



# INFINITE POSSIBILITIES

TWO MARKETS. ONE FOCUS.







## INFINITE POSSIBILITIES FROM OUR STRONGER NETWORK

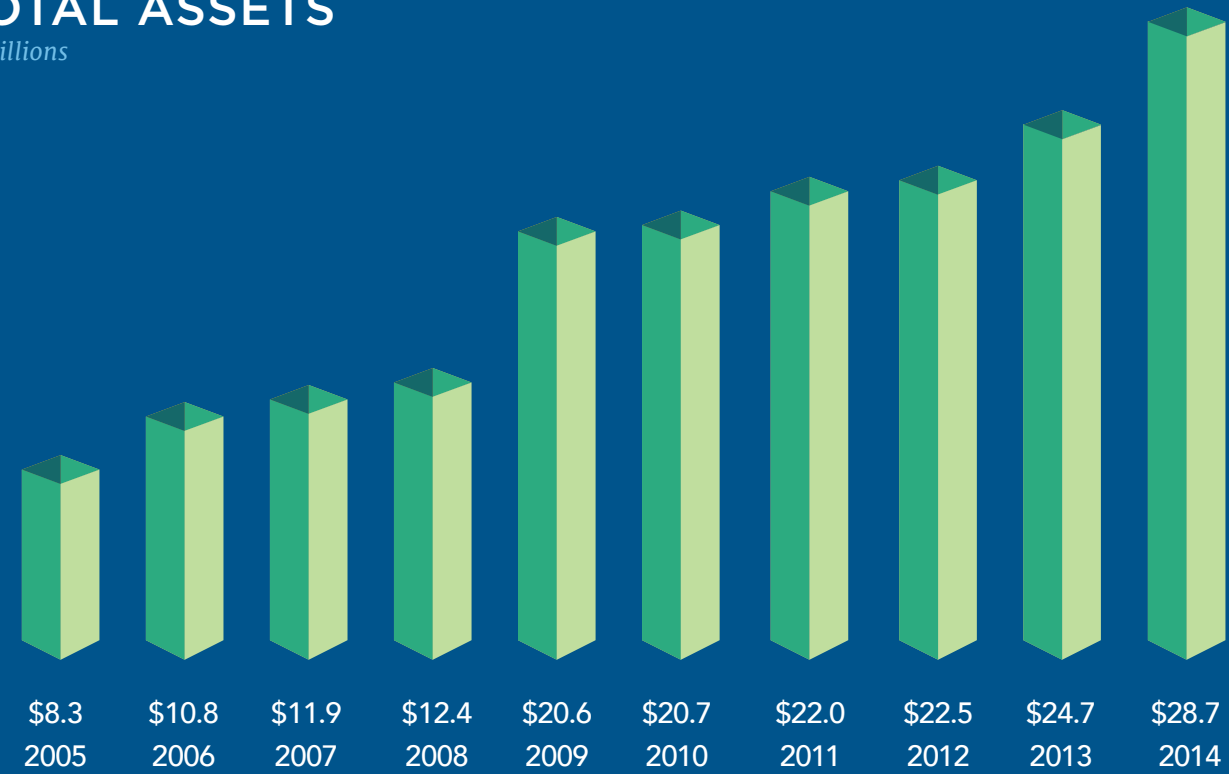
Global trade today is defined by the financial and trade relationships between the United States and Greater China, the two largest economies in the world. East West Bank is committed to providing the vital geographic connections, specialized skills and cross-border infrastructure to assist our customers in achieving their business objectives in both the United States and Greater China.

In 2014, East West Bank continued to make investments to increase our footprint and strengthen our network to facilitate more efficient trade and investment activities for our customers. As the premier financial bridge between the United States and Greater China, we are connecting these two markets and creating infinite possibilities.



## TOTAL ASSETS

in billions



Dominic Ng

“We believe our strong financial performance in 2014 is a result of the growth opportunities in the markets we serve.”

### A message from our **CHAIRMAN AND CEO**

2014 was another record year for East West. Our strong financial performance would not have been possible without the hard work and contributions of our talented associates.

In the U.S. and in Greater China, East West Bank is esteemed for its relationship-driven approach to cross-border banking. Our emphasis on creative solutions to exceed customer expectations is sustained by the seasoned expertise and professionalism of our employees, and backed by our values, chief among them absolute integrity, respect and fairness in all our business decisions. These strengths combined provide *Infinite Possibilities* for our customers, employees and shareholders — the theme of this year’s annual report.

East West Bank achieved record net income of \$342.5 million for the year

2014, or \$2.38 per diluted share, an increase of 13% per diluted share from 2013. Not only did we achieve our fifth consecutive year of record earnings in 2014, we also outperformed many of our peers, increasing both net interest income and fee income from the prior year, and resulting in a return on assets of 1.24% and a return on equity of 12.61%.

