

Safe, Balanced and Prepared



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

### Bank of Hawaii Corporation and Subsidiaries

FOR THE YEAR ENDED DECEMBER 31	2009	2008
<b>Earnings Highlights and Performance Ratios</b>		
Net Income	\$ 144,033	\$ 192,213
Basic Earnings Per Share	3.02	4.03
Diluted Earnings Per Share	3.00	3.99
Dividends Declared Per Share	1.80	1.77
Net Income to Average Total Assets (ROA)	1.22%	1.84%
Net Income to Average Shareholders' Equity (ROE)	16.42%	24.54%
Net Interest Margin <sup>1</sup>	3.72%	4.33%
Efficiency Ratio <sup>2</sup>	51.46%	51.23%
Market Price Per Share of Common Stock:		
Closing	\$ 47.06	\$ 45.17
High	\$ 48.14	\$ 70.00
Low	\$ 25.33	\$ 36.32

#### AS OF DECEMBER 31

<b>Statement of Condition Highlights and Performance Ratios</b>		
Loans and Leases	\$ 5,759,785	\$ 6,530,233
Total Assets	12,414,827	10,763,475
Total Deposits	9,409,676	8,292,098
Total Shareholders' Equity	895,973	790,704
Book Value Per Common Share	\$ 18.66	\$ 16.56
Allowance to Loans and Leases Outstanding	2.49%	1.89%
Full-Time Equivalent Employees	2,418	2,581
Branches and Offices	83	85

#### FOR THE QUARTER ENDED DECEMBER 31

<b>Earnings Highlights and Performance Ratios</b>		
Net Income	\$ 40,516	\$ 39,307
Basic Earnings Per Share	0.85	0.83
Diluted Earnings Per Share	0.84	0.82
Net Income to Average Total Assets (ROA)	1.31%	1.52%
Net Income to Average Shareholders' Equity (ROE)	16.91%	19.56%
Net Interest Margin <sup>1</sup>	3.57%	4.43%
Efficiency Ratio <sup>2</sup>	48.02%	51.58%

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

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

## 2009 Relative Price Performance



Front cover photos: Former longtime Bank of Hawaii board director and dedicated community leader Monty Richards works with his horses on his Kahua Ranch in Waimea on Hawaii Island. Cover insets: (Top) Perry Fernandez, Construction Unlimited supervisor, inside the Hawaii State Kapolei Judiciary Complex; (Bottom, l to r) Sarah Aholelei, Christian Miyagawa-Briones, Brandi Pfeiffer-Kekoa, and Kahoa Mikaele, students at Jarrett Middle School in Palolo Valley, practice on ukuleles donated by Bank of Hawaii.

Message from our Chairman and Chief Executive Officer

## SAFE, BALANCED AND PREPARED

*That is how Bank of Hawaii began 2009 and that is how our bank ended the year as well.*

Dear Fellow Shareholders,

As we began 2009, I indicated that soundness would be our most important performance measure. We defined the primary measures of soundness as asset quality, liquidity, reserves and capital, and public confidence. I am pleased to report that by these measures, Bank of Hawaii had another year of solid performance. Our bank is well positioned for the future, despite a weak economy. Non-performing assets remained relatively low at \$48.3 million, which is less than 1 percent of loans. Our liquidity levels remain very high, with cash, funds and saleable securities totaling \$5.9 billion or 47.6 percent of assets. Our reserves are 2.49 percent of loans and our capital accounts total \$896 million, over 15 percent of risk-weighted assets. And confidence in our bank, as measured by customer surveys and deposit levels, is at an all-time high.



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

Net income for 2009 was \$144 million, or \$3.00 per share. Our bank's earnings were solid, although down from the record of 2008. We increased capital more than \$100 million, mainly through retention of income. Our return ratios were 1.22 percent on assets and 16.42 percent on equity. Importantly, we maintained our dividend at 45¢ per quarter or \$1.80 for the year. These operating results reflect the impact of the recession and our efforts to manage risk in the face of economic weakness.

At the end of 2008 Bank of Hawaii decided not to participate in the U.S. Treasury's Capital Purchase Program. Avoiding government ownership was a very good decision for our bank. We avoided negative publicity and did not dilute the interests of our shareholders. For the

year 2009, the annual return on our stock was positive—above 9 percent—and exceeded the relevant market indices.

While Bank of Hawaii stock performed adequately, our industry has work to do. Our industry must recover its collective image, which has been tarnished by the undesirable actions and outcomes involving a minority of very visible financial institutions. The image-tarnishing actions of these other institutions generally included a combination of excessive size, complexity, leverage, risk or compensation and insufficient levels of equity, reserves, disclosure, governance or regulation. Additionally, restoring the image of our banking industry will be more challenging because we allowed organizations that are not primarily banks to

identify themselves as banks. Some progress was made in 2009 in addressing these issues, but much more needs to be done.

At Bank of Hawaii, we aspire to be a positive example of what is right about banks. We operate as a community bank, and are fortunate to have abundant resources. Bank of Hawaii has avoided the excesses of size, complexity, leverage, risk and compensation that have impaired some in our industry. Bank of Hawaii has strong levels of equity, reserves, disclosure, governance and regulation. Bank of Hawaii did not contribute to the crisis in our industry; nevertheless, we must take steps to address industry issues that could be seen as abuses. Our bank believes in and supports sound regulation and other initiatives that address the excesses or deficiencies in the banking and financial services industries. We also support actions to resolve organizations and business models that failed under the strain of the financial crisis.

While our focus during 2009 was on soundness, we have continued to be guided by the five themes of the Bank of Hawaii Business Plan:

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

### **Business Growth**

With safety and convenience as our strengths, we continued to emphasize deposit products. The response from our customers was remarkable as our average deposits grew by over 16 percent and our demand and savings balances grew over 25 percent. Our cost of deposits is a competitive advantage, and gave us the opportunity to increase our

liquidity and investment portfolio as loan demand decreased in 2009. Bank of Hawaii also manages investments for customers. During 2009 we continued to improve our “open architecture” platform which better tailors investment products to customer needs.

### **Integration**

The value of operating as a community bank became even more clear during the recession. Ensuring that our business units focused on relationships across the bank has kept us in touch with the concerns and needs of our customers. We continue to improve our technology and productivity. For example, we are now fully operational with check-image clearing. The slow economy clearly defined the challenges of underwriting retail credit and led us to install a new consumer loan system, process and organization.

### **People Development**

Managing through an economic downturn exposed our people to new challenges and our team responded well. We continue to add new managers to our Managing Committee, including Vince Barfield, who has assumed new duties in Investment Services, and Jill Higa, who now heads our consumer lending business units. Also joining the Managing Committee were Derek Norris, who as Controller is strengthening our controls and financial management, and Jim Polk, who assumed expanded duties leading key commercial business units. We continue to promote people who have demonstrated their ability to adapt to changing conditions and serve as effective managers of business units. And, we are also adding a few managers with experience from

other organizations. Our senior management team is now well seasoned and prepared for the opportunities that will emerge.

