Blaser Brian J
Form 4
February 26, 2019

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL
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(Print or Type Responses)

1. Name and Address of Reporting Person *
Blaser Brian J
(Last) (First) (Middle)
100 ABBOTT PARK ROAD
(Street)
ABBOTT PARK, IL 60064-6400
(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
ABBOTT LABORATORIES [ABT]

3. Date of Earliest Transaction (Month/Day/Year)
02/22/2019

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer
(Check all applicable)
_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Executive Vice President

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common shares without par value	02/22/2019		A		28,405 (1)	A	$ 0	161,563	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount o Number o Shares
Option (right to buy) (2)	$ 75.9	02/22/2019		A		148,895		02/22/2020	02/21/2029	Common shares	148,89

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Blaser Brian J 100 ABBOTT PARK ROAD ABBOTT PARK, IL 60064-6400			Executive Vice President	

Signatures

Jessica H. Paik, by power of attorney for Brian J. Blaser	02/26/2019
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) These shares represent performance-based restricted stock awards under the Abbott Laboratories 2017 Incentive Stock Program. The awards have a 3-year term, with no more than 1/3 of the award vesting in any one year upon Abbott reaching a minimum return on equity target. The awards include the right to have stock withheld for tax purposes.

(2) Employee stock option granted pursuant to the Abbott Laboratories 2017 Incentive Stock Program in a transaction exempt from Section 16 under Rule 16b-3. The option becomes exercisable in annual increments of 49,631 on February 22, 2020, 49,632 on February 22, 2021, and 49,632 on February 22, 2022.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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Net income (loss)

$245,234 $164,564 $76,642 $(49,683)$161,167

PREFERRED STOCK DIVIDENDS, AMORTIZATION OF PREFERRED STOCK DISCOUNT, AND INDUCEMENT OF PREFERRED STOCK CONVERSION

6,857 43,126 49,115 9,474

NET INCOME (LOSS) AVAILABLE TO COMMON STOCKHOLDERS

$238,377 $121,438 $27,527 $(59,157)$161,167

Per Common Share

Basic earnings (loss) per share

$1.62 $0.88 $0.35 (0.94)2.63

Diluted earnings (loss) per share

$1.60 $0.83 $0.33 (0.94)2.60

Common dividends per share

$0.16 $0.04 $0.05 $0.40 $0.40

Average number of shares outstanding, basic

147,093 137,478 78,770 62,673 61,180

Average number of shares outstanding, diluted

153,467 147,102 84,523 62,673 62,093

At Year End:

Total assets

$21,968,667 $20,700,537 $20,559,212 $12,422,816 $11,852,212

Loans receivable

10,061,788 8,430,199 8,218,671 8,069,377 8,750,921

Covered loans

3,923,142 4,800,876 5,598,155

Investment securities

3,072,578 2,875,941 2,564,081 2,162,511 1,887,136

Deposits

17,453,002 15,641,259 14,987,613 8,141,959 7,278,914

Federal Home Loan Bank advances

455,251 1,214,148 1,805,387 1,353,307 1,808,419

Stockholders' equity

2,311,743 2,113,931 2,284,659 1,550,766 1,171,823

Common shares outstanding

149,328
148,543
109,963
63,746
63,137

Book value per common share

$14.92 $13.67 $14.37 $16.92 $18.56

Financial Ratios:

Return on average assets

1.14% 0.82% 0.55% (0.42)% 1.45%

Return on average common equity

11.08 6.42 2.37 (5.41) 14.89

Return on average total equity

10.98 7.02 4.69 (3.99) 14.89

Common dividend payout ratio

10.02 4.57 13.03 N/A 15.27

Average stockholders' equity to average assets

10.36 11.62 11.81 10.55 9.77

Net interest margin

4.66 5.05 3.76 3.19 3.94

Efficiency ratio(2)

43.04 47.51 43.85 45.94 37.44

Asset Quality Ratios:

Net chargeoffs to average non-covered loans

1.16% 2.35% 5.69% 1.64% 0.08%

Nonperforming assets to total assets

0.80 0.94 0.91 2.12 0.57

Allowance for loan losses to total gross non-covered loans

2.04 2.64 2.81 2.16 1.00

(1) 2011, 2010 and 2009 include other-than-temporary ("OTTI") charges relating to investment securities of $633 thousand, $16.7 million and $107.7 million, respectively, and pre-tax gain on acquisition of $22.9 million and $471.0 million during 2010 and 2009, respectively.

(2) Represents noninterest expense, excluding the amortization of intangibles, amortization and impairment write-downs of premiums on deposits acquired, impairment write-down on goodwill, and investments in affordable housing partnerships, divided by the aggregate of net interest income before provision for loan losses and noninterest income, excluding impairment write-downs on investment securities and other equity investments.

39

Table of Contents

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion provides information about the results of operations, financial condition, liquidity, and capital resources of East West Bancorp, Inc. and its subsidiaries. This information is intended to facilitate the understanding and assessment of significant changes and trends related to our financial condition and the results of our operations. This discussion and analysis should be read in conjunction with our consolidated financial statements and the accompanying notes presented elsewhere in this report.

Critical Accounting Policies

Our financial statements are prepared in accordance with accounting principles generally accepted in the United States of America and general practices within the banking industry. The financial information contained within these statements is, to a significant extent, financial information that is based on approximate measures of the financial effects of transactions and events that have already occurred. All of our significant accounting policies are described in Note 1 to our consolidated financial statements presented elsewhere in this report and are essential to understanding Management's Discussion and Analysis of Financial Condition and Results of Operations. Various elements of our accounting policies, by their nature, are inherently subject to estimation techniques, valuation assumptions and other subjective assessments. In addition, certain accounting policies require significant judgment in applying complex accounting principles to individual transactions to determine the most appropriate treatment. We have established procedures and processes to facilitate making the judgments necessary to prepare financial statements.

The following is a summary of the more judgmental and complex accounting estimates and principles. In each area, we have identified the variables most important in the estimation process. We have used the best information available to make the estimations necessary to value the related assets and liabilities. Actual performance that differs from our estimates and future changes in the key variables could change future valuations and impact net income.

Fair Value of Financial Instruments

Fair value is the price that could be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Based on the observability of the inputs used in the valuation techniques, we classify our financial assets and liabilities measured and disclosed at fair value in accordance within the three-level hierarchy (i.e. Level 1, Level 2 and Level 3). Fair value determination requires that we make a number of significant judgments. In determining the fair value of financial instruments, we use market prices of the same or similar instruments whenever such prices are available. We do not use prices involving distressed sellers in determining fair value. If observable market prices are unavailable or impracticable to obtain, then fair value is estimated using modeling techniques such as discounted cash flow analyses. These modeling techniques incorporate our assessments regarding assumptions that market participants would use in pricing the asset or the liability, including assumptions about the risks inherent in a particular valuation technique and the risk of nonperformance.

Fair value is used on a recurring basis for certain assets and liabilities in which fair value is the primary basis of accounting. Additionally, fair value is used on a nonrecurring basis to evaluate assets or liabilities for impairment or for disclosure purposes in accordance with ASC 825, *Financial Instruments*.

Table of Contents

Investment Securities

The accounting for investment securities are discussed in detail in Note 1 to the Company's consolidated financial statements presented elsewhere in this report. The fair values of the investment securities are generally determined by independent external pricing service providers who have experience in valuing these securities and by comparison to and/or average of quoted market prices obtained from independent external brokers. In obtaining such valuation information from third parties, the Company has evaluated the methodologies used to develop the resulting fair values. The Company performs a monthly analysis on the broker quotes and pricing service values received from third parties to ensure that the prices represent a reasonable estimate of the fair value. The procedures include, but are not limited to, initial and on-going review of third party pricing methodologies, review of pricing trends, and monitoring of trading volumes. The Company ensures prices received from independent brokers represent a reasonable estimate of fair value through the use of internal and external cash flow models developed based on spreads and, when available, market indices. As a result of this analysis, if the Company determines there is a more appropriate fair value based upon the available market data, the price received from the third party is adjusted accordingly. Prices from third party pricing services are often unavailable for securities that are rarely traded or are traded only in privately negotiated transactions. As a result, certain securities are priced via independent broker quotations which utilize proprietary models that include observable market based inputs. Additionally, the majority of these independent broker quotations are non-binding.

For broker prices obtained on certain investment securities that we believe are based on forced liquidation or distressed sale values in inactive markets, we individually examine these securities for the appropriate valuation methodology based on a combination of the market approach reflecting current broker prices and a discounted cash flow approach. In calculating the fair value derived from the income approach, the Company makes assumptions related to the implied rate of return, general change in market rates, estimated changes in credit quality and liquidity risk premium, specific nonperformance and default experience in the collateral underlying the security, as well as taking into consideration broker discount rates in determining the discount rate. The values resulting from each approach (i.e. market and income approaches) are weighted to derive the final fair value for each security trading in an inactive market.

We are obligated to assess, at each reporting date, whether there is an other-than-temporary impairment to our investment securities. If we determine that a decline in fair value is other-than-temporary, a credit-related impairment loss is recognized in current earnings. Noncredit-related impairment losses are charged to other comprehensive income, to the extent we intend to hold the security until recovery. The determination of other-than-temporary impairment is a subjective process, requiring the use of judgments and assumptions. We examine all individual securities that are in an unrealized loss position at each reporting date for other-than-temporary impairment. Specific investment-related factors are examined to assess impairment which include the nature of the investment, severity and duration of the loss, the probability that we will be unable to collect all amounts due, an analysis of the issuers of the securities and whether there has been any cause for default on the securities and any change in the rating of the securities by the various rating agencies. Additionally, we evaluate whether the creditworthiness of the issuer calls the realization of contractual cash flows into question. We take into consideration the financial resources, intent and the overall ability of the Company to hold the securities until their fair values recover. Management does not believe that there are any investment securities, other than those identified in the current and previous periods, which are deemed to be other-than-temporarily impaired as of December 31, 2011. Investment securities are discussed in more detail in Note 6 to the Company's consolidated financial statements presented elsewhere in this report.

The Company considers all available information relevant to the collectability of the security, including information about past events, current conditions, and reasonable and supportable forecasts,

Table of Contents

when developing the estimate of future cash flows and making its other-than-temporary impairment assessment for its portfolio of trust preferred securities. The Company considers factors such as remaining payment terms of the security, prepayment speeds, expected defaults, the financial condition of the issuer(s), and the value of any underlying collateral.

Acquired Loans

Acquired loans are initially recorded as of acquisition date at fair value in accordance with ASC 805, *Business Combinations*. Loans purchased with evidence of credit deterioration since origination for which it is probable that all contractually required payments will not be collected are accounted for under ASC 310-30, *Receivables Loans and Debt Securities Acquired with Deteriorated Credit Quality*. Further, the Company elected to account for all other acquired loans within the scope of ASC 310-30 using the same methodology.

An allowance for loan losses is not carried over or recorded as of the acquisition date. In situations where loans have similar risk characteristics, loans were aggregated into pools to estimate cash flows under ASC 310-30. A pool is accounted for as a single asset with a single interest rate, cumulative loss rate and cash flow expectation. The Company aggregated all of the loans acquired in the FDIC-assisted acquisitions of WFIB and UCB into different pools, based on common risk characteristics.

The cash flows expected over the life of the pools are estimated using an internal cash flow model that projects cash flows and calculates the carrying values of the pools, book yields, effective interest income and impairment, if any, based on pool level events. Assumptions as to cumulative loss rates, loss curves and prepayment speeds are utilized to calculate the expected cash flows.

Under ASC 310-30, the excess of the expected cash flows at acquisition over the recorded investment is considered to be the accretable yield and is recognized as interest income over the life of the loan or pool. The excess of the contractual cash flows over the expected cash flows is considered to be the nonaccretable difference. Subsequent to the acquisition date, any increases in cash flow over those expected at purchase date in excess of the fair value that are significant and probable are recorded as an adjustment to the accretable difference on a prospective basis. Any subsequent decreases in cash flow over those expected at purchase date that are significant and probable are recognized by recording an allowance for loan losses. Any disposals of loans, including sales of loans, payments in full or foreclosures result in the removal of the loan from the ASC 310-30 portfolio at the carrying amount.

The majority of the loans acquired in the FDIC-assisted acquisitions of Washington First International Bank and United Commercial Bank are included in the FDIC shared-loss agreements and are referred to as covered loans. Covered loans are reported exclusive of the expected cash flow reimbursements from the FDIC. At the date of acquisition, all covered loans were accounted for under ASC 805 and ASC 310-30.

FDIC Indemnification Asset

In conjunction with the FDIC-assisted acquisitions of Washington First International Bank and United Commercial Bank, the Bank entered into shared-loss agreements with the FDIC for amounts receivable covered by the shared-loss agreements. At the date of the acquisition the Company elected to account for amounts receivable under the shared-loss agreements as an indemnification asset in accordance with ASC 805. Subsequent to the acquisition the indemnification asset is tied to the loss in the covered loans and is not being accounted for under fair value. The FDIC indemnification asset is accounted for on the same basis as the related covered loans and is the present value of the cash flows the Company expects to collect from the FDIC under the shared-loss agreements. The difference between the

Table of Contents

present value and the undiscounted cash flow the Company expects to collect from the FDIC is accreted into noninterest income over the life of the FDIC indemnification asset. The FDIC indemnification asset is adjusted for any changes in expected cash flows based on the loan performance. Any increases in cash flow of the loans over those expected will reduce the FDIC indemnification asset and any decreases in cash flow of the loans over those expected will increase the FDIC indemnification asset. Over the life of the FDIC indemnification asset, increases and decreases are recorded as adjustments to noninterest income. In December 2010, the bank lowered the credit discount on the UCB covered loan portfolio as the credit quality is performing better than originally estimated. By lowering the credit discount, interest income will increase over the life of the loans. Correspondingly, with the lowered credit discount, the expected reimbursement from the FDIC under the loss sharing agreement will decrease, resulting in amortization on the FDIC indemnification asset which is recorded as a charge to noninterest income.

Allowance for Loan Losses

Our allowance for loan loss methodology incorporates a variety of risk considerations, both quantitative and qualitative, in establishing an allowance for loan loss that management believes is appropriate at each reporting date. Quantitative factors include our historical loss experience, delinquency and charge-off trends, collateral values, changes in nonperforming loans, and other factors. Qualitative considerations include, but are not limited to, prevailing economic or market conditions, relative risk profiles of various loan segments, volume concentrations, growth trends, delinquency and nonaccrual status, problem loan trends, and geographic concentrations.

For a detailed discussion of our allowance for loan loss methodology see "Management's Discussion and Analysis of Consolidated Financial Condition and Results of Operations Allowance for Loan Losses" presented elsewhere in this report. As we add new products, increase the complexity of our loan portfolio, and expand our geographic coverage, we continue to enhance our methodology to keep pace with the size and complexity of the loan portfolio and the changing credit environment. Changes in any of the factors cited above could have a significant impact on the loan loss calculation. We believe that our methodologies continue to be appropriate given our size and level of complexity. This discussion should also be read in conjunction with the Company's consolidated financial statements and the accompanying notes presented elsewhere in this report including the section entitled "Loans and Allowance for Loan Losses."

Goodwill Impairment

Under ASC 350, *Intangibles Goodwill and Other*, goodwill must be allocated to reporting units and tested for impairment. The Company tests goodwill for impairment at least annually or more frequently if events or circumstances, such as adverse changes in the business, indicate that there may be justification for conducting an interim test. Impairment testing is performed at the reporting-unit level (which is the same level as the Company's two major operating segments identified in Note 26 to the Company's consolidated financial statements presented elsewhere in this report). The first part of the test is a comparison, at the reporting unit level, of the fair value of each reporting unit to its carrying value, including goodwill. In order to determine the fair value of the reporting units, a combined income approach and market approach was used. Under the income approach, the Company provided a net income projection and a terminal growth rate was used to calculate the discounted cash flows and the present value of the reporting units. Under the market approach, the fair value was calculated using the current fair values of comparable peer banks of similar size, geographic footprint and focus. The market capitalizations and multiples of these peer banks were used to calculate the market price of the Company and each reporting unit. The fair value was also subject to a control premium adjustment, which is the cost savings that a purchase of the reporting unit could achieve by eliminating duplicative costs. Under the combined income and market approach, the value from each approach was appropriately weighted to

Table of Contents

determine the fair value. If the fair value is less than the carrying value, then the second part of the test is needed to measure the amount of goodwill impairment. The implied fair value of the reporting unit goodwill is calculated and compared to the actual carrying value of goodwill recorded within the reporting unit. If the carrying value of reporting unit goodwill exceeds the implied fair value of that goodwill, then the Company would recognize an impairment loss for the amount of the difference, which would be recorded as a charge against net income. For complete discussion and disclosure see Note 13 to the Company's consolidated financial statements presented elsewhere in this report.

Share-Based Compensation

We account for share-based awards to employees, officers, and directors in accordance with the provisions of ASC 505, *Equity*, and ASC 718, *Compensation Stock Compensation*. Share-based compensation cost is measured at the grant date, based on the fair value of the award, and is recognized as expense over the employee's requisite service period. We adopted these standards, as required, on January 1, 2006.

We adopted ASC 505 and ASC 718 using the modified prospective approach. Under the modified prospective approach, prior periods are not restated for comparative purposes. The valuation provisions of these standards apply to new awards and to awards that are outstanding on the effective date and subsequently modified, repurchased or cancelled. Compensation expense, net of estimated forfeitures, for awards outstanding at the effective date is recognized over the remaining service period using the compensation cost calculated for pro forma disclosures under ASC 718. All outstanding unvested awards were granted after January 1, 2006 and are accounted for under ASC 718.

