

Bank of Hawai'i Corporation  
**first quarter 2024**  
**financial report**

April 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*

## earnings highlights

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## strong credit

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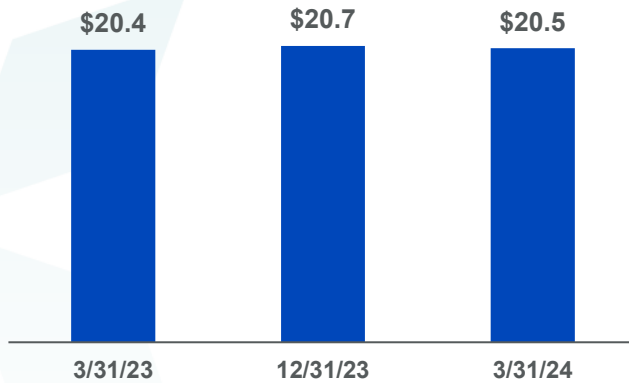
## stable balance sheet performance

- **\$0.87 diluted earnings per common share**
  - **1.74% average cost of total deposits**
  - **11.20% return on average common equity**
- 
- **0.07% net charge-off rate**
  - **0.09% non-performing assets level**
  - **79% of loan portfolio real-estate secured with combined wtd avg LTV of 52%**
  - **CRE portfolio comprises 27% of total loans**
    - **wtd avg LTV of 55%;**
    - **only 5% maturing in 2024;**
    - **CRE office exposure only 3% of total loans**
- 
- **average total deposits decreased 0.8%**
  - **average total loans and leases decreased 0.3%**
  - **\$10.3 billion in readily available liquidity**

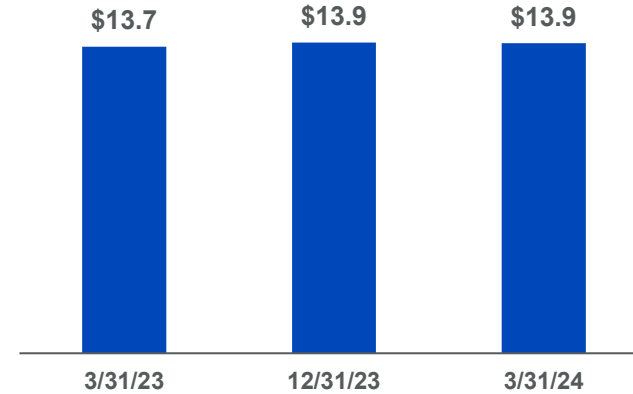
# highlights – balance sheet

*\$ in billions*

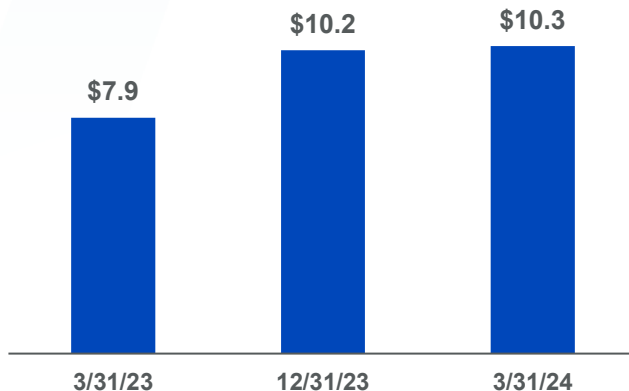
stable average total deposits



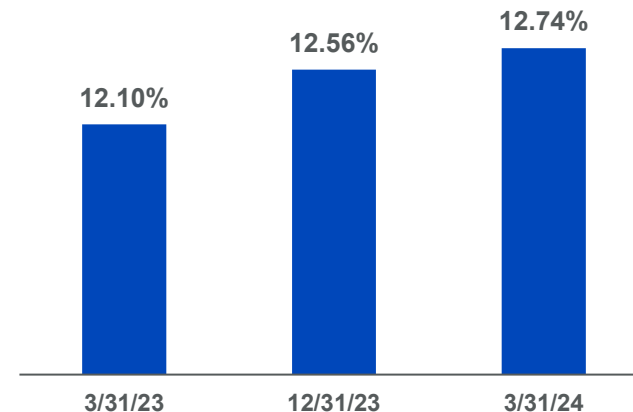
stable average total loans and leases



increased readily available liquidity



organic capital growth



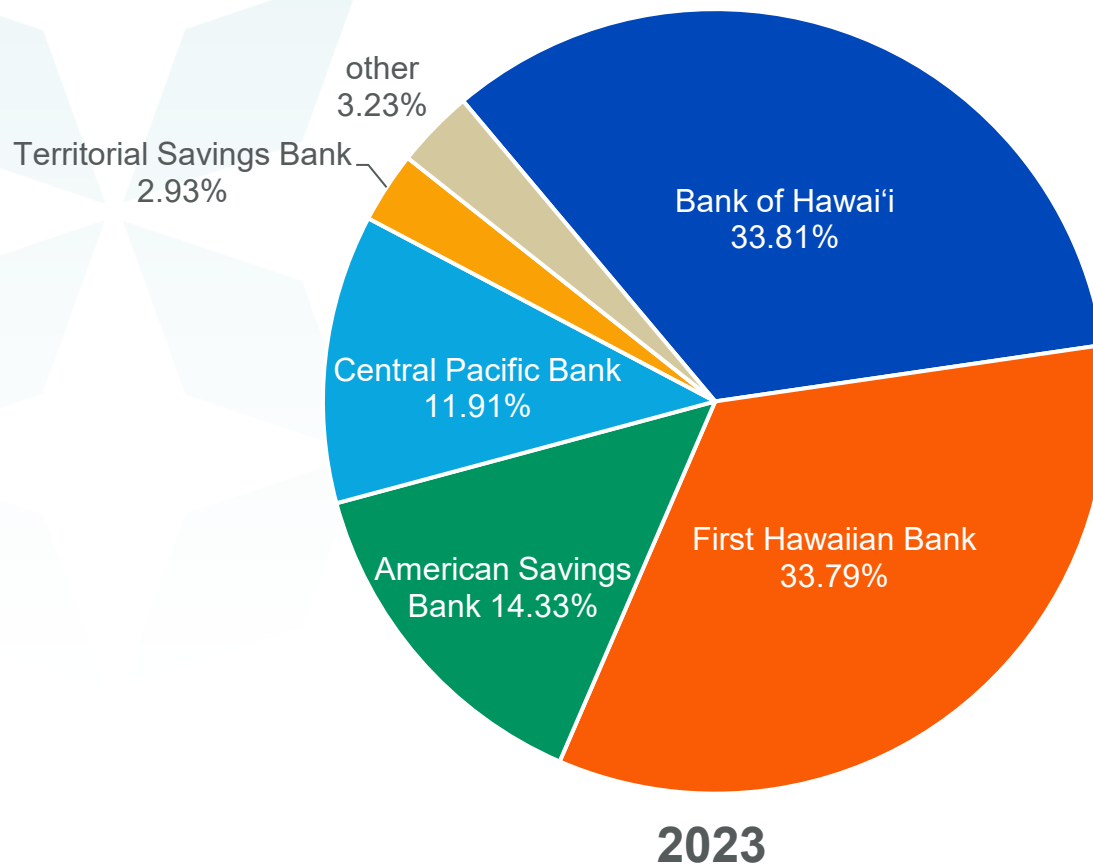
tier 1 capital ratio

# our deposits

through our 127 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

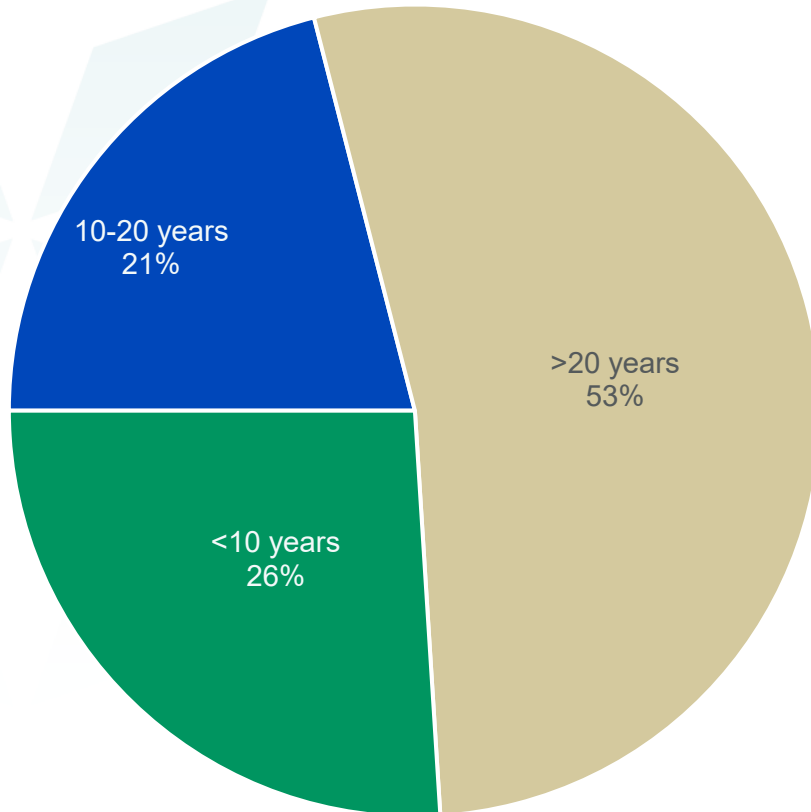
- ✓ unique marketplace
- ✓ diversified
- ✓ long tenured

# 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 <sup>(1)</sup>	avg tenure (yrs)
Commercial Core	28.9
The Private Bank	18.3
Small Business	17.0
Community	22.2
<b>total</b>	<b>23.5</b>

