

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

July 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

- **\$0.81 diluted earnings per common share**
  - **industry-wide FDIC special assessment and other normalizing items impacted diluted earnings per common share by \$0.07**
  - **1.81% average cost of total deposits**
  - **net interest margin expanded by 4 basis points to 2.15%**
  - **10.41% return on average common equity**
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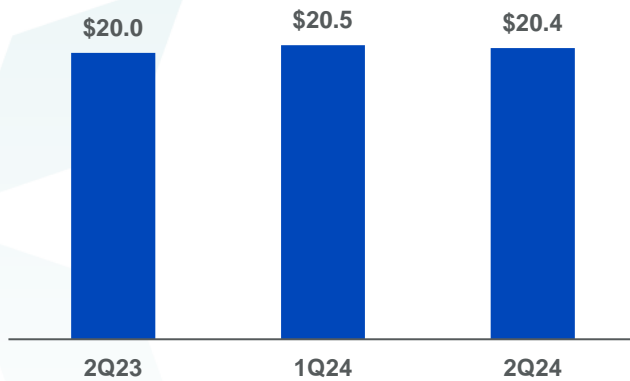
- **0.10% net charge-off rate**
  - **0.11% non-performing assets level**
  - **79% of loan portfolio real-estate secured with combined wtd avg LTV of 51%**
  - **CRE portfolio comprises 27% of total loans, office 3%**
- 

- **average total deposits decreased 0.9%**
- **average total loans and leases decreased 0.3%**
- **successfully raised \$165 million in connection with a preferred stock offering**
- **tier 1 capital ratio of 13.99% and total capital ratio of 15.05%**

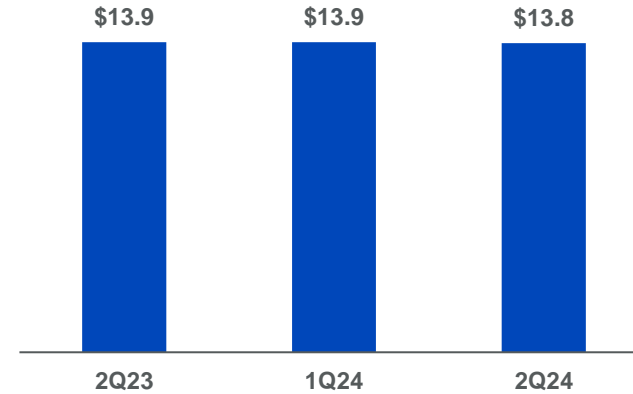
# highlights – balance sheet

*\$ in billions*

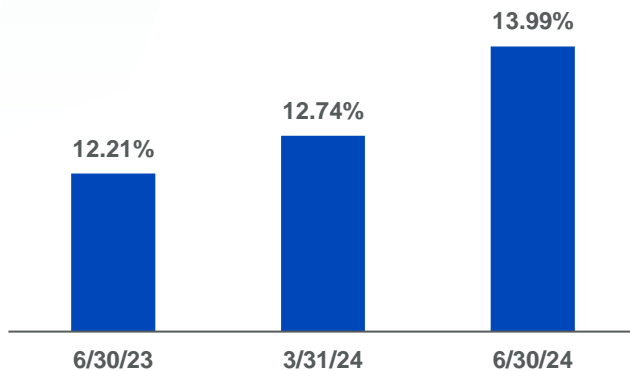
stable average total deposits



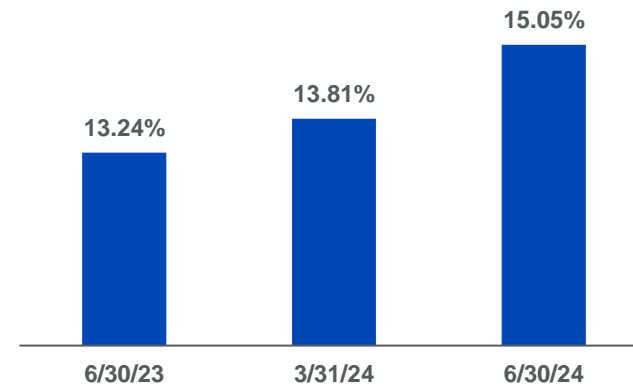
stable average total loans and leases



tier 1 capital ratio



total capital ratio

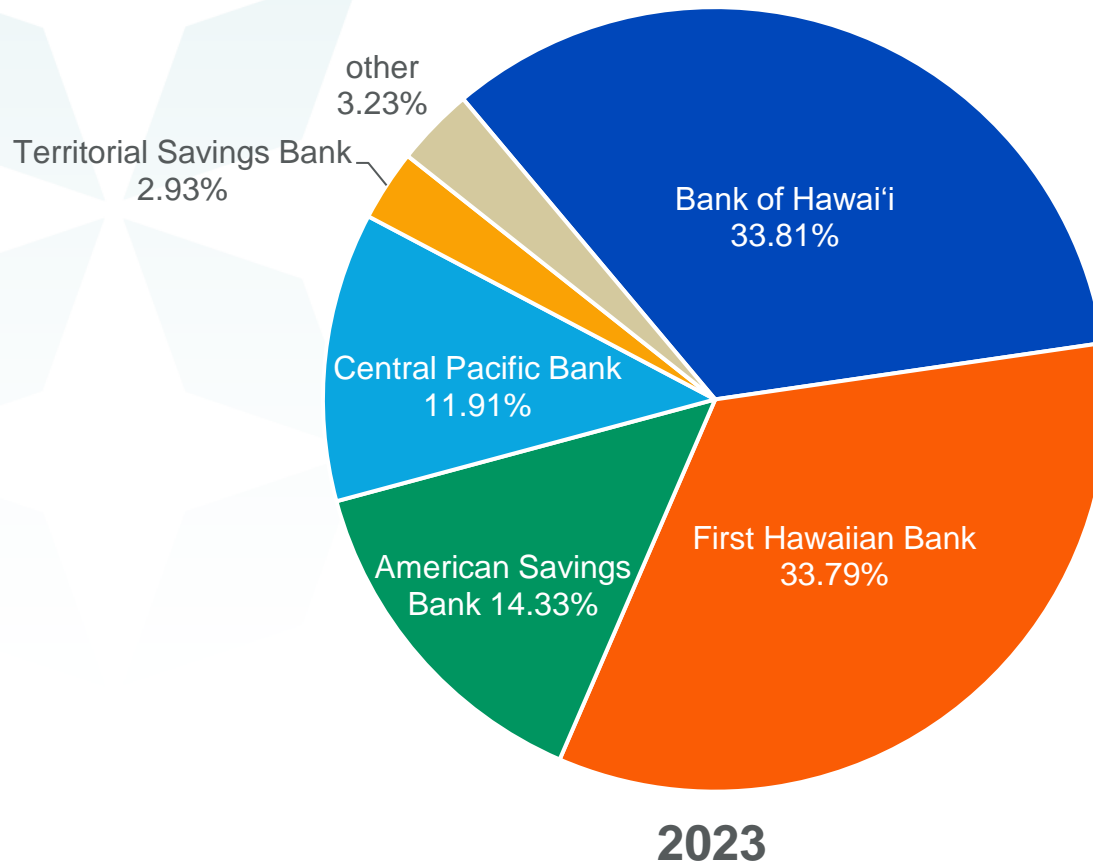


# our deposits

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

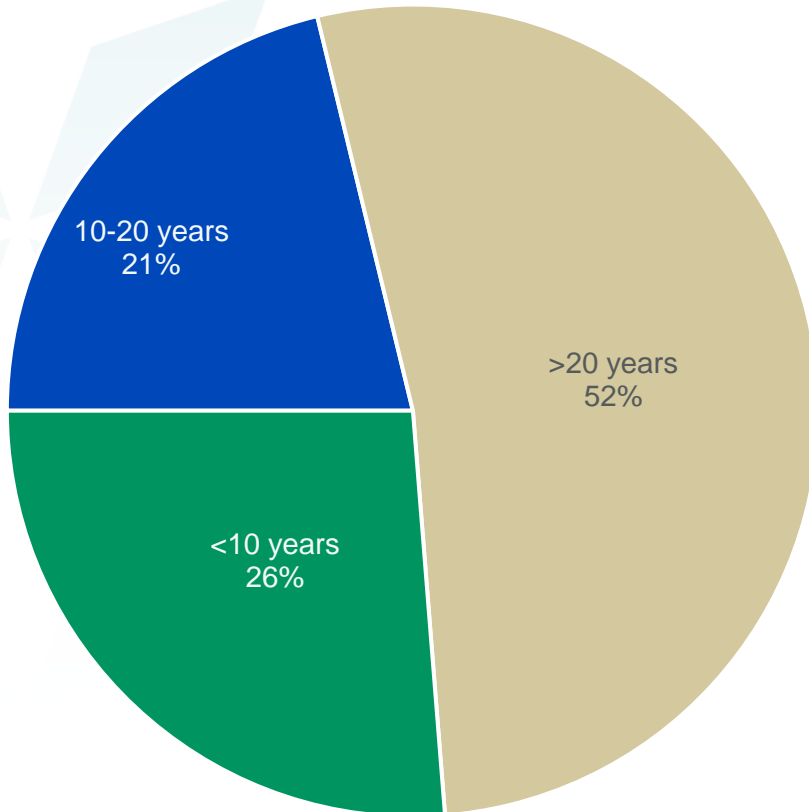
- ✓ unique marketplace
- ✓ diversified
- ✓ long tenured

# 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



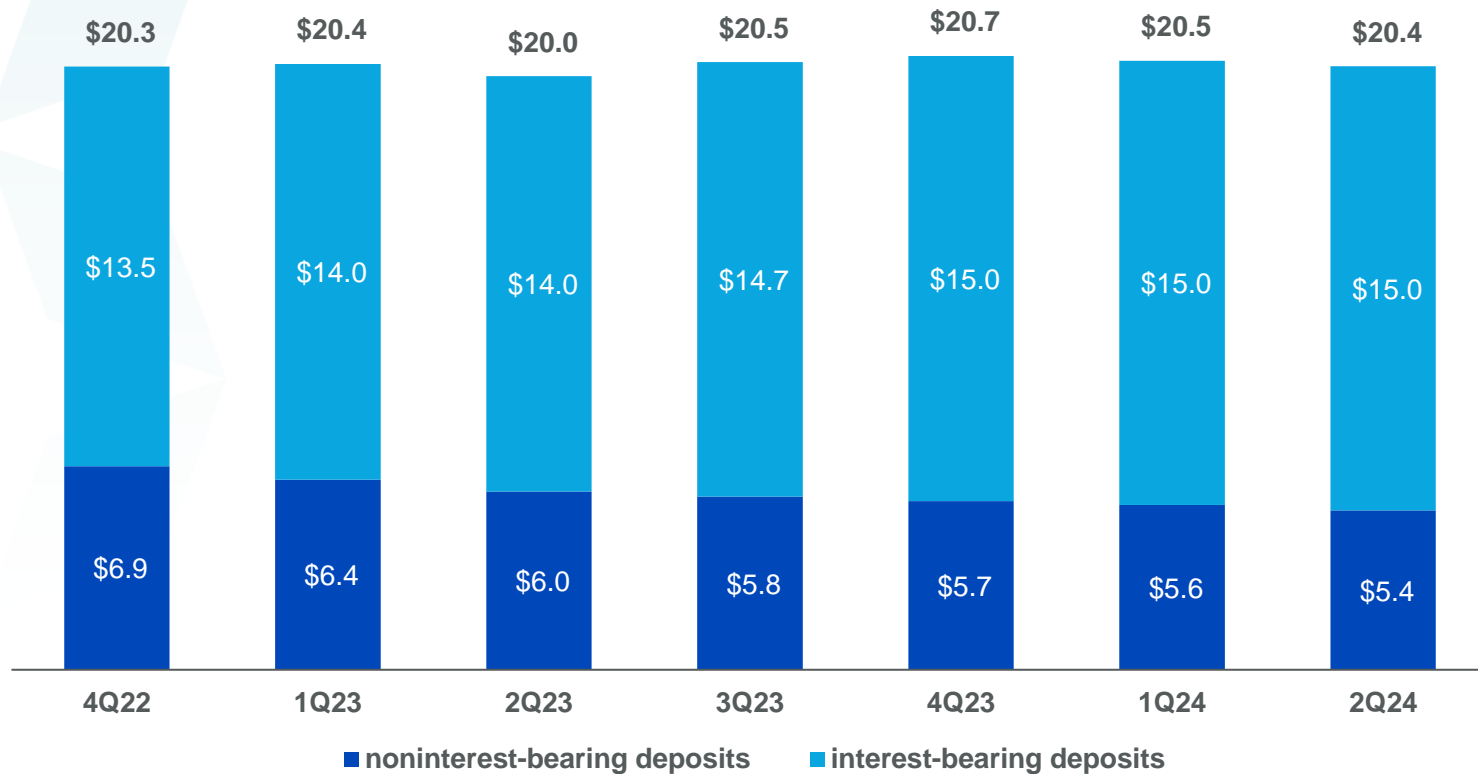
segment <sup>(1)</sup>	avg tenure (yrs)
Commercial Core	27.8
The Private Bank	18.3
Small Business	17.0
Community	22.4
<b>total</b>	<b>23.1</b>

note: as of June 30, 2024, numbers may not add up due to rounding  
(1): excludes public products and Bank of Hawai'i accounts

