

News Release

NYSE: BOH



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Bank of Hawaii Corporation 2017 Financial Results

- **2017 Earnings Reaches Record of \$4.33 Per Diluted Share**
- **2017 Net Income \$184.7 Million**
- **Diluted Earnings Per Share \$1.01 for the Fourth Quarter of 2017**
- **Net Income \$43.0 Million for the Fourth Quarter of 2017**

FOR IMMEDIATE RELEASE

HONOLULU, HI (January 22, 2018) -- Bank of Hawaii Corporation (NYSE: BOH) today reported diluted earnings per share of \$4.33 for the full year of 2017, up 2.4 percent from diluted earnings per share of \$4.23 in 2016. Net income for the year was \$184.7 million, up \$3.2 million or 1.8 percent from net income of \$181.5 million in the previous year. The financial results for 2017 included an additional income tax expense of \$3.6 million as a result of the Tax Cuts and Jobs Act, a tax reform bill, signed into law during December 2017. The return on average assets for the full year of 2017 was 1.10 percent compared with 1.15 percent in 2016. The return on average equity for the full year of 2017 was 15.27 percent compared with 15.79 percent in 2016.

“Bank of Hawaii finished 2017 with solid financial performance,” said Peter Ho, Chairman, President and CEO. “During the year our loan and deposit balances continued to grow and our net interest margin expanded due to increased rates and the positive remixing of our balance sheet. Expenses were well controlled and our asset quality, capital and liquidity all remained strong.”

Diluted earnings per share were \$1.01 for the fourth quarter of 2017, down from \$1.08 in the third quarter of 2017 and down from \$1.02 in the fourth quarter of 2016. Net income for the fourth quarter of 2017 was \$43.0 million, down from \$45.9 million in the previous quarter and down from \$43.5 million in the same quarter last year. Net income in the fourth quarter of 2017 included the previously mentioned additional income tax expense of \$3.6 million. The return on average assets for the fourth quarter of 2017 was 1.00 percent, compared with 1.07 percent in the third quarter of 2017 and 1.07 percent in the fourth quarter last year. The return on average equity for the fourth quarter of 2017 was 13.85 percent compared with 14.89 percent in the third quarter of 2017 and 14.90 percent in the fourth quarter last year.

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Financial Highlights

Net interest income, on a taxable-equivalent basis, was \$469.1 million for the full year of 2017, an increase of \$39.5 million from net interest income of \$429.6 million in 2016. Net interest income, on a taxable-equivalent basis, for the fourth quarter of 2017 was \$121.6 million, an increase of \$2.4 million compared with net interest income of \$119.2 million in the third quarter of 2017 and up \$11.5 million compared with net interest income of \$110.1 million in the fourth quarter last year. Analyses of changes in net interest income are included in Tables 8a, 8b and 8c.

The net interest margin for the full year of 2017 was 2.93 percent, an increase of 10 basis points from the net interest margin of 2.83 percent in 2016. The net interest margin was 2.98 percent in the fourth quarter of 2017, an increase of 6 basis points from the third quarter of 2017 and 15 basis points from the fourth quarter last year.

The provision for credit losses for the full year of 2017 was \$16.9 million compared with a provision for credit losses of \$4.8 million in 2016. Provision expense in 2016 reflected a recovery of \$6.6 million related to one commercial client in Guam. Results for the fourth quarter of 2017 included a provision for credit losses of \$4.3 million compared with \$4.0 million in the previous quarter and \$3.3 million in the same quarter last year.

Noninterest income for the full year of 2017 was \$185.4 million compared with noninterest income of \$197.3 million in 2016. The decrease from the previous year was primarily due to the decline in mortgage banking income, lower revenue from the customer derivative program, and gains on the sales of assets during 2016. Noninterest income was \$41.9 million in the fourth quarter of 2017 compared with noninterest income of \$42.4 million in the third quarter of 2017 and noninterest income of \$46.5 million in the fourth quarter of 2016.

Noninterest expense for the full year of 2017 was \$357.7 million compared with noninterest expense of \$350.6 million in 2016. Noninterest expense in 2017 included one-time employee bonuses totaling \$2.2 million, including payroll taxes. Noninterest expense in 2016 included net gains of \$3.7 million on the disposition of real estate. Adjusted for these items, noninterest expense increased \$1.2 million, or 0.3 percent in 2017 compared with the prior year. Noninterest expense was \$92.3 million in the fourth quarter of 2017, including the one-time bonuses. Noninterest expense was \$88.6 million in the third quarter of 2017 and included \$2.1 million in severance which was partially offset by a reduction of \$0.9 million in share-based compensation. Noninterest expense was \$89.6 million in the fourth quarter of 2016 and included expenses of \$1.3 million in compensation related to the significant increase in the stock price during the quarter which was partially offset by a net gain of \$1.0 million on the sale of a branch building. An analysis of noninterest expenses related to salaries and benefits is included in Table 9.

The efficiency ratio for the full year of 2017 was 55.66 percent compared with 57.01 percent in 2016. The efficiency ratio for the fourth quarter of 2017 was 57.49 percent compared with 55.82 percent in the previous quarter and 58.33 percent in the same quarter last year.

The effective tax rate for the full year of 2017 was 31.11 percent, which included the previously mentioned \$3.6 million one-time adjustment related to the tax reform bill. Excluding this expense, the effective tax rate for the full year of 2017 was 29.78 percent compared with 30.10 percent for the full year of 2016. The effective tax rate for the fourth quarter of 2017 was 32.93 percent. Excluding the tax reform expense, the effective tax rate for the fourth quarter of 2017 was 27.37 percent compared with 30.62 percent in the previous quarter and 28.38 percent in the same quarter last year. The lower effective tax rate excluding the tax reform expense was primarily due to the release of a valuation allowance for the sale of low income housing investments.

The Company's business segments are defined as Retail Banking, Commercial Banking, Investment Services and Private Banking, 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 continued to remain strong during the fourth quarter of 2017. Total non-performing assets were \$16.1 million at December 31, 2017 compared with \$17.0 million at September 30, 2017 and \$19.8 million at December 31, 2016. Non-performing assets as a percentage of total loans and leases and foreclosed real estate were 0.16 percent at December 31, 2017 compared with 0.18 percent at September 30, 2017 and 0.22 percent at December 31, 2016.

Accruing loans and leases past due 90 days or more were \$7.1 million at December 31, 2017 compared with \$6.7 million at September 30, 2017 and \$7.1 million at December 31, 2016. Restructured loans and leases not included in non-accrual loans or accruing loans past due 90 days or more were \$55.7 million at December 31, 2017 compared with \$55.0 million at September 30, 2017 and \$52.2 million at December 31, 2016. More information on non-performing assets and accruing loans and leases past due 90 days or more is presented in Table 11.

Net charge-offs for the full year of 2017 were \$13.8 million or 0.15 percent of total average loans and leases compared with net charge-offs of \$3.4 million or 0.04 percent of total average loans and leases in 2016. The lower charge-off rate during 2016 was largely due to the previously mentioned recovery of charged off loans to a commercial client in Guam. Net charge-offs during the fourth quarter of 2017 were \$3.8 million or 0.15 percent annualized of total average loans and leases outstanding and were comprised of charge-offs of \$5.8 million partially offset by recoveries of \$2.1 million. Net charge-offs during the third quarter of 2017 were \$3.5 million or 0.15 percent annualized of total average loans and leases outstanding and were comprised of charge-offs of \$6.2 million and recoveries of \$2.7 million. Net charge-offs during the fourth quarter of 2016 were \$3.0 million or 0.14 percent annualized of total average loans and leases outstanding and were comprised of charge-offs of \$5.0 million and recoveries of \$1.9 million.

The allowance for loan and lease losses was \$107.3 million at December 31, 2017, an increase from \$106.9 million at September 30, 2017 and \$104.3 million at December 31, 2016. The ratio of the allowance for loan and lease losses to total loans and leases outstanding was 1.10 percent at December 31, 2017, a decrease of 2 basis points from September 30, 2017 and 7 basis points from December 31, 2016. The decrease in the ratio of the allowance for loan and lease losses to total loans and leases outstanding is due to significant loan growth during the year and is commensurate with the Company's strong asset quality and the Hawaii economy. The total reserve for unfunded commitments of \$6.8 million at December 31, 2017 was unchanged from the prior quarter and up from at \$6.6 million at December 31, 2016. Details of loan and lease charge-offs, recoveries, and the components of the total reserve for credit losses are summarized in Table 12.

Other Financial Highlights

Total assets were \$17.1 billion at December 31, 2017, a decrease of \$179.3 million from total assets of \$17.3 billion at September 30, 2017 and an increase of \$596.7 million from total assets of \$16.5 billion at December 31, 2016. Average total assets were \$17.1 billion during the fourth quarter of 2017, an increase of \$112.4 million compared with average total assets of \$17.0 billion during the previous quarter and an increase of \$871.7 million compared with average total assets of \$16.2 billion during the same quarter last year.

The investment securities portfolio was \$6.2 billion at December 31, 2017, a decrease of \$122.1 million from total securities of \$6.3 billion at September 30, 2017 and up \$142.1 million from total securities of \$6.0 billion at December 31, 2016. The investment securities portfolio remains largely comprised of securities issued by U. S. government agencies and included \$3.9 billion in securities held to maturity and \$2.2 billion in securities available for sale at December 31, 2017.

