PART FIVE OF FIVE: Pacific Century Financial Corporation Reports Second Quarter Earnings of $0.08 Per Share

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(BW)(HI-PACIFIC-CENTURY)(BOH) PART FIVE OF FIVE: Pacific Century Financial Corporation Reports Second Quarter Earnings of $0.08 Per Share

Business Editors

PART FIVE OF FIVE

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

(in millions of dollars except per share amounts)	Jun. 30 2000	Mar. 31 2000	Dec. 31 1999
Balance Sheet Totals			
Total Assets	$14,294.6	$14,250.4	$14,440.3
Net Loans	9,497.4	9,346.5	9,280.8
Deposits	9,109.1	9,143.1	9,394.2
Long-Term Debt	902.2	805.7	727.7
Shareholders' Equity	1,209.4	1,225.9	1,212.3
Quarterly Operating Results			
Net Interest Income	$138.6	$139.5	$143.0
Provision for Loan Losses	83.4	13.5	20.9
Non-Interest Income	73.6	63.9	69.4
Non-Interest Expense	121.9	126.1	131.2
Net Income	6.7	39.8	37.6
Basic Earnings Per Share	$0.08	$0.50	$0.47
Diluted Earnings Per Share	$0.08	$0.50	$0.47
Return on Average Assets	0.19%	1.13%	1.04%
Return on Average Equity	2.19%	13.19%	12.29%
Efficiency Ratio	57.31%	62.06%	63.32%
Normalized Efficiency Ratio (1)	--	--	--
Excluding the Effects of Intangibles (2)			
Net Income	$11.0	$43.9	$42.3
Basic Earnings Per Share	$0.14	$0.55	$0.53
Diluted Earnings Per Share	$0.14	$0.55	$0.52
Return on Average Assets	0.32%	1.26%	1.19%
Return on Average Equity	4.30%	17.54%	16.69%

Efficiency Ratio	54.96%	59.73%	60.59%
Normalized Efficiency Ratio (1)	--	--	--

(in millions of dollars except per share amounts)	Sept. 30 1999	Jun. 30 1999	Mar. 31 1999
Balance Sheet Totals			
Total Assets	$14,505.4	$14,551.5	$14,928.3
Net Loans	9,321.5	9,181.7	9,208.1
Deposits	9,290.4	9,286.2	9,434.4
Long-Term Debt	794.8	654.8	675.6
Shareholders' Equity	1,208.5	1,214.2	1,207.6
Quarterly Operating Results			
Net Interest Income	$143.5	$144.4	$143.8
Provision for Loan Losses	13.5	13.9	12.6
Non-Interest Income	71.4	63.6	61.2
Non-Interest Expense	155.6	132.1	134.8
Net Income	21.5	38.5	35.4
Basic Earnings Per Share	$0.27	$0.48	$0.44
Diluted Earnings Per Share	$0.27	$0.47	$0.44
Return on Average Assets	0.59%	1.05%	0.96%
Return on Average Equity	7.01%	12.72%	12.00%
Efficiency Ratio	72.44%	65.67%	66.37%
Normalized Efficiency Ratio (1)	61.98%	--	--
Excluding the Effects of Intangibles (2)			
Net Income	$25.9	$42.3	$39.3
Basic Earnings Per Share	$0.32	$0.53	$0.49
Diluted Earnings Per Share	$0.32	$0.52	$0.48
Return on Average Assets	0.73%	1.18%	1.08%
Return on Average Equity	10.25%	17.01%	16.21%
Efficiency Ratio	70.04%	63.53%	64.25%
Normalized Efficiency Ratio (1)	59.57%	--	--

(1) Excludes impact of $22.5 million restructuring charge in 1999's Third Quarter.

(2) Intangibles include goodwill, core deposit and trust intangibles,
and other intangibles.

Pacific Century Financial Corporation and subsidiaries
Loan Portfolio Balances

(in millions of dollars)	June 30 2000	December 31 1999	June 30 1999
Domestic Loans			
Commercial and Industrial	$2,683.8	$2,493.0	$2,406.5
Real Estate			
Construction -- Commercial	294.3	315.1	308.7
-- Residential	21.9	13.8	18.2
Mortgage -- Commercial	1,241.2	1,244.8	1,259.8
-- Residential	2,807.4	2,645.4	2,559.1

Installment	750.0	756.1	736.7
Lease Financing	782.7	627.6	548.2
Total Domestic	8,581.3	8,095.8	7,837.2
Foreign Loans	1,490.2	1,621.8	1,773.8
Total Loans	$10,071.5	$9,717.6	$9,611.0

Comments on Second Quarter 2000 Results

Pacific Century Financial Corporation reported second quarter earnings of $6.7 million, down 82.6% from the same period last year and 83.1% lower than reported for 2000's first quarter. Diluted earnings per share for the second quarter were $0.08, down 83.0% from the $0.47 reported in 1999's second quarter and down 84.0% from $0.50 reported in 2000's first quarter.

Earnings for the period reflect the adverse impact of previously announced extra provisioning to the loan loss reserve. Earnings also reflect the $11.9 million positive financial statement impact of the partial settlement of the company's liability under its defined benefit pension plan. For comparative purposes, last year's second quarter earnings included the impact of $6.8 million in securities gains, and the first quarter of 2000 included $2.0 million in non-recurring income.