We grant nonqualified stock options and restricted stock. Most of our stock option and restricted stock awards include a service condition that relates only to vesting. Additionally, some of our stock awards include a company financial performance requirement for vesting. The stock option awards generally vest in one to four years from the grant date, while the restricted stock awards generally vest in three to five years from the date of grant. Compensation expense is amortized on a straight-line basis over the requisite service period for the entire award, which is generally the maximum vesting period of the award.

We use an option-pricing model to determine the grant-date fair value of our stock options which is affected by assumptions regarding a number of complex and subjective variables. We make assumptions regarding expected term, expected volatility, expected dividend yield, and risk-free interest rate in determining the fair value of our stock options. The expected term represents the weighted-average period that stock options are expected to remain outstanding. The expected term assumption is estimated based on the stock options' vesting terms and remaining contractual life and employees' historical exercise behavior. The expected volatility is based on the historical volatility of our common stock over a period of time equal to the expected term of the stock options. The dividend yield assumption is based on the Company's current dividend payout rate on its common stock. The risk-free interest rate assumption is based upon the U.S. Treasury yield curve in effect at the time of grant appropriate for the term of the employee stock options.

For restricted share awards, the grant-date fair value is measured at the fair value of the Company's common stock as if the restricted share was vested and issued on the date of grant.

As share-based compensation expense is based on awards ultimately expected to vest, it is reduced for estimated forfeitures. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Share-based compensation is discussed in more detail in Notes 1 and 22 to the Company's consolidated financial statements presented elsewhere in this report.

Table of Contents

Overview

East West increased net income each consecutive quarter of 2011. For the full year 2011, net income totaled a record $245.2 million, a 49% or $80.7 million increase from $164.6 million in 2010. Total noncovered loans grew to a record $10.6 billion, an increase of 18% or $1.6 billion during the full year 2011. The growth in noncovered loans was fueled by strong growth in commercial and trade finance loans and single family loans. Total deposits grew to a record $17.5 billion, a 12% or $1.8 billion increase during the full year 2011. Core deposits grew to a record $10.3 billion, an increase of 16% or $1.4 billion year to date. Capital levels for East West remain high. As of December 31, 2011, East West's Tier 1 risk-based capital and total risk-based ratios were 14.8% and 16.4%, respectively, over $800 million greater than the well capitalized requirements of 6% and 10%, respectively.

As of December 31, 2011, total assets grew to $22.0 billion $20.7 billion at December 31, 2010. The increase in the balance sheet is primarily due to loan growth of 5% or $751.9 million for the full year 2011. This growth was funded with an increase in deposits of 12% or $1.8 billion for the full year 2011.

Loans receivable increased to $14.5 billion at December 31, 2011, compared to $13.7 billion at December 31, 2010. This increase in loans receivable was due to growth in the noncovered loan portfolio. During 2011, noncovered loan balances increased 19% or $1.6 billion to $10.1 billion at December 31, 2011. The increase in noncovered loans during the 2011 was driven by growth in commercial and trade finance loans, and single family loans which increased 58% or $1.2 billion, and 61% or $0.7 billion, respectively.

Covered loans totaled $3.9 billion as of December 31, 2011, a decrease of 18% or $0.9 billion from December 31, 2011. The decrease in the covered loan portfolio was primarily due to payoffs and paydown activity, as well as charge-offs.

The covered loan portfolio is comprised of loans acquired from the FDIC-assisted acquisitions of United Commercial Bank (UCB) and Washington First International Bank (WFIB) which are covered under loss share agreements with the FDIC. For the full year 2011, we recorded a net decrease in the FDIC indemnification asset and receivable included in noninterest income (loss) of $(100.1) million, largely due to continued improved credit performance of the UCB portfolio as compared to our original estimate.

Noninterest expense totaled $435.6 million for the full year 2011, a decrease of 9% or $42.3 million as compared to 2010. The decrease in noninterest expense was due to a reduction in credit cycle costs and active expense control. As compared to full year 2010, other real estate owned expenses declined 34% or $21.1 million, compensation expense declined 6% or $10.0 million, deposit insurance premium decreased 19% or $4.7 million, and data processing expense decreased 19% or $2.0 million. These decreases in the full year 2011 as compared to the full year 2010 were partially offset by an increase in amortization of investments in affordable housing partnerships of 73% or $7.3 million due to increased investments.

Credit quality continued to improve for the full year 2011. In each quarter of 2010 and 2011, East West reduced charge-offs and maintained a nonperforming asset to total asset ratio of less than 1.00%. Additionally, total nonaccrual loans and total nonperforming assets excluding covered assets, continued to remain low, with total nonperforming assets excluding covered assets, to total assets under 1.00% for the ninth consecutive quarter. Nonperforming assets, totaled $175.0 million or 0.80% of total assets at December 31, 2011.

Table of Contents

East West continues to maintain a strong allowance for noncovered loan losses at $209.9 million or 2.04% of noncovered loans receivable at December 31, 2011. This compares to an allowance for noncovered loan losses of $230.4 million or 2.64% of noncovered loans at December 31, 2010. The reduction represents improving credit performance of the loan portfolio.

Our capital ratios remain very strong. As of December 31, 2011, our Tier 1 leverage capital ratio totaled 9.7%, our Tier 1 risk-based capital ratio totaled 14.8% and our total risk-based capital ratio totaled 16.4%. East West exceeds well capitalized requirements for all regulatory guidelines by over $800 million. The Company is focused on active capital management and is committed to maintaining strong capital levels that exceed regulatory requirements while also supporting balance sheet growth and providing a strong return to our shareholders.

In light of our commitment to our shareholders, our excellent capital levels and our strong financial performance, the board of directors for East West has approved an increase in our quarterly common stock cash dividend to $0.10 per share from $0.05 per share. Further, the board of directors has also authorized a new stock repurchase program to buy back up to $200.0 million of the Company's common stock.

Results of Operations

Net income for 2011 totaled $245.2 million, compared with a net income of $164.6 million for 2010 and $76.6 million in 2009.

Table 1: *Components of Net Income*

	Year Ended December 31,		
	2011	**2010**	**2009**
		(In millions)	
Net interest income	$ 903.0	$ 894.7	$ 485.7
Provision for loan losses	(95.0)	(200.2)	(528.7)
Noninterest income	10.9	39.3	391.0
Noninterest expense	(435.6)	(477.9)	(243.3)
(Provision) benefit for income taxes	(138.1)	(91.3)	(22.7)
Net income before extraordinary item	245.2	164.6	82.0
Extraordinary item, net of tax			(5.4)
Net income after extraordinary item	$ 245.2	$ 164.6	$ 76.6
Return on average total assets	1.14%	0.82%	0.55%
Return on average common equity	11.08%	6.42%	2.37%
Return on average total equity	10.98%	7.02%	4.69%

Net Interest Income

Our primary source of revenue is net interest income, which is the difference between interest earned on loans, investment securities and other earning assets less the interest expense on deposits, borrowings and other interest-bearing liabilities. Net interest income in 2011 totaled $903.0 million, a 1% increase over net interest income of $894.7 million in 2010. Comparing 2010 to 2009, net interest income increased 84% to $894.7 million, as compared to $485.7 million in 2009.

Table of Contents

Net interest margin, defined as net interest income divided by average earning assets, decreased 39 basis points to 4.66% during 2011, from 5.05% during 2010. Although the low interest rate environment reduced our total interest-earning assets yield in 2011 as compared to 2010, the overall net decrease in the interest margin was partially offset by an increase in our covered loan yield and a decrease in the cost of funds. During 2011 and 2010, our covered loan yield was positively impacted by the accretion from the covered loans under ASC 310-30. Actions were also taken throughout the year to reduce deposit and borrowing costs. Comparing 2010 to 2009 our net interest margin increased by 129 basis points to 5.05% during 2010, compared to 3.76% during 2009.

The following table presents the interest rate spread, net interest margin, average balances, interest income and expense, and the average yield rates by asset and liability component for the years ended December 31, 2011, 2010 and 2009:

Table 2: *Summary of Selected Financial Data*

	Year Ended December 31,								
	2011			2010			2009		
	Average Balance	Interest	Average Yield Rate	Average Balance	Interest	Average Yield Rate	Average Balance	Interest	Average Yield Rate
	(Dollars in thousands)								
ASSETS									
Interest-earning assets:									
Due from banks and short-term investments	$ 1,018,490	$ 22,575	2.22%	$ 828,039	$ 9,634	1.16%	$ 881,282	$ 9,047	1.03%
Securities purchased under resale agreements	1,023,043	19,216	1.88%	529,817	14,208	2.64%	89,883	7,985	8.76%
Investment securities(1)(2)(3)	3,116,671	89,469	2.87%	2,439,034	70,052	2.87%	2,569,792	116,688	4.54%
Loans receivable(2)(4)	9,668,106	478,724	4.95%	8,634,283	479,451	5.55%	8,355,825	452,019	5.41%
Loans receivable - covered(2)	4,369,320	467,074	10.69%	5,074,631	519,138	10.23%	877,029	135,144	15.41%
FHLB and FRB stock	197,774	3,390	1.71%	219,710	3,348	1.52%	137,001	2,337	1.71%
Total interest-earning assets	19,393,404	1,080,448	5.57%	17,725,514	1,095,831	6.18%	12,910,812	723,220	5.60%
Noninterest-earning assets:									
Cash and cash equivalents	271,393			365,041			147,694		
Allowance for loan losses	(228,160)			(252,318)			(216,775)		
Other assets	2,136,484			2,339,872			997,214		
Total assets	$ 21,573,121			$ 20,178,109			$ 13,838,945		
LIABILITIES AND STOCKHOLDERS' EQUITY									
Interest-bearing liabilities:									
Checking accounts	854,079	$ 3,009	0.35%	$ 677,529	$ 2,349	0.35%	$ 398,619	$ 1,507	0.38%
Money market accounts	4,429,567	20,610	0.47%	3,974,936	29,514	0.74%	2,035,821	25,583	1.26%
Savings deposits	1,045,546	2,988	0.29%	967,953	3,986	0.41%	506,706	3,322	0.66%
Time deposits	7,423,695	80,503	1.08%	6,851,461	80,888	1.18%	5,037,122	99,065	1.97%
Federal funds purchased	3,496	4	0.11%	871	2	0.23%	2,379	9	0.37%
FHLB advances	679,630	15,461	2.27%	1,324,709	26,641	2.01%	1,333,846	49,940	3.74%
Securities sold under repurchase agreements	1,051,844	48,561	4.62%	1,047,090	48,993	4.61%	1,027,665	49,725	4.77%
Long-term debt	226,808	5,832	2.57%	235,570	6,420	2.69%	235,570	7,816	3.27%
Other borrowings	13,188	454	3.44%	51,312	2,324	4.47%	12,311	162	1.32%
Total interest-bearing liabilities	15,727,853	177,422	1.13%	15,131,431	201,117	1.33%	10,590,039	237,129	2.24%
Noninterest-bearing liabilities:									
Demand deposits	3,087,777			2,418,816			1,459,871		
Other liabilities	523,529			282,284			154,138		
Stockholders' equity	2,233,962			2,345,578			1,634,897		
Total liabilities and stockholders' equity	$ 21,573,121			$ 20,178,109			$ 13,838,945		

Interest rate spread		4.44%		4.85%		3.36%
Net interest income and net interest margin	$ 903,026	4.66%	$ 894,714	5.05%	$ 486,091	3.76%

(1) Amounts calculated on a fully taxable equivalent basis using the current statutory federal tax rate. There was no fully taxable equivalent basis for 2011 and 2010. Total interest income and average yield rate on an unadjusted basis for tax-exempt investment securities available-for-sale is $842 thousand and 3.0% for the twelve months ended December 31, 2009.

(2) Includes (amortization) of premiums and accretion of discounts on investment securities and loans receivable totaling $6.3 million, $9.3 million, and $(5.5) million for the years ended December 31, 2011, 2010, and 2009, respectively. Also includes the net (amortization) of deferred loan fees and cost totaling ($13.1) million, ($7.4) million, and ($6.3) million for the years ended December 31, 2011, 2010 and 2009.

(3) Average balances exclude unrealized gains or losses on available-for-sale securities.

(4) Average balances include nonperforming loans.

Table of Contents

Analysis of Changes in Net Interest Income

Changes in our net interest income are a function of changes in rates and volumes of both interest-earning assets and interest-bearing liabilities. The following table sets forth information regarding changes in interest income and interest expense for the years indicated. The total change for each category of interest-earning assets and interest-bearing liabilities is segmented into the change attributable to variations in volume (changes in volume multiplied by old rate) and the change attributable to variations in interest rates (changes in rates multiplied by old volume). Nonaccrual loans are included in average loans used to compute this table.

Table 3: *Analysis of Changes in Net Interest Income*

	Year Ended December 31,					
	2011 vs. 2010			2010 vs. 2009		
	Total Change	Changes Due to Volume[(1)]	Changes Due to Rate[(1)]	Total Change	Changes Due to Volume[(1)]	Changes Due to Rate[(1)]
	(In thousands)					
INTEREST-EARNING ASSETS:						
Due from banks and short-term investments	$ 12,941	$ 2,622	$ 10,319	$ 587	$ (569)	$ 1,156
Securities purchased under resale agreements	5,008	10,229	(5,221)	6,223	15,204	(8,981)
Investment securities[(2)]	19,417	19,453	(36)	(46,636)	(21,831)	(24,805)
Loans receivable	(727)	54,143	(54,870)	27,432	15,286	12,146
Loans receivable covered	(52,064)	(74,604)	22,540	383,994	441,017	(57,023)
FHLB and FRB stock	42	(353)	395	1,011	1,283	(272)
Total interest and dividend income	$ (15,383)	$ 11,490	$ (26,873)	$ 372,611	$ 450,390	$ (77,779)
INTEREST-BEARING LIABILITIES:						
Checking accounts	$ 660	$ 621	$ 39	$ 842	$ 976	$ (134)
Money market accounts	(8,904)	3,080	(11,984)	3,931	17,394	(13,463)
Savings deposits	(998)	299	(1,297)	664	2,226	(1,562)
Time deposits	(385)	6,477	(6,862)	(18,177)	28,922	(47,099)
Federal funds purchased	2	3	(1)	(7)	(4)	(3)
FHLB advances	(11,180)	(14,314)	3,134	(23,299)	(340)	(22,959)
Securities sold under repurchase agreements	(432)	222	(654)	(732)	929	(1,661)
Long-term debt	(588)	(233)	(355)	(1,396)		(1,396)
Other borrowings	(1,870)	(1,414)	(456)	2,162	1,211	951
Total interest expense	$ (23,695)	$ (5,259)	$ (18,436)	$ (36,012)	$ 51,314	$ (87,326)
CHANGE IN NET INTEREST INCOME	$ 8,312	$ 16,749	$ (8,437)	$ 408,623	$ 399,076	$ 9,547

(1) Changes in interest income/expense not arising from volume or rate variances are allocated proportionately to rate and volume.

(2) Amounts calculated on a fully taxable equivalent basis using the current statutory federal tax rate. There was no fully taxable equivalent basis for 2011 and 2010.

Table of Contents

Provision for Loan Losses

The provision for loan losses amounted to $95.0 million for 2011, compared to $200.2 million for 2010 and $528.7 million for 2009. Throughout 2011, the Company continued to proactively manage credit, resulting in improvements in key asset quality metrics. Total net charge-offs amounted to $112.1 million during 2011, representing 1.16% of average non-covered loans during 2011. This compares to $202.5 million, representing 2.35% of average non-covered loans during 2010. The net charge-offs in 2011 were largely driven by charge-offs of land and constructions loans within the commercial real estate portfolio. The decrease in net charge-offs in 2011 was primarly due to the credit quality improvement. However, the allowance for loan losses on commercial and residential loans did increase which is commensurate with the increases in these portfolios. We continue to aggressively monitor delinquencies and proactively review the credit risk exposure of our loan portfolio to minimize and mitigate potential losses. Also during the year we had note sale proceeds of $49.1 million on notes with a carrying value of $83.5 million. $27.1 million in loans were originated to facilitate sales of loans; the remaining difference between the carrying value and the sale amount was charged against the allowance for loan losses.

Comparing 2010 to 2009, the decrease in loan loss provisions during 2010 reflects decreased charge-off levels as a result of proactive measures to reduce our exposure to land and construction loans. As a result of these efforts, the total noncovered construction and land loan balances declined to $513.8 million or 6% of total loans as of December 31, 2010.

Provisions for loan losses are charged to income to bring the allowance for credit losses as well as the allowance for unfunded loan commitments, off-balance sheet credit exposures, and recourse provisions to a level deemed appropriate by the Company based on the factors discussed under the "Allowance for Loan Losses" section of this report.

Noninterest Income

Table 4: *Components of Noninterest Income*

	2011	2010	2009
		(In millions)	
Branch fees	$ 33.78	$ 32.63	$ 22.33
Net gain on sales of loans	20.19	18.51	
Letters of credit fees and commissions	14.00	11.82	8.34
Net gain on sales of investment securities	9.70	31.24	11.92
Foreign exchange income	9.14	3.17	1.20
Ancillary loan fees	8.35	8.53	6.29
Income from life insurance policies	4.03	4.08	4.37
Other operating income (loss)	12.50	6.30	(3.49)
Fee and Other Operating Income	111.69	116.28	50.95
Gain on acquisition		22.87	471.01
Impairment writedown on investment securities	(0.63)	(16.67)	(107.67)
Decrease in FDIC indemnification asset and receivable	(100.14)	(83.21)	(23.34)
Total	$ 10.92	$ 39.27	$ 390.95

Noninterest income includes revenues earned from sources other than interest income. These sources include service charges and fees on deposit accounts, fees and commissions generated from trade finance activities and the issuance of letters of credit, ancillary fees on loans, net gains on sales of loans,

Table of Contents

investment securities available-for-sale, and other assets, impairment write-downs on investment securities and other assets, gain on acquisitions, decrease in the FDIC indemnification asset and receivable, income from life insurance policies and other noninterest-related revenues.

