



## Bank of Hawaii Corporation Second Quarter 2002 Financial Results

July 22, 2002

HONOLULU--(BUSINESS WIRE)--July 22, 2002--Bank of Hawaii Corporation (NYSE:BOH):

- Net Income \$31.0 Million, or \$0.42 Per Share
- Board of Directors Declares Dividend of \$0.18 Per Share
- Shares Repurchases Total 3.9 Million During the Quarter
- Company Signs Agreement with Metavante for Key Technology Services

Bank of Hawaii Corporation (NYSE:BOH) today reported diluted earnings per share of \$0.42 for the second quarter of 2002, up 31.3 percent from \$0.32 in the second quarter of 2001. Net income for the second quarter was \$31.0 million, up 16.0 percent from \$26.7 million in the comparable quarter last year. The return on average assets for the quarter was 1.23 percent, up from 0.83 percent in the same period last year. The return on average equity was 9.94 percent for the quarter, compared to 7.69 percent in the second quarter of 2001.

"Our financial results in the second quarter continue to show progress and we remain encouraged by the improving Hawaii economy," said Michael E. O'Neill, Chairman, CEO and President. "Our recent decision to move key technology services to Metavante in 2003 will improve our operating efficiency and allow us to focus attention on better serving our customers."

For the first six months of 2002, net income was \$62.1 million, up 2.7 percent from net income of \$60.4 million for the same period last year. Diluted earnings per share were \$0.83 for the first half of 2002, up 12.2 percent from \$0.74 per share for the same period last year. The year-to-date return on average assets was 1.22 percent, up from 0.91 percent for the first six months of 2001. The year-to-date return on average equity was 9.96 percent versus 9.0 percent for the first half of 2001.

There were no non-core items in the second quarter of 2002; however, the presence of non-core items and the effects of business divestitures in prior quarters continue to have a significant impact on the comparability of results. Included in the first quarter of 2002 were restructuring costs of \$2.0 million related to completion of the Company's previously announced divestiture plan. Non-core items in the second quarter of 2001 included gains of \$24.8 million related to the divestitures and \$11.1 million from sales of investments. Restructuring and other non-core expenses of \$38.9 million offset these gains. Supplemental information has been provided in Table 9 summarizing the continuing core business results for the last six quarters.

### Financial Highlights

Net interest income for the second quarter of 2002 on a fully taxable equivalent basis was \$93.0 million, down \$1.9 million, or 2.0 percent from the previous quarter largely due to expected decreases in the amount of mortgage loans held for sale. Net interest income was down \$23.7 million from the prior year quarter primarily due to asset sales related to the divestitures, the exit of the Asia business and the managed reduction of loans to reduce credit risk.

Bank of Hawaii Corporation's net interest margin was 3.97 percent for the second quarter of 2002, a 6 basis point increase from 3.91 percent in the second quarter last year and up 4 basis points from 3.93 percent in the previous quarter. The improvement was primarily due to reductions in short-term borrowings and time deposits, which lowered the Company's cost of funds.

The provision for loan and lease losses was \$3.3 million for the second quarter of 2002, down \$3.1 million, or 48.2 percent from \$6.4 million in the same quarter last year and down \$5.0 million, or 59.9 percent from \$8.3 million in the previous quarter. The provision in the second quarter of 2002 equaled net charge-offs for the quarter.

Non-interest income was \$48.9 million for the quarter, down \$5.1 million or 9.4 percent from \$54.0 million in the first quarter of 2002 primarily due to the anticipated decrease in revenue from mortgage banking activities. The second quarter of 2001 included \$35.9 million in previously mentioned gains. Adjusted for these items, non-interest income decreased \$13.1 million from the previous year largely due to sales of the Company's South Pacific entities and Pacific Century Bank branch franchise in California.

Non-interest expense for the second quarter of 2002 was \$90.4 million compared to \$92.4 million in the previous quarter, which included \$2.0 million in restructuring costs. Non-interest expense in the second quarter of 2001 included restructuring and other related costs of \$38.9 million. Adjusting for these items, non-interest expense declined \$32.0 million or 26.2 percent from the same quarter last year and was unchanged from the previous quarter. The most significant reductions were in Salaries and Other Operating Expenses, which were down \$10.8 million and \$9.8 million, respectively, and were largely associated with the divested businesses. Other Operating Expenses were up compared to the previous quarter as the Company increased its investment in employee education and processes, primarily related to customer sales and service initiatives.

The efficiency ratio was 63.7 percent for the second quarter of 2002 compared to 62.1 percent in the previous quarter and 75.2 percent in the same quarter last year. For the first six months of 2002, the efficiency ratio improved to 62.9 percent from 66.7 percent in the same period last year.

The 35.6 percent effective tax rate for the first six months of 2002 is a decrease from the prior year as the effective tax rate in 2001 reflected the impact of divestitures and foreign taxes.

### Asset Quality

Bank of Hawaii Corporation's credit quality continued to benefit from an improving Hawaii economy during the second quarter of 2002. Asset quality as measured by the Company's internal credit risk ratings improved during the quarter, including its exposure to air transportation and hotel companies.

Non-performing assets were \$78.8 million at the end of the second quarter 2002, down 13.1 percent from \$90.7 million at the end of the first quarter 2002. Compared to the same quarter last year, non-performing assets were down \$40.1 million, or 33.7 percent. At June 30, 2002 the ratio of non-performing assets to total loans plus foreclosed assets was 1.45 percent, down from 1.61 percent at March 31, 2002 and 1.55 percent at June 30, 2001. The decrease in non-performing assets was largely due to sales of a nationally syndicated credit and one Hawaii loan held for sale as well as the return to accrual of two Hawaii based credits. These reductions were partially offset by the addition of two credits in the West Pacific region.

Non-accrual loans were \$61.6 million at June 30, 2002 down from \$63.7 million at March 31, 2002 due to the previously mentioned activity in non-performing assets. Non-accrual loans at June 30, 2002 were down \$5.7 million, or 8.5 percent from June 30, 2001. Non-accrual loans as a percentage of total loans were 1.14 percent at June 30, 2002, unchanged from the previous quarter and up from 0.88 percent in the same period last year. The increase in the ratio from the prior year is mainly due to a \$2.2 billion decrease in loans outstanding resulting from the divestiture of operations in the South Pacific, Asia and California in the prior year, and significant reductions in national syndications.

