NewsRelease

NYSE: BOH

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# Bank of Hawaii Corporation Third Quarter 2015 Financial Results

- Diluted Earnings Per Share \$0.79
- Net Income \$34.3 Million
- Board of Directors Declares Dividend of \$0.45 Per Share

#### FOR IMMEDIATE RELEASE

**HONOLULU, HI** (October 26, 2015) -- Bank of Hawaii Corporation (NYSE: BOH) today reported diluted earnings per share of \$0.79 for the third quarter of 2015, down from \$0.95 in the second quarter of 2015 and \$0.95 in the third quarter of 2014. Net income for the third quarter of 2015 was \$34.3 million, down from net income of \$41.2 million in the previous quarter and \$41.8 million in the same quarter last year. The decrease was primarily due to the previously announced impairment charges totaling \$6.5 million, net of tax, related to the decision to dispose of all of its remaining aircraft leases. Table 3b summarizes the components of the impairment charges.

"Bank of Hawaii's operating results were strong in the third quarter of 2015, excluding the one-time impact of the aircraft impairment charges," said Peter S. Ho, Chairman, President and CEO. "Loan balances grew 3.5 percent from the previous quarter and average deposits grew 1.1 percent. Asset quality continued to be strong during the quarter and our core expenses were well controlled."

The return on average assets for the third quarter of 2015 was 0.89 percent, down from 1.10 percent in the previous quarter and 1.15 percent in the same quarter last year. The return on average equity for the third quarter of 2015 was 12.45 percent, down from 15.33 percent for the second quarter of 2015 and 15.57 percent in the third quarter of 2014. The efficiency ratio for the third quarter of 2015 was 65.12 percent compared with 58.16 percent in the previous quarter and 57.74 percent in the same quarter last year. Adjusted for the lease impairment charges, the return on average assets for the third quarter of 2015 was 1.06 percent, the return on average equity was 14.80 percent, and the efficiency ratio was 58.0 percent.

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#### Bank of Hawaii Corporation Third Quarter 2015 Financial Results

For the nine-month period ended September 30, 2015, net income was \$117.9 million, a decrease from net income of \$121.9 million for the same period last year. Diluted earnings per share were \$2.71 for the nine-month period in 2015 compared with diluted earnings per share of \$2.75 for the same period in 2014. The 2015 year-to-date return on average assets was 1.05 percent compared with 1.15 percent for the same period in 2014. The 2015 year-to-date return on average equity was 14.62 percent compared with 15.53 percent for the nine months ended September 30, 2014. The efficiency ratio for the nine-month period ended September 30, 2015 was 60.47 percent compared with 58.88 percent for the same period last year. Adjusted for the lease impairment charges, the return on average assets for the nine-month period ended September 30, 2015 was 1.10 percent, the return on average equity was 15.42 percent, and the efficiency ratio was 58.15 percent.

#### **Financial Highlights**

Net interest income, on a taxable equivalent basis, for the third quarter of 2015 was \$100.9 million, up slightly from net interest income of \$100.8 million in the second quarter of 2015 and up from net interest income of \$98.3 million in the third quarter of 2014. Net interest income for the nine-month period in 2015 was \$301.4 million compared with net interest income of \$291.6 million for the same period in 2014. Analyses of the changes in net interest income are included in Tables 8a, 8b, and 8c.

The net interest margin was 2.77 percent for the third quarter of 2015, a 4 basis point decrease from the net interest margin of 2.81 percent in the second quarter of 2015, and an 8 basis point decrease from the net interest margin of 2.85 percent in the third quarter of 2014. The net interest margin for the first nine months of 2015 was 2.79 percent compared with 2.86 percent for the same nine-month period last year.

The Company did not record a provision for credit losses during the nine-month period ended September 30, 2015. The first nine months of 2014 included a negative provision for credit losses of \$4.9 million. The negative provision reflected continued strength of the credit risk profile, several large commercial loan recoveries, as well as a reduction of \$2.7 million in the specific reserve related to one commercial client during the third quarter of 2014.

Noninterest income was \$43.2 million in the third quarter of 2015, down from \$45.9 million in the second quarter of 2015 and down from \$45.0 million in the third quarter of 2014. Noninterest income in the third quarter of 2015 included a \$1.0 million estimated loss on the pending sale of an aircraft lease. See Table 3b. Noninterest income in the third quarter of 2014 included a net gain of \$1.9 million resulting from the sale of 23,000 Visa Class B shares. There were no sales of Visa Class B shares in the second or third quarters of 2015. Noninterest income for the nine-months ended September 30, 2015 was \$141.5 million compared with noninterest income of \$134.2 million for the same period in 2014. The increase was primarily due to the timing of Visa Class B shares sales and an increase in mortgage banking income.

Noninterest expense was \$91.9 million in the third quarter of 2015, up from \$83.6 million in the previous quarter and up from \$81.0 million in the same quarter last year. The increase was primarily due to a \$9.5 million impairment of the residual values on aircraft in which the leases have expired. See Table 3b. Noninterest expense for the nine-months ended September 30, 2015 was \$262.4 million, compared with noninterest expense of \$245.7 million for the same period in 2014. The increase was primarily due to the impairment charges, higher separation expense, an increase in

#### Bank of Hawaii Corporation Third Quarter 2015 Financial Results

compensation related to higher business activity, and an increase in amortization expense related to our solar energy partnership investments. An analysis of noninterest expenses related to salaries and benefits is included in Table 9.

The effective tax rate for the third quarter of 2015 was 30.37 percent compared with 31.56 percent in the previous quarter and 32.59 percent during the same quarter last year. Taxes for the third quarter of 2015 included a benefit of \$4.0 million related to the aircraft impairment charges. See Table 3b. The effective tax rate for the nine-month period ended September 30, 2015 was 31.28 percent compared to 30.93 percent for the same period last year.

The Company's business segments are defined as Retail Banking, Commercial Banking, Investment Services, and Treasury & Other. Results are determined based on the Company's internal financial management reporting process and organizational structure. Selected financial information for the business segments is included in Tables 13a and 13b.

#### **Asset Quality**

The Company's overall asset quality remained strong during the third quarter of 2015. Total non-performing assets were \$29.5 million at September 30, 2015, flat with non-performing assets of \$29.5 million at June 30, 2015 and down from non-performing assets of \$33.3 million at September 30, 2014. As a percentage of total loans and leases and foreclosed real estate, non-performing assets were 0.38 percent at September 30, 2015, down from 0.40 percent at June 30, 2015 and 0.50 percent at September 30, 2014.

Accruing loans and leases past due 90 days or more were \$8.1 million at September 30, 2015, down from \$9.7 million at June 30, 2015 and \$9.1 million at September 30, 2014. Restructured loans and leases not included in non-accrual loans or accruing loans past due 90 days or more were \$49.5 million at September 30, 2015 compared with \$48.3 million at June 30, 2015 and \$45.2 million at September 30, 2014. More information on non-performing assets and accruing loans and leases past due 90 days or more is presented in Table 11.

Net loans and leases charged off during the third quarter of 2015 were \$2.0 million or 0.10 percent annualized of total average loans and leases outstanding. Loan and lease charge-offs of \$4.4 million during the quarter were partially offset by recoveries of \$2.4 million. Net charge-offs during the second quarter of 2015 were \$1.5 million or 0.08 percent annualized of total average loans and leases outstanding and were comprised of \$3.5 million in charge-offs partially offset by recoveries of \$2.0 million. Net charge-offs during the third quarter of 2014 were \$0.8 million or 0.05 percent annualized of total average loans and leases outstanding and were comprised of \$2.9 million. Net charge-offs in the nine-month period ended September 30, 2015 were \$4.7 million, or 0.09 percent annualized of total average loans and leases outstanding compared with net charge-offs of \$0.2 million, or 0.00 percent annualized of total average loans and leases outstanding compared with net charge-offs of \$0.2 million, or 0.00 percent annualized of total average loans and leases outstanding compared with net charge-offs of \$0.2 million, or 0.00 percent annualized of total average loans and leases outstanding compared with net charge-offs of \$0.2 million, or 0.00 percent annualized of total average loans and leases outstanding for the same period in 2014.

The allowance for loan and lease losses was reduced to \$104.0 million at September 30, 2015. The ratio of the allowance for loan and lease losses to total loans and leases outstanding was 1.35 percent at September 30, 2015, a decrease of 8 basis points from the previous quarter and commensurate with continued improvements in credit quality and the Hawaii economy. The reserve for unfunded commitments at September 30, 2015 was \$6.1 million. Details of loan and lease charge-offs, recoveries and the components of the total reserve for credit losses are summarized in Table 12.

#### Bank of Hawaii Corporation Third Quarter 2015 Financial Results

#### **Other Financial Highlights**

Total assets were \$15.16 billion at September 30, 2015, down slightly from total assets of \$15.25 billion at June 30, 2015 and up from \$14.51 billion at September 30, 2014. Average total assets were \$15.22 billion during the third quarter of 2015, up from \$15.04 billion during the previous quarter and \$14.37 billion during the same quarter last year.

The investment securities portfolio was \$6.40 billion at September 30, 2015, down from \$6.47 billion at June 30, 2015 and \$6.78 billion at September 30, 2014. The portfolio remains largely comprised of securities issued by U. S. government agencies and included \$4.12 billion in securities held to maturity and \$2.28 billion in securities available for sale at September 30, 2015.

Total loans and leases increased to \$7.69 billion at September 30, 2015, up from \$7.43 billion at June 30, 2015 and \$6.61 billion at September 30, 2014. Average total loans and leases were \$7.55 billion during the third quarter of 2015, up from \$7.30 billion during the second quarter of 2015 and \$6.49 billion during the same quarter last year. The commercial loan portfolio increased to \$3.12 billion at the end of the quarter, up from commercial loans of \$3.04 billion at the end of the previous quarter, and up from \$2.73 billion at the end of the same quarter last year. Total consumer loans increased to \$4.57 billion at the end of the third quarter of 2015, up from \$4.39 billion at the end of the second quarter of 2015, and up from \$3.88 billion at the end of the third quarter of 2014. Loan and lease portfolio balances are summarized in Table 10.

Total deposits were \$12.94 billion at September 30, 2015, down from \$13.09 billion at June 30, 2015, and up from \$12.36 billion at September 30, 2014. Average total deposits were \$13.01 billion during the third quarter of 2015, up from \$12.86 billion during the previous quarter and \$12.20 billion during the same quarter last year.

During the third quarter of 2015, the Company repurchased 226.0 thousand shares of common stock at a total cost of \$14.5 million under its share repurchase program. The average cost was \$64.25 per share repurchased. From the beginning of the share repurchase program initiated during July 2001 through September 30, 2015, the Company has repurchased 52.6 million shares and returned \$2.0 billion to shareholders at an average cost of \$37.24 per share. Remaining buyback authority under the share repurchase program was \$36.9 million at September 30, 2015. From October 1 through October 23, 2015, the Company repurchased an additional 63.0 thousand shares of common stock at an average cost of \$64.47 per share.

Total shareholders' equity was \$1.10 billion at September 30, 2015, compared with \$1.08 billion at June 30, 2015, and \$1.06 billion at September 30, 2014. The Tier 1 Capital Ratio was 14.11 percent at the end of the third quarter of 2015 compared with 14.47 percent at the end of the second quarter of 2015 and 15.32 percent at the end of the same quarter last year. The Tier 1 leverage ratio at September 30, 2015 was 7.18 percent compared with 7.21 percent at June 30, 2015 and 7.19 percent at September 30, 2014.

The Company's Board of Directors declared a quarterly cash dividend of \$0.45 per share on the Company's outstanding shares. The dividend will be payable on December 14, 2015 to shareholders of record at the close of business on November 30, 2015.

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#### Hawaii Economy

General economic conditions in Hawaii continued to remain positive during the third quarter of 2015 due to an active construction industry, stable tourism, low unemployment, and a strong real estate market. For the first eight months of 2015, total visitor spending increased 3.1 percent and total visitor arrivals increased 4.1 percent compared to the same period in 2014. The statewide seasonally-adjusted unemployment rate was 3.4 percent in September 2015 compared to 5.1 percent nationally. For the first nine months of 2015, the volume of single-family home sales on Oahu increased 4.9 percent and the volume of condominium sales on Oahu increased 5.1 percent compared with the same period in 2014. The median price of single-family homes on Oahu increased 4.0 percent and the median price of condominiums on Oahu increased 1.4 percent for the first nine months of 2015 compared to the same nine-month period in 2014. As of September 30, 2015, months of inventory of single-family homes and condominiums on Oahu remained low at 3.2 months and 3.5 months, respectively. More information on current Hawaii economic trends is presented in Table 15.

#### **Conference Call Information**

The Company will review its third quarter 2015 financial results today at 2:00 p.m. Eastern Time (8:00 a.m. Hawaii Time). The conference call will be accessible via teleconference and via the Investor Relations link of Bank of Hawaii Corporation's web site, <u>www.boh.com</u>. The toll-free number is 1 (877) 783-7534 in the United States and 1 (530) 379-4714 for international callers. Use the pass code "Bank of Hawaii" to access the call. A replay will be available for one week beginning approximately 11:00 a.m. Hawaii Time on Monday, October 26, 2015. The replay number is 1 (855) 859-2056 in the United States and 1 (404) 537-3406 from international locations. In addition to the toll-free numbers listed above, participants can also call 1 (800) 585-8367 to access the replay. Enter the pass code 56039793 when prompted. A replay will also be available on the Company's website, <u>www.boh.com</u>.

#### **Forward-Looking Statements**

This news release, and other statements made by the Company in connection with it may contain "forward-looking statements", such as forecasts of our financial results and condition, expectations for our operations and business prospects, and our assumptions used in those forecasts and expectations. Do not unduly rely on forward-looking statements. Actual results might differ significantly from our forecasts and expectations because of a variety of factors. More information about these factors is contained in Bank of Hawaii Corporation's Annual Report on Form 10-K for the year ended December 31, 2014, which was filed with the U.S. Securities and Exchange Commission. We have not committed to update forward-looking statements to reflect later events or circumstances.

Bank of Hawaii Corporation is a 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 and is the largest independent financial institution in Hawaii. For more information about Bank of Hawaii Corporation, see the Company's web site, <u>www.boh.com</u>.

