

Bank of Hawaii Corporation  
**second quarter 2022**  
**financial report**

August 15, 2022 Update

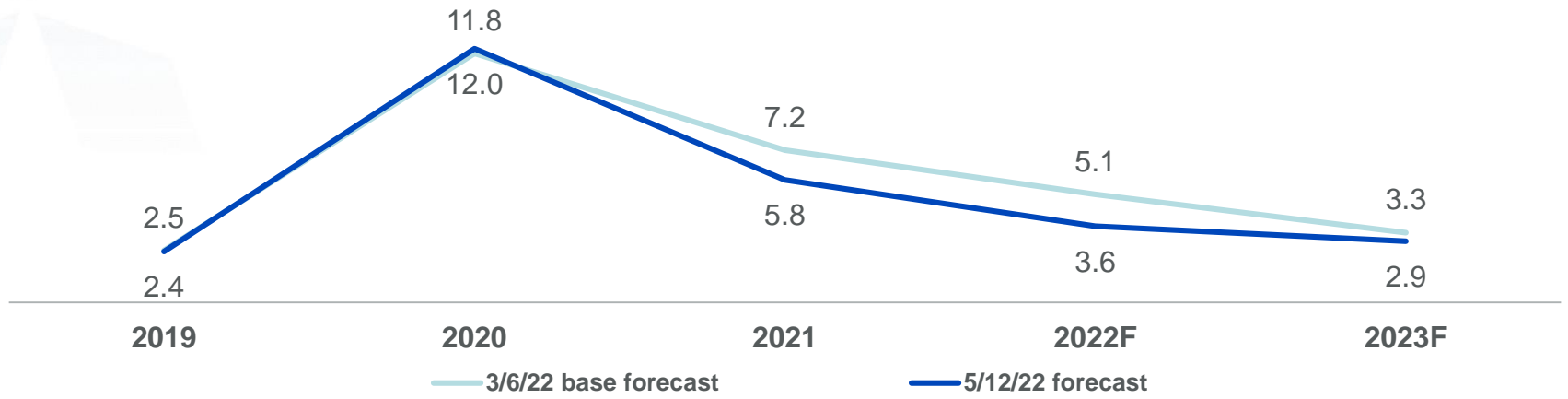
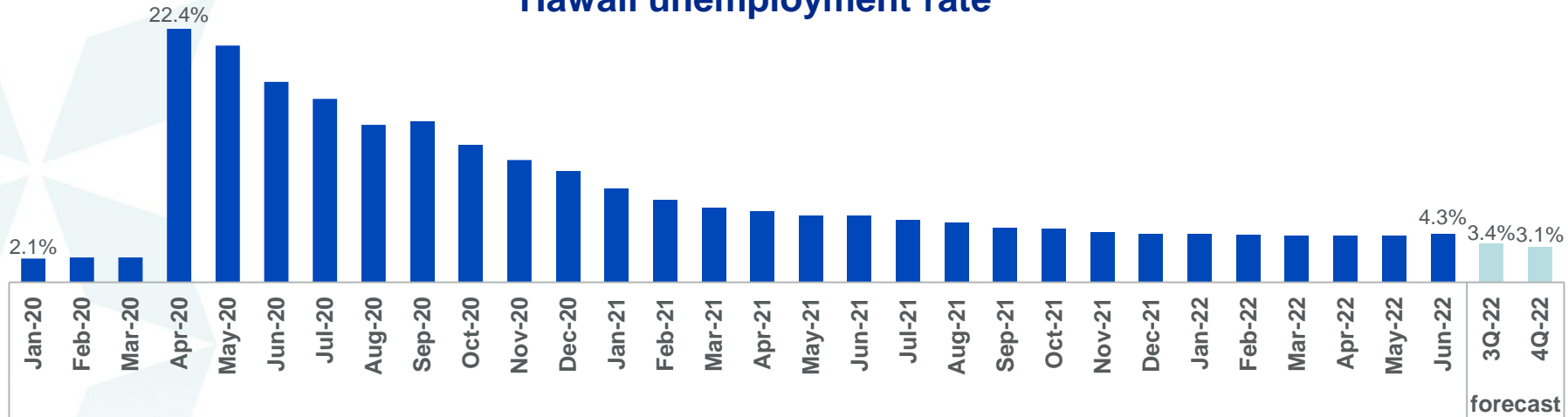
## forward-looking statements

*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.*

# unemployment

experience & forecast













### Hawaii unemployment rate



# strong real estate market

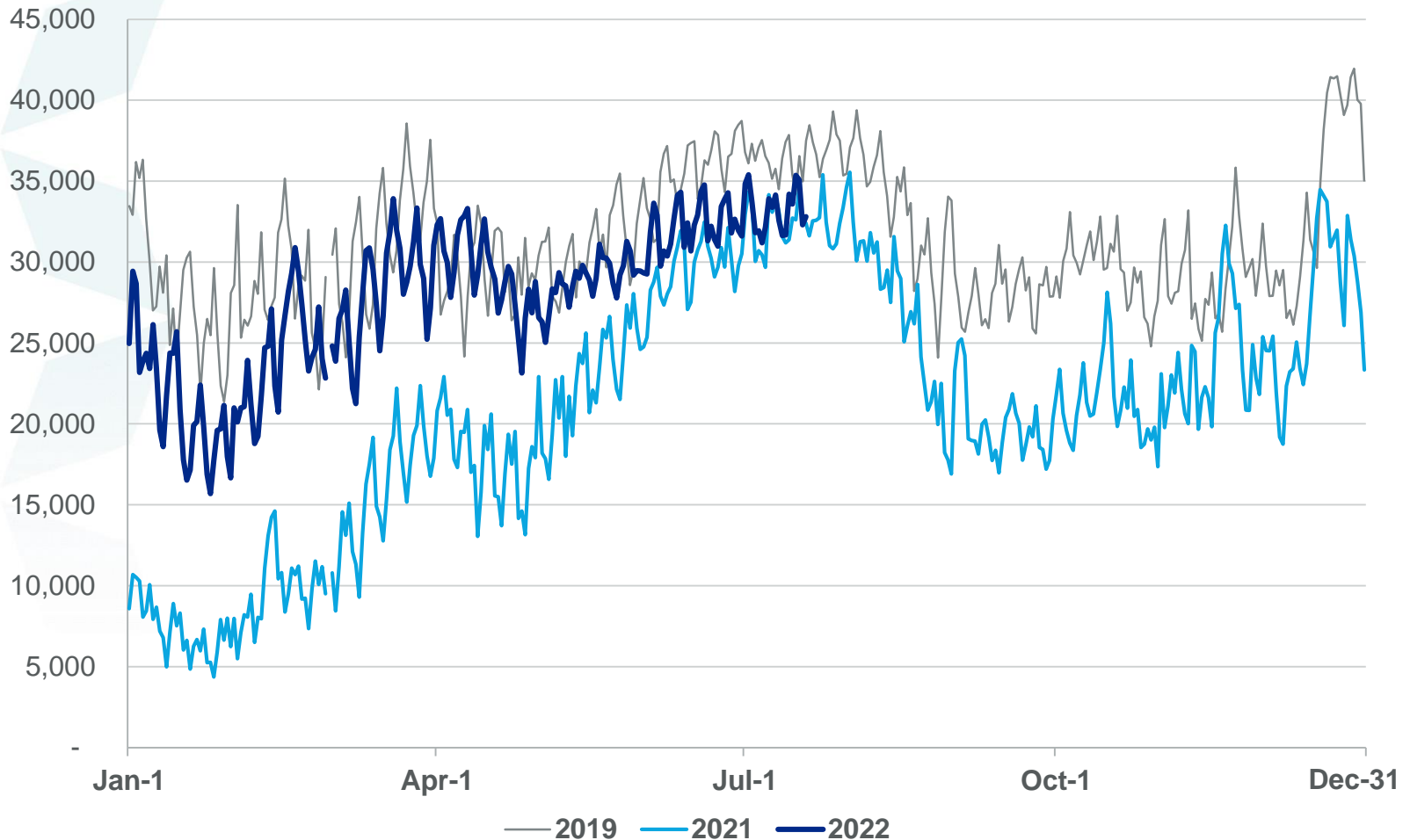
Oahu market indicators – 2022 vs 2021

## continued strength in Oahu real estate

	single family homes				condominiums			
	<u>2022 YTD</u>		<u>Jun 2022</u>		<u>2022 YTD</u>		<u>Jun 2022</u>	
closed sales	1,954	 -8.8%	357	 -20.8%	3,696	 7.5%	626	 -14.2%
median sales price (000s)	\$1,111	 17.0%	\$1,100	 12.4%	\$515	 13.2%	\$534	 16.1%
median days on market	10	 1 Day	10	 2 Days	11	 -2 Days	11	 0 Days