Net charge-offs for the second quarter of 2002 were \$3.3 million or 0.24 percent of total average loans (annualized). Charge-offs of \$7.5 million were partially offset by recoveries of \$4.2 million. The allowance for loan and lease losses of \$159.0 million at June 30, 2002 was unchanged from March 31, 2002 and down \$40.8 million from June 30, 2001.

The ratio of the allowance for loan and lease losses to total loans was 2.94 percent at the end of the second quarter of 2002, up from 2.84 percent at the end of the first quarter of 2002 and up from 2.62 percent at the end of the same quarter last year. The ratio of the allowance for loan and lease losses to non-accrual loans was 258 percent, up slightly from 249 percent in the previous quarter and down from 297 percent last year.

Air transportation exposure totaled \$154 million at June 30, 2002 and consisted of \$136 million in equity interests in leveraged leases and \$18 million in lending exposure, of which \$7 million was undrawn. This exposure included \$15 million to an air cargo carrier. All of the Company's air transportation exposures remain current.

Exposure to national hotel companies declined to \$104 million at June 30, 2002 with undrawn commitments of \$73 million. Exposure to Hawaii-based hotel companies totaled \$137 million at June 30, 2002 including undrawn commitments of \$32 million. In the West Pacific, loans outstanding to hotel companies totaled \$43 million at the end of second quarter 2002. All of the Company's hotel exposures remain current.

Bank of Hawaii Corporation's commitments to telecommunications companies totaled \$45 million at June 30, 2002. The Company's outstanding exposure was \$8 million at the end of second quarter, including \$6 million in performing loans and venture investments of \$2 million.

Syndicated loans outstanding decreased to \$348 million during the second quarter of 2002. Total syndicated exposure, consisting of loans and undrawn commitments, declined \$256 million from the prior quarter to \$1.1 billion at June 30, 2002.

#### Other Financial Highlights

Total assets were \$9.8 billion at the end of June 30, 2002, down from \$10.6 billion at December 31, 2001 and down from \$12.8 billion at the end of June 30, 2001. The most significant reductions were in commercial loans and foreign loans resulting from the divestitures and strategic risk reductions in the portfolio. In addition, the Company significantly reduced its loans held for sale.

Deposits at June 30, 2002 were \$6.5 billion, down slightly from \$6.7 billion at December 31, 2001 and down \$1.7 billion from the end of June 30, 2001. The decline from the previous year was primarily due to sales of the Pacific Century Bank branch franchise in California and South Pacific operations, as well as a managed reduction in foreign deposits resulting from the decision to exit Asia. The Company continues to manage down its higher cost funds, including time deposits, purchased funds, short-term borrowings and long-term debt.

During the second quarter of 2002, Bank of Hawaii Corporation repurchased 3.9 million shares of common stock at an average cost of \$28.53, totaling \$111.5 million. At June 30, 2002, the Company had repurchased a total of 12.9 million shares under its previously announced share repurchase programs. Through June 30, 2002 a total of \$324.4 million has been returned to the shareholder at an average cost of \$25.12 per share. Since June 30, 2002 another 1.0 million shares have been repurchased at an average cost of \$27.33 per share. Remaining buyback authority under the existing repurchase programs was \$218.1 million at July 19, 2002.

Capital and liquidity remain exceptionally strong at the Company. At June 30, 2002, the Tier 1 leverage ratio was 12.11 percent compared to 12.64 percent at March 31, 2002 and 10.47 percent at June 30, 2001.

Bank of Hawaii Corporation'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 September 16, 2002 to shareholders of record at the close of business on August 23, 2002.

#### Key Systems Replacement Project

In an effort to reduce its operating costs over the long term, Bank of Hawaii Corporation also announced today that it has signed an agreement with Metavante Corporation, which will serve as the bank's primary technology systems provider. Metavante currently provides services to over 5,100 clients, including the largest 20 banks in the United States. Bank of Hawaii will convert its key systems, including loans and deposits, to Metavante's state-of-the-industry computer system. The new systems are intended to enhance customer service and convenience, as well as improve the Bank of Hawaii's efficiency. This seven-year outsourcing arrangement is similar to those used by other Hawaii banks and is expected to be operational in the third quarter of 2003.

In connection with this decision, the Company estimates that it will recognize mainframe system transition charges of approximately \$35 million over the next five quarters. These estimated charges are comprised of \$12 million in conversion and implementation costs, \$11 million in accelerated depreciation on the existing systems and other equipment costs, \$6 million in outplacement and severance, and \$6 million in other costs. The resale of the Company's key technology and operations services is anticipated to result over the next year in a reduction of approximately 250 employees. Beginning in the third quarter of 2003, the conversion should provide annual cost savings of over \$17 million compared to current expense levels.

#### Economic Outlook

Hawaii's economy has recovered from the adverse impact of last year's terrorist attack. While May jobs remain down 0.5 percent from one year ago, annualized 2002 job growth of 5.0 percent through May points to a rapid employment recovery. Real estate and construction activity continues to lead

the Hawaii economy, with volumes and valuations reaching new highs in some categories. Hawaii seasonally adjusted unemployment returned to 4.2 percent during May 2002, one-tenth of a point below third quarter 2001 and down from the November 2001 peak of 5.6 percent.

Domestic visitor arrivals during May 2002 were up 0.4 percent from one year ago and visitor days rose 3.1 percent, a record setting pace. International visitors, who normally represent approximately one-quarter of total visitors, remained down nearly 10 percent in recent months. Recent strengthening of yen-dollar exchange rates and other currency trends are boosting the foreign travel recovery, a shortfall already offset by the rebound in domestic travel.

#### Earnings Outlook

Bank of Hawaii Corporation continues its previous earnings guidance of \$120 million in net income for the year 2002. Given the improvement in the Hawaii economy and recent encouraging trends in credit losses, the Company expects to reduce its allowance for loan losses. The amount and timing of the reduction will be based on evaluations of credit risk. However, based on current conditions, the Company does not expect to continue to record a provision for loan losses equal to the amount of loan losses.

