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, 1996

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

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

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

Title of each class	Name of each exchange on which registered
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. [ ]

The aggregate market value of the voting stock held by nonaffiliates of the registrant as of February 21, 1997 was $618,343,000.

The number of shares outstanding of each of the registrant's classes of common stock as of February 21, 1997 was:

Title of Class	Number of Shares Outstanding
Common Stock, $5.00 Par Value	31,774,840 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 1996	Parts I and II
First Hawaiian, Inc. Proxy Statement dated March 3, 1997 for the Annual Meeting of Stockholders	Part III

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PART I

PART I

ITEM 1. BUSINESS

FIRST HAWAIIAN, INC. -

First Hawaiian, Inc. (the "Corporation"), a Delaware corporation, is a bank holding company registered under the Bank Holding Company Act of 1956 (the "BHCA"), as amended. 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 is also a registered savings and loan holding company under section 10 of the Home Owner's Loan Act, as amended. 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; Pioneer Federal Savings Bank ("Pioneer"), a federally chartered savings bank; Pacific One Bank ("Pacific One"), a State of Oregon chartered bank with authority to operate branches in Idaho; ANB Financial Corporation ("ANB"), a registered bank holding company under the BHCA and Pacific One Bank, National Association ("Pacific One Bank, N.A."), a national banking association and wholly-owned subsidiary of ANB. The Bank, Creditcorp, FHL, Pioneer, Pacific One and ANB are wholly-owned subsidiaries of the Corporation. At December 31, 1996, the Corporation had consolidated total assets of $8.0 billion, total deposits of $5.9 billion and total stockholders' equity of $705.9 million.

Based on assets as of June 30, 1996, the Corporation was the 67th 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 ("BIF") 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").

The Bank is a full-service bank conducting a general commercial and consumer banking business and offering trust 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, 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, 1996, the Bank had total deposits of $4.5 billion and total assets of $6.0 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 and other banking offices located throughout the State of Hawaii. During 1996, the Bank had 56 other banking offices in Hawaii. All but two of the banking offices are equipped with automatic teller machines which 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. Forty 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, providing its 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, 1996, the Bank's loans totalled $4.2 billion, representing 70.0% of total assets. At that date, 49.2% of the loans were construction, commercial and residential real estate loans, 28.5% were commercial loans, 12.2% were consumer loans, 6.8% were foreign loans and 3.3% 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, 1996, approximately 8.6% of the Bank's total real estate loans were collateralized by properties under construction.

Real Estate Lending--Commercial. In the commercial real estate area, the Bank provides permanent financing for a variety of commercial developments, such as various retail facilities, warehouses, and office buildings. At December 31, 1996, approximately 37.5% 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, 1996, approximately 53.9% 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 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 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. The Bank has no loans to lesser developed countries.

Trust Services -

The Bank's Trust and Investments Division offers a full range of trust and investment management services. The 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. As of December 31, 1996, the Trust and Investments Division had 5,321 accounts with a market value of $8.5 billion. Of this total, $6.3 billion represented assets in nonmanaged accounts and $2.2 billion were managed assets.

The Trust and Investments Division maintains custodial accounts under 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.

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 commercial loan production office in Honolulu and a loan production office in Guam.

The lending activities of Creditcorp are concentrated in both consumer and commercial financing 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 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. As of December 31, 1996, 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. As of December 31, 1996, Creditcorp's investment in the capital stock of the FHLB of Seattle totalled $7.8 million and advances from the FHLB of Seattle aggregated $23.5 million.

At December 31, 1996, Creditcorp had total deposits of $358.3 million, total loans of $408.3 million and total assets of $438.3 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.

At December 31, 1996, FHL's net investment in leases amounted to $100.4 million and total assets were $128.6 million. FHL's primary source of funds is borrowings from the Corporation.

PIONEER FEDERAL SAVINGS BANK -

Pioneer is a federally chartered savings bank operating in the State of Hawaii. Pioneer, the oldest savings bank in Hawaii, was chartered in 1890 by King David Kalakaua. Presently, Pioneer maintains 19 branch offices located on the four major islands of the State of Hawaii. At December 31, 1996, Pioneer had total assets of $777.0 million. Based on total assets at December 31, 1996, Pioneer was the fourth largest of six Savings Association Insurance Fund ("SAIF") - insured institutions operating in the State of Hawaii.

Pioneer is primarily engaged in attracting deposits from the general public through a variety of deposit products. Together with borrowings, principally from the FHLB of Seattle, and funds from ongoing operations, these resources are invested in the origination of conventional adjustable and fixed rate, 1-4 family residential mortgage loans. Pioneer is also engaged in other types of mortgage lending, including home equity loans, loans on smaller multi-family projects and, to a lesser extent, in other consumer lending activities. Mortgage lending activity, both origination and purchases, has been limited to loans collateralized by property in the State of Hawaii. As of December 31, 1996, Pioneer was required, in accordance with the rules and regulations of the FHLB of Seattle, to maintain a minimum level of capital stock ownership of $7.1 million in this regional facility. As of December 31, 1996, Pioneer's investment in the capital stock of the FHLB of Seattle totalled $31.1 million and advances from the FHLB of Seattle aggregated $142.0 million.

On May 31, 1996, Pioneer acquired five branches in the State of Washington which were being divested by U.S. Bancorp and West One Bancorp, as a result of their merger, at a purchase price of $4.9 million. Pioneer operated these branches under the name Pacific One Bank, FSB until November 8, 1996, when they were sold to American National Bank at book value (see "ANB Financial Corporation" below).

In October 1996, Pioneer's residential lending operations were merged with the Bank. Pioneer's remaining operations are scheduled to be merged with and into the Bank in April 1997.

At December 31, 1996, Pioneer had total deposits of $404.0 million, total loans of $569.1 million and total assets of $777.0 million.

PACIFIC ONE BANK -

On May 31, 1996, the Corporation acquired 31 branches located in the States of Oregon, Washington, and Idaho (including the five branches acquired by Pioneer), which were being divested by U.S. Bancorp and West One Bancorp as a result of their merger, at an aggregate purchase price of $36 million. Of the 31 branches acquired by the Corporation, the 26 Oregon and Idaho branches are being operated as Pacific One Bank, which is headquartered in Portland, Oregon. Pacific One Bank is a State of Oregon-chartered bank and is not a member of the Federal Reserve System. Its deposits are insured by the BIF of the FDIC to the extent and subject to the limitations set forth in the FDIA.

Pacific One Bank is a full-service bank offering personal and commercial banking services including demand, savings and time deposits; making commercial, agricultural, real estate and consumer loans; offering international banking products and cash management services; and selling mutual funds and annuities.

At December 31, 1996, Pacific One Bank had total deposits of $563.0 million, total loans of $427.3 million and total assets of $692.8 million.

ANB FINANCIAL CORPORATION-

On July 31, 1996, for a purchase price of $17.5 million, the Corporation acquired ANB Financial Corporation, a bank holding company registered under the BHCA and headquartered in Kennewick, Washington, and its wholly-owned subsidiary, American National Bank. On November 8, 1996, American National Bank acquired five branches from Pioneer and changed its name to Pacific One Bank, N.A.

Pacific One Bank, N.A. is a national banking association and its deposits are insured by the BIF of the FDIC to the extent and subject to the limitations set forth in the FDIA. Pacific One Bank, N.A. offers a variety of financial services including demand, savings and time accounts for personal and commercial accounts. It also offers commercial, agricultural, real estate and consumer loan products, cash management services and mutual funds and annuities.

At December 31, 1996, Pacific One Bank, N.A. had total deposits of $142.5 million, total loans of $106.8 million and total assets of $184.7 million.

HAWAII COMMUNITY REINVESTMENT CORPORATION -

In an effort to support affordable housing and as part of the Bank's, Creditcorp's and Pioneer's community reinvestment program, the Bank, Creditcorp and Pioneer are members of the Hawaii Community Reinvestment Corporation (the "HCRC"). The HCRC is a consortium of local financial institutions and 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, Creditcorp's and Pioneer's participations in these HCRC loans are included in each of these companies' loan portfolio.

HAWAII INVESTORS FOR AFFORDABLE HOUSING INC. -

To further enhance the Bank's, Creditcorp's and Pioneer's community reinvestment program and provide support for the development of additional affordable housing rental units in Hawaii, the Bank, Creditcorp and Pioneer, together with eight other HCRC member institutions, have subscribed to a $19.7 million tax credit equity fund.

The $19.7 million Hawaii Affordable Housing Fund I (the "Fund") has been established to invest in qualified low income housing tax credit rental projects and insure that these projects are maintained as low income housing throughout the required compliance period. The Bank's, Creditcorp's and Pioneer's investments in this Fund will be included in each of the companies' investment portfolio.

EMPLOYEES -

At December 31, 1996, the Corporation had 3,384 full-time equivalent employees. The Bank employed 2,691 persons and the other subsidiaries employed 693 persons. None are represented by any collective bargaining agreements and relations with employees are considered excellent.

MONETARY POLICY AND ECONOMIC CONDITIONS -

The earnings and growth of the Corporation are affected not only by general economic conditions, but also by the monetary policies of various governmental regulatory authorities, particularly the Federal Reserve Board. The Federal Reserve Board implements national monetary policy by 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 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, 1996 amounted to approximately $24 billion. The principal subsidiaries of the two largest bank holding companies, Bancorp Hawaii, Inc. and the Corporation, accounted for 31% and 19% 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 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 have 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. Under the rules of the Office of Thrift Supervision (the "OTS"), federally-chartered savings associations may open branches in, or merge with another savings association located in, any state (including Hawaii), subject to certain conditions.

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 will also permit interstate branching by banks effective as of June 1, 1997, subject to the ability of states to opt-out completely or to set an earlier effective date. Effective June 1, 1997, Hawaii law will permit 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 will not be permitted to establish de novo branches or purchase individual branches located in Hawaii. The State of Washington, where Pacific One Bank, N.A. operates, and the States of Oregon and Idaho, where Pacific One operates, each have adopted similar legislation. The 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 bank holding company, the Corporation is subject to supervision and examination by the Federal Reserve Board under the BHCA. The Corporation will also be regulated and supervised by the OTS as a savings and loan holding company until Pioneer is merged into the Bank, scheduled for April 1997. The various subsidiaries of the Corporation are subject to regulation and supervision by the state banking authorities of Hawaii, Oregon and Idaho, as well as the FDIC, the Office of the Comptroller of the Currency (the "OCC"), the OTS 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. Pioneer, Creditcorp, Pacific One and Pacific One Bank, N.A. are also subject to regulatory limitations on the amount of dividends they may declare and pay. At December 31, 1996, the aggregate amount of dividends that such subsidiaries could pay to the Corporation under the foregoing limitations without prior regulatory approval was $345.6 million. There are also statutory limits on the transfer of funds to the Corporation and certain of its nonbanking subsidiaries by the Bank, Pioneer, Creditcorp, Pacific One and Pacific One Bank, N.A., 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. Pioneer, Creditcorp, Pacific One and Pacific One Bank, N.A. 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, OCC and 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, FDIC, OCC and OTS 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 connection with its application to the Federal Reserve Board for authority to acquire Pioneer, the Corporation committed that Pioneer will meet all present and future minimum capital ratios adopted for savings associations by the OTS or the FDIC. In the event of the bankruptcy of the Corporation, this commitment would be assumed by the bankruptcy trustee and be entitled to a priority of payment.

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, Pioneer, Creditcorp, Pacific One and Pacific One Bank, N.A.): "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 4% 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" 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, 1996, 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 will be 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" (page 54) in the Financial Review section of the Corporation's Annual Report 1996, 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 become effective at year-end 1997, banks 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, certain 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 Corporation does not expect these amendments to have a material effect on its business or operations.

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 1996, 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 1996, and is incorporated herein by reference thereto:

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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 were formerly located on a portion of the city block. The buildings were demolished and the Bank began construction of a modern banking center on this city block. The headquarters building was completed in September 1996 and 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" (pages 58 through 59) in the Financial Review section of the Corporation's Annual Report 1996, which is incorporated herein by reference thereto.

Seventeen of the Bank's offices in Hawaii are located on land owned in fee simple by the Bank. Twenty-five of the fifty-three branches operated by Pioneer, Pacific One and Pacific One Bank, N.A. are located on land owned in fee simple by the respective companies. The other branches of the Bank, Pioneer, Pacific One, Pacific One Bank, N.A. and Creditcorp are situated in leasehold premises or in buildings constructed by the respective companies on leased land (see "Note 17. Lease Commitments" (pages 58 through 59) in the Financial Review section of the Corporation's Annual Report 1996, 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.

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, 1996.

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	55	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	58	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	46	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	54	Executive Vice President and Treasurer of the Corporation since 1990; Vice President and Treasurer of the Corporation from 1978 - 1990; Vice Chairman, Chief Financial Officer and Treasurer of the Bank since September 1993; 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 22) in the Financial Review section of the Corporation's Annual Report 1996, and is incorporated herein by reference thereto.

ITEM 6. SELECTED FINANCIAL DATA

Required information is included in "Summary of Selected Consolidated Financial Data" (page 23) in the Financial Review section of the Corporation's Annual Report 1996, 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 24 through 41) in the Financial Review section of the Corporation's Annual Report 1996, and is incorporated herein by reference thereto.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following information is included in the Financial Review section of the Corporation's Annual Report 1996, 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 of this Form 10-K 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 19) 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 -
- o Certificate of Amendment of Certificate of Incorporation filed May 9, 1996.
- o Certificate of Incorporation of First Hawaiian, Inc. as amended through May 9, 1996.

(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.

Exhibit 10 Material contracts

(i) Lease dated September 13, 1967, as amended April 21, 1987, between the Trustees under the Will and of the Estate of Samuel M. Damon, Deceased, and First National Bank of Hawaii (predecessor of the Bank) is incorporated by reference to Exhibit 10 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1987 as filed with the SEC.

(ii) Lease dated May 20, 1982, as amended April 23, 1987, between the Trustees under the Will and of the Estate of Samuel M. Damon, Deceased, and First Hawaiian Bank is incorporated by reference to Exhibit 10 to the Corporation's Annual Report on Forms 10-K for the fiscal years ended December 31, 1987, 1985 and 1980 as filed with the SEC.

(iii) 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.

(iv) Construction Management, Escrow and Development Agreement dated as of December 1, 1993 among REFIRST, Inc., First Hawaiian Bank and First Fidelity Bank, N.A., Pennsylvania is incorporated by reference to Exhibit 10(iv) to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1993 as filed with the SEC.

(v) 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.

(vi) 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.

(vii) 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.

(viii) 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.

(ix) 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.

(x) 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.

(xi) 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 1996.

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, 1996.

(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 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 20, 1997

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.

