UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

[X] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended September 30, 2000

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

PACIFIC CENTURY FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	99-0148992
(State of incorporation)	(IRS Employer Identification No.)

130 Merchant Street, Honolulu, Hawaii	96813
(Address of principal executive offices)	(Zip Code)

(888) 643-3888

(Registrant's telephone number, including area code)

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 X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock, $.01 Par Value; outstanding at October 31, 2000 - 79,510,926 sharesPACIFIC CENTURY FINANCIAL CORPORATION and subsidiaries
September 30, 2000

PART I. - Financial Information

Item 1. Financial Statements

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

(in thousands of dollars)	September 30 2000	December 31 1999	September 30 1999
Assets			
Interest-Bearing Deposits	$185,312	$278,473	$410,497
Investment Securities - Held to Maturity			
(Market Value of $714,920, $787,720 and $815,416, respectively)	716,392	796,322	816,728
Investment Securities - Available for Sale	2,484,482	2,542,232	2,625,545
Securities Purchased Under Agreements to Resell	5,560	0	4,103
Funds Sold	28,323	52,740	40,726

Loans	9,750,661	9,717,556	9,746,581
Unearned Income	(272,219)	(242,503)	(213,798)
Reserve for Loan Losses	(244,966)	(194,205)	(211,306)
Net Loans	9,233,476	9,280,848	9,321,477
Total Earning Assets	12,653,545	12,950,615	13,219,076
Cash and Non-Interest Bearing Deposits	438,312	639,895	417,142
Premises and Equipment	251,240	271,728	281,512
Customers' Acceptance Liability	10,956	7,236	10,797
Accrued Interest Receivable	86,109	78,974	77,915
Other Real Estate	5,128	4,576	5,874
Intangibles, including Goodwill	194,418	205,904	211,609
Other Assets	300,153	281,387	281,436
Total Assets	$13,939,861	$14,440,315	$14,505,361
Liabilities			
Domestic Deposits			
Demand - Non-Interest Bearing	$1,626,426	$1,676,425	$1,683,210
- Interest Bearing	2,039,325	2,076,358	2,059,662
Savings	671,437	700,720	712,968
Time	2,801,947	2,761,650	2,570,112
Foreign Deposits			
Demand - Non-Interest Bearing	343,828	401,613	437,110
Time Due to Banks	571,576	597,675	679,344
Other Savings and Time	766,129	1,179,777	1,147,983
Total Deposits	8,820,668	9,394,218	9,290,389
Securities Sold Under Agreements to Repurchase	1,791,983	1,490,655	1,916,747
Funds Purchased	377,069	839,962	628,212
Short-Term Borrowings	365,407	458,962	335,416
Bank's Acceptances Outstanding	10,956	7,236	10,797
Accrued Retirement Expense	37,796	40,360	41,494
Accrued Interest Payable	80,792	64,588	60,138
Accrued Taxes Payable	97,597	85,022	90,380
Minority Interest	4,154	4,435	4,587
Other Liabilities	103,634	114,890	123,888
Long-Term Debt	999,736	727,657	794,814
Total Liabilities	12,689,792	13,227,985	13,296,862
Shareholders' Equity			
Common Stock ($.01 par value), authorized 500,000,000 shares; issued / outstanding; September 2000 - 80,556,883 /79,503,301; December 1999 - 80,550,728 / 80,036,417; September 1999 - 80,550,124 / 80,308,130	806	806	806
Capital Surplus	346,016	345,851	345,477
Accumulated Other Comprehensive Income	(56,620)	(66,106)	(52,525)
Retained Earnings	979,007	942,177	919,664
Treasury Stock, at Cost - (September 2000 - 1,053,582; December 1999 - 514,311 and September 1999 - 241,994 shares)	(19,140)	(10,398)	(4,923)
Total Shareholders' Equity	1,250,069	1,212,330	1,208,499
Total Liabilities and Shareholders' Equity	$13,939,861	$14,440,315	$14,505,361

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

(in thousands of dollars except per share amounts)	3 Months Ended Sept 30 2000	3 Months Ended Sept 30 1999	9 Months Ended Sept 30 2000	9 Months Ended Sept 30 1999
Interest Income				
Interest on Loans	$192,749	$173,414	$558,735	$521,050
Loan Fees	7,679	8,792	24,902	30,090
Income on Lease Financing	9,935	7,035	27,661	21,751
Interest and Dividends on Investment Securities				
Taxable	12,943	14,657	40,500	43,248
Non-taxable	241	268	763	820
Income on Investment Securities Available for Sale	41,772	42,808	123,966	126,508
Interest on Deposits	3,319	5,700	10,917	20,391
Interest on Security Resale Agreements	55	70	71	238
Interest on Funds Sold	577	223	1,535	4,374
Total Interest Income	269,270	252,967	789,050	768,470
Interest Expense				

Interest on Deposits	73,162	63,916	212,440	193,703
Interest on Security Repurchase Agreements	26,941	21,812	75,915	70,621
Interest on Funds Purchased	8,960	9,975	25,321	31,486
Interest on Short-Term Borrowings	4,739	2,213	15,785	8,783
Interest on Long-Term Debt	16,164	11,598	42,171	32,180
Total Interest Expense	129,966	109,514	371,632	336,773
Net Interest Income	139,304	143,453	417,418	431,697
Provision for Loan Losses	20,145	13,500	117,074	40,038
Net Interest Income After Provision for Loan Losses	119,159	129,953	300,344	391,659
Non-Interest Income				
Trust Income	15,874	14,670	49,078	44,653
Service Charges on Deposit Accounts	10,074	8,638	29,811	25,708
Fees, Exchange, and Other Service Charges	22,714	21,956	66,926	66,572
Other Operating Income	12,676	26,061	41,348	50,510
Gain on Settlement of Pension Obligation	0	0	11,900	0
Investment Securities Gains (Losses)	(82)	77	(315)	8,742
Total Non-Interest Income	61,256	71,402	198,748	196,185
Non-Interest Expense				
Salaries	45,220	50,768	137,227	152,093
Pensions and Other Employee Benefits	12,303	13,437	37,721	43,387
Net Occupancy Expense	12,577	11,560	36,873	35,638
Net Equipment Expense	13,365	12,380	37,498	36,192
Other Operating Expense	41,350	44,889	123,301	132,389
Restructuring Charge	0	22,478	0	22,478
Minority Interest	110	81	286	384
Total Non-Interest Expense	124,925	155,593	372,906	422,561
Income Before Income Taxes	55,490	45,762	126,186	165,283
Provision for Income Taxes	20,887	24,283	45,111	69,925
Net Income	$34,603	$21,479	$81,075	$95,358
Basic Earnings Per Share	$0.44	$0.27	$1.02	$1.19
Diluted Earnings Per Share	$0.44	$0.27	$1.02	$1.18
Dividends Declared Per Share	$0.18	$0.17	$0.53	$0.51
Basic Weighted Average Shares	79,455,040	80,274,350	79,566,807	80,332,150
Diluted Weighted Average Shares	79,525,474	80,860,870	79,791,250	81,116,106

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

(in thousands of dollars)	Total	Common Stock	Capital Surplus	Accumulated Other Comprehensive Income	Retained Earnings	Treasury Stock	Comprehensive Income
Balance at December 31, 1999	$1,212,330	$806	$345,851	($66,106)	$942,177	($10,398)	
Comprehensive Income							
Net Income	81,075	0	-	-	81,075	-	$81,075
Other Comprehensive Income, Net of Tax							
Investment Securities, Net of Reclassification Adjustment	9,960	0	0	9,960	0	-	9,960
Foreign Currency Translation Adjustment	(474)	0	0	(474)	0	-	(474)
Total Comprehensive Income							$90,561
Common Stock Issued							
62,102 Profit Sharing Plan	1,096	0	18	0	(167)	1,245	
195,094 Stock Option Plan	2,610	0	0	0	(1,500)	4,110	
142,421 Dividend Reinvestment Plan	2,481	0	52	0	(431)	2,860	
4,973 Directors' Restricted Shares and Deferred Compensation Plan	95	0	95	0	0	0	
Treasury Stock Purchased	(16,957)	0	0	0	0	(16,957)	
Cash Dividends Paid	(42,147)	0	0	0	(42,147)	0	
Balance at September 30, 2000	$1,250,069	$806	$346,016	($56,620)	$979,007	($19,140)	
Balance at December 31, 1998	$1,185,594	$805	$342,932	($22,476)	$867,852	($3,519)	
Comprehensive Income							
Net Income	95,358	0	-	-	95,358	-	$95,358
Other Comprehensive Income, Net of Tax							
Investment Securities, Net of Reclassification Adjustment	(28,231)	0	0	(28,231)	0	-	(28,231)
Foreign Currency Translation Adjustment	(1,818)	0	0	(1,818)	0	-	(1,818)
Total Comprehensive Income							$65,309
Common Stock Issued							
37,419 Profit Sharing Plan	736	0	3	0	(70)	803	
318,672 Stock Option Plan	5,843	0	2,265	0	(2,288)	5,866	
154,515 Dividend Reinvestment Plan	3,204	1	137	0	(197)	3,263	

6,595 Directors' Restricted Shares and Deferred Compensation Plan	140	0	140	0	0	0
Treasury Stock Purchased	(11,336)	0	0	0	0	(11,336)
Cash Dividends Paid	(40,991)	0	0	0	(40,991)	0
Balance at September 30, 1999	$1,208,499	$806	$345,477	($52,525)	$919,664	($4,923)

Pacific Century Financial Corporation and subsidiaries
Consolidated Statements of Cash Flows (Unaudited)

Nine Months ended September 30 (in thousands of dollars)	2000	1999
Operating Activities		
Net Income	81,075	95,358
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses, depreciation, and amortization of income and expense	125,319	46,428
Deferred income taxes	(35,743)	(34,140)
Realized and unrealized investment security (gains) losses	387	(8,779)
Other assets and liabilities, net	14,198	(4,657)
Net cash provided by operating activities	185,236	94,210
Investing Activities		
Proceeds from redemptions of investment securities held to maturity	106,539	191,667
Purchases of investment securities held to maturity	(26,609)	(355,592)
Proceeds from sales of investment securities available for sale	158,690	1,184,289
Purchases of investment securities available for sale	(84,727)	(829,680)
Net decrease in interest-bearing deposits	93,161	49,530
Net decrease in funds sold	18,857	854
Net decrease (increase) in loans	(34,369)	110,783
Premises and equipment, net	(8,474)	(15,474)
Purchase of Triad Insurance Agency, Inc. net of cash and non-interest bearing deposits acquired	--	(2,183)
Purchase of additional interest in Bank of Hawaii Nouvelle Caledonie, net of cash and non-interest bearing deposits acquired	--	(642)
Purchase of additional interest in Banque de Tahiti, net of cash and non-interest bearing deposits acquired	--	(633)
Net cash provided by investing activities	223,068	332,919
Financing Activities		
Net decrease in demand, savings, and time deposits	(573,550)	(311,733)
Proceeds from lines of credit and long-term debt	300,072	434,126
Principal payments on lines of credit and long-term debt	(27,993)	(225,058)
Net decrease in short-term borrowings	(255,120)	(427,343)
Net common stock repurchased	(10,675)	(1,413)
Cash dividends	(42,147)	(40,991)
Net cash used by financing activities	(609,413)	(572,412)
Effect of exchange rate changes on cash	(474)	(1,818)
Decrease in cash and non-interest bearing deposits	(201,583)	(147,101)
Cash and non-interest bearing deposits at beginning of year	639,895	564,243
Cash and non-interest bearing deposits at end of period	438,312	417,142

Pacific Century Financial Corporation
Notes to Consolidated Financial Statements
(Unaudited)

Note 1. Basis of Presentation

The accompanying unaudited consolidated financial statements of Pacific Century Financial Corporation (Pacific Century) have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, the consolidated financial statements reflect all adjustments of a normal and recurring nature, including adjustments related to completed acquisitions, which are necessary for a fair presentation of the results for the interim periods, and should be read in conjunction with the audited consolidated financial statements and related notes included in Pacific Century's 1999 Annual Report on Form 10-K. Operating results for the nine months ended September 30, 2000 are not necessarily indicative of the results that may be expected for the year ending December 31, 2000.