The cost to convert its key systems will be incurred during the conversion period beginning next quarter and continuing through the third quarter of 2003. Under new accounting standards included in SFAS 146, severance costs will be recognized throughout the conversion period. The costs of abandoning software and hardware assets will be reflected as accelerated amortization and depreciation over the conversion period. Costs of conversion services and other related costs will be recognized as incurred. The Company will disclose system conversion costs on a separate line of the income statement in future periods.

For the third quarter of 2002, operating income is expected to approximate the levels of second quarter. Incremental system conversion costs, which will be separately identified, are estimated to be approximately \$7.8 million for the third quarter. The amount of the provision for loan losses, if any, will depend on determinations of credit risk that will be made near the end of the quarter. Earnings per share and return on equity projections are dependent upon the terms and timing of share repurchases.

#### Conference Call Information

The Company will review its Second Quarter 2002 earnings today at 2:00 p.m. ET. The presentation will be accessible via teleconference and via the investor relations link of Bank of Hawaii Corporation's web site, [www.boh.com](http://www.boh.com). The conference call number is (800) 997-8642 in the U.S. or (973) 694-2225 for international callers. A replay of the call will be available for one week beginning at 6:00 p.m. ET on Monday, July 22, 2002 by calling (800) 428-6051 in the U.S. or (973) 709-2089 for international callers and entering the number 248890 when prompted. A replay of the presentation will be also available on the Company's web site.

Bank of Hawaii Corporation is a regional financial services company serving businesses, consumers and governments in Hawaii, American Samoa and the West Pacific. The Company's principal subsidiary, Bank of Hawaii, was founded in 1897 and is the leading commercial bank in the state of Hawaii.

This news release contains forward-looking statements concerning anticipated revenues and expenses in 2002 and beyond. 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: the Hawaii economy may not continue at the pace we anticipate; our refocused emphasis on our Hawaii market may not achieve the customer and revenue gains we anticipate; our credit markets may deteriorate and our credit quality 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; the economics or timing, or both, of our technology outsourcing project may not result in the expected benefits; unanticipated difficulties or delays in the conversion of our data processing to outsourcing may result in the reduction or delay of anticipated cost savings or increased cost of conversion; the technology outsourcing project may not be able to achieve the projected reductions in staffing; we may encounter unanticipated difficulties or costs in exiting existing data processing agreements with third parties; the required level of reserves for loan and lease losses may increase or decrease due to changes in our credit quality or risk profile; there may be economic volatility in the markets we serve; and there may be changes in business and economic conditions, competition, fiscal and monetary policies or legislation. We do not undertake any obligation to update any forward-looking statements to reflect later events or circumstances.

#### Bank of Hawaii Corporation and subsidiaries

##### Highlights (Unaudited)

Table 1

(dollars in thousands except per share amounts)

Earnings Highlights and Performance Ratios	Quarter Ended		Six Months Ended	
	June 30, 2002	June 30, 2001	June 30, 2002	June 30, 2001
Net Income	\$ 31,016	\$ 26,739	\$ 62,072	\$ 60,416
Basic Earnings Per Share	0.43	0.33	0.85	0.75
Diluted Earnings Per Share	0.42	0.32	0.83	0.74
Cash Dividends	13,068	14,427	26,245	28,790
Return on Average Assets	1.23%	0.83%	1.22%	0.91%
Return on Average Equity	9.94%	7.69%	9.96%	9.00%
Net Interest Margin	3.97%	3.91%	3.95%	3.94%
Efficiency Ratio	63.71%	75.15%	62.86%	66.69%

Statement of Condition Highlights and Performance Ratios	June 30, 2002	June 30, 2001	
Total Assets	\$ 9,823,348	\$ 12,755,507	
Net Loans	5,249,498	7,418,006	
Total Deposits	6,455,268	8,108,468	
Total Shareholders' Equity	1,191,072	1,395,731	
Book Value Per Common Share	\$ 17.05	\$ 17.24	
Allowance / Loans Outstanding	2.94%	2.62%	
Average Equity / Average Assets	12.27%	10.08%	
Employees (FTE)	2,983	4,197	
Branches and offices	97	163	
Market Price Per Share of Common Stock for the Quarter Ended:			
	Closing	\$28.00	\$25.79
	High	\$29.86	\$25.80
	Low	\$25.45	\$19.38

Bank of Hawaii Corporation and subsidiaries  
Consolidated Statements of Income (Unaudited) Table 2

(dollars in thousands except per share amounts)	Three Months Ended June 30		Six Months Ended June 30	
	2002	2001	2002	2001
<b>Interest Income</b>				
Interest and Fees on Loan and Leases	\$ 92,441	\$ 163,622	\$ 191,086	\$ 352,527
Income on Investment Securities - Held to Maturity	4,894	9,097	10,092	19,114
Income on Investment Securities - Available for Sale	26,455	36,750	53,595	76,591
Deposits	6,011	4,941	11,058	10,325
Funds Sold and Security Resale Agreements	752	1,352	1,755	2,450
Other	1,395	1,347	2,727	2,564
<b>Total Interest Income</b>	<b>131,948</b>	<b>217,109</b>	<b>270,313</b>	<b>463,571</b>
<b>Interest Expense</b>				
Deposits	22,166	60,021	46,144	132,002
Security Repurchase Agreements	8,256	20,843	18,549	45,473
Funds Purchased	245	2,334	476	8,456
Short-Term Borrowings	289	2,763	938	5,993
Long-Term Debt	8,055	14,459	16,374	29,773
<b>Total Interest Expense</b>	<b>39,011</b>	<b>100,420</b>	<b>82,481</b>	<b>221,697</b>
<b>Net Interest Income</b>	<b>92,937</b>	<b>116,689</b>	<b>187,832</b>	<b>241,874</b>
Provision for Loan and Lease Losses	3,324	6,413	11,616	58,878
<b>Net Interest Income After Provision for Loan and Lease Losses</b>	<b>89,613</b>	<b>110,276</b>	<b>176,216</b>	<b>182,996</b>
<b>Non-Interest Income</b>				
Trust and Asset Management	14,175	15,247	28,993	31,042
Mortgage Banking	3,080	4,673	11,263	9,781