# stable deposit balances

\$ in billions

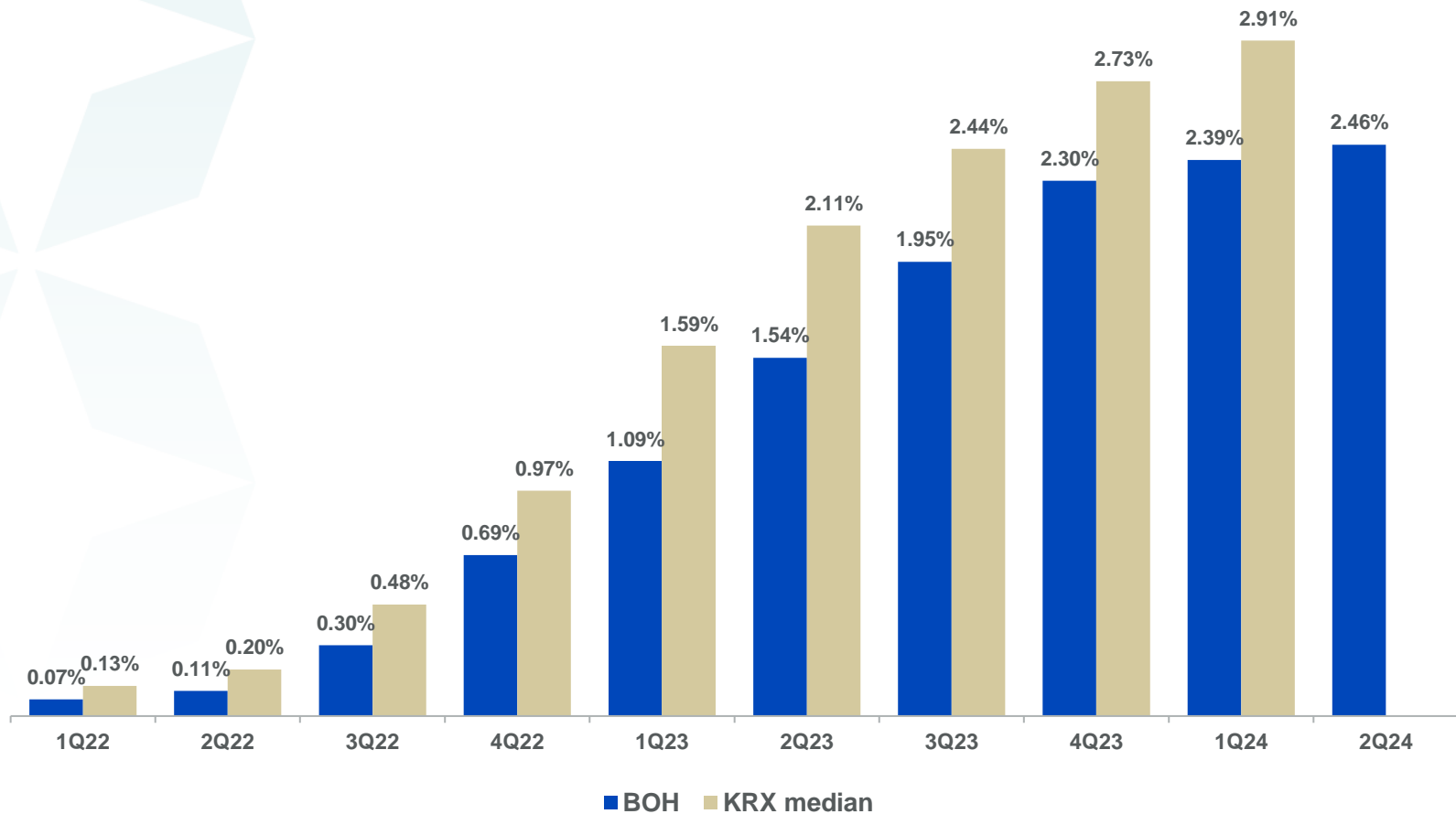
average balances



note: numbers may not add up due to rounding

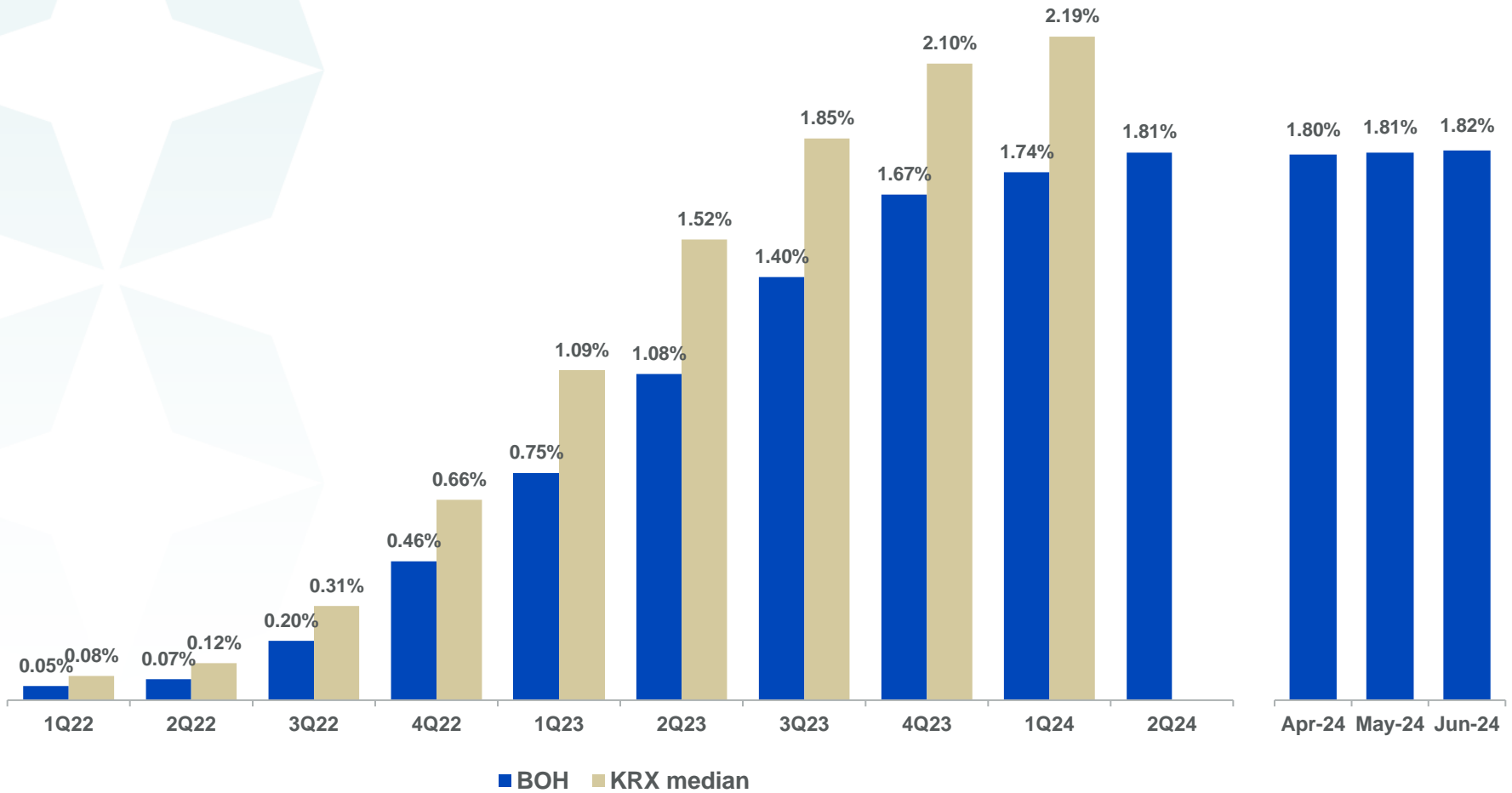


# cost of funds interest-bearing deposits



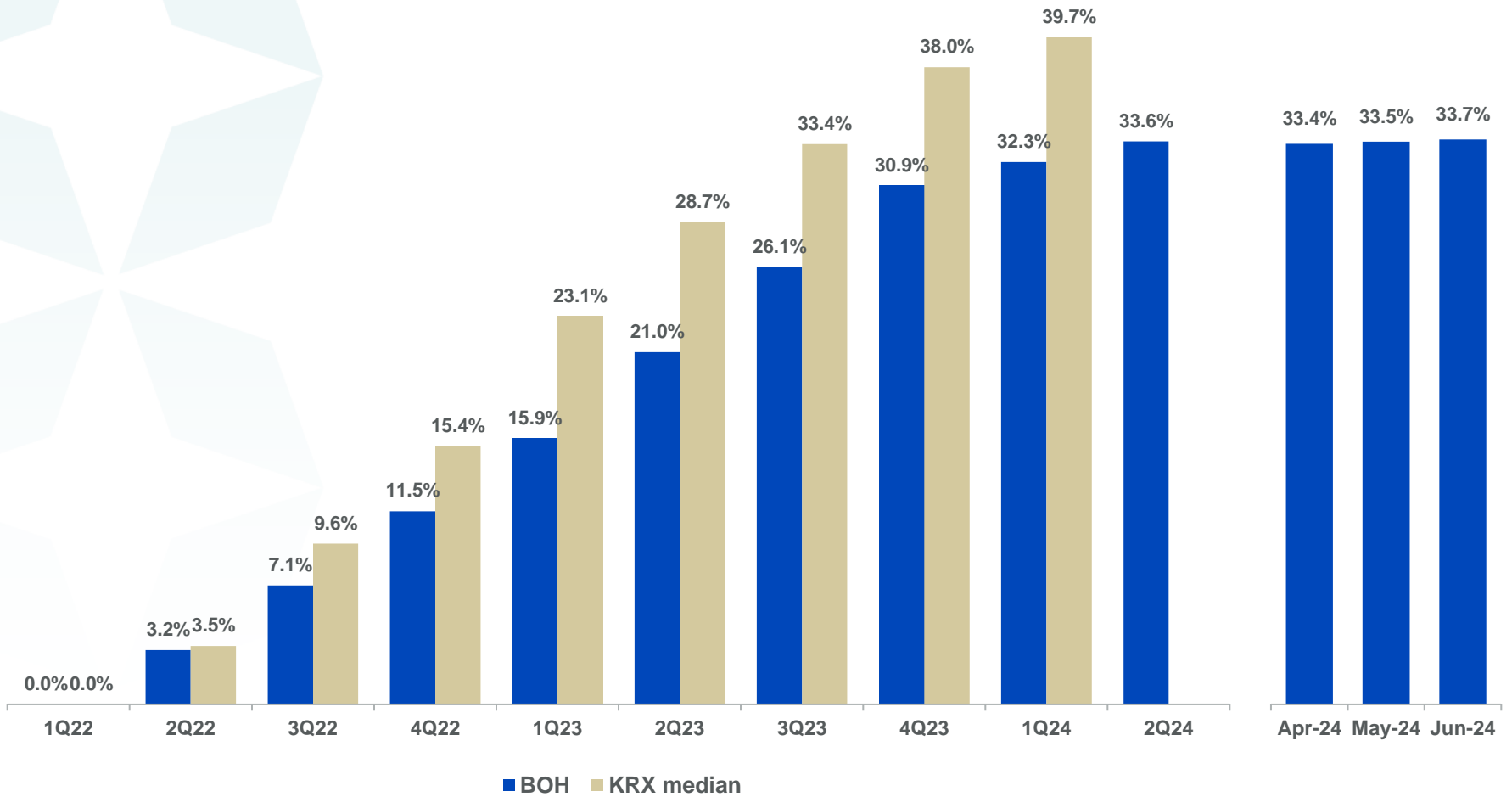
source: S&P Capital IQ; KBW Regional Banking Index (KRX)

# cost of funds total deposits



source: S&P Capital IQ; KBW Regional Banking Index (KRX)

