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

FORM 10-K

(Mark One)

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

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PART I

ITEM 1. BUSINESS

FIRST HAWAIIAN, INC. -

First Hawaiian, Inc. (the "Corporation"), a Delaware corporation, is a registered bank holding company under the Bank Holding Company Act of 1956, as amended (the "BHCA"). As a bank holding company, the Corporation is allowed to acquire or invest in the securities of companies that are engaged in banking or in activities closely related to banking as authorized by the Board of Governors of the Federal Reserve System (the "Federal Reserve Board"). The Corporation, through its subsidiaries, operates a general commercial banking business and other businesses related to banking. Its principal assets are its investments in First Hawaiian Bank (the "Bank"), a State of Hawaii chartered bank; First Hawaiian Creditcorp, Inc. ("Creditcorp") and FHL Lease Holding Company, Inc. ("FHL"), each a financial services loan company; Pacific One Bank ("Pacific One"), a State of Oregon chartered bank with authority to operate interstate branches in Washington and Idaho; and First Hawaiian Capital I (the "Trust"), a Delaware business trust. The Bank, Creditcorp, FHL, Pacific One and the Trust are wholly-owned subsidiaries of the Corporation. At December 31, 1997, the Corporation had consolidated total assets of $8.1 billion, total deposits of $6.1 billion and total stockholders' equity of $731.7 million.

Based on assets as of June 30, 1997, the Corporation was the 68th largest bank holding company in the United States as reported in the American Banker.

FIRST HAWAIIAN BANK -

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

On April 18, 1997, Pioneer Federal Savings Bank ("Pioneer"), a former wholly-owned subsidiary of the Corporation, was merged with and into the Bank. As a result of the merger, five Pioneer branches became branches of the Bank and 14 branches were closed.

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

At December 31, 1997, the Bank had total deposits of $5.0 billion and total assets of $6.6 billion, making it the second largest bank in Hawaii.

DOMESTIC SERVICES -
The domestic operations of the Bank are carried out through its main banking office located in Honolulu, Hawaii, with 59 other banking offices located throughout the State of Hawaii. All but two of the banking offices are equipped with automatic teller machines that provide 24-hour service to customers wishing to make withdrawals from and deposits to their personal checking accounts, to transfer funds between checking and savings accounts, to make balance inquiries, to obtain interim bank statements and to make utility and loan payments. Fifty-three automatic teller machines at nonbranch locations provide balance inquiry and withdrawal transaction services only. The Bank is a member of the CIRRUS(R)/MasterCard(R), Plus(R)/VISA(R) and Star System(R) automatic teller machine networks, which provide the Bank's customers with access to their funds nationwide and in selected foreign countries.

LENDING ACTIVITIES -
The Bank engages in a broad range of lending activities, including making real estate, commercial and consumer loans. At December 31, 1997, the Bank's loans totalled $5.1 billion, representing 76.3% of total assets. At that date, 50.7% of the loans were construction, commercial and residential real estate loans, 26.2% were commercial loans, 11.9% were consumer loans, 6.2% were foreign loans and 5.0% were leases.

REAL ESTATE LENDING--CONSTRUCTION. The Bank provides construction financing for a variety of commercial and residential single-family subdivision and multi-family developments. At December 31, 1997, 5.1% of the Bank's total real estate loans were collateralized by properties under construction.

REAL ESTATE LENDING--COMMERCIAL. The Bank provides permanent financing for a variety of commercial developments, such as various retail facilities, warehouses and office buildings. At December 31, 1997, 30.4% of the Bank's total real estate loans were collateralized by commercial properties.

REAL ESTATE LENDING--RESIDENTIAL. The Bank makes residential real estate loans, including home equity loans, to enable borrowers to purchase, refinance or improve residential real property. The loans are collateralized by mortgage liens on the related property, substantially all of which is located in Hawaii. At December 31, 1997, 64.5% of the Bank's total real estate loans were collateralized by single-family and multi-family residences.

COMMERCIAL LENDING. The Bank is a major lender to primarily small- and medium-sized businesses (including local subsidiaries and operations of foreign companies) in Hawaii and Hawaii companies doing business overseas (with particular emphasis on those companies with operations in the Asia-Pacific region).

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

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

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

TRUST SERVICES -
The Bank's Trust and Investments Division offers a full range of trust and investment management services. The Trust and Investments Division provides asset management, advisory and administrative services for estates, trusts and individuals. It also acts as trustee and custodian of retirement and other employee benefit plans. At December 31, 1997, the Trust and Investments Division had 5,305 accounts with a market value of $9.2 billion. Of this total, $6.9 billion represented assets in nonmanaged accounts and $2.3 billion were managed assets.

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

INSURANCE SERVICES -
The Bank, through a wholly-owned subsidiary, offers insurance needs analysis for individuals, families and businesses as well as insurance products such as life, disability and long-term care.

FIRST HAWAIIAN CREDITCORP, INC. -

Creditcorp is a financial services loan company with 12 branch offices located throughout the four major islands of the State of Hawaii, a branch in Guam and a loan subsidiary in Oregon. The Corporation plans to merge Creditcorp with and into the Bank in mid-1998. In the process, the 12 branches in Hawaii and one branch in Guam are expected to be closed.

The lending activities of Creditcorp are concentrated in both consumer and commercial financings which are primarily collateralized by real estate.

Creditcorp's primary source of funds is time and savings deposits from the general public. The deposits are insured by the BIF of the FDIC to the extent and subject to the limitations set forth in the FDIA.

Creditcorp also utilizes borrowings as an additional source of funding for its loan portfolio and is a member of the Federal Home Loan Bank of Seattle (the "FHLB of Seattle"), which provides a central credit facility for member institutions. At December 31, 1997, Creditcorp was required, in accordance with the rules and regulations of the FHLB of Seattle, to maintain a minimum level of capital stock ownership of $2.4 million in this regional facility. At December 31, 1997, Creditcorp's investment in the capital stock of the FHLB of Seattle totalled $8.5 million and advances from the FHLB of Seattle aggregated $11.0 million.

At December 31, 1997, Creditcorp had total deposits of $361.8 million, total loans of $385.4 million and total assets of $430.4 million.

FHL LEASE HOLDING COMPANY, INC. -

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

At December 31, 1997, FHL's net investment in leases amounted to $74.2 million and total assets were $102.3 million. FHL's primary source of funds is borrowings from the Corporation.

PACIFIC ONE BANK -

Pacific One is a full-service bank conducting general commercial and consumer banking services, including receiving demand, savings and time deposits; making commercial, agricultural, real estate and consumer loans; selling international and cash management services and mutual funds and annuities. On December 31, 1997, Pacific One Bank, National Association, another wholly-owned subsidiary of the Corporation, was merged with and into Pacific One.

Pacific One, headquartered in Portland, Oregon, is a State of Oregon-chartered bank with authority to operate interstate branches in Washington and Idaho and is not a member of the Federal Reserve System. Its deposits are insured by the BIF and SAIF of the FDIC to the extent, and subject to the limitations, set forth in the FDIA.

At December 31, 1997, Pacific One had total deposits of $723.5 million, total loans of $702.0 million and total assets of $915.6 million.

FIRST HAWAIIAN CAPITAL I -

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

At December 31, 1997, the Trust's total assets were $107.4 million.

HAWAII COMMUNITY REINVESTMENT CORPORATION -

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

The $50 million loan pool is funded by the member financial institutions which participate pro rata (based on deposit size) in each HCRC loan. The Bank's and Creditcorp's participations in these HCRC loans are included in these companies' respective loan portfolios.

HAWAII INVESTORS FOR AFFORDABLE HOUSING, INC. -

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

Hawaii Affordable Housing Fund I and Hawaii Affordable Housing Fund II (the "Funds") have been established to invest in qualified low income housing tax credit rental projects and to ensure that these projects are maintained as low income housing throughout the required compliance period. The Bank's and Creditcorp's investments in these Funds are included in these companies' respective investment portfolios.

EMPLOYEES -

At December 31, 1997, the Corporation had 3,199 full-time equivalent employees. The Bank employed 2,672 persons and the Corporation's other subsidiaries employed 527 persons. None are represented by any collective bargaining agreements and relations with employees are considered excellent.

MONETARY POLICY AND ECONOMIC CONDITIONS -

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

It is not possible to predict the effect of future changes in monetary policies upon the operating results of the Corporation.

COMPETITION -

Competition in the financial services industry in Hawaii is intense. Hawaii-based commercial banks, savings institutions, financial services loan companies and credit unions compete against one another. Based upon the latest available figures, total deposits of all financial institutions in Hawaii as of September 30, 1997 amounted to approximately $24 billion. The principal subsidiaries of the two largest bank holding companies, Pacific Century Financial Corporation and the Corporation, accounted for 35% and 22% of total deposits (including domestic, foreign and public deposits), respectively. The next largest competitors were American Savings Bank, F.S.B. and Bank of America, F.S.B., with 9% and 8%, respectively, of total deposits. In December 1997, American Savings Bank, F.S.B. acquired the Hawaii assets and deposits of Bank of America, F.S.B. In addition, out-of-state mutual funds, insurance companies, brokerage firms and other financial services providers also compete for consumer and commercial business in Hawaii.

Foreign (non-Hawaii) banks and other financial institutions are able to make loans in Hawaii through Edge Act subsidiaries, finance and mortgage company subsidiaries and by loan participations with local banks. United States domestic banks and other financial institutions may make loans directly in Hawaii by qualifying as "foreign lenders" in Hawaii. Foreign banks currently conduct various banking activities in Hawaii, except for retail deposit-taking. Banks and bank holding companies organized under the laws of Pacific Ocean jurisdictions with United States dollar- based economies may acquire Hawaii banks or establish branches in Hawaii, although none has done so to date. Banks and similar financial institutions of countries other than the United States may and do have representative offices or agencies in Hawaii.

The Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994, among other things, eliminated substantially all state law barriers to the acquisition of banks by out-of-state bank holding companies, effective September 29, 1995. The law also permits interstate branching by banks in all states other than those which have "opted out". Effective June 1, 1997, Hawaii law permits out-of-state banks to acquire branches located in Hawaii by purchasing or merging with a Hawaii state bank or a national banking association having its headquarters located in Hawaii. However, out-of-state banks are not permitted to establish de novo branches or purchase individual branches located in Hawaii. The States of Washington, Oregon and Idaho (where Pacific One operates) each have adopted similar legislation. These new federal and state laws may increase competition within the markets in which the Corporation now operates, but the Corporation cannot predict whether and to what extent competition will increase in those markets.

SUPERVISION AND REGULATION -

As a registered bank holding company, the Corporation is subject to supervision and examination by the Federal Reserve Board under the BHCA. The various subsidiaries of the Corporation are subject to regulation and supervision by the state banking authorities of Hawaii, Washington, Oregon and Idaho, as well as the FDIC and various other regulatory agencies.

HOLDING COMPANY STRUCTURE. In general, the BHCA limits the business of bank holding companies to owning or controlling banks and engaging in such other activities as the Federal Reserve Board may determine to be so closely related to banking as to be a proper incident thereto. The Corporation must obtain the prior approval of the Federal Reserve Board before acquiring direct or indirect ownership or control of any voting shares of any bank if after such acquisition it would own or control, directly or indirectly, more than 5% of the voting shares of such bank; before merging or consolidating with another bank holding company; and before acquiring substantially all of the assets of any additional bank. With certain exceptions, the BHCA prohibits bank holding companies from acquiring direct or indirect ownership or control of more than 5% of any class of voting shares in any company which is not a bank or a bank holding company, unless the Federal Reserve Board determines that the activities of such company are so closely related to banking as to be a proper incident thereto. In making such determinations, the Federal Reserve Board considers, among other things, whether the performance of such activities by a bank holding company would offer benefits to the public that outweigh possible adverse effects. In addition, all acquisitions are reviewed by the Department of Justice for antitrust considerations.

As a holding company, the principal source of the Corporation's cash revenue has been dividends and interest received from the Bank and other subsidiaries of the Corporation. Under Hawaii law, the Bank is prohibited from declaring or paying any dividends in excess of its retained earnings. Creditcorp and Pacific One are also subject to regulatory limitations on the amount of dividends they may declare and pay. At December 31, 1997, the aggregate amount of dividends that such subsidiaries could pay to the Corporation under the foregoing limitations without prior regulatory approval was $261.8 million. There are also statutory limits on the transfer of funds to the Corporation and certain of its nonbanking subsidiaries by the Bank, Creditcorp and Pacific One, whether in the form of loans or other extensions of credit, investments or asset purchases. Such transfers by the Bank to the Corporation or any such nonbanking subsidiary are limited in amount to 10% of the Bank's capital and surplus, or 20% in the aggregate. Creditcorp and Pacific One are subject to comparable limitations. Furthermore, such loans and extensions of credit are required to be collateralized in specified amounts.

If, in the opinion of the applicable regulatory authority, a bank under its jurisdiction is engaged in or is about to engage in an unsafe or unsound practice (which, depending on the financial condition of the bank, could include the payment of dividends), such authority may require, after notice and hearing, that such bank cease and desist from such practice. The Federal Reserve Board and the FDIC have issued policy statements which provide that, as a general matter, insured banks and bank holding companies should only pay dividends out of current operating earnings. In addition, the regulatory capital requirements of the Federal Reserve Board and the FDIC may limit the ability of the Corporation and its insured depository subsidiaries to pay dividends. See "Federal Deposit Insurance Corporation Improvement Act of 1991" and "Capital Requirements," below.

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

In addition, depository institutions insured by the FDIC can be held liable for any losses incurred by, or reasonably expected to be incurred by, the FDIC after August 9, 1989 in connection with (i) the default of a commonly controlled FDIC-insured depository institution or (ii) any assistance provided by the FDIC to a commonly controlled FDIC-insured depository institution in danger of default. "Default" is defined generally as the appointment of a conservator or receiver and "in danger of default" is defined generally as the existence of certain conditions indicating that a "default" is likely to occur in the absence of regulatory assistance. Accordingly, in the event that any insured subsidiary of the Corporation causes a loss to the FDIC, other insured subsidiaries of the Corporation could be required to compensate the FDIC by reimbursing it for the amount of such loss. Any such obligation by the Corporation's insured subsidiaries to reimburse the FDIC would rank senior to their obligations, if any, to the Corporation.