/s/ WALTER A. DODS, JR. Walter A. Dods, Jr.	Chairman, Chief Executive Officer & Director	March 20, 1997 Date
/s/ JOHN W. A. BUYERS John W. A. Buyers	Director	March 20, 1997 Date
/s/ JOHN C. COUCH John C. Couch	Director	March 20, 1997 Date
/s/ JULIA ANN FROHLICH Julia Ann Frohlich	Director	March 20, 1997 Date
/s/ PAUL MULLIN GANLEY Paul Mullin Ganley	Director	March 20, 1997 Date
/s/ DAVID M. HAIG David M. Haig	Director	March 20, 1997 Date
/s/ JOHN A. HOAG John A. Hoag	Director	March 20, 1997 Date
/s/ BERT T. KOBAYASHI, JR. Bert T. Kobayashi, Jr.	Director	March 20, 1997 Date
/s/ RICHARD T. MAMIYA Richard T. Mamiya	Director	March 20, 1997 Date
/s/ FUJIO MATSUDA Fujio Matsuda	Director	March 20, 1997 Date
/s/ RODERICK F. McPHEE Roderick F. McPhee	Director	March 20, 1997 Date
/s/ GEORGE P. SHEA, JR. George P. Shea, Jr.	Director	March 20, 1997 Date
/s/ JOHN K. TSUI John K. Tsui	President & Director	March 20, 1997 Date
/s/ FRED C. WEYAND Fred C. Weyand	Director	March 20, 1997 Date
/s/ ROBERT C. WO Robert C. Wo	Director	March 20, 1997 Date
/s/ HOWARD H. KARR Howard H. Karr	Executive Vice President & Treasurer (Principal financial and accounting officer)	March 20, 1997 Date

EXHIBIT INDEX

EXHIBIT NUMBER		DESCRIPTION
3	(i)	Certificate of Incorporation - o Certificate of Amendment of Certificate of Incorporation filed May 9, 1996. o Certificate of Incorporation of First Hawaiian, Inc. as amended through May 9, 1996.
	(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.
10		Material contracts
	(i)	Lease dated September 13, 1967, as amended April 21, 1987, between the Trustees under the Will and of the Estate of Samuel M. Damon, Deceased, and First National Bank of Hawaii (predecessor of the Bank) is incorporated by reference to Exhibit 10 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1987 as filed with the SEC.
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(vi) 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.

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(ix) 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.

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(xi) 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 1996.

21 Subsidiaries of the registrant.

23 Consent of independent accountants.

27 Financial data schedule.

EXHIBIT 3(i)

CERTIFICATE OF INCORPORATION

CERTIFICATE OF AMENDMENT

OF

CERTIFICATE OF INCORPORATION

OF

FIRST HAWAIIAN, INC.

* * * * *

Pursuant to Section 242 of the General

Corporation Law of the State of Delaware

* * * * *

First Hawaiian, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (hereinafter, the "Corporation"), DOES HEREBY CERTIFY:

FIRST: That at a meeting of the Board of Directors of the Corporation held on January 18, 1996, resolutions were adopted setting forth proposed amendments to the Certificate of Incorporation of the Corporation, declaring said amendments to be advisable, and directing that said amendments be considered at the annual meeting of the stockholders of the Corporation. The resolution setting forth the proposed amendments is as follows:

> "RESOLVED, that the Board of Directors of the Corporation hereby declares it advisable that Article Fourth of the Certificate of Incorporation of the Corporation be amended by deleting said article in its entirety and by substituting in lieu thereof the following:
>
> > 'Fourth. The total number of shares of stock which this corporation shall have authority to issue is One Hundred Fifty Million (150,000,000) shares having a par value of Five Dollars ($5.00) per share, divided into two classes: One Hundred Million (100,000,000) shares designated as Common Stock (hereinafter, the "Common Stock"); and Fifty Million (50,000,000) shares designated as Preferred Stock (hereinafter, the "Preferred Stock"). The Board of Directors of the corporation is authorized to fix, by resolution or resolutions, the designation of each series of Preferred Stock and the voting rights, preferences as to dividends and in liquidation, conversion and other rights, qualifications, limitations and restrictions thereof and such other subjects or matters as may be fixed by resolution or resolutions of the Board

of Directors under the General Corporation Law of the State of Delaware.'

SECOND: That thereafter, pursuant to resolution of the Board of Directors of the Corporation, a meeting of the stockholders of the Corporation was duly called and held, upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware, at which meeting the necessary number of shares as required by statute and the Certificate of Incorporation was voted in favor of the amendments.

THIRD: That said amendments were duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, the Corporation has caused its corporate seal to be affixed and this Certificate to be signed by its Chairman and Chief Executive Officer and attested to by its Secretary this 30th day of April 1996.

FIRST HAWAIIAN, INC.

By: /s/ WALTER A. DODS, JR.

Name: Walter A. Dods, Jr.
Title: Chairman and Chief Executive Officer

ATTEST:

/s/ HERBERT E. WOLFF
- ------------------------------
Name: Herbert E. Wolff
Title: Secretary

CERTIFICATE OF INCORPORATION
OF
FIRST HAWAIIAN, INC.
AS AMENDED THROUGH MAY 9, 1996

First. The name of the corporation is "First Hawaiian, Inc."

Second. The address of the corporation's registered office in the State of Delaware is No. 100 West Tenth Street, in the City of Wilmington, County of New Castle. The name and address of its resident agent is The Corporation Trust Company, No. 100 West Tenth Street, Wilmington, Delaware.

Third. The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

Fourth. The total number of shares of stock which this corporation shall have authority to issue is One Hundred Fifty Million (150,000,000) shares having a par value of Five Dollars ($5.00) per share, divided into two classes: One Hundred Million (100,000,000) shares designated as Common Stock (hereinafter, the "Common Stock"); and Fifty Million (50,000,000) shares designated as Preferred Stock (hereinafter, the "Preferred Stock"). The Board of Directors of the corporation is authorized to fix, by resolution or resolutions, the designation of each series of Preferred Stock and the voting rights, preferences as to dividends and in liquidation, conversion and other rights, qualifications, limitations and restrictions thereof and such other subjects or matters as may be fixed by resolution or resolutions of the Board of Directors under the General Corporation Law of the State of Delaware.

Fifth. The name and mailing address of each incorporator is as follows:

Name	Address
John D. Bellinger	165 South King Street Honolulu, Hawaii 96813
Hugh R. Pingree	165 South King Street Honolulu, Hawaii 96813
G. Harry Hutaff	165 South King Street Honolulu, Hawaii 96813

Sixth. The powers of the incorporators shall terminate upon the filing of the Certificate of Incorporation. The names and mailing addresses of the persons who are to serve as directors of the corporation until the first annual meeting of shareholders or until their successors are elected and qualified are as follows:

Name	Address
John D. Bellinger	165 South King Street Honolulu, Hawaii 96813
Hugh R. Pingree	165 South King Street Honolulu, Hawaii 96813
G. Harry Hutaff	165 South King Street Honolulu, Hawaii 96813

There shall be a Board of Directors of the corporation consisting of not less than three (3) nor more than twenty-five (25) members. The members of the Board of Directors shall be elected or appointed at such times, in such manner, and for such terms as may be prescribed by the Bylaws, which may also provide for the filling of vacancies on the Board of Directors. All of the powers of the corporation, exercisable by authority of law or under this Certificate of Incorporation, or otherwise, shall be vested in and exercised by, or by the authority of, the Board of Directors, except as limited by law or the Certificate of Incorporation or the Bylaws of the corporation. The Board of Directors may, by resolution or otherwise, create, or the Bylaws may provide for, such committees of the Board of Directors as the Board shall see fit or the Bylaws shall provide for, and such committees shall have and may exercise any and all such powers as the Board of Directors, by resolution, or the Bylaws, may provide.

Seventh. The officers of the corporation shall be a President, one or more Vice Presidents (one or more of whom may be designated an Executive Vice President and one or more of whom may be designated a Senior Vice President), Treasurer, Secretary, and such other officers as may be authorized pursuant to the authority conferred by the Bylaws, all of whom shall be appointed by or by the authority of the Board of Directors and serve at its pleasure. There may be a Chairman of the Board of Directors who shall be appointed by the Board of Directors from its own members and who shall have such powers as may be prescribed by the Bylaws or, if and to the extent that the Bylaws shall not so prescribe, by the Board of Directors.

Eighth. The corporation is to have perpetual existence.

Ninth. Upon any increase in the authorized capital stock of the corporation, unless the resolution of the shareholders of the corporation authorizing said increase shall otherwise provide, the Board of Directors shall first offer the additional authorized stock pro rata to all shareholders of record at such price and on such terms as the Board of Directors may in each instance fix. Any shares still remaining unsold thirty (30) days after said offer may then be sold to any person or persons, on the same terms or terms more favorable to the corporation, as the Board of Directors may determine. In the event of the issue of any additional stock of the corporation for the purposes of accomplishing the merger with, or of acquiring, any other corporation, bank or trust company, the directors may issue said stock without preferential subscription rights to such extent and on such terms as the Board of Directors may in each instance deem proper.

Tenth. Meetings of shareholders may be held within or without the State of Delaware, as the Bylaws may provide. The books of the corporation may be kept (subject to any provision contained in law) outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the Bylaws of the corporation.

Eleventh. The Board of Directors shall have the authority to make, alter or repeal the Bylaws of the corporation.

Twelfth. No contract or other transaction between the corporation and any other person, firm, corporation, association or other organization, and no act of the corporation, shall in any way be affected or invalidated by the fact that any of the directors or officers of the corporation are parties to such contract, transaction or act or are pecuniarily or otherwise interested in the same or are directors or officers or members of any such other firm, corporation, association or other organization, provided that the interest of such director shall be disclosed or shall have been known to the Board of Directors authorizing or approving the same, or to a majority thereof. Any director of the corporation who is a party to such transaction, contract, or act or who is pecuniarily or otherwise interested in the same or is a director or officer or member of such other firm, corporation, association or other organization, may be counted in determining a quorum of any meeting of the Board of Directors which shall authorize or approve any such contract, transaction or act, and may vote thereon with like force and effect as if he were in no way interested therein. Neither any director nor any officer of the corporation, being so interested in any such contract, transaction or act of the corporation which shall be approved by the Board of Directors of the corporation, nor any such other person, firm, corporation, association or other organization in which such director may be a director, officer or member, shall be liable or accountable to the corporation, or to any shareholder thereof, solely by reason of being an interested person, for any loss incurred by the corporation pursuant to or by reason or such contract, transaction or act, or for any gain received by any such other party pursuant thereto or by reason thereof.

Thirteenth. To the fullest extent permitted by the Delaware General Corporation Law as it exists or may hereafter be amended, a director of this corporation shall not be liable to the corporation or its stockholders for monetary damages for breach of a fiduciary duty as a director.

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,				
	1996	1995	1994	1993	1992
	(dollars in thousands)				
Income before income taxes and cumulative effect of a change in accounting principle	$ 115,834	$ 122,138	$ 111,501	$ 119,105	$ 127,880
Fixed charges:(1)					
Interest expense	252,795	265,297	179,688	163,541	217,693
Rental expense	4,932	4,600	5,355	4,013	5,801
	257,727	269,897	185,043	167,554	223,494
Less interest on deposits	182,402	176,048	120,289	129,719	186,725
Net fixed charges	75,325	93,849	64,754	37,835	36,769
Earnings, excluding interest on deposits	$ 191,159	$ 215,987	$ 176,255	$ 156,940	$ 164,649
Earnings, including interest on deposits	$ 373,561	$ 392,035	$ 296,544	$ 286,659	$ 351,374
Ratio of earnings to fixed charges:					
Excluding interest on deposits	2.54x	2.30x	2.72x	4.15x	4.48x
Including interest on deposits	1.45x	1.45x	1.60x	1.71x	1.57x

(1) For purposes of computing the above ratios, 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, include all interest, whether expensed or capitalized, and that portion of rental expense (generally one third) deemed representative of the interest factor.

CONSOLIDATED FINANCIAL HIGHLIGHTS

First Hawaiian, Inc. and Subsidiaries 1

(dollars in thousands, except per share data)	1996	1995	Change
Year Ended December 31			
EARNINGS AND DIVIDENDS			
Net income	$ 80,296	$ 77,005	4.3%
Cash dividends	37,579	37,368	.6
PER SHARE			
Net income	$ 2.56	$ 2.43	5.3%
Cash dividends	1.195	1.18	1.3
Book value	22.22	20.86	6.5
FINANCIAL RATIOS			
Return on average total assets	1.04%	1.02%	2.0%
Return on average stockholders' equity	11.88	12.03	(1.2)
FINANCIAL POSITION AT DECEMBER 31			
Total assets	$ 8,002,174	$ 7,564,509	5.8%
Loans	5,806,732	5,259,545	10.4
Deposits	5,936,708	5,358,313	10.8
Stockholders' equity	705,884	649,537	8.7
Risk-based capital ratios:			
Tier 1	8.42%	9.03%	(6.8)%
Total	11.85	11.88	(.3)
Tier 1 leverage ratio	7.32	7.72	(5.2)

NET INCOME ($ in millions)	NET INCOME AND CASH DIVIDENDS PER SHARE ($)	RETURN ON AVERAGE TOTAL ASSETS (%)	RETURN ON AVERAGE STOCKHOLDERS' EQUITY (%)
1992.........86.9	1992.........2.70	1992.........1.33	1992.........16.52
1993.........81.9	1993.........2.52	1993.........1.21	1993.........14.01
1994.........72.5	1994.........2.25	1994.........1.01	1994.........11.73
1995.........77.0	1995.........2.43	1995.........1.02	1995.........12.03
1996.........80.3	1996.........2.56	1996.........1.04	1996.........11.88

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

Herbert E. Wolff
Senior Vice President & Secretary

Gerald M. Pang
Senior Vice President & Chief Credit Officer

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, Chief Financial Officer &
Treasurer, Administration & Finance Group

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

N. W. "Red" Pope
Executive Vice President,
Marketing Group

Barbara S. Tomber
Executive Vice President,
Wholesale Loan Group

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

Norman K. Y. Ching
Senior Vice President & Administrative
Assistant to the Chairman

Raymond M. H. Choo
Senior Vice President,
Consumer 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,
Portfolio Management Division

Edmund H. Kajiyama
Senior Vice President,
Branch Support Division

Gerald J. Keir
Senior Vice President,
Corporate Communications Division

Roy E. King, Jr.
Senior Vice President,
Human Resources Division

John W. Landgraf
Senior 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

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

James M. Wayman
Senior Vice President,
Bank Properties Division

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

PIONEER FEDERAL SAVINGS BANK

Lily K. Yao
Chairman & Chief Executive Officer

Albert M. Yamada
President & Chief Operating Officer

FIRST HAWAIIAN CREDITCORP, INC.

Donald G. Horner
Chairman

Harriet M. Aoki
President & Chief Executive Officer

Winston K. H. Chow
Executive Vice President

Romeo B. Estepa
Senior Vice President & Controller,
Controller's Division

Calvin H. Umamoto
Senior Vice President/Bank Secrecy Officer,
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

PACIFIC ONE BANK, N. A.

Walter A. Dods, Jr.
Chairman

Richard C. Williamson
Vice Chairman

Richard C. Emery
President & Chief Executive Officer

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

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

John C. Couch (FHI, FHB)
Chairman, President & Chief Executive Officer,
Alexander & Baldwin, Inc.;
Chairman, A&B - Hawaii, Inc.

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

Craig D. Eerkes (FHB)
Chairman and Chief Executive Officer,
Tri-City Oil Company

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.

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 and Chief Executive Officer,
Pacific International Center for
High Technology Research

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

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.

Lily K. Yao (FHB)
Chairman & Chief Executive Officer,
Pioneer Federal Savings Bank

PIONEER FEDERAL SAVINGS BANK

Lily K. Yao
Chairman & Chief Executive Officer

Albert M. Yamada
President & Chief Operating Officer

Walter A. Dods, Jr.

Michael K. Fujimoto

John A. Hoag

Howard H. Karr

Wesley T. Park

H. Fred Mosher
Director Emeritus

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

John A. Hoag

David C. Hulihee

Howard H. Karr

Glenn A. Kaya

Leighton S. L. Mau

John K. Tsui

Fred C. Weyand

FHL LEASE HOLDING COMPANY, INC.

John K. Tsui
Chairman & Chief Executive Officer

Stephen J. Marcuccilli
President

Philip H. Ching

Walter A. Dods, Jr.

