UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

[X] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended March 31, 1998

or

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

Commission File Number 1-6887

PACIFIC CENTURY FINANCIAL CORPORATION
(Exact name of registrant as specified in its charter)

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

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

(808) 643-3888
(Registrant's telephone number, including area code)

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

Yes X No

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

Common Stock, $2 Par Value; outstanding at April 30, 1998 - 80,175,145 shares

PACIFIC CENTURY FINANCIAL CORPORATION and subsidiaries
March 31, 1998

PART I. - Financial Information

Item 1. Financial Statements

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

(in thousands of dollars)	March 31 1998	December 31 1997	March 31 1997
Assets			
Interest-Bearing Deposits	$425,637	$335,847	$547,722
Investment Securities - Held to Maturity			
(Market Value of $996,667, $1,223,235, and $1,298,874 respectively)	992,058	1,220,215	1,303,763
Investment Securities - Available for Sale	2,808,370	2,651,270	2,419,376
Funds Sold	119,480	80,457	72,499
Loans	9,403,406	9,498,408	8,753,384
Unearned Income	(202,865)	(209,721)	(182,472)
Reserve for Loan Losses	(175,194)	(174,362)	(170,059)
Net Loans	9,025,347	9,114,325	8,400,853
Total Earning Assets	13,370,892	13,402,114	12,744,213
Cash and Non-Interest Bearing Deposits	586,746	795,332	532,009
Premises and Equipment	285,916	288,358	269,506
Customers' Acceptance Liability	16,893	21,575	33,158
Accrued Interest Receivable	85,478	93,831	83,457
Other Real Estate	6,131	6,151	11,274
Intangibles, including Goodwill	204,501	203,366	115,183
Other Assets	201,258	184,737	197,994
Total Assets	$14,757,815	$14,995,464	$13,986,794
Liabilities			
Domestic Deposits			
Demand - Non-Interest Bearing	$1,751,301	$1,714,886	$1,473,197
- Interest Bearing	2,089,060	2,112,425	1,765,568
Savings	802,912	823,216	854,633
Time	2,845,498	2,929,782	2,920,405
Foreign Deposits			
Demand - Non-Interest Bearing	356,684	351,178	331,989
Time Due to Banks	622,694	707,684	821,807
Other Savings and Time	967,250	968,524	933,451
Total Deposits	9,435,399	9,607,695	9,101,050
Securities Sold Under Agreements to Repurchase	2,304,423	2,279,124	1,995,206
Funds Purchased	559,573	710,472	376,688
Short-Term Borrowings	259,604	226,127	381,039
Bank's Acceptances Outstanding	16,893	21,575	33,158
Accrued Pension Costs	17,560	15,134	19,573
Accrued Interest Payable	67,171	57,512	70,229
Accrued Taxes Payable	161,076	152,092	158,340
Minority Interest	5,824	5,758	7,486
Other Liabilities	102,214	96,979	84,271
Long-Term Debt	684,782	705,789	698,350
Total Liabilities	13,614,519	13,878,257	12,925,390
Shareholders' Equity			
Common Stock ($2 par value), authorized 200,000,000 shares; issued and outstanding, March 1998 - 80,140,398; December 1997 - 79,684,553; March 1997 - 39,685,182	160,281	159,369	79,370
Capital Surplus	176,496	168,920	174,180
Accumulated Other Comprehensive Income	(28,193)	(24,766)	(19,237)
Retained Earnings	834,712	813,684	827,091
Total Shareholders' Equity	1,143,296	1,117,207	1,061,404
Total Liabilities and Shareholders' Equity	$14,757,815	$14,995,464	$13,986,794

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

(in thousands of dollars except per share amounts)	3 Months Ended March 31 1998	3 Months Ended March 31 1997
Interest Income		
Interest on Loans	$187,150	$166,325
Loan Fees	10,732	9,370
Income on Lease Financing	5,883	4,772
Interest and Dividends on Investment Securities		

Taxable	19,964	20,028
Non-taxable	294	292
Income on Investment Securities Available for Sale	41,470	39,001
Interest on Deposits	6,483	9,430
Interest on Security Resale Agreements	--	63
Interest on Funds Sold	1,090	888
Total Interest Income	273,066	250,169
Interest Expense		
Interest on Deposits	79,878	76,805
Interest on Security Repurchase Agreements	30,598	26,633
Interest on Funds Purchased	6,910	6,300
Interest on Short-Term Borrowings	2,809	3,995
Interest on Long-Term Debt	11,153	11,401
Total Interest Expense	131,348	125,134
Net Interest Income	141,718	125,035
Provision for Loan Losses	18,303	5,088
Net Interest Income After Provision for Loan Losses	123,415	119,947
Non-Interest Income		
Trust Income	13,960	13,367
Service Charges on Deposit Accounts	8,214	6,680
Fees, Exchange, and Other Service Charges	18,910	14,655
Other Operating Income	8,399	6,536
Investment Securities Gains	3,381	463
Total Non-Interest Income	52,864	41,701
Non-Interest Expense		
Salaries	46,265	41,478
Pensions and Other Employee Benefits	14,907	15,084
Net Occupancy Expense	11,108	10,337
Net Equipment Expense	10,755	9,032
Other Operating Expense	38,416	29,810
Minority Interest	252	320
Total Non-Interest Expense	121,703	106,061
Income Before Income Taxes	54,576	55,587
Provision for Income Taxes	20,556	20,106
Net Income	$34,020	$35,481
Basic Earnings Per Share	$0.43	$0.45
Diluted Earnings Per Share	$0.42	$0.44
Dividends Declared Per Share	$0.1625	$0.15
Basic Weighted Average Shares	79,881,229	79,438,552
Diluted Weighted Average Shares	80,735,604	80,542,522

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

(in thousands of dollars)	Total	Common Stock	Capital Surplus	Accumulated Other Comprehensive Income	Retained Earnings	Comprehensive Income
Balance at December 31, 1997	$1,117,207	$159,369	$168,920	($24,766)	$813,684	
Comprehensive Income						
Net Income	34,020	-	-	-	34,020	$34,020
Other Comprehensive Income, Net of Tax						
Investment Securities, Net of Reclassification Adjustment	(2,045)	-	-	(2,045)	-	(2,045)
Foreign Currency Translation Adjustment	(1,382)	-	-	(1,382)	-	(1,382)
Total Comprehensive Income						$30,593
Common Stock Issued						
107,473 Profit Sharing Plan	2,392	215	2,177	-	-	
257,748 Stock Option Plan	4,064	516	3,548	-	-	
90,142 Dividend Reinvestment Plan	2,021	180	1,841	-	-	
482 Directors' Restricted Shares and Deferred Compensation Plan	11	1	10	-	-	
Cash Dividends Paid	(12,992)	-	-	-	(12,992)	
Balance at March 31, 1998	$1,143,296	$160,281	$176,496	($28,193)	$834,712	
Balance at December 31, 1996	$1,066,122	$79,918	$186,391	($3,722)	$803,535	
Comprehensive Income						
Net Income	35,481	-	-	-	35,481	$35,481
Other Comprehensive Income, Net of Tax						

