PRESS RELEASE

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Territorial Bancorp Inc.
Announces Third Quarter 2009 Results

Honolulu, Hawaii, November 13, 2009 - Territorial Bancorp Inc., (NASDAQ: TBNK) (the "Company"), headquartered in Honolulu, Hawaii, the holding company parent of Territorial Savings Bank, announces net income of $729,000 or $.06 per share, for the three months ended September 30, 2009, compared to $2,386,000 for the three months ended September 30, 2008.

For the three months ended September 30, 2009, net income was $729,000 or $.06 per share. Net income for this period was adversely impacted by a $2,716,000 pre-tax decrease in the carrying value of an investment in trust preferred securities during the quarter and the Company's recording of such reduction in accordance with recent accounting pronouncements. It should be noted that $2,483,000 of this amount was previously reflected as a charge against income in the last quarter of 2008, but due to these recent accounting pronouncements, the Company was required to once again charge income in the amount of $2,483,000 during the quarter ended September 30, 2009. Additionally, during the quarter ended September 30, 2009, the Company paid off the remaining balance of subordinated debentures totaling $24,743,000, which resulted in the recognition of $507,000 of costs relating to the issuance of these debentures during the quarter. The prospect of recognizing additional impairment on our investment in trust preferred securities and the recognition of costs relating to the issuance of these subordinated debentures were previously discussed in the Company's Prospectus dated May 15, 2009. Excluding these items, net income for the three months ended September 30, 2009 would have been $2,688,000, or $.24 per share for the three months ended September 30, 2009.

For the three months ended September 30, 2009 and 2008, net interest income after provision for loan losses was $10,376,000 and $9,509,000, respectively. Total interest and dividend income decreased slightly to $15,303,000 for the three months ended September 30, 2009 from $15,519,000 for the three months ended September 30, 2008. At the same time, total interest expense decreased to $4,917,000 for the three months ended September 30, 2009 from $6,023,000 for the three months ended September 30, 2008. Provision for loan losses was $10,000 for the three months ended September 30, 2009 compared to a reversal of $13,000 of loan losses for the three months ended September 30, 2008. Non-interest income was a loss of $1,426,000 for the three months ended September 30, 2009 compared to income of $1,181,000 for the three months ended September 30, 2008. The loss in non-interest income was primarily due to the recognition of a loss of $2,716,000 resulting from a decrease in the carrying value of trust preferred securities due to such losses being reclassified as credit losses in accordance with accounting pronouncements. Without the recognition of this loss, non-interest income for the three months ended September 30, 2009 would have been $1,290,000. Non-interest expense was $7,896,000 for the three months ended September 30, 2009 as compared to $6,969,000 for the three months ended September 30, 2008. As noted above, in paying off the remaining balance of subordinated debentures, costs of $507,000 relating to the issuance of these subordinated debentures were required to be eliminated. With the elimination of these carrying charges, non-interest expense for the three months ended September 30, 2009 would have been $7,389,000. In addition, the increase of non-interest expense was due to increases in compensation and employee benefit expense and federal deposit insurance premiums.

For the nine months ended September 30, 2009 net interest income after provision for loan losses was $29,245,000 compared to $26,364,000 for the nine months ended September 30, 2008 Total interest and dividend income rose to $45,987,000 for the nine months ended September 30, 2009 from $45,681,000 for the nine months ended September 30, 2008. Total interest expense decreased to $15,630,000 for the nine months ended September 30, 2009 from $19,326,000 for the nine months ended September 30, 2008. Provision for loan losses was $1,112,000 for the nine months ended September 30, 2009 compared to a reversal of $9,000 of loan losses for the nine months ended September 30, 2008 reflecting management's determination to increase its overall allowance for loan losses as result of an increase in non-performing loans experienced in the first three quarters of 2009 and deteriorating environmental factors. Non-interest income was $1,188,000 for the nine months ended September 30, 2009 compared to $3,597,000 for the nine months ended September 30, 2008. This decrease in non-interest income was primarily due to the recognition of the loss resulting from the decrease in the carrying value of trust preferred securities. Non-interest expense was $21,894,000 for the nine months ended September 30, 2009 and $19,877,000 for the nine months ended September 30, 2008. The increase in non-interest expense is due to increases in compensation and employee benefits, occupancy, equipment, federal deposit insurance premiums and recognition of costs of $507,000 relating to the issuance of subordinated debentures in the third quarter of 2009.