# daily arrivals

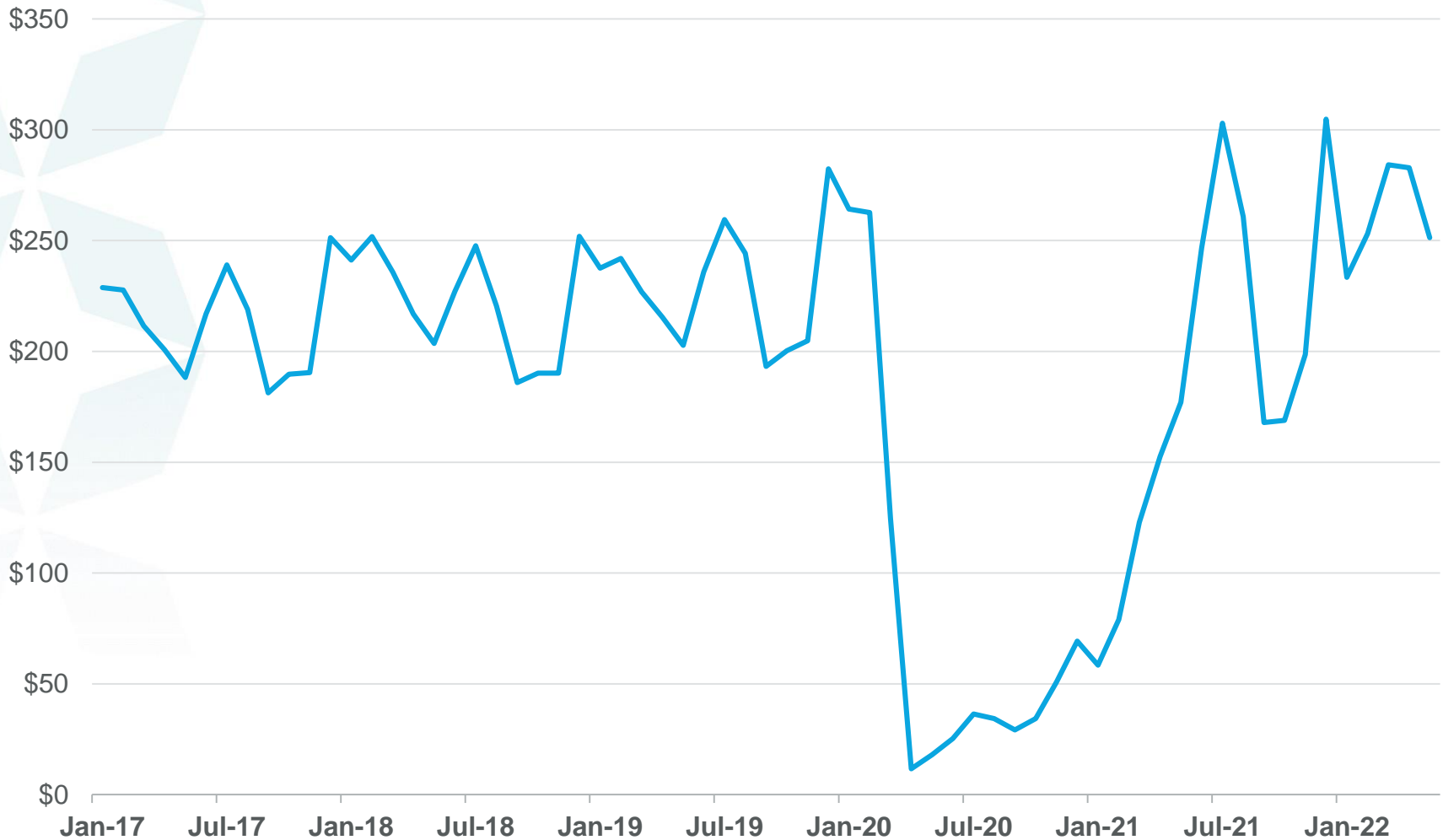
*total passenger count\**



\*source: Department of Business, Economic Development, and Tourism, excluding from Canada

# revenue per available room

revenue per available room (RevPAR)\*



\*source: Hawaii Department of Business, Economic Development, and Tourism (DBEDT)

