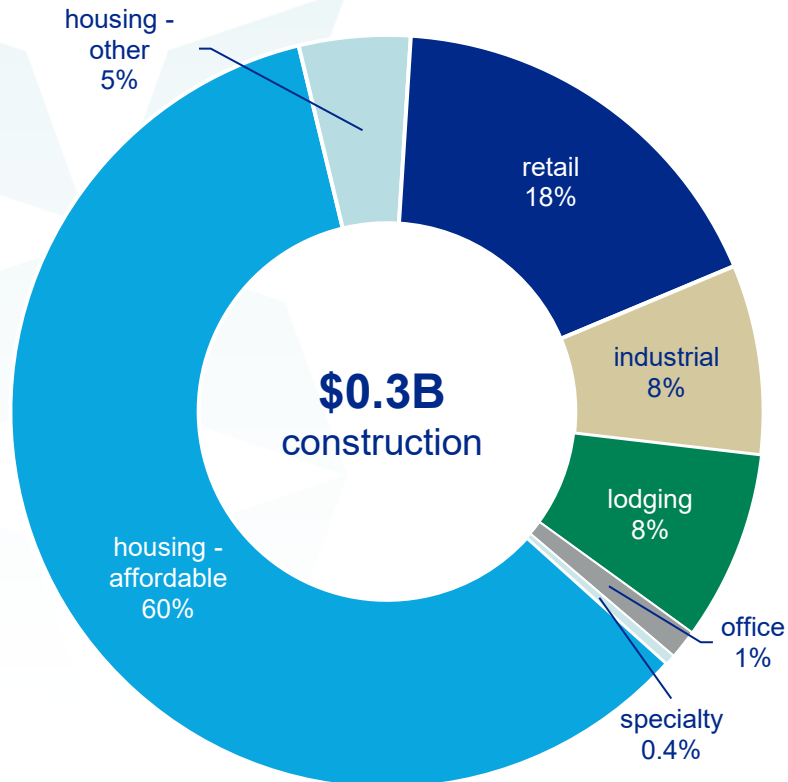
CRE tail risk

LTV > 80% - 0.4% of CRE, 0.1% of total loans



construction

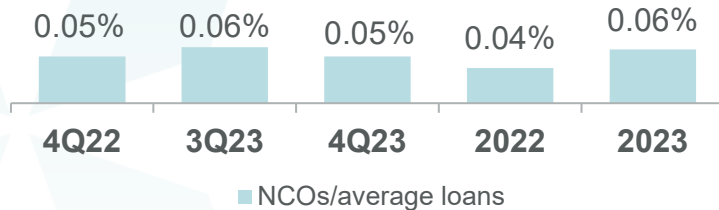
2% of total loans



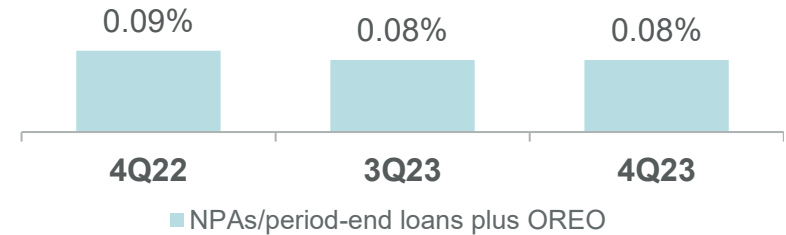
asset type	% total construction	wtd avg LTV
housing – low income / affordable	60%	56%
housing – other	5%	42%
retail	18%	64%
industrial	8%	68%
lodging	8%	56%
office	1%	58%
specialty	0.4%	42%
total construction	100%	58%

