CENTRAL PACIFIC FINANCIAL

4th Quarter 2023 Earnings Supplement

January 31, 2024

Forward-Looking Statements

This document may contain FLS 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. (the "Company") 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 business initiatives; or any statements of the assumptions underlying or relating to any of the foregoing. Words such as "believe," "plan," "anticipate," "expect," "intend," "forecast," "hope," "target," "continue," "remain," "estimate," "will," "should," "may" and other similar expressions are intended to identify FLS but are not the exclusive means of identifying such statements.

While we believe that our FLS 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 effects of inflation and interest rate fluctuations; the adverse effects of recent bank failures and the potential impact of such developments on customer confidence, deposit behavior, liquidity and regulatory responses thereto; the adverse effects of the COVID-19 pandemic virus (and ongoing pandemic variants) 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; supply chain disruptions; 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 and achieve the objectives of our Banking-as-a-Service ("BaaS") initiatives, including adoption of the initiatives by customers and risks faced by any of our bank collaborations including reputational and regulatory risk; the impact of local, national, and international economies and events (including natural disasters such as wildfires, volcanic eruptions, hurricanes, tsunamis, storms, earthquakes and pandemic viruses and diseases) 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 and lawsuits we are or may become subject to, 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"); securities market and monetary fluctuations, including the impact resulting from the elimination of the London Interbank Offered Rate ("LIBOR") 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; changes in consumer spending, borrowings and savings habits; cybersecurity and data privacy breaches and the consequence therefrom; failure to maintain effective internal control over financial reporting or disclosure controls and procedures; 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 ("PCAOB"), 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 FLS, please see the Company's publicly available Securities and Exchange Commission filings, including the Company's Forms 10-Q and 10-K for the current and 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 FLS contained in this document. FLS speak only as of the date on which such statements are made. We undertake no obligation to update any FLS 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.

4th Quarter 2023 Financial Highlights

- Growth in net income and PPNR QoQ
- Solid liquidity position with sizable cash position, and modest loan and deposit portfolio decline
- Strong capital and asset quality
- Completed balance sheet repositioning to consolidate properties and restructure a portion of the investment securities portfolio
- Quarterly cash dividend maintained at $0.26

	4Q23	3Q23	2023Y
NET INCOME / DILUTED EPS	$14.9MM / $0.55	$13.1MM / $0.49	$58.7MM / $2.17
PPNR	$23.8MM	$22.4MM	$92.5MM
RETURN ON ASSETS (ROA)	0.79%	0.70%	0.78%
RETURN ON EQUITY (ROE)	12.55%	10.95%	12.38%
TOTAL LOAN GROWTH/DECLINE	-$69.7MM (-1.3%)	-$12.0MM (-0.2%)	-$116.5MM (-2.1%)
TOTAL DEPOSIT GROWTH/DECLINE	-$27.2MM (-0.4%)	+$69.0MM (+1.0%)	+$111.4MM (+1.7%)
NET INTEREST MARGIN (NIM)	2.84%	2.88%	2.94%

4Q Balance Sheet Repositioning Summary

- Completed investment portfolio restructuring which is expected to add $0.7 million to annual pre-tax income
  - Sold available-for-sale debt securities with a book value of $30.0 million, weighted average yield of 3.3%, weighted average duration of 3.4 years, and recognized a loss of $1.9 million.
  - Purchased $28.3 million in debt securities with a weighted average yield of 5.7% and weighted average duration of 2.5 years.
  - Estimated earn-back period of approximately 2.8 years.

- Terminated a lease for a branch that was consolidated, and incurred a one-time expense of $2.3 million
  - Expected future annual expense savings of approximately $0.7 million.

- Consolidated office space by selling an office real estate property and realized a net gain on sale of $5.1 million
  - Expected future annual expense savings of approximately $0.6 million.

$ Millions	One-time Impact	Annual Go-Forward Impact
Investment Securities Restructuring	(1.9) [1]	0.7
Branch Lease Termination	(2.3) [2]	0.7
Sale and Consolidation of Office Real Estate	5.1 [1]	0.6
Total Income Statement Impact	0.9	2.0

1 Included in Other Operating Income in 4Q23
2 Included in Other Operating Expense in 4Q23

Resilient Hawaii Economy



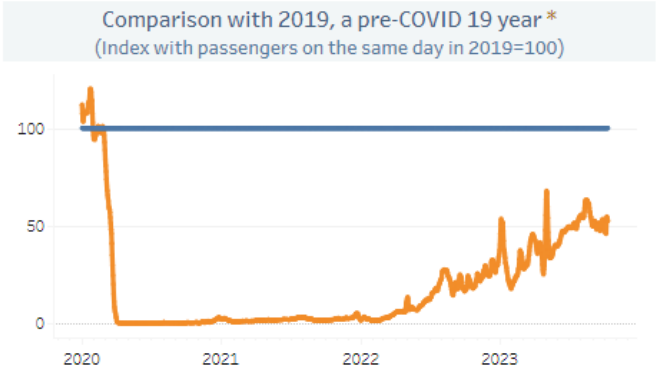
Employment	Tourism	Housing
Unemployment Rate December 2023	Visitor arrivals compared to pre-pandemic	Oahu Median Single-Family Home Price December 2023
2.9% [1]	90% [1]	$1.0MM [2]

1 Source: Hawaii Department of Business, Economic Development & Tourism. Tourism represents total visitor arrivals in December 2023 compared to December 2019.
2 Source: Honolulu Board of Realtors.

