

Bank of Hawaii Corporation
second quarter 2022
financial report

August 15, 2022 Update



disclosure

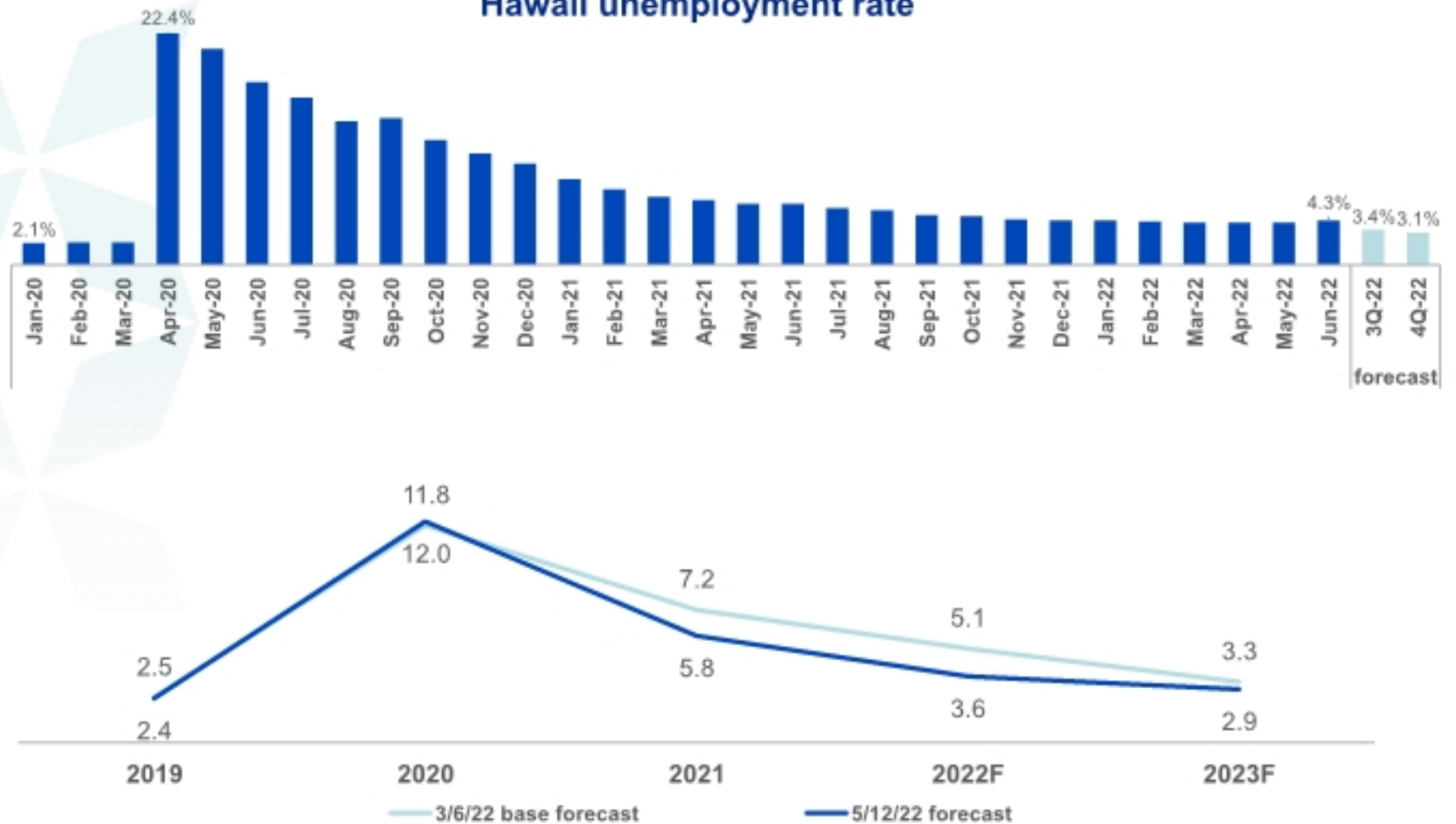
forward-looking statements

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















source: University of Hawaii Economic Research Organization (UHERO), seasonally adjusted