credit quality

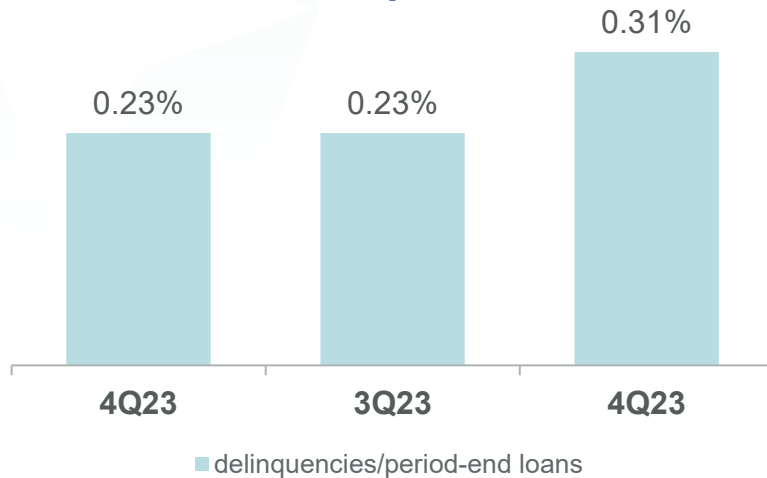
net charge-offs



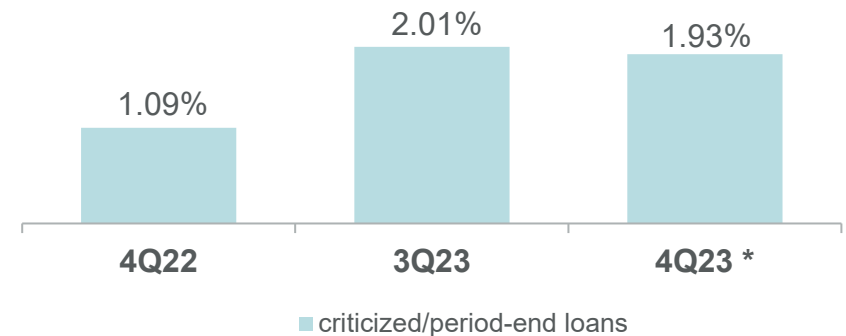
non-performing assets



delinquencies



criticized



* 37% of total criticized in CRE with 54% wtd avg LTV

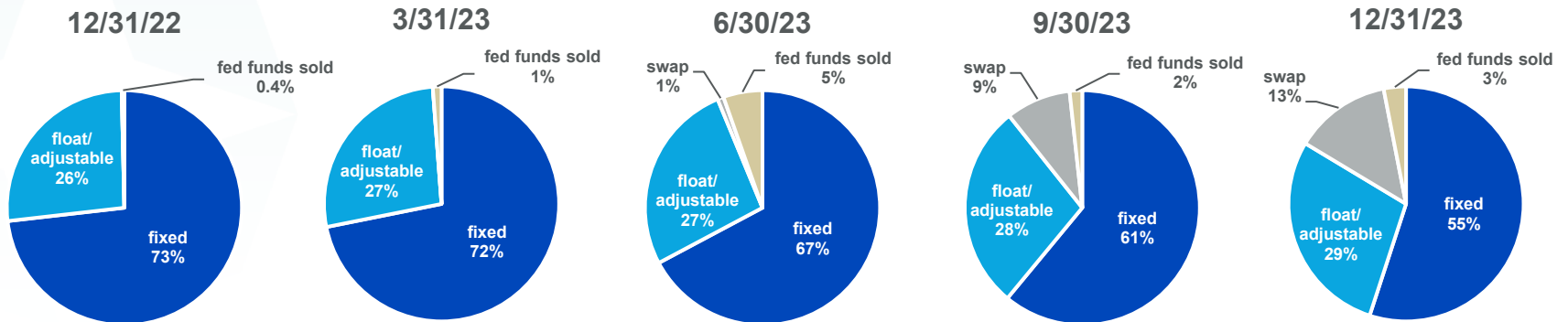


financial update

hedging program

increased pay-fixed/receive-float swaps by \$1.0 billion (\$3.0 billion total notional) in 4Q23 to hedge a portion of fixed-rate asset exposure

