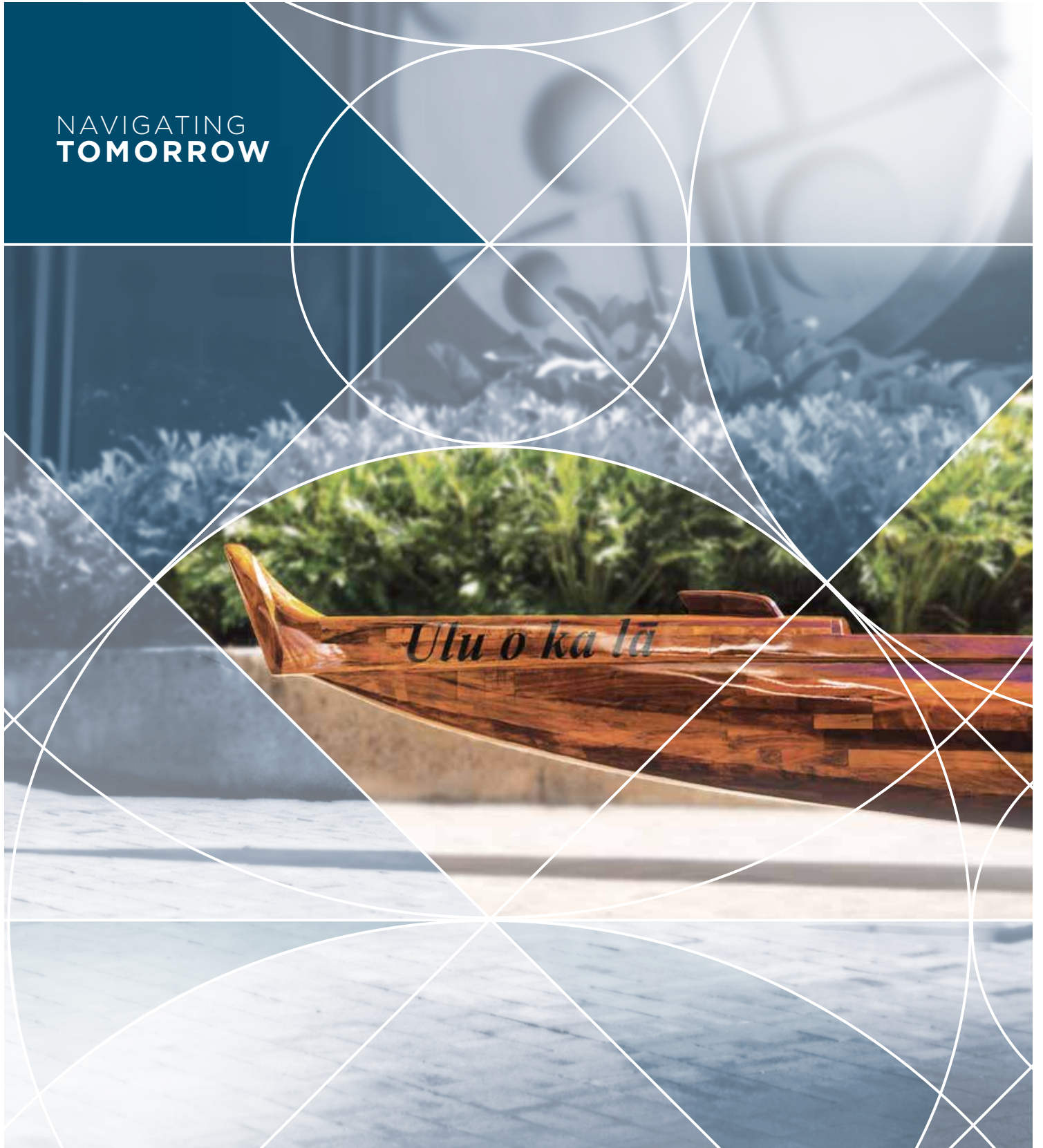


NAVIGATING  
**TOMORROW**



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## NAVIGATING TOMORROW

The story of Bank of Hawaii began on Dec. 27, 1897, when Bank of Hawaii became the first chartered and incorporated bank to do business in the Republic of Hawaii. For more than 120 years, we have been helping generations of families, individuals, community organizations and businesses achieve their dreams.

The cover image was taken at Bank of Hawaii's Main Branch grand re-opening in August 2017, when a new Branch of Tomorrow concept was unveiled for its flagship location in downtown Honolulu. Designed with modern technology, digital conveniences and private spaces for personal interactions, the branch features elements of the Hawaiian voyaging canoe, which has always had special meaning for Bank of Hawaii.

The Bank of Hawaii canoe, *Ulu o ka Iā*, was commissioned in 2015 and continues to serve as a symbol for the bank. The unique circular overlay pays tribute to the original iron gate at Main Branch.

Bank of Hawaii marked 120 years of doing business in 2017, and continues to help its customers explore new possibilities and navigate toward their financial and life goals.



View Bank of Hawaii's 2017 digital summary annual report, featuring videos of our Chairman, clients, community and employees at [www.boh.com](http://www.boh.com).



## DEAR FELLOW SHAREHOLDERS

In December 2017, Bank of Hawaii turned 120 years old as an organization. We ended the year in strong financial standing, and our ongoing success has allowed us to drive value back to our shareholders, customers, employees and the community.

Successfully catering to generation after generation of families and businesses in our core island markets could not be achieved without the commitment of our 2,100-plus employees. Once again, we have been recognized nationally and locally among our peers in the industry. The readers of the *Honolulu Star-Advertiser* and *Honolulu* magazine named us Hawaii's "Best Bank" while *Forbes* continued to rank Bank of Hawaii as one of "America's Best Banks."

In 2017, we continued to invest in the future by investing in our employees. Bank of Hawaii began wage progression in the state of Hawaii as a result of the tax reform bill signed into law in December. We increased our minimum hourly wage to \$15 from \$12, which positively impacted 565 of our full- and part-time employees throughout our geographic footprint.

### Continued Financial Strength

Diluted earnings per share reached a record high of \$4.33 for 2017, up 2.4 percent compared to 2016. We continued to show strong growth in total loans and leases in 2017, up 9.5 percent, to \$9.8 billion, from \$8.9 billion in 2016. Commercial loans were up 4.1 percent from \$3.6 billion in 2016 to \$3.8 billion in 2017, and consumer loans increased 13.1 percent to \$6 billion from \$5.3 billion in 2016. Our deposits expanded to \$14.9 billion, an increase of 3.9 percent from \$14.3 billion in 2016.

Our net interest margin for 2017 grew to 2.93 percent from 2.83 percent in 2016.

In 2017, our board of directors approved an increase in our dividend. We also continued with our share repurchase plan. From the start of the share repurchase program in July 2001 through December 2017, we repurchased 54.2 million shares and returned over \$2.0 billion to shareholders, at an average cost of \$38.29 per share.

### Hawaii's Economy

Our success is reflective of Hawaii's healthy economy, which is supported by our low unemployment and strong tourism and real estate industries.

Our visitor industry achieved record arrival and spending results for the sixth consecutive year. Spending increased 6.2 percent in 2017 to \$16.7 billion. Arrivals increased 5 percent to 9.3 million visitors.

The Hawaii real estate market set records in 2017. The market enjoyed its fifth consecutive year of record median sale prices for Oahu homes. The median sales price for single-family homes on Oahu for 2017 was \$755,000, a 2.7 percent increase from 2016, and \$405,000 for condominiums, a 3.8 percent increase compared to 2016. Sales volume of single-family Oahu homes increased 6.3 percent and sales of Oahu condominiums increased 6.9 percent in 2017. At the end of 2017, the median days on the market for single-family homes was 16 days, and 17 days for condominiums. The median sales price and sales volume for single family homes and condominiums also continued to trend upward on Kauai, Maui and Hawaii island in 2017.

Statewide, Hawaii's seasonally adjusted unemployment rate reached a historic level of 2.0 percent in November 2017, the lowest on record since 1976.

### Continuing Our Transformation

A commitment to transformation is what keeps the bank progressing toward our long-term goals as we pivot to offer new and updated products, services and solutions through a variety of channels. We have made great strides so far and are responding to an ongoing shift to digital by keeping pace with changing customer preferences, providing digital conveniences, creating process efficiencies and applying new technology to our business.

We continued our Branch of Tomorrow renovations in 2017 by modernizing four branches across Oahu and Maui, including Hawaii Kai, Kihei, Main and Manoa, and kicked off 2018 with our sixth renovated branch in Pearlridge. At the heart of our branch transformation concept is making connections—whether it be by enhancing digital options for banking on-the-go, or by creating opportunities for face-to-face engagement for more complex transactions.

As our transformation continues externally, we simultaneously pay close attention to how we can modernize our processes behind the scenes. In an effort to further reduce paper consumption, our Charitable Foundation Services Group upgraded software in 2017 to allow nonprofits to apply online for grants from our foundation. This is not only an achievement in reducing paper, but another step forward in moving to a more digital environment.

Digitizing our environment will prove to be a benefit for our business clients. In 2017, our Commercial Banking Group created an innovation lab—the first for Bank of Hawaii—where we are able to test products, services and equipment before they hit the market, and ultimately address and solve customer problems before they arise.

### Our Customers

At the same time we invest in technology, we still hold true to our legacy of providing customers with options and empowering them with financial peace of mind.

