

News Release

NYSE: BOH



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Bank of Hawaii Corporation Second Quarter 2019 Financial Results

- Diluted Earnings Per Share \$1.40
- Net Income \$56.9 Million
- Board of Directors Approves Dividend of \$0.65 Per Share

FOR IMMEDIATE RELEASE

HONOLULU, HI (July 22, 2019) -- Bank of Hawaii Corporation (NYSE: BOH) today reported diluted earnings per share of \$1.40 for the second quarter of 2019, down from diluted earnings per share of \$1.43 in the previous quarter, and up from diluted earnings per share of \$1.30 in the same quarter last year. Net income for the second quarter of 2019 was \$56.9 million compared with net income of \$58.8 million in the first quarter of 2019 and net income of \$54.7 million in the second quarter of 2018.

Loan and lease balances increased to \$10.8 billion at June 30, 2019, up 2.0 percent from March 31, 2019, and up 7.0 percent compared with June 30, 2018. Total deposits were \$15.5 billion at the end of the second quarter of 2019, up 1.5 percent from March 31, 2019 and up 3.7 percent compared with June 30, 2018.

“Bank of Hawaii Corporation continued to perform well during the second quarter of 2019,” said Peter Ho, Chairman, President and CEO. “Loans and deposits continued to grow, asset quality remains strong, and we maintained our disciplined approach to risk, capital, and expense management.”

The return on average assets for the second quarter of 2019 was 1.31 percent, down from 1.38 percent in the previous quarter and up from 1.30 percent in the same quarter last year. The return on average equity for the second quarter of 2019 was 17.97 percent, down from 18.81 percent for the first quarter of 2019 and up from 17.68 percent for the second quarter of 2018. The efficiency ratio for the second quarter of 2019 improved to 54.69 percent compared with 55.22 percent in the previous quarter and 56.12 percent in the same quarter last year.

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For the six-month period ended June 30, 2019, net income was \$115.7 million, an increase of \$6.9 million from net income of \$108.8 million during the same period last year. Diluted earnings per share were \$2.82 for the first half of 2019, an increase of \$0.25 from diluted earnings per share of \$2.57 for the first half of 2018.

The return on average assets for the six-month period ended June 30, 2019 was 1.34 percent compared with the return on average assets of 1.29 percent for the same six months in 2018. The year-to-date return on average equity was 18.39 percent for the first half of 2019 compared with the return on average equity of 17.71 percent for the six-month period ended June 30, 2018. The efficiency ratio for the first half of 2019 improved to 54.95 percent compared with 57.01 percent in the same period last year.

Financial Highlights

Net interest income, on a taxable equivalent basis, for the second quarter of 2019 was \$124.7 million, a decrease of \$1.1 million compared with \$125.8 million in the first quarter of 2019 and an increase of \$2.9 million compared with \$121.8 million in the second quarter of 2018. Net interest income, on a taxable equivalent basis, for the first half of 2019 was \$250.5 million, an increase of \$8.4 million compared with net interest income of \$242.1 million for the first half of 2018. Analyses of the changes in net interest income are included in Tables 8a, 8b and 8c.

The net interest margin was 3.04 percent for the second quarter of 2019, down 8 basis points from 3.12 percent in the previous quarter and equal to the net interest margin of 3.04 percent in the second quarter of 2018. The net interest margin for the first six months of 2019 was 3.08 percent compared with the net interest margin of 3.02 percent for the same six-month period last year.

Results for the second quarter of 2019 included a provision for credit losses of \$4.0 million compared with \$3.0 million in the previous quarter and \$3.5 million in the same quarter last year. The provision for credit losses during the first half of 2019 was \$7.0 million compared with a provision for credit losses of \$7.6 million during the same period in 2018.

Noninterest income was \$45.5 million in the second quarter of 2019, an increase of \$1.8 million compared with \$43.7 million in the first quarter of 2019 and an increase of \$4.2 million compared with \$41.3 million in the second quarter of 2018. There were no significant items in noninterest income during the second quarter of 2019. Noninterest income in the first quarter of 2019 included a \$1.4 million commission related to insurance products offered through a third-party administrator. Noninterest income during the second quarter of 2018 included a negative adjustment of \$1.0 million related to a change in the Visa Class B conversion ratio. Noninterest income for the first half of 2019 was \$89.1 million, an increase of \$3.8 million compared with noninterest income of \$85.3 million for the first half of 2018.

Noninterest expense was \$92.7 million in the second quarter of 2019, a decrease of \$0.4 million compared with \$93.1 million in the first quarter of 2019 and an increase of \$1.9 million compared with \$90.8 million in the second quarter last year. There were no significant items in noninterest expense during the second quarter of 2019 or the second quarter of 2018. Noninterest expense in the first quarter of 2019 included seasonal payroll expenses of approximately \$2.7 million. Noninterest expense for the first half of 2019 was \$185.8 million, an increase of \$0.6 million compared with noninterest expense of \$185.2 million for the first half of 2018. An analysis of noninterest expenses related to salaries and benefits is included in Table 9.

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The effective tax rate for the second quarter of 2019 was 21.84 percent compared with 18.85 percent in the previous quarter and 18.94 percent in the same quarter last year. The higher effective tax rate in the second quarter of 2019 was primarily due to repositioning of the investment securities portfolio which reduced municipal securities and the related tax benefit. The effective tax rate for the first half of 2019 was 20.35 percent compared with an effective tax rate of 17.60 percent during the same period last year.

The Company's business segments are defined as Retail Banking, Commercial Banking, Investment Services and Private Banking, and Treasury & Other. Results for the business segments are determined based on the Company's internal financial management reporting process and organizational structure. Selected financial information is included in Tables 13a and 13b.

Asset Quality

The Company's asset quality continued to remain strong during the second quarter of 2019. Total non-performing assets were \$21.8 million at June 30, 2019 compared with \$17.9 million at March 31, 2019 and \$15.2 million at June 30, 2018. The increase in non-performing assets during the second quarter of 2019 is due to the addition of commercial mortgage loan exposure to one customer in Guam. As a percentage of total loans and leases, including foreclosed real estate, non-performing assets were 0.20 percent at the end of the second quarter of 2019 compared with 0.17 percent at the end of the first quarter of 2019 and 0.15 percent at the end of the second quarter last year.

Accruing loans and leases past due 90 days or more were \$6.4 million at June 30, 2019 compared with \$6.1 million at March 31, 2019 and \$13.3 million at June 30, 2018. Restructured loans not included in non-accrual loans or accruing loans past due 90 days or more were \$48.6 million at June 30, 2019, essentially flat with March 31, 2019 and down from \$50.2 million at June 30, 2018. More information on non-performing assets and accruing loans and leases past due 90 days or more is presented in Table 11.

Net loan and lease charge-offs during the second quarter of 2019 were \$2.4 million or 0.09 percent annualized of total average loans and leases outstanding. Loan and lease charge-offs of \$5.1 million during the quarter were partially offset by recoveries of \$2.8 million. Net charge-offs during the first quarter of 2019 were \$3.7 million or 0.14 percent annualized of total average loans and leases outstanding and comprised of \$6.8 million in charge-offs and recoveries of \$3.2 million. Net charge-offs during the second quarter of 2018 were \$3.3 million or 0.13 percent annualized of total average loans and leases outstanding and comprised of \$5.7 million in charge-offs and recoveries of \$2.4 million. Net charge-offs during the first half of 2019 were \$6.0 million or 0.12 percent annualized of total average loans and leases outstanding compared with net charge-offs of \$6.8 million or 0.14 percent annualized of total average loans and leases outstanding for the first half of 2018.

The allowance for loan and lease losses was \$107.7 million at June 30, 2019 compared with \$106.0 million at March 31, 2019 and \$108.2 million at June 30, 2018. The ratio of the allowance for loan and lease losses to total loans and leases was 1.00 percent at June 30, 2019, a decrease of 1 basis point from the previous quarter and 8 basis points from the second quarter last year. The reserve for unfunded commitments of \$6.8 million at June 30, 2019 was unchanged from March 31, 2019 and June 30, 2018. Details of loan and lease charge-offs, recoveries and the components of the total reserve for credit losses are summarized in Table 12.

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Other Financial Highlights

Total assets were \$17.7 billion at June 30, 2019, up from \$17.4 billion at March 31, 2019 and \$17.1 billion at June 30, 2018. Average total assets were \$17.5 billion during the second quarter of 2019 compared with \$17.2 billion during the previous quarter and \$16.9 billion during the second quarter last year.

The investment securities portfolio was \$5.6 billion at June 30, 2019, up from \$5.5 billion at March 31, 2019 and down from \$5.7 billion at June 30, 2018. The portfolio remains largely comprised of securities issued by U.S. government agencies and includes \$3.0 billion in securities held to maturity and \$2.6 billion in securities available for sale. The securities portfolio at March 31, 2019 included \$3.7 billion in securities held to maturity and \$1.9 billion in securities available for sale compared with \$3.6 billion in securities held to maturity and \$2.1 billion in securities available for sale at June 30, 2018.

Total loans and leases were \$10.8 billion at June 30, 2019, up from \$10.5 billion at March 31, 2019, and \$10.1 billion at June 30, 2018. Average total loans and leases increased to \$10.6 billion during the second quarter of 2019 compared with \$10.5 billion during the previous quarter and \$10.0 billion during the same quarter last year. The commercial loan portfolio was \$4.1 billion at June 30, 2019, up \$102.1 million or 2.6 percent from commercial loans of \$4.0 billion at March 31, 2019, and up \$286.0 million or 7.5 percent from commercial loans of \$3.8 billion at June 30, 2018. The consumer loan portfolio increased to \$6.7 billion at June 30, 2019, up \$108.5 million or 1.7 percent from consumer loans of \$6.5 billion at March 31, 2019 and up \$419.8 million or 6.7 percent from consumer loans of \$6.2 billion at June 30, 2018. Loan and lease portfolio balances are summarized in Table 10.

