Pacific Century Financial Corporation Third Quarter 2001 Financials

October 22, 2001

HONOLULU--(BUSINESS WIRE)--Oct. 22, 2001--Pacific Century Financial Corp. (NYSE:BOH - news)

- Net Income $31.1 Million or $0.37 Per Share
- Core Net Income $31.4 Million or $0.38 Per Share
- Year-to-Date Net Income Up 13% From Prior Year
- $200 Million Share Repurchase Program Initiated
- Board of Directors Declares Dividend of $0.18 Per Share

Pacific Century Financial Corporation (NYSE:BOH - news) today reported third quarter 2001 diluted earnings per share of $0.37, compared to $0.32 for the second quarter of 2001 and $0.44 for the third quarter of 2000. Net income for the quarter was $31.1 million, up $4.4 million from the $26.7 million reported in the second quarter of 2001 and down $3.5 million from the $34.6 million reported in the third quarter of 2000. Pacific Century Financial Corporation also announced its authorization to repurchase an additional $200 million of its common stock.

``The third quarter's results demonstrate our ongoing commitment to position the company for improved financial performance,'' said Michael E. O'Neill, Chairman and Chief Executive Officer. ``We're pleased with our progress in the execution of our strategic plan. Using capital from the sale of assets, we are extending our recently completed $70 million share repurchase program. Pacific Century Financial Corporation continues to be a solid company with a strong capital base and exceptional liquidity.

``Prior to the tragic events of September 11, 2001 our asset quality was continuing to improve. Our strong allowance and financial position will be sources of strength for the company in the period ahead.''

For the nine months ended September 30, 2001, net income was $91.5 million or $1.11 per diluted share, up 13 percent from net income of $81.1 million, or $1.02 per diluted share for the same period last year. Year-to-date return on average assets was 0.94 percent compared to 0.77 percent for the first nine months of 2000. Year-to-date return on average equity was 8.96 percent versus 8.85 percent for the nine months ended September 30, 2000.

Included in the earnings for third quarter of 2001 were several significant items relating to implementation of the company's previously announced strategic plan which had a net effect of reducing net income by $0.4 million, or less than $0.01 per share. These items included a gain of $49.4 million from the sale of the Pacific Century branch franchise in California, which was largely offset by the related sales costs and tax obligations. Also included were non-recurring adjustments and restructuring costs which netted to a cost of $0.4 million after tax. Adjusted for these items and their related tax impact, core earnings per share for the quarter were $0.38 and core net income was $31.4 million, up slightly from the previous quarter.

Financial Highlights

Pacific Century Financial Corporation's net interest income for the quarter on a fully taxable equivalent basis was $112.0 million, down $4.9 million from the previous quarter primarily due to the sale of the Pacific Century Bank branches and the continued managed reduction of loans to improve the company's credit profile. Net interest income was down $20.9 million from the same quarter last year primarily due to the first quarter 2001 sale of the company's credit card portfolio and the previously mentioned loan reductions.

The company's net interest margin for the third quarter of 2001 of 3.90 percent was essentially unchanged from the second quarter of 2001 but was down from 4.10 percent in the third quarter last year. The decline from the prior year quarter was primarily due to loan reductions, including the sale of its credit card portfolio, and lower returns earned on the increased liquidity of the company.

The provision for loan and lease losses was $0.9 million for the third quarter 2001, reflecting earlier improvements in the company's asset quality and its strong allowance for loan and lease losses. This compares to a provision for loan and lease losses in the prior quarter of $6.4 million and $20.1 million in the third quarter last year. Contributing to the lower provision were continued high levels of recoveries, which totaled $15.0 million for the quarter, including a $6.5 million recovery in the Asia business.

Non-interest income was $113.9 million for the third quarter, including $51.6 million in non-recurring items. Adjusted for these items, non-interest income was essentially unchanged from the previous quarter core non-interest income but was down $4.7 million from the prior year quarter. Decreases in non-interest income were largely due to the company's intentional downsizing of certain businesses. The most significant impact was in fees, exchange and other service charges due to reduced foreign exchange, trading and letter of credit fees resulting from the wind down in Asia as well as reduced interchange resulting from the sale of the company's credit card portfolio. Trust and asset management income was down from the prior period largely due to a decrease in fees from asset management and tax services. These declines were partially offset by an increase in mortgage banking income.

Non-interest expense for the quarter was $123.3 million compared to $124.2 million for the same quarter last year. Excluding the $2.9 million of restructuring and related costs, core non-interest expense decreased $3.8 million from the prior year quarter and $2.4 million from core non-interest expense of $122.8 million in the second quarter 2001.

The quarter's core efficiency ratio of 67.2%, excluding intangible amortization, was negatively impacted by the divesting businesses, where revenue declined more quickly than the related expenses. The company anticipates that the efficiency ratio will return to a more normal level during 2002.

The effective tax rate of 69 percent for the third quarter of 2001 results from the effect of non-tax-deductible goodwill and other costs associated with the divestitures. Excluding the effects of the divesting businesses, the effective tax rate was approximately 38.5%.

Net income from continuing businesses was $29 million, or $0.35 per share, down $1 million from the previous quarter. Improvements in revenue and expenses of the continuing businesses were more than offset by a $4 million increase in the provision for loan and lease losses. Excluding effects of restructuring, net income for the divested businesses was $2 million, or $0.03 per share. The increase in net income from the divesting businesses compared with the previous quarter was due to a net recovery of $5 million in loans previously charged off.

Asset Quality

The largest part of the company's continuing business is based in Hawaii where tourism is a significant influence on the economy. Immediately after the tragic events of September 11, tourism was adversely affected. Recently, major sectors of the tourism industry have seen indications of improvement as visitor arrivals, particularly from the United States, have strengthened. The extent of the economic impact on Hawaii's tourism business will depend on future events. However, management's progress in improving asset quality over the past year, combined with a strong allowance has limited the initial impact on earnings.

