

Bank of Hawai'i Corporation
third quarter 2023
financial report

October 23, 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

highlights

**quality balance
sheet performance**

strong liquidity

strong credit

earnings highlights

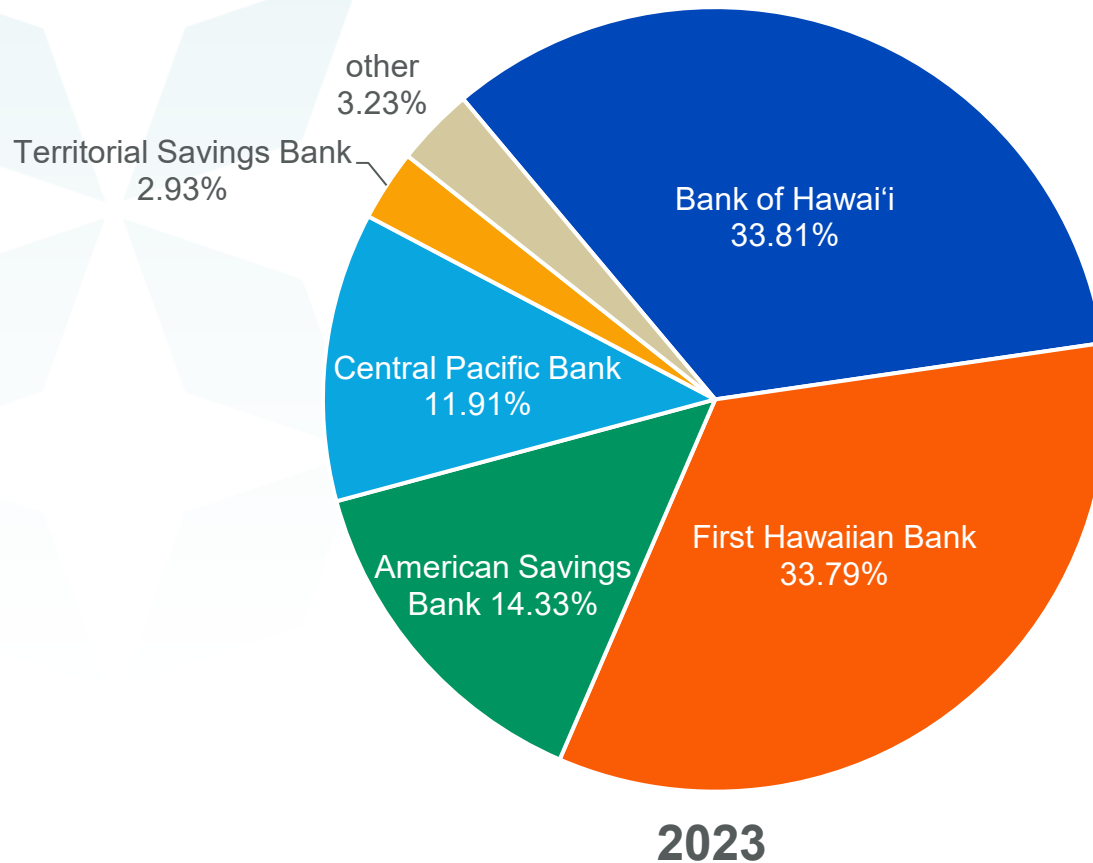
- period end total deposits increased 1.4%
 - average deposits increased 2.4%
 - growth attributed to increase in core customer deposits
 - wholesale funding decreased by \$1.8 billion
-
- **\$9.6 billion in readily available liquidity exceeds uninsured/uncollateralized deposits**
-
- **0.06% net charge-off rate**
 - **0.08% non-performing assets level**
 - **79% of loan portfolio real-estate secured with combined wtd avg LTV of 55%**
 - **CRE portfolio comprises 27% of total loans**
 - wtd avg LTV of 55%;
 - only 8% maturing prior to 2025;
 - CRE office exposure only 3% of total loans
-
- **\$1.17 earnings per diluted share**
 - **1.40% average cost of total deposits**
 - **15.38% 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

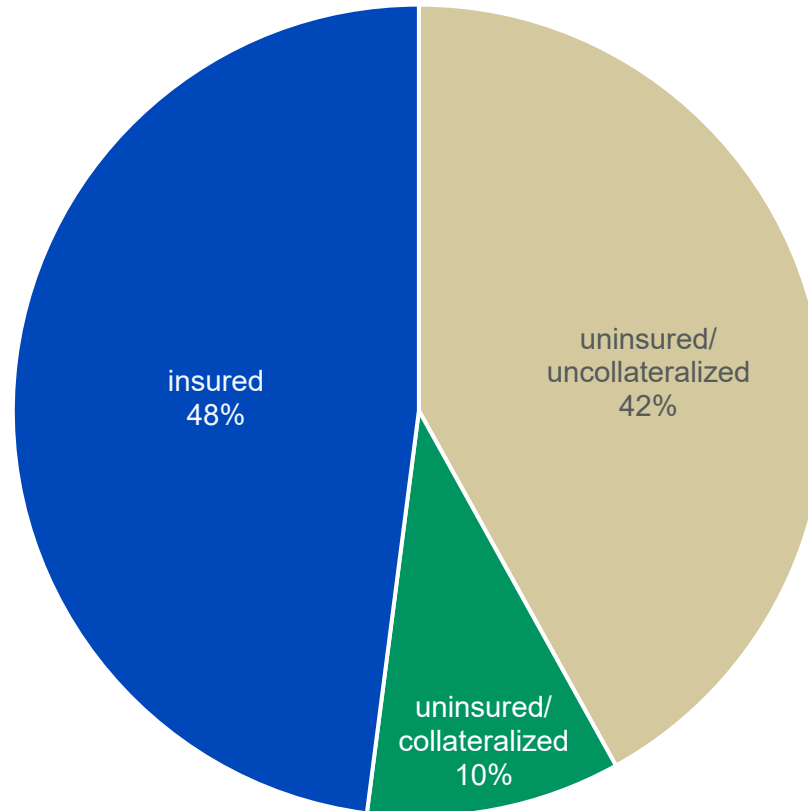
- ✓ unique marketplace
- ✓ diversified
- ✓ long tenured

unique deposit market

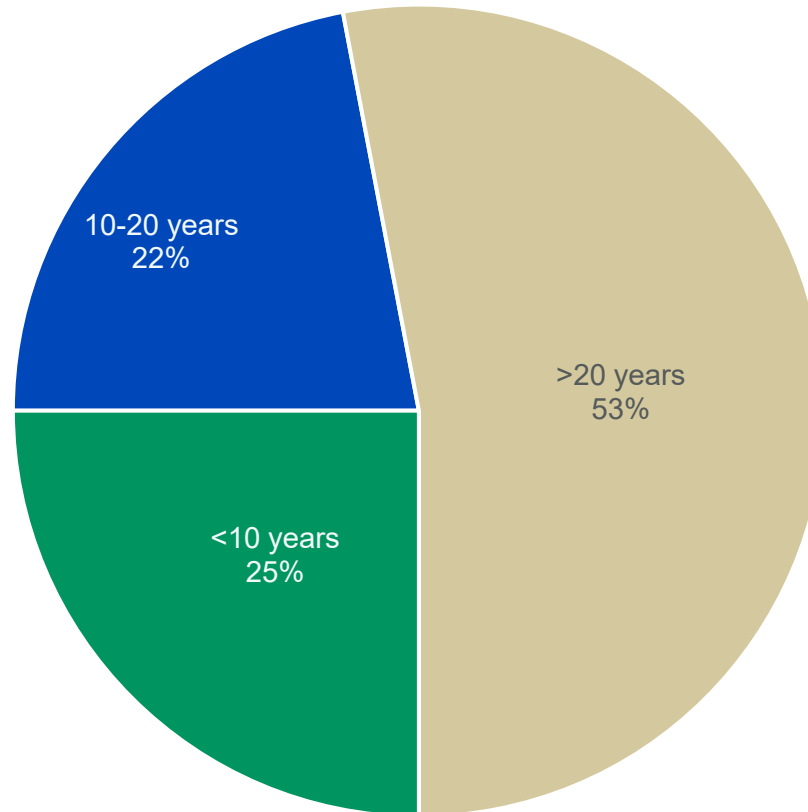


the leader in a unique deposit market with five local competitors holding 97% of the bank deposit market

