

U N I T E D S T A T E S  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q

(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended March 31, 1994

or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 1-6887

B A N C O R P H A W A I I , I N C .

-----  
(Exact name of registrant as specified in its charter)

Hawaii

99-0148992

-----  
(State of incorporation)

-----  
(IRS Employer Identification No.)

130 Merchant Street, Honolulu, Hawaii

96813

-----  
(Address of principal executive offices)

-----  
(Zip Code)

(808) 537-8111

-----  
(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  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, \$2 Par Value; outstanding at March 31, 1994 - 42,564,920 shares

BANCORP HAWAII, INC. and subsidiaries  
March 31, 1994

PART I. - Financial Information

Item 1. Financial Statements

The consolidated statements of condition as of March 31, 1994 and 1993, and December 31, 1993 and related statements of income, shareholders' equity, and cash flows are included herein.

The unaudited financial statements listed above have been

prepared in accordance with the instructions to Form 10-Q and therefore do not include all information and footnotes necessary for a fair presentation of financial position, results of operations, and changes in financial position in conformity with generally accepted accounting principles.

The financial statements reflect all adjustments of a normal and recurring nature which are, in the opinion of management, necessary to a fair statement of the results for the interim periods.

Consolidated Statements of Condition (Unaudited) Bancorp Hawaii, Inc. and subsidiaries

(in thousands of dollars)	March 31 1994	December 31 1993	March 31 1993
<b>Assets</b>			
Interest-Bearing Deposits	\$999,991	\$837,704	\$1,250,480
Investment Securities - Held to Maturity (Market Value of \$2,663,837, \$2,791,328, \$3,612,051, respectively)	2,652,355	2,753,590	3,532,099
- Available for Sale	929,722	893,453	121,537
Securities Purchased Under Agreements to Resell	--	--	180,000
Funds Sold	115,747	57,699	71,880
Loans	7,366,639	7,258,368	7,008,822
Unearned Income	(146,610)	(149,949)	(143,695)
Reserve for Possible Loan Losses	(130,064)	(125,284)	(134,600)
Net Loans	7,089,965	6,983,135	6,730,527
<b>Total Earning Assets</b>			
	11,787,780	11,525,581	11,886,523
Cash and Non-Interest Bearing Deposits	596,504	395,315	377,634
Premises and Equipment	176,765	167,260	156,322
Customers' Acceptance Liability	14,437	8,475	18,637
Accrued Interest Receivable	78,588	82,023	85,811
Other Real Estate	4,026	4,123	3,327
Intangibles, including Goodwill	103,903	102,929	50,842
Trading Securities	14,067	74,351	13,562
Other Assets	101,813	102,070	81,923
<b>Total Assets</b>			
	\$12,877,883	\$12,462,127	\$12,674,581
<b>Liabilities</b>			
Domestic Deposits			
Demand - Non-Interest Bearing	\$1,326,211	\$1,405,540	\$1,220,306
- Interest-Bearing	1,864,532	1,931,807	1,954,387
Savings	1,284,824	1,251,876	1,246,903
Time	1,526,535	1,581,534	1,826,915
Foreign Deposits	1,337,831	834,218	1,406,331
<b>Total Deposits</b>			
	7,339,933	7,004,975	7,654,842
Securities Sold Under Agreements to Repurchase	2,500,148	2,509,550	2,833,085
Funds Purchased	610,471	743,915	639,702
Short-Term Borrowings	686,564	600,266	295,930
Bank's Acceptances Outstanding	14,437	8,475	18,637
Accrued Pension Costs	24,492	24,367	24,935
Accrued Interest Payable	46,680	34,347	39,844
Income Taxes Payable	155,095	154,291	141,223
Other Liabilities	77,306	85,967	74,665
Long-Term Debt	469,495	357,870	93,800
<b>Total Liabilities</b>			
	11,924,621	11,524,023	11,816,663
<b>Shareholders' Equity</b>			
Common Stock (\$2 par value), authorized 50,000,000 shares;			
issued/outstanding, March 1994 - 42,564,920;			
December 1993 - 28,425,038; March 1993 - 28,220,435;	85,130	56,850	56,441
Surplus	282,280	284,886	278,212
Unrealized Valuation Adjustments	(4,995)	537	(2,318)
Retained Earnings	590,847	595,831	525,583
<b>Total Shareholders' Equity</b>			
	953,262	938,104	857,918
<b>Total Liabilities and Shareholders' Equity</b>			
	\$12,877,883	\$12,462,127	\$12,674,581

