

CREATING MOMENTS.

delivering dreams.




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## CREATING MOMENTS. DELIVERING DREAMS.

Committed to providing convenience and choice, Bank of Hawaii gives customers the ability to take control of their finances and conduct banking when, where and how they want to. The balance of digital options and exceptional personal assistance allows customers to have more time to live the lives they want to lead.

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 View Bank of Hawaii's 2018 digital summary annual report, featuring videos of our Chairman, clients, community and employees at [www.boh.com](http://www.boh.com).



## DEAR FELLOW SHAREHOLDERS,

Bank of Hawaii had another solid year in 2018 utilizing the same steady and conservative measures that are long-standing hallmarks of our operating approach. We are well-positioned to meet our long-term goals.

Our consistent performance is thanks to our 2,100 hard-working employees and our dedicated customers, who helped Bank of Hawaii earn local and national accolades. We are proud to have our deposits rated Aa2 by Moody's Investor Services, one of the highest ratings, nationally and globally, as of Dec. 28, 2018. In 2018, *Forbes* magazine named Bank of Hawaii one of "America's Best Banks" and "Best-in-State." *Bank Director* magazine honored us with its national "Best Board" award, plus several recognitions in its Western U.S. region category: Best Corporate Citizen, Best Technology Strategy, No. 2 Best Bank and No. 2 Best Bank for Millennial Employees. Some of our local awards include being selected a "Best Places to Work," for the fifth consecutive year, No. 1 Family-Friendly and No. 1 Healthiest large company by *Hawaii Business* magazine; as well as "Hawaii's Best Bank" by the *Honolulu Star-Advertiser*, *Hawaii Tribune-Herald* and *The Garden Isle* readers.

## Continued Financial Strengths

Diluted earnings per share reached a record high of \$5.23 for 2018, up 20.8 percent compared to 2017. We continued to show strong growth in total loans and leases in 2018, which were up 6.7 percent, to \$10.4 billion, from \$9.8 billion in 2017. Commercial loans increased 5.7 percent, to \$4 billion, in 2018, compared to \$3.8 billion in 2017. Net income for the year was \$219.6 million, an increase of 18.9 percent, or \$34.9 million, from net income of \$184.7 million from 2017.

Our net interest margin for 2018 grew to 3.05 percent, from 2.93 percent in 2017.

In 2018, our board of directors approved an increase in our dividend to \$0.62, from \$0.50 at the end of 2017. Our board also increased the authorization to repurchase shares by \$130 million. Since the start of the share repurchase program in July 2001 through December 2018, we repurchased 55.3 million shares and returned approximately \$2.2 billion to shareholders, at an average cost of \$39.14 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. Statewide, Hawaii's seasonally adjusted unemployment rate remains among the lowest in the country at 2.5 percent in December 2018, compared with 3.9 percent nationally.

Our visitor industry achieved record arrival and spending results for the sixth consecutive year. Spending increased 6.8 percent in 2018 to \$17.82 billion. Arrivals increased 5.9 percent to 9.95 million visitors.

The Hawaii real estate market remained strong in 2018. The median sales price for single-family homes on Oahu is \$790,000, a 4.6 percent increase from 2017, and \$420,000 for condominiums, a 3.7 percent increase compared to last year. Sales volume of single-family Oahu homes decreased 7.7 percent and sales of Oahu condominiums decreased 2.5 percent in 2018. Inventory of single-family homes increased by 10.1 percent and 12.5 percent for condominiums compared to the previous year, and the months of inventory on the market increased slightly for single-family

homes to 2.8 months, and to 2.9 months for condominiums.

*In 2018, Bank of Hawaii continued to make significant investments in our people, policies and procedures. The following summarizes our results:*

### Modernizing Banking

Bank of Hawaii continues to embrace transformation in order to effectively respond to digital preferences and evolving expectations.

One of the ways we are keeping up with innovation is through our "Branch of Tomorrow" initiative and office renovations. In 2018, we renovated and relocated our Pearlridge Branch on Oahu and refurbished our existing Princeville Branch on Kauai. In addition to utilizing photovoltaic solar panels, these projects incorporate digital enhancements: free Wi-Fi for customers and employees, easy-deposit ATMs with Cardless Cash, digital screens highlighting products and community news, and tablets for employees to conduct transactions anywhere a customer may need help in the branch.

At our corporate headquarters in downtown Honolulu, we renovated five floors in 2018. The new open floor plan encourages forward-thinking collaboration and expands productivity among employees by providing ergonomic workstations and tablets/laptops in lieu of stationary desktops. This mobility allows employees to access information on the go, take digital notes and collaborate with colleagues beyond our previous cubicle-style arrangement. Adopting this design has allowed us to move other Oahu-based employees into our downtown office, further reducing our footprint. Part of this renovation includes our recently unveiled penthouse suite of conference rooms, which houses 13 new technology-enabled conference rooms, including our new boardroom.

### Enhancing the Customer Experience

The integration of digital technology with personal interactions delivers value for our customers. However, we understand that with change, we must first understand the customer journey by acknowledging any apprehensions/concerns before aiming to enhance their experiences.

At the forefront of digital transformation is the safety and security of our customers' personal information. That is why we launched debit card Fraud Alerts in 2018. We review consumer and business accounts for suspicious activity and help protect accounts by immediately alerting customers of potential fraud on their debit cards through real-time, two-way texts.

Also in the pipeline is Card Controls, a mobile-only feature that allows debit card consumers to manage and monitor their own transactions. Through our BOH Mobile Banking app, customers can take an active role in minimizing fraud with the ability to switch their debit cards "on" and "off." Consumers can also customize preferences by setting merchant categories, location regions, transaction types and spending limits.

SimpliFi Mortgage by Bank of Hawaii® is another way we are making banking more secure, convenient and interactive. Our new online mortgage application system allows potential borrowers to complete the entire mortgage application online, from any mobile device. Some key capabilities include uploading documents, the ability to e-sign, review disclosures and receive notifications from loan officers. We realize that buying a home, especially for first-time homebuyers, is the biggest purchase someone will make in their lifetime, and nothing can replace the reassurance of that human connection. While the online process is meant to cut down on paper and closing times, Bank of Hawaii still delivers a full banking experience and peace of mind to customers, so they may communicate with our loan officers in person, on the phone or via email.

In October, we welcomed our newest Managing Committee member, Matt Emerson. With nearly 10 years at the bank, and 20 in the banking industry, Matt was promoted to senior executive vice president and director of e-commerce. He is now tasked with identifying new opportunities for digital conveniences based on evaluating and researching the customer journey. I look forward to his leadership, strategic direction and innovative ideas as we continue to transform.

### Making a Difference in Our Community

Sharing time and talents to strengthen our community is something I have always been proud of at Bank of Hawaii. Our employees are generous and active participants in many causes that are deeply personal to them. With more than 166 events and activities in 2018, our employee volunteers, known as the Bankoh Blue Crew, gave more than 14,000 hours of their time across the state of Hawaii, West Pacific Region and American Samoa.

Together, Bank of Hawaii, our foundation, employees and retirees donated more than \$3.4 million to over 400 community organizations in 2018. Employees and retirees alone contributed nearly \$900,000 in 2018, which includes funds raised for our Live Kōkua Giving Campaign and our annual Community Walk.

From serving meals to the homeless every month to cleaning up our beaches to teaching financial literacy, our employees help ensure our local communities thrive by showing their commitment in a variety of ways.

We honor our commitment to the community by also honoring everyone in it, without discrimination or prejudice. In 2018, we expanded our diversity efforts with activities such as sponsoring, and marching in, the Honolulu Pride Parade & Festival; volunteering at the Honolulu Rainbow Film Festival; and supporting an equality-themed event at the Honolulu Museum of Art.

For these efforts and more, *Bank Director* magazine honored us with several awards, including "Best Bank" in the U.S. for our diverse board of directors. *Directors & Boards* magazine also named one of our directors, Barbara Tanabe, a "2018 Director to Watch." With over 20 years and counting as a board member, we have come to rely on Barbara's solid decision-making, innovative thinking and leadership, and are blessed to have her 30-plus years of expertise in our corner.

### Nurturing Our Employees

We are undergoing a transformation on many levels—a physical transformation of our spaces, a digital transformation of our products and processes and a cultural transformation of our working environment.

In order to prepare the workforce of today for the workplace of tomorrow, our employees must first be prepared to continually improve and model the change that we seek.

We are on a path that educates and builds skills for our employees in robust ways. Our latest bankwide training is called *Fostering Workplace Excellence*. Built on the premise that everyone deserves respect and a safe, trusting environment at work, three modules were specially created to encourage success at work—Diversity and Inclusion, Harassment Free Workplace, and Ethics and Ethical Sales. Combined, we provided over 40,000 hours of professional development and training for our employees in 2018.

