



Territorial Bancorp Inc.

Investor Presentation

Franchise Footprint



Territorial Savings Bank Branches

CORPORATE OFFICE

1132 Bishop Street, Suite 2200
Honolulu, Hawaii 96813

Aina Haina Branch

820 W. Hind Drive, Suite 118
Honolulu, Hawaii 96814

Ala Moana Center Branch

Street Level, Mauka
1450 Ala Moana Boulevard, #1052
Honolulu, Hawaii 96814

Downtown Branch

1000 Bishop Street
Honolulu, Hawaii 96813

Hawaii Kai Branch

Hawaii Kai Shopping Center
377 Keahole Street
Honolulu, Hawaii 96825

Hilo Branch

Waiakea Center
315 Makaala Street
Hilo, Hawaii 96720

Kahala Branch

4819 Kilauea Avenue
Honolulu, Hawaii 96816

Kahului Branch

Kaahumanu Center
275 Kaahumanu Avenue
Kahului, Maui, Hawaii 96732

Kailua Branch

19 Oneawa Street
Kailua, Hawaii 96734

Kaimuki Branch

1108 12th Avenue
Honolulu, Hawaii 96816

Kalihi-Kapalama Branch

1199 Dillingham Boulevard
Honolulu, Hawaii 96817

Kamehameha Shopping Center Branch

1620 North School Street, Suite 136
Honolulu, Hawaii 96817

Kaneohe Branch

46-005 Kawa Street
Kaneohe, Hawaii 96744

Kapahulu Branch

Kilohana Square
1016 Kapahulu Avenue, Suite 130
Honolulu, Hawaii 96816

Kapolei Branch

Ace Center at Kapolei
480 Kamokila Boulevard, #2
Kapolei, Hawaii 96707

Kauai Branch

Kukui Grove Shopping Center
4393 Kukui Grove Street
Lihue, Kauai, Hawaii 96766

Kihei Branch

Azeka Shopping Center Mauka
1279 South Kihei Road, #311
Kihei, Hawaii 96753

Kona Branch

Crossroads Shopping Center
75-1027 Henry Street, Suite 111B
Kailua-Kona, Hawaii 96740

Lahaina Branch

Old Lahaina Center
170 Papalaua Street, Unit 3
Lahaina, Hawaii 96761

Manoa Branch

2752 Woodlawn Drive, #5-110
Honolulu, Hawaii 96822

McCully Branch

1111 McCully Street
Honolulu, Hawaii 96826

Mililani Branch

Town Center of Mililani
95-1249 Meheula Park Way, Unit 168
Mililani, Hawaii 96789

Nuuanu Branch

Nuuanu Shopping Center
1613 Nuuanu Avenue, B6
Honolulu, Hawaii 96817

Pearl City Branch

Pearl City Shopping Center
850 Kamehameha Highway, Suite B2
Pearl City, Hawaii 96782

Pearlridge Branch

98-084 Kamehameha Highway
Aiea, Hawaii 96701

Piikoi Branch

1159 S. Beretania Street
Honolulu, Hawaii 96814

Salt Lake Branch

Salt Lake Shopping Center
848 Ala Liliko Street
Honolulu, Hawaii 96818

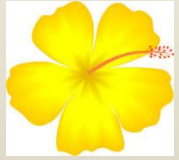
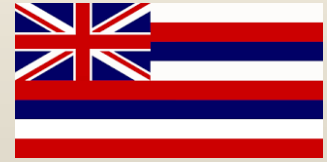
Waipahu Branch

Waipahu Town Center
94-050 Farrington Highway
Waipahu, Hawaii 96797

Waipio Branch

Laniakea Plaza
94-1221 Ka Uka Boulevard, #102
Waipahu, Hawaii 96797

Hawaiian Economic Highlights



- Hawaii's unemployment rate for September 2015 is 3.4% compared to the national unemployment rate of 5.1%
- 2015 visitor arrivals through 9/30/15 are 4.1% higher than the same period last year
- 2015 visitor expenditures through 9/30/15 are 2.6% higher than the same period last year
 - *Visitor spending is important because approximately 1/3 of all jobs in the state are related to the visitor industry*
- The median home prices for single family homes in September 2015 was \$730,000 compared to a median price of \$678,500 for September 2014
 - *The median price of a condominium for in September 2015 was \$366,000 compared to \$347,000 for September 2014 (~5.5% YoY increase)*

