



## Dear Fellow Shareholders,

Bank of Hawai'i's role as a community bank is rooted in our ability to help families and businesses reach their goals, serve as a trusted partner in their journeys, and provide a source of strength during challenging times.

Reflecting on 2023, I am proud of the way our teammates went above and beyond to take care of the people who depend on us.

### PROVIDING DISASTER RELIEF

In the summer of 2023, our communities faced two natural disasters. One of the strongest tropical typhoons on record, Typhoon Mawar, made landfall on Guam on May 24, causing extensive flooding and other damage. On August 8, the West Maui town of Lahaina was destroyed by wildfires—the worst natural disaster that Hawai'i has ever experienced. Thankfully, all our employees are safe. However, living and working in such closely-knit island communities means we all know someone who was directly affected. In the wake of such tragedy, our teams mobilized to help those in need, and I was moved by their selflessness to help with recovery efforts.

Although our Lahaina Branch was lost in the wildfires, our Maui employees from the neighboring Kahana and Kihei branches rallied to help our customers. You can read more detail about our efforts in this annual report, but here are some highlights:

- Caring for the mental and financial health of our employees who have been assisting customers while also coping with personal loss was a special focus during 2023. Immediate support was provided in the form of emergency loans, mental health resources, and assistance in finding temporary housing. We are providing ongoing support to address their evolving needs.
- In addition to offering essential financial services, Bank of Hawai'i Foundation provided nearly \$160,000 in grants to local nonprofits for immediate and long-term recovery efforts.
- Our Bankoh Blue Crew volunteers assisted Hawai'i Community Foundation, Goodwill Hawai'i, and the Council for Native Hawaiian Advancement (CNHA). Nearly 150 volunteers donated 1,233 hours to help sort and store physical donations, and process monetary donations received from around the world.

### OUR FINANCIAL STRENGTH

Our organization was built one relationship at a time over a 125-year history, and we are appreciative of the trust that our customers place in Bank of Hawai'i. While the period of regional banking volatility that began in March 2023 created national uncertainty, the events had minimal impact on the Hawai'i marketplace. However, during a time of heightened national scrutiny of banks, it was important for us to proactively reach out to customers and business clients to reassure them of our strength and value, answer any questions, and articulate what makes us different. Our local customers were grateful for the courtesy calls and remain confident in our ability as trusted advisors.

Given the backdrop of 2023, Bank of Hawai'i ended the year with a solid financial performance, which reflected our well-diversified, well-tenured, and stable deposit base; ample liquidity; and strong credit profile. Diluted earnings per common share for 2023 were \$4.14, compared with

\$5.48 for 2022. Net income for 2023 was \$171.2 million, down 24.2% from the previous year. Overall, expenses were well-managed. Our fourth-quarter results were impacted by an industrywide, one-time special assessment from the FDIC to all banks with uninsured deposits over \$5 billion to recover their losses from the year.

Total deposits ended the year at \$21.1 billion, an increase of 2.1% from 2022, driven by growth in core relationship deposits. The tenure of those relationships is the result of decades of connecting with our customers—53% of our deposits have a tenure of 20 years or more, and 75% are at 10 years or more.

In addition, we experienced quality core market loan growth and continue to grow capital above the regulatory minimum.

## HAWAI'I'S ECONOMY REMAINS RESILIENT

While Maui's recovery will take time, Hawai'i's economy proved to be resilient in 2023. The Maui visitor industry is rebounding faster than anticipated, and visitors to the rest of the state reached record levels.

After four months of decreases in visitor arrivals and spending after the wildfires, December data from the Dept. of Business, Economic Development and Tourism (DBEDT) showed growth in visitor arrivals. A total of 9.64 million visitors arrived in the state in 2023, a 4.4% increase from 9.23 million visitors in 2022. In 2023, total visitor spending rose to \$20.78 billion, compared to \$19.70 billion (+5.5%) in 2022 and \$17.72 billion (+17.3%) of pre-pandemic spending in 2019.

According to DBEDT, Hawai'i's unemployment rate was 2.9% in December 2023 compared to 3.7% at the end of 2022. Nationally, the rate was 3.5%. Historically, the jobless rate in Hawai'i reached a record high of 22.40% in April 2020, and a record low of 1.90% in September 2017. Hawai'i's employment market remains competitive because many workers who left the labor force during the start of the pandemic still have not returned.

Home prices in Hawai'i's housing market began to decrease in 2023 on O'ahu and Kaua'i, and the number of sales slowed due to lack of inventory and higher mortgage rates. In 2023, the median price of single-family

homes decreased by 6.0% to \$1,034,500 on O'ahu, and 2.5% to \$1,150,000 on Kaua'i. The median price increased by 2.0% to \$510,000 on Hawai'i Island, and 8.4% to \$1,200,000 on Maui. The sales of single family homes statewide decreased 27.2% from 2022 to 7,590.

