

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1994

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM TO

COMMISSION FILE NUMBER 1-6887

BANCORP HAWAII, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)
HAWAII 99-0148992
(STATE OF INCORPORATION) (IRS EMPLOYER IDENTIFICATION NO.)

130 MERCHANT STREET, 96813
HONOLULU, HAWAII (ZIP CODE)
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

(808) 537-8111
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:
TITLE OF EACH CLASS NAME OF EACH EXCHANGE
ON WHICH REGISTERED

COMMON STOCK, \$2 PAR VALUE

NEW YORK STOCK EXCHANGE

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:

NONE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes No .

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

The aggregate market value of the voting stock held by non-affiliates of the registrant, based upon the closing price of said stock on the New York Stock Exchange on January 31, 1995 (\$27.00 per share): \$1,116,587,133

As of February 28, 1995, 41,804,761 shares of Common Stock, \$2 par value, of the registrant were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 26, 1995, are incorporated by reference into Part III of this Report.

PART I

ITEM 1. BUSINESS

Bancorp Hawaii, Inc., (Bancorp) was organized on August 12, 1971, as the first bank holding company in the State of Hawaii.

Bancorp provides varied financial services to customers in Hawaii, other areas of the Pacific Basin, and selected markets with economies similar to those in the Pacific Basin. It is the largest of the bank holding companies headquartered in the State of Hawaii. The principal subsidiaries of Bancorp are Bank of Hawaii and Bancorp Pacific, Inc. (formerly known as FirstFed America, Inc.)

In 1993, Bank of Hawaii finalized its acquisition of American Financial Services of Hawaii, Inc. (AFS), a trust holding company. Bank of Hawaii's strategy was to integrate the operations of these companies into its other trust subsidiary--Hawaiian Trust Company, Limited. In 1994, AFS was merged into Hawaiian Trust Company, Limited. With one trust operation, the company can focus its efforts on building its base of customers.

In October 1994, Bank of Hawaii International, Inc. finalized its purchase of 51% of the National Bank of Solomon Islands (NBSI). NBSI is headquartered in Honiara, Solomon Islands and has ten branches and 50 agencies throughout the Solomons. Total assets were \$50.3 million at year-end 1994 and have been included in the consolidated financial statements.

Bancorp's organization chart at December 31, 1994 is included as Exhibit 21. The percentages indicate the proportion of total assets that each group of entities contributed to Bancorp's consolidated financial position at December 31, 1994. All of the subsidiaries are wholly owned except as otherwise noted for the Pacific affiliate banks and except for those entities whose directors own qualifying shares. All the entities are consolidated with the immediate parent company. Bank of Hawaii International, Inc.'s investments in Pacific affiliate banks are accounted for under the equity method, except Banque d'Hawaii (Vanuatu) and NBSI which are included in the consolidated financial statements of Bancorp Hawaii, Inc.

At December 31, 1994, Bancorp and its subsidiaries employed 4,488 persons on a full-time or part-time basis.

The following is a description of each of Bancorp's subsidiaries.

Bank of Hawaii was organized under the laws of Hawaii on December 17, 1897, and has been continuously in business since. Its headquarters are in Honolulu, Hawaii, and its deposits are insured by the Federal Deposit Insurance Corporation (FDIC). It is not a member of the Federal Reserve System.

Bancorp and 18 directors of Bank of Hawaii (each of whom holds 125 qualifying shares) own 100% of the outstanding shares. There are two (2) directors of Bank of Hawaii who do not hold qualifying shares. The legal requirement for directors to hold qualifying shares was recently changed. Directors currently holding these shares will retain them until they retire or resign from the Board.

Bank of Hawaii provides customary commercial banking services through branch offices in the State of Hawaii and branches or representative offices in American Samoa, Bahamas (Nassau), Commonwealth of the Northern Mariana Islands (Saipan), Federated States of Micronesia (Pohnpei, Kosrae, and Yap), Guam, Hong

Kong, Korea (Seoul), Philippines (Manila, Davao, and Cebu), Republic of Fiji (Suva and Nadi), Republic of the Marshall Islands (Majuro), Republic of Palau (Koror), Japan (Tokyo), Singapore, and Taiwan (Taipei). Bank of Hawaii also has affiliates in New Caledonia, Solomon Islands, Tahiti, Tonga, Vanuatu and Western Samoa.

Bank of Hawaii owns all of the outstanding stock of Hawaiian Trust Company, Limited; Bancorp Leasing of Hawaii, Inc.; Bank of Hawaii International, Inc.; Bank of Hawaii International Corporation, New

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York; Bancorp Investment Group, Limited; Bankoh Investment Advisory Services Limited; Realty and Mortgage Investors of the Pacific, Limited; and Bankoh Corporation (formerly known as Hawaiian Hong Kong Holdings, Ltd.). The operations of the original Bankoh Corporation were merged into the Bank and the original Bankoh Corporation was dissolved in December 1993. In 1994, Hawaiian Hong Kong Holdings, Ltd. (an inactive corporation) was renamed Bankoh Corporation. A brief discussion of other Bank subsidiaries follows:

Hawaiian Trust Company, Limited (HTCo) was acquired by Bancorp in 1985. HTCo was incorporated in Hawaii on August 10, 1898. It offers trust services primarily in Hawaii and Guam. In 1987, Bancorp contributed the stock of HTCo to Bank of Hawaii. As a result, HTCo became a wholly owned subsidiary of Bank of Hawaii. In 1994, AFS, which the Bank had acquired during the previous year, along with its subsidiaries Bishop Trust and American Trust Company of Hawaii, were all merged into HTCo. At year-end 1994, trust assets under administration were \$11.9 billion for HTCo.

Bancorp Leasing of Hawaii, Inc. (BLH), formed in 1973, provides leasing and leasing services, mainly to the commercial sector in Hawaii. BLH has several subsidiaries that are "specific purpose leasing vehicles." These subsidiaries include Bankoh Equipment Leasing Corporation; S.I.L., Inc.; Arbella Leasing Corporation; Bancorp Leasing of America, Inc.; and Bancorp Leasing International, Inc. Bancorp Leasing of America, Inc. remains inactive. On a consolidated basis, BLH's assets represented 1.0% of Bancorp's total assets at year-end 1994.

Bank of Hawaii International, Inc. (BOHI) was formed in 1968. BOHI holds equity interests in the following foreign financial institutions (in the percentages indicated): Bank of Tonga-30%; Banque de Nouvelle Caledonie, New Caledonia-21%; Banque de Tahiti-38%; Pacific Commercial Bank, Limited, Western Samoa-43%; Banque d'Hawaii (Vanuatu), Limited-80%; National Bank of the Solomon Islands-51%; and Hawaii Financial Corporation (Hong Kong) Limited-100%, which is a registered deposit-taking company and owns 100% of Bonsphere, Ltd., a trade re-invoicing company. Substantially all the assets and liabilities of HFC were transferred to Bank of Hawaii's new Hong Kong Branch in 1994. It is anticipated HFC will be dissolved upon receipt of regulatory approval. In 1994, BOHI acquired 51% of NBSI as mentioned earlier. BOHI's total assets represented 1.3% of Bancorp's total assets at year-end 1994.

Bank of Hawaii International Corporation, New York (BOHICNY), was organized in 1982 as an Edge Act corporation. Bank of Hawaii International Corporation, New York, provides payment, clearing, and settlement services with the New York Clearing House and Clearing House Interbank Payment Service (CHIPS) for both affiliated and unaffiliated banks. BOHICNY had total assets representing 0.9% of Bancorp's total assets at year-end 1994.

Bancorp Investment Group, Limited was formed in 1991 to provide full service brokerage and other investment services. The company has been operational since February of 1992. In 1994, Bancorp contributed the stock of Bancorp Investment Group, Limited to Bank of Hawaii. As a result, Bancorp Investment Group, Limited became a wholly owned subsidiary of Bank of Hawaii.

Bankoh Investment Advisory Services, Limited (formerly known as Bankoh Advisory Corporation) was reactivated in 1991 to provide advisory services for businesses seeking to operate in Hawaii. The activity of this company has been

very limited during 1994.

Hawaiian Hong Kong Holdings, Ltd. was incorporated in 1984 to acquire certain foreign real estate expected to be obtained through foreclosure. The transaction never took place and the company remained inactive until 1994. In 1994, the name was changed to Bankoh Corporation, with very limited activity.

Realty and Mortgage Investors of the Pacific, Limited (RAMPAC), a wholly owned subsidiary, was organized in 1992 as a financial services company in the State of Hawaii. Its activity is focused on commercial real estate lending in Hawaii, and it does not accept deposits. Total assets at year-end 1994 were \$50.8 million.

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In 1994, Bank of Hawaii organized Pan-Ocean Insurance Agency, Inc. (Pan-Ocean) as a wholly owned subsidiary. Pan-Ocean will engage in a general insurance agency, insurance sub agency and general insurance brokerage business to the extent permitted under applicable federal and state laws. In 1994, activity has been limited to organization. Business activity is anticipated to begin in 1995.

Also in 1994, Bank of Hawaii organized Pacific Capital Asset Management, Inc. (PCAM) as a wholly owned subsidiary. PCAM will act as an investment advisor, primarily to institutional investors, registered with the Securities and Exchange Commission. Activity has been limited to organizing in 1994. PCAM will commence its business operations in 1995.

Bancorp also holds all of the outstanding stock, except as noted, of the corporations listed below:

Bancorp Pacific, Inc., formerly known as FirstFed America, Inc., was incorporated under Delaware law in July 1986 for the purpose of becoming a savings and loan holding company to own the outstanding stock of First Federal Savings and Loan Association (First Federal) upon its conversion from a federally chartered mutual savings and loan association to a federally chartered stock savings and loan association.

Bancorp Pacific Inc.'s only significant business is conducted through its wholly owned subsidiary, First Federal, and First Federal's subsidiary, First Savings and Loan Association of America (First Savings).

First Federal, a federally chartered stock savings and loan association, has been in operation since 1904. First Federal in 1978 merged with Island Federal Savings and Loan Association of Honolulu, Hawaii, and during the 1980s acquired several smaller savings and loan associations. First Federal operates 24 full service offices throughout Hawaii. Its deposits are also insured by the FDIC. Total assets for First Federal represented 7.6% of Bancorp's total assets at year-end 1994.

First Savings operates in a market area that includes the entire island of Guam and the island of Saipan in the Commonwealth of the Northern Mariana Islands (located approximately 120 miles northeast of Guam). First Savings operates three full-service offices in Guam and one in Saipan. Its deposits are insured by the FDIC. The stock of Bancorp Finance of Hawaii--(Guam), Inc. (BFH-Guam) was contributed to First Savings in 1991. BFH-Guam, which changed its name from Bankoh Finance, Inc., in 1984, was formed in 1979 through the purchase of the assets of an industrial loan company based in Guam. BFH-Guam has deposit-taking authority under Guam law, but in 1984, BFH-Guam discontinued accepting new deposits and has had no deposit liabilities since 1987. On a consolidated basis, First Savings' assets represented 1.3% of Bancorp's total assets at year-end 1994.

First National Bank of Arizona (FNBA) was acquired by Bancorp in October 1987. Bancorp and the directors of FNBA (each of whom holds 1,000 qualifying shares) own 100% of the outstanding shares of FNBA. FNBA is organized under the laws of the United States. Its deposits are insured by the FDIC, and it is a

member of the Federal Reserve System. FNBA provides customary commercial banking services through four branch offices located in the State of Arizona. During 1994, FNBA sold its Sun City branch and opened a new branch in Scottsdale. FNBA had total assets representing 0.8% of Bancorp's total assets at year-end 1994.

Bancorp Life Insurance Company of Hawaii, Inc., was incorporated in 1981 in the State of Arizona to underwrite as a reinsurer the credit life and credit accident and health insurance sold in conjunction with Bank of Hawaii's short-term consumer lending activities. Bancorp Insurance Agency of Hawaii, Inc., was formed in 1982 to act as an agent for the sale of all credit life and credit accident and health insurance that is reinsured with Bancorp Life Insurance Company of Hawaii, Inc.

In 1989, Bancorp established a wholly owned captive insurance company, Bancorp Hawaii Insurance Services, Ltd. (BHISL). With BHISL's formation, Bancorp became the first Hawaii corporation to establish a Hawaii captive insurance company for its self-insurance needs. BHISL provides bankers professional

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liability insurance exclusively to Bancorp and its subsidiaries and affiliates. In 1992, BHISL began providing workers compensation insurance for Bancorp and its subsidiaries. BHISL's formation provides Bancorp with greater flexibility and stability in controlling insurance coverages and premium costs. BHISL also provides Bancorp with the opportunity to design self-insurance programs not otherwise available in the conventional insurance market.

Bancorp Hawaii Small Business Investment Company, Inc., was formed in September 1983 in the State of Hawaii as a small business investment company. Its investment and lending activities were very limited in 1994.

Three inactive Bancorp subsidiaries were dissolved in 1994. These subsidiaries were Bancorp Business Systems of Hawaii, Inc., Bancorp Hawaii Service Corp., and Bancorp Investment Advisory Services, Inc. Investors Pacific Limited remains the only inactive company and will be dissolved in 1995.

REGULATION AND COMPETITION

EFFECT OF GOVERNMENTAL POLICIES

The earnings of Bancorp and its principal subsidiaries are affected not only by general economic conditions, both domestic and foreign, but also by the monetary and fiscal policies of the United States and its agencies, particularly the Federal Reserve System, and foreign governments and their agencies. The monetary policies of the Federal Reserve System influence to a significant extent the overall growth of loans, investments, deposits, interest rates charged on loans, and interest rates paid on deposits. The nature and impact of future changes in monetary policies are often not predictable. Flexibility is a key attribute in successfully responding to these varied forces.

COMPETITION

The financial services industry has become highly competitive. Bancorp, Bank of Hawaii, and First Federal compete with local financial institutions as well as institutions located in the major financial centers of the world. These financial institutions include not only banks and savings associations, but also insurance companies, brokerage houses, mortgage companies, merchandise retailers, consumer finance companies, credit unions, and diversified financial services companies that provide many or all of the services offered by commercial banks and savings institutions but operate without a banking charter and thus free of most of the associated regulatory requirements.

The State of Hawaii is served by eight commercial banks, six savings associations, approximately nine deposit-taking financial services loan

companies, approximately 124 credit unions, and scores of mortgage companies and other financial services firms. The State is also served by a large number of out-of-state institutions and foreign banks. Bank of Hawaii is the largest Hawaii based financial services firm operating in the market. Outside of Hawaii, Bank of Hawaii's primary competition in the Pacific Basin comes from several major U.S. Mainland and foreign banks that operate in those areas. First Federal is the third largest savings association in Hawaii.

Additional financial institution holding companies or their subsidiaries may enter markets served by Bancorp and thereby provide additional competition. Likewise, if Bancorp, Bank of Hawaii, First Federal, and their subsidiaries pursue additional business opportunities, they will encounter significant competition from other businesses, including ones not associated with banks or financial institution holding companies.

SUPERVISION AND REGULATION

Bancorp is registered as a bank holding company under the Bank Holding Company Act of 1956, as amended (the "BHC Act") and, as such, is subject to the Act and regulations issued thereunder by the Board

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of Governors of the Federal Reserve System (the "Board of Governors"). Bancorp is also registered as a bank holding company under the Hawaii Code of Financial Institutions (the "Code") and, as such, is subject to the registration, reporting, and examination requirements of the Code.

The BHC Act requires prior approval of the Board of Governors of the acquisition by Bancorp of more than 5% of the voting shares of any bank or any other bank holding company. The BHC Act also prohibits until September 29, 1995 the acquisition of more than 5% of the stock of Bancorp by a bank holding company whose operations are principally conducted in a state other than Hawaii, and the acquisition by Bancorp of more than 5% of the stock of any bank located in a state other than Hawaii unless the statutory law of the state in which such bank is located specifically authorizes such acquisition. Certain aspects of this prohibition may be relaxed in the event of supervised takeovers of troubled financial institutions. Beginning September 29, 1995, and subject to certain limits, the BHC Act will allow adequately capitalized and adequately managed bank holding companies to acquire control of banks in any state. Thus, assuming it is judged to be adequately capitalized and adequately managed, Bancorp will no longer be disabled by the BHC Act from acquiring control of banks in any state, and bank holding companies whose operations are principally conducted in states other than Hawaii will no longer be disabled by the BHC Act from acquiring control of Bancorp. An interstate acquisition may not be approved, however, if immediately before the acquisition the acquirer controls an FDIC-insured institution or branch in the state of the institution to be acquired, and if immediately following the acquisition the acquirer would control 30 percent or more of the total FDIC-insured deposits in that state; but a state may waive the 30 percent limitation by statute, regulation, or order, or by certain nondiscriminatory administrative approvals.

Beginning on June 1, 1997, and earlier if expressly permitted by a nondiscriminatory state law, an adequately capitalized and adequately managed bank may apply for permission to merge with an out-of-state bank and convert all branches of both parties into branches of a single bank. States retain the authority to prohibit such mergers if between September 29, 1994 and June 1, 1997 they enact a statute expressly prohibiting them and that statute applies equally to all out-of-state banks. An interstate merger may not be approved, however, if immediately before the acquisition the acquirer controls an FDIC-insured institution or branch in the state of the institution to be acquired, and if immediately following the acquisition the acquirer would control 30 percent or more of the total FDIC-insured deposits in that state; but a state may waive the 30 percent limitation by statute, regulation, or order, or by certain nondiscriminatory administrative approvals. Banks are also permitted to open newly-established branches in any state that expressly permits all

out-of-state banks to open newly-established branches, if the law applies equally to all banks.

The BHC Act also prohibits, with certain exceptions, Bancorp from acquiring direct or indirect control of more than 5% of the voting shares of any company that is not a bank or bank holding company and from engaging directly or indirectly in any activity other than those of banking, managing or controlling banks or other subsidiaries authorized under the BHC Act, or furnishing services to or performing services for its subsidiaries. Among the permitted activities is the ownership of shares of any company the activities of which the Board of Governors determines to be so closely related to banking or managing or controlling banks as to be a proper incident thereto. In making this determination, the Board of Governors is required to weigh the expected benefits to the public, such as greater convenience, increased competition, or gains in efficiency, against the risks of possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interest, or unsound banking practices. The Board of Governors has adopted regulations that specify various activities as being so closely related to banking or managing or controlling banks as to be a proper incident thereto. The exact nature and scope of such activities have been the subject of intense national debate, and thus, they may change and become more broad as they evolve over time.

In 1989 Congress expanded the authority of bank holding companies to acquire savings associations, subject to approval by the Board of Governors. Bank holding companies may acquire healthy as well as failed or failing savings associations in any state, without regard to whether the bank holding company can operate a bank in that state.

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Congress in 1989 restructured the regulation of the savings and loan industry and its deposit insurance and provided a new regulatory structure for the resolution of troubled and insolvent savings associations. Congress in 1989 also increased the insurance premiums to be paid by FDIC-insured institutions and permitted the FDIC to impose cross-guarantee liability on insured institutions for any cost or loss incurred by the FDIC in connection with the default by, or assistance to, a commonly controlled institution.

By virtue of Section 23A of the Federal Reserve Act and Section 18(j) of the Federal Deposit Insurance Act, Bancorp and its subsidiaries are "affiliates" of Bank of Hawaii and FNBA and are subject to the provisions of Section 23A, which limit the amount of and require substantial security for loans and extensions of credit by Bank of Hawaii or FNBA to, and investments in, Bancorp or certain of its subsidiaries and the amount of advances to third parties collateralized by the securities and obligations of Bancorp or certain of its subsidiaries. Sections 23A and 18(j) are designed to assure that the capital of depository institutions such as Bank of Hawaii and FNBA is not put at risk to support their non-bank affiliates. A similar provision, Section 11 of the Home Owners' Loan Act, subjects the thrift subsidiaries of Bancorp to essentially the same limitations in their transactions with their "affiliates," including Bancorp. Also, Bancorp and its subsidiaries are prohibited from engaging in certain "tie-in" arrangements in connection with extensions of credit or provision of property or services.

Bank of Hawaii is subject to supervision and examination by the FDIC and the Department of Commerce and Consumer Affairs of the State of Hawaii. FNBA is subject to supervision and examination by the Comptroller of the Currency and in certain respects the FDIC.

Banks, including Bank of Hawaii and FNBA, are subject to extensive federal and (in the case of Bank of Hawaii) state statutes and regulations that significantly affect their business and activities. Banks must file reports with their regulators concerning their activities and financial condition and obtain regulatory approval to enter into certain transactions. Banks are also subject to periodic examinations by their regulators to ascertain compliance with various regulatory requirements. Other applicable statutes and regulations

relate to insurance of deposits, allowable investments, loans, acceptance of deposits, trust activities, mergers, consolidations, payment of dividends, capital requirements, reserves against deposits, establishment of branches and certain other facilities, foreign and international operations, limitations on loans to one borrower and loans to affiliated persons, and other aspects of the business of banks. Recent federal legislation has instructed federal agencies to adopt standards or guidelines governing banks' internal controls, information systems, internal audit systems, loan documentation, credit underwriting, interest rate exposure, asset growth, compensation and benefits, asset quality, earnings and stock valuation, and other matters. Similar provisions subject savings associations, including First Federal, to comparable requirements and restrictions. Legislation adopted in 1994 gives the federal banking agencies greater flexibility in implementing standards on asset quality, earnings, and stock valuation. Regulatory authorities have broad authority to initiate proceedings designed to prohibit banks and savings associations from engaging in unsafe and unsound banking practices.

Bancorp Pacific, as a savings and loan holding company, is subject to supervision by the Office of Thrift Supervision ("OTS"), and its thrift subsidiaries are subject to supervision by the OTS and in certain respects the FDIC. As owner of all of the stock of Bancorp Pacific, Bancorp is itself registered with the OTS as a savings and loan holding company and in such capacity is subject to various OTS regulations, examinations, and reporting requirements.

The Home Owners' Loan Act and regulations issued thereunder generally prohibit a savings and loan holding company, directly or indirectly, from (i) acquiring control of an insured savings institution or its holding company without prior OTS approval; (ii) acquiring more than 5% of the voting shares of an insured savings institution or holding company that is not a subsidiary; or (iii) acquiring control of an uninsured savings institution. No director or officer of a savings and loan holding company or person owning or controlling more than 25% of its voting shares may, except with the prior approval of the OTS, acquire control of an insured savings association that is not a subsidiary of that holding company.

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Congress adopted legislation in 1991 to permit the FDIC to increase deposit insurance assessment rates for insured banks and to levy emergency special assessments against insured institutions. In response, the FDIC adopted a risk-based premium schedule which increased the assessment rates for most FDIC-insured depository institutions. At the present time, the premiums range from \$.23 to \$.31 for every \$100 of deposits. As the FDIC increases its insurance reserves, a future reduction in assessment rates, particularly for the best managed banks, becomes more likely. The actual assessment rate for a particular institution depends in part upon the risk classification the FDIC assigns to that institution. The FDIC may raise an institution's insurance premiums or terminate insurance altogether upon a finding that the institution has engaged in unsafe and unsound practices. The United States Congress may consider further measures to strengthen the insurance funds administered by the FDIC, particularly the Savings Association Insurance Fund which generally insures the deposits of savings associations, or to defray the costs of FDIC operations, or for other purposes. Implementation of such measures may change assessment rates or modify the extent or nature of insurance coverage, or merge the bank and savings association insurance funds.

The Federal Deposit Insurance Corporation Improvements Act of 1991 ("FDICIA") requires the federal banking regulators to take "prompt corrective action" in respect of depository institutions that do not meet minimum capital requirements and imposes certain restrictions upon banks which meet minimum capital requirements but are not "well capitalized" for purposes of FDICIA. FDICIA generally prohibits a depository institution from paying any dividend or making any capital distribution or paying any management fee to its holding company if the depository institution would thereafter be undercapitalized. Undercapitalized institutions are subject to regulatory monitoring and may be required to divest themselves of or liquidate subsidiaries. Holding companies

of such institutions may be required to divest themselves of such institutions or divest themselves of or liquidate nondepository affiliates. Critically undercapitalized institutions are prohibited from making payments of principal and interest on subordinated debt and are generally subject to the mandatory appointment of a conservator or receiver.

Further, a bank that is not well capitalized is generally subject to various restrictions on "pass through" insurance coverage for certain of its accounts and is generally prohibited from accepting brokered deposits and offering interest rates on any deposits significantly higher than the prevailing rate. Such banks and their holding companies are also required to obtain regulatory approval before retaining senior executive officers.

Subject to certain exceptions, FDICIA (as modified in 1992) restricts certain investments and activities as principal by state nonmember banks (including Bank of Hawaii) and requires the federal banking regulators to prescribe standards for extensions of credit secured by real estate or made to finance improvements to real estate, loans to bank insiders, regulatory accounting and reports, internal control reports, independent audits, and other matters, and requires that insured depository institutions generally be examined on-site by federal or state personnel at least once every twelve months.

Federal legislation enacted in 1992 affords the federal banking agencies limited discretion to provide relief from certain regulatory requirements to depository institutions doing business or seeking to do business in an emergency or major disaster area. The Omnibus Budget Reconciliation Act of 1993 affects the amortization of intangible assets by banks, requires securities dealers (including banks) to adopt mark-to-market accounting with respect to certain of their securities in calculating income taxes, and establishes a preference for depositors in liquidations of FDIC-insured banks.

Bills are now pending or expected to be introduced in the United States Congress that contain proposals for altering the structure, regulation, and competitive relationships of the nation's financial institutions. If enacted, these bills could increase or decrease the cost of doing business, limit or expand permissible activities (including activities in the insurance and securities fields), or affect the competitive balance among banks, savings associations, and other financial institutions. Some of these bills would reduce the extent of federal deposit insurance, broaden the powers of bank holding companies, promote more open financial markets for U.S. banks and financial companies in foreign nations, regulate banks' derivatives activities and sales of investment products such as mutual fund shares, and realign the structure and jurisdiction of various financial

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institution regulatory agencies. Whether or in what form any such legislation may be adopted or the extent to which the business of Bancorp might be affected thereby cannot be predicted.

ITEM 2. PROPERTIES

Note D to the Audited Financial Statements on pages 52 to 53.

ITEM 3. LEGAL PROCEEDINGS

Note J to the Audited Financial Statements on page 56.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matter was submitted during the fourth quarter of 1994 to a vote of security holders through the solicitation of proxies or otherwise.

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ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Common Stock Listing

The common stock of Bancorp Hawaii, Inc., is traded over the counter on the New York Stock Exchange and quoted daily in leading financial publications.

NYSE Symbol: BOH

Market Prices, Book Values, and Common Stock Dividends--Table 2 on page 10.

ITEM 6. SELECTED FINANCIAL DATA

Year-End Summary--Table 23 on page 39.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

PERFORMANCE HIGHLIGHTS

Bancorp Hawaii, Inc. (Bancorp) reported earnings of \$117.7 million for 1994, down 11.2% from \$132.6 million reported for 1993. The decline ended Bancorp's impressive 17 year series of earnings increases and was attributable to a significant rise in interest rates, coupled with a very sluggish Hawaii economy.

A discretionary restructuring of the "available for sale" securities portfolio accounted for \$9.3 million of the earnings decline. Bancorp sold \$350 million par value of securities and reinvested most of the proceeds in shorter term assets at higher yields. The transactions reduced Bancorp's earnings sensitivity to rising interest rates, while increasing the yield on the assets exchanged by 150 basis points.

For reasons stated above, Bancorp did not meet its 1994 earnings targets of 10%--12% earnings growth, a 1.00% or higher return on average assets (ROAA) and a 16% or higher return on average equity (ROAE). In 1994, earnings growth was negative, ROAA was 0.93% and ROAE was 12.13%. Bancorp did exceed its capitalization targets, achieving an average equity to average asset ratio of 7.71%, relative to a 6% minimum target and it did easily maintain its regulatory designation as a "well capitalized" financial institution.

Asset quality reflected significant improvement during 1994 from already strong levels at the end of 1993. Total Non-Performing Assets (including loans 90+ days past due) declined to \$64.8 million, 0.82% of total loans at year-end 1994, reflecting a 17.8% decrease from \$78.8 million reported at year-end 1993. Relative to outstanding loans, Non-Performing Assets (NPA) (excluding loans 90+ days past due) dropped to 0.67% as of year-end, down from 0.95% at year-end 1993 and 1.34% at year-end 1992. Bancorp has generally maintained a level of NPA to outstanding loans of under 1% and the improvement for 1994 reflects the result of continuing the aggressive management of NPA and an aggressive charge-off strategy. The effects of that strategy, while conservative, have a positive aspect as seen in the higher level of recoveries reported in 1994. Recoveries totaled \$25.3 million for the year, up from \$8.2 million in 1993. Correspondingly, net charge-offs were minimal in 1994 at \$0.1 million, compared with \$57.5 million or 0.82% of average loans in 1993. As expected, we realized approximately \$12.3 million in recoveries relative to the \$45.7 million unusual leasehold property charge-offs realized in 1992 and 1993. Finally, the reserve for loan losses totaled \$148.5 million at the end of 1994, representing 1.92% of loans outstanding, up from \$125.3 million and 1.76%, respectively at year-end 1993.

Bancorp recognized non-interest income, excluding securities gains and losses, of \$146.2 million, representing a 16.5% increase over 1993. The large increase was fueled by increases in fees, exchange and

other service charge income. Trust income showed strong growth with an increase of 18.9% over 1993. This growth reflects the benefits of the full year inclusion of income from American Financial Services acquired in May of 1993.

Additionally in 1994, Bancorp announced two programs to repurchase some of its common shares of stock. The first program amounted to approximately 750 thousand shares and was completed prior to year-end 1994. In December, the Board of Directors approved another repurchase program for up to 2 million shares. Bancorp has recognized that in a sluggish Hawaiian economy, opportunities to employ incremental capital at attractive returns may not be plentiful and that its best alternative use for the capital may be the purchase of Bancorp common stock.

PERFORMANCE HIGHLIGHTS
TABLE 1

EARNINGS MEASURES	1994		1993		FIVE-YEAR COMPOUND GROWTH
	AMOUNT	PERCENT CHANGE	AMOUNT		
(IN MILLIONS OF DOLLARS EXCEPT PER SHARE AMOUNTS)					
Net Income.....	\$ 117.74	-11.2%	\$ 132.57		8.1%
Earnings Per Common Share.....	2.75	-11.0	3.09		5.1
Average Assets.....	12,596.6	+ 0.1	12,585.8		12.4
Average Loans.....	7,393.7	+ 5.8	6,991.0		11.1
Average Deposits.....	7,295.2	- 3.1	7,532.4		4.3
Average Shareholders' Equity.....	970.9	+ 8.7	892.9		16.9
PERFORMANCE RATIOS	OBJECTIVE	1994	1993	FIVE-YEAR AVERAGE	
Return on Average As- sets.....	1.00%	0.93%	1.05%	1.03%	
Return on Average Equi- ty.....	16.00%	12.13	14.85	15.36	
Average Equity to Aver- age Assets Ratio.....	6.00%	7.71	7.09	6.79	
Loss Reserve to Loans Outstanding.....		1.92	1.76	1.78	
Tier I Capital Ratio....	6.0	10.39	10.79		
Total Capital Ratio....	10.0	12.99	13.60		
Leverage Ratio Require- ment.....	5.0	7.28	6.89		

MARKET PRICES, BOOK VALUES AND COMMON STOCK DIVIDENDS
TABLE 2

YEAR	MARKET PRICE (MP) RANGE			HIGH MP AS A PERCENT		DIVIDEND
	HIGH	LOW	BOOK VALUE (BV)	OF BV		
1990.....	\$24.55	\$14.00	\$15.38	160		\$.70
1991.....	\$31.83	\$18.89	\$17.45	182		\$.78
1992.....	\$34.67	\$26.83	\$19.68	176%		\$.85

1993.....	\$35.92	\$26.67	\$22.00	163%	\$.90
First Quarter.....	35.92	28.83			.21
Second Quarter.....	35.59	28.42			.23
Third Quarter.....	30.17	26.67			.23
Fourth Quarter.....	30.00	26.75			.23
1994.....	\$34.75	\$24.13	\$23.10	150%	\$1.04
First Quarter.....	31.88	26.92			.26
Second Quarter.....	34.75	29.38			.26
Third Quarter.....	34.00	29.25			.26
Fourth Quarter.....	30.38	24.13			.26

BANCORP'S MARKETS

Bank of Hawaii, Bancorp Hawaii's primary subsidiary, expanded its operations beyond Hawaii and opened its first branch in the Marshall Islands in 1959. Since then Bancorp's presence across the Asia-Pacific Rim has expanded steadily and developed into distinct markets that have each contributed to the company's overall performance. Foremost among these markets is Hawaii. Three other markets include the Intra-Pacific Region, Asian Rim and the U.S. Mainland.

Hawaii is Bancorp's oldest and largest market. For the past 98 years, the bank has provided financial services to the people of Hawaii and earned its position as Hawaii's largest financial organization. Throughout the years, Bancorp has continued to offer financial products and services to meet the needs of Hawaii's growing economy. In contrast to the latter half of the 1980s, when Hawaii registered growth above the national average, Hawaii's economy in the early 1990s was one of slow growth. Now, Hawaii is beginning to experience a gradual recovery from that period with the growth in real Gross State Product (GSP) for 1994 estimated at 1% and 1995 real GSP forecast between 1.5 and 2.5%. Of the state's three largest economic sectors, tourism, construction and federal expenditures, tourism's performance was the strongest in 1994. Construction is expected to stabilize in 1995. Within this sector, residential housing demand remains strong despite the changing interest rate environment. In 1993, the federal government expended more than \$7 billion in Hawaii, with a similar total estimated for 1994. Approximately \$4 billion are federal civilian expenditures which includes a federal workforce of about 32,000 people in Hawaii. Federal military expenditures totaled approximately \$3 billion in 1993. Although national reductions in military spending are expected to continue, Hawaii has had minimal cuts to date, which is expected to continue as Hawaii remains a significant and strategic location for military presence in the Pacific.

Tourism is beginning its recovery from a three-year decline which began with the Gulf War. For 1994, the Hawaii Visitors Bureau (HVB) estimates a 5.4% increase in total arrivals. The positive outlook extends to 1995 with the HVB expecting a 2 to 4% growth in visitor arrivals which would bring approximately 6.5 to 6.7 million tourists to Hawaii. Both Eastbound (primarily Japan) and Westbound (mainly U.S. Mainland) visitor travel rose in 1994. The HVB expects 1994 to be a record year in Japanese tourists to Hawaii. With the recovery of tourism, hotel occupancy levels are estimated to be 76.5% in 1994 and 78% in 1995. These positive trends also point to an estimated increase in visitor expenditures of 8.8% in 1994 and 4 to 5% in 1995.

Bancorp has been a player in the Intra-Pacific region for nearly four decades. This market spans island nations across the South and West Pacific that have become participants in the economic growth occurring within the Asia-Pacific Rim. Bancorp is the only Hawaii-based financial organization to have such a broad presence in this region. With 13 office locations and six Pacific Island affiliates, Bancorp continues to see opportunities for growth and expansion. The largest and most established of our operations are Bancorp's branches on Guam, which have greatly benefited from the economic growth in Asia. Our most recent expansion occurred in 1994 as Bancorp acquired 51% of the National Bank of Solomon Islands (NBSI) with ten branches and 50 agencies

across the Solomon Islands. Also in 1994, additional branches were opened in Fiji and Saipan. As the economic role of nations in the Intra-Pacific increases Bancorp will continue to benefit from the increased trade flows between these island nations and Asian countries.

The Asian Rim is another market that Bancorp has developed over the last three decades. Beginning with Japan in the 1970s, Bancorp's Asian foothold now includes Hong Kong, Korea, Philippines, Singapore and Taiwan. Activities in this market focus primarily on trade financing that involves flows of funds, such as letters of credit. Bancorp has been successful in meeting the trade financing needs of its customers interested in participating in Asia's growth. Bancorp also provides correspondent banking services and selected lending services to this market. Providing services to investors looking for investments in Hawaii is the focus of Bankoh Investment Advisory Services. The International Banking Division which oversees our operations in Asia assists the wide range of customers through specific units such as the Japan, China, Korea and Philippine Marketing Groups. These groups are located in Hawaii and provide new customers with bankers who speak their language and understand their culture, making business transactions flow more smoothly.

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The U.S. Mainland is a market that provides opportunities for continued loan growth. Bancorp's focus in this market continues to be companies that have interests in the Pacific, Fortune 1000 companies with interests in the Pacific, and the media and communications industry. In the media and communications industry, Bancorp has developed a niche market and established itself as a knowledgeable and responsive lender. For companies that have a Pacific orientation, Bancorp's presence throughout the Pacific is invaluable. In working with these borrowers, Bancorp continues to adhere to its strict lending policies. As indicated earlier, the U.S. Mainland market focuses on Fortune 1000 companies which Bancorp will continue to pursue. First National Bank of Arizona (FNBA) continues its growth focusing on the commercial/small business area.

SUBSIDIARY ACTIVITY

Bank of Hawaii is the largest of Bancorp's subsidiaries. Bank of Hawaii reported total assets of \$11.3 billion at year-end 1994, 89.4% of Bancorp's total assets. Since Bank of Hawaii represents a large component of Bancorp, much of the discussion in the following sections reflect the Bank's operations. The following paragraphs are discussions of the other subsidiary activity.

The merging of American Financial Services, Inc. (AFS) (acquired in 1993) and the integration of accounting systems, trust procedures and staff was completed in 1994. A critical mass of assets under administration has reached a combined \$11.9 billion. The impact of the acquisition and consolidation of AFS and Hawaiian Trust Company, Limited (HTCo) can clearly be seen in the growth in trust income. Trust income approached \$50 million ending 1994 at \$48.6 million, an increase of 18.9% over 1993's \$40.9 million, and a sizable increase over 1992's \$30.5 million.

Bancorp Pacific, Inc. (formerly known as FirstFed America, Inc.), a thrift subsidiary, continues to be a consistent contributor to Bancorp's earnings through its subsidiary First Federal Savings and Loan Association of America (First Federal). First Federal's earnings for 1994 were \$18.4 million, a slight decrease of 2.7% from 1993's total earnings of \$18.9 million. This was accomplished with an asset base of \$1.1 billion at year-end 1994, which translated into ROAA of 1.73%. Credit quality remained strong, with NPA of only 0.46% of total loans outstanding (primarily secured by residential real estate) and a reserve ratio of 0.86% of outstanding loans at year-end 1994. At year-end 1994, First Federal reported a total risk-based capital ratio of 17.9%, which far exceeds statutory minimums and ratios at peer savings and loan companies.

Driven by improved loan quality and a resurgent Arizona economy, FNBA again reported improved results for 1994. Net income exceeded one million for 1994 at \$1.7 million, compared to \$735,000 for 1993. Lending activity at FNBA in

Arizona has increased with loans growing to \$94.0 million at year-end 1994. NPA also continues to improve and as a percent of total loans outstanding, were 1.48% at year-end 1994 compared to 1.83% at the end of 1993. The ratio of reserves to loans outstanding was 8.89% at year-end 1994, compared to 9.64% at year-end 1993. FNBA's total risk-based capital ratio exceeded regulatory minimums at 12.03%.