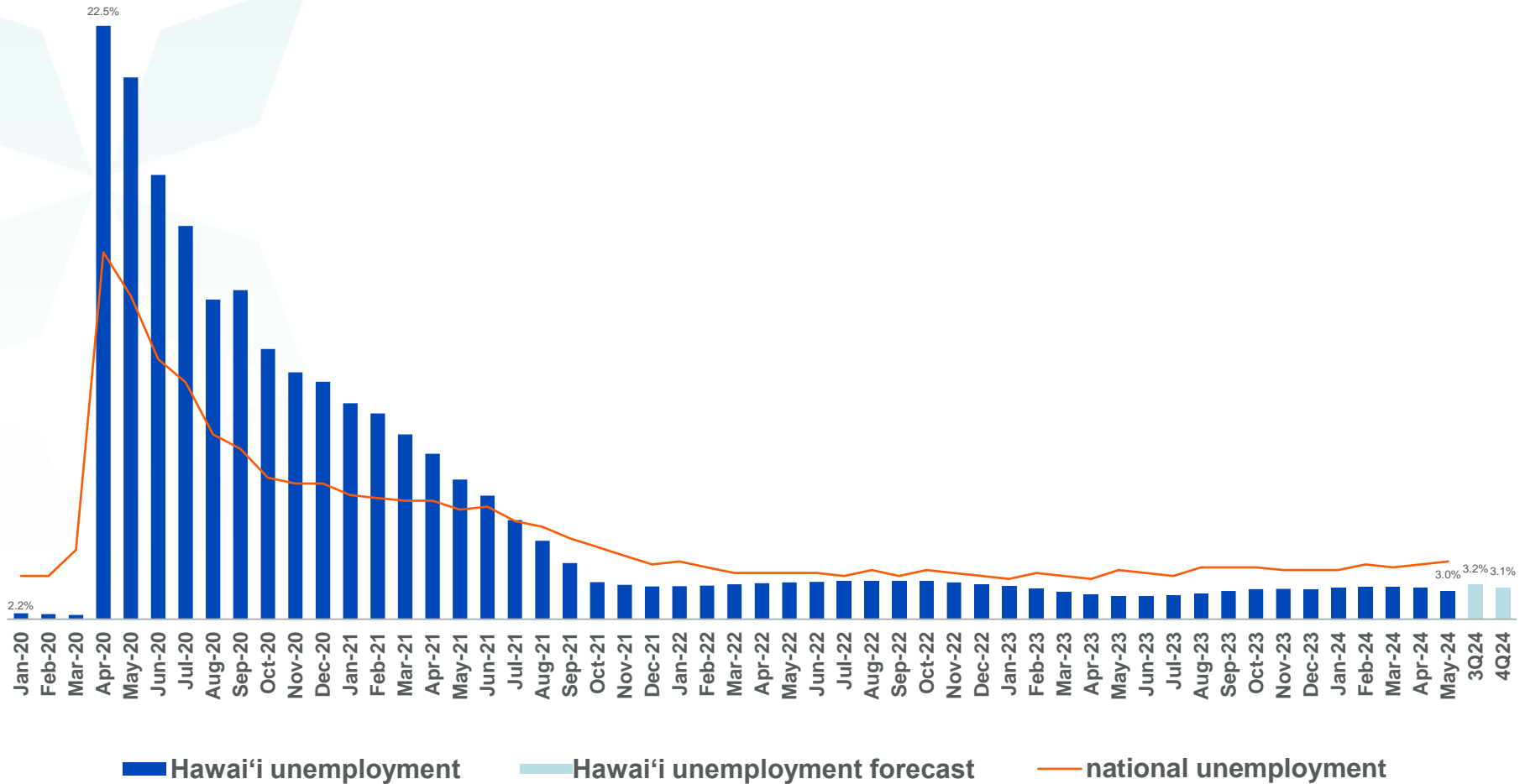
# deposit beta performance



source: S&P Capital IQ; KBW Regional Banking Index (KRX)

# unemployment

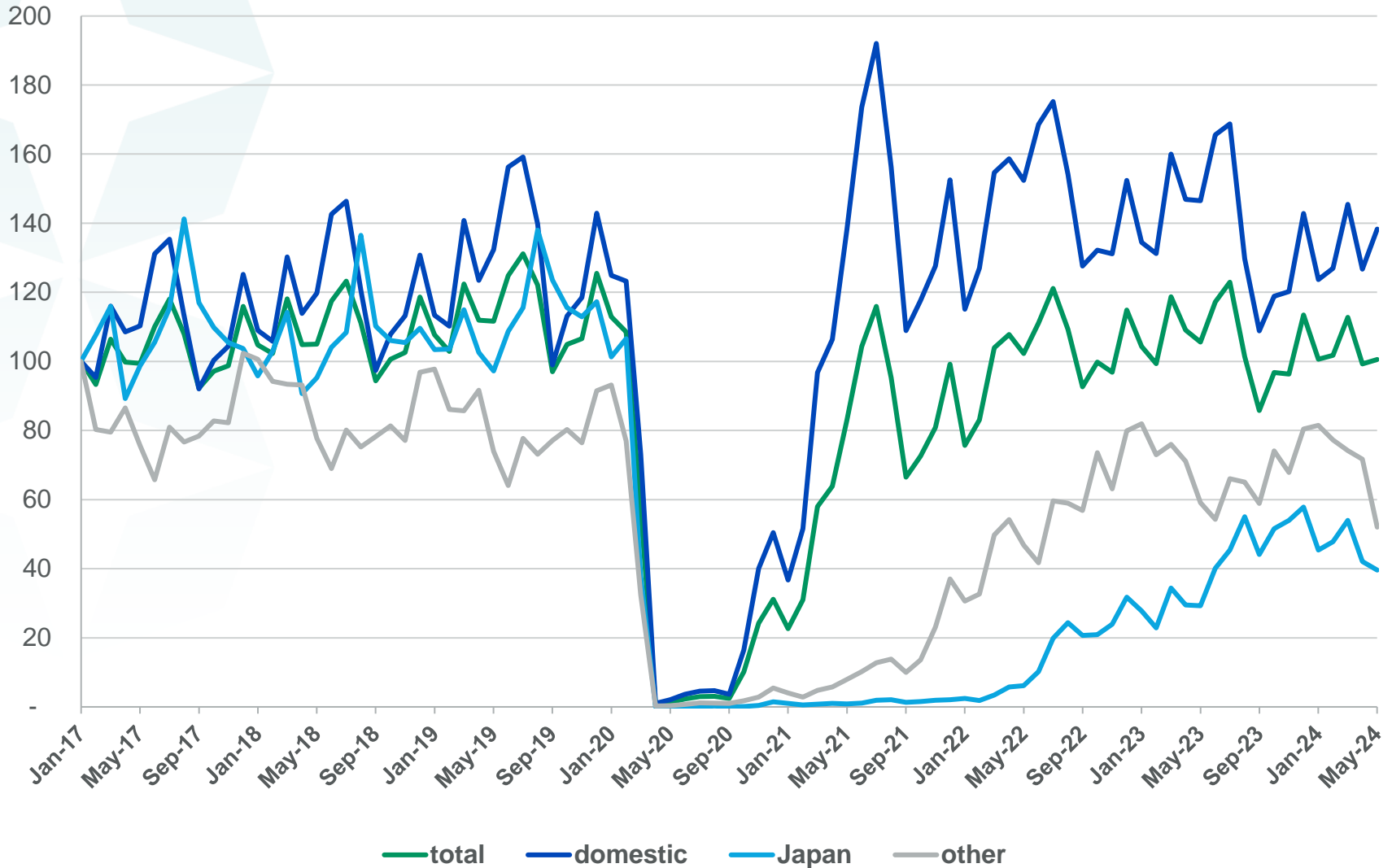
experience & forecast



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

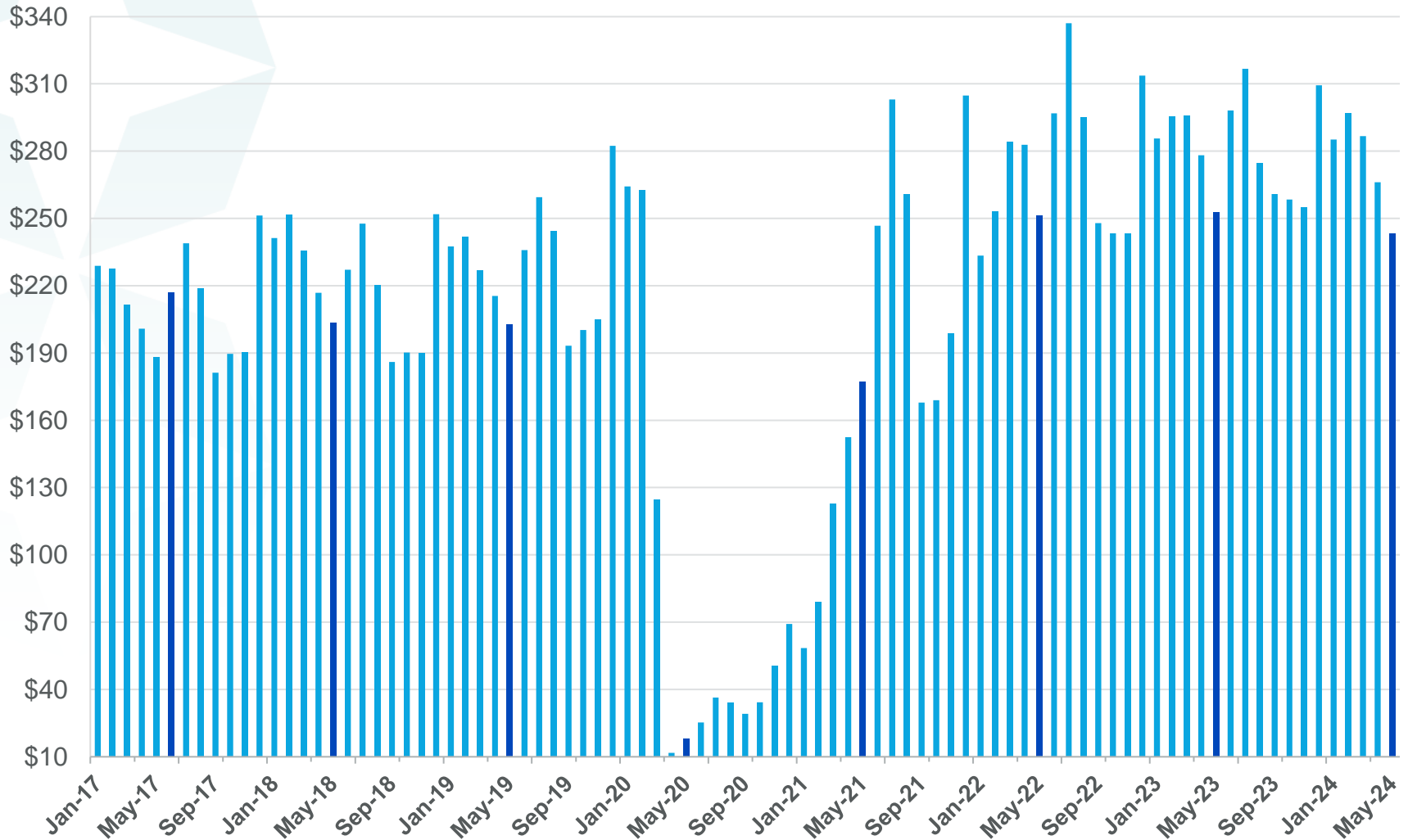
# visitor arrivals

monthly by market, indexed to January 2017









# revenue per available room

revenue per available room (RevPAR)



# stable real estate prices

Oahu market indicators – 1H 2024

	single family homes			condominiums		
	<u>1H-24</u>	<u>1H-23</u>	<u>Δ 1H-23</u>	<u>1H-24</u>	<u>1H-23</u>	<u>Δ 1H-23</u>
median sales price (000s)	\$1,085	\$1,050	3.3% 	\$510	\$500	2.0% 
closed sales	1,362	1,277	6.7% 	2,234	2,372	-5.8% 
median days on market	20	25	5 days 	29	22	7 days 

