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 June 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 July 31, 2000 - 79,411,621 sharesPACIFIC CENTURY FINANCIAL CORPORATION and subsidiaries
June 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)	June 30 2000	December 31 1999	June 30 1999
Assets			
Interest-Bearing Deposits	$199,020	$278,473	$411,239
Investment Securities - Held to Maturity			
(Market Value of $721,617, $787,720 and $825,434, respectively)	730,445	796,322	828,350
Investment Securities - Available for Sale	2,493,066	2,542,232	2,721,765
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
Customers' Acceptance Liability	9,406	7,236	14,802
Accrued Interest Receivable	75,883	78,974	79,384
Other Real Estate	4,915	4,576	6,009
Intangibles, including Goodwill	198,363	205,904	214,997
Other Assets	302,456	281,387	271,464
Total Assets	$14,294,625	$14,440,315	$14,551,458
Liabilities			
Domestic Deposits			
Demand - Non-Interest Bearing	$1,696,106	$1,676,425	$1,699,343
- Interest Bearing	2,091,074	2,076,358	2,176,931
Savings	684,572	700,720	725,010
Time	2,781,868	2,761,650	2,456,318
Foreign Deposits			
Demand - Non-Interest Bearing	378,497	401,613	442,102
Time Due to Banks	442,678	597,675	632,626
Other Savings and Time	1,034,351	1,179,777	1,153,825
Total Deposits	9,109,146	9,394,218	9,286,155
Securities Sold Under Agreements to Repurchase	1,573,980	1,490,655	1,990,178
Funds Purchased	663,234	839,962	715,398
Short-Term Borrowings	530,231	458,962	353,177
Bank's Acceptances Outstanding	9,406	7,236	14,802
Accrued Retirement Expense	37,214	40,360	40,892
Accrued Interest Payable	64,579	64,588	49,376
Accrued Taxes Payable	83,343	85,022	123,720
Minority Interest	4,350	4,435	4,374
Other Liabilities	107,569	114,890	104,325
Long-Term Debt	902,174	727,657	654,847
Total Liabilities	13,085,226	13,227,985	13,337,244
Shareholders' Equity			
Common Stock ($.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

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

(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
Interest Income				
Interest on Loans	$185,584	$171,636	$365,986	$347,636
Loan Fees	8,977	11,717	17,223	21,298
Income on Lease Financing	9,747	6,448	17,726	14,716
Interest and Dividends on Investment Securities				
Taxable	13,321	14,912	27,557	28,591
Non-taxable	243	276	522	552
Income on Investment Securities Available for Sale	41,161	41,918	82,194	83,700
Interest on Deposits	3,551	6,465	7,315	14,691
Interest on Security Resale Agreements	6	67	16	168
Interest on Funds Sold	485	1,598	958	4,151
Total Interest Income	263,075	255,037	519,497	515,503
Interest Expense				
Interest on Deposits	70,781	63,460	138,995	129,787
Interest on Security Repurchase Agreements	26,021	24,393	48,974	48,809
Interest on Funds Purchased	7,834	8,743	16,361	21,511
Interest on Short-Term Borrowings	6,514	3,321	11,046	6,570
Interest on Long-Term Debt	13,319	10,720	26,007	20,582
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
Non-Interest Income				
Trust Income	16,317	14,408	33,204	29,983
Service Charges on Deposit Accounts	10,180	7,675	19,737	17,070
Fees, Exchange, and Other Service Charges	22,586	22,618	44,212	44,616
Other Operating Income	13,097	12,094	28,672	24,449
Gain on Settlement of Pension Obligation	11,900	0	11,900	0
Investment Securities Gains (Losses)	(515)	6,818	(233)	8,665
Total Non-Interest Income	73,565	63,613	137,492	124,783
Non-Interest Expense				
Salaries	44,460	50,483	92,007	101,325
Pensions and Other Employee Benefits	10,788	14,907	25,418	29,950

Net Occupancy Expense	12,480	11,810	24,296	24,078
Net Equipment Expense	12,066	11,685	24,133	23,812
Other Operating Expense	41,998	43,147	81,951	87,500
Minority Interest	107	96	176	303
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
Dividends Declared Per Share	$0.18	$0.17	$0.35	$0.34
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

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	46,472	-	-	-	46,472	-	$46,472
Other Comprehensive Income, Net of Tax							
Investment Securities, Net of Reclassification Adjus	(10,696)	-	-	(10,696)	-	-	(10,696)
Foreign Currency Translatio	1,340	-	-	1,340	-	-	1,340
Total Comprehensive Income							$37,116
Common Stock Issued							
39,382 Profit Sharing Plan	723	-	18	-	(128)	833	
140,260 Stock Option Plan	2,018	-	3	-	(1,019)	3,034	
115,574 Dividend Reinvestment Plan	1,899	-	52	-	(616)	2,463	
4,696 Directors' Restricted Shares and Deferred Compensation	94	-	94	-	-	-	
Treasury Stock Purchased	(16,936)	-	-	-	-	(16,936)	
Cash Dividends Paid	(27,845)	-	-	-	(27,845)	-	
Balance at June 30, 2000	$1,209,399	$806	$346,018	($75,462)	$959,041	($21,004)	
Balance at December 31, 1998	$1,185,594	$805	$342,932	($22,476)	$867,852	($3,519)	
Comprehensive Income							
Net Income	73,879	-	-	-	73,879	-	$73,879
Other Comprehensive Income, Net of Tax							
Investment Securities, Net of Reclassification Adjus	(16,470)	-	-	(16,470)	-	-	(16,470)
Foreign Currency Translatio	(299)	-	-	(299)	-	-	(299)
Total Comprehensive Income							$57,110
Common Stock Issued							
81 Profit Sharing Plan	370	-	3	-	(9)	376	
21,196 Stock Option Plan	4,952	-	2,264	-	(1,653)	4,341	
4,276 Dividend Reinvestment Plan	2,335	-	136	-	(47)	2,246	
6,179 Directors' Restricted Shares and Deferred Compensation	133	-	133	-	-	-	
Treasury Stock Purchased	(8,944)	-	-	-	-	(8,944)	
Cash Dividends Paid	(27,336)	-	-	-	(27,336)	-	
Balance at June 30, 1999	$1,214,214	$805	$345,468	($39,245)	$912,686	($5,500)	

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

Six Months ended June 30 (in thousands of dollars)	2000	1999
Operating Activities		
Net Income	46,472	73,879
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses, depreciation, and amortization of income and expense	102,786	29,151
Deferred income taxes	(24,685)	12,033
Realized and unrealized investment security (gains) losses	78	(8,771)
Other assets and liabilities, net	(942)	(46,954)
Net cash provided by operating activities	123,709	59,338
Investing Activities		
Proceeds from redemptions of investment securities held to maturity	84,074	169,514
Purchases of investment securities held to maturity	(18,197)	(345,061)
Proceeds from sales of investment securities available for sale	86,216	1,083,400
Purchases of investment securities available for sale	(54,955)	(803,809)
Net decrease in interest-bearing deposits	79,453	48,788
Net decrease in funds sold	2,094	6,363
Net decrease (increase) in loans	(290,468)	253,071
Premises and equipment, net	(6,475)	(13,311)
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 (used) by investing activities	(118,258)	395,497
Financing Activities		
Net decrease in demand, savings, and time deposits	(285,072)	(315,977)
Proceeds from lines of credit and long-term debt	200,048	276,789
Principal payments on lines of credit and long-term debt	(25,531)	(207,688)
Net decrease in short-term borrowings	(22,134)	(248,965)
Net common stock repurchased	(12,202)	(1,154)
Cash dividends	(27,845)	(27,336)
Net cash used by financing activities	(172,736)	(524,331)
Effect of exchange rate changes on cash	1,340	(1,264)
Decrease in cash and non-interest bearing deposits	(165,945)	(70,760)
Cash and non-interest bearing deposits at beginning of year	639,895	564,243
Cash and non-interest bearing deposits at end of period	473,950	493,483

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 six months ended June 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 July 1999, the Financial Accounting Standards Board issued SFAS No. 137 "Deferral of the Effective Date of SFAS No. 133," that delays the effective date of SFAS No. 133 until fiscal years beginning after June 15, 2000. SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities" standardizes the accounting for derivative instruments by requiring the recognition of those instruments as assets or liabilities measured at fair value in the statement of financial condition. Gains or losses resulting from changes in the fair values of derivatives would be accounted for depending on the use of the derivatives and whether they qualify for hedge accounting. In order to qualify for hedge accounting, the hedging relationship must be highly effective in achieving offsetting changes in fair value or cash flows. SFAS No. 133 requires matching the timing of gain or loss recognition on derivative instruments with the recognition of the changes in the fair value of the hedged asset or liability that is attributed to the hedged risk or the effect on earnings of the hedged forecasted transaction. The adoption of SFAS No. 133 is not expected to have a material impact on Pacific Century's 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 six months ended June 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 six months ended June 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 577,744 and 819,686 shares for the three months ended June 30, 2000 and 1999, respectively and 352,599 and 901,946 for the six months ended June 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. 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.