strong real estate market

Oahu market indicators – 2022 vs 2021

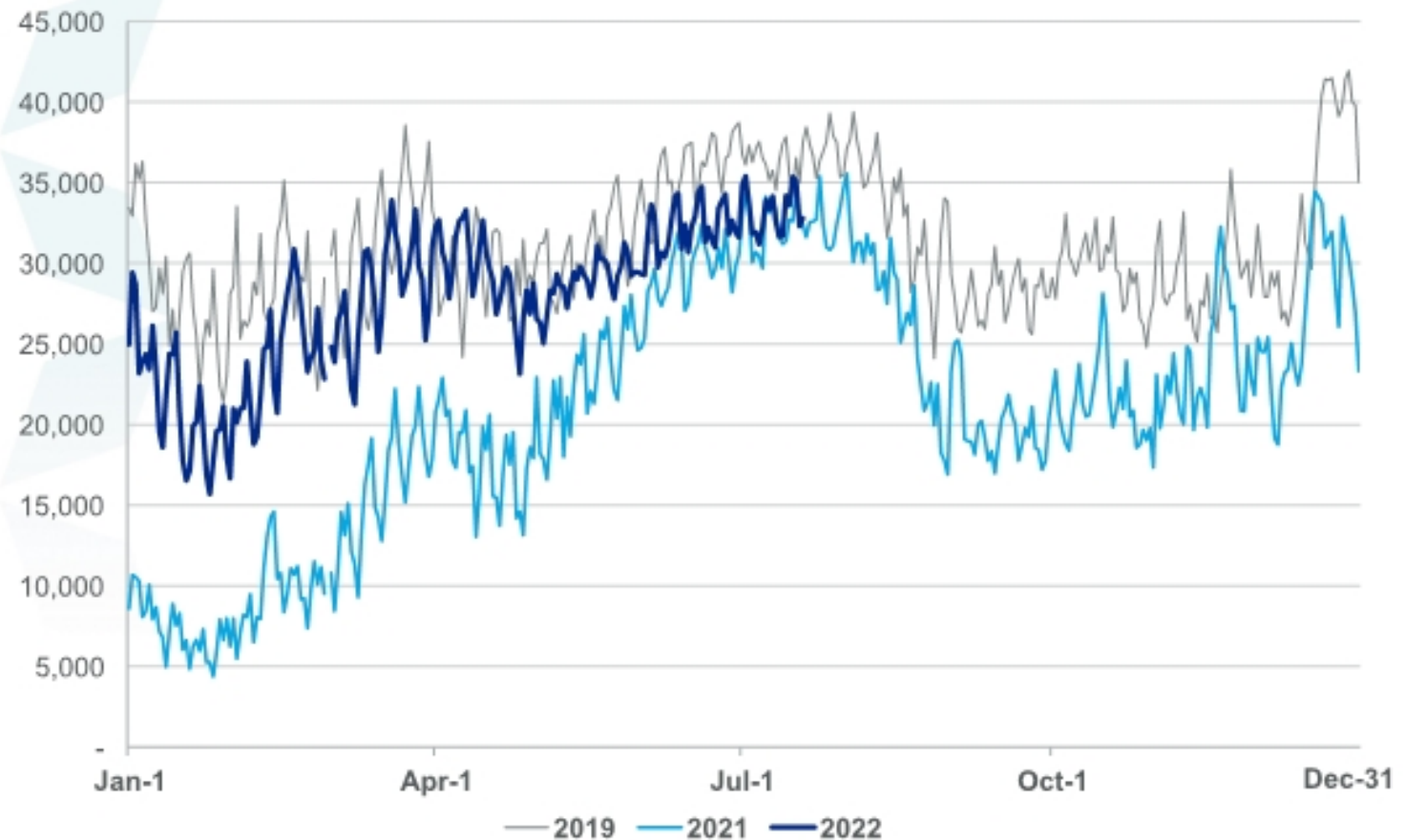
continued strength in Oahu real estate

	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

source: Honolulu Board of Realtors, compiled from MLS data

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

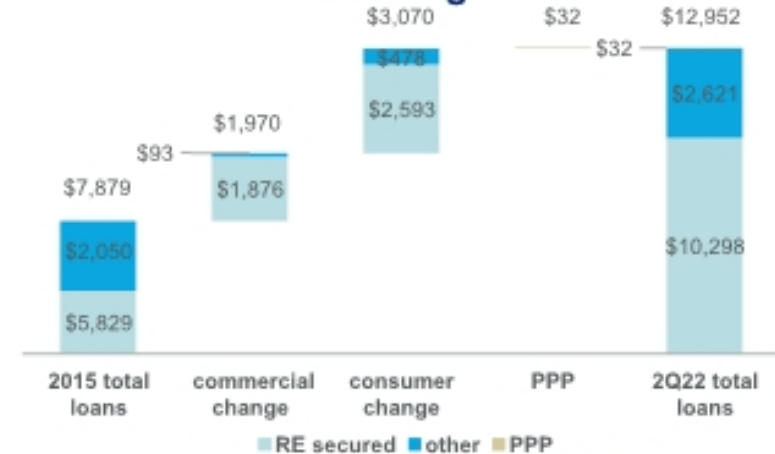
commercial loans



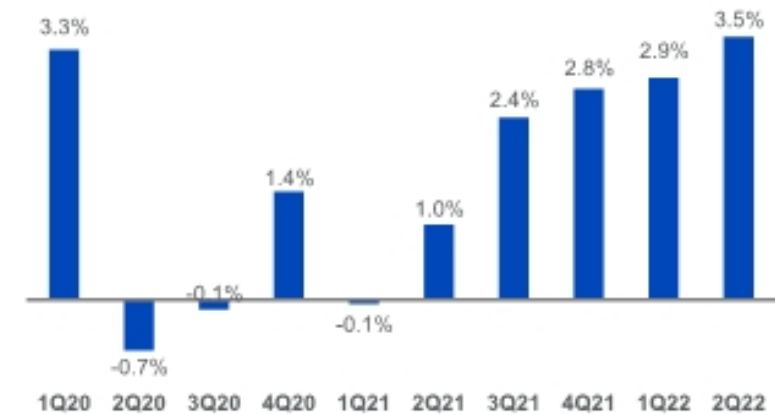
consumer loans



cumulative growth



q-o-q core loan growth (%)

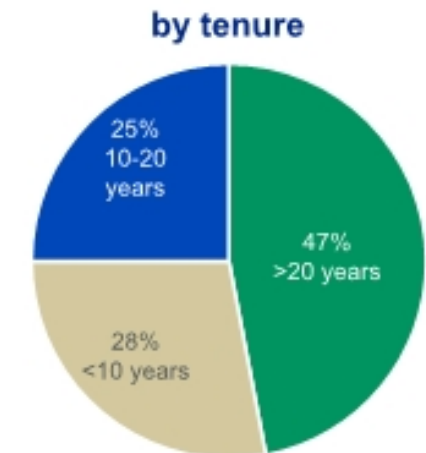
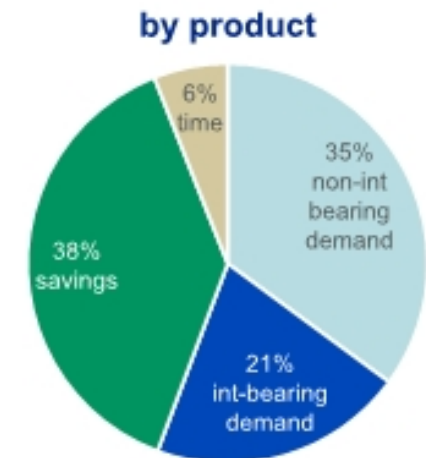


note: numbers may not add up due to rounding, CAGR and annual growth rate exclude PPP

low cost, long duration deposits

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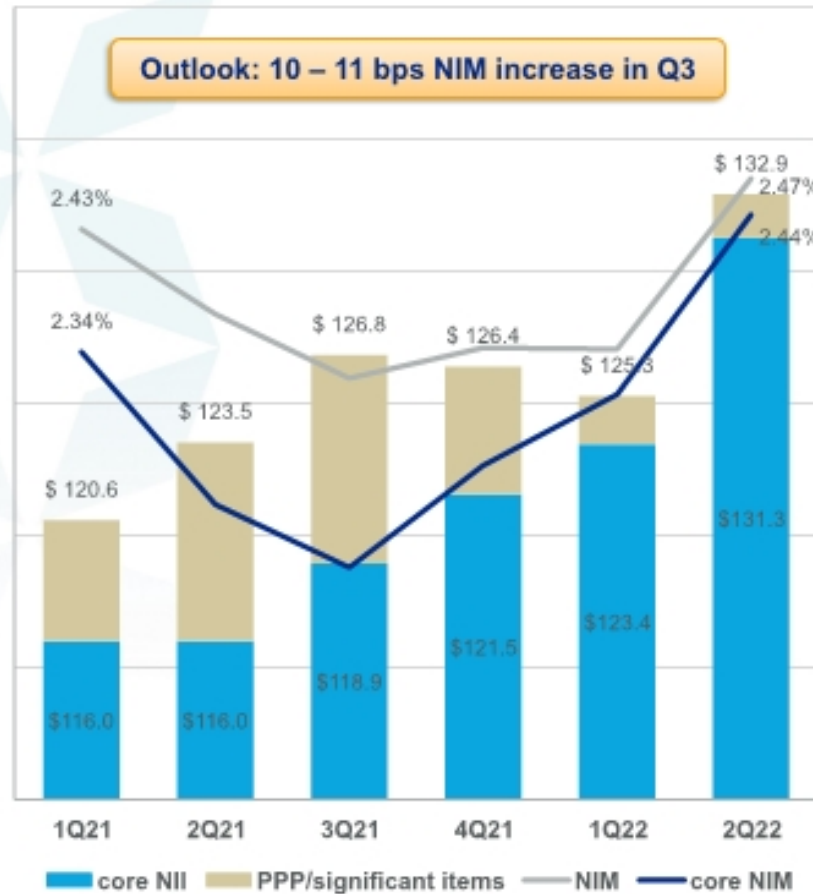
\$ in billions



