

# CHARTER

## **Audit & Risk Committee** *(BOHC Committee)*

April 26, 2019

### **STATEMENT OF POLICY**

The Audit and Risk Committee (the “Committee”) will provide assistance to the Board of Directors (the “Board”) in fulfilling their oversight responsibility to the shareholders of Bank of Hawaii Corporation (the “Company”). The purpose of the Committee will be to:

- (a) Oversee the quality and integrity of regulatory and financial accounting and reporting;
- (b) Retain the Company’s independent registered public accounting firm, to include determination of independence and evaluation of qualifications;
- (c) Oversee the performance of the Company’s internal audit and credit review functions, and the independent registered public accounting firm;
- (d) Oversee the Company’s compliance with legal and regulatory requirements;
- (e) Oversee the Company’s risk management framework and periodically review and approve the risk management policies of the Company’s operations; and
- (f) Prepare the Committee disclosures pursuant to the rules of the Securities and Exchange Commission (the “SEC”) and the New York Stock Exchange that are required to be included in the Company’s filings.

In fulfilling its purpose, it is the responsibility of the Committee to maintain free and open communications between the Committee, the independent registered public accounting firm, internal auditors, credit review examiners, and management of the Company. In discharging its oversight role, the Committee shall be empowered to conduct or authorize investigations into any matter within the scope of its responsibilities. The Committee may employ one or more independent registered public accounting firms, outside counsel, or other experts as it deems appropriate at the Company’s expense. The Committee shall approve all significant aspects of outsourcing arrangements, and should receive information on audit deficiencies in a manner consistent with that provided by internal audit. The Committee may delegate to the Chairman of the Committee the authority to approve outsourcing arrangements up to \$50,000. The Committee shall have full access to the independent registered public accounting firm and all records, facilities or personnel of the Company. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the independent registered public accounting firm, experts hired by the Committee, conduct of the internal audit and credit review functions, and necessary or appropriate Committee expenses.

## **ORGANIZATION**

The Committee shall be appointed by the Board and shall be comprised of at least three members consisting entirely of independent directors of the Board, and meet any and all other requirements for audit committee members set forth in the listing requirement of the New York Stock Exchange and Rule 10A-3 of the Securities Exchange Act of 1934, and Regulation YY of Section 165(h) of the Dodd Frank Wall Street Reform and Consumer Protection Act of 2010. Each Committee member shall be or must become financially literate at or within a reasonable period of time following his or her appointment, and generally have an understanding of risk management principles and practices relevant to the Company. At least one member of the Committee must have accounting or related financial management expertise so as to meet the SEC's requirement of "Financial Expert". Additionally, at least one member of the Committee must have the background and experience necessary to identify, assess and manage the risk exposures of the Company's size and complexity. Members shall not serve on more than two other public audit committees simultaneously. The Committee will meet at least quarterly. The Board shall appoint one of the members of the Committee to serve as Chairman and, where appropriate, one of the members to serve as Vice Chairman. The Chairman, or where appropriate the Vice Chairman, shall prepare or approve an agenda and distribute it to the members of the Committee in advance of each meeting.

The Committee may perform the duties required to be performed by the financial audit committee of its subsidiary, Bank of Hawaii (the "Bank"), and any other bank or non-bank subsidiary exercising fiduciary powers that does not have its own audit committee, to the extent permitted and in the manner required by applicable laws and regulations. The Committee may act simultaneously on behalf of the Company and of the Bank.

## **RESPONSIBILITIES**

- (a) The independent registered public accounting firm is accountable to the Committee as representative of the Board and the Company's shareholders. The independent registered public accounting firm will report directly to the Committee. The Committee shall have the sole authority to hire and fire, to determine the compensation and direct the payment of, and to oversee the independent registered public accounting firm (including the resolution of any disagreements regarding financial reporting). Annually, the Committee will review and select the independent registered public accounting firm for the upcoming fiscal year, subject to the shareholders' approval. The Committee shall set clear hiring policies for employees or former employees of the independent registered public accounting firm that meet the SEC regulations and NYSE listing standards.
- (b) The Committee shall review the independence, performance and qualifications of the Company's independent registered public accounting firm. Among other things, at least annually the Committee shall obtain and review a written report from the independent auditor describing the firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and all relationships between the independent registered public accounting firm and the

Company. The Committee shall discuss the matters included in this written report and the auditors' independence from management, including any disclosed relationships or services that may impair the objectivity and independence of the independent registered public accounting firm.