We recognize that not all customers enjoy the same banking preferences.

## CHAIRMAN'S MESSAGE

A top priority for Bank of Hawaii is paying close attention to those varying preferences and providing exceptional, personalized service. Nothing can replace the human connection, and it is through our daily interactions with customers that we deepen and elevate our relationships.

We've enhanced the customer experience so they may enjoy personalized spaces for more in-depth consultation inside our branches and encounter shorter wait times through our Call Center.

We've also made digital improvements that are saving customers time and bringing them more convenience. Digital formats such as our easy-deposit ATMs and mobile deposit feature of our BOH Mobile Banking app make up 40 percent of our total consumer deposits. Additionally, Cardless Cash has been well-received by the public, and this digital enhancement earned Bank of Hawaii "2017 Project of the Year" by the Project Management Institute-Hawaii Chapter.

I'm proud of these and other achievements we have made to provide a robust approach in meeting the financial services demands of our customers.

### Supporting the Community

Taking care of the community is a core value at Bank of Hawaii. Together, the bank, our charitable foundation, employees and retirees donated approximately \$2.8 million to more than 400 community organizations in 2017. Employees and retirees contributed over \$878,000 of that amount in 2017, which includes funds raised for our Live Kōkua Giving Campaign and our annual Community Walk.

Our Bankoh Blue Crew generously gave more than 16,000 hours of its time, surpassing our volunteer hours by 1,000 when compared to 2016.

From serving on boards to participating in hands-on service projects to teaching financial literacy, our employees are dedicated to ensuring our local communities thrive.

For the seventh consecutive year, Bank of Hawaii received the Financial Services Roundtable's Corporate Social

Responsibility Leadership Award for volunteerism, which speaks to the generosity of our employees to our local nonprofits and the individuals and families they serve.

### Nurturing Our Employees

We can't predict what our rapidly changing workforce will look like in 10 years or how technology will influence how we respond to those changes, but we can ensure that our greatest asset—our employees—are supported with the engagement, education and training that will help them succeed.

Creating a workforce of tomorrow means investing heavily in developing and supporting our 2,100-plus employees. This means not only preparing them for the changing landscape in banking, but preparing them for our future community.

One such example is our Bank of Hawaii College Assistance Program. Last August marked the first anniversary of the program, through which we partner with Chaminade University of Honolulu to offer tuition reimbursement and access to a college education to employees who do not yet have a first bachelor's degree. Since the program's inception, 30 employees from across the bank have participated. The flexibility of this program allows employees the freedom to choose from select majors, regardless of whether or not they relate to their role at the bank.

Our commitment to fostering education continues with our Bank of Hawaii Foundation Scholarship. In 2017, we honored 30 scholars with scholarships totaling \$105,000 for undergraduate studies. Since the program's inception in 2014, the Foundation has awarded scholarships to 123 children and grandchildren of Bank of Hawaii employees totaling more than \$400,000.

For these efforts and more, we were named among Hawaii's "Best Places to Work" by *Hawaii Business* magazine for the fourth year in a row, and were ranked No. 1 "Most Family-Friendly" large company in the state.

I applaud the accomplishments and incredible work of our employees!

### In Conclusion

I would like to recognize Vice Chair Derek Norris, who retired after 18 years with Bank of Hawaii, for his many contributions over the years. As a member of our Managing Committee since 2009, we are grateful for his leadership. Derek has held many positions at the bank, including auditor, controller, and most recently manager of the Residential and Consumer Lending Group, which includes our Mortgage, Direct and Indirect Lending. Vice Chair James C. Polk has transitioned to managing the Residential and Consumer Lending Group.

In December, we announced two key promotions. Our Chief Financial Officer Dean Shigemura was promoted to vice chair from senior executive vice president, and will continue to supervise the bank's Treasury, Financial Reporting and Investor Relations departments. Shigemura has been a member of Bank of Hawaii's Managing Committee since 2008.

Additionally, Tony Mizuno was promoted to senior executive vice president of the Commercial Banking Group. As the newest member of our Managing Committee, Tony oversees our Commercial Real Estate Loan business, Corporate Banking, Commercial Banking Centers, Dealer Commercial services and equipment leasing.

I look forward to the leadership, expertise and financial oversight that Dean and Tony will continue to bring to the bank.

In closing, I want to thank our employees for their dedication, our board of directors for its support as well as our shareholders and customers for their continued confidence in Bank of Hawaii. I am deeply proud of what Bank of Hawaii has achieved in 2017 and look forward to our collective success and progress in 2018.

Mahalo nui loa,



Peter S. Ho  
Chairman, President and CEO

## 2017 FINANCIAL SUMMARY

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

FOR THE YEAR ENDED DECEMBER 31	2017	2016
<b>Earnings Highlights and Performance Ratios</b>		
Net Income	\$ 184,672	\$ 181,461
Basic Earnings Per Share	4.37	4.26
Diluted Earnings Per Share	4.33	4.23
Dividends Declared Per Share	2.04	1.89
Net Income to Average Total Assets (ROA)	1.10 %	1.15 %
Net Income to Average Shareholders' Equity (ROE)	15.27 %	15.79 %
Net Interest Margin <sup>1</sup>	2.93 %	2.83 %
Efficiency Ratio <sup>2</sup>	55.66 %	57.01 %
Market Price Per Share of Common Stock:		
Closing	\$ 85.70	\$ 88.69
High	90.80	89.72
Low	74.72	54.55
<b>AS OF DECEMBER 31</b>		
<b>Statements of Condition Highlights and Performance Ratios</b>		
Loans and Leases	\$ 9,796,947	\$ 8,949,785
Total Assets	17,089,052	16,492,367
Total Deposits	14,883,968	14,320,240
Other Debt	260,716	267,938
Total Shareholders' Equity	1,231,868	1,161,537
Book Value Per Common Share	\$ 29.05	\$ 27.24
Allowance to Loans and Leases Outstanding	1.10 %	1.17 %
Full-Time Equivalent Employees	2,132	2,122
Branches and Offices	69	69
<b>FOR THE QUARTER ENDED DECEMBER 31</b>		
<b>Earnings Highlights and Performance Ratios</b>		
Net Income	\$ 42,953	\$ 43,513
Basic Earnings Per Share	1.02	1.03
Diluted Earnings Per Share	1.01	1.02
Net Income to Average Total Assets (ROA)	1.00 %	1.07 %
Net Income to Average Shareholders' Equity (ROE)	13.85 %	14.90 %
Net Interest Margin <sup>1</sup>	2.98 %	2.83 %
Efficiency Ratio <sup>2</sup>	57.49 %	58.33 %

<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).



## Transforming Banking to Create **A BETTER TOMORROW**

Responding not just to the needs of today, but always looking to provide value for the future, Bank of Hawaii has served generations of Hawaii's people and businesses for 120 years. Across a constantly changing economic landscape, as sugar and pineapple plantations gave way to the visitor industry of the jet age, and now into the 21st century, we have provided expert financial advice and solutions that changed with the times. Combining new technology capabilities with our financial expertise, we are committed to bringing innovation that provides value for our shareholders, customers, employees and community.

One way to get a snapshot of how well we continue to succeed is to look at the acknowledgment we receive locally and nationally. Here are some of our accolades for 2017:

- Corporate Social Responsibility Leadership Award, seventh consecutive year by Financial Services Roundtable
- Among Hawaii's 14 Best Places to Work, and No. 1 in Most Family-Friendly category among large companies, *Hawaii Business* magazine
- Best Bank, by *Honolulu Star-Advertiser* readers
- Best Bank, by *Honolulu* magazine readers

*Above: Bank of Hawaii's Main Branch celebrated its grand re-opening in August 2017. The renovated branch features a large-scale digital screen, an open floor plan and private consultation rooms. Main Branch was one of four Branch of Tomorrow renovations in 2017.*

## ENHANCING BANKING EXPERIENCES THROUGH TECHNOLOGY AND SERVICE

New and upgraded technology and a renovated branch network are some of the more obvious innovations in which we have invested to lead the way for customer convenience in 21st-century banking in Hawaii. However, our focus always begins with providing the most valuable advice, products and services to guide our customers to the future of their dreams. Behind-the-scenes investments, ongoing upgrades to online security and professional development of our employees help ensure that we continue to provide exceptional service that is relevant for generations to come.

### Branch and Community Banking

With the successful launch of our Branch of Tomorrow in Pearl City in November 2016, four more branches were transformed in 2017 to meet the changing ways that people bank now and into the future. Integrating technological enhancements with modern design, renovations were made to our Hawaii Kai Branch and Main Branch on Oahu, and Kihei Branch on Maui, while our Manoa Branch became our first standalone Branch of Tomorrow and was moved to a more visible and convenient location on East Manoa Road. The transformations will continue with several more scheduled for remodeling in 2018, which started with the relocation of our Pearlridge Branch in January.

Our Branch of Tomorrow concept utilizes digital displays to provide financial tips and glimpses of community activities, and staff members use tablets to reach out to customers directly to provide them with secure, personalized services. The renovations also include artwork and other references to Polynesian navigation, which continue to inspire us with their vision of teamwork in action to explore new horizons.

These branch transformations involve more than physical remodeling and new technology. A large investment has been made in supporting our staff's abilities to provide an exceptional

banking experience. As more customers choose to conduct transactions on their own via online and mobile banking technology, their branch visits can now involve more complex financial matters. Our staff is being given specialized training and improved access to collaborate with colleagues in different areas of the bank to provide personalized banking for clients no matter what their needs.

