

BANK OF HAWAII CORP
Form 10-Q
April 23, 2008

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, 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: 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 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

Edgar Filing: BANK OF HAWAII CORP - Form 10-Q

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

As of April 18, 2008, there were 47,931,531 shares of common stock outstanding.

Bank of Hawaii Corporation

Form 10-Q

Index

	Page
Part I - Financial Information	
Item 1.	
Financial Statements (Unaudited)	
<u>Consolidated Statements of Income Three months ended March 31, 2008 and 2007</u>	2
<u>Consolidated Statements of Condition March 31, 2008, December 31, 2007, and March 31, 2007</u>	3
<u>Consolidated Statements of Shareholders Equity Three months ended March 31, 2008 and 2007</u>	4
<u>Consolidated Statements of Cash Flows Three months ended March 31, 2008 and 2007</u>	5
<u>Notes to Consolidated Financial Statements (Unaudited)</u>	6
<u>Item 2.</u>	
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	14
<u>Item 3.</u>	
<u>Quantitative and Qualitative Disclosures About Market Risk</u>	41
<u>Item 4.</u>	
<u>Controls and Procedures</u>	41
<u>Part II - Other Information</u>	

Edgar Filing: BANK OF HAWAII CORP - Form 10-Q

<u>Item 1A.</u>	<u>Risk Factors</u>	41
<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	41
<u>Item 5.</u>	<u>Other Information</u>	41
<u>Item 6.</u>	<u>Exhibits</u>	41
<u>Signatures</u>		42

Bank of Hawaii Corporation and Subsidiaries

Consolidated Statements of Income (Unaudited)

(dollars in thousands, except per share amounts)	Three Months Ended	
	March 31,	
	2008	2007
Interest Income		
Interest and Fees on Loans and Leases	\$ 104,413	\$ 110,298
Income on Investment Securities		
Trading	1,160	1,618
Available-for-Sale	34,251	30,961
Held-to-Maturity	3,239	4,052
Deposits	195	58
Funds Sold	992	1,058
Other	426	333
Total Interest Income	144,676	148,378
Interest Expense		
Deposits	27,465	33,375
Securities Sold Under Agreements to Repurchase	10,617	11,886
Funds Purchased	633	923
Short-Term Borrowings	34	87
Long-Term Debt	3,747	3,970
Total Interest Expense	42,496	50,241
Net Interest Income	102,180	98,137
Provision for Credit Losses	14,427	2,631
Net Interest Income After Provision for Credit Losses	87,753	95,506
Noninterest Income		
Trust and Asset Management	15,086	15,833
Mortgage Banking	4,297	3,371
Service Charges on Deposit Accounts	12,083	10,967
Fees, Exchange, and Other Service Charges	16,101	16,061
Investment Securities Gains, Net	130	16
Insurance	7,130	6,215
Other	31,298	8,497
Total Noninterest Income	86,125	60,960
Noninterest Expense		
Salaries and Benefits	55,473	45,406
Net Occupancy	10,443	9,811
Net Equipment	4,321	4,787
Professional Fees	2,613	2,543
Other	20,582	19,576
Total Noninterest Expense	93,432	82,123
Income Before Provision for Income Taxes	80,446	74,343
Provision for Income Taxes	23,231	27,008
Net Income	\$ 57,215	\$ 47,335
Basic Earnings Per Share	\$ 1.19	\$ 0.96
Diluted Earnings Per Share	\$ 1.18	\$ 0.94
Dividends Declared Per Share	\$ 0.44	\$ 0.41
Basic Weighted Average Shares	47,965,722	49,427,933
Diluted Weighted Average Shares	48,628,427	50,263,419

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

Bank of Hawaii Corporation and Subsidiaries

Consolidated Statements of Condition (Unaudited)

(dollars in thousands)	March 31, 2008	December 31, 2007	March 31, 2007
Assets			
Interest-Bearing Deposits	\$ 55,916	\$ 4,870	\$ 5,594
Funds Sold	240,000	15,000	97,000
Investment Securities			
Trading	99,966	67,286	158,469
Available-for-Sale	2,672,286	2,563,190	2,438,532
Held-to-Maturity (Fair Value of \$277,536; \$287,644; and \$340,636)	277,256	292,577	349,663
Loans Held for Sale	13,096	12,341	19,238
Loans and Leases	6,579,337	6,580,861	6,507,152
Allowance for Loan and Lease Losses	(99,998)	(90,998)	(90,998)
Net Loans and Leases	6,479,339	6,489,863	6,416,154
Total Earning Assets	9,837,859	9,445,127	9,484,650
Cash and Noninterest-Bearing Deposits	314,863	368,402	365,517
Premises and Equipment	116,683	117,177	123,309
Customers' Acceptances	992	1,112	839
Accrued Interest Receivable	46,316	45,261	49,477
Foreclosed Real Estate	294	184	462
Mortgage Servicing Rights	27,149	27,588	27,005
Goodwill	34,959	34,959	34,959
Other Assets	443,686	433,132	405,739
Total Assets	\$ 10,822,801	\$ 10,472,942	\$ 10,491,957
Liabilities			
Deposits			
Noninterest-Bearing Demand	\$ 2,000,226	\$ 1,935,639	\$ 1,973,631
Interest-Bearing Demand	1,649,705	1,634,675	1,618,615
Savings	2,728,873	2,630,471	2,648,495
Time	1,724,051	1,741,587	1,712,196
Total Deposits	8,102,855	7,942,372	7,952,937
Funds Purchased	23,800	75,400	72,400
Short-Term Borrowings	9,726	10,427	3,462
Securities Sold Under Agreements to Repurchase	1,231,962	1,029,340	1,050,393
Long-Term Debt (includes \$128,932 carried at fair value as of March 31, 2008)	239,389	235,371	260,308
Bankers' Acceptances	992	1,112	839
Retirement Benefits Payable	29,755	29,984	48,363
Accrued Interest Payable	18,322	20,476	17,893
Taxes Payable and Deferred Taxes	300,188	278,218	293,326
Other Liabilities	99,065	99,987	81,005
Total Liabilities	10,056,054	9,722,687	9,780,926
Shareholders' Equity			
Common Stock (\$.01 par value; authorized 500,000,000 shares; issued / outstanding: March 2008 - 56,995,352 / 47,990,432; December 2007 - 56,995,447 / 48,589,645; and March 2007 - 56,930,753 / 49,638,731)	568	567	566
Capital Surplus	487,139	484,790	478,123
Accumulated Other Comprehensive Income (Loss)	5,553	(5,091)	(27,356)
Retained Earnings	720,540	688,638	620,034
Treasury Stock, at Cost (Shares: March 2008 - 9,004,920; December 2007 - 8,405,802; and March 2007 - 7,292,022)	(447,053)	(418,649)	(360,336)
Total Shareholders' Equity	766,747	750,255	711,031
Total Liabilities and Shareholders' Equity	\$ 10,822,801	\$ 10,472,942	\$ 10,491,957

Edgar Filing: BANK OF HAWAII CORP - Form 10-Q

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

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, 2007	\$ 750,255	\$ 567	\$ 484,790	\$ (5,091)	\$ 688,638	\$ (418,649)	
Cumulative-Effect Adjustment of a Change in Accounting Principle, Net of Tax:							
SFAS No. 159, <i>The Fair Value Option for Financial Assets and Financial Liabilities, including an amendment of FASB Statement No. 115</i>	(2,736)				(2,736)		
Comprehensive Income:							