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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1996

OR

[_] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

for the transition period from _________________ to __________________

COMMISSION FILE NUMBER 1-6887

BANCORP HAWAII, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

HAWAII (STATE OF INCORPORATION)	99-0148992 (IRS EMPLOYER IDENTIFICATION NO.)
130 MERCHANT STREET, HONOLULU, HAWAII (ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	96813 (ZIP CODE)

(808) 643-3888
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

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

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
Common Stock, $2 Par Value	New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:
None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days.

Yes X No
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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

The aggregate market value of the voting stock held by non-affiliates of the registrant, based upon the closing price of said stock on the New York Stock Exchange on December 31, 1996 ($42.00 per share): $1,651,661,298

As of February 21, 1997, 39,750,880 shares of Common Stock, $2 par value, of the registrant were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 25, 1997, are incorporated by reference into Part III of this Report.

PART I

ITEM 1. BUSINESS

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

Bancorp provides varied financial services to customers in Hawaii, other areas of the Pacific Basin, Asia, and the U.S. Mainland. It is the largest of the bank holding companies headquartered in the State of Hawaii. The principal subsidiaries of Bancorp are Bank of Hawaii and Bancorp Pacific, Inc.

In 1996, Bank of Hawaii International, Inc. (BOHI), a wholly-owned subsidiary of Bank of Hawaii, finalized its acquisition of majority ownership of two of its affiliate banks, acquiring an additional 48% and 54% of the shares of Banque de Tahiti (BDT) and Banque de Nouvelle Caledonie (BNC), respectively in May 1996. During the year, other minority shareholders interests were purchased, and BOHI's ownerships totaling 92.4% of BDT and 91.5% of BNC at year-end 1996. The financial results of BDT and BNC have been included in Bank of Hawaii's and Bancorp Hawaii, Inc.'s consolidated financial statements since June 1996.

In 1996, Bank of Hawaii also expanded its presence in Asia upgrading its Taiwan office to a branch in June 1996 and entering into an agreement with Capital Trust Limited to provide representative services for Bank of Hawaii in India. Capital Trust Limited, one of India's leading merchant banks, is headquartered in New Delhi with offices in Bombay, Calcutta, Madras and Bangalore.

In August 1996, First National Bank of Arizona entered into an agreement to acquire four branches of Home Savings of America in Arizona. The branches have deposits of approximately $250 million. As of year-end 1996 all applications have been filed and approval is pending. The acquisition is expected to close in the first quarter of 1997.

Bancorp's organization chart at December 31, 1996 is included as Exhibit 21.1. All of the subsidiaries are wholly owned except as otherwise noted for the Pacific affiliate banks and except for those entities whose directors own qualifying shares. All the entities are consolidated with the immediate parent company except as otherwise noted for the Pacific affiliate banks. BOHI's investments in Pacific affiliate banks are included in the consolidated financial statements of Bancorp, except Bank of Tonga and Pacific Commercial Bank which are accounted for under the equity method.

At December 31, 1996, Bancorp and its subsidiaries employed 5,023 persons on a full-time or part-time basis.

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

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

Bancorp and 15 directors of Bank of Hawaii (each of whom holds 125 qualifying shares each) own 100% of the outstanding shares. There are four directors of Bank of Hawaii who do not hold qualifying shares. The legal requirement for directors of Hawaii banks to hold qualifying shares was eliminated in 1993. It is anticipated that directors currently holding such shares will retain them until they retire or resign from the Board of Bank of Hawaii.

Bank of Hawaii provides customary commercial banking services through branch offices in the State of Hawaii and branches or representative offices in American Samoa, Bahamas (Nassau), Commonwealth of the Northern Mariana Islands (Saipan), Federated States of Micronesia (Pohnpei, Kosrae, and Yap), Guam, Hong Kong, Korea (Seoul), Philippines (Manila, Davao, and Cebu), Republic of Fiji (Suva, Nadi and Lautoka),

Republic of the Marshall Islands (Majuro), Republic of Palau (Koror), Japan (Tokyo), Singapore, and Taiwan (Taipei). Bank of Hawaii also provides representative services in India through Capital Trust Limited, a leading merchant bank in India. Bank of Hawaii also has affiliates in New Caledonia, Solomon Islands, Tahiti, Tonga, Vanuatu and Western Samoa.

Bank of Hawaii owns all of the outstanding stock of Hawaiian Trust Company, Limited; Bancorp Leasing of Hawaii, Inc.; BOHI; Bank of Hawaii International Corporation, New York; Bancorp Investment Group, Limited; Pan Ocean Insurance Agency, Inc.; Pacific Capital Asset Management, Inc.; Bankoh Investment Advisory Services Limited; Realty and Mortgage Investors of the Pacific, Limited; and Bankoh Corporation. A brief discussion of other Bank subsidiaries not described above follows:

Hawaiian Trust Company, Limited (HTCo) was acquired by Bancorp in 1985. HTCo was incorporated in Hawaii on August 10, 1898. It offers trust services primarily in Hawaii and Guam. In 1987, Bancorp contributed the stock of HTCo to Bank of Hawaii making it a wholly owned subsidiary of Bank of Hawaii. In 1994, American Financial Services of Hawaii, Inc. (AFS), which the Bank had acquired during the previous year, along with its subsidiaries Bishop Trust and American Trust Company of Hawaii, were all merged into HTCo. At year-end 1996, trust assets under administration were $12.2 billion for HTCo.

Bancorp Leasing of Hawaii, Inc. (BLH), formed in 1973, provides leasing and leasing services, mainly to the commercial sector in Hawaii. BLH has several subsidiaries that are "specific purpose leasing vehicles." These subsidiaries include Bankoh Equipment Leasing Corporation; S.I.L., Inc.; Arbella Leasing Corporation; Bancorp Leasing of America, Inc.; and Bancorp Leasing International, Inc. Bancorp Leasing of America, Inc. remains inactive. On a consolidated basis, BLH's assets represented 1.1% of Bancorp's total assets at year-end 1996.

Bank of Hawaii International, Inc. (BOHI) was formed in 1968. BOHI holds equity interests in the following foreign financial institutions (in the percentages indicated): Bank of Tonga--30%; Banque de Nouvelle Caledonie, New Caledonia--91%; Banque de Tahiti--92%; Pacific Commercial Bank, Limited, Western Samoa--43%; Banque d'Hawaii (Vanuatu), Limited--100%; and National Bank of Solomon Islands--51%. BOHI's total assets represented 7.0% of Bancorp's total assets at year-end 1996.

Bank of Hawaii International Corporation, New York (BOHICNY), was organized in 1982 as an Edge Act corporation. BOHICNY provides payment, clearing, and settlement services with the New York Clearing House and Clearing House Interbank Payment Service (CHIPS) for both affiliated and unaffiliated banks. BOHICNY had total assets representing 2.2% of Bancorp's total assets at year-end 1996.

Bancorp Investment Group, Limited was formed in 1991 to provide full service brokerage and other investment services. The company has been operational since February of 1992. In 1994, Bancorp contributed the stock of Bancorp Investment

Group, Limited to Bank of Hawaii. As a result, Bancorp Investment Group, Limited became a wholly owned subsidiary of Bank of Hawaii. Gross revenues for Bancorp Investment Group, Limited exceeded $2.8 million in 1996.

Pacific Capital Asset Management, Inc. was incorporated in 1994 to provide high-end, performance-oriented portfolio management services to the institutional marketplace, which includes pension funds, endowments, foundations, and insurance companies. This company has had limited activity through 1996.

Bankoh Investment Advisory Services, Limited (formerly known as Bankoh Advisory Corporation) was reactivated in 1991 to provide advisory services for businesses seeking to operate in Hawaii. The activity of this company remained very limited during 1996.

Bankoh Corporation was originally incorporated in 1984 as Hawaiian Hong Kong Holdings, Ltd. and remained inactive until 1994. In 1994, the name was changed to Bankoh Corporation, with very limited activity since its name change.

Realty and Mortgage Investors of the Pacific, Limited (RAMPAC), a wholly owned subsidiary, was organized in 1992 as a financial services company in the State of Hawaii. Its activity is focused on commercial real estate lending in Hawaii, and it does not accept deposits. Total assets at year-end 1996 were $52.4 million.

In 1994, Bank of Hawaii organized Pan-Ocean Insurance Agency, Inc. (Pan-Ocean) as a wholly owned subsidiary. Pan-Ocean engages in a general insurance agency, insurance sub agency and general insurance brokerage business to the extent permitted under applicable federal and state laws. Business activity began in late 1995 with limited activity in 1996.

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

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

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

First Federal, a federally chartered stock savings and loan association, has been in operation since 1904. First Federal in 1978 merged with Island Federal Savings and Loan Association of Honolulu, Hawaii, and during the 1980s acquired several smaller savings and loan associations. First Federal operates 25 full service offices throughout Hawaii. Its deposits are also insured by the FDIC. Total assets for First Federal represented 8.0% of Bancorp's total assets at year-end 1996.

First Savings operates in a market area that includes the entire island of Guam and the island of Saipan in the Commonwealth of the Northern Mariana Islands (located approximately 120 miles northeast of Guam). First Savings operates three full-service offices in Guam and one in Saipan. Its deposits are insured by the FDIC. The stock of Bancorp Finance of Hawaii--(Guam), Inc. (BFH-Guam) was contributed to First Savings in 1991. BFH-Guam, was originally formed in 1979 as Bankoh Finance, Inc. through the purchase of the assets of an industrial loan company based in Guam. BFH-Guam has deposit-taking authority under Guam law, but discontinued accepting new deposits in 1984 and has had no deposit liabilities since 1987. On a consolidated basis, First Savings' assets represented 1.3% of Bancorp's total assets at year-end 1996.

First National Bank of Arizona (FNBA) was acquired by Bancorp in October 1987. Bancorp and the directors of FNBA (each of whom holds 1,000 qualifying shares) own 100% of the outstanding shares of FNBA. FNBA is organized under the laws of the United States. Its deposits are insured by the FDIC, and it is a member of the Federal Reserve System. At year-end 1996, FNBA provides customary commercial banking services through six branch offices located in the State of Arizona. The acquisition mentioned earlier will increase the number of branches to ten. FNBA had total assets representing 1.1% of Bancorp's total assets at year-end 1996.

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

In 1989, Bancorp established a wholly owned captive insurance company, Bancorp Hawaii Insurance Services, Ltd. (BHISL). With BHISL's formation, Bancorp became the first Hawaii corporation to establish a Hawaii captive insurance company for its self-insurance needs. BHISL provides bankers professional liability insurance exclusively to Bancorp and its subsidiaries and affiliates. In 1992, BHISL began providing workers compensation insurance for Bancorp and its subsidiaries. BHISL's formation provides Bancorp with greater flexibility and stability in controlling insurance coverages and premium costs. BHISL also provides Bancorp with the opportunity to design self-insurance programs not otherwise available in the conventional insurance market.

Bancorp Hawaii Small Business Investment Company, Inc., was formed in September 1983 in the State of Hawaii as a small business investment company. Its investment and lending activities were reactivated in 1995 with several new investments made during the year. In 1996, activity remained limited. Total assets of Bancorp Hawaii Small Business Investment Company, Inc. was $2.5 million at year-end 1996.

REGULATION AND COMPETITION

Effect of Governmental Policies

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

Competition

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

The State of Hawaii is served by six commercial banks, six savings associations, approximately nine deposit-taking financial services loan companies, approximately 117 credit unions, and scores of mortgage companies and other financial services firms. The State is also served by a large number of out-of-state institutions and foreign banks. Bank of Hawaii is the largest Hawaii based financial services firm operating in the market. Outside of Hawaii, Bank of Hawaii's primary competition in the Pacific Basin comes from several major U.S. Mainland and foreign banks that operate in those areas. First Federal is the third largest savings association in Hawaii.

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

Supervision and Regulation

Bancorp is registered as a bank holding company under the Bank Holding Company Act of 1956, as amended (the "BHC Act") and, as such, is subject to the Act and regulations issued thereunder by the Board of Governors of the Federal Reserve System (the "Board of Governors"). Bancorp is also registered as a bank holding company under the Hawaii Code of Financial Institutions (the "Code") and, as such, is subject to the registration, reporting, and examination requirements of the Code.

The BHC Act requires prior approval of the Board of Governors of the acquisition by Bancorp of more than 5% of the voting shares of any bank or any other bank holding company. The statute has been eliminated, effective September 29, 1995, which had prohibited the acquisition of more than 5% of the stock of Bancorp by a bank holding company whose operations are principally conducted in a state other than Hawaii, and the acquisition by Bancorp of more than 5% of the stock of any bank located in a state other than Hawaii unless the statutory law of the state in which such bank is located specifically authorized such acquisition. Accordingly, at the present time and subject to certain limits, the BHC Act allows adequately capitalized and adequately managed bank holding companies to acquire control of banks in any state. Thus, assuming it is judged to be adequately capitalized and adequately managed, Bancorp is no longer disabled by the BHC Act from acquiring control of banks in any state, and bank holding companies whose operations are principally conducted in states other than Hawaii are no longer disabled by the BHC Act from acquiring control of Bancorp. An interstate acquisition may not be approved, however, if immediately before the acquisition the acquirer controls an FDIC-insured institution

or branch in the state of the institution to be acquired, and if immediately following the acquisition the acquirer would control 30 percent or more of the total FDIC-insured deposits in that state; but a state may waive the 30 percent limitation by statute, regulation, or order, or by certain nondiscriminatory administrative approvals.

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

Hawaii has enacted a statute, effective June 1, 1997, which will authorize out-of-state banks to engage in "interstate merger transactions" with (mergers and consolidations with and purchases of all or substantially all of the assets and branches of) Hawaii banks, followed which any such out-of-state bank may operate the branches of the Hawaii bank it has acquired. The Hawaii bank must have been in continuous operation for at least five years prior to such an acquisition, unless it is subject to or in danger of becoming subject to certain types of supervisory action. This statute does not permit out-of-state banks to acquire branches of Hawaii banks other than through an "interstate merger transaction" (except in the case of a bank that is subject to or in danger of becoming subject to certain types of supervisory action) nor to open branches in Hawaii on a de novo basis.

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

Under the policies of the Board of Governors, Bancorp is expected to act as a source of financial strength to its subsidiary banks and to commit resources to support its subsidiary banks in circumstances where it might not do so absent such a policy. It is the policy of the Board of Governors that in serving as a source of strength to its subsidiary banks, a bank holding company should stand ready to use available resources to provide adequate capital funds to its subsidiary banks during periods of financial adversity and should maintain the financial flexibility and capital-raising capacity to obtain additional resources for assisting its subsidiary banks.

In 1989 Congress expanded the authority of bank holding companies to acquire savings associations, subject to approval by the Board of Governors. Bank holding companies may acquire healthy as well as failed or failing savings associations in any state. Congress in 1989 restructured the regulation of the savings and loan industry and its deposit insurance and provided a new regulatory structure for the resolution of troubled and insolvent savings associations. Congress in 1989 also permitted the FDIC to impose cross-guarantee liability on insured institutions for any cost or loss incurred by the FDIC in connection with the default by, or assistance to, a commonly controlled institution.

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

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

Banks, including Bank of Hawaii and FNBA, are subject to extensive federal and (in the case of Bank of Hawaii) state statutes and regulations that significantly affect their business and activities. Banks must file reports with their regulators concerning their activities and financial condition and obtain regulatory approval to enter into certain transactions. Banks are also subject to periodic examinations by their regulators to ascertain compliance with various regulatory requirements. Other applicable statutes and regulations relate to insurance of deposits, allowable investments, loans, acceptance of deposits, trust activities, mergers, consolidations, payment of dividends, capital requirements, reserves against deposits, establishment of branches and certain other facilities, foreign and international operations, limitations on loans to one borrower and loans to affiliated persons, and other aspects of the business of banks. Recent federal legislation has instructed federal agencies to adopt standards or guidelines governing banks' internal controls, information systems, internal audit systems, loan documentation, credit underwriting, interest rate exposure, asset growth, compensation and benefits, asset quality, earnings and stock valuation, and other matters. Similar provisions subject savings associations, including First Federal, to comparable requirements and restrictions. Legislation adopted in 1994 gives the federal banking agencies greater flexibility in implementing standards on asset quality, earnings, and stock valuation. Regulatory authorities have broad authority to initiate proceedings designed to prohibit banks and savings associations from engaging in unsafe and unsound banking practices.

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

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

Congress adopted legislation in 1991 to permit the FDIC to increase deposit insurance assessment rates for insured banks and to levy emergency special assessments against insured institutions. In response, the FDIC adopted a premium schedule under which the actual assessment rate for a particular institution depends in part upon the risk classification the FDIC assigns to that institution. The FDIC may raise an institution's insurance premiums or terminate insurance altogether upon a finding that the institution has engaged in unsafe and unsound practices. On September 30, 1996, legislation was signed into law to recapitalize the Savings Association

Insurance Fund administered by the FDIC (SAIF), which generally insures the deposits of savings associations. The legislation required the FDIC to impose a one-time special assessment on SAIF-assessable deposits, including the deposits of First Federal.

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

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

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

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

Bills are now pending or expected to be introduced in the United States Congress that contain proposals for altering the structure, regulation, and competitive relationships of the nation's financial institutions. If enacted, these bills could increase or decrease the cost of doing business, limit or expand permissible activities (including activities in the insurance and securities fields), or affect the competitive balance among banks, savings associations, credit unions and other financial institutions. Some of these bills would reduce the extent of federal deposit insurance, broaden the powers of bank holding companies, reduce regulatory burdens on financial institutions, address aspects of competitive imbalance between credit unions and other regulated financial institutions, promote more open financial markets for U.S. banks and financial companies in foreign nations, limit the prerogative of regulators to expand the range of permissible activities for banks, particularly in the field of insurance, eliminate or revise the features of the specialized savings-association charter, permit affiliations among banks, insurance companies, and securities firms or between banks and nonfinancial companies, and realign the structure and jurisdiction of various financial institution regulatory agencies. Whether or in what form any such legislation may be adopted or the extent to which the business of Bancorp might be affected thereby cannot be predicted.

ITEM 2. PROPERTIES

Note D to the Audited Financial Statements on pages 55 to 57.

ITEM 3. LEGAL PROCEEDINGS

Note J to the Audited Financial Statements on page 63.

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

No matter was submitted during the fourth quarter of 1996 to a vote of security holders through the solicitation of proxies or otherwise.

Executive Officers of Registrant:

The following table lists the names, ages and positions held with the Registrant of all executive officers of the Registrant as of December 31, 1996. Executive officers serve at the discretion of the Board of Directors.

NAME	AGE	POSITION
Lawrence M. Johnson.......	56	Chairman and Chief Executive Officer of Bancorp and the Bank since August 1994; President of Bancorp and the Bank March 1989 to July 1994; Executive Vice President of Bancorp August 1980 to February 1989, Director of the Bank since April 1989.
Richard J. Dahl...........	45	President of Bancorp and the Bank since August 1994 and Chief Operating Officer of the Bank since August 1995; Executive Vice President and Chief Financial Officer of Bancorp April 1987 to January 1994; Vice Chairman of the Bank December 1989 to July 1994, Director of the Bank since April 1994.
Alton T. Kuioka...........	53	Executive Vice President of Bancorp since October 1994; Director of the Bank since November 1996; Vice Chairman of the Bank since June 1994; and Chief Lending Officer of the Bank since August 1995; Executive Vice President of the Bank November 1991 to May 1994; Senior Vice President of the Bank October 1988 to October 1991.
Thomas C. Leppert.........	42	Executive Vice President of Bancorp and Vice Chairman of the Bank since December 1996; President and Chief Executive Officer of Castle & Cooke Properties, Inc. since 1989; Director of Castle & Cooke 1995 to November 1996; President of Residential Operations and Hawaii Commercial Operations Castle & Cooke, Inc. since 1995.
David A. Houle............	49	Senior Vice President, Treasurer and Chief Financial Officer of Bancorp since 1992; Executive Vice President and Chief Financial Officer of the Bank since February 1994; Senior Vice President and Investment Manager at Comerica Incorporated January 1985 to September 1992.
Denis K. Isono............	45	Vice President and Controller of Bancorp

since 1988; Senior Vice President of the Bank since 1993, and Controller of the Bank since 1986.

PART II

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

Common Stock Listing

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

NYSE Symbol: BOH

Market Prices, Book Values, and Common Stock Dividends--Table 2 on page 12.

ITEM 6. SELECTED FINANCIAL DATA

Year-End Summary--Table 23 on page 41.

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

PERFORMANCE HIGHLIGHTS

Bancorp Hawaii, Inc. (Bancorp) reported earnings of $133.1 million for 1996, up 9.3% from $121.8 million reported for 1995. Earnings per share were $3.23 for 1996 compared to $2.90 for 1995 and $2.75 for 1994. The improvement in profitability was driven by asset growth attributable to the acquisitions in the South Pacific, and improved net interest margin.

Bancorp has adopted a goal to increase its annual performance to a targeted 1.20% return on average assets (ROAA) and 17.5% return on average equity (ROAE) by the year 2000. In 1996, ROAA improved to 0.99% and ROAE to 12.43%. Comparatively, ROAA in 1995 was 0.98% and ROAE was 11.87%. Bancorp targets an average equity to average assets ratio of at least 6.00% and maintains its capital at levels considered by regulators as a "well capitalized" financial institution. In 1996, Bancorp's average equity to average asset ratio was 7.95% and reported capital at $1.1 billion, exceeding the levels necessary to be considered "well capitalized."

In May 1996, Bank of Hawaii International, Inc. (a wholly-owned subsidiary of Bank of Hawaii) finalized its purchase of a majority ownership of Banque de Tahiti (BDT) and Banque de Nouvelle Caledonie (BNC) and their related consumer credit affiliates, Credipac Polynesie and Credipac New Caledonie. The acquisitions were accounted for as purchases with ownership percentages of 92.4% for BDT and 91.5% for BNC at year-end 1996. Bank of Hawaii International, Inc. (consolidated) owns 100% of Credipac Polynesie and 100% of Credipac New Caledonie. BDT and BNC reported net income of $5.3 million for the eight month period since the acquisition of majority ownership after the impact of goodwill. For the first four months of 1996, BDT and BNC were accounted for using the equity method, producing $3.7 million in "other income" for Bancorp. Throughout this report, the impact of the acquisition is disclosed to allow the reader to understand its effect on Bancorp.

Net interest income increased 12.3% from 1995 to $482.3 million (on a taxable equivalent basis) for 1996. Analyzing this increase, about $39 million was attributed to an increase in average earning assets, while $14 million was to a widening in net interest margin to 3.84% from 3.72% in 1995. Comparatively, net interest margin was 3.82% in 1994.

Bancorp's net overhead (non-interest expense less non-interest income before securities transactions) increased to $250.6 million for 1996 compared with $220.2 million in 1995 and $214.2 million in 1994. About $18.3 million of the increase between 1995 and 1996 was due to the BDT and BNC acquisition. Additionally, the $5.0 million (pre-tax) Savings Association Insurance Fund (SAIF) assessment recognized by Bancorp Pacific, Inc. and an expense associated with the early termination of a leveraged lease ($2.8 million) also contributed to the increase. These changes are further discussed in the "net overhead" section of this report.

Total Non-Performing Assets, plus loans 90+ days past due, increased to $117.9 million, 1.36% of total loans at year-end 1996, compared to $77.6 million or 0.95% of total loans reported at year-end 1995 and $64.8 million or 0.82% of total loans at year-end 1994. As a percentage of outstanding loans, Non-Performing Assets (NPA) increased to 0.96% as of year-end, up from 0.70% at year-end 1995 and 0.67% at year-end 1994. The change in the level of NPA and past due loans is affected by the BDT and BNC acquisition. For 1996, BDT and BNC reported $22.3 million in NPA and $9.5 million in 90 day past due loans. Without these loans, Bancorp's NPA and 90 day past due loans would have been $60.9 million and $25.2 million, respectively.

Bancorp has historically maintained a level of NPA to outstanding loans under 1%, reflecting sound lending practices, aggressive management of NPA, and a conservative charge-off strategy (Table 7). During 1996, recoveries totaled $30.8 million, compared to $14.4 million in 1995 and $25.3 million in 1994. Net charge-offs in 1996 were $13.3 million or 0.16% of average loans, compared with net charge-offs of $13.5 million, 0.18% of average loans in 1995 and net charge-offs of $0.1 million in 1994. Finally, the reserve for loan losses totaled $167.8 million at the end of 1996, representing 1.97% of loans outstanding, compared with $152.0 million and 1.90%, respectively at year-end 1995.

Bancorp has recognized that in situations where opportunities to employ incremental capital at attractive returns are not plentiful, its best alternative use for the capital may be the purchase of Bancorp common stock. In 1996, Bancorp completed its program approved in 1994 to repurchase up to 2 million of its common shares. In 1996, about 1.3 million shares were repurchased to fulfill the 1994 share repurchase program. In the fourth quarter of 1996, a new program authorizing the repurchase of up to an additional 2 million shares of Bancorp common shares was approved by Bancorp's Board. About 100,000 shares had been purchased under the new plan as of year-end 1996. Additionally there is an ongoing program to repurchase common shares to meet the annual needs of various Bancorp benefit and dividend reinvestment plans.

Finally, in December 1996, Bancorp issued $100 million of 8.25% Capital Securities through Bancorp Hawaii Capital Trust I, a grantor trust formed and controlled by Bancorp. The issue is junior to any outstanding subordinated notes, has a 30-year term and bears a cumulative fixed interest rate of 8.25%. The issue also contains a call provision triggered by certain changes in tax laws. The debt, which qualifies as Tier I Capital for regulatory capital purposes, provides funds to Bancorp for general corporate purposes.

PERFORMANCE HIGHLIGHTS

TABLE 1
(IN MILLIONS OF DOLLARS EXCEPT PER SHARE AMOUNTS)

	1996		1995	FIVE-YEAR
EARNINGS MEASURES	AMOUNT	PERCENT CHANGE	AMOUNT	COMPOUND GROWTH

Net Income	$ 133.12	9.3%	$ 121.80	3.4%
Earnings Per Common Share	3.23	11.4	2.90	3.7
Average Assets	13,468.0	8.6	12,405.9	4.5
Average Loans	8,353.6	9.1	7,654.9	5.2
Average Deposits	8,182.4	16.3	7,036.5	(1.1)
Average Shareholders' Equity	1,070.9	4.4	1,026.0	9.4

PERFORMANCE RATIOS	1996	1995	FIVE-YEAR AVERAGE
Return on Average Assets	0.99%	0.98%	1.01%
Return on Average Equity	12.43	11.87	13.51
Average Equity to Average Assets Ratio	7.95	8.27	7.55
Loss Reserve to Loans Outstanding	1.97	1.90	1.89
Tier I Capital Ratio	10.57	10.25	
Total Capital Ratio	12.96	12.74	
Leverage Ratio Requirement	7.98	7.82	

MARKET PRICES, BOOK VALUES AND COMMON STOCK DIVIDENDS

TABLE 2

YEAR	MARKET PRICE (MP) RANGE HIGH	LOW	BOOK VALUE (BV)	HIGH MP AS A PERCENT OF BV	DIVIDEND
1992	$34.67	$26.83	$19.68	176%	$ .85
1993	$35.92	$26.67	$22.00	163%	$ .90
1994	$34.75	$24.13	$23.10	150%	$1.04
1995	$37.13	$24.88	$25.51	146%	$1.08
First Quarter	28.50	24.88			.26
Second Quarter	30.88	27.63			.27
Third Quarter	36.75	29.38			.27
Fourth Quarter	37.13	32.50			.28
1996	$44.00	$33.13	$26.68	165%	$1.16
First Quarter	36.25	33.25			.28
Second Quarter	37.63	33.13			.28
Third Quarter	39.75	34.13			.30
Fourth Quarter	44.00	38.38			.30

Bancorp's Markets

Bank of Hawaii, Bancorp's primary subsidiary, has continued to expand its operations beyond Hawaii since it opened its first branch in the Republic of the Marshall Islands in 1959. In 1996, Bank of Hawaii furthered its expansion acquiring majority ownership in Banque de Tahiti and Banque de Nouvelle Caledonie. Bancorp's presence across the Asia-Pacific Rim has expanded steadily and developed into distinct markets, each of which contributes to the company's overall performance. Foremost among these markets is Hawaii. Other markets include the Intra-Pacific Region, Asian Rim and the U.S. Mainland.

Hawaii is Bancorp's oldest and largest market. Since 1897, Bank of Hawaii has provided financial services to the people of Hawaii and earned its position as Hawaii's largest financial institution. Throughout the years, Bancorp has continued to offer financial products and services to meet the needs of Hawaii's growing economy. Products introduced in 1996 included the Mileage Access Card, a debit card that provides mileage points for usage of the card instead of writing checks. Also Bancorp broadened its ATM services, enhancing a number of machines to dispense postage stamps, gift certificates and discount coupons. Trust and Investment Services continued its marketing of the Pacific Capital Fund family and as of year-end 1996, the funds exceeded $1.5 billion. The total increases to $2.2 billion when the Hawaiian Tax Free Trust funds are included.

The degree of strength in the Hawaii economy has a substantial impact on Bancorp's performance. After 0.4 percent real annual gross state product (GSP) growth from 1991-94 and 0.5% (revised) in 1995, Hawaii's GSP rose an estimated 1.0% during 1996. The 1996 growth rate came in at the low end of previous forecasts of 1-2% growth. The current consensus forecast among economists is for Hawaii's 1997 GSP to grow by 2%. Growth in tourism continued to exert the strongest recovery impetus on Hawaii's economy during 1996, while construction spending stabilized during 1996--after four years of cyclical contraction. With that stabilization, the largest negative factor hindering Hawaii's economic recovery turned neutral during the year. Missing from the 1996 economic acceleration, modest as it was, were recoveries in real estate investment activity and a relaxation of fiscal austerity policies across state and county governments. Slow growth in 1997, likely below the national average, will reflect those missing elements of a stronger recovery. In addition, federal government spending in both defense and non-defense areas is expected to remain fairly stable for the remainder of the decade.

In 1996, Hawaii's economy was also impacted by the strengthening of the U.S. dollar, which rose from 103(Yen)/$ at the end of 1995 to 115(Yen)/$ at the end of 1996. This reduced Japanese tourists' purchasing power considerably during 1996. As a result, despite a record 2 million Japanese tourist arrivals in Hawaii during 1996, retail sales growth slowed in the second half of the year. Still, adverse exchange-rate effects on Japanese tourism seemed concentrated in retail outlays, as hotel revenues surged more than 13% in 1996, following a 6% increase in 1995.

Bancorp has been a player in the Intra-Pacific region for nearly four decades beginning in the late 1950's. This market has grown over the years and now spans island nations across the South and West Pacific which have developed as participants in the economic growth occurring within the Asia-Pacific Rim. Bancorp is the only Hawaii-based financial organization to have such a broad presence in this region.

Bank of Hawaii maintains 15 branch locations in the West Pacific with its largest and most established presence on Guam. Bancorp serves Guam with three branches of Bank of Hawaii and three branches of First Savings and Loan Association of America (a wholly-owned subsidiary of First Federal Savings and Loan Association of America). Bank of Hawaii also has branches in the Commonwealth of the Northern Marianas (Saipan), the Federated States of Micronesia (Yap, Pohnpei and Kosrae), the Marshall Islands (Majuro) and Palau (Koror).

Bancorp's representation in the South Pacific includes branches of Bank of Hawaii located in American Samoa and Fiji. In addition, through its subsidiary Bank of Hawaii International, Inc. (BOHI), Bank of Hawaii owns interests in Banque d'Hawaii (Vanuatu) Ltd. (100%), Banque de Tahiti (92.4%), Banque de Nouvelle Caledonie (91.5%) and National Bank of Solomon Islands (51%), all of which are included in Bancorp's consolidated financial statements. BOHI also has equity investments in the Bank of Tonga (30%) and Pacific Commercial Bank (43%) in Western Samoa. These latter two investments are accounted for under the equity method.

The Asian Rim is another market that Bancorp has developed over the last three decades, beginning with Japan in the 1970s. Bancorp started 1996 with offices or branches in Hong Kong, Korea, Philippines, Singapore and Taiwan. During the year, the Taiwan office was upgraded to branch status and at year-end had grown to $75 million in assets. Also in 1996, Bank of Hawaii entered into an agreement with Capital Trust Limited to act as its representative in India. With this arrangement, Bank of Hawaii is represented in the cities of New Delhi, Bombay, Calcutta, Madras and Bangalore. Activities in this market focus primarily on trade finance products, such as letters of credit. Bancorp has been successful in meeting the needs of its customers interested in participating in Asia's growth. Bancorp also provides correspondent banking, lending, and investment advisory services to this market through the International Banking Group's specific units such as the Japan, China, Korea and Philippine Marketing Groups. These groups are located in Hawaii and provide new customers with bankers who speak their language and understand their culture, thus making business transactions flow more smoothly.