Noninterest income amounted to $10.9 million and $39.3 million during 2011 and 2010, respectively. Total fee and other operating income decreased slightly to $111.7 million during 2011, compared with $116.3 million for the corresponding period in 2010. The $633 thousand impairment charge recorded during 2011 was related to credit-related impairment loss on our trust preferred securities recorded pursuant to the provisions of ASC 320-10-65, *Investments Debt and Equity Securities Overall Transition and Open Effective Date Information*.

Branch fees totaled $33.8 million in 2011, representing a 4% increase from the $32.6 million earned in 2010. The majority of branch fees are earned from commercial demand deposit analysis services fees, non-sufficient funds fees and wire fee income The increase in branch-related fee income during 2011 can be attributed primarily to higher revenues from a combination of these types of transaction charges on deposit accounts.

The net gain on sales of loans of $20.2 million in 2011 was mainly due to the sale of $569.2 million of student loans.

Letters of credit fees and commissions, which represent revenues from trade finance operations as well as fees related to the issuance and maintenance of standby letters of credit, increased 18% to $14.0 million in 2011, from $11.8 million in 2010. The increase in letters of credit fees and commissions is primarily due to the increase in the volume of standby letters of credit originated during 2011 relative to 2010.

Net gain on sales of investment securities available-for-sale decreased to $9.7 million during 2011 compared with $31.2 million in 2010. The proceeds from the sale of investment securities during 2011 provided additional liquidity to purchase additional high credit quality investment securities and short-term investments as well as to pay down our borrowings.

Foreign exchange income increased to $9.1 million during 2011 compared with $3.2 million in 2010. This primarily represents the re-evaluation of Bank's net monetary assets in foreign currencies and our foreign exchange transactions which are typically entered into to hedge against foreign exchange products offered to bank customers.

Other operating income, which includes insurance commissions and insurance related service fees, rental income, and other miscellaneous income, increased to $12.5 million in 2011, compared to $6.3 million in 2010. The increase was primarily due to the $6.2 million increase in fee income from customer derivatives.

Comparing 2010 to 2009, our recorded noninterest income was $39.3 million and $391.0 million, respectively. Total fee and other operating income increased to $116.3 million during 2010, compared with $51.0 million for the corresponding period in 2009. The $16.7 million impairment charge recorded during 2010 was related to credit-related impairment loss on agency preferred stock, trust preferred and other mortgage backed securities recorded pursuant to the provisions of ASC 320-10-65 which the Company implemented during the first quarter of 2009.

Table of Contents

Noninterest Expense

Table 5: *Components of Noninterest Expense*

	2011	2010	2009
		(In millions)	
Compensation and employee benefits	$ 160.09	$ 170.05	$ 79.48
Occupancy and equipment expense	50.08	52.07	30.22
Amortization of investments in affordable housing partnerships and other investments	17.32	10.03	7.45
Amortization and impairment writedowns of premiums on deposits acquired	12.33	13.28	5.90
Deposit insurance premiums and regulatory assessments	20.53	25.20	28.07
Loan related expense	19.38	21.07	7.58
Other real estate owned expense	40.44	61.57	19.10
Legal expense	21.33	19.58	8.02
Prepayment penalty for FHLB advances	12.28	13.83	2.37
Data processing	8.60	10.62	5.64
Deposit-related expenses	5.70	4.75	3.91
Consulting expense	7.15	7.99	8.14
Other operating expenses	60.38	67.88	37.38
Total noninterest expense	$ 435.61	$ 477.92	$ 243.25
Efficiency Ratio[(1)]	43.04%	47.51%	48.64%

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(1) Represents noninterest expense, excluding the amortization of intangibles, amortization of premiums on deposits acquired, amortization of investments in affordable housing partnerships and prepayment penalties for FHLB advances and other borrowings, divided by the aggregate of net interest income before provision for loan losses and noninterest income, excluding items that are non-recurring in nature.

Noninterest expense, which is comprised primarily of compensation and employee benefits, occupancy and other operating expenses decreased 9% to $435.6 million during 2011, compared to $477.9 million during 2010. Total noninterest expense for 2011 and 2010 included $43.9 million and $63.3 million, respectively, which is reimbursable by the FDIC within the loss share agreements. 80% of these amounts are included in noninterest income, resulting in a net impact to income of 20%.

Compensation and employee benefits decreased to $160.1 million in 2011, compared to $170.1 million in 2010. Occupancy and equipment expenses also remained fairly stable, decreasing 4% to $50.1 million during 2011, compared with $52.1 million during 2010.

The amortization of affordable housing partnerships investments and other investments increased to $17.3 million in 2011, from $10.0 million in 2010. The increase includes $1.3 million of impairment on certain investments. The total of these investments as of December 31, 2011 was $194.1 million, an increase from $156.2 million at December 31, 2010.

The amortization and impairment write-downs of premiums on deposits acquired decreased 7% to $12.3 million during 2011, compared with $13.3 million in 2010. The decrease is primarily due to the leveling out of the amortization of core deposit premiums from the UCB acquisition.

Deposit insurance premiums and regulatory assessments decreased to $20.5 million during 2011, compared with $25.2 million in 2010. Although total deposits increased in 2011 compared to 2010, the assessment rate was lower.

Table of Contents

Loan-related expenses decreased to $19.4 million in 2011, compared to $21.1 million in 2010. The $19.4 million in loan-related expenses in 2011 includes $8.0 million of expenses that are covered under the FDIC shared-loss agreements.

We recorded OREO expenses, net of OREO revenues and gains, totaling $40.4 million during 2011, compared with $61.6 million during 2010. As of December 31, 2011, total net non-covered OREO amounted to $29.4 million, compared to $21.9 million as of December 31, 2010. The $40.4 million in total OREO expenses during 2011 is comprised of $13.7 million in various operating and maintenance expenses related to our OREO properties, $29.2 million in valuation losses, and $2.5 million in net OREO losses from the sale of 214 OREO properties consummated in 2011. Net covered OREO amounted to $63.6 million and $123.9 million as of December 31, 2011 and 2010, respectively. The $40.4 million in total OREO expenses for 2011 includes $24.9 million of expenses that are covered under the FDIC shared-loss agreements. The $61.6 million in total OREO expenses for 2010 includes $51.8 million of expenses that are covered under the FDIC shared-loss agreements.

Deposit-related expenses increased 20% to $5.7 million during 2011, compared with $4.8 million during 2010. Deposit-related expenses represent various business-related expenses paid by the Bank on behalf of its commercial account customers.

Other operating expenses include advertising and public relations, telephone and postage, stationery and supplies, bank and item processing charges, insurance expenses, other professional fees, and charitable contributions. Other operating expenses decreased 11% to $60.4 million in 2011, compared with $67.9 million in 2010. The decrease is in line with the Company's efforts to reduce expenses.

Comparing 2010 to 2009, noninterest expense increased $234.7 million, or 97%, to $477.9 million. The increase is comprised primarily of the following: (1) compensation and employee benefits totaling $170.1 million during 2010, compared with $79.5 million during 2009. The increase is primarily due to compensation related to former UCB and WFIB employees and; (2) OREO expenses, net of OREO revenues and gains, totaling $61.6 million during 2010, compared with $19.1 million during 2009. The $61.6 million in total OREO expenses incurred during 2010 is comprised of $11.5 million in various operating and maintenance expenses related to our OREO properties, $49.7 million in valuation losses, and $350 thousand in net OREO losses from the sale of 183 OREO properties consummated in 2010; (3) an increase in other operating expenses of $30.5 million, or 82%; and (4) and increase in occupancy and equipment expense of $21.9 million or 72%.

The Company's efficiency ratio decreased to 43.04% in 2011 compared to 47.51% in 2010 and 48.64% in 2009. Comparing 2011 to 2010, the decrease in our efficiency ratio can be attributed to expense reduction, most significantly a reduction of expenses associated with OREO/ foreclosure transactions.

Income Taxes

The provision for income taxes was $138.1 million in 2011, representing an effective tax rate of 36.0%, compared to $91.3 million in 2010, representing an effective tax rate of 35.7%. Included in the income tax recognized during 2011 and 2010 are $11.1 million and $12.4 million, respectively, in tax credits generated from our investments in affordable housing partnerships.

Comparing 2010 to 2009, the income tax provision totaled $91.3 million in 2010, representing an effective tax rate of 35.7%, compared to $22.7 million in 2009, representing an effective tax rate of 21.7%. Included in the income tax recognized during 2010 and 2009 are $12.4 million and $7.1 million, respectively, in tax credits generated from our investments in affordable housing partnerships.

Table of Contents

Management regularly reviews the Company's tax positions and deferred tax assets. Factors considered in this analysis include future reversals of existing temporary differences, future taxable income exclusive of reversing differences, taxable income in prior carryback years, and tax planning strategies. The Company accounts for income taxes using the asset and liability approach, the objective of which is to establish deferred tax assets and liabilities for the temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities at enacted rates expected to be in effect when such amounts are realized and settled. Based on the available evidence, Management has concluded that it is more likely than not that all of the benefit of the deferred tax assets will be realized, with the exception of the deferred tax assets related to certain state and foreign net operating loss carryforwards. Accordingly, a valuation allowance has been recorded for these amounts.

As of December 31, 2011, the Company had a net deferred tax asset of $201.9 million.

Operating Segment Results

We define our operating segments based on our core strategy and we have three operating segments: Retail Banking, Commercial Banking and Other. During the fourth quarter of 2009, a fourth operating segment, the United Commercial Bank segment (the "UCB segment") was identified as a result of the UCB Acquisition. During the first quarter of 2011, the Company's management made the decision to fully integrate the UCB segment into its two-segment core business structure: Retail Banking and Commercial Banking. With this integration, effective the first quarter of 2010, the Company's business focus reverted back to a three-segment core business structure: Retail Banking, Commercial Banking and Other.

The Retail Banking segment focuses primarily on retail operations through the Bank's branch network. The Commercial Banking segment, which includes commercial, industrial, and commercial real estate, primarily generates commercial loans through the efforts of the commercial lending offices located in the Bank's production offices in California, New York, Texas, and New England region, among others. Furthermore, the Commercial Banking segment also offers a wide variety of international finance and trade services and products. The remaining centralized functions, including the former Treasury segment and eliminations of intersegment amounts have been aggregated and included in "Other."

Changes in our management structure or reporting methodologies may result in changes in the measurement of operating segment results. Results for prior periods are generally restated for comparability for changes in management structure or reporting methodologies unless it is not deemed practicable to do so.

Given the significant decline in short-term and long-term interest rates since 2007, we reassessed our transfer pricing assumptions during the first quarter of 2009 to be consistent with the Company's strategic goal of growing core deposits and originating profitable, good credit quality loans. Changes to our funds transfer pricing assumptions were made with the intent to promote core deposit growth and, given our recent credit experience, to better reflect the current risk profiles of various loan categories within our credit portfolio. Our transfer pricing process is formulated with the goal of incenting loan and deposit growth that is consistent with the Company's overall growth objectives as well as to provide a reasonable and consistent basis for measurement of our business segments and product net interest margins. Our transfer pricing assumptions and methodologies are reviewed at least annually to ensure that our process is reflective of current market conditions.

For more information about our segments, including information about the underlying accounting and reporting process, see Note 26 to the Company's consolidated financial statements presented elsewhere in this report.

Table of Contents

Retail Banking

The Retail Banking segment reported a $102.2 million pre-tax income during 2011, compared to a $5.0 million pre-tax loss in 2010, an improvement of $107.2 million or 2148%. The improvement for this segment was largely due to increase in net interest income and decreases in loan loss provisions and noninterest expense, offset by a reduction in noninterest income.

Net interest income for this segment increased $43.1 million or 13% to $381.5 million during 2011, compared to $338.4 in 2010. The increase in net interest income during 2011 is attributable to the lower cost of funds on deposits, an increase in the mortgage portfolio and an increase in disposal activity in the covered loan portfolio, partially offset by lower loan yields from the extended low interest rate environment. The decrease in loan loss provisions for this segment of $45.1 million during 2011 relative to 2010 was due to decreased charge-off activity. Loan loss provisions are also impacted by average loan balances for each reporting segment.

Noninterest income for this segment decreased $9.0 million or 33% to $18.5 million during 2011, compared to $27.5 million in 2010. The decrease is primarily due higher net reduction from the FDIC indemnification asset and receivable, partially offset by increase in branch fee income.

Noninterest expense for this segment decreased $28.5 million or 12% to $203.9 million during 2011, compared to $232.4 million in 2010. The decrease is primarily due to decreases in OREO and loan related expenses and compensation and employee benefits.

Comparing 2010 to 2009, the Retail Banking segment reported a pre-tax loss of $5.0 million, representing a 78% improvement, compared to a pre-tax loss of $23.2 million in 2009. The reduction in the pre-tax loss was primarily driven by a 58% reduction in provision for loan losses of $102.8 million due to lower charge-off activity, which was partially offset by a 58% increase in noninterest expense of $85.7 million as a result of the UCB and WFIB acquisitions. Net interest income for this segment also increased $82.9 million or 32% from the acquired loan receivables.

Commercial Banking

The Commercial Banking segment reported a pre-tax income of $227.7 million during 2011, compared to a pre-tax income of $157.9 million in 2010, an improvement of $69.8 million or 44%. The improvement for this segment is primarily due to reductions in loan loss provision and noninterest expense and improvements in noninterest income, partially offset by the decrease in net interest income.

Net interest income for this segment decreased by $32.8 million or 7% to $460.2 million during 2011, compared to $493.0 million in 2010. The change in net interest income for this segment is primarily impacted by the disposal activity on the covered loan portfolio and the extended low interest rates on loans. The decrease in loan loss provisions for this segment of $60.0 million during 2011 relative to 2010 was due to decreased charge-off activity. Loan loss provisions are also impacted by average loan balances for each reporting segment.

Noninterest income for this segment increased by $4.0 million or 15% to a loss of $21.9 million during 2011, compared to a loss of $25.9 million in 2010. The decrease in noninterest loss for this segment is attributed to higher loan related fees, swap income, foreign exchange fee income, offset by a higher net reduction from the FDIC indemnification asset and receivable.

Noninterest expense for this segment decreased $8.2 million or 6% to $133.8 million during 2011, compared to $142.0 million in 2010. The decrease is primarily driven by decreases in OREO and loan

Table of Contents

related expenses and FDIC deposit insurance premiums, offset by an increase in compensation and employee benefits.

Comparing 2010 to 2009, the Commercial Banking segment reported a pre-tax income of $157.9 million, or 191% increase, compared to a pre-tax loss of $173.4 million for 2009. The increase is primarily due to 86% increase in net interest income of $227.3 and 64% reduction in provision for loan losses of $225.7 million due to lower charge-off activities, offset by an 1120% reduction in noninterest income of $23.8 million and a 169% increase in noninterest expense of $89.1 million. The higher net interest income is due to the increase in loan receivables and accretion from the WFIB and UCB acquisitions. The decrease in noninterest income is primarily due to the higher reduction in the FDIC indemnification assets and receivables from the covered portfolio. The increase in noninterest expense in 2010 is attributed to the increases in compensation and employee benefits, OREO operations and loan and legal expenses.

Other

This segment reported a pre-tax income of $53.4 million during 2011, compared to a pre-tax income of $103.0 million for 2010, a decrease of $49.6 million or 48%. The decrease is primarily due to decreases in net interest income and noninterest income, partially offset by a reduction in noninterest expense. Net interest income for this segment decreased $1.9 million or 3% to $61.4 million during 2011 compared to $63.3 million in 2010.

Noninterest income for this segment decreased $23.4 million or 62% to $14.2 million income during 2011, compared to $ 37.6 million in 2010. This reduction is due to the gain on acquisition and higher gain on sales of investment securities in 2010, offset by lower impairment on investment securities in 2011.

Noninterest expense for this segment decreased $5.7 million or 6% to $97.9 million during 2011, compared to $103.6 million in 2010. The decrease is mainly a reduction in compensation and employee benefits, partially offset by an increase in amortization of investments in affordable housing partnerships.

Comparing 2010 to 2009, this segment reported a pre-tax income of $103.0 million compared to an income of $301.3 million in 2009, a change of $198.3 million or 66%. This decrease is primarily due to a $334.2 million or 90% reduction in noninterest income as well as a $59.9 million or 137% increase in noninterest expense, partially offset by a $98.9 million or 278% increase in net interest income. The lower noninterest income is due to the larger gain on the UCB acquisition recorded in 2009 compared to a smaller gain on acquisition recorded in 2010. Noninterest expense and net interest income were also impacted by the growth from acquisitions.

