

THE DAWNING OF A
New Era FOR BANK OF HAWAII



Financial Summary *Pacific Century Financial Corporation and subsidiaries*

(in thousands of dollars except per share amounts)

For the Year	1999	1998
FINANCIAL RESULTS		
Net Income	\$132,957	\$106,964
Basic Earnings Per Share	\$1.66	\$1.33
Diluted Earnings Per Share	\$1.64	\$1.32
Return on Average Assets	0.91%	0.72%
Return on Average Equity	10.99%	9.22%
Average Equity to Average Assets Ratio	8.30%	7.81%
Efficiency Ratio	67.01%	68.95%
Common Dividends Paid Per Share	\$0.68	\$0.66
TANGIBLE BASIS FINANCIAL DATA (1)		
Net Income	\$149,747	\$121,704
Basic Earnings Per Share	\$1.86	\$1.52
Diluted Earnings Per Share	\$1.85	\$1.50
Return on Average Assets	1.04%	0.83%
Return on Average Equity	15.02%	12.84%
Efficiency Ratio	64.66%	66.83%
At Year-End		
Total Assets	\$14,440,315	\$15,016,563
Total Deposits	\$9,394,218	\$9,576,342
Total Loans	\$9,717,556	\$9,854,000
Shareholders' Equity	\$1,212,330	\$1,185,594
Book Value Per Common Share	\$15.15	\$14.76
For the Fourth Quarter		
FINANCIAL RESULTS		
Net Income	\$37,599	\$35,013
Basic Earnings Per Share	\$0.47	\$0.44
Diluted Earnings Per Share	\$0.47	\$0.43
Return on Average Assets	1.04%	0.93%
Return on Average Equity	12.29%	11.72%
Efficiency Ratio	63.32%	66.30%
TANGIBLE BASIS FINANCIAL DATA (1)		
Net Income	\$42,317	\$38,795
Basic Earnings Per Share	\$0.53	\$0.48
Diluted Earnings Per Share	\$0.52	\$0.48
Return on Average Assets	1.19%	1.05%
Return on Average Equity	16.69%	15.89%
Efficiency Ratio	60.59%	64.15%

(1) Tangible basis calculations exclude the effect of goodwill, core deposit and trust intangibles, and other intangibles.

BIG CHALLENGES

Call for Big Changes

THAT IS WHY, WHEN INCREASING GLOBAL COMPETITION in the financial services industry—coupled with the economic malaise in Asia and Hawaii—caused Bank of Hawaii, Pacific Century Financial Corporation’s principal subsidiary, to fall below performance expectations, we responded in full force.

Last year, Bank of Hawaii completed a thorough examination of every aspect of its business and undertook a major redesign which will position our organization to perform at the level you, our shareholders, expect and deserve.

Our 1999 summary annual report highlights how, through an ambitious program called “New Era,” we are launching a new and better Bank of Hawaii to accomplish the following objectives:

- Significantly improve Bank of Hawaii’s performance and provide increased value to our shareholders.
- Reshape Bank of Hawaii to more effectively deliver what our clients want and expect: simplicity, convenience and value.
- Make Bank of Hawaii an even better place to work for our employees.
- Redefine the delivery of financial services in the new millennium.

We have a solid plan for moving ahead. And, just as importantly, we have the vision, the people, and the commitment to succeed. We are confident that Bank of Hawaii’s New Era will be its best ever.

T O O U R *Shareholders*



“Inherent in all of our efforts was the motivation to create increased shareholder value and greater client and employee satisfaction.”

LAWRENCE M. JOHNSON

Chairman of the Board and
Chief Executive Officer

EACH YEAR IS CHARACTERIZED BY SIGNIFICANT EVENTS that shape Pacific Century Financial Corporation's performance and future, yet 1999 will be remembered as being among the most pivotal in our 102-year history. It was a year that started with change as an imperative, Y2K readiness as a top priority, New Era Redesign as a key focus, and cautious optimism about the economic prospects for our markets, particularly Hawaii and Asia. Inherent in all of our efforts was the motivation to create increased shareholder value and greater client and employee satisfaction.

We are pleased to report that our New Era Redesign program, which entered its implementation phase in October 1999, is on track and contributed to the company's performance in the fourth quarter of 1999. We reported fourth quarter earnings of \$37.6 million, up 7.4 percent from the \$35.0 million reported for the fourth quarter of 1998. Diluted earnings per share were \$0.47 compared to \$0.43 reported for 1998's fourth quarter. Return on average assets for the quarter was 1.04 percent, return on average equity was 12.29 percent, and the efficiency ratio was 63.3 percent as compared, respectively, to 0.93 percent, 11.72 percent and 66.3 percent for the fourth quarter of 1998.

For the year 1999, Pacific Century Financial Corporation reported \$133.0 million in net income, up from \$107.0 million reported in 1998. Both 1998 and 1999 included a restructuring charge and, additionally, in 1998 we strengthened the reserve for loan losses. Diluted earnings per share were \$1.64 compared to \$1.32 reported in 1998.

NEW ERA

On September 13, 1999 our principal subsidiary, Bank of Hawaii, unveiled plans for our New Era, the most dynamic and comprehensive initiative we have ever undertaken in our company's history. Bank of Hawaii's goal for New Era is simple: we want to achieve exceptional performance as an industry leader in our markets by creating a superb banking experience for our clients.

By redefining the way we deliver quality financial products and services, New Era will provide a standard of convenience, value and performance that is unprecedented at Bank of Hawaii. Our executive team and employees throughout Hawaii, the Pacific, Asia, and the U.S. Mainland, are 100 percent committed to seeing the implementation phase of New Era through to its successful completion in September 2000.

ASIA

In 1999, we were encouraged by the improving economic environment in Asia. The area's ability to rebound—in terms of its local currencies, interest rates, and GDP growth—reinforces our confidence in the region's long-term viability. Notwithstanding this favorable trend, we did feel the impact of government and corporate restructuring in the region, especially in Korea. While Korea made tremendous strides in 1999, certain borrowers felt the brunt of mandated and advisable reforms. Among the impacts was a \$33.7 million exposure to a large Korean conglomerate and its related group of companies. Of that amount, \$30.2 million was outstanding. In keeping with our credit policy, we charged-off \$19.5 million and placed \$10.7 million on non-accrual status. Negotiations with the conglomerate and its creditors are in process; however, we believe we have provided for any losses associated with the restructuring of this group.

THE PACIFIC

Bank of Hawaii's understanding of the Pacific and Asia markets results from working closely with clients in these regions for over 40 years. Excellent name recognition further strengthens our franchise in these markets. We remain committed to furthering the flow of trade and investment activity across the Asia-Pacific.

We continued to strengthen our presence in the Pacific region in 1999 by increasing ownership to approximately 17 percent of the outstanding shares of the Bank of Queensland. The Brisbane, Australia-based bank—which posted strong earnings gains for its fiscal 1999 year-end, up 19 percent over 1998—represents a strategic link in Bank of Hawaii's intra-Pacific expansion.

SUCCESSFULLY MANAGING Y2K

Y2K readiness and the transition to year 2000 were major events of the year for Bank of Hawaii and Pacific Century. We passed this milestone without significant incident. In addition to bringing our systems into Y2K compliance, we sharpened our project management and quality assurance skills, refreshed our contingency planning, and refined our overall technology strategies. As a result, we are much better prepared for what will undoubtedly be a continuing explosion of technology in the new century.