Service Charges on Deposit Accounts	7,956	9,878	16,366	19,817
Fees, Exchange, and Other Service Charges	13,065	19,784	25,517	43,250
Gain on Sales of Banking Operations, Net of Venture Investment Losses	-	24,794	-	96,908
Investment Securities Gains	3	11,776	3	31,979
Other	10,643	11,823	20,794	25,659
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Total Non-Interest Income	48,922	97,975	102,936	258,436
Non-Interest Expense				
Salaries	38,650	49,469	78,600	99,451
Pensions and Other Employee Benefits	9,391	11,506	19,387	24,424
Net Occupancy Expense	9,321	11,898	18,914	24,025
Net Equipment Expense	9,997	13,103	20,118	26,486
Goodwill Amortization	-	3,634	-	7,583
Restructuring and Other Related Costs	-	38,904	1,979	83,343
Other	23,015	32,807	43,788	68,329
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Total Non-Interest Expense	90,374	161,321	182,786	333,641
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Income Before Income Taxes	48,161	46,930	96,366	107,791
Provision for Income Taxes	17,145	20,191	34,294	47,375
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Net Income	\$ 31,016	\$ 26,739	\$ 62,072	\$ 60,416
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Basic Earnings Per Share	\$0.43	\$0.33	\$0.85	\$0.75
Diluted Earnings Per Share	\$0.42	\$0.32	\$0.83	\$0.74
Dividends Declared Per Share	\$0.18	\$0.18	\$0.36	\$0.36
Basic Weighted Average Shares	72,299,850	80,516,216	72,803,414	80,120,449
Diluted Weighted Average Shares	74,486,987	82,975,267	74,815,508	82,030,085
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Bank of Hawaii Corporation and subsidiaries

Consolidated Statements of Condition (Unaudited) Table 3

(dollars in thousands)	June 30 2002	December 31 2001	June 30 2001
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Assets			
Interest-Bearing Deposits	\$ 1,346,014	\$ 1,101,974	\$ 458,696
Investment Securities - Held to Maturity (Market Value of \$323,722, \$407,838, and \$542,795, respectively)	312,467	396,216	530,815
Investment Securities - Available for Sale	1,806,384	2,001,420	2,200,965
Securities Purchased Under Agreements to Resell	-	-	7,688
Funds Sold	125,000	115,000	318,182
Loans Held for Sale	48,416	456,709	571,395
Loans	5,408,477	5,652,518	7,617,806
Allowance for Loan and Lease Losses	(158,979)	(158,979)	(199,800)
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Net Loans	5,249,498	5,493,539	7,418,006
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Total Earning Assets	8,887,779	9,564,858	11,505,747
Cash and Non-Interest Bearing			
Deposits	314,541	405,981	391,552
Premises and Equipment	188,128	196,171	242,040
Customers' Acceptance Liability	1,657	593	4,184
Accrued Interest Receivable	38,425	42,687	61,702
Foreclosed Real Estate	17,223	17,174	40,078
Mortgage Service Rights	30,244	27,291	19,282
Goodwill	36,216	36,216	138,233
Other Assets	309,135	336,826	352,689
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Total Assets	\$ 9,823,348	\$ 10,627,797	\$ 12,755,507
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Liabilities			
Domestic Deposits			
Demand - Non-Interest Bearing	\$ 1,465,378	\$ 1,548,322	\$ 1,591,824
- Interest Bearing	2,002,926	1,926,018	1,914,474
Savings	1,276,016	967,825	758,262
Time	1,652,805	1,927,778	2,602,035
Foreign Deposits			
Demand-Non-Interest Bearing	-	2	319,165
Time Due to Banks	16,777	230,247	53,968
Other Savings and Time	41,366	73,404	868,740
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Total Deposits	6,455,268	6,673,596	8,108,468
Securities Sold Under Agreements to Repurchase	1,257,808	1,643,444	1,632,774
Funds Purchased	60,243	55,800	176,768
Current Maturities of Long-Term Debt	50,000	100,670	316,670
Short-Term Borrowings	29,910	134,222	227,280
Banker's Acceptances Outstanding	1,657	593	4,184
Retirement Expense Payable	37,642	36,175	36,010
Accrued Interest Payable	23,427	29,762	59,558
Taxes Payable	181,826	138,366	170,811
Other Liabilities	80,154	98,422	97,571
Long-Term Debt	454,341	469,735	529,682
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Total Liabilities	8,632,276	9,380,785	11,359,776
Shareholders' Equity			
Common Stock (\$.01 par value), authorized 500,000,000 shares; issued / outstanding: June 2002 - 81,329,346 / 69,856,075 Dec. 2001 - 81,377,241 / 73,218,326; June 2001 - 81,368,629 / 80,948,825	806	806	806
Capital Surplus	370,947	367,672	367,390
Accumulated Other Comprehensive Income	29,931	22,761	25,033
Retained Earnings	1,082,421	1,055,424	1,028,036
Deferred Stock Grants	(4,182)	(7,637)	(17,038)
Treasury Stock, at Cost (Shares: June 2002 - 11,473,271; December 2001 - 8,158,915; June 2001 - 419,804)	(288,851)	(192,014)	(8,496)
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Total Shareholders' Equity	1,191,072	1,247,012	1,395,731
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Total Liabilities and Shareholders' Equity	\$ 9,823,348	\$ 10,627,797	\$ 12,755,507
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Bank of Hawaii Corporation and subsidiaries  
Consolidated Statements of Shareholders' Equity (Unaudited) Table 4

(dollars in thousands)	Total	Common Stock	Capital Surplus	Accum. Other Comprehensive Income
For the Six Months Ended June 30, 2002				
Balance at December 31, 2001	\$ 1,247,012	\$ 806	\$ 367,672	\$ 22,761
Comprehensive Income				
Net Income	62,072	-	-	-
Other Comprehensive Income, Net of Tax				
Investment Securities	7,547	-	-	7,547
Foreign Currency Translation Adjustment	(377)	-	-	(377)
Total Comprehensive Income				
Common Stock Issued				
22,894 Profit Sharing Plan	632	-	119	-
1,222,308 Stock Option Plan	25,142	-	3,727	-
53,227 Dividend Reinvestment Plan	1,464	-	264	-
3,605 Directors' Restricted Shares and Deferred Compensation Plan	50	-	103	-
(51,500) Employees' Restricted Shares	2,469	-	(938)	-
Treasury Stock Purchased (4,610,800 shares)	(128,694)	-	-	-
Cash Dividends Paid	(26,245)	-	-	-
Balance at June 30, 2002	\$ 1,191,072	\$ 806	\$ 370,947	\$ 29,931