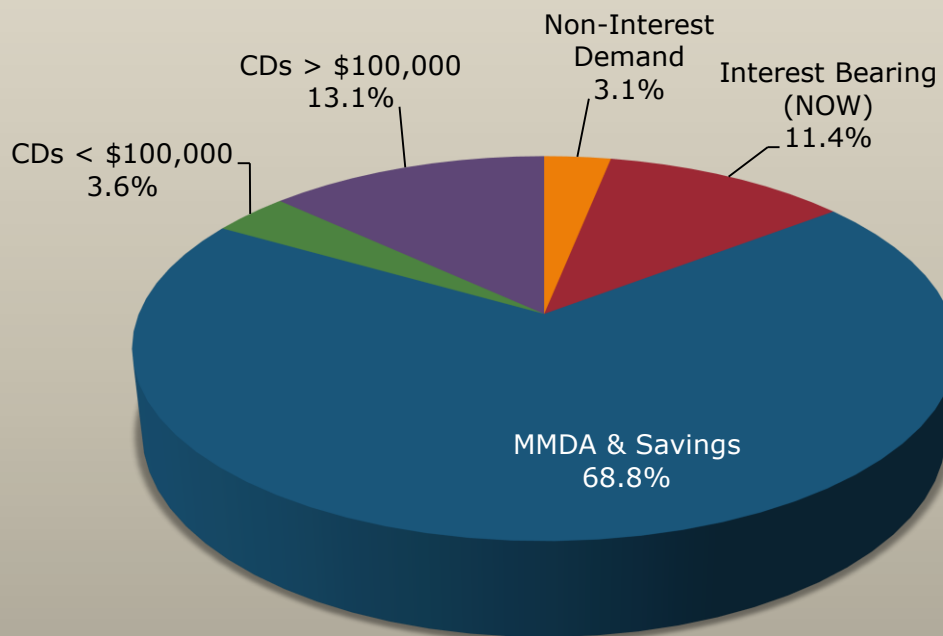


Deposit Market Share

State of Hawaii							
2015 Rank	2014 Rank	Institution (ST)	2015 Number of Branches	2015 Total Deposits in Market (\$000)	2015 Total Market Share (%)	2014 Total Deposits in Market (\$000)	2014 Total Market Share (%)
1	1	BNP Paribas	57	14,012,294	36.86	13,028,653	36.04
2	2	Bank of Hawaii Corp. (HI)	65	12,317,177	32.40	11,989,184	33.16
3	3	Hawaiian Electric Industries (HI)	56	4,850,407	12.76	4,565,094	12.63
4	4	Central Pacific Financial Corp (HI)	36	4,195,427	11.04	4,026,894	11.14
5	5	Territorial Bancorp Inc. (HI)	29	1,398,623	3.68	1,338,261	3.70
6	6	Hawaii National Bancshares Inc (HI)	14	588,416	1.55	575,570	1.59
7	7	HomeStreet Inc. (WA)	3	398,123	1.05	378,904	1.05
8	8	First Foundation Inc. (CA)	1	117,447	0.31	114,677	0.32
9	9	Ohana Pacific Bank (HI)	2	98,260	0.26	97,258	0.27
10	10	Orient Bancorp. (CA)	1	36,142	0.10	38,928	0.11
Total For Institutions In Market			265	38,012,317	100.00	36,153,475	100.00

Deposit Base

- Since 2011, deposits have grown at an annual rate of 5.9%
- Deposit growth has primarily taken place in non-CD accounts
- Cost of interest bearing deposits is 25 bps lower than the median of TBNK's proxy peers of 0.61%⁽¹⁾



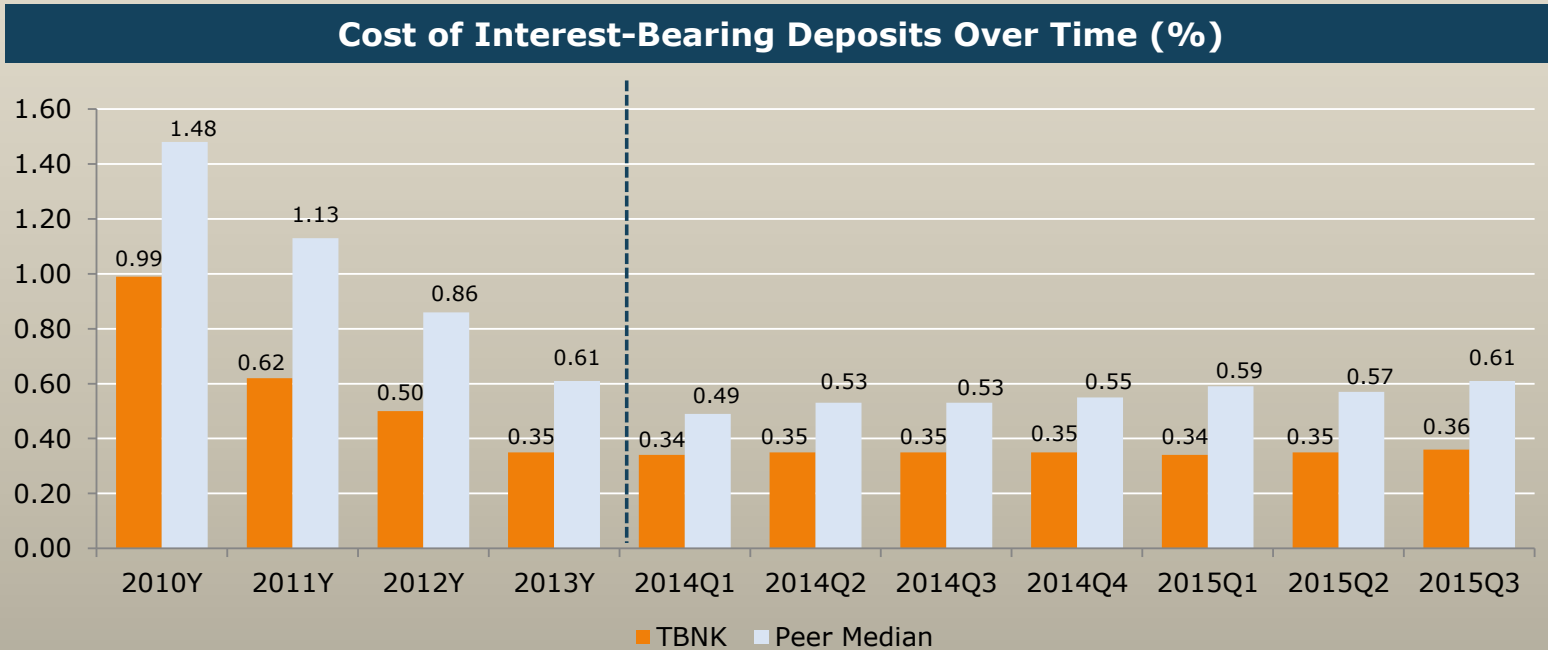
Total Deposits:	\$1.4 billion	Cost of Interest Bearing Deposits:	0.36%
Core Deposits:	\$1.2 billion	Core Deposits / Deposits:	83.35%