“Through New Era,
we are launching a
new and better
Bank of Hawaii.”

RICHARD J. DAHL

President and
Chief Operating Officer

KARL K.Y. PAN

Executive Vice President, Global Market



MARY P. CARRYER

Vice Chair, Technology and Pacific Century Bank

GROWTH IN U.S. MAINLAND OPERATIONS

Our California- and Arizona-based business banking operation, Pacific Century Bank, N.A., delivered strong performance in 1999 and has the potential to sustain its growth in the future. Of particular note, Pacific Century Bank secured over 90 commercial and real estate loans to new clients in 1999, totaling \$141.4 million.

With a highly motivated and experienced team in place, Pacific Century Bank continues to meet the financial services needs of mid-sized commercial clients. Looking ahead, the Bank will focus on further expansion into Southern California as well as continue to build on the synergies that exist with Bank of Hawaii. By leveraging Bank of Hawaii's lending power and Asia-Pacific franchise, Pacific Century Bank can expand its relationships with clients as well as provide them with access to new markets.

TECHNOLOGY + SERVICE = CLIENT SATISFACTION

When Bank of Hawaii launched e-Bankoh—our award-winning Internet banking service—in 1998, we established ourselves as an innovative provider of online financial services. Last year we continued to set the pace for integrating technology into our clients' banking experience by making online transactions simpler and more convenient than ever. In 1999, enrollment for e-Bankoh increased 115 percent over 1998, beating industry growth projections of 60 percent. Presently we are expanding e-Bankoh services to meet the needs of our small business clients.

Bank of Hawaii also completed a number of technology initiatives—under the auspices of Y2K readiness—to advance efficiency, including extending systems in Hawaii to the West Pacific; installing a new system platform in the South Pacific which is consistent throughout many of the region's island nations; and linking our Asian branch network with our New York office on a common, multi-currency technology base.

In addition to enhancing our technology, we renewed our emphasis on client-focused service. Through our Client First program, frequency of contact between Bank of Hawaii relationship managers and our top clients increased by 300 percent in 1999. As a result of these productive interactions, retention rates of key clients exceeded 95 percent—greatly surpassing industry averages.

HAWAII'S ECONOMY GETTING STRONGER

We are pleased that Hawaii's economy continues to improve, with more sectors, such as retail sales, home sales and construction, participating in the recovery. The economy grew an estimated 2.5 percent in 1999 according to state economists, and real gross state product growth forecasts for 2000 are between 2.0 and 2.5 percent. Tourism measures for the year 1999 reflect growth in both visitor arrivals (1.6 percent) and visitor days (2.1 percent). Other economic indicators, such as personal income and unemployment, continue to show improvement.

Although Hawaii still has a way to go before it reaches the same rate of economic growth as the U.S. Mainland, we are encouraged by the many positive signs indicating that Hawaii is on the right track toward slow but sustainable economic growth.

COMMUNITY INVOLVEMENT

Bank of Hawaii will continue to uphold its commitment to community service through reinvestment, corporate giving and other philanthropic activities that benefit the communities we serve. Our nationally acclaimed \$5 million Bankoh 2nd Century Scholars Program, launched in 1997, remains the cornerstone of our community service efforts. Through this innovative seven-year program, approximately 100 high school students in Hawaii have the opportunity to become the first in their families to graduate from an accredited four-year college.

A DEDICATED AND RESOURCEFUL TEAM

If there is one thing that reinforces our confidence in Bank of Hawaii's and Pacific Century's future success, it is our dedicated and talented team of employees. There is no finer team anywhere.

Our employees have stepped up to tackle the enormous challenge of New Era with determination to succeed, excitement about what we can accomplish, and pride in seeing their ideas take shape. As we move forward, we will continue to demonstrate that we have what it takes to deliver measurable value on your investment.

Your continued confidence and support are vital to our success in the new millennium.

Sincerely,



Lawrence M. Johnson

Chairman of the Board and Chief Executive Officer

ALTON T. KUIOKA
Vice Chair, Hawaii Market



DAVID A. HOULE
Executive Vice President, Chief Financial Officer, Treasury Market

Designing a Better

BANK OF HAWAII

HOW DO YOU MAKE THE LARGEST COMMERCIAL BANK IN HAWAII and the Pacific more client-focused, more efficient and better able to compete in an increasingly competitive global marketplace? Answer: Get the people who know best—all 4,700 employees corporation-wide—involved in designing a better Bank of Hawaii, one that is ready to enter a New Era of performance and results.

New Era is the most comprehensive redesign effort ever undertaken by Bank of Hawaii. Employees throughout the organization participated in brainstorming sessions and submitted more than 2,100 ideas to strengthen and enhance Bank of Hawaii's performance.

Through New Era, we are implementing faster, more efficient ways of doing business and eliminating outdated, duplicative and costly procedures. We are also focusing on further aligning the pricing of our financial products with the value offered to clients.

What is emerging is a new way of delivering financial services that we believe is key to achieving improved performance and measurable results—while maintaining an unwavering commitment to quality at every level.

BETTER SERVICE, IMPROVED PERFORMANCE

As a result of changes made through New Era, Bank of Hawaii clients will receive faster, more responsive service from financial professionals who are ready to help them, and enjoy banking that is simpler and more convenient than ever.

When fully implemented, the initiatives that resulted from our New Era Redesign are expected to contribute an annualized \$21 million to revenues and reduce operating expenses by an annualized \$43 million.

OUR CAN-DO SPIRIT

Financial results are only part of New Era's impact. The biggest change is one that we have already seen: a renewed spirit and a "whatever it takes" attitude that permeates the entire company.

FIVE MANDATES FOR

financial services delivery IN BANK OF HAWAII'S NEW ERA

Mandates

BANK OF HAWAII'S NEW ERA WILL MAKE A DIFFERENCE by focusing on these five key mandates:

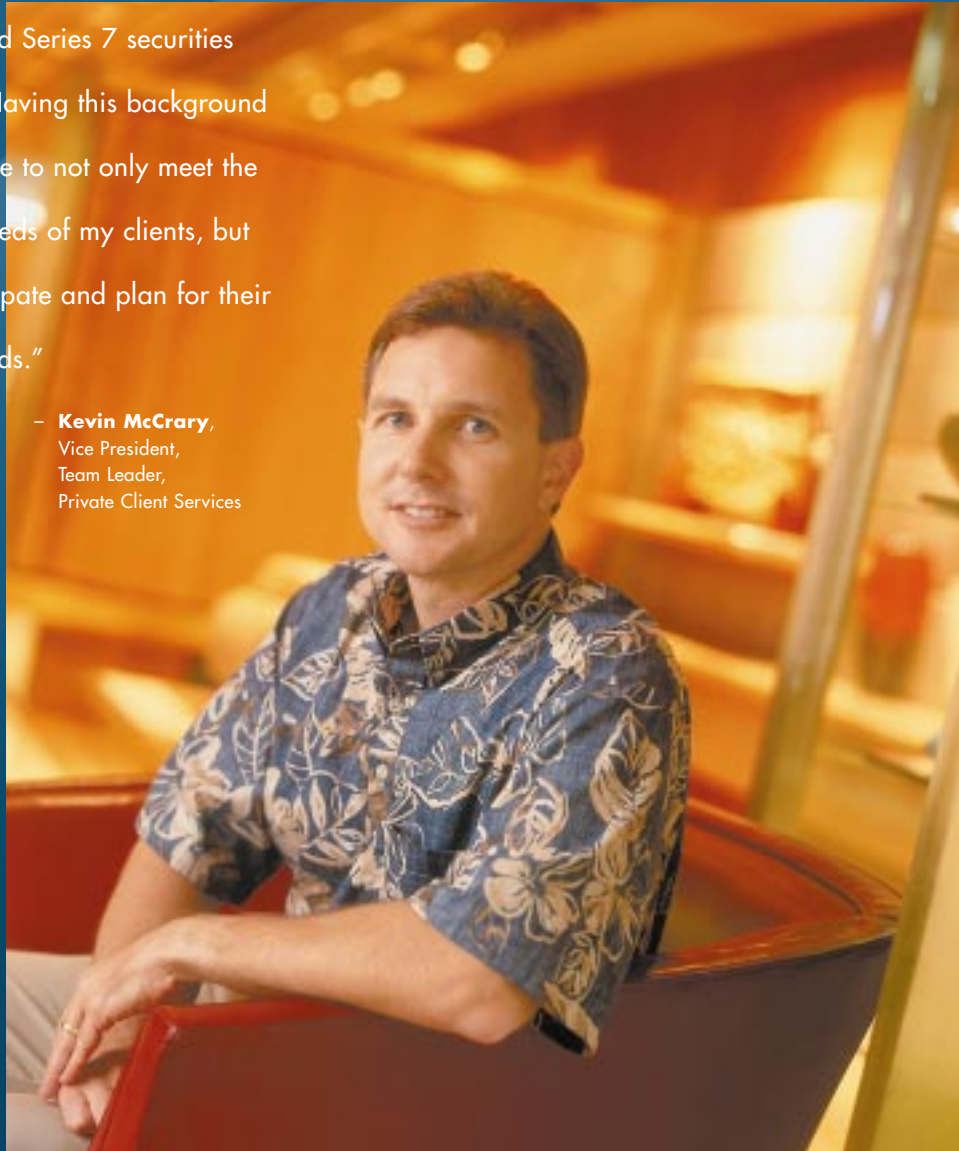
- Help employees succeed, and the company will do the same
- Seek future business from current clients
- Make banking fast and simple
- Be the best in business banking
- Use high-tech to become high-touch

Each of the mandates targets an area of our business or a component of our organization where specific improvements will contribute to the overall success of Bank of Hawaii.

Changes are being implemented throughout the organization in a well-orchestrated and interactive process that will ultimately provide value to our shareholders, our clients and our employees.

“Bank of Hawaii has provided me with a wide array of training and educational opportunities—ranging from product knowledge courses to the Certified Financial Planner license and Series 7 securities license. Having this background enables me to not only meet the current needs of my clients, but also anticipate and plan for their future needs.”

– **Kevin McCrary**,
Vice President,
Team Leader,
Private Client Services



HELP EMPLOYEES SUCCEED



and the company will do the same

STRATEGIES DEVELOPED THROUGH New Era will guide Bank of Hawaii toward success in the new century. But, it is the people at the Bank who make these strategies work—people with sound ideas, solid convictions and an overriding commitment to excellence.

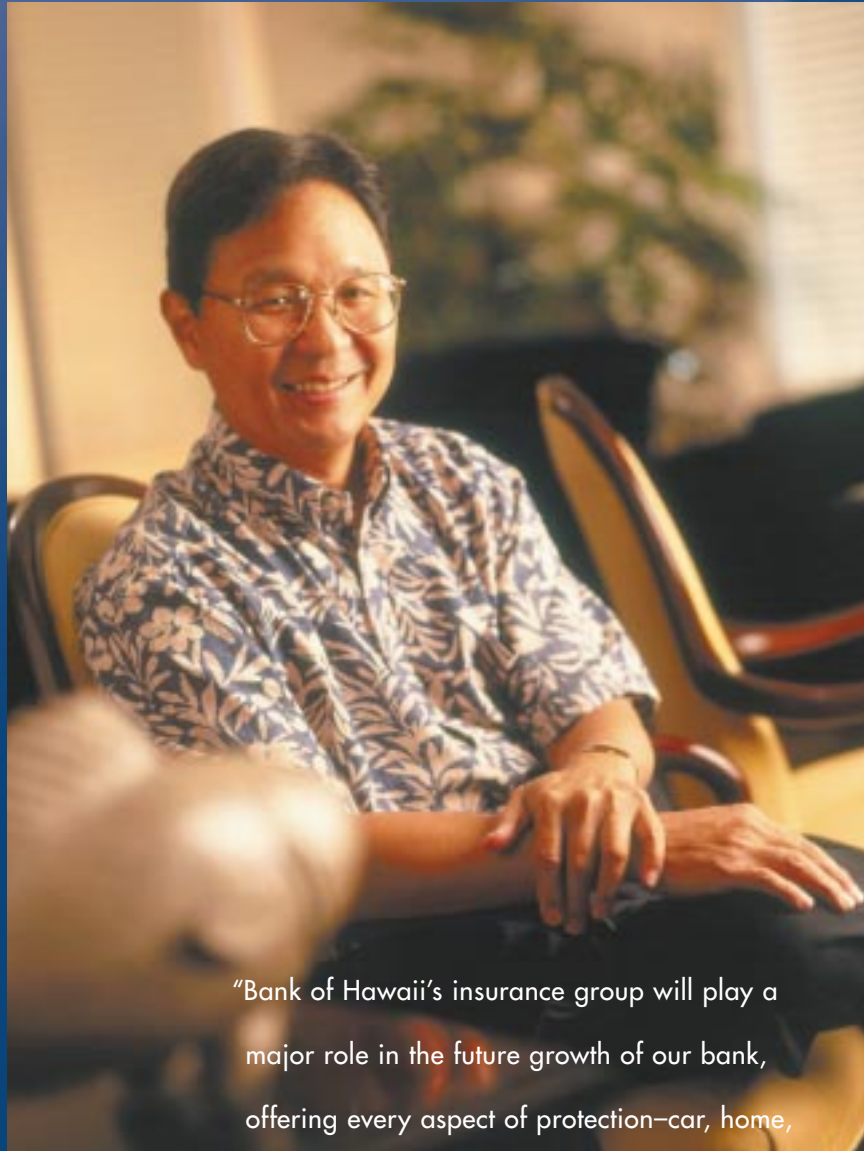
We understand how the personal growth and professional development of our employees contribute to the success of our organization. That is why we encourage our employees to participate in staff development programs and apply the knowledge and skills gained to their current or new positions within the company.

In 1999, we offered over 60 different employee development classes in a range of categories, including quality customer service, sales and product knowledge, credit training, computer training, management/leadership development, professional and technical development, and health and wellness.

In addition, Bank of Hawaii supports external opportunities for staff development, including courses offered through local universities, the American Bankers Association, the Hawaii Employers Council, professional certification programs, and educational assistance opportunities.

In 1999, employees from our Pacific island locations, such as Guam, Fiji and the Solomon Islands, received extensive training in customer service facilitation skills and were certified to conduct employee development courses in quality client service and management/leadership in their respective markets.

Through these and other initiatives, we are committed to making Bank of Hawaii the best financial services company to work for in the Pacific.



