

CENTRAL PACIFIC FINANCIAL

3rd Quarter 2021 Earnings Supplement

October 27, 2021



Forward-Looking Statements

This document may contain forward-looking statements concerning: projections of revenues, expenses, income or loss, earnings or loss per share, capital expenditures, the payment or nonpayment of dividends, capital position, credit losses, net interest margin or other financial items; statements of plans, objectives and expectations of Central Pacific Financial Corp. or its management or Board of Directors, including those relating to business plans, use of capital resources, products or services and regulatory developments and regulatory actions; statements of future economic performance including anticipated performance results from our various business initiatives; or any statements of the assumptions underlying or relating to any of the foregoing. Words such as "believes," "plans," "anticipates," "expects," "intends," "forecasts," "hopes," "targeting," "continue," "remain," "will," "should," "estimates," "may" and other similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

While we believe that our forward-looking statements and the assumptions underlying them are reasonably based, such statements and assumptions are by their nature subject to risks and uncertainties, and thus could later prove to be inaccurate or incorrect. Accordingly, actual results could differ materially from those statements or projections for a variety of reasons, including, but not limited to: the adverse effects of the COVID-19 pandemic virus on local, national and international economies, including, but not limited to, the adverse impact on tourism and construction in the State of Hawaii, our borrowers, customers, third-party contractors, vendors and employees as well as the effects of government programs and initiatives in response to COVID-19; the impact of our participation in the Paycheck Protection Program ("PPP") and fulfillment of government guarantees on our PPP loans; the increase in inventory or adverse conditions in the real estate market and deterioration in the construction industry; adverse changes in the financial performance and/or condition of our borrowers and, as a result, increased loan delinquency rates, deterioration in asset quality, and losses in our loan portfolio; our ability to successfully implement our business initiatives; the impact of local, national, and international economies and events (including natural disasters such as wildfires, volcanic eruptions, hurricanes, tsunamis, storms, earthquakes and pandemic virus and disease, including COVID-19) on the Company's business and operations and on tourism, the military, and other major industries operating within the Hawaii market and any other markets in which the Company does business; deterioration or malaise in domestic economic conditions, including any destabilization in the financial industry and deterioration of the real estate market, as well as the impact of declining levels of consumer and business confidence in the state of the economy in general and in financial institutions in particular; changes in estimates of future reserve requirements based upon the periodic review thereof under relevant regulatory and accounting requirements; the impact of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), changes in capital standards, other regulatory reform and federal and state legislation, including but not limited to regulations promulgated by the Consumer Financial Protection Bureau (the "CFPB"), government-sponsored enterprise reform, and any related rules and regulations which affect our business operations and competitiveness; the costs and effects of legal and regulatory developments, including legal proceedings or regulatory or other governmental inquiries and proceedings and the resolution thereof, the results of regulatory examinations or reviews and the effect of, and our ability to comply with, any regulations or regulatory orders or actions we are or may become subject to; ability to successfully implement our initiatives to lower our efficiency ratio; the effects of and changes in trade, monetary and fiscal policies and laws, including the interest rate policies of the Board of Governors of the Federal Reserve System (the "FRB" or the "Federal Reserve"); inflation, interest rate, securities market and monetary fluctuations, including the anticipated replacement of the London Interbank Offered Rate ("LIBOR") Index and the impact on our loans and debt which are tied to that index; negative trends in our market capitalization and adverse changes in the price of the Company's common stock; political instability; acts of war or terrorism; pandemic virus and disease, including COVID-19; changes in consumer spending, borrowing and savings habits; failure to maintain effective internal control over financial reporting or disclosure controls and procedures; cybersecurity and data privacy breaches and the consequence therefrom; the ability to address deficiencies in our internal controls over financial reporting or disclosure controls and procedures; technological changes and developments; changes in the competitive environment among financial holding companies and other financial service providers; the effect of changes in accounting policies and practices, as may be adopted by the regulatory agencies, as well as the Public Company Accounting Oversight Board, the Financial Accounting Standards Board ("FASB") and other accounting standard setters and the cost and resources required to implement such changes; our ability to attract and retain key personnel; changes in our personnel, organization, compensation and benefit plans; and our success at managing the risks involved in the foregoing items.

