

FEDERAL RESERVE SYSTEM

Cathay General Bancorp
Los Angeles, California

Order Approving the Acquisition of a Bank

Cathay General Bancorp (“Cathay”), a bank holding company within the meaning of the Bank Holding Company Act (“BHC Act”), has requested the Board’s approval under section 3 of the BHC Act¹ to acquire up to 100 percent of the outstanding shares of Great Eastern Bank, New York, New York.²

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (70 Federal Register 54,555 (2005)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3 of the BHC Act.

Cathay, with total consolidated assets of approximately \$6 billion, operates one depository institution, Cathay Bank, also in Los Angeles, with branches in California, Massachusetts, New York, Washington, and Texas. Cathay Bank is the 116th largest insured depository institution in New York State, controlling deposits of approximately \$213 million, which represent less

¹ 12 U.S.C. § 1842.

² Cathay entered into agreements with certain shareholders of Great Eastern Bank under which Cathay was granted the option to acquire 41 percent of the bank’s outstanding common shares (“option shares”), subject to receipt of regulatory approval and certain other restrictions. Cathay may attempt to acquire additional shares of Great Eastern Bank directly from other shareholders or, if possible, to enter into a definitive merger agreement with Great Eastern Bank.

than 1 percent of the total amount of deposits of insured depository institutions in the state (“state deposits”).³

Great Eastern Bank is the 97th largest insured depository institution in New York, controlling deposits of approximately \$278 million, representing less than 1 percent of the total amount of state deposits. On consummation of the proposal, Cathay would become the 73rd largest depository organization in New York, controlling deposits of approximately \$491 million, which represent less than 1 percent of state deposits.

Great Eastern Bank’s management opposes the proposal and has submitted comments to the Board urging denial on several grounds. The Board previously has stated that, in evaluating acquisition proposals, it must apply the criteria in the BHC Act in the same manner to all proposals, regardless of whether they are supported or opposed by the management of the institutions to be acquired.⁴ Section 3(c) of the BHC Act requires the Board to review each application in light of certain factors specified in the BHC Act. These factors require consideration of the effects of the proposal on competition, the financial and managerial resources and future prospects of the companies and depository institutions concerned, and the convenience and needs of the communities to be served.⁵

³ Asset, deposit, and ranking data are as of June 30, 2005. In this context, insured depository institutions include commercial banks, savings banks, and savings associations.

⁴ See Central Pacific Financial Corp., 90 Federal Reserve Bulletin 93, 94 (2004) (“Central Pacific”); North Fork Bancorporation, Inc., 86 Federal Reserve Bulletin 767, 768 (2000) (“North Fork”); The Bank of New York Company, Inc., 74 Federal Reserve Bulletin 257, 259 (1988) (“BONY”).

⁵ In addition, the Board is required by section 3(c) of the BHC Act to disapprove a proposal if the Board does not have adequate assurances that it can obtain information on the activities or operations of the company and its affiliates, or

In considering these factors, the Board is mindful of the potential adverse effects that contested acquisitions might have on the financial and managerial resources of the company to be acquired and the acquiring organization. In addition, the Board takes into account the potential for adverse effects that a prolonged contest may have on the safe and sound operation of the institutions involved. The Board has long held that, if the statutory criteria are met, withholding approval based on other factors, such as whether the proposal is acceptable to the management of the organization to be acquired, would be outside the limits of the Board's discretion under the BHC Act.⁶

As explained below, the Board has carefully considered the statutory criteria in light of all the comments and information provided by Great Eastern Bank and the responses submitted by Cathay.⁷ The Board also

in the case of a foreign bank, if such bank is not subject to comprehensive supervision on a consolidated basis. See 12 U.S.C. § 1842(c).

⁶ See Central Pacific; FleetBoston Financial Corporation, 86 Federal Reserve Bulletin 751, 752 (2000); North Fork; BONY.