Consolidated Statements of Income (Unaudited) Bancorp Hawaii, Inc. and subsidiaries

Three Months Ended March 31 (in thousands of dollars except per share amounts)	1994	1993
<b>Interest Income</b>		
Interest on Loans	\$126,538	\$121,481
Loan Fees	8,941	9,275
Income on Lease Financing	3,738	4,171
Interest and Dividends on Investment Securities		

Taxable	38,236	49,848
Non-taxable	440	685
Income on Assets Available for Sale	9,447	3,697
Interest on Deposits	7,669	11,674
Interest on Security Resale Agreements	--	2,804
Interest on Funds Sold	415	519
-----		
Total Interest Income	195,424	204,154
Interest Expense		
Interest on Deposits	42,193	54,954
Interest on Security Repurchase Agreements	21,630	22,882
Interest on Funds Purchased	4,699	5,622
Interest on Short-Term Borrowings	3,547	3,868
Interest on Long-Term Debt	5,720	1,177
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Total Interest Expense	77,789	88,503
Net Interest Income	117,635	115,651
Provision for Possible Loan Losses	8,258	9,012
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Net Interest Income After Provision for Possible Losses	109,377	106,639
Non-Interest Income		
Trust Income	12,109	7,678
Service Charges on Deposit Accounts	6,981	6,417
Fees, Exchange, and Other Service Charges	8,470	7,509
Other Operating Income	7,629	4,907
Investment Securities Gains (Losses)	(1,043)	1,328
-----		
Total Non-Interest Income	34,146	27,839
Non-Interest Expense		
Salaries	35,040	33,243
Pensions and Other Employee Benefits	12,016	10,920
Net Occupancy Expense of Premises	9,207	8,934
Net Equipment Expense	6,816	6,773
Other Operating Expense	25,165	22,640
-----		
Total Non-Interest Expense	88,244	82,510
Income Before Income Taxes	55,279	51,968
Provision for Income Taxes	20,887	18,993
-----		
Net Income	\$34,392	\$32,975
=====		
Earnings Per Common Share and Common Share Equivalents	\$0.80	\$0.77
Average Common Shares and Common Share Equivalents Outstanding	42,943,711	42,866,856
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Consolidated Statements of Shareholders' Equity (Unaudited) Bancorp Hawaii, Inc. and subsidiaries

(in thousands of dollars except per share amounts)	Total	Common Stock	Surplus	Unrealized Valuation Adj.	Retained Earnings
Balance at December 31, 1993	\$938,104	\$56,850	\$284,886	\$537	\$595,831
Net Income	34,392	-	-	-	34,392
Sale of Common Stock					
96,443 Profit Sharing Plan	3,090	193	2,897	-	-
47,981 Stock Option Plan	811	96	715	-	-
51,336 Dividend Reinvestment Plan	1,767	103	1,664	-	-
Stock Repurchased	(8,282)	(400)	(7,882)	-	-
Unrealized Valuation Adjustments					
Investment Securities	(6,190)	-	-	(6,190)	-
Foreign Exchange Translation Adjustment	658	-	-	658	-
50 Percent Stock Dividend	(59)	28,288	-	-	(28,347)
Cash Dividends Paid of \$.26 Per Share	(11,029)	-	-	-	(11,029)
-----					
Balance at March 31, 1994	\$953,262	\$85,130	\$282,280	(\$4,995)	\$590,847
=====					
Balance at December 31, 1992	\$828,328	\$56,112	\$272,810	(\$2,271)	\$501,677
Net Income	32,975	-	-	-	32,975
Sale of Common Stock					
47,408 Profit Sharing Plan	2,279	95	2,184	-	-
82,231 Stock Option Plan	1,800	165	1,635	-	-
34,606 Dividend Reinvestment Plan	1,652	69	1,583	-	-
Stock Repurchased	-	-	-	-	-
Unrealized Valuation Adjustments					
Investment Securities	-	-	-	-	-
Foreign Exchange Translation Adjustment	(47)	-	-	(47)	-
Cash Dividends Paid of \$.21 Per Share	(9,069)	-	-	-	(9,069)
-----					
Balance at March 31, 1993	\$857,918	\$56,441	\$278,212	(\$2,318)	\$525,583
=====					

Consolidated Statement of Cash Flows (Unaudited) Bancorp Hawaii, Inc. and subsidiaries