- (c) The Committee shall pre-approve all auditing and permitted non-audit services to be provided by the independent registered public accounting firm, except that the Committee need not pre-approve any permitted non-audit services that meet the requirements of any de minimis exception established by applicable law or regulation. Further, in lieu of pre-approval of specific permitted non-audit services, the engagement may be entered into pursuant to detailed pre-approval policies and procedures established by the Committee, so long as the Committee is promptly informed of the service.
- (d) The Committee shall review and approve the internal auditor's charter, budget, staffing levels, the audit plan, and overall risk-assessment methodology on an annual basis. This also includes the use of outside consultants and costs associated with the work they perform on internal audit's behalf. The Chairman, acting on behalf of the Committee, shall approve the hiring, annual performance evaluation, and compensation of the Chief Audit Executive.
- (e) The Committee shall review and approve the credit review charter, budget, staffing levels, and plan on an annual basis. This also includes the use of outside consultants and costs associated with the work they perform on credit review's behalf. The Chairman, acting on behalf of the Committee, shall approve the hiring, annual performance evaluation, and compensation of the Credit Review Manager.
- (f) The Committee shall discuss with credit review and the independent registered public accounting firm the overall scope and plans for their respective audits and credit review examinations, including the adequacy of staffing. Also, the Committee will discuss with management, the internal auditors, and the independent registered public accounting firm the adequacy and effectiveness of the internal controls over accounting and financial reporting, including the Company's processes to assess and manage business and financial risk exposures, significant deficiencies, or material weaknesses in internal controls and relevant compliance programs. The Committee will meet separately and periodically with the internal auditors, the independent registered public accounting firm, and management in the course of performing its oversight functions. The Committee shall review with the independent registered public accounting firm audit problems or difficulties, including any restrictions on the scope of their activities or access to requested information, and management's response, including any significant disagreements with management.
- (g) The Committee should receive information from management, the internal auditor, the independent registered public accounting firm, and others to assist it with fulfilling its oversight responsibilities related to internal audit. The Committee should receive information with respect to internal audit including, but not limited to, the following:
  - Audit results in areas rated less than satisfactory;
  - Audit plan completion status and compliance with report issuance timeframes;
  - Audit plan changes and the rationale for significant changes;

- Audit issue information including aging, past-due status, analysis and trends;
  - The results of internal and external quality assurance reviews;
  - Information on significant industry and institution trends in risks and controls;
  - Report of significant changes in audit staffing levels;
  - Significant changes in internal audit processes, including a periodic review of key internal audit policies and procedures;
  - Evaluation of the Company's identification of, accounting for, and disclosure of its relationships and transactions with related parties, and significant unusual transactions and other financial relationships and transactions with the Company's executive officers and directors;
  - Budgeted audit hours vs. actual audit hours;
  - Information on major projects; and
  - Opinion on the adequacy of risk management processes, including the effectiveness of management's self-assessment and remediation of identified issues.
- (h) The Committee shall oversee and receive reports on the Company's risk management framework including policies, processes, systems and resources necessary for the Company to execute its risk program.
- (i) Prior to filing, the Committee shall review and discuss with management and the independent registered public accounting firm the annual financial statements, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations", to be included in the Company's Annual Report on Form 10-K. The scope of this review and discussion shall include management's and the independent registered public accounting firm's judgments about the quality, not just the acceptability, of the accounting principles applied, and the reasonableness of significant judgments and the clarity of the disclosures in the financial statements. The Committee will discuss the results of the annual audit and any other matters required to be communicated to the Committee by the independent registered public accounting firm under generally accepted auditing standards of the United States of America. Based on such review and discussion, the Committee shall determine whether to authorize that the audited financial statements be included in the Company's Form 10-K.
- (j) The Committee shall discuss earnings press releases as well as financial information provided to analysts and rating agencies. This discussion may be general, and the Committee need not discuss in advance each earnings release or each instance in which the Company may provide financial information.
- (k) The Committee shall establish procedures for the receipt, retention and treatment of concerns and complaints received by the Company, including those concerns and complaints relating to accounting, internal accounting controls or auditing matters, and the confidential anonymous submission by employees of such concerns and complaints, including those relating to questionable accounting or auditing matters. The Committee shall also establish procedures to communicate to all employees the option of submitting confidential concerns and complaints directly to the Chairman of the Committee.

- (l) The Committee shall oversee management's activities with respect to capital management and liquidity planning, including dividends and share repurchases and overall interest rate risk management.
- (m) The Committee shall review and approve or ratify all material transactions or relationships involving a director or executive officer that could reasonably be expected to give rise to a conflict of interest in accordance with the Company's Policies and Procedures with respect to Related Party Transactions.
- (n) The Committee shall report regularly to the Board concerning matters within the scope of its responsibilities.
- (o) The Committee shall review its own performance at least annually.
- (p) The Committee shall review this charter at least annually and any revisions adopted by the Committee will be subject to approval by the Board.

#### **LIMITATION OF THE COMMITTEE'S ROLE**

While the Committee has the responsibilities and powers set forth in this charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles of the United States of America and applicable rules and regulations. These are the responsibilities of management and the independent registered public accounting firm. Further, it is not the responsibility of the Committee to document, review and approve the risk management practices of the Company. These are the responsibilities of management.