The U.S. Mainland is a market that provides opportunities for continued lending activity. Bancorp's focus in this market continues to be Fortune 1000 companies, businesses that have interests in the Pacific, businesses in the media and communications industry and lending in Arizona through its subsidiary, First National Bank of Arizona (FNBA). For Fortune 1000 companies that have a Pacific orientation, Bancorp's presence throughout the Pacific is invaluable. In working with these borrowers, Bancorp continues to adhere to its strict lending policies. In the media and communications industry, Bancorp has developed a niche market and established itself as a knowledgeable and responsive lender. Additionally, through FNBA, Bancorp provides financial services to small to middle market customers in the greater metropolitan Phoenix market.

Subsidiary Activity

Bank of Hawaii is the largest of Bancorp's subsidiaries. Bank of Hawaii reported consolidated assets of $12.5 billion at year-end 1996, about 89% of Bancorp's total assets. Since Bank of Hawaii represents such a large component of Bancorp, much of the discussion in the following sections reflects its operations. The following paragraphs are discussions of the other major subsidiaries.

Bancorp Pacific, Inc., a thrift, has two subsidiaries, First Federal Savings and Loan Association of America (First Federal) located in the State of Hawaii and First Savings and Loan Association of America (First Savings) located in Guam and Saipan. Bancorp Pacific reported earnings of $12.2 million for 1996, a decrease of 16.9% from 1995's total earnings of $14.7 million. These lower earnings were mainly due to the one time SAIF assessment of $5.0 million recognized in the third quarter. Bancorp Pacific produced an ROAA of 0.92% in 1996 (1.15% excluding the impact of the SAIF assessment). Net loans grew 1.4% to $1.1 billion at year-end 1996, while deposits grew 15.4% over the same period. The growth in loans was affected by $80 million in mortgage loans securitized in the second quarter of 1996. Excluding the securitization, loans would have increased 8.6% over last year-end. At year-end 1996, NPA increased to 1.13% of total loans outstanding (primarily secured by residential real estate) from 0.76% at year-end 1995. Bancorp Pacific's reserve ratio was 0.85% of outstanding loans at year-end 1996, similar to a year ago. At year-end 1996, First Federal reported a total risk-based capital ratio of 17.0% exceeding statutory minimums and ratios at many peer savings and loan companies.

In Arizona, FNBA reported net income for 1996 of $2.3 million, an increase of 9.5% from 1995. The improvement in results was driven by a resurgent Arizona economy. FNBA reported ROAA of 1.35% for 1996 compared to 1.81% for 1995. Deposits at FNBA grew to $187.2 million at year-end 1996 from $132.2 million a year ago. In 1996, FNBA entered into an agreement to purchase more than $250 million of deposits and four branch locations from Home Savings of America. The transaction is expected to close in the first quarter of 1997.

Lending activity at FNBA also increased with gross loans growing to $122.0 million at year-end 1996, an increase of 7.9% for the year. Loan quality continues to improve at FNBA. NPA, as a percent of total loans outstanding, were 0.75% at year-end 1996, compared to 1.04% at the end of 1995. NPA totaled $0.9 million at year-end 1996 with $0.2 million of NPA being foreclosed real estate. The ratio of reserves to loans outstanding was 7.07% at year-end 1996, compared to 7.46% at year-end 1995. FNBA's risk-based capital ratios at year-end 1996 exceeded regulatory minimums at 10.64% and 11.95% for Tier 1 and Total Capital, respectively.

Hawaiian Trust Company, Limited (HTCo), a subsidiary of Bank of Hawaii, reported trust income for 1996 of $49.8 million, a modest increase of 0.6% from 1995. The results reflect the level of competition faced from mainland providers of trust services. Trust assets under administration have increased to $12.2 billion at year-end 1996 from $12.0 billion at year-end 1995. Activity in Pacific Capital Funds (PCF) has continued to grow; at year-end 1996, PCF and the Hawaiian Tax Free Trust (also advised by HTCo) advised funds with investments totaling $2.2 billion, an increase from $2.0 billion at year-end 1995. The offshore trust company in the Bahamas organized by Hawaiian Trust through Banque d'Hawaii (Vanuatu)'s trust subsidiary has seen modest activity in 1996 with total assets under management of about $7.0 million at year-end.

The following sections will cover in more detail Bancorp's performance and activities during 1996. The areas that will be covered include:

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

RISK ELEMENTS INVOLVED IN LENDING ACTIVITIES

Risk Profile of Lending Activity

Loans outstanding at year-end 1996 grew to $8.7 billion, a 6.7% increase from $8.2 billion at year-end 1995. This growth factor was affected by the securitization of $350 million of residential mortgage loans in the second quarter of 1996 and the acquisition of BDT and BNC. Loans securitized were from both Bank of Hawaii and Bancorp Pacific, Inc. Without the securitization and the loans acquired with BDT and BNC, loans outstanding would have increased by 2.6%.

Bancorp indicated in its 1995 Annual Report that the lending environment in Hawaii for the last several years had been challenging. The interest rate environment and the Hawaii economy have limited the rate of increases of the loan portfolio and yields on loans. In 1996, much of the same continued with the BDT and BNC acquisition providing much of the growth.

Certain sections of the loan portfolio, however, saw increased activity and positive growth in 1996. Residential mortgage lending, real estate construction lending, consumer installment loans, leasing and foreign loans all reported increases from year-end 1995. Residential mortgage lending balances increased after considering the securitization completed in the second quarter of 1996.

Table 3 presents the year-end loan portfolio broken down into the various categories. The acquisition and securitization mentioned earlier has changed the mix of loans at Bancorp. While real estate loans continue to comprise the largest portion of the loan portfolio, their level of representation has declined. Real estate loans made up 47.1% of total loans at year-end 1996 compared with 52.1% at year-end 1995. Within the real estate category, residential mortgage loans represented 64.3% of total loans, while commercial mortgage loans represented 30.0% of total loans at year-end 1996. Reflecting the BDT and BNC acquisition, foreign loans have increased to $1.5 billion, 17.3% of the total loan portfolio compared to $0.8 billion and 9.8% of the total at year-end 1995. Table 4 presents the geographic distribution of the loan portfolio based on the major markets in which Bancorp operates. The loans in BDT and BNC have changed the geographic mix between 1996 and 1995.

LOAN PORTFOLIO BALANCES

TABLE 3

	1996	1995	1994	1993	1992
	(IN MILLIONS OF DOLLARS)				
Domestic Loans					
Commercial and Industrial...	$1,806.7	$1,902.2	$1,830.8	$1,709.2	$1,864.1
Real Estate					
Construction--Commercial..	212.3	199.6	114.2	141.9	248.0
Residential........	23.6	33.7	39.7	51.4	18.0
Mortgage--Commercial......	1,227.8	1,308.8	1,241.0	1,230.6	991.9
Residential..........	2,635.3	2,702.4	2,849.9	2,454.0	2,183.7
Installment.................	849.3	817.3	741.6	676.2	655.9
Lease Financing.............	437.8	392.9	378.1	401.6	393.4
Total Domestic..........	7,192.8	7,356.9	7,195.3	6,664.9	6,355.0
Foreign Loans					
Banks and Other Financial Institutions...............	281.8	268.7	299.0	295.8	285.6
Commercial and Industrial...	923.2	513.6	364.2	259.4	288.5
All Others..................	301.5	13.2	33.5	38.3	34.5
Total Foreign...........	1,506.5	795.5	696.7	593.5	608.6
Total Loans.............	$8,699.3	$8,152.4	$7,892.0	$7,258.4	$6,963.6

The following sections discuss the loan categories.

Commercial and Industrial Loans

As shown in Table 3, the commercial and industrial loan (C&I) portfolio, which includes commercial, financial and agricultural loans, was $1.8 billion, down 5.0% from year-end 1995. This portfolio, which made up 20.8% of the total loans, involves lending to companies and individuals on both a secured and unsecured basis for business purposes. Customers and collateral vary based on the type of business involved.

Bancorp's focus in lending to companies on the U.S. Mainland is Fortune 1000 companies, companies with a Pacific orientation and selected niches where lending expertise has developed over the years. Lending activity to Fortune 1000 companies includes loans and lines of credit. Most of these loans are included in Table 4 in the C&I category on the U.S. Mainland. Balances outstanding to these companies as of year-end 1996 and 1995 were $876.4 million and $918.5 million, respectively. Bancorp's communication/media portfolio is considered a selected niche. Total loans and leases of this type stood at $562.4 million at year-end 1996, a decrease of 4.4% from year-end 1995. Total commitments in this portfolio were $774 million at year-end 1996. This category can be segmented further into cable television, publishing and telecommunications, which represented 34.9%, 20.1% and 9.9%, respectively, of the total C&I loan portfolio at year-end 1996. At year-end 1996, there were no loans in the communication/media portfolio which were classified as NPA.

C&I loans that were classified as non-performing totaled $20.9 million or 25.1% of total NPA at year-end 1996. For comparative purposes, $16.9 million and $20.3 million were classified as NPA at year-end 1995 and 1994, respectively.

Real Estate Loans

At year-end 1996, Bancorp's total real estate loan portfolio stood at $4.1 billion, 3.4% lower than year-end 1995. Real estate loans represented 47.1% of the total loan portfolio at year-end 1996, down from 52.1% at year-end 1995. As mentioned earlier, in the second quarter of 1996, $350 million in mortgage loans were securitized distorting the comparison between 1996 and 1995. Without the securitization, real estate loan growth would have been about 4.8% over 1995. The real estate loan portfolio is divided into construction loans and amortizing mortgages as shown in Table 3.

The largest individual component of the real estate loan portfolio is loans secured by 1-to-4 family residential property. At $2.6 billion, this group represented 64.3% of total real estate loans at year-end 1996 and 30.3% of total loans outstanding. More than 91% of these loans are secured by real estate in Hawaii (see Table 4). A majority of the 1-to-4 family residential mortgage loans (approximately 88%) are underwritten on a floating rate basis. The average 1-to-4 family mortgage loan has been outstanding about 6.0 years with an average outstanding balance of $141,000. Residential mortgage loan originations for Bancorp in 1996 totaled $825.7 million, representing 4,500 individual loans, or about 20% of the total originations in Hawaii. Comparatively, $570.8 million and $729.6 million in loans were originated in 1995 and 1994, respectively. For 1996, Bancorp's average principal mortgage loan amount originated was $185,000, compared to the $191,000 average for 1995 and the $187,000 average for 1994. The 1996 average loan origination at First Federal was $159,000 compared with $198,000 for Bank of Hawaii. The median single family home price on Oahu was $335,000, $349,000 and $360,000 in 1996, 1995 and 1994, respectively.

Also included in the real estate portfolio are home equity creditlines. Available credit under these lines was $489.7 million at year-end 1996, compared to $490.0 million at year-end 1995. Outstandings have declined to $285.6 million at year-end 1996 from $312.0 million at year-end 1995. These creditlines are underwritten based on repayment ability rather than the value of the underlying property. Additionally, home equity creditlines are generally limited to 75% of the value of the collateral minus prior liens. At year-end, home equity creditline balances past due 90 days or more totaled $0.6 million, compared with $0.7 million at year-end 1995, and $0.8 million at year-end 1994.

At year-end 1996, NPAs in the mortgage-residential category (excluding construction loans) totaled $23.6 million, or 28.4% of total NPA. Comparatively, mortgage-residential NPA totaled $14.7 million and $15.1 million at year-end 1995 and 1994, respectively. Foreclosed real estate at year-end 1996 was $10.7 million, which consisted of properties most of which are in Hawaii. There are a total of 31 properties in the foreclosed real estate category.

The commercial real estate portfolio (excluding construction loans) totaled $1.2 billion at year-end 1996, a decrease of 6.2% from year-end 1995. Table 3 presents the balances outstanding in this portfolio over the last five years. Of the properties collateralizing Bancorp's commercial real estate loans, about

76.0% were located in Hawaii.

The commercial real estate portfolio is diversified in the types of property securing the obligations. Of the total commercial real estate loans at year-end 1996, 23.7% of these loans were secured by shopping centers; 14.2% by commercial/industrial/warehouse facilities; 12.5% by office buildings and 5.2% by hotels. Generally, loans secured by commercial/industrial/warehouse facilities and office buildings are either solely or partially owner-occupied.

Non-performing commercial real estate loans at year-end 1996 decreased to $4.1 million or 4.9% of total NPA. Comparatively, commercial real estate NPA at year-end 1995 and 1994 totaled $14.9 million and $14.1 million, respectively. Foreclosed real estate at year-end 1996 included one commercial property.

Total commercial construction loans increased to $212.3 million at year-end 1996, compared with year-end 1995 when $199.6 million were outstanding. Bancorp maintains a conservative underwriting policy, as these loans by their nature have greater risk. For the majority of these loans, Bancorp emphasizes the cash flow of the completed projects and committed permanent financing for repayment, rather than the value of the property. A dissection of the commercial construction lending portfolio at year-end 1996 shows tract and land development for residential housing, $103.2 million; hotels, $40.0 million; retail facilities, $23.8 million; industrial projects, $6.7 million and commercial offices, $13.5 million. These loans were concentrated in property located in Hawaii ($179.8 million).

At the end of 1996, construction non-performing loans totaled $0.3 million or 0.4% of total NPA. Comparable figures for years ended 1995 and 1994 were $0.3 million and $1.5 million, respectively.

Consumer Loans

Total consumer loans (excluding residential mortgage and home equity loans) increased to $849.3 million, up 3.9% from year-end 1995. Beginning in 1994, Bancorp focused an effort to increase this category of loans implementing programs directly targeted to increase credit card balances. Looking to Table 3 and the five year trend, the growth reflects Bancorp's effort in this category, particularly in the last three years.

At year-end 1996, Bancorp's base of credit cardholders increased about 4% to 165,800 cardholders from year-end 1995. The co-branding of Bank of Hawaii's VISA card with Continental Airlines, which includes frequent flyer credits, is available in Hawaii, Guam and the Federated States of Micronesia. A no annual fee Mastercard was launched in 1995 and grew in 1996 with more than 21,800 cards outstanding as of year-end. A third initiative, the Contiki card program, began in 1996. The program, focused on college students, has created 141,300 new accounts as of year-end 1996. Outstanding balances for the credit card portfolio totaled $290.9 million at year-end 1996, an increase of 11.2% from year-end 1995. The average credit limit on all card accounts was $3,700 for 1996 with an average outstanding balance of $2,300, compared with an average outstanding balance of $1,650 for 1995 and $1,600 for 1994. At year-end 1996, 0.8% of the accounts (based on balances) were delinquent more than 90 days, compared with 1.4% and 0.9%, at year-end 1995 and 1994, respectively.

Leasing Activities

Equipment leases have been an important component of the overall loan portfolio by providing customers with an alternative to traditional lending products. Leases outstanding increased to $437.8 million, up 11.4% from year-end 1995. Much of the increase in lease activity has been several larger single investor leases in 1996. These new equipment leases in 1996 include a fleet of trucks, a jet aircraft and a satellite. The lease portfolio remains diversified. In addition to the above, leased equipment also includes autos, ships, office equipment, computers and others. There were no NPA in the leasing category at both year-end 1996 and 1995. At year-end 1994, $0.8 million in NPA was outstanding.

International Lending

Foreign loans at the end of 1996 totaled $1.5 billion, almost double the total at year-end 1995. The acquisition of BDT and BNC increased loans by $676 million. With the acquisition, a new element has been added to the international lending strategy. The lending strategy in the South Pacific is closely related to traditional branch operations, with both lending and deposit taking activity. Customers in the South Pacific include both retail and commercial customers. Lending activity on the Asian Rim involves a lending strategy that focuses primarily on short term trade finance and working capital loans for companies doing business in the Pacific and the Asian Rim.

The lending activities in Japan, Korea and Singapore remain the most significant with U.S. dollar equivalent loans outstanding at year-end 1996 in these countries of $274.1 million, $85.7 million, and $151.2 million, respectively. Foreign loan totals include the U.S. dollar equivalent loans of Fiji branches of Bank of Hawaii, BDT, BNC, National Bank of Solomon Islands (NBSI) and Banque d'Hawaii (Vanuatu) Limited which in aggregate totaled $781.1 million at year-end 1996.

Table 10 presents the outstanding cross-border exposures that exceed 0.75% of Bancorp's total assets at year-end 1996.

NPA in international lending have increased due to the NPAs in the South Pacific. At year-end 1996, $22.3 million were reported as NPA, all of which were in the South Pacific. At year-end 1995, there were no NPAs reported, but NPA at year-end 1994 totaled $0.3 million. As indicated in Table 7, losses in the international portfolio have remained at nominal levels. It is anticipated that the level will change as the recognition of losses in the South Pacific are reflected in the future. For 1996, recoveries of foreign loans previously charged-off totaled $1.5 million, compared to $2.5 million in 1995.

Geographic Distribution of the Loan Portfolio

The distribution of the loan portfolio by geographic areas is presented in Table 4. The majority of Bancorp's loans (58.6%) were located in Hawaii at year-end 1996. The balances reflected in the West Pacific include Guam and other Western Pacific Islands where both Bank of Hawaii and First Federal's subsidiary, First Savings and Loan Association of America, have branches. Loan balances in the South Pacific reflect the U.S. dollar equivalent balances of BDT, BNC, NBSI, Vanuatu and Bank of Hawaii branches in Fiji and Bank of Hawaii branches in American Samoa where U.S. currency is used. The modest real estate loan portfolio in the mainland U.S. represents mortgage lending in Arizona.

GEOGRAPHIC DISTRIBUTION OF LOAN PORTFOLIO (1)

TABLE 4

	TOTAL YEAR-END 1996	HAWAII	WEST PACIFIC	SOUTH PACIFIC	MAINLAND U.S.	JAPAN	OTHER
	(IN MILLIONS OF DOLLARS)						
Commercial and Industrial.............	$1,806.7	$ 736.5	$171.4	$ 9.4	$ 876.4	$ --	$ 13.0
Real Estate							
Construction--							
Commercial...........	212.3	179.8	--	--	32.5	--	--
Residential...........	23.6	21.1	2.5	--	--	--	--
Mortgage--Commercial..	1,227.8	933.1	178.0	8.8	107.9	--	--
Residential...........	2,635.3	2,400.3	211.6	2.5	20.9	--	--
Installment.............	849.3	677.6	144.5	22.8	4.4	--	--

Foreign	1,506.5	26.6	--	741.3	--	274.1	464.5
Lease Financing	437.8	125.5	6.8	--	284.7	--	20.8
Total	$8,699.3	$5,100.5	$714.8	$784.8	$1,326.8	$274.1	$498.3
Percentage of Total	100.0%	58.6%	8.2%	9.0%	15.3%	3.2%	5.7%

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(1) Loans classified based upon geographic location of borrowers.

Non-Performing Assets and Past Due Loans

Non-performing assets (which include non-accrual loans and foreclosed real estate) totaled $83.2 million at year-end 1996, compared to $56.9 million at the end of 1995, and $53.2 million at the end of 1994. The level of NPA includes the BDT and BNC NPA which were $22.3 million at year-end 1996. The ratio of NPA to loans outstanding was 0.96% at year-end 1996, 0.70% at year-end 1995 and 0.67% at year-end 1994. Without the BDT and BNC NPA, the ratio of NPA to loans outstanding would have been 0.70% at year-end 1996. Table 6 presents this ratio for the last five years with the accompanying graph depicting the ratio of the Montgomery Securities Regional Bank Proxy for the same period.

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

At year-end 1996, NPA loans secured by real estate totaled $28.0 million or 33.6% of total NPAs; with the majority secured by real estate in Hawaii. NPA in Asia and the West Pacific were minimal. As noted earlier, the NPA in the foreign category increased due to the BDT and BNC acquisition.

A focus on quality credits and cautious asset growth remains the objective in Arizona. NPA in Arizona has continued to decline totaling $0.9 million at year-end 1996, compared to $1.2 million, and $1.4 million at year-end 1995 and 1994, respectively. FNBA's loan quality has improved over the last several years. At the end of 1996, NPA represented 0.75% of total loans outstanding, compared with 1.07% and 1.48% at year-end 1995 and 1994, respectively.

First Federal's NPA increased to $12.8 million at year-end 1996, compared with $8.7 million and $4.8 million reported at year-end 1995 and 1994, respectively. The largest single loan classified as NPA at First Federal was about $700,000, reflecting the smaller individual loans in the portfolio. Total NPA at First Federal represented 1.13%, 0.77% and 0.46% of total loans outstanding at year-end 1996, 1995 and 1994, respectively. The levels of NPA for First Federal have increased over the last few years. However, the risk generally remains lower as each loan is secured by real estate with between a 70-80% loan to value ratio at origination.

Foreclosed real estate has increased to $10.7 million at year-end 1996. Foreclosed real estate has remained at lower levels averaging $6.2 million over the last five years. The foreclosed real estate portfolio is comprised of 31 properties with two properties representing more than 70% of the total. In 1996, losses on the sale of foreclosed real estate were $380,000, compared to $276,000 for 1995 and $700,000 for 1994.

Loans past due 90 days totaled $34.7 million at year-end 1996, an increase from year-end 1995 when $20.7 million was reported. The increase is mainly due to the inclusion of the past due loans from BDT and BNC which were $9.5 million at year-end 1996. There was also an increase in delinquencies in the consumer

installment loan portfolio, reflecting the prolonged lower economic activity in

Hawaii and its affect on consumers. At year-end 1996, installment loans more than 90 days past due totaled 1.06% of outstanding installment loans. The remaining increase in delinquent loans is distributed throughout the remaining loan categories. Table 6 presents a five year history of loans past due 90 days.

In 1996, Bancorp recorded $2.6 million in cash basis interest on previously non-accrual and charged-off loans, compared to $1.3 million in 1995. In 1996, $216,000 in interest reversals were recorded on non-accrual loans, an increase from the $156,000 reversed in 1995 and $79,000 in 1994.

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

	1996	1995	1994	1993	1992
	(IN MILLIONS OF DOLLARS)				
Interest Income Which Would Have Been Recorded Under Original Terms:					
Domestic	$6.3	$7.6	$5.4	$5.3	$7.0
Foreign	2.3	--	0.1	--	0.3
Interest Income Recorded During the Current Year on Non-Accruals:					
Domestic	1.6	0.6	1.0	0.9	3.4
Foreign	0.6	--	0.1	--	0.2

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

	1996	1995	1994	1993	1992
	(IN MILLIONS OF DOLLARS)				
Non-Accrual Loans					
Commercial and Industrial	$ 20.9	$16.9	$20.3	$15.7	$ 47.2
Real Estate					
Construction	0.3	0.3	1.5	17.7	--
Commercial	4.1	14.9	14.1	7.8	8.2
Residential	23.6	14.7	15.1	16.4	17.7
Installment	1.3	0.8	0.5	0.5	--
Foreign	22.3	--	0.3	--	5.0
Leases	--	--	0.8	0.3	--
Subtotal	72.5	47.6	52.6	58.4	78.1
Restructured Loans					
Commercial and Industrial	--	--	--	1.0	5.4
Real Estate					
Commercial	--	--	--	5.3	3.2
Leases	--	--	--	--	--
Subtotal	--	--	--	6.3	8.6
Foreclosed Real Estate					
Domestic	10.7	9.3	0.6	4.1	6.3
Foreign	--	--	--	--	--
Subtotal	10.7	9.3	0.6	4.1	6.3
Total Non-Performing Assets	$ 83.2	$56.9	$53.2	$68.8	$ 93.0

Loans Past Due 90 Days					
Commercial and Industrial	2.0	1.8	1.1	0.4	0.5
Real Estate					
Construction	0.4	--	--	--	--
Commercial	6.8	2.4	0.7	1.9	5.8
Residential	6.8	5.8	3.9	4.1	13.0
Installment	9.0	10.5	5.9	3.5	4.6
Foreign	9.5	--	--	--	0.3
Leases	0.2	0.2	--	0.1	--
Subtotal	34.7	20.7	11.6	10.0	24.2
Total	$117.9	$77.6	$64.8	$78.8	$117.2
Ratio of Non-Performing Assets to Total Loans	0.96%	0.70%	0.67%	0.95%	1.34%
Ratio of Non-Performing Assets and Accruing Loans Past Due 90 Days or More to Total Loans	1.36%	0.95%	0.82%	1.09%	1.68%

Summary of Loan Loss Experience

At the end of 1996, the reserve for loan losses stood at $167.8 million, compared with $152.0 million at year-end 1995 and $148.5 million at year-end 1994. The ratio of reserves to outstanding loans at year-end 1996 was 1.97%, compared with the 1.90% reported at year-end 1995 and 1.92% at year-end 1994. Loan loss provisions for 1996 were $22.2 million, compared with $17.0 million and $21.9 million for 1995 and 1994, respectively. The level of the reserve for loan losses at year-end 1996 reflects the $30.8 million recoveries recognized during the year. Table 7 shows the activity through the reserve for the last five years.

The levels of the loan loss reserve are primarily derived from an extensive review of the loan portfolio with a strong emphasis on the line driven loan grading system for the larger commercial loans in Bank of Hawaii and FNBA. This loan grading system is continuously monitored for accuracy by the Credit Review department. In addition, actual charge-offs, delinquency data, recoveries and historical trends are considered in the analysis. BDT and BNC also maintain a loan grading system to monitor credit quality.

The ratio of reserves to loans outstanding is generally the main indicator of the adequacy of the reserve. However, the absolute dollar amount of the reserve and its relationship to non-performing loans and historical charge-offs also need to be considered. In the last ten years the reserve to charge-off ratio has never been less than 1.9 times in any year and has averaged 4.3 times over the same period. At the end of 1996, the reserve was 2.02 times non-performing loans and 3.8 times gross charge-offs.

Gross charge-offs for 1996 totaled $44.1 million and presented 0.53% of average outstanding loans. Comparatively, the ratio was 0.36% and 0.34%, respectively at year-end 1995 and 1994. Gross charge-offs as a percentage of the reserve were 26.3%, 18.4% and 17.1% for 1996, 1995 and 1994, respectively. Average annual charge-offs for the five years ended in December 1996 were $41.4 million and $29.8 million for the last ten years.

Recoveries of previously charged-off loans increased to $30.8 million. Recoveries were $14.4 million in 1995 and $25.3 million for 1994. Recoveries in 1996 reflect approximately $19.3 million recovered of the $45.7 million real estate loan charged-off in 1992 and 1993. Recoveries on this credit have accumulated to $34.3 million as of year-end 1996. Net charge-offs for 1996 were $13.3 million, compared with $13.5 million for 1995 and $0.1 million for 1994.

SUMMARY OF LOAN LOSS EXPERIENCE

TABLE 7

	1996	1995	1994	1993	1992
	(MILLIONS OF DOLLARS)				
Average Amount of Loans Outstanding................	$8,353.6	$7,654.9	$7,393.7	$6,991.0	$6,601.9
Balance of Reserve for Possible Loan Losses at Beginning of Period.........	$ 152.0	$ 148.5	$ 125.3	$ 128.6	$ 115.6
Loans Charged--Off					
Commercial and Industrial..	8.7	7.8	11.3	43.9	29.5
Real Estate--					
Construction.............	--	2.1	0.1	0.5	--
Mortgage--Commercial.....	3.3	2.3	3.5	2.7	4.2
--Residential....	1.9	1.1	0.7	0.4	0.5
Installment................	28.9	13.3	8.7	8.6	8.7
Foreign....................	0.9	0.9	0.7	7.5	1.0
Leases.....................	0.4	0.4	0.4	2.1	0.1
Total Charged-Off...........	44.1	27.9	25.4	65.7	44.0
Recoveries on Loans Previously Charged-Off					
Commercial and Industrial.	21.8	6.1	19.5	3.9	3.0
Real Estate--					
Construction.............	0.7	--	0.2	--	--
Mortgage--Commercial.....	1.1	1.4	0.9	0.7	0.2
--Residential....	0.4	0.1	0.2	0.3	0.3
Installment................	4.7	3.3	3.2	3.2	3.0
Foreign....................	1.5	2.5	0.5	--	0.4
Leases.....................	0.6	1.0	0.8	0.1	0.1
Total Recoveries............	30.8	14.4	25.3	8.2	7.0
Net Loans Charged-Off........	(13.3)	(13.5)	(0.1)	(57.5)	(37.0)
Provisions Charged to Operating Expenses..........	22.2	17.0	21.9	54.2	50.0
Reserves Acquired (Sold).....	6.9	--	1.4	--	--
Balance at End of Period.....	$ 167.8	$ 152.0	$ 148.5	$ 125.3	$ 128.6
Ratio of Net Charge-Offs to Average Loans Outstanding...	0.16%	0.18%	--	0.82%	0.56%
Ratio of Reserve to Loans Outstanding................	1.97%	1.90%	1.92%	1.76%	1.89%

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

	1996	1995	1994	1993	1992
Beginning Balance...........	$ 15.1	$ 12.9	$ 10.5	$ 14.2	$ 14.0
Charge-Offs................	0.9	0.9	0.7	7.5	1.0
Recoveries.................	1.5	2.5	0.5	--	0.4
Net Charge-Offs............	0.6	1.6	(0.2)	(7.5)	(0.6)
Provisions.................	5.8	0.6	1.2	3.8	0.8
Reserves Acquired..........	6.9	--	1.4	--	--
Ending Balance..............	$ 28.4	$ 15.1	$ 12.9	$ 10.5	$ 14.2

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ALLOCATION OF LOAN LOSS RESERVE

TABLE 8

	1996		1995		1994		1993		1992	
	RESERVE AMOUNT	PERCENT OF OUTSTANDING LOAN AMOUNT	RESERVE AMOUNT	PERCENT OF OUTSTANDING LOAN AMOUNT	RESERVE AMOUNT	PERCENT OF OUTSTANDING LOAN AMOUNT	RESERVE AMOUNT	PERCENT OF OUTSTANDING LOAN AMOUNT	RESERVE AMOUNT	PERCENT OF OUTSTANDING LOAN AMOUNT
	(IN MILLIONS OF DOLLARS)									
Commercial and Industrial	$ 60.0	3.32%	$ 61.9	3.25%	$ 59.5	3.25%	$ 51.2	3.00%	$ 54.0	2.90%
Real Estate---										
Construction	4.5	1.91	4.2	2.00	2.6	2.00	4.3	2.51	2.6	1.00
Commercial	18.5	1.51	19.6	1.50	18.6	1.50	15.4	1.25	19.8	2.00
Residential	20.0	0.76	20.5	0.75	21.6	0.75	18.5	0.75	16.4	0.75
Installment	26.0	3.06	20.4	2.50	18.5	2.50	13.5	2.00	10.0	1.55
Foreign	28.4	1.89	15.1	1.90	12.9	1.85	10.5	1.77	14.2	2.33
Leases	2.0	0.46	2.0	0.50	1.9	0.50	2.0	0.50	3.9	1.00
Not allocated	8.4	--	8.3	--	12.9	--	9.9	--	7.7	--
	$167.8	1.97%	$152.0	1.90%	$148.5	1.92%	$125.3	1.76%	$128.6	1.89%

International Operations

Bancorp's international presence is extensive and provides opportunities to take part in lending, correspondent banking and deposit-taking activities mainly in the Pacific. These activities are facilitated through representative offices, branches and full service subsidiary banks. This network of locations has proven important in the strategy of bridging customers across the Pacific to the U.S. Mainland, Europe and within Asia itself.

Bancorp's foreign lending consists of both local currency and cross-border lending. Local currency loans are those that are funded and will be repaid in the currency of the borrower's country and involve the same types of risk as domestic lending. Cross-border lending, on the other hand, involves loans that will be repaid in currencies other than that of the borrower's country. This type of lending involves greater risk because the borrower's ability to repay is additionally dependent on the availability of foreign exchange and the stability of the host country's currency.

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

Through the International Group of Bank of Hawaii, Bancorp offers international banking services to its corporate, financial institution and individual customers in most of the major Asian financial centers and New York supported by its Honolulu operations. Bank of Hawaii's branches and offices offering these services are located in Hong Kong, the Philippines (Manila, Cebu, and Davao), Korea, Singapore, Japan, Taiwan, India and New York. The International Group of Bank of Hawaii continues to focus on trade-related financing activities and lending to customers with which it has a direct relationship.