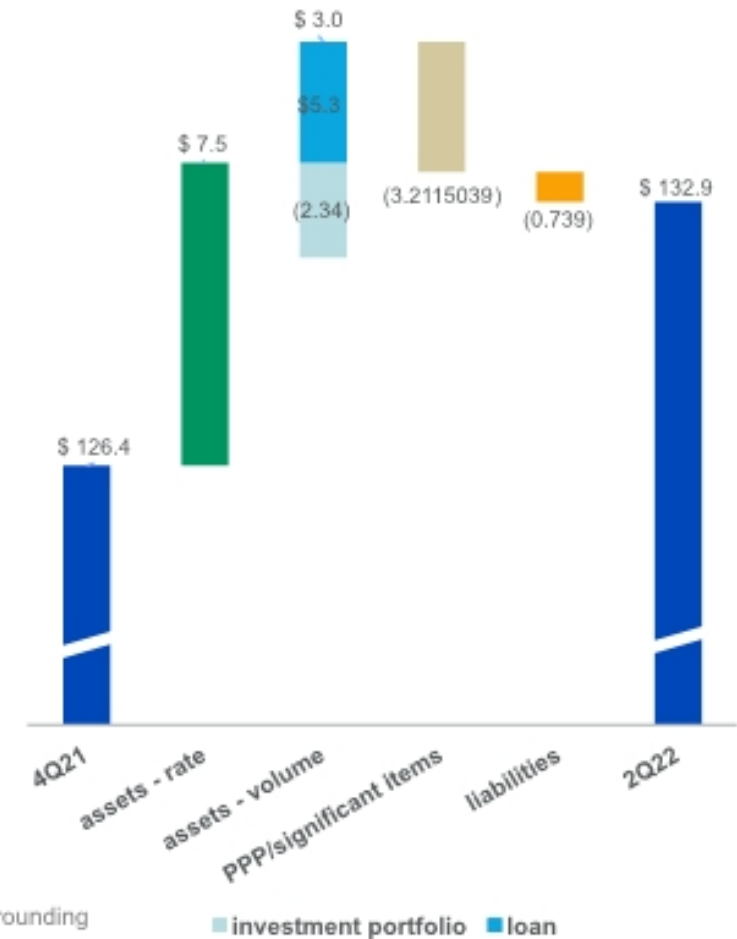
source: S&P Capital IQ, S&P Regional Banking Index excluding banks greater than \$50bn as of 1/4/22

sustainable NII growth

\$ in millions



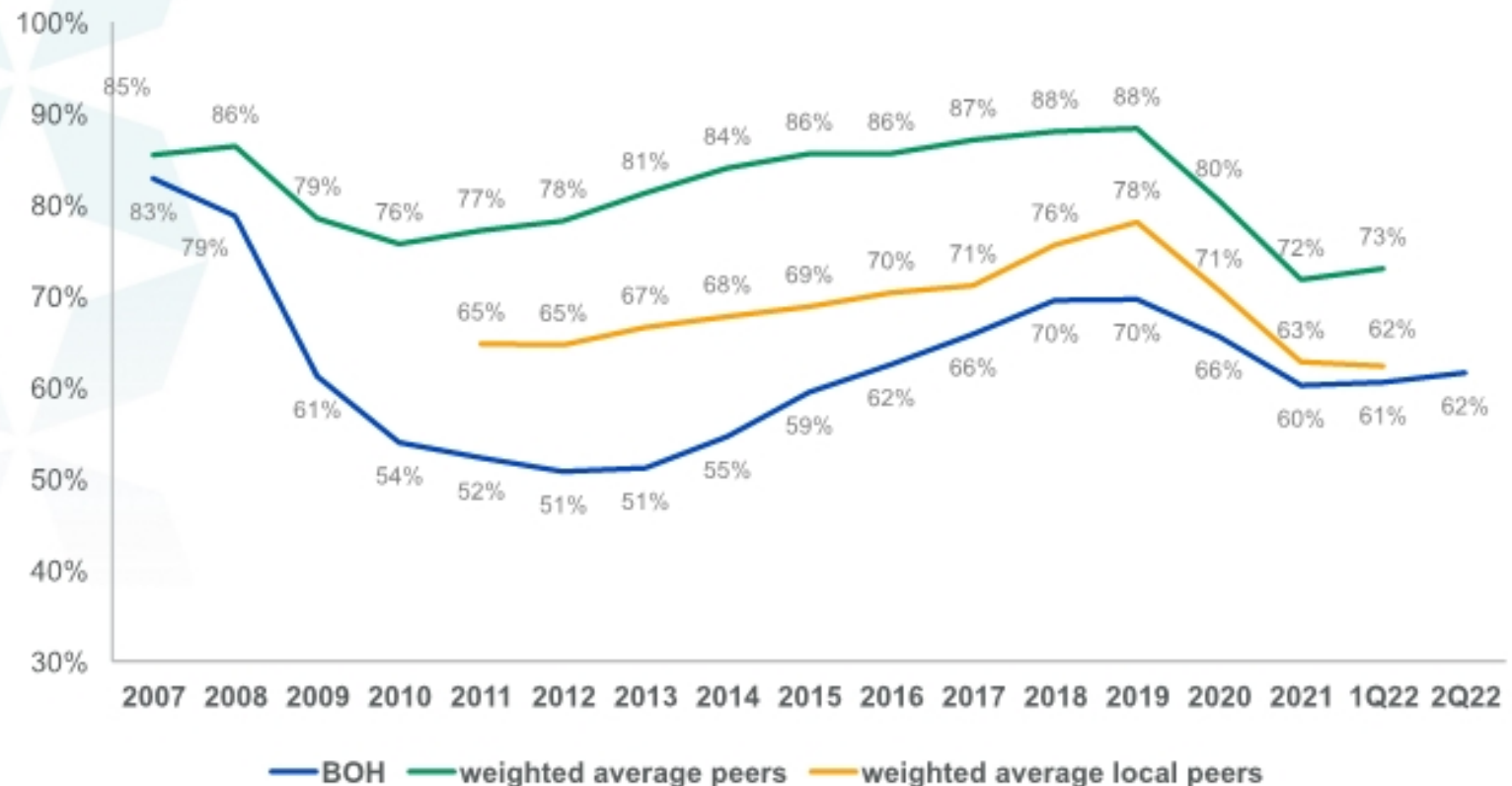
note: core NII excludes PPP and significant items; numbers may not add up due to rounding