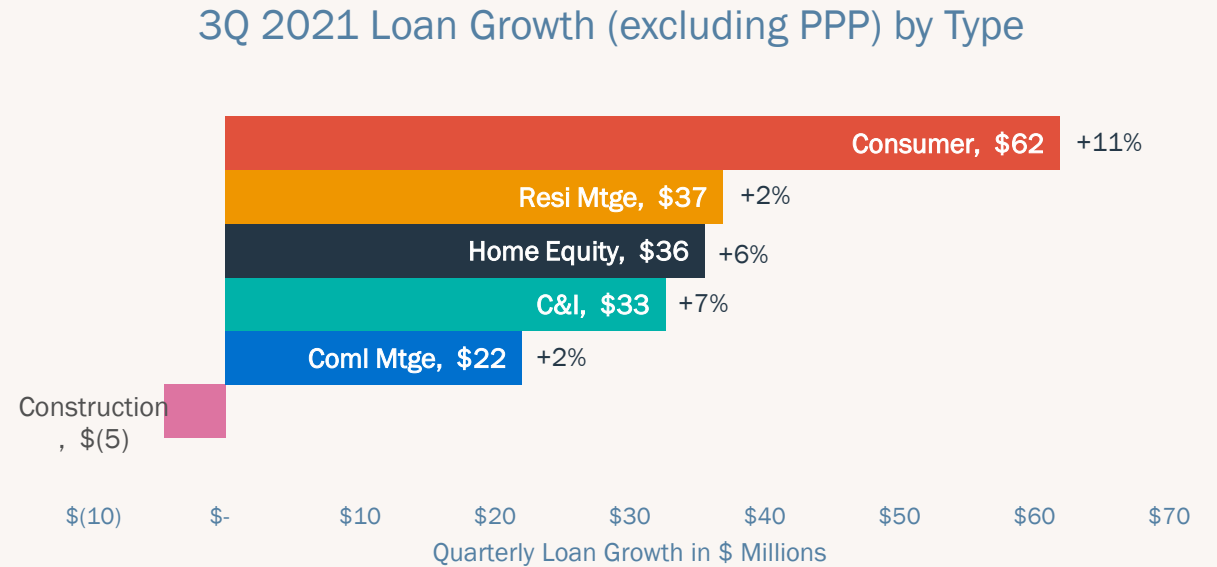
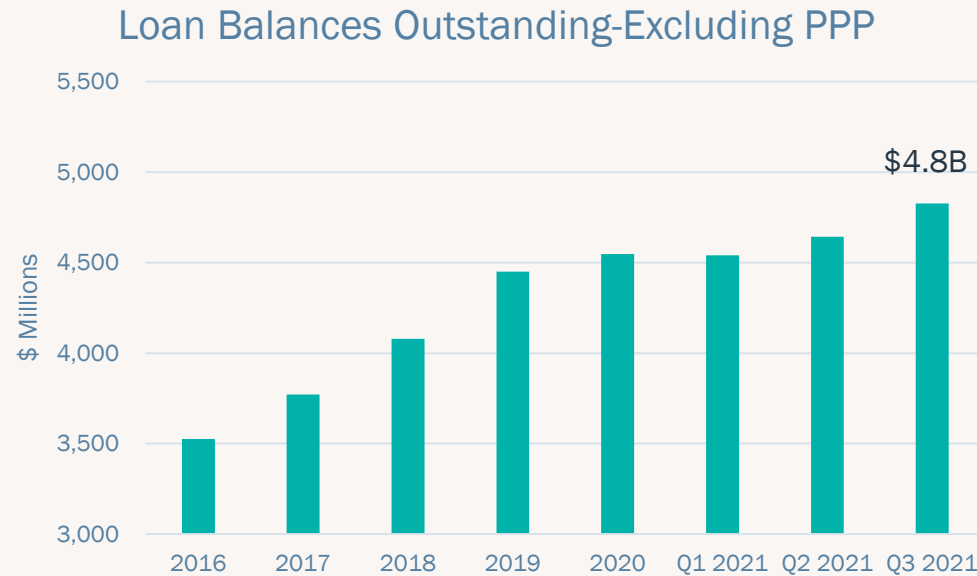
For further information with respect to factors that could cause actual results to materially differ from the expectations or projections stated in the forward-looking statements, please see the Company's publicly available Securities and Exchange Commission filings, including the Company's Form 10-K for the last fiscal year and, in particular, the discussion of "Risk Factors" set forth therein. We urge investors to consider all of these factors carefully in evaluating the forward-looking statements contained in this Form 8-K. Forward-looking statements speak only as of the date on which such statements are made. We undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date on which such statements are made, or to reflect the occurrence of unanticipated events except as required by law.