Following September 11, a forward looking review was completed of individual borrowers in identified high and medium impact industries where greater than 20 percent of their revenues are tied to tourism. In response, allocated reserves were increased for those portfolio segments. Improvement in asset quality and loan reductions prior to the event allowed for a reallocation without incremental provisioning.

Non-performing assets, exclusive of loans past due 90+ days, decreased for the fourth consecutive quarter to $106.4 million. Compared to the previous quarter, non-performing assets declined $12.5 million in the third quarter and were down $113.2 million or 51.5 percent from the same period last year.

At September 30, 2001, the ratio of non-performing assets to total loans plus foreclosed real estate was 1.56 percent compared to 1.55 percent at June 30, 2001 and 2.35 percent at September 30, 2000. The slightly higher ratio in the third quarter of 2001 compared to the previous quarter is due to a decrease of over $900 million in loans, including $544 million resulting from the sale of Pacific Century Bank loans. Other reductions during the quarter included $166 million in commercial loans sold prior to September 11 in order to reduce credit risk. Additionally, the company collected $203 million of Asia loans pursuant to the implementation of its strategic plan.

Non-accrual loans of $61.8 million at the end of the third quarter declined $5.5 million or 8.2 percent from the previous quarter and $152.7 million or 71.2 percent from the same period last year. Non-accrual loans as a percentage of total loans were 0.91 percent, a slight increase from 0.88 percent in the previous quarter due to lower loan levels and down significantly from 2.30 percent in the same period last year.

Net charge-offs for the third quarter of 2001 were $2.4 million or 0.13 percent of total average loans (annualized) compared to 0.34 percent in the prior quarter and 0.82 percent in the prior year. Charge-offs of $17.4 million were largely offset by recoveries of $15.0 million. The allowance for loan and lease losses at September 30, 2001 was $182.5 million, down $17.3 million from the prior quarter and down significantly from $245.0 million at September 30, 2000. The decrease from the prior quarter is due to the release of reserves resulting from the sale of Pacific Century Bank loans.

The ratio of the allowance for loan and lease losses to non-accrual loans was 295 percent, down slightly from the previous quarter and up from 114 percent last year. The ratio of the allowance for loan and lease losses to total loans was 2.70 percent at the end of the third quarter 2001, up from 2.62 percent at the end of the second quarter 2001 and 2.62 percent at the end of the same quarter last year.

The company's total exposure to the air transportation industry at September 30, 2001 was $188 million, consisting of $141 million in secured equity interests in leveraged aircraft leases and $47 million in lending exposure, of which $38 million was undrawn, including $24 million to an air cargo carrier. The leases comprise $95 million on 14 aircraft leased to United States and international passenger carriers, $31 million on 16 aircraft leased to regional passenger carriers and $15 million on one aircraft leased to an air cargo carrier.

At September 30, 2001 outstanding loans to national hotel and management companies totaled $72 million with undrawn commitments of $44 million. In October, the company sold $10 million of this exposure. Subsequent to this sale, approximately 60 percent of the company's exposure to national hotel and management companies are investment grade. Exposure to hotel companies in Hawaii at September 30, 2001 included loans outstanding of $126 million and undrawn commitments of $12 million. In the West and South Pacific, loans outstanding to hotel owners totaled $54 million and $18 million, respectively. Approximately 80 percent of the Hawaii and Pacific hotel loans are collateralized by hotel properties or guaranteed by either financial institutions or entities with limited exposure to tourism.

All of the company's air transportation and hotel loans and leases are performing.

Loans outstanding in Asia decreased $203 million or 59 percent to $142 million at the end of the quarter. Total Asia exposure, including loans, placements and off balance sheet items, decreased $94 million to $345 million.

Syndicated loans outstanding decreased $97 million to $585 million during the third quarter. Syndicated exposure consisting of loans and undrawn commitments declined $526 million to $1.7 billion at September 30, 2001.

Strategic Plan Update

During the third quarter 2001, Pacific Century Financial Corporation made significant progress in the implementation of its strategic plan to refocus the company on its core markets. On August 31, 2001, the company closed its Bank of Hawaii Hong Kong branch and its representative office and two extension offices in the Philippines. The remaining Asia branches and subsidiaries have stopped accepting business and will be closed by the end of the year.

On September 7, 2001, the company completed the sale of all 20 branches of Pacific Century Bank in Southern California to U.S. Bancorp. On October 3, 2001, Pacific Century Financial Corporation reached a definitive agreement to sell its operations in Papua New Guinea, Vanuatu and Fiji to Australia-based ANZ. The sale, which is subject to regulatory approvals, is expected to be completed before the end of the year. The company is currently in discussions with interested potential purchasers of its banks in French Polynesia and New Caledonia.

As part of the company's overall strategic plan, Bank of Hawaii, on October 1, 2001, launched its new retail banking plan aimed at doubling the Retail Banking Group's Net Income After Capital Charge (NIACC) within three years. The plan focuses on building a strong sales and service culture which will increase the cross-sell ratios to new and existing consumer and small business customers. Key initiatives will improve the capabilities of the sales staff, enhance processes in the branch and call center channels and broaden expertise in product management areas.

Other Financial Highlights

Total assets were $11.9 billion at the end of September 30, 2001. The most significant reductions were in commercial loans, including foreign loans and commercial real estate loans. Asset reductions remain on schedule although mortgage loan sales have slowed due to the significant origination volumes.