### **Brand Enhancement**

Bank of Hawaii has a very strong brand. Our brand stands for safety, convenience and community support. Our conservative lending philosophy has resonated well in our markets. Bank of Hawaii is the most convenient bank in Hawaii, Guam and American Samoa, making it easy for customers to do business. Our emphasis on community involvement reflects our longstanding commitment to the communities in which we do business. This commitment is an essential part of what we do and who we are. Last year Bank of Hawaii and our Charitable Foundation, together with our employees, made charitable contributions of more than \$2 million. Perhaps more importantly, our employees provided leadership to numerous community organizations by volunteering thousands of hours of their time. Our “Smart Money” programs of financial education have added a new dimension to our community involvement and engagement. More than 100 of our leaders have presented financial education messages to thousands of consumers and small businesses. I am proud of our employees and their commitment to our communities.

### **Performance Discipline**

We increased the bank’s investments, reserves, deposits and capital. At the same time we reduced interest rate risk in anticipation of higher interest rates. We also reduced compensation and most other operating costs. But there were two painful exceptions—credit losses

and deposit insurance costs. Bank of Hawaii wrote off 1.43 percent of our loans during 2009, which is an unsustainably high loss rate. The majority of these were losses on commercial loans and leases, where further risk of loss appears to be decreasing. But the risk of future loss looks greater in consumer lending, where non-performing asset levels continue to increase. Bank of Hawaii has learned that "credit scoring" alone is not a sufficient underwriting practice. But scoring has become institutionalized and correcting the consumer lending processes will take much work. We have begun that process and are putting new business unit leaders in place to develop a sustainable consumer credit underwriting process.



(From left to right) Roberta Chu, Dean Shigemura and Luke Yeh.

### Special Recognition

The officers and employees of Bank of Hawaii did a fine job in 2009. Our solid results were a real team effort. I do want to recognize three leaders whose exceptional contributions stand out: Roberta Chu, Dean Shigemura and Luke Yeh. Roberta is our senior officer on the Island of Hawaii, where she is an outstanding banker

and community leader. As Treasurer of our bank, Dean manages portfolio investments, wholesale funding and capital with outstanding results. Luke is a senior relationship officer in commercial banking, a man who exemplifies responsible banking.

### Looking Forward

In several ways the uncertainty and anxiety regarding our nation's financial system has lessened during 2009, in part due to bold and necessary action by some industry and regulatory leaders. But our political leaders are still working to effect structural reforms that are badly needed. We support their efforts to strengthen regulation and correct business models that failed under stress.

Economists have all but declared the "Great Recession" over. But for many businesses and consumers, 2010 will likely be another difficult year. Our environment remains uncertain and we remain cautious about the near-term prospects for our industry. We are concerned about interest rate increases, inflation and the unintended consequence of increased governmental intervention. In addition, Bank of Hawaii must rely on and compete with institutions that exist only because of government support. We plan to maintain our financial flexibility and earnings strength. Bank of Hawaii will continue to focus on "maximizing shareholder value over time" and we will forego short-term profits to avoid longer-term risks. Eventually, economic conditions will improve. But until then we will continue

to manage for a weakened, but improving, economy.

### Conclusion

Bank of Hawaii is financially sound with the personnel and resources to serve our market and shareholders with distinction. We have come through 2009 well and accomplished many of our objectives, although the credit costs were high. We begin 2010 as we ended 2009—Safe, Balanced and Prepared.

I want to thank our Board of Directors for their leadership and our employees for their hard work and solid results in a most challenging and stressful environment. Our customers, community and shareholders have shown great confidence in Bank of Hawaii. We appreciate your support.

And I want to congratulate everyone who contributed to Bank of Hawaii being selected by Forbes Magazine as the top ranked bank in America!

A handwritten signature in cursive script that reads "All Landon".

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

*Bank of Hawaii continues to be safe, balanced and prepared as we serve our customers in Hawaii, American Samoa and the West Pacific.*

We're committed to providing island families and businesses with the highest quality service and convenience and a safe, secure environment to meet their financial needs. We believe in building relationships and partnering with our customers—during good economic times and challenging ones. We've been helping generations of families and businesses of all sizes achieve their goals, and we'll continue to do this in the future. Working together side by side, our commitment continues.

### Increasing Convenience

As part of our commitment to providing increased banking convenience, we expanded our ATM network, rolled out a new Bankmobile, and redesigned our website.

### Expanded ATM Network

In 2009, we introduced five ATMs to McDonald's in Guam and added 14 to the restaurant's Hawaii locations. We currently have ATMs in 56 McDonald's statewide.

We continue to have the largest ATM network in the state, with 431 locations throughout Hawaii, as well as 54 in American Samoa and the West Pacific. We remain the exclusive ATM provider for McDonald's, Longs Drugs, Costco and all Hawaii Kmart locations as well as KTA Super Stores on Hawaii Island and Big Save on Kauai. In 2008, we also added Aloha Petroleum and Jamba Juice to our network. We also provide ATM service for nearly all Safeway Supermarkets statewide.

### New Bankmobile

In addition to expanding our ATM network, we began work in the first quarter of 2010 to introduce a new bankmobile to our fleet. The new shuttle-sized vehicle has received special branding for easy recognition, and is equipped with two ATMs and the wireless technology to support them. It will provide convenient access to banking services at various high foot-traffic locations, including Aloha Stadium, carnivals, community festivals and other public events.

### Redesigned Website

Our customers continue to enjoy the convenience of 24/7 online banking at [www.boh.com](http://www.boh.com). In 2009,

we redesigned our website to make it even more user friendly and easier to navigate. As consumers increasingly rely on search functions to quickly locate online information, we have upgraded the capabilities of our search engine and prominently featured the search window on the site. In the future, we will continue to optimize our website to better serve our customers.



### Bankohana Level III Enhancements

We enhanced our highest level of Bankohana account, the Bankohana Level III family of services, to save customers money and time. We provided higher interest rates on checking balances, additional fee waivers, residential mortgage and fraud protection program discounts, and an exclusive Bank of Hawaii Black Visa Check Card.

### Enhancing Systems and Efficiency

In addition to enhancing our products and services to increase value and convenience for our customers, we continued to improve our systems and processes to enhance efficiency.

### **Electronic Check Image Exchange**

In 2009 Bank of Hawaii implemented electronic check image exchange, which streamlines check processing in keeping with the Check Clearing for the 21st Century Act. The technology allows us to exchange images of checks instead of physical checks with many other local financial institutions. The new system provides customers with added security from identity theft. Additionally, faster check clearing enables them to know sooner if they have received a “bad” check.