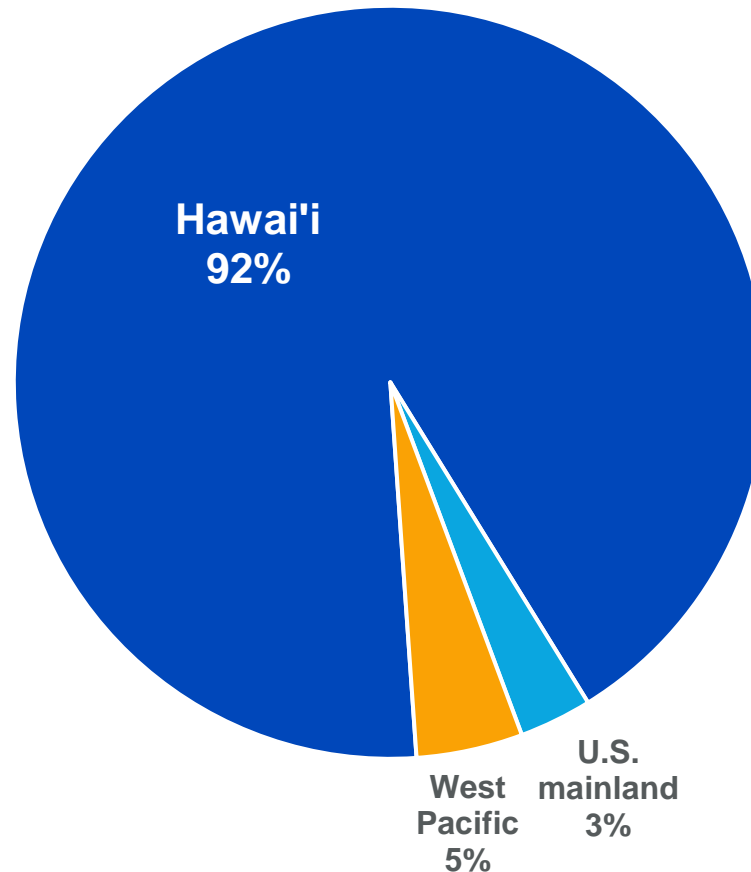


# credit performance



# lending philosophy

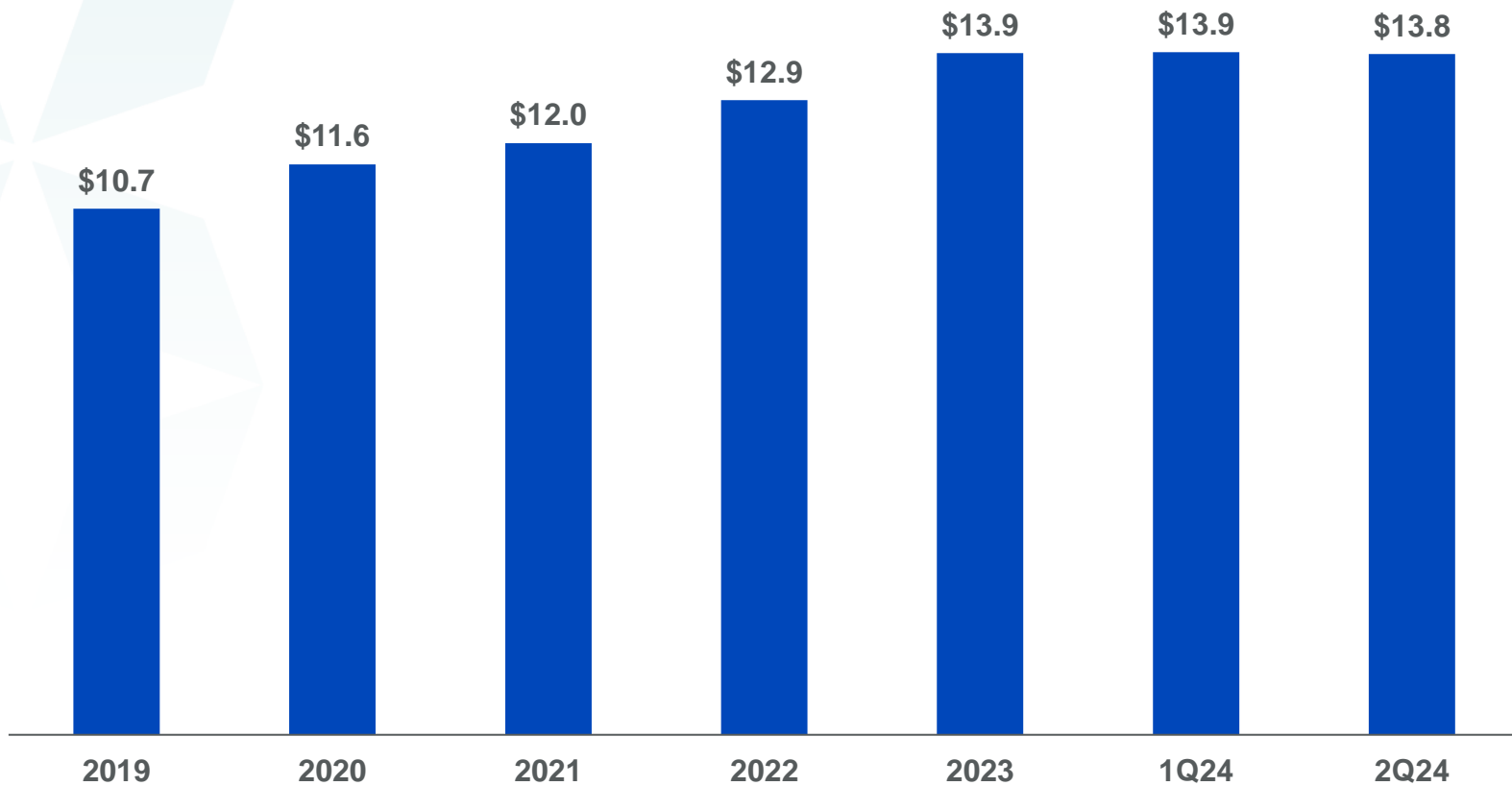
we lend in our core markets  
to long-standing relationships



# steady organic loan growth

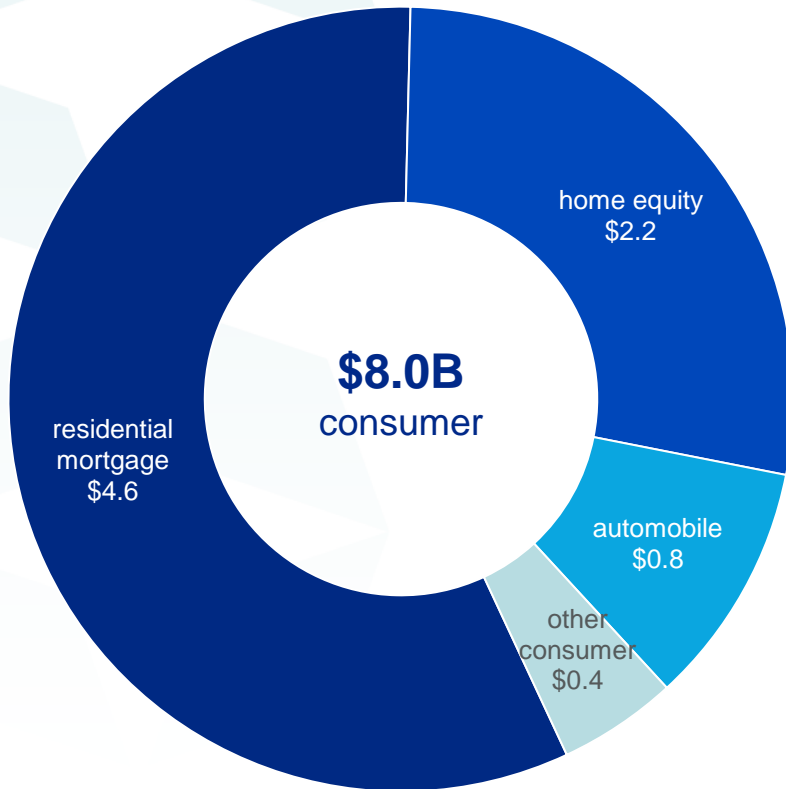
*\$ in billions*

average total loans and leases



# consumer portfolio

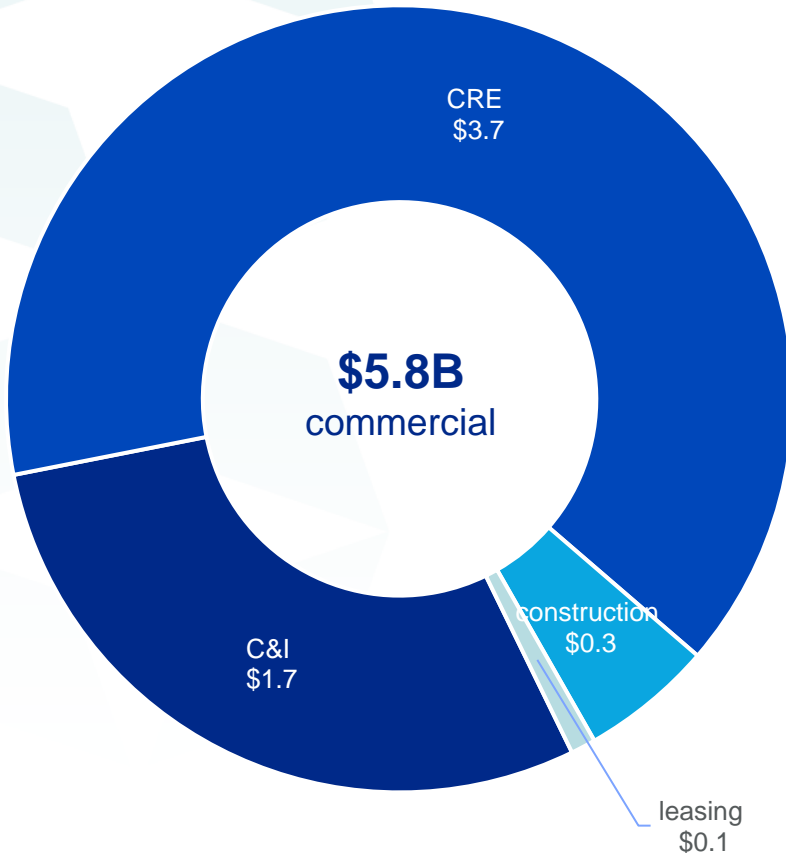
58% of total loans



asset type	% total consumer	% total loans	WALTV	wtd avg FICO
residential mortgage	57%	33%	49%	805
home equity	28%	16%	46%	790
automobile	10%	6%	n/a	734
other consumer	5%	3%	n/a	759
<b>total consumer</b>	<b>100%</b>	<b>58%</b>	<b>48%</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%	55%
leasing	1%	0.4%	n/a
<b>total commercial</b>	<b>100%</b>	<b>42%</b>	<b>55%</b>

note: \$ in billions; excludes \$8MM in PPP loan balances including deferred costs and fees

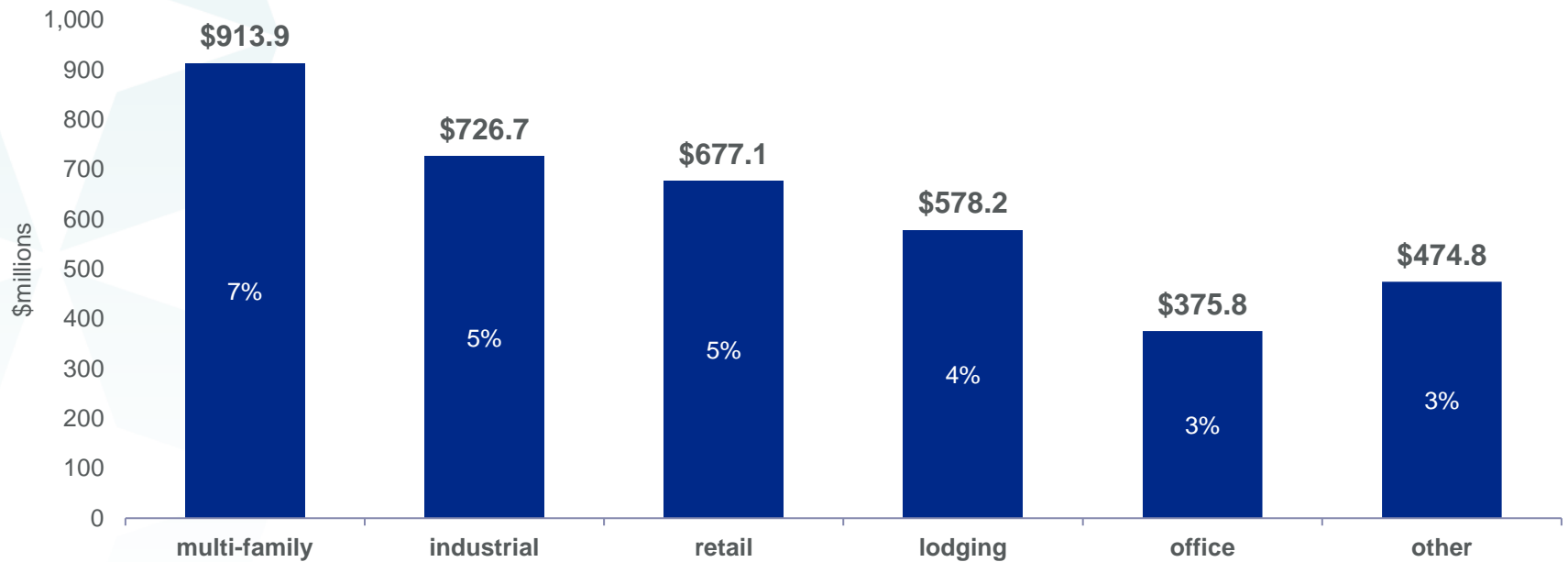
# stable real estate market

*Oahu market vacancies and inventory*

	vacancy			inventory (sq ft)
	<u>1Q24</u>	<u>1Q23</u>	<u>10 yr avg</u>	<u>10 yr CAGR</u>
<b>industrial</b>	<b>0.76%</b>	<b>0.81%</b>	<b>1.75%</b>	<b>0.28%</b>
<b>office</b>	<b>13.56%</b>	<b>13.66%</b>	<b>12.46%</b>	<b>- 1.08%</b>
<b>retail</b>	<b>5.90%</b>	<b>5.10%</b>	<b>5.91%</b>	<b>0.74%</b>
<b>multi-family</b>	<b>4.10%</b>	<b>4.40%</b>	<b>4.67%</b>	<b>0.70%</b>

# commercial real estate (CRE)

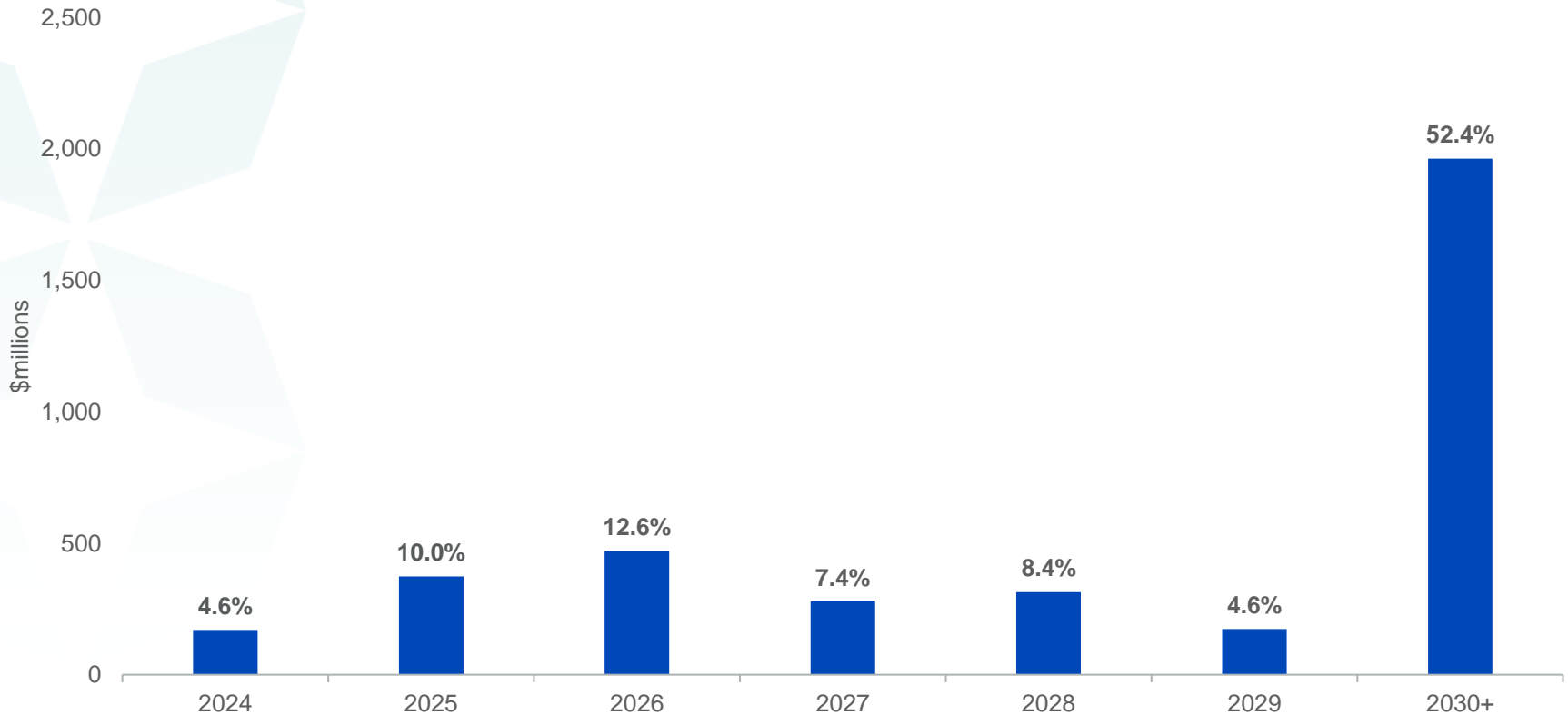
27% of total loans



wtd avg LTV	58%	56%	54%	53%	56%	51%
% owner	n/a	41%	4%	n/a	20%	29%
avg exposure (\$millions)	\$3.0	\$2.5	\$4.2	\$13.0	\$1.8	\$3.5