The following sections will cover in more detail, Bancorp's performance and activities during 1994. The areas that will be covered include:

- . Risk Elements Involved in Lending Activities
- . Asset-Liability Management
 - . Capital Adequacy
 - . Interest Rate Risk and Derivatives
 - . Liquidity Management
 - . Control of Net Overhead
- . Income Taxes
- . Fourth Quarter Results

RISK ELEMENTS INVOLVED IN LENDING ACTIVITIES

RISK PROFILE OF LENDING ACTIVITY

The lending environment over the last year has been challenging. The interest rate changes and the slowed Hawaii economy have affected a large part of Bancorp's lending activities reflected in the low rate of increase of the loan portfolio and yields on loans. The economic recovery on the U.S. Mainland has resulted in new challenges; along with many financial institutions across the nation, lending focused on Fortune 1000 companies. The result was increased competition for these loans and reduced spreads. At year-end 1994, \$1.3 billion, or 16.4% of Bancorp's total loan portfolio was to U.S. Mainland based companies as compared to \$1.3 billion at year-end 1993 and \$1.2 billion at year-end 1992. Many of these companies are active in Hawaii and the Pacific.

In 1994, certain sections of the loan portfolio saw increased activity and growth. Mortgage lending, mainly residential, started 1994 at a brisk pace which tapered off as rates began to rise. Other loan categories saw various levels of growth. The categories reporting declines were the leasing and construction loan portfolios.

Table 3 presents the year-end balances broken down into the various loan categories. The activity mentioned earlier has changed the mix of loans in Bancorp's portfolio. Real estate loans continue to comprise a large portion of the loan portfolio. Real estate loans made up 53.8% of the total at year-end 1994 compared with 53.4% at year-end 1993. Within the real estate category, mortgage-residential loans represented 36.4% of total loans, while mortgage-commercial loans represented 15.7% of total loans at year-end 1994. Table 4 presents the geographic distribution of the loan portfolio based on the major markets in which Bancorp operates. The distribution remained relatively constant between 1994 and 1993.

LOAN PORTFOLIO BALANCES
TABLE 3

	1994	1993	1992	1991	1990
	-----	-----	-----	-----	-----
	(IN MILLIONS OF DOLLARS)				

Domestic Loans					
Commercial and Industrial.....	\$1,830.8	\$1,709.2	\$1,864.1	\$1,746.9	\$1,639.8
Real Estate					

Construction--Commercial.....	113.1	136.2	220.2	229.4	205.6
Residential.....	17.9	35.1	40.4	42.0	69.3
Mortgage--Commercial.....	1,241.0	1,230.6	991.9	1,021.9	952.4
Residential.....	2,872.8	2,476.0	2,189.1	2,003.5	1,937.3
Installment.....	741.6	676.2	655.9	651.3	712.0
Lease Financing.....	378.1	401.6	393.4	357.1	341.5
	-----	-----	-----	-----	-----
Total Domestic.....	7,195.3	6,664.9	6,355.0	6,052.1	5,857.9
Foreign Loans					
Government and Official Institu- tions.....	--	--	--	--	0.4
Bank and Other Financial Insti- tutions.....	299.0	295.8	285.6	384.3	390.9
Commercial and Industrial.....	364.2	259.4	288.5	284.6	234.9
All Others.....	33.5	38.3	34.5	38.1	29.1
	-----	-----	-----	-----	-----
Total Foreign.....	696.7	593.5	608.6	707.0	655.3
	-----	-----	-----	-----	-----
TOTAL LOANS.....	\$7,892.0	\$7,258.4	\$6,963.6	\$6,759.1	\$6,513.2
	=====	=====	=====	=====	=====

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The following sections discuss the different loan categories.

COMMERCIAL AND INDUSTRIAL LOANS

As shown on Table 3, the commercial and industrial loan (C&I) portfolio, which includes commercial, financial and agricultural loans, was \$1.8 billion, up 7.1% from year-end 1993. This portfolio which makes up 23.2% of the total loans consists of lending to individuals and companies on both a secured and unsecured basis for business purposes. Customers and collateral vary based on the type of business involved. The portfolio is made up of approximately 6,700 loans. Approximately 88% of these loans have balances less than \$500,000, most of which would be classified as small customers. Larger customers, such as multi-national corporations and large U.S. mainland companies represent approximately 81% of the total C&I loan balance.

Bancorp's focus in lending to companies on the U.S. Mainland is to Fortune 1000 companies, companies with a Pacific orientation and selected niches where lending expertise has developed over the years. The communication/media portfolio is considered such a niche. Total loans and leases of this type stood at \$526.4 million at year-end 1994, an increase of 22.5% from year-end 1993. This category can be refined further into cable television, publishing, telecommunications and diversified media/entertainment, which represented respectively, 12.0%, 4.1%, 4.9% and 7.8% of the total C&I loan portfolio at year-end 1994. At year-end 1994, there were no loans in the communication/media portfolio which were classified as NPA.

C&I loans that were classified as non-performing totaled \$20.3 million or 38.2% of total NPA at year-end 1994. For comparative purposes, \$16.7 million and \$52.6 million were classified as NPA at year-ends 1993 and 1992, respectively.

LEASING ACTIVITIES

Equipment leases have been an important component of the overall loan portfolio by providing customers with an alternative to traditional lending products. The tax benefit received by Bancorp is also an important component of Bancorp's tax planning strategy. Activity in the leasing portfolio has also been limited by the slowing economy and strong competition. Leases outstanding declined to \$378.1 million, down 5.9% from year-end 1993. The lease portfolio remains diversified, with various types of equipment under lease. Leased equipment include aircraft, ships, automobiles and trucks, office equipment, computers and others. NPA in the leasing category were \$0.8 million, \$0.3 million, and \$0.07 million at year-ends 1994, 1993 and 1992, respectively.

REAL ESTATE LOANS

At year-end 1994, Bancorp's total real estate loan portfolio stood at \$4.2 billion, up 9.5% from year-end 1993. Real estate loans represented 53.8% of the total loan portfolio at year-end 1994. The real estate loan portfolio is divided into construction and mortgages as shown on Table 3.

The largest individual component of the real estate loan portfolio are loans secured by 1-to-4 family residential property. At \$2.9 billion, this group represented 67.7% of total real estate loans at year-end 1994 and 36.4% of total loans outstanding. About 90% of these loans are secured by real estate in Hawaii (see Table 4). Approximately 70% of the 1-to-4 family residential mortgage loans are underwritten on a floating rate basis. The average 1-to-4 family mortgage loan has been outstanding about 5.6 years with an outstanding balance of \$129,000. For 1994, Bancorp's average principal mortgage loan amount originated was \$186,000, up from the \$166,000 average for 1993 and the \$181,000 average for 1992. The 1994 average loan origination at First Federal was \$166,000 compared with \$202,000 for Bank of Hawaii. The median single family home price on Oahu was \$360,000, \$358,000 and \$349,000 in 1994, 1993 and 1992, respectively.

In January 1995, Bank of Hawaii securitized \$412.2 million of its adjustable rate mortgage loans through Federal National Mortgage Association (FNMA) to create greater liquidity. See a further discussion in the liquidity section.

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Also included in the real estate portfolio are home equity creditlines. Available credit under these lines was \$490.4 million at year-end 1994. Outstandings have declined from \$334.3 million at year-end in 1993 to \$323.4 million at year-end 1994. These creditlines are underwritten based on repayment ability rather than the value of the underlying property. However, home equity creditlines are generally limited to 75% of the value of the collateral including prior liens. At year-end, home equity creditline balances past due 90 days or more totaled \$0.8 million, compared with \$0.4 million at year-end 1993.

At year-end 1994, NPAs in the mortgage-residential category (excluding construction loans) totaled \$15.1 million, or 28.4% of total NPA. Comparatively, mortgage-residential NPA totaled \$16.4 million and \$17.7 million at year-ends 1993 and 1992, respectively. Foreclosed real estate, at year-end 1994, was an insignificant \$0.6 million, which consisted of only seven properties, most of which are in Hawaii.

The commercial real estate portfolio (excluding construction loans) totaled \$1.2 billion at year-end 1994, increasing 0.8% from year-end 1993. Table 3 presents the balances outstanding in this portfolio over the last five years. Of the properties collateralizing Bancorp's commercial real estate loans, about 78.3% were located in Hawaii.

The commercial real estate loan portfolio is diversified in the types of property securing the obligations. Of the \$1.2 billion in total commercial real estate loans at year-end 1994, \$263.2 million represented loans secured by shopping centers; \$202.3 million represented loans secured by commercial/industrial/warehouse facilities; and \$199.3 million represented loans secured by office buildings. Generally, loans secured by commercial/industrial/warehouse facilities and office buildings are either solely or partially owner-occupied.

Non-performing commercial real estate loans at year-end 1994 totaled \$14.1 million or 26.5% of total NPA. Comparatively, commercial real estate NPA at year-ends 1993 and 1992 totaled \$13.1 million and \$11.4 million, respectively. Foreclosed real estate, at year-end 1994 included no commercial properties.

Total commercial construction loans were \$113.1 million at year-end 1994, a 17.0% decrease from year-end 1993. The trend in this portfolio has been declining since 1991 reflecting the economic conditions and Bancorp's lending

policy. Bancorp maintains a conservative underwriting policy, as these loans by their nature have greater risk. For the majority of these loans, Bancorp looks to the cash flow of the completed projects and committed permanent financing for repayment, rather than the value of the property. A dissection of the construction lending portfolio at year-end 1994 shows commercial land development, \$10.6 million; housing construction, \$17.9 million; tract and land development for residential housing, \$29.2 million; retail facilities, \$29.2 million; industrial projects, \$23.5 million and commercial offices, \$5.8 million. These loans were concentrated in property located in Hawaii (\$103.9 million).

At the end of 1994, construction non-performing loans totaled \$1.5 million or 2.8% of total NPA, compared to year-end 1993 when \$17.7 million was reported and year-end 1992 when there were no construction NPA reported.

CONSUMER LOANS

Total consumer loans (excluding residential mortgage and home equity loans) increased to \$741.6 million, up 9.7% from year-end 1993. In 1994, Bancorp opportunistically sought to increase this category of loans implementing programs directly targeted to increase credit card balances and consumer installment loans. Looking to Table 3 and the five year trend, there is a growth trend reflecting Bancorp's effort in this category.

Bancorp issues Classic and Gold VISA credit cards which are held by more than 146,000 cardholders. In January 1995, Bank of Hawaii announced the co-branding of its VISA card with Continental Airlines. Offering the cards, which include frequent flyer credits, in Hawaii, Guam and the Federated States of Micronesia, is expected to increase the number of cardholders and balances in 1995. Outstanding balances

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for VISA cards totaled \$239.4 million at year-end 1994, an increase of 17.3% from year-end 1993. The average credit limit on these accounts was \$6,200 for 1994 with an average outstanding balance of \$1,600, compared with an average outstanding balance of \$1,400 for 1993 and \$1,320 for 1992. At year-end 1994, 0.9% of the accounts (based on balances) were delinquent more than 90 days, compared with 0.6% at both year-end 1993 and 1992.

INTERNATIONAL LENDING

Foreign loans at the end of 1994 totaled \$696.7 million, up 17.4% from year-end 1993. Bancorp maintains a cautious approach to the international marketplace with a lending strategy that focuses primarily on short term trade finance and working capital loans for companies doing business in the Pacific and the Asian Rim. The lending activities in Japan, Korea and Singapore remain the most significant with U.S. dollar equivalent loans outstanding at year-end 1994 at branches in these countries of \$356.9 million, \$96.3 million, and \$106.7 million, respectively. Foreign loan totals include the U.S. dollar equivalent loans of Fiji branches of Bank of Hawaii, NBSI and Banque d'Hawaii (Vanuatu) Limited which aggregated \$30.6 million at year-end 1994. Long term exposure to less developed countries (LDC) remain modest and stood at \$1.0 million at year-end 1994.

Loans to other foreign countries remain modest. Table 10 presents the outstanding cross-border exposures that exceed 0.75% of Bancorp's total assets at year-end 1994.

NPA in the international portfolio have remained at low levels. At year-end 1994, there were \$0.3 million in international NPA, compared to no NPA reported at year-end 1993 and \$5.0 million at year-end 1992. As indicated on Table 7, losses in the international portfolio have decreased in 1994 to \$0.7 million, 0.1% of outstanding international loans.

GEOGRAPHIC DISTRIBUTION OF THE LOAN PORTFOLIO

The distribution of the loan portfolio by geographic areas is presented in Table 4. The majority of Bancorp's loans (64.7%) were located in Hawaii at year-end 1994. The balances reflected in the West and South Pacific include Guam and other Pacific Islands where both Bank of Hawaii and First Federal's subsidiary, First Savings and Loan Association of America, have branches. U.S. dollar equivalent loans of NBSI and Banque d'Hawaii (Vanuatu) Limited are also included in these totals. The modest real estate loans in the U.S. mainly represent mortgage lending in Arizona.

GEOGRAPHIC DISTRIBUTION OF LOAN PORTFOLIO
TABLE 4

	TOTAL	WEST &				
	YEAR-END	HAWAII	SOUTH	MAINLAND	JAPAN	OTHER
	1994		PACIFIC	U.S.		

(IN MILLIONS OF DOLLARS)						
Commercial, Financial and Agricultural.....	\$1,830.8	\$ 795.2	\$142.0	\$ 893.6	\$ --	\$ --
Real Estate						
Construction--						
Commercial.....	113.1	103.9	1.6	7.6	--	--
Residential.....	17.9	12.6	5.3	--	--	--
Mortgage--Commercial...	1,241.0	971.2	177.4	92.4	--	--
Residential.....	2,872.8	2,550.7	290.5	31.6	--	--
Installment.....	741.6	587.0	150.6	4.0	--	--
Foreign.....	696.7	--	38.7	--	356.9	301.1
Lease Financing.....	378.1	82.0	9.4	263.0	--	23.7
	-----	-----	-----	-----	-----	-----
Total.....	\$7,892.0	\$5,102.6	\$815.5	\$1,292.2	\$356.9	\$324.8
	-----	-----	-----	-----	-----	-----
Percentage of Total.....	100.0%	64.7%	10.3%	16.4%	4.5%	4.1%
	=====	=====	=====	=====	=====	=====

NON-PERFORMING ASSETS AND PAST DUE LOANS

Non-performing assets (which include non-accrual loans, restructured loans and foreclosed real estate) totaled \$53.2 million at year-end 1994, compared to \$68.8 million at the end of 1993. The decrease from year-end 1993 reflects the continuing aggressive posture on handling NPA further described below. Table 6 presents this ratio for the last 5 years with the accompanying graph depicting the ratio of the Montgomery Securities Regional Bank Proxy for the same period.

As indicated earlier in this report, Bancorp strives to identify and handle potential problem loans at an early stage. This allows time to work with borrowers and resolve problems before they result in losses. Bancorp's policy is to place loans on non-accrual as soon as a loan is delinquent over 90 days, unless unusual treatment is indicated by the type of borrowing agreement and/or collateral. At the time a loan is placed on non-accrual, all accrued but unpaid interest is reversed against current earnings.

At year-end 1994, NPA loans secured by real estate totaled \$30.7 million or 57.7% of total NPAs; of this total, \$26.2 million or 85.3% of these loans were secured by real estate in Hawaii. NPA in the West and South Pacific and Asia were minimal. A focus on quality credits and cautious asset growth remains the objective in Arizona. NPA in Arizona has improved, and represented 2.6% of total NPA or \$1.4 million at year-end 1994, compared to \$2.0 million and 2.91% of total NPA at year-end 1993. FNBA's loan quality has improved considerably over the last several years and at the end of 1994 NPA was 1.48% of total loans outstanding compared with 1.83% and 4.00% at year-ends 1993 and 1992,

respectively.

First Federal's NPA totaled \$4.8 million at year-end 1994, one third of the \$13.4 million reported at year-end 1993. The decrease reflects the reclassification of a restructured loan and the charge-off of several credits. Total NPA at First Federal represented 0.46%, 1.47% and 1.20% of total loans outstanding at year-ends 1994, 1993 and 1992, respectively.

Bancorp had no restructured loans to report at year-end 1994. The efforts of negotiating workout agreements with loans in the NPA category has been aggressive. Negotiation of these workouts continue to demand limited concessions and seek market rates of interest. Comparatively, restructured loans totaled \$6.3 million at year-end 1993 and \$8.6 million at year-end 1992.

Bancorp has made good progress in handling of foreclosed real estate. Balances have been reduced to \$0.6 million at year-end 1994. This reflects Bancorp's ability to liquidate the collateral and avoid taking possession of new foreclosed real estate. In 1994, losses on the sale of foreclosed real estate were \$700,000. Foreclosed real estate for Bancorp at year-end 1994 represents only seven properties, most of which are in Hawaii.

Loans past due 90+ days totaled \$11.6 million at year-end 1994, a modest increase from year-end 1993 when \$10.0 million was reported. This is less than half the \$24.2 million reported at year-end 1992 and reflects a return to levels experienced in earlier years (see Table 6). The largest category of past due loans is installment loans which reported \$5.9 million past due at year-end 1994, 0.8% of total outstanding installment loans. Residential mortgage loans reported \$3.9 million in past due loans, 0.1% of outstanding residential mortgages at year-end 1994. The largest single loan past due 90 days at year-end was \$486,000 in the residential mortgage category.

In 1994, Bancorp recorded \$79,000 in interest reversals relating to non-accrual loans compared to \$700,000 in 1993. In 1994, \$4.0 million in interest was collected on previously non-accrual and charged off loans, an increase from the \$2.5 million collected in 1993.

FOREGONE INTEREST ON NON-ACCRUALS
YEARS ENDED DECEMBER 31
TABLE 5

1994 1993 1992 1991 1990

(IN MILLIONS OF DOLLARS)

Interest Income Which Would Have Been Recorded Under Original Terms:					
Domestic.....	\$5.4	\$5.3	\$7.0	\$4.2	\$3.2
Foreign.....	0.1	--	0.3	--	--
Interest Income Recorded During the Current Year on Non-Accruals:					
Domestic.....	1.0	0.9	3.4	1.0	1.3
Foreign.....	0.1	--	0.2	--	--

NON-PERFORMING ASSETS AND ACCRUING LOANS
PAST DUE 90 DAYS OR MORE
TABLE 6

	1994	1993	1992	1991	1990
	-----	-----	-----	-----	-----
	(IN MILLIONS OF DOLLARS)				
Non-Accrual Loans					
Commercial and Industrial.....	\$20.3	\$15.7	\$ 47.2	\$ 6.5	\$ 8.2
Real Estate					
Construction.....	1.5	17.7	--	2.9	4.6
Commercial.....	14.1	7.8	8.2	15.0	8.2
Residential.....	15.1	16.4	17.7	11.2	4.5
Other.....	1.3	0.8	--	--	--
Foreign.....	0.3	--	5.0	--	--
	-----	-----	-----	-----	-----
Subtotal.....	52.6	58.4	78.1	35.6	25.5
	-----	-----	-----	-----	-----
Restructured Loans					
Commercial and Industrial.....	--	1.0	5.4	1.1	0.1
Real Estate					
Construction.....	--	--	--	--	--
Commercial.....	--	5.3	3.2	3.1	4.0
Residential.....	--	--	--	--	3.7
Other.....	--	--	--	0.2	--
Foreign.....	--	--	--	--	--
	-----	-----	-----	-----	-----
Subtotal.....	--	6.3	8.6	4.4	7.8
	-----	-----	-----	-----	-----
Foreclosed Real Estate					
Domestic.....	0.6	4.1	6.3	2.0	1.6
Foreign.....	--	--	--	--	--
	-----	-----	-----	-----	-----
Subtotal.....	0.6	4.1	6.3	2.0	1.6
	-----	-----	-----	-----	-----
Total Non-Performing Assets.....	\$53.2	\$68.8	\$ 93.0	\$42.0	\$34.9
	-----	-----	-----	-----	-----
Loans Past Due 90 Days					
Commercial and Industrial.....	1.0	0.3	0.5	2.9	3.8
Real Estate					
Construction.....	--	--	--	0.2	0.2
Commercial.....	0.7	1.9	5.8	0.3	1.2
Residential.....	3.9	4.1	13.0	2.0	2.2
Other.....	6.0	3.7	4.6	3.0	4.0
Foreign.....	--	--	0.3	--	--
	-----	-----	-----	-----	-----
Subtotal.....	11.6	10.0	24.2	8.4	11.4
	-----	-----	-----	-----	-----
Total.....	\$64.8	\$78.8	\$117.2	\$50.4	\$46.3
	-----	-----	-----	-----	-----
Ratio of Non-Performing Assets to Total					
Loans.....	0.67%	0.95%	1.34%	0.62%	0.54%
	-----	-----	-----	-----	-----
Ratio of Non-Performing Assets and Accruing					
Loans Past Due 90 Days or More to Total					
Loans.....	0.82%	1.09%	1.68%	0.75%	0.71%
	-----	-----	-----	-----	-----

SUMMARY OF LOAN LOSS EXPERIENCE

At the end of 1994, the reserve for loan losses stood at \$148.5 million, compared with \$125.3 million at year-end 1993 and \$128.6 million at year-end 1992. The ratio of reserves to outstanding loans at year-end 1994 was 1.92%, improving from the 1.76% reported at year-end 1993. At year-end 1992, the ratio of reserves to outstanding loans was 1.89%. Loan loss provisions for 1994 were \$21.9 million compared with \$54.2

million and \$50.0 million for 1993 and 1992, respectively. The reduction in the provisions for loan loss in 1994 reflects the improvement in loan quality measured by the decline in NPA, the reduced level of gross charge-offs, and the record increase in loan recoveries. Table 7 shows the activity through the reserve. The levels of the loan loss reserve are primarily derived from an extensive review of the loan portfolio with a strong emphasis on the line driven loan grading system for the larger commercial loans in Bank of Hawaii and FNBA. This loan grading system was implemented in 1985 and is continuously monitored for accuracy by the Loan Review department. In addition, actual charge-offs, delinquency data, recoveries and historical trends are considered in the analysis.

The ratio of reserves to loans outstanding is one measure of the adequacy of the reserve; however, the absolute dollar amount of the reserve and its relationship to non-performing loans and historical charge-offs are perhaps more valid measures. Gross charge-offs for 1994 represented 0.3% of average outstanding loans and 17.1% of the reserve at the end of 1994, compared to 0.94% and 52.4%, respectively at year-end 1993 and 0.67% and 34.2% reported at year-end 1992. Charge-offs for 1994 returned to lower levels due to the \$25.7 million charge-off related to the leasehold credit recorded in 1993. Net charge-offs for 1994 were \$0.1 million, compared with \$57.5 million for 1993 and \$37.0 million for 1992. In the last ten years the reserve to charge-off ratio has never been less than 1.9 times in any year and has averaged 3.9 times over the same period. At the end of 1994, the reserve was 2.8 times non-performing loans and 5.8 times charge-offs.

Recoveries of previously charged-off loans attained record levels in 1994. Recoveries for 1994 totaled \$25.3 million, up significantly from \$8.2 million in 1993 and \$7.0 million in 1992. Recoveries in 1994 have increased significantly as approximately \$12.3 million was recovered of the \$45.7 million charged-off in 1992 and 1993 relating to one credit. Further recoveries are anticipated as efforts to recover amounts charged-off continue. At this point, it is difficult to determine the amount of any future recovery.

SUMMARY OF LOAN LOSS EXPERIENCE
TABLE 7

	1994	1993	1992	1991	1990
	-----	-----	-----	-----	-----
	(MILLIONS OF DOLLARS)				
Average Amount of Loans					
Outstanding.....	\$7,393.7	\$6,991.0	\$6,601.9	\$6,484.1	\$5,532.4
	=====	=====	=====	=====	=====
Balance of Reserve for					
Possible Loan Losses at					
Beginning of Period.....	\$ 125.3	\$ 128.6	\$ 115.6	\$ 101.9	\$ 84.4
Loans Charged-Off					
Commercial and Industrial.	11.3	43.9	29.5	11.0	11.6
Real Estate--					
Construction.....	0.1	0.5	--	--	--
Mortgage(1)--Commercial.	3.5	2.7	4.2	1.8	1.0
--Residential.....	0.7	0.4	0.5	0.9	--
Installment.....	8.7	8.6	8.7	8.3	7.0
Foreign.....	0.7	7.5	1.0	--	0.2
Leases.....	0.4	2.1	0.1	0.2	0.1
	-----	-----	-----	-----	-----
Total Charged-Off.....	25.4	65.7	44.0	22.2	19.9
Recoveries on Loans					
Previously Charged-Off					

Commercial and Industrial.	19.5	3.9	3.0	2.6	2.7
Real Estate--					
Construction.....	0.2	--	--	0.2	--
Mortgage(1)--Commercial.	0.9	0.7	0.2	0.1	0.8
--Residential.....	0.2	0.3	0.3	0.5	--
Installment.....	3.2	3.2	3.0	3.0	2.3
Foreign.....	0.5	--	0.4	0.4	0.3
Leases.....	0.8	0.1	0.1	0.1	--
	-----	-----	-----	-----	-----
Total Recoveries.....	25.3	8.2	7.0	6.9	6.1
	-----	-----	-----	-----	-----
Net Loans Charged-Off.....	(0.1)	(57.5)	(37.0)	(15.3)	(13.8)
Provisions Charged to					
Operating Expenses.....	21.9	54.2	50.0	29.6	28.0
Reserves Acquired (Sold)....	1.4	--	--	(0.6)	3.3
	-----	-----	-----	-----	-----
Balance at End of Period....	\$ 148.5	\$ 125.3	\$ 128.6	\$ 115.6	\$ 101.9
	=====	=====	=====	=====	=====
Ratio of Net Charge-Offs to					
Average Loans Outstanding..	--	0.82%	0.56%	0.24%	0.25%
Ratio of Reserve to Loans					
Outstanding.....	1.92%	1.76%	1.89%	1.74%	1.60%

The details of the Foreign Reserve for Loan Losses, which are included in the table above, are:

Beginning Balance.....	\$ 10.5	\$ 14.2	\$ 14.0	\$ 13.1	\$ 19.1
Charge-Offs.....	0.7	7.5	1.0	--	0.2
Recoveries.....	0.5	--	0.4	0.4	0.3
	-----	-----	-----	-----	-----
Net Charge-Offs.....	(0.2)	(7.5)	(0.6)	0.4	0.1
Provisions.....	1.2	3.8	0.8	0.5	0.5
Excess to General Reserve....	--	--	--	--	(6.6)
Reserves Acquired.....	1.4	--	--	--	--
	-----	-----	-----	-----	-----
Ending Balance.....	\$ 12.9	\$ 10.5	\$ 14.2	\$ 14.0	\$ 13.1
	=====	=====	=====	=====	=====

(1) For 1990, detailed breakdown not available and is reported as Commercial.

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ALLOCATION OF LOAN LOSS RESERVE
TABLE 8

	1994		1993		1992		1991		1990	
	PERCENT OF OUT-STANDING		PERCENT OF OUT-STANDING		PERCENT OF OUT-STANDING		PERCENT OF OUT-STANDING		PERCENT OF OUT-STANDING	
	RESERVE AMOUNT	LOAN AMOUNT	RESERVE AMOUNT	LOAN AMOUNT	RESERVE AMOUNT	LOAN AMOUNT	RESERVE AMOUNT	LOAN AMOUNT	RESERVE AMOUNT	LOAN AMOUNT
	(IN MILLIONS OF DOLLARS)									
Commercial and Industrial.....	\$ 59.5	3.25%	\$ 51.2	3.00%	\$ 54.0	2.90%	\$ 30.5	1.75%	\$ 27.8	1.70%
Real Estate--										
Construction.....	2.6	2.00	4.3	2.51	2.6	1.00	5.4	2.20	5.5	2.00
Commercial.....	18.6	1.50	15.4	1.25	19.8	2.00	25.5	2.50	19.1	2.00
Residential.....	21.6	0.75	18.5	0.75	16.4	0.75	16.0	0.75	9.7	0.50
Installment.....	18.5	2.50	13.5	2.00	10.0	1.55	10.0	1.55	10.7	1.50

Foreign.....	12.9	1.85	10.5	1.77	14.2	2.33	14.0	2.00	13.1	2.00
Leases.....	1.9	0.50	2.0	0.50	3.9	1.00	5.0	1.40	5.1	1.50
Not allocated.....	12.9	--	9.9	--	7.7	--	9.2	--	10.9	--
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
	\$148.5	1.92%	\$125.3	1.76%	\$128.6	1.89%	\$115.6	1.74%	\$101.9	1.60%
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

INTERNATIONAL OPERATIONS

Bancorp's international presence is extensive and provides opportunities to take part in both lending and deposit-taking activities mainly in the Pacific Rim. These endeavors have proven important in the strategy of bridging customers across the Pacific to the U.S. Mainland and Europe. Bancorp pursues this strategy on three fronts: the International Division; the South Pacific Division; and the Western Pacific Region (Westpro).

Through the International Division of Bank of Hawaii, Bancorp offers international banking services to its corporate, financial institution and individual customers in some of the world's major financial centers. During 1994, Bancorp converted its deposit taking company, Hawaii Financial Corporation (Hong Kong), Ltd., to a branch of Bank of Hawaii. This conversion will allow our customers to deal directly with the Bank of Hawaii and have easier access to services provided by the Bank. As of year-end 1994, Bancorp had offices in Hong Kong, the Philippines (Manila, Cebu, and Davao), Korea, Singapore, Japan, Taiwan and New York.

The International Division of Bank of Hawaii continues to focus on trade-related financing activities and lending to customers with which it has a direct relationship rather than participation in syndicated loans. Bancorp's foreign lending consists of both local currency and cross-border lending. Local currency loans are those that are funded and will be repaid in the currency of the borrower's country and involve the same types of risk as domestic lending. Cross-border lending, on the other hand, involves loans that will be repaid in currencies other than that of the borrower's country. This type of lending involves greater risk because the borrower's ability to repay is additionally dependent on the availability of foreign exchange in the host country.

Bancorp controls its exposure to the risks of international lending by evaluating the political and economic factors that bear on a country's ability to meet its foreign debt obligations. Based on these analyses, maximum credit limits (both short and long term) are established for each country to ensure that the international portfolio is diversified and that exposure is limited in countries that may experience future problems. These credit limits are reviewed on a regular basis so that exposures are understood and properly assessed. Bancorp's strategy for foreign lending is to deal on a direct basis primarily with countries and companies that have a strong interest in Hawaii, the South and West Pacific, or the Asian Rim.

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The South Pacific Region is made up of the investments in the affiliated banks in the South Pacific and Bancorp's operations in Fiji. Investments in affiliate banks in the South Pacific include banks in Tahiti, Tonga, New Caledonia, Vanuatu, Solomon Islands and Western Samoa. Total assets at year-end 1994 of all such affiliates were \$1.1 billion. All of these investments in affiliate banks, except those in Vanuatu and the Solomon Islands, are accounted for using the equity method. Both NBSI's and Banque d'Hawaii (Vanuatu) Limited's financial statements are consolidated with Bancorp's financial statements. Bancorp expanded its investments in this area of the world by acquiring 51% of the NBSI in 1994. NBSI had assets of USD\$50.3 million at year-end 1994. Bank of Hawaii's investments in these affiliate banks are all considered international.

In 1993, Bank of Hawaii opened its first branch in Suva, Fiji. Since Fiji uses its own currency, it is included with the other foreign operations and is considered international, even though its operations are reflective of consumer/small business activities much like domestic branches. The activity in Suva, Fiji exceeded expectations and a second branch in Nadi, Fiji was opened

in 1994. A third branch in Lautoka, Fiji has received regulatory approvals and will be opened in 1995.

The operations of the South Pacific Region, since they are largely investments, are monitored on a regular basis. The countries in which the affiliates are located are also evaluated on a periodic basis. Exposure, in terms of foreign currency fluctuations, is limited as each affiliate primarily deals in its own currency. The carrying value of the investments in affiliates, accounted for using the equity method, was \$23.8 million at year-end 1994. For NBSI and Banque d'Hawaii (Vanuatu) Limited, combined assets of \$120.5 million are included in the consolidated totals.

Bank of Hawaii also operates branches and offices in several Pacific Island locations, offering traditional banking services. At Bank of Hawaii, this area has been designated Westpro. Westpro activities are located in Guam, Saipan, Palau, Yap, Majuro, Kosrae, Pohnpei and American Samoa. Since the U.S. dollar is used in these locations, all are considered domestic operations.

Table 9 summarizes key totals for International Operations of Bancorp for 1994. Net income for 1994 decreased to \$7.1 million, compared to the \$8.5 million in 1993. This translates into a return on assets for these operations of 0.42%, down from the 0.45% for 1993. The reduction in income for international operations was due to declines in net interest margin and a decline in total earning assets.

At year-end 1994, international assets represented 13.5% of Bancorp's total average assets, a decrease from 15.2% at year-end 1993. Cross-border interbank placements accounted for \$1.0 billion or 58.0% of total average international assets at year-end 1994. Table 10 presents individual countries for which Bancorp has cross-border exposures exceeding 0.75% of total assets, at the respective year-end periods. As Table 10 indicates, \$883.4 million or 7.0% was with such countries as Japan, Taiwan, Thailand and Korea.

Long-term cross-border outstandings to lesser developed countries (LDC) at year-end 1994 was \$1.0 million. Such exposure was entirely in the Philippines. The foreign reserve for losses is considered by management to be adequate to absorb any credit or country risk of the remaining LDC exposure (both term and trade credits).

SUMMARY OF INTERNATIONAL ASSETS, LIABILITIES, AND INCOME AND PERCENT OF CONSOLIDATED TOTALS
TABLE 9

	1994		1993		1992	
	AMOUNT	PERCENT	AMOUNT	PERCENT	AMOUNT	PERCENT
(IN MILLIONS OF DOLLARS)						
Average Assets.....	\$1,699.2	13.5%	\$1,908.9	15.2%	\$1,864.9	16.0%
Average Liabilities.....	1,647.9	14.2	1,863.3	15.9	1,793.4	16.5
Operating Revenue.....	97.1	10.1	94.1	10.0	105.7	11.2
Net Income.....	7.1	6.1	8.5	6.4	11.5	9.0

GEOGRAPHIC DISTRIBUTION OF CROSS-BORDER INTERNATIONAL ASSETS
TABLE 10

	GOVERNMENT AND OTHER OFFICIAL INSTITUTIONS	BANKS AND OTHER FINANCIAL INSTITUTIONS	COMMERCIAL AND INDUSTRIAL COMPANIES	TOTAL
--	---	--	---	-------

(IN MILLIONS OF DOLLARS)

at December 31, 1994

Japan.....	\$ --	\$ 118.2	\$185.1	\$ 303.3
Taiwan.....	--	259.5	4.4	263.9
Korea.....	--	98.3	104.5	202.8
Thailand.....	--	113.4	--	113.4
All Others.....	1.0	396.0	90.7	487.7
	-----	-----	-----	-----
	\$ 1.0	\$ 985.4	\$384.7	\$1,371.1
	=====	=====	=====	=====

at December 31, 1993

Japan.....	\$ --	\$ 166.8	\$178.3	\$ 345.1
Taiwan.....	--	271.3	--	271.3
Korea.....	--	61.6	79.8	141.4
Thailand.....	--	110.5	--	110.5
Italy.....	--	110.0	--	110.0
All Others.....	1.0	465.2	114.1	580.3
	-----	-----	-----	-----
	\$ 1.0	\$1,185.4	\$372.2	\$1,558.6
	=====	=====	=====	=====

at December 31, 1992

Japan.....	\$ --	\$ 237.8	\$189.5	\$ 427.3
Taiwan.....	--	195.6	--	195.6
France.....	--	149.0	9.4	158.4
Italy.....	--	142.0	--	142.0
Australia.....	--	69.1	32.1	101.2
Canada.....	--	100.0	--	100.0
Sweden.....	--	100.0	--	100.0
All Others.....	13.0	671.3	65.4	749.7
	-----	-----	-----	-----
	\$13.0	\$1,664.8	\$296.4	\$1,974.2
	=====	=====	=====	=====

POTENTIAL PROBLEM ASSETS

Bancorp's management emphasizes the importance of early recognition and monitoring of loans as a means to control delinquency. Demonstrating this commitment, management continuously reviews loans to various borrowers and industry segments that may be experiencing financial difficulties even if these loans have been generally current as to their terms. As mentioned earlier, a loan grading system, which has been in place for several years, provides the process for this early warning system. Loans are graded by lending officers and validated by an independent Loan Review department to assure accuracy in the grades. This process is also utilized to determine the adequacy of the reserve for losses. As of December 31, 1994, there was a real estate investment identified as a potential problem asset. The property is located on Oahu, outside of Honolulu, and has been affected by the vacancies of commercial space. The value of the asset is monitored on a regular basis and has been written down to its appraised value of \$14.4 million.

ASSET AND LIABILITY MANAGEMENT

Assets and liabilities are managed to maximize long term risk adjusted returns to our shareholders. The asset and liability management process is one of financial risk management. Risk in the form of capital adequacy, interest rate sensitivity, liquidity and operating efficiency is balanced with expected return so as to yield high relative earnings performance and market value of equity, while limiting the volatility of each. This process is carried out

through regular meetings of divisional management.

CAPITAL ADEQUACY

At year-end 1994, Bancorp's equity was \$966.8 million, a 3.1% increase from \$938.1 million at year-end 1993. Bancorp's capital ratios at year-end 1994 were: Tier 1 Capital ratio of 10.39%, Total Capital ratio of 12.99%, and leverage ratio of 7.28%. All three exceeded the minimum threshold levels to qualify as well capitalized. Under those minimum threshold levels implemented in 1993 by bank regulators, capital must exceed the following standards--Tier 1 Capital 6%; Total Capital 10%; and the leverage ratio 5%. Bancorp's strategy is to maintain its capital at a level to qualify as well capitalized. The financial and regulatory impact of maintaining this status is important to Bancorp. The financial impact is reflected in lower deposit insurance premiums, while the regulatory impact allows for fewer restrictions on activities.

It is not, however, Bancorp's strategy to be significantly overcapitalized. With the slowing of loan demand and asset growth, the current need for continuing to build capital has diminished. Meanwhile, the dividend reinvestment plan, profit sharing plan, and stock option plan provide a consistent source of new capital. Rather than disrupting these long established programs by revising them, Bancorp has embarked on a stock repurchase program. This program to repurchase stock has had the benefit of enhancing shareholder value while still maintaining capital ratios that exceed well capitalized guidelines. Under previously announced plans more than 1.4 million shares were repurchased in 1994. In December 1994, Bancorp's Board approved and announced a program to repurchase up to 2.0 million shares of Bancorp stock. This program is in concert with an existing strategy to repurchase Bancorp shares in the market to offset the needs of the plans previously mentioned. Table 11 presents an analysis of the changes in equity over the last five years.