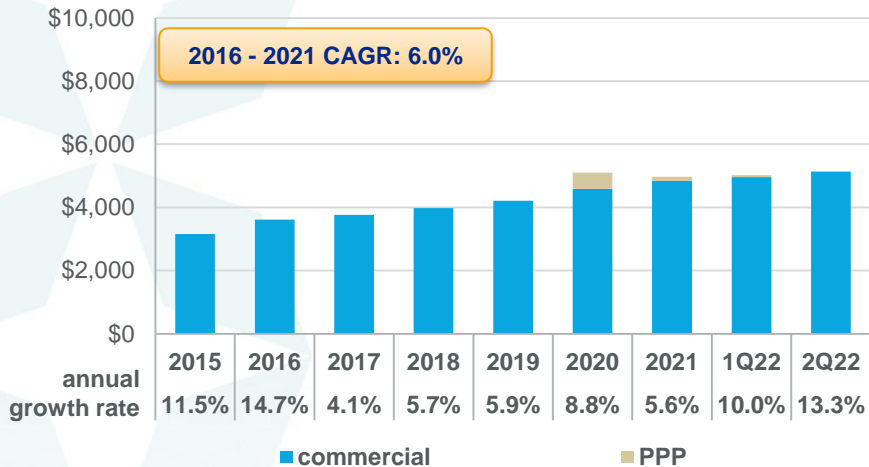


# 2Q financial update

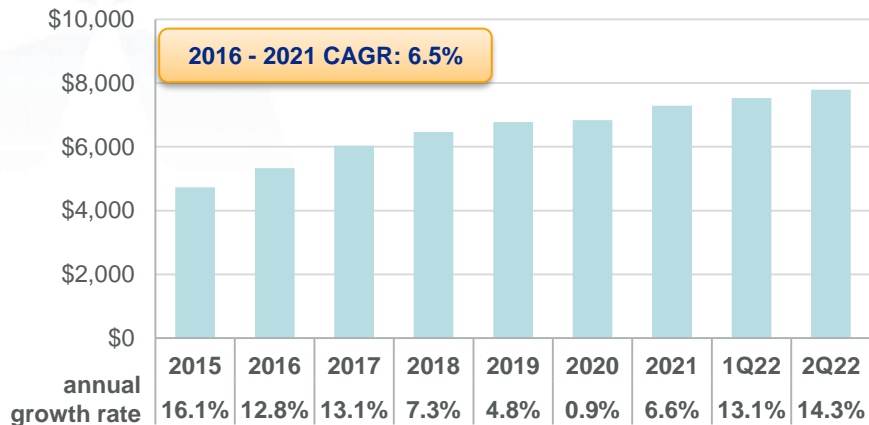
# balanced core loan growth

\$ in millions

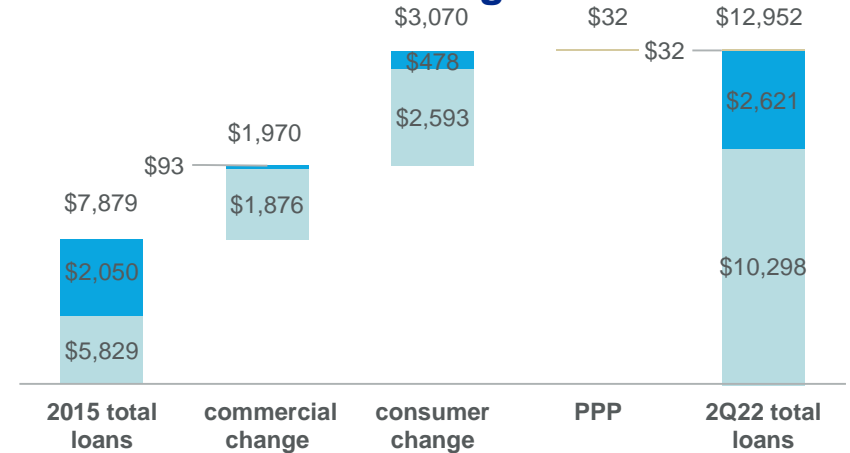
## commercial loans



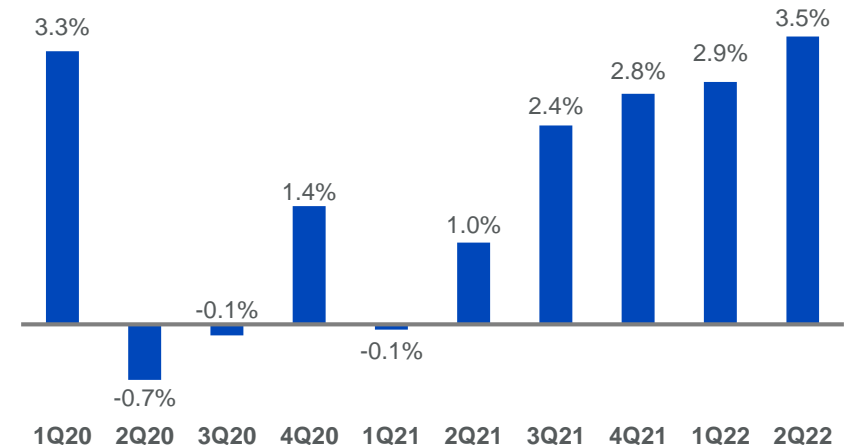
## consumer loans



## cumulative growth



## q-o-q core loan growth (%)



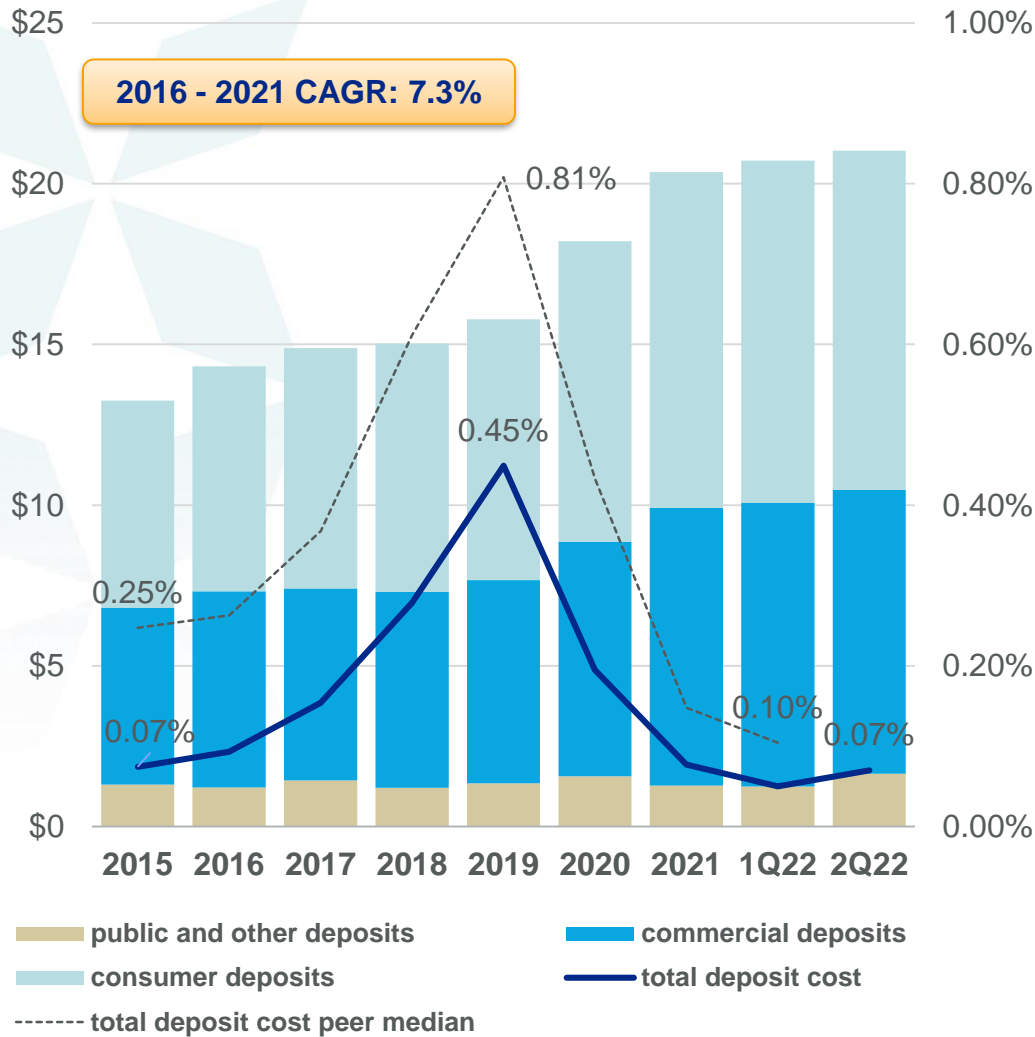
note: numbers may not add up due to rounding, CAGR and annual growth rate exclude PPP



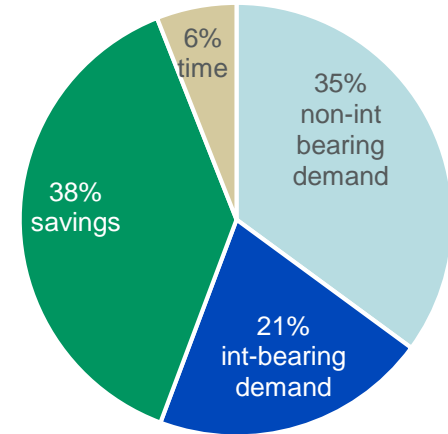
# low cost, long duration deposits Bank of Hawaii

Corporation

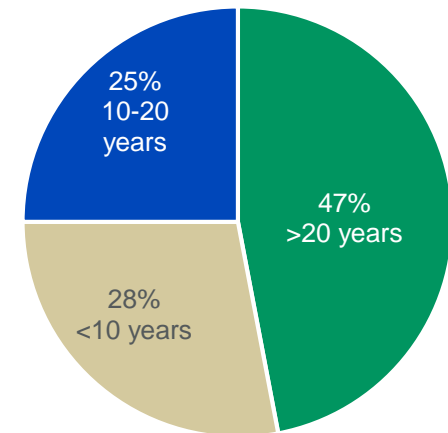
\$ in billions



## by product



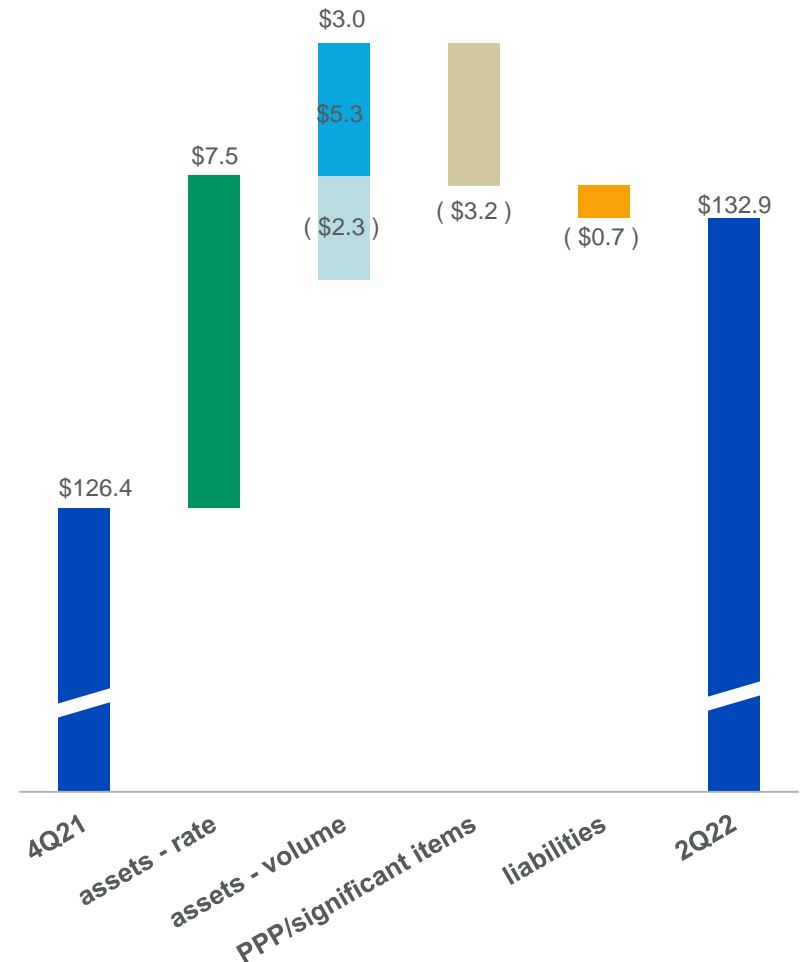
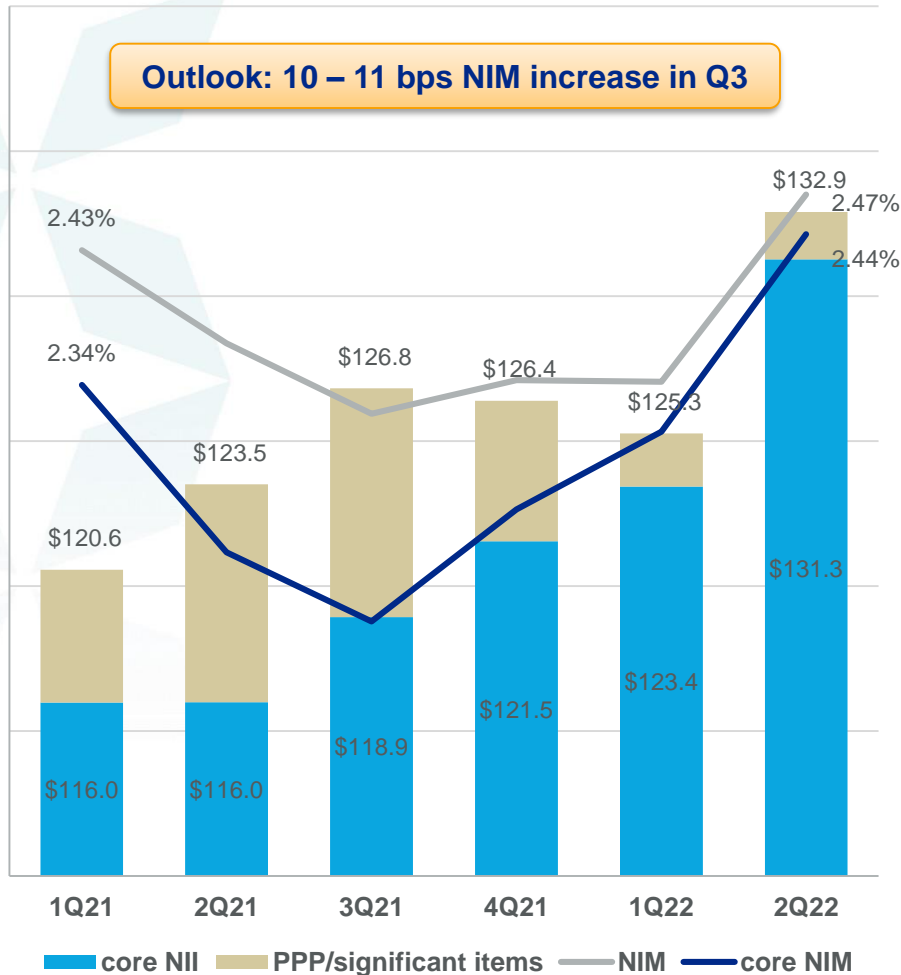
## by tenure



source: S&P Capital IQ, S&P Regional Banking Index excluding banks greater than \$50bn as of 1/4/22