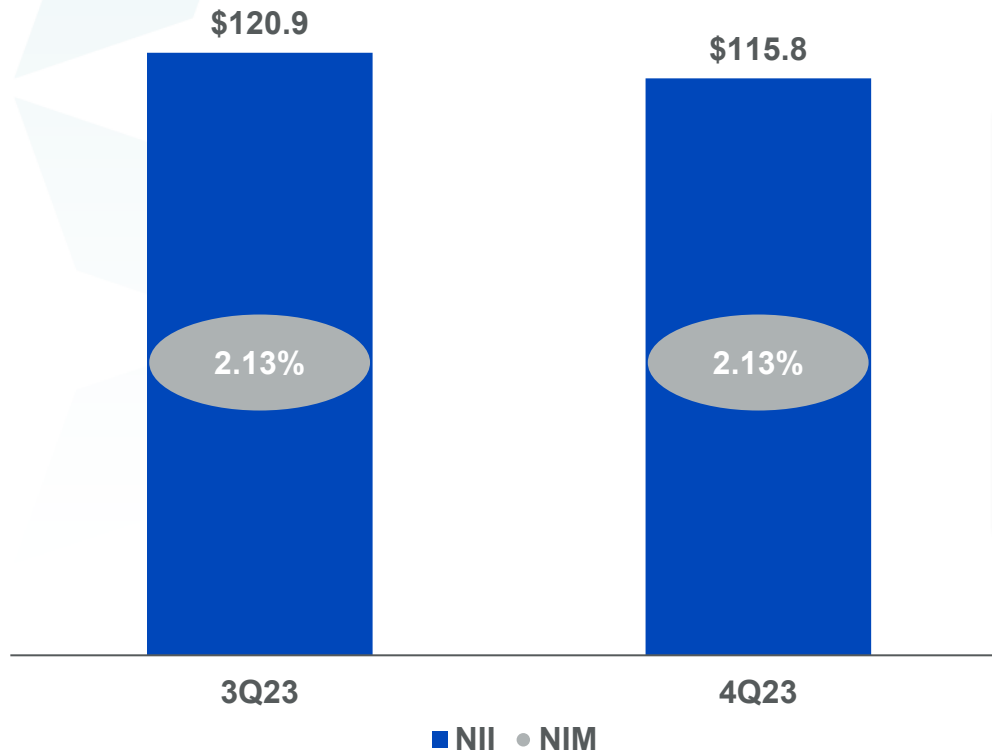
asset composition



note: fixed excludes \$3.0 billion of fixed-rate assets swapped to floating through the hedging program, fixed/float breakdown includes loans, investment portfolio (using par value), and fed funds sold, numbers may not add up due to rounding

NII and NIM

\$ in millions

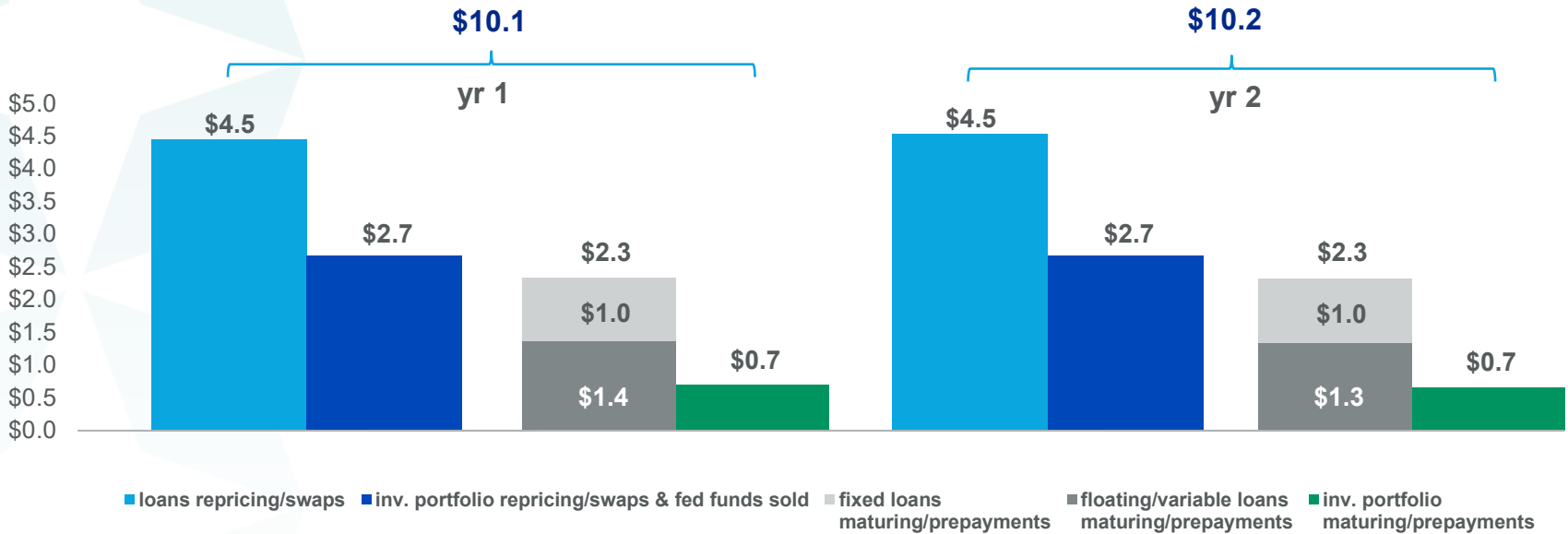


- decrease in earning assets
- deposit rates and betas remain well below peers
- stable NIM