Bank of Hawaii Corporation and subsidiaries  
Consolidated Statements of Shareholders' Equity (Unaudited)

(dollars in thousands)	Retained Earnings	Deferred Stock Grants	Treasury Stock	Comprehensive Income
For the Six Months Ended June 30, 2002				
Balance at December 31, 2001	\$ 1,055,424	\$ (7,637)	\$ (192,014)	
Comprehensive Income				
Net Income	62,072	-	-	\$62,072
Other Comprehensive Income, Net of Tax				
Investment Securities	-	-	-	7,547
Foreign Currency Translation Adjustment	-	-	-	(377)
Total Comprehensive Income				\$69,242
Common Stock Issued				
22,894 Profit Sharing Plan	-	-	513	
1,222,308 Stock Option Plan	(8,828)	48	30,195	

53,227 Dividend Reinvestment Plan	(2)	-	1,202
3,605 Directors' Restricted Shares and Deferred Compensation Plan	-	-	(53)
(51,500) Employees' Restricted Shares	-	3,407	
Treasury Stock Purchased (4,610,800 shares)	-	-	(128,694)
Cash Dividends Paid	(26,245)	-	-
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Balance at June 30, 2002	\$ 1,082,421	\$ (4,182)	\$ (288,851)
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Bank of Hawaii Corporation and subsidiaries  
Consolidated Statements of Shareholders' Equity (Unaudited)

(dollars in thousands)	Total	Common Stock	Capital Surplus	Accum. Other Comprehensive Income
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For the Six Months Ended June 30, 2001				
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Balance at December 31, 2000	\$ 1,301,356	\$ 806	\$ 346,045	\$ (25,079)
Comprehensive Income				
Net Income	60,416	-	-	-
Other Comprehensive Income, Net of Tax				
Investment Securities	22,775	-	-	22,775
Foreign Currency Translation Adjustment	27,496	-	-	27,496
Pension Liability Adjustments	(159)	-	-	(159)
Total Comprehensive Income				
Common Stock Issued				
32,942 Profit Sharing Plan	725	-	180	-
416,413 Stock Option Plan	7,926	-	643	-
64,791 Dividend Reinvestment Plan	1,419	-	326	-
3,672 Directors' Restricted Shares and Deferred Compensation Plan	343	-	81	-
741,000 Employees' Restricted Shares	925	-	18,816	-
65,146 Hawaii Insurance Network	1,299	-	1,299	-
Cash Dividends Paid	(28,790)	-	-	-
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Balance at June 30, 2001	\$ 1,395,731	\$ 806	\$ 367,390	\$ 25,033
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Bank of Hawaii Corporation and subsidiaries  
Consolidated Statements of Shareholders' Equity (Unaudited)

(dollars in thousands)	Retained Earnings	Deferred Stock Grants	Treasury Stock	Comprehensive Income
-----				
For the Six Months Ended June 30, 2001				
-----				
Balance at December 31, 2000	\$ 996,791	\$ -	\$ (17,207)	
Comprehensive Income				
Net Income	60,416	-	-	\$60,416
Other Comprehensive Income,				

Net of Tax			
Investment Securities	-	-	- 22,775
Foreign Currency Translation Adjustment	-	-	- 27,496
Pension Liability Adjustments	-	-	- (159)
			-----
Total Comprehensive Income			\$110,528
			=====
Common Stock Issued			
32,942 Profit Sharing Plan	-	-	545
416,413 Stock Option Plan	(381)	853	6,811
64,791 Dividend Reinvestment Plan	-	-	1,093
3,672 Directors' Restricted Shares and Deferred Compensation Plan	-	-	262
741,000 Employees' Restricted Shares	-	(17,891)	-
65,146 Hawaii Insurance Network	-	-	-
Cash Dividends Paid	(28,790)	-	-

-----  
Balance at June 30,  
2001                                 \$ 1,028,036   \$ (17,038)   \$ (8,496)  
=====

Bank of Hawaii Corporation and subsidiaries  
Consolidated Average Balances and Interest Rates -  
Taxable Equivalent Basis (Unaudited) Table 5

(dollars in millions)	Three Months Ended June 30, 2002			Three Months Ended March 31, 2002		
	Average Balance	Income/ Expense	Yield/ Rate	Average Balance	Income/ Expense	Yield/ Rate
-----						
Earning Assets						
Interest Bearing						
Deposits	\$ 1,310.0	\$ 6.0	1.84%	\$ 1,154.7	\$ 5.1	1.77%
Funds Sold	173.3	0.8	1.74	237.3	1.0	1.69
Investment Portfolio						
- Held-To-Maturity	328.6	5.0	6.06	368.5	5.3	5.72
- Available for Sale	1,890.3	26.5	5.60	1,939.3	27.1	5.60
Loans Held For Sale	65.2	1.1	6.88	340.9	5.7	6.75
Net Loans and Lease Financing						
Domestic						
- Commercial and Industrial	1,061.1	13.5	5.12	1,150.8	14.5	5.11
- Construction	157.5	2.3	5.72	169.8	2.2	5.20
- Mortgage	2,985.4	52.3	7.01	3,017.9	53.2	7.07
- Installment	783.2	16.6	8.50	738.5	16.4	8.99
- Lease Financing	502.1	6.6	5.25	492.0	6.6	5.46
-----						
Total Domestic Loans	5,489.3	91.3	6.66	5,569.0	92.9	6.72
Foreign	14.1	-	-	14.3	-	-
-----						
Total Loans	5,503.4	91.3	6.65	5,583.3	92.9	6.71
Other	99.2	1.3	5.64	88.4	1.3	6.12
-----						
Total Earning Assets	9,370.0	132.0	5.64	9,712.4	138.4	5.74
Cash and Due From						
Banks	341.8			301.9		
Other Assets	367.1			400.5		
-----						
Total Assets	\$ 10,078.9			\$ 10,414.8		
=====						