# sustainable NII growth

\$ in millions



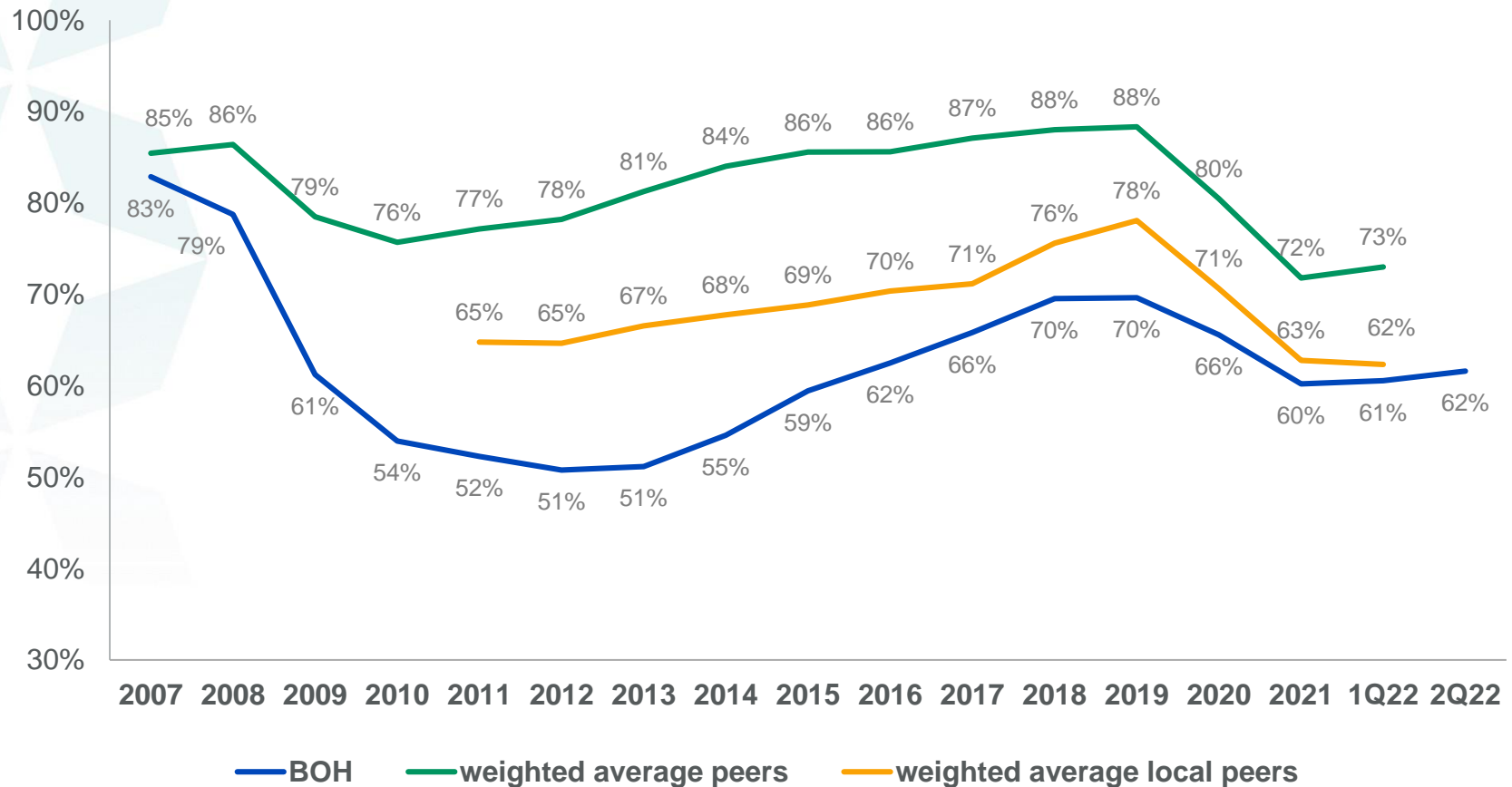
note: core NII excludes PPP and significant items; numbers may not add up due to rounding

■ investment portfolio ■ loan

# ample liquidity

loan to deposit ratio compared with peers

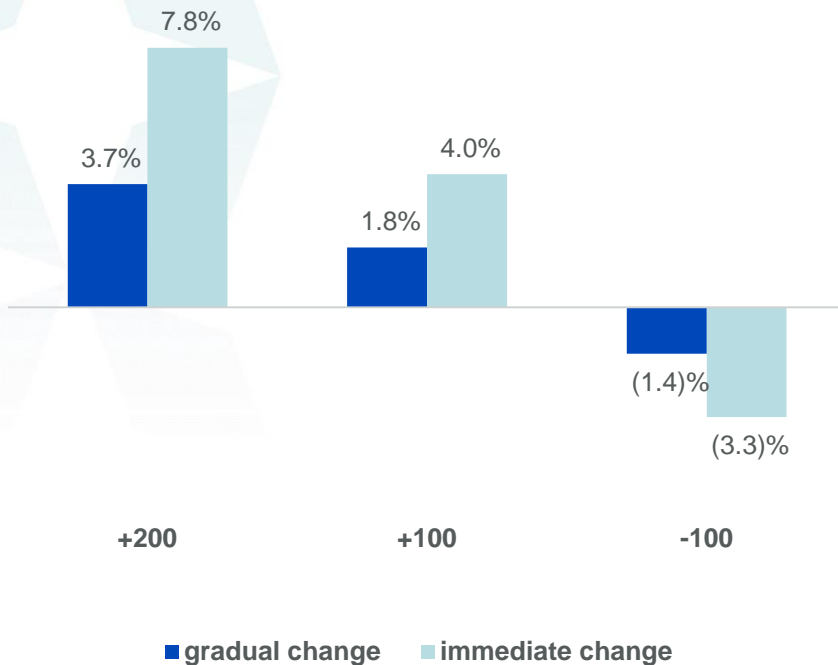
## strong liquidity to fund continued growth



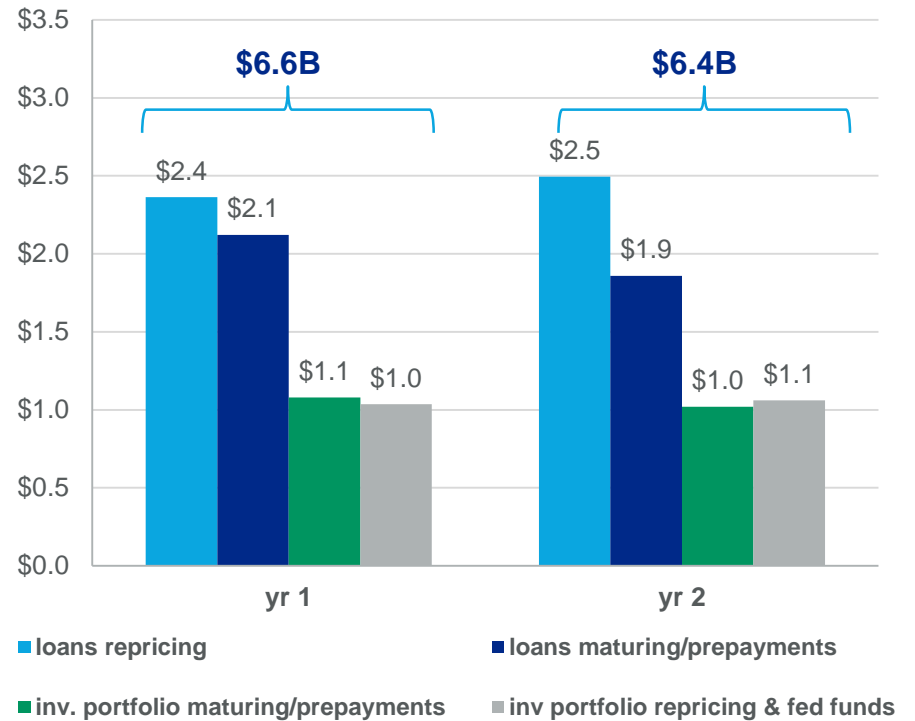
note: S&P Regional Banking Index excluding banks greater than \$50bn as of 1/4/22, weighted average peers by total assets as of 1Q22  
 local peer bank average contains BOH, FHB, CPB, ASB, and TBNK; data unavailable for ASB prior to 2008 and FHB prior to 2011

# asset sensitive

## estimated impact on future annual NII



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



note: numbers may not add up due to rounding

# financial summary

*\$ in millions, except per share amounts*

	<u>2Q 2022</u>	<u>1Q 2022</u>	<u>2Q 2021</u>	<u>Δ 1Q 2022</u>	<u>Δ 2Q 2021</u>
net interest income	\$ 132.9	\$ 125.3	\$ 123.5	\$ 7.6	\$ 9.4
noninterest income	42.2	43.6	44.4	(1.4)	(2.3)
<b>total revenue</b>	<b>175.1</b>	<b>168.8</b>	<b>167.9</b>	<b>6.2</b>	<b>7.1</b>
noninterest expense	102.9	103.9	96.5	(0.9)	6.4
<b>operating income</b>	<b>72.1</b>	<b>64.9</b>	<b>71.4</b>	<b>7.2</b>	<b>0.7</b>
credit provision	(2.5)	(5.5)	(16.1)	3.0	13.6
income taxes	17.8	15.6	20.0	2.2	(2.2)
<b>net income</b>	<b>\$ 56.9</b>	<b>\$ 54.8</b>	<b>\$ 67.5</b>	<b>\$ 2.0</b>	<b>\$ (10.7)</b>
<b>net income available to common</b>	<b>\$ 54.9</b>	<b>\$ 52.9</b>	<b>\$ 67.5</b>	<b>\$ 2.0</b>	<b>\$ (12.6)</b>
<b>diluted EPS</b>	<b>\$ 1.38</b>	<b>\$ 1.32</b>	<b>\$ 1.68</b>	<b>\$ 0.06</b>	<b>\$ (0.30)</b>
<b><u>end of period balances</u></b>					
investment portfolio	\$ 8,277	\$ 8,748	\$ 8,471	(5.4) %	(2.3) %
loans and leases	12,952	12,544	12,041	3.2	7.6
loans and leases excl. PPP	12,920	12,487	11,528	3.5	12.1
total deposits	21,026	20,716	20,170	1.5	4.2
shareholders' equity	1,349	1,449	1,584	(6.9)	(14.8)