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#### Financial Highlights

| Total Noniritarest Income         43.221         45.925         44.460         141.463         133.74         45.825           Net Income         34.276         41.164         41.763         122.85         72.256.85           Net Income         0.779         0.95         0.95         2.77         121.85           Dividends Declared Per Share         0.79         0.95         0.95         2.71         2.75           Dividends Declared Per Share         0.45         0.45         0.45         0.45         1.15         7         1.462         1.53           Performance Ratios         2.77         2.81         5.7.74         60.47         5.8.86         5.7.74         60.47         5.8.86           Dividend Dayout Ratio *         7.18         7.7.1         7.41         7.45         7.3.8           Average Balances         15.200.860         15.038.500         14.372.375         15.008.405         14.221.143           Average Datambétiers' Equity         1.029.520         1.076.477         1.064.58         1.077.58         1.049.24           Average Datambétiers' Equity         1.029.520         1.076.477         1.045.48         1.017.84         1.049.24           Average Datambétiers' Equity         1.029.520 <td< th=""><th></th><th></th><th></th><th>Three</th><th>Months Er</th><th>nded</th><th></th><th></th><th>Nine Mo</th><th>onths</th><th>Ended</th><th></th></td<>  |  |    |           | Three | Months Er  | nded |              |    | Nine Mo      | onths | Ended        |    |
|--|--|----|-----------|-------|------------|------|--------------|----|--------------|-------|--------------|----|
| Far the Partial:         Operating Results         S         97.891         \$         97.782         \$         95.373         \$         292.443         \$         283.024           Not Interest Income         4.3.221         45.525         4.4,650         1.4,453         134.199           Taila Noninterest Expense         91.888         83.574         81.003         262.377         22.655           National Rest Expense         91.888         83.574         81.030         262.377         22.655           National Rest Expense         91.888         83.574         81.030         262.377         22.655           National Rest Expense         91.888         83.574         81.030         262.371         2.75           Diduot Decisional Retroit         0.79         0.35         0.45         1.35         1.35           Parlomano Average Roats         0.89         %         1.10         %         1.15         %         1.05         %         1.15           Raturn on Average Roats         0.80         %         1.00         %         1.15         %         1.07         7.89         8         2.00         8         %         2.04         7.30         8.6         8         2.07         2.86   |  | Se | •         |       |            | ;    | •            | ,  | Sept         | embe  |              |    |
| Operating Result         S         97,891         S         97,782         S         95,379         S         292,443         S         283,044           Provision for Credit Losses         -         -         -         2,6650         -         4,644           Total Moninterest Expense         91,888         83,574         81,030         622,377         242,6593           Total Moninterest Expense         91,888         83,574         81,030         0.655         2,77         2,77           Divide Berings Per Share         0,79         0.655         0.655         2,77         2,77           Divide Berings Per Share         0,45         0,45         0,45         0,45         1,15           Return on Average Assets         0,89         %         1,10         %         1,15           Return on Average Assets         7,12         2,81         2,85         4,83         4,817           Average Assets         7,27         2,81         2,85         4,83         4,817           Average Assets         7,28         7,00,506         \$         6,86,70         \$         7,01,856         \$         2,90,648           Average Assets         15,206,046         5,003,274         1,221,434  | (dollars in thousands, except per share amounts) |    | 2015      |       | 2015       |      | 2014         |    | 2015         |       | 2014         | _  |
| Nain Informity Houmen         S         97.782         S         95.379         S         928.324         S         288.324           Frokian For Charle Lasses         43.221         45.525         44.960         14.1453         134.195           Frokian For Informater Expanse         91.888         83.574         481.030         282.377         24.56.59           Nainter Expanse         91.888         83.574         481.030         282.377         22.55           Nainter Expanse         9.79         0.95         0.95         2.72         2.77           Dilued Expings Per Share         0.79         0.95         0.95         2.71         2.75           Dilued Expings Par Share         0.79         0.95         1.15         %         1.05         %         1.55           Partoman Average Name Average Average Average Average Average Shareholders' Equity         1.245         15.33         1.557         4.96.34         4.95.25           Nation Average Rain and Leases         7.764         7.47         7.47         2.86         7.30.665         6.290.548           Neerage Lans and Leases         7.65.986         7.300.506         6.486.780         7.301.656         6.290.548           Neerage Lans and Leases         7.254.5985  | For the Period:                                  |    |           |       |            |      |              |    |              |       |              |    |
| Provision for Credit Lasses income Provision for Credit Lasses Proformation Advances Profile Part Provision Profile Part Profile Prof | Operating Results                                |    |           |       |            |      |              |    |              |       |              |    |
| Total Noninterast Incoma         43.221         45.025         44.350         141.453         133.193           Total Noninterast Expanse         91.888         83.574         451.030         262.377         242.6659           Nati Income         34.276         41.154         41.769         117.872         121.851           Diuted Expanses Per Share         0.79         0.95         0.95         2.77         247.659           Diuted Expanse Per Share         0.79         0.95         0.95         2.77         21.65           Diuted Expanse Per Share         0.46         0.45         0.45         1.55         1.16         %         1.15         %         1.05         %         1.15         %         1.05         %         1.15         %         1.05         %         1.15         %         1.05         %         1.15         %         1.05         %         1.15         %         1.05         %         1.15         %         1.05         %         1.15         %         1.06.47         1.07         %         1.15         %         1.06.47         1.07         %         1.06.47         1.06.47         1.06.47         1.06.47         1.06.47         1.06.47         1.06.47         1.0   | Net Interest Income                              | \$ | 97,891    | \$    | 97,782     |      | \$ 95,379    |    | \$ 292,443   | :     | \$ 283,024   | ŧ  |
| Total Noninterest Expense         91.888         83.374         91.030         262.377         245.650           Basic Earnings Per Share         0.79         0.95         0.95         2.72         2.77           Divided Samigs Per Share         0.79         0.95         0.95         2.72         2.77           Dividends Declared Per Share         0.45         0.45         0.45         1.05         %         1.15           Performance Ratios         Return on Average Shareholders' Equity         12.45         15.33         15.57         1.62         7.58.88           Net Interest Margin <sup>2</sup> 2.77         2.81         2.85         2.73         48.63         48.74           Average Shareholders' Equity to Average Assets         7.18         7.41         7.15         7.38           Average Shareholders' Equity to Average Assets         7.18         7.201.66         \$ 6.290.548         1.064.07         1.4221.43           Average Balancos         7.251.520.660         15.038.600         1.237.37         49.66         1.064.08         1.077.82         9.200.54           Average Assets         7.300.606         5.6488.700         \$ 7.301.650         \$ 6.020.548         1.024.943         1.2261.940           Average Assets         7.552.98  | Provision for Credit Losses                      |    | -         |       | -          |      | (2,665)      | )  | -            |       | (4,864       | ł) |
| Nat Income         34.276         41.154         41.7872         117.872         121.872         121.872           Diudends Darvings Per Share         0.79         0.95         0.95         0.95         2.77           Diudends Darvings Per Share         0.45         0.45         0.45         0.45         1.35         1.35           Performance Ratios         0.89         %         1.10         %         1.15         %         1.62         15.53           Efficiency Ratio         State Addrs" Equity to Average Assets         7.71         7.41         7.42         60.47         5.86           Dividend Payout Ratio *         Carry         2.86         2.77         2.81         2.86         2.73         2.86           Nerrage Datanchadris "Equity to Average Assets         7.18         7.41         7.45         7.30         8.66         14.321.73         15.069.405         14.221.143           Average Datances         5         7.545.985         5         7.44         7.50         7.30         1.406.21         14.221.143           Average Datancedarder's Equity to Average Assets         1.30.89.590         1.076.47         10.064.59         1.077.92         1.404.92         1.422.143           Average Datanchoder's Equity   | Total Noninterest Income                         |    | 43,221    |       | 45,925     |      | 44,950       |    | 141,453      |       | 134,199      | J  |
| Basic Earnings Per Share         0.79         0.95         0.95         2.72         2.77           Divide Garnings Per Share         0.45         0.47         0.46         0.45         0.47         7         1.46         0.47         7         2.81         2.82         2.79         2.86         Nortal Ratio         0.47         7         7.30         5         7.40.47         7.15         7.38         Average Narcholders' Equity to Average Assets         7.16         7.41         7.15         7.30         5         5         6.200.548         1.4221.43         Nortage Assets         7.301.506         5         6.280.74         1.4221.43         Nortage Assets         1.077.628         1.4221.43         Nortage Assets         6.69         5.6.31         6.3.49         5.6.200.54         1.048.92         1.076.   | Total Noninterest Expense                        |    | 91,888    |       | 83,574     |      | 81,030       |    | 262,377      |       | 245,659      | J  |
| Basic Earnings Per Share         0.79         0.95         0.95         2.72         2.77           Divide Gamings Per Share         0.45         0.47         7         1.45         %         1.15         %         1.15         %         1.45         %         0.47         7         2.81         2.82         2.70         2.86         %         2.46         7.30         %         1.45         %         7.30         %         7.30         5         6.200.548         %         7.30         %         7.30         5         5         6.200.548         %         4.87         %         6.283         6.84         %         4.37         3.5         6.200.548         %  | Net Income                                       |    | 34,276    |       | 41,154     |      | 41,769       |    | 117,872      |       | 121,851      | ſ  |
| Diutod Enamiops Per Share         0.79         0.95         0.45         2.71         2.75           Dividendis Declared Per Share         0.45         0.45         0.45         0.45         1.35           Performance Ratios         0.89         %         1.10         %         1.15         %         1.66         1.53           Return on Average Shareholders' Equity         12.45         15.33         15.57         14.62         15.33           Efficiency Ratio         6.61         2.86         9.7.7         2.81         2.62         2.79         2.86           Dividend Payout Ratio         Average Shareholders' Equity to Average Assets         7.18         7.74         46.63         4.87.47           Average Assets         5         7.54.5985         5         7.300.566         \$         6.488.789         1.076.483         1.2016.485           Average Assets         13.008.890         12.863.274         12.200.654         12.887.019         1.2016.485           Average Assets         13.008.890         12.863.274         12.200.654         12.887.019         1.2016.485           Average Shareholders' Equity         1.092.592         1.076.475         2.60.41         1.288.719         2.2164         2.322           <  | Basic Earnings Per Share                         |    |           |       |            |      |              |    |              |       |              |    |
| Dividends Declared Per Share         0.45         0.45         0.45         1.35         Performance Ratios           Performance Ratios         0.89         %         1.10         %         1.15         %         1.05         %           Return on Average Shareholders' Equity         12.45         15.33         15.57         14.62         15.58           Return on Average Shareholders' Equity to Average Assets         2.77         2.81         2.85         2.79         2.86           Nerrage Dama Ratio <sup>1</sup> 66.96         47.37         47.33         49.63         48.74           Average Shareholders' Equity to Average Assets         7.18         7.16         7.41         7.15         7.38           Average Assets         7.18         7.16         7.41         7.15         7.38           Average Assets         7.18         7.16         7.41         7.15         7.38           Average Assets         7.52         1.008.60         14.372.37         15.069.405         14.221.03         1.048.924           Average Assets         1.092.592         1.076.467         1.048.589         1.077.828         1.048.924           Per Share of Commo Stock         500x Value         2.461         2.416         2.416   | -  |    |           |       |            |      |              |    |              |       |              |    |
| Return on Average Asaetis         0.89         %         1.10         %         1.15         %         1.15           Return on Average Shareholders' Equity         12.45         15.53         15.57         14.62         15.83           Efficiency Ratio         65.12         58.16         57.74         60.047         58.88           Net Interest Margin <sup>2</sup> 2.87         2.81         2.85         2.79         2.84           Average Shareholders' Equity to Average Assets         7.18         7.41         7.41         7.55         7.30           Average Shareholders' Equity to Average Assets         15.220,660         15.038,500         14.37,275         15.068,405         14.22,87,019         1.048,824           Average Assets         15.220,660         15.038,500         14.37,275         1.048,824         1.048,824           Per Share of Common Stock         2.263,41         2.246,1         2.23,22         2.46,1         2.33,22         2.46,1         2.33,22         2.46,1         2.33,2         2.44,61         2.33,20         2.44,61         2.33,20         2.44,61         2.33,20         2.44,61         2.33,20         2.44,61         2.33,20         2.44,61         2.33,20         2.44,61         2.33,20         2.44,61         2.33,20  | Dividends Declared Per Share                     |    |           |       |            |      |              |    |              |       |              |    |
| Ratur on Average Sharoholders' Equity         12.45         15.33         15.77         14.62         15.53           Entiderop Ratio <sup>1</sup> 65.12         58.16         57.74         60.47         58.85           Net Interest Margin <sup>2</sup> 2.77         2.81         2.85         2.79         2.86           Dividen Payout Ratio <sup>3</sup> 56.56         47.37         47.37         49.03         46.74           Average Balances         7.18         7.41         7.15         7.38         46.74           Average Balances         7.154.5985         \$ 7.300.506         \$ 6.488.780         \$ 7.301.656         \$ 6.290.548           Average Balances         15.220.660         15.038.500         14.372.375         15.008.405         14.422.143           Average Balancolders' Equity         1.092.592         1.076.667         12.085.701         12.087.019         12.016.482           Average Balancolders' Equity         1.092.592         1.076.667         12.087.019         1.007.828         1.048.924           Per Share of Common Stock         2         2.4.88         \$ 24.04         2.4.32         \$ 24.04         2.3.32         2.4.61         2.3.32         2.4.61         2.3.32         2.4.61         2.3.36         2.6.66         2.6.66<  | Performance Ratios                               |    |           |       |            |      |              |    |              |       |              |    |
| Return on Average Shareholders' Equity         12.45         15.33         16.57         14.42         15.53           Retirency Ratio <sup>1</sup> 65.12         58.16         57.74         60.47         58.88           Net Interest Margin <sup>2</sup> 2.77         2.81         2.85         2.73         49.63         48.74           Average Relations         7.18         7.41         7.57         49.63         48.74           Average Relations         7.18         7.754.985         \$7.300.506         \$6.489.780         \$7.301.656         \$6.502.948           Average Relations         15.220.660         15.038.500         14.372.375         15.068.405         14.422.148           Average Relations         13.008.890         12.883.274         12.0654         12.887.019         12.016.485           Average Relations         1.092.522         1.076.667         12.087.019         12.016.485         24.04         22.32         24.61         23.32         24.61         23.32         24.64         22.53         \$2.54         \$2.4.04         23.52         24.04         23.52         24.04         23.32         24.61         23.32         24.61         23.32         24.61         23.32         24.61         23.32         24.64         24.64  | Return on Average Assets                         |    | 0.89      | %     | 1.10       | %    | 1.15         | %  | 1.05         | %     | 1.15         | 5  |
| Efficiency Ratio         65.12         53.16         57.74         60.47         58.88           Dividend Payout Ratio         3         2.77         2.81         2.85         2.73         47.37         49.63         48.74           Average Shareholders' Equity to Average Assets         7.18         7.16         7.41         7.15         7.38           Average Shareholders' Equity to Average Assets         15.220,660         15.038,500         14.372,375         15.068,405         14.221,143           Average Assets         15.220,660         15.038,500         14.372,375         15.068,405         1.42.81,143           Average Shareholders' Equity         1,026,592         1,076,467         1,064,593         1,077,828         1,048,524           Per Share of Common Stock         Sook Value         24.61         24.15         2.332         24.61         2.332           Market Value         24.61         24.15         2.332         24.61         2.332         2.461         2.332           Low         58.53         58.70         55.55         53.39         53.45         2.404         2.461         2.415         2.461         2.415         2.461         2.416         2.416         2.416         2.424         2.424         2.424 <td>-</td> <td></td> <td>12.45</td> <td></td> <td>15.33</td> <td></td> <td>15.57</td> <td></td> <td>14.62</td> <td></td> <td>15.53</td> <td>3</td>  | -  |    | 12.45     |       | 15.33      |      | 15.57        |    | 14.62        |       | 15.53        | 3  |
| Net Interiet Margin <sup>2</sup> 2.77       2.81       2.85       2.79       2.86         Overage Shareholders' Equity to Average Assets       7.18       7.16       7.41       7.15       7.38         Average Shareholders' Equity to Average Assets       7.18       7.16       7.41       7.15       7.38         Average Datances       5       7.30.05.06       \$       6.488.780       \$       7.30.1666       \$       5.20.548         Average Assets       15,220.660       15,038.500       14.372.375       15.069.405       14.221.143         Average Deposits       13,008.890       12.263.274       12.200.654       12.287.019       12.016.485         Verage Shareholders' Equity       1.092.522       1.076.467       1.064.599       1.077.828       1.048.924         Per Share of Common Stock       22.5.34       \$       24.64       24.15       23.32       24.61       23.32         Market Value       24.61       24.15       23.33       58.55       53.30       53.45       2.004         Low       58.53       58.70       55.55       53.90       53.45       2.014       2.014       2.014       2.014       2.014       2.014       2.014       2.014       2.014       2.014  |  |    |           |       |            |      |              |    |              |       |              |    |
| Dividend Payout <sup>*</sup> Patio <sup>1</sup> 56.96         47.37         47.37         49.63         48.74           Average Shareholders' Equity to Average Assets         7.18         7.18         7.16         7.41         7.15         7.38           Average Loans and Leases         15.220.660         15.038.500         14.721.735         15.069.405         14.221.143           Average Assets         15.220.660         12.603.727.75         15.069.405         12.887.719         12.016.485           Average Shareholders' Equity         1.092.592         1.076.467         1.064.589         1.077.828         1.048.924           Per Share of Common Stock         Book Value         24.61         24.15         2.3.32         24.61         2.3.32           Por Share of Common Stock         Book Value         24.61         24.15         2.3.32         24.61         2.3.32           Market Value         2015         5.50         5.3.00         65.81         63.49         56.81           Low         5.8.51         5.8.70         5.5.5         5.3.00         56.45           Low         5.7.689.772         5.7.428.438         5.6.87.589         5.6.60.300           Low         5.7.689.772         5.7.428.438         5.6.897.589         \$ 6.606.300 <td>-</td> <td></td>  | -  |    |           |       |            |      |              |    |              |       |              |    |
| Average Shareholders' Equity to Average Assets         7.18         7.16         7.41         7.15         7.38           Average Shareholders' Equity to Average Assets         \$ 7.545.985         \$ 7.300.506         \$ 6.488.780         \$ 7.301.665         \$ 6.200.548           Average Shareholders' Equity         13,008.890         12,263.274         12,200.654         12,2016.485         12,2016.485         12,2016.485         12,2016.485         12,2016.485         12,2016.485         12,2016.485         12,2016.485         12,2016.485         12,2016.485         12,2016.485         12,2016.485         12,2016.485         12,2016.485         12,2016.485         12,2016.485         12,006.54         12,287.019         12,2016.485         12,006.54         12,2016.485         12,006.54         12,2016.485         12,006.54         12,287.019         12,006.485         12,006.54         12,007.233         1,008.925         1,007.55         50.00         61.73         23.32         24.61         24.15         23.32         24.61         24.15         23.45         5         55.85         55.80         55.85         55.80         55.80         6.606.50         15.164.123         14.075.20         14.501.66         16.33         14.501.66         14.501.66         14.501.66         14.501.66         14.501.66         14.501.66   | 0  |    |           |       |            |      |              |    |              |       |              |    |
| Average Loans and Leases         \$ 7,546,985         \$ 7,300,066         \$ 6,488,780         \$ 7,301,656         \$ 6,200,748           Average Assets         15,020,660         15,035,000         14,372,375         15,069,405         14,221,143           Average Shareholders' Equity         1,092,592         1,076,467         1,024,599         1,077,828         1,048,924           Per Share of Common Stock         Book Value         \$ 2,534         \$ 2,404         \$ 2,535         \$ 2,090         \$ 2,0   | Average Shareholders' Equity to Average Assets   |    |           |       |            |      |              |    |              |       |              |    |
| Average Loans and Leases         \$ 7,545,985         \$ 7,300,506         \$ 6,488,780         \$ 7,301,656         \$ 6,200,548           Average Assets         15,020,660         15,035,000         14,372,375         15,069,405         14,221,143           Average Shareholders' Equity         1,092,592         1,076,467         1,024,599         1,077,828         1,048,924           Per Share of Common Stock         Book Value         \$ 2,534         \$ 2,404         \$ 2,534         \$ 2,404         \$ 2,534         \$ 2,404           Tangible Book Value         \$ 2,534         \$ 2,404         \$ 2,535         \$ 2,906         \$ 3,307         \$ 3,535 <td< td=""><td>Average Balances</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></td<>  | Average Balances                                 |    |           |       |            |      |              |    |              |       |              |    |
| Average Assets         15,220,660         15,038,500         14,372,375         15,069,405         14,212,143           Average Deposits         13,008,890         12,863,274         12,200,664         12,887,019         12,016,485           Average Shareholders Equity         1,092,592         1,077,828         1,048,292         1,064,699         10,046,99         12,016,465           Per Share of Common Stock         2         2         2,25,34         \$         24,88         \$         24,04         \$         25,34         \$         24,04           Tangible Book Value         2,461         2,415         2,332         2,461         2,332         2,461         2,332           Closing         63,49         66,68         56,81         63,49         56,851         63,49         2,66,97         55,55         5,330         61,73           Low         58,53         58,50         58,70         55,55         53,30         6,66,50         2015         2014         20  | 0  | \$ | 7,545.985 | \$    | 7,300.506  |      | \$ 6.488.780 |    | \$ 7.301.656 | :     | \$ 6.290.548 | 3  |
| Average Deposits         13,008,890         12,863,274         12,200,654         12,287,019         12,016,485           Average Shareholders' Equity         1,092,592         1,076,467         1,064,589         1,077,828         1,048,924           Per Share of Common Stock         2         24.61         24.18         \$         24.04         \$         25.34         \$         24.04         \$         25.34         \$         24.04         \$         25.34         \$         24.04         \$         25.34         \$         24.04         \$         25.34         \$         24.04         \$         25.34         \$         24.04         \$         25.34         \$         24.04         \$         25.34         \$         24.04         \$         25.34         \$         24.04         \$         25.34         \$         26.07         \$         26.00         65.81         63.00         65.81         63.00         55.5         53.390         5         6.50         5         3.09         5         26.76         20.14         20.14         20.14         20.14         20.14         20.14         20.17         20.16         26.50         7.68,97.58         5         6.90,505         12.63,089         12.63,089         12  | 0  | Ŷ  |           | Ŷ     |            |      |              |    |              |       |              |    |
| Average Shareholders' Equity         1,092,592         1,076,467         1,064,589         1,077,828         1,048,924           Per Share of Common Stock         Book Value         2         24.84         \$         24.84         \$         24.04         \$         25.34         \$         24.04         \$         25.34         \$         24.04         \$         25.34         \$         24.04         \$         25.34         \$         24.04         \$         25.34         \$         24.04         23.32         24.04         \$         25.34         \$         24.04         23.32         24.04         \$         25.34         \$         24.04         \$         25.33         24.04         \$         25.33         24.04         \$         26.81         26.33         26.81         26.33         26.81         26.33         26.81         26.33         26.81         26.33         26.81         26.33         26.81         26.33         26.81         26.33         26.81         26.33         26.81         26.33         26.81         26.33         26.33         26.606,500         30.682         30.680         10.73,912         170,916         173,912         173,912         173,912         173,912         173,912         173,912  |  |    |           |       |            |      |              |    |              |       |              |    |