### Innovative Branch Designs Feature Renewable Energy

Utilizing sustainable resources to improve and conserve energy is part of our branch transformation initiative. All of our renovated branches are being upgraded with roof-mounted photovoltaic solar panels, where possible, to reduce energy consumption. The new Manoa and Pearlridge branches are among those upgraded with 128 PV panels providing an estimated savings of 66,000 kilowatt-hours per year for these two branches alone.

Other examples of energy-efficient branch innovations include replacing hot water heaters with point-of-use hot water dispensers in employee lunchrooms, and large-screen LED monitors that reduce staff travel time by allowing employees to attend meetings and training sessions online.

### Digital Banking Solutions for Consumers

Banking online and via smartphones continues to increase in popularity with our customers, especially as we invested in a communication program to promote these options. As customers learned that they could apply for loans online, applications through this channel rose by 17 percent in 2017.

Our BOH Mobile Banking app was updated with a new interface and more functionality, resulting in continuing growth in customers using their smartphones for banking transactions. In 2017, there was a 32 percent increase in mobile deposits.

To provide our customers with the most secure online access, Bank of Hawaii continually upgrades our online services. In 2018, we plan to pilot video authentication, which will ensure secure access when customers place video calls to bankers.

### ATMs

We installed our ATMs at some new locations on Oahu in 2017, including Salt at Our Kakaako, International Market Place and the Waikiki Shopping Plaza, and we continually look for new locations where our ATMs are a good fit for people who need cash.

However, convenience is about more than having the largest ATM network in the state. It also includes enhanced functionality. We became the first financial institution in Hawaii to introduce Cardless Cash at the end of 2016. This addition to our BOH Mobile Banking app allows customers to withdraw cash from select ATMs using their smartphones instead of a card. In 2017, we continued expanding our Cardless Cash locations, making the technology available throughout our entire ATM network. This added convenience is proving popular with clients. We are also working on Cardless Deposit, which would offer customers the option of making deposits at an ATM with a mobile device instead of a card.

### Call Center

We know how important our Call Center is in delivering an exceptional customer experience. In 2017, we began to add more functionality to the interactive voice response (IVR) system, to more quickly route calls to the right person and reduce wait times.

### Mortgage, Consumer and Dealer Indirect Lending

We understand that buying or constructing a new home, and refinancing or cashing out the equity in a home is a huge part of building a better future for our customers. Our mortgage professionals are dedicated to providing the personal guidance to help customers throughout the financing process, and to be sure they have the best loan to fit their unique needs. We are honored to be named Hawaii's No. 1 residential lender for the fifth year in a row, both for the number of residential loans recorded and total dollars loaned in 2017.

In order to increase accessibility to our loan officer professionals, we added a loan center to our Ala Moana Branch in April, and we added additional staff to

## YEAR IN REVIEW

handle lending at our West Oahu locations. We continue to utilize our extensive branch network and have streamlined our online lending application processes to be available to customers at their convenience. Bank of Hawaii continues to be Hawaii's No. 1 home equity lender.

We made improvements to personal lending using preapproved mailers to help simplify the process for our clients and non-clients. We also broadened the program with higher limits, longer terms and better rates to make it more competitive. Our partnerships with Hawaii auto dealers continued to flourish in 2017 due in large part to our efficient, flexible loan servicing, which is all handled locally. Our combined auto loan and leasing portfolios grew to \$601.7 million in 2017, and we continue to be the No. 2 lender in the state.

### Commercial Real Estate Lending

Our team continues to partner with developers to finance affordable and workforce housing options in Hawaii and the Western Pacific, including housing for the elderly and for people who are just starting their careers. In 2017, nearly 700 affordable housing units commenced or completed construction within the year, thanks in part to Bank of Hawaii.

The bank helped finance 49 affordable housing units at Hausten Gardens and 49 units at River Pauahi Apartments



*Bank of Hawaii continued to partner with developer Gary Furuta of GSF LLC. and Catholic Charities Housing Development Corporation on Meheula Vista Phase II, an affordable housing complex for the elderly, in Mililani Mauka, where seniors are provided supportive services and amenities while they age in place.*

developed by Āhē Group and Macdonald Ladd Development, 72 units at Waipahu Hall developed by Macdonald Ladd Development LLC, 30 units at Mohouli Senior Phase II developed by Hawaii Island Community Development Corporation, 62 units at Ainahau Vista Phase II developed by Hawaii Housing Development Corporation, 75 units at Meheula Vista Phase II developed by Catholic Charities Housing Development Corporation, 39 units at Hale Mahaolu Ewalu Phase III developed by Hale Mahaolu, and 40 units at Saipan Comfort Homes developed by Triple J in Saipan, all for low-income seniors or families. Bank of Hawaii also made equity investments in affordable housing for the elderly, including 75 units at Phase II of Meheula Vista, 62 units at Phase II of Ainahau Vista, 30 units at Phase II of Mohouli, 39 units at Hale Mahaolu Ewalu, and 64 family units at Waipahu Towers.

Bank of Hawaii is committed to supporting affordable housing solutions, and has more projects in the pipeline for the future.

### THE PRIVATE BANK

With new technology and enhanced client offerings, The Private Bank at Bank of Hawaii has also been transformed to better tailor services for high-value clients as they pursue their dreams. With more than 120 years of experience meeting the complex and unique needs of these clients, new resources have been dedicated to provide exclusive services and expedited processing for added convenience. The Private Bank is taking wealth management to the next level with its full array of personalized services, including customized lending; investments; financial, estate and tax planning; charitable giving and trust services, in addition to basic banking.

### Trust, Estate and Financial Planning

The Private Bank relationship managers design a personalized plan to help each client meet his or her immediate and long-term financial goals, offering guidance in analyzing assets and tax implications, and investment opportunities to optimize returns. As part of this plan, we can help ensure

that a legacy is preserved, protected and transferred to the people and institutions that our customers choose.

As the largest administrator of irrevocable trusts in the state, Bank of Hawaii has the depth of expertise necessary to handle every aspect of our clients' trust accounts.

In 2017, we refined our estate planning and exit planning review processes. Feedback from clients indicates they have found this review to be a useful tool in clarifying plans for the future and identifying areas that may have been overlooked. An upgrade in technology for these presentations now allows us to input different scenarios during a presentation and show new results to clients on the spot.

Estate settlement is a process that can take up to two years to complete, and we are committed to assisting heirs when a client passes away. In addition to having a dedicated trust settlement team in place for clients of The Private Bank, we also provide education and support to other clients through our branch network whenever there is a death in a family.

One of our wealth management services includes setting up and administering nonprofit foundations to preserve legacies. Many of these nonprofits distribute grants, and our Charitable Foundation Services Group is responsible for overseeing grant requests, review and distributions. In 2017, we converted to upgraded software so that grant requests for all of the foundations can now be submitted electronically, simplifying the application process and streamlining review of requests by board members.

### Investment Services

Bank of Hawaii is the premiere provider of fiduciary and investment services in Hawaii and the Pacific. Our trusted team manages over \$9 billion of investment assets through a wide array of advisory and broker services. As short-term rates went up in 2017, our investment team rolled out new, ultra-short-term investment options and liquidity management strategies to meet clients' short-term liquidity and longer term investment needs.





*Bankoh Investment Services Inc. launched its new life insurance program in 2017. BIS/ President Christopher Otto starts the process with a complimentary “Life Insurance Needs Analysis” to help determine the appropriate level of insurance clients may need.*

In November, Bankoh Investment Services Inc. launched its new life insurance program that offers a comprehensive suite of insurance options including term, whole life, universal and LTC hybrid policies. With more than 20 different product solutions from nine well-respected and vetted insurance carriers, our financial advisors are positioned to help evaluate and identify the best options to meet our clients’ needs. For clients who already have an existing insurance policy, our team provides a complimentary review to determine if lower premiums or increased benefits are available.

## **BANKING FOR BUSINESS**

Bank of Hawaii understands the needs of businesses of all sizes, and has been helping them grow for generations. From small, family-owned businesses to corporations, from local health care or legal practices to international businesses, we have the expertise and products to help them all succeed.

### **Digital Banking Solutions for Businesses**

New technology is just as important an investment for building a brighter future for our business clients as it is for consumers.

In 2017, more of our corporate customers began adopting our purchase card (P-Card) products, which provide increased efficiency and management of spending while improving cash flow. In addition to the ability to reduce time and costs of manual payment processing by setting up automated purchasing, the system offers a variety of reporting tools that can help identify and manage spending patterns. For example, our corporate customers are enjoying the increased insight and control that our travel and entertainment solution offers them, while simplifying reimbursements. Because the Bank of Hawaii P-Card is accepted anywhere a Visa card is

accepted, customers can use it for international, national and local purchases, making it one of the most versatile P-Cards offered in our market.

Our upgrades to Bankoh Business Connections (BBC) that we started in 2016 continued throughout 2017. The latest versions of online access to payments and reporting through BBC helped streamline complex banking for our commercial and corporate clients, and further improvements are planned for 2018.

As we continue to invest in digital upgrades, we are increasing our emphasis on testing, including how these innovations integrate with our current online banking and other commercial and business banking services. The commercial banking group launched a product innovation lab in early 2017 to test and validate new products, services and equipment to help our team better gauge their effectiveness and to avoid any potential complications for all of our business banking customers, including small businesses.