From time to time, 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 six months ended June 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 June 30, 2000						
Net Interest Income	$68,184	$30,198	$5,259	$30,259	$4,704	$138,604
Economic Provision (1)	(7,272)	(3,209)	(4,238)	(2,901)	(65,786)	(83,406)
Risk-Adjusted Net Interest Income	60,912	26,989	1,021	27,358	(61,082)	55,198
Non-Interest Income	37,005	8,733	4,854	3,734	19,239	73,565
Total Risk-Adjusted Revenue	97,917	35,722	5,875	31,092	(41,843)	128,763
Non-Interest Expense	65,913	23,622	6,298	17,744	8,321	121,898
Net Income (Loss) Before Income Tax	32,004	12,100	(423)	13,348	(50,164)	6,865
Income Taxes (2)	(15,337)	(5,686)	187	(4,178)	24,856	(158)
Net Income (Loss)	$16,667	$6,414	($236)	$9,170	($25,308)	$6,707
Total Assets	$5,059,146	$2,301,368	$1,222,733	$3,093,442	$2,617,936	$14,294,625
Three Months Ended June 30, 1999						
Net Interest Income	$72,727	$28,894	$5,301	$25,779	$11,699	$144,400
Economic Provision (1) (3)	(7,949)	(3,406)	(4,875)	(2,662)	4,944	(13,948)
Risk-Adjusted Net Interest Income	64,778	25,488	426	23,117	16,643	130,452
Non-Interest Income	31,222	9,870	4,419	7,010	11,092	63,613
Total Risk-Adjusted Revenue	96,000	35,358	4,845	30,127	27,735	194,065
Non-Interest Expense	71,382	26,461	6,399	17,255	10,631	132,128
Net Income Before Income Taxes	24,618	8,897	(1,554)	12,872	17,104	61,937
Income Taxes (2)	(10,847)	(3,895)	576	(649)	(8,660)	(23,475)
Net Income	$13,771	$5,002	($978)	$12,223	$8,444	$38,462
Total Assets	$5,111,287	$2,377,871	$1,377,583	$2,722,478	$2,962,239	$14,551,458

(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 June 30, 2000 and 1999, income taxes for the U. S. Mainland segment included $3.5 million 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
Six Months Ended June 30, 2000						
Net Interest Income	$136,953	$60,107	$10,969	$58,404	$11,679	$278,112
Economic Provision (1)	(14,078)	(6,708)	(9,099)	(5,681)	(61,362)	(96,928)

Risk-Adjusted Net Interest Income	122,875	53,399	1,870	52,723	(49,683)	181,184
Non-Interest Income	73,571	17,468	10,051	7,094	29,308	137,492
Total Risk-Adjusted Revenue	196,446	70,867	11,921	59,817	(20,375)	318,676
Non-Interest Expense	133,732	49,990	13,158	35,456	15,644	247,980
Net Income Before Income Taxes	62,714	20,877	(1,237)	24,361	(36,019)	70,696
Income Taxes (2)	(28,268)	(9,404)	511	(6,302)	19,239	(24,224)
Net Income	$34,446	$11,473	($726)	$18,059	($16,780)	$46,472
Total Assets	$5,059,146	$2,301,368	$1,222,733	$3,093,442	$2,617,936	$14,294,625
Six Months Ended June 30, 1999						
Net Interest Income	$145,545	$59,794	$11,174	$51,964	$19,767	$288,244
Economic Provision (1) (3)	(16,864)	(6,789)	(9,750)	(5,613)	12,478	(26,538)
Risk-Adjusted Net Interest Income	128,681	53,005	1,424	46,351	32,245	261,706
Non-Interest Income	62,043	21,208	8,640	9,839	23,053	124,783
Total Risk-Adjusted Revenue	190,724	74,213	10,064	56,190	55,298	386,489
Non-Interest Expense	143,901	54,363	13,159	34,727	20,818	266,968
Net Income Before Income Taxes	46,823	19,850	(3,095)	21,463	34,480	119,521
Income Taxes (2)	(20,452)	(8,436)	1,249	(2,369)	(15,634)	(45,642)
Net Income	$26,371	$11,414	($1,846)	$19,094	$18,846	$73,879
Total Assets	$5,111,287	$2,377,871	$1,377,583	$2,722,478	$2,962,239	$14,551,458

(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 the six months ended June 30, 2000 and 1999, income taxes for the U. S. Mainland segment included $6.8 million and $6.3 million, respectively, 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 June 30, 2000 of $6.7 million, significantly lower than the $38.5 million reported for the same period in 1999. Earnings for the second quarter of 2000 included the impact of a significant increase in the provision for loan losses responding to an increase in loan charge-offs and non-performing assets. Partially offsetting the larger loss provision was the recognition of an $11.9 million gain on the settlement of certain obligations of the defined benefit pension plan. These transactions are discussed later in this report. Both basic and diluted earnings per share in the second quarter of 2000 were $0.08. Comparatively, basic and diluted earnings per share were $0.48 and $0.47, respectively, for the same period last year.

Earnings in the first six months of 2000 totaled $46.5 million, a 37.1% decrease from $73.9 million in the same year earlier period. Basic earnings per share were $0.58 in the first six months of 2000, down from $0.92 in the comparable 1999 period. Diluted earnings per share were also $0.58 for the six months ended June 30, 2000, compared to $0.91 in the like year ago period.

Performance ratios for the three and six months ended June 30, 2000 reflected significant decline from 1999. In the second quarter of 2000, return on average assets (ROAA) and return on average equity (ROAE) decreased to 0.19% and 2.19%, respectively from 1.05% and 12.72% in the like 1999 periods. For the six months ended June 30, 2000, ROAA and ROAE were 0.66% and 7.65%, compared to 1.01% and 12.36%, 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 second quarter of 2000 were $11.0 million, down from $42.3 million for the same quarter in 1999. Tangible earnings in the first half of 2000 and 1999 were $54.9 million and $81.5 million, respectively. On a per share basis, tangible diluted earnings per share were $0.14 and $0.52 in the second quarters of 2000 and 1999, respectively, and were $0.69 and $1.00 in the first six months of 2000 and 1999, respectively.

Second quarter tangible ROAA for Pacific Century was 0.32% in 2000 and 1.18% in 1999. Tangible ROAE was 4.30% and 17.01% for the similar quarters of 2000 and 1999, respectively. In the first six months of 2000 tangible ROAA and ROAE were 0.79% and 10.84%, respectively, compared to 1.13% and 16.62%, respectively, in the first half of 1999.

On a taxable equivalent basis, net interest income for the three and six months ended June 30, 2000 were $139.3 million and $279.1 million, respectively, reflecting a slight decline from $144.6 million and $288.5 million in the same year ago periods. The decline in net interest income is attributed to a decrease in average earning assets while net interest margin has been relatively stable between the periods.