The South Pacific Region is made up of the investments in affiliated banks in the South Pacific and Bank of Hawaii branch operations in Fiji and American Samoa. In May 1996, Bancorp expanded its investments in this area of the world by acquiring majority interest in Banque de Tahiti and Banque de Nouvelle Caledonie from Credit Lyonnais. The acquisitions were accounted for as a purchase; goodwill of $12.2 million was recognized

and is being amortized over 15 years. Other investments in banks in the South Pacific include majority owned banks in Vanuatu and Solomon Islands (see organization chart). The financial results of these banks are included in Bancorp's consolidated financial statements. Additionally, Bank of Hawaii has investments in affiliate banks located in Tonga and Western Samoa which are accounted for using the equity method.

Bank of Hawaii operates branches in the South Pacific region in Fiji and American Samoa. Since Fiji uses its own currency, it is included with the other foreign operations and is considered international, even though its operations are reflective of retail and small business activities much like domestic branches. As of year-end 1996, three branches were operating in Suva, Nadi and Lautoka, Fiji. Total assets in Fiji were $73.4 million at year-end 1996. The operations in American Samoa are similar to domestic full service branches with two locations in operation, but since the U.S. dollar is used, it is not considered foreign for reporting purposes. Total assets in American Samoa were $42.8 million as of year-end 1996.

The operations in the South Pacific are managed through a separate division of Bank of Hawaii. Bank of Hawaii has expatriate staff in locations like Vanuatu and the Solomon Islands. The Banks in the French territories are currently operating under a management contract with Credit Lyonnais. The countries in which the subsidiaries and affiliates are located are evaluated on a regular basis. Exposure, in terms of foreign currency fluctuations, is limited as each affiliate primarily deals in its own currency. For these consolidated subsidiaries, combined assets of $1.1 billion were included in Bancorp's consolidated statements as of year-end 1996 and $130.9 million at year-end 1995. The carrying value of the investments in affiliates, accounted for using the equity method, was $77.1 million at year-end 1996.

Bank of Hawaii's West Pacific Division also operates branches and offices in several Pacific Island locations, offering traditional banking services. West Pacific Division provides customary commercial banking services through branches in Commonwealth of the Northern Mariana Islands (Saipan), Federated States of Micronesia (Pohnpei, Kosrae, and Yap), Guam, Republic of the Marshall Islands (Majuro), and the Republic of Palau (Koror). Since the U.S. dollar is used in these locations, they are not considered foreign for reporting purposes and are included in domestic operations.

Table 9 summarizes key totals for International Operations of Bancorp for 1996. Net income for 1996 increased to $10.2 million, compared to the $4.8 million in 1995. This translates into a return on assets for these operations of 0.36%, up from the 0.28% for 1995. The impact in income for international operations was largely due to the BDT and BNC acquisitions which increased average international assets to $2.8 billion as of year-end 1996 compared to $1.7 billion at year-end 1995.

Cross-border interbank placements accounted for $0.9 billion or 33.3% of total average international assets at year-end 1996. Table 10 presents individual countries for which Bancorp has cross-border exposures exceeding 0.75% of total assets for the last three years. As Table 10 indicates, $0.9 billion was with such countries as Japan, Taiwan, Thailand and Korea.

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

TABLE 9

	1996 AMOUNT	1996 PERCENT	1995 AMOUNT	1995 PERCENT	1994 AMOUNT	1994 PERCENT
	(IN MILLIONS OF DOLLARS)					
Average Assets	$2,795.5	20.8%	$1,724.3	13.9%	$1,699.2	13.5%
Average Liabilities	2,700.3	21.8	1,585.2	13.9	1,647.9	14.2
Operating Revenue	194.3	16.8	107.9	10.3	97.1	10.1
Net Income	10.2	7.6	4.8	3.9	7.1	6.1

GEOGRAPHIC DISTRIBUTION OF CROSS-BORDER INTERNATIONAL ASSETS

TABLE 10

	GOVERNMENT AND OTHER OFFICIAL INSTITUTIONS	BANKS AND OTHER FINANCIAL INSTITUTIONS (1)	COMMERCIAL AND INDUSTRIAL COMPANIES	TOTAL
	(IN MILLIONS OF DOLLARS)			
at December 31, 1996				
Japan	$ --	$ 196.0	$115.8	$ 311.8
Korea	--	253.0	122.4	375.4
Taiwan	--	108.6	18.2	126.8
Thailand	--	74.2	47.4	121.6
All Others	1.0	300.0	69.8	370.8
	$ 1.0	$ 931.8	$373.6	$1,306.4
at December 31, 1995				
Japan	$ --	$ 296.4	$198.1	$ 494.5
Korea	--	181.8	125.8	307.6
Taiwan	--	260.0	11.0	271.0
Thailand	--	169.7	--	169.7
All Others	1.0	253.2	68.5	322.7
	$ 1.0	$1,161.1	$403.4	$1,565.5
at December 31, 1994				
Japan	$ --	$ 118.2	$185.1	$ 303.3
Taiwan	--	259.5	4.4	263.9
Korea	--	98.3	104.5	202.8
Thailand	--	113.4	--	113.4
All Others	1.0	396.0	90.7	487.7
	$ 1.0	$ 985.4	$384.7	$1,371.1

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(1) Includes U.S. dollar advances to foreign branches and affiliate banks which were used to fund local currency transactions. Totals for 1996, 1995, and 1994 were $327.9 million, $293.2 million and $203.8 million, respectively.

Potential Problem Assets

Bancorp's management emphasizes the importance of early recognition and monitoring of loans as a means to control delinquency. Demonstrating this commitment, management continuously reviews loans to various borrowers and industry segments that may be experiencing financial difficulties even if these loans have been generally current as to their terms. As mentioned earlier, the loan grading system provides the process for this early warning system. Loans are graded by lending officers and validated by an independent Credit Review department to ensure reasonableness in the grades and timely re-grading. This process is also utilized to determine the adequacy of the reserve for loan losses.

ASSET AND LIABILITY MANAGEMENT

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

Capital Adequacy

At year-end 1996, Bancorp's equity grew to $1.07 billion, a modest increase from $1.05 billion at year-end 1995. Bancorp has managed the rate of increase of capital through its share repurchase program discussed later in this section. Bancorp's capital ratios at year-end 1996 were: Tier 1 Capital Ratio of 10.57%, Total Capital Ratio of 12.96%, and Leverage Ratio of 7.98%. All three exceeded the minimum threshold levels to qualify as well capitalized. Under those minimum threshold levels implemented in 1993 by bank regulators, capital must exceed the following standards--Tier 1 Capital 6%; Total Capital 10%; and the Leverage Ratio 5%. Table 11 presents a five year history of activity and balances in capital accounts as well as capital ratios for Bancorp. Bancorp's strategy is to maintain its capital at a level to qualify as "well capitalized." The financial and regulatory impact of maintaining this status is important to Bancorp. The financial impact is reflected in lower deposit insurance premiums, while the regulatory impact allows for fewer restrictions on activities.

In December 1996, Bancorp issued $100 million in 8.25% Capital Securities through a newly organized grantor trust called Bancorp Hawaii Capital Trust I. The 8.25% Capital Securities will mature in 30 years and will bear cumulative dividends at 8.25% payable semi-annually. The proceeds of this issue will be used for general corporate purposes which includes advances to its subsidiaries and the repurchase of Bancorp shares. These 8.25% Capital Securities, while qualifying as Tier I Capital for regulatory accounting purposes, have been classified as long term debt on the Statement of Condition as of December 31, 1996.

As mentioned earlier, Bancorp's strategy is to maintain its capital at a level to qualify as well capitalized for regulatory purposes. In 1996, lower loan demand and asset growth diminished the need for building capital levels. Rather than disrupting long established programs, including the dividend reinvestment plan, profit sharing plan, and stock option plan, which provide a consistent source of new capital, Bancorp embarked on a stock repurchase program several years ago. This program to repurchase stock has had the benefit of enhancing shareholder value while still maintaining capital ratios that exceed well capitalized guidelines. More than 1.8 million shares were repurchased in 1996, with another 2.7 million shares repurchased in 1994 and 1995. Prior share repurchase authorization completed, Bancorp's Board of Directors approved a new 2.0 million shares repurchase program in the fourth quarter of 1996. This new program will run concurrently with the existing authorization to repurchase Bancorp shares in the market to offset the needs of the plans previously mentioned.

EQUITY CAPITAL

TABLE 11

	1996	1995	1994	1993	1992
	(IN MILLIONS OF DOLLARS)				
Source of Common Equity					
Net Income	$ 133.1	$ 121.8	$ 117.7	$ 132.6	$ 127.5
Dividends Paid	(47.4)	(45.2)	(44.0)	(38.4)	(35.4)
Dividend Reinvestment Program	6.8	7.1	7.4	7.7	8.1
Stock Repurchases	(70.4)	(40.0)	(44.3)	(2.0)	(0.6)
Other (1)	(10.4)	43.9	(8.1)	9.9	4.7
Annual Increase in Equity	$ 11.7	$ 87.6	$ 28.7	$ 109.8	$ 104.3
Year-End Common Equity	$ 1,066.1	$1,054.4	$ 966.8	$ 938.1	$ 828.3
Add: 8.25% Capital Securities of Bancorp Hawaii Capital Trust I	100.0	--	--	--	--
Minority Interest	9.3	--	--	--	--
Less: Intangibles	68.9	60.2	64.6	72.0	18.8
Unrealized Valuation Adjustments	2.2	11.3	(17.3)	3.9	--
Tier I Capital	1,104.3	982.9	919.5	862.2	809.5
Allowable Loan Loss Reserve	131.1	120.2	111.1	100.2	99.3
Subordinated Debt	118.7	118.7	118.6	124.6	--
Total Capital	$ 1,354.1	$1,221.8	$1,149.2	$1,087.0	$ 908.8
Risk Weighted Assets	$10,452.1	$9,587.0	$8,848.6	$7,990.4	$7,911.8
Key Ratios					
Growth in Common Equity	1.1%	9.1%	3.1%	13.3%	14.4%
Average Equity/Average Assets Ratio	7.95%	8.27%	7.71%	7.09%	6.74%
Tier I Capital Ratio	10.57%	10.25%	10.39%	10.79%	10.23%
Total Capital Ratio	12.96%	12.74%	12.99%	13.60%	11.49%
Leverage Ratio	7.98%	7.82%	7.28%	6.89%	6.37%

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(1) Includes profit-sharing; stock options; directors restricted shares and deferred compensation plan; and valuation adjustments for investment securities and foreign exchange translation.

INTEREST RATE RISK AND DERIVATIVES

For financial institutions, interest rate movements can have an impact on earnings depending on the structure of the balance sheet. At Bancorp, interest sensitivity analysis is coupled with computer simulation techniques to measure the exposure of our earnings to interest rate movements. The objective of this process is to position the balance sheet to optimize earnings without unduly increasing risk.

Table 12 presents the possible exposure to interest rate movements for various time frames at year-end 1996. The distribution in the interest rate sensitivity table consists of a combination of maturities, call provisions, re-pricing frequency and prepayment patterns. Bancorp constantly analyzes and estimates, based on historic data, the interest rate sensitivity characteristics of all balance sheet items. For example, a portion of Bancorp's interest bearing demand and savings balances are relatively insensitive to changes in interest rates. Consequently, Bancorp has allocated portions of those balances to longer term interest rate sensitivity periods.

At December 31, 1996, Bancorp's one year cumulative asset sensitive gap totaled $0.4 billion representing 2.6% of total assets. This position gradually changed from year-end 1995, when Bancorp's gap position was liability sensitive by $0.1 billion or 1.0% of total assets. The one year gap is a commonly used benchmark of interest rate risk. In addition, Bancorp uses computer simulations to estimate the potential effects of changing

interest rates. These measurements display a balance sheet profile which shows that rising rates would cause a small compression on margins. Taken together, all these measures of interest rate sensitivity for Bancorp would indicate a nearly balanced position.

Bancorp's net interest margin during 1996 remained relatively stable throughout the year averaging 3.84%. This was an improvement over the net interest margin for 1995 that averaged 3.72%.

Bancorp has used interest rate swaps as a cost effective risk management tool for dealing with movements in interest rates. However, no new swaps were entered into in 1996. Notional amounts of interest rate swaps at year-end 1996 totaled $.7 billion compared with $1.1 billion at year-end 1995 and $1.6 billion at year-end 1994. Credit exposure on interest rate swaps is determined and monitored according to the same strict standards and policies applied to Bancorp's commercial lending activity.

Bancorp's policy is to utilize interest rate swaps for purposes other than trading. Bancorp utilizes interest rate swaps to alter the interest rate characteristics of identified groups of assets or liabilities. Limits on the total notional amounts of contracts outstanding at any time have been established. Limits have also been established for each counter party. Activity is monitored on a monthly basis in conjunction with normal asset/liability management committee meetings. Further disclosure of Bancorp's interest rate swap activity is included in the footnotes to its financial statements.

INTEREST RATE SENSITIVITY

TABLE 12

DECEMBER 31, 1996	0-90 DAYS	91-365 DAYS	1-5 YEARS	OVER 5 YEARS	NON-INT. BEARING
	(IN MILLIONS OF DOLLARS)				
Assets(1)					
Investment Securities.....	$1,387.4	$ 939.4	$ 815.1	$ 489.8	$ --
Short-Term Investments....	140.9	1.0	--	--	--
International Assets......	1,248.0	370.0	229.4	102.5	24.3
Domestic Loans(2).........	2,694.4	1,913.1	1,744.1	793.0	48.2
Trading Assets............	--	--	1.7	--	--
Other Assets..............	93.0	46.5	325.5	601.9	--
Total Assets............	$5,563.7	$3,270.0	$3,115.8	$1,987.2	$ 72.5
Liabilities and Capital(1)					
Non-Interest Bearing					

Demand(3)	$ 298.6	$ 177.9	$ 723.2	$ 235.4	$ --
Interest-Bearing					
Demand(3)	329.2	258.6	799.3	337.0	--
Savings(3)	104.0	104.0	485.2	173.3	--
Time Deposits	756.7	1,142.9	627.6	44.3	--
Foreign Deposits	1,322.8	301.4	65.8	49.7	347.2
Short-Term Borrowings	1,883.6	987.1	98.1	--	--
Long-Term Debt	210.1	188.9	313.8	219.4	--
Other Liabilities	--	--	--	--	358.0
Capital	--	--	--	--	1,066.1
Total Liabilities and Capital	$4,905.0	$3,160.8	$3,113.0	$1,059.1	$ 1,771.3
Interest Rate Swaps	$ (499.0)	$ 99.4	$ 399.6	$ --	$ --
Interest Sensitivity Gap	$ 159.7	$ 208.7	$ 402.4	$ 928.1	$(1,698.8)
Cumulative Gap	$ 159.7	$ 368.3	$ 770.7	$1,698.8	$ --
Percentage of Total Assets	1.14%	2.63%	5.50%	12.13%	--

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Assumptions used:

(1) Based on repricing date.

(2) Includes the effect of estimated amortization.

(3) Historical analysis shows that these deposit categories, while technically subject to immediate withdrawal, actually display sensitivity characteristics that generally fall within one and five years. The allocation presented is based on that historic analysis.

CONSOLIDATED AVERAGE BALANCES, INCOME AND EXPENSE SUMMARY, AND YIELDS AND RATES (TAXABLE EQUIVALENT)

TABLE 13

	1996			1995			1994		
	AVERAGE BALANCES	INCOME/ EXPENSE	YIELDS/ RATES	AVERAGE BALANCES	INCOME/ EXPENSE	YIELDS/ RATES	AVERAGE BALANCES	INCOME/ EXPENSE	YIELDS/ RATES
	(IN MILLIONS OF DOLLARS)								
Earning Assets									
Interest-Bearing Deposits	$ 752.6	$ 38.0	5.06%	$ 661.4	$ 39.4	5.97%	$ 812.6	$ 36.4	4.48%
Investment Securities--Held to Maturity									
--Taxable	1,078.1	70.4	6.53	1,516.5	92.3	6.09	2,463.3	135.0	5.48
--Tax-Exempt	13.0	1.8	14.08	15.9	2.1	13.25	18.7	2.6	14.03
Investment Securities--Available for Sale	2,288.7	146.4	6.40	1,639.0	107.9	6.58	1,064.0	54.0	5.07
Funds Sold	92.1	4.0	4.39	68.5	3.8	5.57	52.5	2.3	4.33
Loans (1)--Domestic	7,099.9	584.2	8.23	6,908.9	572.8	8.29	6,725.9	517.6	7.70
--Foreign	1,253.7	107.6	8.58	746.0	51.5	6.90	667.8	35.2	5.27
Loan Fees		29.7			28.5			31.7	
Total Earning Assets	12,578.1	982.1	7.81	11,556.2	898.3	7.77	11,804.8	814.8	6.90
Cash and Due From Banks	462.8			460.6			449.1		
Other Assets	427.1			389.1			342.7		
Total Assets	$13,468.0			$12,405.9			$12,596.6		
Interest-Bearing liabilities									
Domestic Deposits									

--Demand............	$ 1,726.6	47.2	2.73	$ 1,752.4	50.9	2.91	$ 1,895.4	41.1	2.17
--Savings...........	937.0	23.7	2.53	1,058.5	30.6	2.89	1,232.3	29.1	2.36
--Time..............	2,465.1	133.5	5.42	1,839.9	98.5	5.36	1,544.8	65.9	4.27
Total Domestic.....	5,128.7	204.4	3.98	4,650.8	180.0	3.87	4,672.5	136.1	2.91
Foreign Deposits									
--Time Due to Banks..	692.2	38.1	5.50	652.7	37.8	5.79	896.5	37.8	4.22
--Other Time and Savings............	795.8	46.2	5.81	329.6	21.7	6.59	340.2	15.6	4.59
Total Foreign......	1,488.0	84.3	5.67	982.3	59.5	6.06	1,236.7	53.4	4.32
Total Deposits.....	6,616.7	288.7	4.36	5,633.1	239.5	4.25	5,909.2	189.5	3.21
Short-Term Borrowings...	2,809.6	150.2	5.35	3,155.1	174.0	5.52	3,600.6	143.9	4.00
Long-Term Debt..........	1,146.2	60.9	5.31	983.8	54.6	5.55	526.8	30.3	5.76
Total Interest-Bearing Liabilities.......	10,572.5	499.8	4.73	9,772.0	468.1	4.79	10,036.6	363.7	3.62
Net Interest Income.....		482.3	3.08		430.2	2.98		451.1	3.28
Spread on Earning Assets.................			3.84%			3.72%			3.82%
Demand Deposits									
--Domestic...........	1,371.5			1,391.6			1,373.2		
--Foreign............	194.2			11.8			12.8		
Total Demand Deposits..........	1,565.7			1,403.4			1,386.0		
Other Liabilities.......	258.9			204.5			203.1		
Shareholders' Equity....	1,070.9			1,026.0			970.9		
Total Liabilities & Equity...........	$13,468.0			$12,405.9			$12,596.6		
Provision for Loan Losses.................		22.2			17.0			21.9	
Net Overhead............		249.2			217.7			232.0	
Income Before Income Taxes..................		210.9			195.5			197.2	
Provision for Income Taxes..................		76.7			72.0			77.7	
Tax Equivalency Adjustment (2).........		1.1			1.7			1.8	
Net Income.............		$133.1			$121.8			$117.7	

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(1) Includes non-accrual loans.

(2) Based upon a statutory tax rate of 35%.

Liquidity Management

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

At year-end 1996, deposits increased to $8.7 billion from $7.6 billion at the end of 1995. Average deposits for 1996 were also higher than the average for 1995. Table 21 presents the average deposits by category. The year-to-year increase reflected the positive impact of the South Pacific acquisitions in the second quarter. The strategy to grow through acquisitions has helped to counteract the continuous competitive pressure in the Hawaii market as customers continue to seek alternative investment products such as mutual funds from both banks and others.

Bancorp's balance sheet is unique given the high level of state and local government funds. Historically, these governmental customers have been a stable source of funds. Over the years, much of these deposits were converted to Securities Sold Under Agreements to Repurchase (Repos). Repos are supported by the same type of collateral that supports governmental deposits, but are not insured by the FDIC. At year-end 1996 repos totaled $2.1 billion compared to $1.9 billion at year-end 1995 and $2.1 billion at year-end 1994.

In 1996 Bancorp issued commercial paper only in the Hawaii marketplace. As an alternative, Bancorp maintains access to the mainland market through its pre-selected agent for issuing commercial paper. At year-end 1996 commercial paper outstanding totaled $69.7 million compared to $73.5 million at year-end 1995. The short term notes are rated "P-1" by Moody's and "A-2" by Standard & Poor's.

Bancorp also maintains a line of credit for working capital purposes. The line is for $50 million and is subject to annual renewals. Fees are paid on the unused balance of the line. During the year, the line was not drawn upon. In January 1997, the line amount was reduced to $35 million.

Bank of Hawaii, First Federal and First Savings are all members of the Federal Home Loan Bank (FHLB), providing these entities with an additional source of short to intermediate term funding. At year-end 1996, Bank of Hawaii had outstanding debt to the FHLB of $125 million, as compared to $60 million at year-end 1995. Bancorp Pacific also increased its borrowings from the FHLB, which at year-end 1996 totaled $273.0 million, compared to $271.5 million at year-end 1995. Borrowings from the FHLB are collateralized by mortgage loans and FHLB stock.

Long term debt on December 31, 1996, was $0.9 billion, compared to $1.1 billion at year-end 1995, and $0.9 billion at year-end 1994. Certain amounts of the long term debt were private placements, which totaled $110 million, $60 million, and $90 million at year-end 1996, 1995 and 1994, respectively. Bancorp's access to such private placement counterparties enhances its balance sheet liquidity. In 1996, Bancorp negotiated a private placement denominated in French Francs to finance the South Pacific acquisitions. The borrowing being denominated in French Francs will effectively protect Bancorp against changes in currency exchange rates.

Additionally, Bank of Hawaii continued its $1.0 billion revolving medium term note program established in 1995. Notes outstanding under this facility, represented in both long term and short term debt, decreased to $350.0 million at year-end 1996 from $849.7 million in 1995. The bank notes have been rated "Aa-3" by Moody's and "A" by Standard and Poor's.

On December 30, 1996, Bancorp completed the issuance of $100 million Bancorp Hawaii Capital Trust I, 8.25% Capital Securities. These securities, which are classified as long term debt, are junior to subordinated notes. The Federal Reserve Bank has recognized these securities as eligible for Tier I capital treatment. These securities have a term of 30 years and are assigned a rating of "a2" by Moodys and "BBB" by Standard & Poor's.

Control of Net Overhead

Bancorp's emphasis on control of net overhead has two measurement indicators. These indicators are its net overhead ratio and its efficiency ratio which are discussed in the following paragraphs.

Bancorp defines its net overhead ratio as the ratio of non-interest expense to non-interest income (without securities transactions). 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. For 1996, Bancorp's net overhead ratio was 2.47, compared with 2.53 and 2.47 in 1995 and 1994, respectively. The BDT/BNC acquisition helped improve this ratio as the net overhead ratio for these banks was 2.43 times for 1996.

Trust operations, electronic financial services, insurance and annuity sales, and brokerage sales continue to grow, although at varying rates. These areas are discussed in more detail in the non-interest income section of this report.

In 1995, Bancorp announced the restructuring of its defined benefit plan and coincident early retirement program. The early retirement option reduced salary expense while the restructuring of the benefit plans was intended to be expense neutral or to modestly reduce expenses. For 1996, after considering the effect of changes, these results have been attained. A further discussion follows in the non-interest expense section of this report.

Other initiatives have been announced to demonstrate Bancorp's effort to control net overhead. In December 1996, HTCo announced the planned outsourcing of trust accounting activity. This change, which would replace staffing costs with service costs, provides HTCo with more flexibility in meeting the constantly changing needs of the customers we serve. The transition is expected to be completed by the third quarter of 1997.

Other activities have been outsourced, such as servicing of our student loan portfolio, certain charge card processes and merchant servicing activities.

In addition to these outsourcing activities, Bancorp continues to progress toward streamlining its data processing operations. Consolidating deposit accounting systems from several software vendors continued in 1996. Further conversions are planned in 1997 with the migration to be completed by mid-1998.

A discussion of the two components of the net overhead ratio, non-interest income and non-interest expense follows.

Non-Interest Income

For 1996, total non-interest income was $172.0 million, compared with $146.4 million in 1995 and $128.4 million in 1994. Excluding securities transactions, non-interest income for 1996 increased 18.6% from 1995. The level of non-interest income for 1996 was affected by the acquisition of BDT and BNC mentioned earlier. For 1996, BDT and BNC contributed $12.8 million in non-interest income. Without the increase due to the BDT/BNC acquisitions, non-interest income would have increased 8.8% from 1995. Table 14 presents the details of non-interest income for the last five years.

Trust income for 1996 totaled $49.8 million, up from $49.5 million in 1995 and $48.6 million in 1994. For the last two years, the growth rate has been disappointing. Aggressive competition from non-Hawaii based trust service vendors has hampered the growth in market share and fees. Converting to the new outsourced accounting system should help in providing a better reporting product. While fee income showed modest increases, total assets being administered by Hawaiian Trust Company, Limited again increased to $12.2 billion at year-end 1996 from $12.0 billion at year-end 1995 and $11.9 billion at year-end 1994.

Service charges on deposit accounts rebounded to $28.9 million, compared with $25.9 million in 1995 and $28.3 million in 1994. Approximately $1.8 million of the total reported by BDT and BNC accounted for much of the increase. To a certain extent, the packaging of services like "Bankohana Accounts," had an impact on

these fees as the multiple accounts are aggregated and provided with more free services. Bancorp regularly reviews its fee schedules (including exchange and service charges on deposit accounts) to assure competitive pricing and acceptable levels of profitability.

Fees, exchange and other service charges increased to $56.7 million in 1996, from $47.3 million in 1995 and $42.5 million in 1994. Approximately $5.1 million of the increase was due to the BDT/BNC acquisition. Bancorp's involvement in trade finance in the Asian Rim countries has steadily increased fees over the years as its network of offices and branches in the area has grown. Reflecting the continuing increase in international activity, fees for letters of credit, export bill collection, and acceptances have increased to $10.1 million in 1996, compared with $8.8 million and $7.8 million in 1995 and 1994, respectively. Also, related to international activity, profits on foreign currency increased to $8.9 million in 1996 compared to $6.5 million in 1995 and $4.3 million in 1994.

Mortgage servicing fees increased to $6.6 million in 1996 from $4.3 million in 1995 and $2.9 million in 1994. The increase in this category was positively impacted by the securitization of $350 million in mortgage loans in 1996 which are serviced by Bancorp. Fees earned for servicing these loans were about $0.7 million in 1996. By year-end 1996, Bancorp's mortgage servicing portfolio grew to $1.5 billion. Historically, Bancorp's servicing portfolio has grown mainly as a result of loan originations by Bank of Hawaii and Bancorp Pacific, Inc., although, occasionally, relatively small servicing portfolios have been purchased.

Also included in fees, exchange and other service charges are fees earned through Bancorp's ATM network. During 1996, Bancorp's ATM network increased ending the year with 401 machines, an increase from 344 at year-end 1995. The fees generated by this network totaled $8.6 million in 1996, $7.7 million in 1995, and $6.6 million in 1994. The majority of Bancorp's ATMs are located in Hawaii (356) with 24 in the Western Pacific, 19 in the South Pacific and two in Arizona. The ATMs have high usage by tourists visiting Hawaii using many ATM networks. The volumes of transactions handled by these ATMs have increased steadily over the years. For 1996, on average more than 1.7 million transactions were processed per month compared with more than 1.5 million transactions per month in 1995.

Bancorp has been actively providing new products to migrate our customer base toward electronic transactions. In this effort, Bancorp introduced a "Mileage Access Card." The Mileage Access Card allows customers to access their checking accounts at all VISA merchant locations instead of writing checks. The use of the Mileage Access Card is rewarded with mileage points that can be redeemed at designated travel agencies in Hawaii. Bancorp has two other specific products currently in use. Access Card and Isle Pay cards are point of sale cards which continue to report increased acceptance. At year-end 1996, the base of cards in these programs has increased to more than 240,000. The volume of transactions has also continued to increase. The combined cards have averaged more than 340,000 transactions per month in 1996, compared with 275,000 in 1995 and about 225,000 in 1994. This card base has generated fees in 1996 of $773,000, compared with $620,000 in 1995 and $516,000 in 1994.

Cash management products are also provided through electronic means. Products like lock box services, payroll processing services and touch tone phone transfers are among the cash management products. In 1996, Bank of Hawaii also launched several direct banking products. "Marketplace Hawaii," a "cybermall" on the internet, is envisioned as the major shopping, business, entertainment, tourist and cultural center for Hawaii on the internet. Bank of Hawaii is a partner in this venture and will handle all credit card transactions. A PC product, announced in 1996, called PC Home Banking, utilizes the VISA interactive service. Bank of Hawaii also launched Bankoh Bill Pay, an electronic bill payment service. Limited to electronic bill payment in 1996, Bankoh Bill Pay will be expanding to add more features in 1997.

Other operating income ended 1996 at $35.2 million, a strong increase from the $21.2 million in 1995 and $26.8 million in 1994. In 1996, BDT and BNC contributed $5.9 million of the increase. With the level of recoveries recorded in 1996, cash basis interest rebounded to $2.6 million in 1996, up from $1.3 million in 1995, but still below the $3.4 million reported in 1994. The income recorded as cash basis generally includes interest collected on loans written off or interest collected on non-accrual loans that relate to prior years.

Investment securities activity for 1996 resulted in a net (pre-tax) securities gain of $1.4 million for the year, compared to a $2.5 million gain in 1995 and a $17.8 million loss in 1994. The loss recorded in 1994 reflected the restructuring of the available for sale portfolio to reduce the liability sensitivity of Bancorp.

NON-INTEREST INCOME

TABLE 14

	YEARS ENDED DECEMBER 31						
	1996		1995		1994	1993	1992
	AMOUNT	PERCENT CHANGE	AMOUNT	PERCENT CHANGE	AMOUNT	AMOUNT	AMOUNT
	(IN MILLIONS OF DOLLARS)						
Trust Income...............	$ 49.8	+ 0.6%	$ 49.5	+ 1.8%	$ 48.6	$ 40.9	$ 30.5
Service Charges on Deposit Accounts..................	28.9	+ 11.6	25.9	- 8.5	28.3	26.5	24.9
Fees, Exchange and Other Service Charges							
Card Fees................	10.7	+ 46.6	7.3	- 12.0	8.3	7.4	6.1
Letters of Credit and Acceptance Fees.........	10.1	+ 14.8	8.8	+ 12.8	7.8	7.3	7.1
Profit on Foreign Currency................	8.9	+ 36.9	6.5	+ 51.2	4.3	4.6	5.9
ATM......................	8.6	+ 11.7	7.7	+ 16.7	6.6	5.3	3.9
Mortgage Servicing Fees..	6.6	+ 53.5	4.3	+ 48.3	2.9	2.4	2.3
Exchange Fees............	3.4	- 12.8	3.9	- 2.5	4.0	2.9	2.9
Payroll Services.........	2.4	+ 14.3	2.1	--	2.1	1.8	1.7
Cash Management..........	0.8	- 20.0	1.0	- 9.1	1.1	1.1	0.8
Other Fees...............	8.2	+ 43.9	5.7	+ 5.6	5.4	4.9	5.2
Other Operating Income.....	29.6	+ 48.7	19.9	- 15.0	23.4	17.9	19.8
Cash Basis Interest........	2.6	+100.0	1.3	- 61.8	3.4	2.4	2.9
Investment Securities Gains (Losses).................	1.4	- 44.0	2.5	+114.0	(17.8)	10.0	3.4
Total..................	$172.0	+ 17.5%	$146.4	+ 14.0%	$128.4	$135.4	$117.4

Non-Interest Expense

The control of expense is a key part of Bancorp's financial strategy. A lower percentage of non-interest expense to net operating revenue (net interest income plus non-interest income before securities transactions) is a productivity indicator, commonly called an efficiency ratio. For 1996, Bancorp's percentage was 64.6% compared to 63.6% and 60.5% for 1995 and 1994, respectively. The Salomon Brothers Inc 1996 50-bank composite percentage was 58.8%.

Total non-interest expense for 1996, 1995 and 1994 was $421.3 million, $364.1 million and $360.4 million, respectively. The largest component of non-interest expense is salary expense, which was $159.2 million, $142.1 million and $138.0 million in 1996, 1995 and 1994, respectively. The acquisition of BDT and BNC affects the comparability of salary expense as $10.1 million of salary expense was reported for BDT and BNC in 1996. Excluding BDT and BNC, total salary expense would have increased 4.9% over 1995. Bancorp's average annual salary per full time equivalent staff was $33,500 in 1996. For 1995 and 1994, the average was $33,300 and $31,900, respectively.