FACTORS FOR A FAVORABLE HAWAII OUTLOOK

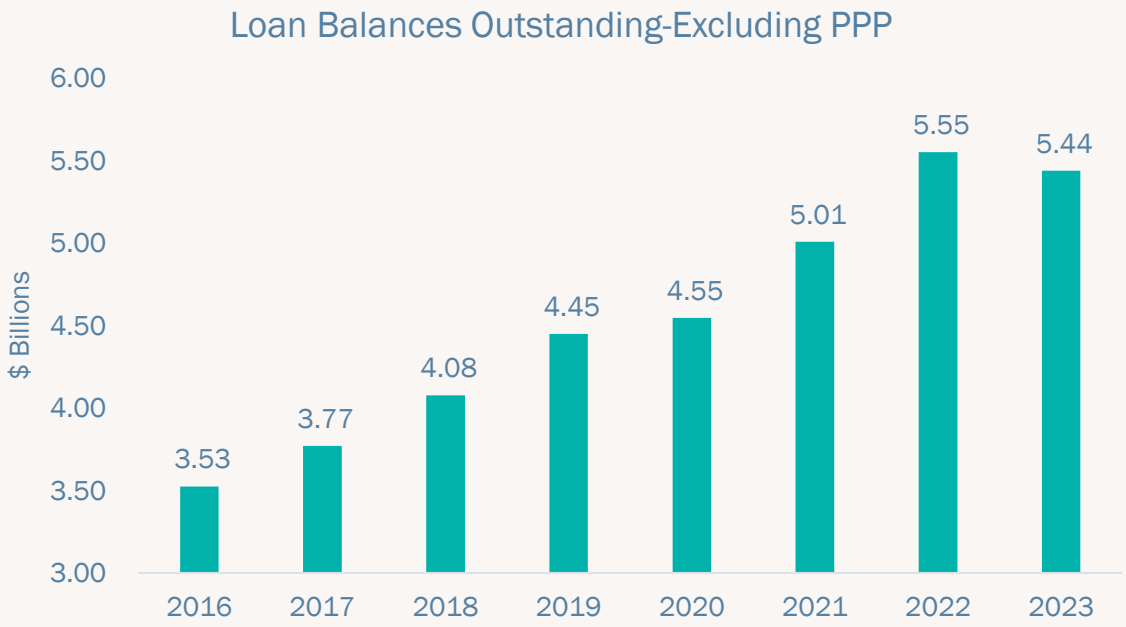
- Maui tourism recovery faster than anticipated
- Japanese visitor return increasing, currently at ~49% of pre-pandemic levels

Visitors from Japan to Hawaii[1]

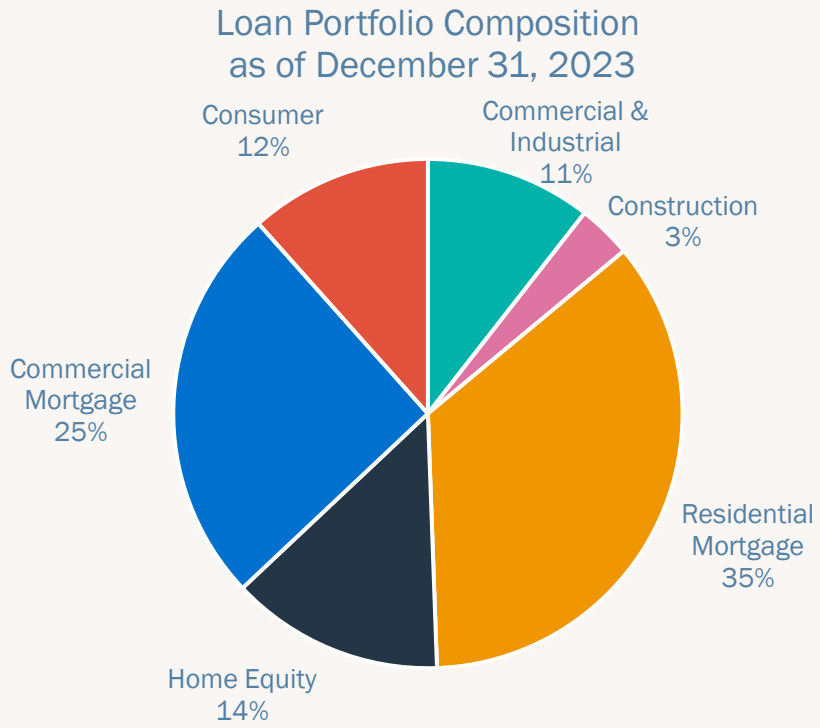


- Low unemployment and strong real estate market
- Substantial Federal government contracts and military investments
- Increase in public and private investments to address housing shortage