Total assets at June 30, 2000 declined to $14.3 billion relative to $14.6 billion at June 30, 1999 and $14.4 billion at December 31, 1999. The decline in total assets is the result of managed reductions in less productive assets such as cash and non-interest bearing deposits and short-term interest bearing deposits and securities. Average assets in the second quarter and first half of 2000 were down 2.8% and 4.1%, respectively, from the same year-earlier periods.

Non-performing assets (NPAs), exclusive of accruing loans past due 90 days or more, ended 2000's second quarter at $210.6 million, or 2.09% of total loans, up from $136.4 million at the March 2000 quarter-end. The June 30, 2000 total has been revised from $199.4 million reported in the July 19, 2000 earnings release. Updated information caused a change in classification on one commercial real estate credit of $11.2 million. Comparatively, NPAs were $149.4 million, or 1.55% of total loans at June 30, 1999. The increase in NPAs were primarily from syndicated loans and commercial real estate loans in Hawaii.

The reserve for loan losses totaled $246.6 million at the end of June 2000, representing 2.53% of loans outstanding, compared to $209.6 million and 2.23%, respectively, on the same date in 1999. Net charge-offs for the second quarter of 2000 were $32.9 million, or 1.37% (annualized) of average loans, compared to $11.3 million and 0.48% (annualized), respectively, in 2000's first quarter and $12.7 million, or 0.54% (annualized) in the second quarter of 1999. For the first six months of 2000 net charge-offs were $44.2 million, up from $23.5 million in the like period last year. In the second quarter, provisions for loan losses of $83.4 million were charged to income, up significantly from $13.5 million for the quarter ended March 31, 2000 and $13.9 million in the same 1999 period. For the six months ended June 30, 2000 and 1999 provision for loan losses were $96.9 million and $26.5 million, respectively. The higher 2000 loan loss provision reflects the significant 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 is expected to be substantially completed in twelve months. When fully implemented at the beginning of the fourth quarter of 2000, the redesign is expected to contribute an annualized pretax increase in revenue of $21 million and annualized reduction in operating expenses of $43 million. To date, results associated with implementing redesign initiatives have been in line with expectations.

Highlights

Table 1
(in thousands of dollars except per share amounts)

Earnings Highlights and Performance Ratios	2000	1999	Percentage Change
Three Months Ended June 30			
Net Income	$6,707	$38,462	-82.6%
Basic Earnings Per Share	0.08	0.48	-83.3%
Diluted Earnings Per Share	0.08	0.47	-83.0%
Cash Dividends	14,305	13,645	
Return on Average Assets	0.19%	1.05%	
Return on Average Equity	2.19%	12.72%	
Net Interest Margin	4.27%	4.28%	
Efficiency Ratio	57.31%	65.67%	
Six Months Ended June 30			
Net Income	$46,472	$73,879	-37.1%
Basic Earnings Per Share	0.58	0.92	-37.0%
Diluted Earnings Per Share	0.58	0.91	-36.3%
Cash Dividends	27,845	27,336	
Return on Average Assets	0.66%	1.01%	
Return on Average Equity	7.65%	12.36%	
Net Interest Margin	4.28%	4.26%	
Efficiency Ratio	59.63%	66.02%	

Summary of Results Excluding the Effect of Intangibles (a)			
Three Months Ended June 30			
Net Income	$10,995	$42,291	-74.0%
Basic Earnings per Share	$0.14	$0.53	-73.6%
Diluted Earnings per Share	$0.14	$0.52	-73.1%
Return on Average Assets	0.32%	1.18%	
Return on Average Equity	4.30%	17.01%	
Efficiency Ratio	54.96%	63.53%	
Six Months Ended June 30			
Net Income	$54,884	$81,543	-32.7%
Basic Earnings per Share	$0.69	$1.01	-31.7%
Diluted Earnings per Share	$0.69	$1.00	-31.0%
Return on Average Assets	0.79%	1.13%	
Return on Average Equity	10.84%	16.62%	
Efficiency Ratio	57.29%	63.89%	

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

Statement of Condition Highlights and Performance	June 30 2000	June 30 1999	Percentage Change
Total Assets	$14,294,625	$14,551,458	-1.8%
Net Loans	9,497,438	9,181,690	3.4%
Total Deposits	9,109,146	9,286,155	-1.9%
Total Shareholders' Equity	1,209,399	1,214,214	-0.4%
Book Value Per Common Share	$15.23	$15.12	
Loss Reserve / Loans Outstanding	2.53%	2.23%	
Average Equity / Average Assets	8.59%	8.14%	
Common Stock Price Range	High	Low	

1999	$24.94	$17.38
2000 First Quarter......................	$20.38	$14.35
Second Quarter.....................	$23.19	$14.63

Forward-Looking Statements

This report contains forward-looking statements regarding Pacific Century's beliefs, estimates, projections and assumptions. Although Pacific Century believes that its expectations are based on reasonable assumptions, there can be no assurance that such assumptions will ultimately materialize. Forward-looking statements are contained in various sections of this report including those covering the Performance Highlights, International Operations and Corporate Risk Profile. These forward-looking statements are subject to risks and uncertainties, and accordingly, actual results could differ significantly from those stated or implied by such forward-looking statements. Factors that might cause differences to occur include, but are not limited to, economic conditions in the markets Pacific Century serves and those that impact Hawaii, the U.S. Mainland and Asian economies, fluctuations in interest rates, changes in currencies of Asian Rim and South Pacific countries relative to the U.S. dollar, credit quality and possible changes resulting from the ongoing credit evaluation process, changes in applicable federal, state, and foreign income tax laws, changes in regulatory and monetary policies, the nature and level of competition, and successful implementation of the New Era redesign program.

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 6 to the Consolidated Financial Statements presents Pacific Century's business segment financial reports for the three and six months ended June 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 June 30, 2000, the Hawaii segment contributed $16.7 million in net income an increase of 21% from the $13.8 million reported for the second 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 $5.8 million increase in non-interest income and a $5.5 million reduction in non-interest expense. In addition, the absence of Year 2000 remediations costs expended last year contributed to the decline in non-interest expense. RAROC for this segment rose to 19% for the second quarter of 2000 from 15% in the same quarter of 1999. Total assets in the Hawaii segment were $5.1 billion at June 30, 2000, $5.3 billion at year-end 1999 and $5.1 billion at June 30, 1999.

For the six months ended June 30, 2000, net income for the Hawaii segment was up 30.6% to $34.4 million from $26.4 million in the same year-earlier period. RAROC rose to 20% in the first six 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 $6.4 million for the quarter ended June 30, 2000, up from $5.0 million in the second quarter of 1999. In addition to implementing redesign initiatives which enhanced the performance of the West Pacific operations during the second quarter, net interest income increased as the net interest margin improved for that marketplace. 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 12% in the second quarter of 2000 from 10% for the same quarter in 1999. Total assets in the Pacific segment were $2.3 billion at the end of June 2000, down from $2.5 billion and $2.4 billion from year-end 1999 and the same year ago date, respectively.

For the first six months of 2000, net income for the Pacific segment was $11.5 million, a slight increase from $11.4 million reported in the same period last year. Year-to-date RAROC for the Pacific segment remained at 11% in 2000 from 11% for the first six 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 June 30, 2000, the Asia segment reflected a net loss of $0.2 million, compared to net loss of $1.0 million for the same quarter in 1999. RAROC for this segment was (1)% in the second quarter of 2000, compared to (4)% for the same quarter in 1999. As of June 30, 2000, December 31, 1999 and June 30, 1999, total assets in the Asia segment were $1.2 billion, $1.4 billion and $1.1 billion, respectively.