Dr. Julia Ann Frohlich

Paul Mullin Ganley

John A. Hoag

Donald G. Horner

David C. Hulihee

Howard H. Karr

PACIFIC ONE BANK

Walter A. Dods, Jr.
Chairman

John K. Tsui
Vice Chairman and Chief Credit Officer

Richard C. Williamson
President and Chief Executive Officer

Charles E. Carlbom

Stuart A. Hall

James L. Huffman

PACIFIC ONE BANK, N. A.

Walter A. Dods, Jr.
Chairman

Craig D. Eerkes
Vice Chairman

Richard C. Williamson
Vice Chairman

Richard C. Emery
President and Chief Executive Officer

Russ Dean

Leonard Dietrich

Howard H. Karr

Neal Smiley

John K. Tsui

George Yoshino

FIRST HAWAIIAN, INC. FINANCIAL REVIEW

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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 is also registered with the Office of Thrift Supervision as a savings and loan holding company as a result of its ownership of Pioneer Federal Savings Bank ("Pioneer").

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, 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 56 other banking offices located throughout the State of Hawaii. It also has two banking offices in Guam; 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 new headquarters, which was completed in September 1996.

- 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. is engaged 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.

PIONEER FEDERAL SAVINGS BANK

Pioneer is a federally chartered savings bank headquartered in Honolulu, Hawaii. Pioneer, chartered in 1890, currently conducts its business through 19 full-service offices located throughout the four major islands of the State of Hawaii.

Pioneer's principal business consists of attracting deposits from the general public through a variety of deposit products. The deposits are insured by the Savings Association Insurance Fund ("SAIF") of the FDIC to the extent, and subject to the limitations, set forth in the Act. The deposits, together with borrowings, principally from the Federal Home Loan Bank (the "FHLB") of Seattle, and funds from ongoing operations, are used in the origination of 1-4 family residential mortgage loans and, to a lesser extent, consumer loans and other mortgage loans.

In October 1996, Pioneer's residential mortgage lending operations were merged with the Bank. Pioneer's remaining operations are scheduled to be merged with and into the Bank in April 1997.

PACIFIC ONE BANK

Pacific One Bank ("Pacific One"), headquartered in Portland, Oregon, was formed on May 21, 1996 in connection with the acquisition by the Company of 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. Twenty-six of these branches are being operated as Pacific One. Sixteen of these branches are in the Portland metropolitan area, five are on the central Oregon coast, four are in eastern Oregon and one is in Weiser, Idaho.

Four of the acquired branches are now being operated as part of Pacific One Bank, N.A., in Washington state, which is discussed below. One branch, also in Washington state, was subsequently closed.

Pacific One is a full-service bank conducting 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 branches in Idaho and is not a member of the Federal Reserve System.

ANB FINANCIAL CORPORATION

ANB Financial Corporation ("ANB"), a bank holding company, and its subsidiary, Pacific One Bank, N.A. (formerly known as American National Bank), headquartered in Kennewick, Washington, were acquired by the Company on July 31, 1996. Pacific One Bank, N.A. operates eight branches in southeastern Washington.

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

Deposits in Pacific One Bank, N.A. are insured by the FDIC to the extent, and subject to the limitations, set forth in the Act. Pacific One Bank, N.A. is a national bank chartered under Federal law.

FIRST HAWAIIAN CREDITCORP, INC.

First Hawaiian Creditcorp, Inc. ("Creditcorp") is a financial services loan company operating in the State of Hawaii 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. The 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, a commercial office in Honolulu and a loan production office in Guam.

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.

COMMON STOCK INFORMATION

The common stock of the Company is traded on The Nasdaq Stock Market under the symbol FHWN. As of December 31, 1996, there were 4,852 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, 1996, a total of 33,190,374 shares of common stock were issued, including 1,415,954 shares in the treasury stock account. The Board of Directors (the "Board") has authorized the total repurchase of up to 1.6 million shares to be held by the Company or used for corporate purposes as designated by the Board. Through December 31, 1996, the Company had repurchased 1,075,940 shares of common stock under such authorization.

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

	Net Income	Dividends Paid	Market Price High	Market Price Low	Market Price Close
1996					
First Quarter.......	$ .65	$ .295	$ 30	$ 26	$ 27 5/8
Second Quarter......	.67	.295	29 3/4	26 1/2	28 1/2
Third Quarter.......	.60	.295	31	25 3/4	31
Fourth Quarter......	.64	.310	36 3/4	29 1/4	35
Annual..........	$ 2.56	$ 1.195	36 3/4	25 3/4	35
1995					
First Quarter.......	$ .59	$ .295	27	23	24 1/2
Second Quarter......	.59	.295	28	24 1/2	26 3/4
Third Quarter.......	.62	.295	31 1/4	24 3/4	29 1/2
Fourth Quarter......	.63	.295	30 1/4	27 7/8	30
Annual..........	$ 2.43	$ 1.180	31 1/4	23	30
1994	$ 2.25	$ 1.180	31 1/4	23	23 3/4
1993	$ 2.52	$ 1.135	30 3/4	23 3/4	24 3/4
1992	$ 2.70	$ 1.060	29 3/4	23 1/2	28 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 54.

SUMMARY OF SELECTED CONSOLIDATED FINANCIAL DATA

First Hawaiian, Inc. and Subsidiaries

	1996	1995	1994	1993	1992
INCOME STATEMENTS AND DIVIDENDS (in thousands)					
Total interest income	$574,140	$559,957	$475,760	$428,931	$475,574
Total interest expense	252,795	265,297	179,688	150,709	206,783
Net interest income	321,345	294,660	296,072	278,222	268,791
Provision for loan losses	23,627	38,107	22,922	13,262	12,812
Total noninterest income	102,327	94,878	86,672	79,587	69,597
Total noninterest expenses	284,211	229,293	248,321	225,442	197,696
Income before income taxes and cumulative effect of a change in accounting principle	115,834	122,138	111,501	119,105	127,880
Income taxes	35,538	45,133	38,990	40,898	40,980
Income before cumulative effect of a change in accounting principle	80,296	77,005	72,511	78,207	86,900
Cumulative effect of a change in accounting principle	--	--	--	3,650	--
NET INCOME	$ 80,296	$ 77,005	$ 72,511	$ 81,857	$ 86,900
CASH DIVIDENDS	$ 37,579	$ 37,368	$ 38,008	$ 36,821	$ 34,161
COMMON STOCK DATA					
Per share:					
Income before cumulative effect of a change in accounting principle	$ 2.56	$ 2.43	$ 2.25	$ 2.41	$ 2.70
Net income	2.56	2.43	2.25	2.52	2.70
Cash dividends	1.195	1.18	1.18	1.135	1.06
Book value (at December 31)	22.22	20.86	19.61	18.69	17.30
Market price (close at December 31)	35.00	30.00	23.75	24.75	28.75
Average shares outstanding (in thousands)	31,399	31,735	32,259	32,505	32,225
BALANCE SHEETS (in millions)					
Average balances:					
Total assets	$7,755	$7,528	$7,200	$6,755	$6,537
Total earning assets	7,071	6,876	6,558	6,106	5,966
Loans	5,510	5,461	5,172	4,619	4,358
Deposits	5,618	5,178	5,082	5,069	5,084
Stockholders' equity	676	640	618	584	526
At December 31:					
Total assets	$8,002	$7,565	$7,535	$7,269	$6,553
Loans	5,807	5,260	5,534	5,067	4,396
Deposits	5,937	5,358	5,152	5,220	5,088
Long-term debt	206	239	219	222	71
Stockholders' equity	706	650	628	608	562
SELECTED RATIOS					
Return on average:					
Total assets	1.04%	1.02%	1.01%	1.21%	1.33%
Stockholders' equity	11.88	12.03	11.73	14.01	16.52
Dividend payout ratio	46.68	48.56	52.44	45.04	39.26
Average stockholders' equity to average total assets	8.72	8.50	8.58	8.65	8.05
Year ended December 31:					
Net interest margin	4.57	4.36	4.63	4.69	4.62
Net loans charged off to average loans	.44	.38	.46	.27	.27
At December 31:					
Risk-based capital ratios:					
Tier 1	8.42	9.03	9.31	9.80	10.49
Total	11.85	11.88	12.06	12.84	11.67
Tier 1 leverage ratio	7.32	7.72	7.51	7.45	7.72
Allowance for loan losses to total loans	1.47	1.50	1.11	1.23	1.28
Nonperforming assets to total loans and other real estate owned	1.68	1.75	1.14	1.44	1.65
Allowance for loan losses to nonperforming loans	1.18x	.95x	1.04x	1.03x	.79x

OVERVIEW

The Company recorded consolidated net income for 1996 of $80,296,000, an increase of 4.3%, or $3,291,000, over $77,005,000 in 1995. On a per share basis, consolidated net income for 1996 was $2.56, an increase of 5.3% over 1995. The proportionately greater increase in earnings per share was attributable in part to the fewer average number of shares outstanding in 1996 as compared to 1995, as a result of the Company's stock repurchase program previously mentioned.

The increase in consolidated net income in 1996 was primarily attributable to: (1) the purchase of 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; and (2) the purchase of ANB Financial Corporation. The above acquisitions (collectively referred to as the "Pacific Northwest Acquisitions"), reported a combined net income of $2,282,000 in 1996. In addition, the Company recorded 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. These increases were partially offset by an after-tax charge of $2,309,000 resulting from the Bank Insurance Fund ("BIF")/Savings Association Insurance Fund ("SAIF") legislation enacted on September 30, 1996. The Deposit Insurance Funds Act of 1996 imposed a special one-time assessment at a rate of 65.7 cents per $100 of deposits on institutions holding SAIF-insured deposits on March 31, 1995, in order to recapitalize the SAIF fund. Exclusive of the special SAIF one-time assessment, consolidated net income for 1996 was $82,605,000, an increase of 7.3% over 1995.

In recent years, and especially during the latter half of 1995 and throughout 1996, the level of the Company's nonperforming assets and charge-offs has increased due to the following adverse economic trends: (1) prolonged economic downturn in Hawaii and related weakness in the local real estate market, including declining values in the leasehold real estate sector; and (2) lingering effects of Hurricane Iniki on the economy of the island of Kauai. The Company's nonperforming assets, principally loans collateralized by real estate and other real estate owned, totalled 1.68% and 1.75% of total loans and other real estate owned as of December 31, 1996 and 1995, respectively, compared to 1.14%, 1.44% and 1.65% at December 31, 1994, 1993 and 1992, respectively. Net charge-offs to average loans were .44%, .38% and .46% for 1996, 1995 and 1994, respectively, compared to .27% in 1993 and 1992. As a result, the provision for loan losses was $23,627,000, $38,107,000 and $22,922,000 for 1996, 1995 and 1994, respectively, compared to $13,262,000 and $12,812,000 in 1993 and 1992, respectively.

Consolidated net income for 1995 increased by $4,494,000, or 6.2%, over 1994. Consolidated net income per share for 1995 was $2.43 compared to $2.25 in 1994. The increase in earnings was primarily due to: (1) a pre-tax gain of $20,766,000 (recorded as a pension credit in the employee benefits line of the Consolidated Statements of Income on page 44) in connection with the curtailment of the Company's noncontributory pension plan; (2) the decrease in FDIC insurance expense of $5,198,000 primarily as a result of a reduction in the insurance premiums from 23 cents to 4 cents per $100 of deposits effective June 1, 1995; and (3) the receipt of insurance proceeds and reversal of accruals totalling $4,700,000 related to losses in the trust area recognized in 1994. In December 1994, the Company recognized a pre-tax charge of $5,000,000 to cover estimated losses attributable to investments in the trust area that were outside of certain clients' express investment guidelines. The increase in earnings was partially offset by a higher provision for loan losses of $15,185,000 in 1995 over 1994.

At December 31, 1996, the Company's ratios of Tier 1 Capital to risk-weighted assets, Total Capital to risk-weighted assets and Tier 1 Capital to average assets were 8.42%, 11.85% and 7.32%, respectively, compared with 9.03%, 11.88% and 7.72%, respectively, at December 31, 1995. These ratios are well in excess of the minimum ratios of 4.00%, 8.00% and 3.00%, 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, which had total loans of $51 million and total deposits of $67 million at the date of acquisition.

ASSETS ($ in billions)		LOANS ($ in billions)	
1992	6.55	1992	4.40
1993	7.27	1993	5.07
1994	7.54	1994	5.53
1995	7.57	1995	5.26
1996	8.00	1996	5.81

NET INTEREST INCOME

As reflected in Table 1 on page 27, net interest income, on a taxable equivalent basis, increased $23,548,000, or 7.9%, from $299,707,000 in 1995 to $323,255,000 in 1996. This increase was primarily due to the Pacific Northwest Acquisitions and a 21 basis point (1% equals 100 basis points) increase in the net interest margin. Net interest income decreased by $3,717,000, or 1.2%, from 1994 to 1995 primarily due to a 27 basis point decrease in the net interest margin, partially offset by a 4.8% increase in average earning assets, reflecting significant loan growth. Tables 1 and 2 present an analysis of the components and changes in net interest income for 1996, 1995 and 1994.

The net interest margin was 4.57% for 1996, up 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 7 basis point decrease in the yield on average earning assets. The decrease in the rate paid for sources of funds reflected, among other things, an increase in average noninterest-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. In 1996, there was a favorable impact of $5,684,000 due to interest rate swaps which were used to hedge deposit accounts.

The decrease in the yield on average earning assets was affected by the following events in 1995: (1) the reversal of $1,806,000 in previously recognized interest income on certain loans placed on nonaccrual status; and (2) the write-off of $743,000 in lease finance interest income for the remaining net investment in certain leveraged leases, exclusive of the residual values, as a result of the early termination of these leases.

As a result of increases in interest rates in 1995, the rate paid for sources of funds used for earning assets increased 112 basis points and the yield on average earning assets increased 85 basis points, which resulted in a decrease in the net interest margin from 4.63% in 1994 to 4.36%. The 112 basis point increase in the rate paid for sources of funds reflected the general increase in interest rates as well as a shift in our funding mix toward higher-cost funding sources.

Average earning assets increased by $194,908,000, or 2.8%, in 1996 over 1995, primarily due to the Pacific Northwest Acquisitions. In addition, in the second quarter of 1995, the Company securitized approximately $461,449,000 of adjustable rate mortgage loans with the Federal National Mortgage Association ("FNMA") in order to increase its funding capacity and liquidity. The securities backed by these loans are held by the Company and were reclassified to the investment security portfolio. Excluding the effects of such securitization and the Pacific Northwest Acquisitions, the investment securities portfolio reflected a decrease of $208,704,000, or 22.9%, compared to 1995. The decrease was a reflection of reduced levels of state and local government funds requiring collateralization and the ongoing adjustments to the investment portfolio resulting from the securitization in 1995.

Average loans increased by $49,580,000, or .9%, in 1996 over 1995 primarily due to the Pacific Northwest Acquisitions. Excluding the effects of the Pacific Northwest Acquisitions and loan securitization, average loans in 1996 remained relatively constant compared to 1995. The Company continues its efforts to diversify the loan portfolio, both geographically and by industry. Credit extensions to companies in the media and telecommunications industry located on the mainland United States offset the decline in the balances of loans collateralized by real estate. As a result (excluding the effects of the Pacific Northwest Acquisitions and loan securitization), the mix of average earning assets continues to change, with average loans representing 84.0% of average earning assets for 1996 as compared to 82.8% in 1995.

