



Aloha Fellow Shareholders,

While 2021 became the second consecutive year of dealing with the COVID-19 pandemic, improvements in our understanding of the virus and truly amazing enhancements in prevention and treatment give us pause to believe that we are moving into a new phase. We believe we are transitioning from a posture of responding to the vagaries of a novel coronavirus to one of living within a more known environment and managing forward as practically as feasible.

It is clear that the pandemic of the past two years has accelerated meaningful shifts. The rate of change over the course of history in the world has never been linear. There have been decades in which meaningful change in the world has been nominal to imperceptible. Alternatively, throughout history there have been months in which profound change has occurred, dramatically changing the world we live in forever. Our view is that the events of the past few years resemble more the latter than the former.

Specifically, we know the pandemic has created significant changes in the workforce and in how work gets done. We believe the pandemic has accelerated consumer behavior around digital adoption and product delivery. And we also believe the pandemic has illuminated global challenges around social harmony, socioeconomic outcomes, supply chain fragility and monetary challenges. In short, the world is getting less predictable, not more, and is likely to continue to do so.

Together these elements combine to make for a different, more competitive banking environment. On balance, we see great opportunities, and the investments made during the past several years by Bank of Hawaii in people, technology and resiliency position us extremely well for the future.

“ We remain steadfast in building shareholder value as we continue making progress on our strategic initiatives and staying true to disciplined expense management.”

Workers and Workplaces are Evolving

The pandemic has brought numerous factors into play around the workforce. At the most basic level, once-in-a-century existential events like the pandemic have driven many people to be more introspective in their assessment of what they do for a living and who they work for. We have long strived to make Bank of Hawaii not just a place to earn a living but, rather, a place to earn a living and make a positive difference in our community. We believe this has helped us to maintain staffing levels throughout the pandemic.

We also recognize that the extraordinary pace of change requires adding expertise in the areas of marketing, technology and data analytics. The opportunity to work for an organization committed not only to financial gain, but also to the broader good and well-being of our core Hawaii and West Pacific communities creates a unique job experience. We believe this differentiation has helped us retain critical talent as well as to recruit nationally and locally for even more talent.

As we evolve back from a work-from-home pandemic environment to a more flexible work environment, we believe there's an opportunity to create a better outcome. We believe offering increased flexibility for our workforce will create a better work experience for our employees and heightened engagement and productivity for the company.

Digital Adoption Has Accelerated

Much has been made of the pandemic-induced shift by consumers to more digital ways of doing things, whether it is going to the movies, shopping or “seeing” a doctor. The financial services industry has been a meaningful participant in this shift.

Fortunately, this shift comes as a welcome sight to Bank of Hawaii. We have been investing in digital capabilities for several years now. After trending digital for a number of years, we saw a dramatic turn toward digital interaction with our customers early in the pandemic. Indications are that these shifts are not likely to reverse themselves in the future.

Today we enable approximately 20,000 *Zelle* transactions per week, up from nil a few years ago. More than half of our consumer deposits now come to us virtually through either our easy-deposit ATM network or through our highly rated mobile app. Online deposit openings and loan applications make up an increasingly meaningful share of overall activity. Our SimpliFi online mortgage platform is now in its fourth year and doing well.

Our customers' shift to digital preferences has enabled us to upskill our in-person branch staff to handle more value added, consultative engagements with our customers.

A More Volatile Environment

I mentioned earlier that we believe we are operating in more volatile times. Bank of Hawaii, for many years now, has consistently managed its business conservatively and with a keen focus on risk management. Preparation for the unknown is a time-honored value at Bank of Hawaii and one that we exercise with urgency in both good times and bad. Perhaps it's the result of being part of an island culture where self-sufficiency is an obvious and critical need.

We manage risk in three ways. First, we operate in communities we know and understand—97% of Bank of Hawaii's loan portfolio is in our core Hawaii and West Pacific markets. We stress risk quality over growth, for growth's sake. Secondly, we underwrite risk conservatively. In the investment realm, this means investing our assets in the highest quality securities at reasonable market durations. In our loan portfolio, this means gearing our underwriting criteria at sensible levels. Finally, we believe in managing balance sheet capacity prudently, which results in abundant liquidity, capital and capacity levels.

Confidence

As we step out of 2021 and now move into the New Year, we are excited for what's ahead. In these ever-competitive times, we believe great opportunities exist for financial institutions able to deliver truly unique and exceptional experiences to customers. We remain committed to further building the experiences we provide our customers to world-class levels while delivering the familiarity and in-person service levels that only a hometown provider can.

Our Financial Strength

We remain steadfast in building shareholder value as we continue making progress on our strategic initiatives and staying true to disciplined expense management.

We finished the year with strong financial performance despite the impacts of the pandemic. Core loans grew 6.2% and deposits grew 11.8%, and we remain well-capitalized with strong asset quality and liquidity.

We also ended the year with record-breaking earnings. Diluted earnings per common share were \$6.25 for the full year of 2021, compared to \$3.86 in 2020; and net income was \$253.4 million, up 64.7% compared to 2020.