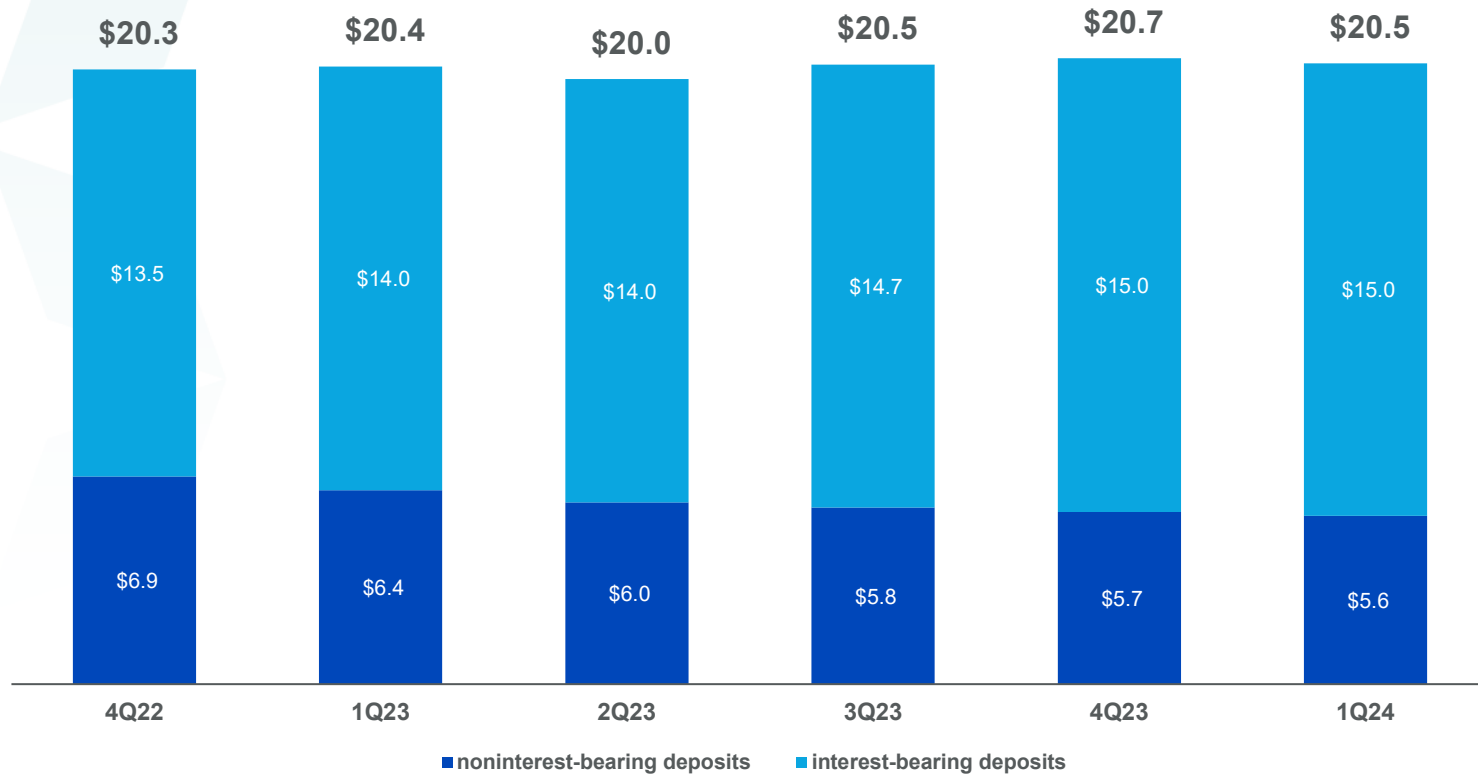
note: as of March 31, 2024

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

# stable deposit balances

\$ in billions

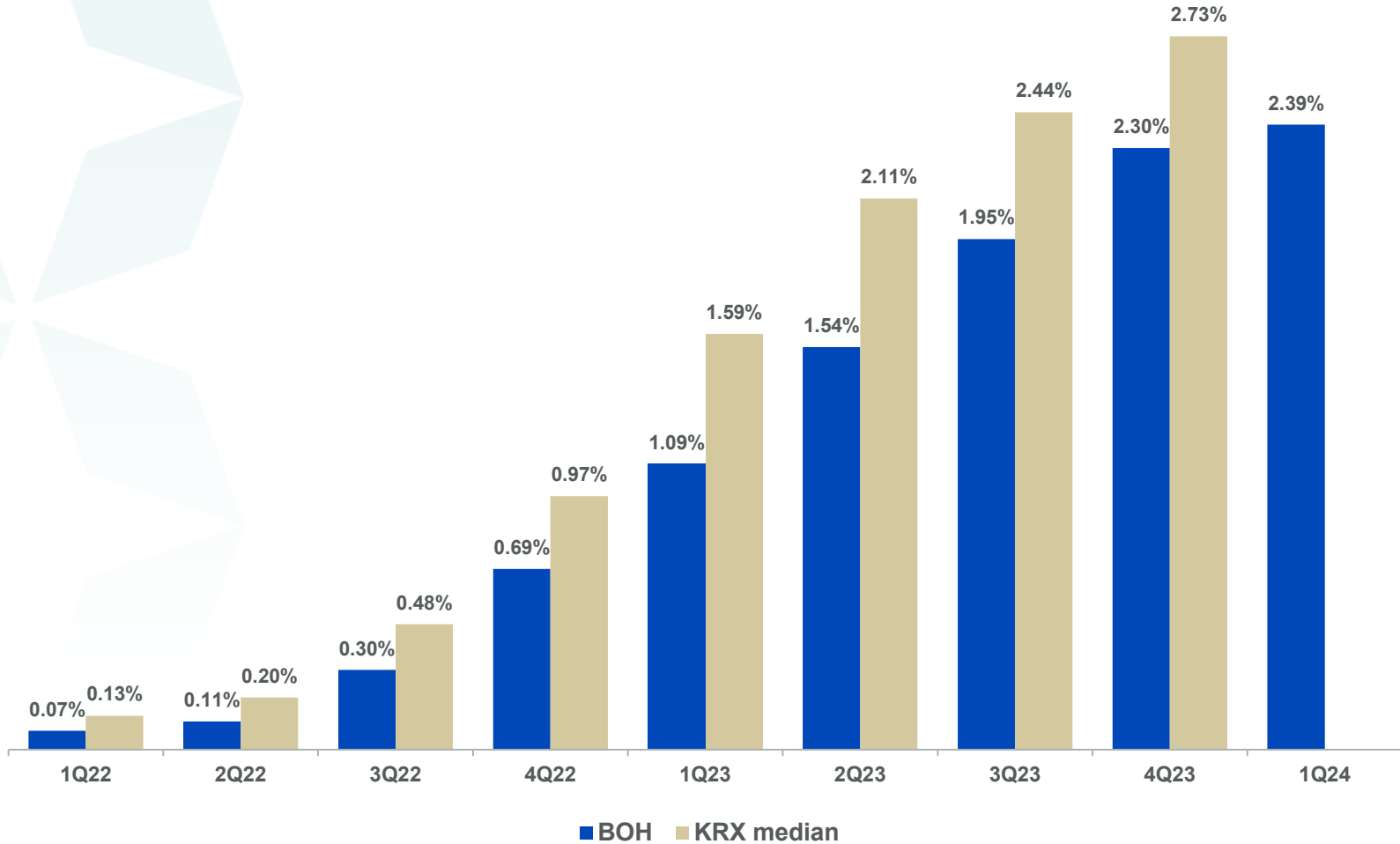
average balances



note: numbers may not add up due to rounding

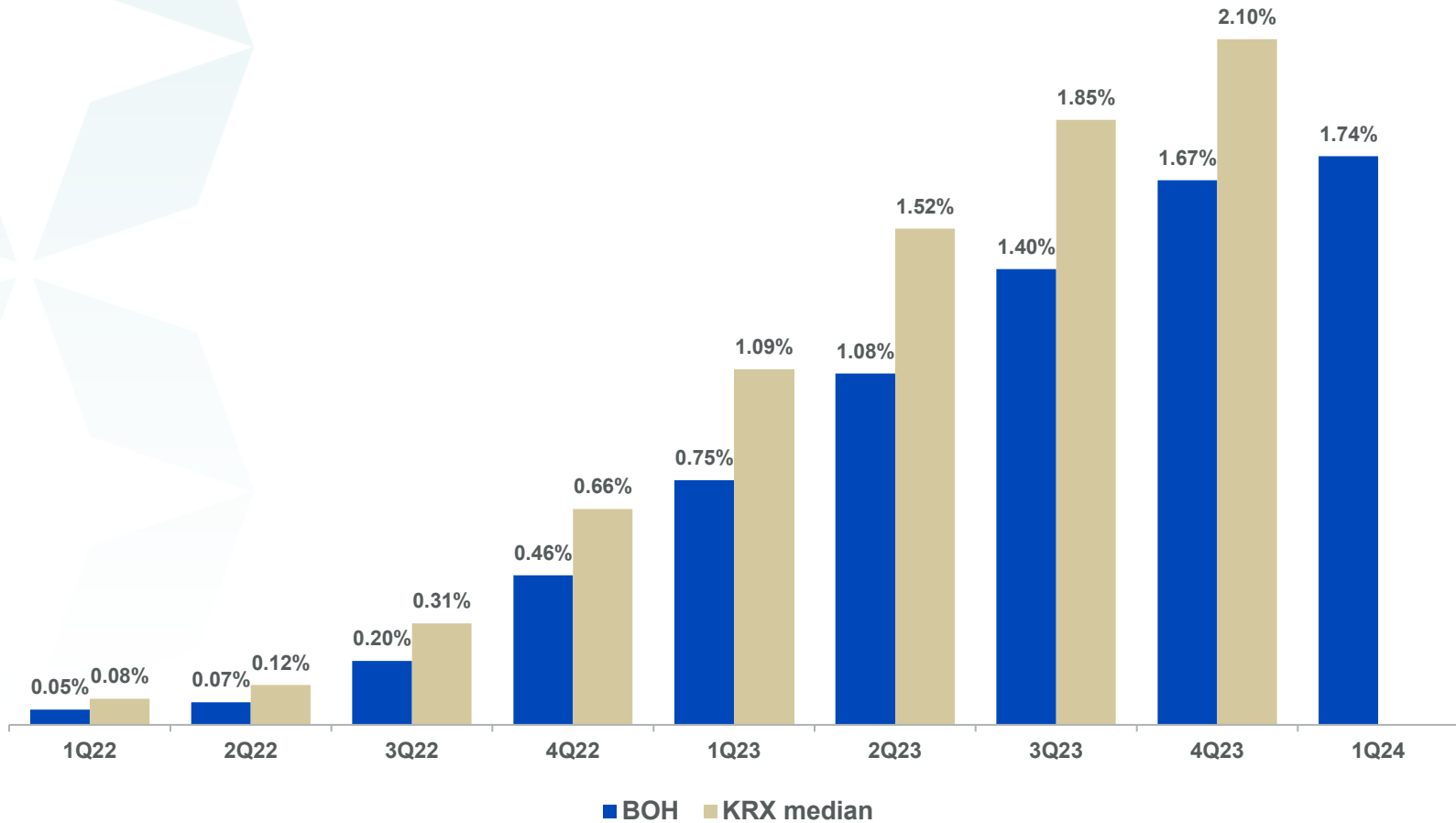


# cost of funds interest-bearing deposits



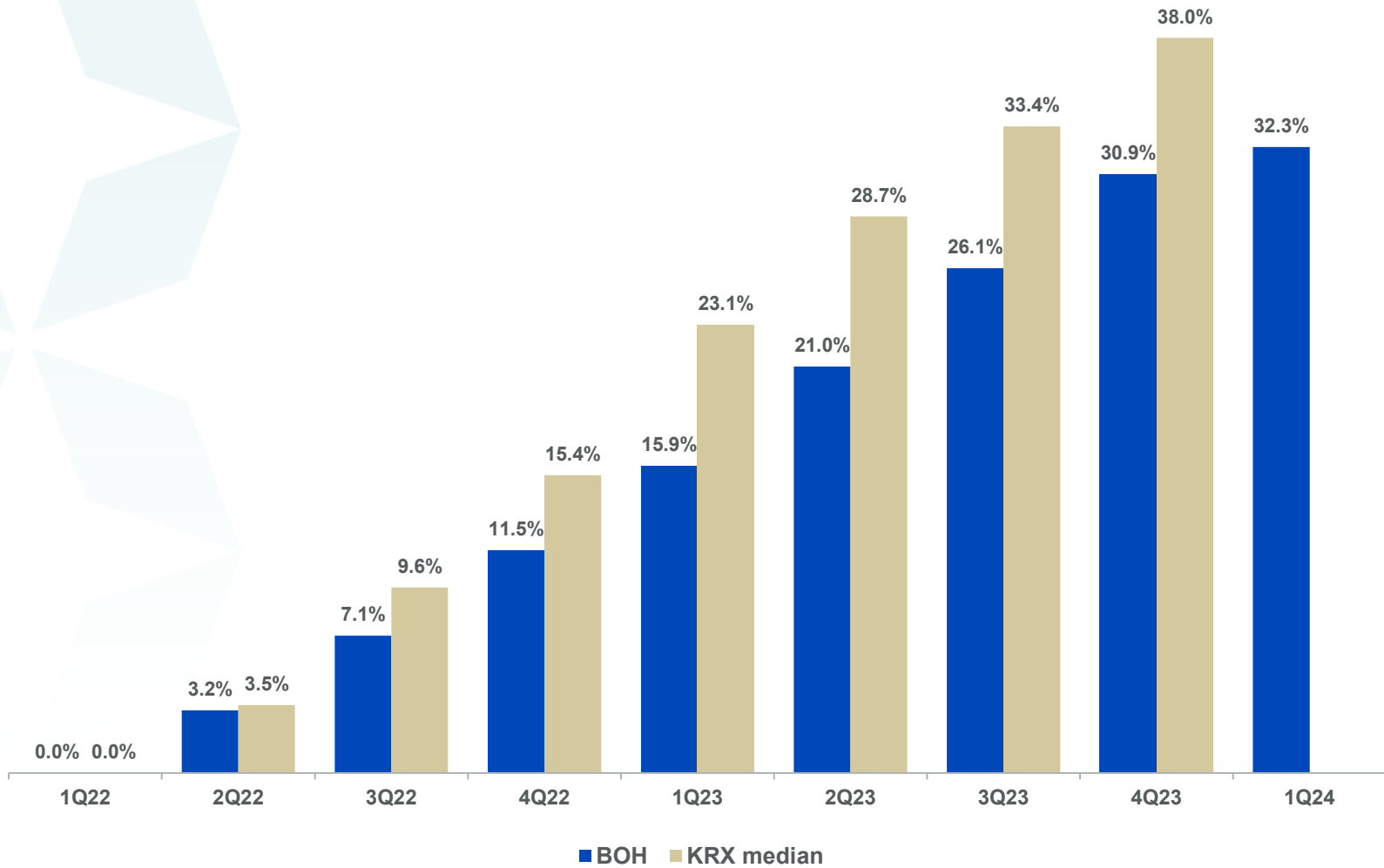
source: S&P Capital IQ; KBW Regional Banking Index (KRX) as of 1/2/24