For the six months ended June 30, 2000, net loss for the Asia segment was $0.7 million, compared to a loss of $1.8 million in the comparable 1999 period. RAROC for the Asia segment was (2)% and (4)% for the six months ended June 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 second quarter of 2000, the U.S. Mainland segment contributed net income of $9.2 million, down from $12.2 million in the same year ago quarter. Comparison between periods reflect a pretax security gain of $6.5 million in 1999 relative to the sale of newly issued equity securities acquired in conjunction with leasing transactions. Net income for the three months ended June 30, 2000 and 1999, included tax benefits of $3.5 million for each period, from low income housing tax credits and investment tax credits. RAROC, including the amortization of intangibles for this segment was 13% in the second quarter of 2000, declining from 17% for the same quarter in 1999. As of June 30, 2000, December 31, 2000 and June 30, 1999, total assets in the U.S. Mainland segment were $3.1 billion, $2.7 billion and $2.7 billion, respectively.

For the first six months of 2000, net income for the U.S. Mainland segment was $18.1 million, a 5.4% decrease from $19.1 million in the like 1999 period. Included in net income were tax benefits from low income housing tax credits and investment tax credits of $6.8 million and $6.3 million for the six months ended June 30, 2000 and 1999, respectively. RAROC for the U.S. Mainland segment was 13% and 14% in the first six 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 a second quarter 2000 loss of $25.3 million, compared to net income of $8.4 million in the same quarter in 2000. 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 $65.8 million to cover losses sustained in certain credit portfolios. At June 30, 2000, year-end 2000 and June 30, 1999 this segment held assets of $2.6 billion, $2.6 billion, and $3.2 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 six months ended June 30, 2000, net loss for the Treasury and Other Corporate segment was $16.8 million, compared to net income of $18.8 million in the same 1999 period.

STATEMENT OF INCOME ANALYSIS

Net Interest Income

In the second quarter of 2000, net interest income on a taxable equivalent basis was $139.3 million, down from $144.6 million in the same year-earlier quarter. For the six months ended June 30, 2000, tax equivalent net interest income was $279.1 million about 3% lower than the $288.5 million in the first half of 1999. The decline in 2000's net interest income reflected a year-over-year drop in average earning assets of $410 million and $564 million compared with the second quarter and first six months of 2000, respectively. The decline in average earning assets is attributed to the decline in investment securities and interest bearing deposits.

In the second quarter of 2000, the average net interest margin on earning assets was 4.27% similar to 4.28% for the same quarter in 1999 and edged up in the first six months of 2000 to 4.28% from 4.26% in the comparable year ago period. The improvement 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 52 and 38 basis points in 2000's June quarter and first six months, respectively. Comparatively, the cost of funds was 4.71% and 4.58% for the second quarter of 2000 and year-to-date, respectively, an increase of 67 and 47 basis points over the same periods last year. Presented in Table 2 are average balances, yields, and rates paid for the three and six months ended June 30, 2000 and 1999.

Pacific Century Financial Corporation and subsidiaries
Consolidated Average Balances and Interest Rates Taxable Equivalent (Unaudited)

(in millions of dollars)	Three Months Ended June 30, 2000 Average Balance	Income/ Expense	Yield/ Rate	Three Months Ended June 30, 1999 Average Balance	Income/ Expense	Yield/ Rate

Earning Assets						
Interest Bearing Deposits	$220.0	$3.6	6.49%	$458.9	$6.5	5.65%
Investment Securities Held to Maturity						
-Taxable	723.3	13.3	7.41	831.8	14.9	7.19
-Tax-Exempt	8.3	0.4	18.04	11.7	0.4	14.55
Investment Securities Available for Sale	2,514.8	41.2	6.58	2,715.0	41.9	6.19
Funds Sold	32.2	0.5	6.13	155.0	1.7	4.31
Net Loans						
-Domestic	8,104.4	170.8	8.48	7,696.3	150.0	7.82
-Foreign	1,532.5	25.0	6.58	1,676.7	28.1	6.71
Loan Fees		9.0			11.7	
Total Earning Assets	13,135.5	263.8	8.08	13,545.4	255.2	7.56
Cash and Due From Banks	444.0			485.1		
Other Assets	638.9			596.5		
Total Assets	$14,218.4			$14,627.0		
Interest Bearing Liabilities						
Domestic Dep- Demand	$2,097.8	12.3	2.36	$2,145.7	12.0	2.25
- Savings	691.5	3.5	2.03	728.7	3.7	2.03
- Time	2,744.0	36.4	5.33	2,499.7	30.0	4.81
Total Domestic	5,533.3	52.2	3.79	5,374.1	45.7	3.41
Foreign Deposits						
- Time Due to Banks	422.0	6.2	5.90	681.1	8.3	4.89
- Other Time and Savings	1,133.8	12.4	4.42	1,155.2	9.5	3.28
Total Foreign	1,555.8	18.6	4.82	1,836.3	17.8	3.88
Total Interest Bearing Deposits	7,089.1	70.8	4.02	7,210.4	63.5	3.53
Short-Term Borrowings	2,728.1	40.4	5.95	3,107.3	36.4	4.71
Long-Term Debt	807.2	13.3	6.64	654.3	10.7	6.57
Total Interest Bearing Liabilities	10,624.4	124.5	4.71	10,972.0	110.6	4.04
Net Interest Income		139.3			144.6	
Interest Rate Spread			3.37%			3.52%
Net Interest Margin			4.27%			4.28%
Demand Deposit- Domestic	1,666.5			1,669.5		
- Foreign	366.0			396.1		
Total Demand Deposits	2,032.5			2,065.6		
Other Liabilities	331.5			376.5		
Shareholders' Equity	1,230.0			1,212.9		
Total Liabilities and Shareholders' Equity	$14,218.4			$14,627.0		
Provision for Loan Losses		83.4			13.9	
Net Overhead		48.3			68.5	
Income Before Income Taxes		7.6			62.2	
Provision for Income Taxes		0.2			23.5	
Tax-Equivalent Adjustment		0.7			0.2	
Net Income		$6.7			$38.5	

Pacific Century Financial Corporation and subsidiaries
Consolidated Average Balances and Interest Rates Taxable Equivalent (Unaudited)

	Six Months Ended June 30, 2000			Six Months Ended June 30, 1999		
(in millions of dollars)	Average Balance	Income/ Expense	Yield/ Rate	Average Balance	Income/ Expense	Yield/ Rate
Earning Assets						
Interest Bearing Deposits	$226.0	$7.3	6.51%	$462.7	$14.7	6.40%
Investment Securities Held to Maturity						
-Taxable	749.4	27.6	7.40	811.0	28.6	7.11
-Tax-Exempt	9.1	0.8	17.65	11.7	0.8	14.64
Investment Securities Available for Sale	2,520.9	82.2	6.56	2,764.9	83.7	6.10
Funds Sold	33.6	1.0	5.83	181.5	4.3	4.80
Net Loans						
-Domestic	8,001.2	334.5	8.41	7,737.0	307.0	8.00
-Foreign	1,559.3	49.9	6.44	1,695.1	55.4	6.59
Loan Fees		17.2			21.3	

Total Earning Assets	13,099.5	520.5	7.99	13,663.9	515.8	7.61
Cash and Due From Banks	475.3			501.2		
Other Assets	635.1			645.2		
Total Assets	$14,209.9			$14,810.3		
Interest Bearing Liabilities						
Domestic Dep- Demand	$2,106.7	24.5	2.34	$2,154.8	24.0	2.25
- Savings	695.8	7.0	2.03	731.9	7.4	2.02
- Time	2,754.4	71.5	5.22	2,554.9	61.5	4.86
Total Domestic	5,556.9	103.0	3.73	5,441.6	92.9	3.44
Foreign Deposits						
- Time Due to Banks	454.9	13.2	5.84	667.0	16.9	5.12
- Other Time and Savings	1,127.7	22.8	4.06	1,157.6	20.0	3.48
Total Foreign	1,582.6	36.0	4.57	1,824.6	36.9	4.08
Total Interest Bearing Deposits	7,139.5	139.0	3.92	7,266.2	129.8	3.60
Short-Term Borrowings	2,677.4	76.4	5.74	3,261.2	76.9	4.75
Long-Term Debt	790.1	26.0	6.62	631.1	20.6	6.58
Total Interest Bearing Liabilities	10,607.0	241.4	4.58	11,158.5	227.3	4.11
Net Interest Income		279.1			288.5	
Interest Rate Spread			3.41%			3.50%
Net Interest Margin			4.28%			4.26%
Demand Deposit- Domestic	1,665.0			1,657.0		
- Foreign	392.8			422.0		
Total Demand Deposits	2,057.8			2,079.0		
Other Liabilities	324.1			367.9		
Shareholders' Equity	1,221.0			1,204.9		
Total Liabilities and Shareholders' Equity	$14,209.9			$14,810.3		
Provision for Loan Losses		96.9			26.5	
Net Overhead		110.5			142.2	
Income Before Income Taxes		71.7			119.8	
Provision for Income Taxes		24.2			45.6	
Tax-Equivalent Adjustment		1.0			0.3	
Net Income		$46.5			$73.9	