Three Months Ended March 31 (in thousands of dollars)	1994	1993
-----		
Operating Activities		
Net Income	\$34,392	\$32,975
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses, depreciation, and amortization of income and expense	8,467	3,282
Deferred income taxes	1,001	(154)
Realized and unrealized investment security gains	(565)	(827)
Net (increase) decrease in trading securities	284	(1,785)
Other assets and liabilities, net	4,333	49,280

Net cash provided by operating activities	47,912	82,771
Investing Activities		
Proceeds from redemptions of investment securities held to maturity	474,680	210,537
Purchases of investment securities held to maturity	(379,635)	(706,324)
Proceeds from sales of investment securities available for sale	134,156	573,984
Purchases of investment securities available for sale	(109,860)	(594,651)
Net decrease (increase) in interest-bearing deposits placed in other banks	(162,287)	182,018
Net (increase) decrease in funds sold	(58,048)	352,594
Net increase in loans and lease financing	(111,133)	(36,404)
Premises and equipment, net	(11,587)	(4,392)
Net cash used by investing activities	(223,714)	(22,638)
Financing Activities		
Net increase (decrease) in demand, savings, and time deposits	334,958	(235,649)
Proceeds from lines of credit and long-term debt	111,625	10,000
Principal payments on lines of credit and long-term debt	--	(300)
Net increase (decrease) in short-term borrowings	(56,548)	153,280
Proceeds from sale of stock	(2,614)	5,731
Cash dividends	(11,088)	(9,069)
Net cash provided (used) by financing activities	376,333	(76,007)
Effect of exchange rate changes on cash	658	(47)
Increase (decrease) in cash and non-interest bearing deposits	201,189	(15,921)
Cash and non-interest bearing deposits at beginning of year	395,315	393,555
Cash and non-interest bearing deposits at end of period	\$596,504	\$377,634

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

### Financial Review

#### Performance Highlights

Bancorp Hawaii, Inc. (Bancorp) reported earnings for the first quarter of 1994 of \$34.4 million, 4.3% above earnings for the first quarter last year. On a per share basis, earnings were \$0.80 for the first quarter of 1994 compared with \$0.77 for the same quarter a year ago. These per share figures have been adjusted for the 50% stock dividend declared in the first quarter of 1994. The single digit percentage increases reflects the impact of the slowdown in the Hawaii economy, which is Bancorp's main market, and the recent increase in interest rates.

Total assets grew 3.3% from year-end 1993 to \$12.9 billion as of March 31, 1994. Compared to the asset balances at March 31, 1993, assets have grown 1.6%. Net loans outstanding increased from year-end 1993 by 1.5%, and increased by 5.3% from March 31, 1993.

Non-performing assets have decreased to \$66.8 million at March 31, 1994. This was the third consecutive quarterly decrease in non-performing assets for Bancorp since reporting a high on June 30, 1993 of \$106.6 million. A further discussion on NPAs and the Reserve for Loan Loss follows later in this report.

Total deposits increased to \$7.3 billion, compared to \$7.0 billion reported at year-end 1993, but a decline from \$7.7 billion reported at March 31, 1993. Securities sold under agreements to repurchase (repos) as of the end of March 1994 totaled \$2.5 billion, level with year-end 1993, but a decline of 11.8% from March 31, 1993. Repos which have been provided to the state and municipal government offer the same level of required collateralization as do government deposits, but provide a marginally higher rate of interest, as the funds are not FDIC insured.

The integration of American Financial Services (AFS), parent of American and Bishop Trust with Hawaiian Trust Company has progressed well. Trust income for the first quarter which includes both AFS and Hawaiian Trust Company totaled \$12.1 million, a 57.7% increase over the same quarter in 1993 (prior to the acquisition).

Risk Elements in Lending Activities

At March 31, 1994, total loans were \$7.4 billion, a 1.5% increase from year-end 1993 and 5.1% above total loan balances on March 31, 1993. In spite of the slower loan growth, Bancorp's lending policies remain unchanged and conservative. The following table presents Bancorp's total loan portfolio balances for the periods indicated.