Total loans and leases increased to \$9.8 billion at December 31, 2017, an increase of \$223.0 million or 2.3 percent from total loans and leases of \$9.6 billion at September 30, 2017 and up \$847.2 million or 9.5 percent from total loans and leases of \$8.9 billion at December 31, 2016. The commercial portfolio increased to \$3.8 billion at the end of the fourth quarter of 2017, up 0.7 percent from commercial loans of \$3.7 billion at the end of the third quarter of 2017 and up 4.1 percent from commercial loans of \$3.6 billion at the end of the fourth quarter last year. Consumer loans grew to \$6.0 billion at December 31, 2017, up 3.4 percent from consumer loans of \$5.8 billion at the end of the third quarter of 2017 and up 13.1 percent from consumer loans of \$5.3 billion at the end of the fourth quarter last year. Average total loans and leases were \$9.7 billion during the fourth quarter of 2017, an increase of 2.5 percent from average loans and leases of \$9.5 billion during the previous quarter and up 9.9 percent from average loans and leases of \$8.8 billion during the same quarter last year. Loan and lease portfolio balances are summarized in Table 10.

Total deposits were \$14.9 billion at December 31, 2017, down \$164.2 million or 1.1 percent from total deposits of \$15.0 billion at September 30, 2017 and up \$563.7 million or 3.9 percent from total deposits of \$14.3 billion at December 31, 2016. Consumer deposits increased to \$7.5 billion at December 31, 2017, up \$174.7 million or 2.4 percent from consumer deposits of \$7.3 billion at the end of the third quarter of 2017 and up \$480.7 million or 6.9 percent from \$7.0 billion at the end of the fourth quarter last year. Growth remained strong in all consumer deposit categories. Commercial deposits were \$6.0 billion at the end of the fourth quarter of 2017, down \$118.0 million or 1.9 percent from \$6.1 billion at the end of the third quarter of 2017 and down \$136.4 million or 2.2 percent from \$6.1 billion at the end of the fourth quarter last year. The decrease was largely due to reductions in escrow deposits related to construction projects that were completed during the year. Other deposits declined to \$1.4 billion at December 31, 2017, down \$220.8 million or 13.4 percent from \$1.7 billion at September 30, 2017 and up \$219.4 million or 18.1 percent from \$1.2 billion at December 31, 2016. The decrease compared with the prior quarter was the result of a reduction in public time deposits due to increased pricing competition. Average total deposits were \$14.8 billion in the fourth quarter of 2017, up from average total deposits of \$14.7 billion in the previous quarter and up from average total deposits of \$14.0 billion during the same quarter last year. Deposit balances are summarized in Tables 7a, 7b, and 10.

During the fourth quarter of 2017, the Company repurchased 128.6 thousand shares of common stock at a total cost of \$10.6 million under its share repurchase program. The average cost was \$82.60 per share repurchased. From the beginning of the share repurchase program initiated during July 2001 through December 31, 2017, the Company has repurchased 54.2 million shares and returned over \$2.0 billion to shareholders at an average cost of \$38.29 per share. Remaining buyback authority under the share repurchase program was \$20.0 million at December 31, 2017. From January 2 through January 19, 2018 the Company repurchased an additional 19.5 thousand shares of common stock at an average cost of \$86.75 per share repurchased.

Total shareholders' equity was \$1.23 billion at December 31, 2017, up slightly from September 30, 2017 and up from \$1.16 billion at December 31, 2016. The Tier 1 Capital Ratio was 13.24 percent at December 31, 2017 compared with 13.27 percent at September 30, 2017 and 13.24 percent at December 31, 2016. The Tier 1 Leverage Ratio at December 31, 2017 was 7.26 percent compared with 7.24 percent at September 30, 2017 and 7.21 percent at December 31, 2016.

The Company's Board of Directors declared a quarterly cash dividend of \$0.52 per share on the Company's outstanding shares. The dividend will be payable on March 14, 2018 to shareholders of record at the close of business on February 28, 2018.

Hawaii Economy

General economic conditions in Hawaii remained healthy during 2017, led by continued strength in the tourism industry, low unemployment, rising real estate prices, and an active construction industry. For the first eleven months of 2017 total visitor arrivals increased 4.9 percent and visitor spending increased 6.6 percent compared to the same period in 2016. The statewide seasonally-adjusted unemployment rate remains low at 2.0 percent in November 2017 compared with 4.1 percent nationally.

Real estate prices on Oahu continue to reach new records. The volume of single-family home sales on Oahu increased 6.3 percent in 2017 and the volume of condominium sales increased 6.9 percent compared with sales in 2016. The median price of single-family homes on Oahu increased 2.7 percent and the median price of condominiums increased 3.8 percent compared with 2016. As of December 31, 2017, months of inventory of single-family homes and condominiums on Oahu declined to 2.1 months and 2.3 months, respectively. More information on current Hawaii economic trends is presented in Table 15.

Conference Call Information

The Company will review its 2017 financial results today at 8:00 a.m. Hawaii Time (1:00 p.m. Eastern Time). The call will be accessible via teleconference and via the investor relations link of Bank of Hawaii Corporation's website, www.boh.com. The toll-free number is 1 (844) 543-5235 in the United States and Canada and 1 (703) 318-2209 for other 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, January 22, 2018. The replay number is 1 (855) 859-2056 in the United States and Canada and 1 (404) 537-3406 from other international locations. Enter the pass code 3667149 when prompted. Participants can also dial 1 (800) 585-8367 to access the replay. In addition, a replay will be available on the Company's website, www.boh.com.

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, 2016, which was filed with the U.S. Securities and Exchange Commission. We do not promise 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, www.boh.com.

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Bank of Hawaii Corporation and Subsidiaries

Financial Highlights

Table 1

| | Three Months Ended | | | Year Ended | |
|---|----------------------|-----------------------|------------------------------|-------------------------------|------------------------------|
| | December 31, 2017 | September 30, 2017 | December 31, 2016 | December 31, 2017 | December 31, 2016 |
| (dollars in thousands, except per share amounts) | | | | | |
| For the Period: | | | | | |
| Operating Results | | | | | |
| Net Interest Income | \$ 118,770 | \$ 116,317 | \$ 107,093 | \$ 457,238 | \$ 417,579 |
| Provision for Credit Losses | 4,250 | 4,000 | 3,250 | 16,900 | 4,750 |
| Total Noninterest Income | 41,855 | 42,410 | 46,503 | 185,417 | 197,343 |
| Total Noninterest Expense | 92,336 | 88,598 | 89,589 | 357,691 | 350,578 |
| Net Income | 42,953 | 45,881 | 43,513 | 184,672 | 181,461 |
| Basic Earnings Per Share | 1.02 | 1.09 | 1.03 | 4.37 | 4.26 |
| Diluted Earnings Per Share | 1.01 | 1.08 | 1.02 | 4.33 | 4.23 |
| Dividends Declared Per Share | 0.52 | 0.52 | 0.48 | 2.04 | 1.89 |
| Performance Ratios | | | | | |
| Return on Average Assets | 1.00 % | 1.07 % | 1.07 % | 1.10 % | 1.15 % |
| Return on Average Shareholders' Equity | 13.85 | 14.89 | 14.90 | 15.27 | 15.79 |
| Efficiency Ratio ¹ | 57.49 | 55.82 | 58.33 | 55.66 | 57.01 |
| Net Interest Margin ² | 2.98 | 2.92 | 2.83 | 2.93 | 2.83 |
| Dividend Payout Ratio ³ | 50.98 | 47.71 | 46.60 | 46.68 | 44.37 |
| Average Shareholders' Equity to Average Assets | 7.20 | 7.21 | 7.17 | 7.22 | 7.26 |
| Average Balances | | | | | |
| Average Loans and Leases | \$ 9,688,710 | \$ 9,451,972 | \$ 8,813,755 | \$ 9,346,828 | \$ 8,362,210 |
| Average Assets | 17,084,596 | 16,972,202 | 16,212,940 | 16,749,230 | 15,825,381 |
| Average Deposits | 14,813,218 | 14,727,469 | 13,997,318 | 14,505,423 | 13,619,476 |
| Average Shareholders' Equity | 1,230,564 | 1,222,885 | 1,161,967 | 1,209,087 | 1,149,335 |
| Per Share of Common Stock | | | | | |
| Book Value | \$ 29.05 | \$ 28.88 | \$ 27.24 | \$ 29.05 | \$ 27.24 |
| Tangible Book Value | 28.31 | 28.14 | 26.50 | 28.31 | 26.50 |
| Market Value | | | | | |
| Closing | 85.70 | 83.36 | 88.69 | 85.70 | 88.69 |
| High | 88.38 | 86.19 | 89.72 | 90.80 | 89.72 |
| Low | 77.71 | 74.72 | 71.73 | 74.72 | 54.55 |
| | | | December 31, 2017 | September 30, 2017 | December 31, 2016 |
| As of Period End: | | | | | |
| Balance Sheet Totals | | | | | |
| Loans and Leases | | | \$ 9,796,947 | \$ 9,573,956 | \$ 8,949,785 |
| Total Assets | | | 17,089,052 | 17,268,302 | 16,492,367 |
| Total Deposits | | | 14,883,968 | 15,048,160 | 14,320,240 |
| Other Debt | | | 260,716 | 267,887 | 267,938 |
| Total Shareholders' Equity | | | 1,231,868 | 1,227,893 | 1,161,537 |
| Asset Quality | | | | | |
| Non-Performing Assets | | | \$ 16,120 | \$ 17,035 | \$ 19,761 |
| Allowance for Loan and Lease Losses | | | 107,346 | 106,881 | 104,273 |
| Allowance to Loans and Leases Outstanding | | | 1.10 % | 1.12 % | 1.17 % |
| Capital Ratios | | | | | |
| Common Equity Tier 1 Capital Ratio | | | 13.24 % | 13.27 % | 13.24 % |
| Tier 1 Capital Ratio | | | 13.24 | 13.27 | 13.24 |
| Total Capital Ratio | | | 14.46 | 14.51 | 14.49 |
| Tier 1 Leverage Ratio | | | 7.26 | 7.24 | 7.21 |
| Total Shareholders' Equity to Total Assets | | | 7.21 | 7.11 | 7.04 |
| Tangible Common Equity to Tangible Assets ⁴ | | | 7.04 | 6.94 | 6.86 |
| Tangible Common Equity to Risk-Weighted Assets ⁴ | | | 12.84 | 12.96 | 12.81 |
| Non-Financial Data | | | | | |
| Full-Time Equivalent Employees | | | 2,132 | 2,120 | 2,122 |
| Branches | | | 69 | 69 | 69 |
| ATMs | | | 387 | 388 | 449 |

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

² 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.