Average earning assets increased by $317,978,000, or 4.8%, in 1995 over 1994. In addition, the mix of earning assets changed slightly, as the Company increased the average amount of loans in its portfolio, from 78.9% of average earning assets in 1994 to 82.8% in 1995. Average loans, excluding the impact of the loan securitization, increased 10.1% from 1994 to 1995.

Average interest-bearing deposits and liabilities increased by $124,535,000, or 2.1%, in 1996 over 1995 primarily due to the Pacific Northwest Acquisitions and deposits acquired from a depository financial services company in the fourth quarter of 1995. 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 impact of the Pacific Northwest Acquisitions, average interest-bearing deposits and liabilities decreased by $281,202,000, or 4.8%, in 1996 compared to 1995.

NET INTEREST INCOME* ($ in millions)		AVERAGE EARNING ASSETS ($ in billions)	
1992	275.8	1992	5.97
1993	286.4	1993	6.11
1994	303.4	1994	6.56
1995	299.7	1995	6.88
1996	323.3	1996	7.07

* taxable equivalent basis

This decrease reflected the repayment of short-term borrowings from proceeds received from the run-off of the investment securities portfolio. Depositors were seeking higher yields, and thus were placing more money into time deposits as opposed to savings accounts. As a result, the higher-yielding time deposits represented 39.8% of average interest-bearing deposits and liabilities in 1996, as compared to 33.9% in 1995. As reflected in Table 2 on page 28, the decrease in total interest expense for interest-bearing deposits and liabilities of $12,502,000 from 1995 to 1996 included an increase of $23,765,000 primarily due to higher average balances in time deposits.

Average interest-bearing deposits and liabilities increased by $294,061,000, or 5.3%, in 1995 over 1994, principally as a result of an increase in average interest-bearing deposits. As reflected in Table 2, the increase in total interest expense for interest-bearing deposits and liabilities of $85,609,000 from 1994 to 1995 was comprised of an increase of $63,872,000 due to higher interest rates and an increase of $21,737,000 due to higher average balances.

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 1996, 1995 and 1994) to make them comparable with taxable items before any income taxes are applied.

	1996			1995			1994		
(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	$ 13,666	$ 790	5.78%	$ 11,849	$ 771	6.51%	$ 12,078	$ 615	5.09%
Foreign	182,680	10,392	5.69	50,613	2,956	5.84	55,214	2,011	3.64
Total interest-bearing deposits in other banks	196,346	11,182	5.69	62,462	3,727	5.97	67,292	2,626	3.90
Federal funds sold and securities purchased under agreements to resell	153,499	8,442	5.50	207,237	12,003	5.79	127,821	5,179	4.05
Investment securities (1):									
Taxable	1,169,110	72,813	6.23	1,029,183	57,890	5.62	1,008,448	45,248	4.49
Exempt from Federal taxes	41,546	4,063	9.78	116,291	9,316	8.01	182,175	11,084	6.08
Total investment securities	1,210,656	76,876	6.35	1,145,474	67,206	5.87	1,190,623	56,332	4.73
Loans (2) (3):									
Domestic	5,272,503	456,741	8.66	5,239,888	461,067	8.80	4,953,951	400,003	8.07
Foreign	237,758	22,809	9.59	220,793	21,001	9.51	218,189	18,972	8.69
Total loans	5,510,261	479,550	8.70	5,460,681	482,068	8.83	5,172,140	418,975	8.10
Total earning assets	7,070,762	576,050	8.15	6,875,854	565,004	8.22	6,557,876	483,112	7.37
Cash and due from banks	250,456			242,412			265,103		
Premises and equipment	253,502			243,579			250,391		
Core deposit premium	27,272			13,672			14,588		
Goodwill	84,965			76,893			79,178		
Other assets	68,427			76,086			33,077		
Total assets	$7,755,384			$7,528,496			$7,200,213		

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 $24,189, $23,951 and $29,317 for 1996, 1995 and 1994, respectively.

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(dollars in thousands)	1996 AVERAGE BALANCE	1996 INTEREST INCOME/ EXPENSE	1996 YIELD/ RATE	1995 Average Balance	1995 Interest Income/ Expense	1995 Yield/ Rate	1994 Average Balance	1994 Interest Income/ Expense	1994 Yield/ Rate
LIABILITIES AND STOCKHOLDERS' EQUITY									
Interest-bearing deposits and liabilities:									
Deposits:									
Interest-bearing demand	$1,387,849	$ 36,104	2.60%	$1,114,737	$ 30,034	2.69%	$1,206,562	$ 25,383	2.10%
Savings	921,310	20,679	2.24	1,177,277	34,272	2.91	1,422,297	30,865	2.17
Time	2,197,868	116,707	5.31	1,707,967	92,942	5.44	1,369,020	56,254	4.11
Foreign (interest-bearing)	205,547	8,912	4.34	346,886	18,800	5.42	207,655	7,787	3.75
Total interest-bearing deposits	4,712,574	182,402	3.87	4,346,867	176,048	4.05	4,205,534	120,289	2.86
Short-term borrowings	1,011,958	53,977	5.33	1,271,981	74,369	5.85	1,136,361	47,813	4.21
Long-term debt	249,245	16,416	6.59	230,394	14,880	6.46	213,286	11,586	5.43
TOTAL INTEREST-BEARING DEPOSITS AND LIABILITIES	5,973,777	252,795	4.23	5,849,242	265,297	4.54	5,555,181	179,688	3.23
Noninterest-bearing demand deposits	905,035			831,485			876,696		
Other liabilities	200,636			207,619			149,922		
Total liabilities	7,079,448			6,888,346			6,581,799		
Stockholders' equity	675,936			640,150			618,414		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$7,755,384			$7,528,496			$7,200,213		
NET INTEREST INCOME AND MARGIN ON TOTAL EARNING ASSETS		323,255	4.57%		299,707	4.36%		303,424	4.63%
Tax equivalent adjustment		1,910			5,047			7,352	
Net interest income		$321,345			$294,660			$296,072	

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 1996, 1995 and 1994) to make them comparable with taxable items before any income taxes are applied.

	1996 COMPARED TO 1995-- INCREASE (DECREASE) DUE TO:			1995 Compared to 1994-- 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	$ 111	$ (92)	$ 19	$ (12)	$ 168	$ 156
Foreign	7,515	(79)	7,436	(180)	1,125	945
Total interest-bearing deposits in other banks	7,626	(171)	7,455	(192)	1,293	1,101
Federal funds sold and securities purchased under agreements to resell	(2,981)	(580)	(3,561)	4,035	2,789	6,824
Investment securities:						
Taxable	8,342	6,581	14,923	948	11,693	12,641
Exempt from Federal income taxes	(6,973)	1,720	(5,253)	(4,685)	2,917	(1,768)
Total investment securities	1,369	8,301	9,670	(3,737)	14,610	10,873
Loans (1):						
Domestic	2,858	(7,184)	(4,326)	23,899	37,165	61,064
Foreign	1,626	182	1,808	229	1,801	2,030
Total loans	4,484	(7,002)	(2,518)	24,128	38,966	63,094
Total earning assets	10,498	548	11,046	24,234	57,658	81,892
Interest paid on:						
Deposits:						
Interest-bearing demand	7,136	(1,066)	6,070	(2,047)	6,698	4,651
Savings	(6,621)	(6,972)	(13,593)	(5,926)	9,333	3,407
Time	26,064	(2,299)	23,765	15,883	20,805	36,688
Foreign (interest-bearing)	(6,632)	(3,256)	(9,888)	6,618	4,395	11,013
Total interest-bearing deposits	19,947	(13,593)	6,354	14,528	41,231	55,759
Short-term borrowings	(14,269)	(6,123)	(20,392)	6,227	20,329	26,556
Long-term debt	1,236	300	1,536	982	2,312	3,294
Total interest-bearing deposits and liabilities	6,914	(19,416)	(12,502)	21,737	63,872	85,609
INCREASE (DECREASE) IN NET INTEREST INCOME (TAXABLE EQUIVALENT BASIS)	$ 3,584	$19,964	$23,548	$ 2,497	$ (6,214)	$ (3,717)

Note:

(1) Interest income for loans included loan fees of $24,189, $23,951 and $29,317 for 1996, 1995 and 1994, respectively.

NONINTEREST INCOME

Total noninterest income increased $7,449,000, or 7.9%, from $94,878,000 in 1995 to $102,327,000 in 1996. Excluding the Pacific Northwest Acquisitions, total noninterest income increased $4,054,000, or 4.3%.

Trust fees increased $823,000, or 3.6%, from 1995 to 1996 and $187,000, or .8%, from 1994 to 1995. The increase was primarily the result of increases in fees from irrevocable trusts and investment management fees resulting from new business.

Service charges on deposit accounts increased $2,134,000, or 8.8%, from 1995 to 1996 and $136,000, or .6%, from 1994 to 1995. Excluding the Pacific Northwest Acquisitions, service charges on deposit accounts increased $500,000, or 2.1%, from 1995 to 1996. The increase was attributable to an increase in fees on checks returned and paid.

Other service charges and fees increased $4,297,000, or 12.1%, from 1995 to 1996 and $3,614,000, or 11.3%, from 1994 to 1995. The increase from 1995 to 1996 was primarily as a result of the Pacific Northwest Acquisitions, higher merchant discount fees, commissions from annuity and mutual fund sales and mortgage brokerage fees. Increases in fee income from higher merchant discount fees and commissions from annuity and mutual fund sales accounted for the increase from 1994 to 1995.

Other noninterest income increased $221,000, or 1.8%, from 1995 to 1996 and $4,303,000, or 55.9%, from 1994 to 1995. The modest increase from 1995 to 1996 was attributable to a commission paid to the Company for renewal of an agreement to sell disability insurance to loan product customers. The increase from 1994 to 1995 was primarily attributable to the receipt of insurance proceeds and reversal of accruals totalling $4,700,000 in 1995 related to losses in the trust area recognized in 1994. In December 1994, the Company recognized a nonrecurring pre-tax charge of $5,000,000 (recorded in other noninterest expenses) to cover estimated losses attributable to investments made in the trust area that were outside of certain clients' express investment guidelines.

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

				1996/95 Change		1995/94 Change	
(in thousands)	1996	1995	1994	AMOUNT	%	Amount	%
Trust and investment services income	$ 23,857	$23,034	$22,847	$ 823	3.6%	$ 187	.8%
Service charges on deposit accounts	26,284	24,150	24,014	2,134	8.8	136	.6
Other service charges and fees	39,848	35,551	31,937	4,297	12.1	3,614	11.3
Securities gains, net	118	144	178	(26)	(18.1)	(34)	(19.1)
Other	12,220	11,999	7,696	221	1.8	4,303	55.9
Total noninterest income	$102,327	$94,878	$86,672	$7,449	7.9%	$8,206	9.5%

PROVISION AND ALLOWANCE FOR LOAN LOSSES

The provision for loan losses is based upon management's judgment 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 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 quality, general economic factors and the fair value of collateral securing the loans.

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," amended in October 1994 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 31 illustrates, the provision for loan losses for 1996 was $23,627,000, a decrease of 38.0%, or $14,480,000, compared to 1995. In 1995, the Company increased its provision for loan losses by $15,185,000, or 66.2%, over 1994. The 1995 increase reflected, among other factors, the Company's evaluation of the impact of adverse economic conditions and trends in Hawaii (in particular, events reflecting the prolonged effect of the 1992 recession on the Hawaii economy) and loan concentrations.

The first and most important of these adverse economic trends was the continuing weakness of the Hawaii economy's recovery from the 1992 recession. In contrast to the mainland economy, Hawaii's recovery from the recession has been slow and protracted; Hawaii continued to show weaknesses in its local real estate market, especially during the latter half of 1995, including declining values in the leasehold real estate sector.

The second significant adverse economic trend was the nagging effect of Hurricane Iniki in September 1992. The island of Kauai has never totally recovered from the damage to resort, hotel and agricultural property and the extended insurance claim period that followed. In addition, in the third quarter of 1995, a major sugar plantation on Kauai closed, further exacerbating the existing high levels of unemployment.

The provision for loan losses in 1996 decreased from 1995, partly as a result of the decrease in nonperforming loans, 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, the increase in net charge-offs and nonperforming assets over 1995, as well as the potential problem loans as discussed in the section titled "Nonperforming Assets and Past Due Loans" on page 37.

Net charge-offs in 1996 totalled $24,218,000 compared to $20,624,000 in 1995. Net charge-offs in 1996 and 1995 represented .44% and .38%, respectively, of average outstanding loans. 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. The increase in consumer loan charge-offs was primarily attributable to the record number of personal bankruptcies in the state of Hawaii, which resulted in a 25% increase in write-offs of credit card loans. However, charge-offs in this profitable line of business remain well below national average rates. The anticipated amount of net charge-offs in 1997 is estimated to be 30-40 basis points of average outstanding loans.

At December 31, 1996, the Allowance totalled $85,248,000 and represented 1.47% of total outstanding loans compared to $78,733,000 and 1.50% as of December 31, 1995.

The Allowance increased to 117.7% of nonperforming loans at December 31, 1996 (excluding 90 days or more past due accruing loans) from 95.0% at December 31, 1995, reflecting the decrease in nonperforming loans in 1996 compared to 1995. In management's judgment, the Allowance is adequate to absorb potential losses currently inherent in the portfolio at December 31, 1996. However, 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	
1992	1.28
1993	1.23
1994	1.11
1995	1.50
1996	1.47

YEAR-END ALLOWANCE FOR LOAN LOSSES ($ in millions)	
1992	56.4
1993	62.3
1994	61.3
1995	78.7
1996	85.2

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)
First Hawaiian, Inc. and Subsidiaries

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

(dollars in thousands)	1996	1995	1994	1993	1992
LOANS OUTSTANDING (END OF YEAR)	$5,806,732	$5,259,545	$5,533,565	$5,066,809	$4,396,018
AVERAGE LOANS OUTSTANDING	$5,510,261	$5,460,681	$5,172,140	$4,619,401	$4,358,363
Allowance for loan losses:					
Balance at beginning of year	$ 78,733	$ 61,250	$ 62,253	$ 56,385	$ 55,134
Allowance of subsidiaries purchased (1)	7,106	--	--	5,225	--
Loans charged off:					
Commercial, financial and agricultural	10,003	7,197	11,307	3,004	2,110
Real estate:					
Commercial	1,619	2,763	1,500	125	250
Construction	1,450	1,466	7,178	4,506	3,932
Residential	2,937	2,707	588	562	--
Consumer	10,884	8,019	6,542	6,839	7,093
Lease financing	33	276	--	27	25
Foreign	415	417	--	--	--
Total loans charged off	27,341	22,845	27,115	15,063	13,410
Recoveries on loans previously charged off:					
Commercial, financial and agricultural	929	327	1,229	235	349
Real estate:					
Commercial	86	239	9	321	1
Construction	117	--	205	--	--
Residential	234	43	92	207	35
Consumer	1,690	1,596	1,639	1,667	1,456
Lease financing	3	16	16	14	8
Foreign	64	--	--	--	--
Total recoveries on loans previously charged off	3,123	2,221	3,190	2,444	1,849
Net charge-offs	(24,218)	(20,624)	(23,925)	(12,619)	(11,561)
Provision charged to expense	23,627	38,107	22,922	13,262	12,812
BALANCE AT END OF YEAR	$ 85,248	$ 78,733	$ 61,250	$ 62,253	$ 56,385
Net loans charged off to average loans	.44%	.38%	.46%	.27%	.27%
Net loans charged off to allowance for loan losses	28.41%	26.19%	39.06%	20.27%	20.50%
Allowance for loan losses to total loans (end of year)	1.47%	1.50%	1.11%	1.23%	1.28%
Allowance for loan losses to nonperforming loans:					
Excluding 90 days or more past due accruing loans	1.18x	.95x	1.04x	1.03x	.79x
Including 90 days or more past due accruing loans	.83x	.70x	.66x	.62x	.44x

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 Federal Savings Bank, 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:

	1996		1995		1994		1993		1992	
(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	$13,730	24%	$15,325	25%	$16,610	23%	$13,000	24%	$14,700	27%
Real estate:										
Commercial	6,620	20	2,320	19	4,700	18	3,400	17	5,400	16
Construction	120	4	4,035	5	7,010	6	11,850	7	4,400	10
Residential	6,130	33	4,260	34	9,510	37	4,700	35	3,000	28
Consumer	11,040	10	9,550	9	8,040	8	7,500	9	7,100	10
Lease financing	760	4	645	4	600	4	1,350	4	1,300	4
Foreign	1,540	5	1,430	4	1,085	4	1,600	4	1,700	5
General allowance	45,308	N/A	41,168	N/A	13,695	N/A	18,853	N/A	18,785	N/A
Total	$85,248	100%	$78,733	100%	$61,250	100%	$62,253	100%	$56,385	100%

NONINTEREST EXPENSES

Total noninterest expenses for 1996 totalled $284,211,000, an increase of $54,918,000, or 24.0%, over 1995. Excluding the Pacific Northwest Acquisitions in 1996 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 expenses increased $17,208,000, or 6.9%, over 1995.

