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

FORM 10-K/A

(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, 1997

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

FIRST HAWAIIAN, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	99-0156159
(State of Incorporation)	(I.R.S. Employer Identification No.)
999 BISHOP STREET, HONOLULU, HAWAII	96813
(Address of principal executive offices)	(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
None	Not Applicable

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:
Common Stock, $5.00 Par Value
(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. [X]

The aggregate market value of the voting stock held by nonaffiliates of the registrant as of February 27, 1998 was $735,704,000.

The number of shares outstanding of each of the registrant's classes of common stock as of February 27, 1998 was:

Title of Class	Number of Shares Outstanding
Common Stock, $5.00 Par Value	31,140,577 Shares

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

DOCUMENTS	FORM 10-K REFERENCE
First Hawaiian, Inc. Annual Report 1997	Parts I and II
First Hawaiian, Inc. Proxy Statement dated March 4, 1998 for the Annual Meeting of Stockholders	Part III

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.

FIRST HAWAIIAN, INC.
(Registrant)

By /s/ HOWARD H. KARR

HOWARD H. KARR
EXECUTIVE VICE PRESIDENT AND TREASURER

Date: March 19, 1998

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 19, 1998
/s/ JOHN W. A. BUYERS John W. A. Buyers	Director	March 19, 1998
/s/ JOHN C. COUCH John C. Couch	Director	March 19, 1998
/s/ JULIA ANN FROHLICH Julia Ann Frohlich	Director	March 19, 1998
/s/ PAUL MULLIN GANLEY Paul Mullin Ganley	Director	March 19, 1998
/s/ DAVID M. HAIG David M. Haig	Director	March 19, 1998
/s/ JOHN A. HOAG John A. Hoag	Director	March 19, 1998
/s/ BERT T. KOBAYASHI, JR. Bert T. Kobayashi, Jr.	Director	March 19, 1998
/s/ RICHARD T. MAMIYA Richard T. Mamiya	Director	March 19, 1998
/s/ FUJIO MATSUDA Fujio Matsuda	Director	March 19, 1998
/s/ RODERICK F. McPHEE Roderick F. McPhee	Director	March 19, 1998
/s/ GEORGE P. SHEA, JR. George P. Shea, Jr.	Director	March 19, 1998
/s/ JOHN K. TSUI John K. Tsui	President & Director	March 19, 1998
/s/ FRED C. WEYAND Fred C. Weyand	Director	March 19, 1998
/s/ ROBERT C. WO Robert C. Wo	Director	March 19, 1998
/s/ HOWARD H. KARR Howard H. Karr	Executive Vice President & Treasurer (Principal financial and accounting officer)	March 19, 1998

EXHIBIT 13

INVESTMENT SECURITIES BY MATURITIES AND WEIGHTED AVERAGE YIELDS

The following table presents the maturities of available-for-sale investment securities, excluding securities which have no stated maturity at December 31, 1997, 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	$271	5.89%	$114	6.02%	$ --	--%	$305	7.92%	$690	6.81%
COLLATERALIZED MORTGAGE OBLIGATIONS	--	--	--	--	--	--	1	5.83	1	5.83
STATES AND POLITICAL SUBDIVISIONS	1	7.54	1	9.65	--	--	1	8.82	3	8.78
OTHER	15	7.41	--	--	--	--	--	--	15	7.41
TOTAL	$287	5.98%	$115	6.05%	$ --	--%	$307	7.92%	$709	6.83%

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

SUMMARY OF QUARTERLY FINANCIAL DATA (UNAUDITED)

A summary of unaudited quarterly financial data for 1997 and 1996 is presented below:

(in thousands, except per share data)	Quarter First	Second	Third	Fourth	Annual Total
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 LOAN LOSSES	3,752	4,261	3,817	5,381	17,211
TOTAL NONINTEREST INCOME	23,854	26,361	23,913	24,385	98,513
TOTAL NONINTEREST EXPENSE	73,010	74,865	72,126	72,209	292,210
INCOME BEFORE INCOME TAXES	29,606	32,892	32,552	28,514	123,564
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
1996					
Interest income	$135,779	$138,606	$150,013	$149,742	$574,140
Interest expense	59,759	60,548	66,379	66,109	252,795
Net interest income	76,020	78,058	83,634	83,633	321,345
Provision for loan losses	3,322	5,191	4,649	10,465	23,627
Total noninterest income	20,295	23,732	21,910	21,518	87,455
Total noninterest expense	63,733	64,268	71,508	69,830	269,339
Income before income taxes	29,260	32,331	29,387	24,856	115,834
Income taxes	9,057	11,587	10,386	4,508	35,538
Net income	$ 20,203	$ 20,744	$ 19,001	$ 20,348	$ 80,296
Basic earnings per share	$ .65	$ .67	$ .60	$ .64	$ 2.56
Diluted earnings per share	$ .65	$ .67	$ .60	$ .63	$ 2.55

To the Stockholders
First Hawaiian, Inc.

We have audited the accompanying consolidated balance sheets of First Hawaiian, Inc. and Subsidiaries as of December 31, 1997 and 1996, and the related consolidated statements of income, changes in stockholders' equity and cash flows for each of the three years in the period ended December 31, 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of First Hawaiian, Inc. and Subsidiaries as of December 31, 1997 and 1996, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1997 in conformity with generally accepted accounting principles.

COOPERS & LYBRAND L.L.P.

Honolulu, Hawaii
January 15, 1998

(in thousands, except number of shares and per share data)	December 31, 1997	December 31, 1996
ASSETS		
Interest-bearing deposits in other banks	$ 137,930	$ 70,130
Federal funds sold and securities purchased under agreements to resell	134,274	148,370
Available-for-sale investment securities (note 3)	778,124	1,140,719
Loans:		
Loans (note 4)	6,238,681	5,806,732
Less allowance for loan losses (note 5)	82,596	85,248
Net loans	6,156,085	5,721,484
Total earning assets	7,206,413	7,080,703
Cash and due from banks	282,905	333,511
Premises and equipment (note 6)	245,999	249,573
Customers' acceptance liability	867	824
Core deposit premium (net of accumulated amortization of $13,605 in 1997 and $10,163 in 1996) (note 1)	25,347	28,877
Goodwill (net of accumulated amortization of $22,815 in 1997 and $17,838 in 1996) (note 1)	96,030	101,218
Other assets	235,531	207,468
TOTAL ASSETS	$ 8,093,092	$ 8,002,174
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Noninterest-bearing demand	$ 903,195	$ 969,620
Interest-bearing demand	1,387,629	1,328,354
Savings	1,013,752	1,070,338
Time (fair value of $2,499,390 in 1997 and $2,331,890 in 1996) (note 7)	2,490,915	2,330,704
Foreign (fair value of $293,769 in 1997 and $237,744 in 1996) (note 7)	293,709	237,692
Total deposits	6,089,200	5,936,708
Short-term borrowings (note 8)	721,865	929,560
Acceptances outstanding	867	824
Other liabilities	230,723	223,455
Long-term debt (note 9)	218,736	205,743
Guaranteed preferred beneficial interests in Company's junior subordinated debentures (note 9)	100,000	--
Total liabilities	7,361,391	7,296,290
Commitments and contingent liabilities (notes 13, 17 and 18)		
Stockholders' equity (note 11):		
Preferred stock $5 par value		
Authorized and unissued -- 50,000,000 shares in 1997 and 1996	--	--
Common stock $5 par value (notes 10 and 13)		
Authorized -- 100,000,000 shares		
Issued -- 33,190,374 shares in 1997 and 1996	165,952	165,952
Surplus	148,165	148,196
Retained earnings (note 12)	473,659	428,693
Unrealized valuation adjustment	(241)	1,850
Treasury stock, at cost -- 1,845,217 shares in 1997 and 1,415,954 shares in 1996	(55,834)	(38,807)
Total stockholders' equity	731,701	705,884
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 8,093,092	$ 8,002,174

