

SUMMARY ANNUAL REPORT 2008

# SAFE FROM THE STORM

*Serving Generations of Island Families and Businesses*



## Financial Summary *(dollars in thousands, except per share amounts)*

### Bank of Hawaii Corporation and Subsidiaries

FOR THE YEAR ENDED DECEMBER 31	2008	2007
<b>Earnings Highlights and Performance Ratios</b>		
Net Income	\$ 192,213	\$ 183,703
Basic Earnings Per Share	4.03	3.75
Diluted Earnings Per Share	3.99	3.69
Dividends Declared Per Share	1.77	1.67
Net Income to Average Total Assets (ROA)	1.84%	1.75%
Net Income to Average Shareholders' Equity (ROE)	24.54%	25.15%
Net Interest Margin <sup>1</sup>	4.33%	4.08%
Efficiency Ratio <sup>2</sup>	51.23%	52.78%
Market Price Per Share of Common Stock:		
Closing	\$ 45.17	\$ 51.14
High	\$ 70.00	\$ 55.94
Low	\$ 36.32	\$ 46.05

### AS OF DECEMBER 31

<b>Statement of Condition Highlights and Performance Ratios</b>		
Loans and Leases	\$ 6,530,233	\$ 6,580,861
Total Assets	10,763,475	10,472,942
Total Deposits	8,292,098	7,942,372
Total Shareholders' Equity	790,704	750,255
Book Value Per Common Share	\$ 16.56	\$ 15.44
Allowance to Loans and Leases Outstanding	1.89%	1.38%
Full-Time Equivalent Employees	2,581	2,594
Branches and Offices	85	83

### FOR THE QUARTER ENDED DECEMBER 31

<b>Earnings Highlights and Performance Ratios</b>		
Net Income	\$ 39,307	\$ 40,860
Basic Earnings Per Share	0.83	0.84
Diluted Earnings Per Share	0.82	0.83
Net Income to Average Total Assets (ROA)	1.52%	1.55%
Net Income to Average Shareholders' Equity (ROE)	19.56%	21.51%
Net Interest Margin <sup>1</sup>	4.43%	4.12%
Efficiency Ratio <sup>2</sup>	51.58%	57.61%

<sup>1</sup> Net interest margin is defined as net interest income, on a taxable equivalent basis, as a percentage of average earning assets.

<sup>2</sup> Efficiency ratio is defined as noninterest expense divided by total revenue (net interest income and total noninterest income).

## 2008 Relative Price Performance



Cover photo by Cindy Ellen Russell: Children from Ho'omaika'i Hula Halau huddled under an umbrella at Waiahole Elementary School's 125<sup>th</sup> Anniversary Reunion. Pictured are: (front row, from left) Hi'ilani Kay; Linn Daskam; Mia Antoque; Hi'lea Kay; (back row, from left) Sadie Antoque; Nalea Kukahiko; Laynee Torres; Shayla Tolentino; and Shayla Young.

## Our Vision

Exceptional people building exceptional value for our customers, our island communities, our shareholders and each other.

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Dear Fellow Shareholders,

Bank of Hawaii earned net income of \$192.2 million in 2008, an increase from \$183.7 million of earnings for 2007. Our primary performance measures were solid; return on assets was 1.84 percent, return on equity was 24.54 percent and our operating leverage was 10 percent. On a per share basis, earnings in 2008 were \$3.99, an increase of 8 percent over 2007.

These performance measures are consistent with our objectives for 2008. Compared to other banks, the performance of Bank of Hawaii was outstanding.

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ALLAN R. LANDON  
*Chairman and Chief Executive Officer,  
Bank of Hawaii Corporation and Bank of Hawaii*

As economic events unfolded in 2008, it became clear that additional performance measures would also be important. Investors, customers and regulators began to increasingly focus on soundness, or as we refer to it, discipline. During 2008, Bank of Hawaii strengthened our measures of soundness, even as other financial institutions and business models weakened and failed.

At Bank of Hawaii we recognize that soundness comprises several measures. The primary measures of soundness include asset quality, reserve and capital levels, liquidity and confidence. In my letter to you one year ago, I indicated that asset quality would be a critical factor in shareholder value. Our strategy of avoiding high risk assets was the correct strategy. We began and ended 2008 with solid asset quality. Our investment portfolio is not tainted by toxic assets. The Hawaii economy suffered less than many other markets in 2008. But actual loan losses and the risk of future loan losses increased in 2008. Accordingly, we increased our reserve for loan losses as well as our capital levels. In the fourth quarter, Bank of Hawaii concluded that we should add to our liquidity. At the end of 2008 our liquidity levels were exceptional, while the banking industry in general was suffering illiquidity. The result of these actions contributed to the confidence of investors, customers and regulators in Bank of Hawaii.

## *Letter to shareholders*

At Bank of Hawaii, we believe that total shareholder return has a close correlation with investor confidence. Positive annual returns (price change plus dividends per share) are an indication of investor confidence. Bank of Hawaii had a negative return of 8.5 percent in 2008. We recognize this result is better than most banks and public companies, and therefore reflects a relative measure of investor confidence. We also recognize that some of the decrease in share value of our stock reflects investor concerns about the structure of the banking industry and our economy. Over the longer term, we banks must restore that confidence in our industry. Your management team must also continue to deliver superior financial performance at Bank of Hawaii. We remain committed to building value for shareholders through positive returns.

Our customers have shown their confidence in Bank of Hawaii by the amount of business they chose to do with us. Our deposit growth was strong in 2008. We did not purchase these deposits with above-market rates. Our quarterly surveys indicate that customer satisfaction levels remained high throughout 2008.

One of the most important decisions for Bank of Hawaii in 2008 was whether to participate in the U.S. Treasury's Capital Purchase Program. After receiving preliminary approval from regulatory authorities, Bank of Hawaii decided in December not to participate. We considered this matter carefully. Based on our analysis, Bank of Hawaii did not need and could not effectively use this expensive capital. Additionally, we concluded that the sale of preferred stock to the U. S. Treasury would likely dilute the interests of shareholders of Bank of Hawaii. To be effective for a strong bank like ours, the program should have allowed for draws on funding as needed, with early repayment permitted and encouraged.

At Bank of Hawaii we are focused on being the best community bank possible. This means knowing our customers and responsibly serving their needs. This means serving our community. And this means staying focused on basic strategies of knowledge-based investing and lending.

