

CATHAY GENERAL BANCORP

Form 10-Q

May 08, 2013

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, 2013

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 0-18630

CATHAY GENERAL BANCORP

(Exact name of registrant as specified in its charter)

Delaware

(State of other jurisdiction of incorporation or organization)

95-4274680

(I.R.S. Employer Identification No.)

777 North Broadway, Los Angeles, California

(Address of principal executive offices)

90012

(Zip Code)

Registrant's telephone number, including area code: (213) 625-4700

(Former name, former address and former fiscal year, if changed since last report)

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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). 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 definition of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

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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

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

Common stock, \$.01 par value, 78,864,841 shares outstanding as of April 30, 2013.

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CATHAY GENERAL BANCORP AND SUBSIDIARIES
1ST QUARTER 2013 REPORT ON FORM 10-Q
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Forward-Looking Statements

In this Quarterly Report on Form 10-Q, the term “Bancorp” refers to Cathay General Bancorp and the term “Bank” refers to Cathay Bank. The terms “Company,” “we,” “us,” and “our” refer to Bancorp and the Bank collectively. The statements in this report include forward-looking statements within the meaning of the applicable provisions of the Private Securities Litigation Reform Act of 1995 regarding management’s beliefs, projections, and assumptions concerning future results and events. We intend such forward-looking statements to be covered by the safe harbor provision for forward-looking statements in these provisions. All statements other than statements of historical fact are “forward-looking statements” for purposes of federal and state securities laws, including statements about anticipated future operating and financial performance, financial position and liquidity, growth opportunities and growth rates, growth plans, acquisition and divestiture opportunities, business prospects, strategic alternatives, business strategies, financial expectations, regulatory and competitive outlook, investment and expenditure plans, financing needs and availability, and other similar forecasts and statements of expectation and statements of assumptions underlying any of the foregoing. Words such as “aims,” “anticipates,” “believes,” “can,” “continue,” “could,” “estimates,” “expects,” “hopes,” “is optimistic,” “plans,” “potential,” “possible,” “predicts,” “projects,” “seeks,” “shall,” “should,” “will,” and variations of these and similar expressions are intended to identify these forward-looking statements. Forward-looking statements by us are based on estimates, beliefs, projections, and assumptions of management and are not guarantees of future performance. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our historical experience and our present expectations or projections. Such risks and uncertainties and other factors include, but are not limited to, adverse developments or conditions related to or arising from:

- U.S. and international business and economic conditions;
- credit risks of lending activities and deterioration in asset or credit quality;
- current and potential future supervisory action by bank supervisory authorities;
- increased costs of compliance and other risks associated with changes in regulation and the current regulatory environment, including the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”), and the potential for substantial changes in the legal, regulatory, and enforcement framework and oversight applicable to financial institutions in reaction to recent adverse financial market events, including changes pursuant to the Dodd-Frank Act;
 - potential goodwill impairment;
 - liquidity risk;
 - fluctuations in interest rates;
 - inflation and deflation;
- risks associated with acquisitions and the expansion of our business into new markets;
- real estate market conditions and the value of real estate collateral;
- environmental liabilities;

- our ability to compete with larger competitors;
- the possibility of higher capital requirements, including implementation of the Basel III capital standards of the Basel Committee;

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- our ability to retain key personnel;
- successful management of reputational risk;
- natural disasters and geopolitical events;
- general economic or business conditions in California, Asia, and other regions where the Bank has operations;
- restrictions on compensation paid to our executives as a result of our participation in the TARP Capital Purchase Program;
 - failures, interruptions, or security breaches of our information systems;
- our ability to adapt our systems to technological changes, including successfully implementing our core system conversion;
 - adverse results in legal proceedings;
 - changes in accounting standards or tax laws and regulations;
 - market disruption and volatility;
- restrictions on dividends and other distributions by laws and regulations and by our regulators and our capital structure;
- successfully raising additional capital, if needed, and the resulting dilution of interests of holders of our common stock; and
 - the soundness of other financial institutions.