We believe our strong financial performance in 2014 is a result of the growth opportunities in the markets we serve. From Los Angeles to New York City in the United States, to Hong Kong and Shanghai in Greater China,

we are in markets with thriving business opportunities. With our collaborative, team-based approach, our dedicated associates formulate creative solutions to exceed customer expectations.

In the five years since we acquired United Commercial Bank, East West Bank has built a stronger and more diversified balance sheet. In 2014, we acquired and integrated MetroCorp Bancshares, a \$1.6 billion asset bank based in Houston, adding \$1.2 billion to our loan portfolio and \$1.3 billion to our deposit portfolio.

“Our strong financial results for 2014 are built upon years of planning, strategy and successful execution.”

In 2014, our full-service banking infrastructure further expanded in China to meet the growing cross-border banking needs of our customers. Additionally, we grew our wealth management team in both the U.S. and Hong Kong to better serve the demands of this growing customer base.

Our strong financial results for 2014 are built upon years of planning, strategy and successful execution. I believe that our strong foundation, along with the growth opportunities in the markets we serve and the tireless efforts of our dedicated employees, will provide positive returns to customers, shareholders and the communities we serve for many years to come.

Sincerely,



**Dominic Ng**  
*Chairman and Chief Executive Officer*





*Highlights of 2014*

## **BUILDING A STRONGER BRIDGE**

2014 was an exceptional year of progress for East West Bank, paving the way for our continued success in the future. Along with our outstanding financial results — double-digit increases in both net income and earnings per share — we strengthened our position as the leading financial bridge between the United States and Greater China.

Throughout 2014, East West Bank continued to support the growth potential of our customers. In all sectors where we have specialized industry expertise, including: agriculture, aviation, entertainment and media, life sciences, high tech and real estate — our comprehensive knowledge, combined with our seasoned cross-border experience, provides invaluable support for our customers. Further, throughout 2014, we continued to make investments to enhance our product offerings and capabilities, including wealth management and foreign exchange services. Our focus on cross-border collaborations and teamwork allows us to more effectively serve our customers' needs and differentiate the value we provide.





## HERE ARE A FEW HIGHLIGHTS IN WHAT WAS A STELLAR YEAR.

### FACILITATING ENTERTAINMENT AND MEDIA PARTNERSHIPS

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Over the years, East West Bank has cultivated strong ties in the entertainment industry in both the U.S. and China, facilitating co-productions and partnerships in these two countries. China's film market is the world's second largest next to the U.S. Our prospects could not be brighter for serving the cross-border financial needs in this industry and transforming today's new business opportunities into tomorrow's blockbuster movies.

Le Vision Pictures is a leading film production and distribution company in China. In 2014, the company released numerous box office hits in China, including *The*

*Expendables 3* and *Coming Home*, and generated total box office revenues of approximately US\$380 million. When Le Vision strategically expanded overseas by opening a new Los Angeles office, East West Bank, with our cross-border and entertainment industry expertise, was the perfect banking partner.

We provided financing for Le Vision's exclusive distribution in China of the upcoming Lionsgate film *Gods of Egypt*. East West Bank's cross-border expertise and market presence made it easy for Le Vision to conduct financial transactions in both USD and RMB currencies. We also helped Le Vision's executives to connect with top Hollywood production and distribution companies. The efficient collaboration and coordination between our banking experts in the

U.S. and China resulted in East West Bank becoming an indispensable partner to Le Vision as it continues to expand in the global market.

### PROVIDING VITAL CONNECTIONS

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New business opportunities are the fuel that accelerates a company's growth engine. At East West Bank, we help our customers seize new business opportunities not only through our cross-border knowledge, infrastructure, and expertise, but also through introductions to vital cross-border connections that open doors to international growth and culminate in business success.

This was the case with our customer Ray Franscioni, owner of a U.S.-

based agribusiness growing over 8,000 acres of row crop vegetables and cultivating over 2,000 acres of vineyards in the Monterey and San Benito counties of California. Historically, Ray sold grapes to major wineries in the region. Aware of China's growing demand for wine imports, Ray perceived a new business opportunity. He had long wanted to create his own private label and distribute estate-grown wine in the United States and key overseas markets, in particular China. Opportunity knocked at last.

East West Bank provided Ray with a line of credit and equipment financing to support the existing farming and vineyard operations, as well as the development of his new winery. East West Bank also introduced Ray to a customer of the bank, who was interested in exporting Ray's wine to China. Today, Ray's "Puma Road" wine is distributed in China. Having established a trusting partnership, Ray and his new partner are now in discussion about future expansion opportunities. This success story is just another

example of East West Bank's acute focus on relationship-driven banking.