# cost of funds total deposits



source: S&P Capital IQ; KBW Regional Banking Index (KRX) as of 1/2/24

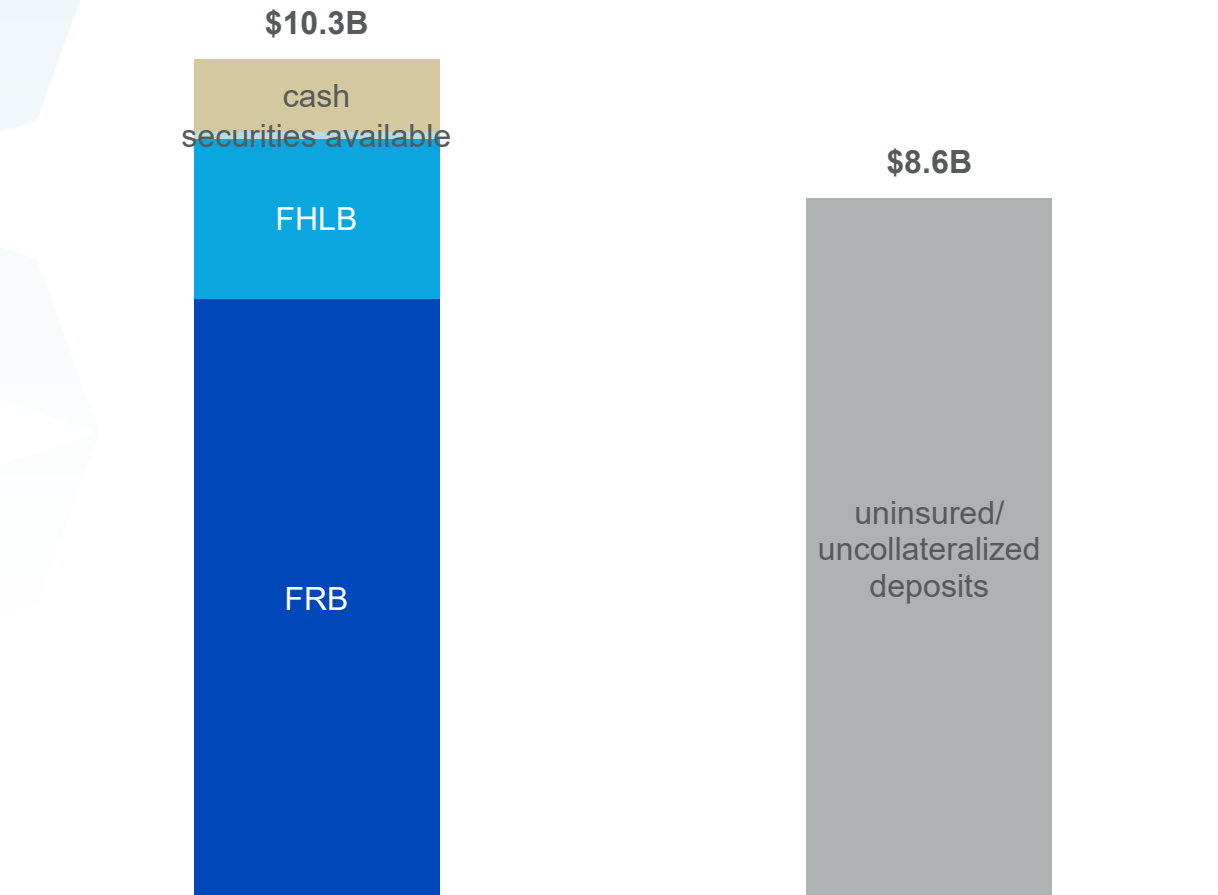
# deposit beta performance



source: S&P Capital IQ; KBW Regional Banking Index (KRX) as of 1/2/24

# readily available liquidity

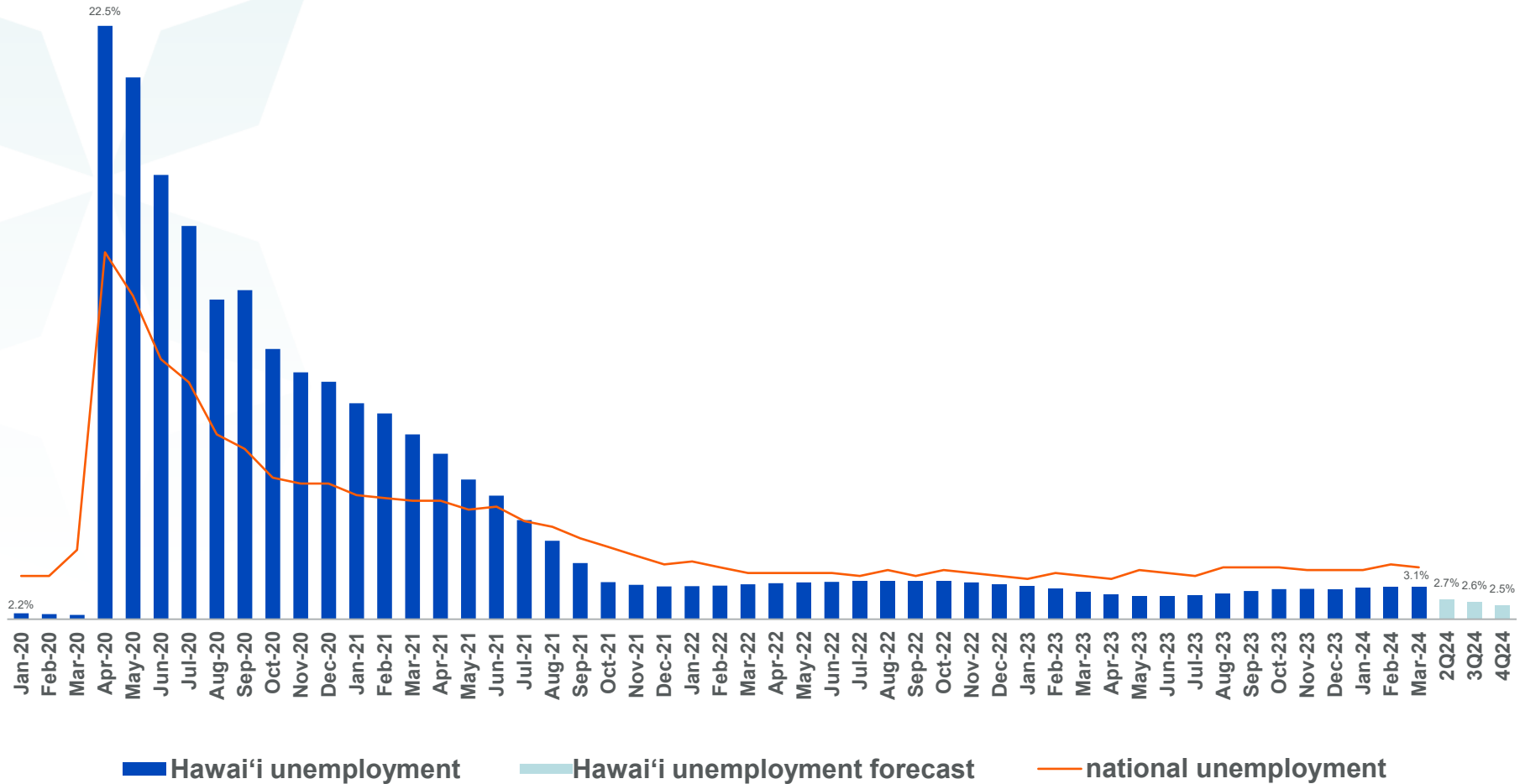
**Bank of Hawai'i carries substantial liquidity lines and equivalents for both day-to-day operational and liquidity backstop purposes**



note: as of March 31, 2024, cash includes fed funds sold and cash and due from banks, and securities available includes unencumbered investment securities

# unemployment

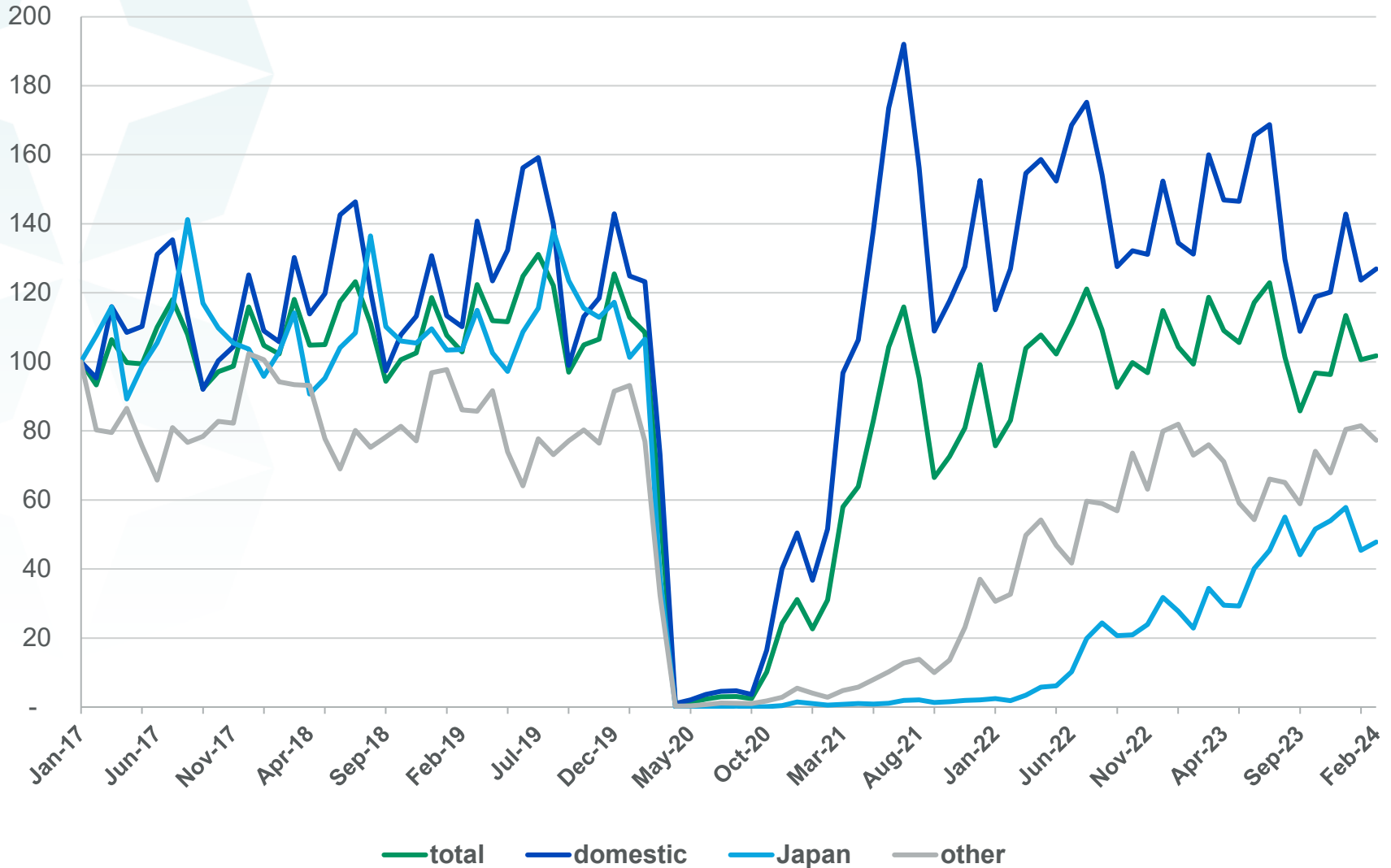
experience & forecast



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

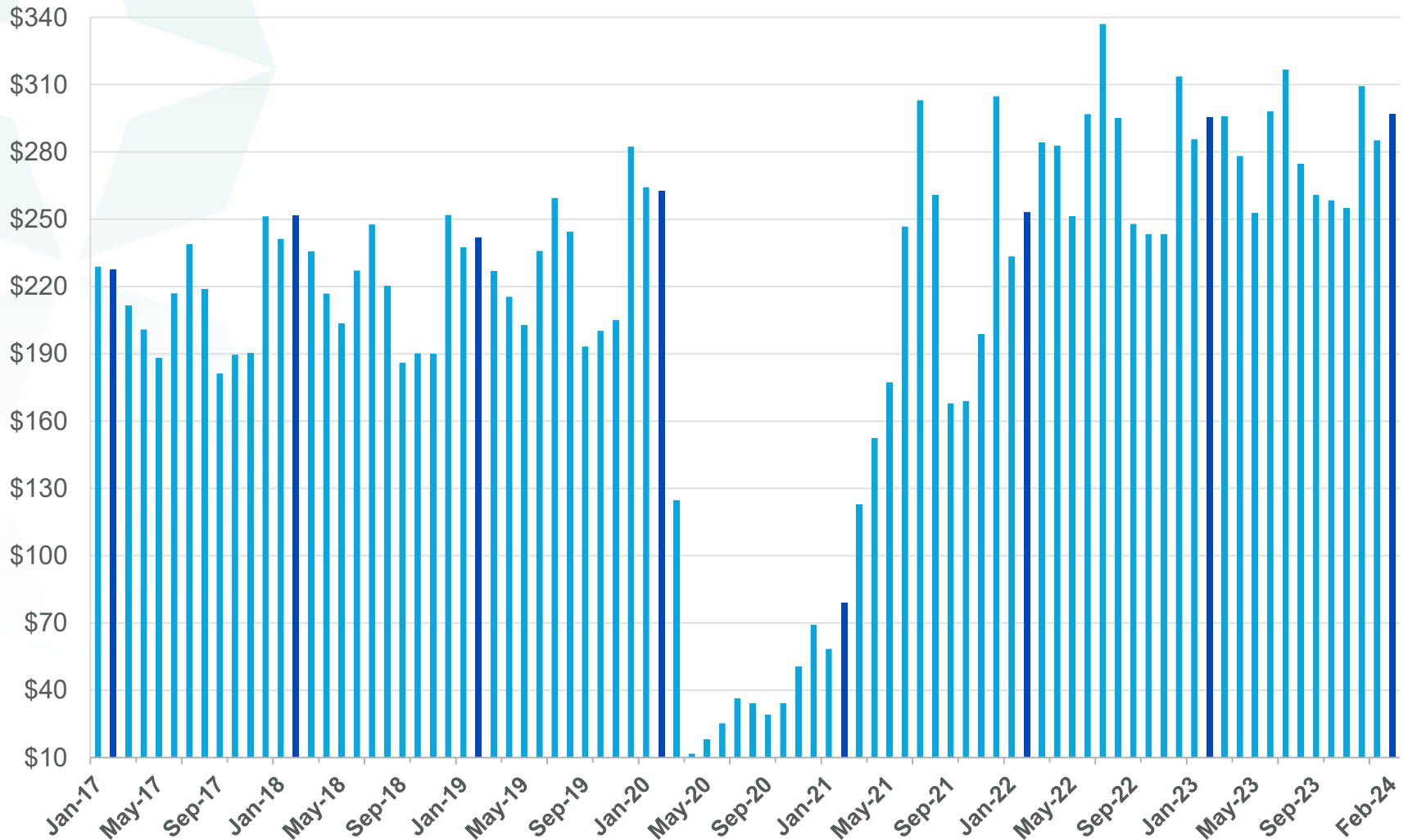
# visitor arrivals

monthly by market, indexed to January 2017









# revenue per available room

revenue per available room (RevPAR)



# stable real estate prices

Oahu market indicators – 1Q 2024

	single family homes			condominiums		
	<u>1Q 2024</u>	<u>1Q 2023</u>	<u>Δ 1Q 2023</u>	<u>1Q 2024</u>	<u>1Q 2023</u>	<u>Δ 1Q 2023</u>
median sales price (000s)	\$1,070	\$1,025	4.4% 	\$505	\$500	1.0% 
closed sales	593	559	6.1% 	970	1044	-7.1% 
median days on market	29	36	7 days 	32	25	7 days 

