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### Purpose, Progress, Possibilities Working Together With You

Bank of Hawaii understands there is no one-size-fits-all solution to banking. Our employees work together to offer products and services that give our customers choice. We are proud of our 122-year legacy of supporting our customers, while constantly progressing and improving so we may continue to provide the optimum banking experience.

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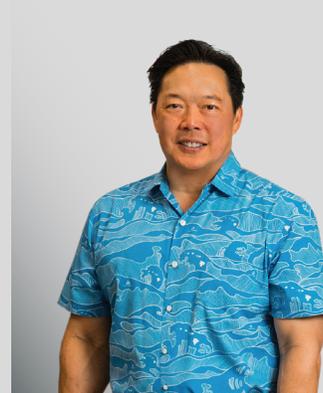
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 View Bank of Hawaii's 2019 digital Summary Annual Report, featuring videos of our Chairman, clients, community and employees at [www.boh.com](http://www.boh.com).

## DEAR FELLOW SHAREHOLDERS



As we conclude the second decade of the 21st century, Bank of Hawaii remains consistent in its operating results, and well-positioned strategically for the next decade.

Diluted earnings per share were a record \$5.56, up 6.3% from last year. Loans grew 5.2% to \$11.0 billion, with balanced growth in both our commercial and consumer businesses. Deposits grew 5.0% to \$15.8 billion. Return on average equity for 2019 was an industry attractive 17.7%. Our efficiency ratio improved to 55.7% versus 56.7% in 2018. Credit conditions were benign throughout the year due, in part, to our hallmark culture of conservatism and to solid economic underpinnings in our core Hawaii market. Additionally, our board approved two dividend increases in 2019, bringing quarterly dividends to \$0.67 per share.

Risk management remains a key priority for Bank of Hawaii. In 2019, Moody's affirmed our Bank Deposit Long-Term Rating at Aa2, placing us among the top 15 financial institutions in the U.S. in that category. Additionally, we were recognized once again by *Forbes* magazine as one of America's Best Banks, as well as an industry leader by D.A. Davidson for ESG practices, and *Barron's* magazine for environmental practices.

### Hawaii's Economy

Hawaii's economy remained steady in 2019. Employment, visitor activity and housing dynamics each exhibited strong fundamentals.

Our seasonally adjusted unemployment rate remained low at 2.6% in December 2019, compared with 3.5% nationally.

Our visitor industry achieved record arrivals for the seventh consecutive year while spending increased slightly. Hawaii's visitor arrivals rose to 10.5 million in 2019, compared to 9.9 million visitors in 2018. Spending increased 0.9% percent in 2019 to \$17.8 billion. These numbers come subsequent to several consecutive preceding years of strong visitor counts and spending.

Average median single family home prices on Oahu, our primary market, fell slightly by 0.1% to \$789,000. Average median condominium prices increased 1.2% in 2019 to \$425,000. Months of inventory on the market of single-family homes and condominiums on Oahu were 2.5 months and 3.4 months respectively, reflecting continued tight housing dynamics.

## Our Strategy

Our longstanding strategy remains unchanged. We are committed to building our business in the Hawaii and West Pacific markets, where we have both scale and market knowledge advantages. We believe steady quality growth guided by a commitment to ever higher risk adjusted capital return is the foundation of financial success. We continue to value conservative underwriting and operating practices.

We further recognize that the path to our continued success lies in maintaining and building the client relationships fostered throughout our 122-year history in the islands while continuing to deliver and improve a customer experience relevant and appropriate to the changing needs and demands of 21st century financial services customers.

To do this, we are focused on consistently improving the customer experience, enabling the digital experience more fully, and improving operational efficiency. Of course, to achieve these aspirational goals, we know we have to ever empower, engage and equip our team of over 2,100 employees.

## Facilities Modernization Efforts

Since 2016, we have launched eight new Branches of Tomorrow. These branch formats combine fresh contemporary design while accommodating the changing transacting habits of our customers. They are efficient in design and are built to provide an omni-channel experience unrivaled in our marketplace. Our branch format is also designed to optimize person-to-person consultation on everything from basic budgeting to complex trust and estate planning. In 2020, we plan to launch four more Branches of Tomorrow.