FEDERAL DEPOSIT INSURANCE CORPORATION IMPROVEMENT ACT OF 1991. A central feature of the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA") is the requirement that the federal banking agencies take "prompt corrective action" with respect to insured depository institutions that do not meet minimum capital requirements. FDICIA established five capital levels applicable to such institutions (including the Bank, Creditcorp and Pacific One): "well capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized" and "critically undercapitalized." Under the regulations adopted by the federal banking agencies to implement these provisions of FDICIA, a depository institution is "well capitalized" if it has (i) a total risk-based capital ratio of 10% or greater, (ii) a Tier 1 risk-based capital ratio of 6% or greater, (iii) a leverage ratio of 5% or greater and (iv) is not subject to any written agreement, order or directive to meet and maintain a specific capital level for any capital measure. An "adequately capitalized" depository institution is defined as one that has (i) a total risk-based capital ratio of 8% or greater, (ii) a Tier 1 risk-based capital ratio of 4% or greater and (iii) a leverage ratio of 4% or greater (or 3% or greater in the case of a bank with a composite CAMEL rating of 1). A depository institution is considered (i) "undercapitalized" if it has (A) a total risk-based capital ratio of less than 8%, (B) a Tier 1 risk-based capital ratio of less than 4% or (C) a leverage ratio of less than 4% (or 3% in the case of an institution with a CAMEL rating of 1), (ii) "significantly undercapitalized" if it has (A) a total risk-based capital ratio of less than 6%, (B) a Tier 1 risk-based capital ratio of less than 3% or (C) a leverage ratio of less than 3% and (iii) "critically undercapitalized" if it has a ratio of tangible equity to total assets equal to or less than 2%. An institution may be deemed by the regulators to be in a capitalization category that is lower than is indicated by its actual capital position if, among other things, it receives an unsatisfactory examination rating. At December 31, 1997, all of the Corporation's subsidiary depository institutions were "well capitalized."

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

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

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

CAPITAL REQUIREMENTS. The Corporation and certain of its subsidiaries are subject to regulatory capital guidelines issued by the federal banking agencies. Information with respect to the applicable capital requirements is included in "Note 11. Regulatory Capital Requirements" (pages 52 and 53) in the Financial Review section of the Corporation's Annual Report 1997, and is incorporated herein by reference thereto.

FDICIA required each federal banking agency to revise its risk-based capital standards to ensure that those standards take adequate account of interest rate risk, concentration of credit risk and the risk of nontraditional activities, as well as reflect the actual performance and expected risk of loss on multi-family mortgages. On December 15, 1994, the federal banking agencies adopted amendments to their respective risk-based capital requirements that explicitly identify concentrations of credit risk and certain risks arising from nontraditional activities, and the management of such risks, as important factors to consider in assessing an institution's overall capital adequacy. The amendments do not, however, mandate any specific adjustments to the risk-based capital calculations as a result of such factors.

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

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

FUTURE LEGISLATION -

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

FOREIGN OPERATIONS -

Information regarding the Corporation's foreign operations is included in Table III-C (3) on page 11 of the Corporation's Annual Report on this Form 10-K for the fiscal year ended December 31, 1997 and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Financial Review section of the Corporation's Annual Report 1997 (page 34), and is incorporated herein by reference thereto.

STATISTICAL DISCLOSURES -

Guide 3 of the "Guides for the Preparation and Filing of Reports and Registration Statements" under the Securities Act of 1933 sets forth certain statistical disclosures to be included in the "Description of Business" section of bank holding company filings with the Securities and Exchange Commission (the "SEC"). The statistical information required is presented in the tables shown below in the Corporation's Annual Report 1997, which tables are incorporated herein by reference thereto. The tables and information contained therein have been prepared by the Corporation and have not been audited or reported upon by the Corporation's independent accountants.

Information in response to the following applicable sections of Guide 3 is included in the Financial Review section of the Corporation's Annual Report 1997, and is incorporated herein by reference thereto:

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	A. Average amount and average rate paid on deposits	35
	D. Maturity distribution of domestic time certificates of deposits of $100,000 or more	35
	E. Time certificates of deposit in denominations of $100,000 or more issued by foreign offices	51
VI.	Return on Equity and Assets	20
VII.	Short-Term Borrowings	51 - 52

III. LOAN PORTFOLIO

Table III-C (3) presents a summary of the Corporation's foreign outstandings to each country which exceeded 1% of total assets for the years indicated. Foreign outstandings are defined as the balances outstanding of cross-border loans, acceptances, interest-bearing deposits with other banks, other interest-bearing investments and any other monetary assets. At December 31, 1997, the Corporation's total foreign outstandings amounted to $105 million. At December 31, 1996 and 1995, the Corporation had no foreign outstandings to any country which exceeded 1% of total assets.

FIRST HAWAIIAN, INC. AND SUBSIDIARIES
TABLE III-C (3)
FOREIGN OUTSTANDINGS TO EACH COUNTRY WHICH EXCEEDS 1% OF TOTAL ASSETS

	GOVERNMENTS AND OFFICIAL INSTITUTIONS	COMMERCIAL AND INDUSTRIAL	OTHER	TOTAL
		(in millions)		
AT DECEMBER 31, 1997				
JAPAN	$ -	$ 17	$ 75	$ 92

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

ITEM 2. PROPERTIES

The Bank indirectly (through two subsidiaries) owns all of a city block in downtown Honolulu containing 55,775 square feet. The administrative headquarters of the Corporation and the Bank and main branch of the Bank are located in a modern banking center on this city block. The headquarters building includes 418,000 square feet of gross office space. Information about the lease financing of the headquarters building is included in "Note 17. Lease Commitments" (page 57) in the Financial Review section of the Corporation's Annual Report 1997, which is incorporated herein by reference thereto.

Eighteen of the Bank's offices in Hawaii are located on land owned in fee simple by the Bank. Twenty-three of the thirty-eight branches operated by Pacific One are located on land owned in fee simple by Pacific One. The other branches of the Bank, Pacific One and Creditcorp are situated in leasehold premises or in buildings constructed by the respective companies on leased land (see "Note 17. Lease Commitments" (page 57) in the Financial Review section of the Corporation's Annual Report 1997, which is incorporated herein by reference thereto). In addition, the Bank owns an operations center which is located on 125,919 square feet of land owned in fee simple by the Bank in an industrial area near downtown Honolulu. The Bank occupies all of this four-story building.

The Bank owns a five-story, 75,000 square foot office building, including a branch, which is situated on property owned in fee simple in Maite, Guam.

ITEM 3. LEGAL PROCEEDINGS

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

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

No matters were submitted to a vote of security holders during the fourth quarter of the fiscal year ended December 31, 1997.

EXECUTIVE OFFICERS OF THE REGISTRANT

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

OFFICER	AGE	BUSINESS EXPERIENCE DURING LAST 5 YEARS
Walter A. Dods, Jr. Chairman, Chief Executive Officer and Director	56	Chairman of the Board and Chief Executive Officer of the Corporation since 1989; President of the Corporation from 1989 - 1991; Executive Vice President of the Corporation from 1982 - 1989; Director of the Corporation since 1983; Chairman of the Board and Chief Executive Officer of the Bank since 1989; President of the Bank from 1984 - 1989; Director of the Bank since 1979. Mr. Dods has been with the Bank since 1968.
John K. Tsui President and Director	59	President and Director of the Corporation since April and July 1995, respectively; Director, President and Chief Operating Officer of the Bank since July 1994; Chairman of FHL since 1995; Director and Chief Executive Officer of FHL since September 1994. Mr. Tsui was Executive Vice President of Bancorp Hawaii, Inc. from 1986 - June 1994 and was Vice Chairman of Bank of Hawaii from 1989 - June 1994. Mr. Tsui was with Bancorp Hawaii, Inc. from 1984 - June 1994.
Donald G. Horner Executive Vice President	47	Executive Vice President of the Corporation since 1989; Vice President of the Corporation from 1987 - 1989; Vice Chairman of the Bank since July 1994; Executive Vice President of the Bank from 1993 - 1994; Chairman of Creditcorp since 1993; Chairman and Chief Executive Officer of Creditcorp from 1992 - 1993; Director of Creditcorp since 1985; President of Creditcorp from 1985 - 1992; Director of FHL since 1983; President of FHL from 1985 - 1994. Mr. Horner has been with the Bank since 1978.
Howard H. Karr Executive Vice President and Treasurer	55	Executive Vice President and Treasurer of the Corporation since 1990; Vice President and Treasurer of the Corporation from 1978 - 1990; Vice Chairman of the Bank since 1997; Vice Chairman, Chief Financial Officer and Treasurer of the Bank from September 1993 - 1997; Vice Chairman and Chief Financial Officer of the Bank from 1992 - 1993; Executive Vice President and Chief Financial Officer of the Bank from 1989 - 1991; Senior Vice President and Controller of the Bank from 1979 - 1989. Mr. Karr has been with the Bank since 1973.

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

PART II

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

Required information is included in "Common Stock Information" (page 19) in the Financial Review section of the Corporation's Annual Report 1997, and is incorporated herein by reference thereto.

ITEM 6. SELECTED FINANCIAL DATA

Required information is included in "Summary of Selected Consolidated Financial Data" (page 20) in the Financial Review section of the Corporation's Annual Report 1997, and is incorporated herein by reference thereto.

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

Required information is included in "Management's Discussion and Analysis of Financial Condition and Results of Operations" (pages 21 through 38) in the Financial Review section of the Corporation's Annual Report 1997, and is incorporated herein by reference thereto.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Required information is included in "Management's Discussion and Analysis of Financial Condition and Results of Operations" (page 36) and "Notes to Financial Statements" (page 47) in the Financial Review section of the Corporation's Annual Report 1997, and is incorporated herein by reference thereto.

INTEREST RATE RISK MEASUREMENT AND MANAGEMENT

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

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

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

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

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

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

SIGNIFICANT ASSUMPTIONS UTILIZED AND INHERENT LIMITATIONS

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

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

FORWARD-LOOKING STATEMENTS

Certain matters contained in this Item 7A. are forward-looking statements that involve certain risks and uncertainties that could cause the Corporation's actual results to differ materially from those discussed in the forward-looking statements. Required information is included in "Management's Discussion and Analysis of Financial Condition and Results of Operations" (page 21) in the Financial Review section of the Corporation's Annual Report 1997 for a discussion of factors that may cause such differences to occur.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following information is included in the Financial Review section of the Corporation's Annual Report 1997, which is incorporated herein by reference thereto as follows:

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

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Required information relating to directors is included in "Election of Directors" and "Directors Continuing in Office and Executive Officers" (pages 3 through 8) of the Corporation's Proxy Statement, and is incorporated herein by reference thereto. Required information relating to executive officers is included in Part I on page 13 of the Corporation's Annual Report on Form 10-K for the year ended December 31, 1997 in the section entitled "Executive Officers of the Registrant."

ITEM 11. EXECUTIVE COMPENSATION

Required information is included in "Compensation of Directors" and "Executive Compensation" (pages 9 through 18) of the Corporation's Proxy Statement, and is incorporated herein by reference thereto.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Required information is included in "Outstanding Shares; Voting Rights," "Election of Directors" and "Directors Continuing in Office and Executive Officers" (pages 2 through 8) of the Corporation's Proxy Statement, and is incorporated herein by reference thereto.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Required information is included in "Certain Transactions" (pages 20 and 21) of the Corporation's Proxy Statement, and is incorporated herein by reference thereto.

PART IV

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

(a) 1. Financial Statements

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

2. Financial Statement Schedules

Schedules to the consolidated financial statements required by Article 9 of Regulation S-X are not required under the related instructions, or the information is included in the consolidated financial statements, or are inapplicable, and therefore have been omitted.

3. Exhibits

Exhibit 3 (i) Certificate of Incorporation - Incorporated by reference to Exhibit 3 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1996 as filed with the SEC.

(ii) Bylaws - Incorporated by reference to Exhibit 3 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1987 as filed with the SEC.

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

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

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

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

Exhibit 10 Material contracts

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

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

(iii) Stock Incentive Plan of First Hawaiian, Inc. dated November 22, 1991 is incorporated by reference to Exhibit 10 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1991 as filed with the SEC.

(iv) Long-Term Incentive Plan of First Hawaiian, Inc. effective January 1, 1992 is incorporated by reference to Exhibit 10 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1991 as filed with the SEC.

(v) First Hawaiian, Inc. Supplemental Executive Retirement Plan, as amended and restated as of January 1, 1996 is incorporated by reference to Exhibit 10 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1995 as filed with the SEC.

(vi) First Hawaiian, Inc. Deferred Compensation Plan, as amended and restated as of January 1, 1996 is incorporated by reference to Exhibit 10 to the Corporation's Annual Report on Form 10- K for the fiscal year ended December 31, 1995 as filed with the SEC.

(vii) First Hawaiian, Inc. Incentive Plan for Key Executives, as amended through December 13, 1989 is incorporated by reference to Exhibit 10 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1992 as filed with the SEC.

(viii) Directors' Retirement Plan, effective as of January 1, 1992 is incorporated by reference to Exhibit 10 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1992 as filed with the SEC.

Exhibit 12   Statement re: computation of ratios.

Exhibit 13   Annual report to security holders - Corporation's Annual Report 1997.

Exhibit 21   Subsidiaries of the registrant.

Exhibit 23   Consent of independent accountants.

Exhibit 27   Financial data schedule.

(b) Reports on Form 8-K - No reports on Form 8-K were filed during the last quarter of the fiscal year ended December 31, 1997.