Balance Sheet Analysis

Total assets increased $1.27 billion, or 6%, to $21.97 billion as of December 31, 2011. The increase is comprised predominantly of increases in cash and cash equivalents of $97.2 million, securities purchased under resale agreements of $286.4 million, available-for-sale investment securities of $196.6 million, loans held for sale of $58.4 million, net loans receivable of $753.9 million, due from customers on acceptances of $125.0 million and other assets of $212.5 million offset by decreases in short term investments of $81.7 million, FDIC indemnification asset and receivable of $273.9 million and OREO of $52.8 million. The increase in total assets was funded primarily through increases in deposits of $1.81 billion.

Table of Contents

Investment Securities

Income from investing activities provides a significant portion of our total income. We aim to maintain an investment portfolio with an adequate mix of fixed-rate and adjustable-rate securities with relatively short maturities to minimize overall interest rate risk. Our investment securities portfolio primarily consists of U.S. Treasury securities, U.S. Government agency securities, U.S. Government sponsored enterprise debt securities, U.S. Government sponsored enterprise and other mortgage-backed securities, municipal securities, and corporate debt securities. Investments classified as available-for-sale are carried at their estimated fair values with the corresponding changes in fair values recorded in accumulated other comprehensive income or loss, net of tax, as a component of stockholders' equity. All investment securities have been classified as available-for-sale as of December 31, 2011 and December 31, 2010.

Total investment securities available-for-sale increased 7% to $3.07 billion as of December 31, 2011, compared with $2.88 billion at December 31, 2010. The increase in investment securities was primarily funded by deposit growth. Total repayments/maturities and proceeds from sales of investment securities amounted to $1.78 billion and $702.6 million, respectively, during 2011. Proceeds from repayments, maturities, sales, and redemptions were applied towards additional investment securities purchases totaling $2.71 billion. We recorded net gains totaling $9.7 million and $31.2 million on sales of investment securities during 2011 and 2010, respectively. At December 31, 2011, investment securities available-for-sale with a par value of $2.17 billion were pledged to secure public deposits, FHLB advances, repurchase agreements, FRB discount window, and for other purposes required or permitted by law.

We perform regular impairment analyses on the investment securities. If we determine that a decline in fair value is other-than-temporary, a credit-related impairment loss is recognized in current earnings. Noncredit-related impairment losses are charged to other comprehensive income. Other-than-temporary declines in fair value are assessed based on factors including the period of time the security has been in a continuous unrealized loss position, the severity of the decline in value, the rating of the security, the probability that we will be unable to collect all amounts due, and our ability and intent to not sell the security before recovery of its amortized cost basis. For securities that are determined to not have other-than-temporary declines in value, we have both the ability and the intent to hold these securities and it is not more likely than not that we will be required to sell these securities before recovery of their amortized cost basis.

The fair values of the investment securities are generally determined by reference to the average of at least two quoted market prices obtained from independent external brokers or prices obtained from independent external pricing service providers who have experience in valuing these securities. The Company performs a monthly analysis on the pricing service quotes and the broker quotes received from third parties to ensure that the prices represent a reasonable estimate of the fair value. The procedures include, but are not limited to, initial and ongoing review of third party pricing methodologies, review of pricing trends, and monitoring of trading volumes. The Company ensures whether prices received from independent brokers represent a reasonable estimate of fair value through the use of internal and external cash flow models developed based on spreads, and, when available, market indices. As a result of this analysis, if the Company determines there is a more appropriate fair value based upon available market data, the price received from the third party is adjusted accordingly.

Prices from third party pricing services are often unavailable for securities that are rarely traded or are traded only in privately negotiated transactions. As a result, certain securities are priced via independent broker quotations which utilize proprietary models that include observable market based inputs. Additionally, the majority of these independent broker quotations are non-binding.

Table of Contents

As a result of the financial crisis in the U.S. and global markets, the market for certain pooled trust preferred securities has been distressed since mid-2007. It is the Company's view that current broker prices (which are typically non-binding) on certain pooled trust preferred securities are based on forced liquidation or distressed sale values in very inactive markets that are not representative of the fair value of these securities. As such, the Company considered what weight, if any, to place on transactions that are not orderly when estimating fair value.

We have 24 individual securities that have been in a continuous unrealized loss position for twelve months or longer as of December 31, 2011. These securities are comprised of 19 investment grade debt securities and with a total fair value of $350.2 million and five positions in trust preferred securities with a total fair value of $9.6 million. The Company recorded other-than-temporary impairment losses in 2011 of $633 thousand for one trust preferred security.

The majority of unrealized losses in the available-for-sale portfolio at December 31, 2011 are related to investment grade corporate debt securities that have been in a continuous loss position for less than twelve months. As of December 31, 2011, the Company had $1.32 billion in investment grade corporate debt securities available-for-sale, representing approximately 43% of the total investment securities available-for-sale portfolio.

For complete discussion and disclosure see Note 6 to the Company's consolidated financial statements presented elsewhere in this report.

The following table sets forth certain information regarding the fair values of our investment securities available-for-sale, as well as the weighted average yields, and contractual maturity distribution, excluding periodic principal payments, of our available-for-sale portfolio at December 31, 2011.

Table 6: *Yields and Maturities of Investment Securities*

	Within One Year		**After One But Within Five Years**		**After Five But Within Ten Years**		**After Ten Years**		**Total**	
	Amount	**Yield**	**Amount**	**Yield**	**Amount**	**Yield**	**Amount**	**Yield**	**Amount**	**Yield**
					(Dollars in thousands)					
As of December 31, 2011										
Available-for-sale										
U.S. Treasury securities	$		$ 20,725	2.11%	$		$		$ 20,725	2.11%
U.S. Government agency and U.S. Government sponsored enterprise debt securities	569,387	1.80%	7,191	2.09%					$ 576,578	1.81%
U.S. Government agency and U.S. Government sponsored enterprise mortgage-backed securities:										
Commercial mortgage-backed securities	1,241	6.81%	741	3.26%	32,522	4.05%	14,811	3.80%	$ 49,315	4.04%
Residential mortgage-backed securities	2,884				16,662	1.62%	974,224	2.81%	$ 993,770	2.78%
Municipal securities	14,763	5.62%	9,766	2.22%	39,635	3.26%	15,782	5.09%	$ 79,946	3.91%
Other residential mortgage-backed securities:										
Investment grade									$	
Non-investment grade									$	
Corporate debt securities:										
Investment grade	94,972	3.52%	313,442	2.97%	844,611	3.61%	69,536	5.56%	$ 1,322,561	3.55%
Non-investment grade	10,745	2.66%	5,580	5.38%			3,290	5.33%	$ 19,615	3.92%
Other securities	10,068	4.18%							10,068	4.18%
Total investment securities available-for-sale	$ 704,060		$ 357,445		$ 933,430		$ 1,077,643		$ 3,072,578	

Covered Assets

Covered assets consist of loans receivable and OREO that were acquired in the WFIB Acquisition on June 11, 2010 and in the UCB Acquisition on November 6, 2009 for which the Company entered into shared-loss agreements (the "shared-loss agreements") with the FDIC. The shared-loss agreements covered over 99% of the loans originated by WFIB and all of the loans originated by UCB, excluding the

Table of Contents

loans originated by UCB in China under its United Commercial Bank China (Limited) subsidiary. The Company will share in the losses, which began with the first dollar of loss incurred, on the loan pools (including single-family residential mortgage loans, commercial loans, foreclosed loan collateral and other real estate owned) covered ("covered assets") under the shared-loss agreements.

Pursuant to the terms of the shared-loss agreements, the FDIC is obligated to reimburse the Company 80% of eligible losses for both WFIB and UCB with respect to covered assets. For the UCB covered assets, the FDIC will reimburse the Company for 95% of eligible losses in excess of $2.05 billion with respect to covered assets. The Company has a corresponding obligation to reimburse the FDIC for 80% or 95%, as applicable, of eligible recoveries with respect to covered assets. For both acquisitions the shared-loss agreements for commercial and single-family residential mortgage loans are in effect for 5 years and 10 years, respectively, from the acquisition date and the loss recovery provisions are in effect for 8 years and 10 years, respectively, from the acquisition date.

The following table sets forth the composition of the covered loan portfolio as of the dates indicated:

Table 7: *Composition of Covered Loan Portfolio*

	December 31,			
	2011		2010	
	Amount	**Percent**	**Amount**	**Percent**
	(In thousands)			
Real estate loans:				
Residential single-family	$ 442,732	9.4%	$ 553,541	9.3%
Residential multifamily	918,941	19.5%	1,093,331	18.4%
Commercial and industrial real estate	1,773,760	37.6%	2,085,674	35.0%
Construction and land	653,045	13.8%	1,043,717	17.5%
Total real estate loans	3,788,478	80.3%	4,776,263	80.2%
Other loans:				
Commercial business	831,762	17.6%	1,072,020	18.0%
Other consumer	97,844	2.1%	107,490	1.8%
Total other loans	929,606	19.7%	1,179,510	19.8%
Total principal balance	4,718,084	100.0%	5,955,773	100.0%
Covered discount	(788,295)		(1,150,672)	
Allowance on covered loans	(6,647)		(4,225)	
Total covered loans, net	$ 3,923,142		$ 4,800,876	

FDIC Indemnification Asset

The FDIC indemnification asset represents the present value of the amounts the Company expects to receive from the FDIC under the shared-loss agreements. The difference between the present value of undiscounted cash flow the Company expects to collect from the FDIC is accreted into noninterest income over the life of the FDIC indemnification asset. The FDIC indemnification asset was $511.1 million as of December 31, 2011, compared to $785.0 million as of December 31, 2010. During the year, the FDIC indemnification asset was reduced by $210.4 million as a result of paydowns, payoffs, loan sales, and charge-offs. The Company also recorded $59.9 million of amortization against income during the year. Additionally, during 2011 $3.6 million was recorded as the increase in the estimate of liability owed to the FDIC at the completion of the FDIC loss share agreements.

Table of Contents

FDIC Receivable

As of December 31, 2011 and 2010, the FDIC loss-sharing receivable was $76.6 million and $62.6 million, respectively. This receivable represents 80% of reimbursable amounts from the FDIC that have not yet been received. These reimbursable amounts include charge-offs, loan-related expenses and OREO-related expenses. The 80% of any reimbursable expense is recorded as noninterest income. 100% of the loan-related and OREO expenses are recorded as noninterest expense, netting to the 20% of actual expense paid by the Company. The FDIC shares in 80% of recoveries received. Thus, the FDIC receivable is reduced when we receive payment from the FDIC as well as when recoveries occur.

For complete discussion and disclosure of covered assets, FDIC indemnification asset and FDIC receivable see Note 8 to the Company's consolidated financial statements presented elsewhere in this report.

Non-Covered Loans

We offer a broad range of products designed to meet the credit needs of our borrowers. Our lending activities consist of residential single-family loans, residential multifamily loans, income producing commercial real estate loans, land loans, construction loans, commercial business loans, trade finance loans, and student and other consumer loans. Net non-covered loans receivable increased $1.69 billion, or 20%, to $10.34 billion at December 31, 2011.

The following table sets forth the composition of the loan portfolio as of the dates indicated:

Table 8: *Composition of Loan Portfolio*

	December 31,									
	2011		2010		2009		2008		2007	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
	(Dollars in thousands)									
Residential:										
Single-family	$ 1,796,635	17.5%	$ 1,119,024	12.8%	$ 930,392	10.9%	$ 491,315	6.0%	$ 433,337	4.9%
Multifamily	933,168	9.1%	974,745	11.2%	1,022,383	12.0%	677,989	8.2%	690,941	7.8%
Total residential	$ 2,729,803	26.6%	$ 2,093,769	24.0%	$ 1,952,775	22.9%	$ 1,169,304	14.2%	$ 1,124,278	12.7%
Commercial Real Estate ("CRE"):										
Income producing	3,487,866	33.8%	3,392,984	39.0%	3,606,178	42.5%	3,472,000	42.1%	4,183,473	47.4%
Construction	171,410	1.7%	278,047	3.2%	455,142	5.4%	1,260,724	15.3%	1,547,082	17.5%
Land	173,089	1.7%	235,707	2.7%	358,444	4.2%	576,564	7.0%		0.0%
Total CRE	$ 3,832,365	37.2%	$ 3,906,738	44.9%	$ 4,419,764	52.1%	$ 5,309,288	64.4%	$ 5,730,555	64.9%
Commercial and Industrial ("C&I"):										
Commercial business	$ 2,655,917	25.8%	$ 1,674,698	19.2%	$ 1,283,182	15.1%	$ 1,210,260	14.6%	$ 1,314,068	14.8%
Trade finance	486,555	4.7%	308,657	3.5%	220,528	2.6%	343,959	4.2%	491,690	5.6%
Total C&I	$ 3,142,472	30.5%	$ 1,983,355	22.7%	$ 1,503,710	17.7%	$ 1,554,219	18.8%	$ 1,805,758	20.4%
Consumer:										
Student loans	306,325	3.0%	490,314	5.6%	395,151	4.6%		0.0%		0.0%
Other consumer	277,461	2.7%	243,212	2.8%	229,633	2.7%	216,642	2.6%	184,518	2.0%
Total consumer	$ 583,786	5.7%	$ 733,526	8.4%	$ 624,784	7.3%	$ 216,642	2.6%	$ 184,518	2.0%
Total gross loans	10,288,426	100.0%	8,717,388	100.0%	8,501,033	100.0%	8,249,453	100.0%	8,845,109	100.0%
	(16,762)		(56,781)		(43,529)		(2,049)		(5,781)	

Unearned fees, premiums, and discounts, net					
Allowance for loan losses	(209,876)	(230,408)	(238,833)	(178,027)	(88,407)
Loans held for sale	278,603	220,055	28,014		
Loans receivable, net	$ 10,340,391	$ 8,650,254	$ 8,246,685	$ 8,069,377	$ 8,750,921

59

Table of Contents

Residential Loans. The residential loan segment includes both single-family and multifamily loans. At December 31, 2011, $2.73 billion or 27% of the loan portfolio was residential real estate properties, compared to $2.09 billion or 24% at December 31, 2010.

The Bank offers both fixed and adjustable rate ("ARM") first mortgage loans secured by one-to-four unit residential properties located in its primary lending areas. The Bank originated $924.3 million and $430.8 million in new residential single-family loans during 2011 and 2010, respectively.

The Bank also offers both fixed and ARM residential multifamily loan programs. For the years ended December 31, 2011 and 2010, the Bank originated $47.6 million and $26.4 million, respectively, in multifamily residential loans. The Bank primarily offers ARM multifamily loan programs that have six-month, three-year, or five-year initial fixed periods. The Bank considers all of the single-family and multifamily loans originated to be prime loans and underwriting criteria include minimum FICO scores, maximum loan-to-value ratios and minimum debt coverage ratios, as applicable. The Bank does have some single-family loans with interest-only features. Single-family loans with interest-only features totaled $5.6 million or less than 1% and $7.8 million or 1% of total single-family loans at December 31, 2011 and 2010, respectively. Additionally, the Bank owns residential loans that permit different repayment options that were purchased years ago. For these loans, there is the potential for negative amortization if the borrower chooses so. These residential loans that permit different repayment options totaled $14.0 million, or 1%, and $16.9 million, or 1%, of total residential loans at December 31, 2011 and 2010, respectively. None of these loans were negatively amortizing as of December 31, 2011 and 2010.

The bank also offers a low loan documentation program for single family residential loans. These loans require a large down payment and a low loan to value "LTV". These loans have historically experienced low delinquency and default rates. Loans originated under this program during 2011 totaled $800.1 million. Historically, the Bank has offered this program; however, due to the uncertain regulatory and legislative environments the bank did not originate these loans during 2010.

Commercial Real Estate Loans. The commercial real estate loan segment includes income producing real estate loans, construction loans and land loans. We continue to originate commercial real estate loans that are advantageous opportunities for the Bank. Although real estate lending activities are collateralized by real property, these transactions are subject to similar credit evaluation, underwriting and monitoring standards as those applied to commercial business loans. Commercial real estate loans accounted for $3.83 billion or 37%, and $3.91 billion or 45%, of our non-covered loan portfolio at December 31, 2011, and 2010, respectively.

Since a significant portion of our real estate loans are secured by properties located in California, declines in the California economy and in real estate values could have a significant effect on the collectability of our loans and on the level of allowance for loan losses required.

Commercial and Industrial Loans. The commercial and industrial loan segment includes commercial business and trade finance loans. We finance small and middle-market businesses in a wide spectrum of industries throughout California. Included in commercial business loans are loans for working capital, accounts receivable lines, inventory lines, small business administration loans and lease financing. Included in our trade finance loans are a variety of international trade services and products, including letters of credit, revolving lines of credit, import loans, bankers' acceptances, working capital lines, domestic purchase financing and pre-export financing. At December 31, 2011, the commercial and industrial loans segment accounted for a total of $3.14 billion or 31% of our loan portfolio, compared to $1.98 billion or 23% at December 31, 2010. The increase in this loan segment is due to a focus during 2011 and going forward of growing the commercial and industrial loan portfolio while reducing our exposure to non income producing commercial real estate loans.

Table of Contents

Most of our trade finance activities are related to trade with Asian countries. However, a significant majority of our loans are made to companies domiciled in the United States. A substantial portion of this business involves California based customers engaged in import and export activities. In addition, we also offer Export-Import financing to various domestic and foreign customers; the export loans are guaranteed by the Export-Import Bank of the United States. Our trade finance portfolio as of December 31, 2011 primarily represents loans made to borrowers that import goods into the U.S. These financings are generally made through letters of credit ranging from $100 thousand to $1 million. At December 31, 2011, total unfunded commitments related to trade finance loans increased 4% to $551.0 million, compared to $529.0 million at December 31, 2010.