Interest Bearing						
Liabilities						
Domestic Deposits						
- Demand	\$ 1,974.6	4.4	0.88	\$ 1,935.0	4.3	0.92
- Savings	1,164.0	4.5	1.57	1,037.0	3.9	1.52
- Time	1,732.0	12.9	2.98	1,909.4	14.8	3.13
-----						
Total Domestic Deposits	4,870.6	21.8	1.79	4,881.4	23.0	1.91
Foreign Deposits						
- Time Due to Banks	37.3	0.1	1.47	80.2	0.6	3.10
- Other Time and Savings	59.1	0.3	1.67	104.0	0.4	1.37
-----						
Total Foreign Deposits	96.4	0.4	1.59	184.2	1.0	2.12
-----						
Total Interest Bearing Deposits						
Bearing Deposits	4,967.0	22.2	1.79	5,065.6	24.0	1.92
Short-Term Borrowings	1,475.9	8.8	2.39	1,738.7	11.2	2.61
Long-Term Debt	507.1	8.0	6.37	538.2	8.3	6.27
-----						
Total Interest Bearing Liabilities	6,950.0	39.0	2.25	7,342.5	43.5	2.40
-----						
Net Interest Income		93.0			94.9	
Interest Rate Spread			3.39%			3.34%
Net Interest Margin			3.97%			3.93%
Non-Interest Bearing						
Demand Deposits						
- Demand	1,565.6			1,506.9		
- Foreign	-			-		
-----						
Total Non-Int Bearing Demand Deposits	1,565.6			1,506.9		
Other Liabilities	312.3			301.9		
Shareholders' Equity	1,251.0			1,263.5		
-----						
Total Liabilities and Shareholders' Equity	\$ 10,078.9			\$ 10,414.8		
=====						
Provision for Loan Losses						
Losses		3.3			8.2	
Net Overhead		41.5			38.4	
-----						
Income Before Income Taxes						
Taxes		48.2			48.3	
Provision for Income Taxes		17.1			17.1	
Tax-Equivalent Adjustment		0.1			0.1	
-----						
Net Income	\$ 31.0			\$ 31.1		
=====						

Bank of Hawaii Corporation and subsidiaries  
Consolidated Average Balances and Interest Rates -  
Taxable Equivalent Basis (Unaudited)

	Three Months Ended(1) June 30, 2001	Six Months Ended June 30, 2002
(dollars in millions)	Average Income/ Yield/ Balance Expense Rate	Average Income/ Yield/ Balance Expense Rate

-----  
Earning Assets

Interest Bearing

Deposits	\$ 414.3	\$ 4.9	4.78%	\$ 1,232.8	\$ 11.1	1.81%
Funds Sold	120.3	1.4	4.51	205.1	1.8	1.71
Investment Portfolio						
- Held-To-Maturity	565.0	9.2	6.51	348.6	10.2	5.88
- Available for Sale	2,318.3	36.8	6.36	1,914.5	53.6	5.60
Loans Held For Sale	430.9	7.4	6.88	202.3	6.8	6.72
Net Loans and Lease Financing						
Domestic						
- Commercial and Industrial	1,865.5	34.4	7.39	1,105.7	28.0	5.12
- Construction	252.5	5.1	8.11	163.6	4.4	5.45
- Mortgage	3,481.1	68.1	7.85	3,001.5	105.6	7.04
- Installment	766.5	20.9	10.91	761.0	33.0	8.74
- Lease Financing	545.3	8.5	6.22	497.1	13.2	5.35
Total Domestic Loans	6,910.9	137.0	7.95	5,528.9	184.2	6.69
Foreign	1,136.9	19.2	6.80	14.3	0.1	1.66
Total Loans	8,047.8	156.2	7.79	5,543.2	184.3	6.68
Other	77.1	1.3	7.00	93.8	2.7	5.86
Total Earning Assets	11,973.7	217.2	7.28	9,540.3	270.5	5.69
Cash and Due From						
Banks	367.6			322.0		
Other Assets	655.1			383.6		
Total Assets	\$ 12,996.4			\$ 10,245.9		

Interest Bearing

Liabilities

Domestic Deposits						
- Demand	\$ 1,905.0	9.3	1.95	\$ 1,954.9	8.7	0.90
- Savings	698.8	3.7	2.14	1,100.8	8.4	1.54
- Time	2,654.1	37.3	5.63	1,811.1	27.7	3.08
Total Domestic Deposits	5,257.9	50.3	3.83	4,866.8	44.8	1.86
Foreign Deposits						
- Time Due to Banks	317.4	3.5	4.45	77.8	0.7	1.94
- Other Time and Savings	709.3	6.3	3.55	71.4	0.6	1.68
Total Foreign Deposits	1,026.7	9.8	3.83	149.2	1.3	1.82
Total Interest Bearing Deposits	6,284.6	60.1	3.83	5,016.0	46.1	1.86
Short-Term Borrowings	2,108.2	25.9	4.94	1,606.6	20.0	2.51
Long-Term Debt	864.5	14.5	6.71	522.6	16.4	6.32
Total Interest Bearing Liabilities	9,257.3	100.5	4.35	7,145.2	82.5	2.33
Net Interest Income	116.7			188.0		
Interest Rate Spread			2.93%			3.36%
Net Interest Margin			3.91%			3.95%
Non-Interest Bearing						
Demand Deposits						
- Demand	1,567.8			1,536.4		
- Foreign	348.4			-		

Total Non-Int Bearing		
Demand Deposits	1,916.2	1,536.4
Other Liabilities	428.5	307.1
Shareholders' Equity	1,394.4	1,257.2
Total Liabilities and Shareholders' Equity	\$ 12,996.4	\$ 10,245.9

Provision for Loan Losses	6.4	11.6
Net Overhead	63.3	79.9
Income Before Income Taxes	47.0	96.5
Provision for Income Taxes	20.2	34.3
Tax-Equivalent Adjustment	0.1	0.1
Net Income	\$ 26.7	\$ 62.1

(1) Adjusted to reflect the reclassification of other interest income and certain average balances.