⁷ Great Eastern Bank contends that, by entering into option agreements with stockholders of Great Eastern Bank, Cathay violated section 3(a) of the BHC Act, which prohibits a bank holding company from taking any action that would cause a bank to become a subsidiary of a bank holding company or from acquiring direct or indirect ownership or control of 5 percent of the voting shares of a bank without the prior approval of the Board. Another commenter also objected to the fact that Cathay had notified the option grantors of its intent to acquire the options before receiving regulatory approval. Under the option agreements, Cathay does not own or have power to vote the option shares and may not actually purchase or vote the shares until it has received regulatory approval.

Under the Board's regulations, a company that enters into an agreement pursuant to which the rights of a holder of voting securities of a bank are restricted in any manner is presumed to control those securities. The presumption does not apply, however, when the agreement relates to restrictions on transferability and continues only for the time necessary to obtain approval from the appropriate federal supervisory authority with respect to acquisition by the company of the

has carefully considered all other information available, including information accumulated in the application process, supervisory information of the Board and other agencies, relevant examination reports, and other public comments. In considering the statutory factors, particularly the effect of the proposal on the financial and managerial resources of Cathay, the Board has received detailed financial information, including the terms and cost of the proposal and the resources that Cathay proposes to devote to the transaction.

After reviewing the proposal in light of the requirements of the BHC Act, and for the reasons explained below, the Board has determined to approve the application subject to the conditions established herein by the Board. The Board's decision is conditioned on the requirement that Cathay's offer not differ in any material aspect from the terms that it has provided to the Board. Accordingly, if Cathay amends or alters the terms of the offer as described by Cathay to the Board or is unable to complete all aspects of its proposal, it must consult with the Board to determine whether the difference is material to the Board's analysis and conclusions regarding the statutory factors and, therefore, would require a modification to this order, a new application, or further proceedings before the Board.

In reviewing this proposal, the Board has taken into account the potential for adverse effects on the financial and managerial resources of the companies involved if there is prolonged delay in consummation of the proposal. As discussed below, the Board has followed its standard practice of requiring that consummation of the proposal be completed within three months from the date of this order. If the transaction is not concluded within this

securities. 12 CFR 225.31(d)(ii). The Board has reviewed the option agreements and concluded that Cathay's proposal meets those requirements.

period, the Board will review carefully any requests by Cathay to extend the consummation period and would expect to grant an extension only if the Board is satisfied that the statutory factors continue to be met.

The Board's decision and conclusions on this proposal are limited to the application of the statutory factors set out in the BHC Act. The Board expresses no view or recommendation on whether this transaction is in the best interests of the shareholders or whether this or any other proposed acquisition involving Great Eastern Bank should be accepted by the management or shareholders of Great Eastern Bank.

Interstate Analysis

Section 3(d) of the BHC Act allows the Board to approve an application by a bank holding company to acquire control of a bank located in a state other than the home state of such bank holding company if certain conditions are met. For purposes of the BHC Act, the home state of Cathay is California,⁸ and Great Eastern Bank is located in New York.⁹

Based on a review of the facts of record, including a review of relevant state statutes, the Board finds that all conditions for an interstate acquisition enumerated in section 3(d) of the BHC Act are met in this case.¹⁰

⁸ A bank holding company's home state is the state in which the total deposits of all subsidiary banks of the company were the largest on July 1, 1966, or the date on which the company became a bank holding company, whichever is later. 12 U.S.C. § 1841(o)(4)(C).

⁹ For purposes of section 3(d), the Board considers a bank to be located in the states in which the bank is chartered or headquartered or operates a branch. 12 U.S.C. §§ 1841(o)(4)-(7) and 1842(d)(1)(A) and (d)(2)(B).