Diversified Loan Portfolio



Conservative loan growth in the current environment



Strong and diverse loan portfolio, with over 75% secured by real estate

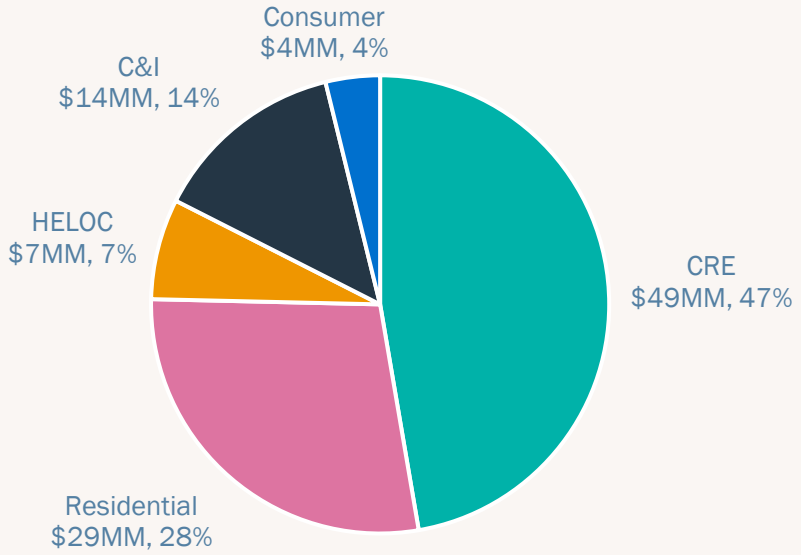
Lahaina, Maui Loan Exposure

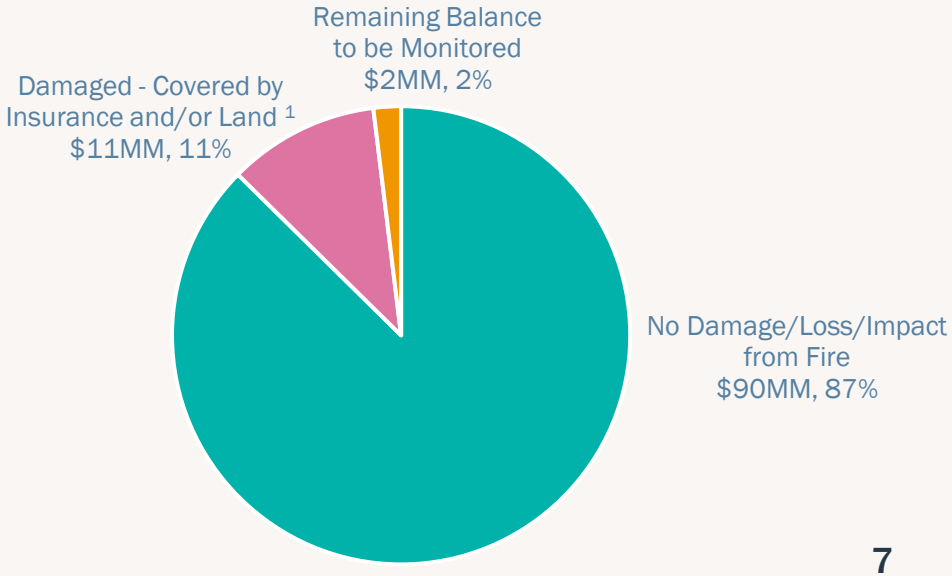
Exposure is manageable and with mitigating factors, losses are not anticipated to be material

- Loan Payment Deferral Programs being offered for all loan types for those impacted by the wildfire.
- As of 12/31/23, 3- to 6-month loan payment deferrals processed on 146 loans with outstanding balances totaling $32 million on the island of Maui.
- CRE, Residential, and HELOC loans require fire hazard insurance coverage.
- C&I loans require business interruption insurance. FEMA/SBA disaster relief assistance is available.
- Consumer loans may be supported by State/FEMA unemployment benefits.

Lahaina, Maui Exposure Composition
as of December 31, 2023

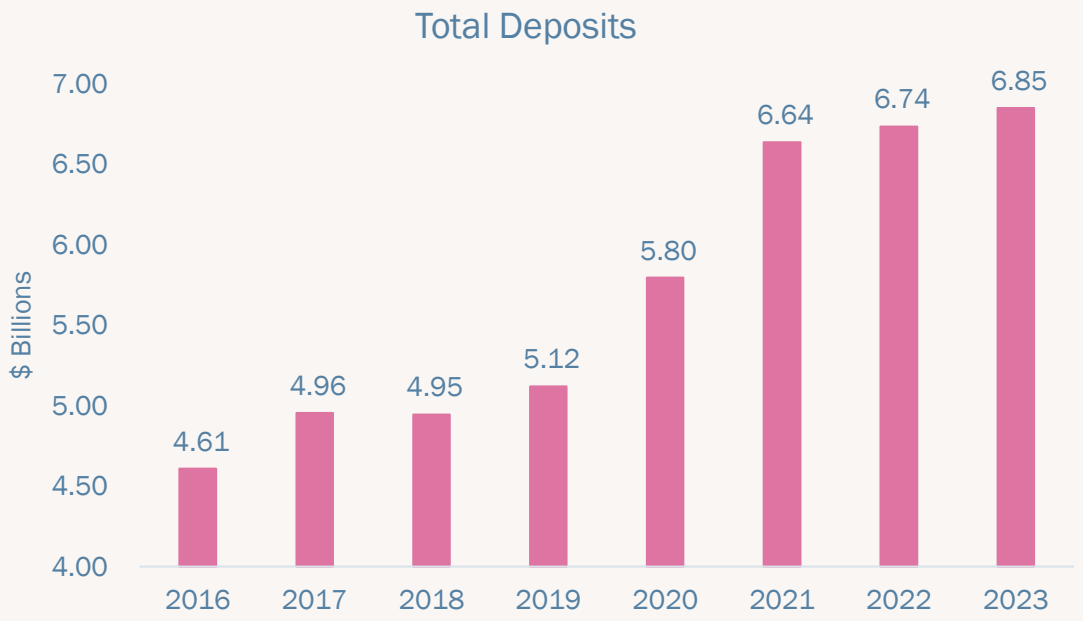
Total Outstanding Balance of $103MM (1.9% of Total Loans)