International operations include certain activities located domestically in Hawaii, as well as branches and subsidiaries domiciled outside the United States. The operations of Bank of Hawaii and First Savings and Loan Association of America located in the West and South Pacific that are denominated in U.S. dollars are classified as domestic. Pacific Century's international operations are primarily concentrated in Hong Kong, Japan, Singapore, South Korea, Taiwan, French Polynesia, Fiji, New Caledonia, Papua New Guinea and Vanuatu.

Certain amounts in prior period financial statements have been reclassified to conform to the 2000 presentation.

Note 2. Recent Accounting Pronouncements

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," which establishes new accounting and reporting standards for derivative instruments. In June 1999, the FASB issued SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities -- Deferral of the Effective Date of FASB Statement No. 133," and in June 2000, the FASB issued SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities -- An Amendment of FASB Statement No. 133." SFAS 133, as amended, establishes accounting and reporting standards requiring that every derivative instrument, including certain derivative instruments embedded in other contracts, be recorded in the statement of financial position as either an asset or liability measured at its fair value. SFAS 133 requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met.

These rules become effective for the Company on January 1, 2001. The Company has made an initial estimate of the impact from adoption of these new accounting standards. This estimate indicates that the change will not have a material impact on its financial position or results of operations.

Note 3. Gain on Settlement of Pension Obligation

In the second quarter of 2000, the Employees Retirement Plan of Bank of Hawaii, a defined benefit plan, purchased an annuity for retirees currently receiving benefits from the Plan. Benefits for approximately 880 retirees were settled eliminating about $36 million of the projected benefit obligation of the Plan. This partial settlement caused the recognition of a gain of $11,900,000 for Bank of Hawaii as the Plan sponsor.

Note 4. Earnings Per Share

For the three and nine months ended September 30, 2000 and 1999, there were no adjustments to net income (the numerator) for purposes of computing basic and diluted earnings per share (EPS). The weighted average shares (the denominator) for computing basic and diluted EPS for the three and nine months ended September 30, 2000 and 1999 are presented in the Consolidated Statements of Income. Included in the weighted average shares for computing EPS is the dilutive effect of stock options of 70,434 and 586,520 shares for the three months ended September 30, 2000 and 1999, respectively and 224,443 and 783,956 for the nine months ended September 30, 2000 and 1999, respectively.

Note 5. Income Taxes

The provision for income taxes is computed by applying statutory federal and state income tax rates to income before income taxes as reported in the Consolidated Statements of Income after adjusting for non-taxable items, principally from certain state tax adjustments, tax exempt interest income, income from bank owned life insurance policies, low income housing tax credits, foreign tax credits and investment tax credits.

Note 6. Restructuring Charge

In the third quarter of 1999, Pacific Century recorded a restructuring charge of $22.5 million in connection with a redesign program to increase revenues and improve efficiencies. The restructuring charge included direct and incremental costs associated with this program and consisted of the recognition of accruals for staff reductions, occupancy and equipment abandonment, and included period costs that were directly related to completing the project. Staffing costs consisted of projected employee severance payments. The occupancy and equipment portion consisted of estimated lease termination costs and losses on the disposal of fixed assets. Project costs included costs relative to the assessment phase of the redesign project of which $14.7 million was paid in September 1999. The project has been largely completed as of September 30, 2000, with approximately $613,000 of the restructuring charge unutilized and recognized as credit to other income during the quarter.

Note 7. Regulatory Matters

On September 22, 2000, Pacific Century entered into a Memorandum of Understanding ("MOU") with its regulator, whereby Pacific Century has agreed to comply with certain directives which are intended to assess or correct certain potential deficiencies in the operation and management of the company.

Under the terms of the MOU, Pacific Century may not declare or pay any dividends, redeem any shares in excess of the existing repurchase programs authorized by the Board in August 1998 and October 1999, or incur any debt, directly or indirectly, without the prior written approval of its regulator.

Pacific Century has received approval for the next dividend of $0.18 per common share payable on December 14, 2000 to shareholders of record on November 24, 2000. The company has also received approval to pay the December 15, 2000 dividend on the 8.25% Capital Securities issued by Bancorp Hawaii Capital Trust I which mature in 2026. Pacific Century has also received approval for the continuation of its existing commercial paper issuance program.

Note 8. Business Segments

Pacific Century is a financial services organization that maintains a broad presence throughout the Pacific region. Pacific Century assesses the financial performance of its operating components in accordance with geographic and functional areas of operations. Geographically, Pacific Century has aligned its operations into four principal segments: Hawaii, the Pacific, Asia, and the U.S. Mainland. In addition, the Treasury and Other Corporate segment includes corporate asset and liability management activities and the unallocated portion of various administrative and support units.

Business segment results are determined based on Pacific Century's internal financial management reporting process and organization structure. The financial management reporting process uses various techniques to assign and transfer balance sheet and income statement amounts between business segments including allocations for overhead, economic provision and capital. In its business segment financial reporting process, Pacific Century utilizes certain accounting practices that could differ from accounting principles generally accepted in the United States. Accordingly, certain balances reflected in the business segment report may not agree with corresponding amounts in the Consolidated Financial Statements. For example, the economic provision for loan losses differs from the provision determined under generally accepted accounting principles. The economic provision for loan losses reflects the expected normalized loss factor determined by a statistically applied approach that considers risk factors, including historical loss experience, within a given portfolio. This approach eliminates the unusual loss provisions which allows for a normalized perspective in managing the line of business.

Pacific Century's business segment management reporting process may change based on refinements in segment reporting policies or changes in accounting systems, information systems, organizational structure, or product lines. These changes could result in a realignment of business segments or modifications to allocation and transfer methodologies. Should material changes be made to the financial management reporting process, prior period reports would be restated.

Presented below are the financial results for each of Pacific Century's principal market segments for the three and nine months ended September 30, 2000 and 1999.

Line of Business Selected Financial Information

(in thousands of dollars)	Hawaii	Pacific	Asia	U. S. Mainland	Treasury and Other Corporate	Consolidated Total
Three Months Ended September 30, 2000						
Net Interest Income	$73,921	$29,926	$5,166	$26,019	$4,272	$139,304
Economic Provision (1)	(7,903)	(3,132)	(4,014)	(4,015)	(1,081)	(20,145)
Risk-Adjusted Net Interest Income	66,018	26,794	1,152	22,004	3,191	119,159
Non-Interest Income	36,157	8,515	4,583	4,239	7,762	61,256
Total Risk-Adjusted Revenue	102,175	35,309	5,735	26,243	10,953	180,415
Non-Interest Expense	70,415	22,863	6,349	18,024	7,274	124,925
Net Income (Loss) Before Income Taxes	31,760	12,446	(614)	8,219	3,679	55,490
Income Taxes (2)	(12,019)	(4,743)	232	(970)	(3,387)	(20,887)
Net Income (Loss)	$19,741	$7,703	($382)	$7,249	$292	$34,603
Total Assets (End of Period)	$5,281,505	$2,186,350	$1,146,062	$3,078,099	$2,247,845	$13,939,861
Three Months Ended September 30, 1999						
Net Interest Income	$72,405	$31,122	$6,549	$25,531	$7,846	$143,453
Economic Provision (1) (3)	(8,174)	(3,579)	(4,875)	(2,639)	5,767	(13,500)
Risk-Adjusted Net Interest Income	64,231	27,543	1,674	22,892	13,613	129,953
Non-Interest Income	32,321	8,870	4,995	17,450	7,766	71,402
Total Risk-Adjusted Revenue	96,552	36,413	6,669	40,342	21,379	201,355
Non-Interest Expense	73,762	26,570	6,693	17,315	31,253	155,593
Net Income Before Income Taxes	22,790	9,843	(24)	23,027	(9,874)	45,762
Income Taxes (2)	(10,282)	(4,420)	(183)	(13,674)	4,276	(24,283)
Net Income	$12,508	$5,423	($207)	$9,353	($5,598)	$21,479
Total Assets (End of Period)	$5,255,893	$2,498,351	$1,572,218	$2,632,591	$2,546,308	$14,505,361

(1) The economic provision for loan losses reflects the expected normalized loss factor determined by a statistically applied approach that considers risk factors, including historical loss experience, within a given portfolio. The economic provision differs from the provision determined under generally accepted accounting principles. The difference between the sum of the economic provision for business segments and the provision in the consolidated financial statements is included in Treasury and Other Corporate.
(2) Tax benefits are allocated to the business segment to which they relate. In the quarters ended September 30, 2000 and 1999, income taxes for the U. S. Mainland segment included $3.4 million and $4.0 million, respectively, in tax benefits for each period from low income housing tax credits and investment tax credits.
(3) The 1999 results were retroactively adjusted to reflect the economic provision for Asia which was adjusted upwards from the amount reported previously to reflect the normalized loss factors resulting from the company's assessment of reform measures initiated to deal with the financial turmoil in the region. Previously, economic provisions for uncertainty in the region were reflected in the provision for Treasury.