We continue education programs for our employees and their families, such as our Bank of Hawaii College Assistance Program, which we enhanced for our employees in 2018. Employees in the program now receive 100 percent reimbursement upfront, versus 50 percent at the start of the program in 2016. We also increased our reimbursement, which allows employees to cover the cost of up to eight courses, plus textbook expenses, compared to six courses at the start of the program in 2016. And finally, CAP participants are now entitled to one day off with pay to study for finals.

We continue helping employees' children and grandchildren through our Bank of Hawaii Foundation Scholarship. Since 2014, more than 151 children and grandchildren of employees have received college scholarships totaling \$533,000 from the Bank of Hawaii Foundation, including 28 in 2018.

### Aloha and Mahalo

We welcomed new board members John C. Erickson and Josh Feldman, who joined us in January 2019. John, who serves on our Audit & Risk Committee and Nominating & Corporate Governance Committee, worked with Union Bank in California for 31 years until 2014. He served over six years as vice chairman, and also held the positions of chief risk officer and chief corporate banking officer. He currently serves on the board of Luther Burbank Corporation, as a member of its Audit & Risk Committee and Compensation Committee.

Josh Feldman, president and CEO of Tori Richard Ltd., a manufacturer, wholesaler and retailer of resort apparel, licensed apparel products, private label clothing and uniforms, serves on our HR & Compensation Committee and Nominating & Corporate Governance Committee. John and Josh are both well-accomplished businessmen and I look forward to the contributions they will bring to Bank of Hawaii.

I would like to recognize Vice Chair Donna Tanoue, who retired after 17 years with Bank of Hawaii. As a member of our board since 2001, and our Managing Committee since 2002, Donna's perspective on issues and close connections to our local community were truly an asset. Donna was instrumental in developing our signature community events—our Live Kōkua Giving Campaign, Community Walk and Community Service Day, as well as the formation of the Bank of Hawaii Foundation Scholarship.

We also bid a fond farewell to Vincent Barfield, who retired after nearly 27 years, in January 2019. As a member of our Managing Committee since 2009, he served in leadership roles in Commercial Banking, Retail Banking, Trust Services and, most recently, The Private Bank. Senior Executive Vice President Kevin Sakamoto succeeds Vincent and transitioned to a new role overseeing our Consumer Segmentation Group, where he will manage The Private Bank, Trust Services, International Client Banking, Bankoh Investment Services Inc. and our Branch and Community Banking Division.

### In Closing

Looking ahead, our value is in the ability to successfully pivot to deliver even greater value through targeted approaches for our diverse customer base. This vision relies on the ongoing support of our dedicated employees, board of directors and shareholders. I appreciate your support and look forward to the successes that lie ahead in 2019.

Mahalo nui loa,



**Peter S. Ho**  
Chairman, President and CEO

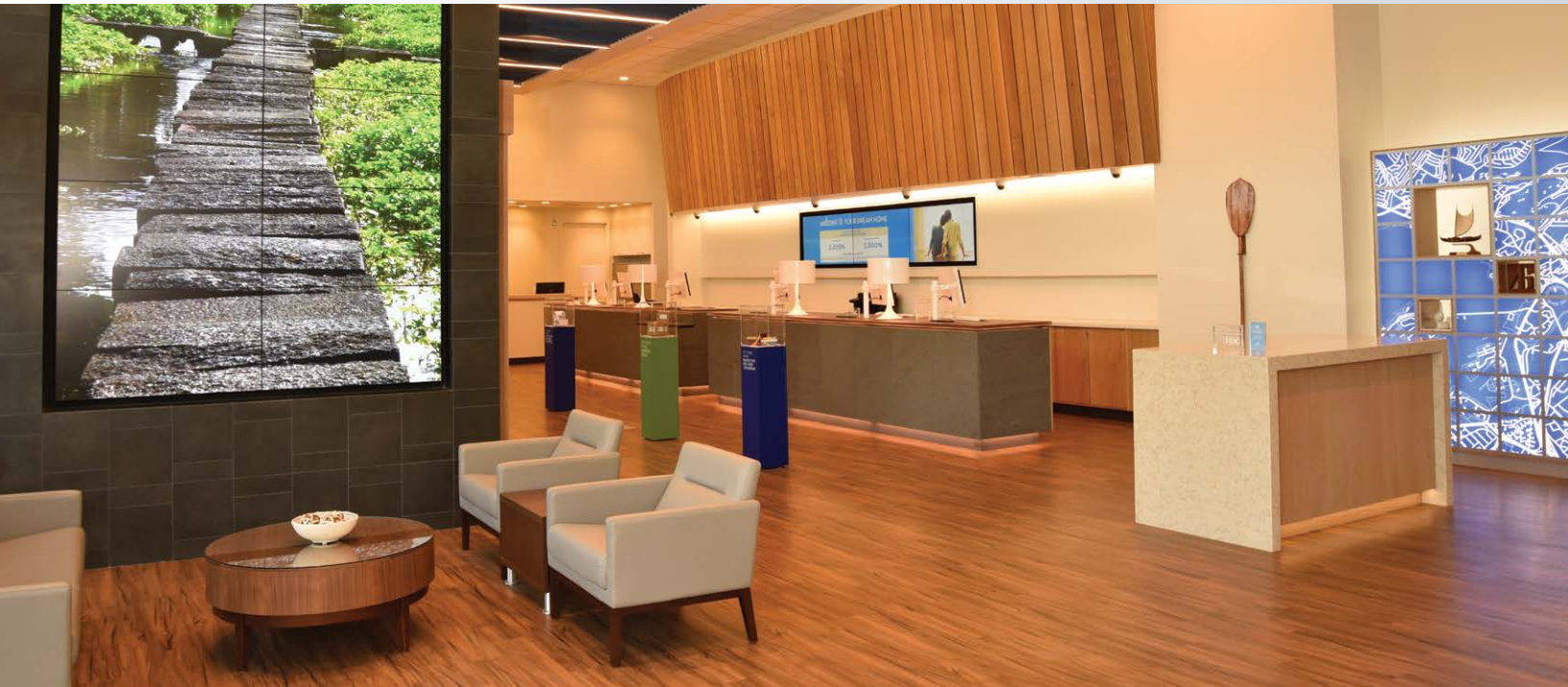
## 2018 FINANCIAL SUMMARY

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

FOR THE YEAR ENDED DECEMBER 31	2018	2017
<b>Earnings Highlights and Performance Ratios</b>		
Net Income	\$ 219,602	\$ 184,672
Basic Earnings Per Share	5.26	4.37
Diluted Earnings Per Share	5.23	4.33
Dividends Declared Per Share	2.34	2.04
Net Income to Average Total Assets (ROA)	1.29 %	1.10 %
Net Income to Average Shareholders' Equity (ROE)	17.63 %	15.27 %
Net Interest Margin <sup>1</sup>	3.05 %	2.93 %
Efficiency Ratio <sup>2</sup>	56.71 %	55.66 %
Market Price Per Share of Common Stock:		
Closing	\$ 67.32	\$ 85.70
High	89.09	90.80
Low	63.64	74.72
<b>AS OF DECEMBER 31</b>		
<b>Statements of Condition Highlights and Performance Ratios</b>		
Loans and Leases	\$ 10,448,774	\$ 9,796,947
Total Assets	17,143,974	17,089,052
Total Deposits	15,027,242	14,883,968
Other Debt	135,643	260,716
Total Shareholders' Equity	1,268,200	1,231,868
Book Value Per Common Share	\$ 30.56	\$ 29.05
Allowance to Loans and Leases Outstanding	1.02 %	1.10 %
Full-Time Equivalent Employees	2,122	2,132
Branches and Offices	69	69
<b>FOR THE QUARTER ENDED DECEMBER 31</b>		
<b>Earnings Highlights and Performance Ratios</b>		
Net Income	\$ 53,911	\$ 42,953
Basic Earnings Per Share	1.30	1.02
Diluted Earnings Per Share	1.30	1.01
Net Income to Average Total Assets (ROA)	1.26 %	1.00 %
Net Income to Average Shareholders' Equity (ROE)	17.05 %	13.85 %
Net Interest Margin <sup>1</sup>	3.10 %	2.98 %
Efficiency Ratio <sup>2</sup>	57.75 %	57.49 %

<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).



Bank of Hawaii's Pearlridge Branch celebrated its grand re-opening in January 2018. The relocated and renovated "Branch of Tomorrow" features an open floor plan, free Wi-Fi for employees and customers and personal consultation rooms.

## Banking for a BETTER TOMORROW

Bank of Hawaii continues to integrate technology with the financial expertise of our people to allow customers to handle their finances whenever and wherever is most convenient for them. We invest in bringing the digital and physical banking experiences together to increase flexibility and provide value for our shareholders, customers, employees and community.