### **Status of Our 2007+ Business Plan**

Our Business Plan was adopted in late 2006, based on specific strategies developed by individual business units. Our Plan was balanced between growth and risk management, and included the flexibility to adjust, given our anticipation of a slowing economy. We did not expect an economic downturn of the magnitude that occurred in 2008. Accordingly, during 2008 we adjusted some of the strategies in our original Plan. We also benefited from some good fortune and achieved solid results. The five themes that resulted from our 2007+ Business Plan were:

- Business Growth
- Integration
- People Development
- Brand Enhancement
- Performance Discipline

### **Business Growth**

Our growth efforts focused on our existing markets. Deposit growth became a primary strategy. We introduced more attractive deposit products and emphasized the safety and convenience of Bank of Hawaii. We opened three new branches including our first international center. And we added new ATM locations through local partnerships. The result was significantly increased liquidity. Our "open architecture" investment platform was expanded, and has been well received despite the investment environment. We continued to focus on asset quality.

### **Integration**

Our strategies to operate as a community bank are evolutionary. We made progress on streamlining our operating and technology systems. By year end, we were ready to begin electronic check image clearing.

### **People Development**

Our strategies for people development included adding operational and education experience for our most talented leaders. Peter Ho became President of Bank of Hawaii, Kent Lucien became Vice Chairman and Chief Financial Officer, and Wayne Hamano became Vice Chairman and head of our Commercial Businesses. Sharon Crofts became head of Operations and, along with Derek Baughman, joined our Managing Committee.

### Brand Enhancement

Our Brand Promise – “At Bank of Hawaii we understand who you are and help you achieve what you aspire to be” – is the theme of our strategies. In response to customer concerns, we added a safety message to our advertising, incorporating recognition by *MSN Money* that named Bank of Hawaii one of the five safest banks in America.

### Performance Discipline

Our emphasis on performance produced high returns on assets and equity for 2008. As the economy slowed and industry conditions weakened, Bank of Hawaii increased liquidity, reserves and capital. Our return on equity was among the highest in the country; and *Bank Director Magazine* recently ranked Bank of Hawaii the 4<sup>th</sup> best performing bank in 2008.

### Special Recognition

During 2008 many Bank of Hawaii employees did a great job delivering results in a stressful environment. While the results are a team effort, some leaders stand out.

I want to recognize Stephanie Saito, Steve Rodgers and Ai Wah Ng for their extraordinary contributions. Stephanie provides outstanding leadership in serving our commercial clients. Ai Wah provides customer credit solutions. And Steve manages our money market mutual funds and overcame unimagined investment conditions.

### Looking Forward

I think 2009 will be a challenging year. The Hawaii economy is continuing to slow. Public policy could have a major impact, or not, depending on actions, such as Economic Stimulus plans and restructuring of the financial services industries. Hopefully, contemplated actions will stabilize the economy and begin to restore confidence. Eventually, structural weakness in the financial services industry must be addressed. Investing more government money in support of failed business models or overly complex or high-risk financial institutions is not the answer.

As a result of the uncertain conditions, Bank of Hawaii enters 2009 with caution. Until confidence in our economy and financial institutions returns, we believe that soundness will be the most important element of value. Our growth strategies will focus on deposit funding and offering sound investment products. We have funds to lend and invest. Bank of Hawaii will continue to address integration, people development and brand enhancement.

### Conclusion

Bank of Hawaii delivered another solid financial performance in 2008. Our primary performance objectives were achieved even though we adjusted our strategies to increase our soundness without outside support. We are well prepared for the eventual business cycle upswing, although this may not necessarily occur in 2009. Bank of Hawaii is safe, balanced and well prepared to meet the challenges of 2009.

Special thanks go to our employees and directors who work hard to support our bank and community. We greatly appreciate the confidence our customers and shareholders have shown in Bank of Hawaii.



ALLAN R. LANDON

*Chairman and Chief Executive Officer, Bank of Hawaii Corporation  
and Bank of Hawaii*

## Safe from the Storm *Serving Generations of Island Families and Businesses*

Service is more than something we provide at Bank of Hawaii. It's a tradition that we uphold—a foundation of trusted relationships that we share with the families and businesses we serve.

Our longstanding commitment to providing the highest level of service to our customers and a safe and secure environment for their hard-earned money has helped to make us the bank of choice for many people and companies. It also continues to earn us high marks in the industry.

### COMMITTED TO CUSTOMER SERVICE AND CONVENIENCE

Exceptional service takes many forms, including providing customers with more branches and ATMs than any other Hawaii-based financial institution—making it more convenient for them to manage their financial lives. This year, we celebrated the 50<sup>th</sup> anniversary of our Kalihi Branch, commemorating its proud tradition of service.

In 2008, banking with Bank of Hawaii in person, via ATM and over the Internet became even easier with the opening of new supermarket branches, installation of additional ATMs, and the introduction of new online banking capabilities.

#### New Supermarket Branches and International Banking Center

We opened two new supermarket branches in Hawaii in 2008: Mililani Star Market and Kaneohe Safeway. Both feature 24/7 Bank of Hawaii ATMs and evening, Saturday and Sunday hours, enabling customers to conveniently bank where they shop.

In addition, we opened our International Banking Center in Waikiki, which serves international businesses, corporate clients and private clients. We also relocated our Waikiki Branch to the ground floor of this same building, which we renamed the Bank of Hawaii Waikiki Center.

**More ATMs** We now have more than 460 convenient ATMs in Hawaii and the West Pacific—more than any other financial institution in the region—providing customers with easy access to cash and simple transactions. In 2008, we installed 29 ATMs at Jamba Juice locations on Oahu, Maui, Kauai and Hawaii Island. This represents the first time Jamba Juice has featured ATM service in its stores in the U.S. The ATMs are graphically designed to fit the Jamba Juice décor.

We also installed new ATMs in 25 Aloha Petroleum Island Mini-Mart gasoline stations on Oahu and Hawaii Island and continue to seek opportunities for additional sites.

The bank remains the exclusive ATM provider for Longs Drugs, Costco, Kmart, Star Markets, KTA Superstores on Hawaii Island, and Big Save on Kauai. We also provide ATM service for nearly all Safeway stores and McDonald's statewide.

In addition to installing ATMs in new locations, we also upgraded the ATM processing technology, further enhancing service performance.

### NEW PRODUCTS AND SERVICES

Exceptional service in 2008 also took the form of new financial products and services—everything from a mileage credit card, free checking and bonus interest rate savings account, to enhanced online and investment management services.

**New Mileage Credit Card** We teamed up once again with Hawaiian Airlines to introduce the Bank of Hawaii Hawaiian Airlines® Visa® Credit Card, which earns customers one HawaiianMile for every dollar in purchases. It offers customers who like to travel a second way to earn miles, in addition to our Bankoh Hawaiian Airlines® Visa® Check Card.

**Free Checking Account** We provided enhanced value to our personal checking account customers by introducing the Free Checking Account, which has no monthly service fees and no minimum balance requirements. It includes a free check card, free access to e-Bankoh online banking and Bankoh by Phone, and free Check SafeKeeping.