ample liquidity

loan to deposit ratio compared with peers

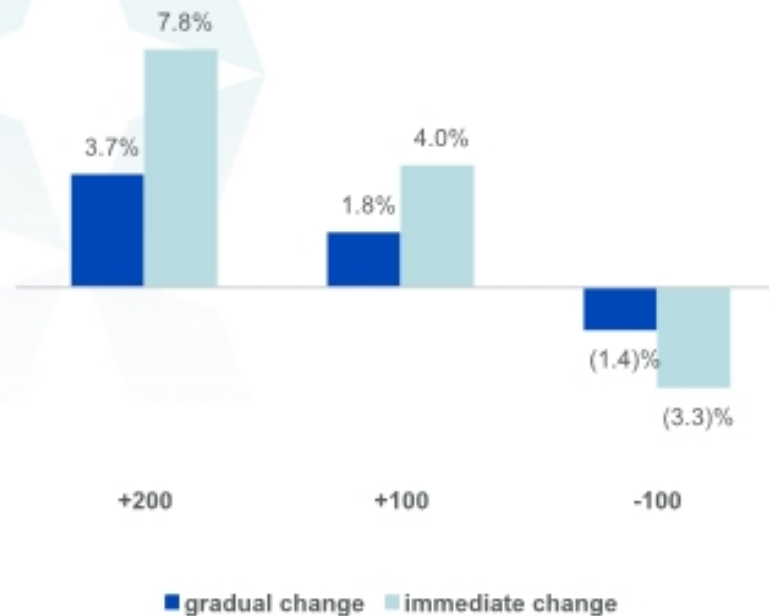
strong liquidity to fund continued growth



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

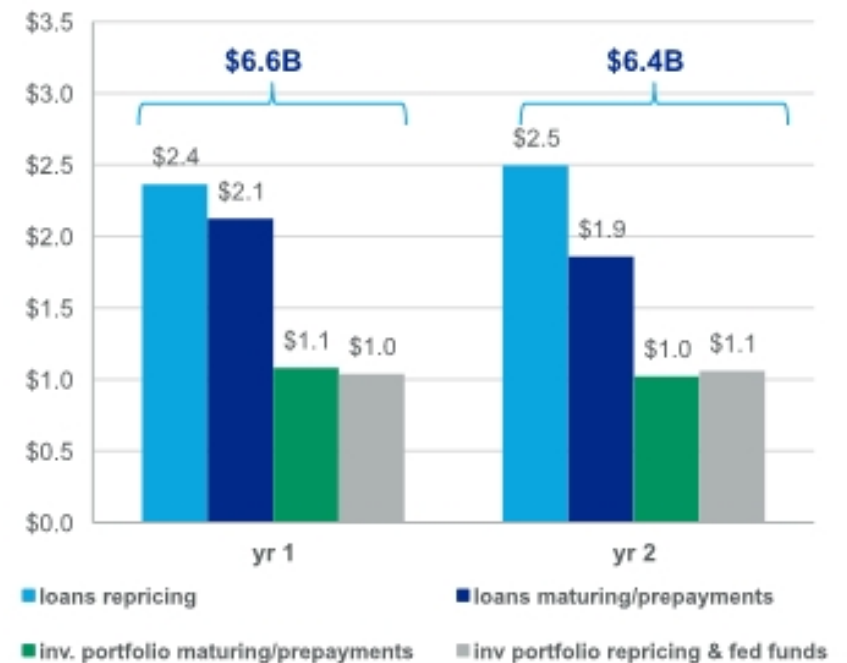
asset sensitive

estimated impact on future annual NII



note: numbers may not add up due to rounding

projected repricing, maturities & prepayments (\$billions)



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)
total revenue	175.1	168.8	167.9	6.2	7.1
noninterest expense	102.9	103.9	96.5	(0.9)	6.4
operating income	72.1	64.9	71.4	7.2	0.7
credit provision	(2.5)	(5.5)	(16.1)	3.0	13.6
income taxes	17.8	15.6	20.0	2.2	(2.2)
net income	\$ 56.9	\$ 54.8	\$ 67.5	\$ 2.0	\$ (10.7)
net income available to common	\$ 54.9	\$ 52.9	\$ 67.5	\$ 2.0	\$ (12.6)
diluted EPS	\$ 1.38	\$ 1.32	\$ 1.68	\$ 0.06	\$ (0.30)
<u>end of period balances</u>					
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)