insured/collateralized deposits

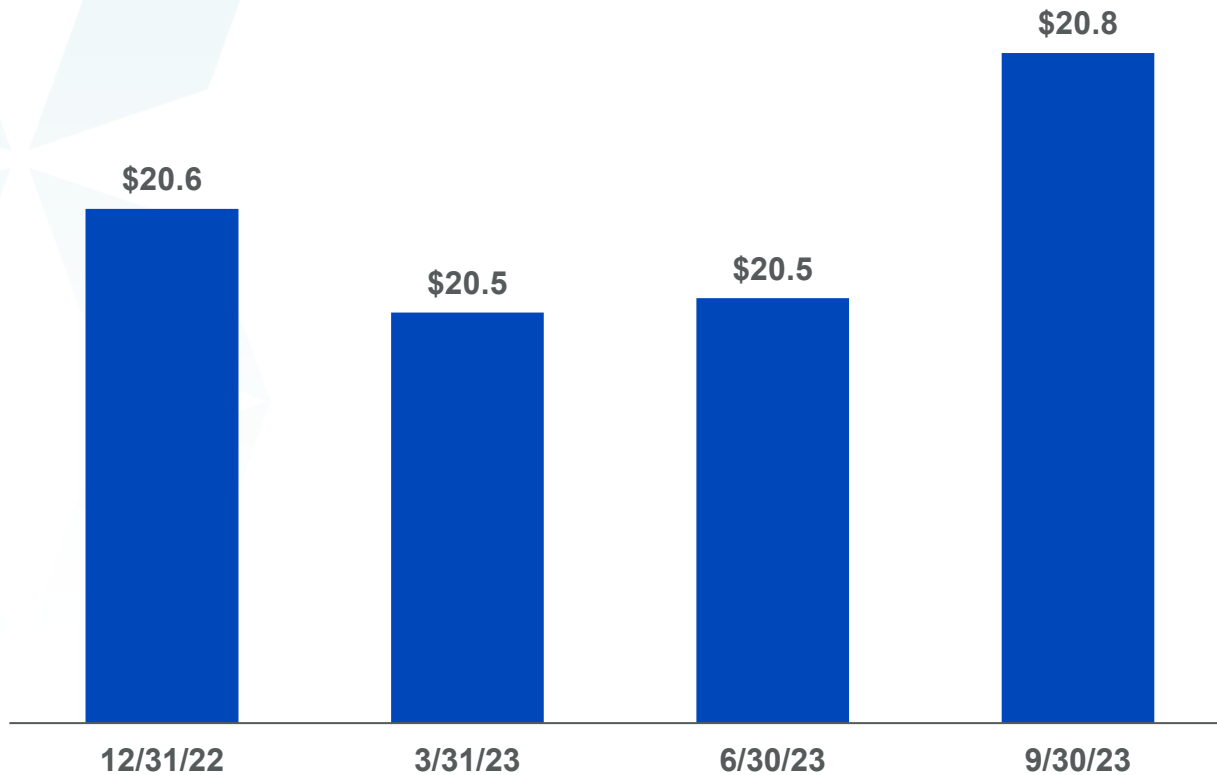


long tenured deposit base



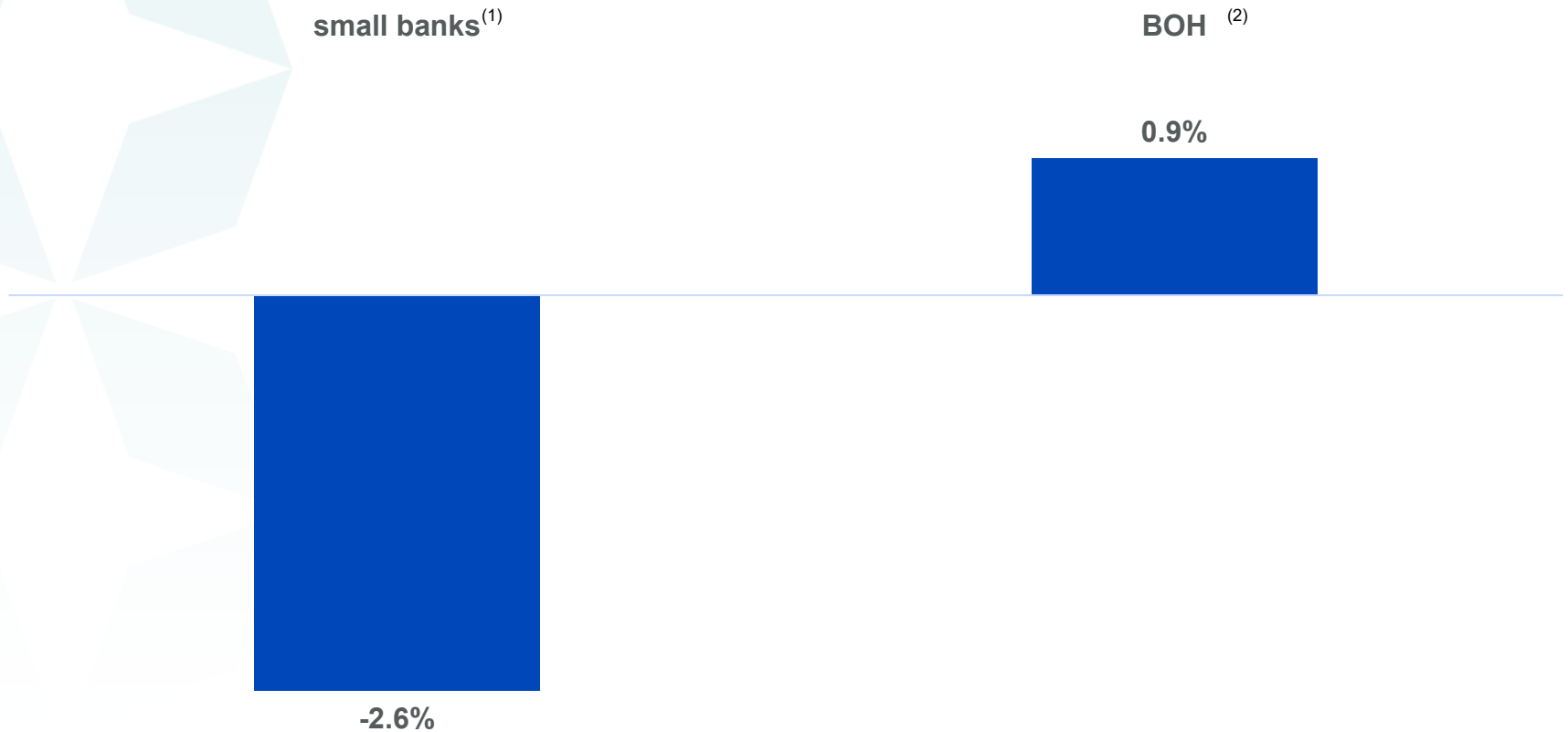
stable deposit balances

\$ in billions



- spot balance increased by 1.4%
- average balance increased by 2.4%

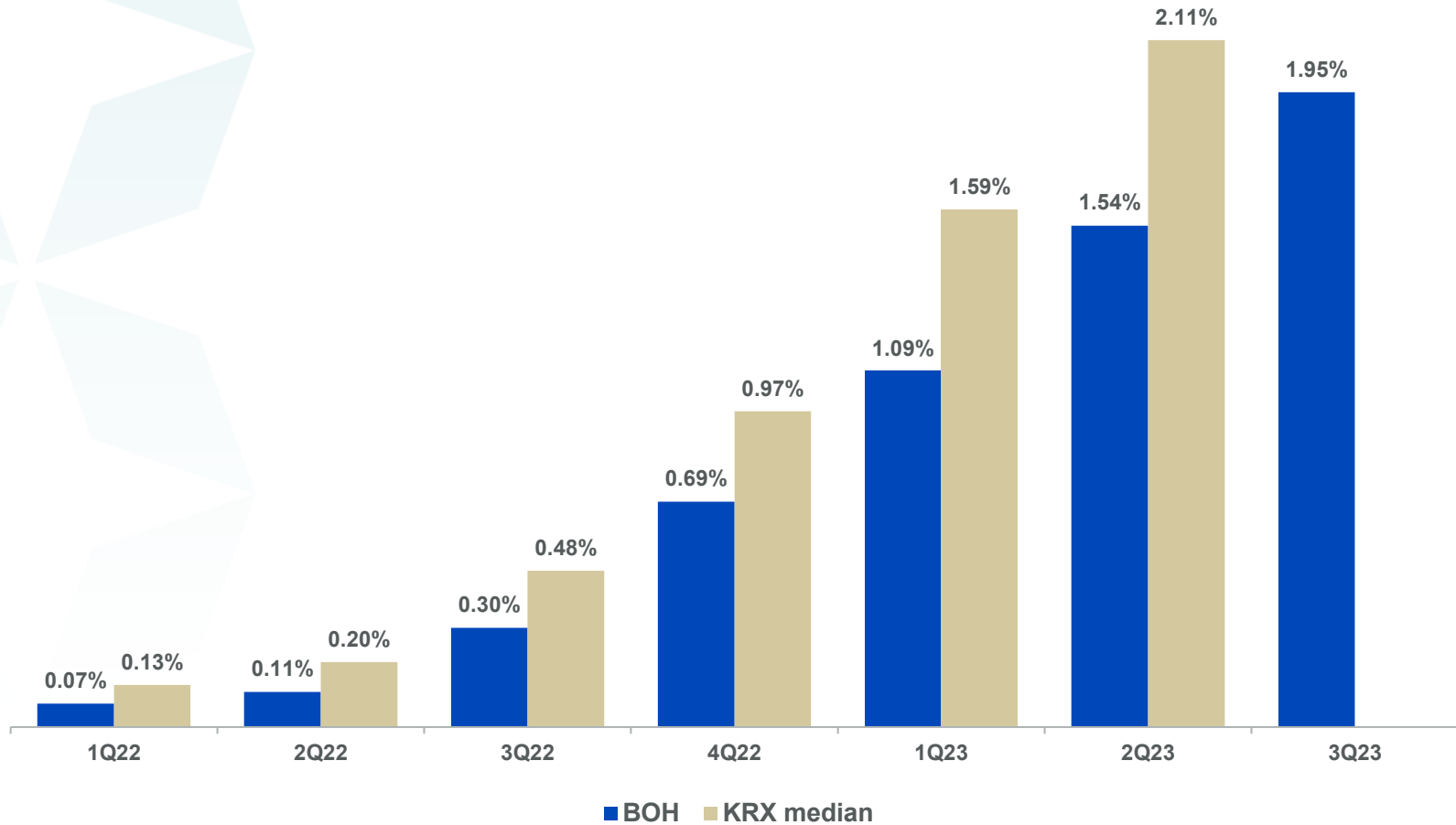
2023 deposit balances change



(1) compares 9/27/23 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

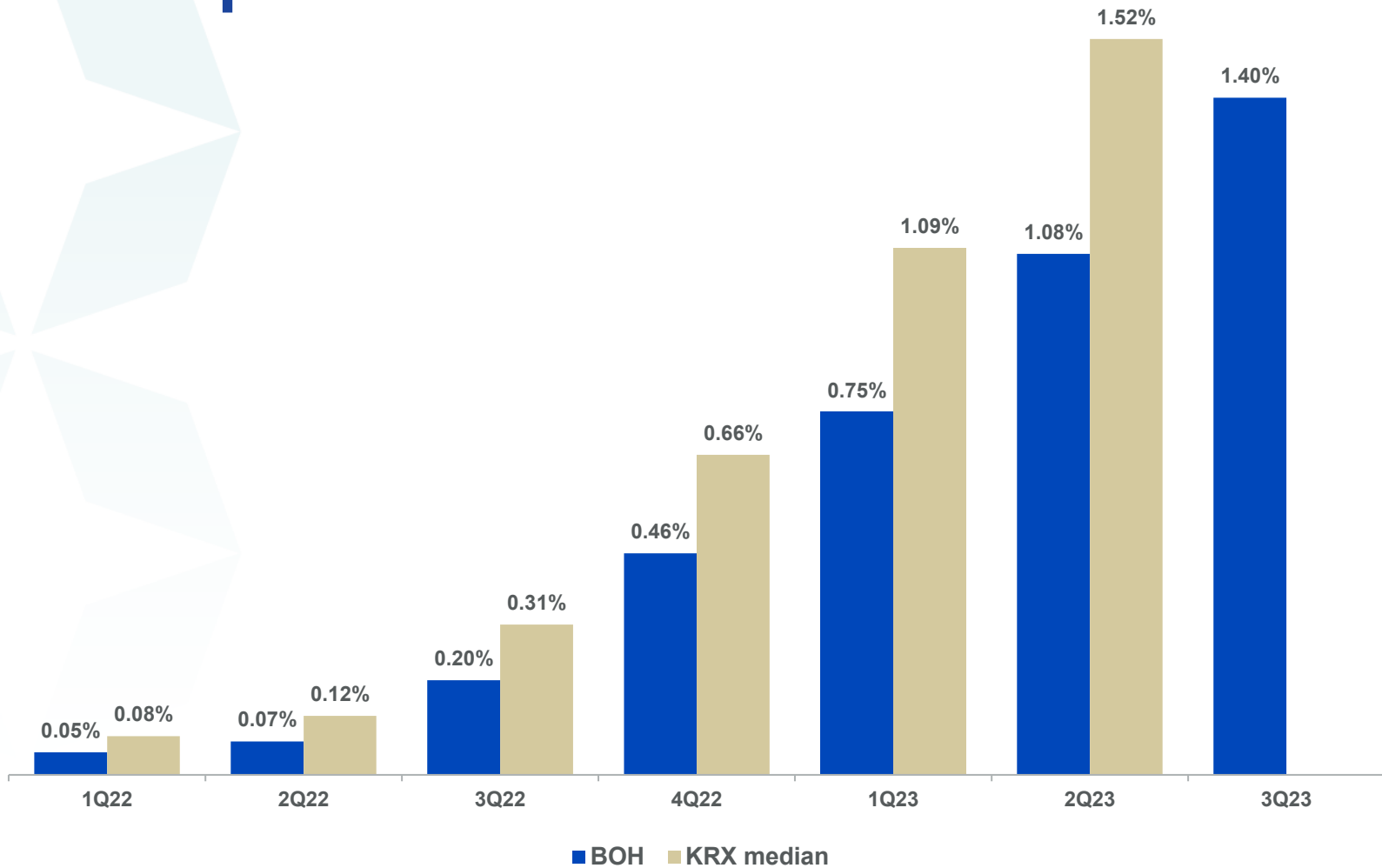
(2) compares 9/30/23 vs. 12/31/22

cost of funds interest-bearing deposits



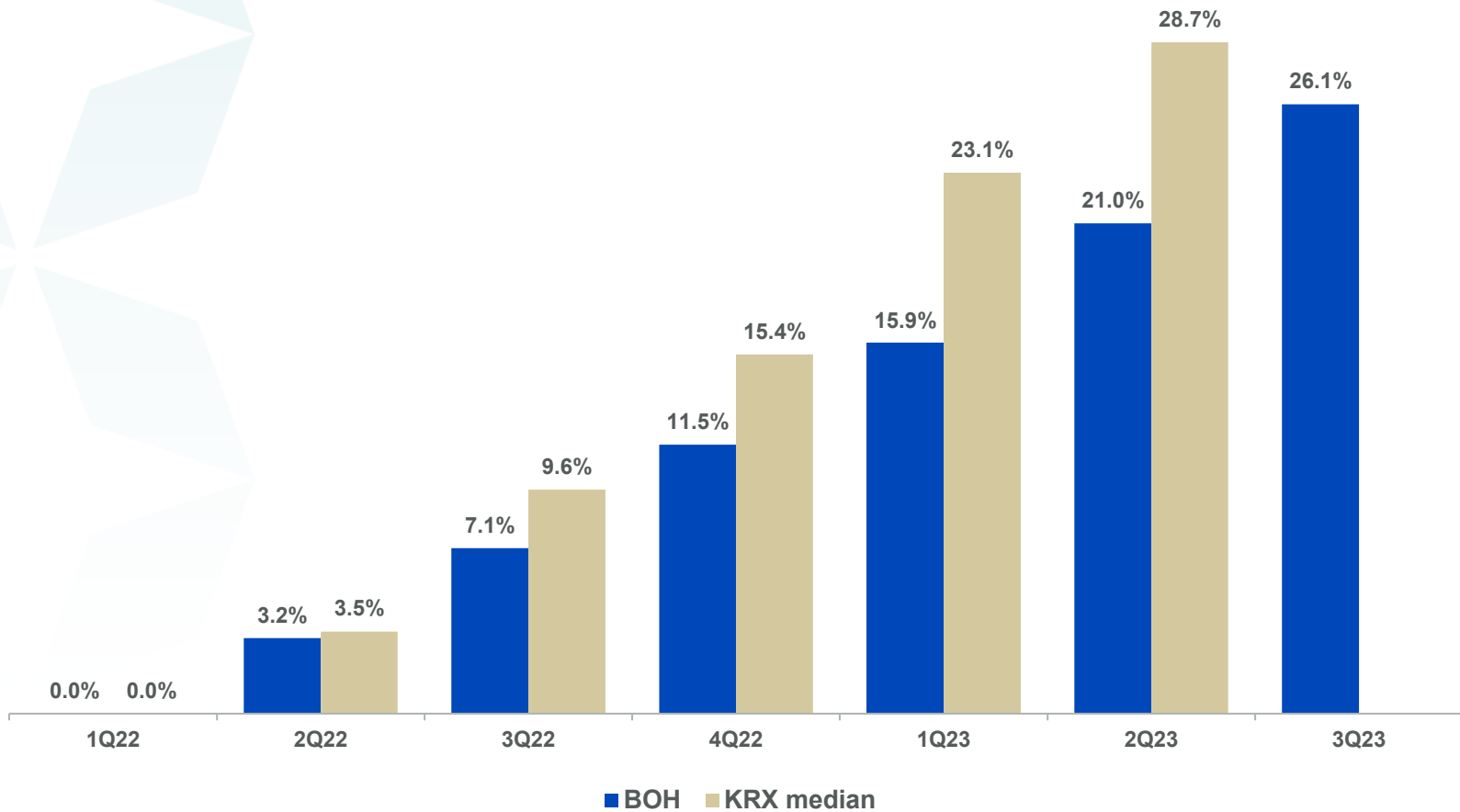
source: S&P Capital IQ; KBW Regional Banking Index (KRX) as of 1/3/23

cost of funds total deposits



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

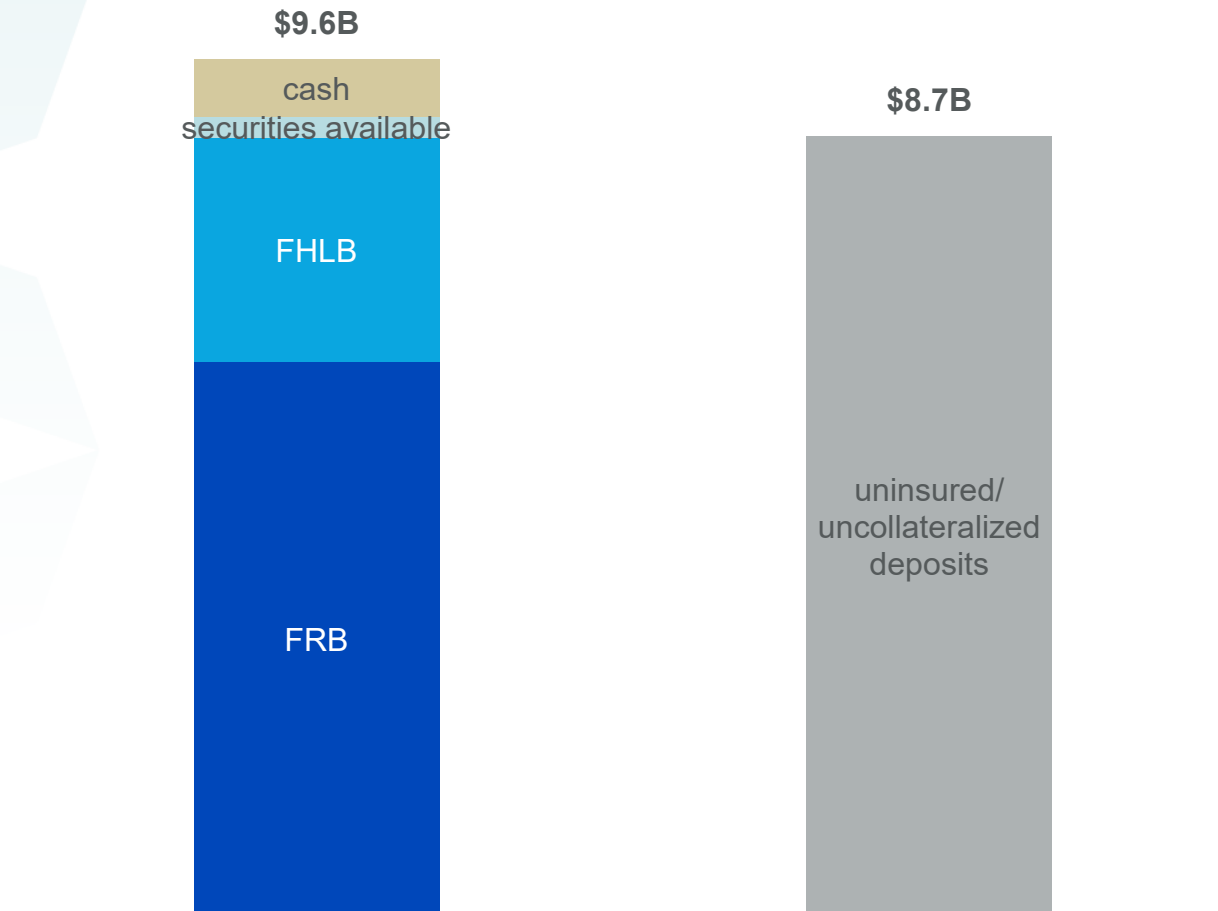
deposit beta performance



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

readily available liquidity

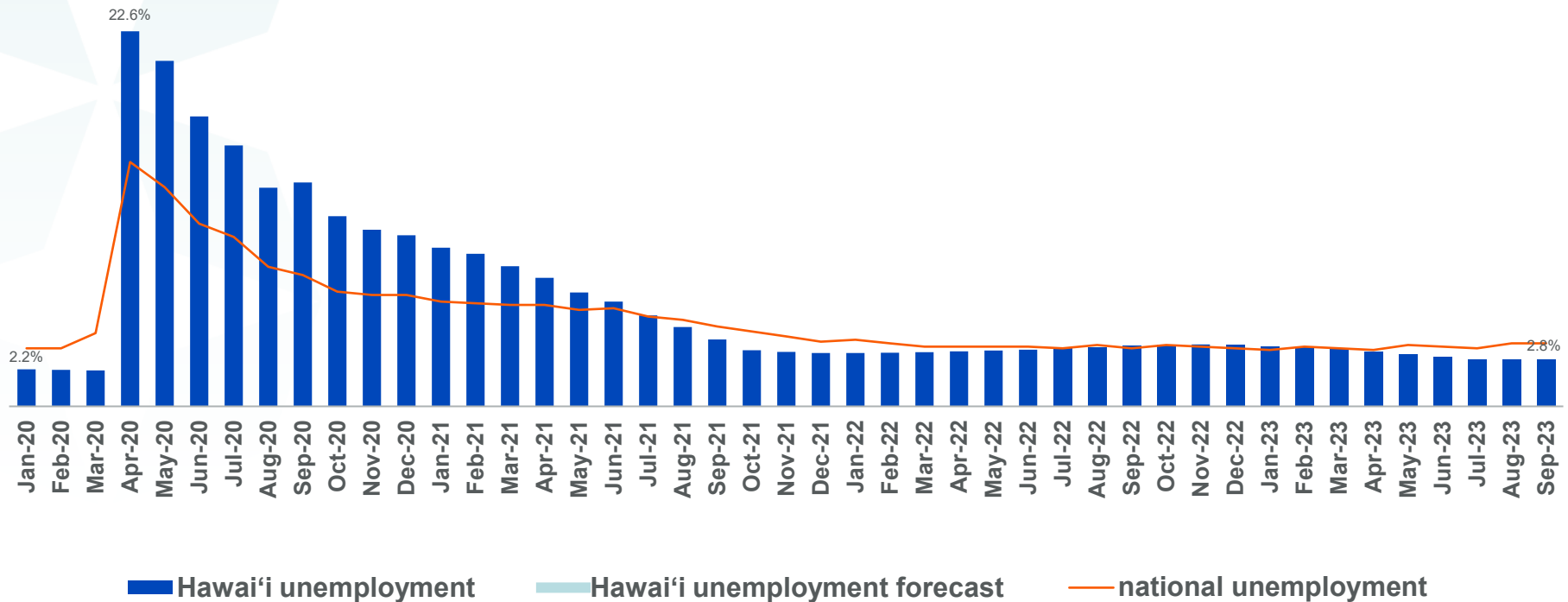
Bank of Hawai'i carries substantial liquidity lines and equivalents for both day-to-day operational and liquidity backstop purposes