The renovation of our corporate headquarters in downtown Honolulu is also nearing completion. By the end of first quarter 2020, our employees will enjoy a fully modernized space that offers technical, collaborative and mobile conveniences all delivered in a contemporary attractive workspace. We believe this investment will enable us to attract and retain the best talent in our market and encourage the requisite collaboration and teamwork necessary to thrive in the 21st-century workplace.

In addition to enhancing our brand and providing our employees and customers with fresh and attractive physical environments in which to operate, our facilities activities have also generated substantial financial efficiencies. The step up in capital depreciation created by the projects has been offset by lower facilities expenses and reduced physical square footage needs.

## Digital Enhancements

Customers expect digital conveniences to be quicker than ever, as well as simple and seamless. It's no surprise that nearly 75% of Americans most often access their bank accounts via online and mobile channels, according to an American Bankers Association survey. In 2019, we continued to enhance our online and mobile offerings.

Our online mortgage application, SimpliFi Mortgage by Bank of Hawaii, has helped us retain our market position as Hawaii's No. 1 residential lender for the seventh year in a row. This direct-to-consumer channel grew meaningfully in 2019. We also enhanced the online direct-to-consumer experience for our deposit products, our home equity products, as well as our installment loan products. Further enhancements are forthcoming in 2020.

We were the first in the state of Hawaii to integrate *Zelle*, the popular person-to-person payment feature, into our mobile banking app. Launched in the fourth quarter of 2019, we've been pleasantly surprised by the rate of adoption of this payment vehicle.

In 2019, we also launched Debit Card Controls, within our mobile app, to allow our debit card consumers to exercise more control and have greater security in their accounts. These controls allow our customers to control debit payments by size, type and location.

## Our Employees

Attracting, retaining and engaging the best talent in our markets is critical to our current and future success. We were the first local financial institution to increase our minimum wage level to \$15.00 per hour in 2018. In 2019, we continued to develop ways to enhance our employees' well-being. During the year, we

announced three employee financial programs designed to support the full financial range of our employees.

We've created a new employee savings product known as the *GROW Account*. This program encourages the habit of building an emergency savings nest egg by our employees. Through these special accounts, we offer a \$50 bonus to our employees when they reach \$500 in savings in their *GROW Account*. We offer an additional \$100 bonus to those employees who then save an additional \$500. As you may know, an alarming level of Americans do not have money saved and available to meet typical unforeseen expenses. We hope this new program helps our team build healthy and important savings habits for the long term.

We also created a new *Student Loan Assistance Program*. Student loan debt is a significant impediment to a key demographic sector of our national community. This new program provides \$100 per month, up to a lifetime maximum of \$10,000, for an individual employee's student loan debt. As of the end of 2019, we had over 100 employees signed up for this generous program.

Finally, we created a new *Employee Mortgage Program*. This program provides our employees with a discount of up to 1% off of prevailing market rates for their primary residences. This is an attractive retention tool for Bank of Hawaii given the high cost of housing in our islands.

Our College Assistance Program, launched in 2016 with Chaminade University of Honolulu, continues to be popular with employees seeking their first college degree. With 55 participants as of October 2019, we look forward to our first bachelor degree graduates in 2020. To enhance the program, we began a new partnership with the University of Hawaii's Community Colleges, where employees can earn an associate's of arts degree in under three years, with the same tuition reimbursement benefit.

We continued to support the education of employees' children and grandchildren through our Bank of Hawaii Foundation Scholarship. In 2019, we awarded 22 scholarships, and since 2014, have funded 171 scholarships totaling \$602,500.

## Our Community

Our community support comes in many forms—monetary donations, hands-on activities, grants and board involvement. In 2019, our “Bankoh Blue Crew” volunteered more than 15,000 hours of their time in 154 community-based events to help nonprofits fulfill their missions.

Employees also generously donated a record-breaking \$860,000 to nonprofits through our Live Kōkua Giving Campaign. 2019 marked our 10th anniversary of this annual giving effort, which is a very personal endeavor for our employees. They not only vote online for their preferred nonprofits, but take the lead in organizing creative fundraisers over the span of several weeks.