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

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

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

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 INDEX

EXHIBIT NUMBER		DESCRIPTION
3	(i)	Certificate of Incorporation - Incorporated by reference to Exhibit 3 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1996 as filed with the SEC.
	(ii)	Bylaws - Incorporated by reference to Exhibit 3 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1987 as filed with the SEC.
4		Instruments defining rights of security holders, including indentures.
	(i)	Equity - Incorporated by reference to Exhibit 3(i) hereto.
	(ii)	Debt - Indenture, dated as of August 9, 1993 between First Hawaiian, Inc. and The First National Bank of Chicago, Trustee, is incorporated by reference to Exhibit 4(ii) to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1993 as filed with the SEC.
	(iii)	Debt - Indenture, dated as of June 30, 1997 between First Hawaiian, Inc. and The First National Bank of Chicago, Trustee, is incorporated by reference to the Corporation's Registration Statement on Form S-4 as filed with the SEC on October 17, 1997.
10		Material contracts
	(i)	Lease Agreement dated as of December 1, 1993 between REFIRST, Inc. and First Hawaiian Bank is incorporated by reference to Exhibit 10(iii) to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1993 as filed with the SEC.

(ii)	Ground Lease dated as of December 1, 1993 among First Hawaiian Center Limited Partnership, FH Center, Inc. and REFIRST, Inc. is incorporated by reference to Exhibit 10(v) to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1993 as filed with the SEC.
(iii)	Stock Incentive Plan of First Hawaiian, Inc. dated November 22, 1991 is incorporated by reference to Exhibit 10 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1991 as filed with the SEC.
(iv)	Long-Term Incentive Plan of First Hawaiian, Inc. effective January 1, 1992 is incorporated by reference to Exhibit 10 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1991 as filed with the SEC.
(v)	First Hawaiian, Inc. Supplemental Executive Retirement Plan, as amended and restated as of January 1, 1996 is incorporated by reference to Exhibit 10 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1995 as filed with the SEC.
(vi)	First Hawaiian, Inc. Deferred Compensation Plan, as amended and restated as of January 1, 1996 is incorporated by reference to Exhibit 10 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1995 as filed with the SEC.
(vii)	First Hawaiian, Inc. Incentive Plan for Key Executives, as amended through December 13, 1989 is incorporated by reference to Exhibit 10 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1992 as filed with the SEC.
(viii)	Directors' Retirement Plan, effective as of January 1, 1992 is incorporated by reference to Exhibit 10 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1992 as filed with the SEC.
12	Statement re: computation of ratios.
13	Annual report to security holders - Corporation's Annual Report 1997.
21	Subsidiaries of the registrant.
23	Consent of independent accountants.
27	Financial data schedule.

EXHIBIT 12. STATEMENT RE: COMPUTATION OF RATIOS

FIRST HAWAIIAN, INC. AND SUBSIDIARIES
COMPUTATION OF CONSOLIDATED RATIOS OF EARNINGS TO FIXED CHARGES

	YEAR ENDED DECEMBER 31,				
	1997	1996	1995	1994	1993
	(dollars in thousands)				
Income before income taxes and cumulative effect of a change in accounting principle	$123,564	$115,834	$122,138	$111,501	$119,105
Fixed charges:(1)					
Interest expense	258,011	252,795	265,297	179,688	163,541
Rental expense	10,774	4,932	4,600	5,355	4,013
	268,785	257,727	269,897	185,043	167,554
Less interest on deposits	197,619	182,402	176,048	120,289	129,719
Net fixed charges	71,166	75,325	93,849	64,754	37,835
Earnings, excluding interest on deposits	$194,730	$191,159	$215,987	$176,255	$156,940
Earnings, including interest on deposits	$392,349	$373,561	$392,035	$296,544	$286,659
Ratio of earnings to fixed charges:					
Excluding interest on deposits	2.74X	2.54x	2.30x	2.72x	4.15x
Including interest on deposits	1.46X	1.45x	1.45x	1.60x	1.71x

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

EXHIBIT 13

CORPORATION'S
ANNUAL REPORT 1997

EXHIBIT 13

CONSOLIDATED FINANCIAL HIGHLIGHTS — First Hawaiian, Inc. and Subsidiaries

(dollars in thousands, except per share data)	1997	1996	Change
YEAR ENDED DECEMBER 31			
EARNINGS AND DIVIDENDS			
Net income	$ 84,261	$ 80,296	4.9%
Cash dividends	39,295	37,579	4.6
PER SHARE			
Basic earnings	$ 2.66	$ 2.56	3.9%
Diluted earnings	2.64	2.55	3.5
Cash dividends	1.24	1.195	3.8
Book value	23.34	22.22	5.0
FINANCIAL RATIOS			
Return on average total assets	1.06%	1.04%	1.9%
Return on average stockholders' equity	11.61	11.88	(2.3)
FINANCIAL POSITION AT DECEMBER 31			
Total assets	$8,093,092	$8,002,174	1.1%
Loans	6,238,681	5,806,732	7.4
Deposits	6,089,200	5,936,708	2.6
Stockholders' equity	731,701	705,884	3.7
Risk-based capital ratios:			
Tier 1	9.51%	8.42%	12.9%
Total	12.61	11.85	6.4
Tier 1 leverage ratio	9.14	7.32	24.9

NET INCOME
($ in millions)

1993	81.9
1994	72.5
1995	77.0
1996	80.3
1997	84.3

	DILUTED EARNINGS AND CASH DIVIDENDS PER SHARE ($)	Cash Dividends Per Share
1993	2.52	1.135
1994	2.25	1.18
1995	2.43	1.18
1996	2.55	1.195
1997	2.64	1.24

RETURN ON AVERAGE
TOTAL ASSETS
(%)

1993	1.21
1994	1.01
1995	1.02
1996	1.04
1997	1.06

RETURN ON AVERAGE
STOCKHOLDERS' EQUITY
(%)

1993	14.01
1994	11.73
1995	12.03
1996	11.88
1997	11.61

FIRST HAWAIIAN, INC.

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

John K. Tsui
President

Donald G. Horner
Executive Vice President

Howard H. Karr
Executive Vice President & Treasurer

Gerald M. Pang
Senior Vice President & Chief Credit Officer

Herbert E. Wolff
Senior Vice President & Secretary

FIRST HAWAIIAN BANK

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

John K. Tsui
President & Chief Operating Officer

Donald G. Horner
Vice Chairman,
Retail Banking Group

Howard H. Karr
Vice Chairman,
Administration & Finance Group

Lily K. Yao
Vice Chairman,
Government & Community Relations

Robert A. Alm
Senior Vice President,
Financial Management Group

Gary L. Caulfield
Executive Vice President,
Information Management Group

Anthony R. Guerrero, Jr.
Executive Vice President,
Branch Banking Group

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

Gerald M. Pang
Executive Vice President &
Chief Credit Officer

Barbara S. Tomber
Executive Vice President,
Wholesale Loan Group

Albert M. Yamada
Executive Vice President
& Chief Financial Officer

Sharon S. Brown
Senior Vice President,
Sales & Service Division

Brandt G. Farias
Senior Vice President,
Marketing Communications Division

Mark H. Felmet
Senior Vice President,
Retail Loan Division

Melvin T. Freitas
Vice President,
Dealer Center Division

Gary Y. Fujitani
Senior Vice President,
Business Services Division

Dean K. Hirata
Senior Vice President & Controller,
Controller's Division

Charles L. Jenkins
Vice President,
Corporate & International Banking Division

William B. Johnstone, III
Executive Vice President & Treasurer,
Treasury & Investment Division

Edmund H. Kajiyama
Senior Vice President,
Branch Support Division

Gerald J. Keir
Senior Vice President,
Corporate Communications Division

John W. Landgraf
Executive Vice President,
Commercial Real Estate Division &
Japan Business Development

George H. Lumsden
Senior Vice President & General Auditor,
Audit Division

David W. Madison
Executive Vice President,
Branch Loan Administration Division

Miles S. Miyabara
Vice President,
Consumer Credit Division

Vernon T. Omori
Senior Vice President,
Residential Real Estate Division

Curt T. Otaguro
Senior Vice President,
Operations Research & Development Division

Edward Y. W. Pei
Senior Vice President,
Electronic Banking Division

Sheila M. Sumida
Senior Vice President,
Human Resources Division

James M. Wayman
Senior Vice President,
Bank Properties Division

Herbert E. Wolff
Senior Vice President & Secretary,
Corporate Secretary

FIRST HAWAIIAN CREDITCORP, INC.

Donald G. Horner
Chairman

Harriet M. Aoki
President & Chief Executive Officer

Winston K. H. Chow
Executive Vice President

Calvin H. Umamoto
Senior Vice President,
Operations Division

First Hawaiian Leasing, Inc./
FHL Lease Holding Company, Inc.

John K. Tsui
Chairman & Chief Executive Officer

Stephen J. Marcuccilli
President

PACIFIC ONE BANK

Walter A. Dods, Jr.
Chairman

Richard C. Williamson
President & Chief Executive Officer

Fred W. Bergemann
Senior Vice President & Chief Lending Officer

Wallace W. Child
Senior Vice President & Chief Operations Officer

James W. Forsloff
Senior Vice President,
Business Banking

Jane L. Holbrook
Senior Vice President,
Marketing & Technical Services

Richard N. Moffitt
Vice President,
Human Resources

Rolland D. Royce
Senior Vice President & Controller

Calvin Y. Tabata
Senior Vice President,
Retail Markets

John W. A. Buyers (FHI, FHB)
Chairman & Chief Executive Officer,
C. Brewer & Company, Limited

Dr. Albert C. K. Chun-Hoon (FHB)
Orthopedic Surgeon

John C. Couch (FHI, FHB)
Chairman, President & Chief Executive Officer,
Alexander & Baldwin, Inc.

Walter A. Dods, Jr. (FHI, FHB)
Chairman & Chief Executive Officer,
First Hawaiian, Inc. and First Hawaiian Bank;
Trustee, Estate of S. M. Damon

Dr. Julia Ann Frohlich (FHI, FHB)
President, Blood Bank of Hawaii

Paul Mullin Ganley (FHI, FHB)
Trustee, Estate of S. M. Damon;
Partner, Carlsmith Ball Wichman Case & Ichiki

David M. Haig (FHI, FHB)
Trustee, Estate of S. M. Damon

Warren H. Haruki (FHB)
President, GTE Hawaiian Tel

Howard K. Hiroki (FHB)
Partner (Retired), Coopers & Lybrand L. L. P.

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

David C. Hulihee (FHB)
President & Treasurer,
Royal Contracting Co., Ltd.

Glenn A. Kaya (FHB)
President, Hawaii Seiyu, Ltd.

Dr. Richard R. Kelley (FHB)
Chairman, Outrigger Enterprises

Bert T. Kobayashi, Jr. (FHI, FHB)
Principal, Kobayashi, Sugita & Goda

Dr. Richard T. Mamiya (FHI, FHB)
Heart Surgeon, Richard Mamiya, MD, Inc.

Dr. Fujio Matsuda (FHI, FHB)
Chairman, Pacific International Center for
High Technology Research

Dr. Roderick F. McPhee (FHI, FHB)
President (Retired), Punahou School

Wesley T. Park (FHB)
President & Chief Executive Officer,
Hawaii Dental Service

George P. Shea, Jr. (FHI, FHB)
Chairman, President &
Chief Executive Officer (Retired),
First Insurance Company of Hawaii, Ltd.

R. Dwayne Steele (FHB)
Chairman, Grace Pacific Corp.

John K. Tsui (FHI, FHB)
President, First Hawaiian, Inc.;
President & Chief Operating Officer,
First Hawaiian Bank

Jenai Sullivan Wall (FHB)
President, Foodland Super Market, Ltd.

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

James C. Wo (FHB)
Chairman & Chief Executive Officer,
Bojim Investments;
Vice President & Treasurer,
BJ Management Corp.

Robert C. Wo (FHI, FHB)
President & Secretary, BJ Management Corp.;

Chairman, C. S. Wo & Sons, Ltd.

FIRST HAWAIIAN CREDITCORP, INC.

Donald G. Horner
Chairman

Harriet M. Aoki
President & Chief Executive Officer

Philip H. Ching

Walter A. Dods, Jr.

Dr. Julia Ann Frohlich

Michael K. Fujimoto

Howard H. Karr

Glenn A. Kaya

Leighton S. L. Mau

John K. Tsui

Fred C. Weyand

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

John K. Tsui
Chairman & Chief Executive Officer

Stephen J. Marcuccilli
President

Walter A. Dods, Jr.

Donald G. Horner

Howard H. Karr

PACIFIC ONE BANK

Walter A. Dods, Jr.
Chairman

John K. Tsui
Vice Chairman & Chief Credit Officer

Richard C. Williamson
President & Chief Executive Officer

Charles E. Carlbom

Leonard Dietrich

Craig D. Eerkes

Stuart A. Hall

James L. Huffman

Howard H. Karr

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FIRST HAWAIIAN, INC.

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

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

FIRST HAWAIIAN BANK

First Hawaiian Bank (the "Bank") was founded in 1858 and is the oldest financial institution in Hawaii. The Bank is a full-service bank conducting general commercial and consumer banking business and offering trust services. The Bank's activities include receiving demand, savings and time deposits; making commercial, agricultural, real estate and consumer loans; selling traveler's checks, personal money orders, cash management services, insurance products, mutual funds and annuities; issuing letters of credit; handling domestic and foreign collections; renting safe deposit boxes; and providing data processing services to customers.

The Bank's main office is located in Honolulu, Hawaii, with 59 other banking offices located throughout the State of Hawaii. It also has two banking offices in Guam; a banking office in Saipan, Northern Mariana Islands; an offshore branch in Grand Cayman, British West Indies; a representative office in Tokyo, Japan; and a worldwide network of correspondent banks.

Deposits in the Bank are insured by the Federal Deposit Insurance Corporation (the "FDIC") to the extent, and subject to the limitations, set forth in the Federal Deposit Insurance Act, as amended (the "Act"). The Bank is a State of Hawaii chartered bank and is not a member of the Federal Reserve System.

The Bank also conducts business through the following wholly-owned subsidiaries:

- FH CENTER, INC.

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

- FHB PROPERTIES, INC. AND AMERICAN SECURITY PROPERTIES, INC.