### **Branch Transaction Image Capture**

We also implemented technology that allows all of our branches to transmit images of transactions to our back offices for processing and collection. One of the biggest advantages to the new system is that it alleviates reliance on air and ground transport in the event of an interruption in service, such as a natural disaster. This also allows us to centralize the processing of transactions in our Pacific Islands locations, which improves efficiency.

We look forward to continuing to maximize the benefits of image technology in 2010, deploying ways to more efficiently transmit documents and information.

### **Serving the Needs of Businesses**

Bank of Hawaii has long been committed to meeting the needs of businesses of all sizes, from sole proprietors and small, family-owned companies, to mid-sized enterprises and large corporations.

### **American Recovery Capital Loan**

For small businesses facing financial hardships due to the challenging economy, the U.S. Small Business Administration has designed the American Recovery Capital (ARC) Loan, a new financing tool to temporarily help them keep their doors open while they reestablish their cash flow. Bank of Hawaii approved the first ARC loan in the state and works closely with eligible clients to help them qualify under the program’s rigorous guidelines.

Our business banking team remains committed to meeting the needs of our local business community. The bank’s small business resources include the largest team of business bankers in the state of Hawaii, toll-free telephone support,

online access to accounts and a broad range of valuable deposit and credit products.

### **Commercial/Corporate**

Mid-sized companies and large corporations require sophisticated financial solutions, advice and counsel for a variety of needs, from commercial real estate and construction loans to equipment financing. They also want a safe, secure place for cash and reserves. Bank of Hawaii takes care of all these needs in one place. Our knowledgeable, experienced team of commercial and corporate bankers helps clients meet their financial objectives, and works closely with other business units, including Private Client Services, Investment Services, and Business Banking.

### **Private Client Services**

Private Client Services continues to provide comprehensive wealth management for business owners and other affluent clients to meet their needs for banking, credit, financial planning, estate planning, and investment management. The division works closely with our Commercial Banking and Retail Banking Groups.

One of the ways Private Client Services’ bankers and trust professionals provide value to business owners is through comprehensive business transition planning. We have formed an association with Business Enterprise Institute’s (BEI’s) Exit Planning for Advisors, which will provide our team with resources and subject experts to create customized transition plans to help business owners smoothly exit or sell their companies. Bank of Hawaii’s financial planning manager completed BEI’s certification course and, as of this writing, is the only certified exit planner in the state of Hawaii.

*We appreciate the continued trust and confidence our customers place in us, and we are committed to providing them with safety, security, superior value and convenience. On the next few pages, you will hear first-hand from some of our customers from across the state about why they like banking with us. We’re proud to say that some have been with us for generations.*

*"Because of the strength of our relationship, the bank is comfortable when we bring project opportunities to the table. They're always interested in finding ways to get things done... It's good to be associated with strength, and Bank of Hawaii is a solid institution."*



Commercial Client and Private Client Services Clients

## UNLIMITED CONSTRUCTION

Peter Robson, *Chairman and Founder*, and Randy Finlay, *President*

**Randy:** Our company has been a client of Bank of Hawaii since 1991. We like working with them because they do business with *aloha*. The bank cares about our mutual interests. I think companies in Hawaii are different from those on the mainland. We want to coexist and work together. And that's reflected in how the bank works with us and the companies we partner with. As a locally owned and operated business, we think it's important to work with other firms that are based in Hawaii. It's circular and keeps the money flowing within our local economy.

We receive a full spectrum of services from the bank. They review our financial position and provide working credit lines accordingly. They evaluate the feasibility and rate of return prior to our proceeding with a project. When bonding companies see the bank's credit lines, it gives them confidence in our project, and that's important because bonds are a significant tool in our industry.

**Peter:** We're not bankers. We're construction guys, and we rely on the bank's expertise to help us manage the nuances of finance.

**Randy:** Our relationship with the bank has grown over the years, and so has our business. We started

as a Kauai-based contractor and have since established a growing presence on Oahu and Maui. Our vision is to be the preferred contractor throughout the state.

**Peter:** Because of the strength of our relationship with the bank, they're comfortable when we bring project opportunities to the table. They're always interested in finding ways to get things done. It's good to be associated with strength, and Bank of Hawaii is a solid institution. During the boom, the bank was prudent in its decision-making and underwriting, which has served it well.

Construction's a tough business. It's good to have satisfied clients. And, just like the bank, we're always interested in better ways to provide value-added service. For example, we believe in becoming involved with a project during the preconstruction phase. Our design-build program allows us to evaluate a project from multiple perspectives to enhance cost-effectiveness and ensure all subcontractors' plans will integrate smoothly, saving project-owners millions of dollars.

Customer service is also important to the bank. I recall when Randy and I had an important meeting scheduled with the bank's senior executives, and we needed to fly

from Kauai to Oahu. At the last minute, the airline canceled our flight, which was the last one of the day. We called the bank and explained the situation. To our surprise, their executives rescheduled their meetings to accommodate us the very next day. That said a lot to us.

**Randy:** The bank is very approachable at all levels—from tellers to the CEO. Al Landon came to the blessing of our new offices a few years ago. We appreciated that. We enjoy working with Dana Takushi and Cheryl Minaai from the Commercial Banking Center at Pearlridge and all the folks in the credit division, as well as Mike Hubbard in Private Client Services in Lihue.