note: as of September 30, 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

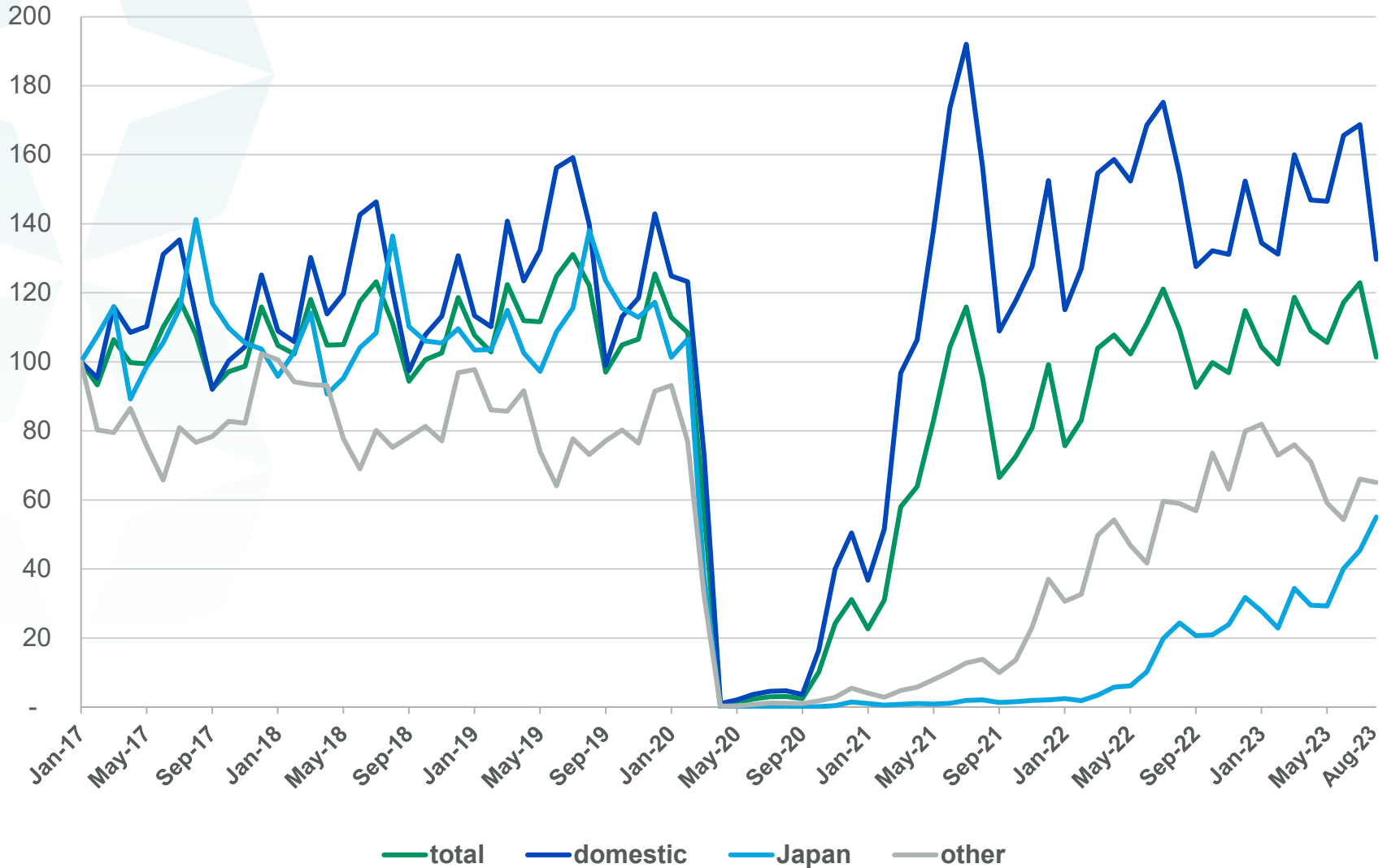
unemployment

experience & forecast



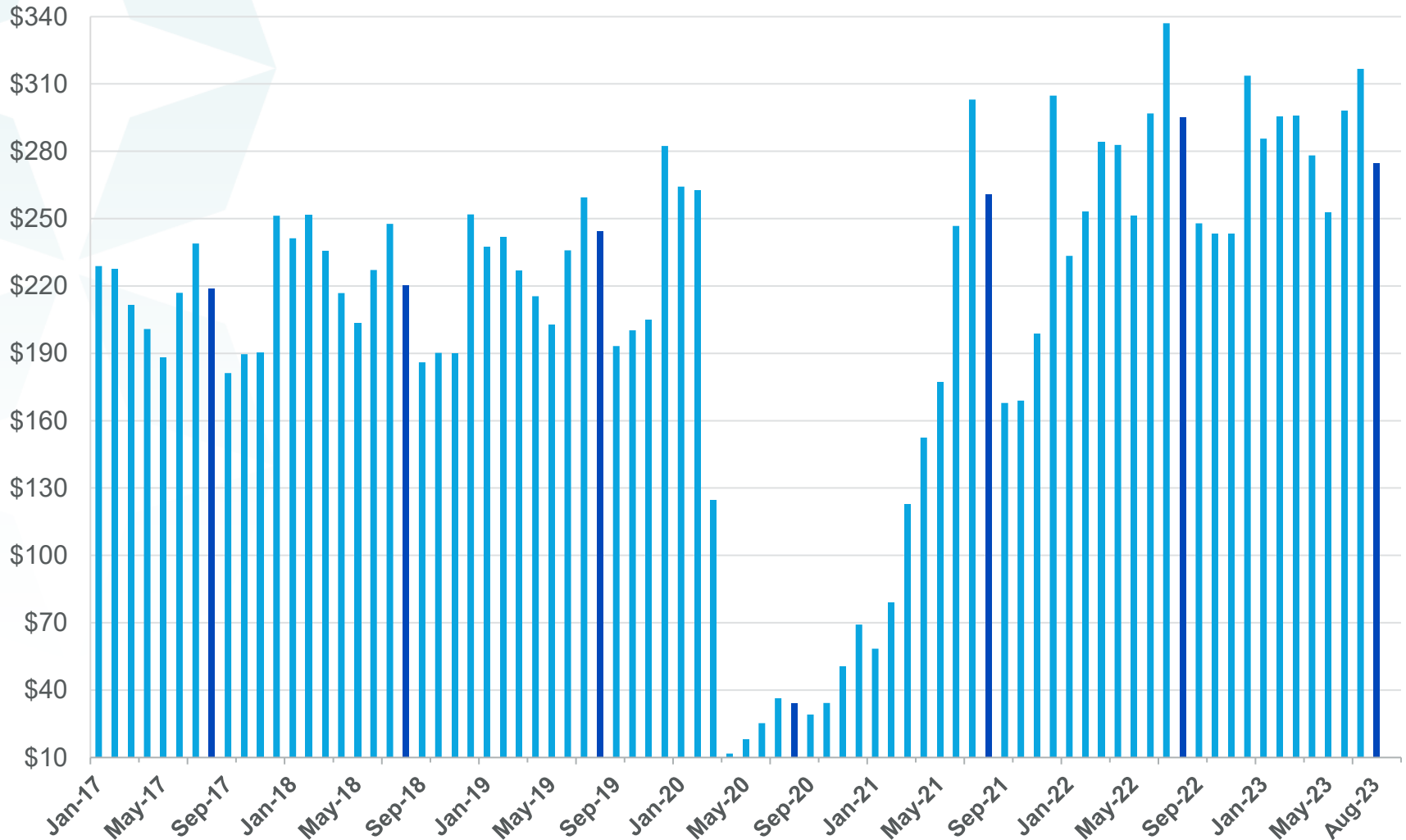
visitor arrivals

monthly by market, indexed to January 2017



revenue per available room

revenue per available room (RevPAR)



















stable real estate prices

Oahu market indicators – September 2023

single family homes

condominiums

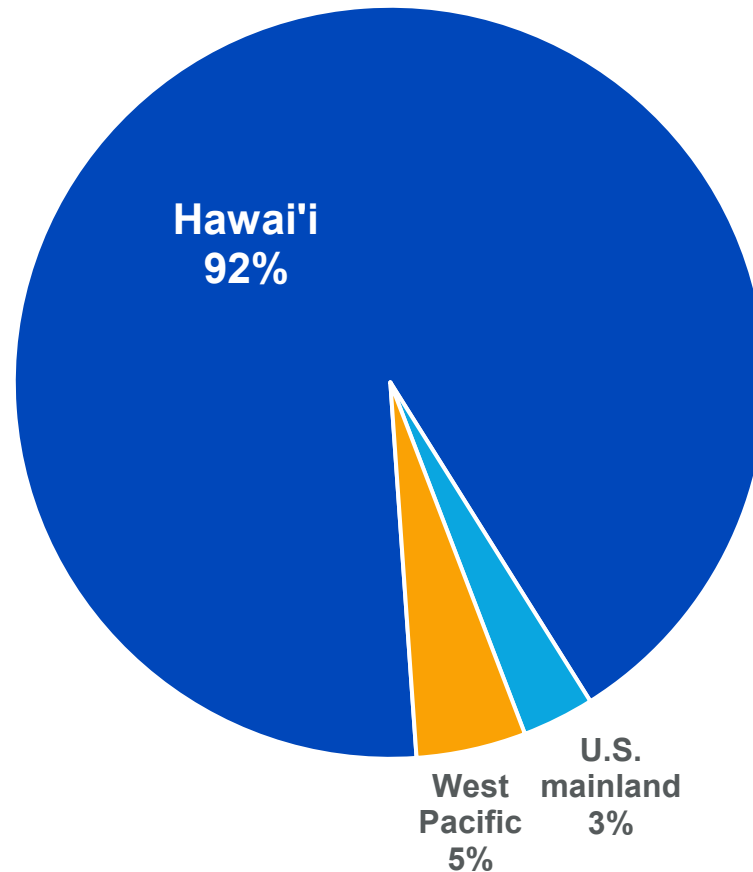
	<u>Sep 2023</u>	<u>Sep 2022</u>	<u>Sep 2019</u>	<u>Δ Sep 2022</u>	<u>Δ Sep 2019</u>	<u>Sep 2023</u>	<u>Sep 2022</u>	<u>Sep 2019</u>	<u>Δ Sep 2022</u>	<u>Δ Sep 2019</u>
median sales price (000s)	\$1,050	\$1,100	\$777	 -4.5%	 35.1%	\$533	\$503	\$445	 6.0%	 19.7%
months of inventory	2.7	1.9	3.5	 0.8 months	 -0.8 months	3.0	2.0	3.9	 1.0 months	 -0.9 months
closed sales	232	278	347	 -16.5%	 -33.1%	376	496	466	 -24.2%	 -19.3%
median days on market	20	18	29	 2 days	 9 day	21	14	27	 7 days	 6 days



credit performance

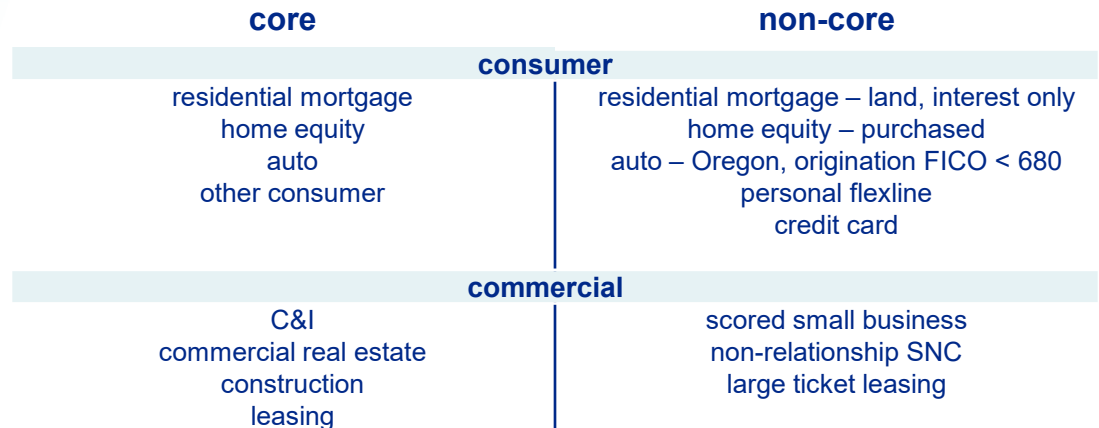
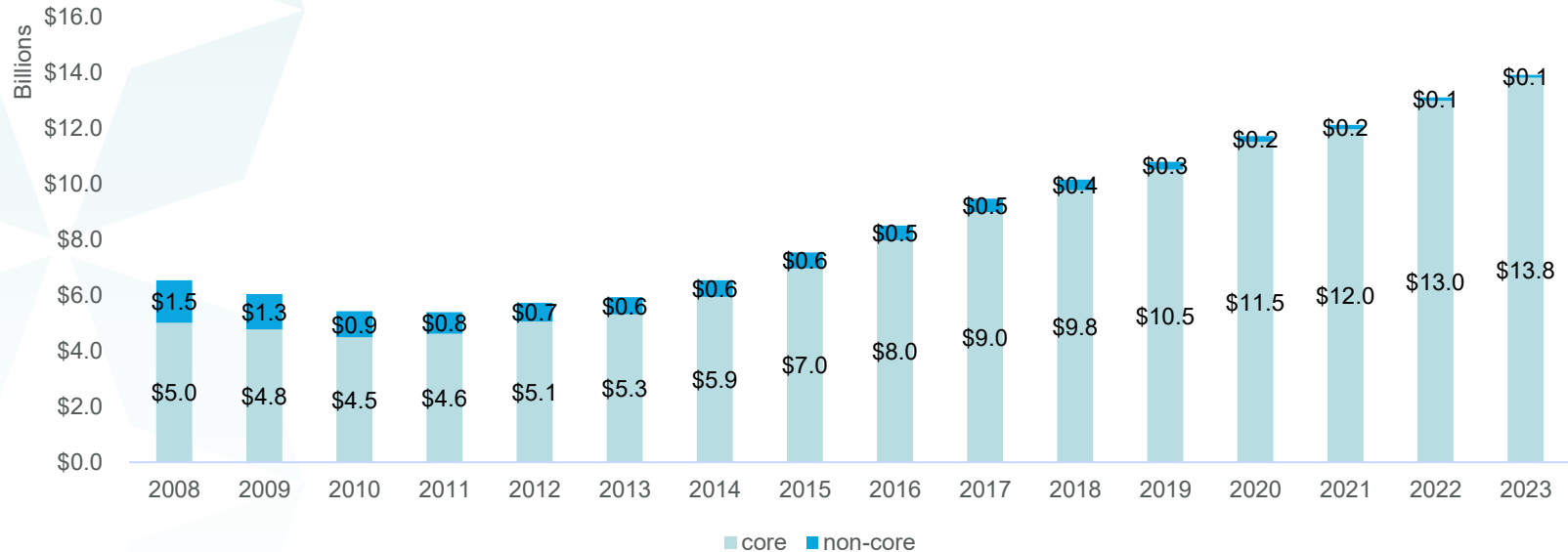
lending philosophy