  FHB Properties, Inc. and American Security Properties, Inc. hold title to certain property and premises upon which the Bank's business is conducted.

- PACIFIC ONE DEALER CENTER, INC.

  Pacific One Dealer Center, Inc. engages in the business of automobile financing and related business activities in California and Oregon.

- FIRST HAWAIIAN LEASING, INC.

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

- REAL ESTATE DELIVERY, INC.

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

- FIRST HAWAIIAN INSURANCE, INC.

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

PIONEER FEDERAL SAVINGS BANK

On April 18, 1997, Pioneer Federal Savings Bank ("Pioneer"), a former wholly-owned subsidiary of the Company, was merged with and into the Bank. As a result of the merger, five Pioneer branches became branches of the Bank and 14 branches were closed.

PACIFIC ONE BANK

Pacific One Bank ("Pacific One"), headquartered in Portland, Oregon, began operations on June 1, 1996 with 27 branches in Oregon and Idaho. On December 31, 1997, Pacific One Bank, National Association ("Pacific One, N.A."), another wholly-owned subsidiary bank of the Company, was merged with and into Pacific One. Pacific One, N.A. was a national bank headquartered in Kennewick, Washington, operating eight branches in that state. As a result of the merger, Pacific One now operates 28 branches in Oregon, eight branches in Washington and two branches in Idaho.

Pacific One is a full-service bank conducting general commercial and consumer banking business. Its activities include receiving demand, savings and time deposits; making commercial, agricultural, real estate and consumer loans; and selling international and cash management services and mutual funds and annuities.

Deposits in Pacific One are insured by the FDIC to the extent, and subject to the limitations, set forth in the Act. Pacific One is chartered as a bank in the State of Oregon with authority to operate interstate branches in Washington and Idaho and is not a member of the Federal Reserve System.

FIRST HAWAIIAN CREDITCORP, INC.

First Hawaiian Creditcorp, Inc. ("Creditcorp") is a financial services loan company operating in the States of Hawaii and Oregon and in Guam.

The lending activities of Creditcorp are concentrated in both consumer and commercial financing, primarily collateralized by real estate.

The primary source of funds for Creditcorp is from savings and time deposits received from the general public. These deposits are insured by the FDIC to the extent, and subject to the limitations, set forth in the Act.

Creditcorp has 12 branch offices located throughout the four major islands of the State of Hawaii, one branch in Guam and a loan subsidiary in Oregon.

The Company plans to merge Creditcorp with and into the Bank in mid-1998. In the process, the 12 branches in Hawaii and one branch in Guam are expected to be closed and the loan subsidiary is expected to be merged into Pacific One.

FHL LEASE HOLDING COMPANY, INC.

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

FHI INTERNATIONAL, INC.

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

FIRST HAWAIIAN CAPITAL I

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

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

COMMON STOCK INFORMATION

The common stock of the Company is traded on The Nasdaq Stock Market under the symbol FHWN. At December 31, 1997, there were 4,513 holders of record of the Company's common stock. A large number of shares are also held in the names of nominees and brokers for individuals and institutions.

At December 31, 1997, a total of 33,190,374 shares of common stock were issued, including 1,845,217 shares in the treasury stock account. The Board of Directors (the "Board") has authorized the repurchase of up to 3.1 million shares in total to be held by the Company or used for corporate purposes as designated by the Board. Through December 31, 1997, the Company had repurchased 1.6 million shares of common stock under such authorization.

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

	Basic Earnings	Diluted Earnings	Dividends Paid	Market Price High	Market Price Low	Market Price Close
1997						
FIRST QUARTER	$ .65	$ .64	$ .310	$ 36	$ 30 1/2	$ 31 1/8
SECOND QUARTER	.70	.70	.310	35 3/4	28 5/8	34 1/8
THIRD QUARTER	.67	.67	.310	40 3/4	33 5/8	39 3/4
FOURTH QUARTER	.64	.63	.310	43 7/8	36	39 3/4
ANNUAL	$ 2.66	$ 2.64	$ 1.240	43 7/8	28 5/8	39 3/4
1996						
First Quarter	$ .65	$ .65	$ .295	$ 30	$ 26	$ 27 5/8
Second Quarter	.67	.67	.295	29 3/4	26 1/2	28 1/2
Third Quarter	.60	.60	.295	31	25 3/4	31
Fourth Quarter	.64	.63	.310	36 3/4	29 1/4	35
Annual	$ 2.56	$ 2.55	$ 1.195	36 3/4	25 3/4	35
1995	$ 2.43	$ 2.43	$ 1.180	31 1/4	23	30
1994	$ 2.25	$ 2.25	$ 1.180	31 1/4	23	23 3/4
1993	$ 2.52	$ 2.52	$ 1.135	30 3/4	23 3/4	24 3/4

The Company expects to continue its policy of paying quarterly cash dividends. The declaration and payment of cash dividends are subject to the Company's future earnings, capital requirements, financial condition and certain limitations as described in Note 12 to the Financial Statements on page 53.

SUMMARY OF SELECTED CONSOLIDATED FINANCIAL DATA First Hawaiian, Inc. and Subsidiaries

	1997	1996	1995	1994	1993
INCOME STATEMENTS AND DIVIDENDS (in thousands)					
Total interest income	$592,483	$574,140	$559,957	$475,760	$428,931
Total interest expense	258,011	252,795	265,297	179,688	150,709
Net interest income	334,472	321,345	294,660	296,072	278,222
Provision for loan losses	17,211	23,627	38,107	22,922	13,262
Total noninterest income	98,513	87,455	82,106	75,512	69,845
Total noninterest expense	292,210	269,339	216,521	237,161	215,700
Income before income taxes and cumulative effect of a change in accounting principle	123,564	115,834	122,138	111,501	119,105
Income taxes	39,303	35,538	45,133	38,990	40,898
Income before cumulative effect of a change in accounting principle	84,261	80,296	77,005	72,511	78,207
Cumulative effect of a change in accounting principle	--	--	--	--	3,650
NET INCOME	$ 84,261	$ 80,296	$ 77,005	$ 72,511	$ 81,857
CASH DIVIDENDS	$ 39,295	$ 37,579	$ 37,368	$ 38,008	$ 36,821
COMMON STOCK DATA					
Per share:					
Income before cumulative effect of a change in accounting principle	$ 2.66	$ 2.56	$ 2.43	$ 2.25	$ 2.41
Basic earnings	2.66	2.56	2.43	2.25	2.52
Diluted earnings	2.64	2.55	2.43	2.25	2.52
Cash dividends	1.24	1.195	1.18	1.18	1.135
Book value (at December 31)	23.34	22.22	20.86	19.61	18.69
Market price (close at December 31)	39.75	35.00	30.00	23.75	24.75
Average shares outstanding (in thousands)	31,726	31,399	31,735	32,259	32,505
BALANCE SHEETS (in millions)					
Average balances:					
Total assets	$ 7,918	$ 7,755	$ 7,528	$ 7,200	$ 6,755
Total earning assets	7,128	7,071	6,876	6,558	6,106
Loans	5,980	5,510	5,461	5,172	4,619
Deposits	5,903	5,618	5,178	5,082	5,069
Stockholders' equity	726	676	640	618	584
At December 31:					
Total assets	$ 8,093	$ 8,002	$ 7,565	$ 7,535	$ 7,269
Loans	6,239	5,807	5,260	5,534	5,067
Deposits	6,089	5,937	5,358	5,152	5,220
Long-term debt and capital securities	319	206	239	219	222
Stockholders' equity	732	706	650	628	608
SELECTED RATIOS					
Return on average:					
Total assets	1.06%	1.04%	1.02%	1.01%	1.21%
Stockholders' equity	11.61	11.88	12.03	11.73	14.01
Dividend payout ratio	46.62	46.68	48.56	52.44	45.04
Average stockholders' equity to average total assets	9.17	8.72	8.50	8.58	8.65
Year ended December 31:					
Net interest margin	4.70	4.57	4.36	4.63	4.69
Net loans charged off to average loans	.33	.44	.38	.46	.27
At December 31:					
Risk-based capital ratios:					
Tier 1	9.51	8.42	9.03	9.31	9.80
Total	12.61	11.85	11.88	12.06	12.84
Tier 1 leverage ratio	9.14	7.32	7.72	7.51	7.45
Allowance for loan losses to total loans	1.32	1.47	1.50	1.11	1.23
Nonperforming assets to total loans and other real estate owned	1.38	1.68	1.75	1.14	1.44
Allowance for loan losses to nonperforming loans	1.49x	1.18x	.95x	1.04x	1.03x

Certain matters contained herein are forward-looking statements that involve certain risks and uncertainties that could cause the Company's actual results to differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, global, national and local economic and market conditions, the level and volatility of interest rates and currency values, credit risks inherent in the lending processes, loan and deposit demand in the geographic regions in which the Company conducts business, the impact of intense competition in the rapidly evolving banking and financial services business, the effect of current and pending government legislation and regulations, the extensive regulation of the Company's businesses at both the federal and state levels and other matters discussed below. See "Glossary of Financial Terms" on page 61 for definitions of certain terms used in this annual report.

OVERVIEW

Consolidated net income for 1997 was $84,261,000, an increase of 4.9%, or $3,965,000, over $80,296,000 in 1996. Basic earnings per share for 1997 was $2.66, an increase of 3.9% over 1996, and diluted earnings per share for 1997 was $2.64, an increase of 3.5% over 1996.

The increase in consolidated net income in 1997 was primarily attributable to: (1) a full year's operation of Pacific One and Pacific One, N.A., which reported a combined net income of $5,048,000 in 1997, an increase of $2,766,000, or 121.2%, over 1996; and (2) an after-tax charge of $2,309,000 in 1996, resulting from the Bank Insurance Fund ("BIF")/Savings Association Insurance Fund ("SAIF") legislation enacted by Congress on September 30, 1996. The legislation imposed a special one-time assessment on institutions holding SAIF-insured deposits in order to recapitalize the SAIF fund.

The prolonged economic downturn in Hawaii over the last seven years has slowed loan and deposit growth, and negatively impacted net interest income. Excluding the effects of Pacific One and Pacific One, N.A. in 1997, net interest income decreased by $5,708,000, or 1.9%, compared to 1996.

Despite the economic downturn in Hawaii and related weakness in the local real estate market, including declining values in the leasehold real estate sector, the level of nonperforming assets and charge-offs has improved in recent years. The improvement was primarily due to increased: (1) paydowns of nonperforming loans; (2) loan volume in the Pacific Northwest; and (3) credit extensions to companies located on the mainland United States. Nonperforming assets, principally loans collateralized by real estate and other real estate owned ("OREO"), totalled 1.38%, 1.68% and 1.75% of total loans and OREO as of December 31, 1997, 1996 and 1995, respectively. Net charge-offs to average loans were .33%, .44% and .38% for 1997, 1996 and 1995, respectively. As a result, the provision for loan losses was $17,211,000, $23,627,000 and $38,107,000 for 1997, 1996 and 1995, respectively.

Consolidated net income for 1996 increased by $3,291,000, or 4.3%, over 1995. Basic earnings per share for 1996 was $2.56 compared to $2.43 in 1995, and diluted earnings per share for 1996 was $2.55 compared to $2.43 in 1995. The increase in earnings was primarily due to the aforementioned effects of Pacific One and Pacific One, N.A. and an income tax benefit of $2,800,000 (resulting primarily from the recognition of previously unrecognized tax credits) which reduced the overall income tax expense in 1996. These increases were partially offset by the previously mentioned special SAIF one-time assessment in 1996.

At December 31, 1997, the Company's ratios of Tier 1 Capital to risk-weighted assets and Total Capital to risk-weighted assets were 9.51% and 12.61%, respectively, compared with 8.42% and 11.85%, respectively, at December 31, 1996. These ratios were in excess of the "well-capitalized" ratios of 6.00% and 10.00%, respectively, specified by the Federal Reserve Board.

PACIFIC NORTHWEST ACQUISITIONS

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

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

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

ASSETS
($ in billions)

1993	7.27
1994	7.54
1995	7.57
1996	8.00
1997	8.09

LOANS
($ in billions)

1993	5.07
1994	5.53
1995	5.26
1996	5.81
1997	6.24

NET INTEREST INCOME

As reflected in Table 1 on page 24, net interest income, on a taxable equivalent basis, increased $11,901,000, or 3.7%, from $323,255,000 in 1996 to $335,156,000 in 1997. This increase was primarily due to the Pacific Northwest Acquisitions and a 13 basis point (1% equals 100 basis points) increase in the net interest margin. Excluding the effects of the Pacific Northwest Acquisitions, net interest income decreased $5,708,000, or 1.9%, reflecting a decrease in average earning assets. Net interest income increased by $23,548,000, or 7.9%, from 1995 to 1996, primarily due to the Pacific Northwest Acquisitions and a 21 basis point increase in the net interest margin. Tables 1 and 2 on pages 23 to 25 present analyses of the components and changes in net interest income for 1997, 1996 and 1995.

The net interest margin was 4.70% for 1997, up 13 basis points over 1996. The increase was due to a 17 basis point increase in the yield on average earning assets, partially offset by a four basis point increase in the rate paid for sources of funds used for average earning assets. The increase in the yield on average earning assets was due to the proportionately greater amount of higher yielding average loans to average total earning assets in 1997 as compared to 1996. The increase in the rate paid for sources of funds reflected, among other things, the issuance by the Trust in 1997 of the Capital Securities with an aggregate liquidation amount of $100,000,000 and a decrease in average noninterest-bearing demand deposits of $47,966,000, or 5.3%.

Average earning assets increased by $57,025,000, or .8%, in 1997 over 1996, primarily due to the Pacific Northwest Acquisitions. Excluding the effects of the Pacific Northwest Acquisitions, average earning assets decreased $283,024,000, or 4.2%, compared to 1996. The decrease was primarily due to a decrease in the average investment securities portfolio of $307,281,000, or 25.4%, compared to 1996. The decrease in the average investment securities portfolio reflected the reduced levels of state and local government funds requiring collateralization, a change in the collateral requirements of state and local government funds and the partial liquidation of excess investment securities upon the merger of the Bank and Pioneer in 1997.