Bank of Hawaii Corporation and subsidiaries  
Loan Portfolio Balances (Unaudited) Table 6

(dollars in millions)	June 30 2002	March 31 2002	Dec. 31 2001	June 30 2001
Domestic Loans				
Commercial	\$ 999.6	\$ 1,120.5	\$ 1,175.5	\$ 1,778.0
Real Estate				
Construction	148.6	161.4	169.6	246.0
Mortgage -- Commercial	562.5	617.6	640.7	866.3
-- Residential	2,360.5	2,409.1	2,419.4	2,481.4
Installment	807.4	759.3	729.7	762.3
Lease Financing	500.9	504.7	493.4	550.3
Total Domestic	5,379.5	5,572.6	5,628.3	6,684.3
Foreign Loans	29.0	28.7	24.2	933.5
Total Loans	\$ 5,408.5	\$ 5,601.3	\$ 5,652.5	\$ 7,617.8

Bank of Hawaii Corporation and subsidiaries Table 7  
Consolidated Non-Performing Assets and Accruing Loans  
Past Due 90 Days or More (Unaudited)

(dollars in millions)	June 30 2002	March 31 2002	Dec. 31 2001	Sept 30 2001	June 30 2001
Non-Accrual Loans					
Commercial	\$ 22.3	\$ 27.4	\$ 18.9	\$ 10.5	\$ 11.8
Real Estate					
Construction	0.7	1.0	9.3	0.7	5.8
Mortgage - Commercial	17.4	15.1	16.3	12.8	14.4
- Residential	14.3	15.7	15.4	19.5	16.2
Installment	-	0.1	0.1	0.1	0.2

Lease Financing	6.9	4.4	0.8	1.0	0.4
Foreign	-	-	-	17.2	18.5
-----					
Total Non-Accrual Loans	61.6	63.7	60.8	61.8	67.3
Non-Accrual Loans Held For Sale	-	7.8	1.7	7.4	11.5
Foreclosed Real Estate					
Domestic	17.2	19.2	17.2	36.9	39.8
Foreign	-	-	-	0.3	0.3
-----					
Total Foreclosed Real Estate	17.2	19.2	17.2	37.2	40.1
-----					
Total Non-Performing Assets	\$ 78.8	\$ 90.7	\$ 79.7	\$ 106.4	\$ 118.9
=====					
Accruing Loans Past Due 90 Days or More					
Commercial	\$ -	\$ 0.2	\$ 0.1	\$ 0.1	\$ 0.2
Real Estate					
Mortgage - Commercial	-	1.2	-	-	-
- Residential	0.9	2.1	3.8	3.4	3.7
Installment	0.5	0.7	0.9	1.0	1.8
Lease Financing	0.1	0.1	0.1	-	0.1
Foreign	-	-	-	0.8	0.4
-----					
Total Accruing and Past Due	\$ 1.5	\$ 4.3	\$ 4.9	\$ 5.3	\$ 6.2
=====					
Total Loans	\$ 5,408.5	\$ 5,601.3	\$ 5,652.5	\$ 6,766.6	\$ 7,617.8
=====					
-----					
Ratio of Non-Accrual Loans to Total Loans	1.14%	1.14%	1.08%	0.91%	0.88%
-----					
Ratio of Non-Performing Assets to Total Loans, Foreclosed Real Estate and Non-Performing Loans Held for Sale	1.45%	1.61%	1.41%	1.56%	1.55%
-----					
Ratio of Non-Performing Assets and Accruing Loans Past Due 90 Days or More to Total Loans	1.48%	1.70%	1.50%	1.65%	1.64%
-----					
Quarter to Quarter Changes in Non-Performing Assets					
Balance at Beginning of Quarter	\$ 90.7	\$ 79.7	\$ 106.4	\$ 118.9	\$ 119.5
Additions	20.5	36.4	43.8	23.2	23.8
Reductions					
Payments and Sales of Loans	(20.6)	(12.9)	(40.9)	(25.8)	(14.4)
Return to Accrual	(6.2)	(6.3)	(3.6)	(0.9)	(2.5)

Sales of					
Foreclosed Assets	(3.5)	(0.9)	(21.9)	(2.2)	(1.6)
Charge-offs	(2.1)	(5.3)	(4.1)	(6.8)	(5.9)
-----					
Total Reductions	(32.4)	(25.4)	(70.5)	(35.7)	(24.4)
-----					
Balance at End of					
Quarter	\$ 78.8	\$ 90.7	\$ 79.7	\$ 106.4	\$ 118.9
=====					

Bank of Hawaii Corporation and subsidiaries  
Consolidated Allowance for Loan and Lease Losses (Unaudited) Table 8

(dollars in millions)	Second Quarter 2002	First Quarter 2002	Second Quarter 2001
-----			
Balance of Allowance for			
Loan and Lease Losses			
Beginning of Period	\$ 159.0	\$ 159.0	\$ 199.8
Loans Charged-Off			
Commercial	(2.4)	(7.3)	(8.9)
Real Estate:			
Construction	-	(0.5)	-
Mortgage - Commercial	(0.4)	-	(1.6)
- Residential	(1.3)	(1.4)	(1.7)
Installment	(2.9)	(3.9)	(4.2)
Foreign	-	-	(3.9)
Lease Financing	(0.5)	-	-
-----			
Total Charge-Offs	(7.5)	(13.1)	(20.3)
Recoveries on Loans			
Previously Charged-Off			
Commercial	2.3	0.7	4.3
Real Estate:			
Mortgage - Commercial	0.1	1.8	0.8
- Residential	0.3	0.3	0.3
Installment	1.6	1.9	1.6
Foreign	(0.1)	0.1	6.3
Lease Financing	-	-	0.1
-----			
Total Recoveries	4.2	4.8	13.4
-----			
Net Loan Charge-Offs	(3.3)	(8.3)	(6.9)
Provision for Loan and Lease Losses	3.3	8.3	6.4
Foreign Currency Translation	-	-	0.5
-----			
Balance at End of Period	\$ 159.0	\$ 159.0	\$ 199.8
=====			
Average Loans Outstanding	\$ 5,503.4	\$ 5,583.3	\$ 8,047.8
Ratio of Net Charge-Offs to			
Average Loans			
Outstanding (annualized)	0.24%	0.60%	0.34%
Ratio of Allowance to			
Loans and Leases			
Outstanding	2.94%	2.84%	2.62%