# disciplined expenses

\$ in millions

modest increase in core expenses and steady investment in innovation

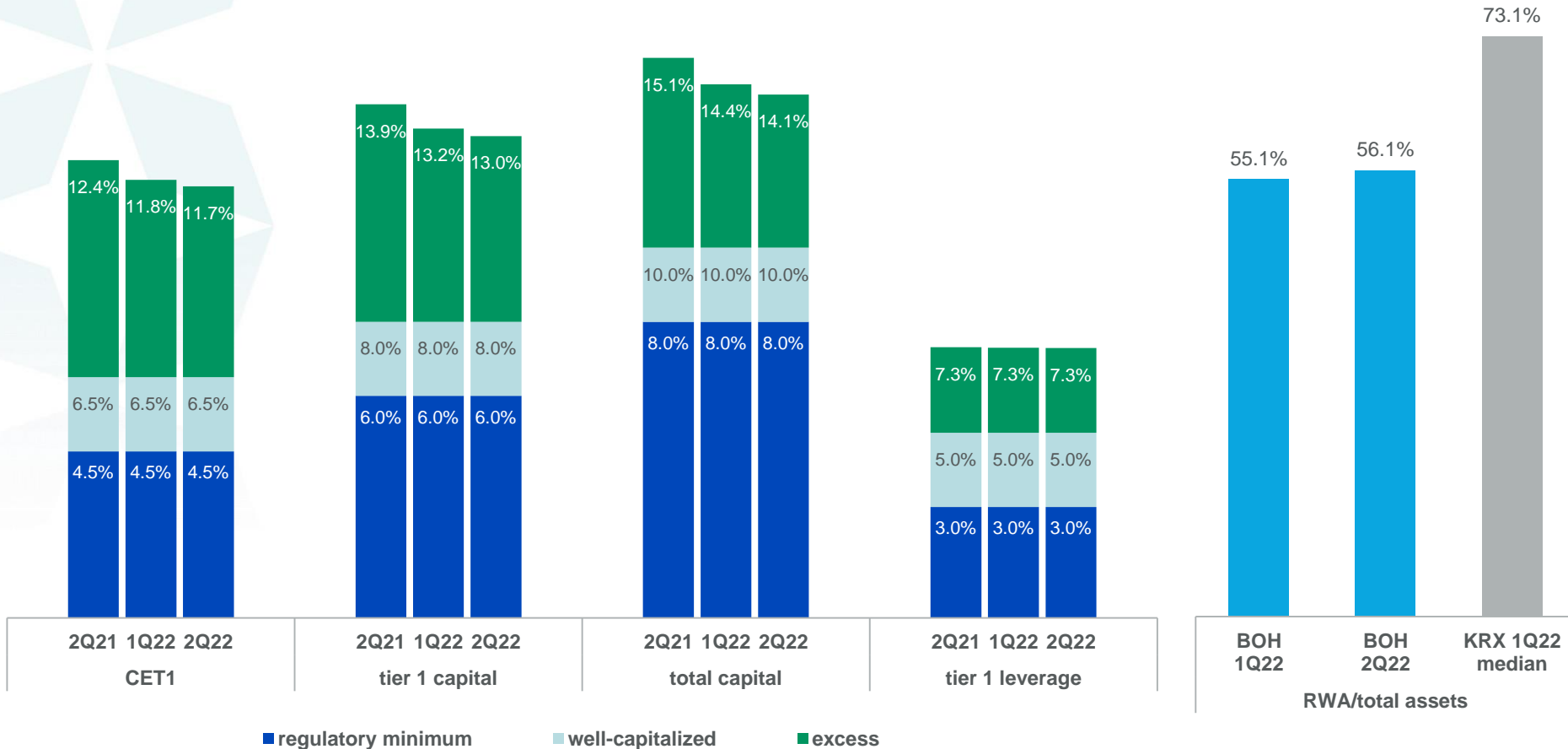


# performance metrics

	<u>2Q 2022</u>	<u>1Q 2022</u>	<u>2Q 2021</u>	<u>Δ 1Q 2022</u>	<u>Δ 2Q 2021</u>
<b>return on assets</b>	1.00 %	0.97 %	1.23 %	0.03 %	(0.23)%
<b>return on common equity</b>	18.19	15.44	19.61	2.75	(1.42)
<b>net interest margin</b>	2.47	2.34	2.37	0.13	0.10
<b>efficiency ratio</b>	58.80	61.53	57.47	(2.73)	1.33
<b>CET1 capital ratio</b>	11.66 %	11.83 %	12.36 %	(0.17)%	(0.70)%
<b>tier 1 capital ratio</b>	13.01	13.22	13.87	(0.21)	(0.86)
<b>tier 1 leverage ratio</b>	7.29	7.30	7.31	(0.01)	(0.02)

# fortress capital position

## strong risk-based capital



note: 2Q22 regulatory capital ratios are preliminary; KBW Regional Banking Index (KRX) as of 1/4/22



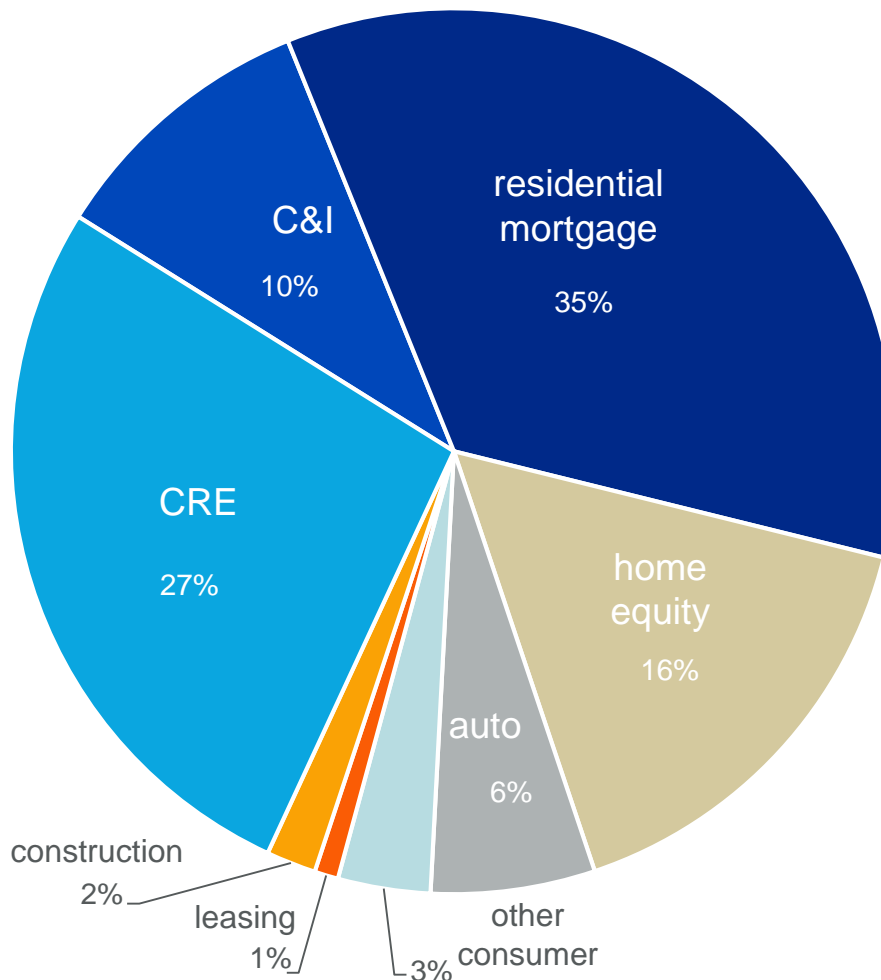


# 2Q credit update

# loan portfolio

excluding PPP

**80% of portfolio secured with quality real estate  
with combined weighted average loan to value of 56%**



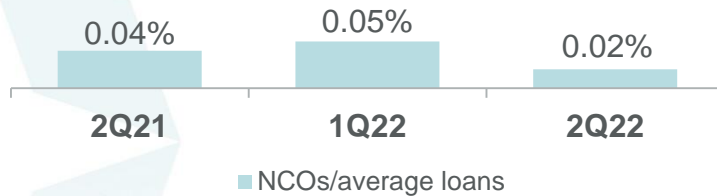
40% commercial  
72% real estate secured  
wtd avg LTV 57%  
57% w/ BOH ≥ 10 yrs  
avg balance \$0.6MM

60% consumer  
85% real estate secured  
wtd avg LTV 55%  
58% w/ BOH ≥ 10 yrs

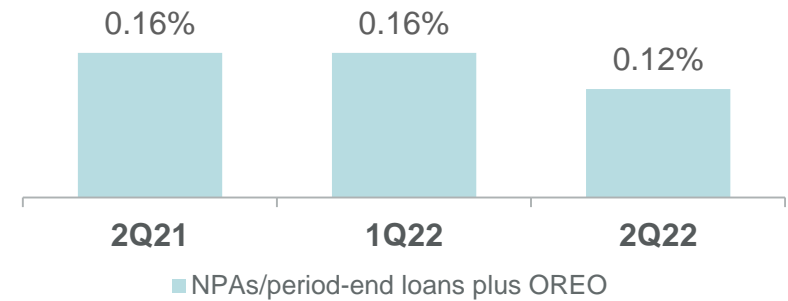
note: excludes \$32MM in PPP loan balances including deferred costs and fees

# credit quality

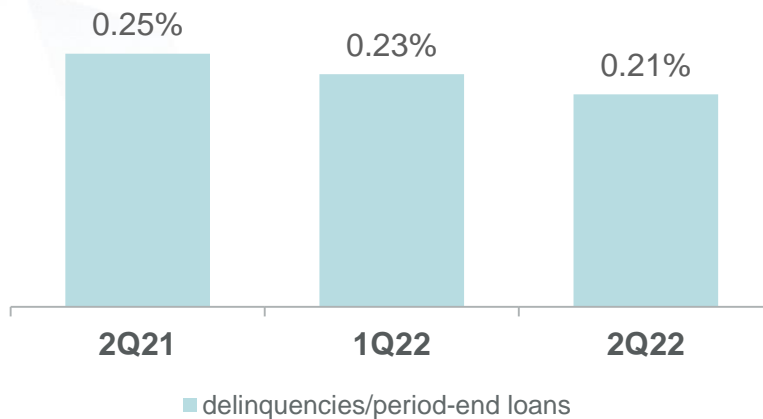
## net charge-offs



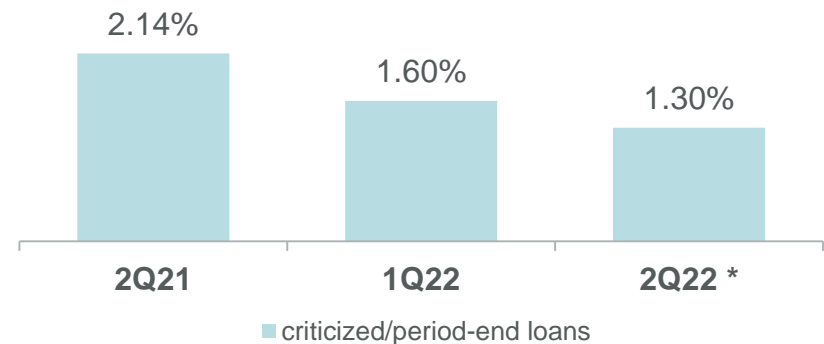
## non-performing assets



## delinquencies



## criticized



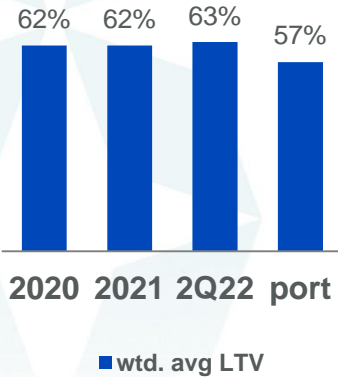
\* 73% of total criticized in CRE with 61% wtd avg LTV

