



EAST WEST BANK

March 6, 2009

Mr. Neil M. Barofsky
Special Inspector General
Office of the Inspector General
Troubled Asset Relief Program
1500 Pennsylvania Ave., N.W., Suite 1064
Washington, D.C. 20220

Dear Mr. Barofsky,

We have received your letter dated February 6, 2009 requesting information regarding East West Bank's use of the \$306.5 million of TARP capital it received and our compliance with EESA's executive compensation requirements. Following is our response to your letter along with relevant supporting documentation.

East West Bank applied for TARP capital on November 12, 2008 for participation in the Department of the Treasury Troubled Asset Relief Program Capital Purchase Program (the "CPP") under the Emergency Economic Stabilization Act of 2008. Such capital was received on December 5, 2008 and cash proceeds from the issuance of the preferred stock was pooled with our existing cash resources and placed into overnight fed funds. Since that initial receipt of funds we have invested much of our excess cash in various investment grade debt securities, including \$29 million of Municipal debt obligations to date.

The primary purpose for our applying for CPP capital was to further strengthen the bank's total risk-based capital and tangible equity to tangible asset ratio which had been at 13.12% and 7.95%, respectively as of September 30, 2008. It was our assessment that in light of deteriorating California real estate values, general overall decline in the economy, likelihood of increasing unemployment, substantial inventory of unsold homes, and illiquid capital markets, it was prudent and responsible for East West Bank to build capital, increase liquidity, build its allowance for loan losses and further strengthen its balance sheet. This activity commenced with vigor in late 2007 and early 2008. In April, 2008 East West Bank raised capital through the issuance of \$200 million in convertible preferred stock which at the time increased our total risk-based capital and tangible equity to tangible asset ratios from 10.59% and 6.48% to 12.31% and 8.24% respectively. Substantial loan loss provisions were taken early on with provision for loan losses of \$55 million taken in first quarter, 2008, \$85 million taken in second quarter, \$43 million in

third quarter and \$43 million in fourth quarter resulting in our allowance for loan losses at December 31, 2008 reaching 216 bps of outstanding loans. Additionally, in January, 2009 East West Bank took action to further conserve capital by reducing its common stock dividend from \$0.10/share to \$0.02/share per quarter. This action will conserve \$20.4 million of capital on an annualized basis.

A second and important reason for increasing capital through the CPP program was to demonstrate to our depositors and the communities we serve that East West Bank was committed to being strongly capitalized, the bank had the confidence of its regulators and that the bank would continue to serve its customers in a safe and sound manner. Given the failure of IndyMac Bank in July, 2008 which was headquartered in Pasadena, California, the same town where East West Bank is headquartered, gaining the confidence of depositors and the community was thought critical to helping calm and reassure the local southern California market that community banks and banks in general would continue to be a safe place to entrust their savings.

In successfully fulfilling on the above two motivating factors for increasing capital, we are committed to using CPP capital to increase commercial and consumer lending in 2009. While the landscape for lending is littered with significant credit risks, East West Bank intends to walk a prudent path in an effort to increase both commercial and consumer lending going forward.

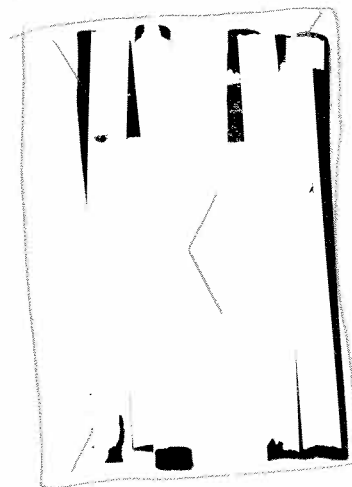
On November 14, 2008 East West Bank issued a press release (see exhibit #1) stating it had been preliminarily approved on November 12 for TARP capital. In that release Mr. Dominic Ng, our CEO and Chairman, stated "we intend to use this additional capital to better serve the communities we are located in and our customers". On December 5, 2008 the bank issued another press release (see exhibit #2) informing the receipt of new capital through the CPP program. Mr. Ng stated "in addition to our currently well capitalized position, the CPP funds will increase our capacity to lend and enhance our ability to support economic activity for the benefit of the markets we serve". In our 4th quarter earnings release issued on January 27, 2009 (see exhibit #3), Mr. Ng provided forward looking guidance on asset growth. Mr. Ng is quoted as saying "currently our expectations for the full year of 2009 include loan balance growth of 11%...". Of the 11% loan portfolio growth in 2009, we expect 5% would be through organic or traditional loan origination means while 6% would come through loan portfolio purchases, including commercial real estate, single and multi-family loans, student loan and SBA loans. We believe loan portfolio purchases are an efficient way for us to add loans. Additionally, we believe these purchases bring greater liquidity to the secondary market for loans that have been suffering from illiquidity and lack of investors and provide the originators with the ability to increase lending. In a presentation that Mr. Ng gave to all the employees at East West Bank via teleconference on January 27 and documented through an internal memorandum to all East West employees (see exhibit #4), he stated "our goal is to increase the total loan balance by 11% or \$907.4 million in 2009. During the fourth quarter, the lending market began to pick-up and we cautiously originated \$326 million in new loans. As the lending market continues its rebound, the additional capital raised last year gives us ample capacity to make loans. While we will

proceed cautiously in the origination of new loans in 2009, we should aggressively seek out credit worthy individuals and businesses that are well-positioned to take advantage of new investment opportunities that have and will become available in the current environment”.

Lastly, as additional support to our lending commitment, I am attaching our 2009 Loan origination and portfolio goals (see exhibit #5) that the senior management team at East West Bank is tasked with achieving in 2009; along with a memorandum issued on March 5, 2009 (see exhibit #6) to all East West Bank officers that highlight the management priorities for 2009 including organic loan growth.

Below is a monthly trending of loan originations based on commitments and the outstanding total loan portfolio.

(in \$ millions)	2008 Originations	2008 Portfolio	2009 Act/Fest Originations	2009 Act/Fest Portfolio
January	298.4	8958.9		
February	174.1	8968.6		
March	99.4	8849.2		
April	114.8	8792.8		
May	62.5	8737.8		
June	107.7	8656.4		
July	54.9	8483.6		
August	32.8	8368.3		
September	144.8	8289.4		
October	64.1	8219.7		
November	145.1	8247.9		
December	117.6	8249.5		



b(4)

With regard to our compliance with EESA’s executive compensation requirements, I am enclosing a memorandum to the East West Bank Compensation Committee dated February 23, 2009 (see exhibit #7) from Mr. Doug Krause, the bank’s General Counsel and Chief Risk Officer, that explains the position our bank has taken with regard to executive compensation

[REDACTED] #8, taken from our March 3, 2009 form 10-K filing, exhibit No. 10.13). Management made recommendation to the East West Bank Compensation Committee which was approved on February 26 that

[REDACTED]

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b(4)

We, the undersigned, certify the accuracy of all statements, representations, and supporting information provided, subject to the requirements and penalties set forth in Title 18, United Code, Section 1001.

Sincerely,

Handwritten signature of Thomas J. Tolda in cursive script.

Thomas J. Tolda
Chief Financial Officer
East West Bank

Duly Authorized Senior Executive Office

Handwritten signature of Doug Krause in cursive script.

Doug Krause
General Counsel/Chief Risk Officer
East West Bank

East West Bancorp, Inc.
135 N. Los Robles Ave., 7th Fl.
Pasadena, CA 91101
Tel. 626.768.6800
Fax 626.817.8838



EXHIBIT #1

NEWS RELEASE

FOR FURTHER INFORMATION AT THE COMPANY:

Tom Tolda
Chief Financial Officer
(626) 768-6788

EAST WEST BANCORP RECEIVES PRELIMINARY APPROVAL TO PARTICIPATE IN U.S. TREASURY'S CAPITAL PURCHASE PLAN

Pasadena, CA – November 14, 2008 – East West Bancorp, Inc. (Nasdaq: EWBC), parent company of East West Bank, one of the nation's premier community banks, announced today that it received preliminary approval on November 12, 2008 from the U.S. Department of the Treasury to receive \$316 million of additional capital by participating in the Treasury's Capital Purchase Program.

East West's total risk-based capital ratio of 13.12% as of September 30, 2008 is already well above the regulatory requirement of 10.00% for a "well capitalized" institution. With this additional capital, East West's total risk-based capital would increase to 16.20%. Additionally, East West's tangible equity to tangible assets ratio would increase to 10.73%, from 7.95% as of September 30, 2008.

Dominic Ng, Chairman, President and Chief Executive Officer of East West, stated, "We are pleased to be selected to participate in the Treasury's program to fortify the financial markets and economy. We intend to use this additional capital to better serve the communities we are located in and our customers."

About East West

East West Bancorp is a publicly owned company, with \$11.7 billion in assets, whose stock is traded on the Nasdaq Global Select Market under the symbol "EWBC". The company's wholly owned subsidiary, East West Bank, is FDIC insured and the second largest independent commercial bank headquartered in Southern California with 72 branch locations. East West Bank serves the community with 70 branch locations across Southern and Northern California and a branch location in Houston, Texas. East West Bank has three international locations in Greater China, including a full-service branch in Hong Kong and representative offices in Beijing and Shanghai. For more information on East West Bancorp, visit the company's website at www.eastwestbank.com.

Forward-Looking Statements

This release may contain forward-looking statements, which are included in accordance with the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995 and accordingly, the cautionary statements contained in East West Bancorp’s Annual Report on Form 10-K for the year ended Dec. 31, 2007 (See Item I -- Business, and Item 7 -- Management’s Discussion and Analysis of Consolidated Financial Condition and Results of Operations), and other filings with the Securities and Exchange Commission are incorporated herein by reference. These factors include, but are not limited to: the effect of interest rate and currency exchange fluctuations; competition in the financial services market for both deposits and loans; EWBC’s ability to efficiently incorporate acquisitions into its operations; the ability of borrowers to perform as required under the terms of their loans; effect of additional provisions for loan losses; effect of any goodwill impairment, the ability of EWBC and its subsidiaries to increase its customer base; the effect of regulatory and legislative action, including California tax legislation and an announcement by the state’s Franchise Tax Board regarding the taxation of Registered Investment Companies; and regional and general economic conditions. Actual results and performance in future periods may be materially different from any future results or performance suggested by the forward-looking statements in this release. Such forward-looking statements speak only as of the date of this release. East West expressly disclaims any obligation to update or revise any forward-looking statements found herein to reflect any changes in the Bank’s expectations of results or any change in event.