Deposits at the end of the third quarter were $7.4 billion. Compared with second quarter 2001, deposits declined primarily due to the September sale of the Pacific Century Bank branches, which reduced total deposits $0.7 million, and the managed decline in foreign deposits resulting from the company's decision to exit certain foreign locations. During the third quarter domestic deposits have shown positive trends as both consumer and business demand and savings balances increased.

As part of its efforts to effectively manage capital, the company announced a program during the third quarter of 2001 to repurchase $70 million of common shares. At September 30, 2001 the company had repurchased 2.7 million shares at an average price of $23.37. The remainder of this initial repurchase program was completed in October 2001. Pacific Century is currently initiating an additional $200 million repurchase program. Capital has remained essentially unchanged. At September 30, 2001 Tier 1 leverage was 11.37% compared to 10.47% at June 30, 2001 and 8.80% at September 30, 2000. The company's liquidity is exceptionally strong.

The company's Board of Directors declared a quarterly cash dividend of $0.18 per share on the company's outstanding shares. The dividend will be payable on December 14, 2001 to shareholders of record at the close of business on November 23, 2001.

Financial and Economic Outlook

The Hawaii economy continues to show improvement from the initial decline in tourism following the September 11 attacks. Through the fourth quarter of 2001 we expect visitor arrivals to be well short of prior year levels. While a long-term return to normalcy is anticipated, it is too soon to tell when that will occur.

The company updated its earnings guidance for the full year 2001 to $106 million for its continuing businesses. The aggregate cost of restructuring cannot be further refined until the sales price of its banks in the French Territories is determined. Earnings per share projections are dependent upon the terms and timing of share repurchases.

The company will review third quarter 2001 earnings today at 2:00 p.m. ET. The presentation will be accessible via teleconference and the investor relations link of Pacific Century Financial Corporation's web site, www.boh.com. The conference call number is 800/450-0788 in the U.S. or 612/332-0636 for international callers. A replay will be available for one week beginning at 6:00 p.m. ET on Monday, October 22, 2001 by calling 800/475-6701 (U.S.) or 320/365-3844 (International) and entering the number 605662 when prompted. A replay of the presentation will be available on the company's web site.

This news release contains forward-looking statements. All statements in this news release that address events or developments that we anticipate may occur in the future are forward-looking statements. We believe the assumptions underlying our forward-looking statements are reasonable. However, any of the assumptions could prove to be inaccurate and actual results may differ materially from those projected for a variety of reasons including, but not limited to: we may not complete implementation of the strategic plan within expected financial and time estimates; our credit markets may deteriorate; our credit quality initiatives may fall short of our goals; we may not achieve the expense reductions we expect; we may not be able to maintain our net interest margin; we may not be able to implement our proposed equity repurchases in the amount or at the times planned; implementing the strategic plan may cause unanticipated organizational disruptions; customer acceptance of our business as restructured may be less than expected; there may be economic or political volatility in the markets we serve; and there may be changes in business and economic conditions, competition, fiscal and monetary policies or legislation. Except where specified, we do not undertake any obligation to update any forward-looking statements to reflect later events or circumstances.

Pacific Century Financial Corporation is a regional financial services company serving businesses, consumers and governments in Hawaii, American Samoa and the West Pacific. The company is in the process of divesting or winding down its non-core holdings in the South Pacific and Asia, exclusive of Japan. Pacific Century's principal subsidiary, Bank of Hawaii, was founded in 1897 and is the dominant commercial bank in the state of Hawaii.

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Pacific Century Financial Corporation and subsidiaries
Highlights  (Unaudited)                                 Table 1
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(dollars in thousands except per share amounts)

Earnings Highlights and Performance Ratios      2001             2000
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Three Months Ended September 30		
Net Income	$ 31,059	$ 34,603
Basic Earnings Per Share	0.39	0.44
Diluted Earnings Per Share	0.37	0.44
Cash Dividends	14,625	14,302
Return on Average Assets	1.00%	0.98%
Return on Average Equity	8.88%	11.20%
Net Interest Margin	3.90%	4.10%
Core Efficiency Ratio(a)	69.12%	62.15%
Nine Months Ended September 30		
Net Income	$ 91,475	$ 81,075
Basic Earnings Per Share	1.14	1.02
Diluted Earnings Per Share	1.11	1.02
Cash Dividends	43,415	42,147
Return on Average Assets	0.94%	0.77%
Return on Average Equity	8.96%	8.85%
Net Interest Margin	3.92%	4.11%
Core Efficiency Ratio(a)	67.68%	61.58%

Cash Basis Financial Data

Three Months Ended September 30		
Net Income	$ 34,392	$ 38,743
Basic Earnings per Share	$ 0.43	$ 0.49
Diluted Earnings per Share	$ 0.41	$ 0.49
Return on Average Assets	1.12%	1.12%
Return on Average Equity	11.17%	14.88%
Core Efficiency Ratio(a)(b)	67.21%	60.08%
Nine Months Ended September 30		
Net Income	$ 102,391	$ 93,554
Basic Earnings per Share	$ 1.28	$ 1.18
Diluted Earnings per Share	$ 1.24	$ 1.17
Return on Average Assets	1.06%	0.90%
Return on Average Equity	11.52%	12.22%
Core Efficiency Ratio(a)(b)	65.70%	59.50%

(a) Excludes the effect of restructuring activities and non-recurring transactions.

(b) Excludes the effect of intangibles which include goodwill, core deposit and trust intangibles.