| Book Value         \$         25.34         \$         24.88         \$         24.04         \$         25.34         \$         24.04           Tangible Book Value         24.61         24.15         23.32         24.61         23.32           Market Value         63.49         66.68         55.61         63.49         66.75         69.00         61.73           Low         55.55         53.90         53.45         2015         2014         <  |  |    |           |       |            |      |              |    |              |       |              |    |
| Book Value         \$         25.34         \$         24.88         \$         24.04         \$         25.34         \$         24.04           Tangible Book Value         24.01         24.01         24.05         23.32         24.61         23.32           Market Value         63.49         66.68         55.61         63.49         66.75         69.00         61.73           Low         55.55         53.90         55.55         53.90         53.45         2015         2014   | Per Share of Common Stock                        |    |           |       |            |      |              |    |              |       |              |    |
| Tangible Book Value         24.61         24.15         23.32         24.61         23.32           Market Value         Closing         63.49         66.68         56.81         63.49         56.81           Low         58.53         58.70         55.55         53.90         53.45           September 30, 2015         June 30, 2015         December 31, 2014         2014         2014           As of Period End:         September 30, 2015         7.428.438         5         6.807.589         5         6.606.550           Loans and Leases         5 7.689.772         5 7.428.438         5         6.807.589         5         6.606.350           Total Assets         15,164,123         15,248.043         14,787.208         14,510,166           Total Assets         15,164,123         15,248.043         14,787.208         14,510,166           Total Assets         15,064,123         1,082,939         1,055,086         1,057,413           Asset Quality         1,098,354         1,082,939         1,055,086         1,057,413           Asset Quality         1,048,358         164.07         1,049         1,032           Ior Capital Ratio <sup>4</sup> 14,11         44.47         %         1,032  |  | ¢  | 25.34     | ¢     | 24.88      |      | \$ 24.04     |    | ¢ 25.34      |       | ¢ 24.04      | 1  |
| Market Value         63.49         66.68         56.81         63.49         56.81           High         69.00         68.10         60.75         69.00         61.73           Low         58.53         58.70         55.55         53.90         53.45           September 30,<br>2015         2016         2017         2014           As of Period End:<br>Balance Sheet Totals         September 30,<br>2015         September 30,<br>2015         September 30,<br>2015         Celember 30,<br>2016         Celember 30,<br>2016         Celember 30,<br>2016         Celember 30,<br>2017         Celember 30,<br>2018         Celember 30,<br>2019         Celember 30,<br>2016         Celember 31,<br>2016         Celember 31,<br>2016         2016   |  | ψ  |           | Ψ     |            |      |              |    |              |       |              |    |
| Closing<br>High         63.49<br>69.00         66.81<br>69.00         56.81<br>60.75         63.49<br>69.00         66.81<br>60.75         63.49<br>69.00         66.81<br>60.75           September 30,<br>2015         September 30,<br>2015         September 31,<br>2014         Septemb   |  |    | 24.01     |       | 24.13      |      | 20.02        |    | 24.01        |       | 20.02        | •  |
| High<br>Low         69.00<br>58.53         68.10<br>58.53         60.75<br>58.55         69.00<br>53.45         61.73<br>53.55           September 30,<br>2015         June 30,<br>2015         December 31,<br>2014         September 30,<br>2014         2014           As of Period End:<br>Balance Sheet Totals         September 30,<br>2015         June 30,<br>2015         December 31,<br>2014         September 30,<br>2014         2014           Loans and Leases         \$ 7,689,772         \$ 7,428,438         \$ 6,697,589         \$ 6,606,350           Total Assets         15,164,123         15,248,043         14,787,208         14,510,166           Total Assets         12,936,962         13,090,695         12,633,089         12,361,441           Other Debt         270,801         170,816         173,912         173,926           Total Shareholders' Equity         1,098,354         1,082,939         1,055,086         1,057,413           Asset Quality         Non-Performing Assets         \$ 29,545         \$ 29,450         \$ 30,082         \$ 33,307           Allowance tor Loan and Lease Losses         104,038         106,006         108,688         110,362           Allowance tor Loan and Lease Outstanding         1.35         %         1.43         %         1.53           Common Equity Tier 1 Capital Ratio 4         14,11   |  |    | 00.40     |       | 00.00      |      | 50.04        |    | 00.40        |       | 50.04        |    |
| Low         58.53         58.70         55.55         53.90         53.45           September 30,<br>2015         June 30,<br>2015         December 31,<br>2014         September 30,<br>2014           As of Period End:<br>Balance Sheet Totals         September 30,<br>2015         June 30,<br>2015         December 31,<br>2014         September 30,<br>2014           Loans and Leases         57,689,772         57,428,438         \$6,897,589         \$6,606,350           Total Assets         15,164,123         15,248,043         14,787,208         14,510,166           Total Assets         12,236,3626         12,639,692         13,009,695         12,633,089         12,2361,441           Other Debt         270,801         170,816         173,912         173,926           Total Shareholders' Equity         1,082,939         1,055,086         1,057,413           Asset Quality         Non-Performing Assets         29,545         29,450         30,082         33,307           Allowance for Loan and Lease Losses         104,038         106,006         108,688         110,362           Allowance to Loans and Leases Outstanding         14,11         %         1,447         %         n/a         n/a           Common Equity Tier 1 Capital Ratio <sup>4</sup> 14,11         14,47         %         n/a  |  |    |           |       |            |      |              |    |              |       |              |    |
| September 30,<br>2015         June 30,<br>2015         December 31,<br>2014         September 30,<br>2014           As of Period End:<br>Balance Sheet Totals  | -  |    |           |       |            |      |              |    |              |       |              |    |
| 2015         2015         2014         2014           As of Period End:<br>Balance Sheet Totals         Balance Sheet Totals         5         7,689,772         \$         7,428,438         \$         6,897,589         \$         6,606,350           Total Assets         15,164,123         15,248,043         14,787,208         14,510,166           Total Assets         12,396,962         13,090,695         12,633,089         12,361,441           Other Debt         270,801         170,816         173,912         173,926           Total Shareholders' Equity         1,098,354         1,082,939         1,055,086         1,057,413           Asset Quality         Non-Performing Assets         29,545         \$         29,450         \$         30,082         \$         33,307           Allowance for Loan and Lease Losses         104,038         106,006         108,688         110,362           Allowance to Loans and Lease Outstanding         1.35         %         1.43         %         1.58         %         1.67           Capital Ratio         14,11         %         14,47         %         n/a         n/a           Common Equity Tier 1 Capital Ratio <sup>4</sup> 15,37         15,72         15,94         16,57  | Low  |    | 58.53     |       | 58.70      |      | 55.55        |    | 53.90        |       | 53.45        | )  |
| As of Period End:<br>Balance Sheet Totals           Loans and Leases         \$ 7,689,772         \$ 7,428,438         \$ 6,897,589         \$ 6,606,350           Total Assets         15,164,123         15,248,043         14,787,208         14,510,166           Total Assets         12,936,962         13,090,695         12,633,089         12,361,441           Other Debt         270,801         170,816         173,912         173,926           Total Shareholders' Equity         1,098,354         1,082,939         1,055,086         1,057,413           Asset Quality         Non-Performing Assets         \$ 29,545         \$ 29,450         \$ 30,082         \$ 33,307           Allowance for Loan and Lease Losses         104,038         106,006         108,688         110,362           Allowance to Loans and Leases Outstanding         1.35         %         1.43         %         1.58           Common Equity Tier 1 Capital Ratio <sup>4</sup> 14.11         14.47         %         n/a         n/a           Tier 1 Leaverage Ratio <sup>4</sup> 7.13         7.19         7.13         7.19           Total Shareholders' Equity to Total Assets         7.24         7.10         7.14         7.29           Total Shareholders' Equity to Tagible Assets <sup>5</sup> 7.05         6.91   |  |    |           | Se    |            |      |              |    |              |       | -            | -  |
| Loans and Leases       \$ 7,689,772       \$ 7,428,438       \$ 6,897,589       \$ 6,606,350         Total Assets       15,164,123       15,248,043       14,787,208       14,510,166         Total Deposits       12,936,962       13,090,695       12,633,089       12,361,441         Other Debt       270,801       170,816       173,912       173,926         Total Shareholders' Equity       1,098,354       1,082,939       1,055,086       1,057,413         Asset Quality       Non-Performing Assets       \$ 29,545       \$ 29,545       \$ 30,082       \$ 33,307         Allowance for Loan and Lease Losses       104,038       106,006       108,688       110,362         Allowance to Loans and Leases Outstanding       1.35       % 1.43       %       n/a         Common Equity Tier 1 Capital Ratio <sup>4</sup> 14,11       % 14,47       % n/a       n/a         Tier 1 Capital Ratio <sup>4</sup> 15,37       15.72       15.94       16.57         Tier 1 Capital Ratio <sup>4</sup> 15,37       15.72       15.94       16.57         Tier 1 Leverage Ratio <sup>4</sup> 7.18       7.21       7.13       7.19         Total Shareholders' Equity to Total Assets       7.05       6.91       6.94       7.09         Tangible Common E   | As of Period End:                                |    |           |       | 2010       | ,    | 2010         |    | 201-         | ,     | 201          | ÷  |
| Total Assets       15,164,123       15,248,043       14,787,208       14,510,166         Total Deposits       12,936,962       13,090,695       12,633,089       12,361,441         Other Debt       270,801       170,816       173,912       173,926         Total Shareholders' Equity       1,098,354       1,082,939       1,055,086       1,057,413         Asset Quality       Non-Performing Assets       \$ 29,545       \$ 29,450       \$ 30,082       \$ 33,307         Allowance for Loan and Lease Losses       104,038       106,006       108,688       110,362         Allowance to Loans and Lease Outstanding       1.35       % 1.43       % 1.58       % 1.67         Capital Ratios       14,11       % 14,47       % n/a       n/a         Common Equity Tier 1 Capital Ratio <sup>4</sup> 14,11       % 14,47       % n/a       n/a         Total Capital Ratio <sup>4</sup> 15,37       15,72       15,94       16,57         Tier 1 Capital Ratio <sup>4</sup> 7,18       7,21       7,13       7,19         Total Shareholders' Equity to Total Assets       7,05       6,91       6,94       7,09         Tangible Common Equity to Tangible Assets <sup>4,5</sup> 13,78       14,03       14,46       15,23         Non-Financial D   | Balance Sheet Totals                             |    |           |       |            |      |              |    |              |       |              |    |
| Total Deposits       12,936,962       13,090,695       12,633,089       12,361,441         Other Debt       270,801       170,816       173,912       173,926         Total Shareholders' Equity       1,098,354       1,082,339       1,055,086       1,057,413         Asset Quality       Non-Performing Assets       \$ 29,545       \$ 29,450       \$ 30,082       \$ 33,307         Allowance for Loan and Lease Losses       104,038       106,006       108,688       110,362         Allowance to Loans and Leases Outstanding       1.35       % 1.43       % 1.68       % 1.67         Capital Ratios       14.11       % 14.47       % n/a       n/a       n/a         Common Equity Tier 1 Capital Ratio <sup>4</sup> 14.11       % 14.47       % 15.32       % 15.32         Total Capital Ratio <sup>4</sup> 15.37       15.72       15.94       16.57         Tier 1 Leverage Ratio <sup>4</sup> 7.18       7.24       7.10       7.14       7.29         Total Shareholders' Equity to Total Assets       7.05       6.91       6.94       7.09         Tangible Common Equity to Tangible Assets <sup>4,5</sup> 13.78       14.03       14.46       15.23         Non-Financial Data       14.03       14.46       15.23       7.09       7.  | Loans and Leases                                 |    |           | \$    | 7,689,772  |      | \$ 7,428,438 |    | \$ 6,897,589 | :     | \$ 6,606,350 | )  |
| Total Deposits       12,936,962       13,090,695       12,633,089       12,361,441         Other Debt       270,801       170,816       173,912       173,926         Total Shareholders' Equity       1,098,354       1,082,339       1,055,086       1,057,413         Asset Quality       Non-Performing Assets       \$ 29,545       \$ 29,450       \$ 30,082       \$ 33,307         Allowance for Loan and Lease Losses       104,038       106,006       108,688       110,362         Allowance to Loans and Lease Soutstanding       1.35       % 1.43       % 1.58       % 1.67         Capital Ratios       14.11       % 14.47       % n/a       n/a       n/a         Common Equity Tier 1 Capital Ratio <sup>4</sup> 14.11       % 14.47       % 15.32       1043       % 15.32         Total Capital Ratio <sup>4</sup> 15.37       15.72       15.94       16.57         Tier 1 Leverage Ratio <sup>4</sup> 7.18       7.24       7.10       7.14       7.29         Total Shareholders' Equity to Total Assets <sup>5</sup> 7.05       6.91       6.94       7.09         Tangible Common Equity to Tangible Assets <sup>4,5</sup> 13.78       14.03       14.46       15.23         Non-Financial Data       13.78       14.03       14.46 <t< td=""><td>Total Assets</td><td></td><td></td><td></td><td>15,164,123</td><td></td><td>15,248,043</td><td></td><td>14,787,208</td><td></td><td>14,510,166</td><td>3</td></t<>   | Total Assets                                     |    |           |       | 15,164,123 |      | 15,248,043   |    | 14,787,208   |       | 14,510,166   | 3  |
| Other Debt         270,801         170,816         173,912         173,926           Total Shareholders' Equity         1,098,354         1,082,939         1,055,086         1,057,413           Asset Quality         Non-Performing Assets         \$ 29,545         \$ 29,450         \$ 30,082         \$ 33,307           Allowance for Loan and Lease Losses         104,038         106,006         108,688         110,362           Allowance to Loans and Leases Outstanding         1.35         %         1.43         %         1.58         %         1.67           Capital Ratios         14.11         %         14.47         %         n/a         n/a           Common Equity Tier 1 Capital Ratio <sup>4</sup> 14.11         %         14.47         %         n/a         n/a           Total Capital Ratio <sup>4</sup> 14.11         %         14.47         %         16.57           Tier 1 Capital Ratio <sup>4</sup> 15.37         15.72         15.94         16.57           Tier 1 Leverage Ratio <sup>4</sup> 7.18         7.21         7.13         7.19           Total Shareholders' Equity to Total Assets         7.05         6.91         6.94         7.09           Tangible Common Equity to Risk-Weighted Assets <sup>4,5</sup> 13.78         14.03  |  |    |           |       |            |      |              |    |              |       |              |    |
| Total Shareholders' Equity       1,088,354       1,082,939       1,055,086       1,057,413         Asset Quality       Non-Performing Assets       \$ 29,545       \$ 29,450       \$ 30,082       \$ 33,307         Allowance for Loan and Lease Losses       104,038       106,006       108,688       110,362         Allowance to Loans and Lease Outstanding       1.35       % 1.43       % 1.58       % 1.67         Capital Ratios       14.11       % 14.47       % n/a       n/a         Common Equity Tier 1 Capital Ratio <sup>4</sup> 14.11       % 14.47       % n/a       n/a         Total Capital Ratio <sup>4</sup> 14.11       % 14.47       % n/a       n/a         Total Capital Ratio <sup>4</sup> 14.11       % 14.47       % n/a       n/a         Total Capital Ratio <sup>4</sup> 14.11       % 14.47       % n/a       n/a         Total Capital Ratio <sup>4</sup> 15.37       15.72       15.94       16.57         Tier 1 Leverage Ratio <sup>4</sup> 7.18       7.21       7.13       7.19         Total Shareholders' Equity to Total Assets <sup>5</sup> 7.05       6.91       6.94       7.09         Tangible Common Equity to Risk-Weighted Assets <sup>4.5</sup> 13.78       14.03       14.46       15.23         Non-Financial Data </td <td>•</td> <td></td>   | •  |    |           |       |            |      |              |    |              |       |              |    |
| Non-Performing Assets         \$ 29,545         \$ 29,450         \$ 30,082         \$ 33,307           Allowance for Loan and Lease Losses         104,038         106,006         108,688         110,362           Allowance to Loans and Leases Outstanding         1.35         %         1.43         %         1.58         %         1.67           Capital Ratios         7         7         14.11         %         1.44.7         %         n/a         n/a           Common Equity Tier 1 Capital Ratio <sup>4</sup> 14.11         %         14.47         %         n/a         n/a           Tier 1 Capital Ratio <sup>4</sup> 14.11         %         14.47         %         n/a         n/a           Total Capital Ratio <sup>4</sup> 14.11         14.47         %         n/a         16.57           Tier 1 Leverage Ratio <sup>4</sup> 7.18         7.21         7.13         7.19           Total Shareholders' Equity to Total Assets         7.05         6.91         6.94         7.09           Tangible Common Equity to Risk-Weighted Assets <sup>4.5</sup> 13.78         14.03         14.46         15.23           Non-Financial Data         14.03         14.46         15.23         15.23         15.23         15.23           Fu   |  |    |           |       |            |      |              |    |              |       | ,            |    |
| Non-Performing Assets         \$ 29,545         \$ 29,450         \$ 30,082         \$ 33,307           Allowance for Loan and Lease Losses         104,038         106,006         108,688         110,362           Allowance to Loans and Leases Outstanding         1.35         %         1.43         %         1.58         %         1.67           Capital Ratios         7         7         14.11         %         1.44.7         %         n/a         n/a           Common Equity Tier 1 Capital Ratio <sup>4</sup> 14.11         %         14.47         %         n/a         n/a           Tier 1 Capital Ratio <sup>4</sup> 14.11         %         14.47         %         n/a         n/a           Total Capital Ratio <sup>4</sup> 14.11         14.47         %         n/a         16.57           Tier 1 Leverage Ratio <sup>4</sup> 7.18         7.21         7.13         7.19           Total Shareholders' Equity to Total Assets         7.05         6.91         6.94         7.09           Tangible Common Equity to Risk-Weighted Assets <sup>4.5</sup> 13.78         14.03         14.46         15.23           Non-Financial Data         14.03         14.46         15.23         15.23         15.23         15.23           Fu   | Asset Quality                                    |    |           |       |            |      |              |    |              |       |              |    |
| Allowance for Loan and Lease Losses       104,038       106,006       109,688       110,362         Allowance to Loans and Leases Outstanding       1.35 %       1.43 %       1.58 %       1.67         Capital Ratios       14.11 %       14.47 %       n/a       n/a         Common Equity Tier 1 Capital Ratio <sup>4</sup> 14.11 %       14.47 %       n/a       n/a         Tier 1 Capital Ratio <sup>4</sup> 14.11 %       14.47 %       n/a       n/a         Total Capital Ratio <sup>4</sup> 14.11 1       14.47 %       n/a       n/a         Total Capital Ratio <sup>4</sup> 15.37 15.72 15.94 16.57       15.32       15.94 16.57         Tier 1 Leverage Ratio <sup>4</sup> 7.18 7.21 7.13 7.19       7.19       7.14 7.29         Total Shareholders' Equity to Total Assets       7.05 6.91 6.94 7.09       7.09         Tangible Common Equity to Risk-Weighted Assets <sup>5</sup> 13.78 14.03 14.46 15.23       15.23         Non-Financial Data       1       2.154 2.166 2.161 2.170       2.170         Full-Time Equivalent Employees       2.154 2.166 2.161 2.170       7.170       74  | 2  |    |           | \$    | 29 545     |      | \$ 29.450    |    | \$ 30.082    | 1     | \$ 33.307    | 7  |
| Allowance to Loans and Leases Outstanding       1.35 %       1.43 %       1.58 %       1.67         Capital Ratios       14.11 %       14.47 %       n/a       n/a         Common Equity Tier 1 Capital Ratio <sup>4</sup> 14.11 %       14.47 %       n/a       n/a         Tier 1 Capital Ratio <sup>4</sup> 14.11 %       14.47 %       n/a       n/a         Total Capital Ratio <sup>4</sup> 14.11 14.47 14.69 %       15.32       15.32         Total Capital Ratio <sup>4</sup> 15.37 15.72 15.94 16.57       15.94 16.57         Tier 1 Leverage Ratio <sup>4</sup> 7.18 7.21 7.13 7.19       7.14 7.29         Total Shareholders' Equity to Total Assets       7.05 6.91 6.94 7.09       7.09         Tangible Common Equity to Tangible Assets <sup>5</sup> 7.05 6.91 6.94 7.09       15.23         Tangible Common Equity to Risk-Weighted Assets <sup>4.5</sup> 13.78 14.03 14.46 15.23       15.23         Non-Financial Data       7.05 7.05 7.05 7.05 7.05 7.05 7.05       15.23 7.05 7.05 7.05 7.05 7.05 7.05 7.05 7.05   | 5  |    |           | Ψ     |            |      | , ,          |    | . ,          |       | . ,          |    |
| Common Equity Tier 1 Capital Ratio 4         14.11         %         14.47         %         n/a         n/a           Tier 1 Capital Ratio 4         14.11         14.47         14.69         %         15.32           Total Capital Ratio 4         15.37         15.72         15.94         16.57           Tier 1 Leverage Ratio 4         7.18         7.21         7.13         7.19           Total Shareholders' Equity to Total Assets         7.24         7.10         7.14         7.29           Tangible Common Equity to Tangible Assets 5         7.05         6.91         6.94         7.09           Tangible Common Equity to Risk-Weighted Assets 4.5         13.78         14.03         14.46         15.23           Non-Financial Data         T         7.24         2.166         2.161         2.170           Full-Time Equivalent Employees         2.154         2.166         2.161         2.170           Branches         72         71         74         74  | Allowance to Loans and Leases Outstanding        |    |           |       |            |      |              | %  |              | %     |              |    |
| Common Equity Tier 1 Capital Ratio 4         14.11         %         14.47         %         n/a         n/a           Tier 1 Capital Ratio 4         14.11         14.47         14.69         %         15.32           Total Capital Ratio 4         15.37         15.72         15.94         16.57           Tier 1 Leverage Ratio 4         7.18         7.21         7.13         7.19           Total Shareholders' Equity to Total Assets         7.24         7.10         7.14         7.29           Tangible Common Equity to Tangible Assets 5         7.05         6.91         6.94         7.09           Tangible Common Equity to Risk-Weighted Assets 4.5         13.78         14.03         14.46         15.23           Non-Financial Data         1         2,154         2,166         2,161         2,170           Full-Time Equivalent Employees         2,154         2,166         2,161         2,170           Branches         72         71         74         74   | Capital Ratios                                   |    |           |       |            |      |              |    |              |       |              |    |
| Tier 1 Capital Ratio 4       14.11       14.47       14.69 %       15.32         Total Capital Ratio 4       15.37       15.72       15.94       16.57         Tier 1 Leverage Ratio 4       7.18       7.21       7.13       7.19         Total Shareholders' Equity to Total Assets       7.24       7.10       7.14       7.29         Tangible Common Equity to Tangible Assets 5       7.05       6.91       6.94       7.09         Tangible Common Equity to Risk-Weighted Assets 4.5       13.78       14.03       14.46       15.23         Non-Financial Data  | •  |    |           |       | 14 11      | %    | 14 47        | %  | n/a          |       | n/s          | 4  |
| Total Capital Ratio 4       15.37       15.72       15.94       16.57         Tier 1 Leverage Ratio 4       7.18       7.21       7.13       7.19         Total Shareholders' Equity to Total Assets       7.24       7.10       7.14       7.29         Tangible Common Equity to Tangible Assets 5       7.05       6.91       6.94       7.09         Tangible Common Equity to Risk-Weighted Assets 4.5       13.78       14.03       14.46       15.23         Non-Financial Data   |  |    |           |       |            |      |              | ,0 |              | %     |              |    |
| Tier 1 Leverage Ratio 4       7.18       7.21       7.13       7.19         Total Shareholders' Equity to Total Assets       7.24       7.10       7.14       7.29         Tangible Common Equity to Tangible Assets 5       7.05       6.91       6.94       7.09         Tangible Common Equity to Risk-Weighted Assets 4.5       13.78       14.03       14.46       15.23         Non-Financial Data       2,154       2,166       2,161       2,170         Full-Time Equivalent Employees       72       71       74       74  | •  |    |           |       |            |      |              |    |              | 70    |              |    |
| Total Shareholders' Equity to Total Assets         7.24         7.10         7.14         7.29           Tangible Common Equity to Tangible Assets <sup>5</sup> 7.05         6.91         6.94         7.09           Tangible Common Equity to Risk-Weighted Assets <sup>4,5</sup> 13.78         14.03         14.46         15.23           Non-Financial Data         5         2,154         2,166         2,161         2,170           Full-Time Equivalent Employees         72         71         74         74  | •  |    |           |       |            |      |              |    |              |       |              |    |
| Tangible Common Equity to Tangible Assets 5       7.05       6.91       6.94       7.09         Tangible Common Equity to Risk-Weighted Assets 4.5       13.78       14.03       14.46       15.23         Non-Financial Data       2,154       2,166       2,161       2,170         Branches       72       71       74       74   |  |    |           |       |            |      |              |    |              |       |              |    |
| Tangible Common Equity to Risk-Weighted Assets <sup>4, 5</sup> 13.78         14.03         14.46         15.23           Non-Financial Data         2,154         2,166         2,161         2,170           Full-Time Equivalent Employees         72         71         74         74   |  |    |           |       |            |      |              |    |              |       |              |    |
| Non-Financial Data           Full-Time Equivalent Employees         2,154         2,166         2,161         2,170           Branches         72         71         74         74   |  |    |           |       |            |      |              |    |              |       |              |    |
| Full-Time Equivalent Employees         2,154         2,166         2,161         2,170           Branches         72         71         74         74  |  |    |           |       |            |      | 11.00        |    | 11.70        |       | 10.20        |    |
| Branches 72 71 74 74   |  |    |           |       | 2.154      |      | 2.166        |    | 2,161        |       | 2.170        | )  |
|  |  |    |           |       |            |      |              |    |              |       |              |    |
|  | ATMs   |    |           |       | 455        |      | 455          |    | 459          |       |              |    |