“Bank of Hawaii’s insurance group will play a major role in the future growth of our bank, offering every aspect of protection—car, home, business, health and life—and positioning us as a truly full-service financial institution.”

– **Melvin Saiki**,
Senior Insurance Specialist,
Bankoh Insurance Agency, Inc.

SEEK *future business*
FROM CURRENT CLIENTS



WE CONTINUE TO FOCUS ON GROWING OUR BUSINESS by adding value for existing clients and offering them even more solutions to their financial services needs.

One of our New Era goals is to increase the average number of Bank of Hawaii products and services that are used by each customer to at least five. Examples of such products include insurance, mortgages and investments.

By integrating insurance agents into the bank network, we expect to enhance our ability to cross-sell a range of insurance products—including home, health, life, vehicle and business insurance—to our existing consumer and business clients. We also plan to offer group benefits for small and mid-size companies, as well as expand our lines of both auto and homeowners' insurance.

In 1999, Bank of Hawaii remained the state's market share leader in mortgage loans, with a market share of close to 20 percent. We funded \$992 million in mortgages in Hawaii and \$23 million in mortgages in other markets, such as Guam and Saipan. We also recorded over \$106 million in home equity lines of credit.

Pacific Century Investment Services, Inc. (PCIS)¹, the full-service brokerage subsidiary of Bank of Hawaii, continued its strong double-digit, multi-year growth trend in 1999 and more than doubled its bottom-line profitability over 1998. PCIS is a primary retail distribution point for Pacific Capital Funds².

The Pacific Capital Funds, a family of mutual funds managed by Bank of Hawaii's Asset Management Group, had a strong 1999. As a result of both robust sales and market appreciation, assets grew by 16 percent (\$500 million) to \$3.7 billion. We are continuing to broaden the awareness of the Pacific Capital Funds and are committed to furthering our success in the years ahead.

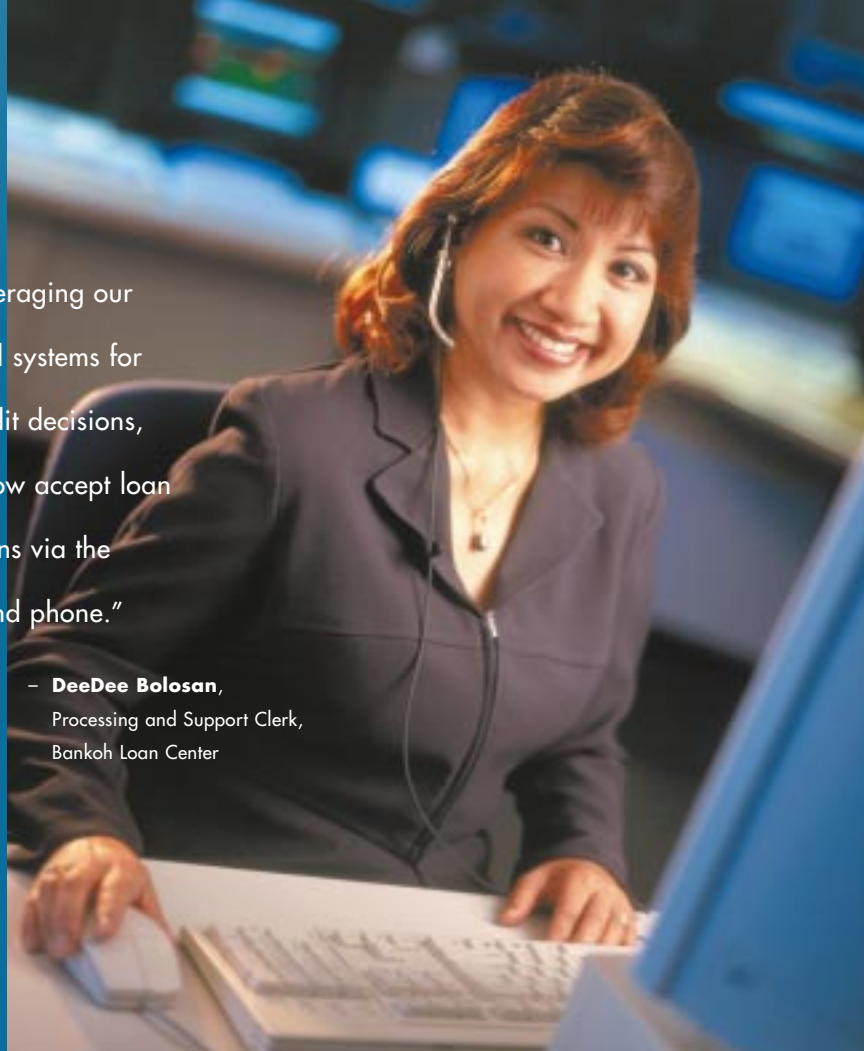
While providing leading-edge products and services is important, we know that the strength of the client relationship is equally key to closing any sale. That is why we encourage our relationship managers to continually focus on providing clients with the highest level of quality service, answering their questions and offering personalized, one-on-one assistance.

¹Pacific Century Investment Services, Inc. is a subsidiary of Bank of Hawaii, registered broker-dealer and member NASD/SIPC. Securities offered and sold by Pacific Century Investment Services are: **Not FDIC-insured; may lose value; no bank guarantee.**

²Pacific Capital Funds are available through Pacific Century Investment Services, member NASD/SIPC, and a subsidiary of Bank of Hawaii. Bank of Hawaii is the investment advisor to the Funds and receives fees for such services. BISYS Fund Services, Distributor. For more complete information on the Pacific Capital Funds or to obtain a prospectus which includes charges and ongoing expenses, please call Pacific Capital Funds at 1-800-258-9232. Past performance is no guarantee of future results. Mutual Funds are not FDIC-insured, not guaranteed by Bank of Hawaii, and may lose value.

“We’re leveraging our automated systems for faster credit decisions, and we now accept loan applications via the Internet and phone.”

– **DeeDee Bolosan**,
Processing and Support Clerk,
Bankoh Loan Center



MAKE BANKING *fast and simple*

BANK OF HAWAII'S NEW SERVICES AND STREAMLINED procedures mean clients can conduct their banking more quickly and efficiently.

In 1999, Bank of Hawaii continued to have more automated teller machines (ATMs) and more supermarket branches than any other bank in Hawaii. We installed Bankoh BankMachines (our ATMs) in selected McDonald's restaurants throughout Hawaii, upgraded our automated teller machines at 7-Eleven stores statewide, and began piloting check-cashing ATMs at our Pearlridge Branch and our recently opened supermarket branches in Kapolei and Kailua-Kona. In addition, Bank of Hawaii is installing enhanced automated merchant terminals which dispense cash and coins and accept deposits seven days-a-week, 24 hours-a-day at selected supermarket and business branch locations.

We have streamlined call center operations at our Bankoh Client Service Center and improved customer access to their account information 24 hours-a-day. In 2000 we will be expanding the Center's capability to handle inquiries from all areas of Bank of Hawaii to further ensure that client needs are met quickly and efficiently.