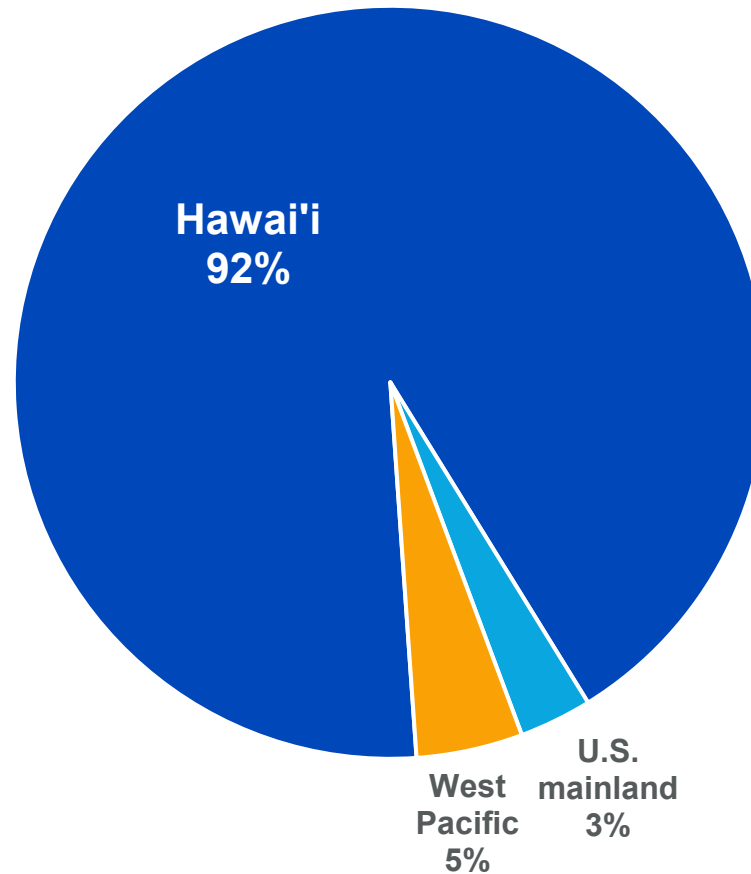




# credit performance

# lending philosophy

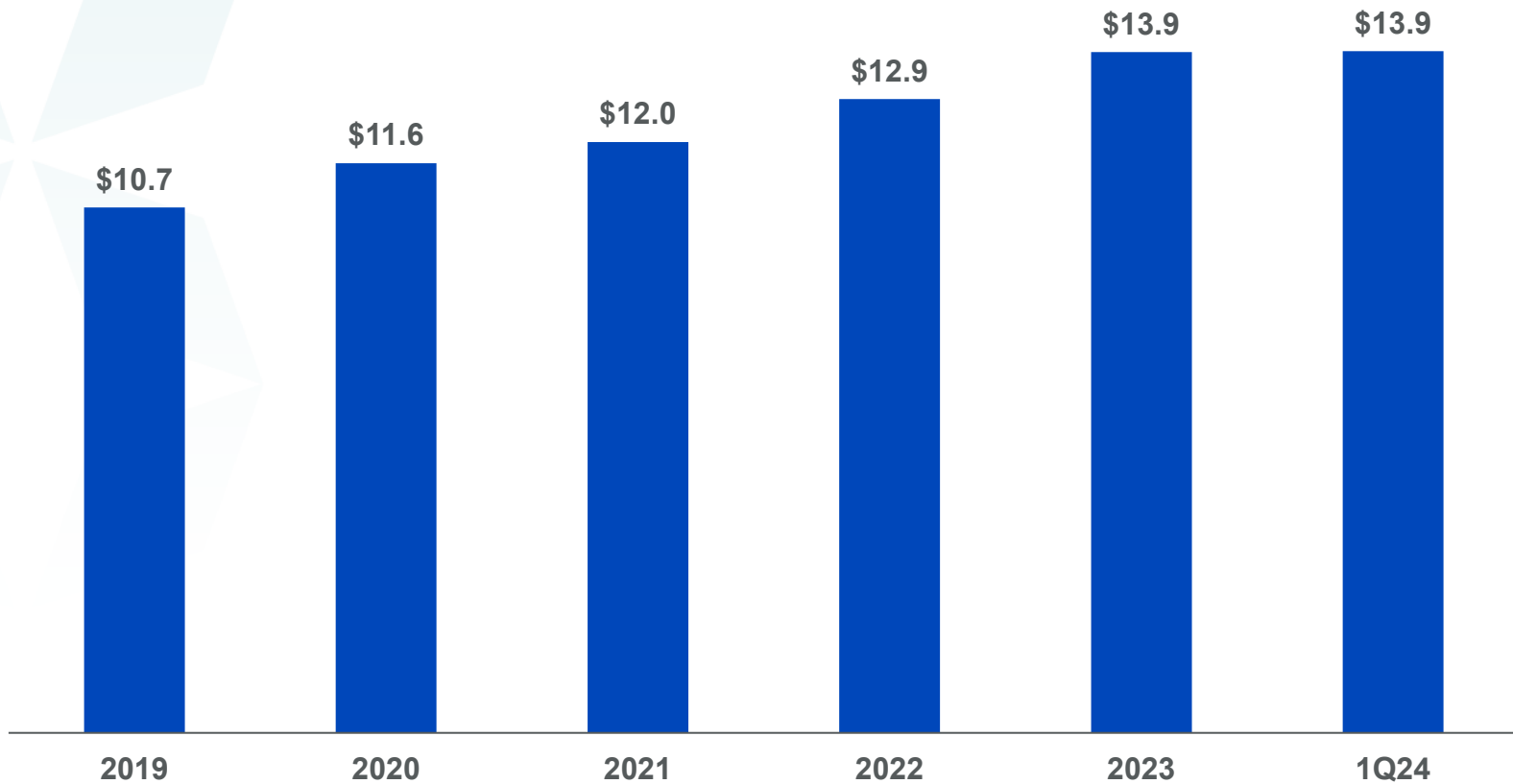
we lend in our core markets  
to long-standing relationships



# steady organic loan growth

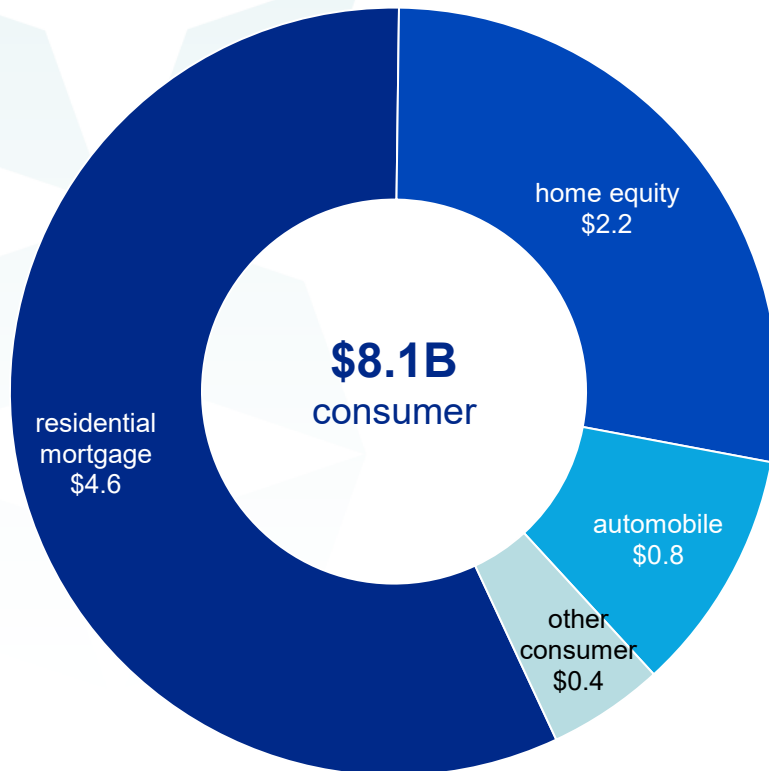
*\$ in billions*

average total loans and leases



# consumer portfolio

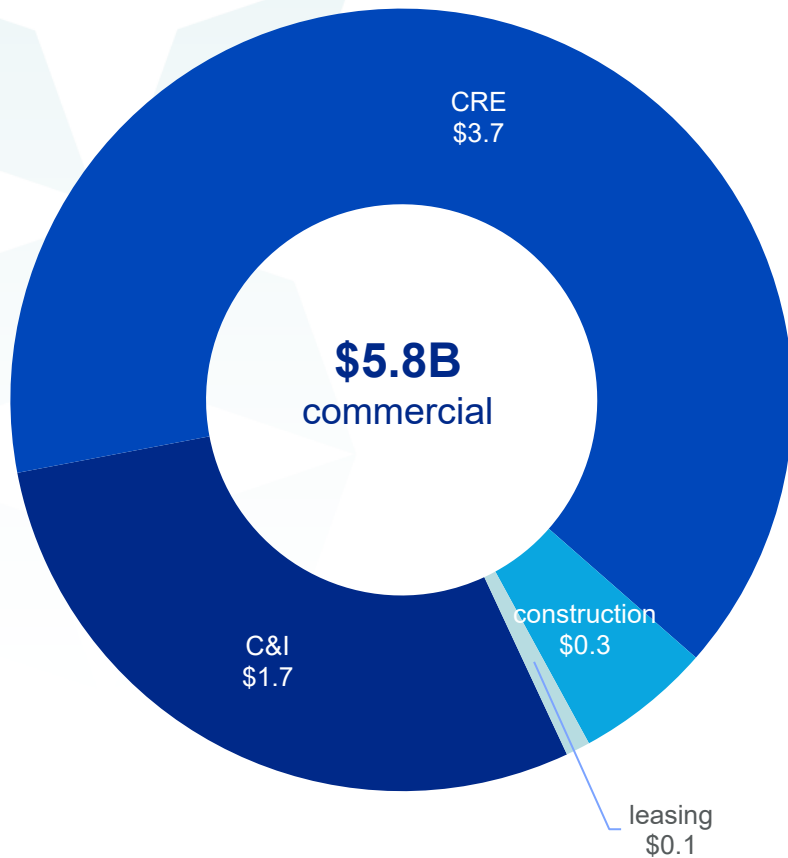
58% of total loans



asset type	% total consumer	% total loans	WALTV	wtd avg FICO
residential mortgage	57%	33%	52%	806
home equity	28%	16%	48%	789
automobile	10%	6%	n/a	732
other consumer	5%	3%	n/a	758
<b>total consumer</b>	<b>100%</b>	<b>58%</b>	<b>51%</b>	<b>791</b>

# commercial portfolio

42% of total loans



asset type	% total comml	% total loans	WALTV
commercial real estate	64%	27%	55%
commercial & industrial	29%	12%	n/a
construction	6%	2%	57%
leasing	1%	0.4%	n/a
<b>total commercial</b>	<b>100%</b>	<b>42%</b>	<b>56%</b>

note: excludes \$10MM in PPP loan balances including deferred costs and fees

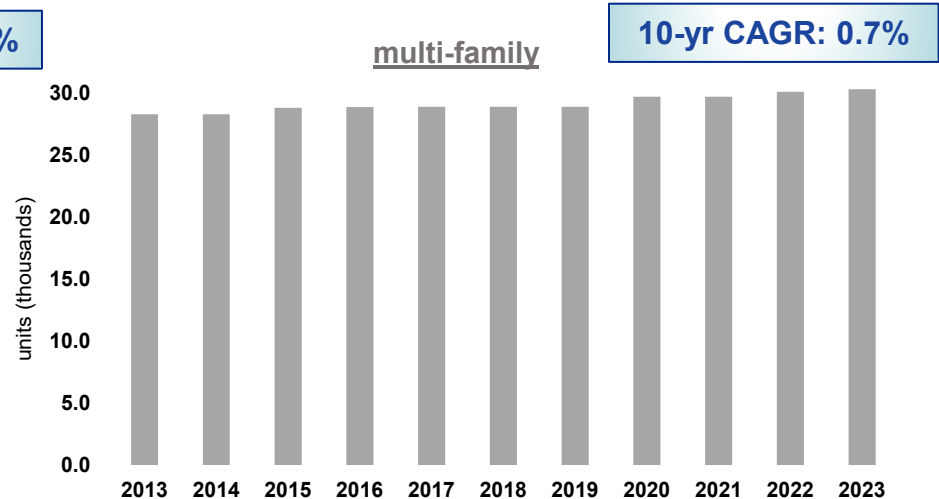
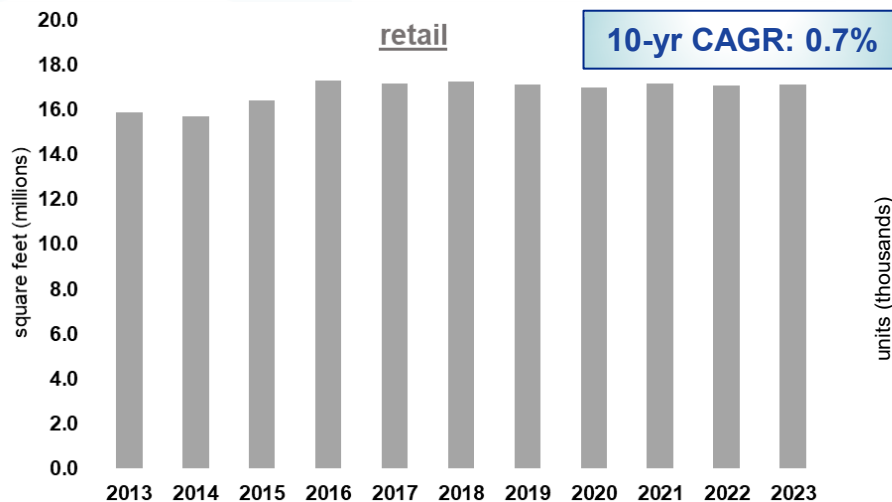
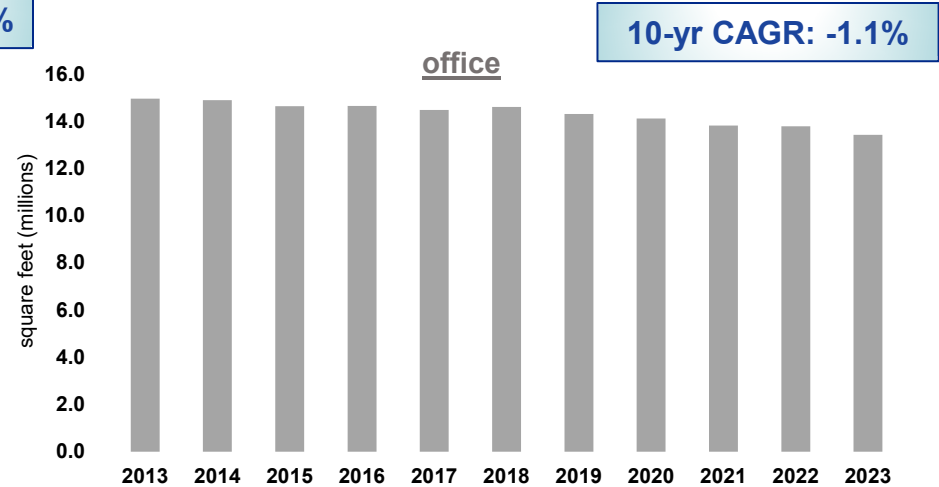
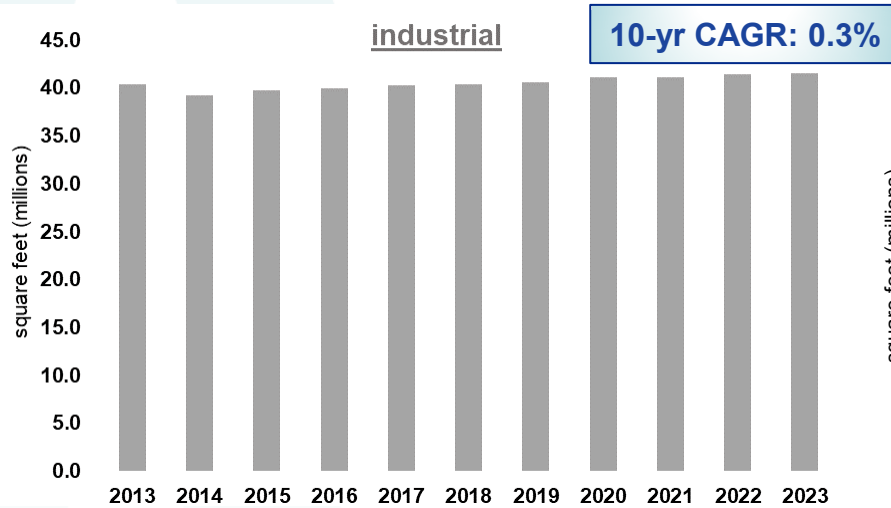
# stable real estate market

