

Dear Fellow Shareholders,



2020 was genuinely a year of generational proportion. It was a year of profound loss, challenge and opportunity.

Our collective loss rests in the nearly 500,000 Americans who have sadly succumbed to COVID-19. Further, nearly 10 million Americans, a year after the start of the pandemic, remain unemployed as a result of economic fallout. Here in the islands, the loss of tourism resulted in record unemployment, which remains at triple pre-pandemic levels.

The suddenness, novelty and virulence of the pandemic created profound challenges for the world, our community and, indeed, our organization. As a truly global pandemic, COVID-19 has impacted literally every major market in the world.

While the crisis provided ample opportunity to make the world and our country a smaller, more connected place, this opportunity, sadly, remains elusive and still aspirational. We remain hopeful. Here in the islands, however, the notion of connection has rung more true. City and state government and the local business community realized early that collective cooperation would be required to see us through. Food insecurity brought on by soaring joblessness was met by contributions from the public, private and philanthropic sectors.

2020

Our conservative posture, ample capital and liquidity stocks, and meaningful market presence has positioned us exceptionally well over the past year. We've been able to amply build capital and reserves, while supporting our employees, customers, shareholders and community—no easy task given the sudden downdraft in the economy. I'm proud to say that we are a leader in nearly every stakeholder metric through the pandemic.

Despite all of the loss and challenge aforementioned, we remain excited by the opportunities we see ahead. The pandemic has created an unprecedented need for leadership connectedness at the local level. Our organization has actively engaged both civically and philanthropically. As we help our community move forward from here, we're confident that we have a knowledgeable understanding of the needs and challenges that exist.

Health and safety concerns created overnight changes in consumer behavior. It's believed that these changes have accelerated digital adoption by at least a few years. We witnessed meaningful change in how our customers utilized Bank of Hawaii both from service and e-commerce channels.

We're pleased to report that our investment in technology, digital capabilities and more efficient branch space has positioned us well for this adjustment. We believe the trends of the past year will simply further the changes that were already well under way, and we are excited to continue our quest of providing a wholly relevant 21st-century banking experience at Bank of Hawaii.

Perhaps one of the greatest opportunities afforded us through the COVID-19 pandemic has been our ability to demonstrate our commitment and support to our customers and employees through this most challenging period. At the onset of the pandemic, we were able to accommodate just over 15% of our borrowers with alternate payment options. Fortunately for all involved, that percentage has now fallen to 3.5% of our borrowers, and continues to decline.

On the employee front, we've been fortunate to avoid forced reductions in staff and have engaged and utilized employees in new and productive ways. Work from home has applied to roughly two-thirds of our workforce. From a technology standpoint, this pivot has worked seamlessly. Our view is that through 2021 we will continue to tinker with the work-from-home model. Likely, the end result will be a better, happier, more engaged and efficient workforce for us moving forward.

We will expand further in the remaining text.

Continued Financial Strength

As mentioned, our long-standing commitment to conservatism, liquidity and capital strength positioned us well to meet the challenges of this extraordinary environment. While financial results reflect fluctuating conditions at the local, national and global level, Bank of Hawaii continues to perform well, and deliver its unbroken history of shareholder dividends.

Diluted earnings per share for the full year of 2020 were \$3.86, compared to \$5.56 in 2019. Loans grew 8.6% to \$11.9 billion compared to 2019, and deposits increased 15.4% to \$18.2 billion compared to 2019. We ended the year with a record-breaking high of \$20.6 billion in total assets, up from \$18.1 billion at the end of 2019.

We are proud to have Moody's Investors Service affirm our deposits at Aa2, a ranking that places us among the top 6 financial institutions in the U.S., compared to 15 in 2019, and highest in Hawaii. Additionally, *Forbes* magazine also recognized us, for the twelfth consecutive year, as one of America's Best Banks.

Hawaii's Economy

Hawaii ended the year with the lowest COVID-19 infection rate in the nation. However, global waves of the pandemic led to shutdowns that disrupted economic progress, especially to Hawaii's visitor industry. With over 3,000 businesses closed, including hundreds of hotels, Hawaii's unemployment rate peaked in April at 23.8% and declined to 9.3% in December 2020. The arrival of vaccines at the end of 2020 improves the prospects for economic growth in 2021, according to projections from UHERO, the University of Hawai'i Economic Research Organization.

For all of 2020, total visitor arrivals declined 73.8% to 2,716,195, compared to 10.5 million in 2019. A survey conducted in late December/early January by the Hawaii Tourism Authority revealed that 90% of visitors reported their trips as "excellent," despite the pandemic. In large part, Hawaii's Safe Travels program, which allows visitors to bypass quarantine with a negative test, has gone smoothly and allows the state to welcome back tourists in a safe way.