Investment Securities, Net of Reclassification Adjustment	(9,384)	-	-	(9,384)	-	(9,384)
Foreign Currency Translation Adjustment	(6,131)	-	-	(6,131)	-	(6,131)
Total Comprehensive Income						$19,966
Common Stock Issued						
43,365 Profit Sharing Plan	1,926	87	1,839	-	-	
65,009 Stock Option Plan	1,672	130	1,542	-	-	
35,453 Dividend Reinvestment Plan	1,601	71	1,530	-	-	
221 Directors' Restricted Shares and Deferred Compensation Plan	9	-	9	-	-	
Stock Repurchased	(17,967)	(836)	(17,131)	-	-	
Cash Dividends Paid	(11,925)	-	-	-	(11,925)	
Balance at March 31, 1997	$1,061,404	$79,370	$174,180	($19,237)	$827,091	

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

(in thousands of dollars)	1998	1997
Operating Activities		
Net Income	$34,020	$35,481
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses, depreciation, and amortization of income and expense	18,712	5,301
Deferred income taxes	(440)	7,591
Realized and unrealized investment security gains	(3,523)	(448)
Other assets and liabilities, net	15,074	(16,222)
Net cash provided by operating activities	63,843	31,703
Investing Activities		
Proceeds from redemptions of investment securities held to maturity	277,813	37,396
Purchases of investment securities held to maturity	(49,656)	(34,934)
Proceeds from sales of investment securities available for sale	681,474	91,800
Purchases of investment securities available for sale	(838,459)	(153,471)
Net decrease (increase) in interest-bearing deposits placed in other banks	(89,790)	88,655
Net decrease (increase) in funds sold	(39,023)	69,421
Net decrease (increase) in loans and lease financing	82,367	(26,145)
Premises and equipment, net	(5,843)	(2,438)
Purchase of Bank of Hawaii (PNG) Ltd. net of cash and non-interest bearing deposits acquired	--	(5,371)
Purchase of Home Savings of America branches, net of cash and non-interest bearing deposits acquired	--	235,020
Net cash provided by investing activities	18,883	299,933
Financing Activities		
Net increase (decrease) in demand, savings, and time deposits	(172,296)	99,675
Proceeds from lines of credit and long-term debt	--	103
Principal payments on lines of credit and long-term debt	(21,007)	(233,896)
Net decrease in short-term borrowings	(92,123)	(215,915)
Net proceeds (payments) from sale (repurchase) of stock	8,488	(12,759)
Cash dividends	(12,992)	(11,925)
Net cash used by financing activities	(289,930)	(374,717)
Effect of exchange rate changes on cash	(1,382)	(6,131)
Decrease in cash and non-interest bearing deposits	(208,586)	(49,212)
Cash and non-interest bearing deposits at beginning of year	795,332	581,221
Cash and non-interest bearing deposits at end of period	$586,746	$532,009

Note 1. Basis of Presentation

The accompanying unaudited consolidated financial statements of Pacific Century Financial Corporation (Pacific Century) have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, the consolidated financial statements reflect all adjustments of a normal and recurring nature, including adjustments related to completed acquisitions which are necessary for a fair presentation of the results for the interim periods, and should be read in conjunction with the audited consolidated financial statements and related notes included in Pacific Century's 1997 Annual Report to Shareholders. Operating results for the three months ended March 31, 1998 are not necessarily indicative of the results that may be expected for the year ending December 31, 1998.

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 West and South Pacific which are denominated in U.S. dollars are classified as domestic. Pacific Century's international operations are primarily located in Japan, South Korea, Singapore, Hong Kong, Taiwan, French Polynesia and New Caledonia.

Certain reclassifications have been made from prior year amounts to conform to the 1998 presentation.

Note 2. Recent Accounting Pronouncements

With the adoption in 1998 of Statement of Financial Accounting Standards (SFAS) No. 130, "Reporting Comprehensive Income," the format of the Consolidated Statements of Shareholders' Equity has changed to provide the disclosures required by SFAS No. 130. The adoption of SFAS No. 130 had no impact on Pacific Century's financial position or results of operations.

In February 1998, the Financial Accounting Standards Board issued SFAS No. 132 "Employers' Disclosures about Pensions and Other Postretirement Benefits." The purpose of SFAS No. 132 is to standardize, to the extent practicable, disclosure requirements for pensions and other postretirement benefits and make disclosures more understandable. Some of the more significant changes required by SFAS No. 132 include new requirements to disclose a reconciliation of the changes in benefit obligations and fair value of plan assets, provide certain information regarding the funded status of the plan, and show the effect of both a 1% increase and decrease in the assumed health care cost trend rate. SFAS No. 132 is effective for fiscal years beginning after December 15, 1997. The implementation of SFAS No. 132 will have no impact on Pacific Century's financial position or results of operations.

Note 3. Pending Acquisitions

In April 1998, Pacific Century received regulatory approval to acquire Group Paribas' interest in Banque Paribas Pacifique in New Caledonia and Banque Paribas Polynesie in French Polynesia. The purchase is expected to close in the second quarter of 1998. At March 31, 1997, combined total assets of Banque Paribas Pacifique and Banque Paribas Polynesie were $278 million in the aggregate.

Note 4. Earnings Per Share

For the three months ended March 31, 1998 and 1997, there were no adjustments to net income (the numerator) for purposes of computing basic and diluted EPS. The weighted average shares (the denominator) for computing diluted EPS for the quarter ended March 31, 1998 and 1997 were 80,735,604 and 80,542,522, respectively, and included the dilutive effect of stock options of 854,375 and 1,103,970 shares, respectively.

On December 12, 1997, a two-for-one stock split in the form of a 100% stock dividend was distributed to shareholders. Prior period EPS data in the consolidated financial statements have been retroactively adjusted to reflect the stock split.

Note 5. Income Taxes

The provision for income taxes is computed by applying statutory federal and state income tax rates to income before income taxes as reported in the consolidated financial statements after adjusting for non-taxable items, principally from certain state tax adjustments, tax exempt interest income, and low income housing and investment tax credits.

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

Performance Highlights

Pacific Century Financial Corporation (Pacific Century) reported earnings for the three months ended March 31, 1998 of $34.0 million, a decrease of 4.1% from $35.5 million in the same 1997 period. Basic earnings per share were $0.43 in 1998's first quarter, compared to $0.45 in the same quarter a year ago. Diluted earnings per share in the March 1998 quarter were $0.42, down 4.5% from $0.44 in the first quarter of 1997.

Performance ratios for the three months ended March 31, 1998 were down from those reported in the like 1997 period. On an annualized basis, ROAA was 0.95% and ROAE was 12.11% in the first quarter of 1998. Comparatively, ROAA and ROAE for the first quarter of 1997 were 1.04% and 13.40%, respectively, and for the full year 1997 were 0.98% and 12.57%, respectively.

Operating results under a tangible performance basis excludes from reported earnings the after tax impact of amortization of all intangibles, including goodwill. On a tangible performance basis, Pacific Century's earnings were $36.5 million for the three months ended March 31, 1998, compared to $37.1 million in the same quarter last year. On a per share basis, tangible diluted earnings per share were $0.45 and $0.46 for the first quarter of 1998 and 1997, respectively.