Pension and other employee benefits expense for 1996 totaled $48.8 million, an increase of 12.1% over 1995 expense of $43.6 million. Part of the increase in 1996 expense was due to the BDT and BNC acquisition which reported $2.6 million in pension and benefit expense for the year. Excluding the BDT and BNC expense for 1996, the increase would have been $2.6 million or 6.1% over 1995. The restructuring of the retirement plan was effective January 1, 1996. Retirement Plan (both qualified and excess) expense decreased from $8.9 million in 1995 to $0.3 million in 1996. The decrease was largely offset by the cost of the new defined contribution

Money Purchase Plan ($4.8 million) and the company match of 401(k) contribution ($2.7 million). Both were initiated on January 1, 1996.

Occupancy expense for 1996 decreased to $39.4 million from $41.1 million in 1995 and $37.4 million in 1994. The change between 1996 and 1995 reflects the occupancy cost savings as the new Bancorp Hale O Kapolei facility was placed in service in late 1995. Hale O Kapolei is a 248,000 square foot facility that houses many back office operational functions. Departments located in downtown Honolulu began to move to Kapolei in late 1995 and the moves continued into 1996.

Net equipment expense increased 7.2% over 1995. Net equipment expense was $34.0 million, $31.7 million and $30.5 million in 1996, 1995 and 1994, respectively. The increase reflects Bancorp's continuing investment in technological enhancements to maintain the appropriate level of efficiency. Bancorp's ongoing commitment to upgrade its information systems continued in 1996. Providing staff members with access to much more information to service customers more accurately and efficiently remains Bancorp's focus. The costs of software and hardware maintenance costs were again aggressively challenged in 1996. Overall costs were controlled through prudent cancellation of certain equipment maintenance contracts and aggressive renegotiation with vendors upon service contract renewals.

The BDT and BNC acquisition did not increase this expense significantly, but current systems are being reviewed for upgrading in the future.

The other expense category increased to $138.4 million in 1996 from $104.4 million in 1995 and $111.6 million in 1994. About $17.5 million of the 1996 increase in this expense was due to the BDT and BNC acquisition. Bancorp Pacific, Inc., Bancorp's thrift holding company also incurred the one time FDIC assessment of $5.0 million during the third quarter. FDIC insurance expense for Bancorp was $6.8 million in 1996, $7.6 million in 1995 and $13.6 million in 1994. Early in the year, one of Bancorp's leverage leases was terminated by the lessee prior to maturity resulting in the recognition (for book purposes) of a loss of $2.8 million which is included in this category of expenses. These early terminations occur occasionally. In this transaction, the loss was almost entirely matched with a tax benefit recorded simultaneously.

Legal and professional fees increased to $17.7 million in 1996 from $15.6 million in 1995 and $18.2 million in 1994. The increase was due to professional fees incurred to assist with various computer system conversion projects. Reflecting acquisitions made in 1996, the amortization of intangibles increased to $9.3 million for 1996, $8.4 million for 1995 and $9.3 million for 1994.

NON-INTEREST EXPENSE

TABLE 15

	YEARS ENDED DECEMBER 31,				
	1996	1995	1994	1993	1992

	AMOUNT	PERCENT CHANGE	AMOUNT	PERCENT CHANGE	AMOUNT	AMOUNT	AMOUNT
	(IN MILLIONS OF DOLLARS)						
Salaries....................	$159.2	+12.0%	$142.1	+ 3.0%	$138.0	$134.6	$126.0
Pension and Other Employee Benefits...................	48.8	+11.9	43.6	+ 2.8	42.4	42.4	39.2
Net Occupancy Expense.......	39.4	- 4.1	41.1	+ 9.9	37.4	37.0	33.7
Net Equipment Expense.......	34.0	+ 7.3	31.7	+ 3.9	30.5	27.3	24.8
Other Operating Expense							
Legal and Professional....	17.7	+13.5	15.6	- 14.3	18.2	11.9	11.8
Advertising...............	11.4	+ 1.8	11.2	+ 8.7	10.3	9.7	8.4
Stationery and Supplies...	10.7	+15.1	9.3	+ 5.7	8.8	7.5	7.2
FDIC Insurance............	6.8	-10.5	7.6	- 44.1	13.6	15.1	17.2
Other.....................	91.9	+51.2	60.8	- 0.2	60.7	50.6	46.3
Minority Interest.........	1.4	+27.3	1.1	+120.0	0.5	--	--
Total...................	$421.3	+15.7%	$364.1	+ 1.0%	$360.4	$336.1	$314.6

INCOME TAXES

The 1996 tax provision reflects a decrease in the effective tax rate to 36.6% from 37.2% and 39.7% in 1994 and 1993, respectively. The change in the effective tax rate is partly due to the early termination of the leveraged lease mentioned earlier, the acquisition of BDT and BNC which creates more foreign tax credits and the change in Hawaii tax laws reported last year.

The tax-exempt securities portfolio continues to decline as minimal additions are being made. For 1996, average tax exempt securities totaled $13.0 million, minimally impacting Bancorp's effective tax rate. Low income housing credits remain the one avenue for reducing the effective tax rate. In 1996, Bancorp's low income housing credit investments increased by $43.7 million to $66.3 million at year-end 1996 compared to $22.6 million at year-end 1995. Bancorp predominantly considers low income housing investments in Hawaii but has transactions outside of Hawaii to manage its tax liability.

Bancorp also continues to pursue lease financing as a method by which to defer taxes. During 1996, the leasing portfolio increased to $437.8 million at year-end 1996. While much of this activity is smaller traditional leasing transactions, in 1996 several large single investor lease transactions were recorded. There were no leveraged leases recorded in 1996. Bancorp's tax planning also tries to avoid the impact of the alternative minimum tax (AMT). At the end of 1996, Bancorp was not subject to the AMT.

FOURTH QUARTER RESULTS

Earnings for the fourth quarter of 1996 totaled $34.5 million, an increase of 7.4% from the $32.1 million reported in the same quarter of 1995. Earnings per share were $0.84 and $0.77 for the fourth quarter of 1996 and 1995, respectively.

Spread for the fourth quarter of 1996 was 3.84%, compared to 3.72% for the fourth quarter of 1995. The improvement in spread was partly due to the BDT and BNC acquisition as the yield recognized by the subsidiaries are marginally higher. The earning asset yield decreased to 7.83% from 7.87% comparing the fourth quarters of 1996 and 1995. The cost of funds rate also decreased to 4.81% from 4.87% between the same periods.

The provision for loan losses totaled $9.9 million for the quarter, higher than the $4.0 million in the fourth quarter of 1995. The fourth quarter 1996 provision reflected the higher net charge-offs recognized in the quarter.

CONSOLIDATED QUARTERLY RESULTS OF OPERATIONS

TABLE 16

	THREE MONTHS ENDED							
	1996				1995			
	MAR.	JUN.	SEPT.	DEC.	MAR.	JUN.	SEPT.	DEC.
	(IN MILLIONS OF DOLLARS EXCEPT PER SHARE AMOUNTS)							
Total Interest Income...	$231.1	$244.0	$250.3	$255.7	$214.6	$221.8	$226.3	$234.0
Total Interest Expense..	118.3	123.2	127.9	130.4	112.3	114.7	117.8	123.4
Net Interest Income.....	112.8	120.8	122.4	125.3	102.3	107.1	108.5	110.6
Provision for Possible Loan Losses...........	4.4	4.2	3.7	9.9	4.5	4.1	4.4	4.0
Investment Securities Gains (Losses).........	(0.1)	0.1	0.2	1.1	1.8	0.3	0.2	0.2
Other Non-Interest Income.................	37.7	42.6	43.2	47.1	38.0	35.7	35.7	34.5
Total Non-Interest Expense................	97.5	103.8	112.6	107.3	91.0	93.7	87.9	91.5
Income Before Income Taxes..................	48.5	55.5	49.5	56.3	46.6	45.3	52.1	49.8
Provision for Income Taxes..................	15.8	20.9	18.2	21.8	18.3	16.8	19.2	17.7
Net Income..............	$ 32.7	$ 34.6	$ 31.3	$ 34.5	$ 28.3	$ 28.5	$ 32.9	$ 32.1
Earnings Per Common Share..................	$ 0.79	$ 0.84	$ 0.76	$ 0.84	$ 0.67	$ 0.68	$ 0.78	$ 0.77

SUPPLEMENTARY DATA

MATURITY DISTRIBUTION, MARKET VALUE AND WEIGHTED-AVERAGE YIELD TO MATURITY OF SECURITIES

TABLE 17

AT YEAR-END DECEMBER 31	WITHIN 1 YEAR	1-5 YEARS	5-10 YEARS	OVER 10 YEARS	TOTAL	APPROXIMATE MARKET VALUE
	(IN MILLIONS OF DOLLARS)					
Maturity Distribution Based on Book Value						
U.S. Treasury Securities...........	$ 1.0	$ 80.0	$ --	$ --	$ 81.0	$ 75.0
Obligations of Other U.S. Government Agencies and Corporations.........	10.0	257.1	--	--	267.1	272.2
Obligations of States and Political Subdivisions.........	4.0	4.7	3.8	0.2	12.7	14.1
Corporate Securities..	--	--	--	57.2	57.2	57.2
Mortgage-Backed Securities...........	86.9	245.6	13.3	420.3	766.1	766.0
Other.................	72.9	1.8	--	--	74.7	76.6
Securities Available						

for Sale (1).........	135.3	792.8	77.5	1,363.5	2,369.1	2,372.9
Total--1996.........	$ 310.1	$1,382.0	$ 94.6	$1,841.2	$3,627.9	$3,634.0
--1995	$ 382.9	$1,195.1	$ 75.6	$1,706.6	$3,360.2	$3,366.3
--1994	$1,168.4	$ 828.6	$169.1	$ 998.6	$3,164.6	$3,115.3
Weighted-Average Yield (2) to Maturity						
U.S. Treasury Securities...........	5.7%	5.2%	-- %	-- %	5.2%	
Obligations of Other U.S. Government Agencies and Corporations.........	6.4	6.2	--	--	6.2	
Obligations of States and Political Subdivisions.........	--	10.2	10.0	6.8	6.9	
Corporate Securities..	--	--	--	6.0	6.0	
Mortgage-Backed Securities...........	6.4	5.7	8.3	6.8	6.4	
Other.................	9.2	10.9	--	--	9.2	
Securities Available for Sale.............	8.8	6.4	6.9	6.3	6.5	
Total--1996.........	8.0%	6.2%	7.2%	6.4%	6.5%	
Tax Equivalent Adjustment Amount......	$ --	$ 0.1	$ 0.1	$ --	$ 0.2	

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(1) Reports current balance at contractual maturity and does not anticipate reductions for periodic paydowns.
(2) Tax equivalent at 35% tax rate.

AVERAGE ASSETS

TABLE 18

	1996		1995		1994	1993	1992
	AMOUNT	MIX	AMOUNT	MIX	AMOUNT	AMOUNT	AMOUNT
	(IN MILLIONS OF DOLLARS)						
Interest-Bearing Deposits...............	$ 752.6	5.6%	$ 661.4	5.3%	$ 812.6	$ 1,140.1	$ 1,200.6
Investment Securities							
--Held to Maturity....	1,091.1	8.1	1,532.4	12.4	2,482.0	3,542.3	2,679.1
--Available for Sale..	2,288.7	17.0	1,639.0	13.2	1,064.0	69.1	15.9
Funds Sold.............	92.1	0.7	68.5	0.6	52.5	146.0	463.1
Loans..................	8,353.6	62.0	7,654.9	61.7	7,393.7	6,991.0	6,601.9
Total Earning Assets.............	12,578.1	93.4	11,556.2	93.2	11,804.8	11,888.5	10,960.6
Non-Earning Assets......	889.9	6.6	849.7	6.8	791.8	697.3	684.4
Total..............	$13,468.0	100.0%	$12,405.9	100.0%	$12,596.6	$12,585.8	$11,645.0

AVERAGE LOANS

TABLE 19

1996	1995	1994	1993	1992

	AMOUNT	MIX	AMOUNT	MIX	AMOUNT	AMOUNT	AMOUNT
	(IN MILLIONS OF DOLLARS)						
Commercial and Industrial............	$1,784.0	21.4%	$1,850.3	24.2%	$1,681.1	$1,695.5	$1,738.2
Real Estate							
Construction..........	229.6	2.7	164.2	2.1	145.2	181.1	266.3
Mortgage.............	3,863.2	46.2	3,765.8	49.2	3,840.1	3,419.2	3,019.0
Installment.............	814.8	9.8	754.4	9.9	686.7	639.5	629.8
Foreign (1)............	1,253.7	15.0	745.9	9.7	667.8	666.1	590.0
Lease Financing.........	408.3	4.9	374.2	4.9	372.8	389.6	358.6
Total..............	$8,353.6	100.0%	$7,654.8	100.0%	$7,393.7	$6,991.0	$6,601.9

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

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

TABLE 20

DECEMBER 31, 1996	DUE IN ONE YEAR OR LESS	DUE IN ONE TO FIVE YEARS (2)	DUE AFTER FIVE YEARS (2)	TOTAL
	(IN MILLIONS OF DOLLARS)			
Commercial and Industrial............	$ 987.2	$ 675.5	$ 144.0	$1,806.7
Real Estate-- Construction...........	152.8	61.4	21.7	235.9
Other Loans.............	1,628.3	1,570.2	1,951.7	5,150.2
Foreign Loans...........	1,176.2	227.7	102.6	1,506.5
Total...............	$3,944.5	$2,534.8	$2,220.0	$8,699.3

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(1) Based on contractual maturities.

(2) As of December 31, 1996, of the loans maturing after one year, $2,702.7 million have floating rates and $2,052.1 million have fixed rates.

AVERAGE DEPOSITS

TABLE 21

	1996		1995		1994	1993	1992
	AMOUNT	MIX	AMOUNT	MIX	AMOUNT	AMOUNT	AMOUNT
	(IN MILLIONS OF DOLLARS)						
Domestic							
Non-Interest Bearing							
Demand..............	$1,371.5	16.8%	$1,391.6	19.8%	$1,373.2	$1,312.1	$1,205.8
Interest-Bearing							
Demand..............	1,726.6	21.1	1,752.4	24.9	1,895.4	2,032.3	2,039.6
Regular Savings.......	937.0	11.5	1,058.5	15.0	1,232.3	1,239.4	1,035.3
Private Time							

Certificates of Deposit ($100,000 or More)................	719.2	8.8	581.5	8.3	476.8	489.4	547.6
Public Time Certificates of Deposit ($100,000 or More)................	310.7	3.8	89.3	1.3	64.6	143.4	1,573.2
Bearer Certificates of Deposit.............	1.3	--	5.0	0.1	5.0	5.0	5.0
All Other Time and Savings Certificates.	1,433.9	17.5	1,164.1	16.5	998.4	1,074.1	1,168.2
Total Domestic......	6,500.2	79.4	6,042.4	85.9	6,045.7	6,295.7	7,574.7
Foreign Deposits (1)							
Non-Interest Bearing Demand...............	194.2	2.4	11.8	0.2	12.8	12.8	26.1
Time Due to Banks.....	692.2	8.5	652.7	9.2	896.5	1,032.7	629.9
Other Time and Savings..............	795.8	9.7	329.6	4.7	340.2	191.2	187.0
Total Foreign.......	1,682.2	20.6	994.1	14.1	1,249.5	1,236.7	843.0
Total...............	$8,182.4	100.0%	$7,036.5	100.0%	$7,295.2	$7,532.4	$8,417.7

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

INTEREST DIFFERENTIAL

TABLE 22

	1996 COMPARED TO 1995			1995 COMPARED TO 1994		
	VOLUME (1)	RATE (1)	TOTAL	VOLUME (1)	RATE (1)	TOTAL
	(IN MILLIONS OF DOLLARS)					
Change in Interest Income:						
Interest Bearing Deposits:						
Foreign.............	$ 5.1	$ (6.5)	$ (1.4)	$ (7.6)	$ 10.6	$ 3.0
Investment Securities--Held to Maturity Taxable...	(28.2)	6.3	(21.9)	(56.4)	13.7	(42.7)
Tax-Exempt..........	(0.4)	0.1	(0.3)	(0.4)	(0.2)	(0.6)
Investment Securities--Available for Sale.............	41.6	(3.0)	38.6	34.7	19.2	53.9
Funds Sold............	1.1	(0.9)	0.2	0.8	0.8	1.6
Loans, Net of Unearned Income:						
Domestic............	16.1	(3.6)	12.5	15.4	36.7	52.1
Foreign.............	41.3	14.8	56.1	4.5	11.8	16.3
Total Interest Income...........	$ 76.6	$ 7.2	$ 83.8	$ (9.0)	$ 92.6	$ 83.6
Change in Interest Expense:						

Interest Bearing Deposits:						
Demand Deposits.....	$ (0.7)	$ (3.0)	$ (3.7)	$ (3.3)	$ 13.1	$ 9.8
Savings Deposits....	(3.3)	(3.6)	(6.9)	(4.5)	5.9	1.4
Time Deposits.......	33.8	1.1	34.9	14.0	18.7	32.7
Deposits in Foreign Offices...........	28.9	(4.1)	24.8	(12.4)	18.6	6.2
Short-Term Borrowings.	(18.6)	(5.2)	(23.8)	(19.4)	49.6	30.2
Long-Term Debt........	8.7	(2.4)	6.3	25.3	(1.1)	24.2
Total Interest Expense..........	$ 48.8	$(17.2)	$ 31.6	$ (0.3)	$104.8	$104.5
Net Interest Differential:						
Domestic..............	$ 10.3	$ 12.0	$ 22.3	$(18.0)	$(16.0)	$(34.0)
Foreign...............	17.5	12.4	29.9	9.3	3.8	13.1
Total Interest Differential.....	$ 27.8	$ 24.4	$ 52.2	$ (8.7)	$(12.2)	$(20.9)

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

YEAR-END SUMMARY OF SELECTED CONSOLIDATED FINANCIAL DATA

TABLE 23

	1996	1995	1994	1993	1992
	(IN MILLIONS OF DOLLARS EXCEPT PER SHARE AMOUNTS)				
BALANCE SHEET TOTALS					
Net Loans............	$ 8,347.9	$ 7,853.0	$ 7,599.5	$ 6,983.1	$ 6,691.7
Assets...............	14,009.2	13,206.8	12,586.4	12,462.1	12,713.1
Deposits.............	8,684.1	7,576.8	7,115.1	7,005.0	7,890.5
Long-Term Debt........	932.1	1,063.4	861.6	378.2	119.4
Shareholders' Equity..	1,066.1	1,054.4	966.8	938.1	828.3
OPERATING RESULTS					
Total Interest Income.	$ 981.0	$ 896.7	$ 813.0	$ 802.6	$ 822.6
Net Interest Income...	481.3	428.5	449.3	467.2	436.1
Provision for Possible Loan Losses..........	22.2	17.0	21.9	54.2	50.1
Net Income............	133.1	121.8	117.7	132.6	127.5
Earnings Per Share....	$ 3.23	$ 2.90	$ 2.75	$ 3.09	$ 3.00
Cash Dividends Paid Per Common Share.....	$ 1.16	$ 1.08	$ 1.04	$ 0.90	$ 0.85
NON-FINANCIAL DATA					
Common Shareholders of Record at Year-End...	7,120	7,439	6,947	8,315	5,814
Average Common Shares Outstanding..........	41,212,262	42,027,456	42,824,531	42,967,790	42,527,466

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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

REPORT OF INDEPENDENT AUDITORS

Shareholders and Board of Directors
Bancorp Hawaii, Inc.

We have audited the accompanying consolidated statements of condition of Bancorp Hawaii, Inc., and subsidiaries as of December 31, 1996, 1995 and 1994, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Bancorp Hawaii, Inc., and subsidiaries at December 31, 1996, 1995 and 1994, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with generally accepted accounting principles.

/s/ Ernst & Young LLP

Honolulu, Hawaii
January 22, 1997

BANCORP HAWAII, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

	YEARS ENDED DECEMBER 31,		
	1996	1995	1994
	(IN THOUSANDS OF DOLLARS EXCEPT PER SHARE AMOUNTS)		
Interest Income			
Interest on Loans	$ 664,175	$ 610,959	$ 538,725
Loan Fees	29,692	28,560	31,666
Income on Lease Financing	27,124	12,384	13,218
Interest and Dividends on Investment Securities			
Taxable	70,401	92,295	135,040
Non-Taxable	1,193	1,371	1,710
Income on Investment Securities Available for Sale	146,378	107,870	53,960
Interest on Deposits	38,044	39,454	36,408
Interest on Security Resale Agreements	--	448	--
Interest on Funds Sold	4,039	3,365	2,270
Total Interest Income	981,046	896,706	812,997

Interest Expense			
Interest on Deposits......................	288,716	239,537	189,513
Interest on Security Repurchase Agreements.	100,085	122,030	98,625
Interest on Funds Purchased...............	29,020	32,176	25,303
Interest on Short-Term Borrowings..........	21,110	19,854	19,954
Interest on Long-Term Debt.................	60,842	54,560	30,330
Total Interest Expense................	499,773	468,157	363,725
Net Interest Income.........................	481,273	428,549	449,272
Provision for Possible Loan Losses...........	22,227	16,967	21,921
Net Interest Income After Provision for Possible Loan Losses.................	459,046	411,582	427,351
Non-Interest Income			
Trust Income..............................	49,761	49,468	48,591
Service Charges on Deposit Accounts........	28,919	25,886	28,303
Fees, Exchange and Other Service Charges...	56,746	47,311	42,492
Other Operating Income.....................	35,244	21,234	26,769
Investment Securities Gains (Losses).......	1,364	2,457	(17,761)
Total Non-Interest Income.............	172,034	146,356	128,394
Non-Interest Expense			
Salaries..................................	159,213	142,143	137,968
Pensions and Other Employee Benefits.......	48,811	43,550	42,421
Net Occupancy Expense of Premises..........	39,416	41,108	37,436
Net Equipment Expense......................	34,017	31,729	30,502
Other Operating Expense....................	138,359	104,444	111,587
Minority Interest..........................	1,444	1,116	452
Total Non-Interest Expense............	421,260	364,090	360,366
Income Before Taxes..........................	209,820	193,848	195,379
Provision for Taxes..........................	76,696	72,048	77,641
Net Income............................	$ 133,124	$ 121,800	$ 117,738
Earnings Per Common Share and Common Share Equivalents................................	$ 3.23	$ 2.90	$ 2.75
Average Common Shares and Average Common Share Equivalents..........................	41,212,262	42,027,456	42,824,531

See Notes to Consolidated Financial Statements.

BANCORP HAWAII, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CONDITION

	DECEMBER 31,		
	1996	1995	1994
	(IN THOUSANDS OF DOLLARS)		
ASSETS			
Interest-Bearing Deposits..............	$ 635,519	$ 789,050	$ 727,016
Investment Securities			
--Held to Maturity (Market Value of $1,261,146, $1,172,228 and			

$1,736,659, respectively)	1,258,756	1,166,115	1,785,960
--Available for Sale	2,372,897	2,194,038	1,364,925
Funds Sold	141,920	116,173	54,167
Loans	8,699,286	8,152,406	7,891,993
Unearned Income	(183,586)	(147,404)	(144,034)
Reserve for Possible Loan Losses	(167,795)	(151,979)	(148,508)
Net Loans	8,347,905	7,853,023	7,599,451
Total Earning Assets	12,756,997	12,118,399	11,531,519
Cash and Non-Interest Bearing Deposits	581,221	469,031	508,762
Premises and Equipment	273,122	246,515	221,806
Customers' Acceptance Liability	21,178	16,825	17,776
Accrued Interest Receivable	88,074	84,669	77,340
Other Real Estate	10,711	9,306	594
Intangibles, Including Goodwill	96,456	87,673	94,515
Trading Securities	1,687	29	13,696
Other Assets	179,721	174,337	120,342
Total Assets	$14,009,167	$13,206,784	$12,586,350
LIABILITIES			
Domestic Deposits			
Demand--Non-Interest Bearing	$ 1,435,091	$ 1,549,302	$ 1,436,794
--Interest Bearing	1,724,105	1,592,533	1,747,514
Savings	866,453	1,004,550	1,140,402
Time	2,571,569	2,204,242	1,639,497
Foreign Deposits			
Demand--Non-Interest Bearing	553,274	46,056	72,149
Time Due to Banks	804,818	664,269	812,218
Other Savings and Time	728,769	515,818	266,480
Total Deposits	8,684,079	7,576,770	7,115,054
Securities Sold Under Agreements to Repurchase	2,075,571	1,926,540	2,136,204
Funds Purchased	599,994	787,437	609,574
Short-Term Borrowings	293,257	476,867	594,475
Bank's Acceptances Outstanding	21,178	16,825	17,776
Accrued Pension Costs	17,309	21,261	23,454
Accrued Interest Payable	69,545	49,473	49,253
Accrued Taxes Payable	154,984	160,306	133,720
Minority Interest	9,307	2,961	3,131
Other Liabilities	85,678	70,472	75,349
Long-Term Debt	932,143	1,063,436	861,572
Total Liabilities	12,943,045	12,152,348	11,619,562
Shareholders' Equity			
Common Stock ($2 par value), authorized 100,000,000 shares; issued and outstanding, 39,959,234; 41,340,817; and 41,851,466, respectively	79,918	82,682	83,703
Surplus	186,391	240,080	260,040
Unrealized Valuation Adjustments	(3,722)	13,902	(18,122)
Retained Earnings	803,535	717,772	641,167
Total Shareholders' Equity	1,066,122	1,054,436	966,788
Total Liabilities and Shareholders' Equity	$14,009,167	$13,206,784	$12,586,350

See Notes to Consolidated Financial Statements.

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

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	TOTAL	COMMON STOCK	SURPLUS	UNREALIZED VALUATION ADJUSTMENT	RETAINED EARNINGS
	(IN THOUSANDS OF DOLLARS EXCEPT PER SHARE AMOUNTS)				
Balance at December 31, 1993	$ 938,104	$56,850	$284,886	$ 537	$595,831
Changes During 1994					
Net Income	117,738	--	--	--	117,738
Sale of Common Stock					
250,286 Profit Sharing Plan	7,708	501	7,207	--	--
204,909 Stock Option Plan	2,907	410	2,497	--	--
239,211 Dividend Reinvestment Plan	7,401	478	6,923	--	--
Stock Repurchased	(44,297)	(2,824)	(41,473)	--	--
Unrealized Valuation Adjustments					
Investment Securities	(21,119)	--	--	(21,119)	--
Foreign Exchange Translation Adjustment	2,460	--	--	2,460	--
50 Percent Stock Dividend	(59)	28,288	--	--	(28,347)
Cash Dividends Paid of $1.04 Per Share	(44,055)	--	--	--	(44,055)
Balance at December 31, 1994	$ 966,788	$83,703	$260,040	$(18,122)	$641,167
Changes During 1995					
Net Income	121,800	--	--	--	121,800
Sale of Common Stock					
96,251 Profit Sharing Plan	2,637	192	2,445	--	--
443,879 Stock Option Plan	9,291	888	8,403	--	--
228,321 Dividend Reinvestment Plan	7,095	457	6,638	--	--
Stock Repurchased	(40,004)	(2,558)	(37,446)	--	--
Unrealized Valuation Adjustments					
Investment Securities	28,630	--	--	28,630	--
Foreign Exchange Translation Adjustment	3,394	--	--	3,394	--
Cash Dividends Paid of $1.08 Per Share	(45,195)	--	--	--	(45,195)
Balance at December 31, 1995	$1,054,436	$82,682	$240,080	$ 13,902	$717,772
Changes During 1996					
Net Income	133,124	--	--	--	133,124
Sale of Common Stock					
37,220 Profit Sharing Plan	1,288	74	1,214	--	--
245,437 Stock Option Plan	5,491	491	5,000	--	--
170,577 Dividend					

Reinvestment Plan.....	6,756	341	6,415	--	--
11,483 Directors' Restricted Shares and Deferred Compensation Plan..................	456	23	433	--	--
Stock Repurchased........	(70,444)	(3,693)	(66,751)	--	--
Unrealized Valuation Adjustments					
Investment Securities..	(9,114)	--	--	(9,114)	--
Foreign Exchange Translation Adjustment............	(8,510)	--	--	(8,510)	--
Cash Dividends Paid of $1.16 Per Share...........	(47,361)	--	--	--	(47,361)
Balance at December 31, 1996......................	$1,066,122	$79,918	$186,391	$ (3,722)	$803,535

See Notes to Consolidated Financial Statements.

BANCORP HAWAII, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEAR ENDED DECEMBER 31,		
	1996	1995	1994
	(IN THOUSANDS OF DOLLARS)		
Operating Activities(1)			
Net Income..............................	$ 133,124	$ 121,800	$ 117,738
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Provision for Loan Losses..............	22,227	16,967	21,921
Depreciation and Amortization..........	38,956	33,165	30,321
Deferred Income Taxes..................	(7,857)	25,431	(16,034)
Realized (Gains) Losses on Investment Securities Available for Sale.........	(1,193)	(1,707)	14,980
Net Decrease (Increase) in Trading Securities............................	(1,658)	13,667	655
Amortization of Deferred Lease Income..	(26,326)	(25,482)	(26,425)
Amortization of Deferred Loan Fee Income................................	(8,318)	(12,174)	(13,813)
Decrease (Increase) in Interest Receivable............................	(286)	(7,329)	4,683
Increase in Interest Payable...........	14,116	220	14,906
Decrease (Increase) in Other Assets....	(19,300)	(70,707)	765
Decrease in Other Liabilities..........	(5,361)	(26,284)	(6,067)
Net Cash Provided by Operating Activities..........................	138,124	67,567	143,630
Investing Activities			
Proceeds from Redemptions of Investment Securities Held to Maturity............	594,894	956,491	1,514,596
Purchases of Investment Securities Held to Maturity............................	(665,427)	(535,499)	(546,966)
Proceeds from Sales of Investment			

Securities Available for Sale	703,899	655,269	573,057
Proceeds from Redemptions of Investment Securities Available for Sale	81,757	150,507	96,019
Purchases of Investment Securities Available for Sale	(978,512)	(1,379,626)	(1,102,871)
Net Increase (Decrease) in Interest-bearing Deposits Placed in Other Banks	409,619	(62,034)	110,688
Decrease (Increase) in Funds Sold	(25,747)	(62,006)	3,532
Increase in Loans, Net	95,118	(229,536)	(569,901)
Purchases of Premises and Equipment	(38,665)	(49,893)	(72,798)
Proceeds from Sale of Premises and Equipment	--	2,061	1,178
Purchase of Additional Interest in Credipac Polynesie and Creditpac Nouvelle Caledonie, Net of Cash and Non-Interest Bearing Deposits Acquired	(4,114)	--	--
Purchase of Banque de Tahiti and Banque de Nouvelle Caledonie, Net of Cash and Non-Interest Bearing Deposits Acquired	18,090	--	--
Purchase of Banque d'Hawaii (Vanuatu), Ltd., Net of Cash and Non-Interest Bearing Deposits Acquired	--	6,808	39,963
Purchase of National Bank of Solomon Islands, Net of Cash and Non-Interest Bearing Deposits Acquired	--	--	(315)
Net Cash Provided (Used) by Investing Activities	190,912	(547,458)	46,182
Financing Activities			
Net Increase (Decrease) in Demand, Savings, and Time Deposits	248,793	450,487	1,346
Proceeds from Lines of Credit and Long-Term Debt	512,787	854,779	510,049
Principal Payments on Lines of Credit and Long-Term Debt	(644,080)	(652,915)	(26,647)
Net Increase (Decrease) in Short-Term Borrowings	(222,022)	(149,409)	(493,178)
Proceeds from Sale of Common Stock	13,991	19,023	18,016
Stock Repurchased	(70,444)	(40,004)	(44,297)
Cash Dividends	(47,361)	(45,195)	(44,114)
Net Cash Provided (Used) by Financing Activities	(208,336)	436,766	(78,825)
Effect of Exchange Rate Changes on Cash	(8,510)	3,394	2,460
Increase (Decrease) in Cash and Non-Interest Bearing Deposits	112,190	(39,731)	113,447
Cash and Non-Interest Bearing Deposits at Beginning of Year	469,031	508,762	395,315
Cash and Non-Interest Bearing Deposits at End of Year	$ 581,221	$ 469,031	$ 508,762

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(1) During the years ended December 31, 1996, 1995, and 1994, Bancorp made interest payments of $479,701,000, $467,937,000, and $348,819,000, respectively, and made income tax payments of $75,055,000, $64,803,000, and $86,194,000, respectively.

See Notes to Consolidated Financial Statements.