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, 1997	1996	1995
INTEREST INCOME			
Interest and fees on loans	$ 504,347	$ 468,517	$ 470,110
Lease financing income	14,437	10,494	11,334
Interest on investment securities:			
Taxable interest income	59,188	72,813	57,890
Exempt from Federal income taxes	647	2,692	4,893
Other interest income	13,864	19,624	15,730
Total interest income	592,483	574,140	559,957
INTEREST EXPENSE			
Deposits (note 7)	197,619	182,402	176,048
Short-term borrowings	41,527	53,977	74,370
Long-term debt	18,865	16,416	14,879
Total interest expense	258,011	252,795	265,297
Net interest income	334,472	321,345	294,660
Provision for loan losses (note 5)	17,211	23,627	38,107
Net interest income after provision for loan losses	317,261	297,718	256,553
NONINTEREST INCOME			
Trust and investment services income	25,115	23,857	23,034
Service charges on deposit accounts	28,776	26,284	24,150
Other service charges and fees	31,509	24,976	22,779
Securities gains, net (note 3)	270	118	144
Other	12,843	12,220	11,999
Total noninterest income	98,513	87,455	82,106
NONINTEREST EXPENSE			
Salaries and wages	113,179	104,572	94,119
Employee benefits (note 13)	34,251	34,144	7,209
Occupancy expense (notes 6 and 17)	38,715	27,045	25,706
Equipment expense (notes 6 and 17)	25,146	22,680	23,907
Other (note 14)	80,919	80,898	65,580
Total noninterest expense	292,210	269,339	216,521
Income before income taxes	123,564	115,834	122,138
Income taxes (note 15)	39,303	35,538	45,133
NET INCOME	$ 84,261	$ 80,296	$ 77,005
PER SHARE DATA			
BASIC EARNINGS	$ 2.66	$ 2.56	$ 2.43
DILUTED EARNINGS	$ 2.64	$ 2.55	$ 2.43
CASH DIVIDENDS	$ 1.24	$ 1.195	$ 1.18
AVERAGE SHARES OUTSTANDING	31,725,534	31,398,978	31,734,669

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

CONSOLIDATED STATEMENTS OF CHANGES
IN STOCKHOLDERS' EQUITY
First Hawaiian, Inc. and Subsidiaries and First Hawaiian, Inc. (Parent Company)

(in thousands, except number of shares and per share data)	Common Stock Shares	Common Stock Amount	Surplus	Retained Earnings	Unrealized Valuation Adjustment	Treasury Stock	Total
Balance, December 31, 1994	32,542,797	$ 162,713	$ 133,820	$ 346,339	$ (1,033)	$ (13,895)	$ 627,944
Net income -- 1995	--	--	--	77,005	--	--	77,005
Purchase of treasury stock	--	--	--	--	--	(24,671)	(24,671)
Cash dividends ($1.18 per share) (note 12)	--	--	--	(37,368)	--	--	(37,368)
Unrealized valuation adjustment (note 3)	--	--	--	--	6,522	--	6,522
Incentive Plan for Key Executives (note 13)	--	--	105	--	--	--	105
Balance, December 31, 1995	32,542,797	162,713	133,925	385,976	5,489	(38,566)	649,537
Net income -- 1996	--	--	--	80,296	--	--	80,296
Issuance of common stock (note 10)	647,577	3,239	14,286	--	--	--	17,525
Cash dividends ($1.195 per share) (note 12)	--	--	--	(37,579)	--	--	(37,579)
Unrealized valuation adjustment (note 3)	--	--	--	--	(3,639)	--	(3,639)
Incentive Plan for Key Executives (note 13)	--	--	(15)	--	--	(241)	(256)
Balance, December 31, 1996	33,190,374	165,952	148,196	428,693	1,850	(38,807)	705,884
Net income -- 1997	--	--	--	84,261	--	--	84,261
Purchase of treasury stock	--	--	--	--	--	(18,953)	(18,953)
Cash dividends ($1.24 per share) (note 12)	--	--	--	(39,295)	--	--	(39,295)
Unrealized valuation adjustment (note 3)	--	--	--	--	(2,091)	--	(2,091)
Incentive Plan for Key Executives (note 13)	--	--	(31)	--	--	1,926	1,895
BALANCE, DECEMBER 31, 1997	33,190,374	$ 165,952	$ 148,165	$ 473,659	$ (241)	$ (55,834)	$ 731,701

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

(in thousands)	1997	1996	1995
	Year Ended December 31,		
CASH AND DUE FROM BANKS AT BEGINNING OF YEAR	$ 333,511	$ 304,051	$ 262,894
Cash flows from operating activities:			
Net income	84,261	80,296	77,005
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for loan losses	17,211	23,627	38,107
Depreciation and amortization	31,568	31,252	27,798
Gain on curtailment of noncontributory pension plan	--	--	(20,766)
Income taxes	20,071	20,580	20,953
Decrease (increase) in interest receivable	4,096	(2,571)	(5,154)
Increase (decrease) in interest payable	10,010	(5,840)	7,655
Decrease (increase) in prepaid expense	1,663	(8,222)	(48)
Other	11,356	(21,054)	(5,431)
Net cash provided by operating activities	180,236	118,068	140,119
Cash flows from investing activities:			
Net decrease (increase) in interest-bearing deposits in other banks	(67,800)	174,440	(232,900)
Net decrease in Federal funds sold and securities purchased under agreements to resell	14,096	32,133	10,197
Purchase of held-to-maturity investment securities	--	--	(247,559)
Proceeds from maturity of held-to-maturity investment securities	--	--	690,357
Purchase of available-for-sale investment securities	(367,595)	(567,143)	(29,921)
Proceeds from sale of available-for-sale investment securities	387,986	81,159	15,000
Proceeds from maturity of available-for-sale investment securities	338,732	521,787	17,020
Net increase in loans to customers	(482,097)	(137,281)	(220,553)
Net cash provided by Pacific Northwest Acquisitions	--	218,966	--
Purchase of bank owned life insurance on certain officers	(30,000)	--	--
Capital expenditures	(18,792)	(20,634)	(13,072)
Other	(6,809)	7,210	(4,376)
Net cash provided by (used in) investing activities	(232,279)	310,637	(15,807)
Cash flows from financing activities:			
Net increase (decrease) in deposits	152,492	(174,782)	206,100
Net decrease in short-term borrowings	(227,695)	(236,619)	(246,637)
Proceeds from long-term debt	192,700	53,000	19,447
Payments on long-term debt	(59,707)	(3,009)	(26)
Cash dividends paid	(39,295)	(37,579)	(37,368)
Repurchased common stock	(17,058)	(256)	(24,671)
Net cash provided by (used in) financing activities	1,437	(399,245)	(83,155)
CASH AND DUE FROM BANKS AT END OF YEAR	$ 282,905	$ 333,511	$ 304,051
Supplemental disclosures:			
Interest paid	$ 248,001	$ 258,635	$ 256,906
Income taxes paid	$ 19,232	$ 20,580	$ 24,181
Supplemental schedule of noncash investing and financing activities:			
Loans converted into other real estate owned	$ 23,753	$ 26,764	$ 10,279
Loans exchanged for mortgage-backed securities	$ --	$ --	$ 461,449
Transfer of securities from held-to-maturity to available-for-sale, at estimated fair value	$ --	$ --	$ 1,023,144
In connection with the Pacific Northwest Acquisitions, the following liabilities were assumed:			
Fair value of assets acquired	$ --	$ 552,582	$ --
Cash received	--	218,966	--
Issuance of common stock	--	(17,525)	--
LIABILITIES ASSUMED	$ --	$ 754,023	$ --

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of First Hawaiian, Inc. 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 First Hawaiian, Inc. (the "Parent") and its wholly-owned subsidiary companies -- First Hawaiian Bank and its wholly-owned subsidiaries (the "Bank"); Pacific One Bank ("Pacific One"); First Hawaiian Creditcorp, Inc. and its wholly-owned subsidiary ("Creditcorp"); 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 1996 and 1995 Financial Statements to conform to the 1997 presentation. Such reclassifications did not have a material effect on the 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 1997, 1996 and 1995, the average amount of these reserve balances was $91,918,000, $127,399,000 and $123,648,000, 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.

