

CB BANCSHARES INC/HI  
Form 10-Q  
August 13, 2002

**Table of Contents**

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2002

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OF 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

Commission File Number 0-12396

**CB BANCSHARES, INC.**

(Exact name of registrant as specified in its charter)

**Hawaii**  
(State of Incorporation)

**99-0197163**  
(IRS Employer Identification No.)

**201 Merchant Street Honolulu, Hawaii 96813**  
(Address of principal executive offices)

**(808) 535-2500**  
(Registrant's Telephone Number)

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

The number of shares outstanding of each of the registrant's classes of common stock as of July 31, 2002 was:

Class	Outstanding
Common Stock, \$1.00 Par Value	3,998,156 shares

**TABLE OF CONTENTS**

**PART I FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**CONSOLIDATED BALANCE SHEETS**

**CONSOLIDATED STATEMENTS OF INCOME**

**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY AND  
COMPREHENSIVE INCOME (LOSS)**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**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**

**PART II OTHER INFORMATION**

**Item 4. Submission of Matters to a Vote of Security Holders**

**Item 6. Exhibits and Reports on Form 8-K**

**SIGNATURES**

**EXHIBIT INDEX**

**EXHIBIT 10.1**

**EXHIBIT 10.2**

**EXHIBIT 10.3**

**EXHIBIT 10.4**

**EXHIBIT 10.5**

**EXHIBIT 99.1**

**EXHIBIT 99.2**

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**Table of Contents****PART I FINANCIAL INFORMATION****Item 1. Financial Statements****CONSOLIDATED BALANCE SHEETS (Unaudited)**  
CB BANCSHARES, INC. AND SUBSIDIARIES

(in thousands of dollars)	June 30, 2002	December 31, 2001	June 30, 2001
<b>Assets</b>			
Cash and due from banks	\$ 43,447	\$ 22,395	\$ 23,894
Interest-bearing deposits in other banks	1,110	1,017	1,010
Federal funds sold	815	10,655	2,515
Investment securities:			
Held-to-maturity	73,396	26,000	
Available-for-sale	231,167	203,563	247,900
Restricted	33,377	32,406	33,524
Loans held for sale	38,023	50,661	54,854
Net loans	1,062,594	1,172,817	1,228,522
Premises and equipment	17,072	17,633	18,566
Other real estate owned	3,216	4,674	3,068
Accrued interest receivable and other assets	52,194	44,219	43,690
<b>Total assets</b>	<b>\$1,556,411</b>	<b>\$1,586,040</b>	<b>\$1,657,543</b>
<b>Liabilities and stockholders equity</b>			
Deposits:			
Noninterest-bearing	\$ 157,745	\$ 160,570	\$ 137,317
Interest-bearing	977,982	977,865	1,036,836
Total deposits	1,135,727	1,138,435	1,174,153
Short-term borrowings	9,150	76,100	91,400
Accrued expenses and other liabilities	24,583	20,599	16,228
Long-term debt	234,415	214,424	244,381
Minority interest in consolidated subsidiary	2,720	2,720	2,720
<b>Total liabilities</b>	<b>1,406,595</b>	<b>1,452,278</b>	<b>1,528,882</b>
Stockholders equity:			
Common stock	3,998	3,506	3,509
Additional paid-in capital	82,149	65,427	65,558
Retained earnings	58,220	65,714	66,276
Unreleased shares to employee stock ownership plan	(1,756)	(1,839)	
Accumulated other comprehensive income (loss), net of tax	7,205	954	(6,682)
<b>Total stockholders equity</b>	<b>149,816</b>	<b>133,762</b>	<b>128,661</b>
<b>Total liabilities and stockholders equity</b>	<b>\$1,556,411</b>	<b>\$1,586,040</b>	<b>\$1,657,543</b>

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See accompanying notes to the consolidated financial statements.

