

 **Bank of Hawaii** A SHARED VISION

SHAREHOLDERS CUSTOMERS EMPLOYEES COMMUNITY

2011 ANNUAL REPORT



## 2011 FINANCIAL SUMMARY

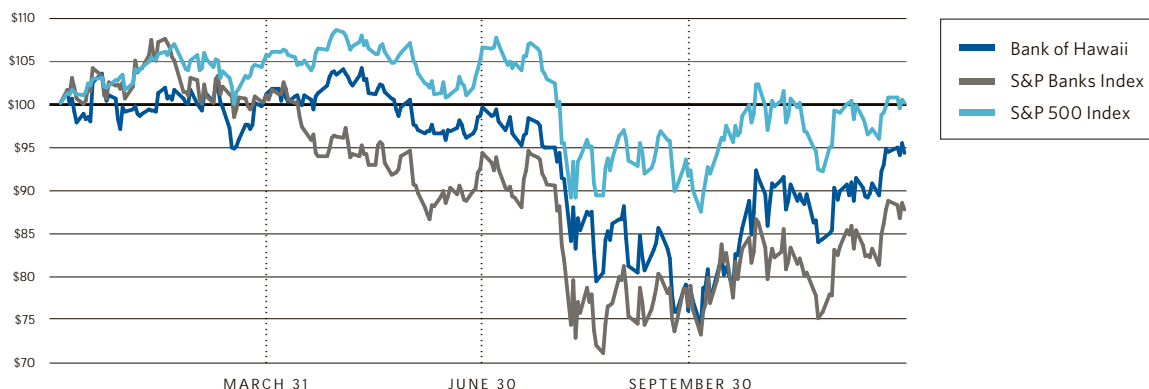
Bank of Hawaii Corporation and Subsidiaries (dollars in thousands, except per-share amounts)

FOR THE YEAR ENDED DECEMBER 31	2011	2010
<b>Earnings Highlights and Performance Ratios</b>		
Net Income	\$ 160,043	\$ 183,942
Basic Earnings Per Share	3.40	3.83
Diluted Earnings Per Share	3.39	3.80
Dividends Declared Per Share	1.80	1.80
Net Income to Average Total Assets (ROA)	1.22%	1.45%
Net Income to Average Shareholders' Equity (ROE)	15.69%	18.16%
Net Interest Margin <sup>1</sup>	3.13%	3.41%
Efficiency Ratio <sup>2</sup>	59.23%	52.32%
Market Price Per Share of Common Stock:		
Closing	\$ 44.49	\$ 47.21
High	\$ 49.26	\$ 54.10
Low	\$ 34.50	\$ 41.60
<b>AS OF DECEMBER 31</b>		
<b>Statement of Condition Highlights and Performance Ratios</b>		
Loans and Leases	\$ 5,538,304	\$ 5,335,792
Total Assets	13,846,391	13,126,787
Total Deposits	10,592,623	9,888,995
Total Shareholders' Equity	1,002,667	1,011,133
Book Value Per Common Share	\$ 21.82	\$ 21.02
Allowance to Loans and Leases Outstanding	2.50%	2.76%
Full-Time Equivalent Employees	2,370	2,399
Branches and Offices	81	82
<b>FOR THE QUARTER ENDED DECEMBER 31</b>		
<b>Earnings Highlights and Performance Ratios</b>		
Net Income	\$ 39,229	\$ 40,578
Basic Earnings Per Share	0.85	0.84
Diluted Earnings Per Share	0.85	0.84
Net Income to Average Total Assets (ROA)	1.17%	1.24%
Net Income to Average Shareholders' Equity (ROE)	15.23%	15.08%
Net Interest Margin <sup>1</sup>	3.04%	3.15%
Efficiency Ratio <sup>2</sup>	60.42%	60.05%

<sup>1</sup> Net interest margin is defined as net interest income, on a taxable equivalent basis, as a percentage of average earning assets.

<sup>2</sup> Efficiency ratio is defined as noninterest expense divided by total revenue (net interest income and total noninterest income).

## 2011 RELATIVE PRICE PERFORMANCE





**Our Customers:**

As a financial services business, our value is based on providing customers with convenient, effective and sound banking and investment products and services. We have measured our customers' impressions of customer service and overall customer satisfaction for many years now. In 2011, we were pleased to see customer service and overall customer satisfaction levels reach record levels.

The way our customers bank is changing and much of that change is being driven by the need for greater convenience and reliance on technology. Online and mobile banking are growing rapidly in popularity. We have worked hard to improve our online experience. Bank of Hawaii was the first bank in Hawaii to provide a mobile banking offering for iPhone users. Recently, we expanded our mobile banking offerings to also include Android and Blackberry customers.

We recognize that the traditional branch environment remains a popular alternative for many of our Bank of Hawaii customers. In 2011, we opened three new branches. In 2012 we will add additional branches with a goal of providing greater convenience to meet our customers' changing needs. Aligning the convenience needs of our customers today and into the future with prudent capital planning is a major imperative for Bank of Hawaii.

**Our Employees:**

Our employees are our greatest resource at Bank of Hawaii. They are truly the crown jewel of our franchise. Our success—past, present and future—depends on retaining and hiring the finest financial services professionals in our marketplace. In 2011, we launched a new employee program called *Grow, Connect and Thrive* focused on improving the employee experience at Bank of Hawaii. The core of the program centers on the notion that talented people work for more than just a paycheck.

The workplace, as a center for social connection, personal development and life skills building, is an important element of employee satisfaction. *Grow, Connect and Thrive*, through 116 separate programs, focuses on those nonfinancial attributes of working at Bank of Hawaii.

Much has been written on the needs and complexion of the 21st century workforce. We see this workforce as one confronted with a world that is more complex, ever changing and more competitive than ever. Training and development will be critical to succeeding in this environment. In response to this reality, in 2011 we opened our Center For Excellence training center at our downtown headquarters.

The Center houses 16,000 square feet of training and development space for our employees. The space utilizes the latest in computer and audio-visual capabilities and also houses our teller training and support area. We believe this new facility supports the learning capacity we will need to provide the requisite resources necessary to keeping our team on the cutting edge in the coming years.

**Our Community:**

Our strength as a community bank is directly linked to the strength of the communities we serve. Providing leadership and support (financial and otherwise) is truly a strategic imperative of Bank of Hawaii.