Investments in and obligations to individual counterparties are presented as net amounts in the consolidated financial statements of the Company only if the conditions specified in Financial Accounting Standards Board ("FASB") Interpretation No. 39, "Offsetting of Amounts Related to Certain Contracts," are met. No such netting occurred as of December 31, 1997 and 1996.

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 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

Loans are stated at their principal outstanding amounts, net of any unearned discounts. Interest income on loans is accrued and recognized on the principal amount outstanding.

Loan origination fees and substantially all loan commitment fees are generally deferred and accounted for as an adjustment of the yield.

Lease financing transactions consist of two types:

(1) Equipment without outside financing is accounted for using the direct financing method with income recognized over the life of the lease based upon a constant periodic rate of return on the net investment in the lease.

(2) 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 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.

Loans are placed on nonaccrual status when serious doubt exists as to the collectibility of the principal and/or interest. When loans are placed on nonaccrual status, any accrued and unpaid interest is reversed against interest income of the current period. Interest payments received on nonaccrual loans are applied as a

reduction of the principal when concern exists as to the ultimate collection of the principal; otherwise, such payments are recorded as income. Loans are removed from nonaccrual status when they become current as to both principal and interest and when concern no longer exists as to the collectibility of principal and interest.

On January 1, 1996, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 122, "Accounting for Mortgage Servicing Rights," which amends SFAS No. 65, "Accounting for Certain Mortgage Banking Activities." This statement requires that a mortgage banking enterprise recognize as separate assets the rights to service mortgage loans for others, however those rights are acquired. The adoption of this standard did not have a material effect on the consolidated financial statements of the Company.

ALLOWANCE FOR LOAN LOSSES

Effective January 1, 1995, the Company adopted SFAS No. 114, "Accounting by Creditors for Impairment of a Loan," and SFAS No. 118, "Accounting by Creditors for Impairment of a Loan -- Income Recognition and Disclosures." SFAS No. 114 requires that impaired loans be measured based on the present value of expected future cash flows discounted at the loan's effective interest rate, or at the loan's observable market price, or at the fair value of the collateral if the loan is collateral dependent. The adoption of SFAS No. 114 did not change management's existing methodology for measuring impairment primarily because the majority of impaired loan valuations continue to be based on the fair value of the collateral.

The provision for loan losses charged to expense is based upon, among other things, the Company's historical loss experience and estimates of future loan losses inherent in the current loan portfolio, including the evaluation of impaired loans in accordance with SFAS No. 114. A loan is considered to be impaired when, based upon current information and events, it is probable that the Company will be unable to collect all amounts due according to the contractual terms of the loan. Impairment is primarily measured based on the fair value of the collateral. Impairment losses are included in the provision for loan losses. SFAS No. 114 does not apply to large groups of smaller-balance homogeneous loans that are collectively evaluated for impairment, except for those loans restructured under a troubled debt structuring. Smaller balance homogeneous loans include credit card and consumer loans, which are charged off at a predetermined delinquency status.

Management periodically analyzes each commercial, financial and agricultural and real estate loan past due 90 days or more and still accruing interest on a loan-by-loan basis. If management expects that the borrower will shortly bring the loan current and/or that the fair value of the collateral exceeds the recorded investment in the loan, the loan is not placed on nonaccrual status. Consumer and credit card loans are not placed on nonaccrual status because they are charged off when they reach a predetermined delinquency status.

The allowance for loan losses (the "Allowance") is maintained at a level which, in management's judgment, is adequate to absorb future loan losses. Estimates of future loan losses involve judgment and assumptions as to various factors which deserve current recognition in estimating such losses and in determining the adequacy of the Allowance. Principal factors considered by management include the historical loss experience, the value and adequacy of collateral, the level of nonperforming (nonaccrual and restructured) loans, loan concentrations, the growth and composition of the portfolio, the review of monthly delinquency reports, the results of examinations of individual loans and/or evaluation of the overall portfolio by senior credit personnel, internal auditors, and Federal and State regulatory agencies, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay and general economic conditions.

The Allowance is reduced by loans charged off when collectibility becomes doubtful and the underlying collateral, if any, is considered inadequate to liquidate the outstanding debt. Recoveries on loans previously charged off are added to the Allowance.

OTHER REAL ESTATE OWNED

Other real estate owned, included in other assets, is comprised of properties acquired primarily through foreclosure proceedings. When acquired, these properties are valued at fair value, which establishes the new cost basis of other real estate owned. 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 PREMIUM AND GOODWILL

The core deposit premium is being amortized on the straight-line method over various lives ranging from 9 to 20 years. 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.

Goodwill represents the cost of acquired companies in excess of the fair value of net assets acquired. In compliance with SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of," which the Company adopted on January 1, 1996, 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. The Company does not believe that there is any current impairment of goodwill.

REPURCHASE AND REVERSE REPURCHASE AGREEMENTS

The Company adopted 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 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.

In those reverse repurchase and securities-borrowed transactions where the securities received qualify for collateral recognition under SFAS No. 125, the securities are recorded at fair value, and a corresponding liability which reflects the obligation to return such securities is also recorded. As of December 31, 1997, there were no such transactions.

SERVICING ASSETS

In accordance with SFAS No. 125, the Company records a separate asset or liability representing the right or obligation, respectively, to service loans (or other financial assets that are being serviced) for others. A servicing asset is determined by allocating the loans' previous carrying amount between the servicing asset and the loans that were sold, based on their relative fair values at the date of sale. The fair value of the servicing assets is calculated based on an analysis of discounted cash flows that incorporates estimates of: (1) market servicing costs; (2) projected ancillary servicing revenue; (3) projected prepayment rates that are based on changes in interest rates; and (4) market profit margins.

Servicing assets are amortized in proportion to, and over the period of, estimated net servicing income.

Impairment of servicing assets is evaluated through an assessment of the fair value of those assets via a discounted cash-flows method in which the assets are disaggregated into various strata based on predominant risk characteristics. The net carrying value of each stratum is compared to its discounted estimated future net cash flows to determine whether adjustments should be made to carrying values or amortization schedules. Impairment of a servicing asset is recognized either through: (1) a valuation allowance and a charge to current-period earnings if it is considered to be temporary; or (2) a direct write-down of the asset and a charge to current-period earnings if it is considered other than temporary. The predominant risk characteristics of the underlying loans that are used to stratify servicing assets for measurement purposes include: (1) loan origination date; (2) loan interest rate;

(3) loan type and size; (4) loan maturity date; and (5) geographic location.

The estimated rate of prepayment of loans serviced is the most significant factor involved in the measurement process. Management's future prepayment rate estimates are based on the Company's historical rate of loan repayment, industry trends and other considerations. Actual prepayment rates may differ from those projected by management due to changes in a variety of economic factors, including prevailing interest rates and the availability of alternative financing sources to borrowers. If actual prepayments of the loans being serviced were to occur more quickly than projected, the carrying value of servicing assets might have to be written down through a charge to earnings in the current period. If actual prepayments of the loans being serviced were to occur more slowly than projected, the carrying value of the servicing assets could increase, and servicing income would exceed previously projected amounts. Accordingly, the servicing assets actually realized could differ from the amounts initially recorded.