Line of Business Selected Financial Information

(in thousands of dollars)	Hawaii	Pacific	Asia	U. S. Mainland	Treasury and Other Corporate	Consolidated Total
Nine Months Ended September 30, 2000						
Net Interest Income	$210,874	$90,033	$16,136	$84,424	$15,951	$417,418
Economic Provision (1)	(21,982)	(9,840)	(13,113)	(9,696)	(62,443)	(117,074)
Risk-Adjusted Net Interest Income	188,892	80,193	3,023	74,728	(46,492)	300,344
Non-Interest Income	109,728	25,983	14,634	11,333	37,070	198,748

Total Risk-Adjusted Revenue	298,620	106,176	17,657	86,061	(9,422)	499,092
Non-Interest Expense	204,147	72,853	19,507	53,480	22,919	372,906
Net Income Before Income Taxes	94,473	33,323	(1,850)	32,581	(32,341)	126,186
Income Taxes (2)	(40,287)	(14,147)	743	(7,272)	15,852	(45,111)
Net Income	$54,186	$19,176	($1,107)	$25,309	($16,489)	$81,075
Total Assets (End of Period)	$5,281,505	$2,186,350	$1,146,062	$3,078,099	$2,247,845	$13,939,861
Nine Months Ended September 30, 1999						
Net Interest Income	$217,969	$90,916	$17,723	$77,495	$27,594	$431,697
Economic Provision (1) (3)	(25,038)	(10,368)	(14,625)	(8,252)	18,245	(40,038)
Risk-Adjusted Net Interest Income	192,931	80,548	3,098	69,243	45,839	391,659
Non-Interest Income	100,275	30,078	13,635	27,289	24,908	196,185
Total Risk-Adjusted Revenue	293,206	110,626	16,733	96,532	70,747	587,844
Non-Interest Expense	222,430	80,933	19,852	52,042	47,304	422,561
Net Income Before Income Taxes	70,776	29,693	(3,119)	44,490	23,443	165,283
Income Taxes (2)	(30,785)	(12,856)	1,066	(16,043)	(11,307)	(69,925)
Net Income	$39,991	$16,837	($2,053)	$28,447	$12,136	$95,358
Total Assets (End of Period)	$5,255,893	$2,498,351	$1,572,218	$2,632,591	$2,546,308	$14,505,361

(1) The economic provision for loan losses reflects the expected normalized loss factor determined by a statistically applied approach that considers risk factors, including historical loss experience, within a given portfolio. The economic provision differs from the provision determined under generally accepted accounting principles. The difference between the sum of the economic provision allocated to business segments and the provision in the consolidated financial statements is included in Treasury and Other Corporate.
(2) Tax benefits are allocated to the business segment to which they relate. For each nine month period ended September 30, 2000 and 1999, income taxes for the U. S. Mainland segment included $10.3 million in tax benefits from low income housing tax credits and investment tax credits.
(3) The 1999 results were retroactively adjusted to reflect the economic provision for Asia which was adjusted upwards from the amount reported previously to reflect the normalized loss factors resulting from the company's assessment of reform measures initiated to deal with the financial turmoil in the region. Previously, economic provisions for uncertainty in the region were reflected in the provision for Treasury.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

PERFORMANCE HIGHLIGHTS

Pacific Century Financial Corporation (Pacific Century) reported earnings for the three months ended September 30, 2000 of $34.6 million, significantly greater than $21.5 million for the same period in 1999. Earnings for the third quarter of 1999 included a restructuring charge of $22.5 million in connection with the New Era Redesign program whose purpose was to increase revenues and improve efficiencies. Basic and diluted earnings per share in the third quarter of 2000 were both $0.44. Comparatively, both basic and diluted earnings per share were $0.27 for the same period last year.

Earnings in the first nine months of 2000 totaled $81.1 million, a 15.0% decrease from $95.4 million in the same period last year. Basic earnings per share were $1.02 in the first nine months of 2000, down from $1.19 in the comparable 1999 period. Diluted earnings per share were also $1.02 for the nine months ended September 30, 2000, compared to $1.18 in the like year ago period.

Performance ratios for the three months ended September 30, 2000 reflected improvement from the same period in 1999. In the third quarter of 2000, return on average assets (ROAA) and return on average equity (ROAE) increased to 0.98% and 11.20%, respectively from 0.59% and 7.01% in the like 1999 period. For the nine months ended September 30, 2000, ROAA and ROAE were 0.77% and 8.85%, compared to 0.87% and 10.55%, respectively, in the same year ago period. For the full year of 1999, ROAA was 0.91% and ROAE was 10.99%.

Pacific Century has accounted for all of its business acquisitions under the purchase method, which has resulted in the recognition of goodwill and other intangible assets. These intangible assets are amortized over various periods as a non-cash charge to operating income. Operating results under a tangible performance basis excludes from reported earnings the after tax impact of amortization of all intangibles, including goodwill. On a tangible performance basis, Pacific Century's earnings in the third quarter of 2000 were $38.8 million, up from $25.9 million for the same quarter in 1999. Tangible earnings in the first nine months of 2000 and 1999 were $93.7 million and $107.4 million, respectively. On a per share basis, tangible diluted earnings per share were $0.49 and $0.32 in the third quarters of 2000 and 1999, respectively, and were $1.17 and $1.32 in the first nine months of 2000 and 1999, respectively.

Third quarter tangible ROAA for Pacific Century was 1.12% in 2000 and 0.72% in 1999. Tangible ROAE was 14.94% and 10.25% for the similar quarters of 2000 and 1999, respectively. In the first nine months of 2000 tangible ROAA and ROAE were 0.90% and 12.23%, respectively, compared to 0.99% and 14.45%, respectively, for the same period in 1999.

On a taxable equivalent basis, net interest income for the three and nine months ended September 30, 2000 were $139.6 million and $418.2 million, respectively, reflecting a decline from $143.8 million and $432.4 million in the same year ago periods. The decline in net interest income is attributed to a decrease in average earning assets combined with a decline in net interest margin comparing the third quarters of 2000 and 1999.

Total assets at September 30, 2000 declined to $13.9 billion relative to $14.5 billion at September 30, 1999 and $14.4 billion at December 31, 1999. The decline in total assets was the result of managed reductions of loans and short-term interest bearing deposits and securities. In addition, less productive assets such as cash and non-interest bearing deposits have also been managed down. Average assets in the third quarter and nine months of 2000 were down 2.6% and 3.5%, respectively, from the same year-earlier periods.

Non-performing assets (NPAs), exclusive of accruing loans past due 90 days or more, ended the third quarter at $219.6 million, or 2.25% of total loans, up from $210.6 million at June 30, 2000. Comparatively, NPAs were $154.8 million or 1.59% of total loans at September 30, 1999 and $149.9 million or 1.54% at December 31, 1999. The increase in NPAs were primarily from syndicated loans and commercial real estate loans in Hawaii.

The reserve for loan losses totaled $245.0 million at the end of September 2000, representing 2.58% of loans outstanding, compared to $211.3 million and 2.22%, respectively, on the same date in 1999. Net charge-offs for the third quarter of 2000 were $19.6 million, or 0.81% (annualized) of average loans, compared to $32.9 million and 1.37% (annualized), respectively, in 2000's second quarter and $13.5 million, or 0.57% (annualized) in the third quarter of 1999. For the first nine months of 2000 net charge-offs were $63.8 million, up from $37.0 million in the like period last year. In the third quarter, provisions for loan losses of $20.1 million were charged to income, up from $13.5 million for the same quarter in 1999. For the nine months ended September 30, 2000 and 1999 provision for loan losses were $117.1 million and $40.1 million, respectively. The higher 2000 loan loss provision reflects the increase in NPAs and net charge-offs.

In September 1999, Pacific Century announced its redesign program to improve the delivery of financial services in Hawaii and the West Pacific, generate revenue growth from new and existing sources, and reduce expenses by simplifying and streamlining processes. The implementation phase of the redesign began in fourth quarter of 1999 and has been substantially completed as of September 30, 2000.

In a significant development since the end of the third quarter, on November 3, 2000, Michael E. O'Neill replaced Lawrence M. Johnson as Chairman and CEO of the company.

Performance Highlights

Table 1

(in millions of dollars except per share amounts)

Earnings Highlights and Performance Ratios	2000	1999	Percentage Change
Three Months Ended September 30			
Net Income	$34.6	$21.5	61.1%
Basic Earnings Per Share	0.44	0.27	63.0%
Diluted Earnings Per Share	0.44	0.27	63.0%
Cash Dividends	14.3	13.7	
Return on Average Assets	0.98%	0.59%	
Return on Average Equity	11.20%	7.01%	
Net Interest Margin	4.25%	4.28%	
Efficiency Ratio	62.26%	72.44%	
Nine Months Ended September 30			
Net Income	$81.1	$95.4	-15.0%
Basic Earnings Per Share	1.02	1.19	-14.3%
Diluted Earnings Per Share	1.02	1.18	-13.6%
Cash Dividends	42.1	41.0	
Return on Average Assets	0.77%	0.87%	
Return on Average Equity	8.85%	10.55%	
Net Interest Margin	4.27%	4.27%	
Efficiency Ratio	60.49%	68.25%	

Summary of Results Excluding the Effect of Intangibles (a)

Three Months Ended September 30			
Net Income	$38.8	$25.8	49.9%
Basic Earnings per Share	$0.49	$0.32	53.1%
Diluted Earnings per Share	$0.49	$0.32	53.1%
Return on Average Assets	1.12%	0.72%	
Return on Average Equity	14.94%	10.25%	
Efficiency Ratio	59.83%	70.04%	
Nine Months Ended September 30			
Net Income	$93.7	$107.4	-12.8%
Basic Earnings per Share	$1.18	$1.34	-11.9%
Diluted Earnings per Share	$1.17	$1.32	-11.4%
Return on Average Assets	0.90%	0.99%	
Return on Average Equity	12.23%	14.45%	
Efficiency Ratio	58.12%	66.03%	

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

Forward-Looking Statements

This report contains forward-looking information. The Company cautions readers not to place undue reliance on any forward-looking statements, which speak only as of the date made. Forward-looking statements are subject to significant risk and uncertainties, many of which are beyond the Company's control. Although the Company believes that the assumptions underlying its forward-looking statements are reasonable, any of the assumptions could prove to be inaccurate and actual results may differ from those contained in or implied by such forward-looking statements for a variety of reasons. Factors which might cause such a difference include, but are not limited to, competitor pressures in the banking and financial services industry increase significantly, particularly in connection with product delivery and pricing; business disruption related to implementation of New Era Redesign programs or methodologies; inability to achieve expected customer acceptance of revised pricing structure and strategies; general economic conditions in the geographic areas where the Company operated are weaker than expected; deterioration of credit quality may cause higher level of provisioning; continued increase to interest rates may put additional pressure on those weaker obligors in servicing their debt which in turn may cause further deterioration to the portfolio; continued weakness in the syndicated national credit market creating greater difficulty for companies to create, find or roll over credit facilities; increased volatility in Asia or the Pacific either politically or economically; economic recovery in Hawaii slows because of U. S. Mainland economic slowdown which may restrict our ability to grow our relationship portfolio as originally forecasted; the need to maintain market competitiveness may require much higher levels of capital expenditures than originally forecasted; higher oil prices reducing tourism; loss of confidence by customers/borrowers/depositors erodes funding and asset base; loss of staff confidence creating higher rates of turnover and the consequent ability to attract new staff may cause a higher than expected increase to non-interest expense. The Company does not undertake and specifically disclaims any obligation to update any forward-looking statements to reflect events or circumstance after the date of such statements.

LINE OF BUSINESS FINANCIAL REVIEW

Pacific Century is a financial services organization that maintains a broad presence throughout the Pacific region and operates through a unique trans-Pacific network of locations. Its activities are conducted primarily through more than 180 branches and representative and extension offices (including branches of affiliate banks). Pacific Century provides diverse financial products and services to individuals, businesses, governmental agencies and financial institutions.

Pacific Century assesses the financial performance of its operating components primarily in accordance with geographic and functional areas of operations. Geographically, Pacific Century has aligned its operations into four principal geographic segments: Hawaii, the Pacific, Asia, and the U.S. Mainland. In addition, there is also a segment for Treasury and Other Corporate.

Note 8 to the Consolidated Financial Statements presents Pacific Century's business segment financial reports for the three and nine months ended September 30, 2000 and 1999. Because business segment financial reports are prepared in accordance with accounting practices that could differ from accounting principles generally accepted in the United States, the amounts reflected therein may not agree with the corresponding amounts reported in the Consolidated Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations. For example, the economic provision for loan losses differs from the provision determined under generally accepted accounting principles. The economic provision for loan losses reflects the expected normalized loss factor determined by a statistically applied approach that considers risk factors, including historical loss experience, within a given portfolio. This approach eliminates the unusual loss provisions which allows for a normalized perspective in managing the line of business.