As of and for the quarter ended 9/30/2015.

Note: Core deposits are defined as non-time deposits.

(1) Peers include CPF, ORIT, EPSB, NFBK, HTBI, FBNK, BHBK, WSBF, BLMT, CBNJ, SIFI, HBCP, CSBK, FXCB, OSHC, CHFN, and ASBB.

Favorable Cost of Interest-Bearing Deposits



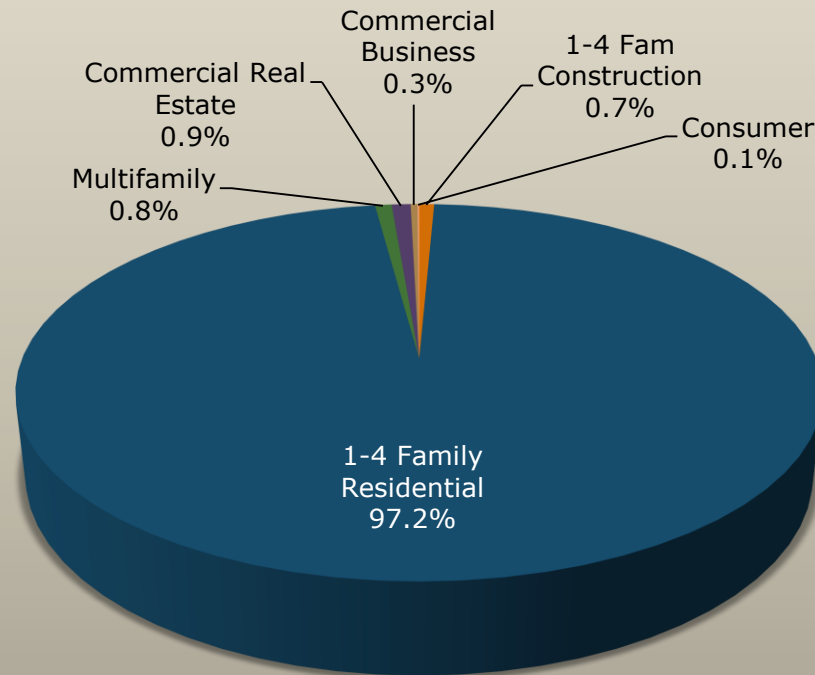
Source: SNL Financial.

Note: Peers include CPF, ORIT, EPSB, NFBK, HTBI, FBNK, BHBK, WSBF, BLMT, CBNJ, SIFI, HBCP, CSBK, FXCB, OSHC, CHFN, and ASBB.

Note: Bank level data used in instances where consolidated data is unavailable.