Total personnel expense for 1996 increased $37,388,000, or 36.9%, over 1995. The increase was primarily due to the aforementioned nonrecurring gain of $20,766,000 in 1995 and the Pacific Northwest Acquisitions. Excluding the previously mentioned nonrecurring gain and Pacific Northwest Acquisitions, total personnel expense increased $7,872,000, or 6.4%. The increase was primarily due to an increase in employee benefit costs associated with the curtailment of a 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 401K plan, effective January 1, 1996. Also, higher salaries and wages reflecting normal merit increases contributed to the increase.

Occupancy expense increased $1,339,000, or 5.2%, over 1995 primarily as a result of the Pacific Northwest Acquisitions. Excluding the Pacific Northwest Acquisitions, occupancy expense increased $403,000, or 1.6%, over 1995 primarily due to higher building maintenance expenses. In the coming year, occupancy expense is expected to increase by approximately $10.3 million as the Company will have paid a full year of its rent obligation related to its new headquarters building. Additional information on the lease agreement is provided in Note 17 to the Financial Statements on page 58.

Equipment expense decreased $1,227,000, or 5.1%, compared to 1995. The decrease was due to decreases in service contracts, depreciation on furniture and equipment and equipment rental expense. These decreases were partially offset by increased equipment expenses related to the Pacific Northwest Acquisitions. Excluding the Pacific Northwest Acquisitions, equipment expense decreased $1,985,000, or 8.3%, compared to 1995.

Deposit insurance expense decreased $910,000, or 14.7%, compared to 1995. The decrease was due to the reduction 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. The decrease was partially offset by a charge of $3,849,000 resulting from the aforementioned BIF/SAIF legislation enacted on September 30, 1996.

Other expenses increased $17,411,000, or 31.1%, over 1995 as a result of the Pacific Northwest Acquisitions, higher merchant interchange fees, outside services, legal fees (primarily related to foreclosed property), depreciation on software and losses in connection with a certain credit card fraud.

Noninterest expenses decreased $19,028,000, or 7.7%, from 1994 to 1995. This decrease was primarily due to the aforementioned nonrecurring gain of $20,766,000 in connection with the curtailment of the Company's noncontributory pension plan and decrease in deposit insurance expense resulting from the reduction in the FDIC assessment rate effective June 1, 1995. This decrease was partially offset by higher salaries and wages, depreciation, insurance and rental expenses.

Effective January 1, 1996, the Company adopted SFAS No. 123, "Accounting for Stock-Based Compensation." SFAS No. 123 provides for, but does not require the use of, an alternative method of accounting for stock-based employee compensation plans (the "fair value based method"). The Company presently utilizes the "intrinsic value based method" of accounting prescribed in Accounting Principles Board Opinion ("APBO") No. 25, "Accounting for Stock Issued to Employees." As permitted under SFAS No. 123, the Company has elected to remain with the accounting prescribed in APBO No. 25 and will instead present, if material, certain pro forma disclosures of net income and earnings per share in the notes to the financial statements, as if the fair value based method of accounting defined in SFAS No. 123 had been applied. Accordingly, the adoption of this standard did not have an effect on the consolidated financial statements of the Company.

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

				1996/95 CHANGE		1995/94 Change	
(in thousands)	1996	1995	1994	AMOUNT	%	Amount	%
Personnel:							
Salaries and wages	$104,572	$ 94,119	$ 92,237	$ 10,453	11.1%	$ 1,882	2.0 %
Employee benefits	34,144	7,209	26,484	26,935	373.6	(19,275)	(72.8)
Total personnel expenses	138,716	101,328	118,721	37,388	36.9	(17,393)	(14.7)
Occupancy expense	27,045	25,706	23,280	1,339	5.2	2,426	10.4
Equipment expense	22,680	23,907	24,812	(1,227)	(5.1)	(905)	(3.6)
Deposit insurance	5,280	6,190	11,388	(910)	(14.7)	(5,198)	(45.6)
Stationery and supplies	8,447	8,645	9,055	(198)	(2.3)	(410)	(4.5)
Advertising and promotion	8,591	7,476	7,745	1,115	14.9	(269)	(3.5)
Trust loss	--	--	5,000	--	--	(5,000)	(100.0)
Other	73,452	56,041	48,320	17,411	31.1	7,721	16.0
TOTAL NONINTEREST EXPENSES	$284,211	$229,293	$248,321	$ 54,918	24.0%	$(19,028)	(7.7)%

INCOME TAXES

The provision for income taxes as shown in the Consolidated Statements of Income on page 44 represents 30.7% of pre-tax income for 1996, compared with 37.0% and 35.0% for 1995 and 1994, respectively.

On a taxable equivalent basis, the effective tax rate for 1996, 1995 and 1994 was 32.3%, 41.1% and 41.6%, respectively. Additional information on the Company's income taxes is provided in Note 15 to the Financial Statements on page 57.

The decrease in the 1996 effective tax rate 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)	1996	1995	1994	1993	1992
Domestic:					
Commercial, financial and agricultural	$1,382	$1,316	$1,264	$1,166	$1,175
Real estate:					
Commercial	1,172	997	965	883	720
Construction	213	257	321	317	438
Residential	1,936	1,766	2,049	1,829	1,217
Consumer	410	307	309	312	326
Credit cards	173	167	159	148	148
Lease financing	241	242	231	201	171
Foreign:					
Governments and official institutions	--	--	1	2	3
Commercial and industrial	55	19	50	79	78
Other	225	189	185	130	120
TOTAL LOANS	$5,807	$5,260	$5,534	$5,067	$4,396

The loan portfolio is the largest component of total earning assets and accounts for the greatest portion of total interest income. At December 31, 1996, total loans were $5,806,732,000, an increase of 10.4% over December 31, 1995. The increase was primarily attributable to the Pacific Northwest Acquisitions.

Total loans at December 31, 1996, represented 72.6% of total assets, 82.0% of total earning assets and 97.8% of total deposits compared to 69.5% of total assets, 77.7% of total earning assets and 98.2% of total deposits at December 31, 1995. The increases in percentages over December 31, 1995, were primarily due to the aforementioned Pacific Northwest Acquisitions. Governmental and certain other time deposits were shifted into security repurchase agreements at December 31, 1996 and 1995, to reduce the Company's deposit insurance premiums. If these repurchase agreements had been included in the deposit base, total loans as a percentage of total deposits would represent 88.0% and 85.7%, respectively, at such dates.

Commercial, financial and agricultural loans as of December 31, 1996, increased $66,088,000, or 5.0%, to $1,381,824,000 from December 31, 1995. Excluding the Pacific Northwest Acquisitions mentioned above, loans in this category would have decreased 6.0% compared to December 31, 1995. Although the Company continues its efforts to diversify the loan portfolio, both geographically and by industry, overall loan volume in the state of Hawaii has declined as a result of the sluggish economy. Credit extensions in the media and telecommunications industry located on the mainland United States account for the majority of the diversification by industry.

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 viable guarantors with sound net worths. Unsecured loans are made to customers of good character with sound net worths, above average liquidity and strong repayment ability.

The Company's real estate loans totalled $3,321,239,000, or 57.2% of total loans at December 31, 1996, and represented an increase of 10.0% over December 31, 1995. Excluding the Pacific Northwest Acquisitions mentioned above, real estate loans at December 31, 1996 would have remained relatively constant compared to December 31, 1995. In 1995, the Company securitized $461,449,000 in adjustable rate mortgage loans in an effort to increase its funding capacity and liquidity. These securitized loans were classified in the investment security portfolio at December 31, 1995.

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 generally also 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 consist primarily of open and closed ended direct and indirect credit facilities for personal, automobile and household purchases.

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, 1996, 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 34.

Effective January 1, 1996, the Company adopted SFAS No. 122, "Accounting for Mortgage Servicing Rights." SFAS No. 122 amends SFAS No. 65, "Accounting for Certain Mortgage Banking Activities," to require that mortgage banking enterprises recognize as separate assets rights to service mortgage loans for others. SFAS No. 122 also requires that mortgage banking enterprises assess capitalized mortgage servicing rights based on the fair value of those rights on a disaggregated basis. The adoption of this standard did not have a material effect on the consolidated financial statements of the Company.

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, 1996, loans with maturities over one year were comprised of fixed rate loans totalling $1,327,120,000 and floating or adjustable rate loans totalling $3,081,220,000.

The following table sets forth the contractual maturities of the Company's loan portfolio by loan categories at December 31, 1996. 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	$ 575	$ 521	$ 286	$1,382
REAL ESTATE:				
COMMERCIAL	254	452	466	1,172
CONSTRUCTION	149	51	13	213
RESIDENTIAL	106	399	1,431	1,936
CONSUMER	123	237	50	410
CREDIT CARDS	97	76	--	173
LEASE FINANCING	7	36	198	241
FOREIGN	88	94	98	280
TOTAL	$1,399	$1,866	$2,542	$5,807

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)	1996	1995	1994	1993	1992
Nonperforming loans:					
Nonaccrual:					
Commercial, financial and agricultural	$21,398	$16,229	$ 7,972	$13,823	$24,563
Real estate:					
Commercial	6,156	40,664	35,290	12,145	3,250
Construction	1,700	9,697	7,038	28,571	41,018
Residential:					
Insured, guaranteed, or conventional	13,815	12,628	4,792	5,518	2,327
Home equity credit lines	451	496	520	255	269
Total real estate loans	22,122	63,485	47,640	46,489	46,864
Lease financing	27	19	212	--	27
Total nonaccrual loans	43,547	79,733	55,824	60,312	71,454
Restructured:					
Commercial, financial and agricultural	3,429	682	--	20	77
Real estate:					
Commercial	24,604	2,500	3,128	--	--
Residential:					
Insured, guaranteed, or conventional	267	--	--	--	--
Home equity credit lines	561	--	--	--	--
Total restructured loans	28,861	3,182	3,128	20	77
Total nonperforming loans	72,408	82,915	58,952	60,332	71,531
Other real estate owned	25,574	9,312	4,160	13,034	1,211
TOTAL NONPERFORMING ASSETS	$97,982	$92,227	$63,112	$73,366	$72,742
Past due loans:					
Commercial, financial, agricultural	$ 7,765	$13,060	$18,834	$20,283	$28,275
Real estate:					
Commercial	7,676	2,175	4,765	10,308	17,992
Residential:					
Insured, guaranteed, or conventional	9,812	7,502	6,741	7,041	6,324
Home equity credit lines	2,220	3,005	909	810	696
Total real estate loans	19,708	12,682	12,415	18,159	25,012
Consumer	2,869	3,020	1,928	1,814	2,410
Lease financing	40	28	190	29	7
TOTAL PAST DUE LOANS (1)	$30,382	$28,790	$33,367	$40,285	$55,704
Nonperforming assets to total loans and other real estate owned (end of year):					
Excluding past due loans	1.68%	1.75%	1.14%	1.44%	1.65%
Including past due loans	2.20%	2.30%	1.74%	2.24%	2.92%
Nonperforming assets to total assets (end of year):					
Excluding past due loans	1.22%	1.22%	.84%	1.01%	1.11%
Including past due loans	1.60%	1.60%	1.28%	1.56%	1.96%

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

As shown in the table on page 36, nonperforming assets at December 31, 1996 were $97,982,000, or 1.68% of total loans and other real estate owned ("OREO") and 1.22% of total assets. These levels compared to total nonperforming assets at December 31, 1995 of $92,227,000, or 1.75% of total loans and OREO, and 1.22% of total assets. The increase in nonperforming assets of $5,755,000, or 6.2%, was principally due to increases in: (1) restructured commercial real estate loans, which increased $22,104,000; and (2) OREO, which increased $16,262,000. The increase in the restructured commercial real estate loan portfolio was due to the addition of a commercial real estate loan totalling $15,969,000 in the fourth quarter of 1996. In addition, the increase in OREO and corresponding decrease in nonaccrual commercial real estate loans were due to foreclosure on eight commercial real estate loans totalling $17,960,000. In addition, a loan totalling $10,028,000 was paid in full in 1996. The increase was partially offset by the sale of two commercial real estate properties in 1996 with book values totalling $6,443,000.

The recovery of the Hawaii economy has been slow and the effects of the economic downturn may continue to affect the level of nonperforming assets and related charge-offs in future periods.

Loans past due 90 days or more and still accruing interest totalled $30,382,000 at December 31, 1996, an increase of 5.5% over December 31, 1995. 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 the end of the fourth quarter of 1996, the Company identified a potential problem loan of $34,524,000 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. Such loan consisted of a commercial real estate loan, which was 30 days past due as of December 31, 1996. If current conditions continue, such loan may be disclosed in future periods as a nonperforming asset.

The following table presents information related to loans on a nonaccrual basis for the year ended December 31, 1996:

(in thousands)	Domestic	Foreign	Total
Interest income which would have been recorded if loans had been current	$8,437	$17	$8,454
Interest income recorded during the year	$ 599	$ 4	$ 603

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, 1996, total deposits were $5,936,708,000, an increase of $578,395,000, or 10.8%, over December 31, 1995. The increase was primarily due to deposits acquired in connection with the Pacific Northwest Acquisitions, which totalled $705,565,000 at December 31, 1996.

DEPOSITS
($ in billions)

1992	5.09
1993	5.22
1994	5.15
1995	5.36
1996	5.94

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

	1996		1995		1994	
(dollars in millions)	Amount	Rate	Amount	Rate	Amount	Rate
Domestic:						
Noninterest-bearing demand	$ 860	-- %	$ 792	-- %	$ 837	-- %
Interest-bearing demand	1,388	2.60	1,115	2.69	1,207	2.10
Savings	921	2.24	1,177	2.91	1,422	2.17
Time	2,198	5.31	1,708	5.44	1,369	4.11
Foreign	251	3.56	386	4.87	247	3.15
Total	$5,618	3.25%	$5,178	3.40%	$5,082	2.37%

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)	1996	1995	1994
3 months or less	$384	$337	$236
Over 3 months through 6 months	126	177	104
Over 6 months through 12 months	244	183	189
Over 12 months	152	164	83
Total	$906	$861	$612

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 its 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 21.1% of total assets at the end of 1996 compared to 25.0% at the end of 1995. Additional information related to the Company's off-balance sheet instruments at December 31, 1996 and 1995 is included in Note 18 to the Financial Statements on page 59.