3rd Quarter 2021 Highlights

- Quarterly net income increased by \$2.1 million from the prior quarter
- Strong core loan and deposit growth
- Net interest margin expansion
- Provision for credit loss release due to forecast and portfolio improvements
- Solid liquidity, asset quality and capital

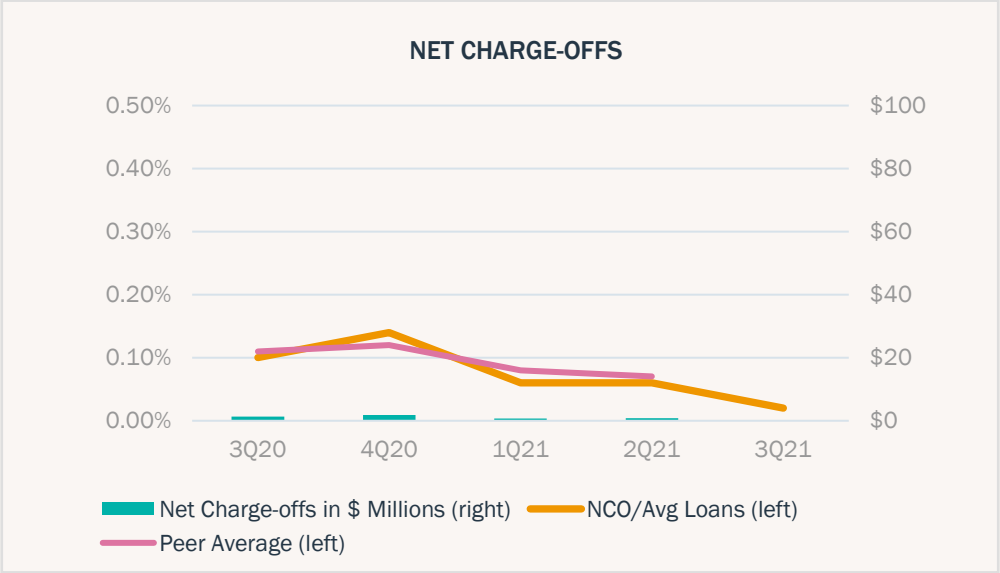
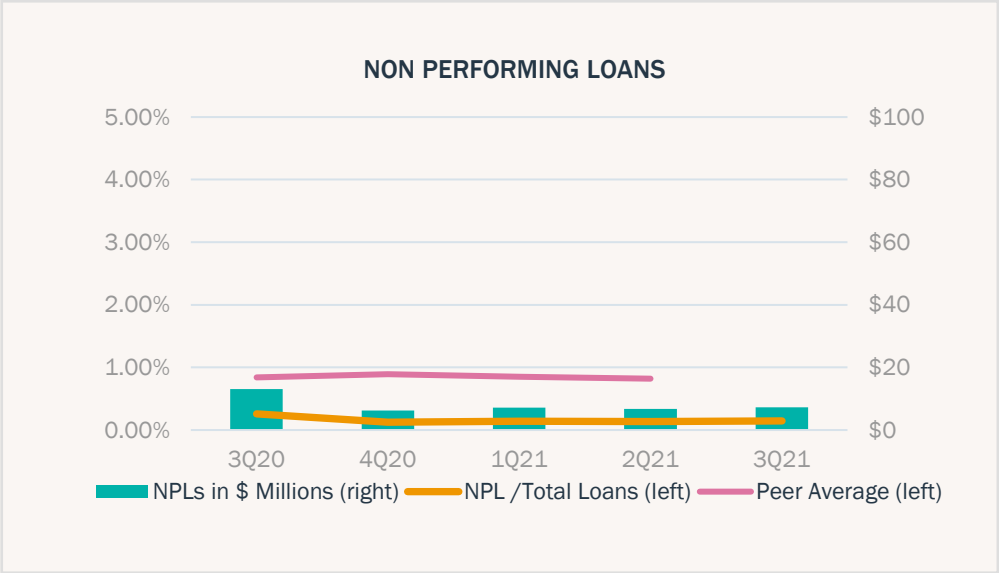
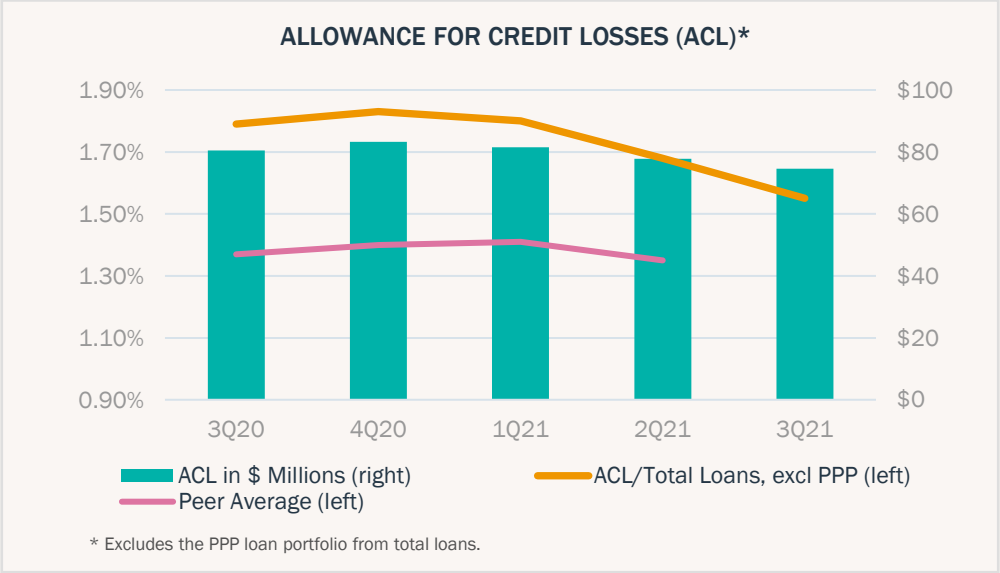