Loan Portfolio Balance	Bancorp Hawaii, Inc., and subsidiaries		
(in millions of dollars)	March 31 1994	December 31 1993	March 31 1993
Domestic Loans			
Commercial and Industrial	\$1,685.3	\$1,709.2	\$1,753.3
Real Estate			
Construction -- Commercial	140.8	136.2	171.4
-- Residential	36.2	35.1	27.4
Mortgage -- Commercial	1,241.8	1,230.6	1,078.7
-- Residential	2,523.4	2,476.0	2,236.7
Installment	675.0	676.2	640.8
Lease Financing	392.3	401.6	396.8
Total Domestic	\$6,694.8	\$6,664.9	\$6,305.1
Foreign Loans	671.8	593.5	703.7
Total Loans	\$7,366.6	\$7,258.4	\$7,008.8

/TABLE

Commercial and Industrial Loans

Commercial and Industrial loans outstanding were \$1.7 billion as of March 31, 1994, reflecting a decrease from both year-end 1993 and March 31, 1993 of 1.4% and 3.9%, respectively. The slowdown in the Hawaiian and Asian Rim economies continues to hamper loan growth.

Real Estate Loans

Total real estate loans at March 31, 1994 were \$3.9 billion, up 1.7% from year-end 1993. A detail of the real estate loans are presented in the previous table. The commercial and residential real estate markets continue to grow. Commercial real estate balances (excluding construction) on March 31, 1994 rose 0.9% and 15.1% from year-end 1993 and March 31, 1993, respectively. Likewise, residential real estate balances on March 31, 1994 increased over year-end 1993 and the end of the first quarter 1993 by 1.9% and 13.0%, respectively. Construction loan balances have remained stable at \$177.0 million on March 31, 1994 and \$171.3 million at year-end 1993.

Other Lending

Installment loans and leases have shown modest decreases in balances from year-end 1993. At March 31, 1994, total installment loans were \$675.0 million, down 0.2% from \$676.2 million reported at year-end

1993, while total leases fell to \$392.3 million from \$401.6 million at year-end 1993.

Foreign loan balances grew to \$671.8 million, reflecting an increase of 13.2% from year-end 1993, but still 4.5% below March 31, 1993 balances. The rise in the foreign loan total since year-end reflects some modest growth coming from the Asian Rim market. The foreign loan total includes outstanding credits to Less Developed Countries (LDC). LDC exposure remains very limited at \$1.0 million in outstanding credits and \$71.1 million in confirmed letters of credit and banker's acceptances at March 31, 1994. All LDC exposure is in the Philippines.

#### Non-Performing Assets and Past Due Loans

Bancorp's non-performing assets (NPA) include non-accrual loans, restructured loans and foreclosed real estate. NPA totaled \$66.8 million, representing 0.91% of total loans outstanding at March 31, 1994. This ratio compares with 1.30% at the end of the first quarter 1993 and 0.95% at year-end 1993. This was the third consecutive quarter NPAs have declined since June 30, 1993 when NPA peaked at \$106.6 million.

Non-accrual loans decreased during the quarter to \$57.6 million from \$58.4 million at year-end 1993 and decreased 33.4% from \$86.5 million on March 31, 1993. The distribution of the non-accrual loans by category is disclosed in the table following.

Since year-end, the remaining components of NPA and past due loans have stabilized. Restructured loans ended the first quarter of 1994 at \$5.2 million. The foreclosed real estate category declined slightly to \$4.0 million from \$4.1 million at year-end 1993. Loans past due 90 days remained level with year-end 1993 at \$10.0 million, but significantly below the \$30.9 million reported at March 31, 1993. Total non-performing assets and loans 90 days past due declined to 1.04% of total loans outstanding from 1.09% at year-end 1993 and 1.74% at March 31, 1993.

The following table presents NPA and past due loans for the periods indicated.

<TABLE>

Bancorp Hawaii, Inc.

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

(in millions of dollars)	March 31 1994	December 31 1993	March 31 1993
Non-Accrual Loans			
Commercial	\$12.9	\$15.7	\$53.6
Real Estate			
Construction	20.2	17.7	--
Commercial	8.1	7.8	9.7
Residential	15.5	16.4	17.7

Installment	0.7	0.5	0.6
Leases	0.2	0.3	--
Other	--	--	--
Foreign	--	--	4.9
	-----		
Subtotal	57.6	58.4	86.5
Restructured Loans			
Commercial	--	1.0	1.0
Real Estate			
Construction	--	--	--
Commercial	5.2	5.3	--
Residential	--	--	--
Installment	--	--	--
Leases	--	--	--
Other	--	--	--
Foreign	--	--	--
	-----		
Subtotal	5.2	6.3	1.0
Foreclosed Real Estate			
Domestic	4.0	4.1	3.3
Foreign	--	--	--
	-----		
Subtotal	4.0	4.1	3.3
	-----		
Total Non-Performing Assets	\$66.8	\$68.8	\$90.8
	=====		

