UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED]
For the fiscal year ended December 31, 1998

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]
For the transition period from . . . . to . . . .

Commission file number 0-7949

BANCWEST CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE (State of incorporation)	99-0156159 (I.R.S. Employer Identification No.)
999 BISHOP STREET, HONOLULU, HAWAII (Address of principal executive offices)	96813 (Zip Code)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (808) 525-7000

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

Title of each class	Name of each exchange on which registered
Common Stock, $1.00 Par Value	New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:
None
(Title of class)

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 (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K 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. [ ]

The aggregate market value of the voting stock held by nonaffiliates of the registrant as of February 26, 1999 was $724,177,000.

The number of shares outstanding of each of the registrant's classes of common stock as of February 26, 1999 was:

Title of Class	Number of Shares Outstanding
Common Stock, $1.00 Par Value	31,577,390 Shares
Class A Common Stock, $1.00 Par Value	25,814,768 Shares

DOCUMENTS INCORPORATED BY REFERENCE
Portions of the following documents are incorporated by reference in this Form 10-K:

DOCUMENTS	FORM 10-K REFERENCE
BancWest Corporation Annual Report 1998	Parts I and II
BancWest Corporation Proxy Statement dated March 1, 1999 for the Annual Meeting of Stockholders	Part III

INDEX

PART I

		PAGE
Item 1.	Business	1
Item 2.	Properties	14
Item 3.	Legal Proceedings	14
Item 4.	Submission of Matters to a Vote of Security Holders	14
Executive Officers of the Registrant		15
	PART II	
Item 5.	Market for Registrant's Common Equity and Related Stockholder Matters	17
Item 6.	Selected Financial Data	17
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	17
Item 7A.	Quantitative and Qualitative Disclosure about Market Risk	18
Item 8.	Financial Statements and Supplementary Data	20
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	20
	PART III	
Item 10.	Directors and Executive Officers of the Registrant	21
Item 11.	Executive Compensation	21
Item 12.	Security Ownership of Certain Beneficial Owners and Management	21
Item 13.	Certain Relationships and Related Transactions	21
	PART IV	
Item 14.	Exhibits, Financial Statement Schedules and Reports on Form 8-K	22
Signatures		25
Exhibit Index		28

PART I

ITEM 1. BUSINESS

BANCWEST CORPORATION (FORMERLY KNOWN AS FIRST HAWAIIAN, INC.) -

BancWest Corporation, a Delaware corporation (the "Corporation"), is a registered bank holding company under the Bank Holding Company Act of 1956, as amended (the "BHCA"). As a bank holding company, the Corporation is allowed to acquire or invest in the securities of companies that are engaged in banking or in activities closely related to banking as authorized by the Board of Governors of the Federal Reserve System (the "Federal Reserve Board"). The Corporation, through its subsidiaries, operates a general commercial banking business and other businesses related to banking. Its principal assets are its investments in First Hawaiian Bank ("First Hawaiian"), a State of Hawaii-chartered bank; Bank of the West, a State of California-chartered bank with authority to operate interstate branches in Oregon, Washington and Idaho; FHL Lease Holding Company, Inc. ("FHL"), a financial services loan company; and First Hawaiian Capital I (the "Trust"), a Delaware business trust. First Hawaiian, Bank of the West, FHL and the Trust are wholly-owned subsidiaries of the Corporation. At December 31, 1998, the Corporation had consolidated total assets of $15.0 billion, total deposits of $11.3 billion and total stockholders' equity of $1.7 billion. Based on assets as of December 31, 1998, the Corporation was the 49th largest bank holding company in the United States as reported in the American Banker.

On November 1, 1998, the former BancWest Corporation ("Old BancWest"), parent company of Bank of the West, merged (the "Merger") with and into First Hawaiian, Inc. ("FHI"). Upon consummation of the Merger, FHI, the surviving corporation, changed its name to "BancWest Corporation". Prior to the consummation of the Merger, Old BancWest was wholly owned by Banque Nationale de Paris ("BNP"). BNP received approximately 25.8 million shares of the Corporation's newly-authorized Class A Common Stock representing approximately 45% of the then outstanding total voting stock of the Corporation in the Merger (a purchase price of approximately $905.7 million). As a result of the Merger, Bank of the West is now a wholly-owned subsidiary of the Corporation. Additional information regarding the Merger is included in "Management's Discussion and Analysis of Financial Condition and Results of Operations" (pages 28 through 49), "Note 2. Mergers and Acquisitions" (pages 60 and 61), "Note 3. Restructuring, Merger-Related and Other Nonrecurring Costs" (page 61) and "Note 12. Common Stock and Earnings Per Share" (pages 65 and 66) in the Financial Review Section of the Corporation's Annual Report 1998, and is incorporated herein by reference thereto.

FIRST HAWAIIAN BANK -

First Hawaiian, the oldest financial institution in Hawaii, was established as Bishop & Co. in 1858 in Honolulu. First Hawaiian is a State of Hawaii-chartered bank that is not a member of the Federal Reserve System. The deposits of First Hawaiian are insured by the Bank Insurance Fund (the "BIF") and the Savings Association Insurance Fund (the "SAIF") of the Federal Deposit Insurance Corporation (the "FDIC") to the extent and subject to the limitations set forth in the Federal Deposit Insurance Act, as amended (the "FDIA").

First Hawaiian is a full-service bank conducting a general commercial and consumer banking business and offering trust and insurance services. Its banking activities include receiving demand, savings and time deposits for personal and commercial accounts; making commercial, agricultural, real estate and consumer loans; acting as a United States tax depository facility; providing money transfer and cash management services; selling cash management services, insurance products, mutual funds and annuities, traveler's checks and personal money orders; issuing letters of credit; handling domestic and foreign collections; providing safe deposit and night depository facilities; offering lease financing; and investing in U.S. Treasury securities and securities of other U.S. government agencies and corporations and state and municipal securities.

At December 31, 1998, First Hawaiian had total assets of $7.2 billion and total deposits of $5.5 billion, making it the second largest bank in Hawaii.

On June 19, 1998, First Hawaiian Creditcorp, Inc. ("Creditcorp"), a former wholly-owned subsidiary of the Corporation, was merged with and into First Hawaiian. As a result of the merger, all 13 Creditcorp branches were closed.

DOMESTIC SERVICES -

The domestic operations of First Hawaiian are carried out through its main banking office located in Honolulu, Hawaii, with 55 other banking offices located throughout the State of Hawaii. All but one of the banking offices are equipped with automatic teller machines that provide 24-hour service to customers wishing to make withdrawals from and deposits to their personal checking and savings accounts, to make balance inquiries, to obtain interim bank statements and to make utility and loan payments. Sixty-three automatic teller machines at nonbranch locations provide balance inquiry, withdrawal transaction and account transfer services. At selected non-branch locations, interim bank statements are also available. First Hawaiian is a member of the CIRRUS(R)/MasterCard(R), Plus(R)/VISA(R) and Star System(R), AFFN(R), American Express(R), Discover(R) and JCB(R) automatic teller machine networks, which provide First Hawaiian's customers with access to their funds nationwide and in selected foreign countries.

LENDING ACTIVITIES -

First Hawaiian engages in a broad range of lending activities, including making real estate, commercial and consumer loans. At December 31, 1998, First Hawaiian's loans totalled $5.6 billion, representing 76.7% of total assets. At that date, 47.2% of the loans were construction, commercial and residential real estate loans, 27.6% were commercial loans, 13.0% were consumer loans, 6.8% were foreign loans and 5.4% were leases.

REAL ESTATE LENDING--CONSTRUCTION. First Hawaiian provides construction financing for a variety of commercial and residential single-family subdivision and multi-family developments. At December 31, 1998, 3.4% of First Hawaiian's total real estate loans were collateralized by properties under construction.

REAL ESTATE LENDING--COMMERCIAL. First Hawaiian provides permanent financing for a variety of commercial developments, such as various retail facilities, warehouses and office buildings. At December 31, 1998, 36.1% of First Hawaiian's total real estate loans were collateralized by commercial properties.

REAL ESTATE LENDING--RESIDENTIAL. First Hawaiian makes residential real estate loans, including home equity loans, to enable borrowers to purchase, refinance or improve residential real property. The loans are collateralized by mortgage liens on the related property, substantially all located in Hawaii. At December 31, 1998, 60.5% of First Hawaiian's total real estate loans were collateralized by single-family and multi-family residences.

COMMERCIAL LENDING. First Hawaiian is a major lender to primarily small- and medium-sized businesses in Hawaii. First Hawaiian also participates in syndication lending to highly rated large corporate entities and to the media and telecommunications industry located on the mainland U.S.

CONSUMER LENDING. First Hawaiian offers many types of loans and credits to consumers including lines of credit, uncollateralized or collateralized and various types of personal and automobile loans. First Hawaiian also provides indirect consumer automobile financing on new and used autos by purchasing finance contracts from dealers. First Hawaiian's Dealer Center is the largest commercial bank automobile lender in the State of Hawaii. First Hawaiian is the largest issuer of MasterCard(R) credit cards and the second largest issuer of VISA(R) credit cards in Hawaii.

INTERNATIONAL BANKING SERVICES -
First Hawaiian maintains an International Banking Division which provides international banking products and services through First Hawaiian's branch system, international banking headquarters in Honolulu, a Grand Cayman branch, two Guam branches, a branch in Saipan and a representative office in Tokyo, Japan. First Hawaiian maintains a network of correspondent banking relationships throughout the world.

First Hawaiian's international banking activities are primarily trade-related and are concentrated in the Asia-Pacific area.

TRUST SERVICES -
First Hawaiian's Trust and Investments Division offers a full range of trust and investment management services. The Trust and Investments Division provides asset management, advisory and administrative services for estates, trusts and individuals. It also acts as trustee and custodian of retirement and other employee benefit plans. At December 31, 1998, the Trust and Investments Division had 5,696 accounts with a market value of $9.7 billion. Of this total, $7.0 billion represented assets in nonmanaged accounts and $2.7 billion were managed assets.

The Trust and Investments Division maintains custodial accounts pursuant to which it acts as agent for customers in rendering a variety of services, including dividend and interest collection, collection under installment obligations and rent collection.

SECURITIES AND INSURANCE SERVICES -
First Hawaiian, through a wholly-owned subsidiary, offers insurance needs analysis for individuals, families and businesses as well as insurance products such as life, disability and long-term care. In association with an independent registered broker-dealer, First Hawaiian offers mutual funds, annuities and other securities in its branches.

BANK OF THE WEST -

Bank of the West is a State of California-chartered bank that is not a member of the Federal Reserve System. The deposits of Bank of the West are insured by the BIF and the SAIF of the FDIC to the extent and subject to the limitations set forth in the FDIA. The predecessor of Bank of the West, "The Farmers National Gold Bank," was chartered as a national banking association in 1874 in San Jose, California.

On November 1, 1998, Pacific One Bank, a former wholly-owned subsidiary of the Corporation, was merged with and into Bank of the West. As a result of the merger, 39 Pacific One Bank branches in Oregon, Washington and Idaho became branches of Bank of the West.

Bank of the West is the fifth largest bank in the State of California, with total assets of approximately $7.7 billion and total deposits of approximately $5.8 billion at December 31, 1998. Bank of the West conducts a general commercial banking business, providing retail and corporate banking and trust services to individuals, institutions, businesses and governments through 142 branches and other commercial banking offices located primarily in the San Francisco Bay area and elsewhere in the Northern and Central Valley regions of California and in Oregon, Washington and Idaho. Bank of the West also generates indirect automobile loans and leases, recreational vehicle loans, recreational marine vessel loans, equipment leases and deeds of trust on single-family residences through a network of manufacturers, dealers, representatives and brokers in all 50 states. Bank of the West's principal subsidiary is Essex Credit Corporation ("Essex"), a Connecticut corporation. Essex is engaged primarily in the business of originating and selling consumer loans on a nationwide basis, such loans being made for the purpose of acquiring or refinancing pleasure boats or recreational vehicles. Essex generally sells the loans that it makes to various banks and other financial institutions, which banks and institutions thereafter service such loans. Essex has a network of 11 regional direct lending offices located in the following states: California, Connecticut, Florida, Maryland, Massachusetts, New Jersey, New York, North Carolina, Texas and Washington.

COMMUNITY BANKING -

The focus of Bank of the West's community banking strategy has been Northern California and now, with the merger with Pacific One Bank, the Pacific Northwest region. The Northern California market region is comprised of the San Francisco Bay area and the Central Valley area of California. The San Francisco Bay area is one of the State of California's wealthiest regions, and the Central Valley of California is an area which has been experiencing rapid transition from a largely agricultural base to a mix of agricultural and commercial enterprises. The Pacific Northwest region includes the states of Oregon, Washington and Idaho.

Bank of the West utilizes its 142-branch network as its principal funding source. A key element of Bank of the West's community banking strategy is to seek to distinguish itself as the provider of the "best value" in community banking services. To this end, Bank of the West seeks to position itself within its markets as an alternative to both the higher-priced, smaller "boutique" commercial banks as well as the larger commercial banks, which may be perceived as offering lower service and lower prices on a "mass market" basis.

In pursuing the Northern California and Pacific Northwest community banking markets, Bank of the West seeks to serve a broad customer base by furnishing a range of retail and commercial banking products. Through its branch network, Bank of the West generates a variety of consumer loans, including direct vehicle loans, consumer lines of credit and second mortgages. In addition, Bank of the West generates and holds a small portfolio of first mortgage loans on one- to four-family residences. Through its commercial banking operations conducted from its branch network, Bank of the West offers a wide range of basic commercial banking products intended to serve the needs of smaller community-based businesses. These loan products include in-branch originations of standardized products for businesses with relatively simple banking and financing needs. More complex and customized commercial banking services are offered through Bank of the West's regional banking centers which serve clusters of branches and provide lending, deposit and cash management services to companies operating in the relevant market areas. Bank of the West also provides a number of fee-based products and services such as annuities, insurance and securities brokerage.

PROFESSIONAL BANKING, TRUST SERVICES -

The Professional Banking and Trust & Investment Services areas within the Community Banking division provide a wide range of products to targeted markets. Professional Banking, located in San Francisco, serves the banking needs of attorneys, doctors and other working professionals. The Trust & Investment Services area, headquartered in San Jose, and with offices in San Francisco, provides a full range of individual and corporate trust services.

COMMERCIAL BANKING -

Bank of the West's Business Banking division supports commercial lending activities for larger business customers through six regional lending centers located in Northern and Central California. Each regional office provides a wide range of loan and deposit services to mid-sized companies with borrowing needs of $500,000 to $25 million. Lending services include receivable and inventory financing, equipment term loans, letters of credit, agricultural loans and trade finance. Other banking services include cash management, insurance products, trust, investment, foreign exchange and various international banking services.

The Specialty Lending division seeks to provide focused banking services and products to specifically targeted markets where Bank of the West's resources, experience and technical expertise give it a competitive advantage. Through operations conducted in this division, Bank of the West has established a significant national market niche among those commercial banks which are lenders to religious organizations. In addition, leasing operations within Specialty Lending have made Bank of the West a significant provider of equipment leasing financing, including both standard and tax-oriented products, to a wide array of clients. To support the cash management needs of both Bank of the West's corporate banking customers and large private and public deposit relationships maintained with Bank of the West, the Specialty Lending division operates a Cash Management group which provides a full range of innovative and relationship-focused cash management services.

The Real Estate Industries division, whose primary markets are Northern and Central California and Nevada, originates and services construction, short-term and permanent loans to residential developers, commercial builders and investors. The division is particularly active in financing the construction of detached residential subdivisions in Northern California. Other construction lending activities include low-income housing, industrial development, apartment, retail and office projects. The division also originates and services single-family home loans sourced through the Bank's Community Bank branch network.

CONSUMER FINANCE -

The Consumer Finance division targets the production of auto loans and leases in the Western United States, and recreational vehicle and marine loans nationwide, with emphasis on originating credits at the high end of the credit spectrum. The Consumer Finance division originates recreational vehicle and marine credits on a nationwide basis through sales representatives located throughout the country servicing a network of over 1,900 recreational vehicle and marine dealers and brokers. During the fourth quarter of 1997, Bank of the West acquired Essex to complement its dealer marine and recreational vehicle presence. Essex primarily focuses on the origination and sale of loans in the broker marine market and also originates and sells loans to finance the acquisition of recreational vehicles.

The division's auto lending activity is primarily focused in the Western United States. Bank of the West originates loans and leases to finance the purchase of new and used autos, light trucks and vans through a network of more than 2,000 dealers and brokers in California, Nevada, Oregon and Arizona.

FHL LEASE HOLDING COMPANY, INC. -

FHL, a financial services loan company, primarily finances and leases personal property including equipment and vehicles, and acts as an agent, broker or advisor in the leasing or financing of such property for affiliates as well as third parties. On January 1, 1997, FHL sold certain leases to First Hawaiian Leasing, Inc., a subsidiary of First Hawaiian. FHL is in a runoff mode and all new leveraged and direct financing leases are recorded by First Hawaiian Leasing, Inc.

At December 31, 1998, FHL's net investment in leases amounted to $66.6 million and total assets were $93.2 million.

FIRST HAWAIIAN CAPITAL I -

The Trust is a Delaware business trust which was formed in 1997. The Trust issued $100,000,000 of its Capital Securities (the "Capital Securities") and used the proceeds therefrom to purchase junior subordinated deferrable interest debentures of the Corporation. The Capital Securities qualify as Tier 1 Capital of the Corporation and are fully and unconditionally guaranteed by the Corporation. All of the common securities of the Trust are owned by the Corporation.

At December 31, 1998, the Trust's total assets were $107.4 million.

HAWAII COMMUNITY REINVESTMENT CORPORATION -

In an effort to support affordable housing and as part of First Hawaiian's community reinvestment program, First Hawaiian is a member of the Hawaii Community Reinvestment Corporation (the "HCRC"). The HCRC is a consortium of local financial institutions that provides $50 million in permanent long-term financing for affordable housing rental projects throughout Hawaii for low- and moderate-income residents.

The $50 million loan pool is funded by the member financial institutions which participate pro rata (based on deposit size) in each HCRC loan. First Hawaiian's participations in these HCRC loans are included in its loan portfolio.

HAWAII INVESTORS FOR AFFORDABLE HOUSING, INC. -

To further enhance First Hawaiian's community reinvestment program and provide support for the development of additional affordable housing rental units in Hawaii, First Hawaiian, and other HCRC member institutions, have subscribed to a $19.7 million tax credit equity fund ("Hawaii Affordable Housing Fund I") and a $20.0 million tax credit equity fund ("Hawaii Affordable Housing Fund II").

Hawaii Affordable Housing Fund I and Hawaii Affordable Housing Fund II (the "Funds") have been established to invest in qualified low-income housing tax credit rental projects and to ensure that these projects are maintained as low-income housing throughout the required compliance period. First Hawaiian's investments in the Funds are included in its investment portfolio.

EMPLOYEES -

At December 31, 1998, the Corporation had 4,851 full-time equivalent employees. First Hawaiian and Bank of the West employed 2,470 and 2,381 persons, respectively. None are represented by any collective bargaining agreements and relations with employees are considered excellent.

MONETARY POLICY AND ECONOMIC CONDITIONS -

The earnings and business of the Corporation are affected not only by general economic conditions (both domestic and international), but also by the monetary policies of various governmental regulatory authorities of (i) the United States and foreign governments and (ii) international agencies. In particular, the Corporation's earnings and growth may be affected by actions of the Federal Reserve Board in connection with its implementation of national monetary policy through its open market operations in United States Government securities, control of the discount rate and establishment of reserve requirements against both member and non-member financial institutions' deposits. These actions have a significant effect on the overall growth and distribution of loans, investments and deposits as well as on the rates earned on loans or paid on deposits. It is not possible to predict the effect of future changes in monetary policies upon the operating results of the Corporation.

COMPETITION -

Competition in the financial services industry is intense. The Corporation competes with a large number of commercial banks (including domestic, foreign and foreign-affiliated banks), savings institutions, finance companies, leasing companies, credit unions and other entities that provide financial services such as mutual funds, insurance companies and brokerage firms. Many of these competitors are significantly larger and have greater financial resources than the Corporation. In addition, the increasing use of the Internet and other electronic distribution channels has resulted in increased competition with respect to many of the products and services that the Corporation offers. As a result, the Corporation competes with financial service providers located not only in its home markets but also those located elsewhere in the United States that are able to offer their products and services through electronic and other non-conventional distribution channels.

Recent changes in federal law have also made it easier for out-of-state banks to enter and compete in the states in which the Corporation's bank subsidiaries operate. The Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (the "Riegle-Neal Act"), among other things, eliminated substantially all state law barriers to the acquisition of banks by out-of-state bank holding companies, effective September 29, 1995. A bank holding company may now acquire banks in states other than its home state, without regard to the permissibility of such acquisitions under state law, but subject to any state requirement that the acquired bank has been organized and operating for a minimum period of time (not to exceed five years), and the requirement that the acquiring bank holding company, prior to or following the proposed acquisition, controls no more than 10 percent of the total amount of deposits of insured depository institutions in the United States and no more than 30 percent of such deposits in that state (or such lesser or greater amount as may be established by state law).

The Riegle-Neal Act also permits interstate branching by banks in all states other than those which have "opted out." Effective June 1, 1997, the Riegle-Neal Act permits banks to acquire branches located in another state by purchasing or merging with a bank chartered in that state or a national banking association having its headquarters located in that state. However, banks are not permitted to establish de novo branches or purchase individual branches located in other states unless expressly permitted by the laws of those other states. None of the states in which the Corporation's banking subsidiaries operate have elected to "opt out" of the provisions of the Riegle-Neal Act permitting interstate branching through acquisition or mergers, although most do not permit de novo branching. The Corporation anticipates that the effect of the Riegle-Neal Act will be to increase competition within the markets in which the Corporation now operates, but the Corporation cannot predict when and to what extent competition will increase in these markets.

SUPERVISION AND REGULATION -

As a registered bank holding company, the Corporation is subject to regulation and supervision by the Federal Reserve Board under the BHCA. The various subsidiaries of the Corporation are subject to regulation and supervision by the banking authorities of Hawaii, California, Washington, Oregon, Idaho, Guam and the Commonwealth of the Northern Mariana Islands, as well as by the FDIC (which is the primary federal regulator of the Corporation's two bank subsidiaries) and various other regulatory agencies.

The consumer lending and finance activities of the Corporation's subsidiaries are also subject to extensive regulation under various Federal laws including the Truth-in-Lending, Equal Credit Opportunity, Fair Credit Reporting, Fair Debt Collection Practice and Electronic Funds Transfer Acts, as well as various state laws. These statutes impose requirements on the making, enforcement and collection of consumer loans and on the types of disclosures that need to be made in connection with such loans.

Holding Company Structure. In general, the BHCA limits the business of the Corporation to owning or controlling banks and engaging in such other activities as the Federal Reserve Board may determine to be so closely related to banking as to be a proper incident thereto. The Corporation must obtain the prior approval of the Federal Reserve Board before acquiring direct or indirect ownership or control of more than 5% of the voting shares of another bank or bank holding company; before merging or consolidating with another bank holding company; and before acquiring substantially all of the assets of any additional bank. With certain exceptions, the BHCA prohibits bank holding companies from engaging in any nonbanking business or acquiring direct or indirect ownership or control of more than 5% of any class of voting shares of any company which is engaged in a nonbanking business, unless the Federal Reserve Board determines that such nonbanking business or activity is so closely related to banking as to be a proper incident thereto. In making such determination, the Federal Reserve Board considers, among other things, whether the performance of such activities by a bank holding company would offer benefits to the public that outweigh possible adverse effects. In addition, all acquisitions are reviewed by the Department of Justice for antitrust considerations.

Dividend Restrictions. As a holding company, the principal source of the Corporation's cash revenue has been dividends and interest received from the Corporation's bank subsidiaries. Each of the bank subsidiaries is subject to various federal regulatory restrictions relating to the payment of dividends. For example, if, in the opinion of the FDIC, a bank under its jurisdiction is engaged in or is about to engage in an unsafe or unsound practice (which, depending on the financial condition of the bank, could include the payment of dividends), the FDIC may require, after notice and hearing, that such bank cease and desist from such practice. In addition, the Federal Reserve Board has issued a policy statement which provides that, as a general matter, insured banks and bank holding companies should only pay dividends out of current operating earnings. The regulatory capital requirements of the Federal Reserve Board and the FDIC also may limit the ability of the Corporation and its insured depository subsidiaries to pay dividends. See "Prompt Corrective Action" and "Capital Requirements" below.

State regulations also place restrictions on the ability of the Corporation's bank subsidiaries to pay dividends. Under Hawaii law, First Hawaiian is prohibited from declaring or paying any dividends in excess of its retained earnings. California law generally prohibits Bank of the West from paying cash dividends to the extent such payments exceed the lesser of retained earnings and net income for the three most recent fiscal years (less any distributions to stockholders during such three-year period). At December 31, 1998, the aggregate amount of dividends that such subsidiaries could pay to the Corporation under the foregoing limitations without prior regulatory approval was $368.3 million.

There are also statutory limits on the transfer of funds to the Corporation and its nonbanking subsidiaries by its banking subsidiaries, whether in the form of loans or other extensions of credit, investments or asset purchases. Such transfers to any single affiliate are limited in amount to 10% of the bank's capital and surplus, or 20% in the aggregate to all affiliates. Furthermore, such loans and extensions of credit are required to be collateralized in specified amounts.

Under Federal Reserve Board policy, a bank holding company is expected to act as a source of financial strength to each subsidiary bank and to make capital infusions into a troubled subsidiary bank, and the Federal Reserve Board may charge the bank holding company with engaging in unsafe and unsound practices for failure to commit resources to a subsidiary bank. This capital infusion may be required at times when the Corporation may not have the resources to provide it. Any capital loans by the Corporation to one of its subsidiary banks would be subordinate in right of payment to deposits and to certain other indebtedness of such subsidiary bank.

In addition, depository institutions insured by the FDIC can be held liable for any losses incurred by, or reasonably expected to be incurred by, the FDIC in connection with (i) the default of a commonly controlled FDIC-insured depository institution or (ii) any assistance provided by the FDIC to a commonly controlled FDIC-insured depository institution in danger of default. "Default" is defined generally as the appointment of a conservator or receiver and "in danger of default" is defined generally as the existence of certain conditions indicating that a "default" is likely to occur in the absence of regulatory assistance. Accordingly, in the event that any insured subsidiary of the Corporation causes a loss to the FDIC, other insured subsidiaries of the Corporation could be required to compensate the FDIC by reimbursing it for the amount of such loss. Any such obligation by the Corporation's insured subsidiaries to reimburse the FDIC would rank senior to their obligations, if any, to the Corporation.

Prompt Corrective Action. Pursuant to the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA"), the federal banking agencies are required to take "prompt corrective action" with respect to insured depository institutions that do not meet minimum capital requirements. FDICIA established a five-tier framework for measuring the capital adequacy of insured depository institutions (including First Hawaiian and Bank of the West), with each depository institution being classified into one of the following categories: "well capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized" and "critically undercapitalized."

Under the regulations adopted by the federal banking agencies to implement these provisions of FDICIA, (commonly referred to as the "prompt corrective action" rules), a depository institution is "well capitalized" if it has (i) a total

risk-based capital ratio of 10% or greater, (ii) a Tier 1 risk-based capital ratio of 6% or greater, (iii) a leverage ratio of 5% or greater and (iv) is not subject to any written agreement, order or directive to meet and maintain a specific capital level for any capital measure. An "adequately capitalized" depository institution is defined as one that has (i) a total risk-based capital ratio of 8% or greater, (ii) a Tier 1 risk-based capital ratio of 4% or greater and (iii) a leverage ratio of 4% or greater (or 3% or greater in the case of a bank with a composite CAMELS rating of 1). A depository institution is considered (i) "undercapitalized" if it has (A) a total risk-based capital ratio of less than 8%, (B) a Tier 1 risk-based capital ratio of less than 4% or (C) a leverage ratio of less than 4% (or 3% in the case of an institution with a CAMELS rating of 1), (ii) "significantly undercapitalized" if it has (A) a total risk-based capital ratio of less than 6%, (B) a Tier 1 risk-based capital ratio of less than 3% or (C) a leverage ratio of less than 3% and (iii) "critically undercapitalized" if it has a ratio of tangible equity to total assets equal to or less than 2%. An institution may be deemed by the regulators to be in a capitalization category that is lower than is indicated by its actual capital position if, among other things, it receives an unsatisfactory examination rating. At December 31, 1998, all the Corporation's subsidiary depository institutions was "well capitalized."

FDICIA generally prohibits a depository institution from making any capital distribution (including payment of a cash dividend) or paying any management fees to its holding company if the depository institution is, or would thereafter be, undercapitalized. Undercapitalized depository institutions are subject to growth limitations and are required to submit a capital restoration plan. The federal banking agencies may not accept a capital plan without determining, among other things, that the plan is based on realistic assumptions and is likely to succeed in restoring the depository institution's capital. In addition, for a capital restoration plan to be acceptable, the depository institution's parent holding company must guarantee that the institution will comply with such capital restoration plan. The aggregate liability of the parent holding company under such guarantee is limited to the lesser of (i) an amount equal to 5% of the depository institution's total assets at the time it became undercapitalized, or (ii) the amount which is necessary (or would have been necessary) to bring the institution into compliance with all capital standards applicable to such institution as of the time it fails to comply with the plan. If a depository institution fails to submit an acceptable plan, it is treated as if it is significantly undercapitalized.

Significantly undercapitalized depository institutions may be subject to a number of other requirements and restrictions, including orders to sell sufficient voting stock to become adequately capitalized, requirements to reduce total assets and cessation of receipt of deposits from correspondent banks. Critically undercapitalized institutions may not make any payments of interest or principal on their subordinated debt and are subject to the appointment of a conservator or receiver, generally within 90 days of the date such institution becomes critically undercapitalized. In addition, the FDIC has adopted regulations under FDICIA prohibiting an insured depository institution from accepting brokered deposits (as defined by the regulations) unless the institution is "well capitalized" or is "adequately capitalized" and receives a waiver from the FDIC.

FDIC Insurance Assessments. The FDIC has implemented a risk-based deposit insurance assessment system under which the assessment rate for an insured institution may vary according to the regulatory capital levels of the institution and other factors (including supervisory evaluations). Depository institutions insured by the BIF which are ranked in the top risk classification category currently have no annual assessment for deposit insurance while all other banks are required to pay premiums ranging from .03% to .27% of domestic deposits. As a result of the enactment on September 30, 1996 of the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (the "Deposit Funds Act"), the deposit insurance premium assessment rates for depository institutions insured by the SAIF were reduced, effective January 1, 1997, to the same rates as apply to depository institutions insured by the BIF. The Deposit Funds Act also provided for a one-time assessment of 65.7 basis points on all SAIF-insured deposits in order to fully recapitalize the SAIF (which assessment was paid by the Corporation in 1996), and imposes annual assessments on all depository institutions to pay interest on bonds issued by the Financing Corporation (the "FICO") in connection with the resolution of savings association insolvencies occurring prior to 1991. The FICO assessment rate for 1998 was 1.3 basis points in the case of BIF-insured institutions, and 6.4 basis points in the case of SAIF-insured institutions. These rate schedules are subject to future adjustments by the FDIC.

In addition, the FDIC has authority to impose special assessments from time to time, subject to certain limitations specified in the Deposit Funds Act.

Capital Requirements. The Corporation and certain of its subsidiaries are subject to regulatory capital guidelines issued by the federal banking agencies. Information with respect to the applicable capital requirements is included in "Note 13. Regulatory Capital Requirements" (pages 66 and 67) in the Financial Review section of the Corporation's Annual Report 1998, and is incorporated herein by reference thereto.

FDICIA required each federal banking agency to revise its risk-based capital standards to ensure that those standards take adequate account of interest rate risk, concentration of credit risk and the risk of nontraditional activities, as well as reflect the actual performance and expected risk of loss on multi-family mortgages. The federal banking agencies have adopted amendments to their respective risk-based capital requirements that explicitly identify concentrations of credit risk and certain risks arising from nontraditional activities, and the management of such risks, as important factors to consider in assessing an institution's overall capital adequacy. The amendments do not, however, mandate any specific adjustments to the risk-based capital calculations as a result of such factors.

In August 1996, the federal banking regulators adopted amendments to their risk-based capital rules to incorporate a measure for market risk in foreign exchange and commodity activities and in the trading of debt and equity instruments. Under these amendments, which became effective in 1997, banking institutions with relatively large trading activities are required to calculate their capital charges for market risk using their own internal value-at-risk models (subject to parameters set by the regulators) or, alternatively, risk management techniques developed by the regulators. As a result, these institutions are required to hold capital based on the measure of their market risk exposure in addition to existing capital requirements for credit risk. These institutions are able to satisfy this additional requirement, in part, by issuing short-term subordinated debt that qualifies as Tier 3 capital. The adoption of these amendments did not have a material effect on the Corporation's business or operations.

On November 5, 1997, the federal banking regulators proposed for comment regulations establishing new risk-based capital requirements for recourse arrangements and direct credit substitutes. "Recourse" for this purpose means any retained risk of loss associated with any transferred asset that exceeds a pro rata share of the bank's or bank holding company's remaining claim on the asset, if any. Under existing regulations, banks and bank holding companies have to maintain capital against the full amount of any assets for which risk of loss is retained, unless the resulting capital amount would exceed the maximum contractual liability or exposure retained, in which case the capital required would equal, dollar-for-dollar, such maximum contractual liability or exposure. The proposal would extend this treatment to direct credit substitutes. "Direct credit substitute" means any assumed risk of loss associated with any asset or other claim that exceeds the bank's or bank holding company's pro rata share of the asset or claim, if any. The proposal also included a multi-level approach to assessing capital charges based upon the relative credit risk of the bank's or bank holding company's position in a securitization (i.e., recourse arrangements, direct credit substitute or asset-backed security) and the rating assigned to such position by a nationally recognized statistical rating agency. The Corporation does not believe the adoption of this proposal will have a material adverse effect on its operations or financial position.

Real Estate Activities. The FDIC recently adopted new regulations, effective January 1, 1999, that will make it significantly easier for state non-member banks to engage in a variety of real estate investment activities. These new regulations generally allow a majority-owned corporate subsidiary of a state non-member bank to make equity investments in real estate if the bank complies with certain investment and transaction limits and satisfies certain capital requirements (after giving effect to its investment in the majority-owned subsidiary). In addition, a subsidiary of an insured state non-member bank will be permitted to act as a lessor under a real property lease that is the equivalent of a financing transaction, meets certain criteria applicable to the lease and the underlying real estate and does not represent a significant risk to the deposit insurance funds.

FUTURE LEGISLATION -

Legislation relating to banking and other financial services has been introduced from time to time in Congress and is likely to be introduced in the future. Recent proposals include legislation that would (i) reformulate the bank regulatory system, (ii) allow banking organizations to engage in a broader range of activities, (iii) allow affiliations among banking, securities, insurance and commercial organizations, (iv) change or eliminate charters for thrift organizations, (v) impose examination fees on state-chartered banking institutions and (vi) allow banks to pay interest on corporate checking accounts. If enacted, such legislation could significantly change the competitive environment in which the Corporation and its subsidiaries operate. Management cannot predict whether these or any other proposals will be enacted or the ultimate impact of any such legislation on the Corporation's competitive situation, financial condition or results of operations.

FOREIGN OPERATIONS -

Information regarding the Corporation's foreign operations is included in Table III-C (3) on page 13 of the Corporation's Annual Report on this Form 10-K for the fiscal year ended December 31, 1998 and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Financial Review section of the Corporation's Annual Report 1998 (page 42), and is incorporated herein by reference thereto.

OPERATING SEGMENTS -

Information regarding the Corporation's operating segments is included in "Note 18. Operating Segments" (pages 71 and 72) in the Financial Review section of the Corporation's Annual Report 1998, and is incorporated herein by reference thereto.

