

CENTRAL PACIFIC FINANCIAL CORP  
Form DEF 14A  
March 10, 2017

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant  
Filed by a Party other than the Registrant  
Check the appropriate box:  
Preliminary Proxy Statement  
**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**  
Definitive Proxy Statement  
Definitive Additional Materials  
Soliciting Material under §240.14a-12

**CENTRAL PACIFIC FINANCIAL CORP.**  
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):  
No fee required.  
Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.  
(1) Title of each class of securities to which transaction applies:  
  
(2) Aggregate number of securities to which transaction applies:

Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):  
(3)

Proposed maximum aggregate value of transaction:  
(4)

Total fee paid:  
(5)

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid:  
(1)

Form, Schedule or Registration Statement No.:  
(2)

Filing Party:  
(3)

Date Filed:  
(4)

**CENTRAL PACIFIC FINANCIAL CORP.**  
**220 South King Street**  
**Honolulu, Hawaii 96813**  
**(808) 544-0500**

**APRIL 28, 2017 ANNUAL MEETING**  
**YOUR VOTE IS IMPORTANT**

March 10, 2017

Dear Fellow Shareholder:

On behalf of your Board of Directors, we cordially invite you to attend the 2017 Annual Meeting of Shareholders of Central Pacific Financial Corp. The Annual Meeting will be held on Friday, April 28, 2017, at 11:00 a.m., Hawaii time, at Harbor Square, 4<sup>th</sup> Floor, Waikiki Room, 225 Queen Street, Honolulu, Hawaii 96813. Your Board and management look forward to greeting those shareholders able to attend the meeting in person.

This year, we will again be using the “Notice and Access” method of providing proxy materials to shareholders via the Internet. We believe that this process provides shareholders with a convenient and quick way to access the proxy materials and vote, while allowing us to conserve natural resources and reduce the costs of printing and distributing the proxy materials. We will mail to most of our shareholders a Notice of Internet Availability of Proxy Materials containing instructions on how to access our proxy statement and the Form 10-K and vote electronically via the Internet. This notice will also contain instructions on how to receive a paper copy of the proxy materials. All shareholders who do not receive a notice will receive a paper copy of the proxy materials by mail or an electronic copy of the proxy materials by email.

The accompanying Notice of Annual Meeting of Shareholders and Proxy Statement describe proposals to be acted upon at the Annual Meeting. Please give these materials your prompt attention. Then, we ask that you vote by internet, telephone or by mail, as set forth in the voting instructions or proxy card that are included with these materials, to

ensure that your shares are represented and voted at the meeting. Shareholders who attend the meeting may withdraw their proxy and vote in person if they wish to do so. Your vote is important, so please act at your earliest convenience.

We appreciate your continued interest in Central Pacific Financial Corp.

Sincerely,

A. Catherine Ngo  
*President and Chief Executive Officer*

**CENTRAL PACIFIC FINANCIAL CORP.**

**220 South King Street  
Honolulu, Hawaii 96813  
(808) 544-0500**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD APRIL 28, 2017**

**TO THE SHAREHOLDERS OF CENTRAL PACIFIC FINANCIAL CORP.:**

NOTICE IS HEREBY GIVEN that, pursuant to its Bylaws and the call of its Board of Directors, the Annual Meeting of Shareholders (the "Meeting") of Central Pacific Financial Corp. (the "Company") will be held at Harbor Square, 4 Floor, Waikiki Room, 225 Queen Street, Honolulu, Hawaii 96813, on Friday, April 28, 2017, at 11:00 a.m., Hawaii time, for the purpose of considering and voting upon the following proposals:

**Election of Directors.** To elect up to ten (10) persons to the Board of Directors for a term of one (1) year and to (1) serve until their successors are elected and qualified, as more fully described in the accompanying Proxy Statement.

(2) **Executive Compensation.** To approve, on a non-binding advisory basis, the compensation of the Company's named executive officers ("Say-on-Pay").

(3) **Frequency of Advisory Vote on Executive Compensation.** To cast a non-binding, advisory vote on the frequency of the advisory "Say-On-Pay" vote.

(4) **Ratification of Appointment of Independent Registered Public Accounting Firm.** To ratify the appointment of KPMG LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2017.

(5) **Other Business.** To transact such other business as may properly come before the Meeting and at any and all adjournments or postponements thereof.

Only those shareholders of record at the close of business on February 24, 2017 shall be entitled to notice of and to vote at the Meeting.

**YOUR VOTE IS IMPORTANT. SHAREHOLDERS ARE URGED TO VOTE AND CAN DO SO BY INTERNET, TELEPHONE OR BY MAIL, AS SET FORTH IN THE VOTING INSTRUCTIONS OR PROXY CARD THAT ARE INCLUDED WITH THESE MATERIALS. SHAREHOLDERS WHO ATTEND THE MEETING MAY WITHDRAW THEIR PROXY AND VOTE IN PERSON IF THEY WISH TO DO SO.**

**Important notice regarding the availability of proxy materials for the annual shareholders' meeting to be held on April 28, 2017. Our Proxy Statement and Annual Report on Form 10-K for the fiscal year ended December 31, 2016 are accessible, free of charge, at <https://www.centralpacificbank.com/2017proxy> and <https://www.proxyvote.com>.**

By Order of the Board of Directors,

GLENN K.C. CHING  
Executive Vice President and Corporate Secretary

Dated: March 10, 2017

**CENTRAL PACIFIC FINANCIAL CORP.**  
**220 South King Street**  
**Honolulu, Hawaii 96813**  
**(808) 544-0500**

**PROXY STATEMENT**  
**ANNUAL MEETING OF SHAREHOLDERS**  
**APRIL 28, 2017**

**INTRODUCTION**

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors (the “Board”) of Central Pacific Financial Corp. (the “Company”) for use at the 2017 Annual Meeting of Shareholders (the “Meeting”) of the Company to be held at Harbor Square, 4<sup>th</sup> Floor, Waikiki Room, 225 Queen Street, Honolulu, Hawaii 96813, on Friday, April 28, 2017, at 11:00 a.m., Hawaii time, and at any and all adjournments or postponements thereof. The Notice of Internet Availability of Proxy Materials, this Proxy Statement and accompanying form of proxy or voting instruction card, are first being made available to shareholders on or about March 10, 2017.

*Proposals to be Considered*

The proposals to be considered and voted upon at the Meeting will be:

- (1) **Election of Directors.** To elect up to ten (10) persons to the Board of Directors for a term of one (1) year and to serve until their successors are elected and qualified, as more fully described in this Proxy Statement.
- (2) **Executive Compensation.** To approve, on a non-binding advisory basis, the compensation of the Company’s named executive officers.
- (3) **Frequency of Advisory Vote on Executive Compensation.** To cast a non-binding, advisory vote on the frequency of the advisory “Say-On-Pay” vote.
- (4)

**Ratification of Appointment of Independent Registered Public Accounting Firm.** To ratify the appointment of KPMG LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2017.

- (5) **Other Business.** To transact such other business as may properly come before the Meeting and at any and all adjournments or postponements thereof.

***Record Date, Outstanding Securities and Voting Rights***

The Board fixed the close of business on February 24, 2017 as the record date (the "Record Date") for the determination of the shareholders of the Company entitled to notice of and to vote at the Meeting. Only holders of record of shares of the Company's Common Stock ("Common Stock") at the close of business on the Record Date will be entitled to vote at the Meeting and at any adjournment or postponement of the Meeting. There were 30,802,958 shares of the Company's Common Stock, no par value, issued and outstanding on the Record Date, held by approximately 3,548 holders of record. There are no other classes of shares of the Company's capital stock outstanding.

Each holder of Common Stock will be entitled to one (1) vote, in person or by proxy, for each share of Common Stock standing in the holder's name on the books of the Company as of the Record Date on any matter submitted to the vote of the shareholders.

***Quorum***

The required quorum for the transaction of business at the Meeting is a majority of the total outstanding shares of Common Stock entitled to vote at the Meeting, either present in person or represented by proxy. Abstentions will be included in determining the number of shares present at the Meeting for the purpose of determining the presence of a quorum.

***Broker Authority to Vote***

Under the rules of the National Association of Securities Dealers, Inc., member brokers generally may not vote shares held by them in street name for customers unless they are permitted to do so under the rules of any national securities exchange of which they are a member. Under the rules of the New York Stock Exchange, Inc. ("NYSE"), a member broker who holds shares in street name for customers has the authority to vote on certain "routine" proposals if it has transmitted proxy soliciting materials to the beneficial owner but has not received instructions from that owner. NYSE member brokers will not be permitted to vote on proposal numbers 1, 2 or 3 unless they receive instructions from their customers. NYSE rules permit member brokers that do not receive instructions from their customers, to vote on proposal number 4 as discussed above in their discretion.





***Vote Required to Approve the Proposals***

The following chart sets forth the required vote to approve each proposal to be considered and voted upon at the Meeting, and the effect of “Withhold” votes, abstentions, and broker non-votes.

| <b>Proposal</b>   | <b>Required Vote</b>  | <b>Effect of “Withhold” Votes, Abstentions, Broker Non-Votes</b>   |
|---|---|--|
| Proposal 1—Election of Directors  | Affirmative vote of a plurality of the shares of Common Stock present in person or by proxy and entitled to vote. | “Withhold” votes will have the effect of a vote AGAINST the election of directors. Broker non-votes will have no effect on the voting for the election of directors. |
| Proposal 2—Proposal relating to an advisory (non-binding) vote on executive compensation (“Say-On-Pay”)   | Affirmative vote of a majority of the shares of Common Stock represented and voting on the matter.                | Abstentions and broker non-votes will have no effect in calculating the votes on this matter.  |
| Proposal 3—Proposal Relating to an Advisory (Non-Binding) Vote on frequency of advisory “Say-On-Pay” vote   | Affirmative vote of a majority of the shares of Common Stock represented and voting on the matter.                | Abstentions and broker non-votes will have no effect in calculating the votes on this matter.  |
| Proposal 4—Ratification of the appointment of KPMG LLP as the Company’s independent registered public accounting firm for the fiscal year ending December 31, 2017. | Affirmative vote of a majority of the shares of Common Stock represented and voting on the matter.                | Abstentions and broker non-votes will have no effect in calculating the votes on this matter.  |

Additional information regarding each of these proposals is provided in the section titled DISCUSSION OF PROPOSALS RECOMMENDED BY THE BOARD OF DIRECTORS (for Proposals 1 through 4 above).

The following is the Board’s recommendation with respect to each of the proposals to be considered and voted upon at the Meeting:

**Proposal 1—The Board recommends a vote “FOR” the election of all nominees as directors.**

**Proposal 2—The Board recommends a vote “FOR” the compensation of the Company’s named executive officers (“Say-On-Pay”).**

**Proposal 3** **The Board recommends a vote “FOR” setting the frequency of the advisory “Say-On-Pay” vote on an annual basis.**

**Proposal 4** **The Board recommends a vote “FOR” ratification of the appointment of KPMG LLP as the Company’s independent registered public accounting firm for the fiscal year ending December 31, 2017.**

It is not anticipated that any matters will be presented at the Meeting other than as set forth in the accompanying Notice of the Meeting and this Proxy Statement. If any other matters are presented properly at the Meeting, however, the proxy will be voted by the proxy holders in accordance with the recommendations of the Board or, if no recommendation is given, in their own discretion.

### *Voting*

You may vote by internet, telephone or by mail, as set forth in the voting instructions or proxy card that is provided to you.

**Voting by Internet or Telephone.** Voting by internet or telephone is fast and convenient and your vote is immediately confirmed and tabulated. The internet and telephone voting procedures are designed to authenticate votes cast by use of a personal identification number which is provided with your voting instructions. These procedures allow shareholders to appoint a proxy to vote their shares and to confirm that their instructions have been properly recorded. If you vote by internet or telephone, you do not have to mail in a proxy card, but your vote must be received by the voting deadline set forth in your voting instructions.

**Voting by Mail.** If you wish to vote by mail, you may request a paper copy of these materials which will include a proxy card. If you vote by proxy card, be sure to complete, sign, date and mail your proxy card in the accompanying postage-prepaid envelope by the voting deadline set forth on the proxy card.

If your shares are held by a bank, broker or other nominee, please follow the instructions provided with your proxy materials to determine if internet or telephone voting is available. If your bank or broker does make internet or telephone voting available, please follow the voting instructions provided by your bank or broker.

If you vote by internet or by telephone, you should not return a proxy card.



### ***Revocability of Proxies***

Any shareholder who executes and delivers a proxy has the right to revoke it at any time before it is exercised by filing with the Corporate Secretary of the Company an instrument revoking it or a duly executed proxy bearing a later date. A proxy may also be revoked by attending the Meeting and voting in person at the Meeting. Subject to such revocation, all shares represented by a properly executed proxy received in time for the Meeting will be voted by the proxy holders in accordance with the instructions on the proxy. If your shares are held in street name, you should follow the instructions of your broker, bank or nominee regarding the revocation of proxies.

### ***Solicitation of Proxies***

This solicitation of proxies is made on behalf of the Board and the Company will bear the costs of the preparation of proxy materials and the solicitation of proxies for the Meeting. It is contemplated that proxies will be solicited principally through the mail, but directors, officers and regular employees of the Company or its subsidiary, Central Pacific Bank (the "Bank"), may solicit proxies personally, by telephone, electronically or by other means of communication. Although there is no formal agreement to do so, the Company may reimburse banks, brokerage houses and other custodians, nominees and fiduciaries for their reasonable expenses in forwarding these proxy materials to beneficial owners. The Company has retained D.F. King & Co., Inc. to assist it in connection with the solicitation of proxies for a fee of approximately \$8,500, plus reimbursement of expenses.

### ***Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to Be Held on April 28, 2017.***

The Company's Proxy Statement and Annual Report on Form 10-K for the fiscal year ended December 31, 2016 are available free of charge at <https://www.centralpacificbank.com/2017proxy> and at <https://www.proxyvote.com>.

**In addition, the Company will provide without charge, upon the written request of any shareholder, a copy of the Company's Annual Report on Form 10-K, including the financial statements and the financial statement schedules, required to be filed with the United States Securities and Exchange Commission (the "SEC") for the fiscal year ended December 31, 2016. Requests should be directed to Central Pacific Financial Corp., Attn: Investor Relations, P.O. Box 3590, Honolulu, Hawaii 96811 or to <https://www.proxyvote.com>.**

**The Company will also deliver promptly upon written or oral request a separate copy of the Company's Annual Report on Form 10-K and the Company's Proxy Statement, to any shareholder who shares an address with**

**other shareholders and where only one (1) set of materials were sent to that address to be shared by all shareholders at that address.**

We are furnishing materials to our shareholders primarily via the internet instead of mailing printed copies of those materials to our shareholders. By doing so, we save costs and reduce the environmental impact of the Meeting. On March 10, 2017, the Company mailed a Notice of Internet Availability of Proxy Materials (“Notice”) to shareholders. The Notice contains instructions about how to access our proxy materials and vote online or by telephone. If you would like to receive a paper copy of our proxy materials, please follow the instructions included in the Notice.

***Principal Shareholders***

Based on filings made under Section 13(d) and Section 13(g) of the United States Securities Exchange Act of 1934, as amended (the “Exchange Act”), as of February 24, 2017, the following were the only persons known to management of the Company to beneficially own more than five percent (5%) of the Company’s outstanding Common Stock:

| <b>Name and Address of Beneficial Owner</b>   | Amount<br>and Nature<br>of<br>Beneficial<br>Ownership | Percent<br>of<br>Class |
|---|---|------------------------|
| BlackRock, Inc. <sup>(1)</sup><br>55 East 52 <sup>nd</sup> Street<br>New York, New York 10055 | 4,768,728   | 15.5 %                 |
| The Vanguard Group <sup>(2)</sup><br>100 Vanguard Blvd.<br>Malvern, Pennsylvania 19355        | 3,050,991   | 9.89 %                 |

Pursuant to Schedule 13G/A filed by BlackRock, Inc. with the SEC on January 12, 2017, wherein BlackRock, Inc. (1) reported sole voting power as to 4,614,016 shares of Company Common Stock, and sole dispositive power as to 4,768,728 shares of Company Common Stock.

Pursuant to Schedule 13G/A filed by The Vanguard Group with the SEC on February 10, 2017, wherein The Vanguard Group (2) reported sole voting power as to 36,670 shares of Company Common Stock, sole dispositive power as to 3,014,521 shares of Company Common Stock, and shared dispositive power as to 36,470 shares of Company Common Stock.



*Security Ownership of Directors, Nominees and Executive Officers*

The following table sets forth certain information regarding beneficial ownership of Common Stock by each of the current directors, nominees, and the Named Executive Officers (as defined under “COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS—COMPENSATION DISCUSSION AND ANALYSIS”), as well as all directors and executive officers as a group, as of the close of business on February 24, 2017. Unless otherwise noted, the address of each person is c/o Central Pacific Financial Corp., 220 South King Street, Honolulu, Hawaii 96813.

| Name of Beneficial Owner   | <b>Amount and<br/>Nature of<br/>Beneficial<br/>Ownership<sup>(1)</sup></b> | <b>Percent<br/>of<br/>Class<sup>(2)</sup></b> |       |
|--|--|---|-------|
| Directors and Nominees   |  |   |       |
| Christine H. H. Camp   | 119,707  | (3)   | *     |
| John C. Dean   | 203,400  | (4)   | *     |
| Earl E. Fry  | 54,632   | (5)   | *     |
| Wayne K. Kamitaki  | 3,789  | (6)   | *     |
| Paul J. Kosasa   | 119,685  | (7)   | *     |
| Duane K. Kurisu  | 15,927   | (8)   | *     |
| Colbert M. Matsumoto   | 317,400  | (9)   | 1 %   |
| A. Catherine Ngo   | 147,932  | (10)  | *     |
| Saedene K. Ota   | 5,159  | (11)  | *     |
| Crystal K. Rose  | 38,620   | (12)  | *     |
| Named Executive Officers   |  |   |       |
| Glenn K.C. Ching   | 6,261  | (13)  | *     |
| Blenn A. Fujimoto  | 36,002   | (14)  | *     |
| Arnold D. Martines   | 16,232   | (15)  | *     |
| Lance A. Mizumoto  | 54,958   | (16)  |       |
| David S. Morimoto  | 13,715   | (17)  | *     |
| All Directors and Current Executive Officers as a Group (20 persons) | 1,268,726  | (18)  | 4.1 % |

(\*)Less than one percent (1%).

(1)Except as otherwise noted below, each person has sole voting and investment powers with respect to the shares listed. The numbers shown include the shares actually owned as of February 24, 2017 and, in accordance with Rule 13d-3 under the Exchange Act, any shares of Common Stock that the person has the right or will have the right to acquire within sixty (60) days of February 24, 2017. For restricted stock awards which have not vested, individuals



have voting power with respect to such shares but no investment power.

In computing the percentage of shares beneficially owned by each person or group of persons named above, any shares which the person (or group) has a right to acquire within sixty (60) days after February 24, 2017 are deemed  
(2) outstanding for the purpose of computing the percentage of Common Stock beneficially owned by that person (or group) but are not deemed outstanding for the purpose of computing the percentage of shares beneficially owned by any other person.

103,196 shares of Common Stock are held by Ms. Camp as trustee of the Christine Camp Revocable Trust. 6,112 shares of Common Stock are directly held by Ms. Camp. 9,118 shares of Common Stock are held for Ms. Camp's account and benefit under the Company's Directors' Deferred Compensation Plan. 1,065 shares of Common Stock  
(3) are held in Ms. Camp's Simplified Employee Pension Plan Individual Retirement Account. 216 shares of Common Stock are those Ms. Camp has a right to acquire by exercise of stock options vested pursuant to the Company's equity compensation plans. Ms. Camp has pledged 100,000 shares of Common Stock as security.

50,000 shares of Common Stock are held in Mr. Dean's Roth Converted IRA account. 97,077 shares of Common Stock are held by Mr. Dean as trustee of the John Dean Revocable Trust. 50,813 shares of Common Stock are those Mr. Dean has a right to acquire by exercise of stock options vested pursuant to the Company's equity compensation plans. On February 28, 2017, 1,824 Restricted Stock Units and 3,686 Performance Share Units will  
(4) vest under the executive Annual Long Term Equity Grant Program and pursuant to the Company's equity compensation plans; and Mr. Dean intends to take such units in shares net of taxes, and to hold title to such shares in The Dean Revocable Trust of which Mr. Dean and his wife are co-trustees and share voting and investment powers.

50,250 shares of Common Stock are held in the Fry Family Trust of which Mr. Fry and his wife are co-trustees and they share voting and investment power. 3,915 shares of Common Stock are held for Mr. Fry's account and benefit  
(5) under the Company's Directors' Deferred Compensation Plan. 251 shares of Common Stock are directly held by Mr. Fry. 216 shares of Common Stock are those Mr. Fry has a right to acquire by exercise of stock options vested pursuant to the Company's equity compensation plans.

289 shares of Common Stock are directly held by Mr. Kamitaki. 3,500 shares of Common Stock are held for Mr.  
(6) Kamataki's account and benefit under the Company's Directors' Deferred Compensation Plan.

118,546 shares of Common Stock are directly held by Mr. Kosasa. 923 shares of Common Stock are held jointly  
(7) by Mr. Kosasa and his wife and they share voting and investment powers. 216 shares of Common Stock are those Mr. Kosasa has a right to acquire by exercise of stock options vested pursuant to the Company's equity compensation plans.

(8) 15,927 shares of Common Stock are directly held by Mr. Kurisu.

250,000 shares of Common Stock are held by Tradewind Capital Group, Inc. of which Mr. Matsumoto is Executive Chairman and a Director. 43,172 shares of Common Stock are held by Island Insurance Foundation of which Mr. Matsumoto is Vice President and a Director. Mr. Matsumoto shares voting and investment powers over the shares held by Tradewind Capital Group, Inc., and Island Insurance Foundation, but disclaims beneficial ownership of such shares except to the extent of any pecuniary interest therein. 832 shares of Common Stock are directly held by Mr. Matsumoto. 22,880 shares of Common Stock are held for Mr. Matsumoto's account and benefit under the Company's Directors' Deferred Compensation Plan. 300 shares of Common Stock are held jointly by Mr. Matsumoto and his wife and they share voting and investment powers. 216 shares of Common Stock are those Mr. Matsumoto has the right to acquire by exercise of stock options vested pursuant the Company's equity compensation plans

93,784 shares of Common Stock are held by Ms. Ngo and her husband in their Family Trust of which Ms. Ngo and her husband are co-trustees and share voting and investment powers. 33,194 shares of Common Stock are those Ms. Ngo has a right to acquire by exercise of stock options vested pursuant to the Company's equity compensation plans. 9,480 shares of Common Stock are held in Ms. Ngo's Individual Retirement Account. On February 28, 2017, 9522 Restricted Stock Units and 1,922 Performance Share Units will vest under the executive Annual Long Term Equity Grant Program and pursuant to the Company's equity compensation plans; and Ms. Ngo intends to take such units in shares, and to hold title to such shares in her Family Trust of which Ms. Ngo and her husband are co-trustees and share voting and investment powers. 2,714 shares of Common Stock are held in Ms. Ngo's husband's Individual Retirement Account. 5,886 shares of Common Stock are held by Central Pacific Bank Foundation, of which Ms. Ngo is Vice President and a Director.

1,659 shares of Common Stock are directly held by Ms. Ota. 3,500 shares of Common Stock are held for Ms. Ota's account and benefit under the Company's Directors' Deferred Compensation Plan.

27,175 shares of Common Stock are directly held by Ms. Rose. 64 shares of Common Stock are held jointly by Ms. Rose and her husband and they share voting and investment powers. 10,935 shares of Common Stock are held for Ms. Rose's account and benefit under the Company's Directors' Deferred Compensation Plan. 230 shares of Common Stock are held by Ms. Rose as trustee of her pension plan. 216 shares of Common Stock are those Ms. Rose has a right to acquire by exercise of stock options vested pursuant to the Company's equity compensation plans.

5,976 shares of Common Stock are directly held by Mr. Ching. 10 shares of Common Stock are those Mr. Ching has a right to acquire by exercise of Stock Appreciation Rights pursuant to the Company's equity compensation plans. 275 shares of Common Stock are those Mr. Ching has a right to acquire by exercise of stock options vested pursuant to the Company's equity compensation plans.