These and other factors are further described in Bancorp's Annual Report on Form 10-K for the year ended December 31, 2012 (Item 1A in particular), other reports and registration statements filed with the Securities and Exchange Commission ("SEC"), and other filings it makes with the SEC from time to time. Actual results in any future period may also vary from the past results discussed in this report. Given these risks and uncertainties, readers are cautioned not to place undue reliance on any forward-looking statements, which speak to the date of this report. We have no intention and undertake no obligation to update any forward-looking statement or to publicly announce any revision of any forward-looking statement to reflect future developments or events, except as required by law.

Bancorp's filings with the SEC are available at the website maintained by the SEC at <http://www.sec.gov>, or by request directed to Cathay General Bancorp, 9650 Flair Drive, El Monte, California 91731, Attention: Investor Relations (626) 279-3286.

PART I – FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS (Unaudited)

CATHAY GENERAL BANCORP AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	March 31, 2013	December 31, 2012
	(In thousands, except share and per share data)	
Assets		
Cash and due from banks	\$ 155,525	\$ 144,909
Short-term investments and interest bearing deposits	215,794	411,983
Securities held-to-maturity (market value of \$823,906 in 2012)	-	773,768
Securities available-for-sale (amortized cost of \$2,149,786 in 2013 and \$1,290,676 in 2012)	2,190,296	1,291,480
Trading securities	4,758	4,703
Loans	7,364,340	7,429,147
Less: Allowance for loan losses	(178,692)	(183,322)
Unamortized deferred loan fees, net	(10,186)	(10,238)
Loans, net	7,175,462	7,235,587
Federal Home Loan Bank stock	37,130	41,272
Other real estate owned, net	45,316	46,384
Affordable housing investments, net	83,868	85,037
Premises and equipment, net	102,067	102,613
Customers' liability on acceptances	22,334	41,271
Accrued interest receivable	26,992	26,015
Goodwill	316,340	316,340
Other intangible assets, net	4,883	6,132
Other assets	139,950	166,595
Total assets	\$ 10,520,715	\$ 10,694,089
Liabilities and Stockholders' Equity		
Deposits		
Non-interest-bearing demand deposits	\$ 1,279,986	\$ 1,269,455
Interest-bearing deposits:		
NOW deposits	622,454	593,133
Money market deposits	1,124,240	1,186,771
Savings deposits	472,122	473,805
Time deposits under \$100,000	685,758	644,191
Time deposits of \$100,000 or more	3,241,114	3,215,870
Total deposits	7,425,674	7,383,225
Securities sold under agreements to repurchase	1,150,000	1,250,000
Advances from the Federal Home Loan Bank	126,200	146,200
Other borrowings for affordable housing investments	19,232	18,713

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Long-term debt	171,136	171,136
Acceptances outstanding	22,334	41,271
Other liabilities	56,574	54,040
Total liabilities	8,971,150	9,064,585
Commitments and contingencies	-	-
Stockholders' equity		
Preferred stock, 10,000,000 shares authorized, 129,000 issued and outstanding at March 31, 2013, and 258,000 issued and outstanding at December 31, 2012	127,724	254,580
Common stock, \$0.01 par value, 100,000,000 shares authorized, 83,066,773 issued and 78,859,208 outstanding at March 31, 2013, and 82,985,853 issued and 78,778,288 outstanding at December 31, 2012	831	830
Additional paid-in-capital	769,955	768,925
Accumulated other comprehensive income, net	23,477	465
Retained earnings	744,867	721,993
Treasury stock, at cost (4,207,565 shares at March 31, 2013, and at December 31, 2012)	(125,736)	(125,736)
Total Cathay General Bancorp stockholders' equity	1,541,118	1,621,057
Noncontrolling interest	8,447	8,447
Total equity	1,549,565	1,629,504
Total liabilities and equity	\$10,520,	