Changes in the balance of servicing assets for the years ended December 31, 1997 and 1996 were as follows:

(in thousands)	1997	1996
Balance at beginning of the year	$ 962	$ --
Servicing asset additions	1,029	1,162
Less amortization	310	200
BALANCE AT END OF THE YEAR	$1,681	$ 962

The valuation allowance on originated servicing assets at December 31, 1997 and 1996 was not material. Additionally, there were no unrecognized servicing assets or assets for which it was not practicable to estimate fair value. There were no mortgage servicing liabilities at December 31, 1997 and 1996.

INCOME TAXES

The Company has adopted SFAS No. 109, "Accounting for Income Taxes," which requires recognition of 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.

DERIVATIVES

The Company enters into interest rate swap and floor contracts in managing its interest rate risk. 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 risk; (2) the hedge acts to reduce the interest rate risk by moving closer to being insensitive to interest 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 described above would be carried at market value. Any changes in market value would be recognized in noninterest income. As of December 31, 1997, all derivative product instruments met the criteria for accrual accounting treatment.

Premiums for purchased floors are amortized over the life of the contracts. Since the contracts represent an exchange of interest payments and the underlying principal balances are not affected, there is no material effect on the total assets or liabilities of the Company. The related income or expense from these contracts is included as part of the interest income or expense for the corresponding asset or liability being hedged. Changes in fair value are not reflected in the financial statements.

Gains or losses resulting from early termination of derivatives and the designated hedged items are recorded to income or expense at the date of termination. Gains or losses on termination of anticipatory hedges are amortized over the life of the designated hedged items.

PER SHARE DATA

In 1997, the Company adopted SFAS No. 128, "Earnings per Share," which specifies the computation, presentation and disclosure requirements for earnings per share. Prior period earnings per share data has been expanded to comply with the provisions of SFAS No. 128.

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)	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

(in thousands, except number of shares and per share data)	1995		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic:			
Net income	$ 77,005	31,734,669	$ 2.43
Effect of dilutive securities -- Stock incentive plan options	--	3,554	--
Diluted:			
Net income and assumed conversions	$ 77,005	31,738,223	$ 2.43

FAIR VALUES OF FINANCIAL INSTRUMENTS

SFAS No. 107, "Disclosures About Fair Values of Financial Instruments," requires the Company to disclose estimated fair values for its 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 (including mortgage-backed 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: 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 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, 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.

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 (interest rate floors); (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).

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.

NEW PRONOUNCEMENTS

In 1997, the FASB issued SFAS No. 130, "Reporting Comprehensive Income," and SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." SFAS No. 130 states that all items that are required to be recognized under accounting standards as components of comprehensive income be reported in a financial statement that is displayed with the same prominence as other financial statements. SFAS No. 131 requires disclosures regarding segments of an

enterprise and related information that reflects the different types of business activities in which the enterprise engages and the different economic environments in which it operates. The adoption of these standards is not expected to have a material effect on the Company's consolidated financial statements.

2. 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 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 are being operated as Pacific One Bank, a 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 wholly-owned subsidiary of the Company that was merged into the Bank in 1997 (see current operations described below).

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. American National Bank 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, American National Bank 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 into Pacific One Bank. Currently, Pacific One operates 28 branches in Oregon, eight branches in Washington and two branches in Idaho.

3. AVAILABLE-FOR-SALE INVESTMENT SECURITIES

Amortized cost and fair values of available-for-sale investment securities at December 31, 1997, 1996 and 1995 were as follows:

	1997			
(in thousands)	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. TREASURY AND OTHER U.S. GOVERNMENT AGENCIES AND CORPORATIONS	$689,221	$ 989	$ 1,197	$689,013
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

	1996			
(in thousands)	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. Treasury and other U.S. Government agencies and corporations	$1,025,699	$ 4,626	$ 1,666	$1,028,659
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

(in thousands)	1995 Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. Treasury and other U.S. Government agencies and corporations	$ 895,327	$ 8,790	$ 187	$ 903,930
Collateralized mortgage obligations	97,360	1	386	96,975
States and political subdivisions	54,176	1,129	224	55,081
Other	119,315	--	8	119,307
Total available-for-sale investment securities	$1,166,178	$ 9,920	$ 805	$1,175,293

The amortized cost and fair values of available-for-sale investment securities at December 31, 1997, by contractual maturity, excluding securities which have no stated maturity, were as follows:

(in thousands)	Amortized Cost	Fair Value
DUE WITHIN ONE YEAR	$286,265	$286,163
DUE AFTER ONE BUT WITHIN FIVE YEARS	115,132	115,408
DUE AFTER FIVE BUT WITHIN TEN YEARS	243	245
DUE AFTER TEN YEARS	307,208	306,632
TOTAL AVAILABLE-FOR-SALE INVESTMENT SECURITIES	$708,848	$708,448

The Company held no trading or held-to-maturity securities at December 31, 1997, 1996 and 1995.

Investment securities with an aggregate book value of $644,397,000 at December 31, 1997 were pledged to secure public deposits and repurchase agreements as required by law.

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 stockholders' equity at December 31, 1997.

Gross gains of $1,088,000, $131,000 and $224,000 and gross losses of $818,000, $13,000 and $80,000 were realized on sales of investment securities during 1997, 1996 and 1995, respectively.

At December 31, 1997, collateralized mortgage obligations were comprised of floating rate bonds with an estimated average life of 2.3 years.

4. LOANS

At December 31, 1997 and 1996, loans were comprised of the following:

	1997		1996	
(in thousands)	Book Value	Fair Value	Book Value	Fair Value
Commercial, financial and agricultural	$1,582,698	$1,599,112	$1,381,824	$1,390,768
Real estate:				
Commercial	1,193,538	1,258,439	1,172,124	1,173,697
Construction	166,482	168,154	213,195	207,921
Residential	1,944,611	1,871,172	1,935,920	1,923,668
Consumer	678,984	680,046	583,060	577,241
Lease financing	333,270	330,318	240,898	236,586
Foreign	339,098	340,898	279,711	284,048
TOTAL LOANS	$6,238,681	$6,248,139	$5,806,732	$5,793,929

At December 31, 1997 and 1996, loans aggregating $55,601,000 and $72,408,000, respectively, were on a nonaccrual basis or restructured.

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. Changes in the loans to such parties were as follows:

(in thousands)	1997	1996
Balance at beginning of year	$ 260,888	$ 257,404
New loans made	51,490	28,909
Repayments	(65,409)	(25,425)
BALANCE AT END OF YEAR	$ 246,969	$ 260,888

At December 31, 1997 and 1996, loans to such parties by the Parent were $9,811,000 and $11,731,000, respectively, and the income related to these loans was $782,000, $1,045,000 and $1,143,000 for 1997, 1996 and 1995, respectively.

Real estate loans totalling $1,243,274,000 were pledged to collateralize Federal Home Loan Bank of Seattle advances at December 31, 1997.

5. ALLOWANCE FOR LOAN LOSSES

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

(in thousands)	1997	1996	1995
Balance at beginning of year	$ 85,248	$ 78,733	$ 61,250
Provision charged to expense	17,211	23,627	38,107
Net charge-offs:			
Loans charged off	(25,130)	(27,341)	(22,845)
Recoveries on loans charged off	5,267	3,123	2,221
Net charge-offs	(19,863)	(24,218)	(20,624)
Allowance of subsidiaries purchased	--	7,106	--
BALANCE AT END OF YEAR	$ 82,596	$ 85,248	$ 78,733

The following table presents information related to impaired loans as of and for the years ended December 31, 1997, 1996 and 1995:

(in thousands)	1997	1996	1995
Impaired loans	$ 74,751	$128,446	$ 97,915
Impaired loans with related allowance for loan losses calculated under SFAS No. 114	38,278	41,778	65,430
Total allowance on impaired loans	9,257	9,690	15,380
Average impaired loans	90,901	87,289	82,304
Interest income recorded during the year	835	980	3,454

Impaired loans without a related allowance for loan 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.