Statement of Condition Highlights	September 30 2001	September 30 2000
Total Assets	$11,944,173	$13,939,861
Net Loans	6,584,122	9,094,337
Total Deposits	7,399,737	8,820,668
Total Shareholders' Equity	1,371,055	1,250,069
Book Value Per Common Share	$ 17.31	$ 15.72
Allowance / Loans Outstanding	2.70%	2.58%
Average Equity / Average Assets	10.47%	8.65%
Employees (FTE)	3,881	4,182
Branches	140	171
Market Price Per Share of Common Stock Quarter Ended		
Closing	$ 23.37	$ 17.13

High	$ 28.30	$ 17.50
Low	$ 20.20	$ 13.13

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Pacific Century Financial Corporation and subsidiaries
Consolidated Statements of Income (Unaudited) Table 2

(dollars in thousands except per share amounts)

	Three Months Ended Sept 30 2001	Three Months Ended Sept 30 2000	Nine Months Ended Sept 30 2001	Nine Months Ended Sept 30 2000
Interest Income				
Interest on Loans	$ 143,407	$ 203,858	$ 496,381	$ 593,240
Interest and Dividends on Investment Securities	10,002	13,184	32,824	41,263
Income on Investment Securities Available for Sale	30,779	41,772	106,226	123,966
Deposits	9,410	3,319	19,527	10,917
Funds Sold and Security Resale Agreements	1,781	632	4,231	1,606
Total Interest Income	195,379	262,765	659,189	770,992
Interest Expense				
Deposits	50,167	73,162	182,247	212,440
Security Repurchase Agreements	17,576	26,941	63,049	75,915
Funds Purchased	1,279	8,960	9,735	25,321
Short-Term Borrowings	2,019	4,739	8,013	15,785
Long-Term Debt	12,459	16,164	42,232	42,171
Total Interest Expense	83,500	129,966	305,276	371,632
Net Interest Income	111,879	132,799	353,913	399,360
Provision for Loan Losses	919	20,145	59,798	117,074
Net Interest Income After Provision for Loan Losses	110,960	112,654	294,115	282,286
Non-Interest				

Income				
Trust and Asset Management	13,999	15,874	45,041	49,078
Mortgage Banking	10,307	3,086	19,990	7,964
Service Charges on Deposit Accounts	9,594	10,074	29,412	29,811
Fees, Exchange, and Other Service Charges	17,912	25,398	61,505	74,883
Gain on Sale of Banking Operations	49,422	--	149,630	--
Gain on Settlement of Pension Obligation	--	--	--	11,900
Investment Securities Gains (Losses)	935	(82)	32,819	(315)
Other Operating Income	11,780	12,676	34,663	41,348
Total Non-Interest Income	113,949	67,026	373,060	214,669
Non-Interest Expense				
Salaries	47,069	45,220	142,674	137,227
Pensions and Other Employee Benefits	12,180	12,303	39,076	37,721
Net Occupancy Expense	12,090	12,577	36,702	36,873
Net Equipment Expense	13,042	13,365	40,150	37,498
Goodwill Amortization	3,333	4,139	10,916	12,479
Restructuring and Other Related Costs	823	--	83,012	--
Minority Interest	76	110	239	286
Other Operating Expense	34,726	36,476	105,045	108,685
Total Non-Interest Expense	123,339	124,190	457,814	370,769
Income Before Income Taxes	101,570	55,490	209,361	126,186
Provision for Income Taxes	70,511	20,887	117,886	45,111
Net Income	$ 31,059	$ 34,603	$ 91,475	$ 81,075
Basic Earnings Per Share	$ 0.39	$ 0.44	$ 1.14	$ 1.02
Diluted Earnings Per Share	$ 0.37	$ 0.44	$ 1.11	$ 1.02
Dividends Declared Per Share	$ 0.18	$ 0.18	$ 0.54	$ 0.53
Basic Weighted				

Average Shares	80,539,330	79,455,040	80,261,610	79,566,807
Diluted Weighted Average Shares	83,418,955	79,525,474	82,497,107	79,791,250

Pacific Century Financial Corporation and subsidiaries
Consolidated Statements of Condition (Unaudited) Table 3

(dollars in thousands)

	Sept 30 2001	Dec 31 2000	Sept 30 2000
Assets			
Interest-Bearing Deposits	$ 1,227,817	$ 188,649	$ 185,312
Investment Securities - Held to Maturity (Market Value of $558,561, $676,621 and $714,920, respectively)	547,443	670,038	716,392
Investment Securities - Available for Sale	2,065,894	2,507,076	2,484,482
Securities Purchased Under Agreements to Resell	7,639	3,969	5,560
Funds Sold	162,830	134,644	28,323
Loans Held for Sale	228,056	179,229	139,139
Loans	6,766,663	9,235,158	9,339,303
Allowance for Loan Losses	(182,541)	(246,247)	(244,966)
Net Loans	6,584,122	8,988,911	9,094,337
Total Earning Assets	10,823,801	12,672,516	12,653,545
Cash and Non-Interest Bearing Deposits	426,162	523,969	438,312
Premises and Equipment	223,304	254,621	251,240
Customers' Acceptance Liability	1,310	14,690	10,956
Accrued Interest Receivable	56,003	68,585	86,109
Other Real Estate	37,462	4,526	5,128
Intangibles, including Goodwill	91,517	192,264	194,418
Other Assets	284,614	282,645	300,153
Total Assets	$ 11,944,173	$ 14,013,816	$ 13,939,861
Liabilities			
Domestic Deposits			
Demand			
- Non-Interest Bearing	$ 1,428,454	$ 1,707,724	$ 1,626,426
- Interest Bearing	1,792,155	2,008,730	2,039,325
Savings	813,427	665,239	671,437
Time	2,186,849	2,836,083	2,801,947
Foreign Deposits			
Demand			
- Non-Interest Bearing	321,706	385,366	343,828