Liability-based liquidity is provided primarily from deposits. Average total deposits for 1996 increased $439,257,000, or 8.5%, to $5,617,609,000, primarily due to the Pacific Northwest Acquisitions. Average total deposits for 1996 and 1995 funded 72.4% and 68.8%, respectively, of average total assets.

Additional liquidity was 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 page 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 46, net cash provided by operating and investing activities was $428,705,000 and net cash used in financing activities was $399,245,000 for 1996. 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. For 1994, net cash provided by operating and financing activities was $311,729,000 and net cash used in investing activities was $484,964,000. In 1996, there was a significant change in the Company's cash flow which centered around the Pacific Northwest Acquisitions. The purchase of 31 branches provided $218,966,000 in cash as deposits assumed exceeded the purchase price of the branches and loans purchased. The net cash inflow was utilized to, among other things, fund loan growth and reduce short-term borrowings. In 1995, the Company utilized deposit growth and the run-off of the investment security portfolio as the principal sources of funds for loan production and repayment of short-term borrowings. In 1994, as interest rates declined and deposit volume slowed, the Company utilized short-term borrowings to fund loan growth.

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 54.

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 interest rate sensitivity gap analysis, 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, or more frequently if there have been major changes to the balance sheet or interest rates. The market value of equity analysis examines the change in the economic value of the Company due to changes in interest rates. As of December 31, 1996, 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 from 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, 1996, the Company's exposure to changes in interest rates was well within current guidelines which allow for no more than a 10% adverse change in net interest income for a 1% change in rates over one year.

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 as of December 31, 1996, 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, 1996, the cumulative one-year gap for the Company was a positive $222.1 million, representing 2.78% 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	$ 70,130	$ --	$ --	$ --	$ 70,130
Federal funds sold and securities purchased under agreements to resell	148,370	--	--	--	148,370
Investment securities	291,124	620,294	219,733	9,568	1,140,719
Net loans:					
Commercial, financial and agricultural	1,139,219	143,730	78,000	20,875	1,381,824
Real estate--construction	202,214	5,655	4,164	1,162	213,195
Foreign	111,030	63,935	103,494	1,252	279,711
Other	1,215,329	1,033,459	1,120,200	477,766	3,846,754
Total earning assets	3,177,416	1,867,073	1,525,591	510,623	7,080,703
Nonearning assets	181,115	98,042	247,475	394,839	921,471
Total assets	$3,358,531	$1,965,115	$1,773,066	$ 905,462	$8,002,174
Liabilities and stockholders' equity:					
Interest-bearing deposits	$1,850,058	$1,620,993	$1,453,147	$ 8,684	$4,932,882
Noninterest-bearing deposits	277,139	94,815	505,687	126,185	1,003,826
Short-term borrowings	779,484	142,410	7,666	--	929,560
Long-term debt	--	--	55,000	150,743	205,743
Stockholders' equity	--	--	--	705,884	705,884
Off-balance sheet adjustment	426,583	(218,368)	(284,518)	76,303	--
Noncosting liabilities	62,130	66,253	--	95,896	224,279
Total liabilities and stockholders' equity	$3,395,394	$1,706,103	$1,736,982	$1,163,695	$8,002,174
Interest rate sensitivity gap	$ (36,863)	$ 259,012	$ 36,084	$ (258,233)	
Cumulative gap	$ (36,863)	$ 222,149	$ 258,233	$ --	
Cumulative gap as a percent of total assets	(.46)%	2.78%	3.23%	--%	

YEAR 2000

Many of the Company's information systems use a two-digit representation for the year. As a result, the year 2000 may produce erroneous results in calculations made by affected systems because there is a question as to how existing application software programs will react when the two-digit year becomes "00". In anticipation of this, management is currently assessing the impact of the year 2000 on the Company's operations and is working with the appropriate application vendors and consultants to formulate and implement the most cost-effective approach to resolving this issue. The associated cost requirements to address this issue have not yet been determined.

FOURTH QUARTER RESULTS

Earnings for the fourth quarter of 1996 were $20,348,000, an increase of $652,000, or 3.3%, over the $19,696,000 earned during the same quarter in 1995. Earnings per share for the fourth quarter of 1996 were up 1.6% to $.64, compared to $.63 for the year-earlier period.

Earnings in the fourth quarter of 1996 were negatively impacted by an additional provision for loan losses of $7,100,000 resulting from the impact of adverse economic trends, the continued weakness of the local real estate market and certain commercial real estate loan charge-offs. In addition, the Company recognized a write-down of other real estate owned of $1,026,000. The above charges to earnings were partially offset by 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.

The earnings for the fourth quarter of 1995 included: (1) an increase in the provision for loan losses of $17,500,000; (2) a pre-tax gain of $20,766,000 (recorded as a pension credit in total noninterest expenses below) in connection with the curtailment of the Company's noncontributory pension plan; and (3) a decrease in FDIC insurance expense of $2,228,000 primarily as a result of a reduction in the insurance premiums from 23 cents to 4 cents per $100.

SUMMARY OF QUARTERLY FINANCIAL DATA (UNAUDITED)

A summary of unaudited quarterly financial data for 1996 and 1995 is presented below:

	Quarter				Annual
(in thousands, except per share data)	First	Second	Third	Fourth	Total
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	23,968	27,410	25,778	25,171	102,327
Total noninterest expenses	67,406	67,946	75,376	73,483	284,211
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
Net income per share	$.65	$.67	$.60	$.64	$2.56
1995					
Interest income	$138,594	$141,645	$140,024	$139,694	$559,957
Interest expense	65,841	70,228	65,026	64,202	265,297
Net interest income	72,753	71,417	74,998	75,492	294,660
Provision for loan losses	3,340	3,341	10,699	20,727	38,107
Total noninterest income	22,983	21,700	27,466	22,729	94,878
Total noninterest expenses	63,345	60,335	61,457	44,156	229,293
Income before income taxes	29,051	29,441	30,308	33,338	122,138
Income taxes	10,281	10,573	10,637	13,642	45,133
Net income	$ 18,770	$ 18,868	$ 19,671	$ 19,696	$ 77,005
Net income per share	$.59	$.59	$.62	$.63	$2.43

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, 1996, 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	$ 439	5.74%	$ 195	5.71%	$--	--%	$ 276	7.71%	$ 910	6.33%
States and political subdivisions	27	8.88	1	8.96	--	--	1	8.71	29	8.86
Collateralized mortgage obligations	--	--	--	--	--	--	14	6.16	14	6.16
Other	5	5.61	--	--	--	--	118	7.50	123	7.42
Total	$ 471	5.92%	$ 196	5.74%	$--	--%	$ 409	7.60%	$1,076	6.53%

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

TO THE STOCKHOLDERS
FIRST HAWAIIAN, INC.

We have audited the accompanying consolidated balance sheets of First Hawaiian, Inc. and Subsidiaries as of December 31, 1996 and 1995, 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, 1996. 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, 1996 and 1995, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1996 in conformity with generally accepted accounting principles.

COOPERS & LYBRAND L.L.P.

COOPERS & LYBRAND L.L.P.

Honolulu, Hawaii
January 16, 1997

CONSOLIDATED BALANCE SHEETS

First Hawaiian, Inc. and Subsidiaries

(in thousands, except number of shares and per share data)	December 31, 1996	December 31, 1995
ASSETS		
Interest-bearing deposits in other banks	$ 70,130	$ 244,570
Federal funds sold and securities purchased under agreements to resell	148,370	169,803
Available-for-sale investment securities (note 3)	1,140,719	1,175,293
Loans:		
Loans (note 4)	5,806,732	5,259,545
Less allowance for loan losses (note 5)	85,248	78,733
Net loans	5,721,484	5,180,812
Total earning assets	7,080,703	6,770,478
Cash and due from banks	333,511	304,051
Premises and equipment (note 6)	261,201	241,987
Customers' acceptance liability	824	1,995
Core deposit premium (net of accumulated amortization of $10,163 in 1996 and $7,844 in 1995) (note 2)	28,877	16,665
Goodwill (net of accumulated amortization of $17,838 in 1996 and $13,453 in 1995) (note 2)	101,218	75,309
Other assets	195,840	154,024
TOTAL ASSETS	$8,002,174	$7,564,509
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Noninterest-bearing demand	$ 969,620	$ 913,228
Interest-bearing demand	1,328,354	1,073,136
Savings	1,070,338	1,147,997
Time (fair value of $2,331,890 in 1996 and $1,937,858 in 1995) (note 7)	2,330,704	1,927,011
Foreign (fair value of $237,744 in 1996 and $297,984 in 1995) (note 7)	237,692	296,941
Total deposits	5,936,708	5,358,313
Short-term borrowings (note 8)	929,560	1,083,179
Acceptances outstanding	824	1,995
Other liabilities	223,455	232,733
Long-term debt (note 9)	205,743	238,752
Total liabilities	7,296,290	6,914,972
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 1996 and none in 1995	--	--
Common stock $5 par value (notes 10 and 13)		
Authorized--100,000,000 shares		
Issued--33,190,374 in 1996 and 32,542,797 shares in 1995	165,952	162,713
Surplus	148,196	133,925
Retained earnings (note 12)	428,693	385,976
Unrealized valuation adjustment	1,850	5,489
Treasury stock, at cost--1,415,954 in 1996 and 1,397,957 shares in 1995	(38,807)	(38,566)
Total stockholders' equity	705,884	649,537
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$8,002,174	$7,564,509

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, 1996	1995	1994
INTEREST INCOME			
Interest and fees on loans	$468,517	$470,110	$407,531
Lease financing income	10,494	11,334	10,844
Interest on investment securities:			
Taxable interest income	72,813	57,890	45,248
Exempt from Federal income taxes	2,692	4,893	4,332
Other interest income	19,624	15,730	7,805
Total interest income	574,140	559,957	475,760
INTEREST EXPENSE			
Deposits (note 7)	182,402	176,048	120,289
Short-term borrowings	53,977	74,370	47,813
Long-term debt	16,416	14,879	11,586
Total interest expense	252,795	265,297	179,688
Net interest income	321,345	294,660	296,072
Provision for loan losses (note 5)	23,627	38,107	22,922
Net interest income after provision for loan losses	297,718	256,553	273,150
NONINTEREST INCOME			
Trust and investment services income	23,857	23,034	22,847
Service charges on deposit accounts	26,284	24,150	24,014
Other service charges and fees	39,848	35,551	31,937
Securities gains, net (note 3)	118	144	178
Other	12,220	11,999	7,696
Total noninterest income	102,327	94,878	86,672
NONINTEREST EXPENSES			
Salaries and wages	104,572	94,119	92,237
Employee benefits (note 13)	34,144	7,209	26,484
Occupancy expense (notes 6 and 17)	27,045	25,706	23,280
Equipment expense (notes 6 and 17)	22,680	23,907	24,812
Other (note 14)	95,770	78,352	81,508
Total noninterest expenses	284,211	229,293	248,321
Income before income taxes	115,834	122,138	111,501
Income taxes (note 15)	35,538	45,133	38,990
NET INCOME	$ 80,296	$ 77,005	$ 72,511
PER SHARE DATA			
NET INCOME	$2.56	$2.43	$2.25
CASH DIVIDENDS	$1.195	$1.18	$1.18
AVERAGE SHARES OUTSTANDING	31,398,978	31,734,669	32,259,321

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, 1993	32,542,797	$162,713	$133,820	$311,836	$ --	$ --	$608,369
Net income--1994	--	--	--	72,511	--	--	72,511
Purchase of treasury stock	--	--	--	--	--	(13,895)	(13,895)
Cash dividends ($1.18 per share) (note 12)	--	--	--	(38,008)	--	--	(38,008)
Unrealized valuation adjustment (note 3)	--	--	--	--	(1,033)	--	(1,033)
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

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

First Hawaiian, Inc. and Subsidiaries

	YEAR ENDED DECEMBER 31,		
(in thousands)	1996	1995	1994
CASH AND DUE FROM BANKS AT BEGINNING OF YEAR	$ 304,051	$ 262,894	$ 436,129
Cash flows from operating activities:			
Net income	80,296	77,005	72,511
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for loan losses	23,627	38,107	22,922
Depreciation and amortization	31,252	27,798	24,766
Gain on curtailment of noncontributory pension plan	--	(20,766)	--
Income taxes	20,580	20,953	6,826
Increase in interest receivable	(2,571)	(5,154)	(7,646)
Increase (decrease) in interest payable	(5,840)	7,655	7,956
Decrease (increase) in prepaid expenses	(8,222)	(48)	2,184
Other	(21,054)	(5,431)	41,993
Net cash provided by operating activities	118,068	140,119	171,512
Cash flows from investing activities:			
Net decrease (increase) in interest-bearing deposits in other banks	174,440	(232,900)	105,066
Net decrease (increase) in Federal funds sold and securities purchased under agreements to resell	32,133	10,197	(145,000)
Purchase of held-to-maturity investment securities	--	(247,559)	(240,706)
Proceeds from maturity of held-to-maturity investment securities	--	690,357	376,844
Purchase of available-for-sale investment securities	(567,143)	(29,921)	(115,032)
Proceeds from sale of available-for-sale investment securities	81,159	15,000	15,195
Proceeds from maturity of available-for-sale investment securities	521,787	17,020	45,265
Net increase in loans to customers	(137,281)	(220,553)	(499,660)
Net cash provided by Pacific Northwest Acquisitions	218,966	--	--
Capital expenditures	(20,634)	(13,072)	(36,634)
Other	7,210	(4,376)	9,698
Net cash provided by (used in) investing activities	310,637	(15,807)	(484,964)
Cash flows from financing activities:			
Net increase (decrease) in deposits	(174,782)	206,100	(67,915)
Net increase (decrease) in short-term borrowings	(236,619)	(246,637)	237,134
Proceeds from long-term debt	53,000	19,447	21,500
Payments on long-term debt	(3,009)	(26)	(936)
Cash dividends paid	(37,579)	(37,368)	(38,008)
Repurchased common stock	(256)	(24,671)	(11,558)
Net cash provided by (used in) financing activities	(399,245)	(83,155)	140,217
CASH AND DUE FROM BANKS AT END OF YEAR	$ 333,511	$ 304,051	$ 262,894
Supplemental disclosures:			
Interest paid	$ 258,635	$ 256,906	$ 171,732
Income taxes paid	$ 20,580	$ 24,181	$ 24,311
Supplemental schedule of noncash investing and financing activities:			
Loans converted into other real estate owned	$ 26,764	$ 10,279	$ 5,789
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, liabilities assumed was as follows:

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"); Pioneer Federal Savings Bank ("Pioneer"); Pacific One Bank ("Pacific One"); ANB Financial Corporation and its wholly-owned subsidiary, Pacific One Bank, N.A.; First Hawaiian Creditcorp, Inc. ("Creditcorp"); FHL Lease Holding Company, Inc. and its wholly-owned subsidiary ("Leasing"); and FHI International, Inc. All significant intercompany balances and transactions have been eliminated in consolidation.

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 amounts of deposits held. For 1996, 1995 and 1994, the average amount of these reserve balances were $134,032,000, $123,648,000 and $127,339,000, 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.

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, 1996 and 1995.

Investment securities are classified in 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.

In December 1995, the Company made a one-time reclassification of its investment securities portfolio from held-to-maturity to available-for-sale as allowed by Statement of Financial Accounting Standards ("SFAS") No. 115, "Accounting for Certain Investments in Debt and Equity Securities," which resulted in an unrealized gain of $8,606,000.