### EXPANDING OUR CROSS- BORDER NETWORK

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As our bridge extends geographically, we are able to reach more customers with our products and capabilities in both the U.S. and Greater China. In 2014, we acquired MetroCorp Bancshares, a \$1.6 billion asset bank based in Houston, extending our market reach throughout Texas and Southern California. In Greater China, our representative office in Shenzhen was converted into a full-service branch to help our customers facilitate trade activities between mainland China, Hong Kong and the U.S. In Shanghai, we opened a branch in the Shanghai Pilot Free Trade Zone (FTZ), giving us the opportunity to assist customers with their complex financial needs. The FTZ exemplifies China's growing commitment to liberalize trade and investment, positioning East West Bank at the forefront of these economic reforms.



Opened a branch in the Shanghai Pilot Free Trade Zone, giving us the opportunity to assist customers with their complex financial needs.

Converted our representative office in Shenzhen into a full-service branch to help our customers facilitate trade activities between mainland China, Hong Kong and the U.S.

- 5 Full-Service Branches:**  
Hong Kong, Shanghai, Shanghai FTZ, Shantou, Shenzhen
- 5 Representative Offices:**  
Beijing, Chongqing, Guangzhou, Taipei, Xiamen



**2<sup>ND</sup> LARGEST**  
INDEPENDENT BANK HEADQUARTERED  
IN SOUTHERN CALIFORNIA

**93 BRANCHES**  
IN CALIFORNIA

**130+ LOCATIONS**  
THROUGHOUT THE U.S. AND GREATER CHINA

**2,700+ EMPLOYEES**

Acquired MetroCorp Bancshares, a \$1.6 billion asset bank based in Houston, extending our market reach throughout Texas and Southern California.

## IMPROVING OUR PRODUCTS AND SERVICES

At East West Bank, we are continually broadening our services and products. Our mobile banking apps enable customers to check their account balances, deposit checks and pay bills on the go, among other capabilities. We take great satisfaction in making banking convenient for our customers.

Recognizing that the demand for wealth management products and

services is increasing, we continued to grow our bilingual and bicultural wealth management teams in the U.S. and Hong Kong. Whether we are providing guidance for first-time investors or estate planning for established customers seeking to bestow their legacy to future generations, our investment professionals will construct a personalized plan to help them reach their goals.

Further, we continued to develop our foreign exchange capabilities

and increase the number of team members, deepening our ability to provide our cross-border customers with currency risk management best practices from a trusted partner.

We are constantly seeking ways to optimize the customer experience through the products and services we provide. We have been making great strides, and we are pleased to be acknowledged by *Hurun Report* as the "Best Bank for Global Chinese in the USA" in its *Best of the Best Awards 2015*.

## A SECURE INFRASTRUCTURE

With data breaches increasingly a concern for companies in all industry sectors, we have further strengthened our traditional, online and mobile banking security infrastructure to ensure the safety and security of our customers' personal data. Our multilayered security strategy mitigates attacks across our network down to the system and application levels, protecting our

customers from fraudulent activity both on and offline.

## TALENT AND LEADERSHIP DEVELOPMENT

At East West Bank, our most valuable asset is our people. With that in mind, we have created programs to fill leadership and managerial roles internally through associate development and career planning, improving the level of associate engagement, productivity and retention. Examples of the

programs we have created include a leadership development program to hone the strategic thinking and business skills of our managers, and a high-potential program whereby tomorrow's leaders are identified, and their skills are cultivated to prepare them for greater responsibilities ahead.

Together, these continuous improvements in our products, processes and people provide our customers with consistently superior service as they endeavor to achieve infinite possibilities.



# LONG-STANDING COMMITMENT TO OUR COMMUNITIES

East West Bank is privileged to serve as the premier financial bridge between the U.S. and Greater China, but our commitment to building connections doesn't stop there. Equally important to us is our ability to help make the communities we serve more vibrant places to live and work. In 2014, we continued in our efforts to help provide more affordable housing, improve financial literacy and assist the underprivileged. We're more than a bank; we strive to be a conduit for change. We stand as an institution devoted to improving the lives of people and businesses by applying our knowledge, expertise and resources to help a wide base of customers, including underserved populations.



— Operation HOPE

“Operation HOPE truly values our partnership with East West Bank that has lasted for many years. Thanks to the generous support of East West Bank, we are able to continue Dr. Martin Luther King’s work by taking the step from Civil Rights to Silver Rights, providing financial and economic empowerment tools and services to youth, adults and families who need it most.”

— Lance Triggs, CEO, Los Angeles and Division President, HOPE Financial Dignity Centers Operation HOPE, Inc.

## AFFORDABLE HOUSING

In 2014, we continued to finance low-income housing in the communities we serve. Since 1996, we have provided more than \$1.44 billion in financing for affordable housing projects.

We financed the development of the Alhambra, a 160-unit multifamily housing complex in Davis, California. The apartments are restricted to tenants with a maximum income of 80% of the median income for the area. Rental rates are approximately 20% to 35% less than the current market.

Additionally, we financed the development of Kitts Corner, a 216-unit multifamily project in Federal Way, Washington. Tenancy is restricted to those earning no more than 60% of the median income for the area. Rental rates for Kitts Corner average approximately 20% less than the current market for apartments as large as five bedrooms with top-notch amenities. The project increases the availability of homes to lower-income families in the area by 500%.