The decline in earnings for the current quarter is primarily attributed to an increase in provision for loan losses of $13.2 million over the same 1997 period. The higher provision reflects an increase in gross charge-offs for the first quarter of 1998 of $20.4 million, compared to $7.2 million in the same period last year. In the first quarter of 1998, foreign loan charge-offs increased $10.2 million over the same prior year quarter and largely reflects $8.1 million in charge-offs related to loans in Thailand. For further information, see the Summary of Loan Loss Experience section in this report.

Non-performing assets, excluding accruing loans past due 90 days or more, ended the current quarter at $94.4 million, or 1.00% of total loans, compared to $87.6 million, or 1.00% of total loans, at March 31, 1997.

From an asset quality standpoint, Asia remains the focus of Pacific Century's attention. Although Asian stock markets and currencies generally ended the first quarter improved or stable compared with year-end 1997, financial volatility still remains high in those countries. Additional information regarding Asian events are included in the International Operations section of this report.

Pacific Century's operating performance has been limited by Hawaii's weak economy. The current forecast among economists is for Hawaii's gross state product to remain flat in 1998, continuing a trend of stagnant growth that stretches back to 1991. In addition, recent financial turbulence in Asian markets could have an adverse affect on the economies of Hawaii and the U.S. Mainland and on currency exchange rates of countries in the Pacific region relative to the U.S. dollar. These uncertainties could lower the number of Asian visitors to Hawaii and reduce the level of their spending.

In April 1998, Pacific Century received regulatory approval to purchase Group Paribas' interest in Banque Paribas Pacifique in New Caledonia and Banque Paribas Polynesie in French Polynesia. The purchase is expected to close in the second quarter of 1998.

Pacific Century completed its purchase of approximately $20 million (U.S. dollar equivalent) in Bank of Queensland Convertible Notes in April 1998. The Bank of Queensland is located in northeastern Australia, and the purchase will enable Pacific Century to broaden its geographic reach in the Pacific Rim.

The acquisitions of California United Bank in July 1997, Bank of Hawaii (PNG) Ltd. in March 1997, and Home Savings of America's deposits in Arizona affect the comparison between those amounts reported in the March 31, 1998 consolidated financial statements and the corresponding amounts in the March 31, 1997 statements.

Pacific Century Markets

Pacific Century's oldest and largest market is Hawaii, where operations are conducted primarily through its principal subsidiary Bank of Hawaii. Over the past four decades, Pacific Century's strategy has called for expanding outside of Hawaii, with emphasis on key Pacific locations. Today, Pacific Century's strategic focus is to provide targeted financial services to four primary markets: Hawaii, the Pacific, Asia, and the U.S. Mainland.

Reorganization and Restructuring Program

On February 17, 1998, Pacific Century launched a two-year reorganization and restructuring program to accelerate expense reduction and improve Pacific Century's efficiency. In the initial phase, the program calls for First Federal Savings and Loan Association of America (First Federal), which was acquired by Pacific Century in 1990, to be merged with Bank of Hawaii. First Federal branches will be consolidated into the Bank of Hawaii network, and up to 25 branches in Hawaii (approximately 25% of the combined First Federal and Bank of Hawaii total) will be closed over the next two years. Pacific Century has also implemented a hiring freeze in the State of Hawaii for 1998 and 1999 and expects to realize a reduction of its statewide workforce by about 550 positions, or 15 percent.

Pacific Century's U.S. Mainland operations will also be merged into one nationally chartered entity, to be headquartered in California. California United Bank (CUB), acquired in 1997, and Pacific Century Bank, N.A. located in Phoenix, Arizona, will be consolidated under the name Pacific Century Bank, N.A.

First Savings and Loan Association of America (Guam), First Federal's subsidiary in the West Pacific, is to become a federally chartered institution and a direct subsidiary of Pacific Century.

Completion of each of the above initiatives is subject to various regulatory approvals. Any delays in obtaining these approvals could result in significant changes to the restructuring program. When all of the initiatives are fully implemented, Pacific Century expects to realize annualized expense reductions of approximately $25 million pretax.

While planning for the restructuring program continues, the timing of these changes, identification of branches to be closed, and the related costs to exit these activities have not yet been finalized. It is expected that when these factors are determined and the necessary regulatory approvals are received, a restructuring charge will be recognized that could impact income by an estimate of up to $20 million before taxes. Pacific Century is reviewing Statement of Financial Accounting Standards No. 121, "Accounting for Impairment of Long-Lived Assets to Be Disposed Of," as it pertains to assets that might be impacted by the restructuring.

Pacific Century's restructuring program will culminate in 1999 with a comprehensive nine-month redesign process to increase revenues and further improve efficiency. Pacific Century has contracted with a nationally recognized corporate redesign specialist to orchestrate this activity.

Risk Elements in Lending Activities

Total loans outstanding were $9.4 billion as of March 31, 1998, an increase of 7.4% over the same date last year. Much of the increase is attributed to the July 1997 acquisition of CUB, which reported $449 million in outstanding loans as of March 31, 1998. Excluding the impact of the CUB acquisition, the year-to-year loan growth as of March 31, 1998 would have been 2.3%. Compared to year-end 1997, total loans at the end of 1998's first quarter showed a slight decline of 1%. The following table presents Pacific Century's total loan portfolio for the periods indicated.

Loan Portfolio Balances   Pacific Century Financial Corporation and subsidiaries

(in millions of dollars)	March 31 1998	December 31 1997	March 31 1997
Domestic Loans			
Commercial and Industrial	$2,095.1	$2,104.3	$1,831.6
Real Estate			
Construction -- Commercial	284.3	268.1	226.7
-- Residential	12.4	12.9	17.2
Mortgage -- Commercial	1,364.2	1,354.5	1,194.3
-- Residential	2,732.9	2,738.9	2,655.8
Installment	861.4	891.6	853.5
Lease Financing	507.2	519.4	441.4
Total Domestic	7,857.5	7,889.7	7,220.5
Foreign Loans	1,545.9	1,608.7	1,532.9
Total Loans	$9,403.4	$9,498.4	$8,753.4

Commercial and Industrial Loans

Commercial and Industrial (C & I) loans ended both March 31, 1998 and year-end 1997 at approximately $2.1 billion. As of the end of the current quarter, C & I loans showed an increase of $263.5 million over the same 1997 quarter-end, which is mostly attributed to the CUB acquisition and reflects CUB's emphasis on commercial lending. The proportion of C & I loans to the total loan portfolio was 22.3% at March 31, 1998.

Real Estate Loans

Real estate loans, as a group, remain the largest segment of the loan portfolio. As of March 31, 1998, real estate loans represented 46.7% of total loans. The table above presents the composition of loans in the real estate group. Residential mortgage loans continue to represent the largest component in the real estate group totaling $2.7 billion at March 31, 1998, down slightly from year-end 1997 and up over March 31, 1997.