¹⁰ 12 U.S.C. §§ 1842(d)(1)(A)-(B), 1842(d)(2)(A)-(B). Cathay is adequately capitalized and adequately managed, as defined by applicable law. Cathay's proposed acquisition of Great Eastern satisfies the minimum age requirement imposed by New York law. On consummation of the proposal, Cathay Bank

In light of all the facts of record, the Board is permitted to approve the proposal under section 3(d) of the BHC Act.

Competitive Considerations

Section 3 of the BHC Act prohibits the Board from approving a proposal that would result in a monopoly or would be in furtherance of an attempt to monopolize the business of banking in any relevant banking market. The BHC Act also prohibits the Board from approving a bank acquisition that would substantially lessen competition in any relevant banking market unless the anticompetitive effects of the proposal are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the community to be served.¹¹

Cathay and Great Eastern Bank compete directly in the Metro New York banking market.¹² The Board has reviewed carefully the competitive effects of the proposal in this banking market in light of all the facts of record, including the number of competitors that would remain in the market, the relative shares of total deposits in depository institutions in the market (“market deposits”)

would control less than 10 percent of the total amount of deposits of insured depository institutions in the United States and less than 30 percent of the total amount of deposits of insured depository institutions in New York. All other requirements of section 3(d) of the BHC Act would be met on consummation of the proposal.

¹¹ 12 U.S.C. § 1842(c)(1).

¹² The Metro New York banking market is defined as: Bronx, Dutchess, Kings, Nassau, New York, Orange, Putnam, Queens, Richmond, Rockland, Suffolk, Sullivan, Ulster, and Westchester Counties in New York; Bergen, Essex, Hudson, Hunterdon, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset, Sussex, Union and Warren Counties and portions of Mercer County in New Jersey; Pike County in Pennsylvania; and Fairfield County and portions of Litchfield and New Haven Counties in Connecticut.

controlled by Cathay Bank and Great Eastern Bank,¹³ the concentration level of market deposits and the increase in this level as measured by the Herfindahl-Hirschman Index (“HHI”) under the Department of Justice Merger Guidelines (“DOJ Guidelines”),¹⁴ and other characteristics of the market.

Consummation of the proposal would be consistent with Board precedent and within the thresholds in the DOJ Guidelines in the Metro New York banking market. On consummation, the Metro New York banking market would remain unconcentrated, as measured by the HHI, and the increase in concentration would be small.¹⁵ Numerous competitors would remain in the market.

¹³ Deposit and market share data are as of June 30, 2005, based on ownership of depository institutions as of November 30, 2005, and reflect calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. See, e.g., Midwest Financial Group, 75 Federal Reserve Bulletin 386 (1989); National City Corporation, 70 Federal Reserve Bulletin 743 (1984). Thus, the Board regularly has included thrift deposits in the market share calculation on a 50 percent weighted basis. See, e.g., First Hawaiian, Inc., 77 Federal Reserve Bulletin 52 (1991).

¹⁴ Under the DOJ Guidelines, a market is considered unconcentrated if the post-merger HHI is under 1000, moderately concentrated if the post-merger HHI is between 1000 and 1800, and highly concentrated if the post-merger HHI exceeds 1800. The Department of Justice (“DOJ”) has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. The DOJ has stated that the higher than normal HHI thresholds for screening bank mergers and acquisitions for anticompetitive effects implicitly recognize the competitive effects of limited-purpose and other nondepository financial entities.

¹⁵ Cathay operates the 133rd largest depository institution in the Metro New York market, controlling deposits of \$213 million, which represent less than 1 percent of market deposits. Great Eastern Bank is the 118th largest depository institution in the market, controlling deposits of approximately \$278 million, which represent

The Department of Justice also has reviewed the competitive effects of the proposal and advised the Board that consummation of the proposal likely would not have a significantly adverse effect on competition in any relevant banking market. In addition, the appropriate banking agencies have been afforded an opportunity to comment and have not objected to the proposal.

Based on all the facts of record, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition or on the concentration of resources in the banking market in which Cathay and Great Eastern Bank directly compete or in any other relevant banking market. Accordingly, based on all the facts of record, the Board has determined that competitive considerations are consistent with approval.