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 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 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, in management's judgment, 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 expenses.

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.

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 investment and excise tax credits related to lease equipment, except for investment and 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 companies having taxable losses or credits are reimbursed by other companies which would have incurred current income tax liabilities.

INTEREST RATE SWAPS AND FLOORS

The Company enters into interest rate swap and floor contracts in managing its interest rate risk. 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 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.

PER SHARE DATA

Net income per share is computed by dividing net income by the average number of shares outstanding during the year.

The impact of common stock equivalents, such as stock options, is not material; therefore, they are not included in the computation.

FAIR VALUES OF FINANCIAL INSTRUMENTS

SFAS No. 107, "Disclosures About Fair Values of Financial Instruments," requires that the Company 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 quoted market prices of comparable instruments (interest rate floors); 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, 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: The fair values of the Company's long-term debt (other than deposits) 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 1996, the FASB issued SFAS No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities" and SFAS No. 127, "Deferral of the Effective Date of Certain Provisions of FASB Statement No. 125." SFAS No. 125 requires that after a transfer of financial assets, an entity must recognize financial and servicing assets controlled and liabilities incurred and derecognize financial assets and liabilities in which control is surrendered or when debt is extinguished. It applies to transfers and servicing of financial assets and extinguishments of liabilities occurring after December 31, 1996. SFAS No. 127 defers the effective date of certain provisions of SFAS No. 125 until January 1, 1998. 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 26 Oregon and Idaho branches are being operated as Pacific One Bank, a wholly-owned subsidiary of the Company. The five branches acquired in Washington state were originally operated as Pacific One Bank, FSB as branches of Pioneer (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 five branches in Washington state from Pioneer and changed its name to Pacific One Bank, N.A. Pacific One Bank, N.A. presently operates eight of the nine branches acquired in Washington state; the remaining branch was closed.

3. INVESTMENT SECURITIES

AVAILABLE-FOR-SALE

Amortized cost and fair values of available-for-sale investment securities at December 31, 1996, 1995 and 1994 were as follows:

	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

	1994			
(in thousands)	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. Treasury and other U.S. Government agencies and corporations	$ 50,047	$ --	$ 922	$ 49,125
Collateralized mortgage obligations	25,961	--	371	25,590
States and political subdivisions	11,700	--	423	11,277
Other	66,000	--	--	66,000
Total available-for-sale investment securities	$ 153,708	$ --	$1,716	$ 151,992

The amortized cost and fair values of available-for-sale investment securities at December 31, 1996, by contractual maturity, excluding securities which have no stated maturity, were as follows:

(in thousands)	Amortized Cost	Fair Value
Due within one year	$ 470,931	$ 471,931
Due after one but within five years	196,280	196,377
Due after five but within ten years	263	263
Due after ten years	408,280	410,262
Total available-for-sale investment securities	$1,075,754	$1,078,833

The Company held no trading securities as of December 31, 1996, 1995 and 1994.

Investment securities with an aggregate book value of $788,100,000 at December 31, 1996 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, 1996.

Gross gains of $131,000, $224,000 and $180,000 and gross losses of $13,000, $80,000 and $2,000 were realized on sales of investment securities during 1996, 1995 and 1994, respectively.

At December 31, 1996, collateralized mortgage obligations were comprised of floating rate bonds with an estimated average life of 3.7 years.

HELD-TO-MATURITY

At December 31, 1996 and 1995, there were no investment securities classified as held-to-maturity. Book and fair values of held-to-maturity investment securities at December 31, 1994 were as follows:

	1994			
(in thousands)	Book Value	Unrealized Gains	Unrealized Losses	Fair Value
U.S. Treasury and other U.S. Government agencies and corporations	$568,894	$ --	$10,924	$557,970
Collateralized mortgage obligations	200,420	--	5,689	194,731
States and political subdivisions	154,493	3,600	1,087	157,006
Other	72,080	--	136	71,944
Total held-to-maturity investment securities	$995,887	$3,600	$17,836	$981,651

4. LOANS

At December 31, 1996 and 1995, loans were comprised of the following:

	1996		1995	
(in thousands)	BOOK VALUE	FAIR VALUE	BOOK VALUE	FAIR VALUE
Commercial, financial and agricultural	$1,381,824	$1,390,768	$1,315,736	$1,308,078
Real estate:				
Commercial	1,172,124	1,173,697	996,715	1,026,412
Construction	213,195	207,921	256,943	257,033
Residential	1,935,920	1,923,668	1,766,292	1,745,777
Consumer	583,060	577,241	473,909	480,452
Lease financing	240,898	236,586	241,721	242,402

Foreign	279,711	284,048	208,229	209,481
Total loans	$5,806,732	$5,793,929	$5,259,545	$5,269,635

At December 31, 1996 and 1995, loans aggregating $72,408,000 and $82,915,000, 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)	1996	1995
Balance at beginning of year	$257,404	$256,670
New loans made	28,909	54,623
Repayments	(25,425)	(53,889)
Balance at end of year	$260,888	$257,404

At December 31, 1996 and 1995, loans to such parties by the Parent were $11,731,000 and $15,480,000, respectively, and the income related to these loans was $1,045,000, $1,143,000 and $1,089,000 for 1996, 1995 and 1994, respectively.

Real estate loans totalling $257,661,000 were pledged to collateralize Federal Home Loan Bank of Seattle advances at December 31, 1996.

5. ALLOWANCE FOR LOAN LOSSES

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

(in thousands)	1996	1995	1994
Balance at beginning of year	$78,733	$61,250	$62,253
Provision charged to expense	23,627	38,107	22,922
Net charge-offs:			
Loans charged off	(27,341)	(22,845)	(27,115)
Recoveries on loans charged off	3,123	2,221	3,190
Net charge-offs	(24,218)	(20,624)	(23,925)
Allowance of subsidiaries purchased	7,106	--	--
BALANCE AT END OF YEAR	$85,248	$78,733	$61,250

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

(in thousands)	1996	1995
Impaired loans	$128,446	$97,915
Impaired loans with related allowance for loan losses calculated under SFAS No. 114	35,517	65,430
Total allowance on impaired loans	9,690	15,380
Average impaired loans	87,289	82,304
Interest income recorded during the year	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 applied to principal.

6. PREMISES AND EQUIPMENT

At December 31, 1996 and 1995, premises and equipment were comprised of the following:

(in thousands)	1996	1995
Premises	$252,538	$229,629
Equipment	145,527	136,062
	398,065	365,691
Less accumulated depreciation and amortization	136,864	123,704
NET BOOK VALUE	$261,201	$241,987

Occupancy and equipment expenses include depreciation and amortization expenses of $17,541,000, $17,649,000 and $17,572,000 for 1996, 1995 and 1994, respectively.

7. DEPOSITS

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

(in thousands)	1996	1995	1994
Interest-bearing demand	$ 36,104	$ 30,034	$ 25,383
Savings	20,679	34,272	30,865
Time--Under $100	67,714	52,260	31,666
Time--$100 and over	48,993	40,682	24,588
Foreign	8,912	18,800	7,787

Total interest expense on deposits	$182,402	$176,048	$120,289

Time deposits in denominations of $100,000 or more at December 31, 1996 and 1995 were as follows:

(in thousands)	1996	1995
Domestic	$906,220	$861,409
Foreign	$ 73,563	$166,404

8. SHORT-TERM BORROWINGS

At December 31, 1996, 1995 and 1994, short-term borrowings were comprised of the following:

(in thousands)	1996	1995	1994
First Hawaiian Bank:			
Federal funds purchased	$ 49,980	$ 19,586	$ 195,859
Securities sold under agreements to repurchase	661,422	838,026	823,248
Advances from Federal Home Loan Bank of Seattle	--	100,000	50,000
First Hawaiian, Inc. (Parent):			
Commercial paper	4,409	13,777	46,723
Notes payable	50,000	--	--
Other subsidiaries:			
Advances from Federal Home Loan Bank of Seattle	113,737	111,790	213,986
Securities sold under agreements to repurchase	50,012	--	--
Total short-term borrowings	$929,560	$1,083,179	$1,329,816

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

(dollars in thousands)	1996	1995	1994
Federal funds purchased:			
Average interest rate at December 31	5.8%	5.9%	5.8%
Highest month-end balance	$123,608	$270,927	$217,535
Average daily outstanding balance	$ 49,210	$161,602	$155,852
Average daily interest rate paid	5.6%	6.3%	4.4%
Securities sold under agreements to repurchase:			
Average interest rate at December 31	5.0%	5.4%	5.4%
Highest month-end balance	$818,527	$909,867	$883,036
Average daily outstanding balance	$785,144	$823,506	$792,790
Average daily interest rate paid	5.2%	5.6%	4.0%
Commercial paper:			
Average interest rate at December 31	5.1%	5.3%	6.2%
Highest month-end balance	$ 13,509	$ 49,102	$ 46,723
Average daily outstanding balance	$ 9,854	$ 26,875	$ 14,092
Average daily interest rate paid	5.2%	6.2%	4.7%
Notes payable:			
Average interest rate at December 31	5.8%	--%	--%
Highest month-end balance	$ 50,000	$ --	$ --
Average daily outstanding balance	$ 12,568	$ --	$ --
Average daily interest rate paid	5.9%	--%	--%
Advances from Federal Home Loan Bank of Seattle:			
Average interest rate at December 31	5.7%	5.9%	6.0%
Highest month-end balance	$212,016	$322,661	$279,437
Average daily outstanding balance	$155,182	$259,998	$153,008
Average daily interest rate paid	5.7%	6.8%	5.5%

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, 1996, the weighted average maturity of these agreements was 59 days and primarily represents investments by public (governmental) entities. A schedule of maturities of these agreements was as follows:

(in thousands)	
Overnight	$ 22,076
Less than 30 days	213,960
30 to 90 days	404,363
Over 90 days	71,035
Total	$711,434

The Parent had $60,000,000 in unused lines of credit with unaffiliated banks to support its commercial paper borrowings as of December 31, 1996.

9. LONG-TERM DEBT

At December 31, 1996 and 1995, long-term debt was comprised of the following:

	1996		1995	
(dollars in thousands)	Book Value	Fair Value	Book Value	Fair Value

First Hawaiian, Inc. (Parent):				
Notes payable	$ --	$ --	$ 50,000	$ 50,015
6.25% subordinated notes due 2000	100,000	98,610	100,000	97,364
7.375% subordinated notes due 2006	50,000	50,575	--	--
Other subsidiaries-- 5.27%-7.07% notes due through 2001	55,743	55,989	88,752	87,873
Total long-term debt	$205,743	$205,174	$238,752	$235,252

FIRST HAWAIIAN, INC. (PARENT)

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 5.27%-7.07% notes due through 2001 represent advances from the Federal Home Loan Bank of Seattle to the Company's other subsidiaries (Creditcorp and Pioneer) with interest payable monthly.

As of December 31, 1996, the principal payments due on these borrowed funds were as follows:

(in thousands)	First Hawaiian, Inc. (Parent)	Other Subsidiaries	Total
1998	$ --	$41,016	$ 41,016
1999	--	9,018	9,018
2000	100,000	4,020	104,020
2001	--	1,022	1,022
2002 and thereafter	50,000	667	50,667
Total	$150,000	$55,743	$205,743

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 direct 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, as of December 31, 1996 and 1995) of Tier 1 and Total capital to risk-weighted assets, and of Tier 1 capital to average assets.

	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%	$316,112	4.00%

	1995					
	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	$565,366	9.03%	$250,301	4.00%	$375,452	6.00%
Total Capital to Risk-Weighted Assets	$743,585	11.88%	$500,602	8.00%	$625,758	10.00%
Tier 1 Capital to Average Assets	$565,366	7.72%	$219,829	3.00%	$293,106	4.00%

As of December 31, 1996 and 1995, 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, Total risk-based and Tier 1 leverage ratios of 6%, 10% and 4%, respectively (as set forth in the table above). Management is not aware of any conditions or events subsequent to December 31, 1996, which would have caused 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, Pioneer, Creditcorp, Pacific One and Pacific One Bank, N.A. are subject to regulatory limitations on the amount of dividends they may declare or pay. At December 31, 1996, the aggregate amount available for payment of dividends by such subsidiaries without prior regulatory approval was $345,604,000.

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 expense (credit) for 1996, 1995 and 1994 included the following components:

(in thousands)	1996	1995	1994
Service cost-benefits earned during the period	$ 1,236	$ 4,018	$ 3,832
Interest cost on projected benefit obligation	6,321	6,862	6,294
Actual loss (return) on plan assets	(16,419)	(18,476)	3,593
Net amortization and deferral	7,817	10,197	(12,123)
Curtailment gain due to pension plan freeze	--	(20,766)	--
NET PENSION EXPENSE (CREDIT)	$ (1,045)	$(18,165)	$ 1,596

No further contributions should be required 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, 1996 and 1995:

(in thousands)	1996	1995
Actuarial present value of benefit obligation:		
Vested benefits	$ 83,000	$78,182
Nonvested benefits	1,764	100
Accumulated benefit obligation	$ 84,764	$78,282
Plan assets at fair value (primarily listed stocks and fixed income securities)	$110,309	$98,220
Projected benefit obligation	95,460	88,784
Plan assets in excess of projected benefit obligation	14,849	9,436
Unrecognized net gain	(5,659)	(1,232)
Unrecognized prior service cost	6,972	7,623
Unrecognized net asset	(6,000)	(7,199)
PREPAID PENSION COST	$ 10,162	$ 8,628

Plan assets included 587,856 shares of common stock of the Company with a fair value of $20,575,000 and $17,636,000 at December 31, 1996 and 1995, respectively.

For both December 31, 1996 and 1995, 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 the plans at December 31, 1996 and 1995:

(in thousands)	1996	1995
Actuarial present value of benefit obligation:		
Retirees	$3,710	$3,528
Other fully eligible plan participants	1,387	1,382
Other active plan participants	2,285	2,076
TOTAL	$7,382	$6,986

Unfunded benefit obligation	$7,382	$6,986
Unrecognized transition obligation	(2,286)	(2,429)
Unrecognized prior service cost	(64)	(71)
Unrecognized net loss	(540)	(575)
ACCRUED POSTRETIREMENT BENEFIT COST	$4,492	$3,911

Service cost	$239	$189
Interest cost	475	453
Amortization of:		
Transition obligation	143	143
Unrecognized prior service cost	6	6
NET PERIODIC POSTRETIREMENT BENEFIT COST	$863	$791

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

For both December 31, 1996 and 1995, 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 1996, the money purchase contribution was $5,126,000 and the employer matching contribution to the 401(k) plan was $2,270,000.

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 1996, 1995 and 1994 totalled $6,579,000, $5,545,000 and $5,127,000, 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

In 1992, the stockholders approved a Stock Incentive Plan (the "SIP"), which authorized 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 to selected key employees in a way that links their interests with those of stockholders and provides those employees with an incentive for outstanding performances. 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 not less than the fair market value of the common stock on the date of grant. Options vest 25% per year after the date of grant. Stock options have exercise periods no longer than 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 (reload options). 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 1996, 1995 and 1994 and the status at December 31, 1996:

	Options			
	Outstanding		Exercisable	
(dollars in thousands)	Shares	Average Exercise Price	Shares	Average Exercise Price
Balance at December 31, 1993	218,499	$ 28.06	28,362	$ 26.00
Options granted	139,380	26.60	--	--
Became exercisable	--	--	54,938	28.05
Forfeitures	(11,675)	27.53	--	--
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

At December 31, 1996, 379,725 stock options (net of exercised options of 4,342)were available for future grants under the SIP.