BANCORP HAWAII, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting principles followed by Bancorp Hawaii, Inc. and its subsidiaries (Bancorp), and the methods of applying those principles conform with generally accepted accounting principles and with general practice within the banking industry. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the statements and accompanying notes. Actual results sometimes differ from those estimates. Certain accounts have been reclassified to conform with the 1996 presentation. The significant policies are summarized below.

Organization/Consolidation

Bancorp Hawaii, Inc. is a bank holding company providing varied financial services to customers in Hawaii, other areas of the Pacific Basin and other selected markets. It is the largest of the bank holding companies headquartered in the State of Hawaii. The majority of Bancorp's operations consist of customary commercial and consumer banking services including, but not limited to, lending, leasing, deposit services, trust and investment activities and trade financing. The principal subsidiaries of Bancorp are Bank of Hawaii and Bancorp Pacific, Inc. The consolidated financial statements include the accounts of Bancorp and its principal subsidiaries including any majority-owned entities. Significant intercompany accounts have been eliminated and minority interests recognized in consolidation.

Accounting Changes

In May 1993, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 114, "Accounting by Creditors for Impairment of a Loan." The statement addresses the accounting by creditors for impairment of certain loans and requires that these loans be measured based on the present value of expected future cash flows or, if the loan is collateral dependent, the fair value of the collateral. This is a significant change from the currently applied rules for both generally accepted accounting principles and regulatory reporting. In October 1994, the FASB issued SFAS No. 118, "Accounting by Creditors for Impairment of a Loan-Income Recognition and Disclosures," that amended SFAS No. 114 by eliminating provisions for reporting income on impaired loans by creditors and clarifying disclosure requirements. Bancorp elected to implement the provisions of SFAS No. 114, as amended, effective January 1, 1995.

In May 1995, the FASB issued SFAS No. 122, "Accounting for Mortgage Servicing Rights, an amendment of SFAS No. 65." The statement requires mortgage companies and banks to recognize as separate assets the mortgage servicing rights on loans that are expected to be sold with servicing retained, regardless of whether the rights are purchased or originated. As permitted under the statement, Bancorp elected to adopt the provision of the new standard effective January 1, 1996. The impact of adopting the new standard on Bancorp's financial position and results of operations has been included in the financial statements for 1996.

In October 1995, the FASB issued SFAS No. 123, "Accounting for Stock-Based Compensation." The statement provides an alternative to the current rules under Accounting Principles Board Opinion (APB) No. 25 in accounting for stock-based compensation plans. Bancorp's disclosures for its stock-based compensation plans have been included in footnote L for stock-based compensation accounts under APB No. 25 and SFAS No. 123.

In June 1996, the FASB issued SFAS No. 125 "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." SFAS No. 125 primarily deals with transfers of financial assets where the transferor has retained some continuing involvement with the asset transferred. Examples of continuing involvement include repurchase agreements, recourse arrangements, and servicing obligations which may be accounted for as a sale if the transferor has surrendered control over the asset.

SFAS No. 125 also requires the recognition of a servicing asset or a servicing liability whenever an entity agrees to service financial assets and eliminates the previous treatment of an in-substance defeasance by specifying that a debtor shall extinguish a liability if and only if it has been extinguished. SFAS No. 125 is effective for transfers, servicing of financial assets and extinguishment of liabilities occurring after December 31, 1996, and shall be only applied prospectively. However, the effective date of certain parts of this statement has been delayed for one year. The impact of adopting the new statement on Bancorp's financial position or results of operations is not expected to be material.

Acquisitions

In May 1996, Bancorp finalized its purchase of majority ownership of Banque de Tahiti (BDT), Banque de Nouvelle Caledonie (BNC), and two smaller finance companies. Prior to the acquisition, Bancorp owned 38% and 21% of BDT and BNC, respectively, which were accounted for under the equity method. These companies have been included in Bancorp's consolidated financial statements since the acquisition. The acquisition was accounted for using the purchase method. The cost of the acquisition was $60.5 million with $12.2 million recognized as goodwill. The goodwill is being amortized over 15 years on a straight line basis. Total assets of BDT and BNC were $981.4 million at year-end 1996.

In March 1995, Bancorp acquired the remaining 20% of the shares of Banque d'Hawaii (Vanuatu), Limited. This residual acquisition, like the original 80% purchase of Banque Indosuez Vanuatu, Limited, in 1993, was accounted for using the purchase method. The goodwill recorded in this transaction was $1.1 million and is being amortized over 15 years. The combined purchase price totaled $13.8 million. Banque d'Hawaii (Vanuatu), Limited financial results are included in the consolidated financial statements. Total assets were $89.5 million and $74.2 million at year-end 1996 and 1995, respectively.

In December 1994, Bancorp acquired a 51% interest in the National Bank of Solomon Islands (NBSI) for $4.8 million. The acquisition has been accounted for using the purchase method. NBSI financial results have been included in the consolidated totals since 1994. Total assets of NBSI were $67.5 million, $56.5 million and $50.3 million at year-ends 1996, 1995 and 1994, respectively. Goodwill recorded in this transaction was $2.4 million and is being amortized over 15 years.

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

	1996	1995	1994
	(IN THOUSANDS OF DOLLARS)		
Assets Acquired	$552,657	$14,127	$132,855
Cash Paid for Capital Stock	(60,583)	(1,786)	(16,913)
Liabilities Assumed	$492,074	$12,341	$115,942

Advertising Costs

The nature of Bancorp's marketing programs generally do not include direct-response advertising. Bancorp, therefore, recognizes its advertising costs as incurred.

Credit Card Costs

Bancorp issues its own VISA and Mastercard credit cards for which all costs are recognized as period costs. In 1996, Bancorp entered into certain arrangements with third parties to originate VISA cards in specific target markets. As of year-end, the unamortized capitalized origination costs totaled $3,740,000. These costs are being amortized over the anticipated life of the cards, currently five years. As cards are canceled, the unamortized costs are expensed.

Cash and Non-Interest Bearing Deposits

Cash and non-interest bearing deposits include the amounts due from other financial institutions as well as in-transit clearings. Under the terms of the Depository Institutions Deregulation and Monetary Control Act, Bancorp is required to place reserves with the Federal Reserve Bank based on the amount of deposits held. For 1996, 1995 and 1994, the average amount of these reserve balances was $131,061,000; $149,104,000 and $157,486,000, respectively.

Earnings Per Share

The earnings per common share of Bancorp are based on the average common shares outstanding and the average common share equivalents. The earnings per common share of Bancorp are based on average shares of 41,212,262, 42,027,456 and 42,824,531 in 1996, 1995 and 1994, respectively.

Income Taxes

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

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

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

Intangible Assets and Amortization

The excess of the cost over the fair market value of tangible assets and liabilities purchased in various transactions by Bancorp is being amortized using the straight-line method over various periods not exceeding 15 years. Intangibles are reviewed periodically for other than temporary impairment. The amortization expense of these intangibles was $9,344,000; $8,405,000 and $9,315,000 for 1996, 1995 and 1994, respectively. As of December 31, 1996, the accumulated amortization totaled $42,240,000.

Interest Rate/Foreign Currency Risk Management

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

As a result of having various foreign operations, Bancorp is exposed to the effect of foreign exchange rate fluctuations on the value of the U.S. dollar. Bancorp has purchased foreign currency forward contracts to minimize the effect of fluctuating foreign currencies on its reported income. The forward contracts qualify as hedges for financial reporting purposes as they are tied to specific foreign assets and liabilities. Although the volatility of income over the entire twelve-month period is reduced, increased volatility may be reported during interim periods.

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

International Operations

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

Investment Securities

Bancorp adopted the provisions of SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities," affecting the Statement of Condition as of December 31, 1993. Pursuant to the transition provisions of the FASB's Special Report on Statement 115, in December 1995, Bancorp transferred $235,099,000 of investment securities classified as held to maturity to the available for sale category. The unrealized gains and losses relating to these securities were $2,082,000 and $2,491,000, respectively. The primary reason for selecting these securities for reclassification was to further enhance Bancorp's flexibility in managing its investment portfolio.

Investment Securities Held to Maturity are securities intended to be held for the full term of the security. These securities are stated at cost adjusted for amortization of premium and accretion of discount. Restricted equity securities represent Federal Home Loan Bank and Federal Reserve Bank shares, recorded at par, which is fair value. In 1996, there were no transfers from Investment Securities Held to Maturity.

Investment Securities Available for Sale are recorded at market value with unrealized gains and losses recorded as an unrealized valuation adjustment in equity, net of taxes. The market value of mortgage-backed securities is based on quoted market prices.

Trading Securities are securities purchased and held principally for the purpose of selling them in the near term. The trading securities portfolio was comprised of debt securities and mutual fund investments which have been recorded at market value. Changes in market value are recognized as a securities gain or loss through the income statement. During 1996, 1995 and 1994, the net gain (loss) from the trading securities portfolio was $823,000,

$623,000 and $(740,000), respectively, and is recognized as a component of investment securities gains/losses in the income statement. Income from trading securities was $16,000, $323,000 and $604,000 for 1996, 1995 and 1994, respectively, and is included as part of other operating income.

The method followed in determining the cost of all investments sold was based on the specific identification method for each of the three years ending December 31, 1996, 1995 and 1994.

Loans

Loans are carried at the principal amount outstanding. Interest income is generally recognized on the accrual basis. Net loan fees are deferred and amortized as an adjustment to yield.

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

Other Real Estate

Other real estate is comprised of properties acquired through foreclosure proceedings, acceptance of a deed-in-lieu of foreclosure, abandoned bank premises and loans for which possession of the collateral has been taken. These properties are carried at the lower of cost or fair market value based on current appraisals less selling costs. Losses arising at the time of acquisition of such property acquired are charged against the reserve for possible loan losses. Subsequent re-evaluation of the properties, which indicate reduced value and carrying costs, are recognized through charges to operating expenses.

Premises and Equipment

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

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

Reserve for Possible Loan Losses

The reserve for possible loan losses is established through provisions for possible loan losses charged against income. Loans deemed to be uncollectible are charged against the reserve for possible loan losses, and subsequent recoveries, if any, are credited to the reserve.

Beginning in 1995, Bancorp adopted SFAS No. 114. Under the new standard, the reserve for loan losses related to loans that are identified for evaluation in accordance with SFAS No. 114 is based on discounted cash flows using the loan's initial effective interest rate or the fair value of the collateral for certain collateral dependent loans. Prior to 1995, the reserve for possible loan losses related to these loans was based on undiscounted cash flows, the fair value of the collateral for collateral dependent loans or other factors specific to the credit situation.

The allowance for loan losses is maintained at a level believed adequate by management to absorb estimated probable credit losses. Management's periodic evaluation of the adequacy of the allowance is based on Bancorp's past loan loss experience, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay (including the timing of future payments), the estimated value of any underlying collateral, composition of the loan portfolio, current economic conditions and other relevant factors. This evaluation is inherently subjective as it requires material estimates including the amounts and timing of future cash flows expected to be received on loans that may be susceptible to significant change.

NOTE B--INVESTMENT SECURITIES

The following presents the details of the investment portfolio:

	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	AGGREGATE FAIR VALUE
	(IN THOUSANDS OF DOLLARS)			
AT DECEMBER 31, 1996				
Securities Held to Maturity:				
Restricted Equity Securities.....	$ 57,220	$ --	$ --	$ 57,220
Debt Securities Issued by the U.S. Treasury and Agencies......	348,116	570	(1,453)	347,233
Debt Securities Issued by State and Municipalities of the United States.........................	12,632	1,474	--	14,106
Debt Securities Issued by Foreign Governments....................	74,685	1,922	(7)	76,600
Mortgage-Backed Securities.......	766,103	5,035	(5,151)	765,987
Other Debt Securities...........	--	--	--	--
Totals.......................	$1,258,756	$ 9,001	$ (6,611)	$1,261,146
Securities Available for Sale:				
Equity Securities...............	$ 12,509	$ 893	$ (100)	$ 13,302
Debt Securities Issued by the U.S. Treasury and Agencies......	984,534	5,509	(4,309)	985,734
Debt Securities Issued by State and Municipalities of the United States.........................	6,401	177	(3)	6,575
Corporate Debt Securities........	67,204	18	(12)	67,210
Mortgage-Backed Securities.......	1,267,238	8,894	(7,284)	1,268,848
Other Debt Securities...........	31,228	--	--	31,228
Totals.......................	$2,369,114	$15,491	$(11,708)	$2,372,897
AT DECEMBER 31, 1995				
Securities Held to Maturity:				
Restricted Equity Securities.....	$ 52,926	$ --	$ --	$ 52,926
Debt Securities Issued by the U.S. Treasury and Agencies......	507,298	1,108	(833)	507,573
Debt Securities Issued by State and Municipalities of the United States.........................	33,812	1,808	--	35,620
Debt Securities Issued by Foreign				

Governments	29,091	325	--	29,416
Mortgage-Backed Securities	540,461	5,122	(1,394)	544,189
Other Debt Securities	2,527	1	(24)	2,504
Totals	$1,166,115	$ 8,364	$ (2,251)	$1,172,228
Securities Available for Sale:				
Equity Securities	$ 33,494	$ 1,827	$ --	$ 35,321
Debt Securities Issued by the U.S. Treasury and Agencies	670,980	9,186	(120)	680,046
Debt Securities Issued by State and Municipalities of the United States	6,200	208	--	6,408
Debt Securities Issued by Foreign Governments	26,201	--	--	26,201
Corporate Debt Securities	2,891	21	(16)	2,896
Mortgage-Backed Securities	1,434,038	12,502	(4,717)	1,441,823
Other Debt Securities	1,317	26	--	1,343
Totals	$2,175,121	$23,770	$ (4,853)	$2,194,038

	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	AGGREGATE FAIR VALUE
	(IN THOUSANDS OF DOLLARS)			
AT DECEMBER 31, 1994				
Securities Held to Maturity:				
Restricted Equity Securities	$ 49,200	$ --	$ --	$ 49,200
Debt Securities Issued by the U.S. Treasury and Agencies	1,019,903	316	(21,124)	999,095
Debt Securities Issued by State and Municipalities of the United States	37,578	1,367	(805)	38,140
Debt Securities Issued by Foreign Governments	35,672	533	--	36,205
Mortgage-Backed Securities	623,565	1,718	(31,219)	594,064
Other Debt Securities	20,042	12	(99)	19,955
Totals	$1,785,960	$3,946	$(53,247)	$1,736,659
Securities Available for Sale:				
Equity Securities	$ 1,113	$ 390	$ --	$ 1,503
Debt Securities Issued by the U.S. Treasury and Agencies	615,001	201	(9,359)	605,843
Debt Securities Issued by State and Municipalities of the United States	3,560	8	(151)	3,417
Corporate Debt Securities	3,878	2	(141)	3,739
Mortgage-Backed Securities	716,581	50	(20,903)	695,728
Other Debt Securities	53,637	1,552	(494)	54,695
Totals	$1,393,770	$2,203	$(31,048)	$1,364,925

The following presents an analysis of the contractual maturities of the investment securities portfolio as of December 31, 1996:

	COST	AGGREGATE FAIR VALUE
	(IN THOUSANDS OF DOLLARS)	
Securities Held to Maturity		
Due in One Year or Less	$ 87,847	$ 89,824
Due After One Year Through Five Years	343,606	343,348
Due After Five Years Through Ten Years	3,760	4,539
Due After Ten Years	220	228
	435,433	437,939
Mortgage-Backed Securities	766,103	765,987
Restricted Equity Securities	57,220	57,220
	$1,258,756	$1,261,146
Securities Available for Sale		
Due in One Year or Less	$ 135,147	$ 136,960
Due After One Year Through Five Years	780,562	778,789
Due After Five Years Through Ten Years	46,894	46,974
Due After Ten Years	126,764	128,024
	1,089,367	1,090,747
Mortgage-Backed Securities	1,267,238	1,268,848
Equity Securities	12,509	13,302
	$2,369,114	$2,372,897

Proceeds from sales and maturities of investment securities available for sale during 1996 were $785,005,000. Gross gains of $1,507,000 and gross losses of $314,000 were realized on those sales. Taxes related to these gains and losses were $418,000 for 1996. The cumulative investment valuation reserve was $2,252,000 (net of taxes) as of December 31, 1996.

Investment securities carried at $3,255,203,000, $3,170,854,000 and $3,056,198,000 were pledged to secure deposits of certain public (governmental) entities, repurchase agreements and swap agreements at December 31, 1996, 1995 and 1994, respectively. The December 31, 1996 amount included investment securities with a carrying value of $2,304,618,000 and a market value of $2,306,480,000 which were pledged solely for repurchase agreements.

NOTE C--LOANS

Loans consisted of the following at year-end:

	1996	1995	1994

	(IN THOUSANDS OF DOLLARS)		
Domestic Loans			
Commercial and Industrial	$1,806,699	$1,902,189	$1,830,803
Real Estate			
Construction--Commercial	212,324	199,552	114,140
Residential	23,599	33,722	39,683
Mortgage--Commercial	1,227,845	1,308,779	1,240,959
Residential	2,635,313	2,702,438	2,849,972
Installment	849,259	817,337	741,612
Total Domestic Loans	6,755,039	6,964,017	6,817,169
Foreign Loans	1,506,447	795,477	696,734
Subtotal	8,261,486	7,759,494	7,513,903
Lease Financing			
Direct	181,666	124,753	103,462
Leveraged	256,134	268,159	274,628
Lease Financing	437,800	392,912	378,090
Total Loans	$8,699,286	$8,152,406	$7,891,993

Commercial and mortgage loans totaling $1,000,531,000 were pledged to secure certain public deposits and Federal Home Loan Bank advances at December 31, 1996.

As of December 31, 1996, $49,567,000 of loans included in the Mortgage--Residential category above are maintained in an available for sale portfolio. The portfolio was recorded at the lower of cost or market on an aggregate basis.

During 1996, Bancorp capitalized $4,100,000 in mortgage servicing rights; approximately $1,200,000 for loans purchased and $2,900,000 for loans originated. As of December 31, 1996, Bancorp's capitalized mortgage servicing rights totaled $5,200,000. The fair value of the servicing rights was established through review of costs and servicing right values being assessed in the market place. The capitalized servicing rights are being amortized over the expected life of the portfolio. For the purpose of measuring impairment, mortgage servicing rights are stratified based on the predominant risk characteristics of the underlying loans. The impairment analysis is performed on a periodic basis and includes a review of prepayment trends, delinquency, and market analysis. In

1996, $524,000 in amortized mortgage servicing rights was recognized as expense. As of December 31, 1996, Bancorp's servicing portfolio totaled $1,543,985,000.

Certain directors and executive officers of Bancorp, its subsidiary companies, companies in which they are principal owners, and trusts in which they are involved, were loan customers of Bancorp subsidiaries during 1996, 1995 and 1994. These loans were made in the ordinary course of business at normal credit terms, including interest rate and collateral requirements, and do not represent more than a normal risk of collection. Such loans at December 31, 1996, 1995 and 1994 amounted to $27,593,000, $37,335,000 and $79,244,000, respectively. During 1996, the activity in these loans included new borrowings of $32,269,000, repayments of $40,863,000, and other changes of

$1,148,000. Other changes relate to new and retiring directors or companies and trusts in which they are involved.

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

	1996	1995	1994
	(IN THOUSANDS OF DOLLARS)		
Balance at Beginning of Year	$151,979	$148,508	$125,284
Provision Charged to Operations	22,227	16,967	21,921
Reserves Acquired	6,881	--	1,437
Charge-Offs	(44,084)	(27,857)	(25,437)
Recoveries	30,792	14,361	25,303
Net Charge-Offs	(13,292)	(13,496)	(134)
Balance at End of Year	$167,795	$151,979	$148,508

The table presents information on loans considered impaired and the interest related to those loans. Interest income on impaired loans may be recognized on a cash basis.

	DECEMBER 31	
	1996	1995
	(IN THOUSANDS OF DOLLARS)	
Recorded Investment in Impaired Loans Not Requiring an Allowance for Credit Losses as Determined in Accordance with SFAS No. 114	$20,918	$36,388
Recorded Investment in Impaired Loans Requiring an Allowance for Certain Losses as Determined in Accordance with SFAS No. 114	5,239	7,500
Recorded Investment in Impaired Loans	$26,157	$43,888
Reserve for Losses on Impaired Loans	$ 2,763	$ 700
Average Recorded Investment in Impaired Loans	$47,085	$21,902
Cash Basis Income Recognized on Impaired Loans	$ --	$ --

NOTE D--PREMISES AND EQUIPMENT

Bancorp and its subsidiaries own and lease premises primarily consisting of operating facilities, the majority of which are located in Hawaii. Bank of Hawaii owns four significant properties, the largest of which are condominium units in the Financial Plaza of the Pacific (FPP) in which the Bank's main branch and administrative offices are located. Portions of the FPP are owned in fee simple or leased. The capital leases are for portions (less than 12%) of the FPP. Details of the capital leases are included in the long term debt footnote. Additionally, Bank of Hawaii owns a two-story building near downtown Honolulu which houses data processing and certain other operational functions; a five-story building in downtown Honolulu which houses administrative departments; and Bancorp Hale O Kapolei, a 248,000 square foot operations facility in the Kapolei area on Oahu. Hale O Kapolei was completed and placed in service in 1995. Interest expense of $1,500,000 was capitalized while Hale O Kapolei was under construction in 1995. Bancorp Pacific, Inc. owns a fifth property, its five-story administrative offices in downtown Honolulu.

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

	COST	ACCUMULATED DEPRECIATION AND AMORTIZATION	NET BOOK VALUE
	(IN THOUSANDS OF DOLLARS)		
December 31, 1996			
Premises	$294,664	$ (96,090)	$198,574
Capital Leases	4,464	(714)	3,750
Equipment	177,800	(107,002)	70,798
	$476,928	$(203,806)	$273,122
December 31, 1995			
Premises	$267,724	$ (76,543)	$191,181
Capital Leases	4,464	(536)	3,928
Equipment	136,965	(85,559)	51,406
	$409,153	$(162,638)	$246,515
December 31, 1994			
Premises	$236,619	$ (67,792)	$168,827
Capital Leases	4,464	(357)	4,107
Equipment	122,678	(73,806)	48,872
	$363,761	$(141,955)	$221,806

The amounts of depreciation and amortization (including capital lease amortization) included in consolidated expense were $29,612,000, $24,760,000 and $21,006,000 in 1996, 1995 and 1994, respectively.

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

Future minimum payments, by year and in the aggregate, for noncancelable operating leases with initial or remaining terms of one year or more and capital leases consisted of the following at December 31, 1996:

	CAPITAL LEASES	OPERATING LEASES
	(IN THOUSANDS OF DOLLARS)	
1997	$ 7	$ 12,601
1998	7	11,488
1999	7	9,926
2000	7	9,087
2001	7	8,232
Thereafter	34,931	101,463
Total Minimum Lease Payments	$34,966	$152,797
Amounts Representing Interest	29,087	--
Present Value of Net Minimum Lease Payments	$ 5,879	$ --

Minimum future rentals receivable under subleases for noncancelable operating leases at December 31, 1996, amounted to $1,700,000.

Rental expense for all operating leases consisted of:

	1996	1995	1994
	(IN THOUSANDS OF DOLLARS)		
Minimum Rentals	$20,164	$21,573	$21,219
Sublease Rental Income	(657)	(606)	(634)
	$19,507	$20,967	$20,585

NOTE E--DEPOSITS

Interest on deposit liabilities in 1996, 1995 and 1994 consisted of the following:

	1996	1995	1994
	(IN THOUSANDS OF DOLLARS)		
Domestic Interest-Bearing Demand Accounts	$ 47,167	$ 50,913	$ 42,321
Domestic Savings Accounts	23,713	30,558	27,910
Domestic Time Accounts	133,493	98,528	65,908
Foreign Deposits	84,343	59,538	53,374
	$288,716	$239,537	$189,513

Time deposits with balances of $100,000 or more were $2,309,689,000 in 1996.

Of this amount, $243,929,000 represents deposits of public (governmental) entities which require collaterization by acceptable securities. The majority of deposits in the foreign category are time deposits in denominations of $100,000 or more.

Maturities of time deposits of $100,000 or more at December 31, 1996, are summarized as follows:

	DOMESTIC	FOREIGN
	(IN THOUSANDS OF DOLLARS)	
Under 3 Months	$386,412	$1,033,391
3 to 6 Months	283,829	106,095
7 to 12 Months	212,332	98,168
Greater than 1 to 2 Years	82,753	20,092
Greater than 2 to 3 Years	14,275	530
Greater than 3 to 4 Years	12,811	--
Greater than 4 to 5 Years	3,667	2,332
Greater than 5 Years	3,326	49,676
	$999,405	$1,310,284

NOTE F--SHORT-TERM BORROWINGS

Details of short-term borrowings for 1996, 1995 and 1994 were as follows:

	FUNDS PURCHASED	SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE	OTHER COMMERCIAL PAPER	SHORT-TERM BORROWINGS
	(IN THOUSANDS OF DOLLARS)			
1996				
Amounts Outstanding December 31	$599,994	$2,075,571	$ 69,727	$223,530
Average Amount Outstanding During Year	533,647	1,857,286	83,181	335,509
Maximum Amount Outstanding at Any Month's End	643,988	2,075,571	114,446	477,697
Weighted Average Interest Rate During Year*	5.44%	5.39%	5.03%	5.04%
Weighted Average Interest Rate on Balance Outstanding at End of Year	5.77%	5.38%	4.95%	4.91%
1995				
Amounts Outstanding December 31	$787,437	$1,926,540	$ 73,509	$403,358
Average Amount Outstanding during Year	532,787	2,120,220	69,002	433,046
Maximum Amount Outstanding at Any Month's End	787,437	2,263,425	85,600	601,990
Weighted Average Interest Rate During Year*	6.04%	5.76%	5.08%	3.78%

Weighted Average Interest Rate on Balance Outstanding at End of Year	5.57%	5.57%	5.18%	4.99%
1994				
Amounts Outstanding December 31	$609,574	$2,136,204	$ 69,113	$525,362
Average Amount Outstanding during Year	593,019	2,404,401	107,537	495,673
Maximum Amount Outstanding at Any Month's End	655,026	2,730,270	176,072	557,293
Weighted Average Interest Rate During Year*	4.27%	4.10%	3.44%	3.28%
Weighted Average Interest Rate on Balance Outstanding at End of Year	5.79%	5.26%	4.24%	3.92%

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

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

Securities sold under agreements to repurchase are treated as financings and the obligations to repurchase the identical securities sold are reflected as a liability with the dollar amount of securities underlying the agreements remaining in the asset accounts. The securities are held in collateral accounts with third party trustees and not under the control of Bancorp. At December 31, 1996, the weighted average contractual maturity of these agreements was 114 days and represent investments by public (governmental) entities, primarily the State of Hawaii ($1.4 billion) and a local municipality ($0.7 billion). A schedule of maturities of these agreements is as follows:

	DECEMBER 31, 1996 (IN THOUSANDS OF DOLLARS)
Overnight	$ --
Less than 30 days	378,149
30 to 90 days	757,863
Over 90 days	939,559
	$2,075,571

A line of credit totaling $50,000,000 is used to back up commercial paper issued in the name of Bancorp. At December 31, 1996 there was no balance outstanding. Fees on the unused amount of this line were $47,500 in 1996.

Other short-term borrowings consist mainly of Foreign Call Deposits, Treasury Tax and Loan balances, Bank Notes, and Federal Home Loan Bank Advances. The Foreign Call Deposits generally mature in 90 days and bear interest rates reflecting such maturities. The Treasury Tax and Loan balances represent tax payments collected on behalf of the U.S. government and are callable at any time, and bear market interest rates. The Bank note, which totaled $150.0 million at December 31, 1996, bears a fixed interest rate of 5.63% and matures in November 1997. The Federal Home Loan Bank advances, which were outstanding at December 31, 1995, were secured by certain mortgage loans and FHLB stock and bore interest rates between 5.60% and 5.98%. These advances matured in 1996.

NOTE G--LONG-TERM DEBT

Amounts outstanding as of year-end were as follows:

	1996	1995	1994
	(IN THOUSANDS OF DOLLARS)		
Medium Term Notes	$259,956	$ 709,747	$604,441
Federal Home Loan Bank Advances	398,045	229,545	133,400
Subordinated Notes	118,707	118,657	118,609
8.25% Capital Securities	100,000	--	--
Foreign Debt	49,556	--	--
Capitalized Lease Obligations	5,879	5,487	5,122
	$932,143	$1,063,436	$861,572

In December 1996, Bancorp completed a $100 million offering of 8.25% Capital Securities (the "Securities"). The offering was issued by Bancorp Hawaii Capital Trust I, a grantor trust wholly-owned by Bancorp. The Securities issue bears a cumulative fixed interest rate of 8.25% and matures on December 15, 2026. Interest payments are semi-annual with the first payment due June 15, 1997. In addition, Bancorp has entered into an expense agreement with the trust obligating Bancorp to pay any costs, expenses or liabilities of the trust, other than obligations of the trust to pay amounts due pursuant to the terms of the Securities. The sole assets of

the trust are Junior Subordinated Debt Securities (the "Debt") issued by Bancorp to the trust. The Debt is redeemable prior to the stated maturity at Bancorp's option. The Securities are subject to mandatory redemption upon repayment of the related Debt at their stated maturity dates or their earlier redemption at a redemption price equal to their liquidation amount plus accrued distributions to the date fixed for redemption and the premium, if any, paid by Bancorp upon concurrent repayment of the related Debt. Bancorp has issued guarantees for the payment of distributions and payments on liquidation or redemption of the Securities, but only to the extent of funds held by the trust. The guarantees are junior subordinated obligations of Bancorp. Distributions to Securities holders may be deferred for up to five consecutive years. During any such deferred period Bancorp's ability to pay dividends on its common shares will be restricted. The Federal Reserve has announced that certain cumulative preferred securities, having the characteristics of the Securities, qualify as minority interest, which is included in Tier 1 capital for bank holding companies. There is an agreement with the initial Securities holders to file an Exchange Offer Registration Statement. The distribution rate on the Securities may be increased if the terms of the registration agreement are not achieved.

In 1996, Bank of Hawaii borrowed the equivalent of $50.0 million USD in French Francs through a private placement. The debt has a fixed interest rate of 5.16% and matures in 1999.

In 1995, Bank of Hawaii incorporated its existing medium term note program into a $1.0 billion revolving note program. Under the terms of this program, upon repayment of outstanding notes, the Bank may issue additional notes provided that the aggregate amount outstanding does not exceed $1.0 billion. At December 31, 1996, there was a total of $349,964,000 outstanding under this program, of which $199,957,000 was classified as long-term. The notes, which were issued in 1995, are unsecured, carry thirteen month terms, and have a fixed interest rate of 5.5%.

Privately placed medium term notes issued by Bancorp totaled $60.0 million at December 31, 1996. The notes, which were issued in 1995, carry three year terms and bear interest at rates from 6.08% to 6.48%.

The Federal Home Loan Bank (FHLB) advances bear interest at rates from 4.86% to 8.00%. The advances mature from 1997 through 2002. At December 31, 1996, loans totaling $477,654,000 were pledged to secure these advances along with FHLB stock.

The subordinated notes, which were issued in 1993, bear fixed interest rates of 6.875%. The notes, which were issued by Bank of Hawaii, mature in 2003.

The capitalized lease obligations are for certain condominium units in the Financial Plaza of the Pacific. The lease began in 1993 and has a 60 year term. The lease payments allocated to the capital leases are fixed at $7,000 per year until 2002; $605,000 per year from 2003 to 2007 and $665,000 per year from 2008 to 2012. The rates are negotiable thereafter.

Long-term debt maturities for the five years succeeding December 31, 1996, are $299,000,000 in 1997; $188,000,000 in 1998; $135,056,000 in 1999; $38,875,000 in 2000 and $46,000,000 in 2001.

Interest paid on long-term debt in 1996 totaled $51,272,000.

NOTE H--SHAREHOLDERS' EQUITY

Certain of Bancorp's consolidated subsidiaries (including Bank of Hawaii, Bancorp Pacific, Inc., and First National Bank of Arizona) are subject to regulatory restrictions that limit cash dividends and loans to Bancorp. As of December 31, 1996, approximately $370,790,000 of undistributed earnings of Bancorp's consolidated subsidiaries were available for distribution to Bancorp without prior regulatory approval.