Commercial mortgage loans were approximately $1.4 billion at both March 31, 1998 and year-end 1997 and $1.2 billion at March 31, 1997. About 70% of commercial mortgage loans are secured by real estate located in Hawaii, with the remainder mostly in Guam, California and Arizona. The commercial real estate portfolio is diversified in the types of properties securing the obligations, which include shopping centers, commercial/industrial/warehouse facilities, and office buildings. Generally, loans secured by commercial/industrial/warehouse and office buildings are either solely or partially owner-occupied.

Total construction loans at March 31, 1998, represent 3.2% of the total loan portfolio. As of March 31, 1998, total construction loans (both residential and commercial) totaled $296.7 million, an increase of 5.6% and 21.6% over year-end 1997 and March 31, 1997, respectively. These loans tend to be short-term in nature with permanent take out financing commitments in place before the construction begins.

Foreign Loans

Foreign loans at the end of 1998's first quarter totaled $1.5 billion, down 3.9% from year-end 1997 and up 0.8% over the same year earlier date. At March 31, 1998 foreign loans represented 16.4% of the total loan portfolio, down from 16.9% and 17.5% at year-end 1997 and March 31, 1997, respectively.

At March 31, 1998, foreign loans in the South Pacific totaled $755 million, a decrease of 1.6% from $767 million at year-end 1997. Most of the South Pacific loans are in two subsidiary banks, Banque de Tahiti and Bank of Hawaii-Nouvelle Caledonie, which in the aggregate held loans of $658 million at the end of the first quarter of 1998.

Excluding the South Pacific loans, the remaining foreign loans are mostly in Asia. Loans in this group totaled $791 million at March 31, 1998, down 6.1% from $842 million at year-end 1997. Pacific Century's Asian business emphasis is primarily on correspondent banking, trade finance and working capital loans for companies that have business interests in the Asia-Pacific markets. The majority of Asian loans are short-term and are largely based on Pacific Century's traditional focus on relationships.

Additional information on Asian credit exposure and recent Asian economic events are contained in the International Operations section of this report.

Other Lending

Other lending includes installment loans and lease financing. Installment loans ended the first quarter of 1998 at $861.4 million, compared to $891.6 million at year-end 1997 and $853.5 million at March 31, 1997. Credit cards (included in the installment totals) were $276.7 million as of March 31, 1998, down 4.2% and 2.3% from year-end 1997 and March 31, 1997, respectively. Also included in the installment category are consumer installment loans which totaled $584.7 million at March 31, 1998, compared to $602.9 million at December 31, 1997 and $570.4 million on March 31, 1997. These loans consist mainly of auto loans (direct and indirect), unsecured creditlines, and guaranteed student loans.

Leases as of March 31, 1998 declined 2.3% from year-end 1997. At March 31, 1998, total leases outstanding were $507.2 million, compared to $519.4 million at year-end 1997 and $441.4 million at March 31, 1997.

Non-Performing Assets and Past Due Loans

Pacific Century's non-performing assets (NPAs) consist of non-accrual loans, restructured loans and foreclosed real estate. As of March 31, 1998, NPAs totaled $94.4 million, or 1.00% of total loans outstanding. Comparatively, this ratio was unchanged from the same date a year ago and was down from 1.02% at year-end 1997. In dollars, total NPAs have increased over $87.6 million at March 31, 1997 and declined from $97.1 million at year-end 1997.

Non-accrual loans were $86.7 million at March 31, 1998, down $2.6 million from year-end 1997. In the first quarter, foreign non-accruals declined $12.2 million, which was partially offset by increases aggregating $9.2 million in real estate construction and residential loan non-accruals. As of March 31, 1998, foreign non-accruals consisted primarily of $19.4 million in French Polynesia and New Caledonia loans and $5.0 million in Thai loans.

Foreclosed real estate was $6.1 million at March 31, 1998 compared to $6.2 million at year-end 1997 and $11.3 million at March 31, 1997. At March 31, 1998, foreclosed real estate loans consisted primarily of residential properties. Total foreclosed real estate remains at a low level representing 0.04% of total assets as of March 31, 1998.

Accruing loans past due 90 days or more declined slightly to $24.4 million at March 31, 1998 from $25.0 million at year-end 1997. On a year-over-year basis accruing loans past due 90 days were down $5.5 million, in part due to a decline in the foreign category.

Total NPAs and loans 90 days past due totaled $118.8 million at March 31, 1998, compared to $122.1 million and $117.5 million at year-end 1997 and March 31, 1997, respectively. Total NPAs and loans 90 days past due represented 1.26% of total loans outstanding at March 31, 1998, compared to 1.29% at year-end 1997 and 1.34% at March 31, 1997.

The following table presents NPAs and accruing loans past due 90 days or more for the periods indicated.

Pacific Century Financial Corporation and subsidiaries
Consolidated Non-Performing Assets and Accruing Loans Past Due 90 Days or More

(in millions of dollars)	March 31 1998	December 31 1997	March 31 1997
Non-Accrual Loans			
Commercial	$11.1	$10.7	$20.9
Real Estate			
Construction	6.4	1.0	0.6
Commercial	2.2	2.8	3.6
Residential	36.7	32.9	29.4
Installment	2.3	2.0	1.6
Leases	0.3	--	0.1
Foreign	27.7	39.9	20.1
Subtotal	86.7	89.3	76.3
Restructured Loans			
Real Estate			
Commercial	1.6	1.6	--
Subtotal	1.6	1.6	--
Foreclosed Real Estate			
Domestic	6.1	6.2	11.3

Subtotal	6.1	6.2	11.3
Total Non-Performing Assets	94.4	97.1	87.6
Accruing Loans Past Due 90 Days or More			
Commercial	2.2	2.0	1.5
Real Estate			
Commercial	5.8	0.6	2.8
Residential	3.8	7.3	6.8
Installment	7.7	7.6	10.2
Leases	0.1	0.1	0.1
Foreign	4.8	7.4	8.5
Subtotal	24.4	25.0	29.9
Total	$118.8	$122.1	$117.5
Ratio of Non-Performing Assets to Total Loans	1.00%	1.02%	1.00%
Ratio of Non-Performing Assets and Accruing Loans Past Due 90 Days or More to Total Loans	1.26%	1.29%	1.34%

Summary of Loan Loss Experience

The reserve for loan losses totaled $175.2 million, 1.90% of loans outstanding as of March 31, 1998. Comparatively, this ratio was 1.88% and 1.98% at year-end 1997 and March 31, 1997, respectively.

The provision for loan losses in the first quarter of 1998 was $18.3 million, compared to $5.1 million and $9.8 million for first quarter of 1997 and fourth quarter of 1997, respectively. Net charge-offs in the current quarter were $17.9 million, or 0.78% of average loans, compared to $1.5 million, or 0.07% of average loans in the March 1997 quarter and $11.8 million, or 0.51% in the December 1997 quarter.