In 2011, 2,015 of our employees participated in one or more community support events. That is a staggering 82% of our overall workforce and a number that I am quite proud of. We held 50 community support events during the year. We conducted 123 Smart Money Seminars in 2011 covering topics ranging from basic budgeting to elder fraud.

In 2011, we were again rated *Outstanding* for our Community Reinvestment Act activities by the Federal Reserve Bank. This is the seventh consecutive *Outstanding* ranking for Bank of Hawaii. Also in 2011, we were named SBA small business lender of the year. Further highlighting our commitment to our markets, in 2011 Bank of Hawaii recorded more mortgages than any other financial institution in the Hawaii market.

**Concluding Thoughts:**

As I mentioned earlier, the business and economic environment remains as challenging as ever. Despite these challenges, in 2011 Bank of Hawaii demonstrated the ability to deliver meaningful results for each of our key stakeholders—our shareholders, our customers, our employees and our communities. Our vision lies in creating exceptional value for each of these key segments concurrently. In this regard, we feel good about our performance to date and we have great confidence in our ability to deliver even greater value to our constituencies in the years ahead.

With warmest regards,

Sincerely,



PETER S. HO  
Chairman, President, and Chief Executive Officer  
Bank of Hawaii Corporation and Bank of Hawaii

## BEING THE BANK “OF HAWAII” IS BOTH A PRIVILEGE AND A RESPONSIBILITY.

It means sharing the common values that define us—the importance of family, a strong sense of community, and our hopes and aspirations for Hawaii’s future. It means making sure these values ensure everything we do delivers the highest quality, safest, most convenient and innovative financial services to the families and businesses we serve.

With roots deeply embedded in Hawaii, the bank draws on the time-honored ideals of *‘ohana* (family) and *malama* (service) in the way we conduct our business. At the same time, we employ leading edge technology to manage and deliver our services more conveniently, efficiently and economically in a complex, ever-evolving financial services environment.

### Enhancing the Customer Experience

The key feature remains convenience, which we continue to analyze and adapt based on the changing preferences of our customers. We’ve made banking more accessible through expansions to online and mobile banking; expanded banking hours at our in-store branches and our 24/7 call center; and at an improved ATM network. We also bring more specialized services to customers through our strategically located banking centers.

### Online and Mobile Banking

Reflecting the trend toward doing personal transactions online and via smartphones, the bank has seen an upswing in both online banking and mobile banking, the latter introduced in 2007. As customers have become accustomed to the ease and security of electronic banking, the bank has seen a

marked rise in the use of such services as monthly online bank statements, paying bills online, and opening checking and savings accounts online. To support efficient delivery of our full-range of services, we continue to improve and update our award-winning website for greater ease of use and security.

### ATMs

Convenience is not just having the largest network of ATMs throughout the state. It is also found in the convenience of our multi-language screens so that ATM users can now select Chinese, Japanese or English. This is an especially welcome feature for our Asian residents, visitors and customers.

### Responding to Changing Customer Preferences

The increasing popularity of online and mobile banking provides customers the ability to do more of their basic transactions at their convenience. At the same time, transaction volumes have been decreasing at some of our traditional branches. Our vision of providing an enhanced customer experience has been realigned to reflect these new trends. This includes further investment in our in-store branch network and banking centers, while moving away from some of our traditional branches.

### New In-Store Branches

Our in-store branches have become increasingly popular as they offer customers the convenience of being able to do their banking where they shop. In 2011, we opened three new in-store branches. The new Moiliili Branch, formerly the University Branch, opened in the new Longs/CVS store, marking our first co-branded branch partnership with the company. We also opened two Safeway in-store branches—one in Hilo’s Makaala Center, and another in the new Safeway Beretania on Oahu, bringing the total Safeway in-store branches to nine.

At the end of 2011, we announced the closure of three of our traditional branches—Aikahi, Laie and Kohala—in 2012, and the temporary closure of the Pearl Harbor branch as we look for a new location.

Three more in-store branches are planned for 2012, one on Oahu and two on neighbor islands.

### **Banking Centers**

Since the banking center was first introduced at select branches a few years ago, it has proved to be so successful that in 2011 three more branches became banking centers, bringing the total to seven on Oahu.

The concept of the banking center is making specialized financial services available in one designated branch so that customers can have immediate access to highly skilled experts in a range of services. Specialists in Mortgage Banking, Investment Services, Personal Banking, and Business Banking conduct business from each of our banking centers. These banking centers are located in branches serving major metropolitan markets—Ala Moana, Kailua, Kapolei, Main Branch in Downtown Honolulu, Pearlridge, Waialae-Kahala and Waikiki.

The close proximity of business units fosters increased collaboration. Customers can now have their needs met in one location by one team—whether they are planning for retirement, refinancing a mortgage, applying for a business loan, or saving for college.

### **Improving Systems and Processes**

Technology and management systems play an integral part in the bank's ability to deliver the full range of financial services to our customers efficiently and quickly.

### **Updated Information Technology System and Management Tools**

We are continuously improving the bank's Information Technology system. For example, new systems were implemented that streamline and increase the speed and convenience of transactions for customers, whether they are using an ATM, dealing with our call center, or doing their banking at a branch. At the same time, additional functionality was implemented that facilitates the sharing of information across the entire company so that bank employees are better able to manage transaction processes and provide more efficient service. This includes the use of workflow and business automation tools that streamline and automate processes to better serve our customers and improve the efficiency of our employees. In our systems environment, we are leveraging virtualization technologies and cloud-based services to lower our costs and reduce the time to deploy new services and capabilities.

Management systems are always being improved to allow the bank's business units to assess and enhance our capabilities to improve the delivery of service. This includes refining and customizing tools like "Business Dashboards" that give us ways to track performance in our respective departments in real time. The desired result is always outstanding customer service.

All our newest information technology and management initiatives are contributing to the bank's effort to reduce energy consumption in its operations statewide. Through automation and more efficient technologies in our desktop computer environment, total utility cost savings are expected to be \$250,000 annually.

### **Comprehensive Wealth Management Services**

For more than a century, Bank of Hawaii has helped generations of families preserve and grow their wealth. We combine our local, personalized approach with products and services that deliver a global perspective to fulfill the financial goals of our clients.