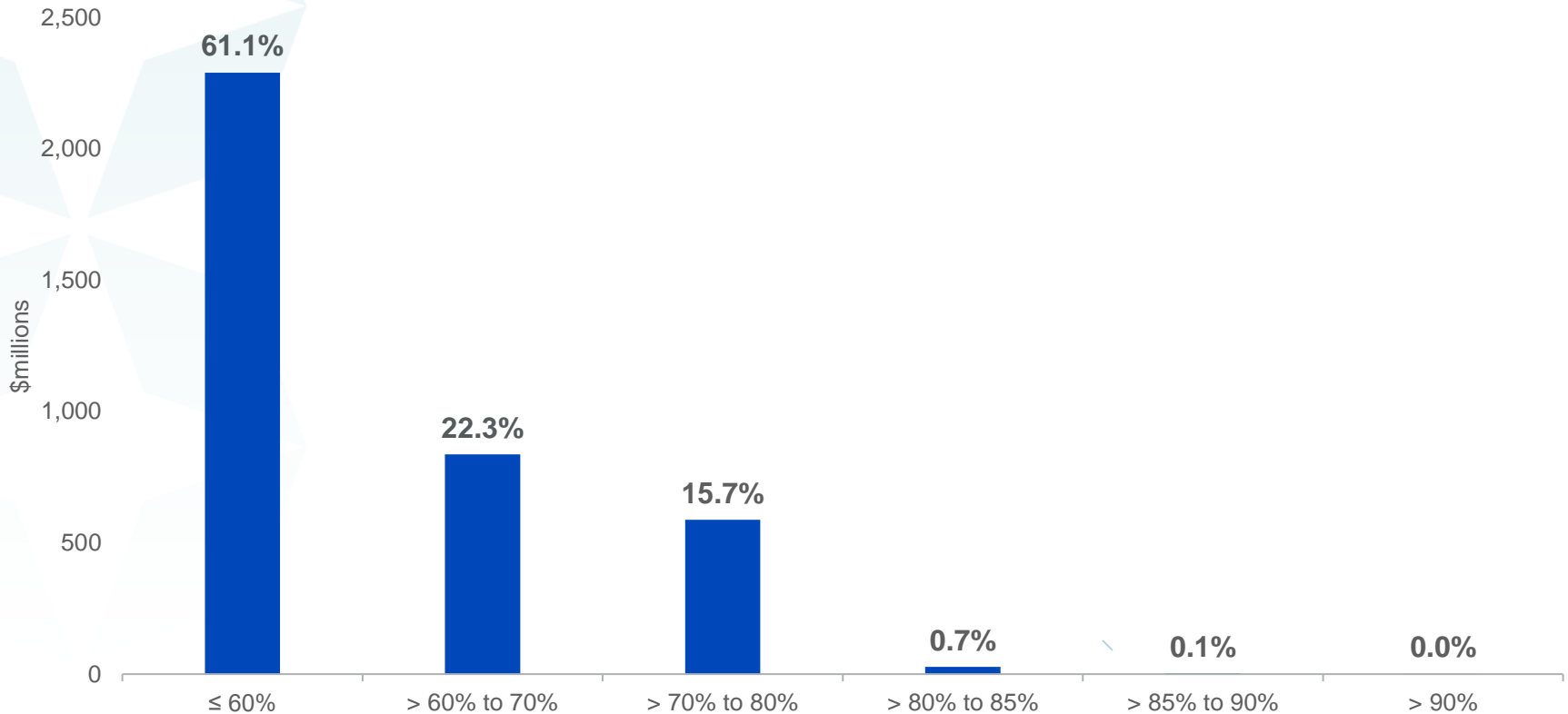
# CRE scheduled maturities

< 5% maturing in 2024



# loan balances by LTV

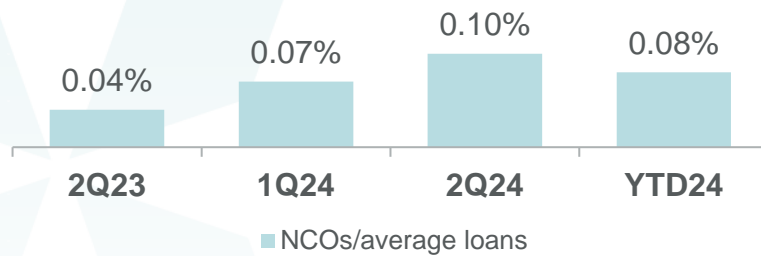
*LTV > 80% - \$31MM, 0.8% of CRE*



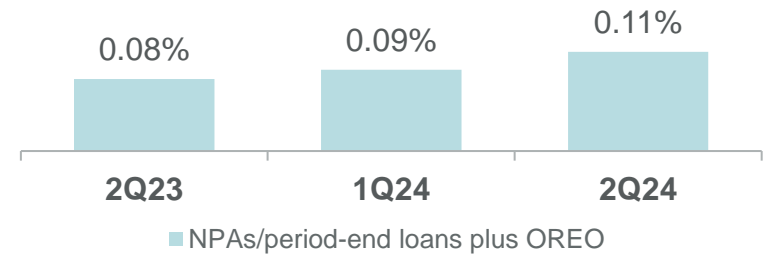


# credit quality

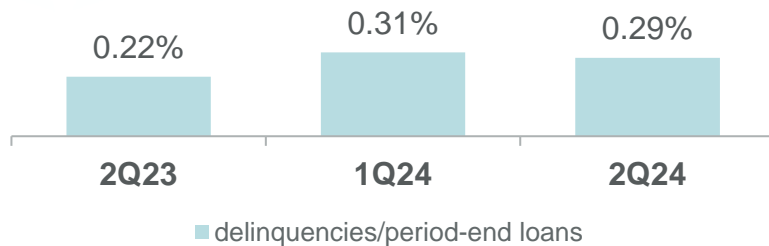
## net charge-offs



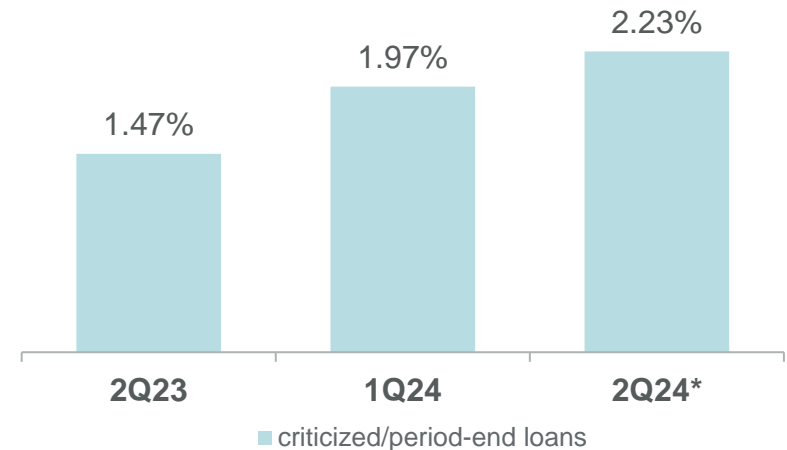
## non-performing assets



## delinquencies



## criticized



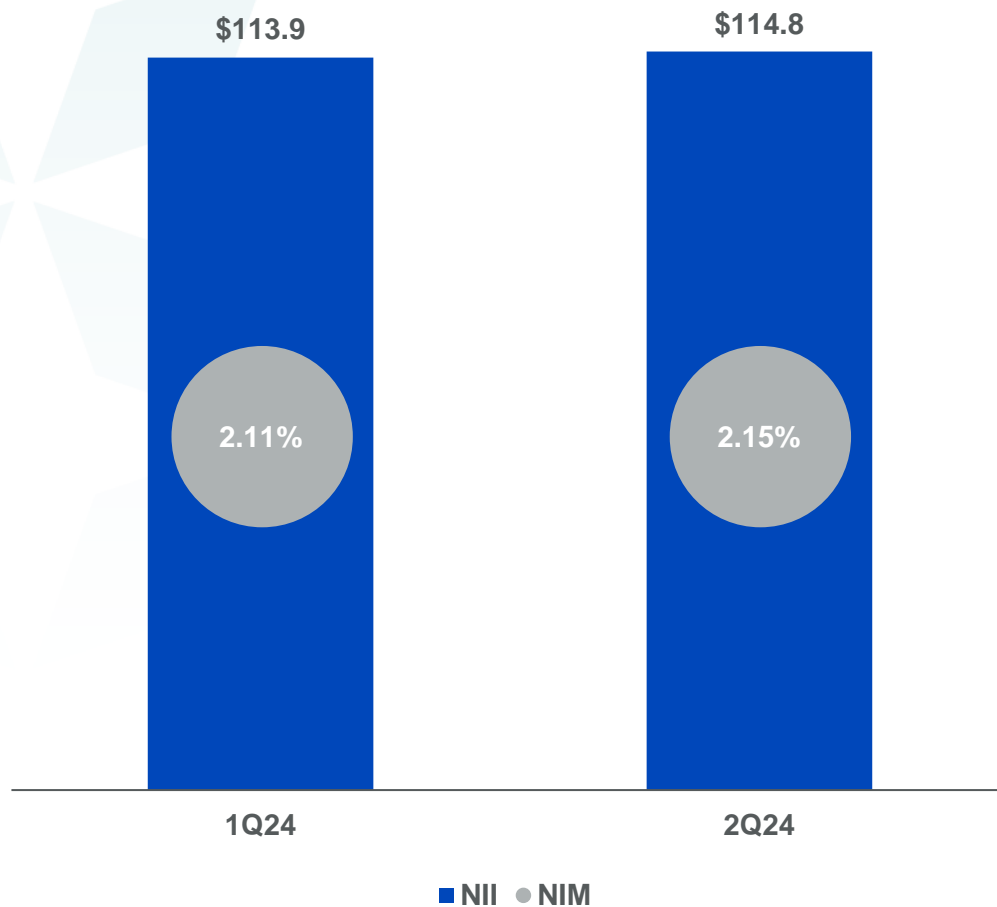
\* 74% of total criticized is secured with 56% wtd avg LTV



# financial update

# NII and NIM

*\$ in millions*



### positive

- repricing from cashflows and other: +\$4.6

### negative

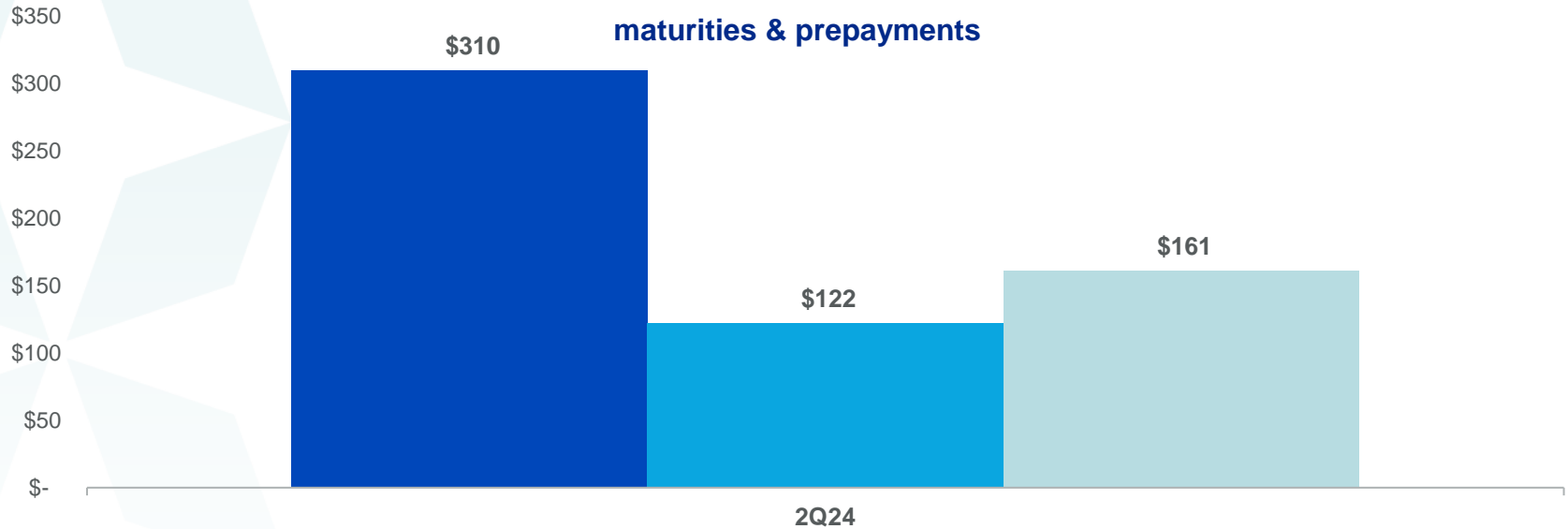
- deposit mix shift and repricing: \$(2.9)
- reduction in earning assets from deposits: \$(1.1)