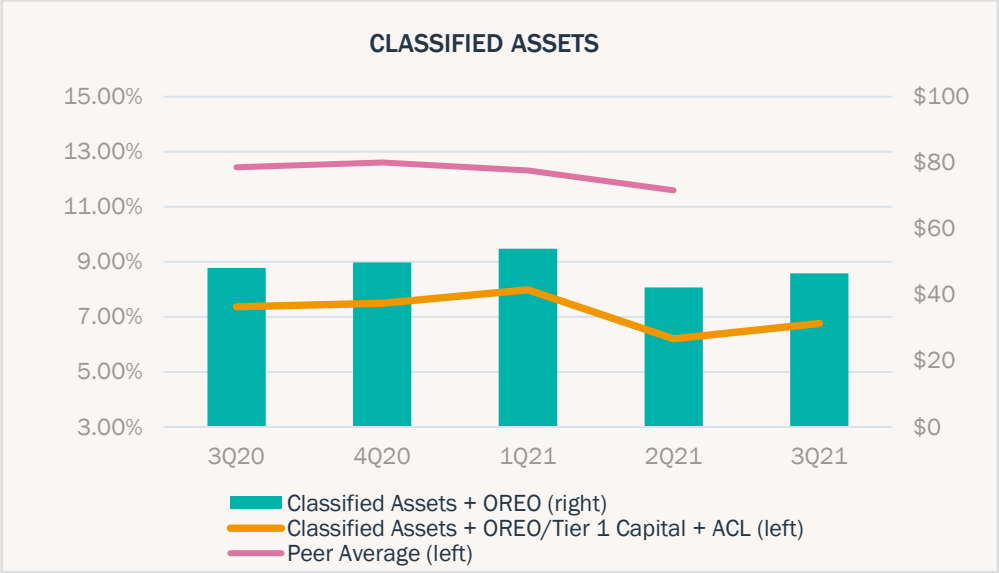
	3Q 2021	2Q 2021
NET INCOME / DILUTED EPS	\$20.8 Million / \$0.74	\$18.7 Million / \$0.66
CORE LOAN GROWTH	+\$184 Million (+4.0%) (excluding PPP)	+\$103 Million (+2.3%) (excluding PPP)
CORE DEPOSIT GROWTH	+\$267 Million (+4.6%)	+\$279 Million (+5.0%)
NET INTEREST MARGIN	3.31% Actual 2.96% Normalized*	3.16% Actual 2.93% Normalized*
EFFICIENCY RATIO	62.3%	66.2%
NPA/TOTAL ASSETS	0.10%	0.09%