### **Investment and Trust Services**

As the largest Hawaii-based provider of fiduciary services in the state, the bank's Investment Services Group (ISG) is the premier provider of comprehensive wealth management services, including private banking and trust administration; investment management, and retirement plan services; succession planning; real estate management; tax planning and preparation, financial planning and business valuation; and full service brokerage.

In 2011, ISG took steps to improve the scope of our client services with several initiatives. We completed our conversion to open architecture investment services, which allows our local portfolio managers to provide clients recommendations from leading global investment managers. We brought services directly to clients through our presence in the Bank of Hawaii Banking Centers. We enhanced credit services by placing a high priority on expediting and customizing loans for private banking clients. We also enhanced our holistic approach to serving clients by rolling out our new dashboard reporting tool to better integrate all aspects of our comprehensive wealth management activities.

### **Meeting Increased Demands for Loans**

During 2011, we saw an increase in the demand for both business and consumer loans—an encouraging sign of growing consumer confidence in the economy and optimism about the future.

To meet this rising demand, we took steps to broaden the range of our loan products, providing loans that were in line with customers' borrowing needs—whether it was to purchase new equipment for a business, buy a new car or a new home, or pay for a child's education. We also modified our home equity lending product to appeal to a broader range of homeowners.

To take our message to the marketplace, we revitalized our branch sales efforts, as well as advertising and direct mail campaigns. We also increased our sales staffing and resources dedicated to serving this market.

### **Mortgage Lending**

2011 was a banner year for mortgage lending, with the bank named the state's number one lender based on executing the greatest number of loans. A great deal of credit goes to our team of highly qualified, experienced lenders in the field, as well as the presence of mortgage loan specialists in our banking centers across Oahu. Their success was reflected in Bank of Hawaii being awarded the *Honolulu Star-Advertiser* people's choice award for Best Mortgage Company of the year.

### **Meeting the Needs of Business**

Small businesses. Sole proprietorships. Medium-sized companies. Large corporations. International businesses. As they grow and change, Bank of Hawaii takes great pains to understand our business customers' needs and provide the services they need to thrive and succeed.

### **Business Banking Named SBA "Lender of the Year" for Hawaii**

In 2011, we saw a marked increase in lending in the small business sector—an important market segment, as more than 95 percent of enterprises in Hawaii are small businesses. The bank continued



its efforts to serve this market through its dedicated business banking group, and led all lenders in the state with 80 SBA guaranteed loans. The effort garnered Bank of Hawaii the U.S. Small Business Administration's prestigious "Lender of the Year" Award for Hawaii.

### **International Banking**

The only local bank with an international division, Bank of Hawaii was honored to co-host and organize the APEC China-Aloha Business Leaders' Night with the China Council for the Promotion of International Trade (CCPIT). The event drew more than 200 chairmen and CEOs of top Chinese companies who were in Hawaii to attend the APEC CEO Summit. Attendees at the China Night also included more than 150 chairmen and CEOs of top Hawaii companies. It was the ideal venue for Hawaii companies to establish relationships with their Chinese counterparts and showcase business opportunities in the state.

The International Banking Division serves clients from Asian countries such as China, Japan and Korea who have financial interests in Hawaii and the Pacific. To facilitate their transactions, all our client-facing officers are first generation Asians who are fluent in both their respective languages and cultures, and knowledgeable in the protocols of international business. The bank has also taken steps to make banking easier in Hawaii and the West Pacific by offering multi-language ATM screens in Chinese, Japanese and English—a major convenience for our customers as well as residents and visitors.

Chinese businesses, visitors and investors have also been benefiting from a service put in place in 2010, allowing China UnionPay debit and credit card holders to withdraw cash at any Bank of Hawaii ATMs and makes purchases at our

merchant terminals. China UnionPay is the sole bank card association in China and has more than 2.5 billion cards issued under the CUP brand.

### **Commercial/Corporate Banking**

Commercial Banking enjoyed solid growth in 2011. With companies beginning to commit to strategic expansion, year-over-year lending activity increased significantly. Growth was particularly evident in the commercial real estate loan portfolio as clients took advantage of attractive conditions in the Hawaii marketplace both in terms of investor and owner-occupied real estate. Increased activity was also evident in the Hawaii and Guam based commercial and industrial loan books as locally owned businesses made significant investments into their operations. With the increase in activity expected to continue and with a continued desire to provide the very highest level of service to its commercial clients, Bank of Hawaii has responded by deploying more commercial lending officers to serve its markets.

Being the Bank "of Hawaii" is indeed a privilege and a responsibility, and we are grateful to our customers for the trust and confidence they place in us. We are committed to honoring the shared values that define us in every aspect of our customer relationships.

On the following pages, you will hear from some of our customers about their experiences in ways we do business with them—always delivering the highest quality financial services tailored to their needs, with the utmost in service and convenience.

PROFILE: Commercial Banking and Private Client Services Client  
HOSPICE HAWAII



“Great banking is not just about banking; it’s about relationships and partnerships. . . . And we know that Bank of Hawaii is there to partner with us through whatever happens.”

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- KENNETH ZERI

I really appreciate how tied together this community is, how inter-dependent we are upon each other. I don't know how to generate electricity, so I am dependent upon electricity companies to do that. I'm not a banker so I depend upon Bank of Hawaii to be the very best at being a bank, to be very solid so that I know that our money, which we have in stewardship from our donors, is going to be wisely taken care of. Then I can focus on what I do best—provide hospice care.

I value that when I have a conversation with Diane Murakami, our banker, that she is going to do the work that she needs to do, talking to people within the broader bank to say, 'What's the best way to help Hospice Hawaii?'

Over the years, as is natural for any business of Hawaii, there have been good times and bad times. And during the difficult times, Bank of Hawaii stood by us to help us invest our resources to achieve the performance that we wanted out of our reserves. They helped us to understand the current economy more effectively, to make better decisions about money; helped us to envision ourselves so that when opportunities arise we can be ready to grow as an organization. And we know that Bank of Hawaii is there to partner with us through whatever happens.

And it's face to face. I don't have to call the Mainland. I know whom I'm calling when I have that conversation. Great banking is not just about banking; it's about relationships and partnerships.

We are part of this community, we are supported by the community, and we support the community in turn. Because we're a local company, it's important that we work with a local bank. Hospice Hawaii has been here for more than 32 years and it's really important to us that we have those local roots. We know that when

you have those local roots, you understand. It's really important to this community and it's important to the bank as well since we're shaping our community to be the best that it can be.