6. PREMISES AND EQUIPMENT

At December 31, 1997 and 1996, premises and equipment were comprised of the following:

(in thousands)	1997	1996
Premises	$244,221	$240,910
Equipment	154,497	145,527
	398,718	386,437
Less accumulated depreciation and amortization	152,719	136,864
NET BOOK VALUE	$245,999	$249,573

Occupancy and equipment expense include depreciation and amortization expense of $18,057,000, $17,541,000 and $17,649,000 for 1997, 1996 and 1995, respectively.

7. DEPOSITS

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

(in thousands)	1997	1996	1995
Interest-bearing demand	$ 41,885	$ 36,104	$ 30,034
Savings	19,457	20,679	34,272
Time -- Under $100	76,444	67,714	52,260
Time -- $100 and over	50,484	48,993	40,682
Foreign	9,349	8,912	18,800
TOTAL INTEREST EXPENSE ON DEPOSITS	$197,619	$182,402	$176,048

Time deposits in denominations of $100,000 or more at December 31, 1997 and 1996 were as follows:

(in thousands)	1997	1996
Domestic	$1,052,491	$906,220
Foreign	$ 87,402	$ 73,563

8. SHORT-TERM BORROWINGS

At December 31, 1997, 1996 and 1995, short-term borrowings were comprised of the following:

(in thousands)	1997	1996	1995
First Hawaiian Bank:			
Federal funds purchased	$ 87,475	$ 49,980	$ 19,586
Securities sold under agreements to repurchase	495,054	685,064	838,026
Advances from Federal Home Loan Bank of Seattle	81,000	97,237	184,290
First Hawaiian, Inc. (Parent):			
Commercial paper	1,800	4,409	13,777
Notes payable	--	50,000	--
Other subsidiaries:			
Advances from Federal Home Loan Bank of			

Seattle	18,000	16,500	27,500
Securities sold under agreements to repurchase	38,536	26,370	--
TOTAL SHORT-TERM BORROWINGS	$721,865	$929,560	$1,083,179

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

(dollars in thousands)	1997	1996	1995
Federal funds purchased:			
Average interest rate at December 31	5.7%	5.8%	5.9%
Highest month-end balance	$116,450	$123,608	$270,927
Average daily outstanding balance	$ 76,164	$ 49,210	$161,602
Average daily interest rate paid	6.2%	5.6%	6.3%
Securities sold under agreements to repurchase:			
Average interest rate at December 31	5.3%	5.0%	5.4%
Highest month-end balance	$715,554	$818,527	$909,867
Average daily outstanding balance	$593,061	$785,144	$823,506
Average daily interest rate paid	5.0%	5.2%	5.6%
Commercial paper:			
Average interest rate at December 31	5.2%	5.1%	5.3%
Highest month-end balance	$ 6,226	$ 13,509	$ 49,102
Average daily outstanding balance	$ 5,017	$ 9,854	$ 26,875
Average daily interest rate paid	5.3%	5.2%	6.2%
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%	--%
Advances from Federal Home Loan Bank of Seattle:			
Average interest rate at December 31	5.7%	5.7%	5.9%
Highest month-end balance	$100,500	$212,016	$322,661
Average daily outstanding balance	$ 87,658	$155,182	$259,998
Average daily interest rate paid	5.5%	5.7%	6.8%

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, 1997, the weighted average maturity of these agreements was 74 days and primarily represents investments by public (governmental) entities. A schedule of maturities of these agreements was as follows:

(in thousands)	
OVERNIGHT	$ 34,161
LESS THAN 30 DAYS	229,777
30 TO 90 DAYS	120,254
OVER 90 DAYS	149,398
TOTAL	$533,590

The Parent had $50,000,000 in unused lines of credit with unaffiliated banks to support its commercial paper borrowings as of December 31, 1997.

9. LONG-TERM DEBT AND CAPITAL SECURITIES

At December 31, 1997 and 1996, long-term debt was comprised of the following:

	1997		1996	
(dollars in thousands)	BOOK VALUE	FAIR VALUE	Book Value	Fair Value
First Hawaiian, Inc. (Parent):				
6.188% note due 2004	$ 50,000	$ 50,018	$ --	$ --
6.25% subordinated notes due 2000	100,000	100,090	100,000	98,610
7.375% subordinated notes due 2006	50,000	52,575	50,000	50,575
Other subsidiaries -- 5.50%-6.08% notes due through 2000	18,736	18,801	55,743	55,989
TOTAL LONG-TERM DEBT	$218,736	$221,484	$205,743	$205,174

FIRST HAWAIIAN, INC. (PARENT)

The 6.188% note due in 2004 is unsecured and accrues interest at London Interbank Offered Rates ("LIBOR") plus 0.25% per annum (6.188% per annum at December 31, 1997). 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.

OTHER SUBSIDIARIES

The 5.50%-6.08% notes due through 2000 represent advances from the Federal Home Loan Bank of Seattle to the Company's other subsidiaries (Bank and Creditcorp) with interest payable monthly.

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, 1997, the principal payments due on long-term debt and

capital securities were as follows:

(in thousands)	FIRST HAWAIIAN, INC. (PARENT)	FIRST HAWAIIAN CAPITAL I	OTHER SUBSIDIARIES	TOTAL
1999	$ --	$ --	$14,018	$ 14,018
2000	100,000	--	4,020	104,020
2001	--	--	22	22
2002	--	--	24	24
2003 AND THEREAFTER	100,000	100,000	652	200,652
TOTAL	$200,000	$100,000	$18,736	$318,736

10. COMMON STOCK

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.

11. 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, 1997 and 1996) of Tier 1 and Total capital to risk-weighted assets, and of Tier 1 capital to average assets.

	1997					
	ACTUAL		MINIMUM FOR CAPITAL ADEQUACY PURPOSES		TO BE WELL CAPITALIZED	
(dollars in thousands)	AMOUNT	RATIO	AMOUNT	RATIO	AMOUNT	RATIO
TIER 1 CAPITAL TO RISK-WEIGHTED ASSETS	$714,891	9.51%	$300,533	4.00%	$450,799	6.00%
TOTAL CAPITAL TO RISK-WEIGHTED ASSETS	$947,487	12.61%	$601,065	8.00%	$751,331	10.00%
TIER 1 CAPITAL TO AVERAGE ASSETS	$714,891	9.14%	$234,760	3.00%	$ --	--%

	1996					
	Actual		Minimum For Capital Adequacy Purposes		To Be Well Capitalized	
(dollars in thousands)	Amount	Ratio	Amount	Ratio	Amount	Ratio
Tier 1 Capital to Risk-Weighted Assets	$578,454	8.42%	$274,736	4.00%	$412,104	6.00%
Total Capital to Risk-Weighted Assets	$813,702	11.85%	$549,472	8.00%	$686,840	10.00%
Tier 1 Capital to Average Assets	$578,454	7.32%	$237,084	3.00%	$ --	--%

As of December 31, 1997 and 1996, 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, 1997, that would cause a change in the Company's category.

12. 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. The Bank, Creditcorp and Pacific One are subject to regulatory limitations on the amount of dividends they may declare or pay. At December 31, 1997, the aggregate amount available for payment of dividends by such subsidiaries without prior regulatory approval was $261,840,000.

13. EMPLOYEE BENEFIT PLANS

PENSION PLANS

The Company has a noncontributory pension plan which was "frozen" as of December 31, 1995. This plan was replaced by a money purchase plan and enhancements to an existing 401(k) plan. As a result of the "freeze," there will be no future accruals and no additional participants in the noncontributory pension plan. In addition, the Company has an unfunded supplemental executive retirement plan for a "frozen" group of key executives.