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EXHIBIT #2

NEWS RELEASE

FOR FURTHER INFORMATION AT THE COMPANY:

Tom Tolda
Chief Financial Officer
(626) 768-6788

EAST WEST BANCORP COMPLETES \$306.5 MILLION CAPITAL RAISE THROUGH THE U.S. TREASURY'S VOLUNTARY CAPITAL PURCHASE PROGRAM

Pasadena, CA – December 5, 2008 – East West Bancorp, Inc. (Nasdaq: EWBC), parent company of East West Bank, one of the nation's premier community banks, announced today that it received \$306.5 million in new capital through the U.S. Treasury's Capital Purchase Program (CPP).

East West's total risk-based capital ratio of 13.12% as of September 30, 2008 is already well above the regulatory requirement of 10.00% for a "well capitalized" institution. With this additional capital, East West's total risk-based capital increased to 16.12%. Additionally, East West's tangible equity to tangible assets ratio increased to 10.65%, from 7.95% as of September 30, 2008.

"In addition to our currently well capitalized position, the CPP funds will increase our capacity to lend and enhance our ability to support economic activity for the benefit of the markets we serve," said Dominic Ng, Chairman, President and Chief Executive Officer of East West. "We are pleased to be among the nation's financially strong banks that have volunteered to participate in this vital stimulus effort."

Under the terms of the Capital Purchase Program, EWBC issued to the United States Department of the Treasury, in exchange for aggregate consideration of \$306.5 million, a total of 306,546 shares of Series B Fixed-Rate Cumulative Perpetual Preferred Stock with a \$0.01 par value and a \$1,000 per share liquidation preference, and a Warrant to purchase up to 3,305,109 shares of EWBC's Common Stock at an exercise price of \$15.15.

About East West

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Greater China, including a full-service branch in Hong Kong and representative offices in Beijing and Shanghai. For more information on East West Bancorp, visit the company's website at www.eastwestbank.com.

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EXHIBIT #3

NEWS RELEASE

FOR FURTHER INFORMATION AT THE COMPANY:

Tom Tolda
Chief Financial Officer
(626) 768-6788

EAST WEST BANCORP REPORTS FOURTH QUARTER 2008 EARNINGS OF \$2.4 MILLION; INCREASED CAPITAL BY \$306.5 MILLION; DECLARES DIVIDENDS FOR FIRST QUARTER 2009

Pasadena, CA – January 27, 2009 – East West Bancorp, Inc. (Nasdaq: EWBC), parent company of East West Bank, one of the nation’s premier community banks, today reported financial results for the fourth quarter and full year 2008. For the fourth quarter 2008, net income was \$2.4 million, an increase of \$33.6 million over a loss reported in third quarter. Our fourth quarter earnings include a provision for loan loss of \$43.0 million and impairment write-down of securities of \$9.7 million.

“2008 was a year of continuous uncertainty for the financial markets and the U.S. economy. Throughout this year of unprecedented challenges for the financial service industry, we had one objective - safeguarding our customer assets and shareholder interests,” stated Dominic Ng, Chairman, President and Chief Executive Officer of East West. “We were early to raise capital in April and again in December, which increased our risk-based capital ratio to 15.83% or over \$600 million above the ‘well capitalized’ threshold at year-end. Throughout the year we have steadily increased our overall liquidity by \$2.2 billion or 196%. We aggressively managed down problem loans, reducing total commitments on construction and land loans by \$1.0 billion, a 31% decrease. At the same time, we increased the allowance for loan losses to \$178.0 million, or 2.16% of total loans.”

Ng continued, “Our decisive actions in 2008 to significantly increase capital, liquidity, and reserve levels while minimizing credit exposures have better positioned us during this challenging economic environment. We are entering 2009 with a solid balance sheet and the confidence to prudently extend credit by attracting new customers and expanding existing customer relationships. In the fourth quarter of 2008 we originated \$327 million in new loans, primarily real estate, commercial business loans to small and mid-sized businesses and single family mortgages.”

“Currently our expectations for the full year of 2009 include loan balance growth of 11%, deposit balance growth of 5% and a net interest margin of approximately 3.20%. The entire East West team is poised and ready for the new challenges and opportunities 2009 will bring,” concluded Ng.

Full Year 2008 Highlights

- **Capital Strengthened** – During the full year 2008, we raised a total of \$506.5 million in capital. We issued \$200.0 million of convertible preferred stock in April and issued \$306.5 million of preferred stock in December as a participant in the Treasury’s Capital Purchase Program.
- **Liquidity Strengthened** - Total borrowing capacity and cash as of December 31, 2008 increased to \$3.3 billion, or 27% of total assets and 41% of total deposits. As of December, 31, 2008, cash and unused borrowing facilities increased \$522.6 million or 19% from September 30, 2008 and \$2.2 billion or 196% from December 31, 2007.
- **Loan to Deposit Ratio** - In early 2008 East West announced its plan to further strengthen the balance sheet and decrease the loan to deposit ratio. During the course of the fourth quarter and the full year, the loan to deposit ratio decreased substantially to 101% as of December 31, 2008, from 110% as of September 30, 2008 and 122% at December 31, 2007.
- **Loan Portfolio Strengthened** – Starting in early 2008, we performed intensive reviews of our entire loan portfolio and reduced our exposures significantly for problem loans. We increased our allowance for loan losses by \$89.6 million or 101% during the year. Year to date, total commitments on construction and land loans decreased by \$1.0 billion. Total land loans decreased \$104.7 million or 15% and total commitments on construction loans decreased \$907.8 million or 36%.
- **Reduction in Operating Expenses** – Throughout 2008 we continued to reduce operating expenses despite rising credit cycle costs. Noninterest expense was \$44.2 million for the quarter, a decrease of \$4.3 million or 9% from third quarter 2008, a decrease of \$11.5 million or 21% from second quarter 2008 and a decrease of \$8.7 million from first quarter 2008.

Fourth Quarter Summary

- **Credit Quality** - Total loan delinquencies have remained relatively stable, increasing \$11.3 million or 4% from September 30, 2008 and decreasing \$41.7 million or 11% from June 30, 2008. Total nonperforming assets to total assets increased to 2.12% up from 1.71% at September 30, 2008. The increase in nonperforming assets from the prior quarter is a result of increases in nonaccrual loans and real estate owned assets, primarily in land and residential construction.
- **Allowance for Loan Losses Strengthened** - Total allowance for loan losses increased to \$178.0 million, or 2.16% of outstanding loans. We continued to increase the reserve for loan losses, recording provision for loan losses of \$43 million and total net loan charge-offs of \$41.5 million for the quarter.
- **Deposits Increased** – Total deposits increased to a record \$8.1 billion at year-end. In fourth quarter, we increased deposits \$605.6 million or 8% over prior quarter, reflecting strong increases in time and money market deposits.

Capital Strength

(In thousands, except per share amounts)

	12/31/2008	9/30/2008	12/31/2007
Summary			
Total Leverage Capital	1,432,662	1,137,419	991,695
Total Risk-Based Capital	1,637,635	1,340,899	1,166,487
Leverage Capital Ratio	12.36%	9.84%	8.73%
Tier 1 Capital Ratio	13.85%	11.12%	8.95%
Total Risk-Based Capital Ratio	15.83%	13.12%	10.53%
Well Capitalized Figures			
Total Well Capitalized Leverage Requirement (5%)	579,424	578,024	568,170
Total Excess Above Well Capitalized Leverage Requirement	853,238	559,394	423,525
Total Well Capitalized Tier-1 Capital Requirement (6%)	620,605	613,441	664,564
Total Excess Above Well Capitalized Tier 1 Capital Requirement	812,058	523,978	327,131
Total Well Capitalized Risk-Based Capital Requirement (10%)	1,034,341	1,022,401	1,107,607
Total Excess Above Well Capitalized Risk-Based Capital Requirement	603,294	318,498	58,881

During the fourth quarter we issued \$306.5 million in preferred stock through the Treasury's Capital Purchase Program which resulted in total shareholders' equity of \$1.6 billion at December 31, 2008. Total assets as of December 31, 2008 increased to a record \$12.4 billion, an increase of \$701.9 million or 6% from September 30, 2008.

East West has always been committed to maintaining strong capital levels and has been very well capitalized throughout this economic cycle. As of the end of the fourth quarter, our leverage capital ratio increased to 12.36%, tier 1 capital increased to 13.85% and total risk-based capital increased to 15.83%. East West significantly exceeds well capitalized minimums under all regulatory guidelines.

Managing Through the Credit Cycle

Total nonperforming assets as of December 31, 2008 totaled \$263.9 million or 2.12% of total assets, compared to \$200.6 million or 1.71% of total assets at September 30, 2008. The increase in nonperforming assets was primarily due to increases in nonaccrual loans and real estate owned. Nonperforming assets as of December 31, 2008 included nonaccrual loans totaling \$214.6 million, other real estate owned totaling \$38.3 million and loans modified or restructured totaling \$11.0 million.

Total nonaccrual loans as of December 31, 2008 were \$214.6 million, compared to \$177.3 million at September 30, 2008. Included in nonaccrual loans as of December 31, 2008 are loans totaling \$32.5 million which were not 90 days past due as of December 31, 2008, but that we classified as nonaccrual due to concerns surrounding collateral and future collectability.

The residential construction and land portfolios continue to be impacted by the real estate downturn. Over the course of the year, we have actively reduced land and construction loans and have decreased total commitments for these assets by \$1.0 billion. During the quarter, the Company sold eighteen real estate owned (REO) assets with a carrying value of \$16.1 million and sold fourteen nonperforming loans with a carrying value of \$32.8 million. This follows third quarter's activity where we sold \$18.4 million of REO assets and \$68.0 million in nonperforming loans. The loans and REO assets sold were predominantly land and residential construction loans.

The \$43.0 million provision for loan losses taken during the fourth quarter of 2008 was flat compared to third quarter and was a decrease from \$85.0 million in the second quarter and \$55.0 million in the first quarter. At December 31, 2008, the allowance for loan losses increased to \$178.0 million or 2.16% of outstanding loans, compared to \$177.2 million or 2.14% of outstanding loans at September 30, 2008. The Company's methodology for calculating the allowance for loan losses includes factors such as historical loss trends, asset classification, collateral deficiency, delinquency, credit concentrations and overall economic conditions. Based on management's evaluation and analysis of portfolio credit quality and prevailing economic conditions, we believe these reserves are adequate for losses inherent in the loan portfolio as of December 31, 2008.