Consumer Loans. The consumer loans segment includes student loans and other consumer loans. Consumer loans decreased from $733.5 million at December 31, 2010 to $583.8 million at December 31, 2011, a decrease of 20%. A majority of our student loans are 100% guaranteed by the U.S Department of Education. The other consumer loan portfolio is mainly comprised of home equity lines of credit and auto loans.

Loans Held for Sale. At December 31, 2011, loans held for sale are mainly comprised of the student loans segment. Loans held for sale totaled $278.6 million and $220.1 million as of December 31, 2011 and 2010, respectively. During 2011, in total, loans receivable of $644.9 million were reclassified to loans held for sale. These loans were purchased by the Company with the intent to be held for investment; however, subsequent to the loan's purchase, the Company's intent for these loans changed and they were consequently reclassified to loans held for sale. Proceeds from sales of loans held for sale were $652.7 million in 2011, resulting in net gains on sales of $14.5 million. Proceeds from sales of loans held for sale were $409.5 million and $37.1 million in 2010 and 2009, respectively. Net gains on sales were $18.5 million in 2010 compared to an insignificant amount in 2009.

Foreign Loans At December 31, 2011 $628.4 million of loans were originated or acquired and held in our overseas offices, including our Hong Kong branch and our subsidiary bank in China. These loans represent 2.9% of total consolidated assets. These loans are included in the *Composition of Loan Portfolio* table above.

Table 9: *Maturity of Loan Portfolio*

	Within One Year	After One But Within Five Years	More Than Five Years	Total
		(In thousands)		
Residential	$ 1,834	$ 208,387	$ 2,519,582	$ 2,729,803
Commercial Real Estate	81,265	2,378,459	1,372,641	3,832,365
Commercial and Industrial	56,942	2,810,405	275,125	3,142,472
Consumer	6,626	23,087	554,073	583,786
Total	$ 146,667	$ 5,420,338	$ 4,721,421	$ 10,288,426

Table of Contents

As of December 31, 2011, outstanding loans, including projected prepayments, scheduled to be repriced within one year, after one but within five years, and in more than five years, excluding nonaccrual loans, are as follows:

Table 10: *Loans Scheduled to be Repriced*

	Within One Year	After One But Within Five Years	More Than Five Years	Total
		(In thousands)		
Total fixed rate	$ 604,151	$ 315,921	$ 636,330	$ 1,556,402
Total variable rate	4,502,239	3,201,995	907,813	8,612,047
Total	$ 5,106,390	$ 3,517,916	$ 1,544,143	$ 10,168,449

Mortgage Servicing Assets

As of December 31, 2011, we had $6.9 million in mortgage servicing assets, which is net of $4.3 million in total valuation allowances. Mortgage servicing assets are initially recorded at fair value. The fair value of servicing assets is determined based on the present value of estimated net future cash flows related to contractually-specified servicing fees. The primary determinants of the fair value of mortgage servicing assets are prepayment speeds and discount rates. Published industry standards are used to derive market-based assumptions. Changes in the assumptions used may have a significant impact on the valuation of mortgage servicing assets. Evaluation of impairment is performed on a quarterly basis. We record mortgage servicing assets for loans sold or securitized for which servicing has been retained by the Bank.

We recorded an impairment of $927 thousand in mortgage servicing assets during 2011, compared with an impairment of $808 thousand in 2010. The decline in interest rates as well as the overall increases in borrower refinancing and prepayment rates related to the underlying sold or securitized loans have caused the value of mortgage servicing assets to decrease. For complete discussion and disclosure see Note 14 to the Company's consolidated financial statements presented elsewhere in this report.

Non-covered Nonperforming Assets

Generally, our policy is to place a loan on nonaccrual status if principal or interest payments are past due in excess of 90 days or the full collection of principal or interest becomes uncertain, regardless of the length of past due status. When a loan reaches nonaccrual status, any interest accrued on the loan is reversed and charged against current income. In general, subsequent payments received are applied to the outstanding principal balance of the loan. Nonaccrual loans that demonstrate a satisfactory payment trend for several months are returned to full accrual status subject to management's assessment of the full collectability of the loan.

Non-covered nonperforming assets are comprised of nonaccrual loans, accruing loans past due 90 days or more, and non-covered other real estate owned, net. Non-covered nonperforming assets as a percentage of total assets were 0.80% and 0.94% at December 31, 2011 and 2010, respectively. Nonaccrual loans totaled $145.6 million and $172.9 million at December 31, 2011 and 2010, respectively. During 2011, we took actions to reduce our exposure to problem assets. In conjunction with these efforts, we sold $83.5 million in problem loans and $27.6 million in non-covered OREO properties during 2011. Net charge-offs for non-covered nonperforming loans were $112.1 million for the year ended December 31, 2011. For non-covered OREO properties, write-downs of $3.0 million were recorded for the year ended December 31, 2011.

Table of Contents

Approximately $43.8 million, or 52%, of our problem loan sales during 2011 were all-cash transactions. We also partially financed selected loan sales to unrelated third parties. Problem loans are sold on a servicing released basis and the shortfall between the loan balance and any new notes is charged off. A substantial down payment, typically 20% or greater, is generally received from the new borrower purchasing the problem loan. The underlying sales agreements provide for full recourse to the new borrower and require that periodic updated financial information be provided to demonstrate their ability to service the new loan. The Company maintains no effective control over the transferred loans.

Loans totaling $236.9 million were placed on nonaccrual status during 2011. As part of our loan review process, loans totaling $45.8 million which were not 90 days past due as of December 31, 2011 were included in nonaccrual loans as of December 31, 2011. Additions to nonaccrual loans during 2011 were offset by $124.7 million in gross charge-offs, $73.3 million in payoffs and principal paydowns, $38.1 million in loans that were transferred to other real estate owned, and $28.1 million in loans brought current. Additions to nonaccrual loans during the year ended December 31, 2011 were comprised of $48.6 million in residential loans $155.3 million in commercial real estate loans, $28.2 million in commercial and industrial loans and $4.8 million in consumer loans.

The Company did not have any loans 90 or more days past due accruing interest at December 31, 2011 and 2010.

The Company had $99.6 million and $122.1 million in total performing restructured loans as of December 31, 2011 and 2010, respectively. Nonperforming restructured loans were $38.9 million and $42.1 million at December 31, 2011 and 2010, respectively, and are included in nonaccrual loans. Included in the total restructured loans as of December 31, 2011 and 2010 were $22.8 million and $57.3 million in performing A/B notes, respectively. In A/B note restructurings, the original note is bifurcated into two notes where the A note represents the portion of the original loan which allows for acceptable loan-to-value and debt coverage on the collateral and is expected to be collected in full and the B note represents the portion of the original loan where there is a shortfall in value and is fully charged off. The A/B notes balance as of December 31, 2011 is comprised of A note balances only. A notes are not disclosed as TDRs in years after the restructuring if the restructuring agreement specifies an interest rate equal to or greater than the rate that the Bank was willing to accept at the time of the restructuring for a new loan with comparable risk and the loan is performing based on the terms specified by the restructuring agreement. At December 31, 2011, the amount of unfunded commitments for restructured loans was $7.1 million. As of December 31, 2011, restructured loans were comprised of $5.6 million in single-family loans, $16.3 million in multifamily loans, $50.5 million in commercial real estate loans, $7.7 million in CRE construction loans, $36.5 million in CRE land loans and $21.9 million in commercial business loans.

Non-covered other real estate owned includes properties acquired through foreclosure or through full or partial satisfaction of loans. As of December 31, 2011, the Company had 37 OREO properties with a combined carrying value of $29.3 million. Approximately 62% of the carrying value of OREO properties as of December 31, 2011 were located in California, compared to 75% in 2010. During 2011, the Company foreclosed on 58 properties with an aggregate carrying value of $38.0 million as of the foreclosure date. Additionally, the Company recorded $3.0 million in write-downs. During this period, the Company also sold 51 OREO properties for total proceeds of $26.6 million resulting in a total net loss on sale of $151 thousand and charges against the allowance for loan losses totaling $780 thousand. As of December 31, 2010, the Company had 30 OREO properties with a carrying value of $21.9 million. During 2010, the Company foreclosed on 81 properties with an aggregate carrying value of $57.3 million as of the foreclosure date. Additionally, the Company recorded $7.0 million in write-downs. During this period, the Company also sold 79 OREO properties for total proceeds of $39.5 million resulting in a total net loss on sale of $145 thousand and charges against the allowance for loan losses totaling $2.6 million. During the

Table of Contents

year ended December 31, 2009, the Company sold 153 OREO properties with a combined carrying value of $112.2 million for a net loss of $5.4 million.

The following table sets forth information regarding nonaccrual loans, loans 90 or more days past due but not on nonaccrual, restructured loans and non-covered other real estate owned as of the dates indicated:

Table 11: *Nonperforming Assets*

	December 31,				
	2011	**2010**	**2009**	**2008**	**2007**
	(Dollars in thousands)				
Nonaccrual loans	$ 145,632	$ 172,929	$ 173,180	$ 214,607	$ 63,882
Loans 90 or more days past due but not on nonaccrual					
Total nonperforming loans	145,632	172,929	173,180	214,607	63,882
Non-covered other real estate owned, net	29,350	21,865	13,832	38,302	1,500
Total nonperforming assets	$ 174,982	$ 194,794	$ 187,012	$ 252,909	$ 65,382
Performing restructured loans	$ 99,603	$ 122,139	$ 114,800	$ 10,950	$ 2,081
Total nonperforming assets to total assets	0.80%	0.94%	0.91%	2.12%	0.57%
Allowance for loan losses to nonperforming loans	144.11%	133.24%	137.91%	82.95%	138.39%
Nonperforming loans to total gross non-covered loans	1.38%	1.93%	2.04%	2.60%	0.72%

Covered nonperforming assets totaled $258.1 million, representing 1.17% of total assets at December 31, 2011. These covered nonperforming assets are subject to the shared-loss agreements with the FDIC.

We evaluate loan impairment according to the provisions of ASC 310-10-35, *Receivables Overall Subsequent Measurement*. Under ASC 310-10-35, loans are considered impaired when it is probable that we will be unable to collect all amounts due according to the contractual terms of the loan agreement, including scheduled interest payments. Impaired loans are measured based on the present value of expected future cash flows discounted at the loan's effective interest rate or, as an expedient, at the loan's observable market price or the fair value of the collateral if the loan is collateral dependent, less costs to sell. If the measure of the impaired loan is less than the recorded investment in the loan, the deficiency will be charged off against the allowance for loan losses. Also, in accordance with ASC 310-10-35, loans that are considered impaired are specifically excluded from the quarterly migration analysis when determining the amount of the general valuation allowance for loan losses required for the period.

At December 31, 2011, the Company's total recorded investment in impaired loans was $219.6 million, compared with $281.0 million at December 31, 2010. The decrease in impaired loans is largely due to a decrease in nonperforming loans. All nonaccrual and doubtful loans are included in impaired loans. Impaired loans at December 31, 2011 are comprised of single-family loans totaling $9.1 million, multifamily loans totaling $31.8 million, income producing commercial real estate loans totaling $63.6 million, CRE construction loans totaling $46.5 million, CRE land loans totaling $34.5 million, commercial business loans totaling $31.6 million and other consumer loans totaling $2.5 million. As of December 31, 2011, the allowance for loan losses included $13.0 million for impaired loans with a total recorded balance of $30.4 million. As of December 31, 2010, the allowance for loan losses included $10.0 million for impaired loans with a total recorded balance of $20.6 million.

Our average recorded investment in impaired loans during 2011 and 2010 totaled $252.4 million and $317.2 million, respectively. During 2011 and 2010, gross interest income that would have been recorded on nonaccrual loans, had they performed in accordance with their original terms, totaled $9.4 million and $12.7 million, respectively. Of this amount, actual interest recognized on impaired loans, on a cash basis, was $3.5 million and $7.2 million, respectively.

Allowance for Loan Losses

We are committed to maintaining the allowance for loan losses at a level that is commensurate with the estimated inherent loss in the loan portfolio. In addition to regular quarterly reviews of the adequacy of the allowance for loan losses, we perform an ongoing assessment of the risks inherent in the loan portfolio. While we believe that the allowance for loan losses is appropriate at December 31, 2011, future additions to the allowance will be subject to a continuing evaluation of inherent risks in the loan portfolio.

The allowance for loan losses is increased by the provision for loan losses which is charged against current period operating results, and is increased or decreased by the amount of net recoveries or charge-offs, respectively, during the year. At December 31, 2011, the allowance for loan losses amounted to $216.5 million, which includes $6.6 million allocated to covered loans. In comparison, at December 31, 2010, the allowance for loan losses amounted to $234.6 million, which includes $4.2 million allocated to covered loans. At December 31, 2011, the allowance for loan losses on non-covered loans amounted to $209.9 million, or 2.04% of total non-covered loans receivable, compared with $230.4 million, or 2.64% of total non-covered loans receivable, at December 31, 2010. The $18.1 million decrease in the allowance for loan losses at December 31, 2011, from year-end 2010, reflects lower loan loss provisions, and less net charge-offs recorded during the year. The allowance for unfunded loan commitments, off-balance sheet credit exposures, and recourse provisions is included in accrued expenses and other liabilities and amounted to $11.0 million at December 31, 2011, compared to $10.0 million at December 31, 2010. Net adjustments to the allowance for unfunded loan commitments, off-balance sheet credit exposures and recourse provisions are included in the provision for loan losses.

We recorded $95.0 million in loan loss provisions during 2011, as compared to $200.2 million in loss provisions recorded during 2010. The decrease in loss provisions recorded during 2011, compared to 2010 was primarily due to credit quality improvement, partially offset by increases in the allowance for loan losses on commercial and residential loans, commensurate with the increases in these portfolios. During 2011, we recorded $112.1 million in net charge-offs representing 1.16% of average loans outstanding during the year. In comparison, we recorded net charge-offs totaling $202.5 million, or 2.35% of average loans outstanding, during 2010. Also during the year, sale proceeds of $49.1 million were received on notes with a carrying value of $83.5 million. $27.1 million in loans were originated to facilitate the sales of loans; the remaining difference between the carrying value and the sale amount was charged against the allowance for loan losses. Given the improvements in credit quality we are seeing in the loan portfolio, it is expected that provision for loan losses and net charge-offs will continue to decrease throughout 2012.

Table of Contents

The following tables summarize activity in the allowance for loan losses for the periods indicated:

Table 12.1: *Allowance for Loan Losses 2011 and 2010*

	Year Ended December 31,	
	2011	2010
	(Dollars in thousands)	
Allowance balance, beginning of year	$ 234,633	$ 238,833
Allowance for unfunded loan commitments and letters of credit	(1,048)	(1,833)
Provision for loan losses	95,006	200,159
Gross chargeoffs:		
Residential	13,323	49,685
Commercial real estate	78,803	137,460
Commercial and industrial	30,606	35,479
Consumer	1,959	2,579
Total gross chargeoffs	124,691	225,203
Gross recoveries:		
Residential	596	1,626
Commercial real estate	4,691	10,073
Commercial and industrial	7,041	10,116
Consumer	295	862
Total gross recoveries	12,623	22,677
Net chargeoffs	112,068	202,526
Allowance balance, end of year[(1)]	$ 216,523	$ 234,633
Average loans outstanding	$ 9,668,106	$ 8,634,283
Total gross loans outstanding, end of year	$ 10,288,426	$ 8,717,388
Net chargeoffs to average loans	1.16%	2.35%
Allowance for loan losses to total gross loans at end of year	2.10%	2.69%

(1) Includes allowance for loan losses allocated to covered loans subject to general reserves. Allowance for covered loans totaled $6.6 million and $4.2 million as of December 31, 2011 and 2010, respectively.

Table of Contents

Table 12.2: *Allowance for Loan Losses 2009, 2008 and 2007*

	Year Ended December 31,		
	2009	2008	2007
	(Dollars in thousands)		
Allowance balance, beginning of year	$ 178,027	$ 88,407	$ 78,201
Allowance from acquisitions			4,125
Allowance for unfunded loan commitments and letters of credit	(1,778)	5,044	841
Provision for loan losses	528,666	226,000	12,000
Impact of desecuritization	9,262		
Gross chargeoffs:			
Residential single-family	33,778	3,522	335
Multifamily real estate	20,153	1,966	
Commercial and industrial real estate	159,969	53,459	
Construction	206,732	57,629	2,810
Commercial business	53,152	24,639	3,740
Trade finance	6,868	5,707	249
Automobile	85	268	30
Other consumer	4,519	261	42
Total gross chargeoffs	485,256	147,451	7,206
Gross recoveries:			
Residential single-family	771	37	
Residential multifamily	617		
Commercial and industrial real estate	2,213	2,467	7
Construction	3,312	2,654	
Commercial business	2,684	835	419
Trade finance	237	9	
Automobile	50	25	20
Other consumer	28		
Total gross recoveries	9,912	6,027	446
Net chargeoffs	475,344	141,424	6,760
Allowance balance, end of year	$ 238,833	$ 178,027	$ 88,407
Average loans outstanding	$ 8,355,825	$ 8,601,825	$ 8,354,989
Total gross loans outstanding, end of year	$ 8,501,033	$ 8,249,453	$ 8,845,109
Net chargeoffs to average loans	5.69%	1.64%	0.08%
Allowance for loan losses to total gross loans at end of year	2.81%	2.16%	1.00%

Our methodology to determine the overall appropriateness of the allowance is based on a loss migration model and qualitative considerations. The migration analysis looks at pools of loans having similar characteristics and analyzes their loss rates over a historical period. We utilize historical loss factors derived from trends and losses associated with each pool over a specified period of time. Based on this process, we assign loss factors to each loan grade within each pool of loans. Loss rates derived by the migration model are based predominantly on historical loss trends that may not be indicative of the actual or inherent loss potential. As such, we utilize qualitative and environmental factors as adjusting mechanisms to supplement the historical results of the classification migration model. Qualitative considerations include, but are not limited to, prevailing economic or market conditions, relative risk profiles of various loan segments, volume concentrations, growth trends, delinquency and nonaccrual

Table of Contents

status, problem loan trends, and geographic concentrations. Qualitative and environmental factors are reflected as percent adjustments and are added to the historical loss rates derived from the classified asset migration model to determine the appropriate allowance amount for each loan pool.