The median price of condos increased in 2023 except on O'ahu, and the number of sales has slowed statewide. The median price of condos increased by 7.1% to \$830,000 on Maui, 1.8% to \$725,000 on Kaua'i, and 1.8% to \$580,404 on Hawai'i Island. The median price remained flat at \$510,000 on O'ahu. The sales of condos statewide decreased 29.1% from 2022 to 6,442.

## HELPING EMPLOYEES THRIVE

Our people continue to be our greatest strength. They work hard every day to provide exceptional experiences for our customers, community, and one another while Bank of Hawai'i works to improve benefits and provide other support to enhance their well-being and advance professional development.

We were excited to introduce a new parental leave benefit that gives paid time off for employees to bond with

## 2023 RECOGNITION

### NEWSWEEK NAMED BANK OF HAWAI'I:

One of the **"World's Most Trustworthy Companies,"** ranking us No. 24 in the banking industry worldwide. Among a list of 1,000 companies spanning 21 countries and 23 industries, Bank of Hawai'i stands out as the sole representative from Hawai'i's banking sector.

One of the **"Most Trustworthy Companies in America"** for the second year in a row. We ranked No. 4 nationwide in the banking industry category. Bank of Hawai'i is the only Hawai'i business to be recognized out of 700 companies across 23 industries.

NAMED  
"BEST BANK"  
BY READERS



- ▶ **Honolulu Star-Advertiser**  
13th straight year
- ▶ **Hawaii Tribune-Herald**  
8th straight year
- ▶ **West Hawaii Today**  
4th straight year

## TOP 3

Finalist in the inaugural National Customer Obsessed Enterprise Award from global research firm Forrester

their child during the first 12 months following birth, adoption, or foster care placement.

We also increased our focus on mental health awareness in 2023 and encouraged employees to access confidential counseling services and other programs to address self-care and stress management.

The Bank of Hawai'i Foundation Scholarship honored its scholars in 2023, the 10<sup>th</sup> year that employees' children and grandchildren received this scholarship for higher education. Since its inception in 2014, the BOHF Scholarship has provided \$960,750 to fund 275 scholarships.

In July we launched a podcast for our employees. I'm pleased to host "The Exchange" alongside Director of Culture and Employee Experience, Shauna Pantohan. The podcast shares and celebrates employee stories, important bank initiatives, and more. It allows us to connect with employees across the organization who are invited to listen at their convenience from their desk or on a mobile device.

## CARING FOR OUR CUSTOMERS

Building lasting relationships has always been a key to our long-term success. Our goal is to exceed customers' expectations by understanding their needs and providing them with convenient, personalized services and products.

In 2023, we celebrated our lifetime customers by personally thanking them for their loyalty and expressing how honored we are to be part of their lives. We delivered orchid plants to more than 90 customers who have held consumer accounts with Bank of Hawai'i for 70 years or more. I was

honored to surprise one of these customers, Lucile Smith Mistysyn, by presenting an orchid plant to her at her 103<sup>rd</sup> birthday celebration. It was a privilege to meet her.



At the 103<sup>rd</sup> birthday celebration for Lucile Smith Mistysyn, Bank of Hawai'i thanked her for being one of more than 90 lifetime customers who have trusted us with their financial needs for over 70 years.

## OUR SUPPORT FOR OUR COMMUNITY

Every community faces unique challenges, and taking a long-term approach to caring for our island home is part of who we are at Bank of Hawai'i.

Total overall giving for 2023 from Bank of Hawai'i, Bank of Hawai'i Foundation, and our employees reached \$3 million.

Sixty local nonprofits received grants from Bank of Hawai'i Foundation totaling more than \$1.6 million this year. This includes multiple donations for immediate recovery efforts, plus additional support to nonprofits that are delivering ongoing help to communities impacted by Typhoon Mawar and the wildfires.

Each year, employees join to raise funds for the community through our annual Live Kōkua Giving Campaign. This year, we raised \$603,134 to

support a selection of Aloha United Way's (AUW) 300 partner nonprofits including those that are providing relief to communities affected by recent natural disasters. Since the giving campaign began in 2010, employees have raised more than \$8.2 million for local nonprofits in Hawai'i and the West Pacific.

## DIVERSITY, EQUITY, INCLUSION AND BELONGING

Because our business, our customers, and our community all benefit from the diverse talents and backgrounds of our teammates, we are committed to promoting inclusivity in our workplace. Sharing specialized interests with our Employee Resource Groups (ERG) offers employees ways to connect through fellowship, community service and career development opportunities.