⁴ 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."

Bank of Hawaii Corporation and Subsidiaries

Reconciliation of Non-GAAP Financial Measures

Table 2

| (dollars in thousands) | December 31, 2017 | September 30, 2017 | December 31, 2016 |
|--|----------------------|-----------------------|----------------------|
| Total Shareholders' Equity | \$ 1,231,868 | \$ 1,227,893 | \$ 1,161,537 |
| Less: Goodwill | 31,517 | 31,517 | 31,517 |
| Tangible Common Equity | \$ 1,200,351 | \$ 1,196,376 | \$ 1,130,020 |
| | | | |
| Total Assets | \$ 17,089,052 | \$ 17,268,302 | \$ 16,492,367 |
| Less: Goodwill | 31,517 | 31,517 | 31,517 |
| Tangible Assets | \$ 17,057,535 | \$ 17,236,785 | \$ 16,460,850 |
| | | | |
| Risk-Weighted Assets, determined in accordance with prescribed regulatory requirements ¹ | \$ 9,348,296 | \$ 9,234,050 | \$ 8,823,485 |
| | | | |
| Total Shareholders' Equity to Total Assets | 7.21% | 7.11% | 7.04% |
| Tangible Common Equity to Tangible Assets (Non-GAAP) | 7.04% | 6.94% | 6.86% |
| | | | |
| Tier 1 Capital Ratio | 13.24% | 13.27% | 13.24% |
| Tangible Common Equity to Risk-Weighted Assets (Non-GAAP) | 12.84% | 12.96% | 12.81% |

¹ Risk-weighted assets as of September 30, 2017 was revised from \$9,233,969.

Bank of Hawaii Corporation and Subsidiaries

Consolidated Statements of Income

Table 3

| | Three Months Ended | | | Year Ended | |
|--|----------------------|-----------------------|----------------------|----------------------|----------------------|
| | December 31, 2017 | September 30, 2017 | December 31, 2016 | December 31, 2017 | December 31, 2016 |
| (dollars in thousands, except per share amounts) | | | | | |
| Interest Income | | | | | |
| Interest and Fees on Loans and Leases | \$ 96,974 | \$ 94,621 | \$ 86,532 | \$ 370,441 | \$ 333,239 |
| Income on Investment Securities | | | | | |
| Available-for-Sale | 11,866 | 11,987 | 10,244 | 46,772 | 41,892 |
| Held-to-Maturity | 21,782 | 20,334 | 19,213 | 81,740 | 79,087 |
| Deposits | 3 | 5 | 2 | 15 | 9 |
| Funds Sold | 717 | 1,579 | 795 | 3,882 | 2,861 |
| Other | 271 | 235 | 281 | 944 | 812 |
| Total Interest Income | 131,613 | 128,761 | 117,067 | 503,794 | 457,900 |
| Interest Expense | | | | | |
| Deposits | 6,980 | 6,663 | 3,448 | 22,332 | 12,647 |
| Securities Sold Under Agreements to Repurchase | 4,664 | 4,664 | 5,406 | 19,592 | 23,406 |
| Funds Purchased | 81 | - | 3 | 123 | 12 |
| Short-Term Borrowings | - | - | - | 64 | - |
| Other Debt | 1,118 | 1,117 | 1,117 | 4,445 | 4,256 |
| Total Interest Expense | 12,843 | 12,444 | 9,974 | 46,556 | 40,321 |
| Net Interest Income | 118,770 | 116,317 | 107,093 | 457,238 | 417,579 |
| Provision for Credit Losses | 4,250 | 4,000 | 3,250 | 16,900 | 4,750 |
| Net Interest Income After Provision for Credit Losses | 114,520 | 112,317 | 103,843 | 440,338 | 412,829 |
| Noninterest Income | | | | | |
| Trust and Asset Management | 11,105 | 11,050 | 11,232 | 45,430 | 46,203 |
| Mortgage Banking | 2,593 | 3,237 | 6,256 | 12,949 | 19,895 |
| Service Charges on Deposit Accounts | 8,053 | 8,188 | 8,537 | 32,575 | 33,654 |
| Fees, Exchange, and Other Service Charges | 13,784 | 13,764 | 13,731 | 54,845 | 55,176 |
| Investment Securities Gains (Losses), Net | (617) | (566) | (337) | 10,430 | 10,203 |
| Annuity and Insurance | 1,273 | 1,429 | 1,457 | 6,858 | 7,017 |
| Bank-Owned Life Insurance | 1,609 | 1,861 | 1,551 | 6,517 | 6,561 |
| Other | 4,055 | 3,447 | 4,076 | 15,813 | 18,634 |
| Total Noninterest Income | 41,855 | 42,410 | 46,503 | 185,417 | 197,343 |
| Noninterest Expense | | | | | |
| Salaries and Benefits | 52,195 | 51,626 | 50,622 | 205,536 | 201,150 |
| Net Occupancy | 8,510 | 7,727 | 7,581 | 32,536 | 30,252 |
| Net Equipment | 5,454 | 5,417 | 5,191 | 22,078 | 20,578 |
| Data Processing | 4,310 | 3,882 | 3,665 | 15,483 | 15,208 |
| Professional Fees | 3,266 | 3,044 | 2,990 | 11,681 | 10,072 |
| FDIC Insurance | 2,253 | 2,107 | 2,015 | 8,666 | 8,615 |
| Other | 16,348 | 14,795 | 17,525 | 61,711 | 64,703 |
| Total Noninterest Expense | 92,336 | 88,598 | 89,589 | 357,691 | 350,578 |
| Income Before Provision for Income Taxes | 64,039 | 66,129 | 60,757 | 268,064 | 259,594 |
| Provision for Income Taxes | 21,086 | 20,248 | 17,244 | 83,392 | 78,133 |
| Net Income | \$ 42,953 | \$ 45,881 | \$ 43,513 | \$ 184,672 | \$ 181,461 |
| Basic Earnings Per Share | \$ 1.02 | \$ 1.09 | \$ 1.03 | \$ 4.37 | \$ 4.26 |
| Diluted Earnings Per Share | \$ 1.01 | \$ 1.08 | \$ 1.02 | \$ 4.33 | \$ 4.23 |
| Dividends Declared Per Share | \$ 0.52 | \$ 0.52 | \$ 0.48 | \$ 2.04 | \$ 1.89 |
| Basic Weighted Average Shares | 42,116,452 | 42,251,541 | 42,386,480 | 42,280,931 | 42,644,100 |
| Diluted Weighted Average Shares | 42,450,191 | 42,565,364 | 42,672,470 | 42,607,057 | 42,879,783 |

Bank of Hawaii Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income

Table 4

| | Three Months Ended | | | Year Ended | |
|--|----------------------|-----------------------|----------------------|---------------------------|------------|
| | December 31, 2017 | September 30, 2017 | December 31, 2016 | December 31, 2017 2016 | |
| (dollars in thousands) | | | | | |
| Net Income | \$ 42,953 | \$ 45,881 | \$ 43,513 | \$ 184,672 | \$ 181,461 |
| Other Comprehensive Income (Loss), Net of Tax: | | | | | |
| Net Unrealized Gains (Losses) on Investment Securities | (10,430) | 444 | (18,641) | (1,986) | (10,318) |
| Defined Benefit Plans | 738 | 146 | (453) | 1,177 | (31) |
| Other Comprehensive Income (Loss) | (9,692) | 590 | (19,094) | (809) | (10,349) |
| Comprehensive Income | \$ 33,261 | \$ 46,471 | \$ 24,419 | \$ 183,863 | \$ 171,112 |

Bank of Hawaii Corporation and Subsidiaries
Consolidated Statements of Condition

Table 5

| (dollars in thousands) | December 31, 2017 | September 30, 2017 | December 31, 2016 |
|--|----------------------|-----------------------|----------------------|
| Assets | | | |
| Interest-Bearing Deposits in Other Banks | \$ 3,421 | \$ 3,161 | \$ 3,187 |
| Funds Sold | 181,413 | 512,868 | 707,343 |
| Investment Securities | | | |
| Available-for-Sale | 2,232,979 | 2,322,668 | 2,186,041 |
| Held-to-Maturity (Fair Value of \$3,894,121; \$3,960,956; and \$3,827,527) | 3,928,170 | 3,960,598 | 3,832,997 |
| Loans Held for Sale | 19,231 | 9,752 | 62,499 |
| Loans and Leases | 9,796,947 | 9,573,956 | 8,949,785 |
| Allowance for Loan and Lease Losses | (107,346) | (106,881) | (104,273) |
| Net Loans and Leases | 9,689,601 | 9,467,075 | 8,845,512 |
| Total Earning Assets | 16,054,815 | 16,276,122 | 15,637,579 |
| Cash and Due from Banks | 263,017 | 245,487 | 169,077 |
| Premises and Equipment, Net | 130,926 | 125,162 | 113,505 |
| Accrued Interest Receivable | 50,485 | 51,526 | 46,444 |
| Foreclosed Real Estate | 1,040 | 1,393 | 1,686 |
| Mortgage Servicing Rights | 24,622 | 24,436 | 23,663 |
| Goodwill | 31,517 | 31,517 | 31,517 |
| Bank-Owned Life Insurance | 280,034 | 278,425 | 274,188 |
| Other Assets | 252,596 | 234,234 | 194,708 |
| Total Assets | \$ 17,089,052 | \$ 17,268,302 | \$ 16,492,367 |
| Liabilities | | | |
| Deposits | | | |
| Noninterest-Bearing Demand | \$ 4,724,300 | \$ 4,825,643 | \$ 4,772,727 |
| Interest-Bearing Demand | 3,082,563 | 2,896,559 | 2,934,107 |
| Savings | 5,389,013 | 5,363,866 | 5,395,699 |
| Time | 1,688,092 | 1,962,092 | 1,217,707 |
| Total Deposits | 14,883,968 | 15,048,160 | 14,320,240 |
| Funds Purchased | - | - | 9,616 |
| Securities Sold Under Agreements to Repurchase | 505,293 | 505,293 | 523,378 |
| Other Debt | 260,716 | 267,887 | 267,938 |
| Retirement Benefits Payable | 37,312 | 38,308 | 48,451 |
| Accrued Interest Payable | 6,946 | 6,717 | 5,334 |
| Taxes Payable and Deferred Taxes | 24,009 | 31,360 | 21,674 |
| Other Liabilities | 138,940 | 142,684 | 134,199 |
| Total Liabilities | 15,857,184 | 16,040,409 | 15,330,830 |
| Shareholders' Equity | | | |
| Common Stock (\$.01 par value; authorized 500,000,000 shares; issued / outstanding: December 31, 2017 - 57,959,074 / 42,401,443; September 30, 2017 - 57,958,200 / 42,513,348; and December 31, 2016 - 57,856,672 / 42,635,978) | 576 | 576 | 576 |
| Capital Surplus | 561,161 | 558,530 | 551,628 |
| Accumulated Other Comprehensive Loss | (34,715) | (25,023) | (33,906) |
| Retained Earnings | 1,512,218 | 1,491,830 | 1,415,440 |
| Treasury Stock, at Cost (Shares: December 31, 2017 - 15,557,631; September 30, 2017 - 15,444,852; and December 31, 2016 - 15,220,694) | (807,372) | (798,020) | (772,201) |
| Total Shareholders' Equity | 1,231,868 | 1,227,893 | 1,161,537 |
| Total Liabilities and Shareholders' Equity | \$ 17,089,052 | \$ 17,268,302 | \$ 16,492,367 |