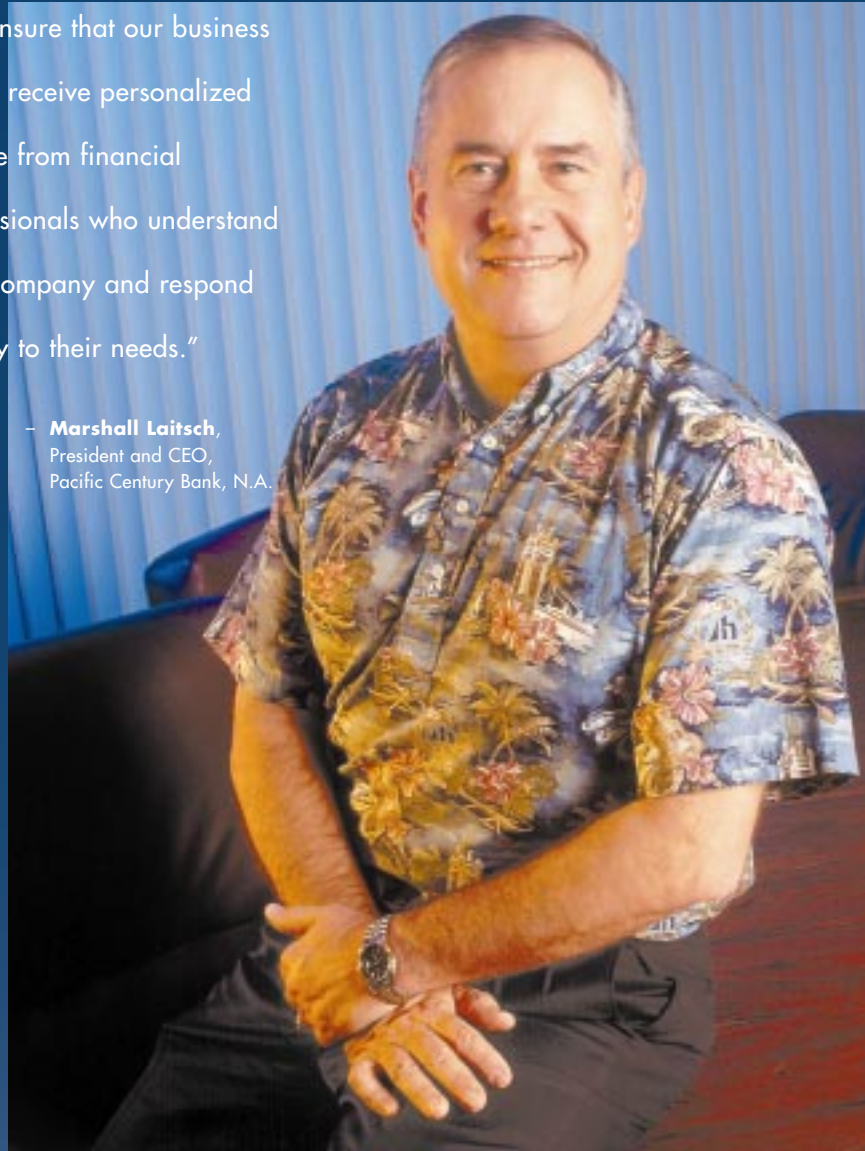
At our Bankoh Loan Center, we have developed the capability to respond to a customer's request for a loan in a matter of minutes, thanks to an automated credit decision support system. This system makes the loan approval process more responsive to clients, enhancing our ability to increase our share of the loan market. We have also streamlined consumer and small business loan applications, making them easier to request and quicker to deliver.

Currently we are preparing to unveil a concept which is new for Hawaii banks—a staffed information and welcome center located in selected branches—which is designed to ensure that clients' needs are met quickly and completely. Branch personnel are being trained to introduce clients to the latest ways to conduct their banking through the use of online services and other electronic delivery channels.

While yesterday's banks may have been designed for bankers, Bank of Hawaii is creating a bank that is designed for clients. By taking the time to ask, we have learned what clients really want: banking that is responsive, uncomplicated and focused on helping them achieve their financial goals.

"As the new president and chief executive of Pacific Century Bank, N.A., my goal is to ensure that our business clients receive personalized service from financial professionals who understand their company and respond quickly to their needs."

- **Marshall Laitsch**,
President and CEO,
Pacific Century Bank, N.A.



OUR BUSINESS BANKING CLIENTS HAVE TO COMPETE in an increasingly competitive global marketplace, and Bank of Hawaii is there to help with new products and services tailored to meet the complete financial needs of small and mid-sized companies as well as larger corporate clients in Hawaii, the Pacific, Asia and on the U.S. Mainland.

In addition, Pacific Century Bank, N.A., our California- and Arizona-based business banking operation, continues to specialize in serving mid-sized clients in its markets, providing loans, deposit accounts, cash management, investments and international banking services.

Bank of Hawaii's business relationship officers work one-on-one with mid-sized businesses and corporate clients, providing industry-specific expertise in fields such as technology, manufacturing and retail. As a result of recent client-focused initiatives, these officers will spend less time on administrative tasks and more time matching our financial services with the needs of our business clients.

BE THE BEST IN *business banking*



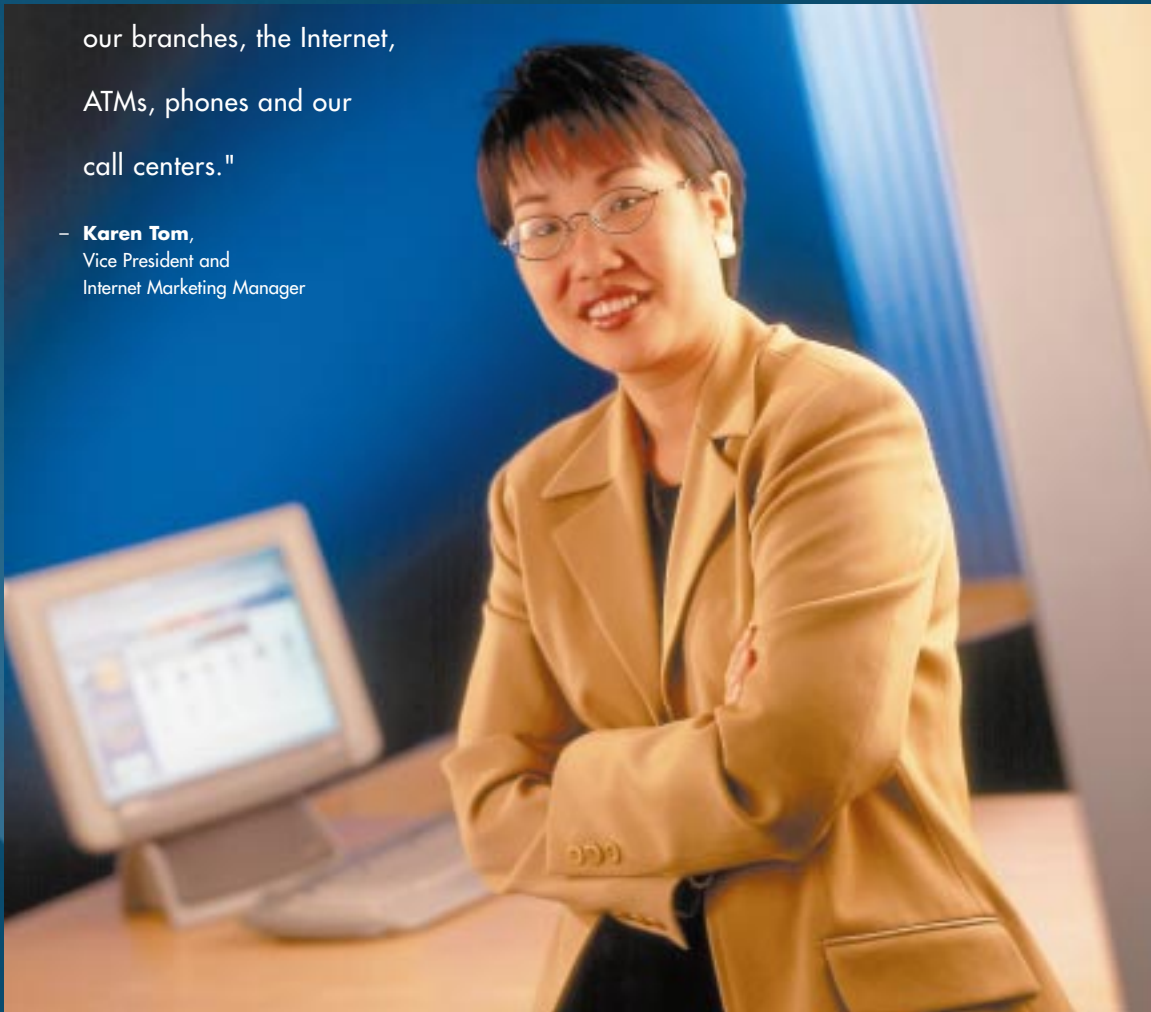
In addition, we will be offering our mid-sized and corporate clients an integrated cash management solution that will be available across all delivery channels, including the Internet, to improve user convenience and internal efficiency.