In 2020, average median single-family home prices on Oahu, our primary market, rose 5.2% to \$830,000 from \$789,000 in 2019. Average median condominium prices increased 2.4% to \$435,000 from \$425,000 in 2019. The median sales price for single-family homes and condominiums also continued to trend upward for Maui and Hawaii Island. On Kauai, this figure was also up for single-family homes, but trended down for condominiums. Hawaii remains a relatively stable market, driven by record-low mortgage rates and heightened competition.

Meeting the Challenges of COVID-19

To lead the company through the pandemic, our leadership team quickly stepped forward while acclimating to the new and ever-changing coronavirus landscape. Our Bank of Hawaii COVID-19 Planning Committee convened in late January, and included leaders from across the bank.

From the beginning, we set out to: ensure the health and safety of our employees and customers, provide for the essential financial needs of our customers and community, and provide essential services to those key in aiding in our state's recovery. We continue to coordinate actions across all levels of the organization—from our Executive Committee to the frontlines. From making sizable community contributions to retrofitting our facilities at an incredible pace, we've implemented new health practices within our branch network and facilities.

In early March, I was invited to join Hawaii House Speaker Scott Saiki in co-chairing the House Select Committee on COVID-19 Economic and Financial Preparedness. The committee was formed to work with representatives from local and state government, private industry, and nonprofit organizations to inform the Hawaii House of Representatives on potential economic and financial impacts to the state, develop short- and long-term mitigation plans, and monitor COVID-19 conditions and outcomes.

In an effort to provide additional data, our Bank of Hawaii Foundation funded two comprehensive statewide studies on the impacts of the pandemic on residents, and reactions to tactics, such as reopening businesses and pre-travel testing programs. A baseline study was published in July and a follow-up study was published in December. In addition to highlighting how the pandemic has exacerbated hardships for residents, they also provided findings to help shape actions for recovery. The COVID-19 in Hawaii: Facts and Insights Volume 2 study can be viewed at www.boh.com/facts-figures.

Ensuring the Well-being of Our Employees

In order to protect their health and safety, 60% of our workforce was sent home to work with laptops and tablets, prior to the state's official work-from-home orders in mid-March. Although many missed the daily interactions with

teammates, they continue to provide exceptional customer service.

We retrofitted our branches and facilities with upgrades like improved ventilation and air filtration, and plexiglass dividers at interaction sites, such as teller stations and other common traffic areas. We also developed a health screening app based on health protocols, increased our sanitizing procedures, and committed to maintaining ongoing inventory of personal protective equipment for employees' use.

We know that the pandemic is not a short-term situation, and that physical protocols and social distancing are likely to be with us well into the future. We are deeply committed to supporting our employees as they juggle their concerns about the health of their families and the economy in addition to managing job responsibilities. We added on-site work pay incentives for both full-time and part-time workers during the shutdowns, and implemented new mental health solutions to help all teammates manage self-care during the pandemic.

In May, we began offering employees family-style meals once a week. Bankoh Meals-To-Go are free pre-packaged meals that serve a family of four. Employees not in need have the option to donate their meals to people experiencing food insecurity, including the elderly and frontline workers. By the end of the year, nearly 200,000 meals had been distributed. Food from meals not utilized is donated to Aloha Harvest, which received nearly 5,000 pounds of food by the end of 2020. Bankoh Meals-To-Go has been extended through the end of June 2021.

Every year we enjoy celebrating the recipients of our Bank of Hawaii Foundation Scholarship, children and grandchildren of employees who use the funds for college expenses. In 2020, we took the celebration online and honored the 27 scholars in a congratulatory video on social media. In total, our 2020 scholars received \$94,500. Since the program's inception, our Bank of Hawaii

Foundation has awarded more than \$700,000 to 121 scholars through this special program.

Bank of Hawaii has always promoted an inclusive workplace that respects and welcomes all teammates. However, the vulnerability created by the pandemic has also created opportunities to take a fresh look at the unique needs of our workforce. Although events were different in 2020, we made virtual gatherings a priority. Programs to explore diversity, equity and inclusion included "Coming to Work with Pride" to celebrate the LGBTQ+ community, "Leading Women" for women in the workplace, and opportunities to honor the military and veterans.

"Health and safety

concerns created overnight changes in consumer behavior. It's believed that these changes have accelerated digital adoption by at least a few years."