STATISTICAL DISCLOSURES -

Guide 3 of the "Guides for the Preparation and Filing of Reports and Registration Statements" under the Securities Act of 1933 sets forth certain statistical disclosures to be included in the "Description of Business" section of bank holding company filings with the Securities and Exchange Commission (the "SEC"). The statistical information required is presented in the tables shown below in the Corporation's Annual Report 1998, which tables are incorporated herein by reference thereto and Table III-C (3) on page 13 of the Corporation's Annual Report on this Form 10-K for the fiscal year ended December 31, 1998. The tables and information contained therein have been prepared by the Corporation and have not been audited or reported upon by the Corporation's independent accountants.

Information in response to the following applicable sections of Guide 3 is included in the Financial Review section of the Corporation's Annual Report 1998, and is incorporated herein by reference thereto:

	DISCLOSURE REQUIREMENTS	PAGE NUMBERS IN BANCWEST CORPORATION ANNUAL REPORT 1998 (EXHIBIT 13)
I.	Distribution of Assets, Liabilities and Stockholders' Equity; Interest Rates and Interest Differential -	
	A. Average balance sheets	31 - 32
	B. Analysis of net interest earnings	31 - 32
	C. Dollar amount of change in interest income and interest expense	33
II.	Investment Portfolio -	
	A. Book value of investment securities	61 - 62
	B. Investment securities by maturities and weighted average yields	43
	C. Investment securities in excess of 10% of stockholders' equity	62
III.	Loan Portfolio -	
	A. Types of loans	39
	B. Maturities and sensitivities of loans to changes in interest rates	40, 45
	C. Risk elements	
	1. Nonaccrual, past due and restructured loans	41 - 42, 55 - 56
	2. Potential problem loans	42
	4. Loan concentrations	40
IV.	Summary of Loan Loss Experience -	
	A. Analysis of loss experience	34 - 36, 56 - 57, 63
	B. Breakdown of the allowance for loan losses	37
V.	Deposits -	
	A. Average amount and average rate paid on deposits	43
	D. Maturity distribution of domestic time certificates of deposits of $100,000 or more	64
	E. Time certificates of deposit in denominations of $100,000 or more issued by foreign offices	64
VI.	Return on Equity and Assets	27
VII.	Short-Term Borrowings	64

III. LOAN PORTFOLIO

Table III-C (3) presents a summary of the Corporation's foreign outstandings to each country which exceeded 1% of total assets for the years indicated. Foreign outstandings are defined as the balances outstanding of cross-border loans, acceptances, interest-bearing deposits with other banks, other interest-bearing investments and any other monetary assets. At December 31, 1998 and 1996, the Corporation had no foreign outstandings to any country which exceeded 1% of total assets. At December 31, 1997, Japan was the only country to which the Corporation had outstandings in excess of 1% of total assets.

BANCWEST CORPORATION AND SUBSIDIARIES
TABLE III-C (3)
FOREIGN OUTSTANDINGS TO EACH COUNTRY WHICH EXCEEDS 1% OF TOTAL ASSETS

	GOVERNMENTS AND OFFICIAL INSTITUTIONS	COMMERCIAL AND INDUSTRIAL	OTHER	TOTAL
	(in millions)			
AT DECEMBER 31, 1997				
JAPAN	$ -	$ 17	$ 74	$ 91

At December 31, 1998, 1997 and 1996, there were no foreign outstandings to any country between .75% and 1.0% of total assets.

ITEM 2. PROPERTIES

First Hawaiian indirectly (through two subsidiaries) owns all of a city block in downtown Honolulu. The administrative headquarters of the Corporation and First Hawaiian as well as the main branch of First Hawaiian are located in a modern banking center on this city block. The headquarters building includes 418,000 square feet of gross office space. Information about the lease financing of the headquarters building is included in "Note 20. Lease Commitments" (pages 72 and 73) in the Financial Review section of the Corporation's Annual Report 1998, which is incorporated herein by reference thereto.

Eighteen of First Hawaiian's offices in Hawaii are located on land owned in fee simple by First Hawaiian. The other branches of First Hawaiian in Hawaii and one branch each in Guam and Saipan are situated in leasehold premises or in buildings constructed by the respective companies on leased land (see "Note 20. Lease Commitments" (pages 72 and 73) in the Financial Review section of the Corporation's Annual Report 1998, which is incorporated herein by reference thereto). In addition, First Hawaiian owns an operations center which is located on 125,919 square feet of land owned in fee simple by First Hawaiian in an industrial area near downtown Honolulu. First Hawaiian occupies all of this four-story building.

First Hawaiian owns a five-story, 75,000-square-foot office building, including a branch, which is situated on property owned in fee simple in Maite, Guam where it maintains a branch.

Bank of the West leases two adjacent sites in Walnut Creek, California, which are its primary administrative headquarters. The administrative headquarters office is a 132,000 square foot, 3-story building. Bank of the West also leases 48,382 square feet of executive office space in downtown San Francisco in the same building that houses its San Francisco Main Branch at 180 Montgomery Street (see "Note 20. Lease Commitments" (pages 72 and 73) in the Financial Review section of the Corporation's Annual Report 1998, which is incorporated herein by reference thereto). Approximately 30,396 square feet of leased space at 180 Montgomery Street is subleased to BNP.

Forty-eight of Bank of the West's active branches are located on land owned by Bank of the West. The remaining 94 active branches are located on leasehold properties. Bank of the West also has 11 surplus branch properties, ten of which are currently leased to others. In addition, Bank of the West leases 18 properties that are utilized for administrative, lease support, management information systems and regional management services (see "Note 20. Lease Commitments" (pages 72 and 73) in the Financial Review section of the Corporation's Annual Report 1998, which is incorporated herein by reference thereto).

ITEM 3. LEGAL PROCEEDINGS

Various legal proceedings are pending against the Corporation or its subsidiaries. The ultimate liability of the Corporation, if any, cannot be determined at this time. Based upon consultation with counsel, management does not expect that the aggregate liability, if any, resulting from these proceedings would have a material effect on the Corporation's consolidated financial position, results of operations or liquidity.

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

No matters were submitted to a vote of security holders during the fourth quarter of the fiscal year ended December 31, 1998.

EXECUTIVE OFFICERS OF THE REGISTRANT

Listed below are the executive officers of the Corporation with their positions, age and business experience during the past five years:

OFFICER	AGE	BUSINESS EXPERIENCE DURING LAST 5 YEARS
Walter A. Dods, Jr. Chairman, Chief Executive Officer and Director	57	Chairman of the Board and Chief Executive Officer of the Corporation and First Hawaiian since 1989; President of the Corporation from 1989 - 1991; Executive Vice President of the Corporation from 1982 - 1989; Director of the Corporation since 1983; President of First Hawaiian from 1984 - 1989; Director and Vice Chairman of Bank of the West since November 1998. Mr. Dods has been with First Hawaiian since 1968.
Don J. McGrath President, Chief Operating Officer and Director	50	Director, President and Chief Operating Officer of the Corporation since November 1998; Director of Bank of the West since 1989; President and Chief Executive Officer of Bank of the West since 1996; President and Chief Operating Officer of Bank of the West from 1991 - 1996; Director and Vice Chairman of First Hawaiian since November 1998. Mr. McGrath has been with Bank of the West since 1975.
John K. Tsui Vice Chairman, Chief Credit Officer and Director	60	Vice Chairman and Chief Credit Officer of the Corporation since November 1998; President of the Corporation from April 1995 - October 1998; Director of the Corporation since July 1995; Director, President and Chief Operating Officer of First Hawaiian since July 1994; Vice Chairman of Bank of the West since November 1998. Mr. Tsui was Executive Vice President of Bancorp Hawaii, Inc. (now known as Pacific Century Financial Corporation) from 1986 - June 1994 and Vice Chairman of Bank of Hawaii from 1984 - June 1994.
Joel Sibrac Vice Chairman and Director	51	Director and Vice Chairman of the Corporation since November 1998; Senior Executive Vice President, Commercial Banking Group of Bank of the West since 1996; Director of Bank of the West since 1995; General Manager, North American Desk of BNP from 1994 - 1996; General Manager of BNP Italy from 1990 - 1994. Mr. Sibrac has been with BNP since 1974 and Bank of the West since 1996.

OFFICER	AGE	BUSINESS EXPERIENCE DURING LAST 5 YEARS
Howard H. Karr Executive Vice President and Chief Financial Officer	56	Executive Vice President and Chief Financial Officer of the Corporation since November 1998; Executive Vice President, Chief Financial Officer and Treasurer of the Corporation from April 1998 - November 1998; Executive Vice President and Treasurer of the Corporation from 1990 - April 1998; Vice Chairman of First Hawaiian since 1997; Vice Chairman, Chief Financial Officer and Treasurer of First Hawaiian from September 1993 - 1997. Mr. Karr has been with First Hawaiian since 1973.
Douglas C. Grigsby Executive Vice President and Treasurer	46	Executive Vice President and Treasurer of the Corporation since November 1998; Chief Financial Officer of Bank of the West since 1989. Mr. Grigsby has been with Bank of the West since 1977.
Bernard Brasseur Executive Vice President and Risk Manager	60	Executive Vice President and Risk Manager of the Corporation since November 1998; Risk Manager of Bank of the West since 1983; Vice Chairman of First Hawaiian since November 1998. Mr. Brasseur has been with BNP since 1966 and Bank of the West since 1983.
Donald G. Horner Executive Vice President	48	Executive Vice President of the Corporation since 1989; Vice Chairman of First Hawaiian since July 1994; Executive Vice President of First Hawaiian from 1993 - 1994. Mr. Horner has been with First Hawaiian since 1978.

There are no family relationships among any of the executive officers of the Corporation. There is no arrangement or understanding between any such executive officer and another person pursuant to which he was elected as an officer. The term of office of each officer is at the pleasure of the Board of Directors of the Corporation.

PART II

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

Required information is included in "Common Stock Information" (page 26), "Management's Discussion and Analysis of Financial Condition and Results of Operations" (page 28) and "Notes to Consolidated Financial Statements" (pages 65 and 66) in the Financial Review section of the Corporation's Annual Report 1998, and is incorporated herein by reference thereto.

In connection with the Merger, certain amendments were made to the certificate of incorporation and bylaws of the Corporation that modify or otherwise affect the rights of holders of the Corporation's common stock (the "Common Stock"). These amendments primarily relate to the issuance to the shareholders of Old BancWest of shares of newly authorized class A common stock of the Corporation (the "Class A Common Stock") in an amount equal to approximately 45% of the total number of shares of the Class A Common Stock and the Common Stock that were outstanding immediately after the Merger. In addition, in connection with the closing of the Merger on November 1, 1998, the Corporation entered into a Standstill and Governance Agreement and Registration Rights Agreement with BNP, which owned directly and through a subsidiary, all of the voting stock of Old BancWest immediately prior to the Merger. These agreements govern most aspects of the relationship between the Corporation and BNP after the Merger. The above-referenced amendments to the Corporation's certificate and bylaws and the agreements that the Corporation entered into with BNP in connection with the Merger and the issuance of the Class A Common Stock are described in the Corporation's proxy statement filed with the SEC on July 17, 1998, and the Corporation's Form 8-A filed with the SEC on October 30, 1998, which are hereby incorporated herein by reference thereto. Copies of such amendments and agreements are included as exhibits to this Form 10-K.

On November 1, 1998, the Corporation issued 25,814,768 shares of its Class A Common Stock to BNP in exchange for all of the outstanding shares of common stock of Old BancWest in connection with the Merger, as set forth above. As of December 31, 1998, BNP continued to own all of the outstanding shares of Class A Common Stock. The Class A Common Stock was issued pursuant to the exemption from registration set forth in Section 4(2) of the Securities Act of 1933, as amended (the "Securities Act"), in a transaction by the issuer not involving a public offering. Shares of Class A Common Stock may in certain circumstances convert into shares of Common Stock as described in the agreements and amendments referred to in the paragraph above.

Also in connection with the Merger, the Corporation issued, pursuant to the exemption from registration set forth in Section 4(2) of the Securities Act, an aggregate of 131,236 options to acquire shares of common stock, par value $1 per share, of the Corporation and 411,049 shares of restricted Common Stock of the Corporation, to certain employees of Old BancWest in exchange for the termination of certain Old BancWest stock appreciation rights that were held by such employees.

ITEM 6. SELECTED FINANCIAL DATA

Required information is included in "Summary of Selected Consolidated Financial Data" (page 27) and "Management's Discussion and Analysis of Financial Condition and Results of Operations" (page 28) in the Financial Review section of the Corporation's Annual Report 1998, and is incorporated herein by reference thereto.

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

Required information is included in "Management's Discussion and Analysis of Financial Condition and Results of Operations" (pages 28 through 49) in the Financial Review section of the Corporation's Annual Report 1998, and is incorporated herein by reference thereto.

On February 25, 1999, the Corporation signed a definitive agreement to acquire all of the outstanding stock of SierraWest Bancorp ("SierraWest"), parent company of SierraWest Bank, for a purchase price expected to be approximately $194 million. SierraWest, with total assets of $879 million, has 20 branches in California and

Nevada. The acquisition will be accounted for using the pooling method of accounting.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Required information is included in "Management's Discussion and Analysis of Financial Condition and Results of Operations" (page 44) and "Notes to Consolidated Financial Statements" (pages 58 and 59) in the Financial Review section of the Corporation's Annual Report 1998, and is incorporated herein by reference thereto.

INTEREST RATE RISK MEASUREMENT AND MANAGEMENT

The net interest income of the Corporation is subject to interest rate risk to the extent the Corporation's interest-bearing liabilities (primarily deposits and borrowings) mature or reprice on a different basis than its interest-earning assets (primarily loans and investment securities). When interest-bearing liabilities mature or reprice more quickly than interest-earning assets during a given period, an increase in interest rates could reduce net interest income. Similarly, when interest-earning assets mature or reprice more quickly than interest-bearing liabilities, a decrease in interest rates could have a negative impact on net interest income. In addition, the impact of interest rate swings may be exacerbated by factors such as our customers' propensity to manage their demand deposit balances more or less aggressively or to refinance mortgage and other consumer loans depending on the interest rate environment.

The Asset/Liability Committees of each of the Corporation's subsidiary companies are responsible for managing interest rate risk. Oversight for the Corporation taken as a whole and individual subsidiary companies is also provided by the Asset/Liability Committee of the Corporation. The frequency of the various Asset/Liability Committee meetings range from weekly to quarterly. Recommendations for changes to a particular subsidiary's interest rate profile, should they be deemed necessary and exceed established policies, are made to its Board of Directors. Other than loans that are originated and held for sale and commitments to purchase and sell foreign currencies and mortgage-backed securities, the Corporation's interest rate derivatives and other financial instruments are not entered into for trading purposes.

The Corporation's exposure to interest rate risk is managed primarily by taking actions that impact certain balance sheet accounts (e.g., lengthening or shortening maturities in the investment portfolio, changing asset and/or liability mix -- including increasing or decreasing the amounts of fixed and/or variable instruments held by the Corporation -- to adjust sensitivity to interest rate changes) and/or utilizing off-balance sheet instruments such as interest rate swaps, caps, floors, options, or forwards.

The Corporation models its net interest income in order to quantify its exposure to changes in interest rates. Generally, the size of the balance sheet is held constant and then subjected to interest rate shocks up and down of 100 and 200 basis points (1% equals 100 basis points) each. Each account-level item is repriced according to its respective contractual characteristics, including any imbedded options which might exist (e.g., periodic interest rate caps or floors or loans which permit the borrower to prepay the principal balance of the loan prior to maturity without penalty). Off-balance sheet instruments such as interest rate swaps, caps or floors are included as part of the modeling process. For each interest rate shock scenario, net interest income over a 12-month horizon is compared against the results of a scenario in which no interest rate change occurs (a "flat rate scenario") to determine the level of interest rate risk at that time.

The projected impact of 100 and 200 basis point increases and decreases in interest rates on the Corporation's consolidated net interest income over the next 12 months beginning January 1, 1999 and 1998 is shown below.

1999	+2%	+1%	Flat	-1%	-2%
	(dollars in millions)				
Net Interest Income	$639.2	$643.3	$635.6	$621.0	$609.0
Difference from Flat	$ 3.6	$ 7.7		$(14.6)	$(26.6)
% Variance	.6%	1.2%		(2.3)%	(4.2)%

1998	+2%	+1%	Flat	-1%	-2%
	(dollars in millions)				
Net Interest Income	$330.9	$338.1	$341.7	$340.8	$337.1
Difference from Flat	$(10.8)	$ (3.6)		$ (.9)	$ (4.6)
% Variance	(3.2)%	(1.1)%		(.3)%	(1.3)%

The variances of the projected impact of 100 and 200 basis point increases and decreases in interest rates on the Corporation's consolidated net interest income, as illustrated above, are primarily due to the effects of the Merger.

SIGNIFICANT ASSUMPTIONS UTILIZED AND INHERENT LIMITATIONS

The significant net interest income changes for each interest rate scenario presented above include assumptions based on accelerating or decelerating mortgage prepayments in declining or rising scenarios, respectively, and adjusting deposit levels and mix in the different interest rate scenarios. The magnitude of changes to both areas in turn are based upon analyses of customers' behavior in differing rate environments. However, these analyses may differ from actual future customer behavior. For example, actual prepayments may differ from current assumptions as prepayments are affected by many variables which cannot be predicted with certainty (e.g., prepayments of mortgages may differ on fixed and adjustable loans depending upon current interest rates, expectations of future interest rates, availability of refinancing, economic benefit to borrower, financial viability of borrower, etc.).

As with any model for analyzing interest rate risk, certain limitations are inherent in the method of analysis presented above. For example, the actual impact on net interest income due to certain interest rate shocks may differ from those projections presented should market conditions vary from assumptions used in the analysis. Furthermore, the analysis does not consider the effects of a changed level of overall economic activity that could exist in certain interest rate environments. Moreover, the method of analysis used does not take into account the actions that management might take to respond to changes in interest rates because of inherent difficulties in determining the likelihood or impact of any such response.

FORWARD-LOOKING STATEMENTS

Certain matters contained in this Item 7A. are forward-looking statements that involve certain risks and uncertainties that could cause the Corporation's actual results to differ materially from those discussed in the forward-looking statements. A discussion of some of these risks and uncertainties is included in "Management's Discussion and Analysis of Financial Condition and Results of Operations" (page 28) in the Financial Review section of the Corporation's Annual Report 1998 and is incorporated herein by reference thereto.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following information is included in the Financial Review section of the Corporation's Annual Report 1998, which is incorporated herein by reference thereto as follows:

	PAGE NUMBER
Report of Independent Accountants	50
BancWest Corporation and Subsidiaries:	
Consolidated Balance Sheets at December 31, 1998 and 1997	51
Consolidated Statements of Income for the years ended December 31, 1998, 1997 and 1996	52
Consolidated Statements of Changes in Stockholders' Equity for the years ended December 31, 1998, 1997 and 1996	53
Consolidated Statements of Cash Flows for the years ended December 31, 1998, 1997 and 1996	54
BancWest Corporation (Parent Company):	
Balance Sheets at December 31, 1998 and 1997	74
Statements of Income for the years ended December 31, 1998, 1997 and 1996	75
Statements of Changes in Stockholders' Equity for the years ended December 31, 1998, 1997 and 1996	53
Statements of Cash Flows for the years ended December 31, 1998, 1997 and 1996	75
Notes to Consolidated Financial Statements	55 - 75
Summary of Quarterly Financial Data (Unaudited)	49

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

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Required information relating to directors is included in "Election of Directors" (pages 4 through 7) of the Corporation's Proxy Statement and is incorporated herein by reference thereto. Required information relating to executive officers is included in Part I on pages 15 and 16 of the Corporation's Annual Report on Form 10-K for the year ended December 31, 1998 in the section entitled "Executive Officers of the Registrant."

ITEM 11. EXECUTIVE COMPENSATION

Required information is included in "Executive Compensation" (pages 12 through 23) of the Corporation's Proxy Statement and is incorporated herein by reference thereto.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Required information is included in "Security Ownership of Directors, Named Executive Officers and Others" (pages 8 through 11) of the Corporation's Proxy Statement and is incorporated herein by reference thereto.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Required information is included in "Certain Transactions" (pages 24 through 26) of the Corporation's Proxy Statement and is incorporated herein by reference thereto.

PART IV

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

(a) 1. Financial Statements

The following financial statements are incorporated by reference in Part II (Item 8) of this Form 10-K:

	PAGE NUMBER IN BANCWEST CORPORATION ANNUAL REPORT 1998 (EXHIBIT 13)
Report of Independent Accountants	50
BancWest Corporation and Subsidiaries:	
Consolidated Balance Sheets at December 31, 1998 and 1997	51
Consolidated Statements of Income for the years ended December 31, 1998, 1997 and 1996	52
Consolidated Statements of Changes in Stockholders' Equity for the years ended December 31, 1998, 1997 and 1996	53
Consolidated Statements of Cash Flows for the years ended December 31, 1998, 1997 and 1996	54
BancWest Corporation (Parent Company):	
Balance Sheets at December 31, 1998 and 1997	74
Statements of Income for the years ended December 31, 1998, 1997 and 1996	75
Statements of Changes in Stockholders' Equity for the years ended December 31, 1998, 1997 and 1996	53
Statements of Cash Flows for the years ended December 31, 1998, 1997 and 1996	75
Notes to Consolidated Financial Statements	55 - 75
Summary of Quarterly Financial Data (Unaudited)	49

2. Financial Statement Schedules

Schedules to the consolidated financial statements required by this Item 14(a)2 are not required under the related instructions, or the information is included in the consolidated financial statements, or are inapplicable, and therefore have been omitted.

3. Exhibits

Exhibit 3	(i)	Certificate of Incorporation of BancWest Corporation (formerly known as First Hawaiian, Inc.) - Incorporated by reference to Exhibit 3(i) of the Corporation's Current Report on Form 8-K as filed with the SEC on November 5, 1998.
	(ii)	Amended and Restated Bylaws of BancWest Corporation (formerly known as First Hawaiian, Inc.) - Incorporated by reference to Exhibit 3(ii) of the Corporation's Current Report on Form 8-K as filed with the SEC on November 5, 1998.

Exhibit 4 Instruments defining rights of security holders, including indentures.

(i) Equity - Incorporated by reference to Exhibit 3(i) hereto.

(ii) Debt - Indenture, dated as of August 9, 1993, between First Hawaiian, Inc. and The First National Bank of Chicago, Trustee, is incorporated by reference to Exhibit 4(ii) to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1993 as filed with the SEC.

(iii) Debt - Indenture, dated as of June 30, 1997, between First Hawaiian, Inc. and The First National Bank of Chicago, Trustee, is incorporated by reference to the Corporation's Registration Statement on Form S-4 as filed with the SEC on October 17, 1997.

(iv) Standstill and Governance Agreement between First Hawaiian, Inc. and Banque Nationale de Paris, dated as of November 1, 1998, is incorporated by reference to Exhibit 4(i) to the Corporation's Current Report on Form 8-K as filed with the SEC on November 5, 1998.

(v) Registration Rights Agreements between First Hawaiian, Inc. and Banque Nationale de Paris, dated as of November 1, 1998, is incorporated by reference to the Corporation's Current Report on Form 8-K as filed with the SEC on November 5, 1998.

Exhibit 10 Material contracts

(i) Lease Agreement, dated as of December 1, 1993, between REFIRST, Inc. and First Hawaiian Bank is incorporated by reference to Exhibit 10(iii) to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1993 as filed with the SEC.

(ii) Ground Lease, dated as of December 1, 1993, among First Hawaiian Center Limited Partnership, FH Center, Inc. and REFIRST, Inc. is incorporated by reference to Exhibit 10(v) to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1993 as filed with the SEC.

(iii) Stock Incentive Plan of First Hawaiian, Inc., dated as of November 22, 1991, is incorporated by reference to Exhibit 10 to the Corporation's Form 10-Q for the quarterly period ended June 30, 1998 as filed with the SEC.

(iv) Long-Term Incentive Plan of First Hawaiian, Inc., effective as of January 1, 1992, is incorporated by reference to Exhibit 10 to the Corporation's Form 10-Q for the quarterly period ended June 30, 1998 as filed with the SEC.

(v) First Hawaiian, Inc. Supplemental Executive Retirement Plan, as amended and restated as of January 1, 1998, is incorporated by reference to Exhibit 10 to the Corporation's Form 10-Q for the quarterly period ended June 30, 1998 as filed with the SEC.

(vi) First Hawaiian, Inc. Deferred Compensation Plan, as amended and restated as of January 1, 1998, is incorporated by reference to Exhibit 10 to the Corporation's Form 10-Q for the quarterly period ended June 30, 1998 as filed with the SEC.

(vii) First Hawaiian, Inc. Incentive Plan for Key Executives, as amended through December 13, 1989, is incorporated by reference to Exhibit 10 to the Corporation's Form 10-Q for the quarterly period ended June 30, 1998 as filed with the SEC.

(viii) Directors' Retirement Plan, effective as of January 1, 1992, is incorporated by reference to Exhibit 10 to the Corporation's Form 10-Q for the quarterly period ended June 30, 1998 as filed with the SEC.

(ix) First Hawaiian, Inc. 1998 Stock Incentive Plan, effective as of January 1, 1998, is incorporated by reference to Exhibit 10 to the Corporation's Form 10-Q for the quarterly period ended June 30, 1998 as filed with the SEC.

(x) Amendment No. 1 to First Hawaiian, Inc. Supplemental Executive Retirement Plan, effective November 1, 1998, filed herewith.

(xi) Sublease made as of November 1, 1993, between Bank of the West and Banque Nationale de Paris, filed herewith.

Exhibit 12 Statement re: computation of ratios.

Exhibit 13 Annual report to security holders - Corporation's Annual Report 1998.

Exhibit 21 Subsidiaries of the registrant.

Exhibit 23 Consent of independent accountants.

Exhibit 27 Financial data schedule.

(b) Reports on Form 8-K

The Corporation's Current Report, as filed with the SEC on November 5, 1998 (as amended by the Corporation's Current Report on Form 8-K/A as filed with the SEC on December 30, 1998): (i) announcing the consummation of the Merger and amendments to the certificate and bylaws of the Corporation to: (a) create the Class A Common Stock and a related class of directors, (b) change the name of the corporation to "BancWest Corporation" and (c) provide for various corporate governance and other related matters; and (ii) filing financial statements of Old BancWest and pro forma financial information relating to the Merger.

(c) The exhibits listed in Item 14(a)3 are incorporated by reference or attached hereto.

(d) Response to this item is the same as the response to Item 14(a)2.

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.

BANCWEST CORPORATION
(Registrant)

By /s/ HOWARD H. KARR

HOWARD H. KARR
EXECUTIVE VICE PRESIDENT AND CHIEF
FINANCIAL OFFICER

Date: March 11, 1999

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 and in the capacities and on the date indicated.

Signature	Title	Date
/s/ WALTER A. DODS, JR. - ------------------------------------ Walter A. Dods, Jr.	Chairman, Chief Executive Officer & Director	March 11, 1999 Date
/s/ JACQUES ARDANT - ------------------------------------ Jacques Ardant	Director	March 11, 1999 Date
/s/ JOHN W. A. BUYERS - ------------------------------------ John W. A. Buyers	Director	March 11, 1999 Date
/s/ JULIA ANN FROHLICH - ------------------------------------ Julia Ann Frohlich	Director	March 11, 1999 Date
/s/ ROBERT A. FUHRMAN - ------------------------------------ Robert A. Fuhrman	Director	March 11, 1999 Date
/s/ PAUL MULLIN GANLEY - ------------------------------------ Paul Mullin Ganley	Director	March 11, 1999 Date
/s/ DAVID M. HAIG - ------------------------------------ David M. Haig	Director	March 11, 1999 Date
/s/ JOHN A. HOAG - ------------------------------------ John A. Hoag	Director	March 11, 1999 Date
/s/ BERT T. KOBAYASHI, JR. - ------------------------------------ Bert T. Kobayashi, Jr.	Director	March 11, 1999 Date
/s/ MICHEL LARROUILH - ------------------------------------ Michel Larrouilh	Director	March 11, 1999 Date
/s/ VIVIEN LEVY-GARBOUA - ------------------------------------ Vivien Levy-Garboua	Director	March 11, 1999 Date
/s/ YVES MARTRENCHAR - ------------------------------------ Yves Martrenchar	Director	March 11, 1999 Date
/s/ FUJIO MATSUDA - ------------------------------------ Fujio Matsuda	Director	March 11, 1999 Date
/s/ DON J. MCGRATH - ------------------------------------ Don J. McGrath	President, Chief Operating Officer & Director	March 11, 1999 Date
/s/ RODNEY R. PECK - ------------------------------------ Rodney R. Peck	Director	March 11, 1999 Date
/s/ JOEL SIBRAC - ------------------------------------ Joel Sibrac	Vice Chairman & Director	March 11, 1999 Date

Signature	Title	Date
/s/ JOHN K. TSUI John K. Tsui	Vice Chairman, Chief Credit Officer & Director	March 11, 1999 Date
/s/ JACQUES HENRI WAHL Jacques Henri Wahl	Director	March 11, 1999 Date
/s/ FRED C. WEYAND Fred C. Weyand	Director	March 11, 1999 Date
/s/ ROBERT C. WO Robert C. Wo	Director	March 11, 1999 Date
/s/ HOWARD H. KARR Howard H. Karr	Executive Vice President & Chief Financial Officer (Principal financial and accounting officer)	March 11, 1999 Date

EXHIBIT INDEX

EXHIBIT NUMBER		DESCRIPTION
3	(i)	Certificate of Incorporation of BancWest Corporation (formerly known as First Hawaiian, Inc.) - Incorporated by reference to Exhibit 3(i) of the Corporation's Current Report on Form 8-K as filed with the SEC on November 5, 1998.
	(ii)	Amended and Restated Bylaws of BancWest Corporation (formerly known as First Hawaiian, Inc.) - Incorporated by reference to Exhibit 3(ii) of the Corporation's Current Report on Form 8-K as filed with the SEC on November 5, 1998.
4		Instruments defining rights of security holders, including indentures.
	(i)	Equity - Incorporated by reference to Exhibit 3(i) hereto.
	(ii)	Debt - Indenture, dated as of August 9, 1993, between First Hawaiian, Inc. and The First National Bank of Chicago, Trustee, is incorporated by reference to Exhibit 4(ii) to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1993 as filed with the SEC.
	(iii)	Debt - Indenture, dated as of June 30, 1997, between First Hawaiian, Inc. and The First National Bank of Chicago, Trustee, is incorporated by reference to the Corporation's Registration Statement on Form S-4 as filed with the SEC on October 17, 1997.
	(iv)	Standstill and Governance Agreement between First Hawaiian, Inc. and Banque Nationale de Paris, dated as of November 1, 1998, is incorporated by reference to Exhibit 4(i) to the Corporation's Current Report on Form 8-K as filed with the SEC on November 5, 1998.
	(v)	Registration Rights Agreements between First Hawaiian, Inc. and Banque Nationale de Paris, dated as of November 1, 1998, is incorporated by reference to the Corporation's Current Report on Form 8-K as filed with the SEC on November 5, 1998.
10		Material contracts
	(i)	Lease Agreement, dated as of December 1, 1993, between REFIRST, Inc. and First Hawaiian Bank is incorporated by reference to Exhibit 10(iii) to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1993 as filed with the SEC.

(ii) Ground Lease, dated as of December 1, 1993, among First Hawaiian Center Limited Partnership, FH Center, Inc. and REFIRST, Inc. is incorporated by reference to Exhibit 10(v) to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1993 as filed with the SEC.

(iii) Stock Incentive Plan of First Hawaiian, Inc., dated as of November 22, 1991, is incorporated by reference to Exhibit 10 to the Corporation's Form 10-Q for the quarterly period ended June 30, 1998 as filed with the SEC.

(iv) Long-Term Incentive Plan of First Hawaiian, Inc., effective as of January 1, 1992, is incorporated by reference to Exhibit 10 to the Corporation's Form 10-Q for the quarterly period ended June 30, 1998 as filed with the SEC.

(v) First Hawaiian, Inc. Supplemental Executive Retirement Plan, as amended and restated as of January 1, 1998, is incorporated by reference to Exhibit 10 to the Corporation's Form 10-Q for the quarterly period ended June 30, 1998 as filed with the SEC.

(vi) First Hawaiian, Inc. Deferred Compensation Plan, as amended and restated as of January 1, 1998, is incorporated by reference to Exhibit 10 to the Corporation's Form 10-Q for the quarterly period ended June 30, 1998 as filed with the SEC.

(vii) First Hawaiian, Inc. Incentive Plan for Key Executives, as amended through December 13, 1989, is incorporated by reference to Exhibit 10 to the Corporation's Form 10-Q for the quarterly period ended June 30, 1998 as filed with the SEC.

(viii) Directors' Retirement Plan, effective as of January 1, 1992, is incorporated by reference to Exhibit 10 to the Corporation's Form 10-Q for the quarterly period ended June 30, 1998 as filed with the SEC.

(ix) First Hawaiian, Inc. 1998 Stock Incentive Plan, effective as of January 1, 1998, is incorporated by reference to Exhibit 10 to the Corporation's Form 10-Q for the quarterly period ended June 30, 1998 as filed with the SEC.

(x) Amendment No. 1 to First Hawaiian, Inc. Supplemental Executive Retirement Plan, effective November 1, 1998, filed herewith.

(xi) Sublease made as of November 1, 1993, between Bank of the West and Banque Nationale de Paris, filed herewith.

12 Statement re: computation of ratios.

13 Annual report to security holders - Corporation's Annual Report 1998.

21 Subsidiaries of the registrant.

23 Consent of independent accountants.

27 Financial data schedule.

EXHIBIT 10(X)

AMENDMENT NO. 1 TO
FIRST HAWAIIAN, INC.
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

In accordance with Section 9.1 of the First Hawaiian, Inc. Supplemental Executive Retirement Plan (hereinafter the "Plan"), the Plan is hereby amended in the following respects:

1. Section 1.8 of the Plan is hereby amended to read in its entirety as follows:

   1.8 "Company" means BancWest Corporation, formerly known as First Hawaiian, Inc.

2. Section 1.23 of the Plan is hereby amended to read in its entirety as follows:

   1.23 "Plan" means the BancWest Corporation Supplemental Executive Retirement Plan as set forth herein and any amendments hereto as may be made from time to time.

3. Article VII of the Plan is hereby amended by adding a new Section 7.4 at the end thereof to read in its entirety as follows:

   Section 7.4 Certain Bank of the West Employees

   (a) A Section 7.4 Participant shall be entitled to receive a Minimum Benefit if, at the time he retires from the service of the Participating Employers, his annual rate of Earnings exceeds the limitation imposed under Section 401(a)(17) of the Code, he has completed 20 Years of Eligibility Service, and he has attained age 55. The amount of the Minimum Benefit shall be equal to the amount, if any, by which one-twelfth of his Final Pay multiplied by the applicable Replacement Percentage exceeds:

   (1) His monthly benefit payment under (i) the BNP US Retirement Plan or any successor plan into which his interest in the BNP US Retirement Plan is transferred or merged and (ii) any other defined benefit plan maintained by a Participating Employer that is qualified under Section 401(a) of the Code; and

   (2) His monthly benefit payment under (i) the Bank of the West Excess-Benefit Plan, (ii) this Plan (other than under this Section 7.4), and (ii) any other nonqualified defined benefit plan maintained by a Participating Employer.

   (B) For purpose of this Section 7.4:

   (1) "Earnings" means for any Plan Year the Section 7.4 Participant's annual base rate of pay from the Participating Employers as in effect on the first day of such Plan Year.

   (2) "Final Pay" means the Section 7.4 Participant's base salary at the annual rate in effect on the date he retires from the service of the Participating Employers.

(3) "Minimum Benefit" means the benefit determined pursuant to Section 7.4(a).

(4) "Replacement Percentage" means (i) 50% in the case of a Section 7.4 Participant who has attained age 60 at the time he retires from the service of the Participating Employers or (ii) 30% in the case of a Section 7.4 Participant who has attained age 55 but not age 60 at the time he retires from the service of the Participating Employers.

(5) "Section 7.4 Participant" means Don J. McGrath, Douglas C. Grigsby, Richard T. McGoldrick, or Stephen C. Glenn.

(6) "Year of Eligibility Service" means (i) the 7.4 Participant's Years of Eligibility Service in the BNP US Retirement Plan as of the date BancWest Corporation, a California corporation, is merged with and into the Company plus (ii) his period of continuous service with the Company and its Affiliates that begins on such date and ends on the date he severs employment with the Company and its Affiliates. Eligibility Service shall include any leaves of absence authorized by the Company.