Time Due to Banks	269,757	535,126	571,576
Other Savings and Time	587,389	942,313	766,129
Total Deposits	7,399,737	9,080,581	8,820,668
Securities Sold Under Agreements to Repurchase	1,833,091	1,655,173	1,791,983
Funds Purchased	129,715	413,241	377,069
Short-Term Borrowings	154,910	211,481	365,407
Bank's Acceptances Outstanding	1,310	14,690	10,956
Accrued Retirement Expense	36,632	37,868	37,796
Accrued Interest Payable	49,092	72,460	80,792
Accrued Taxes Payable	224,915	130,766	97,597
Minority Interest	4,381	4,536	4,154
Other Liabilities	60,927	94,512	103,634
Long-Term Debt	678,408	997,152	999,736
Total Liabilities	10,573,118	12,712,460	12,689,792
Shareholders' Equity			
Common Stock ($.01 par value), authorized 500,000,000 shares; issued / outstanding: Sept 2001 - 81,365,600 / 79,195,668; December 2000 - 80,558,811 / 79,612,178; Sept 2000 - 80,556,883 / 79,503,301	806	806	806
Capital Surplus	367,394	346,045	346,016
Accumulated Other Comprehensive Income	25,426	(25,079)	(56,620)
Retained Earnings	1,044,039	996,791	979,007
Deferred Stock Grants	(15,526)	--	--
Treasury Stock, at Cost - (Shares: Sept 2001 - 2,169,932; December 2000 - 946,633; and Sept 2000 - 1,053,582)	(51,084)	(17,207)	(19,140)
Total Shareholders' Equity	1,371,055	1,301,356	1,250,069
Total Liabilities and Shareholders' Equity	$ 11,944,173	$ 14,013,816	$ 13,939,861

Pacific Century Financial Corporation and subsidiaries
Consolidated Statements of Shareholders' Equity (Unaudited)   Table 4

(dollars in thousands)

	Accumulated Other Compre-

	Total	Common Stock	Capital Surplus	hensive Income
Balance at December 31, 2000	$ 1,301,356	$806	$346,045	$(25,079)
Comprehensive Income				
Net Income	91,475	--	--	--
Other Comprehensive Income, Net of Tax				
Investment Securities	23,906	--	--	23,906
Foreign Currency Translation Adjustment	25,911	--	--	25,911
Pension Liability Adjustments	(159)	--	--	(159)
Stock Compensation	847	--	--	847
Total Comprehensive Income				
Common Stock Issued				
46,408 Profit Sharing Plan	1,065	--	257	--
604,264 Stock Option Plan	10,313	--	892	--
91,764 Dividend Reinvestment Plan	2,103	--	483	--
4,248 Directors' Restricted Shares and Deferred Compensation Plan	341	--	95	--
724,600 Employees' Restricted Shares	2,797	--	18,323	--
65,146 Hawaii Insurance Network	1,299	--	1,299	--
Treasury Stock Purchased	(46,784)	--	--	--
Cash Dividends Paid	(43,415)	--	--	--
Balance at September 30, 2001	$ 1,371,055	$806	$367,394	$ 25,426
Balance at December 31, 1999	$ 1,212,330	$806	$345,851	$(66,106)
Comprehensive Income				
Net Income	81,075	--	--	--
Other Comprehensive Income, Net of Tax				
Investment Securities	9,960	--	--	9,960
Foreign Currency Translation Adjustment	(474)	--	--	(474)
Total Comprehensive Income				
Common Stock Issued				
62,102 Profit Sharing Plan	1,096	--	18	--
195,094 Stock Option Plan	2,610	--	--	--
142,421 Dividend Reinvestment Plan	2,481	--	52	--
4,973 Directors' Restricted Shares and Deferred Compensation Plan	95	--	95	--

Treasury Stock Purchased	(16,957)	--	--	--
Cash Dividends Paid	(42,147)	--	--	--
Balance at September 30, 2000	$ 1,250,069	$806	$346,016	$(56,620)

Pacific Century Financial Corporation and subsidiaries
Consolidated Statements of Shareholders' Equity (Unaudited) Table 4 (cont.)

(dollars in thousands)

	Retained Earnings	Deferred Stock Grants	Treasury Stock	Compre-hensive Income
Balance at December 31, 2000	$ 996,791	$ --	$ (17,207)	
Comprehensive Income				
Net Income	91,475	--	--	$ 91,475
Other Comprehensive Income, Net of Tax				
Investment Securities	--	--	--	23,906
Foreign Currency Translation Adjustment	--	--	--	25,911
Pension Liability Adjustments	--	--	--	(159)
Stock Compensation	--	--	--	847
Total Comprehensive Income				$141,980
Common Stock Issued				
46,408 Profit Sharing Plan	--	--	808	
604,264 Stock Option Plan	(812)	--	10,233	
91,764 Dividend Reinvestment Plan	--	--	1,620	
4,248 Directors' Restricted Shares and Deferred Compensation Plan	--	--	246	
724,600 Employees' Restricted Shares	--	(15,526)	--	
65,146 Hawaii Insurance Network	--	--	--	
Treasury Stock Purchased	--	--	(46,784)	
Cash Dividends Paid	(43,415)	--	--	
Balance at September 30, 2001	$1,044,039	$ (15,526)	$ (51,084)	

	Retained Earnings	Deferred Stock Grants	Treasury Stock	Compre-hensive Income
Balance at December 31, 1999	$ 942,177	$ --	$ (10,398)	
Comprehensive Income				
Net Income	81,075	--	--	$ 81,075
Other Comprehensive Income, Net of Tax				