Total assets at September 30, 2009 were $1,356,523,000 compared to $1,224,446,000 at December 31, 2008. Cash and cash equivalents increased to $123,251,000 from $11,216,000, due to stock conversion proceeds from the initial public offering which was completed in July 2009. Deposits increased to $985,584,000 at September 30, 2009 from $923,914,000 at December 31, 2008. Total stockholders' equity increased to $215,791,000 at September 30, 2009 from $99,381,000 at December 31, 2008. This was principally due to the results of the initial public offering completed in July 2009.

Total delinquent loans more than ninety days past due was $1,381,000 (representing 6 loans) at September 30, 2009, compared to $149,000 (representing 1 loan) at December 31, 2008. Despite the increase in non-performing assets, asset quality remained strong with the ratio of non-performing assets to total assets being 0.23% at September 30, 2009, compared to 0.02% at December 31, 2008. The allowance for loan losses was $1,913,000 at September 30, 2009 compared to $899,000 at December 31, 2008. The ratio of the allowance for loan losses to total loans was 0.32% at September 30, 2009 compared to 0.14% at December 31, 2008.

In August, 2009 Territorial Savings Bank opened its twenty-fifth branch in Kihei to serve the residents of Maui. The Kihei branch is the third Territorial Savings Bank branch on the island of Maui.

Territorial Bancorp Inc., headquartered in Honolulu, Hawaii, is the stock holding company for Territorial Savings Bank. Territorial Savings Bank is a federally chartered savings bank which was originally chartered in 1921 by the Territory of Hawaii. Territorial Savings Bank conducts business from its headquarters in Honolulu, Hawaii and has 25 branch offices in the state of Hawaii.

Forward-looking statement - this earnings release contains forward-looking statements, which can be identified by the use of words such as "estimate," "project," "believe," "intend," "anticipate," "plan," "seek," "expect," "will," "may" and words of similar meaning. These forward-looking statements include, but are not limited to:

- statements of our goals, intentions and expectations;
- statements regarding our business plans, prospects, growth and operating strategies;
- statements regarding the asset quality of our loan and investment portfolios; and
- estimates of our risks and future costs and benefits.

These forward-looking statements are based on our current beliefs and expectations and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change. We are under no duty to and do not take any obligation to update any forward-looking statements after the date of this earnings release.

The following factors, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements:

- general economic conditions, either 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.

Because of these and a wide variety of other uncertainties, our actual future results may be materially different from the results indicated by these forward-looking statements.

TERRITORIAL BANCORP INC. AND SUBSIDIARIES
Consolidated Balance Sheets (Unaudited)
(Dollars in thousands, except share data)

	September 30, 2009	December 31, 2008
ASSETS		
Cash and cash equivalents	$ 123,251	$ 11,216
Investment securities held to maturity, at amortized cost (fair value of $588,609 and $535,590 at September 30, 2009 and December 31, 2008, respectively)	575,176	527,767
Federal Home Loan Bank stock, at cost	12,348	12,348
Loans held for sale	3,244	—
Loans receivable, net	602,644	633,160
Accrued interest receivable	4,739	4,787
Premises and equipment, net	4,670	4,444
Real estate owned	131	131
Bank-owned life insurance	27,882	27,107
Prepaid expenses and other assets	2,438	3,486
Total assets	$ 1,356,523	$ 1,224,446
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Deposits	$ 985,584	$ 923,914
Advances from the Federal Home Loan Bank	—	35,791
Securities sold under agreements to repurchase	130,200	115,200
Subordinated debentures	—	24,221
Accounts payable and accrued expenses	20,136	18,634
Current income taxes payable	521	963
Deferred income taxes payable	2,460	3,228
Advance payments by borrowers for taxes and insurance	1,831	3,114
Total liabilities	1,140,732	1,125,065
Commitments and contingencies		
Stockholders' Equity		
Preferred stock, $.01 par value; authorized 50,000,000 shares, no shares issued or outstanding	—	—
Common stock, $.01 par value; authorized 100,000,000 shares; issued and outstanding 12,233,125 and 0 shares at September 30, 2009 and December 31, 2008	122	—
Additional paid-in capital	118,651	—
Unearned ESOP shares	(9,542)	—
Retained earnings	108,076	100,897
Accumulated other comprehensive loss	(1,516)	(1,516)
Total stockholders' equity	215,791	99,381
Total liabilities and stockholders' equity	$ 1,356,523	$ 1,224,446