For the fourth quarter of 2008, East West had net charge-offs of \$41.5 million, compared to \$39.7 million during the third quarter of 2008. The net charge-offs for the fourth quarter were comprised of \$42.3 million in gross charge-offs and \$801 thousand in recoveries. Of the total net charge-offs of \$41.5 million for the fourth quarter, 63% or \$26.2 million were from land and residential construction loans.

Fourth Quarter 2008 Operating Results

(In thousands, except per share amounts)

	Quarter Ended December 31, 2008	
	Total Amount	Per Share Amount
Interest and dividend income	\$ 149,907	\$ 2.38
Interest expense	(73,053)	(1.16)
Net interest income before provision for loan losses	76,854	1.22
Noninterest income before impairment writedown on investment securities	8,790	0.14
Noninterest expense	(44,199)	(0.70)
Income before provision for loan losses and impairment writedown on investment securities	41,445	0.66
Provision for loan losses	(43,000)	(0.68)
Impairment writedown on investment securities	(9,653)	(0.15)
Loss before benefit for income taxes	(11,208)	(0.17)
Benefit for income taxes	13,574	0.22
Net income	2,366	0.05
Preferred stock dividend and amortization of preferred stock discount	(5,385)	(0.10)
Net (loss) available to common stockholders	\$ (3,019)	\$ (0.05)

Net interest income for the fourth quarter totaled \$76.9 million. The net interest margin for the quarter totaled 2.72%, compared to 3.10% in the prior quarter. The decrease in the net interest margin is largely due to the impact from the 175 basis point decrease in the fed funds rate during the quarter to a target rate of 0 to 0.25%.

Excluding the non-cash charge for impairment of investment securities, noninterest income for the fourth quarter totaled \$8.8 million, down from \$10.0 million in the third quarter of 2008 and \$14.0 million from the prior year period. This decrease in the fourth quarter as compared to the prior quarter and prior year was primarily due to lower gains on sales of investment securities and loans and impairment of mortgage servicing rights and other assets in the fourth quarter of 2008.

During the fourth quarter of 2008, we continued to carefully control all expenditures and reduce noninterest expense. Noninterest expense totaled \$44.2 million for the fourth quarter 2008, a decrease of \$4.3 million or 9% from the third quarter and decrease of \$11.5 million or 21% from second quarter. The decline in noninterest expense reflects

lower compensation and employee benefits due to reduced staffing levels and total compensation related costs. The efficiency ratio was 47.5% for the fourth quarter, compared to 46.4% in third quarter of 2008.

The tax benefit during the quarter was \$13.6 million, \$2.4 million greater than the net loss before income taxes. This was largely a result of a \$5.7 million tax benefit in the fourth quarter resulting from other than temporary impairment charges on Fannie Mae and Freddie Mac preferred stock in the third quarter. This benefit was due to the change in law in October 2008 allowing banks to recognize other than temporary impairment charges in Fannie Mae and Freddie Mac preferred stock as ordinary losses.

Investment Securities

During the fourth quarter, we recorded other than temporary impairment on investment securities of \$9.7 million related to four pooled trust preferred securities. Year to date, total impairment on the pooled trust preferred securities totaled \$17.8 million. The fair values of these securities continue to be negatively impacted by the illiquidity in the market for these securities. The Company has the ability and intent to hold these securities until all principal and interest is fully recovered.

Deposit Summary

Total deposits as of December 31, 2008 increased to \$8.1 billion, up \$605.6 million or 8% from \$7.5 billion at September 30, 2008. Quarter over quarter, core deposits increased \$191.3 million or 6% and time deposits increased \$414.3 million or 10%. With the instability in the overall banking environment, we promoted fully insured deposit programs to our customers during the third and fourth quarters. These efforts resulted in time deposits growing at a higher pace than core deposits during the fourth quarter of 2008. The average cost of deposits for the fourth quarter of 2008 was 2.14%, a 3 basis point decrease from the third quarter of 2008.

Dividend Payout

East West Bank's Board of Directors has declared first quarter dividends on the common and non-cumulative perpetual convertible preferred stock, series A. While the Bank's capital position is very strong, the Board reduced the common stock dividend to \$0.02 per share for the first quarter of 2009 in light of the challenging financial market conditions and what it believes is a responsibility to preserve capital. The common stock cash dividend of \$0.02 per share is payable on or about February 24, 2009 to shareholders of record on February 10, 2009. The dividend on the non-cumulative perpetual convertible preferred stock, series A of \$20.00 per depository share is payable on February 1, 2009 to shareholders of record on January 15, 2009.

About East West

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branch location in Houston, Texas. East West Bank has three international locations in Greater China, including a full-service branch in Hong Kong and representative offices in Beijing and Shanghai. For more information on East West Bancorp, visit the Company's website at www.eastwestbank.com.

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EAST WEST BANCORP, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except per share amounts)
(unaudited)

	<u>December 31, 2008</u>	<u>December 31, 2007</u>	<u>% Change</u>
Assets			
Cash and cash equivalents	\$ 878,853	\$ 160,347	448
Short-term investments	228,441	-	NA
Securities purchased under resale agreements	50,000	150,000	(67)
Investment securities held-to-maturity, at amortized cost	122,317	-	NA
Investment securities available-for-sale, at fair value	2,040,194	1,887,136	8
Loans receivable (net of allowance for loan losses of \$178,027 and \$88,407)	8,069,377	8,750,921	(8)
Other real estate owned, net	38,302	1,500	2,453
Premiums on deposits acquired, net	21,190	28,459	(26)
Goodwill	337,438	335,366	1
Other assets	638,075	538,483	18
Total assets	<u>\$ 12,424,187</u>	<u>\$ 11,852,212</u>	5
Liabilities and Stockholders' Equity			
Deposits	\$ 8,141,959	\$ 7,278,914	12
Federal funds purchased	28,022	222,275	(87)
Federal Home Loan Bank advances	1,353,307	1,808,419	(25)
Securities sold under repurchase agreements	998,430	1,001,955	(0)
Notes payable	16,506	16,242	2
Long-term debt	235,570	235,570	0
Accrued expenses and other liabilities	98,502	117,014	(16)
Total liabilities	<u>10,872,296</u>	<u>10,680,389</u>	2
Stockholders' equity	1,551,891	1,171,823	32
Total liabilities and stockholders' equity	<u>\$ 12,424,187</u>	<u>\$ 11,852,212</u>	5
Book value per common share	\$ 16.94	\$ 18.56	(9)
Number of common shares at period end	63,746	63,137	1
Ending Balances			
	<u>December 31, 2008</u>	<u>December 31, 2007</u>	<u>% Change</u>
Loans receivable			
Real estate - single family	\$ 491,315	\$ 433,337	13
Real estate - multifamily	677,989	690,941	(2)
Real estate - commercial	3,472,000	3,502,213	(1)
Real estate - land	576,564	681,260	(15)
Real estate - construction	1,260,724	1,547,082	(19)
Commercial	1,210,260	1,314,068	(8)
Trade finance	343,959	491,690	(30)
Consumer	216,642	184,518	17
Total gross loans receivable	<u>8,249,453</u>	<u>8,845,109</u>	(7)
Unearned fees, premiums and discounts	(2,049)	(5,781)	(65)
Allowance for loan losses	(178,027)	(88,407)	101
Net loans receivable	<u>\$ 8,069,377</u>	<u>\$ 8,750,921</u>	(8)
Deposits			
Noninterest-bearing demand	\$ 1,292,997	\$ 1,431,730	(10)
Interest-bearing checking	363,285	472,943	(23)
Money market	1,323,402	1,090,949	21
Savings	420,133	477,779	(12)
Total core deposits	<u>3,399,817</u>	<u>3,473,401</u>	(2)
Time deposits less than \$100,000	1,521,988	926,459	64
Time deposits \$100,000 or greater	3,220,154	2,879,054	12
Total time deposits	<u>4,742,142</u>	<u>3,805,513</u>	25
Total deposits	<u>\$ 8,141,959</u>	<u>\$ 7,278,914</u>	12

EAST WEST BANCORP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share amounts)
(unaudited)

	Quarter Ended December 31,		%
	2008	2007	
Interest and dividend income	\$ 149,907	\$ 201,448	(26)
Interest expense	(73,053)	(94,840)	(23)
Net interest income before provision for loan losses	76,854	106,608	(28)
Provision for loan losses	(43,000)	(9,000)	378
Net interest income after provision for loan losses	33,854	97,608	(65)
Noninterest (loss) income	(863)	13,978	(106)
Noninterest expense	(44,199)	(52,279)	(15)
(Loss) income before benefit (provision) for income taxes	(11,208)	59,307	(119)
Benefit (provision) for income taxes	13,574	(22,062)	(162)
Net income	\$ 2,366	\$ 37,245	(94)
Preferred stock dividend and amortization of preferred stock discount	(5,385)	-	NA
Net (loss) income available to common stockholders	\$ (3,019)	\$ 37,245	(108)
Net (loss) income per share, basic	\$ (0.05)	\$ 0.60	(108)
Net (loss) income per share, diluted	\$ (0.05)	\$ 0.59	(108)
Shares used to compute per share net (loss) income:			
- Basic	62,932	62,437	1
- Diluted	62,932	63,157	(0)

	Quarter Ended December 31,		%
	2008	2007	
Noninterest income:			
Impairment writedown on investment securities	\$ (9,653)	\$ -	NA
Branch fees	4,247	4,404	(4)
Letters of credit fees and commissions	2,267	2,564	(12)
Net gain on sale of investment securities available-for-sale	1,238	2,615	(53)
Ancillary loan fees	738	1,609	(54)
Other operating income	300	2,786	(89)
Total noninterest (loss) income	\$ (863)	\$ 13,978	(106)
Noninterest expense:			
Compensation and employee benefits	15,658	22,415	(30)
Occupancy and equipment expense	6,627	6,999	(5)
Other real estate owned expense	2,493	10	24,830
Deposit insurance premiums and regulatory assessments	2,032	378	438
Amortization of investments in affordable housing partnerships	1,751	1,437	22
Legal expense	1,687	1,940	(13)
Amortization and impairment writedowns of premiums on deposits acquired	1,125	2,022	(44)
Data processing	1,108	1,415	(22)
Consulting expense	610	987	(38)
Other operating expense	11,108	14,676	(24)
Total noninterest expense	\$ 44,199	\$ 52,279	(15)