Average loans increased by $469,928,000, or 8.5%, in 1997 over 1996, primarily due to the Pacific Northwest Acquisitions. Excluding the effects of the Pacific Northwest Acquisitions, average loans in 1997 increased $143,153,000, or 2.7%, over 1996. The Company continues its efforts to diversify its loan portfolio, both geographically and by industry. These efforts have included the Pacific Northwest Acquisitions, automobile financing in California and Oregon and credit extensions to companies in the media and telecommunications industry located on the mainland United States. In addition, the mix of average earning assets continues to change, with average loans representing 83.9% of average earning assets for 1997 as compared to 77.9% for 1996.

Average interest-bearing deposits and liabilities increased by $135,468,000, or 2.3%, in 1997 over 1996, primarily due to the Pacific Northwest Acquisitions (including the issuance of $50 million of long-term subordinated debt during the second quarter of 1996 to fund the Pacific Northwest Acquisitions) and the issuance of the Capital Securities. Excluding the impact of the Pacific Northwest Acquisitions and the issuance of the Capital Securities, average interest-bearing deposits and liabilities decreased by $170,043,000, or 3.0%, in 1997 compared to 1996. This decrease reflected the repayment of short-term borrowings in 1997 using proceeds received from the liquidation of a portion of the investment securities portfolio as described above. In addition, depositors were seeking higher yields and were placing more money into time deposits as opposed to savings accounts. As a result, the higher-yielding time deposits represented 41.6% of average interest-bearing deposits and liabilities in 1997, as compared to 39.8% in 1996. As reflected in Table 2 on page 25, the increase in total interest expense for interest-bearing deposits and liabilities of $5,216,000 from 1996 to 1997 included an increase in interest expense of time deposits of $10,221,000 primarily due to an increase in average time deposits.

The net interest margin in 1996 increased 21 basis points over 1995. The increase was due to a 28 basis point decrease in the rate paid for sources of funds used for average earning assets, which exceeded a seven basis point decrease in the yield on average earning assets. The decrease in the rate paid for sources of funds was primarily due to an increase in average noninterest-

NET INTEREST INCOME*
($ in millions)

1993	286.4
1994	303.4
1995	299.7
1996	323.3
1997	335.2

- ----------
*taxable equivalent basis

AVERAGE EARNING ASSETS
($ in billions)

1993	6.11
1994	6.56
1995	6.88
1996	7.07
1997	7.13

bearing demand deposits of $73,550,000, or 8.8%, and the positive impact of interest rate swaps designed to stabilize the net interest margin.

Average earning assets increased by $194,908,000, or 2.8%, in 1996 over 1995, primarily due to the Pacific Northwest Acquisitions.

Average interest-bearing deposits and liabilities increased by $124,535,000, or 2.1%, in 1996 over 1995, principally as a result of the Pacific Northwest Acquisitions. In addition, the Company issued $50 million of long-term subordinated debt during the second quarter of 1996 to fund the Pacific Northwest Acquisitions. Excluding the Pacific Northwest Acquisitions, average interest-bearing deposits and liabilities decreased $281,202,000, or 4.8%, in 1996 compared to 1995. The decrease reflected the repayment of short-term borrowings from proceeds received from the partial run-off of the investment securities portfolio as securities matured.

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

The following table sets forth the condensed consolidated average balance sheets, an analysis of interest income/expense and average yield/rate for each major category of earning assets and interest-bearing deposits and liabilities for the years indicated on a taxable equivalent basis. The tax equivalent adjustment is made for items exempt from Federal income taxes (assuming a 35% tax rate for 1997, 1996 and 1995) to make them comparable with taxable items before any income taxes are applied.

	1997			1996			1995		
(dollars in thousands)	Average Balance	Interest Income/ Expense	Yield/ Rate	Average Balance	Interest Income/ Expense	Yield/ Rate	Average Balance	Interest Income/ Expense	Yield/ Rate
ASSETS									
Earning assets:									
Interest-bearing deposits in other banks:									
Domestic	$ 47,006	$ 2,906	6.18%	$ 13,666	$ 790	5.78%	$ 11,849	$ 771	6.51%
Foreign	40,315	2,282	5.66	182,680	10,392	5.69	50,613	2,956	5.84
Total interest-bearing deposits in other banks	87,321	5,188	5.94	196,346	11,182	5.69	62,462	3,727	5.97
Federal funds sold and securities purchased under agreements to resell	156,902	8,676	5.53	153,499	8,442	5.50	207,237	12,003	5.79
Available-for-sale investment securities (1):									
Taxable	894,684	59,188	6.62	1,169,110	72,813	6.23	1,029,183	57,890	5.62
Exempt from Federal taxes	8,691	972	11.18	41,546	4,063	9.78	116,291	9,316	8.01
Total available-for-sale investment securities	903,375	60,160	6.66	1,210,656	76,876	6.35	1,145,474	67,206	5.87
Loans (2) (3):									
Domestic	5,673,588	491,296	8.66	5,272,503	456,741	8.66	5,239,888	461,067	8.80
Foreign	306,601	27,847	9.08	237,758	22,809	9.59	220,793	21,001	9.51
Total loans	5,980,189	519,143	8.68	5,510,261	479,550	8.70	5,460,681	482,068	8.83
TOTAL EARNING ASSETS ..	7,127,787	593,167	8.32	7,070,762	576,050	8.15	6,875,854	565,004	8.22
Cash and due from banks	272,343			250,456			242,412		
Premises and equipment	247,583			243,389			243,579		
Core deposit premium	27,151			27,272			13,672		
Goodwill	98,398			84,965			76,893		
Other assets	145,131			78,540			76,086		
Total assets	$7,918,393			$7,755,384			$7,528,496		

Notes:

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

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

(3) Interest income for loans included loan fees of $24,749, $24,189 and $23,951 for 1997, 1996 and 1995, respectively.

(dollars in thousands)	1997 Average Balance	1997 Interest Income/ Expense	1997 Yield/ Rate	1996 Average Balance	1996 Interest Income/ Expense	1996 Yield/ Rate	1995 Average Balance	1995 Interest Income/ Expense	1995 Yield/ Rate
LIABILITIES AND STOCKHOLDERS' EQUITY									
Interest-bearing deposits and liabilities:									
Deposits:									
Interest-bearing demand	$1,638,309	$ 41,885	2.56%	$1,387,849	$ 36,104	2.60%	$1,114,737	$ 30,034	2.69%
Savings	793,696	19,457	2.45	921,310	20,679	2.24	1,177,277	34,272	2.91
Time	2,399,447	126,928	5.29	2,197,868	116,707	5.31	1,707,967	92,942	5.44
Foreign (interest-bearing)	214,483	9,349	4.36	205,547	8,912	4.34	346,886	18,800	5.42
Total interest-bearing deposits ..	5,045,935	197,619	3.92	4,712,574	182,402	3.87	4,346,867	176,048	4.05
Short-term borrowings ...	793,642	41,527	5.23	1,011,958	53,977	5.33	1,271,981	74,369	5.85
Long-term debt and capital securities	269,668	18,865	7.00	249,245	16,416	6.59	230,394	14,880	6.46
TOTAL INTEREST-BEARING DEPOSITS AND LIABILITIES	6,109,245	258,011	4.22	5,973,777	252,795	4.23	5,849,242	265,297	4.54
Noninterest-bearing demand deposits	857,069			905,035			831,485		
Other liabilities	226,341			200,636			207,619		
Total liabilities ...	7,192,655			7,079,448			6,888,346		
Stockholders' equity	725,738			675,936			640,150		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$7,918,393			$7,755,384			$7,528,496		
NET INTEREST INCOME AND MARGIN ON TOTAL EARNING ASSETS		335,156	4.70%		323,255	4.57%		299,707	4.36%
Tax equivalent adjustment		684			1,910			5,047	
NET INTEREST INCOME .		$ 334,472			$ 321,345			$294,660	

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

The following table analyzes the dollar amount of change (on a taxable equivalent basis) in interest income and expense and the changes in dollar amounts attributable to (a) changes in volume (change in volume times prior year's rates), (b) changes in rates (change in rate times prior year's volume), and (c) changes in rate/volume (change in rate times change in volume). In this table, the dollar change in rate/volume is prorated to volume and rate proportionately. The tax equivalent adjustment is made for items exempt from Federal income taxes (assuming a 35% tax rate for 1997, 1996 and 1995) to make them comparable with taxable items before any income taxes are applied.

	1997 Compared to 1996 -- Increase (Decrease) Due to:			1996 Compared to 1995 -- Increase (Decrease) Due to:		
(in thousands)	Volume	Rate	Net Increase (Decrease)	Volume	Rate	Net Increase (Decrease)
Interest earned on:						
Interest-bearing deposits in other banks:						
Domestic	$ 2,057	$ 59	$ 2,116	$ 111	$ (92)	$ 19
Foreign	(8,060)	(50)	(8,110)	7,515	(79)	7,436
Total interest-bearing deposits in other banks	(6,003)	9	(5,994)	7,626	(171)	7,455
Federal funds sold and securities purchased under agreements to resell	188	46	234	(2,981)	(580)	(3,561)
Available-for-sale investment securities:						
Taxable	(17,932)	4,307	(13,625)	8,342	6,581	14,923
Exempt from Federal income taxes	(3,601)	510	(3,091)	(6,973)	1,720	(5,253)
Total available-for-sale investment securities	(21,533)	4,817	(16,716)	1,369	8,301	9,670
Loans (1):						
Domestic	34,732	(177)	34,555	2,858	(7,184)	(4,326)
Foreign	6,307	(1,269)	5,038	1,626	182	1,808
Total loans	41,039	(1,446)	39,593	4,484	(7,002)	(2,518)
Total earning assets	13,691	3,426	17,117	10,498	548	11,046
Interest paid on:						
Deposits:						
Interest-bearing demand	6,413	(632)	5,781	7,136	(1,066)	6,070
Savings	(3,023)	1,801	(1,222)	(6,621)	(6,972)	(13,593)
Time	10,665	(444)	10,221	26,064	(2,299)	23,765
Foreign (interest-bearing)	389	48	437	(6,632)	(3,256)	(9,888)
Total interest-bearing deposits ...	14,444	773	15,217	19,947	(13,593)	6,354
Short-term borrowings	(11,441)	(1,009)	(12,450)	(14,269)	(6,123)	(20,392)
Long-term debt and capital securities ...	1,393	1,056	2,449	1,236	300	1,536
Total interest-bearing deposits and liabilities	4,396	820	5,216	6,914	(19,416)	(12,502)
Increase in net interest income (taxable equivalent basis)	$ 9,295	$ 2,606	$ 11,901	$ 3,584	$ 19,964	$ 23,548

Note:

(1) Interest income for loans included loan fees of $24,749, $24,189 and $23,951 for 1997, 1996 and 1995, respectively.

NONINTEREST INCOME

Total noninterest income increased $11,058,000, or 12.6%, from $87,455,000 in 1996 to $98,513,000 in 1997. Excluding the Pacific Northwest Acquisitions, total noninterest income increased $6,688,000, or 8.0%. Total noninterest income for 1996 was $87,455,000, an increase of $5,349,000, or 6.5%, over 1995. Excluding the Pacific Northwest Acquisitions, total noninterest income increased $1,945,000, or 2.4%.

Trust and investment services income increased $1,258,000, or 5.3%, from 1996 to 1997 and $823,000, or 3.6%, from 1995 to 1996. These increases were primarily the result of increases in fees from irrevocable trusts and investment management fees resulting from new business.

Service charges on deposit accounts increased $2,492,000, or 9.5%, from 1996 to 1997 and $2,134,000, or 8.8%, from 1995 to 1996. Excluding the Pacific Northwest Acquisitions, service charges on deposit accounts increased $691,000, or 2.8%, from 1996 to 1997 and $492,000, or 2.0%, from 1995 to 1996. These increases were attributable to an increase in fees on checks returned and paid.

Other service charges and fees increased by $6,533,000, or 26.2%, from 1996 to 1997 and $2,197,000, or 9.6%, from 1995 to 1996. Excluding the Pacific Northwest Acquisitions, other service charges and fees increased by $4,401,000, or 18.7%, from 1996 to 1997 and $715,000, or 3.1%, from 1995 to 1996. The increase from 1996 to 1997 was primarily a result of higher merchant discount fees, commissions from annuity and mutual fund sales and mortgage servicing rights for mortgage loans that were originated and sold with servicing retained. Increases in fee income from higher merchant discount fees, commissions from annuity and mutual fund sales and mortgage brokerage fees were the principal reasons for the increase from 1995 to 1996.

Other noninterest income increased $623,000, or 5.1%, from 1996 to 1997 and $221,000, or 1.8%, from 1995 to 1996. The increase from 1996 to 1997 was primarily due to: (1) the Pacific Northwest Acquisitions; (2) a gain on the sale of a leasehold interest in a former Pioneer branch of $2,500,000; (3) higher foreclosed property income; and (4) income earned on bank-owned life insurance on certain officers. The increase was partially offset by a gain on sale of other real estate owned of $3,029,000 in the second quarter of 1996. The modest increase from 1995 to 1996 was primarily attributable to a commission paid to the Company for renewal of an agreement to sell disability insurance to loan customers.

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

				1997/96 Change		1996/95 Change	
(in thousands)	1997	1996	1995	Amount	%	Amount	%
Trust and investment services income	$25,115	$23,857	$23,034	$ 1,258	5.3%	$ 823	3.6%
Service charges on deposit accounts	28,776	26,284	24,150	2,492	9.5	2,134	8.8
Other service charges and fees	31,509	24,976	22,779	6,533	26.2	2,197	9.6
Securities gains, net	270	118	144	152	128.8	(26)	(18.1)
Other	12,843	12,220	11,999	623	5.1	221	1.8
Total noninterest income	$98,513	$87,455	$82,106	$11,058	12.6%	$ 5,349	6.5%

PROVISION AND ALLOWANCE FOR LOAN LOSSES

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

Each quarter, specific allocations of the Allowance are assigned to individual loan relationships when periodic status reports indicate that a future loss is probable. In accordance with Statement of Financial Accounting Standards ("SFAS") No. 114, "Accounting by Creditors for Impairment of a Loan," as amended by SFAS No. 118, "Accounting by Creditors for Impairment of a Loan-Income Recognition and Disclosures," the measurement process compares the loan balance to: (1) the present value of expected future cash flows discounted at the loan's effective interest rate; (2) the loan's observable market price; and/or (3) the fair value of the collateral as established by appraisal. The total amount allocated also includes an allocation for loans,

which are not reviewed on a loan-by-loan basis, based on a three-year moving average historical ratio of net charge-offs to average loans outstanding by loan category.