### non-recurring

- interest recovery: +\$0.3

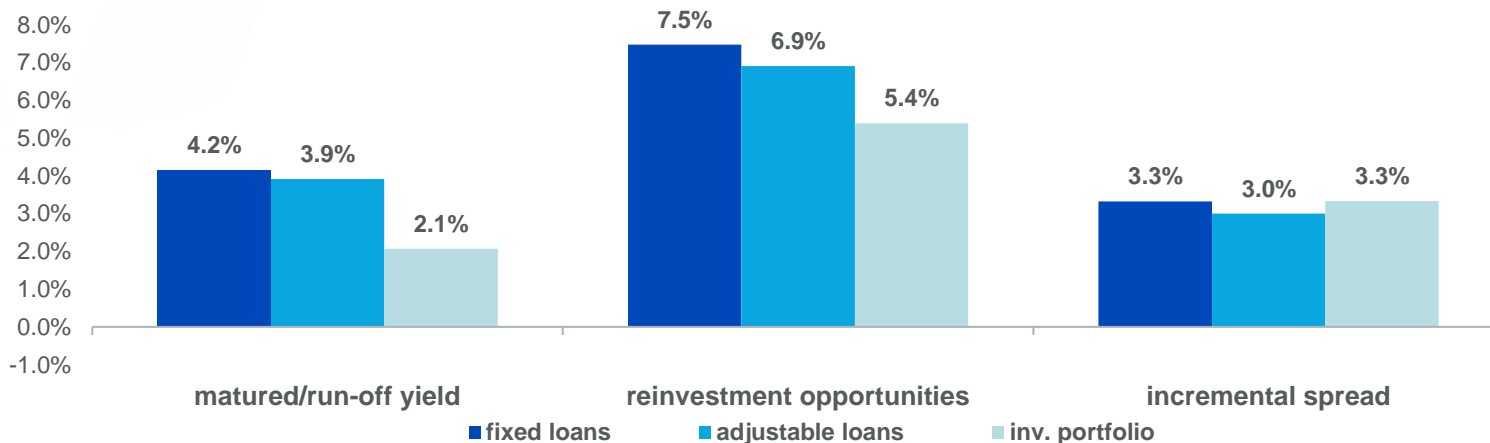
# cashflows repricing

\$ in millions



■ fixed loans ■ adjustable loans ■ inv. portfolio

## matured/run-off yield & reinvestment opportunity

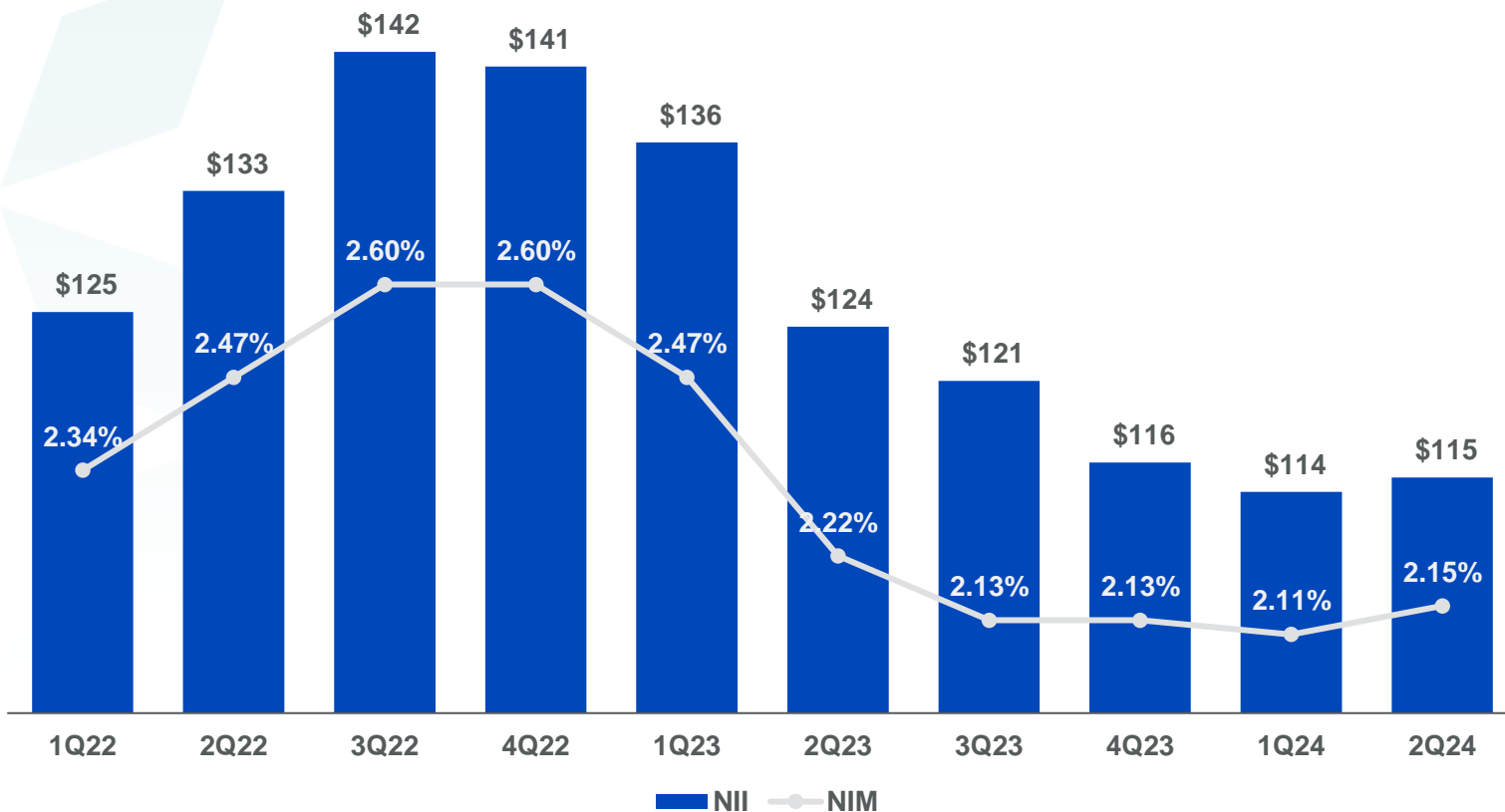


note: numbers may not add up due to rounding, assumes money matured/run-off from investment portfolio to be reinvested into Fed Funds at 5.4%