Bank of Hawaii Corporation and Subsidiaries
Consolidated Statements of Shareholders' Equity
Table 6

| | Common Shares | Common | Capital | Accum. | Retained | Treasury | |
|---|---------------|--------|------------|-------------|--------------|--------------|--------------|
| | Outstanding | Stock | Surplus | Other | Earnings | Stock | Total |
| | | | | Compre- | | | |
| | | | | hensive | | | |
| | | | | Income | | | |
| | | | | (Loss) | | | |
| (dollars in thousands) | | | | | | | |
| Balance as of December 31, 2015 | 43,282,153 | \$ 575 | \$ 542,041 | \$ (23,557) | \$ 1,316,260 | \$ (719,059) | \$ 1,116,260 |
| Net Income | - | - | - | - | 181,461 | - | 181,461 |
| Other Comprehensive Loss | - | - | - | (10,349) | - | - | (10,349) |
| Share-Based Compensation | - | - | 6,786 | - | - | - | 6,786 |
| Common Stock Issued under Purchase and Equity | | | | | | | |
| Compensation Plans and Related Tax Benefits | 259,985 | 1 | 2,801 | - | (1,124) | 8,665 | 10,343 |
| Common Stock Repurchased | (906,160) | - | - | - | - | (61,807) | (61,807) |
| Cash Dividends Declared (\$1.89 per share) | - | - | - | - | (81,157) | - | (81,157) |
| Balance as of December 31, 2016 | 42,635,978 | \$ 576 | \$ 551,628 | \$ (33,906) | \$ 1,415,440 | \$ (772,201) | \$ 1,161,537 |
| Net Income | - | - | - | - | 184,672 | - | 184,672 |
| Other Comprehensive Loss | - | - | - | (809) | - | - | (809) |
| Share-Based Compensation | - | - | 7,369 | - | - | - | 7,369 |
| Common Stock Issued under Purchase and Equity | | | | | | | |
| Compensation Plans and Related Tax Benefits | 337,091 | - | 2,164 | - | (828) | 11,905 | 13,241 |
| Common Stock Repurchased | (571,626) | - | - | - | - | (47,076) | (47,076) |
| Cash Dividends Declared (\$2.04 per share) | - | - | - | - | (87,066) | - | (87,066) |
| Balance as of December 31, 2017 | 42,401,443 | \$ 576 | \$ 561,161 | \$ (34,715) | \$ 1,512,218 | \$ (807,372) | \$ 1,231,868 |

Bank of Hawaii Corporation and Subsidiaries

Average Balances and Interest Rates - Taxable-Equivalent Basis

Table 7a

| | Three Months Ended December 31, 2017 | | | Three Months Ended September 30, 2017 | | | Three Months Ended December 31, 2016 | | |
|---|---|--------------------|----------------|--|--------------------|----------------|---|--------------------|----------------|
| | Average Balance | Income/ Expense | Yield/ Rate | Average Balance | Income/ Expense | Yield/ Rate | Average Balance | Income/ Expense | Yield/ Rate |
| (dollars in millions) | | | | | | | | | |
| Earning Assets | | | | | | | | | |
| Interest-Bearing Deposits in Other Banks | \$ 3.2 | \$ - | 0.46 % | \$ 3.5 | \$ - | 0.48 % | \$ 4.0 | \$ - | 0.10 % |
| Funds Sold | 221.0 | 0.7 | 1.27 | 575.2 | 1.6 | 1.07 | 622.8 | 0.8 | 0.50 |
| Investment Securities | | | | | | | | | |
| Available-for-Sale | | | | | | | | | |
| Taxable | 1,669.7 | 8.5 | 2.05 | 1,658.2 | 8.6 | 2.08 | 1,533.8 | 6.7 | 1.76 |
| Non-Taxable | 619.0 | 5.1 | 3.29 | 636.7 | 5.2 | 3.26 | 668.7 | 5.4 | 3.21 |
| Held-to-Maturity | | | | | | | | | |
| Taxable | 3,775.6 | 20.3 | 2.15 | 3,631.1 | 18.8 | 2.07 | 3,579.1 | 17.7 | 1.97 |
| Non-Taxable | 239.0 | 2.3 | 3.87 | 239.9 | 2.4 | 3.87 | 242.7 | 2.4 | 3.89 |
| Total Investment Securities | 6,303.3 | 36.2 | 2.30 | 6,165.9 | 35.0 | 2.27 | 6,024.3 | 32.2 | 2.13 |
| Loans Held for Sale | 15.9 | 0.2 | 4.02 | 20.6 | 0.2 | 3.88 | 39.1 | 0.3 | 3.61 |
| Loans and Leases ¹ | | | | | | | | | |
| Commercial and Industrial | 1,284.5 | 11.7 | 3.62 | 1,251.5 | 11.3 | 3.58 | 1,223.6 | 10.0 | 3.25 |
| Commercial Mortgage | 2,063.2 | 20.2 | 3.89 | 2,015.0 | 19.6 | 3.87 | 1,833.8 | 17.0 | 3.68 |
| Construction | 213.8 | 2.6 | 4.78 | 241.0 | 2.9 | 4.73 | 276.0 | 3.0 | 4.36 |
| Commercial Lease Financing | 202.6 | 1.3 | 2.56 | 204.7 | 1.2 | 2.30 | 204.0 | 1.1 | 2.17 |
| Residential Mortgage | 3,420.0 | 32.6 | 3.81 | 3,333.3 | 31.8 | 3.82 | 3,139.4 | 30.6 | 3.90 |
| Home Equity | 1,552.4 | 14.3 | 3.65 | 1,502.9 | 13.8 | 3.65 | 1,317.1 | 11.7 | 3.54 |
| Automobile | 516.3 | 5.8 | 4.43 | 493.2 | 5.9 | 4.71 | 446.0 | 5.8 | 5.14 |
| Other ² | 435.9 | 8.5 | 7.80 | 410.4 | 8.2 | 7.98 | 373.9 | 7.3 | 7.76 |
| Total Loans and Leases | 9,688.7 | 97.0 | 3.98 | 9,452.0 | 94.7 | 3.99 | 8,813.8 | 86.5 | 3.91 |
| Other | 40.6 | 0.3 | 2.67 | 40.2 | 0.2 | 2.34 | 40.1 | 0.3 | 2.80 |
| Total Earning Assets ³ | 16,272.7 | 134.4 | 3.29 | 16,257.4 | 131.7 | 3.23 | 15,544.1 | 120.1 | 3.08 |
| Cash and Due from Banks | 229.5 | | | 151.2 | | | 131.5 | | |
| Other Assets | 582.4 | | | 563.6 | | | 537.3 | | |
| Total Assets | \$17,084.6 | | | \$16,972.2 | | | \$16,212.9 | | |
| Interest-Bearing Liabilities | | | | | | | | | |
| Interest-Bearing Deposits | | | | | | | | | |
| Demand | \$ 2,877.7 | 0.5 | 0.06 | \$ 2,880.0 | 0.5 | 0.07 | \$ 2,760.5 | 0.3 | 0.04 |
| Savings | 5,396.9 | 1.9 | 0.14 | 5,374.4 | 1.8 | 0.13 | 5,339.5 | 1.2 | 0.09 |
| Time | 1,767.9 | 4.6 | 1.03 | 1,788.2 | 4.4 | 0.97 | 1,322.7 | 2.0 | 0.60 |
| Total Interest-Bearing Deposits | 10,042.5 | 7.0 | 0.28 | 10,042.6 | 6.7 | 0.26 | 9,422.7 | 3.5 | 0.15 |
| Short-Term Borrowings | 25.0 | 0.1 | 1.27 | - | - | - | 9.6 | - | 0.15 |
| Securities Sold Under Agreements to Repurchase | 505.3 | 4.6 | 3.61 | 505.3 | 4.7 | 3.61 | 533.7 | 5.4 | 3.96 |
| Other Debt | 267.6 | 1.1 | 1.66 | 267.9 | 1.1 | 1.66 | 267.9 | 1.1 | 1.66 |
| Total Interest-Bearing Liabilities | 10,840.4 | 12.8 | 0.47 | 10,815.8 | 12.5 | 0.45 | 10,233.9 | 10.0 | 0.38 |
| Net Interest Income | | \$ 121.6 | | | \$ 119.2 | | | \$ 110.1 | |
| Interest Rate Spread | | | 2.82 % | | | 2.78 % | | | 2.70 % |
| Net Interest Margin | | | 2.98 % | | | 2.92 % | | | 2.83 % |
| Noninterest-Bearing Demand Deposits | 4,770.7 | | | 4,684.9 | | | 4,574.6 | | |
| Other Liabilities | 242.9 | | | 248.6 | | | 242.4 | | |
| Shareholders' Equity | 1,230.6 | | | 1,222.9 | | | 1,162.0 | | |
| Total Liabilities and Shareholders' Equity | \$17,084.6 | | | \$16,972.2 | | | \$16,212.9 | | |

¹ 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.