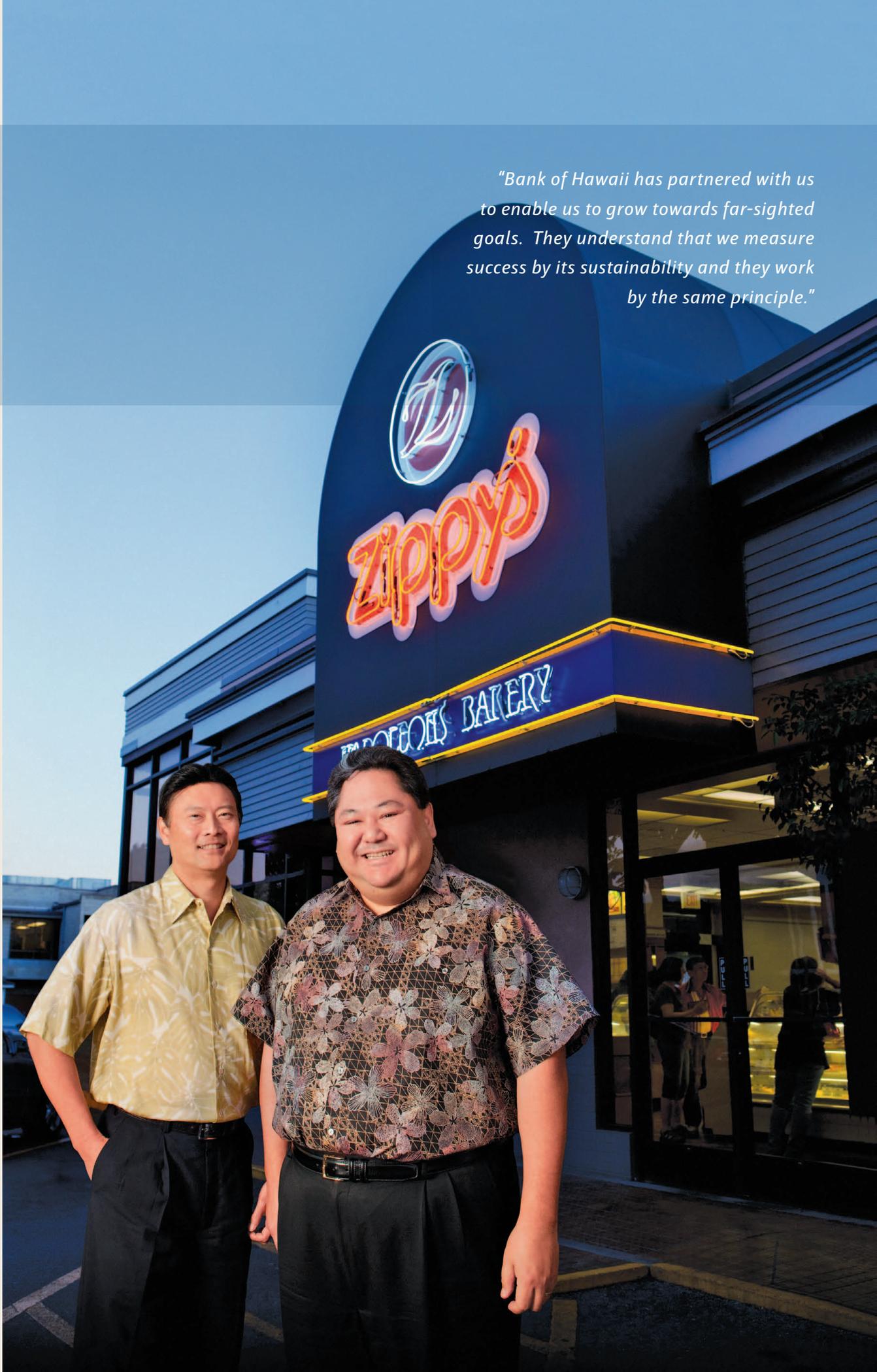
Like Bank of Hawaii, we feel it's important to help strengthen our community. Our company contributes to a wide range of nonprofit and grass roots community organizations.

**Peter:** We also try to have affordable housing projects among our mix of work because it meets a critical need.

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*Peter (on right) and Randy are pictured outside the Hawaii State Kapolei Judiciary Complex in West Oahu, which Unlimited Construction is building.*

*"Bank of Hawaii has partnered with us to enable us to grow towards far-sighted goals. They understand that we measure success by its sustainability and they work by the same principle."*



Commercial Client

## ZIPPY'S RESTAURANTS

Jason Higa, *Chief Executive Officer*, and Paul Yokota, *President*

**Jason:** Zippy's Restaurants founders, Francis and Charlie Higa (my father and uncle), had large dreams to create local neighborhood restaurants that would serve multiple communities throughout the state of Hawaii. Bank of Hawaii was an early supporter of their dreams and provided the financing necessary for Francis and Charlie to achieve their goals.

Bank of Hawaii was able to put together a financing package that provided us with maximum flexibility. This flexibility allowed our parent company, FCH Enterprises, to expand at its own pace and to pursue opportunities when needed.

Our banking officer is Luke Yeh. Luke truly understands our needs and he works tirelessly to make sure he meets our needs and our deadlines. If we're on a deadline, it's no surprise to have a conversation with Luke late into the night to finalize some open issues. We can always count on the bank and Luke to come through for us.

Even with a weak economy it is important for a company like ours to continue to move forward with our expansion and renovation plans. The bank has been unwavering in continuing to support our plans.

"Ka Hana Pono" describes our mission, and in our interpretation this means to: "Take care. Take pride. And share." We are a neighborhood restaurant and food services company reflecting local flavors, personality and hospitality. To successfully rise to our mission we must **take care** of our customers and each other, **take pride** in every facet of the work we do everyday and to freely **share** our talents, energy and spirit.

Life in Hawaii is constantly changing, yet it's firmly rooted in its many cultures. This is reflected as well in our company. We strive to continuously learn about new techniques, technologies and methods to make us better. This is to understand what we can be. Yet we are also protective of our traditions and our core values, for this is who we are.

This requires a careful balance, which is illustrated by our customers' comments. They appreciate all the new programs and specials but we're constantly reminded: "Don't change the chicken." By maintaining this balance, we hope to consistently bring value, comfort and pride to our customers.

Achievement of our vision requires flexibility and nimbleness to constantly evolve. This is blended