Gross charge-offs in the first quarter of 1998 were $20.4 million, down from $22.3 million in the fourth quarter of 1997, but up from $7.2 million in the first quarter of 1997. During the last two quarters, gross charge-offs have increased, reflecting higher foreign loan charge-offs of $10.2 million and $10.6 million for the quarters ended March 31, 1998 and December 31, 1997, respectively, of which $8.1 million and $10.4 million, respectively, relate to loans in Thailand. In the current quarter, recoveries decreased to $2.5 million, compared to $5.7 million for the same 1997 period and $10.5 million in the prior quarter.

A detailed breakdown of the loan loss reserve including charge-offs and recoveries by category is presented in the following table.

Summary of Loan Loss Experience Pacific Century Financial Corporation and subsidiaries

(in millions of dollars)	First Quarter 1998	Year Ended 12/31/97	First Quarter 1997
Average Amount of Loans Outstanding	$9,234.0	$8,929.7	$8,476.3
Balance of Reserve for Loan Losses at Beginning of Period	$174.4	$167.8	$167.8

Loans Charged-Off			
Commercial and Industrial	2.3	12.7	1.4
Real Estate - Mortgage			
Commercial	--	1.3	--
Residential	0.6	1.9	0.1
Installment	7.2	28.1	5.6
Foreign	10.2	10.6	--
Leases	0.1	0.5	0.1
Total Charged-Off	20.4	55.1	7.2
Recoveries on Loans Previously Charged-Off			
Commercial and Industrial	0.6	16.4	4.3
Real Estate - Mortgage			
Commercial	--	0.6	--
Residential	0.1	1.0	--
Installment	1.5	6.3	1.3
Foreign	0.3	0.6	0.1
Total Recoveries	2.5	24.9	5.7
Net Charge-Offs	(17.9)	(30.2)	(1.5)
Provision Charged to Operating Expenses	18.3	30.3	5.1
Other Net Additions (Deductions) *	0.4	6.5	(1.3)
Balance at End of Period	$175.2	$174.4	$170.1
Ratio of Net Charge-Offs to Average Loans Outstanding (annualized)	0.78%	0.34%	0.07%
Ratio of Reserve to Loans Outstanding	1.90%	1.88%	1.98%

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

International Operations

Pacific Century maintains an extensive international presence in the Asia-Pacific region that provides opportunities to take part in correspondent banking, lending and deposit-taking activities in these markets. These activities are facilitated through Bank of Hawaii branches, a representative office with extensions, and full service subsidiary/affiliate banks. Pacific Century's international operations are primarily located in Japan, South Korea, Singapore, Hong Kong, Taiwan, French Polynesia and New Caledonia. The operations of Pacific Century's subsidiaries located in the West and South Pacific, which are denominated in U.S. dollars are classified as domestic.

An important part of Pacific Century's strategy is to facilitate trade activity within and across the Pacific. Providing trade financing in both directions throughout the Pacific provides short-term exposure and generates fee income for letters of credit and bankers acceptances. Letters of credit and bankers acceptances are considered in the overall country exposure analysis. At March 31, 1998, letters of credit and bankers acceptances totaled $257 million, compared to $462 million at year-end 1997.

Pacific Century'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. Cross-border lending, on the other hand, involves loans that will be repaid in a currency 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 changes in the currency exchange rate.

Pacific Century's total credit exposure on a cross border basis was $1.6 billion at March 31, 1998, up from $1.4 billion at year-end 1997. Cross-border interbank placements and loans were $987 million at March 31, 1998, compared to $835 million at December 31, 1997. The table below presents for March 31, 1998 and December 31, 1997 a geographic distribution of international assets for which Pacific Century has cross-border exposure exceeding 0.75% of total assets.

Geographic Distribution of Cross-Border International Assets (1)

(in millions of dollars)	Government and Other Official Institutions	Banks and Other Financial Institutions (2)	Commercial and Industrial Companies	Total
At March 31, 1998				
Japan	$ -	$342.5	$138.9	$ 481.4
South Korea	-	204.3	142.6	346.9
Taiwan	-	146.3	50.1	196.4
All Others	30.0	293.6	218.7	542.3
	$30.0	$986.7	$550.3	$1,567.0
At December 31, 1997				
Japan	$ -	$253.1	$136.8	$ 389.9
South Korea	-	219.7	193.5	413.2
Taiwan	57.5	39.5	23.8	120.8
All Others	48.4	322.9	154.5	525.8
	$105.9	$835.2	$508.6	$1,449.7

(1) Cross-border outstandings are defined as foreign monetary assets that are payable to Pacific Century in U.S. dollars or other non-local currencies, plus amounts payable in local currency but funded with U.S. dollars or other non-local currencies. Monetary assets include loans, acceptances, and interest-bearing deposits with other banks.
(2) Includes U.S. dollar advances to foreign branches and affiliate banks which were used to fund local currency transactions. Totals for March 31, 1998 and December 31, 1997 were $479.1 million and $419.9 million, respectively.

The Asian economic turmoil, which began in mid-1997, has adversely impacted the economies of many countries in the region. Those countries affected have experienced a significant devaluation of their currencies relative to the U.S. dollar, as well as higher interest rates and a general tightening of credit. These problems have made it more difficult for borrowers to obtain and repay credit. Those countries that have been affected most from the current turmoil are Thailand, Indonesia and South Korea, which have all experienced liquidity problems that required the intervention of the International Monetary Fund.

While financial volatility in many Asian markets is still high, in a general sense the related stock markets and currencies of these countries ended the first quarter of 1998 stable or improved from where they were at year-end 1997. At Pacific Century, all loans in South Korea, Japan, Taiwan, Hong Kong, Malaysia and Indonesia ended both year-end 1997 and March 31, 1998 on performing status. In the first quarter, Pacific Century exchanged $83.5 million of short-term Korean bank loans for loans that are guaranteed by the Republic of Korea, mature in one to three years, and bear interest at rates of 2.25% to 2.75% over the six-month London Interbank Offering Rate.

Within Asia, the two most problematic economies remain Thailand and Indonesia, where Pacific Century's cross-border credit exposure at March 31, 1998 was approximately $54 million and $23 million, respectively, compared to $74 million and $21 million, respectively, at year-end 1997. In Thailand, the government's restructuring plan for finance companies was completed in the first quarter of 1998. In the current quarter, charge-offs relative to Thai loans totaled $8.1 million, of which $2.4 million relate to loans that were restructured and exchanged for Thai government deposits. Finance company loans eligible for, but not exchanged for Thai government deposits totaled $4.0 million and remain on non-performing status. Total Thai non-performing assets at March 31, 1998 were $5.0 million, down from $17.6 million at year-end 1997. With respect to Indonesia, all credit exposure was on performing status at March 31, 1998.

Capital

At March 31, 1998, Pacific Century's total capital was $1.1 billion, an increase of $82 million from March 31, 1997. Dividends in the first quarter were paid at $0.1625 per share.

In prior years, Pacific Century had maintained a stock repurchase program. However, due to the uncertainties of the Asian economic turmoil, share repurchase activities were suspended in January 1998.

