



Dear Fellow Shareholders,

In December 2022, Bank of Hawai'i reached a major milestone—our 125th anniversary. Our company was founded in 1897 in the newly formed Republic of Hawai'i by three businessmen and friends who could have never foreseen the tremendous changes on the horizon for Hawai'i and for the bank.

As I look back at the bank's growth since its founding and an incredible year of celebration, I also contemplate the ongoing adaptation to the once-in-a-century challenges of the COVID-19 pandemic, and the support we delivered that made an important difference.

Our conservative financial approach and prudent risk management combined with our investment in people and digital options provided us the resilience needed to meet challenges and create opportunities. It positioned us well to make swift changes and serve our customers in new ways while also maintaining specialized services in person. We have built a supportive foundation over 125 years that focuses on solid relationships with employees, customers and the community; environmental sustainability; and innovation.

Our 125th anniversary is also reflective of our strong brand and the values we embody—excellence, integrity, respect, innovation, commitment and teamwork. We have an abiding appreciation for all our stakeholders who have supported us over the last 125 years.

I'm honored to be part of the leadership of this special company whose history is also part of Hawai'i's history. You may read more about Bank of Hawai'i's 125-year story in a special section of this annual report.

Continuing Financial Strength

We made significant progress on our strategic initiatives in 2022, which positions us well for continued long-term growth. Bank of Hawai'i finished 2022 with a solid financial performance. We experienced quality core market loan growth in 2022, and continued net interest income and margin expansion. Asset quality, capital and liquidity remained strong at year end.

Diluted earnings per common share were \$5.48 for the full year of 2022, compared with \$6.25 for the full year of 2021. Net income for the year was \$225.8 million, down 10.9% from the previous year. Despite rising interest rates, we saw continued loan growth to \$13.6 billion, up 11.3% compared to 2021. In addition, total deposits ended the year at \$20.6 billion, up 1.3% from year-end 2021.

Thanks to the hard work of our dedicated employees we are honored to have received the following recognition in 2022.

- *Newsweek* ranked Bank of Hawai'i **No. 3 among "America's Most Trusted Companies"** in the banking industry category, and the bank is the only Hawai'i business to appear on the list.
- Readers of the following publications selected Bank of Hawai'i as **"Hawai'i's Best Bank"**:
 - Honolulu Star-Advertiser* (12th straight year),
 - Hawaii Tribune-Herald* (7th straight year),
 - West Hawaii Today* (3rd straight year), and
 - The Garden Island*.
- Bank of Hawai'i was recognized by Junior Achievement USA with the **Bronze U.S. President's Volunteer Service Award** for the 2021–2022 school year.

- Additionally, Bank of Hawai'i continues to maintain its Aa3 rating for Long-Term Deposits and its a2 rating of the Baseline Credit Assessment by Moody's Investors Service (as of Dec. 2022).

Recovery Continues for Hawai'i's Economy

Economic recovery in the state is improving with the return of visitors. While still not at pre-pandemic levels, total visitor arrivals for 2022 are nearing that number. Arrivals increased 36.4% to 9,247,848, compared to 6,777,760 in 2021. Visitor spending increased to \$19.29 billion. The long awaited return of international travelers should advance the industry recovery. The Hawai'i State Department of Business, Economic Development & Tourism (DBEDT) is forecasting an increase of 6.5% in visitor arrivals and 7.1% in visitor spending in 2023 over 2022.

Hawai'i's unemployment rate has also improved. According to DBEDT, Hawai'i's unemployment rate was 3.2% in December 2022 compared to 4.3% at the end of 2021. Nationally, the rate was 3.5%. Historically, the jobless rate in Hawai'i reached a record high of 22.4% in April 2020, and a record low of 1.9% in September 2017. Hawai'i's employment market still remains competitive because many workers who left the labor force during the start of the pandemic have not yet returned.

Hawai'i's housing market spiked in the summer of 2022. The cost of a single-family home set a record in May when it reached a median price of \$1,153,500, while the median price of a condo also hit a record median at \$534,000. While Hawai'i's housing market remains stable, the number of sales has slowed due to lack of inventory and higher mortgage rates, and prices have dipped

slightly although still well above the previous year. The median price of single-family homes increased by 11.6% to \$1,105,000 on O'ahu, 11.1% to \$1,105,000 on Maui, 7.3% to \$1,180,000 on Kaua'i, and 4.8% to \$500,000 on Hawai'i Island. The median price of condos increased by 7.4% to \$510,000 on O'ahu, 19.2% to \$775,000 on Maui, 16.4% to \$712,500 on Kaua'i, and 19.8% to \$575,000 on Hawai'i Island.

