

CATHAY GENERAL BANCORP  
Form 10-Q/A  
May 10, 2010

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q/A**  
**(Amendment No. 1)**

(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, 2010

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)

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**Delaware** **95-4274680**  
(State of other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)  
**777 North Broadway, Los Angeles, California** **90012**  
(Address of principal executive offices) (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   
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, 78,512,698 shares outstanding as of April 30, 2010.

**EXPLANATORY NOTE**

This Amendment No. 1 to Cathay General Bancorp's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2010, is being filed because the original Form 10-Q for that quarterly period was inadvertently filed by its financial printer before a final review by management. The only changes in this Amendment No. 1 from the original Form 10-Q are to the Condensed Consolidated Statements of Cash Flows (Unaudited) and the Notes to Condensed Consolidated Financial Statements (Unaudited) in Part I, Item 1, and to the Management's Discussion and Analysis of Financial Condition and Results of Operations in Part I, Item 2. These changes include the following:

(1) the insertion of a line item Total investment securities at the end of the Temporarily Impaired Securities (As of December 31, 2009) table in Note 6 to the Condensed Consolidated Financial Statements (Unaudited);

(2) the disclosure of impaired loans by type and associated total losses by type in addition to the total for all impaired loans, and changes to the Total impaired loans figures and consequent change to the Total assets figures for Level 2, Level 3, and Total at Fair Value as of March 31, 2010, in the tables for financial assets measured at fair value on a nonrecurring basis previously at the end of Note 14 to the Condensed Consolidated Financial Statements (Unaudited);

(3) the addition of a line item Warrants in the table titled Fair Value of Financial Instruments in Note 15 to the Condensed Consolidated Financial Statements (Unaudited);

(4) the addition of Note 18 Subsequent Events to the Condensed Consolidated Financial Statements (Unaudited); and

(5) changes to the figures in the Allowance and the Allowance as a % of Balance columns of the Impaired Loans At March 31, 2010 table in the Impaired Loans section of the Management's Discussion and Analysis of Financial Condition and Results of Operations.

None of these or the other changes made in this Form 10-Q/A are considered to be material.

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CATHAY GENERAL BANCORP AND SUBSIDIARIES

1ST QUARTER 2010 REPORT ON FORM 10-Q/A

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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**, **could**, **estimates**, **expects**, **hopes**, **intends**, **may**, **plans**, **projects**, **seeks**, **predicts**, **potential**, **continue**, and variations of these words 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 economic and market conditions;

market disruption and volatility;

current and potential future supervisory action by bank supervisory authorities and changes in laws and regulations, or their interpretations;

restrictions on dividends and other distributions by laws and regulations and by our regulators and our capital structure;

credit losses and deterioration in asset or credit quality;

availability of capital;

potential goodwill impairment;

liquidity risk;

fluctuations in interest rates;

past and future acquisitions;

inflation and deflation;

success of expansion, if any, of our business in new markets;

the soundness of other financial institutions;

real estate market conditions;

our ability to compete with competitors;

the short term and long term impact of the new Basel II capital standards and the forthcoming new capital rules to be proposed for non-Basel II U.S. banks;

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;

our ability to adapt to our information technology systems; and

changes in accounting standards or tax laws and regulations.

These and other factors are further described in Cathay General Bancorp's Annual Report on Form 10-K for the year ended December 31, 2009 (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. Cathay General Bancorp has no intention and undertakes 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.