### Our achievements are a snapshot of how well we are doing; here are some of our accolades for 2018:

- For the tenth consecutive year, *Forbes* magazine has recognized Bank of Hawaii as one of "America's Best Banks" in the country.
- *Forbes* also ranked Bank of Hawaii "Best-In-State."
- "Best Board" in the U.S. by *Bank Director* magazine, as well as in the Western region: the Second Best Bank, No. 1 Best Corporate Citizen, No. 1 Best Technology Strategy and No. 2 Best Bank for Millennial Employees
- Among Hawaii's 13 Best Places to Work, No. 1 Most Family-Friendly and No. 1 Healthiest employer among large companies by *Hawaii Business* magazine
- "Best Bank" by readers of the *Honolulu Star-Advertiser*, *Honolulu* magazine, *Hawaii Tribune-Herald* and *The Garden Isle*
- "Best Mortgage" by readers of *The Garden Isle*

## ENHANCING BANKING EXPERIENCES THROUGH TECHNOLOGY AND SERVICE

*Our focus is on keeping our services meaningful and intuitive, whether through our mobile banking app, online, by phone, ATM or in our branches. That involves providing the best service, advice and products to guide our customers toward living the life of their dreams, and in continually upgrading technology to streamline access in ways that work best for them. Whether visiting one of our branches, our online and mobile platforms or our easy-deposit ATMs, getting expert financial advice and services are now easier than ever.*

### Branch and Community Banking

Two branches were transformed in 2018 to reflect our “Branch of Tomorrow” concept. Our relocated Pearlridge Branch on Oahu opened in January, and our modernized Princeville Branch on Kauai, which opened in December, is our seventh “Branch of Tomorrow.” Each branch transformation has its own unique charm and integrates technological and energy-efficient enhancements with modern design. The initiative began with our Pearl City Branch in November 2016, followed by our Hawaii Kai, Kihei, Main and Mānoa branches.

We look forward to continuing to address the changing banking habits of today’s customers through this modern design, with more branch transformations planned throughout 2019. In addition, plans were announced to construct a new branch/office building in Tamuning, Guam to serve as our West Pacific regional headquarters. The building will include energy-efficient features, such as multi-zone air conditioning and light sensors, and construction is anticipated to be completed in 2020.

Bank of Hawaii is committed to reducing energy consumption, and has made this an integral part of modernizing our branches and other locations. Currently, 14 facilities have solar installations. Solar power plus other energy conservation tactics, such as building management systems

that optimize ventilation, lighting and power systems, have reduced our overall energy consumption by 15 percent. Bank of Hawaii is also considering energy storage systems for the future to help us get to net zero energy usage.

### Modernizing Our Workplace

Our commitment to innovative workspaces extends to all of our facilities. At our branches, new break rooms and large-screen LED monitors allow employees to attend meetings and training sessions online.

Our corporate headquarters on Oahu, at Financial Plaza of the Pacific, is currently undergoing renovations. Five floors were renovated in 2018, and the entire project is scheduled to be completed by 2020.

In addition to energy conservation strategies like high performance window tinting, LED lighting and high efficiency air conditioning systems, other features have been designed for the way employees work today. The penthouse is being transformed to include 13 conference rooms for use by employees. Individual workstations on other floors incorporate ergonomic features, including sit-stand desks, and desktop computers are being converted to laptops or tablets to promote mobility. All of these enhancements and more create an open, comfortable and collaborative office environment.

### Digital Banking Solutions

Digital banking upgrades offer customers more choices and improve their experiences while protecting their data. These upgrades require a large investment in time and other resources for both customer-facing and behind-the-scenes technology, and sometimes take years of testing before implementation.



To provide our customers with secure online access, Bank of Hawaii continually upgrades its systems. Our most recent customer-facing technology enhancement was to add an additional layer of security to consumer and business debit cards. To help minimize fraud, Bank of Hawaii launched debit card Fraud Alerts. Cardholders are alerted to suspicious activities on their debit cards through real-time, two-way texts, which have the potential to help them reduce or stop further financial loss.

### Mortgage, Consumer and Dealer Indirect Lending

Because buying or constructing a new home, and utilizing that equity, are cornerstones for people to build better futures, we continue to invest in making the process of obtaining a mortgage or refinancing as easy and accessible as possible. Technological enhancements have also made the lending process quicker and more efficient. In 2018, we launched a new and secure online mortgage application called SimpliFi Mortgage by Bank of Hawaii®, which uses the latest software to allow borrowers to complete a digital application, upload documents, read disclosures, check its status 24/7, and more, from any mobile device.

Bank of Hawaii remains Hawaii’s No. 1 residential lender for the sixth year in a row, in both number of residential loans recorded and total dollars loaned in 2018. We are also the top home equity lender in the state. We’ve accomplished this by providing the best solutions to meet our customers’ unique needs. The process has never been easier with our extensive branch network, professional experts and 24/7 Call Center.

Mortgage lending in Guam has also reached a new high in 2018, both in number of residential loans recorded and total dollars loaned.

Our flexible, efficient auto loan servicing, which is all handled locally, helps us grow our partnerships with Hawaii auto dealers. We continue to be the No. 2 auto lender in the state of Hawaii, and our combined auto loan and leasing portfolios grew to more than \$730 million in 2018.



Above: Bank of Hawaii's Pearlridge Branch has been serving the financial needs of our customers in Aiea for 45 years.

### Commercial Real Estate Lending

Our support for Aloha United Way's ALICE (Asset Limited Income Constrained, Employed) Report is helping us to sharpen our focus on how best to help meet the need for affordable housing. Across Hawaii and the Western Pacific, our team continues to partner with developers to finance affordable and workforce housing options for families and individuals as well as address housing needs for the elderly and those with special needs. Almost 650 affordable housing units commenced or completed construction in 2018, thanks in part to Bank of Hawaii.

The bank helped finance 82 units of affordable housing for Maui seniors at Kahului Lani-Phase I, developed by Catholic Charities Housing Development Corp. The bank also supported an additional 75 units for the elderly at Phase III of Meheula Vista in Mililani on Oahu and 48 units for families at Artridge Village, Saipan, through investments.

With 876 units in the pipeline for 2019, Bank of Hawaii remains actively committed to looking for new opportunities to partner with developers to meet the community's long-term needs for affordable housing.

### THE PRIVATE BANK

The Private Bank at Bank of Hawaii provides personalized wealth management services through every life cycle stage. The expanded array of tailored services include customized lending; investments; insurance; financial, estate and tax planning; charitable giving and trust services in addition to basic banking. With new technology and increased collaboration with partners across the bank to enhance client offerings, The Private Bank team is a trusted ally in anticipating and meeting the complex and unique needs of high-value clients.

Some of the tailored services and products for The Private Bank clients in 2018 included specialized pricing, line limits and loan-to-value ratios for home equity loans. And when the largest tax reform in decades went into effect, our Private Bank team responded to clients' questions by presenting tax seminars across the state.

Bank of Hawaii signed a unique agreement with SMBC Trust Bank in Japan in May 2018 to provide access to select private banking services for Japan clients entering Hawaii. Bank of Hawaii now offers SMBC Trust Bank's Japanese clientele enhanced personal services, including access to Bank of Hawaii's Japanese-speaking private banking staff and to its trust and real estate specialists. Benefits of the agreement also include discounted wire transfer services, seminar offerings and development of other products and services, such as trust planning, loan and real estate solutions. In return, SMBC Trust Bank now assists Bank of Hawaii Private Bank clients seeking special banking services in Japan.

### Trust, Estate and Financial Planning

The Private Bank team creates 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. In 2018, we provided estate planning seminars to clients in Guam. Through Guam Private Banking, our clients are able to access Hawaii-based wealth management solutions.

We also help individuals ensure that a legacy is preserved, protected and transferred to the people and institutions of their choice. As part of this planning process, we offer personalized planning and advice for heirs in future generations so that they can continue a legacy in the way that is most fulfilling for them. For example, we can help with business development advice for an heir who may want to expand a family business in a new direction in the future.

As the largest administrator of trusts in the state with nearly \$2 billion in assets under management, Bank of Hawaii has the depth of expertise necessary to handle every aspect of our clients' trust accounts.

Taking care of our *kupuna* is an important part of our island culture, but finding the right services can be very time-consuming. A new service launched on The Private Bank section of our website identifies elder care resources by location. From finding a ride to a medical appointment or grocery shopping to help with downsizing, information is available to help meet the needs of seniors and provide peace of mind for those who care for them.

Estate settlement can take up to two years to complete, and our assistance to heirs during this process continues to be well-received. In addition to having a dedicated trust settlement team in place for Private Bank clients, we also provide education and support to other clients through our branch network whenever there's a death in a family.

One of our 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, reviews and distributions. Through leveraging technology, grant applicants may apply online for grants from organizations utilizing our Grant Administration services. Charitable Foundation Services simplifies the foundation administration process for our clients.





Bank of Hawaii finished renovations to its Princeville Branch on Kauai in December 2018. Above are Princeville employees Pam Alaibilla, Donna Sharma, Brandon Sassone, Agnes Haohao and Shay Palmeira.

### Investment and Insurance Services

Bank of Hawaii continues to be the premiere provider of fiduciary and investment services in Hawaii and the Pacific. Our trusted team of certified financial planners (CFP) and certified financial analysts (CFA) manages almost \$9.8 billion in assets through a wide array of advisory and broker services.