Prioritizing Our Employees' Success and Well-Being

One of the key elements to Bank of Hawai'i's success has always been our people, who work together to nurture meaningful relationships. Our ongoing investment in employees' well-being is about providing a variety of health and wellness support benefits, plus personal and professional development and education opportunities.

To help our employees during the challenges of the pandemic, Bank of Hawai'i announced an automatic 5% salary increase—2.5% merit increase and an unprecedented, one-time 2.5% inflation adjustment, which went into effect on April 1, 2022.

To provide greater flexibility, we announced a plan to combine vacation, floating holidays, personal days, dependent care, etc. into one paid time off category, starting in 2023. In addition, employees accrue time off at a faster rate and the number of vacation days that employees can carry over to the next year was increased.

To support education, the Bank of Hawai'i College Assistance Program (CAP) provides 100% free tuition to those who want to earn their first college degree. It has been a tremendous success since starting in 2016 with its first three participants.

Our most recent graduating class in May 2022 represented our largest group yet—seven employees who received their bachelor's degrees from Chaminade University of Honolulu. To date, 16 employees have earned degrees, and 30 employees were enrolled in the fall 2022 semester.

We are delighted to also support the higher education dreams of children and grandchildren of employees through the Bank of Hawai'i Foundation Scholarship. In 2022, 25 scholars were awarded a combined \$85,750 in scholarship funding. Created in 2014, the scholarship program is administered by the Hawai'i Community Foundation. Since then, Bank of Hawai'i Foundation has provided \$876,750 for 251 college scholarships.

Enhancing Our Customers' Experiences

With more digital banking options available than ever before, we know that our customers want a variety of convenient services available when it best suits them. Our Branch of Tomorrow network is an important cornerstone in providing flexible connections and specialized services as needed.

In 2022, we celebrated the opening of two new Branch of Tomorrow locations on Hawai'i Island in communities that we are proud to have served for many decades. Our Waimea Branch, which opened on Aug. 8, has been in its community for more than 60 years, while our Hilo Branch, which opened on Sept. 26, has been part of the area for more than a century.

In 2022, we enhanced SimpliFi, our digital banking platform, to allow customers to securely redeem pre-approved loans and instantly receive

money in their deposit account. This popular new convenience resulted in an immediate jump in online consumer lending.

Our decisions are based on firsthand customer feedback that allows us to continually improve. For example, in 2022 we received responses to more than 16,000 customer surveys. Previous feedback inspired the creation of "Bank by Appointment," which started early in the pandemic to allow for in-branch interactions and personalized services at a specific time and location. Even after pandemic restrictions eased, this feature proved to be a big draw for customers as appointments more than doubled to over 60,000, compared to 25,000 in 2021.

Committed to Our Community

Bank of Hawai'i's commitment to taking care of our community is fundamental to who we are as a company. We view this as both a responsibility and an opportunity to create a better future for everyone. Through sponsorships, grants, hands-on volunteerism and more, we look for creative partnerships to make a difference.

A top priority is doing our part to seek solutions for Hawai'i's working poor by raising awareness of the issue and supporting efforts to address it. Bank of Hawai'i has sponsored the Aloha United Way's ALICE Report publication for Hawai'i since 2018. ALICE stands for Asset Limited, Income Constrained, Employed, and describes people and families with incomes above the Federal Poverty Line who do not qualify for many government assistance programs, and who are working, yet cannot afford basic necessities to remain self-sufficient.

In 2022, Bank of Hawai'i Foundation donated \$97,500 to sponsor the publication of the latest report: ALICE in Hawai'i: 2022 Facts & Figures. The report was released in December and includes data for the entire state of Hawai'i on the impacts of the pandemic and inflation. Disappointing yet expected, the findings were eye-opening, such as an increase in Hawai'i households falling below the ALICE threshold, from 9% in 2019 to 15% in 2022. The report is available online at www.auw.org/alice-initiative.

Bank of Hawai'i also provides continuous support for the ALICE Cohort Initiative, made up of nonprofit partners that focus on sharing resources and working together to lift ALICE households to greater financial and social stability. The 2020–2024 ALICE Cohort features 17 nonprofits specifically working to increase access to public benefit programs, job training and career advancement opportunities. Their work also addresses decreasing household costs, developing matching savings programs, better access to loans, and the creation of affordable housing.