<sup>1</sup> Efficiency ratio is defined as noninterest expense divided by total revenue (net interest income and total noninterest income).

<sup>2</sup> Net interest margin is defined as net interest income, on a taxable-equivalent basis, as a percentage of average earning assets.

 $^{3}\,$  Dividend payout ratio is defined as dividends declared per share divided by basic earnings per share.

<sup>4</sup> Capital ratios as of September 30, 2015 and June 30, 2015 calculated under Basel III rules, which became effective January 1, 2015.

<sup>5</sup> Tangible common equity to tangible assets and tangible common equity to risk-weighted assets are Non-GAAP financial measures. See Table 2 "Reconciliation of Non-GAAP Financial Measures."

# **Reconciliation of Non-GAAP Financial Measures**

| Reconciliation of Non-GAAP Financial Measures                        |    |              |                  |    |             |    | Table 2      |
|--|----|--------------|------------------|----|-------------|----|--------------|
|  | S  | eptember 30, | June 30,         | D  | ecember 31, | Se | eptember 30, |
| (dollars in thousands)   |    | 2015         | 2015             |    | 2014        |    | 2014         |
| Total Shareholders' Equity   | \$ | 1,098,354    | \$<br>1,082,939  | \$ | 1,055,086   | \$ | 1,057,413    |
| Less: Goodwill   |    | 31,517       | 31,517           |    | 31,517      |    | 31,517       |
| Tangible Common Equity   | \$ | 1,066,837    | \$<br>1,051,422  | \$ | 1,023,569   | \$ | 1,025,896    |
| Total Assets   | \$ | 15,164,123   | \$<br>15,248,043 | \$ | 14,787,208  | \$ | 14,510,166   |
| Less: Goodwill   |    | 31,517       | 31,517           |    | 31,517      |    | 31,517       |
| Tangible Assets  | \$ | 15,132,606   | \$<br>15,216,526 | \$ | 14,755,691  | \$ | 14,478,649   |
| Risk-Weighted Assets, determined in accordance                       |    |              |                  |    |             |    |              |
| with prescribed regulatory requirements <sup>1</sup>                 | \$ | 7,740,028    | \$<br>7,495,744  | \$ | 7,077,035   | \$ | 6,737,853    |
| Total Shareholders' Equity to Total Assets                           |    | 7.24%        | 7.10%            |    | 7.14%       |    | 7.29%        |
| Tangible Common Equity to Tangible Assets (Non-GAAP)                 |    | 7.05%        | 6.91%            |    | 6.94%       |    | 7.09%        |
| Tier 1 Capital Ratio <sup>1</sup>                                    |    | 14.11%       | 14.47%           |    | 14.69%      |    | 15.32%       |
| Tangible Common Equity to Risk-Weighted Assets (Non-GAAP) $^{\rm 1}$ |    | 13.78%       | 14.03%           |    | 14.46%      |    | 15.23%       |

<sup>1</sup> Risk-weighted assets and capital ratios calculated under Basel III rules, which became effective January 1, 2015.

# **Consolidated Statements of Income**

Table 3a

|   |    | Т            | hree | e Months Ende | ed |             | Nine Months Ended |           |      |           |  |  |
|---|----|--------------|------|---------------|----|-------------|-------------------|-----------|------|-----------|--|--|
|   | Se | eptember 30, |      | June 30,      | Se | ptember 30, |                   | Septer    | nber | 30,       |  |  |
| (dollars in thousands, except per share amounts)      |    | 2015         |      | 2015          |    | 2014        |                   | 2015      |      | 2014      |  |  |
| Interest Income                                       |    |              |      |               |    |             |                   |           |      |           |  |  |
| Interest and Fees on Loans and Leases                 | \$ | 75,874       | \$   | 73,565        | \$ | 68,089      | \$                | 220,400   | \$   | 197,433   |  |  |
| Income on Investment Securities                       |    |              |      |               |    |             |                   |           |      |           |  |  |
| Available-for-Sale                                    |    | 10,192       |      | 10,273        |    | 10,286      |                   | 30,663    |      | 31,743    |  |  |
| Held-to-Maturity                                      |    | 20,689       |      | 22,832        |    | 26,067      |                   | 67,928    |      | 80,894    |  |  |
| Deposits  |    | 2            |      | 2             |    | 3           |                   | 7         |      | 7         |  |  |
| Funds Sold  |    | 291          |      | 268           |    | 176         |                   | 818       |      | 481       |  |  |
| Other   |    | 312          |      | 310           |    | 302         |                   | 924       |      | 906       |  |  |
| Total Interest Income                                 |    | 107,360      |      | 107,250       |    | 104,923     |                   | 320,740   |      | 311,464   |  |  |
| Interest Expense                                      |    |              |      |               |    |             |                   |           |      |           |  |  |
| Deposits  |    | 2,410        |      | 2,405         |    | 2,391       |                   | 7,183     |      | 7,142     |  |  |
| Securities Sold Under Agreements to Repurchase        |    | 6,307        |      | 6,440         |    | 6,523       |                   | 19,118    |      | 19,385    |  |  |
| Funds Purchased                                       |    | 3            |      | 3             |    | 3           |                   | 9         |      | 10        |  |  |
| Other Debt  |    | 749          |      | 620           |    | 627         |                   | 1,987     |      | 1,903     |  |  |
| Total Interest Expense                                |    | 9,469        |      | 9,468         |    | 9,544       |                   | 28,297    |      | 28,440    |  |  |
| Net Interest Income                                   |    | 97,891       |      | 97,782        |    | 95,379      |                   | 292,443   |      | 283,024   |  |  |
| Provision for Credit Losses                           |    | -            |      | -             |    | (2,665)     |                   | -         |      | (4,864)   |  |  |
| Net Interest Income After Provision for Credit Losses |    | 97,891       |      | 97,782        |    | 98,044      |                   | 292,443   |      | 287,888   |  |  |
| Noninterest Income                                    |    |              |      |               |    |             |                   |           |      |           |  |  |
| Trust and Asset Management                            |    | 11,907       |      | 12,355        |    | 11,716      |                   | 36,442    |      | 35,573    |  |  |
| Mortgage Banking                                      |    | 3,291        |      | 3,469         |    | 1,646       |                   | 8,453     |      | 5,455     |  |  |
| Service Charges on Deposit Accounts                   |    | 8,669        |      | 8,203         |    | 9,095       |                   | 25,409    |      | 26,611    |  |  |
| Fees, Exchange, and Other Service Charges             |    | 13,340       |      | 13,352        |    | 13,390      |                   | 39,589    |      | 39,699    |  |  |
| Investment Securities Gains, Net                      |    | 24           |      | 86            |    | 1,858       |                   | 10,341    |      | 6,097     |  |  |
| Annuity and Insurance                                 |    | 1,721        |      | 1,885         |    | 2,348       |                   | 5,650     |      | 6,401     |  |  |
| Bank-Owned Life Insurance                             |    | 1,609        |      | 2,088         |    | 1,644       |                   | 5,431     |      | 4,765     |  |  |
| Other   |    | 2,660        |      | 4,487         |    | 3,253       |                   | 10,138    |      | 9,598     |  |  |
| Total Noninterest Income                              |    | 43,221       |      | 45,925        |    | 44,950      |                   | 141,453   |      | 134,199   |  |  |
| Noninterest Expense                                   |    |              |      |               |    |             |                   |           |      |           |  |  |
| Salaries and Benefits                                 |    | 46,576       |      | 47,610        |    | 45,530      |                   | 143,966   |      | 137,508   |  |  |
| Net Occupancy   |    | 7,403        |      | 8,605         |    | 9,334       |                   | 25,341    |      | 28,005    |  |  |
| Net Equipment   |    | 4,804        |      | 4,826         |    | 4,473       |                   | 14,918    |      | 13,745    |  |  |
| Data Processing                                       |    | 3,920        |      | 3,673         |    | 3,665       |                   | 11,366    |      | 11,156    |  |  |
| Professional Fees                                     |    | 2,258        |      | 2,265         |    | 1,835       |                   | 6,857     |      | 6,708     |  |  |
| FDIC Insurance  |    | 2,139        |      | 2,068         |    | 1,750       |                   | 6,347     |      | 5,881     |  |  |
| Other   |    | 24,788       |      | 14,527        |    | 14,443      |                   | 53,582    |      | 42,656    |  |  |
| Total Noninterest Expense                             |    | 91,888       |      | 83,574        |    | 81,030      |                   | 262,377   |      | 245,659   |  |  |
| Income Before Provision for Income Taxes              |    | 49,224       |      | 60,133        |    | 61,964      |                   | 171,519   |      | 176,428   |  |  |
| Provision for Income Taxes                            |    | 14,948       |      | 18,979        |    | 20,195      |                   | 53,647    |      | 54,577    |  |  |
| Net Income  | \$ | 34,276       | \$   | 41,154        | \$ | 41,769      | \$                | 117,872   | \$   | 121,851   |  |  |
| Basic Earnings Per Share                              | \$ | 0.79         | \$   | 0.95          | \$ | 0.95        | \$                | 2.72      | \$   | 2.77      |  |  |
| Diluted Earnings Per Share                            | \$ | 0.79         | \$   | 0.95          | \$ | 0.95        | \$                | 2.71      | \$   | 2.75      |  |  |
| Dividends Declared Per Share                          | \$ | 0.45         | \$   | 0.45          | \$ | 0.45        | \$                | 1.35      | \$   | 1.35      |  |  |
| Basic Weighted Average Shares                         |    | 43,181,233   |      | 43,305,813    |    | 43,859,396  | 4                 | 3,290,137 | 4    | 4,034,047 |  |  |
| Diluted Weighted Average Shares                       |    | 43,427,730   |      | 43,518,349    |    | 44,088,553  | 4                 | 3,514,898 | 4    | 4,250,033 |  |  |