EQUITY CAPITAL
TABLE 11

	1994	1993	1992	1991	1990
	-----	-----	-----	-----	-----
	(IN MILLIONS OF DOLLARS)				
Source of Common Equity					
Net Income.....	\$ 117.7	\$ 132.6	\$ 127.5	\$ 112.7	\$ 95.7
Dividends Paid.....	(44.0)	(38.4)	(35.4)	(32.4)	(27.6)
Dividend Reinvestment					
Program.....	7.4	7.7	8.1	6.3	4.8
Stock Repurchases.....	(44.3)	(2.0)	(0.6)	--	(1.6)
1.5 Million Share Public					
Offering.....	--	--	--	--	72.5
Other(1).....	(8.1)	9.9	4.7	7.2	3.8
	-----	-----	-----	-----	-----
Annual Increase in Equity....	\$ 28.7	\$ 109.8	\$ 104.3	\$ 93.8	\$ 147.6
Year-End Common Equity.....	966.8	\$ 938.1	\$ 828.3	\$ 724.0	\$ 630.3
Less: Intangibles.....	64.6	72.0	18.8	20.6	21.0
Unrealized Valuation					
Adjustments.....	(17.3)	3.9	--	--	--
	-----	-----	-----	-----	-----
Tier I Capital.....	919.5	862.2	809.5	703.4	609.3
Allowable Loan Loss					
Reserve.....	111.1	100.2	99.3	95.1	85.6
Subordinated Debt.....	118.6	124.6	--	--	--
	-----	-----	-----	-----	-----
Total Capital.....	\$1,149.2	\$1,087.0	\$ 908.8	\$ 798.5	\$ 694.9
	=====	=====	=====	=====	=====
Risk Weighted Assets...	\$8,848.6	\$7,990.4	\$7,911.8	\$7,585.1	\$6,830.5
	=====	=====	=====	=====	=====

	1994	1993	1992	1991	1990
	-----	-----	-----	-----	-----

(IN MILLIONS OF DOLLARS)

Key Ratios

Growth in Common Equity.....	3.1%	13.3%	14.4%	14.9%	30.6%
Average Equity/Average Assets Ratio.....	7.71%	7.09%	6.74%	6.31%	6.09%
Tier I Capital Ratio.....	10.39%	10.79%	10.23%	9.27%	8.92%
Total Capital Ratio.....	12.99%	13.60%	11.49%	10.53%	10.17%
Leverage Ratio.....	7.28%	6.89%	6.37%	6.17%	5.70%
Average Long-Term Debt/Equity.....	54.26%	21.43%	11.82%	13.30%	13.30%
	=====	=====	=====	=====	=====

 (1) Includes profit-sharing, stock options and valuation adjustments for investment securities and foreign exchange translation.

INTEREST RATE RISK AND DERIVATIVES

For financial institutions, interest rate movements can have an impact on earnings depending on the position of the balance sheet. At Bancorp, interest sensitivity analysis is coupled with computer simulation techniques to measure the exposure of our earnings to interest rate movements. The major factors used to manage interest rate risk include the mix of fixed and floating interest rates, pricing, and maturity patterns for all asset and liability accounts, as well as off-balance sheet interest rate swaps. The objective of this process is to position the balance sheet to optimize earnings without unduly increasing risk.

Table 12 presents the possible exposure to interest rate movements for various time frames at year-end 1994. The distribution in the interest rate sensitivity table consists of a combination of maturities, call provisions, repricing frequency and prepayment patterns. Bancorp constantly analyzes and estimates, based on historic data, the interest rate sensitivity characteristics of all balance sheet items. For example, a substantial portion of Bancorp's interest bearing demand and savings balances are relatively insensitive to changes in interest rates. Consequently, Bancorp has allocated significant portions of those balances to longer term rate sensitivity periods.

At December 31, 1994, Bancorp's one year cumulative liability sensitive gap totaled \$0.2 billion, representing 1.8% of total assets. The one year gap is a commonly referred to time frame for benchmarking interest rate risk. Throughout the year, Bancorp's liability sensitive gap position slowly declined from 5.5% of total assets at year-end, 1993. During the last quarter of 1994, the investment portfolio was restructured with the sale of \$350 million of available for sale securities at an after tax loss of \$9.3 million and the purchase of generally shorter term securities. With these portfolio restructuring transactions, Bancorp's one year gap position is now closer to neutrality. Nevertheless, Bancorp's liability sensitivity during the year has had an impact on net interest income. Average net interest margin declined from 3.95% in 1993 to 3.82% in 1994.

Bancorp uses swaps as a cost effective risk management tool for dealing with movements in interest rates. Notional amounts of interest rate swaps at year-end 1994 totaled \$1.6 billion compared with \$1.4 billion at year-end 1993 and \$0.2 billion at year-end 1992. Credit exposure on interest rate swaps is determined and monitored according to the same strict standards and policies applied to Bancorp's commercial lending activity.

Bancorp's policy is to utilize interest rate swaps for purposes other than trading. Bancorp utilizes interest rate swaps to alter the interest rate characteristics of identified groups of assets or liabilities. Limits on the

total notional amounts of contracts outstanding at any time have been established. Limits have also been established for each counter party. Activity is monitored on a weekly basis in conjunction with normal asset/liability management committee meetings. Further disclosure of Bancorp's interest rate swap activity is included in the footnotes to its audited financial statements.

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INTEREST RATE SENSITIVITY
TABLE 12

	DECEMBER 31, 1994				
	0-90 DAYS	91-365 DAYS	1-5 YEARS	OVER 5 YEARS	NON-INT. BEARING
(IN MILLIONS OF DOLLARS)					
Assets (1)					
Investment Securities.....	\$ 1,262.1	\$ 917.8	\$ 777.2	\$193.8	\$ --
Short-Term Investments....	36.4	2.9	--	--	--
International Assets.....	918.2	219.7	8.0	--	83.3
Domestic Loans (2).....	3,066.8	2,143.9	1,306.1	626.1	52.3
Trading Securities.....	--	--	13.7	--	--
Other Assets.....	--	--	--	--	958.1
Total Assets.....	\$ 5,283.5	\$3,284.3	\$2,105.0	\$819.9	\$1,093.7
Liabilities and Capital (1)					
Non-Interest Bearing					
Demand (3).....	\$ 258.6	\$ 258.6	\$ 919.5	\$ --	\$ --
Interest-Bearing					
Demand (3).....	349.5	349.5	1,048.5	--	--
Savings (3).....	250.9	250.9	638.6	--	--
Time Deposits.....	491.4	571.8	527.0	49.3	--
Foreign Deposits.....	751.0	373.9	1.0	--	25.0
Short-Term Borrowings....	1,996.0	1,339.3	5.0	--	--
Long-Term Debt.....	579.6	--	162.5	119.5	--
Other Liabilities.....	--	--	--	--	302.7
Capital.....	--	--	--	--	966.8
Total Liabilities and Capital.....	\$ 4,677.0	\$3,144.0	\$3,302.1	\$168.8	\$1,294.5
Interest Rate Swaps.....	\$ (1,071.2)	\$ 93.5	\$ 977.7	\$ --	\$ --
Interest Sensitivity Gap....	\$ (464.7)	\$ 233.8	\$ (219.4)	\$651.1	\$ (200.8)
Cumulative Gap.....	\$ (464.7)	\$ (230.9)	\$ (450.3)	\$200.8	\$ --
Percentage of Total Assets..	3.7%	1.8%	3.6%	1.6%	--

Assumptions used:

- (1) Based on repricing date.
- (2) Includes the effect of estimated amortization.
- (3) Historical analysis shows that these deposit categories, while technically subject to immediate withdrawal, actually display sensitivity characteristics that generally fall within one and five years. The allocation presented is based on that historic analysis.

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(TAXABLE EQUIVALENT)
TABLE 13

	1994			1993			1992		
	AVERAGE BALANCES	INCOME/ EXPENSE	YIELDS/ RATES	AVERAGE BALANCES	INCOME/ EXPENSE	YIELDS/ RATES	AVERAGE BALANCES	INCOME/ EXPENSE	YIELDS/ RATES
(IN MILLIONS OF DOLLARS)									
Earning Assets									
Interest-Bearing									
Deposits.....	\$ 812.6	\$ 36.4	4.48%	\$ 1,140.1	\$ 43.0	3.77%	\$ 1,200.6	\$ 53.1	4.43%
Investment Securities--Held to Maturity									
--Taxable.....	2,463.3	135.0	5.48	3,513.0	203.0	5.78	2,622.0	191.0	7.29
--Tax-Exempt.....	18.7	2.6	14.03	29.3	3.6	12.25	57.1	6.6	11.54
Investment Securities--									
Available for Sale.....	1,064.0	54.0	5.07	69.1	5.9	8.61	15.9	0.6	3.49
Funds Sold.....	52.5	2.3	4.33	146.0	5.2	3.56	463.1	20.5	4.43
Loans(1)									
--Domestic.....	6,725.9	517.6	7.70	6,324.9	476.3	7.53	6,011.9	488.3	8.12
--Foreign.....	667.8	35.2	5.27	666.1	29.9	4.48	590.0	33.2	5.63
Loan Fees.....		31.7			37.9			33.3	
Total Earning Assets.....	11,804.8	814.8	6.90	11,888.5	804.8	6.77	10,960.6	826.6	7.54
Cash and Due From Banks.....	449.1			413.2			396.0		
Other Assets.....	342.7			284.1			288.4		
Total Assets.....	\$12,596.6			\$12,585.8			\$11,645.0		
Interest-Bearing Liabilities									
Domestic Deposits									
--Demand.....	\$ 1,895.4	41.1	2.17	\$ 2,032.3	45.1	2.22	\$ 2,039.6	64.4	3.16
--Savings.....	1,232.3	29.1	2.36	1,239.4	32.6	2.63	1,035.3	39.5	3.81
--Time.....	1,544.8	65.9	4.27	1,711.9	77.7	4.54	3,294.0	159.4	4.84
Total Domestic.....	4,672.5	136.1	2.91	4,983.6	155.4	3.12	6,368.9	263.3	4.13
Total Foreign.....	1,236.7	53.4	4.32	1,223.9	43.2	3.52	816.9	36.3	4.45
Total Deposits.....	5,909.2	189.5	3.21	6,207.5	198.6	3.20	7,185.8	299.6	4.17
Short-Term Borrowings.....	3,600.6	143.9	4.00	3,725.5	122.9	3.30	2,047.2	79.8	3.90
Long-Term Debt.....	526.8	30.3	5.76	250.4	13.8	5.50	118.3	7.1	6.00
Total Interest-Bearing Liabilities.....	10,036.6	363.7	3.62	10,183.4	335.3	3.29	9,351.3	386.5	4.13
Net Interest Income.....		451.1	3.28		469.5	3.48		440.1	3.41
Spread on Earning Assets.....									
			3.82%			3.95%			4.01%
Demand Deposits									
--Domestic.....	1,386.0			1,324.9			1,231.9		
Other Liabilities.....	203.1			184.6			277.2		
Shareholders' Equity.....	970.9			892.9			784.60		
Total Liabilities & Equity.....	\$12,596.6			\$12,585.8			\$11,645.0		
Provision for Loan Losses.....									
		21.9			54.2			50.1	
Net Overhead.....		232.0			200.6			197.8	
Income Before Income Taxes.....									
		197.2			214.7			192.2	
Provision for Income Taxes.....									
		77.7			79.8			72.2	
Tax Equivalency Adjustment(2).....									
		1.8			2.3			3.3	
Income Before Cumulative Effect of Accounting Change.....									
		117.7			132.6			116.7	
Cumulative Effect of Accounting Change.....									
		--			--			10.8	
Net Income.....		\$117.7			\$132.6			\$127.5	

(1) Includes non-accrual loans.

(2) Based upon a statutory tax rate of 35% for 1994 and 1993 and 34% for 1992.

LIQUIDITY MANAGEMENT

Liquidity is managed to ensure that Bancorp has continuous access to sufficient, reasonably priced funding to conduct its normal course of business.

At year-end 1994, deposits increased to \$7.1 billion from \$7.0 billion at the end of 1993. Although reflecting a modest year-to-year increase, average deposits for 1994 were below the average for 1993. Table 21 presents the average deposits by category. The decline in average deposits reflects the lower rates paid in 1994 and the competitive nature of the market as nonbank banks continue to actively pursue deposits.

Repos are supported by the same type of collateral that supports governmental deposits, but are not insured by the FDIC. At year-end 1994 repos totaled \$2.1 billion compared to \$2.5 billion at year-end 1993 and \$2.2 billion at year-end 1992.

At year-end 1994, the ratio of net purchased liabilities to net assets (short term borrowings less short term assets divided by total assets less short term assets) was 36.3%. This proxy for liquidity is tracked by Salomon Brothers Inc, which publishes bank comparative figures annually. For the five years ending December 31, 1993, their 50-Bank Composite ratio averaged 29.0%. Bancorp's ratio is higher than the average, due to the level of state and local government funds. Historically, these governmental customers have been a stable source of funds.

The balance sheet for Bancorp is somewhat unique given the high level of state and local government funds and the requirement to collateralize these funds. Initially, these funds were held as deposits and, in 1991, migrated to repos. As these governmental funds began to grow, given the collateral requirements, the investment securities portfolio grew at a similar rate. In January 1995, Bank of Hawaii converted \$412.2 million of its adjustable rate mortgage loans to investment securities through FNMA. This securitization effectively allows pledging a portfolio of loans which previously did not qualify as collateral. This provides greater leverage of the asset base and an improvement in Bancorp's overall liquidity.

Bancorp presently only issues commercial paper in the Hawaii market-place. As an alternative, Bancorp maintains its access to the mainland market. At year-end 1994 commercial paper outstanding totaled \$69.1 million compared to \$141.6 million at year-end 1993. The short term notes are rated A-1 by Standard and Poor's and P-1 by Moody's.

Bancorp also maintains a line of credit for working capital purposes. The line is for \$50 million and is subject to annual renewals. Fees are paid on the unused balance of the line. At year-end, there was no outstanding balance.

In 1994, Bank of Hawaii became a member of the Federal Home Loan Bank (FHLB) joining Bancorp Pacific as a member. This allows Bank of Hawaii access to a new source of medium term funding. At year-end 1994, Bank of Hawaii had borrowed \$25.0 million from the FHLB, collateralized by mortgage loans and FHLB stock, for a term of 15 months. Bancorp Pacific also increased their borrowings from the FHLB. At year-end 1994, their FHLB advances totaled \$227.1 million, compared to \$151.2 million at year-end 1993.

Long term debt on December 31, 1994 was \$861.6 million compared to \$378.2 million at year-end 1993. During 1994, the Bank issued an additional \$550.0 million in notes under the bank note program allowing for the issuance of up to \$750 million established in 1993. Proceeds were used for general corporate purposes with original maturities of three years or less. At December 31, 1994, there were \$649.4 million in notes outstanding under this program, of which \$549.4 million were issued on a floating rate basis. The bank notes have been

rated A by Standard and Poor's and Aa-3 by Moody's.

CONTROL OF NET OVERHEAD

At Bancorp, net overhead is defined as the ratio of non-interest expense to non-interest income. Bancorp's objective is to continually improve this ratio by controlling expenses and taking advantage of fee

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income opportunities. For 1994, Bancorp's net overhead ratio was 2.81, compared with 2.48 and 2.68 in 1993 and 1992, respectively on the restated basis.

Bancorp's long term goal is to have a ratio of 2 to 1, where fee income offsets at least half of the cost of operations. With the slowdown in the economy of Hawaii, and increased competition for deposits, the efficient managing of the net overhead ratio grows in importance. Trust operations, electronic financial services, insurance and annuity sales, and brokerage services are expected to make significant contributions to this process.

The challenge of rising staff costs for salaries and benefits have focused Bancorp's management on the ratio of net income per full-time equivalent staff (FTE). Bancorp's objective is to improve productivity with existing staff levels. This emphasis balances Bancorp's tight expense control philosophy with the commitment to still spend money on staffing and technology if such expenditures will produce greater productivity and revenues. For 1994, net income per FTE (excluding securities gains/losses) was \$29,700, compared to \$29,500 in 1993 and \$30,600 for 1992.

In January 1995, Bancorp announced a restructuring of its retirement program. The revision calls for the curtailment of the defined benefit plan freezing benefits as of December 31, 1995. The plan will be replaced by a new defined contribution plan and an enhancement to its existing 401(k) plan. One component of the enhancement is being referred to as a "super match." Bancorp will match \$1.25 for every dollar contributed by the staff member to their 401(k) account up to 2% of their compensation. There are also other changes which are expected to be revenue neutral in terms of annual costs.

As this revision has an impact to those staff close to retirement, Bancorp also provided for an early retirement option. The early retirement option is available for all staff over the age of 50 and nine years of service. Bancorp's management will take this opportunity to reduce ongoing staff costs by carefully reviewing the replacement of retiring staff members. The costs associated with this early retirement offer will be incurred by the defined benefit plan and may ultimately have a positive affect on income in 1995. The final financial impact of this curtailment and early retirement program will not be determined until the third quarter of 1995.

NON-INTEREST INCOME

For 1994, total non-interest income was \$128.4 million, compared with \$135.5 million in 1993 and \$117.4 million in 1992. The decrease in non-interest income for 1994 was the result of the net securities losses incurred. Excluding the securities transactions, non-interest income increased 16.5% over 1993. The growth in non-interest income (excluding securities transactions) has been consistent for Bancorp over the past five years, with the average growth rate of 13.2% for the same period. In 1994, this ratio was been restated for a reclassification of certain fees relating to the discounts on VISA drafts earned from Bancorp's merchants. Appropriate changes for all years have been made to provide proper comparisons. Table 14 presents the details of non-interest income for the last five years.

In 1993, Bank of Hawaii acquired American Financial Services which was merged into Hawaiian Trust Company, Limited in 1994. The synergies gained in this acquisition and other opportunities have resulted in increasing trust income to \$48.6 million in 1994 an increase of 18.9% from \$40.9 million in 1993. This strong increase comes on top of a 33.9% increase in trust income between 1993

and 1992. Since many fees are based on trust assets under administration, it is a benchmark for trust fees. Total assets being administered by Hawaiian Trust Company, Limited increased to \$11.9 billion at year-end 1994, from \$11.1 billion at year-end 1993 and \$8.0 billion at year-end 1992.

Service charges on deposit accounts increased to \$28.3 million, a 6.8% increase over 1993. Bancorp regularly reviews its fee schedules (including exchange and service charges on deposit accounts) to assure competitive pricing and acceptable level of profitability.

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Fees, exchange and other service charges increased to \$42.5 million in 1994, from \$37.7 million in 1993 and \$35.9 million in 1992. As mentioned earlier, the fee schedules are regularly reviewed. Bancorp's involvement in trade finance in the Asian Rim countries has steadily increased over the years as its network of offices and branches in the area has grown. Reflecting the continuing increase in international activity, fees for letters of credit, export bill collection, and acceptances have increased to \$7.8 million in 1994, compared with \$7.3 million and \$7.1 million in 1993 and 1992, respectively.

Also included in fees, exchange and other service charges are fees earned through Bancorp's ATM network. During 1994, 45 new ATMs were added to Bancorp's network, bringing the total in service to 282 at year-end 1994. The fees generated by this network totaled \$6.6 million in 1994, an increase of 24.5% over the \$5.3 million reported in 1993. Most of Bancorp's ATMs are located in Hawaii and the Western Pacific. The ATMs in Hawaii have high percentage of usage by visitors through the American Express, Armed Forces Financial Network, Cirrus, Discover Card, Plus Network, STAR and VISA networks, all of which Bancorp is a member. The volumes of transactions handled by these ATMs have increased steadily over the years.

Bancorp has been actively providing new products to migrate our customer base toward electronic transactions. In this effort, Bancorp has two specific products currently in use. Access Card reintroduced in 1991 and Isle Pay cards introduced in 1992 are direct deposit point of sale cards and are reporting increased acceptance. Ongoing emphasis is increasing transaction volumes. At year-end 1994, the base of cards in these programs have increased to 240,000. The volume of transactions has also increased dramatically, more than doubling in 1994 to over 3.0 million transactions. This card base has generated fees in 1994 exceeding \$500,000.

Cash management products are also utilized to allow the processing of electronic transactions. Products like lock box services, payroll processing services and touch tone phone transfer transactions are included as cash management products. In 1994, \$1.1 million in fees for these services was earned, compared with \$1.1 million and \$0.8 million for 1993 and 1992, respectively.

The annuity, brokerage, and insurance sales groups also continue to affect the increase in non-interest income. For 1994, fees earned by these groups totaled \$5.3 million, a 1.3% increase over 1993, which was compounded on a 28.0% increase over 1992. The full service brokerage subsidiary contributed more than \$1.3 million in other operating income in 1994, an increase of 8.3% over 1993, its first full year of operations.

Investment securities activity for 1994 resulted in a net (pre-tax) securities loss of \$17.8 million for the year. The net securities loss, as explained in the performance highlights section, reflected the restructuring of the available for sale portfolio to reduce the liability sensitivity of Bancorp. On a pre-tax basis, total net securities losses in 1994 compare with net security gains of \$10.0 million and \$3.4 million recognized in 1993 and 1992, respectively.

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NON-INTEREST INCOME
TABLE 14

	YEARS ENDED DECEMBER 31						
	1994		1993		1992	1991	1990
	AMOUNT	PERCENT CHANGE	AMOUNT	PERCENT CHANGE	AMOUNT	AMOUNT	AMOUNT
	(IN MILLIONS OF DOLLARS)						
Trust Income.....	\$ 48.6	+ 18.8%	\$ 40.9	+ 34.1%	\$ 30.5	\$ 26.5	\$25.2
Service Charges on Deposit Accounts.....	28.3	+ 6.8	26.5	+ 6.4	24.9	22.4	18.4
Fees, Exchange and Other Service Charges Letters of Credit and Acceptance Fees.....	7.8	+ 6.8	7.3	+ 2.8	7.1	5.9	5.0
Profit on Foreign Currency.....	4.3	- 6.5	4.6	- 22.0	5.9	6.8	4.2
Exchange Fees.....	4.0	+ 37.9	2.9	--	2.9	2.8	3.5
Escrow Fees.....	0.8	- 20.0	1.0	--	1.0	0.8	1.8
Mortgage Servicing Fees...	2.9	+ 20.8	2.4	+ 4.3	2.3	2.0	1.5
Card Fees.....	8.3	+ 12.2	7.4	+ 21.3	6.1	8.6	8.6
Payroll Services.....	2.1	+ 16.7	1.8	+ 5.9	1.7	1.7	1.6
ATM.....	6.6	+ 24.5	5.3	+ 35.9	3.9	2.7	1.6
Cash Management.....	1.1	--	1.1	+ 37.5	0.8	0.5	0.5
Other Fees.....	4.6	+ 17.9	3.9	- 7.1	4.2	3.3	4.3
Other Operating Income.....	23.4	+ 30.7	17.9	- 9.6	19.8	12.6	11.7
Cash Basis Interest.....	3.4	+ 41.7	2.4	- 17.2	2.9	1.0	1.2
Investment Securities Gains (Losses).....	(17.8)	-278.0	10.0	+194.1	3.4	2.8	0.7
Total.....	\$128.4	- 5.2%	\$135.4	+ 15.3%	\$117.4	\$100.4	\$89.8
	=====	=====	=====	=====	=====	=====	=====

NON-INTEREST EXPENSE

The control of expenses is a key part of Bancorp's financial strategy. A lower percentage of non-interest expense to net operating revenue (net interest income plus non-interest income before securities transactions) is a productivity indication, commonly called an efficiency ratio. For 1994, Bancorp's percentage was 60.5% compared to 56.7% and 57.2% for 1993 and 1992, respectively. The increase in Bancorp's efficiency ratio is primarily due to deliberate investments in technology and non-interest income generating capacity. The Salomon Brothers Inc 1993 50-bank composite percentage was 62.05%.

Total non-interest expense for 1994, 1993 and 1992 were \$360.4 million, \$336.1 million and \$314.6 million, respectively. The largest component of non-interest expense is salary expense, which was \$138.0 million, \$134.6 million and \$126.0 million in 1994, 1993 and 1992, respectively. Bancorp's average annual salary per full time equivalent staff was \$31,900 in 1994. For 1993 and 1992, the average was \$31,400 and \$30,700, respectively. Bancorp considers improving the productivity of existing staff as a way to control salary expense.

On an international level, Bancorp's strategy has been to identify and develop local staff to manage operations across the Pacific and Asia to keep the number of expatriates and their higher costs at an acceptable level. At year-end 1994, Bancorp had only 18 expatriates at foreign locations.

For 1994, total average FTE staff count was 4,324 compared with the year-end

1993 total FTE of 4,354, indicating a fairly stable staff level in 1994.

Pension and other benefit costs remained flat at \$42.4 million, compared to 1993. Expenses driven by the achievement of profitability measures (including profit sharing and incentive compensation) decreased as earnings declined. These two expenses decreased more than \$6.7 million in 1994.

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Occupancy expense for 1994 also remained fairly stable at \$37.4 million, up 1.1% from 1993. The nominal change reflects the stabilization of the expansions reported in 1992 and 1993. In 1992 and 1993, nine branches were opened, the largest expansion in Bancorp's recent history.

Net equipment expense increased 11.7% over 1993 to \$30.5 million. The increase in net equipment expense largely reflects Bancorp's continuing investment in technological enhancements to maintain the appropriate level of efficiency. The increase also marks the initial phases of Bancorp's commitment to upgrade its information systems. The focus is to provide access to much more information to service customers more accurately and efficiently.

The other expense category increased from \$94.7 million in 1993 to \$112.0 million in 1994. For 1992, other expenses totaled \$90.9 million. The increase in this expense category of 18.2% for 1994 is due to a number of expense increases. Reflecting the acquisitions made in 1993 and 1994, the amortization of intangibles was \$9.3 million for 1994, \$7.2 million for 1993 and \$5.1 million for 1992. Legal and professional fees increased to \$18.2 million in 1994 from \$11.9 million in 1993 and \$11.8 million in 1992. The demand for legal and professional services, mainly legal, has continued to increase.

NON-INTEREST EXPENSE
TABLE 15

	YEARS ENDED DECEMBER 31						
	1994		1993		1992	1991	1990
	AMOUNT	PERCENT CHANGE	AMOUNT	PERCENT CHANGE	AMOUNT	AMOUNT	AMOUNT
	(IN MILLIONS OF DOLLARS)						
Salaries.....	\$138.0	+2.5%	\$134.6	+6.8%	\$126.0	\$115.8	\$102.4
Pension and Other Employee Benefits.....	42.4	--	42.4	+8.2	39.2	35.6	30.4
Net Occupancy Expense.....	37.4	+1.1	37.0	+9.8	33.7	28.2	24.1
Net Equipment Expense.....	30.5	+11.7	27.3	+10.1	24.8	22.6	18.9
Other Operating Expense							
FDIC Insurance.....	13.6	-9.9	15.1	-12.2	17.2	16.1	7.8
Legal and Professional....	18.2	+52.9	11.9	+0.8	11.8	10.8	12.5
Advertising.....	10.3	+6.2	9.7	+15.5	8.4	8.4	8.0
Stationery and Supplies...	8.8	+17.3	7.5	+4.2	7.2	7.0	7.0
Other.....	61.2	+20.9	50.6	+9.3	46.3	43.6	36.8
Total.....	\$360.4	+7.2%	\$336.1	+6.8%	\$314.6	\$288.1	\$247.9

INCOME TAXES

The 1994 tax provision reflects an effective tax rate of 39.7% compared with 37.6% in 1993. The change in the effective tax rate is partly due to the recognition of the tax liability on the liquidation of Hawaii Financial Corp. (Hong Kong), Limited as the accumulated earnings are repatriated.

Taxes.....	20.9	20.8	21.7	14.2	19.0	19.3	20.5	20.9
Net Income.....	\$ 34.4	\$ 34.2	\$ 32.0	\$ 17.2	\$ 33.0	\$ 33.8	\$ 30.1	\$ 35.7
Earnings Per Common Share.....	\$ 0.80	\$ 0.79	\$ 0.75	\$ 0.41	\$ 0.77	\$ 0.79	\$ 0.70	\$ 0.83

SUPPLEMENTARY DATA
MATURITY DISTRIBUTION, MARKET VALUE AND WEIGHTED-AVERAGE YIELD TO MATURITY OF
SECURITIES
TABLE 17

	AT YEAR-END DECEMBER 31					
	WITHIN 1 YEAR	1-5 YEARS	5-10 YEARS	OVER 10 YEARS	TOTAL	APPROXIMATE MARKET VALUE
	(IN MILLIONS OF DOLLARS)					
Maturity Distribution Based on Book Value						
U.S. Treasury Securities.....	\$ 538.7	\$ 256.9	\$ --	\$ --	\$ 795.6	\$ 780.8
Obligations of Other U.S. Government Agencies and Corporations..	64.1	83.7	--	76.6	224.4	218.3
Obligations of States and Political Subdivisions.....	2.9	25.9	8.4	0.3	37.5	38.1
Corporate Securities....	--	--	--	49.2	49.2	49.2
Mortgage Backed Securities.....	15.2	282.4	145.2	180.8	623.6	594.1
Other.....	30.7	25.0	--	--	55.7	56.2
Securities Available for Sale(2).....	516.5	142.8	15.5	690.1	1,364.9	1,364.9
Trading Securities.....	0.3	11.9	--	1.5	13.7	13.7
Total--1994.....	\$1,168.4	\$ 828.6	\$169.1	\$998.6	\$3,164.6	\$3,115.3
--1993.....	\$1,385.2	\$1,219.0	\$222.6	\$894.6	\$3,721.4	\$3,759.1
--1992.....	\$ 677.2	\$1,772.9	\$148.3	\$437.8	\$3,036.2	\$3,109.2
Weighted-Average Yield(1) to Maturity						
U.S. Treasury Securities.....	4.5%	5.2%	-- %	-- %	4.8%	
Obligations of Other U.S. Government Agencies and Corporations..	5.7	5.9	--	6.3	6.0	
Obligations of States and Political Subdivisions.....	7.9	6.9	11.6	8.0	8.0	
Corporate Securities....	--	--	--	6.1	6.1	
Mortgage Backed Securities.....	6.7	5.7	6.2	7.4	6.3	
Other.....	11.2	7.3	--	--	9.4	
Securities Available for Sale.....	6.5	7.1	6.3	5.3	5.9	
Trading Securities.....	4.0	4.3	--	5.8	4.5	
Total--1994.....	5.7%	5.9%	6.5%	5.8%	5.8%	
Tax Equivalent Adjustment Amount.....	\$ 0.1	\$ 0.2	\$ 0.2	\$ --	\$ 0.5	

(1) Tax equivalent at 35% tax rate

(2) Reports current balance at contractual maturity and does not anticipate reductions for periodic paydowns.

AVERAGE ASSETS
TABLE 18

	1994		1993		1992	1991	1990
	AMOUNT	MIX	AMOUNT	MIX	AMOUNT	AMOUNT	AMOUNT
(IN MILLIONS OF DOLLARS)							
Interest-Bearing							
Deposits.....	\$ 812.6	6.5%	\$ 1,140.1	9.1%	\$ 1,200.6	\$ 923.8	\$ 787.9
Investment Securities							
--Held to Maturity....	2,482.1	19.7	3,542.3	28.1	2,679.1	2,332.2	1,681.2
--Available for Sale..	1,063.9	8.4	69.1	0.5	15.9	--	--
Funds Sold.....	52.5	0.4	146.0	1.2	463.1	434.3	610.2
Loans.....	7,393.7	58.7	6,991.0	55.6	6,601.9	6,484.1	5,532.5
Total Earning Assets..	11,804.8	93.7	11,888.5	94.5	10,960.6	10,174.4	8,611.8
Non-Earning Assets.....	791.8	6.3	697.3	5.5	684.4	651.8	590.0
Total.....	\$12,596.6	100.0%	\$12,585.8	100.0%	\$11,645.0	\$10,826.2	\$9,201.8

AVERAGE LOANS
TABLE 19

	1994		1993		1992	1991	1990
	AMOUNT	MIX	AMOUNT	MIX	AMOUNT	AMOUNT	AMOUNT
(IN MILLIONS OF DOLLARS)							
Commercial and							
Industrial.....	\$1,681.1	22.7%	\$1,695.5	24.3%	\$1,738.2	\$1,617.6	\$1,496.8
Real Estate							
Construction.....	145.2	2.0	181.1	2.6	266.3	272.7	229.0
Mortgage.....	3,840.1	52.0	3,419.2	48.9	3,019.0	2,953.8	2,334.5
Installment.....	686.7	9.3	639.5	9.1	629.8	641.3	669.4
Foreign(1).....	667.8	9.0	666.1	9.5	590.0	659.7	496.1
Lease Financing.....	372.8	5.0	389.6	5.6	358.6	339.0	306.7
Total.....	\$7,393.7	100.0%	\$6,991.0	100.0%	\$6,601.9	\$6,484.1	\$5,532.5

(1) See section entitled International Operations for definition of Foreign.

MATURITIES AND SENSITIVITIES OF LOANS TO CHANGES IN INTEREST RATES (1)
TABLE 20

DECEMBER 31, 1994				
	DUE IN ONE YEAR OR LESS	DUE IN ONE TO FIVE YEARS (2)	DUE AFTER FIVE YEARS (2)	TOTAL
(IN MILLIONS OF DOLLARS)				
Commercial, Financial and Agricultural.....	\$1,246.3	\$ 522.0	\$ 62.5	\$1,830.8

Real Estate--Construction.	52.5	20.1	58.4	131.0
Other Loans.....	1,205.5	1,447.4	2,580.6	5,233.5
Foreign Loans.....	696.7	--	--	696.7
	-----	-----	-----	-----
Total.....	\$3,201.0	\$1,989.5	\$2,701.5	\$7,892.0
	=====	=====	=====	=====

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- (1) Based on contractual maturities
(2) As of December 31, 1994, of the loans maturing after one year, \$3,176.3 million have floating rates and \$1,514.7 million have fixed rates.

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AVERAGE DEPOSITS
TABLE 21

	1994		1993		1992	1991	1990
	AMOUNT	MIX	AMOUNT	MIX	AMOUNT	AMOUNT	AMOUNT
	-----	-----	-----	-----	-----	-----	-----
	(IN MILLIONS OF DOLLARS)						
Domestic							
Non-Interest Bearing							
Demand Accounts.....	\$1,386.0	19.0%	\$1,324.9	17.6%	\$1,231.9	\$1,134.6	\$1,103.4
Interest-Bearing							
Demand Accounts.....	1,895.4	26.0	2,032.3	27.0	2,039.6	1,927.4	1,682.2
Regular Savings							
Accounts.....	1,232.3	16.9	1,239.4	16.5	1,035.3	734.5	613.8
Private Time							
Certificates of							
Deposit (\$100,000 or							
More).....	476.8	6.5	489.4	6.5	547.6	652.6	619.9
Public Time							
Certificates of							
Deposit (\$100,000 or							
More).....	64.6	0.9	143.4	1.9	1,573.2	2,066.2	1,671.7
Bearer Certificates of							
Deposit.....	5.0	0.1	5.0	0.1	5.0	5.0	5.0
All Other Time and							
Savings Certificates.	998.4	13.6	1,074.1	14.2	1,168.2	1,288.2	1,070.0
	-----	-----	-----	-----	-----	-----	-----
Total Domestic.....	6,058.5	83.0	6,308.5	83.8	7,600.8	7,808.5	6,766.0
Foreign (1).....	1,236.7	17.0	1,223.9	16.2	816.9	822.2	1,085.8
	-----	-----	-----	-----	-----	-----	-----
Total.....	\$7,295.2	100.0%	\$7,532.4	100.0%	\$8,417.7	\$8,630.7	\$7,851.8
	=====	=====	=====	=====	=====	=====	=====

-
- (1) See section entitled International Operations for definition of Foreign.

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INTEREST DIFFERENTIAL
TABLE 22

1994 COMPARED TO 1993			1993 COMPARED TO 1992		
VOLUME (1)	RATE (1)	TOTAL	VOLUME (1)	RATE (1)	TOTAL
-----	-----	-----	-----	-----	-----

(IN MILLIONS OF DOLLARS)

Change in Interest Income:						
Interest Bearing						
Deposits:						
Foreign.....	\$ (13.7)	\$ 7.2	\$ (6.5)	\$ (2.6)	\$ (7.6)	\$ (10.2)
Investment Securities--						
Held to Maturity						
Taxable.....	(58.0)	(10.0)	(68.0)	56.7	(44.6)	12.1
Tax-Exempt.....	(1.4)	0.4	(1.0)	(3.4)	0.4	(3.0)
Investment Securities--						
Available for Sale.....	51.4	(3.4)	48.0	3.7	1.6	5.3
Funds Sold.....	(3.8)	0.9	(2.9)	(11.9)	(3.4)	(15.3)
Loans, Net of Unearned						
Income:						
Domestic.....	32.5	2.5	35.0	26.4	(33.6)	(7.2)
Foreign.....	0.1	5.2	5.3	3.9	(7.4)	(3.5)
	-----	-----	-----	-----	-----	-----
Total Interest						
Income.....	\$ 7.1	\$ 2.8	\$ 9.9	\$ 72.8	\$ (94.6)	\$ (21.8)
	=====	=====	=====	=====	=====	=====
Change in Interest Expense:						
Interest Bearing						
Deposits:						
Demand Deposits.....	\$ (3.0)	\$ (1.0)	\$ (4.0)	\$ (0.2)	\$ (19.0)	\$ (19.2)
Savings Deposits.....	(0.2)	(3.4)	(3.6)	6.8	(13.6)	(6.8)
Time Deposits.....	(7.3)	(4.5)	(11.8)	(72.4)	(9.3)	(81.7)
Deposits in Foreign						
Offices.....	0.4	9.8	10.2	15.5	(8.7)	6.8
Short-Term Borrowings....	(4.3)	25.2	20.9	57.0	(13.8)	43.2
Long-Term Debt.....	15.9	0.7	16.6	7.3	(0.6)	6.7
	-----	-----	-----	-----	-----	-----
Total Interest						
Expense.....	\$ 1.5	\$ 26.8	\$ 28.3	\$ 14.0	\$ (65.0)	\$ (51.0)
	=====	=====	=====	=====	=====	=====
Net Interest Differential:						
Domestic.....	\$ 19.6	\$ (26.6)	\$ (7.0)	\$ 73.0	\$ (23.3)	\$ 49.7
Foreign.....	(14.0)	2.6	(11.4)	(14.2)	(6.3)	(20.5)
	-----	-----	-----	-----	-----	-----
Total Interest						
Differential.....	\$ 5.6	\$ (24.0)	\$ (18.4)	\$ 58.8	\$ (29.6)	\$ 29.2
	=====	=====	=====	=====	=====	=====

(1) The change in interest due to both rate and volume has been allocated to volume and rate changes in proportion to the relationship of the absolute dollar amounts of the change in each.