### **Commercial/Corporate Banking**

The depth of experience among our commercial and corporate bankers is one of our greatest assets. Their deep financial knowledge combined with their keen understanding of the market allows them to come up with competitive solutions for our clients. The team is highly experienced in working with many different industries and works closely with other financial services experts across the bank to help provide tailored strategies and recommendations for a broad range of needs including real estate and construction loans, liquidity management and equipment financing. We have established a reputation as the financial partner of choice in several areas including commercial real estate and captive insurance.

In 2017, we continued to be the largest commercial mortgage lender in the state of Hawaii, offering customized financial solutions for owners, developers and investors with multi-family, retail, industrial, office and mixed-use properties.

Bank of Hawaii continues to lead Hawaii’s captive insurance industry, providing a full range of banking and investment products to more than 80 diverse captive clients—including government entities—for more than 30 years. Our Captive Insurance Services team continues to support the Hawaii domicile (since inception in 1986), helping businesses find the right resources to get a detailed analysis done to determine whether owners and operators are suited for captive insurance. We can help in evaluating businesses’ current risk and financing structures, as well as in developing feasible portfolio alternatives that can allow for increased coverage options while improving cash flow and expense management. No longer just for large corporations, businesses in a range of sizes and industries are using captives. Bank of Hawaii currently oversees more than \$1 billion in investment assets and deposits for Hawaii domiciled captives.

### **Business Banking**

Our local bankers understand the unique challenges of doing business in Hawaii, and we recognize that entrepreneurs and small businesses are the backbone of our economy. Along with new and improved technology to make banking more convenient for business owners, we also have the expertise to guide and support small-business owners. Whether it’s finding the best option for merchants’ payment card acceptance or helping a customer apply for a Small Business Administration loan, Bank of Hawaii is helping small businesses succeed and grow.

## Creating a Better Tomorrow **FOR OUR COMMUNITY**

Steering a course for a better future for our community, and making sure that no one in our 'ohana is left behind, are central to the way we interact in our island home.

In addition to supporting the visions of local nonprofits through sponsorships or grants from our Bank of Hawaii Foundation, our generous employees take a hands-on approach to helping out in the community through their fundraising and volunteerism, including regular financial education efforts.

### L I V E K Ō K U A

TOTAL EMPLOYEE GIVING

**\$6.3 million**

since 2007 to more than  
200 local nonprofits

Giving Campaign 2017

**\$722,248**

24 nonprofits

Community Walk 2017

**\$156,077**

9 nonprofits

Volunteerism

**16,135 hours**

359 community events

Bank of Hawaii,  
its Foundation and employees  
contributed approximately:

**\$2,800,000**

IN 2017 TO  
400 ORGANIZATIONS



On the following pages  
are three examples of our  
community support in 2017.

## Polynesian Voyaging Society and the Mālama Honua Worldwide Voyage



In 2017, **master navigators** using natural elements, such as stars, sun and ocean swells, returned home to Oahu after completing a three-year voyage circumnavigating the globe in Hawaiian voyaging canoes Hōkūle‘a and Hikianalia.

Bank of Hawaii Foundation was proud to help support the 60,000-nautical-mile voyage—Mālama Honua, “Caring for Our Island Earth”—with a multi-year \$125,000 grant. This special voyage bridged Pacific voyaging traditions with new technology, using modern videos to connect the experiences of crew members with classrooms on every step of the journey, and inspired people of all ages to learn from cultures around the world.

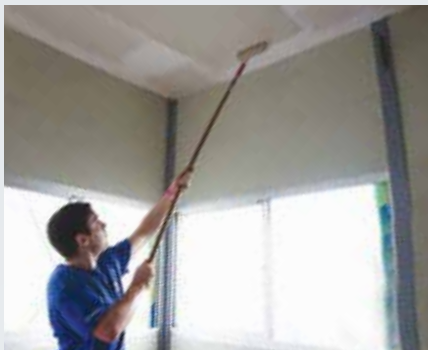
The Hōkūle‘a continues to travel throughout the Hawaiian Island chain in 2018, sharing the inspiration of responsibly caring for the Earth.

*Photos courtesy of Polynesian Voyaging Society*



LIVE KŌKUA VOLUNTEER PROGRAM

## 2017 Community Service Day—Caring for Veterans and Homeless



*Clockwise from top: **Jurieness Su, Mina Sooalo, IHS Director Connie Mitchell, Ronni Kelihoomalua and Lisa Revilla.***

*Mental Health Kōkua's facility in the Kalihi area of Honolulu gets a facelift with fresh paint by BOH SVP **Diane Murakami, VP Darren Ota** and BOH Foundation President **Donna Tanoue.***

***Scott Taber** paints drywall in one- and two-bedroom homes at Kahauiki Village, a planned development of 153 one- and two-bedroom homes for homeless families in Honolulu.*

**Bank of Hawaii's Bankoh Blue Crew** volunteers are out in the community almost every weekend, and donated more than 16,000 hours of their time to 359 community service projects in 2017. One of the biggest projects each year is Community Service Day, a nationwide community service initiative for financial service institutions.

This is the 12th year that Bank of Hawaii participated in the event, which brought together volunteers from across the state of Hawaii and the Western Pacific to nonprofit organizations serving veterans, families and individuals affected by homelessness. The event had its largest community impact ever, as more than 300 BOH volunteers turned out on Veterans Day, Nov. 11, to make a difference. On Oahu, volunteers worked at four different Institute for Human Services locations, plus Kahauiki Village (the planned housing community of one- and two-bedroom homes for homeless families in Honolulu), Mental Health Kōkua, YWCA Fernhurst Residence and U.S. Vets. In addition to serving brunch to veterans, volunteers painted, cleaned and built facilities, cleaned out garages, improved landscaping and provided financial education to adults and children.

Neighbor island service projects included collecting and donating outerwear for those in need on Hawaii island to Hope Services Hawaii, preparing and serving meals at Hale Kau Kau at St. Theresa Church on Maui and assisting with three informational events on three days for Kaua'i Habitat for Humanity.

Bank of Hawaii volunteers in the West Pacific Region served and delivered meals in Guam, Saipan and Koror for a total of 11 days as they worked with Kamalen Karidat, The Salvation Army and the Palau Old Age Center.

## Mentoring Students at Central Middle School



**Our commitment to financial education** is one of the many ways that we try to meet the community development needs in the places we serve, earning us an “outstanding” rating in consecutive CRA evaluations since 1997. Each year, Bank of Hawaii employee volunteers visit elementary, middle school and high school classrooms across Hawaii and in the Western Pacific to help students build financial knowledge and skills to help set them on a course to a better future.

This year, in addition to these annual financial education outreach efforts, BOH volunteers helped launch a new mentoring program at the historic Central Middle School located in downtown Honolulu. More than 20 BOH employee volunteers partnered with the Nu‘uanu YMCA and University of Hawaii students from the Atherton YMCA’s College Camp, and together mentored 12 students from January to May. The school has low scores in federal proficiency measures for basics like math, reading and science, and this new mentoring program was designed to help steer students to future opportunities by guiding them to successfully continue on to high school and college. Additionally, bank volunteers taught Central Middle School students financial lessons as part of “Teach Children to Save” Day in April and “Get Smart About Credit” Day in October.

Other employees at the bank also shared the spirit of supporting these young people, donating food to a food drive to supplement free meals for needy students, and donating gently used sneakers and brand new socks to sixth- and seventh-graders who needed covered shoes for a track meet and a field trip.



*Left: At Bank of Hawaii’s downtown location, **Angela Munoz, Sky Cushnie, BOH’s Rosetta Narvaez, Eleina Olap** and YMCA College Camp Counselor and UH Pre-Med student **Kellie Goya** reunited on Wednesday, May 24, for a “Completion Ceremony” honoring students of the Central Middle School mentoring program.*

*Above: BOH’s **David Lammy** facilitates discussion about saving and spending scenarios with Central Middle School students **Jillian De Vera** and **Yanli He** (far right).*



## Developing a **WORKFORCE OF TOMORROW**

THE KEY FOR DELIVERING exceptional banking throughout our Branch of Tomorrow network and in every other business channel is our people. As we transform to meet the changing needs of customers now and into the future, we are also addressing the expectations and skills of the talented professionals of our current employees and those we hire.

We recognize that an engaging work environment is essential for employees, as well as for customers. We're proud that, once again, Bank of Hawaii was voted as one of Hawaii's "Best Places to Work" in 2017. A more relaxed dress code, a paid birthday holiday, annual family-friendly celebrations, along with other generous benefits that recognize the important contributions of our employees are some of the reasons that Bank of Hawaii received the recognition and came in first place for most family-friendly company.

**"Before my dad passed, finishing college was something that he would always talk to me about... Having this program opened that door to keep my promise to him."**

— *Ronni Keliioomalu,  
universal banker at  
Bank of Hawaii*

*At left: Ronni Keliioomalū, universal banker at BOH's Main Branch, talks with Service Manager Lisa Revilla. Ronni is participating in the Bank of Hawaii College Assistance Program to keep her promise to her late father by completing her college education, which she first started after high school with a basketball scholarship to Graceland University. More of Ronni's story is available on video through Bank of Hawaii's digital annual report at [www.boh.com](http://www.boh.com).*

Employee training, skills training, leadership and development courses—Bank of Hawaii has always believed in the value of investing in personal and professional development to expand the knowledge and abilities of our people. With the changing nature of modern banking, and looking ahead to the future, we have been updating our training to ensure it remains relevant to our workforce of tomorrow.