I like working with Bank of Hawaii because I know that the bank has the same set of values that we do: How do we do business, how do we support our community so that it's a better place? We are honored that the employees and retirees of Bank of Hawaii support the mission of Hospice Hawaii; that they are engaged in the community, starting from Peter Ho.

When I ask for a board member, Bank of Hawaii comes up with a good senior staff person to join our organization. We've had a member of Bank of Hawaii's leadership team on our board of directors for as long as I know. When we have an event, their staff turn out to participate, to support and volunteer. Bank of Hawaii staff sometimes use the services of Hospice Hawaii. They say, 'I'm going to trust you to take care of my dad.' That's the real partnership.

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*On left: Kenneth Zeri, president and chief professional officer, Hospice Hawaii.*

PROFILE: Commercial Banking Client  
MAUI SODA & ICE WORKS, LTD.



“Having a local bank is really comforting to us. In hard times, we rely on partners and family to take us through.”

- MIKE NOBRIGA

**Mike Nobriga:** I've been president and general manager of Maui Soda & Ice Works since 1999. I was born into the company. I've been in the company all my life. I've been working here part-time since the early to late '60s. Then upon graduation from the University of Hawaii-Manoa in 1975, I began full time since 1976. It's the nature of our family business.

We place a lot of emphasis on the feeling of 'ohana, the feeling of family, the feeling of partnership. Having a local bank is really comforting to us. In hard times, we rely on partners and family to take us through.

The most important part of our relationship with Bank of Hawaii is professionalism and the personality of the team assigned to us. Bryce Thayer is our primary banker, and we also get a lot of support from Galen Nakamura at the branch here in Wailuku.

The people that we work with really make us feel that we're the most important customer that Bank of Hawaii has. And that really helps us strengthen our relationship with the bank and the people we work with. If there's a problem, we have a point of contact we can call and no matter what department we reach at Bank of Hawaii, we get the solution quickly and we get corrective actions immediately and everything's hunky dory.

We've been producing our quality, premium ice cream called Roselani since 1932. We've focused our niche on Hawaiian tropical flavors, and have invested heavily in our statewide distribution for the past seven years. It's the most challenging of times right now with the economy; disposable income being relatively restricted. The rest of the business has historically been able to support our investment efforts, but these last two years,

Bank of Hawaii has been very instrumental in keeping our cash flow up and running.

The bank has been generous with extending lines of credit, especially for special equipment, to improve our efficiencies and to ensure that we can focus on the utmost product quality and appeal to customers throughout our great Hawaiian Islands.

They have helped us with economic forecasts. When we think about a major project, they're usually the ones we call after a group meeting, and Bank of Hawaii provides the best course of action for the company. Whether it's photovoltaic or sustainable energy, Bank of Hawaii is always there and has the necessary knowledge to help us make sound financial decisions.

Ever since the late 1990s when the company shifted over to Bank of Hawaii because of the great service and partnership that Bank of Hawaii shows, the whole family switched all of our accounts personally over to the Bank of Hawaii. We are totally committed as a family to Bank of Hawaii, and our friends and associates are always highly complimentary of the service.

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*In the Roselani production area (from left): Catherine Nobriga-Kim, vice president frozen division Roselani and corporate treasurer; David D. Nobriga, fleet maintenance manager; David "Buddy" Nobriga, chairman of the board; James J. Nobriga, distribution warehouse manager; Mike A. Nobriga, president and general manager; and Robert A. Nobriga, director of freight operations.*

PROFILE: Commercial Banking and Private Banking Client  
YUMMY RESTAURANT GROUP

"I truly value them as my partners,  
not just as bank officers."

— PETER KIM



I have been a loyal Bank of Hawaii client for more than 25 years, and we have established a mutual respect in our banking relationship throughout these years.

Bank of Hawaii has always provided me with a deep perception of my business and my changing needs. I value the communication they encourage between client and banker, because from better communication comes better understanding of each other's business.

At Yummy's, we believe in promoting quality first without stressing about the profit. It is all about providing the quality and value that satisfies our customers. With this belief and practice, we have been most fortunate to serve Hawaii during the last 25 years.

Having both Tim Chang and Galen Nakamura as my local bankers who understand and appreciate my business has been most beneficial to my business operations. They have direct access to my in-depth business plans and endeavors, and have efficiently responded by providing me with sound advice. I truly value them as my partners, not just as bank officers.

On the personal side, Cheryl Nakaoka, my private client banker, has done a marvelous job of tending to my needs over the years. Our mutual respect and confidence in each other have enabled me to resolve many banking matters.

I was proud to recommend my family members to Bank of Hawaii. They have been provided with the utmost respect and excellent service to fulfill their banking needs.

I cherish, respect and am most grateful to Bank of Hawaii for taking the risk of providing me with my very first loan, with the help of Curtis Tom. The Yummy Restaurant Group and our family now have more than forty restaurants in Hawaii.

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*On left: Peter Kim, president and founder, Yummy Restaurant Group, at the counter of Liliha Bakery on Oahu.*

PROFILE : International Banking and Private Client Services Client  
KYO-YA MANAGEMENT COMPANY



“Kyo-ya cares about being a good steward in the community and helping our employees prosper. Bank of Hawaii shares these convictions, making our relationship one that is not limited to our banking or financial needs.”

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- GREG DICKHENS



Relationships are very important. Kyo-ya Hotels & Resorts has been with Bank of Hawaii since our company was founded in the early 1960s. We are a local company and a wholly owned subsidiary of Kokusai Kogyo Kabushiki Kaisha in Japan. Kyo-ya cares about being a good steward in the community and helping our employees prosper. Bank of Hawaii shares these convictions, making our relationship one that is not limited to our banking or financial needs.

In addition to the day-to-day banking services BOH provides, we value the one-on-one relationship with our banker, Robert Fortuna, of the International Banking Services Division. He has worked with us for many years, and he and his team are very responsive and helpful.

Robert is our point person at Bank of Hawaii and works together with Cyrus Oda, our chief financial officer, to ensure our banking needs are met. In 2011, Robert did a tremendous job arranging complex accounts with BOH for our mezzanine lenders. Robert handled the negotiation and facilitated the closing of the transaction in less than 24 hours. The professionalism and efficiency Robert displayed are one of the many reasons we value our relationship.