The net pension credit for 1997, 1996 and 1995 included the following components:

(in thousands)	1997	1996	1995
Service cost - benefits earned			

during the period	$ 1,141	$ 1,236	$ 4,018
Interest cost on projected benefit obligation	6,596	6,321	6,862
Actual return on plan assets	(21,002)	(16,419)	(18,476)
Net amortization and deferral	11,068	7,817	10,197
Curtailment gain due to pension plan freeze	--	--	(20,766)
NET PENSION CREDIT	$ (2,197)	$ (1,045)	$(18,165)

No further contributions are anticipated because the pension plan is heavily overfunded and there will be no future benefit accruals.

The following table sets forth the reconciliation of the funded status of the plans at December 31, 1997 and 1996:

(in thousands)	1997	1996
Actuarial present value of benefit obligation:		
Vested benefits	$ 86,365	$ 83,000
Nonvested benefits	1,643	1,764
Accumulated benefit obligation	$ 88,008	$ 84,764
Plan assets at fair value (primarily listed stocks and fixed income securities)	$ 125,293	$ 110,309
Projected benefit obligation	98,684	95,460
Plan assets in excess of projected benefit obligation	26,609	14,849
Unrecognized net gain	(15,182)	(5,659)
Unrecognized prior service cost	6,321	6,972
Unrecognized net asset	(4,800)	(6,000)
PREPAID PENSION COST	$ 12,948	$ 10,162

Plan assets included 587,856 shares of common stock of the Company with a fair value of $23,367,000 and $20,575,000 at December 31, 1997 and 1996, respectively.

For both December 31, 1997 and 1996, the weighted average discount rate was 7.0%; the rate of increase in future compensation used in determining the projected benefit obligation was 7.0% for the unfunded supplemental executive retirement plan; and the expected long-term rate of return on plan assets was 8.5%. Due to the "freeze" of the qualified pension plan, the rate of increase in future compensation is no longer applicable for that plan.

The Company has unfunded postretirement medical and life insurance plans which are available to retirees who have satisfied age and length of service requirements.

The following table sets forth the reconciliation of the status of these plans at December 31, 1997 and 1996:

(in thousands)	1997	1996
Actuarial present value of benefit obligation:		
Retirees	$ 3,815	$ 3,710
Other fully eligible plan participants	1,478	1,387
Other active plan participants	2,763	2,285
TOTAL	$ 8,056	$ 7,382
Unfunded benefit obligation	$ 8,056	$ 7,382
Unrecognized transition obligation	(2,143)	(2,286)
Unrecognized prior service cost	(379)	(64)
Unrecognized net loss	(394)	(540)
ACCRUED POSTRETIREMENT BENEFIT COST	$ 5,140	$ 4,492
Service cost	$ 305	$ 239
Interest cost	519	475
Amortization of:		
Transition obligation	143	143
Unrecognized prior service cost	26	6
NET PERIODIC POSTRETIREMENT BENEFIT COST	$ 993	$ 863

The assumed health care cost trend is not applicable since the medical plan provides a flat dollar commitment. Thus, there is no effect on postretirement benefit costs due to a one-percentage-point increase in the trend rate.

For both December 31, 1997 and 1996, the weighted average discount rate was 7.0% and the rate of increase in future compensation used in determining the accumulated postretirement benefit obligation was 5.0%.

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 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 key executives who are eligible for the Company's unfunded supplemental executive retirement plan.

For 1997 and 1996, the money purchase contribution was $5,351,000 and $5,126,000, respectively, and the employer matching contribution to the 401(k) plan was $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 1997, 1996 and 1995 totalled $5,537,000, $6,579,000 and $5,545,000, respectively.

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 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 PLAN

The Company has a Stock Incentive Plan (the "SIP"), which authorizes the granting of up to 1,000,000 shares of common stock to 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.

The following table summarizes activity under the SIP for 1997, 1996 and 1995 and the status at December 31, 1997:

	Options			
	Outstanding		Exercisable	
	Shares	Average Exercise Price	Shares	Average Exercise Price
Balance at December 31, 1994	346,204	$ 27.49	83,300	$ 27.35
Options granted	149,420	25.50	--	--
Became exercisable	--	--	89,782	27.49
Exercised	(2,115)	26.09	(2,115)	26.09
Forfeitures	(12,353)	27.28	--	--
Balance at December 31, 1995	481,156	26.88	170,967	27.44
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	--	--
Balance at December 31, 1996	615,933	27.20	295,938	27.22
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	358,240	$ 27.35

At December 31, 1997, 76,979 stock options (net of exercised options of 75,670)were available for future grants under the SIP.

At December 31, 1997, the 847,351 SIP options outstanding under the plan have exercise prices between $25.50 and $33.25 and a weighted average remaining contractual life of 7.5 years.

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 Company's stock-based compensation plan been determined consistent with SFAS No. 123, "Accounting for Stock-Based Compensation," the Company's net income and earnings per share would have been reduced to the pro forma amounts indicated below:

(in thousands, except per share data)	1997	1996	1995
Net income:			
As reported	$ 84,261	$ 80,296	$ 77,005
Pro forma	$ 83,426	$ 79,812	$ 76,636
Basic earnings per share:			
As reported	$ 2.66	$ 2.56	$ 2.43
Pro forma	$ 2.63	$ 2.54	$ 2.41

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 1997, 1996 and 1995, respectively:

	1997	1996	1995
Expected dividend yield	3.69%	3.80%	4.60%
Expected volatility	18.07%	22.69%	23.50%
Risk-free interest rate	6.49%	5.65%	7.20%
Expected life of the options	6 years	6 years	6 years

The weighted-average grant-date fair value of options granted in 1997, 1996 and 1995 were $6.67, $5.93 and $5.61, respectively.

Due to the inclusion of only those grants made since 1995, the effect of applying SFAS No. 123 for pro forma disclosures is not likely to be representative of the effects on reported net income in future years. Options vest over several years and additional awards generally are made each year.

LONG-TERM INCENTIVE PLAN

The Company has a Long-Term Incentive Plan (the "LTIP") designed to reward key executives for the Company's and individuals' performances measured over three-year performance cycles; that is, 1993-1995, 1994-1996, 1995-1997 and so on. The threshold Company performance levels specified in the LTIP were not achieved for the 1993-1995, 1994-1996 and 1995-1997 performance cycles.

14. OTHER NONINTEREST EXPENSE

For the years ended December 31, 1997, 1996 and 1995, other noninterest expense included the following:

(in thousands)	1997	1996	1995
Stationery and supplies	$12,216	$11,193	$11,443
Advertising and promotion	11,174	10,991	8,532
Deposit insurance	810	5,280	6,190
Other	56,719	53,434	39,415
TOTAL OTHER NONINTEREST EXPENSE	$80,919	$80,898	$65,580

15. INCOME TAXES

For the years ended December 31, 1997, 1996 and 1995, the provision for income taxes was comprised of the following:

(in thousands)	1997	1996	1995
Current:			
Federal	$ 7,894	$20,147	$15,164
States and other	2,962	4,572	3,698
Total current	10,856	24,719	18,862
Deferred:			
Federal	27,060	10,114	21,430
States and other	1,387	705	4,841
Total deferred	28,447	10,819	26,271
TOTAL INCOME TAX PROVISION	$39,303	$35,538	$45,133

The provision for income taxes has been reduced by general business tax credits of $4,360,000, $4,188,000 and $2,140,000 in 1997, 1996 and 1995, respectively. The Company also has alternative minimum tax credit, general business tax credit and foreign tax credit carryforwards totalling $2,468,000, $1,117,000 and $428,000, respectively, at December 31, 1997, which may be used to offset future Federal income tax expense. The general business tax credits and foreign tax credit carryforwards will expire at the end of 2012 and 2001, respectively. 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, 1997 and 1996 were as follows:

(in thousands)	1997	1996
ASSETS		
Federal and State income tax credit carryovers	$ 4,013	$ 6,283
Employee benefit deductions	1,977	3,625
Provision for loan losses	20,649	38,467
Loan fees and other income	2,861	5,397
State franchise taxes	5,990	8,013
Total deferred income tax assets	35,490	61,785
LIABILITIES		
Lease expenses	173,709	167,240
Depreciation expense	4,331	6,784
Intangible assets-net premiums	1,433	1,715
Marketable securities-available-for-sale	(160)	1,229
Other	8,448	10,353
Total deferred income tax liabilities	187,761	187,321
NET DEFERRED INCOME TAX LIABILITIES	$ 152,271	$ 125,536

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:

	1997	1996	1995
Federal statutory income tax rate	35.0%	35.0%	35.0%
Municipal and other tax-exempt income	(.3)	(1.2)	(2.7)
State income and franchise taxes, net of Federal tax benefit	3.1	3.0	4.5
General business tax credits	(3.5)	(6.0)	(1.8)
Other	(2.5)	(0.1)	2.0
EFFECTIVE INCOME TAX RATE	31.8%	30.7%	37.0%

The 1997 effective tax rate reflects the recognition of previously unrecognized tax credits of $3,585,000.

