

CENTRAL PACIFIC FINANCIAL CORP  
Form 10-Q  
November 07, 2008

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington D.C. 20549

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FORM 10-Q

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(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended September 30, 2008

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 0-10777

CENTRAL PACIFIC FINANCIAL CORP.  
(Exact name of registrant as specified in its charter)

Hawaii  
(State or other jurisdiction of  
incorporation or organization)

99-0212597  
(I.R.S. Employer  
Identification No.)

220 South King Street, Honolulu, Hawaii 96813  
(Address of principal executive offices) (Zip Code)

(808) 544-0500  
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (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  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

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Large accelerated  
filer

Accelerated filer

Non-accelerated filer

Smaller reporting  
company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The number of shares outstanding of registrant's common stock, par value \$.01 per share, on November 3, 2008 was 28,728,478 shares.

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CENTRAL PACIFIC FINANCIAL CORP. AND SUBSIDIARIES

Table of Contents

Part I.	Financial Information
Item I.	Financial Statements (Unaudited)
	Consolidated Balance Sheets September 30, 2008 and December 31, 2007
	Consolidated Statements of Operations Three and nine months ended September 30, 2008 and 2007
	Consolidated Statements of Cash Flows Nine months ended September 30, 2008 and 2007
	Notes to Consolidated Financial Statements
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations
Item 3.	Quantitative and Qualitative Disclosures About Market Risk
Item 4.	Controls and Procedures
Part II.	Other Information
Item 1.	Legal Proceedings
Item 1A.	Risk Factors
Item 2.	Unregistered Sales of Equity and Use of Proceeds
Item 3.	Defaults Upon Senior Securities
Item 4.	Submission of Matters to a Vote of Security Holders
Item 5.	Other Information
Item 6.	Exhibits
Signatures	
Exhibit Index	

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PART I. FINANCIAL INFORMATION

Forward-Looking Statements

This document may contain forward-looking statements concerning projections of revenues, income, earnings per share, capital expenditures, dividends, capital structure, or other financial items, concerning plans and objectives of management for future operations, concerning future economic performance, or concerning any of the assumptions underlying or relating to any of the foregoing. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts, and may include the words “believes”, “plans”, “intends”, “expects”, “anticipate”, “forecasts” or words of similar meaning. While we believe that our forward-looking statements and the assumptions underlying them are reasonably based, such statements and assumptions are by their nature subject to risks and uncertainties, and thus could later prove to be inaccurate or incorrect. Accordingly, actual results could materially differ from projections for a variety of reasons, to include, but not limited to: the impact of local, national, and international economies and events (including natural disasters such as wildfires, tsunamis and earthquakes) on the Company’s business and operations and on tourism, the military, and other major industries operating within the Hawaii market and any other markets in which the Company does business; the impact of legislation affecting the banking industry; the impact of competitive products, services, pricing, and other competitive forces; movements in interest rates; loan delinquency rates and changes in asset quality; adverse conditions in the public debt market, the stock market or other capital markets, including any adverse changes in the price of the Company's stock; and a general deterioration or malaise in economic conditions, including the continued destabilizing factors in the financial industry and continued deterioration of the real estate market, as well as the impact of declining levels of consumer and business confidence in the state of the economy in general and in financial institutions in particular. For further information on factors that could cause actual results to materially differ from projections, please see the Company’s publicly available Securities and Exchange Commission filings, including the Company’s Form 10-K for the last fiscal year. The Company does not update any of its forward-looking statements.

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## Item 1. Financial Statements

CENTRAL PACIFIC FINANCIAL CORP. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
(Unaudited)

(Dollars in thousands)	September 30, 2008	December 31, 2007
<b>Assets</b>		
Cash and due from banks	\$ 68,293	\$ 79,088
Interest-bearing deposits in other banks	133	241
Federal funds sold	12,000	2,800
<b>Investment securities:</b>		
Available for sale	779,016	835,130
Held to maturity (fair value of \$23,896 at September 30, 2008 and \$46,077 at December 31, 2007)	23,968	46,124
Total investment securities	802,984	881,254
Loans held for sale	36,470	37,572
Loans and leases	4,080,266	4,141,705
Less allowance for loan and lease losses	100,227	92,049
Net loans and leases	3,980,039	4,049,656
Premises and equipment, net	81,918	82,841
Accrued interest receivable	22,591	26,041
Investment in unconsolidated subsidiaries	16,104	17,404
Other real estate	11,590	-
Goodwill	152,820	244,702
Other intangible assets	43,519	39,972
Bank-owned life insurance	134,200	131,454
Federal Home Loan Bank stock	48,797	48,797
Income tax receivable	41,608	1,488
Other assets	51,238	37,076
Total assets	\$ 5,504,304	\$ 5,680,386
<b>Liabilities and Shareholders' Equity</b>		
<b>Deposits:</b>		
Noninterest-bearing demand	\$ 596,907	\$ 665,034
Interest-bearing demand	457,906	461,175
Savings and money market	1,067,690	1,178,855
Time	1,654,569	1,697,655
Total deposits	3,777,072	4,002,719
Short-term borrowings	278,205	16,000
Long-term debt	881,534	916,019
Minority interest	10,055	13,104
Other liabilities	47,367	58,141
Total liabilities	4,994,233	5,005,983

## Shareholders' equity:

Preferred stock, no par value, authorized 1,000,000 shares, none issued	-	-
Common stock, no par value, authorized 100,000,000 shares, issued and outstanding 28,729,933 shares at September 30, 2008 and 28,756,647 shares at December 31, 2007	403,117	403,304
Surplus	55,639	54,669
Retained earnings	63,489	222,644
Accumulated other comprehensive loss	(12,174)	(6,214)
Total shareholders' equity	510,071	674,403
Total liabilities and shareholders' equity	\$ 5,504,304	\$ 5,680,386

See accompanying notes to consolidated financial statements.

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CENTRAL PACIFIC FINANCIAL CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(Unaudited)

Three Months Ended  
September 30,

Nine Months Ended