Bank of Hawaii is also establishing regionally based commercial banking centers within its Hawaii branch network to better focus on and deliver quality service to mid-sized firms.

We have always been committed to supporting the growth of small businesses—which comprise nearly 90 percent of Hawaii's companies. Bank of Hawaii continues to lead the way in offering innovative products and services designed to organize and simplify the range of financial management tasks of this important market segment.

"Our primary goal is to provide convenient and easy '24 by 7' financial services which are accessible through our branches, the Internet, ATMs, phones and our call centers."

– **Karen Tom,**
Vice President and
Internet Marketing Manager



USE *high-tech*
TO BECOME *high-touch*



BANK OF HAWAII IS PUTTING TECHNOLOGY TO WORK in new and exciting ways to better serve our clients.

In 1999 we expanded our Internet banking capabilities, introducing an online trust service and 401(k) program. In 2000 we will be extending our e-Bankoh online banking service to small business clients, adding more features and enhancements, and exploring innovative partnerships with clients and dot.coms to add value to the services e-Bankoh offers.

Through e-Bankoh, clients can enjoy 24-hour access to a full range of financial products and services, including their checking, savings, and loan accounts; credit cards, time deposits and real estate; and trust, investment and (recently) insurance products. With the click of a button, clients can manage their finances and make informed decisions at *their* convenience.

Since the introduction of e-Bankoh's online banking service in early 1998, Bank of Hawaii's website, boh.com (which was launched in late 1995), has consistently been recognized nationally and internationally for its navigational ease, uncomplicated presentation and

wide range of client-focused services. In the fall 1999 special Internet issue of Forbes magazine, e-Bankoh is described as "one of the best Internet banking sites in the nation."

In 2000, Bank of Hawaii will be establishing an internal group to manage the implementation of an enterprise-wide e-commerce development strategy. The group will create the framework for e-business investment decisions and will work to ensure that we extend our dominant position as an e-solutions provider in this arena.

Behind the scenes, technology is at work for us too. In 2000, Bank of Hawaii plans to upgrade its relationship management systems by utilizing new software that will enable us to more effectively assess a client's financial needs and provide solutions across multiple product lines. This new software system will also allow us to better track and record sales, as well as manage sales-based employee incentive programs.

PACIFIC CENTURY FINANCIAL CORPORATION

Bank of Hawaii



Korea

Japan

Taiwan

Commonwealth of the Northern Marianas Islands (CNMI)

Republic of the Marshall Islands (RMI)

Federated States of Micronesia (FSM)

Samoa

Fiji

American Samoa

Tonga

French Polynesia

Vanuatu

New Caledonia

Hong Kong

Guam

The Philippines

Republic of Palau

Solomon Islands

Papua New Guinea

Singapore

Australia

California

Arizona

New York

Nassau

Hawaii

Locations

(as of December 31, 1999)

HAWAII

Bank of Hawaii
(74 BRANCHES)

ARIZONA

Pacific Century Bank, N.A.
(9 BRANCHES)

CALIFORNIA

Pacific Century Bank, N.A.
(19 BRANCHES)

WEST PACIFIC

*Commonwealth of the
Northern Marianas
Islands* (CNMI)

Bank of Hawaii
(2 BRANCHES)

*Federated States
of Micronesia* (FSM)

Bank of Hawaii
(3 BRANCHES)

Guam

Bank of Hawaii
(3 BRANCHES)

First Savings and
Loan Association
of America F.S.A.

(3 BRANCHES,
3 IN-STORE BRANCHES)

*Republic of the
Marshall Islands* (RMI)

Bank of Hawaii
(1 BRANCH)

Republic of Palau

Bank of Hawaii
(1 BRANCH)

SOUTH PACIFIC

American Samoa
Bank of Hawaii
(2 BRANCHES)

Fiji

Bank of Hawaii
(3 BRANCHES)

SUBSIDIARY BANKS

French Polynesia
Banque de Tahiti
(17 BRANCHES)

New Caledonia
Bank of Hawaii-Nouvelle Calédonie
(8 BRANCHES)

Papua New Guinea
Bank of Hawaii (PNG), Ltd.
(2 BRANCHES)

Vanuatu
Banque d'Hawaii (Vanuatu), Ltd.
(2 BRANCHES)

AFFILIATE BANKS

Samoa
Pacific Commercial Bank, Ltd.
(4 BRANCHES)

Tonga
Bank of Tonga
(5 BRANCHES)

Solomon Islands
National Bank of Solomon Islands
(11 BRANCHES)

ALLIANCES

Australia
Bank of Queensland Limited
(94 BRANCHES)

INTERNATIONAL OFFICES/BRANCHES

Hong Kong
Bank of Hawaii
(1 BRANCH)

The Philippines
Bank of Hawaii
(1 REPRESENTATIVE OFFICE,
2 EXTENSION OFFICES)

Nassau
Bank of Hawaii
(1 BRANCH)

New York
Bank of Hawaii
International Corporation,
New York

Korea
Bank of Hawaii
(1 BRANCH)

Singapore
Bank of Hawaii
(1 BRANCH)

Taiwan
Bank of Hawaii
(1 BRANCH)

Japan
Bank of Hawaii
(1 BRANCH)

REPORT OF INDEPENDENT AUDITORS

Shareholders and Board of Directors - *Pacific Century Financial Corporation*

We have audited, in accordance with auditing standards generally accepted in the United States, the consolidated statements of condition of Pacific Century Financial Corporation at December 31, 1999 and 1998 and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 1999 appearing in the Company's Annual Report on Form 10-K, but not presented separately herein. In our report dated January 21, 2000, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly stated in all material respects in relation to the consolidated financial statements from which it has been derived.