note: numbers may not add up due to rounding

disciplined expenses

\$ in millions

modest increase in core expenses and steady investment in innovation



note: numbers may not add up due to rounding

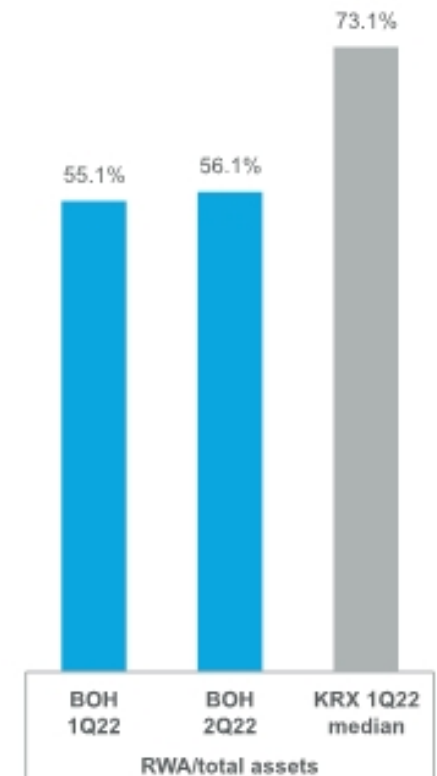
performance metrics

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

note: 2Q22 regulatory capital ratios are preliminary

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

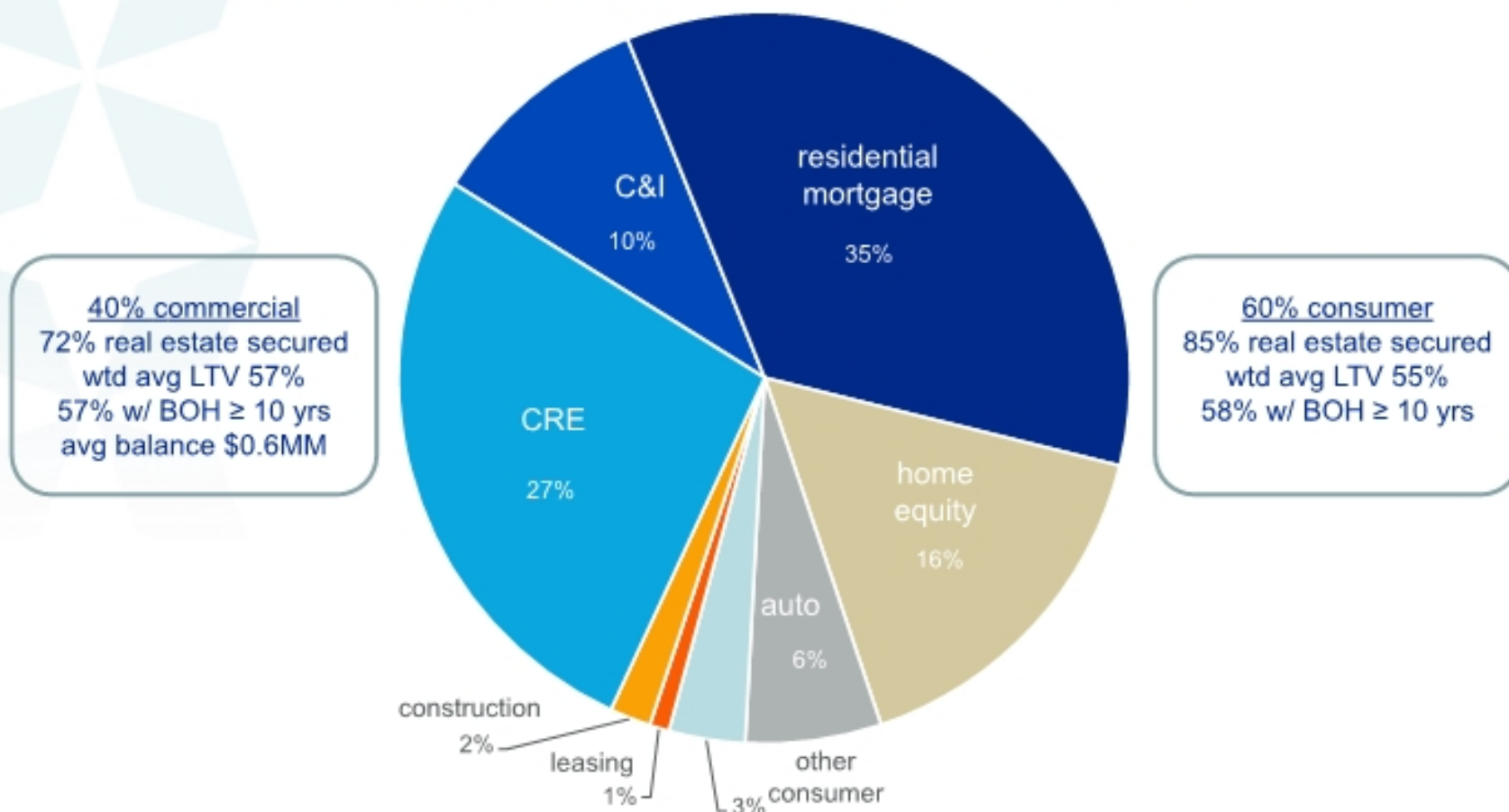
loan portfolio

excluding PPP

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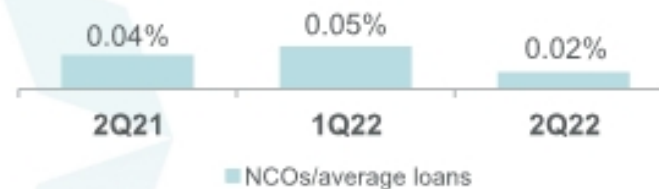
**80% of portfolio secured with quality real estate
with combined weighted average loan to value of 56%**



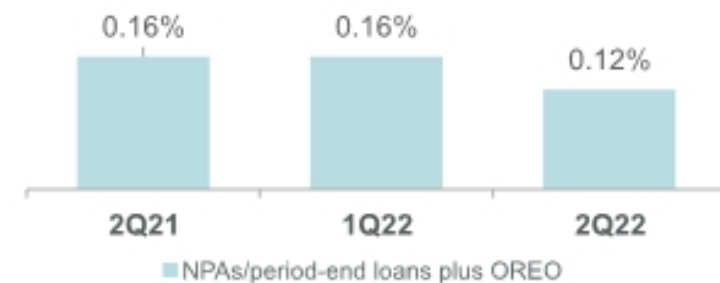
note: excludes \$32MM in PPP loan balances including deferred costs and fees

credit quality

net charge-offs



non-performing assets



delinquencies



criticized

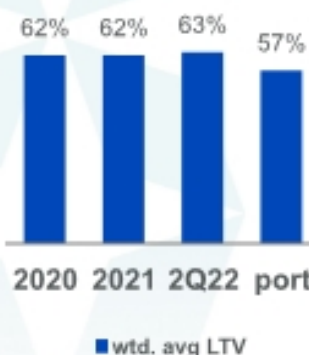


* 73% of total criticized in CRE with 61% wtd avg LTV

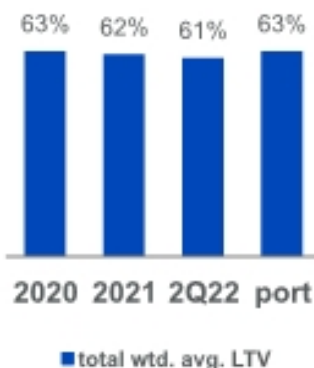
2Q22 - production quality

commercial

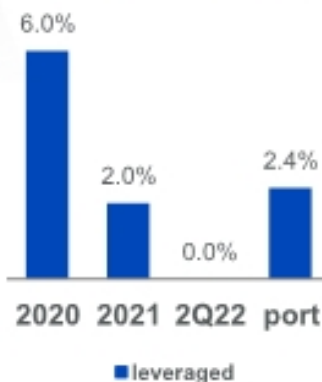
comm. mortg.



construction

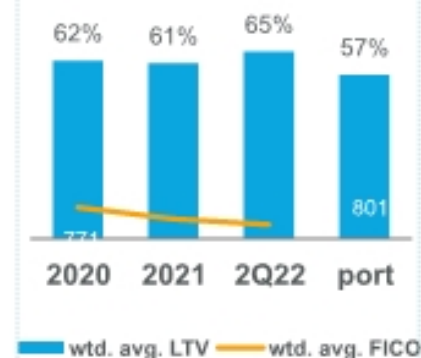


C&I (excl. PPP)