³ Interest income includes taxable-equivalent basis adjustments, based upon a federal statutory tax rate of 35%, of \$2,808,000, \$2,920,000 and \$3,034,000 for the three months ended December 31, 2017, September 30, 2017, and December 31, 2016, respectively.

Bank of Hawaii Corporation and Subsidiaries

Average Balances and Interest Rates - Taxable-Equivalent Basis

Table 7b

| | Year Ended | | | Year Ended | | |
|---|--------------------|--------------------|----------------|--------------------|--------------------|----------------|
| | December 31, 2017 | | | December 31, 2016 | | |
| (dollars in millions) | Average Balance | Income/ Expense | Yield/ Rate | Average Balance | Income/ Expense | Yield/ Rate |
| Earning Assets | | | | | | |
| Interest-Bearing Deposits in Other Banks | \$ 3.4 | \$ - | 0.45 % | \$ 4.1 | \$ - | 0.22 % |
| Funds Sold | 423.0 | 3.9 | 0.92 | 595.9 | 2.8 | 0.48 |
| Investment Securities | | | | | | |
| Available-for-Sale | | | | | | |
| Taxable | 1,659.3 | 33.1 | 2.00 | 1,579.1 | 27.7 | 1.75 |
| Non-Taxable | 643.7 | 21.0 | 3.27 | 690.6 | 21.9 | 3.17 |
| Held-to-Maturity | | | | | | |
| Taxable | 3,648.6 | 75.7 | 2.07 | 3,615.2 | 72.9 | 2.02 |
| Non-Taxable | 240.4 | 9.3 | 3.88 | 244.1 | 9.5 | 3.90 |
| Total Investment Securities | 6,192.0 | 139.1 | 2.25 | 6,129.0 | 132.0 | 2.15 |
| Loans Held for Sale | 22.6 | 0.9 | 3.99 | 32.3 | 1.2 | 3.59 |
| Loans and Leases ¹ | | | | | | |
| Commercial and Industrial | 1,262.8 | 44.5 | 3.52 | 1,179.9 | 40.3 | 3.42 |
| Commercial Mortgage | 1,977.1 | 75.7 | 3.83 | 1,735.2 | 64.5 | 3.72 |
| Construction | 238.4 | 11.2 | 4.69 | 224.2 | 10.0 | 4.43 |
| Commercial Lease Financing | 205.9 | 4.8 | 2.32 | 198.6 | 4.8 | 2.40 |
| Residential Mortgage | 3,307.6 | 126.4 | 3.82 | 3,037.0 | 120.6 | 3.97 |
| Home Equity | 1,467.7 | 53.2 | 3.62 | 1,211.9 | 43.7 | 3.61 |
| Automobile | 486.5 | 23.2 | 4.78 | 416.8 | 21.5 | 5.16 |
| Other ² | 400.8 | 31.8 | 7.93 | 358.6 | 27.7 | 7.72 |
| Total Loans and Leases | 9,346.8 | 370.8 | 3.97 | 8,362.2 | 333.1 | 3.98 |
| Other | 40.5 | 0.9 | 2.33 | 39.2 | 0.8 | 2.07 |
| Total Earning Assets ³ | 16,028.3 | 515.6 | 3.22 | 15,162.7 | 469.9 | 3.10 |
| Cash and Due from Banks | 158.7 | | | 129.0 | | |
| Other Assets | 562.2 | | | 533.7 | | |
| Total Assets | \$ 16,749.2 | | | \$ 15,825.4 | | |
| Interest-Bearing Liabilities | | | | | | |
| Interest-Bearing Deposits | | | | | | |
| Demand | \$ 2,871.7 | 1.7 | 0.06 | \$ 2,757.6 | 0.9 | 0.03 |
| Savings | 5,388.5 | 6.7 | 0.12 | 5,217.9 | 4.6 | 0.09 |
| Time | 1,589.4 | 13.9 | 0.88 | 1,254.9 | 7.1 | 0.57 |
| Total Interest-Bearing Deposits | 9,849.6 | 22.3 | 0.23 | 9,230.4 | 12.6 | 0.14 |
| Short-Term Borrowings | 17.7 | 0.2 | 1.05 | 8.4 | - | 0.15 |
| Securities Sold Under Agreements to Repurchase | 507.0 | 19.6 | 3.86 | 569.8 | 23.4 | 4.11 |
| Other Debt | 267.9 | 4.4 | 1.66 | 248.8 | 4.3 | 1.71 |
| Total Interest-Bearing Liabilities | 10,642.2 | 46.5 | 0.44 | 10,057.4 | 40.3 | 0.40 |
| Net Interest Income | | \$ 469.1 | | | \$ 429.6 | |
| Interest Rate Spread | | | 2.78 % | | | 2.70 % |
| Net Interest Margin | | | 2.93 % | | | 2.83 % |
| Noninterest-Bearing Demand Deposits | 4,655.8 | | | 4,389.1 | | |
| Other Liabilities | 242.1 | | | 229.6 | | |
| Shareholders' Equity | 1,209.1 | | | 1,149.3 | | |
| Total Liabilities and Shareholders' Equity | \$ 16,749.2 | | | \$ 15,825.4 | | |

¹ 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.

³ Interest income includes taxable-equivalent basis adjustments, based upon a federal statutory tax rate of 35%, of \$11,843,000 and \$11,991,000 for the years ended December 31, 2017 and December 31, 2016, respectively.

Bank of Hawaii Corporation and Subsidiaries
Analysis of Change in Net Interest Income - Taxable-Equivalent Basis

Table 8a

| (dollars in millions) | Three Months Ended December 31, 2017 | | |
|--|--------------------------------------|-------------------|---------------|
| | Compared to September 30, 2017 | | |
| | Volume ¹ | Rate ¹ | Total |
| Change in Interest Income: | | | |
| Funds Sold | \$ (1.1) | \$ 0.2 | \$ (0.9) |
| Investment Securities | | | |
| Available-for-Sale | | | |
| Taxable | - | (0.1) | (0.1) |
| Non-Taxable | (0.2) | 0.1 | (0.1) |
| Held-to-Maturity | | | |
| Taxable | 0.8 | 0.7 | 1.5 |
| Non-Taxable | (0.1) | - | (0.1) |
| Total Investment Securities | 0.5 | 0.7 | 1.2 |
| Loans and Leases | | | |
| Commercial and Industrial | 0.3 | 0.1 | 0.4 |
| Commercial Mortgage | 0.5 | 0.1 | 0.6 |
| Construction | (0.3) | - | (0.3) |
| Commercial Lease Financing | - | 0.1 | 0.1 |
| Residential Mortgage | 0.8 | - | 0.8 |
| Home Equity | 0.5 | - | 0.5 |
| Automobile | 0.3 | (0.4) | (0.1) |
| Other ² | 0.5 | (0.2) | 0.3 |
| Total Loans and Leases | 2.6 | (0.3) | 2.3 |
| Other | - | 0.1 | 0.1 |
| Total Change in Interest Income | 2.0 | 0.7 | 2.7 |
| Change in Interest Expense: | | | |
| Interest-Bearing Deposits | | | |
| Savings | - | 0.1 | 0.1 |
| Time | (0.1) | 0.3 | 0.2 |
| Total Interest-Bearing Deposits | (0.1) | 0.4 | 0.3 |
| Short-Term Borrowings | 0.1 | - | 0.1 |
| Securities Sold Under Agreements to Repurchase | - | (0.1) | (0.1) |
| Total Change in Interest Expense | - | 0.3 | 0.3 |
| Change in Net Interest Income | \$ 2.0 | \$ 0.4 | \$ 2.4 |

¹ 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

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

Table 8b

| (dollars in millions) | Three Months Ended December 31, 2017 | | |
|--|--------------------------------------|-------------------|----------------|
| | Compared to December 31, 2016 | | |
| | Volume ¹ | Rate ¹ | Total |
| Change in Interest Income: | | | |
| Funds Sold | \$ (0.8) | \$ 0.7 | \$ (0.1) |
| Investment Securities | | | |
| Available-for-Sale | | | |
| Taxable | 0.6 | 1.2 | 1.8 |
| Non-Taxable | (0.4) | 0.1 | (0.3) |
| Held-to-Maturity | | | |
| Taxable | 1.0 | 1.6 | 2.6 |
| Non-Taxable | - | (0.1) | (0.1) |
| Total Investment Securities | 1.2 | 2.8 | 4.0 |
| Loans Held for Sale | (0.2) | 0.1 | (0.1) |
| Loans and Leases | | | |
| Commercial and Industrial | 0.5 | 1.2 | 1.7 |
| Commercial Mortgage | 2.2 | 1.0 | 3.2 |
| Construction | (0.7) | 0.3 | (0.4) |
| Commercial Lease Financing | - | 0.2 | 0.2 |
| Residential Mortgage | 2.7 | (0.7) | 2.0 |
| Home Equity | 2.2 | 0.4 | 2.6 |
| Automobile | 0.9 | (0.9) | - |
| Other ² | 1.2 | - | 1.2 |
| Total Loans and Leases | 9.0 | 1.5 | 10.5 |
| Total Change in Interest Income | 9.2 | 5.1 | 14.3 |
| Change in Interest Expense: | | | |
| Interest-Bearing Deposits | | | |
| Demand | - | 0.2 | 0.2 |
| Savings | - | 0.7 | 0.7 |
| Time | 0.8 | 1.8 | 2.6 |
| Total Interest-Bearing Deposits | 0.8 | 2.7 | 3.5 |
| Short-Term Borrowings | - | 0.1 | 0.1 |
| Securities Sold Under Agreements to Repurchase | (0.3) | (0.5) | (0.8) |
| Total Change in Interest Expense | 0.5 | 2.3 | 2.8 |
| Change in Net Interest Income | \$ 8.7 | \$ 2.8 | \$ 11.5 |