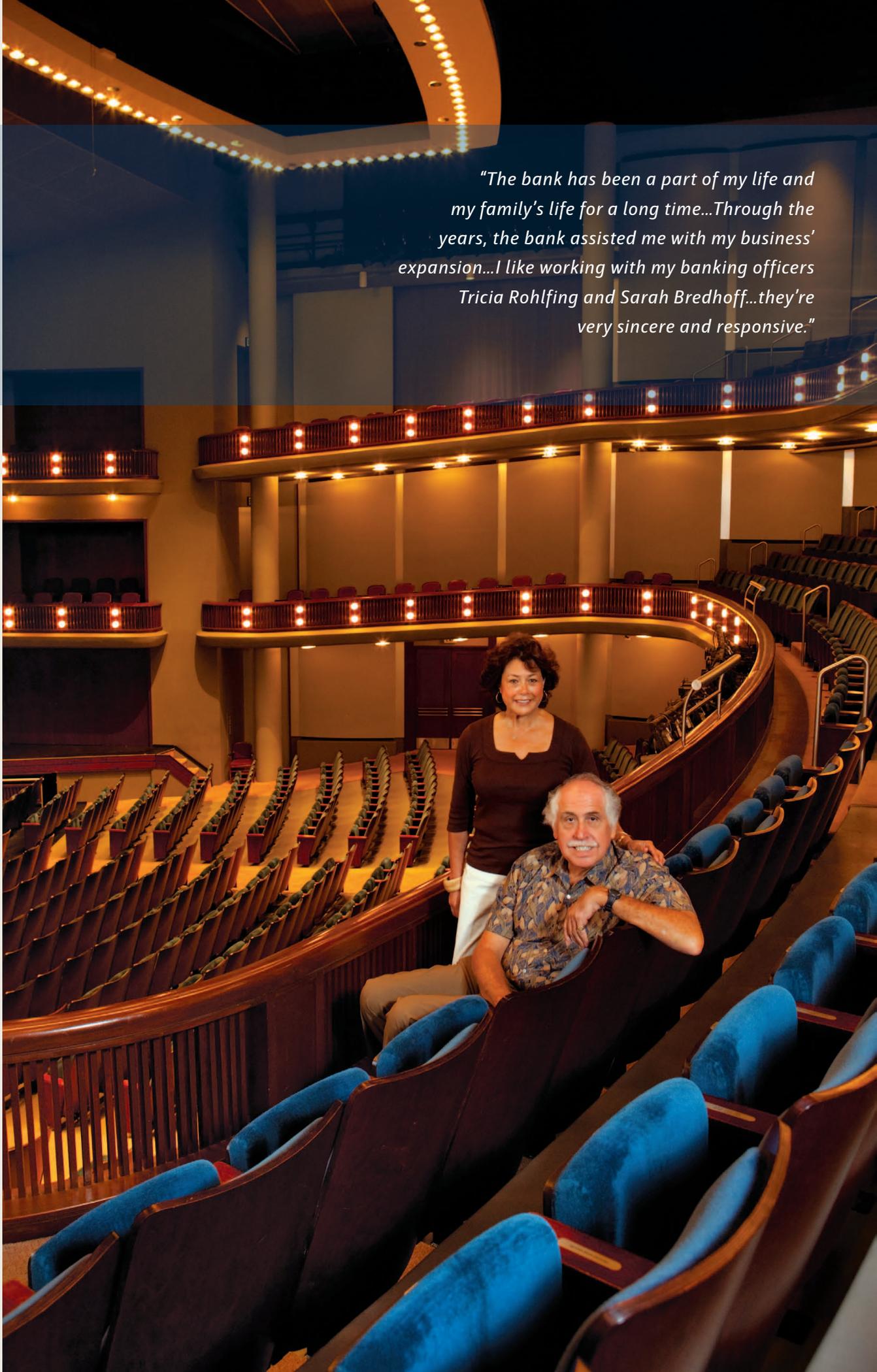
with determination and patience to see concepts to fruition. Bank of Hawaii has partnered with us to enable us to grow towards far-sighted goals. They understand that we measure success by its sustainability and they work by the same principle.

We've been fortunate to have participated in the fundraising efforts of numerous organizations through our benefit chili program. In addition, we've focused our efforts to benefit our islands' children through support of HUGS, the HHSAA and Laulima Hawaii. An important responsibility of being a neighborhood restaurant is to support the communities we're in. We're pleased to be involved in programs for the children of our communities.

No single company, regardless of its size and resources, can assist all the worthy causes and meet all the needs of our communities. However a team of committed companies can provide so much more to fulfill a wider spectrum of needs. It's reassuring to know that Bank of Hawaii is on that team. Together we can accomplish much for our local community.

*Jason (on right) and Paul are pictured at the McCully Zippy's location, the company's first restaurant site, which opened in 1966.*

*"The bank has been a part of my life and my family's life for a long time...Through the years, the bank assisted me with my business' expansion...I like working with my banking officers Tricia Rohlfing and Sarah Bredhoff...they're very sincere and responsive."*



## Commercial and Private Client Services Clients

# JIMMY AND HONEY BUN HAYNES

**Jimmy:** The bank has been a part of my life and my family's life for a long time. I have been a Bank of Hawaii client for over 55 years. I started a savings account in seventh grade while I was a newspaper boy for the Honolulu Star-Bulletin. That's where my saving habits started. My grandmother told me to always bank with Bank of Hawaii because they helped our family with our mortgage on my great grandmother's Diamond Head home. That was during the Depression, and we still own that house, which has remained in our family for five generations.

Relationships are important in business, like they are in life. My first banker was Larry Johnson, who was the Pearl Harbor branch manager and a friend from high school. (Larry eventually became chairman and CEO.) My wife and I bought a used Volkswagen for \$400, and Larry handled it on the phone. It was a major purchase for us. When we moved to Maui in 1967, Mike Lyons, my good friend, became my banker and mentor. (Mike later became senior vice president and Maui District manager.)

I started Maui Petroleum in 1972 with a \$2,000 Small Business Administration loan for minorities—since I'm part

Hawaiian. Through the years, the bank assisted me with my business' expansion. I avoided highly leveraged borrowing, and my conservative banking was very compatible with the bank's lending policies. By the time I sold my business two years ago, we had sales in the nine figures and 245 employees. I called Al Landon (chairman and CEO) when I finalized the sale. I felt that Bank of Hawaii was a significant partner in my business success, and I needed to communicate my appreciation to Al.

I like working with my banking officers Tricia Rohlfling (senior vice president and manager, Maui Commercial Banking Center) and Sarah Bredhoff (vice president, Private Client Services). They visit me in my office, and they're very sincere and responsive. I don't require a lot of attention, but when I request assistance, I get very timely answers. My business philosophy is win-win or no deal. The benefits of all transactions should be mutual. Integrity is the value I hold foremost. Accumulating money is not the goal but is only keeping score.

My wife and I feel it's important to give back to the community and to pass that philosophy on to our children and grandchildren. We first arrived on Maui without

any assets and since then, we've been committed to supporting many charitable endeavors through donations and serving as leaders on nonprofit boards.

One of the nonprofit organizations that Honey Bun and I have supported for many years, and which the bank has been a strong supporter of, is the Maui Arts & Cultural Center. Mike Lyons played an instrumental role in helping to establish the center in 1994 as a place where the community could gather and celebrate the arts as well as participate in educational events and community meetings.

I believe Maui has a very bright future. Our residents are informed and dedicated to preserving our special lifestyle. I know Bank of Hawaii will continue to be here for us as a prudent lender and advisor to the business community.

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*Jimmy and Honey Bun are pictured at Maui Arts & Cultural Center in Kahului on the island of Maui, where Jimmy serves as chairman of the board.*

*"Our bankers are friends first and bankers second. That's how close we've become...They are all just a phone call away, and we are very comfortable talking to them."*



Commercial Client

## BIG ISLAND CANDIES

Allan Ikawa, *President*

**Allan:** It's been 23 very eventful years since we started working with Bank of Hawaii. In 1987, Bank of Hawaii had the courage and faith to help us move from our original 5,000-s.f. production plant to a new 20,000-s.f. production plant and retail shop. In 1997, Bank of Hawaii stepped up to the plate again and allowed us to purchase 4½ acres of property to build our own 40,000-s.f. facility. Today, Big Island Candies has become one of Hawaii's largest mail order/internet retailers, in addition to being one of the top visitor and local attractions in the state. In many ways, you could say that Big Island Candies and Bank of Hawaii's Island of Hawaii Commercial Banking Center have grown together and developed a strong relationship based on trust and caring.

