

CENTRAL PACIFIC FINANCIAL CORP  
Form 424B3  
May 13, 2011

Filed Pursuant to Rule 424(b)(3)  
Registration Statement No. 333-172480

PROSPECTUS SUPPLEMENT  
(To Prospectus dated April 12, 2011)

Up to 18,487,715 Shares of Common Stock

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RECENT DEVELOPMENTS

We have attached to this prospectus supplement, and incorporated by reference into it, our Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission ("SEC") on May 13, 2011, our Current Report on Form 8-K filed with the SEC on May 12, 2011, our Current Report on Form 8-K filed with the SEC on May 10, 2011, our Current Report on Form 8-K filed with the SEC on April 29, 2011 and our Current Report on Form 8-K filed with the SEC on April 21, 2011.

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May 13, 2011



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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 March 31, 2011

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 April 29, 2011 was 39,649,510 shares.

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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 regulatory actions on the Company including the Bank MOU (as defined below) which replaced the Consent Order (as defined below) by the Federal Deposit Insurance Corporation and the Hawaii Division of Financial Institutions and the BSA MOU (as defined below); the impact of legislation affecting the banking industry (including the Emergency Economic Stabilization Act of 2008 and the Dodd-Frank Wall Street Reform and Consumer Protection Act); the impact of competitive products, services, pricing, and other competitive forces; movements in interest rates; loan delinquency rates and changes in asset quality; volatility in the financial markets and uncertainties concerning the availability of debt or equity financing; 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 levels of consumer and business confidence in the state of the economy and in financial institutions in general and in particular our bank. 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.

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

	March 31, 2011	December 31, 2010
(Dollars in thousands)		
<b>Assets</b>		
Cash and due from banks	\$ 63,687	\$ 61,725
Interest-bearing deposits in other banks	537,495	729,014
Investment securities:		
Available for sale, at fair value	1,076,181	702,517
Held to maturity (fair value of \$2,009 at March 31, 2011 and \$2,913 at December 31, 2010)	1,943	2,828
Total investment securities	1,078,124	705,345
Loans held for sale	54,093	69,748
Loans and leases	2,067,302	2,169,444
Less allowance for loan and lease losses	178,010	192,854
Net loans and leases	1,889,292	1,976,590
Premises and equipment, net	55,977	57,390
Accrued interest receivable	11,461	11,279
Investment in unconsolidated subsidiaries	13,950	14,856
Other real estate	56,601	57,507
Other intangible assets	44,498	44,639
Bank-owned life insurance	142,000	142,296
Federal Home Loan Bank stock	48,797	48,797
Income tax receivable	2,353	2,223
Other assets	15,070	16,642
Total assets	\$ 4,013,398	\$ 3,938,051
<b>Liabilities and Equity</b>		
Deposits:		
Noninterest-bearing demand	\$ 678,007	\$ 611,744
Interest-bearing demand	528,533	639,548
Savings and money market	1,120,272	1,089,813
Time	818,651	791,842
Total deposits	3,145,463	3,132,947
Short-term borrowings	1,423	202,480
Long-term debt	409,299	459,803
Other liabilities	62,231	66,766
Total liabilities	3,618,416	3,861,996
Equity:		
Preferred stock, no par value, authorized 1,000,000 shares; issued and outstanding	-	130,458

none at March 31, 2011 and 135,000 shares at  
December 31, 2010

Common stock, no par value, authorized 185,000,000 shares, issued and outstanding 39,649,052 shares at March 31, 2011 and 1,527,000 shares at December 31, 2010	764,463	404,167
Surplus	63,436	63,308
Accumulated deficit	(428,780 )	(517,316 )
Accumulated other comprehensive loss	(14,135 )	(14,565 )
Total shareholders' equity	384,984	66,052
Non-controlling interest	9,998	10,003
Total equity	394,982	76,055
Total liabilities and equity	\$ 4,013,398	\$ 3,938,051