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

	1996	1995	1994
	(IN THOUSANDS OF DOLLARS)		
Foreign Exchange Translation Adjustment	$(5,974)	$ 2,536	$ (858)
Investment Securities	2,252	11,366	(17,264)
Unrealized Valuation Adjustments	$(3,722)	$13,902	$(18,122)

Bancorp is required to maintain certain minimum levels of capital to meet regulatory guidelines. There are three ratios established by the regulators which Bancorp needs to maintain at certain levels. Tier 1 Capital (common equity reduced by certain intangibles and increased for qualifying preferred shares and minority interests) expressed as a percentage of average risk weighted assets is the Tier 1 Capital Ratio. Total Capital (Tier 1 capital plus qualifying portions of the reserve for loan losses) expressed as a percentage of average risk weighted assets is the Total Capital Ratio. The third ratio is the Leverage Ratio which is Tier 1 Capital divided by average assets. The table below presents the minimum levels to qualify an institution as "well capitalized" as it applies to Bancorp and its subsidiaries Bank of Hawaii, Bancorp Pacific, Inc, and First National Bank of Arizona.

The Federal Deposit Insurance Corporation Improvements Act of 1991 (FDICIA) requires the federal banking regulators to take "prompt corrective action" in respect of depository institutions that do not meet minimum capital requirements and imposes certain restrictions upon banks which meet minimum capital requirements but are not "well capitalized" for purposes of FDICIA. Undercapitalized institutions are subject to regulatory monitoring and may be required to divest themselves of or liquidate subsidiaries. Critically undercapitalized institutions are prohibited from making payments of principal and interest on subordinated debt and are generally subject to the mandatory appointment of a conservator or receiver.

Bancorp, Bank of Hawaii, Bancorp Pacific, Inc. and First National Bank of Arizona have all been notified by their respective regulators of their status as "well capitalized." All four companies' capital ratios exceeded the "well capitalized" minimums at December 31, 1996.

	MINIMUM	BANCORP HAWAII, INC.	BANK OF HAWAII	BANCORP PACIFIC, INC.	FNBA
		(IN THOUSANDS OF DOLLARS)			
Common Equity...........		$1,066,122	$ 865,761	$123,560	$14,120
Tier 1 Capital..........		1,104,304	815,983	123,512	14,120
Total Capital...........		1,354,120	1,054,089	132,297	15,864
Tier 1 Capital Ratio....	6%	10.57%	8.57%	9.08%	10.64%
Total Capital Ratio.....	10%	12.96%	11.07%	16.96%	11.95%
Leverage Ratio..........	5%	7.98%	6.63%	9.08%	7.28%

NOTE I--INTERNATIONAL OPERATIONS

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

	1996	1995	1994
	(IN THOUSANDS OF DOLLARS)		
International Average Assets............	$2,795,514	$1,724,347	$1,699,168
Average Loans........................	1,253,695	745,948	667,828
Average Deposits.....................	1,682,287	994,102	1,249,429

Operating Revenue......................	194,258	107,884	97,134
Income Before Taxes....................	17,347	9,353	12,000
Net Income.............................	10,170	4,805	7,137

Average assets consist primarily of short-term interest-bearing deposits with foreign branches of U.S. banks and large international banks. On average, these deposits were $584,622,000, $648,473,000 and $802,833,000 during 1996, 1995 and 1994, respectively.

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

NOTE J--CONTINGENT LIABILITIES

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

NOTE K--PROFIT-SHARING, RETIREMENT AND POSTRETIREMENT BENEFITS PLANS

Bancorp provides a deferred-compensation profit-sharing plan (Profit Sharing Plan) for the benefit of all employees of Bancorp and its subsidiaries who have met the Profit Sharing Plan's eligibility requirements. The Profit Sharing Plan provides for annual contributions based on a schedule of performance levels. The schedule establishes the percentage of adjusted net income to be contributed based on Adjusted Returns on Equity. Members of the Profit Sharing Plan receive up to 50% of their annual allocation in cash. The remaining amounts are deferred and may be invested in several mutual funds, along with a fund invested in shares of common shares of Bancorp Hawaii, Inc. Bancorp contributions amounted to $9,098,000 in 1996; $7,629,000 in 1995 and $7,344,000 in 1994.

Effective January 1, 1996, the Profit Sharing Plan was enhanced with a company match of $1.25 for each $1.00 in 401(k) contributions made by staff members up to 2% of compensation. For 1996, matching contributions totaled $2,671,000.

Bancorp established a new defined-contribution money purchase plan for which it will contribute 4% of compensation to staff members meeting certain eligibility and vesting requirements as of January 1, 1996. The money purchase plan has a one year eligibility requirement and a five year vesting period. Staff members meeting these requirements as of January 1, 1996 immediately became participants. Participants select from several investment options, including various mutual funds similar to the Profit Sharing Plan. For 1996, the money purchase plan contribution totaled $4,839,000.

In 1995, Bancorp froze its non-contributory, qualified defined-benefit retirement plan (Retirement Plan) and related liability of the excess retirement plan (Excess Plan) which covered salaried employees of Bancorp and participating subsidiaries who met the Retirement Plan's eligibility requirements. Benefits were based on years of service and an average of the five highest years of annual compensation. In freezing this Plan as of December 31, 1995, all participants were fully vested in the Plan and final benefits were determined. In conjunction with this change, qualifying staff were offered an early retirement option. The option for staff members who were at least 50 years of age with 9 years or more of eligible service provided an extra 5 years of service and 5 years of age for benefit calculation purposes. In addition, the staff member received $250.00 per month until age 65 to defray medical benefit costs. The early retirement option was elected by 340 staff members, almost 75% of those eligible. The curtailment gain for the retirement plan was $2,971,000 and the curtailment loss for the excess retirement plan was $2,811,000 in 1995. Additionally, qualifying staff members as of December 31, 1995 whose combined age and years of service exceeded 60, were provided a transition benefit. The benefit allows the increase in benefit for salary changes until the year 2000. Bancorp's funding policy is to contribute annually an amount that falls within the minimum and maximum range deductible for income tax purposes. Retirement Plan assets are managed by investment advisors in accordance with investment policies established by the Retirement Plan Trustees. Investments are generally marketable securities including stocks, bonds and money market funds.

The Excess Plan is a non-qualified excess benefit plan which covers all employees of Bancorp and participating subsidiaries who have met eligibility requirements. The unfunded Excess Plan recognizes the liability to Excess Plan participants for amounts exceeding those allowed to be included in the Retirement Plan.

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

	1996	1995	1994
	(IN THOUSANDS OF DOLLARS)		
Actuarial Present Value of Benefit Obligations:			
Vested Benefit Obligation	$ 71,406	$ 71,159	$ 59,208
Accumulated Benefit Obligation	$ 74,550	$ 75,725	$ 63,445
Projected Benefit Obligation	$ 81,479	$ 82,443	$ 98,443
Plan Assets (Primarily Marketable Securities) at Fair Value	71,271	63,519	78,689
Projected Benefit Obligation in Excess of Plan Assets	(10,208)	(18,924)	(19,754)
Unrecognized Net (Gain)/Loss	(6,150)	(836)	(3,766)
Unrecognized Net Obligation at January 1, 1985 Being Recognized Over 15 Years	--	--	(1,841)
Unrecognized Net Asset at December 31	951	(1,501)	--
Prior Service Cost Not Yet Recognized in Net Periodic Pension Cost	--	--	1,907
Accrued Pension Liability Recognized in the Statement of Condition	$(17,309)	$(21,261)	$(23,454)

Net pension costs included the following components:

	1996	1995	1994
	(IN THOUSANDS OF DOLLARS)		
Service Cost--Benefits Earned During the Period	$ --	$ 6,881	$ 7,561
Interest Cost on Projected Benefit Obligation	6,046	8,000	7,299
Actual Return on Assets	(7,187)	(6,122)	1,533
Net Amortization and Deferral	1,422	111	(8,080)
Net Periodic Pension Cost	$ 281	$ 8,870	$ 8,313

Assumptions used in the accounting were as follows:

	DECEMBER 31,		
	1996	1995	1994
Weighted-Average Discount Rates	7.75%	7.50%	8.25%
Rates of Increase in Compensation Levels	5.00%	5.00%	5.00%
Expected Long-Term Rate of Return on Assets	9.00%	8.50%	8.50%

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

The curtailment of the defined benefit plans described earlier also affected the post retirement benefit plan. A curtailment loss of $772,000 was recorded in 1995 to reflect the change.

The following schedule presents the funded status of the liability as of December 31, 1996, 1995 and 1994.

	1996	1995	1994
	(IN THOUSANDS OF DOLLARS)		
Accumulated Postretirement Benefit Obligation			
Retirees	$(15,163)	$(14,515)	$ (8,785)
Other Fully Eligible Plan Participants	(3,228)	(3,054)	(6,243)
Other Active Plan Participants	(8,457)	(11,095)	(8,863)
Total	(26,848)	(28,664)	(23,891)
Plan Assets	--	--	--
Accumulated Postretirement Benefit Obligation in Excess of Plan Assets	(26,848)	(28,664)	(23,891)
Unrecognized Transition Obligation Being Amortized Over 20 Years	11,142	11,838	13,166

Unrecognized Net Gain/(Loss)	(4,494)	(459)	(2,833)
Accrued Postretirement Benefit Liability	$(20,200)	$(17,285)	$(13,558)

The Net Periodic Postretirement Benefit Cost was:

	1996	1995	1994
	(IN THOUSANDS OF DOLLARS)		
Service Cost	$1,262	$1,046	$1,089
Interest Cost	2,057	1,912	1,820
Amortization of Transition Obligation	696	647	731
Net Periodic Postretirement Benefit Cost	$4,015	$3,605	$3,640

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

	1996	1995	1994
Health Care Cost Trend Rate	9.00%	15.00%	15.00%
Dental Care Cost Trend Rate	7.00%	7.50%	7.50%
Weighted Average Discount Rate	7.50%	7.50%	8.25%
Rate of Increase in Compensation Level	5.00%	5.00%	5.00%

The health care cost trend rate has been revised to project at 9.0% per year until the year 2000 leveling to the ultimate 7.0%. A one percent increase in that trend rate of assumption (with all other assumptions remaining constant) would increase the service and interest cost components of the net periodic postretirement cost from $3,319,000 to $3,786,000. The impact of this one percent increase in the trend rates on the accumulated postretirement benefit obligation would be an increase to $29,667,000 at December 31, 1996.

NOTE L--STOCK OPTION PLANS

The Bancorp Stock Option Plans (the Plans) are administered by the Compensation Committee appointed by Bancorp's Board of Directors. The options allow participants to purchase shares of common stock for a specified exercise price anytime beginning one year after the option has been granted and expiring 10 years thereafter. The exercise price is equal to the fair market value of the stock on the date the option was granted. The Plans also provide certain participants with tandem stock appreciation rights (SAR). The SAR can be exercised in lieu of the exercise of the options. The Compensation Committee has limited the exercise of SARs to $1 million per year, allocated among the participants. The expense for the SARs recognized in the income statement was $1,000,000 in 1996.

In 1996, Bancorp shareholders approved a Director's Stock Option Plan to grant options for restricted common shares of Bancorp Hawaii, Inc. The plan grants 1,000 options to each Bancorp director who is also a director of Bank of Hawaii and 500 options to directors who are directors of Bancorp or Bank of Hawaii only. The exercise price of the option is based on the closing market price on the date of the grant and expires 10 years thereafter. Options granted are generally not transferable. If an optionee ceases to be a director for any reason other than death, the option immediately terminates. Shares purchased upon exercise of options granted are restricted shares. The shares are restricted while the individual remains a director and is redeemable at the purchase price or forfeited if the director terminates before retirement or expiration of his or her appropriate term. The 13,000 options outstanding under this plan are included in the table below.

The following information relates to options outstanding as of December 31, 1996:

	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
RANGE OF EXERCISE PRICES	NUMBER OF SHARES OUTSTANDING	WEIGHTED AVERAGE EXERCISE PRICE	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE	NUMBER OF SHARES EXERCISABLE	WEIGHTED AVERAGE EXERCISE PRICE
$12.09--$25.00..........	302,589	$18.04	32.9 months	302,589	$18.04
25.75-- 29.50..........	761,806	28.24	80.3 months	761,806	28.24
30.00-- 32.50..........	52,500	30.59	88.7 months	52,500	30.59
35.50-- 43.75..........	842,000	39.69	115.2 months	381,500	36.75
Total.................	1,958,895	$31.65	88.2 months	1,498,395	$28.44

The following table presents the activity of Stock Option Plans for the years indicated:

	1996		1995		1994
	SHARES	WEIGHTED AVERAGE EXERCISE PRICE	SHARES	WEIGHTED AVERAGE EXERCISE PRICE	SHARES
Outstanding at January 1......................	1,822,453	$27.45	1,842,039	$23.53	1,340,967
Granted..............	460,500	42.13	566,000	34.11	150,000
Stock Dividends.......	--		--		662,685
Exercised............	(264,779)(1)	22.17	(447,876)	20.74	(240,496)
Forfeited............	(58,817)	25.03	(137,710)	19.91	(71,117)
Expired..............	(462)	13.13	--	--	--
Outstanding at December 31.....................	1,958,895	$31.65	1,822,453	$27.45	1,842,039
Options Exercisable at December 31...........	1,498,395		1,278,953		1,721,288
Shares Available for Future Grants..........	994,373		1,396,056		1,820,346

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(1) The price (per share) range of options exercised during 1996 was between $12.08 and $29.50 on an actual exercise price basis.

BANCORP HAWAII, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

The following table presents the pro-forma disclosures of the impact that the 1996 and 1995 option grants would have had on net income and earnings per share had the grants been measured using the fair value of accounting prescribed by SFAS No. 123 (1):

	1996	1995
	(IN THOUSANDS EXCEPT PER SHARE AND OPTION DATA)	
Net Income	$130,605	$120,902
Earnings per share	$ 3.17	$ 2.88
Weighted Average Fair Value of Options Granted During the Year	$ 11.71	$ 9.36
Assumptions Average Risk Free Interest Rate	6.47%	6.51%
Average Expected Volatility	17.73%	17.90%
Expected Dividend Yield	2.75%	2.75%
Expected Life	10 years	10 years

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(1) The Black-Scholes option pricing model was used to develop the fair values of the grants.

NOTE M--OTHER OPERATING EXPENSE

Other operating expense at year-end was as follows:

	1996	1995	1994
	(IN THOUSANDS OF DOLLARS)		
FDIC Insurance	$ 6,781	$ 7,632	$ 13,592
Legal and Other Professional Fees	17,642	15,623	18,209
Advertising	11,407	11,144	10,288
Stationery and Supplies	10,678	9,247	8,769
Other	91,851	60,798	60,729
Total	$138,359	$104,444	$111,587

NOTE N--INCOME TAXES

The significant components of the provision for income taxes are as follows:

	1996	1995	1994
	(IN THOUSANDS OF DOLLARS)		

Current:			
Federal	$54,960	$49,171	$60,424
State	10,548	8,881	14,992
Foreign	12,082	6,073	5,241
	$77,590	$64,125	$80,657
Deferred:			
Federal	$(1,060)	$ 7,520	$(1,810)
State	166	403	(1,206)
Foreign	--	--	--
	$ (894)	$ 7,923	$(3,016)
Provision for Income Taxes	$76,696	$72,048	$77,641

The current provision also includes taxes on the gains and losses on the sale of securities of $507,000, $975,000 and $(7,051,000) for 1996, 1995 and 1994, respectively. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax liabilities and assets as of December 31, 1996, 1995 and 1994 reclassified based on the tax returns as filed, are as follows:

	1996	1995	1994
	(IN THOUSANDS OF DOLLARS)		
Deferred Tax Liabilities:			
Lease Transactions	$181,846	$181,612	$175,801
Deferred Investment Tax Credits	6,003	6,851	7,318
Accelerated Depreciation	1,462	1,445	1,773
Core Deposit Intangible	9,141	10,206	11,270
Total Deferred Tax Liabilities	198,452	200,114	196,162
Deferred Tax Assets:			
Reserve for Loan Losses	56,201	54,426	53,886
Accrued Pension Cost	4,423	4,507	6,502
Net Operating Loss Carry Forwards	385	1,299	2,245
Securities Valuation Reserve	(1,440)	(7,470)	11,871
Post Retirement Benefits	7,497	6,343	5,166
Other--Net	(7,443)	(4,763)	(1,792)
Total Deferred Tax Assets	59,623	54,342	77,878
Valuation Allowance for Deferred Tax Assets	(385)	(1,299)	(1,523)
Net Deferred Tax Assets	59,238	53,043	76,355
Net Deferred Tax Liabilities	$139,214	$147,071	$119,807

For financial statement purposes, Bancorp had deferred investment tax credits for property purchased for lease to customers of $6,003,000, $6,851,000 and $7,318,0000 at December 31, 1996, 1995 and 1994, respectively. In 1996, 1995 and 1994, investment tax credits included in the computation of the provision for income taxes were $848,000, $467,000 and $334,000, respectively.

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

	1996	1995	1994
Statutory Federal Income Tax Rate....................	35.0 %	35.0 %	35.0 %
Increase (Decrease) in Tax Rate Resulting From:			
State Taxes, Net of Federal Income Tax and Foreign Tax Adjustments..................................	3.3	3.1	4.6
Tax-Exempt Interest Income.........................	(0.3)	(0.5)	(0.5)
Low Income Housing and Investment Tax Credit.......	(1.2)	(0.7)	(0.4)
Other..	(0.2)	0.3	1.0
Effective Tax Rate.................................	36.6 %	37.2 %	39.7 %

For financial statement purposes, no deferred income tax liability has been recorded by Bancorp Pacific, Inc. for tax bad debt reserves that arose in tax years beginning before December 31, 1987. Such tax bad debt

reserves total approximately $18.2 million for which no provision for federal income taxes has been provided. If these amounts are used for purposes other than to absorb bad debt losses, they will be subject to federal income taxes at the then applicable rates.

NOTE O--FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

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

Bancorp's exposure to credit risk is the loss in the event of nonperformance by the other party to the transaction. Credit risks associated with off-balance sheet financial instruments are similar to those relating to on-balance sheet financial instruments. Bancorp manages off-balance sheet credit risk with the same standards and procedures applied to Bancorp's commercial lending activity.

Descriptions of these financial instruments with off-balance sheet risks follow:

Traditional Off-Balance Sheet Risk Instruments

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

Standby letters of credit are conditional commitments issued by Bancorp to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support borrowing agreements. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. Bancorp holds cash and deposits as collateral supporting those commitments for which collateral is deemed necessary.

Derivative Financial Instruments Held or Issued for Other Than Trading

Foreign exchange contracts are contracts for delayed delivery of a foreign currency in which the seller agrees to make delivery at a specified future date at a specified price. Risks arise from the possible inability of counterparties to meet the terms of their contracts and from movements in exchange rates and interest rates. Collateral is generally not required for these transactions. Net revenue (loss) on foreign exchange contracts totaled $(1.1) million, $0.3 million and $0.2 million for 1996, 1995 and 1994, respectively.

Bancorp entered into various interest-rate swaps in managing its interest-rate risk. In these arrangements, Bancorp agreed to exchange, at specified intervals, the difference between fixed- and floating-interest amounts calculated on an agreed-upon notional principal amount. Bancorp used swap agreements to effectively convert portions of its floating rate loans to a fixed rate basis. At December 31, 1996, $673 million of such "receive-fixed" swaps were in effect. The net amount payable or receivable from interest-rate swap agreements is accrued as an adjustment to interest income. The related amount payable or receivable from counterparties is included in accrued interest payable or receivable. The fair value of the swap agreements are not recognized in the financial statements.

Bancorp's current credit exposure on swaps is equal to the market value of the interest-rate swaps plus or minus the market value of any collateral exchanged with swap counterparties. The aggregate credit exposure on swaps at year-end 1996 was $0.9 million. The market value of all positions at year-end 1996 was $(7.7) million compared with $(8.3) million at year-end 1995. Net revenue (expense) on interest rate swap agreements totaled $(4.2) million, $(11.7) million and $7.7 million for 1996, 1995 and 1994, respectively.

The table below summarizes by notional amounts the activity for each major category of swaps in 1996. Bancorp had no deferred gains or losses relating to terminated swap contracts in 1996.

	RECEIVE FIXED	PAY FIXED
	(IN THOUSANDS OF DOLLARS)	
Balance, December 31, 1993	$1,278,769	$ 119,821
Additions	350,000	--
Maturities/Amortizations	(156,719)	(524)
Balance, December 31, 1994	$1,472,050	$ 119,297
Additions	--	--
Maturities/Amortizations	(376,814)	(100,524)
Balance, December 31, 1995	$1,095,236	$ 18,773
Additions	--	--
Maturities/Amortizations	(421,999)	(18,773)
Balance, December 31, 1996	$ 673,237	$ 0

The approximate annual maturities of swap agreements outstanding as of December 31, 1996 were:

	NOTIONAL PRINCIPAL EXPECTED TO MATURE IN			
	1997	1998	1999	TOTAL
	(IN THOUSANDS OF DOLLARS)			
Receive-Fixed Interest Rate Swaps:				
Fixed Maturity	$140,000	$100,000	$ --	$240,000
Pay Rate	5.69%	--	--	--
Receive Rate	5.34%	5.37%	--	--
Amortizing (1)	133,622	201,906	97,709	433,237
Pay Rate	5.76%	--	--	--
Receive Rate	5.17%	5.22%	5.30%	--

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

NOTE P--FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

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

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

Loans: Fair values for loans are estimated for portfolios of loans with similar financial characteristics. Loans are segregated by type such as commercial, real estate, consumer, and foreign. Each loan category is further segmented into fixed and adjustable rate interest terms and by performing and non-performing categories. Fair values are calculated by discounting scheduled cash flows through the estimated maturity using estimated discount rates which reflect credit and interest rate risks inherent in the loan.

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

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

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

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

The following table presents the fair values of Bancorp's financial instruments at December 31, 1996, 1995 and 1994.

	1996		1995		1994	
	BOOK OR NOTIONAL VALUE	FAIR VALUE	BOOK OR NOTIONAL VALUE	FAIR VALUE	BOOK OR NOTIONAL VALUE	FAIR VALUE
	(IN THOUSANDS OF DOLLARS)					
FINANCIAL INSTRUMENTS--ASSETS						
Loans (1)..................	$7,988,400	$8,123,400	$7,565,800	$7,741,700	$7,327,700	$7,364,800
Investment Securities (2)...	3,631,700	3,634,000	3,360,200	3,366,300	3,150,900	3,101,600

Other Financial Assets (3)..	779,100	779,100	905,300	905,300	794,900	794,900
FINANCIAL INSTRUMENTS--LIABILITIES						
Deposits....................	8,677,100	8,681,800	7,576,800	7,627,600	7,115,100	7,055,900
Short-Term Borrowings (4)...	2,968,800	2,968,800	3,190,800	3,190,800	3,340,300	3,340,300
Long-Term Debt (5)..........	926,300	861,500	1,057,900	1,053,500	856,500	821,300
FINANCIAL INSTRUMENTS--OFF-BALANCE SHEET						
Financial Instruments Whose Contract Amounts Represent Credit Risk:						
Commitments to Extend Credit...................	3,840,187	10,152	3,615,188	9,582	3,187,455	9,548
Standby Letters of Credit.	257,370	4,853	224,398	4,224	233,276	4,416
Commercial Letters of Credit...................	239,718	361	244,776	374	144,319	210
Financial Instruments Whose Notional or Contract Amounts Exceed the Amount of Credit Risk:						
Foreign Exchange and Swap Contracts................	631,313	861	510,759	1,203	285,390	229
Interest Rate Swap Agreements..............	673,237	(7,717)	1,114,009	(8,310)	1,591,347	(91,420)

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(1) Includes all loans, net of reserve for loan losses, and excludes leases.

(2) Includes both held to maturity and available for sale securities.

(3) Includes interest bearing deposits, securities purchased under agreements to resell, funds sold and trading securities.

(4) Includes securities sold under agreements to repurchase, funds purchased and short term borrowings.

(5) Excludes capitalized lease obligations.

NOTE Q--PARENT COMPANY FINANCIAL STATEMENTS

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

Condensed Statements of Income

	YEARS ENDED DECEMBER 31		
	1996	1995	1994
	(IN THOUSANDS OF DOLLARS)		
Dividends From			
Bank Subsidiaries..................................	$106,165	$ 44,426	$ 69,416
Other Subsidiaries................................	15,000	7,000	34,000
Interest Income			
From Subsidiaries.................................	5,415	6,059	4,873
From Others.......................................	1,919	939	1,029
Other Income..	143	48	47
Securities Gains......................................	661	136	10
Total Income......................................	129,303	58,608	109,375
Interest Expense......................................	8,036	7,110	6,505
Other Expense...	5,950	6,015	7,323

Total Expense	13,986	13,125	13,828
Income Before Income Taxes and Equity in Undistributed Income of Subsidiaries	115,317	45,483	95,547
Income Tax Benefits	2,024	2,484	2,084
Income Before Equity in Undistributed Income	117,341	47,967	97,631
Equity in Undistributed Income of Subsidiaries			
Bank Subsidiaries	15,539	61,372	32,044
Other Subsidiaries	244	12,461	(11,937)
	15,783	73,833	20,107
Net Income	$133,124	$121,800	$117,738

Condensed Statements of Condition

	DECEMBER 31		
	1996	1995	1994
	(IN THOUSANDS OF DOLLARS)		
Assets			
Cash in Bank of Hawaii	$ 134	$ 245	$ 160
Investment Securities Available for Sale	11,931	12,740	1,503
Equity in Net Assets of Bank Subsidiaries	868,066	881,160	788,864
Equity in Net Assets of Other Subsidiaries	162,446	147,491	134,810
Interest Bearing Deposits from Bank	200,300	89,446	79,200
Net Loans	10,298	12,638	12,963
Trading Securities	1,663	--	472
Other Assets	57,782	54,006	84,367
Total Assets	$1,312,620	$1,197,726	$1,102,339
Liabilities and Shareholders' Equity			
Commercial Paper and Short-Term Borrowings	$ 70,827	$ 74,559	$ 69,114
Long-Term Debt	163,093	60,000	55,000
Other Liabilities	12,578	8,731	11,437
Shareholders' Equity	1,066,122	1,054,436	966,788
Total Liabilities and Shareholders' Equity	$1,312,620	$1,197,726	$1,102,339

Condensed Statements of Cash Flows

	YEARS ENDED DECEMBER 31,		
	1996	1995	1994
	(IN THOUSANDS OF DOLLARS)		
Operating Activities			
Net Income	$ 133,124	$121,800	$ 117,738
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities			
Provision for Loan Losses and Amortization Expense	3,943	3,943	4,730
Realized Investment Securities Gains	(653)	--	--
Undistributed Income from Subsidiaries	(15,783)	(73,833)	(20,107)
Net Decrease (Increase) in Trading Securities	(1,663)	472	403
Other Assets and Liabilities, Net	(3,468)	23,052	(35,349)
Net Cash Provided by Operating Activities	115,500	75,434	67,415
Investing Activities			
Investment Securities Transactions, Net	449	(9,800)	--
Interest Bearing Deposits, Net	(110,854)	(10,246)	67,500
Loan Transactions, Net	2,340	411	3,214
Capital Contributions to Subsidiaries, Net	(3,093)	17	(249)
Net Cash Provided (Used) by Investing Activities	(111,158)	(19,618)	70,465
Financing Activities			
Net Proceeds (Repayments) from Borrowings	99,361	10,445	(67,513)
Proceeds from Sale of Stock	13,991	19,023	18,016
Stock Repurchased	(70,444)	(40,004)	(44,297)
Cash Dividends Paid	(47,361)	(45,195)	(44,114)
Net Cash Used by Financing Activities	(4,453)	(55,731)	(137,908)
Increase (Decrease) in Cash	(111)	85	(28)
Cash at Beginning of Year	245	160	188
Cash at End of Year	$ 134	$ 245	$ 160

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

None

PART III

The following information required by the Instructions to Form 10-K is (except as otherwise indicated below) incorporated herein by reference from various pages of the Bancorp Hawaii, Inc. Proxy Statement for the annual meeting of shareholders to be held on April 25, 1997, as summarized below:

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Election of Directors on pages 2-7. Disclosure of Compliance with section 16 (a) of the Securities Exchange Act on page 8.

For information concerning executive officers of the Registrant, see "Executive Officers of the Registrant" at the end of Part I of this report.

ITEM 11. EXECUTIVE COMPENSATION

Executive Compensation on pages 11-16.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

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

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Transactions with Management and Others on pages 23-24.

PART IV

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

(a) Financial Statements and Schedules

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

Consolidated statements of condition--December 31, 1996, 1995, and 1994

Consolidated statements of income--Years ended December 31, 1996, 1995, and 1994

Consolidated statements of shareholders' equity--Years ended December 31, 1996, 1995, and 1994

Consolidated statements of cash flows--Years ended December 31, 1996, 1995, and 1994

Notes to consolidated financial statements--December 31, 1996

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

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

EXHIBIT INDEX

EXHIBIT NUMBER	
3.1	Articles of Incorporation and (incorporated herein by reference to Exhibit #3 of Form 10-K for fiscal year ended December 31, 1990)
3.2	Revised By-laws dated July 26, 1996
4.1	Instruments Defining the Rights of Holders of Long-Term Debt
10.1	Bancorp Hawaii, Inc., One-Year Incentive Plan Effective January 1, 1997*
10.2	Bancorp Hawaii, Inc., One-Year Executive Incentive Plan Effective January 1, 1997*

10.3 Bancorp Hawaii, Inc., Sustained Profit Growth Plan Effective January 1, 1997*

10.4 Bancorp Hawaii, Inc. Key Executive Severance Plan dated April 27, 1983 (incorporated herein by reference to Exhibit 10.4 of Form 10K for the fiscal year ended December 31, 1995)*

10.5 Bancorp Hawaii, Inc. Stock Option Plan of 1983 (incorporated herein by reference to Exhibit 4(a) of Registration No. 2-84164)*

10.6 Bancorp Hawaii, Inc. Stock Option Plan of 1988 (incorporated herein by reference to Exhibit 4(a) of Registration No. 33-23495)*

10.7 Bancorp Hawaii, Inc. Stock Option Plan of 1994 (incorporated herein by reference to Exhibit 4(a) of Registration No. 33-54777)*

10.8 Bancorp Hawaii, Inc., One-Year Executive Incentive Plan Effective January 1, 1996 (incorporated herein by reference to Exhibit 10.2 of Form 10K for the fiscal year ended December 31, 1995)*

10.9 Bancorp Hawaii, Inc., One-Year Incentive Plan Effective January 1, 1996 (incorporated herein by reference to Exhibit 10.1 of Form 10K for the fiscal year ended December 31, 1995)*

10.10 Bancorp Hawaii, Inc., Sustained Profit Growth Plan Effective January 1, 1994 (incorporated herein by reference to Exhibit C of Bancorp Hawaii, Inc. 1994 Proxy Statement dated March 10, 1994)*

10.11 Bancorp Hawaii, Inc., Sustained Profit Growth Plan Effective January 1, 1995 (incorporated herein by reference to Exhibit 10(d) of Bancorp Hawaii, Inc. Form 10K for the fiscal year ended December 31, 1994)*

10.12 Form of Key Executive Severance Agreement (incorporated herein by reference to Exhibit 19(e) of Bancorp Hawaii, Inc. Form 10K for the fiscal year ended December 31, 1989 for L. M. Johnson)*

10.13 Form of Amended Key Executive Change-in-Control Severance Agreement (incorporated herein by reference to Exhibit 10(e) of Bancorp Hawaii, Inc. 10K for the fiscal year ended December 31, 1994--October 3, 1994 for R. J. Dahl)*

10.14 Form of Key Executive Change-in-Control Severance Agreement (incorporated herein by reference to Exhibit 10(f) of Bancorp Hawaii, Inc. 10K for the fiscal year ended December 31, 1994--October 3, 1994 for A. Kuioka)*

10.15 Form of Executive Change-in-Control Severance Agreement (incorporated herein by reference to Exhibit 10(g) of Bancorp Hawaii, Inc. 10K for the fiscal year ended December 31, 1994--for D. Houle)*

10.16 Bancorp Hawaii, Inc. Directors' Deferred Compensation Plan (Restatement Effective 1/1/96) with Amendment No. 96-1; Trust Agreement (Effective 9/1/96) (incorporated by reference herein to Exhibit (4) of Registration No. 333-14929).*

10.17 Bancorp Hawaii Inc. Directors Stock Compensation Program (Incorporated herein by reference to Exhibit (4) of Registration No. 333-02835).*

11.1 Statement Regarding Computation of Per Share Earnings

12.1 Statement Regarding Computation of Ratios

19.1 Report to Shareholders for Quarter ended September 30, 1996

21.1 Subsidiaries of the Registrant

23.1 Consent of Independent Auditors

27.1 Financial Data Schedule

* Management contract or compensatory plan or arrangement.

(b) Registrant filed two Form 8-Ks during the quarter ended December 31, 1996 to report Thomas Leppert joining Bank of Hawaii as a Vice Chairman and a private offering of $100 million issued by Bancorp Hawaii Capital Trust I.

