



BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, DC 20551

December 26, 2018

Amanda K. Allexon, Esq.
Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019-6150

Dear Ms. Allexon:

This is in response to your request on behalf of Bank of Hawaii Corporation (“BOHC”), a bank holding company, and its depository institution subsidiary, Bank of Hawaii (together with BOHC, “Applicants”), a state member bank, both of Honolulu, Hawaii, for an exemption from the prohibitions of the Depository Institution Management Interlocks Act (“Interlocks Act”)¹ and the Board’s Regulation L² to permit Mr. John C. Erickson to serve as a member of the board of directors of each of BOHC and Bank of Hawaii, while at the same time continuing to serve as a director on the boards of directors of Luther Burbank Corporation (“LBC”), a bank holding company, and its depository institution subsidiary, Luther Burbank Savings (“Luther Bank”), a state non-member bank, both of Santa Rosa, California.

The Interlocks Act and Regulation L prohibit a management official of a depository institution or a depository holding company (“depository organization”) with total assets exceeding \$2.5 billion (or of any affiliate of such an organization) from serving at the same time as a management official of an unaffiliated depository organization with total assets exceeding \$1.5 billion (or of any affiliate of such an organization), regardless of the location of the depository organizations (“major assets prohibition”).³ As of September 30, 2018, BOHC, Bank of Hawaii, LBC, and Luther Bank each had assets that exceeded the applicable thresholds of the major assets prohibition.

¹ 12 U.S.C. § 3201 *et seq.*

² 12 CFR part 212.

³ 12 U.S.C. § 3203; 12 CFR 212.3(c).

Under the general exemption provision of Regulation L, the Board may permit an interlock that otherwise would be prohibited by the Interlocks Act and Regulation L if the Board determines that the interlock would not result in a monopoly or in a substantial lessening of competition and would not present safety and soundness concerns.⁴ The Board has delegated to the General Counsel, in consultation with the Director of the Division of Supervision and Regulation (“Director”), authority to grant exemptions under this provision of Regulation L.

The interlocks between Applicants and LBC/Luther Bank would not result in a monopoly or in a substantial lessening of competition. Bank of Hawaii and Luther Bank do not have overlapping operations in any U.S. banking markets.⁵ In addition, there is no overlap with respect to the nonbanking activities of BOHC and LBC.⁶

The interlocks also would not present safety and soundness concerns. Applicants have indicated that Mr. Erickson’s extensive experience in business and risk management, audit, and compliance would make him a valuable addition to the boards of directors of BOHC and Bank of Hawaii, especially in light of recent and pending retirements from those boards. In addition, Mr. Erickson’s continued service as director of LBC and Luther Bank would provide managerial continuity for those institutions.

Based on all the facts of record and for the reasons discussed above, the General Counsel, acting pursuant to authority delegated by the Board and after consultation with the Director, has granted an exemption to allow Mr. Erickson to serve as a management official of each of BOHC and Bank of Hawaii while also continuing to serve as a management official of LBC and Luther Bank.

⁴ 12 CFR 212.6(a).

⁵ Bank of Hawaii has branches in Hawaii, Guam, and other Pacific islands. Luther Bank’s branches are located in California and Washington.

⁶ BOHC’s sole nonbank subsidiary is Bank of Hawaii Foundation. LBC has three direct nonbank subsidiaries: two special-purpose entities created to issue trust preferred securities and Burbank Financial Inc., a service corporation permissible for a bank holding company under section 4(c)(1)(C) of the Bank Holding Company Act. 12 U.S.C. § 1843(c)(1)(C).

The Board reserves the right to revoke the exemption should the interlocks result in a monopoly or a substantial lessening of competition or present safety and soundness concerns.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Ann C. Misback", with a long horizontal flourish extending to the right.

Ann Misback
Secretary of the Board