In addition to the performance measurements in the business segment financial report, Pacific Century also utilizes risk-adjusted return on capital (RAROC) to assess segment performance. RAROC is the ratio of risk-adjusted net income to equity. Equity is allocated to business units based on various risk factors inherent in the operations of each unit. A second performance measurement is net income after capital charge (NIACC). NIACC is net income available to common shareholders less a charge for allocated capital. The cost of capital is based on the estimated minimum rate of return expected by the financial markets. The minimum rate of return consists of the following components: the long-term government bond rate plus an additional level of return for the average risk premium of an equity investment adjusted for Pacific Century's market risk.

Hawaii Market

Pacific Century's oldest and largest market is Hawaii, where operations are conducted primarily through its principal subsidiary, Bank of Hawaii. Bank of Hawaii was established in 1897, and is the largest bank headquartered in the State of Hawaii offering a wide array of financial products and services. Bank of Hawaii operates through 76 branches in Hawaii, including both traditional full-service branches and in-store locations.

The Hawaii segment includes retail and commercial operating units. Retail operating units service and sell a broad line of consumer financial products. These units include consumer deposits, consumer lending, residential real estate lending, auto financing, credit cards, and private and institutional services (trust, mutual funds, and stock brokerage).

In the business banking area, Bank of Hawaii is a major commercial lender and maintains a significant presence throughout the State. Commercial operating units in the Hawaii market include small business, Hawaii commercial banking, commercial products and commercial real estate.

For the quarter ended September 30, 2000, the Hawaii segment contributed $19.7 million in net income an increase of 57.8% from the $12.5 million reported for the third quarter of 1999. The increase in the quarter's results was primarily driven by the continued implementation of redesign initiatives during the quarter which resulted in a $3.8 million increase in non-interest income and a $3.3 million reduction in non-interest expense. RAROC for this segment rose to 21% for the third quarter of 2000 from 13% in the same quarter of 1999. Total assets in the Hawaii segment were $5.3 billion at September 30, 2000, year-end 1999, and September 30, 1999.

For the nine months ended September 30, 2000, net income for the Hawaii segment was up 35.5% to $54.2 million from $40.0 million in the same year-earlier period. RAROC rose to 20% in the first nine months of 2000 from 14% in the comparable 1999 period.

Pacific Market

Pacific Century's Intra-Pacific region spans island nations across the West and South Pacific. Pacific Century is the only United States financial institution to have such a broad presence in this region.

Pacific Century serves the West Pacific through branches of both Bank of Hawaii and First Savings and Loan Association of America (First Savings).

Pacific Century's presence in the South Pacific includes various subsidiary and affiliate banks and branches of Bank of Hawaii. Subsidiaries in the South Pacific are located in French Polynesia, New Caledonia, Papua New Guinea and Vanuatu, and affiliates are located in Samoa, Solomon Islands, and Tonga. Bank of Hawaii locations in this region consist of three branches in Fiji and two branches in American Samoa.

Net income in the Pacific segment was $7.7 million for the quarter ended September 30, 2000, up from $5.4 million in the third quarter of 1999. Implementation of redesign initiatives which reduced non-interest expenses by 14% quarter-over-quarter enhanced the performance of the West Pacific operations during the third quarter. In the South Pacific, 2000 results were lower primarily due to unfavorable fluctuations in currency exchange rates. RAROC, including the amortization of intangibles for this segment, increased to 14% in the third quarter of 2000 from 10% for the same quarter in 1999. Total assets in the Pacific segment were $2.2 billion at the end of September 2000, down from $2.5 billion from year-end 1999 and the same year ago date, respectively.

For the first nine months of 2000, net income for the Pacific segment was $19.2 million, a 13.9% increase from $16.8 million reported in the same period last year. Year-to-date RAROC for the Pacific segment moved to 12% in 2000 from 11% for the first nine months of 1999.

Asia Market

Pacific Century operates in Asia through Bank of Hawaii branches in Hong Kong, Japan, Singapore, South Korea and Taiwan and a representative office with extensions in the Philippines.

Pacific Century's business focus in Asia is correspondent banking and trade financing. The lending emphasis is on credits relating to and resulting from trade activities, trade finance and working capital loans for companies that have business interests in the Asia-Pacific markets. Pacific Century's network of locations in the Pacific and its presence on the U.S. Mainland help customers facilitate the flow of business and investment transactions across Asia-Pacific.

For the quarter ended September 30, 2000, the Asia segment reflected a net loss of $0.4 million, compared to net loss of $0.2 million for the same quarter in 1999. RAROC for this segment was (2)% in the third quarter of 2000, compared to (1)% for the same quarter in 1999. As of September 30, 2000, December 31, 1999 and September 30, 1999, total assets in the Asia segment were $1.1 billion, $1.4 billion and $1.6 billion, respectively.

For the nine months ended September 30, 2000, net loss for the Asia segment was $1.1 million, compared to a loss of $2.1 million in the comparable 1999 period. RAROC for the Asia segment was (2)% and (3)% for the nine months ended September 30, 2000 and 1999.

For additional information on Asia, see the "International Operations" section in this report.

U.S. Mainland Market

Pacific Century's U.S. Mainland segment includes Pacific Century Bank, N.A. and Bank of Hawaii operating units for large corporate lending and leasing.

In the third quarter of 2000, the U.S. Mainland segment contributed net income of $7.3 million, down from $9.4 million in the same year ago quarter. Comparison between periods reflect a net gain of $1.3 million from the 1999 sale of Arbella Leasing Corp., a special purpose leasing subsidiary. Net income for the three months ended September 30, 2000 and 1999, included tax benefits of $3.4 million and $4.0 million for each period, respectively, from low income housing tax credits and investment tax credits. RAROC, including the amortization of intangibles for this segment was 9% in the third quarter of 2000, declining from 13% for the same quarter in 1999. As of September 30, 2000, December 31, 1999 and September 30, 1999, total assets in the U.S. Mainland segment were $3.1 billion, $2.7 billion and $2.6 billion, respectively.

For the first nine months of 2000, net income for the U.S. Mainland segment was $25.3 million, down from $28.4 million in the like 1999 period. Included in net income were tax benefits from low income housing tax credits and investment tax credits of $10.3 million for each nine month period ended September 30, 2000 and 1999. RAROC for the U.S. Mainland segment was 12% and 14% in the first nine months of 2000 and 1999, respectively.

Treasury and Other Corporate

The primary operations in this segment is Treasury, which consists of corporate asset and liability management activities including investment securities, federal funds purchased and sold, government deposits, short and long-term borrowings, and derivative activities for managing interest rate and foreign currency risks. Additionally, the net residual effect of transfer pricing assets and liabilities is included in Treasury, as is any corporate-wide interest rate risk.

The Treasury and Other Corporate segment reflected third quarter 2000 net income of $0.3 million, compared to a net loss of $5.6 million in the same quarter in 1999. The economic provision for loan losses reflects the expected normalized loss factor determined by a statistically applied approach that considers risk factors, including historical loss experience, within a given portfolio. The economic provision differs from the provision determined under generally accepted accounting principles. The difference between the sum of the economic provision for business segments and the provision in the consolidated financial statements is included in Treasury and Other Corporate. During the quarter, Pacific Century recorded loan loss provisions totaling $20.1 million to cover losses sustained in certain credit portfolios. At September 30, 2000, year-end 1999 and September 30, 1999 this segment held assets of $2.2 billion, $2.6 billion, and $2.6 billion, respectively. The year-over-year reduction in assets is primarily due to a decline in investment securities and other short-term interest earning assets.

For the nine months ended September 30, 2000, net loss for the Treasury and Other Corporate segment was $16.5 million, compared to net income of $12.1 million in the same 1999 period.

STATEMENT OF INCOME ANALYSIS

Net Interest Income

In the third quarter of 2000, net interest income on a taxable equivalent basis was $139.6 million, down from $143.8 million in the same year-earlier quarter. For the nine months ended September 30, 2000, tax equivalent net interest income was $418.2 million about 3.3% lower than the $432.4 million in the same period last year. The decline in 2000's net interest income reflected a year-to-year drop in average earning assets of $228.2 million (1.7%) and $442.8 million (3.3%) compared with the third quarter and first nine months of 1999, respectively. The decline in average earning assets is largely attributed to the impact of foreign exchange rates in the South Pacific and the reduction in both syndicated loans and the Asian portfolios.

In the third quarter of 2000, the average net interest margin on earning assets was 4.25% similar to 4.28% for the same quarter in 1999 and remained constant for both the first nine months of 2000 and 1999 at 4.27%. The changes in net interest margin was driven by the changes in the mix of earning assets, previously referred to in the discussion on total assets. The year-over-year improvement in the yield on earning assets was 65 and 46 basis points in 2000's September quarter and first nine months, respectively. Comparatively, the cost of funds was 4.94% and 4.70% for the third quarter of 2000 and year-to-date, respectively, an increase of 88 and 61 basis points over the same periods last year. Presented in Table 2 are average balances, yields, and rates paid for the three and nine months ended September 30, 2000 and 1999.

Consolidated Average Balances and Interest Rates Taxable Equivalent (Unaudited)
Table 2

	Three Months Ended September 30, 2000			Three Months Ended September 30, 1999		
(in millions of dollars)	Average Balance	Income/ Expense	Yield/ Rate	Average Balance	Income/ Expense	Yield/ Rate
Earning Assets						
Interest Bearing Deposits	$197.3	$3.3	6.69%	$348.5	$5.7	6.49%
Investment Securities Held to Maturity						
-Taxable	711.7	12.9	7.23	804.8	14.7	7.23
-Tax-Exempt	8.3	0.4	17.70	11.7	0.4	14.04
Investment Securities Available for Sale	2,490.2	41.8	6.67	2,677.5	42.8	6.31
Funds Sold	38.8	0.6	6.48	38.9	0.5	5.57
Net Loans						
-Domestic	8,193.4	177.6	8.62	7,692.0	154.6	7.98
-Foreign	1,435.2	25.2	7.00	1,729.7	25.8	5.92
Loan Fees		7.7			8.8	
Total Earning Assets	13,074.9	269.5	8.20	13,303.1	253.3	7.55
Cash and Due From Banks	418.2			425.2		
Other Assets	523.6			655.2		

Total Assets	$14,016.7			$14,383.5		
Interest Bearing Liabilities						
Domestic Dep- Demand	$2,043.7	11.9	2.31	$2,128.8	12.3	2.30
- Savings	680.4	3.5	2.03	720.5	3.7	2.03
- Time	2,799.4	40.3	5.73	2,492.7	29.4	4.68
Total Domestic	5,523.5	55.7	4.01	5,342.0	45.4	3.37
Foreign Deposits						
- Time Due to Banks	552.6	8.5	6.13	606.7	8.1	5.27
- Other Time and Savings	821.4	9.0	4.36	1,175.7	10.4	3.52
Total Foreign	1,374.0	17.5	5.07	1,782.4	18.5	4.11
Total Interest Bearing Deposits	6,897.5	73.2	4.22	7,124.4	63.9	3.56
Short-Term Borrowings	2,599.4	40.6	6.22	2,837.3	34.0	4.75
Long-Term Debt	963.4	16.1	6.67	732.3	11.6	6.28
Total Interest Bearing Liabilities	10,460.3	129.9	4.94	10,694.0	109.5	4.06
Net Interest Income		139.6			143.8	
Interest Rate Spread			3.26%			3.49%
Net Interest Margin			4.25%			4.28%
Demand Deposit- Domestic	1,619.8			1,633.7		
- Foreign	345.6			438.6		
Total Demand Deposits	1,965.4			2,072.3		
Other Liabilities	361.6			401.2		
Shareholders' Equity	1,229.4			1,216.0		
Total Liabilities and Shareholders' Equity	$14,016.7			$14,383.5		
Provision for Loan Losses		20.1			13.5	
Net Overhead		63.7			84.2	
Income Before Income Taxes		55.8			46.1	
Provision for Income Taxes		20.9			24.3	
Tax-Equivalent Adjustment		0.3			0.1	
Net Income		$34.6			$21.7	