**Bankohana Bonus Rate Savings Plus** For our Bankohana customers interested in growing their savings at a faster rate, we introduced Bankohana Bonus Rate Savings Plus, which provides a higher bonus interest rate with a minimum monthly deposit and no withdrawals.

**Linked Personal Accounts for Overdraft Protection** As part of our commitment to service and convenience, we recently enabled personal account customers to link their Bank of Hawaii savings account to their Bank of Hawaii checking account and automatically transfer funds between accounts to cover overdrafts.

**Enhanced Online Capabilities** Banking over the Internet provides the ultimate in convenience. In 2008, we took Internet banking to a new level: We enabled customers to open Bank of Hawaii personal checking and savings accounts online at boh.com, from the comfort of their home or office.

In addition, we launched the e-bills service for our Internet banking customers, giving them the ability to receive bills in their e-Bankoh inbox and pay them online. e-Bankoh Bill Pay enables them to pay bills anytime, anywhere, automatically, without having to physically gather their bills and log onto multiple online accounts.

The bank also now offers customers secure, online access to information on their first mortgages with our new Mortgage Account Management Center. We are the first bank in the state to offer this type of in-depth service, which is free for all of our residential loan customers. Designed to be as easy to use as online banking, customers can view their loan summaries, posted transactions, mortgage statements, amortization schedules based on their original loan balance, and make payments online directly from their checking or savings accounts.

### **Comprehensive Wealth Management Solutions**

To provide greater value to our high net worth clients, we introduced a new investment platform, which provides comprehensive, world-class wealth management solutions to meet their complex financial goals. This new investment process enables the bank to draw on the expertise of experienced global investment managers and leading-edge technology, which provides greater value, customization and range of offerings, while still offering the benefits of local service.

### **ENHANCED SYSTEMS AND PROCESSES**

In addition to introducing new products and services to provide superior value and convenience for our customers, we enhanced our systems and processes to improve service and efficiency.

### **Remote Deposit Capture for Businesses**

We introduced iCapture, a service that allows business customers to deposit checks without having to take them to the bank. The companies use a special scanner to scan the checks and electronically transmit the secure images over the Internet for deposit. The service saves business customers time and money. Additionally, faster check clearing and accessibility to deposits enable them to enhance their cash flow.

**VoIP Conversion** To enhance customer accessibility as well as improve service and efficiency across the bank, we are converting our entire telephone system, including our call centers and customer service areas, to state-of-the-art VoIP (Voice over Internet Protocol) technology. The conversion is scheduled to be completed in 2009.

**Electronic Check Image Exchange** Bank of Hawaii, like all Hawaii banks, implemented electronic check image exchange at the beginning of 2009. This streamlining of check processing is the result of industry changes from the Check Clearing for the 21<sup>st</sup> Century Act. It will allow for more efficient check processing, and customers will have added security from identity theft. In addition, faster check clearing means customers will know sooner if they have received a “bad” check.

### **MEETING THE NEEDS OF BUSINESSES**

Our tradition of customer service extends to businesses of all sizes. We understand the unique needs of small, family-owned companies, sole proprietors, mid-sized enterprises and large corporations, and we’re committed to providing solutions to help them continue to grow and succeed.

**SBA Lender Award for Sixth Consecutive Year** The diligent efforts of our Business Banking Group earned us top recognition by the U.S. Small Business Administration as SBA Lender of the Year for an unprecedented sixth year in a row for the Hawaii market. The honor recognizes leadership in providing financing to promising small companies in Hawaii, Guam and American Samoa. In 2008, Bank of Hawaii generated a total of 87 SBA loans.

For mid-sized companies and large corporations, our experienced team of commercial and corporate bankers provides sophisticated funding solutions and advice for a broad range of needs—from commercial real estate and construction loans to equipment financing. The team works closely with other business units across the bank, including Private Client Services, to meet and exceed clients’ expectations.

### **INCREASED CUSTOMER SATISFACTION**

Our commitment to providing the highest level of customer service was reflected in our quarterly client surveys in 2008, which showed record levels of client satisfaction. More than nine out of 10 customers were satisfied with their overall experience with Bank of Hawaii. New products and services and our ability to provide superior value and convenience to customers contributed to the stellar results.

**At Bank of Hawaii, customer service means taking the time to listen to customers to understand and anticipate their financial needs. We help our clients achieve what they aspire to be—providing the right products, services, solutions and convenience to meet their needs.**

**We appreciate our customers and thank them for their continued trust in us. We invite you to read on about a few of our satisfied customers and the latest ways we are continuing our tradition of service.**

## Mel and Lynn Tanioka

Mililani / Wahiawa Branch Clients

“It’s that cordial, nice, and warm service that goes beyond being helpful. They treat you as if you’re the only important client there.” - Mel Tanioka

“With Bank of Hawaii as a financial partner, I know our family and business are in safe, reliable hands.” - Lynn Tanioka

**MEL:** You could call us a multi-generational customer. I’ve been personally banking with Bank of Hawaii for about 50 years now, after opening up a Junior Savings Account at the Wahiawa Branch when I was in the second grade. My whole family does our personal and business banking with Bank of Hawaii. We’ve been a business customer of Bank of Hawaii since we began our business, Tanioka’s Seafood & Catering, 30 years ago. And we’ve just opened an account for my new grandson! We also just signed up for the bank’s Hawaiian Airlines Visa card, which is great for mileage and first-class upgrades, especially for our Vegas trips!

We’ve always received personal, professional service from Bank of Hawaii. It’s that cordial, nice, and warm service that goes beyond being helpful. They treat you as if you’re the only important client there. We’ve worked with many wonderful people such as Alton Kuioka, Tom Koide, Harvey Chang, Ruby Otake, Karen Shibuya, Anita and Gordon Nihei and many others, too numerous to mention. We truly appreciate all of their efforts through the years.

**LYNN:** Through the years, our family has become friends with our personal banker **Wayne Takahashi** – on both business and personal levels. Wayne serves as a member on our Tanioka’s Charity Foundation and supports our efforts in raising funds for the community and many charity organizations. That’s how close you become. We also have other retired bank employees/friends such as Elma Ebisuya, Ruby Otake and Karen Shibuya volunteering their time to help our charity foundation.

Our daughter Jasmine and son Justin have now taken over most of the business responsibilities, and we must admit, they are doing an excellent job. Jasmine oversees human resources, banking, insurance, retirement funds and most of the financial duties. Justin handles the daily operational duties, while overseeing our 100 employees. With Bank of Hawaii as a financial partner, I know our family and business are in safe, reliable hands. And it’s a very secure feeling to know that as our business expands, we can always rely on the support of Bank of Hawaii.