The amendments set forth herein shall be effective as of the date BancWest Corporation, a California corporation, is merged with and into First Hawaiian, Inc., a Delaware corporation.

TO RECORD the adoption of these amendments, First Hawaiian, Inc. has executed this document this 15th day of October, 1998.

FIRST HAWAIIAN, INC.

By /s/ Herbert E. Wolff

Its Senior Vice President and Secretary

EXHIBIT 10(XI)

SUBLEASE

(180 Montgomery Street, San Francisco)

THIS SUBLEASE, made as of November 1, 1993, by and between BANK OF THE WEST, a California corporation ("Sublandlord"), and BANQUE NATIONALE DE PARIS, a French corporation ("Subtenant"),

W I T N E S S E T H:

Recital of Facts:

A. One Eighty Montgomery, Ltd., a California limited partnership ("Landlord"), as landlord, and Sublandlord, as tenant, entered into the Commercial Office Lease (the "Master Lease") dated December 22, 1993. Words defined in the Master Lease have the same meanings when used in this Sublease.

B. The Premises under the Master Lease comprises the basement vault, the first floor, the second floor, the third floor (the "Third Floor Space"), the fourth floor (the "Fourth Floor Space") and the twenty-fifth floor in the Building located at 180 Montgomery Street, San Francisco, California. The Third Floor Space and the Fourth Floor Space are collectively the "Subleased Space." According to Section 43 of the Master Lease, the Premises comprises forty-eight thousand three hundred eighty-two (48,382) square feet and the Subleased Space comprises thirty thousand three hundred ninety-six (30,396) square feet, which is sixty-two and eight-tenths percent (62.8%) of the Premises. As used in this Sublease, "Subtenant's Percentage Share" shall mean sixty-two and eight-tenths percent (62.8%). The term of the Master Lease commences on November 1, 1993, and expires on October 31, 2003.

C. Sublandlord and Subtenant agreed at the time the Master Lease was entered into that Subtenant would sublease the Subleased Space from Sublandlord and on the basis reflected in this Sublease, and now desire to formally confirm such agreement.

NOW, THEREFORE, in consideration of the covenants in this Sublease, Sublandlord and Subtenant agree as follows:

1. Subleased Space. Sublandlord hereby leases to Subtenant, and Subtenant hereby leases from Sublandlord, the Subleased Space for the term and on the covenants set forth in this Sublease, to each and all of which Sublandlord and Subtenant agree.

2. Term. The term of this Sublease shall commence on November 1, 1993, and, unless sooner terminated as hereinafter provided, shall end on October 31, 2003.

3. Improvements. Subtenant shall accept the Subleased Space in its "as is" condition on the commencement date. Sublandlord shall have no obligation to construct or install any improvements in the Subleased Space for Subtenant.

4. Rent. Subtenant shall pay to Sublandlord, as rent for the Subleased Space, during the entire term of this Sublease, the following:

(a) Subtenant shall pay to Sublandlord, as base rent, the amount of forty-four thousand nine hundred ninety-two and sixty-nine hundredths dollars ($44,992.69) per month. Subtenant shall pay such amounts in advance on November 1, 1993, and on the first day of each successive month thereafter during the term of this Sublease.

(b) Subtenant shall pay to Sublandlord, as additional rent, (i) Subtenant's Percentage Share of the increases in Operating Expenses excluding janitorial and security service expenses payable by Sublandlord to Landlord pursuant to Section 3(b) of the Master Lease, (ii) sixty-six and one-tenth percent (66.1%) of the increases in janitorial and security services expenses payable by Sublandlord to Landlord pursuant Section 3(b) of the Master Lease, and (iii) Subtenant's Percentage Share of the increases in Property Taxes payable by Sublandlord to Landlord pursuant to Section 3(c) of the Master Lease. Subtenant shall pay such additional rent to Sublandlord at the times and in the manner that Sublandlord is obligated to pay the additional rent provided under Sections 3(b) and 3(c) of the Master Lease to Landlord in accordance with the procedures set forth in Section 3(d) of the Master Lease.

(c) All amounts of money payable by Subtenant to Sublandlord in accordance with this Sublease shall constitute "rent." Subtenant shall pay all rent to Sublandlord at such address as Sublandlord may from time to time designate in a written notice to Subtenant.

5. Master Lease. This Sublease is subject to the Master Lease. A copy of the Master Lease is attached to this Sublease. The Master Lease is incorporated in and made a part of this Sublease and, during the term of this Sublease, the Master Lease shall apply to Sublandlord, Subtenant and the Subleased Space under this Sublease, except for the following provisions of the Master Lease, which are excluded from this Sublease: Sections 1, 2, 3(a), 3(b), 3(c), 3(d), 33, 38, 39, 40, 41, 42, 43, 44, 46, 48 (except to the extent the rent payable by Sublandlord to Landlord is abated), 49 and 50. Insofar as the Master Lease is incorporated in this Sublease, references to Landlord in the Master Lease shall mean Sublandlord under this Sublease, references to Tenant in the Master Lease shall mean Subtenant under this Sublease, and references to the Premises in the Master Lease shall mean the Subleased Space under this Sublease. During the term of this Sublease, Subtenant assumes and agrees to pay, perform and discharge all of the obligations of Sublandlord as Tenant under the Master Lease to the full extent that such obligations are incorporated in this Sublease. During the term of this Sublease, Subtenant shall be bound by all of the

covenants in the Master Lease that are incorporated in this Sublease and Subtenant shall not commit or permit to be committed any act or omission that will breach or violate any such covenant. In all provisions of the Master Lease incorporated in this Sublease requiring the approval or consent of Landlord, Subtenant shall obtain the approval or consent of both Sublandlord and Landlord. In all provisions of the Master Lease incorporated in this Sublease requiring Tenant to submit, exhibit to, supply or provide Landlord with evidence, certificates or any other matter or thing, Subtenant shall submit, exhibit to, supply or provide, as the case may be, the same to both Sublandlord and Landlord.

6. Subtenant's Obligations. Subtenant agrees that all obligations of Sublandlord as Tenant under the Master Lease incorporated in this Sublease shall be performed by Subtenant at Subtenant's cost, and Subtenant's obligations shall run to Sublandlord. Subtenant agrees to indemnify and defend Sublandlord against and hold Sublandlord harmless from any and all claims, damages, losses, expenses and liabilities (including reasonable attorneys' fees) incurred as a result of the nonperformance or nonpayment of any of Sublandlord's obligations as Tenant under the Master Lease which, as a result of this Sublease, are an obligation of Subtenant. Subtenant shall not do, nor permit to be done, any act or thing which is, or with notice or the passage of time would be, a default under this Sublease or the Master Lease.

7. Sublandlord's Obligations. Sublandlord agrees that Subtenant shall be entitled to receive all services to be provided by Landlord to Sublandlord under the Master Lease and the benefit of all covenants of Landlord under the Master Lease insofar as such services and covenants apply to the Subleased Space. Subtenant shall look solely to Landlord for all such services and benefits and shall not, under any circumstances, require Sublandlord to perform any of such services or covenants, nor shall Subtenant make any claim upon Sublandlord for any damages which may arise by reason of Landlord's default under the Master Lease. Sublandlord shall take all reasonable action to obtain the performance of Landlord's obligations under, and the furnishing of services by Landlord pursuant to, the Master Lease, and, upon request by Subtenant and at Subtenant's sole cost, Sublandlord shall diligently seek to enforce the obligations of Landlord under the Master Lease. Any condition resulting from a default by Landlord shall not constitute, as between Sublandlord and Subtenant, an eviction, actual or constructive, of Subtenant, and no such default shall excuse Subtenant from the performance of any obligations of Subtenant under this Sublease or entitle Subtenant to receive any reduction in or abatement of the rent. In furtherance of the foregoing, Subtenant does hereby waive any cause of action and any right to bring any action against Sublandlord by reason of any act or omission of Landlord under the Master Lease other than an action relating to Sublandlord's failure, after notice from Subtenant and at Subtenant's sole cost, to diligently seek to enforce Landlord's obligations under the Master Lease. Sublandlord shall not do any act or thing which constitutes a default by Sublandlord as Tenant under the Master Lease. Sublandlord agrees to indemnify and defend Subtenant against and hold Subtenant harmless from any and all claims, damages, losses, expenses and liabilities (including reasonable attorneys' fees) incurred as a result of any breach by Sublandlord of its obligations as Tenant under the Master Lease except obligations that are assumed by Subtenant under this Sublease.

8. Notices. All notices under this Sublease shall be properly given only if made in writing and either mailed by certified mail, postage prepaid, return receipt requested, or delivered by hand (including messenger or nationally recognized air express service, which regularly maintains records of items delivered) to the party at the address set forth in this paragraph or such other address as such party may designate by notice to the other parties. Such notices shall be effective on the date of delivery to the address of the party. If any such notice is not delivered or cannot be delivered because the receiving party changed the address of the receiving party and did not previously give notice of such change to the sending party, or due to a refusal to accept the notice by the receiving party, such notice shall be effective on the date delivery is attempted. Any notice under this Agreement may be given on behalf of a party by the attorney for such party.

(a) The address of Sublandlord is

Bank of the West
180 Montgomery Street, 25th Floor
San Francisco, CA 94104
Attention: President

(b) The address of Subtenant is

Banque Nationale de Paris
San Francisco Branch
180 Montgomery Street, 3rd Floor
San Francisco, CA 94104
Attention: General Manager

9. Attorneys' Fees. If there is any legal action or proceeding between Sublandlord and Subtenant arising from or based on this Sublease or to enforce this Sublease, the unsuccessful party to such action or proceeding shall pay to the prevailing party all costs and expenses, including reasonable attorneys' fees and disbursements, incurred by such prevailing party in such action or proceeding and in any appeal in connection therewith. If such prevailing party recovers a judgment in any such action, proceeding or appeal, such costs, expenses and attorneys' fees and disbursements shall be included in and as a part of such judgment.

10. Miscellaneous. This Sublease shall benefit and bind Sublandlord and Subtenant and their respective successors and assigns. Time is of the essence of this Sublease. This Sublease may be executed in counterparts, each of which shall be an original, but all of which shall constitute one and the same Sublease. This Sublease may not be amended or modified except by a written agreement signed by Sublandlord and Subtenant. This Sublease constitutes the entire and integrated agreement between Sublandlord and Subtenant relating to the Subleased Space as set forth in this Sublease and

supersedes all prior agreements, understandings, offers and negotiations, oral or written, with respect to the Subleased Space.

IN WITNESS WHEREOF, Sublandlord and Subtenant have executed and delivered this Sublease on October __, 1998, confirming the agreement of the parties hereto previously made effective as of the date first hereinabove written.

BANK OF THE WEST, a California corporation

By /s/ PHILIP METZGER

Title Vice President

By /s/ PENNY JASPAR

Title Vice President

BANQUE NATIONALE DE PARIS, a French corporation

By /s/ THOMAS KUNZ

Title Vice President - Operations & Administration

EXHIBIT 12. STATEMENT RE: COMPUTATION OF RATIOS

BANCWEST CORPORATION AND SUBSIDIARIES
COMPUTATION OF CONSOLIDATED RATIOS OF EARNINGS TO FIXED CHARGES

	YEAR ENDED DECEMBER 31,				
	1998	1997	1996	1995	1994
	(dollars in thousands)				
Income before income taxes	$131,456	$123,564	$115,834	$122,138	$111,501
Fixed charges:(1)					
Interest expense	290,202	258,011	252,795	265,297	179,688
Rental expense	11,764	10,774	4,932	4,600	5,355
	301,966	268,785	257,727	269,897	185,043
Less interest on deposits	228,920	197,619	182,402	176,048	120,289
Net fixed charges	73,046	71,166	75,325	93,849	64,754
Earnings, excluding interest on deposits	$204,502	$194,730	$191,159	$215,987	$176,255
Earnings, including interest on deposits	$433,422	$392,349	$373,561	$392,035	$296,544
Ratio of earnings to fixed charges:					
Excluding interest on deposits	2.80X	2.74x	2.54x	2.30x	2.72x
Including interest on deposits	1.44X	1.46x	1.45x	1.45x	1.60x

(1) For purposes of computing the consolidated ratios of earnings to fixed charges, earnings represent income before income taxes and fixed charges. Fixed charges, excluding interest on deposits, include interest (other than on deposits), whether expensed or capitalized, and that portion of rental expense (generally one third) deemed representative of the interest factor. Fixed charges, including interest on deposits, consist of the foregoing items plus interest on deposits.

EXHIBIT 13

CORPORATION'S
ANNUAL REPORT 1998

EXHIBIT 13

Consolidated Financial Highlights BancWest Corporation & Subsidiaries

(dollars in thousands, except per share data)	1998	1997	1996
FOR THE YEAR:			
Net income	$ 76,606	$ 84,261	$ 80,296
Net income before restructuring, merger-related and other nonrecurring costs (1)	98,472	84,261	80,296
Cash earnings (1), (2)	109,302	90,740	85,958
Return on average total assets (1)	1.07%	1.06%	1.04%
Return on average tangible assets (1), (3)	1.22	1.17	1.13
Return on average stockholders' equity (1)	11.39	11.61	11.88
Return on average tangible stockholders' equity (1), (3)	16.88	15.14	15.25
PER SHARE			
Diluted earnings	$ 2.15	$ 2.64	$ 2.55
Diluted earnings - adjusted (1)	2.76	2.64	2.55
Diluted cash earnings (1), (2)	3.06	2.83	2.73
Cash dividends	1.24	1.24	1.20
AT YEAR END:			
Assets	$ 15,049,895	$ 8,093,092	$ 8,002,174
Loans and leases	11,339,580	6,238,681	5,806,732
Deposits	11,260,320	6,089,200	5,936,708
Stockholders' equity	1,667,886	731,701	705,884
Tier 1 capital ratio	8.17%	9.51%	8.42%
Total risk-based capital ratio	10.06	11.81	11.85
Leverage ratio	9.16	9.14	7.32
Market price per share	$ 48.00	$ 39.75	$ 35.00
Book value per share	29.07	23.34	22.22
Market capitalization	2,753,748	1,245,970	1,112,105

DILUTED EARNINGS PER SHARE($) GRAPH
94 = 2.25 95 = 2.43 96 = 2.55 97 = 2.64 98(1) = 2.76

DILUTED CASH EARNINGS PER SHARE($)(2) GRAPH
94 = 2.37 95 = 2.56 96 = 2.73 97 = 2.83 98(1) = 3.06

RETURN ON AVERAGE TANGIBLE STOCKHOLDERS' EQUITY(%)(3) GRAPH
94 = 14.58 95 = 14.77 96 = 15.25 97 = 15.14 98(1) = 16.88

MARKET PRICE AND BOOK VALUE PER SHARE($) GRAPH
94 = 23.75 95 = 30.00 96 = 35.00 97 = 39.75 98 = 48.00
As of December 31, 1994 = 19.61
95 = 20.86
96 = 22.22
97 = 23.34
98 = 29.07

(1) Excluding after-tax restructuring, merger-related and other nonrecurring costs of $21.9 million in connection with the merger of the former BancWest Corporation with and into First Hawaiian, Inc. on November 1, 1998.

(2) Excluding amortization of goodwill and core deposit intangible.

(3) Defined as cash earnings as a percentage of average total assets or average stockholders' equity minus average goodwill and core deposit intangible.

BANCWEST CORPORATION BOARD OF DIRECTORS

Jacques Ardant
Director, International Banking &
Finance, North America Area,
Banque Nationale de Paris

John W. A. Buyers
Chairman & Chief Executive Officer,
C. Brewer & Company, Limited

Walter A. Dods, Jr.
Chairman & Chief Executive Officer,
BancWest Corporation &
First Hawaiian Bank

Dr. Julia Ann Frohlich
President,
Blood Bank of Hawaii

Robert A. Fuhrman
Chairman, Bank of the West
Vice Chairman, President &
Chief Operating Officer (Retired),
Lockheed Corporation

Paul Mullin Ganley
Trustee, Estate of S. M. Damon
Partner, Carlsmith Ball

David M. Haig
Trustee,
Estate of S. M. Damon

John A. Hoag
Chairman, Hawaii Reserves, Inc.
Vice Chairman (Retired),
First Hawaiian Bank

Bert T. Kobayashi, Jr.
Principal,
Kobayashi, Sugita & Goda

Michel Larrouilh
Chairman & Chief Executive Officer
(Retired), Old BancWest Corporation
Chief Executive Officer (Retired),
Bank of the West

Vivien Levy-Garboua
Chief Executive, International &
Finance, Banque Nationale de Paris

Yves Martrenchar
Executive Vice President,
Products and Markets,
Banque Nationale de Paris

Dr. Fujio Matsuda
Chairman, Pacific International Center
for High Technology Research

Don J. McGrath
President & Chief Operating Officer,
BancWest Corporation
President & Chief Executive Officer,
Bank of the West

Rodney R. Peck
Senior Partner,
Pillsbury, Madison & Sutro LLP

Joel Sibrac
Vice Chairman, BancWest Corporation
Senior Executive Vice President,
Commercial Banking Group,
Bank of the West

John K. Tsui
Vice Chairman & Chief Credit Officer,
BancWest Corporation
President & Chief Operating Officer,
First Hawaiian Bank

Jacques Henri Wahl
Director & Senior Advisor to the
Chief Executive Officer,
Banque Nationale de Paris

General Fred C. Weyand
Trustee, Estate of S. M. Damon
General (Retired), U.S. Army

Robert C. Wo
President and Secretary,
BJ Management Corporation
Chairman, C. S. Wo & Sons, Ltd.

FIRST HAWAIIAN BANK BOARD OF DIRECTORS

John W. A. Buyers
John C. Couch
Walter A. Dods, Jr.
Dr. Julia Ann Frohlich
Michael K. Fujimoto
Paul Mullin Ganley
David M. Haig
Warren H. Haruki
Howard K. Hiroki
John A. Hoag
David C. Hulihee
Glenn A. Kaya
Dr. Richard R. Kelley
Bert T. Kobayashi, Jr.
Dr. Richard T. Mamiya
Dr. Fujio Matsuda
Leighton S. L. Mau
Don J. McGrath
Dr. Roderick F. McPhee
Wesley T. Park
George P. Shea, Jr.
R. Dwayne Steele
John K. Tsui
Jenai Sullivan Wall
General Fred C. Weyand
James C. Wo
Robert C. Wo

BANK OF THE WEST BOARD OF DIRECTORS

Jacques Ardant
Walter A. Dods, Jr.
Robert A. Fuhrman
Stuart A. Hall
Michel Larrouilh
Vivien Levy-Garboua
A. Ewan Macdonald
Yves Martrenchar
Don J. McGrath
Otis W. Mitchell
Rodney R. Peck
Donald A. Pelton
Joel Sibrac
Jean Thomazeau
Robert L. Toney
Jacques Henri Wahl

[PICTURE] [PICTURE] [PICTURE] [PICTURE]

John K. Tsui President & Chief Operating Officer	Donald G. Horner Vice Chairman, Retail Banking Group	Howard H. Karr Vice Chairman, Administration & Finance Group	Lily K. Yao Vice Chairman, Government & Community Relations

FIRST HAWAIIAN BANK
SENIOR ADMINISTRATIVE OFFICERS

Walter A. Dods, Jr.
Chairman &
Chief Executive Officer

John K. Tsui
President &
Chief Operating Officer

Donald G. Horner
Vice Chairman,
Retail Banking Group

Howard H. Karr
Vice Chairman,
Administration & Finance Group

Lily Yao
Vice Chairman,
Government & Community Relations

EXECUTIVE VICE PRESIDENTS

Robert A. Alm
Financial Management Group

Gary L. Caulfield
Information Management Group

Anthony R. Guerrero, Jr.
Branch Banking Group

Thomas P. Huber
General Counsel &
Assistant Secretary, Legal Group

William B. Johnstone, III
Treasurer

John W. Landgraf
Commercial Real Estate Division

David W. Madison
Branch Loan Administration Division

Gerald M. Pang
Chief Credit Officer

Barbara S. Tomber
Wholesale Loan Group

Albert M. Yamada
Chief Financial Officer

SENIOR VICE PRESIDENTS

Sharon S. Brown
Sales & Service Division

Winston K. H. Chow
Retail Real Estate Loan Division

Linda B. Cornejo
Branch Loan Administration Division

Brandt G. Farias
Marketing Communications Division

Mark H. Felmet
Retail Loan Division

Robert T. Fujioka
Main Banking Center

Gary Y. Fujitani
Business Services Division

Gisela O. Gere
Cash Management Services

Anthony D. Goo
Trust Portfolio Management

Alfred R. Gross
Managed Assets Department

Dean K. Hirata
Controller

Edmund H. Kajiyama
Branch Support Division

Corbett A. K. Kalama
Branch Banking-Oahu

Gerald J. Keir
Corporate Communications Division

John K. Lee, Jr.
Branch Banking-Guam

George H. Lumsden
General Auditor

Roger P. MacArthur
Branch Banking-Maui

Kristi L. Maynard
Treasury & Investment Division

Melvin W. Y. Mow
Kapiolani Banking Center

Michael J. Murakoshi
Relationship Banking Center

Francis T. Natori
Information Technology Division

Vernon T. Omori
Residential Real Estate Division

Raymond S. Ono
University Banking Center

Curt T. Otaguro
Operations Research & Development
Division

Kenneth C. S. Pai
Commercial Real Estate Division

Edward Y. W. Pei
Electronic Banking Division

Ronald Pellegrino
First Investment Center

Frederick J. Shine, III
Managed Assets Department

Sheila M. Sumida
Human Resources Division

Michael G. Taylor
First Hawaiian Insurance, Inc.

James M. Wayman
Bank Properties Division

Thomas P. Whittemore
Branch Banking-Hawaii

Gary D. Williams
Corporate Services Department

Steve J. Williams
Branch Banking-Kauai

Douglas D. Wilson
Trust Business Development

Herbert E. Wolff
Corporate Secretary

FIRST HAWAIIAN LEASING, INC/
FHL LEASE HOLDING CO., INC.

John K. Tsui
Chairman & Chief Executive Officer

Stephen J. Marcuccilli
President

BANCWEST CORPORATION
SENIOR ADMINISTRATIVE OFFICERS

Walter A. Dods, Jr.
Chairman &
Chief Executive Officer

Don J. McGrath
President &
Chief Operating Officer

John K. Tsui
Vice Chairman &
Chief Credit Officer

Joel Sibrac
Vice Chairman

Howard H. Karr
Executive Vice President &
Chief Financial Officer

Douglas C. Grigsby
Executive Vice President &
Treasurer

Bernard Brasseur
Executive Vice President &
Risk Manager

Donald G. Horner
Executive Vice President

[PICTURE] [PICTURE] [PICTURE] [PICTURE]

Frank J. Bonetto
Senior Executive Vice President,
Community Banking Group

Joel Sibrac
Senior Executive Vice President,
Commercial Banking Group

Bernard Brasseur
Risk Manager

Douglas C. Grigsby
Chief Financial Officer

BANK OF THE WEST
SENIOR ADMINISTRATIVE OFFICERS

Don J. McGrath
President & Chief Executive Officer

Frank J. Bonetto
Senior Executive Vice President,
Community Banking Group

Joel Sibrac
Senior Executive Vice President,
Commercial Banking Group

Bernard Brasseur
Risk Manager

Douglas C. Grigsby
Chief Financial Officer

Christian A. Morio
Chief Inspector

EXECUTIVE VICE PRESIDENTS

Thomas J. Burns
Credit Administration

Scott J. Germer
Business Banking

Stephen C. Glenn
Chief Administrative Officer

James R. Henry
Specialty Lending

Richard T. McGoldrick
Consumer Credit Group

Donald R. Ward
Operations & Systems

Donald E. Weyant
Real Estate Industries

Richard C. Williamson
Northwest Regional Executive

SENIOR VICE PRESIDENTS

Kevin F. Ames
Controller

Richard W. Aubrey
Treasurer

Mark R. Beecher
Consumer Credit Loan Production

Fred W. Bergemann
Credit Administration-Northwest

Bradley J. Bleything
Community Banking-Oregon

Arthur J. Crawford
Consumer Credit Asset Recovery

John H. Dimalanta
Trust

James W. Forsloff
Business Banking-Northwest

Kenneth T. Fujihara
Community Banking-South Bay

Robert J. Galli
Business Banking-South Bay

Wendy J. Grande
Operations & Systems

Lawrence A. Heaton
Human Resources

Jane L. Holbrook
Community Banking Administration
-Northwest

Shirley A. Horeff
Operations & Systems

James R. Kennedy
Cash Management

Koren K. Kubota
Real Estate Industries-Northwest

James L. Loos
Consumer Credit

Daniel A. Mikes
Church Loans

Paul H. Nakae
Real Estate Industries

James G. Newell
Leasing

Robert S. Raye
Marketing

Michael R. Robinson
Community Banking-Valley

W. Gordon Smith
Compliance

Jerrold B. Smith
Community Banking-Idaho

Calvin Y. Tabata
Community Banking-Oregon

Norma J. Waters
Community Banking-North Bay

Susan L. Wheeler
Risk Management Administration

Paul T. Wible
Consumer Credit Operations

Gina M. Wolley
Chief Auditor

Michael V. Wood
Community Banking-East Bay

William L. Zillman
General Counsel

ESSEX CREDIT CORPORATION

Gene Schiavone
Chairman & Chief Executive Officer

Alan Swimmer
President & Chief Operating Officer

INDEX TO FINANCIAL REVIEW

25   CORPORATE ORGANIZATION

26   COMMON STOCK INFORMATION

27   SUMMARY OF SELECTED CONSOLIDATED FINANCIAL DATA

28   MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

50   REPORT OF INDEPENDENT ACCOUNTANTS

CONSOLIDATED FINANCIAL STATEMENTS:

51   Consolidated Balance Sheets

52   Consolidated Statements of Income

53   Consolidated Statements of Changes in Stockholders' Equity

54   Consolidated Statements of Cash Flows

55   Notes to Consolidated Financial Statements

76   GLOSSARY OF FINANCIAL TERMS

INSIDE BACK COVER:
CORPORATE ADDRESSES
SUPPLEMENTAL INFORMATION

BANCWEST CORPORATION

BancWest Corporation (the "Company") is a registered bank holding company under the Bank Holding Company Act of 1956, as amended, and is incorporated under the laws of the State of Delaware. As a bank holding company, the Company is allowed to acquire or invest in the securities of companies that are engaged in banking or in activities closely related to banking as authorized by the Federal Reserve Board.

The Company's organization consists of the following wholly-owned subsidiaries:

FIRST HAWAIIAN BANK

First Hawaiian Bank ("First Hawaiian") was founded in 1858 and is the oldest financial institution in Hawaii. First Hawaiian is a full-service bank conducting general commercial and consumer banking business and offering trust services. First Hawaiian is Hawaii's second largest bank with approximately $7.2 billion and $5.5 billion in total assets and total deposits, respectively, at December 31, 1998. First Hawaiian's activities include receiving demand, savings and time deposits; making commercial, agricultural, real estate and consumer loans; selling cash management services, insurance products, mutual funds and annuities, traveler's checks and personal money orders; issuing letters of credit; handling domestic and foreign collections; and renting safe deposit boxes.

First Hawaiian's main office is located in Honolulu, Hawaii, with 55 other banking offices located throughout the State of Hawaii. It also has two banking offices in Guam; a banking office in Saipan, Northern Mariana Islands; an offshore branch in Grand Cayman, British West Indies; a representative office in Tokyo, Japan; and a worldwide network of correspondent banks.

First Hawaiian also conducts business through the following wholly-owned subsidiaries:

- FH CENTER, INC.

  FH Center, Inc. owns certain real property in connection with First Hawaiian Center, the Company's headquarters.

- FHB PROPERTIES, INC.

  FHB Properties, Inc. holds title to certain property and premises upon which First Hawaiian's business is conducted.

- FIRST HAWAIIAN LEASING, INC.

  First Hawaiian Leasing, Inc. engages in commercial equipment and vehicle leasing and financing.

- REAL ESTATE DELIVERY, INC.

  Real Estate Delivery, Inc. holds title to certain real property acquired by First Hawaiian in ordinary business activities.

- FIRST HAWAIIAN INSURANCE, INC.

  First Hawaiian Insurance, Inc. engages in the business of providing personal, business and estate insurance to its customers.

BANK OF THE WEST

Bank of the West was founded in 1874 and is the third oldest bank in California. Bank of the West is California's fifth largest bank, with total assets of approximately $7.7 billion and total deposits of approximately $5.8 billion at December 31, 1998. The executive office is located in San Francisco, California, with 142 branch offices located throughout California and the Pacific Northwest. Bank of the West conducts a general commercial banking business and provides retail and corporate banking and trust services to individuals, businesses and governments through its 103 branches in Northern California, 28 branches in Oregon, eight branches in Washington state and three branches in Idaho. Bank of the West also generates indirect automobile loans and leases, recreational vehicle loans, recreational marine vessel loans and equipment leases through a network of manufacturers, dealers, representatives and brokers in all 50 states.

Bank of the West, through its principal subsidiary, Essex Credit Corporation ("Essex"), originates and sells consumer loans on a nationwide basis, such loans being made for the purpose of acquiring or refinancing pleasure boats or recreational vehicles. Essex has a network of 11 regional offices located in Northern California, Southern California, Connecticut, Florida, Maryland, Massachusetts, New York, New Jersey, North Carolina, Texas and Washington.

PACIFIC ONE BANK

On November 1, 1998, Pacific One Bank ("Pacific One"), a former wholly-owned subsidiary of the Company, was merged with and into Bank of the West. As a result of the merger, 39 Pacific One branches became branches of Bank of the West.

FIRST HAWAIIAN CREDITCORP, INC.

On June 19, 1998, First Hawaiian Creditcorp, Inc. ("Creditcorp"), a former

wholly-owned subsidiary of the Company, was merged with and into First Hawaiian. All 13 Creditcorp branches were closed in connection with the merger.

FHL LEASE HOLDING COMPANY, INC.

FHL Lease Holding Company, Inc. is a financial services loan company in the State of Hawaii primarily engaged in commercial equipment and vehicle leasing and financing.

FHI INTERNATIONAL, INC.

FHIInternational, Inc. was organized to engage in consumer financing services and related activities outside the United States. Currently, it is not actively engaged in business.

FIRST HAWAIIAN CAPITAL I

First Hawaiian Capital I is a Delaware business trust (the "Trust") which was formed in 1997. The Trust issued $100,000,000 of its Capital Securities (the "Capital Securities") and used the proceeds to purchase junior subordinated deferrable interest debentures (the "Debentures") of the Company. The Capital Securities qualify as Tier 1 Capital of the Company and are fully and unconditionally guaranteed by the Company.

The Capital Securities accrue and pay interest semi-annually at an annual interest rate of 8.343%. The Capital Securities are mandatorily redeemable upon maturity of the Debentures on July 1, 2027, or upon earlier redemption in whole or in part as provided for in the governing indenture.

COMMON STOCK INFORMATION

The common stock (the "Common Stock") of the Company is traded on the New York Stock Exchange under the symbol BWE. At December 31, 1998, there were 4,736 holders of record of the Common Stock. A large number of shares are also held in the names of nominees and brokers for individuals and institutions.

At December 31, 1998, a total of 33,190,374 shares of Common Stock were issued, including 1,635,397 shares in the treasury stock account. The Board of Directors (the "Board") has authorized the repurchase of up to 3.1 million shares in total to be held by the Company or used for corporate purposes as designated by the Board. Through December 31, 1998, the Company had repurchased 1.8 million shares of Common Stock under such authorization.

On November 1, 1998, in connection with the merger of the former BancWest Corporation with and into First Hawaiian, Inc. as described in Note 2 to the Consolidated Financial Statements on page 60, the Company issued 25,814,768 shares of Class A Common Stock. All of these shares remained outstanding at December 31, 1998.

A compilation of certain quarterly and annual per share data is presented below:

	Diluted Earnings	Dividends Paid	Market Price		
			High	Low	Close
1998					
FIRST QUARTER	$ .68	$ .31	$ 42	$ 34 5/8	$ 40
SECOND QUARTER	.69	.31	41	34 5/16	36 3/8
THIRD QUARTER	.72	.31	38	27 5/8	34
FOURTH QUARTER	.06(1)	.31	48	31 1/4	48
ANNUAL	$ 2.15(1)	$ 1.24	48	27 5/8	48
1997					
First Quarter	$ .64	$ .31	$ 36	$ 30 1/2	$ 31 1/8
Second Quarter	.70	.31	35 3/4	28 5/8	34 1/8
Third Quarter	.67	.31	40 3/4	33 5/8	39 3/4
Fourth Quarter	.63	.31	43 7/8	36	39 3/4
Annual	$ 2.64	$ 1.24	43 7/8	28 5/8	39 3/4
1996	$ 2.55	$ 1.20	36 3/4	25 3/4	35
1995	$ 2.43	$ 1.18	31 1/4	23	30
1994	$ 2.25	$ 1.18	31 1/4	23	23 3/4

(1) Excluding after-tax restructuring, merger-related and other nonrecurring costs of $21.9 million in connection with the merger of the former BancWest Corporation with and into First Hawaiian, Inc. on November 1, 1998, the adjusted diluted earnings per share was $.67 and $2.76 for the fourth quarter and year ended December 31, 1998, respectively.

The Company expects to continue its policy of paying quarterly cash dividends. The declaration and payment of cash dividends are subject to the Company's future earnings, capital requirements, financial condition and certain limitations as described in Note 14 to the Consolidated Financial Statements on page 67.

SUMMARY OF SELECTED CONSOLIDATED FINANCIAL DATA BancWest Corporation & Subsidiaries

	1998	1997	1996	1995	1994
INCOME STATEMENTS AND DIVIDENDS					
(in thousands)					
Total interest income	$684,439	$592,483	$574,140	$559,957	$475,760
Total interest expense	290,202	258,011	252,795	265,297	179,688
Net interest income	394,237	334,472	321,345	294,660	296,072
Provision for credit losses	28,555	17,211	23,627	38,107	22,922
Total noninterest income	119,581	98,513	87,455	82,106	75,512
Total noninterest expense	353,807	292,210	269,339	216,521	237,161
Income before income taxes	131,456	123,564	115,834	122,138	111,501
Provision for income taxes	54,850	39,303	35,538	45,133	38,990
NET INCOME	$ 76,606	$ 84,261	$ 80,296	$ 77,005	$ 72,511
NET INCOME-ADJUSTED (1)	$ 98,472	$ 84,261	$ 80,296	$ 77,005	$ 72,511
CASH EARNINGS (1), (2)	$109,302	$ 90,740	$ 85,958	$ 81,182	$ 76,486
CASH DIVIDENDS	$ 38,740	$ 39,295	$ 37,579	$ 37,368	$ 38,008
COMMON STOCK DATA					
Per share:					
Diluted earnings	$ 2.15	$ 2.64	$ 2.55	$ 2.43	$ 2.25
Diluted earnings-adjusted (1)	2.76	2.64	2.55	2.43	2.25
Diluted cash earnings per share (1), (2)	3.06	2.83	2.73	2.56	2.37
Cash dividends	1.24	1.24	1.20	1.18	1.18
Book value (at December 31)	29.07	23.34	22.22	20.86	19.61
Market price (close at December 31)	48.00	39.75	35.00	30.00	23.75
Average shares outstanding (in thousands)	35,534	31,726	31,399	31,735	32,259
BALANCE SHEETS (in millions)					
Average balances:					
Total assets	$ 9,199	$ 7,918	$ 7,755	$ 7,528	$ 7,200
Total earning assets	8,289	7,128	7,071	6,876	6,558
Loans and leases	7,105	5,980	5,510	5,461	5,172
Deposits	6,967	5,903	5,618	5,178	5,082
Stockholders' equity	865	726	676	640	618
At December 31:					
Total assets	$ 15,050	$ 8,093	$ 8,002	$ 7,565	$ 7,535
Loans and leases	11,340	6,239	5,807	5,260	5,534
Deposits	11,260	6,089	5,937	5,358	5,152
Long-term debt and capital securities	730	319	206	239	219
Stockholders' equity	1,668	732	706	650	628
SELECTED RATIOS					
Return on average:					
Total assets	.83%	1.06%	1.04%	1.02%	1.01%
Tangible assets (1), (3)	1.22	1.17	1.13	1.09	1.08
Stockholders' equity	8.86	11.61	11.88	12.03	11.73
Tangible stockholders' equity (1), (3)	16.88	15.14	15.25	14.77	14.58
Dividend payout ratio	57.41	46.62	46.68	48.56	52.44
Average stockholders' equity to average total assets	9.40	9.17	8.72	8.50	8.58
Year ended December 31:					
Net interest margin	4.76	4.70	4.57	4.36	4.63
Net loans and leases charged off to average loans and leases	.32	.33	.44	.38	.46
Efficiency ratio (1), (2)	61.21	65.84	63.54	61.55	60.06
At December 31:					
Risk-based capital ratios:					
Tier 1	8.17	9.51	8.42	9.03	9.31
Total	10.06	11.81	11.85	11.88	12.06
Tier 1 leverage ratio	9.16	9.14	7.32	7.72	7.51
Allowance for credit losses to total loans and leases	1.32	1.32	1.47	1.50	1.11
Nonperforming assets to total loans and leases and other real estate owned	1.08	1.38	1.68	1.75	1.14
Allowance for credit losses to nonperforming loans and leases	1.67X	1.49x	1.18x	.95x	1.04x

(1) Excluding after-tax restructuring, merger-related and other nonrecurring costs of $21.9 million in connection with the merger of the former BancWest Corporation with and into First Hawaiian, Inc. on November 1, 1998.