¹ 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

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

Table 8c

| (dollars in millions) | Year Ended December 31, 2017 | | |
|--|-------------------------------|-------------------|----------------|
| | Compared to December 31, 2016 | | |
| | Volume ¹ | Rate ¹ | Total |
| Change in Interest Income: | | | |
| Funds Sold | \$ (1.0) | \$ 2.1 | \$ 1.1 |
| Investment Securities | | | |
| Available-for-Sale | | | |
| Taxable | 1.4 | 4.0 | 5.4 |
| Non-Taxable | (1.5) | 0.6 | (0.9) |
| Held-to-Maturity | | | |
| Taxable | 0.7 | 2.1 | 2.8 |
| Non-Taxable | (0.1) | (0.1) | (0.2) |
| Total Investment Securities | 0.5 | 6.6 | 7.1 |
| Loans Held for Sale | (0.4) | 0.1 | (0.3) |
| Loans and Leases | | | |
| Commercial and Industrial | 2.9 | 1.3 | 4.2 |
| Commercial Mortgage | 9.2 | 2.0 | 11.2 |
| Construction | 0.6 | 0.6 | 1.2 |
| Commercial Lease Financing | 0.2 | (0.2) | - |
| Residential Mortgage | 10.5 | (4.7) | 5.8 |
| Home Equity | 9.3 | 0.2 | 9.5 |
| Automobile | 3.4 | (1.7) | 1.7 |
| Other ² | 3.3 | 0.8 | 4.1 |
| Total Loans and Leases | 39.4 | (1.7) | 37.7 |
| Other | - | 0.1 | 0.1 |
| Total Change in Interest Income | 38.5 | 7.2 | 45.7 |
| Change in Interest Expense: | | | |
| Interest-Bearing Deposits | | | |
| Demand | 0.1 | 0.7 | 0.8 |
| Savings | 0.2 | 1.9 | 2.1 |
| Time | 2.2 | 4.6 | 6.8 |
| Total Interest-Bearing Deposits | 2.5 | 7.2 | 9.7 |
| Short-Term Borrowings | - | 0.2 | 0.2 |
| Securities Sold Under Agreements to Repurchase | (2.5) | (1.3) | (3.8) |
| Other Debt | 0.3 | (0.2) | 0.1 |
| Total Change in Interest Expense | 0.3 | 5.9 | 6.2 |
| Change in Net Interest Income | \$ 38.2 | \$ 1.3 | \$ 39.5 |

¹ 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

Table 9

| | Three Months Ended | | | Year Ended | |
|-------------------------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|
| | December 31, 2017 | September 30, 2017 | December 31, 2016 | December 31, 2017 | December 31, 2016 |
| (dollars in thousands) | | | | | |
| Salaries | \$ 31,132 | \$ 31,224 | \$ 29,382 | \$ 122,334 | \$ 116,721 |
| Incentive Compensation | 7,078 | 4,857 | 5,784 | 22,834 | 23,409 |
| Share-Based Compensation | 3,040 | 1,962 | 4,126 | 10,184 | 12,150 |
| Commission Expense | 1,427 | 1,439 | 1,955 | 6,493 | 7,514 |
| Retirement and Other Benefits | 4,675 | 4,279 | 4,350 | 18,154 | 17,262 |
| Payroll Taxes | 2,301 | 2,353 | 2,044 | 11,025 | 10,133 |
| Medical, Dental, and Life Insurance | 2,503 | 3,444 | 2,908 | 12,362 | 13,038 |
| Separation Expense | 39 | 2,068 | 73 | 2,150 | 923 |
| Total Salaries and Benefits | \$ 52,195 | \$ 51,626 | \$ 50,622 | \$ 205,536 | \$ 201,150 |

Bank of Hawaii Corporation and Subsidiaries

Loan and Lease Portfolio Balances

Table 10

| | December 31, 2017 | September 30, 2017 | June 30, 2017 | March 31, 2017 | December 31, 2016 |
|-------------------------------|----------------------|-----------------------|---------------------|---------------------|----------------------|
| (dollars in thousands) | | | | | |
| Commercial | | | | | |
| Commercial and Industrial | \$ 1,279,347 | \$ 1,252,238 | \$ 1,241,953 | \$ 1,250,006 | \$ 1,249,791 |
| Commercial Mortgage | 2,103,967 | 2,050,998 | 2,009,886 | 1,909,064 | 1,889,551 |
| Construction | 202,253 | 232,487 | 248,030 | 262,660 | 270,018 |
| Lease Financing | 180,931 | 204,240 | 205,043 | 208,765 | 208,332 |
| Total Commercial | 3,766,498 | 3,739,963 | 3,704,912 | 3,630,495 | 3,617,692 |
| Consumer | | | | | |
| Residential Mortgage | 3,466,773 | 3,366,634 | 3,317,179 | 3,224,206 | 3,163,073 |
| Home Equity | 1,585,455 | 1,528,353 | 1,473,123 | 1,411,489 | 1,334,163 |
| Automobile | 528,474 | 506,102 | 484,092 | 468,078 | 454,333 |
| Other ¹ | 449,747 | 432,904 | 408,307 | 379,541 | 380,524 |
| Total Consumer | 6,030,449 | 5,833,993 | 5,682,701 | 5,483,314 | 5,332,093 |
| Total Loans and Leases | \$ 9,796,947 | \$ 9,573,956 | \$ 9,387,613 | \$ 9,113,809 | \$ 8,949,785 |

Deposits

| | December 31, 2017 | September 30, 2017 | June 30, 2017 | March 31, 2017 | December 31, 2016 |
|------------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|
| (dollars in thousands) | | | | | |
| Consumer | \$ 7,478,228 | \$ 7,303,546 | \$ 7,278,536 | \$ 7,196,781 | \$ 6,997,482 |
| Commercial | 5,973,763 | 6,091,800 | 5,903,639 | 6,051,721 | 6,110,189 |
| Public and Other | 1,431,977 | 1,652,814 | 1,602,474 | 1,228,031 | 1,212,569 |
| Total Deposits | \$ 14,883,968 | \$ 15,048,160 | \$ 14,784,649 | \$ 14,476,533 | \$ 14,320,240 |

¹ Comprised of other revolving credit, installment, and lease financing.

Bank of Hawaii Corporation and Subsidiaries

Non-Performing Assets and Accruing Loans and Leases Past Due 90 Days or More

Table 11

| | December 31, 2017 | September 30, 2017 | June 30, 2017 | March 31, 2017 | December 31, 2016 |
|--|----------------------|-----------------------|---------------------|---------------------|----------------------|
| (dollars in thousands) | | | | | |
| Non-Performing Assets | | | | | |
| Non-Accrual Loans and Leases | | | | | |
| Commercial | | | | | |
| Commercial and Industrial | \$ 448 | \$ 901 | \$ 175 | \$ 228 | \$ 151 |
| Commercial Mortgage | 1,398 | 1,425 | 1,460 | 973 | 997 |
| Total Commercial | 1,846 | 2,326 | 1,635 | 1,201 | 1,148 |
| Consumer | | | | | |
| Residential Mortgage | 9,243 | 9,188 | 9,337 | 11,756 | 13,780 |
| Home Equity | 3,991 | 4,128 | 3,405 | 3,517 | 3,147 |
| Total Consumer | 13,234 | 13,316 | 12,742 | 15,273 | 16,927 |
| Total Non-Accrual Loans and Leases | 15,080 | 15,642 | 14,377 | 16,474 | 18,075 |
| Foreclosed Real Estate | 1,040 | 1,393 | 1,991 | 2,529 | 1,686 |
| Total Non-Performing Assets | \$ 16,120 | \$ 17,035 | \$ 16,368 | \$ 19,003 | \$ 19,761 |
| Accruing Loans and Leases Past Due 90 Days or More | | | | | |
| Commercial | | | | | |
| Commercial and Industrial | \$ - | \$ 5 | \$ - | \$ - | \$ - |
| Total Commercial | - | 5 | - | - | - |
| Consumer | | | | | |
| Residential Mortgage | \$ 2,703 | \$ 2,933 | \$ 2,269 | \$ 2,313 | \$ 3,127 |
| Home Equity | 1,624 | 1,392 | 2,343 | 1,133 | 1,457 |
| Automobile | 886 | 806 | 539 | 673 | 894 |
| Other ¹ | 1,934 | 1,528 | 1,859 | 1,738 | 1,592 |
| Total Consumer | 7,147 | 6,659 | 7,010 | 5,857 | 7,070 |
| Total Accruing Loans and Leases Past Due 90 Days or More | \$ 7,147 | \$ 6,664 | \$ 7,010 | \$ 5,857 | \$ 7,070 |
| Restructured Loans on Accrual Status and Not Past Due 90 Days or More | | | | | |
| | \$ 55,672 | \$ 55,038 | \$ 53,158 | \$ 52,965 | \$ 52,208 |
| Total Loans and Leases | \$ 9,796,947 | \$ 9,573,956 | \$ 9,387,613 | \$ 9,113,809 | \$ 8,949,785 |
| Ratio of Non-Accrual Loans and Leases to Total Loans and Leases | 0.15% | 0.16% | 0.15% | 0.18% | 0.20% |
| Ratio of Non-Performing Assets to Total Loans and Leases and Foreclosed Real Estate | 0.16% | 0.18% | 0.17% | 0.21% | 0.22% |
| Ratio of Commercial Non-Performing Assets to Total Commercial Loans and Leases and Commercial Foreclosed Real Estate | 0.05% | 0.06% | 0.04% | 0.03% | 0.03% |
| Ratio of Consumer Non-Performing Assets to Total Consumer Loans and Leases and Consumer Foreclosed Real Estate | 0.24% | 0.25% | 0.26% | 0.32% | 0.35% |
| 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 | 0.24% | 0.25% | 0.25% | 0.27% | 0.30% |
| Quarter to Quarter Changes in Non-Performing Assets | | | | | |
| Balance at Beginning of Quarter | \$ 17,035 | \$ 16,368 | \$ 19,003 | \$ 19,761 | \$ 18,672 |
| Additions | 2,109 | 2,212 | 1,572 | 1,221 | 2,142 |
| Reductions | | | | | |
| Payments | (368) | (199) | (497) | (1,017) | (252) |
| Return to Accrual Status | (1,779) | (305) | (1,370) | (645) | (653) |
| Sales of Foreclosed Real Estate | (353) | (951) | (1,883) | - | (61) |
| Charge-offs/Write-downs | (524) | (90) | (457) | (317) | (87) |
| Total Reductions | (3,024) | (1,545) | (4,207) | (1,979) | (1,053) |
| Balance at End of Quarter | \$ 16,120 | \$ 17,035 | \$ 16,368 | \$ 19,003 | \$ 19,761 |