The recent increase in the short-term interest rate environment presented an opportunity to introduce a new "Pacific Capital U.S. Government Money Market Fund" to commercial customers who can benefit from higher returns for excess deposits in sweep accounts. This is only one of our broadened investment options. A number of different deposit, interest-bearing instruments and ultra-short-term money market funds and fixed annuities are now available to meet our clients' short-term liquidity and longer term investment needs as we go through the current phase of the rate change cycle.

In 2018, Bankoh Investment Services Inc. (BISI) expanded their insurance capabilities to include disability insurance options to help protect clients who are in the crucial earning stages of their wealth management life cycle. This was added to the already robust suite of life insurance products, including term, whole life, universal and LTC hybrid policies successfully launched in 2017. With more than 20 different product solutions from nine well-respected and vetted insurance carriers, our financial advisors are able to help clients shop the market for comprehensive and competitive options to meet their financial needs.

### BANKING FOR BUSINESS

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

#### Commercial/Corporate Banking

The deep financial knowledge of our commercial and corporate bankers combined with their keen understanding of the market allow 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 2018, we continued to be the largest commercial mortgage lender in the state of Hawaii. One example is our \$50 million financing of Waihonu Solar Farm, Oahu's largest active solar farm. Our team finds customized financial solutions for owners, developers and investors with multi-family, retail, industrial, office and mixed-use properties.

Bank of Hawaii continues to lead in serving Hawaii's captive insurance industry, and has been providing a comprehensive range of banking and investment services to presently more than 90 diverse captive clients since the industry first formed in Hawaii. Our Captive Insurance Services team continues to strongly support the Hawaii domicile, as it has done since its inception in 1986. The team helps businesses identify the right insurance professionals to conduct the detailed analysis necessary to determine if owners and operators are suited for, and will likely benefit from, captive insurance. Once a captive is licensed, Bank of Hawaii helps in evaluating the business's current risk and financing structures, and in developing prudent portfolio routes for current and future reserve investments. As clients' insurance reserve portfolios grow and risks are well-managed, their core capital can allow for increased insurance coverage options, improved internal corporate cash flow, further portfolio diversification and ongoing sound total risk and expense management. Previously, captives were the purview of predominantly Fortune 500-sized companies, but more recently businesses from a wide range of sizes and industries are using captives, including a growing number of Hawaii-based corporations. Bank of Hawaii currently oversees more than \$1 billion in investment assets and deposits for Hawaii domiciled captives.

#### Business Banking

In 2018, Bank of Hawaii earned the U.S. Small Business Administration's HEDCO (Hawaii Economic Development Corporation) Award, for recording 10 SBA loans processed through the 504 Loan Program. We are proud to have achieved this award.

Our bankers understand the unique challenges of doing business in Hawaii. Whether it's finding the best merchant services or storefront lease option, or helping a customer apply for an SBA or Hawaii Green Energy Market Securitization Program loan, Bank of Hawaii is helping small businesses succeed and grow.

Bank of Hawaii,  
its Foundation and employees  
contributed approximately

**\$3,470,000**  
IN 2018 TO  
400 ORGANIZATIONS



## COMING TOGETHER For a Better Community

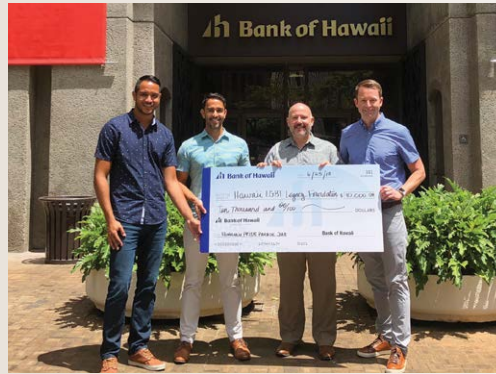
We care about helping everyone in our community build a better future. For almost half of our residents, Hawaii's high cost of living continues to keep many dreams out of reach. In order to understand financial hardship in Hawaii, and to be able to channel resources to assist, Bank of Hawaii was pleased to partner with Hawai'i Community Foundation and Kamehameha Schools to help fund the research and publication of Aloha United Way's ALICE Report. (ALICE stands for Asset Limited, Income Constrained, Employed.)

This is only one example of our commitment to the community. Whether through sponsorships of important programs, funding affordable housing projects, hands-on partnerships of our Bankoh Blue Crew volunteers with local nonprofits or raising funds to support organizations in accomplishing their vision, providing support is part of our DNA. We've been helping the community for more than 120 years, and we're committed to finding new ways to make a difference.

Our community support in 2018 reflected the wide range of interests of our employees and the needs of our community. On the following pages are three examples.

### LIVE KŌKUA

- TOTAL EMPLOYEE GIVING  
MORE THAN **\$7 million**  
since 2007 to more than  
400 local nonprofits
- Community Walk 2018  
**\$138,043**  
12 nonprofits  
*including neighbor islands  
and Guam*
- Giving Campaign 2018  
**\$760,132**  
23 nonprofits
- Volunteerism  
**14,318 hours**  
**166 events**



At left: On June 2, more than 600 bank employees, family and friends gathered at the Hawaii Convention Center for the 12th annual Live Kōkua Community Walk on Oahu to benefit Helping Hands Hawai'i, Honolulu Theatre for Youth and Women's Fund of Hawai'i.

Above, clockwise: BOH employees Shilla Lee and Walter Villalba march in the 2018 Honolulu Pride Parade & Festival in October.

BOH employee David Kedzie was one of many flagbearers during the parade.

BOH employees at an equality-themed event hosted by the Honolulu Museum of Art. From left: Chris Acacio, Elyse Rosen, Leonardo Hartomo, Kanani Thon, Kristen Konishi, Joy Ishiara and Momi Akimseu.

BOH employees Justin Prestidge (far left) and Andy Downes (far right) present a \$10,000 check to PRIDE Planning Committee members Joe Bock and Jim Miller (center).

## BANK OF HAWAII FOUNDATION GRANTS & SPONSORSHIPS

### SUPPORTING DIVERSITY AND INCLUSION

Bank of Hawaii recognizes that our diversity makes us stronger and is essential to our ability to serve our clients, fulfill our purpose and drive responsible growth. We also recognize the potential of every employee by actively encouraging a diverse and inclusive workplace – in thought, style, sexual orientation, gender identity, race, ethnicity, disability, culture and experience.

During Pride Month, we celebrated the impact LGBTQ+ individuals have had on our company and the communities we serve by sponsoring the Honolulu Pride Parade & Festival, in which 300 bank employees, family and friends marched along with the bank's float. The Honolulu Pride Parade & Festival is Hawaii's largest LGBTQ event, a culmination of two weeks of festivities for the LGBTQ community, friends, families and allies.

In addition, the bank continued its sponsorship of the annual Honolulu Rainbow Film Festival (HRFF), which promotes LGBTQ equality by creating, sharing and protecting LGBTQ stories for the screen.

In August, the bank sponsored an equality-themed event at the Honolulu Museum of Art, complete with giant #PRIDE letters.

The bank's diverse and inclusive workplace has always been a key part of its success and makes us better at what we do.



LIVE KŌKUA VOLUNTEER PROGRAM

SUPPORTING SUSTAINABILITY

Caring for our island environment while moving forward in a sustainable way so that people and nature can thrive is important to the bank, to our customers and to our employees. Not only does Bank of Hawaii implement energy efficiencies in its facilities, but our Bankoh Blue Crew volunteers regularly partner in activities to improve the environment. In 2018, two of these Live Kōkua community service projects inspired a big turnout of employees who made a positive impact.

In June, more than 110 BOH volunteers were joined by Hawaiian Airlines employees for a day of community work at Paepae o He'eia Fishpond. From building up the fishpond walls to weeding invasive mangroves, the volunteers worked to preserve the 800-year-old fishpond so it can be used and sustained for another 800 years.

In September, more than 930 volunteers from Bank of Hawaii, Hawaiian Airlines, Sustainable Coastlines Hawaii and other local nonprofits partnered to sift out micro-plastics from beach sand, and cleaned debris from miles of beaches and canals along the Waimanalo coastline of Oahu. Bank of Hawaii's 13th annual Community Service Day was the biggest community service project in the program's history, including employees, families and friends across the state and West Pacific Region, who participated in coastal cleanup initiatives in their areas. Together, 6,240 pounds of trash, debris and micro-plastics were removed from the shorelines.

Bankoh Blue Crew volunteers are out in the community almost every weekend, and donated more than 14,000 hours of their time to 166 community service projects in 2018.