Financial, Managerial, and Supervisory Considerations

Section 3 of the BHC Act requires the Board to consider the financial and managerial resources and future prospects of the companies and depository institutions involved in the proposal and certain other supervisory factors. The Board has considered these factors in light of all the facts of record, including confidential reports of examination, other supervisory information from the primary federal supervisors of the organizations involved in the proposal, publicly reported and other financial information, information provided by the applicant, and public comments received on the proposal.

In evaluating financial factors in expansion proposals by banking organizations, the Board reviews the financial condition of the organizations involved on both a parent-only and consolidated basis, as well as the financial

less than 1 percent of market deposits. After the proposed acquisition, Cathay would operate the 81st largest depository institution in the market, controlling deposits of approximately \$491 million, which represent less than 1 percent of market deposits. Two hundred and fifty-eight depository institutions would remain in the banking market. The HHI would remain unchanged at 1069.

condition of the subsidiary banks and significant nonbanking operations. In this evaluation, the Board considers a variety of measures, including capital adequacy, asset quality, and earnings performance. In assessing financial factors, the Board consistently has considered capital adequacy to be especially important. The Board expects banking organizations contemplating expansion to maintain strong capital levels substantially in excess of the minimum levels specified by the Board's Capital Adequacy Guidelines. Strong capital is particularly important in proposals that involve higher transaction costs or risks, such as proposals that are contested. The Board also evaluates the financial condition of the combined organization at consummation, including its capital position, asset quality, and earnings prospects, and the impact of the proposed funding of the transaction.

Cathay, Cathay Bank, and Great Eastern Bank are all well capitalized and would remain so on consummation of the proposal. Based on its review of the record, the Board also believes that Cathay has sufficient financial resources to effect the proposal. Cathay has described the terms and costs of its proposal. Cathay proposes to acquire the shares of Great Eastern Bank with cash and shares of Cathay's common stock.

The Board also has considered the managerial resources of Cathay and Cathay Bank and the proposed combined bank. The Board has reviewed the examination records of Cathay, Cathay Bank, and Great Eastern Bank, including assessments of their management, risk-management systems, and operations.¹⁶

¹⁶ A commenter expressed concern about Cathay's managerial record in light of a recent memorandum of understanding ("MOU") with the Federal Deposit Insurance Corporation ("FDIC") requiring Cathay Bank to correct deficiencies in its compliance with the Bank Secrecy Act. The FDIC terminated the MOU in September 2005 after determining that Cathay Bank had achieved substantial compliance with its terms. The Board has reviewed the managerial factors in this case in light of the MOU and the steps taken by Cathay to address those issues.

In addition, the Board has considered its supervisory experiences and those of the other relevant banking supervisory agencies with the organizations and their records of compliance with applicable banking law. Cathay, Cathay Bank, and Great Eastern Bank are all considered to be well managed.¹⁷

Based on all the facts of record, the Board has concluded that considerations relating to the financial and managerial resources and future prospects of the organizations involved in the proposal are consistent with approval, as are the other supervisory factors under the BHC Act.

Convenience and Needs Considerations

In acting on a proposal under section 3 of the BHC Act, the Board also must consider the effects of the proposal on the convenience and needs of the communities to be served and take into account the records of the relevant insured depository institutions under the Community Reinvestment Act (“CRA”).¹⁸ The CRA requires the federal financial supervisory agencies to encourage insured depository institutions to help meet the credit needs of the local communities in which they operate, consistent with their safe and sound operation, and requires the appropriate federal financial supervisory agency to take into account a relevant

¹⁷ Great Eastern Bank alleged that Cathay has violated the Securities Act of 1933 because, under the option agreements, Cathay is offering to exchange its shares for shares of Great Eastern Bank in an unregistered transaction. In addition, Great Eastern Bank alleges that Cathay violated federal securities laws in connection with the proposed exchange of shares of Cathay’s common stock for Great Eastern Bank shares. The SEC, rather than the Board, has jurisdiction to investigate and adjudicate any violations of federal securities laws. The Board has consulted with the SEC regarding these matters and expects that Cathay will effect this transaction in a manner that complies with federal securities laws.