We announced a public offering of \$180 million in preferred stock, achieving some of the best pricing in the marketplace for 2021. Additionally, Bank of Hawaii continues to deliver its unbroken history of shareholder dividends. In the third quarter of 2021, our Board of Directors increased the quarterly cash dividend to \$0.70 from \$0.67 per share on outstanding common shares.

Our consistent performance is thanks to our 2,100 hard-working employees and our dedicated customers, who helped Bank of Hawaii earn local and national recognition. Based on our strong financial profile, leading market position in Hawaii, and our conservative credit risk management, we are proud to have our Long-Term Deposits rated Aa3 and our Baseline Credit Assessment rated a2 by Moody's Investors Service, as of Dec. 20, 2021.

We're also grateful for the trust our customers show in depositing their savings with us in expanding proportions. The Federal Deposit Insurance Corporation confirmed that Bank of Hawaii had the largest share of FDIC-insured deposits of any financial institution in Hawaii, along with the largest market share gain during 2021.

This trust is recognized by the readers of *Honolulu Star-Advertiser*, *Hawaii Tribune-Herald*, *West Hawaii Today*, and *Hawaii Home + Remodeling* magazine, who selected BOH as "Hawaii's Best Bank" in 2021.

Hawaii's Economic Recovery Resumes

With one of the best vaccination rates in the country—71% by December 2021—Hawaii's economy is moving forward, and greater steps are expected.

In 2021, while international travel restrictions limited visitors from Asia, we saw the resumption of an upward trend in domestic visitors thanks to Hawaii's Safe Travels program, which began in October 2020. According to the Department of Business, Economic Development & Tourism (DBEDT), as of December 2021, a total of 6,777,498 visitors arrived by air to the state, compared to 2,708,258 the same time in 2020, and visitor spending was \$13 billion. DBEDT is forecasting an estimated increase of 29.5% in visitor arrivals and an increase of 24.6% in visitor spending in 2022 over the previous year.

The return of visitors and the reopening of businesses brought improvement to Hawaii's unemployment rate, which was 5.7 in December 2021, compared to 10.3 at the end of 2020.

Home and condo prices in Hawaii continue to rise. In 2021, the median price of single-family homes increased 19.3% to \$990,000 on Oahu, 25.2% to \$995,000 on Maui, 35.8% to \$1,100,000 on Kauai, and 17.1% to \$480,000 on Hawaii Island. The sales of single family homes statewide increased 19.3% over 2020 to 9,892.

The median price of condos increased by 9.2% to \$475,000 on Oahu, 12.6% to \$650,000 on Maui, 10.3% to \$612,000 on Kauai, and 21.5% to \$480,000 on Hawaii Island. The sales of condos statewide increased 58.5% over 2020 to 11,345.

As a unique company in a unique market at the crossroads of the Pacific, we are encouraged by the progress already made in our state and look forward to continuing on this upward trend.

Investing in Our Employees' Success

As we wrapped up 2021, Bank of Hawaii made the decision to further assist our employees financially by providing a 5% salary increase—2.5% annual merit increase and a special, one-time 2.5% inflation adjustment—for the majority of our employees to help offset the impact of the rising costs of the economy.

We also continue to offer opportunities for development, including our:

- Bank of Hawaii College Assistance Program (CAP), which celebrated its fifth anniversary in 2021. So far, we've paid for college courses for 151 employees resulting in eight graduates to date and counting.
- Summer internship program, which was re-imagined as a virtual one, and welcomed 22 students from local, national and international colleges and universities.
- Bank of Hawaii Foundation Scholarship, which celebrated 26 scholars, who are the children or grandchildren of our employees. This year's scholars received a combined \$91,000. Administered by Hawai'i Community Foundation, our BOH Foundation has provided \$791,000 in financial support of 226 college scholarships since 2014.

A phenomenal success, our Bankoh Meals-To-Go program, which started in May 2020, concluded on June 30, 2021. It kept our kitchen staff working throughout the pandemic, supported small businesses, and provided family-style meals to employees once a week,

free of charge. Employees shared the meals with family and friends, and also donated them to those in need for broader community reach. On Oahu, our kitchen staff distributed 418,364 meals. As a result of this program, we donated nearly 12,900 pounds of food to the local nonprofit Aloha Harvest. And on the neighbor islands and in the West Pacific region, we supported 113 local restaurants that prepared an additional 116,424 meals for our employees.

Fostering a Diverse, Equitable and Inclusive Workplace

We continue to seek out ways to support our employees and offer programs and opportunities that foster meaningful dialogue and bring people together. Our efforts in 2021 were robust and, in part, included:

- Co-hosting *A Conversation on Race in Hawai'i*, a two-part virtual panel discussion featuring community leaders and bank employees;
- Sponsoring the annual Honolulu Pride Parade and Festival and Honolulu Pride Month while supporting initiatives of the Hawai'i LGBT Legacy Foundation;
- Volunteering with Habitat for Humanity for its Veterans Build project, and donating/distributing gift bags at the U.S. VETS center during the holiday season;
- Hosting "Women Inspired" discussions on "Leadership: Career Success Tips" and "How an Entrepreneurial Spirit Can Help Advance Your Career;" and
- Honoring Juneteenth by giving all employees a floating holiday.