Provision for Loan Losses

The provision for loan losses was $83.4 million in the second quarter of 2000, up substantially from $13.9 million for the same quarter in 1999. For the first six months of 2000, the provision for loan losses totaled $96.9 million, compared to $26.5 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 second quarter of 2000, was $73.6 million, compared to $63.6 million for the same quarter in 1999, an increase of 15.6%. For the first six months of 2000, total non-interest income was $137.5 million, up 10.2% over the same year-earlier period. The changes between periods are discussed in each section following.

Non-Interest Income
Table 3

(in millions)	3 Months Ended June 30, 2000	3 Months Ended June 30, 1999	6 Months Ended June 30, 2000	6 Months Ended June 30, 1999
Trust Income	$16.3	$14.4	$33.2	$30.0
Service Charges on Deposit Accounts	10.2	7.7	19.7	17.1
Fees, Exchange and Other Service Charges	22.6	22.6	44.2	44.6
Other Operating Income	13.1	12.1	28.7	24.4
Gain on Settlement of Pension Obligation	11.9	-	11.9	-
Investment Securities Gains	(0.5)	6.8	(0.2)	8.7
Total Non-Interest Income	$73.6	$63.6	$137.5	$124.8

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Trust income for the second quarter of 2000 increased to $16.3 million, up 13.2% from the same quarter last year. Year-to-date trust income totaled $33.2 million, reflecting a 10.7% increase over the first half 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. 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 June 2000, the Pacific Capital fund family of investments totaled $4.1 billion compared to $3.5 billion on the same date in 1999.

Service charges on deposit accounts for the June 2000 quarter increased to $10.2 million, from $7.7 million in the second 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 as well as influence customer behavior to lower cost products and service. For the year-to-date, service charges on deposit accounts increased to $19.7 million, 15.6% increase over the same period in 1999.

Fees, exchange and other service charges remained level at $22.6 million for both the second quarters of 2000 and 1999. The year-to-date total for this category was $44.2 million in 2000, a decrease of $0.4 million, or 0.9%, from the first six 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 second quarter of 2000 was $13.1 million, an 8.3% increase over the $12.1 million reported in the same quarter of 1999. Year-to-date other income increased 17.3% over the first half of 1999. The year-over-year growth in other income is attributed to the growth in brokerage commissions and annuity fees between years. The year-over-year growth 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.

During the quarter, Pacific Century recognized a gain on the partial settlement of its pension obligation of $11.9 million. The gain reflects the purchase of an annuity by the defined benefit Employees Retirement Plan of Bank of Hawaii (Plan). Annuities were purchased for all retirees receiving a distribution from the Plan as of July 1, 2000. The annuity reduced the Plan's projected benefit obligation and assets by about $36 million.

Securities transaction for the second quarter of 2000 resulted in a loss of $0.5 million compared to a gain of $6.8 million for the same quarter in 1999. The gain in the second quarter of 1999 reflected the sale of newly issued equity securities received in conjunction with certain lease transactions. For the year-to-date 2000, securities losses of $0.2 million were recognized, compared with gains of $8.7 million for the same period in 1999.

Non-Interest Expense

Total non-interest expense for the June 2000 quarter was $121.9 million, compared to $132.1 million in the similar quarter of 1999, a decrease of $10.2 million. Year-to-date total non-interest expense was $248.0 million, down 7.1% from the first six 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. The implementation of New Era had its greatest impact on salaries and benefits which is discussed in further detail following. The lower expense levels also reflect the Year 2000 remediation expenses incurred in 1999.

Non-Interest Expense
Table 4

(in millions)	3 Months Ended June 30, 2000	3 Months Ended June 30, 1999	6 Months Ended June 30, 2000	6 Months Ended June 30, 1999
Salaries	$44.5	$50.5	$92.0	$101.3
Pension and Other Employee Benefits	10.8	14.9	25.4	30.0
Net Occupancy Expense	12.5	11.8	24.3	24.1
Net Equipment Expense	12.0	11.7	24.1	23.8
Other Operating Expense	42.0	43.1	82.0	87.5
Minority Interest	0.1	0.1	0.2	0.3
Total Non-Interest Expense	$121.9	$132.1	$248.0	$267.0

Salaries and pension and other employee benefits expense totaled $55.3 million in the second quarter of 2000 compared to $65.4 million in the same quarter last year. For the first six months, total salaries and benefits declined 10.6% to $117.4 million from $131.3 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. In addition, the lower results for the quarter caused certain benefits like incentives and profit sharing accruals to also lower as they are based on profitability.

Net occupancy and equipment expense in the June 2000 quarter increased to $24.5 million from $23.5 million for the same period in 1999. For the first six months of 2000, net occupancy and equipment expense totaled $48.4 million, up 1.1% from $47.9 million in the similar period last year.

Other operating expense decreased to $42.0 million in the second quarter of 2000, a 2.7% decline from $43.1 million for the same quarter in 1999. Year-to-date other operating expense decreased $5.5 million to $82.0 million from $87.5 million for the first half of 1999. Much of the decrease in other expense is attributed to the Year 2000 remediation costs incurred in 1999. For the second quarter of 1999, Year 2000 expenses were $3.7 million and $7.2 million for the first half 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 second quarter and first six months of 2000, the efficiency ratio was 57.3% and 59.6%, respectively. Excluding the gain recognized on the pension settlement, the efficiency ratio for the second quarter and year-to-date 2000 would have been 60.7% and 61.4%, respectively. Comparatively, this ratio was 65.7% in the same quarter last year and 66.0% in the first half of 1999.

On a tangible basis, the efficiency ratio was 55.0% and 63.5% for the second quarters of 2000 and 1999, respectively. For the respective years-to-date, the tangible efficiency ratio was 57.3% and 63.9% for 2000 and 1999.

BALANCE SHEET ANALYSIS

Loans

Loans comprise the largest category of earning assets for Pacific Century and produce the highest level of earnings. At June 30, 2000, loans outstanding were $10.1 billion, compared to $9.7 billion at year-end 1999 and $9.6 billion at June 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 June 30, 2000, December 31, 1999 and June 30, 1999.

Pacific Century Financial Corporation and subsidiaries
Loan Portfolio Balances

Table 5

(in millions of dollars)	June 30 2000	December 31 1999	June 30 1999
Domestic Loans			
Commercial and Industrial	$2,683.8	$2,493.0	$2,406.5
Real Estate			
Constructio-- Commercial	294.3	315.1	308.7
-- Residential	21.9	13.8	18.2
Mortgage --Commercial	1,241.2	1,244.8	1,259.8
-- Residential	2,807.4	2,645.4	2,559.1
Installment	750.0	756.1	736.7
Lease Financing	782.7	627.6	548.2
Total Domestic	8,581.3	8,095.8	7,837.2
Foreign Loans	1,490.2	1,621.8	1,773.8
Total Loans	$10,071.5	$9,717.6	$9,611.0

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 June 30, 2000 were almost level with year-end 1999, but were down from $2.7 billion at the same date last year. Securities held to maturity were $0.7 billion at June 30, 2000, declining from $0.8 billion at year-end 1999 and a year ago. Other short-term interest earning assets totaled $0.2 billion at the end of the second quarter, down from $0.3 billion and $0.4 billion at December 31, 1999 and June 30, 1999, respectively. The decline in investment securities and other short-term interest earning assets relative to year-end 1999 and June 30, 1999, is primarily the result of managed reductions of lower yielding assets to improve balance sheet efficiency.