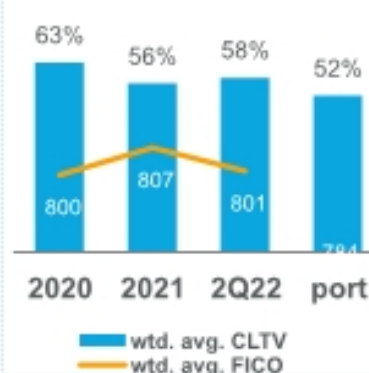


consumer

resi. mortgage



home equity



indirect



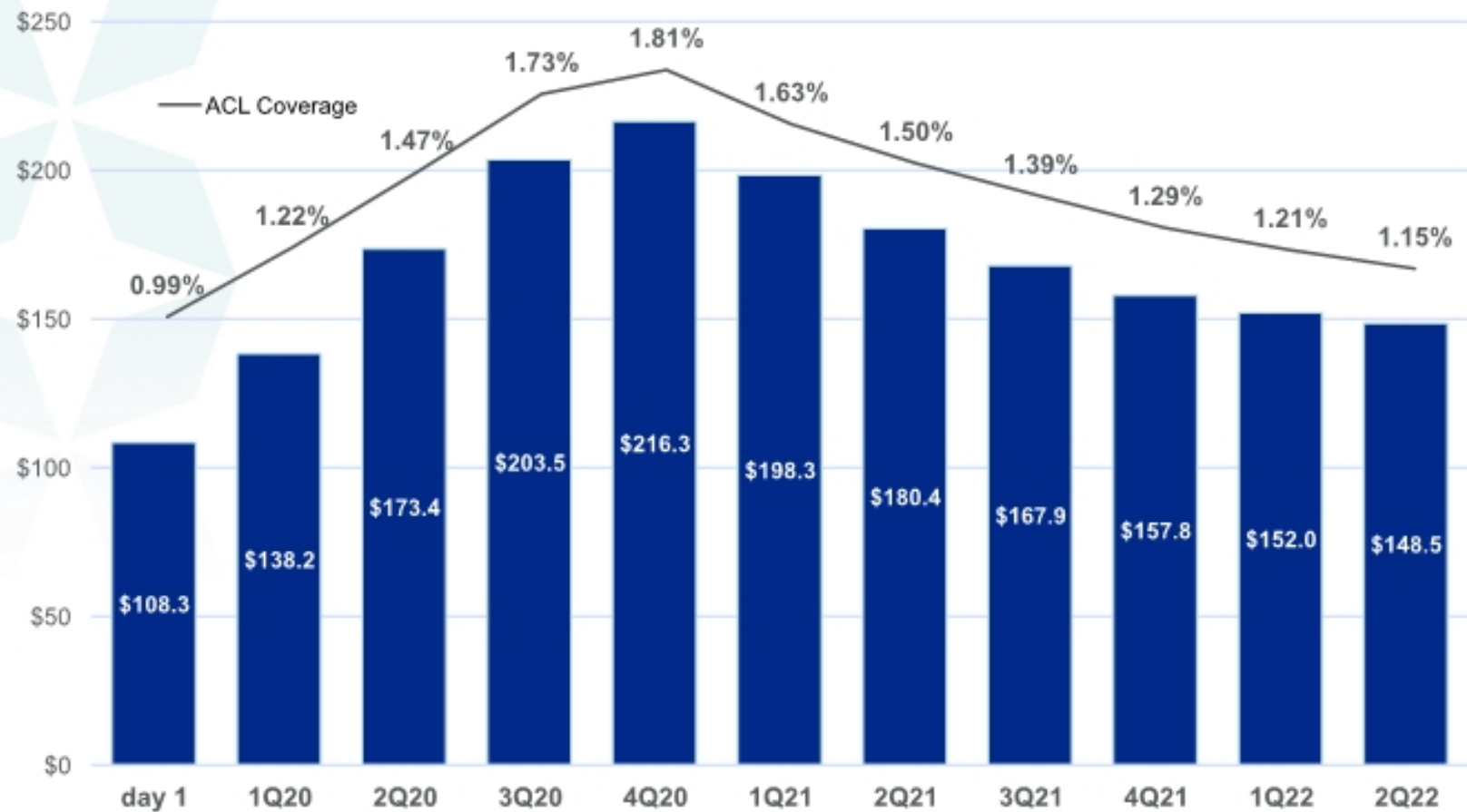
installment



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

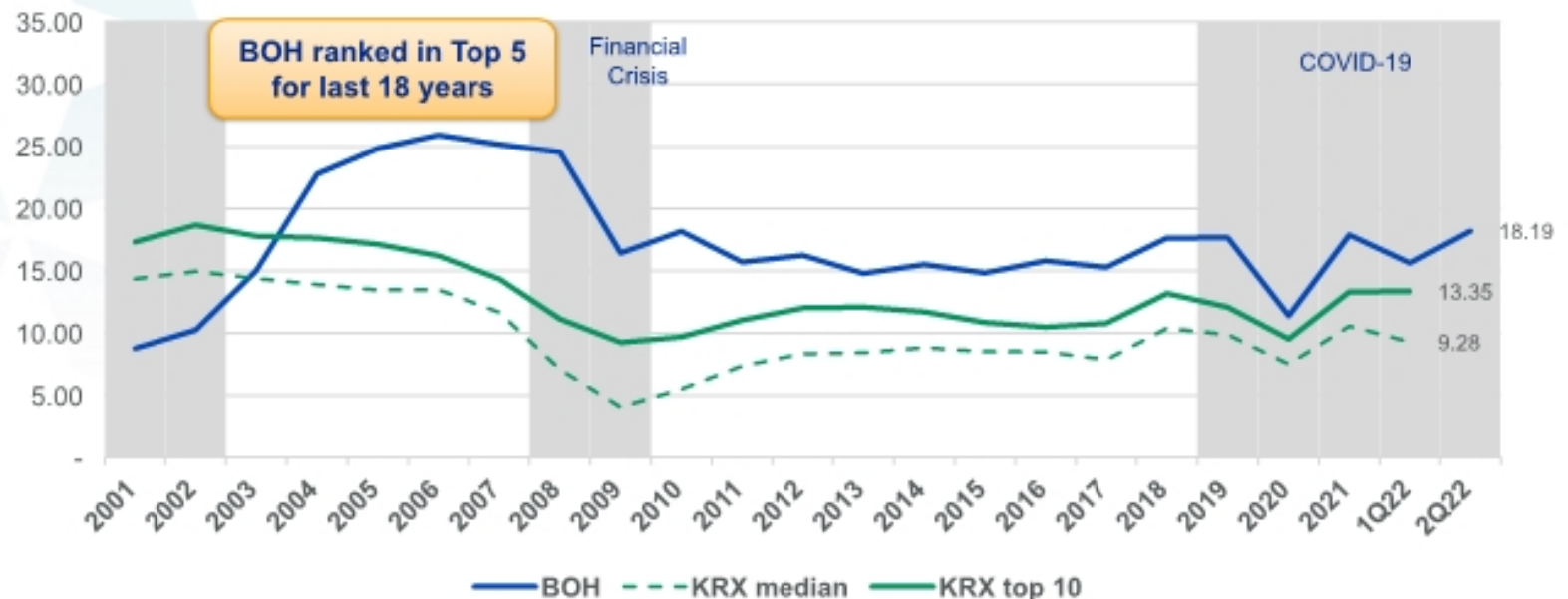
*market leading
brand*

*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



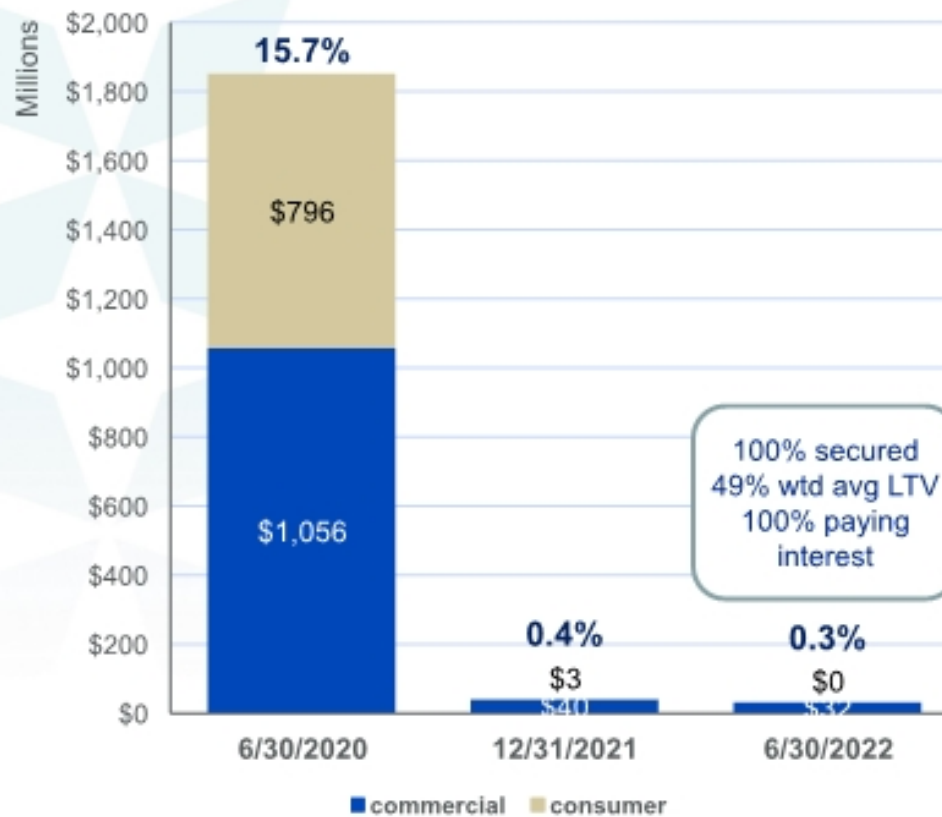
Q & A



appendix

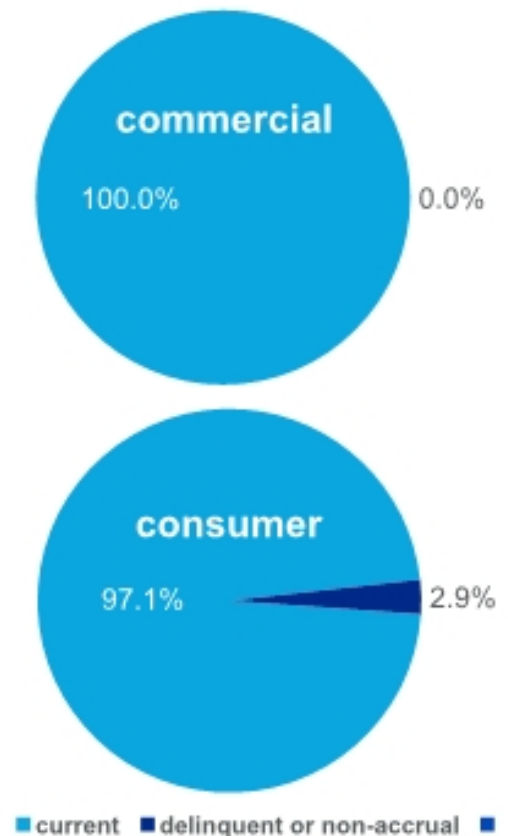