These are just two examples of the many vital affordable housing projects we have financed through the years in the communities we serve. For the past two decades, providing financing for low-income housing has been a focus of our community development program. We are proud to state that many of the projects we have financed over the years have contributed to making the communities we serve more vibrant places to live and work.

## FINANCIAL LITERACY

The foundation of East West Bank’s community efforts is financial literacy. In 2014, we deepened this commitment through our partnership with Operation HOPE in two programs: “Banking on Our Future” and “HOPE Business in a Box Academy.” We also continued our financial literacy partnerships with other organizations, such as Junior Achievement and the FDIC, through its Money Smart program.

The Banking on Our Future program is focused on keeping the most at-risk youths free from

repeating the cycles of poverty and despair that have trapped their families and communities. The program’s mission is to empower youth by teaching financial literacy and providing them with tools for success. The HOPE Business in a Box Academy program, cosponsored by Operation HOPE and Gallup, seeks to nurture the talents of young people through role modeling and instruction to become future entrepreneurs and business leaders.

Similarly, our long-standing partnerships with Junior Achievement and the FDIC, support education initiatives across the country to improve financial literacy, help people set personal financial goals, and learn the tools of financial management.

Other projects in 2014 included our partnership with the Houston Rockets basketball team in the “Save Smart, Score Big” financial literacy program. Through this program, our employees volunteered and taught financial management and responsibility to students at two schools in Houston — Henry F. MacGregor Elementary



and Harmony School of Ingenuity. East West Bank also made financial contributions to these schools, which went toward a new state-of-the-art computer lab for the students at Henry F. MacGregor Elementary, and new facilities for the students at Harmony School of Ingenuity.

We also continue our partnership with the U.S. Small Business Administration and provide small business and minority loans, and multilingual workshops.

## GIVING BACK TO OUR COMMUNITY

In 2014, we teamed up for the seventh year in a row with the Lakers Youth Foundation to kick off its annual "Season of Giving." This program provides families in need with financial assistance, helping them share in the joy of the holiday season.

Among the series of events funded by this program in 2014 was a Thanksgiving Feast at the Downtown Women's Center in

Los Angeles. At this event, our employees volunteered to prepare dinner for homeless and low-income women. We also participated in the turkey and pie giveaway event at the Salvation Army in Inglewood, California, distributing full Thanksgiving dinners to families.

The Season of Giving also included the Holiday Party for Kids event at the Toyota Sports Center in El Segundo, California. The event brought together 100 children from a local public school, members of the Lakers basketball team and our East West Bank employees who

"We truly value our partnership with East West Bank. Thanks to their generous support, United Way can continue its mission to break the cycle of poverty, ensuring our neighbors have a place to call home, our students graduate on time ready for college and a career, and families are financially secure."

— Elise Buik, President and CEO, United Way of Greater Los Angeles

volunteered to help celebrate the holiday season. In addition, we also partnered with the Lakers to join the U.S. Marine Corps annual Toys for Tots program, providing toys and gifts for 50 children from the Boys and Girls Clubs of Whittier and East Los Angeles.

At East West, we have been a supporter of the United Way for the past 18 years. Our companywide commitment to this organization

has raised millions of dollars for those in greatest need. Last year, our contributions supported the United Way of Greater Los Angeles' "Creating Pathways Out of Poverty" initiative, whose mission statement is to break the cycle of poverty for our most vulnerable neighbors, which include families, students, veterans and the homeless.

In 2014, we also entered our eighth annual United Way HomeWalk. At

this event, 300 East West Bank employees participated to help raise money to provide permanent housing for the homeless.