The following table reflects the Company's allocation of the allowance for loan losses by loan segment and the ratio of each loan segment to total loans as of the dates indicated.

Table 13.1: *Allowance for Loan Losses by Loan Segment 2011 and 2010*

	At December 31,			
	2011		2010	
	Amount	%	Amount	%
	(Dollars in thousands)			
Residential	$ 52,180	26.6%	$ 49,491	24.0%
Commercial Real Estate	66,457	37.2%	117,752	44.9%
Commercial and Industrial	87,020	30.5%	59,737	22.7%
Consumer	4,219	5.7%	3,428	8.4%
Covered loans subject to general reserves	6,647	0.0%	4,225	0.0%
Total	$ 216,523	100.0%	$ 234,633	100.0%

The decrease of $18.1 million in the allowance for loan losses at December 31, 2011, relative to year-end 2010, was primarily due to credit quality improvement, partially offset by increases in the allowance for loan losses on commercial and residential loans, commensurate with the increases in these portfolios.

Deposits

We offer a wide variety of deposit account products to both consumer and commercial customers. Total deposits increased $1.81 billion to $17.45 billion at December 31, 2011, as compared to $15.64 billion at December 31, 2010. The increase in total deposits was due to increases of $816.3 million, or 30.5%, in noninterest-bearing demand deposits, $380.5 million, or 5.6% in time deposits, $221.0 million, or 5.0%, in money market accounts, $213.7 million, or 28.2% in interest-bearing checking and $180.1 million, or 18.3% in savings deposits. During 2011, we grew deposits from our retail network and commercial customers by $1.74 billion and increased brokered deposits by $70.9 million.

As of December 31, 2011, time deposits within the Certificate of Deposit Account Registry Service ("CDARS") program decreased to $580.9 million, compared to $713.5 million at December 31, 2010. The CDARS program allows customers with deposits in excess of FDIC-insured limits to obtain full coverage on time deposits through a network of banks within the CDARS program. Additionally, we partner with another financial institution to offer a retail sweep product for non-time deposit accounts to provide added deposit insurance coverage for deposits in excess of FDIC-insured limits. Deposits gathered through these programs are considered brokered deposits under current regulatory reporting guidelines.

Public deposits increased 58.3% to $928.0 million at December 31, 2011, from $586.2 million at December 31, 2010. A large portion of these public funds are comprised of deposits from the State of California.

Time deposits greater than $100 thousand were $4.96 billion, representing 28.4% of the deposit portfolio at December 31, 2011. These accounts, consisting primarily of deposits by consumers, had a

Table of Contents

weighted average interest rate of 1.83% at December 31, 2011. The following table provides the remaining maturities at December 31, 2011 of time deposits greater than $100 thousand:

Table 14: *Time Deposits $100,000 or Greater*

		(In thousands)
3 months or less	$	2,022,492
Over 3 months through 6 months		1,081,147
Over 6 months through 12 months		1,138,193
Over 12 months		717,565
Total	$	4,959,397

Borrowings

We utilize a combination of short-term and long-term borrowings to manage our liquidity position. At December 31, 2011 we had no federal funds purchased and $22 thousand of federal funds purchased at December 31, 2010, respectively. FHLB advances decreased 63% to $455.3 million as of December 31, 2011, compared to $1.21 billion at December 31, 2010. The decrease in FHLB advances is consistent with our overall strategy to improve our cost of funds. During 2011, a portion of the proceeds from the maturities and sales of investment securities and redemption of our money market mutual funds was used to pay down our borrowings. During 2011, long-term FHLB advances totaling $523.5 million were prepaid, with additional prepayment penalties of $11.8 million. We also paid off $200.0 million in matured overnight FHLB advances during 2011. As of December 31, 2011 and December 31, 2010 we had no overnight FHLB advances and $200.0 million in overnight FHLB advances, respectively.

In addition to federal funds purchased and FHLB advances, we also utilize securities sold under repurchase agreements ("repurchase agreements") to manage our liquidity position. Repurchase agreements totaled $1.02 billion and $1.08 billion as of December 31, 2011 and 2010, respectively. Included in these balances are $25.2 million and $88.5 million in short-term repurchase agreements as of December 31, 2011 and 2010, respectively. The interest rates on these short-term repurchase agreements were 0.57% and 0.54% at December 31, 2011 and 2010, respectively. The remaining repurchase agreements are long-term with interest rates that are largely fixed primarily ranging from 4.15% to 5.13% as of December 31, 2011. The counterparties have the right to a quarterly call for many of the repurchase agreements. Repurchase agreements are accounted for as collateralized financing transactions and recorded at the amounts at which the securities were sold. The collateral for these agreements consist of U.S. Government agency and U.S. Government sponsored enterprise debt and mortgage-backed securities.

Long-Term Debt

Long-term debt is comprised of subordinated debt and junior subordinated debt. Long-term debt decreased $23.4 million or 10% to $212.2 million as of December 31, 2011, compared to $235.6 million as of December 31, 2010. The decrease is mainly due to repayment of $21.4 million of junior subordinated debt securities, which were called with a repayment penalty of $526 thousand during 2011. These debt securities were repaid in order to reduce higher interest-bearing debt and in anticipation of the phase out of trust preferred securities as Tier I regulatory capital, beginning in 2013. Subordinated debt, qualifies as Tier II capital for regulatory purposes, and junior subordinated debt, qualifies as Tier I capital for regulatory purposes, both issues in connection with our various pooled trust preferred securities offerings. Under the Dodd-Frank Act, bank holding companies with more than $15 billion in total consolidated

Table of Contents

assets will no longer be able to include trust preferred securities as Tier I regulatory capital beginning in 2013 with phase-out complete by 2016.

Off-Balance Sheet Arrangements and Aggregate Contractual Obligations

In the course of our business, we may enter into or be a party to transactions that are not recorded on the balance sheet and are considered to be off-balance sheet arrangements. Off-balance sheet arrangements are any contractual arrangements whereby an unconsolidated entity is a party, under which we have: (1) any obligation under a guarantee contract; (2) a retained or contingent interest in assets transferred to an unconsolidated entity or similar arrangement that serves as credit, liquidity or market risk support to that entity for such assets; (3) any obligation under certain derivative instruments; or (4) any obligation under a material variable interest held by us in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to us, or engages in leasing, hedging or research and development services with us.

Commitments

As a financial service provider, we routinely enter into commitments to extend credit to customers, such as loan commitments, commercial letters of credit for foreign and domestic trade, standby letters of credit, and financial guarantees. Many of these commitments to extend credit may expire without being drawn upon. The same credit policies are used in extending these commitments as in extending loan facilities to customers. Under some of these contractual agreements, the Company may also have liabilities contingent upon the occurrence of certain events. A schedule of significant commitments to extend credit to customers as of December 31, 2011 is as follows:

Table 15: *Significant Commitments*

	December 31, 2011 (In thousands)
Undisbursed loan commitments	$ 2,187,562
Standby letters of credit	1,576,867
Commercial letters of credit	61,585

A discussion of significant contractual arrangements under which the Company may be held contingently liable is included in Note 21 to the Company's consolidated financial statements presented elsewhere in this report. In addition, the Company has commitments and obligations under post-retirement benefit plans as described in Note 23 to the Company's consolidated financial statements presented elsewhere in this report.

Contractual Obligations

The following table presents, as of December 31, 2011, the Company's significant fixed and determinable contractual obligations, within the categories described below, by payment date. With the exception of operating lease obligations, these contractual obligations are included in the consolidated balance sheets. The payment amounts represent the amounts and interest contractually due to the recipient.

Table of Contents

Table 16: *Contractual Obligations*

	Payment Due by Period					
Contractual Obligations	**Less than 1 year**	**1-3 years**	**3-5 years**	**After 5 years**	**Indeterminate Maturity**	**Total**
			(In thousands)			
Deposits	$ 6,244,874	$ 663,619	$ 180,446	$ 229,707	$ 10,398,589	$ 17,717,235
Federal funds purchased						
FHLB advances	17,744	155,310	118,420	207,215		498,689
Securities sold under repurchase agreements	72,619	94,822	1,016,220	51,546		1,235,207
Notes payable					85,987	85,987
Long-term debt obligations	4,260	8,519	82,056	196,688		291,523
Operating lease obligations	22,149	37,494	23,206	24,900		107,749
Unrecognized tax benefits	(1,750)	(2,086)	(952)			(4,788)
Postretirement benefit obligations	267	813	929	17,652		19,661
Total contractual obligations	$ 6,360,163	$ 958,491	$ 1,420,325	$ 727,708	$ 10,484,576	$ 19,951,263

The operating lease obligation as of December 31, 2011 includes the leases assumed by the Company as part of the FDIC-assisted transactions of WFIB and UCB.

Capital Resources

At December 31, 2011, stockholders' equity totaled $2.31 billion, a 9.4% increase from the year-end 2010 balance of $2.11 billion. The increase is comprised of the following: (1) net income of $245.2 million recorded during 2011; (2) stock compensation costs amounting to $13.5 million related to grants of restricted stock and stock options; (3) issuance of common stock totaling $5.7 million, representing 1,052,756 shares, pursuant to various stock plans and agreements; and (4) net tax benefit of $717 thousand from various stock plans. These transactions were offset by: (1) dividends on common stock and preferred stock totaling $30.7 million; (2) unrealized loss on investment securities available-for-sale, net of tax, of $18.0 million; (3) repurchase of common stock warrants amounting to $14.5 million, representing 1,517,555 shares; (4) additional noncredit-related impairment loss on investment securities amounting to $3.0 million; (5) purchase of treasury shares related to vested restricted stock amounting to $649 thousand, representing 29,610 shares; and (6) foreign currency translation adjustments, net of tax, of $605 thousand.

Historically, our primary source of capital has been the retention of operating earnings. In order to ensure adequate levels of capital, we conduct an ongoing assessment of projected sources, needs and uses of capital in conjunction with projected increases in assets and level of risk. As part of this ongoing assessment, the Board of Directors reviews the various components of capital and the adequacy of capital.

Series A Preferred Stock Offering

In April 2008, the Company issued 200,000 shares of 8% Non-Cumulative Perpetual Convertible Preferred Stock, Series A ("Series A"), with a liquidation preference of $1,000 per share. The Company received $194.1 million of additional Tier 1 qualifying capital, after deducting stock issuance costs. The proceeds from this offering were used to augment the Company's liquidity and capital positions and reduce its borrowings. See Note 24 of the Notes to Consolidated Financial Statements for additional information.

Table of Contents

TARP Repayment

In October 2008, the U.S. Treasury announced its intention to inject capital into certain eligible financial institutions under the TARP Capital Purchase Program ("TARP CPP"). In December 2008, we participated in the TARP CPP by issuing to the U.S. Treasury 306,546 shares of Fixed Rate Cumulative Perpetual Preferred Stock, Series B, and warrants for an aggregate purchase price of $306.5 million. On December 29, 2010, in accordance with approvals received from the U.S. Treasury and the Federal Reserve Board, the Company repurchased all shares of the TARP CPP preferred stock and the related accrued and unpaid dividends by using $308.4 million of available cash, without raising any capital or debt. As of December 31, 2010, there were 1,517,555 warrants outstanding. On January 26, 2011, the Company repurchased all 1,517,555 outstanding warrants for $14.5 million.

Private Placement

On March 25, 2010, at a special meeting of the stockholders, our stockholders voted to approve the issuance of 37,103,734 shares of common stock upon conversion of the 335,047 shares of the Series C preferred stock. Subsequently, on March 30, 2010, each share of the Series C preferred stock was automatically converted into 110.74197 shares of our common stock at a per common share conversion price of $9.03, as adjusted in accordance with the terms of the Series C preferred stock. As a result, no shares of the Series C preferred stock remain outstanding.

Risk-Based Capital

We are committed to maintaining capital at a level sufficient to assure our shareholders, our customers and our regulators that our company and our bank subsidiary are financially sound. We are subject to risk-based capital regulations and capital adequacy guidelines adopted by the federal banking regulators. These guidelines are used to evaluate capital adequacy and are based on an institution's asset risk profile and off-balance sheet exposures. According to these guidelines, institutions whose Tier I and total capital ratios meet or exceed 6.0% and 10.0%, respectively, may be deemed "well-capitalized." At December 31, 2011, the Bank's Tier I and total capital ratios were 14.7% and 16.3%, respectively, compared to 15.7% and 17.4%, respectively, at December 31, 2010.

The following table compares East West Bancorp, Inc.'s and East West Bank's actual capital ratios at December 31, 2011, to those required by regulatory agencies for capital adequacy and well-capitalized classification purposes:

Table 17: *Regulatory Required Ratios*

	East West Bancorp	**East West Bank**	**Minimum Regulatory Requirements**	**Well Capitalized Requirements**
Total Capital (to Risk-Weighted Assets)	16.4%	16.3%	8.0%	10.0%
Tier 1 Capital (to Risk-Weighted Assets)	14.8%	14.7%	4.0%	6.0%
Tier 1 Capital (to Average Assets)	9.7%	9.6%	4.0%	5.0%

Table of Contents

ASSET LIABILITY AND MARKET RISK MANAGEMENT

Liquidity

Liquidity management involves our ability to meet cash flow requirements arising from fluctuations in deposit levels and demands of daily operations, which include funding of securities purchases, providing for customers' credit needs and ongoing repayment of borrowings. Our liquidity is actively managed on a daily basis and reviewed periodically by the Asset/Liability Committee and the Board of Directors. This process is intended to ensure the maintenance of sufficient funds to meet the needs of the Bank, including adequate cash flow for off-balance sheet instruments.

Our primary sources of liquidity are derived from financing activities which include the acceptance of customer and brokered deposits, federal funds facilities, repurchase agreement facilities, advances from the Federal Home Loan Bank of San Francisco, and issuances of long-term debt. These funding sources are augmented by payments of principal and interest on loans and securities. In addition, government programs, such as the FDIC's Temporary Liquidity Guarantee Program ("TLGP"), may influence deposit behavior. Primary uses of funds include withdrawal of and interest payments on deposits, originations and purchases of loans, purchases of investment securities, and payment of operating expenses.

During the years ended December 31, 2011, 2010, and 2009, we experienced net cash inflows from operating activities of $255.3 million, $869.2 million, and $155.3 million, respectively. Net cash inflows from operating activities were primarily due to net income earned during the year.

Net cash (outflows) inflows from investing activities totaled ($1.07) billion, $93.2 million, and $1.45 billion during 2011, 2010, and 2009, respectively. Net cash outflow from investing activities for 2011 was primarily due to purchases of securities purchased under resale agreements and investment securities available-for-sale. Net cash inflows from investment activities for 2010 and 2009 were due primarily to repayment, redemption and sales of investment securities offset by purchases of investment securities.

We experienced net cash inflows from financing activities of $914.2 million during the year ended December 31, 2011, primarily due to the increase in deposits. During 2010, we had net cash outflows from financing activities of $729.7 million primarily due to repayment of FHLB advances. During 2009, we had net cash outflows from financing activities of $1.38 billion primarily due to repayment of short-term borrowings.

As a means of augmenting our liquidity, we have available a combination of borrowing sources comprised of the Federal Reserve Bank's discount window, FHLB advances, federal funds lines with various correspondent banks, and several master repurchase agreements with major brokerage companies. We believe our liquidity sources to be stable and adequate to meet our day-to-day cash flow requirements. At December 31, 2011, we are not aware of any trends, events or uncertainties that had or were reasonably likely to have a material effect on our liquidity position. As of December 31, 2011, we are not aware of any material commitments for capital expenditures in the foreseeable future.

The liquidity of East West Bancorp, Inc. has historically been dependent on the payment of cash dividends by its subsidiary, East West Bank, subject to applicable statutes and regulations. For the years ended December 31, 2011 and 2010, total dividends paid by the Bank to East West Bancorp, Inc. amounted to $72.0 million and $85.0 million, respectively. As of December 31, 2011, approximately $262.7 million of undivided profits of the Bank were available for dividends to the Company. In January 2012, $250.0 million in dividends were upstreamed to East West Bancorp. On January 19, 2012, the Board of Directors declared first quarter dividends on the Company's common stock and Series A preferred

Table of Contents

stock. The Board of Directors authorized common stock dividends of $0.10 per share for the first quarter of 2012.

Interest Rate Sensitivity Management

Our success is largely dependent upon our ability to manage interest rate risk, which is the impact of adverse fluctuations in interest rates on our net interest income and net portfolio value.

The fundamental objective of the asset liability management process is to manage our exposure to interest rate fluctuations while maintaining adequate levels of liquidity and capital. Our strategy is formulated by the Asset/Liability Committee, which coordinates with the Board of Directors to monitor our overall asset and liability composition. The Committee meets regularly to evaluate, among other things, the sensitivity of our assets and liabilities to interest rate changes, the book and market values of assets and liabilities, unrealized gains and losses on the available-for-sale portfolio (including those attributable to hedging transactions, if any), purchase and securitization activity, and maturities of investments and borrowings.