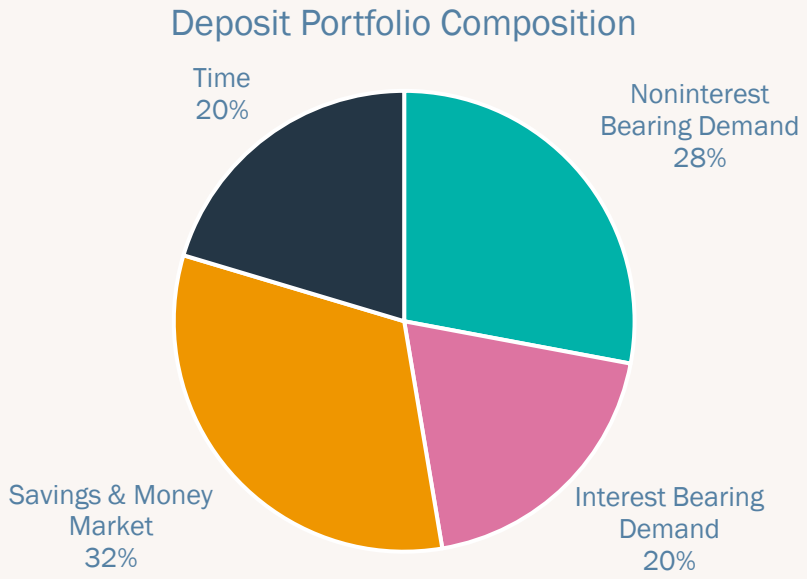


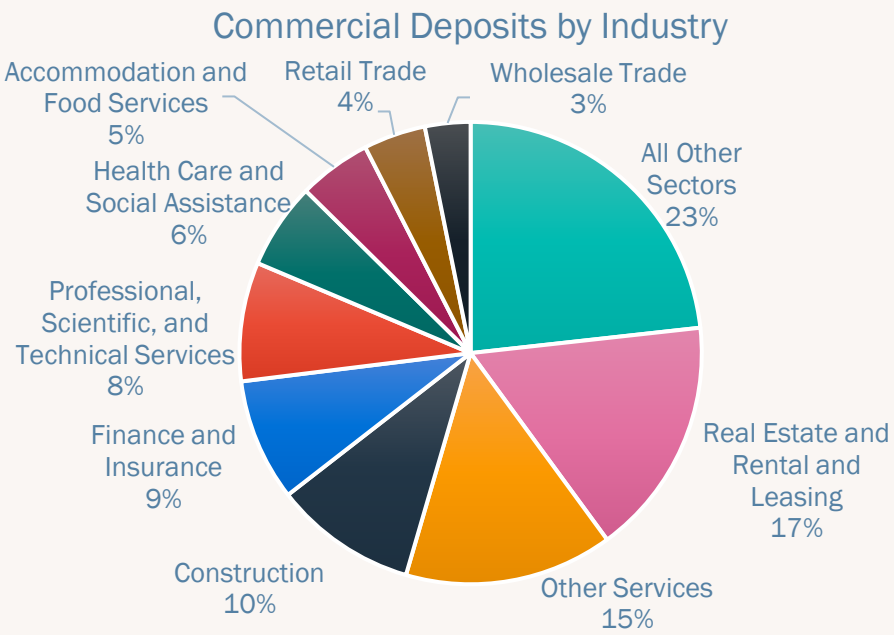
1 Based on 2023 land tax assessed value

Relationship Deposits – Diversified & Granular



Deposit balances increased by $111.4MM in 2023

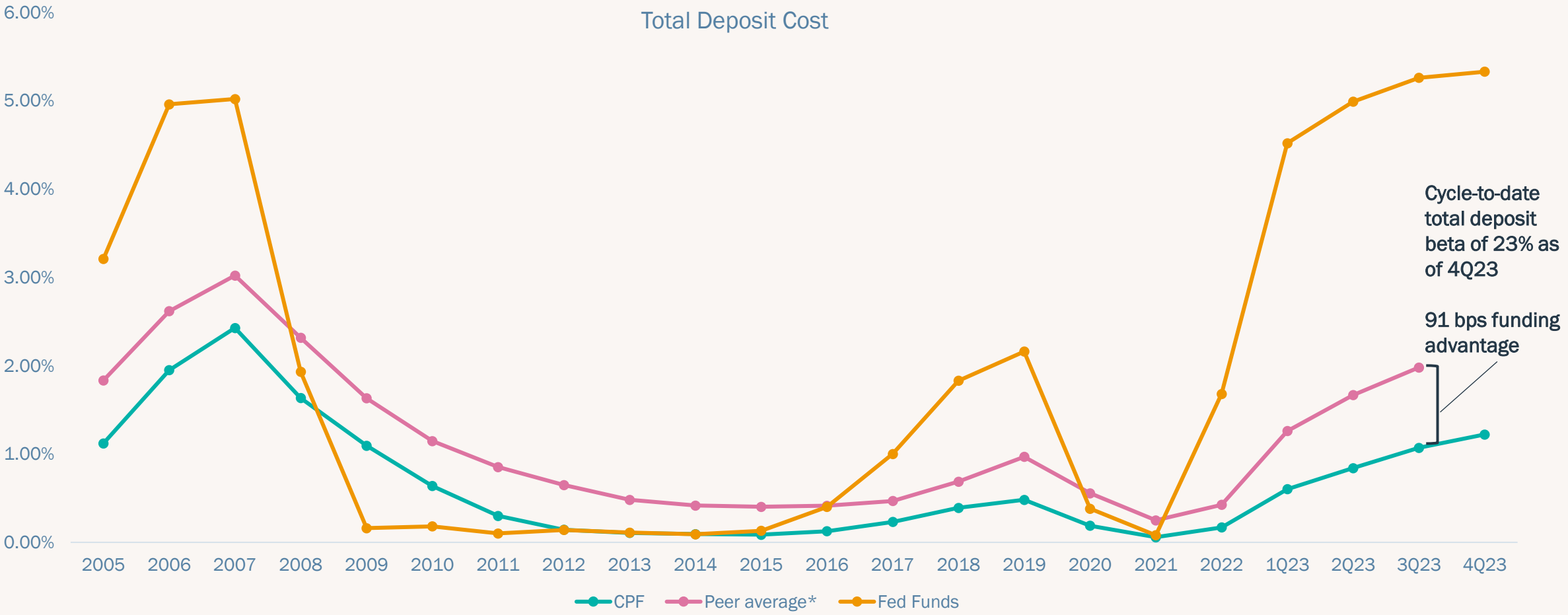




- **58%** of deposits FDIC insured; **65%** including collateralized deposits
- **56%** Commercial / **44%** Consumer
- Long-tenured: **52%** with CPB 10 years or longer
- Average consumer account balance **$19,000**
- Average commercial account balance **$109,000**
- No brokered deposits