Loans Past Due 90 Days			
Commercial	1.3	0.3	9.0
Real Estate			
Construction	0.2	--	2.0
Commercial	1.6	1.9	2.6
Residential	2.6	4.1	12.9
Installment	4.2	3.5	4.3
Leases	0.1	0.1	0.1
Other	--	0.1	--
Foreign	--	--	--
	-----		
Subtotal	10.0	10.0	30.9
	-----		
Total	\$76.8	\$78.8	\$121.7
	=====		

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Ratio of Non-Performing Assets to Total Loans	0.91%	0.95%	1.30%
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Ratio of Non-Performing Assets and Accruing Loans Past Due 90 Days or More to Total Loans	1.04%	1.09%	1.74%
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#### Summary of Loan Loss Experience

The reserve for loan losses stood at \$130.1 million at March 31, 1994, representing 1.80% of loans outstanding. Comparatively, the ratio of reserves to loans outstanding on March 31, 1993 was 1.96% and 1.76% at year-end 1993.

Loan loss provisions were \$8.3 million for the first quarter of 1994, slightly below the \$9.0 million reported for the first quarter of 1993. Charge-offs totaled \$7.1 million for the first quarter of 1994, above both the \$6.1 million reported for the fourth quarter of 1993 and the \$4.5 million reported during the first quarter of 1993. The

increase was offset by strong recoveries which totaled \$3.6 million for the first quarter of 1994, compared to \$1.5 million and \$2.6 million for the first and fourth quarters of 1993, respectively. Net charge-offs for the first quarter of 1994 were \$3.5 million compared to \$3.0 million during the same period in 1993. The annualized ratio of net charge-offs to average loans outstanding for the first quarter of 1994 was 0.19%, slightly above the ratio of 0.18% for the same period in 1993, but well below the 1993 ratio of 0.82%.

The detailed breakdown of the charge-off and recoveries by loan category is presented in the table following.

Summary of Loss Experience	Bancorp Hawaii, Inc., and subsidiaries		
(in millions of dollars)	First Quarter 1994	Year Ended December 31 1993	First Quarter 1993
Average Loans Outstanding	\$7,182.7	\$6,991.0	\$6,854.6
Balance of Reserve for Possible Loan Losses at Beginning of Period	\$125.3	\$128.6	\$128.6
Loans Charged Off			
Commercial and Industrial	5.2	43.9	0.1
Real Estate - Construction	--	0.5	--
Real Estate - Mortgage			
Commercial	--	2.7	2.6
Residential	--	0.4	--
Installment	1.9	8.6	1.8
Foreign	--	7.5	--
Leases	--	2.1	--
Total Charged Off	(7.1)	(65.7)	(4.5)
Recoveries on Loans Previously Charged Off			
Commercial and Industrial	2.7	3.9	0.6
Real Estate - Construction	--	--	--
Real Estate - Mortgage			
Commercial	--	0.7	--
Residential	0.1	0.3	--
Installment	0.8	3.2	0.9
Foreign	--	--	--
Leases	--	0.1	--
Total Recoveries	3.6	8.2	1.5
Net Loans Charged Off	(3.5)	(57.5)	(3.0)
Provision Charged to Operating Expenses	8.3	54.2	9.0
Balance at End of Period	\$130.1	\$125.3	\$134.6
Ratio of Net Charge Offs to Average Loans Outstanding (annualized)	0.19%	0.82%	0.18%
Ratio of Reserve to Loans Outstanding	1.80%	1.76%	1.96%

/TABLE

## Capital

The level of Bancorp's capital is managed through the target ratios outlined in Bancorp's 1993 Annual Report. The target of a minimum 6% ratio of average equity to average assets keeps both objectives of a return on assets of 1% and a return on equity of 16% in reasonable balance. Bancorp's average equity to average assets ratio for the first quarter of 1994 was 7.57%, an increase from the 7.09% reported at year-end 1993 and 6.72% at March 31, 1993.

Regulatory risk-based capital remain well above minimum guidelines. Bancorp's Total Capital and Tier 1 Capital ratios were 13.51% and 10.74%, respectively. This compares with year-end 1993, when the Total Capital Ratio was 13.60% and the Tier 1 Capital Ratio was 10.79%. Regulatory guidelines prescribe a minimum Total Capital Ratio of 10.00% and a Tier 1 Capital Ratio of 6.00% for an institution to qualify as well capitalized. Bancorp's strategy is to maintain its capital ratios at levels to meet this qualification to benefit from the financial and regulatory incentives provided to well capitalized companies.

