

EAST WEST BANCORP INC
Form 10-Q
August 08, 2008
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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 June 30, 2008

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 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.)

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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)

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, a non-accelerated filer or a smaller reporting company. See definition of "large accelerated filer" and "accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

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

Number of shares outstanding of the issuer's common stock on the latest practicable date: 63,468,321 shares of common stock as of July 31, 2008.

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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 including future earnings, operating results, financial condition, and cash flows. 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 as a result of the effect of interest rate and currency exchange fluctuations; competition in the financial services market for both loans and deposits; our ability to incorporate acquisitions into our operations; the effect of regulatory and legislative action; and regional and general economic conditions. Such risk and uncertainties and other factors include, but are not limited to, adverse developments or conditions related to or arising from:

- changes in our borrowers' performance on loans;
- changes in the commercial and consumer real estate markets;
- changes in our costs of operation, compliance and expansion;
- changes in the economy, including inflation;
- changes in government interest rate policies;
- changes in laws or the regulatory environment;
- changes in accounting policies or procedures;
- changes in the equity and debt securities markets;
- changes in competitive pressures on financial institutions;

- effect of additional provision for loan losses;
- effect of any goodwill impairment;
- fluctuations in our stock price;
- success and timing of our business strategies;
- changes in our ability to receive dividends from our subsidiaries; and
- political developments, wars, acts of terrorism or natural disasters such as earthquakes or floods.

For a more detailed discussion of some of the factors that might cause such differences, see the Company's 2007 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 except as required by law.

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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, 2008	December 31, 2007
ASSETS		
Cash and cash equivalents	\$ 424,058	\$ 160,347
Short term investments	880	
Securities purchased under resale agreements	50,000	150,000
Investment securities available-for-sale, at fair value (with amortized cost of \$2,009,573 in 2008 and \$1,954,140 in 2007)	1,828,181	1,887,136
Loans receivable, net of allowance for loan losses of \$168,413 at June 30, 2008 and \$88,407 at December 31, 2007	8,483,124	8,750,921
Investment in Federal Home Loan Bank stock, at cost	90,683	84,976
Investment in Federal Reserve Bank stock, at cost	27,589	21,685
Other real estate owned, net	17,490	1,500
Investment in affordable housing partnerships	43,640	44,206
Premises and equipment, net	62,402	64,943
Due from customers on acceptances	9,538	15,941
Premiums on deposits acquired, net	23,896	28,459
Goodwill	337,574	335,366
Cash surrender value of life insurance policies	90,408	88,658
Accrued interest receivable and other assets	125,938	151,664
Deferred tax assets	169,499	66,410
TOTAL	\$ 11,784,900	\$ 11,852,212
LIABILITIES AND STOCKHOLDERS EQUITY		
Customer deposit accounts:		
Noninterest-bearing	\$ 1,419,183	\$ 1,431,730
Interest-bearing	6,099,819	5,847,184
Total customer deposits	7,519,002	7,278,914
Federal funds purchased	86,149	222,275
Federal Home Loan Bank advances	1,543,389	1,808,419
Securities sold under repurchase agreements	1,000,812	1,001,955
Notes payable	13,533	16,242
Long-term debt	235,570	235,570
Bank acceptances outstanding	9,538	15,941
Accrued interest payable, accrued expenses and other liabilities	104,707	101,073
Total liabilities	10,512,700	10,680,389

COMMITMENTS AND CONTINGENCIES (Note 8)

STOCKHOLDERS EQUITY

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

Authorized 5,000,000 shares

Issued and outstanding 200,000 shares of Series A, convertible preferred stock, in 2008 and none in 2007

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

Authorized 200,000,000 shares

Issued 70,002,157 shares in 2008 and 69,634,811 shares in 2007

Outstanding 63,438,596 shares in 2008 and 63,137,221 shares in 2007

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