customer relief update

outstanding deferrals



98.2% decline in deferrals since June 30, 2020

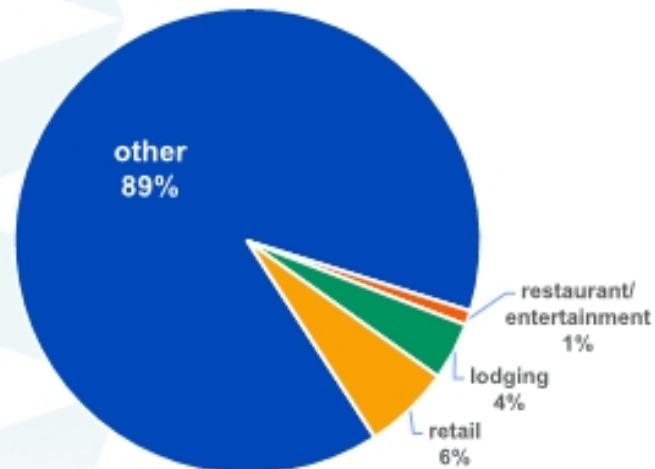
returned to payment



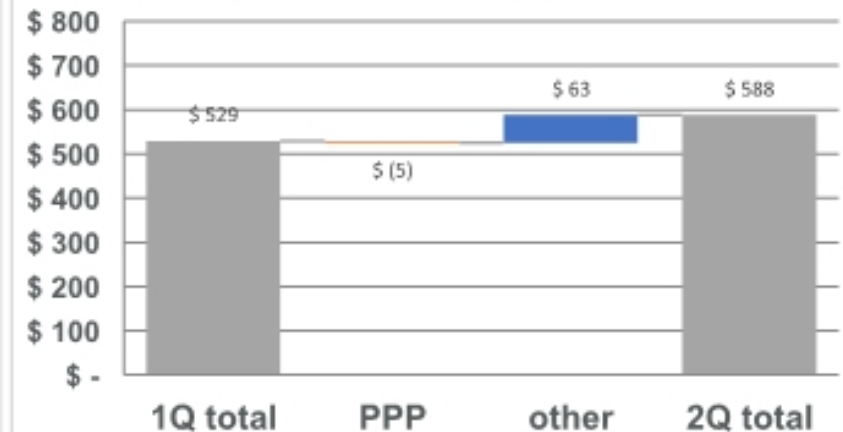
99.0% of former deferrals are current

high risk industries

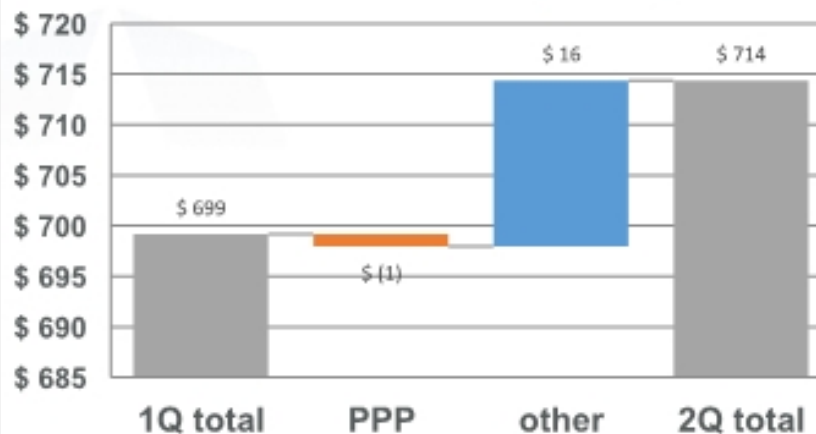
\$1,461 million (11%) / \$1,440 million (11%) excluding PPP



lodging balance increase (2Q v 1Q)



retail balance increase (2Q v 1Q)