# 2Q22 - production quality

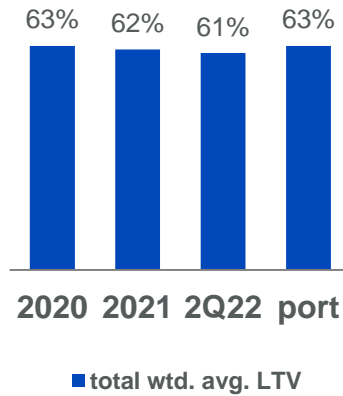
## commercial

## consumer

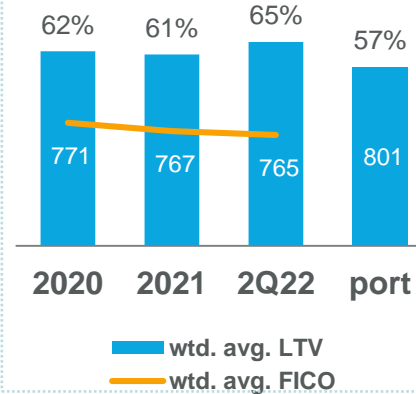
### comm. mortg.



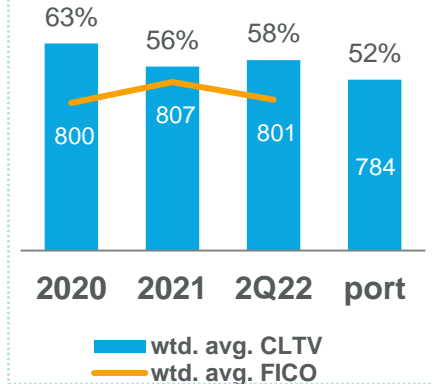
### construction



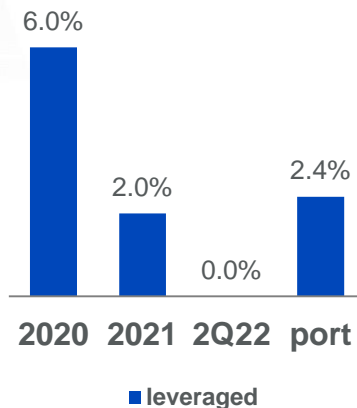
### resi. mortgage



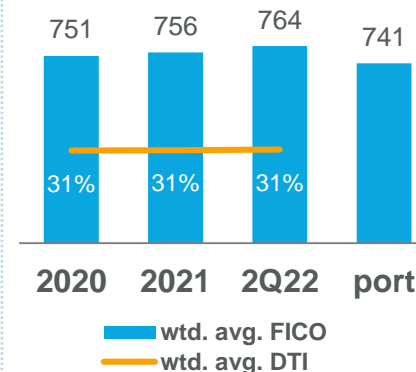
### home equity



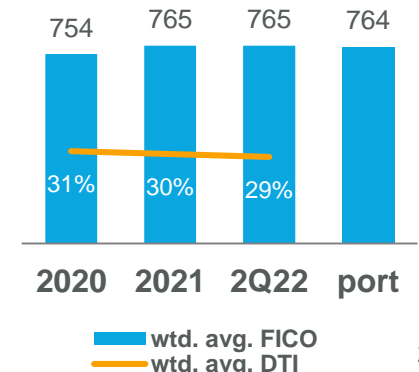
### C&I (excl. PPP)



### indirect



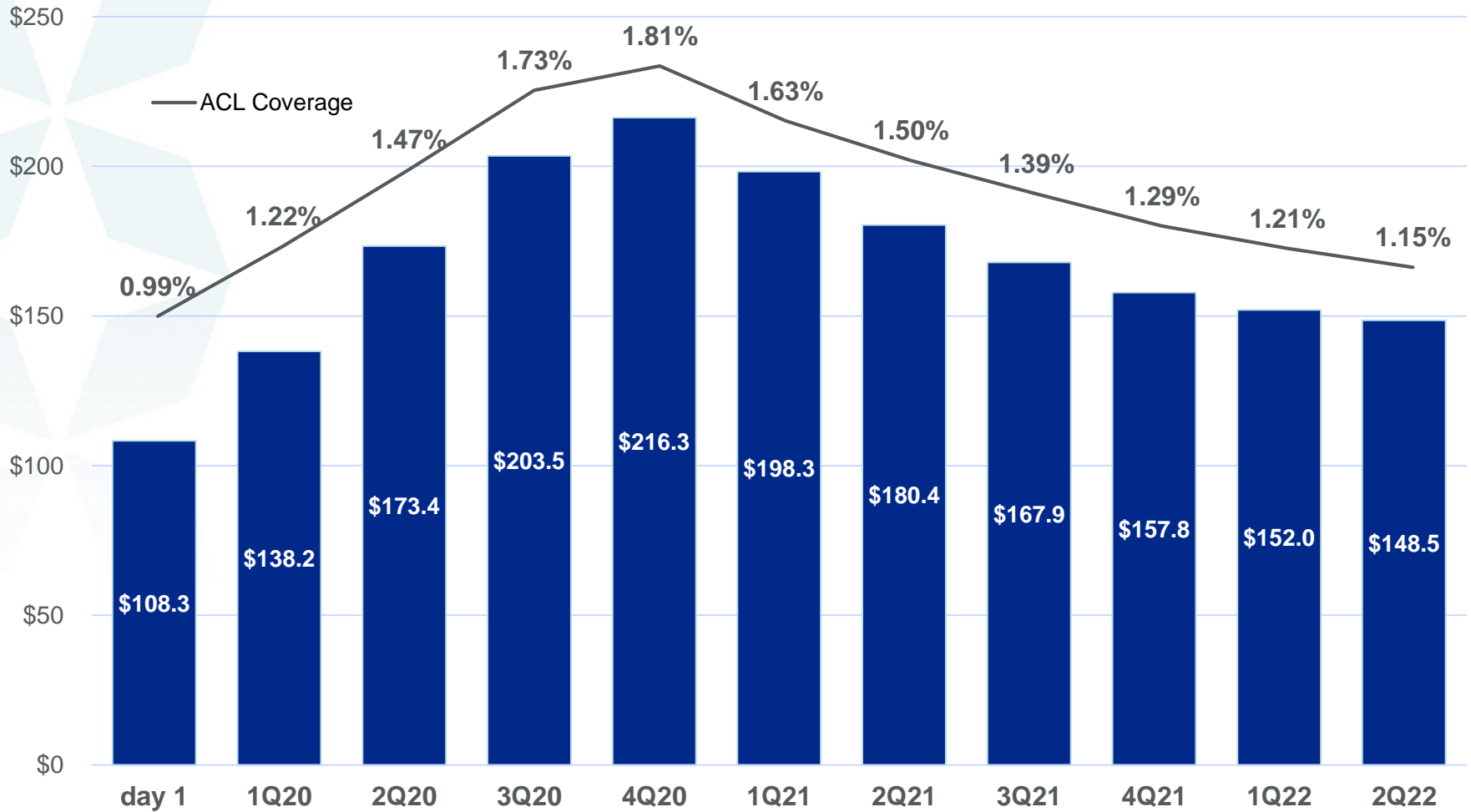
### installment



# reserve trend

\$ in millions

## allowance for credit losses



note: balances and coverage ratio based on allowance for credit losses – loans and leases