*Above, clockwise: Bank of Hawaii and Hawaiian Airlines employees gather for a day of community work at Paepae o He'eia Fishpond in June. BOH employees sift micro-plastics at Waimanalo. From left: Kainoa McDonald, Elliott Khlopin, Joan Pagaragan, Tayler Higgins, Samson Dang, Julie Li, Reggie Lo and Michael Chapman. Volunteers create an assembly line to help build the fishpond wall at Paepae o He'eia.*



2018 FINANCIAL EDUCATION/COMMUNITY REINVESTMENT ACT (CRA)

## MENTORING STUDENTS AT CENTRAL MIDDLE SCHOOL

For one week in June, 26 BOH employees helped prepare for the implementation of a unique online financial education program, which Bank of Hawaii made available to eighth-grade students at Central Middle School. The bank partnered with EVERFI, an innovative education technology company, to provide a nine module financial education program with interactive lessons that covers the basics of budgeting and saving, as well as how to manage money while in college and beyond.

In preparation for the upcoming lessons, BOH volunteers helped set up new Chromebooks at Central Middle School for the students and introduced the EVERFI lesson plans. Bank of Hawaii also made this digital learning experience available to students at McKinley and Kaimuki high schools.

In 2018, BOH employees volunteered more than 6,500 hours to provide financial education outreach to students in elementary, middle school and high school classrooms across Hawaii and the Western Pacific, plus time served on nonprofit boards. Providing customized financial education is one of the many ways that we focus our efforts to meet the community development needs in the places we serve, earning us an “outstanding” rating in consecutive CRA evaluations from the Federal Reserve Board since 1997.

*Above, clockwise: BOH employee Leighton Genobia helps a fourth-grade student through a financial lesson at Princess Kaiulani Elementary on Teach Children to Save Day. BOH employees Barbara McKay, Debbie Crowell, Mike Wu, Mike Matthew Keller and Nicoelle Marciel prep Chromebooks at Central Middle School. BOH employees Rita Jugo (far left) and Brian Bliss (far right) take a group photo with their class at J.Q. San Miguel Elementary School in Guam after their Teach Children to Save Day financial lesson. Nearly 200 Chromebooks ready to be prepped.*



Above: A modern workforce needs a modern workplace. Bank of Hawaii is renovating its downtown Honolulu headquarters, where renovations of all 21 floors will feature open floor plans, collaborative spaces, charging stations, corporate WiFi and laptops and tablets to promote easy collaboration and mobility. Above, corporate trainer **Karen Block** (center) of People Services leads an informational session to (clockwise) **Hayley Musashi**, **Chris Acacio**, **Kristen Konishi** and **Chris Bland** on the bank's refreshed Performance Management Process, called *Let's Talk Story*, in which employees and managers have open discussions about goals, career aspirations and development opportunities.

## EMPOWERING EMPLOYEES for a Better Future

Bank of Hawaii continues to take a leading role in keeping up with today's rapidly changing environment. This commitment goes beyond investing in emerging technology and modern branches. It involves investing in our people, and in a work culture that's in tune with how people live and work today and into the future. That's because Bank of Hawaii has always recognized that investing in the success of our people is the key to the future success of our business, our customers and our community.

We're proud that, once again, Bank of Hawaii was voted as one of Hawaii's "Best Places to Work" in 2018. A more relaxed dress code, birthdays off, college scholarships for children and grandchildren, family-friendly celebrations, free gym classes and free access to its three Oahu fitness centers are some of the reasons that the bank earned top recognition as the healthiest and most family-friendly among large companies.

Bank of Hawaii recognizes that a diverse and inclusive workforce fosters an environment where everyone can thrive and feel valued and respected. That's why we have always supported the unique talents and diverse backgrounds of our team members. In 2018, Bank of Hawaii continued to promote inclusiveness in the workplace with several programs, including a new bankwide training series called Fostering Workplace Excellence. The training addressed the topics of Diversity and Inclusion, Harassment Free Workplace, and Ethics and Ethical Sales, and aligned to Bank of Hawaii's core values of excellence, integrity, respect, innovation, commitment and teamwork.

Bank of Hawaii believes in the power of education to transform lives. One of the bank's biggest ongoing investments is in the personal and professional development of its people. With today's lightning-paced

changes in financial services, the bank's leadership, skills and management training offer employees not only the opportunity to stay up to date on evolving trends, but also enable them to be more effective when working with clients and with each other. In 2018, more than 40,000 hours of training was provided by Bank of Hawaii.

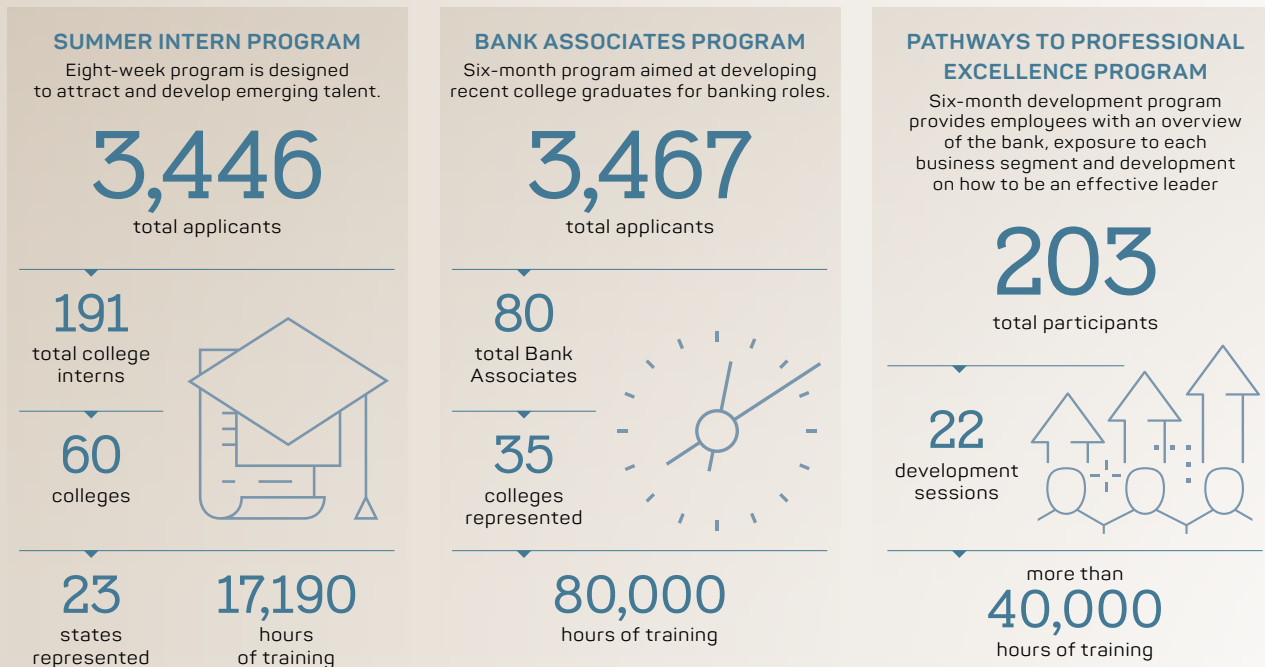
Bank of Hawaii is committed to helping people develop their talent and potential beyond their job descriptions, and for future generations. Since 2014, more than 151 children and grandchildren of employees have received college scholarships totaling \$533,000 from the Bank of Hawaii Foundation, including 28 in 2018.

Bank of Hawaii's College Assistance Program (CAP) was introduced in August 2016 to provide employees without a bachelor's degree a way to start on their own path to a college education. In partnership with Chaminade University of Honolulu,

the degree offers employees the opportunity to choose from select majors outside of their current job description. In October 2018, 37 employees were enrolled for the fall term. We continue to support the financial needs of CAP participants, and in 2018, launched three new enhancements: 100 percent reimbursement upfront, versus 50 percent paid at the beginning of the term; increased reimbursement to cover up to eight courses plus textbook expenses versus six at the start of the program, and a brand-new perk of one paid day off to focus on finals.

As the banking industry evolves, Bank of Hawaii continues to invest in the immediate and long-term success and wellbeing of its people. Professional and personal growth opportunities through education and training are just one part of being on the leading edge of Bank of Hawaii's workforce of tomorrow.

*By the Numbers (Since 2010)*







## Marilyn Carlsmith

**Marilyn Carlsmith:** I am a practicing vegan. Climate change is the most important issue of our time; it's an existential threat to us and our way of life on the earth. Eating animals also results in the cruelty of industrial animal farming and chronic health problems for those who eat them.

I have been a client of Bank of Hawaii for over 50 years. After so many years, the bank knows me well enough to understand what I'm doing. If I ask Bank of Hawaii to make sure that none of my investments are in petrochemical stocks, they respect my request, no rolled eyes.

Rachel Carson first awakened my interest in caring for the environment. I vividly remember lying on my bed in Hilo and reading her *Silent Spring* when it first came out. That alerted me to what we were doing to the environment, even beyond DDT.

I have grandchildren and I fear what their world is going to be like when they are 80. If everybody were concerned about their impact on climate we wouldn't have the problem we now have with climate change. If everybody were vegan we wouldn't have the greenhouse gases from cutting down forests to make

pastures, and all the emissions from animal husbandry practices. Of course, everybody isn't going to become vegan. So many people are in denial, but if you care about your grandkids, you just can't be.