EAST WEST BANCORP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share amounts)
(unaudited)

	Year Ended December 31,		%
	2008	2007	
Interest and dividend income	\$ 664,858	\$ 773,607	(14)
Interest expense	(309,694)	(365,613)	(15)
Net interest income before provision for loan losses	355,164	407,994	(13)
Provision for loan losses	(226,000)	(12,000)	1,783
Net interest income after provision for loan losses	129,164	395,994	(67)
Noninterest (loss) income	(25,062)	49,520	(151)
Noninterest expense	(201,270)	(183,255)	10
(Loss) income before benefit (provision) for income taxes	(97,168)	262,259	(137)
Benefit (provision) for income taxes	47,485	(101,092)	(147)
Net (loss) income	\$ (49,683)	\$ 161,167	(131)
Preferred stock dividend and amortization of preferred stock discount	(9,474)	-	
Net (loss) income available to common stockholders	\$ (59,157)	\$ 161,167	
Net (loss) income per share, basic	\$ (0.94)	\$ 2.63	(136)
Net (loss) income per share, diluted	\$ (0.94)	\$ 2.60	(136)
Shares used to compute per share net (loss) income:			
- Basic	62,673	61,180	2
- Diluted	62,673	62,093	1

	Year Ended December 31,		%
	2008	2007	
Noninterest income:			
Impairment writedown on investment securities	\$ (73,165)	\$ (405)	17,965
Branch fees	16,972	15,071	13
Letters of credit fees and commissions	9,739	10,252	(5)
Net gain on sale of investment securities available-for-sale	9,005	7,833	15
Ancillary loan fees	4,646	5,773	(20)
Other operating income	7,741	10,996	(30)
Total noninterest (loss) income	\$ (25,062)	\$ 49,520	(151)
Noninterest expense:			
Compensation and employee benefits	82,236	85,926	(4)
Occupancy and equipment expense	26,991	25,582	6
Amortization of investments in affordable housing partnerships	7,272	4,958	47
Amortization and impairment writedowns of premiums on deposits acquired	7,270	6,846	6
Deposit insurance premiums and regulatory assessments	7,223	1,399	416
Other real estate owned expense (income)	6,013	(1,237)	(586)
Legal expense	5,577	3,198	74
Data processing	4,494	4,818	(7)
Consulting expense	4,398	3,324	32
Other operating expense	49,796	48,441	3
Total noninterest expense	\$ 201,270	\$ 183,255	10

EAST WEST BANCORP, INC.
SELECTED FINANCIAL INFORMATION
(In thousands)
(unaudited)

Average Balances	Quarter Ended December 31,		% Change
	2008	2007	
Loans receivable			
Real estate - single family	\$ 493,415	\$ 384,271	28
Real estate - multifamily	682,455	753,235	(9)
Real estate - commercial	3,407,697	3,459,272	(1)
Real estate - land	579,335	668,686	(13)
Real estate - construction	1,311,622	1,533,574	(14)
Commercial	1,179,123	1,258,398	(6)
Trade finance	369,108	467,632	(21)
Consumer	210,448	180,195	17
Total loans receivable	<u>8,233,203</u>	<u>8,705,263</u>	(5)
Investment securities held-to-maturity	39,508	-	NA
Investment securities available-for-sale	2,184,334	1,893,193	15
Earning assets	11,219,272	10,872,066	3
Total assets	11,949,168	11,699,951	2
Deposits			
Noninterest-bearing demand	\$ 1,311,283	\$ 1,398,794	(6)
Interest-bearing checking	367,792	436,946	(16)
Money market	1,153,171	1,280,265	(10)
Savings	419,757	508,540	(17)
Total core deposits	<u>3,252,003</u>	<u>3,624,545</u>	(10)
Time deposits less than \$100,000	1,599,486	928,462	72
Time deposits \$100,000 or greater	<u>2,855,376</u>	<u>2,879,172</u>	(1)
Total time deposits	<u>4,454,862</u>	<u>3,807,634</u>	17
Total deposits	7,706,865	7,432,179	4
Interest-bearing liabilities	9,143,800	8,971,407	2
Stockholders' equity	1,363,161	1,174,883	16

EAST WEST BANCORP, INC.
SELECTED FINANCIAL INFORMATION
(In thousands)
(unaudited)

Average Balances	Year Ended December 31,		% Change
	2008	2007	
Loans receivable			
Real estate - single family	\$ 467,739	\$ 349,230	34
Real estate - multifamily	707,621	1,083,245	(35)
Real estate - commercial	3,483,258	3,336,119	4
Real estate - land	631,951	558,278	13
Real estate - construction	1,481,248	1,371,983	8
Commercial	1,205,365	1,115,882	8
Trade finance	423,367	376,934	12
Consumer	201,276	163,318	23
Total loans receivable	8,601,825	8,354,989	3
Investment securities held-to-maturity	9,931	-	NA
Investment securities available-for-sale	2,035,866	1,727,961	18
Earning assets	11,119,888	10,368,051	7
Total assets	11,802,787	11,079,770	7
Deposits			
Noninterest-bearing demand	\$ 1,362,617	\$ 1,312,709	4
Interest-bearing checking	404,404	412,550	(2)
Money market	1,099,576	1,302,898	(16)
Savings	452,259	412,272	10
Total core deposits	3,318,856	3,440,429	(4)
Time deposits less than \$100,000	1,164,622	956,203	22
Time deposits \$100,000 or greater	3,018,876	2,862,017	5
Total time deposits	4,183,498	3,818,220	10
Total deposits	7,502,354	7,258,649	3
Interest-bearing liabilities	9,057,073	8,540,086	6
Stockholders' equity	1,245,777	1,082,561	15

EAST WEST BANCORP, INC.
SELECTED FINANCIAL INFORMATION
(In thousands)
(unaudited)

Selected Ratios	Quarter Ended December 31,		% Change
	2008	2007	
For The Period			
Return on average assets	0.08%	1.27%	(94)
Return on average common equity	-1.12%	12.68%	(109)
Interest rate spread (3)	2.13%	3.18%	(33)
Net interest margin (3)	2.72%	3.91%	(30)
Yield on earning assets (3)	5.30%	7.37%	(28)
Cost of deposits	2.14%	3.15%	(32)
Cost of funds	2.77%	3.63%	(24)
Noninterest expense/average assets (1)	1.38%	1.67%	(17)
Efficiency ratio (1)	47.52%	40.49%	17
Net chargeoffs to average loans (2)	2.02%	0.24%	748
Gross loan chargeoffs	\$ 42,304	\$ 5,241	707
Loan recoveries	\$ (801)	\$ (66)	1,114
Net loan chargeoffs	\$ 41,503	\$ 5,175	702
Selected Ratios			
	Year Ended December 31,		% Change
	2008	2007	
For The Period			
Return on average assets	-0.42%	1.45%	(129)
Return on average common equity	-5.41%	14.89%	(136)
Interest rate spread (3)	2.56%	3.19%	(20)
Net interest margin (3)	3.19%	3.94%	(19)
Yield on earning assets (3)	5.97%	7.47%	(20)
Cost of deposits	2.37%	3.32%	(29)
Cost of funds	2.96%	3.71%	(20)
Noninterest expense/average assets (1)	1.57%	1.55%	1
Efficiency ratio (1)	45.94%	37.44%	23
Net chargeoffs to average loans (2)	1.64%	0.08%	1,932
Gross loan chargeoffs	\$ 147,451	\$ 7,206	1,946
Loan recoveries	\$ (6,027)	\$ (445)	1,254
Net loan chargeoffs	\$ 141,424	\$ 6,761	1,992
Period End			
Tier 1 risk-based capital ratio	13.85%	8.95%	55
Total risk-based capital ratio	15.83%	10.53%	50
Tier 1 leverage capital ratio	12.36%	8.73%	42

(1) Excludes the amortization of intangibles, amortization and impairment writedowns of premiums on deposits acquired, impairment writedown on goodwill and investment securities, and amortization of investments in affordable housing partnerships.

(2) Annualized.

(3) Yields on certain securities have been adjusted upward to a "fully taxable equivalent" basis in order to reflect the effect of income which is exempt from federal income taxation at the current statutory tax rate.

EAST WEST BANCORP, INC.
QUARTER TO DATE AVERAGE BALANCES, YIELDS AND RATES PAID
(In thousands)
(unaudited)

	Quarter Ended December 31,					
	2008			2007		
	Average Volume	Interest	Yield (1)	Average Volume	Interest	Yield (1)
ASSETS						
Interest-earning assets:						
Short-term investments (2)	\$ 598,254	\$ 3,922	2.60%	\$ 28,878	\$ 340	4.67%
Securities purchased under resale agreements (term)	50,000	1,278	10.14%	150,000	3,322	8.79%
Investment securities held-to-maturity	39,508	697	7.00%	-	-	-
Investment securities available-for-sale (3)	2,184,334	23,962	4.35%	1,893,193	30,248	6.34%
Loans receivable	8,233,203	120,148	5.79%	8,705,263	166,644	7.59%
Federal Home Loan Bank and Federal Reserve						
Bank stocks (4)	113,973	(100)	-0.35%	94,732	1,306	5.47%
Total interest-earning assets	<u>11,219,272</u>	<u>149,907</u>	<u>5.30%</u>	<u>10,872,066</u>	<u>201,860</u>	<u>7.37%</u>
Noninterest-earning assets:						
Cash and due from banks	140,773			177,071		
Allowance for loan losses	(178,721)			(85,944)		
Other assets	767,844			736,758		
Total assets	<u>\$ 11,949,168</u>			<u>\$ 11,699,951</u>		
LIABILITIES AND STOCKHOLDERS' EQUITY						
Interest-bearing liabilities:						
Checking accounts	367,792	519	0.56%	436,946	1,692	1.54%
Money market accounts	1,153,171	5,559	1.91%	1,280,265	12,142	3.76%
Savings deposits	419,757	807	0.76%	508,540	1,989	1.55%
Time deposits less than \$100,000	1,599,486	10,728	2.66%	928,462	8,595	3.67%
Time deposits \$100,000 or greater	2,855,376	23,901	3.32%	2,879,172	34,640	4.77%
Federal funds purchased	11,690	41	1.39%	213,121	2,568	4.78%
Federal Home Loan Bank advances	1,501,870	16,298	4.31%	1,486,975	18,155	4.84%
Securities sold under repurchase agreements	999,088	12,181	4.84%	1,002,356	10,691	4.23%
Long-term debt	235,570	3,019	5.08%	235,570	4,368	7.36%
Total interest-bearing liabilities	<u>9,143,800</u>	<u>73,053</u>	<u>3.17%</u>	<u>8,971,407</u>	<u>94,840</u>	<u>4.19%</u>
Noninterest-bearing liabilities:						
Demand deposits	1,311,283			1,398,794		
Other liabilities	130,924			154,867		
Stockholders' equity	1,363,161			1,174,883		
Total liabilities and stockholders' equity	<u>\$ 11,949,168</u>			<u>\$ 11,699,951</u>		
Interest rate spread			2.13%			3.18%
Net interest income and net yield on interest-earning assets (3)		<u>\$ 76,854</u>	2.72%		<u>\$ 107,020</u>	3.91%

(1) Annualized

(2) Includes short-term securities purchased under resale agreements.