*From left: Jasmine Tanioka-Lum and Justin Tanioka are pictured with Mel and Lynn and grandchild Ethan (Jasmine’s son) at the Hawaii Okinawa Center’s garden.*







## Screens and Things, Inc.

*Michael Lum, Co-owner / President*

*Anne-Marie Lum, Co-owner / Secretary and Treasurer*

*Business Banking Client*

“We sleep very peacefully at night knowing that our business is in good banking hands...I give Bank of Hawaii my full endorsement to people that I talk to because I know they are a very solid, stable bank.” - *Michael Lum*

**MICHAEL:** Anne’s brother, Ronald Mendes, started Screens and Things back in 1976 and I joined him in 1988, and then I eventually bought the company in 1996. Ron started by making window screens and sliding screen doors individually for each customer. While screens are still a vital part of our product line, Bank of Hawaii has helped us branch out to become a full-service glazing company that sells and installs windows, doors and custom shower enclosures to residential, commercial and governmental customers throughout Hawaii. We’ve also just opened a new store called The Window & Door Store in Moiliili that features these products for homeowners and contractors.

Bank of Hawaii has been our bank for 32 years, and our banking officer is **Darin Shigeta**. Darin and his predecessors have all been very good and very caring. Every business banking officer we’ve worked with has been very friendly, responsive and easy to work with. We are very happy with the service.

We’ve looked at other banks in the past and have been approached by others; but we stayed with Bank of Hawaii because we are very comfortable with them and the people we deal with. We sleep very peacefully at night knowing that our business is in good banking hands.

**ANNE-MARIE:** I agree. We normally bank with the Mapunapuna Branch – it’s just one block away from us and much more efficient to send our accounting staff there for banking. Everyone we work with, we know on a first-name basis. It’s a very comfortable and trustworthy relationship. On two occasions, Lori Honda insisted on coming out from the Waiakamilo Branch to personally provide notary services when we needed it. We had asked for a referral from the Mapunapuna Branch, but she came over personally and took care of us. Now that was way beyond the call of duty!

Besides the people, Bank of Hawaii’s technology also makes it a pleasant experience. We use Internet banking and the account analysis feature. It’s been very convenient, not having to worry about the balances in our accounts on a day-to-day basis and knowing that any extra funds that we do have are being transferred into an interest-bearing account for us.

**MICHAEL:** I sit on a number of boards, and I have recommended Bank of Hawaii to these boards because recent reports have shown that Bank of Hawaii is one of the top banks in the country in terms of stability and management. I give Bank of Hawaii my full endorsement to people that I talk to because I know they are a very solid, stable bank.

*Michael and Anne-Marie are pictured at The Window & Door Store, a new division of Screens and Things, located on Beretania Street.*



## Jonathan McManus and Malia Mattoch-McManus

*Private Client Services Clients*



“With our long-standing relationship with Bank of Hawaii’s Private Client Services, they can anticipate our needs. They’re always looking out for our best interests...” – *Jon McManus*

**JON:** Malia and I were both born in Hawaii, so we’ve known about Bank of Hawaii since we were young. Bank of Hawaii has always been a part of my family. When I was a child, I remember going with my parents to the Kahala Branch when they cashed checks. Afterwards, we’d go to Farrell’s for a jaw breaker or a large sundae. My parents later opened a savings account for me, and I’ve been a Bank of Hawaii customer since then.

**MALIA:** As with many other customers, we started off as checking and savings account customers, but now our relationship with Bank of Hawaii has grown to be much more. When we returned to Hawaii after college and from working in different cities on the Mainland, we had Pom Luxton at Bank of Hawaii work out our mortgage on our first house.

**JON:** From residential mortgages, our relationship with the bank expanded to commercial real estate loans because of my real estate business. We have worked with the Commercial Real Estate Group for more than 10 years now with Tony Mizuno and Ralph Mesick. They’ve been able to handle the many complex issues in our redevelopment projects, and we are pleased with their professionalism and their ability to work through the issues.

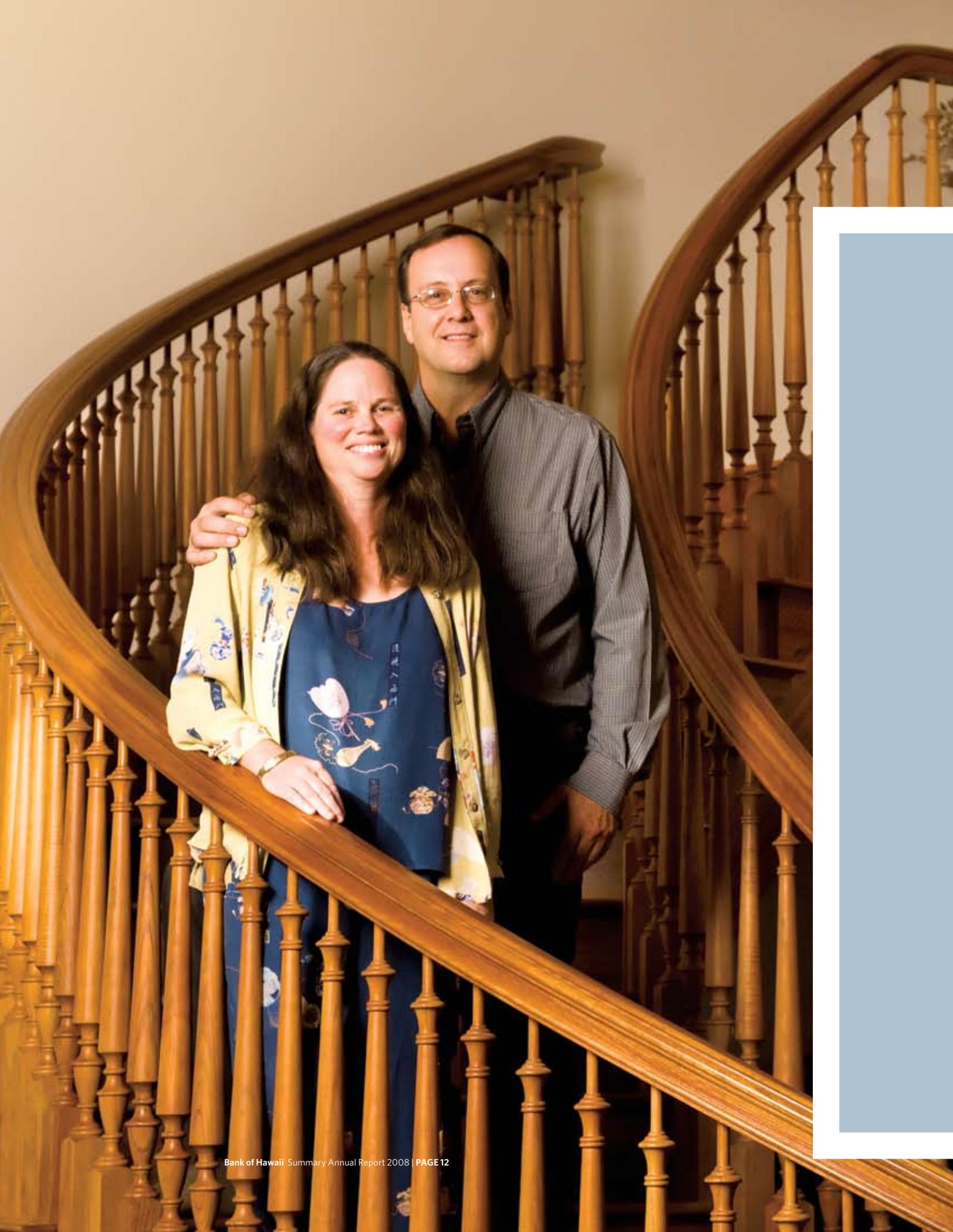
As a result of my business, we were introduced to Private Client Services. It’s terrific because we can go right to our private banker **Gary Thompson** for all our needs. I was 39 at the time and I hadn’t given too much thought to the topic of trusts and estates, so it was all new to me. I didn’t realize the depth that the bank had in managing trusts and estates and how long the bank had been in that area of business. He introduced us to what is available under the Bank of Hawaii umbrella and guided us through everything from mortgage to life insurance, to investment products, to wills and trusts. This is what Malia and I had been looking for on a personal level. With our long-standing relationship with the bank’s Private Client Services, they can anticipate our needs. They’re always looking out for our best interests versus trying to sell you something.