we lend in our core markets
to long-standing relationships



de-risking the balance sheet

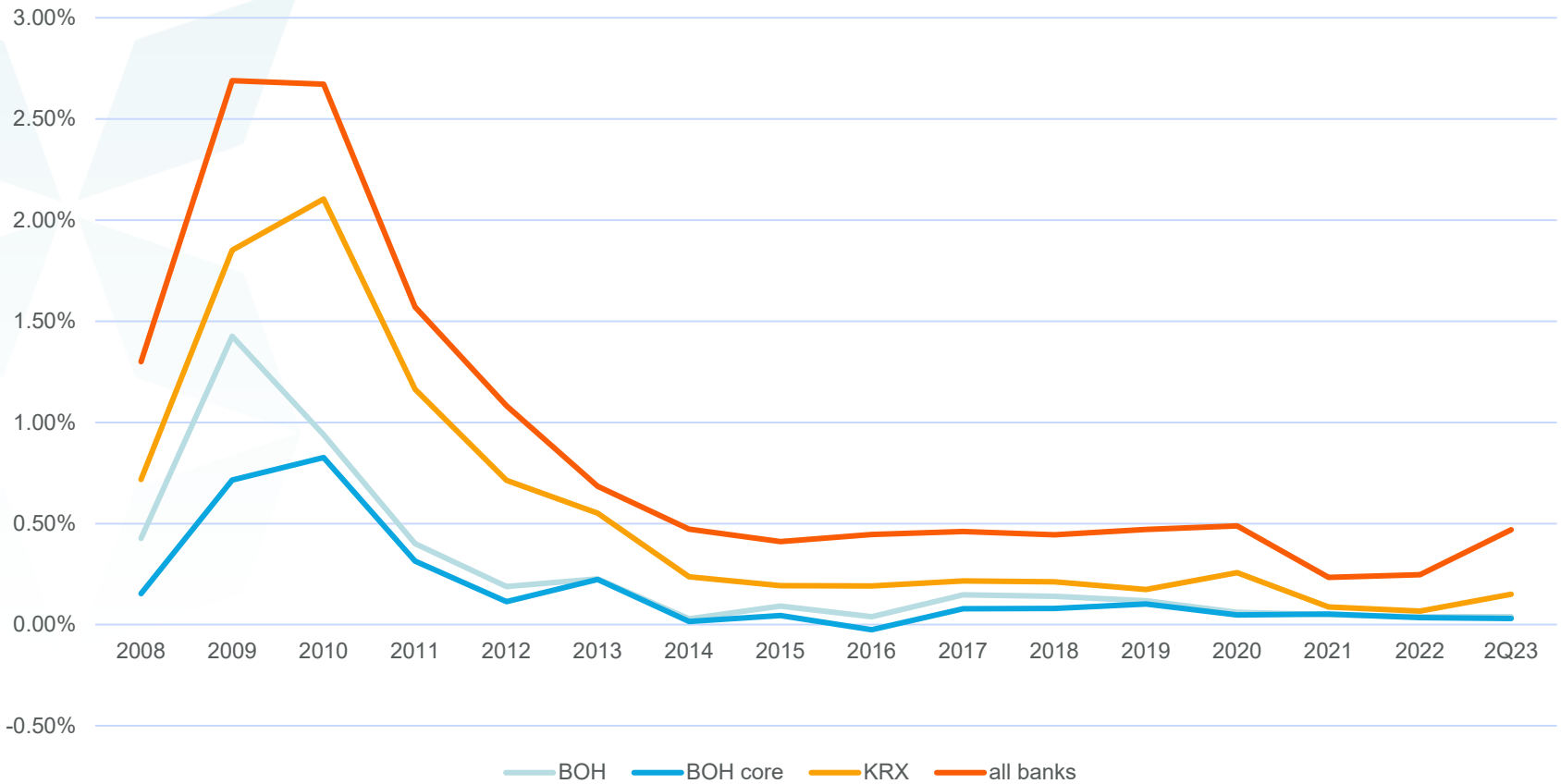
loan portfolio balance



historical net charge-off rates

lower net charge offs through different economic cycles

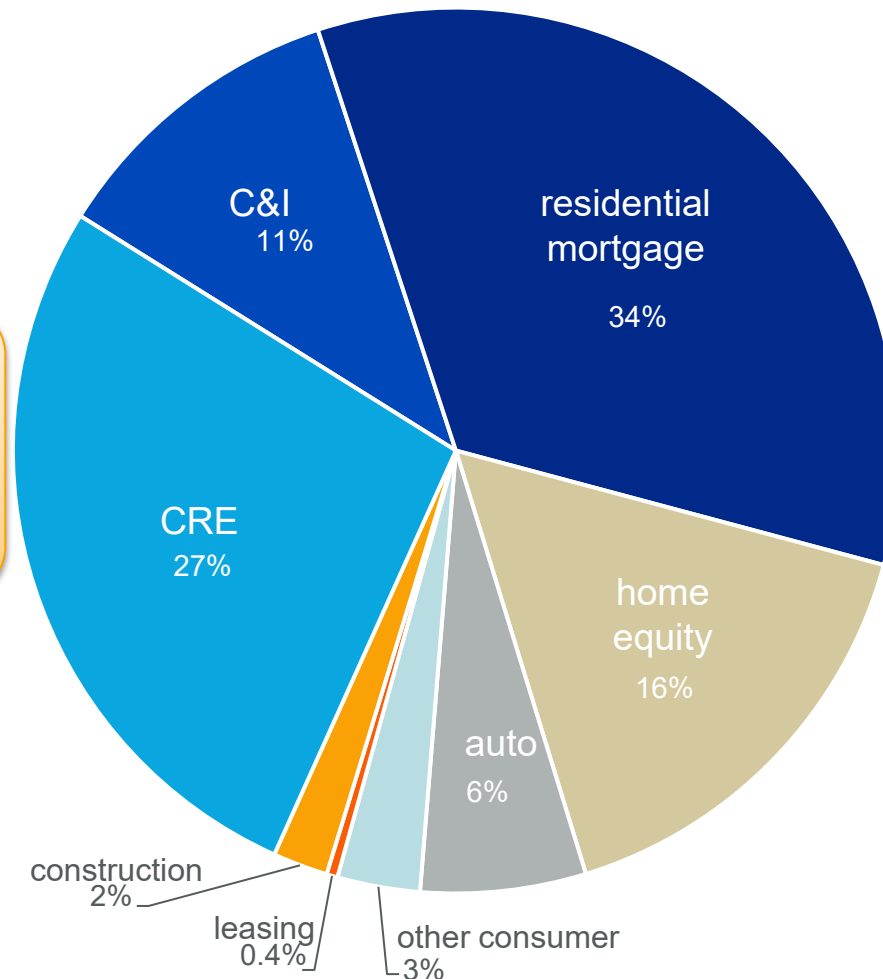
annual net charge-off rate



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%**



41% commercial

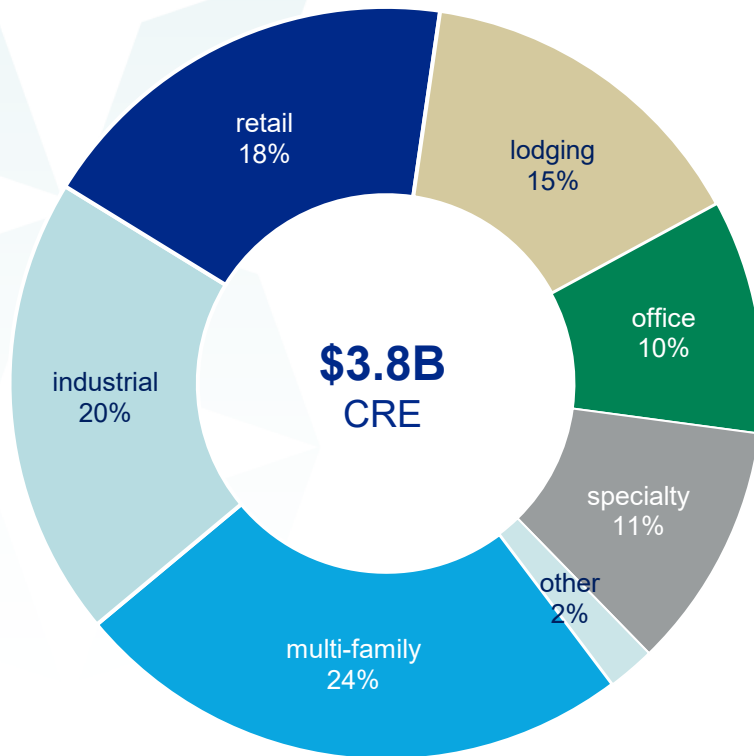
- 71% real estate secured
- wtd avg LTV 56%
- 56% w/ BOH ≥ 10 yrs
- avg bal \$0.7MM

59% consumer

- 84% real estate secured
- wtd avg LTV 54%
- 58% w/ BOH ≥ 10 yrs
- avg bal \$0.07MM

commercial real estate (CRE)

27% of total loans

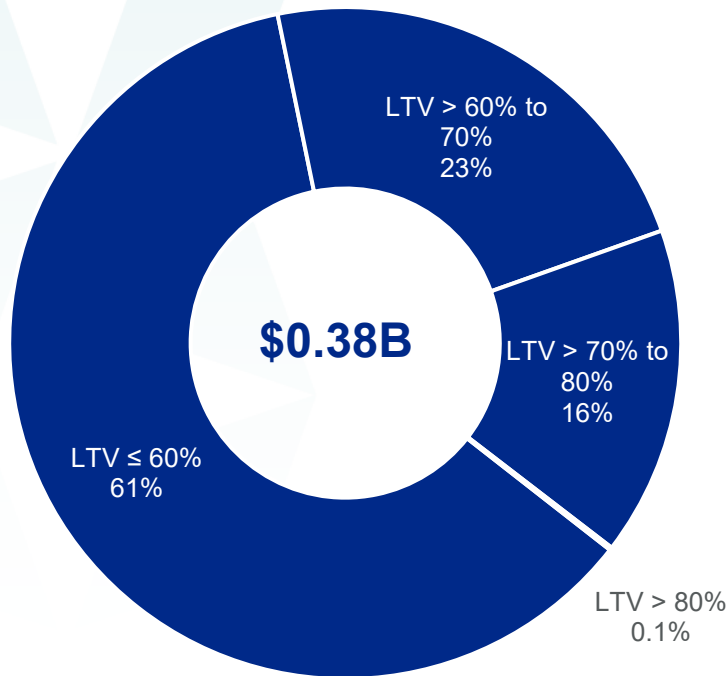


asset type	% total CRE	wtd avg LTV
multi-family	24%	59%
industrial	20%	56%
retail	18%	55%
lodging	15%	52%
office	10%	56%
specialty	11%	53%
other	2%	48%
total CRE	100%	55%

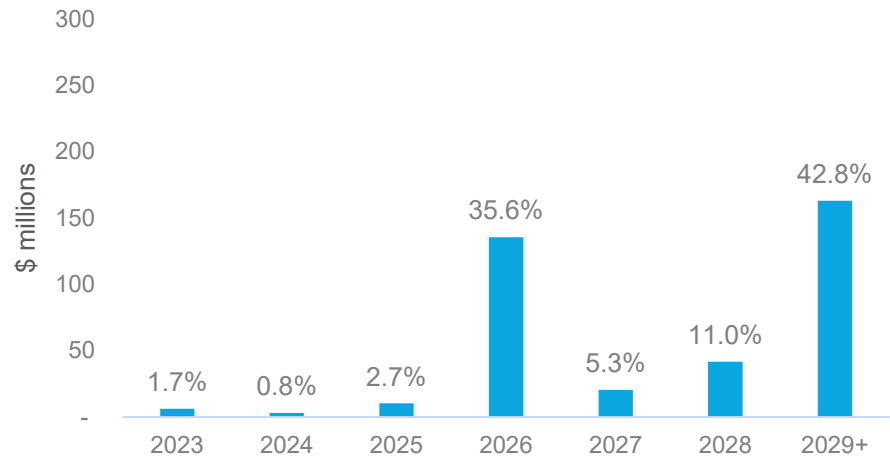
CRE office

3% of total loans

LTV distribution



scheduled maturity



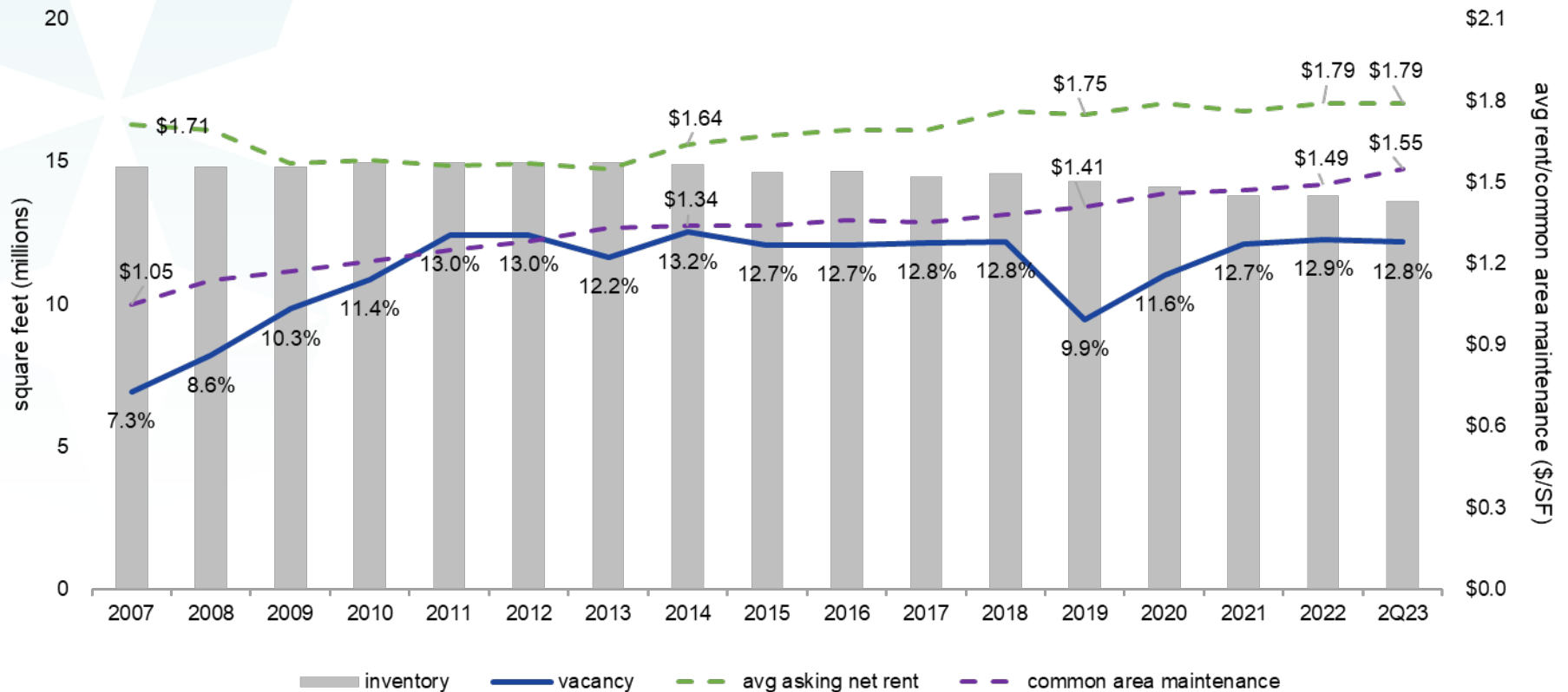
highlights

- 56% wtd avg LTV
- \$1.8MM average exposure
- 25% CBD (Downtown Honolulu)
 - 63% wtd avg LTV
 - 47% with repayment guaranties
- 2% maturing prior to 2025