¹ Comprised of other revolving credit, installment, and lease financing.

Bank of Hawaii Corporation and Subsidiaries

Reserve for Credit Losses

Table 12

| | Three Months Ended | | | Year Ended | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| | December 31, | September 30, | December 31, | December 31, | |
| | 2017 | 2017 | 2016 | 2017 | 2016 |
| (dollars in thousands) | | | | | |
| Balance at Beginning of Period | \$ 113,703 | \$ 113,175 | \$ 110,605 | \$ 110,845 | 108,952 |
| Loans and Leases Charged-Off | | | | | |
| Commercial | | | | | |
| Commercial and Industrial | (499) | (611) | (195) | (1,408) | (865) |
| Consumer | | | | | |
| Residential Mortgage | (4) | (36) | (335) | (729) | (723) |
| Home Equity | (221) | (129) | (256) | (995) | (1,104) |
| Automobile | (2,014) | (1,921) | (1,720) | (7,737) | (6,355) |
| Other ¹ | (3,108) | (3,521) | (2,445) | (12,386) | (9,462) |
| Total Loans and Leases Charged-Off | (5,846) | (6,218) | (4,951) | (23,255) | (18,509) |
| Recoveries on Loans and Leases Previously Charged-Off | | | | | |
| Commercial | | | | | |
| Commercial and Industrial | 284 | 597 | 506 | 1,482 | 8,058 |
| Commercial Mortgage | - | - | 11 | - | 53 |
| Construction | - | - | - | - | 23 |
| Lease Financing | 1 | 1 | 1 | 3 | 3 |
| Consumer | | | | | |
| Residential Mortgage | 182 | 89 | 154 | 639 | 1,151 |
| Home Equity | 498 | 837 | 323 | 2,681 | 1,776 |
| Automobile | 576 | 692 | 459 | 2,495 | 2,207 |
| Other ¹ | 520 | 530 | 487 | 2,128 | 1,881 |
| Total Recoveries on Loans and Leases Previously Charged-Off | 2,061 | 2,746 | 1,941 | 9,428 | 15,152 |
| Net Loans and Leases Charged-Off | (3,785) | (3,472) | (3,010) | (13,827) | (3,357) |
| Provision for Credit Losses | 4,250 | 4,000 | 3,250 | 16,900 | 4,750 |
| Provision for Unfunded Commitments | - | - | - | 250 | 500 |
| Balance at End of Period ² | \$ 114,168 | \$ 113,703 | \$ 110,845 | \$ 114,168 | \$ 110,845 |
| Components | | | | | |
| Allowance for Loan and Lease Losses | \$ 107,346 | \$ 106,881 | 104,273 | \$ 107,346 | 104,273 |
| Reserve for Unfunded Commitments | 6,822 | 6,822 | 6,572 | 6,822 | 6,572 |
| Total Reserve for Credit Losses | \$ 114,168 | \$ 113,703 | \$ 110,845 | \$ 114,168 | \$ 110,845 |
| Average Loans and Leases Outstanding | \$ 9,688,710 | \$ 9,451,972 | \$ 8,813,755 | \$ 9,346,828 | \$ 8,362,210 |
| Ratio of Net Loans and Leases Charged-Off to | | | | | |
| Average Loans and Leases Outstanding (annualized) | 0.15% | 0.15% | 0.14% | 0.15% | 0.04% |
| Ratio of Allowance for Loan and Lease Losses to Loans and Leases Outstanding | 1.10% | 1.12% | 1.17% | 1.10% | 1.17% |

¹ Comprised of other revolving credit, installment, and lease financing.

² 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.

Bank of Hawaii Corporation and Subsidiaries
Business Segments Selected Financial Information

Table 13a

| | Investment Services and | | | | |
|---|----------------------------|-----------------------|--------------------|-----------------------|-----------------------|
| (dollars in thousands) | Retail Banking | Commercial Banking | Private Banking | Treasury and Other | Consolidated Total |
| Three Months Ended December 31, 2017 | | | | | |
| Net Interest Income | \$ 65,408 | \$ 43,932 | \$ 9,008 | \$ 422 | \$ 118,770 |
| Provision for Credit Losses | 3,595 | 195 | (5) | 465 | 4,250 |
| Net Interest Income After Provision for Credit Losses | 61,813 | 43,737 | 9,013 | (43) | 114,520 |
| Noninterest Income | 20,910 | 5,219 | 13,716 | 2,010 | 41,855 |
| Noninterest Expense | (54,021) | (19,726) | (15,982) | (2,607) | (92,336) |
| Income Before Provision for Income Taxes | 28,702 | 29,230 | 6,747 | (640) | 64,039 |
| Provision for Income Taxes | (10,222) | (10,325) | (2,496) | 1,957 | (21,086) |
| Net Income | \$ 18,480 | \$ 18,905 | \$ 4,251 | \$ 1,317 | \$ 42,953 |
| Total Assets as of December 31, 2017 | \$ 5,936,568 | \$ 3,742,991 | \$ 336,455 | \$ 7,073,038 | \$ 17,089,052 |
| Three Months Ended December 31, 2016 | | | | | |
| Net Interest Income | \$ 63,169 | \$ 40,968 | \$ 6,196 | \$ (3,240) | \$ 107,093 |
| Provision for Credit Losses | 3,285 | (270) | (5) | 240 | 3,250 |
| Net Interest Income After Provision for Credit Losses | 59,884 | 41,238 | 6,201 | (3,480) | 103,843 |
| Noninterest Income | 24,460 | 5,952 | 13,764 | 2,327 | 46,503 |
| Noninterest Expense | (52,998) | (17,926) | (14,996) | (3,669) | (89,589) |
| Income Before Provision for Income Taxes | 31,346 | 29,264 | 4,969 | (4,822) | 60,757 |
| Provision for Income Taxes | (11,109) | (10,330) | (1,839) | 6,034 | (17,244) |
| Net Income | \$ 20,237 | \$ 18,934 | \$ 3,130 | \$ 1,212 | \$ 43,513 |
| Total Assets as of December 31, 2016 | \$ 5,342,078 | \$ 3,565,912 | \$ 280,410 | \$ 7,303,967 | \$ 16,492,367 |

Bank of Hawaii Corporation and Subsidiaries
Business Segments Selected Financial Information

Table 13b

| | Investment Services and | | | | |
|---|----------------------------|-----------------------|--------------------|-----------------------|-----------------------|
| (dollars in thousands) | Retail Banking | Commercial Banking | Private Banking | Treasury and Other | Consolidated Total |
| Year Ended December 31, 2017 | | | | | |
| Net Interest Income | \$ 264,041 | \$ 171,038 | \$ 29,693 | \$ (7,534) | \$ 457,238 |
| Provision for Credit Losses | 14,008 | (160) | (21) | 3,073 | 16,900 |
| Net Interest Income After Provision for Credit Losses | 250,033 | 171,198 | 29,714 | (10,607) | 440,338 |
| Noninterest Income | 85,042 | 21,670 | 57,105 | 21,600 | 185,417 |
| Noninterest Expense | (209,807) | (74,209) | (61,674) | (12,001) | (357,691) |
| Income Before Provision for Income Taxes | 125,268 | 118,659 | 25,145 | (1,008) | 268,064 |
| Provision for Income Taxes | (44,545) | (41,797) | (9,303) | 12,253 | (83,392) |
| Net Income | \$ 80,723 | \$ 76,862 | \$ 15,842 | \$ 11,245 | \$ 184,672 |
| Total Assets as of December 31, 2017 | \$ 5,936,568 | \$ 3,742,991 | \$ 336,455 | \$ 7,073,038 | \$ 17,089,052 |
| Year Ended December 31, 2016 | | | | | |
| Net Interest Income | \$ 242,967 | \$ 156,080 | \$ 24,714 | \$ (6,182) | \$ 417,579 |
| Provision for Credit Losses | 10,700 | (7,322) | (23) | 1,395 | 4,750 |
| Net Interest Income After Provision for Credit Losses | 232,267 | 163,402 | 24,737 | (7,577) | 412,829 |
| Noninterest Income | 91,824 | 26,967 | 57,396 | 21,156 | 197,343 |
| Noninterest Expense | (208,389) | (70,405) | (59,782) | (12,002) | (350,578) |
| Income Before Provision for Income Taxes | 115,702 | 119,964 | 22,351 | 1,577 | 259,594 |
| Provision for Income Taxes | (41,067) | (42,667) | (8,270) | 13,871 | (78,133) |
| Net Income | \$ 74,635 | \$ 77,297 | \$ 14,081 | \$ 15,448 | \$ 181,461 |
| Total Assets as of December 31, 2016 | \$ 5,342,078 | \$ 3,565,912 | \$ 280,410 | \$ 7,303,967 | \$ 16,492,367 |