(2) Excluding amortization of goodwill and core deposit intangible.

(3) Defined as cash earnings as a percentage of average total assets or average stockholders' equity minus average goodwill and core deposit intangible.

Certain matters contained herein are forward-looking statements that involve certain risks and uncertainties that could cause the Company's actual results to differ materially from those discussed in the forward-looking statements. Readers should carefully consider these risks and uncertainties in reading this report. Factors that could cause or contribute to such differences include, but are not limited to: (1) global, national and local economic and market conditions; (2) the level and volatility of interest rates and currency values; (3) fiscal and monetary policies of government agencies; (4) credit risks inherent in the lending processes; (5) loan and deposit demand in the geographic regions in which the Company conducts business; (6) the impact of intense competition in the rapidly evolving banking and financial services business; (7) the effect of current and pending government legislation and regulations; (8) the extensive regulation of the Company's business at both the federal and state levels; (9) whether expected revenue enhancements and cost savings from the merger with the former BancWest Corporation are realized within expected time frames; (10) matters relating to the integration of the business of the Company and the former BancWest Corporation, including the impact of combining these businesses on revenues, expenses, deposit attrition, customer retention and financial performance; (11) unforeseen costs and/or complications relating to year 2000 compliance and euro conversion efforts of the Company, the former BancWest Corporation and third parties with whom the Company has business relationships; (12) other risks discussed below; and (13) management's ability to manage these risks.

The Company expressly disclaims any obligation or undertaking to update or revise any forward-looking statement contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based. See "Glossary of Financial Terms" on page 76 for definitions of certain terms used in this annual report.

OVERVIEW

On November 1, 1998, for a purchase price of $905.7 million, the merger (the "Merger") of the former BancWest Corporation, parent company of Bank of the West, with and into First Hawaiian, Inc. ("FHI") was consummated. FHI, the surviving corporation of the Merger, changed its name to "BancWest Corporation." Prior to the consummation of the Merger, the former BancWest Corporation was wholly-owned by Banque Nationale de Paris ("BNP"), which received approximately 25.8 million shares of the Company's newly-authorized Class A Common Stock (representing approximately 45% of the total voting stock). The excess of cost over fair value of net assets acquired amounted to approximately $599.0 million. The transaction was accounted for using the purchase method of accounting. As a result, the financial information presented in this annual report at and for the year ended December 31, 1998 includes the effects of the Merger from November 1, 1998.

In substantially all of the Company's income and expense categories, the increases in the amounts reported for the year ended December 31, 1998 compared to the amounts reported in the prior year resulted from the Merger. The increases in substantially all of the categories of the Company's Consolidated Balance Sheets between amounts reported at December 31, 1998 and those reported at December 31, 1997 also resulted from the Merger. Other significant factors affecting the Company's results of operations and financial position are described in the applicable sections below.

Consolidated net income for 1998 was $76,606,000, a decrease of $7,655,000, or 9.1%, compared to $84,261,000 in 1997. Diluted earnings per share for 1998 was $2.15, a decrease of 18.6% compared to 1997.

Operating earnings (defined as consolidated net income excluding after-tax restructuring, merger-related and other nonrecurring costs) was $98,472,000 in 1998, an increase of 16.9%, or $14,211,000, over $84,261,000 in 1997. Diluted operating earnings per share for 1998 was $2.76, an increase of 4.5% over 1997.

Diluted operating cash earnings per share (defined as operating earnings per share before amortization of goodwill and core deposit intangible) was $3.06 in 1998, an increase of 8.1%, over last year. On the same basis, return on average tangible assets was 1.22% and return on average tangible stockholders' equity was 16.88% in 1998, as compared to 1.17% and 15.14%, respectively, in 1997.

The prolonged economic downturn in Hawaii over the last eight years has slowed loan and lease and deposit growth, and negatively impacted the growth in net interest income. Excluding the effects of the Merger in 1998, net interest income increased by $13,991,000, or 4.2%, over 1997.

Noninterest income increased from $98,513,000 in 1997 to $119,581,000 in 1998, an increase of 21.4%. In addition to the effects of the Merger, the increase was primarily due to gains on sales of a corporate aircraft and a regional manager's residence of $3,907,000 and $2,115,000, respectively, partially offset by a gain on sale of a leasehold interest in a former branch of $2,500,000 in 1997.

Noninterest expense increased from $292,210,000 in 1997 to $353,807,000 in 1998, an increase of 21.1%. In addition to the effects of the Merger, including the results of operations of Bank of the West from the date of the Merger, the increase reflected restructuring, merger-related and other nonrecurring costs of $25,527,000 (after-tax, $21,866,000). The increase was also the result of write-downs of certain other real estate owned ("OREO") of $4,126,000, higher outside service expenses primarily related to the Year 2000 project (see Year

2000 disclosure on pages 45 to 48) and higher foreclosed property expenses. This increase was partially offset by losses on sales of a certain loan and certain OREO in 1997.

The Company's efficiency ratio (calculated as noninterest expense minus amortization of goodwill and core deposit intangible as a percentage of total operating revenue and exclusive of nonrecurring items) was 61.21%, 65.84% and 63.54% in 1998, 1997 and 1996, respectively.

The provision for credit losses was $28,555,000, $17,211,000 and $23,627,000 for 1998, 1997 and 1996, respectively. Net charge-offs to average loans and leases were .32%, .33% and .44% for 1998, 1997 and 1996, respectively. The allowance for credit losses was $149,585,000, or 1.32% of total loans and leases, at December 31, 1998, compared with $82,596,000, or 1.32%, at December 31, 1997. Nonperforming assets, principally loans and leases collateralized by real estate, and OREO and repossessed personal property, totalled 1.08%, 1.38% and 1.68% of total loans and leases and OREO and repossessed personal property as of December 31, 1998, 1997 and 1996, respectively. The improvement in the nonperforming assets ratio was primarily due to the Merger.

At December 31, 1998, the Company's ratios of Tier 1 Capital to risk-weighted assets and Total Capital to risk-weighted assets were 8.17% and 10.06%, respectively, compared with 9.51% and 11.81%, respectively, at December 31, 1997. These ratios were in excess of the "well-capitalized" ratios of 6.00% and 10.00%, respectively, specified by the Federal Reserve Board.

Consolidated net income for 1997 increased $3,965,000, or 4.9%, over 1996. Diluted earnings per share for 1997 was $2.64 compared to $2.55 in 1996. The increase in consolidated net income was primarily due to: (1) income from a full year's operations of Pacific One Bank of $5,048,000 in 1997, an increase of $2,766,000, or 121.2%, over 1996; and (2) an after-tax charge of $2,309,000 in 1996, resulting from the Bank Insurance Fund ("BIF")/Savings Association Insurance Fund ("SAIF") legislation enacted by Congress on September 30, 1996. The legislation imposed a special one-time assessment on institutions holding SAIF-insured deposits in order to recapitalize the SAIF fund.

PACIFIC NORTHWEST ACQUISITIONS

On May 31, 1996, for a purchase price of $36 million, the Company acquired 31 branches in Oregon, Washington and Idaho, which were being divested by U.S. Bancorp and West One Bancorp as a result of their merger. This transaction included the purchase of loans of $400 million and assumption of deposits of $687 million.

On July 31, 1996, for a purchase price of $18 million, the Company acquired ANB Financial Corporation, a bank holding company, and its subsidiary, American National Bank (subsequently renamed "Pacific One Bank, National Association"), which had total loans of $51 million and total deposits of $67 million on the date of acquisition.

Hereafter, the acquisitions discussed in the immediately preceding two paragraphs will be collectively referred to as the "Pacific Northwest Acquisitions."

On November 1, 1998, the assets and businesses acquired in the Pacific Northwest Acquisitions were merged with and into Bank of the West.

NET INTEREST INCOME

As reflected in Table 1 on page 32, net interest income, on a taxable equivalent basis, increased $59,208,000, or 17.7%, from $335,156,000 in 1997 to $394,364,000 in 1998. This increase was primarily due to the Merger. Excluding the effects of the Merger, net interest income, on a taxable equivalent basis, increased $13,475,000, or 4.0%, over 1997. This increase was primarily due to a $195,539,000, or 2.7%, increase in average earning assets and a six basis point (1% equals 100 basis points) increase in the net interest margin. Net interest income, on a taxable equivalent basis, increased $11,901,000, or 3.7%, from 1996 to 1997, primarily due to the Pacific Northwest Acquisitions and a 13 basis point increase in the net interest margin. Tables 1 and 2 on pages 31 to 33 present analyses of the components and changes in net interest income for 1998, 1997 and 1996.

The net interest margin was 4.76% for 1998, up six basis points over 1997. The increase was due to a 12 basis point decrease in the rate paid for sources of funds used for average earning assets, partially offset by a six basis point decrease in the yield on average earning assets. The decrease in the rate paid for sources of funds used for average earning assets and yield on average earning assets was attributable to the overall decline in the interest rate environment in 1998 compared to 1997. The net interest margin in 1998 was not significantly impacted by the Merger.

Average earning assets increased $1,161,227,000, or 16.3%, in 1998 over 1997, primarily due to the Merger. Excluding the effects of the Merger, average earning assets increased $195,539,000, or 2.7%, over 1997. This increase was primarily due to an increase in average loans and leases of $311,296,000, or 5.2%, over 1997. The increase was partially offset by a decrease in the average investment securities portfolio of $185,576,000, or 20.5%, compared to 1997. The decrease in the average investment securities portfolio reflected the change in the collateral requirements for state and local government funds.

Average loans and leases increased $1,125,053,000, or 18.8%, in 1998 over 1997, primarily due to the Merger. Excluding the effects of the Merger, average loans and leases in 1998 increased $311,296,000, or 5.2%, over 1997. This increase was primarily due to automobile financing in California and Oregon and credit extensions to companies in the media and telecommunications industry located on the mainland United States. In addition, the mix of average earning assets continues to change, with average loans and leases representing 85.7% of average earning assets for 1998 as compared to 83.9% for 1997.

Average interest-bearing deposits and liabilities increased $876,035,000, or 14.3%, in 1998 over 1997, primarily due to the Merger and the issuance of the Capital Securities in mid-1997 with an aggregate liquidation amount of $100,000,000. Excluding the impact of the Merger and the issuance of the Capital Securities, average interest-bearing deposits and liabilities increased $69,548,000, or 1.1%, in 1998 over 1997. The increase in 1998 over 1997 was primarily due to an increase in average interest-bearing deposits which increased $235,702,000, or 4.6%, partially offset by a $110,998,000, or 14.0%, decrease in short-term borrowings.

The net interest margin in 1997 increased 13 basis points over 1996. The increase was due to a 17 basis point increase in the yield on average earning assets, partially offset by a four basis point increase in the rate paid for sources of funds used for average earning assets. The increase in the yield on average earning assets was due to the proportionately greater amount of higher yielding average loans and leases to average total earning assets in 1997 as compared to 1996. The increase in the rate paid for sources of funds reflected, among other things, the issuance of the Capital Securities and a decrease in average noninterest-bearing demand deposits of $47,966,000, or 5.3%.

Average earning assets increased $57,025,000, or .8%, in 1997 over 1996, primarily due to the Pacific Northwest Acquisitions. Excluding the effects of the Pacific Northwest Acquisitions, average earning assets decreased $283,024,000, or 4.2%, compared to 1996.

Average loans and leases increased $469,928,000, or 8.5%, in 1997 over 1996, primarily due to the Pacific Northwest Acquisitions. Excluding the effects of the Pacific Northwest Acquisitions, average loans and leases in 1997 increased $143,153,000, or 2.7%, over 1996.

Average interest-bearing deposits and liabilities increased $135,468,000, or 2.3%, in 1997 over 1996, primarily due to the Pacific Northwest Acquisitions (including the issuance of $50 million of long-term subordinated debt during the second quarter of 1996 to fund the Pacific Northwest Acquisitions) and the issuance of the Capital Securities. Excluding the impact of the Pacific Northwest Acquisitions and the issuance of the Capital Securities, average interest-bearing deposits and liabilities decreased $170,043,000, or 3.0%, in 1997 compared to 1996.

TABLE 1: AVERAGE BALANCES, INTEREST INCOME AND EXPENSE, AND YIELDS AND RATES
(TAXABLE EQUIVALENT BASIS)

The following table sets forth the condensed consolidated average balance sheets, an analysis of interest income/expense and average yield/rate for each major category of earning assets and interest-bearing deposits and liabilities for the years indicated on a taxable equivalent basis. The taxable equivalent adjustment is made for items exempt from Federal income taxes (assuming a 35% tax rate for 1998, 1997 and 1996) to make them comparable with taxable items before any income taxes are applied.

	1998			1997		
(dollars in thousands)	AVERAGE BALANCE	INTEREST INCOME/ EXPENSE	YIELD/ RATE	Average Balance	Interest Income/ Expense	Yield/ Rate
ASSETS						
Earning assets:						
Interest-bearing deposits in other banks:						
Domestic	$ 55,666	$ 3,378	6.07%	$ 47,006	$ 2,906	6.18%
Foreign	115,576	6,448	5.58	40,315	2,282	5.66
Total interest-bearing deposits in other banks	171,242	9,826	5.74	87,321	5,188	5.94
Federal funds sold and securities purchased under agreements to resell	146,109	7,942	5.44	156,902	8,676	5.53
Investment securities (1):						
Taxable	864,768	55,560	6.42	894,684	59,188	6.62
Exempt from Federal taxes	1,653	131	7.92	8,691	972	11.18
Total investment securities	866,421	55,691	6.43	903,375	60,160	6.66
Loans and leases (2) (3):						
Domestic	6,727,533	577,654	8.59	5,673,588	491,296	8.66
Foreign	377,709	33,453	8.86	306,601	27,847	9.08
Total loans and leases	7,105,242	611,107	8.60	5,980,189	519,143	8.68
TOTAL EARNING ASSETS	8,289,014	684,566	8.26	7,127,787	593,167	8.32
Cash and due from banks	303,512			272,343		
Premises and equipment	246,118			247,583		
Core deposit intangible	21,352			27,151		
Goodwill	195,746			98,398		
Other assets	142,839			145,131		
TOTAL ASSETS	$9,198,581			$7,918,393		

	1996		
(dollars in thousands)	Average Balance	Interest Income/ Expense	Yield/ Rate
ASSETS			
Earning assets:			
Interest-bearing deposits in other banks:			
Domestic	$ 13,666	$ 790	5.78%
Foreign	182,680	10,392	5.69
Total interest-bearing deposits in other banks	196,346	11,182	5.69
Federal funds sold and securities purchased under agreements to resell	153,499	8,442	5.50
Investment securities (1):			
Taxable	1,169,110	72,813	6.23
Exempt from Federal			

	Average Balance	Interest	Yield/Rate
taxes	41,546	4,063	9.78
Total investment securities	1,210,656	76,876	6.35
Loans and leases (2) (3):			
Domestic	5,272,503	456,741	8.66
Foreign	237,758	22,809	9.59
Total loans and leases	5,510,261	479,550	8.70
TOTAL EARNING ASSETS	7,070,762	576,050	8.15
Cash and due from banks	250,456		
Premises and equipment	243,389		
Core deposit intangible	27,272		
Goodwill	84,965		
Other assets	78,540		
TOTAL ASSETS	$7,755,384		

Notes:

(1) Average balances exclude the effects of the fair value adjustments.

(2) Nonaccruing loans and leases have been included in the computations of average loan and lease balances.

(3) Interest income for loans and leases included loan fees of $30,919, $24,749 and $24,189 for 1998, 1997 and 1996, respectively.

(dollars in thousands)	1998 AVERAGE BALANCE	1998 INTEREST INCOME/ EXPENSE	1998 YIELD/ RATE	1997 Average Balance	1997 Interest Income/ Expense	1997 Yield/ Rate
LIABILITIES AND STOCKHOLDERS' EQUITY						
Interest-bearing deposits and liabilities:						
Deposits:						
Domestic:						
Interest-bearing demand	$ 283,721	$ 4,358	1.54%	$ 303,444	$ 4,814	1.59%
Savings	2,539,889	65,162	2.57	2,163,764	56,528	2.61
Time	2,894,153	149,808	5.18	2,399,447	126,928	5.29
Foreign (interest-bearing)	228,333	9,592	4.20	214,482	9,349	4.36
Total interest-bearing deposits	5,946,096	228,920	3.85	5,081,137	197,619	3.89
Short-term borrowings	726,119	36,727	5.06	793,642	41,527	5.23
Long-term debt and capital securities	348,267	24,555	7.05	269,668	18,865	7.00
TOTAL INTEREST-BEARING DEPOSITS AND LIABILITIES	7,020,482	290,202	4.13	6,144,447	258,011	4.20
Noninterest-bearing demand deposits	1,021,343			821,867		
Other liabilities	291,943			226,341		
Total liabilities	8,333,768			7,192,655		
Stockholders' equity	864,813			725,738		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$9,198,581			$7,918,393		
NET INTEREST INCOME AND MARGIN ON TOTAL EARNING ASSETS		394,364	4.76%		335,156	4.70%
Tax equivalent adjustment		127			684	
NET INTEREST INCOME		394,237			$334,472	

(dollars in thousands)	1996 Average Balance	1996 Interest Income/ Expense	1996 Yield/ Rate
LIABILITIES AND STOCKHOLDERS' EQUITY			
Interest-bearing deposits and liabilities:			
Deposits:			
Domestic:			
Interest-bearing demand	$ 597,386	$ 9,258	1.55%
Savings	1,711,773	47,525	2.78
Time	2,197,868	116,707	5.31
Foreign (interest-bearing)	205,547	8,912	4.34
Total interest-bearing deposits	4,712,574	182,402	3.87
Short-term borrowings	1,011,958	53,977	5.33
Long-term debt and capital securities	249,245	16,416	6.59
TOTAL INTEREST-BEARING DEPOSITS AND LIABILITIES	5,973,777	252,795	4.23
Noninterest-bearing demand deposits	905,035		
Other liabilities	200,636		
Total liabilities	7,079,448		
Stockholders' equity	675,936		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$7,755,384		

NET INTEREST INCOME AND MARGIN ON TOTAL EARNING ASSETS	323,255	4.57%
Tax equivalent adjustment	1,910	
NET INTEREST INCOME	$321,345	

ASSETS
($ in billions)

DECEMBER 31	
1994	7.54
1995	7.57
1996	8.00
1997	8.09
1998	15.05

LOANS AND LEASES
($ in billions)

DECEMBER 31	
1994	5.53
1995	5.26
1996	5.81
1997	6.24
1998	11.34

NET INTEREST INCOME*
($ in millions)

DECEMBER 31	
1994	303.4
1995	299.7
1996	323.3
1997	335.2
1998	394.4

* taxable equivalent basis

AVERAGE EARNING ASSETS
($ in billions)

1994	6.56
1995	6.88
1996	7.07
1997	7.13
1998	8.29

TABLE 2: ANALYSIS OF CHANGES IN NET INTEREST INCOME (TAXABLE EQUIVALENT BASIS)

The following table analyzes the dollar amount of change (on a taxable equivalent basis) in interest income and expense and the changes in dollar amounts attributable to (a) changes in volume (change in volume times prior year's rates), (b) changes in rates (change in rate times prior year's volume), and (c) changes in rate/volume (change in rate times change in volume). In this table, the dollar change in rate/volume is prorated to volume and rate proportionately. The taxable equivalent adjustment is made for items exempt from Federal income taxes (assuming a 35% tax rate for 1998, 1997 and 1996) to make them comparable with taxable items before any income taxes are applied.

	1998 COMPARED TO 1997-- INCREASE (DECREASE) DUE TO:			1997 Compared to 1996-- Increase (Decrease) Due to:		
(in thousands)	VOLUME	RATE	NET INCREASE (DECREASE)	Volume	Rate	Net Increase (Decrease)
Interest earned on:						
Interest-bearing deposits in other banks:						
Domestic	$ 526	$ (54)	$ 472	$ 2,057	$ 59	$ 2,116
Foreign	4,200	(34)	4,166	(8,060)	(50)	(8,110)
Total interest-bearing deposits in other banks	4,726	(88)	4,638	(6,003)	9	(5,994)
Federal funds sold and securities purchased under agreements to resell	(590)	(144)	(734)	188	46	234
Investment securities:						
Taxable	(1,947)	(1,681)	(3,628)	(17,932)	4,307	(13,625)
Exempt from Federal income taxes	(620)	(221)	(841)	(3,601)	510	(3,091)
Total investment securities	(2,567)	(1,902)	(4,469)	(21,533)	4,817	(16,716)
Loans and leases (1):						
Domestic	90,529	(4,171)	86,358	34,732	(177)	34,555
Foreign	6,314	(708)	5,606	6,307	(1,269)	5,038
Total loans and leases	96,843	(4,879)	91,964	41,039	(1,446)	39,593
Total earning assets	98,412	(7,013)	91,399	13,691	3,426	17,117
Interest paid on:						
Deposits:						
Domestic:						
Interest-bearing demand	(306)	(150)	(456)	(4,658)	214	(4,444)
Savings	9,665	(1,031)	8,634	11,943	(2,940)	9,003
Time	25,660	(2,780)	22,880	10,665	(444)	10,221
Foreign (interest-bearing)	591	(348)	243	389	48	437
Total interest-bearing deposits	35,610	(4,309)	31,301	18,339	(3,122)	15,217
Short-term borrowings	(3,449)	(1,351)	(4,800)	(11,441)	(1,009)	(12,450)
Long-term debt and capital securities	5,540	150	5,690	1,393	1,056	2,449
Total interest-bearing deposits and liabilities	37,701	(5,510)	32,191	8,291	(3,075)	5,216
INCREASE (DECREASE) IN NET INTEREST INCOME (TAXABLE EQUIVALENT BASIS)	$60,711	$(1,503)	$59,208	$ 5,400	$ 6,501	$ 11,901

Note:

(1) Interest income for loans and leases included loan fees of $30,919, $24,749 and $24,189 for 1998, 1997 and 1996, respectively.

NONINTEREST INCOME

Total noninterest income increased $21,068,000, or 21.4%, from $98,513,000 in 1997 to $119,581,000 in 1998. Excluding the effects of the Merger, total noninterest income increased $11,058,000, or 11.2%. Total noninterest income for 1997 increased $11,058,000, or 12.6%, over 1996. Excluding the Pacific Northwest Acquisitions, total noninterest income in 1997 increased $6,688,000, or 8.0% over 1996.

Trust and investment services income increased $1,856,000, or 7.4%, from 1997 to 1998 and increased $1,258,000, or 5.3%, from 1996 to 1997. Excluding the effects of the Merger, trust and investment services income increased $1,209,000, or 4.8%, from 1997 to 1998. These increases were primarily the result of an increase in investment management fees resulting from new business and an increase in the market value of managed assets.

Service charges on deposit accounts increased $7,416,000, or 25.8%, from 1997 to 1998 and increased $2,492,000, or 9.5%, from 1996 to 1997. Excluding the effects of the Merger, service charges on deposit accounts increased $2,202,000, or 7.7%, from 1997 to 1998. Excluding the effects of the Pacific Northwest Acquisitions, service charges on deposit accounts increased $691,000, or 2.8%, from 1996 to 1997. These increases were attributable to an increase in fees on checks returned and paid.

Other service charges and fees increased $4,065,000, or 12.9%, from 1997 to 1998 and $6,533,000, or 26.2%, from 1996 to 1997. Excluding the effects of the Merger in 1998 and Pacific Northwest Acquisitions in 1997, other service charges and fees increased $2,235,000, or 7.1%, from 1997 to 1998 and $4,401,000, or 18.7%, from 1996 to 1997, respectively. The increase from 1997 to 1998 was primarily a result of higher commissions from annuity and mutual fund sales. The increase from 1996 to 1997 was primarily a result of higher merchant discount fees, commissions from annuity and mutual fund sales and mortgage servicing rights for mortgage loans that were originated and sold with servicing retained.

Other noninterest income increased $7,877,000, or 61.3%, from 1997 to 1998 and $623,000, or 5.1%, from 1996 to 1997. The increase from 1997 to 1998 was primarily due to: (1) the effects of the Merger; (2) gains on sales of a corporate aircraft and a regional manager's residence of $3,907,000 and $2,115,000, respectively; and (3) income earned on bank-owned life insurance on certain officers (a program started in May 1997). The increase was partially offset by a gain on the sale of a leasehold interest in a former branch of $2,500,000 in 1997. The increase from 1996 to 1997 was primarily due to: (1) the effects of the Pacific Northwest Acquisitions; (2) a gain on the sale of a leasehold interest in a former branch of $2,500,000; (3) higher foreclosed property income; and (4) income earned on bank-owned life insurance on certain officers. The increase was partially offset by a gain on sale of other real estate owned of $3,029,000 in 1996.

Components of and changes in noninterest income are reflected below for the years indicated:

(in thousands)	1998	1997	1996	1998/97 CHANGE AMOUNT	1998/97 CHANGE %	1997/96 Change Amount	1997/96 Change %
Trust and investment services income	$ 26,971	$25,115	$23,857	$ 1,856	7.4%	$ 1,258	5.3%
Service charges on deposit accounts	36,192	28,776	26,284	7,416	25.8	2,492	9.5
Other service charges and fees	35,574	31,509	24,976	4,065	12.9	6,533	26.2
Securities gains, net	124	270	118	(146)	(54.1)	152	128.8
Other	20,720	12,843	12,220	7,877	61.3	623	5.1
TOTAL NONINTEREST INCOME	$119,581	$98,513	$87,455	$21,068	21.4%	$11,058	12.6%

PROVISION AND ALLOWANCE FOR CREDIT LOSSES

The provision for credit losses is based upon management's judgment as to the adequacy of the allowance for credit losses (the "Allowance") to absorb losses. The Company uses a systematic methodology to determine the adequacy of the Allowance and related provision for credit losses to be reported for financial statement purposes. The determination of the adequacy of the Allowance is ultimately one of management judgment, which includes consideration of many factors, including the amount of problem and potential problem loans and leases, net charge-off experience, changes in the composition of the loan and lease portfolio by type and location of loans and leases and in overall loan and lease risk profile and quality, general economic factors and the fair value of collateral.

The Company's systematic methodology results in allocations of the Allowance to individual loans and leases and to categories of loans and leases, representing losses that are considered probable based on available information. Specific allocations of the Allowance are assigned to individual loan and lease relationships based on internal credit analyses. Such allocations are made based on the Company's impairment analysis that occurs at least quarterly. Measurement

of impairment is described in Note 1 to the Consolidated Financial Statements on page 56. The Company also makes allocations of the Allowance with respect to loans and leases that are not subject to a loan-by-loan credit analysis. These allocations are based on migration analysis,

correlation of the three-year moving average historic charge-off rates to the underlying asset balances, and other statistical procedures. Additionally, the Company also allocates a portion of the Allowance based on risk classifications of certain loan types. The unallocated portion of the Allowance is intended to compensate for the subjective nature of estimating an adequate allowance for credit losses, economic uncertainties, and other factors.

As the table on page 36 illustrates, the provision for credit losses for 1998 was $28,555,000, an increase of $11,344,000, or 65.9%, over 1997. Excluding the effects of the Merger, the provision for credit losses for 1998 increased $7,344,000 over 1997. The increase was consistent with the increase in the amount of nonperforming loans and leases from 1997 to 1998 as discussed in the section titled "Nonperforming Assets and Past Due Loans and Leases" on pages 41 and 42. The level of the provision for credit losses remained relatively high due to, among other factors, the continuing impact of the adverse economic conditions and trends and the weaknesses in the Hawaii economy and local real estate markets.

Net charge-offs increased $2,690,000, or 13.5%, from 1997 to 1998. Net charge-offs in 1998 and 1997 represented .32% and .33%, respectively, of average loans and leases. Excluding the effects of the Merger, the increase was primarily due to an increase in consumer loan charge-offs of $1,516,000, or 11.0%, over 1997. The high level of consumer loan charge-offs in 1996, 1997 and 1998 was primarily attributable to the ongoing sluggish Hawaii economy and a continued increase in personal bankruptcies in the State of Hawaii, which resulted in an increase in write-offs of credit card loans. However, charge-offs in this profitable line of business remain well below national average rates. Smaller balance homogeneous credit card and consumer loans are charged off at a predetermined delinquency status or earlier if the Company determines that the loan is uncollectible.

Net charge-offs in 1997 decreased $4,355,000, or 18.0%, from 1996. Net charge-offs in 1997 and 1996 represented .33% and .44%, respectively, of average loans and leases. The decrease in commercial, financial and agricultural loan charge-offs in 1997 was primarily due to the charge-off of three loans, partially collateralized by real estate, totaling $4,318,000 in 1996. The increase in consumer loan charge-offs in 1997 was primarily attributable to the increase in personal bankruptcies as previously mentioned.

At December 31, 1998, the Allowance totaled $149,585,000 and represented 1.32% of total outstanding loans and leases compared to $82,596,000 and 1.32%, respectively, as of December 31, 1997. The increase in the Allowance was primarily due to the effects of the Merger.

The Allowance increased to 1.67 times nonperforming loans and leases at December 31, 1998 (excluding 90 days or more past due accruing loans and leases) from 1.49 times at December 31, 1997, reflecting the low level of nonperforming assets of Bank of the West relative to its Allowance. In management's judgment, the Allowance is adequate to absorb potential losses currently inherent in the loan and lease portfolio at December 31, 1998. However, it should be noted that changes in prevailing economic conditions in the Company's markets, principally the states of Hawaii and California and, to a lesser extent, the states of Oregon, Washington and Idaho, could result in changes in the level of nonperforming assets and charge-offs and, accordingly, changes in the Allowance.

ALLOWANCE AS A % OF LOANS AND LEASES OUTSTANDING GRAPH

Year	%
1994	1.11
1995	1.50
1996	1.47
1997	1.32
1998	1.32

YEAR-END ALLOWANCE FOR CREDIT LOSSES GRAPH
($ in millions)

Year	Amount
1994	61.3
1995	78.7
1996	85.2
1997	82.6
1998	149.6

The following sets forth the activity in the allowance for credit losses for the years indicated:

(dollars in thousands)	1998	1997	1996	1995	1994
LOANS AND LEASES OUTSTANDING (END OF YEAR)	$11,339,580	$6,238,681	$5,806,732	$5,259,545	$5,533,565
AVERAGE LOANS AND LEASES OUTSTANDING	$ 7,105,242	$5,980,189	$5,510,261	$5,460,681	$5,172,140
Allowance for credit losses:					
Balance at beginning of year	$ 82,596	$ 85,248	$ 78,733	$ 61,250	$ 62,253
Allowances of subsidiaries purchased (1)	60,987	--	7,106	--	--
Loans and leases charged off:					
Commercial, financial and agricultural	4,847	5,986	10,003	7,197	11,307
Real estate:					
Commercial	684	1,120	1,619	2,763	1,500
Construction	--	180	1,450	1,466	7,178
Residential	4,217	3,731	2,937	2,707	588
Consumer	17,626	13,825	10,884	8,019	6,542
Lease financing	1,252	91	33	276	--
Foreign	458	197	415	417	--
Total loans and leases charged off	29,084	25,130	27,341	22,845	27,115
Recoveries on loans and leases previously charged off:					
Commercial, financial and agricultural	830	1,614	929	327	1,229
Real estate:					
Commercial	820	297	86	239	9
Construction	1,244	--	117	--	205
Residential	250	985	234	43	92
Consumer	3,010	2,287	1,690	1,596	1,639
Lease financing	253	20	3	16	16
Foreign	124	64	64	--	--
Total recoveries on loans and leases previously charged off	6,531	5,267	3,123	2,221	3,190
Net charge-offs	(22,553)	(19,863)	(24,218)	(20,624)	(23,925)
Provision for credit losses	28,555	17,211	23,627	38,107	22,922
BALANCE AT END OF YEAR	$ 149,585	$ 82,596	$ 85,248	$ 78,733	$ 61,250
Net loans and leases charged off to average loans and leases	.32%	.33%	.44%	.38%	.46%
Net loans and leases charged off to allowance for credit losses	15.08%	24.05%	28.41%	26.19%	39.06%
Allowance for credit losses to total loans and leases (end of year)	1.32%	1.32%	1.47%	1.50%	1.11%
Allowance for credit losses to nonperforming loans and leases (end of year):					
Excluding 90 days or more past due accruing loans and leases	1.67X	1.49x	1.18x	.95x	1.04x
Including 90 days or more past due accruing loans and leases	1.20X	.92x	.83x	.70x	.66x

Note:

(1) Allowance for credit losses of $60,987 in 1998 and $7,106 in 1996 were related to the Merger and the Pacific Northwest Acquisitions, respectively.

The Company has allocated a portion of the allowance for credit losses according to the amount deemed to be reasonably necessary to provide for the possibility of losses being incurred within the various loan and lease categories as of December 31 for the years indicated:

	1998		1997		1996	
(dollars in thousands)	ALLOWANCE AMOUNT	PERCENT OF LOANS/LEASES IN EACH CATEGORY TO TOTAL LOANS/LEASES	Allowance Amount	Percent of Loans/Leases in Each Category to Total Loans/Leases	Allowance Amount	Percent of Loans/Leases in Each Category to Total Loans/Leases
Domestic:						
Commercial, financial and agricultural	$ 24,745	19%	$ 12,390	25%	$ 13,730	24%
Real estate:						
Commercial	10,120	17	3,845	19	6,620	20
Construction	4,285	3	180	3	120	4
Residential	11,585	23	8,350	31	6,130	33
Consumer	32,095	23	15,285	11	11,040	10
Lease financing	9,845	12	360	5	760	4
Foreign	1,435	3	1,405	6	1,540	5
Unallocated	55,475	N/A	40,781	N/A	45,308	N/A
TOTAL	$149,585	100%	$ 82,596	100%	$ 85,248	100%

	1995		1994	
(dollars in thousands)	Allowance Amount	Percent of Loans/Leases in Each Category to Total Loans/Leases	Allowance Amount	Percent of Loans/Leases in Each Category to Total Loans/Leases
Domestic:				
Commercial, financial and agricultural	$ 15,325	25%	$ 16,610	23%
Real estate:				
Commercial	2,320	19	4,700	18
Construction	4,035	5	7,010	6
Residential	4,260	34	9,510	37
Consumer	9,550	9	8,040	8
Lease financing	645	4	600	4
Foreign	1,430	4	1,085	4
Unallocated	41,168	N/A	13,695	N/A
TOTAL	$ 78,733	100%	$ 61,250	100%

NONINTEREST EXPENSE

Total noninterest expense for 1998 totaled $353,807,000, an increase of $61,597,000, or 21.1%, over 1997. Excluding the effects of the Merger and restructuring and other nonrecurring costs, total noninterest expense increased $2,874,000, or 1.0%, over 1997.