# Bank of Hawaii Corporation and Subsidiaries Aircraft Impairment

| Aircraft Impairment   |         | Table 3b     |
|---|---------|--------------|
|   | Three M | Ionths Ended |
|   | Sept    | tember 30,   |
| (dollars in thousands)  |         | 2015         |
| Noninterest Income  |         |              |
| Estimated Loss on Pending Sale of Aircraft Lease                                | \$      | (1,019)      |
| Noninterest Expense   |         |              |
| Estimated Impairment of Residual Value on Aircraft in which Leases have Matured |         | 9,453        |
| Loss Before Income Tax Benefit  |         | (10,472)     |
| Income Tax Benefit  |         | 3,999        |
| Impact on Net Income  | \$      | (6,473)      |

# Consolidated Statements of Comprehensive Income

|  |     | Т          | hree | e Months Ende | əd |             | <br>Nine Mon  | ths  | Ended   |
|--|-----|------------|------|---------------|----|-------------|---------------|------|---------|
|  | Sep | tember 30, |      | June 30,      | Se | otember 30, | Septerr       | ıbeı | r 30,   |
| (dollars in thousands)                                 |     | 2015       |      | 2015          |    | 2014        | 2015          |      | 2014    |
| Net Income   | \$  | 34,276     | \$   | 41,154        | \$ | 41,769      | \$<br>117,872 | \$   | 121,851 |
| Other Comprehensive Income (Loss), Net of Tax:         |     |            |      |               |    |             |               |      |         |
| Net Unrealized Gains (Losses) on Investment Securities |     | 7,051      |      | (7,610)       |    | 403         | 4,735         |      | 15,291  |
| Defined Benefit Plans                                  |     | 219        |      | 220           |    | 157         | 659           |      | 469     |
| Total Other Comprehensive Income (Loss)                |     | 7,270      |      | (7,390)       |    | 560         | 5,394         |      | 15,760  |
| Comprehensive Income                                   | \$  | 41,546     | \$   | 33,764        | \$ | 42,329      | \$<br>123,266 | \$   | 137,611 |

Table 4

# **Consolidated Statements of Condition**

|   | Santambar 20                 | luna 20                      | December 21               | Fantombor 20             |
|---|------------------------------|------------------------------|---------------------------|--------------------------|
| (dollars in thousands)  | September 30,<br>2015        | June 30,<br>2015             | 2014                      | September 30, 2014       |
| Assets  | 2013                         | 2013                         | 2014                      | 2014                     |
| Interest-Bearing Deposits in Other Banks  | \$ 3,609                     | \$ 3,420                     | \$ 2,873                  | \$ 3,883                 |
| Funds Sold  | φ 3,003<br>274,873           | φ <u>3,420</u><br>602,598    | φ 2,073<br>360,577        | 377,303                  |
| Investment Securities   | 214,015                      | 002,550                      | 300,377                   | 577,505                  |
| Available-for-Sale  | 2,279,722                    | 2,275,361                    | 2,289,190                 | 2,220,913                |
| Held-to-Maturity (Fair Value of \$4,181,613; \$4,240,732; \$4,504,495; and \$4,576,396)       | 4,121,768                    | 4,199,121                    | 4,466,679                 | 4,557,614                |
| Loans Held for Sale   | 3,222                        | 18,483                       | 5,136                     | 2,382                    |
| Loans and Leases  | 7,689,772                    | 7,428,438                    | 6,897,589                 | 6,606,350                |
| Allowance for Loan and Lease Losses   | (104,038)                    | (106,006)                    | (108,688)                 | (110,362)                |
| Net Loans and Leases  | 7,585,734                    | 7,322,432                    | 6,788,901                 | 6,495,988                |
| Total Earning Assets  | 14,268,928                   | 14,421,415                   | 13,913,356                | 13,658,083               |
| Cash and Due from Banks   | 208,601                      | 150,874                      | 172,126                   | 172,386                  |
| Premises and Equipment, Net   | 108,987                      | 108,439                      | 109,854                   | 107,560                  |
| Accrued Interest Receivable   | 47,512                       | 44,475                       | 44,654                    | 46,641                   |
| Foreclosed Real Estate  | 1,392                        | 1,989                        | 2,311                     | 3,562                    |
| Mortgage Servicing Rights   | 23,301                       | 23,426                       | 24,695                    | 25,559                   |
| Goodwill  | 31,517                       | 23,420<br>31,517             | 31,517                    | 31,517                   |
| Bank-Owned Life Insurance   | 266,568                      |                              | 262,807                   |                          |
|   |                              | 265,133<br>200,775           |                           | 261,862                  |
| Other Assets Total Assets   | 207,317<br>\$ 15,164,123     | \$15,248,043                 | 225,888<br>\$ 14,787,208  | 202,996<br>\$ 14,510,166 |
|   | φ 10,104,120                 | φ10,2+0,0+0                  | φ 14,707,200              | φ 14,010,100             |
| Liabilities   |                              |                              |                           |                          |
| Deposits  |                              |                              |                           |                          |
| Noninterest-Bearing Demand  | \$ 4,102,713                 | \$ 4,156,847                 | \$ 3,832,943              | \$ 3,824,544             |
| Interest-Bearing Demand   | <sup>(4)</sup> 2,631,542     | 2,699,517                    | \$ 3,852,945<br>2,559,570 | 2,369,434                |
| Savings   | 5,016,462                    | 5,044,711                    | 4,806,575                 | 4,738,364                |
| Time  | 1,186,245                    | 1,189,620                    | 1,434,001                 | 1,429,099                |
| Total Deposits  | 12,936,962                   | 13,090,695                   | 12,633,089                | 12,361,441               |
| Funds Purchased   | 8,459                        | 8,459                        | 8,459                     | 8,459                    |
|   | 632,138                      | 672,310                      | 688,601                   | 700.203                  |
| Securities Sold Under Agreements to Repurchase Other Debt                                     |                              |                              |                           | ,                        |
|   | 270,801<br>54,978            | 170,816                      | 173,912<br>55,477         | 173,926                  |
| Retirement Benefits Payable   |                              | 55,181                       |                           | 35,152                   |
| Accrued Interest Payable  | 5,869                        | 5,254                        | 5,148                     | 6,086                    |
| Taxes Payable and Deferred Taxes  | 25,294                       | 26,244                       | 27,777                    | 42,468                   |
| Other Liabilities Total Liabilities   | <u>131,268</u><br>14,065,769 | <u>136,145</u><br>14,165,104 | 139,659<br>13,732,122     | 125,018<br>13,452,753    |
| Shareholders' Equity  | 14,003,709                   | 14,103,104                   | 13,732,122                | 13,432,733               |
| Common Stock (\$.01 par value; authorized 500,000,000 shares;                                 |                              |                              |                           |                          |
| issued / outstanding: September 30, 2015 - 57,749,071 / 43,342,940;                           |                              |                              |                           |                          |
| June 30, 2015 - 57,745,324 / 43,535,020; December 31, 2014 - 57,634,755 / 43,724,208;         |                              |                              |                           |                          |
|   | 575                          | 575                          | 574                       | 572                      |
| and September 30, 2014 - 57,633,855 / 43,993,729)   | 575                          | 575                          | 574                       | 573                      |
| Capital Surplus   | 539,112                      | 536,782                      | 531,932                   | 529,530                  |
| Accumulated Other Comprehensive Loss  | (21,292)                     | (28,562)                     | (26,686)                  | (16,063)                 |
| Retained Earnings   | 1,293,416                    | 1,278,672                    | 1,234,801                 | 1,213,339                |
| Treasury Stock, at Cost (Shares: September 30, 2015 - 14,406,131; June 30, 2015 - 14,210,304; |                              |                              | (005 565)                 | (000 000)                |
| December 31, 2014 - 13,910,547; and September 30, 2014 - 13,640,126)                          | (713,457)                    | (704,528)                    | (685,535)                 | (669,966)                |
| Total Shareholders' Equity  | 1,098,354                    | 1,082,939                    | 1,055,086                 | 1,057,413                |
| Total Liabilities and Shareholders' Equity  | \$ 15,164,123                | \$15,248,043                 | \$ 14,787,208             | \$ 14,510,166            |

Table 5

# Consolidated Statements of Shareholders' Equity

|   |               |    |       |            | Accum.      |             |              |             |
|---|---------------|----|-------|------------|-------------|-------------|--------------|-------------|
|   |               |    |       |            | Other       |             |              |             |
|   |               |    |       |            | Compre-     |             |              |             |
|   |               |    |       |            | hensive     |             |              |             |
|   | Common Shares | Со | mmon  | Capital    | Income      | Retained    | Treasury     |             |
| (dollars in thousands)                        | Outstanding   |    | Stock | Surplus    | (Loss)      | Earnings    | Stock        | Total       |
| Balance as of December 31, 2014               | 43,724,208    | \$ | 574   | \$ 531,932 | \$ (26,686) | \$1,234,801 | \$ (685,535) | \$1,055,086 |
| Net Income                                    | -             |    | -     | -          | -           | 117,872     | -            | 117,872     |
| Other Comprehensive Income                    | -             |    | -     | -          | 5,394       | -           | -            | 5,394       |
| Share-Based Compensation                      | -             |    | -     | 5,698      | -           | -           | -            | 5,698       |
| Common Stock Issued under Purchase and Equity |               |    |       |            |             |             |              |             |
| Compensation Plans and Related Tax Benefits   | 246,851       |    | 1     | 1,482      | -           | (376)       | 11,011       | 12,118      |
| Common Stock Repurchased                      | (628,119)     |    | -     | -          | -           | -           | (38,933)     | (38,933)    |
| Cash Dividends Declared (\$1.35 per share)    | -             |    | -     | -          | -           | (58,881)    | -            | (58,881)    |
| Balance as of September 30, 2015              | 43,342,940    | \$ | 575   | \$ 539,112 | \$ (21,292) | \$1,293,416 | \$ (713,457) | \$1,098,354 |
|   |               |    |       |            |             |             |              |             |
| Balance as of December 31, 2013               | 44,490,385    | \$ | 572   | \$ 522,505 | \$ (31,823) | \$1,151,754 | \$ (631,032) | \$1,011,976 |
| Net Income                                    | -             |    | -     | -          | -           | 121,851     | -            | 121,851     |
| Other Comprehensive Income                    | -             |    | -     | -          | 15,760      | -           | -            | 15,760      |
| Share-Based Compensation                      | -             |    | -     | 5,831      | -           | -           | -            | 5,831       |
| Common Stock Issued under Purchase and Equity |               |    |       |            |             |             |              |             |
| Compensation Plans and Related Tax Benefits   | 314,579       |    | 1     | 1,194      | -           | (318)       | 7,976        | 8,853       |
| Common Stock Repurchased                      | (811,235)     |    | -     | -          | -           | -           | (46,910)     | (46,910)    |
| Cash Dividends Declared (\$1.35 per share)    | -             |    | -     | -          | -           | (59,948)    | -            | (59,948)    |
| Balance as of September 30, 2014              | 43,993,729    | \$ | 573   | \$ 529,530 | \$ (16,063) | \$1,213,339 | \$ (669,966) | \$1,057,413 |

#### Average Balances and Interest Rates - Taxable-Equivalent Basis

|  | Three M     | lonths End              | ed     |     | Three M          | onths End  | led    | Three M                  | Ionths End  | ed    |   |
|--|-------------|-------------------------|--------|-----|------------------|------------|--------|--------------------------|-------------|-------|---|
|  | Septerr     | ber 30, 20 <sup>-</sup> | 15     |     | June             | e 30, 2015 |        | Septer                   | nber 30, 20 | 14    |   |
|  | Average     | Income/                 | Yield/ |     | Average          | Income/    | Yield/ | Average                  | e Income/   | Yield | 1 |
| (dollars in millions)                          | Balance     | Expense                 | Rate   |     | Balance          | Expense    | Rate   | Balance                  | e Expense   | Rate  | į |
| Earning Assets                                 |             |                         |        |     |                  |            |        |                          |             |       |   |
| Interest-Bearing Deposits in Other Banks       | \$ 3.4      | \$-                     | 0.22   | %\$ | 3.5              | \$-        | 0.17   | % \$ 4.1                 | \$-         | 0.24  | % |
| Funds Sold                                     | 508.2       | 0.3                     | 0.22   |     | 473.5            | 0.3        | 0.22   | 326.2                    | 0.2         | 0.21  |   |
| Investment Securities                          |             |                         |        |     |                  |            |        |                          |             |       |   |
| Available-for-Sale                             |             |                         |        |     |                  |            |        |                          |             |       |   |
| Taxable  | 1,524.4     | 6.5                     | 1.69   |     | 1,558.6          | 6.5        | 1.68   | 1,508.0                  | 6.6         | 1.75  |   |
| Non-Taxable                                    | 719.4       | 5.8                     | 3.19   |     | 725.8            | 5.8        | 3.17   | 704.0                    | 5.7         | 3.22  |   |
| Held-to-Maturity                               |             |                         |        |     |                  |            |        |                          |             |       |   |
| Taxable  | 3,953.3     | 19.1                    | 1.93   |     | 4,006.4          | 21.3       | 2.12   | 4,390.2                  | 24.4        | 2.23  |   |
| Non-Taxable                                    | 247.3       | 2.4                     | 3.93   |     | 248.2            | 2.4        | 3.93   | 250.9                    | 2.5         | 3.95  |   |
| Total Investment Securities                    | 6,444.4     | 33.8                    | 2.09   |     | 6,539.0          | 36.0       | 2.20   | 6,853.1                  | 39.2        | 2.29  | - |
| Loans Held for Sale                            | 13.4        | 0.1                     | 3.82   |     | 11.1             | 0.1        | 3.66   | 2.0                      | -           | 4.03  | - |
| Loans and Leases <sup>1</sup>                  |             |                         |        |     |                  |            |        |                          |             |       |   |
| Commercial and Industrial                      | 1,166.7     | 9.3                     | 3.15   |     | 1,156.3          | 9.1        | 3.16   | 980.8                    | 8.9         | 3.61  |   |
| Commercial Mortgage                            | 1,568.2     | 15.0                    | 3.79   |     | 1,499.7          | 14.4       | 3.85   | 1,350.6                  | 13.3        | 3.89  |   |
| Construction                                   | 124.5       | 1.5                     | 4.93   |     | 126.0            | 1.5        | 4.85   | 126.2                    | 1.3         | 4.20  |   |
| Commercial Lease Financing                     | 216.2       | 1.9                     | 3.50   |     | 225.1            | 2.0        | 3.47   | 235.1                    | 2.0         | 3.33  |   |
| Residential Mortgage                           | 2,832.4     | 28.8                    | 4.07   |     | 2,736.2          | 28.3       | 4.14   | 2,396.7                  | 25.3        | 4.22  |   |
| Home Equity                                    | 961.3       | 8.6                     | 3.58   |     | 906.8            | 8.1        | 3.60   | 823.3                    | 8.1         | 3.92  |   |
| Automobile                                     | 359.2       | 4.7                     | 5.18   |     | 344.4            | 4.5        | 5.20   | 296.6                    | 4.0         | 5.29  |   |
| Other <sup>2</sup>                             | 317.5       | 6.1                     | 7.60   |     | 306.0            | 5.7        | 7.51   | 279.5                    | 5.2         | 7.45  |   |
| Total Loans and Leases                         | 7,546.0     | 75.9                    | 4.00   |     | 7,300.5          | 73.6       | 4.04   | 6,488.8                  |             | 4.18  | _ |
| Other  | 37.5        | 0.3                     | 3.33   |     | 51.6             | 0.3        | 2.40   | 71.4                     |             | 1.69  | _ |
| Total Earning Assets <sup>3</sup>              | 14,552.9    | 110.4                   | 3.02   |     | 14,379.2         | 110.3      | 3.07   | 13,745.6                 |             | 3.13  | - |
| Cash and Due from Banks                        | 131.6       |                         |        |     | 125.8            |            |        | 152.4                    |             |       | - |
| Other Assets                                   | 536.2       |                         |        |     | 533.5            |            |        | 474.4                    |             |       |   |
| Total Assets                                   | \$ 15,220.7 |                         |        | \$  | 15,038.5         |            |        | \$ 14,372.4              | -           |       |   |
|  | + -/ -      | :                       |        |     | -,               |            |        |                          | =           |       |   |
| Interest-Bearing Liabilities                   |             |                         |        |     |                  |            |        |                          |             |       |   |
| Interest-Bearing Deposits                      |             |                         |        |     |                  |            |        |                          |             |       |   |
| Demand   | \$ 2,622.4  | 0.2                     | 0.03   | \$  | 2,611.9          | 0.2        | 0.03   | \$ 2,417.4               | 0.2         | 0.03  |   |
| Savings  | 5,067.8     | 1.1                     | 0.09   | Ψ   | 5,023.5          | 1.1        | 0.09   | 4,591.4                  | 1.0         | 0.09  |   |
| Time   | 1,201.3     | 1.1                     | 0.36   |     | 1,256.6          | 1.1        | 0.35   | 1,440.1                  | 1.0         | 0.34  |   |
| Total Interest-Bearing Deposits                | 8,891.5     | 2.4                     | 0.11   |     | 8,892.0          | 2.4        | 0.11   | 8,448.9                  | 2.4         | 0.11  | _ |
| Short-Term Borrowings                          | 8.5         | -                       | 0.14   |     | 8.5              | -          | 0.14   | 9.3                      |             | 0.14  | - |
| Securities Sold Under Agreements to Repurchase | 643.3       | 6.3                     | 3.84   |     | 672.2            | 6.5        | 3.79   | 715.6                    |             | 3.57  |   |
| Other Debt                                     | 223.2       | 0.8                     | 1.34   |     | 173.9            | 0.6        | 1.43   | 173.8                    |             | 1.44  |   |
| Total Interest-Bearing Liabilities             | 9,766.5     | 9.5                     | 0.38   |     | 9,746.6          | 9.5        | 0.39   | 9,347.6                  |             | 0.40  | _ |
| Net Interest Income                            | 0,700.0     | \$ 100.9                | 0.00   |     | 5,740.0          | \$ 100.8   | 0.00   | 0,047.0                  | \$ 98.3     | 0.40  | - |
| Interest Rate Spread                           |             | φ 100.0                 | 2.64   | %   | :                | φ 100.0    | 2.68   | %                        | φ 00.0      | 2.73  | G |
| Net Interest Margin                            |             |                         | 2.04   | %   |                  |            | 2.00   |                          |             | 2.75  |   |
| Noninterest-Bearing Demand Deposits            | 4,117.4     |                         | 2.11   | 70  | 3,971.3          |            | 2.01   | <sup>70</sup><br>3,751.8 |             | 2.00  |   |
| Other Liabilities                              | 4,117.4     |                         |        |     | 3,971.3<br>244.1 |            |        | 208.4                    |             |       |   |
|  |             |                         |        |     |                  |            |        |                          |             |       |   |
| Shareholders' Equity                           | 1,092.6     |                         |        |     | 1,076.5          |            |        | 1,064.6                  | _           |       |   |

<sup>1</sup> Non-performing loans and leases are included in the respective average loan and lease balances. Income, if any, on such loans and leases is recognized on a cash basis.