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YEAR-END SUMMARY OF SELECTED CONSOLIDATED FINANCIAL DATA
TABLE 23

	1994	1993	1992	1991	1990
	-----	-----	-----	-----	-----
(IN MILLIONS OF DOLLARS EXCEPT PER SHARE AMOUNTS)					
BALANCE SHEET TOTALS					
Net Loans.....	\$ 7,599.5	\$ 6,983.1	\$ 6,691.7	\$ 6,517.2	\$ 6,286.1
Assets.....	12,586.4	12,462.1	12,713.1	11,409.3	10,683.0
Deposits.....	7,115.1	7,005.0	7,890.5	8,666.2	8,785.0
Long-Term Debt.....	861.6	378.2	119.4	119.4	121.4
Shareholders' Equity....	966.8	938.1	828.3	724.0	630.3

OPERATING RESULTS

Total Interest Income...	\$ 813.0	\$ 802.6	\$ 822.6	\$ 922.4	\$ 864.4
Net Interest Income.....	449.3	467.2	436.1	401.3	343.5
Provision for Possible Loan Losses.....	21.9	54.2	50.1	29.6	28.0
Net Income.....	117.7	132.6	127.5	112.7	95.7
Earnings Per Share.....	\$ 2.75	\$ 3.09	\$ 3.00	\$ 2.69	\$ 2.42
Cash Dividends Paid-- Common Stock.....	\$ 1.04	\$ 0.90	\$ 0.85	\$ 0.78	\$ 0.70
NON-FINANCIAL DATA					
Common Shareholders of Record at Year-End.....	6,947	8,315	5,814	5,553	5,378
Average Common Shares Outstanding.....	42,824,531	42,967,790	42,527,466	41,847,234	39,502,790

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Consolidated Quarterly Results of Operations--Table 16 and narrative on page 34.

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REPORT OF INDEPENDENT AUDITORS

Shareholders and Board of Directors
Bancorp Hawaii, Inc.

We have audited the accompanying consolidated statements of condition of Bancorp Hawaii, Inc. and subsidiaries as of December 31, 1994, 1993 and 1992, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Bancorp Hawaii, Inc. and subsidiaries at December 31, 1994, 1993 and 1992, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with generally accepted accounting principles.

As discussed in Notes A and N to the financial statements, in 1993 and 1992 the Company changed its method of accounting for certain investments in debt and equity securities and income taxes, respectively.

/s/ Ernst & Young, LLP

Honolulu, Hawaii
January 19, 1995

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BANCORP HAWAII, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31

	1994	1993	1992
--	------	------	------

(IN THOUSANDS OF DOLLARS
EXCEPT PER SHARE AMOUNTS)

Interest Income			
Interest on Loans.....	\$ 538,725	\$ 488,530	\$ 503,317
Loan Fees.....	31,666	37,900	33,283
Income on Lease Financing.....	13,218	16,632	17,002
Interest and Dividends on Investment Securities	135,040	203,068	191,036
Taxable Non-Taxable.....	1,710	2,331	4,355
Income on Investment Securities Available for Sale.....	53,960	5,947	--
Interest on Deposits.....	36,408	42,974	53,134
Interest on Security Resale Agreements.....	--	2,934	12,507
Interest on Funds Sold.....	2,270	2,265	8,005
Total Interest Income.....	812,997	802,581	822,639
Interest Expense			
Interest on Deposits.....	189,513	198,657	299,599
Interest on Security Repurchase Agreements.....	98,625	87,229	37,577
Interest on Funds Purchased.....	25,303	24,136	27,977
Interest on Short-Term Borrowings.....	19,954	11,565	14,225
Interest on Long-Term Debt.....	30,330	13,781	7,099
Total Interest Expense.....	363,725	335,368	386,477
Net Interest Income.....	449,272	467,213	436,162
Provision for Possible Loan Losses.....	21,921	54,188	50,071
Net Interest Income After Provision for Possible Losses.....	427,351	413,025	386,091
Non-Interest Income			
Trust Income.....	48,591	40,855	30,519
Service Charges on Deposit Accounts.....	28,303	26,518	24,843
Fees, Exchange and Other Service Charges...	42,492	37,788	35,918
Other Operating Income.....	26,769	20,338	22,712
Investment Securities Gains (Losses).....	(17,761)	9,985	3,410
Total Non-Interest Income.....	128,394	135,484	117,402
Non-Interest Expense			
Salaries.....	137,968	134,568	125,942
Pensions and Other Employee Benefits.....	42,421	42,399	39,232
Net Occupancy Expense of Premises.....	37,436	37,026	33,647
Net Equipment Expense.....	30,502	27,347	24,801
Other Operating Expense.....	112,039	94,762	90,937
Total Non-Interest Expense.....	360,366	336,102	314,559
Income Before Taxes.....	195,379	212,407	188,934
Provision for Taxes.....	77,641	79,840	72,172
Net Income Before Cumulative Effect of Ac- counting Change.....	117,738	132,567	116,762
Cumulative Effect of Accounting Change.....	--	--	10,762
Net Income.....	\$ 117,738	\$ 132,567	\$ 127,524
Earnings Per Common Share and Common Share Equivalents Before Cumulative Effect of Ac- counting Change.....	\$ 2.75	\$ 3.09	\$ 2.75

Cumulative Effect of Accounting Change.....	--	--	0.25
Earnings Per Common Share and Common Share Equivalents.....	\$ 2.75	\$ 3.09	\$ 3.00
Average Common Shares and Average Common Share Equivalents.....	42,824,531	42,967,790	42,527,466

See Notes to Consolidated Financial Statements.

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BANCORP HAWAII, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CONDITION

	DECEMBER 31		
	1994	1993	1992
	(IN THOUSANDS OF DOLLARS)		
Assets			
Interest-Bearing Deposits.....	\$ 727,016	\$ 837,704	\$ 1,432,498
Investment Securities			
--Held to Maturity (Market Value of \$1,736,659, \$2,791,328 and \$3,109,193, respectively).....	1,785,960	2,753,590	3,036,238
--Available for Sale.....	1,364,925	893,453	--
Securities Purchased Under Agreements to Resell.....	--	--	420,000
Funds Sold.....	54,167	57,699	184,474
Loans.....	7,891,993	7,258,368	6,963,582
Unearned Income.....	(144,034)	(149,949)	(143,265)
Reserve for Possible Loan Losses.....	(148,508)	(125,284)	(128,626)
Net Loans.....	7,599,451	6,983,135	6,691,691
Total Earning Assets.....	11,531,519	11,525,581	11,764,901
Cash and Non-Interest Bearing Deposits..	508,762	395,315	393,555
Premises and Equipment.....	221,806	167,260	156,383
Customers' Acceptance Liability.....	17,776	8,475	26,041
Accrued Interest Receivable.....	77,340	82,023	94,409
Other Real Estate.....	594	4,123	6,318
Intangibles, Including Goodwill.....	94,515	102,929	52,971
Trading Securities.....	13,696	74,351	111,820
Other Assets.....	120,342	102,070	106,736
Total Assets.....	\$12,586,350	\$12,462,127	\$12,713,134
Liabilities			
Domestic Deposits			
Demand--Non-Interest Bearing.....	\$ 1,436,794	\$ 1,405,540	\$ 1,256,617
--Interest Bearing.....	1,747,514	1,931,807	2,052,599
Savings.....	1,140,402	1,251,876	1,167,289
Time.....	1,639,497	1,581,534	2,249,809
Foreign Deposits.....	1,150,847	834,218	1,164,177
Total Deposits.....	7,115,054	7,004,975	7,890,491
Securities Sold Under Agreements to Repurchase.....	2,136,204	2,509,550	2,232,508
Funds Purchased.....	609,574	743,915	1,091,556
Short-Term Borrowings.....	594,475	579,966	256,073
Bank's Acceptances Outstanding.....	17,776	8,475	26,041

Accrued Pension Costs.....	23,510	24,367	25,324
Accrued Interest Payable.....	49,253	34,347	31,774
Accrued Taxes Payable.....	133,720	154,291	126,265
Other Liabilities.....	78,424	85,967	85,374
Long-Term Debt.....	861,572	378,170	119,400
	-----	-----	-----
Total Liabilities.....	11,619,562	11,524,023	11,884,806
	-----	-----	-----
Shareholders' Equity			
Common Stock (\$2 par value), authorized 100,000,000 shares; issued and outstanding, 41,851,466; 28,425,038; and 28,056,190, respectively.....	83,703	56,850	56,112
Surplus.....	260,040	284,886	272,810
Unrealized Valuation Adjustments.....	(18,122)	537	(2,271)
Retained Earnings.....	641,167	595,831	501,677
	-----	-----	-----
Total Shareholders' Equity.....	966,788	938,104	828,328
	-----	-----	-----
Total Liabilities and Shareholders' Equity.....	\$12,586,350	\$12,462,127	\$12,713,134
	=====	=====	=====

See Notes to Consolidated Financial Statements

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BANCORP HAWAII, INC. AND SUBSIDIARIES (AND PARENT COMPANY)

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	TOTAL	COMMON STOCK	SURPLUS	UNREALIZED VALUATION ADJUSTMENT	RETAINED EARNINGS
	-----	-----	-----	-----	-----
	(IN THOUSANDS OF DOLLARS EXCEPT PER SHARE AMOUNTS)				
Balance at December 31, 1991.	\$724,030	\$55,337	\$260,920	\$ (1,731)	\$409,504
Changes During 1992					
Net Income.....	127,524	--	--	--	127,524
Sale of Common Stock					
68,809 Profit Sharing Plan.....	3,168	138	3,030	--	--
147,534 Stock Option Plan.....	2,059	295	1,764	--	--
185,274 Dividend Reinvestment Plan.....	8,095	370	7,725	--	--
Stock Repurchased.....	(657)	(28)	(629)	--	--
Unrealized Valuation Adjustments					
Investment Securities....	338	--	--	338	--
Foreign Exchange Translation Adjustment..	(878)	--	--	(878)	--
Cash Dividends Paid of \$0.85 Per Share.....	(35,351)	--	--	--	(35,351)
	-----	-----	-----	-----	-----
Balance at December 31, 1992.	\$828,328	\$56,112	\$272,810	\$ (2,271)	\$501,677
Changes During 1993					
Net Income.....	132,567	--	--	--	132,567
Sale of Common Stock					
85,515 Profit Sharing Plan.....	3,849	171	3,678	--	--
151,543 Stock Option					

Plan.....	3,288	303	2,985	--	--
180,390 Dividend					
Reinvestment Plan.....	7,729	361	7,368	--	--
Stock Repurchased.....	(2,052)	(97)	(1,955)	--	--
Unrealized Valuation					
Adjustments					
Investment Securities....	2,878	--	--	2,878	--
Foreign Exchange					
Translation Adjustment..	(70)	--	--	(70)	--
Cash Dividends Paid of \$0.90					
Per Share.....	(38,413)	--	--	--	(38,413)
	-----	-----	-----	-----	-----
Balance at December 31, 1993.	\$938,104	\$56,850	\$284,886	\$ 537	\$595,831
Changes During 1994					
Net Income.....	117,738	--	--	--	117,738
Sale of Common Stock					
250,286 Profit Sharing					
Plan.....	7,708	501	7,207	--	--
204,909 Stock Option					
Plan.....	2,907	410	2,497	--	--
239,211 Dividend					
Reinvestment Plan.....	7,401	478	6,923	--	--
Stock Repurchased.....	(44,297)	(2,824)	(41,473)	--	--
Unrealized Valuation					
Adjustments					
Investment Securities....	(21,119)	--	--	(21,119)	--
Foreign Exchange					
Translation Adjustment..	2,460	--	--	2,460	--
50 Percent Stock Dividend....	(59)	28,288	--	--	(28,347)
Cash Dividends Paid of \$1.04					
Per Share.....	(44,055)	--	--	--	(44,055)
	-----	-----	-----	-----	-----
Balance at December 31, 1994.	\$966,788	\$83,703	\$260,040	\$ (18,122)	\$641,167
	=====	=====	=====	=====	=====

See Notes to Consolidated Financial Statements

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BANCORP HAWAII, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31

	1994	1993	1992
	-----	-----	-----

(IN THOUSANDS OF DOLLARS)

Operating Activities			
Net Income.....	\$ 117,738	\$ 132,567	\$ 127,524
Adjustments to Reconcile Net Income to			
Net Cash			
Provided by Operating Activities:			
Provision for Loan Losses.....	21,921	54,188	50,071
Depreciation and Amortization.....	30,321	25,681	22,631
Deferred Income Taxes.....	(16,034)	21,865	8,212
Realized and Unrealized Investment			
Security Gains.....	--	(97)	(1,890)
Realized (Gains) Losses on Investment			
Securities Available for Sale.....	14,980	(9,025)	--
Net (Increase) Decrease in Trading			
Securities.....	655	(2,482)	3,061

Amortization of Lease Income.....	(26,425)	(30,196)	(21,255)
Amortization of Loan Fee Income.....	(13,813)	(15,945)	(17,358)
Decrease (Increase) in Interest Receivable.....	4,683	12,386	(165)
Increase (Decrease) in Interest Payable.....	14,906	2,573	(12,908)
Decrease (Increase) in Other Assets....	765	10,921	(44,248)
Increase (Decrease) in Other Liabilities.....	(6,067)	(7,797)	7,378
	-----	-----	-----
Net Cash Provided by Operating Activities.....	143,630	194,639	121,053
	-----	-----	-----
Investing Activities			
Proceeds from Redemptions of Investment Securities Held to Maturity.....	1,514,596	957,408	952,816
Purchases of Investment Securities Held to Maturity.....	(546,966)	(1,565,051)	(1,441,520)
Proceeds from Sales of Investment Securities Available for Sale.....	573,057	849,853	--
Proceeds from Redemptions of Investment Securities Available for Sale.....	96,019	--	--
Purchases of Investment Securities Available for Sale.....	(1,102,871)	(697,892)	(100,043)
Net (Decrease) Increase in Interest- Bearing Deposits Placed in Other Banks.....	110,688	594,794	(308,529)
Decrease (Increase) in Funds Sold.....	3,532	443,882	(271,338)
Increase in Loans, Net.....	(569,901)	(299,491)	(185,978)
Purchases of Premises and Equipment....	(72,798)	(28,426)	(29,311)
Proceeds from Sale of Premises and Equipment.....	1,178	170	778
Purchase of American Financial Services of Hawaii, Inc., Net of Cash and Non- Interest Bearing Deposits Acquired.....	--	(48,990)	--
Purchase of Banque d'Hawaii (Vanuatu), Ltd., Net of Cash and Non-Interest Bearing Deposits Acquired.....	39,963	--	--
Purchase of National Bank of Solomon Islands, Net of Cash and Non-Interest Bearing Deposits Acquired.....	(315)	--	--
	-----	-----	-----
Net Cash Provided (Used) by Investing Activities.....	46,182	206,257	(1,383,125)
	-----	-----	-----
Financing Activities			
Net Increase (Decrease) in Demand, Savings, and Time Deposits.....	1,346	(885,516)	(775,661)
Proceeds from Lines of Credit and Long- Term Debt.....	510,049	294,846	47,000
Principal Payments on Lines of Credit and Long-Term Debt.....	(26,647)	(21,076)	(38,421)
Net Increase (Decrease) in Short-Term Borrowings.....	(493,178)	238,279	1,960,341
Proceeds from Sale of Common Stock.....	18,016	14,866	13,322
Stock Repurchased.....	(44,297)	(2,052)	(657)
Cash Dividends.....	(44,114)	(38,413)	(35,351)
	-----	-----	-----
Net Cash Provided (Used) by Financing Activities.....	(78,825)	(399,066)	1,170,573
	-----	-----	-----
Effect of Exchange Rate Changes on Cash.....	2,460	(70)	(878)
	-----	-----	-----
Increase (Decrease) in Cash and Non- Interest Bearing Deposits.....	113,447	1,760	(92,377)
	-----	-----	-----
Cash and Non-Interest Bearing Deposits			

at Beginning of Year.....	395,315	393,555	485,932
	-----	-----	-----
Cash and Non-Interest Bearing Deposits			
at End of Year.....	\$ 508,762	\$ 395,315	\$ 393,555
	=====	=====	=====

See Notes to Consolidated Financial Statements.

BANCORP HAWAII, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting principles followed by Bancorp Hawaii, Inc., and its subsidiaries (Bancorp), and the methods of applying those principles conform with generally accepted accounting principles and with general practice within the banking industry. Certain accounts have been reclassified to conform with the 1994 presentation. The significant policies are summarized below.

CONSOLIDATION

The consolidated financial statements include the accounts of Bancorp; its principal subsidiaries, Bank of Hawaii; Bancorp Pacific, Inc.; and their subsidiaries. Significant intercompany accounts have been eliminated in consolidation.

ACCOUNTING CHANGES

In May 1993, the Financial Accounting Standards Board (FASB) issued Statement No. 114, "Accounting by Creditors for Impairment of a Loan." The statement addresses the accounting by creditors for impairment of certain loans and requires these loans be measured based on the present value of expected future cash flows or if the loan is collateral dependent, the fair value of the collateral. This is a significant change from the currently applied rules for both Generally Accepted Accounting Principles and regulatory reporting. In October 1994, the FASB issued Statement No. 118, "Accounting by Creditors for Impairment of a Loan-Income Recognition and Disclosures," that amended Statement No. 114 by eliminating provisions for reporting income on impaired loans by creditors and clarifying disclosure requirements. Bancorp has elected to implement the provisions of Statement No. 114, as amended, effective January 1, 1995. At this time, the impact of adopting the new rules on Bancorp's financial position or results of operation is not expected to be material.

ACQUISITION

In December 1994, Bank of Hawaii acquired a 51% interest in the National Bank of Solomon Islands (NBSI) for \$4.8 million. The acquisition has been accounted for using the purchase method. At year-end, NBSI financial results have been included in the consolidated totals. Total assets of NBSI were \$50.3 million at year-end 1994. Goodwill recorded in this transaction was \$2.4 million and is being amortized over 15 years.

On May 7, 1993, Bank of Hawaii finalized the purchase of 100% of the shares of American Financial Services of Hawaii, Inc. (AFS), a trust holding company whose wholly owned subsidiaries are Bishop Trust Limited and American Trust Company of Hawaii, Inc. AFS administered \$2.7 billion in trust assets at the acquisition date. The acquisition has been accounted for under the purchase method, for the approximately \$4 million of assets of AFS. Goodwill recorded in this transaction is being amortized on a straight line basis over 15 years. In 1994, AFS was merged into Hawaiian Trust Company, Limited.

Also in December 1993, Bank of Hawaii acquired 80% of Banque Indosuez Vanuatu, Limited for \$12.1 million. Its name was changed to Banque d'Hawaii

(Vanuatu), Limited. Banque d'Hawaii (Vanuatu), Limited has been accounted for as a purchase as of January 1, 1994 and is included in the consolidated financial statements.

In conjunction with these acquisitions, liabilities were assumed as follows:

	1994	1993	1992
	-----	-----	-----
	(IN THOUSANDS OF DOLLARS)		
Assets Acquired.....	\$132,855	\$ 65,002	--
Cash Paid for Capital Stock.....	(16,913)	(51,500)	--
	-----	-----	-----
Liabilities Assumed.....	\$115,942	\$ 13,502	--
	=====	=====	=====

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BANCORP HAWAII, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

CASH AND NON-INTEREST BEARING DEPOSITS

Cash and non-interest bearing deposits include the amounts due from other financial institutions as well as in-transit clearings. Under the terms of the Depository Institutions Deregulation and Monetary Control Act, the Bank is required to place reserves with the Federal Reserve Bank based on the amount of deposits held. Bank of Hawaii, along with the other banks in the State of Hawaii, was allowed to phase into this reserve requirement, with such phase-in completed in 1993. For 1994, 1993 and 1992, the average amount of these reserve balances was \$157,486,000; \$165,616,000 and \$135,010,000, respectively.

EARNINGS PER SHARE

The earnings per common share of Bancorp are based on the average common shares outstanding and the average common share equivalents. The earnings per common share of Bancorp are based on shares of 42,824,531, 42,967,790 and 42,527,466 in 1994, 1993 and 1992, respectively.

INCOME TAXES

Bancorp files a consolidated federal income tax return with the Bank of Hawaii, FirstFed and its other domestic subsidiaries. Deferred income taxes are provided to reflect the tax effect of temporary differences between financial statement carrying amounts and the corresponding tax bases of assets and liabilities.

Bancorp's tax sharing policy provides for the settlement of income taxes between each subsidiary as if each subsidiary had filed a separate return. Payments are made to Bancorp by each subsidiary with tax liabilities and subsidiaries which generate tax benefits receive payments for the benefits as used. Deferred taxes are recorded on the books of the subsidiary which generated the temporary differences.

For lease arrangements, which are accounted for by the financing method, investment tax credits are deferred and amortized over the lives of the respective leases.

INTANGIBLE ASSETS AND AMORTIZATION

The excess of the cost over the fair market value of tangible assets and liabilities purchased in various transactions by Bancorp and the Bank of Hawaii

is being amortized using the straight-line method over various periods not exceeding 15 years. Intangibles are reviewed periodically for other than temporary impairment based on comparisons with underlying financial assets. The amortization expense of these intangibles was \$9,315,000; \$7,161,000 and \$5,083,000 for 1994, 1993 and 1992, respectively. As of December 31, 1994, the accumulated amortization totaled \$33,884,000.

INTEREST RATE/FOREIGN CURRENCY RISK MANAGEMENT

Bancorp has entered into various off-balance-sheet transactions, primarily interest rate swap agreements, for interest rate risk exposure management purposes. A primary objective of Bancorp in managing interest-rate exposure is to maintain a targeted mix of assets and liabilities that mature or reprice over a one year time horizon. However, the extent of rate sensitivity can vary within the intervening time periods. Interest rate swaps are primarily used to modify the interest rate sensitivity of short term assets or long term liabilities (both deposits and debt).

As a result of having various foreign operations, Bancorp is exposed to the effect of foreign exchange rate fluctuations on the U.S. dollar value. Bancorp has purchased foreign currency forward contracts to minimize the effect of fluctuating foreign currencies on its reported income. The forward contracts qualify as

BANCORP HAWAII, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

hedges for financial reporting purposes as they are tied to specific foreign loans and their repayment. Although the volatility of income over the entire twelve month period is reduced, increased volatility may be reported during interim periods.

Valuation adjustments on foreign exchange swap and forward contracts are recognized through the income statement as a component of foreign currency gain or loss.

INTERNATIONAL OPERATIONS

International operations include certain activities located domestically in the International Division, as well as branches and subsidiaries domiciled outside the United States. The operations of Bank of Hawaii and FirstFed located in the Southern and Western Pacific which are denominated in U.S. dollars are classified as domestic.

INVESTMENT SECURITIES

The method followed in determining the cost of investments sold was based on identified certificates for each of the three years ending December 31, 1994, 1993 and 1992. Bancorp adopted the provisions of SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities," affecting the Statement of Condition as of December 31, 1993 by reclassifying investment securities into the following categories.

Investment Securities Held to Maturity are securities intended to be held for the full term of the security. These securities are stated at cost adjusted for amortization of premium and accretion of discount. Restricted equity securities represent Federal Home Loan Bank and Federal Reserve Bank shares, recorded at par, which is fair value.

Investment Securities Available for Sale are recorded at market value with the unrealized gains and losses recorded as an unrealized valuation adjustment in equity, net of taxes. The market value of mortgage-backed securities are based on quoted market prices. In 1993 and 1992, these assets were recorded at the lower of cost or market with valuation adjustments reflected as a charge

against income.

Trading Securities are securities purchased and held principally for the purpose of selling them in the near term. The trading securities portfolio was comprised primarily of debt securities which have been recorded at market value. Changes in market value are recognized as a securities gain or loss through the income statement. During 1994 and 1993, the net gain (loss) from the trading securities portfolio was \$(740,000) and \$997,000, respectively, and is recognized as a component of investment securities gains/losses in the income statement. Income from the trading securities was \$604,000 and \$660,000 for 1994 and 1993, respectively, and is included as part of other operating income.

LOANS

Loans are carried at the principal amount outstanding. Interest income is generally recognized on the accrual basis. Loan fees are considered in the yields and amortized.

Bancorp's policy is to place loans on non-accrual as soon as a loan is delinquent over 90 days, unless unusual treatment is indicated by the type of borrowing agreement and/or collateral. At the time a loan is placed on non-accrual, all accrued but unpaid interest is reversed against current earnings. Subsequent payments received are generally applied to reduce the principal balance.

OTHER REAL ESTATE

Other real estate is comprised of properties acquired through foreclosure proceedings and abandoned bank premises. These properties are carried at the lower of cost or fair market value based on current

BANCORP HAWAII, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

appraisals less selling costs. Losses arising at the time of acquisition of such property acquired through foreclosure are charged against the reserve for possible loan losses. Subsequent re-evaluation of the properties, which indicate reduced value and carrying costs, are recognized through charges to operating expenses.

PREMISES AND EQUIPMENT

Premises and equipment includes the cost of land, buildings, machinery and equipment, and significant improvements thereto. They are stated on the basis of cost less allowances for depreciation and amortization.

The annual provisions for depreciation on premises and improvements, and equipment, have been computed using lives of two to fifty years and three to ten years, respectively, under the straight-line method.

PROVISION FOR POSSIBLE LOAN LOSSES

The provision for possible loan losses is maintained at a level considered adequate to provide for potential losses. The provision charged to operating expenses is based on management's evaluation of potential losses in the loan and lease portfolios and consideration of economic conditions.

NOTE B INVESTMENT SECURITIES

The following presents the details of the investment portfolio:

	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	AGGREGATE FAIR VALUE
--	-------------------	------------------------------	-------------------------------	----------------------------

(IN THOUSANDS OF DOLLARS)

At December 31, 1994

Securities Held to Maturity:

Restricted Equity Securities.....	\$ 49,200	\$ --	\$ --	\$ 49,200
Debt Securities Issued by the U.S. Treasury and Agencies.....	1,019,903	316	(21,124)	999,095
Debt Securities Issued by State and Municipalities of the United States.....	37,578	1,367	(805)	38,140
Debt Securities Issued by Foreign Governments.....	35,672	533	--	36,205
Corporate Debt Securities.....	--	--	--	--
Mortgage Backed-Securities.....	623,565	1,718	(31,219)	594,064
Other Debt Securities.....	20,042	12	(99)	19,955
Totals.....	\$1,785,960	\$3,946	\$ (53,247)	\$1,736,659

Securities Available for Sale:

Equity Securities.....	\$ 1,113	\$ 390	\$ --	\$ 1,503
Debt Securities Issued by the U.S. Treasury and Agencies.....	615,001	201	(9,359)	605,843
Debt Securities Issued by State and Municipalities of the United States.....	3,560	8	(151)	3,417
Debt Securities Issued by Foreign Governments.....	--	--	--	--
Corporate Debt Securities.....	3,878	2	(141)	3,739
Mortgage Backed-Securities.....	716,581	50	(20,903)	695,728
Other Debt Securities.....	53,637	1,552	(494)	54,695
Totals.....	\$1,393,770	\$2,203	\$ (31,048)	\$1,364,925

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BANCORP HAWAII, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	AGGREGATE FAIR VALUE
--	-------------------	------------------------------	-------------------------------	----------------------------

(IN THOUSANDS OF DOLLARS)

At December 31, 1993

Securities Held to Maturity:

Restricted Equity Securities.....	\$ 13,654	\$ --	\$ --	\$ 13,654
Debt Securities Issued by the U.S. Treasury and Agencies.....	2,144,180	24,266	--	2,168,446
Debt Securities Issued by State and Municipalities of the United States.....	40,566	3,260	(3)	43,823
Debt Securities Issued by Foreign Governments.....	9,175	--	--	9,175
Corporate Debt Securities.....	--	--	--	--
Mortgage Backed-Securities.....	516,001	10,111	(989)	525,123

Other Debt Securities.....	30,014	1,093	--	31,107
	-----	-----	-----	-----
Totals.....	\$2,753,590	\$38,730	\$ (992)	\$2,791,328
	=====	=====	=====	=====
Securities Available for Sale:				
Equity Securities.....	\$ 1,008	\$ --	\$ --	\$ 1,008
Debt Securities Issued by the U.S. Treasury and Agencies.....	229,314	7,235	(52)	236,497
Debt Securities Issued by State and Municipalities of the United States.....	881	38	(1)	918
Debt Securities Issued by Foreign Governments.....	--	--	--	--
Corporate Securities.....	6,201	57	(13)	6,245
Mortgage Backed-Securities.....	649,094	2,139	(4,062)	647,171
Other Debt Securities.....	1,614	--	--	1,614
	-----	-----	-----	-----
Totals.....	\$ 888,112	\$ 9,469	\$ (4,128)	\$ 893,453
	=====	=====	=====	=====

The book values and estimated market values of investment securities as of December 31, 1992 are as follows:

	BOOK VALUE	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	ESTIMATED MARKET VALUE

(IN THOUSANDS OF DOLLARS)				

United States Treasury Securities..	\$1,808,747	\$39,312	\$ (561)	\$1,847,498
Securities of Other United States Government Corporations and Agen- cies.....	589,828	12,430	(901)	601,357
Obligations of States and Political Subdivisions.....	59,774	2,549	(302)	62,021
Debt Securities Issued by Foreign Governments.....	1,897	--	--	1,897
Corporate Securities.....	8,358	6,871	(14)	15,215
Mortgage-Backed Securities.....	493,449	14,118	(3,115)	504,452
Other Securities.....	74,185	2,568	--	76,753
	-----	-----	-----	-----
Totals.....	\$3,036,238	\$77,848	\$ (4,893)	\$3,109,193
	=====	=====	=====	=====

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BANCORP HAWAII, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

The following presents an analysis of the contractual maturities of the investment securities portfolio as of December 31, 1994:

	COST	ESTIMATED FAIR VALUE

(IN THOUSANDS OF DOLLARS)		

Securities Held to Maturity

Due in One Year or Less.....	\$ 636,425	\$ 632,798
Due After One Year Through Five Years.....	391,510	374,324
Due After Five Years Through Ten Years.....	8,455	9,739
Due After Ten Years.....	76,805	76,535
	-----	-----
	1,113,195	1,093,396
Mortgage-Backed Securities.....	623,565	594,064
Restricted Equity Securities.....	49,200	49,200
	-----	-----
	\$1,785,960	\$1,736,660
	=====	=====
Securities Available for Sale		
Due in One Year or Less.....	\$ 517,540	\$ 516,537
Due After One Year Through Five Years.....	150,753	142,804
Due After Five Years Through Ten Years.....	6,272	5,751
Due After Ten Years.....	1,511	2,602
	-----	-----
	676,076	667,694
Mortgage-Backed Securities.....	716,581	695,728
Equity Securities.....	1,113	1,503
	-----	-----
	\$1,393,770	\$1,364,925
	=====	=====

Proceeds from sales and maturities of investment securities available for sale during 1994 were \$526,044,000. Gross gains of \$281,000 and gross losses of \$17,350,000 were realized on those sales. The cumulative investment valuation reserve was \$(17,264,000) (net of taxes) as of December 31, 1994.

Investment securities carried at \$3,056,198,000, \$3,396,469,000 and \$3,418,254,000 were pledged to secure deposits of certain public (governmental) entities, repurchase agreements and swap agreements at December 31, 1994, 1993 and 1992, respectively. The December 31, 1994 amount included investment securities with a carrying value of \$2,368,669,000 and a market value of \$2,330,632,000 which were pledged solely for repurchase agreements.

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BANCORP HAWAII, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

NOTE C LOANS

Loans consisted of the following at year-end:

	1994	1993	1992
	-----	-----	-----
	(IN THOUSANDS OF DOLLARS)		
Domestic Loans			
Commercial and Industrial.....	\$1,830,803	\$1,709,194	\$1,864,102
Real Estate			
Construction--Commercial.....	113,089	136,225	220,212
Residential.....	17,882	35,078	40,422
Mortgage--Commercial.....	1,240,959	1,230,558	991,821
Residential.....	2,872,824	2,475,971	2,189,098
Installment.....	741,612	676,170	655,861
	-----	-----	-----
Total Domestic Loans.....	6,817,169	6,263,196	5,961,516
	-----	-----	-----
Foreign Loans.....	696,734	593,497	608,633

Subtotal.....	7,513,903	6,856,693	6,570,149
Lease Financing			
Direct.....	103,462	119,908	129,178
Leveraged.....	274,628	281,767	264,255
Lease Financing.....	378,090	401,675	393,433
Total Loans.....	\$7,891,993	\$7,258,368	\$6,963,582

Transactions in the reserve for possible loan losses were as follows:

	1994	1993	1992
	(IN THOUSANDS OF DOLLARS)		
Balance at Beginning of Year.....	\$125,284	\$128,626	\$115,571
Provision Charged to Operations.....	21,921	54,188	50,071
Reserves Acquired.....	1,437	--	--
Charge-Offs.....	(25,437)	(65,732)	(43,982)
Recoveries.....	25,303	8,202	6,966
Net Charge-Offs.....	(134)	(57,530)	(37,016)
Balance at End of Year.....	\$148,508	\$125,284	\$128,626

Commercial and mortgage loans totaling \$576,333,000 were pledged to secure certain public deposits and Federal Home Loan Bank advances at December 31, 1994.

Certain directors and executive officers of Bancorp, its subsidiary companies, companies in which they are principal owners, and trusts in which they are involved, were loan customers of the Bank of Hawaii during 1994, 1993 and 1992. These loans were made in the ordinary course of business at normal credit terms, including interest rate and collateral requirements, and do not represent more than a normal risk of collection. Such loans at December 31, 1994, 1993 and 1992 amounted to \$79,244,000, \$83,877,000 and \$91,084,000, respectively. During 1994, the activity in these loans included new borrowings of \$29,967,000 and repayments of \$29,923,000, and other adjustments of \$4,677,000 relating to the changes in directors and the companies and trusts in which they are involved.

BANCORP HAWAII, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

NOTE D PREMISES AND EQUIPMENT

Bancorp and its affiliates own and lease premises consisting primarily of operating facilities, the great majority of which are located in Hawaii. Bancorp has four significant properties all of which are in downtown Honolulu. The largest is the condominium units in the Financial Plaza of the Pacific in which the Bank of Hawaii's head office is situated. The capital leases are for portions (less than 12.0%) of the Financial Plaza of the Pacific. The terms of the leases are 60 years, further details of the capital lease are included in the long term debt footnote. In addition, Bancorp owns a two-story building on the outskirts of downtown Honolulu which houses data processing and certain other operational functions, a five-story building which houses administrative departments and FirstFed's five-story headquarters building. In 1993, the Bank

entered into a contract to build a 248,000 square foot facility in the Kapolei area on Oahu. The building will be primarily used as an operations facility and will also house a Bank of Hawaii branch. The contracts for construction of the building total \$43 million, \$33.7 of which has been included as part of premises and equipment. Depreciation will commence when the building is placed in service in late 1995.

The following is a summary of data for major categories of premises and equipment:

	COST	ACCUMULATED DEPRECIATION AND AMORTIZATION	NET BOOK VALUE

(IN THOUSANDS OF DOLLARS)			
December 31, 1994			
Premises.....	\$236,619	\$ (67,792)	\$168,827
Equipment.....	122,678	(73,806)	48,872
Capital Leases.....	4,464	(357)	4,107
	-----	-----	-----
	\$363,761	\$ (141,955)	\$221,806
	=====	=====	=====
December 31, 1993			
Premises.....	\$187,614	\$ (60,588)	\$127,026
Equipment.....	107,167	(66,933)	40,234
	-----	-----	-----
	\$294,781	\$ (127,521)	\$167,260
	=====	=====	=====
December 31, 1992			
Premises.....	\$172,614	\$ (53,762)	\$118,852
Equipment.....	100,554	(63,023)	37,531
	-----	-----	-----
	\$273,168	\$ (116,785)	\$156,383
	=====	=====	=====

The amounts of depreciation and amortization (including capital lease amortization) included in consolidated expense were \$21,006,000, \$18,520,000 and \$16,551,000 in 1994, 1993 and 1992, respectively.

Bancorp's operating leases are for certain branch premises and data processing equipment. The majority of the premise leases provide for a base rent for a stipulated period with various renewal options. Portions of certain properties are subleased to others for periods expiring in various years through 2000. Lease terms generally provide for the lessee to pay operating costs such as taxes and maintenance.

Future minimum payments, by year and in the aggregate, for noncancelable operating leases with initial or remaining terms of one year or more and capital leases consisted of the following at December 31, 1994:

CAPITAL LEASES	OPERATING LEASES

(IN THOUSANDS OF DOLLARS)

1995.....	\$	7	\$	13,154
1996.....		7		10,069
1997.....		7		8,553
1998.....		7		7,899
1999.....		7		6,713
Thereafter.....		34,945		93,342
		-----		-----
Total Minimum Lease Payments.....	\$	34,980	\$	139,730
Amounts Representing Interest.....		29,858		--
		-----		-----
Present Value of Net Minimum Lease Payments.....	\$	5,122		--
		=====		=====

Minimum future rentals receivable under subleases for noncancelable operating leases at December 31, 1994, amounted to \$2,554,000.

Rental expense for all operating leases consisted of:

	1994	1993	1992
	-----	-----	-----
	(IN THOUSANDS OF DOLLARS)		
Minimum Rentals.....	\$ 21,219	\$ 22,592	\$ 19,793
Sublease Rental Income.....	(634)	(583)	(526)
	-----	-----	-----
	\$ 20,585	\$ 22,009	\$ 19,267
	=====	=====	=====

NOTE E DEPOSITS

Interest on deposit liabilities in 1994, 1993 and 1992 consisted of the following:

	1994	1993	1992
	-----	-----	-----
	(IN THOUSANDS OF DOLLARS)		
Domestic Interest-Bearing Demand Accounts.....	\$ 42,321	\$ 45,136	\$ 64,381
Domestic Savings Accounts.....	27,910	32,654	39,440
Domestic Time Accounts.....	65,908	77,736	159,433
Foreign Deposits.....	53,374	43,131	36,345
	-----	-----	-----
	\$189,513	\$198,657	\$299,599
	=====	=====	=====

Time deposits with balances of \$100,000 or more in domestic banking offices were \$572,966,000 in 1994. Of this amount, \$46,572,000 represents deposits of public (governmental) entities which require collateralization by acceptable securities. The majority of deposits in the foreign category are time deposits in denominations of \$100,000 or more.