As the table on page 28 illustrates, the provision for loan losses for 1997 was $17,211,000, a decrease of $6,416,000, or 27.2%, compared to 1996. In 1996, the Company decreased its provision for loan losses by $14,480,000, or 38.0%, compared to the prior year. These decreases were consistent with the decrease in the level of nonperforming loans from 1996 to 1997 and from 1995 to 1996 as discussed in the section titled "Nonperforming Assets and Past Due Loans" on pages 33 and 34, but remained relatively high in comparison to the Company's historical trend prior to 1994 due to, among other factors, the continuing impact of the adverse economic conditions and trends in Hawaii and the weaknesses in the local real estate market.

Net charge-offs decreased $4,355,000, or 18.0%, from 1996 to 1997 and increased $3,594,000, or 17.4%, from 1995 to 1996. Net charge-offs in 1997, 1996 and 1995 represented .33%, .44% and .38%, respectively, of average outstanding loans. The decrease in commercial, financial and agricultural loan charge-offs in 1997 was primarily due to the charge-off of three loans partially collateralized by real estate, totalling $4,318,000 in the fourth quarter of 1996. The increase in consumer loan charge-offs in 1997 was primarily attributable to the record number of personal bankruptcies in the State of Hawaii, which resulted in a 20% increase in write-offs of credit card loans. However, charge-offs in this profitable line of business remain well below national average rates.

Net charge-offs in 1996 totalled $24,218,000 compared to $20,624,000 in 1995. The increase in commercial, financial and agricultural loan charge-offs was primarily due to the charge-off of three loans, partially collateralized by real estate, totalling $4,318,000 in the fourth quarter of 1996.

At December 31, 1997, the Allowance totalled $82,596,000 and represented 1.32% of total outstanding loans compared to $85,248,000 and 1.47%, respectively, as of December 31, 1996.

The Allowance increased to 1.49 times nonperforming loans at December 31, 1997 (excluding 90 days or more past due accruing loans) from 1.18 times at December 31, 1996, reflecting the decrease in nonperforming loans and a lower net charge-off rate during 1997. In management's judgment, the Allowance is adequate to absorb potential losses currently inherent in the loan portfolio at December 31, 1997. However, it should be noted that changes in prevailing economic conditions in the Company's markets could result in changes in the level of nonperforming assets and charge-offs in the future and, accordingly, changes in the Allowance.

ALLOWANCE AS A %
OF LOANS OUTSTANDING

1993	1.23
1994	1.11
1995	1.50
1996	1.47
1997	1.32

YEAR-END ALLOWANCE
FOR LOANS LOSSES
($ in millions)

1993	62.3
1994	61.3
1995	78.7
1996	85.2
1997	82.6

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

(dollars in thousands)	1997	1996	1995	1994	1993
LOANS OUTSTANDING (END OF YEAR)	$6,238,681	$5,806,732	$5,259,545	$5,533,565	$5,066,809
AVERAGE LOANS OUTSTANDING	$5,980,189	$5,510,261	$5,460,681	$5,172,140	$4,619,401
Allowance for loan losses:					
Balance at beginning of year	$ 85,248	$ 78,733	$ 61,250	$ 62,253	$ 56,385
Allowances of subsidiaries purchased(1)	--	7,106	--	--	5,225
Loans charged off:					
Commercial, financial and agricultural	5,986	10,003	7,197	11,307	3,004
Real estate:					
Commercial	1,120	1,619	2,763	1,500	125
Construction	180	1,450	1,466	7,178	4,506
Residential	3,731	2,937	2,707	588	562
Consumer	13,825	10,884	8,019	6,542	6,839
Lease financing	91	33	276	--	27
Foreign	197	415	417	--	--
Total loans charged off	25,130	27,341	22,845	27,115	15,063
Recoveries on loans previously charged off:					
Commercial, financial and agricultural	1,614	929	327	1,229	235
Real estate:					
Commercial	297	86	239	9	321
Construction	--	117	--	205	--
Residential	985	234	43	92	207
Consumer	2,287	1,690	1,596	1,639	1,667
Lease financing	20	3	16	16	14
Foreign	64	64	--	--	--
Total recoveries on loans previously charged off	5,267	3,123	2,221	3,190	2,444
Net charge-offs	(19,863)	(24,218)	(20,624)	(23,925)	(12,619)
Provision charged to expense	17,211	23,627	38,107	22,922	13,262
BALANCE AT END OF YEAR	$ 82,596	$ 85,248	$ 78,733	$ 61,250	$ 62,253
Net loans charged off to average loans	.33%	.44%	.38%	.46%	.27%
Net loans charged off to allowance for loan losses	24.05%	28.41%	26.19%	39.06%	20.27%
Allowance for loan losses to total loans (end of year)	1.32%	1.47%	1.50%	1.11%	1.23%
Allowance for loan losses to nonperforming loans (end of year):					
Excluding 90 days or more past due accruing loans	1.49x	1.18x	.95x	1.04x	1.03x
Including 90 days or more past due accruing loans	.92x	.83x	.70x	.66x	.62x

Note:

(1) Allowances of $7,106 and $5,225 in 1996 and 1993, respectively, were related to the Pacific Northwest Acquisitions and the acquisition of Pioneer, respectively.

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

	1997		1996		1995		1994		1993	
(dollars in thousands)	Allowance Amount	Percent of Loans in Each Category to Total Loans	Allowance Amount	Percent of Loans in Each Category to Total Loans	Allowance Amount	Percent of Loans in Each Category to Total Loans	Allowance Amount	Percent of Loans in Each Category to Total Loans	Allowance Amount	Percent of Loans in Each Category to Total Loans
Domestic:										
Commercial, financial and agricultural ..	$12,390	25%	$13,730	24%	$15,325	25%	$16,610	23%	$13,000	24%
Real estate:										
Commercial	3,845	19	6,620	20	2,320	19	4,700	18	3,400	17
Construction	180	3	120	4	4,035	5	7,010	6	11,850	7
Residential	8,350	31	6,130	33	4,260	34	9,510	37	4,700	35
Consumer	15,285	11	11,040	10	9,550	9	8,040	8	7,500	9
Lease financing	360	5	760	4	645	4	600	4	1,350	4
Foreign	1,405	6	1,540	5	1,430	4	1,085	4	1,600	4
General allowance	40,781	N/A	45,308	N/A	41,168	N/A	13,695	N/A	18,853	N/A
TOTAL	$82,596	100%	$85,248	100%	$78,733	100%	$61,250	100%	$62,253	100%

NONINTEREST EXPENSE

Total noninterest expense for 1997 totalled $292,210,000, an increase of $22,871,000, or 8.5%, over 1996. Excluding the Pacific Northwest Acquisitions, total noninterest expense increased $5,426,000, or 2.1%.

Total personnel expense for 1997 increased $8,714,000, or 6.3%, over 1996. The increase was primarily due to the Pacific Northwest Acquisitions. Excluding the Pacific Northwest Acquisitions, total personnel expense remained relatively constant compared to 1996.

Occupancy expense increased $11,670,000, or 43.2%, over 1996 primarily due to costs associated with the Company's new administrative headquarters building (see additional information in Note 17 to the Financial Statements on page 57) and the Pacific Northwest Acquisitions.

Equipment expense increased $2,466,000, or 10.9%, over 1996. Excluding the Pacific Northwest Acquisitions, equipment expense increased $1,639,000, or 7.5%, over 1996. The increase was due to higher service contracts expense, depreciation expense on furniture and equipment and data processing equipment rental expense.

Deposit insurance expense decreased $4,470,000, or 84.7%, compared to 1996. The decrease was primarily due to the special SAIF one-time assessment of $3,849,000 in 1996.

Outside services expense increased $1,684,000, or 31.0%, over 1996. The increase was primarily due to expenses incurred to prepare the Company's computer systems and applications for the year 2000. For information regarding anticipated conversion expenses in future periods, see "Year 2000 Issues" on pages 37 and 38.

Other expense increased $1,601,000, or 3.3%, over 1996 as a result of, among other things, the Pacific Northwest Acquisitions, a loss on sale of a certain loan of $1,427,000 in the second quarter of 1997 and higher depreciation - software expense. The increase was partially offset by: (1) a loss of $1,945,000 (which actually resulted in an after-tax gain of $399,000 due to a net tax benefit of $2,344,000 recognized through the reversal of the related tax liability) recognized on the sale of a certain leveraged lease in the first quarter of 1996; and (2) an increase in the cash surrender value of certain executive life insurance policies (recorded as a credit to insurance expense) in 1997.

Total noninterest expense increased $52,818,000, or 24.4%, from 1995 to 1996. Excluding the Pacific Northwest Acquisitions and a nonrecurring gain of $20,766,000 recognized in 1995 in connection with the curtailment of the Company's noncontributory pension plan, total noninterest expense increased $15,108,000, or 6.4%, over 1995. This increase was primarily due to: (1) an increase in employee benefit costs associated with the curtailment of the noncontributory pension plan in the fourth quarter of 1995, which was replaced with a defined contribution money purchase plan and enhanced matching to an existing 401(k) plan, effective January 1, 1996; (2) higher salaries and wages reflecting normal merit increases; and (3) the decrease in the FDIC assessment rate from 23 cents to 4 cents per $100 of deposits effective June 1, 1995 and from 4 cents to zero effective January 1, 1996.

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

				1997/96 Change		1996/95 Change	
(in thousands)	1997	1996	1995	Amount	%	Amount	%
Personnel:							
Salaries and wages	$113,179	$104,572	$ 94,119	$ 8,607	8.2%	$ 10,453	11.1%
Employee benefits	34,251	34,144	7,209	107	.3	26,935	373.6
Total personnel expense .	147,430	138,716	101,328	8,714	6.3	37,388	36.9
Occupancy expense	38,715	27,045	25,706	11,670	43.2	1,339	5.2
Equipment expense	25,146	22,680	23,907	2,466	10.9	(1,227)	(5.1)
Stationery and supplies .	12,216	11,193	11,443	1,023	9.1	(250)	(2.2)
Advertising and promotion	11,174	10,991	8,532	183	1.7	2,459	28.8
Outside services	7,110	5,426	4,175	1,684	31.0	1,251	30.0
Deposit insurance	810	5,280	6,190	(4,470)	(84.7)	(910)	(14.7)
Other	49,609	48,008	35,240	1,601	3.3	12,768	36.2
TOTAL NONINTEREST EXPENSE	$292,210	$269,339	$216,521	$ 22,871	8.5%	$ 52,818	24.4%

INCOME TAXES

The provision for income taxes as shown in the Consolidated Statements of Income on page 41 represents 31.8% of pre-tax income for 1997, compared with 30.7% and 37.0% for 1996 and 1995, respectively.

On a taxable equivalent basis, the effective tax rate for 1997, 1996 and 1995 was 32.4%, 32.3% and 41.1%, respectively. Additional information on the Company's income taxes is provided in Note 15 to the Financial Statements on pages 55 and 56.

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.

LOANS

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

(in millions)	1997	1996	1995	1994	1993
Domestic:					
Commercial, financial and agricultural	$1,583	$1,382	$1,316	$1,264	$1,166
Real estate:					
Commercial	1,194	1,172	997	965	883
Construction	166	213	257	321	317
Residential	1,945	1,936	1,766	2,049	1,829
Consumer	504	410	307	309	312
Credit cards	175	173	167	159	148
Lease financing	333	241	242	231	201
Foreign:					
Governments and official institutions	--	--	--	1	2
Commercial and industrial	68	55	19	50	79
Other	271	225	189	185	130
TOTAL LOANS	$6,239	$5,807	$5,260	$5,534	$5,067

The loan portfolio is the largest component of total earning assets and accounts for the greatest portion of total interest income. At December 31, 1997, total loans were $6,238,681,000, an increase of 7.4% over December 31, 1996. The increase was primarily due to increases in the commercial, financial and agricultural loan, consumer loan and lease financing categories by the Company's non-Hawaii operations.

Total loans at December 31, 1997, represented 77.1% of total assets, 86.6% of total earning assets and 102.5% of total deposits compared to 72.6% of total assets, 82.0% of total earning assets and 97.8% of total deposits at December 31, 1996. The increases reflect the overall change in the mix of earning assets from investment securities to higher yielding loans. Governmental and certain other time deposits were shifted into security repurchase agreements in 1997 and 1996. If these repurchase agreements had been included in the deposit base, total loans as a percentage of total deposits would represent 94.8% and 88.0% at December 31, 1997 and 1996, respectively.

Commercial, financial and agricultural loans as of December 31, 1997, increased $200,874,000, or 14.5%, to $1,582,698,000 from December 31, 1996. Although the Company continues its efforts to diversify the loan portfolio, both geographically and by industry, overall loan volume in the State of Hawaii continues to decline as a result of the sluggish economy. Credit extensions in the Pacific Northwest and the media and telecommunications industry located on the mainland United States account for the majority of the increase in loan balance and geographic and industry diversification.

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

The Company's real estate loans totalled $3,304,631,000, or 53.0%, of total loans at December 31, 1997, which represented a decrease of .5% compared to December 31, 1996.

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

Consumer loans as of December 31, 1997, increased $94,201,000, or 23.0%, to $504,190,000 from December 31, 1996. The increase was primarily due to an increase in direct and indirect automobile financing in California and Oregon. Consumer loans consist primarily of open and closed ended direct and indirect credit facilities for personal, automobile and household purchases. The Company's primary goal in consumer lending is to maintain reasonable levels of risk by following prudent underwriting guidelines which include, among other factors, an evaluation of: (1) personal credit history; (2) personal cash flow; and (3) collateral values based on existing market conditions.