Consistent Loan Growth

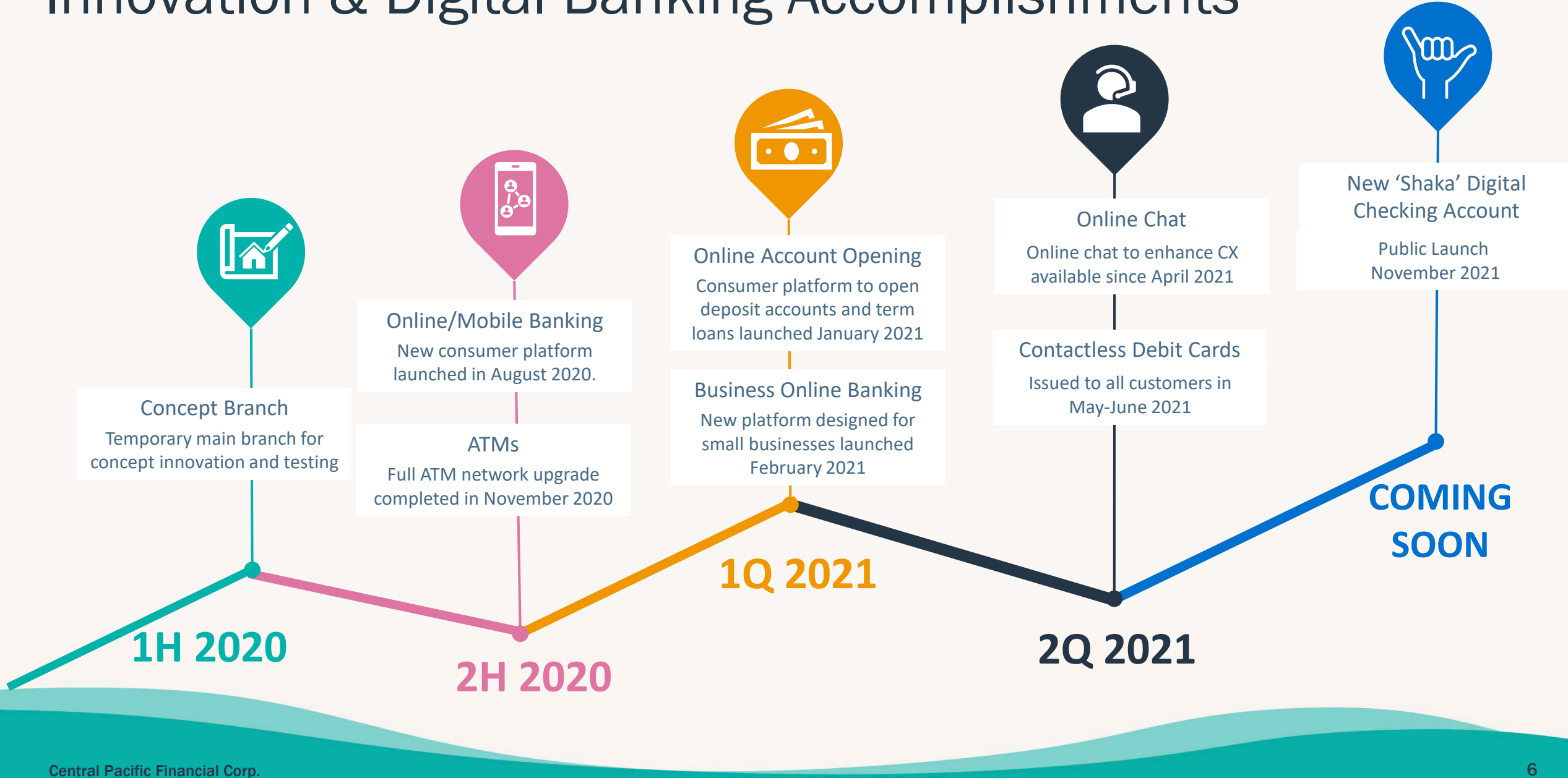


- Core loans (excluding PPP) grew by \$184 million or 4% sequential quarter
- Growth was broad based in all loan categories except construction
- Continue to have strong loan pipeline

Strong Asset Quality




Innovation & Digital Banking Accomplishments



Shaka Digital Checking



 **avian_official** I'm thrilled to announce Central Pacific Bank's new feature the first and only Digital checking account - "Shaka checking" is launching on November 8th. Not to mention the colors are bright and fun, you can handle everything digitally online. The best part is I don't have to go the bank to wait in line, I'm here doing my hike instead - what a time saver

Starting Oct 1st - Nov 7th sign up for your Shaka 🌺 checking account for goodies!! Tote bags, tees, and caps. For more info see more details at //cpb.bank/shaka. Member FDIC.

Facebook - Central Pacific Bank
Twitter/TikTok @cpbhawaii

#shakachecking #shakabycpb



4,749 likes



- Hawaii's first fully digital bank account launches early November 2021
- Exciting social media buzz with over 2,000 on the waitlist
- Market differentiating features:



2 day early
direct deposit
paycheck



Use of any bank
ATMs with fee
refunds



Attractive
interest rate



Open online in
5 minutes

Resilient Hawaii Market

STRENGTHS AND RECOVERY FACTORS

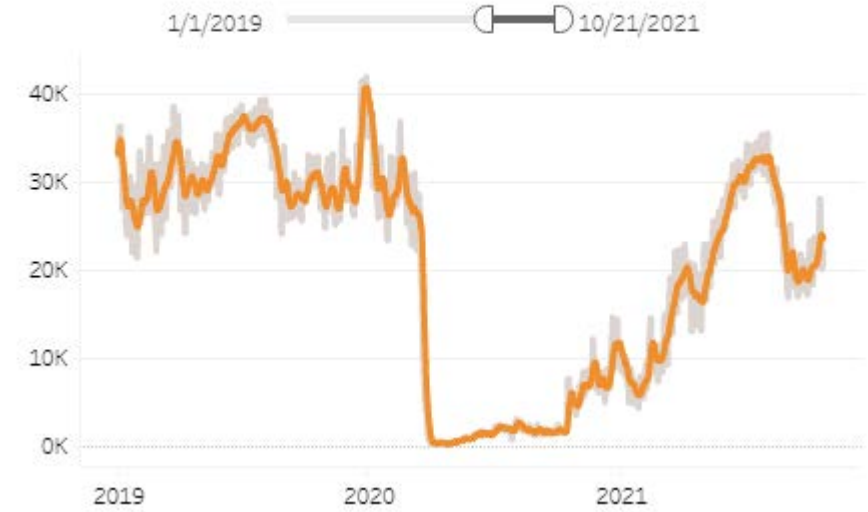
- Notwithstanding the recent uptick in case counts, Hawaii still has the 2nd lowest per capita COVID-19 case rate in the nation¹
- Approximately 70.7% of Hawaii residents are fully vaccinated²
- Visitor arrivals rebounded to nearly pre-pandemic levels in the summer of 2021 but experienced a dip in August-September with the Delta variant. Arrivals most recently have begun trending up again.
- Housing prices remain extremely strong with the Oahu median home sales price exceeding \$1 million in August and September 2021
- Unemployment rate improved to 6.6% in September 2021 compared to a peak of 22% in April 2020

1 Source: Centers for Disease Control (CDC), as of October 21, 2021 (since the beginning of the pandemic).

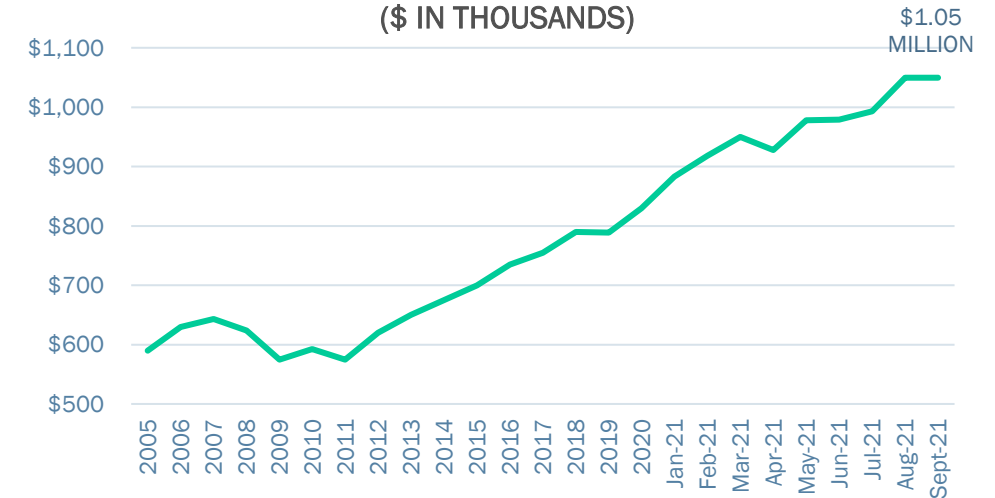
2 Source: Health.Hawaii.gov, as of October 21, 2021.

DAILY PASSENGER COUNTS TO HAWAII*

Historic trends
(daily and 7-day moving average)



OAHU SINGLE FAMILY HOME MEDIAN SALES PRICE
(\$ IN THOUSANDS)