In addition, the leverage ratio, which represents the ratio of Tier 1 Capital to Total Average Assets, was 7.06% at March 31, 1994, compared to 6.64% at March 31, 1993 and 6.89% at year-end 1993. The

required minimum ratio is 5.00%, to qualify an institution as well capitalized.

### Spread Management

The average net interest margin or spread on earning assets for the first quarter of 1994 was 4.05%, an increase from the 3.96% reported for the same period in 1993, and 4.02% reported for the fourth quarter of 1993. Spread for all of 1993 was 4.00%. The cost of funds rate for the first quarter of 1994 was 3.59%, an increase from both the 3.49% reported for the same quarter a year ago and 3.56% reported for the fourth quarter of 1993. These increases reflect the recent movement in interest rates stimulated by the Federal Reserve. Going forward, increasing interest rates would have a tendency to compress net interest margin.

The earning asset yield was 6.72% for the first quarter of 1994, an increase over the fourth quarter 1993 yield of 6.68%, but a decrease from the yield reported in the first quarter of 1993 of 6.97%.

<TABLE>

Consolidated Average Balances and Interest Rates Taxable Equivalent Bancorp Hawaii, Inc. and subsidiaries

(in millions of dollars)	Three Months Ended March 31, 1994			Three Months Ended March 31, 1993		
	Average Balance	Income/Yield/ Expense	Rate	Average Balance	Income/Yield/ Expense	Rate
<b>Earning Assets</b>						
Interest Bearing Deposits	\$869.0	\$7.7	3.58%	\$1,234.0	\$11.7	3.84%
Investment Securities						
-Taxable	2,776.2	38.2	5.59	3,238.3	49.9	6.24
-Tax-Exempt	20.1	0.7	13.68	35.2	1.0	11.97
	922.5	9.4	4.15	136.6	3.7	10.97
Funds Sold	42.0	0.4	4.01	416.8	3.3	3.23
Net Loans						
-Domestic	6,533.6	123.8	7.68	6,222.8	118.6	7.73
-Foreign	649.2	6.7	4.20	631.8	7.3	4.70
Loan Fees		9.0			9.3	
<b>Total Earning Assets</b>	<b>11,812.6</b>	<b>195.9</b>	<b>6.72</b>	<b>11,915.5</b>	<b>204.8</b>	<b>6.97</b>
Cash and Due From Banks	444.8			452.6		
Other Assets	341.2			278.4		
<b>Total Assets</b>	<b>\$12,598.6</b>			<b>\$12,646.5</b>		
<b>Interest Bearing Liabilities</b>						
Domestic Deposits - Demand	\$1,964.6	9.5	1.95	\$2,066.4	12.4	2.44
- Savings	1,261.9	7.1	2.27	1,203.4	8.9	2.99
- Time	1,549.8	16.0	4.20	1,910.8	22.2	4.71
<b>Total Domestic</b>	<b>4,776.3</b>	<b>32.6</b>	<b>2.76</b>	<b>5,180.6</b>	<b>43.5</b>	<b>3.41</b>
<b>Total Foreign</b>	<b>1,185.1</b>	<b>9.6</b>	<b>3.30</b>	<b>1,193.3</b>	<b>11.4</b>	<b>3.89</b>
<b>Total Deposits</b>	<b>5,961.4</b>	<b>42.2</b>	<b>2.87</b>	<b>6,373.9</b>	<b>54.9</b>	<b>3.50</b>
Short-Term Borrowings	3,675.3	29.9	3.30	3,814.3	32.4	3.44
Long-Term Debt	439.6	5.7	5.28	87.4	1.2	5.46
<b>Total Interest Bearing Liabilities</b>	<b>10,076.3</b>	<b>77.8</b>	<b>3.13</b>	<b>10,275.6</b>	<b>88.5</b>	<b>3.49</b>
<b>Net Interest Income</b>		<b>118.1</b>	<b>3.59</b>		<b>116.3</b>	<b>3.48</b>
<b>Average Spread on Earning Assets</b>			<b>4.05%</b>			<b>3.96%</b>
Demand Deposits	1,396.4			1,289.8		
Other Liabilities	172.7			231.2		
Shareholders' Equity	953.2			849.9		
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$12,598.6</b>			<b>\$12,646.5</b>		
Provision for Possible Losses		8.3			9.0	
Net Overhead		54.1			54.7	
<b>Income Before Income Taxes</b>		<b>55.7</b>			<b>52.6</b>	
Provision for Income Taxes		20.9			19.0	
Tax-Equivalent Adjustment		0.4			0.6	