(3) Amounts calculated on a fully taxable equivalent basis using the current statutory federal tax rate.

(4) On January 8, 2009, the FHLB announced the suspension of the fourth quarter 2008's dividend payment.

EAST WEST BANCORP, INC.
YEAR TO DATE AVERAGE BALANCES, YIELDS AND RATES PAID
(In thousands)
(unaudited)

	Year Ended December 31,					
	2008			2007		
	Average Volume	Interest	Yield (1)	Average Volume	Interest	Yield (1)
ASSETS						
Interest-earning assets:						
Short-term investments (2)	\$ 303,344	\$ 7,468	2.46%	\$ 18,576	\$ 904	4.87%
Securities purchased under resale agreements (term)	53,552	6,372	11.87%	182,055	15,064	8.27%
Investment securities held-to-maturity	9,931	697	7.00%	-	-	-
Investment securities available-for-sale (3)	2,035,866	100,776	4.94%	1,727,961	103,141	5.97%
Loans receivable	8,601,825	545,260	6.32%	8,354,989	650,717	7.79%
Federal Home Loan Bank and Federal Reserve						
Bank stocks (4)	115,370	5,175	4.47%	84,470	4,581	5.42%
Total interest-earning assets	<u>11,119,888</u>	<u>665,748</u>	<u>5.97%</u>	<u>10,368,051</u>	<u>774,407</u>	<u>7.47%</u>
Noninterest-earning assets:						
Cash and due from banks	137,730			156,081		
Allowance for loan losses	(144,154)			(80,161)		
Other assets	689,323			635,799		
Total assets	<u>\$ 11,802,787</u>			<u>\$ 11,079,770</u>		
LIABILITIES AND STOCKHOLDERS' EQUITY						
Interest-bearing liabilities:						
Checking accounts	404,404	3,226	0.80%	412,550	6,646	1.61%
Money market accounts	1,099,576	25,805	2.34%	1,302,898	53,021	4.07%
Savings deposits	452,259	4,148	0.91%	412,272	4,400	1.07%
Time deposits less than \$100,000	1,164,622	35,061	3.00%	956,203	37,164	3.89%
Time deposits \$100,000 or greater	3,018,876	109,820	3.63%	2,862,017	139,804	4.88%
Federal funds purchased	89,309	2,217	2.48%	173,103	8,899	5.14%
Federal Home Loan Bank advances	1,592,125	70,661	4.43%	1,230,940	61,710	5.01%
Securities sold under repurchase agreements	1,000,332	46,062	4.59%	978,739	38,366	3.92%
Long-term debt	235,570	12,694	5.37%	211,364	15,603	7.38%
Total interest-bearing liabilities	<u>9,057,073</u>	<u>309,694</u>	<u>3.41%</u>	<u>8,540,086</u>	<u>365,613</u>	<u>4.28%</u>
Noninterest-bearing liabilities:						
Demand deposits	1,362,617			1,312,709		
Other liabilities	137,320			144,414		
Stockholders' equity	1,245,777			1,082,561		
Total liabilities and stockholders' equity	<u>\$ 11,802,787</u>			<u>\$ 11,079,770</u>		
Interest rate spread			2.56%			3.19%
Net interest income and net yield on interest-earning assets (3)		<u>\$ 356,054</u>	3.19%		<u>\$ 408,794</u>	3.94%

(1) Annualized

(2) Includes short-term securities purchased under resale agreements.

(3) Amounts calculated on a fully taxable equivalent basis using the current statutory federal tax rate.

(4) On January 8, 2009, the FHLB announced the suspension of the fourth quarter 2008's dividend payment.

EAST WEST BANCORP, INC.
QUARTERLY ALLOWANCE FOR LOAN LOSSES RECAP
(In thousands)
(unaudited)

	Quarter Ended			
	December 31, 2008	September 30, 2008	June 30, 2008	March 31, 2008
LOANS				
Allowance balance, beginning of period	\$ 177,155	\$ 168,413	\$ 117,120	\$ 88,407
Allowance for unfunded loan commitments and letters of credit	(625)	5,437	1,136	(904)
Provision for loan losses	43,000	43,000	85,000	55,000
Net Charge-offs:				
Real estate - single family	1,756	1,022	632	75
Real estate - multifamily	524	1,006	436	-
Real estate - commercial	750	663	(3)	-
Real estate - land	9,039	19,128	16,337	5,078
Real estate - residential construction	17,127	13,557	15,726	8,565
Real estate - commercial construction	-	-	-	-
Commercial	8,054	3,474	640	11,636
Trade finance	4,026	750	922	-
Consumer	227	95	153	29
Total net charge-offs	41,503	39,695	34,843	25,383
Allowance balance, end of period	<u>\$ 178,027</u>	<u>\$ 177,155</u>	<u>\$ 168,413</u>	<u>\$ 117,120</u>
UNFUNDED LOAN COMMITMENTS AND LETTERS OF CREDIT:				
Allowance balance, beginning of period	\$ 5,716	\$ 11,153	\$ 12,289	\$ 11,385
Provision for unfunded loan commitments and letters of credit	625	(5,437)	(1,136)	904
Allowance balance, end of period	<u>\$ 6,341</u>	<u>\$ 5,716</u>	<u>\$ 11,153</u>	<u>\$ 12,289</u>
GRAND TOTAL, END OF PERIOD	<u>\$ 184,368</u>	<u>\$ 182,871</u>	<u>\$ 179,566</u>	<u>\$ 129,409</u>
Nonperforming assets to total assets	2.12%	1.71%	1.64%	0.63%
Allowance for loan losses to total gross loans at end of period	2.16%	2.14%	1.95%	1.32%
Allowance for loan losses and unfunded loan commitments to total gross loans at end of period	2.23%	2.21%	2.07%	1.46%
Allowance to nonaccrual loans at end of period	82.95%	99.92%	98.59%	202.41%
Nonaccrual loans to total loans	2.60%	2.14%	1.97%	0.65%

EAST WEST BANCORP, INC
TOTAL NON-PERFORMING ASSETS AS OF DECEMBER 31, 2008
(in thousands)
(unaudited)

Loan Type	Total Nonaccrual Loans					Total Non-Performing Assets
	90+ Days	Under 90+ Days	Total	Modified or	REO	
	Delinquent	Delinquent	Nonaccrual	Restructured	Assets	
Real estate - single family	\$ 13,519	\$ -	\$ 13,519	\$ 1,201	\$ 419	\$ 15,139
Real estate - multifamily	11,845	-	11,845	3,519	1,136	16,500
Real estate - commercial	24,680	-	24,680	2,406	4,882	31,968
Real estate - land	66,185	12,892	79,077	-	10,307	89,384
Real estate - residential construction	27,052	8,766	35,818	-	21,146	56,964
Real estate - commercial construction	30,581	-	30,581	-	-	30,581
Commercial	6,570	10,604	17,174	3,866	142	21,182
Trade Finance	65	-	65	-	270	335
Consumer	1,654	194	1,848	-	-	1,848
Total	\$ 182,151	\$ 32,456	\$ 214,607	\$ 10,992	\$ 38,302	\$ 263,901

EAST WEST BANCORP, INC
TOTAL NON-PERFORMING ASSETS AS OF SEPTEMBER 30, 2008
(in thousands)
(unaudited)

Loan Type	Total Nonaccrual Loans					Total Non-Performing Assets
	90+ Days	Under 90+ Days	Total	Modified or	REO	
	Delinquent	Delinquent	Nonaccrual	Restructured	Assets	
Real estate - single family	\$ 5,486	\$ -	\$ 5,486	\$ 1,405	\$ 2,715	\$ 9,606
Real estate - multifamily	9,758	-	9,758	-	502	10,260
Real estate - commercial	14,353	4,511	18,864	1,763	1,043	21,670
Real estate - land	52,926	11,882	64,808	-	4,370	69,178
Real estate - residential construction	44,526	9,783	54,309	-	8,461	62,770
Real estate - commercial construction	13,073	-	13,073	-	-	13,073
Commercial	8,972	973	9,945	2,496	424	12,865
Trade Finance	-	-	-	-	-	-
Consumer	866	194	1,060	-	92	1,152
Total	\$ 149,960	\$ 27,343	\$ 177,303	\$ 5,664	\$ 17,607	\$ 200,574

EAST WEST BANCORP, INC
TOTAL NON-PERFORMING ASSETS AS OF JUNE 30, 2008
(in thousands)
(unaudited)

Loan Type	Total Nonaccrual Loans					Total Non-Performing Assets
	90+ Days	Under 90+ Days	Total	Modified or	REO	
	Delinquent	Delinquent	Nonaccrual	Restructured	Assets	
Real estate - single family	\$ 7,247	\$ -	\$ 7,247	\$ -	\$ 1,635	\$ 8,882
Real estate - multifamily	7,010	-	7,010	-	4,658	11,668
Real estate - commercial	18,326	-	18,326	1,699	-	20,025
Real estate - land	46,773	24,829	71,602	-	1,000	72,602
Real estate - residential construction	38,035	15,572	53,607	-	10,105	63,712
Real estate - commercial construction	4,283	-	4,283	-	-	4,283
Commercial	7,722	-	7,722	2,993	-	10,715
Trade Finance	621	-	621	-	-	621
Consumer	476	-	476	-	92	568
Total	\$ 130,493	\$ 40,401	\$ 170,894	\$ 4,692	\$ 17,490	\$ 193,076