¹⁸ 12 U.S.C. § 2901 et seq.

depository institution's record of meeting the credit needs of its entire community, including low- and moderate-income ("LMI") neighborhoods, in evaluating bank expansionary proposals.¹⁹

The Board has considered carefully all the facts of record, including the CRA performance evaluations of Cathay Bank and Great Eastern Bank, data reported by Cathay Bank and Great Eastern Bank under the Home Mortgage Disclosure Act ("HMDA")²⁰ in 2003 and 2004, small business lending data reported under the CRA, other information provided by Cathay, confidential supervisory information, and public comment received on the proposal. A commenter criticized Cathay's record of small business lending and the organization's performance under the services test portion of its CRA evaluation.

A. CRA Performance Evaluations

As provided in the CRA, the Board has evaluated the convenience and needs factor in light of the evaluations by the appropriate federal supervisors of the CRA performance records of the relevant insured depository institutions. An institution's most recent CRA performance evaluation is a particularly important consideration in the applications process because it represents a detailed, on-site evaluation of the institution's overall record of performance under the CRA by its appropriate federal supervisor.²¹

Cathay Bank received a "satisfactory" rating at its most recent CRA evaluation by the FDIC, as of February 23, 2004 ("2004 CRA Evaluation").

¹⁹ 12 U.S.C. § 2903.

²⁰ 12 U.S.C. § 2801 *et seq.*

²¹ See Interagency Questions and Answers Regarding Community Reinvestment, 66 Federal Register 36,620 and 36,639 (2001).

Great Eastern Bank received an overall rating of “satisfactory” at its most recent CRA performance evaluation by the Federal Reserve Bank of New York, as of April 7, 2004. In the fair lending reviews of Cathay Bank and Great Eastern Bank conducted in conjunction with their most recent CRA evaluations, examiners noted no substantive violations of applicable fair lending laws by either bank. Cathay has indicated that, after the merger of Great Eastern Bank into Cathay Bank, it would evaluate the practices for CRA-related lending programs of Cathay Bank and Great Eastern Bank and incorporate the most effective practices into its CRA program for the combined institution.

Cathay Bank. In the 2004 CRA Evaluation, Cathay Bank was rated “high satisfactory” under the lending test.²² Examiners reported that Cathay Bank’s lending levels demonstrated good responsiveness to the credit needs of the bank’s assessment areas. Examiners found that the distribution of Cathay Bank’s loans by income level of geography was good and that the bank’s distribution of borrowers reflected good penetration among retail customers of different income levels and business customers of different sizes. The examiners also noted that the bank exhibited an overall good record of serving the credit needs of the most economically disadvantaged areas of the assessment areas. In addition, examiners stated that Cathay Bank was a leader in community development lending, with \$201 million in community development loans during the review period.

²² Examiners evaluated Cathay Bank’s CRA performance in the bank’s three assessment areas in California and in its assessment areas in New York and Texas. The substantial majority of the bank’s loans were in the Los Angeles and San Francisco assessment areas. The evaluation period for the lending and service tests was January 1, 2002, through December 31, 2003. The evaluation period for the investment test was January 22, 2001, through February 23, 2004.

Examiners noted that the bank's small business loans exceeded the aggregate market data²³ and that 59.6 percent of the bank's total number of loans was in amounts of less than \$250,000.²⁴ Examiners commended the bank's use of innovative and flexible lending programs to serve the credit needs of its assessment area.