Maturities of domestic time deposits of \$100,000 or more at December 31, 1994, are summarized as follows:

	DOMESTIC
	----- (IN THOUSANDS OF DOLLARS)
Under 3 Months.....	\$290,370
4 to 6 Months.....	93,335
7 to 12 Months.....	84,943
Over 12 Months.....	104,318

	\$572,966
	=====

NOTE F SHORT-TERM BORROWINGS

Details of short-term borrowings for 1994, 1993 and 1992 were as follows:

	FUNDS PURCHASED	SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE	OTHER COMMERCIAL PAPER	SHORT-TERM BORROWINGS
	-----	-----	-----	-----
	(IN THOUSANDS OF DOLLARS)			
1994				
Amounts Outstanding December 31.....	\$ 609,574	\$2,136,204	\$ 69,113	\$525,362
Average Amount Outstanding During Year.....	593,019	2,404,401	107,537	495,673
Maximum Amount Outstanding at Any Month's End.....	655,026	2,730,270	176,072	557,293
Weighted-Average Interest Rate During Year*.....	4.27%	4.10%	3.44%	3.28%
Weighted-Average Interest Rate on Balance Outstanding at End of Year.....	5.79%	5.26%	4.24%	3.92%
	-----	-----	-----	-----
1993				
Amounts Outstanding December 31.....	\$ 743,915	\$2,509,550	\$141,627	\$438,339
Average Amount Outstanding During Year.....	754,051	2,644,935	92,092	234,450
Maximum Amount Outstanding at Any Month's End.....	967,121	2,995,725	141,627	507,356
Weighted-Average Interest Rate During Year*.....	3.20%	3.30%	2.96%	4.49%
Weighted-Average Interest Rate on Balance Outstanding at End of Year.....	3.15%	3.35%	2.89%	2.79%
	-----	-----	-----	-----
1992				
Amounts Outstanding December 31.....	\$1,091,556	\$2,232,508	\$ 89,017	\$167,056
Average Amount Outstanding During Year.....	766,622	1,019,007	79,958	181,601
Maximum Amount Outstanding at Any Month's End.....	1,091,556	2,232,508	93,346	240,024
Weighted-Average Interest Rate				

During Year*.....	3.65%	3.69%	4.15%	7.19%
Weighted-Average Interest Rate on Balance Outstanding at End of Year.....	3.37%	3.39%	3.21%	3.73%
	-----	-----	-----	-----

* Average rates for the year are computed by dividing actual interest expense on borrowings by average daily borrowings.

Funds purchased generally mature on the day following the date of purchase. Commercial paper is issued by the parent corporation in various denominations generally maturing 90 days or less from date of issuance.

Securities sold under agreements to repurchase were treated as financings and the obligations to repurchase the identical securities sold were reflected as a liability with the dollar amount of securities

BANCORP HAWAII, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

underlying the agreements remaining in the asset accounts. At December 31, 1994, the weighted average contractual maturity of these agreements was 90 days and represent investments by public (governmental) entities, primarily the State of Hawaii (\$1.3 billion) and a local municipality (\$0.6 billion). A schedule of maturities of these agreements are as follows:

	(IN THOUSANDS OF DOLLARS)
Overnight.....	\$ --
Less than 30 days.....	361,222
30 to 90 days.....	938,170
Over 90 days.....	836,812

	\$2,136,204
	=====

A line of credit totaling \$50,000,000 is used to back up commercial paper issued in the name of Bancorp. At December 31, 1994, there was no balance outstanding. Fees on the unused amount of this line totaled \$103,000.

Other short-term borrowings consist mainly of Foreign Call Deposits which generally mature in 90 days and bear interest rates reflecting such maturities. The Federal Home Loan Bank advances (secured by certain mortgage loans and FHLB stock) mature within one year and bear interest rates between 5.91% and 6.80%. There was also a one year Bank note for \$100 million bearing a fixed interest rate of 3.55% which matured in January 1995.

NOTE G LONG-TERM DEBT

Amounts outstanding as of year-end were as follows:

	1994	1993	1992
	-----	-----	-----
	(IN THOUSANDS OF DOLLARS)		

Medium-Term Notes.....	\$604,441	\$149,830	\$ 85,000
Federal Home Loan Bank Advances.....	133,400	103,500	33,500
Subordinated Notes.....	118,609	124,840	900
Capitalized Lease Obligations.....	5,122	--	--
	-----	-----	-----
	\$861,572	\$378,170	\$119,400
	=====	=====	=====

The medium-term notes, which were issued in 1990, 1993, and 1994 are unsecured. The 1990 notes carry five year terms and the 1993 notes carry two year terms. The 1994 notes carry eighteen and twenty-four month terms. The 1990, 1993, and 1994 (with twenty-four month term) notes have floating interest rates which are tied to the three-month LIBOR rate. These rates are adjusted quarterly. The 1994 notes with the eighteen month terms have a fixed interest rate of 5.68%.

The Federal Home Loan Bank advances bear interest at rates from 4.40% to 8.15%. The advances mature from 1995 through 2000. At December 31, 1994, loans totaling \$160,000,000 were pledged to secure these advances along with FHLB stock.

The subordinated notes, which were issued in 1993, have a fixed interest rate of 6.875% and mature in 2003.

The capitalized lease obligations are for certain condominium units in the Financial Plaza of the Pacific. The leases have 60 year terms. The lease payments allocated to the capital leases are fixed at \$7,000 per year until 2002; \$605,000 per year from 2003 to 2007 and \$665,000 per year from 2008 to 2012. The rates are negotiable thereafter.

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BANCORP HAWAII, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

Long-term debt maturities for the five years succeeding December 31, 1994, are \$157,432,000 in 1995; \$493,523,000 in 1996; \$24,007,000 in 1997; \$28,007,000 in 1998 and \$34,007,000 in 1999.

Interest paid on long-term debt in 1994 totaled \$26,164,000.

NOTE H SHAREHOLDERS' EQUITY

Certain of Bancorp's consolidated subsidiaries (including Bank of Hawaii and FirstFed) are subject to regulatory restrictions that limit cash dividends and loans to Bancorp. As of December 31, 1994, approximately \$387,795,000 of undistributed earnings of Bancorp's consolidated subsidiaries were available for distribution to Bancorp without prior regulatory approval.

The following is a breakdown of the unrealized valuation adjustment component of shareholders' equity as of December 31:

	1994	1993	1992
	-----	-----	-----
	(IN THOUSANDS OF DOLLARS)		
Foreign Exchange Translation Adjustment.....	\$ (858)	\$ (3,318)	\$ (3,248)
Investment Securities.....	(17,264)	3,855	977
	-----	-----	-----
Unrealized Valuation Adjustments.....	\$ (18,122)	\$ 537	\$ (2,271)
	=====	=====	=====

NOTE I INTERNATIONAL OPERATIONS

The following table provides certain selected financial data for Bancorp's international operations for the years ended:

	1994	1993	1992

	(IN THOUSANDS OF DOLLARS)		
International			
Average Assets.....	\$1,699,168	\$1,908,883	\$1,864,876
Average Loans.....	667,828	666,091	589,974
Average Deposits.....	1,240,692	1,259,042	860,773
Operating Revenue.....	97,134	94,096	105,652
Income Before Taxes.....	12,000	13,425	17,865
Net Income.....	7,137	8,528	11,457

Average assets primarily consist of short-term interest-bearing deposits with foreign branches of U.S. banks and large international banks. On average, these deposits were \$802,833,000, \$1,086,554,000 and \$1,118,977,000 during 1994, 1993 and 1992, respectively.

To measure international profitability, Bancorp maintains an internal transfer pricing system for the use of domestic funds and makes certain income and expense allocations. Interest rates used in determining charges on advances of funds are based on prevailing deposit rates. Overhead is allocated to reflect services rendered by administration units to profit centers.

NOTE J CONTINGENT LIABILITIES

Bancorp is a defendant in various legal proceedings and, in addition, there are various other contingent liabilities arising in the normal course of business. After consultation with legal counsel, management does not anticipate that disposition of these proceedings and contingent liabilities will have a material effect upon the consolidated financial statements.

BANCORP HAWAII, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

NOTE K RETIREMENT, POSTRETIREMENT BENEFITS AND PROFIT-SHARING PLANS

Bancorp has a non-contributory, defined-benefit retirement plan (Plan) which covers salaried employees of Bancorp and participating subsidiaries who have met the Plan's eligibility requirements. Benefits are based on years of service and average final compensation. Bancorp's funding policy is to contribute annually an amount that falls within the minimum to maximum amount that can be deductible for income tax purposes. Plan assets are managed by investment advisors in accordance with investment policies established by the Plan Trustees. Investments are generally marketable securities including stocks, bonds and money market funds.

Bancorp has a non-qualified Excess Benefits Plan which covers all employees of Bancorp and participating subsidiaries who have met eligibility requirements. The unfunded Excess Benefits Plan recognizes the liability to Plan participants for amounts exceeding those allowed to be included in the qualified defined benefit Plan. The table below includes the status of this Excess Benefit Plan.

In January 1995, Bancorp announced a restructuring of these plans. The benefits provided by the plans will be "frozen" as of December 31, 1995 with a phase out provided to certain groups of staff members. In conjunction with this restructuring, qualifying staff have been offered an early retirement option. The option for staff members who are at least 50 years of age with 9 years or more of eligible service provides an extra 5 years of service and 5 years of age for benefit calculation purposes. In addition, the staff member will receive \$250.00 per month until age 65 to defray medical benefit costs. At this point, it is not certain as to how many of these qualifying staff members will accept the offer of early retirement and the ultimate financial impact is not determinable. The restructuring will be accounted for as a curtailment.

The following table sets forth the Plans' funded status and amounts recognized in Bancorp's statement of condition at December 31.

	1994	1993	1992
	-----	-----	-----
	(IN THOUSANDS OF DOLLARS)		
	-----	-----	-----
Actuarial Present Value of Benefit Obligations:			
Vested Benefit Obligation.....	\$ 59,208	\$ 56,553	\$ 44,369
	=====	=====	=====
Accumulated Benefit Obligation.....	\$ 63,445	\$ 61,038	\$ 48,154
	=====	=====	=====
Projected Benefit Obligation.....	\$ 98,443	\$ 99,831	\$ 83,614
Plan Assets (Primarily Marketable Securities) at Fair Value.....	78,689	73,064	59,456
	-----	-----	-----
Projected Benefit Obligation in Excess of Plan Assets.....	(19,754)	(26,767)	(24,158)
Unrecognized Net (Gain)/Loss.....	(3,766)	2,287	(1,892)
Unrecognized Net Obligation at January 1, 1985 Being Recognized Over 15 Years.....	(1,841)	(2,220)	(2,600)
Prior Service Cost Not Yet Recognized in Net Periodic Pension Cost.....	1,907	2,333	3,121
	-----	-----	-----
Accrued Pension Liability Recognized in the Statement of Condition.....	\$(23,454)	\$(24,367)	\$(25,529)
	=====	=====	=====

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BANCORP HAWAII, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

Net pension costs included the following components:

	1994	1993	1992
	-----	-----	-----
	(IN THOUSANDS OF DOLLARS)		
	-----	-----	-----
Service Cost--Benefits Earned During the Period...	\$ 7,561	\$ 6,803	\$ 6,172
Interest Cost on Projected Benefit Obligation.....	7,299	6,626	5,786
Actual Return on Assets.....	1,533	(5,992)	(2,548)
Net Amortization and Deferral.....	(8,080)	557	(2,096)
	-----	-----	-----
Net Periodic Pension Cost.....	\$ 8,313	\$ 7,994	\$ 7,314
	=====	=====	=====

Assumptions used in the accounting were as follows:

	DECEMBER 31 1994	DECEMBER 31 1993	DECEMBER 31 1992
	-----	-----	-----
Weighted-Average Discount Rates.....	8.25%	7.5%	8.0%
Rates of Increase in Compensation Levels...	5.0%	5.0%	5.5%
Expected Long-Term Rate of Return on As- sets.....	8.5%	8.5%	8.5%
	=====	=====	=====

There is a deferred-compensation profit-sharing plan (Profit Sharing Plan) for the benefit of all employees of Bancorp and its subsidiaries who have met the Profit Sharing Plan's eligibility requirements. The Profit Sharing Plan provides for annual contributions based on a schedule of performance levels. The schedule establishes the percentage of adjusted net income to be contributed based on Adjusted Returns on Equity. Members of the Profit Sharing Plan are permitted to elect to invest their annual allocation in shares of common stock of Bancorp Hawaii, Inc., and to receive up to 50% of their annual allocation in cash. Bancorp contributions amounted to \$7,344,000 in 1994; \$9,602,000 in 1993 and \$9,886,000 in 1992.

The restructuring of the defined benefit plan, mentioned earlier will affect the Profit Sharing Plan. The Profit Sharing Plan will be enhanced with a company matching of the 401(k) contribution of \$1.25 for each \$1.00 contributed by the staff member up to 2% of their compensation. Bancorp will also establish a new defined contribution plan for which it will contribute 4% of annual compensation to staff members meeting certain eligibility and vesting requirements. These changes are expected to be implemented on January 1, 1996.

Bancorp adopted SFAS No. 106, "Employer's Accounting for Postretirement Benefits Other Than Pensions" (SFAS 106) as of January 1, 1993. The defined benefit Plan provides group life, dental and medical insurance coverage for retirees. Over the last several years, the programs have been modified to provide a "sharing of costs" where both the employer and employees pay a portion of the premium costs. Most of the employees of Bancorp and its subsidiaries are covered who have met the eligibility requirements. Bancorp has elected to recognize the transition obligation over 20 years as allowed upon adoption of SFAS 106. Bancorp has no segregated assets to provide postretirement benefits as of December 31, 1994 and 1993.

BANCORP HAWAII, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

The following schedule presents the funded status of the liability as of December 31, 1994 and 1993 (in thousands of dollars).

	1994	1993
	-----	-----
Accumulated Postretirement Benefit Obligation		
Retirees.....	(8,785)	(8,869)
Other Fully Eligible Plan Participants.....	(6,243)	(6,038)
Other Active Plan Participants.....	(8,863)	(9,447)
	-----	-----

Total.....	(23,891)	(24,354)
Plan Assets.....	0	0
	-----	-----
Accumulated Postretirement Benefit Obligation in Excess of Plan Assets.....	(23,891)	(24,354)
Unrecognized Transition Obligation Being Amortized Over 20 Years.....	13,166	13,337
Unrecognized Net Gain/Loss.....	(2,833)	699
	-----	-----
Accrued Postretirement Benefit Liability.....	(13,558)	(10,318)
	=====	=====

The Net Periodic Postretirement Benefit Cost was:

(IN THOUSANDS OF DOLLARS)

Service Cost.....	\$ 1,089	\$ 1,151
Interest Cost.....	1,820	1,678
Amortization of Transition Obligation.....	731	702
	-----	-----
Net Periodic Postretirement Benefit Cost.....	\$ 3,640	\$ 3,531
	=====	=====

The following table presents the assumptions utilized to determine the expense and liability:

Health Care Cost Trend Rate.....	15.0%	15.0%
Dental Care Cost Trend Rate.....	7.5%	7.5%
Weighted Average Discount Rate.....	7.5%	7.5%
Rate of Increase in Compensation Level.....	5.0%	5.0%

The health care cost trend rate is projected at 15.0% per year until the year 2000 leveling to the ultimate 7.0%. A one percent increase in that trend rate of assumption (with all other assumptions remaining constant) would increase the service and interest cost components of the net periodic postretirement cost from \$2,909,000 to \$3,336,000. The impact of this one percent increase in the trend rates on the accumulated postretirement benefit obligation would be an increase to \$26,681,000 at December 31, 1994.

NOTE L STOCK OPTION PLANS

The Bancorp Stock Option Plans (the Plans) are administered by the Compensation Committee appointed by Bancorp's Board of Directors. The Plans, which are identical, allow participants to purchase shares of common stock for a specified exercise price anytime beginning one year after the option has been granted and expiring 10 years thereafter. The exercise price is equal to the fair market value of the stock on the date the option was granted. At year-end, the exercise price (per share) of options outstanding were between \$10.03 and \$32.50. The price (per share) range of options exercised during 1994 were between \$7.00 and \$29.50 on an actual price basis. The following table presents the activity of Stock Option Plans for the years indicated:

	1994	1993	1992
	-----	-----	-----
Outstanding at beginning of year.....	1,340,967	1,254,880	1,276,969
Add (Deduct):			
Granted (Including Stock Dividends).....	812,685	269,000	192,000
Canceled or Surrendered.....	(71,117)	(31,370)	(31,305)
Exercised.....	(240,496)	(151,543)	(182,784)
	-----	-----	-----
Outstanding at End of Year.....	1,842,039	1,340,967	1,254,880
	-----	-----	-----
Options Exercisable.....	1,721,288	1,013,451	846,696
Shares Available for Future Grants.....	1,820,346	23,173	270,293
	=====	=====	=====

NOTE M OTHER OPERATING EXPENSES

Other operating expenses at year-end were as follows:

	1994	1993	1992
	-----	-----	-----
(IN THOUSANDS OF DOLLARS)			
FDIC Insurance.....	\$ 13,592	\$ 15,119	\$ 17,162
Legal and Other Professional Fees.....	18,209	11,847	11,844
Advertising.....	10,288	9,675	8,433
Stationery and Supplies.....	8,769	7,485	7,199
Other.....	61,181	50,636	46,299
	-----	-----	-----
Total.....	\$ 112,039	\$ 94,762	\$ 90,937
	=====	=====	=====

NOTE N INCOME TAXES

Effective January 1, 1992, Bancorp adopted Financial Accounting Standards Board Statement No. 109, "Accounting for Income Taxes," and has reported the cumulative effect of that change in the method of accounting for income taxes in the 1992 Consolidated Statement of Income.

The income tax provision includes the following components:

	1994	1993	1992
	-----	-----	-----
(IN THOUSANDS OF DOLLARS)			
Current.....	\$ 93,675	\$ 57,975	\$ 63,960
Deferred.....	(16,034)	21,865	8,212
	-----	-----	-----
Provision for Income Taxes.....	\$ 77,641	\$ 79,840	\$ 72,172
	=====	=====	=====

\$13,786,000, \$14,719,000 and \$13,012,000, respectively. The current provision also includes taxes on the gains and losses on the sale of securities of \$(7,051,000); \$3,495,000 and \$1,159,000 for 1994, 1993 and 1992, respectively. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax liabilities and assets as of December 31, 1994, 1993 and 1992 reclassified based on the tax returns as filed, are as follows:

	1994	1993	1992
	-----	-----	-----
	(IN THOUSANDS OF DOLLARS)		
Deferred tax liabilities:			
Lease transactions.....	\$175,350	\$166,511	\$152,257
Deferred investment tax credits.....	7,318	7,652	7,809
Accelerated depreciation.....	1,567	2,335	2,244
Core deposit intangible.....	11,270	12,335	13,400
	-----	-----	-----
Total deferred tax liabilities.....	195,505	188,833	175,710
	-----	-----	-----
Deferred tax assets:			
Reserve for loan losses.....	53,683	45,223	46,692
Accrued pension cost.....	7,728	7,227	7,968
Net operating loss carry forwards.....	2,245	3,988	2,898
Securities valuation reserve.....	11,871	(2,110)	--
Other--net.....	2,694	1,690	4,869
	-----	-----	-----
Total deferred tax assets.....	78,221	56,018	62,427
Valuation allowance for deferred tax assets.....	(1,523)	(2,026)	(2,898)
	-----	-----	-----
Net deferred tax assets.....	76,698	53,992	59,529
	-----	-----	-----
Net deferred tax liabilities.....	\$118,807	\$134,841	\$116,181
	=====	=====	=====

For financial statement purposes, Bancorp had deferred investment tax credits for property purchased for lease to customers of \$7,318,000, \$7,652,000 and \$7,809,000 at December 31, 1994, 1993 and 1992, respectively. In 1994, 1993 and 1992, investment tax credits included in the computation of the provision for income taxes were \$334,000; \$157,000 and \$568,000, respectively.

The following analysis reconciles the Federal statutory income tax rate to the effective consolidated income tax rate:

	1994	1993	1992
	----	----	----
Statutory Federal Income Tax Rate.....	35.0%	35.0%	34.0%
Increase (Decrease) in Tax Rate Resulting From:			
State Taxes, Net of Federal Income Tax and Foreign Tax			
Adjustments.....	4.6	4.5	4.5
Tax-Exempt Interest Income.....	(0.5)	(0.6)	(1.1)
Effect of Tax Rate Change on Deferred Tax Assets and			
Liabilities.....			
Low Income Housing and Investment Tax Credit.....	(0.4)	(0.5)	(0.3)
Other.....	1.0	(1.0)	1.1
	----	----	----
Effective Tax Rate.....	39.7%	37.6%	38.2%
	====	====	====

FirstFed has qualified under provisions of the Internal Revenue Code that permit federal income taxes to be computed after deduction of additions to bad debt reserves. These deductions are subject to the

BANCORP HAWAII, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

alternative minimum tax and are computed as a percentage of taxable income, subject to certain limitations based on aggregate loans and savings deposits. The percentage of taxable income bad debt deduction available to FirstFed was 8.0% of taxable income for 1994, 1993 and 1992. For financial statement purposes, no deferred income tax liability has been recorded for tax bad debt reserves that arose in tax years beginning before December 31, 1987. Such tax bad debt reserves total approximately \$18.2 million for which no provision for federal income taxes has been provided. If these amounts are used for purposes other than to absorb bad debt losses, they will be subject to federal income taxes at the then applicable rates.

NOTE O FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

Bancorp is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers and to manage its own exposure to fluctuations in interest and foreign exchange rates. These financial instruments include commitments to extend credit, foreign exchange contracts, standby letters of credit, and interest rate swaps. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the statements of condition. The contract or notional amounts of those instruments reflect the extent of involvement Bancorp has in particular classes of financial instruments. The FASB has segregated certain of these off balance sheet financial instruments which includes foreign exchange and interest rate swap type of instruments as derivative financial instruments. FASB has further categorized these derivative financial instruments into "held or issued for purposes other than trading" or "trading." Bancorp does not currently utilize these derivative financial instruments for trading purposes.

Bancorp's exposure to credit loss in the event of non-performance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual or notional amount of those instruments. Bancorp uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments.

For derivative financial instruments, the contract or notional amounts do not represent exposure to credit loss. Bancorp controls the credit risk of these instruments through credit approvals, limits, and monitoring procedures.

Descriptions of these financial instruments with off balance sheet risks follows:

Traditional Off Balance Sheet Risk Instruments

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any terms or conditions established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Bancorp evaluates each customer's credit worthiness on an individual basis. The amount of collateral obtained is based on management's credit evaluation of the customer. Collateral held varies, but may include cash, accounts receivable, inventory, and property, plant, and equipment.

Standby letters of credit are conditional commitments issued by Bancorp to guarantee the performance of a customer to a third party. Those guarantees are

primarily issued to support borrowing agreements. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. Bancorp holds cash and deposits as collateral supporting those commitments for which collateral is deemed necessary.

Derivative Financial Instruments Held or Issued for Other Than Trading

Foreign exchange contracts are contracts for delayed delivery of a foreign currency in which the seller agrees to make delivery at a specified future date at a specified price. Risks arise from the possible inability of

BANCORP HAWAII, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

counterparties to meet the terms of their contracts and from movements in exchange rates and interest rates. Collateral is generally not required for these transactions. Net revenue (loss) on foreign exchange contracts totaled \$0.2 million, \$1.2 million and \$(1.0) million for 1994, 1993 and 1992, respectively.

Bancorp enters into various interest-rate swaps in managing its interest-rate risk. In these swaps, Bancorp agrees to exchange, at specified intervals, the difference between fixed- and floating-interest amounts calculated on an agreed-upon notional principal amount. Bancorp used swap agreements to effectively convert portions of its floating rate loans to a fixed rate basis. These swap transactions allowed Bancorp to better match the funding source which is a portion of Bancorp's core deposit base. The core deposit base, although subject to immediate withdrawal, displays a longer term fixed character. At December 31, 1994, \$1.5 billion of such "receive-fixed" swaps were in effect. In addition, Bancorp had entered into "pay fixed" swap agreements, prior to 1994, that effectively converted a portion of its floating rate liabilities to a fixed rate basis. These swap transactions were entered into to fix the funding costs for specific term loans. At December 31, 1994, \$119.3 million of such "pay fixed" swaps were in effect. The net amount payable or receivable from interest-rate swap agreements is accrued as an adjustment to interest income. The related amount payable or receivable from counter parties is included in accrued interest payable or receivable. The fair value of the swap agreements are not recognized in the financial statements.

Bancorp's current credit exposure on swaps is limited to the value of interest-rate swaps that have become favorable to Bancorp. At December 31, 1994, the market value of pay fixed interest-rate swaps was \$1.8 million and the market value of receive fixed interest rate swaps was \$(93.2) million. The net fair value of all positions was \$(91.4) million. Net revenue on interest rate swap agreements totaled \$7.7 million, \$14.1 million and \$0.03 million for 1994, 1993 and 1992, respectively.

The table below summarizes by notional amounts the activity for each major category of swaps. Bancorp had no deferred gains or losses relating to terminated swap contracts in 1994.

	RECEIVE FIXED	PAY FIXED
	-----	-----
	(IN THOUSANDS OF DOLLARS)	
Balance, December 31, 1991.....	\$ --	\$ 43,103
Additions.....	150,000	--
Maturities/amortizations.....	--	(7,627)
	-----	-----
Balance, December 31, 1992.....	\$ 150,000	\$ 35,476

Additions.....	1,250,000	100,000
Maturities/amortizations.....	(121,231)	(15,655)
Balance, December 31, 1993.....	\$ 1,278,769	\$ 119,821
Additions.....	350,000	--
Maturities/amortizations.....	(156,719)	(524)
Balance, December 31, 1994.....	\$ 1,472,050	\$ 119,297

BANCORP HAWAII, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

The approximate annual maturities of swap agreements outstanding as of December 31, 1994 were:

NOTIONAL PRINCIPAL EXPECTED TO MATURE IN					
1995	1996	1997	1998	1999	TOTAL

(IN THOUSANDS OF DOLLARS)

Pay-Fixed Interest Rate

Swaps:

Fixed Maturity.....	\$100,000	\$ 15,000	\$ --	\$ --	\$ --	\$115,000
Pay Rate.....	4.03%	8.35%	-- %	-- %	-- %	
Receive Rate.....	6.78%	-- %	-- %	-- %	-- %	
Amortizing (1).....	--	4,000	--	--	--	4,000
Pay Rate.....	-- %	7.49%	-- %	-- %	-- %	
Receive Rate.....	6.50%	-- %	-- %	-- %	-- %	

Receive-Fixed Interest

Rate Swaps:

Fixed Maturity.....	\$300,000	\$260,000	\$240,000	\$150,000	\$ --	\$950,000
Pay Rate.....	7.02%	-- %	-- %	-- %	-- %	
Receive Rate.....	6.12%	5.17%	4.94%	5.32%	-- %	
Amortizing (1).....	61,000	53,000	67,000	211,000	130,000	522,000
Pay Rate.....	6.00%	-- %	-- %	-- %	-- %	
Receive Rate.....	5.09%	5.10%	5.41%	5.05	5.31%	

(1) Amortization estimated utilizing average prepayment speeds provided by various dealers in these instruments.

NOTE P FAIR VALUES OF FINANCIAL INSTRUMENTS

In December 1991, the FASB issued SFAS No. 107, "Disclosures about Fair Value of Financial Instruments." This statement requires disclosure of fair value information about financial instruments, whether or not recognized in the balance sheet, for which it is practicable to estimate that value. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instrument. Statement 107 excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of Bancorp.

The following methods and assumptions were used by Bancorp in estimating its fair value disclosures for financial instruments:

Cash and Cash Equivalents: The carrying amounts reported in the balance sheet for cash and short-term investments approximate those assets' fair values.

Investment Securities Held to Maturity, Investment Securities Available for Sale and Trading Securities: Fair values for investment securities are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments.

Loans: Fair values for loans are estimated for portfolios of loans with similar financial characteristics. Loans are segregated by type such as commercial, real estate, consumer, and foreign. Each loan category is further segmented into fixed and adjustable rate interest terms and by performing and non-performing

BANCORP HAWAII, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

categories. Fair values are calculated by discounting scheduled cash flows through the estimated maturity using estimated discount rates which reflect credit and interest rate risks inherent in the loan.

Deposit Liabilities: Fair values for non-interest bearing and interest bearing demand deposits and savings are, by definition, equal to the amount payable on demand at their reporting date (i.e., their carrying amounts). Fair values for time deposits are estimated using discounted cash flow analyses. Discount rates reflect rates currently offered for deposits of similar remaining maturities.

Short-Term Borrowings: The carrying amounts of funds purchased, securities sold under agreements to repurchase, commercial paper, and other short-term borrowings approximate their fair values.

Long-Term Debt: Fair values for long-term debt are estimated using discounted cash flow analyses, based on Bancorp's current incremental borrowing rates for similar types of borrowings.

Off-Balance Sheet Instruments: Fair values for off-balance sheet instruments (e.g., commitments to extend credit, standby letters of credit, commercial letters of credit, foreign exchange and swap contracts, and interest rate swap agreements) are based on fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the counterparties' credit standing, current settlement values, or quoted market prices of comparable instruments.

The following table presents the fair values of Bancorp's financial instruments at December 31, 1994, 1993 and 1992.

	1994		1993		1992	
	BOOK OR NOTIONAL VALUE	FAIR VALUE	BOOK OR NOTIONAL VALUE	FAIR VALUE	BOOK OR NOTIONAL VALUE	FAIR VALUE

(IN THOUSANDS OF DOLLARS)

FINANCIAL INSTRUMENTS--

ASSETS

Loans (1)	\$7,327,700	\$7,364,800	\$6,704,100	\$6,901,000	\$6,407,000	\$6,403,900
Investment						

Securities(2).....	3,150,900	3,101,600	3,647,000	3,684,800	3,036,200	3,109,200
Other Financial Assets (3).....	794,900	794,900	969,800	969,800	2,148,800	2,148,800
FINANCIAL INSTRUMENTS-- LIABILITIES						
Deposits.....	7,115,100	7,055,900	7,005,000	7,019,700	7,890,500	7,896,000
Short Term Borrowings(4).....	3,340,300	3,340,300	3,833,400	3,833,400	3,580,100	3,580,100
Long Term Debt (5).....	856,500	821,300	378,200	400,200	119,400	119,300
FINANCIAL INSTRUMENTS-- OFF-BALANCE SHEET						
Financial Instruments Whose Contract Amounts Represent Credit Risk:						
Commitments to Extend Credit.....	3,187,455	9,548	2,692,081	8,113	2,211,870	6,438
Standby Letters of Credit.....	233,276	4,416	245,383	4,599	254,909	4,759
Commercial Letters of Credit.....	144,319	210	102,349	177	98,664	164
Financial Instruments Whose Notional or Contract Amounts Exceed the Amount of Credit Risk:						
Foreign Exchange and Swap Contracts.....	285,390	229	339,882	61	407,901	(806)
Interest Rate Swap Agreements.....	1,591,347	(91,420)	1,398,590	(277)	185,476	(967)

-
- (1) Includes all loans, net of reserve for loan losses, and excludes leases.
(2) Includes both held to maturity and available for sale securities.
(3) Includes interest bearing deposits, securities purchased under agreements to resell, funds sold and trading securities.
(4) Includes security sold under agreements to repurchase, funds purchased and short term borrowings.
(5) Excludes capitalized lease obligations.

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BANCORP HAWAII, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

NOTE Q PARENT COMPANY FINANCIAL STATEMENTS

Condensed financial statements of Bancorp Hawaii, Inc. only follow:

CONDENSED STATEMENTS OF INCOME

	YEARS ENDED DECEMBER 31		
	1994	1993	1992

	1994	1993	1992

	(IN THOUSANDS OF DOLLARS)		
Dividends From			
Bank Subsidiaries.....	\$ 69,416	\$ 36,599	\$ 34,475
Other Subsidiaries.....	34,000	39,500	2,700
Interest Income			
From Subsidiaries.....	4,873	3,219	4,048
From Others.....	1,029	824	890
Other Income.....	47	77	84
Securities Gains (Losses).....	10	(67)	1,061
	-----	-----	-----
Total Income.....	109,375	80,152	43,258
Interest Expense.....	6,505	5,914	8,418

Other Expense.....	7,323	6,532	7,710
	-----	-----	-----
Total Expense.....	13,828	12,446	16,128
Income Before Income Taxes and Equity in Undistributed Income of Subsidiaries.....	95,547	67,706	27,130
Income Tax Benefits.....	2,084	2,427	2,585
	-----	-----	-----
Income Before Equity in Undistributed Income.....	97,631	70,133	29,715
Equity in Undistributed Income of Subsidiaries			
Bank Subsidiaries.....	32,044	79,310	79,898
Other Subsidiaries.....	(11,937)	(16,876)	17,911
	-----	-----	-----
	20,107	62,434	97,809
	-----	-----	-----
Net Income.....	\$117,738	\$132,567	\$127,524
	=====	=====	=====

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BANCORP HAWAII, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

CONDENSED STATEMENTS OF CONDITION

	DECEMBER 31		
	1994	1993	1992

	1994	1993	1992

	(IN THOUSANDS OF DOLLARS)		
Assets			
Cash in Bank of Hawaii.....	\$ 160	\$ 188	\$ 174
Investment Securities Available for Sale.....	1,503	1,008	1,008
Securities Purchased from Bank Subsidiaries			
Under Agreements to Resell.....	--	--	63,900
Equity in Net Assets of Bank Subsidiaries.....	788,864	774,493	692,086
Equity in Net Assets of Other Subsidiaries....	134,810	147,719	164,708
Interest Bearing Deposits from Bank.....	79,200	146,700	--
Advances to Other Subsidiaries.....	--	--	18,000
Net Loans.....	12,963	16,364	20,216
Trading Securities.....	472	876	--
Other Assets.....	84,367	55,160	57,709
	-----	-----	-----
Total Assets.....	\$1,102,339	\$1,142,508	\$1,017,801
	=====	=====	=====
Liabilities and Shareholders' Equity			
Commercial Paper and Short-Term Borrowings....	\$ 69,114	\$ 141,627	\$ 89,017
Long-Term Debt.....	55,000	50,000	85,000
Other Liabilities.....	11,437	12,777	15,456
Shareholders' Equity.....	966,788	938,104	828,328
	-----	-----	-----
Total Liabilities and Shareholders' Equity..	\$1,102,339	\$1,142,508	\$1,017,801
	=====	=====	=====

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BANCORP HAWAII, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

CONDENSED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31

 1994 1993 1992

(IN THOUSANDS OF DOLLARS)

Operating Activities			
Net Income.....	\$117,738	\$132,567	\$127,524
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities			
Provision for Loan Losses and Amortization Expense.....	4,730	4,301	5,047
Undistributed Income from Subsidiaries.....	(20,107)	(62,434)	(97,809)
Net Decrease (Increase) in Trading Securities.....	403	(876)	3,702
Other Assets and Liabilities, Net.....	(35,349)	(4,432)	521
	-----	-----	-----
Net Cash Provided by Operating Activities.....	67,415	69,126	38,985
Investing Activities			
Investment Securities Transactions, Net.....	--	--	(1,008)
Securities Purchased Under Agreements to Resell, Net.....	--	63,900	100
Interest Bearing Deposits.....	67,500	(146,700)	--
Loan Transactions, Net.....	3,214	3,852	(12,530)
Capital Contributions to Subsidiaries, Net.....	(249)	(175)	(10)
Repayments from (Advances Made) to Subsidiaries, Net.....	--	18,000	39,830
	-----	-----	-----
Net Cash Provided (Used) by Investing Activities.....	70,465	(61,123)	26,382
Financing Activities			
Net Proceeds (Repayments) from Borrowings.....	(67,513)	17,610	(42,571)
Proceeds from Sale of Stock.....	18,016	14,866	13,322
Stock Repurchased.....	(44,297)	(2,052)	(657)
Cash Dividends Paid.....	(44,114)	(38,413)	(35,351)
	-----	-----	-----
Net Cash Used by Financing Activities.....	(137,908)	(7,989)	(65,257)
Increase (Decrease) in Cash.....	(28)	14	110
Cash at Beginning of Year.....	188	174	64
	-----	-----	-----
Cash at End of Year.....	\$ 160	\$ 188	\$ 174

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

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PART III

The following information required by the Instructions to Form 10-K is incorporated herein by reference from various pages of Bancorp Hawaii, Inc. Proxy Statement for the annual meeting of shareholders to be held on April 26, 1995, as summarized below:

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Election of Directors on pages 2-8. Disclosure of Compliance with section 16 (a) of the Securities Exchange Act on page 5.

ITEM 11. EXECUTIVE COMPENSATION

Executive Compensation on pages 10-20.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Voting Securities and Principal Holders Thereof and Election of Directors on pages 1-8.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Transactions with Management and Others on pages 20, 22-23.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) Financial Statements and Schedules

The following consolidated financial statements of Bancorp Hawaii, Inc. and subsidiaries are included in Item 8:

Consolidated balance sheets--December 31, 1994, 1993, and 1992

Consolidated statements of income--Years ended December 31, 1994, 1993, and 1992

Consolidated statements of shareholders' equity--Years ended December 31, 1994, 1993, and 1992

Consolidated statements of cash flows--Years ended December 31, 1994, 1993, and 1992

Notes to consolidated financial statements--December 31, 1994

All other schedules to the consolidated financial statements stipulated by Article 9 of Regulation S-X and all other schedules to the financial statements of the registrant required by Article 5 of Regulation S-X are not required under the related instructions or are inapplicable and therefore have been omitted.

Financial statements (and summarized financial information) of (1) unconsolidated subsidiaries or (2) 50% or less owned persons accounted for by the equity method have been omitted because they do not, considered individually or in the aggregate, constitute a significant subsidiary.

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EXHIBIT INDEX

The following exhibits are submitted herewith:

Exhibit #10--Material Contracts

- (a) Bancorp Hawaii, Inc., One-Year Incentive Plan Effective January 1, 1994
- (b) Bancorp Hawaii, Inc., Executive Officer One-Year Incentive Plan Effective January 1, 1995
- (c) Bancorp Hawaii, Inc., One-Year Incentive Plan Effective January 1, 1995
- (d) Bancorp Hawaii, Inc., Sustained Profit Growth Plan Effective January 1, 1995

- (e) Form of Amended Key Executive Change-in-Control Severance Agreement--October 1994 for
R. J. Dahl
T. J. Kappock
- (f) Form of Key Executive Change-in-Control Severance Agreement--
October 1994 for A. Kuioka
- (g) Form of Executive Change-in-Control Severance Agreement for D.
Houle

Exhibit #11--Statement Regarding Computation of Per Share Earnings.

Exhibit #21--Corporate Organization Chart, Subsidiaries of the Registrant

Exhibit #23--Consent of Independent Auditors

Exhibit #27--Financial Data Schedule

The following exhibits are incorporated herein by reference:

Exhibit #3--Articles of Incorporation and By-laws Exhibit #3 of Form 10-K for fiscal year ended December 31, 1990.

Exhibit #10--Material Contracts

- . Bancorp Hawaii, Inc. Stock Option Plan of 1983 Exhibit 4(a) of Registration No. 2-841164.
- . Bancorp Hawaii, Inc. Stock Option Plan of 1988 Exhibit 4(a) of Registration No. 33-23495.
- . Bancorp Hawaii, Inc. Stock Option Plan of 1994 Exhibit 4(a) of Registration No. 33-54777.
- . Bancorp Hawaii, Inc. Sustained Profit Growth Plan Effective January 1, 1993 Exhibit 10(b) of Bancorp Hawaii, Inc. Form 10K for the fiscal year ended December 31, 1993.
- . Bancorp Hawaii, Inc., One-Year Executive Incentive Plan Effective January 1, 1994.