Ongoing professional development is a key offering for employees at Bank of Hawaii. As technology continues to expand in banking, it is even more important for branch staff to cater to the needs of our customers through relationship growth and issue resolution, with an emphasis on excellent customer service. To acknowledge the new skills needed to deliver this personalized banking experience, we have created new positions in branches called universal bankers. In addition to training our employees for these new responsibilities, in 2017 Bank of Hawaii helped create universal banker training that is now being offered through Hawaii's university system.

In addition to updating our curriculum to address the need for changing skills, we are investing in updating modes of training delivery to incorporate videos and e-learning with in-person classroom

sessions. Remote training for branch staff via computer is being established so that they may get the training they need while still remaining accessible to customers. This is especially helpful for reaching our neighbor island and Western Pacific employees. Specialized training is also being developed to help managers hone their mentoring skills and give them the tools to improve communication with their teams.

In 2017, more than 24,000 hours of training was provided by Bank of Hawaii, with an additional 7,500 hours focused on training for our branch employees.

To assist employees in accelerating their career or for those who may wish to take advantage of new career track opportunities within the bank, we offer continuing education and development programs. Our Pathways to Professional Excellence and Bank Associate programs help identify and develop leadership potential across the bank.

Nearly 30 employees were enrolled in the October 2017 term of Bank of Hawaii's College Assistance Program. This program, which was introduced in August 2016 as a benefit for employees without a bachelor's degree, enables employees to start on the path of a college education. One of our

participants, Universal Banker Ronni Keliioomalū, is pictured on the facing page and shares her experience in the digital annual report.

We are better preparing our employees to develop lasting customer relationships—giving them the skills and ability to be poised and ready to connect, engage and advise—making training an investment in the future of our company, our customers and the community at large. We know that the banking industry will continue to evolve and that investing in the immediate and future success of our employees will help us create a fulfilling future together as we continue to adapt to the changing times.

 [www.boh.com](http://www.boh.com)



Kristin Kato,  
owner of  
A Cake Life.



**PROFILE:**  
COMMUNITY BANKING CLIENT

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## KRISTIN KATO

### A Cake Life

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"We've been a client of Bank of Hawaii since I started A Cake Life in July 2009. My plan was to become a lawyer and after being in the field for a couple of years I realized it wasn't very fulfilling. One day I took a cake decorating class at Ben Franklin to take my mind off a case, and found that creating custom cake designs made me happy. I learned a lot on my own about design, sugar artistry, and especially starting a business since I didn't know anyone else trying to accomplish the same at 25."

**KRISTIN KATO:** I put up my own capital to get the business started, and we grew very fast. In 2010 I was able to hire my first employee. By 2011 we needed a bigger space, so we started looking for a new location along with the funding. At first, everyone kept turning me down for a loan with the reason being I was too young (and a woman). This only made me more determined to work harder and succeed.

My banker, Reid Hinaga, is the one who got us the funding we needed to expand into our King Street location. With his nomination we were able to win the Small Business Administration's "Young Entrepreneur of the Year" award in 2013. This qualified us for an SBA loan through Bank of Hawaii. Reid's confidence in us and his nomination for our small business award opened the doors to a lot of different opportunities.

It's really a personal relationship for me at the bank. All of our banking services—merchant services, loans, and deposits—are with Bank of Hawaii, and Reid's been able to help me with all of them. He is always there for us, always accessible.

Being able to bank when it's convenient for me is very helpful since I work long hours. There are countless things we can handle online and making a deposit on my phone is just one thing I love. The branch here in Moiliili is open seven days a week, and I can use their smart ATMs when I go during off hours.

As my business continues to expand and grow, I've been learning more about my role as an employer and how to effectively run a team. I've discovered that building a team is about bringing people together and allowing their talents to shine. This gives me a responsibility to continue bringing in business and to grow not just for myself, but to support my entire team.

After just a few years, we have outgrown our King Street location and need a bigger space to increase our production and productivity. I've been looking for the right space over the last year, and Reid's been helping me a lot with that.

Bank of Hawaii has shown me that they really want to help small businesses move forward. Running a small business is hard work, so I appreciate that they give us a lot of attention. I know we'll keep doing more projects together.

I want to encourage other girls and women who want to start their own business to go for it. A lot of people told me I couldn't do this, and with the help of Reid and Bank of Hawaii I'm glad I could prove them wrong.



Hawaii Foodservice Alliance owner and CEO Chad Buck and CFO Stephanie Buck.

**PROFILE:**  
COMMERCIAL BANKING CLIENTS

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**CHAD &  
STEPHANIE BUCK**  
Hawaii Foodservice Alliance

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**STEPHANIE BUCK:**  
"Our relationship with Bankoh started in 2012 when we were building out our new Oahu and Maui facilities. Bank of Hawaii worked with us, and helped us navigate the SBA loan process."

**CHAD BUCK:** Fifteen years ago we were running our operations from a card table in the basement of our house. Since then, we've added a new full-time job every two-and-a-half weeks straight. Growing at this rate and building on multiple islands simultaneously made conserving cash through an SBA loan a real advantage.

Starting out, we carried 17 items in one category for one grocery chain. Now we manage several hundred items for every grocery, retailer, club and convenience store on every island.

**STEPHANIE:** To continue moving forward we needed to invest in a statewide cold chain, an unbroken temperature-controlled supply chain, for all our vehicles and facilities.

**CHAD:** Through the Food Safety Modernization Act, the federal government dramatically raised safety standards and procedures for food handling and distribution.

These new laws required us to build state-of-the-art facilities on all islands and on the West Coast to meet stringent safety standards. During this time, the business has grown from a card table to tracking over \$100 million in annual sales. To accomplish this required us to partner with a bank that understands our business in depth. From compliance to how we manage the continuing rapid growth across all channels, Bankoh has been by our side as a trusted partner.

Bankoh understands the complexity of doing business in Hawaii on this scale. Bankoh understands the regulatory and competitive environments as well as the real estate and construction nuances across each island. Driving and managing growth in Hawaii is significantly more complex than in other places. Having a bank that understands this and is also rooted and committed to our local communities is a huge advantage.

**STEPHANIE:** Lyle Tamagawa has worked with us on each of our facilities. We've collaborated with Lyle so much that we have really gotten to know him over this time. Typically, the first part of any meeting is spent catching up with how our kids are doing, and relating to each other as parents. We have a level of trust that has been built over the years through our interactions and knowing that Lyle continues to watch out for us. Our Bankoh relationship is more relational than transactional.

Having a solid relationship with Bankoh has enabled us to invest in our facilities and grow as a company. The Bankoh relationship gives us a true advantage because they know us, and they know our business. This partnership has been one of the keys to our success. As we look back and see how important the facilities are, Bankoh made that possible.



Makani Maeva,  
president and  
CEO of Āhē Group,  
a Hawaii-based  
affordable housing  
developer.

## MAKANI MAEVA Āhē Group

"I'm passionate about affordable housing; I believe it's critical to our community and a cornerstone on which individuals and families thrive. I began my career in affordable housing in 1995. After 22 years of building housing nationwide, I decided to focus exclusively on helping solve Hawaii's affordable housing problem. To this end, I formed Āhē Group in late 2014.

Āhē Group develops affordable rental housing for people earning up to 60 percent of the area median income. People of all backgrounds fall into this income bracket, including those starting their careers as school teachers, firemen, retail clerks and bank tellers or others at the end of their careers—people simply need a safe, clean, decent and affordable place to live."

**MAKANI MAEVA:** Working with an investor partner, we raise tax credit equity to offset the amount of debt that would otherwise be needed to acquire and develop housing. A lower loan means a lower mortgage payment. That's what allows us to keep our rents low for the residents.

Bank of Hawaii (BOH) has a strong lending vision that you might not get from other lenders. I work with BOH both in their capacity as a lender and as an equity investor. BOH is an active investor in affordable housing tax credits.

BOH gave Āhē Group the loan for its first project in 2015, acquiring and rehabilitating Kaneohe Elderly Apartments, a 44-unit affordable rental housing project for seniors. Over the past three years BOH has provided loans and equity investments in several other Āhē Group projects.

I need flexibility in a banking relationship. The needs of affordable housing projects are complex and cannot always be synthesized into a preprinted brochure so it's key that my bankers are creative thinkers. A recent example of this unique relationship is our recent acquisition of Hausten Gardens Apartments, a 50-unit project in Moiliili. When the opportunity to acquire Hausten Gardens came our way, we had to act on it immediately because the seller was very impatient. The project was at risk of being converted into a market-rate project and we knew that to keep it affordable we would have to move on it right away.

