

CENTRAL PACIFIC FINANCIAL CORP
Form 10-Q
November 09, 2009

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

FORM 10-Q

(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, 2009

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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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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):

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, no par value, on November 2, 2009 was 30,328,764 shares.

CENTRAL PACIFIC FINANCIAL CORP. AND SUBSIDIARIES

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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 regulatory action on the Company and Central Pacific Bank; 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/A for the last fiscal year. The Company does not update any of its forward-looking statements.

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

(Dollars in thousands)	September 30, 2009	December 31, 2008
Assets		
Cash and due from banks	\$ 112,828	\$ 107,270
Interest-bearing deposits in other banks	204,338	475
Investment securities:		
Available for sale	973,364	742,600
Held to maturity (fair value of \$5,461 at September 30, 2009 and \$8,759 at December 31, 2008)	5,332	8,697
Total investment securities	978,696	751,297
Loans held for sale	60,027	40,108
Loans and leases	3,457,682	4,030,266
Less allowance for loan and lease losses	204,914	119,878
Net loans and leases	3,252,768	3,910,388
Premises and equipment, net	76,511	81,059
Accrued interest receivable	16,590	20,079
Investment in unconsolidated subsidiaries	17,794	15,465
Other real estate	21,093	11,220
Goodwill	102,689	152,689
Other intangible assets	44,926	39,783
Bank-owned life insurance	138,757	135,371
Federal Home Loan Bank stock	48,797	48,797
Income tax receivable	66,757	42,400
Other assets	28,939	75,960
Total assets	\$ 5,171,510	\$ 5,432,361
Liabilities and Equity		
Deposits:		
Noninterest-bearing demand	\$ 647,672	\$ 627,094
Interest-bearing demand	547,414	472,269
Savings and money market	1,424,518	1,057,881
Time	1,241,327	1,754,322
Total deposits	3,860,931	3,911,566
Short-term borrowings	252,807	279,450
Long-term debt	558,212	649,257
Other liabilities	52,889	55,748
Total liabilities	4,724,839	4,896,021
Equity:		
Preferred stock, no par value, authorized 1,000,000 shares; issued and outstanding	128,606	-

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135,000 shares at September 30, 2009 and none at December 31, 2008		
Common stock, no par value, authorized 100,000,000 shares, issued and outstanding		
30,329,123 shares at September 30, 2009 and 28,732,259 shares at December 31, 2008		
	406,312	403,176
Surplus	62,837	55,963
Retained earnings (accumulated deficit)	(157,088)	63,762
Accumulated other comprehensive income (loss)	(4,028)	3,390
Total shareholders' equity	436,639	526,291
Non-controlling interest	10,032	10,049
Total equity	446,671	536,340
Total liabilities and equity	\$ 5,171,510	\$ 5,432,361

See accompanying notes to consolidated financial statements.

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

(Amounts in thousands, except per share data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Interest income:				
Interest and fees on loans and leases	\$	48,594		