Bank of Hawaii also provided a retirement plan for our non-union employees that features enhanced investment options and unique asset allocation models at a lower cost than our previous plan. Additionally, the bank's Retirement Plan Services team provided our employees with one-on-one and group educational sessions to help them make the best overall use of their retirement plan benefits.

In addition to assisting us with financial services, the bank helps us by facilitating relationships with other companies—whether they are in Hawaii, on the mainland or international.

A perfect example of the bank's commitment to Hawaii is the role their Chairman & CEO, Peter Ho, played as chairman of the APEC 2011 Hawaii Host Committee. I had the opportunity to serve with Peter on the Host Committee and saw firsthand how he brought together a diverse mix of Hawaii executives—from the business community, government, unions and the military—and created a bond among these leaders, who typically don't engage with one another on a day-to-day basis. It was an incredible opportunity for all of us to work together, and it will have a big impact on the future because it opened positive dialogue and established strong relationships.

APEC overall was phenomenal for Hawaii. For our state to be able to host these world leaders was truly an amazing, once-in-a-lifetime experience. It was also a privilege and pleasure for Kyo-ya to host many of the leaders' meetings at our hotels in Waikiki.

The bank also supports the community through its charitable giving and sponsorship of events. With a similar belief in strengthening the communities where we do business, we participate in a number of activities, including the annual Visitor Industry Charity Walk held in Waikiki. Our employees enjoy participating in this event, especially in serving the lunch that greets the thousands of people at the end of their walk. Each year, Kyo-ya donates approximately \$260,000 to more than 30 nonprofit organizations and \$500,000 in hotel room and dining certificates to more than 100 nonprofits.

We're glad to be a part of our island community, and to do business with a company that shares this same commitment to Hawaii.

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*On left: Greg Dickhens, president, Kyo-ya Hotels & Resorts, at the Royal Hawaiian Hotel in Waikiki.*

PROFILE: Retail Client  
CARON LING

"I like working with Bank of Hawaii because they've always impressed me throughout the years as being professional yet warm, which is a really hard combination to get."

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- CARON LING



I haven't been a client of Bank of Hawaii for very long. I just started in August of 2011, and something interesting to note is that I haven't had a local bank in 14 years. I had a credit union that is on the Mainland. However, I saw Bank of Hawaii people all the time at work-related events through the years. And when I had to select my bank, I was given two choices and, of course, I decided on Bank of Hawaii, because a good friend of mine works there.

I'm a Realtor, so I use Bank of Hawaii a lot for my loan officers. One of my favorite loan officers is Kai Yamamoto at the Pearlridge Branch. And I've known Scott Yoshihara for years; he does a lot of community service with my Dad.

My first experience of opening a bank account with Bank of Hawaii was with Rachael Shinsato at the Moiliili Branch. She was amazing. She took care of me from start to finish. And by the end of everything, I felt she was my friend.

In the last few years, especially during the mortgage crisis, I heard that Bank of Hawaii was the number one bank in the nation. It was good to know that a bank like that exists in Hawaii and it could be my bank.

I like working with Bank of Hawaii because they've always impressed me throughout the years as being professional yet warm, which is a really hard combination to get.

Every time I visit any Bank of Hawaii branch, I feel like I've made a friend. Each person seems to look out for my best interests. I've had many good experiences with the tellers. In one of my latest experiences, at the Beretania Safeway, I went to deposit a check and they told me what the options were: That I could open a Bankohana bank account and it would earn more interest than in the checking account that I opened

up. They were all so nice and friendly that I opened up another bank account with them, and I received a \$10 gift card to Safeway.

Online banking is very important to me. I've done my banking online for over a decade because my credit union doesn't exist on the island. I've been using Bank of Hawaii's app on my iPhone, and that's how I like to manage my banking online. The app is just like the website, and it logs you out for security. They have a way that you can text where your money is going; online services make it very easy for you.

I got into a panic a few days ago because I wasn't sure how much money I had in my account, and I didn't have time to go to the bank. I needed to have a certain amount for the check I just wrote, and I didn't remember how much money I had transferred from my savings to my checking when I was last at the bank. I could see how much was in my checking account, which was not enough, so I looked online for my new savings account and it wasn't featured in my online account. I called the bank—you can call them 24/7—and the representative set it up very easily and made the transfer, and I felt better. When I looked the very next day, it had all been set up so I could see everything online. Each time that I've interacted with Bank of Hawaii, I remember walking away thinking, 'Wow, Bank of Hawaii really hires great people.'

Bank of Hawaii is in all the grocery stores—they're at CVS/Longs, they're at Safeway; they make banking very easy. They make it really easy for their customers and they make them happy as well.

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*On left: Caron Ling, Realtor and CRS, team builder/recruiter for Hawaii Life Real Estate Brokers, at the Bank of Hawaii Moiliili Branch.*

## SERVING OUR COMMUNITIES

Counterclockwise from top: Bank of Hawaii volunteers prepare to wade into Maunalua Bay on Oahu to remove alien algae, one of 50 employee volunteer projects in 2011; Paul Hoe, manager of Bank of Hawaii's Employee Volunteer Program, was recognized for enhancing volunteerism in our community when he received the 2011 Outstanding Volunteer Leader of the Year Award; Kaimuki Branch Manager Daniel Yokoo engages second graders from Palolo Elementary on Oahu; Kalihi Elementary fifth graders received a lesson on saving from Bank of Hawaii volunteers.



For Bank of Hawaii, taking care of our community is a core value. It is a notion integral to our past and vital to our future. We believe investing in the community is both a responsibility and an opportunity. Why? Well, first and foremost, it is simply the right thing to do. In addition, as the state's largest independently owned financial institution, we know that our success is inextricably tied to the success of our island communities.

We invest in the community in many different ways. We strive to serve as a model of volunteerism for our marketplace, providing the gift of time, energy and expertise from our people to the community. We are also committed to providing financial support and financial education.

#### 2011 Impact at a Glance

- **13,803** volunteer hours donated to the community
- **2,015** Bank of Hawaii volunteers donating their time and services. This represents 82 percent of our employee count.
- **50** community service projects
- **\$2.5+ million** donated by Bank of Hawaii, its Foundation, and its employees and retirees to support the good work of 431 nonprofit partners

#### Financial Education

We are especially committed to giving people the tools and resources to build a better future by providing financial education. Taught by bank employee volunteers, our "Smart Money" seminars are now offered in multiple languages to communities in Hawaii, Guam, Saipan, and Palau.