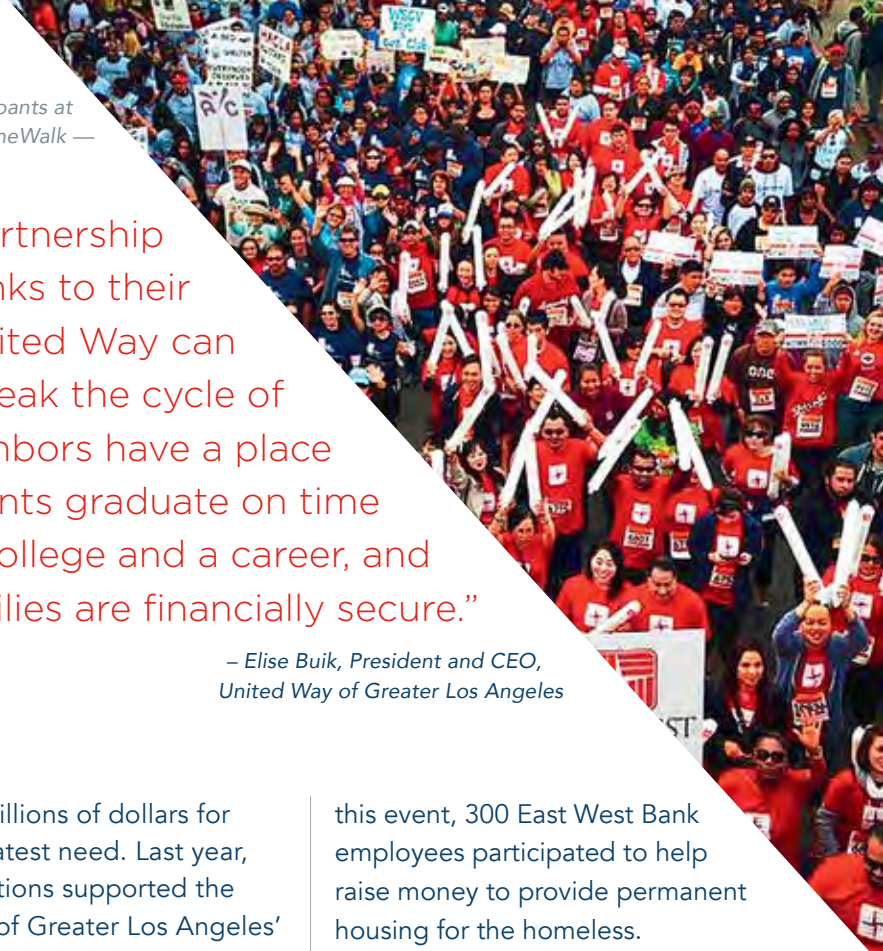
Further, in 2014, East West Bank was a partner in the Real Change Movement, an initiative focused on raising awareness and raising funds for the issues of homelessness.

Together, we are building a stronger community.

"The Real Change Movement is an innovative program that leverages public goodwill to make a lasting improvement in the lives of our homeless population in Pasadena. This collaborative effort is made possible by our network of community partners and the foundational financial support of East West Bank."

— Bill Bogaard, Mayor of Pasadena

300 East West Bank participants at the 2014 United Way HomeWalk —



East West Bank volunteers lent a hand to prepare dinner for homeless and low-income women at the Downtown Women's Center in Los Angeles —

— Jeremy Lin spent time and played games with underserved youth at the Lakers Youth Foundation's "Season of Giving" kick off event with East West Bank

— Julia S. Gow, President and COO of East West Bank, showing support for the Real Change Movement







Julia S. Gouw

“We remain committed to maintaining strong capital levels that support our balance sheet growth, while providing a strong return to shareholders.”

## NET INCOME

in millions



### A message from our **PRESIDENT AND COO**

For the fifth year in a row, East West Bank has generated record earnings. We earned \$342.5 million, or \$2.38 per diluted share for 2014, an increase in diluted earnings per share of 13% from 2013. For the full year 2014, our return on assets was 1.24%, and our return on equity was 12.61%. Our corporate goal is to be one of the best performing banks and consistently outperform peer banks. In 2014, East West Bank was ranked in the top 20 of the 100 best banks in America by *Forbes* for the fifth consecutive year. We believe our financial results for 2014 reflect a strong achievement of our goal.

Our ability to prudently and profitably increase our loans and deposits, while maintaining strong credit quality and operating efficiency, underpins our robust financial performance year after year.

In 2014, total loans increased to a record \$21.8 billion, an increase of \$3.7 billion or 20% year-over-year. Excluding the impact of the MetroCorp acquisition, which closed in January 2014, loan growth during the year was \$2.5 billion, or 14%. We experienced strong organic growth across the loan portfolio, including commercial and industrial loans, commercial real estate and residential real estate loans.

East West Bank also continues to actively grow low-cost core deposits from our retail and commercial customers. Core deposits reached a record \$17.9 billion in 2014, of which \$7.4 billion were noninterest-bearing demand deposits. Our total deposits reached a record \$24.0 billion as of December 31, 2014. Excluding the impact of \$1.3 billion in deposits added from the MetroCorp acquisition, the year-over-year deposit growth was \$2.3 billion, or 11%. The increasing diversification of both loans and deposits over the past five years has transformed our balance sheet.

Total fee income for 2014 was

\$134.3 million, an increase of \$19.0 million, or 16% from 2013. Although our fee income as a percentage of total revenue is lower than many of our peers, we are making great progress toward increasing these noncapital-intensive business lines.

We continued to maintain strong asset quality and operating efficiency. As of December 31, 2014, noncovered, nonperforming assets were 0.45% of total assets, an improvement of 8 basis points from December 31, 2013. Additionally, our efficiency ratio for the full year 2014 was 45.28%, up slightly from 43.76% for the full year 2013, but still lower than many of our peers.



