

EAST WEST BANCORP INC
Form 10-Q/A
August 09, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q/A

(Amendment No. 1)

Mark One

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

For the quarterly period ended June 30, 2006

or

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**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 000-24939

EAST WEST BANCORP, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

95-4703316
(I.R.S. Employer
Identification No.)

135 N. Los Robles Ave, 7th Floor, Pasadena, California 91101
(Address of principal executive offices) (Zip Code)

(626) 768-6000
(Registrant's telephone number, including area code)

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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 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.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Number of shares outstanding of the issuer's common stock on the latest practicable date: 60,946,788 shares of common stock as of July 31, 2006.

EXPLANATORY NOTE

This Quarterly Report on Form 10-Q/A amends our previously filed Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2006. All references in this amendment to this Quarterly Report on Form 10-Q or the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2006 shall refer to this amendment. Readers should note that the only change made in this amendment was to correct a clerical error that appeared on page 14 of the original filing. A correction was made to the first table in Footnote 4 of Notes to Condensed Consolidated Financial Statements. Under the column heading of United National Bank within such table, the amounts reflected in Deposits, Total liabilities assumed and Net assets acquired have been amended from the previously reported amounts of \$936,214, \$952,357 and \$106,716 (in thousands), respectively, to \$865,070, \$881,213 and \$177,860 (in thousands), respectively.

All other information contained in the original filing remains unchanged.

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Forward-Looking Statements

Certain matters discussed in this report may constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "1933 Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and as such, may involve risks and uncertainties. These forward-looking statements relate to, among other things, expectations of the environment in which the Company operates and projections of future performance. The Company's actual results, performance, or achievements may differ significantly from the results, performance, or achievements expected or implied in such forward-looking statements. For discussion of some of the factors that might cause such differences, see the Company's Form 10-K under the heading "Item 1A. Risk Factors." The Company does not undertake, and specifically disclaims any obligation to update any forward looking statements to reflect the occurrence of events or circumstances after the date of such statements.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

EAST WEST BANCORP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

*(In thousands, except share data)**(Unaudited)*

	June 30, 2006	December 31, 2005
ASSETS		
Cash and cash equivalents	\$ 137,309	\$ 151,192
Interest-bearing deposits in other banks	663	
Securities purchased under resale agreements	100,000	50,000
Investment securities available-for-sale, at fair value (with amortized cost of \$1,371,882 in 2006 and \$873,969 in 2005)	1,353,386	869,837
Loans receivable, net of allowance for loan losses of \$75,847 in 2006 and \$68,635 in 2005	7,793,273	6,724,320
Investment in Federal Home Loan Bank stock, at cost	48,130	45,707
Investment in Federal Reserve Bank stock, at cost	17,200	12,285
Other real estate owned, net	2,786	299
Investment in affordable housing partnerships	28,280	31,006
Premises and equipment, net	43,671	38,579
Due from customers on acceptances	8,355	6,074
Premiums on deposits acquired, net	23,884	18,853
Goodwill	244,351	143,254
Cash surrender value of life insurance policies	86,480	82,191
Accrued interest receivable and other assets	94,959	82,073
Deferred tax assets	35,564	22,586
TOTAL	\$ 10,018,291	\$ 8,278,256
LIABILITIES AND STOCKHOLDERS EQUITY		
Customer deposit accounts:		
Noninterest-bearing	\$ 1,400,048	\$ 1,331,992
Interest-bearing	5,726,946	4,926,595
Total deposits	7,126,994	6,258,587
Federal funds purchased	104,000	91,500
Federal Home Loan Bank advances	841,918	617,682
Securities sold under repurchase agreements	725,000	325,000
Notes payable	4,646	8,833
Bank acceptances outstanding	8,355	6,074
Accrued interest payable, accrued expenses and other liabilities	85,613	83,347
Long-term debt	184,023	153,095
Total liabilities	9,080,549	7,544,118

COMMITMENTS AND CONTINGENCIES (Note 7)

STOCKHOLDERS EQUITY

Common stock (par value of \$0.001 per share)

Authorized 200,000,000 shares

Issued 65,785,311 shares in 2006 and 61,419,622 shares in 2005

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Outstanding	60,857,655 shares in 2006 and 56,519,438 shares in 2005	66	61
Additional paid in capital		531,132	389,004
Retained earnings		456,676	393,846
Deferred compensation			(8,242)
Treasury stock, at cost	4,927,656 shares in 2006 and 4,900,184 shares in 2005	(38,840)	(37,905)
Accumulated other comprehensive loss, net of tax		(11,292)	(2,626)
Total stockholders' equity		937,742	734,138
TOTAL		\$ 10,018,291	\$ 8,278,256

See accompanying notes to condensed consolidated financial statements.

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EAST WEST BANCORP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share data)

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2006	2005	2006	2005
INTEREST AND DIVIDEND INCOME				
Loans receivable, including fees	\$ 143,426	\$ 87,334	\$ 269,297	\$ 166,230
Investment securities available-for-sale	12,949	5,582	22,164	10,839
Securities purchased under resale agreements	1,896		3,243	
Investment in Federal Home Loan Bank stock	646	680	1,208	1,137
Investment in Federal Reserve Bank stock	218	116	402	220
Short-term investments	113	57	236	99
Total interest and dividend income	159,248	93,769	296,550	178,525
INTEREST EXPENSE				
Customer deposit accounts	49,939	19,394	88,828	35,685
Federal Home Loan Bank advances	8,199	7,890	16,907	13,071
Securities sold under repurchase agreements	5,005		7,882	
Long-term debt	3,253	1,465	5,914	2,485
Federal funds purchased	1,208	60	2,327	102
Total interest expense	67,604	28,809	121,858	51,343
NET INTEREST INCOME BEFORE PROVISION FOR LOAN LOSSES				
	91,644	64,960	174,692	127,182
PROVISION FOR LOAN LOSSES	1,333	4,500	4,666	8,870
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	90,311	60,460	170,026	118,312
NONINTEREST INCOME				
Branch fees	2,890	1,692	5,429	3,285
Letters of credit fees and commissions	2,159	1,967	4,331	4,504
Ancillary loan fees	1,131	612	1,910	1,129
Net gain on sales of investment securities available-for-sale	145	1,285	1,861	1,733
Income from life insurance policies	916	819	1,812	1,563
Income from secondary market activities	189	992	373	1,184
Net gain on sale of real estate owned			88	
Other operating income	689	597	1,205	1,066
Total noninterest income	8,119	7,964	17,009	14,464
NONINTEREST EXPENSE				
Compensation and employee benefits	15,831	12,485	32,000	25,339
Occupancy and equipment expense	5,339	3,432	10,116	6,690
Deposit-related expenses	2,642	2,122	4,655	3,762
Amortization of premiums on deposits acquired	1,852	603	3,617	1,206
Amortization of investments in affordable housing partnerships	1,461	1,709	2,726	3,390
Data processing	1,028	654	1,788	1,223
Deposit insurance premiums and regulatory assessments	366	228	682	451
Other operating expenses	10,017	7,168	19,775	14,058

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Total noninterest expense	38,536	28,401	75,359	56,119
INCOME BEFORE PROVISION FOR INCOME TAXES				
TAXES	59,894	40,023	111,676	76,657
PROVISION FOR INCOME TAXES	23,249	14,560	42,980	27,675
NET INCOME	\$ 36,645	\$ 25,463	\$ 68,696	\$ 48,982
EARNINGS PER SHARE				
BASIC	\$ 0.61	\$ 0.49	\$ 1.17	