EAST WEST BANCORP, INC
DELINQUENT LOANS BY LOAN CATEGORIES AS OF DECEMBER 31, 2008
(in thousands)
(unaudited)

Loan Type	30-59 Days	60-89 Days	90+ Days	Total Delinquent
	Delinquent	Delinquent	Delinquent	Loans
Real estate - single family	16,708	\$ 6,237	\$ 13,519	\$ 36,464
Real estate - multifamily	9,372	2,382	11,845	23,599
Real estate - commercial	21,036	18,364	24,680	64,080
Real estate - land	9,335	19,002	66,185	94,522
Real estate - residential construction	13,242	9,379	27,052	49,673
Real estate - commercial construction	-	-	30,581	30,581
Commercial	3,970	13,918	6,570	24,458
Trade finance	374	-	65	439
Consumer	1,326	252	1,654	3,232
Total Delinquent Loans	\$ 75,363	\$ 69,534	\$ 182,151	\$ 327,048

EAST WEST BANCORP, INC
DELINQUENT LOANS BY LOAN CATEGORIES AS OF SEPTEMBER 30, 2008
(in thousands)
(unaudited)

Loan Type	30-59 Days	60-89 Days	90+ Days	Total Delinquent
	Delinquent	Delinquent	Delinquent	Loans
Real estate - single family	\$ 8,282	\$ 5,536	\$ 5,486	\$ 19,304
Real estate - multifamily	9,415	2,939	9,758	22,112
Real estate - commercial	21,434	8,608	14,353	44,395
Real estate - land	5,216	2,154	52,926	60,296
Real estate - residential construction	37,947	14,143	44,526	96,616
Real estate - commercial construction	14,839	18,450	13,073	46,362
Commercial	12,726	798	8,972	22,496
Trade finance	-	-	-	-
Consumer	1,818	1,459	866	4,143
Total Delinquent Loans	\$ 111,677	\$ 54,087	\$ 149,960	\$ 315,724

EAST WEST BANCORP, INC
DELINQUENT LOANS BY LOAN CATEGORIES AS OF JUNE 30, 2008
(in thousands)
(unaudited)

Loan Type	30-59 Days	60-89 Days	90+ Days	Total Delinquent
	Delinquent	Delinquent	Delinquent	Loans
Real estate - single family	\$ 11,242	\$ 2,063	\$ 7,247	\$ 20,552
Real estate - multifamily	6,112	1,042	7,010	14,164
Real estate - commercial	23,110	6,274	18,326	47,710
Real estate - land	25,825	11,207	46,773	83,805
Real estate - residential construction	69,997	23,526	38,035	131,558
Real estate - commercial construction	13,073	18,042	4,283	35,398
Commercial	11,993	3,434	7,722	23,149
Trade finance	10,030	488	621	11,139
Consumer	476	274	476	1,226
Total Delinquent Loans	\$ 171,858	\$ 66,350	\$ 130,493	\$ 368,701



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TO: All East West Team Members

FROM: Dominic Ng

DATE: January 27, 2009

SUBJECT: Review of 2008 Performance and Call to Action for 2009

As we look back on 2008, I think we can all agree that the year's economic events were unparalleled in their scope, speed and severity. The impact of these events on the financial industry is far reaching and continues to present difficult challenges. East West is successfully meeting these challenges by building on our core operating strengths and staying focused on our long-term commitment to protect shareholder interests and safeguard customer assets.

Well ahead of our peers and most other financial institutions in the country, East West recognized that deposit safety, building capital and liquidity, strengthening the loan portfolio and reducing operating expenses were essential to protecting the long-term interests of our shareholders and customers in the midst of this economic downturn. Because we were proactive in these areas and did not lose sight of our objectives, we were highly productive in 2008 and can reflect on the year with a sense of accomplishment.

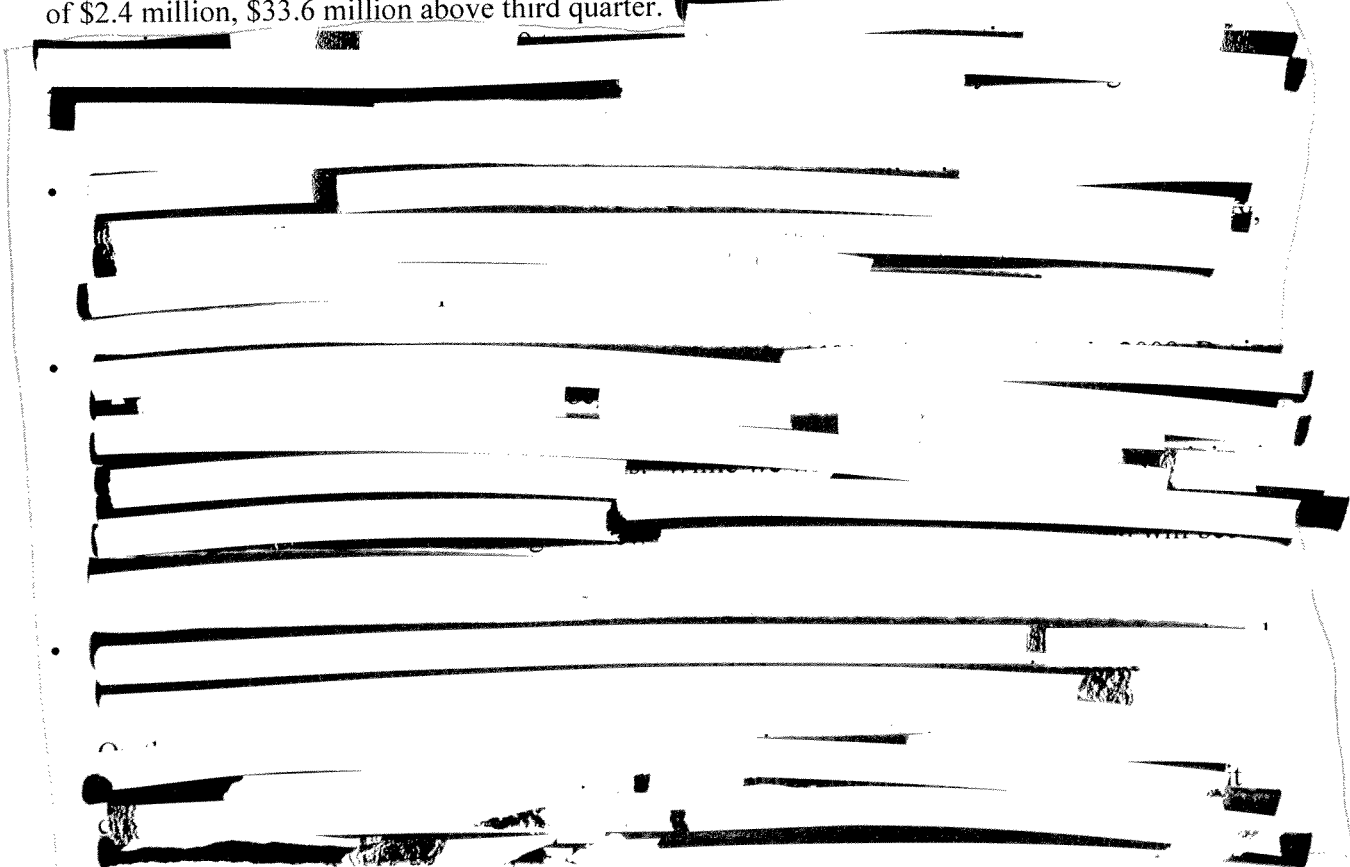
2008 Achievements

- **Deposit Growth** – In addition to an intensive education campaign to make sure our customers understand how to maximize standard FDIC coverage, we went a step further and launched two new products that provide multi-million dollar FDIC insurance on money market accounts and certificates of deposits. Through the MMIDAS and CDARS products, we attracted and retained millions of dollars in deposits by providing customers with true peace of mind during these uncertain economic times. Total deposits increased to a record \$8.1 billion at year-end, reflecting strong increases in time and money market deposits.
- **Capital Position Strengthened** – Historically, East West has been very well capitalized and began 2008 with capital levels well in excess of all regulatory requirements. In anticipation of worsening economic conditions, we were among the first banks that took steps to further strengthen capital. Through our convertible preferred stock issue in April, we raised \$200 million in an offering that was immediately oversubscribed. In December, we raised another \$300.6 million through the preferred stock investment we received from the U.S. Treasury's Capital Purchase Program. As a result, East West ended the year with an impressive total risk-based capital ratio of 15.83%, over \$600 million above the minimum requirement for "well capitalized" banks.
- **Liquidity Position Strengthened** – Our excess liquidity (total borrowing capacity and cash) as of December 31 increased to a record \$3.3 billion, or 27% of total assets and 41% of total deposits. This is a \$2.2 billion or 196% increase from a year ago. This capacity strengthens our ability to deal with a higher level of market uncertainty than ever before.

- **Loan to Deposit Ratio** – Our stated goal at the start of 2008 to further strengthen the balance sheet by reducing our loan to deposit ratio was accomplished. At December 31, 2008, our loan to deposit ratio was 101%, compared to 122% a year ago.
- **Loan Portfolio Strengthened** – Starting in early 2008, well ahead of our peers, we ordered new appraisals for 100% of our land, residential construction and commercial construction loans and performed intensive reviews of our entire loan portfolio to identify and reduce our credit exposures. During the year, we increased our allowance for loan losses by \$89.6 million or 101% and decreased total commitments on construction and land loans by \$1 billion. In addition to taking aggressive steps to reduce exposure in highly volatile segments of the loan portfolio, we put equal emphasis on working with borrowers to develop individual plans to improve loans and strengthen our collateral positions. Our diligent and effective asset resolution process has kept problem loans from accelerating at a more rapid pace in this troubling credit environment and is expected to keep us ahead of the industry curve in mitigating future credit problems.
- **Operating Expenses Reduced** – Throughout 2008 we continued to reduce operating expenses. Noninterest expense was \$44.2 million for the quarter, a decrease of \$4.3 million from third quarter 2008, a decrease of \$11.5 million from second quarter 2008 and a decrease of \$8.7 million from first quarter 2008.