Our overall strategy is to minimize the adverse impact of immediate incremental changes in market interest rates (rate shock) on net interest income and net portfolio value. Net portfolio value is defined as the present value of assets, minus the present value of liabilities and off-balance sheet instruments. The attainment of this goal requires a balance between profitability, liquidity and interest rate risk exposure. To minimize the adverse impact of changes in market interest rates, we simulate the effect of instantaneous interest rate changes on net interest income and net portfolio value on a quarterly basis. The table below shows the estimated impact of changes in interest rates on net interest income and market value of equity as of December 31, 2011 and 2010, assuming a non-parallel shift of 100 and 200 basis points in both directions:

Table 18: *Rate Shock Table*

	Net Interest Income Volatility[(1)]		**Net Portfolio Value Volatility**[(2)]	
Change in Interest Rates (Basis Points)	**December 31, 2011**	**December 31, 2010**	**December 31, 2011**	**December 31, 2010**
+200	6.2%	(0.4)%	2.4%	1.5%
+100	3.0%	(1.6)%	0.5%	0.4%
-100	(0.9)%	6.8%	(5.9)%	0.5%
-200	(1.2)%	7.1%	(14.2)%	(0.9)%

(1) The percentage change represents net interest income for twelve months in a stable interest rate environment versus net interest income in the various rate scenarios.

(2) The percentage change represents net portfolio value of the Bank in a stable rate environment versus net portfolio value in the various rate scenarios.

All interest-earning assets, interest-bearing liabilities and related derivative contracts are included in the interest rate sensitivity analysis at December 31, 2011 and 2010. In a declining rate environment, the interest rate floors on these loans contribute to the favorable impact on our net interest income. However, in a rising rate environment, these interest rate floors also serve to lessen the full benefit of higher interest rates. At December 31, 2011 and 2010, our estimated changes in net interest income and net portfolio value were within the ranges established by the Board of Directors.

Our primary analytical tool to gauge interest rate sensitivity is a simulation model used by many major banks and bank regulators, and is based on the actual maturity and repricing characteristics of

Table of Contents

interest-rate sensitive assets and liabilities. The model attempts to predict changes in the yields earned on assets and the rates paid on liabilities in relation to changes in market interest rates. As an enhancement to the primary simulation model, prepayment assumptions and market rates of interest provided by independent broker/dealer quotations, an independent pricing model and other available public sources are incorporated into the model. Adjustments are made to reflect the shift in the Treasury and other appropriate yield curves. The model also factors in projections of anticipated activity levels by product line and takes into account our increased ability to control rates offered on deposit products in comparison to our ability to control rates on adjustable-rate loans tied to the published indices.

The following table provides the outstanding principal balances and the weighted average interest rates of our financial instruments as of December 31, 2011. The information presented below is based on the repricing date for variable rate instruments and the expected maturity date for fixed rate instruments.

Table 19: *Expected Maturity for Financial Instruments*

	Expected Maturity or Repricing Date by Year							Fair Value at December 31, 2011
	Year 1	Year 2	Year 3	Year 4	Year 5	Thereafter	Total	
				(Dollars in thousands)				
Assets:								
CD investments	$ 526,374	$	$ 250	$	$	$	$ 526,624	$ 528,885
Average yield (fixed rate)	4.36%	0.00%	4.00%	0.00%	0.00%	0.00%	4.36%	
Short-term investments	$ 488,098	$	$	$	$	$	$ 488,098	$ 488,098
Weighted average rate	0.41%	0.00%	0.00%	0.00%	0.00%	0.00%	0.41%	
Securities purchased under resale agreements	$ 765,316	$	$	$	$	$ 225,000	$ 990,316	$ 995,627
Weighted average rate	1.71%	0.00%	0.00%	0.00%	0.00%	4.06%	2.24%	
Investment securities	$ 1,643,664	$ 197,929	$ 134,292	$ 177,720	$ 111,417	$ 807,556	$ 3,072,578	$ 3,072,578
Weighted average rate	2.99%	4.39%	3.83%	3.93%	3.88%	4.19%	3.52%	
Total covered gross loans	$ 3,859,795	$ 431,548	$ 190,681	$ 106,100	$ 63,217	$ 127,841	$ 4,779,182	$ 4,616,986
Weighted average rate	4.77%	6.18%	6.28%	6.19%	6.06%	6.28%	5.05%	
Total non-covered gross loans	$ 8,233,200	$ 808,427	$ 480,573	$ 308,077	$ 225,923	$ 454,188	$ 10,510,388	$ 10,208,365
Weighted average rate	4.75%	5.49%	5.75%	5.78%	5.86%	5.40%	4.93%	
Liabilities:								
Checking accounts	$ 971,179	$	$	$	$	$	$ 971,179	$ 971,179
Weighted average rate	0.28%	0.00%	0.00%	0.00%	0.00%	0.00%	0.28%	
Money market accounts	$ 4,678,409	$	$	$	$	$	$ 4,678,409	$ 4,678,409
Weighted average rate	0.35%	0.00%	0.00%	0.00%	0.00%	0.00%	0.35%	
Savings deposits	$ 1,164,618	$	$	$	$	$	$ 1,164,618	$ 1,164,618
Weighted average rate	0.19%	0.00%	0.00%	0.00%	0.00%	0.00%	0.19%	
Time deposits	$ 6,182,939	$ 511,332	$ 133,462	$ 88,858	$ 79,428	$ 149,982	$ 7,146,001	$ 7,194,125
Weighted average rate	0.93%	1.08%	1.81%	1.52%	1.47%	3.34%	1.02%	
Short term borrowings	$	$	$	$	$	$	$	$
Weighted average rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
FHLB advances	$	$ 75,000	$ 50,000	$ 20,000	$ 75,000	$ 205,000	$ 425,000	$ 479,029
Weighted average rate	0.00%	4.43%	4.43%	4.46%	3.96%	4.07%	4.17%	
Short term repurchase agreements	$ 25,208	$	$	$	$	$	$ 25,208	$ 25,207
Weighted average rate	0.57%	0.00%	0.00%	0.00%	0.00%	0.00%	0.57%	
Securities sold under repurchase agreements (fixed rate)	$	$	$	$ 245,000	$ 700,000	$	$ 945,000	$ 1,094,789
Weighted average rate	0.00%	0.00%	0.00%	4.50%	4.92%	0.00%	4.81%	
Securities sold under repurchase agreements (variable rate)	$ 50,000	$	$	$	$	$	$ 50,000	$ 57,334
Weighted average rate	4.15%	0.00%	0.00%	0.00%	0.00%	0.00%	4.15%	
Subordinated notes (variable rate)	$ 75,000	$	$	$	$	$	$ 75,000	$ 68,622
Weighted average rate	1.54%	0.00%	0.00%	0.00%	0.00%	0.00%	1.54%	
Junior subordinated debt (variable rate)	$ 137,178	$	$	$	$	$	$ 137,178	$ 75,770
Weighted average rate	2.26%	0.00%	0.00%	0.00%	0.00%	0.00%	2.26%	

Expected maturities of assets are contractual maturities adjusted for projected payment based on contractual amortization and unscheduled prepayments of principal as well as repricing frequency. Expected maturities for deposits are based on contractual maturities adjusted for projected rollover rates for deposits with no stated maturity dates. We utilize assumptions supported by documented analyses for the expected maturities of our loans and repricing of our deposits. We also use prepayment projections for amortizing securities. The actual maturities of these instruments could vary significantly if future prepayments and repricing frequencies differ from our expectations based on historical experience.

75

Table of Contents

The fair values of interest-bearing deposits in other banks are based on the discounted cash flow approach. The discount rate is derived from the Bank's time deposit rate curve. The fair values of short-term investments generally approximate their book values due to their short maturities. For securities purchased under resale agreements, fair values are calculated by discounting future cash flows based on expected maturities or repricing dates utilizing estimated market discount rates and taking into consideration the call features of each instrument. The fair values of the investment securities are generally determined by reference to the average of at least two quoted market prices obtained from independent external brokers or prices obtained from independent external pricing service providers who have experience in valuing these securities. In obtaining such valuation information from third parties, the Company has reviewed the methodologies used to develop the resulting fair values. For the private-label mortgage-backed security, the fair value was derived based on weighted average of broker prices based on market approach and income approach (discounted cash flow). For the pooled trust preferred securities, the fair value was derived based on discounted cash flow analyses. The discount rate is derived from assumptions using an exit pricing approach related to the implied rate of return which have been adjusted for general changes in market rates, estimated changes in credit quality and liquidity risk premiums, and specific nonperformance and default experience in the collateral underlying the securities.

The fair value of deposits is determined based on the discounted cash flow approach. The discount rate is derived from the associated yield curve, plus spread, if any. For core deposits, the cash outflows are projected by the decay rate based on the Bank's core deposit premium study. Cash flows for all non-time deposits are discounted using the LIBOR yield curve. For time deposits, the cash flows are based on the contractual runoff and are discounted by the Bank's current offering rates, plus spread. For federal funds purchased, fair value approximates book value due to their short maturities. The fair value of FHLB term advances is estimated by discounting the cash flows through maturity or the next repricing date based on current rates offered by the FHLB for borrowings with similar maturities. Customer repurchase agreements, which have maturities ranging from one to three days, are presumed to have equal book and fair values because the interests rates paid on these instruments are based on prevailing market rates. The fair values of securities sold under repurchase agreements are calculated by discounting future cash flows based on expected maturities or repricing dates, utilizing estimated market discount rates and taking into consideration the call features of each instrument. For both subordinated and junior subordinated debt instruments, fair values are estimated by discounting cash flows through maturity based on current market rates the Bank would pay for new issuances.

The Asset/Liability Committee is authorized to utilize a wide variety of off-balance sheet financial techniques to assist in the management of interest rate risk. We may elect to use derivative financial instruments as part of our asset and liability management strategy, with the overall goal of minimizing the impact of interest rate fluctuations on our net interest margin and stockholders' equity. Currently, derivative instruments do not have a material effect on our operating results or financial position.

Table of Contents

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For quantitative and qualitative disclosures regarding market risk in our portfolio, see "Management's Discussion and Analysis of Consolidated Financial Condition and Results of Operations Asset Liability and Market Risk Management" presented elsewhere in this report.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements of the Company, including the "Report of Independent Registered Public Accounting Firm," are included in this report immediately following Part IV.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As of December 31, 2011, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(e) and 15d-15(e). Based upon that evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures are effective as of December 31, 2011.

Our disclosure controls and procedures are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Our disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control over Financial Reporting

Management of the Company is responsible for establishing and maintaining effective internal control over financial reporting as defined in Rules 13a-15(f) under the Securities Exchange Act of 1934. The Company's internal control over financial reporting is designed to provide reasonable assurance to the Company's management and Board of Directors regarding the preparation and fair presentation of published financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2011. In making this assessment, management used the criteria set forth in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway

Table of Contents

Commission (COSO). Based on our assessment, we concluded, as of December 31, 2011, the Company's internal control over financial reporting is effective based on those criteria.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during the quarter ended December 31, 2011, that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

Audit Report of the Company's Registered Public Accounting Firm

The independent registered public accounting firm of KPMG LLP, as auditors of East West Bancorp's consolidated financial statements, has issued an audit report on the effectiveness of internal control over financial reporting based on criteria established in *Internal Control Integrated Framework,* issued by COSO, which is presented on the following page.

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
East West Bancorp, Inc.:

We have audited East West Bancorp, Inc. and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2011, based on criteria established in the *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company, maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on criteria established in the *Internal Control Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of the Company as of December 31, 2011 and 2010, and the related consolidated statements of income, changes in stockholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2011, and our report dated February 28, 2012 expressed an unqualified opinion on those consolidated financial statements.

/s/KPMG LLP

Los Angeles, California
February 28, 2012

Table of Contents

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information concerning directors and executive officers of the Company, to the extent not included under Item 1 under the heading "*Executive Officers of the Registrant*" appearing at the end of Part I of this report, will appear in the Company's definitive proxy statement for the 2012 Annual Meeting of Shareholders (the "2012 Proxy Statement"), and such information either shall be (i) deemed to be incorporated herein by reference from the section entitled "ELECTION OF DIRECTORS," if filed with the SEC pursuant to Regulation 14A not later than 120 days after the end of the Company's most recently completed fiscal year, or (ii) included in an amendment to this report filed with the SEC on Form 10-K/A not later than the end of such 120 day period. Additionally, information on compensation arrangements for the Board of Directors of the Company is set forth as Exhibit 10.12 "Director Compensation."

Code of Ethics

The Company has adopted a code of ethics that applies to its principal executive officer, principal financial and accounting officer, controller, and persons performing similar functions. The code of ethics is posted on our internet website at www.eastwestbank.com.

Audit Committee Financial Experts

The Company has determined that all members of the Audit Committee, namely Directors Andrew Kane, John Lee, Paul Irving and Keith Renken are "Audit Committee Financial Experts" as defined under Section 407 of the Sarbanes-Oxley Act of 2002 and the rules promulgated by the SEC in furtherance of Section 407. All members of the Audit Committee are independent of management.

ITEM 11. EXECUTIVE COMPENSATION

Information concerning executive compensation of the Company's named executives will appear in the 2012 Proxy Statement, and such information either shall be (i) deemed to be incorporated herein by reference from the sections entitled "DIRECTOR COMPENSATION," "COMPENSATION OF EXECUTIVE OFFICERS," "COMPENSATION DISCUSSION AND ANALYSIS," and "REPORT BY THE COMPENSATION COMMITTEE," if filed with the SEC pursuant to Regulation 14A not later than 120 days after the end of the Company's most recently completed fiscal year, or (ii) included in an amendment to this report filed with the SEC on Form 10-K/A not later than the end of such 120 day period.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information concerning security ownership of certain beneficial owners and management will appear in the 2012 Proxy Statement, and such information either shall be (i) deemed to be incorporated herein by reference from the sections entitled "BENEFICIAL STOCK OWNERSHIP OF PRINCIPAL STOCKHOLDERS AND MANAGEMENT" if filed with the SEC pursuant to Regulation 14A not later than 120 days after the end of the Company's most recently completed fiscal year, or (ii) included in an

Table of Contents

amendment to this report filed with the SEC on Form 10-K/A not later than the end of such 120 day period.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table provides information as of December 31, 2011 regarding equity compensation plans under which equity securities of the Company were authorized for issuance.

Plan Category	**Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)**	**Weighted average exercise price of outstanding options, warrants and rights (b)**	**Number of securities remaining available for future issuance under equity compensation plans excluding securities reflected in Column (a) (c)**
Equity compensation plans approved by security holders	945,080	$ 27.19	4,648,828
Equity compensation plans not approved by security holders			
Total	945,080	$ 27.19	4,648,828

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Information concerning certain relationships and related transactions will appear in the 2012 Proxy Statement, and such information either shall be (i) deemed to be incorporated herein by reference from the section entitled "CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS," if filed with the SEC pursuant to Regulation 14A not later than 120 days after the end of the Company's most recently completed fiscal year, or (ii) included in an amendment to this report filed with the SEC on Form 10-K/A not later than the end of such 120 day period.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information concerning principal accountant fees and services will appear in the 2012 Proxy Statement, and such information either shall be (i) deemed to be incorporated herein by reference from the section entitled "INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM," if filed with the SEC pursuant to Regulation 14A not later than 120 days after the end of the Company's most recently completed fiscal year, or (ii) included in an amendment to this report filed with the SEC on Form 10-K/A not later than the end of such 120 day period.

Table of Contents

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) Financial Statements

The following financial statements included in the registrant's 2011 Annual Report to Shareholders are included. Page number references are to the 2011 Annual Report to Shareholders.

	Page
East West Bancorp, Inc. and Subsidiaries:	
Report of Independent Registered Public Accounting Firm	85
Consolidated Balance Sheets at December 31, 2011 and 2010	86
Consolidated Statements of Income for the Years Ended December 31, 2011, 2010 and 2009	87
Consolidated Statements of Changes in Stockholders' Equity and Comprehensive Income for the Years Ended December 31, 2011, 2010 and 2009	88
Consolidated Statements of Cash Flows for the Years Ended December 31, 2011, 2010 and 2009	89
Notes to Consolidated Financial Statements	90

(a)(2) Financial Statement Schedules

Schedules have been omitted because they are not applicable, not material or because the information is included in the consolidated financial statements or the notes thereto.

(a)(3) Exhibits

Exhibit No.	**Exhibit Description**
3.1	Certificate of Incorporation of the Registrant [Incorporated by reference from Registrant's Registration Statement on Form S-4 filed with the Commission on September 17, 1998 (File No. 333-63605).]
3.2	Certificate of Amendment to Certificate of Incorporation of the Registrant [Incorporated by reference from Registrant's Annual Report on Form 10-K for the year ended December 31, 2002 filed with the Commission on March 28, 2003.]
3.3	Amendment to the Certification of Incorporation of the Registrant [Incorporated by reference from Registrant's Definitive Proxy Statement on Schedule 14A filed with the Commission on April 15, 2005.]
3.4	Certificate of Amendment to Certificate of Incorporation of the Registrant [Incorporated by reference from Registrant's Exhibit A of the Registrant's Definitive Proxy Statement on Schedule 14A filed with the Commission on April 24, 2008.]
3.5	Bylaws of the Registrant [Incorporated by reference from Registrant's Registration Statement on Form S-4 filed with the Commission on September 17, 1998 (File No. 333-63605).]
3.6	Amended and Restated Bylaws of the Registrant dated May 29, 2008 [Incorporated by reference from Registrant's Current Report on Form 8-K, filed with the Commission on June 3, 2008.]
3.7	Certificate of Designations of 8.00% Non-Cumulative Perpetual Convertible Preferred Stock, Series A, including Form of Series A Preferred Stock Certificate [Incorporated by reference from Registrant's Current Report on Form 8-K, filed with the Commission on April 30, 2008.]