Cathay Bank received an overall "outstanding" rating under the investment test in the 2004 CRA Evaluation. Examiners reported that Cathay Bank's qualified investments, which totaled more than \$50 million during the evaluation period, demonstrated excellent responsiveness to the credit and community economic development needs of the bank's assessment areas. In addition, examiners commended the bank's use of complex investments to support community development initiatives, particularly affordable housing projects.

In the 2004 CRA Evaluation, Cathay Bank received a "needs to improve" rating under the service test.²⁵ Examiners noted, however, that Cathay Bank's delivery systems for services were reasonably accessible to all geographies, including LMI areas, and to individuals of different income levels. Examiners

²³ For purposes of the evaluation, "small business loans" are loans that have original amounts of \$1 million or less and are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

²⁴ A commenter expressed concern that Cathay Bank provided few small business loans in certain counties. Although the Board has recognized that banks can help to serve the banking needs of communities by making certain products or services available, the CRA does not require an institution to provide any specific types of products or services, including small business loans in certain amounts.

²⁵ A commenter expressed concern about Cathay's CRA performance record based on the "needs to improve" rating under the service test.

reported that Cathay Bank provided a limited level of community development services. Cathay has represented that since the bank's last CRA evaluation, Cathay Bank has increased its participation in community development programs, such as providing financial literacy training and participating in seminars for small business owners. Cathay Bank Foundation reports that during 2005, it has donated a total of \$225,000 to nonprofit organizations for CRA-related activities. To increase Cathay's outreach to all communities, more than 65 percent of the funds granted by the foundation went to nonprofit organizations serving minority and disadvantaged communities other than Asian-American communities. In addition, Cathay has made contributions during 2005 to sponsor CRA-related events in California and New York, including events marketed to non-Asian communities.

Great Eastern Bank. As noted, Great Eastern Bank received an overall "satisfactory" rating at its April 2003 evaluation.²⁶ Examiners reported that the bank's overall record of lending to borrowers of different income levels, including LMI individuals, and businesses of different sizes was outstanding in light of the demographics of the bank's assessment area.²⁷ Examiners particularly commended the bank's level of consumer lending to LMI borrowers. Examiners

²⁶ The evaluation period was March 13, 2001, through April 6, 2003.

²⁷ The commenter also expressed concern that Great Eastern Bank's 2004 HMDA data were "homogenous" and showed approved and originated loans but no loans that were denied, withdrawn, or approved but not accepted. The commenter provided no evidence that the bank's limited home mortgage lending activity violated any laws or that its HMDA data were inaccurate. Great Eastern Bank generally makes home mortgage loans to its business customers on an accommodation basis and, accordingly, would not necessarily be expected to have loans in those categories that concerned the commenter. Because the bank made a limited number of HMDA-reportable loans during the evaluation period, HMDA-related lending was not included in the examiners' analysis of Great Eastern Bank's overall CRA performance.

noted that the bank's overall geographic distribution of loans was satisfactory given the demographics of the bank's assessment area. In addition, examiners reported that the bank's community development activities in its assessment areas included a line of credit to a nonprofit community development corporation, an investment in a community development credit union that served primarily LMI individuals, and financial contributions to organizations that provided services to LMI individuals and neighborhoods.

B. Conclusion on CRA Performance Records

The Board has carefully considered all the facts of record, including reports of examination of the CRA records of the institutions involved, information provided by Cathay, comments received on the proposal, and confidential supervisory information. The Board notes that the proposal would expand the banking products and services available to customers of Great Eastern Bank. Based on a review of the entire record, and for the reasons discussed above, the Board concludes that considerations relating to the convenience and needs factor and the CRA performance records of the relevant depository institutions are consistent with approval.