2009 Call to Action

This afternoon we announced financial results for the fourth quarter of 2008 and reported net income of \$2.4 million, \$33.6 million above third quarter.



b(4)

b(4)

In our 36-year history, East West has weathered all kinds of economic storms and has repeatedly emerged a stronger, more focused institution ready to seize new opportunities. Our sound fundamentals, conservative management philosophy and focus on core operating strengths remain unchanged. The current economic cycle will eventually give way to growth and expansion. By focusing on the key objectives stated above, we will position ourselves to capture new market share and continue delivering long-term shareholder value for many years to come.

For further details regarding the Bank's financial performance in the fourth quarter and for the full year 2008, please see the attached press release.

Please direct any questions to your manager or directly to me at asktheceo@eastwestbank.com.

Ending Balance	2008 Ending Balance	Portfolio sold	Annual Run off	Runoff (\$)	Charge off	Portfolio Sold + Runoff + Chargeoff	2008 New Commitment (Production)	2009 Run Rate (as of Feb 25)	2009 New Commitment (Production)	New Balance Added	2009 Ending Balance
492	-	-	12%	67.03	12.08	79	157	116			
679	-	-	10%	83.26	2.96	86	47	176			
3,473	-	-	4%	152.00	16.85	169	394	247			
577	-	-	7%	38.44	34.76	73	26	0			
1,085	-	-	14%	160.04	20.48	181	439	284			
344	-	-	20%	77.41	16.10	94	137	60			
1,262	-	-	15%	185.91	44.10	230	161	77			
216	-	-	5%	10.94	0.41	11	55	58			
39	-	-	15%	7.71	0.75	8					
88	-	-	33%	46.42	1.50	48					
(i)	-	-	(ii)	829	150	(iii) 979	1,416	1,019			
8,256	-	-									
Total Portfolio											

b(4)

Note: VI = i+iii+V

2009 Loan Goals

East West Bank 2009 Division Head Loan Origination Goals	CRE	C&I	Trade Finance	Consumer	Residential (SFR)	Residential (MFR)	Total
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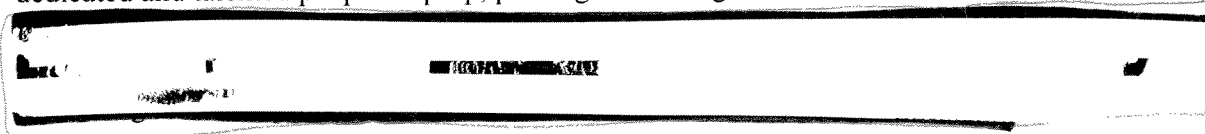
CEO UPDATE

TO: All East West Team Members
 FROM: Dominic Ng
 DATE: March 6, 2009

As we begin the third month of 2009, I am pleased to report that we are making good progress on the deposit front. I am also seeing a positive shift in our pricing strategy for both deposits and loans that is more in line with the marketplace, and in support of our efforts to improve the net interest margin. We ended 2008 with some good momentum in reducing expenses, but need to put forth greater effort in this area. On the lending side, our organic loan growth continues to be impeded by challenging economic conditions. This requires more focused outreach on the part of our relationship managers to find unique lending opportunities available in today's market.

Following the restructure of the Special Assets group in January, we further strengthened our resources in this area with the addition of two senior executives whose time is solely dedicated to the identification, workout and dissolution of problem assets. In another proactive step, the Team Leaders are now focusing on the early renewal of commercial real estate loans to secure updated appraisals and discuss renewal options with borrowers. This process will give our borrowers and the Bank insight on where certain commercial real estate loans currently stand well ahead of maturity and provide more lead time, as necessary, for modification or workout.

In tough times, the contributions of our top performing team members mean more than ever. I am deeply impressed with the results that many of you are achieving in the face of this economy – both individually and, most importantly, as a team. I am humbled to see so many dedicated and talented people step-up, pull together and give their best each and every day



I am sure that all of you are having serious thoughts and conversations about the banking industry and are wondering what's next and when things will return to normal. The situation is unsettling for everyone, especially the past couple of days as ongoing fears about the health of the nation's largest banks has driven bank stocks to new lows. The history of past market cycles tells us that things will improve – it will just take time. At East West, rest assured that we have managed our business carefully, are very well capitalized and remain dedicated to the principles of safety and soundness. I am confident in the continued financial health of East West, the strength of our franchise and our long-term prospects for future growth.

(continued)


We have just under ten months to go in 2009 – don't let the time get away from you. Remain focused on our key objectives:

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

b(4)

These objectives are areas over which we have control and successfully meeting them is what will move the Bank forward and position us for long-term growth and profitability. However, to make meaningful progress, nothing less than a focused, collective effort is required.

In closing, I would like to take this opportunity to acknowledge those of you who consistently make outstanding contributions to the Bank. Your professional competence, demonstration of the corporate values, and strong work ethic has made East West a stronger institution. To all of you, my most sincere thanks. Keep up the great work!

To: Compensation Committee
From:  b(6)
Date: February 23, 2009
Re: Compensation Review

The following memorandum discusses the new compensation rules for recipients of Treasury Department investments in preferred stock that are applicable to East West Bank. A schedule of compliance deadlines is also discussed.

Following this discussion of the new TARP rules, are management's recommendations for salary adjustments, bonuses, stock grants and promotions.

1. Treasury Rules and Compliance Dates

The American Recovery and Reinvestment Act of 2009 (the "Stimulus Bill") was signed into law on February 17, 2009. This law expands the executive compensation requirements previously imposed under the Emergency Economic Stabilization Act of 2008 ("EESA"), which established the Troubled Assets Relief Program ("TARP"). The Stimulus Bills's provisions on executive compensation are retroactive and apply to any entity that has received an investment or financial assistance under TARP (a "TARP Recipient"), which includes East West Bank.

The revised executive compensation requirements are summarized as follows:

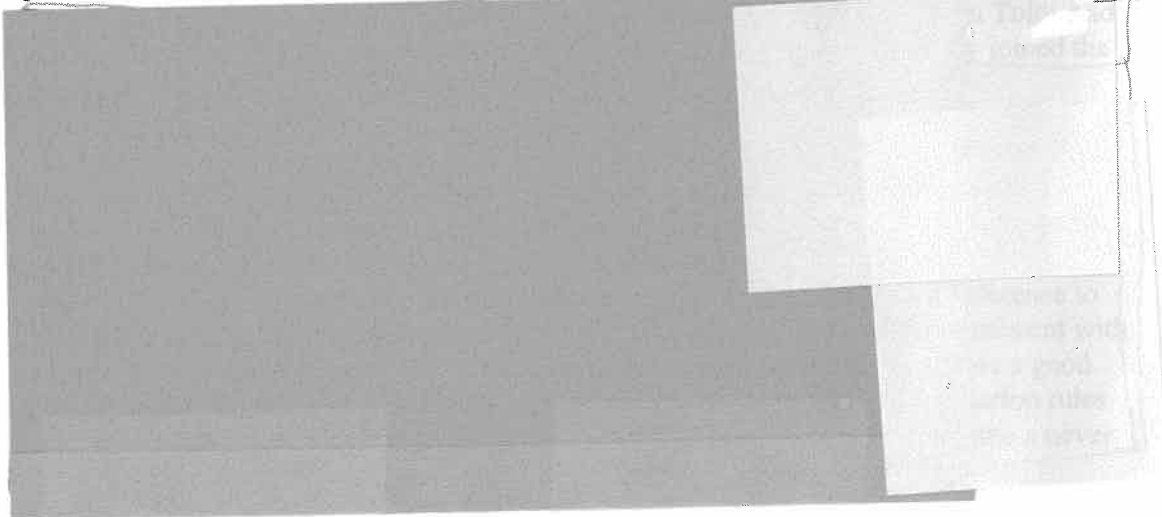
Bonus, Retention Award, and Incentive Compensation Prohibition

While the preferred stock sold to the Treasury is outstanding (the "TARP Assistance Period"), TARP Recipients are prohibited from paying or accruing any bonus, retention award, or incentive compensation (the "Bonus/Incentive Prohibition") to senior officers except for the payment or accrual of long-term restricted stock that does not fully vest during the TARP Assistance Period and has a value not greater than one-third of the total amount of annual compensation of the employee receiving the stock.

For East West Bank, the senior officers subject to this restriction are the 5 officers listed in the proxy plus the next 10 most highly compensated employees.

The Bonus/Incentive Prohibition is unclear on many points, and the American Bankers' Association and others have sought clarification on how the 10 most highly compensated officers are determined, on how the total amount of compensation is calculated for purposes of determining the 1/3 value that can be given in restricted stock, and on whether this prohibition limits the granting of stock options. It is also not clear whether these prohibitions apply to bonuses paid for work in 2008, and whether they apply prior to the time the Treasury provides further regulations to enact this new law.

The Bonus/Incentive Prohibition does not prohibit any bonus payment required to be paid pursuant to a written employment contract executed on or before February 11, 2009. ■



Board Compensation Committee

The Compensation Committee must meet at least semiannually with the Chief Risk Officer of the bank to discuss and evaluate employee compensation plans in light of an assessment of any risk posed to EWB from such plans. This is being done at this meeting, and a follow up meeting will be set up for further discussion later this year. There is no guidance from the Treasury or banking regulators as to when a compensation plan encourages "unnecessary and unreasonable risk." Other compensation committees of banks have not as yet published their criteria for how they propose to make this determination.

Luxury Expenditures Limitation Policy

The Board must adopt a company-wide policy regarding excessive or luxury expenditures, as identified by the Treasury Department. The expenditures may relate to: entertainment or events; office and facility renovations; aviation or other transportation services; or other activities or events that are not reasonable expenditures for staff development, reasonable performance incentives, or other similar measures conducted in the normal course of business operations. Management anticipates submitting a luxury expenditure policy to the Board at the March Board meeting, or a later time if Treasury regulations have not then been issued.

Nonbinding Shareholder Votes on Executive Compensation

Each TARP Recipient must permit a separate shareholder vote to approve the TARP Recipient's executive compensation, as disclosed in the TARP Recipient's Compensation Discussion and Analysis, related compensation tables, and other related material in the annual proxy (a "Say on Pay Vote"). The Say on Pay Vote will not be binding on or overrule any decisions by the TARP Recipient's board of directors. The SEC is to issue any required final rules and regulations related to the Say on Pay Vote requirement not later than one year after the date of enactment of the Stimulus Bill. We are not planning to submit a Say or Pay Vote to the shareholders this year because this provision does not seem to apply to shareholders meetings during 2009.