20,361 shares of Common Stock are directly held by Mr. Fujimoto. 2,874 shares of Common Stock are those Mr. Fujimoto has a right to acquire by exercise of Stock Appreciation Rights pursuant to the Company's equity compensation plans. 439 shares of Common Stock are held under Mr. Fujimoto's account under the Central Pacific Bank 401(k) Retirement Savings Plan. 10,373 shares of Common Stock are those Mr. Fujimoto has a right to acquire by exercise of stock options vested pursuant to the Company's equity compensation plans. On February 28, 2017, 647 Restricted Stock Units and 1,308 Performance Share Units will vest under the executive Annual

Long Term Equity Grant Program and pursuant to the Company's equity compensation plans; and Mr. Fujimoto intends to take such units in shares net of taxes, and to directly hold title to such shares.

(15) 6,363 shares of Common Stock are held jointly by Mr. Martines and his wife and they share voting and investment powers. 5,510 shares of Common Stock are held under Mr. Martines's account under the Central Pacific Bank 401(k) Retirement Savings Plan. 4,059 shares of Common Stock are held under Mr. Martines's wife's account under the Central Pacific Bank 401(k) Retirement Savings Plan. 300 shares of Common Stock are those Mr. Martines has a right to acquire by exercise of stock options vested pursuant to the Company's equity compensation plans.

(16) 54,719 shares of Common Stock are directly held by Mr. Mizumoto. 13 shares of Common Stock are those Mr. Mizumoto has a right to acquire by exercise of Stock Appreciation Rights pursuant to the Company's equity compensation plans. 226 shares of Common Stock are those Mr. Mizumoto has a right to acquire by exercise of stock options vested pursuant to the Company's equity compensation plans.

(17) 10,766 shares of Common Stock are directly held by Mr. Morimoto. 2,399 shares of Common Stock are held jointly by Mr. Morimoto and his wife and they share voting and investment powers. 265 shares of Common Stock are held under Mr. Morimoto's account under the Central Pacific Bank 401(k) Retirement Savings Plan. 10 shares of Common Stock are those Mr. Morimoto has a right to acquire by exercise of Stock Appreciation Rights pursuant to the Company's equity compensation plans. 275 shares of Common Stock are those Mr. Morimoto has a right to acquire by exercise of stock options vested pursuant to the Company's equity compensation plans.

(18) Includes 134,776 shares of Common Stock which the directors and current executive officers have the right to acquire by exercise of equity grants.

#### ***Section 16(a) Beneficial Ownership Reporting Compliance***

The Company's directors, executive officers and the beneficial holders of more than ten percent (10%) of the Common Stock are required to file certain reports with the SEC regarding the amount of and changes in their beneficial ownership of the Company's Common Stock. Based on its review of copies of those reports, the Company is required to disclose known failures to file required forms, or failures to timely file required reports during the previous year. To the best knowledge of the Company, there were no failures to file or timely file such required reports during year 2016 by any person who was at any time during year 2016 a director, officer, beneficial owner of more than 10% of the Common Stock, or any other person subject to Section 16 of the Exchange Act with respect to the Company, with the exception of executive officer Arnold D. Martines whose wife was granted 940 Restricted Stock Units by the Company; this acquisition transaction occurred on May 2, 2016, and was reported on May 10, 2016.

## **ELECTION OF DIRECTORS**

The Company currently has ten (10) directors: Christine H. H. Camp, John C. Dean, Earl E. Fry, Wayne K. Kamitaki, Paul J. Kosasa, Duane K. Kurisu, Colbert M. Matsumoto, A. Catherine Ngo, Saedene K. Ota, and Crystal K. Rose, all of whom are also nominees for directors. The term of all directors expires at the Meeting. Accordingly, there are ten (10) directors to be elected at the Meeting to serve one-year terms expiring at the 2018 Annual Meeting of Shareholders and until their respective successors are elected and qualified, subject to the earlier of their death, resignation, retirement, disqualification or removal from office.

All nominees have indicated their willingness to serve and unless otherwise instructed, proxies will be voted for all of the nominees. However, in the event that any of them should be unable to serve, the proxy holders named on the proxy card will vote in their discretion for such persons as the Board may recommend.

There are no family relationships among directors or executive officers of the Company, other than Executive Vice Presidents Patricia L. Foley and David S. Morimoto are first cousins. As of the date hereof and for the past five years, no directorships are held by any director or director nominee with a company with a class of securities registered pursuant to Section 12 of the Exchange Act, or subject to the requirements of Section 15(d) of the Exchange Act or any company registered as an investment company under the Investment Company Act of 1940, except for director Earl E. Fry, who is a director of Hawaiian Holdings, Inc. (NASDAQ ticker "HA") and a director of Xactly Corporation (NYSE ticker "XTLY"), director Crystal K. Rose, who is also a director of Hawaiian Holdings, Inc. (NASDAQ ticker "HA"), and Director Duane K. Kurisu who previously served as director of Emmaus Life Sciences, Inc. from May 2014 to January 2015.

The election of directors requires a plurality of the votes cast "FOR" the election of the directors by the shares entitled to vote in the election at a meeting at which a quorum is present. Accordingly, the ten (10) directorships to be filled at the meeting will be filled by the ten (10) nominees receiving the highest number of "FOR" votes.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" ALL TEN (10) NOMINEES.**

**DIRECTORS' AND EXECUTIVE OFFICERS' INFORMATION**

The following table sets forth certain information with respect to each of the directors (all of whom are nominees), and executive officers. The term of each director expires at the Meeting.

| <b>Name</b>           | <b>Principal Occupation for the Past Five Years</b>  | <b>Age</b> | <b>First Year Elected or Appointed as Executive Officer or Director of the Company<sup>(1)</sup></b> |
|-----------------------|--|------------|--|
| <i>Nominees</i>       |  |            |  |
| CAMP, Christine H. H. | President and Chief Executive Officer, Avalon Group, LLC (2002—present) (real estate consulting); Managing Director, Avalon Development Company, LLC (1999—present) (real estate development)  | 50         | 2004   |
| DEAN, John C.         | Executive Chair, Central Pacific Financial Corp. and Central Pacific Bank (7/1/2015-present); Chairman of the Board and Chief Executive Officer, Central Pacific Financial Corp. and Central Pacific Bank (6/1/2014-6/30/2015); President and Chief Executive Officer, Central Pacific Financial Corp. and Central Pacific Bank (4/20/2011—5/31/2014); Executive Chairman, Central Pacific Financial Corp. and Central Pacific Bank (6/2010 - 4/19/2011); Managing General Partner, Startup Capital Ventures, L.P. (2005—present) (investment); Managing Member, SCV Management Co, LLC (2005—present) (investment); Managing Director, Tuputele Ventures Fund (2003—present) (investment) | 69         | 2010   |
| FRY, Earl E.          | Interim Chief Financial Officer, Informatica Corporation (9/2015-1/2016) (technology); Chief Customer Officer and Executive Vice President, Operations Strategy, Informatica Corporation (11/2014 – 8/2015) (technology); Chief Financial Officer, Chief Administrative Officer and Executive Vice President of Global Customer Support and Services, Informatica Corporation (2010—10/2014) (technology)  | 58         | 2005   |
| KAMITAKI, Wayne K.    | President and Chief Executive Officer, Maui Varieties, Ltd. (1990—present) (retail)  | 65         | 2015   |
| KOSASA, Paul J.       | President and Chief Executive Officer, MNS, Ltd., doing business as ABC Stores (1999—present) (retail)   | 59         | 2002   |

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|                                 |   |    |      |
|---------------------------------|---|----|------|
| KURISU, Duane K. <sup>(2)</sup> | Chairman of the Board and Chief Executive Officer, aio, LLC, doing business as aio Group (2002—present) (media/sports/food/real estate/investment)  | 63 | 2004 |
| MATSUMOTO, Colbert M.           | Chairman of the Board and President, Island Holdings, Inc. (2010—present) (insurance/investment); Executive Chairman, Island Insurance Company, Ltd. (1999—present) (insurance); Executive Chairman, Tradewind Capital Group, Inc. (4/2015-present) (investment/asset management); President, Tradewind Capital Group, Inc. (2006—4/2015) (investment/asset management) | 64 | 2004 |

| Name                                    | Principal Occupation for the Past Five Years  | Age | First Year Elected or Appointed as Executive Officer or Director of the Company <sup>(1)</sup> |
|---|---|-----|--|
| NGO, A.<br>Catherine                    | President and Chief Executive Officer, Central Pacific Financial Corp. and Central Pacific Bank (7/1/2015 – present); President, Chief Operating Officer, Central Pacific Financial Corp. and Central Pacific Bank (6/1/2014 – 6/30/2015); Executive Vice President, Chief Administrative Officer, Central Pacific Financial Corp. and Central Pacific Bank (11/23/2010 —5/31/2014); General Partner, Startup Capital Ventures, L.P. (2005—present) (investment); Managing Member, SCV Management Co, LLC (2005—present) (investment) | 56  | 2015   |
| OTA,<br>Saedene K.                      | President, Sae Design, Inc. (2007—present) (design and marketing); President, Maui Thing LLC (2010-present) (retail)  | 48  | 2015   |
| ROSE,<br>Crystal K.,<br>J.D.            | Partner, Bays Lung Rose & Holma (1989—present) (law); Lead Independent Director, Central Pacific Financial Corp. and Central Pacific Bank (6/1/2014-present); Chairman of the Board, Central Pacific Financial Corp. and Central Pacific Bank (4/20/2011—5/31/2014)   | 59  | 2005   |
| <i>Executive Officers<sup>(3)</sup></i> |   |     |  |
| CHING,<br>Glenn K.C.                    | Executive Vice President, Chief Legal Officer, Risk Management Division Manager, and Corporate Secretary, Central Pacific Financial Corp. and Central Pacific Bank (1/1/2016-present); Senior Vice President, General Counsel and Corporate Secretary, Central Pacific Financial Corp. and Central Pacific Bank (12/2002-12/31/2015)  | 58  | 2016   |
| FOLEY,<br>Patricia L.                   | Executive Vice President, Division Manager, Human Resources, Central Pacific Financial Corp. and Central Pacific Bank (9/1/2016 - present); Senior Vice President, Division Manager, Human Resources, Central Pacific Financial Corp. and Central Pacific Bank (6/1/2014 – 8/31/2016); Senior Vice President, Division Manager, Human Resources, Central Pacific Bank (1/1/2014 - 5/31/2014); Senior Vice President, Human Resources Manager, Central Pacific Bank (11/16/2010 - 12/31/2013)  | 58  | 2014   |
| FUJIMOTO,<br>Blenn A.                   | Executive Vice President, Specialized Markets Division Manager, Central Pacific Financial Corp. and Central Pacific Bank (1/1/2014 - present); Executive Vice President, Specialized Markets Manager, Central Pacific Bank (2/1/2012 – 12/31/2013); President and Chief Executive Officer, Central Pacific HomeLoans, Inc. (5/1/2010 – 1/31/2012)   | 58  | 2016   |





| Name                | Principal Occupation for the Past Five Years   | Age | First Year Elected or Appointed as Executive Officer or Director of the Company <sup>(1)</sup> |
|---------------------|--|-----|--|
| HU, Anna M.         | Executive Vice President, Chief Credit Officer, Central Pacific Financial Corp. and Central Pacific Bank (10/1/2016-present); Senior Vice President, Interim Chief Credit Officer, Central Pacific Financial Corp. and Central Pacific Bank (8/28/2015-9/30/2016); Senior Vice President, Credit Administration Division Manager, Central Pacific Bank (3/30/2015—8/27/2015); Vice President, Corporate Banking Relationship Manager, Bank of Hawaii (12/28/2009-3/27/2015)  | 43  | 2015   |
| HUDSON, David W.    | Executive Vice President, Community Banking Division Manager, Central Pacific Financial Corp. and Central Pacific Bank (3/11/2011—present)   | 58  | 2011   |
| ISONO, Denis K.     | Executive Vice President, Corporate Services, Central Pacific Financial Corp. and Central Pacific Bank (1/1/2016-present); Executive Vice President, interim Risk Management Division Manager, Central Pacific Financial Corp. and Central Pacific Bank (8/28/2015-12/31/2015); Executive Vice President, Corporate Services, Central Pacific Financial Corp. and Central Pacific Bank (7/1/2015—8/27/2015); Executive Vice President, Chief Financial Officer, Central Pacific Financial Corp. and Central Pacific Bank (10/1/2011—6/30/2015) | 65  | 2002   |
| KIRIHARA, Wayne H.  | Executive Vice President, Chief Marketing Officer, Central Pacific Financial Corp. and Central Pacific Bank (9/1/2016 - present); Senior Vice President, Chief Marketing Officer, Central Pacific Financial Corp. and Central Pacific Bank (6/1/2014 – 8/31/2016); Senior Vice President, Chief Marketing Officer, Central Pacific Bank (3/2010 – 5/31/2014)   | 62  | 2014   |
| MARTINES, Arnold D. | Executive Vice President, Commercial Markets Division Manager, Central Pacific Financial Corp. and Central Pacific Bank (9/1/2016 – present); Senior Vice President, Commercial Real Estate Lending Division Manager, Central Pacific Financial Corp. and Central Pacific Bank (6/1/2014 – 8/31/2016); Senior Vice President, Commercial Real Estate Lending Division Manager, Central Pacific Bank (3/1/2011 – 5/31/2014)   | 52  | 2014   |
| MORIMOTO, David S.  | Executive Vice President, Chief Financial Officer, Central Pacific Financial Corp. and Central Pacific Bank (7/1/2015—present); Senior Vice President, Treasurer, Central Pacific Financial Corp. and Central Pacific Bank (3/1/2005—6/30/2015)  | 49  | 2015   |

| Name             | Principal Occupation for the Past Five Years   | Age | First Year Elected or Appointed as Executive Officer or Director of the Company <sup>(1)</sup> |
|------------------|--|-----|--|
| MORIWAKI, Lee Y. | Executive Vice President, Chief Information Officer, Central Pacific Financial Corp. and Central Pacific Bank (2/1/2015-present); Senior Vice President and Manager, Loan and Deposit Operations, Central Pacific Bank (7/1/2014-1/31/2015); Senior Vice President, D+H Project Director, Central Pacific Bank (6/1/2013-6/30/2014); Senior Vice President, Loan Operations Division Manager, Central Pacific Bank (2/1/2012-5/31/2013); Senior Vice President and Manager, Business & Operations Information Management, Central Pacific Bank (7/18/2011-1/31/2012) | 58  | 2015   |

All directors of the Company are also directors of the Bank. Mr. Kosasa has been a director of the Bank since 1994. Ms. Camp, Mr. Matsumoto, Mr. Kurisu and Ms. Rose have been directors of the Bank since 2004. Mr. Fry (1) has been a director of the Bank since 2005. Mr. Dean has been a director of the Bank since 2010. Ms. Ngo has been a director of the Bank since July 1, 2015. Mr. Kamitaki and Ms. Ota have been directors of the Bank since September 16, 2015.

(2) Mr. Kurisu also served as a director of the Company from September 2004 to May 2008. On January 25, 2012, Mr. Kurisu was reappointed to the Company's Board.

### ***Director Background and Experience***

Christine H. H. Camp—Ms. Camp has over twenty-seven (27) years' experience in real estate, and her company Avalon Group, LLC, is a full service real estate company which provides detailed financial and market analysis to a wide range of investors involved in various real estate transactions and development scenarios, and also real estate brokerage, market and financial consulting. Ms. Camp is also engaged in real estate development through her company Avalon Development Company, LLC. Prior to establishing Avalon Group, Ms. Camp was Vice President of Development at A&B Properties, Inc., a subsidiary of Alexander & Baldwin, Inc. (a publicly traded company listed on the NYSE), and was in charge of that company's real estate development and investment acquisition activities. Ms. Camp also was the Senior Project Coordinator of Planning and Engineering at Castle & Cooke Properties, Inc., where she handled site acquisition and development of non-company owned properties. Ms. Camp's real estate, financial, and public company knowledge and experience gained from her prior and current positions makes her a valuable resource

to the Board and management in many areas, but particularly in connection with the Company's real estate lending and other real estate related activities, to include the evaluation of real estate related risks, investments, opportunities, and asset management oversight.

**John C. Dean**—Since July 1, 2015, Mr. Dean has served as Executive Chair of the Company and the Bank. Prior to that, Mr. Dean served as Chief Executive Officer and Chairman of the Board of the Company and the Bank from June 1, 2014 to June 30, 2015. From April 20, 2011 through May 31, 2014, Mr. Dean served as President and Chief Executive Officer, and a Director, of the Company and the Bank. From June 2010 through April 19, 2011, Mr. Dean served as the Executive Chairman and a Director of the Company and the Bank. Previously, Mr. Dean has served in various capacities in the banking industry for thirty-three (33) years, including as the Chief Executive Officer and Chairman of the Board of Silicon Valley Bancshares and Silicon Valley Bank, the President and Chief Executive Officer of Pacific First Bank, the Chief Executive Officer and Chairman of the Board of First Interstate Bank of Washington, the Chief Executive Officer and Chairman of the Board of First Interstate Bank of Oklahoma, and the President and Chief Executive Officer of First Interstate System, Inc. Since 2005, Mr. Dean has been the managing general partner of Startup Capital Ventures, L.P., a venture capital firm, and managing member of SCV Management Co, LLC, and since 2003 he has served as managing director of Tuputele Ventures Fund, a small private equity firm investing in early-stage technology companies and venture capital funds. Mr. Dean is a graduate of the Wharton School of the University of Pennsylvania, with a Master of Business Administration degree in Finance, and currently serves as an advisor to the board of the Wharton School. Mr. Dean's extensive experience in leading financial institutions and his overall management expertise makes him a valuable contributor to the Board and the overall success of the Company.

**Earl E. Fry**—Mr. Fry is a director and the current Audit Committee Chair for Hawaiian Holdings Inc. (a publicly traded company listed on NASDAQ, and the parent company of Hawaiian Airlines, Inc.) and Xactly Corporation (a publicly traded company listed on NYSE). Mr. Fry is a retired Executive Vice President and Chief Financial Officer of Informatica Corporation (a publicly traded company listed on NASDAQ), a company which provides data integration software and services and which has reported annual revenue in excess of \$1 billion. During his tenure as Chief Financial Officer of Informatica Corporation, Mr. Fry effected, among other things, numerous major capital and financial transactions, to include credit lines, equity offerings, convertible rate issuances, stock/bond buyback plans, over fifteen (15) technology acquisitions, and he established development and support centers in Bangalore, India, Dublin, Ireland, and Tel Aviv, Israel, and he also established Informatica's enterprise risk management program. Mr. Fry also previously managed the Global Customer Support and Consulting Services areas of Informatica Corporation representing over half of Informatica's revenue. Prior to joining Informatica Corporation, Mr. Fry was Chief Financial Officer of Omnicell Technologies, Inc. (a publicly traded company listed on NASDAQ) for four (4) years, Chief Financial Officer of C.ATS Software, Inc. for two (2) years, Chief Financial Officer of Weitek Corporation for three (3) years, and he also served at other technology companies in various finance and other capacities. Mr. Fry began his professional career at Ernst & Whinney, CPAs (now known as Ernst & Young), where he held the position of Senior Auditor. Mr. Fry is a graduate of the Stanford Graduate School of Business. Mr. Fry was voted Software Chief Financial Officer of the Year by Institutional Investor in 2010, 2011, 2012, 2013 and 2014. Mr. Fry brings extensive finance, public company, and auditing knowledge and experience to the Board and Company and therefore is highly qualified to Chair the Company's and Bank's Audit Committees.

Wayne K. Kamitaki—Mr. Kamitaki is Chief Executive Officer of Maui Varieties, Ltd., a holding company, which through various subsidiaries, owns and operates Ace Hardware and Ben Franklin Crafts stores throughout the State of Hawaii, and in the States of Washington and Oregon, and Las Vegas, Nevada, and owns, operates and/or invests in numerous other commercial business ventures. Mr. Kamitaki, who resides on the Island of Hawaii, is Chairman of the Board of the Hawaii Japanese Center (Hilo) and also serves on the board of the Hawaii Academy of Science. The Bank has two (2) branches on the Island of Hawaii and firmly believes it is important to have a director from the Island of Hawaii, who best understands and can help the Bank connect with residents and businesses on the Island of Hawaii, and to demonstrate the Bank's commitment to serving all islands and communities comprising the State of Hawaii. The vast majority of businesses in Hawaii are small and each island has its own unique business markets, needs and communities, and thus having Mr. Kamitaki who is a prominent businessperson and community leader on the Island of Hawaii, serve on our Company's Board and Bank's Board of Directors, will provide great insight and perspective in how we can best serve small businesses throughout the State of Hawaii, but also within the Island of Hawaii. As a community bank serving all the people and islands of Hawaii, we believe it is vital that our Board have experienced and proven businesspeople who reflect and represent all of Hawaii and the diversity of Hawaii. Mr. Kamitaki has decades of business knowledge, experience, management and leadership which we believe will be of great benefit to the Company and the Bank.

Paul J. Kosasa—Mr. Kosasa has been President and Chief Executive Officer of MNS, Ltd., doing business as ABC Stores, for the past eighteen (18) years, and has been with ABC Stores for thirty-seven (37) years. As President and Chief Executive Officer of ABC Stores, Mr. Kosasa oversees a Hawaii-based retail convenience store operation with a major presence in Waikiki and other tourist locations throughout the Hawaiian Islands, as well as in other locations outside of Hawaii, such as Guam, Saipan, and Las Vegas, Nevada. As President and Chief Executive Officer of a sizable retail store chain which primarily serves the tourist industry, one of the largest industries in Hawaii, Mr. Kosasa provides the Board and Company with significant business and management knowledge and experience in all aspects of a business operation, which includes business strategy and planning, financial management and budgeting, employee compensation and benefits, labor, marketing, advertising, and real estate, among other business expertise. In addition, Mr. Kosasa provides a link and close connection to the Hawaii tourism industry, one of Hawaii's most profitable economic engines, and which provides a valuable source of banking business with respect to Hawaii businesses that support the Hawaii tourism industry, as well as retail customers from outside Hawaii who require or may desire Hawaii banking services.

Duane K. Kurisu—Mr. Kurisu was formerly a director of the Company from September 2004 through May 2008, and was reappointed to the Company's Board of Directors on January 25, 2012. Mr. Kurisu has served on the Board of Directors of the Bank since September 2004. Mr. Kurisu owns, manages and/or is involved in numerous and varied businesses and industries in Hawaii including, among others: (i) real estate—investment, ownership and management of office buildings, shopping centers and industrial parks in Hawaii; (ii) media—owner and publisher of a number of Hawaii magazines, newspapers and publications, and radio; (iii) sports—professional baseball, sports equipment; and (iv) food—bakery, restaurants, nutraceuticals. Mr. Kurisu is the Chairman of the Board, Chief Executive Officer and owner of aio, LLC, doing business as aio Group, a holding company for brands focused on Hawaii and the Pacific in the areas of media, sports and food. Mr. Kurisu serves on numerous business and charitable Boards and organizations, and he also served as a Regent of the University of Hawaii. Mr. Kurisu is a successful businessman and prominent figure in the Hawaii business community and brings to the Board business acumen, judgment, background and experience, and his knowledge of the Hawaii market and his relationships and connections within the Hawaii market.

Colbert M. Matsumoto— Mr. Matsumoto is Chairman of the Board and President of Island Holdings, Inc., a corporate holding company. Mr. Matsumoto also serves as the Executive Chairman of both Island Insurance Company, Ltd., Hawaii's largest locally owned and managed property and casualty insurance company, and Tradewind Capital Group, Inc., an investment and asset management company. Mr. Matsumoto was a practicing attorney for twenty (20) years before assuming his current executive management positions. He is a Trustee of the Hawaii Employees Retirement System and, previously as its Chairman, played a significant leadership role in promoting reforms in the design and funding of the pension system to better secure its finances. Mr. Matsumoto's substantial knowledge and experience, as an attorney, insurance executive, and investment professional, has been instrumental in assisting the Board and management with assessing and managing the Company's legal and business risks and in corporate governance and business strategy and planning.

A. Catherine Ngo— Ms. Ngo was appointed President and Chief Executive Officer of the Company and the Bank effective July 1, 2015. Prior to that, Ms. Ngo served as President and Chief Operating Officer of the Company and the Bank from June 1, 2014 to June 30, 2015. Ms. Ngo also served as Executive Vice President, Chief Administrative Officer of the Company and the Bank from November 23, 2010 through May 31, 2014. Ms. Ngo is an experienced executive who has served in various capacities in the financial industry during the last twenty-four (24) years, including as general partner of Startup Capital Ventures, a venture capital firm, where her responsibilities included: managing relationships with many of the firm’s portfolio companies and assisting companies with operational (financial and legal) issues. Ms. Ngo also had primary oversight for the firm’s finance, reporting and investor relations activities and had a significant role in managing the firm’s China-based portfolio. Ms. Ngo is also managing member of SCV Management Co, LLC. As Chief Operating Officer of Alliant Partners, an investment banking subsidiary of Silicon Valley Bank, Ms. Ngo’s responsibilities included oversight of legal and compliance, finance, marketing, human resources, and information technology functions. As Executive Vice President, General Counsel and Corporate Secretary of Silicon Valley Bancshares and Silicon Valley Bank (“SVB”), Ms. Ngo directed Audit, Credit Review, Collateral Audit, Legal and Loan Operations divisions of SVB with responsibility for over one hundred (100) employees. Executive Chair John C. Dean has worked with Ms. Ngo for the last twenty-four (24) years. For the twelve (12) years preceding her time with Startup Capital Ventures, Ms. Ngo was an executive officer at SVB (where Mr. Dean served as Chief Executive Officer and Chairman of the Board from 1993-2003).