**MALIA:** Whenever I go into the Kahala Branch, the different tellers will wave over the counter and talk to our son Jack. I think that’s great. It’s a community bank that really knows their customers. We look forward to a 50-plus-year relationship with Bank of Hawaii, and hope this extends to our children – the next generation of Bank of Hawaii customers.

*Jon and Malia are pictured with their sons Dylan (left) and Jack (right).*









## Bello's Millwork, Inc.

*Eric and Mary Bello  
Commercial Client*

“We know Bank of Hawaii is safe and sound and is going to be here in the long run, and that kind of stability is important to us because we’re also looking at our business for the long term.” – *Eric Bello*

**ERIC:** When our business was just getting started in 1986, we needed a loan for a small woodworking machine called a jointer. It was valued at around \$600. So I went to Bank of Hawaii and spoke with a loan officer – someone our family knew. It was a very, very modest loan, but it meant a lot to us and it’s something we’ll never forget. That’s how it all started. We’ve had a business relationship with Bank of Hawaii ever since.

**MARY:** We’ve come a long way since then. In our business of manufacturing custom staircases, wood doors, and specialty millwork to meet the requirements of Hawaii’s residential and commercial builders, we’ve had to make a number of significant acquisitions of capital equipment or property, and Bank of Hawaii has always been there as part of our team. We’ve been able to keep pace with new technology. When we wanted to go high-tech with some of our equipment that required significant investments, Bank of Hawaii believed in us. We appreciated the trust that the bank showed in us and our ability to manage those types of decisions.

Sound design, skilled craftsmanship and superb customer service are essential to our business. In a banking relationship, we look for those who are also committed to high standards. Today, we work with **Kelton Kato**. It’s quite a personal relationship. We feel we can trust Kelton. We respect his opinions about potential machinery acquisitions and his reports on the status of the economy. He’s very upfront and straightforward when he answers our questions. It’s a very strong relationship.

**ERIC:** Bank of Hawaii’s expertise goes beyond financing. In addition to helping with acquisitions, Bank of Hawaii made us aware of the value of operating in an Enterprise Zone, which is a state and county partnership that offers tax incentives for businesses.

The Bank of Hawaii team helped us apply for the Enterprise Zone, and this has resulted in significant savings for us and has provided a solid structure for growth. It was a very positive experience, and we have to give credit to Bank of Hawaii for bringing this to our door.

We also worked closely with Bank of Hawaii to purchase the industrial park where our business is currently located. It has been an extraordinary, smart move for us. As other businesses experience skyrocketing lease rents, we have enjoyed stability and can focus on our business. It’s also been a very good investment because of the increasing land values.

We know Bank of Hawaii is safe and sound and is going to be here in the long run, and that kind of stability is important to us because we’re also looking at our business for the long term. We don’t want to be here for only a few years and then be gone, and we want a bank that has the same values. We want to continue to build this business, and we know Bank of Hawaii will be a stable institution to support us.

*Mary and Eric are pictured on a Bello's Millwork custom staircase made from the locally-produced lemon gum wood.*



**STRENGTHENING OUR COMMUNITIES** Through good economic times and challenging ones, Bank of Hawaii and the Bank of Hawaii Charitable Foundation are committed to supporting organizations doing charitable work in the communities we serve. In 2008, we provided more than \$2 million to a broad range of non-profit organizations focused on education, community development, human services, and culture and the arts. Together with our employees, Bank of Hawaii was the largest corporate donor to Aloha United Way.



*Community Build Day: Bank of Hawaii Chairman and CEO Al Landon (center) and President Peter Ho (second from right) welcomed (on left) U.S. Senator Daniel Inouye, Congresswoman Mazie Hirono, U.S. Senator Daniel Akaka, State Senator Suzanne Chun Oakland, and Executive Director of HPHA Chad Taniguchi, (far right).*

**Access to Housing** As housing continues to be an essential component in providing people with needed stability, we continue our special focus on housing. Bank of Hawaii supports programs that provide housing for low- and moderate-income families and the elderly, transitional housing and domestic shelters. We also continue to support the education and empowerment of low- and moderate-income families through financial education, credit counseling and homebuyer education.

Our second annual **Bank of Hawaii Charity Walk** benefited five organizations dedicated to addressing housing needs. Once again, our employees determined the beneficiaries. We raised \$115,000 to support Catholic Charities and Foster Family Programs on Oahu, Hale Mahaolu Meal Delivery Program on Maui, Hawaii Island Community Development Corporation and Kauai Habitat for Humanity.

Bank of Hawaii also sponsored its third annual **Community Build Day**, partnering with Hawaii Public Housing Authority and YouthBuild

Honolulu to renovate Kamalu Ho'olulu, a state-developed residence for low-income elderly in Waipahu. Bank of Hawaii and YouthBuild volunteers painted and cleaned apartment units and common areas. At the end of the day, eight units were ready for occupancy!

**Monty Richards Hawaii Island Community Award**

We presented the North Kohala Community Resource Center and Ka'u Hospital Foundation with the inaugural Monty Richards Hawaii Island Community Award. The \$10,000 award honored Herbert "Monty" Richards, Jr., community leader and former member of the bank's Board of Directors. It recognizes outstanding leadership in improving the quality of life for Hawaii Island residents.