The ERG activities always receive enthusiastic participation across the bank, and in 2023 included notable new events such as Nā 'Ōiwi Aloha's panel discussion featuring guests who shared perspectives on what it means to be Native Hawaiian. Our Blue Brigade encouraged open dialogue about mental health for military service people and their families through a series of hosted discussions. The Women Inspired ERG held an engaging workshop on career development, financial education, and work-life balance. And, in what has become a signature event, Bank of Hawai'i teammates joined the RainBOH ERG to celebrate diversity and acceptance for all at the annual Honolulu Pride Parade & Festival.

## WELCOME AND CONGRATULATIONS

In May, we welcomed new Board Director Suzanne Vares-Lum, who also serves on our Nominating & Corporate Governance Committee and Fiduciary & Investment Management Committee. She is the first Native Hawaiian woman to become a U.S. Army major general. Now retired from the Army, She has been president of the East-West Center in Honolulu since January 2022, where she promotes understanding and relationships among the U.S., Asia and the Pacific. We are honored to have her exceptional experience help guide us.

Also in May, we welcomed S. Bradley Shairson as vice chair and deputy chief risk officer, where he is responsible for ensuring our enterprise risk framework supports our strategies and operations. Brad oversees Enterprise Risk Management and Operational Risk, Corporate Compliance, Market and Model Risk, Fiduciary Risk, and Consumer Collections and Recovery. With more than 28 years of experience, Brad has a proven track record of leveraging cross-functional teams to strengthen a company's risk.

This past fall, we announced two promotions within our Executive Committee. Patrick McGuirk, who joined us in November 2020, was promoted to vice chair and chief administrative officer. In his expanded role, he now oversees Legal, Legal & Custody, Corporate Secretary, Corporate Insurance Services, Corporate Security, Corporate Real Estate & Facilities, Corporate Communications, Enterprise Strategic Sourcing and Investor Relations.

Additionally, Vice Chair Matthew Emerson was announced as our new Chief Strategy Officer. Matt

has been instrumental to leading bank initiatives since he joined us in 2010. He has a keen understanding of our key businesses, the journey we are on as an organization, and the collaborative skills to lead our strategic efforts.

## MAHALO AND FAREWELL

I would also like to extend a heartfelt mahalo to five individuals whose impact and contributions will be missed at Bank of Hawai'i as they begin their much-deserved retirements in 2024. This includes three valued members of our board, Barbara Tanabe, Haunani Apoliona and Mark Burak, who will retire at our annual shareholders meeting in April.

When Barbara and Haunani were elected to the Bank of Hawai'i board in 1994, they made history as the first women of color to serve on our Board of Directors. In the 30 years since, their vast experiences have been powerful voices pivotal to shaping our organization. With more than three decades in public affairs, crisis management and journalism, Barbara's knowledge has been invaluable. She served on the Human Resources and Compensation Committee, the Nominating and Corporate Governance Committee and was a member of the Audit and Risk Committee. Haunani spent more than 40 years as a leading agent for change on behalf of Native Hawaiians, and her trusted insight brought an important perspective to our board and as a member of the Nominating and Corporate Governance Committee. Mark Burak joined our board in 2009, bringing a wealth of experience in finance and strategic planning, including previously serving as a consultant who helped formulate

our long-term strategy and business performance evaluation process. During his 15 years on the board, he served as chair of the Audit and Risk Committee and was a member of the Nominating and Corporate Governance Committee.

We also bid aloha to two members of our Executive Committee in March 2024, Mary Sellers and Sharon Crofts. Both have been strong voices on our management team for decades, and their unwavering dedication and legacy will be felt for years to come. Mary joined the bank in 1987 and has served as vice chair and Chief Risk Officer since 2005, and we attribute much of our conservative approach to managing risk and credit to Mary's support throughout the years. Sharon has been equally influential since joining our organization in 1999; she has served in her current position as vice chair of Client Solutions Group since 2008. With overseeing Information Technology, Operations, Digital Channels, Bankoh Care Team and Business Continuity, Sharon has successfully helped propel innovative solutions forward and implement operational efficiencies, especially through rapidly changing times.

I wish the best of luck to these dear colleagues and friends in their retirements.

## IN CLOSING

We will continue to show the strength, agility and resilience that distinguished our bank this past year as we work together for the long-term success of our customers, employees, shareholders and community. Alone we can do a lot, but together we can do so much more.

Mahalo nui loa,



PETER S. HO  
*Chairman, President and CEO*