## Oahu market vacancies

	vacancy trend	vacancy		
		<u>Oahu – 4Q23</u>	<u>Oahu – 4Q22</u>	<u>Oahu – 10 yr avg</u>
industrial	<b>lower</b>	<b>0.64%</b>	<b>0.81%</b>	<b>1.75%</b>
office	<b>stable</b>	<b>13.45%</b>	<b>12.90%</b>	<b>12.46%</b>
retail	<b>stable</b>	<b>6.02%</b>	<b>5.54%</b>	<b>5.91%</b>
multi-family	<b>stable</b>	<b>4.50%</b>	<b>4.30%</b>	<b>4.67%</b>

# CRE supply constraints

## Oahu market inventory

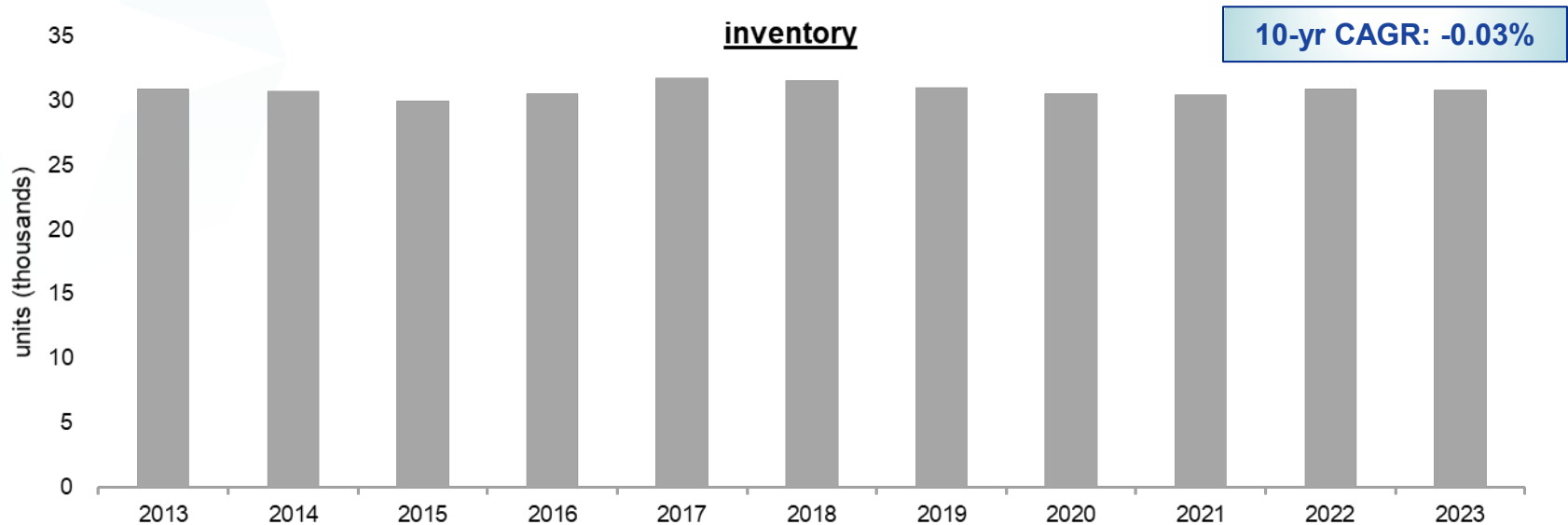


# Oahu lodging market

*RevPar and occupancy up, inventory remains flat*

RevPar trend	RevPar		
	<u>Oahu – 4Q23</u>	<u>Oahu – 4Q22</u>	<u>Oahu – 10 yr avg</u>
	\$224	\$202	\$179

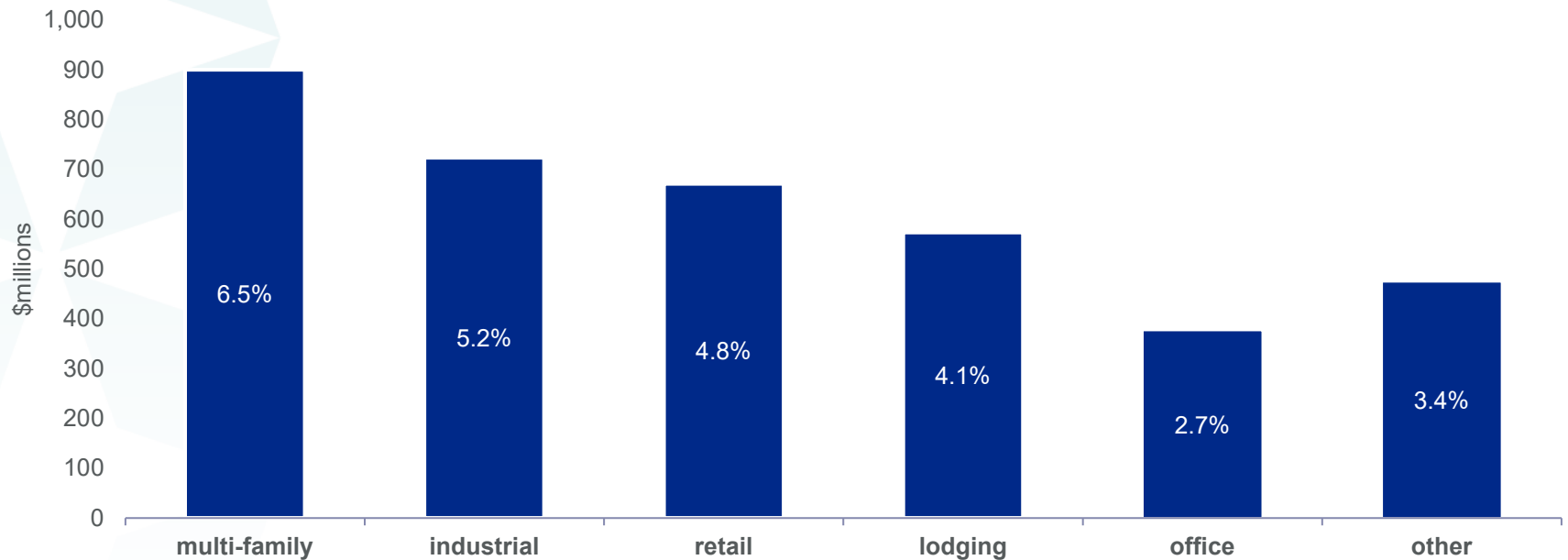
occupancy trend	occupancy		
	<u>Oahu – 4Q23</u>	<u>Oahu – 4Q22</u>	<u>Oahu – 10 yr avg</u>
	79.6%	75.4%	75.5%





# commercial real estate (CRE)

27% of total loans

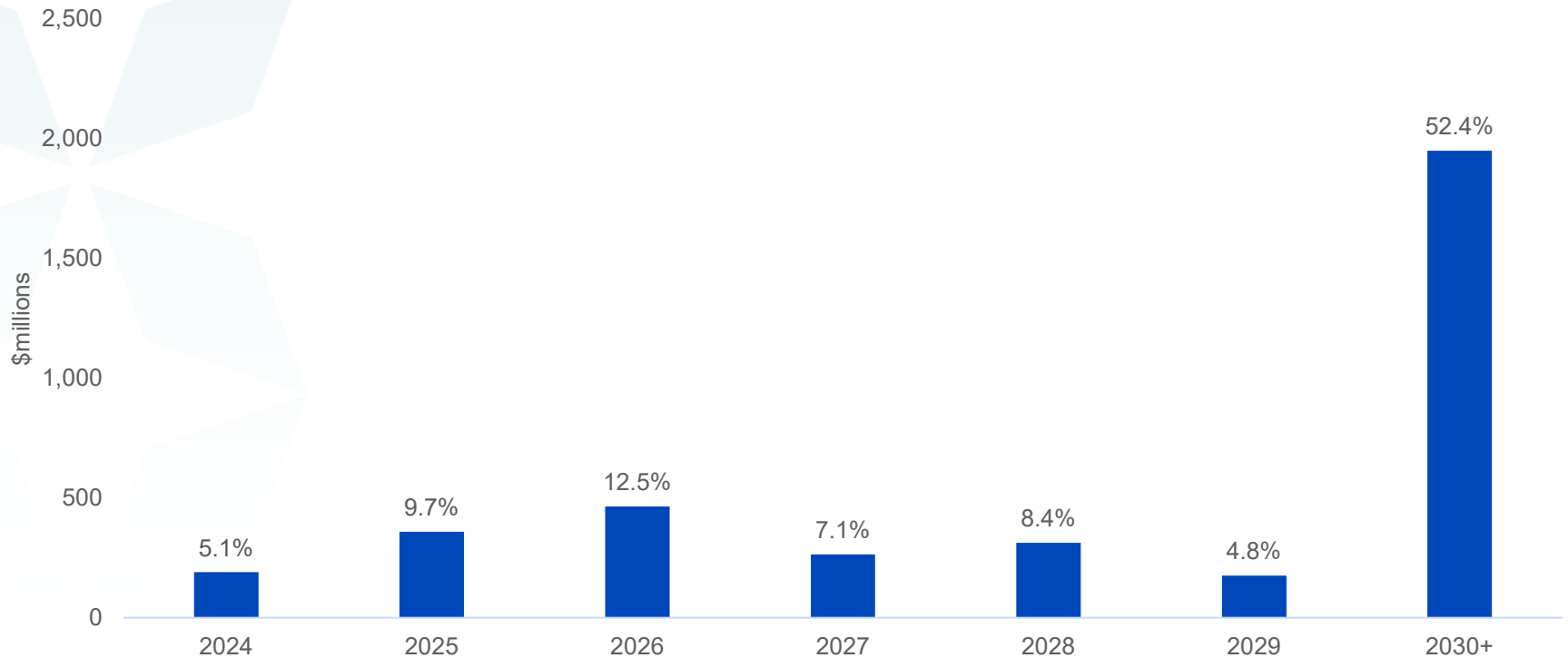


<b>wtd avg LTV</b>	58%	56%	55%	53%	57%	52%
<b>% owner</b>	n/a	41%	4%	n/a	21%	29%
<b>avg exposure (\$millions)</b>	3.0	2.5	4.2	12.8	1.8	3.3