CPF Deposit Cost Advantage

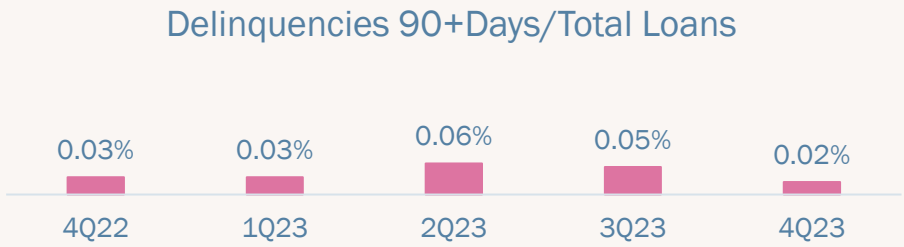
High valued deposit franchise with proven history of funding cost advantage

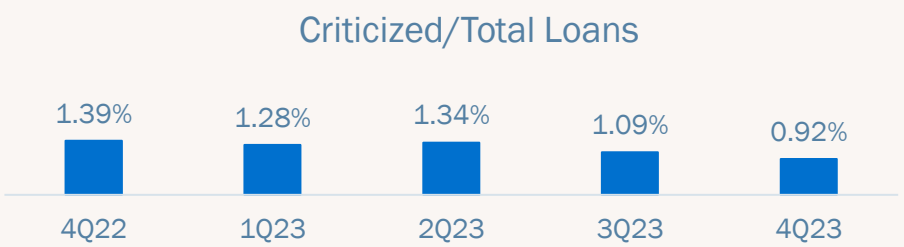


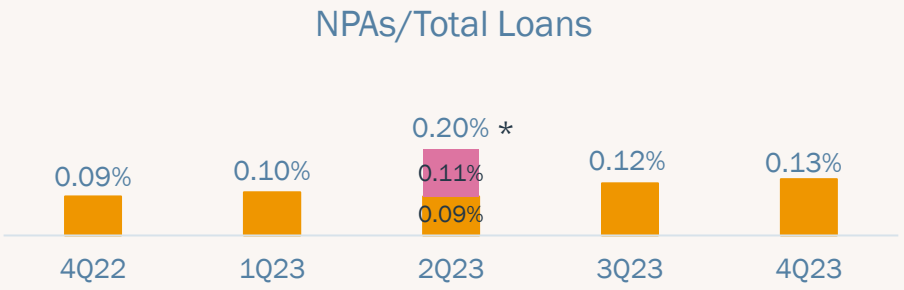
* Public banks $3-10 billion in total assets as of 3Q23. Source: S&P Global.

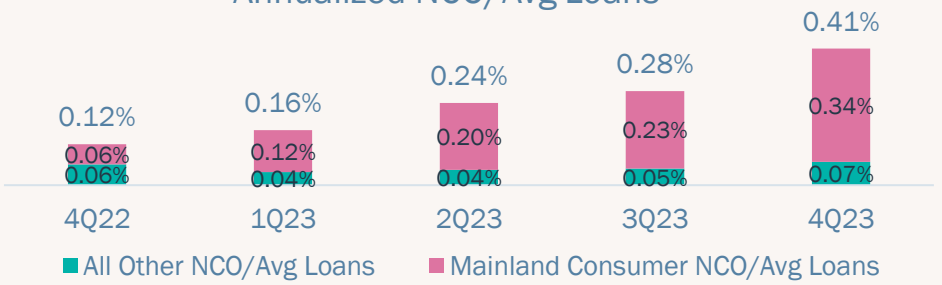
Strong Asset Quality

Strong credit risk management continues to drive low levels of problem assets









* NPA increase relates to 2 Hawaii construction loans to a single borrower that subsequently paid off in full in mid-July 2023. 2Q23 NPAs/Total Loans ratio is 0.11% excluding the 2 Hawaii construction loans mentioned above.

Allowance for Credit Losses

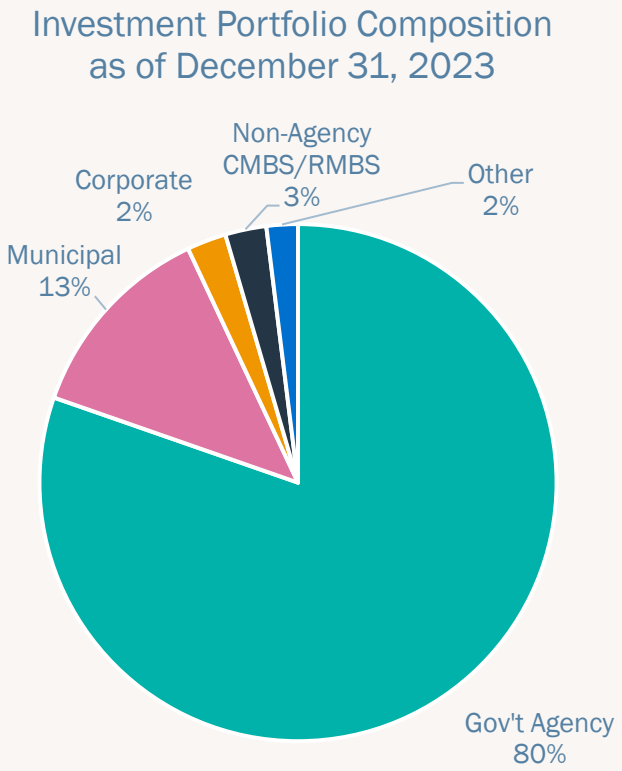
- $5.0MM provision for credit loss on loans in 4Q23 driven by net charge-offs, offset by a credit of $0.3MM to the reserve for unfunded commitments, for a total provision for credit loss of $4.7MM
- ACL coverage ratio increased to 1.18% for 4Q23