# other highlights

# superior returns

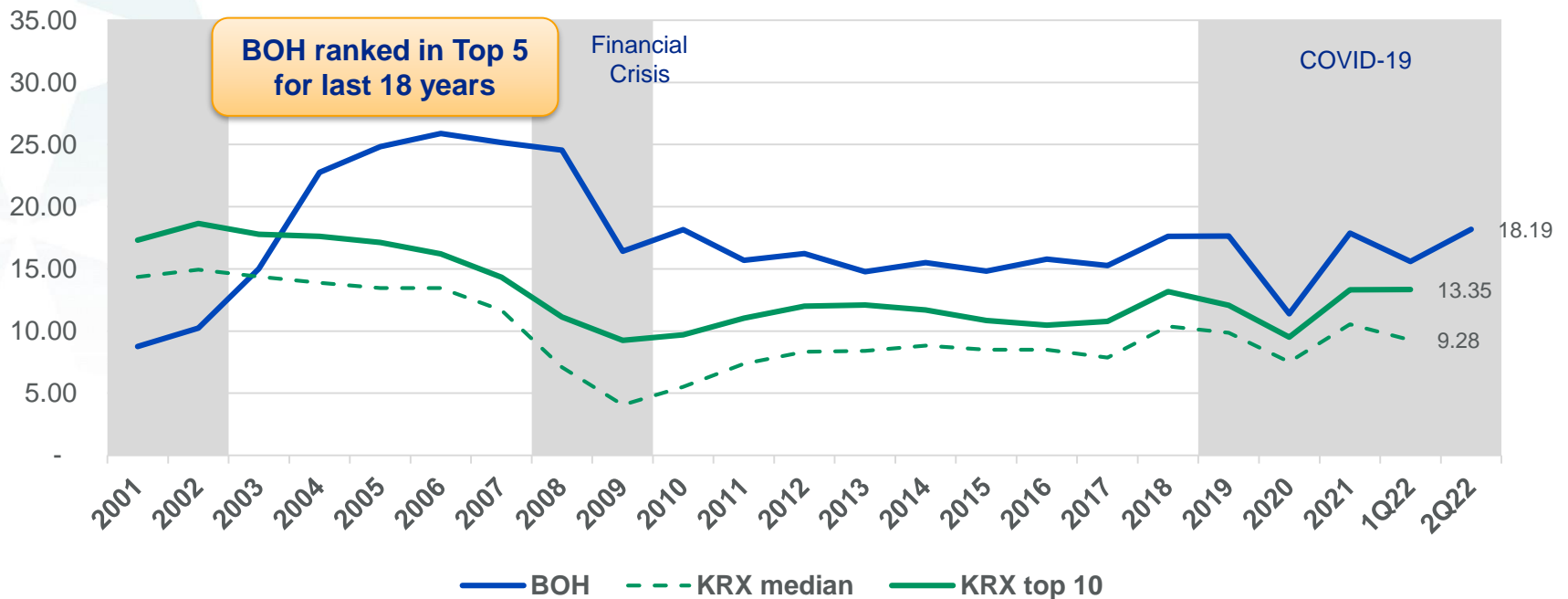
*market leading brand*

*robust and sustainable growth*

*focused execution*

*strong asset quality, liquidity, and capital*

## return on common equity (%)



source: S&P Capital IQ, KBW Regional Banking Index (KRX) as of 1/4/22

# Q & A

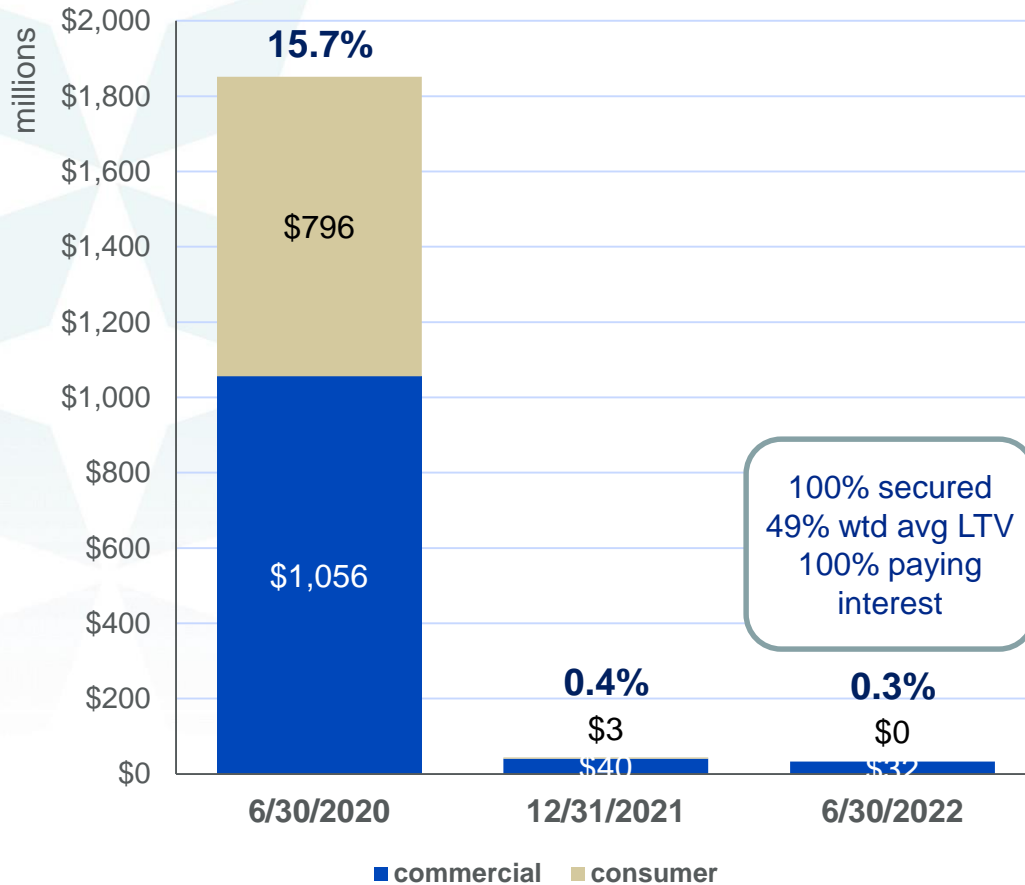




# appendix

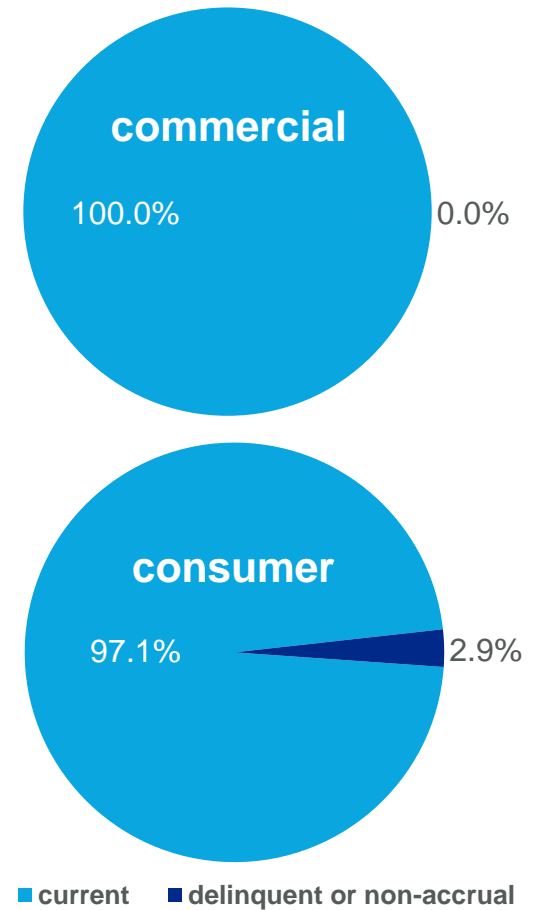
# customer relief update

## outstanding deferrals



98.2% decline in deferrals since June 30, 2020

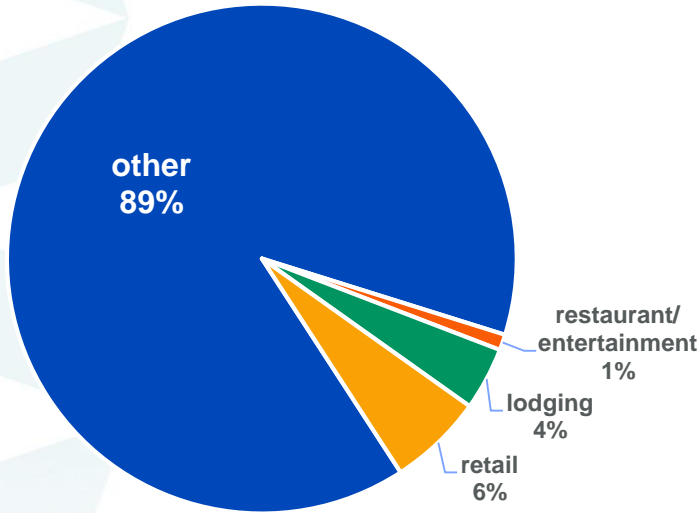
## returned to payment



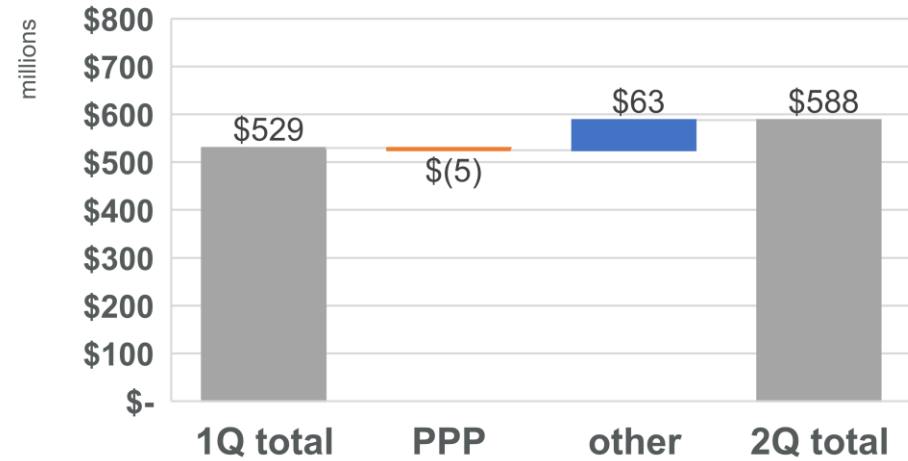
99.0% of former deferrals are current

# high risk industries

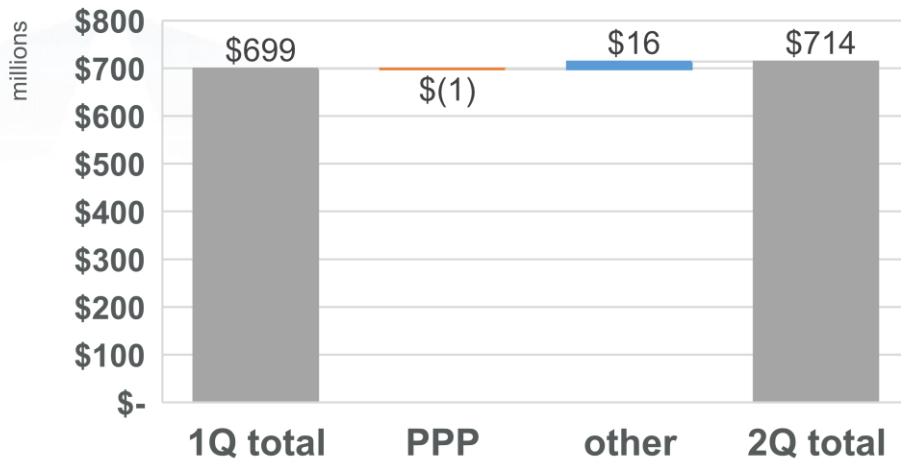
\$1,461 million (11%) / \$1,440 million (11%) excluding PPP