Regulatory risk-based capital remained well above minimum guidelines. At March 31, 1998, Pacific Century's Total Capital, Tier 1 Capital and leverage ratios were 12.04%, 9.73% and 7.41%, respectively. This compares with year-end 1997, when the Total Capital Ratio was 11.65%, the Tier 1 Capital Ratio was 9.34% and the leverage ratio was 7.21%. Regulatory guidelines prescribe a minimum Total Capital Ratio of 10%, a Tier 1 Capital Ratio of 6% and a leverage ratio of 5% for an institution to qualify as "well capitalized." Pacific Century's strategy is to maintain its capital ratios at levels to meet this qualification to benefit from the financial and regulatory incentives provided to "well capitalized" institutions.

Market Risk Exposures

Other Than Trading Activities

In the normal course of business, elements of Pacific Century's balance sheet are exposed to varying degrees of market risk. Market risk arises from movements in interest rates and foreign currency exchange rates. A key element in the process of managing market risk involves oversight by the Board of Directors and senior management as to the level of such risk assumed by Pacific Century in its balance sheet. The Board reviews and approves risk management policies, including risk limits and guidelines and delegates to the Asset Liability Management Committee (ALCO) oversight functions. The ALCO, consisting of the Managing Committee and senior business and finance officers, monitors Pacific Century's market risk exposure and as market conditions dictate, modifies balance sheet positions or directs the use of derivative instruments.

Interest Rate Risk. Pacific Century's balance sheet is sensitive to changes in the general level of interest rates. This interest rate risk arises primarily from normal business activities of making loans and taking deposits. Many other factors also affect Pacific Century's exposure to changes in interest rates. These factors include general economic and financial conditions, customer preferences, and historical pricing spread relationships.

The primary method in Pacific Century's ongoing process to measure and monitor interest rate risk is the utilization of a net interest income (NII) simulation model. This model is used to estimate the amount that NII will change over a one-year time horizon under various interest rate scenarios. These estimates are based on numerous assumptions that include loan and deposit volumes and pricing, prepayment speeds on mortgage-related assets, and principal amortization and maturities on other financial instruments. While such assumptions are inherently uncertain, management believes that these assumptions are reasonable. As a result, the NII simulation model provides a sophisticated estimate rather than a precise prediction of the exposure to higher or lower interest rates on NII.

The simulation model is used to estimate the change in NII from a gradual increase or decrease in interest rates, moving in parallel fashion over the entire yield curve, over the next 12-month period relative to what the NII would have been if interest rates had not changed. Based on the result of the model as of March 31, 1998, a 200 basis points rise in interest rate showed a decline in NII of 2.0%, while a 200 basis points drop in interest rates showed an increase in NII of 2.9%. The resulting estimate in NII exposure is well within the approved ALCO guidelines and presents a balance sheet exposure that is slightly liability sensitive. A liability sensitive exposure would imply a favorable short-term impact on NII in periods of declining interest rates.

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

Foreign Currency Risk. Pacific Century's broad area of operations throughout the South Pacific and Asia has the potential to expose Pacific Century to foreign currency risk. In general, however, most foreign currency denominated assets are funded by like currency liabilities, with imbalances corrected through the use of various hedge instruments. By specific policy limits, the net exposure in these "other than trading" activities is insignificant.

On the other hand, Pacific Century is exposed to foreign currency exchange rate changes from the capital invested in its foreign subsidiaries and branches located throughout the South Pacific and Asia. These investments are designed to diversify the total balance sheet exposure. While a portion of the capital investment in French Polynesia and New Caledonia is offset by a $42 million borrowing denominated in French Francs, the remainder of these capital positions, aggregating approximately $102 million, are not hedged.

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

To estimate the potential loss in its net investment in foreign subsidiaries and branches, Pacific Century takes the daily volatility and annualizes it by multiplying by the number of trading days in a year. Therefore, the VAR determines the potential one-year loss within a 95% confidence interval of the net investment in subsidiaries.

Presented below, as of March 31, 1998, is Pacific Century's foreign currency exposure from its net investments in subsidiaries and branch operations that are denominated in a foreign currency as measured by the VAR.

Market Risk Exposure From Changes in Foreign Exchange Rates

March 31, 1998 (in millions of dollars)	Book Value	Value-at-Risk
Net Investments in Foreign Subsidiaries and Branches		
Japanese Yen	$ 11.2	$ 2.2
Korean Won	33.1	19.6
Pacific Franc (1)	26.2	4.0
Other	31.7	9.7
Total	$102.2	$35.5

(1) Net of a $42 million borrowing denominated in French Francs.

Trading Activities

Pacific Century's trading activities include foreign currency and foreign exchange contracts that expose Pacific Century to a modest degree of foreign currency risk. These transactions are executed on behalf of customers and for Pacific Century's own account. Pacific Century, however, manages its trading account such that it does not maintain significant foreign currency open positions. To measure the exposure of these open positions, Pacific Century uses the VAR methodology described above. The VAR measurement for trading activities as of March 31, 1998 continues to be immaterial.

Liquidity

Liquidity is managed to ensure that Pacific Century has continuous access to sufficient, reasonably priced funding to conduct its business in a normal manner.

As of March 31, 1998, deposits declined 1.8% to $9.4 billion from $9.6 billion at year-end 1997, reflecting a reduction in both domestic and foreign deposits. The intense competition for deposits by banks and other financial institutions, as well as securities brokerage firms, continues to impact the ability to attract and retain deposits. Comparing March 31, 1998 with the same date in 1997, deposits rose $334 million, due to acquisitions.

Repos, which are offered to governmental entities as an alternative to deposits, were $2.3 billion at March 31, 1998, compared to $2.3 billion and $2.0 billion at year-end 1997 and March 31, 1997, respectively.

Short-term borrowing, including Fed Funds, were $819 million at the end of March 1998 down from $937 million at year-end 1997 and up from $758 million at March 31, 1997. Long-term debt has decreased from $706 million at year-end 1997 to $685 million at March 31, 1998, reflecting maturities. During the current quarter no new debt was issued under Bank of Hawaii's $1 billion "revolving" Bank Note program. Long-term debt outstanding includes the $100 million Bancorp Hawaii Capital Trust I, 8.25% Capital Securities issued in December 1996.

Net Interest Margin

The average net interest margin (taxable equivalent basis) on earning assets in the first quarter of 1998 was 4.29%, an increase from 3.99% in the same quarter in 1997 and 4.09% in the fourth quarter of 1997. The increase in net margin over the March 1997 quarter is partly attributed to the CUB acquisition, as CUB's margins are incrementally higher than Pacific Century. Net interest income (taxable equivalent basis) totaled $141.9 million in the first quarter of 1998, compared to $125.3 million and $138.1 million for the first and fourth quarters of 1997, respectively.