Net Income	----- \$34.4 -----	----- \$33.0 -----
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Consolidated Average Balances and Interest Rates Taxable Equivalent Bancorp Hawaii, Inc. and subsidiaries

(in millions of dollars)	Three Months Ended December 31, 1993			Twelve Months Ended December 31, 1993		
	Average Balance	Income/Yield/ Expense	Rate	Average Balance	Income/Yield/ Expense	Rate
<b>Earning Assets</b>						
Interest Bearing Deposits	\$1,022.6	\$9.6	3.73%	\$1,140.1	\$43.0	3.77%
Investment Securities						
-Taxable	3,649.1	50.0	5.43	3,513.0	203.0	5.78
-Tax-Exempt	23.6	0.7	12.46	29.3	3.6	12.25
	66.0	0.5	2.89	69.1	5.9	8.61
Funds Sold	48.9	0.5	4.23	146.0	5.2	3.56
Net Loans						
-Domestic	6,412.6	121.4	7.51	6,324.9	482.5	7.63
-Foreign	630.8	7.0	4.41	666.1	29.9	4.48
Loan Fees		9.9			37.9	
<b>Total Earning Assets</b>	<b>11,853.6</b>	<b>199.6</b>	<b>6.68</b>	<b>11,888.5</b>	<b>811.0</b>	<b>6.82</b>
Cash and Due From Banks	418.6			413.2		
Other Assets	309.0			284.1		
<b>Total Assets</b>	<b>\$12,581.2</b>			<b>\$12,585.8</b>		
	=====			=====		
<b>Interest Bearing Liabilities</b>						
Domestic Deposits - Demand	\$1,991.5	9.8	1.96	\$2,032.3	45.1	2.22
- Savings	1,263.7	7.2	2.25	1,239.4	32.6	2.63
- Time	1,580.1	17.4	4.35	1,711.9	77.7	4.54
<b>Total Domestic</b>	<b>4,835.3</b>	<b>34.4</b>	<b>2.82</b>	<b>4,983.6</b>	<b>155.4</b>	<b>3.12</b>
<b>Total Foreign</b>	<b>1,301.5</b>	<b>10.8</b>	<b>3.30</b>	<b>1,223.9</b>	<b>43.2</b>	<b>3.52</b>
<b>Total Deposits</b>	<b>6,136.8</b>	<b>45.2</b>	<b>2.92</b>	<b>6,207.5</b>	<b>198.6</b>	<b>3.20</b>
Short-Term Borrowings	3,643.6	29.7	3.24	3,763.3	124.6	3.31
Long-Term Debt	342.9	4.7	5.42	212.6	12.1	5.68
<b>Total Interest Bearing Liabilities</b>	<b>10,123.3</b>	<b>79.6</b>	<b>3.12</b>	<b>10,183.4</b>	<b>335.3</b>	<b>3.29</b>
<b>Net Interest Income</b>		<b>120.0</b>	<b>3.56</b>		<b>475.7</b>	<b>3.53</b>
<b>Average Spread on Earning Assets</b>			<b>4.02%</b>			<b>4.00%</b>
Demand Deposits	1,379.9			1,324.9		
Other Liabilities	144.0			184.6		
Shareholders' Equity	934.0			892.9		
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$12,581.2</b>			<b>\$12,585.8</b>		
	=====			=====		
Provision for Possible Losses		9.1			54.2	
Net Overhead		53.7			206.8	
<b>Income Before Income Taxes</b>		<b>57.2</b>			<b>214.7</b>	
Provision for Income Taxes		21.0			79.8	
Tax-Equivalent Adjustment		0.5			2.3	
<b>Net Income</b>		<b>\$35.7</b>			<b>\$132.6</b>	
		=====			=====	

### Liquidity

The ability to meet day-to-day financial needs of Bancorp's customer base is essential. Much of the strategy of meeting liquidity needs was described in Bancorp Hawaii's 1993 Annual Report and remains in place.

At March 31, 1994, deposits were \$7.3 billion, compared to \$7.0 billion and \$7.7 billion reported at year-end 1993 and March 31, 1993, respectively. These changes partly reflect the impact of the competition for deposits, not only by banks and savings and loan companies, but also by securities brokerage firms. Repos which are offered to government depositors as an alternative to deposits were \$2.5 billion at March 31, 1994, compared to \$2.8 billion on March 31, 1993, and \$2.5 billion at year-end 1993.