<sup>2</sup> Comprised of other consumer revolving credit, installment, and consumer lease financing.

<sup>3</sup> Interest income includes taxable-equivalent basis adjustments, based upon a federal statutory tax rate of 35%, of \$3,035,000, \$3,008,000 and \$2,873,000 for the three months ended September 30, 2015, June 30, 2015, and September 30, 2014, respectively.

#### Average Balances and Interest Rates - Taxable-Equivalent Basis

|  |    |   | Ionths Ended              |                  |    |   | Ionths Ended    |        |
|--|----|---|---------------------------|------------------|----|---|-----------------|--------|
|  |    | Septer                                  | nber 30, 2015             |                  |    | Septer                                  | nber 30, 2014   |        |
|  |    | Average                                 | Income/                   | Yield/           |    | Average                                 | Income/         | Yield/ |
| (dollars in millions)  |    | Balance                                 | Expense                   | Rate             |    | Balance                                 | Expense         | Rate   |
| Earning Assets   |    |   |                           |                  |    |   |                 |        |
| Interest-Bearing Deposits in Other Banks   | \$ | 3.3                                     | \$-                       | 0.27 %           | \$ | 4.6                                     | \$-             | 0.20   |
| Funds Sold   |    | 488.8                                   | 0.8                       | 0.22             |    | 301.9                                   | 0.5             | 0.21   |
| Investment Securities  |    |   |                           |                  |    |   |                 |        |
| Available-for-Sale   |    |   |                           |                  |    |   |                 |        |
| Taxable  |    | 1,547.8                                 | 19.5                      | 1.68             |    | 1,527.2                                 | 20.7            | 1.81   |
| Non-Taxable  |    | 722.8                                   | 17.2                      | 3.18             |    | 694.4                                   | 16.9            | 3.24   |
| Held-to-Maturity   |    |   |                           |                  |    |   |                 |        |
| Taxable  |    | 4,032.8                                 | 63.2                      | 2.09             |    | 4,465.2                                 | 76.0            | 2.27   |
| Non-Taxable  |    | 248.2                                   | 7.3                       | 3.93             |    | 251.7                                   | 7.5             | 3.96   |
| Total Investment Securities  |    | 6,551.6                                 | 107.2                     | 2.18             |    | 6,938.5                                 | 121.1           | 2.33   |
| Loans Held for Sale  |    | 9.2                                     | 0.3                       | 3.72             |    | 3.3                                     | 0.1             | 4.43   |
| Loans and Leases <sup>1</sup>  |    |   |                           |                  |    |   |                 |        |
| Commercial and Industrial  |    | 1,151.3                                 | 27.2                      | 3.16             |    | 951.8                                   | 24.8            | 3.48   |
| Commercial Mortgage  |    | 1,506.3                                 | 43.0                      | 3.82             |    | 1,301.3                                 | 38.6            | 3.97   |
| Construction   |    | 118.2                                   | 4.2                       | 4.75             |    | 109.0                                   | 3.6             | 4.35   |
| Commercial Lease Financing   |    | 222.4                                   | 5.8                       | 3.46             |    | 240.6                                   | 5.1             | 2.81   |
| Residential Mortgage   |    | 2,734.0                                 | 84.6                      | 4.13             |    | 2,336.1                                 | 75.1            | 4.29   |
| Home Equity  |    | 915.8                                   | 24.9                      | 3.63             |    | 803.8                                   | 23.7            | 3.94   |
| Automobile   |    | 345.1                                   | 13.5                      | 5.21             |    | 280.3                                   | 11.2            | 5.33   |
| Other <sup>2</sup>   |    | 308.6                                   | 17.3                      | 7.49             |    | 267.6                                   | 15.3            | 7.66   |
| Total Loans and Leases   |    | 7,301.7                                 | 220.5                     | 4.03             |    | 6,290.5                                 | 197.4           | 4.19   |
| Other  |    | 51.6                                    | 0.9                       | 2.39             |    | 74.1                                    | 0.9             | 1.63   |
| Total Earning Assets <sup>3</sup>  |    | 14,406.2                                | 329.7                     | 3.05             |    | 13,612.9                                | 320.0           | 3.14   |
| Cash and Due from Banks  |    | 131.3                                   | 02011                     | 0.00             |    | 144.5                                   | 02010           | 0      |
| Other Assets   |    | 531.9                                   |                           |                  |    | 463.7                                   |                 |        |
| Total Assets   | \$ | 15,069.4                                |                           |                  | \$ | 14,221.1                                |                 |        |
|  |    |   |                           |                  | _  |   |                 |        |
| Interest-Bearing Liabilities   |    |   |                           |                  |    |   |                 |        |
| Interest-Bearing Deposits  |    |   |                           |                  |    |   |                 |        |
| Demand   | \$ | 2,604.0                                 | 0.6                       | 0.03             | \$ | 2,367.8                                 | 0.5             | 0.03   |
| Savings  | Ψ  | 5,011.2                                 | 3.3                       | 0.09             | Ψ  | 4,549.4                                 | 2.9             | 0.09   |
| Time   |    | 1,278.1                                 | 3.3                       | 0.35             |    | 1,440.1                                 | 3.7             | 0.35   |
| Total Interest-Bearing Deposits  |    | 8,893.3                                 | 7.2                       | 0.00             |    | 8,357.3                                 | 7.1             | 0.00   |
| Short-Term Borrowings  |    | 8.5                                     | -                         | 0.11             |    | 9.5                                     | -               | 0.14   |
| 5  |    |   |                           | 0.14<br>3.79     |    |   |                 |        |
| Securities Sold Under Agreements to Repurchase<br>Other Debt   |    | 664.4<br>190.5                          | 19.1                      |                  |    | 766.4<br>174.6                          | 19.4            | 3.34   |
|  |    |   | 2.0                       | 1.39             |    |   | 1.9             | 1.45   |
| Total Interest-Bearing Liabilities   |    | 9,756.7                                 | 28.3                      | 0.38             |    | 9,307.8                                 | 28.4<br>© 201.6 | 0.40   |
|  |    | _                                       | <del>5</del> <u>301.4</u> | 0.07 0/          |    | =                                       | φ 291.0         | 0.74   |
| ·  |    |   |                           |                  |    |   |                 | 2.74   |
| õ  |    |   |                           | 2.79 %           |    |   |                 | 2.86   |
|  |    |   |                           |                  |    |   |                 |        |
|  |    |   |                           |                  |    |   |                 |        |
| Shareholders' Equity   |    |   |                           |                  |    |   |                 |        |
| Total Liabilities and Shareholders' Equity   | \$ | 15,069.4                                |                           |                  | \$ | 14,221.1                                |                 |        |
| Net Interest Income<br>Interest Rate Spread<br>Net Interest Margin<br>Noninterest-Bearing Demand Deposits<br>Other Liabilities<br>Shareholders' Equity<br>Total Liabilities and Shareholders' Equity | \$ | 3,993.7<br>241.2<br>1,077.8<br>15,069.4 | \$ <u>301.4</u>           | 2.67 %<br>2.79 % | \$ | 3,659.2<br>205.2<br>1,048.9<br>14,221.1 | <u>\$291.6</u>  |        |

Table 7b

<sup>1</sup> Non-performing loans and leases are included in the respective average loan and lease balances. Income, if any, on such loans and leases is recognized on a cash basis.

 $^{2}\,$  Comprised of other consumer revolving credit, installment, and consumer lease financing.

<sup>3</sup> Interest income includes taxable-equivalent basis adjustments, based upon a federal statutory tax rate of 35%, of \$8,921,000 and \$8,571,000 for the nine months

ended September 30, 2015 and September 30, 2014, respectively.

#### Analysis of Change in Net Interest Income - Taxable-Equivalent Basis

Three Months Ended September 30, 2015 Compared to June 30, 2015 Volume Rate Total (dollars in millions) Change in Interest Income: **Investment Securities** Available-for-Sale \$ Taxable (0.1) \$ 0.1 \$ Non-Taxable (0.1)0.1 \_ Held-to-Maturity Taxable (0.3)(1.9) (2.2) **Total Investment Securities** (1.7)(2.2) (0.5)Loans and Leases Commercial and Industrial 0.2 0.2 Commercial Mortgage 0.8 (0.2) 0.6 Commercial Lease Financing (0.1)(0.1)**Residential Mortgage** 0.5 1.0 (0.5)Home Equity 0.5 0.5 -Automobile 0.2 0.2 -Other <sup>2</sup> 0.3 0.1 0.4 2.3 Total Loans and Leases 2.9 (0.6)Other 0.1 (0.1) -**Total Change in Interest Income** 2.3 (2.2) 0.1 Change in Interest Expense: Securities Sold Under Agreements to Repurchase (0.3) 0.1 (0.2) Other Debt 0.2 0.2 -**Total Change in Interest Expense** (0.1) 0.1 -**Change in Net Interest Income** \$ 2.4 \$ (2.3) \$ 0.1

Table 8a

<sup>1</sup> The change in interest income and expense not solely due to changes in volume or rate has been allocated on a pro-rata basis to the volume and rate columns.

<sup>2</sup> Comprised of other consumer revolving credit, installment, and consumer lease financing.

# Analysis of Change in Net Interest Income - Taxable-Equivalent Basis

Table 8b

|  | т  | hree Months End     | led September 30, | 2015  |
|--|----|---------------------|-------------------|-------|
|  |    | Compared to S       | September 30, 201 | 4     |
| (dollars in millions)                          |    | Volume <sup>1</sup> | Rate <sup>1</sup> | Total |
| Change in Interest Income:                     |    |                     |                   |       |
| Funds Sold                                     | \$ | 0.1 \$              | - \$              | 0.1   |
| Investment Securities                          |    |                     |                   |       |
| Available-for-Sale                             |    |                     |                   |       |
| Taxable  |    | 0.1                 | (0.2)             | (0.1) |
| Non-Taxable                                    |    | 0.1                 | -                 | 0.1   |
| Held-to-Maturity                               |    |                     |                   |       |
| Taxable  |    | (2.3)               | (3.0)             | (5.3) |
| Non-Taxable                                    |    | -                   | (0.1)             | (0.1) |
| Total Investment Securities                    |    | (2.1)               | (3.3)             | (5.4) |
| Loans Held for Sale                            |    | 0.1                 | -                 | 0.1   |
| Loans and Leases                               |    |                     |                   |       |
| Commercial and Industrial                      |    | 1.6                 | (1.2)             | 0.4   |
| Commercial Mortgage                            |    | 2.1                 | (0.4)             | 1.7   |
| Construction                                   |    | -                   | 0.2               | 0.2   |
| Commercial Lease Financing                     |    | (0.2)               | 0.1               | (0.1) |
| Residential Mortgage                           |    | 4.4                 | (0.9)             | 3.5   |
| Home Equity                                    |    | 1.2                 | (0.7)             | 0.5   |
| Automobile                                     |    | 0.8                 | (0.1)             | 0.7   |
| Other <sup>2</sup>                             |    | 0.8                 | 0.1               | 0.9   |
| Total Loans and Leases                         |    | 10.7                | (2.9)             | 7.8   |
| Other  |    | (0.2)               | 0.2               | -     |
| Total Change in Interest Income                |    | 8.6                 | (6.0)             | 2.6   |
|  |    |                     |                   |       |
| Change in Interest Expense:                    |    |                     |                   |       |
| Interest-Bearing Deposits                      |    |                     |                   |       |
| Savings  |    | 0.1                 | -                 | 0.1   |
| Time   |    | (0.2)               | 0.1               | (0.1) |
| Total Interest-Bearing Deposits                |    | (0.1)               | 0.1               | _     |
| Securities Sold Under Agreements to Repurchase |    | (0.7)               | 0.5               | (0.2) |
| Other Debt                                     |    | 0.2                 | -                 | 0.2   |
| Total Change in Interest Expense               |    | (0.6)               | 0.6               | -     |
|  |    |                     |                   |       |
| Change in Net Interest Income                  | \$ | 9.2 \$              | (6.6) \$          | 2.6   |

<sup>1</sup> The change in interest income and expense not solely due to changes in volume or rate has been allocated on a pro-rata basis to the volume and rate columns.

 $^{2}\,$  Comprised of other consumer revolving credit, installment, and consumer lease financing.

# Analysis of Change in Net Interest Income - Taxable-Equivalent Basis

Table 8c

|  | 1  | line Months End     | ed September 30,  | 2015   |
|--|----|---------------------|-------------------|--------|
|  |    | Compared to S       | September 30, 201 | 4      |
| (dollars in millions)                          |    | Volume <sup>1</sup> | Rate <sup>1</sup> | Tota   |
| Change in Interest Income:                     |    |                     |                   |        |
| Funds Sold                                     | \$ | 0.3 \$              | - \$              | 0.3    |
| Investment Securities                          |    |                     |                   |        |
| Available-for-Sale                             |    |                     |                   |        |
| Taxable  |    | 0.3                 | (1.5)             | (1.2)  |
| Non-Taxable                                    |    | 0.7                 | (0.4)             | 0.3    |
| Held-to-Maturity                               |    |                     |                   |        |
| Taxable  |    | (7.0)               | (5.8)             | (12.8) |
| Non-Taxable                                    |    | (0.1)               | (0.1)             | (0.2)  |
| Total Investment Securities                    |    | (6.1)               | (7.8)             | (13.9) |
| Loans Held for Sale                            |    | 0.2                 | -                 | 0.2    |
| Loans and Leases                               |    |                     |                   |        |
| Commercial and Industrial                      |    | 4.9                 | (2.5)             | 2.4    |
| Commercial Mortgage                            |    | 5.9                 | (1.5)             | 4.4    |
| Construction                                   |    | 0.3                 | 0.3               | 0.6    |
| Commercial Lease Financing                     |    | (0.4)               | 1.1               | 0.7    |
| Residential Mortgage                           |    | 12.4                | (2.9)             | 9.5    |
| Home Equity                                    |    | 3.1                 | (1.9)             | 1.2    |
| Automobile                                     |    | 2.5                 | (0.2)             | 2.3    |
| Other <sup>2</sup>                             |    | 2.3                 | (0.3)             | 2.0    |
| Total Loans and Leases                         |    | 31.0                | (7.9)             | 23.1   |
| Other  |    | (0.3)               | 0.3               | -      |
| Total Change in Interest Income                |    | 25.1                | (15.4)            | 9.7    |
| Change in Interest Expense:                    |    |                     |                   |        |
| Interest-Bearing Deposits                      |    |                     |                   |        |
| Demand   |    | 0.1                 | -                 | 0.1    |
| Savings  |    | 0.3                 | 0.1               | 0.4    |
| Time   |    | (0.4)               | -                 | (0.4)  |
| Total Interest-Bearing Deposits                |    | -                   | 0.1               | 0.1    |
| Securities Sold Under Agreements to Repurchase |    | (2.8)               | 2.5               | (0.3)  |
| Other Debt                                     |    | 0.2                 | (0.1)             | 0.1    |
| Total Change in Interest Expense               |    | (2.6)               | 2.5               | (0.1)  |
| Change in Net Interest Income                  | \$ | 27.7 \$             | (17.9) \$         | 9.8    |

<sup>1</sup> The change in interest income and expense not solely due to changes in volume or rate has been allocated on a pro-rata basis to the volume and rate columns.

 $^{2}\,$  Comprised of other consumer revolving credit, installment, and consumer lease financing.