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 March 31,	
	2011	2010
<b>Interest income:</b>		
Interest and fees on loans and leases	\$ 28,566	\$ 37,312
Interest and dividends on investment securities:		
Taxable interest	5,221	8,101
Tax-exempt interest	184	515
Dividends	3	3
Interest on deposits in other banks	389	330
Total interest income	34,363	46,261
<b>Interest expense:</b>		
Interest on deposits:		
Demand	132	258
Savings and money market	732	1,649
Time	2,377	3,981
Interest on short-term borrowings	204	189
Interest on long-term debt	2,717	5,115
Total interest expense	6,162	11,192
Net interest income	28,201	35,069
Provision (credit) for loan and lease losses	(1,575 )	58,837
Net interest income (loss) after provision for loan and lease losses	29,776	(23,768 )
<b>Other operating income:</b>		
Service charges on deposit accounts	2,614	3,207
Other service charges and fees	4,058	3,485
Income from fiduciary activities	761	811
Equity in earnings of unconsolidated subsidiaries	127	29
Fees on foreign exchange	137	156
Investment securities gains	-	831
Loan placement fees	102	85
Net gain on sales of residential loans	2,198	1,945
Income from bank-owned life insurance	1,190	1,184
Other	1,313	1,031
Total other operating income	12,500	12,764
<b>Other operating expense:</b>		
Salaries and employee benefits	15,033	14,836
Net occupancy	3,358	3,297
Equipment	1,130	1,477
Amortization of other intangible assets	1,547	1,408
Communication expense	881	1,212
Legal and professional services	2,460	5,650
Computer software expense	883	903
Advertising expense	836	839
Goodwill impairment	-	102,689

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Foreclosed asset expense	2,242	5,532
Write down of assets	1,565	774
Other	7,702	10,598
Total other operating expense	37,637	149,215
Income (loss) before income taxes	4,639	(160,219 )
Income tax expense	-	-
Net income (loss)	4,639	(160,219 )
Preferred stock dividends, accretion of discount and conversion of preferred stock to common stock	(83,897 )	2,074
Net income (loss) available to common shareholders	\$ 88,536	\$ (162,293 )
Per common share data:		
Basic earnings (loss) per share	\$ 4.59	\$ (107.23 )
Diluted earnings (loss) per share	4.58	(107.23 )
Shares used in computation:		
Basic shares	19,301	1,513
Diluted shares	19,321	1,513

See accompanying notes to consolidated financial statements.

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

Three Months Ended March 31,  
2011 2010

(Dollars in thousands)

Cash flows from operating activities:		
Net income (loss)	\$ 4,639	\$ (160,219 )
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Provision (credit) for loan and lease losses	(1,575 )	58,837
Depreciation and amortization	1,757	2,062
Goodwill impairment	-	102,689
Write down of assets	1,565	774
Write down of other real estate, net of gain on sale	534	5,532
Amortization of other intangible assets	1,547	1,408
Net amortization of investment securities	1,433	812
Share-based compensation	128	284
Net gain on investment securities	-	(831 )
Deferred income tax expense	-	2,439
Net gain on sales of residential loans	(2,198 )	(1,945 )
Proceeds from sales of loans held for sale	196,043	262,534
Originations of loans held for sale	(179,824 )	(216,694 )
Equity in earnings of unconsolidated subsidiaries	(127 )	(29 )
Increase in cash surrender value of bank-owned life insurance	(1,190 )	(1,030 )
Decrease (increase) in income tax receivable	(130 )	862
Net change in other assets and liabilities	1,843	3,441
Net cash provided by operating activities	24,445	60,926
Cash flows from investing activities:		
Proceeds from maturities of and calls on investment securities available for sale	114,515	131,753
Proceeds from sales of investment securities available for sale	-	439,436
Purchases of investment securities available for sale	(488,616 )	(98,068 )
Proceeds from maturities of and calls on investment securities held to maturity	880	461
Net loan principal repayments	82,376	71,082
Proceeds from sales of loans originated for investment	-	37,950
Proceeds from sale of other real estate	6,948	7,664
Proceeds from bank-owned life insurance	158	-
Purchases of premises and equipment	(344 )	(222 )
Distributions from unconsolidated subsidiaries	523	710
Contributions to unconsolidated subsidiaries	-	(227 )
Net cash provided by (used in) investing activities	(283,560 )	590,539
Cash flows from financing activities:		

Net increase (decrease) in deposits	12,516
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