Cathay General 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, 2010	December 31, 2009
	(In thousands, except share and per share data)	
<b>ASSETS</b>		
Cash and due from banks	\$ 64,926	\$ 100,124
Short-term investments and interest bearing deposits	327,773	254,726
Securities held-to-maturity (market value of \$634,374 in 2010 \$628,908 in 2009)	635,208	635,015
Securities available-for-sale (amortized cost of \$3,209,907 in 2010 and \$2,916,491 in 2009)	3,222,407	2,915,099
Trading securities	13,004	18
Loans held for sale	20,944	54,826
Loans	6,852,549	6,899,142
Less: Allowance for loan losses	(233,120)	(211,889)
Unamortized deferred loan fees	(8,017)	(8,339)
Loans, net	6,611,412	6,678,914
Federal Home Loan Bank stock	71,791	71,791
Other real estate owned, net	111,858	71,014
Investments in affordable housing partnerships, net	94,481	95,853
Premises and equipment, net	107,972	108,635
Customers liability on acceptances	19,637	26,554
Accrued interest receivable	33,961	35,982
Goodwill	316,340	316,340
Other intangible assets	21,573	23,157
Other assets	197,211	200,184
<b>Total assets</b>	<b>\$ 11,870,498</b>	<b>\$ 11,588,232</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
<b>Deposits</b>		
Non-interest-bearing demand deposits	\$ 854,654	\$ 864,551
<b>Interest-bearing accounts:</b>		
NOW accounts	360,466	337,304
Money market accounts	901,050	943,164
Saving accounts	354,717	347,724
Time deposits under \$100,000	1,693,753	1,529,954
Time deposits of \$100,000 or more	3,581,638	3,482,343
<b>Total deposits</b>	<b>7,746,278</b>	<b>7,505,040</b>
Securities sold under agreements to repurchase	1,559,000	1,557,000
Advances from the Federal Home Loan Bank	864,362	929,362
Other borrowings from financial institutions	13,351	7,212
Other borrowings for affordable housing investments	19,276	19,320
Long-term debt	171,136	171,136
Acceptances outstanding	19,637	26,554
Other liabilities	60,359	59,864



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Total liabilities	10,453,399	10,275,488
Commitments and contingencies		
Stockholders' equity		
Preferred stock, 10,000,000 shares authorized, 258,000 issued and outstanding in 2010 and in 2009	244,834	243,967
Common stock, \$0.01 par value; 100,000,000 shares authorized, 82,719,439 issued and 78,511,874 outstanding at March 31, 2010 and 67,667,155 issued and 63,459,590 outstanding at December 31, 2009	827	677
Additional paid-in-capital	760,530	634,623
Accumulated other comprehensive income/(loss), net	7,174	(875)
Retained earnings	520,970	551,588
Treasury stock, at cost (4,207,565 shares at March 31, 2010 and at December 31, 2009)	(125,736)	(125,736)
Total Cathay General Bancorp stockholders' equity	1,408,599	1,304,244
Noncontrolling Interest	8,500	8,500
Total equity	1,417,099	1,312,744
Total liabilities and equity	\$ 11,870,498	\$ 11,588,232

See accompanying notes to unaudited condensed consolidated financial statements

## CATHAY GENERAL BANCORP AND SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME/(LOSS)

(Unaudited)

	Three months ended March 31,	
	2010	2009
	(In thousands, except share and per share data)	
<b>INTEREST AND DIVIDEND INCOME</b>		
Loan receivable, including loan fees	\$ 95,739	\$ 103,994
Investment securities- taxable	30,288	32,194
Investment securities- nontaxable	77	246
Federal Home Loan Bank stock	48	
Federal funds sold and securities purchased under agreements to resell		1,302
Deposits with banks	317	58
Total interest and dividend income	126,469	137,794
<b>INTEREST EXPENSE</b>		
Time deposits of \$100,000 or more	15,383	23,237
Other deposits	9,101	16,115
Securities sold under agreements to repurchase	16,312	15,936
Advances from Federal Home Loan Bank	10,039	10,565
Long-term debt	913	1,505
Short-term borrowings		11
Total interest expense	51,748	67,369
Net interest income before provision for credit losses	74,721	70,425
Provision for credit losses	84,000	47,000
Net interest (loss)/income after provision for credit losses	(9,279)	23,425
<b>NON-INTEREST INCOME</b>		
Securities gains, net	3,439	22,498
Letters of credit commissions	959	976
Depository service fees	1,357	1,399
Other operating (loss)/income	(971)	2,788
Total non-interest income	4,784	27,661
<b>NON-INTEREST EXPENSE</b>		
Salaries and employee benefits	15,226	16,886
Occupancy expense	3,838	4,121
Computer and equipment expense	2,013	1,896
Professional services expense	4,639	2,967
FDIC and State assessments	5,144	2,854
Marketing expense	899	