Total deposits were \$15.5 billion at June 30, 2019, up from \$15.3 billion at March 31, 2019 and \$14.9 billion at June 30, 2018. Average total deposits were \$15.2 billion during the second quarter of 2019, up from \$15.0 billion during the previous quarter and \$14.7 billion during the same quarter last year. Consumer deposits of \$7.9 billion at June 30, 2019 were down \$64.5 million or 0.8 percent from consumer deposits at March 31, 2019 and up \$207.8 million or 2.7 percent from consumer deposits of \$7.7 billion at June 30, 2018. Commercial deposits increased to \$6.2 billion at June 30, 2019, up \$16.9 million or 0.3 percent from commercial deposits of \$6.2 billion at March 31, 2019 and up \$257.6 million or 4.3 percent from commercial deposits of \$5.9 billion at June 30, 2018. Other deposits, including public funds, were \$1.4 billion at June 30, 2019, up \$269.1 million from other deposits of \$1.2 billion at March 31, 2019 and up \$80.0 million from other deposits of \$1.3 billion at June 30, 2018. The increase in other deposits from the previous quarter was largely due to seasonal public demand deposits. Deposit balances are summarized in Tables 7a, 7b, and 10.

During the second quarter of 2019, the Company repurchased 433.4 thousand shares of common stock at a total cost of \$34.9 million under its share repurchase program at an average cost was \$80.49 per share. From the beginning of the share repurchase program initiated during July of 2001 through June 30, 2019, the Company has repurchased 56.2 million shares and returned over \$2.2 billion to shareholders at an average cost of \$39.81 per share. Remaining buyback authority under the share repurchase program was \$86.9 million at June 30, 2019. From July 1 through July 19, 2019, the Company repurchased an additional 84.0 thousand shares of common stock at an average cost of \$81.75 per share.

Total shareholders' equity increased to \$1.29 billion at June 30, 2019 compared with \$1.27 billion at March 31, 2019 and \$1.25 billion at June 30, 2018. The Tier 1 Capital Ratio at June 30, 2019 was 12.46 percent compared with 12.75 percent at March 31, 2019 and 13.27 percent at June 30, 2018. The Tier 1 leverage ratio at June 30, 2019 was 7.36 percent compared with 7.46 percent at March 31, 2019 and 7.53 percent at June 30, 2018.

The Company's Board of Directors declared a quarterly cash dividend of \$0.65 per share on the Company's outstanding shares. The dividend will be payable on September 16, 2019 to shareholders of record at the close of business on August 30, 2019.

Hawaii Economy

General economic conditions in Hawaii continued to remain positive during the second quarter of 2019. The statewide seasonally-adjusted unemployment rate in Hawaii of 2.8 percent in June 2019 continues to remain among the lowest in the United States compared with 3.7 percent nationally. For the first five months of 2019, total visitor arrivals increased 3.8 percent and air seat capacity increased 1.6 percent compared to the same period in 2018. For the first five months of 2019, visitor spending decreased 3.1 percent even with the continued growth in arrivals. The real estate market remained active during the first half of 2019 despite slower sales. For the first six months of 2019, the volume of single-family home sales on Oahu decreased 3.7 percent and median sales prices were down 0.5 percent compared with the same period in 2018. The volume of condominium sales during the first half of 2019 on Oahu declined 8.8 percent with median sales prices 1.4 percent lower than 2018. As of June 30, 2019, months of inventory of single-family homes and condominiums on Oahu remained low at 3.6 months and 3.9 months, respectively. More information on current Hawaii economic trends is presented in Table 15.

Conference Call Information

The Company will review its second quarter 2019 financial results today at 2:00 p.m. Eastern Time (8:00 a.m. Hawaii Time). The call will be accessible via teleconference and via the investor relations link of Bank of Hawaii Corporation's website, www.boh.com. The toll-free number is 1 (844) 543-5235 in the United States and Canada and 1 (703) 318-2209 for other international callers. Use the pass code "Bank of Hawaii" to access the call. A replay will be available for one week beginning approximately 11:00 a.m. Hawaii Time on Monday, July 22, 2019. The replay number is 1 (855) 859-2056 in the United States and Canada and 1 (404) 537-3406 from other international locations. Enter the conference ID 5038719 when prompted. In addition, a replay will be available on the Company's website, www.boh.com.

Forward-Looking Statements

This news release, and other statements made by the Company in connection with it may contain "forward-looking statements", such as forecasts of our financial results and condition, expectations for our operations and business prospects, and our assumptions used in those forecasts and expectations. Do not unduly rely on forward-looking statements. Actual results might differ significantly from our forecasts and expectations because of a variety of factors. More information about these factors is contained in Bank of Hawaii Corporation's Annual Report on Form 10-K for the year ended December 31, 2018, which was filed with the U.S. Securities and Exchange Commission. We have not committed to update forward-looking statements to reflect later events or circumstances.

Bank of Hawaii Corporation is a regional financial services company serving businesses, consumers, and governments in Hawaii, American Samoa, and the West Pacific. The Company's principal subsidiary, Bank of Hawaii, was founded in 1897. For more information about Bank of Hawaii Corporation, see the Company's web site, www.boh.com.

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Bank of Hawaii Corporation and Subsidiaries

Financial Highlights

Table 1

| | Three Months Ended | | | Six Months Ended | |
|---|--------------------|--------------------------|---------------------------|------------------------------|--------------------------|
| | June 30, 2019 | March 31, 2019 | June 30, 2018 | June 30, 2019 | June 30, 2018 |
| (dollars in thousands, except per share amounts) | | | | | |
| For the Period: | | | | | |
| Operating Results | | | | | |
| Net Interest Income | \$ 124,097 | \$ 124,837 | \$ 120,496 | \$ 248,934 | \$ 239,452 |
| Provision for Credit Losses | 4,000 | 3,000 | 3,500 | 7,000 | 7,625 |
| Total Noninterest Income | 45,450 | 43,679 | 41,298 | 89,129 | 85,333 |
| Total Noninterest Expense | 92,725 | 93,057 | 90,791 | 185,782 | 185,175 |
| Net Income | 56,919 | 58,799 | 54,718 | 115,718 | 108,758 |
| Basic Earnings Per Share | 1.40 | 1.44 | 1.31 | 2.84 | 2.59 |
| Diluted Earnings Per Share | 1.40 | 1.43 | 1.30 | 2.82 | 2.57 |
| Dividends Declared Per Share | 0.65 | 0.62 | 0.60 | 1.27 | 1.12 |
| Performance Ratios | | | | | |
| Return on Average Assets | 1.31 % | 1.38 % | 1.30 % | 1.34 % | 1.29 % |
| Return on Average Shareholders' Equity | 17.97 | 18.81 | 17.68 | 18.39 | 17.71 |
| Efficiency Ratio ¹ | 54.69 | 55.22 | 56.12 | 54.95 | 57.01 |
| Net Interest Margin ² | 3.04 | 3.12 | 3.04 | 3.08 | 3.02 |
| Dividend Payout Ratio ³ | 46.43 | 43.06 | 45.80 | 44.72 | 43.24 |
| Average Shareholders' Equity to Average Assets | 7.27 | 7.35 | 7.34 | 7.31 | 7.31 |
| Average Balances | | | | | |
| Average Loans and Leases | \$ 10,631,558 | \$ 10,467,321 | \$ 9,962,860 | \$ 10,549,893 | \$ 9,883,746 |
| Average Assets | 17,480,651 | 17,236,059 | 16,921,820 | 17,359,031 | 16,939,527 |
| Average Deposits | 15,162,782 | 14,971,404 | 14,709,299 | 15,067,622 | 14,714,752 |
| Average Shareholders' Equity | 1,270,162 | 1,267,438 | 1,241,672 | 1,268,808 | 1,238,628 |
| Per Share of Common Stock | | | | | |
| Book Value | \$ 31.61 | \$ 30.91 | \$ 29.65 | \$ 31.61 | \$ 29.65 |
| Tangible Book Value | 30.83 | 30.14 | 28.90 | 30.83 | 28.90 |
| Market Value | | | | | |
| Closing | 82.91 | 78.87 | 83.42 | 82.91 | 83.42 |
| High | 84.53 | 83.94 | 88.92 | 84.53 | 89.09 |
| Low | 75.24 | 66.54 | 80.20 | 66.54 | 78.40 |
| | | June 30, 2019 | March 31, 2019 | December 31, 2018 | June 30, 2018 |
| As of Period End: | | | | | |
| Balance Sheet Totals | | | | | |
| Loans and Leases | | \$ 10,759,129 | \$ 10,548,609 | \$ 10,448,774 | \$ 10,053,323 |
| Total Assets | | 17,688,845 | 17,446,413 | 17,143,974 | 17,124,162 |
| Total Deposits | | 15,488,821 | 15,267,310 | 15,027,242 | 14,943,358 |
| Other Debt | | 110,605 | 110,624 | 135,643 | 235,681 |
| Total Shareholders' Equity | | 1,285,948 | 1,269,690 | 1,268,200 | 1,247,717 |
| Asset Quality | | | | | |
| Non-Performing Assets | | \$ 21,782 | \$ 17,925 | \$ 12,930 | \$ 15,157 |
| Allowance for Loan and Lease Losses | | 107,672 | 106,023 | 106,693 | 108,188 |
| Allowance to Loans and Leases Outstanding | | 1.00 % | 1.01 % | 1.02 % | 1.08 % |
| Capital Ratios | | | | | |
| Common Equity Tier 1 Capital Ratio | | 12.46 % | 12.75 % | 13.07 % | 13.27 % |
| Tier 1 Capital Ratio | | 12.46 | 12.75 | 13.07 | 13.27 |
| Total Capital Ratio | | 13.57 | 13.87 | 14.21 | 14.47 |
| Tier 1 Leverage Ratio | | 7.36 | 7.46 | 7.60 | 7.53 |
| Total Shareholders' Equity to Total Assets | | 7.27 | 7.28 | 7.40 | 7.29 |
| Tangible Common Equity to Tangible Assets ⁴ | | 7.10 | 7.11 | 7.23 | 7.12 |
| Tangible Common Equity to Risk-Weighted Assets ⁴ | | 12.17 | 12.28 | 12.52 | 12.68 |
| Non-Financial Data | | | | | |
| Full-Time Equivalent Employees | | 2,152 | 2,112 | 2,122 | 2,173 |
| Branches | | 68 | 69 | 69 | 69 |
| ATMs | | 383 | 385 | 382 | 385 |

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

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

³ Dividend payout ratio is defined as dividends declared per share divided by basic earnings per share.

⁴ Tangible common equity to tangible assets and tangible common equity to risk-weighted assets are Non-GAAP financial measures. See Table 2 "Reconciliation of Non-GAAP Financial Measures."