Lease financing as of December 31, 1997, increased $92,372,000, or 38.3%, to $333,270,000 from December 31, 1996. The increase was primarily due to an increase in leveraged and direct financing leases on equipment located on the mainland United States.

Loan concentrations are considered to exist when there are amounts loaned to multiple borrowers engaged in similar activities which would cause them to be similarly impacted by economic or other conditions. At December 31, 1997, the Company did not have a concentration of loans greater than 10% of total loans which were not otherwise disclosed as a category of loans as shown in the table on page 31.

LOAN MATURITIES

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

At December 31, 1997, loans with maturities over one year were comprised of fixed rate loans totalling $1,618,430,000 and floating or adjustable rate loans totalling $3,205,872,000.

The following table sets forth the contractual maturities of the Company's loan portfolio by loan categories at December 31, 1997. Demand loans are included as due within one year.

(in millions)	Within One Year	After One but Within Five Years	After Five Years	Total
COMMERCIAL, FINANCIAL AND AGRICULTURAL	$ 688	$ 574	$ 321	$1,583
REAL ESTATE:				
COMMERCIAL	233	420	541	1,194
CONSTRUCTION	131	28	7	166
RESIDENTIAL	108	389	1,448	1,945
CONSUMER	73	329	102	504
CREDIT CARDS	104	71	--	175
LEASE FINANCING	6	64	263	333
FOREIGN	72	144	123	339
TOTAL	$1,415	$2,019	$2,805	$6,239

NONPERFORMING ASSETS AND PAST DUE LOANS

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

(dollars in thousands)	1997	1996	1995	1994	1993
Nonperforming loans:					
Nonaccrual:					
Commercial, financial and agricultural	$ 9,038	$21,398	$16,229	$ 7,972	$13,823
Real estate:					
Commercial	4,590	6,156	40,664	35,290	12,145
Construction	--	1,700	9,697	7,038	28,571
Residential:					
Insured, guaranteed, or conventional	6,353	13,815	12,628	4,792	5,518
Home equity credit lines	50	451	496	520	255
Total real estate loans	10,993	22,122	63,485	47,640	46,489
Lease financing	10	27	19	212	--
Total nonaccrual loans	20,041	43,547	79,733	55,824	60,312
Restructured:					
Commercial, financial and agricultural	1,532	3,429	682	--	20
Real estate:					
Commercial	30,843	24,604	2,500	3,128	--
Residential:					
Insured, guaranteed, or conventional	2,626	267	--	--	--
Home equity credit lines	559	561	--	--	--
Total restructured loans	35,560	28,861	3,182	3,128	20
Total nonperforming loans	55,601	72,408	82,915	58,952	60,332
Other real estate owned	30,760	25,574	9,312	4,160	13,034
TOTAL NONPERFORMING ASSETS	$86,361	$97,982	$92,227	$63,112	$73,366
Past due loans:					
Commercial, financial and agricultural	$ 2,521	$ 7,765	$13,060	$18,834	$20,283
Real estate:					
Commercial	567	7,676	2,175	4,765	10,308
Residential:					
Insured, guaranteed, or conventional	25,002	9,812	7,502	6,741	7,041
Home equity credit lines	2,077	2,220	3,005	909	810
Total real estate loans	27,646	19,708	12,682	12,415	18,159
Consumer	3,589	2,869	3,020	1,928	1,814
Lease financing	11	40	28	190	29
TOTAL PAST DUE LOANS (1)	$33,767	$30,382	$28,790	$33,367	$40,285
Nonperforming assets to total loans and other real estate owned (end of year):					
Excluding past due loans	1.38%	1.68%	1.75%	1.14%	1.44%
Including past due loans	1.92%	2.20%	2.30%	1.74%	2.24%
Nonperforming assets to total assets (end of year):					
Excluding past due loans	1.07%	1.22%	1.22%	.84%	1.01%
Including past due loans	1.48%	1.60%	1.60%	1.28%	1.56%

Note:

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

As shown in the table on page 33, nonperforming assets at December 31, 1997 were $86,361,000, or 1.38%, of total loans and OREO and 1.07% of total assets. These levels compared to total nonperforming assets at December 31, 1996 of $97,982,000, or 1.68% of total loans and OREO and 1.22% of total assets. The decrease in nonperforming assets of $11,621,000, or 11.9%, was principally due to decreases in nonaccrual loans as follows: (1) commercial, financial and agricultural loans of $12,360,000, or 57.8%; and (2) real estate - residential loans of $7,863,000, or 55.1%. The decrease in nonaccrual loans was partially offset by increases in: (1) restructured real estate - commercial loans of $6,239,000, or 25.4%; and (2) OREO of $5,186,000, or 20.3%. The decrease in nonaccrual commercial, financial and agricultural loans and corresponding increase in OREO was primarily due to two loans partially collateralized by real estate totalling $5,007,000 that were transferred to OREO in 1997. The decrease in nonaccrual real estate - residential loans was due to a number of loans which were transferred to OREO or paid off. The increase in restructured real estate - commercial loans was principally due to the addition of a loan of $14,524,000 previously identified as a potential problem loan at December 31, 1996. This increase was partially offset by the transfer of a loan of $8,279,000 to OREO.

In recent years, the level of the Company's nonperforming assets and charge-offs has been affected by the impact of adverse economic conditions and trends in Hawaii. The most important of these adverse economic trends is the prolonged economic downturn over the last seven years. In contrast to the mainland economy, Hawaii's recovery from its 1991 recession continues to be slow and protracted. Economic growth over the past year was virtually nil, as was the level of tourism. In addition, Hawaii continues to show weaknesses in its local real estate market, including declining values in the leasehold real estate sector.

Recently, a number of countries in the Asia Pacific region, including Japan, have experienced significant weaknesses in their economies. While the Company's aggregate outstanding loans to these countries constituted 1.25% of the Company's total assets at December 31, 1997, the economic downturn in Asia may adversely affect the volume and spending level of Asian visitors to Hawaii, which in turn may adversely affect the Hawaii economy. The Company does not foresee a major improvement in Hawaii's economic conditions in the near term and believes that these trends may continue to affect the level of nonperforming assets and related charge-offs in future periods.

The following table presents the direct claims on or claims guaranteed by borrowers of the Asian countries indicated below at December 31, 1997:

(in thousands)	OUTSTANDING COMMITMENT	OUTSTANDING BALANCE
CHINA	$ 860	$ 860
HONG KONG	3,647	3,297
INDONESIA	2,920	1,646
PHILIPPINES	1,087	1,087
SINGAPORE	351	351
TAIWAN	4,120	3,223
TOTAL NON-JAPAN	12,985	10,464
JAPAN	92,206	90,564
TOTAL	$105,191	$101,028

As of December 31, 1997, there was no exposure to South Korea and Thailand.

Outstanding exposures of non-Japan, Asian countries represent .13% of total assets and 1.4% of total stockholders' equity and including Japan, 1.25% of total assets and 13.8% of total stockholders' equity. The claims above are primarily collateralized by certificates of deposit, Hawaii real estate, standby letters of credit issued by Asian banks and guarantees by creditworthy Asian individuals and corporations.

Loans past due 90 days or more and still accruing interest totalled $33,767,000 at December 31, 1997, an increase of $3,385,000, or 11.1%, over December 31, 1996. The increase was partially attributable to certain real estate - residential loans sold with recourse that were repurchased in the fourth quarter of 1997. All of the loans which are past due 90 days or more and still accruing interest are, in management's judgment, adequately collateralized and in the process of collection.

At December 31, 1997, the Company was not aware of any significant potential problem loans (not otherwise classified as nonperforming or past due in the table on page 33) where possible credit problems of the borrower caused management to have serious concerns as to the ability of such borrower to comply with the present loan repayment terms.

The following table presents information related to loans on a nonaccrual basis for the year ended December 31, 1997:

(in thousands)	DOMESTIC	FOREIGN	TOTAL
INTEREST INCOME WHICH WOULD HAVE BEEN RECORDED IF LOANS HAD BEEN CURRENT	$7,282	$ --	$7,282
INTEREST INCOME RECORDED DURING THE YEAR	$3,044	$ --	$3,044

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

First Hawaiian, Inc. and Subsidiaries

DEPOSITS

Deposits are the largest component of the Company's total liabilities and account for the greatest portion of total interest expense. At December 31, 1997, total deposits were $6,089,200,000, an increase of $152,492,000, or 2.6%, over December 31, 1996. The increase was primarily due to increased levels of state and local government deposits.

DEPOSITS
($ in billions)

1993	5.22
1994	5.15
1995	5.36
1996	5.94
1997	6.09

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

	1997		1996		1995	
(dollars in millions)	Amount	Rate	Amount	Rate	Amount	Rate
Domestic:						
Noninterest-bearing demand	$ 806	--%	$ 860	--%	$ 792	--%
Interest-bearing demand	1,638	2.56	1,388	2.60	1,115	2.69
Savings	794	2.45	921	2.24	1,177	2.91
Time	2,399	5.29	2,198	5.31	1,708	5.44
Foreign	266	3.52	251	3.56	386	4.87
TOTAL	$5,903	3.35%	$5,618	3.25%	$5,178	3.40%

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

(in millions)	1997	1996	1995
3 months or less	$ 392	$ 384	$ 337
Over 3 months through 6 months	188	126	177
Over 6 months through 12 months	294	244	183
Over 12 months	178	152	164
TOTAL	$1,052	$ 906	$ 861

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.

LIQUIDITY MANAGEMENT

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

Asset-based liquidity is derived from the investment securities portfolio and short-term investments which can be readily converted to cash. These liquid assets consist of cash and due from banks, interest-bearing deposits, Federal funds sold, securities purchased under agreements to resell and investment securities. The aggregate of these assets represented 16.5% of total assets at the end of 1997 compared to 21.2% at the end of 1996. Additional information related to the Company's off-balance sheet instruments at December 31, 1997 and 1996 is included in Note 18 to the Financial Statements on pages 57 and 58.

Liability-based liquidity is provided primarily from deposits. Average total deposits for 1997 increased $285,395,000, or 5.1%, to $5,903,004,000, primarily due to the Pacific Northwest Acquisitions. Average total deposits for 1997 and 1996 funded 74.5% and 72.4%, respectively, of average total assets. In addition, liquidity was also provided from short-term borrowings, which consisted of commercial paper issued by the Company, Federal funds purchased and securities sold under agreements to repurchase, lines of credit from other banks and credit facilities from the FHLB. Additional information on short-term borrowings is provided in Note 8 to the Financial Statements on pages 51 and 52. Also, the Company has access to offshore deposits in the international market which provides another available source of funds.

The Company's commercial paper is assigned a rating of A2 by Standard & Poor's ("S&P"). The Company's subordinated debt is assigned a rating of Baa-1 by Moody's Investors Service and BBB by S&P. The Company currently has a Thomson BankWatch, Inc. rating of B.

As indicated in the Consolidated Statements of Cash Flows on page 43, net cash provided by operating and financing activities was $181,673,000 and net cash used in investing activities was $232,279,000 for 1997. In 1997, the Company's cash flow was positively impacted by the issuance of $100,000,000 of its Capital Securities by the Trust, and the related issuance by the Company of junior subordinated deferrable interest debentures to the Trust. The net cash from these issuances was utilized to, among other things, reduce short-term borrowings and repurchase the Company's common stock. For 1996, net cash provided by operating and investing activities was $428,705,000 and net cash used in financing activities was $399,245,000. In 1996, there was a significant change in the Company's cash flow related to the Pacific Northwest Acquisitions, which provided $218,966,000 in net cash. For 1995, net cash provided by operating activities was $140,119,000 and net cash used in investing and financing activities was $98,962,000. In 1995, the Company utilized deposit growth and the partial run-off of the investment securities portfolio as the principal sources of funds for loan production and repayment of short-term borrowings.

The Company's ability to pay dividends depends primarily upon dividends and other payments from its subsidiaries, which are subject to certain limitations as described in Note 12 to the Financial Statements on page 53.

ASSET/LIABILITY MANAGEMENT

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

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

The market value of equity analysis examines the change in the economic value of the Company due to changes in interest rates. At December 31, 1997, the Company remained well within current guidelines which allow for no more than a decrease in value equal to 1% of total assets due to a 1% change in interest rates. The net interest income simulations look at how the Company's net interest income is affected by flat, rising, or declining rates using the current balance sheet and simulating net interest income going forward two years. Under these simulations, at December 31, 1997, the Company's exposure to changes in interest rates was within current guidelines which allow for no more than a 10% adverse change in net interest income for a 1% change in rates over a one-year time period.

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

INTEREST RATE SENSITIVITY

The Company's interest rate sensitivity position at December 31, 1997, is presented below. The interest rate sensitivity gap, shown at the bottom of the table, refers to the difference between assets and liabilities subject to repricing, maturity, runoff and/or volatility during a specified period. The gap is adjusted for interest rate swaps which are hedging certain assets or liabilities on the balance sheet. (For ease of analysis, all of these swap adjustments are consolidated into one line on the gap table.)

Since all interest rates and yields do not adjust at the same velocity or magnitude, and since volatility is subject to change, the gap is only a general indicator of interest rate sensitivity. At December 31, 1997, the cumulative one-year gap for the Company was a positive $257.4 million, representing 3.18% of total assets.