Our bankers are friends first and bankers second. That's how close we've become. Roberta Chu, senior vice president and Big Island manager; Wayne Hamano, vice chair; and Alton Kuioka, vice chair; are part of our Big Island Candies 'ohana. We work closely with Roberta and Newton Chu on a variety of community projects. They are all just a phone call away, and we are very comfortable talking to them.

Of course friendship alone may not be enough to help us succeed in today's challenging economy. Because our friends at Bank of Hawaii know our business and how we operate, we greatly value their advice. For example, because many of our supplies come from the mainland, we need to keep at least two month's inventory on hand. Bank of Hawaii's annual economic forecasts allow us to more accurately and confidently project our needs.

As a local company, it has always been our philosophy to support the community that supports us. Either directly through our business or through the Big Island Candies Foundation, we donate product, time and money to various nonprofit organizations and causes throughout the state and mainland—so much so, in fact, that we've been recognized by the Hawaii Community Foundation for our charitable efforts. It is very important—and satisfying—to know that Bank of Hawaii shares this philosophy of community service with us.

Based on our philosophy to provide our customers with the best overall experience they can find—be it either products or services—our goal at Big Island Candies is to become a

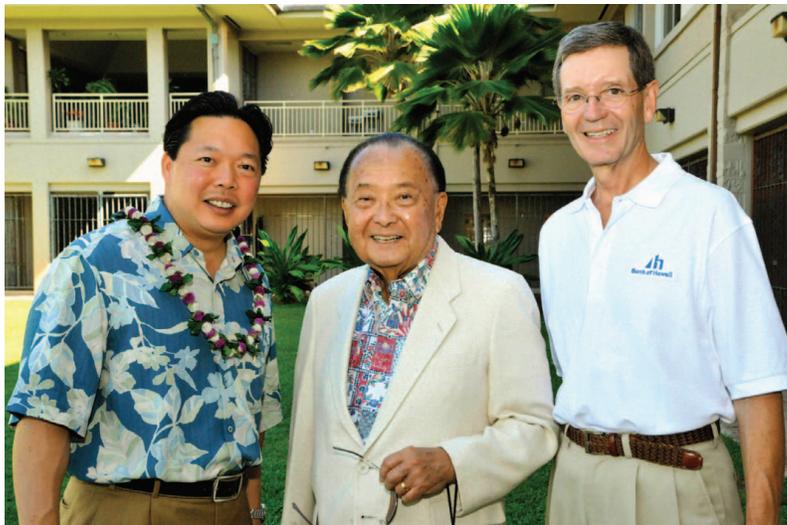
global enterprise. We appreciate knowing that our friends at Bank of Hawaii have confidence in our ability to achieve our goal.

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*Allan Ikawa is pictured in the Big Island Candies gift shop, chocolate factory and headquarters in Hilo, where its gourmet candies and cookies are made.*

## WORKING TOGETHER TO STRENGTHEN OUR COMMUNITIES

Bank of Hawaii has a longstanding commitment to the communities in which we do business. Bank of Hawaii received a rating of "Outstanding" in its 2009 evaluation by the Federal Reserve Bank of San Francisco for our achievements under the Community Reinvestment Act (CRA). The CRA rating recognizes our performance in meeting the financial needs of the communities we serve. Bank of Hawaii has received the "Outstanding" rating in consecutive evaluations since 1997. Only 7.3 percent of the banks in the U.S. evaluated in 2009 by the federal banking agencies achieved an "Outstanding" rating.



*Top: Some of the nearly 100 BOH volunteers and U.S. Senators Dan Akaka and Dan Inouye, at Community Service Day 2009. Volunteers joined Kuhio Park Terrace residents to paint and clean 15 public housing units; BOH volunteers also presented a Bank of Hawaii Smart Money Seminar on budgeting to 200 residents. Bottom left: BOH Chairman and CEO Al Landon (right) and BOH President Peter Ho (left) with U.S. Senator Dan Inouye. Bottom right: Bank of Hawaii continues to sponsor the popular Bank of Hawaii Family Sundays at the Honolulu Academy of Arts.*



*Top: Students at Kanu O Ka 'Āina Public Charter School read "Ferdinand." Bank of Hawaii is partnering with the school by providing \$3 million in financing to build the first community-governed intergenerational learning center and one of the largest community gathering places in Waimea on Hawaii Island.*

*Bottom: One of the 250 "Kanehili" homes being constructed by Gentry Kapolei Development for beneficiaries of the Dept. of Hawaiian Homelands. Bank of Hawaii is providing the financing for the development project as part of its commitment to supporting affordable housing for low- to moderate-income families.*

## Islanders Helping One Another

Support for charitable causes is particularly crucial during challenging economic times. Last year, Bank of Hawaii and its Charitable Foundation, together with its employees and retirees, gave more than \$2 million to a variety of nonprofit organizations, placing special emphasis on those dedicated to meeting people's basic needs.

In addition, our employees and retirees volunteered more than six thousand hours on community projects, including providing management expertise and service on nonprofit boards and other volunteer activities such as collaborating with Junior Achievement to provide financial literacy training to students at public schools throughout the state of Hawaii.

For our commitment to volunteerism, Bank of Hawaii was recognized as the top Hawaii volunteer in the business category at the **Governor's Volunteer Recognition Awards**. Our employees were acknowledged for their "tireless philanthropic work, which has enriched countless lives in Hawaii."

We annually support the **United Way** campaigns on Oahu and the neighbor islands. In 2009, the bank, together with its employees and retirees, was the largest corporate donor to Aloha United Way among financial institutions, contributing nearly \$824,000. For the AUW campaign on Oahu, we were the largest bank supporter in terms of donations raised and number of donors. We also had the highest employee giving of all companies and the highest average gift of all banks.

Our third annual **Bank of Hawaii Charity Walk** benefited three nonprofit organizations that provide food, shelter and other basic necessities to individuals and families. We raised \$105,000 that was divided equally among the three beneficiaries:

- **Hawaii Chapter of the American Red Cross**, to provide food, shelter and basic necessities for families and individuals through its Disaster Response Program;
- **Family Promise of Hawaii**, to aid families with children experiencing homelessness and help them transition to stable housing; and
- **The Salvation Army, Hawaiian & Pacific Islands Division**, to provide food, clothing and financial assistance to families.



*Kailua Branch Manager Catherine Sato, one of our trained Bank of Hawaii Smart Money Seminar facilitators.*

## Bank of Hawaii Smart Money Seminars

In 2009, we introduced an ongoing financial education program to provide consumers with knowledge and tools to help them manage their finances and stay financially secure. Our Bank of Hawaii Smart Money Seminars cover a variety of topics, including: setting financial goals and budgeting, saving and investing, fraud prevention, credit basics, saving for retirement, home ownership, estate planning, and long term care insurance.