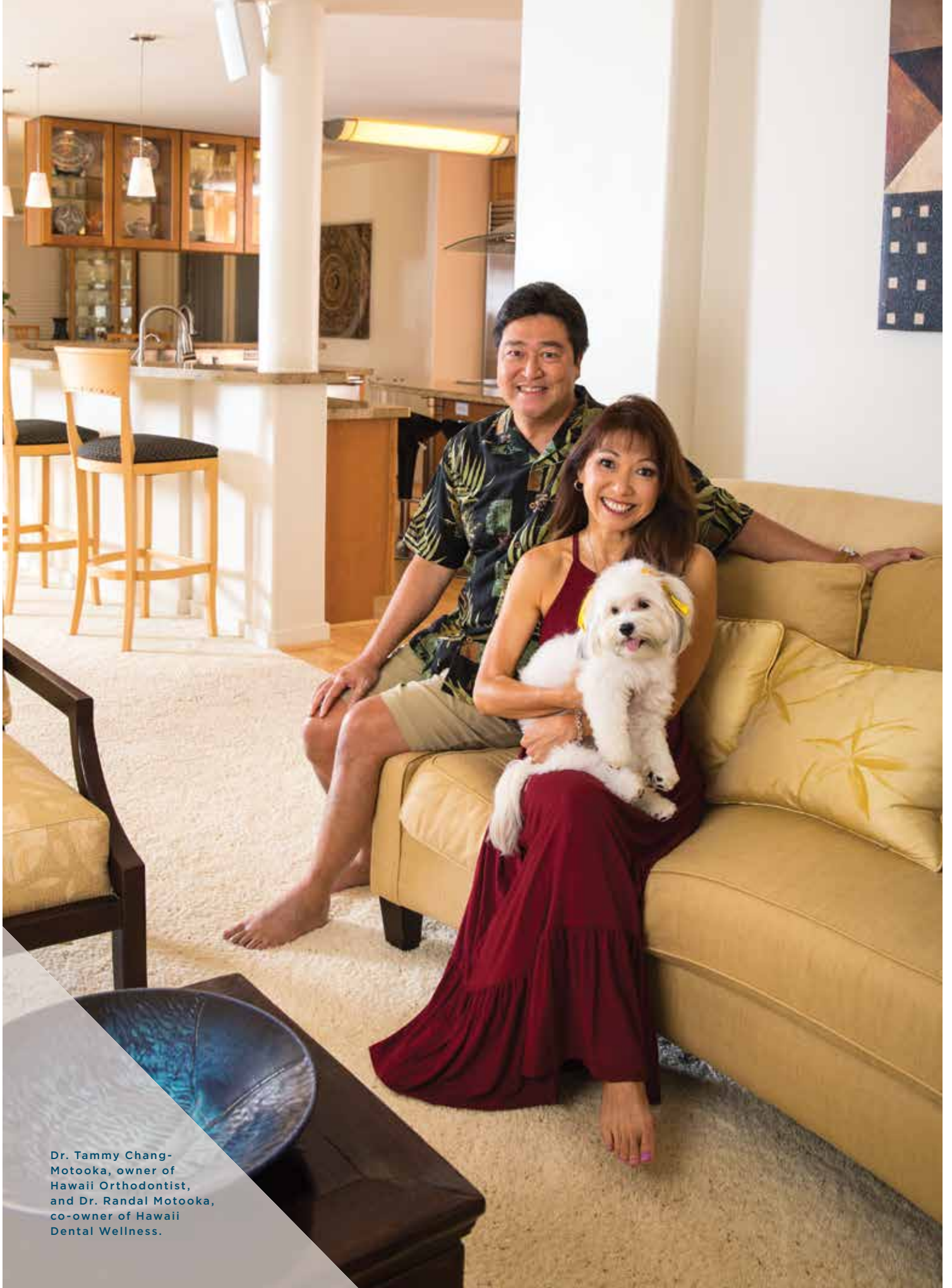
Carole Lau, our commercial real estate banker, suggested a bridge loan, which allowed me to acquire the property ahead of the bond financing. By parsing out the transaction into two phases, we were able to acquire the real estate and then close on the construction financing nine months later. Renovations on Hausten Gardens are scheduled to begin in January 2018. With some creative thinking, together we were able to preserve valuable affordable rental housing, which we'll continue to operate for another 60 years at affordable rates.

Carole looks at projects as an investor, as a lender, and she has current information about Āhē Group's financial position. In other words, Carole understands the risk that BOH and Āhē Group are taking on. Another reason she's so great with affordable housing is Carole understands the lending programs available in the affordable housing market and she uses this knowledge to put the best package together. Her programs are unbelievably competitive.

At Āhē Group we acquire and own properties, we maintain them, and we manage them. We have a lot of bank accounts, sometimes several for each of our projects. It's very convenient to give our accountants and bookkeepers online access to our financial information so they can prepare taxes and create reports easily.

When I opened my own development company, people reached out to me and said they were behind me, that they wanted to partner on my deals. Bank of Hawaii was among those who called on me. They identified my focus on affordable housing for Hawaii, which aligned with their focus. They saw the possibilities; I'm really fortunate that they did.

Āhē Group will grow as it needs to, but our goal is focused as much on quality as quantity. We strive to provide quality homes for the people we serve. Our commitment to our projects run deep. We aren't just building structures. We don't just acquire and renovate buildings. We recognize and respect that these are people's homes and we impact people's lives. BOH understands that, and that makes them a perfect partner for Āhē Group.



Dr. Tammy Chang-Motooka, owner of Hawaii Orthodontist, and Dr. Randal Motooka, co-owner of Hawaii Dental Wellness.

**PROFILE:**  
THE PRIVATE BANK CLIENTS

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**DR. TAMMY CHANG-  
MOTOOKA &  
DR. RANDAL MOTOOKA**

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**RANDAL MOTOOKA:**  
"I look for ease in communication in a relationship with a bank. And trust is a big factor, trust that they are taking good care of our financial needs and well-being."

**TAMMY CHANG-MOTOOKA:**  
"We started our relationship with Bank of Hawaii in the mid- '90s when we returned to Hawaii after our training on the mainland. I had just finished my orthodontic residency at Northwestern, and Randy had been working with me in Chicago."

**TAMMY:** When we got back to the islands, I had an opportunity to purchase a practice. I was fresh out of school, and I had no idea what to do. Someone introduced me to Tom Koide, who's now retired as a senior executive vice president from the bank. At the time, he was in the loan department at the Ala Moana Branch, and he helped me get the loan to purchase my practice. He could see the value in the business and understood what we wanted to do.

**RANDAL:** Starting out we had nothing. Bank of Hawaii gave us the break.

**TAMMY:** There were no doctors or dentists in our families at that time, so we didn't understand how to run a business. Bank of Hawaii understands that dental school doesn't teach those essentials. Tom Koide guided me in how to create a business plan, and other steps in running a business.

**RANDAL:** We've had a lot of good people help us out over the years. Jared Kashiwabara is our private banker now; we call him for everything: personal loans, refinancing, business loans.

**TAMMY:** Jared's been very helpful introducing us to many different services that the bank provides that we never utilized before. Now that our kids are going off to college, he's helping us look forward to retirement and estate and trust planning, and he's invited us to various seminars. This is more than a banking relationship around loans and finances: He's helping us do our life.

**RANDAL:** Jared seems to understand the health care market really well. As things come up at work, he'll make recommendations; he's always had good advice for us. He's really looking out for our best interests; he's preparing us for the future.

**TAMMY:** In terms of wanting to purchase my own space or lease a new location for my practice, Jared recently helped us with a large equity line. So when the time comes to purchase commercial space for my practice, cash is already available to help us move forward, everything is in place.

**RANDAL:** Online banking is very convenient. Also the multiple branches make banking much more accessible. Over the years we've used Hawaii Kai, Ala Moana, Kahala . . . the downtown branch is very convenient for me. The renovated downtown branch is awesome—it looks like a hotel lobby, with concierge services and everything. They're really changing the whole atmosphere of banking. Not just physically, but also with the personal service.

**TAMMY:** It's very important to us to have the accessibility of a bank based here in the islands. I think there were times when I didn't want to bother anyone at the bank, and I wasn't sure who to speak to when I called with a question. But knowing that I have this relationship at the bank with Jared, who I can just call or text anytime, and knowing that he'll answer or direct me to the right people has brought me peace of mind. I want to thank the bank for almost 25 years of great service, loyalty, and a great relationship.

**RANDAL:** For that trust. They gave us our break when we first started, and they basically held our hands as we grew from the ground up and serviced our every financial need. They provide very personable service that makes communication easier.

## CONSOLIDATED STATEMENTS OF INCOME

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

FOR THE YEAR ENDED DECEMBER 31	2017	2016
<b>Interest Income</b>		
Interest and Fees on Loans and Leases	\$ 370,441	\$ 333,239
Income on Investment Securities		
Available-for-Sale	46,772	41,892
Held-to-Maturity	81,740	79,087
Deposits	15	9
Funds Sold	3,882	2,861
Other	944	812
Total Interest Income	<u>503,794</u>	<u>457,900</u>
<b>Interest Expense</b>		
Deposits	22,332	12,647
Securities Sold Under Agreements to Repurchase	19,592	23,406
Funds Purchased	123	12
Short-Term Borrowings	64	—
Other Debt	4,445	4,256
Total Interest Expense	<u>46,556</u>	<u>40,321</u>
Net Interest Income	457,238	417,579
Provision for Credit Losses	16,900	4,750
Net Interest Income After Provision for Credit Losses	<u>440,338</u>	<u>412,829</u>
<b>Noninterest Income</b>		
Trust and Asset Management	45,430	46,203
Mortgage Banking	12,949	19,895
Service Charges on Deposit Accounts	32,575	33,654
Fees, Exchange, and Other Service Charges	54,845	55,176
Investment Securities Gains, Net	10,430	10,203
Annuity and Insurance	6,858	7,017
Bank-Owned Life Insurance	6,517	6,561
Other	15,813	18,634
Total Noninterest Income	<u>185,417</u>	<u>197,343</u>
<b>Noninterest Expense</b>		
Salaries and Benefits	205,536	201,150
Net Occupancy	32,536	30,252
Net Equipment	22,078	20,578
Data Processing	15,483	15,208
Professional Fees	11,681	10,072
FDIC Insurance	8,666	8,615
Other	61,711	64,703
Total Noninterest Expense	<u>357,691</u>	<u>350,578</u>
Income Before Provision for Income Taxes	268,064	259,594
Provision for Income Taxes	83,392	78,133
<b>Net Income</b>	<u>\$ 184,672</u>	<u>\$ 181,461</u>
Basic Earnings Per Share	\$ 4.37	\$ 4.26
Diluted Earnings Per Share	\$ 4.33	\$ 4.23
Dividends Declared Per Share	\$ 2.04	\$ 1.89
Basic Weighted Average Shares	42,280,931	42,644,100
Diluted Weighted Average Shares	42,607,057	42,879,783

Refer to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2017 for the Consolidated Financial Statements, including the related Report of Independent Registered Public Accounting Firm.