(Dollars in thousands)	WITHIN THREE MONTHS	AFTER THREE BUT WITHIN 12 MONTHS	AFTER ONE BUT WITHIN 5 YEARS	AFTER 5 YEARS	TOTAL
ASSETS:					
INTEREST-BEARING DEPOSITS IN OTHER BANKS	$ 52,430	$ 85,500	$ --	$ --	$ 137,930
FEDERAL FUNDS SOLD AND SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL	134,274	--	--	--	134,274
AVAILABLE-FOR-SALE INVESTMENT SECURITIES	263,462	384,153	119,483	11,026	778,124
NET LOANS:					
COMMERCIAL, FINANCIAL AND AGRICULTURAL	1,339,886	148,609	76,732	17,471	1,582,698
REAL ESTATE -- CONSTRUCTION	135,460	1,160	29,800	62	166,482
FOREIGN	125,827	83,245	126,217	3,809	339,098
OTHER	1,105,059	1,015,642	1,467,781	479,325	4,067,807
TOTAL EARNING ASSETS	3,156,398	1,718,309	1,820,013	511,693	7,206,413
NONEARNING ASSETS	167,845	154,392	283,498	280,944	886,679
TOTAL ASSETS	$ 3,324,243	$ 1,872,701	$ 2,103,511	$ 792,637	$ 8,093,092
LIABILITIES AND STOCKHOLDERS' EQUITY:					
INTEREST-BEARING DEPOSITS	$ 1,922,409	$ 1,747,195	$ 1,341,985	$ 12,227	$ 5,023,816
NONINTEREST-BEARING DEPOSITS	323,496	96,768	516,096	129,024	1,065,384
SHORT-TERM BORROWINGS	516,585	187,149	18,131	--	721,865
LONG-TERM DEBT AND CAPITAL SECURITIES	8,000	50,000	10,000	250,736	318,736
STOCKHOLDERS' EQUITY	--	--	--	731,701	731,701
OFF-BALANCE SHEET ADJUSTMENT	(30,939)	(61,228)	22,769	69,398	--
NONCOSTING LIABILITIES	74,120	105,945	507	51,018	231,590
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 2,813,671	$ 2,125,829	$ 1,909,488	$ 1,244,104	$ 8,093,092
INTEREST RATE SENSITIVITY GAP	$ 510,572	$ (253,128)	$ 194,023	$ (451,467)	
CUMULATIVE GAP	$ 510,572	$ 257,444	$ 451,467	$ --	
CUMULATIVE GAP AS A PERCENT OF TOTAL ASSETS	6.31%	3.18%	5.58%	-- %	

YEAR 2000 ISSUES

Many computer programs use only two digits to identify entries in the date code field. If not corrected, these programs may fail or create erroneous results because of the date change in the year 2000.

In 1995, management commenced a comprehensive program to address this problem and ensure that the Company's computer software and hardware will continue to function properly in the year 2000 and thereafter. Internal and external costs in connection with this program, currently estimated at a total of $9 million over a three-year period, are not anticipated to materially impact the Company's operations. However, even though the Company's planned software modifications and systems upgrades should adequately address year 2000 issues, there can be no assurance that unforeseen difficulties will not arise. The Company's program includes the identification of third-party service providers, customers and other external parties upon which the Company relies or with whom the Company must interface on mission critical systems or applications. The program also includes determination of and coordination with the compliance efforts of such external parties on year 2000 issues. There is no assurance that the failure of any such external party to resolve its year 2000 issues would not have an adverse effect on the Company.

FOURTH QUARTER RESULTS

Consolidated net income for the fourth quarter of 1997 was $20,129,000, a decrease of $219,000, or 1.1%, compared to the $20,348,000 earned during the same quarter in 1996. Basic earnings per share for the fourth quarter of 1997 and 1996 was $.64 and diluted earnings per share for the fourth quarter of 1997 and 1996 was $.63.

The decrease in consolidated net income in the fourth quarter of 1997 as compared to the fourth quarter of 1996 was primarily due to: (1) an adjustment to lease financing income of $2,355,000 in 1997 related to a certain direct financing lease; (2) higher occupancy expense in 1997 resulting from costs associated with the new administrative headquarters building as previously mentioned; (3) the write-off in 1997 of previously capitalized organizational costs in connection with the Pacific Northwest Acquisitions of $1,588,000; and (4) an income tax benefit of $2,800,000 (resulting primarily from the recognition of previously unrecognized research and experimentation and foreign tax credits) which reduced the overall income tax expense in 1996. This decrease was partially offset by: (1) a decrease in the provision for loan losses of $5,084,000 in 1997; (2) interest earned in 1997 on a corporate income tax refund of $1,908,000; (3) an income tax benefit of $1,458,000 (resulting from the recognition of previously unrecognized general business credits) which reduced the overall income tax expense in 1997; and (4) the write-down of certain OREO of $1,026,000 in 1996.

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	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.

CONSOLIDATED STATEMENTS OF INCOME   First Hawaiian, Inc. and Subsidiaries

(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	331,725,534	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)	Year Ended December 31, 1997	1996	1995
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)	1997 Shares (Denominator)	1997 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)	1996 Shares (Denominator)	1996 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)	1995 Shares (Denominator)	1995 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

	1995			
(in thousands)	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

BALANCE SHEET: A statement of financial position reflecting the Company's assets, liabilities and stockholders' equity at a particular point in time in accordance with generally accepted accounting principles.

BASIS POINT: A measure of the yield on a bond, note or other indebtedness equal to 1/100th of a percentage point. For example, a yield of 5% is 500 basis points.

COLLATERAL: An asset or property pledged to secure the payment of a debt or performance of an obligation.

DEPRECIATION: A charge against the Company's earnings that writes off the cost of a capital asset over its estimated useful life.

DIVIDEND: Usually a cash distribution to stockholders of the Company of a portion of its earnings.

DERIVATIVES: Financial instruments where the performance is derived from the performance of another financial instrument or an interest rate, currency or other index. Derivative instruments are used for asset and liability management and to mitigate risks associated with other instruments that are reflected on the balance sheet.

EARNINGS PER SHARE: Basic earnings per share -- The Company's earnings for the period divided by the weighted-average number of shares of common stock outstanding for the period. Diluted earnings per share -- The Company's earnings for the period divided by the weighted-average number of shares of common stock outstanding for the period, including the treatment of all dilutive securities, such as options, warrants and convertible debt.

HEDGE: A strategy used to avoid, reduce or transfer risk.

INCOME STATEMENT: A financial statement that reflects the Company's performance by measuring its revenues and expenses for the period.

INTEREST-RATE RISK: The risk to earnings or capital arising from the movement of interest rates.

INTEREST-RATE SWAP: A contract used for the purpose of interest rate risk management in which two parties agree to exchange interest payments of a different character over a specified period based on an underlying notional amount of principal. The term "notional principal" is the amount on which the interest payments are calculated, as the swap contracts generally involve no exchange of the principal.

LEVERAGE RATIO: Tier 1 Capital divided by the sum of total assets minus the allowance for loan losses and certain intangible assets.

LIQUIDITY: The ability of an entity to provide sufficient cash to fund its operations and to pay its debts on a timely basis at a reasonable cost.

NET INTEREST INCOME: Interest income plus loan fees minus interest expense.

NET INTEREST MARGIN: Net interest income divided by average earning assets (e.g., loans and investment securities).

NONACCRUAL LOANS: Loans on which interest is not being accrued for income statement purposes. Payments received on nonaccrual loans are applied against the principal balance.

NONINTEREST EXPENSE: Expenses for such items as salaries, benefits, building occupancy and supplies, as opposed to interest expense paid for deposits and other liabilities.

NONINTEREST INCOME: Income received from such sources as fees, charges and commissions, as opposed to interest income received from loans and investment securities.

NONPERFORMING ASSETS: Nonaccrual loans plus restructured loans plus OREO (other real estate owned).

OREO: Other real estate owned. Primarily includes foreclosed assets and assets taken in lieu of foreclosure.

REPURCHASE AGREEMENTS, ALSO CALLED "REPOS": Agreement between a seller and a buyer in which the seller agrees to repurchase the securities at an agreed-upon price at a stated time. A repo is similar to a secured borrowing and lending of funds equal to the sales price of the related collateral.

RISK-BASED CAPITAL RATIOS: Equity measurements used by regulatory agencies to assess capital adequacy. These ratios are: Tier 1 Capital divided by risk-weighted assets; and Total Capital (Tier 1 plus Tier 2 Capital) divided by risk-weighted assets.

ROA (RETURN ON AVERAGE ASSETS): Measures the productivity of assets. Calculated by dividing net income by average total assets.

ROE (RETURN ON AVERAGE EQUITY): Measures the rate of return on the stockholders' investment in the Company. Calculated by dividing net income by average total stockholders' equity.

STATEMENT OF CASH FLOWS: A financial statement that reflects cash flows from operating, investing and financing activities, providing a comprehensive view of changes in the Company's cash and cash equivalents for the period.

STOCK OPTION: Form of employee incentive and compensation in which the employee of the Company is given the right to purchase its shares at a determinable price within a specified period of years.

TIER 1 CAPITAL: Stockholders' equity plus certain minority equity in subsidiaries, minus goodwill and certain intangible assets.

TIER 2 CAPITAL: The allowance for loan losses (not to exceed 1.25% of risk-weighted assets) plus qualifying subordinated debt, perpetual preferred stock, convertible debt securities and certain hybrid investments.

TOTAL CAPITAL: The sum of Tier 1 plus Tier 2 Capital.

FIRST HAWAIIAN, INC.
999 Bishop Street
Honolulu, Hawaii 96813
or
P.O. Box 3200
Honolulu, Hawaii 96847

FIRST HAWAIIAN CREDITCORP, INC.
Interstate Building, Second Floor
1314 South King Street
Honolulu, Hawaii 96814
Telephone: (808) 593-5500

FIRST HAWAIIAN LEASING, INC./
FHL LEASE HOLDING COMPANY, INC.
Interstate Building, Second Floor
1314 South King Street
Honolulu, Hawaii 96814
Telephone: (808) 593-5300

PACIFIC ONE BANK
401 Southwest Fifth Avenue
Portland, Oregon 97204
Telephone: (503) 221-2122

PACIFIC ONE DEALER CENTER, INC.
5665 Southwest Meadows Road, Suite 250
Lake Oswego, Oregon 97035
Telephone: (503) 684-6388

FIRST HAWAIIAN BANK
999 Bishop Street
Honolulu, Hawaii 96813
or
P.O. Box 3200
Honolulu, Hawaii 96847
Telephone: (808) 525-7000
Cable Address: FIRSTBANK (Honolulu, Hawaii)
S.W.I.F.T.: FHBKUS77
FedWire: ABA 121301015 FST HAW HONO
Internet's World Wide Web Address:
http://www.fhb.com/

Japan Representative Office
Ohtemachi Building 6-1, Room 202
Ohtemachi 1-Chome, Chiyoda-Ku,
Tokyo 100-0004, Japan
Telephone: (03) 3201-6081
Facsimile: (03) 3215-0566

First Hawaiian, Inc.'s shares are traded on The Nasdaq Stock Market under the Nasdaq symbol: FHWN.

TRANSFER AGENT

American Stock Transfer & Trust Company
40 Wall Street, 46th Floor
New York, New York 10005

FORM 10-K AND OTHER FINANCIAL INFORMATION

The Company's 1997 Form 10-K annual report, which is to be filed with the Securities and Exchange Commission by March 31, 1998, will be available to stockholders after that date. Analysts, investors and others seeking a copy of the Form 10-K or any other financial information should write to:

Howard H. Karr
Executive Vice President and Treasurer
First Hawaiian, Inc.
P.O. Box 3200
Honolulu, Hawaii 96847

GENERAL INFORMATION

News media representatives and others seeking general information should contact:

Gerry Keir
Senior Vice President
Corporate Communications
(808) 525-7086
E-mail: gkeir@aloha.net

or contact
First Hawaiian Bank
World Wide Web address:
http://www.fhb.com/

ANNUAL MEETING

The annual meeting of stockholders of First Hawaiian, Inc. will be held on Thursday, April 16, 1998 at 9:30 A.M. in the 30th floor Board Room of First Hawaiian Center, 999 Bishop Street, Honolulu, Hawaii.

DIVIDEND REINVESTMENT PLAN

Stockholders may reinvest their dividends in additional shares of the First Hawaiian, Inc. common stock through the Dividend Reinvestment Plan. Stockholders wishing to participate in the Plan can receive a descriptive brochure and authorization card by calling toll free at 1-800-937-5449 or writing to:

American Stock Transfer & Trust Company
40 Wall Street, 46th Floor
New York, New York 10005

EXHIBIT 21. SUBSIDIARIES OF THE REGISTRANT

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

NAME	STATE OR OTHER JURISDICTION OF INCORPORATION
First Hawaiian Bank	Hawaii
First Hawaiian Overseas Corporation	Hawaii
FIH International, Inc.	Hawaii
American Security Properties, Inc.	Hawaii
Real Estate Delivery, Inc.	Hawaii
FH Center, Inc.	Hawaii
FHB Mortgage Company, Inc.	Hawaii
FHB Properties, Inc.	Hawaii
First Hawaiian Center, L.P.	Hawaii
Pacific One Dealer Center, Inc.	Hawaii
OMP, Inc.	Hawaii
2200 Main, Inc.	Hawaii
The Bankers Club, Inc.	Hawaii
Center Club, Inc.	Hawaii
First Hawaiian Leasing, Inc.	Hawaii
First Hawaiian Insurance, Inc.	Hawaii
First Hawaiian Creditcorp, Inc.	Hawaii
Pacific One Creditcorp, Inc.	Hawaii
FHL Lease Holding Company, Inc.	Hawaii
FHL SPC One, Inc.	Hawaii
FHI International, Inc.	Hawaii
Pacific One Bank	Oregon
First Hawaiian Capital I	Delaware

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

EXHIBIT 23. CONSENT OF INDEPENDENT ACCOUNTANTS

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the registration statements of 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 this Annual Report on Form 10-K.

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

Honolulu, Hawaii
February 20, 1998

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YEAR
DEC-31-1997
JAN-01-1997
DEC-31-1997
282,905
137,930
134,274
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778,124
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6,238,681
82,596
8,093,092
6,089,200
721,865
330,723
218,736
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0
165,952
565,749
8,093,092
518,784
59,835
13,864
592,483
197,619
258,011
334,472
17,211
270
292,210
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84,261
0
0
84,261
2.66
2.64
8.32
20,041
33,767
35,560
0
85,248
25,130
5,267
82,596
40,410
1,405
40,781