Bank of Hawaii Corporation and Subsidiaries

Reconciliation of Non-GAAP Financial Measures

Table 2

| | June 30, | | March 31, | | December 31, | | June 30, | |
|---|----------|------------|-----------|------------|--------------|------------|----------|------------|
| | 2019 | | 2019 | | 2018 | | 2018 | |
| (dollars in thousands) | | | | | | | | |
| Total Shareholders' Equity | \$ | 1,285,948 | \$ | 1,269,690 | \$ | 1,268,200 | \$ | 1,247,717 |
| Less: Goodwill | | 31,517 | | 31,517 | | 31,517 | | 31,517 |
| Tangible Common Equity | \$ | 1,254,431 | \$ | 1,238,173 | \$ | 1,236,683 | \$ | 1,216,200 |
| | | | | | | | | |
| Total Assets | \$ | 17,688,845 | \$ | 17,446,413 | \$ | 17,143,974 | \$ | 17,124,162 |
| Less: Goodwill | | 31,517 | | 31,517 | | 31,517 | | 31,517 |
| Tangible Assets | \$ | 17,657,328 | \$ | 17,414,896 | \$ | 17,112,457 | \$ | 17,092,645 |
| | | | | | | | | |
| Risk-Weighted Assets, determined in accordance with prescribed regulatory requirements | \$ | 10,309,085 | \$ | 10,079,858 | \$ | 9,878,904 | \$ | 9,593,242 |
| | | | | | | | | |
| Total Shareholders' Equity to Total Assets | | 7.27% | | 7.28% | | 7.40% | | 7.29% |
| Tangible Common Equity to Tangible Assets (Non-GAAP) | | 7.10% | | 7.11% | | 7.23% | | 7.12% |
| | | | | | | | | |
| Tier 1 Capital Ratio | | 12.46% | | 12.75% | | 13.07% | | 13.27% |
| Tangible Common Equity to Risk-Weighted Assets (Non-GAAP) | | 12.17% | | 12.28% | | 12.52% | | 12.68% |

Bank of Hawaii Corporation and Subsidiaries

Consolidated Statements of Income

Table 3

| | Three Months Ended | | | Six Months Ended | |
|--|--------------------|-------------------|------------------|-------------------|-------------------|
| | June 30, 2019 | March 31, 2019 | June 30, 2018 | June 30, 2019 | 2018 |
| (dollars in thousands, except per share amounts) | | | | | |
| Interest Income | | | | | |
| Interest and Fees on Loans and Leases | \$ 110,401 | \$ 108,511 | \$ 101,311 | \$ 218,912 | \$ 198,945 |
| Income on Investment Securities | | | | | |
| Available-for-Sale | 15,072 | 13,432 | 12,380 | 28,504 | 24,521 |
| Held-to-Maturity | 22,149 | 21,921 | 20,711 | 44,070 | 42,007 |
| Deposits | 9 | 15 | (4) | 24 | 14 |
| Funds Sold | 730 | 1,444 | 846 | 2,174 | 1,603 |
| Other | 210 | 319 | 341 | 529 | 641 |
| Total Interest Income | 148,571 | 145,642 | 135,585 | 294,213 | 267,731 |
| Interest Expense | | | | | |
| Deposits | 18,628 | 15,284 | 9,459 | 33,912 | 17,040 |
| Securities Sold Under Agreements to Repurchase | 4,623 | 4,571 | 4,617 | 9,194 | 9,181 |
| Funds Purchased | 512 | 157 | 83 | 669 | 136 |
| Short-Term Borrowings | 1 | 36 | 13 | 37 | 29 |
| Other Debt | 710 | 757 | 917 | 1,467 | 1,893 |
| Total Interest Expense | 24,474 | 20,805 | 15,089 | 45,279 | 28,279 |
| Net Interest Income | 124,097 | 124,837 | 120,496 | 248,934 | 239,452 |
| Provision for Credit Losses | 4,000 | 3,000 | 3,500 | 7,000 | 7,625 |
| Net Interest Income After Provision for Credit Losses | 120,097 | 121,837 | 116,996 | 241,934 | 231,827 |
| Noninterest Income | | | | | |
| Trust and Asset Management | 11,385 | 10,761 | 11,356 | 22,146 | 22,537 |
| Mortgage Banking | 3,336 | 2,287 | 2,179 | 5,623 | 4,324 |
| Service Charges on Deposit Accounts | 7,283 | 7,364 | 6,865 | 14,647 | 13,994 |
| Fees, Exchange, and Other Service Charges | 14,252 | 14,208 | 14,400 | 28,460 | 28,733 |
| Investment Securities Gains (Losses), Net | (776) | (835) | (1,702) | (1,611) | (2,368) |
| Annuity and Insurance | 1,806 | 2,578 | 1,847 | 4,384 | 3,053 |
| Bank-Owned Life Insurance | 1,779 | 1,710 | 1,796 | 3,489 | 3,638 |
| Other | 6,385 | 5,606 | 4,557 | 11,991 | 11,422 |
| Total Noninterest Income | 45,450 | 43,679 | 41,298 | 89,129 | 85,333 |
| Noninterest Expense | | | | | |
| Salaries and Benefits | 53,511 | 56,586 | 52,148 | 110,097 | 106,570 |
| Net Occupancy | 8,579 | 7,594 | 8,588 | 16,173 | 17,122 |
| Net Equipment | 6,895 | 6,833 | 5,845 | 13,728 | 11,372 |
| Data Processing | 4,727 | 4,526 | 4,563 | 9,253 | 8,454 |
| Professional Fees | 2,177 | 2,453 | 2,546 | 4,630 | 5,319 |
| FDIC Insurance | 1,290 | 1,269 | 2,182 | 2,559 | 4,339 |
| Other | 15,546 | 13,796 | 14,919 | 29,342 | 31,999 |
| Total Noninterest Expense | 92,725 | 93,057 | 90,791 | 185,782 | 185,175 |
| Income Before Provision for Income Taxes | 72,822 | 72,459 | 67,503 | 145,281 | 131,985 |
| Provision for Income Taxes | 15,903 | 13,660 | 12,785 | 29,563 | 23,227 |
| Net Income | \$ 56,919 | \$ 58,799 | \$ 54,718 | \$ 115,718 | \$ 108,758 |
| Basic Earnings Per Share | \$ 1.40 | \$ 1.44 | \$ 1.31 | \$ 2.84 | \$ 2.59 |
| Diluted Earnings Per Share | \$ 1.40 | \$ 1.43 | \$ 1.30 | \$ 2.82 | \$ 2.57 |
| Dividends Declared Per Share | \$ 0.65 | \$ 0.62 | \$ 0.60 | \$ 1.27 | \$ 1.12 |
| Basic Weighted Average Shares | 40,541,594 | 40,938,318 | 41,884,221 | 40,738,772 | 41,960,743 |
| Diluted Weighted Average Shares | 40,769,767 | 41,213,453 | 42,152,200 | 40,988,001 | 42,252,900 |

Bank of Hawaii Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income

Table 4

| | Three Months Ended | | | Six Months Ended | |
|--|--------------------|-------------------|------------------|------------------|------------|
| | June 30, 2019 | March 31, 2019 | June 30, 2018 | June 30, 2019 | 2018 |
| (dollars in thousands) | | | | | |
| Net Income | \$ 56,919 | \$ 58,799 | \$ 54,718 | \$ 115,718 | \$ 108,758 |
| Other Comprehensive Income (Loss), Net of Tax: | | | | | |
| Net Unrealized Gains (Losses) on Investment Securities | 16,209 | 6,919 | (2,974) | 23,128 | (12,095) |
| Defined Benefit Plans | 245 | 246 | 216 | 491 | 432 |
| Other Comprehensive Income (Loss) | 16,454 | 7,165 | (2,758) | 23,619 | (11,663) |
| Comprehensive Income | \$ 73,373 | \$ 65,964 | \$ 51,960 | \$ 139,337 | \$ 97,095 |

Bank of Hawaii Corporation and Subsidiaries

Consolidated Statements of Condition

Table 5

| (dollars in thousands) | June 30, 2019 | March 31, 2019 | December 31, 2018 | June 30, 2018 |
|---|----------------------|----------------------|----------------------|----------------------|
| Assets | | | | |
| Interest-Bearing Deposits in Other Banks | \$ 3,859 | \$ 3,550 | \$ 3,028 | \$ 3,524 |
| Funds Sold | 204,340 | 243,867 | 198,860 | 361,933 |
| Investment Securities | | | | |
| Available-for-Sale | 2,649,949 | 1,859,256 | 2,007,942 | 2,092,870 |
| Held-to-Maturity (Fair Value of \$2,973,229; \$3,637,496; \$3,413,994; and \$3,500,497) | 2,959,611 | 3,668,811 | 3,482,092 | 3,595,891 |
| Loans Held for Sale | 22,706 | 17,909 | 10,987 | 16,025 |
| Loans and Leases | 10,759,129 | 10,548,609 | 10,448,774 | 10,053,323 |
| Allowance for Loan and Lease Losses | (107,672) | (106,023) | (106,693) | (108,188) |
| Net Loans and Leases | 10,651,457 | 10,442,586 | 10,342,081 | 9,945,135 |
| Total Earning Assets | 16,491,922 | 16,235,979 | 16,044,990 | 16,015,378 |
| Cash and Due from Banks | 282,164 | 293,871 | 324,081 | 312,303 |
| Premises and Equipment, Net | 169,671 | 159,344 | 151,837 | 142,791 |
| Operating Lease Right-of-Use Assets | 103,336 | 104,166 | - | - |
| Accrued Interest Receivable | 49,726 | 52,820 | 51,230 | 50,594 |
| Foreclosed Real Estate | 2,737 | 3,225 | 1,356 | 2,926 |
| Mortgage Servicing Rights | 24,233 | 24,149 | 24,310 | 24,583 |
| Goodwill | 31,517 | 31,517 | 31,517 | 31,517 |
| Bank-Owned Life Insurance | 285,295 | 285,155 | 283,771 | 281,018 |
| Other Assets | 248,244 | 256,187 | 230,882 | 263,052 |
| Total Assets | \$ 17,688,845 | \$ 17,446,413 | \$ 17,143,974 | \$ 17,124,162 |
| Liabilities | | | | |
| Deposits | | | | |
| Noninterest-Bearing Demand | \$ 4,528,251 | \$ 4,595,915 | \$ 4,739,596 | \$ 4,729,203 |
| Interest-Bearing Demand | 3,033,066 | 2,961,444 | 3,002,925 | 3,111,069 |
| Savings | 6,004,528 | 5,946,881 | 5,539,199 | 5,389,763 |
| Time | 1,922,976 | 1,763,070 | 1,745,522 | 1,713,323 |
| Total Deposits | 15,488,821 | 15,267,310 | 15,027,242 | 14,943,358 |
| Short-Term Borrowings | - | - | 199 | 330 |
| Securities Sold Under Agreements to Repurchase | 504,299 | 504,299 | 504,296 | 504,193 |
| Other Debt | 110,605 | 110,624 | 135,643 | 235,681 |
| Operating Lease Liabilities | 110,483 | 111,230 | - | - |
| Retirement Benefits Payable | 40,047 | 40,343 | 40,494 | 36,730 |
| Accrued Interest Payable | 9,454 | 8,474 | 8,253 | 7,395 |
| Taxes Payable and Deferred Taxes | 21,337 | 29,935 | 19,736 | 15,136 |
| Other Liabilities | 117,851 | 104,508 | 139,911 | 133,622 |
| Total Liabilities | 16,402,897 | 16,176,723 | 15,875,774 | 15,876,445 |
| Shareholders' Equity | | | | |
| Common Stock (\$.01 par value; authorized 500,000,000 shares; issued / outstanding: June 30, 2019 - 58,175,367 / 40,687,719; March 31, 2019 - 58,166,535 / 41,078,688; December 31, 2018 - 58,063,689 / 41,499,898; and June 30, 2018 - 58,070,285 / 42,084,066) | 579 | 578 | 577 | 577 |
| Capital Surplus | 577,346 | 574,594 | 571,704 | 566,436 |
| Accumulated Other Comprehensive Loss | (27,424) | (43,878) | (51,043) | (53,855) |
| Retained Earnings | 1,704,993 | 1,674,264 | 1,641,314 | 1,581,168 |
| Treasury Stock, at Cost (Shares: June 30, 2019 - 17,487,648; March 31, 2019 - 17,087,847; December 31, 2018 - 16,563,791; and June 30, 2018 - 15,986,219) | (969,546) | (935,868) | (894,352) | (846,609) |
| Total Shareholders' Equity | 1,285,948 | 1,269,690 | 1,268,200 | 1,247,717 |
| Total Liabilities and Shareholders' Equity | \$ 17,688,845 | \$ 17,446,413 | \$ 17,143,974 | \$ 17,124,162 |