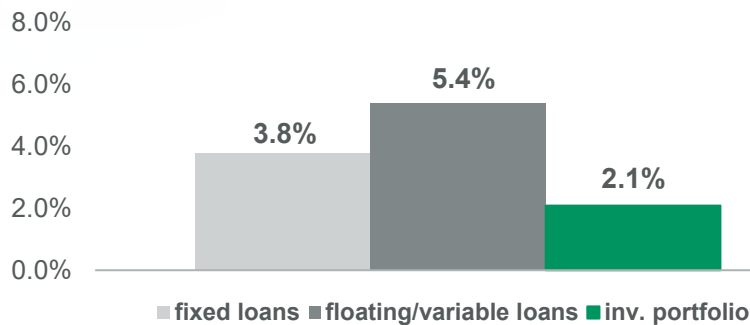
asset repricing

\$ in billions

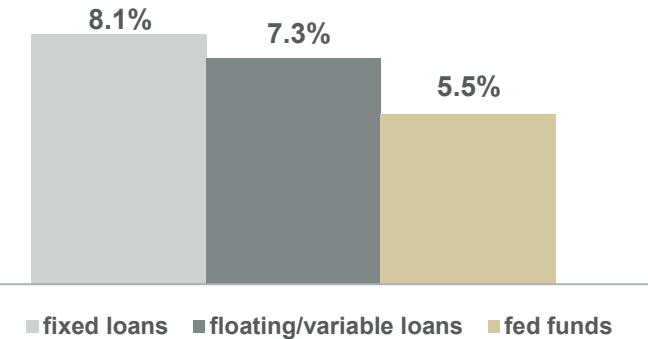
projected repricing, maturities & prepayments



matured/run-off yield



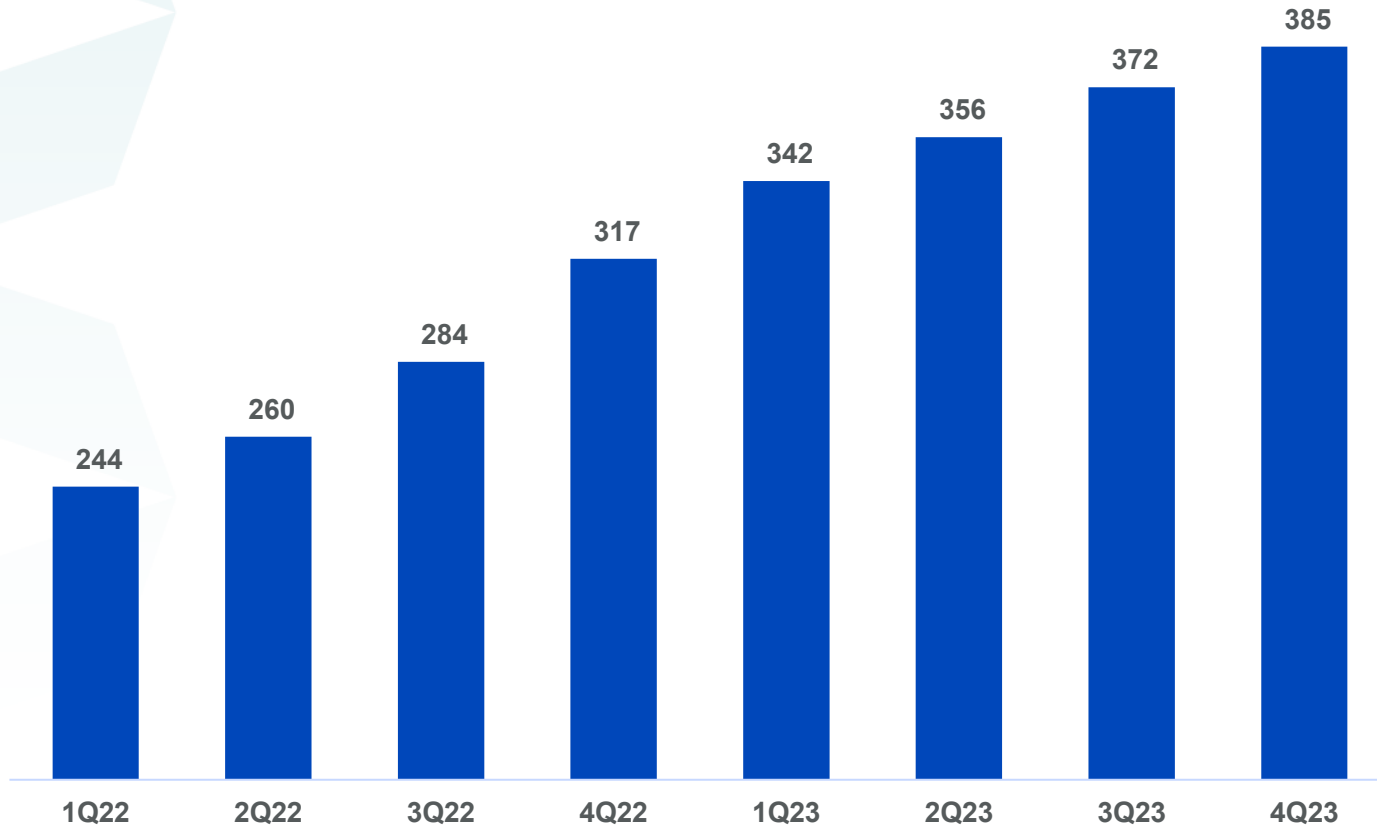
reinvestment opportunity



note: numbers may not add up due to rounding, loans repricing/swaps includes \$1.7 billion of fixed-rate loans swapped to floating rate assets, inv. portfolio repricing/swaps and fed funds sold includes \$1.3 billion of fixed-rate available-for-sale securities swapped to floating rate assets