Loan Portfolio

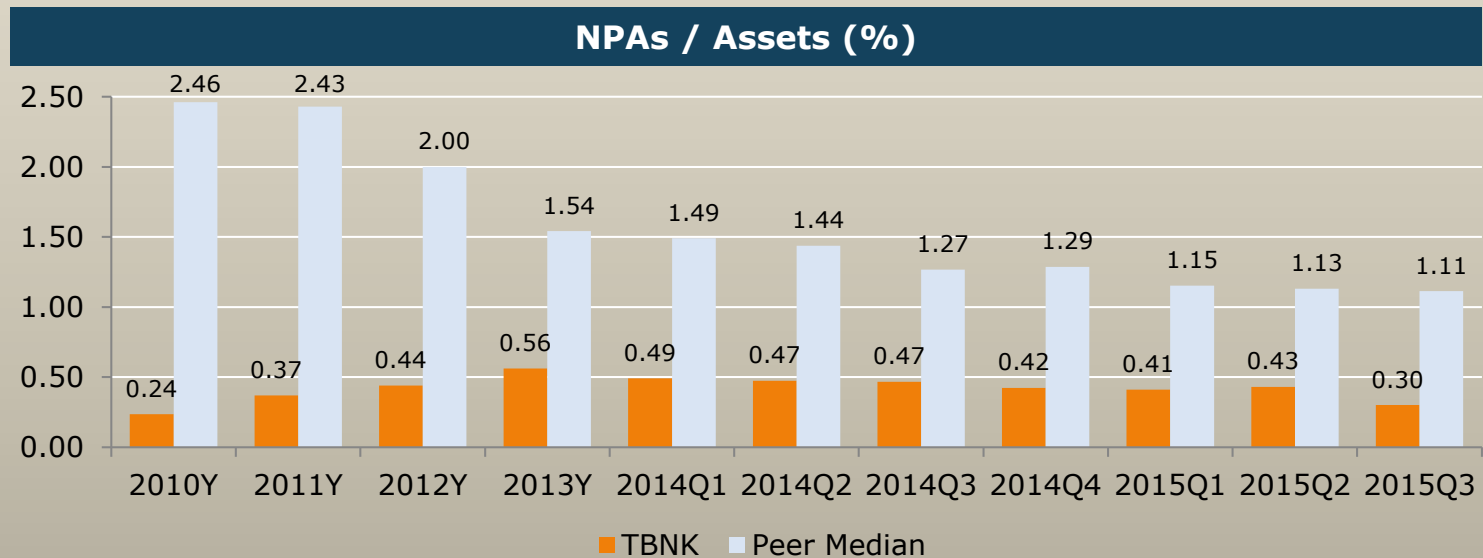
- Since 2011, loans have grown at an annual rate of 13.3%
- Loan growth has been driven by 1-4 family residential loan generation, increasing approx. \$513 million since 2011



Total Loans:	\$1.2 billion
1-4 Family Loans:	\$1.1 billion

Yield on Loans:	4.16%
Loans / Deposits:	82.69%

Pristine Asset Quality



Source: SNL Financial.

Note: Peers include CPF, ORIT, EPSB, NFBK, HTBI, FBNK, BHBK, WSBF, BLMT, CBNJ, SIFI, HBCP, CSBK, FXCB, OSHC, CHFN, and ASBB.

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Note: Nonperforming assets include nonaccrual loans, TDRs and OREO.