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

Table 6

| | Common Shares Outstanding | Common Stock | Capital Surplus | Accum. Other Compre- hensive Income (Loss) | Retained Earnings | Treasury Stock | Total |
|--|------------------------------|-----------------|--------------------|---|----------------------|-------------------|--------------|
| <i>(dollars in thousands)</i> | | | | | | | |
| Balance as of December 31, 2018 | 41,499,898 | \$ 577 | \$ 571,704 | \$ (51,043) | \$ 1,641,314 | \$ (894,352) | \$ 1,268,200 |
| Net Income | - | - | - | - | 115,718 | - | 115,718 |
| Other Comprehensive Income | - | - | - | 23,619 | - | - | 23,619 |
| Share-Based Compensation | - | - | 4,438 | - | - | - | 4,438 |
| Common Stock Issued under Purchase and Equity | | | | | | | |
| Compensation Plans | 174,709 | 2 | 1,204 | - | 162 | 2,981 | 4,349 |
| Common Stock Repurchased | (986,888) | - | - | - | - | (78,175) | (78,175) |
| Cash Dividends Declared (\$1.27 per share) | - | - | - | - | (52,201) | - | (52,201) |
| Balance as of June 30, 2019 | 40,687,719 | \$ 579 | \$ 577,346 | \$ (27,424) | \$ 1,704,993 | \$ (969,546) | \$ 1,285,948 |
| Balance as of December 31, 2017 | 42,401,443 | \$ 576 | \$ 561,161 | \$ (34,715) | \$ 1,512,218 | \$ (807,372) | \$ 1,231,868 |
| Net Income | - | - | - | - | 108,758 | - | 108,758 |
| Other Comprehensive Loss | - | - | - | (11,663) | - | - | (11,663) |
| Reclassification of the Income Tax Effects of the Tax Cuts and Jobs Act from AOCI | - | - | - | (7,477) | 7,477 | - | - |
| Share-Based Compensation | - | - | 4,055 | - | - | - | 4,055 |
| Common Stock Issued under Purchase and Equity | | | | | | | |
| Compensation Plans | 179,644 | 1 | 1,220 | - | 166 | 2,992 | 4,379 |
| Common Stock Repurchased | (497,021) | - | - | - | - | (42,229) | (42,229) |
| Cash Dividends Declared (\$1.12 per share) | - | - | - | - | (47,451) | - | (47,451) |
| Balance as of June 30, 2018 | 42,084,066 | \$ 577 | \$ 566,436 | \$ (53,855) | \$ 1,581,168 | \$ (846,609) | \$ 1,247,717 |

Bank of Hawaii Corporation and Subsidiaries

Average Balances and Interest Rates - Taxable-Equivalent Basis

Table 7a

| | Three Months Ended June 30, 2019 | | | Three Months Ended March 31, 2019 | | | Three Months Ended June 30, 2018 | | |
|---|-------------------------------------|--------------------|----------------|--------------------------------------|--------------------|----------------|-------------------------------------|--------------------|----------------|
| | Average Balance | Income/ Expense | Yield/ Rate | Average Balance | Income/ Expense | Yield/ Rate | Average Balance | Income/ Expense | Yield/ Rate |
| (dollars in millions) | | | | | | | | | |
| Earning Assets | | | | | | | | | |
| Interest-Bearing Deposits in Other Banks | \$ 2.9 | \$ - | 1.25 % | \$ 3.0 | \$ - | 2.05 % | \$ 2.9 | \$ - | (0.52) % |
| Funds Sold | 123.6 | 0.8 | 2.34 | 241.6 | 1.5 | 2.39 | 185.2 | 0.8 | 1.81 |
| Investment Securities | | | | | | | | | |
| Available-for-Sale | | | | | | | | | |
| Taxable | 2,004.3 | 14.3 | 2.87 | 1,595.8 | 11.5 | 2.90 | 1,564.5 | 9.2 | 2.35 |
| Non-Taxable | 86.8 | 0.9 | 4.15 | 279.1 | 2.4 | 3.45 | 583.6 | 4.0 | 2.78 |
| Held-to-Maturity | | | | | | | | | |
| Taxable | 3,358.0 | 21.0 | 2.50 | 3,373.5 | 20.5 | 2.43 | 3,471.7 | 19.2 | 2.22 |
| Non-Taxable | 193.0 | 1.5 | 3.08 | 234.1 | 1.8 | 3.15 | 237.1 | 1.9 | 3.17 |
| Total Investment Securities | 5,642.1 | 37.7 | 2.68 | 5,482.5 | 36.2 | 2.65 | 5,856.9 | 34.3 | 2.35 |
| Loans Held for Sale | 18.7 | 0.2 | 4.05 | 12.4 | 0.1 | 4.35 | 14.8 | 0.2 | 4.44 |
| Loans and Leases ¹ | | | | | | | | | |
| Commercial and Industrial | 1,385.7 | 14.9 | 4.31 | 1,357.8 | 15.3 | 4.57 | 1,307.6 | 12.8 | 3.92 |
| Commercial Mortgage | 2,386.3 | 25.9 | 4.35 | 2,310.4 | 24.9 | 4.36 | 2,123.5 | 21.9 | 4.13 |
| Construction | 125.3 | 1.7 | 5.51 | 150.4 | 1.9 | 5.08 | 183.4 | 2.2 | 4.82 |
| Commercial Lease Financing | 159.9 | 1.0 | 2.49 | 160.9 | 0.9 | 2.28 | 179.4 | 1.0 | 2.24 |
| Residential Mortgage | 3,730.4 | 36.0 | 3.87 | 3,680.2 | 35.5 | 3.86 | 3,526.9 | 33.6 | 3.81 |
| Home Equity | 1,694.9 | 16.2 | 3.83 | 1,690.0 | 16.1 | 3.87 | 1,612.7 | 15.1 | 3.76 |
| Automobile | 688.5 | 6.2 | 3.62 | 668.2 | 6.0 | 3.66 | 573.6 | 5.7 | 3.97 |
| Other ² | 460.6 | 8.4 | 7.33 | 449.4 | 7.9 | 7.13 | 455.8 | 8.9 | 7.86 |
| Total Loans and Leases | 10,631.6 | 110.3 | 4.16 | 10,467.3 | 108.5 | 4.18 | 9,962.9 | 101.2 | 4.07 |
| Other | 35.0 | 0.2 | 2.40 | 35.5 | 0.3 | 3.60 | 39.8 | 0.4 | 3.43 |
| Total Earning Assets ³ | 16,453.9 | 149.2 | 3.63 | 16,242.3 | 146.6 | 3.64 | 16,062.5 | 136.9 | 3.41 |
| Cash and Due from Banks | 241.6 | | | 240.8 | | | 251.0 | | |
| Other Assets | 785.2 | | | 753.0 | | | 608.3 | | |
| Total Assets | \$ 17,480.7 | | | \$ 17,236.1 | | | \$ 16,921.8 | | |
| Interest-Bearing Liabilities | | | | | | | | | |
| Interest-Bearing Deposits | | | | | | | | | |
| Demand | \$ 2,902.5 | 1.4 | 0.19 | \$ 2,939.9 | 1.5 | 0.20 | \$ 2,969.8 | 1.2 | 0.16 |
| Savings | 6,002.0 | 8.9 | 0.60 | 5,760.8 | 6.7 | 0.47 | 5,392.2 | 3.1 | 0.23 |
| Time | 1,866.6 | 8.3 | 1.79 | 1,703.4 | 7.1 | 1.69 | 1,705.7 | 5.2 | 1.21 |
| Total Interest-Bearing Deposits | 10,771.1 | 18.6 | 0.69 | 10,404.1 | 15.3 | 0.60 | 10,067.7 | 9.5 | 0.38 |
| Short-Term Borrowings | 82.3 | 0.5 | 2.46 | 31.1 | 0.2 | 2.49 | 21.0 | 0.1 | 1.80 |
| Securities Sold Under Agreements to Repurchase | 504.3 | 4.7 | 3.63 | 504.3 | 4.6 | 3.63 | 505.1 | 4.6 | 3.62 |
| Other Debt | 110.6 | 0.7 | 2.57 | 120.0 | 0.7 | 2.55 | 235.7 | 0.9 | 1.56 |
| Total Interest-Bearing Liabilities | 11,468.3 | 24.5 | 0.85 | 11,059.5 | 20.8 | 0.76 | 10,829.5 | 15.1 | 0.56 |
| Net Interest Income | | \$ 124.7 | | | \$ 125.8 | | | \$ 121.8 | |
| Interest Rate Spread | | | 2.78 % | | | 2.88 % | | | 2.85 % |
| Net Interest Margin | | | 3.04 % | | | 3.12 % | | | 3.04 % |
| Noninterest-Bearing Demand Deposits | 4,391.7 | | | 4,567.3 | | | 4,641.6 | | |
| Other Liabilities | 350.5 | | | 341.9 | | | 209.0 | | |
| Shareholders' Equity | 1,270.2 | | | 1,267.4 | | | 1,241.7 | | |
| Total Liabilities and Shareholders' Equity | \$ 17,480.7 | | | \$ 17,236.1 | | | \$ 16,921.8 | | |

¹ Non-performing loans and leases are included in the respective average loan and lease balances. Income, if any, on such loans and leases is recognized on a cash basis.