Consolidated Average Balances and Interest Rates Taxable Equivalent (Unaudited)
Table 2

(in millions of dollars)	Nine Months Ended September 30, 2000 Average Balance	Income/ Expense	Yield/ Rate	Nine Months Ended September 30, 1999 Average Balance	Income/ Expense	Yield/ Rate
Earning Assets						
Interest Bearing Deposits	$216.4	$10.9	6.74%	$424.2	$20.4	6.43%
Investment Securities Held to Maturity						
-Taxable	736.8	40.5	7.34	808.9	43.2	7.15
-Tax-Exempt	8.9	1.2	17.67	11.7	1.3	14.44
Investment Securities Available for Sale	2,510.6	124.0	6.60	2,735.4	126.5	6.18
Funds Sold	35.3	1.6	6.07	125.2	4.9	5.20
Net Loans						
-Domestic	8,065.7	511.5	8.47	7,721.9	461.6	7.99
-Foreign	1,517.6	75.2	6.62	1,706.8	81.2	6.36
Loan Fees		24.9			30.1	
Total Earning Assets	13,091.3	789.8	8.06	13,534.1	769.2	7.60
Cash and Due From Banks	456.1			475.6		
Other Assets	597.7			648.5		
Total Assets	$14,145.1			$14,658.2		
Interest Bearing Liabilities						
Domestic Dep- Demand	$2,085.6	36.4	2.33	$2,146.0	36.4	2.27
- Savings	690.6	10.5	2.03	728.0	11.0	2.03
- Time	2,769.5	111.8	5.39	2,534.0	90.9	4.80
Total Domestic	5,545.7	158.7	3.82	5,408.0	138.3	3.42
Foreign Deposits						
- Time Due to Banks	487.7	21.7	5.95	646.7	25.0	5.17

- Other Time and Savings	1,024.9	32.0	4.18	1,163.7	30.4	3.49
Total Foreign	1,512.6	53.7	4.75	1,810.4	55.4	4.09
Total Interest Bearing Deposits	7,058.3	212.4	4.02	7,218.4	193.7	3.59
Short-Term Borrowings	2,651.2	117.0	5.90	3,118.3	110.9	4.75
Long-Term Debt	848.3	42.2	6.64	665.2	32.2	6.47
Total Interest Bearing Liabilities	10,557.8	371.6	4.70	11,001.9	336.8	4.09
Net Interest Income		418.2			432.4	
Interest Rate Spread			3.36%			3.51%
Net Interest Margin			4.27%			4.27%
Demand Deposit- Domestic	1,649.9			1,649.2		
- Foreign	376.9			427.6		
Total Demand Deposits	2,026.8			2,076.8		
Other Liabilities	336.6			370.8		
Shareholders' Equity	1,223.9			1,208.7		
Total Liabilities and Shareholders' Equity	$14,145.1			$14,658.2		
Provision for Loan Losses		117.1			40.0	
Net Overhead		174.2			226.4	
Income Before Income Taxes		126.9			166.0	
Provision for Income Taxes		45.1			69.9	
Tax-Equivalent Adjustment		0.7			0.7	
Net Income		$81.1			$95.4	

Provision for Loan Losses

The provision for loan losses was $20.1 million in the third quarter of 2000, an increase from $13.5 million for the same quarter in 1999. For the first nine months of 2000, the provision for loan losses totaled $117.1 million, compared to $40.1 million in the like year ago period. For further discussion on credit quality, refer to the section on "Credit Risk - Reserve for Loan Losses."

Non-Interest Income

Total non-interest income in the third quarter of 2000, was $61.3 million, compared to $71.4 million for the same quarter in 1999, a decrease of 14.2%. The decrease reflects the gain on the sale of Arbella Leasing of $14.0 million recognized in the third quarter of 1999. For the first nine months of 2000, total non-interest income was $198.7 million, up 1.3% over the same year-earlier period. The gain on the pension settlement recorded in the second quarter of 2000 and the Arbella gain affect the comparison. Excluding both these transactions, the increase in non-interest income was 2.6% year-over-year. The changes between periods are discussed in each section following.

Non-Interest Income
Table 3

(in millions)	3 Months Ended Sept. 30, 2000	3 Months Ended Sept. 30, 1999	9 Months Ended Sept. 30, 2000	9 Months Ended Sept. 30, 1999
Trust Income	$15.9	$14.7	$49.1	$44.7
Service Charges on Deposit Accounts	10.1	8.6	29.8	25.7
Fees, Exchange and Other Service Charges	22.7	21.9	66.9	66.6
Other Operating Income	12.7	26.1	41.3	50.5
Gain on Settlement of Pension Obligation	-	-	11.9	-
Investment Securities Gains (Losses)	(0.1)	0.1	(0.3)	8.7
Total Non-Interest Income	$61.3	$71.4	$198.7	$196.2

Trust income for the third quarter of 2000 increased to

$15.9 million, up 8.2% from the same quarter last year. Year-to-date trust income totaled $49.1 million, reflecting a 9.9% increase over the first nine months of 1999. Pacific Century continues to show growth in the trust category due in part, to organizational changes that have allowed relationship officers to deliver a wider array of financial services to customers. New Era brought changes to trust pricing strategy that rationalized pricing and the cost of providing the service. Finally, the Pacific Capital family of mutual funds and Hawaiian Tax Free Trust, which are managed by Pacific Century Trust, have continued to experience strong growth. At the end of September 2000, the Pacific Capital fund family of investments totaled $4.1 billion compared to $3.5 billion on the same date in 1999 and $3.7 billion at year-end 1999.

Service charges on deposit accounts for the September 2000 quarter increased to $10.1 million, from $8.6 million in the third quarter of 1999. The increase largely reflecting the pricing changes developed in the New Era Redesign project. Pricing changes developed in New Era were to realign fees commensurate with the cost to provide the service. For the year-to-date, service charges on deposit accounts increased to $29.8 million, 16.0% increase over the same period in 1999.

Fees, exchange and other service charges were $22.7 million for the third quarter of 2000, up modestly from $21.9 million for the same quarter in 1999. The year-to-date total for this category was $66.9 million in 2000, a modest increase from $66.6 million for the first nine months of 1999. The change between year-to-date 2000 and 1999 was the net of increases in fees reflecting New Era changes offset by a decline in fees earned in the South Pacific banks. The decline in the South Pacific fees is partly due to the weakening of the exchange rate against the dollar.

Other operating income in the third quarter of 2000 was $12.7 million, a 51.3% decrease from $26.1 million reported in the same quarter of 1999. As previously discussed, in the third quarter of 1999, Arbella Leasing a subsidiary of Pacific Century Leasing was sold at a gain of $14.0 million. Excluding that gain, the increase would have been 5.1% comparing the third quarters of 1999 and 2000. Year-to-date other operating income decreased 18.1% from the same period in 1999. The year-to-year comparison is also affected by the non-recurring gain ($2.0 million) on the sale of shares received as an insurance company demutualized in the first quarter of 2000 as well as the Arbella transaction. Without these two transactions, year to date other income would have grown 7.8% over the same period in 1999.

There were no significant securities transactions reported for the third quarter of 2000 and 1999. For the year-to-date 2000, securities losses of $0.3 million were recognized, compared with gains of $8.7 million for the same period in 1999. The gains reported in 1999 were related to investments held by Pacific Century Small Business Investment Company.

Non-Interest Expense

Total non-interest expense for the September 2000 quarter was $124.9 million, compared to $155.6 million in the similar quarter of 1999, a decrease of $30.7 million. As previously stated, in the third quarter of 1999, a restructuring charge of $22.5 million was recorded relative to the New Era Redesign program. Without that charge, non-interest expense for the quarter would have still decreased by 6.2%. Year-to-date total non-interest expense was $372.9 million, down from $422.6 million for the first nine months of 1999. Comparisons between 2000 and 1999 largely reflect the impact of the implementation of New Era ideas on the redesign of processes and procedures (excluding the impact of the restructuring charge in 1999). The implementation of New Era had its greatest impact on salaries and benefits which is discussed in further detail following.

Non-Interest Expense
Table 4

(in millions)	3 Months Ended Sept. 30, 2000	3 Months Ended Sept. 30, 1999	9 Months Ended Sept. 30, 2000	9 Months Ended Sept. 30, 1999
Salaries	$45.2	$50.8	$137.2	$152.1
Pension and Other Employee Benefits	12.3	13.4	37.7	43.4
Net Occupancy Expense	12.6	11.5	36.9	35.6
Net Equipment Expense	13.4	12.4	37.5	36.2
Other Operating Expense	41.3	44.9	123.3	132.4
Restructuring Charge	-	22.5	-	22.5
Minority Interest	0.1	0.1	0.3	0.4
Total Non-Interest Expense	$124.9	$155.6	$372.9	$422.6

Salaries and pension and other employee benefits expense totaled $57.5 million in the third quarter of 2000 compared to $64.2 million in the same quarter last year. For the first nine months, total salaries and benefits declined 10.5% to $174.9 million from $195.5 million in the same period last year. This significant change in salary and benefit expense largely reflects the implementation of the process changes in the New Era Redesign. The implementation of changes in processes and procedures identified in New Era allowed the reduction of staff and, along with it, lower salary and benefit costs.

Net occupancy and equipment expense in the third quarter of 2000 quarter increased to $26.0 million from $23.9 million for the same period in 1999. For the first nine months of 2000, net occupancy and equipment expense totaled $74.3 million, up 3.5% from $71.8 million in the similar period last year.

Other operating expense decreased to $41.3 million in the third quarter of 2000, a 7.9% decline from $44.9 million for the same quarter in 1999. Year-to-date other operating expense decreased $9.1 million to $123.3 million from $132.4 million for the same period in 1999. Much of the decrease in other expense is attributed to the Year 2000 remediation costs incurred in 1999. For the third quarter of 1999, Year 2000 expenses were $1.9 million and $9.1 million for the first nine months of 1999.

Pacific Century utilizes the efficiency ratio as a tool to manage non-interest income and expense. The efficiency ratio is derived by dividing non-interest expense by net operating revenue (net interest income plus non-interest income before securities transactions). For the third quarter and first nine months of 2000, the efficiency ratio was 62.3% and 60.5%, respectively. Comparatively, this ratio was 72.4% in the same quarter last year and 68.3% for the nine months of 1999. As mentioned earlier, both 2000 and 1999 efficiency ratios were affected by the one-time items, without these transactions, the efficiency ratios would have been 62.3% and 66.3% for the third quarters of 2000 and 1999, respectively. On a year-to-date basis, the ratios would have improved from 66.1% for 1999 to 61.7% for 2000.

On a tangible basis, the efficiency ratio was 59.8% and 70.0% for the third quarters of 2000 and 1999, respectively. For the respective years-to-date, the tangible efficiency ratio was 58.1% and 66.0% for 2000 and 1999 and 59.3% and 63.8% for 2000 and 1999 without the one-time transactions in both years.

