

BANK OF HAWAII CORP
Form 10-Q
April 19, 2010
[Table of Contents](#)

**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 March 31, 2010

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: 1-6887

BANK OF HAWAII CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State of incorporation)

99-0148992
(I.R.S. Employer Identification No.)

130 Merchant Street, Honolulu, Hawaii
(Address of principal executive offices)

96813
(Zip Code)

1-888-643-3888

(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 (Section 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, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

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

As of April 13, 2010, there were 48,041,730 shares of common stock outstanding.

Table of Contents

Bank of Hawaii Corporation

Form 10-Q

Index

	Page	
Part I - Financial Information		
Item 1.	Financial Statements (Unaudited)	
	<u>Consolidated Statements of Income</u> <u>Three months ended March 31, 2010 and 2009</u>	2
	<u>Consolidated Statements of Condition</u> <u>March 31, 2010, December 31, 2009, and March 31, 2009</u>	3
	<u>Consolidated Statements of Shareholders' Equity</u> <u>Three months ended March 31, 2010 and 2009</u>	4
	<u>Consolidated Statements of Cash Flows</u> <u>Three months ended March 31, 2010 and 2009</u>	5
	<u>Notes to Consolidated Financial Statements (Unaudited)</u>	6
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	21
Item 3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	42
Item 4.	<u>Controls and Procedures</u>	42
Part II - Other Information		
Item 1A.	<u>Risk Factors</u>	42
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	42
Item 6.	<u>Exhibits</u>	42
Signatures		43

Table of Contents**Bank of Hawaii Corporation and Subsidiaries****Consolidated Statements of Income (Unaudited)**

(dollars in thousands, except per share amounts)	Three Months Ended	
	2010	2009
Interest Income		
Interest and Fees on Loans and Leases	\$ 77,271	\$ 86,592
Income on Investment Securities		
Trading		594
Available-for-Sale	43,841	32,301
Held-to-Maturity	1,863	2,567
Deposits	13	10
Funds Sold	309	577
Other	277	276
Total Interest Income	123,574	122,917
Interest Expense		
Deposits	8,307	17,025
Securities Sold Under Agreements to Repurchase	6,429	6,652
Funds Purchased	7	5
Long-Term Debt	1,178	2,173
Total Interest Expense	15,921	25,855
Net Interest Income	107,653	97,062
Provision for Credit Losses	20,711	24,887
Net Interest Income After Provision for Credit Losses	86,942	72,175
Noninterest Income		
Trust and Asset Management	11,708	11,632
Mortgage Banking	3,464	8,678
Service Charges on Deposit Accounts	13,814	13,386
Fees, Exchange, and Other Service Charges	14,504	14,976
Investment Securities Gains, Net	20,021	56
Insurance	2,715	5,641
Other	5,556	15,996
Total Noninterest Income	71,782	70,365
Noninterest Expense		
Salaries and Benefits	44,564	47,028
Net Occupancy	10,144	10,328
Net Equipment	4,558	4,316
Professional Fees	1,992	2,549
FDIC Insurance	3,100	1,814
Other	17,348	21,898
Total Noninterest Expense	81,706	87,933
Income Before Provision for Income Taxes	77,018	54,607
Provision for Income Taxes	24,282	18,567
Net Income	\$ 52,736	\$ 36,040
Basic Earnings Per Share	\$ 1.10	\$ 0.76
Diluted Earnings Per Share	\$ 1.09	\$ 0.75
Dividends Declared Per Share	\$ 0.45	\$ 0.45
Basic Weighted Average Shares	47,914,412	47,566,005
Diluted Weighted Average Shares	48,289,427	47,802,249

The accompanying notes are an integral part of the Consolidated Financial Statements (Unaudited).

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Table of Contents

Bank of Hawaii Corporation and Subsidiaries

Consolidated Statements of Condition (Unaudited)