Unwavering Commitment to the Community

Our commitment to our communities is integral to who we are as a company. Along with our Bank of Hawaii Foundation, we contributed nearly \$2.2 million to the community. This includes the generous support of our teammates, who personally donated nearly 560,000 to our annual employee giving campaign,

after a hiatus in 2020. Their support benefitted more than 250 organizations across Hawaii and the West Pacific region.

Through partnerships, grants, sponsorships, and hands-on volunteerism, we provided a variety of ways to help our community recover. We continued our participation in the SBA's Paycheck Protection Program. Our PPP team processed more than 3,400 PPP loans totaling more than \$287 million in 2021. By the end of the year, the team processed more than 7,500 PPP loan forgiveness applications for Hawaii businesses totaling over \$700 million in federal funding.

Our community continues to benefit from our \$3 million grant to Hawai'i Community Foundation's Hawai'i Resilience Fund in 2020 to address social and economic impacts of the pandemic, including Hawaiian Community Assets, a nonprofit that has developed financial opportunity centers to help individuals prepare for homeownership.

Our team pulls together throughout unexpected challenges with a steadfast dedication to support the community. Employees across our regions have participated in beach clean-ups, volunteered at vaccination sites, packed bags of food for foodbank recipients, taught financial education, and much more.

Further to our \$5 million sponsorship of the Athletics Department at the University of Hawai'i, we announced a unique endorsement partnership in September 2021 with eight of Hawaii's basketball and volleyball student-athletes who play at the SimpliFi Arena at Stan Sheriff Center. This is the arena that BOH renamed as part of its sponsorship, and we are honored to be able to offer these SimpliFi Athletes new opportunities to help shape their futures. The students are women's volleyball players Amber Igiede and Brooke Van Sickle; men's volleyball players Chaz Galloway and Max Rosenfeld; women's basketball players Kelsie Imai and Daejah Phillips; and men's basketball players Samuta Avea and Kamaka Hepa. BOH has been supporting local

athletes for decades, and the new name, image and likeness rules announced by the NCAA made these endorsements possible. As part of the sponsorship are opportunities for financial education; professional/career development and training, such as internships; and community service and engagement experiences.

Ongoing Commitment to Branch of Tomorrow

We recognize the importance of our branch services in a growing digital world, and we continue to invest in our Branch of Tomorrow concept that offers 21st-century upgrades, such as free Wi-Fi and easy-deposit ATMs, along with personalized service.

We opened three new Branch of Tomorrow locations this year. In March, we opened our new Mililani Branch at Mililani Town Center on Oahu. The branch was selected for a 2021 Kukulu Hale Award for its efficient design and floor plan by the NAIOP Hawaii, the state's leading trade association for commercial and real estate development.

Our new Waialae-Kahala Banking Center opened on May 3, as a three-story building with the branch on the first floor. In August, we opened the second floor that houses The Private Bank offices, and the third floor that contains office spaces and conference rooms.

On May 24, we opened our first Branch of Tomorrow on Hawaii Island in Niumalu Marketplace at Safeway. Our new Hilo Branch broke ground in early January 2022, and is scheduled to open later in the year.

As a provider of essential financial services, we continue to respond to the changing preferences of our customers. To help us do this, we gather first-hand feedback from our customers and analyze input that maps their experiences from a variety of interactions. In 2021 alone, we received feedback via more than 20,000 customer surveys. Based on these insights, employees are creating opportunities for service improvements, and to better anticipate

customers' needs. One result was the implementation of Bank by Appointment, a new service that lets customers book an in-person or telephone appointment at their preferred location and time. More than 25,000 appointments were booked in 2021.

Welcome and Farewell

In October, Elliot K. Mills was elected to serve on our Board of Directors. Elliot is as passionate as he is accomplished, and joins us with an abundance of expertise and insight into our local travel industry. As the vice president of hotel operations for Disneyland Resort and Aulani, A Disney® Resort and Spa at Ko Olina, he leads more than 5,000 employees and oversees operations across four locations, including the Disneyland Hotel, Disney's Paradise Pier Hotel and Disney's Grand Californian Hotel & Spa in Anaheim, California, in addition to the Ko Olina resort on Oahu.

I want to extend my sincerest mahalo to Vice Chair Wayne Hamano, who retired at the beginning of 2022 after more than 40 years at Bank of Hawaii. Wayne first joined the bank in 1977 as a commercial credit analyst, and served on our Executive Committee since 2006. He oversaw the Commercial Banking Group for decades, and I thank him for his dedication to the success of our clients, colleagues and the community.

In Closing

I am humbled and proud of the ingenuity and flexibility of our leadership and teammates as they responded to new challenges in 2021. They continued their unwavering support for our customers, community and one another, as we look forward to a new year filled with a renewed sense of purpose in our journey ahead.

Mahalo nui loa,



Peter S. Ho
Chairman, President and CEO