Deposits

As of June 30, 2000, deposits totaled $9.1 billion, down from $9.3 billion from June 30, 1999 and $9.4 billion at year-end 1999. As of June 30, 2000, the mix of deposits has changed with domestic deposits increasing and foreign deposits decreasing. At $7.3 billion, domestic deposits at June 30, 2000 were $38.5 million higher than year-end 1999, while foreign deposits decreased $324 million. Lower levels of time and interest-bearing demand accounts accounted for most of the decline in domestic deposits. Foreign deposits are declining in part 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). Pacific Century has been aggressive in building and extending relationships rather than pursuing rate sensitive single relationship deposit accounts.

Table 6 presents average deposits by type for the second quarters of 2000 and 1999 and the full year 1999.

Average Deposits
Table 6

(in millions of dollars)	Quarter Ended June 30, 2000 Amount	Mix	Year Ended December 31, 1999 Amount	Mix	Quarter Ended June 30, 1999 Amount	Mix
Domestic						
Non-Interest Bearing Demand	$1,666.5	18.3%	$1,652.6	17.7%	$1,669.5	18.0%
Interest-Bearing Demand	2,097.8	23.0	2,137.1	22.9	2,145.7	23.1
Regular Savings	691.5	7.6	723.9	7.8	728.7	7.8
Time Certificates of Deposit ($100,000 or More)	1,231.0	13.5	1,043.2	11.2	1,028.0	11.1
All Other Time and Savings Certificates	1,513.0	16.6	1,516.2	16.3	1,471.7	15.9
Total Domestic	7,199.8	79.0	7,073.0	75.9	7,043.6	75.9
Foreign						
Non-Interest Bearing Demand	366.0	4.0	435.2	4.7	396.1	4.3
Time Due to Banks	422.0	4.6	641.4	6.9	681.1	7.3
Other Time and Savings	1,133.8	12.4	1,165.7	12.5	1,155.2	12.5
Total Foreign	1,921.8	21.0	2,242.3	24.1	2,232.4	24.1
Total	$9,121.6	100.0%	$9,315.3	100.0%	$9,276.0	100.0%

Borrowings

Short-term borrowings, including funds purchased and securities sold under agreements to repurchase, totaled $2.8 billion at both June 30, 2000 and year-end 1999 and $3.1 billion at June 30, 1999.

Long-term debt on June 30, 2000 increased to $902 million from $728 million at year-end 1999 and $655 million at June 30, 1999. This increase is primarily attributed to new Federal Home Loan Bank advances in the second quarter, 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. Table 7 presents as of June 30, 2000, December 31, 1999, and June 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	June 30, 2000	December 31, 1999	June 30, 1999
Japan	$236.7	$320.4	$272.0
South Korea	299.4	294.3	295.3
France	120.4	195.1	129.1
All Others (2)	537.1	563.4	712.2
	$1,193.6	$1,373.2	$1,408.6

(1) This table details by country cross-border outstandings that individually amounted to 0.75% or more of consolidated total assets as of June 30, 2000, December 31, 1999 and June 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.
(2) At June 30, 2000, the all others category included cross-border outstandings of $55.1 million in French Polynesia and $46.1 million in New Caledonia. The currency of both of these countries is the Pacific franc.

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 $210.6 million at June 30, 2000 from $149.4 million a year ago and $149.9 million at the end of 1999. Compared with the prior quarter-end, NPAs ended June 30, 2000 at $74.2 million above the $136.4 million reported at March 31, 2000.

Total non-accrual loans rose to $205.7 million at June 30, 2000, up from $145.3 million and $143.4 million at year-end 1999 and June 30, 1999, respectively. The most significant components of the increase in non-accrual loans were in the Hawaii commercial real estate and commercial and industrial loan categories. In the commercial and industrial loan category, the increase was concentrated in the national syndicated loan segment. The remaining commercial and industrial loan segments in Hawaii, California, Arizona and the West Pacific were all stable or reduced. Foreign non-accrual loans at June 30, 2000 declined from year-end and reflected reductions in both Asia and the South Pacific.

At June 30, 2000, the ratio of NPAs to outstanding loans was 2.09%. Comparatively the ratio was 1.54% at year-end 1999 and 1.55% at June 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 $23.2 million at June 30, 2000, compared to $29.7 million at year-end 1999 and $35.2 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. The trend is encouraging when considered along with the trend in foreclosed real estate.

Foreclosed real estate totaled $4.9 million at June 30, 2000 compared to $4.6 million at year-end 1999 and $6.0 million a year ago. At June 30, 2000, the foreclosed real estate portfolio consisted of 32 properties, mostly residential property located in Hawaii. The largest property is a commercial property and represented 16% of the total.

Accruing loans past due 90 days or more was $17.0 million as of June 30, 2000, the lowest quarter-end balance since December 1995. Accruing loans past due 90 days or more totaled $18.5 million at year-end 1999, and $21.4 million at June 30, 1999.

Potential Problem Loans

There has been much discussion in the media regarding syndicated national credits. Since quarter-end, the company has received indications that a loan in its syndicated loan portfolio may be subject to criticism by shared national credit examiners. The outstanding balance of that loan was $65 million on June 30, 2000 and the loan was current. Management is monitoring these circumstances closely.

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

(in millions of dollars)	June 30 2000	December 31 1999	June 30 1999
Non-Accrual Loans			
Commercial and Industrial	$52.7	$23.7	$37.5
Real Estate			
Construction	8.0	1.1	0.8
Commercial	62.2	19.0	17.2
Residential	23.2	29.7	35.2
Installment	0.1	0.5	0.8
Leases	0.3	3.9	4.4
Total Domestic	146.5	77.9	95.9
Foreign	59.2	67.4	47.5
Subtotal	205.7	145.3	143.4
Foreclosed Real Estate			
Domestic	4.6	4.3	5.8
Foreign	0.3	0.3	0.2
Subtotal	4.9	4.6	6.0
Total Non-Performing Assets	210.6	149.9	149.4
Accruing Loans Past Due 90 Days or More			
Commercial and Industrial	4.7	5.9	3.9
Real Estate			
Construction	0.0	0.0	0.2
Commercial	2.0	1.9	0.2
Residential	3.5	4.0	3.7
Installment	4.0	4.5	5.2
Leases	1.5	1.2	0.0

Total Domestic	15.7	17.5	13.2
Foreign	1.3	1.0	8.2
Subtotal	17.0	18.5	21.4
Total	$227.6	$168.4	$170.8
Ratio of Non-Performing Assets to Total Loans	2.09%	1.54%	1.55%
Ratio of Non-Performing Assets and Accruing Loans Past Due 90 Days or More to Total Loans	2.26%	1.73%	1.78%

Reserve for Loan Losses

Pacific Century maintains the reserve for loan losses at a level that it believes is adequate to absorb estimated inherent losses in the loan portfolio. The reserve level is determined based on a continuing assessment of problem credits, recent loss experience, changes in collateral values, and current and anticipated economic conditions.

The reserve for loan losses ended the second quarter of 2000 at $246.6 million, a $52.4 million increase from year-end 1999 and a $37.0 million increase over the same date last year. Net charge-offs for the second quarter of 2000 were $32.9 million or 1.37% (annualized) of average loans, compared to $12.7 million, or 0.54% (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 six months ended June 30, 2000, net charge-offs were $44.2 million, or 0.92% (annualized) of average loans, compared to $23.5 million and 0.50% (annualized), respectively in same 1999 period. The ratio of reserves to loans outstanding at June 30, 2000 was 2.53%, compared to 2.23% 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 June 30, 2000, the reserve for loan losses provided coverage of 117% of non-performing loans, compared to 130% coverage at year-end 1999 and 140% at June 30, 1999. Additionally, the annualized ratio of reserves to gross charge-offs was 2.3 times for the first half of 2000, compared to 1.9 times for all of 1999 and 2.6 times for the first half of 1999.