avg total earning assets yield

in basis points

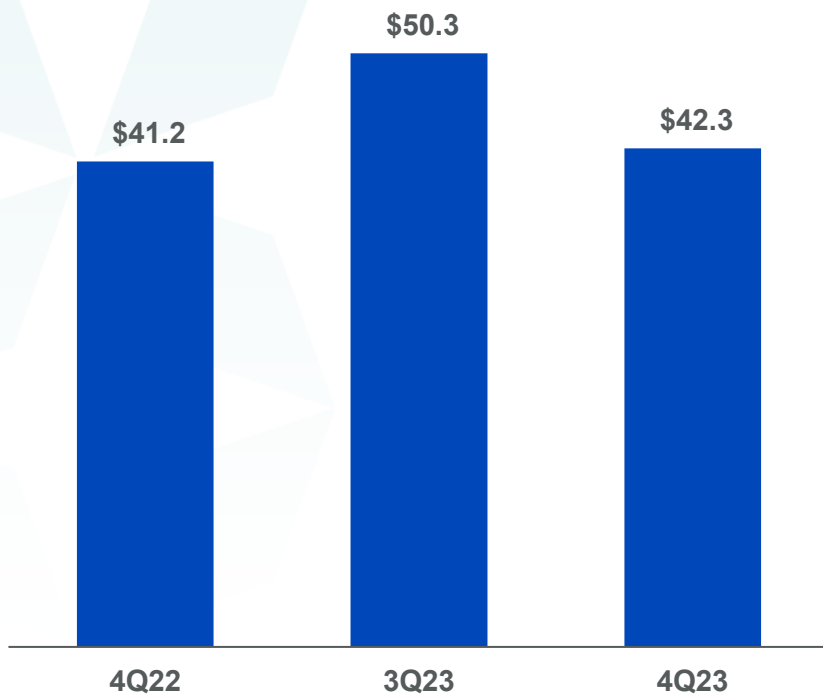


noninterest income

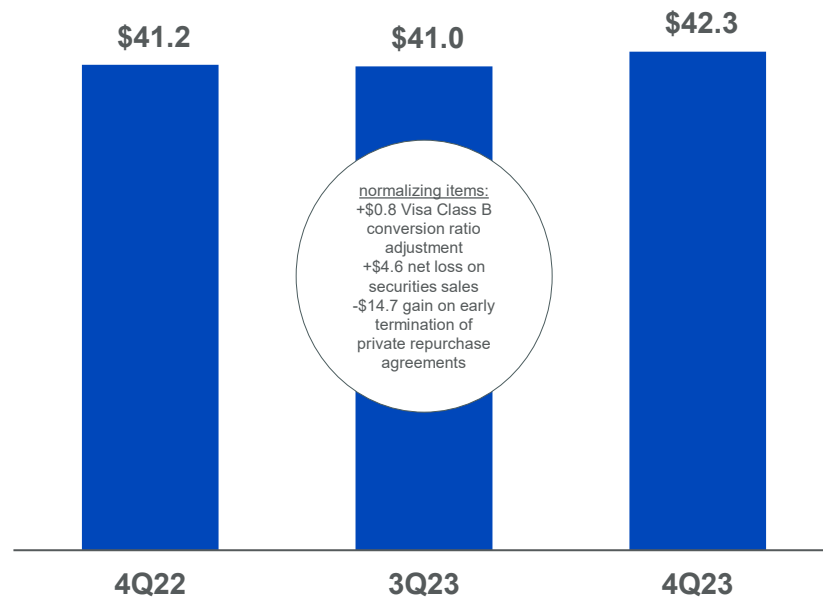
\$ in millions

moderate growth in core noninterest income

reported noninterest income



core noninterest income



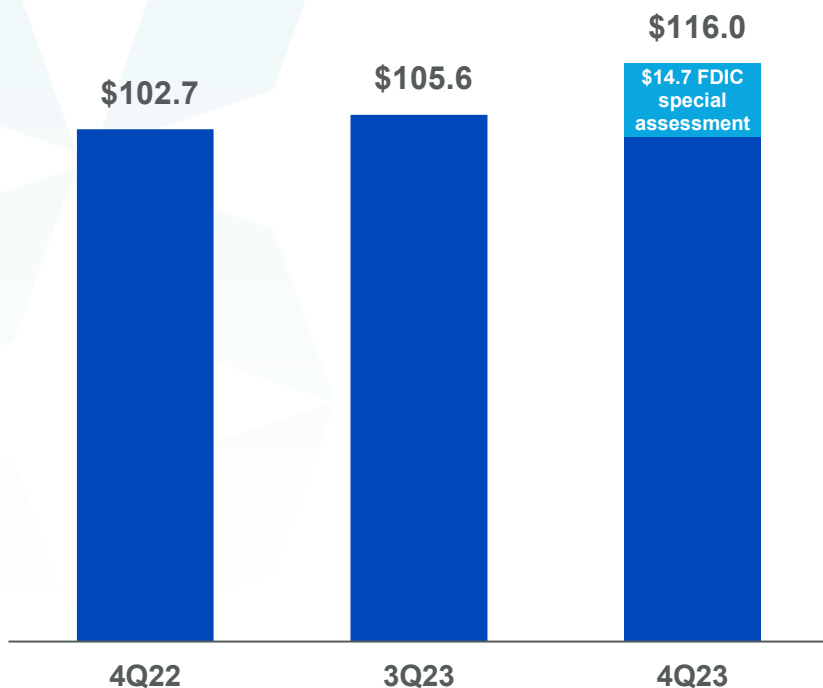
note: numbers may not add up due to rounding