Bank of Hawaii employees volunteer with Junior Achievement of Hawaii to teach financial education and entrepreneurial classes to students from low- to moderate-income households, encourage elementary school children to develop lifelong savings habits through "Teach Children to Save," and help high school students "Get Smart About Credit."

- **2,417** volunteer hours donated to financial education, including at 82 public schools serving students from low- to moderate-income households

- **8,200+** students were helped through these efforts

Although Bank of Hawaii has been recognized over the past several years as one of America's best banks, our heart and soul rests right here in the islands. We wish a warm *mahalo* to the many organizations and individuals who partnered with us in 2011 to make our community a better place.



*U.S. Senator Daniel K. Inouye, who was instrumental in bringing APEC to Hawaii, and Peter Ho, chair of the APEC 2011 Hawai'i Host Committee.*



#### Spotlighting Hawaii at APEC 2011

Our state was in the international spotlight

when leaders of the 21 Asia Pacific Economic Cooperation (APEC) economies convened in Hawaii for the 2011 leaders' meeting. The United States and Hawaii had the privilege of hosting the APEC member economies that account for more than half of the world's trade.

The APEC 2011 Hawai'i Host Committee, chaired by Bank of Hawaii Chairman and CEO Peter Ho, set a strong foundation to reposition Hawaii as more than a premier vacation destination, but also an excellent place to do business. Bank of Hawaii is honored to have been involved in this collaborative effort among Hawaii's leaders from the business, government, military, education, and union sectors to prepare for this significant opportunity for Hawaii.

"Hawaii gets an A-plus," said Kurt Tong, former U.S. ambassador for APEC, and current deputy chief of mission for the U.S. Embassy in Tokyo. "Hawaii definitely has proven it's ready for the big time, ready for the big leagues. This is a shared home run for Hawaii and for the United States at large."

## FINANCIALS : Consolidated Statements of Income

Bank of Hawaii Corporation and Subsidiaries (dollars in thousands, except per-share amounts)

FOR THE YEAR ENDED DECEMBER 31	2011	2010
<b>Interest Income</b>		
Interest and Fees on Loans and Leases	\$ 262,239	\$ 287,381
Income on Investment Securities		
Available-for-Sale	103,363	169,151
Held-to-Maturity	72,138	6,504
Deposits	8	28
Funds Sold	828	1,076
Other	1,117	1,111
Total Interest Income	439,693	465,251
<b>Interest Expense</b>		
Deposits	18,321	29,196
Securities Sold Under Agreements to Repurchase	29,171	25,996
Funds Purchased	20	30
Long-Term Debt	1,973	3,549
Total Interest Expense	49,485	58,771
Net Interest Income	390,208	406,480
Provision for Credit Losses	12,690	55,287
Net Interest Income After Provision for Credit Losses	377,518	351,193
<b>Noninterest Income</b>		
Trust and Asset Management	45,046	44,889
Mortgage Banking	14,664	18,576
Service Charges on Deposit Accounts	38,733	53,039
Fees, Exchange, and Other Service Charges	60,227	61,006
Investment Securities Gains, Net	6,366	42,848
Insurance	10,957	9,961
Other	21,662	24,939
Total Noninterest Income	197,655	255,258
<b>Noninterest Expense</b>		
Salaries and Benefits	182,816	185,713
Net Occupancy	43,169	40,988
Net Equipment	18,849	19,371
Professional Fees	8,623	7,104
FDIC Insurance	9,346	12,564
Other	85,390	80,496
Total Noninterest Expense	348,193	346,236
Income Before Provision for Income Taxes	226,980	260,215
Provision for Income Taxes	66,937	76,273
<b>Net Income</b>		
	<u>\$ 160,043</u>	<u>\$ 183,942</u>
Basic Earnings Per Share	\$ 3.40	\$ 3.83
Diluted Earnings Per Share	\$ 3.39	\$ 3.80
Dividends Declared Per Share	\$ 1.80	\$ 1.80
Basic Weighted Average Shares	47,064,925	48,055,025
Diluted Weighted Average Shares	47,224,981	48,355,965

Refer to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2011 for the Consolidated Financial Statements, including Report of Independent Registered Public Accounting Firm, thereon.

## FINANCIALS : Consolidated Statements of Condition

Bank of Hawaii Corporation and Subsidiaries (dollars in thousands)

AS OF DECEMBER 31	2011	2010
<b>Assets</b>		
Interest-Bearing Deposits	\$ 3,036	\$ 3,472
Funds Sold	512,384	438,327
Investment Securities		
Available-for-Sale	3,451,885	6,533,874
Held-to-Maturity (Fair Value of \$3,754,206 and \$134,028)	3,657,796	127,249
Loans Held for Sale	18,957	17,564
Loans and Leases	5,538,304	5,335,792
Allowance for Loan and Lease Losses	(138,606)	(147,358)
Net Loans and Leases	5,399,698	5,188,434
Total Earning Assets	<u>13,043,756</u>	<u>12,308,920</u>
Cash and Noninterest-Bearing Deposits	154,489	165,748
Premises and Equipment	103,550	108,170
Customers' Acceptances	476	437
Accrued Interest Receivable	43,510	41,151
Foreclosed Real Estate	3,042	1,928
Mortgage Servicing Rights	24,279	25,379
Goodwill	31,517	31,517
Other Assets	441,772	443,537
Total Assets	<u>\$ 13,846,391</u>	<u>\$ 13,126,787</u>
<b>Liabilities</b>		
Deposits		
Noninterest-Bearing Demand	\$ 2,850,923	\$ 2,447,713
Interest-Bearing Demand	2,005,983	1,871,718
Savings	4,398,638	4,526,893
Time	1,337,079	1,042,671
Total Deposits	<u>10,592,623</u>	<u>9,888,995</u>
Funds Purchased	10,791	9,478
Short-Term Borrowings	-	6,200
Securities Sold Under Agreements to Repurchase	1,925,998	1,901,084
Long-Term Debt	30,696	32,652
Banker's Acceptances	476	437
Retirement Benefits Payable	46,949	30,885
Accrued Interest Payable	5,330	5,007
Taxes Payable and Deferred Taxes	95,840	121,517
Other Liabilities	135,021	119,399
Total Liabilities	<u>12,843,724</u>	<u>12,115,654</u>
<b>Shareholders' Equity</b>		
Common Stock (\$.01 par value; authorized 500,000,000 shares; issued / outstanding: December 31, 2011 - 57,134,470 / 45,947,116; and December 31, 2010 - 57,115,287 / 48,097,672)	571	570
Capital Surplus	507,558	500,888
Accumulated Other Comprehensive Income	35,263	26,965
Retained Earnings	1,003,938	932,629
Treasury Stock, at Cost (Shares: December 31, 2011 - 11,187,354; and December 31, 2010 - 9,017,615)	(544,663)	(449,919)
Total Shareholders' Equity	<u>1,002,667</u>	<u>1,011,133</u>
Total Liabilities and Shareholders' Equity	<u>\$ 13,846,391</u>	<u>\$ 13,126,787</u>

Refer to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2011 for the Consolidated Financial Statements, including Report of Independent Registered Public Accounting Firm, thereon.