Trained and certified employees present the seminars to the public throughout the state of Hawaii and West Pacific including Guam, Palau, Saipan and American Samoa. While we initially offered the sessions at select branches, we look forward to expanding the venues to include community centers, schools, churches, and employee gatherings at other companies.

We are partnering with the Institute for Human Services (IHS) and the Diocese of Honolulu's Office of Social Ministries to provide a customized version of the seminars to families who are on the verge of homelessness.

More than 1,400 people have attended a Bank of Hawaii Smart Money Seminar since the program's inception.

## Consolidated Statements of Income

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

For the Year Ended December 31	2009	2008
<b>Interest Income</b>		
Interest and Fees on Loans and Leases	\$ 326,921	\$ 390,714
Income on Investment Securities		
Trading	594	4,695
Available-for-Sale	158,244	139,076
Held-to-Maturity	9,133	11,877
Deposits	20	457
Funds Sold	1,776	1,601
Other	<u>1,106</u>	<u>1,681</u>
Total Interest Income	497,794	550,101
<b>Interest Expense</b>		
Deposits	54,058	82,399
Securities Sold Under Agreements to Repurchase	25,934	33,764
Funds Purchased	22	1,585
Short-Term Borrowings	-	162
Long-Term Debt	<u>5,446</u>	<u>13,414</u>
Total Interest Expense	<u>85,460</u>	<u>131,324</u>
Net Interest Income	412,334	418,777
Provision for Credit Losses	<u>107,878</u>	<u>60,515</u>
Net Interest Income After Provision for Credit Losses	304,456	358,262
<b>Noninterest Income</b>		
Trust and Asset Management	46,174	57,014
Mortgage Banking	22,995	8,164
Service Charges on Deposit Accounts	54,470	50,845
Fees, Exchange, and Other Service Charges	60,122	61,995
Investment Securities Gains, Net	25,770	532
Insurance	20,015	24,575
Other	<u>38,262</u>	<u>54,988</u>
Total Noninterest Income	267,808	258,113
<b>Noninterest Expense</b>		
Salaries and Benefits	188,568	191,958
Net Occupancy	41,053	45,129
Net Equipment	17,713	18,143
Professional Fees	12,439	11,511
FDIC Insurance	17,342	1,510
Other	<u>72,909</u>	<u>78,523</u>
Total Noninterest Expense	<u>350,024</u>	<u>346,774</u>
Income Before Provision for Income Taxes	222,240	269,601
Provision for Income Taxes	<u>78,207</u>	<u>77,388</u>
<b>Net Income</b>		
	<u>\$ 144,033</u>	<u>\$ 192,213</u>
Basic Earnings Per Share	\$3.02	\$4.03
Diluted Earnings Per Share	\$3.00	\$3.99
Dividends Declared Per Share	\$1.80	\$1.77
Basic Weighted Average Shares	47,702,500	47,674,000
Diluted Weighted Average Shares	48,009,277	48,200,650

Refer to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2009 for the Consolidated Financial Statements, including Report of Independent Registered Public Accounting Firm, thereon.

# Consolidated Statements of Condition

Bank of Hawaii Corporation and Subsidiaries (dollars in thousands)

As of December 31	2009	2008
<b>Assets</b>		
Interest-Bearing Deposits	\$ 8,755	\$ 5,094
Funds Sold	291,546	405,789
Investment Securities		
Trading	-	91,500
Available-for-Sale	5,330,834	2,519,239
Held-to-Maturity (Fair value of \$186,668 and \$242,175)	181,018	239,635
Loans Held for Sale	16,544	21,540
Loans and Leases	5,759,785	6,530,233
Allowance for Loan and Lease Losses	(143,658)	(123,498)
Net Loans and Leases	<u>5,616,127</u>	<u>6,406,735</u>
Total Earning Assets	11,444,824	9,689,532
Cash and Noninterest-Bearing Deposits	254,766	385,599
Premises and Equipment	110,976	116,120
Customers' Acceptances	1,386	1,308
Accrued Interest Receivable	45,334	39,905
Foreclosed Real Estate	3,132	428
Mortgage Servicing Rights	25,970	21,057
Goodwill	31,517	34,959
Other Assets	496,922	474,567
Total Assets	<u>\$12,414,827</u>	<u>\$10,763,475</u>
<b>Liabilities</b>		
Deposits		
Noninterest-Bearing Demand	\$ 2,252,083	\$ 1,754,724
Interest-Bearing Demand	1,609,413	1,854,611
Savings	4,405,969	3,104,863
Time	<u>1,142,211</u>	<u>1,577,900</u>
Total Deposits	<u>9,409,676</u>	<u>8,292,098</u>
Funds Purchased	8,888	15,734
Short-Term Borrowings	6,900	4,900
Securities Sold Under Agreements to Repurchase	1,618,717	1,028,835
Long-Term Debt (includes \$119,275 carried at fair value as of December 31, 2008)	90,317	203,285
Banker's Acceptances	1,386	1,308
Retirement Benefits Payable	37,435	54,776
Accrued Interest Payable	7,026	13,837
Taxes Payable and Deferred Taxes	229,140	229,699
Other Liabilities	<u>109,369</u>	<u>128,299</u>
Total Liabilities	11,518,854	9,972,771
<b>Shareholders' Equity</b>		
Common Stock (\$.01 par value; authorized 500,000,000 shares; issued / outstanding: December 31, 2009 - 57,028,239 / 48,018,943; and December 31, 2008 - 57,019,887 / 47,753,371)	569	568
Capital Surplus	494,318	492,515
Accumulated Other Comprehensive Income (Loss)	6,925	(28,888)
Retained Earnings	843,521	787,924
Treasury Stock, at Cost (Shares: December 31, 2009 - 9,009,296; and December 31, 2008 - 9,266,516)	<u>(449,360)</u>	<u>(461,415)</u>
Total Shareholders' Equity	<u>895,973</u>	<u>790,704</u>
Total Liabilities and Shareholders' Equity	<u>\$12,414,827</u>	<u>\$10,763,475</u>

Refer to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2009 for the Consolidated Financial Statements, including Report of Independent Registered Public Accounting Firm, thereon.