# NII and NIM trends

\$ in millions

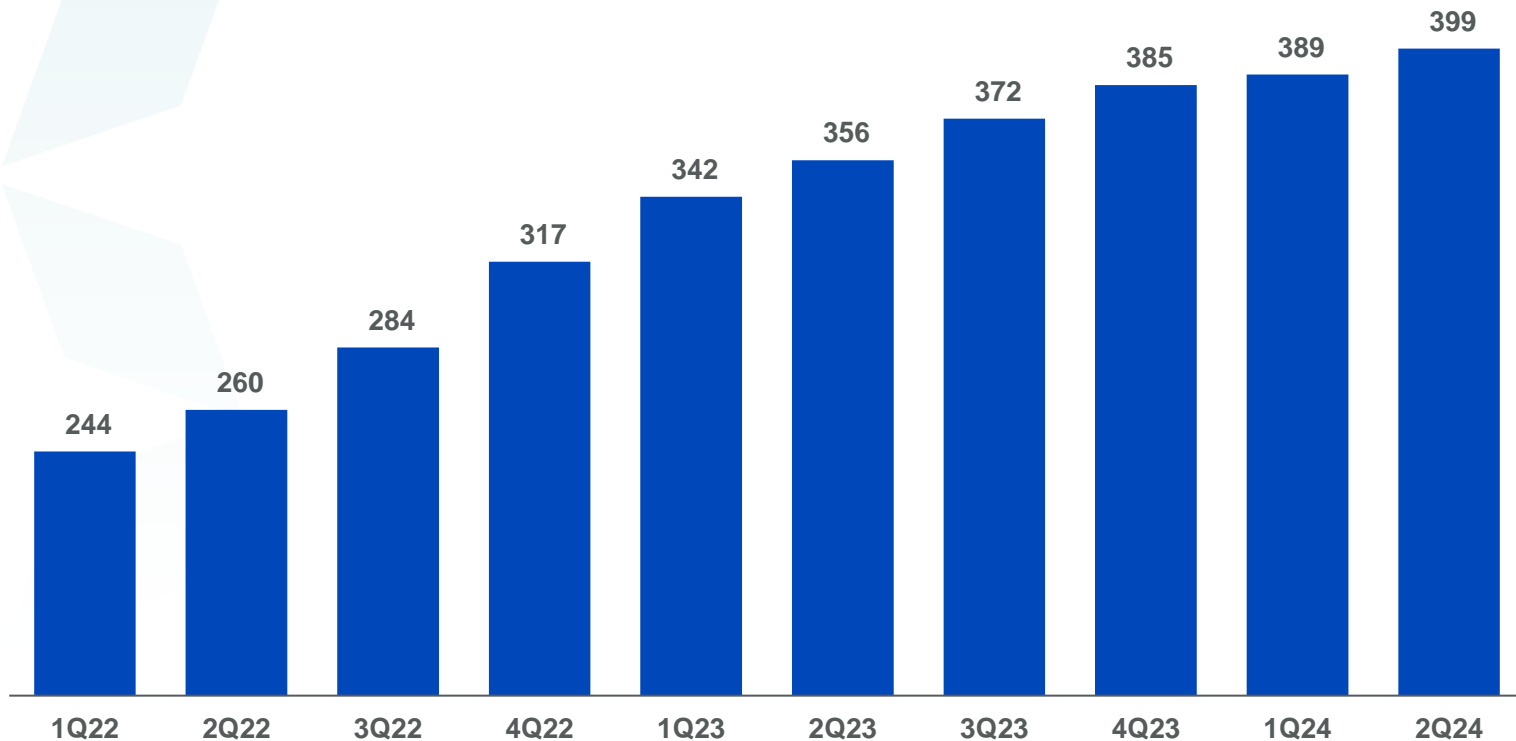
## stabilizing NII and NIM



# avg total earning assets yield

*in basis points*

earning assets continue to reprice higher

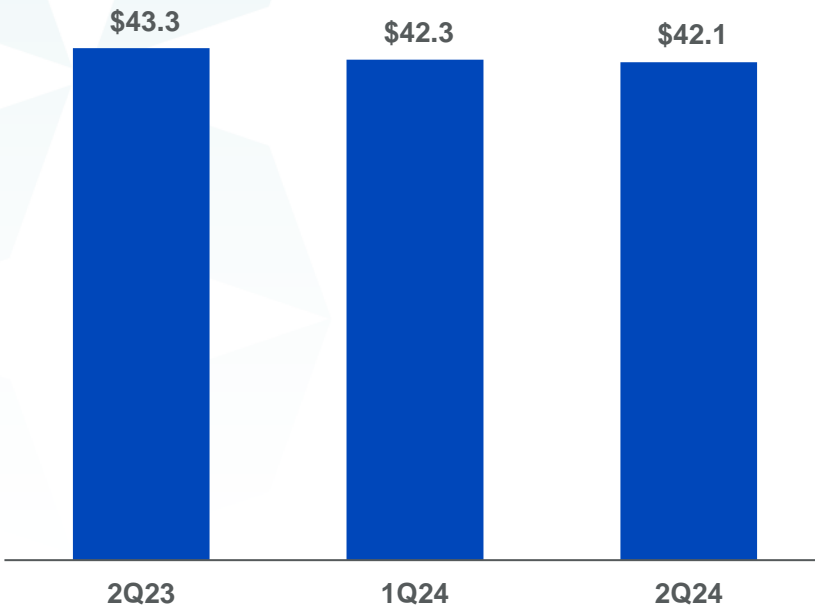


# noninterest income

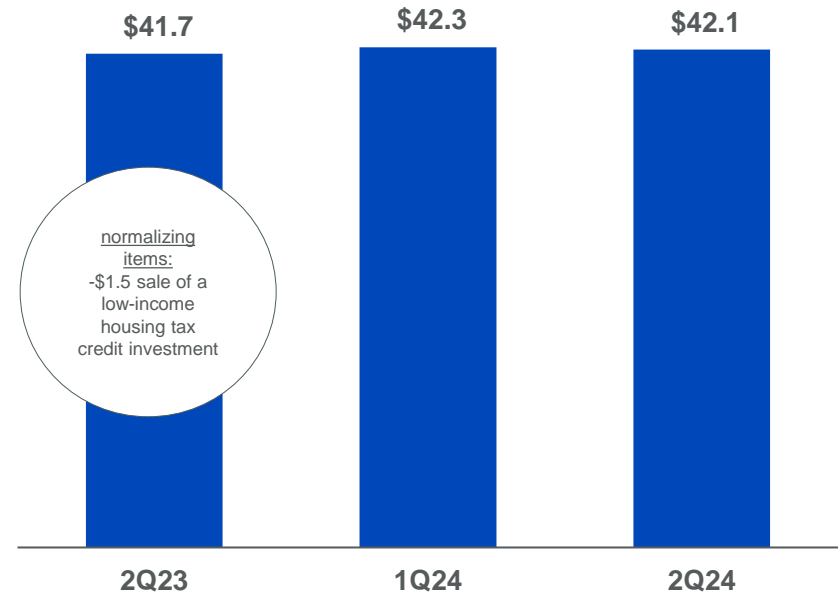
\$ in millions

## steady core noninterest income

reported noninterest income



core noninterest income



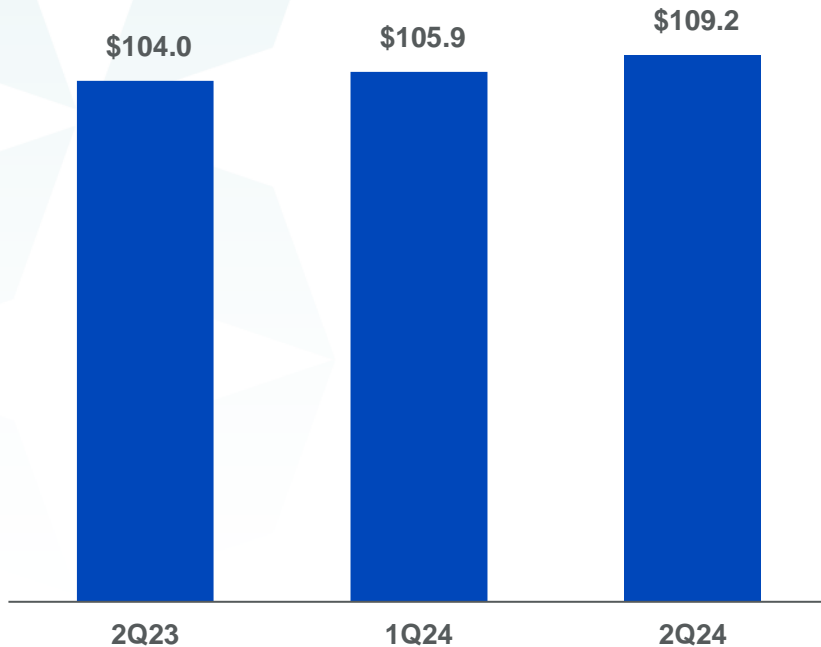
note: numbers may not add up due to rounding

# noninterest expense

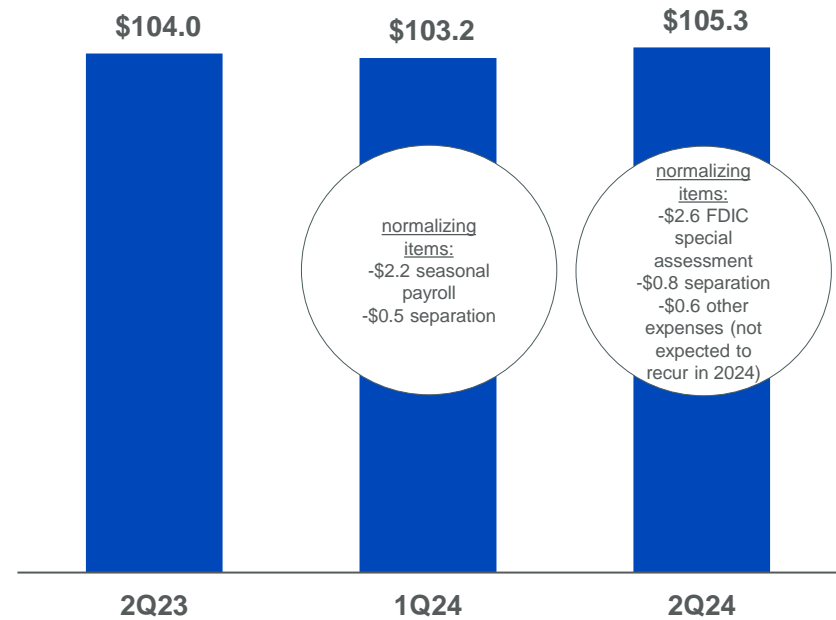
\$ in millions

## continued discipline in expense management

reported noninterest expense



core noninterest expense



note: numbers may not add up due to rounding



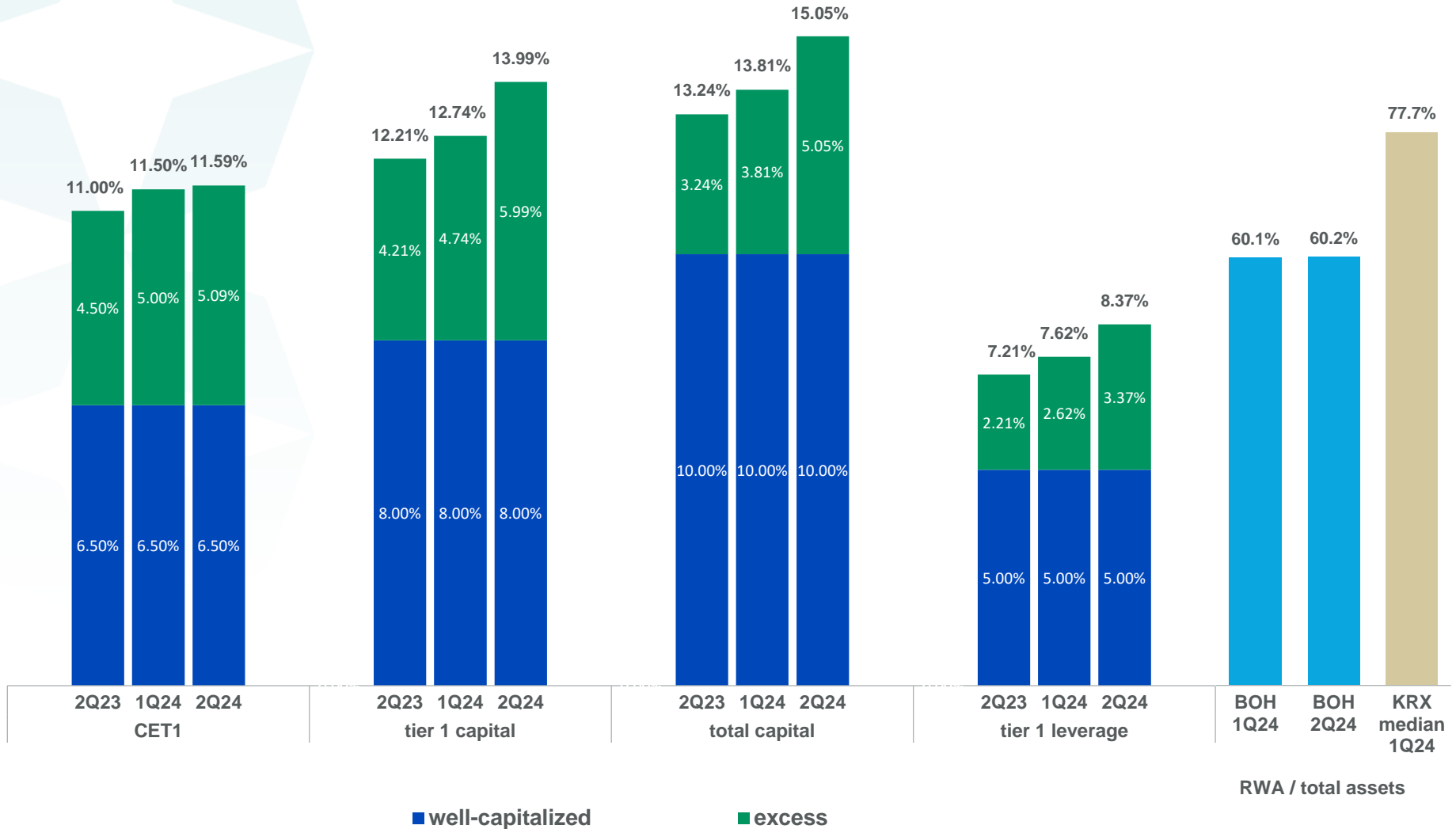
# financial summary

\$ in millions, except per share amounts

	<u>2Q 2024</u>	<u>1Q 2024</u>	<u>2Q 2023</u>	<u>Δ 1Q 2024</u>	<u>Δ 2Q 2023</u>
net interest income	\$ 114.8	\$ 113.9	\$ 124.3	\$ 0.9	\$ (9.5)
noninterest income	42.1	42.3	43.3	(0.2)	(1.2)
<b>total revenue</b>	<b>156.9</b>	<b>156.2</b>	<b>167.6</b>	<b>0.7</b>	<b>(10.7)</b>
noninterest expense	109.2	105.9	104.0	3.4	5.2
<b>operating income</b>	<b>47.7</b>	<b>50.4</b>	<b>63.6</b>	<b>(2.7)</b>	<b>(15.9)</b>
credit provision	2.4	2.0	2.5	0.4	(0.1)
income taxes	11.2	12.0	15.0	(0.7)	(3.8)
<b>net income</b>	<b>\$ 34.1</b>	<b>\$ 36.4</b>	<b>\$ 46.1</b>	<b>\$ (2.3)</b>	<b>\$ (12.0)</b>
<b>net income available to common</b>	<b>\$ 32.1</b>	<b>\$ 34.4</b>	<b>\$ 44.1</b>	<b>\$ (2.3)</b>	<b>\$ (12.0)</b>
<b>diluted EPS</b>	<b>\$ 0.81</b>	<b>\$ 0.87</b>	<b>\$ 1.12</b>	<b>\$ (0.06)</b>	<b>\$ (0.31)</b>
return on assets	0.59 %	0.63 %	0.77 %	(0.04) %	(0.18) %
return on common equity	10.41	11.20	14.95	(0.79)	(4.54)
net interest margin	2.15	2.11	2.22	0.04	(0.07)
<b>end of period balances</b>					
investment portfolio	\$ 7,111	\$ 7,266	\$ 7,869	(2.1) %	(9.6) %
loans and leases	13,831	13,854	13,915	(0.2)	(0.6)
total deposits	20,409	20,677	20,509	(1.3)	(0.5)
shareholders' equity	1,613	1,436	1,358	12.3	18.7

note: numbers may not add up due to rounding

## strong risk-based capital



note: 2Q24 regulatory capital ratios are preliminary

# takeaways

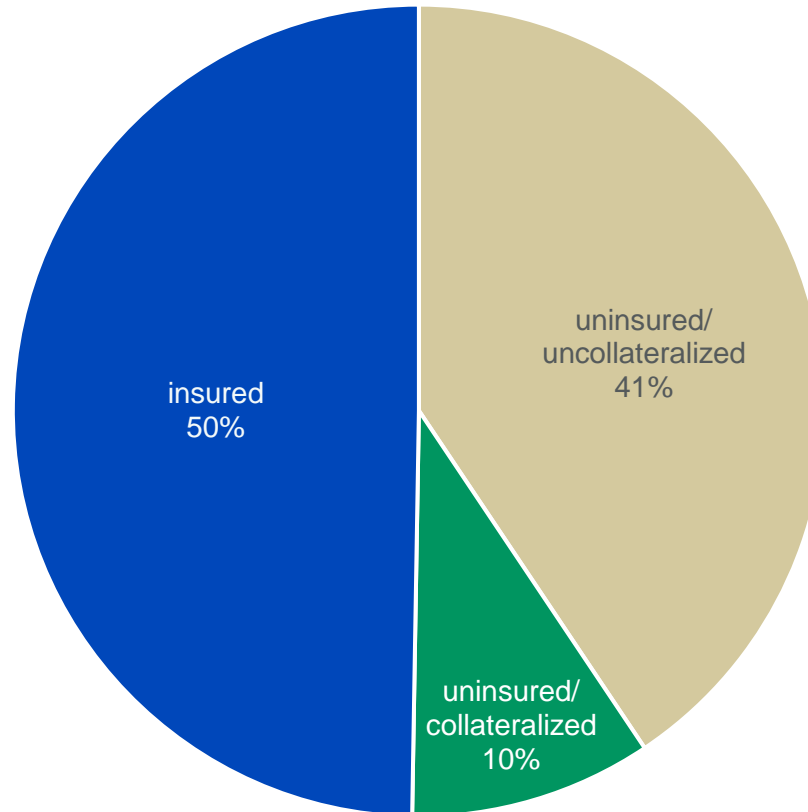
- ✓ high quality and low cost deposit base in unique and competitively advantageous deposit market
- ✓ increase in NII and NIM
- ✓ exceptional credit quality
- ✓ strong liquidity
- ✓ strong risk-based capital