Total personnel expense for 1998 increased $1,617,000, or 1.1%, over 1997. Excluding the effects of the Merger, total personnel expense decreased $12,069,000, or 8.2%, compared to 1997. The decrease was primarily due to: (1) lower salaries and wages expense as a result of the Company's continued re-engineering and consolidation efforts; and (2) higher pension credits.

Occupancy expense increased $4,547,000, or 11.7%, over 1997. Excluding the effects of the Merger, total occupancy expense increased $773,000, or 2.0%, over 1997.

Equipment expense increased $1,073,000, or 4.3%, over 1997. Excluding the Merger, equipment expense remained relatively flat compared to the prior year.

The Company recorded restructuring, merger-related and other nonrecurring costs totaling $25,527,000 in 1998. Restructuring and merger-related costs of $20,043,000 included: (1) severance and termination payments to employees of $2,211,000; (2) data processing contract termination penalties of $2,083,000; (3) the write-off of capitalized software costs of $2,755,000; (4) write-downs

or losses associated with excess leased commercial property of $8,179,000; (5) write-off of signage, forms, prepaid expenses and other miscellaneous assets totaling $3,828,000; and (6) other integration costs of $987,000. Other nonrecurring costs included impairment charges of $5,484,000 related to intangible assets associated with earlier acquisitions.

Outside services expense increased $5,798,000, or 81.5%, over 1997. Excluding the effects of the Merger, total outside services increased $4,110,000, or 57.8%, over 1997. The increase was primarily due to expenses incurred to prepare the Company's computer systems and applications for the year 2000. For information regarding anticipated conversion expenses in future periods, see "Year 2000 Issues" on pages 45 to 48.

Goodwill and core deposit intangible expense increased $5,133,000, or 61.1%, over 1997, primarily due to the Merger.

Advertising and promotion expense decreased $362,000, or 3.2%, compared to 1997. Excluding the effects of the Merger, advertising and promotion expense decreased $999,000, or 8.9%. The decrease was principally due to more stringent cost controls and lower levels of spending in the areas of advertising, direct mail, collateral and marketing production.

Other noninterest expense increased $18,191,000, or 43.3%, over 1997. Excluding the effects of the Merger, other expense increased $10,892,000, or 25.9%, over 1997. The increase was due to higher: (1) foreclosed property expenses; (2) write-downs of certain OREO; and (3) cash surrender value of certain executive life insurance policies (recorded as a credit to insurance expense) in 1997. The increase was partially offset by losses on sales of a loan and certain OREO in 1997.

Total noninterest expense increased $22,871,000, or 8.5%, from 1996 to 1997. Excluding the effects of the Pacific Northwest Acquisitions, total noninterest expense

increased $5,426,000, or 2.0%, over 1996. This increase was primarily due to: (1) costs associated with the Company's new administrative headquarters building; (2) higher service contract expense; (3) higher depreciation on furniture and equipment; (4) higher data processing equipment expense; (5) higher outside services related to the Year 2000 project; (6) losses on sales of a loan and certain OREO in 1997; and (7) higher software depreciation expense. The increase was partially offset by: (1) lower deposit insurance premiums primarily due to the special SAIF one-time assessment in 1996; (2) a loss on sale of a certain leveraged lease in 1996; and (3) an increase in the cash surrender value of certain executive life insurance policies (recorded as a credit to insurance expense) in 1997.

Components of and changes in noninterest expense are reflected below for the years indicated:

				1998/97 CHANGE		1997/96 Change	
(in thousands)	1998	1997	1996	AMOUNT	%	Amount	%
Personnel:							
Salaries and wages	$115,860	$113,179	$104,572	$ 2,681	2.4%	$ 8,607	8.2%
Employee benefits	33,187	34,251	34,144	(1,064)	(3.1)	107	.3
Total personnel expense	149,047	147,430	138,716	1,617	1.1	8,714	6.3
Occupancy expense	43,262	38,715	27,045	4,547	11.7	11,670	43.2
Equipment expense	26,219	25,146	22,680	1,073	4.3	2,466	10.9
Restructuring, merger-related and other nonrecurring costs	25,527	--	--	25,527	--	--	--
Outside services	12,908	7,110	5,426	5,798	81.5	1,684	31.0
Stationery and supplies	12,289	12,216	11,193	73	.6	1,023	9.1
Goodwill and core deposit intangible	13,537	8,404	7,473	5,133	61.1	931	12.5
Advertising and promotion	10,812	11,174	10,991	(362)	(3.2)	183	1.7
Other	60,206	42,015	45,815	18,191	43.3	(3,800)	8.3
TOTAL NONINTEREST EXPENSE	$353,807	$292,210	$269,339	$61,597	21.1%	$22,871	8.5%

INCOME TAXES

The provision for income taxes as shown in the Consolidated Statements of Income on page 52 represents 41.7% of pre-tax income for 1998, compared with 31.8% and 30.7% for 1997 and 1996, respectively.

On a taxable equivalent basis, the effective tax rate for 1998, 1997 and 1996 was 41.8%, 32.4% and 32.3%, respectively. Additional information on the Company's consolidated income taxes is provided in Note 17 to the Consolidated Financial Statements on pages 70 and 71.

The increase in the 1998 effective tax rate as compared to 1997 and 1996 was primarily due to the effects of the Merger which resulted in: (1) the recognition of increased goodwill amortization, for which the Company receives no tax benefit; and (2) increased state income taxes, as a result of a higher apportionment of California versus Hawaii income. Additionally, the recognition in 1997 and 1996 of previously unrecognized tax credits resulted in lower effective tax rates for those years.

LOANS AND LEASES

The following table sets forth the loan and lease portfolio by major categories and loan and lease mix as of December 31 for the years indicated:

(in millions)	1998	1997	1996	1995	1994
Domestic:					
Commercial, financial and agricultural	$ 2,089	$1,583	$1,382	$1,316	$1,264
Real estate:					
Commercial	1,929	1,194	1,172	997	965
Construction	359	166	213	257	321
Residential	2,652	1,945	1,936	1,766	2,049
Consumer	2,399	504	410	307	309
Credit cards	174	175	173	167	159
Lease financing	1,356	333	241	242	231
Foreign:					
Governments and official institutions	--	--	--	--	1
Commercial and industrial	81	68	55	19	50
Other	301	271	225	189	185
TOTAL LOANS AND LEASES	$11,340	$6,239	$5,807	$5,260	$5,534

As evidenced by the Merger, the Company continues its efforts to diversify the loan and lease portfolio, both geographically and by industry. Overall loan and lease volume in the State of Hawaii continues to decline as a result of the sluggish economy.

The loan and lease portfolio is the largest component of total earning assets and accounts for the greatest portion of total interest income. At December 31, 1998, total loans and leases were $11,339,580,000, an increase of 81.8% over December 31, 1997. The increase was primarily due to increases in the real estate loan, consumer loan and lease financing categories as a result of the Merger. Excluding the effects of the Merger, total loans increased 2.8% over December 31, 1997. The increase was primarily due to increases in commercial, financial and agricultural and consumer loans. The increase was partially offset by decreases in real estate commercial and real estate residential loans.

Total loans and leases at December 31, 1998, represented 75.3% of total assets, 85.2% of total earning assets and 100.7% of total deposits compared to 77.1% of total assets, 85.6% of total earning assets and 102.5% of total deposits at December 31, 1997, reflecting the effects of the Merger.

Commercial, financial and agricultural loans as of December 31, 1998, increased $506,653,000, or 32.0%, to $2,089,351,000 from December 31, 1997. Excluding the effects of the Merger, commercial, financial and agricultural loans increased $262,962,000, or 16.6%, over 1997. Excluding the effects of the Merger, credit extensions in the Pacific Northwest and to the media and telecommunications industry located on the mainland United States accounted for the majority of the increase in loan and lease balances.

The Company's primary goal in commercial and financial lending is to maintain reasonable levels of risk by following prudent underwriting guidelines primarily based on cash flow. Most commercial and financial loans are collateralized and/or supported by guarantors judged to have adequate net worth. Unsecured loans are made to customers based on character, net worth, liquidity and repayment ability.

The Company's real estate loans totaled $4,940,236,000, or 43.6%, of total loans and leases at December 31, 1998, which represented an increase of 49.5% over December 31, 1997. Excluding the effects of the Merger, real estate loans decreased $272,778,000, or 8.3%, compared to 1997 due to decreases in commercial and residential loans, reflecting Hawaii's sluggish economy.

The Company's primary goal in real estate lending is to maintain reasonable levels of risk by financing selective real estate projects, by adhering to conservative underwriting guidelines and by closely monitoring general economic conditions impacting local real estate markets. The Company's multifamily and commercial real estate loans, both construction and permanent, are analyzed on the basis of the economic viability of the specific project or property for which financing is sought as well as the loan-to-value ratio of the real estate securing the financing and the underlying financial strength of the borrower. In its multifamily and commercial real estate lending, the Company will generally not lend in excess of 75% of the appraised value of the underlying project or property; it also generally requires a debt service ratio of 1.20. In its single-family residential lending, the Company will generally not lend in excess of 80% of the appraised value of the underlying property. Loans made in excess of that limit are generally covered by third-party mortgage insurance that reduces

the Company's equivalent risk to an 80% loan-to-appraised value ratio.

Consumer loans as of December 31, 1998, increased $1,893,889,000, or 278.9%, to $2,572,873,000 from December 31, 1997. Excluding the effects of the Merger, consumer loans increased $111,297,000, or 16.4%, over December 31, 1997, primarily due to credit extensions in the Pacific Northwest. Consumer loans consist primarily of open- and closed-ended direct and indirect credit facilities for personal, automobile and household purchases. The Company's primary goal in consumer lending is to maintain reasonable levels of risk by following prudent underwriting guidelines which include, among other factors, an evaluation of: (1) personal credit history; (2) personal cash flow; and (3) collateral values based on existing market conditions.

Lease financing as of December 31, 1998, increased $1,022,268,000, or 306.7%, to $1,355,538,000 from December 31, 1997. Excluding the effects of the Merger, lease financing increased $38,883,000, or 11.7% over December 31, 1997 due to leveraged lease originations on the mainland United States.

Loan and lease concentrations are considered to exist when there are amounts loaned to multiple borrowers engaged in similar activities which would cause them to be similarly impacted by economic or other conditions. At December 31, 1998, the Company did not have a concentration of loans and leases greater than 10% of total loans and leases which were not otherwise disclosed as a category of loans and leases as shown in the table on page 39. The loan and lease portfolio is principally located in the states of Hawaii and California and, to a lesser extent, the states of Oregon, Washington and Idaho. The risk inherent in the portfolio is dependent not only upon regional and general economic stability of those states which affect property values, but also the financial well being and creditworthiness of the borrowers.

LOAN AND LEASE MATURITIES

The contractual maturities of loans and leases do not necessarily reflect the actual term of the Company's loan and lease portfolio. The Company's experience has been that the average life of residential real estate loans is substantially less than their contractual terms because of loan prepayments and enforcement of due-on-sale clauses. A due-on-sale clause gives the Company the right to declare a loan immediately due and payable in the event, among other things, that the borrower sells the real property subject to the mortgage and the loan is not repaid. In general, the average life of real estate loans tends to increase when current interest rates exceed rates on existing real estate loans. Correspondingly, prepayments tend to increase when current interest rates are below the rates on existing real estate loans. Because the volume of such prepayments fluctuates depending upon changes in both the absolute level of interest rates and the relationship between fixed and adjustable-rate loan rates, the average life of the Company's fixed-rate real estate loans has varied widely.

At December 31, 1998, loans and leases with maturities over one year were comprised of fixed-rate loans totaling $4,926,964,000 and floating or adjustable-rate loans totaling $3,974,280,000.

The following table sets forth the contractual maturities of the Company's loan and lease portfolio by category at December 31, 1998. Demand loans are included as due within one year.

(in millions)	WITHIN ONE YEAR	AFTER ONE BUT WITHIN FIVE YEARS	AFTER FIVE YEARS	TOTAL
COMMERCIAL, FINANCIAL AND AGRICULTURAL	$ 850	$ 809	$ 430	$ 2,089
REAL ESTATE:				
COMMERCIAL	432	950	547	1,929
CONSTRUCTION	198	123	38	359
RESIDENTIAL	163	741	1,748	2,652
CONSUMER	413	1,089	897	2,399
CREDIT CARDS	72	97	5	174
LEASE FINANCING	182	845	329	1,356
FOREIGN	129	175	78	382
TOTAL	$2,439	$4,829	$4,072	$11,340

NONPERFORMING ASSETS AND PAST DUE LOANS AND LEASES

Nonperforming assets and past due loans and leases as of December 31 are reflected below for the years indicated:

(dollars in thousands)	1998	1997	1996	1995	1994
Nonperforming loans and leases:					
Nonaccrual:					
Commercial, financial and agricultural	$ 21,719	$ 9,038	$21,398	$16,229	$ 7,972
Real estate:					
Commercial	17,457	4,590	6,156	40,664	35,290
Construction	--	--	1,700	9,697	7,038
Residential:					
Insured, guaranteed, or conventional	9,543	6,353	13,815	12,628	4,792
Home equity credit lines	333	50	451	496	520
Total real estate loans	27,333	10,993	22,122	63,485	47,640
Consumer	2,366	--	--	--	--
Lease financing	1,816	10	27	19	212
Foreign	1,174	--	--	--	--
Total nonaccrual loans and leases	54,408	20,041	43,547	79,733	55,824
Restructured:					
Commercial, financial and agricultural	3,894	1,532	3,429	682	--
Real estate:					
Commercial	30,247	30,843	24,604	2,500	3,128
Residential:					
Insured, guaranteed, or conventional	1,100	2,626	267	--	--
Home equity credit lines	--	559	561	--	--
Total real estate loans	31,347	34,028	25,432	2,500	3,128
Total restructured loans and leases	35,241	35,560	28,861	3,182	3,128
Total nonperforming loans and leases	89,649	55,601	72,408	82,915	58,952
Other real estate owned and repossessed personal property	33,381	30,760	25,574	9,312	4,160
TOTAL NONPERFORMING ASSETS	$123,030	$86,361	$97,982	$92,227	$63,112
Past due loans and leases:					
Commercial, financial and agricultural	$ 1,569	$ 2,521	$ 7,765	$13,060	$18,834
Real estate:					
Commercial	2,379	567	7,676	2,175	4,765
Construction	440	--	--	--	--
Residential:					
Insured, guaranteed, or conventional	23,250	25,002	9,812	7,502	6,741
Home equity credit lines	1,710	2,077	2,220	3,005	909
Total real estate loans	27,779	27,646	19,708	12,682	12,415
Consumer	3,443	3,589	2,869	3,020	1,928
Lease financing	--	11	40	28	190
Foreign	1,816	--	--	--	--
TOTAL PAST DUE LOANS AND LEASES (1)	$ 34,607	$33,767	$30,382	$28,790	$33,367
Nonperforming assets to total loans and leases and other real estate owned and repossessed personal property (end of year):					
Excluding past due loans and leases	1.08%	1.38%	1.68%	1.75%	1.14%
Including past due loans and leases	1.39%	1.92%	2.20%	2.30%	1.74%
Nonperforming assets to total assets (end of year):					
Excluding past due loans and leases	.82%	1.07%	1.22%	1.22%	.84%
Including past due loans and leases	1.05%	1.48%	1.60%	1.60%	1.28%

Note:

(1) Represents loans and leases which are past due 90 days or more as to principal and/or interest, are still accruing interest and are adequately collateralized and in the process of collection.

As shown in the table on page 41, nonperforming assets at December 31, 1998 were $123,030,000, or 1.08%, of total loans and leases and OREO and repossessed personal property and .82% of total assets. Excluding the effects of the Merger, nonperforming assets at December 31, 1998 were $105,035,000, or 1.63%, of total loans and leases and OREO and 1.25% of total assets. These levels compared to total nonperforming assets at December 31, 1997 of $86,361,000, or 1.38% of total loans and leases and OREO and repossessed personal property and 1.07% of total assets. The increase in nonperforming assets of $18,674,000, or 21.6%, was principally due to increases in nonaccrual loans and leases as follows: (1) commercial, financial and agricultural loans of $8,778,000, or 97.1%; and (2) real estate - commercial loans of $12,722,000, or 277.2%. The increase in nonaccrual loans and leases was partially offset by decreases in restructured real estate - commercial loans of $3,609,000, or 11.7%. The increase in commercial, financial and agricultural loans was primarily due to a loan placed on nonaccrual status totaling $5,453,000 in the second quarter of 1998. The increase in real estate - commercial loans was primarily due to two loans totaling $12,964,000 placed on nonaccrual status in the fourth quarter of 1998, partially offset by two loans totaling $3,686,000 that were transferred to OREO in 1998.

In recent years, the level of the Company's nonperforming assets and charge-offs has been affected by the impact of adverse economic conditions and trends in Hawaii. The most important of these adverse economic trends is the prolonged economic downturn over the last eight years. Economic growth over the past year was virtually nil, as was the level of growth in tourism. Although some improvement was seen in 1998 in certain sectors of the Hawaii real estate market, overall the local real estate market continues to show weaknesses, including declining values in the leasehold real estate sector. This was reflected in the continued increase in residential real estate properties transferred to OREO in 1998.

Although Hawaii's recovery from its 1991 recession continues to be slow and protracted, the economy in California and the Pacific Northwest continues to expand. This is evidenced by the decline in the ratios of nonperforming assets to total loans and leases and other OREO, and nonperforming assets to total assets as of December 31, 1998 resulting from the Merger.

Recently, a number of countries in the Asia Pacific region, including Japan, have experienced significant weaknesses in their economies. While the Company's aggregate outstanding loans and leases to these countries totaled $81,003,000 and constituted .54% of the Company's total assets at December 31, 1998, the economic downturn in Asia may adversely affect the volume and spending level of Asian visitors to Hawaii, which in turn may adversely affect the Hawaii economy. The Company does not foresee a major improvement in Hawaii's economic conditions in the near term and believes that these trends may continue to affect the level of nonperforming assets and related charge-offs in future periods.

The following table presents the direct claims on or claims guaranteed by borrowers in the Asian countries indicated below at December 31, 1998:

(in thousands)	OUTSTANDING COMMITMENT	OUTSTANDING BALANCE
CHINA	$ 442	$ 361
HONG KONG	2,820	2,345
INDIA	39	--
INDONESIA	2,172	796
SOUTH KOREA	1,059	1,059
PHILIPPINES	1,377	1,377
SINGAPORE	1,696	1,391
TAIWAN	3,652	2,580
TOTAL NON-JAPAN	13,257	9,909
JAPAN	85,493	71,094
TOTAL	$98,750	$81,003

As of December 31, 1998, there was no exposure to Thailand.

Outstanding exposures of non-Japan, Asian countries represented .09% of total assets and .79% of total stockholders' equity and including Japan, .66% of total assets and 5.92% of total stockholders' equity. The above are primarily collateralized by certificates of deposit, Hawaii real estate, standby letters of credit issued by Asian banks or guarantees by creditworthy Asian individuals and corporations.

Loans past due 90 days or more and still accruing interest totaled $34,607,000 at December 31, 1998, an increase of $840,000, or 2.5%, over December 31, 1997. The Merger did not have a significant impact on loans past due 90 days or more and still accruing interest at December 31, 1998. The continued weakness of the Hawaii economy and its local real estate market has

adversely impacted the Company's ability to reduce past due loans. All loans which are past due 90 days or more and still accruing interest are, in management's judgment, adequately collateralized and in the process of collection.

At December 31, 1998, the Company was not aware of any significant potential problem loans (not otherwise classified as nonperforming or past due in the table on page 41) where possible credit problems of the borrower caused management to have serious concerns as to the ability of such borrower to comply with the present loan repayment terms.

The following table presents information related to loans and leases on a nonaccrual basis as of December 31, 1998:

(in thousands)	DOMESTIC	FOREIGN	TOTAL
INTEREST INCOME WHICH WOULD HAVE BEEN RECORDED IF LOANS HAD BEEN CURRENT	$6,219	$--	$6,219
INTEREST INCOME RECORDED DURING THE YEAR	$1,800	$--	$1,800

DEPOSITS

Deposits are the largest component of the Company's total liabilities and account for the greatest portion of total interest expense. At December 31, 1998, total deposits were $11,260,320,000, an increase of $5,171,120,000, or 84.9%, over December 31, 1997. The increase was primarily due to the Merger.

DEPOSITS
($ in billions)

94	95	96	97	98
5.15	5.36	5.94	6.09	11.26

The following table presents the average amount and average rate paid on deposits for the years indicated:

	1998		1997		1996	
(dollars in millions)	AMOUNT	RATE	Amount	Rate	Amount	Rate
Domestic:						
Noninterest-bearing demand	$ 965	--%	$ 771	--%	$ 860	--%
Interest-bearing demand	284	1.54	303	1.59	597	1.55
Savings	2,540	2.57	2,164	2.61	1,712	2.78
Time	2,894	5.18	2,399	5.29	2,198	5.31
Foreign	284	3.38	266	3.52	251	3.56
TOTAL	$ 6,967	3.29%	$ 5,903	3.35%	$ 5,618	3.25%

INVESTMENT SECURITIES BY MATURITIES AND WEIGHTED AVERAGE YIELDS

The following table presents the maturities of held-to-maturity investment securities and the weighted average yields (for obligations exempt from Federal income taxes on a taxable equivalent basis assuming a 35% tax rate) of such securities. The tax equivalent adjustment is made for items exempt from Federal income taxes to make them comparable with taxable items before any income taxes are applied.

	MATURITY									
	WITHIN ONE YEAR		AFTER ONE BUT WITHIN FIVE YEARS		AFTER FIVE BUT WITHIN TEN YEARS		AFTER TEN YEARS		TOTAL	
(dollars in millions)	AMOUNT	YIELD	AMOUNT	YIELD	AMOUNT	YIELD	AMOUNT	YIELD	AMOUNT	YIELD
U.S. TREASURY AND OTHER U.S. ... GOVERNMENT AGENCIES AND CORPORATIONS	$ 80	6.16%	$ --	--%	$ --	--%	$ --	--%	$ 80	6.16%
OTHER ASSET-BACKED SECURITIES	--	--	--	--	--	--	111	6.30	111	6.30
COLLATERALIZED MORTGAGE OBLIGATIONS	--	--	--	--	15	5.79	85	6.07	100	6.03
TOTAL	$ 80	6.16%	$ --	--%	$ 15	5.79%	$ 196	6.20%	$ 291	6.17%

Note: The weighted average yields were calculated on the basis of the cost and effective yields weighted for the scheduled maturity of each security.

The following table presents the maturities of available-for-sale investment securities, excluding securities which have no stated maturity at December 31, 1998, and the weighted average yields (for obligations exempt from Federal income taxes on a taxable equivalent basis assuming a 35% tax rate) of such securities. The tax equivalent adjustment is made for items exempt from Federal income taxes to make them comparable with taxable items before any income taxes are applied.

MATURITY			
WITHIN	AFTER ONE BUT	AFTER FIVE BUT	AFTER

(dollars in millions)	ONE YEAR AMOUNT	ONE YEAR YIELD	WITHIN FIVE YEARS AMOUNT	WITHIN FIVE YEARS YIELD	WITHIN TEN YEARS AMOUNT	WITHIN TEN YEARS YIELD	TEN YEARS AMOUNT	TEN YEARS YIELD	TOTAL AMOUNT	TOTAL YIELD
U.S. TREASURY AND OTHER U.S. GOVERNMENT AGENCIES AND CORPORATIONS	$290	5.43%	$166	5.40%	$--	--%	$ 5	5.37%	$ 461	5.42%
MORTGAGE AND ASSET-BACKED SECURITIES:										
GOVERNMENT	--	--	50	6.20	7	6.60	623	6.53	680	6.51
OTHER	--	--	--	--	--	--	21	6.42	21	6.42
COLLATERALIZED MORTGAGE OBLIGATIONS	--	--	--	--	--	--	1	6.97	1	6.97
STATES AND POLITICAL SUBDIVISIONS	15	5.87	--	--	--	--	1	6.72	16	5.93
OTHER	--	--	16	5.64	--	--	34	6.05	50	5.92
TOTAL	$305	5.45%	$232	5.59%	$ 7	6.60%	$685	6.49%	$1,229	6.06%

Note: The weighted average yields were calculated on the basis of the cost and effective yields weighted for the scheduled maturity of each security.

LIQUIDITY MANAGEMENT

Liquidity refers to the Company's ability to provide sufficient cash flows to fund operations and to meet obligations and commitments on a timely basis at reasonable costs. The Company achieves its liquidity objectives from both assets and liabilities.

Asset-based liquidity is derived from the investment securities portfolio and short-term investments which can be readily converted to cash. These liquid assets consist of cash and due from banks, interest-bearing deposits in other banks, Federal funds sold, securities purchased under agreements to resell and investment securities. The aggregate of these assets represented 17.1% of total assets at the end of 1998 compared to 16.5% at the end of 1997. Additional information related to the Company's off-balance sheet instruments at December 31, 1998 and 1997 is included in Note 21 to the Consolidated Financial Statements on page 73.

Liability-based liquidity is provided primarily from deposits. Average total deposits for 1998 increased $1,064,435,000, or 18.0%, to $6,967,439,000, primarily due to the Merger. Average total deposits for 1998 and 1997 funded 75.7% and 74.5%, respectively, of average total assets. In addition, liquidity was also provided from short-term borrowings, which consisted of commercial paper issued by the Company, Federal funds purchased and securities sold under agreements to repurchase, lines of credit from other banks and credit facilities from the Federal Home Loan Banks. Additional information on short-term borrowings is provided in Note 10 to the Consolidated Financial Statements on page 64. Also, the Company has access to offshore deposits in the international market which provides another available source of funds.

The Company's commercial paper is assigned a rating of A2 by Standard & Poor's ("S&P"). The Company's subordinated debt is assigned a rating of A3 by Moody's Investors Service and BBB by S&P. The Company currently has a Thomson BankWatch, Inc. rating of B/C.

As indicated in the Consolidated Statements of Cash Flows on page 54, net cash provided by operating and financing activities was $469,479,000 and net cash used in investing activities was $137,200,000 for 1998. In 1998, there was a significant change in the Company's cash flow related to the effects of the Merger which provided $282,454,000 in net cash. For 1997, net cash provided by operating and financing activities was $179,173,000 and net cash used in investing activities was $229,779,000. In 1997, the Company's cash flow was positively impacted by the issuance of $100,000,000 of its Capital Securities by the Trust, and the related issuance by the Company of junior subordinated deferrable interest debentures to the Trust. The net cash from these issuances was utilized to, among other things, reduce short-term borrowings and repurchase the Company's common stock. For 1996, net cash provided by operating and investing activities was $428,705,000 and net cash used in financing activities was $399,245,000. In 1996, there was a significant change in the Company's cash flow related to the Pacific Northwest Acquisitions, which provided $218,966,000 in net cash.

The Company's ability to pay dividends depends primarily upon dividends and other payments from its subsidiaries, which are subject to certain limitations as described in Note 14 to the Consolidated Financial Statements on page 67.

ASSET/LIABILITY MANAGEMENT

The Company actively measures and manages its exposure to interest rate risk in order to maintain a relatively stable net interest margin and to allow it to take advantage of profitable business opportunities.

Interest rate risk refers to the exposure to earnings and capital arising from changes in future interest rates. The Company carefully measures and monitors its interest rate risk exposure using market value of equity analysis and net interest income simulations. The market value of equity analysis and net interest income simulations are usually done on a quarterly basis.

The market value of equity analysis examines the change in the economic value of the Company due to changes in interest rates. At December 31, 1998, the Company remained well within current guidelines which allow for no more than a decrease in value equal to 1% of total assets due to a 1% change in interest rates. The net interest income simulations look at how the Company's net interest income is affected by flat, rising, or declining rates using the current balance sheet and simulating net interest income going forward two years. Under these simulations, at December 31, 1998, the Company's exposure to changes in interest rates was within current guidelines which allow for no more than a 10% adverse change in net interest income for a 1% change in rates over a one-year time period.

Interest rate risk exposure is managed primarily through the use of off-balance sheet instruments such as swaps, caps, floors and options on mortgage-backed securities and through extending or shortening the duration of the investment securities portfolio.

INTEREST RATE SENSITIVITY

The Company's interest rate sensitivity position at December 31, 1998, is presented below. The interest rate sensitivity gap, shown at the bottom of the table, refers to the difference between assets and liabilities subject to repricing, maturity, runoff and/or volatility during a specified period. The gap is adjusted for interest rate swaps which are hedging certain assets or liabilities on the balance sheet. (For ease of analysis, all of these swap adjustments are consolidated into one line on the gap table.)

Since all interest rates and yields do not adjust at the same velocity or magnitude, and since volatility is subject to change, the gap is only a general indicator of interest rate sensitivity. At December 31, 1998, the cumulative one-year gap for the Company was a positive $176.8 million, representing 1.17% of total assets.

(dollars in thousands)	WITHIN THREE MONTHS	AFTER THREE BUT WITHIN 12 MONTHS	AFTER ONE BUT WITHIN 5 YEARS	AFTER 5 YEARS	TOTAL
ASSETS:					
INTEREST-BEARING DEPOSITS IN OTHER BANKS	$ 271,641	$ 3,000	$ --	$ --	$ 274,641
FEDERAL FUNDS SOLD AND SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL	52,100	--	--	--	52,100
INVESTMENT SECURITIES:					
HELD-TO-MATURITY	12,997	109,971	137,963	29,991	290,922
AVAILABLE-FOR-SALE	434,419	574,048	323,441	15,086	1,346,994
NET LOANS:					
COMMERCIAL, FINANCIAL AND AGRICULTURAL	1,681,579	275,323	109,233	23,216	2,089,351
REAL ESTATE--CONSTRUCTION	256,503	4,399	40,555	57,763	359,220
FOREIGN	145,243	80,778	151,184	4,377	381,582
OTHER	1,813,627	2,097,631	3,503,423	945,161	8,359,842
TOTAL EARNING ASSETS	4,668,109	3,145,150	4,265,799	1,075,594	13,154,652
NONEARNING ASSETS	212,406	279,011	672,465	731,361	1,895,243
TOTAL ASSETS	$4,880,515	$3,424,161	$4,938,264	$ 1,806,955	$15,049,895
LIABILITIES AND STOCKHOLDERS' EQUITY:					
INTEREST-BEARING DEPOSITS	$3,331,694	$2,757,842	$2,138,556	$ 756,943	$ 8,985,035
NONINTEREST-BEARING DEPOSITS	490,476	210,933	1,124,976	448,900	2,275,285
SHORT-TERM BORROWINGS	880,142	37,804	4,921	--	922,867
LONG-TERM DEBT AND CAPITAL SECURITIES	51,028	1,088	426,263	251,580	729,959
STOCKHOLDERS' EQUITY	6,171	--	--	1,661,715	1,667,886
OFF-BALANCE SHEET ADJUSTMENT	(40,382)	(66,845)	48,204	59,023	--
NONCOSTING LIABILITIES	162,833	305,088	359	583	468,863
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$4,881,962	$3,245,910	$3,743,279	$ 3,178,744	$15,049,895
INTEREST RATE SENSITIVITY GAP	$ (1,447)	$ 178,251	$1,194,985	$(1,371,789)	
CUMULATIVE GAP	$ (1,447)	$ 176,804	$1,371,789	$ --	
CUMULATIVE GAP AS A PERCENT OF TOTAL ASSETS	(.01)%	1.17%	9.11%	--%	

YEAR 2000 ISSUES

BACKGROUND

Many computer programs were written, and many computer chips were programmed, to use only two digits to identify the year. Thus, a computer program could read the digits "00" as the year 2000 or as the year 1900. If not corrected, software and computer systems may fail or create erroneous results in the year 2000. Also, computer chips embedded in many operating facilities--such as elevators and communication systems--may cause equipment malfunctions because of the year 2000 date change. These potential software and systems problems may affect the Company, the outside companies and agencies that the Company relies upon to conduct its business and to service its customers ("External Parties"), and the Company's borrowers. Failure by the Company or these third parties to successfully address year 2000 issues could have a material and adverse effect on the Company's business or consolidated results of operations or financial condition.

The Company's programs to address these issues are being carried out by its subsidiary operating banks, First Hawaiian and Bank of the West. Prior to the Merger, both FHI and BancWest had established plans and were executing programs to ensure that their respective company's information management and processing software and hardware and other date sensitive facilities would continue to function properly in the year 2000 and thereafter. The

respective plans and programs will continue to be executed separately by Bank of the West and First Hawaiian.

In connection with the Merger, Pacific One Bank merged into Bank of the West, and in February 1999, the accounts and operating systems of the former Pacific One Bank were converted to Bank of the West's operating systems. Consequently, Pacific One Bank's year 2000 program will be replaced by Bank of the West's program, described below.

Each bank has formed management teams to address year 2000 issues. The teams report to senior management and to the audit committee of the respective banks. The bank audit committees, in turn, report to the respective banks' Boards of Directors and to the Audit Committee of the Board of Directors of the Company.

The Company's year 2000 programs are designed to comply with guidelines issued by the Federal Financial Institutions Examination Council (the "FFIEC"). The Federal Deposit Insurance Corporation (the "FDIC") and Federal Reserve, which are members of the FFIEC, conduct year 2000 compliance examinations of the Company, First Hawaiian and Bank of the West. These examinations result in one of three ratings: "satisfactory," "needs improvement," or "unsatisfactory," and institutions that receive a rating of unsatisfactory may be subject to formal enforcement action, supervisory agreements, cease and desist orders, civil money penalties, or the appointment of a conservator. Disclosure of these ratings is not permitted by Federal regulations.

Each bank's program includes five major phases--inventory, assessment, strategies, solution (remediation or replacement of noncompliant items) and testing and certification (which includes stand-alone and integration testing). In the inventory and assessment phases, the banks classified items to be addressed as "mission critical" or "non-mission critical." Mission-critical items are those applications or systems that are vital to the successful continuance of a core business activity of the bank.

First Hawaiian and Bank of the West have substantially different data processing environments and consequently different approaches to addressing year 2000 issues. While both banks rely heavily on third-party-provided software, First Hawaiian operates its own data center to meet the majority of its systems' requirements, while Bank of the West has outsourced its primary data processing services. Because of this key difference in data processing environments, implementation of each bank's year 2000 program is discussed separately below.

STATUS OF IMPLEMENTATION OF FIRST HAWAIIAN'S PROGRAM

First Hawaiian has completed the first three phases of the program--inventory, assessment and strategy. As of December 31, 1998, First Hawaiian met a major milestone of completing the renovation and stand-alone testing and certification of a substantial portion of internal mission-critical systems, meeting a goal established by the FFIEC (over 97% of mission-critical systems have been certified). For all systems, mission-critical and non-mission critical, First Hawaiian has completed over 87% of the stand-alone testing and certification. Integrated testing has begun and First Hawaiian is 72% complete with this task. Both stand-alone and integrated testing and certification are planned to be completed by June 30, 1999. Testing with External Parties is underway and is also expected to be completed in the same time frame.

EXTERNAL PARTIES

First Hawaiian is continuing to assess the year 2000 compliance efforts of significant External Parties. It has categorized External Parties as follows: (1) external processors--vendors who provide core business processing services, such as credit card processing, and vendors who provide information access for First Hawaiian's customers, such as business and home P.C. banking; (2) external interfaces--companies and agencies with whom the bank exchanges information by electronic or nonelectronic media, such as automated clearing house transactions; and (3) external alliances--vendors, suppliers, providers, business partners, customers and other third parties that are not covered by any other category, such as credit bureaus and stock quotation services. Testing with external processors is underway and testing with mission-critical processors is planned to be substantially completed by March 31, 1999. Testing has begun with some parties with external interfaces. Selected testing with customers is also scheduled for the first and second quarters of 1999. Completion of testing with external interface parties and customers is planned by June 30, 1999. Initial contact with External Parties involved in other alliances with the bank was completed by December 31, 1998, and follow-up contact will continue throughout 1999 to ensure that year 2000 failures by External Parties will not materially adversely affect the bank.