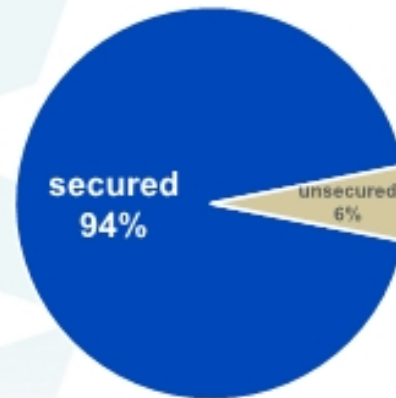
restaurant/entertainment balance increase (2Q v 1Q)



retail

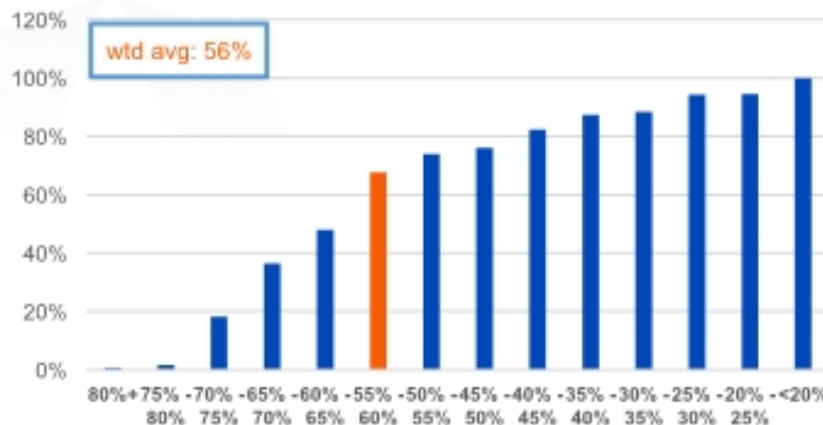
\$714 million (6%) – excluding PPP

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

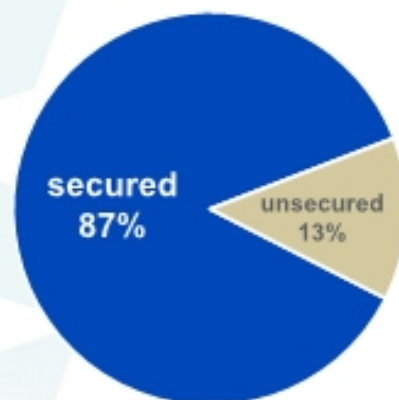


		deferred		
		yes	no	total
secured	yes	0.0%	93.9%	93.9%
	no	0.0%	6.1%	6.1%
	total	0.0%	100.0%	100.0%

lodging

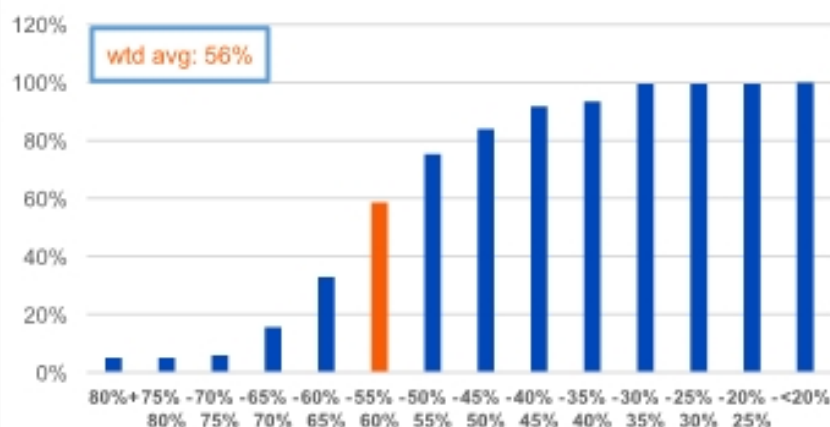
\$577 million (4%) – excluding PPP

real estate secured



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

secured LTV distribution

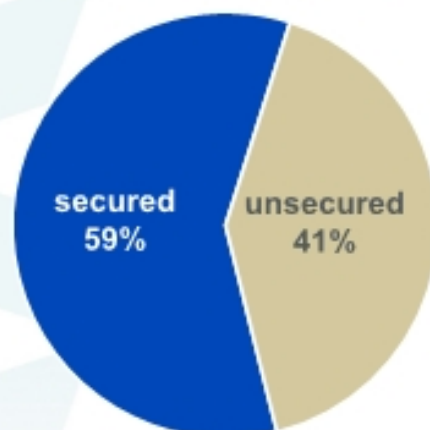


		deferred		
		yes	no	total
secured	yes	5.2%	81.5%	86.6%
	no	0.0%	13.4%	13.4%
	total	5.2%	94.8%	100.0%

restaurant / entertainment

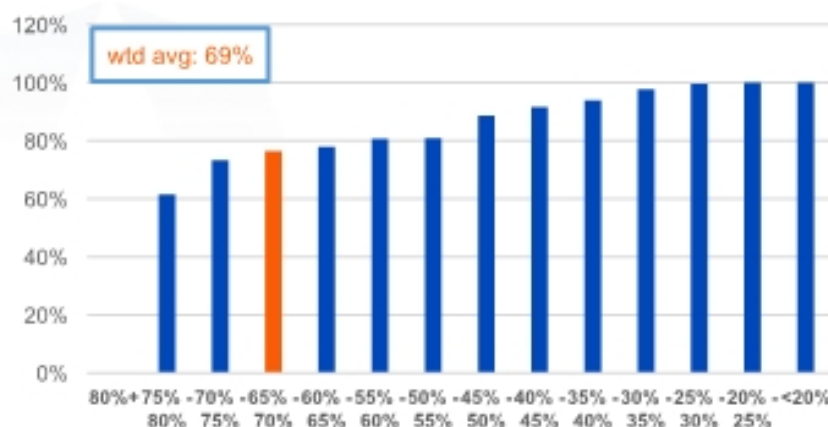
\$149 million (1%) – excluding PPP

real estate secured



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

secured LTV distribution



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