# Q & A



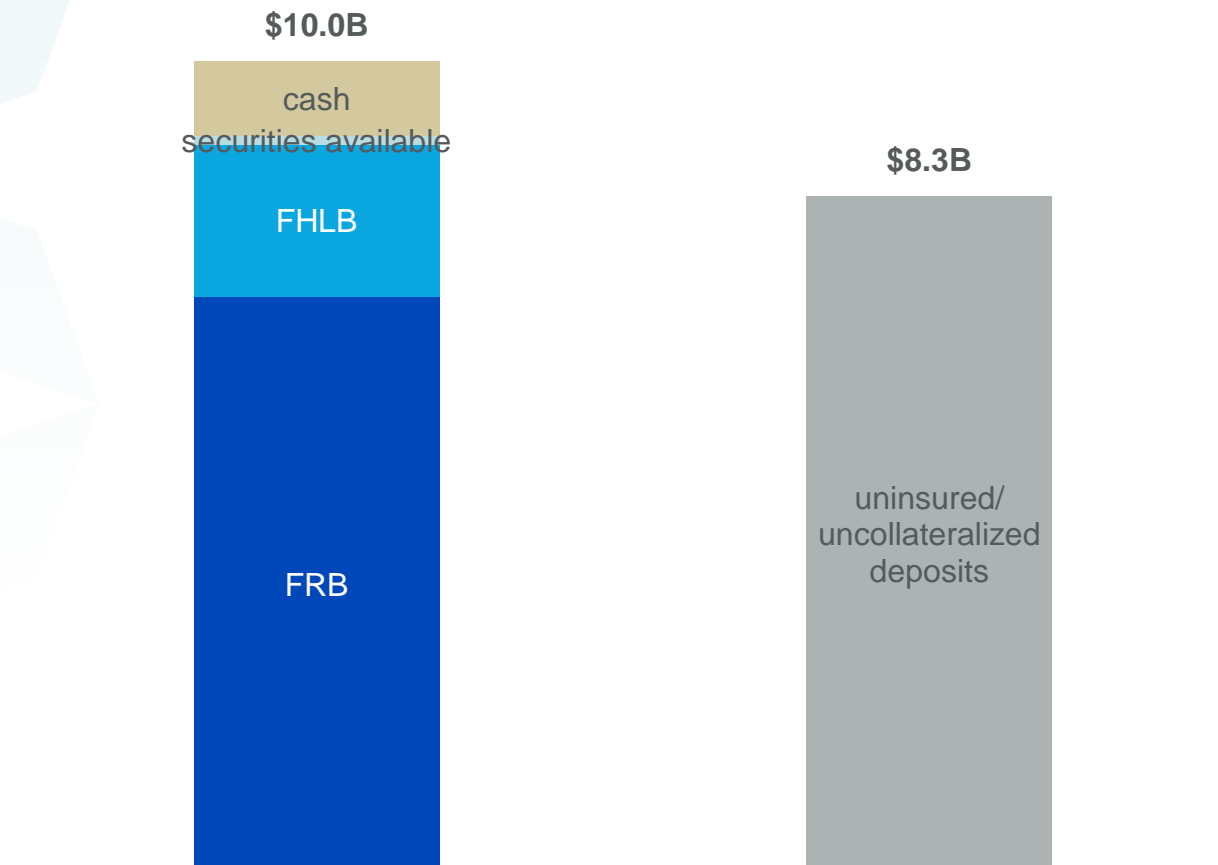
# appendix

# insured/collateralized deposits



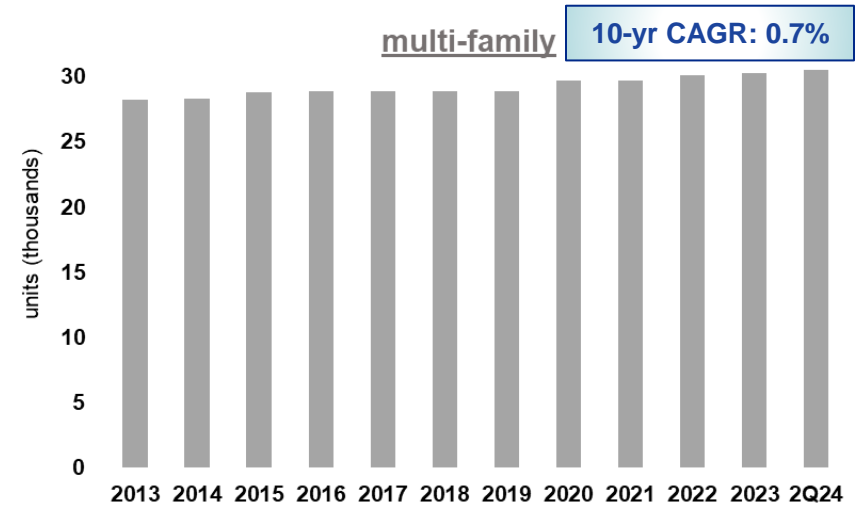
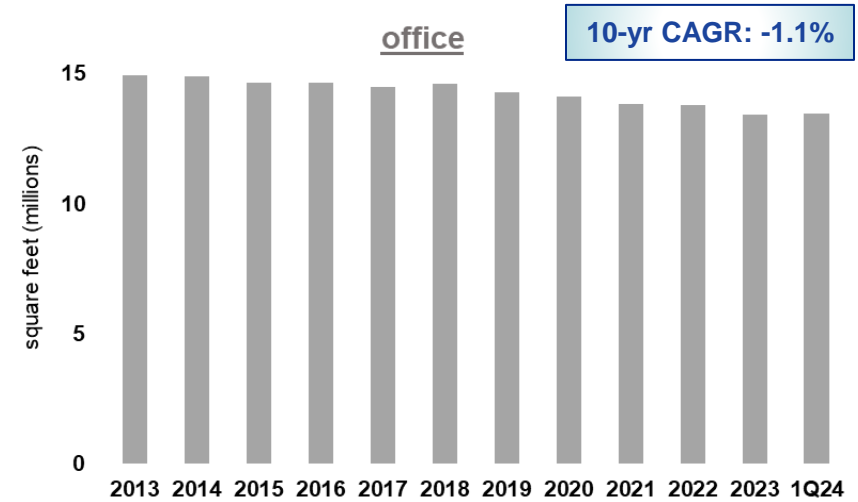
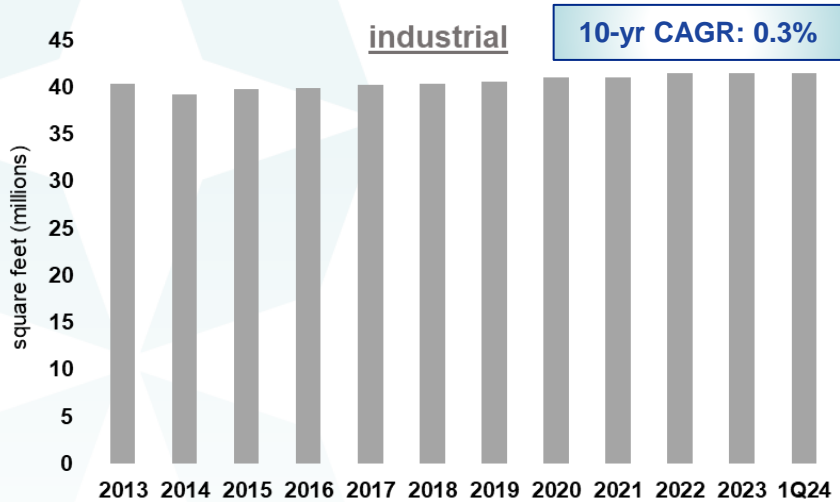
# readily available liquidity

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



# CRE supply constraints

## Oahu market inventory



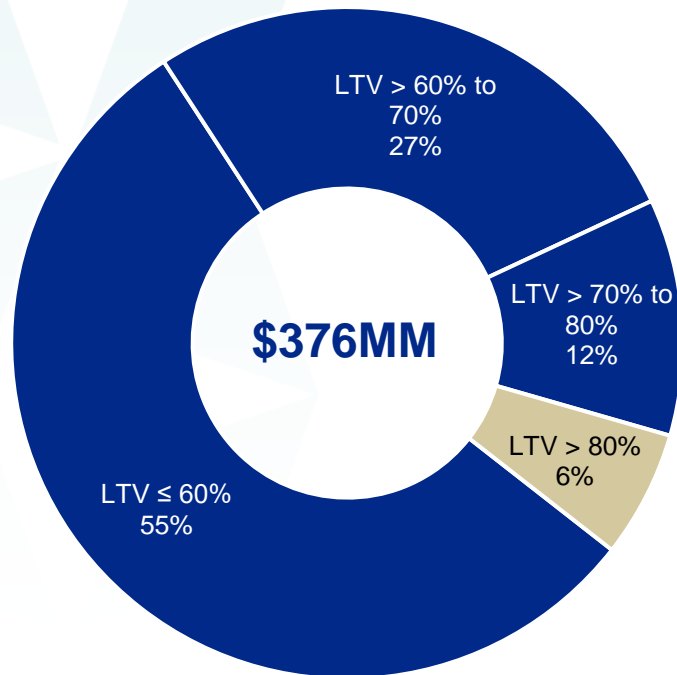
source: Colliers (industrial, office, retail) as of 1Q24; CoStar (multi-family) as of 2Q24



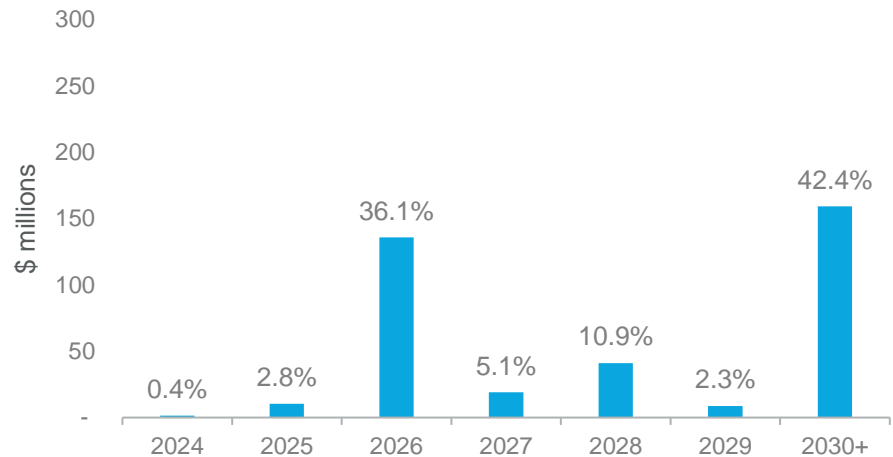
# CRE office

3% of total loans

## LTV distribution



## scheduled maturity



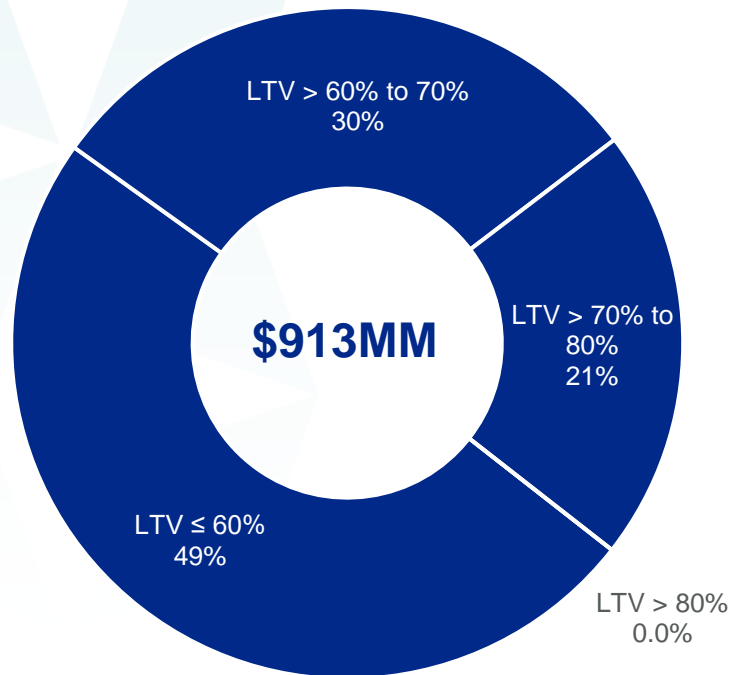
## highlights

- 56% wtd avg LTV
- \$1.7MM average exposure
- 24% CBD (Downtown Honolulu)
  - 58% wtd avg LTV
  - 46% with repayment guaranties
- 3% maturing prior to 2026
- 2.4% criticized

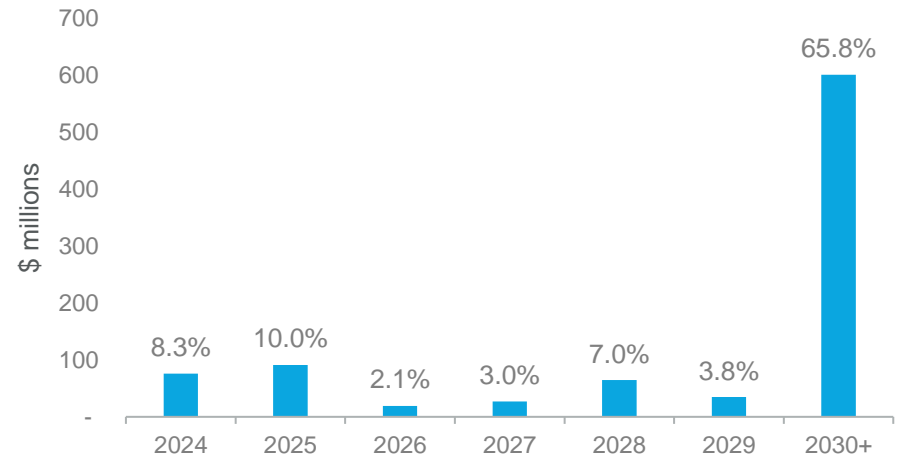
# CRE multi-family

7% of total loans

## LTV distribution



## scheduled maturity



## highlights

- 58% wtd avg LTV
- \$3.0MM average exposure
- 99.2% LIHTC, affordable or market
- 18% maturing prior to 2026
- 2.0% criticized