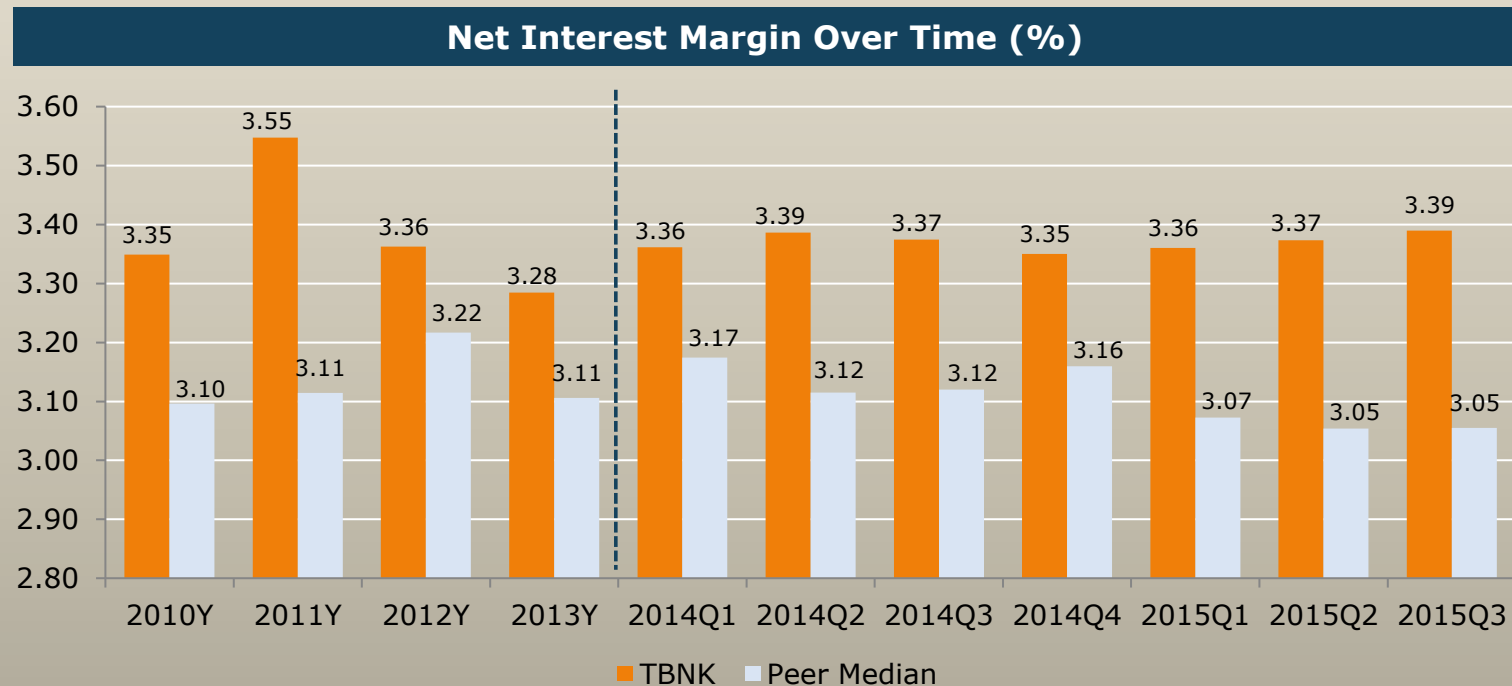
Securities Portfolio

- Nearly all of the \$508.7 million portfolio is comprised of held-to-maturity ("HTM") government sponsored mortgage backed securities
- Over 99% of the securities have a contractual maturity that is due more than 10 years out
- Realized gain from sale of HTM debt securities for the nine months ended September 30, 2015 was \$476,000
- Unrealized loss position of \$3.5 million caused by increase in market interest rates

Securities Portfolio Amortized Cost vs. Fair Values

<i>Dollars in thousands</i>	Carrying Value	Gross Unrealized		Estimated Fair Value
		Gains	Losses	
At September 30, 2015				
U.S. Government-Sponsored Mortgage-Backed Securities	\$ 507,891	\$ 15,266	\$ (3,479)	\$ 519,678
Trust Preferred Securities	856	-	-	856
Total	\$ 508,747	\$15,266	\$ (3,479)	\$ 520,534
At December 31, 2014				
U.S. Government-Sponsored Mortgage-Backed Securities	\$ 572,232	\$ 18,078	\$ (4,290)	\$ 586,020
Trust Preferred Securities	690	-	-	690
Total	\$ 572,922	\$18,078	\$ (4,290)	\$ 586,710

Steady Net Interest Margin



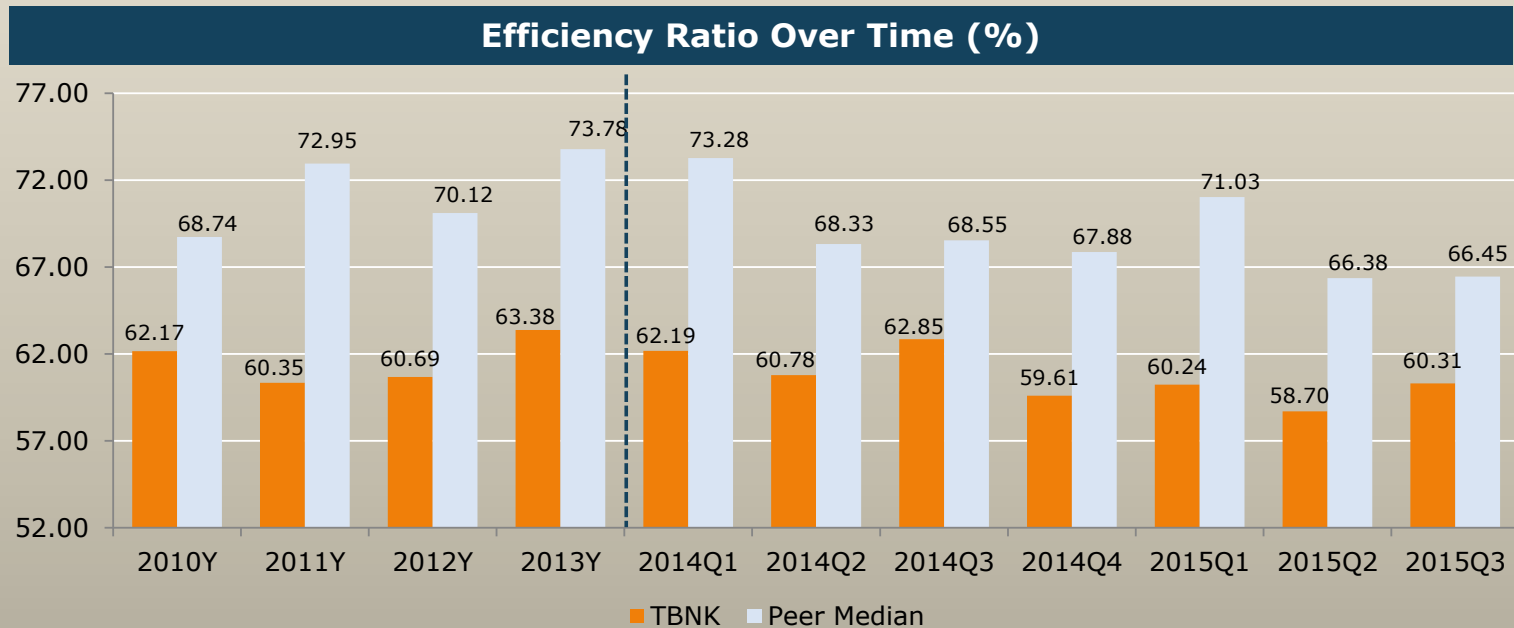
Source: SNL Financial.