Oahu investor office market

13.6 million square feet

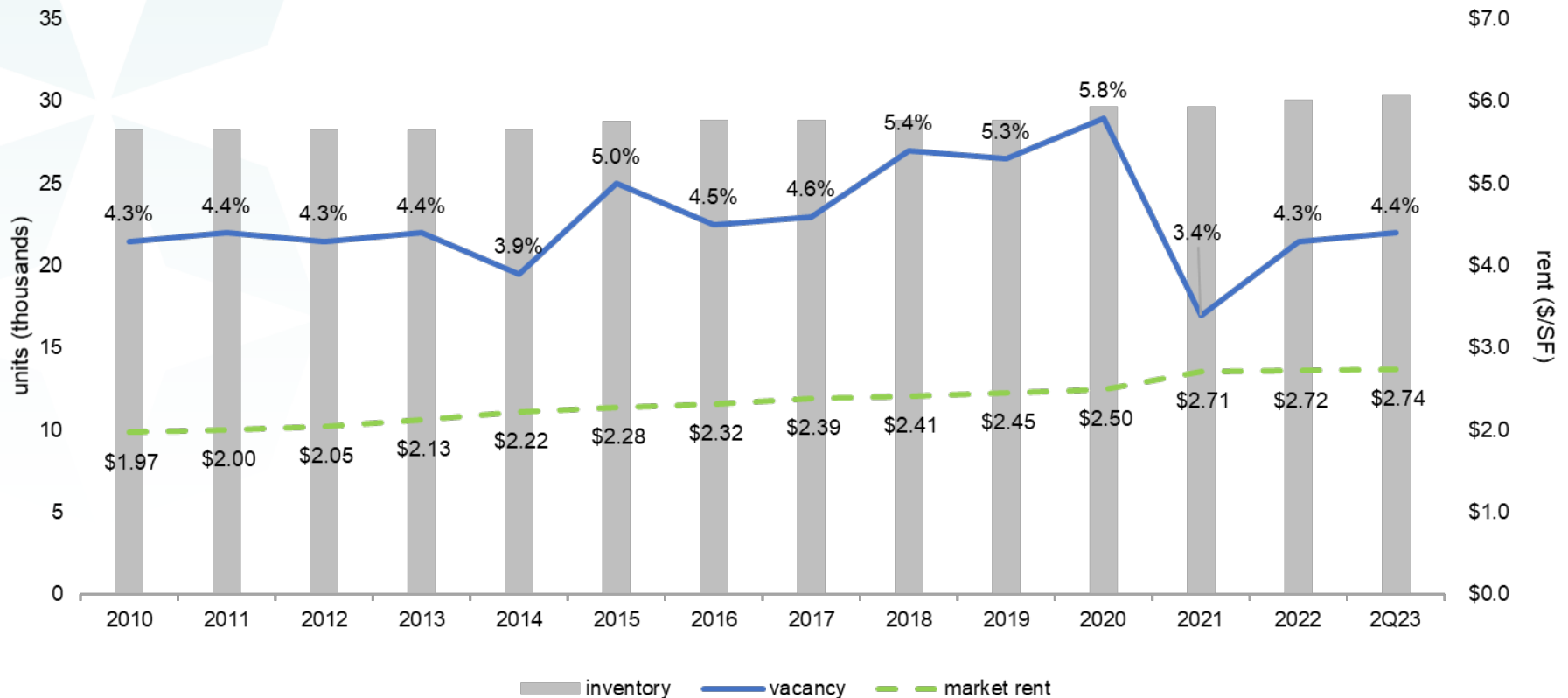
vacancy and rents remain stable as conversions to alternative purpose continue to drive decline in inventory



Honolulu multi-family market

30,367 units

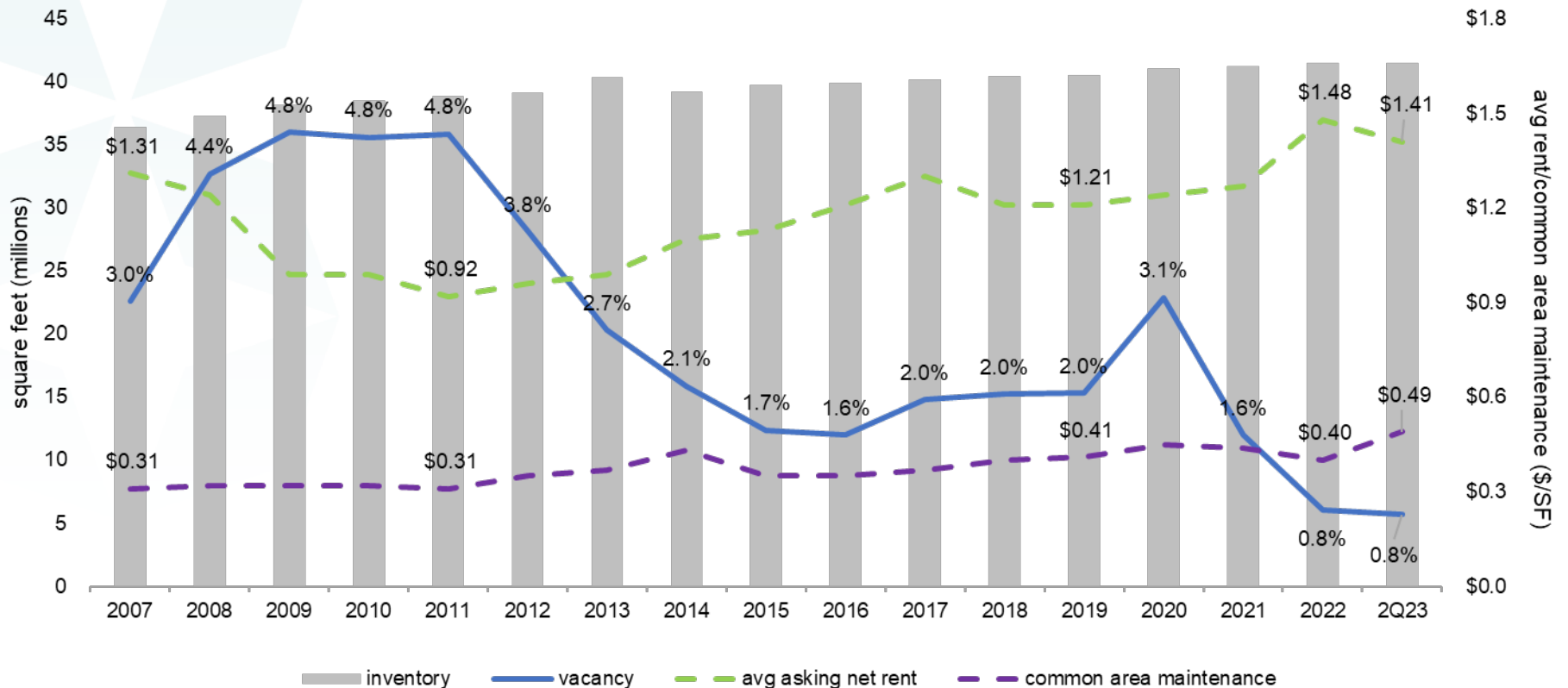
severely limited existing and new supply, compounded by the high cost of homeownership, continues to drive rental demand



Oahu industrial market

41.5 million square feet

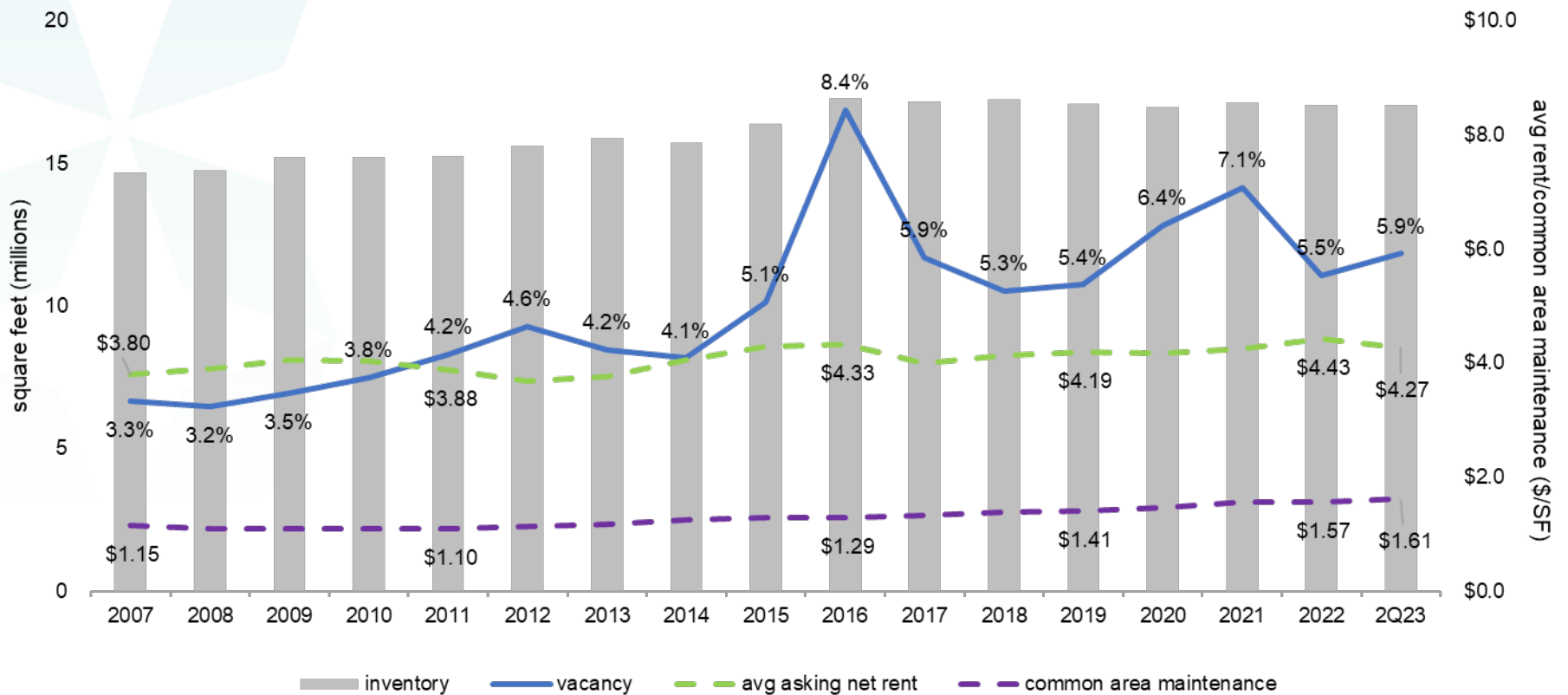
vacancy rates at a historic low, while available industrial space listings remain near record low



Oahu retail market

17.1 million square feet

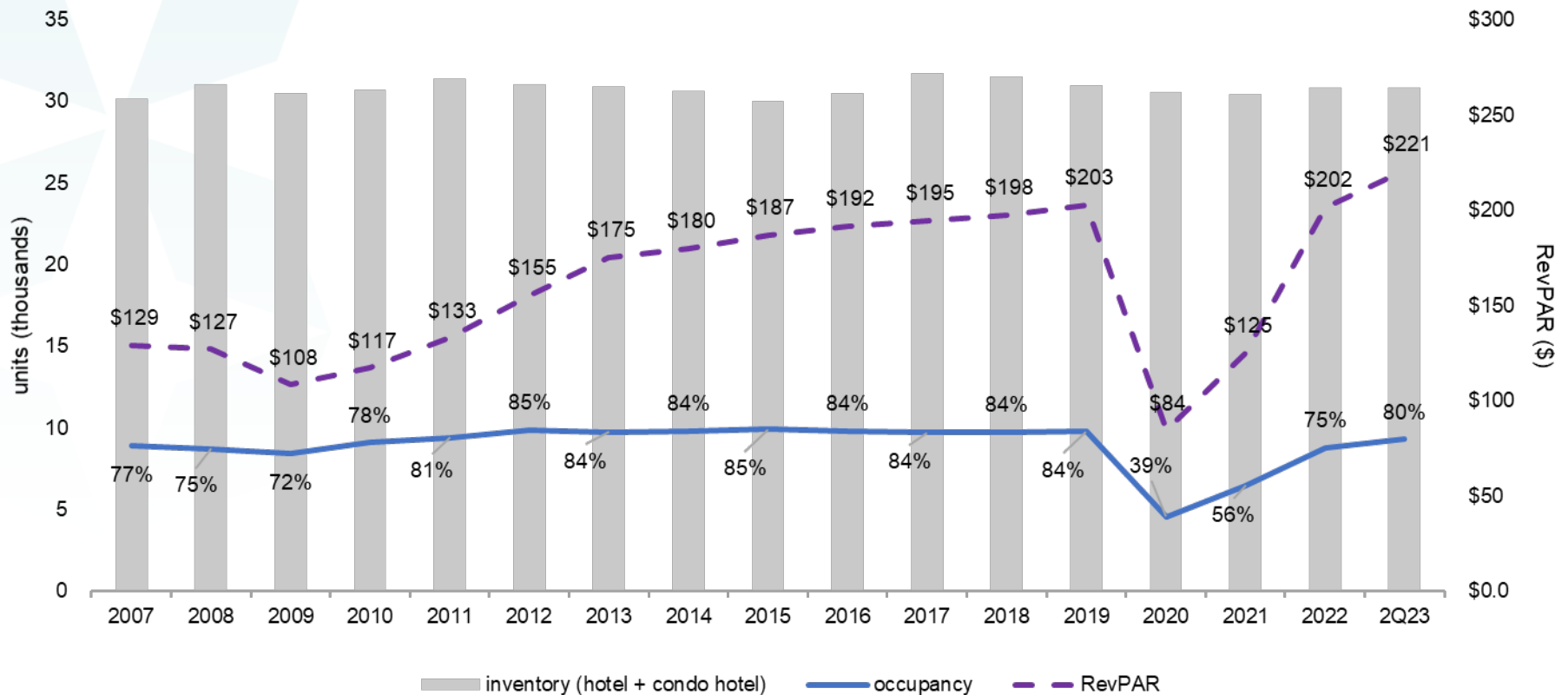
record retail sales and tourism spend continue to support post-pandemic recovery