Investment Securities	--	--	--	9,960
Foreign Currency Translation Adjustment	--	--	--	(474)
Total Comprehensive Income				$ 90,561
Common Stock Issued				
62,102 Profit Sharing Plan	(167)	--	1,245	
195,094 Stock Option Plan	(1,500)	--	4,110	
142,421 Dividend Reinvestment Plan	(431)	--	2,860	
4,973 Directors' Restricted Shares and Deferred Compensation Plan	--	--	--	
Treasury Stock Purchased	--	--	(16,957)	
Cash Dividends Paid	(42,147)	--	--	
Balance at September 30, 2000	$ 979,007	$ --	$ (19,140)	

Pacific Century Financial Corporation and subsidiaries
Consolidated Average Balances and Interest Rates
Taxable Equivalent (Unaudited) Table 5

(dollars in millions)

	Three Months Ended September 30, 2001			Three Months Ended June 30, 2001		
	Average Balance	Income/ Expense	Yield/ Rate	Average Balance	Income/ Expense	Yield/ Rate
Earning Assets						
Interest Bearing Deposits	$ 938.7	$ 9.4	3.98%	$ 414.3	$ 4.9	4.75%
Funds Sold	194.2	1.8	3.59	120.3	1.4	4.45
Investment Portfolio						
Held-To-Maturity	605.8	10.1	6.63	642.1	11.1	6.94
Available for Sale	2,139.6	30.8	5.75	2,318.3	36.2	6.24
Loans Held For Sale	312.2	5.3	6.79	430.9	7.4	6.88
Net Loans						
Domestic	6,351.6	121.3	7.60	6,910.9	137.1	7.95
Foreign	920.4	16.8	7.23	1,136.9	19.3	6.80
Total Loans	7,272.0	138.1	7.56	8,047.8	156.4	7.79
Total Earning Assets	11,462.5	195.5	6.79	11,973.7	217.4	7.27

Cash and Due From Banks	347.3			367.6		
Other Assets	488.9			655.1		
Total Assets	$12,298.7			$12,996.4		
Interest Bearing Liabilities						
Domestic Deposits						
Demand	$ 1,892.6	8.3	1.74	$ 1,905.0	9.3	1.95
Savings	794.9	4.6	2.29	698.8	3.7	2.14
Time	2,432.0	29.5	4.82	2,654.1	37.3	5.64
Total Domestic Deposits	5,119.5	42.4	3.29	5,257.9	50.3	3.83
Foreign Deposits						
Time Due to Banks	235.3	2.2	3.78	317.4	3.5	4.45
Other Time and Savings	640.7	5.5	3.41	709.3	6.3	3.55
Total Foreign Deposits	876.0	7.7	3.51	1,026.7	9.8	3.83
Total Interest Bearing Deposits	5,995.5	50.1	3.32	6,284.6	60.1	3.83
Short-Term Borrowings	2,012.6	20.9	4.11	2,108.2	25.9	4.94
Long-Term Debt	746.0	12.5	6.63	864.5	14.5	6.71
Total Interest Bearing Liabilities	8,754.1	83.5	3.78	9,257.3	100.5	4.35
Net Interest Income		112.0			116.9	
Interest Rate Spread			3.01%			2.92%
Net Interest Margin			3.90%			3.91%
Demand Deposits						
Domestic	1,509.0			1,567.8		
Foreign	330.7			348.4		
Total Demand Deposits	1,839.7			1,916.2		
Other Liabilities	316.6			428.5		
Shareholders' Equity	1,388.3			1,394.4		
Total Liabilities and Shareholders' Equity	$12,298.7			$12,996.4		

Provision for

Loan Losses	0.9	6.4
Net Overhead	9.4	63.5
Income Before Income Taxes	101.7	47.0
Provision for Income Taxes	70.5	20.2
Tax-Equivalent Adjustment	0.1	0.1
Net Income	$ 31.1	$ 26.7

Pacific Century Financial Corporation and subsidiaries
Consolidated Average Balances and Interest Rates
Taxable Equivalent (Unaudited) Table 5 (cont.)

(dollars in millions)

	Three Months Ended September 30, 2000(A)		
	Average Balance	Income/ Expense	Yield/ Rate
Earning Assets			
Interest Bearing Deposits	$ 197.3	$ 3.3	6.69%
Funds Sold	38.8	0.6	6.48
Investment Portfolio			
Held-To-Maturity	720.1	13.3	7.36
Available for Sale	2,490.1	41.8	6.67
Loans Held For Sale	118.5	2.3	7.72
Net Loans			
Domestic	8,074.9	178.1	8.77
Foreign	1,435.2	25.2	7.00
Total Loans	9,510.1	203.3	8.51
Total Earning Assets	13,074.9	264.7	8.05
Cash and Due From Banks	418.2		
Other Assets	523.6		
Total Assets	$14,016.7		
Interest Bearing Liabilities			
Domestic Deposits			
Demand	$ 2,043.7	12.0	2.34
Savings	680.4	3.4	1.99
Time	2,799.4	40.3	5.73
Total Domestic Deposits	5,523.5	55.7	4.01
Foreign			

Deposits			
Time Due to Banks	552.6	8.5	6.12
Other Time and Savings	821.4	8.8	4.26
Total Foreign Deposits	1,374.0	17.3	5.01
Total Interest Bearing Deposits	6,897.5	73.0	4.21
Short-Term Borrowings	2,599.4	40.7	6.23
Long-Term Debt	963.4	16.2	6.69
Total Interest Bearing Liabilities	10,460.3	129.9	4.94
Net Interest Income		134.8	
Interest Rate Spread			3.11%
Net Interest Margin			4.10%
Demand Deposits			
Domestic	1,619.8		
Foreign	345.6		
Total Demand Deposits	1,965.4		
Other Liabilities	361.6		
Shareholders' Equity	1,229.4		
Total Liabilities and Shareholders' Equity	$14,016.7		
Provision for Loan Losses		20.2	
Net Overhead		58.9	
Income Before Income Taxes		55.7	
Provision for Income Taxes		20.9	
Tax-Equivalent Adjustment		0.2	
Net Income		$ 34.6	

(A) Adjusted to reflect the reclassification of interchange fees and mortgage banking income.