Bank of Hawaii Corporation and subsidiaries  
Consolidated Allowance for Loan and Lease Losses  
(Unaudited)

(dollars in millions)	First Six Months	
	2002	2001
Balance of Allowance for		
Loan and Lease Losses		
Beginning of Period	\$ 159.0	\$ 246.2
Loans Charged-Off		
Commercial	(9.7)	(84.4)
Real Estate:		
Construction	(0.5)	-
Mortgage - Commercial	(0.4)	(13.5)
- Residential	(2.7)	(4.2)
Installment	(6.8)	(9.6)
Foreign	-	(13.9)
Lease Financing	(0.5)	(0.1)
Total Charge-Offs	(20.6)	(125.7)
Recoveries on Loans Previously Charged-Off		
Commercial	3.0	7.0
Real Estate:		
Mortgage - Commercial	1.9	1.1
- Residential	0.6	0.5
Installment	3.5	3.4
Foreign	-	8.9
Lease Financing	-	0.2
Total Recoveries	9.0	21.1
Net Loan Charge-Offs	(11.6)	(104.6)
Provision for Loan and Lease Losses	11.6	58.9
Foreign Currency Translation	-	(0.7)
Balance at End of Period	\$ 159.0	\$ 199.8
Average Loans Outstanding	\$ 5,543.2	\$ 8,551.9
Ratio of Net Charge-Offs to Average Loans		
Outstanding (annualized)	0.42%	2.47%
Ratio of Allowance to Loans and		
Leases Outstanding	2.94%	2.62%

Bank of Hawaii Corporation and subsidiaries  
Quarterly Summary of Selected Consolidated  
Financial Data (Unaudited) Table 9

(dollars in millions except per share amounts)	June 30 2002	March 31 2002	Dec. 31 2001
Balance Sheet Totals			
Total Assets	\$ 9,823.3	\$ 10,244.8	\$ 10,627.8
Net Loans	5,249.5	5,442.4	5,493.5
Deposits	6,455.3	6,543.5	6,673.6
Shareholders' Equity	1,191.1	1,265.9	1,247.0
Quarterly Operating Results			
Net Interest Income	\$ 92.9	\$ 94.9	\$ 106.1
Provision for Loan and Lease Losses	3.3	8.3	14.5
Non-Interest Income	48.9	54.0	51.2
Gain on Sales of Banking Operations, Net of Venture Investment Losses	-	-	28.7

Non-Interest Expense	90.4	90.4	122.3
Restructuring and Other Related Costs	-	2.0	18.5
Net Income	31.0	31.1	26.3
Basic Earnings Per Share	\$ 0.43	\$ 0.42	\$ 0.35
Diluted Earnings Per Share	\$ 0.42	\$ 0.41	\$ 0.34
Return on Average Assets	1.23%	1.21%	0.90%
Return on Average Equity	9.94%	9.97%	8.14%
Efficiency Ratio	63.71%	62.06%	75.73%

Continuing Business Operating Results (1)

Net Interest Income	\$ 92.9	\$ 94.9	\$ 93.8
Provision for Loan and Lease Losses	3.3	8.3	16.6
Non-Interest Income	48.9	54.0	44.7
Non-Interest Expense (2)	90.4	90.4	100.2
Net Income (2)	31.0	32.3	21.3
Diluted Earnings Per Share (2)	\$ 0.42	\$ 0.43	\$ 0.28
Return on Average Equity (2)	9.94%	10.37%	6.59%
Efficiency Ratio (2)	63.71%	60.73%	72.36%

Bank of Hawaii Corporation and subsidiaries  
Quarterly Summary of Selected Consolidated  
Financial Data (Unaudited)

(dollars in millions except per share amounts)	Sept. 30 2001	June 30 2001	March 31 2001
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Balance Sheet Totals

Total Assets	\$ 11,944.2	\$ 12,755.5	\$ 13,710.5
Net Loans	6,583.5	7,418.0	8,224.6
Deposits	7,399.7	8,108.5	8,815.4
Shareholders' Equity	1,371.1	1,395.7	1,371.9

Quarterly Operating Results

Net Interest Income	\$ 111.7	\$ 116.7	\$ 125.2
Provision for Loan and Lease Losses	0.9	6.4	52.5
Non-Interest Income	65.6	73.2	88.4
Gain on Sales of Banking Operations, Net of Venture Investment Losses	47.8	24.8	72.1
Non-Interest Expense	119.6	122.4	127.9
Restructuring and Other Related Costs	3.0	38.9	44.4
Net Income	31.1	26.7	33.7

Basic Earnings Per Share	\$ 0.39	\$ 0.33	\$ 0.42
Diluted Earnings Per Share	\$ 0.37	\$ 0.32	\$ 0.42

Return on Average Assets	1.00%	0.83%	0.99%
Return on Average Equity	8.88%	7.69%	10.42%
Efficiency Ratio	54.46%	75.15%	60.33%

Continuing Business Operating  
Results (1)

Net Interest Income	\$ 91.0	\$ 87.8	\$ 92.2
Provision for Loan and Lease Losses	6.4	2.6	12.1
Non-Interest Income	53.7	54.9	54.6
Non-Interest Expense (2)	88.3	89.3	86.4
Net Income (2)	31.4	32.6	28.3

Diluted Earnings Per Share (2)	\$ 0.38	\$ 0.39	\$ 0.35
Return on Average Equity (2)	8.96%	9.37%	8.76%
Efficiency Ratio (2)	61.03%	62.58%	58.88%

(1) Excludes divested businesses and restructuring and non-core transactions. 2001 Quarterly information has been reclassified to conform to December 31, 2001 presentation.

(2) Adjusted to exclude goodwill amortization expense in 2001.

**CONTACT:**

Bank of Hawaii

Stafford Kiguchi, 808/537-8580 (Media)

pager: 877/849-5423

E-mail: skiguchi@boh.com

or

Cindy Wyrick, 808/537-8430 (Investor/Analyst)

E-mail: cwyrick@boh.com