Bank of Hawaii Corporation and Subsidiaries

Selected Quarterly Financial Data

Table 14

| | Three Months Ended | | | | |
|--|----------------------|-----------------------|------------------|-------------------|----------------------|
| | December 31, 2017 | September 30, 2017 | June 30, 2017 | March 31, 2017 | December 31, 2016 |
| (dollars in thousands, except per share amounts) | | | | | |
| Quarterly Operating Results | | | | | |
| Interest Income | | | | | |
| Interest and Fees on Loans and Leases | \$ 96,974 | \$ 94,621 | \$ 90,909 | \$ 87,937 | \$ 86,532 |
| Income on Investment Securities | | | | | |
| Available-for-Sale | 11,866 | 11,987 | 11,835 | 11,084 | 10,244 |
| Held-to-Maturity | 21,782 | 20,334 | 19,918 | 19,706 | 19,213 |
| Deposits | 3 | 5 | 2 | 5 | 2 |
| Funds Sold | 717 | 1,579 | 696 | 890 | 795 |
| Other | 271 | 235 | 208 | 230 | 281 |
| Total Interest Income | 131,613 | 128,761 | 123,568 | 119,852 | 117,067 |
| Interest Expense | | | | | |
| Deposits | 6,980 | 6,663 | 4,998 | 3,691 | 3,448 |
| Securities Sold Under Agreements to Repurchase | 4,664 | 4,664 | 5,079 | 5,185 | 5,406 |
| Funds Purchased | 81 | - | 39 | 3 | 3 |
| Short-Term Borrowings | - | - | 64 | - | - |
| Other Debt | 1,118 | 1,117 | 1,109 | 1,101 | 1,117 |
| Total Interest Expense | 12,843 | 12,444 | 11,289 | 9,980 | 9,974 |
| Net Interest Income | 118,770 | 116,317 | 112,279 | 109,872 | 107,093 |
| Provision for Credit Losses | 4,250 | 4,000 | 4,250 | 4,400 | 3,250 |
| Net Interest Income After Provision for Credit Losses | 114,520 | 112,317 | 108,029 | 105,472 | 103,843 |
| Noninterest Income | | | | | |
| Trust and Asset Management | 11,105 | 11,050 | 11,796 | 11,479 | 11,232 |
| Mortgage Banking | 2,593 | 3,237 | 3,819 | 3,300 | 6,256 |
| Service Charges on Deposit Accounts | 8,053 | 8,188 | 8,009 | 8,325 | 8,537 |
| Fees, Exchange, and Other Service Charges | 13,784 | 13,764 | 13,965 | 13,332 | 13,731 |
| Investment Securities Gains (Losses), Net | (617) | (566) | (520) | 12,133 | (337) |
| Annuity and Insurance | 1,273 | 1,429 | 2,161 | 1,995 | 1,457 |
| Bank-Owned Life Insurance | 1,609 | 1,861 | 1,550 | 1,497 | 1,551 |
| Other | 4,055 | 3,447 | 4,456 | 3,855 | 4,076 |
| Total Noninterest Income | 41,855 | 42,410 | 45,236 | 55,916 | 46,503 |
| Noninterest Expense | | | | | |
| Salaries and Benefits | 52,195 | 51,626 | 50,113 | 51,602 | 50,622 |
| Net Occupancy | 8,510 | 7,727 | 8,131 | 8,168 | 7,581 |
| Net Equipment | 5,454 | 5,417 | 5,706 | 5,501 | 5,191 |
| Data Processing | 4,310 | 3,882 | 3,881 | 3,410 | 3,665 |
| Professional Fees | 3,266 | 3,044 | 2,592 | 2,779 | 2,990 |
| FDIC Insurance | 2,253 | 2,107 | 2,097 | 2,209 | 2,015 |
| Other | 16,348 | 14,795 | 15,669 | 14,899 | 17,525 |
| Total Noninterest Expense | 92,336 | 88,598 | 88,189 | 88,568 | 89,589 |
| Income Before Provision for Income Taxes | 64,039 | 66,129 | 65,076 | 72,820 | 60,757 |
| Provision for Income Taxes | 21,086 | 20,248 | 20,414 | 21,644 | 17,244 |
| Net Income | \$ 42,953 | \$ 45,881 | \$ 44,662 | \$ 51,176 | \$ 43,513 |
| Basic Earnings Per Share | | | | | |
| Basic Earnings Per Share | \$ 1.02 | \$ 1.09 | \$ 1.05 | \$ 1.21 | \$ 1.03 |
| Diluted Earnings Per Share | | | | | |
| Diluted Earnings Per Share | \$ 1.01 | \$ 1.08 | \$ 1.05 | \$ 1.20 | \$ 1.02 |
| Balance Sheet Totals | | | | | |
| Loans and Leases | \$ 9,796,947 | \$ 9,573,956 | \$ 9,387,613 | \$ 9,113,809 | \$ 8,949,785 |
| Total Assets | 17,089,052 | 17,268,302 | 16,981,292 | 16,664,215 | 16,492,367 |
| Total Deposits | 14,883,968 | 15,048,160 | 14,784,649 | 14,476,533 | 14,320,240 |
| Total Shareholders' Equity | 1,231,868 | 1,227,893 | 1,213,757 | 1,193,137 | 1,161,537 |
| Performance Ratios | | | | | |
| Return on Average Assets | 1.00 % | 1.07 % | 1.09 % | 1.26 % | 1.07 % |
| Return on Average Shareholders' Equity | 13.85 | 14.89 | 14.87 | 17.63 | 14.90 |
| Efficiency Ratio ¹ | 57.49 | 55.82 | 55.99 | 53.42 | 58.33 |
| Net Interest Margin ² | 2.98 | 2.92 | 2.92 | 2.89 | 2.83 |

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

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

Bank of Hawaii Corporation and Subsidiaries

Hawaii Economic Trends

Table 15

| (\$ in millions; jobs in thousands) | Eleven Months Ended | | Year Ended | | | |
|---|---------------------|-------|-------------------|-------|-------------------|-------|
| | November 30, 2017 | | December 31, 2016 | | December 31, 2015 | |
| Hawaii Economic Trends | | | | | | |
| State General Fund Revenues ¹ | \$ 5,929.0 | 3.8 % | \$ 6,215.4 | 3.6 % | \$ 5,998.6 | 8.4 % |
| General Excise and Use Tax Revenue ¹ | \$ 3,069.2 | 3.7 % | \$ 3,205.7 | 2.0 % | \$ 3,141.5 | 5.4 % |
| Jobs ² | 670.3 | | 671.7 | | 657.7 | |

| (spot rates) | November 30, | | December 31, | |
|---------------------------------|--------------|--|--------------|-------|
| | 2017 | | 2016 | 2015 |
| Unemployment³ | | | | |
| Statewide, seasonally adjusted | 2.0 % | | 2.9 % | 3.2 % |
| Oahu | 1.9 | | 2.4 | 2.7 |
| Island of Hawaii | 2.4 | | 3.1 | 3.7 |
| Maui | 2.1 | | 2.7 | 3.1 |
| Kauai | 2.0 | | 2.8 | 3.5 |

| (percentage change, except months of inventory) | December 31, | | | |
|--|--------------|-------|-------|---------|
| | 2017 | 2016 | 2015 | 2014 |
| Housing Trends (Single Family Oahu)⁴ | | | | |
| Median Home Price | 2.7 % | 5.0 % | 3.7 % | 3.8 % |
| Home Sales Volume (units) | 6.3 % | 6.5 % | 5.2 % | (0.8) % |
| Months of Inventory | 2.1 | 2.5 | 2.6 | 2.6 |

| (in thousands) | Monthly Visitor Arrivals, Not Seasonally Adjusted | Percentage Change from Previous Year |
|----------------------------|--|---|
| Tourism⁵ | | |
| November 30, 2017 | 748.3 | 7.3 |
| October 31, 2017 | 737.0 | 2.8 |
| September 30, 2017 | 701.8 | 5.1 |
| August 31, 2017 | 818.6 | 4.8 |
| July 31, 2017 | 891.9 | 6.8 |
| June 30, 2017 | 835.9 | 4.5 |
| May 31, 2017 | 751.2 | 4.5 |
| April 30, 2017 | 753.0 | 7.5 |
| March 31, 2017 | 802.8 | 2.1 |
| February 28, 2017 | 700.4 | 1.7 |
| January 31, 2017 | 756.3 | 4.9 |
| December 31, 2016 | 828.5 | 3.6 |
| November 30, 2016 | 697.1 | 4.7 |
| October 31, 2016 | 717.0 | 4.3 |
| September 30, 2016 | 667.6 | 3.1 |
| August 31, 2016 | 780.7 | 3.1 |
| July 31, 2016 | 835.4 | 2.1 |
| June 30, 2016 | 800.3 | 4.2 |
| May 31, 2016 | 718.9 | 1.3 |
| April 30, 2016 | 700.6 | 3.4 |
| March 31, 2016 | 786.3 | 0.8 |
| February 29, 2016 | 688.8 | 4.1 |
| January 31, 2016 | 721.0 | 6.2 |

¹ Source: Hawaii Department of Business, Economic Development & Tourism

² Source: U. S. Bureau of Labor

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

⁴ Source: Honolulu Board of REALTORS

⁵ Source: Hawaii Tourism Authority

Note: Certain prior period information has been revised.