Review of Prior Payments to Executives

The Treasury Department is to review bonuses, retention awards, and other compensation paid to the senior executive officers and the next 20 most highly compensated employees of each entity receiving TARP assistance to determine whether any such payments were inconsistent with the purposes of the new compensation requirements. If the Treasury Department makes such a determination, it is directed to seek to negotiate with the TARP Recipient and the subject employee for appropriate reimbursements.

Certification of Compliance with Revised Executive Compensation Requirements

Each TARP Recipient's chief executive officer and chief financial officer must provide a written certification of the TARP Recipient's compliance with the requirements of the Stimulus Act in its annual filings required under the securities laws. We plan to include such certifications in the annual proxy. It is possible that these certifications will need to be part of the annual 10k, but at this point the rules are not clear and the SEC has not issued guidance as to what is intended.

Section 162(m)

TARP Recipients are subject to the \$500,000 compensation deduction limitation of Internal Revenue Code Section 162(m) (5). For this reason, the Compensation Committee no longer need set performance goals with the first 90 days of the year or to use the criteria set forth in the bonus plan approved by shareholders in order to make sure that payments are deductible. Payments will not in any event be deductible so the old rules no longer apply.

Clawback

Any bonus or incentive compensation paid to a senior executive (one of the top 5 officers set forth in the proxy plus the next 10 highest compensated officers) based on statements of earnings, gains, or other criteria that are later proven to be materially inaccurate shall be repaid to the TARP Recipient.

Severance Payments

The rules regarding severance payments under the Stimulus Bill and under the EESA are not entirely consistent but appear to restrict payments other than accrued salaries and benefits following the departure of one of the top 5 officers set forth in the proxy plus the next 5 highest compensated officers.

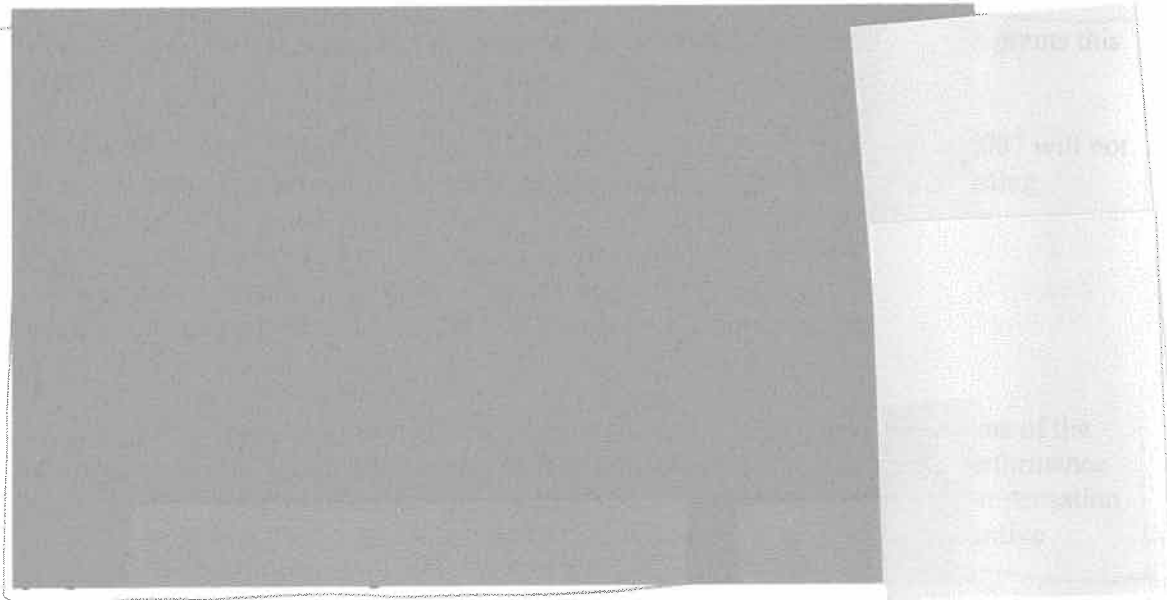
Compliance Deadlines

March 4: Compensation Committee must evaluate with the senior risk officer whether incentive compensation arrangements encourage senior executives to take unnecessary and excessive risks that could threaten the value of the financial institution.

April 4: CEO is required to certify that the Compensation Committee has reviewed the senior executives' incentive compensation arrangements with the senior risk officer to ensure that these arrangements do not encourage senior executives to take unnecessary and excessive risks that could threaten the value of the financial institution

April 14: CEO and CFO to certify that the Compensation Committee has complied with the new executive compensation standards.

2. CEO Salary, Bonus, and Stock Grants



3. Senior Officer Salary, Bonus and Stock Grants

The management recommendations for salary adjustments, bonuses and stock grants to the remainder of the senior 5 officers shown in the proxy plus other senior employees are

being reviewed at the meeting. Under the new rules, there can be no cash bonuses for the highest 15 compensated officers, and restricted stock is limited in amount to 1/3 of annual compensation.

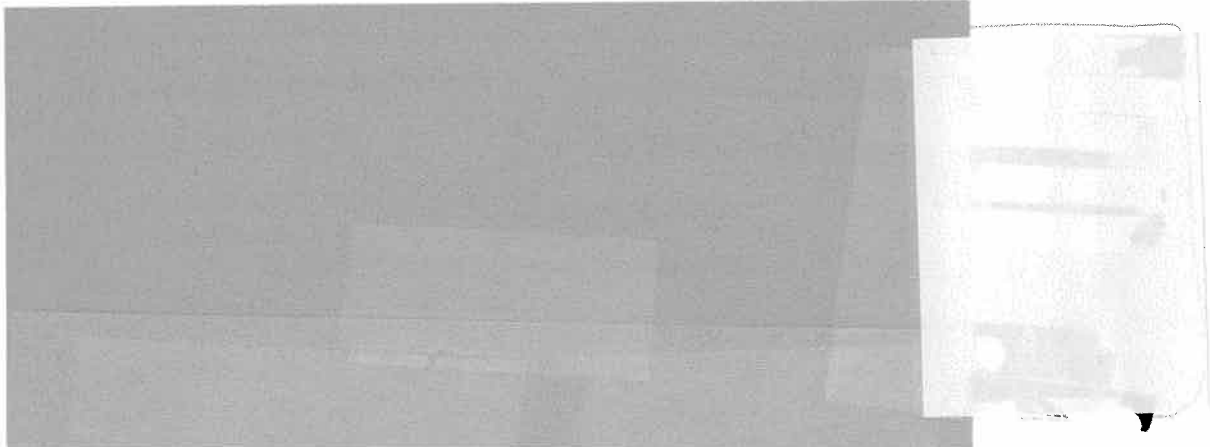
4. Aggregate Salary, Bonus and Stock Grants

The management recommendations for aggregate salary adjustments, bonuses and stock grants for all officers are being reviewed at the meeting.

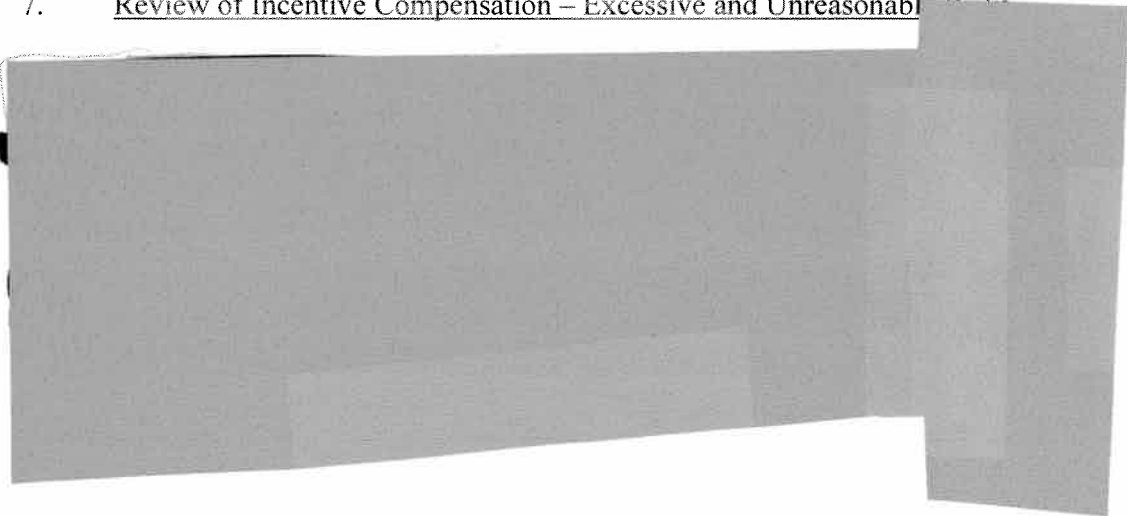
5. Officer Promotions

The management recommendations for officer promotions are being reviewed at the meeting.

6. Criteria for 2009 Bonuses



7. Review of Incentive Compensation – Excessive and Unreasonable



EX-10.13 3 a2191129zex-10_13.htm EXHIBIT 10.13
[QuickLinks](#) -- Click here to rapidly navigate through this document

Exhibit 10.13

NAMED EXECUTIVE OFFICER COMPENSATION

The following are adjustments to base salary, cash bonus payments for 2008 work, and grants of incentive stock were approved for the Company's CEO and the persons expected to be named executive officers in its proxy statement for the 2009 Annual Meeting of Shareholders.

The persons expected to be named executive officers in the proxy statement are (i) Chairman of the Board, President and Chief Executive Dominic Ng, (ii) Executive Vice President and Chief Financial Officer Thomas J. Tolda, (iii) Vice-Chairman and Director Julia Gouw, (iv) Executive Vice President and Director of Corporate Banking Wellington Chen, and (v) Executive Vice President, Credit Administration, Donald Chow. None received an adjustment to salary, a cash bonus or a grant of incentive stock, except that (i) Vice-Chairman Julia Gouw retired from management at the end of 2008 and so no longer receives a salary; she will be an outside director in 2009 and will receive director fees at the same rate as other outside directors) and (ii) Thomas J. Tolda received a bonus of \$210,000 which was contractually agreed as a minimum first year bonus at the time he joined the company as CFO in April of 2008.

The Company will provide additional information regarding the compensation paid to the named executive officers for the 2008 fiscal year in its Proxy Statement for the 2009 Annual Meeting of Shareholders.