In 2022, Bank of Hawai'i Foundation provided over \$2.2 million in community support, including special initiatives to mark our anniversary. For our 125th year, we wanted to go beyond celebrating a company milestone; we wanted to say thank you. In addition to our regular giving, each of our 2,000-plus employees had the opportunity to select a nonprofit to receive a \$125 donation from Bank of Hawai'i Foundation. And to promote long-term environmental sustainability, the bank planted what amounts to 125 trees for every week of the year and provided grants to nonprofits that work to protect the environment. The total of these two initiatives reached nearly \$345,000 for nonprofits in Hawai'i and the West Pacific.

We rounded out the year with our annual Live Kōkua Giving Campaign, an effort driven by employees. This year's fall campaign raised \$569,717 from our bank 'ohana to support 325 of Aloha United Way's partner nonprofits. Since its launch in 2010, the Live Kōkua Giving Campaign has raised more than \$7.5 million for local nonprofits.

Two years ago, Bank of Hawai'i announced a unique endorsement partnership with eight University of Hawai'i (UH) student-athletes. We were pleased to increase the partnership to 42 college student-athletes in the 2022–23 season, with representatives across men's and women's basketball and volleyball. These SimpliFi Athletes serve as ambassadors to help promote bank programs and initiatives, and to spread goodwill throughout the community.

Supporting Local Business

Supporting small businesses in our community has always been important to the bank. In 2022, we furthered our investment in local economic growth and diversification opportunities through a new program with Mana Up.

Mana Up is an accelerator and venture fund for Hawai'i-based products, with a mission to "level up," or help them grow their markets around the world. Mana Up's vision is to generate success for the local economy and create well-paying, interesting jobs for local people. Its goal is to create Hawai'i's next 100 product companies earning over \$10 million in annual revenue. As Mana Up's banking partner, Bank of Hawai'i supports its annual accelerator program and has co-created an executive mentorship and training program to help propel local entrepreneurs to the next level.

Diversity, Equity, Inclusion and Belonging

The diversity of our employees brings welcome perspectives and enhances our teamwork while providing valuable community connections. Employees enthusiastically participate in activities to support Diversity, Equity, Inclusion and Belonging and often include a community service component.

Some highlights from 2022:

- The bank's newest Employee Resource Group (ERG) was created to help expand understanding of Native Hawaiian history, culture and language.
- Our Women Inspired group partnered with the nonprofit Ma'i Movement to assemble period care kits and address the fact that one in four people experience period poverty in Hawai'i.
- For the fourth consecutive year, the bank was a visionary sponsor for the 2022 Honolulu Pride Parade & Festival and our RainBOH volunteers turned out to spread the joy.
- The Blue Brigade, our Military employee resource group, was there when a veteran and his family moved into the home the group helped build with Honolulu Habitat for Humanity.

Welcome Executives

In January 2022, we welcomed Marco A. Abbruzzese to Bank of Hawai'i as vice chair and senior executive director of wealth management. He is responsible for overseeing the wealth management areas of Trust Services Group, Investment Services, and The Private Bank at Bank of Hawai'i. Abbruzzese also serves on our Executive

Committee. With over 30 years of experience in wealth management, we welcome his leadership.

In November, Matthew Emerson was promoted from senior executive vice president to vice chair at Bank of Hawai'i, where he continues to oversee Retail Lending, Deposits & Digital Banking. Matt first joined Bank of Hawai'i in 2010, and has shared his expertise in a variety of areas, including in Online and Mobile Banking, E-commerce and Digital Channels, Product Management, and Investment Services. Matt's experience and contributions to the company over the years make him a valuable member of our team, and well-deserving of this promotion.

In Closing

As we celebrate 125 years of service, I would like to extend my heartfelt thanks to everyone involved in the success of Bank of Hawai'i. Thank you to our employees—past and present—for your dedication and commitment in caring for our customers. Thank you to our customers for entrusting us with many of your most important life decisions. Thank you to our communities across the Pacific; we are privileged to enjoy collaborative partnerships that bring continued growth for all. And we thank our shareholders for your confidence and support of Bank of Hawai'i.

Thank you for 125 years.

Mahalo nui loa,



PETER S. HO
Chairman, President and CEO