*The award ceremony is held in September in honor of Monty's birth date.*



## A FEW WORDS FROM OUR NON-PROFIT PARTNERS

*Because of Bank of Hawaii's commitment, we are able to fulfill our mission of strengthening families and fostering the healthy development of children. Their donation supports the building of a new domestic abuse shelter and transitional housing program. These initiatives will support families in crisis and offer women and children a hope for a life without violence."* – **Howard Garval, President and CEO, Child & Family Service**



*"We are seeing a tremendous increase in demand for essential services. Bank of Hawaii's donation will make a great impact on the families and individuals we serve on Oahu by meeting their basic needs such as food, clothing and shelter."* – **Major Edward Hill, Divisional Commander, The Salvation Army**



*"Funding from Bank of Hawaii supported HCA's pre-purchase homebuyer education and individualized counseling services to 1,128 families statewide (64% of which were low- and moderate-income families). Moving forward, we will continue to support the education and empowerment of low- and moderate-income communities to increase economic self-sufficiency through homeownership."* – **Michelle Kauhane, Executive Director, Hawaiian Community Assets**

*"Bank of Hawaii's support has helped to ensure that the Hale Mahaolu Ehiku senior housing development is completed as originally conceived, as an affordable aging-in-place continuum. Some "basic" supportive services will allow many of the frail seniors the opportunity to achieve an independent living status."* – **Roy Katsuda, Executive Director, Hale Mahaolu**



Bank employee volunteers help spruce up community housing.

# Consolidated Statements of Income

Bank of Hawaii Corporation and Subsidiaries | (dollars in thousands, except per share amounts)

For the Year Ended December 31	2008	2007
<b>Interest Income</b>		
Interest and Fees on Loans and Leases	\$ 390,714	\$ 446,381
Income on Investment Securities		
Trading	4,695	4,903
Available-for-Sale	139,076	129,601
Held-to-Maturity	11,877	14,935
Deposits	457	1,549
Funds Sold	1,601	3,050
Other	1,681	1,456
Total Interest Income	550,101	601,875
<b>Interest Expense</b>		
Deposits	82,399	137,847
Securities Sold Under Agreements to Repurchase	33,764	47,031
Funds Purchased	1,585	5,965
Short-Term Borrowings	162	356
Long-Term Debt	13,414	15,658
Total Interest Expense	131,324	206,857
Net Interest Income	418,777	395,018
Provision for Credit Losses	60,515	15,507
Net Interest Income After Provision for Credit Losses	358,262	379,511
<b>Noninterest Income</b>		
Trust and Asset Management	57,014	62,926
Mortgage Banking	8,164	11,725
Service Charges on Deposit Accounts	50,845	46,260
Fees, Exchange, and Other Service Charges	66,524	65,825
Investment Securities Gains, Net	532	1,485
Insurance	24,575	23,177
Other	50,459	29,089
Total Noninterest Income	258,113	240,487
<b>Noninterest Expense</b>		
Salaries and Benefits	191,958	180,865
Net Occupancy	45,129	40,073
Net Equipment	18,143	19,274
Professional Fees	11,511	11,206
Other	80,033	83,989
Total Noninterest Expense	346,774	335,407
Income Before Provision for Income Taxes	269,601	284,591
Provision for Income Taxes	77,388	100,888
<b>Net Income</b>		
	\$ 192,213	\$ 183,703
Basic Earnings Per Share	\$ 4.03	\$ 3.75
Diluted Earnings Per Share	\$ 3.99	\$ 3.69
Dividends Declared Per Share	\$ 1.77	\$ 1.67
Basic Weighted Average Shares	47,674,000	49,033,208
Diluted Weighted Average Shares	48,200,650	49,833,546

Refer to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008 for the Consolidated Financial Statements, including Report of Independent Registered Public Accounting Firm, thereon.

# Consolidated Statements of Condition

Bank of Hawaii Corporation and Subsidiaries | (dollars in thousands)

As of December 31	2008	2007 <sup>1</sup>
<b>Assets</b>		
Interest-Bearing Deposits	\$ 5,094	\$ 4,870
Funds Sold	405,789	15,000
Investment Securities		
Trading	91,500	67,286
Available-for-Sale	2,519,239	2,563,190
Held-to-Maturity (Fair value of \$242,175 and \$287,644)	239,635	292,577
Loans Held for Sale	21,540	12,341
Loans and Leases	6,530,233	6,580,861
Allowance for Loan and Lease Losses	<u>(123,498)</u>	<u>(90,998)</u>
Net Loans and Leases	<u>6,406,735</u>	<u>6,489,863</u>
Total Earning Assets	9,689,532	9,445,127
Cash and Noninterest-Bearing Deposits	385,599	368,402
Premises and Equipment	116,120	117,177
Customers' Acceptances	1,308	1,112
Accrued Interest Receivable	39,905	45,261
Foreclosed Real Estate	428	184
Mortgage Servicing Rights	21,057	27,588
Goodwill	34,959	34,959
Other Assets	<u>474,567</u>	<u>433,132</u>
Total Assets	<u>\$ 10,763,475</u>	<u>\$ 10,472,942</u>
<b>Liabilities</b>		
Deposits		
Noninterest-Bearing Demand	\$ 1,754,724	\$ 1,935,639
Interest-Bearing Demand	1,854,611	1,576,443
Savings	3,104,863	2,688,703
Time	<u>1,577,900</u>	<u>1,741,587</u>
Total Deposits	<u>8,292,098</u>	<u>7,942,372</u>
Funds Purchased	15,734	75,400
Short-Term Borrowings	4,900	10,427
Securities Sold Under Agreements to Repurchase	1,028,835	1,029,340
Long-Term Debt (includes \$119,275 carried at fair value as of December 31, 2008)	203,285	235,371
Banker's Acceptances	1,308	1,112
Retirement Benefits Payable	54,776	29,984
Accrued Interest Payable	13,837	20,476
Taxes Payable and Deferred Taxes	229,699	278,218
Other Liabilities	<u>128,299</u>	<u>99,987</u>
Total Liabilities	9,972,771	9,722,687
<b>Shareholders' Equity</b>		
Common Stock (\$.01 par value; authorized 500,000,000 shares; issued / outstanding: December 2008 - 57,019,887 / 47,753,371; and December 2007 - 56,995,447 / 48,589,645)	568	567
Capital Surplus	492,515	484,790
Accumulated Other Comprehensive Loss	(28,888)	(5,091)
Retained Earnings	787,924	688,638
Treasury Stock, at Cost (Shares: December 2008 - 9,266,516; and December 2007 - 8,405,802)	<u>(461,415)</u>	<u>(418,649)</u>
Total Shareholders' Equity	<u>790,704</u>	<u>750,255</u>
Total Liabilities and Shareholders' Equity	<u>\$ 10,763,475</u>	<u>\$ 10,472,942</u>

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

Refer to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008 for the Consolidated Financial Statements, including Report of Independent Registered Public Accounting Firm, thereon.