# CRE scheduled maturities

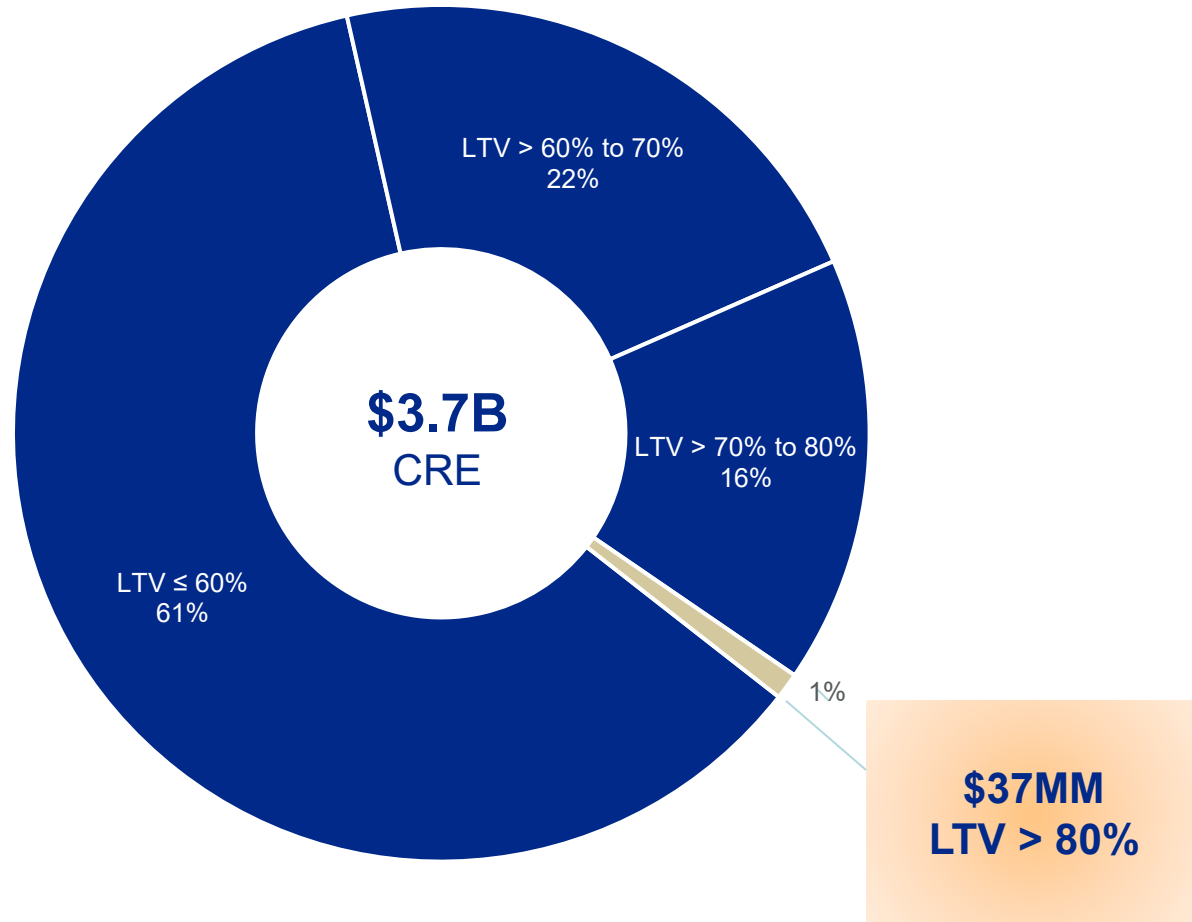
5% maturing in 2024

## scheduled maturities



# CRE tail risk

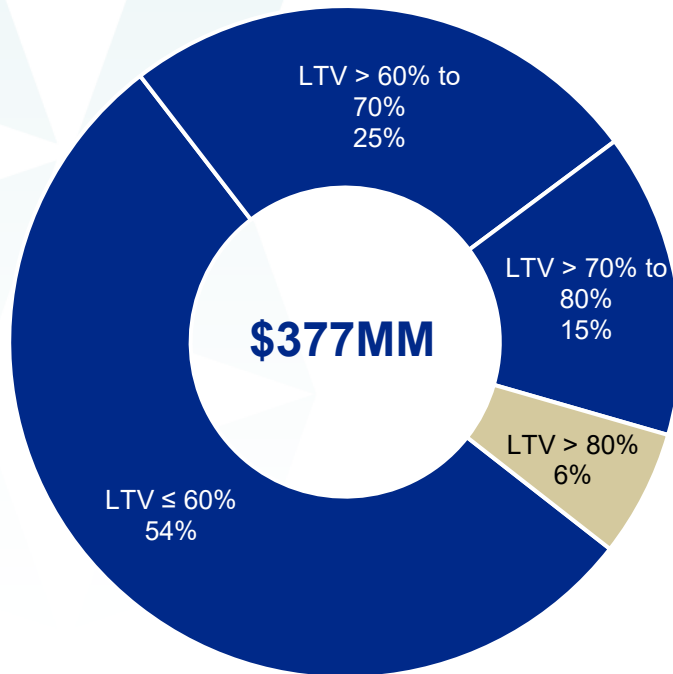
*LTV > 80% - \$37MM, 1.0% of CRE*



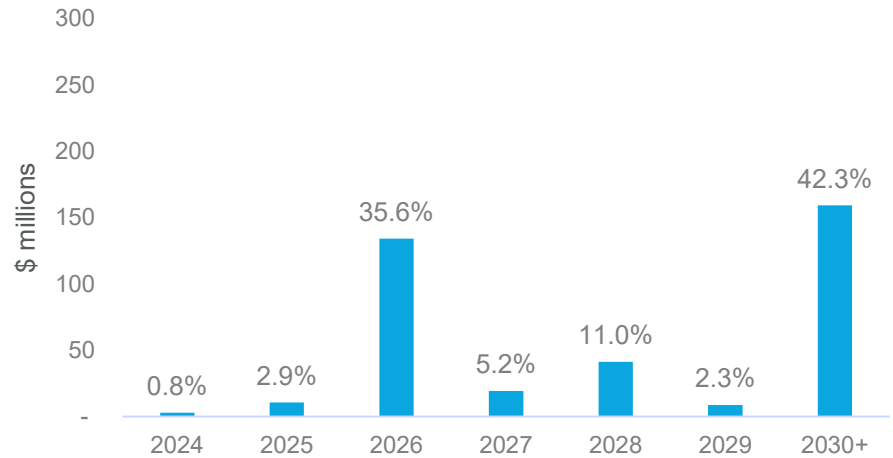
# CRE office

3% of total loans

## LTV distribution



## scheduled maturity



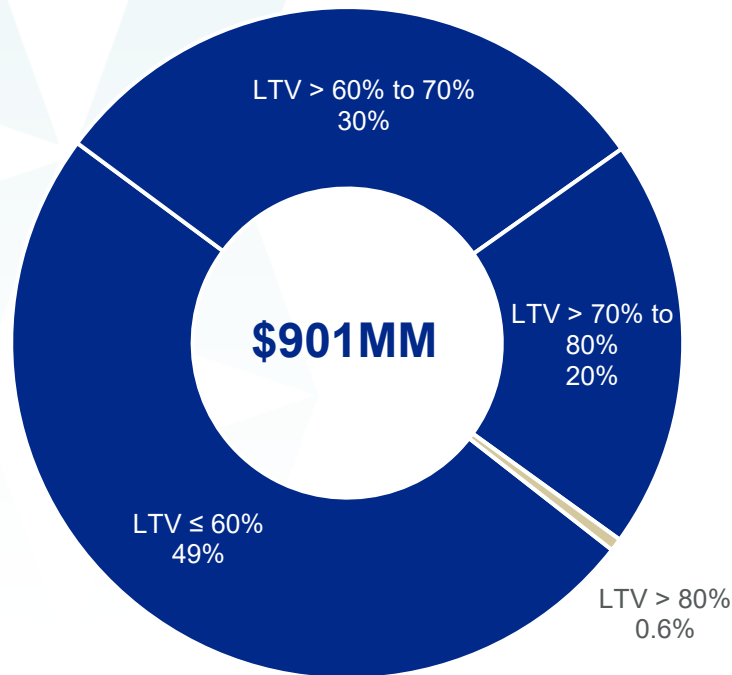
## highlights

- 57% wtd avg LTV
- \$1.8MM average exposure
- 23% CBD (Downtown Honolulu)
  - 60% wtd avg LTV
  - 44% with repayment guaranties
- 4% maturing prior to 2026
- 1.1% criticized

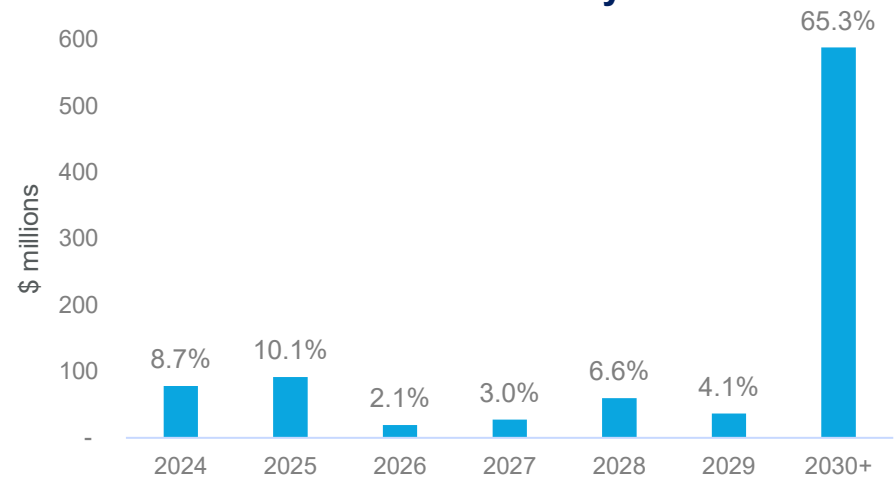
# CRE multi-family

7% of total loans

## LTV distribution



## scheduled maturity

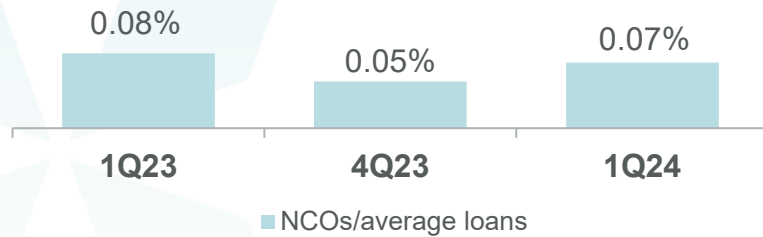


## highlights

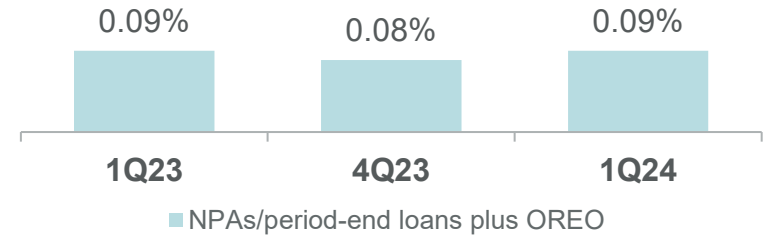
- 58% wtd avg LTV
- \$3.0MM average exposure
- 99.8% LIHTC, affordable or market
- 19% maturing prior to 2026
- 1.7% criticized