Together, Bank of Hawaii, our foundation, employees and retirees donated more than \$2.9 million to over 400 organizations in 2019. This consistent support addresses a wide array of causes within the health and medical industry, social services, conservation/environmental, performing arts, and child and senior services.

Our commitment to diversity and inclusion is woven into our core values of excellence, integrity, respect, innovation, commitment and teamwork. For the third year in a row, we supported the Honolulu Pride Parade & Festival. In 2019, we increased our sponsorship to the visionary level, and were proud to make a statement with 300-plus BOH marchers.

## Progressing Toward Environmental Sustainability

Reducing energy consumption remains one of our top priorities. We have set ambitious short-term goals to meet the challenge of operating in a more sustainable fashion.

Within the next couple of years, our goal is to meet 100% of our electrical needs from renewable sources, including investment matches. Through conservation and energy-efficiency efforts, such as building management systems and infrastructure modernization, we have already cut our energy use by half since 2012.

Modernization of our branch and company headquarters also includes solar installations. Currently, 14 facilities have

solar, and we are looking at additional ways to increase our use of solar power, including the addition of energy storage systems. In the past few years, roof-mounted PV solar panels have reduced our utility-provided energy consumption while additional solar system installations are designed to double the reduction (or more) of each building's electrical load.

Our plan to reduce paper usage in half by 2022 is supported by utilizing new digital resources, reducing the amount of paper required for transactions, and imaging records to reduce storage costs. Other conservation efforts include increased subsidies for employee bus passes to encourage use of public transport, subsidies for employees who bike to work, plus the installation of water stations to reduce single-use plastic bottles.

Our sustainability goals help to support Hawaii's Clean Energy Initiative to produce 100% of the state's electricity through renewable sources by 2045. We look forward to finding additional opportunities to continue operating in a sustainable manner.

## Aloha and Mahalo to Mary Bitterman and Bob Huret

I want to wish a fond aloha to two of our directors—Mary Bitterman and Robert Huret—who will retire from our Board at our 2020 annual shareholders meeting. No two individuals have served our organization more exceptionally than Mary and Bob. Their combined counsel to numerous Bank of Hawaii CEOs over the years cannot be dimensioned.

Mary Bitterman, president of The Bernard Osher Foundation, has served on our board since 1984, and has served distinctively as our Lead Independent Director since 1999. In addition to serving as Chair of the Nominating & Corporate Governance Committee, she served on our Audit & Risk Committee and the Human Resources & Compensation Committee. Mary has a deep understanding of our organization and community, and I will miss her keen insight, valuable leadership and guidance she has provided over the years.

Bob Huret has served as a director since 2000, as vice chairman of our Audit & Risk Committee and a member of our Nominating & Corporate Governance Committee. Bob has brought exceptional

knowledge and wisdom to our company through his experience as a banker, as Founding Partner of FTV Capital, a private equity firm, and as chairman of Huret Rothenberg & Co., a private investment firm.

Also, Director Clinton Churchill retired from our Board in April 2019 after 26 years. He served on our Audit & Risk Committee from 2001 to 2017, and chaired it for 15 of those years. Clint had a distinguished military and business career, and served on many nonprofit boards to make Hawaii a better place.

In 2019, we welcomed three new members to our board, John Erickson and Josh Feldman in January, and Michelle Hulst in July. John Erickson joined us with 31 years of diverse banking experience with Union Bank of California, where he retired in 2014 as vice chairman. During his tenure at Union Bank, John served as both chief risk officer and chief corporate banking officer. Josh Feldman is president and CEO of Tori Richard Ltd., a leading Hawaii apparel retailer recognized globally for its creative design. Josh brings excellent local knowledge of the Hawaii business community as well as a strong retail background. Michelle Hulst is a group vice president with Oracle Data Cloud, and brings with her great expertise in technology, data management and digital marketing.

## In Closing

As we embark on a new decade, we look forward to the possibilities that lie ahead for our shareholders, employees, customers and community.

Mahalo nui loa,



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