Saedene K. Ota—Ms. Ota is owner and creative director of Sae Design, Inc., a graphic design and visual marketing agency headquartered on the Island of Maui, and is also principal owner and manager of Maui Thing LLC, a lifestyle apparel company. In her over twenty-two (22) year career, Ms. Ota has received numerous design, graphics and marketing rewards and recognition. Ms. Ota, who resides on the Island of Maui, serves on the boards of the Chamber of Commerce of Hawaii, Maui Economic Development Board, Nissei Veterans Memorial Center, and Wailuku Community Association. The Bank has four (4) branches on the Island of Maui and firmly believes it is important to have a director from the Island of Maui, who best understands and can help the Bank connect with residents and businesses on the Island of Maui, and to demonstrate the Bank’s commitment to serving all islands and communities comprising the State of Hawaii. The vast majority of businesses in Hawaii are small and each island has its own unique business markets, needs and communities, and thus having Ms. Ota who is a prominent businessperson and community leader on the Island of Maui, serve on our Company’s Board and Bank’s Board of Directors, will provide great insight and perspective in how we can best serve small businesses throughout the State of Hawaii, but also within the Island of Maui. As a community bank serving all the people and islands of Hawaii, we believe it is vital that our Board have experienced and proven businesspeople who reflect and represent all of Hawaii and the diversity of Hawaii. We believe Ms. Ota’s lifetime of experiences and success as a small businessperson, and her substantial marketing knowledge and expertise, will add significant value and perspective to our Board.

Crystal K. Rose, J.D.—Ms. Rose is a named partner in the law firm of Bays Lung Rose & Holma, and has been actively practicing law for thirty-five (35) years, specializing in the areas of real estate, trust and commercial litigation, commercial real estate transactions, trusts and estates, and construction law. Ms. Rose has been a director of Hawaiian Holdings, Inc. (a publicly traded company listed on NASDAQ, and the parent company of Hawaiian Airlines, Inc.) since June 2006, and serves as Chair of the Compensation Committee, and is a member of the Governance and Nominating Committee and the Executive Committee of its Board of Directors. Given the limited number of publicly traded companies in Hawaii, Ms. Rose brings experience as a director of another Hawaii-based publicly traded company. Ms. Rose also brings a wealth of legal and real estate knowledge and experience to the Company’s Board

and Bank's Board, and her professional, leadership, and business skills and expertise are well-suited to her serving since June 1, 2014, as the Company's and the Bank's Lead Independent Director and Governance Committee Chair, and before that, from April 20, 2011 through May 31, 2014, serving as the Company's and Bank's Board Chair, and in providing guidance with respect to the Company's and the Bank's strategic issues, overall business plans and legal matters.

### *Executive Officer Background and Experience*

Set forth below is information concerning the current executive officers of the Company who are not also directors of the Company:

Glenn K.C. Ching—Mr. Ching was appointed Executive Vice President, Chief Legal Officer and Risk Management Division Manager, effective January 1, 2016. Prior to his appointment, Mr. Ching was Senior Vice President, General Counsel and Corporate Secretary for the Company and the Bank from December 2002 to December 31, 2015. Mr. Ching has been an actively licensed attorney in Hawaii since 1989, and is a former partner of the Honolulu law firm, Ashford & Wriston wherein he specialized in real estate and banking law. Mr. Ching is a graduate of the United States Air Force Academy, and served as an officer in the United States Air Force prior to his legal and banking career. Mr. Ching obtained his law degree from the University of Hawaii's William S. Richardson School of Law, and a Master of Business Administration degree from the University of North Dakota. Mr. Ching serves on the Board of Directors of the Hawaii Better Business Bureau, Chairs its Membership Committee and serves on its Executive Committee.

Patricia ("Patty") L. Foley—Ms. Foley was appointed Executive Vice President, Division Manager, Human Resources, of the Company and the Bank effective September 1, 2016, and has held various managerial positions within the Bank's Human Resources Division since her arrival to the Bank in July 2008. Ms. Foley is an experienced human resources professional with twenty-seven (27) years in the field, and was prior to joining the Bank, Corporate Director of Human Resources for Outrigger Hotels and Resorts ("Outrigger"), a Hawaii-based family owned business with over 3,000 employees worldwide. During her eighteen (18) years at Outrigger, Ms. Foley actively supported the growth of Outrigger from a Oahu-based employer focused on managing its owned properties to a world-wide diversified organization managing contracts for other hotel owners and expansion in to the timeshare and condominium management business. Ms. Foley is recognized in the local Human Resources industry for her progressive management of health care expense through a focus on the health and well-being of employees.

Blenn A. Fujimoto—Mr. Fujimoto was appointed Executive Vice President, Specialized Markets Division Manager of the Company on January 1, 2014 and he became an Executive Officer of the Company on September 1, 2016. Mr. Fujimoto has been with the Bank since 2000 and has over thirty (30) years of banking experience in the Hawaii market. He has a diverse background in retail banking, commercial real estate lending, business banking, investment services, trust, private banking, residential mortgage and consumer lending. Mr. Fujimoto previously served as the Bank's Chief Executive Officer of Central Pacific HomeLoans. Mr. Fujimoto received his Bachelor of Business Administration degree in Finance from the University of Hawaii at Manoa and is a graduate of the Pacific Coast Banking School at the University of Washington, Seattle. He serves on the Board of Directors of Aloha United Way and Goodwill Hawaii.

Anna M. Hu—Ms. Hu was appointed Executive Vice President, Chief Credit Officer of the Company and the Bank, effective October 1, 2016. Ms. Hu's prior banking experience spans twenty-five (25) years, comprising credit positions of increasing levels of responsibility, to include Credit, Underwriter, Corporate Banking Relationship Manager, Credit Administrator, Senior Credit Administrator, Senior Special Assets Officer, and Credit Administration Division Manager. Ms. Hu serves on the boards of the American Red Cross - Hawaii Chapter and Sacred Hearts Academy.

David W. Hudson—Mr. Hudson was appointed Executive Vice President, Community Banking Division Manager of the Bank and the Company, effective March 11, 2011. Prior to his appointment, Mr. Hudson was Senior Vice President, Community Banking Division Manager for the Bank. As Community Banking Division Manager, Mr. Hudson oversees the Bank's entire branch network throughout the State of Hawaii, to include branches on the islands of Oahu, Hawaii, Maui, and Kauai. Mr. Hudson has more than thirty-three (33) years of experience in the finance industry in Hawaii and California. He started his banking career in corporate, international and commercial real estate lending with Crocker National and First Nationwide banks. More recently, Mr. Hudson's career has focused on retail and branch banking. Prior to joining the Bank in 2009, Mr. Hudson spent six (6) years as Senior Vice President of the consumer and business banking division of Hawaii-based American Savings Bank. In addition, Mr. Hudson has also served at Honfed Bank and Bank of America in Hawaii and California in various positions from process design executive to consumer region executive.

Denis K. Isono—Mr. Isono is presently Executive Vice President, Corporate Services, for the Company and the Bank. Prior to that and during his fourteen (14) previous years with the Company and the Bank, Mr. Isono has served in numerous executive positions, to include serving as Executive Vice President, Chief Financial Officer of the Company and the Bank from October 1, 2011 to June 30, 2015. Mr. Isono has over forty-four (44) years of banking and financial experience in the Hawaii market. Before joining the Company and the Bank, Mr. Isono was employed by Bank of Hawaii for eighteen (18) years and held various senior management positions to include Executive Vice President, Operations, and Senior Vice President, Controller. Mr. Isono began his banking career at City Bank where he worked for six (6) years. Mr. Isono is a Certified Public Accountant, Certified Management Accountant, Certified Bank Auditor, Certified Internal Auditor, and a graduate of the Stanford University Executive Program and the University of Hawaii Advanced Management Program. Prior to his banking career, Mr. Isono also spent six (6) years with Ernst & Ernst, and held the position of Audit Supervisor.



Wayne H. Kirihara—Mr. Kirihara was appointed Executive Vice President, Chief Marketing Officer of the Company and the Bank effective September 1, 2016, and had prior to that been the Bank's Chief Marketing Officer since March 2010. Additionally, Mr. Kirihara has been with the Bank for twenty-eight (28) years in various management capacities. As Chief Marketing Officer, Mr. Kirihara oversees the corporate communications, marketing, product management, and electronic banking channels areas of the Company and Bank. In aggregate at the Bank, Mr. Kirihara has twenty-three (23) years of experience managing marketing and corporate communications, fourteen (14) years of experience managing product development, and twelve (12) years of experience managing electronic banking. Mr. Kirihara previously managed the Retail Banking Group of the Bank for eight (8) years, overseeing branch operations, consumer loan center, marketing, electronic banking, merchant services, and product development. Mr. Kirihara began his career at the Bank planning and implementing special projects, and later as a commercial loan officer.

Arnold D. Martines—Mr. Martines was appointed Executive Vice President, Commercial Markets Division Manager of the Company and the Bank effective September 1, 2016. Prior to his appointment, Mr. Martines was Senior Vice President, Commercial Real Estate Lending Division Manager of the Company and the Bank. As Commercial Markets Division Manager, Mr. Martines oversees the Bank's business banking, commercial banking, corporate banking, commercial real estate lending and institutional trust lines of business. Mr. Martines has over twenty-one (21) years of banking experience. Mr. Martines started his banking career in 1995 as an Assistant Branch Manager at Bank of Hawaii. He subsequently took on increasing responsibility in both line and credit management roles for small business, middle market and corporate lending before joining the Bank in February 2004 as Vice President and Portfolio Management Approval Manager where he oversaw commercial and industrial loan approvals for the Bank. Mr. Martines also served as the Bank's Senior Vice President, Community Banking Division Manager and Senior Vice President, Chief Credit Administrator before he was appointed to lead the Bank's Commercial Real Estate Lending Division in March 2011.

David S. Morimoto—Mr. Morimoto was appointed Executive Vice President, Chief Financial Officer of the Company and the Bank effective July 1, 2015. Prior to that, Mr. Morimoto was Senior Vice President, Treasurer of the Company and the Bank from March 1, 2005 to June 30, 2015. Mr. Morimoto has more than twenty-five (25) years of experience in the banking industry and has extensive experience in effectively working with institutional investors, investment bankers, and financial institution regulators. Mr. Morimoto received his Bachelor of Business Administration degree in Finance from the University of Hawaii and received his Master of Business Administration degree with a concentration in Accounting from Chaminade University of Honolulu. Mr. Morimoto serves on the Board of Directors of the Institute for Human Services and the Hawaii Council on Economic Education.

Lee Y. Moriwaki—Mr. Moriwaki was appointed Executive Vice President, Chief Information Officer (“CIO”) of the Company and the Bank effective February 1, 2015. As CIO, Mr. Moriwaki is responsible for the Company-wide strategic direction and management of technology and Bank operations, which includes managing computer and network operations, loan and deposit operations, and the Bank’s customer service center. Mr. Moriwaki has been with the Bank since 2011 and has more than thirty-five (35) years of experience in the banking industry. He has a diverse background in retail banking, retail brokerage, finance, investments, operations and information technology. He previously served as the Bank’s Senior Vice President and Manager, Loan and Deposit Operations. Prior to joining the Bank, Mr. Moriwaki served as Senior Executive Vice President and a Managing Committee Member at Bank of Hawaii where he began his banking career in 1981. His management experience includes mortgage and consumer lending, bank operations and call center, electronic banking, investment services and trust, treasury and finance and computer operations and programming. Mr. Moriwaki has been instrumental in streamlining and improving processes in the Bank’s Loan Operations Division. He has experience managing multiple divisions and also has experience in systems integration, including following the merger between Bank of Hawaii and Hawaiian Trust Company where he led the team responsible for integrating the two firm’s data centers and computer systems. Mr. Moriwaki has a Bachelor of Science degree in Management Science from the Massachusetts Institute of Technology and a Master of Business Administration in Finance from the University of Hawaii at Manoa.

## **CORPORATE GOVERNANCE AND BOARD MATTERS**

During the fiscal year ended December 31, 2016, the Board held a total of nine (9) meetings. Each incumbent director attended at least 75% of the total number of the aggregate of the Board meetings and meetings held by all committees of the Board on which he/she served during 2016. The Company expects directors to attend the annual meeting of shareholders. The directors who attended last year’s annual meeting of shareholders were Christine Camp, John Dean, Earl Fry, Paul Kosasa, Colbert Matsumoto, Lance Mizumoto, Catherine Ngo and Crystal Rose, all of whom, other than Earl Fry, reside on the island of Oahu. Directors Wayne Kamitaki, who resides on the island of Hawaii, Duane Kurisu, and Saedene Ota, who resides on the island of Maui, did not attend the annual meeting.

The Board has three (3) standing committees: an Audit Committee, a Compensation Committee, and a Governance Committee.

The following table sets forth the members of the Board as of the date of this Proxy Statement and the committees of the Board on which they serve.

| <b>Name of Director</b>        | <b>Audit Committee</b> | <b>Compensation Committee</b> | <b>Governance Committee</b> |
|--------------------------------|------------------------|-------------------------------|-----------------------------|
| <i>Non-Employee Directors:</i> |                        |                               |                             |
| Christine H. H. Camp           | *                      | C                             | *                           |
| Earl E. Fry                    | C                      | *                             |                             |
| Wayne K. Kamitaki              | *                      |                               | *                           |
| Paul J. Kosasa                 |                        |                               | *                           |
| Duane K. Kurisu                |                        |                               | *                           |
| Colbert M. Matsumoto           |                        |                               |                             |
| Saedene K. Ota                 |                        | *                             |                             |
| Crystal K. Rose                |                        | *                             | C                           |

\*= Member

C

= Chair

Interested parties may communicate directly with the Executive Chair by writing to: John C. Dean, 220 South King Street, 22<sup>nd</sup> Floor, Honolulu, Hawaii 96813. Interested parties may communicate directly with the Lead Independent Director or with the non-management or independent directors as a group, by writing to: Crystal K. Rose, Bays Lung Rose & Holma, Topa Financial Center, Suite 900, 700 Bishop Street, Honolulu, Hawaii 96813. Alternatively, concerns may be made known and communicated directly to the Executive Chair or to the Lead Independent Director or to the non-management or independent directors as a group, through procedures set forth in the Company's Complaint Policy which is available on the Company's website ([www.centralpacificbank.com](http://www.centralpacificbank.com)).

### *Audit Committee*

The Audit Committee held eight (8) meetings during 2016. The responsibilities of the Audit Committee are described below under the subheading “REPORT OF THE AUDIT COMMITTEE.” The Audit Committee operates under a Charter adopted by the Board. The Charter of the Audit Committee is available on the Company’s website ([www.centralpacificbank.com](http://www.centralpacificbank.com)). The current members of the Company’s Audit Committee are Earl E. Fry (Chair), Christine H. H. Camp and Wayne K. Kamitaki, each of whom is “independent” within the meaning of the listing standards of the NYSE and the rules of the SEC. The Board has also determined that each member is financially literate, as such qualification is defined under the rules of the NYSE, that each member has accounting or related financial management expertise, as such qualification is defined under the rules of the NYSE, and that each member is an “audit committee financial expert” within the meaning of the rules of the SEC. Neither Ms. Camp nor Mr. Kamitaki serves on the audit committee of any other publicly registered company. Mr. Fry serves on the audit committee of two other publicly listed companies: Hawaiian Holdings Inc. and Xactly Corporation.

Pursuant to the Company’s Audit Committee Charter, the Audit Committee reviews and evaluates all related party transactions that are material to the financial statements pursuant to the Company’s Policy Regarding Transactions with Related Persons, and determines conflicts of interest pursuant to the Company’s Code of Conduct & Ethics and pursuant to its Code of Conduct & Ethics for Senior Financial Officers. In addition, certain loans to directors and executive officers and their related interests are subject to the lending restrictions set forth in Federal Reserve Board Regulation O and the lending policies and procedures of the Bank. Each director and executive officer is required to report to the Company transactions with the Company in which they have an interest.

### *Compensation Committee*

The Compensation Committee held six (6) meetings during 2016. The Compensation Committee’s primary purpose is to assist the Board in discharging the Board’s responsibilities relating to compensation of the Company’s executive officers by evaluating and recommending to the Board approval of executive officer benefit, bonus, incentive compensation, severance, equity-based or other compensation plans, policies and programs of the Company and providing all required disclosures on executive compensation for inclusion in the Company’s Proxy Statement. The functions of the Compensation Committee are further described in “COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS” below, under the subheading “COMPENSATION DISCUSSION AND ANALYSIS.” The Charter of the Compensation Committee is available on the Company’s website ([www.centralpacificbank.com](http://www.centralpacificbank.com)). The current members of the Company’s Compensation Committee are Christine H.H. Camp (Chair), Earl E. Fry, Saedene K. Ota, and Crystal K. Rose, each of whom is “independent” within the meaning of the listing standards of the NYSE, is a “non-employee director” within the meaning of Rule 16b-3 of the Exchange Act and is an “outside director” within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended.

*Interaction with Consultants*

From time-to-time, the Compensation Committee seeks advice from outside experts in the compensation field. The Compensation Committee has historically engaged a compensation consultant to provide input on both Board and executive compensation issues. In 2016 the Committee retained McLagan, an AonHewitt Company. McLagan is a compensation consulting and performance benchmarking firm focused exclusively on the financial services sector.

In 2016, the Compensation Committee engaged McLagan to provide market benchmarking information and advisory services related to executive compensation plan design features, positioning to market, regulatory compliance, and with respect to the review and development of various incentive plans. McLagan was engaged directly by the Compensation Committee and McLagan consultants reported directly to the Compensation Committee for its services in these capacities. The Compensation Committee discusses, reviews, and approves all consulting projects performed by McLagan and periodically reviews the relationship with McLagan and considers competitive proposals from other firms.

The Compensation Committee considered the independence of McLagan in light of SEC rules and NYSE listing standards. The Compensation Committee requested and received a report from McLagan addressing the independence of McLagan and its consultants, including the following factors: (1) other services provided to the Company by McLagan; (2) fees paid by the Company as a percentage of Aon's total revenue; (3) policies or procedures maintained by McLagan that are designed to prevent a conflict of interest; (4) any business or personal relationships between the consultants and a member of the Compensation Committee; (5) any Company Common Stock owned by the consultants; and (6) any business or personal relationships between our executive officers and the consultants. The Compensation Committee discussed these considerations as well as other considerations and concluded that the work performed by McLagan and its consultants involved in the engagement did not raise any conflict of interest.

### ***Governance Committee***

The Governance Committee held two (2) meetings during 2016. The Governance Committee is responsible for promoting the best interests of the Company and its shareholders through the implementation of sound corporate governance principles and practices, including identifying individuals qualified to become Board members, recommending nominees for directors of the Company, reviewing the qualifications and independence of the members of the Board and its committees, reviewing and monitoring the Company's Corporate Governance Guidelines, monitoring the Board's and the Company's compliance regarding changes in corporate governance practices and laws and leading the Board in its annual review of the performance of the Board. The Charter of the Governance Committee and the Company's Corporate Governance Guidelines are available on the Company's website ([www.centralpacificbank.com](http://www.centralpacificbank.com)). The current members of the Company's Governance Committee are Crystal K. Rose (Chair), Christine H. H. Camp, Wayne K. Kamitaki, Paul J. Kosasa, and Duane K. Kurisu, each of whom is "independent" within the meaning of the listing standards of the NYSE.

### ***Director Resignation Policy***

On January 28, 2009, the Board adopted a "Director Resignation Policy" which provides that at any shareholder meeting at which directors are subject to an uncontested election, any nominee for director who receives a greater number of votes "withheld" from his or her election than votes "for" such election shall tender a letter of resignation to the Board for consideration by the Governance Committee. The Governance Committee shall recommend to the Board the action to be taken with respect to such offer of resignation. The Board shall act promptly with respect to each such letter of resignation and shall notify the director concerned of its decision. Any director who tenders his or her resignation pursuant to this provision shall not participate in the Governance Committee or Board action regarding whether to accept his or her resignation offer.

### ***Director Independence and Relationships***

The Board has determined, in accordance with our Standards Regarding Director Independence, that all directors who are currently directors or who served during 2016 and all nominees (other than John C. Dean who is Executive Chair, A. Catherine Ngo who is President and Chief Executive Officer, and Lance A. Mizumoto who is a former director and former Chief Operating Officer, of the Company and the Bank) are "independent" within the meaning of the rules of the NYSE. All of the directors and nominees (other than Mr. Dean and Ms. Ngo) are non-employees. All committees of the Board are comprised solely of independent directors.

With respect to those directors who were determined independent by the Board, the following transactions, relationships and arrangements were considered by the Board in its determination of a director's independence, including with respect to service on the Board's committees, and none were found to adversely impact an independence determination.

During 2016, the following directors and nominees either directly and/or indirectly through companies in which they have a business interest or affiliation, received and/or had outstanding loans with the Bank: Wayne K. Kamitaki, Paul J. Kosasa, Duane K. Kurisu, Colbert M. Matsumoto, Saedene K. Ota, and Crystal K. Rose.

During 2016, the following directors and nominees either directly and/or indirectly through companies in which they have a business interest or affiliation, opened and/or maintained deposit, trust, investment and/or other banking accounts with the Bank: Christine H. H. Camp, John C. Dean, Earl E. Fry, Wayne K. Kamitaki, Paul J. Kosasa, Duane K. Kurisu, Colbert M. Matsumoto, A. Catherine Ngo, Saedene K. Ota, and Crystal K. Rose.

During 2016, the following directors and nominees served on boards of, or were involved in fundraising on behalf of, non-profit, community, charitable and/or cultural organizations, which received monetary donations from the Bank: Christine H. H. Camp, John C. Dean, Wayne K. Kamitaki, Paul J. Kosasa, Colbert M. Matsumoto, A. Catherine Ngo, Saedene K. Ota, and Crystal K. Rose. For 2016, the Company did not pay to any charitable or non-profit organization in which one of the Company's Board members serves on that organization's board, any amount in excess of the greater of \$1,000,000 or 2% of the recipient organization's gross annual revenues. Donations from the Bank in 2016 totaled \$109,550.

During 2016, the following directors and nominees served on boards of, or were involved in fundraising on behalf of, non-profit, community, charitable and/or cultural organizations, which received monetary donations from the Central Pacific Bank Foundation: John C. Dean, Wayne K. Kamitaki, Paul J. Kosasa, A. Catherine Ngo, and Crystal K. Rose. For 2016, the Company did not pay to any charitable or non-profit organization in which one of the Company's Board members serves on that organization's board, any amount in excess of the greater of \$1,000,000 or 2% of the recipient organization's gross annual revenues. Donations from the Foundation in 2016 totaled \$169,738.

During 2016, the following directors and nominees served on boards and as officers of companies that either directly or indirectly had business relationships with the Bank in the ordinary course of the Bank's business, in which the directors had no involvement and which were on no more favorable terms than for other similarly situated matters: Paul J. Kosasa, Duane K. Kurisu and Colbert M. Matsumoto.

Company director Paul J. Kosasa is President and Chief Executive Officer, and a director of ABC Stores. In 2016, the Bank paid ABC Stores \$85,296 for the right to lease space in various ABC Stores locations for the placement of Bank ATMs. Mr. Kosasa had no direct involvement with any of the aforementioned transactions and they were made on no more favorable terms than for other similarly situated transactions.

Company director Duane K. Kurisu is a director and holds less than five percent (5%) ownership interest in Oahu Publications, Inc., which publishes the Honolulu Star Advertiser newspaper (Hawaii's only major daily newspaper), staradvertiser.com, and the MidWeek, Hawaii Herald Tribune, The Garden Island and West Hawaii Today newspapers. Mr. Kurisu is also sole owner and co-manager of PacificBasin Communications LLC which publishes Hawaii Business magazine and Honolulu magazine. In 2016, the Bank paid a total amount of \$324,793 for advertising of the Bank's brand, products and services, in the foregoing media, detailed as follows: \$109,146 for the Honolulu Star Advertiser newspaper; \$62,176 for staradvertiser.com; \$1,659 for the MidWeek newspaper; \$14,699 for the Hawaii Herald Tribune newspaper; \$14,406 for The Garden Island newspaper; \$11,848 for the West Hawaii Today newspaper; \$61,016 for Hawaii Business magazine; and, \$49,842 for Honolulu magazine. In addition, Mr. Kurisu is sole member of PCSC LLC and is vice president and director of WKF Inc., which are landlord and managing agent respectively, of a location in which the Bank has one of its branches, and for which the Bank paid \$43,072 (for base rent, common area maintenance fees, real property taxes, and general excise taxes) in 2016. Mr. Kurisu had no involvement with any of the aforementioned transactions and they were made on no more favorable terms than for other similarly situated transactions.