² Comprised of other consumer revolving credit, installment, and consumer lease financing.

³ Interest income includes taxable-equivalent basis adjustments, based upon a federal statutory tax rate of 21%, of \$601,000, \$981,000, and \$1,298,000 for the three months ended June 30, 2019, March 31, 2019, and June 30, 2018, respectively.

Bank of Hawaii Corporation and Subsidiaries

Average Balances and Interest Rates - Taxable-Equivalent Basis

Table 7b

| | Six Months Ended | | | Six Months Ended | | |
|---|--------------------|-----------------|-------------|--------------------|-----------------|-------------|
| | June 30, 2019 | | | June 30, 2018 | | |
| | Average | Income/ | Yield/ | Average | Income/ | Yield/ |
| (dollars in millions) | Balance | Expense | Rate | Balance | Expense | Rate |
| Earning Assets | | | | | | |
| Interest-Bearing Deposits in Other Banks | \$ 2.9 | \$ - | 1.65 % | \$ 2.9 | \$ - | 0.94 % |
| Funds Sold | 182.3 | 2.2 | 2.37 | 194.9 | 1.6 | 1.64 |
| Investment Securities | | | | | | |
| Available-for-Sale | | | | | | |
| Taxable | 1,801.2 | 25.9 | 2.88 | 1,579.7 | 18.0 | 2.29 |
| Non-Taxable | 182.5 | 3.3 | 3.63 | 594.1 | 8.2 | 2.76 |
| Held-to-Maturity | | | | | | |
| Taxable | 3,365.7 | 41.5 | 2.46 | 3,551.0 | 39.0 | 2.20 |
| Non-Taxable | 213.4 | 3.3 | 3.12 | 237.6 | 3.8 | 3.17 |
| Total Investment Securities | 5,562.8 | 74.0 | 2.66 | 5,962.4 | 69.0 | 2.32 |
| Loans Held for Sale | 15.6 | 0.3 | 4.16 | 14.5 | 0.3 | 4.11 |
| Loans and Leases ¹ | | | | | | |
| Commercial and Industrial | 1,371.8 | 30.2 | 4.43 | 1,294.3 | 24.6 | 3.83 |
| Commercial Mortgage | 2,348.6 | 50.7 | 4.36 | 2,110.0 | 42.4 | 4.06 |
| Construction | 137.8 | 3.6 | 5.27 | 186.4 | 4.3 | 4.63 |
| Commercial Lease Financing | 160.4 | 1.9 | 2.38 | 179.5 | 2.0 | 2.22 |
| Residential Mortgage | 3,705.4 | 71.5 | 3.86 | 3,502.6 | 66.9 | 3.82 |
| Home Equity | 1,692.5 | 32.3 | 3.85 | 1,604.1 | 29.7 | 3.73 |
| Automobile | 678.4 | 12.3 | 3.64 | 557.7 | 11.3 | 4.08 |
| Other ² | 455.0 | 16.3 | 7.23 | 449.1 | 17.6 | 7.88 |
| Total Loans and Leases | 10,549.9 | 218.8 | 4.17 | 9,883.7 | 198.8 | 4.04 |
| Other | 35.2 | 0.5 | 3.00 | 40.3 | 0.7 | 3.19 |
| Total Earning Assets ³ | 16,348.7 | 295.8 | 3.63 | 16,098.7 | 270.4 | 3.37 |
| Cash and Due from Banks | 241.2 | | | 239.9 | | |
| Other Assets | 769.1 | | | 600.9 | | |
| Total Assets | \$ 17,359.0 | | | \$ 16,939.5 | | |
| Interest-Bearing Liabilities | | | | | | |
| Interest-Bearing Deposits | | | | | | |
| Demand | \$ 2,921.1 | 2.8 | 0.20 | \$ 2,974.0 | 1.9 | 0.13 |
| Savings | 5,882.1 | 15.7 | 0.54 | 5,379.3 | 5.3 | 0.20 |
| Time | 1,785.4 | 15.4 | 1.74 | 1,709.6 | 9.8 | 1.16 |
| Total Interest-Bearing Deposits | 10,588.6 | 33.9 | 0.65 | 10,062.9 | 17.0 | 0.34 |
| Short-Term Borrowings | 56.8 | 0.7 | 2.47 | 20.0 | 0.2 | 1.64 |
| Securities Sold Under Agreements to Repurchase | 504.3 | 9.2 | 3.63 | 505.2 | 9.2 | 3.61 |
| Other Debt | 115.3 | 1.5 | 2.56 | 246.3 | 1.9 | 1.55 |
| Total Interest-Bearing Liabilities | 11,265.0 | 45.3 | 0.81 | 10,834.4 | 28.3 | 0.52 |
| Net Interest Income | | \$ 250.5 | | | \$ 242.1 | |
| Interest Rate Spread | | | 2.82 % | | | 2.85 % |
| Net Interest Margin | | | 3.08 % | | | 3.02 % |
| Noninterest-Bearing Demand Deposits | 4,479.0 | | | 4,651.9 | | |
| Other Liabilities | 346.2 | | | 214.6 | | |
| Shareholders' Equity | 1,268.8 | | | 1,238.6 | | |
| Total Liabilities and Shareholders' Equity | \$ 17,359.0 | | | \$ 16,939.5 | | |

¹ Non-performing loans and leases are included in the respective average loan and lease balances. Income, if any, on such loans and leases is recognized on a cash basis.

² Comprised of other consumer revolving credit, installment, and consumer lease financing.

³ Interest income includes taxable-equivalent basis adjustments, based upon a federal statutory tax rate of 21%, of \$1,582,000 and \$2,642,000 for the six months ended June 30, 2019 and June 30, 2018, respectively.

Bank of Hawaii Corporation and Subsidiaries

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

Table 8a

| (dollars in millions) | Three Months Ended June 30, 2019 | | |
|--|----------------------------------|-------------------|-----------------|
| | Compared to March 31, 2019 | | |
| | Volume ¹ | Rate ¹ | Total |
| Change in Interest Income: | | | |
| Funds Sold | \$ (0.7) | \$ - | \$ (0.7) |
| Investment Securities | | | |
| Available-for-Sale | | | |
| Taxable | 2.9 | (0.1) | 2.8 |
| Non-Taxable | (1.9) | 0.4 | (1.5) |
| Held-to-Maturity | | | |
| Taxable | (0.1) | 0.6 | 0.5 |
| Non-Taxable | (0.3) | - | (0.3) |
| Total Investment Securities | 0.6 | 0.9 | 1.5 |
| Loans Held for Sale | 0.1 | - | 0.1 |
| Loans and Leases | | | |
| Commercial and Industrial | 0.4 | (0.8) | (0.4) |
| Commercial Mortgage | 1.1 | (0.1) | 1.0 |
| Construction | (0.3) | 0.1 | (0.2) |
| Commercial Lease Financing | - | 0.1 | 0.1 |
| Residential Mortgage | 0.5 | - | 0.5 |
| Home Equity | 0.1 | - | 0.1 |
| Automobile | 0.2 | - | 0.2 |
| Other ² | 0.2 | 0.3 | 0.5 |
| Total Loans and Leases | 2.2 | (0.4) | 1.8 |
| Other | - | (0.1) | (0.1) |
| Total Change in Interest Income | 2.2 | 0.4 | 2.6 |
| Change in Interest Expense: | | | |
| Interest-Bearing Deposits | | | |
| Demand | - | (0.1) | (0.1) |
| Savings | 0.3 | 1.9 | 2.2 |
| Time | 0.7 | 0.5 | 1.2 |
| Total Interest-Bearing Deposits | 1.0 | 2.3 | 3.3 |
| Short-Term Borrowings | 0.3 | - | 0.3 |
| Securities Sold Under Agreements to Repurchase | - | 0.1 | 0.1 |
| Total Change in Interest Expense | 1.3 | 2.4 | 3.7 |
| Change in Net Interest Income | \$ 0.9 | \$ (2.0) | \$ (1.1) |

¹ The change in interest income and expense not solely due to changes in volume or rate has been allocated on a pro-rata basis to the volume and rate columns.

² Comprised of other consumer revolving credit, installment, and consumer lease financing.

Bank of Hawaii Corporation and Subsidiaries

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

Table 8b

| (dollars in millions) | Three Months Ended June 30, 2019 | | |
|--|----------------------------------|-------------------|---------------|
| | Compared to June 30, 2018 | | |
| | Volume ¹ | Rate ¹ | Total |
| Change in Interest Income: | | | |
| Funds Sold | \$ (0.2) | \$ 0.2 | \$ - |
| Investment Securities | | | |
| Available-for-Sale | | | |
| Taxable | 2.8 | 2.3 | 5.1 |
| Non-Taxable | (4.5) | 1.4 | (3.1) |
| Held-to-Maturity | | | |
| Taxable | (0.6) | 2.4 | 1.8 |
| Non-Taxable | (0.3) | (0.1) | (0.4) |
| Total Investment Securities | (2.6) | 6.0 | 3.4 |
| Loans and Leases | | | |
| Commercial and Industrial | 0.8 | 1.3 | 2.1 |
| Commercial Mortgage | 2.8 | 1.2 | 4.0 |
| Construction | (0.8) | 0.3 | (0.5) |
| Commercial Lease Financing | (0.1) | 0.1 | - |
| Residential Mortgage | 1.9 | 0.5 | 2.4 |
| Home Equity | 0.8 | 0.3 | 1.1 |
| Automobile | 1.1 | (0.6) | 0.5 |
| Other ² | 0.1 | (0.6) | (0.5) |
| Total Loans and Leases | 6.6 | 2.5 | 9.1 |
| Other | (0.1) | (0.1) | (0.2) |
| Total Change in Interest Income | 3.7 | 8.6 | 12.3 |
| Change in Interest Expense: | | | |
| Interest-Bearing Deposits | | | |
| Demand | - | 0.2 | 0.2 |
| Savings | 0.4 | 5.4 | 5.8 |
| Time | 0.4 | 2.7 | 3.1 |
| Total Interest-Bearing Deposits | 0.8 | 8.3 | 9.1 |
| Short-Term Borrowings | 0.4 | - | 0.4 |
| Securities Sold Under Agreements to Repurchase | - | 0.1 | 0.1 |
| Other Debt | (0.6) | 0.4 | (0.2) |
| Total Change in Interest Expense | 0.6 | 8.8 | 9.4 |
| Change in Net Interest Income | \$ 3.1 | \$ (0.2) | \$ 2.9 |

¹ The change in interest income and expense not solely due to changes in volume or rate has been allocated on a pro-rata basis to the volume and rate columns.