# credit quality

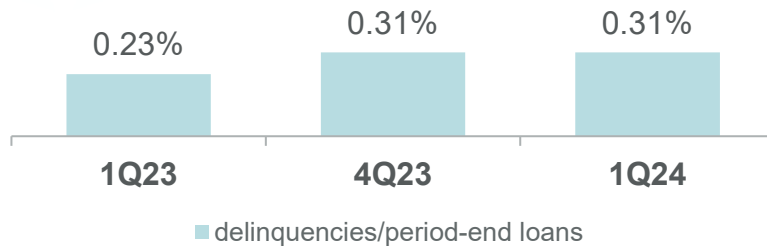
## net charge-offs



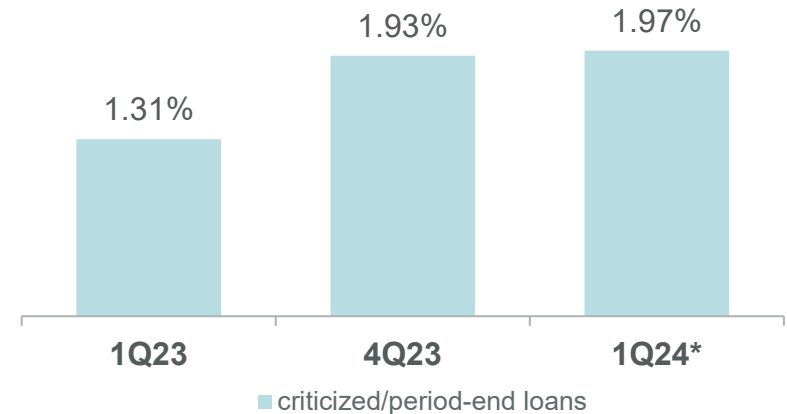
## non-performing assets



## delinquencies



## criticized



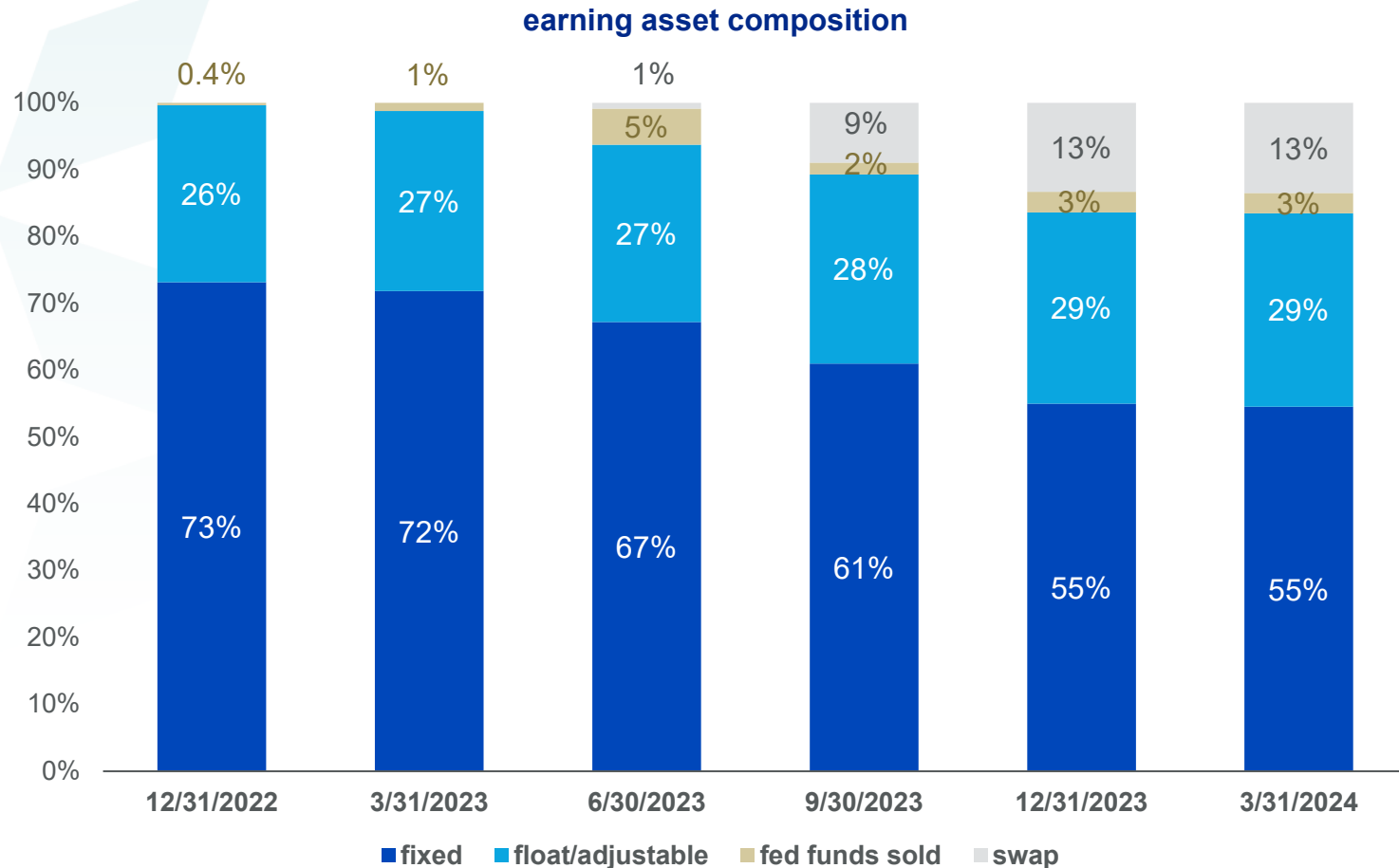
\* 71% of total criticized is secured with 59% wtd avg LTV



# financial update

# hedging program

**\$3.0 billion total notional of pay-fixed/receive-float swaps as of 3/31/24**  
positions us well for a range of rate outcomes

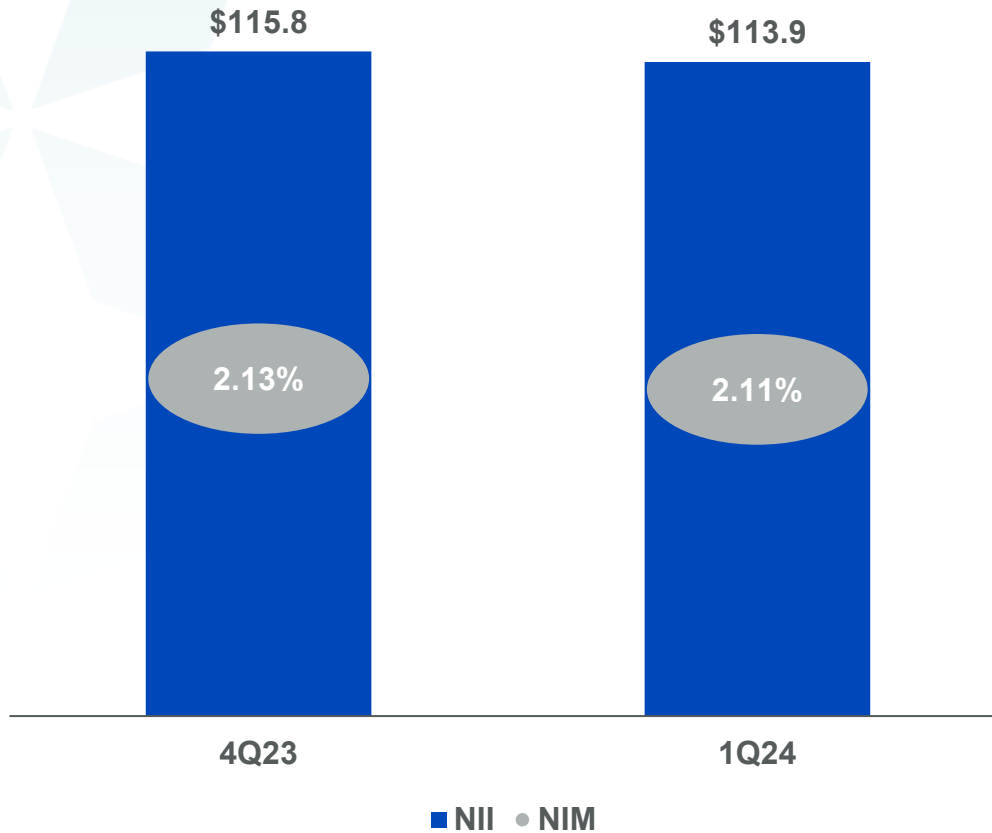


note: fixed excludes \$3.0 billion of fixed-rate assets swapped to floating through the hedging program, fixed/float breakdown includes loans, investment portfolio (using par value), and fed funds sold, numbers may not add up due to rounding



# NII and NIM

\$ in millions



## positive

- repricing from cashflows and other: +\$4.7

## negative

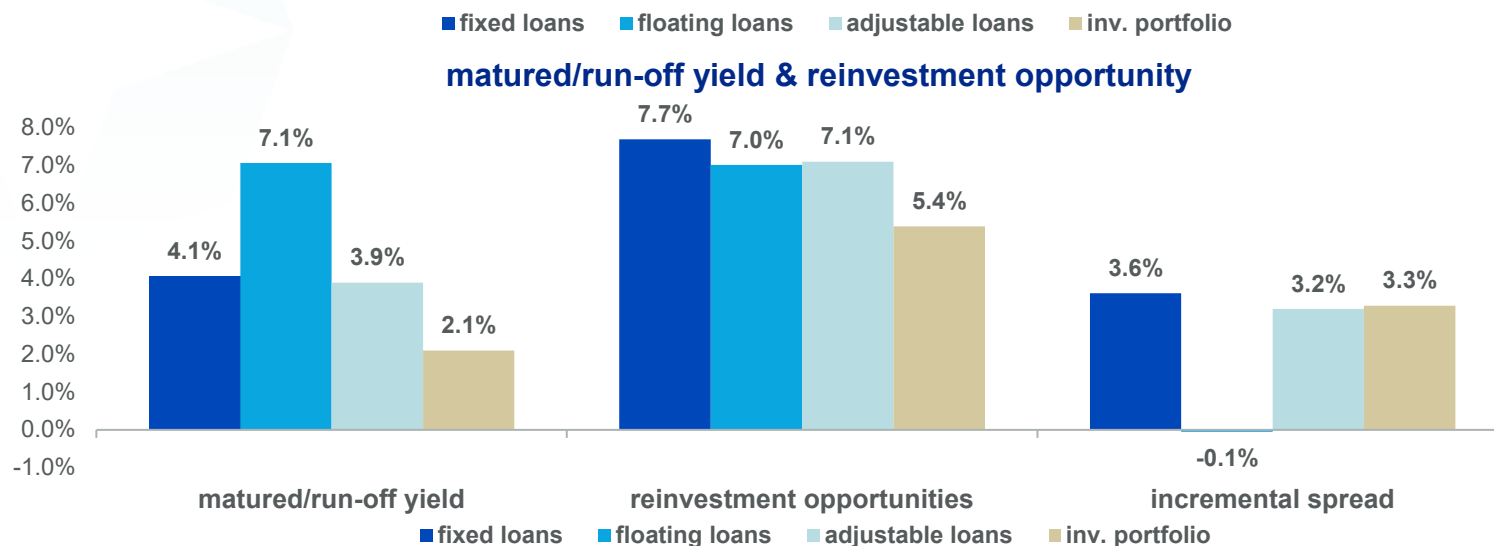
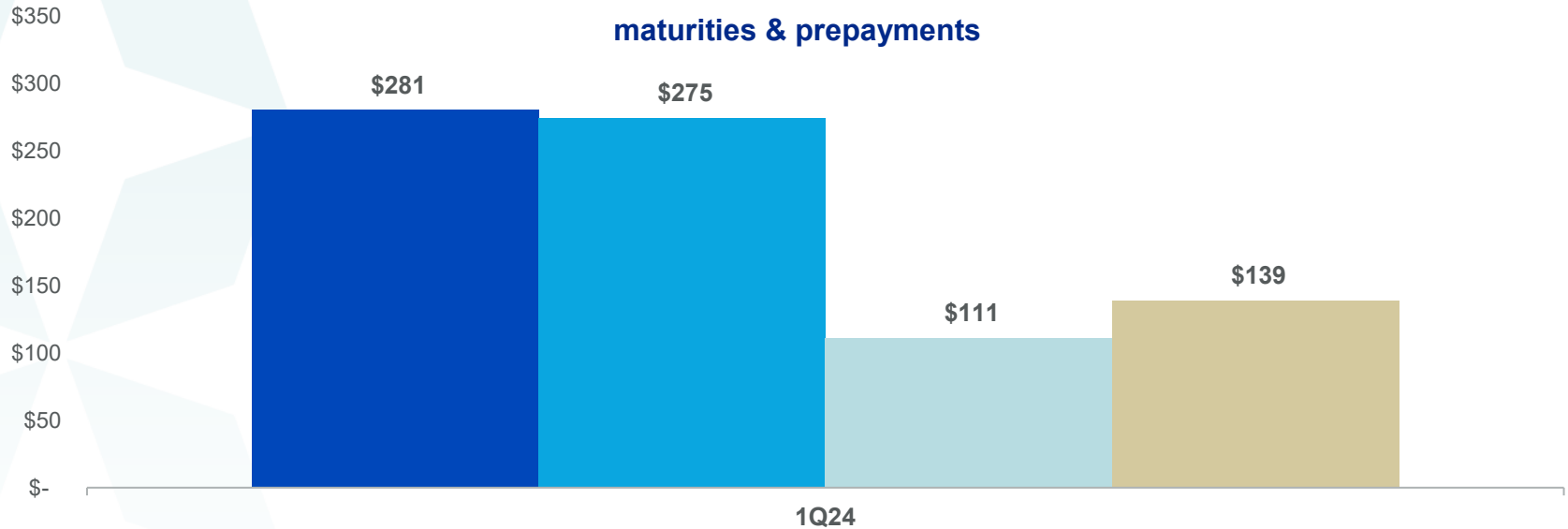
- deposit mix shift and repricing: \$(3.3)
- earning assets from deposits: \$(2.2)

## non-recurring

- rate reset on fixed to float investment securities: \$(0.7)
- one less calendar day: \$(0.3)

# cashflows repricing

\$ in millions

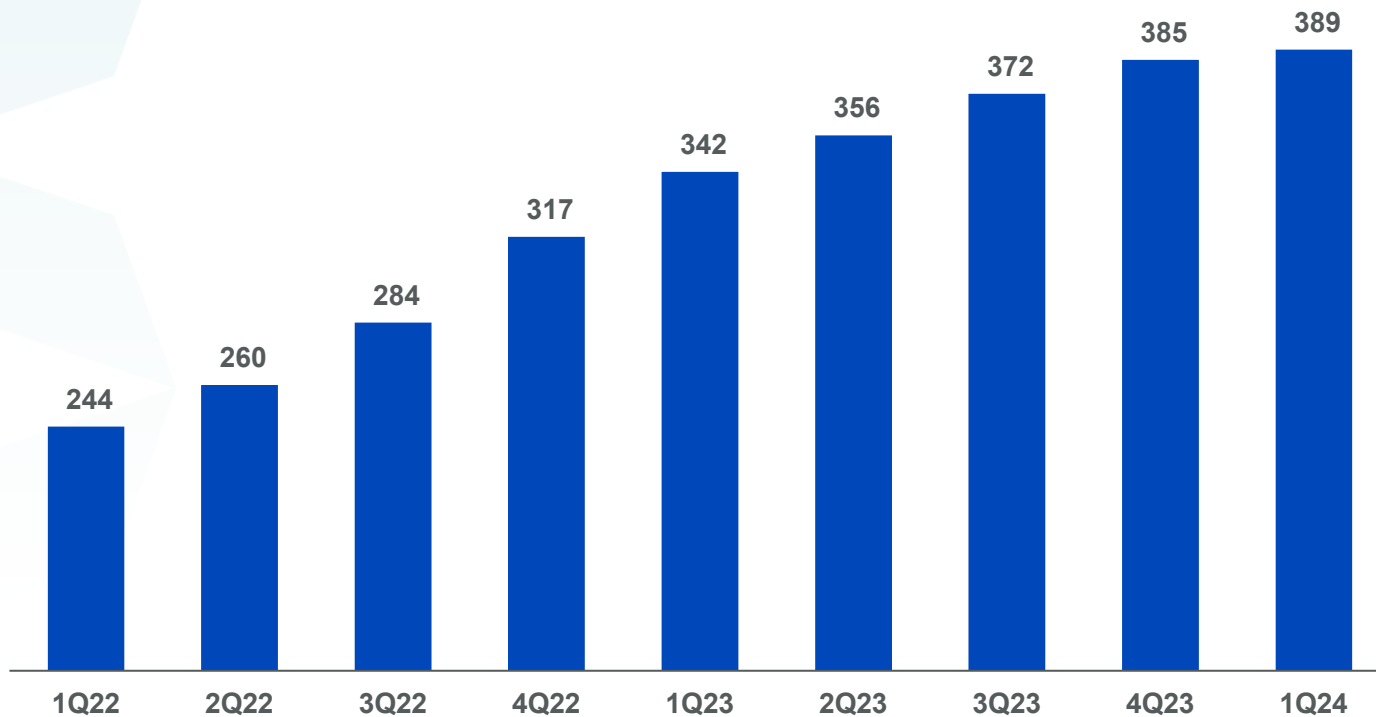


note: numbers may not add up due to rounding, assumes money matured/run-off from investment portfolio to be reinvested into Fed Funds at 5.4%