TERRITORIAL BANCORP INC. AND SUBSIDIARIES

Consolidated Statements of Income (Unaudited)

(Dollars in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Interest and dividend income:				
Investment securities	$ 6,529	$ 6,476	$ 18,758	$ 19,390
Tax-exempt investment securities	—	—	—	112
Dividends on Federal Home Loan Bank stock	—	43	—	117
Loans	8,725	8,995	27,157	26,033
Other investments	49	5	72	29
Total interest and dividend income	15,303	15,519	45,987	45,681
Interest expense:				
Deposits	3,417	4,343	11,044	14,250
Advances from the Federal Home Loan Bank	—	119	33	440
Securities sold under agreements to repurchase	1,270	1,165	3,739	3,324
Subordinated debentures and other borrowings	230	396	814	1,312
Total interest expense	4,917	6,023	15,630	19,326
Net interest income	10,386	9,496	30,357	26,355
Provision for loan losses	10	(13)	1,112	(9)
Net interest income after provision for loan losses	10,376	9,509	29,245	26,364
Noninterest income:				
Total other-than-temporary impairment losses	(2,619)	—	(3,481)	—
Portion of loss recognized in other comprehensive income (before taxes)	(97)	—	—	—
Net other-than-temporary impairment losses	(2,716)	—	(3,481)	—
Service fees on loan and deposit accounts	651	720	1,968	2,184
Income on bank-owned life insurance	262	261	775	783
Gain on sale of investment securities	37	12	267	145
Gain on sale of loans	265	—	1,442	—
Other	75	188	217	485
Total noninterest income	(1,426)	1,181	1,188	3,597
Noninterest expense:				
Salaries and employee benefits	4,337	4,042	11,882	11,363
Occupancy	1,133	1,104	3,361	3,191
Equipment	757	754	2,225	2,118
Loss on extinguishment of debt	507	—	507	—
Federal deposit insurance premiums	350	242	1,533	813
Other general and administrative expenses	812	827	2,386	2,392
Total noninterest expense	7,896	6,969	21,894	19,877
Income before income taxes	1,054	3,721	8,539	10,084
Income taxes	325	1,335	2,884	3,557
Net income	$ 729	$ 2,386	$ 5,655	$ 6,527
Basic earnings per share (1)	$ .06	N/A	$ .50	N/A
Basic weighted average shares outstanding (1)	11,402,459	N/A	11,402,459	N/A

(1) Calculated from the effective date of July 10, 2009 to the period end

Territorial Bancorp
Financial Tables for Earnings Release
September 30, 2009

	Three Months Ended September 30, 2009	Three Months Ended September 30, 2008
Performance Ratios:		
Return on average assets	0.21%	0.78%
Return on average equity	1.42%	9.73%
Net interest margin on average interest earning assets	3.04%	3.29%
Selected Balance sheet Data:		
Book value per share (1)	$17.64	N/A
Stockholders' equity to total assets	15.91%	8.12%

Asset Quality:	At September 30, 2009	At December 31, 2008
Delinquent loans more than 90 days past due	$1,381	$149
Allowance for loan losses	1,913	899
Non-performing assets to total assets	0.23%	0.02%
Allowance for loan losses to total loans	0.32%	0.14%

Notes:

(1) Book value per share is equal to stockholder's equity divided by number of shares issued (12,233,125)

Territorial Bancorp
Income for the Three Months Ended
September 30, 2009
Adjusted for Non-GAAP Items

Income before income taxes (as reported on the consolidated statement of income)	$1,054
Items added back to income before income taxes:	
Net other-than-temporary impairment losses	2,716
Loss on extinguishment of debt	507
Non-GAAP Income before income taxes	4,277
Income taxes	1,589
Net income, as adjusted	$2,688
Basic earnings per share (1)	$0.24
Basic weighted average shares outstanding (1)	11,402,459

(1) Calculated from the effective date of July 10, 2009 to the period end.