BALANCE SHEET ANALYSIS

Loans

Loans comprise the largest category of earning assets for Pacific Century and produce the highest level of earnings. At September 30, 2000, loans outstanding were $9.7 billion, the same as at year-end 1999 and September 30, 1999.

Pacific Century's objective is to maintain a diverse loan portfolio in order to spread credit risk and reduce exposure to economic downturns that may impact different markets and industries. The composition of the loan portfolio is regularly monitored to ensure diversity as to loan type, geographic distribution, and industry and borrower concentration.

Table 5 presents the composition of the loan portfolio by major loan categories as of September 30, 2000, December 31, 1999 and September 30, 1999.

Pacific Century Financial Corporation and subsidiaries
Loan Portfolio Balances
Table 5

(in millions of dollars)	September 2000	December 31 1999	September 1999
Domestic Loans			
Commercial and Industrial	$2,562.3	$2,493.0	$2,491.5
Real Estate			
Constructio-- Commercial	284.7	315.1	303.7
-- Residential	22.3	13.8	12.4
Mortgage --Commercial	1,169.3	1,244.8	1,264.5
-- Residential	2,908.9	2,645.4	2,584.0
Installment	735.4	756.1	743.9
Lease Financing	729.8	627.6	547.1
Total Domestic	8,412.7	8,095.8	7,947.1
Foreign Loans	1,338.0	1,621.8	1,799.5
Total Loans	$9,750.7	$9,717.6	$9,746.6

Investment Securities

Pacific Century's investment portfolio is managed to provide collateral for cash management needs, to meet strategic asset/liability positioning, and to provide both interest income and balance sheet liquidity. At $2.5 billion, available-for-sale securities at September 30, 2000 were almost level with year-end 1999, but were down from $2.6 billion at the same date last year. Securities held to maturity were down to $0.7 billion at September 30, 2000, declining from $0.8 billion at year-end 1999 and a year ago. Other short-term interest bearing assets totaled $0.2 billion at the end of the third quarter, down from $0.3 billion and $0.5 billion at December 31, 1999 and September 30, 1999, respectively. The decline in investment securities and other short-term interest earning assets relative to year-end 1999 and September 30, 1999, is primarily the result of managed reductions of lower yielding assets to improve balance sheet efficiency.

Deposits

As of September 30, 2000, deposits totaled $8.8 billion, down from $9.3 billion from September 30, 1999 and $9.4 billion at year-end 1999. As of September 30, 2000, the mix of deposits has changed with domestic deposits increasing and foreign deposits decreasing. At $7.1 billion, domestic deposits at September 30, 2000 were $76 million lower than year-end 1999, while foreign deposits decreased $497 million. Foreign deposits are declining largely due to the impact of exchange rates particularly in French Polynesia and a reduction in foreign time deposits due to banks (functionally a form of short-term borrowings handled centrally by the Treasury function).

Table 6 presents deposits by type as of September 30, 2000 and 1999 and year-end 1999.

Deposits
Table 6

(in millions of dollars)	September 30, 2000 Amount	Mix	December 31, 1999 Amount	Mix	September 30, 1999 Amount	Mix
Domestic						
Non-Interest Bearing Demand	$1,626.4	18.4%	$1,676.4	17.8%	$1,683.2	18.1%
Interest-Bearing Demand	2,039.3	23.1%	2,076.4	22.1%	2,059.7	22.2%
Regular Savings	671.4	7.6%	700.1	7.5%	713.0	7.7%
Time Certificates of Deposit ($100,000 or More)	1,289.7	14.6%	1,203.7	12.8%	1,110.1	11.9%
All Other Time and Savings Certificates	1,512.3	17.2%	1,557.9	16.6%	1,460.0	15.7%
Total Domestic	7,139.1	80.9%	7,214.5	76.8%	7,026.0	75.6%
Foreign						
Non-Interest Bearing Demand	343.8	3.9%	401.6	4.3%	437.1	4.7%
Time Due to Banks	571.6	6.5%	597.7	6.4%	679.3	7.3%
Other Time and Savings	766.1	8.7%	1,179.8	12.5%	1,148.0	12.4%
Total Foreign	1,681.5	19.1%	2,179.1	23.2%	2,264.4	24.4%
Total	$8,820.6	100.0%	$9,393.6	100.0%	$9,290.4	100.0%

Borrowings

Short-term borrowings, including funds purchased and securities sold under agreements to repurchase, totaled $2.5 billion at September 30, 2000 compared with $2.8 billion at year-end 1999 and $2.9 billion at September 30, 1999.

Long-term debt on September 30, 2000 increased to $1.0 billion from $728 million at year-end 1999 and $795 million at September 30, 1999. This increase is primarily attributed to new Federal Home Loan Bank advances, net of maturities.

INTERNATIONAL OPERATIONS

Pacific Century maintains an extensive international presence in the Asia-Pacific region that provides opportunities to take part in lending, correspondent banking, trade financing and deposit-taking activities in these markets. Pacific Century divides its international business into two areas: the Asia Market and the Pacific Market, the latter of which is comprised of economies located in the South and West Pacific.

Through its Asia Market, Pacific Century offers banking services to its corporate and financial institution customers in most of the major Asian financial centers with support from its New York and Honolulu operations. The Asia Division of Bank of Hawaii continues to focus on correspondent banking and trade-related financing activities and lending to customers with which it has a direct relationship.

The South Pacific Division consists of investments in subsidiary banks in French Polynesia, New Caledonia, Papua New Guinea, Vanuatu, and Bank of Hawaii branch operations in Fiji and American Samoa. Since American Samoa is U.S. dollar based, its operation is included as domestic. Additionally, Bank of Hawaii has interests in affiliate banks located in Samoa, Solomon Islands and Tonga.

The West Pacific Division includes Bank of Hawaii branches in Guam and in other locations in the region. Since the U.S. dollar is used in these locations, Pacific Century's operations in the West Pacific are not considered foreign for financial reporting purposes.

A detailed description of controls over risk exposure in international lending is provided in Pacific Century's 1999 Annual Report on Form 10-K. There has been no significant change to that process during 2000. Pacific Century continues to monitor its exposure in international lending with particular attention provided to Asia and the South Pacific.

The foreign countries to which Pacific Century maintains its largest credit exposure on a cross border basis are Japan, South Korea and France (as it relates to French Polynesia and New Caledonia). Table 7 presents as of September 30, 2000, December 31, 1999, and September 30, 1999 a geographic distribution of Pacific Century's cross-border assets for each country in which such assets exceeded 0.75% of total assets.

Geographic Distribution of Cross-Border International Assets (1)
Table 7

(in millions)

Country	September 30, 2000	December 31, 1999	September 30, 1999
Japan	$293.1	$320.4	$282.1
South Korea	305.5	294.3	345.8
France	93.6	195.1	166.7
All Others	462.4	563.4	695.5
	$1,154.6	$1,373.2	$1,490.1

(1) This table details by country cross-border outstandings that individually amounted to 0.75% or more of consolidated total assets as of September 30, 2000, December 31, 1999 and September 30, 1999. Cross-border outstandings are defined as foreign monetary assets that are payable to Pacific Century in U.S. dollars or other non-local currencies, plus amounts payable in local currency but funded with U.S. dollars or other non-local currencies. Cross-border outstandings include loans, acceptances, and interest-bearing deposits with other banks.

CORPORATE RISK PROFILE

Credit Risk

Non-Performing Assets and Past Due Loans

Non-performing assets (NPAs) consist of non-accrual loans, restructured loans and foreclosed real estate. These assets increased to $219.6 million at September 30, 2000 from $154.8 million a year ago and $149.9 million at the end of 1999.

The management of non-performing assets has received an elevated level of management focus and attention. The reevaluation of the loan grading system was completed during the third quarter. This change and its resulted impact on loan grades is reflected in the increase in NPA. During the third quarter, NPA were impacted by payments of more than $33 million and charge-offs of $21 million. Loans aggregating $64 million, largely loans in the commercial real estate category, were added to non-performing status during the quarter.

Total non-accrual loans rose to $214.5 million at September 30, 2000, up from $145.3 million and $148.9 million at year-end 1999 and September 30, 1999, respectively. The most significant components of the increase in non-accrual loans relative to year-end were noted in commercial industrial and commercial real estate categories. Since year-end, foreign and residential real estate non-accruals have decreased $19.1 million and $7.7 million, respectively.

At September 30, 2000, the ratio of NPAs to outstanding loans was 2.25%. Comparatively the ratio was 1.54% at year-end 1999 and 1.59% at September 30, 1999. Table 8 presents Pacific

Century's NPAs and ratio of NPAs to total loans.

Pacific Century's policy is to place loans on non-accrual status when a loan is over 90 days delinquent, unless collection is likely based on specific factors such as 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.

Non-performing residential mortgages (excluding construction loans) totaled $22.0 million at September 30, 2000 compared to $29.7 million at year-end 1999 and $33.1 million a year ago. This decreasing trend in 2000 reflects the first quarter sale of certain non-performing residential loans ($4.8 million), an aggressive collection effort and an improving residential real estate market.

Foreclosed real estate totaled $5.1 million at September 30, 2000 compared to $4.6 million at year-end 1999 and $5.9 million a year ago. At September 30, 2000, the foreclosed real estate portfolio consisted of 42 properties, mostly residential property located in Hawaii. The largest property is a commercial property and represented approximately 11% of the total.

Accruing loans past due 90 days or more was $20.6 million as of September 30, 2000. Accruing loans past due 90 days or more were $18.5 million at year-end 1999, and $21.6 million at September 30, 1999.

Potential Problem Loans

Management continues to closely monitor the $65 million loan in the syndicated portfolio mentioned in the second quarter 10-Q.

Non-Performing Assets and Accruing Loans Past Due 90 Days or More
Table 8

(in millions of dollars)	September 30 2000	December 31 1999	September 30 1999
Non-Accrual Loans			
Commercial and Industrial	$49.0	$23.7	$31.7
Real Estate			
Construction	8.1	1.1	2.1
Commercial	86.8	19.0	20.8
Residential	22.0	29.7	33.1
Installment	0.1	0.5	0.7
Leases	0.2	3.9	4.8
Total Domestic	166.2	77.9	93.2
Foreign	48.3	67.4	55.7
Subtotal	214.5	145.3	148.9
Foreclosed Real Estate			
Domestic	4.9	4.3	5.6
Foreign	0.2	0.3	0.3
Subtotal	5.1	4.6	5.9
Total Non-Performing Assets	219.6	149.9	154.8
Accruing Loans Past Due 90 Days or More			
Commercial and Industrial	2.2	5.9	6.2
Real Estate			
Construction	0.1	0.0	0.5
Commercial	4.9	1.9	2.4
Residential	7.2	4.0	2.8
Installment	4.6	4.5	4.5
Leases	0.1	1.2	0.2
Total Domestic	19.1	17.5	16.6
Foreign	1.5	1.0	5.0

Subtotal	20.6	18.5	21.6
Total	$240.2	$168.4	$176.4
Ratio of Non-Performing Assets to Total Loans	2.25%	1.54%	1.59%
Ratio of Non-Performing Assets and Accruing Loans Past Due 90 Days or More to Total Loans	2.46%	1.73%	1.81%

Reserve for Loan Losses

The reserve for loan losses ended the third quarter of 2000 at $245.0 million, a $50.8 million increase from year-end 1999 and a $33.7 million increase over the same date last year. Net charge-offs for the third quarter of 2000 were $19.6 million or 0.81% (annualized) of average loans, compared to $13.5 million, or 0.57% (annualized) of average loans for the same quarter last year and $73.8 million, or 0.78% of average loans for all of 1999. For the nine months ended September 30, 2000, net charge-offs were $63.8 million, or 0.89% (annualized) of average loans, compared to $37.0 million and 0.52% (annualized), respectively in same 1999 period. The ratio of reserves to loans outstanding at September 30, 2000 was 2.58%, compared to 2.22% at this date last year and 2.05% at year-end 1999. A summary of the activity in the reserve for loan losses is presented in Table 9.