² Comprised of other consumer revolving credit, installment, and consumer lease financing.

Bank of Hawaii Corporation and Subsidiaries

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

Table 8c

| (dollars in millions) | Six Months Ended June 30, 2019 | | |
|---|--------------------------------|-------------------|---------------|
| | Compared to June 30, 2018 | | |
| | Volume ¹ | Rate ¹ | Total |
| Change in Interest Income: | | | |
| Funds Sold | \$ (0.1) | \$ 0.7 | \$ 0.6 |
| Investment Securities | | | |
| Available-for-Sale | | | |
| Taxable | 2.8 | 5.1 | 7.9 |
| Non-Taxable | (6.9) | 2.0 | (4.9) |
| Held-to-Maturity | | | |
| Taxable | (2.1) | 4.6 | 2.5 |
| Non-Taxable | (0.4) | (0.1) | (0.5) |
| Total Investment Securities | (6.6) | 11.6 | 5.0 |
| Loans and Leases | | | |
| Commercial and Industrial | 1.5 | 4.1 | 5.6 |
| Commercial Mortgage | 5.0 | 3.3 | 8.3 |
| Construction | (1.2) | 0.5 | (0.7) |
| Commercial Lease Financing | (0.2) | 0.1 | (0.1) |
| Residential Mortgage | 3.9 | 0.7 | 4.6 |
| Home Equity | 1.7 | 0.9 | 2.6 |
| Automobile | 2.3 | (1.3) | 1.0 |
| Other ² | 0.2 | (1.5) | (1.3) |
| Total Loans and Leases | 13.2 | 6.8 | 20.0 |
| Other | (0.1) | (0.1) | (0.2) |
| Total Change in Interest Income | 6.4 | 19.0 | 25.4 |
| Change in Interest Expense: | | | |
| Interest-Bearing Deposits | | | |
| Demand | - | 0.9 | 0.9 |
| Savings | 0.5 | 9.9 | 10.4 |
| Time | 0.5 | 5.1 | 5.6 |
| Total Interest-Bearing Deposits | 1.0 | 15.9 | 16.9 |
| Short-Term Borrowings | 0.4 | 0.1 | 0.5 |
| Other Debt | (1.3) | 0.9 | (0.4) |
| Total Change in Interest Expense | 0.1 | 16.9 | 17.0 |
| Change in Net Interest Income | \$ 6.3 | \$ 2.1 | \$ 8.4 |

¹ The change in interest income and expense not solely due to changes in volume or rate has been allocated on a pro-rata basis to the volume and rate columns.

² Comprised of other consumer revolving credit, installment, and consumer lease financing.

Bank of Hawaii Corporation and Subsidiaries

Salaries and Benefits

Table 9

| | Three Months Ended | | | Six Months Ended | |
|-------------------------------------|--------------------|-------------------|------------------|-------------------|-------------------|
| | June 30, 2019 | March 31, 2019 | June 30, 2018 | June 30, 2019 | June 30, 2018 |
| (dollars in thousands) | | | | | |
| Salaries | \$ 32,834 | \$ 32,480 | \$ 33,269 | \$ 65,314 | \$ 65,973 |
| Incentive Compensation | 5,464 | 5,904 | 4,416 | 11,368 | 9,594 |
| Share-Based Compensation | 1,994 | 3,079 | 2,423 | 5,073 | 4,504 |
| Commission Expense | 1,704 | 930 | 1,272 | 2,634 | 2,226 |
| Retirement and Other Benefits | 4,580 | 5,107 | 4,178 | 9,687 | 9,019 |
| Payroll Taxes | 2,643 | 4,247 | 2,568 | 6,890 | 6,740 |
| Medical, Dental, and Life Insurance | 3,926 | 4,465 | 3,820 | 8,391 | 7,281 |
| Separation Expense | 366 | 374 | 202 | 740 | 1,233 |
| Total Salaries and Benefits | \$ 53,511 | \$ 56,586 | \$ 52,148 | \$ 110,097 | \$ 106,570 |

Bank of Hawaii Corporation and Subsidiaries

Loan and Lease Portfolio Balances

Table 10

| (dollars in thousands) | June 30, 2019 | March 31, 2019 | December 31, 2018 | September 30, 2018 | June 30, 2018 |
|-------------------------------|----------------------|----------------------|----------------------|-----------------------|----------------------|
| Commercial | | | | | |
| Commercial and Industrial | \$ 1,408,729 | \$ 1,331,345 | \$ 1,331,149 | \$ 1,314,609 | \$ 1,282,967 |
| Commercial Mortgage | 2,411,289 | 2,381,213 | 2,302,356 | 2,237,020 | 2,169,357 |
| Construction | 119,228 | 132,775 | 170,061 | 176,447 | 185,350 |
| Lease Financing | 163,070 | 154,919 | 176,226 | 172,232 | 178,598 |
| Total Commercial | 4,102,316 | 4,000,252 | 3,979,792 | 3,900,308 | 3,816,272 |
| Consumer | | | | | |
| Residential Mortgage | 3,785,006 | 3,702,553 | 3,673,796 | 3,596,627 | 3,548,444 |
| Home Equity | 1,694,577 | 1,698,666 | 1,681,442 | 1,625,208 | 1,622,314 |
| Automobile | 703,523 | 676,730 | 658,133 | 625,086 | 592,705 |
| Other ¹ | 473,707 | 470,408 | 455,611 | 483,833 | 473,588 |
| Total Consumer | 6,656,813 | 6,548,357 | 6,468,982 | 6,330,754 | 6,237,051 |
| Total Loans and Leases | \$ 10,759,129 | \$ 10,548,609 | \$ 10,448,774 | \$ 10,231,062 | \$ 10,053,323 |

Deposits

| (dollars in thousands) | June 30, 2019 | March 31, 2019 | December 31, 2018 | September 30, 2018 | June 30, 2018 |
|------------------------|----------------------|----------------------|----------------------|-----------------------|----------------------|
| Consumer | \$ 7,880,284 | \$ 7,944,793 | \$ 7,726,731 | \$ 7,627,527 | \$ 7,672,435 |
| Commercial | 6,178,984 | 6,162,042 | 6,098,186 | 5,967,343 | 5,921,414 |
| Public and Other | 1,429,553 | 1,160,475 | 1,202,325 | 1,248,465 | 1,349,509 |
| Total Deposits | \$ 15,488,821 | \$ 15,267,310 | \$ 15,027,242 | \$ 14,843,335 | \$ 14,943,358 |

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

Bank of Hawaii Corporation and Subsidiaries

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

Table 11

| | June 30, 2019 | March 31, 2019 | December 31, 2018 | September 30, 2018 | June 30, 2018 |
|--|----------------------|----------------------|----------------------|-----------------------|----------------------|
| (dollars in thousands) | | | | | |
| Non-Performing Assets | | | | | |
| Non-Accrual Loans and Leases | | | | | |
| Commercial | | | | | |
| Commercial and Industrial | \$ 552 | \$ 393 | \$ 542 | \$ 1,205 | \$ 917 |
| Commercial Mortgage | 11,310 | 5,911 | 2,040 | 652 | 659 |
| Total Commercial | 11,862 | 6,304 | 2,582 | 1,857 | 1,576 |
| Consumer | | | | | |
| Residential Mortgage | 4,697 | 5,599 | 5,321 | 6,359 | 6,722 |
| Home Equity | 2,486 | 2,797 | 3,671 | 3,673 | 3,933 |
| Total Consumer | 7,183 | 8,396 | 8,992 | 10,032 | 10,655 |
| Total Non-Accrual Loans and Leases | 19,045 | 14,700 | 11,574 | 11,889 | 12,231 |
| Foreclosed Real Estate | 2,737 | 3,225 | 1,356 | 1,909 | 2,926 |
| Total Non-Performing Assets | \$ 21,782 | \$ 17,925 | \$ 12,930 | \$ 13,798 | \$ 15,157 |
| Accruing Loans and Leases Past Due 90 Days or More | | | | | |
| Commercial | | | | | |
| Commercial and Industrial | \$ - | \$ 66 | \$ 10 | \$ - | \$ 2 |
| Commercial Mortgage | - | - | - | - | 5,680 |
| Total Commercial | - | 66 | 10 | - | 5,682 |
| Consumer | | | | | |
| Residential Mortgage | \$ 1,859 | \$ 903 | \$ 2,446 | \$ 2,426 | \$ 2,281 |
| Home Equity | 2,981 | 3,381 | 2,684 | 3,112 | 3,016 |
| Automobile | 607 | 734 | 513 | 829 | 674 |
| Other ¹ | 963 | 1,033 | 914 | 1,727 | 1,660 |
| Total Consumer | 6,410 | 6,051 | 6,557 | 8,094 | 7,631 |
| Total Accruing Loans and Leases Past Due 90 Days or More | \$ 6,410 | \$ 6,117 | \$ 6,567 | \$ 8,094 | \$ 13,313 |
| Restructured Loans on Accrual Status and Not Past Due 90 Days or More | \$ 48,563 | \$ 48,571 | \$ 48,731 | \$ 49,462 | \$ 50,212 |
| Total Loans and Leases | \$ 10,759,129 | \$ 10,548,609 | \$ 10,448,774 | \$ 10,231,062 | \$ 10,053,323 |
| Ratio of Non-Accrual Loans and Leases to Total Loans and Leases | 0.18% | 0.14% | 0.11% | 0.12% | 0.12% |
| Ratio of Non-Performing Assets to Total Loans and Leases and Foreclosed Real Estate | 0.20% | 0.17% | 0.12% | 0.13% | 0.15% |
| Ratio of Commercial Non-Performing Assets to Total Commercial Loans and Leases and Commercial Foreclosed Real Estate | 0.29% | 0.16% | 0.06% | 0.05% | 0.04% |
| Ratio of Consumer Non-Performing Assets to Total Consumer Loans and Leases and Consumer Foreclosed Real Estate | 0.15% | 0.18% | 0.16% | 0.19% | 0.22% |
| Ratio of Non-Performing Assets and Accruing Loans and Leases Past Due 90 Days or More to Total Loans and Leases and Foreclosed Real Estate | 0.26% | 0.23% | 0.19% | 0.21% | 0.28% |
| Quarter to Quarter Changes in Non-Performing Assets | | | | | |
| Balance at Beginning of Quarter | \$ 17,925 | \$ 12,930 | \$ 13,798 | \$ 15,157 | \$ 15,736 |
| Additions | 6,186 | 8,217 | 4,509 | 2,030 | 1,949 |
| Reductions | | | | | |
| Payments | (441) | (989) | (3,759) | (415) | (1,847) |
| Return to Accrual Status | (1,344) | (316) | (605) | (1,420) | (126) |
| Sales of Foreclosed Real Estate | (374) | - | (653) | (1,301) | (421) |
| Charge-offs/Write-downs | (170) | (1,917) | (360) | (253) | (134) |
| Total Reductions | (2,329) | (3,222) | (5,377) | (3,389) | (2,528) |
| Balance at End of Quarter | \$ 21,782 | \$ 17,925 | \$ 12,930 | \$ 13,798 | \$ 15,157 |