Company director Colbert M. Matsumoto is Chairman of the Board, President and part owner (<10%), of Island Holdings, Inc. ("Island Holdings"), Executive Chairman of Island Insurance Company, Limited ("Island Insurance"), a Director of Atlas Insurance Agency, Inc. ("Atlas Insurance"), and Chairman of the Board of Tradewind Insurance Company, Limited ("Tradewind Insurance"). Island Holdings is the parent company of Island Insurance and Atlas Insurance. Tradewind Insurance is a wholly owned subsidiary of Island Insurance. Atlas Insurance is the largest insurance agency in Hawaii, with roots going back to 1929 and an A+ rating from the Better Business Bureau of Hawaii, Inc. Atlas Insurance is headquartered in Honolulu and has offices in Wailuku, Hilo and Kona. The Company has been a customer of Atlas Insurance since at least 2000, well before Mr. Matsumoto joined the Company's Board. The Company's engagement of Atlas Insurance was not and is not due to Mr. Matsumoto's relationship with Atlas Insurance, and Mr. Matsumoto is not involved in any way in any insurance matters between the Company and Atlas Insurance. In 2016, out of the insurance premiums which the Company and its subsidiaries paid for insurance policies that Atlas Insurance placed on behalf of the Company and its subsidiaries, Atlas Insurance received a total of \$118,050 in commissions (based on premiums on the Company's corporate insurance policies totaling \$1,391,577, of which the Company paid \$162,615 in premiums to Island Insurance and Tradewind Insurance for policies they issued). In addition, Atlas Insurance paid the Bank \$43,526 (for base rent, common area maintenance fees, real property taxes, and general excise taxes) for space in the Bank's Hilo office building. Century Computers, Inc. doing business as Pacxa, is principally indirectly owned by Island Holdings, and provides the Bank with various information technology and business process services for which it received \$44,592 in 2016. In addition, Mr. Matsumoto is a director of Oahu Publications, Inc., which publishes the Honolulu Star Advertiser newspaper (Hawaii's only major daily newspaper), staradvertiser.com, and the MidWeek, Hawaii Herald Tribune, The Garden Island and West Hawaii Today newspapers. In 2016, the Bank paid the following amounts for advertising of the Bank's brand, products and services, in the foregoing media, detailed as follows: \$109,146 for the Honolulu Star Advertiser newspaper; \$62,176 for staradvertiser.com; \$1,659 for the MidWeek newspaper; \$14,699 for the Hawaii Herald Tribune newspaper;



\$14,406 for The Garden Island newspaper; \$11,848 for the West Hawaii Today newspaper. Mr. Matsumoto is a Trustee of the Employees' Retirement System of the State of Hawaii ("ERS"). In 2016, the Bank paid ERS \$1,110,119 (for base rent, common area maintenance fees, lease termination fee, and other charges) for office space in a building owned by ERS. Mr. Matsumoto had no involvement with any of the aforementioned transactions and they were made on no more favorable terms than for other similarly situated transactions.

Company executive officer, Mr. Arnold Martines, is Executive Vice President, Commercial Markets Division Manager of the Company and the Bank. His wife, Thuy Nguyen-Martines, has been employed by the Company since 2003 and currently holds the position of Vice President and Senior Private Banking Manager, a non-executive officer position. In 2016, Ms. Nguyen-Martines's total compensation, including salary, bonus, equity awards and other benefits, totaled approximately \$170,000. Her compensation is commensurate with that of her peers.

### ***Loans to Related Persons***

The Bank, which is a wholly-owned subsidiary of the Company, has made (in addition to the loans specified in the "Director Independence and Relationships" section immediately preceding this section) loans to directors and executive officers, their immediate family members, and companies in which they have an interest, in the ordinary course of its business as a bank. These loans were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable loans with persons not related to the Bank and do not involve more than the normal risk of collectability or present other unfavorable features.

### ***Policy Regarding Transactions with Related Persons***

The Company has a Board approved written policy (“Policy Regarding Transactions with Related Persons”) which sets forth the process and procedures for the review, approval, ratification and disclosure of any transaction with a related person (“transaction” and “related person” being as defined by Item 404 of SEC Regulation S-K). Transactions with related persons that affect a director’s independence are reviewed by the Company’s Governance Committee. Transactions with related persons that involve loans are reviewed by the Bank’s Board Directors’ Loan Committee. All other transactions with related persons that are material to the financial statements are reviewed by the Company’s Audit Committee.

### ***Board Leadership Structure and Risk Oversight***

The Company’s Board has no policy with respect to the separation of the offices of Chairman, President and Chief Executive Officer. It is the Board’s view that rather than having a rigid policy, the Board, with the advice and assistance of its Governance Committee, and upon consideration of all relevant factors and circumstances, will determine, as and when appropriate, whether the offices of Chairman, President and Chief Executive Officer should be separate. Since June 1, 2014, Crystal K. Rose has served as Lead Independent Director and as Chair of the Governance Committee of the Company’s and the Bank’s Board of Directors. Ms. Rose previously served as Chair of the Board of Directors of the Company and the Bank from April 20, 2011 through May 31, 2014. John C. Dean, former Chief Executive Officer of the Company and the Bank, currently serves as Executive Chair of the Company’s and the Bank’s Board of Directors. A. Catherine Ngo currently serves as President and Chief Executive Officer for the Company and the Bank and also serves on the Company’s and Bank’s Board of Directors. Eight (8) of the ten (10) Company’s and Bank’s Board of Directors are independent outside (non-management) directors. As the Board’s former Chair and now as its Lead Independent Director, Ms. Rose previously presided over and once again presides over all meetings of the non-management directors in executive sessions, acts as liaison and facilitates communications between the Board and the principal executive officer, and ensures independent Board governance and oversight of management. In addition, all members of the Board’s Audit Committee, Compensation Committee, and Governance Committee are comprised of independent, non-management directors. The Company believes that the current structure ensures sufficient Board independence from management while also optimizing the efficiency and effectiveness of the Board and management in the oversight of the Company and the Bank, and also supports and provides for orderly transition and succession.

The Company is a one-bank holding company, with the Bank being the Company’s only bank subsidiary. All of the directors on the Company’s Board also serve on the Bank’s Board of Directors. In addition, all of the Company’s directors who serve on the Company’s Audit Committee, Compensation Committee and Governance Committee also serve on those same board level committees at the Bank. Ernst & Young, the Company’s and Bank’s internal auditor, reports directly to the Company’s and Bank’s respective Audit Committees. In addition, the Bank also has an additional board level Trust Committee and Directors’ Loan Committee which provide board level oversight over the Bank’s trust activities and lending activities, respectively. The Company’s and Bank’s Audit Committees perform the required and

customary risk oversight functions of an Audit Committee, which include, overseeing accounting, auditing, internal controls, legal and regulatory matters, financial reporting and financial risk. The Company's and the Bank's Compensation Committees perform the required and customary risk oversight functions of a Compensation Committee, which include, overseeing the Company's and Bank's compliance with any laws, rules and regulations applicable to the Company's and Bank's compensation practices, plans and programs, and to ensure that compensation is not structured in a way which will encourage unnecessary or excessive risk taking. The Company's and Bank's Chief Financial Officer and Chief Legal Officer report regularly to the Company's and Bank's Audit Committees. The Company's and Bank's Chief Credit Officer is required to report regularly to the Bank's Directors' Loan Committee.

### ***Code of Conduct & Ethics***

The Company is committed to promoting and fostering ethical conduct and sound corporate governance principles. The Company has a Code of Conduct & Ethics applicable to all employees, officers and directors of the Company. In addition, the Company also has a supplemental Code of Conduct & Ethics for Senior Financial Officers, which is applicable to the Chief Executive Officer, President, Chief Financial Officer, Controller, any other principal financial officer or principal accounting officer and any other person fulfilling and/or performing any similar role, function or capacity. Both of the aforementioned Codes of Conduct & Ethics are available on the Company's website ([www.centralpacificbank.com](http://www.centralpacificbank.com)).

### ***Director Education***

Board members are invited to attend the Federal Deposit Insurance Corporation San Francisco Region Directors' College Program which is designed to educate bank directors about their fiduciary role and responsibilities, and about regulatory issues and current issues faced by the banking industry. The 2016 attendees from the Company were Saedene K. Ota, Crystal K. Rose, Christine H. H. Camp and A. Catherine Ngo.

### ***Director Nomination Process***

***Director Qualifications.*** The Governance Committee is responsible for reviewing the qualifications and independence of director nominees in accordance with the criteria set forth in the Company's Corporate Governance Guidelines. The general criteria considered include independence, diversity, age, skills, experience and other relevant considerations in the context of the needs of the Board. Diversity is considered and desired and is viewed in a broad context; we seek Board members from different professions, industries, backgrounds, experiences, cultures, ethnicities, races, and gender, who can represent Hawaii's multi-cultural, multi-ethnic, and multi-racial population and community.

***Identifying and Evaluating Nominees.*** The Board seeks to identify candidates for director positions that are best qualified and suited to meet the needs of the Company and to present these candidates for shareholder approval, as and when director positions become open and available. The Governance Committee will first identify, review, evaluate and recommend to the Board, nominees for director positions. The Board will then vote whether or not to recommend such nominees to the Company's shareholders for election. In identifying potential director nominees, the Governance Committee will search within the State of Hawaii and may search outside the State of Hawaii for any potential director candidates, and in this regard, may utilize the services of a professional search firm. While the same general criteria set forth above shall be applied in evaluating a candidate's qualifications, it is difficult to enumerate all of the attributes, skills and qualities that the Governance Committee and/or Board may, at any given point in time, determine, consider and value in evaluating, selecting and recommending director nominees. Accordingly, the Governance Committee and the Board exercise their discretion and consider any circumstances, experiences, attributes, skills, qualities, and factors applicable to any director nominee with the intent and purpose of having the best qualified and suited directors serving on the Board at all times, as well as ensuring that the Board as a whole is diverse and well rounded. The Board may enlist the services of a third party to conduct a background check or other investigation in order to determine whether a candidate meets any criteria.

***Shareholder Nominees.*** In accordance with the policies set forth in the Company's Corporate Governance Guidelines and the Company's Bylaws (as amended), the Governance Committee will consider properly submitted director nominees for election at the 2018 Annual Meeting of Shareholders recommended by shareholders if such recommendations are received in writing not less than ninety (90) calendar days nor more than one hundred twenty (120) calendar days prior to the first anniversary date of the annual meeting for the preceding year (such anniversary date, April 28, 2018), and comply with all other applicable requirements set forth in said Corporate Governance Guidelines and Bylaws (as amended). Shareholder recommendations should be addressed to the Company's Corporate Secretary, P.O. Box 3590, Honolulu, Hawaii 96811. In addition, shareholders may bring nominations directly before an annual meeting by giving timely notice in writing to the Company's Corporate Secretary within the same ninety (90) to one hundred twenty (120) calendar day period prior to the first anniversary date of the annual meeting for the preceding year (such anniversary date, April 28, 2018) and complying with all other applicable requirements set forth in the Company's Bylaws.

### ***Communications with the Board***

Shareholders of the Company and others may send written communications directly to the Board, addressed to: Board of Directors of Central Pacific Financial Corp., 220 South King Street, 22nd Floor, Honolulu, Hawaii 96813. Any such communication may be directed to the attention of the Chair of the Board or the Chair of any Board Committee (such as, for example, the Chair of the Audit Committee or the Chair of the Governance Committee) or to the Lead Independent Director or to the non-management or independent directors. Shareholders and others sending such communications should include the following in their written communication: (a) such shareholder(s) and others should identify himself/herself/itself/themselves, and if a shareholder, provide reasonably satisfactory proof of their ownership of the Company's Common Stock; (b) such shareholder(s) and others should state in reasonable detail and communicate with reasonable clarity and specificity their issue or concern; and (c) such shareholder(s) and others should include their contact information (at a minimum, phone number and address). Shareholders and others who wish to communicate anonymously with the Board or any group of the Board should refer to the Company's Complaint Policy available on the Company's website ([www.centralpacificbank.com](http://www.centralpacificbank.com)). However, nothing that is stated in this paragraph shall override any requirements imposed on any shareholder communications under the Company's Articles of Incorporation (as amended) or Bylaws (as amended) or other governing documents or by any law, rule or regulation.

## REPORT OF THE AUDIT COMMITTEE

*The following Report of the Audit Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Company filings under the United States Securities Act of 1933, as amended, or under the United States Securities Exchange Act of 1934, as amended, except to the extent we specifically incorporate this Report by reference.*

As of February 24, 2017, the Audit Committee is comprised of three (3) independent directors and operates pursuant to a written charter that was readopted by our Board in January 2017. The charter is also available on our website at <https://www.centralpacificbank.com>. During 2016, the Audit Committee held eight (8) meetings, including five (5) private sessions with the independent auditors, three (3) private sessions with internal audit, five (5) private sessions with executive management, and four (4) executive sessions. The Audit Committee's primary purposes are to: (a) assist the Board in its oversight of (i) the integrity of the Company's financial statements, (ii) the Company's compliance with legal and regulatory requirements, (iii) the Company's independent auditors' qualifications and independence, and (iv) the performance of the Company's internal audit function and independent auditors; (b) decide whether to appoint, retain or terminate the Company's independent auditors and to pre-approve all audit, audit-related and other services, if any, to be provided by the independent auditors; and (c) prepare this Report. The Board has determined, upon the recommendation of the Governance Committee, that each member of the Audit Committee is "independent" within the meaning of the rules of the NYSE and the SEC. The Board has also determined that each member is financially literate and has accounting or related financial management expertise, as such qualifications are defined under the rules of the NYSE, and that each member is an "audit committee financial expert" within the meaning of the rules of the SEC. The Audit Committee is established in accordance with Section 3(a)(58)(A) of the United States Securities Exchange Act of 1934, as amended.

Management is responsible for the preparation, presentation and integrity of the Company's financial statements, accounting and financial reporting principles and the establishment and effectiveness of internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. The independent auditors are responsible for performing an independent audit of the financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), expressing an opinion as to the conformity of such financial statements with generally accepted accounting principles and auditing the effectiveness of internal control over financial reporting. The independent auditors have free access to the Audit Committee to discuss any matters they deem appropriate.

In performing its oversight role, the Audit Committee has considered and discussed the audited financial statements with management and the independent auditors. The Committee has also discussed with the independent auditors matters required to be discussed by the statement under PCAOB Auditing Standard No. 1301, *Communications with Audit Committees*. The Committee has received the written disclosures and the letter from the independent accountants required by PCAOB Ethics and Independence Rule 3526, *Communication with Audit Committees Concerning Independence*, and has discussed with the independent accountant the independent accountant's

independence. All non-audit services performed by the independent auditors must be specifically pre-approved by the Audit Committee or a member thereof.

During 2016, the Audit Committee performed all its duties and responsibilities under the Audit Committee Charter. In addition, based on the reports and discussions described in this Report, the Audit Committee recommended to the Board that the audited financial statements of the Company for the fiscal year ended December 31, 2016 be included in the Company's Annual Report on Form 10-K for such fiscal year.

Respectfully submitted by the current members of the Audit Committee of the Board:

Earl E. Fry, Chair  
Christine H. H. Camp  
Wayne K. Kamitaki

## COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

### DIRECTOR COMPENSATION

Periodically the Compensation Committee engages a consultant to review the compensation of the Company's Board to ensure alignment with peers, considering the Company and Board's performance. The last review was completed in June 2015 following which the Board adopted its current directors' retainer schedule. There were no changes to Board fees in 2016.

#### *Annual Retainer*

All non-employee directors are paid an annual retainer in cash and/or company stock. All cash payments were made in July 2016 and stock payments in August 2016. The total value of the annual retainer was as follows:

| Board of Directors Position  | Annual Retainer |
|--|-----------------|
| Director, Lead Independent Director and Governance Committee Chair | \$ 125,000      |
| Director and Audit Committee Chair                                 | \$ 115,000      |
| Director and Compensation Committee Chair                          | \$ 107,500      |
| Director and Loan Committee Chair                                  | \$ 105,000      |
| Director and Trust Committee Chair                                 | \$ 105,000      |
| Director   | \$ 90,000       |

#### *Director Compensation*

The following table shows, for the year ended December 31, 2016, information on compensation earned by our directors who served on the Company Board during 2016 other than Ms. Ngo and Mr. Mizumoto, whose compensation is disclosed in our Summary Compensation Table.

| Fees Earned or Paid In Cash | Stock Awards | Options Awards | Non-Equity Incentive Plan Compensation | Change in Pension Values & Nonqualified | All Other Compensation | Total |
|-----------------------------|--------------|----------------|--|---|------------------------|-------|
|-----------------------------|--------------|----------------|--|---|------------------------|-------|



| Name                 |          |          |      |      | Deferred Compensation Earnings |              | (\$)      |
|----------------------|----------|----------|------|------|--------------------------------|--------------|-----------|
|                      | (\$)     | (\$)     | (\$) | (\$) | (\$)                           | (\$)         |           |
| (a)                  | (b)      | (c)      | (d)  | (e)  | (f)                            | (g)          | (h)       |
| Christine H. H. Camp | \$55,935 | \$51,565 | \$   | —\$  | — \$                           | — \$         | \$107,500 |
| John C. Dean         | \$—      | \$—      | \$   | —\$  | — \$                           | — \$ 351,819 | \$351,819 |
| Earl E. Fry          | \$60,954 | \$54,046 | \$   | —\$  | — \$                           | — \$         | \$115,000 |
| Wayne K. Kamitaki    | \$45,824 | \$44,176 | \$   | —\$  | — \$                           | — \$         | \$90,000  |
| Paul J. Kosasa       | \$45,017 | \$44,983 | \$   | —\$  | — \$                           | — \$         | \$90,000  |
| Duane K. Kurisu      | \$52,506 | \$52,494 | \$   | —\$  | — \$                           | — \$         | \$105,000 |
| Colbert M. Matsumoto | \$53,374 | \$51,626 | \$   | —\$  | — \$                           | — \$         | \$105,000 |
| Saedene K. Ota       | \$45,678 | \$44,322 | \$   | —\$  | — \$                           | — \$         | \$90,000  |
| Crystal K. Rose      | \$66,122 | \$58,878 | \$   | —\$  | — \$                           | — \$         | \$125,000 |

(a) Board Members, A. Catherine Ngo and Lance A. Mizumoto (who resigned on November 30, 2016) are omitted from this table because their compensation is disclosed in the Summary Compensation Table.

Included in this column are fees payable in cash, but which the Directors were permitted to elect to receive in the form of equity. The Directors listed below elected to receive 100% of their fees in equity through the Directors (b)Deferred Compensation (DDC) Plan, under which stock is purchased on the market in round lots of 100 shares; therefore, actual amounts paid in equity were less than 100% of total fees. The amounts in this column include the following payments made in stock:

Wayne K. Kamitaki received 1,700 shares (in addition to those listed in column (c)) having a fair market value of \$24.5425 per share, a total value of \$41,723. Remaining fees of \$4,101 were paid to him in cash.

Colbert M. Matsumoto received 2,000 shares (in addition to those listed in column (c)) having a fair market value of \$24.5836 per share, a total value of \$49,167. Remaining fees of \$4,207 were paid to him in cash.

Saedene K. Ota received 1,700 shares (in addition to those listed in column (c)) having a fair market value of \$24.6231 per share, a total value of \$41,859. Remaining fees of \$3,819 were paid to her in cash.

Included in this column are fees required to be received in the form of equity, which are paid in shares of CPF common stock either issued from the 2013 Stock Compensation Plan or purchased through the Directors Deferred Compensation (DDC) Plan. In June 2016, the Board of Directors approved a revision to the Directors' fee schedule, (c) which required Directors to receive 50% of total fees in the form of equity. For Directors who elected equity through the DDC Plan, stock is purchased on the market in round lots of 100 shares; therefore, actual percentages paid in equity may have resulted in less than 50% of total fees. The fees required to be received in equity and paid in equity were as follows:

Christine H. H. Camp received 2,100 shares having a fair market value of \$24.5547 per share, a total of \$51,565. Remaining fees of \$55,935 were paid to her in cash.

Earl E. Fry received 2,200 shares having a fair market value of \$24.5665 per share, a total value of \$54,046. Remaining fees of \$60,954 were paid to him in cash.

Wayne K. Kamitaki received 1,800 shares having a fair market value of \$24.5425 per share, a total value of \$44,176.

Paul J. Kosasa received 1,778 shares having a fair market value of \$25.30 per share, a total value of \$44,983. Remaining fees of \$45,017 were paid to him in cash.

Duane K. Kurisu received 2,115 shares having a fair market value of \$24.82 per share, a total value of \$52,494. Remaining fees of \$52,506 were paid to him in cash.

Colbert M. Matsumoto received 2,100 shares having a fair market value of \$24.5836 per share, a total value of \$51,626.

Saedene K. Ota received 1,800 shares having a fair market value of \$24.6231 per share, a total value of \$44,322.

Crystal K. Rose received 2,400 shares having a fair market value of \$24.5327 per share, a total value of \$58,878. Remaining fees of \$66,122 were paid to her in cash.

This column represents the compensation John C. Dean earned as an Executive Chair and employee of the Company. He earned a base salary of \$225,000, received an annual incentive of \$75,000, and earned other (g) compensation (total of \$51,819), including \$1,512 in parking benefits, \$3,048 in group life fringe benefits, \$10,359 in 401(k) Company contributions, \$29,652 in transportation services and \$7,248 in security services.

Set forth below is the composition of the Audit, Compensation and Governance Committees of the Central Pacific Financial Corp. and Central Pacific Bank Board for 2016.

| <b>Board Member</b>  | <b>Audit<br/>Committee</b> | <b>Compensation<br/>Committee</b> | <b>Governance<br/>Committee</b> |
|----------------------|----------------------------|-----------------------------------|---------------------------------|
| Christine H. H. Camp | M                          | C                                 | M                               |
| John C. Dean         |                            |                                   |                                 |
| Earl E. Fry          | C                          | M                                 |                                 |
| Wayne Kamitaki       | M                          |                                   | M                               |
| Paul J. Kosasa       |                            |                                   | M                               |
| Duane K. Kurisu      |                            |                                   | M                               |
| Colbert M. Matsumoto |                            |                                   |                                 |
| Lance A. Mizumoto    |                            |                                   |                                 |
| A. Catherine Ngo     |                            |                                   |                                 |
| Saedene Ota          |                            | M                                 |                                 |
| Crystal K. Rose      |                            | M                                 | C                               |

“C” = Chair; “M” = Member

#### *Directors Stock Opportunity*

Non-employee and employee directors of the Company and the Bank are eligible to participate in the Company’s 2013 Stock Compensation Plan. Prior to April 2013, stock options were granted and some remain unexercised under the Company’s 2004 Stock Compensation Plan

The table below shows the aggregate number of unexercised stock option awards and unvested restricted stock for each Director other than Ms. Ngo and Mr. Mizumoto as of December 31, 2016.

| <b>Name</b>               | <b>Unexercised<br/>Vested<br/>Stock<br/>Options</b> | <b>Unvested<br/>Restricted<br/>Stock</b> |
|---------------------------|---|--|
| <b>(a)</b>                | <b>(b)</b>  | <b>(d)</b>                               |
| Christine H. H. Camp      | 216   |  |
| John C. Dean <sup>1</sup> | 50,813  | 12,729                                   |
| Earl E. Fry               | 216   |  |
| Wayne K. Kamitaki         | 0   |  |
| Paul J. Kosasa            | 216   |  |
| Duane K. Kurisu           | 0   |  |
| Colbert M. Matsumoto      | 216   |  |

|                 |     |
|-----------------|-----|
| Saedene K. Ota  | 0   |
| Crystal K. Rose | 216 |

1. John C. Dean is an employee of the Company, and therefore, his figures represent compensation as an employee.

For each of Messrs. Fry, Kosasa and Matsumoto and Ms. Camp and Ms. Rose, the 216 vested unexercised stock (b) options represent options that were granted on March 11, 2009, as their Company annual Board retainer in lieu of cash.