Bank of Hawaii is supportive of everything I'm trying to do. They helped with financing the photovoltaics on my rooftop and the expansion of my Tantalus home. For instance, in order to install the photovoltaics I needed to do it before the end of the tax year, so I could take advantage of tax credits. The bank was very helpful in making the necessary capital available when I needed it, and then I paid it back when I received the tax credits.

I see my financial advisors at the bank and talk to them more often now than I ever did in the past. Cori Weston and her staff have become friends. Their service is very personal, very responsive, very sensitive. They also ask questions and give advice when they should.

They think of little things to make it easy to do business. When I need to handle some of my finances, all I need to do is pick up the phone and talk to Cori Weston and her team, and it is done.

Bank of Hawaii is supporting me by making banking easier. They are freeing me up to do what I think is important in the world. I like to check my account balance online, and I've set up a lot of payments as direct deposits so that everything is taken care of when I'm traveling.

Bank of Hawaii has been here so long, it has a history and knowledge of the past and understands the flavor of Hawaii. It is an important part of the community, supporting so many good causes, and that's essential for a community.

Having lived here for almost 80 years, I've seen huge changes that have come about both with the influx in population and with the environment. It's really good to have an old, local established company that does such a good job, that you can rely on and provides such good service. It's pono in Hawaii; it's as it should be.

*Marilyn Carlsmith with her poodle KonaKai in their energy efficient Tantalus home.*



# Garrett Marrero AND Melanie Oxley

## MAUI BREWING COMPANY

**Garrett Marrero:** Maui Brewing Company is the first brewery making craft beers on Maui to succeed. We've been growing exponentially since our start in 2005 in our Kahana location when we took over a functioning brew house in a restaurant. Our Waikiki location opened in February 2017, and we completed our third expansion at our Kihei facilities in February 2018. Most recently we opened our fourth location in Kailua on Oahu.

We are proud of the partnerships we've built with local retailers as well. We sell a little over 80 percent of our beer here in Hawaii. In 2005, we produced 320 barrels of beer; in 2018, we produced about 55,000 barrels. One barrel in the U.S. is 31 gallons.

Our simple vision was to make authentic, local, high-quality Hawaiian craft beer using a lot of local agriculture, whether that be fruits or spices. The reason we've become the biggest brewery in the islands is that we weren't willing to compromise our vision. We weren't willing to yield local production; we wanted to build local jobs. Investing in the community, being good neighbors, supporting philanthropic pursuits are all part of who we are as a company.

**Melanie Oxley:** We have found it incredibly important that our bank understands our business. The craft brewing industry was small when our company started, and with that came

uncertainty, and possible risk. Our commercial banking officers have continually made it a point to not just understand what we do, but understand what is going on in our markets globally.

Bank of Hawaii has been a critical player in helping to facilitate our growth by securing financing necessary for our brewery projects, and some of the restaurant projects. With growth has come efficiencies and higher revenues that have allowed us to set aggressive sustainability goals. The successes allow us the opportunity to increase our employee wages and benefits, creating a better future for the company and its people. We aren't here just to make a quality beer; we're here to make a positive impact here on our island community.

**Garrett:** One of our goals is to be a leader in sustainable manufacturing, and really lead by example. You can manufacture in Hawaii, do it responsibly and still be profitable. By leading the charge, we hope to encourage others to this same pursuit.

In 2018 we completed the third expansion of our Kihei site; it's now about 82,000 square feet. It has about 1.2 megawatts of solar power, 3.5 megawatt hours of battery storage, 600 KW of biodiesel generators, and CO2 recovery systems. We'll be grid-independent in 2019.

BOH helped with the entire facility. One of the lots we bought was REO from Bank of Hawaii, and we bought the second lot next door. Bank of Hawaii financed everything from the ground up. The solar was a partnership between Bank of Hawaii and Hawaii's Green Energy Market Securitization (GEMS) program.

I value the fact that Bank of Hawaii's Maui team and the executive team on Oahu have our backs. I don't doubt for a minute that they believe in everything that we're doing, and that they share our vision. We have a relationship with all of them that's been nurtured over the years.

**Melanie:** We have not only created a strong working relationship, but we feel a real sense of camaraderie. Our professional and personal banking relationship with Greg Knue is wonderful. The care and friendliness of everyone at the bank—for not just our business, but also our personal well-being—is such a pleasure.

**Garrett:** Melanie and I have worked very hard to get to where we are today, but Maui Brewing Company isn't about two people. It's about the almost 800 people on our team. We're always indebted to our #TeamMBC for living the vision and helping us grow every day.

And a big nod also goes to Bank of Hawaii for believing in our ideas; they've done a great job in helping us grow.

*Maui Brewing Company was honored with the national Small Business Administration's "Persons of the Year" award in 2017. Left: CEO and co-founder Garrett Marrero and COO and co-founder Melanie Oxley.*



# Al Castle

## SAMUEL N. AND MARY CASTLE FOUNDATION

**Al Castle:** The history of our relationship with Bank of Hawaii goes back to the very beginning, as the Castles were some of the bank's original depositors in the 19th century. The work of our foundation started in the 1830s, but the entity wasn't incorporated until his widow established it after the death of my great-great grandfather, Samuel Northrup Castle, in 1894. Samuel Castle was a founder of Castle & Cooke Corporation, which helped establish the financial base for the foundation's ongoing philanthropy. We have used the services of Bank of Hawaii to help oversee the foundation's investments since soon after it was first set up.

My great-great grandmother, Mary Tenney Castle, came to Hawaii as Samuel N. Castle's second wife. Before coming to Hawaii she fought for all kinds of social reforms. She was college educated, an abolitionist, a suffragette, a temperance advocate, a feminist and an early-childhood education reformer.

The foundation's efforts focus on creating greater social equality and opportunity through access to high-quality early education. In the early days, that meant access to kindergarten. As an abolitionist 130 years ago, Mary Castle insisted that no race or ethnicity should be

factored into the work of the Samuel N. and Mary Castle Foundation, and her values and her vision for social reform still inform our decisions.

Our greatest gift to the people of Hawaii has been the kindergartens. The early kindergartens were intended for all residents of Hawaii, but had a special impact on Native Hawaiians and immigrants. The Castle Kindergartens were always open to children of all ethnicities. They were set up on a sliding payment scale so that the poorest people paid nothing or very little to give their children a good start to their education. To ensure that Hawaii's children had the very best early educational opportunities, the foundation invested in teacher training from the very beginning and still does to this day.

Today, we see a demographic bump in three-year-olds, and are leveraging resources to help increase facilities and training so that good quality early education for this age group is more available across the state. By funding the research and writing of a grant application in 2015, we were able to help bring \$15 million in federal funds to Hawaii to add tuition-free preschools to existing culturally based charter schools, especially in rural areas.

We set up the foundation's office in its current location mainly because of its close proximity to Bank of Hawaii. We see the relationship as an important partnership in helping us with our mission. The bank has historically been the chief investment officer for the foundation, managing our fixed income and our equity selections.

With only two employees, the foundation is open seven days a week so that we can be available when it's convenient for the teachers and directors of the schools we support. Bank of Hawaii helps us be cost effective. Carol Tom and her team oversee all of our financial record keeping, our bill paying and our annual audit. With their help, there's a seamless approach to our accounting and our work in the public in making our grants.

I appreciate the bank as a partner. We're very grateful to Carol and her team, and everyone at Bank of Hawaii. They are easy to work with, and very smart about what needs to be done to keep the foundation operating at an optimal level so that we can continue to provide high-quality early education opportunities to new generations of Hawaii's children.



# Malcolm Yorkston

## HAWAIIAN RAINBOW BEES LLC

**Malcolm Yorkston:** Hawaiian Rainbow Bees is the second largest honey manufacturer in Hawaii. Our honey goes straight from the bee to the bottle.

The majority of our honey comes from about 1,500 hives on the Big Island. I'm a beekeeper myself, and have about 50 hives on Oahu.

I originally started this company for my health. I have severe allergies, and I had heard that raw honey could be a natural way to help. Turns out that raw, minimally treated honey has three natural enzymes: two aid digestion, and the other is an antibacterial.

When I started taking honey, I found that my allergy symptoms were mitigated. It was also giving me energy throughout the day, more health and more mental clarity. Honey was really helping me, so I decided to keep bees.

Today, we sell four different kinds of honey. We have a multi-floral that comes from both islands, and we have macadamia nut, lehua and Christmas berry honeys that come from the Big Island.

Our iconic packaging says "aloha" from Hawaii. With help from a hula halau, and imagery from the Bishop Museum, and the "Place of Refuge" on the Big Island, we developed our signature tiki bottle. Recently we

also developed our lifestyle honey pouch that you can take anywhere. It stands up by itself, and is very convenient for travel, sports and fitness.

I opened my business accounts with Bank of Hawaii because I found their lending practices were better for my business. As I spent more time with my bank representatives, they got to know me and became my friends. Rowena Pingol, Summerset Lovett and all of the staff at the Mānoa Branch know me by name and provide great service.