Pacific Century Financial Corporation and subsidiaries

Loan Portfolio Balances (Unaudited) Table 6

(dollars in millions)

	September 2001	June 2001	December 2000	September 2000
Domestic Loans				
Commercial and Industrial	$1,436.7	$1,775.0	$2,433.6	$2,544.1
Real Estate				
Construction				
Commercial	144.4	213.6	282.4	284.7
Residential	31.3	32.4	25.0	22.3
Mortgage				
Commercial	667.9	866.3	1,125.5	1,169.3
Residential	2,748.3	2,767.5	2,841.3	2,750.0
Installment	429.0	475.5	719.4	725.0
Lease Financing	503.0	554.5	539.8	537.3
Total Domestic	5,960.6	6,684.8	7,967.0	8,032.7
Foreign Loans	806.1	933.6	1,268.2	1,306.6
Total Loans	$6,766.7	$7,618.4	$9,235.2	$9,339.3

Pacific Century Financial Corporation and subsidiaries
Consolidated Non-Performing Assets and Accruing Loans Past Due 90 Days or More (Unaudited) Table 7

(dollars in millions)

	Sept 30 2001	June 30 2001	Mar 31 2001	Dec 31 2000	Sept 30 2000
Non-Accrual Loans					
Commercial & Industrial	$ 10.5	$ 11.8	$ 23.8	$ 55.4	$ 49.0
Real Estate					
Construction	0.7	5.8	6.3	6.4	8.1
Commercial	12.8	14.4	29.7	60.1	86.8
Residential	19.5	16.2	18.5	22.7	22.0
Installment	0.1	0.2	0.1	--	0.1
Leases	1.0	0.4	0.2	0.4	0.2
Total Domestic	44.6	48.8	78.6	145.0	166.2
Foreign	17.2	18.5	16.9	33.5	48.3
Subtotal	61.8	67.3	95.5	178.5	214.5
Loans Held For Sale	7.4	11.5	12.8	--	--
Foreclosed Real Estate					
Domestic	36.9	39.8	10.9	4.2	4.9
Foreign	0.3	0.3	0.3	0.3	0.2
Subtotal	37.2	40.1	11.2	4.5	5.1
Total Non-Performing Assets	$ 106.4	$ 118.9	$ 119.5	$ 183.0	$ 219.6
Accruing Loans					

Past Due 90 Days or More					
Commercial & Industrial	$ 0.1	$ 0.2	$ 3.9	$ 5.0	$ 2.2
Real Estate Construction & Commercial	--	--	0.9	1.3	5.0
Residential	3.4	3.7	3.3	3.3	7.2
Installment	1.0	1.8	2.7	5.6	4.6
Leases	--	0.1	0.1	0.4	0.1
Total Domestic	4.5	5.8	10.9	15.6	19.1
Foreign	0.8	0.4	0.2	3.2	1.5
Total Accruing & Past Due	$ 5.3	$ 6.2	$ 11.1	$ 18.8	$ 20.6
Total Loans	$6,766.6	$7,618.4	$8,425.0	$9,235.2	$9,339.3
Ratio of Non-Accrual Loans to Total Loans	0.91%	0.88%	1.13%	1.93%	2.30%
Ratio of Non-Performing Assets to Total Loans, Foreclosed Real Estate and Non-Performing Loans Held for Sale	1.56%	1.55%	1.41%	1.98%	2.35%
Ratio of Non-Performing Assets and Accruing Loans Past Due 90 Days or More to Total Loans	1.65%	1.64%	1.55%	2.19%	2.57%
Quarter to Quarter Changes in Non-Performing Assets					
Beginning Balance	$ 118.9	$ 119.5	$ 183.0	$ 219.6	$ 210.6
Additions	23.2	23.8	43.1	50.7	66.9
Reductions					
Payments	(25.8)	(14.4)	(63.7)	(68.4)	(36.4)
Return to Accrual	(0.9)	(2.5)	(3.0)	(4.4)	(2.9)
Sales of Foreclosed Assets	(2.2)	(1.6)	(3.0)	(2.7)	(3.0)
Charge-offs	(6.8)	(5.9)	(36.9)	(11.8)	(15.6)
Total Reductions	(35.7)	(24.4)	(106.6)	(87.3)	(57.9)
Ending Balance	$ 106.4	$ 118.9	$ 119.5	$ 183.0	$ 219.6

Pacific Century Financial Corporation and subsidiaries
Consolidated Allowance for Loan Losses (Unaudited) Table 8

(dollars in millions)