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

Bank of Hawaii Corporation and Subsidiaries

Reserve for Credit Losses

Table 12

| | Three Months Ended | | | Six Months Ended | |
|--|----------------------|----------------------|---------------------|---------------------|---------------------|
| | June 30, 2019 | March 31, 2019 | June 30, 2018 | June 30, 2019 | June 30, 2018 |
| (dollars in thousands) | | | | | |
| Balance at Beginning of Period | \$ 112,845 | \$ 113,515 | \$ 114,760 | \$ 113,515 | 114,168 |
| Loans and Leases Charged-Off | | | | | |
| Commercial | | | | | |
| Commercial and Industrial | (206) | (370) | (485) | (576) | (691) |
| Commercial Mortgage | - | (1,616) | - | (1,616) | - |
| Consumer | | | | | |
| Residential Mortgage | (51) | (4) | (3) | (55) | (100) |
| Home Equity | (145) | (295) | (44) | (440) | (135) |
| Automobile | (1,691) | (1,753) | (1,515) | (3,444) | (3,769) |
| Other ¹ | (3,036) | (2,790) | (3,614) | (5,826) | (6,954) |
| Total Loans and Leases Charged-Off | (5,129) | (6,828) | (5,661) | (11,957) | (11,649) |
| Recoveries on Loans and Leases Previously Charged-Off | | | | | |
| Commercial | | | | | |
| Commercial and Industrial | 401 | 501 | 366 | 902 | 694 |
| Consumer | | | | | |
| Residential Mortgage | 95 | 484 | 214 | 579 | 434 |
| Home Equity | 746 | 588 | 451 | 1,334 | 1,076 |
| Automobile | 908 | 881 | 738 | 1,789 | 1,337 |
| Other ¹ | 628 | 704 | 642 | 1,332 | 1,325 |
| Total Recoveries on Loans and Leases Previously Charged-Off | 2,778 | 3,158 | 2,411 | 5,936 | 4,866 |
| Net Loans and Leases Charged-Off | (2,351) | (3,670) | (3,250) | (6,021) | (6,783) |
| Provision for Credit Losses | 4,000 | 3,000 | 3,500 | 7,000 | 7,625 |
| Provision for Unfunded Commitments | - | - | - | - | - |
| Balance at End of Period ² | \$ 114,494 | \$ 112,845 | \$ 115,010 | \$ 114,494 | \$ 115,010 |
| Components | | | | | |
| Allowance for Loan and Lease Losses | \$ 107,672 | \$ 106,023 | \$ 108,188 | \$ 107,672 | 108,188 |
| Reserve for Unfunded Commitments | 6,822 | 6,822 | 6,822 | 6,822 | 6,822 |
| Total Reserve for Credit Losses | \$ 114,494 | \$ 112,845 | \$ 115,010 | \$ 114,494 | \$ 115,010 |
| Average Loans and Leases Outstanding | \$ 10,631,558 | \$ 10,467,321 | \$ 9,962,860 | \$10,549,893 | \$ 9,883,746 |
| Ratio of Net Loans and Leases Charged-Off to | | | | | |
| Average Loans and Leases Outstanding (annualized) | 0.09% | 0.14% | 0.13% | 0.12% | 0.14% |
| Ratio of Allowance for Loan and Lease Losses to Loans and Leases Outstanding | 1.00% | 1.01% | 1.08% | 1.00% | 1.08% |

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

² Included in this analysis is activity related to the Company's reserve for unfunded commitments, which is separately recorded in other liabilities in the Consolidated Statements of Condition.

Bank of Hawaii Corporation and Subsidiaries
Business Segments Selected Financial Information

Table 13a

| | Retail | | Commercial | | Investment Services and | | Treasury | | Consolidated | |
|---|---------|-----------|------------|-----------|----------------------------|----------|-----------|-----------|--------------|------------|
| | Banking | | Banking | | Private Banking | | and Other | | Total | |
| <i>(dollars in thousands)</i> | | | | | | | | | | |
| Three Months Ended June 30, 2019 | | | | | | | | | | |
| Net Interest Income | \$ | 67,217 | \$ | 45,703 | \$ | 9,846 | \$ | 1,331 | \$ | 124,097 |
| Provision for Credit Losses | | 2,527 | | (175) | | (1) | | 1,649 | | 4,000 |
| Net Interest Income After Provision for Credit Losses | | 64,690 | | 45,878 | | 9,847 | | (318) | | 120,097 |
| Noninterest Income | | 21,108 | | 6,938 | | 14,859 | | 2,545 | | 45,450 |
| Noninterest Expense | | (52,086) | | (21,260) | | (16,457) | | (2,922) | | (92,725) |
| Income Before Provision for Income Taxes | | 33,712 | | 31,556 | | 8,249 | | (695) | | 72,822 |
| Provision for Income Taxes | | (8,231) | | (7,945) | | (2,174) | | 2,447 | | (15,903) |
| Net Income | \$ | 25,481 | \$ | 23,611 | \$ | 6,075 | \$ | 1,752 | \$ | 56,919 |
| Total Assets as of June 30, 2019 | \$ | 6,586,854 | \$ | 4,089,452 | \$ | 337,484 | \$ | 6,675,055 | \$ | 17,688,845 |
| Three Months Ended June 30, 2018 | | | | | | | | | | |
| Net Interest Income | \$ | 65,683 | \$ | 44,010 | \$ | 10,526 | \$ | 277 | \$ | 120,496 |
| Provision for Credit Losses | | 3,445 | | (194) | | - | | 249 | | 3,500 |
| Net Interest Income After Provision for Credit Losses | | 62,238 | | 44,204 | | 10,526 | | 28 | | 116,996 |
| Noninterest Income | | 19,598 | | 5,512 | | 14,745 | | 1,443 | | 41,298 |
| Noninterest Expense | | (51,939) | | (19,858) | | (16,400) | | (2,594) | | (90,791) |
| Income Before Provision for Income Taxes | | 29,897 | | 29,858 | | 8,871 | | (1,123) | | 67,503 |
| Provision for Income Taxes | | (7,473) | | (6,740) | | (2,338) | | 3,766 | | (12,785) |
| Net Income | \$ | 22,424 | \$ | 23,118 | \$ | 6,533 | \$ | 2,643 | \$ | 54,718 |
| Total Assets as of June 30, 2018 | \$ | 6,142,457 | \$ | 3,799,535 | \$ | 342,464 | \$ | 6,839,706 | \$ | 17,124,162 |

Bank of Hawaii Corporation and Subsidiaries

Business Segments Selected Financial Information

Table 13b

| | Retail | | Commercial | | Investment Services and | | Treasury | | Consolidated | |
|---|---------|-----------|------------|-----------|----------------------------|----------|-----------|-----------|--------------|------------|
| | Banking | | Banking | | Private | | and Other | | Total | |
| (dollars in thousands) | | | | | | | | | | |
| Six Months Ended June 30, 2019 | | | | | | | | | | |
| Net Interest Income | \$ | 133,371 | \$ | 92,993 | \$ | 20,044 | \$ | 2,526 | \$ | 248,934 |
| Provision for Credit Losses | | 4,768 | | 1,271 | | (18) | | 979 | | 7,000 |
| Net Interest Income After Provision for Credit Losses | | 128,603 | | 91,722 | | 20,062 | | 1,547 | | 241,934 |
| Noninterest Income | | 42,341 | | 13,999 | | 28,104 | | 4,685 | | 89,129 |
| Noninterest Expense | | (104,610) | | (42,215) | | (33,360) | | (5,597) | | (185,782) |
| Income Before Provision for Income Taxes | | 66,334 | | 63,506 | | 14,806 | | 635 | | 145,281 |
| Provision for Income Taxes | | (16,336) | | (13,947) | | (3,903) | | 4,623 | | (29,563) |
| Net Income | \$ | 49,998 | \$ | 49,559 | \$ | 10,903 | \$ | 5,258 | \$ | 115,718 |
| Total Assets as of June 30, 2019 | \$ | 6,586,854 | \$ | 4,089,452 | \$ | 337,484 | \$ | 6,675,055 | \$ | 17,688,845 |
| Six Months Ended June 30, 2018 | | | | | | | | | | |
| Net Interest Income | \$ | 130,080 | \$ | 86,908 | \$ | 20,413 | \$ | 2,051 | \$ | 239,452 |
| Provision for Credit Losses | | 7,188 | | (345) | | (60) | | 842 | | 7,625 |
| Net Interest Income After Provision for Credit Losses | | 122,892 | | 87,253 | | 20,473 | | 1,209 | | 231,827 |
| Noninterest Income | | 38,851 | | 11,154 | | 28,415 | | 6,913 | | 85,333 |
| Noninterest Expense | | (106,538) | | (40,190) | | (32,607) | | (5,840) | | (185,175) |
| Income Before Provision for Income Taxes | | 55,205 | | 58,217 | | 16,281 | | 2,282 | | 131,985 |
| Provision for Income Taxes | | (13,764) | | (13,564) | | (4,292) | | 8,393 | | (23,227) |
| Net Income | \$ | 41,441 | \$ | 44,653 | \$ | 11,989 | \$ | 10,675 | \$ | 108,758 |
| Total Assets as of June 30, 2018 | \$ | 6,142,457 | \$ | 3,799,535 | \$ | 342,464 | \$ | 6,839,706 | \$ | 17,124,162 |