***Directors Deferred Compensation Plan***

The Company maintains a Directors Deferred Compensation Plan under which each non-employee director of the Company and the Bank may elect to defer all or a portion of his or her annual retainer. Under the Directors Deferred Compensation Plan, a participating director may elect from various payment alternatives, but full payout must occur no later than the tenth (10th) anniversary of separation from service. Under the Directors Deferred Compensation Plan, deferred amounts are valued based on corresponding investments in certain investment funds offered by the Bank's Trust Division which are selected by the director. No plan earnings are considered to be "above-market" or "preferential" and as a result no amounts are reported in column (f) of the Directors Compensation table on the previous page. The Directors Deferred Compensation Plan is a nonqualified deferred compensation plan under which distributions are made from the general assets of the Company under the direction and oversight of the Compensation Committee.

## COMPENSATION COMMITTEE REPORT

*The following Compensation Committee Report does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Company filings under the United States Securities Act of 1993, as amended, or under the United States Securities and Exchange Act of 1934, as amended, except to the extent we specifically incorporate this Report by reference.*

The Compensation Committee has reviewed and discussed with executive management the Compensation Discussion and Analysis that immediately follows this report as required by Item 402(b) of SEC Regulation S-K. Based on such review and discussion, the Compensation Committee recommended to the Board that the 2016 Compensation Discussion and Analysis be included in the Proxy Statement and incorporated as referenced in our Annual Report on Form 10-K for the year ended December 31, 2016. Respectfully submitted by the current members of the Compensation Committee of the Board:

Christine H. H. Camp, Chair  
Earl E. Fry  
Saedene K. Ota  
Crystal K. Rose

## COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis (“CD&A”) discusses our 2016 executive compensation program as it relates to the individuals serving as the Company’s Chief Executive Officer (“CEO”), A. Catherine Ngo, Chief Financial Officer (“CFO”), David S. Morimoto, the three (3) other most highly paid executive officers, Glenn K.C. Ching, Executive Vice President, Chief Legal Officer & Division Manager, Risk Management, Blenn A. Fujimoto, Executive Vice President, Specialized Markets and Arnold D. Martines, Executive Vice President, Commercial Markets, and one (1) former executive officer, Lance A. Mizumoto, former Chief Operating Officer, whose employment terminated during 2016. We refer to all of these executive positions as our Named Executive Officers (“NEOs”).

### *Executive Summary*

Under the oversight of our Compensation Committee of the Board of Directors (the “Committee”), our executive compensation program is designed to attract, retain and incent talented individuals to lead our organization to achieve sustained growth and strong performance for the long term. It includes base pay set at or near the market median, while considering the breadth and scope of each position, with variable incentive opportunities that meet or exceed market based on achieving or exceeding key performance objectives. The performance measures used in 2016 to determine the funding level of the Annual Incentive Compensation Plan and the vesting of performance shares under the Annual Long Term Equity Grant Program were 2016 Net Income and 2018 Return on Assets, respectively.

### *2016 Executive Compensation Highlights*

**Executive Team Realignment** Effective January 1, 2016, based on Board approval, Glenn K.C. Ching was appointed Executive Vice President, Chief Legal Officer & Division Manager, Risk Management. Effective September 1, 2016, based on Board approval, the Company implemented an executive team realignment, in which Lance A. Mizumoto was appointed Vice Chair, Chief Operating Officer, Blenn A. Fujimoto was appointed an officer of the Company and a member of the Managing Committee and Arnold D. Martines was appointed Executive Vice President, Commercial Markets.

Lance A. Mizumoto resigned from the Company on November 30, 2016.

**Strong incentive compensation with short and long term performance alignment.** In 2016, our incentive compensation goal was based on budgeted Net Income (GAAP), the same as the year prior. Two thirds (2/3) of the Long Term Equity grant is based on targeted 2018 Return on Assets (ROA), which cliff vests after attainment of the ROA target and one-third (1/3) of the Long Term Equity grant vests with time.

| Type of Compensation | Earnings Opportunity  | Relevant Performance Metric                                 | 2016 Outcomes  |   |
|----------------------|---|---|--|---|
| Cash                 | <p>Executive Incentive Pool funding is subject to attainment of 85% of Net Income goal at which the incentive pool will be funded at 50%. Maximum funding is 150% based on attainment of 110% of Net Income goal.</p> | <p>2016 Net Income compared to 2016 Budgeted Net Income</p> | <p>Pool funding based on Net Income achieved was calculated at 135% of target funding, with an additional 3% of the calculated amount added to pool funding as a result of exceeding a Customer Experience goal. Management used the discretion to give the incentive dollars earned as a result of exceeding the Customer Experience goal to increase the funding of the non-Managing Committee incentive pool. The Compensation Committee reduced the ICP awards for our CEO and Chief Credit Officer by 20%, and our CFO by 10% as a result of the management identified weakness in internal controls over financial reporting relating to determining the allowance for loan and lease losses, which is described in our Form 10-K for the year ended December 31, 2016. Payouts vary based on attainment of corporate, business plan and personal goals.</p> | <p>107% of Net Income Target Achieved</p> |



| Type of Compensation                             | Earnings Opportunity                                     | Relevant Performance Metric                                    | 2016 Outcomes   |  |     |
|--|--|--|---|--|-----|
| <b>Equity</b><br>(subject to multi-year vesting) | 2/3rds Performance-Based Restricted Stock Units (“PSUs”) | 0% to 150% of Performance Award earned at end of 3-year period | 2018 ROA compared to established ROA target for performance) 2018 | <b>Not yet earned</b> (measured for 2018 performance)          | N/A |
|  | 1/3rd Time-based Restricted Stock Units (“RSUs”)         | Time-based step vesting, 1/3 <sup>rd</sup> per year            | Time  | <b>First tranche (1/3 of time-based RSUs) vests on 2/15/17</b> |     |

**We believe our CEO pay is consistent with our Solid Financial Performance.** The Company continued to realize solid growth on its balance sheet and ended the year with \$5.4 billion in assets, primarily due to a strong increase in loan balances across all lines of business. Asset quality improved with a significant reduction in non-performing assets. An increase in operating expense was offset by higher gains in net interest income and non-interest income, resulting in solid improvement in the efficiency ratio. Net income increased by 2.5%, year-over-year, and together with a strong capital position, allowed for the successful execution of a stock repurchase program. In addition quarterly cash dividends continued in 2016 with an increase to \$0.16 per share in the third quarter. Other significant milestones were achieved in the Bank’s business plan, including operational streamlining and the launch of our enterprise data warehouse, which centralized key customer data. Key factors contributing to the Company’s financial performance in 2016 included the improving economic and business conditions in the State of Hawaii, as well as a focused strategy on building and strengthening customer relationships. Significant highlights for the year ended December 31, 2016 were as follows:

Net income was \$47.0 million compared to \$45.9 million in 2015

Return On Assets was 0.90% compared to 0.92% in 2015

Efficiency ratio improved to 66.7% compared to 68.9% in 2015

Total loans and leases increased by \$313.4 million, or by 9.8%, over 2015

Total deposits increased by \$174.8 million, or by 3.9%, over 2015

Capital returned to shareholders through stock repurchases of approximately 797,000 shares, or 2.5% of common shares outstanding as of 12/31/15

Increase in quarterly cash dividend from \$0.14 to \$0.16 per share in the 3rd quarter

Non-performing assets declined by 43% to \$9.2 million at year-end 2016 compared to \$16.2 million at year-end 2015

**Emphasis on variable pay for our CEO.** A significant portion of our CEO's target compensation is comprised of variable short and long term pay. The exhibit below shows the target compensation for the President & CEO, as of January 1, 2016 compared to compensation for CEOs in the peer group at the median.

**CEO Target Pay Mix  
CPF/CPB vs. Peers**

1. Peer group data is of our Compensation Peer Group based on an analysis completed by McLagan in July 2016.
2. Fixed pay represents base salary.
3. Variable pay represents annual cash incentives and the annual Long Term Equity grant.

***Key Areas of Focus and Results for 2016.***

**Focus on the Long Term**

The long term incentive performance goal (applicable to 2/3rds of the 2016 Long Term Equity Grant) cliff vests after the attainment of 2018 targeted ROA.

**Focus on Improving Efficiencies**

We continue to focus on improving processes, upgrading systems and reducing expenses as evidenced by the continued improvement in the Efficiency Ratio.

**Focus on the Employees**

Hand in hand with customer experience is employee experience. A key area of focus is our recognition as an employer of choice as evidenced by high employee morale and pride of association.

**Focus on Shareholder Support**

99.51% approval from shareholders in our most recent Say on Pay vote for 2016.

(vote submitted annually)

**Focus on the Customer**

Our customer experience program has continued to progress and remained a major focus for 2016. We strive to strengthen our customer service culture and make customer experience a competitive advantage.

## *Compensation Governance*

The Company's executive compensation program is supported by strong corporate governance and Board oversight. The Committee meets on a regular basis and routinely meets in executive sessions without management present.

### **Executive Compensation Governance and Practices**

#### **Oversight and Governance**

**Independent Oversight of Executive Compensation.** The Board Compensation Committee (comprised of independent directors) oversees and makes recommendations to the Board of Directors on compensation matters as it relates to all NEO's. The Committee also evaluates and recommends to the Board, appropriate policies and decisions relative to executive officer compensation and benefits, including oversight design and administration of executive compensation programs and the Company's compensation policies, practices, and incentive plans for non-executives. It also oversees preparation of executive compensation disclosures for inclusion in our Proxy Statement.

**Independent Board Members.** Subject to the recommendation of the Board Compensation Committee, all of the independent directors of the Board review and approve the compensation for the President & CEO.

**Independent Compensation Consultant.** The Committee has retained McLagan, an Aon Hewitt company, an independent executive compensation consulting firm for the financial services industry, to provide advice and recommendations on Board and executive compensation matters under the oversight and responsibilities as defined by the Compensation Committee Charter. The Committee in its sole discretion selects the consultant, approves their fees and defines their scope of responsibilities.

**Independent Legal Advisor.** The Committee retains an independent legal advisor, Manatt Phelps & Phillips, LLP, to ensure executive compensation decisions comply with all legal and regulatory requirements.

**Active Committee engagement.** In 2016, the Committee held six (6) meetings to discuss compensation matters.

#### **Alignment with**

#### **Shareholder Interests**

**Equity Ownership Guidelines.** Our NEOs and Board members are subject to robust equity ownership guidelines, which require our President & CEO to retain and hold four (4) times annual base salary in value of shares and our Directors to receive a minimum of fifty percent (50%) of their fees in equity.

#### **Compensation Management & Risk Mitigation**

**Compensation Risk Management.** Committee oversight includes evaluating and monitoring the Company's compensation programs, policies, and practices, which could have a material adverse effect on the risk profile of the overall Company. The Committee conducts at least semi-annual

reviews with the Committee appointed senior risk officer to confirm that all incentive and bonus compensation plans, structures and arrangements, including those for NEOs, do not have a reasonable likelihood to encourage excessive and unnecessary risk taking and do not pose a threat to the overall value of the Company and annual reviews with the independent compensation consultant and independent legal advisor. The overall finding from these reviews is that the Company does not believe its plans, policies and practices individually or in their entirety encourage unnecessary or excessive risks that were reasonably likely to have a material adverse effect on the Company or threaten the overall value of the Company.

**Incentive Plan Risk Management.** Our Annual Cash Incentive Plan is subject to threshold performance at which the incentive pool is funded at 50% of target funding level. At maximum performance, the incentive pool is capped at 150% of target funding level.

**Long Term Equity Grant Risk Management.** Cliff vesting applies to the performance share portion of the annual Long Term Equity Grant, which comprises 2/3rds of the total grant. The award is capped at 150% of target grant.

**No Hedging.** Pursuant to our Company Stock Trading Policy, executive officers and Board members are not permitted to engage in transactions that hedge their investments in Company equity.

## Executive Compensation Governance and Practices

### Executive Compensation

#### Features

**Competitive Peer Analysis.** Compensation decisions are made considering the compensation and performance data of our Compensation Peer Group. All components of executive compensation are reviewed at least annually with consultation of the Committee selected compensation consulting firm.

**No Employment Agreements.** None of the NEOs are covered under employment agreements that provide for any additional payments or benefits beyond what is generally available to all other employees if they terminate their employment for good reason, are terminated by the Company without cause, or they voluntarily resign, assuming no change-in-control occurred.

**Executive Benefits.** Our executives receive the same retirement, health and welfare and other benefits generally available to all employees. As noted in footnote (i) following the “Summary Compensation Table”, certain NEOs have received company-provided transportation services and spousal travel.

**No 280G Excise Tax Gross-ups.** Our executives are not entitled to any Section 280G excise tax gross-up payments.

**Executive Retirement Benefits.** Our executives are eligible to participate in the same 401(k) Plan as all other employees and the same Non-Qualified Deferred Compensation Plan available to a select group of management and highly compensated employees and are subject to the same eligibility requirements. Two NEOs earned a benefit under the Central Pacific Financial Corp. Defined Benefit Retirement plan prior to the plan being frozen on December 31, 2002. Benefits under this plan were provided to all other employees eligible to participate in the plan prior to it being frozen.

One NEO is eligible to receive a fully vested nonqualified retirement benefit under a Supplemental Executive Retirement Plan (SERP) Agreement effective July 1, 2005.

### *Executive Compensation Philosophy and Objectives*

The central principle of our compensation philosophy is that executive compensation should align with shareholders’ interests, without encouraging excessive and unnecessary risk that could threaten the overall value of the Company. The executive compensation program is designed to:

**Drive performance relative to our strategic plan** and goals, including financial performance.

**Balance the risk of short-term operational objectives** with the need to build long-term sustainable value.

**Align executives' long-term interests with those of shareholders** by placing a portion of total compensation at risk, contingent on the Company's performance, without encouraging unnecessary and excessive risks that threaten the overall value of the Company.

**Attract and retain highly qualified executives** to achieve our goals and to maintain an executive management group that can provide success and stability in leadership.

Deliver compensation effectively, **providing value to the executive** in an appropriately risk-controlled and cost-efficient manner.

**Allow flexibility** in responding to changing laws, accounting standards, and business needs, as well as the constraints and dynamic conditions in the markets in which we do business.

Be supported by **strong corporate governance**, including oversight by the Company's Board.

Our compensation program has multiple pay components, including a fixed annual base salary, variable annual cash incentive pay, fixed and variable annual long-term equity grants, and other benefits. We believe that over the long term, a combination of pay components is essential to drive executives to achieve strategic operating and financial goals. There is no set formula to determine the mix of the various pay components and the use of the components may change from year to year based on the Company's circumstances, market conditions, and competitive market for executive talent. We discuss each of the pay components and the role they play in our overall compensation structure, in the "Compensation Framework" section.

### *Say-on-Pay*

The Company is required to hold a separate non-binding shareholder vote to approve the compensation of its NEO's, as disclosed pursuant to the compensation disclosure rules of the SEC. This proposal, commonly known as a "Say-On-Pay" proposal, permits shareholders to endorse or not endorse the Company's executive compensation program. Because the shareholders' vote is advisory, it is not binding on the Board. However, when setting compensation and in determining compensation policies, the Committee took into account the results of the April 2016 shareholder advisory vote on executive compensation and will continue to consider the outcome of this vote each year.

Our shareholders approved the compensation of our NEOs as disclosed in the Proxy Statement for the 2016 annual meeting. 99.51% of our shareholders voted in favor of the Company's executive compensation program. The Committee believes that the result of this vote is evidence that the Company's compensation policies and decisions are in the best interests of its shareholders and currently expects to apply similar principles going forward.

### *Compensation Committee Activity and Key Initiatives During 2016*

The Committee evaluates existing compensation program components on an ongoing basis to maintain the Company's competitive position to meet the goal of attracting, retaining, and motivating key executives without encouraging unnecessary and excessive risk that could pose a threat to the overall value of the Company.

**Role of Executives in Compensation Committee Deliberations.** The Committee may request that the Executive Chair and/or the President & CEO be present at Committee meetings to discuss executive compensation and evaluate the performance of both the Company and individual executives. Other executives may be requested to attend Committee meetings to provide pertinent financial, legal, or operational information. Executives in attendance may provide their insights and suggestions, but only independent Committee members may vote on decisions regarding executive compensation and other Company compensation matters for recommendation to the Board.

The President & CEO and the Executive Chair do not provide recommendations for their own compensation. The Committee may discuss compensation with them, but the Committee makes final deliberations in an executive session. Based on these deliberations, the Committee submits its recommendations to the entire group of independent members of the Board for approval. Compensation decisions for the President & CEO are based on a variety of factors including but not limited to, Company performance, regulatory restrictions and guidance, periodic market reviews, and recommendations from independent external executive compensation consultants and legal counsel. For all other executives, the Committee considers the President & CEO's proposals. For all of the NEOs, including the President & CEO, the Committee obtains and considers input from outside advisors including review of market and peer



compensation data and trends in making its recommendations to the Board.

In 2016, the Committee completed the following initiatives and actions related to executive compensation:

**Incentive Plan Review.** Reviewed and discussed the various compensation and incentive arrangements regarding their merits and to confirm they do not encourage any unnecessary and excessive risk that may threaten the value of the Company. These reviews included analysis and feedback from the designated senior risk officer (“SRO”), our SVP, Director of Enterprise Risk Management & Internal Audit & Credit Review, as well as, consultation and perspective from Human Resources, Finance, Compliance, Corporate Legal, Credit and Risk, outside legal counsel and executive compensation consultants, where appropriate.

**Executive Appointments & Compensation Actions.** In connection with our planned executive realignment in September 2016, the Committee retained McLagan to review executive compensation. Details on compensation actions taken by the Board are reflected in the “2016 Executive Compensation” section.

#### **Executive Incentive Plan Actions**

Approved the 2015 Annual Incentive Compensation Plan payments for Managing Committee members, including NEOs, based on the achievement of corporate, business plan and personal goals.

Reviewed the 2015 performance of the former Chairman & CEO and determined an overall performance score used to determine his Annual Incentive Plan payment.

Approved the 2016 Long Term Equity grant plan design for Managing Committee members, including NEOs.

Approved the 2016 Annual Incentive Compensation Plan performance goals, which aligned with the Board approved 2016 Business Plan.

Approved the 2017 Long Term Equity grant plan design for Managing Committee members, including NEOs. Two-thirds of the grant cliff vests after the third year, based on attainment of a future three-year average ROA target. Performance equity opportunity is capped at 150% of target. The remaining one-third vests ratably with time over three years.

### **Board and Committee Performance and Compensation Actions**

Reviewed results of the 2015 Compensation Committee Self-Assessment.

Approved changes in Board compensation equity requirements.

### **Other Committee Actions**

Reviewed the independence of McLagan and its consultants.

Received a 2016 regulatory update from McLagan.

Approved an update to the Compensation Peer Group.

Approved the 2016 Equity Grant Budget.

Updated and approved the Stock Ownership guidelines to align with new executive appointments.

Reviewed executive and director stock ownership levels as related to the Stock Ownership Guidelines.

Reviewed and approved executive restructure, including reporting structure, compensation changes and one-time equity grants for new appointments.

### ***Pay Level and Benchmarking***

Benchmarking is an important part of our executive compensation review process. It includes an external review against peer companies and an internal review, based on pay equity, job scope, responsibility and experience. McLagan, an executive compensation consulting firm, is retained to provide consultation to the Committee on the Company's NEO compensation as compared to our peers.

The Committee retained McLagan in July 2016 to conduct a market analysis using our Compensation Peer Group in preparation for our executive realignment effective September 1, 2016. McLagan also was asked to report market data for all Managing Committee members. Target total compensation following the September 1, 2016 adjustments, including base pay, short-term cash incentives, long-term equity grant and other compensation for our top five executives was 35% below the market median on average compared to the Compensation Peer Group. Details on the Compensation Peer Group are provided below in the section titled "Compensation Peer Group".

Compensation was evaluated based on target cash and equity award levels including the 2017 proposed Annual Long-Term Equity Program, with equity awards allocated over the relevant performance period for each NEO. Each of the NEOs fell within an appropriate range of the market median after taking into account each NEO's unique value and contribution to the Company, individual performance, experience, internal pay equity relationships, and individual roles versus the benchmark positions.

### *Compensation Peer Group*

The Committee reviews the Compensation Peer Group's composition on an annual basis and modifies the group as necessary to ensure alignment with the Company's compensation philosophy, structure, and targeted performance levels. For the 2016 analysis of executive compensation, the Compensation Peer Group was adjusted by eliminating two banks that were no longer relevant for comparison based upon their asset size and adding five new banks that met the selection criteria. The resulting group is comprised of 23 peers, with median assets of \$5.4 billion.

When benchmarking is used to help determine the actual pay levels of each NEO, the Committee compares comparable positions in the Peer Group and also considers issues of internal pay equity, scope of responsibilities and experience.

The criteria used to select the Peer Group were as follows:

1. Publicly-traded United States banks with executive compensation reported in public filings.
2. Focus on Western banks with assets ranging between \$2.5 billion and \$8 billion plus Territorial Bancorp Inc. and Columbia Banking Systems Inc., and non-Western banks in major metropolitan areas with assets ranging between \$3 billion and \$8 billion.
3. Excludes TARP banks and Thrifts.
4. Excludes banks with currently outstanding public severe enforcement actions.

The selection criteria resulted in a group of twenty three (23) peers. The Company was positioned at the forty-sixth (46th) percentile in terms of asset size at the time of most recent comprehensive review of the Peer Group members.

The Committee approved the following Peer Group for compensation benchmarking for 2016.

| <b>Rank</b> | <b>Company Name</b>           | <b>Ticker</b> | <b>City</b>   | <b>State</b> |
|-------------|-------------------------------|---------------|---------------|--------------|
| 1           | Columbia Banking System Inc.  | COLB          | Tacoma        | WA           |
| 2           | BBCN Bancorp Inc.             | BBCN          | Los Angeles   | CA           |
| 3           | CVB Financial Corp.           | CVBF          | Ontario       | CA           |
| 4           | Union Bkshs Corp              | UBSH          | Richmond      | VA           |
| 5           | LegacyTexas Finl Group Inc    | LTXB          | Plano         | TX           |
| 6           | Independent Bank Corp.        | INDB          | Rockland      | MA           |
| 7           | Opus Bank                     | OPB           | Irvine        | CA           |
| 8           | BancFirst Corp.               | BANF          | Oklahoma City | OK           |
| 9           | First Financial Bankshares    | FFIN          | Abilene       | TX           |
| 10          | TowneBank                     | TOWN          | Portsmouth    | VA           |
| 11          | American SB FSB               | HE            | Honolulu      | HI           |
| 12          | HomeStreet Inc.               | HMST          | Seattle       | WA           |
| 13          | Westamerica Bancorp.          | WABC          | San Rafael    | CA           |
| 14          | Wilshire Bancorp Inc.         | WIBC          | Los Angeles   | CA           |
| 15          | Sandy Spring Bancorp Inc.     | SASR          | Olney         | MD           |
| 16          | TriCo Bancshares              | TCBK          | Chico         | CA           |
| 17          | Hanmi Financial Corp.         | HAFC          | Los Angeles   | CA           |
| 18          | Century Bancorp Inc.          | CNBKA         | Medford       | MA           |
| 19          | Washington Trust Bancorp Inc. | WASH          | Westerly      | RI           |
| 20          | Heritage Financial Corp.      | HFWA          | Olympia       | WA           |
| 21          | Pacific Premier Bancorp       | PPBI          | Irvine        | CA           |
| 22          | CU Bancorp                    | CUNB          | Los Angeles   | CA           |
| 23          | Territorial Bancorp Inc.      | TBNK          | Honolulu      | HI           |

*2016 Executive Compensation*

*Compensation Framework*

| <b>Annual Cash Compensation</b> | <b>Component and Purpose</b>   | <b>2016 Highlights</b>   |
|---------------------------------|--|--|
|                                 | <p><b>Base Salary</b></p> <p><i>Fixed-base pay that reflects each executive’s position, individual performance, experience, and expertise. In general, our compensation structure sets base pay at approximately the 50th percentile relative to peer banks.</i></p> | <p>Certain NEOs received an adjustment to base salary due to promotions and/or changes in job responsibilities.</p>  |
|                                 | <p><b>Annual Cash Incentives</b></p> <p><i>Provides variable compensation based on achievement of Company, Business Plan and Personal objectives.</i></p>  | <p><b><i>Funding of the 2016 Annual Cash Incentive Plan (“ICP”) Pool</i></b></p> <p>No change in funding methodology from 2015 to 2016.</p> <p>Funding of the pool is determined and approved by the Committee and is subject to Net Income performance against our annual target (budget).</p> <p>Based on the Company’s Net Income performance against target, it was calculated that the pool should be funded at 135% of target funding.</p> <p>An additional multiplier was available in the plan if the average customer experience goal was exceeded. This resulted in an additional three percent (3%) funding of the incentive pool. Management recommended and the Committee approved the additional funding be allocated to Non-Managing committee employees.</p> |
|                                 |  | <p><b><i>Individual ICP Awards.</i></b></p>  |

Individual awards are determined based on pool funding, overall corporate, business plan and personal performance.