BORROWERS

The first stage of First Hawaiian's evaluation of year 2000 compliance by borrowers included a credit risk survey and assessment process which was completed by First Hawaiian credit officers in August 1998. Following FFIEC guidelines and based on management judgment, all aggregate loans and commitments to a borrower in excess of a fixed threshold were evaluated. In addition, all applicants for new credits are being evaluated for year 2000 risk among other underwriting risks. Borrowers are classified as "high risk," "medium risk" and "low risk" based on year

2000 status. High-risk credits will be reassessed quarterly and medium-risk and low-risk credits will be reassessed semi-annually. A reassessment of high-, medium- and low-risk borrowers was completed in December 1998. First Hawaiian believes, based on this review, that the exposure to borrowers' year 2000 problems does not represent a material risk at this time.

STATUS OF IMPLEMENTATION OF BANK OF THE WEST'S PROGRAM

Bank of the West has completed the inventory, assessment and strategy phases of its program. By the end of December 1998, renovation or replacement of 97% of mainframe programs had been completed. By the end of February 1999, all mainframe computer programs (116) had been either renovated or replaced. Feature, function and interface testing have been completed for each of the renovated and replaced systems and they are currently running in the bank's production environment. Mainframe date testing will occur on a stand-alone computer provided by the external service provider at its technology center during the period March 1999 through May 1999, with completion planned by June 30, 1999. Stand-alone and networked personal computers and related programs will be tested during the same time period on a stand-alone test system being installed on-site at Bank of the West.

EXTERNAL PARTIES

Bank of the West is also assessing the year 2000 compliance efforts of key External Parties. The bank has categorized External Parties similarly to First Hawaiian, as discussed above. The bank has received periodic reports from its primary external processors which indicate that they are on or ahead of schedule with their year 2000 plans. Additionally, regulatory agencies are performing periodic reviews of these service processors' progress on year 2000 readiness and providing copies of their evaluations to Bank of the West and other banks serviced by these external processors.

Bank of the West will be performing interface testing (tests on the exchange of data with other systems) with its External Parties during the March 1999 to May 1999 testing period. Additionally, year 2000 readiness questionnaires have been sent to all key external alliance parties. Responses will be evaluated and followed up to ensure that no mission-critical relationships will fail as a result of the year 2000 issue.

CUSTOMERS AND COUNTERPARTIES

Bank of the West has commenced an assessment program with respect to year 2000 compliance by funds providers (such as major depositors) and funds users (such as borrowers). Credit officers and account managers completed the first stage of a risk survey and assessment process in October 1998. Customers and counterparties were selected for review based on FFIEC guidelines and management judgment. The customers and counterparties were classified as "high risk," "medium risk," or "low risk" based on their year 2000 status. All applicants for new credits at Bank of the West are being evaluated for year 2000 risk among other underwriting factors, if applicable.

BUDGET

The Company's current estimates of the total cost related solely to the year 2000 program is $12.4 million through June 30, 2000. Additionally, it estimates that a total of $5.6 million has been and will be required for purchase and installation of new or replacement systems or equipment that were accelerated to address year 2000 issues. The source of these funds has been and will be the operating cash flow of the Company. From the beginning of the year 2000 programs through December 31, 1998, an aggregate of $6.4 million has been expended on costs related solely to year 2000 compliance efforts, and $2.8 million has been spent on the planning and accelerated installation of systems and applications to address the year 2000 issues as described above. In 1998, the Company expended $5.8 million on costs related solely to year 2000 compliance and $2.6 million on accelerated systems and applications.

CONTINGENCY PLAN

Both First Hawaiian and Bank of the West are preparing contingency plans to minimize disruption to their respective bank operations due to year 2000 issues. Included are plans to recover critical business operations and alternatives to mitigate potential effects of critical External Parties whose own failure to properly address year 2000 issues may adversely impact the ability to perform certain functions. Alternative strategies and contingency plans for liquidity and cash are also included as part of the business resumption plans for both banks. The contingency plans are expected to be substantially completed for critical business operations by June 30, 1999. Review and validation of these plans will continue through the remainder of 1999.

RISKS

Even though the Company expects that the First Hawaiian and Bank of the West programs will adequately address year 2000 issues, there can be no assurance that unforeseen difficulties will not arise and impact the Company's business or consolidated results of operations or financial condition. There is an additional risk that may be posed by potential failure of certain parties, such as power, telecommunication and transportation utilities or governmental agencies, to resolve year 2000 issues where alternative providers of services are not available.

Readers are cautioned that forward-looking statements in this discussion of year 2000 issues should be read in conjunction with the Company's disclaimers on page 28 as to the risks and uncertainties relating to such forward-looking statements.

The disclosure contained in this Annual Report as well as the information in its 1997 Annual Report and 1998 Form 10-Q quarterly reports filed by the Company with the Securities and Exchange Commission regarding its year 2000 readiness are designated as year 2000 readiness disclosures under the Year 2000 Information and Readiness Disclosure Act.

EURO CONVERSION

On January 1, 1999, 11 of the 15 member countries of the European Union (the "Participating Countries") established fixed conversion rates between their existing sovereign currencies (the "Legacy Currencies") and the euro. The Participating Countries have adopted the euro as their common legal currency on that date. On January 1, 1999, the euro also began trading on currency exchanges and became available for non-cash transactions.

Following the introduction of the euro on January 1, 1999, the Legacy Currencies are scheduled to remain legal tender in the Participating Countries as denominations of the euro between January 1, 1999 and January 1, 2002. Beginning January 1, 2002, the Participating Countries will issue new euro-denominated bills and coins for use in cash transactions. No later than July 1, 2002, the Participating Countries will withdraw all bills and coins denominated in the Legacy Currencies, so that the Legacy Currencies no longer will be legal tender for any transactions, making conversion to the euro complete.

As a provider of foreign exchange, custody, cash management and funds transfer services, the Company has been actively preparing for the introduction of the euro. Similar to the year 2000 issue, euro preparations have required conversion of various operating and processing systems to avoid interruption in the Company's ongoing business activities. The costs associated with the euro conversion have been expensed in the period in which they were incurred and have not been material.

The business conducted by the Company in the Participating Countries is not material to its earnings. Furthermore, all of the Company's derivatives are based on either domestic interest rates or London Interbank Offered Rates ("LIBOR"). Although the business conducted by the Company in the Participating Countries is not material, the Company has been actively developing contingency plans to deal with any liquidity issues that may result if changes in payment, clearing or settlement procedures result in an increase in misrouted funds. These plans have also addressed likely problems following conversion in order to maximize the Company's ability to avoid disruptions. While the Company does not expect that the impact of the conversion will be material to its consolidated financial condition or results of operations, it cannot be assured that third parties on whom it relies will be fully prepared. However, the Company currently believes that the risk associated with such third parties will not be material.

Readers are cautioned that forward-looking statements in this discussion of the euro conversion should be read in conjunction with the Company's disclaimers on page 28 as to the risks and uncertainties relating to such forward-looking statements.

FOURTH QUARTER RESULTS

Consolidated net income for the fourth quarter of 1998 was $11,180,000, a decrease of $8,949,000, or 44.5%, compared to the $20,129,000 earned during the same quarter in 1997. Diluted earnings per share for the fourth quarter of 1998 was $.06, a decrease of 90.5%, compared to the same quarter in 1997. Diluted cash earnings per share was $.35, a decrease of 48.5%, compared to the same quarter in 1997.

Operating earnings (excluding after-tax charges of $21,866,000 related to restructuring costs, costs related to the Merger and other nonrecurring costs) for the fourth quarter of 1998 was $33,046,000, an increase of $12,917,000, or 64.2%, over the same quarter in 1997. Diluted operating earnings per share for the fourth quarter of 1998 was $.67, an increase of 6.3%, over the same quarter in 1997. Diluted operating cash earnings per share was $.81, an increase of 19.1%, over the same quarter in 1997. Additional information on restructuring, merger-related and other nonrecurring costs is provided in "Noninterest Expense" on page 37.

The increase in operating earnings for the fourth quarter of 1998 as compared to the fourth quarter of 1997 was primarily due to: (1) the effects of the Merger; (2) the write-down of certain OREO's of $2,025,000; (3) an adjustment to lease financing income of $2,355,000 in 1997 related to a certain direct financing lease; and (4) the write-off in 1997 of previously capitalized organizational costs in connection with the Pacific Northwest Acquisitions of $1,588,000. The increase was partially offset by: (1) interest earned in 1997 on a corporate income tax refund of $1,908,000; and (2) an income tax benefit of $1,458,000 (resulting from the recognition of previously unrecognized general business credits) which reduced the overall income tax expense in 1997.

SUMMARY OF QUARTERLY FINANCIAL DATA (UNAUDITED)

A summary of unaudited quarterly financial data for 1998 and 1997 is presented below:

	Quarter				Annual
(in thousands, except per share data)	First	Second	Third	Fourth	Total
1998					
INTEREST INCOME	$151,323	$152,594	$154,973	$225,549	$684,439
INTEREST EXPENSE	65,745	66,145	66,292	92,020	290,202
NET INTEREST INCOME	85,578	86,449	88,681	133,529	394,237
PROVISION FOR CREDIT LOSSES	4,396	7,516	6,279	10,364	28,555
TOTAL NONINTEREST INCOME	25,607	31,220	26,169	36,585	119,581
TOTAL NONINTEREST EXPENSE	73,637	76,222	73,204	130,744	353,807
INCOME BEFORE INCOME TAXES	33,152	33,931	35,367	29,006	131,456
PROVISION FOR INCOME TAXES	11,924	12,263	12,837	17,826	54,850
NET INCOME	$ 21,228	$ 21,668	$ 22,530	$ 11,180	$ 76,606
BASIC EARNINGS PER SHARE	$ .68	$ .70	$ .72	$ .06	$ 2.16
DILUTED EARNINGS PER SHARE	.68	.69	.72	.06	2.15
1997					
Interest income	$145,395	$149,453	$149,432	$148,203	$592,483
Interest expense	62,881	63,796	64,850	66,484	258,011
Net interest income	82,514	85,657	84,582	81,719	334,472
Provision for credit losses	3,752	4,261	3,817	5,381	17,211
Total noninterest income	23,412	25,963	23,491	23,998	96,864
Total noninterest expense	72,568	74,467	71,704	71,822	290,561
Income before income taxes	29,606	32,892	32,552	28,514	123,564
Provision for income taxes	9,090	10,627	11,201	8,385	39,303
Net income	$ 20,516	$ 22,265	$ 21,351	$ 20,129	$ 84,261
Basic earnings per share	$ .65	$ .70	$ .67	$ .64	$ 2.66
Diluted earnings per share	.64	.70	.67	.63	2.64

TO THE STOCKHOLDERS
BANCWEST CORPORATION

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, changes in stockholders' equity and cash flows present fairly, in all material respects, the consolidated financial position of BancWest Corporation and Subsidiaries at December 31, 1998 and 1997, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1998, in conformity with generally accepted accounting principles. 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 of these statements in accordance with generally accepted auditing standards which 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

/s/ PRICEWATERHOUSECOOPERS LLP

Honolulu, Hawaii
January 21, 1999

(in thousands, except number of shares and per share data)	December 31, 1998	December 31, 1997
ASSETS		
Cash and due from banks	$ 615,184	$ 282,905
Interest-bearing deposits in other banks	274,641	137,930
Federal funds sold and securities purchased under agreements to resell	52,100	134,274
Investment securities (note 5)		
Held-to-maturity (fair value of $291,414 in 1998)	290,922	--
Available-for-sale	1,346,994	778,124
Loans and leases:		
Loans and leases (note 6)	11,339,580	6,238,681
Less allowance for credit losses (note 7)	149,585	82,596
Net loans and leases	11,189,995	6,156,085
Premises and equipment (note 8)	266,984	245,999
Customers' acceptance liability	1,377	867
Core deposit intangible (net of accumulated amortization of $16,227 in 1998 and $13,605 in 1997) (note 1)	73,430	25,347
Goodwill (net of accumulated amortization of $26,823 in 1998 and $22,815 in 1997) (note 1)	635,245	96,030
Other real estate owned and repossessed personal property (note 1)	33,381	30,760
Other assets	269,642	204,771
TOTAL ASSETS	$ 15,049,895	$ 8,093,092
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Domestic:		
Noninterest-bearing demand	$ 2,018,561	$ 903,195
Interest-bearing demand	318,756	310,810
Savings	3,886,714	2,090,571
Time (fair value of $4,795,397 in 1998 and $2,499,390 in 1997) (note 9)	4,779,726	2,490,915
Foreign (fair value of $256,830 in 1998 and $293,769 in 1997) (note 9)	256,563	293,709
Total deposits	11,260,320	6,089,200
Short-term borrowings (note 10)	922,867	721,865
Acceptances outstanding	1,377	867
Other liabilities	467,486	230,723
Long-term debt (note 11)	629,959	218,736
Guaranteed preferred beneficial interests in Company's junior subordinated debentures (note 11)	100,000	100,000
Total liabilities	13,382,009	7,361,391
Commitments and contingent liabilities (notes 15, 20 and 21)		
Stockholders' equity:		
Preferred stock, par value $5 per share Authorized and unissued--50,000,000 shares in 1998 and 1997	--	--
Class A Common Stock, par value $1 per share in 1998 (notes 2 and 12) Authorized--75,000,000 shares in 1998 Issued--25,814,768 shares in 1998	25,815	--
Common stock, par value $1 per share in 1998 and $5 per share in 1997 (notes 2, 12 and 15) Authorized--200,000,000 shares in 1998 and 100,000,000 shares in 1997 Issued--33,190,374 shares in 1998 and 1997	33,190	165,952
Surplus (note 2)	1,141,639	148,165
Retained earnings (note 14)	511,525	473,659
Accumulated other comprehensive income	6,171	(241)
Treasury stock, at cost--1,635,397 shares in 1998 and 1,845,217 shares in 1997	(50,454)	(55,834)
Total stockholders' equity	1,667,886	731,701
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 15,049,895	$ 8,093,092

The accompanying notes are an integral part of these consolidated financial statements.

(in thousands, except number of shares and per share data)	YEAR ENDED DECEMBER 31, 1998	1997	1996
INTEREST INCOME			
Interest and fees on loans	$ 578,872	$ 504,347	$ 468,517
Lease financing income	32,154	14,437	10,494
Interest on investment securities:			
Taxable interest income	55,560	59,188	72,813
Exempt from Federal income taxes	85	647	2,692
Other interest income	17,768	13,864	19,624
Total interest income	684,439	592,483	574,140
INTEREST EXPENSE			
Deposits (note 9)	228,920	197,619	182,402
Short-term borrowings	36,727	41,527	53,977
Long-term debt	24,555	18,865	16,416
Total interest expense	290,202	258,011	252,795
Net interest income	394,237	334,472	321,345
Provision for credit losses (note 7)	28,555	17,211	23,627
Net interest income after provision for credit losses	365,682	317,261	297,718
NONINTEREST INCOME			
Trust and investment services income	26,971	25,115	23,857
Service charges on deposit accounts	36,192	28,776	26,284
Other service charges and fees	35,574	31,509	24,976
Securities gains, net (note 5)	124	270	118
Other	20,720	12,843	12,220
Total noninterest income	119,581	98,513	87,455
NONINTEREST EXPENSE			
Salaries and wages	115,860	113,179	104,572
Employee benefits (note 15)	33,187	34,251	34,144
Occupancy expense (notes 8 and 20)	43,262	38,715	27,045
Equipment expense (notes 8 and 20)	26,219	25,146	22,680
Restructuring, merger-related and other nonrecurring costs (note 3)	25,527	--	--
Other (note 16)	109,752	80,919	80,898
Total noninterest expense	353,807	292,210	269,339
Income before income taxes	131,456	123,564	115,834
Provision for income taxes (note 17)	54,850	39,303	35,538
NET INCOME	$ 76,606	$ 84,261	$ 80,296
PER SHARE DATA			
BASIC EARNINGS	$ 2.16	$ 2.66	$ 2.56
DILUTED EARNINGS	$ 2.15	$ 2.64	$ 2.55
CASH DIVIDENDS	$ 1.24	$ 1.24	$ 1.20
AVERAGE SHARES OUTSTANDING	35,534,178	31,725,534	31,398,978

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES
IN STOCKHOLDERS' EQUITY

BancWest Corporation & Subsidiaries and BancWest Corporation (Parent Company)

(in thousands, except number of shares and per share data)	Class A Common Stock		Common Stock		
	Shares	Amount	Shares	Amount	Surplus
Balance, December 31, 1995	--	$ --	32,542,797	$162,713	$ 133,925
Comprehensive income:					
Net income	--	--	--	--	--
Unrealized valuation adjustment, net of tax and reclassification adjustment (note 5)	--	--	--	--	--
Comprehensive income	--	--	--	--	--
Issuance of common stock (note 12)	--	--	647,577	3,239	14,286
Cash dividends ($1.20 per share) (note 14)	--	--	--	--	--
Incentive Plan for Key Executives (note 15)	--	--	--	--	(15)
Balance, December 31, 1996	--	--	33,190,374	165,952	148,196
Comprehensive income:					
Net income	--	--	--	--	--
Unrealized valuation adjustment, net of tax and reclassification adjustment (note 5)	--	--	--	--	--
Comprehensive income	--	--	--	--	--
Purchase of treasury stock, net	--	--	--	--	(31)
Cash dividends ($1.24 per share) (note 14)	--	--	--	--	--
Balance, December 31, 1997	--	--	33,190,374	165,952	148,165
COMPREHENSIVE INCOME:					
NET INCOME	--	--	--	--	--
UNREALIZED VALUATION ADJUSTMENT, NET OF TAX AND RECLASSIFICATION ADJUSTMENT (NOTE 5) .	--	--	--	--	--
COMPREHENSIVE INCOME	--	--	--	--	--
REDUCTION IN PAR VALUE OF COMMON STOCK (NOTE 12)	--	--	--	(132,762)	132,762
ISSUANCE OF CLASS A COMMON STOCK (NOTES 2 AND 12)	25,814,768	25,815	--	--	858,115
PURCHASE OF TREASURY STOCK, NET	--	--	--	--	(25)
ISSUANCE OF TREASURY STOCK (NOTE 12)	--	--	--	--	2,622
CASH DIVIDENDS ($1.24 PER SHARE) (NOTE 14)	--	--	--	--	--
BALANCE, DECEMBER 31, 1998	25,814,768	$25,815	33,190,374	$ 33,190	$1,141,639

(in thousands, except number of shares and per share data)	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Total
Balance, December 31, 1995	$385,976	$5,489	$(38,566)	$ 649,537
Comprehensive income:				
Net income	80,296	--	--	80,296
Unrealized valuation adjustment, net of tax and reclassification adjustment (note 5)	--	(3,639)	--	(3,639)

Comprehensive income	80,296	(3,639)	--	76,657
Issuance of common stock (note 12)	--	--	--	17,525
Cash dividends ($1.20 per share) (note 14)	(37,579)	--	--	(37,579)
Incentive Plan for Key Executives (note 15)	--	--	(241)	(256)
Balance, December 31, 1996	428,693	1,850	(38,807)	705,884
Comprehensive income:				
Net income	84,261	--	--	84,261
Unrealized valuation adjustment, net of tax and reclassification adjustment (note 5)	--	(2,091)	--	(2,091)
Comprehensive income	84,261	(2,091)	--	82,170
Purchase of treasury stock, net	--	--	(17,027)	(17,058)
Cash dividends ($1.24 per share) (note 14)	(39,295)	--	--	(39,295)
Balance, December 31, 1997	473,659	(241)	(55,834)	731,701
COMPREHENSIVE INCOME:				
NET INCOME	76,606	--	--	76,606
UNREALIZED VALUATION ADJUSTMENT, NET OF TAX AND RECLASSIFICATION ADJUSTMENT (NOTE 5) .	--	6,412	--	6,412
COMPREHENSIVE INCOME	76,606	6,412	--	83,018
REDUCTION IN PAR VALUE OF COMMON STOCK (NOTE 12)	--	--	--	--
ISSUANCE OF CLASS A COMMON STOCK (NOTES 2 AND 12)	--	--	--	883,930
PURCHASE OF TREASURY STOCK, NET	--	--	(7,297)	(7,322)
ISSUANCE OF TREASURY STOCK (NOTE 12)	--	--	12,677	15,299
CASH DIVIDENDS ($1.24 PER SHARE) (NOTE 14)	(38,740)	--	--	(38,740)
BALANCE, DECEMBER 31, 1998	$511,525	$6,171	$(50,454)	$1,667,886

The accompanying notes are an integral part of these consolidated financial statements.

(in thousands)	YEAR ENDED DECEMBER 31, 1998	1997	1996
Cash and due from banks at beginning of year	$ 282,905	$ 333,511	$ 304,051
Cash flows from operating activities:			
Net income	76,606	84,261	80,296
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for credit losses	28,555	17,211	23,627
Net gain on sale of assets	(6,022)	(2,500)	--
Depreciation and amortization	33,115	31,568	31,252
Income taxes	49,560	20,071	20,580
Decrease (increase) in interest receivable	(1,649)	4,096	(2,571)
Increase (decrease) in interest payable	(2,268)	10,010	(5,840)
Decrease (increase) in prepaid expense	522	1,663	(8,222)
Restructuring, merger-related and other nonrecurring costs	25,527	--	--
Other	24,220	11,356	(21,054)
Net cash provided by operating activities	228,166	177,736	118,068
Cash flows from investing activities:			
Net decrease (increase) in interest-bearing deposits in other banks	(136,711)	(67,800)	174,440
Net decrease in Federal funds sold and securities purchased under agreements to resell	82,174	14,096	32,133
Proceeds from maturity of held-to-maturity investment securities	13,172	--	--
Purchase of available-for-sale investment securities	(376,528)	(367,595)	(567,143)
Proceeds from sale of available-for-sale investment securities	34,403	387,986	81,159
Proceeds from maturity of available-for-sale investment securities	388,412	338,732	521,787
Net increase in loans to customers	(310,397)	(482,097)	(137,281)
Net cash provided by acquisitions	207,454	--	218,966
Proceeds from sale of premises and equipment	11,402	2,500	--
Purchases of premises and equipment	(16,500)	(18,792)	(20,634)
Other	(34,081)	(36,809)	7,210
Net cash provided by (used in) investing activities	(137,200)	(229,779)	310,637
Cash flows from financing activities:			
Net increase (decrease) in deposits	320,567	152,492	(174,782)
Net decrease in short-term borrowings	(5,356)	(227,695)	(236,619)
Proceeds from long-term debt	--	192,700	53,000
Payments on long-term debt	(27,836)	(59,707)	(3,009)
Cash dividends paid	(38,740)	(39,295)	(37,579)
Purchase of treasury stock, net	(7,322)	(17,058)	(256)
Net cash provided by (used in) financing activities	241,313	1,437	(399,245)
CASH AND DUE FROM BANKS AT END OF YEAR	$ 615,184	$ 282,905	$ 333,511
SUPPLEMENTAL DISCLOSURES:			
Interest paid	$ 281,379	$ 248,001	$ 258,635
Income taxes paid	$ 5,290	$ 19,232	$ 20,580
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:			
Loans converted into other real estate owned and repossessed personal property	$ 16,772	$ 23,753	$ 26,764
IN CONNECTION WITH THE ACQUISITIONS, THE FOLLOWING LIABILITIES WERE ASSUMED:			
Fair value of assets acquired	$ 6,425,007	$ --	$ 552,582
Cash received	207,454	--	218,966
Issuance of Class A Common Stock	(883,930)	--	--
Issuance of treasury stock	(15,299)	--	--
Issuance of common stock	--	--	(17,525)
LIABILITIES ASSUMED	$ 5,733,232	$ --	$ 754,023

The accompanying notes are an integral part of these consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF OPERATIONS

BancWest Corporation (formerly known as First Hawaiian, Inc.) is a bank holding company headquartered in Honolulu, Hawaii and incorporated under the laws of the State of Delaware. Through its principal subsidiaries, First Hawaiian Bank and Bank of the West, BancWest Corporation provides commercial and consumer banking services, engages in commercial and equipment and vehicle leasing and offers trust and insurance products. The Company's subsidiaries operate 201 offices in the states of Hawaii, California, Oregon, Washington, and Idaho and in Guam and Saipan.

The accounting and reporting policies of BancWest Corporation and Subsidiaries (the "Company") conform with generally accepted accounting principles and practices within the banking industry. The following is a summary of the significant accounting policies:

CONSOLIDATION

The consolidated financial statements of the Company include the accounts of BancWest Corporation (the "Parent") and its wholly-owned subsidiary companies--First Hawaiian Bank and its wholly-owned subsidiaries ("First Hawaiian"); Bank of the West and its wholly-owned subsidiaries ("Bank of the West"); FHL Lease Holding Company, Inc. and its wholly-owned subsidiary ("Leasing"); First Hawaiian Capital I; and FHI International, Inc. All significant intercompany balances and transactions have been eliminated in consolidation.

RECLASSIFICATIONS

Certain reclassifications were made to the 1997 and 1996 Consolidated Financial Statements to conform to the 1998 presentation. Such reclassifications did not have a material effect on the Consolidated Financial Statements.

USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND DUE FROM BANKS

Cash and due from banks include amounts from other financial institutions as well as in-transit clearings. Under the terms of the Depository Institutions Deregulation and Monetary Control Act, the Company is required to place reserves with the Federal Reserve Bank based on the amount of deposits held. For 1998, 1997 and 1996, the average amount of these reserve balances was $106,880,000, $91,918,000 and $127,399,000, respectively.

INVESTMENT SECURITIES

Investment securities consist principally of debt instruments issued by the U.S. Treasury and other U.S. Government agencies and corporations, state and local government units and asset-backed securities. These securities have been adjusted for amortization of premiums or accretion of discounts using the interest method.

Investment securities are classified into three categories and accounted for as follows: (1) held-to-maturity securities are debt securities which the Company has the positive intent and ability to hold to maturity, and are reported at amortized cost; (2) trading securities are debt securities which are bought and held principally for the purpose of selling them in the near term and are reported at fair value, with unrealized gains and losses included in current earnings; and (3) available-for-sale securities are debt and equity securities which are not classified as either held-to-maturity securities or trading securities and are reported at fair value, with unrealized gains and losses excluded from current earnings and reported in a separate component of stockholders' equity.

Gains and losses realized on the sales of investment securities are determined using the specific identification method.

LOANS AND LEASES

Loans are stated at the principal amounts outstanding, net of any unearned income or discounts. Interest income is accrued and recognized on the principal amount outstanding unless the loan is determined to be impaired and placed on nonaccrual status. See "Impaired and Nonaccrual Loans" below. Loans identified as held for sale are carried at the lower of cost or market value and are included in other assets on the Company's Consolidated Balance Sheets.

The Company provides lease financing under a variety of arrangements, primarily consumer automobile leases, commercial equipment leases and leveraged leases. Consumer automobile leases and commercial equipment leases are classified as direct financing leases. Unearned income on direct financing leases is accreted over the lives of the leases to provide a constant periodic rate of return on the net investment in the lease. Leveraged lease transactions

are subject to outside financing through one or more participants, without recourse to the Company. These transactions are accounted for by recording as the net investment in each lease the aggregate of rentals receivable (net of principal and

interest on the related nonrecourse debt) and the estimated residual value of the equipment less the unearned income. Income from these lease transactions is recognized during the periods in which the net investment is positive.

IMPAIRED AND NONACCRUAL LOANS

The Company evaluates loans for impairment on a case-by-case basis and considers a loan to be impaired when, based on current information, it is probable that the Company will be unable to collect all amounts due according to the contractual terms of the loan. Impairment is measured based on the present value of the expected future cash flows discounted at the loan's effective interest rate, except for collateral-dependent loans. For collateral-dependent loans, impairment is measured based on the fair value of the collateral. On a case-by-case basis, the Company may measure impairment based upon a loan's observable market price. Large groups of smaller balance homogenous loans, such as credit cards and consumer loans and leases, including 1-4 family mortgage loans with balances less than $250,000, are evaluated collectively for impairment based primarily on historical loss experience for each portfolio. Impairment losses are charged against the allowance for credit losses.

The Company generally places loans and leases on nonaccrual status that are 90 days past due as to principal or income unless well secured and in the process of collection, or when management believes that collection of principal or income has become doubtful, or when a loan is first classified as impaired. Exceptions are made to the general rules regarding loans 90 days past due when the fair value of the collateral exceeds the Company's recorded investment in the loan or when other factors are present which indicate that the borrower will shortly bring the loan current. While the majority of consumer loans and leases are subject to the Company's general policies regarding nonaccrual loans, certain past due consumer loans and leases are not placed on nonaccrual status because they are generally charged off upon reaching a predetermined delinquency status that ranges from 120 to 180 days and varies by product type. When loans and leases are placed on nonaccrual status, previously accrued and uncollected interest is reversed against interest income of the current period. Cash interest payments received on nonaccrual loans are applied as a reduction of the principal balance when doubt exists as to the ultimate collection of the principal; otherwise, such payments are recorded as income. Nonaccrual loans and leases are generally returned to accrual status when they become current as to principal and interest or become both well secured and in the process of collection.

LOAN FEES

The Company generally charges fees for originating loans and leases and for commitments to extend credits. Origination fees (net of direct costs of underwriting, closing costs and premiums) are deferred and amortized to interest income using methods which approximate a level yield, adjusted for actual prepayment experience. Unamortized fees and premiums on loans paid in full are recognized as a component of interest income. The Company also charges other loan fees consisting of delinquent payment charges and other common loan servicing fees, including fees for servicing loans sold to third parties. Such fees are recognized as income when earned.

ALLOWANCE FOR CREDIT LOSSES

The allowance for credit losses (the "Allowance") is maintained at a level which, in management's judgment, is adequate to absorb losses in the Company's loan and lease portfolio. While the Company has a formalized methodology for determining an adequate and appropriate level of Allowance, estimates of inherent credit losses involve judgment and assumptions as to various factors which deserve current recognition in the Allowance. Principal factors considered by management in determining the Allowance include historical loss experience, the value and adequacy of collateral, the level of nonperforming loans, loan concentrations, the growth and composition of the portfolio, periodic review of loan delinquency, results of examinations of individual loans and/or evaluation of the overall portfolio by senior credit personnel, internal auditors and regulators, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay, and general economic conditions. The Company's formalized methodology is also intended to compensate for the subjective nature of estimating an adequate Allowance, economic uncertainties and other factors.

The Allowance is increased by provisions for credit losses and reduced by charge-offs, net of recoveries. Charge-offs for loans and leases that are evaluated for impairment are made based on impairment evaluations as described above. Consumer loans and leases are generally charged off upon reaching a predetermined delinquency status that ranges from 120 to 180 days and varies by product type. Other loans and leases are charged off to the extent they are classified as loss, either internally or by the Company's regulators. Recoveries of amounts that have previously been charged off are credited to the Allowance and are generally recorded only to the extent that cash is received.

The provision for credit losses reflects management's judgment of the current period cost of credit risk inherent in the Company's loan and lease portfolio. Specifically, the provision for credit losses represents the amount charged against current period earnings to achieve an allowance for credit losses that in management's judgment is adequate to absorb losses inherent in the Company's loan and lease portfolio. Accordingly, the provision for credit losses will vary from period to period based on management's ongoing assessment of the adequacy of the Allowance.

OTHER REAL ESTATE OWNED AND REPOSSESSED PERSONAL PROPERTY

Other real estate owned and repossessed personal property is primarily comprised of properties acquired through foreclosure proceedings. When acquired, these properties are valued at fair value, which establishes the new cost basis of other real estate owned or repossessed personal property. Losses arising at the time of acquisition of such properties are charged against the Allowance. Subsequent to acquisition, such properties are carried at the lower of cost or fair value less estimated selling costs. Write-downs or losses from the disposition of such properties subsequent to the date of acquisition are included in other noninterest expense.

PREMISES AND EQUIPMENT

Premises and equipment, including leasehold improvements, are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of 10-40 years for premises, 3-13 years for equipment and the lease term for leasehold improvements.

CORE DEPOSIT AND OTHER IDENTIFIABLE INTANGIBLE ASSETS

Core deposit and other identifiable intangible assets are amortized on the straight-line method over the period of benefit, generally 10 years. It is the Company's policy to review core deposit and other identifiable intangible assets for impairment whenever events or changes in circumstances indicate that its investment in the underlying assets or liabilities which gave rise to such core deposit and other identifiable intangible assets may not be recoverable.

GOODWILL

Goodwill represents the cost of acquired companies in excess of the fair value of net assets acquired. The excess of the purchase price over the fair value of the net assets acquired is accounted for as goodwill and is being amortized on the straight-line method over 25 years. It is the Company's policy to review goodwill for impairment whenever events or changes in circumstances indicate that its investment in the underlying assets/businesses which gave rise to such goodwill may not be recoverable. Should such an evaluation of impairment become necessary, the Company will evaluate the performance of such acquired business on an undiscounted basis.

REPURCHASE AND REVERSE REPURCHASE AGREEMENTS

The Company adopted Statement of Financial Accounting Standards ("SFAS") No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," as amended by SFAS No. 127, "Deferral of the Effective Date of Certain Provisions of FASB Statement No. 125--An Amendment of FASB Statement No. 125," on January 1, 1997. SFAS No. 125 applies a control-oriented, financial components approach to financial-asset-transfer transactions whereby the Company: (1) recognizes the financial and servicing assets it controls and the liabilities it has incurred; (2) derecognizes financial assets only when control has been surrendered; and (3) derecognizes liabilities once they are extinguished. Under SFAS No. 125, control is considered to have been surrendered only if: (i) the transferred assets have been isolated from the transferor and its creditors, even in bankruptcy or other receivership; (ii) the transferee has the unconditional right to pledge or exchange the transferred assets, or is a qualifying special-purpose entity and the holders of beneficial interests in that entity have the unconditional right to pledge or exchange those interests; and (iii) the transferor does not maintain effective control over the transferred assets through: (a) an agreement that both entitles and obligates it to repurchase or redeem those assets prior to maturity; or (b) an agreement which both entitles and obligates it to repurchase or redeem those assets if they were not readily obtainable elsewhere. If any of these conditions are not met, the Company accounts for the transfer as a secured borrowing.

Securities purchased under agreements to resell and securities sold under agreements to repurchase generally qualify as financing transactions under SFAS No. 125, and are carried at the amounts at which the securities subsequently will be resold or reacquired as specified in the respective agreements; such amounts include accrued interest. Reverse-repurchase and repurchase agreements are presented in the accompanying Consolidated Balance Sheets where net presentation is consistent with Financial Accounting Standards Board ("FASB") Interpretation No. 41, "Offsetting of Amounts Related to Certain Repurchase and Reverse Repurchase Agreements." It is the Company's policy to take possession of securities purchased under agreements to resell. The Company monitors the fair value of the underlying securities as compared with the related receivable, including accrued interest, and, as necessary, requests additional collateral. Where deemed appropriate, the Company's agreements with third parties

specify its rights to request additional collateral. All collateral is held by the Company or a custodian.

SERVICING ASSETS

Servicing assets consist of originated mortgage servicing rights which are capitalized and included in other assets in the Company's Consolidated Balance Sheets. These rights are recorded based on the relative fair values of the servicing right and underlying loan and are amortized over the period of the related loan servicing income stream. Amortization of these rights is reflected in the Company's Consolidated Statements of Income under the caption other service charges and fees. The Company evaluates servicing assets for impairment in accordance with the provision of SFAS No. 125. For the years presented, servicing assets and the related amortization were not material.

TRUST PROPERTY

Trust property, other than cash deposits held by the Company in fiduciary or agency capacities for its customers, is not included in the Company's Consolidated Balance Sheets because such items are not assets of the Company.

INCOME TAXES

The Company recognizes deferred income tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred income tax liabilities and assets are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse.

Excise tax credits relating to premises and equipment are accounted for under the flow-through method which recognizes the benefit in the year the asset is placed in service. The excise tax credits related to lease equipment, except for excise tax credits that are passed on to lessees, are recognized during the periods in which the net investment is positive.

A consolidated Federal income tax return is filed for the Company. Amounts equal to income tax benefits of those subsidiaries having taxable losses or credits are reimbursed by other subsidiaries which would have incurred current income tax liabilities.