Tangible or economic earnings for the quarter were $11.0 million relative to $42.3 million reported for the like period last year. Tangible diluted earnings per share for the quarter were $0.14, down 73.1% from $0.52 reported for the second quarter of 1999.

Earnings for the first six months of 2000 totaled $46.5 million, down 37.1% from the $73.9 million reported for the first half of 1999. For the same six-month period diluted earnings per share for 2000 were $0.58, compared to $0.91 for 1999. Tangible diluted earnings per share for year-to-date 2000 were $0.69 versus $1.00 for the comparable period in 1999.

For the first six months of 2000 return on average assets was 0.66% relative to 1.01% reported for the first half of 1999. Return on average equity year-to-date was 7.65% relative to 12.36% in 1999. Stated on a tangible basis, return on average assets and return on average equity were 0.79% and 10.84%, respectively.

Total assets of $14.3 billion at June 30, 2000 were 1.8% lower than at June 30, 1999 reflecting a continuing emphasis to make the balance sheet more efficient. Total loans of $10.1 billion reflected year-over-year growth of $460.5 million, which was more than offset by a $523.2 million decline in securities and short-term investments. Deposits at June 30, 2000 were $9.1 billion, down $177.0 million relative to June 30, 1999. The decline in deposits was driven by a $190.0 million reduction in foreign time deposits due to banks (functionally a form of short-term borrowings).

Second quarter net interest income on a fully taxable equivalent basis declined by 3.7% to $139.3 million from the same period in 1999. The decline was the result of the reduction in earning assets referred to above. Net interest margin for the quarter was 4.27% versus 4.28% in 1999's second quarter and down slightly from 4.31% reported in the first quarter of 2000.

The quarterly provision for loan losses totaled $83.4 million compared with $13.9 million in 1999's second quarter and $13.5 million 2000's first quarter. Pacific Century had previously announced an intent to increase provisioning to address asset quality trends in its syndicated loan, Hawaii commercial real estate loan and Fiji loan portfolios. The provision exceeded net charge-offs of $32.9 million, bolstering the loan loss reserve by $50.5 million.

Gross charge-offs amounted to $36.5 million for the quarter, or $20.4 million higher than realized in 2000's first quarter. Growth in charge-offs was concentrated in three segments of the loan portfolio. C&I charge-offs totaled $8.3 million, including approximately $5.8 million in two syndicated credits. Commercial real estate charge-offs were $7.6 million and were related to three Hawaii credits. Foreign charge-offs were $13.4 million, including approximately $4.5 million in Fiji and $5.2 million related to International Trust and Investment Corporation (ITIC) credits in China, leaving approximately $13.5 million in ITIC credits on non-accrual status.

Non-performing assets (NPAs), exclusive of loans past due 90+ days ended the quarter at $199.4 million or 1.98% of total loans, up from $136.4 million reported at March 31, 2000 and $149.4 million at June 30, 1999. During the quarter, non-accrual C&I loans grew by $32.6 million, largely represented by four syndicated loans. Real estate construction non-accrual loans increases included two loans totaling approximately $7.0 million. The rise in commercial real estate non-accrual included four Hawaii credits totaling $35 million. Foreign non-accrual loans declined by $6.0 million during the quarter, primarily reflecting charges taken against non-accrual International Trust & Investment Corporation exposure in China.

The following information highlights the syndicated loan and Hawaii commercial real estate loan portfolios, which were key areas that impacted asset quality during the quarter.

- Syndicated loans, defined as credits of $20 million or more with three or more institutions (using shared national credit examination criteria), totaled $1.3 billion in loans outstanding out of $3.7 billion in commitments at June 30, 2000. The $1.3 billion in loans outstanding represents approximately 13% of Pacific Century's total loans outstanding of $10.1 billion at June 30, 2000. Of the amount outstanding, approximately 40% represented investment grade quality loans. The communication/media portfolio was 34% of total syndicated loans outstanding and is an area that Pacific Century has specialized in for nearly 20 years.
- Commercial real estate loans totaled $1.5 billion at the end of the second quarter, of which Hawaii commercial real estate represented approximately 54%. The largest sectors in the portfolio include retail (36%), industrial (20%) and hotel/resort (16%).

Non-interest income, exclusive of securities transactions, totaled $74.1 million, up 30.4% from 1999's second quarter and up 16.4% from 2000's first quarter. During the quarter, Pacific Century recognized an $11.9 million gain related to annuities purchased to settle a portion of its defined benefit pension plan. The gain is separately reported as a component of non-interest income. Further excluding the $11.9 million from this quarter's results, growth in non-interest income was $5.4 million or 9.5% relative to the second quarter of 1999.

Non-interest expenses totaled $121.9 million for the quarter, down 7.7% from 1999's second quarter and down 3.3% from 2000's first quarter. The significant reduction relative to 1999's like period reflects reduced compensation expense and reduced other operating expense related to New Era implementation in 2000 and Y2K remediation costs embedded in 1999's results. Compensation expense for the quarter included reductions in incentive and profit sharing accruals of approximately $4.8 million, reflective of second quarter 2000 earnings results.

Pacific Century's New Era Redesign program finished its third quarter of implementation demonstrating its intended impact on net income.

During the quarter, Pacific Century repurchased 425,000 shares of common stock, of which approximately 261,000 shares were related to the company's October 1999 share repurchase authorization; while the remainder offset shares issued under the company's dividend reinvestment and various benefit plans.

(END OF PART FIVE OF FIVE)

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