MANAGING COMMITTEE: Bank of Hawaii Corporation / Bank of Hawaii

(As of December 31, 2011)



**Managing Committee**

(from left, seated) Shelley B. Thompson, Kent T. Lucien, Mary E. Sellers, Peter S. Ho, Donna A. Tanoue, Mark A. Rossi, and Wayne Y. Hamano

(from left, standing) Thomas J. Koide, Sharon M. Crofts, Derek A. Baughman, James C. Polk, Peter M. Biggs, Alton T. Kuioka, Derek J. Norris, Vincent E. Barfield, Dean Y. Shigemura, and Jill F. S. Higa

**Peter S. Ho**  
Chairman, President, and  
Chief Executive Officer

**Peter M. Biggs**  
Vice Chairman and  
Chief Retail Officer

**Wayne Y. Hamano**  
Vice Chairman and  
Chief Commercial Officer

**Alton T. Kuioka**  
Vice Chairman of Board of  
Directors of Bank of Hawaii

**Kent T. Lucien**  
Vice Chairman and  
Chief Financial Officer

**Mark A. Rossi**  
Vice Chairman,  
Chief Administrative Officer,  
General Counsel  
& Corporate Secretary

**Mary E. Sellers**  
Vice Chairman  
and Chief Risk Officer

**Donna A. Tanoue**  
Vice Chairman, Client  
and Community Relations

**Shelley B. Thompson**  
Vice Chairman and Chief  
Fiduciary Officer

**Vincent E. Barfield**  
Senior Executive  
Vice President  
Investment Services Group

**Derek A. Baughman**  
Senior Executive Vice  
President and Chief  
Information Officer

**Sharon M. Crofts**  
Senior Executive Vice  
President and Manager  
Operations Group  
Administration

**Jill F. S. Higa**  
Senior Executive  
Vice President and  
Manager Consumer  
& Mortgage Lending

**Thomas J. Koide**  
Senior Executive Vice  
President and Manager  
Retail Delivery Channels

**Derek J. Norris**  
Senior Executive Vice  
President and Controller

**James C. Polk**  
Senior Executive  
Vice President and Chief  
Lending Officer

**Dean Y. Shigemura**  
Senior Executive Vice  
President and Treasurer



**BOARD OF DIRECTORS : Bank of Hawaii Corporation / Bank of Hawaii**  
*(As of December 31, 2011)*



**S. Haunani Apoliona\***  
*Trustee*  
 Office of  
 Hawaiian Affairs



**Mary G. F. Bitterman\***  
*President and Director*  
 The Bernard Osher  
 Foundation



**Mark A. Burak\***  
*Retired Executive*  
 Vice President  
 Bank of America



**Michael J. Chun\***  
*President and Headmaster*  
 Kamehameha  
 Schools-Kapalama



**Clinton R. Churchill\***  
*Trustee*  
 The Estate of  
 James Campbell



**David A. Heenan\***  
*Trustee*  
 The Estate of  
 James Campbell



**Peter S. Ho\***  
*Chairman, President and Chief Executive Officer*  
 Bank of Hawaii  
 Corporation and  
 Bank of Hawaii



**Robert A. Huret\***  
*Managing Member*  
 FTV Management  
 Company, LP



**Alton T. Kuioka**  
*Vice Chairman*  
 Client Relations  
 Bank of Hawaii



**Kent T. Lucien\***  
*Vice Chairman and Chief Financial Officer*  
 Bank of Hawaii  
 Corporation and  
 Bank of Hawaii



**Martin A. Stein\***  
*Partner*  
 RSA Ventures



**Donald M. Takaki\***  
*Chairman and CEO*  
 HawkTree  
 International, Inc.



**Barbara J. Tanabe\***  
*Owner and Partner*  
 Ho'akea  
 Communications LLC



**Donna A. Tanoue**  
*Vice Chairman*  
 Client and  
 Community Relations  
 Bank of Hawaii



**Robert W. Wo\***  
*Owner and Director*  
 C.S. Wo & Sons, Ltd.

\*Bank of Hawaii Corporation Board of Directors

## BANK OF HAWAII LOCATIONS



Map not shown to scale

### Facts: Hawaii, Guam and American Samoa

#### Hawaii

*Hawaii business establishments:* 98 percent have fewer than 100 employees, 95 percent have fewer than 50, and 52 percent have fewer than five.<sup>1</sup>

*Hawaii gross domestic product by state (GSP) in 2010:* \$66.7 billion.<sup>2</sup>

*Largest shares of Hawaii gross domestic product:* government (including federal civilian, federal military, and state and local), 23.8 percent; real estate, rental and leasing, 18.6 percent; non-financial professional, technical, administrative, management and information services, 8.6 percent; accommodation and food services, 7.4 percent; retail trade, 6.7 percent; health care and social assistance, 6.7 percent. Tourism's direct and indirect impact on Hawaii gross domestic product (includes portions of the above): 14.8 percent.<sup>3</sup>

*State of Hawaii resident population as of July 1, 2010:* 1,363,621.<sup>4</sup>

#### Guam

- U.S. Territory
- Capital: Hagåtña (Agana)
- Resident population: July 2011 estimate 183,286<sup>5</sup>
- Main industries: U.S. military, tourism, and construction.

#### American Samoa

- U.S. Territory
- Capital: Pago Pago
- Resident population: July 2011 estimate 67,242<sup>5</sup>
- Main industries: tuna canneries (largely supplied by foreign fishing vessels), and handicrafts.