noninterest expense

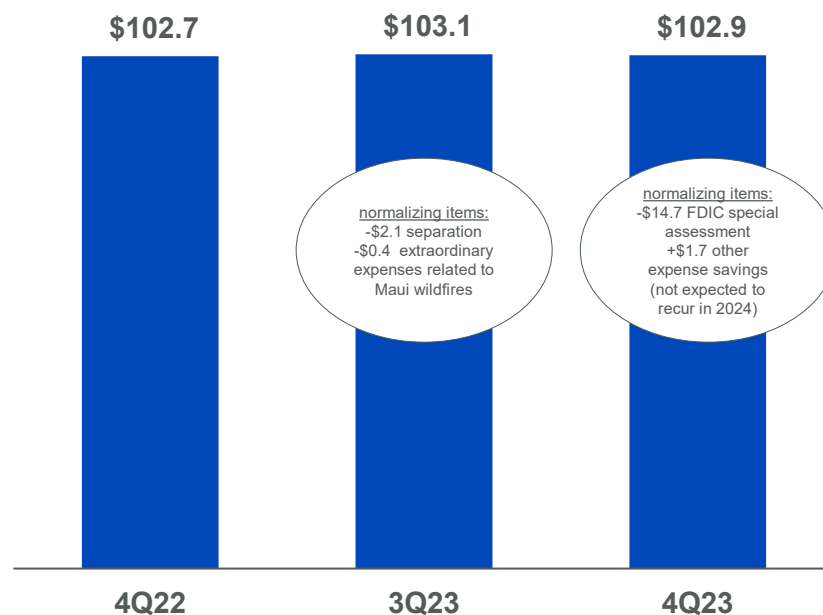
\$ in millions

disciplined expense management in challenging operating environment

reported noninterest expense



core noninterest expense



note: numbers may not add up due to rounding

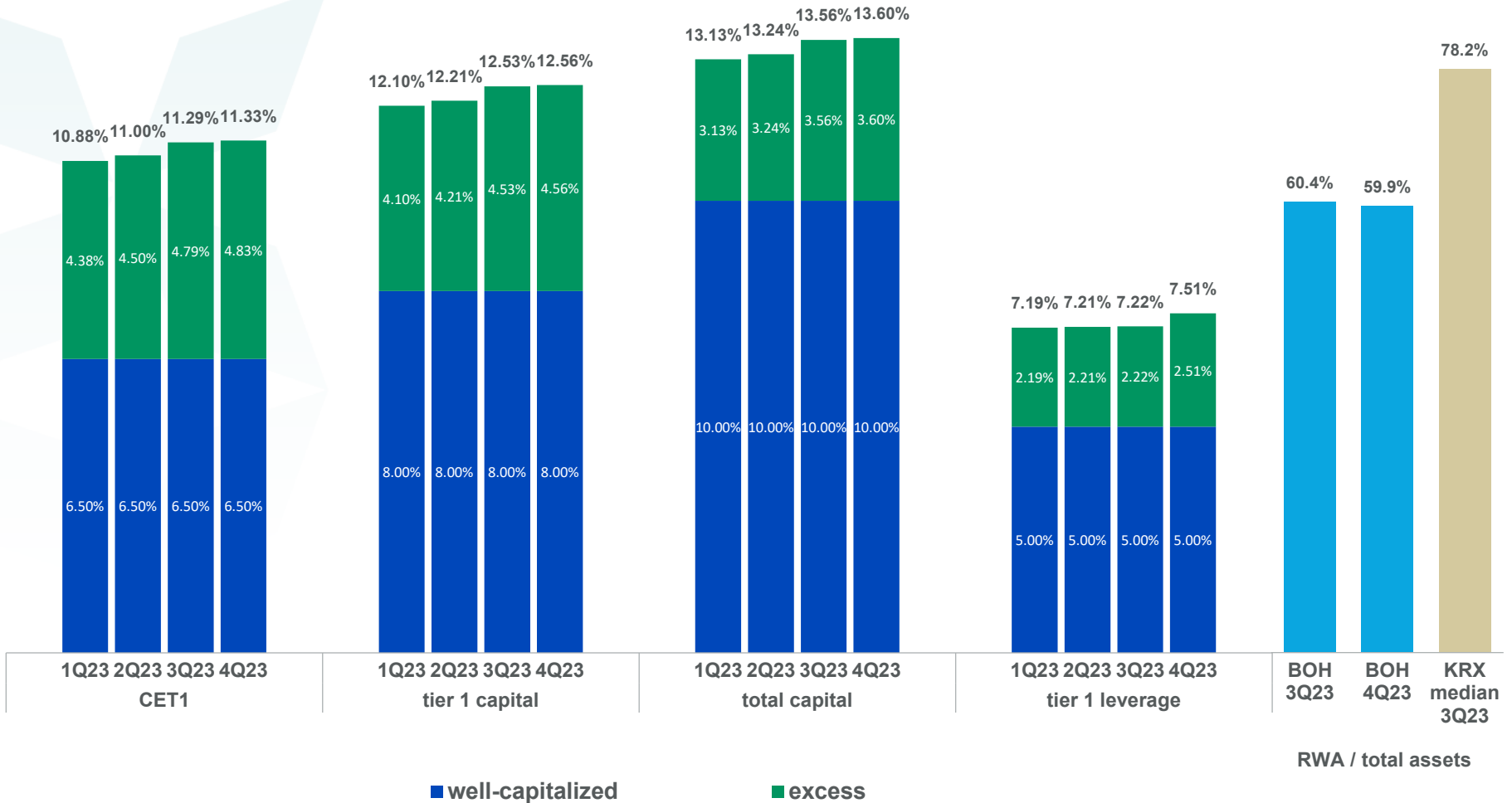
financial summary

\$ in millions, except per share amounts

	<u>4Q 2023</u>	<u>3Q 2023</u>	<u>4Q 2022</u>	<u>Δ 3Q 2023</u>	<u>Δ 4Q 2022</u>	<u>2023</u>	<u>Δ 2022</u>
net interest income	\$ 115.8	\$ 120.9	\$ 140.7	\$ (5.2)	\$ (25.0)	\$ 497.0	\$ (43.5)
noninterest income	42.3	50.3	41.2	(8.1)	1.1	176.6	19.1
total revenue	158.1	171.3	181.9	(13.2)	(23.8)	673.6	(24.5)
noninterest expense	116.0	105.6	102.7	10.4	13.3	437.5	22.3
operating income	42.1	65.7	79.2	(23.6)	(37.1)	236.1	(46.7)
credit provision	2.5	2.0	0.2	0.5	2.3	9.0	16.8