## CONSOLIDATED STATEMENTS OF CONDITION

Bank of Hawaii Corporation and Subsidiaries (dollars in thousands)

AS OF DECEMBER 31	2017	2016
<b>ASSETS</b>		
Interest-Bearing Deposits in Other Banks	\$ 3,421	\$ 3,187
Funds Sold	181,413	707,343
Investment Securities		
Available-for-Sale	2,232,979	2,186,041
Held-to-Maturity (Fair Value of \$3,894,121 and \$3,827,527)	3,928,170	3,832,997
Loans Held for Sale	19,231	62,499
Loans and Leases	9,796,947	8,949,785
Allowance for Loan and Lease Losses	(107,346)	(104,273)
Net Loans and Leases	9,689,601	8,845,512
Total Earning Assets	16,054,815	15,637,579
Cash and Due From Banks	263,017	169,077
Premises and Equipment, Net	130,926	113,505
Accrued Interest Receivable	50,485	46,444
Foreclosed Real Estate	1,040	1,686
Mortgage Servicing Rights	24,622	23,663
Goodwill	31,517	31,517
Bank-Owned Life Insurance	280,034	274,188
Other Assets	252,596	194,708
<b>Total Assets</b>	<b>\$ 17,089,052</b>	<b>\$ 16,492,367</b>
<b>LIABILITIES</b>		
Deposits		
Noninterest-Bearing Demand	\$ 4,724,300	\$ 4,772,727
Interest-Bearing Demand	3,082,563	2,934,107
Savings	5,389,013	5,395,699
Time	1,688,092	1,217,707
Total Deposits	14,883,968	14,320,240
Funds Purchased	—	9,616
Securities Sold Under Agreements to Repurchase	505,293	523,378
Other Debt	260,716	267,938
Retirement Benefits Payable	37,312	48,451
Accrued Interest Payable	6,946	5,334
Taxes Payable and Deferred Taxes	24,009	21,674
Other Liabilities	138,940	134,199
<b>Total Liabilities</b>	<b>15,857,184</b>	<b>15,330,830</b>
<b>SHAREHOLDERS' EQUITY</b>		
Common Stock (\$.01 par value; authorized 500,000,000 shares; issued / outstanding: December 31, 2017 - 57,959,074 / 42,401,443 and December 31, 2016 - 57,856,672 / 42,635,978)	576	576
Capital Surplus	561,161	551,628
Accumulated Other Comprehensive Loss	(34,715)	(33,906)
Retained Earnings	1,512,218	1,415,440
Treasury Stock, at Cost (Shares: December 31, 2017 - 15,557,631 and December 31, 2016 - 15,220,694)	(807,372)	(772,201)
<b>Total Shareholders' Equity</b>	<b>1,231,868</b>	<b>1,161,537</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 17,089,052</b>	<b>\$ 16,492,367</b>

## RELATIVE STOCK PRICES

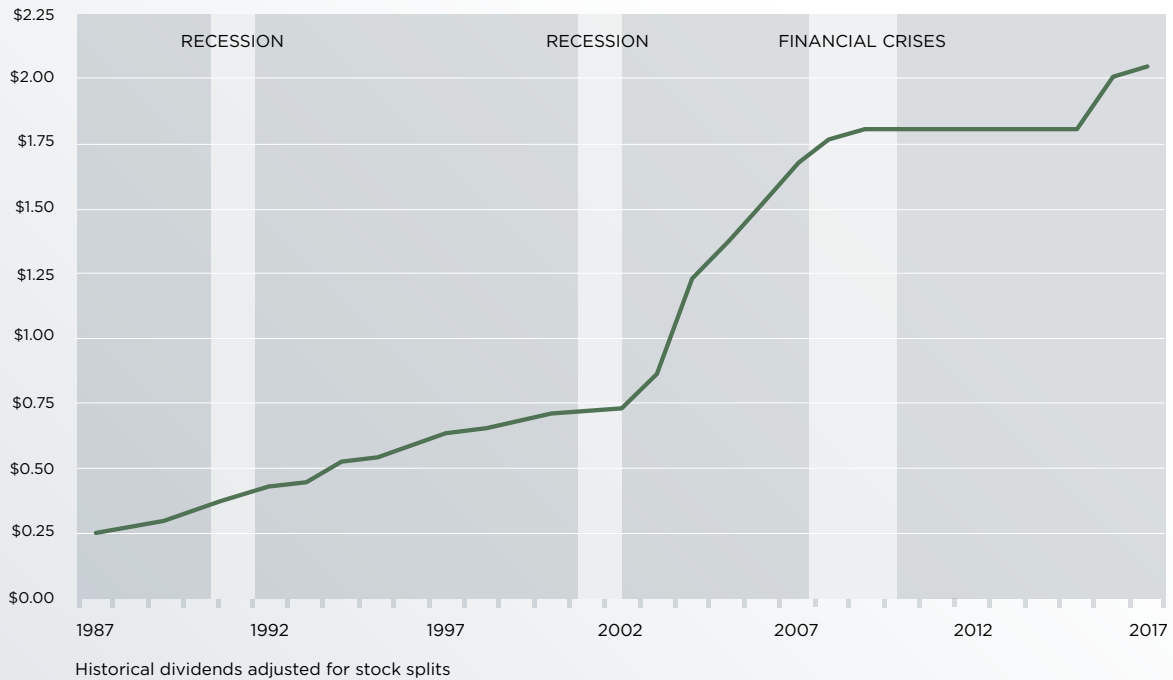
### RELATIVE PRICE PERFORMANCE

For the Year Ended December 31, 2017



### UNBROKEN HISTORY OF DIVIDENDS

Bank of Hawaii Corporation



**FACTS: HAWAII, GUAM AND AMERICAN SAMOA**

**HAWAII**

Hawaii business establishments in 2016: 97.5 percent have fewer than 100 employees, 94.8 percent have fewer than 50 employees, and 61.9 percent have fewer than five employees.<sup>1</sup>

Hawaii gross domestic product in 2016: \$83.9 billion (in current dollars)<sup>2</sup>

- 21.1% Government (federal civilian & military, and state and local)
- 19.1% Real estate, rental and leasing
- 8.7% Accommodation and food services
- 6.8% Retail trade
- 6.7% Health care and social assistance
- 6.3% Construction
- 4.9% Transportation and warehousing
- 4.0% Professional and technical services
- 3.4% Finance and insurance

Tourism's direct and indirect impact on Hawaii gross domestic product (in current dollars) in 2016: 16.6%<sup>3</sup>

State of Hawaii resident population as of July 1, 2017: 1,427,538<sup>4</sup>

**GUAM**

- U.S. Territory
- Capital: Hagatna (Agana)
- Resident population: July 2017 estimate 167,358<sup>5</sup>
- Main industries: U.S. military and tourism

**AMERICAN SAMOA**

- U.S. Territory
- Capital: Pago Pago
- Resident population: July 2017 estimate 51,504<sup>5</sup>
- Main industries: tuna canneries and handicrafts

**COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS**

- Commonwealth in political union with the U.S.
- Capital: Saipan
- Resident population: July 2017 estimate 52,263<sup>5</sup>
- Main industries: tourism, banking and construction

**PALAU**

- Constitutional government in free association with the U.S.
- Capital: Melekeok
- Resident population: July 2017 estimate 21,431<sup>5</sup>
- Main industries: tourism, craft items and construction

**BANK OF HAWAII BRANCHES AND ATMS**

(As of December 31, 2017)

	BRANCHES AND IN-STORE BRANCHES	ATMS
<b>State of Hawaii</b>	<b>64</b>	<b>353</b>
Island of Oahu	36	247
Island of Hawaii	11	47
Island of Maui	10	33
Island of Kauai	5	24
Island of Lanai	1	1
Island of Molokai	1	1
<b>West Pacific</b>	<b>4</b>	<b>35</b>
CNMI/Saipan	1	5
Guam	2	27
Palau	1	3
<b>American Samoa</b>	<b>1</b>	<b>5</b>
<b>Total</b>	<b>69</b>	<b>393</b>

<sup>1</sup> Hawaii Department of Labor & Industrial Relations, 2016 Employment and Payrolls in Hawaii: [https://www.hawaii.org/admin/gsipub/htmlarea/uploads/LFR\\_QCEW\\_ES2016.pdf](https://www.hawaii.org/admin/gsipub/htmlarea/uploads/LFR_QCEW_ES2016.pdf)