During the quarter, Bank of Hawaii issued \$100 million in bank notes. The note was issued under an established bank note facility allowing the issuance of up to \$750 million in notes. The notes bear floating and fixed rates of interest and mature in 1 to 2 years. As of March 31, 1994, \$200 million had been issued. As a result, long

term debt increased to \$469 million at March 31, 1994.

#### Net Overhead

As stated in Bancorp's 1993 Annual Report, Bancorp manages net overhead by focusing on its net overhead ratio. The net overhead ratio at Bancorp is defined as the ratio of non-interest expense to non-interest income. Bancorp's long term goal is to have a ratio of 2 to 1, where fee income offsets at least half of the cost of operations. The ratio for the first quarter of 1994 was 2.58, compared to 2.96 for the first quarter of 1993 and 2.60 for all of 1993.

Additionally, Bancorp's management places an emphasis on the amount of net income generated per full-time equivalent staff (FTE) with the objective of improving net income with existing or lesser staff levels. For the first quarter of 1994, net income per FTE was \$8,018, or \$32,072 on an annualized basis. This compares to \$31,000 and \$31,100 reported for the full years of 1993 and 1992, respectively.

Non-interest income for the first quarter was \$34.1 million, a 22.7% increase over the same quarter in 1993. Trust income was \$12.1 million, up 57.7% from the same period last year. The increase includes the additional income from American and Bishop trust companies, subsidiaries of American Financial Services acquired in May 1993. Service charges on deposit accounts for the first quarter of 1994 was \$7.0 million, compared to \$6.4 million for the like period last year. Fees, exchange and other service charges for the first quarter of 1994 increased to \$16.1 million compared to \$12.4 million for the same period in 1993. The increase has been driven by increases in ATM usage fees and the increase in affiliate earnings in the Southern and Western Pacific.

For the first quarter of 1994, Bancorp reported a securities loss of \$1.0 million compared to a gain of \$1.3 million for the same period in 1993. These gains and losses remained at modest levels.

Bancorp continues to emphasize the importance of control over non-interest expenses as a key factor in its effort to remain competitive among its peers. Non-interest expense in the first quarter was \$88.2 million, an increase of 6.9% over the same period in 1993. The increase over last year mainly results from costs related to American Financial Services.

Salary and benefit expenses increased from the first quarter of 1993, up 6.6% to \$47.0 million, again reflecting the staff costs of American Financial Services. Premises and equipment expenses totaled \$16.0 million for the first quarter of 1994, virtually level with the \$15.7 million for the same period of 1993. Bancorp continues to invest in technology as more efficient operations with existing staff counts become increasingly important. Other operating expenses for the first quarter increased 11.2% over last year during the same period. The increase in this expense category reflects the additional goodwill amortization resulting from the American Financial Services acquisition in May of 1993.

#### PART II. - Other Information

Items 1 to 5 omitted pursuant to instructions.

Item 6 - Exhibits and Reports on Form 8-K

(a) The following exhibits are filed herewith:

Exhibit #11 - Statement regarding computation of per share earnings.

(b) No Form 8-K was filed during the quarter.

Date May 11, 1994

BANCORP HAWAII, INC.

RICHARD J. DAHL  
(Signature)

Richard J. Dahl  
Executive Vice President

DAVID A. HOULE  
(Signature)

David A. Houle  
Senior Vice President and  
Chief Financial Officer

Bancorp Hawaii, Inc.  
 Exhibit 11 - Statement Regarding Computation of Per Share Earnings  
 Three Months Ended March 31

	Primary	Fully Diluted
	-----	-----
1994		
----		
Net Income	\$34,392,000	\$34,392,000
	=====	=====
Daily Average Shares Outstanding	42,467,686	42,467,686
Shares Assumed Issued for Stock Options (1)	476,025	490,705
	-----	-----
	42,943,711	42,958,391
	=====	=====
Earnings Per Common Share and Common Share Equivalents	\$0.80	\$0.80
	=====	=====
 1993		
----		
Net Income	\$32,975,000	\$32,975,000
	=====	=====
Daily Average Shares Outstanding	42,176,823	42,176,823
Shares Assumed Issued for Stock Options (1)	690,033	768,506
	-----	-----
	42,866,856	42,945,329
	=====	=====
Earnings Per Common Share and Common Share Equivalents	\$0.77	\$0.77
	=====	=====