income taxes	9.2	15.8	17.7	(6.6)	(8.5)	55.9	(8.9)
net income	\$ 30.4	\$ 47.9	\$ 61.3	\$ (17.5)	\$ (30.9)	\$ 171.2	\$ (54.6)
net income available to common	\$ 28.4	\$ 45.9	\$ 59.3	\$ (17.5)	\$ (30.9)	\$ 163.3	\$ (54.6)
diluted EPS	\$ 0.72	\$ 1.17	\$ 1.50	\$ (0.45)	\$ (0.78)	\$ 4.14	\$ (1.34)
return on assets	0.51 %	0.78 %	1.05 %	(0.27) %	(0.54) %	0.71 %	(0.27) %
return on common equity	9.55	15.38	21.28	(5.83)	(11.73)	13.89	(3.94)
net interest margin	2.13	2.13	2.60	-	(0.47)	2.24	(0.26)
efficiency ratio	73.36	61.66	56.46	11.70	16.90	64.95	5.46
end of period balances							
investment portfolio	\$ 7,406	\$ 7,475	\$ 8,259	(0.9) %	(10.3) %	\$ 7,406	(10.3) %
loans and leases	13,965	13,919	13,646	0.3	2.3	13,965	2.3
total deposits	21,055	20,802	20,616	1.2	2.1	21,055	2.1
shareholders' equity	1,414	1,364	1,317	3.7	7.4	1,414	7.4