At September 30, 2000, the reserve for loan losses provided coverage of 112% of non-performing loans, compared to 130% coverage at year-end 1999 and 137% at September 30, 1999. Additionally, the ratio of reserves to annualized gross charge-offs was 2.3 times for the first nine months of 2000, compared to 1.9 times for all of 1999 and 2.6 times for the first nine months of 1999.

For the first nine months of 2000, recoveries totaled $15.4 million compared to $23.7 million for the same period last year. The 1999 total was enhanced by two large recoveries, a $7.0 million recovery of a U.S. mainland loan in the commercial and industrial portfolio and $3.2 million in foreign loan recoveries.

During the third quarter, the Company recorded a provision for loan losses of $20.2 million. This provision level is lower than the provision made for the second quarter of $83.4 million. The provision in the second quarter was to bolster the reserve to support increases in non-performing assets and increased risk in the loan portfolio. The increased risk arose from deterioration in the quality of the Hawaii commercial real estate and the Company's syndicated loan portfolios, the turmoil in Fiji, and the finalization of the grading reevaluation to assess the accuracy of its loan grading system. The finalization of this review, the collection efforts of the quarter, and the comprehensive reexamination of lending and credit practices were reflected in the increased provisions in both the second and third quarters.

The Company continues its effort to enhance the credit process and improve credit quality. The ad hoc Credit Quality Committee established by the Board of Bank of Hawaii, a special committee consisting of three outside Directors that is charged with monitoring management's progress, has met regularly during the quarter. The Company has hired an industry expert as an advisor to assist in this effort which includes hiring a new Chief Credit Officer.

Pacific Century Financial Corporation and subsidiaries
Reserve for Loan Losses
Table 9

(in millions of dollars)	Third Quarter 2000	Third Quarter 1999	First Nine Months 2000	First Nine Months 1999
Average Amount of Loans Outstanding	$9,628.6	$9,421.7	$9,583.3	$9,428.7
Balance of Reserve for Loan Losses				
at Beginning of Period	$246.6	$209.6	$194.2	$211.3
Loans Charged-Off				
Commercial and Industrial	8.0	0.3	17.7	15.7
Real Estate				
Construction	0.0	0.0	0.5	0.2
Commercial	2.8	0.1	14.3	2.3
Residential	1.5	2.0	5.2	5.6
Installment	4.6	6.2	14.5	19.1
Leases	0.2	0.1	0.4	0.2
Total Domestic	17.1	8.7	52.6	43.1
Foreign	9.5	11.8	26.6	17.6
Total Charged-Off	26.6	20.5	79.2	60.7
Recoveries on Loans Previously Charged-Off				
Commercial and Industrial	2.2	3.4	5.1	12.9
Real Estate				
Construction	0.0	0.0	0.0	0.0
Commercial	0.1	0.8	0.3	1.0
Residential	0.3	0.0	1.0	0.2
Installment	1.7	2.0	5.3	5.6
Total Domestic	4.3	6.2	11.7	19.7
Foreign	2.7	0.8	3.7	4.0
Total Recoveries	7.0	7.0	15.4	23.7
Net Charge-Offs	(19.6)	(13.5)	(63.8)	(37.0)
Provision Charged to Operating Expenses	20.2	13.5	117.1	40.1
Other Net Additions (Reductions)*	(2.2)	1.7	(2.5)	(3.1)
Balance at End of Period	$245.0	$211.3	$245.0	$211.3
Ratio of Net Charge-Offs to Average Loans Outstanding (annualized)	0.81%	0.57%	0.89%	0.52%
Ratio of Reserve to Loans Outstanding	2.58%	2.22%	2.58%	2.22%

* Includes balance transfers, reserves acquired, and foreign currency translation adjustments.

Market Risk

At Pacific Century, assets and liabilities are managed to maximize long term risk adjusted returns to shareholders. Pacific Century's asset and liability management process involves measuring, monitoring, controlling and managing financial risks that can significantly impact Pacific Century's financial position and operating results. Financial risks in the form of interest rate sensitivity, foreign currency exchange fluctuations, liquidity, and capital adequacy are balanced with expected returns with the objective to maximize earnings performance and shareholder value, while limiting the volatility of each.

The activities associated with these financial risks are categorized into "other than trading" or "trading."

Other Than Trading Activities

A key element in Pacific Century's ongoing process to measure and monitor interest rate risk is the utilization of a net interest income (NII) simulation model. This model is used to estimate the amount that NII will change over a one-year time horizon under various interest rate scenarios using numerous assumptions, which management believes are reasonable. The NII simulation model provides a sophisticated estimate rather than a precise prediction of NII's exposure to higher or lower interest rates.

Table 10 presents as of September 30, 2000, December 31, 1999 and September 30, 1999, the results from this model. The NII simulation model provides an estimate of the change in NII from a gradual 200 basis point increase or decrease in interest rates, moving in parallel fashion over the entire yield curve, over the next 12-month period relative to what the NII would have been if interest rates did not change. The resulting estimate in NII exposure is well within the approved Asset Liability Management Committee guidelines.

Market Risk Exposure to Interest Rate Changes
Table 10

	September 30, 2000		December 31, 1999		September 30, 1999	
	Interest Rate Change (in basis points)		Interest Rate Change (in basis points)		Interest Rate Change (in basis points)	
	-200	+200	-200	+200	-200	+200
Estimated Exposure as a Percent of Net Interest Income	(0.8)%	0.1%	1.4%	(1.7)%	0.8%	(1.3)%

To enhance and complement the results from the NII simulation model, Pacific Century also reviews other measures of interest rate risk. These measures include the sensitivity of market value of equity and the exposure to basis risk and non-parallel yield curve shifts. There are some inherent limitations to these measures, but used along with the NII simulation model, Pacific Century gets a better overall insight for managing its exposure to changes in interest rates.

In managing interest rate risks, Pacific Century uses several approaches, both on- and off-balance sheet, to modify its risk position. Approaches that are used to shift balance sheet mix or alter the interest rate characteristics of assets and liabilities include changing product pricing strategies, modifying investment portfolio strategies, or using financial derivatives. The use of financial derivatives has been limited over the past several years. During this period, Pacific Century has relied more on the use of on-balance sheet alternatives to manage its interest rate risk position.

Pacific Century's broad area of operations throughout the South Pacific and Asia has the potential to expose it to foreign currency risk. In general, however, most foreign currency denominated assets are funded by like currency liabilities, with imbalances corrected through the use of various hedge instruments. By policy, the net exposure in those balance sheet activities described above is insignificant.

On the other hand, Pacific Century is exposed to foreign currency exchange rate changes from the capital invested in its foreign subsidiaries and branches located throughout the South Pacific and Asian Rim. These investments are designed to diversify Pacific Century's total balance sheet exposure. A portion of the capital investment in French Polynesia and New Caledonia is offset by a borrowing denominated in euro and a foreign exchange currency hedge transaction. As presented in Table 11, the remainder of these capital positions which aggregated $70.3 million, was not hedged as of September 30, 2000. The comparative unhedged position at year-end 1999 was $87.6 million and $92.7 million at September 30, 1999. The increased provisioning and charge-off of loans in the South Pacific and Asia has created situations where liabilities exceeded assets as of September 30, 2000. This anomaly results in the negative value reported in Table 11 for the other currency category.

Pacific Century uses a value-at-risk (VAR) calculation to measure the potential loss from foreign currency exposure. Pacific Century's VAR is calculated at a 95% confidence interval and assumes a normal distribution. Pacific Century utilizes the variance/covariance approach to estimate the probability of future changes in foreign exchange rates. Under this approach, equally weighted daily closing prices are used to determine the daily volatility for the last 10, 30, 50, and 100 days. Pacific Century uses the highest daily volatility of the four trading periods in its VAR calculation.

Table 11 presents as of September 30, 2000, December 31, 1999 and September 30, 1999 Pacific Century's foreign currency exposure from its net investment in subsidiaries and branch operations that are denominated in a foreign currency as measured by the VAR.

Market Risk Exposure From Changes in Foreign Exchange Rates
Table 11

	September 30, 2000		December 31, 1999		September 30, 1999	
(in millions of dollars)	Book Value	Value-at-Risk	Book Value	Value-at-Risk	Book Value	Value-at-Risk
Net Investments in Foreign Subsidiaries and Branches						
Japanese Yen	$10.5	$1.5	$9.4	$1.8	$8.2	$1.9
Korean Won	32.4	3.9	34.3	4.2	40.5	3.7
Pacific Franc (1)	30.4	6.1	25.9	4.2	25.3	4.6
Other Currencies	(3.0)	18.2	18.0	17.0	18.7	17.1
Total	$70.3	$29.7	$87.6	$27.2	$92.7	$27.3

(1) Net of a $35 million, $40 million and $42 million borrowing at September 30, 2000, December 31, 1999 and September 30, 1999, respectively, denominated in euro and foreign exchange hedge transactions of $20 million, $23 million and $24 million at September 30, 2000, December 31, 1999 and September 30, 1999.

Trading Activities

Trading activities include foreign currency and foreign exchange contracts that expose Pacific Century to a minor degree of foreign currency risk. Pacific Century manages its trading account such that it does not maintain significant foreign currency open positions. Trading activities remain immaterial as of September 30, 2000.

Liquidity Management

Liquidity is managed to ensure that Pacific Century has continuous access to sufficient, reasonably priced funding to conduct its business in a normal manner. Pacific Century's liquidity management process is described in the 1999 Annual Report to Shareholders. Additional borrowings are subject to regulators approval (see footnote 7).

Pacific Century maintained a $25 million annually renewable line of credit for working capital purposes. Fees are paid on the unused balance of the line. During the third quarter of 2000, the line was not drawn upon.

Bank of Hawaii and First Savings are both members of the Federal Home Loan Bank of Seattle. The FHLB provides these institutions with an additional source for short and long-term funding. Borrowings from the FHLB ended the third quarter of 2000 at $533 million, compared to $626 million at the prior quarter-end and $247 million at the end of 1999.

Additionally, Bank of Hawaii maintains a $1 billion senior and subordinated bank note program. Under this facility, Bank of Hawaii may issue additional notes provided that at any time the aggregate amount outstanding does not exceed $1 billion. At September 30, 2000, there was $125 million issued and outstanding under this program. No new notes have been issued in 2000.