# avg total earning assets yield

*in basis points*

earning assets continue to reprice higher

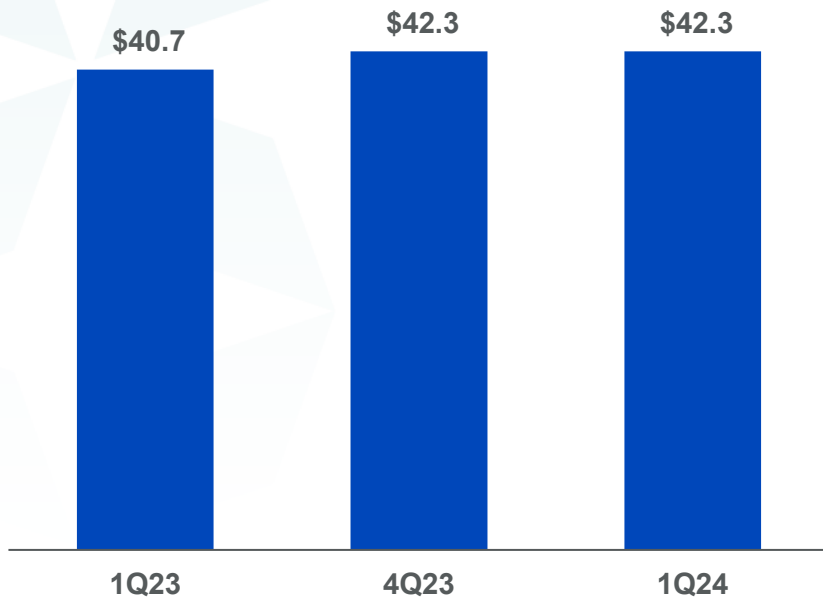


# noninterest income

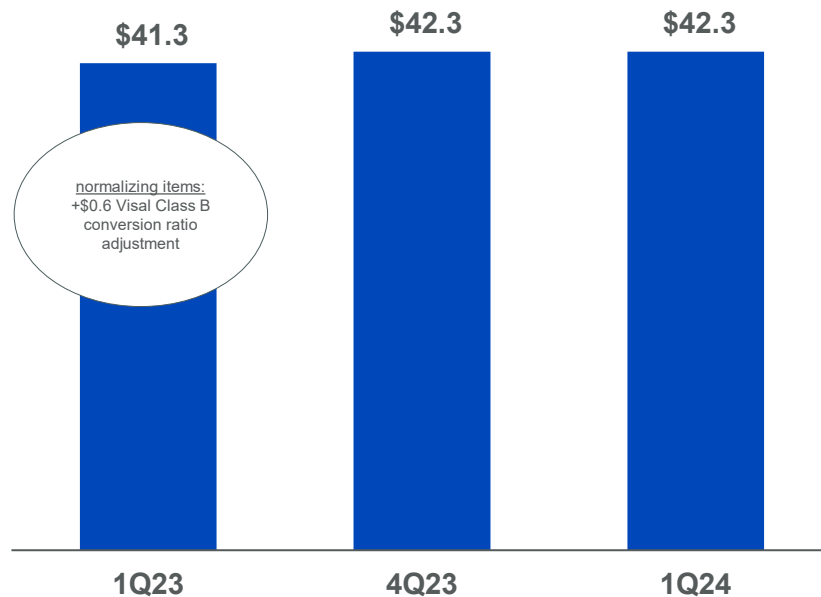
\$ in millions

## steady core noninterest income

reported noninterest income



core noninterest income



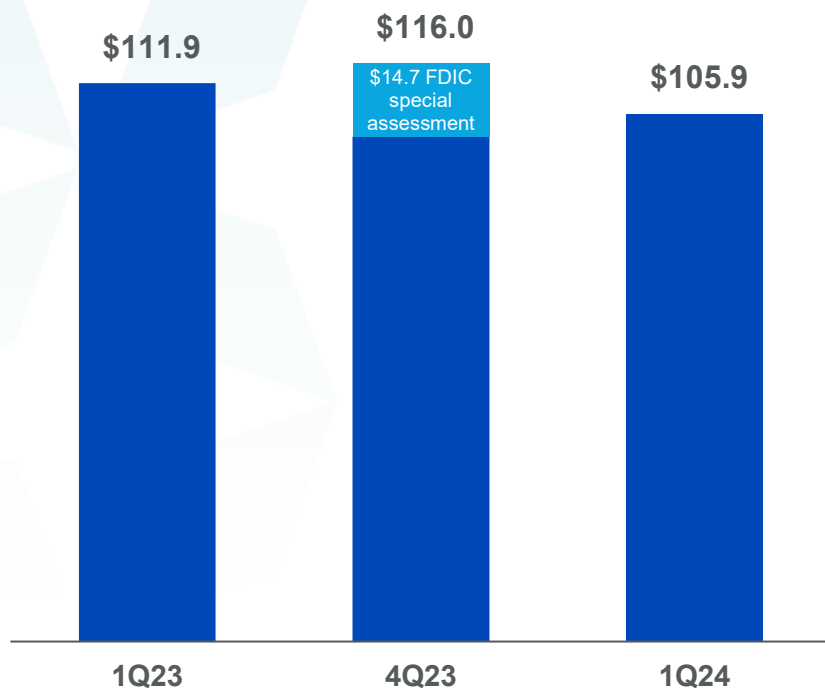
note: numbers may not add up due to rounding

# noninterest expense

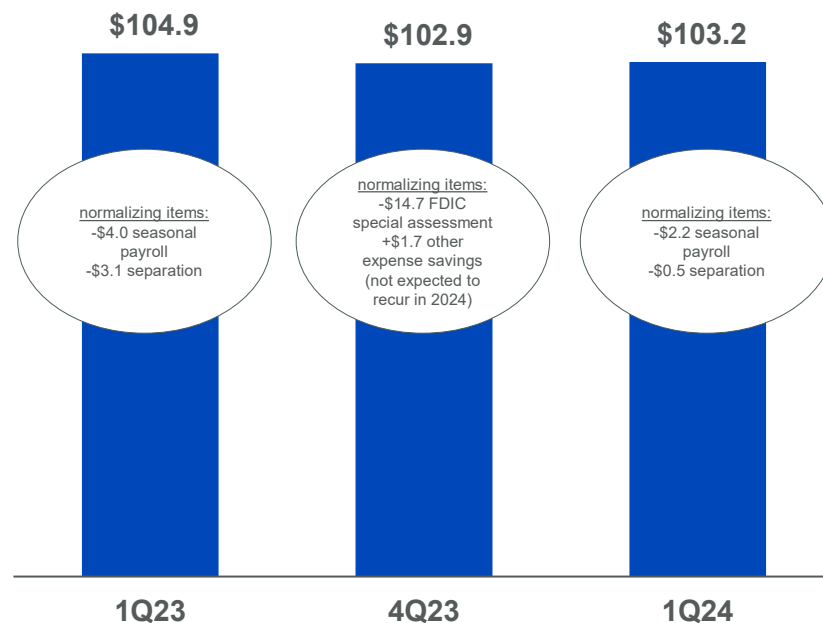
\$ in millions

## continued discipline in expense management

reported noninterest expense



core noninterest expense



note: numbers may not add up due to rounding

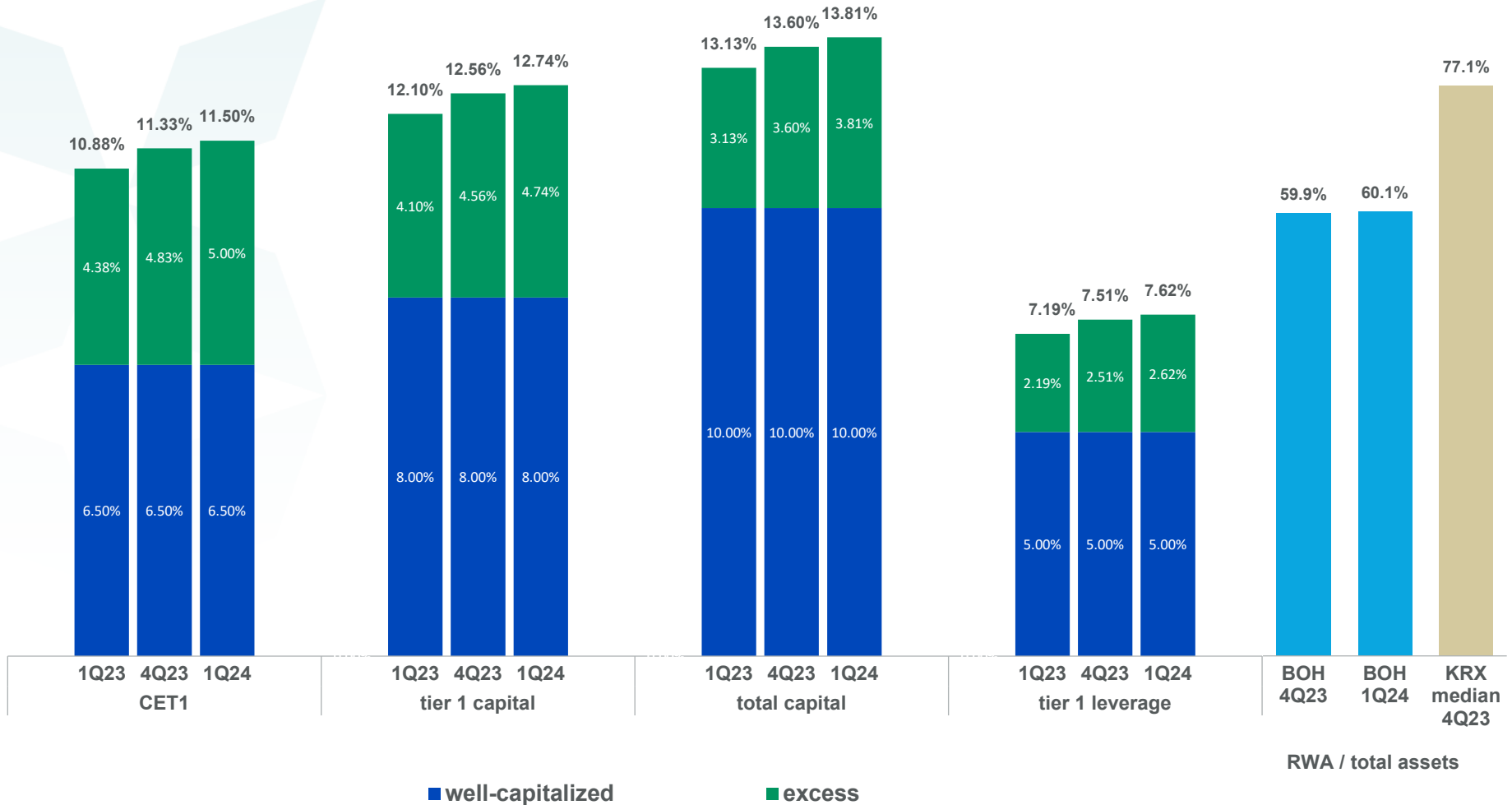
# financial summary

*\$ in millions, except per share amounts*

	<u>1Q 2024</u>	<u>4Q 2023</u>	<u>1Q 2023</u>	<u>Δ 4Q 2023</u>	<u>Δ 1Q 2023</u>
net interest income	\$ 113.9	\$ 115.8	\$ 136.0	\$ (1.8)	\$ (22.0)
noninterest income	42.3	42.3	40.7	0.0	1.5
<b>total revenue</b>	<b>156.2</b>	<b>158.1</b>	<b>176.7</b>	<b>(1.8)</b>	<b>(20.5)</b>
noninterest expense	105.9	116.0	111.9	(10.1)	(6.1)
<b>operating income</b>	<b>50.4</b>	<b>42.1</b>	<b>64.8</b>	<b>8.3</b>	<b>(14.4)</b>
credit provision	2.0	2.5	2.0	(0.5)	-
income taxes	12.0	9.2	15.9	2.8	(4.0)
<b>net income</b>	<b>\$ 36.4</b>	<b>\$ 30.4</b>	<b>\$ 46.8</b>	<b>\$ 6.0</b>	<b>\$ (10.5)</b>
<b>net income available to common</b>	<b>\$ 34.4</b>	<b>\$ 28.4</b>	<b>\$ 44.9</b>	<b>\$ 6.0</b>	<b>\$ (10.5)</b>
<b>diluted EPS</b>	<b>\$ 0.87</b>	<b>\$ 0.72</b>	<b>\$ 1.14</b>	<b>\$ 0.15</b>	<b>\$ (0.27)</b>
return on assets	0.63 %	0.51 %	0.80 %	0.12 %	(0.17) %
return on common equity	11.20	9.55	15.79	1.65	(4.59)
net interest margin	2.11	2.13	2.47	(0.02)	(0.36)
efficiency ratio	67.76	73.36	63.34	(5.60)	4.42
<u>end of period balances</u>					
investment portfolio	\$ 7,266	\$ 7,406	\$ 8,128	(1.9) %	(10.6) %
loans and leases	13,854	13,965	13,825	(0.8)	0.2
total deposits	20,677	21,055	20,491	(1.8)	0.9
shareholders' equity	1,436	1,414	1,354	1.5	6.0

note: numbers may not add up due to rounding

## continued organic capital growth



note: 1Q24 regulatory capital ratios are preliminary

# takeaways

- ✓ high quality deposit base in unique and competitively advantageous deposit market
- ✓ flattening deposit cost and continuing cashflow repricing
- ✓ exceptional credit quality
- ✓ strong liquidity



# Q & A



# appendix

# insured/collateralized deposits