Ernst & Young LLP

Honolulu, Hawaii

January 21, 2000

Consolidated Statements of Income *Pacific Century Financial Corporation and subsidiaries*
(in thousands of dollars except per share amounts)

Year ended December 31	1999	1998	1997
INTEREST INCOME			
Interest on Loans	\$699,939	\$737,276	\$704,622
Loan Fees	39,899	45,340	34,334
Income on Lease Financing	29,391	25,699	22,063
Interest and Dividends on Investment Securities			
Taxable	57,809	67,717	81,845
Non-Taxable	1,094	1,096	1,186
Income on Investment Securities Available for Sale	168,349	170,963	158,851
Interest on Deposits	24,960	36,676	33,058
Interest on Security Resale Agreements	244	82	86
Interest on Funds Sold	4,834	3,718	3,727
Total Interest Income	1,026,519	1,088,567	1,039,772
INTEREST EXPENSE			
Interest on Deposits	261,184	306,700	313,164
Interest on Security Repurchase Agreements	92,175	121,445	115,461
Interest on Funds Purchased	41,677	26,720	23,805
Interest on Short-Term Borrowings	12,414	14,376	17,554
Interest on Long-Term Debt	44,326	42,725	46,344
Total Interest Expense	451,776	511,966	516,328
Net Interest Income	574,743	576,601	523,444
Provision for Loan Losses	60,915	84,014	30,338
Net Interest Income After Provision for Loan Losses	513,828	492,587	493,106
NON-INTEREST INCOME			
Trust Income	60,700	55,879	52,237
Service Charges on Deposit Accounts	34,267	35,459	29,354
Fees, Exchange and Other Service Charges	88,838	77,881	67,081
Other Operating Income	67,720	38,446	36,043
Investment Securities Gains	14,056	4,086	3,074
Total Non-Interest Income	265,581	211,751	187,789
NON-INTEREST EXPENSE			
Salaries	198,743	194,522	173,159
Pensions and Other Employee Benefits	55,343	56,003	53,535
Net Occupancy Expense	47,893	46,799	46,725
Net Equipment Expense	48,674	49,009	38,524
Other Operating Expense	180,107	174,546	149,464
Restructuring Charge	22,478	19,400	-
Minority Interest	485	446	1,488
Total Non-Interest Expense	553,723	540,725	462,895
Income Before Taxes	225,686	163,613	218,000
Provision for Taxes	92,729	56,649	78,512
Net Income	\$132,957	\$106,964	\$139,488
Basic Earnings Per Share	\$1.66	\$1.33	\$1.75
Diluted Earnings Per Share	\$1.64	\$1.32	\$1.72
Basic Weighted Average Shares	80,298,725	80,228,424	79,794,011
Diluted Weighted Average Shares	81,044,558	81,142,144	80,946,170

Consolidated Statements of Condition *Pacific Century Financial Corporation and subsidiaries*

(in thousands of dollars)

December 31	1999	1998
ASSETS		
Interest-Bearing Deposits	\$278,473	\$453,527
Investment Securities		
- Held to Maturity (Market Value of \$787,720 in 1999 and \$668,068 in 1998)	796,322	652,802
- Available for Sale	2,542,232	3,018,403
Funds Sold	52,740	45,683
Loans	9,717,556	9,854,000
Unearned Income	(242,503)	(225,915)
Reserve for Loan Losses	(194,205)	(211,276)
Net Loans	9,280,848	9,416,809
Total Earning Assets	12,950,615	13,587,224
Cash and Non-Interest Bearing Deposits	639,895	564,243
Premises and Equipment	271,728	293,591
Customers' Acceptance Liability	7,236	8,227
Accrued Interest Receivable	78,974	85,485
Other Real Estate	4,576	5,648
Intangibles, Including Goodwill	205,904	216,106
Other Assets	281,387	256,039
Total Assets	\$14,440,315	\$15,016,563
LIABILITIES		
Domestic Deposits		
Demand-Non-Interest Bearing	\$1,676,425	\$1,745,747
-Interest Bearing	2,076,358	2,385,285
Savings	700,720	740,378
Time	2,761,650	2,637,746
Foreign Deposits		
Demand-Non-Interest Bearing	401,613	489,672
Time Due to Banks	597,675	685,137
Other Savings and Time	1,179,777	892,377
Total Deposits	9,394,218	9,576,342
Securities Sold Under Agreements to Repurchase	1,490,655	2,008,399
Funds Purchased	839,962	942,062
Short-Term Borrowings	458,962	356,822
Bank's Acceptances Outstanding	7,236	8,227
Accrued Retirement Liability	40,360	39,811
Accrued Interest Payable	64,588	55,694
Accrued Taxes Payable	85,022	114,443
Minority Interest	4,435	7,394
Other Liabilities	114,890	136,159
Long-Term Debt	727,657	585,616
Total Liabilities	13,227,985	13,830,969
SHAREHOLDERS' EQUITY		
Common Stock (\$.01 par value):		
authorized 500,000,000 shares; issued/outstanding;		
December 1999 - 80,550,728/80,036,417 and		
December 1998 - 80,512,372/80,325,998	806	805
Capital Surplus	345,851	342,932
Accumulated Other Comprehensive Income	(66,106)	(22,476)
Retained Earnings	942,177	867,852
Treasury Stock, at Cost (514,311 shares in 1999 and 186,374 shares in 1998)	(10,398)	(3,519)
Total Shareholders' Equity	1,212,330	1,185,594
Total Liabilities and Shareholders' Equity	\$14,440,315	\$15,016,563

**PACIFIC CENTURY
FINANCIAL CORPORATION**
Executive Officers

LAWRENCE M. JOHNSON
Chairman of the Board and
Chief Executive Officer

RICHARD J. DAHL
President and
Chief Operating Officer

ALTON T. KUIOKA
Vice Chair, Hawaii Market

MARY P. CARRYER
Vice Chair, Technology
and Pacific Century Bank

DUANE D. FEEKIN
Executive Vice President,
Human Resources Division

DAVID A. HOULE
Executive Vice President,
Treasurer and
Chief Financial Officer

JOSEPH T. KIEFER
Executive Vice President,
General Counsel

KARL K.Y. PAN
Executive Vice President,
Global Market

ROBERT W. PARIS
Executive Vice President,
Credit Division

JAMES C. TOLLEFSON
Executive Vice President,
Asset Recovery Division

DENIS K. ISONO
Senior Vice President
and Controller

CORI C. WESTON
Vice President and
Corporate Secretary

TERRY SASAMURA
Asst. Vice President and
Asst. Corporate Secretary

**PACIFIC CENTURY
FINANCIAL CORPORATION**
Board of Directors

PETER D. BALDWIN
President, Baldwin Pacific Corporation

MARY G. F. BITTERMAN
President and Chief Executive Officer,
KQED, Inc.

RICHARD J. DAHL
President and Chief Operating Officer,
Pacific Century Financial Corporation
and Bank of Hawaii

***J. RICHARD FREDERICKS**
Private investor and consultant

DAVID A. HEENAN
Trustee, The Estate of James Campbell

STUART T. K. HO
Chairman of the Board and President,
Capital Investment of Hawaii, Inc.

LAWRENCE M. JOHNSON
Chairman and Chief Executive Officer,
Pacific Century Financial Corporation
and Bank of Hawaii

+HERBERT M. RICHARDS, JR.
President and Manager, Kahua Ranch, Ltd.