<sup>2</sup> Table 13.05, Hawaii DBEDT State of Hawaii Data Book 2016: <http://files.hawaii.gov/dbedt/economic/databook/2016-individual/13/130516.xls> from the U.S. Bureau of Economic Analysis, Gross Domestic Product by Industry 1963 to 2016: [www.bea.gov/regional/index.htm](http://www.bea.gov/regional/index.htm)

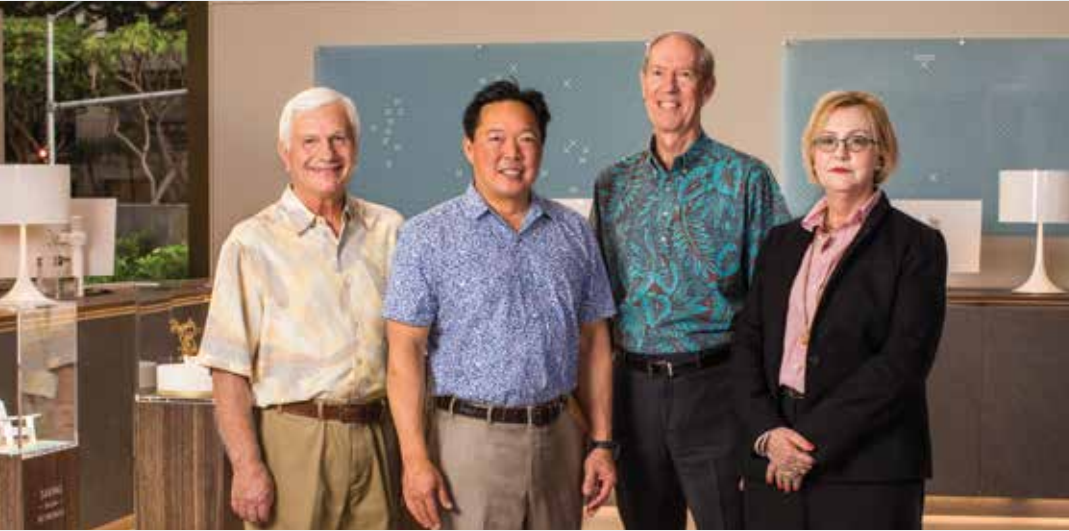
<sup>3</sup> Tables 7.34, Hawaii DBEDT State of Hawaii Data Book 2016: <http://files.hawaii.gov/dbedt/economic/databook/2016-individual/07/073416.xls>

<sup>4</sup> Hawaii DBEDT, Hawaii State Data Center, Latest Population Estimates Data, 2017 State Population Estimates: <http://census.hawaii.gov/whats-new-releases/2017-state-population-estimates/> and [http://files.hawaii.gov/dbedt/census/popestimate/2017\\_state\\_pop\\_hi/nst-est2017-01.xlsx](http://files.hawaii.gov/dbedt/census/popestimate/2017_state_pop_hi/nst-est2017-01.xlsx)

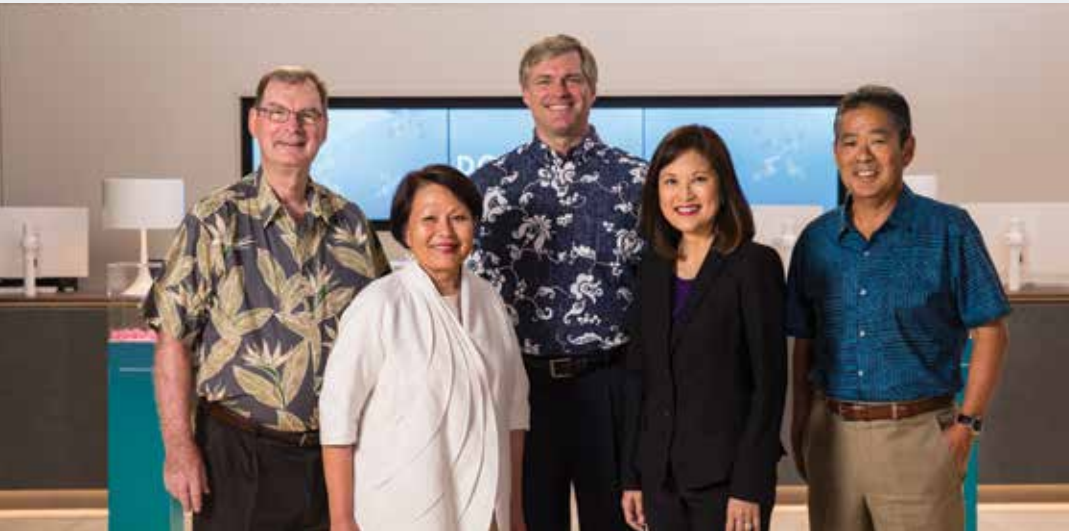
<sup>5</sup> Central Intelligence Agency, The World Factbook: <https://www.cia.gov/library/publications/the-world-factbook/>

MANAGING COMMITTEE

BANK OF HAWAII CORPORATION / BANK OF HAWAII (as of Dec. 31, 2017)



Top from left:  
Mark A. Rossi, Peter S. Ho, Kent T. Lucien and Mary E. Sellers



Bottom from left:  
Derek J. Norris, Donna A. Tanoue, James C. Polk, Jill F.S. Higa and Wayne Y. Hamano

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

**Sharon M. Crofts**  
Vice Chair  
Client Solutions Group

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

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

**Kent T. Lucien**  
Vice Chair  
and Chief Strategy Officer

**Derek J. Norris**  
Vice Chair  
Residential and Consumer Lending

**James C. Polk**  
Vice Chair  
Mortgage Banking

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

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

**Dean Y. Shigemura**  
Vice Chair  
and Chief Financial Officer

**Donna A. Tanoue**  
Vice Chair  
Client and Community Relations

**Vincent E. Barfield**

Senior Executive Vice President  
The Private Bank

**Sheh Bertram**

Senior Executive Vice President  
and Chief Information Officer

**Jill F.S. Higa**

Senior Executive Vice President  
People Services Group

**Susan L. Ing**

Senior Executive Vice President  
and Chief Marketing Officer

**David Oyadomari**

Senior Executive Vice President  
Digital Channels Division

**Kevin T. Sakamoto**

Senior Executive Vice President  
Branch Delivery



*Top from left:*

*Vincent E. Barfield, Susan L. Ing, David Oyadomari and Kevin T. Sakamoto*

*Bottom from left:*

*Sheh Bertram, Alton T. Kuioka, Sharon M. Crofts and Dean Y. Shigemura*

## BOARD OF DIRECTORS

BANK OF HAWAII CORPORATION / BANK OF HAWAII (as of Dec. 31, 2017)



Board of Directors (seated, from left): Kent T. Lucien, Mary G.F. Bitterman, Peter S. Ho, S. Haunani Apoliona and Victor K. Nichols. Standing from left: Barbara J. Tanabe, Robert A. Huret, Clinton R. Churchill, Raymond P. Vara, Alicia Moy, Michael J. Chun, Mark A. Burak, Robert W. Wo, Alton T. Kuioka and Donna A. Tanoue.

**S. Haunani Apoliona\***

Former 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\***

Retired President and Headmaster  
Kamehameha Schools-Kapalama

**Clinton R. Churchill\***

Former 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 Chair  
Client Relations  
Bank of Hawaii

**Kent T. Lucien\***

Vice Chair and Chief  
Strategy Officer  
Bank of Hawaii Corporation  
and Bank of Hawaii

**Alicia Moy\***

President and Chief Executive Officer  
of Hawai'i Gas

**Victor K. Nichols\***

Chief Executive Officer  
of Harland Clarke Holdings

**Barbara J. Tanabe\***

Owner and Partner  
Ho'akea Communications LLC

**Donna A. Tanoue**

Vice Chair  
Client and Community Relations  
Bank of Hawaii

**Raymond P. Vara\***

President and Chief  
Executive Officer  
Hawai'i Pacific Health

**Robert W. Wo\***

Owner and Director  
C.S. Wo & Sons Ltd.

## 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, 2018, 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 & STOCK PURCHASE PLAN (DRP)

Bank of Hawaii Corporation's 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

### 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

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) competitive pressures in the markets for financial services and products; 4) the impact of legislative and regulatory initiatives, particularly the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act"); and the new administration's review of potential changes to such initiatives; 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, including the Tax Cuts and Jobs Act of 2017; 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 failure in or breach of our operational systems, information systems or infrastructure, or those of our merchants, third party vendors and other service providers; 14) 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; 15) changes to the amount and timing of proposed common stock repurchases; and 16) natural disasters, public unrest or adverse weather, public health, and other conditions impacting us and our customers' operations. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. 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, 2017, 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 the exclusive means of identifying such statements. We undertake no obligation to update forward-looking statements to reflect later events or circumstances, except as may be required by law.

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Bank of Hawaii Corporation is an independent regional financial services company serving businesses, consumers and governments in Hawaii, American Samoa and the West Pacific. The Company's principal subsidiary, Bank of Hawaii, was founded in 1897. For more information about Bank of Hawaii Corporation, see the Company's website, [www.boh.com](http://www.boh.com).



BANK OF HAWAII CORPORATION  
P.O. Box 2900 • Honolulu, Hawaii 96846