It's essential to work with a bank located here in the islands. My bankers are working as my partners, giving me professional support through their financial expertise.

I recently applied for a loan at Bank of Hawaii to buy my own business location. We're renting our current warehouse location, and it's one of the properties that's in the path of the rail project. To protect the company, we purchased a property in an industrial mixed-use zone, a two-bedroom home in Kalihi that we can fall back to, if necessary. Right now, we're using it for storage, housing and income. So we're saving money and able to grow.

Matt Luga was my loan officer for the mortgage. He was great at navigating me through the process,

visited properties with me, and helped me analyze them to see if they were really going to work.

I see my business growing, and Bank of Hawaii as an important partner in that growth. In the first four years of the company we grew from \$100,000 in sales to over \$1 million in sales. To continue growing, my vision is to look outward and also to sell more deeply to the local market. That includes supplying local bakeries, breweries and smaller shops, and looking into custom branding.

We want to make Hawaiian Rainbow Bees honey, Hawaii's honey. We're doing stronger sales in Japan, and we're excited to grow in other places in Asia by working with Chinese and Taiwanese distributors. We also want to move more honey to California and the West Coast. We have honey in San Francisco now, and we're really close to doing more business nationally. This is all very exciting.

We have the honey for this expansion; there are more beekeepers here who want to work with us. So, I see we're all going to grow, and we're going to grow with Bank of Hawaii.

*Hawaiian Rainbow Bees LLC owner and founder Malcolm Yorkston. In 2018, the company was recognized as exporter of the year by the U.S. Small Business Administration for both the state of Hawaii and for District 9, which includes California, Arizona and Nevada.*

## CONSOLIDATED STATEMENTS OF INCOME

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

FOR THE YEAR ENDED DECEMBER 31	2018	2017
<b>Interest Income</b>		
Interest and Fees on Loans and Leases	\$ 410,597	\$ 370,441
Income on Investment Securities		
Available-for-Sale	50,152	46,772
Held-to-Maturity	84,310	81,740
Deposits	34	15
Funds Sold	3,723	3,882
Other	1,357	944
Total Interest Income	550,173	503,794
<b>Interest Expense</b>		
Deposits	41,143	22,332
Securities Sold Under Agreements to Repurchase	18,519	19,592
Funds Purchased	609	123
Short-Term Borrowings	145	64
Other Debt	3,405	4,445
Total Interest Expense	63,821	46,556
Net Interest Income	486,352	457,238
Provision for Credit Losses	13,425	16,900
Net Interest Income After Provision for Credit Losses	472,927	440,338
<b>Noninterest Income</b>		
Trust and Asset Management	43,877	45,430
Mortgage Banking	8,437	12,949
Service Charges on Deposit Accounts	28,811	32,575
Fees, Exchange, and Other Service Charges	57,482	54,845
Investment Securities Gains (Losses), Net	(3,938)	10,430
Annuity and Insurance	5,822	6,858
Bank-Owned Life Insurance	7,199	6,517
Other	21,233	15,813
Total Noninterest Income	168,923	185,417
<b>Noninterest Expense</b>		
Salaries and Benefits	213,208	203,729
Net Occupancy	34,742	32,536
Net Equipment	23,852	22,078
Data Processing	17,846	15,483
Professional Fees	9,992	11,681
FDIC Insurance	7,732	8,666
Other	64,252	63,518
Total Noninterest Expense	371,624	357,691
Income Before Provision for Income Taxes	270,226	268,064
Provision for Income Taxes	50,624	83,392
<b>Net Income</b>	\$ 219,602	\$ 184,672
Basic Earnings Per Share	\$ 5.26	\$ 4.37
Diluted Earnings Per Share	\$ 5.23	\$ 4.33
Dividends Declared Per Share	\$ 2.34	\$ 2.04
Basic Weighted Average Shares	41,714,770	42,280,931
Diluted Weighted Average Shares	41,999,399	42,607,057

Refer to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018 for the Consolidated Financial Statements, including the related Report of Independent Registered Public Accounting Firm, thereon.

Note: Certain prior period information has been reclassified to conform to current presentation.



## CONSOLIDATED STATEMENTS OF CONDITION

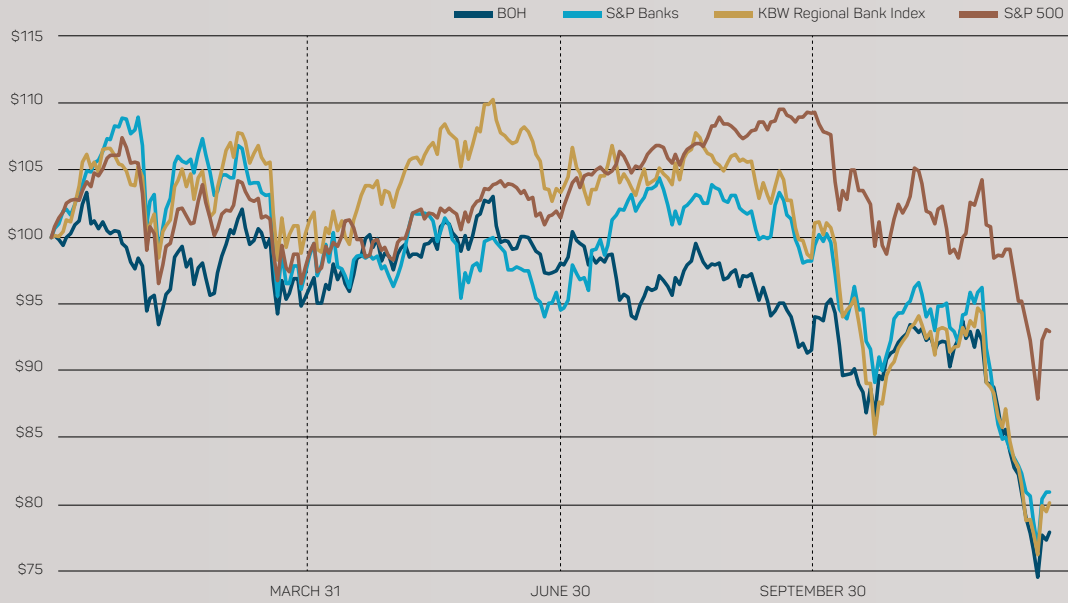
*Bank of Hawaii Corporation and Subsidiaries (dollars in thousands)*

AS OF DECEMBER 31	2018	2017
<b>ASSETS</b>		
Interest-Bearing Deposits in Other Banks	\$ 3,028	\$ 3,421
Funds Sold	198,860	181,413
Investment Securities		
Available-for-Sale	2,007,942	2,232,979
Held-to-Maturity (Fair Value of \$3,413,994 and \$3,894,121)	3,482,092	3,928,170
Loans Held for Sale	10,987	19,231
Loans and Leases	10,448,774	9,796,947
Allowance for Loan and Lease Losses	(106,693)	(107,346)
Net Loans and Leases	<u>10,342,081</u>	<u>9,689,601</u>
Total Earning Assets	<u>16,044,990</u>	<u>16,054,815</u>
Cash and Due From Banks	324,081	263,017
Premises and Equipment, Net	151,837	130,926
Accrued Interest Receivable	51,230	50,485
Foreclosed Real Estate	1,356	1,040
Mortgage Servicing Rights	24,310	24,622
Goodwill	31,517	31,517
Bank-Owned Life Insurance	283,771	280,034
Other Assets	230,882	252,596
<b>Total Assets</b>	<u>\$ 17,143,974</u>	<u>\$ 17,089,052</u>
<b>LIABILITIES</b>		
Deposits		
Noninterest-Bearing Demand	\$ 4,739,596	\$ 4,724,300
Interest-Bearing Demand	3,002,925	3,082,563
Savings	5,539,199	5,389,013
Time	1,745,522	1,688,092
Total Deposits	<u>15,027,242</u>	<u>14,883,968</u>
Short-Term Borrowings	199	-
Securities Sold Under Agreements to Repurchase	504,296	505,293
Other Debt	135,643	260,716
Retirement Benefits Payable	40,494	37,312
Accrued Interest Payable	8,253	6,946
Taxes Payable and Deferred Taxes	19,736	24,009
Other Liabilities	139,911	138,940
<b>Total Liabilities</b>	<u>15,875,774</u>	<u>15,857,184</u>
<b>SHAREHOLDERS' EQUITY</b>		
Common Stock (\$.01 par value; authorized 500,000,000 shares; issued / outstanding: December 31, 2018 - 58,063,689 / 41,499,898 and December 31, 2017 - 57,959,074 / 42,401,443)	577	576
Capital Surplus	571,704	561,161
Accumulated Other Comprehensive Loss	(51,043)	(34,715)
Retained Earnings	1,641,314	1,512,218
Treasury Stock, at Cost (Shares: December 31, 2018 - 16,563,791 and December 31, 2017 - 15,557,631)	<u>(894,352)</u>	<u>(807,372)</u>
<b>Total Shareholders' Equity</b>	<u>1,268,200</u>	<u>1,231,868</u>
<b>Total Liabilities and Shareholders' Equity</b>	<u>\$ 17,143,974</u>	<u>\$ 17,089,052</u>

Refer to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018 for the Consolidated Financial Statements, including the related Report of Independent Registered Public Accounting Firm, thereon.