ICP payments are prorated for three (3) NEOs due to promotions, market adjustments and/or salary changes during 2016.

Individual awards were reduced by 20% for our CEO and Chief Credit Officer, and 10% for our CFO as a result of the management identified weakness in internal controls over financial reporting relating to determining the allowance for loan and lease losses.

For 2016, incentive plan payments for NEOs ranged between 43% to 84% of base salary, (prorated for NEOs receiving base salary adjustments in 2016).

Consistent with prior years, the Committee continued to use a mix of performance-based PSUs and time-based RSUs.

#### **Performance Share Units (PSUs)**

*Provides incentives to motivate and retain executives and to reward for long term Return on Assets (ROA) performance against target.*

2/3rds of the annual grant is in PSUs that cliff vests after three years based on attainment of 2018 target ROA.

1/3rd of annual grant is in RSUs that step vests with one-third vesting each year for three years.

Messrs Ching, Fujimoto and Martines received special grants of RSUs at time of promotion. These grants step vest with time over a 5 year period.

#### **Restricted Stock Units (RSUs)**

*Provides incentives for retention and long-term creation of shareholder value over the three year period.*

**Goal tied to longer performance period.** To balance the use of Net Income, which is used to fund the annual cash incentive plan, the long term incentive equity compensation performance metric is Return on Assets, (“ROA”), in which the ROA goal is tied to target ROA for the third year in the three year vesting period. (i.e. awards granted 2016 will vest based on 2018 ROA).

Executives receive the same health, welfare and retirement benefits generally available to all other employees.

#### **Health, Welfare, Retirement Programs and Perquisites**

The company provided transportation services and spousal travel benefits for certain NEOs in 2016

### **Long Term Equity Incentive Compensation**

### **Benefits & Perks**

*Salary*

We pay our executives cash salaries intended to be competitive and consider the executive's experience, performance, responsibilities, and past and potential contribution to the Company. The objective of paying salary is to provide a base level of compensation to fairly reflect the executive's job and scope of the role performed within the Company. There is no specific weighting applied to the factors considered in setting the level of base salaries, and the Committee uses its own judgment and expertise in determining appropriate salaries within the parameters of our compensation philosophy and objectives, with the guidance and support from an independent executive compensation consultant. While there continues to be a strong focus on collaboration and teamwork, modest adjustments have been made to base salaries over time to recognize the differences in the scope of the positions and individual contributions.

In making salary decisions, the Committee also considers the positioning of projected total compensation with target-level performance incentives. Because we set incentive opportunities as a percentage of salary, changes in salary have a compound effect on total compensation. Before recommending salary changes to the Board, the Committee reviews the projected total compensation based on the proposed salaries, considering both internal and external equity, and confirms that total compensation for the CEO and other NEOs are appropriately aligned with the market.

The base salaries of all NEOs were within acceptable ranges of the peer benchmarks. The table below shows the NEOs' annual base salaries at the beginning of 2016 and any change to annual base salaries during the year, if applicable.

| <b>Name</b>                     | <b>Position</b>   | <b>From</b> | <b>To</b>                                     | <b>1/1/2016</b> | <b>9/1/2016</b> |
|---------------------------------|---|-------------|---|-----------------|-----------------|
| A. Catherine Ngo                | President & Chief Executive Officer   |             | No Change                                     | \$400,000       | No Change       |
| David S. Morimoto <sup>1</sup>  | Executive Vice President, Chief Financial Officer & Treasurer                     |             | No Change                                     | \$240,000       | \$270,000       |
| Glenn K.C. Ching <sup>2</sup>   | Executive Vice President, Chief Legal Officer & Division Manager, Risk Management |             | No Change                                     | \$230,000       | \$240,000       |
| Blenn A. Fujimoto               | Executive Vice President, Division Manager Specialized Markets                    |             | Executive Vice President, Specialized Markets | \$230,000       | No Change       |
| Arnold D. Martinez <sup>3</sup> | Senior Vice President, Division Manager Commercial Real Estate Lending            |             | Executive Vice President, Commercial Markets  | \$185,000       | \$225,000       |
| Lance A. Mizumoto <sup>4</sup>  | President & Chief Banking Officer   |             | Vice Chair, Chief Operating Officer           | \$335,000       | No Change       |



1. Mr. Morimoto received a market adjustment to base pay effective September 1, 2016.
2. Mr. Ching received a market adjustment to base pay effective September 1, 2016.
3. Mr. Martines received an adjustment to base pay effective September 1, 2016, due to his appointment to Executive Vice President, Commercial Markets.
4. Mr. Mizumoto resigned on November 30, 2016.

### ***Annual Variable Cash Compensation***

We use annual variable cash compensation to focus executives' attention on current strategic priorities to drive achievement of short-term corporate objectives and to align their interests with our shareholders. Our NEOs participate in an Annual Incentive Compensation Plan under which the Committee approved an incentive pool with funding tied to threshold achievement of eighty-five percent (85%) of budgeted Net Income. At threshold, the incentive pool is funded at fifty percent (50%); funding increases based on the level of Net Income results and is capped at one hundred fifty percent (150%). Actual opportunity for each executive is based on a percentage of base pay. If the pool funding is in excess of the collective formula amounts for NEOs, the remaining balance may be provided as a funded discretionary distribution to NEOs based on performance and/or may be used to increase the incentive opportunity available to non-NEOs.

Budgeted Net Income for 2016 was set during the 2016 budgeting process and was determined with consideration of our continued improvement and outlook in financial performance, including loan and deposit growth, credit risk profile, operational efficiencies and capital position.

In line with our 2016 customer experience initiative, we included a customer experience multiplier in the incentive pool funding calculation, which based on the Company's overall customer feedback score, could increase or decrease the final pool by ten percent (10%).

Incentive pool funding based on actual results is summarized in the table below with maximum funding capped at one hundred fifty percent (150%) of target funding.

| Description   | Net Income   | Pool<br>Funding<br>% | Incentive<br>Pool<br>Funding |
|---|--------------|----------------------|------------------------------|
| Threshold Funding @ 85% of Net Income Target            | \$37,207,900 | 50                   | % \$619,515                  |
| Target Funding @ 100% of Net Income Target <sup>1</sup> | \$43,774,000 | 100                  | % \$1,239,030                |
| Maximum Funding @ 110% of Net Income Target             | \$48,151,400 | 150                  | % \$1,858,545                |
| Actual 2016 Net Income @ 107.35% of Target Net Income   | \$46,992,000 | 135                  | % \$1,672,691                |
| Customer Experience Goal Multiplier <sup>2</sup>        |              | 3                    | % \$50,181                   |
| Approved Incentive Pool Funding                         |              | 135                  | % \$1,672,691                |

Target incentive pool funding is based on target incentive opportunity as a percentage of base pay for all participants in the Executive Annual Incentive Compensation Plan, including individual participants beyond the NEOs.

<sup>2</sup> Management recommended and the Committee approved the transfer of the Customer Experience multiplier funding to the incentive pool for non-Managing Committee employees.

The pool funding percentage is calculated using the following interpolation table:

| % of Net Income Target | Pool<br>Funding |
|------------------------|-----------------|
| 85% to 89%             | 50% to 70%      |

|      |    |      |      |    |      |
|------|----|------|------|----|------|
| 90%  | to | 99%  | 75%  | to | 98%  |
| 100% |    |      | 100% |    |      |
| 101% | to | 110% | 105% | to | 150% |

Performance goals are focused on a common set of corporate and business plan goals aligned with the board approved budget, annual business plan, and a variety of personal performance goals, focused on financial results, leadership and development.

A summary of the incentive opportunities and goal weightings is as follows:

| Executive                       | Target Incentive Opportunity as a % of Base Salary | Annual Performance Goal Categories |               |          |  |  |
|---------------------------------|--|------------------------------------|---------------|----------|--|--|
|                                 | Effective Date                                     | Corporate                          | Business Plan | Personal |  |  |
|                                 |  | Goal Weighting                     |               |          |  |  |
| A. Catherine Ngo                | 65 %   | 70%                                | 15 %          | 15 %     |  |  |
| David S. Morimoto               | 40 %   | 60%                                | 35 %          | 5 %      |  |  |
| Glenn K. C. Ching               | 30 %   | 50%                                | 40 %          | 10 %     |  |  |
| Blenn A. Fujimoto               | 30 %   | 30%                                | 35 %          | 35 %     |  |  |
| Arnold D. Martines <sup>1</sup> | 25 %   | 30 %                               | 35 %          | 35 %     |  |  |
| Lance A. Mizumoto <sup>2</sup>  | 55 %   | 60%                                | 20 %          | 20 %     |  |  |

1. The change in the incentive opportunity for Arnold D. Martines is a result of his promotion effective September 1, 2016.

2. Lance A. Mizumoto resigned on November 30, 2016.

Achievement of performance goals is based on a five point rating scale as follows:

| Performance Rating | % Achieved |
|--------------------|------------|
| 5                  | 200 %      |
| 4                  | 150 %      |
| 3                  | 100 %      |
| 2                  | 50 %       |
| 1                  | 0 %        |



The following performance results indicate ratings received based on the rating scale above:

In March 2017, the Committee approved the payment of cash incentives to NEOs. The amount of the awards was based on the results of corporate, business plan and personal goals compared to target. The table below summarizes the performance rating in each category. Due to Lance A. Mizumoto's resignation in November 2016, his 2016 performance was not reviewed and therefore he is not included in the table below.

| <b>Goals</b>   | <b>Performance Rating</b> | <b>Goals Assigned<br/>NEOs</b>  |
|--|---------------------------|---|
| <b>CORPORATE GOALS</b>                                   |                           |   |
| Net Income: \$43.774 Million - Achieved \$46.992 Million | 3.50                      | All NEOs  |
| ROA: 0.90% - Achieved 0.90%                              | 3.00                      | All NEOs  |
| <b>BUSINESS PLAN GOALS</b>                               |                           |   |
| Customer Experience Differentiation                      | 3.50                      | A. Catherine Ngo<br>David S. Morimoto<br>Glenn K. C. Ching<br>Blenn A. Fujimoto<br>Arnold D. Martines |
| Leveraging Strategic Analytics                           | 3.00                      | David S. Morimoto<br>A. Catherine Ngo   |
| Process Improvements / Productivity Enhancements         | 2.75                      | David S. Morimoto<br>Glenn K. C. Ching<br>Blenn A. Fujimoto<br>Arnold D. Martines                     |
| Tactical Target Market Strategy                          | 3.50                      | Glenn K. C. Ching<br>Blenn A. Fujimoto<br>Arnold D. Martines  |
| Enterprise Risk Management                               | 3.25                      | Glenn K. C. Ching<br>A. Catherine Ngo<br>David S. Morimoto  |
| Risk Management/Compliance                               | 3.00                      | Glenn K. C. Ching<br>Blenn A. Fujimoto<br>Arnold D. Martines  |
| <b>Personal Goals</b>                                    | Varies                    | All NEOs  |

Personal goals are customized for each NEO and are assigned to the following categories: (1) Customer Experience/Process Improvement (2) Organizational Health (3) Financial Results (4) Personal/Professional Development (5) Job Specific Duties & Major Projects

Based on the NEOs' performance ratings, the table below summarizes the payment attained by each NEO in each category, as well as the overall award achieved. Due to Lance A. Mizumoto's resignation in November 2016, he was not eligible to receive any award and is not included in the table below.

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| Name               | Base Pay  |           | ICP%     |          | ICP\$         | Total Target Award @ 107% Net Income of Target | Calculated Award Based on Goal Weight and Performance Ratings |               |           | Total Calculated Financial Award |       |
|--------------------|-----------|-----------|----------|----------|---------------|--|---|---------------|-----------|----------------------------------|-------|
|                    | 1/1/2016  | 9/1/2016  | 1/1/2016 | 9/1/2016 |               |  | Corporate   | Business Plan | Personal  | Award                            | Award |
| a                  | b         | c         | d        | e        | f             | g  | h   | i             | j         | k                                | n     |
| A. Catherine Ngo   | \$400,000 | \$—       | 65       | %        | \$260,000     | \$351,000                                      | \$276,413   | \$54,932      | \$85,820  | \$417,165                        | \$33  |
| David S. Morimoto  | \$240,000 | \$270,000 | 40       | %        | \$100,000     | \$135,000                                      | \$91,125  | \$47,318      | \$8,438   | \$146,881                        | \$13  |
| Glenn K. C. Ching  | \$230,000 | \$240,000 | 30       | %        | \$70,000      | \$94,500                                       | \$53,156  | \$37,847      | \$9,450   | \$100,454                        | \$10  |
| Blenn A. Fujimoto  | \$230,000 |           | 30       | %        | \$69,000      | \$93,150                                       | \$31,438  | \$39,589      | \$32,603  | \$103,629                        | \$11  |
| Arnold D. Martines | \$185,000 | \$225,000 | 25       | %        | 30 % \$53,333 | \$72,000                                       | \$24,300  | \$30,600      | \$37,800  | \$92,700                         | \$12  |
| Total Pool         |           |           |          |          |               | \$745,650                                      | \$476,432   | \$210,285     | \$174,110 | \$860,826                        | \$80  |

David S. Morimoto, Glenn K.C. Ching and Arnold D. Martines received an adjustment in base pay effective September 1, 2016. All adjustments align with promotions and/or market adjustments.

e. Change in annual incentive opportunity commensurate with the adjustments noted in column “c” above.

f. Total incentive target opportunity prorated for NEO’s receiving base pay and/or incentive opportunity changes during 2016.

g. Total target incentive opportunity based on achieving 107% of net income goal. Award opportunity calculated at 135% of target (column “f”)

l. The plan allows for a discretionary adjustment as recommended by management and approved by the Compensation Committee.

Calculated award amounts are rounded to the nearest \$10,000

Blenn A. Fujimoto and Arnold D. Martines received an upward adjustment of \$10,000 and \$30,000 respectively, as a result of expanded responsibilities received due to the departure of the Chief Operating Officer.

Final award for A. Catherine Ngo was reduced by 20% and for David S. Morimoto by 10% as a result of the management identified weakness in internal controls over financial reporting relating to determining the allowance for loan and lease losses.

*Long-Term Incentives*

We use long-term incentives (“LTIs”) to encourage ownership, foster retention, and align executives’ interests with the long-term interests of shareholders.

In 2016, the Committee recommended to the Board and the Board approved a long-term equity grant with both performance and time features. The incentive opportunity for each NEO as well as the plan design was developed in consultation with compensation consultants, McLagan. The amount of equity received by each NEO was determined as a percentage of base salary as follows:

| Name                            | 2016 Equity Opportunity as a % of Base Pay |   |
|---------------------------------|--|---|
| A. Catherine Ngo                | 75   | % |
| David S. Morimoto <sup>1</sup>  | 40   | % |
| Glenn K.C. Ching                | 35   | % |
| Blenn A. Fujimoto               | 35   | % |
| Arnold D. Martines <sup>1</sup> | 30   | % |
| Lance A. Mizumoto               | 65   | % |

Effective September 1, 2016, the Compensation Committee approved an increase in equity grant opportunity for 1. both David S. Morimoto and Arnold D. Martines to 50% and 35% respectively. These changes were made to further recognize David S. Morimoto for his role as Chief Financial Officer and for the promotion of Arnold D. Martines.

On February 16, 2016, the NEOs received long-term equity grants of PSUs and RSUs under the 2013 Stock Compensation Plan, with the PSUs subject to performance vesting and the RSUs subject to time vesting. For each performance vested portion, the performance criteria was based on 2018 target return on assets (ROA) of 0.90%, which upon attainment, shares will cliff-vest on February 15, 2019, with the number of shares then to be issued based upon the level of attainment of 2018 ROA. The 2018 target ROA goal was established in light of future interest rate expectations and the resulting impact on the Company’s forecasted net interest margin.

The performance criteria and target goal for the 2016 LTI Plan are described below.

With respect to one-third (1/3) of the grant, vesting is time-based, wherein the grant vests in equal installments over a three-year period.

With respect to the PSUs comprising two-thirds (2/3) of the grant, vesting of shares is subject to attainment of 90% (threshold) of Board approved 2018 target ROA of 0.90%. If the threshold is not achieved, all PSUs will be forfeited. If the threshold is achieved, the actual number of shares earned will be based on the level of ROA achievement, with a stretch opportunity capped at 150% of target.

The number of RSUs and PSUs granted on February 16, 2016 to NEOs is provided in the Grants of Plan-Based Awards table.

In 2016, the Committee also recommended to the Board long-term equity grants for NEO promotions and executive realignments. The opportunity for each impacted NEO, as well as the plan design, was developed in consultation with compensation consultants, McLagan. The NEOs who received a grant due to promotion or executive realignment are as follows:

Commensurate with Glenn K.C. Ching's promotion to Executive Vice President, Chief Legal Officer & Division Manager, Risk Management on January 1, 2016, the Board approved a grant of RSUs, valued at \$125,000, to Mr. Ching. The grant vests in equal installments over a five-year period. On February 16, 2016, 6,154 RSUs (valued at \$124,988 based on the closing share price of \$20.31) were granted to Mr. Ching.

Commensurate with Blenn A. Fujimoto's appointment to the Managing Committee on September 1, 2016, the Board approved a grant of RSUs, valued at \$100,000, to Mr. Fujimoto. The grant vests in equal installments over a five-year period. On November 15, 2016, 3,350 RSUs (valued at \$99,998 based on the closing share price of \$29.85) were granted to Mr. Fujimoto.

Commensurate with Arnold D. Martines' promotion to Executive Vice President, Commercial Markets on September 1, 2016, the Board approved a grant of RSUs, valued at \$100,000, to Mr. Martines. The grant vests in equal installments over a five-year period. On November 15, 2016, 3,350 RSUs (valued at \$99,998 based on the closing share price of \$29.85) were granted to Mr. Martines.



### ***Other Compensation***

NEOs are provided the same level of benefits as all other employees. As such, they are eligible to participate in the Company 401(k) Retirement Savings Plan which provides for a Company match, as well as standard health, life and disability policies. In addition NEOs receive certain perquisites such as transportation services and spousal travel benefits. The total amounts of these items are reflected in the “All Other Compensation” column of the Summary Compensation Table. The Committee believes that these items enhance the effectiveness of our key executives and are consistent with industry practices in comparable banking companies. The Committee regularly reviews the benefits and perquisites we provide.

### ***Adjustment or Recovery of Awards***

Our long-term incentive plan currently permits us to cancel or terminate outstanding awards for any reason (which would include misstated or restated financial results). In addition, Section 304 of the Sarbanes-Oxley Act mandates the recovery of incentive awards that would not have otherwise have been paid in the event we are required to restate our financial statements due to noncompliance with any financial reporting requirements as a result of misconduct. In that case, the CEO and CFO must reimburse us for (1) any bonus or other incentive or equity-based compensation received during the twelve (12) months following the first public issuance of the non-complying document, and (2) any profits realized from the sale of our securities during those twelve (12) months. Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) requires the Securities and Exchange Commission to direct national securities exchanges to prohibit the listing of any security that fails to adopt a compliant clawback policy for any current or former executive officer if the company is required to file a financial restatement as a result of material noncompliance with applicable securities laws. This clawback applies to incentive-based compensation during the 3-year period preceding the date on which the issuer is required to prepare an accounting restatement, based on the erroneous data, in excess of what would have been paid to the executive officer under the accounting restatement. The NYSE has proposed but has not yet finalized rules implementing Section 954 of the Dodd-Frank Act.

### ***Timing of Equity Grants***

On October 25, 2006, we adopted guidelines regarding the equity grant process and related controls. The guidelines, which were reviewed and readopted (with minor changes) on May 20, 2011, are to help ensure that all equity grants are reported and disclosed correctly and accurately, are properly accounted for, and receive proper tax treatment. The grant guidelines are designed to avoid making regular grants during a regularly scheduled Company blackout period, to avoid having the timing of grant dates be affected by material nonpublic information, and to confirm the use of no less than the closing price of our stock on the grant date. Grants take place on the fifteenth (15<sup>th</sup>) day of February, May, August and November or the next available trading day if the fifteenth falls on a holiday or weekend.

**Stock Ownership Guidelines**

On May 31, 2012, the Board reinstated stock ownership guidelines applicable to all Board members and executive officers of the Company and Bank. The purpose of the guidelines is to define ownership expectations for these individuals to more closely align with our shareholders.

The following is a summary of the Stock Ownership Guidelines:

| <b>Position</b>                                  | <b>Multiple of Base Pay<br/>or # of Shares</b>   | <b>Timeframe to Achieve Multiple</b>  |
|--|--|---|
| Executive Chair and<br>Non-Employee<br>Directors | 25,000 Shares  | 5 years   |
|  |  | 5 years   |
| President & CEO                                  | 50% of the after-tax net amount of shares granted and vested after May 1, 2012 until such time as the amount of ownership has a market value of 4 times annual base salary   | <i>Should the multiple not be achieved within the stated timeframe, 100% of the net, after-tax shares vested after the end of the timeframe, must be held until the multiple is achieved.</i> |
|  |  | 5 years   |
| Executive Vice<br>President                      | 50% of the after-tax net amount of shares granted and vested after May 1, 2012 until such time as the amount of ownership has a market value of 1 ½ times annual base salary | <i>Should the multiple not be achieved within the stated timeframe, 100% of the net, after-tax shares vested after the end of the timeframe, must be held until the multiple is achieved.</i> |

### ***Employment Agreements***

None of the current NEOs has an employment agreement with the Company and each is employed on an “at will” basis.

### ***Change-In-Control Agreement***

None of our NEOs has a Change-In-Control agreement. All NEOs hold unvested options or restricted stock units granted under the Company’s 2004 Stock Compensation Plan or the 2013 Stock Compensation Plan. Recent awards under these plans provide for accelerated vesting upon a change-in-control only in the event that employment also terminates in connection with the change-in-control. See the “Potential Payments Upon Change-in-Control” section later in this document.

### ***Tax and Accounting Considerations***

We consider tax and accounting implications in designing our compensation programs. For example, in selecting long-term incentive compensation elements, the Committee reviews the projected expense amounts and expense timing associated with alternative types of awards. Under current accounting rules (i.e., Financial Accounting Standard ASC Topic 718), we must expense the grant-date fair value of share-based grants such as restricted stock, restricted stock units, performance shares, and SARs settled in our stock. The grant-date fair value is amortized and expensed over the service period or vesting period of the grant. In contrast, awards that are not share-based (e.g., phantom stock) are expensed based on a value that may fluctuate widely over the vesting period and is not fixed at grant date. In selecting appropriate incentive devices, the Committee reviews extensive modeling analyses and considers the related tax and accounting issues. Section 162(m) of the Internal Revenue Code generally places a limit on the tax deduction for non-performance based compensation in excess of \$1 million paid to the chief executive officer and the other three most highly compensated executive officers (excluding the chief financial officer) in a taxable year. The Committee has retained the flexibility, however, to pay compensation including incentive compensation, that would not be considered performance based for purposes of Section 162(m) of the Internal Revenue Code, and as a result may not be deductible by us for income tax purposes because the Committee believes that doing so permits it to take into consideration factors that are consistent with the best interests of our shareholders.

### ***Conclusion***

The Committee and the Board believe that it is important to provide market-based compensation that will attract and retain highly talented executives with the appropriate competencies and skills necessary for the Company’s continued success. Such compensation would include the full range of compensation components, including incentive awards

that vary with financial performance, based on achieving our strategic plan and goals without encouraging excessive and unnecessary risk that could threaten the overall value of the Company. Equally important is the need to maintain shareholder confidence and to comply with regulatory executive compensation restrictions and guidance by developing appropriate compensation structures.

Therefore, the Committee evaluates our compensation program and its related components on an ongoing basis. Adjustments are made to the compensation structure as appropriate to maintain the Company's competitive position for executive talent, consistent with our compensation philosophy and objectives, and within the parameters of regulatory restrictions and guidance. The Committee intends this Compensation Discussion and Analysis to provide full, transparent disclosure of what we believe to be a thoughtfully designed compensation structure which focuses on the achievement of short-term objectives, and affirms the philosophy for driving long-term shareholder value.

## **COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

As of December 31, 2016, the Committee of the Company was composed entirely of the following four (4) independent Directors: Christine H. H. Camp (Chair), Earl E. Fry, Saedene Ota and Crystal K. Rose. None of the Committee members were or are current or former officers or employees of the Company. In addition, during the last fiscal year, none of our executive officers served on the board of directors or on the compensation committee of any other entity, any officers of which served either on our Board or on our Compensation Committee. Relationships that members of the Committee have had and/or maintain with the Company are described in the "Corporate Governance and Board Matters-Director Independence and Relationships" section.