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

(in millions of dollars)	Three Months Ended March 31, 1998 Average Balance	Income/Expense	Yield/Rate	Three Months Ended March 31, 1997 Average Balance	Income/Expense	Yield/Rate
Earning Assets						
Interest Bearing Deposits	$368.7	$6.5	7.13%	$546.2	$9.4	7.00%
Investment Securities Held to Maturity						
-Taxable	1,118.7	20.0	7.24	1,230.1	20.0	6.60
-Tax-Exempt	12.0	0.4	15.25	12.6	0.4	14.45
Investment Securities Available for Sale	2,562.9	41.5	6.56	2,378.2	39.0	6.65
Funds Sold	127.1	1.1	3.48	86.5	1.0	4.46
Net Loans						
-Domestic	7,690.8	162.5	8.57	7,055.2	140.9	8.10
-Foreign	1,543.2	30.6	8.04	1,421.1	30.3	8.65
Loan Fees		10.7			9.4	
Total Earning Assets	13,423.4	273.3	8.26	12,729.9	250.4	7.98
Cash and Due From Banks	560.0			615.2		
Other Assets	598.8			484.3		

Total Assets	$14,582.2			$13,829.4		
Interest Bearing Liabilities						
Domestic Deposits - Demand	$2,171.5	14.0	2.61	$1,779.3	12.3	2.80
- Savings	823.5	5.0	2.48	910.3	5.4	2.41
- Time	2,873.4	38.8	5.47	2,717.9	36.5	5.44
Total Domestic	5,868.4	57.8	3.99	5,407.5	54.2	4.06
Foreign Deposits						
- Time Due to Banks	622.0	9.5	6.17	894.9	12.7	5.78
- Other Time and Savings	1,013.2	12.6	5.05	883.1	9.9	4.54
Total Foreign	1,635.2	22.1	5.48	1,778.0	22.6	5.16
Total Deposits	7,503.6	79.9	4.32	7,185.5	76.8	4.33
Short-Term Borrowings	3,039.7	40.3	5.38	2,785.1	36.9	5.38
Long-Term Debt	694.0	11.2	6.52	727.0	11.4	6.36
Total Interest Bearing Liabilities	11,237.3	131.4	4.74	10,697.6	125.1	4.74
Net Interest Income		141.9	3.52		125.3	3.24
Average Spread on Earning Assets			4.29%			3.99%
Demand Deposits - Domestic	1,698.2			1,382.0		
- Foreign	271.9			258.2		
Total Demand Deposits	1,970.1			1,640.2		
Other Liabilities	236.0			417.5		
Shareholders' Equity	1,138.8			1,074.1		
Total Liabilities and Shareholders' Equity	$14,582.2			$13,829.4		
Provision for Possible Loan Losses		18.3			5.1	
Net Overhead		68.8			64.4	
Income Before Income Taxes		54.8			55.8	
Provision for Income Taxes		20.6			20.1	
Tax-Equivalent Adjustment		0.2			0.2	
Net Income		$34.0			$35.5	

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

(in millions of dollars)	Three Months Ended December 31, 1997 Average Balance	Income/ Expense	Yield/ Rate	Twelve Months Ended December 31, 1997 Average Balance	Income/ Expense	Yield/ Rate
Earning Assets						
Interest Bearing Deposits	$366.8	$6.5	7.07%	$486.3	$33.1	6.80%
Investment Securities Held to Maturity						
-Taxable	1,183.5	19.8	6.65	1,220.4	81.8	6.71
-Tax-Exempt	12.4	0.5	15.31	12.5	1.8	14.55
Investment Securities Available for Sale	2,494.6	40.3	6.41	2,452.0	158.8	6.48
Funds Sold	71.7	1.0	5.60	76.4	3.8	4.99
Net Loans						
-Domestic	7,676.0	161.9	8.37	7,389.4	607.7	8.22
-Foreign	1,578.8	33.1	8.31	1,540.3	129.2	8.39
Loan Fees		9.7			34.4	
Total Earning Assets	13,383.8	272.8	8.09	13,177.3	1,050.6	7.97
Cash and Due From Banks	564.0			545.1		
Other Assets	602.3			519.9		
Total Assets	$14,550.1			$14,242.3		
Interest Bearing Liabilities						
Domestic Deposits - Demand	$2,104.3	14.0	2.63	$1,945.3	52.9	2.72
- Savings	844.6	5.2	2.46	865.5	21.4	2.48
- Time	2,917.1	40.5	5.51	2,858.7	157.0	5.49
Total Domestic	5,866.0	59.7	4.04	5,669.5	231.3	4.08
Foreign Deposits						
- Time Due to Banks	546.4	8.8	6.39	718.7	43.6	6.06
- Other Time and Savings	1,198.5	14.2	4.69	1,079.0	48.2	4.47
Total Foreign	1,744.9	23.0	5.22	1,797.7	91.8	5.10
Total Deposits	7,610.9	82.7	4.31	7,467.2	323.1	4.33
Short-Term Borrowings	2,933.1	40.2	5.44	2,868.7	156.8	5.47

Long-Term Debt	727.8	11.8	6.42	725.5	46.4	6.39
Total Interest Bearing Liabilities	11,271.8	134.7	4.74	11,061.4	526.3	4.76
Net Interest Income		138.1	3.35		524.3	3.21
Average Spread on Earning Assets			4.09%			3.98%
Demand Deposits - Domestic	1,674.4			1,516.8		
- Foreign	267.9			264.0		
Total Demand Deposits	1,942.3			1,780.8		
Other Liabilities	194.9			290.8		
Shareholders' Equity	1,141.1			1,109.3		
Total Liabilities and Shareholders' Equity	$14,550.1			$14,242.3		
Provision for Possible Loan Losses		9.8			30.3	
Net Overhead		75.3			275.1	
Income Before Income Taxes		53.0			218.9	
Provision for Income Taxes		19.7			78.5	
Tax-Equivalent Adjustment		0.2			0.9	
Net Income		$33.1			$139.5	

The yield on earning assets in the first quarter of 1998 improved to 8.26% from 7.98% for the same quarter a year ago and 8.09% for the fourth quarter of 1997. The yield on earnings assets was 7.97% for all of 1997. Over the past 12 months, Pacific Century's cost of funds rate has remained stable. The cost of funds rate was 4.74% for the quarter ended March 31, 1998, the same level as reported for the first and fourth quarters of 1997. Comparatively, the cost of funds rate was 4.76% for all of 1997.

Non-Interest Income and Expense

Pacific Century utilizes the efficiency ratio to measure its success in managing non-interest income and expense. The efficiency ratio is derived by dividing non-interest expense by net operating revenue (net interest income plus non-interest income before securities transactions). The efficiency ratio for the three months ended March 31, 1998 was 63.7%, compared to 63.8% for the same period in 1997 and 66.0% for the full year 1997.

Non-Interest Income

(in millions)	3 Months Ended March 31, 1998	3 Months Ended March 31, 1997
Trust Income	$14.0	$13.4
Service Charges on Deposit Accounts	8.2	6.7
Fees, Exchange and Other Service Charges	18.9	14.7
Other Operating Income	8.4	6.5
Investment Securities Gains	3.4	0.4
Total Non-Interest Income	$52.9	$41.7

Non-interest income in the first quarter of 1998 was $52.9 million, an increase of 26.8% over the similar quarter in 1997. The comparison between the first quarter of 1998 and 1997 is affected by the CUB acquisition.