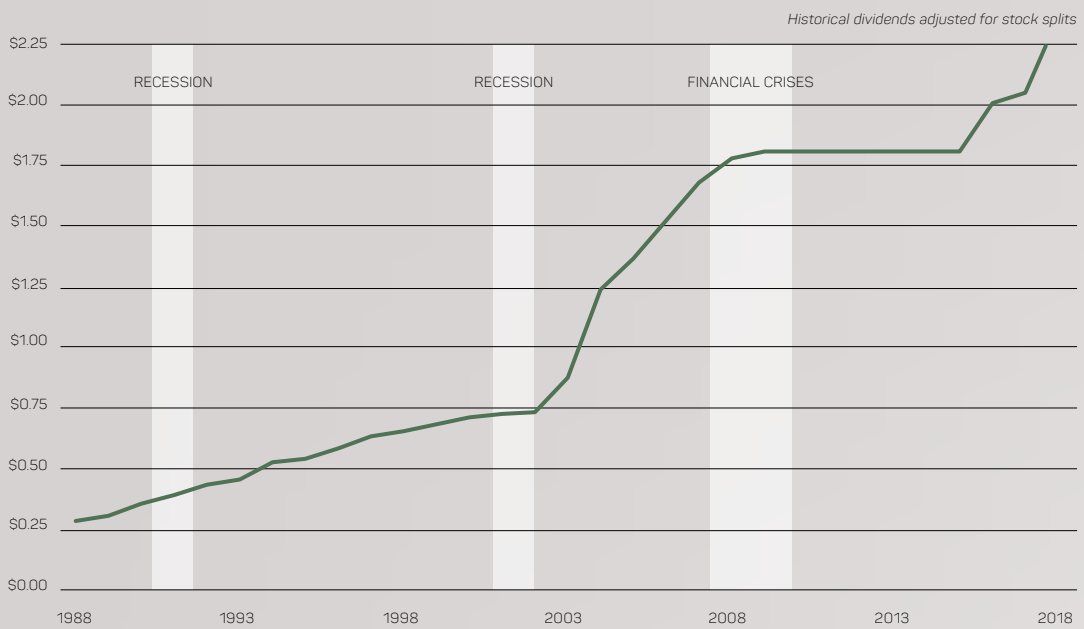
## RELATIVE PRICE PERFORMANCE

For the Year Ended December 31, 2018



## UNBROKEN HISTORY OF DIVIDENDS

Bank of Hawaii Corporation



## FACTS: HAWAII, WEST PACIFIC REGION AND AMERICAN SAMOA

## HAWAII

Hawaii business establishments in 2017: 98.1 percent have fewer than 100 employees, 95.2 percent have fewer than 50 employees, and 57.3 percent have fewer than five employees.<sup>1</sup>

Hawaii gross domestic product in 2017: \$88.4 billion (in current dollars)<sup>2</sup>

19.9%	Government (federal civilian & military, and state and local)
20.3%	Real estate, rental and leasing
8.8%	Accommodation and food services
6.6%	Retail trade
6.7%	Health care and social assistance
5.9%	Construction
5.6%	Transportation and warehousing
4.1%	Professional, scientific and technical services
3.3%	Finance and insurance

Tourism's direct and indirect impact on Hawaii gross domestic product (in current dollars) in 2017: 16.7%<sup>3</sup>

State of Hawaii resident population as of July 1, 2017: 1,420,491<sup>4</sup>

## GUAM

- U.S. Territory
- Capital: Hagatna
- Resident population: July 2018 estimate 167,772<sup>5</sup>
- Main industries: U.S. military and tourism

## COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

- Commonwealth in political union with the U.S.
- Capital: Saipan
- Resident population: July 2018 estimate 51,994<sup>5</sup>
- Main industries: tourism, banking, construction, fishing, handicrafts

## PALAU

- Constitutional government in free association with the U.S.
- Capital: Melekeok
- Resident population: July 2018 estimate 21,516<sup>5</sup>
- Main industries: tourism, fishing, subsistence agriculture

## AMERICAN SAMOA

- U.S. Territory
- Capital: Pago Pago
- Resident population: July 2018 estimate 50,826<sup>5</sup>
- Main industries: tuna canneries and handicrafts

BANK OF HAWAII  
BRANCHES AND ATMS

As of December 31, 2018

	BRANCHES AND IN-STORE BRANCHES	ATMS
<b>State of Hawaii</b>	<b>64</b>	<b>338</b>
Island of Oahu	36	239
Island of Hawaii	11	44
Island of Maui	10	31
Island of Kauai	5	22
Island of Lanai	1	1
Island of Molokai	1	1
<b>West Pacific</b>	<b>4</b>	<b>36</b>
Guam	2	29
CNMI/Saipan	1	4
Palau	1	3
<b>American Samoa</b>	<b>1</b>	<b>5</b>
<b>Total</b>	<b>69</b>	<b>379</b>

<sup>1</sup> Hawaii Department of Labor & Industrial Relations, 2017 Employment and Payrolls in Hawaii: [https://www.hawaii.org/admin/gsipub/htmlarea/uploads/LFR\\_QCEW\\_ES17FIRM.pdf](https://www.hawaii.org/admin/gsipub/htmlarea/uploads/LFR_QCEW_ES17FIRM.pdf)

<sup>2</sup> Hawaii DBEDT State of Hawaii Data Book 2017, Table 13.05, <http://files.hawaii.gov/dbedt/economic/databook/2017-individual/13/130517.xls> from the U.S. North American Industry Classification

<sup>3</sup> Hawaii DBEDT State of Hawaii Data Book 2017, Tables 7.34, <http://files.hawaii.gov/dbedt/economic/databook/2017-individual/07/073417.xls>

<sup>4</sup> Hawaii DBEDT, Hawaii State Data Center, Latest Population Estimates Data, 2018 State Population Estimates <http://census.hawaii.gov/whats-new-releases/2018-state-population-estimates/> and [http://files.hawaii.gov/dbedt/census/popestimate/2018\\_state\\_pop\\_hi/nst-est2018-01.xlsx](http://files.hawaii.gov/dbedt/census/popestimate/2018_state_pop_hi/nst-est2018-01.xlsx)

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

BANK OF HAWAII CORPORATION / BANK OF HAWAII (as of Dec. 31, 2018)

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

*Top right photo:*  
**Vincent E. Barfield,**  
**Susan L. Ing, David Oyadomari,**  
**Kevin T. Sakamoto and**  
**Tony Mizuno**



*Bottom left photo:*  
**Jill F.S. Higa, James C. Polk,**  
**Matthew Emerson and**  
**Wayne Y. Hamano**

*Bottom right photo:*  
**Dean Y. Shigemura,**  
**Sheh Bertram, Alton T. Kuioka**  
**and Sharon M. Crofts**





**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. Kuiuoka**  
Vice Chair of Board of Directors  
of Bank of Hawaii

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

**James C. Polk**  
Vice Chair  
Retail Lending & Deposit Product Group

**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

**Vincent E. Barfield**  
Senior Executive Vice President  
The Private Bank

**Sheh Bertram**  
Senior Executive Vice President  
and Chief Information Officer

**Matthew Emerson**  
Senior Executive Vice President  
and Director of E-Commerce

**Jill F.S. Higa**  
Senior Executive Vice President  
Branch and Community Banking

**Susan L. Ing**  
Senior Executive Vice President  
and Chief Marketing Officer

**Tony Mizuno**  
Senior Executive Vice President  
Commercial Banking Group

**David Oyadomari**  
Senior Executive Vice President  
Digital Channels Division

**Kevin T. Sakamoto**  
Senior Executive Vice President  
Consumer Banking





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

BANK OF HAWAII CORPORATION / BANK OF HAWAII (as of Dec. 31, 2018)

**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

**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\***  
Founding Partner Emeritus,  
FTV Capital

**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 E. Moy**  
President and Chief Executive Officer  
of Hawai'i Gas

**Victor K. Nichols\***  
CEO of Hartland Clarke Holdings

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

**Raymond P. Vara\***  
President and Chief Executive Officer  
Hawai'i Pacific Health

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

\*Bank of Hawaii Corporation Board of Directors

## SHAREHOLDER INFORMATION

### 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 Economic Growth, Regulatory Relief and Consumer Protection Act of 2018; 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, including Public Law 115-97, commonly known as the Tax Cuts and Jobs Act, 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 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 or negatively impacting the tourism industry in Hawaii. 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, 2018, 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.

*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).*

### 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 26, 2019, at 8:30am 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 7:00am and 5:00pm 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)



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