## **EXECUTIVE COMPENSATION**

The table below summarizes the total compensation earned by each of the NEOs for the fiscal year ended December 31, 2016, 2015 and 2014 to the extent such executives served as NEOs during such periods. The material terms of compensation of the NEOs are discussed above in the "Compensation and Discussion Analysis".

## SUMMARY COMPENSATION TABLE

| Name and Principal Position  | Year | Salary    | Bonus | Stock Awards | Option Award | Non-Equity Incentive Plan Compensation | Change in Pension Value & Non-Qualified Deferred Compensation Earnings | All Other Compensation | Total       |
|--|------|-----------|-------|--------------|--------------|--|--|------------------------|-------------|
| (a)  | (b)  | (c)       | (d)   | (e)          | (f)          | (g)                                    | (h)  | (i)                    | (j)         |
| A. Catherine Ngo<br>President & Chief Executive Officer  | 2016 | \$400,000 | \$ 0  | \$299,999    | \$ 0         | \$ 336,000                             | \$ 0   | \$ 15,040              | \$1,051,039 |
|  | 2015 | \$345,833 | \$ 0  | \$494,974    | \$ 0         | \$ 239,000                             | \$ 0   | \$ 16,303              | \$1,096,110 |
|  | 2014 | \$285,833 | \$ 0  | \$168,987    | \$ 0         | \$ 170,000                             | \$ 0   | \$ 12,956              | \$637,776   |
| David S. Morimoto<br>Executive Vice President,<br>Chief Financial Officer &<br>Treasurer                       | 2016 | \$248,750 | \$ 0  | \$95,985     | \$ 0         | \$ 135,000                             | \$ 4,473   | \$ 11,876              | \$496,084   |
|  | 2015 | \$210,208 | \$ 0  | \$177,475    | \$ 0         | \$ 86,000                              | \$ 0   | \$ 10,761              | \$484,444   |
| Glenn K.C. Ching<br>Executive Vice President,<br>Chief Legal Officer &<br>Division Manager, Risk<br>Management | 2016 | \$232,083 | \$ 0  | \$205,477    | \$ 0         | \$ 100,000                             | \$ 0   | \$ 13,144              | \$550,704   |
| Blenn A. Fujimoto<br>Executive Vice<br>President, Specialized<br>Markets                                       | 2016 | \$230,000 | \$ 0  | \$180,487    | \$ 0         | \$ 110,000                             | \$ 3,486   | \$ 13,439              | \$537,412   |
| Arnold D. Martines<br>Executive Vice President,<br>Commercial Markets  | 2016 | \$194,560 | \$ 0  | \$154,551    | \$ 0         | \$ 120,000                             | \$ 0   | \$ 10,588              | \$479,699   |
| Lance A. Mizumoto<br>Vice Chair, Chief<br>Operating Officer  | 2016 | \$321,042 | \$ 0  | \$217,744    | \$ 0         | \$ 0                                   | \$ 0   | \$ 15,883              | \$554,669   |
|  | 2015 | \$316,042 | \$ 0  | \$344,968    | \$ 0         | \$ 178,000                             | \$ 0   | \$ 15,685              | \$854,695   |
|  | 2014 | \$287,500 | \$ 0  | \$175,498    | \$ 0         | \$ 170,000                             | \$ 0   | \$ 13,331              | \$646,329   |

(c) For year 2016, this column represents actual salary earned at year-end 2016.

(e) For year 2016, this column represents the value of PSUs and RSUs granted on February 16, 2016, at the closing share price of \$20.31. With respect to PSUs, which were two-thirds (66.67%) of the grant, vesting is subject to

attainment of a threshold of 90% of Board approved 2018 target return on assets (ROA). If threshold is not achieved, all PSUs will be forfeited. If threshold is achieved, PSUs will cliff vest on February 15, 2019. Actual PSUs earned will be based on 2018 ROA results, with a stretch opportunity capped at 150% of target. The PSUs granted in 2016 were valued based on the probability that 2018 ROA will be achieved at 100% of 2018 target ROA. Based on the closing price of \$20.31 at the time of grant, the value of the PSUs (66.67% of the total) that the NEOs are eligible to receive at the maximum performance level is as follows: A. Catherine Ngo - \$299,979, David S. Morimoto - \$95,985, Glenn K.C. Ching - \$80,489, Blenn A. Fujimoto - \$80,489, Arnold D. Martines - \$54,553. With respect to the remaining one-third (33.33%) portion of the grant, vesting is time-based, whereby shares vest equally over a three-year period.

Lance A. Mizumoto resigned on November 30, 2016, prior to vesting of his February 16, 2016 PSU and RSU grant of a total of 10,721 shares (equivalent in value to \$217,744, based on the closing share price of \$20.31 at time of grant), and such PSU and RSU grants were therefore forfeited.

Commensurate with Glenn K.C. Ching's appointment to Executive Vice President, Chief Legal Officer & Division Manager, Risk Management in January 2016, this column also includes the value of RSUs granted to Mr. Ching on February 16, 2016. Based on the closing share price of \$20.31 at the time of grant, the value of RSUs granted was \$124,988. Vesting of shares is time-based, in equal annual installments over a five- year period.

Commensurate with the executive realignment in September 2016, for Messrs. Fujimoto and Martines, this column also includes the value of RSUs granted on November 15, 2016. Based on the closing share price of \$29.85 at the time of grant, the value of RSUs granted were as follows: Blenn A. Fujimoto - \$99,998 and Arnold D. Martines - \$99,998. Vesting of shares is time-based, in equal annual installments over a five- year period.

(g) For year 2016, this column represents a Board-approved annual cash incentive for the NEOs, based on corporate, business plan and personal performance results.

Due to Lance A. Mizumoto's resignation on November 30, 2016, he did not receive a cash incentive for 2016.

(h) David S. Morimoto and Blenn A. Fujimoto have an accrued benefit under the Central Pacific Financial Corp. Defined Benefit Retirement Plan which was earned prior to the plan being frozen on December 31, 2002. For 2015, nothing is reported in the Summary Compensation Table for Mr. Morimoto, as there was a decrease of \$3,091 in the actuarial present value of his benefit between December 31, 2014 and December 31, 2015. Between December 31, 2015 and December 31, 2016, the benefit value increased by \$4,473 for Mr. Morimoto and \$2,669 for Mr. Fujimoto. Also included in this column for Mr. Fujimoto, is the change in value to his Supplemental Executive Retirement Plan (SERP) agreement, which increased by \$817 between December 31, 2015 and December 31, 2016.

(i) This column represents other compensation earned by the NEOs, including, but not limited to, 401(k) Company contributions, transportation services, travel, and service awards, as detailed below, for each NEO during 2015. The

table below further details “All Other Compensation” reported in the Summary Compensation Table.

| Name               | 401(k)<br>Retirement<br>Savings<br>Plan | Other<br>Compensation | Total All<br>Other<br>Compensation |
|--------------------|---|-----------------------|------------------------------------|
| A. Catherine Ngo   | \$ 10,600                               | \$ 4,440.24           | 1 \$ 15,040                        |
| David S. Morimoto  | \$ 9,040                                | \$ 2,836.00           | 2 \$ 11,876                        |
| Glenn K.C. Ching   | \$ 10,600                               | \$ 2,544.00           | \$ 13,144                          |
| Blenn A. Fujimoto  | \$ 10,433                               | \$ 3,006.22           | 3 \$ 13,439                        |
| Arnold D. Martines | \$ 9,670                                | \$ 918.00             | 4 \$ 10,588                        |
| Lance A. Mizumoto  | \$ 8,788                                | \$ 7,095.08           | 5 \$ 15,883                        |

“Other Compensation” includes parking and group life insurance fringe benefits for each NEO and also the following:

1. Ms. Ngo – Includes spousal travel and transportation services
2. Mr. Morimoto – includes spousal travel and service award for 25 years
3. Mr. Fujimoto – includes transportation services
4. Mr. Martines – includes spousal travel
5. Mr. Mizumoto – includes transportation services

#### **NON-QUALIFIED DEFERRED COMPENSATION**

On July 1, 2008, the Company implemented a non-qualified deferred compensation plan that allows employees (including the NEOs) with an annual base salary of \$120,000 or greater to defer up to 80% of base pay and/or 100% of annual bonuses and commissions earned for a specified year on a pre-tax basis. The plan does not feature any matching or other contributions from the Company. David S. Morimoto elected to defer 8% of his 2016 base salary, equivalent in value to \$19,900; and Blenn A. Fujimoto elected to defer 50% of his 2015 annual incentive (paid in 2016), equivalent in value to \$50,000, under the Central Pacific Bank Deferred Compensation Plan in 2016.

A participant is always 100% vested in his or her deferred amounts. Deferred amounts under the Central Pacific Bank Deferred Compensation Plan are subject to adjustment for increase or decrease in value based on hypothetical investment measurement funds in one or more of the available measurement funds chosen by the participant. The



participant's deferred amounts are generally payable beginning on the earliest to occur of (a) a specified time chosen by the participant, (b) the participant's death, (c) the participant's disability, (d) a separation from service (either at the time of separation or six (6) months after the separation in the case of a key employee), or (e) an "unforeseeable emergency." For distributions due to a disability or upon a separation from service due to retirement, the participant may choose to receive deferred amounts as a lump-sum payment or in annual installments over a period not to exceed fifteen (15) years. Distributions for all other events are made in the form of a lump sum.

The Bank's obligations with respect to the deferred amounts under the Central Pacific Bank Deferred Compensation Plan are payable from its general assets. The assets are at all times subject to the claims of the Company's general creditors.

Set forth below is information regarding the amounts deferred by or for the benefit of the NEOs in 2016.

| Name               | Executive Contributions in Last FY | Registrant Contributions in Last FY | Aggregate Earnings in Last FY | Aggregate Withdrawals / Distributions | Aggregate Balance at Last FYE |
|--------------------|------------------------------------|-------------------------------------|-------------------------------|---------------------------------------|-------------------------------|
| A. Catherine Ngo   | \$ 0                               | \$ 0                                | \$0                           | \$ 0                                  | \$0                           |
| David S. Morimoto  | \$ 19,900                          | \$ 0                                | \$ 1,282                      | \$ 0                                  | \$21,182                      |
| Glenn K.C. Ching   | \$ 0                               | \$ 0                                | \$0                           | \$ 0                                  | \$0                           |
| Blenn A. Fujimoto  | \$ 50,000                          | \$ 0                                | \$ 19,628                     | \$ 0                                  | \$ 194,096                    |
| Arnold D. Martines | \$ 0                               | \$ 0                                | \$0                           | \$ 0                                  | \$0                           |
| Lance A. Mizumoto  | \$ 0                               | \$ 0                                | \$0                           | \$ 0                                  | \$0                           |

The table below shows the funds available under the Central Pacific Bank Deferred Compensation Plan and their annual rate of return for the calendar year ended December 31, 2016, as reported by the administrator of the Plan.

| Name of Fund                                    | 2016 Rate of Return |
|---|---------------------|
| Fidelity VIP Gov't Money Market - Initial Class | 0.07 %              |
| Vanguard VIF Short Term Investment Grade        | 2.72 %              |
| Vanguard VIF Total Bond Index                   | 2.47 %              |
| Ivy Funds VIP High Income                       | 16.19 %             |
| Vanguard VIF Diversified Value                  | 12.96 %             |
| Vanguard VIF Equity Income                      | 15.07 %             |
| Vanguard VIF Total Stock Market Index           | 12.56 %             |
| Vanguard VIF Equity Index                       | 11.81 %             |
| Vanguard VIF Capital Growth                     | 10.84 %             |
| Vanguard VIF Growth                             | -1.08 %             |
| Vanguard VIF MidCap Index                       | 11.11 %             |
| Vanguard VIF Small Company Growth               | 14.94 %             |
| Vanguard VIF International                      | 1.88 %              |
| Vanguard VIF Balanced                           | 11.01 %             |
| Vanguard VIF REIT Index                         | 8.36 %              |

## GRANTS OF PLAN-BASED AWARDS

| Name               | Grant Type             | Grant Date | Estimated Possible Payouts Under Non-Equity Incentive Plan Awards |           |     | Estimated Future Payouts Under Equity Incentive Plan Awards |        |        | All Other Stock Awards: Number of Shares of Stock or Units | All Other Option Awards: Number of Securities Underlying Options | Exercise or Base Price of Awards |
|--------------------|------------------------|------------|---|-----------|-----|---|--------|--------|--|--|----------------------------------|
|                    |                        |            | Threshold   | Target    | Max | Threshold   | Target | Max    |  |  |                                  |
| (a)                | (b)                    | (c)        | (d)   | (e)       | (f) | (g)   | (h)    | (i)    | (j)  | (k)  | (l)                              |
| A. Catherine Ngo   | Cash                   |            |   | \$336,000 |     |   |        |        |  |  |                                  |
|                    | Incentive <sup>1</sup> |            |   |           |     |   |        |        |  |  |                                  |
|                    | RSU <sup>2</sup>       | 2/16/2016  |   |           |     |   |        |        | 4,924  |  |                                  |
|                    | PSU <sup>2</sup>       | 2/16/2016  |   |           |     | 8,862   | 9,847  | 14,770 |  |  |                                  |
| David S. Morimoto  | Cash                   |            |   | \$135,000 |     |   |        |        |  |  |                                  |
|                    | Incentive <sup>1</sup> |            |   |           |     |   |        |        |  |  |                                  |
|                    | RSU <sup>2</sup>       | 2/16/2016  |   |           |     |   |        |        | 1,575  |  |                                  |
|                    | PSU <sup>2</sup>       | 2/16/2016  |   |           |     | 2,835   | 3,151  | 4,726  |  |  |                                  |
| Glenn K.C. Ching   | Cash                   |            |   | \$100,000 |     |   |        |        |  |  |                                  |
|                    | Incentive <sup>1</sup> |            |   |           |     |   |        |        |  |  |                                  |
|                    | RSU <sup>2</sup>       | 2/16/2016  |   |           |     |   |        |        | 1,321  |  |                                  |
|                    | PSU <sup>2</sup>       | 2/16/2016  |   |           |     | 2,377   | 2,642  | 3,963  |  |  |                                  |
|                    | RSU <sup>3</sup>       | 2/16/2016  |   |           |     |   |        |        | 6,154  |  |                                  |
| Blenn A. Fujimoto  | Cash                   |            |   | \$110,000 |     |   |        |        |  |  |                                  |
|                    | Incentive <sup>1</sup> |            |   |           |     |   |        |        |  |  |                                  |
|                    | RSU <sup>2</sup>       | 2/16/2016  |   |           |     |   |        |        | 1,321  |  |                                  |
|                    | PSU <sup>2</sup>       | 2/16/2016  |   |           |     | 2,377   | 2,642  | 3,963  |  |  |                                  |
|                    | RSU <sup>4</sup>       | 11/15/2016 |   |           |     |   |        |        | 3,350  |  |                                  |
| Arnold D. Martines | Cash                   |            |   | \$120,000 |     |   |        |        |  |  |                                  |
|                    | Incentive <sup>1</sup> |            |   |           |     |   |        |        |  |  |                                  |
|                    | RSU <sup>2</sup>       | 2/16/2016  |   |           |     |   |        |        | 895  |  |                                  |
|                    | PSU <sup>2</sup>       | 2/16/2016  |   |           |     | 1,611   | 1,791  | 2,686  |  |  |                                  |
|                    | RSU <sup>4</sup>       | 11/15/2016 |   |           |     |   |        |        | 3,350  |  |                                  |
| Lance A. Mizumoto  | Cash                   |            |   | \$0       |     |   |        |        |  |  |                                  |
|                    | Incentive <sup>1</sup> |            |   |           |     |   |        |        |  |  |                                  |
|                    | RSU <sup>2</sup>       | 2/16/2016  |   |           |     |   |        |        | 3,574  |  |                                  |
|                    | PSU <sup>2</sup>       | 2/16/2016  |   |           |     | 6,432   | 7,147  | 10,720 |  |  |                                  |

The funding of the Annual Incentive Compensation Plan requires a minimum level of overall Company performance before any individual incentive award can be made. The incentive pool is funded upon achieving a minimum of 85% of budgeted Net Income. At threshold, the incentive pool is funded at fifty percent (50%); thereafter, funding increases based on the level of Net Income results and capped at one hundred fifty percent (150%). In addition, in 2016 we included a customer experience multiplier to the incentive pool calculation, which based on the Company's overall customer feedback score, could increase or decrease the final pool by plus or minus ten percent (10%).

In January 2017, the Committee approved the payment of cash incentives to NEOs. The Company achieved 107% of the performance Net Income target which equated to incentive pool funding at 135% of target. Individual target incentives are based on a percentage of salary. Actual award payouts are reflected under "(e)", "Target" and were calculated based on corporate, business plan, and personal performance results.

Lance A. Mizumoto resigned on November 30, 2016 and received no cash incentive for 2016.

2. On February 16, 2016, the NEOs received a Board approved grant, with the following features:

One-third (33.33%) of the grant - RSUs vest based on time equally over a three-year period.

Two-thirds (66.67%) of the grant - PSUs vest based on attainment of Board approved 2018 target ROA of 0.90% (target). If 90% of target (threshold) is not achieved, all shares will be forfeited. If threshold is achieved, the actual number of shares earned will be based on the level of ROA achievement, with a stretch opportunity capped at 150% of target shares.

Due to Lance A. Mizumoto's resignation on November 30, 2016, all RSUs and PSUs granted on February 16, 2016 (total 10,721) were forfeited.

Commensurate with Glenn K.C. Ching's appointment to Executive Vice President, Chief Legal Officer & Division 3. Manager, Risk Management, on January 1, 2016, Mr. Ching received a Board approved grant of RSUs. The award vests in equal annual installments over a five year period on February 15 of each year.

Commensurate with the executive realignment in September 2016, on November 15, 2016 Messrs. Fujimoto and 4. Martines, received a Board approved grant of RSUs. The award vests in equal annual installments over a five year period on November 15 of each year.

## OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

| Name (a)          | Option Awards                                      |  |  |                                |                            | Stock Awards                              |  | Equity IP: # of Unearned Shares, Other Rights Not Vested (i) | Equity IP: Market or Payout Value of Unearned Shares, etc. Not Vested (\$) (j) |
|-------------------|--|--|--|--------------------------------|----------------------------|---|--|--|--|
|                   | # of Securities Underlying Unexercised Options (b) | # of Securities Underlying Exercised Options (c) | Equity Incentive Plan: # of Unearned Options (d) | Option Exercise Price (\$) (e) | Option Expiration Date (f) | # of Shares/Units of Stock Not Vested (g) | Market Value of Shares/Units Not Vested (\$) (h) |  |  |
| A. Catherine Ngo  | 33,194   | 8,299  | 1  | \$ 14.31                       | 5/2/2022                   |   |  |  |  |
|                   |  |  |  |                                |                            | 1,863                                     | 2 \$58,535                                       |  |  |
|                   |  |  |  |                                |                            | 6,447                                     | 3 \$202,565                                      |  |  |
|                   |  |  |  |                                |                            | 952                                       | 4 \$29,912                                       |  |  |
|                   |  |  |  |                                |                            | 1,922                                     | 5 \$60,389                                       |  |  |
|                   |  |  |  |                                |                            | 1,804                                     | 6 \$56,682                                       |  |  |
|                   |  |  |  |                                |                            |   |  | 5,415  | 7 \$170,139  |
|                   |  |  |  |                                |                            | 10,582                                    | 8 \$332,486                                      |  |  |
|                   |  |  |  |                                |                            | 4,924                                     | 9 \$154,712                                      |  |  |
|                   |  |  |  |                                |                            |   |  | 9,847  | 10 \$309,393   |
| David S. Morimoto | 10   |  |  | \$ 718.00                      | 3/15/2017                  |   |  |  |  |
|                   | 75   |  |  | \$ 377.60                      | 3/12/2018                  |   |  |  |  |
|                   | 75   |  |  | \$ 79.00                       | 3/11/2019                  |   |  |  |  |
|                   | 125  |  |  | \$ 718.00                      | 3/15/2017                  |   |  |  |  |
|                   |  |  |  |                                |                            | 3,000                                     | 11 \$94,260                                      |  |  |
|                   |  |  |  |                                |                            | 485                                       | 6 \$15,239                                       |  |  |
|                   |  |  |  |                                |                            |   |  | 1,458  | 7 \$45,810   |
|                   |  |  |  |                                |                            | 4,409                                     | 8 \$138,531                                      |  |  |
| Glenn K.C. Ching  |  |  |  |                                |                            | 1,575                                     | 9 \$49,487                                       |  |  |
|                   |  |  |  |                                |                            |   |  | 3,151  | 10 \$99,004  |
|                   | 125  |  |  | \$ 718.00                      | 3/15/2017                  |   |  |  |  |
|                   | 10   |  |  | \$ 718.00                      | 3/15/2017                  |   |  |  |  |
|                   | 75   |  |  | \$ 377.60                      | 3/12/2018                  |   |  |  |  |
|                   | 75   |  |  | \$ 79.00                       | 3/11/2019                  |   |  |  |  |
|                   |  |  |  |                                |                            | 3,000                                     | 11 \$94,260                                      |  |  |
|                   |  |  |  |                                |                            | 485                                       | 6 \$15,239                                       |  |  |
|                   |  |  |  |                                |                            |   |  | 1,458  | 7 \$45,810   |
|                   |  |  |  |                                |                            | 1,321                                     | 9 \$41,506                                       |  |  |
|                   |  |  |  |                                |                            |   | 2,642  | 10 \$83,012  |  |
|                   |  |  |  |                                | 6,154                      | 12 \$193,359                              |  |  |  |

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|                       |        |       |           |           |          |       |            |            |           |
|-----------------------|--------|-------|-----------|-----------|----------|-------|------------|------------|-----------|
| Blenn A.<br>Fujimoto  | 29     |       | \$ 718.00 | 3/15/2017 |          |       |            |            |           |
|                       | 2,845  |       | \$ 377.60 | 3/12/2018 |          |       |            |            |           |
|                       | 10,373 | 5,187 | 1         | \$ 14.31  | 5/2/2022 |       |            |            |           |
|                       |        |       |           |           |          | 1,165 | 2          | \$ 36,604  |           |
|                       |        |       |           |           |          | 4,029 | 3          | \$ 126,591 |           |
|                       |        |       |           |           |          | 647   | 4          | \$ 20,329  |           |
|                       |        |       |           |           |          | 1,308 | 5          | \$ 41,097  |           |
|                       |        |       |           |           |          | 745   | 6          | \$ 23,408  |           |
|                       |        |       |           |           |          |       | 2,235      | 7          | \$ 70,224 |
|                       |        |       |           |           |          | 1,321 | 9          | \$ 41,506  |           |
|                       |        |       |           |           |          | 2,642 | 10         | \$ 83,012  |           |
|                       |        |       |           |           | 3,350    | 13    | \$ 105,257 |            |           |
| Arnold D.<br>Martines | 125    |       | \$ 718.00 | 3/14/2017 |          |       |            |            |           |
|                       | 75     |       | \$ 377.60 | 3/12/2018 |          |       |            |            |           |
|                       | 50     |       | \$ 79.00  | 3/11/2019 |          |       |            |            |           |
|                       |        |       |           |           |          | 2,100 | 11         | \$ 65,982  |           |
|                       |        |       |           |           |          | 485   | 6          | \$ 15,239  |           |
|                       |        |       |           |           |          |       | 1,458      | 7          | \$ 45,810 |
|                       |        |       |           |           |          | 895   | 9          | \$ 28,121  |           |
|                       |        |       |           |           |          | 1,791 | 10         | \$ 56,273  |           |
|                       |        |       |           |           | 3,350    | 13    | \$ 105,257 |            |           |
| Lance A.<br>Mizumoto  | 13     |       | \$ 718.00 | 2/28/2017 |          |       |            |            |           |
|                       | 113    |       | \$ 377.60 | 2/28/2017 |          |       |            |            |           |
|                       | 113    |       | \$ 79.00  | 2/28/2017 |          |       |            |            |           |

(a) Lance A. Mizumoto resigned on November 30, 2016. All unexpired vested options are exercisable up to three (3) months following his resignation date. All other unvested stock awards at time of his resignation were forfeited.

1. On May 2, 2012, the Board approved stock options for Ms. Ngo and Mr. Fujimoto. These options have a five-year vesting schedule in which vesting is in equal annual installments over a five-year period.