note: numbers may not add up due to rounding

strong risk-based capital



note: 4Q23 regulatory capital ratios are preliminary

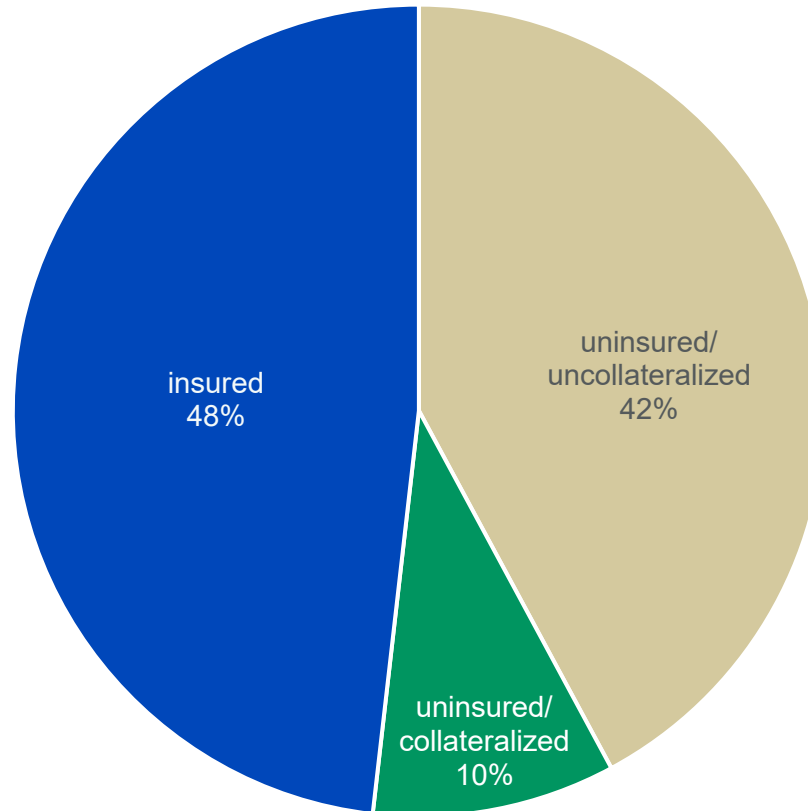
takeaways

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

Q & A

appendix

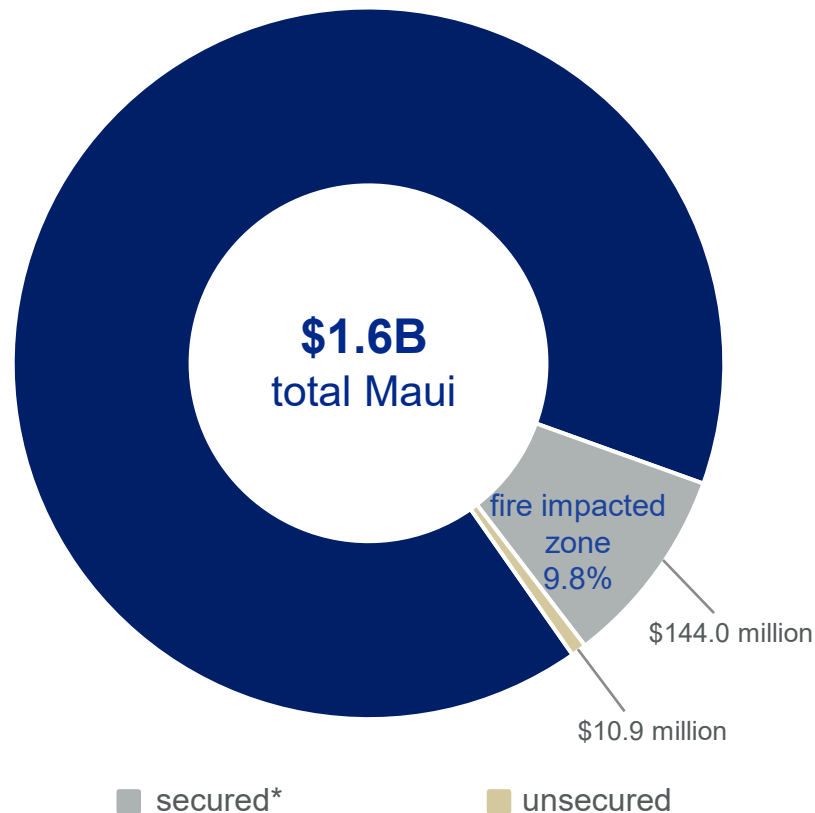
insured/collateralized deposits



Maui portfolio

11% of total loans, 1% of total loans located in fire impacted zone

**fire impacted zone exposure down 8.5% from prior quarter
with no change in estimated potential loss of \$11 million**



* principally comprised of loans secured by real estate