As of December 31, 1996, the 615,933 SIP options outstanding under the plan have exercise prices between $25.50 and $30.25 and a weighted average remaining contractual life of 7.5 years.

The Company applies APB Opinion 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 effect on the Company's net income and earnings per share would have been immaterial.

Under SFAS No. 123, the fair value of each option 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 1996 and 1995, respectively: expected dividend yield was 3.8% and 4.6%; expected volatility was 22.69% and 23.50%; risk-free interest rate was 5.65% and 7.20%; and expected life of the options granted was six years.

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

During the initial phase-in period in 1996, the effects of applying SFAS No. 123 are not likely to be representative of the effects on reported net income for future years, because 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 cycles; that is, 1993-1995, 1994-1996, 1995-1997 and so on. The first three-year performance cycle (1991-1993) ended on December 31, 1993. The threshold level specified in the LTIP was achieved during this cycle. In 1994, payouts totalling $1,195,000 were made to various key executives for the 1991-1993 cycle. The threshold levels specified in the LTIP were not achieved for the 1992-1994, 1993-1995 and 1994-1996 cycles.

POSTEMPLOYMENT BENEFITS

Effective January 1, 1994, the Company adopted SFAS No. 112, "Employers' Accounting for Postemployment Benefits," which requires that the estimated cost of benefits provided by an employer to former or inactive employees after employment, but before retirement, be accounted for on an accrual basis. The adoption of SFAS 112 did not have a material effect on the financial position or results of operations of the Company.

14. OTHER NONINTEREST EXPENSES

For the years ended December 31, 1996, 1995 and 1994, other noninterest expenses included the following:

(in thousands)	1996	1995	1994
Deposit insurance	$ 5,280	$ 6,190	$11,388
Stationery and supplies	8,447	8,645	9,055
Advertising and promotion	8,591	7,476	7,745
Trust loss	--	--	5,000
Other	73,452	56,041	48,320
Total other noninterest expenses	$95,770	$78,352	$81,508

15. INCOME TAXES

For the years ended December 31, 1996, 1995 and 1994, the provision for income taxes was comprised of the following:

(in thousands)	1996	1995	1994
Current:			
Federal	$20,147	$15,164	$24,822
States and other	4,572	3,698	4,989
Total current	24,719	18,862	29,811
Deferred:			
Federal	10,114	21,430	6,175
States and other	705	4,841	3,004
Total deferred	10,819	26,271	9,179
Total income tax provision	$35,538	$45,133	$38,990

The provision for income taxes has been reduced by general tax credits of $4,188,000, $2,140,000 and $1,769,000 in 1996, 1995 and 1994, respectively. The Company also has foreign tax credit carryforwards amounting to $6,283,000 at December 31, 1996, which may be used to offset future Federal income tax expense. The foreign tax credit carryovers of $1,141,000, $1,526,000, $1,597,000, $1,019,000 and $1,000,000 will expire at the end of 1997, 1998, 1999, 2000 and 2001, respectively. Management expects to generate sufficient foreign source income in 1997 to utilize the foreign tax credit carryovers.

The components of net deferred income tax liabilities at December 31, 1996 and 1995 were as follows:

	December 31	
(in thousands)	1996	1995
ASSETS		
Federal and State income		

tax credit carryovers	$ 6,283	$ 5,003
Employee benefit deductions	3,625	3,489
Provision for loan losses	38,467	36,897
Loan fees and other income	5,397	8,117
State franchise taxes	8,013	6,628
Total deferred income tax assets	61,785	60,134
Liabilities		
Lease expenses	167,240	152,799
Depreciation expense	6,784	12,705
Intangible assets-net premiums	1,715	2,502
Marketable securities-available-for-sale	1,229	3,626
Other	10,353	6,465
Total deferred income tax liabilities	187,321	178,097
Net deferred income tax liabilities	$(125,536)	$(117,963)

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:

	1996	1995	1994
Federal statutory income tax rate	35.0%	35.0%	35.0%
Municipal and other tax-exempt income	(1.2)	(2.7)	(4.0)
State income and franchise taxes, net of Federal tax benefit	3.0	4.5	4.7
General tax credits	(6.0)	(1.8)	(1.6)
Other	(0.1)	2.0	0.9
Effective income tax rate	30.7%	37.0%	35.0%

The 1996 effective income tax rate has been reduced by the net tax benefit resulting from 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 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, 1996, 1995 and 1994 were as follows:

(in thousands)	Foreign	Domestic	Consolidated
1996			
Total revenue	$ 37,572	$ 638,895	$ 676,467
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	$ 616,166	$ 654,835
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
1994			
Total revenue	$ 26,533	$ 535,899	$ 562,432
Income before income taxes	$ 1,496	$ 110,005	$ 111,501
Net income	$ 972	$ 71,539	$ 72,511
Total assets	$ 251,697	$ 7,283,447	$ 7,535,144

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.

	1996	1995	1994
Average foreign assets to average total assets	5.42%	3.61%	3.80%
Average foreign liabilities to average total liabilities	3.55%	5.04%	3.15%

The Company did not have any foreign outstandings to any individual country which exceeded 1% of total assets at December 31, 1996, 1995 or 1994.

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, 1996:

(in thousands)	Operating Leases	Less Sublease Income	Net Operating Leases
1997	$ 26,739	$ 4,606	$ 22,133
1998	26,373	4,522	21,851
1999	26,122	4,529	21,593
2000	26,000	5,058	20,942
2001	24,527	4,888	19,639
2002 and thereafter	101,244	10,283	90,961
Total	$231,005	$33,886	$197,119

These premises and equipment leases extend for varying periods up to 45 years and some of them may be renewed for periods ranging from 1 to 45 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, 1996, 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 1996, 1995 and 1994, rental expense was $14,796,000, $14,525,000 and $13,699,000, 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, 1996 and 1995 were as follows:

(in thousands)	1996 Notional/ Contract Amount	1995 Notional/ Contract Amount
Commitments to extend credit	$3,778,028	$3,363,822
Standby letters of credit	$ 144,235	$ 145,278
Commercial letters of credit	$ 10,478	$ 18,028
Interest rate swaps and floors	$1,537,996	$1,093,867

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 total 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 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 1996 and 1995:

(in millions)	Receive Fixed	Pay Fixed	Caps, Floors or Collars	Variable/ Variable	Total
Balance, December 31, 1994	$108	$226	$ --	$700	$1,034
Additions	200	32	--	--	232
Maturities/ amortizations	48	124	--	--	172
Terminations	--	--	--	--	--

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

HEDGING SUMMARY

The following is additional hedging information related to the Company's interest rate swaps and floors as of December 31, 1996:

(dollars in millions)	Notional Amount	Pay Rate	Receive Rate	Asset Yield/ Liability Cost	Net Yield/ Cost	Original Maturity	Remaining Maturity
Asset hedges:							
Variable rate loans	$1,000	5.6%	5.4%	8.1%	7.9%	2.0 yrs.	1.2 yrs.
Fixed rate loans	99	6.4	5.6	8.2	7.4	8.8	6.2
Municipal security	15	5.7	5.6	5.9	5.8	5.0	.8
Subtotal	1,114	5.7	5.4	8.1	7.8	2.6	1.7
Liability hedges:							
Savings deposits	400	5.6	6.3	2.5	1.8	3.0	.2
Term debt	24	8.8	5.9	5.8	8.7	7.0	.9
Subtotal	424	5.8	6.3	2.7	2.2	3.2	.3
Total	$1,538	5.7%	5.6%	N/A	N/A	2.8 yrs.	1.3 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, 1996, 1995 and 1994:

(dollars in thousands)	1996	1995	1994
Average borrowing rate:			
Without interest rate swaps and floors	4.28%	4.49%	3.26%
With interest rate swaps and floors	4.23	4.54	3.23
Decrease in interest income	$2,402	$3,827	$10,352
Decrease (increase) in interest expense	2,636	(2,926)	1,351
Interest rate swap and floor expense (income), net	$ (234)	$6,753	$ 9,001

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.

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, 1996 and 1995:

	1996	
(in thousands)	Book Value	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

(in thousands)	1995 Book Value	1995 Fair Value
FINANCIAL ASSETS		
Cash and due from banks	$ 304,051	$ 304,051
Interest-bearing deposits in other banks	244,570	244,570
Federal funds sold and securities purchased under agreements to resell	169,803	169,803
Available-for-sale investment securities (note 3)	1,175,293	1,175,293
Loans (note 4)	5,259,545	5,269,635
Customers' acceptance liability	1,995	1,995
FINANCIAL LIABILITIES		
Deposits	$5,358,313	$5,370,203
Short-term borrowings (note 8)	1,083,179	1,083,179
Acceptances outstanding	1,995	1,995
Long-term debt (note 9)	238,752	235,252

The following table presents a summary of the fair values of the Company's off-balance sheet financial instruments (note 18) at December 31, 1996 and 1995:

(in thousands)	1996	1995
Commitments to extend credit	$20,699	$13,596
Letters of credit	1,444	1,435
Interest rate swaps and floors	2,092	(1,158)

20. FIRST HAWAIIAN, INC. (PARENT COMPANY ONLY)

FINANCIAL STATEMENTS

BALANCE SHEETS

(in thousands, except number of shares and per share data)	December 31, 1996	1995
ASSETS		
Cash on deposit with First Hawaiian Bank	$ 174	$ 144
Loans, net of allowance for loan losses of $120 in 1996 and $100 in 1995	11,611	15,480
Securities purchased from First Hawaiian Bank	7,075	9,930
Investment in subsidiaries:		
First Hawaiian Bank	612,897	587,009
Other subsidiaries	243,268	160,833
Due from:		
First Hawaiian Bank	106,862	91,273
Other subsidiaries	69,804	59,102
Other assets	1,254	1,718
Total assets	$1,052,945	$925,489
LIABILITIES AND STOCKHOLDERS' EQUITY		
Short-term borrowings	$ 54,409	$ 13,777
Current and deferred income taxes	138,519	109,468
Other liabilities	4,133	2,707
Long-term debt	150,000	150,000
Total liabilities	347,061	275,952
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 1996 and none in 1995	--	--
Common stock $5 par value (notes 10 and 13) Authorized--100,000,000 shares Issued--33,190,374 shares in 1996 and 32,542,797 shares in 1995	165,952	162,713
Surplus	148,196	133,925
Retained earnings	428,693	385,976
Unrealized valuation adjustment	1,850	5,489
Treasury stock, at cost--1,415,954 shares in 1996 and 1,397,957 shares in 1995	(38,807)	(38,566)
Total stockholders' equity	705,884	649,537
Total liabilities and stockholders' equity	$1,052,945	$925,489

STATEMENTS OF INCOME

(in thousands)	Year Ended December 31, 1996	1995	1994
INCOME			
Dividends from:			
First Hawaiian Bank	$40,210	$84,660	$34,660
Other subsidiaries	25,606	8,300	7,560
Interest from First Hawaiian Bank	507	520	448
Interest and fees from other subsidiaries	2,578	3,043	799
Other interest and dividends	1,143	1,359	1,149
Total income	70,044	97,882	44,616
EXPENSES			
Interest expense:			
Short-term borrowings	509	1,669	663
Long-term debt	11,915	10,299	9,711
Other	817	114	107

Provision for loan losses	20	100	--
Professional services	431	494	289
Other	441	339	351
Total expenses	14,133	13,015	11,121
Income before income tax benefit and equity in undistributed income of subsidiaries	55,911	84,867	33,495
Income tax benefit	3,849	3,178	3,344
Income before equity in undistributed income of subsidiaries	59,760	88,045	36,839
Equity in undistributed income of subsidiaries:			
First Hawaiian Bank	29,180	(15,634)	26,713
Other subsidiaries	(8,644)	4,594	8,959
NET INCOME	$80,296	$77,005	$72,511

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

First Hawaiian, Inc. and Subsidiaries

STATEMENTS OF CASH FLOWS

(in thousands)	Year Ended December 31, 1996	1995	1994
Cash at beginning of year	$ 144	$ 110	$ 250
Cash flows from operating activities:			
Net income	80,296	77,005	72,511
Adjustments to reconcile net income to net cash provided by operating activities:			
Excess of equity in earnings of subsidiaries over dividends received	(20,536)	11,040	(35,672)
Other	(1,100)	449	(630)
Net cash provided by operating activities	58,660	88,494	36,209
Cash flows from investing activities:			
Net change in:			
Securities sold to (purchased from) First Hawaiian Bank	2,855	(3,750)	6,945
Loans repaid by (made to) directors and executive officers	3,869	1,525	(1,246)
Repayments from (advances to) subsidiaries	5,750	8,750	(34,600)
Sale of investment securities	--	43,490	5,000
Purchase of investment securities	--	(43,490)	--
Investment in Pacific Northwest Acquisitions	(73,901)	--	--
Net cash provided by (used in) investing activities	(61,427)	6,525	(23,901)
Cash flows from financing activities:			
Net change in short-term borrowings	(9,368)	(32,946)	37,118
Proceeds from long-term debt	50,000	--	--
Cash dividends paid	(37,579)	(37,368)	(38,008)
Repurchase of common stock	(256)	(24,671)	(11,558)
Net cash provided by (used in) financing activities	2,797	(94,985)	(12,448)
Cash at end of year	$ 174	$ 144	$ 110
Supplemental disclosures:			
Interest paid	$12,272	$12,251	$ 10,338
Income taxes refunded	$(4,408)	$(3,211)	$ (2,502)

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

PIONEER FEDERAL SAVINGS BANK
900 Fort Street
Honolulu, Hawaii 96813
Telephone: (808) 522-6777

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

ANB FINANCIAL CORPORATION/
PACIFIC ONE BANK, N.A.
7525 West Canal Drive
Kennewick, Washington 99336
Telephone: (509) 735-0451

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
Yasutaka P. Onodera
Senior Vice President and Representative
Ohtemachi Building 6-1, Room 202
Ohtemachi 1-Chome, Chiyoda-Ku,
Tokyo 100, 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 1996 Form 10-K annual report, which is to be filed with the Securities and Exchange Commission by March 31, 1997, 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 17, 1997 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 writing to:

American Stock Transfer & Trust Company
40 Wall Street, 46th Floor
New York, New York 10005
or calling toll free at 1-800-937-5449

EXHIBIT 21. SUBSIDIARIES OF THE REGISTRANT

The Corporation or one of its wholly-owned subsidiaries beneficially owns 100% of the outstanding capital stock and voting securities of each of the following corporations. 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 Creditcorp, Inc.	Hawaii
FHL Lease Holding Company, Inc.	Hawaii
FHL SPC One, Inc.	Hawaii
FHI International, Inc.	Hawaii
Pioneer Federal Savings Bank	Federal
Pacific One Bank	Oregon
ANB Financial Corporation	Washington
Pacific One Bank, National Association	Federal

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 statement of First Hawaiian, Inc. and subsidiaries (hereinafter referred to as the "Company") on Form S-8 (File No. 333-22107) of our report dated January 16, 1997, on our audits of the consolidated financial statements of the Company as of December 31, 1996 and 1995, and for the years ended December 31, 1996, 1995 and 1994, which report is incorporated by reference in this Annual Report on Form 10-K.

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

Honolulu, Hawaii
February 20, 1997

YEAR
DEC-31-1996
JAN-01-1996
DEC-31-1996
333,511
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205,743
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0
165,952
539,932
8,002,174
479,011
75,505
19,624
574,140
182,402
252,795
321,345
23,627
118
284,211
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80,296
0
0
80,296
2.56
2.56
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43,547
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28,861
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78,733
27,341
3,123
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38,400
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