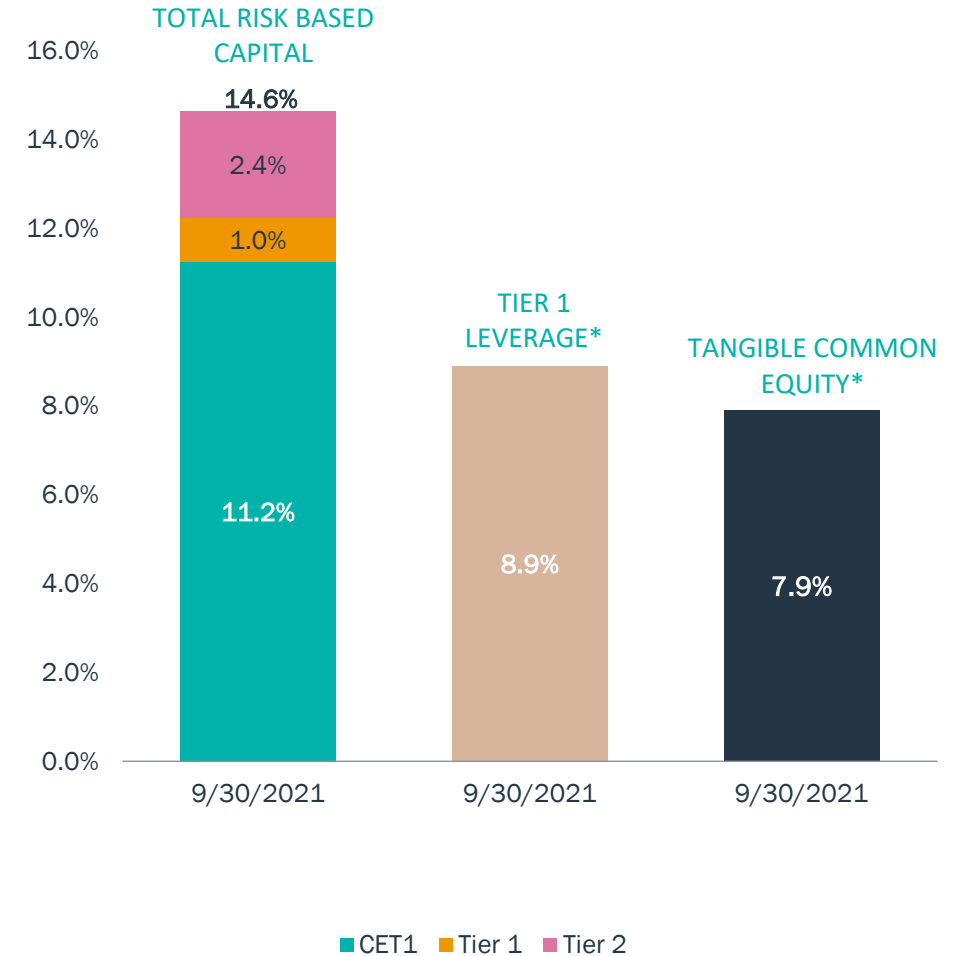
* Source: Department of Business Economic Development & Tourism. Includes visitors, returning residents, and intended residents. Excludes flights from Canada.

Solid Capital Position

STRONG CAPITAL

- Increased quarterly cash dividend by \$0.01 to \$0.25 per share which will be payable on December 15, 2021
- \$230 million capital cushion to the well-capitalized Total RBC minimum of 10% at 9/30/21
- Repurchased 234,700 shares in the 3Q 2021
- YTD through 9/30/21 returned \$30.2 million in capital through share repurchases and cash dividends