Note: Peers include CPF, ORIT, EPSB, NFBK, HTBI, FBNK, BHBK, WSBF, BLMT, CBNJ, SIFI, HBCP, CSBK, FXCB, OSHC, CHFN, and ASBB.

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Strong History of Overhead Cost Control

- <TBNK to provide commentary on small size branches, etc.>

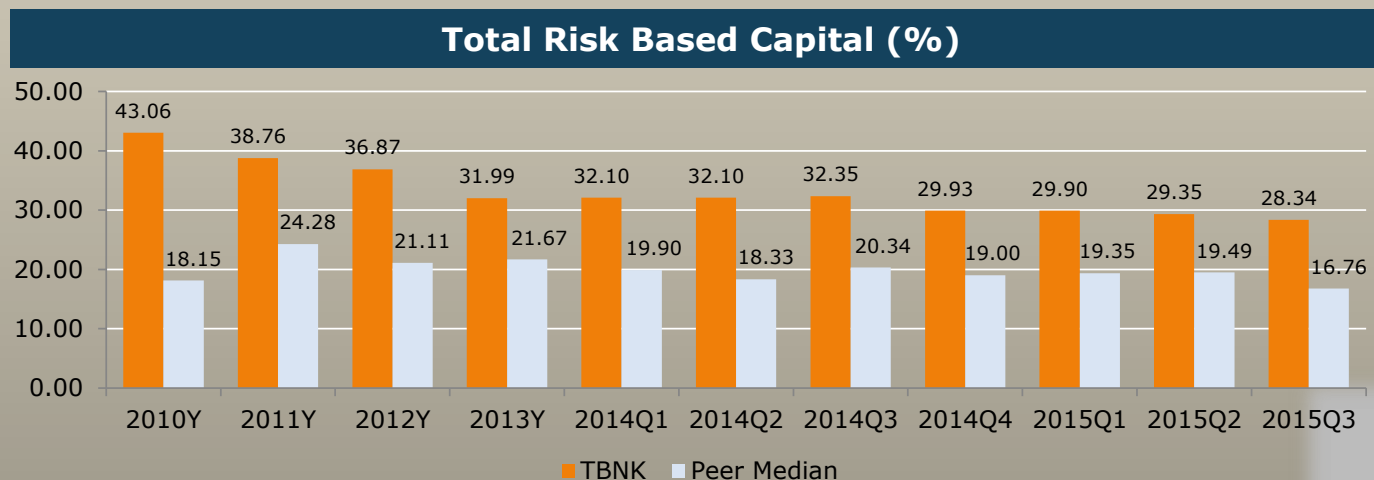
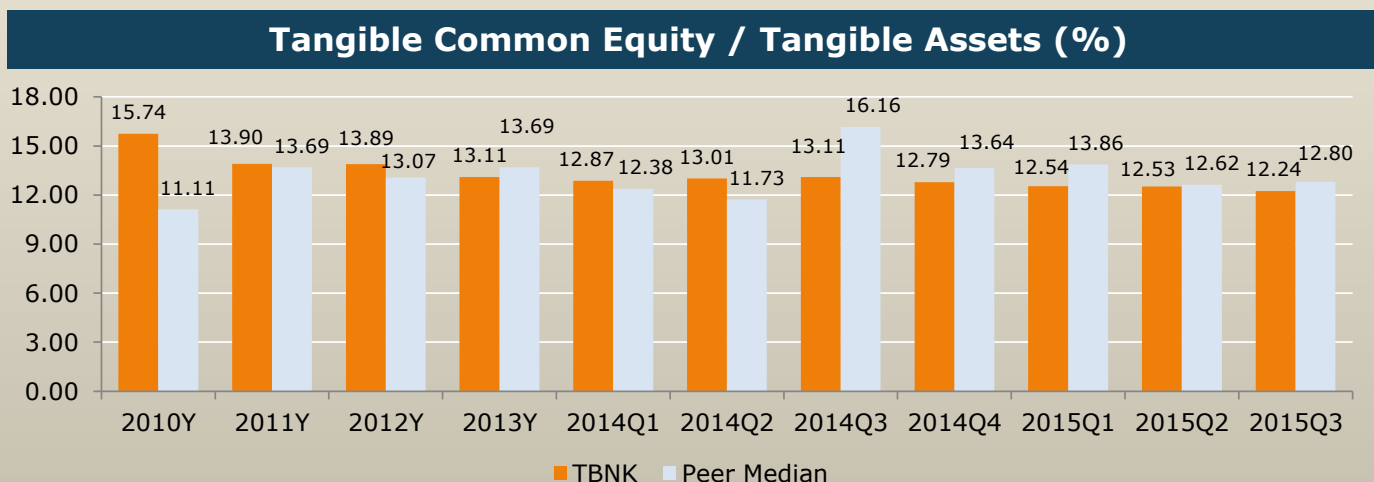


Source: SNL Financial.