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

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

STATISTICAL DISCLOSURES

CONTENTS AND REFERENCE

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

ITEM VI. RETURN ON EQUITY AND ASSETS

	1996	1995	1994
Return on Assets	0.99%	0.98%	0.93%
Return on Equity	12.43%	11.87%	12.13%
Dividend Payout Ratio	35.91%	37.24%	37.82%

Equity to Assets Ratio	7.95%	8.27%	7.71%

ITEM VII. SHORT-TERM BORROWINGS

Note F to the Audited Financial Statements on pages 59 to 60.

SIGNATURES

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

Date: February 26, 1997

Bancorp Hawaii, Inc.

/s/ Lawrence M. Johnson
By:___________________________________
Lawrence M. Johnson
Chairman of the Board and
Chief Executive Officer

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

Date: February 26, 1997

/s/ Lawrence M. Johnson Lawrence M. Johnson Director	/s/ H. Howard Stephenson H. Howard Stephenson Director
/s/ Peter D. Baldwin Peter D. Baldwin Director	/s/ Fred E. Trotter Fred E. Trotter Director
/s/ Mary G. F. Bitterman Mary G. F. Bitterman Director	/s/ Stanley S. Takahashi Stanley S. Takahashi Director
/s/ Richard J. Dahl Richard J. Dahl Director	/s/ K. Tim Yee K. Tim Yee Director
/s/ David A. Heenan David A. Heenan Director	/s/ David A. Houle David A. Houle Chief Financial Officer
/s/ Stuart T. K. Ho Stuart T. K. Ho Director	/s/ Denis K. Isono Denis K. Isono Chief Accounting Officer
/s/ Herbert M. Richards, Jr. Herbert M. Richards, Jr. Director	

Exhibit 3.2

BY-LAWS

OF

BANCORP HAWAII, INC.

HONOLULU, HAWAII

JULY 26, 1996

BY-LAWS
OF

BANCORP HAWAII, INC.

(As Amended July 26, 1996)

ARTICLE I

OFFICES AND SEAL

SECTION 1.01. Offices. The principal office of the corporation shall be located at Honolulu, City and County of Honolulu, State of Hawaii. The corporation may have such other offices either within or without the State of Hawaii as the Board of Directors may designate or as the business of the corporation may require from time to time.

SECTION 1.02. Corporate Seal. The corporation shall have a corporate seal of such form and device as the Board of Directors shall from time to time determine. Duplicate seals may be kept and used as the business of the corporation may require from time to time.

ARTICLE II

STOCKHOLDERS' MEETINGS

SECTION 2.01. Annual Meeting. The annual meeting of the stockholders shall be held at such place in Hawaii and on such date in the month not more than thirteen months subsequent to the prior annual meeting of stockholders asthe Chairman of the Board or President shall designate for the purpose of electing directors and an auditor and, subject to any requirements of law or of the Articles of Incorporation or of these By-Laws with respect to notice, for the transaction of such other business as may properly come before the meeting.

SECTION 2.02. Special Meetings. Special meetings of the stockholders, to consider any business and/or nomination unless otherwise prescribed by statute, may be called by the Chairman of the Board, by the President, by a majority of the whole Board of Directors or, to the extent permitted by applicable law, by a stockholder or stockholders. At any special meeting the business brought before and transacted by the stockholders shall be limited to that specified in the notice of the. Special meetings of stockholders shall be held at such place in Hawaii and at such time as shall be designated in the call of the meeting.

SECTION 2.03. Notice of Meetings. Written notice specifying the time and place of the stockholders' meeting,

whether annual or special, and if a special meeting the general nature of the business to be considered, shall be mailed not less than ten (10) nor more than seventy (70) days before such meeting, postage prepaid, addressed to each stockholder of record entitled to vote at such meeting at his address as it appears on the records of the corporation. Non-receipt of such notice by any stockholder shall not invalidate any business done at any meeting, either annual or special, at which a quorum is present. Any stockholder may, prior to, at the meeting, or subsequent thereto, waive notice of any meeting in writing signed by himself or his duly authorized attorney-in-fact. Any previously scheduled meeting of the stockholders may be postponed, and any special meeting of the stockholders may be cancelled, by resolution of the Board of Directors upon public notice given prior to the date previously scheduled for such meeting of stockholders.

SECTION 2.04. Quorum. A majority of the outstanding shares of the corporation entitled to vote at the meeting, represented in person or by proxy, shall constitute a quorum at a meeting of stockholders, except that when specified business is to be voted on by a class or series of stock voting as a class, the holders of a majority of the shares of such class or series shall constitute a quorum of such class or series for the transaction of such business. The Chairman of the meeting may adjourn the meeting from time to time, whether or not there is such a quorum, and, if less than a majority of the outstanding shares entitled to vote at the meeting are represented at a meeting, a majority of the shares so represented may adjourn the meeting from time to time without further notice. No notice of the time and place of adjourned meetings need be given except as required by law. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. The stockholders present or represented at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum. Any decision of a majority of the outstanding shares of the corporation entitled to vote represented at a duly organized meeting shall be valid and binding upon the corporation except as otherwise specifically provided by law, the Articles of Incorporation or these By-Laws, or by the resolution of the Board of Directors creating any series of preferred stock.

The Chairman of any meeting of stockholders shall be the Chairman of the Board, unless the Board of Directors shall by resolution prior to such meeting designate another person as Chairman of such meeting.

SECTION 2.05. Voting. At all meetings of stockholders, a stockholder may vote in person or by proxy executed in writing by the stockholder or by his duly authorized attorney-in-fact. Each outstanding share entitled to vote shall be entitled to one vote upon each matter submitted to a vote at a meeting of stockholders; cumulative voting shall not be permitted. The holders of the outstanding shares from time to time of the common stock and of any preferred stock which has voting rights shall vote together on all matters referred to the stockholders, including the election of directors; provided, however, that the foregoing is subject to any provisions of law or the Articles of Incorporation or the resolution of the Board of Directors creating any series of preferred stock requiring with respect to any matter the approval or consent of the holders of any designated percentage of the outstanding shares of stock of any class or any series of any class. All provisions of these By-Laws which specify or relate to the power of the stockholders or to action which may be taken by the stockholders at or in connection with a meeting thereof shall be interpreted as referring to the holders of shares of voting stock of the corporation. Elections of directors at all meeting of the stockholders at which directors are to be elected shall be by ballot. Except as otherwise provided by law, the Articles of Incorporation, or these By-Laws, in all mattes other than the election of directors, the affirmative vote of a majority of the shares present in person or represented by proxy at the meeting and entitled to vote on the matter shall be the act of the stockholders. At any meeting of stockholders, the Chairman of the meeting shall fix and announce at the meeting the date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at such meeting. Any action required to be taken at a meeting of the stockholders, or any other action which may be taken at a meeting of the stockholders, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the stockholders entitled to vote with respect to the subject matter thereof.

SECTION 2.06. Business at Meetings. To be properly brought before any stockholders' meeting, business and nominations of persons for election to the Board of Directors of the corporation must be (a) specified in the notice of meeting given by or at the direction of the Chairman of the Board or the President or a majority of the whole Board of Directors, (b) otherwise properly brought before such meeting by or at the direction of the Board of Directors, or (c) otherwise properly brought before such meeting by a stockholder or stockholders who was a stockholder or were stockholders, respectively, of record at the time of giving notice provided for in this By-Law, who is entitled to vote for the election of Directors at such meeting and who complies with the notice procedures set forth in this By-Law.

For business to be properly brought before any stockholders' meeting by a stockholder or stockholders, the stockholder or stockholders must have given timely notice thereof in writing to the Secretary of the corporation and such business must otherwise be a proper matter for stockholder action. To be timely, a stockholder's or stockholders' notice shall be delivered to or received at the principal executive offices of

the corporation not later than eighty (80) days nor earlier than ninety (90) days prior to (a) in the case of a special meeting called by such stockholder or stockholders, the date the stockholder has, or the stockholders have, as applicable, selected for such special meeting, and (b) in the case of an annual meeting, the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is more than thirty (30) days before or more than sixty (60) days after such anniversary date, notice by such stockholder or stockholders to be timely must be so received by the Secretary of the corporation (i) not later than the close of business on the later of the eightieth (80th) day prior to such annual meeting or the tenth (10th) day following the day on which public announcement of the date of such annual meeting is first made by the corporation and (ii) not earlier than the ninetieth (90th) day prior to such annual meeting. In the event that the number of directors to be elected to the Board of Directors of the corporation is increased and there is no public announcement by the corporation naming all of the nominees for director or specifying the size of the increased Board of Directors at least ninety (90) days prior to the first anniversary of the preceding year's annual meeting, a stockholder's or stockholders' notice required by this By-Law shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the corporation not later than the close of business on the tenth (10th) day following the day on which such pubic announcement is first made by the corporation. In the event the corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any such stockholder may nominate a person or persons (as the case may be), for election to such position(s) as specified in the corporation's notice of meeting, if the stockholder's notice required by this By-Law shall be delivered to the Secretary at the principal executive offices of the corporation (i) not later than the close of business on the later of the eightieth (80th) day prior to such special meeting or the tenth (10th) day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting and (ii) not earlier than the close of business on the ninetieth (90th) day prior to such special meeting. In no event shall the public announcement of an adjournment of a meeting commence a new time period for the giving of a stockholder's notice as described above.

A stockholder's notice to the Secretary of the corporation shall set forth as to each matter that the stockholder proposes to bring before such meeting (a) as to each person whom the stockholder proposes to nominate for election or reelection as a director all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to Regulation 14A under the

Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Rule 14a-11 thereunder (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); (b) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before such meeting and the reasons for conducting such business at such meeting of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; (c) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf such nomination or proposal of business is made(i) the name and address of such stockholder, as they appear on the corporation's books, and of such beneficial owner, (ii) the class and number of shares of the securities of the corporation that are beneficially owned by such stockholder and such beneficial owner; and (d) any material interest of such stockholder and such beneficial owner in such nomination and such business.

Only such persons who are nominated in accordance with the procedures set forth in this By-Law shall be eligible to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this By-Law. Except as otherwise provided by law, the Chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that the nomination or business that the stockholder proposes to bring before such meeting was not properly brought before such meeting in accordance with the foregoing procedure, and if he should so determine, he shall so declare to the meeting, and the defective proposal or nomination shall be disregarded.

For purposes of this By-Law:

(a) "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the

Exchange Act.

(b) calculating the number of days elapsed between (a) the date on which a notice is given and (b) (i) the date on which a special meeting is to be held, (ii) the date that is the anniversary of an annual meeting, or (iii) the date that is the tenth (10th) day following the day on which public announcement of the date of an annual meeting is first made, shall be made inclusive of dates between which such calculation is made.

Notwithstanding the foregoing provisions of this By-Law, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this By-Law. Nothing in this By-Law shall be deemed to affect any rights (i)

of stockholders to request inclusion of proposals in the corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (ii) of the holders of any series of preferred stock to elect directors under specified circumstances.

ARTICLE III

DIRECTORS

SECTION 3.01. Number. The number of directors of the corporation (exclusive of directors to be elected by the holders of any one or more series of preferred stock voting separately as a class or classes) shall be fixed from time to time exclusively pursuant to a resolution adopted by a majority of the whole Board.

As used in these By-Laws, the term "whole Board" and "whole Board of Directors" means the total number of directors which the corporation would have if there were no vacancies.

SECTION 3.02. Classification and Election. The Board of Directors shall be divided into three classes, as nearly equal in number as the then total number of directors constituting the whole Board permits, with the terms of office of one class expiring each year.

At the annual meeting of stockholders in 1983, the stockholders shall elect three classes of directors: four members of the Board of Directors for terms of three years; four members of the Board of Directors for terms of two years; and three members of the Board of Directors for terms of one year. Thereafter, the stockholders at each annual meeting shall elect members of the Board of Directors for each class for terms of three years to succeed those members of the Board of Directors whose terms shall have expired. Each member of the Board of Directors shall hold office until the date of the annual meeting of the stockholders in the calendar year in which his or her term of office expires and thereafter until his or her successor is duly elected; provided that no member shall be eligible for election or re-election as a member of the Board of Directors after his or her 70th birthday and provided further that, effective with members elected or re-elected subsequent to the annual meeting of stockholders held on April 23, 1986, no member shall continue in office past the date of the annual meeting of the stockholders that is held subsequent to his of her 70th birthday.

Any vacancies in the Board of Directors for any reason other than a vacancy created by a member not continuing in office past the date of the annual meeting of the stockholders that is held subsequent to his or her 70th birthday may be filled only by the Board of Directors, acting by a majority of the directors then in office, although less than a quorum, and any directors so chosen shall hold office until the next election of the class for

which such director shall have been chosen and until their successors shall be elected and qualified. In the case of a vacancy created by a member not continuing in office past the date of the annual meeting of the stockholders that is held subsequent to his or her 70th birthday, the stockholders at such annual meeting shall elect a director to succeed such member, and any director so chosen shall hold office until the next election of the class for which such director shall have been chosen and until his or her successor shall be elected and qualified. No decrease in the number of directors shall shorten the term of an incumbent director.

Notwithstanding the foregoing, and except as otherwise required by law, whenever the holders of any one or more series of preferred stock shall have the right, voting separately as a class, to elect one or more directors of the corporation, the terms of the director or directors elected by such holders shall expire at the next succeeding annual meeting of stockholders.

SECTION 3.03. Quorum. A majority of the members of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if at any meeting of the Board of Directors there shall be less than a quorum present, a majority of the directors present may adjourn the meeting from time to time without further notice. The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors unless otherwise provided in these By-Laws.

SECTION 3.04. Meetings. A regular meeting of the Board of Directors shall be held without other notice than this By-Law immediately after, and at the same place as, the annual meeting of the stockholders. The Board of Directors may provide, by resolution, the time and place, either within or without the State of Hawaii, for the holding of additional regular meetings without other notice than such resolution. Special meetings of the Board of Directors may be held at such times as the business of the corporation shall require according to resolutions of the Board of Directors, or upon the call of the Chairman of the Board, the President or a majority of the whole Board of Directors. The person or persons authorized to call special meetings of the Board of Directors may fix any place, either within or without the State of Hawaii, as the place for holding any special meeting of the Board of Directors called by them.

SECTION 3.05. Notice of Special Meetings. Notice of any special meeting shall be given by written notice delivered personally, first-class or overnight mail or courier service, telegram or facsimile transmission, or orally by telephone, to each director at his business address or residence. If mailed by first-class mail, such notice shall be deemed to be adequately delivered when deposited in the United States mail so addressed, with postage thereon prepaid at least five (5) days before such meeting. If notice be given by telegram, overnight mail or courier service, such notice shall be deemed to be adequately

delivered when the telegram is delivered to the telegraph company or the notice is delivered by the overnight mail or courier service at least twenty four (24) hours before such meeting. If by facsimile transmission, hand delivery, or telephone, such notice shall be deemed adequately delivered if such notice is transmitted, communicated by telephone or delivered by hand at least twelve (12) hours before the time set for such meeting. Non-receipt of any such notice shall not invalidate any business done at any meeting at which a quorum is present. Any director, whether attending a meeting or not, may, prior to, at the meeting, or subsequent thereto, waive notice of the meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting.

Section 3.06. Action by Consent of Board of Directors. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if all members of the Board of Directors or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors or committee.

Section 3.07. Conference Telephone Meetings. Members of the Board of Directors, or any committee thereof, may participate in a meeting of the Board of Directors or such committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at such meeting.

SECTION 3.08. Removal of Directors. The stockholders of the corporation may, at any special meeting called expressly for the purpose, remove from office any director pursuant to applicable law.

SECTION 3.09. Powers of Directors. The Board of Directors shall have full power to control, manage and direct the property, business and affairs of the corporation and to exercise all the powers and perform all the acts which the corporation may legally exercise and perform.

SECTION 3.10. Notice of Director Nominations. Subject to Section 2.03 and 2.06 of these By-Laws, nominations for the election of directors may be made by the Board of Directors or by any stockholder entitled to vote for the election of directors where such stockholder makes such nomination in conformity with the provisions of Section 2.06 of these By-Laws.

ARTICLE IV

EXECUTIVE COMMITTEE AND OTHER COMMITTEES

SECTION 4.01. Committees Exercising Powers of Board. The Board of Directors may, by resolution adopted by a majority

of the whole Board, designate two or more of its members to constitute an executive committee and such other committees as the Board of Directors shall determine, and during the intervals between meetings of the Board of Directors, each of such committees shall possess and may exercise any powers of the Board of Directors which are delegated to it in such resolution by the Board of Directors. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of any member of such committee or committees, the member or members thereof present at any meeting and not disqualified from voting, whether or not constituting a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member. Each such committee shall keep regular minutes of its proceedings, and all action by it, and its minutes, shall be reported to the Board of Directors at its next succeeding meeting for such action as the Board of Directors deems proper.

SECTION 4.02. General or Special Committees. The Board of Directors may also create and appoint from its own membership or otherwise such general or special committees, to which no powers of the Board of Directors shall be delegated, as it deems desirable.

SECTION 4.03. Meetings of Committees. A majority of any committee may determine its action and fix the time and place of its meetings, unless the Board of Directors shall otherwise provide. Notice of such meeting shall be given to each member of the committee in the manner provided for in Section 3.05 of these By-Laws. The Board of Directors shall have power at any time to fill vacancies in, to change the membership of, or to dissolve any such committee. Nothing herein shall be deemed to prevent the Board or Directors from appointing one or more committees consisting in whole or in part of persons who are not directors of the corporation; provided, however, that no such committee shall have or may exercise any authority of the Board of Directors.

ARTICLE V

OFFICERS

SECTION 5.01. Generally. The principal officers of the corporation shall consist of a Chairman of the Board, a President, one or more Vice Presidents, one of whom may be designated as the Executive Vice President, a Treasurer and a Secretary, all of whom shall be appointed annually by the Board of Directors at the first meeting after the annual or special meeting of the stockholders at which the Board of Directors is elected and shall hold office until the next annual meeting and thereafter until their successors shall be duly appointed and qualified, subject, however, to removal by the Board of

Directors. The number of Vice Presidents may be changed from time to time by the Board of Directors at any meeting or meetings thereof and if increased at any time the additional Vice President or Vice Presidents shall be appointed by the Board of Directors. There may also be one or more Assistant Vice Presidents, Assistant Treasurers, Assistant Secretaries, and other offices who shall be appointed by the Directors and the number thereof shall be determined from time to time by the Directors. One person may hold more than one office.

SECTION 5.02. Vacancies. Vacancies which may occur in any office, and any newly created office, shall be filled by appointment by the Board of Directors for the remainder of the term of such office. In case of the absence from the State of Hawaii or other temporary disability of any officer, the Board of Directors may appoint a temporary officer to serve during such absence or disability. Any vacancy in an office appointed by the Chairman of the Board or the President because of death, resignation, or removal may be filled by the Chairman of the Board or the President.

SECTION 5.03. Removals. The Board of Directors of the corporation may at any time remove from office or discharge from employment any officer, subordinate officer, agent or employee appointed by the Board of Directors or by any person under authority delegated by the Board of Directors.

SECTION 5.04. Chairman of the Board. The Chairman shall preside at all meetings of the stockholders and Board of Directors at which he is present, and shall perform such other duties and have such other powers as the Board of Directors may prescribe.

SECTION 5.05. President. The President shall preside at all meetings of the Board of Directors and of the stockholders at which the Chairman is absent. Subject to the control of the Board of Directors, the President shall have general charge and care of the business and property of the corporation, shall appoint and discharge employees and agents of the corporation and determine their compensation and shall do and perform such additional duties as shall be prescribed by the Board of Directors. When authorized by the Board of Directors so to do, he may delegate to one of the Vice Presidents the whole or any part of the general management and care of the business and property of the corporation including the employment and discharge of agents and employees.

SECTION 5.06. Vice Presidents. It shall be the duty of the Vice Presidents, in the order determined by the Board of Directors, to assume and perform the duties of the President in the absence or disability of the President or whenever the office of President is vacant. Each Vice President shall do and perform such additional duties as shall be prescribed by the Board of Directors.

SECTION 5.07. Treasurer. The Treasurer shall be the financial and accounting officer of the corporation. The Treasurer shall have custody of all moneys, valuable papers and documents of the corporation, shall keep the same for safekeeping in such depositories as may be designated by the Board of Directors and shall expend the funds of the corporation as directed by the Board of Directors. He shall keep or cause to be kept a book or books setting forth a true record of the receipts and expenditures, assets and liabilities, losses and gains of the corporation and shall, when and as required by the Board of Directors, render a statement of the financial condition of the corporation. He shall also do and perform such additional duties as shall be prescribed by the Board of Directors. In the absence or disability of the Treasurer, his duties shall be performed by the Secretary or by an Assistant Treasurer.

SECTION 5.08. Secretary. The Secretary shall be ex officio secretary of the Board of Directors, shall give or cause to be given all required notices of meetings of the stockholders and directors, shall record the proceedings of meetings of the stockholders and directors in a book or books to be kept for that purpose, and shall perform such other duties as may be assigned to him from time to time by the Board of Directors and by the President. In the absence or disability of the Secretary, his duties shall be performed by the Treasurer or by an Assistant Secretary.

SECTION 5.09. Subordinate Officers. The powers and duties of the subordinate officers shall be as prescribed by the Board of Directors.

SECTION 5.10. Stock in Other Corporations. Unless the Board of Directors otherwise directs with respect to any meeting or meetings of the stockholders of any corporation shares of the stock of which are owned by this corporation, whether or not such corporation is a subsidiary of this corporation: the Chairman of the Board or the President or any Vice President designated by the Board of Directors, the Chairman of the Board or the President shall have full authority to attend any meeting of the stockholders of any such corporation and to vote at such meeting the shares of stock of such corporation owned by this corporation; and the Chairman of the Board or the President or any such Vice President shall have full authority to execute on behalf of this corporation any proxy authorizing any other person or persons to vote the shares of stock of any such corporation owned by this corporation at any meeting or meetings of the stockholders of such corporation; and the Chairman of the Board or the President or any such Vice President, or any such person authorized to act on behalf of the corporation by any proxy executed by any of the foregoing director or officers of the corporation, shall have full authority to consent in writing, in the name of the corporation as owner of shares of stock of any such corporation, to any action by such other corporation, any may execute or cause to be executed in the name and on behalf of the corporation and under its corporate seal or otherwise, all

such written proxies and other instruments as the Chairman of the Board, the President, such Vice President, or such authorized person, as applicable, may deem necessary or proper in the premises.

ARTICLE VI

AUDITOR

SECTION 6.01. The Auditor shall be elected by the stockholders at their annual meeting to serve until the next annual meeting and thereafter until a successor is elected.

ARTICLE VII

EXECUTION OF INSTRUMENTS

SECTION 7.01. All checks, drafts, notes, bonds, acceptances, deeds, leases, contracts, and all other instruments, shall be signed by such person or persons as may be designated by general or special resolution of the Board of Directors, and in the absence of any such general or special resolution applicable to any such instrument then such instrument shall be signed by the President and a Vice President or by the President or a Vice President and by the Treasurer or the Secretary or an Assistant Secretary or an Assistant Treasurer. The Board of Directors may by resolution provide for the use of facsimile signatures on any instrument and may also provide that any instrument may be sealed with the facsimile seal of the corporation.

ARTICLE VIII

CAPITAL STOCK

SECTION 8.01. Certificates. The certificates for shares of the capital stock of the corporation shall be in such form and not inconsistent with the Articles of Incorporation as shall be approved by the Board of Directors. The certificates shall be sealed with the corporate seal and signed by the President or a Vice President and countersigned by the Treasurer or the Secretary or an Assistant Treasurer or an Assistant Secretary; provided, however, that the Board of Directors may provide that certificates shall be sealed with only the facsimile seal of the corporation and signed only with the facsimile signature of the President or a Vice President and countersigned only with the facsimile signature of the Treasurer or the Secretary. The name of the person owning the shares represented by each certificate, with the number of such shares and the date of issue, shall be entered on the corporation's stock books.

SECTION 8.02. Transfer of Shares. Transfer of shares of stock may be made by endorsement and delivery of the

certificates. No such transaction shall be valid, except between the parties thereto, until a new certificate shall have been obtained or the transfer shall have been recorded on the books of the corporation so as to show the date of transfer, the parties thereto, and the number and description of the shares transferred. Upon the surrender of any certificate it shall be cancelled.

SECTION 8.03. Regulations. The Board of Directors shall have power and authority to make all such rules and regulations as it deems expedient concerning the issue, transfer and registration of certificates for shares of the capital stock of the corporation.

SECTION 8.04. Closing of Stock Transfer Books and Record Date. The books for the transfer of stock may be closed as the Board of Director may from time to time determine for a period not exceeding seventy (70) days before the annual or any special meeting of stockholders, before the day appointed for the payment of any dividend, or before any date on which rights of any kind in or in connection with the stock of the corporation are to be determined or exercised; provided, however, that if the books for the transfer of stock shall be closed for the purpose of determining stockholders entitled to notice of or to vote at a meeting of stockholders, the books shall be closed at least ten (10) days immediately preceding the meeting; provided, further, that in lieu of closing the books for the transfer of stock, the Board of Directors may fix a date as a record date for the determination of stockholders entitled to notice of and to vote at any such meeting, to receive any such dividends, or to receive or exercise any such rights, as the case may be, such record date to be (i) not more than seventy (70) nor less than ten (10) days prior to the date on which the particular action requiring the determination of stockholders is to be taken at any such meeting of stockholders or (ii) more than seventy (70) days prior to any such payment date or any such date for the determination or exercise of rights.

SECTION 8.05. Lost Certificates. The Board of Directors, subject to such rules and regulations as it may from time to time adopt, may order a new certificate of stock to be issued in the place of any certificate of the corporation alleged to have been lost, destroyed, stolen or mutilated, subject to production of such evidence of such loss, destruction, theft or mutilation and on delivery to the corporation of a bond of indemnity in such amount, upon such terms and secured by such surety, as the Board of Directors or any financial officer may in its, his or her discretion require.

SECTION 8.06. Holders of Record. The corporation shall be entitled to treat the holder of record of any share or shares of its capital stock as the holder in fact thereof for any purpose whatsoever and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other claimant thereto.

ARTICLE IX

AMENDMENTS TO THE BY-LAWS

These By-Laws may be amended or repealed, in whole or in part, at any time at any meeting of the directors by resolution adopted by the affirmative vote of a majority of the whole Board of Directors.

Exhibit 4.1

Instruments defining the rights of holders of long-term debt of the Registrant are not filed as exhibits because the amount of debt authorized under any such instrument does not exceed 10% of the total assets of the Registrant and its consolidated subsidiaries. The Registrant hereby undertakes to furnish a copy of any such instrument to the Commission upon request.

Exhibit 10.1

BANCORP HAWAII, INC.

ONE-YEAR INCENTIVE PLAN

Effective January 1, 1997

SECTION 1. ESTABLISHMENT AND PURPOSES.

1.01 Bancorp Hawaii, Inc. hereby establishes the 1997 One-Year Incentive Plan.

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

1.03 This Plan shall be effective as of January 1, 1997 with the term ending December 31, 1997.

SECTION 2. DEFINITIONS.

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

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

2.02 "Committee" shall mean the Compensation and Management Development Committee of the Holding Company.

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

2.04 "Eligible Employees" shall mean officers or other employees of the Holding Company or any Subsidiary, including directors who are also officers or other employees of the Holding Company or of a Subsidiary, who, in the opinion of the Committee, are or give promise of becoming of exceptional importance to the Holding Company or any Subsidiary, and of making substantial contributions to the success, growth and profit of the Holding Company and its Subsidiaries. Eligible Employees shall <u>not</u> include participants of the Executive Officer One-Year Incentive Plan.

2.05 "Ending Value" shall be the amount as defined in Section 5.01.

2.06 "Financial Performance Factor" shall mean an amount ranging from zero to 2.0, as determined by the Performance Matrix described in Section 6 (or, in certain events, by Section 9.02 or Section 12).

2.07 "Financial Performance Percentage" shall mean the applicable percentage as determined in Section 4.03.

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

2.09 "Incentive Period", with respect to any Contingent Award, shall mean the Holding Company's fiscal year 1997.

2.10 "Individual Performance Factor" shall mean an amount ranging from zero to 2.0, as determined by following the procedures described in Section 7 (or, in certain events, by Section 9.02 or Section 12).

2.11 "Individual Performance Percentage" shall mean the applicable percentage as determined in Section 4.03.

2.12 "Net Income" shall mean the Holding Company's consolidated net income for the Incentive Period, as reported in the annual report to shareholders (or as otherwise reported to shareholders) adjusted as described in this Section 2.12. The Holding Company's reported net income shall be adjusted for the following:

a. Any extraordinary or unusual gain or loss transaction,

b. Securities gains or losses, and

c. Dividends on preferred shares.

The Committee will, in its sole discretion, determine any adjustments to be made pursuant to this Section 2.12.

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

2.14 "Participation Level" shall mean the applicable level as defined in Section 4.03.

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

2.16 "Plan" shall mean this 1997 One-Year Incentive Plan, as it may be amended from time to time.

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

2.18 "Return on Average Assets" (ROAA) shall mean Net Income (as defined in Section 2.12) of the Holding Company for the Incentive Period divided by Average Total Assets for the Incentive Period (which Average Total Assets are reported in the Holding Company's annual report to shareholders or as otherwise reported to shareholders).

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

2.20 "Subsidiary" or "Subsidiaries" shall mean any corporation(s) in which the Holding Company or any Subsidiary (as defined hereby) owns 50 percent or more of the total combined voting power of all classes of stock in such corporation.

SECTION 3. ADMINISTRATION.

3.01 The Plan shall be administered by the Committee.

3.02 The Committee shall be vested with full authority to make such rules and regulations as it deems necessary to administer

the Plan and to interpret the provisions of the Plan. Any determination, decision or action of the Committee in connection with the construction, interpretation, administration or application of the Plan shall be final, conclusive and binding upon all Eligible Employees, Participants and any and all persons claiming under or through any Eligible Employee or Participant, unless otherwise determined by the Board.

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

SECTION 4. CONTINGENT AWARDS AND PARTICIPATION LEVELS.

4.01 The Committee may, from time to time, in its sole discretion, award to each Participant a Contingent Award based on a designated performance level. The Committee shall cause notice to be given to each Participant of his or her selection, Contingent Award and Participation Level.

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

BANK OF HAWAII OFFICERS	CONTINGENT AWARD AS A % OF SALARY
Group Head	40%
Division Manager	35%
Other	5%-30%
OTHER SUBSIDIARY OFFICERS	30%

4.03 The Committee shall also designate one of the following three Participation Levels for each Participant, under which an Individual Performance Percentage and a Financial Performance Percentage shall be designated for weighting of the Individual Performance Factor and the Financial Performance Factor:

Level 1: 50% Individual Performance Factor / 50% Financial Performance Factor

Level 2: 75% Individual Performance Factor / 25% Financial Performance Factor

Level 3: 90% Individual Performance Factor / 10% Financial Performance Factor

SECTION 5. ENDING VALUE OF CONTINGENT AWARD.

5.01 The Ending Value of a Contingent Award shall be determined by multiplying the Contingent Award (as a percentage) by

the sum of the "Financial Performance Value" and the "Individual Performance Value" as determined below in this Section 5.

5.02 The Financial Performance Value is determined by multiplying the Financial Performance Factor (as determined in accordance with Section 6) by the Financial Performance Percentage of the Participation Level for the Participant.

5.03 The Individual Performance Value is determined by multiplying the Individual Performance Factor (as determined in accordance with Section 7) by the Individual Performance Percentage of the Participation Level for the Participant.

SECTION 6. FINANCIAL PERFORMANCE FACTOR.

6.01 The Financial Performance Factor shall be determined based on the following Matrix:

FINANCIAL PERFORMANCE FACTOR

R	1.15%	0.8	1.0	1.4	1.6	2.0
O	1.10%	0.6	0.8	1.0	1.4	1.6
A	1.05%	0.4	0.6	0.8	1.0	1.4
A	1.00%	0.2	0.4	0.6	0.8	1.0
	0.95%	0.0	0.2	0.4	0.6	0.8
		$135MM	$140MM	$145MM	$150MM	$155MM
		NET INCOME				

6.02 Interpolation shall be made on a straight line basis as calculated by the Controllers Division. In certain unusual cases, either ROAA or Net Income may be below 0.95% and $135MM, respectively. Proration will still be performed if at least one of these factors is within the range indicated on the Performance Matrix. In no case will the Financial Performance Factor exceed 2.0.

SECTION 7. INDIVIDUAL PERFORMANCE FACTOR.