--Exhibit B of Bancorp Hawaii, Inc. 1994 Proxy Statement dated March 10, 1994.
- . Bancorp Hawaii, Inc., Sustained Profit Growth Plan Effective January 1, 1994.

--Exhibit C of Bancorp Hawaii, Inc. 1994 Proxy Statement dated March 10, 1994.
- . Form of Key Executive Severance Agreement Exhibit 19(e) of Bancorp Hawaii, Inc. Form 10K for the fiscal year ended December 31, 1989 for L. M. Johnson

(b) Registrant did not file a Form 8-K during the quarter ended December 31, 1994.

(c) Response to this item is the same as Item 14(a).

(d) Response to this item is the same as Item 14(a).

The following statistical disclosures required by the Instructions to Form 10-K are summarized below:

ITEM I. DISTRIBUTION OF ASSETS, LIABILITIES, AND SHAREHOLDERS' EQUITY; INTEREST RATES AND INTEREST DIFFERENTIAL

Interest Differential--Table 22 on page 38.
Consolidated Average Balances, Income and Expense, and Yield and Rates--Taxable Equivalent--Table 13 on page 28.
Average Loans--Table 19 on page 36.
Average Deposits--Table 21 on page 37.

ITEM II. INVESTMENT PORTFOLIO

Note B to the Audited Financial Statements on pages 48-50.
Maturity Distribution--Table 17 on page 35.

ITEM III. LOAN PORTFOLIO

Loan Portfolio Balances--Table 3 on page 13.
Interest Rate Sensitivity--Table 20 on page 36.
Non-Performing Assets and Accruing Loans Past Due 90 Days or More--Table 6 on page 19.
Foregone Interest on Non-Accruals--Table 5 on page 18.
Potential Problem Loans--Narrative on page 24.
Geographic Distribution of International Assets--Table 10 on page 24.

ITEM IV. SUMMARY OF LOAN LOSS EXPERIENCE

Summary of Loan Loss Experience--Table 7 on page 21.
Allocation of Loan Loss Reserve--Table 8 on page 22.
Narrative on pages 19 to 20.

ITEM V. DEPOSITS

Consolidated Average Balances, Income and Expense, and Yield and Rates--Taxable Equivalent--Table 13 on page 28.
Note E to the Audited Financial Statements on pages 53-54.

ITEM VI. RETURN ON EQUITY AND ASSETS

	1994	1993	1992
	-----	-----	-----
Return on Assets.....	0.93%	1.05%	1.10%
Return on Equity.....	12.13%	14.85%	16.25%
Dividend Payout Ratio.....	37.82%	29.37%	28.22%
Equity to Assets Ratio.....	7.71%	7.09%	6.74%

ITEM VII. SHORT-TERM BORROWINGS

Note F to the Audited Financial Statements on pages 54-55.

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934, THE REGISTRANT HAS DULY CAUSED THIS REPORT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED.

Date: March 17, 1995

Bancorp Hawaii, Inc.

/s/ Lawrence M. Johnson

By: _____
LAWRENCE M. JOHNSON,
CHAIRMAN OF THE BOARD
AND CHIEF EXECUTIVE OFFICER

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES EXCHANGE ACT OF 1934, THIS REPORT HAS BEEN SIGNED BELOW BY THE FOLLOWING PERSONS ON BEHALF OF THE REGISTRANT IN THE CAPACITIES AND ON THE DATE INDICATED.

/s/ Lawrence M. Johnson

/s/ H. Howard Stephenson

LAWRENCE M. JOHNSON
DIRECTOR

H. HOWARD STEPHENSON
DIRECTOR

/s/ Peter D. Baldwin

/s/ Fred E. Trotter

PETER D. BALDWIN
DIRECTOR

FRED E. TROTTER
DIRECTOR

/s/ Mary G. F. Bitterman

/s/ Charles R. Wichman

MARY G. F. BITTERMAN
DIRECTOR

CHARLES R. WICHMAN
DIRECTOR

/s/ Thomas B. Hayward

/s/ K. Tim Yee

THOMAS B. HAYWARD
DIRECTOR

K. TIM YEE
DIRECTOR

/s/ David A. Heenan

/s/ David A. Houle

DAVID A. HEENAN
DIRECTOR

DAVID A. HOULE
CHIEF FINANCIAL OFFICER

/s/ Stuart T. K. Ho

/s/ Denis K. Isono

STUART T. K HO
DIRECTOR

DENIS K. ISONO
CHIEF ACCOUNTING OFFICER

/s/ Herbert M. Richards, Jr.

HERBERT M. RICHARDS, JR.
DIRECTOR

BANCORP HAWAII, INC.
ONE-YEAR INCENTIVE PLAN

Effective January 1, 1994

SECTION 1. ESTABLISHMENT AND PURPOSES.

1.01 Bancorp Hawaii, Inc. hereby establishes the 1994 One-Year Incentive Plan.

1.02 The purpose of this Plan is to advance the interests of Bancorp Hawaii, Inc. by (i) motivating special achievement by Eligible Employees upon whose judgment, initiative and efforts Bancorp Hawaii, Inc. is largely dependent for the successful conduct of its business through a compensation program emphasizing performance objectives; (ii) supplementing other compensation plans; and (iii) assisting Bancorp Hawaii, Inc. in retaining and attracting such employees.

SECTION 2. DEFINITIONS.

As used herein, the following terms shall have the following meanings unless a different meaning is plainly required in the context:

2.01 "Board" shall mean the Board of Directors of the Holding Company.

2.02 "Committee" shall mean the Compensation Committee of the Holding Company.

2.03 "Contingent Award" shall mean an award to an Eligible Employee expressed as a percentage of Salary for the Incentive Period.

2.04 "Earnings Growth" shall mean the percentage change in Earnings Per Share for the Incentive Period as compared to the year immediately prior to the Incentive Period.

2.05 "Earnings Per Share" (EPS) shall mean fully diluted Earnings Per Share as reported by the Holding Company in its annual report (or as otherwise reported to shareholders) adjusted as described in this Section 2.05. The Holding Company's reported net income shall be adjusted for the following in computing EPS:

- a. Any extraordinary or unusual gain or loss transactions,
- b. Securities gains or losses,
- c. Incentive Salary Expense, and

d. Dividends on preferred shares, if any, of the Holding Company. The Committee will, in its sole discretion, determine any adjustments to be made pursuant to this Section 2.05. In the event of a stock dividend or stock split during the Incentive Period, Earnings Growth shall be recomputed to take into account the effects of such stock dividend or stock split.

2.06 "Eligible Employees" shall mean Key Employees of the Holding

Company or of a Subsidiary who, in the opinion of the Committee, are or give promise of becoming of exceptional importance to the Holding Company or any Subsidiary, and of making substantial contributions to the success, growth and profit of the Holding Company and its Subsidiaries.

2.07 "Ending Value Multiplier", with respect to any Contingent Award, shall mean an amount determined by multiplying the Financial Performance Factor times the Individual Performance Factor.

2.08 "Financial Performance Factor" shall mean an amount ranging from zero to 1.4, as determined by applying the Performance Matrix as described in Section 6 (or, in certain events, of Section 9.02) of the Plan.

2.09 "Holding Company" shall mean Bancorp Hawaii, Inc.

2.10 "Incentive Period", with respect to any Contingent Award, shall mean the Holding Company's fiscal year.

2.11 "Incentive Salary Expense" shall mean the pre-tax amount accrued for this Plan during the Incentive Period.

2.12 "Individual Performance Factor" shall mean an amount as determined by following the procedures described in Section 7 of the Plan.

2.13 "Key Employees" shall mean officers or other employees of the Holding Company or any Subsidiary, including directors who are also officers or other employees of the Holding Company or of a Subsidiary.

2.14 "Net Income" shall mean the Holding Company's consolidated net income for the Incentive Period, as reported in the annual report to shareholders (or

as otherwise reported to shareholders) adjusted in the same manner as EPS.

2.15 "Participant" shall mean a person that the Committee, in its sole discretion, selects from among the Eligible Employees to be awarded a Contingent Award.

2.16 "Performance Matrix" shall mean the matrix shown in Section 6 by which the Financial Performance Factor under this Plan is calculated.

2.17 "Plan" shall mean this 1994 One-Year Incentive Plan, as it may be amended from time to time.

2.18 "Return on Average Equity" (ROAE) shall mean Net Income of the Holding Company for the Incentive Period divided by Average Total Equity for the Incentive Period. Average Total Equity shall be as reported in the Holding Company's annual report to shareholders (or as otherwise reported to shareholders) less the average amount of any preferred stock.

2.19 "Salary" shall mean actual base salary for the Incentive Period.

2.20 "Subsidiary" or "Subsidiaries" shall mean any corporation(s) in which the Holding Company or any Subsidiary (as defined hereby) owns, at the time of making a Contingent Award hereunder, stock possessing 50% or more of the total combined voting power of all classes of stock in such corporation.

SECTION 3. ELIGIBILITY.

3.01 Contingent Awards may be made only to Eligible Employees.

3.02 Neither members of the Committee nor any member of the Board who is not an employee of the Holding Company or of a Subsidiary shall be an

Eligible Employee.

SECTION 4. ADMINISTRATION.

4.01 The Plan shall be administered by the Committee.

4.02 The Committee shall be vested with full authority to make such rules and regulations as it deems necessary to administer the Plan and to interpret the provisions of the Plan. Any determination, decision or action of the Committee in connection with the construction, interpretation, administration or application of the

Plan shall be final, conclusive and binding upon all Eligible Employees, Participants and any and all persons claiming under or through any Eligible Employee or Participant, unless otherwise determined by the Board.

4.03 Any determination, decision or action of the Committee provided for in this Plan may be made or taken by action of the Board if the Board so determines with the same force and effect as if such determination, decision or action had been made or taken by the Committee. No member of the Committee or Board shall be liable for any determination, decision or action made in good faith with respect to the Plan or any Contingent Award. The fact that a member of the Board shall at the time be, or shall theretofore have been or thereafter may be, an Eligible Employee or a Participant shall not disqualify him or her from taking part in and voting at any time as a member of the Board in favor of or against any amendment of the Plan.

SECTION 5. CONTINGENT AWARDS.

5.01 The Committee may, from time to time, in its sole discretion, award to each Participant a Contingent Award. The Committee shall cause notice to be given to each Participant of his or her selection as soon as practicable following the making of a Contingent Award.

5.02 The Contingent Award that may be awarded to any Participant shall be a percentage of his or her Salary, which percentage shall be no greater than the amounts set out in the table below.

Bank of Hawaii Officers	Contingent Award As a % of Salary
Executive Vice President	35%
Senior Vice President	30%
Vice President	20%
Other Subsidiary Officers	30%

5.03 The Contingent Award shall be determined by multiplying the Participant's Salary times the percentage specified for him or her by the Committee. In any event, the maximum payout under this Plan shall be two times the Contingent Award. For example, if the Participant has a Salary of \$80,000 and the Contingent Award awarded to such Participant is 30%, the Contingent Award is \$24,000. In this example, the maximum payout under this Plan is two times the Contingent Award, or

\$48,000.

SECTION 6. ENDING VALUE OF CONTINGENT AWARD.

6.01 The Ending Value of a Contingent Award shall be determined by multiplying the Contingent Award by the Ending Value Multiplier.

6.02 The Ending Value Multiplier is the product of the Financial Performance Factor (determined from the Performance Matrix in this Section 6) times the Individual Performance Factor (determined in accordance with Section 7 of the Plan).

6.03 The maximum Ending Value Multiplier under all circumstances is 2.000.

6.04 Performance Matrix:

FINANCIAL PERFORMANCE FACTOR						
R	16%	0.7	0.9	1.0	1.2	1.4
O	15%	0.6	0.8	1.0	1.2	1.4
A	14%	0.5	0.7	0.9	1.1	1.3
E	12%	0.4	0.5	0.8	1.0	1.3
		2%	4%	6%	7%	8%
EARNINGS GROWTH						

6.05 Interpolation shall be made on a straight line basis, rounded to three decimal places. For example, if ROAE is 13% and Earnings Growth is 5%, the Financial Performance Factor is 0.725. (In certain unusual cases, either ROAE or Earnings Growth may be below 12% and 2% respectively. Proration will still be performed if at least one of these factors is within the range indicated on the Performance Matrix.)

SECTION 7. INDIVIDUAL PERFORMANCE.

7.01 After the Financial Performance Factor is calculated under the provisions of Section 6, the Individual Performance Factor will be established based on individual performance. This step shall appraise each

Participant's performance of his or her assigned job responsibilities in consideration of the economic and other circumstances with which each Participant had to cope during the Incentive Period. For this purpose, a Participant's performance appraisal will consider:

- a. Formal goals established for the Incentive Period (including, for example, TOPS).

- b. How well basic responsibilities were carried out.
- c. How well problems were anticipated and avoided or mollified.
- d. How well unanticipated problems were overcome.
- e. How well opportunities were identified and capitalized on.

The scope of circumstances to be considered shall include economic conditions; cost considerations; political implications; revenue generation; public, governmental, customer relations; and the like.

7.02 The Chairman and the President shall recommend an Individual Performance Factor for each Participant to the Committee. Individual Performance Factors will normally range from zero to a maximum of 1.4. Under unusual circumstances, the Chairman and President may recommend an Individual Performance Factor which exceeds 1.4, but in such a case, the average of all Individual Performance Factors may not exceed 1.4. The Committee shall make the final determination of awards and reserves the right to add to or withhold all or any portion of an award at its sole discretion.

SECTION 8. DETERMINATION AND PAYMENT OF AWARDS.

8.01 If the Ending Value as computed and adjusted in accordance with Section 6 and 7 is zero, no payment shall be made, any Contingent Awards shall terminate and all rights thereunder shall cease.

8.02 Subject to the provisions of Section 9 hereof, the Ending Value, if any, of the Contingent Award for each Participant shall be determined as per Sections 6 and 7. The amount determined for each Participant shall be paid in cash in a lump sum (subject to withholding requirements, if applicable) as soon as practicable after determination thereof.

However, a Participant may make a request, on a form approved by the Committee, for the deferral of all or part of any payment he or she may receive, provided that such request is delivered to the Human Resources Division no later than November 1 of the Incentive Period.

The Committee may accept or reject any such request for a deferral and may determine the conditions of such deferral at the Committee's sole discretion.

SECTION 9. TERMINATION OF EMPLOYMENT.

9.01 Except as otherwise provided in Section 9.02 below, if a Participant does not remain continuously in the employ of the Holding Company or a Subsidiary until the expiration of the Incentive Period with respect to any Contingent Award, such Contingent Award shall terminate and all rights thereunder shall cease.

9.02 If the employment of a Participant with the Holding Company or a Subsidiary terminates during the Incentive Period due to his or her death, disability or retirement, the Committee shall determine the cash payment to be made with respect to such Participant under the following method:

Salary shall be annualized based on the number of whole months of the Incentive Period prior to the Participant's

death, disability or retirement. The Ending Value of the Contingent Award calculated under Sections 6, 7, and 8 shall be multiplied by a fraction, the numerator of which shall be the number of full months of the Incentive Period during which Participant was an employee of the Holding Company or Subsidiary, and the denominator of which shall be 12. This calculation and the payment of any award necessarily must be paid in accordance with Section 8.02.

SECTION 10. NON-TRANSFERABILITY OF CONTINGENT AWARDS.

No Contingent Award shall be sold, assigned, transferred, encumbered, hypothecated or otherwise anticipated by a Participant, and during the lifetime of a Participant, any payment shall be payable only to the

Participant. The Committee shall, if it so determines, adopt rules for the designation by a Participant of a beneficiary to receive cash payments, if any, that may become due pursuant to this Plan after the death of the Participant.

SECTION 11. AMENDMENT OR TERMINATION OF THE PLAN.

The Board or the Committee may, at any time, terminate or at any time and from time to time amend, modify or suspend this Plan provided that no such amendment, modification, suspension or termination of the Plan shall in any manner adversely affect any Contingent Award theretofore made under the Plan without the consent of the Participant.

SECTION 12. CHANGES IN CAPITALIZATION.

In the event of a dissolution or liquidation of the Holding Company, or a merger or consolidation in which the Holding Company is not the surviving corporation, the amount of cash payable with respect to any Contingent Award for an Incentive Period that will end after such event shall be determined and payable as if the Incentive Period ended on the date of such event and an Ending Value Multiplier of 2.00 shall be used in calculating payments under this Plan, notwithstanding any other provisions of this Plan. All Contingent Awards shall be calculated based on annualized salary for such shortened Incentive Period and shall be paid to such participants within ten days of the end of the shortened Incentive Period.

BANCORP HAWAII, INC.
EXECUTIVE OFFICER ONE-YEAR INCENTIVE PLAN

EFFECTIVE JANUARY 1, 1995

SECTION 1. ESTABLISHMENT AND PURPOSES.

1.01 Bancorp Hawaii, Inc. hereby establishes the Executive Officer One-Year Incentive Plan.

1.02 The purpose of this Plan is to advance the interests of Bancorp Hawaii, Inc. by (i) motivating special achievement by Eligible Employees upon whose judgment, initiative and efforts Bancorp Hawaii, Inc. is largely dependent for the successful conduct of its business through a compensation program emphasizing performance objectives; (ii) supplementing other compensation plans; and (iii) assisting Bancorp Hawaii, Inc. in retaining and attracting such employees.

1.03 This Plan shall be effective as of January 1, 1995, and shall operate on the basis of the current and succeeding Incentive Periods until such time the Plan is terminated under Section 10.

SECTION 2. DEFINITIONS.

As used herein, the following terms shall have the following meanings unless a different meaning is plainly required in the context:

2.01 "Board" shall mean the Board of Directors of the Holding Company.

2.02 "Committee" shall mean the Compensation Committee of the Holding Company.

2.03 "Contingent Award" shall mean an award to an Eligible Employee expressed as a percentage of Salary for the Incentive Period.

2.04 "Earnings Per Share" (EPS) shall mean fully diluted Earnings Per Share as reported by the Holding Company in its annual report

(or as otherwise reported to shareholders) adjusted as described in this Section 2.04. The Holding Company's reported net income shall be adjusted for the following in computing EPS:

- a. Any extraordinary or unusual gain or loss transactions,
- b. Securities gains or losses,
- c. Incentive Salary Expense, and
- d. Dividends on preferred shares, if any, of the Holding Company.

The Committee will, in its sole discretion, determine any adjustments to be made pursuant to this Section 2.04. In the event of a stock dividend or stock split during the Incentive Period, Earnings Per Share shall be

recomputed to take into account the effects of such stock dividend or stock split.

2.05 "Eligible Employees" shall mean Key Employees of the Holding Company or of a Subsidiary who, in the opinion of the Committee, are or give promise of becoming of exceptional importance to the Holding Company or any Subsidiary, and of making substantial contributions to the success, growth and profit of the Holding Company and its Subsidiaries.

2.06 "Ending Value" shall be the amount as defined in Section 6.01.

2.07 "Ending Value Multiplier", with respect to any Contingent Award, shall mean an amount determined by the Financial Performance Factor.

2.08 "Financial Performance Factor" shall mean an amount ranging from zero to 2.0, as determined by applying the Performance Matrix as described in Section 6 (or, in certain events, of Section 8.02) of the Plan.

2.09 "Holding Company" shall mean Bancorp Hawaii, Inc.

2.10 "Incentive Period", with respect to any Contingent Award, shall mean the Holding Company's fiscal year.

2.11 "Incentive Salary Expense" shall mean the pre-tax amount accrued for this Plan during the Incentive Period.

2.12 "Key Employees" shall mean executive officers as identified under Section 5.02.

2.13 "Net Income" shall mean the Holding Company's consolidated net income for the Incentive Period, as reported in the annual report to shareholders (or as otherwise reported to shareholders) adjusted in the same manner as EPS.

2.14 "Participant" shall mean a person that the Committee, in its sole discretion, selects from among the Eligible Employees to be awarded a Contingent Award.

2.15 "Performance Matrix" shall mean the matrix shown in Section 6 by which the Financial Performance Factor under this Plan is calculated.

2.16 "Plan" shall mean this Executive Officer One-Year Incentive Plan, as it may be amended from time to time.

2.17 "Retirement" shall mean the termination of a Participant's employment with the Holding Company or a Subsidiary under circumstances where the Participant terminates on or after the retirement dates specified under the Holding Company's retirement plan and the Participant's withdrawal from any employment in the financial services industry in the State of Hawaii during the Incentive Period.

2.18 "Return on Average Assets" (ROAA) shall mean Net Income of the Holding Company for the Incentive Period divided by Average Total Assets for the Incentive Period. Average Total Assets shall be as reported in the Holding Company's annual report to shareholders (or as otherwise reported to shareholders).

2.19 "Salary" shall mean actual base salary for the Incentive Period.

2.20 "Subsidiary" or "Subsidiaries" shall mean any corporation(s) in which the Holding Company or any Subsidiary (as defined hereby) owns, at the time of making a Contingent Award hereunder, stock

possessing 50% or more of the total combined voting power of all classes of stock in such corporation.

SECTION 3. ELIGIBILITY.

3.01 Contingent Awards may be made only to Eligible Employees.

3.02 Neither members of the Committee nor any member of the Board who is not an employee of the Holding Company or of a Subsidiary shall be an Eligible Employee.

SECTION 4. ADMINISTRATION.

4.01 The Plan shall be administered by the Committee.

4.02 The Committee shall be vested with full authority to make such rules and regulations as it deems necessary to administer the Plan and to interpret the provisions of the Plan. Any determination, decision or action of the Committee in connection with the construction, interpretation, administration or application of the Plan shall be final, conclusive and binding upon all Eligible Employees, Participants and any and all persons claiming under or through any Eligible Employee or Participant, unless otherwise determined by the Board.

4.03 Any determination, decision or action of the Committee provided for in this Plan may be made or taken by action of the Board if the Board so determines with the same force and effect as if such determination, decision or action had been made or taken by the Committee. No member of the Committee or Board shall be liable for any determination, decision or action made in good faith with respect to the Plan or any Contingent Award. The fact that a member of the Board shall at the time be, or shall theretofore have been or thereafter may be, an Eligible Employee or a Participant shall not disqualify him or her from taking part in and voting at any time as a member of the Board in favor of or against any amendment of the Plan.

SECTION 5. CONTINGENT AWARDS.

5.01 The Committee may, from time to time, in its sole

discretion, award to each Participant a Contingent Award. The Committee shall cause notice to be given to each Participant of his or her selection as soon as practicable following the making of a Contingent Award.

5.02 The Contingent Award that may be awarded to any Participant shall be a percentage of his or her Salary, which percentage shall be no greater than the amounts set out in the table below.

BANCORP HAWAII, INC. OFFICERS -----	CONTINGENT AWARD AS A % OF SALARY -----
Chairman of the Board/CEO	50%
President or Vice Chairman	40%

5.03 The Contingent Award shall be determined by multiplying the Participant's Salary times the percentage specified for him or her by the Committee. In any event, the maximum payout under this Plan shall be two times the Contingent Award. For example, if the Participant has a Salary of \$80,000 and the Contingent Award awarded to such Participant is 30%, the Contingent Award is \$24,000. In this example, the maximum payout under this Plan is two times the Contingent Award, or \$48,000.

5.04 For the named executive officers, assessment of individual performance may result in a downward adjustment of the maximum award, or the entire elimination of this award. No upward adjustments based on discretion are permitted beyond the maximum award for the named executive officers. An adjustment under this Section 5.04 may be made prior to a final determination of the award under Section 7.

SECTION 6. ENDING VALUE OF CONTINGENT AWARD.

6.01 The Ending Value of a Contingent Award shall be determined by multiplying the Contingent Award by the Ending Value Multiplier.

6.02 The Ending Value Multiplier is the Financial Performance Factor (determined from the Performance Matrix in this Section 6).

6.03 The maximum Ending Value Multiplier under all circumstances is 2.000.

6.04 Performance Matrix:

FINANCIAL PERFORMANCE FACTOR						
R	1.10%	.8	1.0	1.2	1.7	2.0
O	1.05%	.7	.9	1.1	1.6	1.9
A	1.00%	.6	.8	1.0	1.5	1.8
A	0.95%	.5	.7	.9	1.4	1.7
	0.90%	.4	.6	.8	1.3	1.6
		\$2.68	\$2.74	\$2.80	\$2.86	\$2.92
EARNINGS PER SHARE						

6.05 Interpolation shall be made on a straight line basis. For example, if ROAA is .98% and Earnings Per Share is \$2.83, the Financial Performance Factor is 1.21. (In certain unusual cases, either ROAA or Earnings Per Share may be below .90% and \$2.68 respectively. Proration will still be performed if at least one of these factors is within the range indicated on the Performance Matrix.)

SECTION 7. DETERMINATION AND PAYMENT OF AWARDS.

7.01 If the Ending Value as computed and adjusted in accordance with Section 6 is zero, no payment shall be made, any Contingent Awards shall terminate and all rights thereunder shall cease.

7.02 Subject to the provisions of Section 8 hereof, the Ending Value, if any, of the Contingent Award for each Participant shall be determined as per Sections 6. The amount determined for each Participant shall be paid, subject to any adjustment by the Committee under Section 5.04, in cash in a lump sum (subject to withholding requirements, if applicable) as soon as practicable after determination thereof.

However, a Participant may make a request, on a form approved by the Committee, for the deferral of all or part of any payment he or she may receive,

provided that such request is delivered to the Human Resources Division no later than November 1 of the Incentive Period.

The Committee may accept or reject any such request for a deferral and may determine the conditions of such deferral at the Committee's sole discretion.

7.03 Notwithstanding any other provision of this Plan, as the Committee may determine, a Participant shall not be entitled to the payment of any Ending Value amount to the extent that such payment, or any other compensation paid to the Participant, would not be deductible under the deduction limit of Section 162(m) of the Internal Revenue Code of 1986, as amended ("Code"). Notwithstanding the conditions for deductibility of payments under Code Section 162, the Holding Company need not, and is under no obligation to, submit this Plan for shareholders' approval.

SECTION 8. TERMINATION OF EMPLOYMENT.

8.01 Except as otherwise provided in Section 8.02 below, if a Participant does not remain continuously in the employ of the Holding Company or a Subsidiary until the expiration of the Incentive Period with respect to any Contingent Award, such Contingent Award shall terminate and all rights thereunder shall cease.

8.02 If the employment of a Participant with the Holding Company or a Subsidiary terminates during the Incentive Period due to his or her death, disability or Retirement, the Committee shall determine the cash payment to be made with respect to such Participant under the following method:

Salary shall be annualized based on the number of whole months of the Incentive Period prior to the Participant's death, disability or Retirement. The Ending Value of the Contingent Award calculated under Sections 6 and 7 shall be multiplied by a fraction, the numerator of which shall be the number of full months of the Incentive Period during which Participant was an employee of the Holding Company or Subsidiary, and the denominator of which shall be 12. This calculation and the payment of any award necessarily must be paid after the termination of the Incentive Period in accordance with Section 7.02.

SECTION 9. NON-TRANSFERABILITY OF CONTINGENT AWARDS.

No Contingent Award shall be sold, assigned, transferred, encumbered, hypothecated or otherwise anticipated by a Participant, and during the lifetime of a Participant, any payment shall be payable only to the Participant. The Committee shall, if it so determines, adopt rules for the designation by a Participant of a beneficiary to receive cash payments, if any, that may become due pursuant to this Plan after the death of the Participant.

SECTION 10. AMENDMENT OR TERMINATION OF THE PLAN.

The Board or the Committee may, at any time, terminate or at any time and from time to time amend, modify or suspend this Plan provided that no such amendment, modification, suspension or termination of the Plan shall in any manner adversely affect any Contingent Award theretofore made under the Plan without the consent of the Participant.

SECTION 11. CHANGES IN CAPITALIZATION.

In the event of a dissolution or liquidation of the Holding Company, or a merger or consolidation in which the Holding Company is not the surviving corporation, the amount of cash payable with respect to any Contingent Award for an Incentive Period that will end after such event shall be determined and payable as if the Incentive Period ended on the date of such event and an Ending Value Multiplier of 2.00 shall be used in calculating payments under this Plan, notwithstanding any other provisions of this Plan. All Contingent Awards shall be calculated based on annualized salary for such shortened Incentive Period and shall be paid to such participants within ten days of the end of the shortened Incentive Period.

BANCORP HAWAII, INC.
ONE-YEAR INCENTIVE PLAN

Effective January 1, 1995

SECTION 1. ESTABLISHMENT AND PURPOSES.

1.01 Bancorp Hawaii, Inc. hereby establishes the 1995 One-Year Incentive Plan.

1.02 The purpose of this Plan is to advance the interests of Bancorp Hawaii, Inc. by (i) motivating special achievement by Eligible Employees upon whose judgment, initiative and efforts Bancorp Hawaii, Inc. is largely dependent for the successful conduct of its business through a compensation program emphasizing performance objectives; (ii) supplementing other compensation plans; and (iii) assisting Bancorp Hawaii, Inc. in retaining and attracting such employees.

1.03 This Plan shall be effective as of January 1, 1995 with the term ending December 31, 1995.

SECTION 2. DEFINITIONS.

As used herein, the following terms shall have the following meanings unless a different meaning is plainly required in the context:

2.01 "Board" shall mean the Board of Directors of the Holding Company.

2.02 "Committee" shall mean the Compensation Committee of the Holding Company.

2.03 "Contingent Award" shall mean an award to an Eligible Employee expressed as a percentage of Salary for the Incentive Period.

2.04 "Earnings Per Share" (EPS) shall mean fully diluted Earnings Per Share as reported by the Holding Company in its annual report (or as otherwise reported to shareholders) adjusted as described in this Section 2.04. The Holding

Company's reported net income shall be adjusted for the following in computing EPS:

- a. Any extraordinary or unusual gain or loss transactions,
- b. Securities gains or losses,
- c. Incentive Salary Expense, and
- d. Dividends on preferred shares, if any, of the Holding Company.

The Committee will, in its sole discretion, determine any adjustments to be made pursuant to this Section 2.04. In the event of a stock dividend or stock split during the Incentive Period, Earnings Per Share shall be recomputed to take into account the effects of such stock dividend or stock split.

2.05 "Eligible Employees" shall mean Key Employees of the Holding Company or of a Subsidiary who, in the opinion of the Committee, are or give promise of becoming of exceptional importance to the Holding Company or any Subsidiary, and of making substantial contributions to the success, growth and profit of the Holding Company and its Subsidiaries.

2.06 "Ending Value" shall be the amount as defined in Section 6.01.

2.07 "Ending Value Multiplier", with respect to any Contingent Award, shall mean an amount determined by multiplying the Financial Performance Factor times the Individual Performance Factor.

2.08 "Financial Performance Factor" shall mean an amount ranging from zero to 1.4, as determined by applying the Performance Matrix as described in Section 6 (or, in certain events, of Section 9.02) of the Plan.

2.09 "Holding Company" shall mean Bancorp Hawaii, Inc.

2.10 "Incentive Period", with respect to any Contingent Award, shall mean the Holding Company's fiscal year 1995.

2.11 "Incentive Salary Expense" shall mean the pre-tax amount accrued for this Plan during the Incentive Period.

2.12 "Individual Performance Factor" shall mean an amount as determined by following the procedures described in Section 7 of the Plan.

2.13 "Key Employees" shall mean officers or other employees of the Holding Company or any Subsidiary, including directors who are also officers or other employees of the Holding Company or of a Subsidiary as identified under Section 5.02. However, Key Employees shall not include participants of the Executive Officer One-Year Incentive Plan.

2.14 "Net Income" shall mean the Holding Company's consolidated net income for the Incentive Period, as reported in the annual report to shareholders (or as otherwise reported to shareholders) adjusted in the same manner as EPS.

2.15 "Participant" shall mean a person that the Committee, in its sole discretion, selects from among the Eligible Employees to be awarded a Contingent Award.

2.16 "Performance Matrix" shall mean the matrix shown in Section 6 by which the Financial Performance Factor under this Plan is calculated.

2.17 "Plan" shall mean this 1995 One-Year Incentive Plan, as it may be amended from time to time.

2.18 "Retirement" shall mean the termination of a Participant's employment with the Holding Company or a Subsidiary under circumstances where the Participant terminates on or after the retirement dates specified under the Holding Company's retirement plan and the Participant's withdrawal from any employment in the financial services industry in the State of Hawaii during the Incentive Period.

2.19 "Return on Average Assets" (ROAA) shall mean Net Income of the Holding Company for the Incentive Period divided by Average Total Assets for the Incentive Period. Average Total Assets shall be as reported in the Holding Company's annual report to shareholders (or as otherwise reported to shareholders).

2.20 "Salary" shall mean actual base salary for the Incentive Period.

2.21 "Subsidiary" or "Subsidiaries" shall mean any corporation(s) in

which the Holding Company or any Subsidiary (as defined hereby) owns, at the time of making a Contingent Award hereunder, stock possessing 50% or more of the total combined voting power of all classes of stock in such corporation.

SECTION 3. ELIGIBILITY.

3.01 Contingent Awards may be made only to Eligible Employees.

3.02 Neither members of the Committee nor any member of the Board who is not an employee of the Holding Company or of a Subsidiary shall be an Eligible Employee.

SECTION 4. ADMINISTRATION.

4.01 The Plan shall be administered by the Committee.

4.02 The Committee shall be vested with full authority to make such rules and regulations as it deems necessary to administer the Plan and to interpret the provisions of the Plan. Any determination, decision or action of the Committee in connection with the construction, interpretation, administration or application of the Plan shall be final, conclusive and binding upon all Eligible Employees, Participants and any and all persons claiming under or through any Eligible Employee or Participant, unless otherwise determined by the Board.

4.03 Any determination, decision or action of the Committee provided for in this Plan may be made or taken by action of the Board if the Board so determines with the same force and effect as if such determination, decision or action had been made or taken by the Committee. No member of the Committee or Board shall be liable for any determination, decision or action made in good faith with respect to the Plan or any Contingent Award. The fact that a member of the Board shall at the time be, or shall theretofore have been or thereafter may be, an Eligible Employee or a Participant shall not disqualify him or her from taking part in and voting at any time as a member of the Board in favor of or against any amendment of the Plan.

SECTION 5. CONTINGENT AWARDS.

5.01 The Committee may, from time to time, in its sole discretion, award to each Participant a Contingent Award. The Committee shall cause notice to be given to each Participant of his or her selection as soon as practicable following the making of a Contingent Award.

5.02 The Contingent Award that may be awarded to any Participant shall be a percentage of his or her Salary, which percentage shall be no greater than the amounts set out in the table below.

BANK OF HAWAII OFFICERS	CONTINGENT AWARD AS A % OF SALARY
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Executive Vice President	35%
Senior Vice President	30%
Vice President	20%

5.03 The Contingent Award shall be determined by multiplying the Participant's Salary times the percentage specified for him or her by the Committee. In any event, the maximum payout under this Plan shall be two times the Contingent Award. For example, if the Participant has a Salary of \$80,000 and the Contingent Award awarded to such Participant is 30%, the Contingent Award is \$24,000. In this example, the maximum payout under this Plan is two times the Contingent Award, or \$48,000.

SECTION 6. ENDING VALUE OF CONTINGENT AWARD.

6.01 The Ending Value of a Contingent Award shall be determined by multiplying the Contingent Award by the Ending Value Multiplier.

6.02 The Ending Value Multiplier is the product of the Financial Performance Factor (determined from the Performance Matrix in this Section 6) times the Individual Performance Factor (determined in accordance with Section 7 of the Plan).

6.03 The maximum Ending Value Multiplier under all circumstances is 2.000.

6.04 Performance Matrix:

FINANCIAL PERFORMANCE FACTOR						
R	1.10%	0.8	1.0	1.2	1.4	1.4
O	1.05%	0.7	0.9	1.1	1.3	1.4
A	1.00%	0.6	0.8	1.0	1.2	1.4

A	0.95%	0.5	0.7	0.9	1.1	1.3
	0.90%	0.4	0.6	0.8	1.0	1.2
		\$2.68	\$2.74	\$2.80	\$2.86	\$2.92
		EARNINGS PER SHARE				

6.05 Interpolation shall be made on a straight line basis. For example, if ROAA is .98 and Earnings Per Share is \$2.83, the Financial Performance Factor is 1.06. (In certain unusual cases, either ROAA or Earnings Per Share may be below .90% and \$2.68 respectively. Proration will still be performed if at least one of these factors is within the range indicated on the

Performance Matrix.)

SECTION 7. INDIVIDUAL PERFORMANCE.

7.01 After the Financial Performance Factor is calculated under the provisions of Section 6, the Individual Performance Factor will be established based on

individual performance. This step shall appraise each Participant's performance of his or her assigned job responsibilities in consideration of the economic and other circumstances with which each Participant had to cope during the Incentive Period. For this purpose, a Participant's performance appraisal will consider:

- a. 1995 Individual Performance Objectives (see Attachment A).
- b. How well basic responsibilities were carried out.
- c. How well problems were anticipated and avoided or mollified.
- d. How well unanticipated problems were overcome.
- e. How well opportunities were identified and capitalized on.

The scope of circumstances to be considered shall include economic conditions; cost considerations; political implications; revenue generation; public, governmental, customer relations; and the like.

7.02 The Chairman and the President shall recommend an Individual Performance Factor for each Participant to the Committee. Individual Performance Factors will normally range from zero to a maximum of 1.4. Under unusual

circumstances, the Chairman and President may recommend an Individual Performance Factor which exceeds 1.4, but in such a case, the average of all Individual Performance Factors may not exceed 1.4. The Committee shall make the final determination of awards and reserves the right to add to or withhold all or any portion of an award at its sole discretion.

SECTION 8. DETERMINATION AND PAYMENT OF AWARDS.

8.01 If the Ending Value as computed and adjusted in accordance with Section 6 and 7 is zero, no payment shall be made, any Contingent Awards shall terminate and all rights thereunder shall cease.

8.02 Subject to the provisions of Section 9 hereof, the Ending Value, if any, of the Contingent Award for each Participant shall be determined as per Sections 6 and 7. The amount determined for each Participant shall be paid in cash in a lump sum (subject to withholding requirements, if applicable) as soon as practicable after determination thereof.

However, a Participant may make a request, on a form approved by the Committee, for the deferral of all or part of any payment he or she may receive, provided that such request is delivered to the Human Resources Division no later than November 1 of the Incentive Period.

The Committee may accept or reject any such request for a deferral and may determine the conditions of such deferral at the Committee's sole discretion.

SECTION 9. TERMINATION OF EMPLOYMENT.

9.01 Except as otherwise provided in Section 9.02 below, if a Participant does not remain continuously in the employ of the Holding Company or a Subsidiary until the expiration of the Incentive Period with respect to any Contingent Award, such Contingent Award shall terminate and all rights thereunder shall cease.