Conclusion

Based on the foregoing and all the facts of record, the Board has determined that the application should be, and hereby is, approved.²⁸ In reaching

²⁸ A commenter requested that the Board hold a public meeting or hearing on the proposal. Section 3 of the BHC Act does not require the Board to hold a public hearing on an application unless the appropriate supervisory authority for the bank to be acquired makes a timely written recommendation of denial of the application. The Board has not received such a recommendation from the appropriate supervisory authorities. Under its regulations, the Board also may, in its discretion, hold a public meeting or hearing on an application to acquire a bank if necessary or appropriate to clarify factual issues related to the application and to provide an opportunity for testimony. 12 CFR 225.16(e).

its conclusion, the Board has considered all the facts of record in light of the factors that it is required to consider under the BHC Act.²⁹ The Board's approval is specifically conditioned on compliance by Cathay with the conditions imposed in this order and the commitments made to the Board in connection with the application. In particular, in the event of any material change in the transaction, such as a material change in the price, financing, terms, conditions, or structure of the transaction, or an inability to complete all the aspects of the transaction as proposed, Cathay must consult with the Board to determine whether the change is consistent with the Board's action in this case, or whether further Board action is necessary. The Board reserves the right in the event of significant changes in the

The Board has considered carefully the commenter's request in light of all the facts of record. In the Board's view, the commenter had ample opportunity to submit its views, and in fact, submitted written comments that the Board has considered carefully in acting on the proposal. The commenter's request fails to demonstrate why the written comments do not present its views adequately and fails to identify disputed issues of fact that are material to the Board's decision that would be clarified by a public meeting or hearing. For these reasons, and based on all the facts of record, the Board has determined that a public meeting or hearing is not required or warranted in this case. Accordingly, the request for a public meeting or hearing on the proposal is denied.

²⁹ The commenter also requested that the Board extend the comment period on the proposal. As previously noted, the Board has accumulated a significant record in this case, including reports of examination, confidential supervisory information, public reports and information, and public comment. As also noted, the commenter had ample opportunity to submit its views and, in fact, provided written submissions that the Board has considered carefully in acting on the proposal. Moreover, the BHC Act and Regulation Y require the Board to act on proposals submitted under those provisions within certain time periods. Based on a review of all the facts of record, the Board has concluded that the record in this case is sufficient to warrant action at this time and that extension of the comment period or denial of the proposal on the basis of the comments discussed above or on informational insufficiency is unwarranted.

proposal to require a new application from Cathay. For purposes of this action, the conditions and commitments are deemed to be conditions imposed in writing by the Board in connection with its findings and decision herein and, as such, may be enforced in proceedings under applicable law.

In previous cases, the Board has recognized that a prolonged contest for ownership of a banking institution might result in adverse effects on the financial and managerial resources of the organizations or other factors. The BHC Act does not provide a specific time period for consummation of a transaction. Generally, however, the Board requires consummation of an approved transaction within three months from the date of the Board's order to ensure that there are no substantial changes in an applicant's or target's condition or other factors that might require the Board to reconsider its approval.

In this case, although prolonged delay may have a negative impact on Cathay and Great Eastern Bank, a short delay should not affect the financial or managerial resources of either organization or other factors so severely as to warrant denial of the proposal. Accordingly, the Board has followed its standard practice and requires that the transaction be consummated within three months after the effective date of this order unless that period is extended by the Board. If Cathay requests an extension of time to consummate the proposal, the Board will examine carefully all relevant circumstances, and the impact of any extension on those resources and on the other statutory factors that the Board must consider under the BHC Act. The Board may require Cathay to provide supplemental information if necessary to evaluate the managerial and financial resources of Cathay and Great Eastern Bank or other factors at the time any extension is requested. The Board would extend the consummation period only if it is satisfied that the statutory factors continue to be met.

The proposed transaction may not be consummated before the fifteenth calendar day after the effective date of this order, or later than three months after the effective date of this order, unless such period is extended for good cause by the Board.

By order of the Board of Governors,³⁰ effective December 13, 2005.

(signed)

Robert deV. Frierson
Deputy Secretary of the Board

³⁰ Voting for this action: Chairman Greenspan, Vice Chairman Ferguson, and Governors Bies, Olson, and Kohn.