Oahu lodging market

30.9 thousand rooms

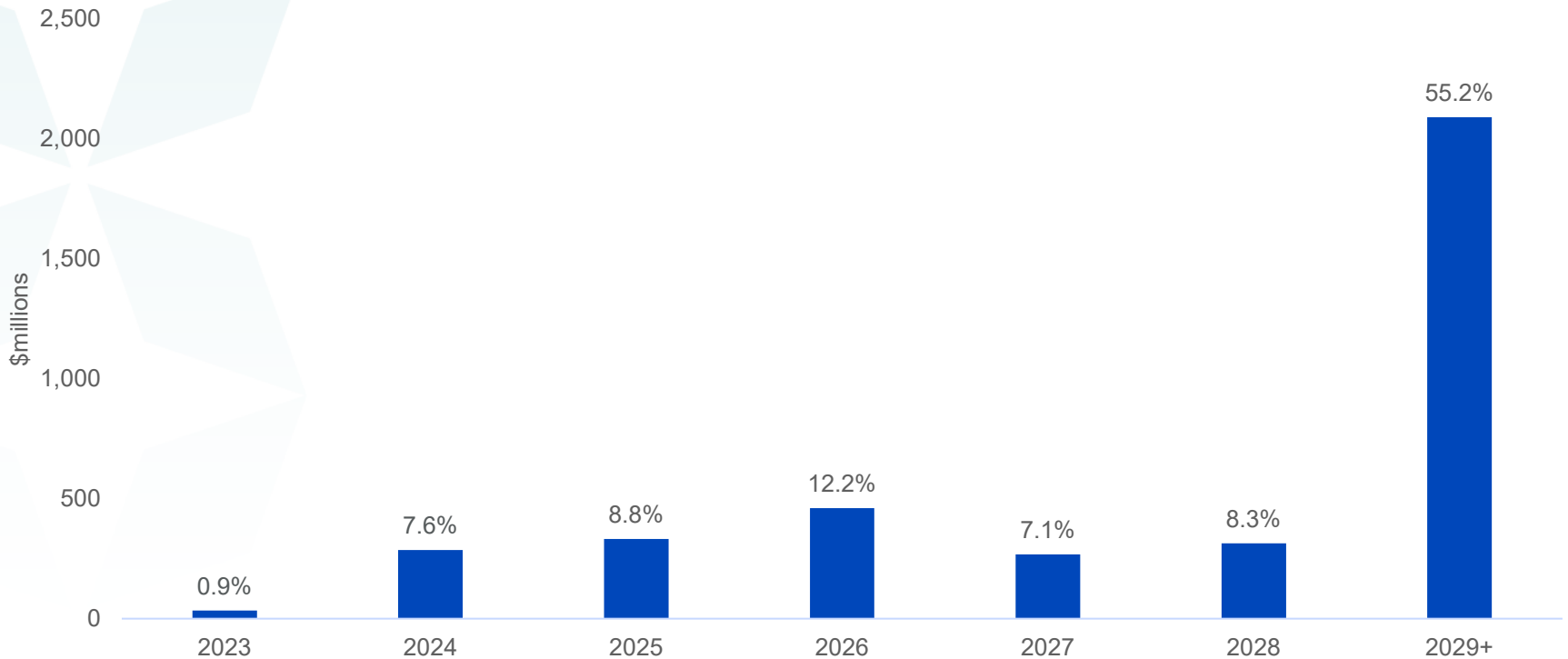
outlook is generally positive, as inventory remains flat and occupancy & RevPar report comparably with pre-pandemic tourism



CRE scheduled maturities

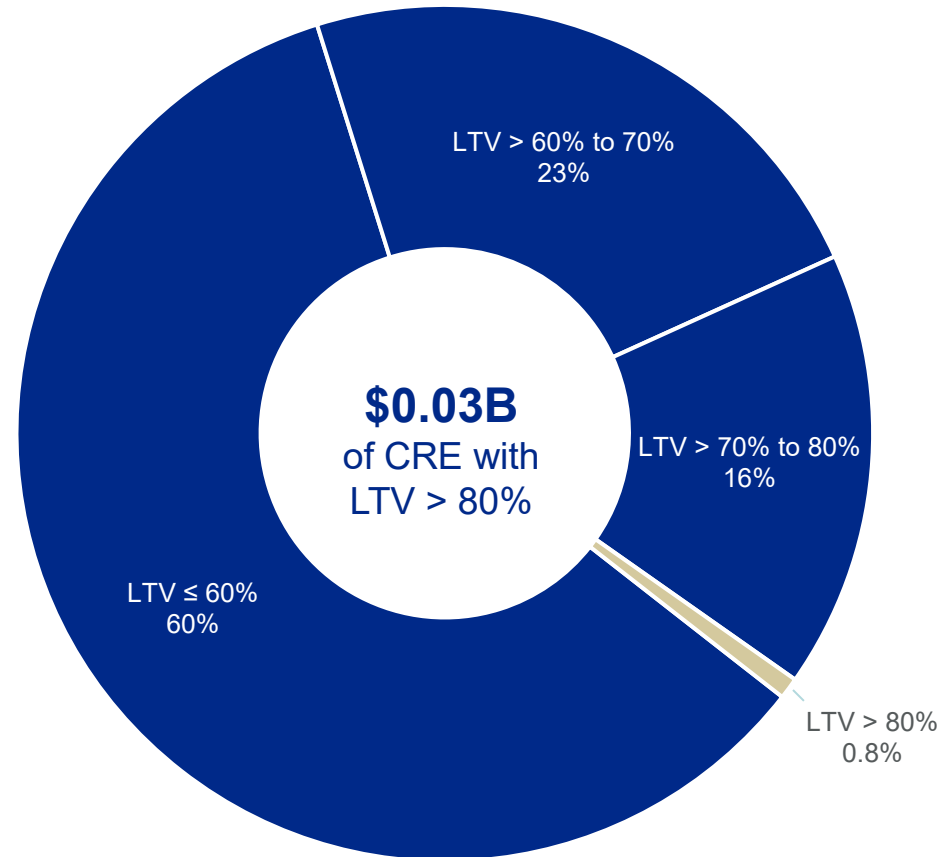
8% maturing prior to 2025

scheduled maturities



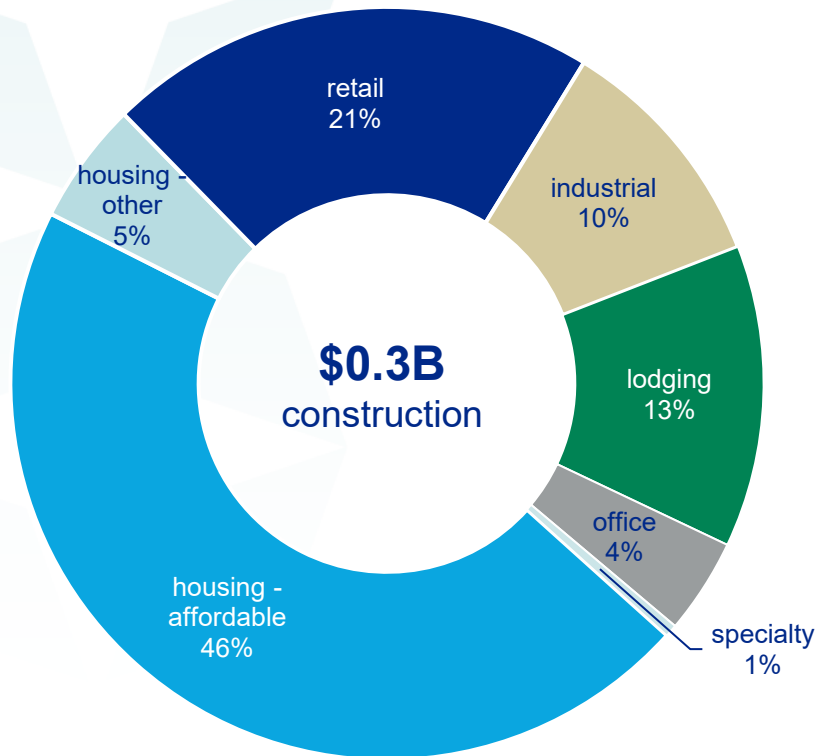
CRE tail risk

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



construction

2% of total loans

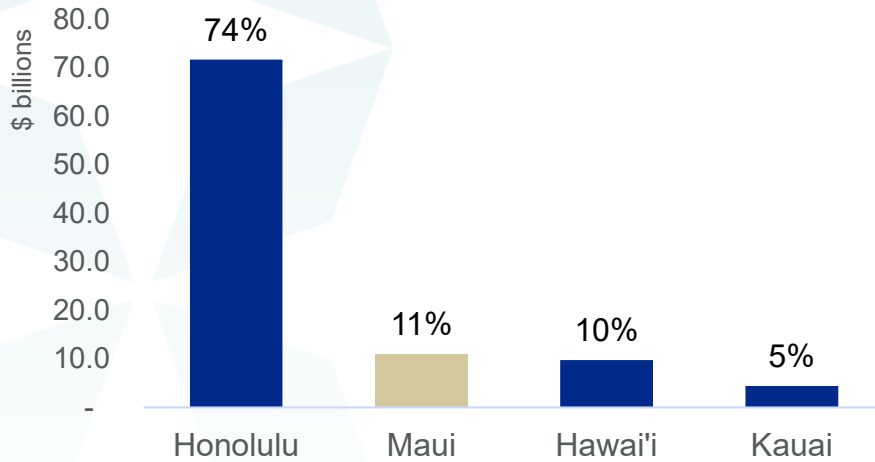


asset type	% total construction	wtd avg LTV
housing – low income / affordable	46%	65%
housing – other	5%	45%
retail	21%	64%
industrial	10%	67%
lodging	13%	51%
office	4%	69%
specialty	1%	56%
total construction	100%	62%

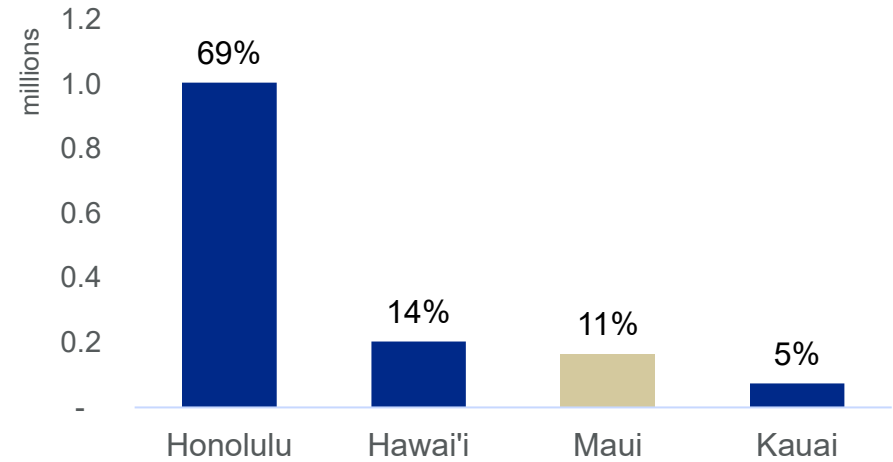
Maui economic impact

2021 percentage of state total by county

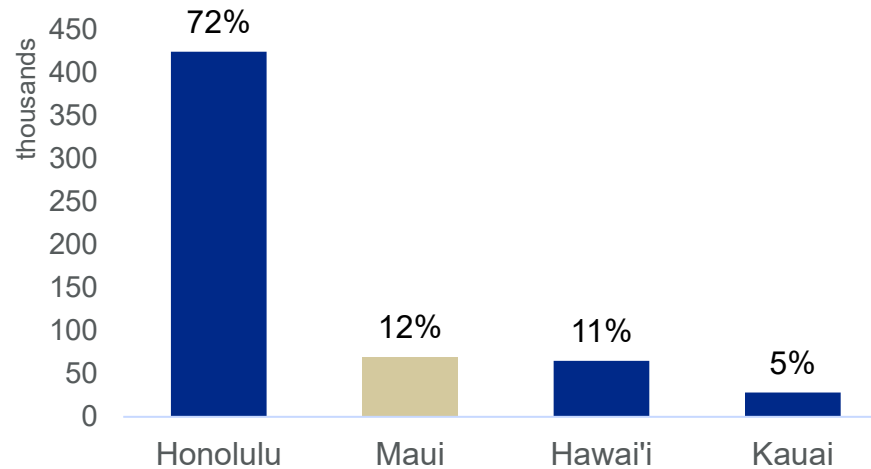
real GDP



resident population

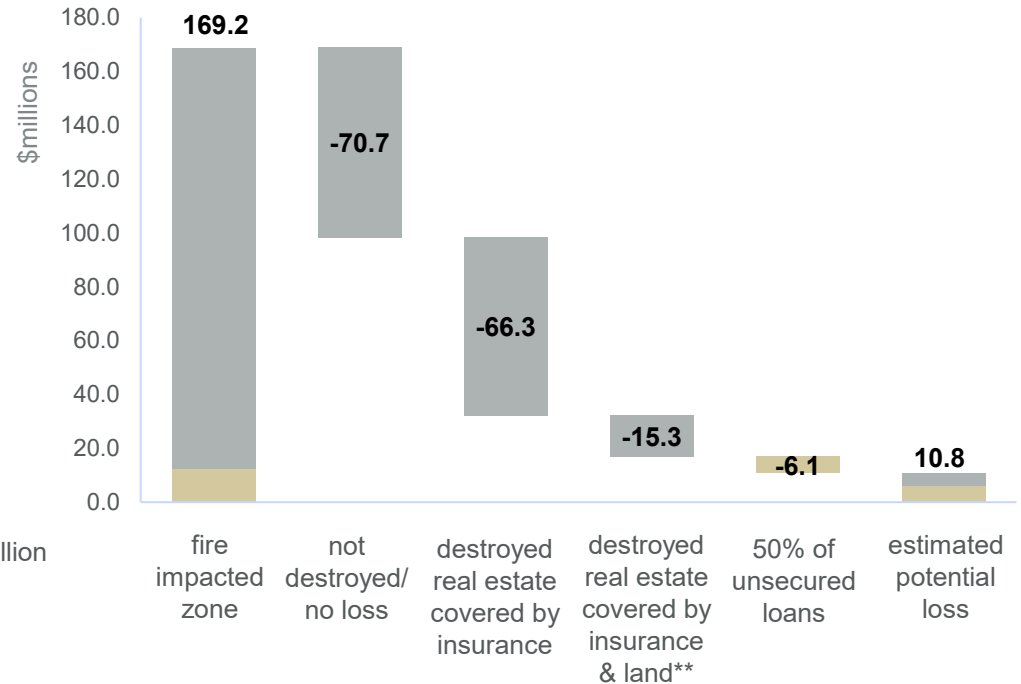
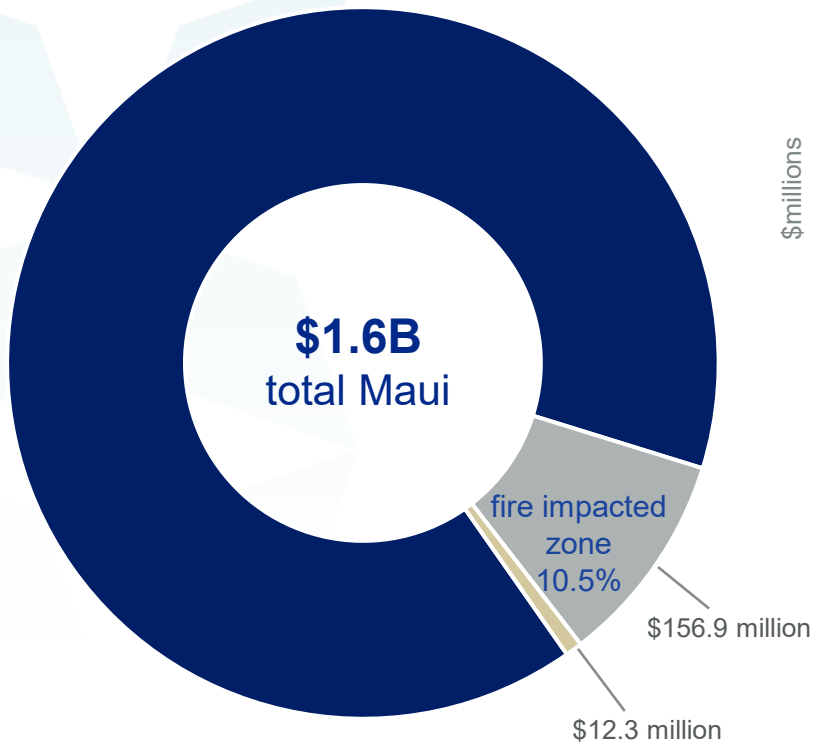