For the first six months of 2000, recoveries totaled $8.4 million compared to $16.7 million for the same period last year. The 1999 total was largely driven by 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 second quarter, the Company recorded a provision for loan losses of $83.4 million 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 Company's syndicated loan portfolio and Hawaii commercial real estate loan portfolio, the turmoil in Fiji, and the preliminary results of a grading reevaluation by loan officers of all loans in the Bank of Hawaii commercial portfolios over $250,000 (approximately $8.1 billion in total loans) that the Company initiated in the second quarter in order to assess the accuracy of its loan grading system. The Company's Credit Review Department reviewed and made adjustments to a significant portion of the reevaluated loans and the results are reflected in the second quarter financial results. Credit Review's review of additional loans is still in process.

The Company's Board and Management is in the process of conducting a comprehensive reexamination of the Company's lending and credit practices. The Board has established a special Credit Quality Committee consisting of three outside Directors that is charged with overseeing this task. The Company has also appointed a new head of the Hawaii Commercial Real Estate Lending Department and is in the process of hiring a new Chief Credit Officer and a new head of the Credit Review Department.

The extent to which these matters will result in further changes that may materially and adversely impact the Company's reserve for loan losses and earnings is uncertain at this time.

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

(in millions of dollars)	Second Quarter 2000	Second Quarter 1999	First Six Months 2000	First Six Months 1999
Average Amount of Loans Outstanding	$9,636.9	$9,373.0	$9,560.5	$9,432.1
Balance of Reserve for Loan Losses at Beginning of Period	$195.4	$209.3	$194.2	$211.3
Loans Charged-Off				
Commercial and Industrial	8.3	7.6	9.7	15.4
Real Estate				
Construction	0.5	0.2	0.5	0.2
Commercial	7.6	0.2	11.5	2.2
Residential	1.3	1.6	3.7	3.6
Installment	5.2	6.9	9.9	12.9
Leases	0.2	0.1	0.2	0.1
Total Domestic	23.1	16.6	35.5	34.4
Foreign	13.4	2.8	17.1	5.8
Total Charged-Off	36.5	19.4	52.6	40.2
Recoveries on Loans Previously Charged-Off				
Commercial and Industrial	1.2	1.5	2.9	9.5
Real Estate				
Construction	0.0	0.0	0.0	0.0
Commercial	0.1	0.1	0.2	0.2
Residential	0.2	0.2	0.7	0.2
Installment	1.9	2.0	3.6	3.6
Total Domestic	3.4	3.8	7.4	13.5
Foreign	0.2	2.9	1.0	3.2
Total Recoveries	3.6	6.7	8.4	16.7
Net Charge-Offs	(32.9)	(12.7)	(44.2)	(23.5)
Provision Charged to Operating Expenses	83.4	13.9	96.9	26.5
Other Net Additions (Reductions)*	0.7	(0.9)	(0.3)	(4.7)
Balance at End of Period	$246.6	$209.6	$246.6	$209.6
Ratio of Net Charge-Offs to Average Loans Outstanding (annualized)	1.37%	0.54%	0.92%	0.50%
Ratio of Reserve to Loans Outstanding	2.53%	2.23%	2.53%	2.23%

* 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 June 30, 2000, December 31, 1999 and June 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 and presents a balance sheet exposure that is slightly liability sensitive.

Market Risk Exposure to Interest Rate Changes
Table 10

	June 30, 2000		December 31, 1999		June 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	0.0%	(2.0)%	1.4%	(1.7)%	1.4%	(0.6)%

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 of June 30, 2000, the remainder of these capital positions which aggregated $86.1 million, was not hedged. The comparative unhedged position at year-end 1999 was $87.6 million and $102.2 million at June 30, 1999.

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 June 30, 2000, December 31, 1999 and June 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

	June 30, 2000		December 31, 1999		June 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	$10.2	$ 1.9	$ 9.4	$ 1.8	$ 9.7	$ 2.0
Korean Won	32.3	2.6	34.3	4.2	42.8	5.8
Pacific Franc (1)	28.0	5.8	25.9	4.2	22.1	4.3
Other Currencies	15.6	17.3	18.0	17.0	27.6	15.9
Total	$86.1	$27.6	$87.6	$27.2	$102.2	$28.0

(1) Net of a $37 million, $40 million and $41 million borrowing at June 30, 2000, December 31, 1999 and June 30, 1999, respectively, denominated in euro and foreign exchange hedge transactions of $22 million, $23 million and $24 million at June 30, 2000, December 31, 1999 and June 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 June 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.

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 second 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 second quarter of 2000 at $626 million, compared to $487 million at the prior quarter-end. This increase is accounted for by net new borrowings in the second quarter for a term of up to eighteen months.

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 June 30, 2000, there was $125 million issued and outstanding under this program represented by the issuance of subordinated notes in 1999.

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 June 30, 2000, Pacific Century's shareholders' equity was $1.2 billion, a similar amount at this date in 1999. The shareholders' equity remained level, largely the result of the lower earnings reported for the second quarter of 2000. Table 12 presents the changes in capital by category for all of 1999 and the six months ended June 30, 1999 and 2000. During the quarter $8.6 million in treasury shares were purchased, slightly higher than $8.3 million purchased in the first quarter of 2000.

Pacific Century's regulatory capital ratios at June 30, 2000 were: Tier 1 Capital Ratio of 10.66%, Total Capital Ratio of 13.42%, and Leverage Ratio of 8.51%. All three capital ratios exceeded the minimum threshold levels that were established by federal bank regulators 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.

Equity Capital
Table 12

(in millions of dollars)	Six Months Ended June 30 2000	Year Ended December 31 1999	Six Months Ended June 30 1999
Source of Common Equity			
Net Income	$46.5	$133.0	$73.9
Dividends Paid	(27.8)	(54.6)	(27.3)
Dividend Reinvestment Program	1.9	4.0	2.3
Stock Repurchases	(16.9)	(21.8)	(8.9)
Other (1)	(6.6)	(33.9)	(11.4)
Increase (Decrease) in Equity	($2.9)	$26.7	$28.6
Common Equity	$1,209.4	$1,212.3	$1,214.2
Add: 8.25% Capital Securities of Bancorp Hawaii Capital Trust I	100.0	100.0	100.0
Minority Interest	4.3	4.4	4.4
Less: Intangibles	169.6	175.8	182.9
Unrealized Valuation and Other Adjustments	(51.5)	(37.9)	(13.6)
Tier I Capital	1,195.6	1,178.8	1,149.3
Allowable Loan Loss Reserve	141.5	143.9	144.0
Subordinated Debt	195.9	195.8	195.8
Investment in Unconsolidated Subsidiary	(3.6)	(3.2)	(3.7)

Total Capital	$1,529.4	$1,515.3	$1,485.4
Risk Weighted Assets	$11,216.5	$11,461.0	$11,450.9
Key Ratios			
Tier I Capital Ratio	10.66%	10.28%	10.04%
Total Capital Ratio	13.64%	13.22%	12.97%
Leverage Ratio	8.51%	8.31%	7.96%

(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.

Part II. - Other Information

Items 1, 2, 3 and 5 omitted pursuant to instructions.

Item 4 - Submission of Matters to a Vote of Security Holders

(a) Pacific Century's Annual Shareholders' Meeting was held on April 28, 2000.

(b) Omitted per instructions.

(c) A brief description of each matter voted upon at the Annual Shareholders' Meeting held on April 28, 2000 and number of votes cast for, against or withheld, including a separate tabulation with respect to each nominee for office is presented below:

(1) Election of four Class II directors for terms expiring in 2003.