# Bank of Hawaii Corporation and Subsidiaries Salaries and Benefits

|                                     |    | T           | hree | Months End | ded |             | <br>Nine Mon  | ths | Ended   |
|-------------------------------------|----|-------------|------|------------|-----|-------------|---------------|-----|---------|
|                                     | S  | eptember 30 | ,    | June 30,   | Sej | otember 30, | Septen        | nbe | r 30,   |
| (dollars in thousands)              |    | 2015        |      | 2015       |     | 2014        | 2015          |     | 2014    |
| Salaries                            | \$ | 28,905      | \$   | 28,214     | \$  | 28,990      | \$<br>85,033  | \$  | 85,448  |
| Incentive Compensation              |    | 4,223       |      | 4,959      |     | 4,242       | 13,696        |     | 12,832  |
| Share-Based Compensation            |    | 2,616       |      | 2,751      |     | 2,226       | 7,712         |     | 6,466   |
| Commission Expense                  |    | 1,639       |      | 1,927      |     | 1,283       | 5,158         |     | 3,448   |
| Retirement and Other Benefits       |    | 4,064       |      | 4,117      |     | 4,056       | 12,912        |     | 12,853  |
| Payroll Taxes                       |    | 2,200       |      | 2,278      |     | 2,162       | 8,063         |     | 7,909   |
| Medical, Dental, and Life Insurance |    | 2,870       |      | 2,449      |     | 2,557       | 8,503         |     | 7,902   |
| Separation Expense                  |    | 59          |      | 915        |     | 14          | 2,889         |     | 650     |
| Total Salaries and Benefits         | \$ | 46,576      | \$   | 47,610     | \$  | 45,530      | \$<br>143,966 | \$  | 137,508 |

Table 9

#### Loan and Lease Portfolio Balances

| Loan and Lease Portfolio Balances |    |              |              |              |              | Table 10      |
|-----------------------------------|----|--------------|--------------|--------------|--------------|---------------|
|                                   | S  | eptember 30, | June 30,     | March 31,    | December 31, | September 30, |
| (dollars in thousands)            |    | 2015         | 2015         | 2015         | 2014         | 2014          |
| Commercial                        |    |              |              |              |              |               |
| Commercial and Industrial         | \$ | 1,169,817 \$ | 1,173,259 \$ | 1,141,408 \$ | 1,055,243    | \$ 991,157    |
| Commercial Mortgage               |    | 1,622,119    | 1,528,685    | 1,477,902    | 1,437,513    | 1,373,289     |
| Construction                      |    | 129,254      | 118,714      | 111,381      | 109,183      | 132,097       |
| Lease Financing                   |    | 202,055      | 222,113      | 224,419      | 226,189      | 232,381       |
| Total Commercial                  |    | 3,123,245    | 3,042,771    | 2,955,110    | 2,828,128    | 2,728,924     |
| Consumer                          |    |              |              |              |              |               |
| Residential Mortgage              |    | 2,875,605    | 2,787,847    | 2,699,434    | 2,571,090    | 2,444,989     |
| Home Equity                       |    | 993,817      | 931,191      | 884,742      | 866,688      | 838,206       |
| Automobile                        |    | 367,640      | 352,128      | 339,686      | 323,848      | 306,003       |
| Other <sup>1</sup>                |    | 329,465      | 314,501      | 299,656      | 307,835      | 288,228       |
| Total Consumer                    |    | 4,566,527    | 4,385,667    | 4,223,518    | 4,069,461    | 3,877,426     |
| Total Loans and Leases            | \$ | 7,689,772 \$ | 7,428,438 \$ | 7,178,628 \$ | 6,897,589    | \$ 6,606,350  |

# Deposits

|                        | S  | September 30, | June 30,      | March 31,     | December 31, | September 30, |
|------------------------|----|---------------|---------------|---------------|--------------|---------------|
| (dollars in thousands) |    | 2015          | 2015          | 2015          | 2014         | 2014          |
| Consumer               | \$ | 6,254,862 \$  | 6,221,691 \$  | 6,220,391 \$  | 6,092,929    | \$ 5,972,435  |
| Commercial             |    | 5,397,857     | 5,524,153     | 5,444,814     | 5,163,352    | 5,070,080     |
| Public and Other       |    | 1,284,243     | 1,344,851     | 1,314,411     | 1,376,808    | 1,318,926     |
| Total Deposits         | \$ | 12,936,962 \$ | 13,090,695 \$ | 12,979,616 \$ | 12,633,089   | \$ 12,361,441 |

<sup>1</sup> Comprised of other revolving credit, installment, and lease financing.

| Non-Performing Assets and Accruing Loans and Leases   |    |  | ,· |                       |    | Merek 04                 | D      | or 24              | 0- | Table 11   |
|---|----|--|----|-----------------------|----|--------------------------|--------|--------------------|----|--|
|   | Se | ptember 30,<br>2015                    |    | June 30,<br>2015      |    | March 31,<br>2015        | Decemi | 2014 2014          | Se | ,ptember 30<br>2014                                  |
| (dollars in thousands) Non-Performing Assets  |    | 2015                                   |    | 2015                  |    | 2015                     |        | 2014               |    | 2014   |
| Non-Accrual Loans and Leases  |    |  |    |                       |    |                          |        |                    |    |  |
| Commercial  |    |  |    |                       |    |                          |        |                    |    |  |
| Commercial and Industrial   | \$ | 8,532                                  | ¢  | 8,299                 | ¢  | 8,641                    | ¢      | 9,088              | ¢  | 8,952  |
| Commercial Mortgage   | φ  | 1,058                                  | φ  | 716                   | φ  | 732                      | φ      | 9,088<br>745       | φ  | 1,366  |
| Total Commercial  |    | 9,590                                  |    | 9,015                 |    | 9,373                    |        | 9,833              |    | 10,318   |
| Consumer  |    | 9,090                                  |    | 9,015                 |    | 9,373                    |        | 9,033              |    | 10,310   |
|   |    | 14,749                                 |    | 14,918                |    | 14 244                   | 1      | 1 0 1 1            |    | 16 756   |
| Residential Mortgage  |    | 3,814                                  |    | 3,528                 |    | 14,344<br>2,965          | I      | 4,841<br>3,097     |    | 16,756<br>2,671                                      |
| Home Equity Total Consumer  |    | 18,563                                 |    | 18,446                |    | 17,309                   | 1      | 7,938              |    | 19,427   |
|   |    |  |    |                       |    |                          |        |                    |    |  |
| Total Non-Accrual Loans and Leases  |    | 28,153                                 |    | 27,461                |    | 26,682                   | 2      | 7,771              |    | 29,745   |
| Foreclosed Real Estate Total Non-Performing Assets  | \$ | 1,392<br>29,545                        | \$ | 1,989<br>29,450       | \$ | 2,095<br>28,777          | \$ 3   | 2,311              | \$ | 3,562<br>33,307                                      |
|   | φ  | 29,040                                 | φ  | 29,400                | φ  | 20,111                   | φ 3    | 0,082              | φ  | 33,307   |
| Accruing Loans and Leases Past Due 90 Days or More  |    |  |    |                       |    |                          |        |                    |    |  |
| Commercial  |    |  |    |                       |    |                          |        |                    |    |  |
| Commercial and Industrial   | \$ | -                                      | \$ | 750                   | \$ | -                        | \$     | 2                  | \$ | 14   |
| Total Commercial  |    | -                                      |    | 750                   |    | -                        |        | 2                  |    | 14   |
| Consumer  |    |  |    |                       |    |                          |        |                    |    |  |
| Residential Mortgage  |    | 5,060                                  |    | 4,789                 |    | 3,914                    |        | 4,506              |    | 4,819  |
| Home Equity   |    | 1,396                                  |    | 2,395                 |    | 2,425                    |        | 2,596              |    | 2,816  |
| Automobile  |    | 631                                    |    | 323                   |    | 537                      |        | 616                |    | 612  |
| Other <sup>1</sup>  |    | 1,058                                  |    | 1,395                 |    | 1,078                    |        | 941                |    | 842  |
| Total Consumer  |    | 8,145                                  |    | 8,902                 |    | 7,954                    |        | 8,659              |    | 9,089  |
| Total Accruing Loans and Leases Past Due 90 Days or More  | \$ | 8,145                                  | \$ | 9,652                 | \$ | 7,954                    | \$     | 8,661              | \$ | 9,103  |
| Restructured Loans on Accrual Status  |    | 1                                      |    | ,                     |    | ,                        |        | ,                  |    | ,  |
| and Not Past Due 90 Days or More  | \$ | 49,506                                 | \$ | 48,339                | \$ | 46,639                   | \$ 4   | 5,474              | \$ | 45,169   |
| Total Loans and Leases  | \$ | 7,689,772                              | \$ | 7,428,438             | \$ | 7,178,628                |        | 7,589              | \$ | 6,606,350  |
|   |    |  |    |                       |    |                          |        |                    |    |  |
| Ratio of Non-Accrual Loans and Leases to Total Loans and Leases   |    | 0.37%                                  |    | 0.37%                 |    | 0.37%                    |        | 0.40%              |    | 0.45%  |
| Ratio of Non-Performing Assets to Total Loans and Leases  |    |  |    |                       |    |                          |        |                    |    |  |
| and Foreclosed Real Estate  |    | 0.38%                                  |    | 0.40%                 |    | 0.40%                    |        | 0.44%              |    | 0.50%  |
|   |    | 0.30%                                  |    | 0.40 %                |    | 0.40%                    |        | 0.44 /0            |    | 0.30%  |
| Ratio of Commercial Non-Performing Assets to Total Commercial   |    |  |    |                       |    |                          |        |                    |    |  |
| Loans and Leases and Commercial Foreclosed Real Estate  |    | 0.31%                                  |    | 0.32%                 |    | 0.34%                    |        | 0.38%              |    | 0.42%  |
|   |    | 0.31%                                  |    | 0.32%                 |    | 0.34%                    |        | 0.30%              |    | 0.42%  |
| Ratio of Consumer Non-Performing Assets to Total Consumer Loans   |    |  |    |                       |    |                          |        |                    |    |  |
| and Leases and Consumer Foreclosed Real Estate  |    | 0.44%                                  |    | 0.45%                 |    | 0.44%                    |        | 0.47%              |    | 0.56%  |
|   |    |  |    |                       |    |                          |        |                    |    |  |
| Ratio of Non-Performing Assets and Accruing Loans and Leases  |    |  |    |                       |    |                          |        |                    |    |  |
| Past Due 90 Days or More to Total Loans and Leases  |    |  |    |                       |    |                          |        |                    |    |  |
| and Foreclosed Real Estate  |    | 0.49%                                  |    | 0.53%                 |    | 0.51%                    |        | 0.56%              |    | 0.64%  |
|   |    | 0.1070                                 |    | 0.0070                |    | 0.0170                   |        | 0.0070             |    | 0.0170   |
|   |    |  |    |                       |    |                          |        |                    |    |  |
| Quarter to Quarter Changes in Non-Performing Assets   |    |  | \$ | 28,777                | \$ | 30,082                   | \$ 3   | 3,307              | \$ | 34,389   |
| Quarter to Quarter Changes in Non-Performing Assets<br>Balance at Beginning of Quarter  | \$ | 29,450                                 |    |                       |    | 621                      |        | 1,885              |    | 2,565  |
|   | \$ | 29,450<br>4,427                        |    | 1,909                 |    | 021                      |        |                    |    |  |
| Balance at Beginning of Quarter   | \$ |  |    | 1,909                 |    | 021                      |        |                    |    |  |
| Balance at Beginning of Quarter<br>Additions  | \$ | 4,427                                  |    |                       |    |                          | (      | 1,822)             |    | (2,381)  |
| Balance at Beginning of Quarter<br>Additions<br>Reductions<br>Payments  | \$ | 4,427<br>(1,191)                       |    | 1,909<br>(1,020)<br>- |    | (1,427)                  |        | (1,822)<br>(1,291) |    |  |
| Balance at Beginning of Quarter<br>Additions<br>Reductions<br>Payments<br>Return to Accrual Status                                    | \$ | 4,427<br>(1,191)<br>(1,748)            |    | (1,020)               |    | (1,427)<br>(187)         | (      | 1,291)             |    | (704)  |
| Balance at Beginning of Quarter<br>Additions<br>Reductions<br>Payments<br>Return to Accrual Status<br>Sales of Foreclosed Real Estate | \$ | 4,427<br>(1,191)<br>(1,748)<br>(1,300) |    | (1,020)<br>-<br>(83)  |    | (1,427)<br>(187)<br>(37) | (      | (1,291)<br>(1,480) |    | (704)<br>(449)                                       |
| Balance at Beginning of Quarter<br>Additions<br>Reductions<br>Payments<br>Return to Accrual Status                                    | \$ | 4,427<br>(1,191)<br>(1,748)            |    | (1,020)               |    | (1,427)<br>(187)         |        | 1,291)             |    | (2,381)<br>(704)<br>(449)<br><u>(113)</u><br>(3,647) |

<sup>1</sup> Comprised of other revolving credit, installment, and lease financing.

#### **Reserve for Credit Losses**

|  |    | Thre                      | ee N |                            | Nine Months Endeo |                           |        |                    |     |                          |  |
|--|----|---------------------------|------|----------------------------|-------------------|---------------------------|--------|--------------------|-----|--------------------------|--|
|  | Se | ptember 30,               | J    | lune 30,                   | Se                | ptember 30,               | Septem |                    |     | ber 30,                  |  |
| (dollars in thousands)   |    | 2015                      |      | 2015                       |                   | 2014                      |        | 2015               |     | 2014                     |  |
| Balance at Beginning of Period                                       | \$ | 111,893                   | \$   | 113,348                    | \$                | 119,725                   | \$     | 114,575            | \$  | 121,521                  |  |
| Loans and Leases Charged-Off   |    |                           |      |                            |                   |                           |        |                    |     |                          |  |
| Commercial   |    |                           |      |                            |                   |                           |        |                    |     |                          |  |
| Commercial and Industrial  |    | (160)                     |      | (255)                      |                   | (229)                     |        | (650)              |     | (1,797)                  |  |
| Lease Financing  |    | -                         |      | -                          |                   | -                         |        | -                  |     | (66)                     |  |
| Consumer   |    |                           |      |                            |                   |                           |        |                    |     |                          |  |
| Residential Mortgage   |    | -                         |      | (54)                       |                   | (22)                      |        | (613)              |     | (674)                    |  |
| Home Equity  |    | (634)                     |      | (211)                      |                   | (475)                     |        | (1,061)            |     | (1,379)                  |  |
| Automobile   |    | (1,476)                   |      | (1,237)                    |                   | (957)                     |        | (4,141)            |     | (2,585)                  |  |
| Other <sup>1</sup>   |    | (2,123)                   |      | (1,739)                    |                   | (1,978)                   |        | (5,512)            |     | (5,195)                  |  |
| Total Loans and Leases Charged-Off                                   |    | (4,393)                   |      | (3,496)                    |                   | (3,661)                   |        | (11,977)           |     | (11,696)                 |  |
| Recoveries on Loans and Leases Previously Charged-Off                |    |                           |      |                            |                   |                           |        |                    |     |                          |  |
| Commercial   |    |                           |      |                            |                   |                           |        |                    |     |                          |  |
| Commercial and Industrial  |    | 426                       |      | 456                        |                   | 1,177                     |        | 1,528              |     | 4,229                    |  |
| Commercial Mortgage  |    | 15                        |      | 14                         |                   | 14                        |        | 43                 |     | 43                       |  |
| Construction   |    | 8                         |      | 8                          |                   | 8                         |        | 24                 |     | 21                       |  |
| Lease Financing  |    | 55                        |      | 8                          |                   | 3                         |        | 131                |     | 6                        |  |
| Consumer   |    |                           |      |                            |                   |                           |        |                    |     |                          |  |
| Residential Mortgage   |    | 282                       |      | 96                         |                   | 299                       |        | 720                |     | 2,906                    |  |
| Home Equity  |    | 693                       |      | 566                        |                   | 531                       |        | 2,140              |     | 1,433                    |  |
| Automobile   |    | 508                       |      | 396                        |                   | 322                       |        | 1,398              |     | 1,110                    |  |
| Other <sup>1</sup>   |    | 438                       |      | 497                        |                   | 496                       |        | 1,343              |     | 1,720                    |  |
| Total Recoveries on Loans and Leases Previously Charged-Off          |    | 2,425                     |      | 2,041                      |                   | 2,850                     |        | 7,327              |     | 11,468                   |  |
| Net Loans and Leases Charged-Off                                     |    | (1,968)                   |      | (1,455)                    |                   | (811)                     |        | (4,650)            |     | (228)                    |  |
| Provision for Credit Losses  |    | -                         |      | -                          |                   | (2,665)                   |        | -                  |     | (4,864)                  |  |
| Provision for Unfunded Commitments                                   |    | 185                       |      | -                          |                   | -                         |        | 185                |     | (180)                    |  |
| Balance at End of Period <sup>2</sup>                                | \$ | 110,110                   | \$   | 111,893                    | \$                | 116,249                   | \$     | 110,110            | \$  | 116,249                  |  |
| Components   |    |                           |      |                            |                   |                           |        |                    |     |                          |  |
| Allowance for Loan and Lease Losses                                  | \$ | 104,038                   | \$   | 106,006                    | \$                | 110,362                   | \$     | 104,038            | \$  | 110,362                  |  |
| Reserve for Unfunded Commitments                                     |    | 6,072                     |      | 5,887                      |                   | 5,887                     |        | 6,072              |     | 5,887                    |  |
| Reserve for Unfunded Commitments                                     | \$ | 110,110                   | \$   | 111,893                    | \$                | 116,249                   | \$     | 110,110            | \$  | 116,249                  |  |
| Total Reserve for Credit Losses                                      |    |                           |      |                            |                   |                           |        |                    |     |                          |  |
|  |    | 7,545,985                 | \$7  | 7,300,506                  | \$                | 6,488,780                 | \$7    | 7,301,656          | \$6 | ,290,548                 |  |
| Total Reserve for Credit Losses                                      |    | 7,545,985                 | \$7  | 7,300,506                  | \$                | 6,488,780                 | \$7    | 7,301,656          | \$6 | ,290,548                 |  |
| Total Reserve for Credit Losses Average Loans and Leases Outstanding |    | <u>7,545,985</u><br>0.10% | \$7  | 7 <u>,300,506</u><br>0.08% |                   | <u>6,488,780</u><br>0.05% | \$7    | 7,301,656<br>0.09% | \$6 | <u>,290,548</u><br>0.00% |  |

Table 12

<sup>1</sup> Comprised of other revolving credit, installment, and lease financing.

<sup>2</sup> Included in this analysis is activity related to the Company's reserve for unfunded commitments, which is separately recorded in other liabilities in the Consolidated Statements of Condition.