Capital Ratios

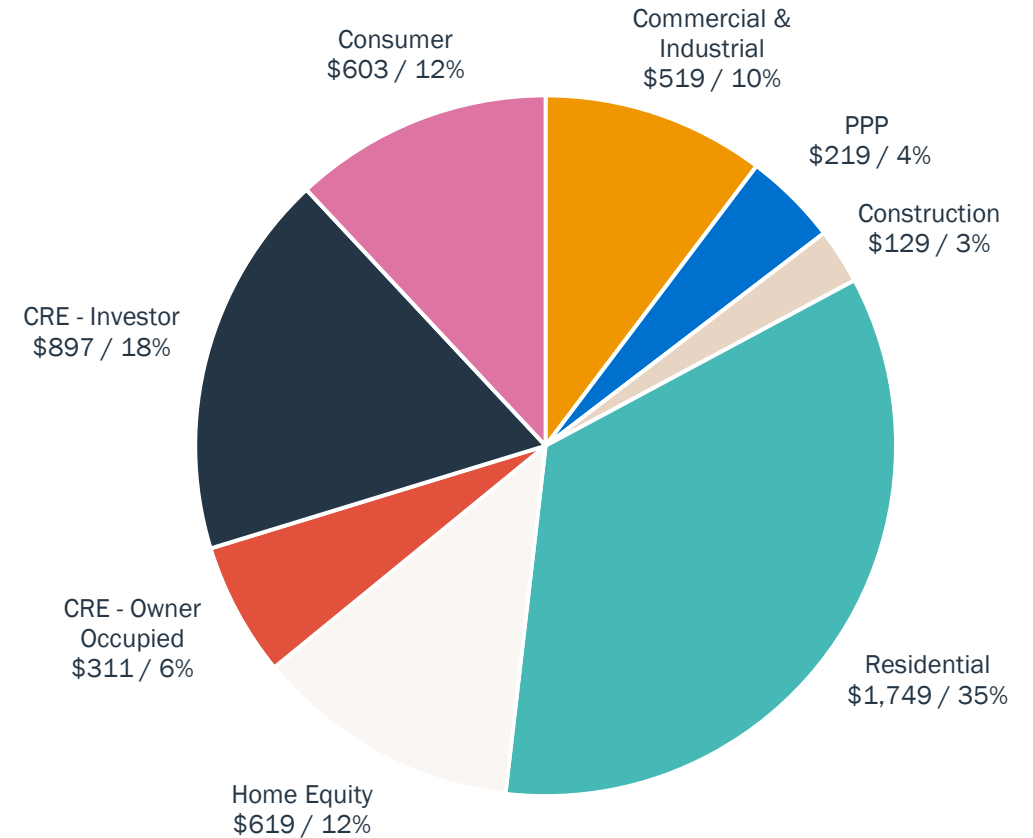


Total Loan Portfolio

LOAN PORTFOLIO HIGHLIGHTS

- Conservative and Diversified Loan Portfolio
 - 41% Commercial
 - 47% Residential
 - 12% Consumer
- Predominantly Hawaii Focused
 - 86% Hawaii
 - 14% Mainland/Guam
- 77% Real Estate Secured (excluding PPP loan balances from total loan portfolio balance)
- Nearly all loan deferrals have returned to pay status with only \$1.3 million in residential and consumer deferrals remaining at 9/30/21

TOTAL LOAN PORTFOLIO OF \$5,046MM
OUTSTANDING BALANCE AS OF 9/30/2021
\$ IN MILLIONS



Note: Totals may not sum due to rounding.

Mahalo

Appendix



SBA Paycheck Protection Program (PPP)

IN \$ MILLIONS (except for loan count) As of 9/30/21	ROUND 1 & 2 (2020)	ROUND 3 (2021)
FUNDED \$/COUNT	\$558.9 ~7,200 LOANS	\$320.9 ~4,600 LOANS
FORGIVENESS/ PAYDOWNS TO DATE	\$522.2	\$131.0
EARNED NET FEES TO DATE	\$18.7	\$9.8
UNEARNED NET FEES 9/30/21	\$0.4	\$7.5
NET BALANCE AT 9/30/21	\$36.3	\$182.4



Environmental, Social & Governance (ESG)

2020 ESG report can be viewed here:

<https://www.cpb.bank/esg>

Includes the 4 pillars below:

- **Corporate Governance** - Protect and enhance the interests of shareholders, with strong Board and executive leadership, and sound corporate governance and risk management practices.
- **Support the Community** - Be a leader in support of small business and in philanthropic initiatives across Hawaii.
- **Support of Employees** - Recruit and retain an exceptional, diverse workforce and maintain commitment to the health, well-being and success of these employees.
- **Environmental Initiatives** - Preserve the natural resources of our islands by implementing energy efficiency and other “green” practices across the organization, and setting targets to increase our customer base and financing in projects in the renewable energy and climate change adaptation sectors.



Non-GAAP Financial Measures - Excluding PPP

The Company believes the following non-GAAP financial measures provides useful information about our operating results and enhances the overall understanding of our past performance and future performance. Investors should consider our performance and financial condition as reported under GAAP and all other relevant information when assessing our performance or financial condition.

In \$ Millions	Sep. 30, 2021 Actual	PPP Exclusions ¹	Sep. 30, 2021 Adjusted
<u>Quarter-ended 9/30/21:</u>			
Net Interest Income ²	\$ 56.2	\$ (8.6)	\$ 47.6
Total Avg. Interest-Earning Assets	\$ 6,761.6	\$ (330.4)	\$ 6,431.2
Net Interest Margin ³	3.31%		2.96%
Tangible Common Equity	\$ 555.4		\$ 555.4
Total Assets	\$ 7,298.2	\$ (218.7)	\$ 7,079.5
Tangible Common Equity Ratio	7.61%		7.85%
Tier 1 Capital	\$ 613.1		\$ 613.1
Average Assets for Lev. Ratio	\$ 7,206.7	\$ (330.4)	\$ 6,876.3
Leverage Capital Ratio	8.51%		8.92%

1. Net interest income excludes PPP interest income less an assumed funding cost of 0.25% and PPP net loan fee income; Total Avg. Interest-Earning Assets excludes average PPP loan balances; Total Assets excludes period-end PPP loan balance; Average Assets excludes average PPP loan balances.
2. Net interest income shown on a taxable equivalent basis.
3. Net interest margin calculation annualizes net interest income based on the day count interest payment conventions at the interest-earning asset or interest-bearing liability level (i.e. 30/360, actual/actual).