The decrease in the 1996 effective tax rate as compared to 1995 was primarily due to the: (1) recognition of previously unrecognized tax credits of $2,800,000; (2) reversal of deferred tax liabilities (reflecting a change in the State tax laws) relating to the sale of a certain leveraged lease of $2,344,000; and (3) reversal of deferred tax liabilities (reflecting legislation enacted in 1996) relating to the provision for thrift bad debt deductions of $1,500,000.

16. INTERNATIONAL OPERATIONS

The Company's international operations, principally in Guam and Grand Cayman, British West Indies, involve foreign banking and international financing activities, including short-term investments, loans, 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, net income and total assets for foreign, domestic and consolidated operations at and for the years ended December 31, 1997, 1996 and 1995 were as follows:

(in thousands)	Foreign	Domestic	Consolidated

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
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
1995			
Total revenue	$ 38,669	$ 603,394	$ 642,063
Income before income taxes	$ 582	$ 121,556	$ 122,138
Net income	$ 379	$ 76,626	$ 77,005
Total assets	$ 478,790	$7,085,719	$7,564,509

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 transactions by the Company's international operations.

The following presents the percentages of average total assets and 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 creditor.

	1997	1996	1995
Average foreign assets to average total assets	4.38%	5.42%	3.61%
Average foreign liabilities to average total liabilities ...	3.70%	3.55%	5.04%

17. 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, 1997:

(in thousands)	Operating Leases	Less Sublease Income	Net Operating Leases
1998	$ 29,878	$ 8,069	$ 21,809
1999	26,503	8,025	18,478
2000	25,546	8,452	17,094
2001	23,402	8,364	15,038
2002	20,792	7,634	13,158
2003 AND THEREAFTER....	71,256	24,436	46,820
TOTAL	$197,377	$ 64,980	$132,397

These premises and equipment leases extend for varying periods up to 44 years and some of them may be renewed for periods ranging from 1 to 44 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.

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, 1997, 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.

For 1997, 1996 and 1995, rental expense was $32,321,000, $14,796,000 and $14,525,000, respectively.

18. COMMITMENTS AND CONTINGENT LIABILITIES

FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

In the normal course of business, the Company is a party to various financial instruments to meet the financing needs of its customers and to reduce its own exposure to fluctuations in interest rates. These financial instruments include commitments to extend credit, standby and commercial letters of credit and interest rate swaps and floors. These instruments involve, to varying degrees, elements of credit and interest rate 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 other party 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 and floor transactions, the contract or notional amounts do not represent exposure to credit losses.

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.

Off-balance sheet commitments and contingent liabilities at December 31, 1997 and 1996 were as follows:

(in thousands)	1997 Notional/ Contract Amount	1996 Notional/ Contract Amount
Commitments to extend credit	$4,408,199	$3,778,028
Standby letters of credit	$ 154,848	$ 144,235
Commercial letters of credit	$ 11,865	$ 10,478
Interest rate swaps and floors	$ 894,427	$1,537,996

The Company enters into interest rate swap and floor agreements as an end-user only. These instruments are used as hedges against various balance sheet accounts. Credit exposure is monitored under the same credit guidelines as are followed for other extensions of credit. Interest rate and/or market risk is 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.

ROLLFORWARD SCHEDULE

The following is a summary of the interest rate swap and floor activity for 1997 and 1996:

(in millions)	Receive Fixed	Pay Fixed	Caps, Floors or Collars	Variable/ Variable	Total
Balance, December 31, 1995	$260	$134	$ --	$700	$1,094
Additions	300	8	500	--	808
Maturities/ amortizations	60	2	--	300	362
Terminations	--	2	--	--	2
Balance, December 31, 1996	500	138	500	400	1,538
ADDITIONS	--	3	--	--	3
MATURITIES/ AMORTIZATIONS	200	47	--	400	647
TERMINATIONS	--	--	--	--	--
BALANCE, DECEMBER 31, 1997	$300	$ 94	$500	$ --	$ 894

HEDGING SUMMARY

The following is additional hedging information related to the Company's interest rate swaps and floors as of December 31, 1997:

(dollars in millions)	Notional Amount	Pay Rate	Receive Rate	Asset Yield/ Liability Cost	Net Yield/ Cost	Original Maturity	Remain-ing Maturity
ASSET HEDGES:							
VARIABLE RATE LOANS	$800	5.78%	5.53%	8.59%	8.34%	2.0 yrs.	.4 yrs.
FIXED RATE LOANS	94	6.46	5.85	8.19	7.58	8.7	5.4
TOTAL	$894	5.85%	5.56%	8.55%	8.26%	2.7 yrs.	.9 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, 1997, 1996 and 1995:

(dollars in thousands)	1997	1996	1995
Average borrowing rate:			
Without interest rate swaps and floors	4.22%	4.28%	4.49%
With interest rate swaps and floors	4.22	4.23	4.54
Decrease in interest income ...	$3,416	$2,402	$ 3,827
Decrease (increase) in interest expense	42	2,636	(2,926)
Interest rate swap and floor expense (income), net	$3,374	$ (234)	$ 6,753

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.

19. 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, 1997 and 1996:

(in thousands)	1997 Book Value	1997 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 3)	778,124	778,124
Loans (note 4)	6,238,681	6,248,139
Customers' acceptance liability	867	867
Financial Liabilities:		
Deposits	$6,089,200	$6,107,195
Short-term borrowings (note 8)	721,865	721,865
Acceptances outstanding	867	867
Long-term debt (note 9)	218,736	221,484
Guaranteed preferred beneficial interests in junior subordinated debentures (note 9)	100,000	104,370

(in thousands)	1996 Book Value	1996 Fair Value
Financial Assets:		
Cash and due from banks	$ 333,511	$ 333,511
Interest-bearing deposits in other banks	70,130	70,130
Federal funds sold and securities purchased under agreements to resell .	148,370	148,370
Available-for-sale investment securities (note 3)	1,140,719	1,140,719
Loans (note 4)	5,806,732	5,793,929
Customers' acceptance liability	824	824
Financial Liabilities:		
Deposits	$5,936,708	$5,950,028
Short-term borrowings (note 8)	929,560	929,560
Acceptances outstanding	824	824
Long-term debt (note 9)	205,743	205,174

The following table presents a summary of the fair values of the Company's off-balance sheet financial instruments (note 18) at December 31, 1997 and 1996:

(in thousands)	1997	1996
Commitments to extend credit	$21,606	$20,699
Letters of credit	1,465	1,444
Interest rate swaps and floors	1,404	2,092