9.02 If the employment of a Participant with the Holding Company or a Subsidiary terminates during the Incentive Period due to his or her death, disability or Retirement, the Committee shall determine the cash payment to be made with respect to such Participant under the following method:

Salary shall be annualized based on the number of whole

months of the Incentive Period prior to the Participant's death, disability or Retirement. The Ending Value of the Contingent Award calculated under Sections 6, 7, and 8 shall be multiplied by a fraction, the numerator of which shall be the number of full months of the Incentive Period during which Participant was an employee of the Holding Company or Subsidiary, and the denominator of which shall be 12. This calculation and the payment of any award necessarily must be paid after the termination of the Incentive Period in accordance with Section 8.02.

SECTION 10. NON-TRANSFERABILITY OF CONTINGENT AWARDS.

No Contingent Award shall be sold, assigned, transferred, encumbered, hypothecated or otherwise anticipated by a Participant, and during the lifetime of a Participant, any payment shall be payable only to the Participant. The Committee shall, if it so determines, adopt rules for the designation by a Participant of a beneficiary to receive cash payments, if any, that may become due pursuant to this Plan after the death of the Participant.

SECTION 11. AMENDMENT OR TERMINATION OF THE PLAN.

The Board or the Committee may, at any time, terminate or at any time and from time to time amend, modify or suspend this Plan provided that no such amendment, modification, suspension or termination of the Plan shall in any manner adversely affect any Contingent Award theretofore made under the Plan without the consent of the Participant.

SECTION 12. CHANGES IN CAPITALIZATION.

In the event of a dissolution or liquidation of the Holding Company, or a merger or consolidation in which the Holding Company is not the surviving corporation, the amount of cash payable with respect to any Contingent Award for an Incentive Period that will end after such event shall be determined and payable as if the Incentive Period ended on the date of such event and an Ending Value Multiplier of 2.00 shall be used in calculating payments under this Plan, notwithstanding any other provisions of this Plan. All Contingent Awards shall be calculated based on annualized salary for such shortened Incentive Period and shall be paid to such

participants within ten days of the end of the shortened Incentive Period.

BANCORP HAWAII, INC.
SUSTAINED PROFIT GROWTH PLAN

EFFECTIVE JANUARY 1, 1995

SECTION 1. ESTABLISHMENT AND PURPOSES.

1.01 Bancorp Hawaii, Inc. hereby establishes the 1995 Sustained Profit Growth Plan.

1.02 The purpose of this Plan is to advance the interests of Bancorp Hawaii, Inc. by (i) motivating special achievement by Eligible Employees upon whose judgment, initiative and efforts Bancorp Hawaii, Inc. is largely dependent for the successful conduct of its business through a compensation program emphasizing long-term performance incentives; (ii) supplementing other compensation plans; and (iii) assisting Bancorp Hawaii, Inc. in retaining and attracting such employees.

1.03 This Plan shall be effective as of January 1, 1995, and shall operate on the basis of the current and succeeding Incentive Periods until such time the Plan is terminated under Section 10. This Plan constitutes an extension of the prior version of the Plan effective January 1, 1994 that received shareholder approval on April 27, 1994.

SECTION 2. DEFINITIONS.

As used herein, the following terms shall have the following meanings unless a different meaning is plainly required in the context:

2.01 "Base Year" shall mean the fiscal year prior to the Incentive Period.

2.02 "Board" shall mean the Board of Directors of the Holding Company.

2.03 "Committee" shall mean the Compensation Committee of the Holding Company.

2.04 "Contingent Award" shall mean an award to an Eligible Employee expressed as a percentage of average annual Salary for the Incentive Period.

2.05 "Eligible Employees" shall mean Key Employees of the Holding Company or of a Subsidiary who, in the opinion of the Committee, are or give promise of becoming of exceptional importance to the Holding Company or any Subsidiary, and of making substantial contributions to the success, growth and profit of the Holding Company and its Subsidiaries.

2.06 "Earnings Per Share" (EPS) shall mean fully diluted Earnings Per Share as reported by the Holding Company in its annual report (or as otherwise reported to shareholders) adjusted as described in this Section 2.06. The Holding Company's reported net income shall be adjusted for the following in computing EPS:

- a. Any extraordinary or unusual gain or loss transactions,
- b. Securities gains or losses,

c. Incentive Salary Expense, and

d. Dividends on preferred shares, if any, of the Holding Company.

The Committee will, in its sole discretion, determine any adjustments to be made to EPS pursuant to this Section 2.06.

2.07 "Earnings Growth Rate" shall mean the growth of EPS during the Incentive Period. For example, if EPS in the Base Year is \$6.00 and EPS for the third calendar year of the Incentive Period is \$7.80, then the Earnings Growth Rate is 30%. For purposes of this Plan, the Earnings Growth Rate shall be rounded to the nearest one-tenth of one percent. In the event of a stock dividend or stock split during the Incentive Period, Earnings Growth Rate shall be restated to take into account the effect of such stock dividend or stock split.

2.08 "Ending Value" shall be the amount as defined Section 6.01.

2.09 "Ending Value Multiplier", with respect to any Contingent Award, shall mean an amount ranging from zero to 2.00 as determined by applying the Performance Matrix as described in Section 6 (or in certain events, Section 9.02) of the Plan.

2.10 "FTE Staff" shall be sum of (i) the total number of hours worked by part-time employees of the Holding Company and its Subsidiaries during the

applicable fiscal year of the Incentive Period divided by 2,080 and (ii) the average number of full-time staff members employed by the Holding Company and the Subsidiaries during the same fiscal year.

2.11 "Growth in NIPE" or "NIPE Growth" shall mean the increase (if any) in NIPE for the third year of the Incentive Period as compared to NIPE for the Base Year. Growth in NIPE shall be expressed as a percentage to two decimal places. For example, if NIPE in the Base Year is \$25,000 and NIPE in the third year of the Incentive Period is \$35,000, then Growth in NIPE is 40%.

2.12 "Holding Company" shall mean Bancorp Hawaii, Inc.

2.13 "Incentive Period", with respect to any Contingent Award, shall mean the Holding Company's fiscal years 1995 through 1997 inclusive, and each succeeding three fiscal year period inclusive.

2.14 "Incentive Salary Expense" shall mean the pre-tax amount accrued for this Plan and any other sustained profit growth plans of the Holding Company during the Incentive Period.

2.15 "Key Employees" shall mean officers or other employees of the Holding Company or any Subsidiary, including directors who are also officers or other employees of the Holding Company or of a Subsidiary.

2.16 "Net Income per Employee" (NIPE) shall mean the Holding Company's net income as reported in its annual report, or as otherwise reported to shareholders (adjusted in the same manner as provided in Section 2.06), divided by FTE Staff.

2.17 "Participant" shall mean a person that the Committee, in its sole discretion, selects from among the Eligible Employees to be awarded a Contingent Award.

2.18 "Performance Matrix" shall mean the matrix shown in Section 6 which is used in calculating Ending Value Multipliers under this Plan.

2.19 "Plan" shall mean this Sustained Profit Growth Plan, as it may be amended from time to time.

2.20 "Retirement" shall mean the termination of a Participant's employment with the Holding Company or a Subsidiary under circumstances where

the Participant terminates on or after the retirement dates specified under the Holding Company's retirement plan and the Participant's withdrawal from any employment in the financial services industry in the State of Hawaii during the Incentive Period.

2.21 "Salary" shall mean base salary only.

2.22 "Subsidiary" or "Subsidiaries" shall mean any corporation(s) in which the Holding Company or any Subsidiary (as defined hereby) owns, at the time of making a Contingent Award hereunder, stock possessing 50% or more of the total combined voting power of all classes of stock in such corporation.

SECTION 3. ELIGIBILITY.

3.01 Contingent Awards may be made only to Eligible Employees.

3.02 Neither members of the Committee nor any member of the Board who is not an employee of the Holding Company or of a Subsidiary shall be an Eligible Employee.

SECTION 4. ADMINISTRATION.

4.01 The Plan shall be administered by the Committee.

4.02 The Committee shall be vested with full authority to make such rules and regulations as it deems necessary to administer the Plan and to interpret the provisions of the Plan. Any determination, decision or action of the Committee in connection with the construction, interpretation, administration or application of the Plan shall be final, conclusive and binding upon all Eligible Employees, Participants and any and all persons claiming under or through any Eligible Employee or Participant, unless otherwise determined by the Board.

4.03 Any determination, decision or action of the Committee provided for in this Plan may be made or taken by action of the Board if the Board so determines with the same force and effect as if such determination, decision or action had been made or taken by the Committee. No member of the Committee or Board shall be liable for any determination, decision or action made in good faith with respect to the Plan or any Contingent Award. The fact that a member of the Board shall at the time be, or shall theretofore have been or thereafter may be, an Eligible Employee or a Participant, shall not disqualify him or her from taking part in and

voting at any time as a member of the Board in favor of or against any amendment of the Plan.

SECTION 5. CONTINGENT AWARDS.

5.01 The Committee may, from time to time, in its sole discretion, award to each Participant a Contingent Award. The Committee shall cause notice to be given to each Participant of his or her selection as soon as practicable following the making of a Contingent Award.

5.02 The Contingent Award that may be awarded to any Participant shall be a percentage of his or her average annual Salary for the Incentive Period, which percentage shall be no greater than the amounts set out in the following table.

HOLDING COMPANY/
BANK OF HAWAII OFFICERS

CONTINGENT AWARD
AS A % OF SALARY

Chairman of the Board/CEO	40%
President or Vice Chairman	35%
Executive Vice President	30%
Senior Vice President	25%
OTHER SUBSIDIARY OFFICERS	25%

5.03 The Contingent Award shall be multiplied by the Participant's average annual Salary for the Incentive Period. In any event, the maximum payout under this Plan shall be two times the Contingent Award. For example, a Participant with an average annual Salary of \$80,000 might receive a Contingent Award of 25% or \$20,000. In this example, the maximum payout under this Plan would be two times the Contingent Award, or \$40,000.

SECTION 6. ENDING VALUE OF CONTINGENT AWARD.

6.01 The Ending Value of a Contingent Award shall be determined by multiplying the Contingent Award by the Ending Value Multiplier determined from the Performance Matrix in Section 6.02.

6.02 Ending Value Multiplier:

NIPE GROWTH	EARNINGS GROWTH RATE								
	12%	14%	16%	18%	20%	22%	24%	26%	28%
26%	1.000	1.125	1.250	1.375	1.500	1.625	1.750	1.875	2.000
25%	0.875	1.000	1.125	1.250	1.375	1.500	1.625	1.750	1.875
24%	0.750	0.875	1.000	1.125	1.250	1.375	1.500	1.625	1.750
22%	0.625	0.750	0.875	1.000	1.125	1.250	1.375	1.500	1.625
20%	0.500	0.625	0.750	0.875	1.000	1.125	1.250	1.375	1.500
17%	0.375	0.500	0.625	0.750	0.875	1.000	1.125	1.250	1.375
14%	0.250	0.375	0.500	0.625	0.750	0.875	1.000	1.125	1.250
11%	0.125	0.250	0.375	0.500	0.625	0.750	0.875	1.000	1.125
8%	0.000	0.125	0.250	0.375	0.500	0.625	0.750	0.875	1.000

6.03 Interpolation between the points shown above shall be made on a straight line basis rounded to three decimal places. For example, if NIPE Growth is 23% and the Earnings Growth Rate is 27%, the Ending Value Multiplier would be 1.625. The maximum Ending Value Multiplier under all circumstances will be 2.00.

SECTION 7. CONDITIONS.

The Chairman and the President shall prepare recommendations for the Committee. The Committee shall make the final determination of the Ending Value Multiplier and any awards, and reserves the right to add to or withhold all or any portion of any or all award(s) at its sole discretion. However, with respect to any Participant subject to the deduction limit of Section 162(m) of the Internal Revenue Code of 1986, as amended, no upward adjustments based on discretion are permitted beyond the maximum award for the Participants.

SECTION 8. DETERMINATION AND PAYMENT OF AWARDS.

8.01 If the Ending Value as computed and adjusted in accordance with Section 6 and 7 is zero, no payment shall be made, any Contingent Awards shall terminate and all rights thereunder shall cease.

8.02 Subject to the provisions of Section 9 hereof, the Ending Value, if any, of the Contingent Award for each Participant shall be determined as per Sections 6 and 7. The amount determined for each Participant shall be paid in cash in a lump sum (subject to withholding requirements, if applicable) as soon as practicable after determination thereof.

However, a Participant may make a request, on a form approved by the Committee, for the deferral of all or part of any payment he or she may receive, provided that such request is delivered to the Human Resources Division no later than November 1 of the last year of the Incentive Period.

The Committee may accept or reject any such request for a deferral and may determine the conditions of such deferral at the Committee's sole discretion.

SECTION 9. TERMINATION OF EMPLOYMENT.

9.01 Except as otherwise provided in Section 9.02 below, if a Participant does not remain continuously in the employ of the Holding Company or a Subsidiary until the expiration of the Incentive Period with respect to any Contingent Award, such Contingent Award shall terminate and all rights thereunder shall cease.

9.02 If the employment of a Participant with the Holding Company or a Subsidiary terminates during the Incentive Period due to his or her death, disability or Retirement, the Committee shall determine the cash payment to be made with respect to such Participant under the following method:

The Contingent Award payable, if any, shall be based on the annualized salary of the Participant as of the last January 1 prior to the Participant's death, disability or Retirement. The Ending Value of the Contingent Award calculated under Sections 6, 7 and 8 shall be multiplied by a fraction, the numerator of which shall be the number of full months of the Incentive Period during which Participant was an employee of the Holding Company or Subsidiary, and the denominator of which shall be 36. This calculation and the payment of any award must be paid after the termination of the Incentive Period in accordance with Section 8.02.

SECTION 10. NON-TRANSFERABILITY OF CONTINGENT AWARDS.

No Contingent Award shall be sold, assigned, transferred, encumbered, hypothecated or otherwise anticipated by a Participant, and during the lifetime

of a Participant, any payment shall be payable only to the Participant. The Committee shall, if it so determines, adopt rules for the designation by a Participant of a beneficiary to receive cash payments, if any, that may become due pursuant to this Plan after the death of the Participant.

SECTION 11. AMENDMENT OR TERMINATION OF THE PLAN.

The Board or the Committee may, at any time, terminate or at any time and from time to time amend, modify or suspend this Plan provided that no such amendment, modification, suspension or termination of the Plan shall in any manner adversely affect any Contingent Award theretofore made under the Plan without the consent of the Participant.

SECTION 12. CHANGES IN CAPITALIZATION.

In the event of a dissolution or liquidation of the Holding Company or a merger or consolidation in which the Holding Company is not the surviving corporation, the amount of cash payable with respect to any Contingent Award for an Incentive Period that will end after such event shall be determined and payable as if the Incentive Period ended on the date of such event and an Ending Value Multiplier of 2.000 shall be used in calculating the award for this Plan, notwithstanding any other provisions of this Plan. All Contingent Awards shall be calculated based on the average annual Salary of the Participant for the shortened Incentive Period, and shall be paid to such Participants within ten days of the end of the shortened Incentive Period.

BANCORP HAWAII, INC.
FORM OF AMENDED KEY EXECUTIVE
CHANGE-IN-CONTROL SEVERANCE AGREEMENT
OCTOBER 1994

ARTICLE 1. ESTABLISHMENT AND PURPOSE

1.1 EFFECTIVE DATE. This Executive Change-in-Control Severance Agreement (the "Agreement") is made and entered into pursuant to Bancorp's Key Executive Severance Plan (the "Plan"), and constitutes an amendment of the severance agreement dated January 25, 1991. This agreement is effective as of this _____ day of _____, 1994 (the "Effective Date"), by and between Bancorp Hawaii, Inc. ("Bancorp"), a Hawaii corporation, and _____, an executive (the "Executive") of Bancorp and its subsidiary, Bank of Hawaii (the "Bank"). This Agreement shall supersede and replace any prior severance agreement entered into between Bancorp and the Executive.

1.2 TERM OF THE AGREEMENT. The Agreement shall commence as of the Effective Date written above, and shall continue until the Board of Directors of Bancorp (the "Board") determines, in good faith and in its sole discretion, that the Executive is no longer to be included in the Plan and so notifies in writing the Executive during the term of this Agreement of such determination.

Provided, however, in the event that a Change in Control of Bancorp, as defined in Section 2.1 herein, occurs during the term of this Agreement, this Agreement shall remain irrevocably in effect for the greater of twenty-four (24) months from the date of such Change in Control, or until all benefits have been paid to the Executive hereunder.

Further, in the event that the Board has knowledge that a third party has taken steps reasonably calculated to effect a Change in Control of Bancorp, including, but not limited to the commencement of a tender offer for the voting stock of Bancorp, or the circulation of a proxy to Bancorp's shareholders, then this Agreement shall remain irrevocably in effect until the Board, in good faith, determines that such third party has fully abandoned or terminated its effort to effect a Change in Control of Bancorp.

1.3 PURPOSE OF THE AGREEMENT. The purpose of this Agreement pursuant to the Plan, is to advance the interests of Bancorp and the Bank by assuring that Bancorp and the Bank will have the continued employment and dedication of the Executive and the availability of his advice and counsel in the event that an acquisition or Change in Control of Bancorp occurs. This Agreement shall also assure the Executive of equitable treatment

during the period of uncertainty that surrounds an acquisition or Change in Control, and allow the Executive to act at all times in the best interests of Bancorp and its shareholders.

1.4 CONTRACTUAL RIGHT TO BENEFITS. This Agreement establishes and vests in the Executive a contractual right to the benefits which he or she is entitled hereunder, enforceable by the Executive against Bancorp. However, nothing herein shall require Bancorp to segregate, earmark, or otherwise set aside any funds or other assets to provide for any payments hereunder.

This Agreement shall be considered an unfunded agreement to provide benefits to a select group of management or highly compensated employees and is therefore intended to be a "top-hat" plan exempt from the requirements of the provisions of Parts 2, 3, and 4 of Title I of ERISA.

DEFINITIONS AND CONSTRUCTION

2.1 DEFINITIONS. Whenever used in the Agreement, the following terms

shall have the meanings set forth below and, when the meaning is intended, the initial letter of the word is capitalized.

- (a) "Base Salary" means the annualized salary at the beginning of each Year, which includes all regular basic wages, before reduction for any amounts deferred on a tax-qualified or nonqualified basis, payable in cash to an Executive for services rendered during the Year. Base Salary shall exclude bonuses, incentive compensation, special fees or awards, commissions, allowances, or any other form of premium or incentive pay, or amounts designated by Bancorp as payment toward or reimbursement of expenses.
- (b) "Beneficial Owner" shall have the meaning ascribed to such term in Rule 13d-3 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended (the "Exchange Act").
- (c) "Beneficiary" with respect to an Executive means the persons or entities designated or deemed designated by an Executive pursuant to Section 8.2 herein.
- (d) "Board" means the Board of Directors of Bancorp.
- (e) "Change in Control" of Bancorp means any one or more of the following occurrences:
 - (i) Any Person, including a "group" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, becomes the beneficial owner of shares of

Bancorp having 25% or more of the total number of votes that may be cast for the election of Directors of Bancorp; or
 - (ii) As the result of, or in connection with, any cash tender or exchange offer, merger or other business combination, sale of assets or contested election, or any combination of the foregoing transactions, the person who were Directors of Bancorp before the transaction shall cease to constitute a majority of the Board of Directors of Bancorp or any successor to Bancorp.
- (f) "Code" means the Internal Revenue Code of 1986, as amended.
- (g) "Bancorp" means Bancorp Hawaii, Inc., a Hawaii corporation, or any successor thereto that adopts the Agreement, as provided in Section 8.1 herein.
- (h) "Committee" means the Compensation Committee of the Board of Directors of Bancorp or any other committee appointed by the Board to administer this Agreement.
- (i) "Disability" means a physical or mental condition which renders an Executive unable to discharge his normal work responsibility with Bancorp or the Bank and which, in the opinion of licensed physician selected by the Executive, subject to reasonable approval by the Committee based upon sufficient medical evidence, can be reasonably expected to continue for a period of at least one full calendar year. If an Executive fails to select a physician within ten (10) business days of a written request made by Bancorp, then Bancorp may select a physician for purposes of this paragraph.
- (j) "Effective Date" means the date the Agreement is approved by the Board, or such other date as the Board shall designate in its resolution approving the Agreement, and as provided in Section 1.1 herein.
- (k) "Effective Date of Termination" means the date on which a voluntary employment termination or involuntary employment termination other than for Just Cause occurs within twenty-four (24) months of a Change

in Control which triggers Severance Benefits hereunder.

- (l) "ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, or any successor act thereto.
- (m) "Expiration Date" means the date the Agreement expires,

as provided in Section 1.2 herein.
- (n) "Just Cause" means a termination of an Executive's employment by Bancorp for which no Severance Benefits are payable hereunder, as provided in Article 4 herein.
- (o) "Normal Retirement" shall have the same meaning as under the Employee's Retirement Plan of the Bank of Hawaii, or any successor plan thereto.
- (p) "Person" shall have the meaning ascribed to such term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, including a "group" as defined in Section 13(d).
- (q) "Plan" means the Bancorp Hawaii, Inc. Key Executive Severance Plan, adopted April 27, 1983.
- (r) "Severance Benefit" means the payment of severance compensation as provided in Article 3 herein.
- (s) "Year" means the consecutive 12-month period beginning each January 1 and ending December 31.

2.2 GENDER AND NUMBER. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine, the plural shall include the singular, and the singular shall include the plural.

2.3 SEVERABILITY. In the event any provision of the Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Agreement, and the Agreement shall be construed and enforced as if the illegal or invalid provision had not been included.

2.4 MODIFICATION. No express provisions of this Agreement may be modified, waived, or discharged unless such modification, waiver, or discharge is agreed to by the Executive in writing and approved by the Compensation Committee of the Board of Directors.

2.5 APPLICABLE LAW. To the extent not preempted by the laws of the United States, the laws of the State of Hawaii shall be the controlling law in all matters relating to the Agreement.

ARTICLE 3. SEVERANCE BENEFITS

3.1 RIGHT TO SEVERANCE BENEFITS. The Executive shall be entitled to receive from Bancorp Severance Benefits as described in Section 3.2 herein, if there has been a Change in Control of Bancorp, as defined in Section 2.1(e) herein, and if, within twenty-four (24) months thereafter, the Executive voluntarily terminates employment or is involuntarily terminated without Just Cause with Bancorp. An Executive shall not be entitled to

receive Severance Benefits if the Executive's employment with Bancorp or Bank of Hawaii ends due to an involuntary termination by Bancorp for Just Cause, as provided under Article 4 herein.

3.2 DESCRIPTION OF SEVERANCE BENEFITS. In the event that an Executive becomes entitled to receive Severance Benefits, as provided in Section 3.1 herein, Bancorp shall pay to the Executive and provide him with the following:

- (a) An amount equal to three (3) times the Executive's highest annual Base

Salary earned during the three (3) complete fiscal years preceding the Effective Date of Termination; and

- (b) An amount equal to three (3) times the Executive's highest annual bonus earned under the One-Year Incentive Plan during the three (3) complete fiscal years prior to the Effective Date of Termination, or, if shorter, over the Executive's entire period of employment. However, if the Executive's period of employment is less than one year, the bonus shall be considered zero (0); and
- (c) An amount equal to three (3) times the Executive's highest annual incentive compensation earned under the Bank of Hawaii Profit Sharing Plan, the Sustained Profit Growth Plan, or any successor plans thereto over the three (3) complete fiscal years prior to the Effective Date of Termination, or, if shorter, over the Executive's entire period of employment. However, if the Executive's period of employment is less than one year, the average incentive compensation shall be considered zero (0); and
- (d) An amount equal to the excess of (i) the maximum payment the Executive would have received under the One-Year Incentive Plan if he had continued in the employment of Bancorp and The Bank through the end of the performance period following the Effective Date of Termination, and if The Bank had met its maximum performance goals as provided under the terms of the Plan and the maximum amount payable to the Executive had been paid, over (ii) the actual payout under the One-Year Incentive Plan resulting from the Executive's termination of employment; and
- (e) A payout under the Sustained Profit Growth Plan, in accordance with the terms of this Plan; and
- (f) A continuation of all welfare benefits at no direct cost to the Executive, including medical insurance, long-term disability, and group term life insurance for

three (3) full years from the Effective Date of Termination or until the Executive reaches his Normal Retirement Date, whichever occurs earlier.

3.3 REDUCTION OF SEVERANCE BENEFITS. In the event there are fewer than thirty-six (36) whole or partial months remaining from the Executive's Effective Date of Termination until the Executive's Normal Retirement Date, as defined under the Employee's Retirement Plan of Bank of Hawaii (the "Retirement Plan"), then the amounts provided for under Sections 3.2(a), (b), and (c) above shall be reduced by a fraction, the numerator of which shall be the number of whole or partial months remaining until the Executive's Normal Retirement Date, and the denominator of which shall be thirty-six (36).

3.4 SPECIAL RETIREMENT BENEFITS. The Executive shall receive special retirement benefits as provided below, so that the total retirement benefits that the Executive receives will equal the retirement benefits that the Executive would have received under the Retirement Plan had the Executive continued in the employ of Bancorp and the Bank for three (3) years following the Executive's Effective Date of Termination (or until his Normal Retirement Date, whichever is earlier). In addition to special retirement benefits, the Executive shall receive all other benefits he would have received had he continued in the employ of Bancorp and the Bank for three years following his employment termination (or until his Normal Retirement Date, whichever is earlier) including, without limitation, all ancillary benefits, such as early retirement and survivor rights and benefits available at retirement, including hospital, medical-surgical, major medical and group life insurance. The amount of special retirement benefits payable hereunder to the Executive or his beneficiaries shall equal the excess of the amount specified in (a) over that in (b) below:

- (a) The total retirement benefits on a single-life basis that would be

paid to the Executive if the three (3) years (or the period to his Normal Retirement date, if less) following the Executive's Effective Date of Termination are added to his credited service under the Retirement Plan.

- (b) The total retirement benefits actually paid on a single-life basis to the Executive under the Retirement Plan.

Such special retirement benefits shall be paid at the same time and in the same form (e.g., single life or contingent annuitant basis) as the Executive's retirement benefits under the Retirement Plan.

3.5 FRINGE BENEFITS. The Executive's participation in

fringe benefits prior to the Executive's Effective Date of Termination shall be continued, or equivalent benefits shall be provided, at no cost to the Executive, for a period of three (3) years from the Executive's Effective Date of Termination (or until he reaches his Normal Retirement Date, whichever occurs earlier).

3.6 RELOCATION BENEFITS. Should the Executive move his residence in order to pursue other business opportunities within two (2) years of Executive's Effective Date of Termination, he shall be reimbursed for any moving expenses (as defined in Section 217(b) of the Code) incurred in that relocation (including taxes, if any, payable on the reimbursement) which are not reimbursed by another employer. Benefits provided herein shall not exceed the assistance and benefits customarily provided by Bancorp to transferred employees prior to the Change in Control.

3.7 INCENTIVE COMPENSATION. Any deferred awards previously granted to the Executive under Bancorp's incentive compensation plans and not previously paid to the Executive shall immediately vest on the date of the Executive's Effective Date of Termination and shall be paid no later than ninety (90) calendar days following that date, and be included as compensation in the month paid.

3.8 STOCK OPTIONS AND SARS. Stock options ("options") and stock appreciation rights ("SARs"), if any, granted to the Executive by Bancorp will be exercisable pursuant to the terms of applicable plans.

ARTICLE 4. JUST CAUSE

4.1 JUST CASE. Nothing in this Agreement shall be construed to prevent Bancorp or the Bank from terminating an Executive's employment for Just Cause. In such case, no Severance Benefits shall be payable to the Executive under this Agreement.

Just Cause shall mean the criminal conviction of the Executive for an act of fraud, embezzlement, theft, or any other act constituting a felony.

The determination that the Executive's actions constitute Just Cause for termination shall be made by the Board, acting in good faith.

ARTICLE 5. FORM AND TIMING OF SEVERANCE BENEFITS

5.1 FORM AND TIMING OF SEVERANCE BENEFITS. The Severance Benefits described in Sections 3.4(a), (b), (c), (d), and 3.8 herein, shall be paid in cash to the Executive in a single lump sum as soon as practicable following the Executive's Effective Date of Termination, but in no event beyond ninety (90) calendar

days from such date.

The Severance Benefits described in Section 3.2(f) and 3.5 herein shall be provided by Bancorp to the Executive immediately upon the Executive's Effective Date of Termination and shall continue to be provided for three (3) full calendar years from the Executive's Effective Date of Termination or until the Executive reaches his Normal Retirement Date, whichever occurs earlier.

5.2 WITHHOLDING OF TAXES. Bancorp shall withhold from any amounts payable under this Agreement all Federal, state, city, or other taxes as legally shall be required.

ARTICLE 6. PARACHUTE PAYMENTS

6.1 EXCISE TAX CAP. In the event that a Change in Control of Bancorp shall occur and a determination is made by Bancorp, pursuant to Sections 280G and 4999 of the Code (and corresponding state law provisions) that a golden parachute excise tax is due, the Executive's Severance Benefits under this Plan shall be grossed up for the amount equal to and only equal to the amount necessary to pay the excise tax.

6.2 SUBSEQUENT RECALCULATION. In the event the Internal Revenue Service adjusts the excise tax computation of Bancorp, as provided in Section 6.1 herein, such that the Executive is liable for the payment of a greater excise tax under Sections 280G and 4999 of the Code, or such that the Executive does not receive the full benefit that he would have received, Bancorp shall reimburse the Executive for the full amount necessary to make the Executive whole (less any amounts received by the Executive that he would not have received had the computation initially been computed as subsequently adjusted), including the value of the excise tax and all corresponding interest and penalties due to the Internal Revenue Service.

ARTICLE 7. OTHER RIGHTS AND BENEFITS NOT AFFECTED

7.1 OTHER BENEFITS. Neither the provisions of this Agreement nor the Severance Benefits provided for hereunder shall reduce any amounts otherwise payable, or in any way diminish the Executive's rights as an employee of Bancorp, whether existing now or hereafter, under any benefit, incentive, retirement, stock option, stock bonus, stock purchase plan, or any employment agreement, or other plan or arrangement.

7.2 EMPLOYMENT STATUS. This Agreement does not constitute a contract of employment or impose on the Executive or Bancorp any obligation to retain the Executive as an employee, to change the status of the Executive's employment, or to change Bancorp's policies regarding termination of employment.

ARTICLE 8. SUCCESSORS

8.1 SUCCESSORS. Bancorp will require any successor (whether direct or indirect, by purchase, merger, consolidation, or otherwise) of all or substantially all of the business and/or assets of Bancorp or of any division or subsidiary thereof to expressly assume and agree to perform this Agreement in the same manner and to the same extent that Bancorp would be required to perform it if no such succession had taken place. Failure of Bancorp to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle the Executive to compensation from Bancorp in the same amount and on the same terms as they would be entitled hereunder if terminated voluntarily following a Change in Control. Except for the purposes of implementing the foregoing, the date on which any succession becomes effective shall be deemed the Effective Date of Termination.

This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees, and legatees. If an Executive should die while any amount would still be payable to him hereunder had he continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement, to the Executive's devisee, legatee, or other designee, or if there is no such designee, to the Executive's estate.

8.2 BENEFICIARIES. The beneficiary of each Executive under the Retirement Plan shall be the beneficiary of the Executive's benefits under this Agreement, unless a beneficiary is otherwise designated by the Executive in the form of a signed writing acceptable to the Committee. An Executive may make or change such designation at any time.

ARTICLE 9. ADMINISTRATION

9.1 ADMINISTRATION. This Agreement shall be administered by the Compensation Committee of the Board of Directors. The Committee is authorized to interpret this Agreement, to prescribe and rescind rules and regulations, to provide conditions and assurances deemed necessary and advisable, to protect the interests of Bancorp, and to make all other determinations necessary or advisable for the Agreement's administration.

In fulfilling its administrative duties hereunder, the Committee may rely on outside counsel, independent accountants, or other consultants to render advice or assistance.

9.2 INDEMNIFICATION AND EXCULPATION. The members of the Board, its agents and officers, directors, and employees of Bancorp and its affiliates shall be indemnified and held harmless by Bancorp against and from any and all loss, cost, liability, or expense that may be imposed upon or reasonably incurred by them in connection with or resulting from any claim, action, suit, or

proceeding to which they may be a party or in which they may be involved by reason of any action taken or failure to act under this Agreement and against and from any and all amounts paid by them in settlement (with Bancorp's written approval) or paid by them in satisfaction of a judgment in any such action, suit, or proceeding. The foregoing provision shall not be applicable to any person if the loss, cost, liability, or expense is due to such person's gross negligence or willful misconduct.

ARTICLE 10. LEGAL FEES AND ARBITRATION

10.1 LEGAL FEES AND EXPENSES. Bancorp shall pay all reasonable legal fees, costs of litigation, and other expenses incurred in good faith by the Executive as a result of Bancorp's refusal to provide the Severance Benefits to which the Executive becomes entitled under this Agreement, or as a result of Bancorp's contesting the validity, enforceability, or interpretation of the Agreement. Provided, however, that such payments shall not exceed the amount permitted by law and Bancorp's Restated Articles of Incorporation.

IN WITNESS WHEREOF, Bancorp has caused this Agreement to be executed by a resolution of the Board of Directors, as of the day and year first above written.

Bancorp Hawaii, Inc.

By: _____

Its: _____

By: _____

Executive

ATTEST:

BANCORP HAWAII, INC.
FORM OF KEY EXECUTIVE
CHANGE-IN-CONTROL SEVERANCE AGREEMENT
OCTOBER 1994

ARTICLE 1. ESTABLISHMENT AND PURPOSE

1.1 EFFECTIVE DATE. This Executive Change-in-Control Severance Agreement (the "Agreement") is made and entered into pursuant to Bancorp's Key Executive Severance Plan (the "Plan"), and is effective as of this _____ day of _____, 1994 (the "Effective Date"), by and between Bancorp Hawaii, Inc. ("Bancorp"), a Hawaii corporation, and _____, an executive (the "Executive") of Bancorp and its subsidiary, Bank of Hawaii (the "Bank"). This Agreement shall supersede and replace any prior severance agreement entered into between Bancorp and the Executive.

1.2 TERM OF THE AGREEMENT. The Agreement shall commence as of the Effective Date written above, and shall continue until the Board of Directors of Bancorp (the "Board") determines, in good faith and in its sole discretion, that the Executive is no longer to be included in the Plan and so notifies in writing the Executive during the term of this Agreement of such determination.

Provided, however, in the event that a Change in Control of Bancorp, as defined in Section 2.1 herein, occurs during the term of this Agreement, this Agreement shall remain irrevocably in effect for the greater of twenty-four (24) months from the date of such Change in Control, or until all benefits have been paid to the Executive hereunder.

Further, in the event that the Board has knowledge that a third party has taken steps reasonably calculated to effect a Change in Control of Bancorp, including, but not limited to the commencement of a tender offer for the voting stock of Bancorp, or the circulation of a proxy to Bancorp's shareholders, then this Agreement shall remain irrevocably in effect until the Board, in good faith, determines that such third party has fully abandoned or terminated its effort to effect a Change in Control of Bancorp.

1.3 PURPOSE OF THE AGREEMENT. The purpose of this Agreement pursuant to the Plan, is to advance the interests of Bancorp and the Bank by assuring that Bancorp and the Bank will have the continued employment and dedication of the Executive and the availability of his advice and counsel in the event that an acquisition or Change in Control of Bancorp occurs. This Agreement shall also assure the Executive of equitable treatment during the period of uncertainty that surrounds an acquisition or Change in Control, and allow the Executive to act at all times in

the best interests of Bancorp and its shareholders.

1.4 CONTRACTUAL RIGHT TO BENEFITS. This Agreement establishes and vests in the Executive a contractual right to the benefits which he or she is entitled hereunder, enforceable by the Executive against Bancorp. However, nothing herein shall require Bancorp to segregate, earmark, or otherwise set aside any funds or other assets to provide for any payments hereunder.

This Agreement shall be considered an unfunded agreement to provide benefits to a select group of management or highly compensated employees and is therefore intended to be a "top-hat" plan exempt from the requirements of the provisions of Parts 2, 3, and 4 of Title I of ERISA.

DEFINITIONS AND CONSTRUCTION

2.1 DEFINITIONS. Whenever used in the Agreement, the following terms shall have the meanings set forth below and, when the meaning is intended, the initial letter of the word is capitalized.

- (a) "Base Salary" means the annualized salary at the beginning of each Year, which includes all regular basic wages, before reduction for any amounts deferred on a tax-qualified or nonqualified basis, payable in cash to an Executive for services rendered during the Year. Base Salary shall exclude bonuses, incentive compensation, special fees or awards, commissions, allowances, or any other form of premium or incentive pay, or amounts designated by Bancorp as payment toward or reimbursement of expenses.
- (b) "Beneficial Owner" shall have the meaning ascribed to such term in Rule 13d-3 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended (the "Exchange Act").
- (c) "Beneficiary" with respect to an Executive means the persons or entities designated or deemed designated by an Executive pursuant to Section 8.2 herein.
- (d) "Board" means the Board of Directors of Bancorp.
- (e) "Change in Control" of Bancorp means any one or more of the following occurrences:
 - (i) Any Person, including a "group" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, becomes the beneficial owner of shares of Bancorp having 25% or more of the total number of votes that may be cast for the election of

Directors of Bancorp; or
 - (ii) As the result of, or in connection with, any cash tender or exchange offer, merger or other business combination, sale of assets or contested election, or any combination of the foregoing transactions, the person who were Directors of Bancorp before the transaction shall cease to constitute a majority of the Board of Directors of Bancorp or any successor to Bancorp.
- (f) "Code" means the Internal Revenue Code of 1986, as amended.
- (g) "Bancorp" means Bancorp Hawaii, Inc., a Hawaii corporation, or any successor thereto that adopts the Agreement, as provided in Section 8.1 herein.
- (h) "Committee" means the Compensation Committee of the Board of Directors of Bancorp or any other committee appointed by the Board to administer this Agreement.
- (i) "Disability" means a physical or mental condition which renders an Executive unable to discharge his normal work responsibility with Bancorp or the Bank and which, in the opinion of licensed physician selected by the Executive, subject to reasonable approval by the Committee based upon sufficient medical evidence, can be reasonably expected to continue for a period of at least one full calendar year. If an Executive fails to select a physician within ten (10) business days of a written request made by Bancorp, then Bancorp may select a physician for purposes of this paragraph.
- (j) "Effective Date" means the date the Agreement is approved by the Board, or such other date as the Board shall designate in its resolution approving the Agreement, and as provided in Section 1.1 herein.
- (k) "Effective Date of Termination" means the date on which a voluntary employment termination or involuntary employment termination other than for Just Cause occurs within twenty-four (24) months of a Change in Control which triggers Severance Benefits hereunder.