COMPREHENSIVE INCOME

Effective January 1, 1998, the Company adopted SFAS No. 130, "Reporting Comprehensive Income," which established standards for reporting comprehensive income (defined to include net income, unrealized gains and losses on available-for-sale investment securities, foreign currency adjustments, as well as certain other items not included in the income statement). The Company's Consolidated Statements of Changes in Stockholders' Equity have been reformatted and restated for prior periods in accordance with SFAS No. 130. Accumulated other comprehensive income consists of unrealized holding gains on available-for-sale investment securities. The activity for the years presented (gross unrealized holding gains/losses and realized gains/losses, net of tax effects) was not significant.

DERIVATIVES

Periodically, the Company may utilize interest rate swaps, caps and floors in managing its interest rate risk. Additionally, the Company may utilize over-the-counter options on mortgage-backed securities and commitments to purchase or sell foreign currencies to manage its residential mortgage loan origination pipeline and foreign exchange activities, respectively. The criteria that must be satisfied for accrual accounting treatment are as follows: (1) the transaction to be hedged exposes the Company to interest rate or foreign exchange risk; (2) the hedge acts to reduce the interest rate or foreign exchange risk by moving closer to being insensitive to interest or foreign exchange rate changes; and (3) the derivative is designed and effective as a hedge of the transaction. The following additional criteria apply to hedges of anticipated transactions: (1) the significant characteristics and expected terms of the anticipated transaction must be identified; and (2) it must be probable that the anticipated transaction will occur. Derivative products that do not satisfy the hedging criteria above would be carried at market value. Any changes in market value would be recognized in noninterest income. For the years presented, all interest rate derivative products met the criteria for accrual accounting treatment. All option and forward positions for the years presented were marked to market and reflected in the Company's Consolidated Statements of Income.

Gains or losses resulting from early termination of derivatives and the designated hedge, are recorded to income or expense at the date of termination. Gains or losses on the termination of anticipatory hedges would be amortized over the remaining life of the designated hedged item.

FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

In the normal course of business, the Company is a party to various financial instruments "designated" or "entered into" to meet the financing needs of its customers and to reduce its own exposure to fluctuations in interest rates and foreign exchange rates. These financial instruments include commitments to extend credit, standby and commercial letters of credit, interest rate swaps, caps and floors, options on mortgage-backed securities and

commitments to purchase or sell foreign currencies. These instruments involve,
to varying degrees, elements of credit,

interest rate and foreign exchange risk in excess of the amounts recognized in the Consolidated and Parent Company Balance Sheets. The contract or notional amounts of those instruments reflect the extent of involvement the Company has in particular classes of financial instruments.

The Company's exposure to credit losses in the event of nonperformance by the counterparty to the financial instrument for commitments to extend credit and standby and commercial letters of credit is represented by the contractual notional amount of those instruments. Since these commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash flows. For interest rate swap transactions, the notional amounts do not represent exposure to credit losses.

Options on mortgage-backed securities allow the Company to decide to make or take delivery of certain mortgage-backed securities. The notional amount of securities covered by the amount of the contracts does not represent exposure to credit losses. Commitments to purchase or sell foreign currencies obligate the Company to take or make delivery of a foreign currency. Risks in such instruments arise from fluctuations in foreign exchange rates and the ability of counterparties to fulfill the terms of the contracts.

Off-balance sheet instruments must meet the same criteria of acceptable risk established for the Company's lending and other financing activities. The Company manages the credit risk of counterparty defaults in these transactions by limiting the total amount of outstanding arrangements, both by the individual counterparty and in the aggregate, by monitoring the size and maturity structure of the off-balance sheet portfolio, and by applying the uniform credit standards maintained for all of its credit activities, including, in some cases, the taking of collateral to secure the counterparty obligations.

The Company enters into interest rate swap agreements as an end-user only. These instruments are used as hedges against various balance sheet accounts. The net interest payable or receivable is accrued and recognized as an adjustment to the interest income or interest expense of the hedged item.

The Company enters into commitments to purchase or sell foreign currencies on behalf of its customers. These commitments are generally matched through offsetting positions. Foreign exchange positions are valued monthly with the resulting gain or loss recognized as incurred.

The Company utilizes short-term (60 days or less) options on mortgage-backed securities as a means of hedging the market risk associated with timing differences between the commitment of the interest rate, documentation and subsequent sale of residential real estate loans. The option contracts are valued monthly with the gain or loss being recognized in noninterest income, if the options are exercised.

Interest rate and market risk are monitored and managed in conjunction with the interest rate risk position of the Company as a whole. Off-balance sheet agreements are not entered into if they would increase the Company's interest rate risk above approved guidelines. Sensitivity testing to measure and monitor this risk is usually done quarterly using net interest income simulations and market value of equity analysis.

FAIR VALUES OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Company in estimating the fair value of its financial instruments:

Cash and due from banks: The carrying amounts reported in the Consolidated Balance Sheets of cash and short-term instruments approximate fair values.

Investment securities: Fair values of 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 and leases: Fair values were estimated for portfolios of performing loans and leases with similar characteristics. For variable-rate loans that reprice frequently and with no significant change in credit risk, fair values are based on carrying values. The fair values of fixed-rate commercial and industrial loans, financial institution loans, agricultural loans, certain mortgage loans (e.g., 1-4 family residential, commercial real estate and rental property), credit card loans, leases and other consumer loans are estimated using discounted cash flow analyses, which utilize interest rates currently being offered for loans with similar terms to borrowers of similar credit quality. The carrying amount of accrued interest approximates its fair value.

Deposits: The fair values of deposits with no maturity date (e.g., interest and noninterest checking, passbook savings, and certain types of money market accounts) are, by definition, equal to the amount payable on demand at the reporting date (i.e., their carrying amounts). Fair values of fixed-rate certificates of deposit are estimated using a discounted cash flow calculation that applies interest rates currently being offered on certificates to a schedule of aggregated expected monthly maturities on time deposits.

Short-term borrowings: The carrying amounts of overnight Federal funds purchased, borrowings under repurchase agreements, and other short-term

borrowings approximate their fair values.

Long-term debt and capital securities: The fair values of the Company's long-term debt (other than deposits) and capital securities are estimated using discounted cash flow analyses based on the Company's current incremental borrowing rates for similar types of borrowing arrangements.

Off-balance sheet commitments and contingent liabilities: Fair values of off-balance sheet commitments and contingent liabilities are based upon: (1) quoted market prices of comparable instruments (options on mortgage-backed securities and commitments to buy or sell foreign currencies); (2) fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the counterparties' credit standing (letters of credit and commitments to extend credit); or (3) pricing models based upon brokers' quoted markets, current levels of interest rates and specific cash flow schedules (interest rate swaps).

NEW PRONOUNCEMENTS

In February 1998, the FASB issued SFAS No. 132, "Employers' Disclosures about Pensions and other Post-retirement Benefits--An Amendment of SFAS Nos. 87, 88 and 106." SFAS No. 132 standardized the disclosure requirements for pensions and other post-retirement plans, requires additional information on changes in the benefit obligations and fair value of plan assets and eliminates certain disclosures previously required under SFAS Nos. 87, 88 and 106. SFAS No. 132 is effective for fiscal years beginning after December 31, 1997. The adoption of SFAS No. 132 did not affect the Company's consolidated results of operations or consolidated financial position as previously reported.

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 establishes accounting and reporting standards for derivative instruments and hedging activities. SFAS No. 133 requires recognition of all derivative instruments in the statement of financial position as either assets or liabilities and the measurement of derivative instruments at fair value. SFAS No. 133 is effective for fiscal years beginning after June 15, 1999. The adoption of SFAS No. 133 is not expected to have a material effect on the Company's consolidated financial statements.

In October 1998, the FASB issued SFAS No. 134, "Accounting for Mortgage-Backed Securities Retained after the Securitization of Mortgage Loans Held for Sale by a Mortgage Banking Enterprise, an amendment of SFAS No. 65." SFAS No. 134 requires mortgage banking enterprises to classify loans held for sale that they have securitized, based on their intent to sell or hold those investments. SFAS No. 134 is effective for the first fiscal quarter beginning after December 15, 1998. The adoption of SFAS No. 134 is not expected to have a material effect on the Company's consolidated financial statements.

2. MERGERS AND ACQUISITIONS

BANCWEST CORPORATION

On November 1, 1998, for a purchase price of $905.7 million, the merger of BancWest Corporation ("BancWest"), parent company of Bank of the West, with and into First Hawaiian, Inc. ("FHI") was consummated (the "Merger"). At that date, Bank of the West, headquartered in San Francisco, was California's fifth largest bank with approximately $6.1 billion in assets and 103 branches in 21 counties in Northern and Central California.

Prior to the consummation of the Merger, BancWest was wholly-owned by Banque Nationale de Paris ("BNP"), France's second largest banking group. In the Merger, BNP received approximately 25.8 million shares of the Company's newly authorized Class A Common Stock (representing approximately 45% of the outstanding voting stock). The transaction was accounted for using the purchase method of accounting and results of operations were included in the Consolidated Statements of Income from the date of acquisition. The excess of cost over fair value of net assets acquired amounted to approximately $599.0 million. FHI, the surviving corporation of the Merger, changed its name to "BancWest Corporation" on November 1, 1998.

The following unaudited pro forma financial information for the years ended December 31, 1998 and 1997 assumes that the Merger occurred as of January 1, 1997, after giving effect to certain adjustments, including but not limited to the amortization of intangible assets. The pro forma results have been prepared for comparative purposes only and are not necessarily indicative of the results of operations which may occur in the future or that would have occurred had the Merger been consummated on the date indicated.

(in thousands, except per share data)	PRO FORMA FINANCIAL INFORMATION FOR THE YEARS ENDED DECEMBER 31, (Unaudited) 1998	1997
Interest income	$1,047,733	$998,005
Interest expense	436,166	421,033
Noninterest income	167,873	143,866
Noninterest expense	520,034	480,017

Net income	118,119	119,843
Basic earnings per share	$ 2.07	$ 2.07
Diluted earnings per share	2.07	2.06

The 1998 amounts include the impact of the restructuring, merger-related and other nonrecurring costs totaling $25,527,000 as described in Note 3.

PACIFIC NORTHWEST

On May 31, 1996, for a purchase price of $36 million, the Company acquired 31 branches in Oregon, Washington and Idaho which were being divested by U.S. Bancorp and West One Bancorp as a result of their merger. This transaction included the purchase of loans of $400 million and the assumption of deposits of $687 million. The acquisition was accounted for using the purchase method of accounting and the results of operations were included in the Consolidated Statements of Income from the date of acquisition. Of the 31 branches acquired by the Company, the 27 Oregon and Idaho branches were operated as Pacific One Bank, a former wholly-owned subsidiary of the Company. The four branches acquired in Washington state were originally operated as Pacific One Bank, FSB as branches of Pioneer Federal Savings Bank ("Pioneer"), a former wholly-owned subsidiary of the Company that was merged with and into First Hawaiian on April 17, 1997.

On July 31, 1996, for a purchase price of $18 million, the Company acquired ANB Financial Corporation, a bank holding company, and its subsidiary, American National Bank ("ANB"), which had total loans of $51 million and deposits of $67 million at the date of acquisition. ANB had a total of four branches in Washington state. The acquisition was accounted for using the purchase method of accounting and the results of operations of ANB were included in the Consolidated Statements of Income from the date of acquisition. On November 8, 1996, ANB acquired the four branches in Washington state from Pioneer and changed its name to Pacific One Bank, National Association ("Pacific One, N.A.").

On December 31, 1997, Pacific One, N.A. was merged with and into Pacific One Bank. On November 1, 1998, Pacific One Bank was merged with and into Bank of the West.

3. RESTRUCTURING, MERGER-RELATED AND OTHER NONRECURRING COSTS

The Company recorded restructuring, merger-related and other nonrecurring costs totaling $25,527,000 in 1998. Restructuring and merger-related costs of $20,043,000 included: (1) severance and termination payments to employees of $2,211,000; (2) data processing contract termination penalties of $2,083,000; (3) the write-off of capitalized software costs of $2,755,000; (4) write-downs or losses associated with excess leased commercial property of $8,179,000; (5) write-off of signage, forms, prepaid expenses and other miscellaneous assets totaling $3,828,000; and (6) other integration costs of $987,000. The severance and contract termination penalties will be paid in 1999. Other nonrecurring costs included impairment charges of $5,484,000 related to intangible assets associated with earlier acquisitions.

4. TRANSACTIONS WITH AFFILIATES

Bank of the West has participated and continues to participate in various transactions with BNP and its affiliates. These transactions are subject to review by the Federal Deposit Insurance Corporation (the "FDIC") and other regulatory authorities and are required to be on terms at least as favorable to Bank of the West as those prevailing at the time for similar non-affiliate transactions. These transactions have included the sales and purchases of assets, foreign exchange activities, financial guarantees, international services, interest rate swaps and intercompany deposits and borrowings. Amounts due to and from affiliates at December 31, 1998 were included in the Company's Consolidated Balance Sheets as illustrated below:

(in thousands)	
CASH AND DUE FROM BANKS	$ 498
NONINTEREST-BEARING DEMAND DEPOSITS	4,189
SHORT-TERM BORROWINGS	150,000
OTHER LIABILITIES	1,420
SUBORDINATED CAPITAL NOTES INCLUDED IN LONG-TERM DEBT	53,837
OFF-BALANCE SHEET TRANSACTIONS: STANDBY LETTERS OF CREDIT ISSUED	9,542

The subordinated capital notes were sold directly to BNP, are subordinated to the claims of depositors and creditors, and qualify for inclusion as a component of risk-based capital under current FDIC guidelines for assessing capital adequacy.

5. INVESTMENT SECURITIES

HELD-TO-MATURITY

Amortized cost and fair values of held-to-maturity investment securities at December 31, 1998 were as follows:

1998

(in thousands)	AMORTIZED COST	UNREALIZED GAINS	UNREALIZED LOSSES	FAIR VALUE
U.S. TREASURY AND OTHER U.S. GOVERNMENT AGENCIES AND CORPORATIONS	$ 80,174	$ 456	$ --	$ 80,630
OTHER ASSET-BACKED SECURITIES	111,130	387	141	111,376
COLLATERALIZED MORTGAGE OBLIGATIONS	99,618	231	441	99,408
TOTAL HELD-TO-MATURITY INVESTMENT SECURITIES	$290,922	$1,074	$582	$291,414

The amortized cost and fair values of held-to-maturity investment securities at December 31, 1998, by contractual maturity, were as follows:

(in thousands)	AMORTIZED COST	FAIR VALUE
DUE WITHIN ONE YEAR	$ 80,174	$ 80,630
DUE AFTER ONE BUT WITHIN FIVE YEARS ...	--	--
DUE AFTER FIVE BUT WITHIN TEN YEARS ...	14,765	14,788
DUE AFTER TEN YEARS	195,983	195,996
TOTAL HELD-TO-MATURITY INVESTMENT SECURITIES	$290,922	$291,414

The Company held no held-to-maturity securities at December 31, 1997 and 1996.

AVAILABLE-FOR-SALE

Amortized cost and fair values of available-for-sale investment securities at December 31, 1998, 1997 and 1996 were as follows:

	1998			
(in thousands)	AMORTIZED COST	UNREALIZED GAINS	UNREALIZED LOSSES	FAIR VALUE
U.S. TREASURY AND OTHER U.S. GOVERNMENT AGENCIES AND CORPORATIONS	$ 461,631	$ 2,000	$ 366	$ 463,265
MORTGAGE AND ASSET-BACKED SECURITIES:				
GOVERNMENT	502,983	6,983	735	509,231
OTHER	198,198	1,222	362	199,058
COLLATERALIZED MORTGAGE OBLIGATIONS	685	--	--	685
STATES AND POLITICAL SUBDIVISIONS	16,351	324	42	16,633
OTHER	157,251	871	--	158,122
TOTAL AVAILABLE-FOR-SALE INVESTMENT SECURITIES	$1,337,099	$ 11,400	$ 1,505	$1,346,994

	1997			
(in thousands)	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. Treasury and other U.S. Government agencies and corporations	$384,621	$ 470	$ 300	$384,791
Mortgage-backed securities:				
Government	304,600	519	897	304,222
Collateralized mortgage obligations	1,399	--	2	1,397
States and political subdivisions	2,955	31	196	2,790
Other	84,953	1	30	84,924
Total available-for-sale investment securities	$778,528	$ 1,021	$ 1,425	$778,124

(in thousands)	1996 Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. Treasury and other U.S. Government agencies and corporations	$ 633,113	$ 1,387	$ 603	$ 633,897
Mortgage-backed securities: Government	392,586	3,239	1,063	394,762
Collateralized mortgage obligations	14,531	41	14	14,558
States and political subdivisions	30,124	317	221	30,220
Other	67,286	--	4	67,282
Total available-for-sale investment securities	$1,137,640	$ 4,984	$ 1,905	$1,140,719

The amortized cost and fair values of available-for-sale investment securities at December 31, 1998, by contractual maturity, excluding securities which have no stated maturity, were as follows:

(in thousands)	AMORTIZED COST	FAIR VALUE
DUE WITHIN ONE YEAR	$ 305,675	$ 306,422
DUE AFTER ONE BUT WITHIN FIVE YEARS	231,500	233,150
DUE AFTER FIVE BUT WITHIN TEN YEARS	7,060	7,145
DUE AFTER TEN YEARS	684,898	692,311
TOTAL AVAILABLE-FOR-SALE INVESTMENT SECURITIES	$1,229,133	$1,239,028

The Company held no trading securities at December 31, 1998, 1997 and 1996.

Investment securities with an aggregate book value of $1,262,000,000 at December 31, 1998 were pledged to secure public deposits, repurchase agreements and Federal Home Loan Bank advances.

The Company did not hold investment securities of any single issuer (other than the U.S. Government and its agencies) which were in excess of 10% of consolidated stockholders' equity at December 31, 1998.

Gross gains of $145,000, $1,088,000 and $131,000 and gross losses of $21,000, $818,000 and $13,000 were realized on sales of investment securities during 1998, 1997 and 1996, respectively.

At December 31, 1998, collateralized mortgage obligations were comprised of floating and fixed-rate bonds with an estimated average life of 2.3 years.

6. LOANS AND LEASES

At December 31, 1998 and 1997, loans and leases were comprised of the following:

	1998		1997	
(in thousands)	BOOK VALUE	FAIR VALUE	Book Value	Fair Value
Commercial, financial and agricultural	$ 2,089,351	$ 2,123,209	$ 1,582,698	$ 1,599,112
Real estate:				
Commercial	1,928,741	2,220,268	1,193,538	1,258,439
Construction	359,220	362,084	166,482	168,154
Residential	2,652,275	2,399,920	1,944,611	1,871,172
Consumer	2,572,873	2,570,926	678,984	680,046
Lease financing	1,355,538	1,350,717	333,270	330,318
Foreign	381,582	396,640	339,098	340,898
TOTAL LOANS AND LEASES	$11,339,580	$11,423,764	$ 6,238,681	$ 6,248,139

The loan and lease portfolio is principally located in the states of Hawaii and California and, to a lesser extent, the states of Oregon, Washington and Idaho. The risk inherent in the portfolio is dependent not only upon regional and general economic stability of those states which affects property values, but also the financial well being and creditworthiness of the borrowers.

At December 31, 1998 and 1997, loans and leases aggregating $89,649,000 and $55,601,000, respectively, were on a nonaccrual status or restructured.

The Company's leasing activities consist primarily of leasing automobiles and various types of commercial equipment and leveraged leases. Lessees are responsible for all maintenance, taxes and insurance on the leased property. The leases are reported net of unearned income of $371,665,000 and $146,067,000 at December 31, 1998 and 1997, respectively. At December 31, 1998, minimum lease receivables for the five succeeding years are $289,589,000 in 1999, $273,147,000 in 2000, $252,876,000 in 2001, $242,521,000 in 2002 and $192,633,000 in 2003.

In the normal course of business, the Company makes loans to its executive officers and directors and to companies and individuals affiliated with executive officers and directors of the Company. These loans were made on terms no less favorable to the Company than what could have been obtained from unrelated third parties or, in the case of certain residential real estate loans, on terms that are widely available to employees of the Company or its subsidiaries who are not directors or executive officers. Changes in the loans to such parties were as follows:

(in thousands)	1998
Balance at beginning of year	$ 246,969
Executive officer and director loans acquired	7,986
New loans made	30,504
Repayments	(48,622)
BALANCE AT END OF YEAR	$ 236,837

At December 31, 1998 and 1997, loans to such parties by the Parent were $5,776,000 and $9,811,000, respectively, and interest income related to these loans was $576,000, $782,000 and $1,045,000 for 1998, 1997 and 1996, respectively.

Real estate loans totaling $1,601,651,000 were pledged to collateralize the Company's borrowing capacity at the Federal Home Loan Bank at December 31, 1998.

7. PROVISION AND ALLOWANCE FOR CREDIT LOSSES

Changes in the allowance for credit losses were as follows for the years indicated:

(in thousands)	1998	1997	1996
Balance at beginning of year	$ 82,596	$ 85,248	$ 78,733
Provision for credit losses	28,555	17,211	23,627
Net charge-offs:			
Loans and leases charged off	(29,084)	(25,130)	(27,341)
Recoveries on loans and leases previously charged off	6,531	5,267	3,123
Net charge-offs	(22,553)	(19,863)	(24,218)
Allowance of subsidiaries purchased	60,987	--	7,106
BALANCE AT END OF YEAR	$ 149,585	$ 82,596	$ 85,248

The following table presents information related to impaired loans as of and for the years ended December 31, 1998, 1997 and 1996:

(in thousands)	1998	1997	1996
Impaired loans	$100,704	$ 74,751	$128,446
Impaired loans with related allowance for credit losses calculated under SFAS No. 114	67,849	38,278	41,778
Total allowance for credit losses on impaired loans	18,610	9,257	9,690
Average impaired loans	81,436	90,901	87,289
Interest income recognized on impaired loans	2,876	835	980

Impaired loans without a related allowance for credit losses are generally collateralized by assets with fair values in excess of the recorded investment in the loans. Interest payments on impaired loans are generally applied to reduce the outstanding principal amounts of such loans.

8. PREMISES AND EQUIPMENT

At December 31, 1998 and 1997, premises and equipment were comprised of the following:

(in thousands)	1998	1997
Premises	$249,352	$244,221
Equipment	166,770	154,497
	416,122	398,718
Less accumulated depreciation and amortization	149,138	152,719
NET BOOK VALUE	$266,984	$245,999

Occupancy and equipment expense include depreciation and amortization expense of $20,634,000, $18,057,000 and $17,541,000 for 1998, 1997 and 1996, respectively.

9. DEPOSITS

Interest expense related to deposits for the years indicated was as follows:

(in thousands)	1998	1997	1996
Domestic:			
Interest-bearing demand	$ 4,358	$ 4,814	$ 9,258
Savings	65,162	56,528	47,525
Time--Under $100	85,762	76,002	67,714
Time--$100 and over	64,046	50,926	48,993
Foreign	9,592	9,349	8,912
TOTAL INTEREST EXPENSE ON DEPOSITS	$228,920	$197,619	$182,402

The following table presents the maturity distribution of domestic time certificates of deposits of $100,000 or more at December 31 for the years indicated:

(in millions)	1998	1997
3 months or less	$1,375	$ 567
Over 3 months through 6 months	438	213
Over 6 months through 12 months	317	163
Over 1 year to 2 years	67	75
Over 2 years to 3 years	34	12
Over 3 years to 4 years	6	19
Over 4 years to 5 years	2	3
Over 5 years	--	--
TOTAL	$2,239	$1,052

Time certificates of deposits in denominations of $100,000 or more at December 31, 1998 and 1997 were as follows:

(in thousands)	1998	1997
Domestic	$2,239,464	$1,052,491
Foreign	89,971	87,402

10. SHORT-TERM BORROWINGS

At December 31, 1998, 1997 and 1996, short-term borrowings were comprised of the following:

(in thousands)	1998	1997	1996
BancWest Corporation (Parent):			
Commercial paper	$ 13,903	$ 1,800	$ 4,409
Notes payable	--	--	50,000
First Hawaiian:			
Federal funds purchased	164,462	126,011	76,350
Securities sold under agreements to repurchase	447,667	495,054	685,064
Advances from Federal Home Loan Bank of Seattle	14,000	99,000	113,737
Bank of the West:			
Federal funds purchased	209,070	--	--
Securities sold under agreements to repurchase	68,696	--	--
Advances from Federal Home			

Loan Bank of San Francisco	1,000	--	--
Other short-term borrowings	4,069	--	--
TOTAL SHORT-TERM BORROWINGS	$922,867	$721,865	$929,560

Average rates and average and maximum balances for these short-term borrowings were as follows for the years indicated:

(dollars in thousands)	1998	1997	1996
Commercial paper:			
Average interest rate at December 31	4.9%	5.2%	5.1%
Highest month-end balance	$ 13,903	$ 6,226	$ 13,509
Average daily outstanding balance .	$ 4,265	$ 5,017	$ 9,854
Average daily interest rate paid ..	5.0%	5.3%	5.2%
Notes payable:			
Average interest rate at December 31	--%	--%	5.8%
Highest month-end balance	$ --	$ 50,000	$ 50,000
Average daily outstanding balance .	$ --	$ 31,742	$ 12,568
Average daily interest rate paid ..	--%	6.0%	5.9%
Federal funds purchased:			
Average interest rate at December 31	4.6%	5.7%	5.8%
Highest month-end balance	$ 373,532	$ 116,450	$ 123,608
Average daily outstanding balance .	$ 85,405	$ 76,164	$ 49,210
Average daily interest rate paid ..	5.2%	6.2%	5.6%
Securities sold under agreements to repurchase:			
Average interest rate at December 31	4.5%	5.3%	5.0%
Highest month-end balance	$ 552,921	$ 715,554	$ 818,527
Average daily outstanding balance .	$ 505,529	$ 593,061	$ 785,144
Average daily interest rate paid ..	5.1%	5.0%	5.2%
Advances from Federal Home Loan Banks of Seattle and San Francisco:			
Average interest rate at December 31	5.4%	5.7%	5.7%
Highest month-end balance	$ 441,089	$ 100,500	$ 212,016
Average daily outstanding balance .	$ 130,804	$ 87,658	$ 155,182
Average daily interest rate paid ..	4.8%	5.5%	5.7%
Other short-term borrowings:			
Average interest rate at December 31	4.1%	--%	--%
Highest month-end balance	$ 4,069	$ --	$ --
Average daily outstanding balance .	$ 116	$ --	$ --
Average daily interest rate paid ..	4.7%	--%	--%

Securities sold under agreements to repurchase were treated as financings and the obligations to repurchase the identical securities sold were reflected as liabilities with the dollar amount of securities underlying the agreements remaining in the asset accounts. At December 31, 1998, the weighted average maturity of these agreements was 49 days and primarily represents investments by public (governmental) entities. A schedule of maturities of these agreements was as follows:

(in thousands)	
OVERNIGHT	$ 65,392
LESS THAN 30 DAYS	153,428
30 TO 90 DAYS	258,714
OVER 90 DAYS	38,829
TOTAL	$516,363

The Parent had $40,000,000 in unused lines of credit with unaffiliated banks to support its commercial paper borrowings as of December 31, 1998.

11. LONG-TERM DEBT AND CAPITAL SECURITIES

At December 31, 1998 and 1997, long-term debt and Capital Securities were comprised of the following:

(dollars in thousands)	1998 BOOK VALUE	1998 FAIR VALUE	1997 Book Value	1997 Fair Value
BancWest Corporation (Parent):				
5.625% note due 2004	$ 50,000	$ 50,031	$ 50,000	$ 50,018
6.25% subordinated notes due 2000	100,000	100,900	100,000	100,090
7.375% subordinated notes due 2006	50,000	53,930	50,000	52,575
First Hawaiian:				
5.39%-5.84% notes due through 2002	29,481	28,850	18,736	18,801
Bank of the West:				
4.60%-9.23% notes due through 2014	400,478	403,167	--	--
Total long-term debt	629,959	636,878	218,736	221,484
Capital Securities	100,000	115,206	100,000	104,370
TOTAL LONG-TERM DEBT AND CAPITAL SECURITIES	$729,959	$752,084	$318,736	$325,854

BANCWEST CORPORATION (PARENT)

The 5.625% note due in 2004 is unsecured and accrues interest at London Interbank Offered Rates ("LIBOR") plus 0.25% per annum (5.625% per annum at December 31, 1998). Interest is paid on a quarterly basis.

The 6.25% subordinated notes due in 2000 and the 7.375% subordinated notes due in 2006 are unsecured obligations with interest payable semiannually.

FIRST HAWAIIAN

The 5.39%-5.84% notes due through 2002 primarily represent advances from the Federal Home Loan Bank of Seattle with interest payable monthly.

BANK OF THE WEST

The 4.60%-9.23% notes due through 2014 primarily represent advances from the Federal Home Loan Bank of San Francisco and $53,837,000 in subordinated capital notes sold to BNP. Interest on the Federal Home Loan Bank of San Francisco advances is payable monthly. Interest on the subordinated capital notes sold to BNP is payable semi-annually.

FIRST HAWAIIAN CAPITAL I

In 1997, First Hawaiian Capital I, a Delaware business trust (the "Trust"), issued Capital Securities (the "Capital Securities") with an aggregate liquidation amount of $100,000,000, and used the proceeds therefrom to purchase junior subordinated deferrable interest debentures (the "Debentures") of the Company. Such debentures are the sole assets of the Trust. The Capital Securities qualify as Tier 1 Capital of the Company and are fully and unconditionally guaranteed by the Company. The Company owns all the common securities issued by the Trust.

The Capital Securities accrue and pay interest semi-annually at an annual interest rate of 8.343%. The Capital Securities are mandatorily redeemable upon maturity of the Debentures on July 1, 2027, or upon earlier redemption in whole or in part (subject to a prepayment penalty) as provided for in the governing indenture.

As of December 31, 1998, the principal payments due on long-term debt and Capital Securities were as follows:

(in thousands)	BANCWEST CORPORATION (PARENT)	FIRST HAWAIIAN	BANK OF THE WEST	FIRST HAWAIIAN CAPITAL I	TOTAL

1999	$ --	$ --	$ --	$ --	$ --
2000	100,000	4,011	243,650	--	347,661
2001	--	12	670	--	682
2002	--	25,013	153,930	--	178,943
2003	--	15	88	--	103
2004 AND THEREAFTER	100,000	430	2,140	100,000	202,570
TOTAL	$200,000	$ 29,481	$400,478	$100,000	$729,959

12. COMMON STOCK AND EARNINGS PER SHARE

The Company issued approximately 25.8 million shares of newly authorized Class A Common Stock to BNP and 411,049 shares of treasury stock to satisfy stock appreciation rights of certain Bank of the West employees on November 1, 1998, in connection with the Merger.

A share of Class A Common Stock is generally the same in all respects as a share of common stock except that holders of the Class A Common Stock will have the right to elect a separate class of directors (the "Class A Directors"). The number of Class A Directors will generally be comparable to the percentage of Class A Common Stock shares in relation to total common stock and Class A Common Stock outstanding. At the date of the Merger, Class A Common Stock represented approximately 45% of the outstanding voting stock. Accordingly, 9 of the Company's 20 directors were considered Class A Directors. These directors have the same powers and duties as the Company's other directors, except for certain matters in which a vote of the Class A Directors as a separate class is required, such as certain major corporate transactions which have not been approved by two-thirds of the Company's directors.

Shares of Class A Common Stock automatically convert to common stock under certain circumstances, principally through the transfer of Class A Common Stock by BNP to a third party. Additionally, BNP is bound by a standstill and governance agreement that governs most aspects of the relationship between BNP and the Company. The standstill and governance agreement extends for a four-year period, with certain provisions continuing beyond the initial four-year period. Among the key provisions of this agreement are provisions that: (1) limit BNP's ability to acquire, directly or indirectly, additional common stock that would result in its

ownership of more than 45% of the outstanding voting stock of the Company; (2) restrict BNP's ability to transfer or register its shares; (3) restrict BNP's ability to exercise control over the Company or the Company's board (other than through its representation on the Board); and (4) certain other restrictions as outlined in the agreement.

Additionally, concurrent with the Merger, the Company increased the number of authorized shares of common stock from 100,000,000 shares to 200,000,000 shares, while reducing the par value of the common stock from $5.00 per share to $1.00 per share.

On July 31, 1996, the Company acquired ANB Financial Corporation, a bank holding company, and its subsidiary, American National Bank, for $17,525,000 in the form of an exchange of shares of ANB Financial Corporation's common stock for 647,577 newly-issued shares of the Company's common stock.

The following is a reconciliation of the numerators and denominators of the basic and diluted earnings per share:

(in thousands, except number of shares and per share data)	1998		
	INCOME (NUMERATOR)	SHARES (DENOMINATOR)	PER SHARE AMOUNT
BASIC:			
NET INCOME	$ 76,606	35,534,178	$ 2.16
EFFECT OF DILUTIVE SECURITIES--			
STOCK INCENTIVE PLAN OPTIONS	--	162,085	--
DILUTED:			
NET INCOME AND ASSUMED CONVERSIONS	$ 76,606	35,696,263	$ 2.15

(in thousands, except number of shares and per share data)	1997		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic:			
Net income	$ 84,261	31,725,534	$ 2.66
Effect of dilutive securities--			
Stock incentive plan options	--	149,770	--
Diluted:			
Net income and assumed conversions	$ 84,261	31,875,304	$ 2.64

(in thousands, except number of shares and per share data)	1996		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic:			
Net income	$ 80,296	31,398,978	$ 2.56
Effect of dilutive securities--			
Stock incentive plan options	--	43,950	--
Diluted:			
Net income and assumed conversions	$ 80,296	31,442,928	$ 2.55

13. REGULATORY CAPITAL REQUIREMENTS

The Company is subject to various regulatory capital requirements administered by the Federal banking agencies. Failure to meet minimum capital requirements can initiate certain discretionary (and, in the case of the Company's depository institution subsidiaries, mandatory) actions by regulators that, if undertaken, could have a material effect on the Company's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and its depository institution subsidiaries must each meet specific capital guidelines that involve quantitative measures of their assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. These capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Company to maintain minimum amounts and ratios (set forth in the table below, at December 31, 1998 and 1997) of Tier 1 and Total capital to risk-weighted assets, and of Tier 1 capital to average assets.

	ACTUAL		FOR CAPITAL ADEQUACY PURPOSES		TO BE WELL-CAPITALIZED UNDER PROMPT CORRECTIVE ACTION PROVISIONS	
(dollars in thousands)	AMOUNT	RATIO	AMOUNT	RATIO	AMOUNT	RATIO
AS OF DECEMBER 31, 1998						
TIER 1 CAPITAL TO RISK-WEIGHTED ASSETS:						
BANCWEST CORPORATION	$1,080,353	8.17%	$ 528,737	4.00%		
FIRST HAWAIIAN	645,842	9.16	281,876	4.00	$ 422,814	6.00%
BANK OF THE WEST	420,100	6.93	242,554	4.00	363,831	6.00
TOTAL CAPITAL TO RISK-WEIGHTED ASSETS:						
BANCWEST CORPORATION	$1,329,938	10.06%	$1,057,473	8.00%		
FIRST HAWAIIAN	796,541	11.30	563,752	8.00	$ 704,689	10.00%
BANK OF THE WEST	620,580	10.23	485,108	8.00	606,386	10.00
TIER 1 CAPITAL TO AVERAGE ASSETS:						
BANCWEST CORPORATION	$1,080,353	9.16%	$ 354,011	3.00%		
FIRST HAWAIIAN	645,842	9.08	213,304	3.00	$ 355,507	5.00%
BANK OF THE WEST	420,100	8.80	143,135	3.00	238,558	5.00

(dollars in thousands)	Actual		For Capital Adequacy Purposes		To Be Well-Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 1997						
Tier 1 Capital to Risk-Weighted Assets:						
BancWest Corporation	$714,891	9.51%	$300,533	4.00%		
First Hawaiian	653,849	10.16	257,430	4.00	$386,146	6.00%
Total Capital to Risk-Weighted Assets:						
BancWest Corporation	$887,487	11.81%	$601,065	8.00%		
First Hawaiian	719,033	11.17	514,861	8.00	$643,576	10.00%
Tier 1 Capital to Average Assets:						
BancWest Corporation	$714,891	9.14%	$234,760	3.00%		
First Hawaiian	653,849	10.19	192,499	3.00	$320,831	5.00%

As of December 31, 1998 and 1997, the Company and its depository institution subsidiaries were categorized as well-capitalized under the applicable Federal regulations. To be categorized as well capitalized, the Company must maintain Tier 1 risk-based and Total risk-based capital ratios of 6% and 10%, respectively (as set forth in the table above). Management is not aware of any conditions or events subsequent to December 31, 1998, that would cause a change in the Company's category. As of December 31, 1998, the BancWest Corporation and Bank of the West Tier 1 capital to average assets ratios reflect the impact of the Merger from November 1, 1998.