### Bank of Hawaii Branches and ATMs

(As of December 31, 2011)

	Branches & In-Store Branches	ATMs
<b>State of Hawaii</b>	<b>70</b>	<b>452</b>
Island of Oahu	41	331
Island of Hawaii	12	48
Island of Maui	11	43
Island of Kauai	4	28
Island of Lanai	1	1
Island of Molokai	1	1
<b>American Samoa</b>	<b>2</b>	<b>7</b>
<b>West Pacific</b>	<b>9</b>	<b>47</b>
CNMI/Saipan	2	7
Guam	6	38
Palau	1	2
<b>Grand Total</b>	<b>81</b>	<b>506</b>

<sup>1</sup> Table 15.17, Hawaii DBEDT *State of Hawaii Data Book 2011* from the US Census Bureau *County Business Patterns by Employment Size Class: 2009 Hawaii*.

<sup>2</sup> Table 13.05, Hawaii DBEDT *State of Hawaii Data Book 2010*, <http://hawaii.gov/dbedt/info/economic/databook/2010-individual/13/130510.pdf>.

<sup>3</sup> Bank of Hawaii calculation based on Tables 13.05 and 7.32, Hawaii DBEDT *State of Hawaii Data Book 2010* (2010 statistics), <http://hawaii.gov/dbedt/info/economic/databook/2010-individual/13/130510.pdf> and <http://hawaii.gov/dbedt/info/economic/databook/2010-individual/07/07/073210.pdf>.

<sup>4</sup> Table 1.06, Hawaii DBEDT *State of Hawaii Data Book 2011*, <http://hawaii.gov/dbedt/info/economic/databook/2010-individual/01/010611.pdf>.

<sup>5</sup> Central Intelligence Agency (CIA), *The World Factbook* (2011).

## SHAREHOLDER INFORMATION

### Corporate Headquarters

Bank of Hawaii Corporation  
130 Merchant Street, Honolulu, Hawaii 96813

### Annual Meeting

The annual meeting of shareholders will be held on Friday, April 27, 2012 at 8:30 a.m. at the Bank of Hawaii Main Office, 5th Floor, 111 South King Street, Honolulu, Hawaii.

### Transfer Agent and Registrar

Computershare Investor Services, LLC  
250 Royall Street, Canton, MA 02021

### Common Stock Listing

NYSE: BOH

The common stock of Bank of Hawaii Corporation is traded on the New York Stock Exchange under the ticker symbol BOH and is quoted daily in leading financial publications as "Bank of Hawaii."

### Dividend Reinvestment

#### and Stock Purchase Plan (DRP)

Bank of Hawaii Corporation's Dividend Reinvestment and Stock Purchase Plan (DRP) allows existing shareholders to purchase common shares of the company's stock by either reinvesting their stock dividends or by optional cash payments.

- Individuals must possess at least one share of the company's stock to participate in the DRP.
- Shares are purchased on the 10th business day of each month based on the average of five trading days ending on the day of purchase.
- Minimum payment for purchase of shares is \$25 and the maximum is \$5,000 per calendar quarter.
- There are no fees for purchasing shares or for the safekeeping of stock certificates. Fees are assessed on the sale of shares in the DRP.

Detailed information about Bank of Hawaii Corporation's DRP can be found online at [www.boh.com](http://www.boh.com) or by calling Computershare Investor Services, LLC at 1-888-660-5443.

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### Inquiries

Shareholders with questions about stock transfer services, share holdings or dividend reinvestment may contact Computershare Investor Services, LLC at 1-888-660-5443 between 7:00 a.m. and 5:00 p.m. Central Standard Time.

### Investors and Analysts Seeking Financial Information

**Contact:**  
Cindy Wyrick  
Executive Vice President  
Investor Relations  
Phone: 1-808-694-8430

**For General Inquiries:**  
Phone: 1-888-643-3888  
[www.boh.com](http://www.boh.com)

### Forward-Looking Statements

This report contains forward-looking statements concerning, among other things, the economic and business environment in our service area and elsewhere, credit quality, and other financial and business matters in future periods. Our forward-looking statements are based on numerous assumptions, any of which could prove to be inaccurate and actual results may differ materially from those projected because of a variety of risks and uncertainties, including, but not limited to: 1) general economic conditions either nationally, internationally, or locally may be different than expected, and particularly, any event that negatively impacts the tourism industry in Hawaii; 2) unanticipated changes in the securities markets, public debt markets, and other capital markets in the U.S. and internationally; 3) the competitive pressure among financial services and products; 4) the impact of recent legislative and regulatory initiatives, particularly the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"); 5) changes in fiscal and monetary policies of the markets in which we operate; 6) the increased cost of maintaining or the Company's ability to maintain adequate liquidity and capital, based on the requirements adopted by the Basel Committee on Banking Supervision and U.S. regulators; 7) actual or alleged conduct which could harm our reputation; 8) changes in accounting standards; 9) changes in tax laws or regulations or the interpretation of such laws and regulations; 10) changes in our credit quality or risk profile that may increase or decrease the required level of our reserve for credit losses; 11) changes in market interest rates that may affect credit markets and our ability to maintain our net interest margin; 12) the impact of litigation and regulatory investigations of the Company, including costs, expenses, settlements, and judgments; 13) any interruption or breach of security of our information systems resulting in failures or disruptions in customer account management, general ledger processing, and loan or deposit systems; 14) changes to the amount and timing of proposed common stock repurchases; and 15) natural disasters, public unrest, adverse weather, public health, and other conditions impacting us and our customers' operations. For a detailed discussion of these and other risks and uncertainties that could cause actual results and events to differ materially from such forward-looking statements please refer to the risk factors discussed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011, and any subsequently filed reports with the U.S. Securities and Exchange Commission. Words such as "believes," "anticipates," "expects," "intends," "targeted," and similar expressions are intended to identify forward-looking statements but are not exclusive means of identifying such statements. We undertake no obligation to update forward-looking statements to reflect later events or circumstances.



BANK OF HAWAII CORPORATION  
P.O. BOX 2900, HONOLULU, HI 96846

Bank of Hawaii Corporation is a regional financial services company serving businesses, consumers and governments in Hawaii, American Samoa and the West Pacific. Our subsidiary, Bank of Hawaii, was founded in 1897 and is the leading independent financial institution in Hawaii. For more information about Bank of Hawaii Corporation, visit our website, [www.boh.com](http://www.boh.com).