Caring for Our Community

Central to our Bank of Hawaii culture is treating one another like *'ohana*, or family. Our customers, coworkers, business partners, and members of the larger community all received our consideration and support as we worked together to address some of the hardships of the pandemic.

In April, Bank of Hawaii Foundation donated an unprecedented \$3 million to the Hawai'i Community Foundation's Hawai'i Resilience Fund to address the social and economic impacts of COVID-19 in Hawaii. One million dollars each was donated for (1) health and safety, (2) food and nourishment, and (3) economic recovery efforts.

In November, we announced a special sponsorship, scholarship and stewardship investment of over \$5 million to support the University of Hawai'i and its athletics program. Because the economic impact of COVID-19 has greatly affected UH sports and its student-athletes, Bank of Hawaii provided \$5 million in sponsorship funding over the next decade. As part of the agreement, UH extended rights to Bank of Hawaii to rename the arena

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"SimpliFi Arena at Stan Sheriff Center," retaining the legacy of beloved former UH Athletic Director Bruce "Stan" Sheriff, while acknowledging our advocacy for UH sports. BOH Foundation established an additional \$100,000 endowment scholarship fund in the name of Stan Sheriff to provide scholarship support to student-athletes beginning with the 2021-2022 school year.

We also took additional steps to help minimize the financial impact of the pandemic on customers, such as offering loan forbearances for up to six months for residential mortgages, home equity loans and home equity lines for BOH customers in Hawaii and West Pacific. We also waived ATM fees on all BOH ATMs through June 2020 as well as waiving fees for BOH debit card transactions at non-BOH ATMs in the U.S. and Territories.

BOH's team of more than 300 employees processed over 4,500 SBA Paycheck Protection Program applications, totaling more than \$560 million, to help support local businesses.

In addition, we offered an online small-dollar emergency loan program, and assisted nearly 1,500 consumers to apply, to help cover basic living expenses.

We also supported healthcare efforts, including a donation of over 1,000 N95 face masks and 200 face shields, which went to Hawai'i Pacific Health and The Queen's Health Systems. We continued to donate PPE to hospitals and medical facilities across our market. BOH Foundation also donated \$100,000 to the Healthcare Association of Hawaii.

For our efforts, the Aloha Chapter of the Association of Fundraising Professionals recognized Bank of Hawaii as the Outstanding Corporation for 2020 on National Philanthropy Day in November. The award recognized our corporate philanthropic support, in-kind support and community leadership.

Meeting the Changing Needs of Customers

Customer experience is even more important during challenging situations, and we continue to strive for the right balance between evolving technology and the personal connections that customers depend upon. The right balance is different for every customer, and the pandemic has changed many of their habits. Our ability to personally connect on a one-to-one basis—whether digitally, online or in person—is what determines our success.

To better understand and meet our customers' changing preferences, we implemented a new framework for gathering customer data and insights. Called CX (Customer Experience), the new process will help us identify and design improvements to help us focus on making interactions seamless and more effective.

Our ongoing investment in digital solutions began years ago and helped expedite our response to customers' increased reliance on digital options during the pandemic.

For example, this year we added the personal touch of a live chat feature to our mobile app, as an alternative for

customers to connect with us. Another feature in our mobile app is the ability for customers to link their account to a mobile wallet for contactless transactions such as Apple Pay and PayPal.

Aloha and Mahalo to Mark Rossi

I want to wish Vice Chair Mark Rossi a sincere mahalo for his many years of good counsel and personalized service. Chief Administrative Officer, General Counsel and Corporate Secretary, Mark joined Bank of Hawaii in 2007, and graciously delayed retirement until the end of 2020 to further help us through the pandemic and provide ample time for us to find his successor. As a member of our Executive Committee, Mark led our teams in all aspects of Legal, Corporate Communications, Government Relations, Corporate Secretary, Corporate Security and Corporate Insurance Services.

In November, we welcomed Patrick McGuirk as our new Chief General Counsel. As a member of our Executive Committee, Patrick oversees our Corporate Security, Corporate Secretary, Corporate Risk Insurance, and Legal divisions. With more than 25 years of legal experience in financial services, Patrick's expertise includes a vast knowledge of the legal issues facing the industry and will serve our company well as we continue to grow and change.

In Closing

I'd like to thank our directors for their support and express my thanks to our employees; I'm incredibly proud of the way they have performed and responded to the challenges of the past year. We have continued to work together well and to support one another while serving our customers and community. I remain confident that together our company, coworkers, community and shareholders will emerge stronger and more adaptable than ever.

Mahalo nui loa,



Peter S. Ho
Chairman, President and CEO