David A. Heenan -
Votes cast for: 65,662,414
Votes cast against: 0
Votes withheld: 492,557

Stuart T. K. Ho -
Votes cast for: 65,704,498
Votes cast against: 0
Votes withheld: 450,473

Lawrence M. Johnson -
Votes cast for: 65,503,135
Votes cast against: 0
Votes withheld: 651,836

Fred E. Trotter -
Votes cast for: 65,628,543
Votes cast against: 0
Votes withheld: 526,428

(2) Election of Ernst & Young LLP as Auditor.

Votes cast for: 65,322,601
Votes cast against: 238,066
Votes abstained: 794,302

(d) None.

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) Form 8-K was filed on June 20, 2000. The 8-K announced an increased provision for loan losses and resulting lower earnings for the quarter ending June 30, 2000.

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 August 11, 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:

We are pleased to report that Pacific Century Financial Corporation's first quarter 2000 earnings were among the strongest in your company's history. For the first three months of this year, earnings reached $39.8 million, up 12.3 percent from $35.4 million reported for the same period last year. Diluted earnings per share were 50 cents, up 13.6 percent from 44 cents reported for 1999's first quarter.

Tangible earnings for the quarter were $43.9 million compared to $39.3 million reported for the same period last year. Tangible diluted earnings per share for the quarter were 55 cents, up 14.6 percent from 48 cents reported for the first quarter of 1999.

Return on average assets for the quarter was 1.13 percent compared to 0.96 percent for 1999's first quarter. Return on average equity was 13.19 percent versus 12.00 percent for the same period last year.

The first quarter's improved performance reflects your company's steady progress in implementing its New Era Redesign initiatives.

Pacific Century saw improvement in non-interest expense in the first quarter, which stood at $126.1 million, down 6.5 percent from the first quarter of 1999. Factors contributing to the improvement in expenses include the implementation of New Era initiatives and the reduction in costs related to Y2K readiness.

We are encouraged to note that Hawaii's economy continues to gain momentum, causing economists to revise growth forecasts for 2000 upward, with consensus forecasts for real GSP growth this year between 2.5 and 3.0 percent. Continued strength in U.S. mainland tourism, stabilization in Asian tourism, and increased construction and investment activity are among the factors contributing to the economic expansion.

Bank of Hawaii recently made headlines when we introduced cutting-edge automated banking technology and service enhancements at our relocated Waikiki Branch--some of which will also be incorporated into other Hawaii branches. Clients can conduct their banking via "virtual" tellers, online and telephone banking kiosks, and a BankLanai featuring advanced-function ATMs and bank machines for businesses. In addition, the branch offers personalized services through personal and business bankers, Asia Division personnel and a BranchConcierge. Bank of Hawaii also recently launched e-Bankoh for Business, an Internet banking service designed for small businesses.

At your company's annual meeting in April, you and your fellow shareholders voted to approve all of the proposals listed in this year's proxy statement: the re-election of four directors to the holding company board, David A. Heenan, Stuart T.K. Ho, Lawrence M. Johnson, and Fred E. Trotter, and the re-election of Ernst & Young LLP as independent auditor.

At its April 28th meeting, your board of directors declared a quarterly cash dividend of 18 cents per share on the outstanding common stock--an increase of 5.9% over last quarter's dividend. The dividend will be payable on June 14, 2000 to shareholders of record at the close of business on May 26, 2000.

We remain confident in the strength of your company and its ability to build upon the positive momentum reflected in the first quarter earnings. We appreciate your continuing support as we move forward in our New Era and in the new millennium.

Sincerely,

/s/ LARRY JOHNSON

Lawrence M. Johnson
Chairman and CEO

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or

Sharlene K. Bliss
Investor Relations
Phone: (808) 537-8037
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

	March 31 2000	March 31 1999
Return on Average Assets	1.13%	0.96%
Return on Average Equity	13.19%	12.00%
Average Spread on Earning Assets	4.31%	4.24%
Average Equity/Average Assets	8.54%	7.98%
Book Value Per Common Share	$15.39	$15.01
Loss Reserve/Loans Outstanding	2.05%	2.22%

Common Stock Price Range	High	Low	Dividend
1999	$24.94	$17.38	$0.68
2000 First Quarter	$20.38	$14.35	$0.17

Consolidated Statements of Income (Unaudited)

(in thousands of dollars except per share amounts)	3 Months Ended Mar 31 2000	3 Months Ended Mar 31 1999
Total Interest Income	$259,552	$260,466
Total Interest Expense	120,044	116,622
Net Interest Income	139,508	143,844
Provision for Loan Losses	13,522	12,590
Net Interest Income After Provision for Loan Losses	125,986	131,254
Total Non-Interest Income	63,927	61,170
Total Non-Interest Expense	126,082	134,840
Income Before Income Taxes	63,831	57,584
Provision for Income Taxes	24,066	22,167
Net Income	$39,765	$35,417
Basic Earnings Per Share	$0.50	$0.44
Diluted Earnings Per Share	$0.50	$0.44
Basic Weighted Average Shares	79,821,365	80,421,563

Diluted Weighted Average Shares	80,017,761	81,405,868

Consolidated Statements of Condition (Unaudited)

(in thousands of dollars)	March 31 2000	December 31 1999	March 31 1999
Assets			
Interest-Bearing Deposits	$225,314	$278,473	$494,202
Investment Securities			
(Market Value of $3,259,237, $3,329,952, and $3,636,296, respectively)	3,269,961	3,338,554	3,627,968
Securities Purchased Under Agreements to Resell	902	0	4,083
Funds Sold	42,208	52,740	111,894
Loans	9,779,633	9,717,556	9,637,661
Unearned Income	(237,764)	(242,503)	(220,206)
Reserve for Loan Losses	(195,409)	(194,205)	(209,329)
Net Loans	9,346,460	9,280,848	9,208,126
Total Earning Assets	12,884,845	12,950,615	13,446,273
Cash and Non-Interest Bearing Deposits	491,218	639,895	617,362
Premises and Equipment	267,497	271,728	292,583
Other Assets	606,826	578,077	572,068
Total Assets	$14,250,386	$14,440,315	$14,928,286
Liabilities			
Deposits	$9,143,063	$9,394,218	$9,434,427
Securities Sold Under Agreements to Repurchase	1,806,197	1,490,655	2,090,663
Funds Purchased	511,440	839,962	775,577
Short-Term Borrowings	424,720	458,962	377,387
Other Liabilities	333,333	316,531	367,039
Long-Term Debt	805,726	727,657	675,634
Total Liabilities	13,024,479	13,227,985	13,720,727
Shareholders' Equity			
Common Stock ($.01 par value), authorized 500,000,000 shares; issued / outstanding; March 2000 - 80,551,253 / 79,661,479; December 1999 - 80,550,728 / 80,036,417; March 1999 - 80,537,756 / 80,398,067	806	806	805
Capital Surplus	345,863	345,851	344,955
Accumulated Other Comprehensive Income	(72,307)	(66,106)	(23,536)
Retained Earnings	967,308	942,177	888,367
Treasury Stock, at Cost - (March 2000 - 889,774; December 1999 - 514,311 and March 1999 - 139,689 shares)	(15,763)	(10,398)	(3,032)
Total Shareholders' Equity	1,225,907	1,212,330	1,207,559
Total Liabilities and Shareholders' Equity	$14,250,386	$14,440,315	$14,928,286

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

(in millions of dollars)	2000	1999
Earnings:		
1. Income Before Income Taxes	$70.7	$119.5
2. Plus: Fixed Charges Including Interest on Deposits	242.0	226.4
3. Earnings Including Fixed Charges	312.7	345.9
4. Less: Interest on Deposits	139.0	129.8
5. Earnings Excluding Interest on Deposits	$173.7	$216.1
Fixed Charges:		
6. Fixed Charges Including Interest on Deposits	$242.0	$226.4
7. Less: Interest on Deposits	139.0	129.8
8. Fixed Charges Excluding Interest on Deposits	$103.0	$96.6
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)	1.7 x	2.2 x

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