total nonfarm jobs



Maui portfolio

12% of total loans, 1% of total loans located in fire impacted zone



■ secured*

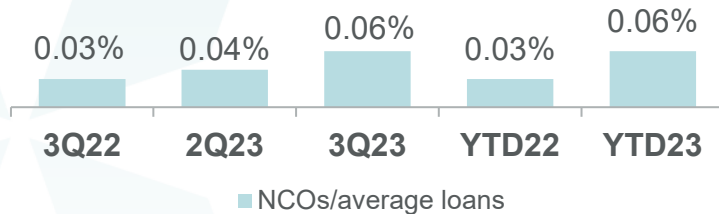
■ unsecured

* principally comprised of loans secured by real estate

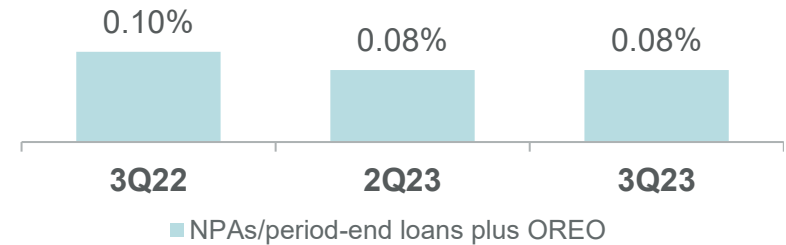
** land value based on 50% 2023 land tax assessed value

credit quality

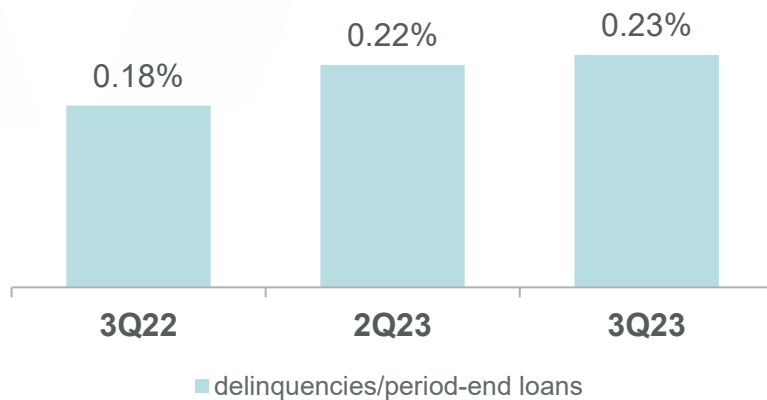
net charge-offs



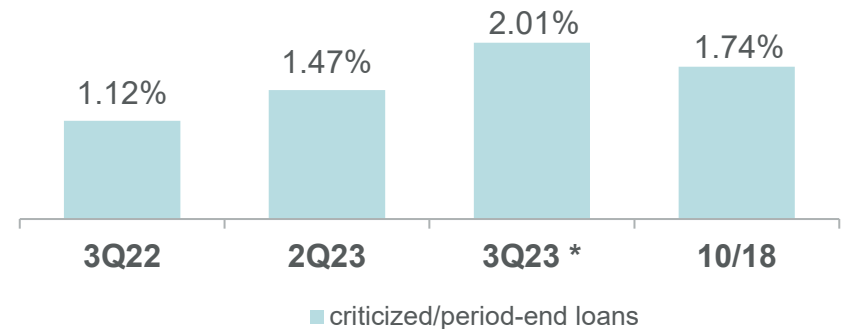
non-performing assets



delinquencies



criticized



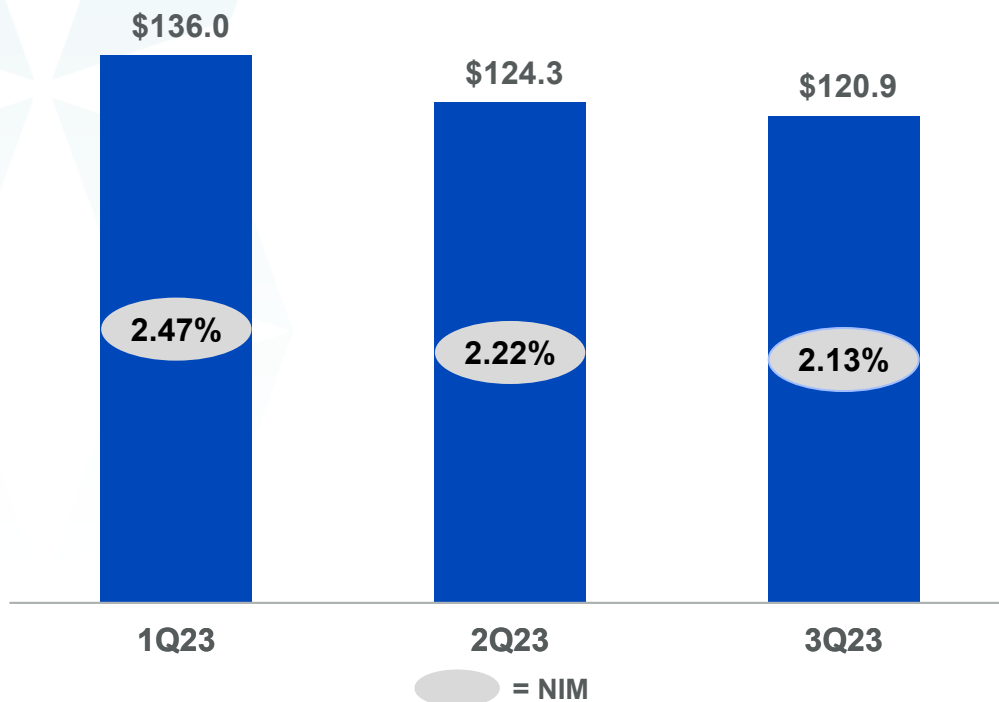
* 51% of total criticized in CRE with 57% wtd avg LTV



financial update

NII and NIM

\$ in millions

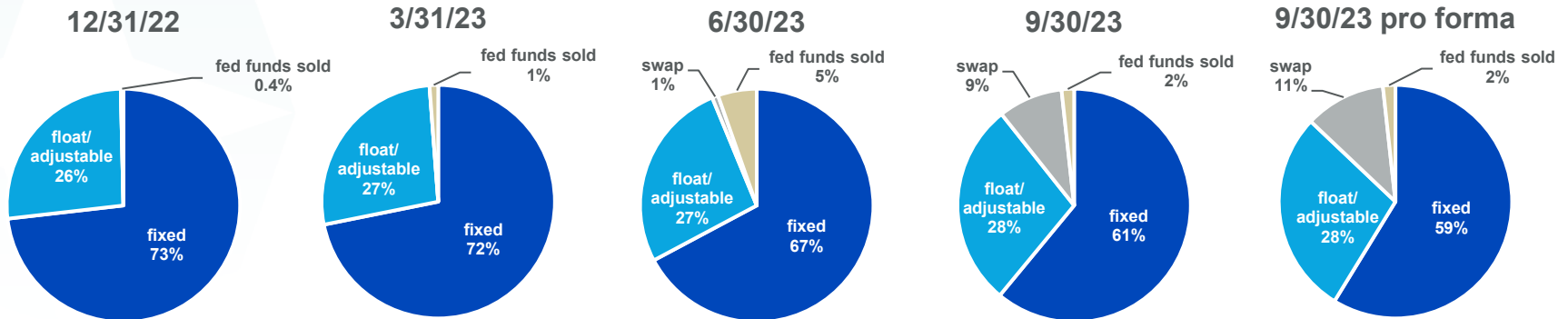


- net interest income (NII) and net interest margin (NIM) challenges from inverted yield curve and higher short term rates
- deposit rates and betas remain well below peers
- NIM declined by 9 basis points in 3Q23 compared to 2Q23

hedging program

increased pay-fixed/receive-float swaps by \$1.8 billion (\$2.0 billion total notional) in 3Q23 to hedge a portion of fixed-rate asset exposure

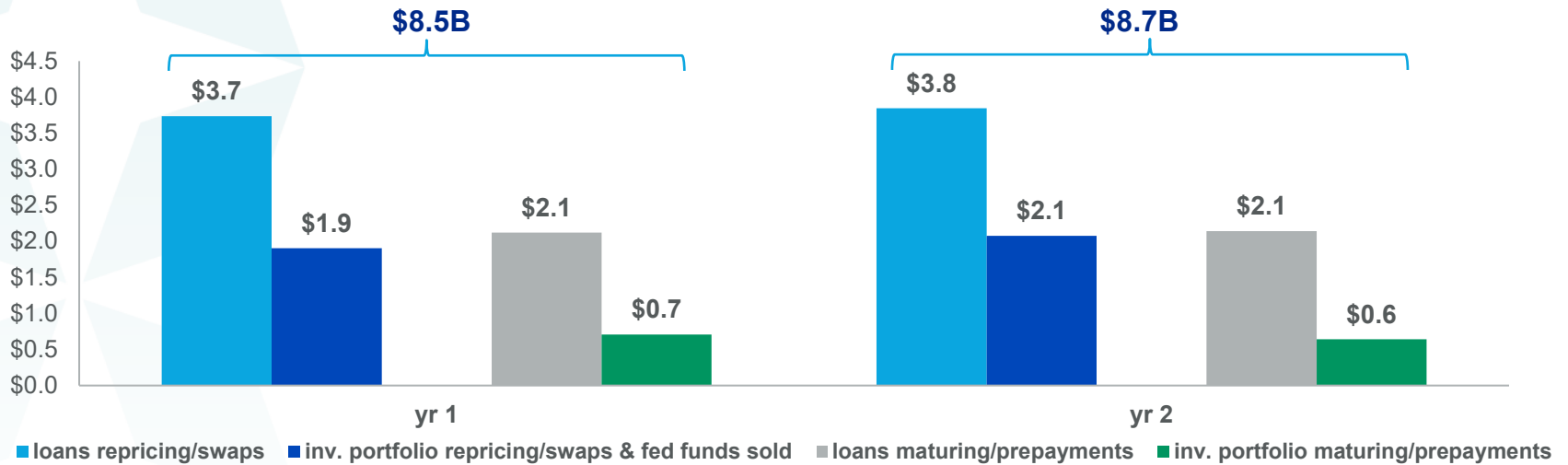
asset composition



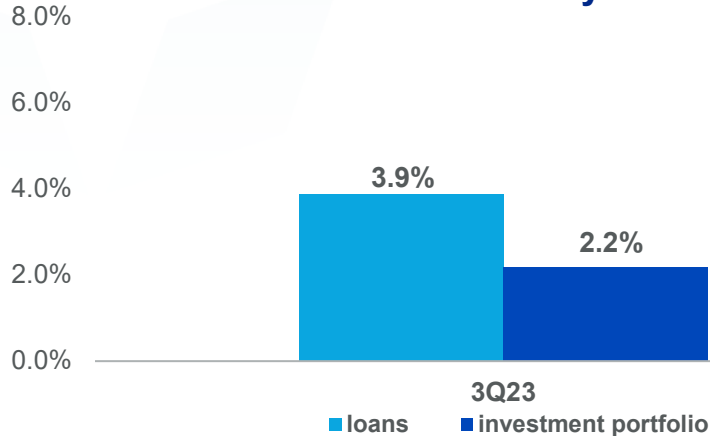
note: fixed excludes \$1.8 billion of fixed-rate assets swapped to floating through the hedging program, fixed/float breakdown includes loans, investment portfolio (using par value), and fed funds sold, 9/30/23 pro forma includes \$500.0 million of pay-fixed/receive-float swaps executed in October 2023, numbers may not add up due to rounding

asset repricing

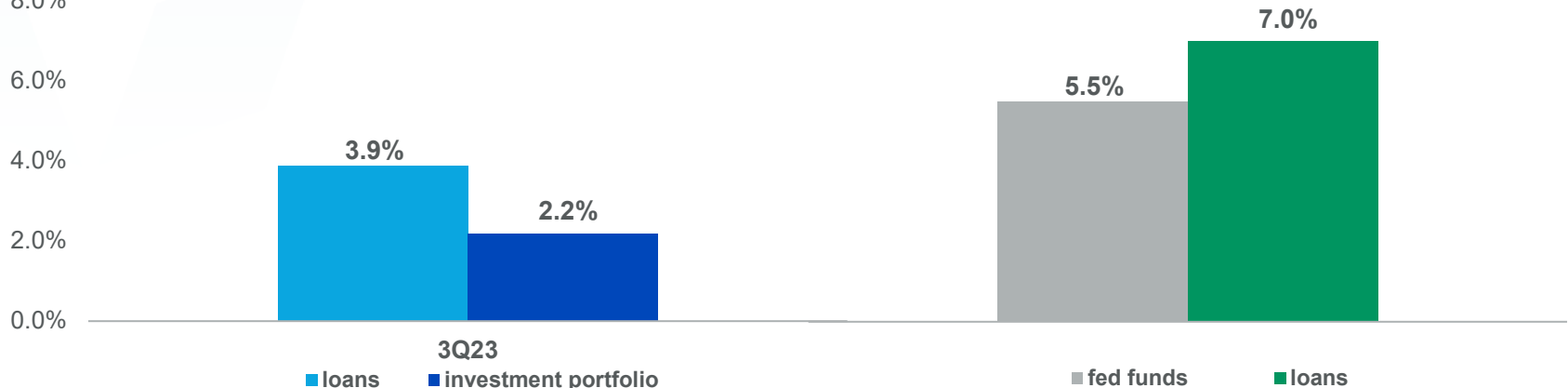
projected repricing, maturities & prepayments (\$ in billions)



matured/run-off yield



reinvestment opportunity

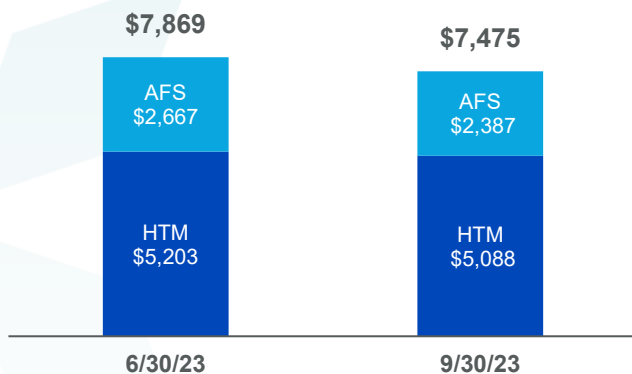


note: numbers may not add up due to rounding, loans repricing/swaps includes \$1.0 billion of fixed-rate loans swapped to floating rate assets, inv. portfolio repricing/swaps and fed funds sold includes \$1.0 billion of fixed-rate available-for-sale securities swapped to floating rate assets, matured/run-off yield for loans includes only fixed-rate loans; matured/run-off yield for investment portfolio excludes securities sold in 3Q23