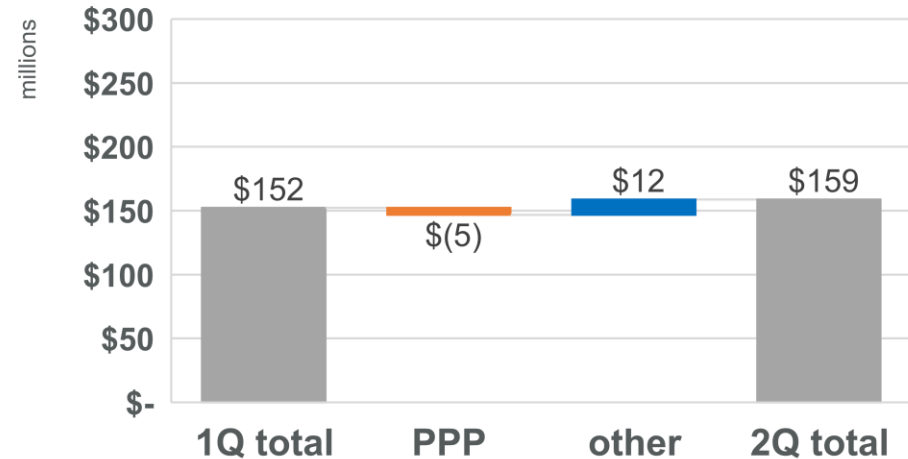
lodging balance increase (2Q v 1Q)



retail balance increase (2Q v 1Q)



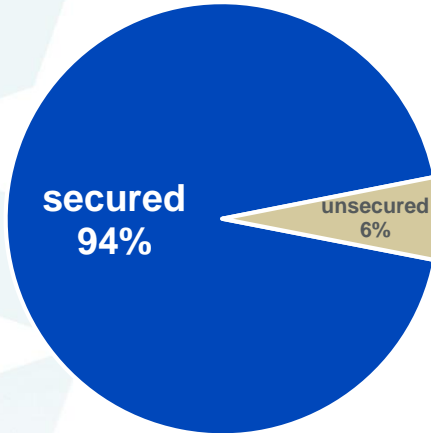
restaurant/entertainment balance increase (2Q v 1Q)



# retail

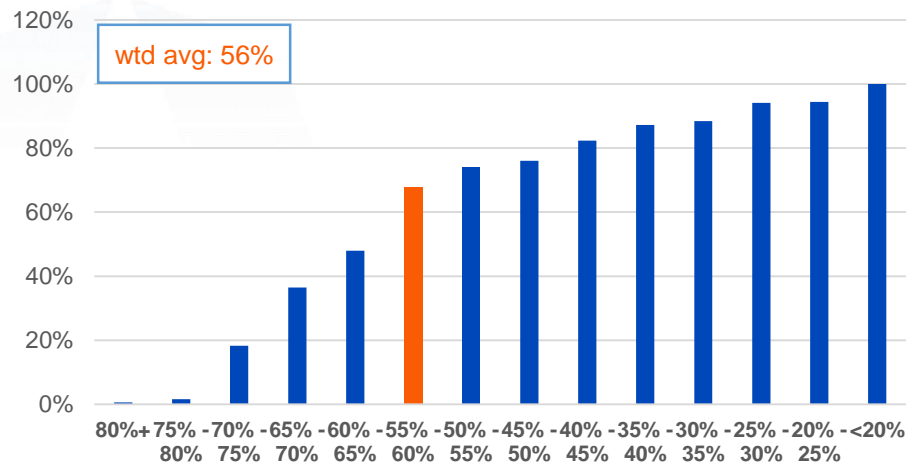
\$714 million (6%) – excluding PPP

## real estate secured



- 94% real estate secured
  - 56% wtd avg LTV
  - average exposure \$3.6MM
  - largest exposure \$38MM
  - 64% of portfolio has an LTV ≤ 65%
- 99% is secured or has essential anchor
- 0% deferred

## secured LTV distribution

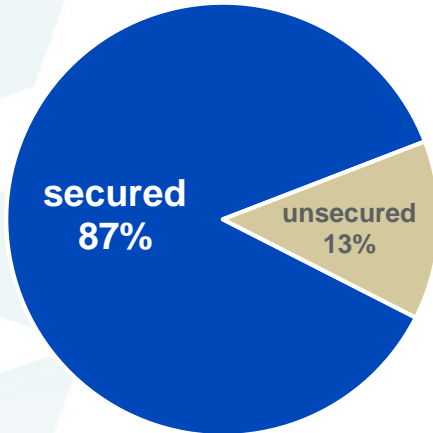


		deferred		
		yes	no	total
secured	yes	0.0%	93.9%	93.9%
	no	0.0%	6.1%	6.1%
	total	0.0%	100.0%	100.0%

# lodging

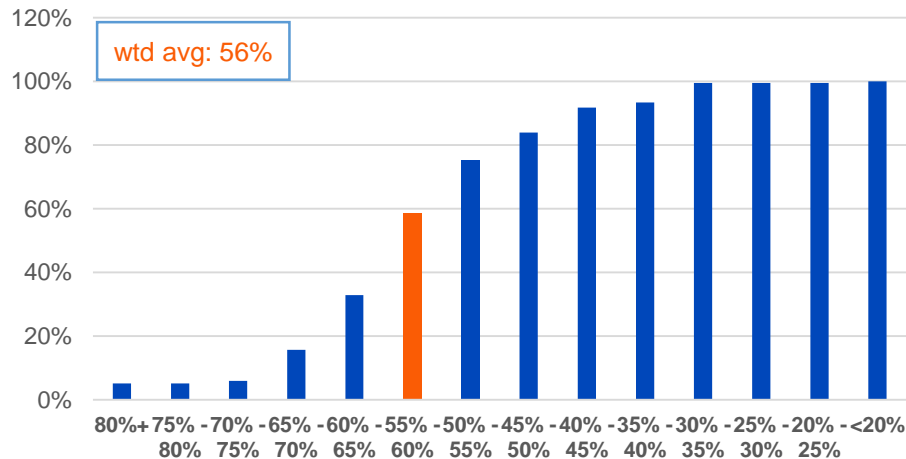
\$577 million (4%) – excluding PPP

## real estate secured



- 87% real estate secured
  - 56% wtd avg LTV
  - average exposure \$11.1MM
  - largest exposure \$57MM
  - 84% of portfolio has an LTV ≤ 65%
- 94% of unsecured outstandings to global hotel and timeshare brands
- 100% of deferred is secured and paying interest

## secured LTV distribution

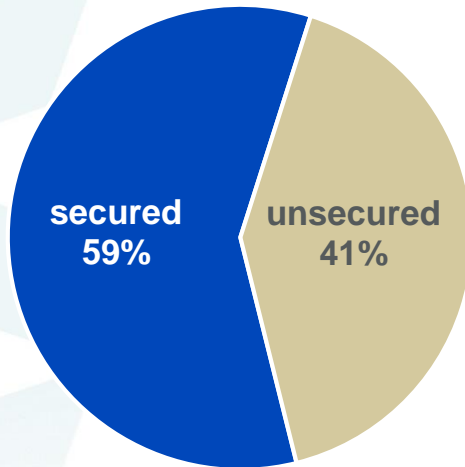


		deferred		
		yes	no	total
secured	yes	5.2%	81.5%	86.6%
	no	0.0%	13.4%	13.4%
	total	5.2%	94.8%	100.0%

# restaurant / entertainment

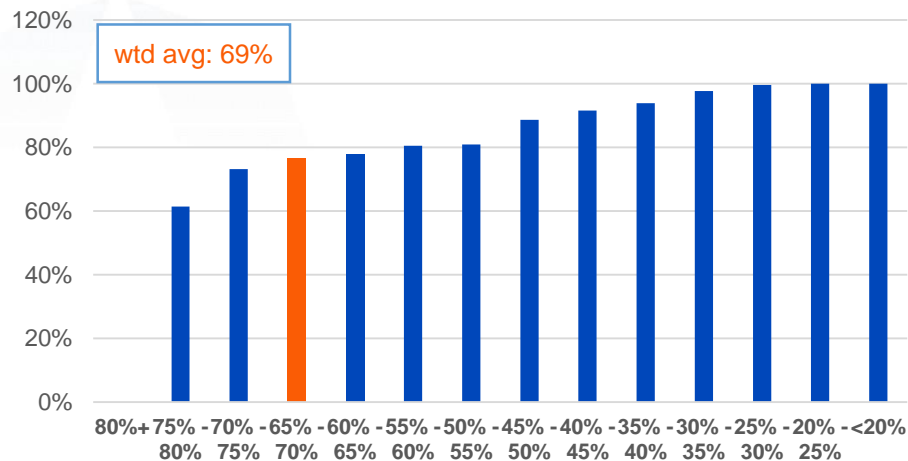
\$149 million (1%) – excluding PPP

real estate secured



- 59% real estate secured
  - 69% wtd avg LTV
  - average exposure \$2.6MM
  - largest exposure \$28MM
  - 24% of portfolio has an LTV ≤ 65%
- 0% deferred

secured LTV distribution



		deferred		total
		yes	no	
secured	yes	0.0%	58.8%	58.8%
	no	0.0%	41.2%	41.2%
	total	0.0%	100.0%	100.0%