7.01 The Individual Performance Factor will be established based on individual performance. This step shall appraise each Participant's performance on his or her assigned job responsibilities in consideration of the economic and other circumstances with which each Participant had to cope during the Incentive Period. For this purpose, a Participant's performance appraisal will consider, but is not limited to:

a. 1997 Individual Performance Objectives (see Attachment A).

b. How well basic responsibilities were carried out.

c. How well problems were anticipated and avoided or mollified.

d. How well unanticipated problems were overcome.

e. How well opportunities were identified and capitalized on.

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

A Participant whose individual performance is evaluated as "Below Expectations" or "Unsatisfactory" will not be eligible for a payout under the conditions of the Plan (notwithstanding the Financial Performance Value determined in Section 6), and the Ending Value of the Participant's Contingent Award shall be zero.

7.02 The Chairman and the President shall recommend an Individual Performance Factor for each Participant to the Committee. Individual Performance Factors will range from zero to a maximum of 2.0. The Committee shall make the final determination of awards and reserves the right to add to or withhold all or any portion of an award at its sole discretion.

SECTION 8. DETERMINATION AND PAYMENT OF AWARDS.

8.01 If the Ending Value of the Contingent Award as computed in accordance with Sections 5, 6 and 7 is zero, no payment shall be made, any Contingent Awards shall terminate, and all rights thereunder shall cease.

8.02 Subject to the provisions of Section 9 and Section 12 hereof, the Ending Value, if any, of the Contingent Award for each Participant shall be determined as per Sections 5, 6 and 7. The amount determined for each Participant shall be paid in cash in a lump sum (subject to withholding requirements, if applicable) as soon as practical after determination thereof.

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

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

SECTION 9. TERMINATION OF EMPLOYMENT.

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

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

Salary shall be the year to date actual salary annualized prior to the Participant's death, disability, or retirement. The Ending Value of the Contingent Award calculated under Sections 5, 6, and 7 shall be multiplied by a fraction, the numerator of which shall be the number of full months of the Incentive Period during which Participant was an employee of the Holding

Company or Subsidiary, and the denominator of which shall be 12. This calculation and the payment of any award necessarily must be paid after the termination of the Incentive Period in accordance with Section 8.02.

SECTION 10. NON-TRANSFERABILITY OF CONTINGENT AWARD.

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

SECTION 11. AMENDMENT OR TERMINATION OF THE PLAN.

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

SECTION 12. CHANGES IN CAPITALIZATION OR CONTROL.

In the event of a dissolution or liquidation of the Holding Company, or a "Change in Control" of the Holding Company, the amount of cash payable with respect to any Contingent Award for an Incentive Period that will end after such event shall be determined and payable as if the Incentive Period ended on the date of such event and an Ending Value of the Contingent Award of two times the Contingent Award Percentage shall be used in calculating payments under this Plan, notwithstanding any other provisions of this Plan. All Contingent Awards shall be calculated based on the actual annualized salary for such shortened Incentive Period. The Ending Value of the Contingent Award calculated under this Section 12 shall be multiplied by a fraction, the numerator of which shall be the number of full months of the Incentive Period, as adjusted under this Section 12, and the denominator of which shall be 12. The Ending Value of the Contingent Award under this Section 12 shall be paid to such participants within ten days of the end of the shortened Incentive Period. For this purpose, a "Change in Control" of the Holding Company means any one or more of the following occurrences: (i) Any person, including a "group" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, becomes the beneficial owner of shares of the Holding Company having 25 percent or more of the total number of votes that may be cast for the election of Directors of the Holding Company; or (ii) As a result of, or in connection with, any cash tender or exchange offer, merger or other business combination, sale of assets or contested election, or any combination of the foregoing transactions, the persons who were Directors of the Holding Company before the transaction shall cease to constitute a majority of the

Board of Directors of the Holding Company or any successor to the Holding Company.

Exhibit 10.2

BANCORP HAWAII, INC.

EXECUTIVE OFFICER ONE-YEAR INCENTIVE PLAN

____

(Operating Document Effective January 1, 1997)

SECTION 1. ESTABLISHMENT AND PURPOSES.

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

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

1.03 This Plan shall be effective as of January 1, 1997 and shall operate on the basis of the current and succeeding Incentive Periods until such time the Plan is amended or terminated under Section 10. This Plan constitutes the current operating document for the administration of the Plan effective January 1, 1994, that was disclosed to shareholders and received shareholder approval on April 27, 1994. As such, the material terms of this Plan have been approved by shareholders for purposes of the performance-based compensation requirements of Section 162(m) of the Internal Revenue Code of 1986, as amended.

SECTION 2. DEFINITIONS.

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

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

2.02 "Committee" shall mean the Compensation and Management Development Committee of the Holding Company.

2.03 "Contingent Award" shall mean an award to an Eligible Employee, as determined in Section 4.02, expressed as a percentage of Salary for the Incentive Period.

2.04 "Eligible Employees" shall mean the Executive Officers of the Holding Company or of a Subsidiary (as described in Section 4.02) who, in the opinion of the Committee, are or give promise of becoming of exceptional importance to the Holding Company or any Subsidiary, and of making substantial contributions to the success, growth and profit of the Holding Company and its Subsidiaries. Neither members of the Committee nor any member of the Board who is not an employee of the Holding Company or of a Subsidiary shall be an Eligible Employee.

2.05 "Ending Value" shall be the amount as defined in

Section 5.01.

2.06 "Financial Performance Factor" shall mean an amount ranging from zero to 2.0, as determined by the Performance Matrix as described in Section 5 (or, in certain events, by Section 7.02 or Section 10).

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

2.08 "Incentive Period", with respect to any Contingent Award, shall mean the Holding Company's fiscal year 1997, and each succeeding fiscal year.

2.09 "Net Income" shall mean the Holding Company's consolidated net income for the Incentive Period, as reported in the annual report to shareholders (or as otherwise reported to shareholders) adjusted as described in this Section 2.09. The Holding Company's reported net income shall be adjusted for the following:

a. Any extraordinary or unusual gain or loss transaction,

b. Securities gains or losses, and

c. Dividends on preferred shares.

The Committee will, in its sole discretion, determine any adjustments to be made pursuant to this Section 2.09.

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

2.11 "Performance Matrix" shall mean the matrix shown in Section 5 by which the Financial Performance Factor under this Plan is calculated.

2.12 "Plan" shall mean this Executive Officer One-Year Incentive Plan, as it may be amended from time to time. The Plan constitutes the current operating document for the administration of the Plan adopted effective January 1, 1994.

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

2.14 "Return on Average Assets" (ROAA) shall mean Net Income (as defined in Section 2.09) of the Holding Company for the Incentive Period divided by Average Total Assets for the Incentive Period (which Average Total Assets are reported in the Holding Company's annual report to shareholders or as otherwise reported to shareholders).

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

2.16 "Subsidiary" or "Subsidiaries" shall mean any corporation(s) in which the Holding Company or any Subsidiary (as defined hereby) owns 50 percent or more of the total combined voting power of all classes of stock in such corporation.

SECTION 3. ADMINISTRATION.

3.01 The Plan shall be administered by the Committee.

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

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

3.04 With respect to any Incentive Period, the Performance Matrix described in Section 5.02 may be modified by the Committee. Specifically, to measure performance of the Holding Company and to determine the Performance Matrix for any Incentive Period, the Committee may, no later than 90 days after the commencement of the Incentive Period, select from among a number of business criteria or measures, and establish specific objective numeric goals relating to those measures. The measures may include return on average equity or year-end equity, return on average of year-end assets, earnings per share, growth in earnings per share, increase in Holding Company's Common Stock price, total return to shareholders, growth in net income per employee, growth in noninterest income, control of net overhead expense, control of nonperforming loans, capital adequacy, or adequacy of loan loss reserves.

SECTION 4. CONTINGENT AWARDS.

4.01 The Committee may, from time to time, in its sole discretion, award to each Participant a Contingent Award. The Committee shall cause notice to be given to each Participant of his or her selection.

4.02 The Contingent Award shall be an amount determined by multiplying the Participant's salary by a percentage as determined by the Committee, which percentage shall be no greater than the amounts set out in the table below.

BANK OF HAWAII OFFICERS	CONTINGENT AWARD AS A % OF SALARY
Chairman of the Board/CEO	50%
President or Vice Chairman	45%

4.03 In any event, the maximum payout under this Plan shall be two times the Contingent Award. For example, if the Participant has a Salary of $100,000 and the Contingent Award awarded to such Participant is 45%, the Contingent Award is

$45,000. In this example, the maximum payout under this Plan is two times the Contingent Award, or $90,000.

4.04 For any Participant, assessment of individual performance may result in a downward adjustment of the maximum award, or the entire elimination of this award. No upward adjustments based on discretion are permitted beyond the maximum award for any Participant. An adjustment under this Section 4.04 may be made prior to a final determination of the award under Section 6.

SECTION 5. ENDING VALUE OF CONTINGENT AWARD.

5.01 The Ending Value of a Contingent Award shall be determined by multiplying the Contingent Award by the Financial Performance Factor (determined from the Performance Matrix in this Section 5).

5.02 Performance Matrix:

	FINANCIAL PERFORMANCE FACTOR					
R	1.15%	1.0	1.3	1.6	1.8	2.0
O	1.10%	0.8	1.1	1.3	1.6	1.8
A	1.05%	0.5	0.8	1.1	1.4	1.6
A	1.00%	0.3	0.5	0.8	1.1	1.4
	0.95%	0.0	0.3	0.5	0.8	1.1
		$135MM	$140MM	$145MM	$150MM	$155MM
				NET INCOME		

5.03 Interpolation shall be made on a straight line basis as calculated by the Controllers Division. Proration will still be performed if at least one of these factors is within the range indicated on the Performance Matrix. The maximum Financial Performance Factor under all circumstances is 2.000.

SECTION 6. DETERMINATION AND PAYMENT OF AWARDS.

6.01 If the Ending Value as computed and adjusted in accordance with Sections 5 is zero, no payment shall be made, any Contingent Awards shall terminate and all rights thereunder shall cease.

6.02 Subject to the provisions of Section 7 and Section 10 hereof, the Ending Value, if any, of the Contingent Award for each Participant shall be determined as per Section 5. The amount determined for each Participant shall be paid in cash in a lump sum (subject to withholding requirements, if applicable) as soon as practicable after determination thereof.

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

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

SECTION 7. TERMINATION OF EMPLOYMENT.

7.01 Except as otherwise provided in Section 7.02 below, if a Participant does not remain continuously in the employ of the Holding Company or a Subsidiary until the expiration of the Incentive Period with respect to any Contingent Award, such Contingent Award shall terminate and all rights thereunder shall cease.

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

> Salary shall be the year to date actual salary annualized prior to the Participant's death, disability, or retirement. The Ending Value of the Contingent Award calculated under Sections 4, 5 and 6 shall be multiplied by a fraction, the numerator of which shall be the number of full months of the Incentive Period during which Participant was an employee of the Holding Company or Subsidiary, and the denominator of which shall be 12. This calculation and the payment of any award necessarily must be paid after the termination of the Incentive Period in accordance with Section 6.02.

SECTION 8. NON-TRANSFERABILITY OF CONTINGENT AWARD.

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

SECTION 9. AMENDMENT OR TERMINATION OF THE PLAN.

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

SECTION 10. CHANGES IN CAPITALIZATION OR CONTROL.

In the event of a dissolution or liquidation of the Holding Company, or a "Change in Control" of the Holding Company, the amount of cash payable with respect to any Contingent Award for an Incentive Period that will end after such event shall be determined and payable as if the Incentive Period ended on the date of such event and a Financial Performance Factor of 2.00 shall be

used in calculating payments under this Plan, notwithstanding any other provisions of this Plan. All Contingent Awards shall be calculated based on the actual annualized salary for such shortened Incentive Period. The Ending Value of the Contingent Award calculated under this Section 10 shall be multiplied by a fraction, the numerator of which shall be the number of full months of the Incentive Period, as adjusted under this Section 10, and the denominator of which shall be 12. The Ending Value of the Contingent Award under this Section 10 shall be paid to such participants within ten days of the end of the shortened Incentive Period. For this purpose, a "Change in Control" of the

Holding Company means any one or more of the following occurrences: (i) Any person, including a "group" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, becomes the beneficial owner of shares of the Holding Company having 25 percent or more of the total number of votes that may be cast for the election of Directors of the Holding Company; or (ii) As a result of, or in connection with, any cash tender or exchange offer, merger or other business combination, sale of assets or contested election, or any combination of the foregoing transactions, the persons who were Directors of the Holding Company before the transaction shall cease to constitute a majority of the Board of Directors of the Holding Company or any successor to the Holding Company.

Exhibit 10.3

BANCORP HAWAII, INC.

SUSTAINED PROFIT GROWTH PLAN

(Operating Document Effective January 1, 1997)

SECTION 1. ESTABLISHMENT AND PURPOSES.

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

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

1.03 This Plan shall be effective as of January 1, 1997 and shall operate on the basis of the current and succeeding Incentive Periods until such time the Plan is amended or terminated under Section 10. This Plan constitutes the current operating document for the administration of the Plan effective January 1, 1994, that was disclosed to shareholders and received shareholder approval on April 27, 1994. As such, the material terms of this Plan have been approved by shareholders for purposes of the performance-based compensation requirements of Section 162 (m) of the Internal Revenue Code of 1986, as amended.

SECTION 2. DEFINITIONS.

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

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

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

2.03 "Committee" shall mean the Compensation and Management Development Committee of the Holding Company.

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

2.05 "Eligible Employees" shall mean officers or other employees of the Holding Company or any Subsidiary, including directors who are also officers or other employees of the Holding Company or of a Subsidiary, who, in the opinion of the Committee, are or give promise of becoming of exceptional importance to the Holding Company or any Subsidiary, and of making substantial contributions to the success, growth and profit of the Holding Company and its Subsidiaries. Neither members of the Committee nor any member of the Board who is not an employee of the Holding Company or of a Subsidiary shall be an Eligible Employee.

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

a. Any extraordinary or unusual gain or loss transaction,

b. Securities gains or losses, and

c. Dividends on preferred shares.

The Committee will, in its sole discretion, determine any adjustments to be made to EPS pursuant to this Section 2.06. In the event of a stock dividend or stock split during the Incentive Period, Earnings Per Share shall be recomputed to take into account the effects of such stock dividend or stock split. Earnings Per share will also be recomputed to eliminate the dilution effect of any stock issued pursuant to any shareholders rights plan or similar program.

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

2.08 "Ending Value" shall be the amount as defined in Section 5.01.

2.09 "Ending Value Multiplier", with respect to any Contingent Award, shall mean an amount ranging from zero to 2.00 as determined by applying the Performance Matrix as described in Section 5 (or in certain events, Section 8.02 or Section 11) of the Plan.

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

2.11 "Incentive Period", with respect to any Contingent Award, shall mean the Holding Company's fiscal years 1997 through 1999 inclusive.

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

2.13 "Performance Matrix" shall mean the matrix shown in Section 5 by which is used in calculating Ending Value Multipliers under this Plan.

2.14 "Plan" shall mean this Sustained Profit Growth Plan, as it may be amended from time to time. The Plan constitutes the current operating document for the administration of the Plan adopted effective January 1, 1994.

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

Hawaii during the Incentive Period.

2.16 "Return on Average Equity" (ROAE) shall mean the result of the summation of Net Income for the three years included in the Incentive Period divided by the summation of the adjusted Average Total Equity for the three years included in the Incentive Period. Net Income shall be the amounts reported in the Holding Company's annual report to shareholders adjusted as Earnings Per Share in Section 2.06. Adjusted Average Total Equity shall be the Average Total Equity (as reported in the Holding Company's annual report to shareholders) adjusted as appropriate for any preferred shares outstanding.

2.17 "Salary" shall mean base salary only.

2.18 "Subsidiary" or "Subsidiaries" shall mean any corporation(s) in which the Holding Company or any Subsidiary (as defined hereby) owns 50 percent or more of the total combined voting power of all classes of stock in such corporation.

SECTION 3. ADMINISTRATION.

3.01 The Plan shall be administered by the Committee.

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

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

3.04 With respect to any Incentive Period, the Performance Matrix described in Section 5.02 may be modified by the Committee. Specifically, to measure performance of the Holding Company and to determine the Performance Matrix for any Incentive Period, the Committee may, no later than 90 days after the commencement of the Incentive Period, select from among a number of business criteria or measures, and establish specific objective numeric goals relating to those measures. The measures may include return on average or year-end equity, return on average or year-end assets, earnings per share, growth in earnings per share, increase in Holding Company's common stock price, total return to shareholders, growth in net income per employee, growth in noninterest income, control of net overhead expense, control of nonperforming loans, capital adequacy, and adequacy of loan loss

reserves.

SECTION 4. CONTINGENT AWARDS.

4.01 The Committee may, from time to time, in its sole discretion, award to each Participant a Contingent Award. The Committee shall cause notice to be given to each Participant of his or her selection.

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

HOLDING COMPANY/ BANK OF HAWAII OFFICERS	CONTINGENT AWARD AS A % OF SALARY
Chairman of the Board/CEO	40%
President or Vice Chairman	35%
Executive Vice President	30%
Senior Vice President	25%
OTHER SUBSIDIARY OFFICERS	25%

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

SECTION 5. ENDING VALUE OF CONTINGENT AWARD.

5.01 The Ending Value of a Contingent Award shall be determined by multiplying the Contingent Award by the Ending Value Multiplier determined from the Performance Matrix in Section 5.02.

5.02 Ending Value Multiplier:

	EARNINGS GROWTH RATE				
ROAE	15%	20%	25%	30%	35%
18%	1.00	1.25	1.50	1.75	2.00
17%	0.82	1.07	1.32	1.57	1.82
16%	0.65	0.90	1.15	1.40	1.65
15%	0.48	0.73	0.98	1.23	1.48
14%	0.32	0.57	0.82	1.07	1.32
13%	0.16	0.41	0.66	0.91	1.16
12%	0.00	0.25	0.50	0.75	1.00

5.03 Interpolation between the points shown above shall be made on a straight line basis as calculated by the Controllers Division. The maximum Ending Value Multiplier under all circumstances will be 2.00.

SECTION 6. CONDITIONS.

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

SECTION 7. DETERMINATION AND PAYMENT OF AWARDS.

7.01 If the Ending Value as computed and adjusted in accordance with Sections 4 and 5 is zero, no payment shall be made, any Contingent Awards shall terminate and all rights thereunder shall cease.

7.02 Subject to the provisions of Section 8 and Section 11 hereof, the Ending Value, if any, of the Contingent Award for each Participant shall be determined as per Sections 4 and 5. The amount determined for each Participant shall be paid in cash in a lump sum (subject to withholding requirements, if applicable) as soon as practicable after determination thereof.

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

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

SECTION 8. TERMINATION OF EMPLOYMENT.

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

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

> The Contingent Award payable, if any, shall be based on the average annual salary of the Participant for the shortened incentive period ending on the date of the Participant's death, disability, or retirement. The Ending Value of the Contingent Award calculated under Sections 4 and 5 shall be multiplied by a fraction, the numerator of which shall be the number of full months of the Incentive Period during which Participant was an employee of the

> Holding Company or Subsidiary, and the denominator of which shall be 36. This calculation and the payment of any award necessarily must be paid after the termination of the Incentive Period in accordance with Section 7.02.

SECTION 9.   NON-TRANSFERABILITY OF CONTINGENT AWARD.

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

SECTION 10.   AMENDMENT OR TERMINATION OF THE PLAN.

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

SECTION 11.   CHANGES IN CAPITALIZATION.

In the event of a dissolution or liquidation of the Holding Company, or a "Change in Control" of the Holding Company, the amount of cash payable with respect to any Contingent Award for an Incentive Period that will end after such event shall be determined and payable as if the Incentive Period ended on the date of such event and an Ending Value Multiplier of 2.00 shall be used in calculating the award for this Plan, notwithstanding any other provisions of this Plan. All Contingent Awards shall be calculated based on the average annual salary of the Participant for the shortened Incentive Period. The Ending Value of the Contingent Award calculated under this Section 11 shall be multiplied by a fraction, the numerator of which shall be the number of full months of the Incentive Period, as adjusted under this Section 11, and the denominator of which shall be 36. The Ending Value of the Contingent Award under this Section 11 shall be paid to such Participants within ten days of the end of the shortened Incentive Period. For this purpose, a "Change in Control" of the Holding Company means any one or more of the following occurrences: (i) Any person, including a "group" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, becomes the beneficial owner of shares of the Holding Company having 25 percent or more of the total number of votes that may be cast for the election of Directors of the Holding Company; or (ii) As a result of, or in connection with, any cash tender or exchange offer, merger or other business combination, sale of assets or contested election, or any combination of the foregoing transactions, the persons who were Directors of the Holding Company before the transaction shall cease

to constitute a majority of the Board of Directors of the Holding Company or any successor to the Holding Company.

Exhibit 11.1

Bancorp Hawaii, Inc.

Statement Regarding Computation of Per Share Earnings
Years Ended December 31

	Primary	Fully Diluted
1996		
Net Income	$133,124,000	$133,124,000
Daily Average Shares Outstanding	40,797,864	40,797,864
Shares Assumed Issued for Stock Options	414,398	436,424
	41,212,262	41,234,288
Earnings Per Common Share and Common Share Equivalents	$ 3.23	$ 3.23
1995		
Net Income	$121,800,000	$121,800,000
Daily Average Shares Outstanding	41,662,939	41,662,939
Shares Assumed Issued for Stock Options	364,517	399,005
	42,027,456	42,061,944
Earnings Per Common Share and Common Share Equivalents	$ 2.90	$ 2.90
1994		
Net Income	$117,738,000	$117,738,000
Daily Average Shares Outstanding	42,356,253	42,356,253
Shares Assumed Issued for Stock Options	468,278	468,278
	42,824,531	42,824,531
Earnings Per Common Share and Common Share Equivalents	$ 2.75	$ 2.75

Exhibit 12.1

Bancorp Hawaii, Inc.

Statement Regarding Computation of Ratios
Year Ended December 31, 1996

(in millions of dollars)

Earnings:	
1. Income before income taxes...........................	$209.8
2. Plus: fixed charges including interest on deposits...	421.0
3. Earnings including fixed charges......................	630.8
4. Less: interest on deposits..........................	288.7
5. Earnings excluding interest on deposits..............	$342.1
Fixed Charges:	
6. Fixed charges including interest on deposits..........	$421.0
7. Less: interest on deposits..........................	288.7
8. Fixed charges excluding interest on deposits..........	$132.3
Ratio of Earnings to Fixed Charges:	
Including interest on deposits (line 3 divided by line 6).	1.50 x
Excluding interest on deposits (line 5 divided by line 8).	2.59 x

EXHIBIT 19.1

To Our Shareholders:

We are pleased to report continued steady growth for Bancorp as well as progress in advancing the company's development and diversification strategies. Through the first nine months of this year, Bancorp Hawaii posted earnings of $98.7 million, up from $89.7 million reported for the same period in 1995, an increase of 10.0 percent. Earnings-per-share for this period were also up at $2.39 compared with $2.13 at September 30, 1995. Year-to-date return on average assets was 0.99 percent and return on average equity was 12.35 percent.

As a result of legislation mandated by Congress to fund the Savings Association Insurance Fund (SAIF), Bancorp Pacific, our thrift affiliate, expensed a one-time $5.0 million assessment this quarter. The assessment, which applies to all thrift institutions, had an after-tax impact on Bancorp Hawaii of about $3.0 million, and the company's third quarter earnings of $31.3 million include the effect of this charge.

Earnings per share for the quarter were $0.76 relative to $0.78 for the third quarter of 1995. Bancorp's total assets on September 30, 1996, stood at a record $13.8 billion, an increase of 10.3 percent from 1995's third quarter total of $12.5 billion. Net loans increased 9.6 percent to $8.3 billion from $7.6 billion at the end of last year's third quarter. Deposits and repurchase agreements were $10.4 billion compared with $9.2 billion at September 30, 1995.

Banque de Tahiti and Banque de Nouvelle Caledonie, subsidiaries acquired earlier this year and now fully consolidated into Bancorp Hawaii, continue to be a source of growth in both deposits and loans. These and other Pacific branches and subsidiaries are yielding good returns and validating your company's geographical diversification strategy.

In August, Bancorp's Arizona subsidiary, First National Bank of Arizona (FNBA), entered into an agreement to purchase four Arizona branches of Home Savings of America. These branches, located in Mesa, Tucson, Green Valley and Prescott, together have deposits of approximately $270 million. The purchase is expected to close in the first quarter of 1997 and will bring the number of FNBA branches to ten.

In September, the company completed the acquisition of more than 4,500 deposit accounts from Commercial Credit Corporation (Hawaii), a transaction that added approximately $45 million in core deposits and further advances our strategic goal of growing relationship deposits.

Also, during the third quarter Bancorp entered into an agreement with Capital Trust, Limited to provide representative services for Bank of Hawaii in India. Capital Trust, one of

India's leading merchant banks, will provide various services to bank customers interested in doing business in India. This is an important step in advancing our long range Asian and Pacific strategy.

In October, your company's Board of Directors declared a quarterly dividend of 30 cents payable on December 13, 1996 to shareholders of record on November 21, 1996. In addition, the Board authorized the repurchase of up to 2 million shares of Bancorp Hawaii stock. This repurchase, which is in addition to the ongoing stock repurchase program for dividend reinvestment, stock option and profit-sharing plans, will allow the company to reallocate capital for maximum value to shareholders.

As we steer your company on a steady course into the 21st century, your confidence and continued support are invaluable to us.

Sincerely,

LAWRENCE M. JOHNSON

Lawrence M. Johnson
Chairman and Chief Executive Officer

Corporate Offices:
Financial Plaza of the Pacific
130 Merchant Street
Honolulu, Hawaii 96813

Investor or Analyst Inquiries:
David A. Houle
Senior Vice President, Treasurer and Chief Financial Officer
(808) 537-8288

or

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

or

Cori C. Weston
Corporate Secretary
(808) 537-8272

Highlights (Unaudited) Bancorp Hawaii, Inc., and subsidiaries

	September 30 1996	September 30 1995
Return on Average Assets	0.99%	0.97%
Return on Average Equity	12.35%	11.82%
Average Spread on Earning Assets	3.83%	3.72%
Book Value Per Common Share	$26.19	$25.03
Loss Reserve/Loans and Leases Outstanding	1.97%	1.95%

Average Equity/Average Assets	8.01%	8.23%

Common Stock Price Range	High	Low	Dividend
1995....................................	$37.13	$24.88	$1.08
1996 First Quarter.........................	$36.25	$33.25	$0.28
Second Quarter.........................	$37.63	$33.13	$0.28
Third Quarter..........................	$39.75	$34.13	$0.30

Consolidated Statements of Income (Unaudited)

(in thousands of dollars except per share amounts)	3 Months Ended September 30 1996	3 Months Ended September 30 1995	9 Months Ended September 30 1996	9 Months Ended September 30 1995
Total Interest Income	$ 250,255	$ 226,337	$ 725,380	$ 662,752
Total Interest Expense	127,937	117,865	369,396	344,812
Net Interest Income	122,318	108,472	355,984	317,940
Provision for Possible Loan Losses	3,733	4,377	12,320	12,950
Net Interest Income After Provision for Possible Loan Losses	118,585	104,095	343,664	304,990
Total Non-Interest Income	43,536	35,906	123,828	111,695
Total Non-Interest Expense	112,611	87,875	313,976	272,619
Income Before Income Taxes	49,510	52,126	153,516	144,066
Provision for Income Taxes	18,182	19,206	54,865	54,350
Net Income	$ 31,328	$ 32,920	$ 98,651	$ 89,716
Earnings Per Common Share and Common Share Equivalents	$0.76	$0.78	$2.39	$2.13
Average Common Shares and Common Share Equivalents Outstanding	41,182,809	41,955,136	41,334,572	42,070,392

Consolidated Statements of Condition (Unaudited)

	September 30 1996	December 31 1996	September 30 1995
Assets			
Interest-Bearing Deposits	$ 623,592	$ 789,050	$ 612,864
Investment Securities (Market Value of $3,607,561, $3,366,266 and $3,224,418 respectively)	3,613,656	3,360,153	3,228,371
Funds Sold	88,224	116,173	56,660
Loans	8,683,244	8,152,406	7,893,978
Unearned Income	(181,719)	(147,404)	(142,515)
Reserve for Possible Loan Losses	(167,770)	(151,979)	(150,931)
Net Loans	8,333,755	7,853,023	7,600,532
Total Earning Assets	12,659,227	12,118,399	11,498,427
Cash and Non-Interest Bearing Deposits	457,116	469,031	433,665
Premises and Equipment	273,075	246,515	237,962
Other Assets	391,055	372,839	326,564
Total Assets	$13,780,473	$13,206,784	$12,496,618
Liabilities			
Deposits	$ 8,418,490	$ 7,576,770	$ 6,946,891
Securities Sold Under Agreements to Repurchase	1,996,536	1,926,540	2,262,197
Funds Purchased	479,538	787,437	537,268
Short-Term Borrowings	489,061	476,867	480,857
Other Liabilities	374,668	321,298	330,709
Long-Term Debt	957,431	1,063,436	897,837
Total Liabilities	12,715,724	12,152,348	11,455,759
Shareholders' Equity			
Common Stock ($2 par value), authorized 100,000,000 shares; outstanding, September 1996 - 40,661,103; December 1995 - 41,340,817; September 1995 - 41,579,607;	81,322	82,682	83,159
Surplus	215,014	240,080	248,818
Unrealized Valuation Adjustments	(12,759)	13,902	11,581
Retained Earnings	781,172	717,772	697,301
Total Shareholders' Equity	1,064,749	1,054,436	1,040,859
Total Liabilities and Shareholders' Equity	$13,780,473	$13,206,784	$12,496,618

Exhibit 21.1

BANCORP HAWAII, INC.
SUBSIDIARIES OF THE REGISTRANT

Bancorp's organizational structure at December 31, 1996 follows. All of the subsidiaries are wholly owned except for those entities for which directors own qualifying shares. All the entities are consolidated with the immediate parent company.

BANCORP HAWAII, INC. (Parent)

Bank Holding Company

Subsidiaries:

BANCORP HAWAII INSURANCE SERVICES, LTD.
Hawaii

BANCORP HAWAII SMALL BUSINESS INVESTMENT COMPANY, INC.
Hawaii

BANCORP INSURANCE AGENCY OF HAWAII, INC.
Hawaii

BANCORP LIFE INSURANCE COMPANY OF HAWAII, INC.
Arizona

FIRST NATIONAL BANK OF ARIZONA
Arizona

BANCORP HAWAII CAPITAL TRUST I
Delaware

BANCORP PACIFIC, INC.
Delaware

Subsidiaries:

First Federal Savings & Loan Association of America
Hawaii

First Savings & Loan Association of America (Guam)
Guam

Subsidiary:

Bancorp Finance of Hawaii-Guam, Inc.
Guam

BANK OF HAWAII

Subsidiaries:

Bank of Hawaii International Corp., New York - (Edge Act Office)
New York

Bank of Hawaii International, Inc. - (Foreign Holding Company)
Hawaii

Bancorp Investment Group, Ltd.
Hawaii

Bancorp Leasing of Hawaii, Inc. (Parent) - (Leasing)
Hawaii

Subsidiaries:

Arbella Leasing Corp.
Delaware

Bancorp Leasing International, Inc.
Delaware

Bancorp Leasing of America, Inc.
Delaware

Bankoh Equipment Leasing Corp.
Delaware

BNE Airfleets Corporation
Barbados

S.I.L., Inc.
Delaware

Bankoh Corporation (fka Hawaiian Hong Kong Holdings, Ltd.)
Hawaii

Bankoh Investment Advisory Services, Ltd. - (Advisory Services)
Hawaii

Hawaiian Trust Company, Limited - (Trust Services)
Hawaii

Pacific Capital Asset Management, Inc. - (Investment Advisory Services)
Hawaii

Pan-Ocean Insurance Agency, Inc. - (Insurance)
Hawaii

Realty and Mortgage Investors of the Pacific, Ltd. - (Real Estate Lending)
Delaware

Exhibit 23.1

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in Registration Statements (Form S-8 Nos. 2-96329, 33-29872, 2-63615, 2-84164, 33-23495, 33-49836, 33-54777, 33-57267, 333-02835 and 333-14929) and (Form S-3 Nos. 33-25036, 33-44395 and 33-54775) of Bancorp Hawaii, Inc. and subsidiaries of our report dated January 22, 1997, with respect to the consolidated financial statements of Bancorp Hawaii, Inc. and subsidiaries included in this Annual Report (Form 10-K) for the year ended December 31, 1996.

/s/ ERNST & YOUNG LLP

Honolulu, Hawaii
February 26, 1997

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