$ Millions	4Q22	1Q23	2Q23	3Q23	4Q23
Beginning Balance	64.4	63.7	63.1	63.8	64.5
Less: Net Charge-offs (Recoveries)	1.7	2.3	3.4	3.9	5.5
Plus: Provision (Credit) for Credit Losses	1.0	1.6	4.1	4.5	5.0
Ending Balance	63.7	63.1	63.8	64.5	64.0
Coverage Ratio (ACL to Total Loans)	1.15%	1.14%	1.16%	1.17%	1.18%

Note: Totals may not sum due to rounding.

High Quality Securities Portfolio

- $1.3B or 17% of total assets
- 92% AAA rated
- Portfolio mix: AFS 51% / HTM 49%
- Portfolio unrealized loss: HTM $67.2MM (down $41.0MM QoQ)/ AFS $107.7MM (down $39.4MM QoQ)
- Total portfolio unrealized loss $174.9MM (down $80.4MM QoQ) vs $503.8MM book equity



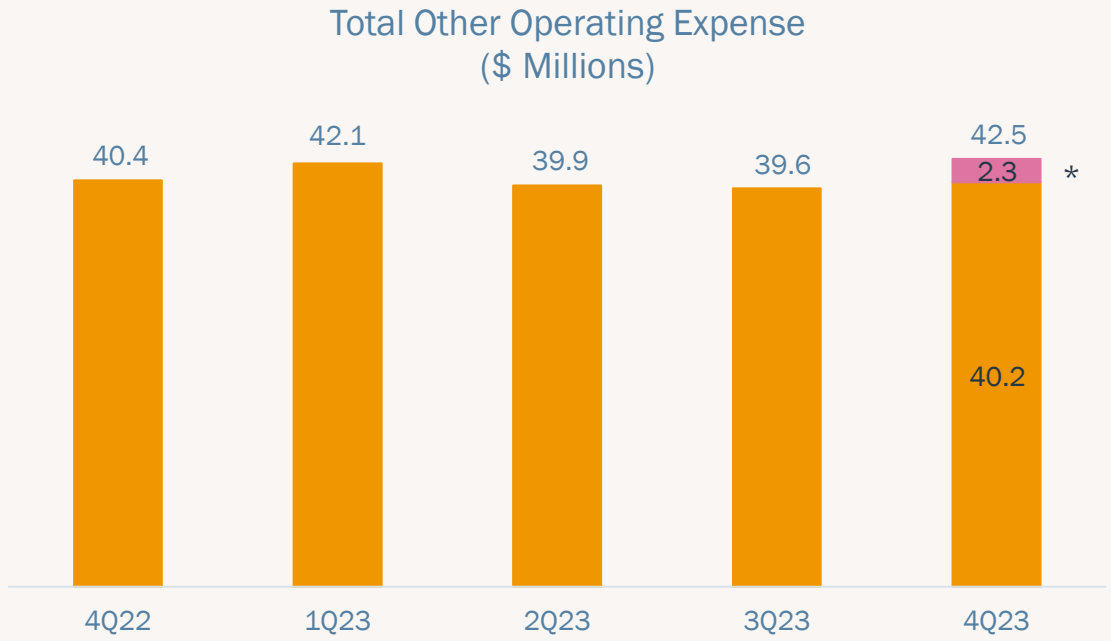
Available Sources of Liquidity

- Ample alternative sources of liquidity available
- Available sources of liquidity total 125% of uninsured/uncollateralized deposits

$ Millions	December 31, 2023
Cash on balance sheet	522
Other Funding Sources:	
Unpledged securities*	284
FHLB available borrowing capacity	1,807
FRB available borrowing capacity	286
Other funding lines	75
Total	2,452
Total Sources of Liquidity	2,974
Uninsured/uncollateralized Deposits	2,370
% of Uninsured/uncollateralized Deposits	125%

* BTFP eligible securities at par, other unpledged securities at market value.