Equity Capital
Table 12

(in millions of dollars)	Nine Months Ended September 30 2000	Year Ended December 31 1999	Nine Months Ended September 30 1999
Source of Common Equity			
Net Income	$81.1	$133.0	$95.4
Dividends Paid	(42.1)	(54.6)	(41.0)
Dividend Reinvestment Program	2.5	4.0	3.2
Stock Repurchases	(17.0)	(21.8)	(11.3)
Other (1)	13.3	(33.9)	(23.4)
Increase (Decrease) in Equity	$37.8	$26.7	$22.9
Common Equity	$1,250.1	$1,212.3	$1,208.5
Add: 8.25% Capital Securities of Bancorp Hawaii Capital Trust I	100.0	100.0	100.0
Minority Interest	4.2	4.4	4.6
Less: Intangibles	166.3	175.8	180.1
Unrealized Valuation and Other Adjustments	(31.5)	(37.9)	(24.3)
Tier I Capital	1,219.5	1,178.8	1,157.3
Allowable Loan Loss Reserve	135.5	143.9	145.5
Subordinated Debt	172.1	195.8	195.8
Investment in Unconsolidated Subsidiary	(3.8)	(3.2)	(2.7)
Total Capital	$1,523.3	$1,515.3	$1,495.9
Risk Weighted Assets	$10,729.5	$11,461.0	$11,569.6
Key Ratios			
Tier I Capital Ratio	11.37%	10.28%	10.00%
Total Capital Ratio	14.20%	13.22%	12.93%
Leverage Ratio	8.80%	8.31%	8.15%

(1) Includes common stock issued under the profit sharing and stock option plans and unrealized valuation adjustments for investment securities, foreign currency translation and pension liability.

Capital Management

Pacific Century manages its capital level to optimize shareholder value, support asset growth, provide protection against unforeseen losses and comply with regulatory requirements. Capital levels are reviewed periodically relative to Pacific Century's risk profile and current and projected economic conditions. Pacific Century's objective is to hold sufficient capital on a regulatory basis to exceed the minimum guidelines of a well capitalized institution.

At September 30, 2000, Pacific Century's shareholders' equity was $1.25 billion, an increase from $1.21 billion reported on this date in 1999. Table 12 presents the changes in capital by category for the nine months ended September 30, 1999 and 2000 and all of 1999. As noted in footnote 7 of the financial statements, continuation of the share repurchase program has been authorized by both the Board and the regulators. During the third quarter, no treasury shares were purchased.

Pacific Century's regulatory capital ratios at September 30, 2000 were: Tier 1 Capital Ratio of 11.37%, Total Capital Ratio of 14.20%, and Leverage Ratio of 8.80%. All three capital ratios exceeded the minimum threshold levels that were established by federal bank regulations to qualify an institution as well capitalized. The minimum regulatory standards to qualify as well capitalized are as follows: Tier 1 Capital 6%; Total Capital 10%; and the Leverage Ratio 5%. These standards are minimum regulatory guidelines and Pacific Century manages its capital base in accordance with the attributes noted at the beginning of this section. Table 12 also presents the activities and balances in Pacific Century's capital accounts along with key capital ratios.

Regulatory Matters

Please see Note 7 to the Financial Statement which is incorporated herein by reference.Part II. - Other Information

Items 1 to 5 omitted pursuant to instructions.

Item 6 - Exhibits and Reports on Form 8-K

(a) Exhibit Index
Exhibit Number

20	Quarterly Report to Shareholders
27	Financial Data Schedule
99	Statement of Ratios

(b) During the third quarter of 2000, two events were reported by Pacific Century Financial Corporation on Form 8-K.

A Form 8-K was filed on August 22, 2000. The 8-K announced the pending retirement of Mr. Lawrence Johnson, Chairman and Chief Executive Officer of Pacific Century Financial Corporation.

A Form 8-K was filed on September 14, 2000. The 8-K announced Mr. Robert Huret as a new director of Pacific Century Financial Corporation.

SIGNATURES

Pursuant to the requirements 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 November 13, 2000

PACIFIC CENTURY FINANCIAL CORPORATION

/s/ Richard J. Dahl
(Signature)

Richard J. Dahl
President and Chief Operating Officer

/s/ David A. Houle
(Signature)

David A. Houle
Executive Vice President, Treasurer
and Chief Financial Officer

To Our Shareholders:

In reviewing Pacific Century's performance for the first half of 2000, two important factors have had an impact on earnings - New Era Redesign and asset quality. During the second quarter, asset quality issues overshadowed the positive contributions of New Era Redesign.

Specifically, Pacific Century increased its provisioning to the reserve for loan losses to offset net charge-offs and bolster the reserve by approximately $50 million. As a result, earnings for the second quarter were $6.7 million, and diluted earnings per share were $0.08. Comparatively, earnings for the second quarter of 1999 were $38.5 million and $0.47 per share.

During the second quarter, we took prudent and appropriate action to address weaknesses and issues related to asset quality. Alongside New Era Redesign, asset quality improvement is a key priority.

With respect to New Era Redesign, we are pleased to report that the program remains solidly on track and continues to contribute to our overall efforts to improve efficiency. Both non-interest income and non-interest expense reflected the quarterly incremental impact to earnings that we expected to see from implementation.

At June 30, 2000, net loans totaled $9.5 billion compared to $9.2 billion at second quarter-end 1999. Total deposits at the end of the second quarter were $9.1 billion relative to $9.3 billion at June 30, 1999.

Pacific Century's board of directors declared a quarterly cash dividend of 18 cents per share on the outstanding common stock. The dividend will be payable on September 15, 2000 to shareholders of record at the close of business on August 25, 2000.

News on Hawaii's economy continues to be positive, with economists' 2000 forecast for real gross state product growth between 3.0 and 3.5 percent. Visitor arrivals grew by 4.0 percent during the first five months of 2000. The State of Hawaii Department of Business, Economic Development and Tourism expects visitor arrivals to grow by 3.8 percent in 2000 and 3.5 percent in 2001.

Our highest priority is maximizing the value of your holdings in Pacific Century Financial Corporation. I want to assure you that your management team remains firmly committed to doing what it takes to achieve the performance goals and financial objectives that we have set. We are confident in the strength of our company and the ability of our people to accomplish what needs to be done as we move forward.

Sincerely,

/s/ LARRY JOHNSON

Lawrence M. Johnson
Chairman and CEO

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Honolulu, Hawaii 96813

Website: www.boh.com

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or

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E-mail: sbliss@boh.com

or

Cori C. Weston
Corporate Secretary
Phone: (808) 537-8272
E-mail: cweston@boh.com

Highlights (Unaudited) Pacific Century Financial Corporation and subsidiaries

	June 30 2000	June 30 1999
Return on Average Assets	0.66%	1.01%
Return on Average Equity	7.65%	12.36%
Average Spread on Earning Assets	4.28%	4.26%
Average Equity/Average Assets	8.59%	8.14%
Book Value Per Common Share	$15.23	$15.12
Loss Reserve/Loans Outstanding	2.53%	2.23%

Common Stock Price Range	High	Low	Dividend
1999........................	$24.94	$17.38	$0.68
2000 First Quarter...........	$20.38	$14.35	$0.17
Second Quarter..........	$23.19	$14.63	$0.18

Consolidated Statements of Income (Unaudited)

(in thousands of dollars except per share amounts)	3 Months Ended June 30 2000	3 Months Ended June 30 1999	6 Months Ended June 30 2000	6 Months Ended June 30 1999
Total Interest Income	$263,075	$255,037	$519,497	$515,503
Total Interest Expense	124,469	110,637	241,383	227,259
Net Interest Income	138,606	144,400	278,114	288,244
Provision for Loan Losses	83,407	13,948	96,929	26,538
Net Interest Income After Provision for Loan Losses	55,199	130,452	181,185	261,706
Total Non-Interest Income	73,565	63,613	137,492	124,783
Total Non-Interest Expense	121,899	132,128	247,981	266,968
Income Before Income Taxes	6,865	61,937	70,696	119,521
Provision for Income Taxes	158	23,475	24,224	45,642
Net Income	$6,707	$38,462	$46,472	$73,879
Basic Earnings Per Share	$0.08	$0.48	$0.58	$0.92
Diluted Earnings Per Share	$0.08	$0.47	$0.58	$0.91
Basic Weighted Average Shares	79,425,245	80,302,154	79,623,305	80,361,529
Diluted Weighted Average Shares	80,002,989	81,121,840	79,975,904	81,263,475

Consolidated Statements of Condition (Unaudited)

(in thousands of dollars)	June 30 2000	December 31 1999	June 30 1999
Assets			
Interest-Bearing Deposits	$199,020	$278,473	$411,239
Investment Securities			
(Market Value of $3,214,683, $3,329,952, and $3,547,199, respectively)	3,223,511	3,338,554	3,550,115
Securities Purchased Under Agreements to Resell	0	0	4,325
Funds Sold	50,646	52,740	34,995
Loans	10,071,517	9,717,556	9,610,980
Unearned Income	(327,520)	(242,503)	(219,717)
Reserve for Loan Losses	(246,559)	(194,205)	(209,573)

Net Loans	9,497,438	9,280,848	9,181,690
Total Earning Assets	12,970,615	12,950,615	13,182,364
Cash and Non-Interest Bearing Deposits	473,950	639,895	493,483
Premises and Equipment	259,037	271,728	288,955
Other Assets	591,023	578,077	586,656
Total Assets	$14,294,625	$14,440,315	$14,551,458
Liabilities			
Deposits	$9,109,146	$9,394,218	$9,286,155
Securities Sold Under Agreements to Repurchase	1,573,980	1,490,655	1,990,178
Funds Purchased	663,234	839,962	715,398
Short-Term Borrowings	530,231	458,962	353,177
Other Liabilities	306,461	316,531	337,489
Long-Term Debt	902,174	727,657	654,847
Total Liabilities	13,085,226	13,227,985	13,337,244
Shareholders' Equity			
Common Stock ($.01 par value), authorized 500,000,000 shares; issued / outstanding; June 2000 - 80,555,424 / 79,399,919; December 1999 - 80,550,728 / 80,036,417; June 1999 - 80,544,104 / 80,287,805	806	806	805
Capital Surplus	346,018	345,851	345,468
Accumulated Other Comprehensive Income	(75,462)	(66,106)	(39,245)
Retained Earnings	959,041	942,177	912,686
Treasury Stock, at Cost - (June 2000 - 1,155,505; December 1999 - 514,311 and June 1999 - 256,299 shares)	(21,004)	(10,398)	(5,500)
Total Shareholders' Equity	1,209,399	1,212,330	1,214,214
Total Liabilities and Shareholders' Equity	$14,294,625	$14,440,315	$14,551,458

Pacific Century Financial Corporation
Exhibit 99 - Statement Regarding Computation of Ratios
Nine Months Ended September 30, 2000 & 1999

(in millions of dollars)	2000	1999
Earnings:		
1. Income Before Income Taxes	$126.2	$165.3
2. Plus: Fixed Charges Including Interest on Deposits	375.6	337.4
3. Earnings Including Fixed Charges	501.8	502.7
4. Less: Interest on Deposits	212.4	193.7
5. Earnings Excluding Interest on Deposits	$289.4	$309.0
Fixed Charges:		
6. Fixed Charges Including Interest on Deposits	$375.6	$337.4
7. Less: Interest on Deposits	212.4	193.7
8. Fixed Charges Excluding Interest on Deposits	$163.2	$143.7
Ratio of Earnings to Fixed Charges:		
Including Interest on Deposits (Line 3 divided by Line 6)	1.3 x	1.5 x
Excluding Interest on Deposits (Line 5 divided by Line 8)	1.8 x	2.2 x

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