Trust income for the first three months totaled $14.0 million, up 4.4% compared to the same period a year ago. Service charges on deposit accounts in the current quarter rose 23.0% over the like quarter in 1997. Most of this increase is accounted for by CUB, who reported $1.1 million in deposit related fees for the March 1998 quarter. Fees, exchange, and other service charges in the March 1998 quarter totaled $18.9 million, a 29.0% increase compared to the same period a year ago. Acquisitions contributed to $1.7 million of this increase. Other operating income in the first quarter of 1998 was $8.4 million, an increase of 28.5% from $6.5 million reported for the same period last year. This increase primarily results from a $0.6 million asset sale gain, the CUB acquisition and larger gains on mortgage loan sales.

Investment Securities net gains for the three months ended March 31, 1998, were $3.4 million, compared to net gains of $0.4 million in the same 1997 quarter.

Non-Interest Expense

(in millions)	3 Months Ended March 31, 1998	3 Months Ended March 31, 1997
Salaries	$46.3	$41.5
Pension and Other Benefits	14.9	15.1
Net Occupancy Expense	11.1	10.4
Net Equipment Expense	10.8	9.0
Other Operating Expense	38.4	29.8
Minority Interest	0.2	0.3
Total Non-Interest Expense	$121.7	$106.1

Non-interest expense in the first quarter of 1998 totaled $121.7 million, up 14.7% from $106.1 million in the same period in 1997. This increase primarily is accounted for by the CUB acquisition. Excluding CUB, non-interest expense would have increased 7.2% over the March 1997 quarter.

Salaries and benefits totaled $61.2 million for the first quarter of 1998 compared to $56.6 million for the same year ago quarter. The increase is due to the CUB acquisition, as CUB reported total salaries and benefits of $4.6 million in the March 1998 quarter.

Net occupancy and equipment expense for the first quarter of 1998 totaled $21.9 million, compared to $19.4 million for the same quarter in 1997, an increase of 12.9%. Included in the current quarter were $1.7 million in non-recurring expenses attributed to equipment and premise write-offs. Also, CUB reported $1.3 million in these categories in 1998.

Other operating expenses in 1998's first quarter totaled $38.4 million, an increase of 28.9% over the $29.8 million reported for the same quarter in 1997. Acquisitions accounted for $4.3 million of this increase, including the amortization of intangibles. Recognition of various non-recurring operating expenses totaling $1.4 million and Year 2000 related expenses of approximately $3.1 million in the March 1998 quarter also impacted comparability with the same year earlier quarter.

Year 2000

A significant issue facing all banks nationwide that could have a large impact on expenses is the transition to the new millennium. Year 2000 concerns arise primarily from past date-coding practices in both software and hardware that used two-digits rather than four-digits to represent years. If not corrected, systems that use the two-digit format will be unable to correctly distinguish dates after December 31, 1999. This problem could cause these systems to fail or provide incorrect information.

Pacific Century has made the resolution of Year 2000 exposures its top priority. A Program Management Office has been established to monitor, evaluate and manage the risks, solutions, and costs associated with Year 2000 issues. Pacific Century has developed a Year 2000 project plan that incorporates the following primary parts: identifying assets and systems that have Year 2000 exposure; assessing the size and complexity of the overall project and its parts; determining risks, priorities and resources; renovating systems (e.g. rewriting program code, upgrading software and hardware, replacing systems, and obtaining vendor certifications); testing software and hardware changes; implementing Year 2000 certified systems into production; and formulating contingency plans. The initial project phases of inventory and assessment have been completed. At present, Pacific Century is working on the renovation and testing phases of the project.

Pacific Century has identified its most critical systems and has established priorities to provide assurances that these systems will be Year 2000 compliant in a timely manner. Pacific Century's goal is to have a substantial portion of its business critical systems certified as Year 2000 compliant by December 31, 1998. Management believes that Pacific Century is on target to achieve this goal.

While Pacific Century believes its Year 2000 project plan is designed to be successful in resolving all critical Year 2000 issues, it is possible, because of the scope and complexity involved, that not all of the potential problems will be satisfactorily completed in a timely manner. To mitigate this possibility, Pacific Century is formulating contingency plans for critical assets to assure an orderly transition into the millennium. In addition, business continuity plans are being developed as a safeguard against unforseen business interruptions.

Pacific Century estimates that the total cost of its Year 2000 project will be in the range of $30 million. This cost primarily includes estimates for technology staff compensation, consultant fees, and software and hardware expenses. Year 2000-related costs are expensed as incurred and approximately $3.1 million was expensed in the first quarter of 1998. The cumulative expenses for the Year 2000 project totaled approximately $6.3 million through March 31, 1998. As the Year 2000 project progresses, the cost estimate could change depending on a number of factors, including the failure of third party vendors to address Year 2000 issues in a timely manner.

Forward-Looking Statements

This report contains forward-looking statements regarding management's beliefs, estimates, projections and assumptions. These forward-looking statements are subject to risks and uncertainties, and accordingly, actual results may differ significantly from those presented in such statements. Factors that might cause such a difference include, but are not limited to, economic conditions in the areas in which Pacific Century conducts its operations, fluctuations in interest rates, fluctuations in foreign currency exchange rates, credit quality, and U.S. foreign government regulations and monetary policies.

Part II. - Other Information

Items 1 to 5 omitted pursuant to instructions.

Item 6 - Exhibits and Reports on Form 8-K

(a) Exhibit Index

Exhibit Number

11 Statement Regarding Computation of Per Share Earnings
27 Financial Data Schedule
99 Statement of Ratios

(b) On January 20, 1998, Pacific Century filed a Form 8-K.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date	May 14, 1998	PACIFIC CENTURY FINANCIAL CORPORATION

/s/ Richard J. Dahl
(Signature)

Richard J. Dahl
President and Chief Operating Officer

/s/ David A. Houle
(Signature)

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

Pacific Century Financial Corporation
Exhibit 11 - Statement Regarding Computation of Per Share Earnings
Three Months Ended March 31

	Basic	Diluted
1998		
Net Income	$34,020,000	$34,020,000
Weighted Average Shares	79,881,229	80,735,604
Earnings Per Share	$0.43	$0.42
1997		
Net Income	$35,481,000	$35,481,000
Weighted Average Shares	79,438,552	80,542,522
Earnings Per Share	$0.45	$0.44

Pacific Century Financial Corporation
Exhibit 99 - Statement Regarding Computation of Ratios
Three Months Ended March 31

(in millions of dollars)	1998	1997
Earnings:		
1. Income Before Income Taxes	$54.6	$55.6
2. Plus: Fixed Charges Including Interest on Deposits	131.7	126.7
3. Earnings Including Fixed Charges	186.3	182.3
4. Less: Interest on Deposits	79.9	76.8
5. Earnings Excluding Interest on Deposits	$106.4	$105.5
Fixed Charges:		
6. Fixed Charges Including Interest on Deposits	$131.7	$126.7
7. Less: Interest on Deposits	79.9	76.8
8. Fixed Charges Excluding Interest on Deposits	$51.8	$49.9
Ratio of Earnings to Fixed Charges:		
Including Interest on Deposits (Line 3 divided by Line 6)	1.4 x	1.4 x
Excluding Interest on Deposits (Line 5 divided by Line 8)	2.1 x	2.1 x

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM
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