Expense Management



* One-time expense for branch lease termination of $2.3MM

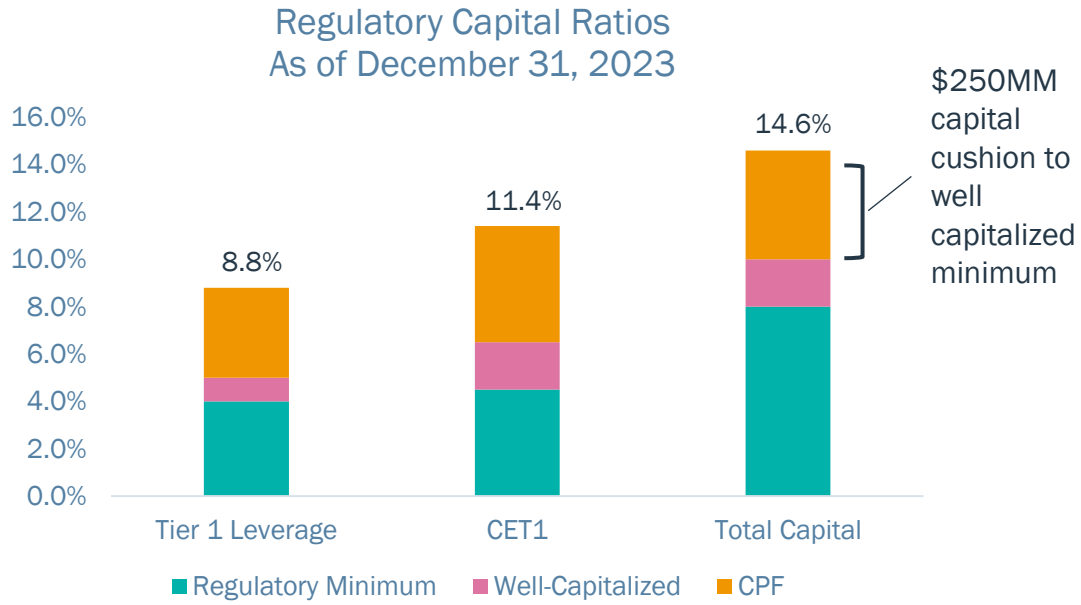
Ongoing Initiatives:

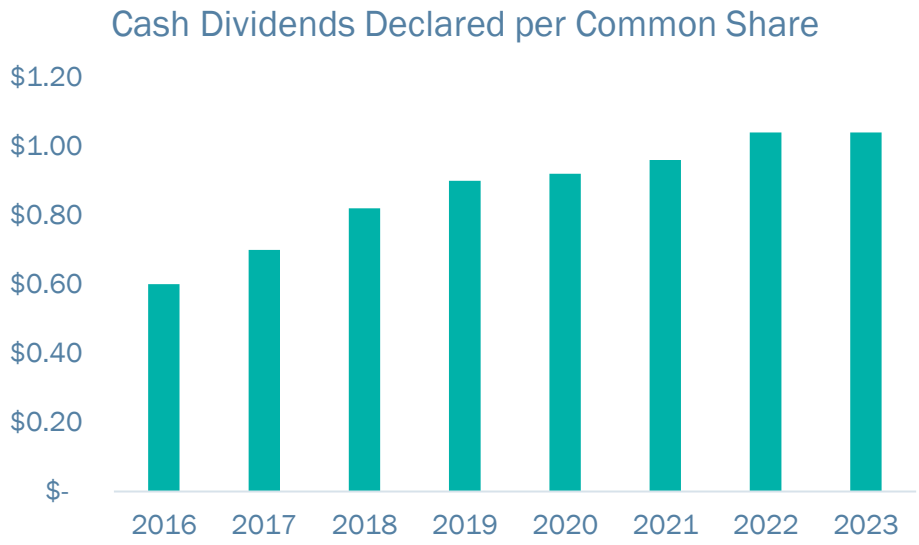
- Rightsizing salaries and benefits expense
- Workflow and automation efficiencies
- Vendor contract negotiations
- Other efficiency initiatives in progress

Solid Capital Position

STRONG CAPITAL AND SHAREHOLDER RETURN

- TCE ratio of 6.6% and CET1 ratio of 11.4%
- Maintained quarterly cash dividend at $0.26 per share which will be payable on March 15, 2024
- Repurchased 130,010 shares YTD at a total cost of $2.6 million
- Board of Directors authorized a new share repurchase program of up to $20.0 million for 2024
- Assuming full realization of all unrealized AFS & HTM securities losses, CET1 ratio remains strong and well-capitalized at 8.8%