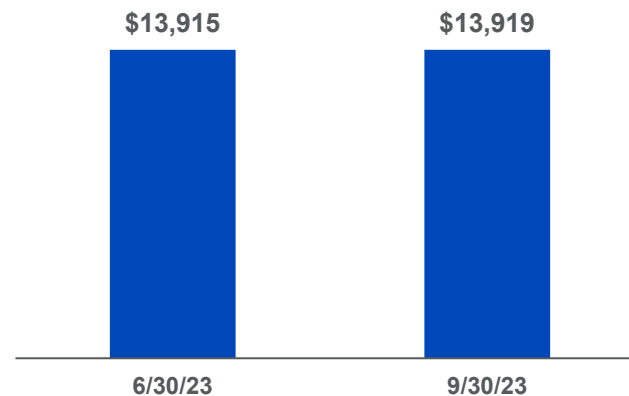
balance sheet summary

\$ in millions

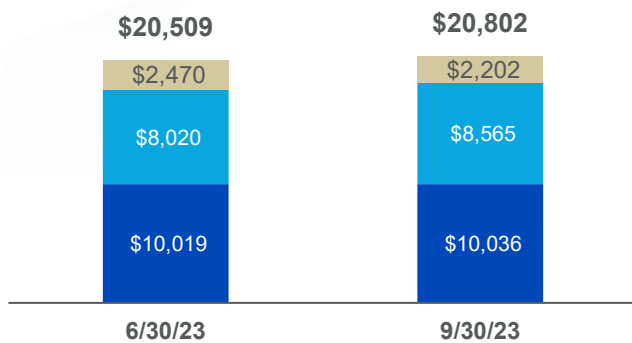
investment securities



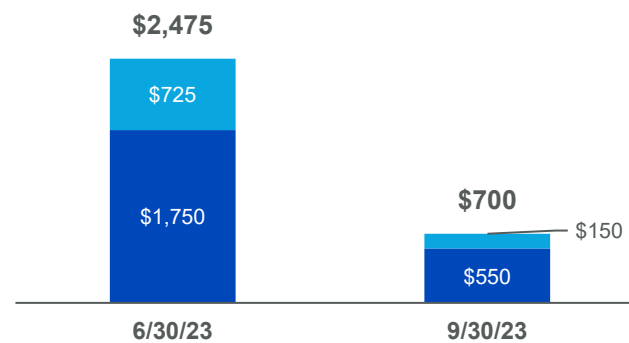
loans and leases



total deposits



wholesale funding



■ consumer ■ commercial ■ public and other

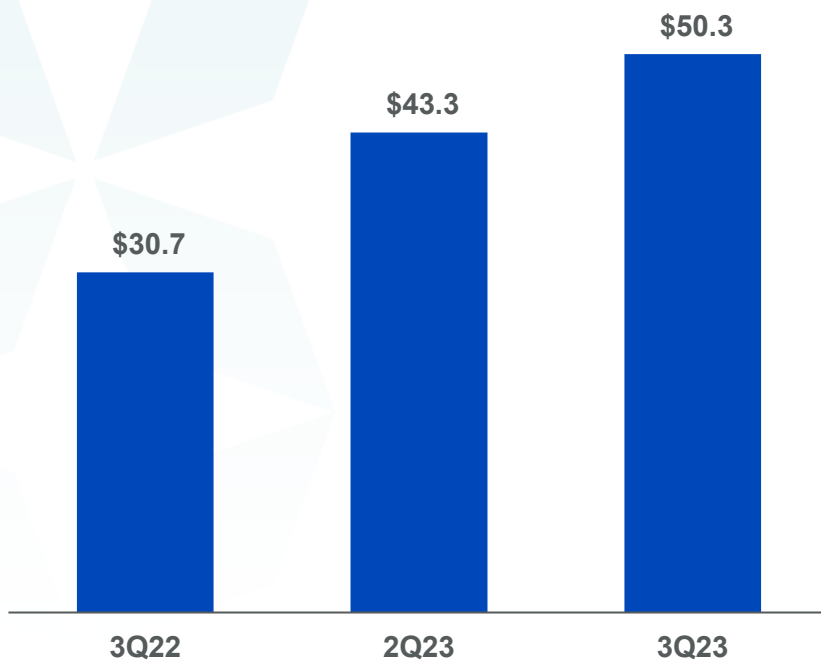
■ FHLB Advance ■ private repurchase agreements

noninterest income

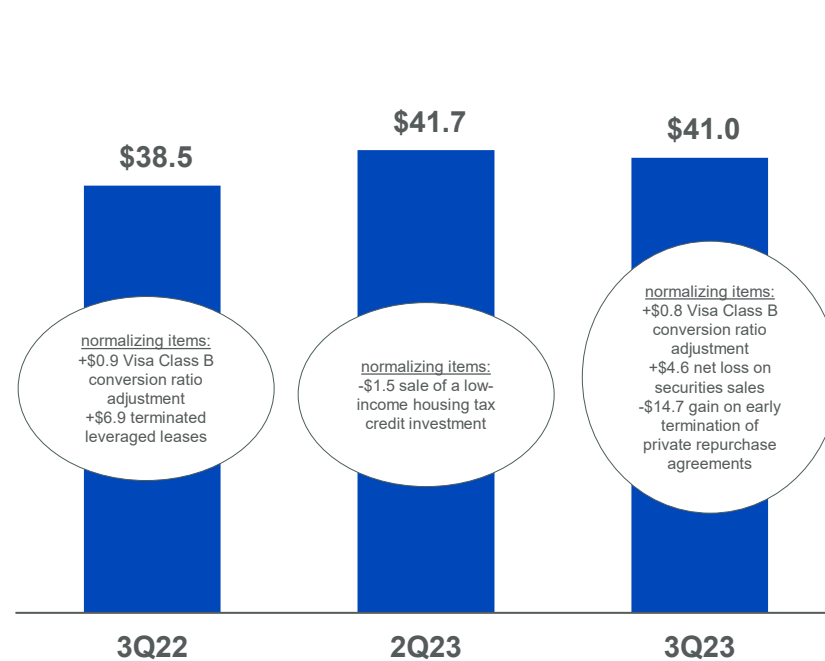
\$ in millions

stable core noninterest income from diverse sources

reported noninterest income



core noninterest income



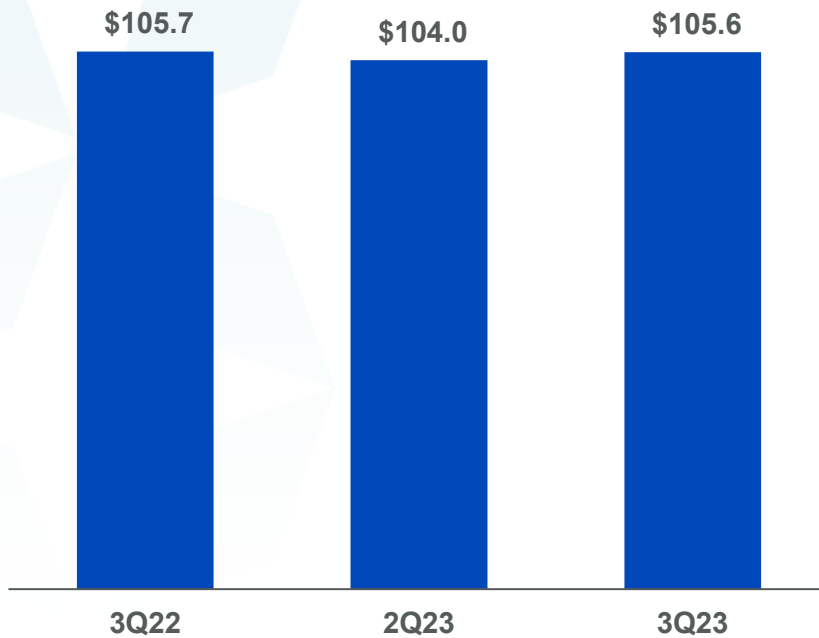
note: numbers may not add up due to rounding

noninterest expense

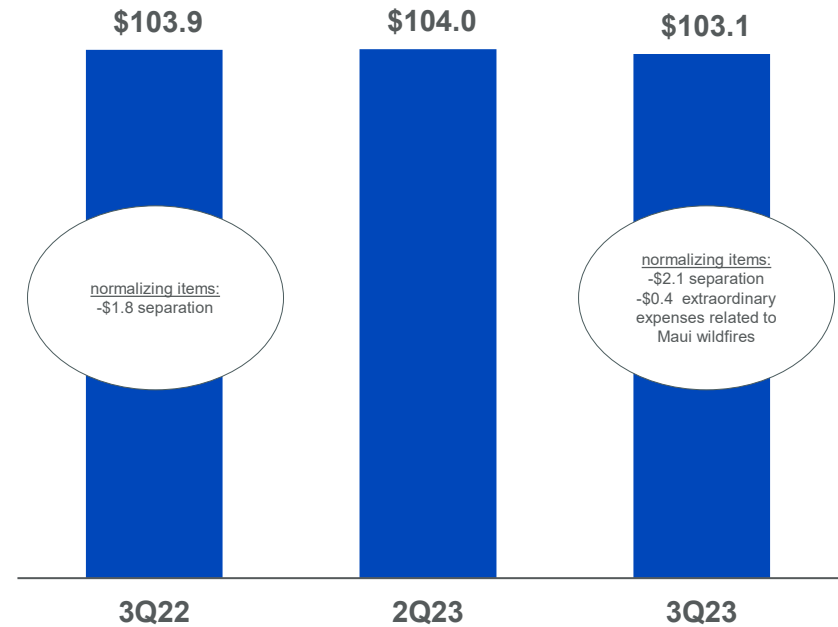
\$ in millions

disciplined expense management in challenging operating environment

reported noninterest expense



core noninterest expense



note: numbers may not add up due to rounding

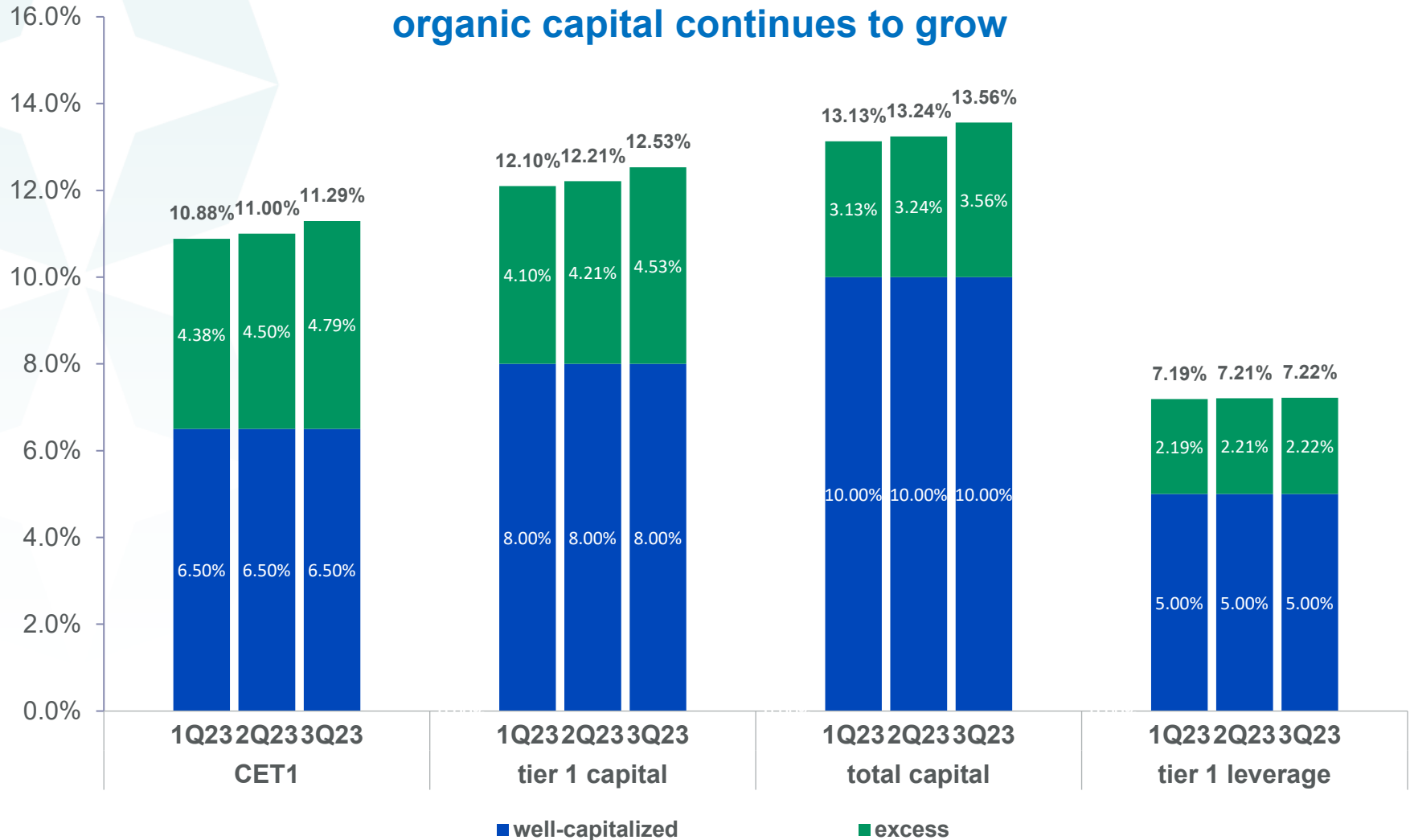
financial summary

\$ in millions, except per share amounts

	<u>3Q 2023</u>	<u>2Q 2023</u>	<u>3Q 2022</u>	<u>Δ 2Q 2023</u>	<u>Δ 3Q 2022</u>
net interest income	\$ 120.9	\$ 124.3	\$ 141.7	\$ (3.4)	\$ (20.7)
noninterest income	50.3	43.3	30.7	7.1	19.7
total revenue	171.3	167.6	172.3	3.7	(1.0)
noninterest expense	105.6	104.0	105.7	1.6	(0.1)
operating income	65.7	63.6	66.6	2.1	(0.9)
credit provision	2.0	2.5	-	(0.5)	2.0
income taxes	15.8	15.0	13.8	0.8	2.0
net income	\$ 47.9	\$ 46.1	\$ 52.8	\$ 1.8	\$ (4.9)
net income available to common	\$ 45.9	\$ 44.1	50.8	\$ 1.8	\$ (4.9)
diluted EPS	\$ 1.17	\$ 1.12	\$ 1.28	\$ 0.05	\$ (0.11)
return on assets	0.78 %	0.77 %	0.91 %	0.01 %	(0.13) %
return on common equity	15.38	14.95	16.98	0.43	(1.60)
net interest margin	2.13	2.22	2.60	(0.09)	(0.47)
efficiency ratio	61.66	62.07	61.37	(0.41)	0.29
end of period balance					
shareholders' equity	\$ 1,364	\$ 1,358	\$ 1,282	0.4 %	6.4 %

capital

organic capital continues to grow



note: 3Q23 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

Hawai'i economy

\$ in billions

2022 Hawai'i GDP by industry