Note: Peers include CPF, ORIT, EPSB, NFBK, HTBI, FBNK, BHBK, WSBF, BLMT, CBNJ, SIFI, HBCP, CSBK, FXCB, OSHC, CHFN, and ASBB.

Note: Bank level data used in instances where consolidated data is unavailable.

Strong Capital Measures



Source: SNL Financial.

Note: Peers include CPF, ORIT, EPSB, NFBK, HTBI, FBNK, BHBK, WSBF, BLMT, CBNJ, SIFI, HBCP, CSBK, FXCB, OSHC, CHFN, and ASBB.

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Financial Highlights: Balance Sheet

<i>\$ in Thousands</i>	2010FY	2011FY	2012FY	2013FY	2014FY	2015Q1	2015Q2	2015Q3
Total Assets	\$ 1,443,412	\$ 1,537,571	\$ 1,574,627	\$ 1,616,904	\$ 1,691,897	\$ 1,715,390	\$ 1,743,078	\$ 1,783,515
Net Loans	645,024	691,326	777,096	858,752	969,260	1,041,832	1,111,278	1,163,517
Securities	557,913	666,219	566,801	625,125	587,081	566,522	532,989	508,747
Core Deposits	867,312	942,338	1,032,488	1,078,649	1,137,915	1,158,355	1,151,578	1,177,672
Deposits	1,076,470	1,166,116	1,237,847	1,288,709	1,359,679	1,381,461	1,373,379	1,412,997
Nonperforming Assets / Assets (%)	0.24	0.37	0.44	0.56	0.42	0.41	0.43	0.30
Return on Average Assets (%)	0.77	0.85	0.95	0.93	0.85	0.83	0.89	0.84
Return on Average Common Equity	4.91	5.72	6.78	6.71	6.54	6.50	7.04	6.75

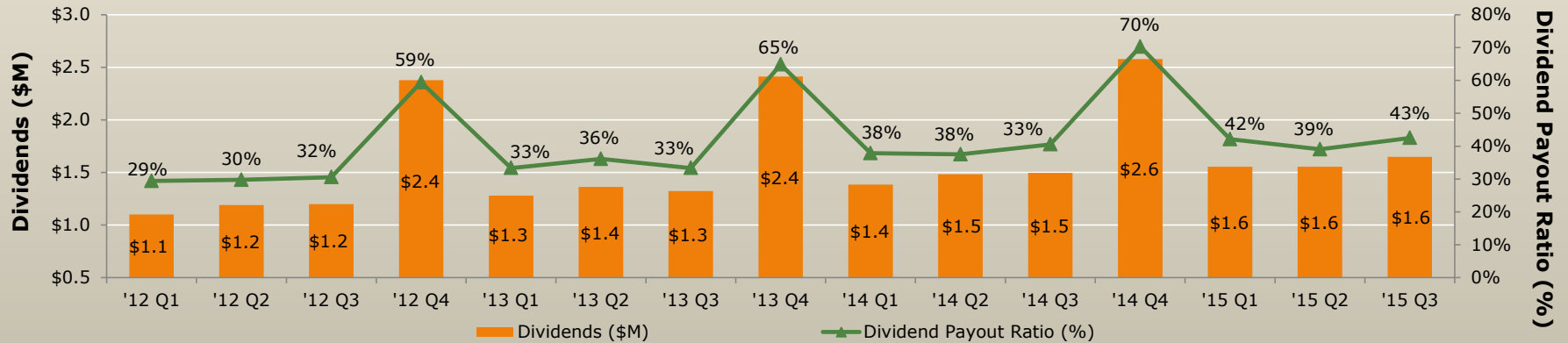
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Note: Core deposits are defined as non-time deposits.