## LOAN GROWTH

in billions

TOTAL LOANS 



## DEPOSIT GROWTH

in billions

TOTAL DEPOSITS 



# TOP 25 LARGEST PUBLIC BANKS

in the U.S. by market capitalization

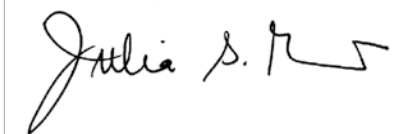
We ended 2014 with total stockholders' equity of \$2.9 billion and tangible equity of \$2.3 billion. As of December 31, 2014, East West's Tier 1 risk-based capital and total risk-based ratios were 11.0% and 12.6%, respectively, compared to the well-capitalized requirements of 6% and 10%, respectively. Effective January 1, 2015, the risk weighting of many of our assets will change due to the impact of Basel III risk weighting requirements and the end of the UCB commercial loss share agreement. If these risk weighting changes had been applied effective December 31, 2014, our capital levels would

still be substantially higher than the well-capitalized regulatory requirements. We remain committed to maintaining strong capital levels that support our balance sheet growth, while providing a strong return to shareholders. In early 2015, the board of directors approved an increase in the annual dividend rate from \$0.72 to \$0.80 per share, an increase of 11%.

Looking back on another great year of record achievement for East West Bank, we are confident in the value of our strategy to be the bridge between the East and the West. We will continue to dedicate resources

to improve our capabilities, build our infrastructure and ensure strong risk management to provide infinite possibilities to our customers and our shareholders for many more years to come.

Sincerely,



**Julia S. Gouw**  
President and Chief Operating Officer



# INVESTOR INFORMATION

## COMMON STOCK AND DIVIDENDS

East West Bancorp, Inc. common stock trades on the NASDAQ Global Select market under the symbol EWBC. As of December 31, 2014, there were 143,582,229 shares of common stock outstanding.

The following table sets forth the range of closing prices for the company's common stock for each of the quarters in the years ended December 31, 2014 and 2013.

YEAR ENDED DECEMBER 31:	2014		2013	
	HIGH	LOW	HIGH	LOW
First quarter	\$38.10	\$31.73	\$25.78	\$22.29
Second quarter	36.79	32.69	27.50	22.67
Third quarter	36.72	33.27	31.95	27.98
Fourth quarter	39.31	31.65	35.15	32.18

East West Bancorp quarterly cash dividends on common stock, when and if declared by the board of directors, are distributed in February, May, August and November.

## ANNUAL MEETING

The 2015 Annual Meeting of Stockholders will be held at 2:00 p.m. Pacific Daylight Time on Tuesday, May 5, 2015, at:

**East West Bank  
Corporate Headquarters**  
135 N. Los Robles Avenue, 6th Floor  
Pasadena, CA 91101

Formal notice of the meeting with a proxy card and proxy statement is being mailed to all stockholders of record as of March 9, 2015.

The proxy statement, annual report on Form 10-K and proxy card are available at: [eastwestbank.com/annual](http://eastwestbank.com/annual).

## STOCK TRANSFER STATEMENT

Shareholders with inquiries about accounts, lost stock certificates or changes of address may contact the Computershare customer service department by calling 877.254.8651, available 24 hours a day. Written correspondence may be sent to the following address:

**Computershare**  
250 Royall Street  
Canton, Massachusetts 02021

## FINANCIAL INFORMATION AND MAILINGS

You may obtain the company's annual reports on Form 10-K, quarterly financial results and other financial information by writing or calling:

**East West Bancorp, Inc.  
Investor Relations**  
135 N. Los Robles Avenue, 7th Floor  
Pasadena, California 91101  
626.768.6000

Alternatively, company information and news releases are also available at [www.eastwestbank.com](http://www.eastwestbank.com). To receive company news releases via e-mail, please contact Investor Relations at the telephone number or address above or sign up at [www.eastwestbank.com/investors](http://www.eastwestbank.com/investors).

## East West Bancorp, Inc. and Subsidiaries

# FIVE-YEAR SUMMARY OF SELECTED FINANCIAL INFORMATION

(in thousands, except per share data)

	2014	2013	2012	2011	2010
<b>Summary of Operations</b>					
Interest and dividend income	\$ 1,153,698	\$ 1,068,685	\$ 1,051,095	\$ 1,080,448	\$ 1,095,831
Interest expense	112,820	112,492	132,168	177,422	201,117
Net interest income before provision for loan losses	1,040,878	956,193	918,927	903,026	894,714
Provision for loan losses on non-covered loans	44,125	18,336	60,168	92,584	195,934
Provision for loan losses on covered loans	5,033	4,028	5,016	2,422	4,225
Net interest income after provision for loan losses	991,720	933,829	853,743	808,020	694,555
Noninterest (loss) income <sup>(1)</sup>	(11,714)	(92,468)	(5,618)	10,924	39,270
Noninterest expense	564,551	415,511	422,533	435,610	477,916
Income before provision for income taxes	415,455	425,850	425,592	383,334	255,909
Provision for income taxes	72,972	130,805	143,942	138,100	91,345
Net income	342,483	295,045	281,650	245,234	164,564
Preferred stock dividends, amortization of preferred stock discount, and inducement of preferred stock conversion	—	3,428	6,857	6,857	43,126
Net income available to common stockholders	\$ 342,483	\$ 291,617	\$ 274,793	\$ 238,377	\$ 121,438