# Managing Committee

Bank of Hawaii Corporation / Bank of Hawaii (As of December 31, 2008)



Managing Committee (left to right, seated): Donna A. Tanoue, Shelley B. Thompson, Peter S. Ho, Allan R. Landon, Mary E. Sellers, Mark A. Rossi (left to right, standing): Lee Y. Moriwaki, Thomas J. Koide, Derek A. Baughman, Dean Y. Shigemura, Sharon M. Crofts, Kent T. Lucien, Peter M. Biggs, Kathleen J. Fujihara-Chong, Wayne Y. Hamano, Tobias M. Martyn

**Allan R. Landon**  
Chairman and  
Chief Executive Officer

**Peter S. Ho**  
President and  
Chief Banking Officer

**Wayne Y. Hamano**  
Vice Chairman and  
Chief Commercial Officer

**Kent T. Lucien**  
Vice Chairman and  
Chief Financial Officer

**Mark A. Rossi**  
Vice Chairman, Chief  
Administrative Officer,  
General Counsel and  
Corporate Secretary

**Mary E. Sellers**  
Vice Chairman and  
Chief Risk Officer

**Donna A. Tanoue**  
Vice Chairman, Client  
and Community Relations

**Shelley B. Thompson**  
Vice Chairman and  
Chief Fiduciary Officer

**Derek A. Baughman**  
Senior Executive Vice President  
and Chief Information Officer

**Peter M. Biggs**  
Senior Executive Vice President  
Consumer Deposits

**Sharon M. Crofts**  
Senior Executive Vice President  
and Manager  
Operations Group  
Administration

**Kathleen J. Fujihara-Chong**  
Senior Executive Vice President  
Business Banking Division

**Thomas J. Koide**  
Senior Executive Vice President  
Retail Delivery Channels

**Tobias M. Martyn**  
Senior Executive Vice President  
and Chief Investment Officer  
Asset Management Operations

**Lee Y. Moriwaki**  
Senior Executive Vice President  
Consumer Lending and  
Mortgage Banking

**Dean Y. Shigemura**  
Senior Executive Vice President  
and Treasurer

# Board of Directors

Bank of Hawaii Corporation / Bank of Hawaii (As of December 31, 2008)



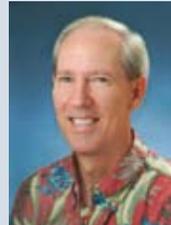
**S. Haunani Apoliona\***  
Chairman and Trustee  
Office of Hawaiian Affairs



**Clinton R. Churchill\***  
Trustee  
The Estate of  
James Campbell



**Robert Huret\***  
Managing Member  
Financial Technology  
Management



**Kent T. Lucien\***  
Vice Chairman and  
Chief Financial Officer  
Bank of Hawaii  
Corporation and  
Bank of Hawaii



**Barbara J. Tanabe\***  
Principal  
Ho'akea  
Communications LLC



**Mary G. F. Bitterman\***  
President and Trustee  
The Bernard Osher  
Foundation



**David A. Heenan\***  
Trustee  
The Estate of James  
Campbell



**Alton T. Kuioka**  
Vice Chairman  
Client Relations  
Bank of Hawaii



**Martin A. Stein\***  
Partner  
RSA Ventures



**Donna A. Tanoue**  
Vice Chairman  
Client and  
Community Relations  
Bank of Hawaii



**Michael J. Chun\***  
President and  
Headmaster  
Kamehameha Schools



**Peter S. Ho**  
President and Chief  
Banking Officer  
Bank of Hawaii



**Allan R. Landon\***  
Chairman and  
Chief Executive Officer  
Bank of Hawaii Corporation  
and Bank of Hawaii



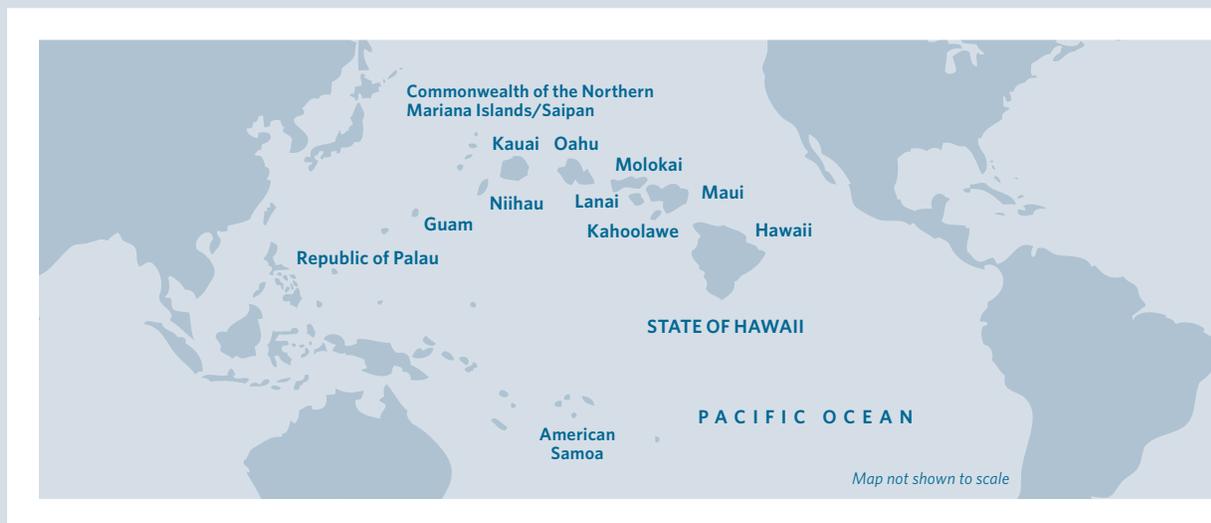
**Donald M. Takaki\***  
Chairman and CEO  
HawkTree  
International, Inc.



**Robert W. Wo Jr.\***  
President and Director  
C.S. Wo & Sons, Ltd.

\*Bank of Hawaii Corporation Board of Directors

## Bank of Hawaii Locations



### Facts About Hawaii, Guam and American Samoa

#### Hawaii

Hawaii business establishments: 98 percent have fewer than 100 employees, 95 percent have fewer than 50, and 53 percent have fewer than five.<sup>1</sup>

Hawaii gross domestic product by state (GSP) in 2007: \$61.5 billion.<sup>2</sup>

Largest shares of Hawaii gross product: real estate (primarily fixed capital's value-added), 17.7 percent; non-financial professional, technical, administrative, management and information services, 11.5 percent; state and local government, 8.9 percent; accommodation and food services, 8.6 percent; federal military, 8.5 percent; retail trade, 7.2 percent; health care and social assistance, 6.6 percent. Tourism's share of gross product (includes portions of the above): approximately 16 percent.<sup>3</sup>

State of Hawaii resident population as of July 1, 2008: 1,288,198.<sup>4</sup>

#### Guam

- U.S. Territory
- Capital: Hagåtña (Agana)
- Resident population: July 2008 estimate 175,877<sup>5</sup>
- Main industries: government, including defense; tourism, construction.