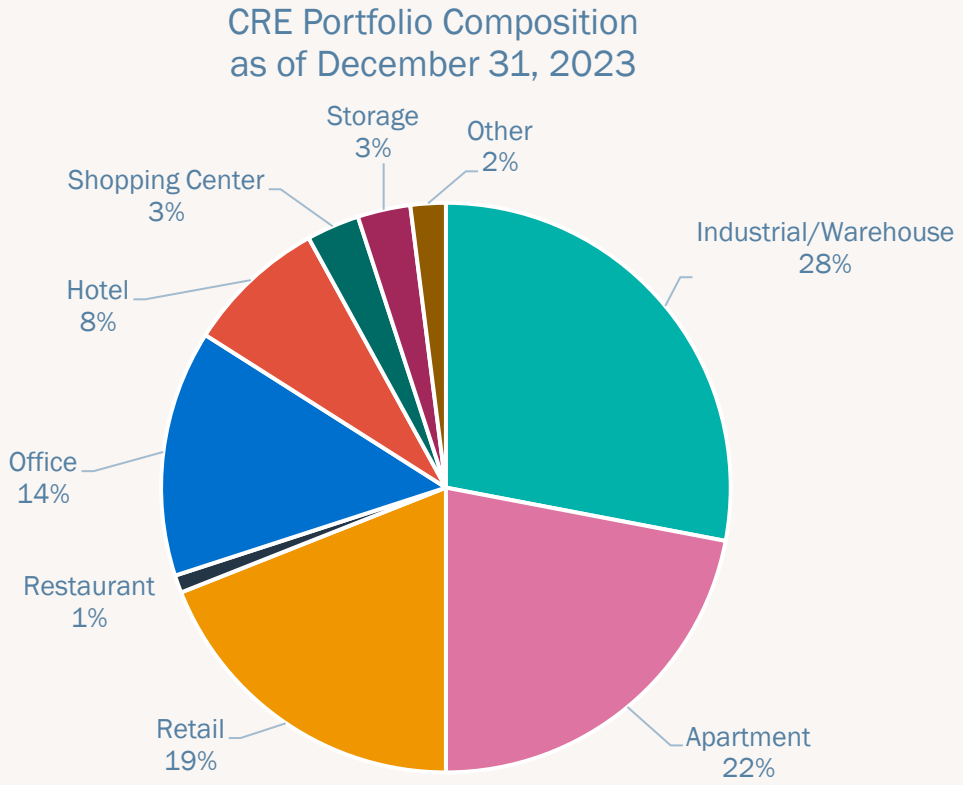




Appendix



Commercial Real Estate Portfolio

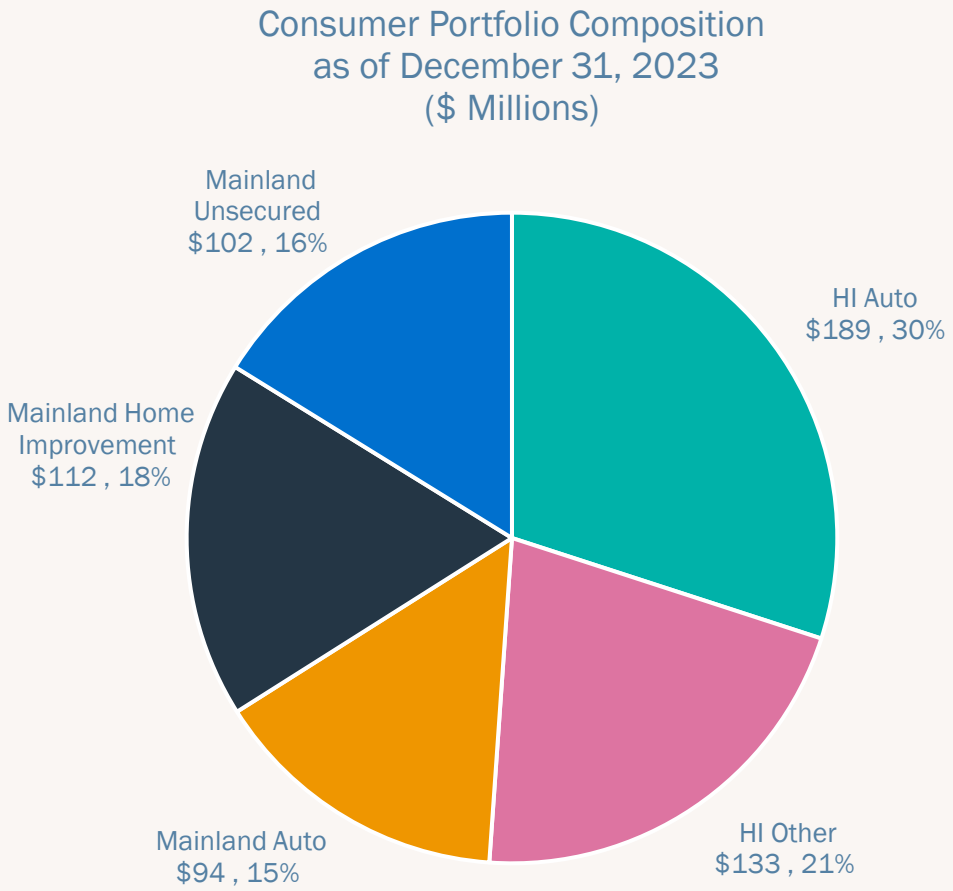


Diverse CRE portfolio, primarily Hawaii and Investor

- Hawaii 77% / Mainland 23%
- Investor 77% / Owner-Occupied 23%

	OFFICE	RETAIL
TOTAL BALANCE	$187.7MM	$259.6MM
% OF TOTAL CRE	14%	19%
% OF TOTAL LOANS	4%	5%
WA LTV	56%	64%
WA MONTHS TO MATURITY	71	61
INVESTOR / OWNER-OCCUPIED	$142.0MM / $45.7MM	$210.6MM / $49.0MM

Consumer Loan Portfolio



- Total Hawaii Consumer $322MM / Total Mainland Consumer $308MM
- Weighted average origination FICO:
  - 743 for Hawaii Consumer
  - 738 for Mainland Consumer
- YTD NCO %:
  - HI Auto 0.3%
  - HI Other 0.9%
  - Mainland Auto 1.1%
  - Mainland Home Improvement 3.3%
  - Mainland Unsecured 5.0%
- Mainland Unsecured: Highly granular with average loan amounts of ~$13,000

Central Pacific Bank recognized in Newsweek's America's Best Regional Banks for 2024

- Recognized for exceptional customer service, digital banking tools, and financial resources available to the community
- Based on our creditworthiness, profitability, net loan activity and public image



Environmental, Social & Governance (ESG) Focus



Environmental initiatives

- $9.7 million renewable energy company loans
- $94 million residential PV loans
- CPB's flagship branch and office received 16 EPA Energy Stars (the most of any building in Downtown Honolulu)
- 2022 annual paper recycling saved approximately 556,000 Kilo Watts, 275 barrels of oil, and 2,500 trees. 2.23 million Metric Tons of Carbon Equivalent (MTCE) and 560 cubic meters of landfill were avoided

Dedicated and diverse workforce

- 91% ethnically diverse
- 67% female with 57% as managers
- 35% of employees have remained with CPB more than a decade

Giving back *

- $48 million committed to building low-income housing
- $1.8 million donated to more than 100 non-profit organizations by Central Pacific Bank and Central Pacific Bank Foundation
- CPB employees donated more than $430,000 to the United Way and volunteered more than 6,200 community service hours to over 130 organizations
- $364k total awarded to schools and collegiate scholarships

* Amounts for 2022Y. Source: 2022 ESG Report can be found here: https://www.cpb.bank/esg.

Mahalo