## Per Common Share

Basic earnings	\$ 2.39	\$ 2.11	\$ 1.92	\$ 1.62	\$ 0.88
Diluted earnings	\$ 2.38	\$ 2.10	\$ 1.89	\$ 1.60	\$ 0.83
Dividends declared	\$ 0.72	\$ 0.60	\$ 0.40	\$ 0.16	\$ 0.04
Book value	\$ 19.85	\$ 17.18	\$ 16.39	\$ 14.92	\$ 13.67

## Average Common Shares Outstanding:

Basic	142,952	137,342	141,457	147,093	137,478
Diluted	143,563	139,574	147,175	153,467	147,102
Common shares outstanding at period-end	143,582	137,631	140,294	149,328	148,543

## At Year End:

Total assets	\$ 28,738,049	\$ 24,730,068	\$ 22,536,110	\$ 21,968,667	\$ 20,700,537
Non-covered loans, net of allowance	19,994,081	15,412,715	11,710,190	10,061,788	8,430,199
Covered loans, net of allowance	1,474,189	2,187,898	2,935,595	3,923,142	4,800,876
Investment securities	2,626,365	2,733,797	2,607,029	3,072,578	2,875,941
Customer deposits	24,008,774	20,412,918	18,309,354	17,453,002	15,641,259
Long-term debt	225,848	226,868	137,178	212,178	235,570
Federal Home Loan Bank advances	317,241	315,092	312,975	455,251	1,214,148
Stockholders' equity	2,850,568	2,364,225	2,382,122	2,311,743	2,113,931

## Financial Ratios:

Return on average assets	1.24 %	1.25 %	1.29 %	1.14 %	0.82 %
Return on average equity	12.61	12.59	12.14	10.98	7.02
Common dividend payout ratio	30.37	28.57	20.96	10.02	4.57
Average stockholders' equity to average assets	9.83	9.95	10.62	10.36	11.62
Net interest margin	4.03	4.38	4.63	4.66	5.05

## Asset Quality Ratios:

Net charge-offs on non-covered loans to average total non-covered loans	0.14 %	0.03 %	0.38 %	1.16 %	2.35 %
Nonperforming assets to total assets	0.45	0.53	0.63	0.80	0.94
Allowance for loan losses on non-covered loans to total gross non-covered loans	1.27	1.54	1.92	2.04	2.64

<sup>(1)</sup> Changes in FDIC indemnification asset and receivable/payable was a charge of \$201.4 million, \$228.6 million, \$122.3 million, \$100.1 million and \$83.2 million in 2014, 2013, 2012, 2011 and 2010, respectively. There were no other-than-temporary impairment ("OTTI") charges related to investment securities in 2014 and 2013. 2012, 2011 and 2010 include OTTI charges related to investment securities of \$99 thousand, \$633 thousand and \$16.7 million, respectively. Pre-tax gain on acquisition was \$22.9 million in 2010.



**CONSOLIDATED BALANCE SHEETS***(in thousands, except per share data)*

December 31,	2014	2013
<b>Assets</b>		
Cash and cash equivalents	\$ 1,039,885	\$ 895,820
Short-term investments	338,714	257,473
Securities purchased under resale agreements	1,225,000	1,300,000
Investment securities available-for-sale, at fair value	2,626,365	2,733,797
Loans held for sale	45,950	204,970
Non-covered loans (net of allowance for loan losses of \$258,174 in 2014 and \$241,930 in 2013)	19,994,081	15,412,715
Covered loans (net of allowance for loan losses of \$3,505 in 2014 and \$7,745 in 2013)	1,474,189	2,187,898
Total loans receivable, net	21,468,270	17,600,613
FDIC indemnification asset, net	—	74,708
Other real estate owned, net	27,612	18,900
Other real estate owned covered, net	4,499	21,373
Total other real estate owned	32,111	40,273
Investment in Federal Home Loan Bank stock, at cost	31,239	62,330
Investment in Federal Reserve Bank stock, at cost	54,451	48,333
Investment in affordable housing partnerships, net	178,652	164,776
Premises and equipment (net of accumulated depreciation of \$85,409 in 2014 and \$69,768 in 2013)	180,900	177,710
Premiums on deposits acquired, net	45,309	46,920
Goodwill	469,433	337,438
Other assets	1,001,770	784,907
<b>Total</b>	<b>\$ 28,738,049</b>	<b>\$ 24,730,068</b>
<b>Liabilities and Stockholders' Equity</b>		
Customer deposit accounts:		
Noninterest-bearing	\$ 7,381,030	\$ 5,821,899
Interest-bearing	16,627,744	14,591,019
Total deposits	24,008,774	20,412,918
Securities sold under repurchase agreements	795,000	995,000
Payable to FDIC, net	96,106	—
Federal Home Loan Bank advances	317,241	315,092
Long-term debt	225,848	226,868
Accrued expenses and other liabilities	444,512	415,965
Total liabilities	25,887,481	22,365,843
<b>STOCKHOLDERS' EQUITY</b>		
Common stock, \$0.001 par value, 200,000,000 shares authorized; 163,772,218 and 163,098,008 shares issued in 2014 and 2013, respectively; 143,582,229 and 137,630,896 shares outstanding in 2014 and 2013, respectively.	164	163
Additional paid in capital	1,677,767	1,571,670
Retained earnings	1,598,598	1,360,130
Treasury stock, at cost — 20,189,989 shares in 2014 and 25,467,112 shares in 2013.	(430,198)	(537,279)
Accumulated other comprehensive income (loss), net of tax	4,237	(30,459)
Total stockholders' equity	2,850,568	2,364,225
<b>Total</b>	<b>\$28,738,049</b>	<b>\$24,730,068</b>