Financial Highlights: Operating Results

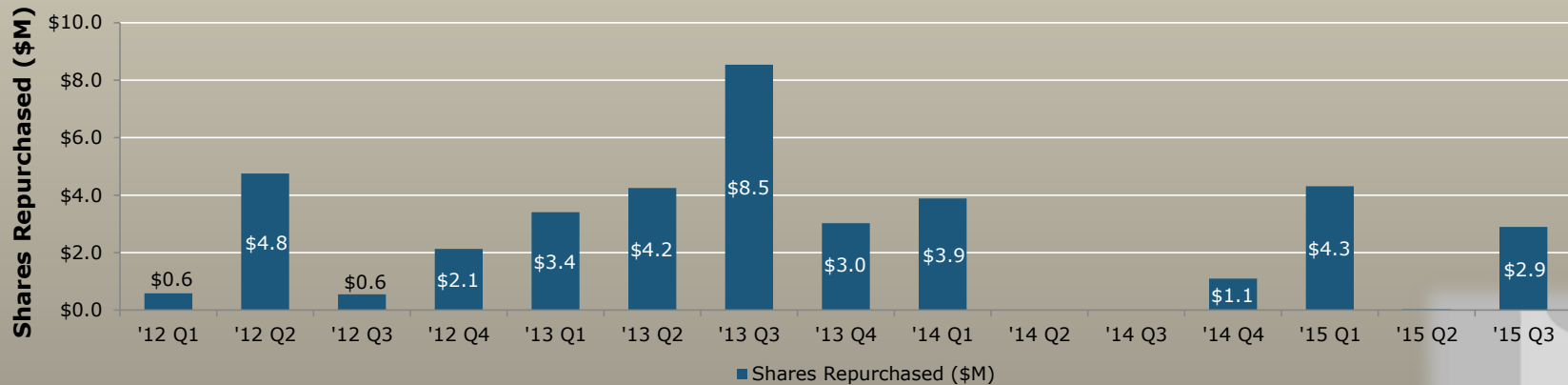
<i>\$ in Thousands</i>	2010FY	2011FY	2012FY	2013FY	2014FY	2015Q1	2015Q2	2015Q3
Net Interest Income	\$ 46,287	\$ 51,448	\$ 50,920	\$ 49,893	\$ 53,497	\$ 13,772	\$ 14,056	\$ 14,341
Provision / (Recapture) for Loan Losses	345	418	415	39	360	194	101	71
Net Interest Income After Provision	45,942	51,030	50,505	49,854	53,137	13,578	13,955	14,270
Non-interest Income	2,129	5,093	7,062	8,715	5,177	1,246	1,248	1,188
Non-interest Expense	31,531	34,636	34,432	35,076	35,308	8,904	8,843	9,366
Income Before Income Taxes	16,540	21,487	23,135	23,493	23,006	5,920	6,360	6,092
Income Tax Expense	5,512	8,698	8,297	8,846	8,909	2,394	2,523	2,406
Net Income	11,028	12,789	14,838	14,647	14,097	3,526	3,837	3,686
Diluted Earnings per Share	\$ 0.97	\$ 1.17	\$ 1.45	\$ 1.49	\$ 1.51	\$ 0.38	\$ 0.41	\$ 0.40
Net Interest Margin	3.35%	3.55%	3.36%	3.28%	3.37%	3.36%	3.37%	3.39%
Efficiency Ratio	62.17%	60.35%	60.69%	63.38%	61.35%	60.24%	58.70%	60.31%

Capital Return to Shareholders

Dividends Declared Since 2012



Shares Repurchased Since 2012



- TBNK has returned capital through both dividends and stock buybacks
- Regular quarterly dividend per share paid has increased from \$0.10/share to \$0.17/share

Safe Harbor Provision of the Private Securities Litigation Reform Act of 1995

This presentation, like many written and oral communications presented by Territorial Bancorp Inc. and our authorized officers, may contain certain forward-looking statements regarding our prospective performance and strategies within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and are including this statement for purposes of said safe harbor provisions.

Forward-looking statements, which are based on certain assumptions and describe future plans, strategies, and expectations of the Company, are generally identified by use of the words "anticipate," "believe," "estimate," "expect," "intend," "plan," "project," "seek," "strive," "try," or future or conditional verbs such as "will," "would," "should," "could," "may," or similar expressions. Our ability to predict results or the actual effects of our plans or strategies is inherently uncertain. Accordingly, actual results may differ materially from anticipated results.

There are a number of factors, many of which are beyond our control, that could cause actual conditions, events, or results to differ significantly from those described in our forward-looking statements. These factors include, but are not limited to: general economic conditions, either internationally, nationally or in our market areas, that are worse than expected; competition among depository and other financial institutions; inflation and changes in the interest rate environment that reduce our margins or reduce the fair value of financial instruments; adverse changes in the securities markets; changes in laws or government regulations or policies affecting financial institutions, including changes in regulatory fees and capital requirements; our ability to enter new markets successfully and capitalize on growth opportunities; our ability to successfully integrate acquired entities, if any; changes in consumer spending, borrowing and savings habits; changes in accounting policies and practices, as may be adopted by the bank regulatory agencies, the Financial Accounting Standards Board, the Securities and Exchange Commission and the Public Company Accounting Oversight Board; changes in our organization, compensation and benefit plans; changes in our financial condition or results of operations that reduce capital available to pay dividends; and changes in the financial condition or future prospects of issuers of securities that we own.

For a discussion of these and other risks that may cause actual results to differ from expectations, please refer to our Annual Report on Form 10-K for the Year Ended December 31, 2014, on file with the Securities and Exchange Commission, including the section entitled "Risk Factors, as well as other documents we file with the Securities and Exchange Commission.

Furthermore, the timing and occurrence or non-occurrence of events may be subject to circumstances beyond our control.

Readers are cautioned not to place undue reliance on the forward-looking statements contained herein, which speak only as of the date of this presentation. Except as required by applicable law or regulation, we undertake no obligation to update these forward-looking statements to reflect events or circumstances that occur after the date on which such statements were made.