Bank of Hawaii Corporation and Subsidiaries

Selected Quarterly Financial Data

Table 14

| | Three Months Ended | | | | |
|--|--------------------|-------------------|----------------------|-----------------------|------------------|
| | June 30, 2019 | March 31, 2019 | December 31, 2018 | September 30, 2018 | June 30, 2018 |
| (dollars in thousands, except per share amounts) | | | | | |
| Quarterly Operating Results | | | | | |
| Interest Income | | | | | |
| Interest and Fees on Loans and Leases | \$ 110,401 | \$ 108,511 | \$ 107,404 | \$ 104,248 | \$ 101,311 |
| Income on Investment Securities | | | | | |
| Available-for-Sale | 15,072 | 13,432 | 13,043 | 12,588 | 12,380 |
| Held-to-Maturity | 22,149 | 21,921 | 21,482 | 20,821 | 20,711 |
| Deposits | 9 | 15 | 10 | 10 | (4) |
| Funds Sold | 730 | 1,444 | 727 | 1,393 | 846 |
| Other | 210 | 319 | 352 | 364 | 341 |
| Total Interest Income | 148,571 | 145,642 | 143,018 | 139,424 | 135,585 |
| Interest Expense | | | | | |
| Deposits | 18,628 | 15,284 | 13,172 | 10,931 | 9,459 |
| Securities Sold Under Agreements to Repurchase | 4,623 | 4,571 | 4,671 | 4,667 | 4,617 |
| Funds Purchased | 512 | 157 | 440 | 33 | 83 |
| Short-Term Borrowings | 1 | 36 | 88 | 28 | 13 |
| Other Debt | 710 | 757 | 674 | 838 | 917 |
| Total Interest Expense | 24,474 | 20,805 | 19,045 | 16,497 | 15,089 |
| Net Interest Income | 124,097 | 124,837 | 123,973 | 122,927 | 120,496 |
| Provision for Credit Losses | 4,000 | 3,000 | 2,000 | 3,800 | 3,500 |
| Net Interest Income After Provision for Credit Losses | 120,097 | 121,837 | 121,973 | 119,127 | 116,996 |
| Noninterest Income | | | | | |
| Trust and Asset Management | 11,385 | 10,761 | 10,558 | 10,782 | 11,356 |
| Mortgage Banking | 3,336 | 2,287 | 2,148 | 1,965 | 2,179 |
| Service Charges on Deposit Accounts | 7,283 | 7,364 | 7,562 | 7,255 | 6,865 |
| Fees, Exchange, and Other Service Charges | 14,252 | 14,208 | 14,576 | 14,173 | 14,400 |
| Investment Securities Gains (Losses), Net | (776) | (835) | (841) | (729) | (1,702) |
| Annuity and Insurance | 1,806 | 2,578 | 1,409 | 1,360 | 1,847 |
| Bank-Owned Life Insurance | 1,779 | 1,710 | 1,941 | 1,620 | 1,796 |
| Other | 6,385 | 5,606 | 4,755 | 5,056 | 4,557 |
| Total Noninterest Income | 45,450 | 43,679 | 42,108 | 41,482 | 41,298 |
| Noninterest Expense | | | | | |
| Salaries and Benefits | 53,511 | 56,586 | 54,856 | 51,782 | 52,148 |
| Net Occupancy | 8,579 | 7,594 | 8,918 | 8,702 | 8,588 |
| Net Equipment | 6,895 | 6,833 | 6,364 | 6,116 | 5,845 |
| Data Processing | 4,727 | 4,526 | 5,151 | 4,241 | 4,563 |
| Professional Fees | 2,177 | 2,453 | 2,467 | 2,206 | 2,546 |
| FDIC Insurance | 1,290 | 1,269 | 1,336 | 2,057 | 2,182 |
| Other | 15,546 | 13,796 | 16,819 | 15,434 | 14,919 |
| Total Noninterest Expense | 92,725 | 93,057 | 95,911 | 90,538 | 90,791 |
| Income Before Provision for Income Taxes | 72,822 | 72,459 | 68,170 | 70,071 | 67,503 |
| Provision for Income Taxes | 15,903 | 13,660 | 14,259 | 13,138 | 12,785 |
| Net Income | \$ 56,919 | \$ 58,799 | \$ 53,911 | \$ 56,933 | \$ 54,718 |
| | | | | | |
| Basic Earnings Per Share | \$ 1.40 | \$ 1.44 | \$ 1.30 | \$ 1.37 | \$ 1.31 |
| Diluted Earnings Per Share | \$ 1.40 | \$ 1.43 | \$ 1.30 | \$ 1.36 | \$ 1.30 |
| | | | | | |
| Balance Sheet Totals | | | | | |
| Loans and Leases | \$ 10,759,129 | \$ 10,548,609 | \$ 10,448,774 | \$ 10,231,062 | \$ 10,053,323 |
| Total Assets | 17,688,845 | 17,446,413 | 17,143,974 | 16,991,734 | 17,124,162 |
| Total Deposits | 15,488,821 | 15,267,310 | 15,027,242 | 14,843,335 | 14,943,358 |
| Total Shareholders' Equity | 1,285,948 | 1,269,690 | 1,268,200 | 1,253,327 | 1,247,717 |
| | | | | | |
| Performance Ratios | | | | | |
| Return on Average Assets | 1.31 % | 1.38 % | 1.26 % | 1.33 % | 1.30 % |
| Return on Average Shareholders' Equity | 17.97 | 18.81 | 17.05 | 18.06 | 17.68 |
| Efficiency Ratio ¹ | 54.69 | 55.22 | 57.75 | 55.07 | 56.12 |
| Net Interest Margin ² | 3.04 | 3.12 | 3.10 | 3.07 | 3.04 |

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

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

Bank of Hawaii Corporation and Subsidiaries

Hawaii Economic Trends

Table 15

| (\$ in millions; jobs in thousands) | Five Months Ended | | | Year Ended | | | | | |
|---|-------------------|---------|-------|-------------------|---------|-------|-------------------|---------|-------|
| | May 31, 2019 | | | December 31, 2018 | | | December 31, 2017 | | |
| Hawaii Economic Trends | | | | | | | | | |
| State General Fund Revenues ¹ | \$ | 3,196.6 | 6.4 % | \$ | 6,933.1 | 6.9 % | \$ | 6,485.0 | 4.3 % |
| General Excise and Use Tax Revenue ¹ | \$ | 1,551.9 | 8.3 % | \$ | 3,426.5 | 2.3 % | \$ | 3,349.8 | 4.5 % |
| Jobs ² | | 648.9 | | | 660.0 | | | 664.5 | |

| (spot rates) | June 30, | | December 31, | | | |
|----------------------------------|----------|-------|--------------|-------|------|-------|
| | 2019 | | 2018 | | 2017 | |
| Unemployment ³ | | | | | | |
| Statewide, seasonally adjusted | | 2.8 % | | 2.5 % | | 2.1 % |
| Oahu | | 3.1 | | 2.2 | | 1.7 |
| Island of Hawaii | | 4.1 | | 2.9 | | 2.0 |
| Maui | | 3.1 | | 2.3 | | 1.8 |
| Kauai | | 3.1 | | 2.3 | | 1.7 |

| (percentage change, except months of inventory) | June 30, | | December 31, | | | | | |
|---|----------|---------|--------------|---------|------|-------|------|-------|
| | 2019 | | 2018 | | 2017 | | 2016 | |
| Housing Trends (Single Family Oahu) ⁴ | | | | | | | | |
| Median Home Price | | (0.5) % | | 4.6 % | | 2.7 % | | 5.0 % |
| Home Sales Volume (units) | | (3.7) % | | (7.7) % | | 6.3 % | | 6.5 % |
| Months of Inventory | | 3.6 | | 2.8 | | 2.1 | | 2.5 |

| (in thousands) | Monthly Visitor Arrivals, Not Seasonally Adjusted | | Percentage Change from Previous Year | |
|--------------------|--|-------|---|------|
| | Tourism ⁵ | | | |
| May 31, 2019 | | 841.4 | | 4.6 |
| April 30, 2019 | | 856.3 | | 6.6 |
| March 31, 2019 | | 939.1 | | 3.9 |
| February 28, 2019 | | 782.6 | | 0.5 |
| January 31, 2019 | | 820.6 | | 3.0 |
| December 31, 2018 | | 910.1 | | 3.4 |
| November 30, 2018 | | 782.0 | | 4.3 |
| October 31, 2018 | | 770.4 | | 4.4 |
| September 30, 2018 | | 724.9 | | 3.5 |
| August 31, 2018 | | 845.1 | | 3.2 |
| July 31, 2018 | | 939.4 | | 5.3 |
| June 30, 2018 | | 897.1 | | 7.3 |
| May 31, 2018 | | 804.1 | | 7.0 |
| April 30, 2018 | | 803.0 | | 6.6 |
| March 31, 2018 | | 903.6 | | 12.5 |
| February 28, 2018 | | 778.6 | | 10.3 |
| January 31, 2018 | | 796.5 | | 5.4 |
| December 31, 2017 | | 879.7 | | 6.2 |
| November 30, 2017 | | 749.5 | | 7.5 |
| October 31, 2017 | | 737.6 | | 2.9 |
| September 30, 2017 | | 700.5 | | 4.9 |
| August 31, 2017 | | 818.6 | | 4.8 |
| July 31, 2017 | | 891.9 | | 6.8 |
| June 30, 2017 | | 835.9 | | 4.5 |
| May 31, 2017 | | 751.2 | | 4.5 |
| April 30, 2017 | | 753.0 | | 7.5 |
| March 31, 2017 | | 802.8 | | 2.1 |
| February 28, 2017 | | 706.1 | | 2.5 |
| January 31, 2017 | | 756.0 | | 4.9 |

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

² Source: U. S. Bureau of Labor Statistics

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

⁴ Source: Honolulu Board of REALTORS

⁵ Source: Hawaii Tourism Authority