20. FIRST HAWAIIAN, INC. (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, 1997	1996
ASSETS		
Cash on deposit with First Hawaiian Bank	$ 115	$ 174
Interest-bearing deposits in other banks	70,000	--
Loans, net of allowance for loan losses of $120 in 1997 and 1996	9,691	11,611
Available-for-sale investment securities	300	--
Securities purchased from First Hawaiian Bank	23,860	7,075
Investment in subsidiaries:		
First Hawaiian Bank	733,596	696,286
Other subsidiaries	186,631	159,879
Due from:		
First Hawaiian Bank	147,251	109,324
Other subsidiaries	52,050	67,342
Other assets	2,532	1,254
TOTAL ASSETS	$ 1,226,026	$ 1,052,945
LIABILITIES AND STOCKHOLDERS' EQUITY		
Short-term borrowings	$ 1,800	$ 54,409
Current and deferred income taxes	181,669	138,519
Due to subsidiary	103,093	--
Other liabilities	7,763	4,133
Long-term debt (note 9)	200,000	150,000
Total liabilities	494,325	347,061
Commitments and contingent liabilities (notes 13, 17 and 18)		
Stockholders' equity (note 11):		
Preferred stock $5 par value Authorized and unissued -- 50,000,000 shares in 1997 and 1996	--	--
Common stock $5 par value (notes 10 and 13) Authorized -- 100,000,000 shares Issued -- 33,190,374 shares in 1997 and 1996	165,952	165,952
Surplus	148,165	148,196
Retained earnings	473,659	428,693
Unrealized valuation adjustment	(241)	1,850
Treasury stock, at cost -- 1,845,217 shares in 1997 and 1,415,954 shares in 1996	(55,834)	(38,807)
Total stockholders' equity	731,701	705,884
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 1,226,026	$ 1,052,945

STATEMENTS OF INCOME

(in thousands)	Year Ended December 31, 1997	1996	1995
INCOME			
Dividends from:			
First Hawaiian Bank	$ 39,698	$ 52,760	$ 88,660
Other subsidiaries	4,830	13,056	4,300
Interest from First Hawaiian Bank	1,030	507	520
Interest and fees from other subsidiaries	1,318	2,578	3,043
Other interest and dividends	3,312	1,143	1,359

Total income	50,188	70,044	97,882
EXPENSE			
Interest expense:			
Short-term borrowings	266	509	1,669
Long-term debt	15,585	11,915	10,299
Other	2,650	817	114
Provision for loan losses	--	20	100
Professional services	418	431	494
Other	310	441	339
Total expense	19,229	14,133	13,015
Income before income tax benefit and equity in undistributed income of subsidiaries	30,959	55,911	84,867
Income tax benefit	5,246	3,849	3,178
Income before equity in undistributed income of subsidiaries	36,205	59,760	88,045
Equity in undistributed income of subsidiaries:			
First Hawaiian Bank	39,135	22,359	(16,193)
Other subsidiaries	8,921	(1,823)	5,153
NET INCOME	$ 84,261	$ 80,296	$ 77,005

STATEMENTS OF CASH FLOWS

(in thousands)	Year Ended December 31, 1997	1996	1995
CASH AT BEGINNING OF YEAR	$ 174	$ 144	$ 110
Cash flows from operating activities:			
Net income	84,261	80,296	77,005
Adjustments to reconcile net income to net cash provided by operating activities:			
Excess of equity in earnings of subsidiaries over dividends received	(48,056)	(20,536)	11,040
Other	463	(1,100)	449
Net cash provided by operating activities	36,668	58,660	88,494
Cash flows from investing activities:			
Net change in:			
Interest-bearing deposits in other banks	(70,000)	--	--
Securities sold to (purchased from) First Hawaiian Bank	(16,785)	2,855	(3,750)
Loans repaid by directors and executive officers	1,920	3,869	1,525
Repayments from subsidiaries	22,400	5,750	8,750
Purchase of available-for-sale investment securities	(300)	--	--
Investment in Pacific Northwest Acquisitions	(15,000)	(73,901)	--
Investment in First Hawaiian Capital I	(3,093)	--	--
Net cash provided by (used in) investing activities	(80,858)	(61,427)	6,525
Cash flows from financing activities:			
Net decrease in short-term borrowings	(52,609)	(9,368)	(32,946)
Proceeds from long-term debt and junior subordinated debentures	153,093	50,000	--
Cash dividends paid	(39,295)	(37,579)	(37,368)
Repurchase of common stock	(17,058)	(256)	(24,671)
Net cash provided by (used in) financing activities	44,131	2,797	(94,985)
CASH AT END OF YEAR	$ 115	$ 174	$ 144
Supplemental disclosures:			
Interest paid	$ 14,528	$ 12,272	$ 12,251
Income taxes refunded	$ 2,644	$ 4,408	$ 3,211

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the registration statements of First Hawaiian, Inc. and subsidiaries (hereinafter referred to as the "Company") on Forms S-8 (File Nos. 33-66400 and 333-22107) of our report dated January 15, 1998, on our audits of the consolidated financial statements of the Company as of December 31, 1997 and 1996, and for the years ended December 31, 1997, 1996 and 1995, which report is incorporated by reference in the Annual Report on Form 10-K, as amended on this Form 10-K/A.

/s/ Coopers & Lybrand L.L.P.

Honolulu, Hawaii
April 22, 1998

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE REGISTRANT'S QUARTERLY FINANCIAL STATEMENTS AS OF AND FOR THE THREE MONTH PERIOD ENDED MARCH 31, 1997, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

3-MOS
DEC-31-1997
JAN-01-1997
MAR-31-1997
341,295
76,529
167,800
0
1,061,976
0
0
5,947,296
85,136
8,095,447
5,950,032
960,583
221,992
246,443
0
0
165,952
549,700
8,095,447
124,783
17,757
2,855
145,395
47,207
62,881
82,514
3,752
(2)
77,175
29,606
20,516
0
0
20,516
.65
.64
8.23
38,852
30,698
46,681
0
85,248
4,484
620
85,136
40,470
1,730
42,936

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE REGISTRANT'S QUARTERLY FINANCIAL STATEMENTS AS OF AND FOR THE SIX MONTH PERIOD ENDED JUNE 30, 1997, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

6-MOS
DEC-31-1997
JAN-01-1997
JUN-30-1997
278,812
55,130
45,000
0
893,886
0
0
6,031,552
84,189
7,815,288
5,875,846
766,019
166,337
276,737
0
0
165,952
562,899
7,815,288
255,950
33,828
5,070
294,848
95,813
126,677
168,171
8,013
219
155,704
62,498
42,781
0
0
42,781
1.35
1.34
8.33
33,903
29,658
45,553
0
85,248
12,339
3,267
84,189
39,085
1,795
43,309

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE REGISTRANT'S QUARTERLY FINANCIAL STATEMENTS AS OF AND FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 1997, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

9-MOS
DEC-31-1997
JAN-01-1997
SEP-30-1997
329,552
183,730
156,962
0
700,464
0
0
6,022,244
83,575
7,895,048
5,957,289
644,241
222,965
328,742
0
0
165,952
575,328
7,895,048
387,954
47,329
8,997
444,280
146,105
191,527
252,753
11,830
287
231,924
95,050
64,132
0
0
64,132
2.02
2.01
8.36
28,575
28,452
44,392
0
85,248
17,635
4,132
83,575
38,905
1,915
42,755

YEAR
DEC-31-1996
JAN-01-1996
DEC-31-1996
333,511
70,130
148,370
0
1,140,719
0
0
5,806,732
85,248
8,002,174
5,936,708
929,560
223,455
205,743
0
0
165,952
539,932
8,002,174
479,011
75,505
19,624
574,140
182,402
252,795
321,345
23,627
118
284,211
115,834
80,296
0
0
80,296
2.56
2.55
8.15
43,547
30,382
28,861
34,524
78,733
27,341
3,123
85,248
38,400
1,540
45,308