2. On May 2, 2012, the Board approved a grant of PSUs to Ms. Ngo and Mr. Fujimoto. One-third (33.33%) of the award vests in equal annual installments over a five-year period and was subject to Board approved 2012 targeted core net income and core return on average assets targets.

3. Per “2” above, the remaining two-thirds (66.67%) vests at a rate of three-fifths (60%) on May 2, 2015, and one-fifth (20%) each year the following two years and was subject to Board approved 2012 to 2014 cumulative core net income and core return on average assets targets, with a stretch opportunity up to 300% of award. Actual performance result was 173% of target.

4. On February 28, 2014, the Board approved a stock grant to Ms. Ngo and Mr. Fujimoto, of which one-third (33.33%) of the grant (RSUs) vests in equal annual installments over a three-year period.

5. Per “4” above, the remaining two-thirds (66.67%) of the grant (PSUs) vests over a three-year period and was subject to attainment of 90% (threshold) of Board approved 2014 budgeted net income, with a stretch opportunity up to 200% of award. Vesting in the second and third years was conditioned on the Company achieving a specified net income level each year. Actual 2014 net income was 101% of target.

6. On February 17, 2015, the Board approved a stock grant to the NEOs, of which one-third (33.33%) of the grant (RSUs) vests in equal annual installments over a three-year period on February 15 of each year.

7. Per “6” above, the remaining two-thirds (66.67%) of the grant (PSUs) will cliff vest on February 15, 2018, subject to attainment of 90% (threshold) of Board approved 2017 budgeted return on assets (ROA), with a stretch opportunity up to 150% of award. Actual shares earned will be based on 2017 ROA results.

8. On August 17, 2015, the Board approved a grant of RSUs to Ms. Ngo and Mr. Morimoto. The award vests in equal annual installments over a five-year period on August 15 of each year.

9. On February 16, 2016, the Board approved a stock grant to the NEOs, of which one-third (33.33%) of the grant (RSUs) vests in equal annual installments over a three-year period on February 15 of each year.

10. Per “9” above, the remaining two-thirds (66.67%) of the grant (PSUs) will cliff vest on February 15, 2018, subject to attainment of 90% (threshold) of Board approved 2018 budgeted return on assets (ROA), with a stretch opportunity up to 150% of award. Actual shares earned will be based on 2018 ROA results.

11. On May 15, 2014, the Board approved a grant of RSUs to Messrs. Morimoto, Ching and Martines. The award vests in equal annual installments over a five-year period on May 15 of each year.

12. On February 16, 2016, the Board approved a grant of RSUS to Mr. Ching. The award vests in equal annual installments over a five-year period on February 15 of each year.

13.

On November 15, 2016, the Board approved a grant of RSUs to Messrs. Fujimoto and Martines. The award vests in equal annual installments over a five-year period on November 15 of each year.

## OPTIONS EXERCISED AND STOCK VESTED

The following are the aggregated options that were exercised and stock that vested for the NEOs in 2016.

| Executive Name     | Option Awards |                | Stock Awards |                |
|--------------------|---------------|----------------|--------------|----------------|
|                    | # of Shares   | Value Realized | # of Shares  | Value Realized |
|                    | Acquired on   | Exercise       | Acquired on  | Vesting        |
|                    | on Exercise   | (\$)           | on Vesting   | (\$)           |
| A. Catherine Ngo   |               |                | 19,145       | \$424,311      |
| David S. Morimoto  |               |                | 6,055        | \$142,031      |
| Glenn K.C. Ching   |               |                | 4,953        | \$114,382      |
| Blenn A. Fujimoto  |               |                | 10,524       | \$227,856      |
| Arnold D. Martines |               |                | 2,753        | \$63,140       |
| Lance A. Mizumoto  | 41,686        | \$339,103      | 20,150       | \$444,595      |

## PENSION BENEFITS

The Central Pacific Financial Corp. Defined Benefit Retirement Plan (the “Retirement Plan”) provides retirement benefits for eligible employees based on the employee’s years of credited service and their highest average annual salaries in a 60 consecutive month period of service. The Company froze the Retirement Plan on December 31, 2002 and the benefits under the plan were completely frozen and not subject to increase for any additional years of service or increase in average annual salary. David S. Morimoto and Blenn A. Fujimoto are participants in the Retirement Plan.

On July 1, 2005, the Company entered into a Supplemental Executive Retirement Plan (“SERP”) agreement with Blenn A. Fujimoto. The SERP was provided in order to retain and promote executive loyalty, diligence, and performance, and support the executive’s economic security during retirement. Mr. Fujimoto’s SERP benefit was subject to a vesting schedule over a ten (10) year period beginning on July 1, 2005, with relatively low vesting increments initially to encourage retention.

As a result of his transfer to Central Pacific HomeLoans on May 1, 2010, Mr. Fujimoto’s SERP benefit was frozen and he no longer continued to accrue benefits under the plan. Mr. Fujimoto was credited with ten (10) years of service under the plan, which equals the number of years he was actually employed at the Company at that time. For vesting purposes, Mr. Fujimoto was credited with 10 years of service and is fully vested in the SERP benefit.



The SERP provides for a benefit equal to an annuity payable for life starting at age 65. After twenty (20) years of service, the plan provides a retirement benefit of 65% of the final three-year average of salary and bonus, reduced by other company-funded retirement benefits. Mr. Fujimoto has elected to receive his benefits in equal monthly installments over a period of 10 years. The annuity amount on which the SERP benefit is based is equal to 65% of final average compensation, defined as the average base salary plus annual bonuses paid during the three years prior to termination, adjusted for years of service, not to exceed 75% of final average compensation and reduced by the actuarial equivalent of 50% of the monthly benefit under the Social Security Act and any other retirement benefits provided by the Company.

A summary of benefits under the Retirement Plan for David S. Morimoto and Blenn A. Fujimoto; and benefits under the SERP Agreement for Blenn A. Fujimoto, are listed below:

| Name                 | Plan Name   | Number of<br>Years<br>of Credited<br>Service<br>(#) | Present<br>Value of<br>Accumulated<br>Benefits<br>(\$) | Payments<br>During<br>Last<br>Fiscal<br>Year<br>(\$) |
|----------------------|---|---|--|--|
| David S.<br>Morimoto | Central Pacific Financial Corp. Defined Benefit Retirement Plan             | 11 years  | \$ 54,228  | \$ 0.00  |
| Blenn A.<br>Fujimoto | Central Pacific Financial Corp. Defined Benefit Retirement Plan             | 2.67 years  | \$ 43,363  | \$ 0.00  |
|                      | Central Pacific Financial Corp. Supplemental Executive Retirement Agreement | 10 years  | \$ 10,107  | \$ 0.00  |

#### **POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL**

The narrative and tables below summarize the estimated amounts payable to each NEO under various termination scenarios, assuming they had occurred on December 31, 2016. The Company does not currently maintain employment agreements with any of the NEOs that provide for termination-related compensation. In addition, none of the NEOs employed as of December 31, 2016 were eligible to receive any payments at, following, or in connection with any termination or change-in-control of the Company beyond those available generally to all salaried employees.

#### ***Payments Upon Termination for Good Reason, Termination without Cause, or Resignation***

None of the NEOs are covered under employment agreements that provide for any additional payments or benefits beyond those generally available to other employees if they terminate their employment for good reason, are terminated by the Company without cause, or they voluntarily resign, assuming a change-in-control has not occurred.

Lance Mizumoto resigned from the Company effective November 30, 2016 and did not receive any compensation related to his termination. Upon his resignation, Mr. Mizumoto forfeited all unvested equity.

#### ***Potential Payments Upon a Change-in-Control***

As of December 31, 2016, each of the NEOs held unvested options or restricted stock units (“RSUs”), granted under the Company’s 2004 Stock Compensation Plan or the 2013 Stock Compensation Plan. However, for awards granted under the 2013 Stock Compensation Plan for the NEOs, if a change-in-control occurs, the vesting on all outstanding equity awards will only accelerate for an NEO whose employment terminates in connection with the change-in-control.

The table below shows the amounts to which each NEO would be entitled upon a change-in-control as of December 31, 2016 assuming: 1) a change-in-control occurs without an associated termination of employment and 2) employment terminates in connection with a change-in-control. These values represent amounts beyond what each NEO would receive upon voluntary termination as of December 31, 2016.

*Accelerated Vesting of Equity Awards<sup>1</sup>*

|                    | Change-in-Control | Change-in-Control<br>with Associated<br>Termination |
|--------------------|-------------------|---|
| A. Catherine Ngo   | —                 | 1,516,815   |
| David S. Morimoto  | —                 | 442,335   |
| Glenn K.C. Ching   | —                 | 473,196   |
| Blenn A. Fujimoto  | —                 | 636,794   |
| Arnold D. Martines | —                 | 316,693   |

Each of the NEOs held unvested equity as of December 31, 2016. The values shown reflect the intrinsic value of 1. accelerated stock options and restricted stock units based on the Company’s closing stock price on December 31, 2016 of \$31.42 per share.

*Payments Upon Termination for Cause*

If the Company terminates any NEO's employment for cause, it will not make any payments or provide any benefits beyond what is generally available to other employees in this termination scenario.

*Payments Upon Death or Disability*

Upon death or disability, each officer (or the officer's estate) will receive benefits under the Company's disability plan or payments under the life insurance plan, as appropriate. These benefits are generally available to all employees of the Company. Aside from these payments, upon death or disability as of December 31, 2016, none of the NEOs would receive accelerated vesting of outstanding equity or any additional payments above what they would otherwise be entitled to receive upon voluntary termination.

## **DISCUSSION OF PROPOSALS RECOMMENDED BY THE BOARD OF DIRECTORS**

### **PROPOSAL 1 ELECTION OF DIRECTORS**

The Board recommends the election of the ten (10) nominees listed below as directors, to serve a one-year term expiring at the 2018 Annual Meeting of Shareholders and until their respective successors are elected and qualified or until their earlier death, resignation, retirement, disqualification, or removal from office.

Christine H. H. Camp  
John C. Dean  
Earl E. Fry  
Wayne K. Kamitaki  
Paul J. Kosasa  
Duane K. Kurisu  
Colbert M. Matsumoto  
A. Catherine Ngo  
Saedene K. Ota  
Crystal K. Rose

For more information regarding the background of each of the nominees for director, see the sections titled “ELECTION OF DIRECTORS” and “DIRECTORS’ AND EXECUTIVE OFFICERS’ INFORMATION.” The persons named as “proxy” in the voting instructions or form of proxy provided with these materials will vote the shares represented by all validly returned proxies in accordance with the specifications of the shareholders returning such proxies. If at the time of the Meeting any of the nominees named above should be unable to serve, the discretionary authority provided in the proxy will be exercised to vote for such substitute nominee or nominees, if any, as shall be designated by the Board.

The election of directors requires a plurality of the votes cast “FOR” the election of the directors by the shares entitled to vote in the election at a meeting at which a quorum is present. Accordingly, the ten (10) directorships to be filled at the meeting will be filled by the ten (10) nominees receiving the highest number of “FOR” votes.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” ALL TEN (10) NOMINEES.**



**PROPOSAL 2:  
ADVISORY (NON-BINDING) VOTE TO APPROVE EXECUTIVE COMPENSATION**

The Company is required to submit to shareholders a separate non-binding shareholder vote to approve the compensation of NEO's, as disclosed pursuant to the compensation disclosure rules of the SEC (which disclosure includes the Compensation Discussion and Analysis, the compensation tables and any related material).

This proposal, commonly known as a "Say-On-Pay" proposal permits shareholders to endorse or not endorse the Company's executive compensation program through the following resolution:

"Resolved, that the compensation paid to the Company's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion is hereby APPROVED."

Because the shareholders' vote is advisory, it will not be binding on the Board. However, the Compensation Committee will take into account the outcome of the vote when considering future executive compensation arrangements.

Currently the Say-On-Pay vote, as determined by the Board following a shareholder advisory vote at the 2011 Annual Meeting of Shareholders, is to be held annually. The Board has resubmitted an annual recommendation for the Say-On-Pay vote as set forth in Proposal 3. The next scheduled Say-On-Pay vote after the Meeting will occur at the 2018 Annual Meeting of Shareholders.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THIS PROPOSAL**

**PROPOSAL 3:  
ADVISORY (NON-BINDING) VOTE ON THE FREQUENCY OF THE ADVISORY  
VOTE ON EXECUTIVE COMPENSATION**

At the meeting, the shareholders will vote on a non-binding, advisory proposal regarding the frequency of the advisory shareholder vote on executive compensation discussed in Proposal 2 in this proxy statement. Shareholders will have the opportunity to cast an advisory vote on whether the shareholder vote on executive compensation should occur every one, two or three years. Shareholders may also abstain from voting on the matter.

Because your vote is advisory, it will not be binding upon the Company or the Board. However, the Board will take into account the outcome of the vote when considering the frequency of the advisory shareholder vote on executive compensation. Your advisory vote will not be construed (i) as overruling a decision by the Company or the Board, (ii) to create or imply any change to the fiduciary duties of the Company or the Board, (iii) to create or imply any additional fiduciary duties for the Company or the Board, or (iv) to restrict or limit the ability of shareholders to make proposals for inclusion in proxy materials related to executive compensation.

The Board believes that a non-binding shareholder vote on executive compensation should occur every year because it provides the highest level of accountability and communication by enabling the non-binding shareholder vote to approve the compensation of our named executive officers to correspond with the most recent executive compensation information presented in our proxy statement for our annual meetings of shareholders. Accordingly, the Board recommends voting for an advisory shareholder vote on executive compensation every year.

We emphasize, however, that you are not voting to approve or disapprove the Board's recommendation. Instead, your proxy card provides you with four options regarding this non-binding, advisory proposal. You may cast an advisory vote for the shareholder vote on executive compensation to occur every one, two or three years, or you may abstain from voting on the matter.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR AN ANNUAL ADVISORY VOTE  
ON EXECUTIVE COMPENSATION**



**PROPOSAL 4:  
RATIFICATION OF THE APPOINTMENT OF INDEPENDENT  
REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee has appointed KPMG LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2017. KPMG LLP audited the Company's financial statements for the fiscal year ended December 31, 2016, and has audited the Company's financial statements since the Company's inception in 1982. Representatives of KPMG LLP are expected to attend the Meeting. The representatives are expected to be available to respond to appropriate questions and will have an opportunity to make a statement, if they desire to do so.

The Company is asking its shareholders to ratify the selection of KPMG LLP as its independent registered public accounting firm (as it has done in prior years) because it believes it is a matter of good corporate practice. If the Company's shareholders do not ratify the selection, the Audit Committee will reconsider whether to retain KPMG LLP, but may still retain them. Even if the selection is ratified, the Audit Committee, in its discretion, may change the appointment at any time during the year if it determines that such a change would be in the best interests of the Company and its shareholders.

**Services Rendered by and Fees Paid to Independent Registered Public Accounting Firm.** The following sections describe the services rendered by KPMG LLP to the Company, and fees paid by the Company to KPMG LLP for such services, for the fiscal years ended December 31, 2015 and December 31, 2016. KPMG LLP acted as the independent registered public accounting firm for the Company for the fiscal years ended December 31, 2015 and December 31, 2016 and performed the Company's audit services in fiscal years 2015 and 2016.

**Audit Fees.** The audit fees include only fees that are customary under generally accepted auditing standards as established by the Auditing Standards Board (United States) and in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States) and are the aggregate fees the Company incurred for professional services rendered for the audit of the Company's annual financial statements, the audit of internal controls over financial reporting, reviews of the financial statements included in the Company's Quarterly Reports on Form 10-Q, and regulatory and statutory engagements related to the aforementioned statements. Audit fees were \$1,267,000 for the fiscal year ended December 31, 2015, and \$1,169,000 for the fiscal year ended December 31, 2016, respectively.

**Audit-Related Fees.** Audit-related fees include fees for assurance and related services that are related to the performance of the audit of the financial statements, but are not reported under audit fees. These services include audits of the Company's retirement plans, internal audit quality assurance reviews and audits of financial statements and internal controls for the mortgage banking activities. Audit-related fees were \$126,000 for the fiscal year ended December 31, 2015, and \$173,000 for the fiscal year ended December 31, 2016, respectively.

**Tax Fees.** Tax fees include only fees the Company incurred for professional services rendered for preparation of the Company's tax return, tax filings, and tax consulting. Tax fees were \$193,000 for the fiscal year ended December 31, 2015, and \$42,000 for the fiscal year ended December 31, 2016, respectively. Tax fees decreased in the fiscal year ended December 31, 2016 due to the Company utilizing a different public accounting firm for the preparation of the Company's tax return.

**All Other Fees.** All other fees include the fees billed for services rendered by KPMG LLP other than those services covered above. For the fiscal years ended December 31, 2015 and December 31, 2016, there were no other fees billed.

The Audit Committee of the Board established a policy in 2003 to pre-approve all services provided by KPMG LLP. Each service to be provided by KPMG LLP is presented for pre-approval at the Audit Committee's regular meeting or presented to the Chair of the Audit Committee for pre-approval under delegated authority and presented to the Audit Committee at their next regular meeting. All engagements with KPMG LLP that commenced during 2004 and since then have been pre-approved in accordance with the pre-approval policy.

The Audit Committee considered whether the provision of audit-related services, tax services, and all other services is compatible with maintaining the independence of KPMG LLP.

The Board has submitted its appointment of KPMG LLP for ratification by the Company's shareholders. The affirmative vote of the holders of at least a majority of the shares of Common Stock represented and entitled to vote at the Meeting will be required for passage of this proposal.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THIS PROPOSAL.**

## PROPOSALS OF SHAREHOLDERS

Shareholder proposals intended to be considered for inclusion in the Company's Proxy Statement and voted on at the Company's regularly scheduled 2018 Annual Meeting of Shareholders must be received at the Company's offices at 220 South King Street, Honolulu, Hawaii 96813, Attention: Corporate Secretary, by no later than one hundred twenty (120) calendar days before the first anniversary date of the release of this Proxy Statement, (i.e. by no later than November 10, 2017) pursuant to Rule 14a-8 of the Securities Exchange Act of 1934, as amended. Applicable SEC rules and regulations govern the submission of shareholder proposals and the Company's consideration of them for inclusion in next year's proxy statement and form of proxy. For any proposal that is not submitted for inclusion in next year's proxy statement (as described above), but is instead sought to be presented directly at next year's annual meeting, SEC rules permit management to vote proxies in its discretion if (a) the Company receives notice of the proposal before the close of business on January 24, 2018 and advises shareholders in next year's proxy statement about the nature of the matter and how management intends to vote on the matter, or (b) does not receive notice of the proposal prior to the close of business on January 24, 2018.

The Company's Bylaws contain procedures that shareholders must follow to present business at a meeting of shareholders if such business is not specified in the Proxy Statement. A shareholder may obtain a copy of these procedures from the Company's Corporate Secretary. In addition to other applicable requirements, for business to be properly brought before the 2018 Annual Meeting of Shareholders, a shareholder must give notice of the matter to be presented at the Meeting in a proper written form to the Company's Corporate Secretary. The Corporate Secretary must receive this written notice at the principal offices of the Company not less than ninety (90) calendar days nor more than one hundred twenty (120) calendar days prior to the anniversary date of the preceding year's annual meeting (April 28, 2018). Shareholder proposals not made in accordance with these requirements may be disregarded by the chairperson of the Meeting.

## **OTHER BUSINESS**

The Board knows of no other business that will be presented for consideration at the Meeting other than as stated in the Notice of Meeting. If, however, other matters are properly brought before the Meeting, it is the intention of the persons named in the form of proxy to vote the shares represented thereby on such matters in accordance with the recommendation of the Board or, if no recommendation is given, in their own discretion.

### *Incorporation by Reference*

To the extent that this Proxy Statement is incorporated by reference into any other filing by the Company under the United States Securities Act of 1933, as amended, or the Exchange Act, as amended, the sections of this Proxy Statement entitled “COMPENSATION COMMITTEE REPORT” and “REPORT OF THE AUDIT COMMITTEE” will not be deemed incorporated, unless specifically provided otherwise in such filing.

Dated: March 10, 2017 CENTRAL PACIFIC FINANCIAL CORP.

Glenn K.C. Ching  
*Executive Vice President and Corporate Secretary*

**VOTE BY INTERNET - [www.proxyvote.com](http://www.proxyvote.com)**

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 p.m. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS**

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

**CENTRAL  
PACIFIC  
FINANCIAL  
CORP.  
220 SOUTH KING  
ST. 22<sup>ND</sup> FLOOR  
HONOLULU, HI  
96813  
ATTN: GLENN  
K.C. CHING**

**VOTE BY PHONE - 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions up until 11:59 p.m. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

E17855-P85636

**KEEP THIS PORTION FOR  
YOUR RECORDS  
DETACH AND RETURN THIS  
PORTION ONLY**

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.**

**CENTRAL PACIFIC FINANCIAL  
CORP.  
REVOCABLE PROXY**

**For All      Withhold For All Except**

To withhold authority to vote for any individual nominee(s), mark "For All Except" and

**The Board of Directors  
recommends you vote FOR the  
following:**

write the number(s) of the nominee(s) on the line below.

1. Election of Directors

**Nominees:**

- |                          |                          |
|--------------------------|--------------------------|
| 01) Christine H. H. Camp | 06) Duane K. Kurisu      |
| 02) John C. Dean         | 07) Colbert M. Matsumoto |
| 03) Earl E. Fry          | 08) A. Catherine Ngo     |
| 04) Wayne K. Kamitaki    | 09) Saedene K. Ota       |
| 05) Paul J. Kosasa       | 10) Crystal K. Rose      |

**The Board of Directors recommends you vote FOR the following proposal:**

**For Against Abstain**

**The Board of Directors recommends you vote FOR the following proposal:**

**For Against Abstain**

2. To approve, on a non-binding advisory basis, the compensation of the company's named executive officers ("Say-On-Pay").

4. To ratify the appointment of KPMG LLP as the company's independent registered public accounting firm for the fiscal year ending December 31, 2017.

**The Board of Directors recommends you vote EVERY YEAR on the following proposal:**

**Every Year Every 2 Years Every 3 Years Abstain**

3. To cast a non-binding, advisory vote on the frequency of the advisory "Say-On-Pay" vote.

**NOTE:** Such other business as may properly come before the meeting or any adjournment or postponement thereof shall be voted by the proxy holders in accordance with the

recommendation of  
the Board.

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.

Signature [PLEASE SIGN  
WITHIN BOX]

Date

Signature (Joint Date  
Owners)

V.1.1

Annual Meeting of Shareholders

Friday, April 28, 2017

11:00 a.m.

Harbor Square

4<sup>th</sup> Floor, Waikiki Room

225 Queen Street

Honolulu, Hawaii 96813

**Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be Held on April 28, 2017:**

Central Pacific Financial Corp.'s Proxy Statement and Annual Report on Form 10-K for the fiscal year ended December 31, 2016 are available at [www.proxyvote.com](http://www.proxyvote.com).

E17856-P85636

**CENTRAL PACIFIC FINANCIAL CORP.**

**ANNUAL MEETING OF SHAREHOLDERS APRIL 28, 2017**



**THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS**

**FOR USE AT THE ANNUAL MEETING ON APRIL 28, 2017.**

The shares of stock held in your account will be voted as you specify on the reverse side. If no choice is specified, the proxy will be voted “FOR” the election of the Board’s nominees for director, “FOR” proposals 2 and 4, and “EVERY YEAR” for an annual advisory vote on the frequency of the advisory “Say-on-Pay” vote. By signing the proxy, you revoke all prior proxies and appoint Glenn K.C. Ching, Sara Coes, and Hollie Amano, each alone with full power of substitution, to vote these shares on the matters shown on the reverse side and any other matters which may come before the Annual Meeting and all adjournments or postponements thereof.

For those participants in the Central Pacific Bank 401(k) Retirement Savings Plan (the “Plan”), you hereby direct the Vanguard Fiduciary Trust Company (the “Trustee”), as Trustee of the Plan, to vote at the Annual Meeting of Shareholders of Central Pacific Financial Corp. (the “Company”) as indicated on the reverse side of this card, all shares allocated to your account in the Plan. The Trustee will vote these shares as you direct. If you do not vote or if your card is not received by the deadline below or if your card is received but the voting instructions are invalid, then the Trustee will vote the shares held in the Plan in the same proportion as votes received from other participants in the Plan.

This voting instruction card is furnished in connection with the solicitation of proxies by the Board of Directors of the Company. This card must be returned by 11:59 P.M. Eastern Time on April 27, 2017, or, for Plan participants, by 11:59 P.M. Eastern Time on April 25, 2017 for your voting instructions to be honored.

**The undersigned hereby acknowledges receipt of the Proxy Statement for the Annual Meeting.**

**Continued and to be signed on reverse side**

V.1.1