14. LIMITATIONS ON PAYMENT OF DIVIDENDS

The primary source of funds for the dividends paid by the Company to its stockholders is dividends received from its subsidiaries. First Hawaiian and Bank of the West are subject to regulatory limitations on the amount of dividends they may declare or pay. At December 31, 1998, the aggregate amount available for payment of dividends by such subsidiaries without prior regulatory approval was $368,261,000.

15. EMPLOYEE BENEFIT PLANS

PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

In 1998, the Company adopted SFAS No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits." SFAS No. 132 standardizes disclosure requirements for pensions and other postretirement benefits and supersedes the disclosure requirements in SFAS No. 87, "Employers' Accounting for Pensions, SFAS No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits," and SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." SFAS No. 132 does not change existing measurement or recognition standards. The adoption of SFAS No. 132 did not affect the Company's consolidated results of operations or consolidated financial position as previously reported.

The Company has a noncontributory defined benefit pension plan that was frozen as of December 31, 1995. As a result of the freeze, there will be no further benefit accruals and no additional participants in the plan. Employees are also covered under unfunded postretirement medical and life insurance plans. In addition, a select group of key executives participates in an unfunded supplemental executive retirement plan.

In connection with the Merger, the Company assumed the pension and postretirement benefit obligations of Bank of the West. Bank of the West employees participate in a noncontributory cash balance defined benefit pension plan, an unfunded excess benefit pension plan covering employees whose pay or benefits exceed certain regulatory limits, unfunded postretirement medical and life insurance plans, and a 401(k) savings plan. In addition, certain key executives are eligible for a supplemental pension benefit in the excess benefit pension plan if they meet certain age and service conditions. The Company is in the process of integrating Bank of the West employees into the Company's existing benefit plan structure. The benefit obligations assumed by the Company in connection with the Merger have been reflected in the following table.

The following tables summarize changes to the benefit obligation and fair value of plan assets for the years indicated:

(in thousands)	Pension Benefits 1998	Pension Benefits 1997	Other Benefits 1998	Other Benefits 1997
Benefit obligation at beginning of year	$ 98,684	$ 95,460	$ 8,056	$ 7,382
Service cost	1,461	1,141	369	305
Interest cost	7,296	6,596	623	519
Amendments	1,981	--	--	341
Actuarial (gain) loss	3,986	2,059	(13)	(146)
Acquisitions	41,866	--	7,637	--
Benefit payments	(7,856)	(6,572)	(498)	(345)
BENEFIT OBLIGATION AT END OF YEAR	$ 147,418	$ 98,684	$ 16,174	$ 8,056

(in thousands)	Pension Benefits 1998	Pension Benefits 1997	Other Benefits 1998	Other Benefits 1997
Fair value of plan assets at beginning of year	$ 125,293	$ 110,309	$ --	$ --
Actual return on plan assets	31,180	20,984	--	--
Acquisitions	35,261	--	--	--
Employer contributions	629	572	498	345
Benefit payments	(7,856)	(6,572)	(498)	(345)
FAIR VALUE OF PLAN ASSETS AT END OF YEAR	$ 184,507	$ 125,293	$ --	$ --

The following table summarizes the funded status of the plans and amounts recognized/unrecognized in the Consolidated Balance Sheets:

(in thousands)	Pension Benefits 1998	Pension Benefits 1997	Other Benefits 1998	Other Benefits 1997
Funded status	$ 37,089	$ 26,609	$(16,174)	$ (8,056)
Unrecognized net (gain) loss	(28,933)	(15,182)	362	394
Unrecognized prior service cost	7,505	6,321	353	379
Unrecognized transition (asset) obligation	(3,600)	(4,800)	2,000	2,143
PREPAID (ACCRUED) BENEFIT COST	$ 12,061	$ 12,948	$(13,459)	$ (5,140)

Pension plan assets include 587,856 shares of common stock of the Company with a fair value of $28,217,000 and $23,367,000 at December 31, 1998 and 1997, respectively.

For the retirement plans, the projected benefit obligation, accumulated benefit obligation and fair value of plan assets for the retirement plan with plan assets in excess of accumulated benefit obligations were $76,345,000, $76,345,000 and $147,888,000, respectively, as of December 31, 1998 and $75,308,000, $75,308,000 and $125,293,000, respectively, as of December 31, 1997. The prepaid benefit cost for the overfunded plan was $35,159,000 and $26,190,000 at December 31, 1998 and 1997, respectively. The remaining plans had an accrued benefit liability.

The weighted average discount rate was 6.75% and 7% as of December 31, 1998 and 1997, respectively. Interim rates were used as of November 1, 1998 for the Bank of the West plans. The expected return on plan assets was 8.5% for the frozen noncontributory defined benefit pension plan and 9.5% for the noncontributory cash balance defined benefit pension plan; the rate of increase in future compensation used in determining the projected benefit obligation was 7% for the unfunded supplemental executive retirement plan and 4% for the noncontributory cash balance defined benefit pension and unfunded excess benefit plans.

For measurement purposes, an 8% annual rate of increase in the per capita cost of covered health care benefits was assumed for 1998. The rate was assumed to decrease gradually to 4% after 8 years and remain level at 4% thereafter.

The following table sets forth the components of net periodic benefit cost (credit) for 1998, 1997 and 1996:

(in thousands)	Pension Benefits 1998	Pension Benefits 1997	Pension Benefits 1996	Other Benefits 1998	Other Benefits 1997	Other Benefits 1996
Service cost	$ 1,461	$ 1,141	$ 1,236	$ 369	$ 305	$ 239
Interest cost	7,296	6,596	6,321	623	519	475
Expected return on plan assets ...	(11,004)	(9,120)	(8,197)	--	--	--
Amortization of transition (asset) obligation	(1,200)	(1,200)	(1,200)	143	143	143
Amortization of prior service cost	797	652	652	26	26	6
Recognized net actuarial (gain) loss	(2,440)	(266)	143	--	--	--
NET PERIODIC BENEFIT (CREDIT) COST	$ (5,090)	$ (2,197)	$ (1,045)	$ 1,161	$ 993	$ 863

Assumed health care cost trend rates have an impact on the amounts reported for the health care plans. A one-percentage point change in the assumed health care cost trend rates would have the following pre-tax effect:

(in thousands)	1-PERCENTAGE-POINT INCREASE	1-PERCENTAGE-POINT DECREASE
Effect on total of service and interest cost components	$ 9	$ (7)
Effect on postretirement benefit obligation	395	(350)

MONEY PURCHASE AND 401(k) MATCH PLANS

Effective January 1, 1996, the Company began contributing to a defined contribution money purchase plan and matching employees' contributions (up to 3% of pay) to an existing 401(k) component of the Company's profit sharing plan. The plans replace the noncontributory defined benefit pension plan which was "frozen" as of December 31, 1995. The plans cover substantially all employees who satisfy the age and length of service requirements, except for a select group of key executives who are eligible for the Company's unfunded supplemental executive retirement plan.

For 1998, 1997 and 1996, the money purchase plan contribution was $5,185,000, $5,351,000 and $5,126,000, respectively, and the employer matching contribution to the 401(k) plan was $2,090,000, $2,154,000 and $2,270,000, respectively.

PROFIT SHARING AND CASH BONUS PLANS

The profit sharing and cash bonus plans cover substantially all employees who satisfy age and length of service requirements. Annual contributions to the plans are based upon a formula and are limited to the total amount deductible under the applicable provisions of the Internal Revenue Code. The profit sharing and cash bonus formula

provides that 50% of the Company's contribution be paid directly to eligible members as a year-end cash bonus and the other 50%, less forfeitures, be paid into the profit sharing trust fund. The profit sharing contribution and cash bonus (reflected in salaries and wages) for 1998, 1997 and 1996 totaled $4,287,000, $5,537,000 and $6,579,000, respectively. Contributions to the profit sharing and cash bonus plans have been terminated for periods commencing after December 31, 1998.

INCENTIVE PLAN FOR KEY EXECUTIVES

The Company has an Incentive Plan for Key Executives (the "IPKE"), under which awards of cash or common stock of the Company, or both, are made to key executives. The IPKE limits the aggregate and individual value of the awards that could be issued in any one fiscal year. Shares of common stock awarded under the IPKE are held in escrow and key executives concerned may not, under any circumstances, voluntarily dispose or transfer such shares prior to the earliest of attaining 60 years of age, completion of 20 full years of employment with the Company, retirement, death or termination of employment prior to retirement with the approval of the Company. Additionally, there is a five-year restriction from the date of all subsequent shares awarded to those key executives who had previously met the minimum restrictions of completion of 20 full years of employment or attaining 60 years of age.

STOCK INCENTIVE PLANS

The Company has two Stock Incentive Plans, one effective in 1991 (the "1991 SIP") and one effective in 1998 (the "1998 SIP" and, together with the 1991 SIP, the "SIP"). The SIP authorized the granting of up to 3,000,000 shares of common stock to selected key employees. The purpose of the SIP is to promote the success and enhance the value of the Company by providing additional incentives for outstanding performance to selected key employees in a way that links their interests with those of stockholders. The SIP is administered by the Executive Compensation Committee of the Board of Directors.

The SIP provides for grants of restricted stock, incentive stock options, non-qualified stock options and reload options. Options are granted at exercise prices that are not less than the fair market value of the common stock on the date of grant. Options vest at a rate of 25% per year after the date of grant. Stock options have exercise periods that do not exceed ten years from the date of grant and may not be exercised for six months after the date of grant and/or vesting. Stock options can be exercised, in whole or in part, by payment of the option price in cash or, if allowed under the option agreement, shares of common stock already owned by the optionee. Upon the occurrence of a change in control of the Company, as defined in the SIP, all options granted and held at least six months become immediately vested and exercisable. In 1998, concurrent with the Merger, substantially all options outstanding became immediately vested and exercisable.

The following table summarizes activity under the SIP for 1998, 1997 and 1996 and the status at December 31, 1998:

	Options			
	Outstanding		Exercisable	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Balance at December 31, 1995	481,156	$ 26.88	155,522	$ 27.37
Options granted ...	139,660	28.26	--	--
Became exercisable	--	--	127,138	26.90
Exercised	(2,167)	25.91	(2,167)	25.91
Forfeitures	(2,716)	26.33	(1,749)	26.43
Balance at December 31, 1996	615,933	27.20	278,744	27.17
Options granted ...	307,310	33.25	--	--
Became exercisable	--	--	133,630	27.45
Exercised	(71,328)	26.98	(71,328)	26.98
Forfeitures	(4,564)	32.20	--	--
Balance at December 31, 1997	847,351	29.39	341,046	27.32
OPTIONS GRANTED ...	393,146	39.32	--	--
BECAME EXERCISABLE	--	--	767,215	33.57
EXERCISED	(13,113)	27.78	(13,113)	27.78
FORFEITURES	(7,145)	31.76	(7,145)	31.76
BALANCE AT DECEMBER 31, 1998	1,220,239	$ 32.59	1,088,003	$ 31.69

At December 31, 1998, 1,690,978 stock options (net of exercised options of 88,783) were available for future grants under the SIP.

The following table summarizes SIP options outstanding and exercisable as of December 31, 1998:

	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
$25-$30	528,483	$ 27.23	5.3 YEARS	528,483	$ 27.23
$31-$35	301,540	33.25	8.0	300,540	33.25
$36-$40	390,216	39.34	9.0	258,980	39.00
BALANCE AT DECEMBER 31, 1998	1,220,239	$ 32.59	7.2 YEARS	1,088,003	$ 31.69

The Company applies Accounting Principles Board ("APB") Opinion No. 25 and related interpretations in accounting for its SIP. There has been no compensation cost charged against income for the SIP, as options are granted at exercise prices that are not less than the fair market

value of the common stock on the date of grant. Had compensation cost for the SIP been determined in accordance with SFAS No. 123, "Accounting for Stock-Based Compensation," the Company's net income and basic earnings per share would have been reduced to the pro forma amounts indicated below:

(in thousands, except per share data)	1998	1997	1996
Net income:			
As reported	$ 76,606	$ 84,261	$ 80,296
Pro forma	74,002	83,426	79,812
Basic earnings per share:			
As reported	$ 2.16	$ 2.66	$ 2.56
Pro forma	2.08	2.63	2.54

Under SFAS No. 123, the fair value of each grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions used for the grants in 1998, 1997 and 1996, respectively:

	1998	1997	1996
Expected dividend yield	3.20%	3.69%	3.80%
Expected common stock volatility	19.84%	18.07%	22.69%
Risk-free interest rate	5.35%	6.49%	5.65%
Expected life of the options ...	6 YEARS	6 years	6 years

The weighted-average grant-date fair value of options granted in 1998, 1997 and 1996 were $8.02, $6.67 and $5.93, respectively.

LONG-TERM INCENTIVE PLAN

The Company has a Long-Term Incentive Plan (the "LTIP") designed to reward selected key executives for the Company's and individuals' performances measured over three-year performance cycles; that is, 1994-1996, 1995-1997, 1996-1998 and so on. The threshold Company performance levels specified in the LTIP were not achieved for the 1994-1996 and 1995-1997 performance cycles. The Merger constituted a "Change in Control" within the definition of the LTIP (an "LTIP Change in Control"). Upon the occurrence of an LTIP Change in Control, the LTIP provides that the maximum target value attainable by participants will be deemed to have been fully earned for the entire performance period as of the effective date of the Change in Control, regardless of the Company's actual financial performance. Based on actual performance to November 1, 1998, it did not appear that any payments would be made for either of the three-year performance periods that began in 1996 and 1997. Implementation of the LTIP Change in Control provisions, on the other hand, would have resulted in payments under the LTIP for the three-year performance periods that began on January 1, 1996, 1997 and 1998 even though the Company was the surviving corporation in the Merger. The Company also recognized that because of the Merger, the performance goals that were established for the LTIP would no longer be appropriate. As a result, the Company amended the LTIP to: (1) specify that the Merger would not be considered an LTIP Change in Control for purposes of the LTIP; and (2) pay the maximum target value attainable for one year of the three-year performance period that began on January 1, 1998. A payment of $1,047,000, equal to one-third of the maximum target value attainable for the three-year 1998-2000 performance cycle, was made to all participants in the LTIP (based upon 1998 compensation levels) in January 1999.

16. OTHER NONINTEREST EXPENSE

For the years ended December 31, 1998, 1997 and 1996, other noninterest expense included the following:

(in thousands)	1998	1997	1996
Outside services	$ 12,908	$ 7,110	$ 5,426
Stationery and supplies	12,289	12,216	11,193
Advertising and promotion	10,812	11,174	10,991
Goodwill and core deposit intangible	13,537	8,404	7,473
Other	60,206	42,015	45,815

TOTAL OTHER NONINTEREST EXPENSE	$109,752	$ 80,919	$ 80,898

17. INCOME TAXES

For the years ended December 31, 1998, 1997 and 1996, the provision for income taxes was comprised of the following:

(in thousands)	1998	1997	1996
Current:			
Federal	$ 2,362	$ 7,894	$20,147
States and other	2,923	2,962	4,572
Total current	5,285	10,856	24,719
Deferred:			
Federal	35,709	27,060	10,114
States and other	13,856	1,387	705
Total deferred	49,565	28,447	10,819
TOTAL PROVISION FOR INCOME TAXES	$54,850	$39,303	$35,538

The provision for income taxes has been reduced by general business tax credits of $5,436,000, $4,360,000 and $4,188,000 in 1998, 1997 and 1996, respectively. The Company also has alternative minimum tax credit, general business tax credit and foreign tax credit carryforwards totaling $2,468,000, $2,940,000 and $2,550,000, respectively, at December 31, 1998, which may be used to offset future Federal income tax. The general business tax credit and foreign tax credit carryforwards will expire at various dates through 2018. There is no expiration date on the alternative minimum tax credit carryforwards. Management expects to generate sufficient regular tax liability and foreign source income to utilize all tax credit carryforwards.

The components of net deferred income tax liabilities at December 31, 1998 and 1997 were as follows:

(in thousands)	1998	1997
ASSETS		
Federal and State income tax credit carryovers	$ 7,957	$ 4,013
Employee benefit deductions	11,439	1,977
Provision for credit losses	57,132	20,649
Net deferred loan fees	--	2,861
State franchise taxes	1,451	5,990
Total deferred income tax assets	77,979	35,490
LIABILITIES		
Lease expenses	363,461	173,709
Depreciation expense	1,219	4,331
Intangible assets-net premiums	14,370	1,433
Marketable securities-available-for-sale	4,148	(160)
Net deferred loan costs	7,647	--
Other	12,385	8,448
Total deferred income tax liabilities	403,230	187,761
NET DEFERRED INCOME TAX LIABILITIES	$ 325,251	$ 152,271

Net deferred income tax liabilities are included in other liabilities in the Consolidated Balance Sheets.

The following analysis reconciles the Federal statutory income tax rate to the effective income tax rate for the years indicated:

	1998	1997	1996
Federal statutory income tax rate	35.0%	35.0%	35.0%
Municipal and other tax-exempt income	(.1)	(.3)	(1.2)
State income and franchise taxes, net of Federal tax benefit	5.0	3.1	3.0
Goodwill amortization	1.8	1.0	1.0
General business tax credits	(2.3)	(3.5)	(6.0)
Other	2.3	(3.5)	(1.1)
EFFECTIVE INCOME TAX RATE	41.7%	31.8%	30.7%

The increase in the 1998 effective tax rate as compared to 1997 and 1996 was primarily due to the effects of the Merger which resulted in: (1) the recognition of increased goodwill amortization, for which the Company receives no tax benefit; and (2) increased state income taxes, as a result of a higher apportionment of California versus Hawaii income. Additionally, the recognition in 1997 and 1996 of previously unrecognized tax credits resulted in lower effective tax rates for those years.

18. OPERATING SEGMENTS

In 1998, the Company adopted SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." SFAS No. 131 supersedes SFAS No. 14, "Financial Reporting for Segments of a Business Enterprise," replacing the "industry segment" approach with the "management" approach. The management approach designates the internal organization that is used by management for making operating decisions and assessing performance as the source of the Company's reportable segments. SFAS No. 131 also requires disclosures about products and services, geographic areas and major customers. The adoption of SFAS No. 131 did not affect consolidated results of operations or consolidated financial position as previously reported.

The Company has determined that its reportable segments are those that are based on the Company's method of internal reporting, which disaggregates its business by subsidiary on a geographic basis. As of December 31, 1998, the Company has two reportable operating segments: First Hawaiian and Bank of the West. The First Hawaiian segment operates primarily in the State of Hawaii. The Bank of the West segment operates primarily on the mainland United States. The Bank of the West segment includes the operations acquired by the Company in the

Pacific Northwest in 1996, which were merged with the operations of Bank of the West on November 1, 1998.

The financial results of the Company's operating segments are presented on an accrual basis. There are no significant differences among the accounting policies of the segments as compared to the Company's consolidated financial statements. The Company evaluates the performance of its segments and allocates resources to them based on net interest income and net income. There are no material intersegment revenues.

The tables below present information about the Company's operating segments as of or for the years ended December 31, 1998, 1997 and 1996, respectively.

(in millions)	First Hawaiian	Bank of the West	Other	Reconciling Items	Consolidated Totals
1998					
NET INTEREST INCOME ..	$ 323	$ 86	$ (15)	$ --	$ 394
PROVISION FOR CREDIT LOSSES	23	6	--	--	29
DEPRECIATION AND AMORTIZATION	23	10	--	--	33
RESTRUCTURING, MERGER-RELATED AND OTHER NONRECURRING COSTS	16	10	--	--	26
PROVISION FOR INCOME TAXES	52	9	(6)	--	55
NET INCOME	76	10	(9)	--	77
SEGMENT ASSETS	7,341	7,724	2,365	(2,380)	15,050
CAPITAL EXPENDITURES	11	6	--	--	17
1997					
Net interest income ..	$ 310	$ 37	$ (13)	$ --	$ 334
Provision for credit losses	15	2	--	--	17
Depreciation and amortization	28	4	--	--	32
Provision for income taxes	41	3	(5)	--	39
Net income	87	5	(8)	--	84
Segment assets	7,174	915	1,334	(1,330)	8,093
Capital expenditures .	14	5	--	--	19

(in millions)	First Hawaiian	Bank of the West	Other	Reconciling Items	Consoli- dated Totals
1996					
Net interest income ...	$ 312	$ 17	$ (8)	$ --	$ 321
Provision for credit losses	23	1	--	--	24
Depreciation and amortization	29	2	--	--	31
Provision for income taxes	38	1	(4)	--	35
Net income	84	2	(6)	--	80
Segment assets	7,308	878	1,053	(1,237)	8,002
Capital expenditures ..	18	3	--	--	21

The Company also identifies business units based on the products or services offered and the channel through which the products or services are delivered. In addition to the operating segment information, the table below presents selected Company-wide information regarding business units for the years ended December 31, 1998, 1997 and 1996, respectively:

(in millions)	Wholesale	Retail	Other	Reconciling Items	Consolidated Totals
INTEREST INCOME:					
1998	$268	$413	$ 16	$(13)	$684
1997	220	372	10	(10)	592
1996	213	362	4	(5)	574

The reconciling items in the above tables are principally intercompany eliminations.

19. INTERNATIONAL OPERATIONS

The Company's international operations, principally in Guam, Saipan and Grand Cayman, British West Indies, involve foreign banking and international financing activities, including short-term investments, loans and leases, acceptances, letters of credit financing and international funds transfers.

International activities are identified on the basis of the domicile of the Company's customer.

Total revenue, income before income taxes and net income for the years ended December 31, 1998, 1997 and 1996 and total assets for foreign, domestic and consolidated operations at December 31, 1998, 1997 and 1996 were as follows:

(in thousands)	Foreign	Domestic	Consolidated
1998			
TOTAL REVENUE	$ 45,197	$ 758,823	$ 804,020
INCOME BEFORE INCOME TAXES	4,274	127,182	131,456
NET INCOME	2,735	73,871	76,606
TOTAL ASSETS	695,698	14,354,197	15,049,895
1997			
Total revenue	$ 38,056	$ 652,940	$ 690,996
Income before income taxes	4,666	118,898	123,564
Net income	3,033	81,228	84,261
Total assets	444,016	7,649,076	8,093,092

(in thousands)	Foreign	Domestic	Consolidated
1996			
Total revenue	$ 37,572	$ 624,023	$ 661,595
Income before income taxes	1,863	113,971	115,834
Net income	1,211	79,085	80,296
Total assets	392,063	7,610,111	8,002,174

Under current intercompany pricing procedures, transfers of funds are priced at prevailing market rates. In general, the Company has allocated all direct expenses and a proportionate share of general and administrative expenses to the income derived from loans and leases and transactions by the Company's international operations.

The following table presents the percentages of average total assets and average total liabilities attributable to foreign operations. For this purpose, assets attributable to foreign operations are defined as assets in foreign offices and loans and leases to and investments in customers domiciled outside the United States. Deposits received and other liabilities are classified on the basis of domicile of the depositor/creditor.

	1998	1997	1996
Average foreign assets to average total assets	5.36%	4.38%	5.42%
Average foreign liabilities to average total liabilities	3.41	3.70	3.55

20. LEASE COMMITMENTS

Future minimum lease payments by year and in the aggregate under all noncancelable operating leases having initial or remaining terms in excess of one year consisted of the following at December 31, 1998:

(in thousands)	OPERATING LEASES	LESS SUBLEASE INCOME	NET OPERATING LEASES
1999	$ 41,113	$ 8,575	$ 32,538
2000	38,673	8,219	30,454
2001	35,435	7,976	27,459
2002	31,502	7,343	24,159
2003	27,655	5,825	21,830
2004 AND THEREAFTER	78,933	17,471	61,462
TOTAL	$253,311	$ 55,409	$197,902

These premises and equipment leases extend for varying periods up to 43 years and some of them may be renewed for periods ranging from one to 43 years. The premises' leases also provide for payments of real property taxes, insurance and maintenance.

In most cases, leases for the premises provide for periodic renegotiation of the rents based upon a percentage of the appraised value of the leased property. The renegotiated annual rent is usually not less than the annual amount paid in the previous period. Where future commitments are subject to appraisals, the minimum annual rental commitments are based on the latest annual rents.

For 1998, 1997 and 1996, rental expense was $35,293,000, $32,321,000 and $14,796,000, respectively.

In December 1993, the Company entered into a noncancelable agreement to lease its administrative headquarters building (construction of which was completed in September 1996) on land owned in fee simple by the Company. Concurrently, the Company entered into a ground lease of the land to the lessor of the building. Rent obligation for the building commenced on December 1, 1996 and will expire on December 1, 2003 (the "Primary Term"). The Company is obligated to pay all taxes, insurance, maintenance and other operating costs associated with the building during the Primary Term. The Company plans to occupy approximately 40% of the building and sublease the remaining 60% to third parties. As of December 31, 1998, the Company has executed certain noncancelable subleases with third parties. These amounts are included in sublease income in the above table.

At the end of the Primary Term, the Company may, at its option: (1) extend the lease term at rents based on the lessor's cost of funds at the time of renewal; (2) purchase the building for an amount approximately equal to that expended by the lessor to construct the building; or (3) arrange for the sale of the building to a third party on behalf of the lessor and pay to lessor any shortfall between the sales proceeds and a specified residual value, such payment not to exceed $161,990,000. This lease is accounted for as an operating lease.

21. COMMITMENTS AND CONTINGENT LIABILITIES

Off-balance sheet commitments and contingent liabilities at December 31, 1998 and 1997 were as follows:

(in thousands)	1998 NOTIONAL/ CONTRACT AMOUNT	1997 Notional/ Contract Amount
CONTRACTUAL AMOUNTS WHICH REPRESENT CREDIT RISK		
Commitments to extend credit	$5,569,202	$4,408,199
Standby letters of credit	187,134	154,848
Commercial letters of credit	16,738	11,865
CONTRACTUAL AMOUNTS WHERE CREDIT RISK IS LESS THAN CONTRACTUAL AMOUNT		
Commitments to purchase foreign currencies	16,581	--
Commitments to sell foreign currencies	16,515	--
Interest rate swaps and floors	110,291	894,427
Forward-starting contracts	3,962	--

ROLLFORWARD SCHEDULE

The following is a summary of the off-balance sheet financial instruments for 1998 and 1997:

(in millions)	Receive Fixed Swaps	Pay Fixed Swaps	Variable/ Variable Swaps	Floors	Forward-Starting Contracts	Total
Balance, December 31, 1996	$ 500	$ 138	$ 400	$ 500	$ --	$1,538
Additions	--	3	--	--	--	3
Maturities/ amortizations .	200	47	400	--	--	647
Terminations	--	--	--	--	--	--
Balance, December 31, 1997	300	94	--	500	--	894
ADDITIONS	--	23	--	--	4	27
MATURITIES/ AMORTIZATIONS ..	300	2	--	500	--	802
TERMINATIONS	--	5	--	--	--	5
BALANCE, DECEMBER 31, 1998	$ --	$ 110	$ --	$ --	$ 4	$ 114

HEDGING SUMMARY

The following is additional hedging information related to the Company's interest rate swaps as of December 31, 1998:

(dollars in millions)	NOTIONAL AMOUNT	PAY RATE	RECEIVE RATE	ASSET YIELD/ LIABILITY COST	NET YIELD/ COST	ORIGINAL MATURITY	REMAIN-ING MATURITY
ASSET HEDGES:							
FIXED RATE LOANS...	$110	6.38%	5.28%	8.15%	7.05%	10.1 YRS.	6.6 YRS.

The following summarizes the impact of the Company's interest rate swap and floor activities on its weighted average borrowing rate and on interest income and expense for the years ended December 31, 1998, 1997 and 1996:

(dollars in thousands)	1998	1997	1996
Average borrowing rate:			
Without interest rate swaps and floors	4.13%	4.20%	4.28%
With interest rate swaps and floors	4.13	4.20	4.23
Decrease in interest income .	$ 1,126	$ 3,416	$ 2,402
Decrease in interest expense	--	42	2,636
INTEREST RATE SWAP AND FLOOR EXPENSE (INCOME), NET	$ 1,126	$ 3,374	$ (234)

LITIGATION

Various legal proceedings are pending against the Company. The ultimate liability of the Company, if any, cannot be determined at this time. Based upon consultation with counsel, management does not expect that the aggregate liability, if any, resulting from these proceedings would have a material effect on the Company's consolidated financial position, results of operations or liquidity.

22. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table presents a summary of the book and fair values of the Company's financial instruments at December 31, 1998 and 1997:

	1998	
(in thousands)	BOOK VALUE	FAIR VALUE
Financial Assets:		
Cash and due from banks	$ 615,184	$ 615,184
Interest-bearing deposits in other banks	274,641	275,219
Federal funds sold and securities purchased under agreements to resell	52,100	52,100
Investment securities (note 5):		
Held-to-maturity	290,922	291,414
Available-for-sale	1,346,994	1,346,994
Loans and leases (note 6)	11,339,580	11,423,764
Customers' acceptance liability	1,377	1,377
Financial Liabilities:		
Deposits	$11,260,320	$11,276,314
Short-term borrowings (note 10)	922,867	922,867
Acceptances outstanding	1,377	1,377
Long-term debt (note 11)	629,959	636,878
Guaranteed preferred beneficial interests in junior subordinated debentures (note 11)	100,000	115,206

	1997	
(in thousands)	Book Value	Fair Value
Financial Assets:		
Cash and due from banks	$ 282,905	$ 282,905
Interest-bearing deposits in other banks	137,930	137,891
Federal funds sold and securities purchased under agreements to resell	134,274	134,274
Available-for-sale investment securities (note 5)	778,124	778,124
Loans and leases (note 6)	6,238,681	6,248,139
Customers' acceptance liability	867	867
Financial Liabilities:		
Deposits	$6,089,200	$6,107,195
Short-term borrowings (note 10)	721,865	721,865
Acceptances outstanding	867	867
Long-term debt (note 11)	218,736	221,484
Guaranteed preferred beneficial interests in junior subordinated debentures (note 11)	100,000	104,370

The following table presents a summary of the fair values of the Company's off-balance sheet financial instruments (note 21) at December 31, 1998 and 1997:

(in thousands)	1998	1997
Commitments to extend credit	$ 28,282	$ 21,606
Letters of credit	1,956	1,465
Commitments to purchase foreign currencies	55	--
Commitments to sell foreign currencies	(13)	--
Interest rate swaps and floors	(5,733)	1,404
Forward-starting contracts	(108)	--

23. BANCWEST CORPORATION (PARENT COMPANY ONLY) FINANCIAL STATEMENTS

In the financial statements presented below, the investment in subsidiaries is accounted for under the equity method.

BALANCE SHEETS

(in thousands, except number of shares and per share data)	DECEMBER 31, 1998	DECEMBER 31, 1997
ASSETS		
Cash on deposit with First Hawaiian	$ 70	$ 115
Interest-bearing deposits in other banks	5,000	70,000
Loans, net of allowance for credit losses of $120 in 1998 and 1997	5,656	9,691
Available-for-sale investment securities	300	300
Securities purchased from First Hawaiian	22,880	23,860
Investment in subsidiaries:		
First Hawaiian	725,812	733,596
Bank of the West	1,032,583	--
Other subsidiaries	15,929	186,631
Due from:		
First Hawaiian	176,592	147,251
Bank of the West	187,669	--
Other subsidiaries	82,472	52,050
Other assets	2,088	2,532
TOTAL ASSETS	$ 2,257,051	$ 1,226,026
LIABILITIES AND STOCKHOLDERS' EQUITY		
Short-term borrowings	$ 13,903	$ 1,800
Current and deferred income taxes	264,626	181,669
Due to subsidiary	103,093	103,093
Other liabilities	7,543	7,763
Long-term debt (note 11)	200,000	200,000
Total liabilities	589,165	494,325
Commitments and contingent liabilities (notes 15, 20 and 21)		
Stockholders' equity:		
Preferred stock, par value $5 per share Authorized and unissued--50,000,000 shares in 1998 and 1997	--	--
Class A common stock, par value $1 per share (notes 2 and 12) Authorized--75,000,000 shares Issued--25,814,768 shares in 1998	25,815	--
Common stock, par value $1 per share in 1998 and $5 per share in 1997 (notes 2, 12 and 15) Authorized--200,000,000 shares in 1998 and 100,000,000 shares in 1997 Issued--33,190,374 shares in 1998 and 1997	33,190	165,952
Surplus	1,141,639	148,165
Retained earnings	511,525	473,659
Accumulated other comprehensive income	6,171	(241)
Treasury stock, at cost--1,635,397 shares in 1998 and 1,845,217 shares in 1997	(50,454)	(55,834)
Total stockholders' equity	1,667,886	731,701
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 2,257,051	$ 1,226,026

EXHIBIT 21. SUBSIDIARIES OF THE REGISTRANT

The Corporation or one of its wholly-owned subsidiaries beneficially owns 100% of the outstanding capital stock, voting securities and ownership interests of each of the corporations and limited partnerships listed below and all of the common securities of First Hawaiian Capital I. The Corporation is indirectly the sole general partner of First Hawaiian Center Limited Partnership.

NAME	STATE OR OTHER JURISDICTION OF INCORPORATION
First Hawaiian Bank	Hawaii
Real Estate Delivery, Inc.	Hawaii
FH Center, Inc.	Hawaii
FHB Properties, Inc.	Hawaii
First Hawaiian Center, L.P.	Hawaii
Pacific One Dealer Center, Inc.	Hawaii
The Bankers Club, Inc.	Hawaii
Center Club, Inc.	Hawaii
First Hawaiian Leasing, Inc.	Hawaii
First Hawaiian Insurance, Inc.	Hawaii
Bank of the West	California
Oakwood Financial Service Corporation	California
First National Bancorporation	California
Essex Credit Corporation	Connecticut
First National Bancorp, Inc.	California
CB Insurance Agency, Inc.	California
Church Loan Corporation	California
United Communities Corporation	California
First Santa Clara Corporation	California
Central Valley National Corporation	California
FHL Lease Holding Company, Inc.	Hawaii
FHL SPC One, Inc.	Hawaii
FHI International, Inc.	Hawaii
First Hawaiian Capital I	Delaware

All subsidiaries were included in the consolidated financial statements of the Corporation.

EXHIBIT 23. CONSENT OF INDEPENDENT ACCOUNTANTS

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the registration statements of BancWest Corporation (formerly First Hawaiian, Inc.) on Forms S-8 (File Nos. 33-66400 and 333-22107) of our report dated January 21, 1999, on our audits of the consolidated financial statements of BancWest Corporation and Subsidiaries as of December 31, 1998 and 1997 and for the years ended December 31, 1998, 1997 and 1996, which report is incorporated by reference in this Annual Report on Form 10-K.

/s/ PricewaterhouseCoopers LLP

Honolulu, Hawaii
February 22, 1999

9

THIS SCHEDULE CONTAINS SUMMARY INFORMATION EXTRACTED FROM THE FINANCIAL
STATEMENTS CONTAINED IN THE CORPORATION'S 1998 ANNUAL REPORT AND IS QUALIFIED
IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1

YEAR
DEC-31-1998
JAN-01-1998
DEC-31-1998
615,184
274,641
52,100
0
1,346,994
290,922
291,414
11,339,580
149,585
15,049,895
11,260,320
922,867
467,486
629,959
0
0
59,005
1,608,881
15,049,895
578,872
55,645
49,922
684,439
228,920
290,202
394,237
28,555
124
353,807
131,456
76,606
0
0
76,606
2.16
2.15
8.26
54,408
34,607
35,241
0
82,596
29,084
6,531
149,585
92,675
1,435
55,475