+HOWARD STEPHENSON
Retired Chairman of the Board and
Chief Executive Officer, Pacific Century
Financial Corporation and Bank of Hawaii

MARTIN A. STEIN
President, Sonoma Mountain Venture

FRED E. TROTTER, III
President, F.E. Trotter, Inc.

STANLEY S. TAKAHASHI
Executive Vice President and
Chief Operating Officer,
Kyo-ya Company, Ltd.

DONALD M. TAKAKI
President, Island Movers, Inc.

BANK OF HAWAII
Board of Directors

S. HAUNANI APOLIONA
Trustee, Office of Hawaiian Affairs

PETER D. BALDWIN
President, Baldwin Pacific Corporation

MARY G. F. BITTERMAN
President and Chief Executive Officer,
KQED, Inc.

EDUARDO A. CALVO
Attorney at Law, Calvo & Clark

MARY P. CARRYER
Vice Chair, Pacific Century Financial
Corporation and Bank of Hawaii

MICHAEL J. CHUN
President, Kamehameha Schools

CLINTON R. CHURCHILL
Trustee, The Estate of James Campbell

RICHARD J. DAHL
President and Chief Operating Officer,
Pacific Century Financial Corporation
and Bank of Hawaii

***J. RICHARD FREDERICKS**
Private investor and consultant

DAVID A. HEENAN
Trustee, The Estate of James Campbell

STUART T. K. HO
Chairman of the Board and President,
Capital Investment of Hawaii, Inc.

LAWRENCE M. JOHNSON
Chairman and Chief Executive Officer,
Pacific Century Financial Corporation
and Bank of Hawaii

ALTON T. KUIOKA
Vice Chairman and Chief Lending Officer,
Pacific Century Financial Corporation
and Bank of Hawaii

+HERBERT M. RICHARDS, JR.
President and Manager, Kahua Ranch, Ltd.

MARTIN A. STEIN
President, Sonoma Mountain Venture

+H. HOWARD STEPHENSON
Retired Chairman of the Board and
Chief Executive Officer, Pacific Century
Financial Corporation and Bank of Hawaii

STANLEY S. TAKAHASHI
Executive Vice President and
Chief Operating Officer,
Kyo-ya Company, Ltd.

DONALD M. TAKAKI
President, Island Movers, Inc.

BARBARA J. TANABE
Managing Director, Pacific Century, Inc.

FRED E. TROTTER, III
President, F.E. Trotter, Inc.

ROBERT WO, JR.
President, C.S. Wo & Sons, Inc.

PACIFIC CENTURY BANK, N.A.
Board of Directors

DICK VAN ARSDALE
Senior Vice President,
Player Personnel, Phoenix Suns

MARY G.F. BITTERMAN
President and Chief Executive Officer,
KQED, Inc.

MARY P. CARRYER
Chairman, Pacific Century Bank
Vice Chair, Pacific Century
Financial Corporation and
Bank of Hawaii

RICHARD J. DAHL
President and
Chief Operating Officer,
Pacific Century Financial
Corporation and Bank of Hawaii

DAVID A. HOULE
Executive Vice President, Treasurer
and Chief Financial Officer
Pacific Century Financial Corporation
and Bank of Hawaii

VIRGINIA KORTE
Owner, Ray Korte Lease

MARSHALL V. LAITSCH
President, Chief Executive Officer,
Pacific Century Bank

MILAN J. McMANNIS
President, Alliance Lumber,
Division of Crown Pacific

*Mr. Fredericks assumed the position of
U.S. Ambassador to Switzerland and
resigned from the Boards effective
November 19, 1999.

+Mr. Stephenson and Mr. Richards,
currently directors, have reached the
mandatory retirement age of 70 and
will retire from the Boards effective
April 28, 2000.

CORPORATE HEADQUARTERS

Pacific Century Financial Corporation
Financial Plaza of the Pacific
130 Merchant Street
Honolulu, Hawaii 96813

ANNUAL MEETING

The annual meeting of shareholders will be held on Friday, April 28, 2000 at 8:30 a.m. at the Bank of Hawaii Main Office, 6th Floor, 111 South King Street, Honolulu, Hawaii.

TRANSFER AGENTS AND REGISTRARS

Continental Stock Transfer & Trust Company
2 Broadway, 19th Floor
New York, NY 10004

or

Pacific Century Trust, a division of Bank of Hawaii
111 South King Street
Honolulu, Hawaii 96813

COMMON STOCK LISTING

NYSE: BOH

The common stock of Pacific Century Financial Corporation is traded on the New York Stock Exchange under the ticker symbol BOH and is quoted daily in leading financial publications as "PacCentury" or "PacCenFnl."

DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN (DRP)

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

- Hawaii non-shareholder residents may make an initial investment of \$250. Non-Hawaii residents must possess at least one share of PCFC stock to join the plan.
- Shares are purchased on the 10th business day of each month based on the average of five trading days ending on the day of purchase.
- Minimum payment for purchase of shares is \$25 and the maximum is \$5,000 per calendar quarter.
- There are no fees for purchasing shares or for the safekeeping of stock certificates. Fees are assessed on the sale of shares in the plan.

Detailed information about Pacific Century's DRP can be found online at boh.com or by calling the Corporate Secretary's office at 808-537-8239.

INQUIRIES

Shareholders with questions about stock transfer services, share holdings or dividend reinvestment may contact Continental Stock Transfer & Trust Company at 1-800-509-5586 between 8:30 a.m. and 5:30 p.m. Eastern Standard Time.

or

The Corporate Secretary
Pacific Century Financial Corporation
Telephone: 808-537-8272

INVESTORS AND ANALYSTS SEEKING FINANCIAL INFORMATION MAY CONTACT:

David A. Houle
Chief Financial Officer and Treasurer
Telephone: 808-537-8288

or

Investor Relations: 808-537-8037

BOH.COM

Information about Pacific Century Financial Corporation and its principal subsidiary, Bank of Hawaii, as well as economic information on the markets we serve can be found online at boh.com. The website is rich, versatile and easy to navigate.

At our Investor Relations site, investors can access Pacific Century's stock quotes, historical stock charts, financial media releases, SEC filings and more. The e-mail alert listing enables them to be notified when announcements about Pacific Century are released.

FORWARD-LOOKING STATEMENTS

This Annual Report contains forward-looking statements which are provided to assist in the understanding of certain aspects of Pacific Century's anticipated future financial performance. Readers should not place undue reliance on any forward-looking statements, which speak only as of the date made. Forward-looking statements are subject to significant risk and uncertainties, many of which are beyond the Company's control. Although we believe that the assumptions underlying its forward-looking statements are reasonable, any of the assumptions could prove to be inaccurate and actual results may differ from those contained in or implied by such forward-looking statements for a variety of reasons. Factors which might cause such a difference include, but are not limited to: expected cost savings from New Era Redesign cannot be fully realized or realized within the expected timeframe; income or revenues from New Era Redesign are lower than expected or operating or implementation costs are higher; competitor pressures in the banking and financial services industry increase significantly, particularly in connection with product delivery and pricing; business disruption related to implementation of New Era Redesign programs or methodologies; inability to achieve expected customer acceptance of revised pricing structures and strategies; general economic conditions in the geographic areas where we seek to expand business opportunities are weaker than expected or other unanticipated occurrences which could delay or adversely impact the implementation of all or a part of New Era Redesign.

PACIFIC CENTURY FINANCIAL CORPORATION

Corporate Organization