## **Business Segments Selected Financial Information**

| <b>Business Segments Selected Financial Information</b> | n     |          |                 |               |                 |    | Table 13a    |
|---|-------|----------|-----------------|---------------|-----------------|----|--------------|
|   |       | Retail   | Commercial      | Investment    | Treasury        | (  | Consolidated |
| (dollars in thousands)                                  | E     | Banking  | Banking         | Services      | and Other       |    | Total        |
| Three Months Ended September 30, 2015                   |       |          |                 |               |                 |    |              |
| Net Interest Income \$                                  | 5     | 51,732   | \$<br>37,133    | \$<br>4,517   | \$<br>4,509     | \$ | 97,891       |
| Provision for Credit Losses                             |       | 2,209    | (226)           | (20)          | (1,963)         |    | -            |
| Net Interest Income After Provision for Credit Losses   |       | 49,523   | 37,359          | 4,537         | 6,472           |    | 97,891       |
| Noninterest Income                                      |       | 21,206   | 4,777           | 14,363        | 2,875           |    | 43,221       |
| Noninterest Expense                                     |       | (49,963) | (25,482)        | (14,031)      | (2,412)         |    | (91,888)     |
| Income Before Provision for Income Taxes                |       | 20,766   | 16,654          | 4,869         | 6,935           |    | 49,224       |
| Provision for Income Taxes                              |       | (7,352)  | (5,586)         | (1,802)       | (208)           |    | (14,948)     |
| Net Income \$   | 6     | 13,414   | \$<br>11,068    | \$<br>3,067   | \$<br>6,727     | \$ | 34,276       |
| Total Assets as of September 30, 2015 \$                | 6 4,5 | 578,333  | \$<br>3,102,549 | \$<br>232,641 | \$<br>7,250,600 | \$ | 15,164,123   |

#### Three Months Ended September 30, 2014 <sup>1</sup>

| Net Interest Income                                   | \$<br>45,432 \$    | 31,780 \$    | 3,864 \$   | 14,303 \$    | 95,379     |
|---|--------------------|--------------|------------|--------------|------------|
| Provision for Credit Losses                           | 1,853              | (834)        | (9)        | (3,675)      | (2,665)    |
| Net Interest Income After Provision for Credit Losses | 43,579             | 32,614       | 3,873      | 17,978       | 98,044     |
| Noninterest Income                                    | 20,132             | 5,818        | 14,467     | 4,533        | 44,950     |
| Noninterest Expense                                   | (48,569)           | (16,410)     | (13,616)   | (2,435)      | (81,030)   |
| Income Before Provision for Income Taxes              | 15,142             | 22,022       | 4,724      | 20,076       | 61,964     |
| Provision for Income Taxes                            | (5,498)            | (7,599)      | (1,751)    | (5,347)      | (20,195)   |
| Net Income  | \$<br>9,644 \$     | 14,423 \$    | 2,973 \$   | 14,729 \$    | 41,769     |
| Total Assets as of September 30, 2014 <sup>1</sup>    | \$<br>3,896,841 \$ | 2,680,761 \$ | 192,739 \$ | 7,739,825 \$ | 14,510,166 |

<sup>1</sup> Certain prior period information has been reclassified to conform to current presentation.

## **Business Segments Selected Financial Information**

| <b>Business Segments Selected Financial Informatio</b> | n  |           |                 |                  |           |    | Table 13b    |
|--|----|-----------|-----------------|------------------|-----------|----|--------------|
|  |    | Retail    | Commercial      | Investment       | Treasury  | C  | consolidated |
| (dollars in thousands)                                 |    | Banking   | Banking         | Services         | and Other |    | Total        |
| Nine Months Ended September 30, 2015                   |    |           |                 |                  |           |    |              |
| Net Interest Income                                    | \$ | 150,631   | \$<br>107,292   | \$<br>13,153 \$  | 21,367    | \$ | 292,443      |
| Provision for Credit Losses                            |    | 5,660     | (956)           | (36)             | (4,668)   |    | -            |
| Net Interest Income After Provision for Credit Losses  |    | 144,971   | 108,248         | 13,189           | 26,035    |    | 292,443      |
| Noninterest Income                                     |    | 61,123    | 16,125          | 44,770           | 19,435    |    | 141,453      |
| Noninterest Expense                                    |    | (149,461) | (59,786)        | (43,193)         | (9,937)   |    | (262,377)    |
| Income Before Provision for Income Taxes               |    | 56,633    | 64,587          | 14,766           | 35,533    |    | 171,519      |
| Provision for Income Taxes                             |    | (20,097)  | (22,449)        | (5,463)          | (5,638)   |    | (53,647)     |
| Net Income   | \$ | 36,536    | \$<br>42,138    | \$<br>9,303 \$   | 29,895    | \$ | 117,872      |
| Total Assets as of September 30, 2015                  | \$ | 4,578,333 | \$<br>3,102,549 | \$<br>232,641 \$ | 7,250,600 | \$ | 15,164,123   |

#### Nine Months Ended September 30, 2014 <sup>1</sup>

| Net Interest Income                                   | \$<br>130,971 \$   | 86,934 \$    | 11,098 \$  | 54,021 \$    | 283,024    |
|---|--------------------|--------------|------------|--------------|------------|
| Provision for Credit Losses                           | 2,895              | (2,164)      | (303)      | (5,292)      | (4,864)    |
| Net Interest Income After Provision for Credit Losses | 128,076            | 89,098       | 11,401     | 59,313       | 287,888    |
| Noninterest Income                                    | 59,473             | 17,617       | 43,228     | 13,881       | 134,199    |
| Noninterest Expense                                   | (146,581)          | (49,834)     | (41,379)   | (7,865)      | (245,659)  |
| Income Before Provision for Income Taxes              | 40,968             | 56,881       | 13,250     | 65,329       | 176,428    |
| Provision for Income Taxes                            | (15,248)           | (19,343)     | (4,912)    | (15,074)     | (54,577)   |
| Net Income  | \$<br>25,720 \$    | 37,538 \$    | 8,338 \$   | 50,255 \$    | 121,851    |
| Total Assets as of September 30, 2014 <sup>1</sup>    | \$<br>3,896,841 \$ | 2,680,761 \$ | 192,739 \$ | 7,739,825 \$ | 14,510,166 |

<sup>1</sup> Certain prior period information has been reclassified to conform to current presentation.

#### Selected Quarterly Financial Data

|   |                |           |    |              | Thre | ee Months En | ded |       |         |      |             |
|---|----------------|-----------|----|--------------|------|--------------|-----|-------|---------|------|-------------|
|   | Septe          | ember 30, |    | June 30      |      | March 31,    |     | ecem) | ber 31, | Sept | ember 30    |
| dollars in thousands, except per share amounts)   |                | 2015      |    | 2015         | 5    | 2015         |     |       | 2014    |      | 201         |
| Quarterly Operating Results   |                |           |    |              |      |              |     |       |         |      |             |
| Interest Income   |                |           |    |              |      |              |     |       |         |      |             |
| Interest and Fees on Loans and Leases   | \$             | 75,874    | 9  | \$ 73,565    |      | \$ 70,961    |     | \$    | 69,974  | \$   | 68,089      |
| Income on Investment Securities   |                |           |    |              |      |              |     |       |         |      |             |
| Available-for-Sale  |                | 10,192    |    | 10,273       |      | 10,198       |     |       | 10,732  |      | 10,28       |
| Held-to-Maturity  |                | 20,689    |    | 22,832       |      | 24,407       |     | :     | 24,966  |      | 26,06       |
| Deposits  |                | 2         |    | 2            |      | 3            |     |       | 2       |      |             |
| Funds Sold  |                | 291       |    | 268          |      | 259          |     |       | 192     |      | 17          |
| Other   |                | 312       |    | 310          |      | 302          |     |       | 303     |      | 30          |
| Fotal Interest Income   |                | 107,360   |    | 107,250      |      | 106,130      |     | 1     | 06,169  |      | 104,92      |
| nterest Expense   |                | 101,000   |    | 101,200      |      | 100,100      |     |       | 50,100  |      | 101,02      |
| Deposits  |                | 2,410     |    | 2,405        |      | 2,368        |     |       | 2,392   |      | 2,39        |
| •   |                |           |    |              |      |              |     |       |         |      |             |
| Securities Sold Under Agreements to Repurchase  |                | 6,307     |    | 6,440        |      | 6,371        |     |       | 6,520   |      | 6,52        |
| Funds Purchased   |                | 3         |    | 3            |      | 3            |     |       | 3       |      | ;           |
| Other Debt  |                | 749       |    | 620          |      | 618          |     |       | 622     |      | 62          |
| Fotal Interest Expense  |                | 9,469     |    | 9,468        |      | 9,360        |     |       | 9,537   |      | 9,544       |
| Net Interest Income   |                | 97,891    |    | 97,782       |      | 96,770       |     | 9     | 96,632  |      | 95,379      |
| Provision for Credit Losses   |                | -         |    | -            |      | -            |     |       | -       |      | (2,66       |
| Net Interest Income After Provision for Credit Losses   |                | 97,891    |    | 97,782       |      | 96,770       |     | 9     | 96,632  |      | 98,04       |
| Noninterest Income  |                |           |    |              |      |              |     |       |         |      |             |
| Trust and Asset Management  |                | 11,907    |    | 12,355       |      | 12,180       |     |       | 12,225  |      | 11,710      |
| Mortgage Banking  |                | 3,291     |    | 3,469        |      | 1,693        |     |       | 2,116   |      | 1,640       |
| Service Charges on Deposit Accounts   |                | 8,669     |    | 8,203        |      | 8,537        |     |       | 9,058   |      | 9,09        |
| Fees, Exchange, and Other Service Charges   |                | 13,340    |    | 13,352       |      | 12,897       |     |       | 13,702  |      | 13,39       |
| Investment Securities Gains, Net  |                | 24        |    | 86           |      | 10,231       |     |       | 1,966   |      | 1,85        |
| Annuity and Insurance   |                | 1,721     |    | 1,885        |      | 2,044        |     |       | 1,664   |      | 2,34        |
| Bank-Owned Life Insurance   |                | 1,609     |    | 2,088        |      | 1,734        |     |       | 1,874   |      | 1,64        |
| Other   |                |           |    | 4,487        |      | 2,991        |     |       |         |      |             |
|   |                | 2,660     |    |              |      | ,            |     |       | 3,213   |      | 3,25        |
| Fotal Noninterest Income  |                | 43,221    |    | 45,925       |      | 52,307       |     |       | 45,818  |      | 44,950      |
| Noninterest Expense   |                |           |    |              |      |              |     |       |         |      |             |
| Salaries and Benefits   |                | 46,576    |    | 47,610       |      | 49,780       |     |       | 45,520  |      | 45,53       |
| Net Occupancy   |                | 7,403     |    | 8,605        |      | 9,333        |     |       | 9,291   |      | 9,334       |
| Net Equipment   |                | 4,804     |    | 4,826        |      | 5,288        |     |       | 4,734   |      | 4,473       |
| Data Processing   |                | 3,920     |    | 3,673        |      | 3,773        |     |       | 3,823   |      | 3,66        |
| Professional Fees   |                | 2,258     |    | 2,265        |      | 2,334        |     |       | 3,086   |      | 1,83        |
| FDIC Insurance  |                | 2,139     |    | 2,068        |      | 2,140        |     |       | 2,055   |      | 1,750       |
| Other   |                | 24,788    |    | 14,527       |      | 14,267       |     |       | 12,731  |      | 14,44       |
| Total Noninterest Expense   |                | 91,888    |    | 83,574       |      | 86,915       |     |       | 31,240  |      | 81,030      |
| ncome Before Provision for Income Taxes   |                | 49,224    |    | 60,133       |      | 62,162       |     |       | 61,210  |      | 61,964      |
| Provision for Income Taxes  |                | 14,948    |    | 18,979       |      | 19,720       |     |       | 20,019  |      | 20,19       |
| Net Income  | \$             | 34,276    | 9  | \$ 41,154    |      | \$ 42,442    |     |       | 41,191  | \$   | 41,769      |
|   |                |           |    |              |      |              |     |       |         |      |             |
| Basic Earnings Per Share  | \$             | 0.79      |    | \$ 0.95      |      | \$ 0.98      |     | \$    | 0.95    | \$   | 0.95        |
| Diluted Earnings Per Share  | \$             | 0.79      | 5  | \$ 0.95      |      | \$ 0.97      |     | \$    | 0.94    | \$   | 0.9         |
| Palanas Shaat Tatala  |                |           |    |              |      |              |     |       |         |      |             |
| Balance Sheet Totals  | ф <del>-</del> | 7 600 770 |    | ¢ 7 400 400  |      | ¢ 7 170 000  |     | ¢ c c | 7 500   | ¢ .  | e eoc or    |
| oans and Leases   |                | 7,689,772 |    | \$ 7,428,438 |      | \$ 7,178,628 |     |       | 97,589  |      | 6,606,35    |
| Total Assets  |                | 5,164,123 |    | 15,248,043   |      | 15,139,179   |     |       | 37,208  |      | 4,510,16    |
| otal Deposits   |                | 2,936,962 |    | 13,090,695   |      | 12,979,616   |     |       | 33,089  |      | 2,361,44    |
| otal Shareholders' Equity   | 1              | 1,098,354 |    | 1,082,939    |      | 1,075,251    |     | 1,0   | 55,086  |      | 1,057,41    |
|   |                |           |    |              |      |              |     |       |         |      |             |
| Performance Ratios  |                |           | 0/ | 1 10         | %    | 1.15         | 0/  |       | 4.40    | 0/   | 4 4         |
|   |                | U 0U      |    |              |      |              |     |       |         |      |             |
| Return on Average Assets  |                | 0.89      | %  |              |      |              | 70  |       | 1.12    | 70   |             |
| Return on Average Assets<br>Return on Average Shareholders' Equity  |                | 12.45     | %  | 15.33        |      | 16.18        | 70  |       | 15.39   | 70   | 1.1<br>15.5 |
| Performance Ratios<br>Return on Average Assets<br>Return on Average Shareholders' Equity<br>Efficiency Ratio <sup>1</sup><br>Net Interest Margin <sup>2</sup> |                |           | %  |              |      |              | 70  |       |         | 70   |             |

<sup>1</sup> Efficiency ratio is defined as noninterest expense divided by total revenue (net interest income and noninterest income).

<sup>2</sup> Net interest margin is defined as net interest income, on a taxable-equivalent basis, as a percentage of average earning assets.

#### Hawaii Economic Trends

|   |                                       |         |     |            |                   |         |     |   |                   |         | Table | 5 10 |  |
|---|---------------------------------------|---------|-----|------------|-------------------|---------|-----|---|-------------------|---------|-------|------|--|
|   | Eight Months Ended<br>August 31, 2015 |         |     | Year Ended |                   |         |     |   |                   |         |       |      |  |
| (\$ in millions; jobs in thousands)             |                                       |         |     |            | December 31, 2014 |         |     |   | December 31, 2013 |         |       |      |  |
| Hawaii Economic Trends                          |                                       |         |     |            |                   |         |     |   |                   |         |       |      |  |
| State General Fund Revenues <sup>1</sup>        | \$                                    | 3,965.0 | 9.5 | %          | \$                | 5,535.7 | 1.6 | % | \$                | 5,450.6 | 3.7   | %    |  |
| General Excise and Use Tax Revenue <sup>1</sup> | \$                                    | 2,113.8 | 5.6 | %          | \$                | 2,979.8 | 2.5 | % | \$                | 2,907.6 | 2.2   | %    |  |
| Jobs <sup>2</sup>                               |                                       | 649.3   |     |            |                   | 643.7   |     |   |                   | 629.9   |       |      |  |

|                                | September 30, | December 31, |       |  |  |  |
|--------------------------------|---------------|--------------|-------|--|--|--|
| spot rates)                    | 2015          | 2014         | 2013  |  |  |  |
| Unemployment <sup>3</sup>      |               |              |       |  |  |  |
| Statewide, seasonally adjusted | 3.4 %         | 4.0 %        | 4.7 % |  |  |  |
| Oahu                           | 3.4           | 3.5          | 3.8   |  |  |  |
| Island of Hawaii               | 4.3           | 4.7          | 5.9   |  |  |  |
| Maui                           | 3.8           | 3.8          | 4.7   |  |  |  |
| Kauai                          | 4.2           | 4.3          | 5.2   |  |  |  |

|  | September 30, | December 31, |       |   |      |   |      |   |
|--|---------------|--------------|-------|---|------|---|------|---|
| (percentage change, except months of inventory)  | 2015          |              | 2014  |   | 2013 |   | 2012 |   |
| Housing Trends (Single Family Oahu) <sup>4</sup> |               |              |       |   |      |   |      |   |
| Median Home Price                                | 4.0           | %            | 3.8   | % | 4.8  | % | 7.8  | % |
| Home Sales Volume (units)                        | 4.9           | %            | (0.8) | % | 4.6  | % | 6.5  | % |
| Months of Inventory                              | 3.2           |              | 2.6   |   | 2.7  |   | 2.5  |   |

| (in thousands)     | Monthly Visitor Arrivals,<br>Not Seasonally Adjusted | Percentage Change<br>from Previous Year |
|--------------------|--|---|
|                    |  |   |
| August 31, 2015    | 755.9  | 2.9                                     |
| July 31, 2015      | 816.3  | 5.6                                     |
| June 30, 2015      | 767.9  | 6.0                                     |
| May 31, 2015       | 709.7  | 9.3                                     |
| April 30, 2015     | 677.8  | 2.3                                     |
| March 31, 2015     | 780.1  | 7.0                                     |
| February 28, 2015  | 661.7  | 2.3                                     |
| January 31, 2015   | 678.9  | (0.6                                    |
| December 31, 2014  | 765.3  | 6.2                                     |
| November 30, 2014  | 637.7  | 2.2                                     |
| October 31, 2014   | 659.8  | 3.0                                     |
| September 30, 2014 | 622.2  | 4.1                                     |
| August 31, 2014    | 734.7  | (1.9                                    |
| July 31, 2014      | 772.8  | 2.0                                     |
| June 30, 2014      | 724.5  | 1.1                                     |
| May 31, 2014       | 649.1  | 1.8                                     |
| April 30, 2014     | 662.6  | (0.7                                    |
| March 31, 2014     | 728.8  | (5.2                                    |
| February 28, 2014  | 646.8  | (4.3                                    |
| January 31, 2014   | 682.6  | 0.1                                     |
| December 31, 2013  | 720.8  | (1.8                                    |
| November 30, 2013  | 624.1  | (4.2                                    |
| October 31, 2013   | 640.3  | (0.1                                    |
| September 30, 2013 | 597.7  | 0.5                                     |
| August 31, 2013    | 748.8  | 2.5                                     |
| July 31, 2013      | 758.0  | 4.6                                     |
| June 30, 2013      | 716.6  | 5.5                                     |
| May 31, 2013       | 637.5  | 2.4                                     |
| April 30, 2013     | 667.0  | 3.1                                     |
| March 31, 2013     | 769.1  | 7.6                                     |
| February 28, 2013  | 675.5  | 7.8                                     |
| January 31, 2013   | 681.9  | 5.9                                     |

<sup>1</sup> Source: Hawaii Department of Business, Economic Development & Tourism

<sup>2</sup> Source: U. S. Bureau of Labor

<sup>3</sup> Source: Hawaii Department of Labor and Industrial Relations, County jobs data not seasonally adjusted.

<sup>4</sup> Source: Honolulu Board of REALTORS

<sup>5</sup> Source: Hawaii Tourism Authority

Note: Certain prior period seasonally adjusted information has been revised.