#### American Samoa

- U.S. Territory
- Capital: Pago Pago
- Resident population: July 2008 estimate 64,827<sup>5</sup>
- Main industries: tuna fishing and processing, and government services.

### Bank of Hawaii Branches & ATMs

(As of December 31, 2008)

	Branches & In-Store Branches	ATMs
<b>State of Hawaii</b>	<b>73</b>	<b>413</b>
Island of Oahu	42	293
Island of Hawaii	11	45
Island of Maui	12	41
Island of Kauai	6	32
Island of Lanai	1	1
Island of Molokai	1	1
<b>American Samoa</b>	<b>3</b>	<b>8</b>
<b>West Pacific</b>	<b>9</b>	<b>41</b>
CNMI/Saipan	2	6
Guam	6	33
Palau	1	2
<b>Grand Total</b>	<b>85</b>	<b>462</b>

<sup>1</sup> Table 15.20 Hawaii DBEDT *State of Hawaii Data Book* (2005) from the US Census Bureau *County Business patterns* (various)

<sup>2</sup> Bank of Hawaii calculation based on Gross Domestic Product by State estimate <http://www.bea.gov/bea/regional/gsp>

<sup>3</sup> Bank of Hawaii calculation based on Table 7.31 Hawaii DBEDT *State of Hawaii Data Book* (2007) from Hawaii DBEDT *The Economic Contribution of Waikiki*.

<sup>4</sup> [http://hawaii.gov/dbedt/info/census/popestimate/08state\\_pop\\_hawaii/Population\\_state\\_08\\_fact-12-22-08.pdf](http://hawaii.gov/dbedt/info/census/popestimate/08state_pop_hawaii/Population_state_08_fact-12-22-08.pdf)

<sup>5</sup> CIA - The World Factbook-2008

## Shareholder Information

### Corporate Headquarters

Bank of Hawaii Corporation  
130 Merchant Street, Honolulu, Hawaii 96813

### Annual Meeting

The annual meeting of shareholders will be held on Friday, April 24, 2009 at 8:30 a.m. at the Bank of Hawaii Main Office, 6th Floor, 111 South King Street, Honolulu, Hawaii.

### Transfer Agent and Registrar

Computershare Investor Services, LLC  
250 Royall Street, Canton, MA 02021

### Common Stock Listing

NYSE: BOH

The common stock of Bank of Hawaii Corporation is traded on the New York Stock Exchange under the ticker symbol BOH and is quoted daily in leading financial publications as "Bank of Hawaii."

### Dividend Reinvestment and Stock Purchase Plan (DRP)

Bank of Hawaii Corporation's Dividend Reinvestment and Stock Purchase Plan (DRP) allows existing shareholders to purchase common shares of the company's stock by either reinvesting their stock dividends or by optional cash payments.

- Individuals must possess at least one share of the company's stock to participate in the DRP.
- Shares are purchased on the 10th business day of each month based on the average of five trading days ending on the day of purchase.
- Minimum payment for purchase of shares is \$25 and the maximum is \$5,000 per calendar quarter.
- There are no fees for purchasing shares or for the safekeeping of stock certificates. Fees are assessed on the sale of shares in the DRP.

Detailed information about Bank of Hawaii Corporation's DRP can be found online at [www.boh.com](http://www.boh.com) or by calling Computershare Investor Services, LLC at 1-888-660-5443.

### Inquiries

Shareholders with questions about stock transfer services, share holdings or dividend reinvestment may contact Computershare Investor Services, LLC at 1-888-660-5443 between 7:00 a.m. and 5:00 p.m. Central Standard Time.

### Investors and Analysts Seeking Financial Information

#### Contact:

Cindy Wyrick  
Executive Vice President, Investor Relations  
Phone: 1-808-694-8430

#### For General Inquiries:

Phone: 1-888-643-3888  
[www.boh.com](http://www.boh.com)

Information about Bank of Hawaii Corporation and Bank of Hawaii, as well as economic information on the markets we serve, can be found online at [www.boh.com](http://www.boh.com).

At the Company's Investor Relations site, investors can access Bank of Hawaii Corporation's stock quotes, historical stock charts, financial media releases, SEC filings, corporate governance information and more. The e-mail alert listing enables those interested to be notified when announcements about Bank of Hawaii Corporation are released.

## Forward Looking Statements

This report contains forward-looking statements concerning, among other things, the economic and business environment in our service area and elsewhere, credit quality, and other financial and business matters in future periods. Our forward-looking statements are based on numerous assumptions, any of which could prove to be inaccurate and actual results may differ materially from those projected because of a variety of risks and uncertainties, including, but not limited to: 1) general economic conditions either nationally, internationally or locally may be less favorable than expected; 2) changes in the securities markets, public debt markets and other capital markets in the US and globally; 3) the increase in government intervention in the U.S. financial system; 4) competitive pressure among financial services and products; 5) the impact of legislation and the regulatory environment; 6) fiscal and monetary policies of the markets in which we operate; 7) actual or alleged conduct which could harm our reputation; 8) changes in accounting standards; 9) changes in tax laws or regulations or the interpretation of such laws and regulations; 10) changes in our credit quality or risk profile that may increase or decrease the required level of our reserve for credit losses; 11) changes in market interest rates that may affect our credit markets and ability to maintain our net interest margin; 12) unpredicted costs and other consequences of legal or regulatory matters involving the Parent; 13) changes to the amount and timing of proposed common stock repurchases; and 14) geopolitical risk, military or terrorist activity, natural disaster, adverse weather, public health, and other conditions impacting us and our customers' operations. For a detailed discussion of these and other risks and uncertainties that could cause actual results and events to differ materially from such forward-looking statements, please refer to the risk factors discussed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2008, and any subsequently filed reports with the U.S. Securities and Exchange Commission. Words such as "believes," "anticipates," "expects," "intends," "targeted," and similar expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying such statements. We do not undertake an obligation to update forward-looking statements to reflect later events or circumstances.



**Bank of Hawaii**  
*Corporation*

**BANK OF HAWAII CORPORATION**  
P.O. BOX 2900, HONOLULU, HI 96846  
Bank of Hawaii Corporation is a regional financial services company serving businesses, consumers and governments in Hawaii, American Samoa and the West Pacific. Our subsidiary, Bank of Hawaii, was founded in 1897 and is the leading independent financial institution in Hawaii. For more information about Bank of Hawaii Corporation, visit our website, [www.boh.com](http://www.boh.com).