**CONSOLIDATED STATEMENTS OF INCOME***(in thousands, except per share data)*

Year Ended December 31,	2014	2013	2012
<b>Interest and Dividend Income</b>			
Loans receivable, including fees	\$1,059,205	\$979,394	\$945,530
Investment securities	44,684	43,846	58,184
Securities purchased under resale agreements	20,323	21,236	20,392
Investment in Federal Home Loan Bank and Federal Reserve Bank stock	6,272	6,869	4,673
Due from banks and short-term investments	23,214	17,340	22,316
Total interest and dividend income	1,153,698	1,068,685	1,051,095
<b>Interest Expense</b>			
Customer deposit accounts	65,486	63,496	75,895
Federal Home Loan Bank advances	4,116	4,173	6,248
Securities sold under repurchase agreements	38,395	41,381	46,166
Long-term debt	4,823	3,436	3,855
Other borrowings	—	6	4
Total interest expense	112,820	112,492	132,168
<b>Net interest income before provision for loan losses</b>	1,040,878	956,193	918,927
Provision for loan losses on non-covered loans	44,125	18,336	60,168
Provision for loan losses on covered loans	5,033	4,028	5,016
<b>Net interest income after provision for loan losses</b>	991,720	933,829	853,743
<b>Noninterest (Loss) Income</b>			
Impairment loss on investment securities	—	—	(5,165)
Less: Noncredit-related impairment loss recorded in other comprehensive income	—	—	5,066
Net impairment loss on investment securities recognized in earnings	—	—	(99)
Changes in FDIC indemnification asset and receivable/payable	(201,417)	(228,585)	(122,251)
Branch fees	37,866	32,036	30,906
Net gains on sales of investment securities	10,851	12,089	757
Letters of credit fees and commissions	25,941	22,116	19,104
Ancillary loan fees	10,616	9,368	8,831
Foreign exchange income	11,381	12,658	7,166
Net gains on sales of loans	39,132	7,750	17,045
Dividend and other investment income	5,464	993	(439)
Other commission and fee income	29,419	20,400	16,349
Other operating income	19,033	18,707	17,013
Total noninterest loss	(11,714)	(92,468)	(5,618)
<b>Noninterest Expense</b>			
Compensation and employee benefits	231,838	175,906	171,374
Occupancy and equipment expense	63,815	56,641	55,475
Amortization of investments in affordable housing partnerships and other tax credit investments	75,660	27,268	18,058
Amortization of premiums on deposits acquired	10,204	9,365	10,906
Deposit insurance premiums and regulatory assessments	21,922	16,550	14,130
Loan related expenses	3,438	12,520	14,987
Other real estate owned (income) expense	(3,591)	(1,128)	22,349
Legal expense	53,018	31,718	25,441
Data processing	15,888	9,095	9,231
Other operating expenses	92,359	77,576	80,582
Total noninterest expense	564,551	415,511	422,533
<b>Income Before Taxes</b>	415,455	425,850	425,592
<b>Provision For Income Taxes</b>	72,972	130,805	143,942
<b>Net Income</b>	342,483	295,045	281,650
Preferred Stock Dividends	—	3,428	6,857
<b>Net Income Available to Common Stockholders</b>	\$ 342,483	\$ 291,617	\$ 274,793
<b>Earnings Per Share Available to Common Stockholders</b>			
Basic	\$ 2.39	\$ 2.11	\$ 1.92
Diluted	\$ 2.38	\$ 2.10	\$ 1.89
<b>Weighted Average Number of Shares Outstanding</b>			
Basic	142,952	137,342	141,457
Diluted	143,563	139,574	147,175
<b>Dividends Declared Per Common Share</b>			
	\$ 0.72	\$ 0.60	\$ 0.40





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East West Bancorp  
2014 Annual Report

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