## Managing Committee

Bank of Hawaii Corporation / Bank of Hawaii (As of December 31, 2009)



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

**Allan R. Landon**

Chairman and  
Chief Executive Officer

**Peter S. Ho**

President and  
Chief Banking Officer

**Wayne Y. Hamano**

Vice Chairman and  
Chief Commercial Officer

**Kent T. Lucien**

Vice Chairman and  
Chief Financial Officer

**Mark A. Rossi**

Vice Chairman,  
Chief Administrative  
Officer, General Counsel &  
Corporate Secretary

**Mary E. Sellers**

Vice Chairman  
and Chief Risk Officer

**Donna A. Tanoue**

Vice Chairman, Client  
and Community Relations

**Shelley B. Thompson**

Vice Chairman and  
Chief Fiduciary Officer

**Vincent E. Barfield**

Senior Executive  
Vice President  
Asset Management Group

**Derek A. Baughman**

Senior Executive  
Vice President and  
Chief Information Officer

**Peter M. Biggs**

Senior Executive  
Vice President  
Consumer Deposits

**Sharon M. Crofts**

Senior Executive  
Vice President and  
Manager  
Operations Group  
Administration

**Kathleen J.  
Fujihara-Chong**

Senior Executive  
Vice President  
Corporate Services  
Group Administration

**Jill F. S. Higa**

Senior Executive  
Vice President and  
Division Manager  
Consumer Lending  
Administration

**Thomas J. Koide**

Senior Executive  
Vice President  
Retail Delivery Channels

**Tobias M. Martyn**

Senior Executive  
Vice President  
Institutional Client  
Services

**Lee Y. Moriwaki**

Senior Executive  
Vice President  
Mortgage Banking

**Derek J. Norris**

Senior Executive  
Vice President  
and Controller

**James C. Polk**

Senior Executive  
Vice President  
Hawaii Commercial  
Banking

**Dean Y. Shigemura**

Senior Executive  
Vice President  
and Treasurer

## Board of Directors

Bank of Hawaii Corporation / Bank of Hawaii (As of December 31, 2009)



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



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



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



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



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



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



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



**Barbara J. Tanabe\***  
Owner and Partner  
Ho'akea  
Communications LLC



**Mark A. Burak\***  
Retired



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



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



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



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



**Robert A. Huret\***  
Managing Member  
FTV Management  
Company, LP



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



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

\*Bank of Hawaii Corporation Board of Directors



## Bank of Hawaii Locations

### Facts About Hawaii, Guam and American Samoa

#### Hawaii

Hawaii business establishments: 98 percent have fewer than 100 employees, 94 percent have fewer than 50, and 51 percent have fewer than five.<sup>1</sup>

Hawaii gross domestic product by state (GSP) in 2008: \$63.8 billion.<sup>2</sup>

Largest shares of Hawaii gross domestic product: real estate (primarily fixed capital's value-added), 17.9 percent; non-financial professional, technical, administrative, management and information services, 11.2 percent; state and local government 9.6 percent; accommodation and food services, 8.4 percent; federal military 8.8 percent; retail trade, 7.0 percent; health care and social assistance, 6.6 percent. Tourism's direct and indirect impact on Hawaii gross domestic product (includes portions of the above): 16.8 percent.<sup>3</sup>

State of Hawaii resident population as of July 1, 2009: 1,295,178.<sup>4</sup>

#### Guam

- U.S. Territory
- Capital: Hagåtña (Agana)
- Resident population: July 2009 estimate 178,430<sup>5</sup>
- Main industries: government, including defense; tourism, construction.

#### American Samoa

- U.S. Territory
- Capital: Pago Pago
- Resident population: July 2009 estimate 65,628<sup>5</sup>
- Main industries: tuna fishing and processing, and government services.

### Bank of Hawaii Branches & ATMs

(As of December 31, 2009)

	Branches & In-Store Branches	ATMs
<b>State of Hawaii</b>	<b>71</b>	<b>431</b>
Island of Oahu	40	308
Island of Hawaii	11	46
Island of Maui	12	43
Island of Kauai	6	32
Island of Lanai	1	1
Island of Molokai	1	1
<b>American Samoa</b>	<b>3</b>	<b>8</b>
<b>West Pacific</b>	<b>9</b>	<b>46</b>
CNMI/Saipan	2	6
Guam	6	38
Palau	1	2
<b>Grand Total</b>	<b>83</b>	<b>485</b>

<sup>1</sup> Table 15.14 Hawaii DBEDT *State of Hawaii Data Book* (2008), from the U.S. Census Bureau *County Business Patterns* (various)

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

<sup>3</sup> Bank of Hawaii calculation based on Tables 13.05 and 7.32 Hawaii DBEDT *State of Hawaii Data Book* (2008), <http://hawaii.gov/dbedt/info/economic/databook/2008-individual/13> and <http://hawaii.gov/dbedt/info/economic/databook/2008-individual/07>

<sup>4</sup> <http://hawaii.gov/dbedt/info/census/population-estimate> from Population\_state\_09\_fact-12-23-09.pdf

<sup>5</sup> Central Intelligence Agency (CIA), *The World Factbook* (2009)

## Shareholder Information

### Corporate Headquarters

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

### Annual Meeting

The annual meeting of shareholders will be held on Friday, April 23, 2010 at 8:30 a.m. at the Bank of Hawaii Main Office, 6th Floor, 111 South King Street, Honolulu, Hawaii.

### Transfer Agent and Registrar

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

### Common Stock Listing

NYSE: BOH

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

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

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

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

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

### Inquiries

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

### Investors and Analysts Seeking Financial Information

#### Contact:

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

#### For General Inquiries:

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

## Forward Looking Statements

This report contains forward-looking statements concerning, among other things, the economic and business environment in our service area and elsewhere, credit quality, and other financial and business matters in future periods. Our forward-looking statements are based on numerous assumptions, any of which could prove to be inaccurate and actual results may differ materially from those projected because of a variety of risks and uncertainties, including, but not limited to: 1) general economic conditions either nationally, internationally or locally may be less favorable than expected; 2) changes in the securities markets, public debt markets and other capital markets in the US and globally; 3) the increase in government oversight in the U.S. banking and financial services industries; 4) competitive pressure among financial services and products; 5) the impact of legislation and the regulatory environment; 6) fiscal and monetary policies of the markets in which we operate; 7) actual or alleged conduct which could harm our reputation; 8) changes in accounting standards; 9) changes in tax laws or regulations or the interpretation of such laws and regulations; 10) changes in our credit quality or risk profile that may increase or decrease the required level of our reserve for credit losses; 11) changes in market interest rates that may affect our credit markets and ability to maintain our net interest margin; 12) unpredicted costs and other consequences of legal or regulatory matters involving the Parent; 13) changes to the amount and timing of proposed common stock repurchases; and 14) geopolitical risk, military or terrorist activity, natural disaster, adverse weather, public health, and other conditions impacting us and our customers' operations. For a detailed discussion of these and other risks and uncertainties that could cause actual results and events to differ materially from such forward-looking statements please refer to the risk factors discussed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2009, and any subsequently filed reports with the U.S. Securities and Exchange Commission. Words such as "believes," "anticipates," "expects," "intends," "targeted," and similar expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying such statements. We do not undertake an obligation to update forward-looking statements to reflect later events or circumstances.



**BANK OF HAWAII CORPORATION**

P.O. BOX 2900, HONOLULU, HI 96846

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