**Table of Contents****CONSOLIDATED STATEMENTS OF INCOME** (Unaudited)  
CB BANCSHARES, INC. AND SUBSIDIARIES

(in thousands of dollars, except per share data)	Quarter ended June 30,		Six months ended June 30,	
	2002	2001	2002	2001
<b>Interest income:</b>				
Interest and fees on loans	\$ 22,541	\$ 27,576	\$ 46,406	\$ 55,715
Interest and dividends on investment securities:				
Taxable interest income	3,282	4,158	6,164	9,194
Nontaxable interest income	389	388	777	776
Dividends	493	576	973	1,096
Other interest income	15	85	34	263
	<u>26,720</u>	<u>32,783</u>	<u>54,354</u>	<u>67,044</u>
<b>Interest expense:</b>				
Deposits	4,634	11,283	9,753	24,369
Short-term borrowings	172	800	483	3,042
Long-term debt	2,876	3,531	5,641	6,662
	<u>7,682</u>	<u>15,614</u>	<u>15,877</u>	<u>34,073</u>
Net interest income	19,038	17,169	38,477	32,971
Provision for credit losses	4,102	2,271	8,970	5,021
	<u>14,936</u>	<u>14,898</u>	<u>29,507</u>	<u>27,950</u>
<b>Noninterest income:</b>				
Service charges on deposit accounts	1,069	940	2,097	1,774
Other service charges and fees	1,618	1,259	3,174	2,404
Net realized gains (losses) on sales of securities	(68)	229	(104)	616
Net gains on sales of loans	208	250	719	412
Other	933	571	1,833	1,287
	<u>3,760</u>	<u>3,249</u>	<u>7,719</u>	<u>6,493</u>
<b>Noninterest expense:</b>				
Salaries and employee benefits	6,501	5,997	13,070	11,994
Net occupancy expense	1,568	1,608	3,140	3,200
Equipment expense	765	804	1,560	1,620
Other	4,487	4,759	8,899	8,603
	<u>13,321</u>	<u>13,168</u>	<u>26,669</u>	<u>25,417</u>
Income before income taxes	5,375	4,979	10,557	9,026
Income tax expense	1,754	1,839	3,400	3,085
	<u>\$ 3,621</u>	<u>\$ 3,140</u>	<u>\$ 7,157</u>	<u>\$ 5,941</u>
<b>Per share data:</b>				
Basic	\$ 0.93	\$ 0.82	\$ 1.86	\$ 1.54

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<b>Diluted</b>	<b>\$ 0.92</b>	\$ 0.81	<b>\$ 1.83</b>	\$ 1.53
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See accompanying notes to the consolidated financial statements.

**Table of Contents**

**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY  
AND COMPREHENSIVE INCOME (LOSS) (Unaudited)**  
CB BANCSHARES, INC. AND SUBSIDIARIES

(in thousands, except per share data)	Common Stock	Additional Paid-In Capital	Retained Earnings	Unreleased Shares to Employee Stock Ownership Plan	Accumulated Other Comprehensive Income	Total
<b>Balance at January 1, 2002</b>	<b>\$3,506</b>	<b>\$65,427</b>	<b>\$65,714</b>	<b>\$ (1,839)</b>	<b>\$ 954</b>	<b>\$133,762</b>
<b>Comprehensive income</b>						
Net income			7,157			7,157
Other comprehensive income, net of tax						
Unrealized gains on securities, net of reclassification adjustment					6,251	6,251
<b>Comprehensive income subtotal</b>			<b>7,157</b>		<b>6,251</b>	<b>13,408</b>
<b>Cash dividends (\$0.22 per share)</b>			<b>(783)</b>			<b>(783)</b>
<b>Options exercised</b>	<b>154</b>	<b>4,153</b>				<b>4,307</b>
<b>Stock dividend</b>	<b>362</b>	<b>13,448</b>	<b>(13,868)</b>			<b>(58)</b>
<b>Cancelled and retired shares</b>	<b>(24)</b>	<b>(879)</b>				<b>(903)</b>
<b>ESOP shares</b>				<b>83</b>		<b>83</b>
<b>Balance at June 30, 2002</b>	<b>\$3,998</b>	<b>\$82,149</b>	<b>\$58,220</b>	<b>\$ (1,756)</b>	<b>\$7,205</b>	<b>\$149,816</b>

Additional

Unreleased  
Shares to  
Employee

Accumulated