(dollars in thousands)	March 31, 2010	December 31, 2009	March 31, 2009
Assets			
Interest-Bearing Deposits	\$ 4,910	\$ 8,755	\$ 5,031
Funds Sold	269,410	291,546	895,595
Investment Securities			
Available-for-Sale	5,447,239	5,330,834	3,106,608
Held-to-Maturity (Fair Value of \$173,646; \$186,668; and \$233,633)	167,099	181,018	228,177
Loans Held for Sale	11,143	16,544	24,121
Loans and Leases	5,610,081	5,759,785	6,338,726
Allowance for Loan and Lease Losses	(146,358)	(143,658)	(134,416)
Net Loans and Leases	5,463,723	5,616,127	6,204,310
Total Earning Assets	11,363,524	11,444,824	10,463,842
Cash and Noninterest-Bearing Deposits	355,398	254,766	299,393
Premises and Equipment	110,310	110,976	114,536
Customers' Acceptances	677	1,386	822
Accrued Interest Receivable	42,180	45,334	36,928
Foreclosed Real Estate	3,192	3,132	346
Mortgage Servicing Rights	26,082	25,970	23,528
Goodwill	31,517	31,517	34,959
Other Assets	502,790	496,922	473,774
Total Assets	\$ 12,435,670	\$ 12,414,827	\$ 11,448,128
Liabilities			
Deposits			
Noninterest-Bearing Demand	\$ 2,194,280	\$ 2,252,083	\$ 1,970,041
Interest-Bearing Demand	1,669,586	1,609,413	1,926,576
Savings	4,515,597	4,405,969	3,905,709
Time	1,114,621	1,142,211	1,410,465
Total Deposits	9,494,084	9,409,676	9,212,791
Funds Purchased	8,888	8,888	9,665
Short-Term Borrowings	7,317	6,900	10,000
Securities Sold Under Agreements to Repurchase	1,529,047	1,618,717	844,283
Long-Term Debt	90,309	90,317	59,003
Bankers' Acceptances	677	1,386	822
Retirement Benefits Payable	36,895	37,435	54,450
Accrued Interest Payable	7,766	7,026	10,010
Taxes Payable and Deferred Taxes	224,112	229,140	258,505
Other Liabilities	97,203	109,369	154,664
Total Liabilities	11,496,298	11,518,854	10,614,193
Shareholders' Equity			
Common Stock (\$.01 par value; authorized 500,000,000 shares; issued / outstanding: March 31, 2010 - 57,027,543 / 48,040,830; December 31, 2009 - 57,028,239 / 48,018,943; and March 31, 2009 - 57,019,595 / 47,803,544)	570	569	569
Capital Surplus	494,653	494,318	491,352
Accumulated Other Comprehensive Income (Loss)	18,063	6,925	(1,319)
Retained Earnings	874,305	843,521	802,195
Treasury Stock, at Cost (Shares: March 31, 2010 - 8,986,713; December 31, 2009 - 9,009,296; and March 31, 2009 - 9,216,051)	(448,219)	(449,360)	(458,862)
Total Shareholders' Equity	939,372	895,973	833,935
Total Liabilities and Shareholders' Equity	\$ 12,435,670	\$ 12,414,827	\$ 11,448,128

The accompanying notes are an integral part of the Consolidated Financial Statements (Unaudited).

Table of Contents**Bank of Hawaii Corporation and Subsidiaries****Consolidated Statements of Shareholders Equity (Unaudited)**

(dollars in thousands)	Total	Common Stock	Capital Surplus	Accum. Other Compre- hensive Income (Loss)	Retained Earnings	Treasury Stock	Compre- hensive Income
Balance as of December 31, 2009	\$ 895,973	\$ 569	\$ 494,318	\$ 6,925	\$ 843,521	\$ (449,360)	
Comprehensive Income:							
Net Income	52,736				52,736		\$ 52,736
Other Comprehensive Income, Net of Tax:							
Change in Unrealized Gains and Losses on Investment Securities Available-for-Sale	10,757			10,757			10,757
Amortization of Net Losses Related to Defined Benefit Plans	381			381			381
Total Comprehensive Income							\$ 63,874
Share-Based Compensation	714		714				
Common Stock Issued under Purchase and Equity Compensation Plans and Related Tax Benefits (52,481 shares)	1,785	1	(379)		(320)	2,483	
Common Stock Repurchased (30,594 shares)	(1,342)					(1,342)	
Cash Dividends Paid	(21,632)				(21,632)		
Balance as of March 31, 2010	\$ 939,372	\$ 570	\$ 494,653	\$ 18,063	\$ 874,305	\$ (448,219)	
Balance as of December 31, 2008	\$ 790,704	\$ 568	\$ 492,515	\$ (28,888)	\$ 787,924	\$ (461,415)	
Comprehensive Income:							
Net Income	36,040				36,040		\$ 36,040
Other Comprehensive Income, Net of Tax:							
Change in Unrealized Gains and Losses on Investment Securities Available-for-Sale	27,243			27,243			27,243
Amortization of Net Losses Related to Defined Benefit Plans	326			326			326
Total Comprehensive Income							\$ 63,609
Share-Based Compensation	235		235				
Common Stock Issued under Purchase and Equity Compensation Plans and Related Tax Benefits (71,244 shares)	1,627	1	(1,398)		(258)		