- (l) "ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, or any successor act thereto.
- (m) "Expiration Date" means the date the Agreement expires, as provided in Section 1.2 herein.
- (n) "Just Cause" means a termination of an Executive's employment by Bancorp for which no Severance Benefits are payable hereunder, as provided in Article 4 herein.
- (o) "Normal Retirement" shall have the same meaning as under the Employee's Retirement Plan of the Bank of Hawaii, or any successor Plan thereto.
- (p) "Person" shall have the meaning ascribed to such term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, including a "group" as defined in Section 13(d).
- (q) "Plan" means the Bancorp Hawaii, Inc. Key Executive Severance Plan, adopted April 27, 1983.
- (r) "Severance Benefit" means the payment of severance compensation as provided in Article 3 herein.
- (s) "Year" means the consecutive 12-month period beginning each January 1 and ending December 31.

2.2 GENDER AND NUMBER. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine, the plural shall include the singular, and the singular shall include the plural.

2.3 SEVERABILITY. In the event any provision of the Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Agreement, and the Agreement shall be construed and enforced as if the illegal or invalid provision had not been included.

2.4 MODIFICATION. No express provisions of this Agreement may be modified, waived, or discharged unless such modification, waiver, or discharge is agreed to by the Executive in writing and approved by the Compensation Committee of the Board of Directors.

2.5 APPLICABLE LAW. To the extent not preempted by the laws of the United States, the laws of the State of Hawaii shall be the controlling law in all matters relating to the Agreement.

ARTICLE 3. SEVERANCE BENEFITS

3.1 RIGHT TO SEVERANCE BENEFITS. The Executive shall be entitled to receive from Bancorp Severance Benefits as described in Section 3.2 herein, if there has been a Change in Control of Bancorp, as defined in Section 2.1(e) herein, and if, within twenty-four (24) months thereafter, the Executive voluntarily terminates employment or is involuntarily terminated without Just Cause with Bancorp. An Executive shall not be entitled to receive Severance Benefits if the Executive's employment with Bancorp or Bank of Hawaii ends due to an involuntary termination

by Bancorp for Just Cause, as provided under Article 4 herein.

3.2 DESCRIPTION OF SEVERANCE BENEFITS. In the event that an Executive becomes entitled to receive Severance Benefits, as provided in Section 3.1 herein, Bancorp shall pay to the Executive and provide him with the following:

- (a) An amount equal to three (3) times the Executive's highest annual Base Salary earned during the three (3) complete fiscal years preceding the Effective Date of Termination; and

- (b) An amount equal to three (3) times the Executive's highest annual bonus earned under the One-Year Incentive Plan during the three (3) complete fiscal years prior to the Effective Date of Termination, or, if shorter, over the Executive's entire period of employment. However, if the Executive's period of employment is less than one year, the bonus shall be considered zero (0); and
- (c) An amount equal to three (3) times the Executive's highest annual incentive compensation earned under the Bank of Hawaii Profit Sharing Plan, the Sustained Profit Growth Plan, or any successor plans thereto over the three (3) complete fiscal years prior to the Effective Date of Termination, or, if shorter, over the Executive's entire period of employment. However, if the Executive's period of employment is less than one year, the average incentive compensation shall be considered zero (0); and
- (d) An amount equal to the excess of (i) the maximum payment the Executive would have received under the One-Year Incentive Plan if he had continued in the employment of Bancorp and The Bank through the end of the performance period following the Effective Date of Termination, and if The Bank had met its maximum performance goals as provided under the terms of the Plan and the maximum amount payable to the Executive had been paid, over (ii) the actual payout under the One-Year Incentive Plan resulting from the Executive's termination of employment; and
- (e) A payout under the Sustained Profit Growth Plan, in accordance with the terms of this Plan; and
- (f) A continuation of all welfare benefits at no direct cost to the Executive, including medical insurance, long-term disability, and group term life insurance for three (3) full years from the Effective Date of Termination or until the Executive reaches his Normal

Retirement Date, whichever occurs earlier.

3.3 REDUCTION OF SEVERANCE BENEFITS. In the event there are fewer than thirty-six (36) whole or partial months remaining from the Executive's Effective Date of Termination until the Executive's Normal Retirement Date, as defined under the Employee's Retirement Plan of Bank of Hawaii (the "Retirement Plan"), then the amounts provided for under Sections 3.2(a), (b), and (c) above shall be reduced by a fraction, the numerator of which shall be the number of whole or partial months remaining until the Executive's Normal Retirement Date, and the denominator of which shall be thirty-six (36).

3.4 SPECIAL RETIREMENT BENEFITS. The Executive shall receive special retirement benefits as provided below, so that the total retirement benefits that the Executive receives will equal the retirement benefits that the Executive would have received under the Retirement Plan had the Executive continued in the employ of Bancorp and the Bank for three (3) years following the Executive's Effective Date of Termination (or until his Normal Retirement Date, whichever is earlier). In addition to special retirement benefits, the Executive shall receive all other benefits he would have received had he continued in the employ of Bancorp and the Bank for three years following his employment termination (or until his Normal Retirement Date, whichever is earlier) including, without limitation, all ancillary benefits, such as early retirement and survivor rights and benefits available at retirement, including hospital, medical-surgical, major medical and group life insurance. The amount of special retirement benefits payable hereunder to the Executive or his beneficiaries shall equal the excess of the amount specified in (a) over that in (b) below:

- (a) The total retirement benefits on a single-life basis that would be paid to the Executive if the three (3) years (or the period to his Normal Retirement date, if less) following the Executive's Effective Date of Termination are added to his credited service under the Retirement Plan.

(b) The total retirement benefits actually paid on a single-life basis to the Executive under the Retirement Plan.

Such special retirement benefits shall be paid at the same time and in the same form (e.g., single life or contingent annuitant basis) as the Executive's retirement benefits under the Retirement Plan.

3.5 FRINGE BENEFITS. The Executive's participation in fringe benefits prior to the Executive's Effective Date of Termination shall be continued, or equivalent benefits shall be

provided, at no cost to the Executive, for a period of three (3) years from the Executive's Effective Date of Termination (or until he reaches his Normal Retirement Date, whichever occurs earlier).

3.6 RELOCATION BENEFITS. Should the Executive move his residence in order to pursue other business opportunities within two (2) years of Executive's Effective Date of Termination, he shall be reimbursed for any moving expenses (as defined in Section 217(b) of the Code) incurred in that relocation (including taxes, if any, payable on the reimbursement) which are not reimbursed by another employer. Benefits provided herein shall not exceed the assistance and benefits customarily provided by Bancorp to transferred employees prior to the Change in Control.

3.7 INCENTIVE COMPENSATION. Any deferred awards previously granted to the Executive under Bancorp's incentive compensation plans and not previously paid to the Executive shall immediately vest on the date of the Executive's Effective Date of Termination and shall be paid no later than ninety (90) calendar days following that date, and be included as compensation in the month paid.

3.8 STOCK OPTIONS AND SARS. Stock options ("options") and stock appreciation rights ("SARs"), if any, granted to the Executive by Bancorp will be exercisable pursuant to the terms of applicable plans.

ARTICLE 4. JUST CAUSE

4.1 JUST CASE. Nothing in this Agreement shall be construed to prevent Bancorp or the Bank from terminating an Executive's employment for Just Cause. In such case, no Severance Benefits shall be payable to the Executive under this Agreement.

Just Cause shall mean the criminal conviction of the Executive for an act of fraud, embezzlement, theft, or any other act constituting a felony.

The determination that the Executive's actions constitute Just Cause for termination shall be made by the Board, acting in good faith.

ARTICLE 5. FORM AND TIMING OF SEVERANCE BENEFITS

5.1 FORM AND TIMING OF SEVERANCE BENEFITS. The Severance Benefits described in Sections 3.4(a), (b), (c), (d), and 3.8 herein, shall be paid in cash to the Executive in a single lump sum as soon as practicable following the Executive's Effective Date of Termination, but in no event beyond ninety (90) calendar days from such date.

The Severance Benefits described in Section 3.2(f) and 3.5 herein shall be provided by Bancorp to the Executive immediately upon the Executive's Effective Date of Termination and shall continue to be provided for three (3) full calendar years from the Executive's Effective Date of Termination or until the Executive reaches his Normal Retirement Date, whichever occurs earlier.

5.2 WITHHOLDING OF TAXES. Bancorp shall withhold from any amounts payable under this Agreement all Federal, state, city, or other taxes as legally shall be required.

ARTICLE 6. PARACHUTE PAYMENTS

6.1 EXCISE TAX CAP. In the event that a Change in Control of Bancorp

shall occur and a determination is made by Bancorp, pursuant to Sections 280G and 4999 of the Code (and corresponding state law provisions) that a golden parachute excise tax is due, the Executive's Severance Benefits under this Plan shall be grossed up for the amount equal to and only equal to the amount necessary to pay the excise tax.

6.2 SUBSEQUENT RECALCULATION. In the event the Internal Revenue Service adjusts the excise tax computation of Bancorp, as provided in Section 6.1 herein, such that the Executive is liable for the payment of a greater excise tax under Sections 280G and 4999 of the Code, or such that the Executive does not receive the full benefit that he would have received, Bancorp shall reimburse the Executive for the full amount necessary to make the Executive whole (less any amounts received by the Executive that he would not have received had the computation initially been computed as subsequently adjusted), including the value of the excise tax and all corresponding interest and penalties due to the Internal Revenue Service.

ARTICLE 7. OTHER RIGHTS AND BENEFITS NOT AFFECTED

7.1 OTHER BENEFITS. Neither the provisions of this Agreement nor the Severance Benefits provided for hereunder shall reduce any amounts otherwise payable, or in any way diminish the Executive's rights as an employee of Bancorp, whether existing now or hereafter, under any benefit, incentive, retirement, stock option, stock bonus, stock purchase plan, or any employment agreement, or other plan or arrangement.

7.2 EMPLOYMENT STATUS. This Agreement does not constitute a contract of employment or impose on the Executive or Bancorp any obligation to retain the Executive as an employee, to change the status of the Executive's employment, or to change Bancorp's policies regarding termination of employment.

ARTICLE 8. SUCCESSORS

8.1 SUCCESSORS. Bancorp will require any successor (whether direct or indirect, by purchase, merger, consolidation,

or otherwise) of all or substantially all of the business and/or assets of Bancorp or of any division or subsidiary thereof to expressly assume and agree to perform this Agreement in the same manner and to the same extent that Bancorp would be required to perform it if no such succession had taken place. Failure of Bancorp to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle the Executive to compensation from Bancorp in the same amount and on the same terms as they would be entitled hereunder if terminated voluntarily following a Change in Control. Except for the purposes of implementing the foregoing, the date on which any succession becomes effective shall be deemed the Effective Date of Termination.

This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees, and legatees. If an Executive should die while any amount would still be payable to him hereunder had he continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement, to the Executive's devisee, legatee, or other designee, or if there is no such designee, to the Executive's estate.

8.2 BENEFICIARIES. The beneficiary of each Executive under the Retirement Plan shall be the beneficiary of the Executive's benefits under this Agreement, unless a beneficiary is otherwise designated by the Executive in the form of a signed writing acceptable to the Committee. An Executive may make or change such designation at any time.

ARTICLE 9. ADMINISTRATION

9.1 ADMINISTRATION. This Agreement shall be administered by the Compensation Committee of the Board of Directors. The Committee is authorized to interpret this Agreement, to prescribe and rescind rules and regulations, to provide conditions and assurances deemed necessary and advisable, to protect the interests of Bancorp, and to make all other determinations necessary or

advisable for the Agreement's administration.

In fulfilling its administrative duties hereunder, the Committee may rely on outside counsel, independent accountants, or other consultants to render advice or assistance.

9.2 INDEMNIFICATION AND EXCULPATION. The members of the Board, its agents and officers, directors, and employees of Bancorp and its affiliates shall be indemnified and held harmless by Bancorp against and from any and all loss, cost, liability, or expense that may be imposed upon or reasonably incurred by them in connection with or resulting from any claim, action, suit, or proceeding to which they may be a party or in which they may be involved by reason of any action taken or failure to act under

this Agreement and against and from any and all amounts paid by them in settlement (with Bancorp's written approval) or paid by them in satisfaction of a judgment in any such action, suit, or proceeding. The foregoing provision shall not be applicable to any person if the loss, cost, liability, or expense is due to such person's gross negligence or willful misconduct.

ARTICLE 10. LEGAL FEES AND ARBITRATION

10.1 LEGAL FEES AND EXPENSES. Bancorp shall pay all reasonable legal fees, costs of litigation, and other expenses incurred in good faith by the Executive as a result of Bancorp's refusal to provide the Severance Benefits to which the Executive becomes entitled under this Agreement, or as a result of Bancorp's contesting the validity, enforceability, or interpretation of the Agreement. Provided, however, that such payments shall not exceed the amount permitted by law and Bancorp's Restated Articles of Incorporation.

IN WITNESS WHEREOF, Bancorp has caused this Agreement to be executed by a resolution of the Board of Directors, as of the day and year first above written.

Bancorp Hawaii, Inc.

By: _____

Its: _____

By: _____

Executive

ATTEST:

BANCORP HAWAII, INC.
FORM OF EXECUTIVE CHANGE-IN-CONTROL SEVERANCE AGREEMENT
OCTOBER 1994

ARTICLE 1. ESTABLISHMENT AND PURPOSE

1.1 EFFECTIVE DATE. This Executive Change-in-Control Severance Agreement (the "Agreement") is made and entered into pursuant to Bancorp's Key Executive Severance Plan (the "Plan"), and is effective as of this _____ day of _____, 1994 (the "Effective Date"), by and between Bancorp Hawaii, Inc. ("Bancorp"), a Hawaii corporation, and _____, an executive (the "Executive") of Bancorp and its subsidiary, Bank of Hawaii (the "Bank"). This Agreement shall supersede and replace any prior severance agreement entered into between Bancorp and the Executive.

1.2 TERM OF THE AGREEMENT. The Agreement shall commence as of the Effective Date written above, and shall continue until the Board of Directors of Bancorp (the "Board") determines, in good faith and in its sole discretion, that the Executive is no longer to be included in the Plan and so notifies in writing the Executive during the term of this Agreement of such determination.

Provided, however, in the event that a Change in Control of Bancorp, as defined in Section 2.1 herein, occurs during the term of this Agreement, this Agreement shall remain irrevocably in effect for the greater of twenty-four (24) months from the date of such Change in Control, or until all benefits have been paid to the Executive hereunder.

Further, in the event that the Board has knowledge that a third party has taken steps reasonably calculated to effect a Change in Control of Bancorp, including, but not limited to the commencement of a tender offer for the voting stock of Bancorp, or the circulation of a proxy to Bancorp's shareholders, then this Agreement shall remain irrevocably in effect until the Board, in good faith, determines that such third party has fully abandoned or terminated its effort to effect a Change in Control of Bancorp.

1.3 PURPOSE OF THE AGREEMENT. The purpose of this Agreement pursuant to the Plan, is to advance the interests of Bancorp and the Bank by assuring that Bancorp and the Bank will have the continued employment and dedication of the Executive and the availability of his advice and counsel in the event that an acquisition or Change in Control of Bancorp occurs. This Agreement shall also assure the Executive of equitable treatment during the period of uncertainty that surrounds an acquisition or Change in Control, and allow the Executive to act at all times in the best interests of Bancorp and its shareholders.

1.4 CONTRACTUAL RIGHT TO BENEFITS. This Agreement establishes and vests in the Executive a contractual right to the benefits which he or she is entitled hereunder, enforceable by the Executive against Bancorp. However, nothing herein shall require Bancorp to segregate, earmark, or otherwise set aside any funds or other assets to provide for any payments hereunder.

This Agreement shall be considered an unfunded agreement to provide benefits to a select group of management or highly compensated employees and is therefore intended to be a "top-hat" plan exempt from the requirements of the provisions of Parts 2, 3, and 4 of Title I of ERISA.

DEFINITIONS AND CONSTRUCTION

2.1 DEFINITIONS. Whenever used in the Agreement, the following terms shall have the meanings set forth below and, when the meaning is intended, the initial letter of the word is capitalized.

- (a) "Base Salary" means the annualized salary at the beginning of each Year, which includes all regular basic wages, before reduction for any

amounts deferred on a tax-qualified or nonqualified basis, payable in cash to an Executive for services rendered during the Year. Base Salary shall exclude bonuses, incentive compensation, special fees or awards, commissions, allowances, or any other form of premium or incentive pay, or amounts designated by Bancorp as payment toward or reimbursement of expenses.

- (b) "Beneficial Owner" shall have the meaning ascribed to such term in Rule 13d-3 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended (the "Exchange Act").
- (c) "Beneficiary" with respect to an Executive means the persons or entities designated or deemed designated by an Executive pursuant to Section 8.2 herein.
- (d) "Board" means the Board of Directors of Bancorp.
- (e) "Change in Control" of Bancorp means any one or more of the following occurrences:
 - (i) Any Person, including a "group" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, becomes the beneficial owner of shares of Bancorp having 25% or more of the total number of votes that may be cast for the election of Directors of Bancorp; or
 - (ii) As the result of, or in connection with, any cash tender or exchange offer, merger or other business combination, sale of assets or contested election, or any combination of the foregoing transactions, the person who were Directors of Bancorp before the transaction shall cease to constitute a majority of the Board of Directors of Bancorp or any successor to Bancorp.
- (f) "Code" means the Internal Revenue Code of 1986, as amended.
- (g) "Bancorp" means Bancorp Hawaii, Inc., a Hawaii corporation, or any successor thereto that adopts the Agreement, as provided in Section 8.1 herein.
- (h) "Committee" means the Compensation Committee of the Board of Directors of Bancorp or any other committee appointed by the Board to administer this Agreement.
- (i) "Disability" means a physical or mental condition which renders an Executive unable to discharge his normal work responsibility with Bancorp or the Bank and which, in the opinion of licensed physician selected by the Executive, subject to reasonable approval by the Committee based upon sufficient medical evidence, can be reasonably expected to continue for a period of at least one full calendar year. If an Executive fails to select a physician within ten (10) business days of a written request made by Bancorp, then Bancorp may select a physician for purposes of this paragraph.
- (j) "Effective Date" means the date the Agreement is approved by the Board, or such other date as the Board shall designate in its resolution approving the Agreement, and as provided in Section 1.1 herein.
- (k) "Effective Date of Termination" means the date on which a qualifying employment termination occurs.
- (l) "ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, or any successor act thereto.
- (m) "Expiration Date" means the date the Agreement expires, as provided in Section 1.2 herein.

(n) "Just Cause" means a termination of an Executive's employment by Bancorp for which no Severance Benefits are payable hereunder, as provided in Article 4 herein.

(o) "Normal Retirement" shall have the same meaning as

under the Employee's Retirement Plan of the Bank of Hawaii, or any successor plan thereto.

(p) "Person" shall have the meaning ascribed to such term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, including a "group" as defined in Section 13(d).

(q) "Plan" means the Bancorp Hawaii, Inc. Key Executive Severance Plan, adopted April 27, 1983.

(r) "Severance Benefit" means the payment of severance compensation as provided in Article 3 herein.

(s) "Year" means the consecutive 12-month period beginning each January 1 and ending December 31.

2.2 GENDER AND NUMBER. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine, the plural shall include the singular, and the singular shall include the plural.

2.3 SEVERABILITY. In the event any provision of the Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Agreement, and the Agreement shall be construed and enforced as if the illegal or invalid provision had not been included.

2.4 MODIFICATION. No express provisions of this Agreement may be modified, waived, or discharged unless such modification, waiver, or discharge is agreed to by the Executive in writing and approved by the Compensation Committee of the Board of Directors.

2.5 APPLICABLE LAW. To the extent not preempted by the laws of the United States, the laws of the State of Hawaii shall be the controlling law in all matters relating to the Agreement.

ARTICLE 3. SEVERANCE BENEFITS

3.1 RIGHT TO SEVERANCE BENEFITS. The Executive shall be entitled to receive from Bancorp Severance Benefits as described in Section 3.4 herein, if there has been a Change in Control of Bancorp, as defined in Section 2.1(e) herein, and if, within twenty-four (24) months thereafter, the Executive's employment with Bancorp shall end for any reason specified in Section 3.2 herein as being a Qualifying Termination. An Executive shall not be entitled to receive Severance Benefits if the Executive's employment with Bancorp ends due to an involuntary termination by Bancorp or Bank of Hawaii for Just Cause, as provided under Article 4 herein, or if the Executive's employment terminates due to death, Disability, or voluntary Normal Retirement.

3.2 QUALIFYING TERMINATION. The occurrence of any one or

more of the following events within twenty-four (24) calendar months after a Change in Control of Bancorp shall trigger the payment of Severance Benefits to the Executive, as provided under Section 3.4 herein:

- (a) Bancorp's or the Bank's involuntary termination of the Executive's employment without Just Cause;
- (b) The Executive's voluntary employment termination for Good Reason, as defined by Section 3.3 herein;
- (c) A successor company fails or refuses to assume Bancorp's

obligations under this Agreement in their entirety, as required by Article 8 herein; or

- (d) Bancorp, or any successor company, commits a material breach of any of the provisions of this Agreement.

3.3 DEFINITION OF GOOD REASON. "Good Reason" means, without the Executive's express written consent, the occurrence after a Change in Control of Bancorp of any one or more of the following:

- (i) The assignment of the Executive to duties materially inconsistent with the Executive's authorities, duties, responsibilities, and status (including offices, titles, and reporting requirements) as an executive and/or officer of Bancorp or the Bank, or a material reduction of the Executive's authorities, duties, or responsibilities from those in effect as of ninety (90) days prior to the Change in Control, other than an act that is remedied by Bancorp or the Bank promptly after receipt of notice thereof given by the Executive;
- (ii) Bancorp or the Bank requiring the Executive to be based at a location in excess of twenty-five (25) miles from the location of the Executive's principal job location or office immediately prior to the Change in Control; except for required travel on Bank business to an extent substantially consistent with the Executive's then present business travel obligations;
- (iii) A reduction by Bancorp or the Bank of the Executive's annual rate of Base Salary in effect as of ninety (90) days prior to the Change in Control;
- (iv) The failure of Bancorp or the Bank to continue in effect any of Bancorp's or the Bank's annual and long-term incentive compensation plans, or employee benefit or retirement plans, policies, practices, or other compensation arrangements in which the Executive participates unless such failure to continue the plan, policy, practice, or arrangement pertains to all plan participants generally; or the failure by Bancorp or the Bank to continue the Executive's participation therein on substantially the same basis, both in terms of the amount of benefits provided and the level of the Executive's participation relative to other participants and commensurate with the Executive's responsibility and duties; and
- (v) The failure of Bancorp or the Bank to obtain a satisfactory agreement from any successor to Bancorp to assume and agree to perform Bancorp's obligations under this Agreement, as contemplated in Article 8 herein.

3.4 DESCRIPTION OF SEVERANCE BENEFITS. In the event that an Executive becomes entitled to receive Severance Benefits, as provided in Section 3.1 herein, Bancorp shall pay to the Executive and provide him with the following:

- (a) An amount equal to two (2) times the Executive's annual rate of Base Salary in effect upon the Effective Date of Termination; and
- (b) An amount equal to two (2) times the Executive's target bonus under the One-Year Incentive Plan for the fiscal year prior to the Effective Date of Termination. However, if the Executive's period of employment is less than one year, the bonus shall be considered zero (0); and
- (c) A payout under the One-Year Incentive Plan, in accordance with the terms of this Plan; and
- (d) A payout under the Sustained Profit Growth Plan, in accordance with the terms of this plan; and

- (e) A continuation of all welfare benefits at normal employee cost including medical insurance, long-term disability, and group term life insurance for two (2) full years from the Effective Date of Termination or until the Executive reaches his Normal Retirement date, whichever occurs earlier. However, these benefits will be discontinued prior to the end of the two (2) years in the event the

Executive receives substantially similar benefits from a subsequent employer, as determined by the Compensation Committee.

3.5 REDUCTION OF SEVERANCE BENEFITS. In the event there are fewer than twenty-four (24) whole or partial months remaining from the Executive's Effective Date of Termination until the Executive's Normal Retirement date, as defined under the Employee's Retirement Plan of Bank of Hawaii (the "Retirement Plan"), then the amounts provided for under Sections 3.4(a), (b), (c), and (d) above shall be reduced by a fraction, the numerator of which shall be the number of whole or partial months remaining until the Executive's Normal Retirement date, and the denominator of which shall be twenty-four (24).

3.6 SPECIAL RETIREMENT BENEFITS. The Executive shall receive special retirement benefits as provided below, so that the total retirement benefits that the Executive receives will equal the retirement benefits that the Executive would have received had the Executive continued in the employ of Bancorp and the Bank of two (2) years following the Executive's Effective Date of Termination (or until his Normal Retirement date, whichever is earlier) but without regard to any ancillary benefits. The amount of special retirement benefits payable hereunder to the Executive or his beneficiaries shall equal the excess of the amount specified in (a) over that in (b) below:

- (a) The total retirement benefits on a single-life basis that would be paid to the Executive if the two (2) years (or the period to his Normal Retirement date, if less) following the Executive's Effective Date of Termination are added to his credited service under the Retirement Plan.
- (b) The total retirement benefits actually paid on a single-life basis to the Executive under the Retirement Plan.

Such special retirement benefits shall be paid at the same time and in the same form (e.g., single life or contingent annuitant basis) as the Executive's retirement benefits under the Retirement Plan.

3.7 OUTPLACEMENT SERVICES. The Executive shall be entitled, at the expense of Bancorp, to receive standard outplacement services from a nationally recognized outplacement firm as selected by the Executive, for a period of up to twenty-four (24) months from the Effective Date of Termination. However, such services shall not exceed a maximum annual benefit of ten percent (10%) of the Executive's annual rate of Base Salary as of the Effective Date of Termination.

3.8 INCENTIVE COMPENSATION. Any deferred awards previously granted to the Executive under Bancorp's incentive compensation plans and not previously paid to the Executive shall immediately vest on the date of the Executive's Effective Date of Termination and shall be paid no later than ninety (90) calendar days following that date, and be included as compensation in the month paid.

3.9 STOCK OPTIONS AND SARS. Stock options ("options") and stock appreciation rights ("SARs"), if any, granted to the Executive by Bancorp will be exercisable pursuant to the terms of the applicable plans.

ARTICLE 4. JUST CAUSE

Nothing in this Agreement shall be construed to prevent Bancorp or the Bank from terminating an Executive's employment for Just Cause. In such case, no Severance Benefits shall be payable to the Executive under this Agreement.

Just Cause means: willful, malicious conduct by the Executive which is detrimental to the best interests of Bancorp including theft, embezzlement, the conviction of a criminal act, disclosure of trade secrets, a gross dereliction of duty, or other grave misconduct on the part of the Executive which is substantially injurious to the Company. Just Cause also shall include the failure of the Executive to perform any and all covenants under this Agreement.

ARTICLE 5. FORM AND TIMING OF SEVERANCE BENEFITS

5.1 FORM AND TIMING OF SEVERANCE BENEFITS. The Severance Benefits described in Section 3.4(a), (b), (c), (d), and 3.8 herein, shall be paid in cash to the Executive in a single lump sum as soon as practicable following the Executive's Effective Date of Termination, but in no event beyond ninety (90) calendar days from such date.

The Severance Benefits described in Section 3.4(e) herein shall be provided by Bancorp to the Executive immediately upon the Executive's Effective Date of Termination and shall continue to be provided for two (2) full calendar years from the Executive's Effective Date of Termination or until the Executive reaches his Normal Retirement date, whichever occurs earlier. However, the Severance Benefits described in Section 3.4(e) herein shall be discontinued prior to the end of the two (2) year period immediately upon the Executive receiving substantially similar benefits from a subsequent employer, as determined by the Committee.

5.2 WITHHOLDING OF TAXES. Bancorp shall withhold from any amounts payable under this Agreement all Federal, state, city, or other taxes as legally shall be required.

ARTICLE 6. PARACHUTE PAYMENTS

6.1 DETERMINATION OF ALTERNATIVE SEVERANCE BENEFIT LIMIT. Notwithstanding any other provision of this Agreement, if any portion of the Severance Benefits or any other payment under this Agreement, or under any other agreement with, or plan of Bancorp (in the aggregate "Total Payments") would constitute an "excess parachute payment," then the payments to be made to the Executive under this Agreement shall be reduced such that the value of the aggregate Total Payments that the Executive is entitled to receive shall be one dollar (\$1) less than the maximum amount which the Executive may receive without becoming subject to the tax imposed by Section 4999 of the Code, or which Bancorp may pay without loss of deduction under Section 280G(a) of the Code. However, such reduction in Severance Benefits shall apply if, and only if, the resulting Severance Benefits with such reduction is greater in value to the Executive than the value of the Severance Benefits without a reduction, net of any tax imposed on the Executive pursuant to Section 4999 of the Code.

For purposes of this Agreement, the terms "excess parachute payment" and "parachute payments" shall have the meanings assigned to such terms in Section 280G of the Code, and such "parachute payments" shall be valued as provided therein.

6.2 PROCEDURE FOR ESTABLISHING ALTERNATIVE LIMITATION. Within fifteen (15) calendar days following delivery of the notice of qualifying termination (as described in Section 3.2 herein) or notice by Bancorp to the Executive of its belief that there is a payment or benefit due the Executive which will result in an "excess parachute payment" as defined in Section 280G of the Code, the Executive and Bancorp, at Bancorp's expense, shall obtain the opinion of Bancorp's principal outside law firm, accounting firm, and/or compensation and benefits consulting firm, which sets forth: (i) the amount of the Executive's "annualized includible compensation for the base period" [as defined in Code Section 280G(d)(1)]; (ii) the present value of the Total Payments; and (iii) the amount and present value of any "excess parachute payment."

In the event that such opinion determines that there would be an "excess parachute payment," such that a reduction in the Severance Benefits would result in a greater net benefit to the Executive (as provided in Section 6.1 herein), then the Severance Benefits hereunder or any other payment determined by such counsel to be includible in Total Payments shall be reduced or eliminated as specified by the Executive in writing delivered to Bancorp within ten (10)

calendar days of his receipt of such opinion, or, if the Executive fails to so notify Bancorp, then as Bancorp shall reasonably determine, so that under the basis of calculations set forth in such opinion, there will be no "excess parachute payment."

The provisions of this Section 6.2, including the calculations, notices, and opinion provided for herein, shall be based upon the conclusive presumption that the following amounts are reasonable: (i) the compensation and benefits provided for in Article 3 herein; and (ii) any other compensation earned prior to the Effective Date of Termination by the Executive pursuant to Bancorp's compensation programs (if such payments would have been made in the future in any event, even though the timing of such payment is triggered by the Change in Control).

6.3 SUBSEQUENT IMPOSITION OF EXCISE TAX. If, notwithstanding compliance with the provisions of Sections 6.1 and 6.2 herein, it is ultimately determined by a court or pursuant to a final determination by the Internal Revenue Service that any portion of the Total Payments is considered to be a "parachute payment," subject to excise tax under Section 4999 of the Code, which was not contemplated to be a "parachute payment" at the time of payment (so as to accurately determine whether a limitation should have been applied to the Total Payments to maximize the net benefit to the Executive, as provided in Sections 6.1 and 6.2 herein), the Executive shall be entitled to receive a lump sum cash payment sufficient to place the Executive in the same net after-tax position, computed by using the "Special Tax Rate" as such term is defined below, that the Executive would have been in had such payment not been subject to such excise tax, and had the Executive not incurred any interest charges or penalties with respect to the imposition of such excise tax. For purposes of this Agreement, the "Special Tax Rate" shall be the highest effective Federal and state marginal tax rates applicable to the Executive in the year in which the payment contemplated under the Section 6.3 is made.

ARTICLE 7. OTHER RIGHTS AND BENEFITS NOT AFFECTED

7.1 OTHER BENEFITS. Neither the provisions of this Agreement nor the Severance Benefits provided for hereunder shall reduce any amounts otherwise payable, or in any way diminish the Executive's rights as an employee of Bancorp, whether existing now or hereafter, under any benefit, incentive, retirement, stock option, stock bonus, stock purchase plan, or any employment agreement, or other plan or arrangement.

7.2 EMPLOYMENT STATUS. This Agreement does not constitute a contract of employment or impose on the Executive or Bancorp any obligation to retain the Executive as an employee, to change the status of the Executive's employment, or to change Bancorp's policies regarding termination of employment.

ARTICLE 8. SUCCESSORS

8.1 SUCCESSORS. Bancorp will require any successor (whether direct or indirect, by purchase, merger, consolidation, or otherwise) of all or substantially all of the business and/or assets of Bancorp or of any division or subsidiary thereof to

expressly assume and agree to perform this Agreement in the same manner and to the same extent that Bancorp would be required to perform it if no such succession had taken place. Failure of Bancorp to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle the Executive to compensation from Bancorp in the same amount and on the same terms as they would be entitled hereunder if terminated voluntarily following a Change in Control. Except for the purposes of implementing the foregoing, the date on which any succession becomes effective shall be deemed the Effective Date of Termination.

This Agreement shall inure to the Benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees, and legatees. If an Executive should die while any amount would still be payable to him hereunder had he continued to live, all such amounts, unless otherwise provided herein, shall be paid in

accordance with the terms of this Agreement, to the Executive's devisee, legatee, or other designee, or if there is no such designee, to the Executive's estate.

8.2 BENEFICIARIES. The beneficiary of each Executive under the Retirement Plan shall be the beneficiary of the Executive's Severance Benefits under this Agreement, unless a beneficiary is otherwise designated by the Executive in the form of a signed writing acceptable to the Committee. An Executive may make or change such designation at any time.

ARTICLE 9. ADMINISTRATION

9.1 ADMINISTRATION. This Agreement shall be administered by the Compensation Committee of the Board of Directors. The Committee is authorized to interpret this Agreement, to prescribe and rescind rules and regulations, to provide conditions and assurances deemed necessary and advisable, to protect the interests of Bancorp, and to make all other determinations necessary or advisable for the Agreement's administration.

In fulfilling its administrative duties hereunder, the Committee may rely on outside counsel, independent accountants, or other consultants to render advice or assistance.

9.2 INDEMNIFICATION AND EXCULPATION. The members of the Board, its agents and officers, directors, and employees of Bancorp and its affiliates shall be indemnified and held harmless by Bancorp against and from any and all loss, cost, liability, or expense that may be imposed upon or reasonably incurred by them in connection with or resulting from any claim, action, suit or proceeding to which they may be a party or in which they may be involved by reason of any action taken or failure to act under this Agreement and against and from any and all amounts paid by them in settlement (with Bancorp's written approval) or paid by

them in satisfaction of a judgment in any such action, suit, or proceeding. The foregoing provision shall not be applicable to any person if the loss, cost, liability, or expense is due to such person's gross negligence or willful misconduct.

ARTICLE 10. LEGAL FEES AND ARBITRATION

10.1 LEGAL FEES AND EXPENSE. Bancorp shall pay all reasonable legal fees, costs of litigation, and other expenses incurred in good faith by the Executive as a result of Bancorp's refusal to provide the Severance Benefits to which the Executive becomes entitled under this Agreement, or as a result of Bancorp's contesting the validity, enforceability, or interpretation of the Agreement. Provided, however, that such payments shall not exceed the amount permitted by law and Bancorp's Restated Articles of Incorporation.

IN WITNESS WHEREOF, Bancorp has caused this Agreement to be executed by a resolution of the Board of Directors, as of the day and year first above written.

Bancorp Hawaii, Inc.

By: _____

Its: _____

By: _____

Executive

ATTEST:

Bancorp Hawaii, Inc.
Statement Regarding Computation of Per Share Earnings
Years Ended December 31

	Primary -----	Fully Diluted -----
1994		
Net Income	\$117,738,000	\$117,738,000
	=====	=====
Daily Average Shares Outstanding	42,356,253	42,356,253
Shares Assumed Issued for Stock Options	468,278	468,278
	-----	-----
	42,824,531	42,824,531
	=====	=====
Earnings Per Common Share and Common Share Equivalents	\$2.75	\$2.75
	=====	=====
1993		
Net Income	\$132,567,000	\$132,567,000
	=====	=====
Daily Average Shares Outstanding	42,413,637	42,413,637
Shares Assumed Issued for Stock Options	554,153	554,153
	-----	-----
	42,967,790	42,967,790
	=====	=====
Earnings Per Common Share and Common Share Equivalents	\$3.09	\$3.09
	=====	=====
1992		
Net Income	\$127,524,000	\$127,524,000
	=====	=====
Daily Average Shares Outstanding	41,828,413	41,828,413
Shares Assumed Issued for Stock Options	699,053	706,575
	-----	-----
	42,527,466	42,534,988
	=====	=====
Earnings Per Common Share and Common Share Equivalents	\$3.00	\$3.00
	=====	=====

BANCORP HAWAII, INC., CORPORATE ORGANIZATION CHART

Bancorp's organizational structure at December 31, 1994 follows. All of the subsidiaries are wholly owned except for those entities for which directors own qualifying shares. All the entities are consolidated with the immediate parent company.

BANCORP HAWAII, INC. (Parent)
Bank Holding Company

Subsidiaries:

BANCORP HAWAII INSURANCE SERVICES, LTD.

BANCORP INSURANCE AGENCY OF HAWAII, INC.

BANCORP LIFE INSURANCE COMPANY OF HAWAII, INC.

BANCORP PACIFIC, INC.

Subsidiaries:

Bancorp Finance of Hawaii-Guam, Inc.
First Federal Savings & Loan Association of America
First Savings & Loan Association of America (Guam)

BANK OF HAWAII

Subsidiaries:

Bank of Hawaii International Corp., New York - (Edge Act Office)
Bank of Hawaii International, Inc. - (Foreign Holding Company)

Subsidiaries:

Hawaii Financial Corp. (Hong Kong), Limited
Bancorp Investment Group, Ltd.
Bancorp Leasing of Hawaii, Inc. (Parent) - (Leasing)

Subsidiaries:

Arbella Leasing Corp.
Bancorp Leasing International, Inc.

Bancorp Leasing of America, Inc.
Bankoh Equipment Leasing Corp.
BNE Airfleets Corporation
S.I.L., Inc.

Bankoh Corporation (fka Hawaiian Hong Kong Holdings, Ltd.)

Bankoh Investment Advisory Services, Ltd. - (Advisory Services)

Hawaiian Trust Company, Limited - (Trust Services)

Pacific Capital Asset Management, Inc. - (Investment Advisory Services)

Pan-Ocean Insurance Agency, Inc. - (Insurance)

Realty and Mortgage Investors of the Pacific, Ltd. - (Real Estate Lending)

Inactive Subsidiaries:

Hawaii Financial Corp. (Hong Kong), Limited
Investors Pacific Limited

Exhibit 23

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in Registration Statements (Form S-8 Nos. 2-96329, 33-29872, 2-63615, 2-84164, 33-23495, 33-49836, 33-54777 and 33-57267) and (Form S-3 Nos. 33-25036, 33-44395 and 33-54775) of Bancorp Hawaii, Inc. and subsidiaries of our report dated January 19, 1995, with respect to the consolidated financial statements of Bancorp Hawaii, Inc. and subsidiaries included in this Annual Report (Form 10-K) for the year ended December 31, 1994.

/s/Ernst & Young, LLP

Honolulu, Hawaii
March 28, 1995

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