	Third Quarter 2001	Second Quarter 2001	Third Quarter 2000	First Nine Months 2001	First Nine Months 2000
Balance of Allowance for Loan Losses at Beginning of Period	$ 199.8	$ 199.8	$ 246.6	$ 246.2	$ 194.2
Loans Charged-Off					
Commercial and Industrial	3.4	8.9	8.0	87.8	17.7
Real Estate					
Construction	--	--	--	--	0.5
Commercial	2.6	1.6	2.8	16.1	14.3
Residential	1.3	1.7	1.5	5.5	5.2
Installment	5.4	4.2	4.6	15.0	14.5
Leases	0.6	--	0.2	0.7	0.4
Total Domestic	13.3	16.4	17.1	125.1	52.6
Foreign	4.1	3.9	9.5	18.0	26.6
Total Charged-Off	17.4	20.3	26.6	143.1	79.2
Recoveries on Loans Previously Charged-Off					
Commercial and Industrial	1.1	4.3	2.2	8.1	5.1
Real Estate					
Construction	--	--	--	--	--
Commercial	1.3	0.8	0.1	2.4	0.3
Residential	0.2	0.3	0.3	0.7	1.0
Installment	2.2	1.6	1.7	5.6	5.3
Leases	--	0.1	--	0.2	--
Total Domestic	4.8	7.1	4.3	17.0	11.7
Foreign	10.2	6.3	2.7	19.1	3.7
Total Recoveries	15.0	13.4	7.0	36.1	15.4
Net Charge-Offs	(2.4)	(6.9)	(19.6)	(107.0)	(63.8)
Provision for Loan Losses	0.9	6.4	20.2	59.8	117.1
Allowance Related to Disposition	(16.4)	--	--	(16.4)	--
Other Net Additions (Reductions)(1)	0.6	0.5	(2.2)	(0.1)	(2.5)
Balance at End of Period	$ 182.5	$ 199.8	$ 245.0	$ 182.5	$ 245.0

Average Loans Outstanding	$ 7,271.9	$ 8,047.8	$ 9,510.1	$ 8,120.6	$ 9,463.3
Ratio of Net Charge-Offs to Average Loans Outstanding (annualized)	0.13%	0.34%	0.82%	1.76%	0.90%
Ratio of Allowance to Loans Outstanding	2.70%	2.62%	2.62%	2.70%	2.62%

(1) Includes balance transfers, reserves acquired, and foreign currency translation adjustments.

Pacific Century Financial Corporation and subsidiaries
Analysis of Earnings (Unaudited)
Three Months Ended September 30, 2001 Table 9

(dollars in millions except per share amounts)

	Allocated			
	Restructuring and Non-Recurring Impact	Divesting Businesses	Continuing Businesses	Reported Amounts
Net Revenue	$ 52	$ 31	$ 143	$ 226
Non-Interest Expense	3	30	90	123
	49	1	53	103
Provision for Loan Losses	--	(5)	6	1
Income Before Income Taxes	49	6	47	102
Provision for Income Taxes	49	4	18	71
Net Income	$ (0)	$ 2	$ 29	$ 31
Earnings Per Share-Diluted	$ (0.005)	$ 0.026	$ 0.348	$ 0.369

Continuing Business Outlook
Year Ending 2001

(dollars in millions except per share amounts)

	Reported Amounts			Current Outlook		Previous
	Q1	Q2	Q3	Q4	Full Year	Outlook
Net Revenue	$ 144	$ 142	$ 143	$ 141	$ 570	$ 578

Non-Interest Expense	90	92	90	90	362	373
	54	50	53	51	208	205
Provision for Loan Losses	12	2	6	12	32	35
Income Before Income Taxes	42	48	47	39	176	170
Provision for Income Taxes	18	18	18	16	70	68
Allocated Net Income	$ 24	$ 30	$ 29	$ 23	$ 106	$ 102
Allocated Earnings Per Share -Diluted	$0.29	$0.36	$0.35	$0.30	$1.30	$1.29

This information is based on estimates of current and future performance of identified business units within a range of 2%. Readers are reminded to refer to the guidance regarding forward looking information. First quarter amounts have been reclassified.

Pacific Century Financial Corporation and subsidiaries
Quarterly Summary of Selected Consolidated Financial Data (Unaudited)

Table 10

(dollars in millions except per share amounts)

	Sep. 30 2001	June 30 2001	Mar. 31 2001	Dec. 31 2000	Sept. 30 2000
Balance Sheet Totals					
Total Assets	$11,944.2	$12,755.5	$13,710.7	$14,013.8	$13,939.9
Net Loans	6,584.1	7,418.6	8,225.2	8,988.9	9,094.3
Deposits	7,399.7	8,108.5	8,815.5	9,080.6	8,820.7
Long-Term Debt	678.4	830.9	882.7	997.2	999.7
Shareholders' Equity	1,371.1	1,395.7	1,371.9	1,301.4	1,250.1
Quarterly Operating Results					
Net Interest Income	$ 111.9	$ 116.8	$ 125.2	$ 132.1	$ 132.8
Provision for Loan Losses	0.9	6.4	52.5	25.8	20.1
Non-Interest Income	113.9	98.4	160.7	70.6	67.0

Non-Interest Expense	123.3	161.8	172.6	123.1	124.2
Net Income	31.1	26.7	33.7	32.6	34.6
Basic Earnings Per Share	$ 0.39	$ 0.33	$ 0.42	$ 0.41	$ 0.44
Diluted Earnings Per Share	$ 0.37	$ 0.32	$ 0.42	$ 0.41	$ 0.44
Return on Average Assets	1.00%	0.83%	0.99%	0.94%	0.98%
Return on Average Equity	8.88%	7.69%	10.42%	10.24%	11.20%
Core Efficiency Ratio	69.12%	68.53%	65.62%	60.74%	62.15%
Cash Basis Financial Data (1)(2)					
Net Income	$ 34.4	$ 30.4	$ 37.6	$ 36.2	$ 38.7
Basic Earnings Per Share	$ 0.43	$ 0.38	$ 0.47	$ 0.46	$ 0.49
Diluted Earnings Per Share	$ 0.41	$ 0.37	$ 0.46	$ 0.45	$ 0.49
Return on Average Assets	1.12%	0.95%	1.12%	1.06%	1.12%
Return on Average Equity	11.17%	9.96%	10.42%	13.41%	14.88%
Core Efficiency Ratio	67.21%	66.51%	63.60%	58.78%	60.08%

(1) Excludes the effect of restructuring activities and non-recurring transactions.

(2) Excludes the effect of intangibles which include goodwill, core deposit and trust intangibles.

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