Table of Contents

Exhibit No.	Exhibit Description
3.8	Certificate of Designations of Fixed Rate Cumulative Perpetual Preferred Stock, Series B [Incorporated by reference from Registrant's Current Report on Form 8-K, filed with the Commission on December 9, 2008.] (Repurchased in December 2010)
3.9	Certificate of Designations of Mandatory Convertible Cumulative Non-Voting Perpetual Preferred Stock, Series C [Incorporated by reference from Registrant's Current Report on Form 8-K, filed with the Commission on November 12, 2009.] (Converted in March 2010)
4.1	Specimen Common Stock Certificate of Registrant [Incorporated by reference from Registrant's Registration Statement on Form S-4 filed with the Commission on September 17, 1998 (File No. 333-63605).]
4.2	Form of Certificate of the Registrant's 8.00% Non-Cumulative Perpetual Convertible Preferred Stock, Series A [Incorporated by reference from Registrant's Current report on Form 8-K, filed with the Commission on April 30, 2008.]
4.3	Form of Preferred Share Certificate for Fixed Rate Cumulative Perpetual Preferred Stock, Series B. [Incorporated by reference from Registrant's Current report on Form 8-K, filed with the Commission on December 9, 2008.] (Repurchased in December 2010)
4.4	Warrant to purchase up to 3,035,109 shares of Common Stock [Incorporated by reference from Registrant's Current Report on Form 8-K, filed with the Commission on December 9, 2008.] (Repurchased in January 2011)
10.1	Employment Agreement with Dominic Ng+ [Incorporated by reference from Registrant's Registration Statement on Form S-4 filed with the Commission on November 13, 1998 (File No. 333-63605).]
10.2	Employment Agreement with Julia Gouw+ [Incorporated by reference from Registrant's Registration Statement on Form S-4 filed with the Commission on November 13, 1998 (File No. 333-63605).]
10.5	Employment Agreement with Douglas P. Krause+ [Incorporated by reference from Registrant's Annual Report on Form 10-K for the year ended December 31, 2005 filed with the Commission on March 11, 2005.]
10.6.1	East West Bancorp, Inc. 1998 Stock Incentive Plan and Forms of Agreements+ [Incorporated by reference from Registrant's Registration Statement on Form S-4 filed with the Commission on November 13, 1998 (File No. 333-63605).]
10.6.2	Amended East West Bancorp, Inc. 1998 Stock Incentive Plan+ [Incorporated by reference from Registrant's Definitive Proxy Statement Exhibit A filed with the Commission on April 14, 2011.]
10.6.3	1998 NonQualified Stock Option Program for Employees and Independent Contractors+ [Incorporated by reference from Registrant's Current Report on Form 8-K filed with the Commission on March 9, 2005.]
10.6.4	Performance-Based Bonus Plan+ [Incorporated by reference from Registrant's Current Report on Form 8-K filed with the Commission on March 9, 2005.]
10.6.5	1999 Spirit of Ownership Restricted Stock Program+ [Incorporated by reference from Registrant's Current Report on Form 8-K filed with the Commission on March 9, 2005.]
10.6.6	2003 Directors' Restricted Stock Program+ [Incorporated by reference from Registrant's Current Report on Form 8-K filed with the Commission on March 9, 2005.]
10.7	East West Bancorp, Inc. 1998 Employee Stock Purchase Plan+ [Incorporated by reference from Registrant's Registration Statement on Form S-4 filed with the Commission on November 13, 1998 (File No. 333-63605).]
10.9.1	Employment Agreement with James T. Schuler%+
10.10	Supplemental Executive Retirement Plans+ [Incorporated by reference from Registrant's Annual Report on Form 10-K for the year ended December 31, 2005 filed with the Commission on March 11, 2005.]
10.12	Director Compensation%+

Table of Contents

Exhibit No.	Exhibit Description
10.14	Letter Agreement, dated December 5, 2008, including Securities Purchase Agreement Standard Terms incorporated by reference therein, by and between the Registrant and the United States Department of Treasury [Incorporated by reference from Registrant's Current report on Form 8-K, filed with the Commission on December 9, 2008.]
10.15	Form of Investment Agreement by and between the Company and the respective Purchaser thereto [Incorporated by reference from Registrant's Current Report on Form 8-K, filed with the Commission on November 12, 2009.]
10.16	Purchase and Assumption Agreement Whole Bank All Deposits, among the Federal Deposit Insurance Corporation, Receiver of United Commercial Bank, San Francisco, California, the Federal Deposit Insurance Corporation and East West Bank, dated as of November 6, 2009 [Incorporated by reference from Registrant's Current Report on Form 8-K, filed with the Commission on November 12, 2009.]
10.17	Purchase and Assumption Agreement Whole Bank All Deposits, among the Federal Deposit Insurance Corporation, Receiver of Washington First International Bank, Seattle, Washington, the Federal Deposit Insurance Corporation and East West Bank, dated as of June 11, 2010 [Incorporated by reference from Registrant's Current Report on Form 8-K/A, filed with the Commission on August 27, 2010.]
12.1	Computation of Ratio of Earnings to Fixed Charges%
21.1	Subsidiaries of the Registrant%
23.1	Consent of Independent Registered Public Accounting Firm KPMG LLP%
31.1	Chief Executive Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002%
31.2	Chief Financial Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002%
32.1	Chief Executive Officer Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant To Section 906 of the Sarbanes-Oxley Act of 2002%
32.2	Chief Financial Officer Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant To Section 906 of the Sarbanes-Oxley Act of 2002%
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Extension Presentation Linkbase
101.DEF	XBRL Extension Definition Linkbase

Forms 8-K, 10-Q and 10-K identified in the exhibit index have SEC file number 000-24939.

+ Denotes management contract or compensatory plan or arrangement.

% A copy of this exhibit is being filed with this Annual Report on Form 10-K.

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
East West Bancorp, Inc.:

We have audited the accompanying consolidated balance sheet of East West Bancorp, Inc. and subsidiaries (the Company) as of December 31, 2011 and 2010 and the related consolidated statements of income, changes in stockholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2011. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2011 and 2010 and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2011, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2011, based on criteria established in the *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 28, 2012 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP

Los Angeles, California
February 28, 2012

Table of Contents

EAST WEST BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

	December 31, 2011	December 31, 2010
ASSETS		
Cash and cash equivalents	$ 1,431,185	$ 1,333,949
Short-term investments	61,834	143,560
Securities purchased under resale agreements	786,434	500,000
Investment securities available-for-sale, at fair value (with amortized cost of $3,132,968 at December 31, 2011 and $2,900,410 at December 31, 2010)	3,072,578	2,875,941
Loans held for sale	278,603	220,055
Loans receivable, excluding covered loans (net of allowance for loan losses of $209,876 at December 31, 2011 and $230,408 at December 31, 2010)	10,061,788	8,430,199
Covered loans (net of allowance for loan losses of $6,647 at December 31, 2011 and $4,225 at December 31, 2010)	3,923,142	4,800,876
Total loans receivable, net	13,984,930	13,231,075
FDIC indemnification asset	511,135	785,035
Other real estate owned, net	29,350	21,865
Other real estate owned covered, net	63,624	123,902
Total other real estate owned	92,974	145,767
Investment in Federal Home Loan Bank stock, at cost	136,897	162,805
Investment in Federal Reserve Bank stock, at cost	47,512	47,285
Investment in affordable housing partnerships	144,445	155,074
Premises and equipment, net	118,926	135,919
Accrued interest receivable	89,686	82,090
Due from customers on acceptances	198,774	73,796
Premiums on deposits acquired, net	67,190	79,518
Goodwill	337,438	337,438
Cash surrender value of life insurance policies	107,486	103,048
Other assets	500,640	288,182
TOTAL	**$ 21,968,667**	**$ 20,700,537**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Customer deposit accounts:		
Noninterest-bearing	$ 3,492,795	$ 2,676,466
Interest-bearing	13,960,207	12,964,793
Total deposits	17,453,002	15,641,259
Federal Home Loan Bank advances	455,251	1,214,148
Securities sold under repurchase agreements	1,020,208	1,083,545
Notes payable and other borrowings	85,987	60,686
Bank acceptances outstanding	198,774	73,796
Long-term debt	212,178	235,570
Accrued expenses and other liabilities	231,524	277,602
Total liabilities	19,656,924	18,586,606
COMMITMENTS AND CONTINGENCIES (Note 21)		
STOCKHOLDERS' EQUITY		
	83,027	83,058

Preferred stock, $0.001 par value, 5,000,000 shares authorized; Series A, non-cumulative convertible, 200,000 shares issued and 85,710 and 85,741 shares outstanding in 2011 and 2010, respectively.		
Common stock, $0.001 par value, 200,000,000 shares authorized; 156,798,011 and 155,743,241 shares issued in 2011 and 2010, respectively; 149,327,907 and 148,542,940 shares outstanding in 2011 and 2010, respectively.	157	156
Additional paid in capital	1,443,883	1,434,277
Retained earnings	934,617	720,116
Treasury stock, at cost 7,470,104 shares in 2011 and 7,200,301 shares in 2010.	(116,001)	(111,262)
Accumulated other comprehensive loss, net of tax	(33,940)	(12,414)
Total stockholders' equity	2,311,743	2,113,931
TOTAL	**$ 21,968,667**	**$ 20,700,537**

See accompanying notes to consolidated financial statements.

86

Table of Contents

EAST WEST BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share data)

	Year Ended December 31,		
	2011	**2010**	**2009**
INTEREST AND DIVIDEND INCOME			
Loans receivable, including fees	$ 945,798	$ 998,589	$ 587,163
Investment securities	89,469	70,052	116,286
Securities purchased under resale agreements	19,216	14,208	7,985
Investment in Federal Home Loan Bank stock	550	597	
Investment in Federal Reserve Bank stock	2,840	2,751	2,337
Short-term investments	22,575	9,634	9,047
Total interest and dividend income	1,080,448	1,095,831	722,818
INTEREST EXPENSE			
Customer deposit accounts	107,110	116,737	129,477
Federal Home Loan Bank advances	15,461	26,641	49,940
Securities sold under repurchase agreements	48,561	48,993	49,725
Long-term debt	5,832	6,420	7,816
Other borrowings	458	2,326	171
Total interest expense	177,422	201,117	237,129
Net interest income before provision for loan losses	903,026	894,714	485,689
Provision for loan losses	95,006	200,159	528,666
Net interest income (loss) after provision for loan losses	808,020	694,555	(42,977)
NONINTEREST INCOME			
Gain on acquisition		22,874	471,009
Impairment loss on investment securities	(5,736)	(32,127)	(121,802)
Less: Noncredit-related impairment loss recorded in other comprehensive income	5,103	15,458	14,131
Net impairment loss on investment securities recognized in earnings	(633)	(16,669)	(107,671)
Decrease in FDIC indemnification asset and receivable	(100,141)	(83,213)	(23,338)
Branch fees	33,776	32,634	22,326
Net gain on sales of investment securities	9,703	31,237	11,923
Letters of credit fees and commissions	13,997	11,816	8,338
Foreign exchange income	9,143	3,171	1,201
Ancillary loan fees	8,350	8,526	6,286
Income from life insurance policies	4,031	4,083	4,368
Net gain on sales of loans	20,185	18,515	
Net gain (loss) on sale of fixed assets	2,274	(189)	93
Other operating income (loss)	10,239	6,485	(3,582)
Total noninterest income	10,924	39,270	390,953
NONINTEREST EXPENSE			
Compensation and employee benefits	160,093	170,052	79,475
Occupancy and equipment expense	50,082	52,073	30,218
Amortization of investments in affordable housing partnerships and other investments	17,324	10,032	7,450
Amortization of premiums on deposits acquired	12,327	13,283	5,895
Deposit insurance premiums and regulatory assessments	20,531	25,201	28,073
Loan related expenses	19,379	21,070	7,580
Other real estate owned expense	40,435	61,568	19,104
Legal expense	21,327	19,577	8,024
Prepayment penalty for FHLB advances and other borrowings	12,281	13,832	2,370
Data processing	8,598	10,615	5,641

Deposit-related expenses		5,699		4,750		3,909
Consulting expense		7,151		7,984		8,135
Other operating expenses		60,383		67,879		37,380
Total noninterest expense		435,610		477,916		243,254
INCOME BEFORE PROVISION FOR INCOME TAXES		383,334		255,909		104,722
PROVISION FOR INCOME TAXES		138,100		91,345		22,714
NET INCOME BEFORE EXTRAORDINARY ITEMS		245,234		164,564		82,008
Extraordinary item, net of tax						(5,366)
NET INCOME AFTER EXTRAORDINARY ITEMS		**245,234**		**164,564**		**76,642**
PREFERRED STOCK DIVIDENDS AMORTIZATION OF PREFERRED STOCK DISCOUNT, AND INDUCEMENT OF PREFERRED STOCK CONVERSION		6,857		43,126		49,115
NET INCOME AVAILABLE TO COMMON STOCKHOLDERS	**$**	**238,377**	**$**	**121,438**	**$**	**27,527**
EARNINGS PER SHARE AVAILABLE TO COMMON STOCKHOLDERS						
BASIC	$	1.62	$	0.88	$	0.35
DILUTED	$	1.60	$	0.83	$	0.33
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING						
BASIC		147,093		137,478		78,770
DILUTED		153,467		147,102		84,523
DIVIDENDS DECLARED PER COMMON SHARE	$	0.16	$	0.04	$	0.05

See accompanying notes to consolidated financial statements.

87

Table of Contents

EAST WEST BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME
(In thousands, except share data)

	Preferred Stock	Additional Paid In Capital Preferred Stock	Common Stock	Additional Paid In Capital Common Stock	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss), Net of Tax	Comprehensive Income	Total Stockholders' Equity
BALANCE, JANUARY 1, 2009	**$**	**$ 472,311**	**$ 70**	**$ 695,521**	**$ 580,282**	**$ (102,817)**	**$ (94,601)**		**$ 1,550,766**
Comprehensive income:									
Net income					76,642			$ 76,642	76,642
Net unrealized gain on investment securities available-for-sale, net of taxes of $52,749 and reclassification of $63,730 net loss included in net income							72,844	72,844	72,844
Net unrealized gain as a result of desecuritization, net of taxes of $22,124							30,552	30,552	30,552
Noncredit-related impairment loss on securities, net of tax benefits of $5,935							(8,196)	(8,196)	(8,196)
Total comprehensive income								$ 171,842	
Stock compensation costs				5,330					5,330
Tax provision from stock compensation plans, net				(1,012)					(1,012)
Preferred stock issuance and conversion costs		(9,928)							(9,928)
Common stock issuance costs				(10,392)					(10,392)
Induced conversion of 110,764 shares of Series A preferred stock		(107,474)							(107,474)
Issuance of 9,968,760 shares of common stock from converted 110,764 shares of Series A preferred stock			10	125,804	(18,340)				107,474
Issuance of 23,247,012 shares common stock from various private placements			24	192,430					192,454
Issuance of 12,650,000 shares common stock from public offering			12	80,316					80,328
Issuance of 488,256 shares pursuant to various stock compensation plans and agreements			1	948					949
Issuance of 22,386 shares pursuant to Director retainer fee				219					219
Issuance of 335,047 shares Series C preferred stock, net of stock issuance costs		335,047							335,047
Cancellation of 76,962 shares due to forfeitures of issued restricted stock				1,883		(1,883)			
Purchase of 37,020 shares of treasury stock due to the vesting of restricted stock						(430)			(430)
Amortization of Series B preferred stock discount		3,847			(3,847)				
Preferred stock dividends					(26,928)				(26,928)
Common stock dividends					(3,586)				(3,586)
BALANCE, DECEMBER 31, 2009	**$**	**$ 693,803**	**$ 117**	**$ 1,091,047**	**$ 604,223**	**$ (105,130)**	**$ 599**		**$ 2,284,659**
Comprehensive income:									
Net income					164,564			$ 164,564	164,564
Net unrealized loss on investment securities available-for-sale, net of tax benefits of $4,028 and reclassification of $5,714 net gain included in net income							(5,563)	(5,563)	(5,563)
Noncredit-related impairment loss on securities, net of taxes of $6,492							(8,966)	(8,966)	(8,966)
Foreign currency translation adjustments, net of taxes of $1,098							1,516	1,516	1,516

Total comprehensive income								$ 151,551	
Stock compensation costs				8,480					8,480
Tax provision from stock compensation plans, net				(170)					(170)
Issuance of 1,867,194 shares of common stock pursuant to various stock compensation plans and agreements			2	4,452					4,454
Conversion of 335,047 shares of Series C preferred stock into 37,103,734 shares of common stock		(325,299)	37	325,262					
Issuance of 17,910 shares pursuant to Director retainer fee				281					281
Cancellation of 343,029 shares of common stock due to forfeitures of issued restricted stock				4,925		(4,925)			
Purchase of 65,834 shares of treasury stock due to the vesting of restricted stock						(1,207)			(1,207)
Amortization of Series B preferred stock discount		21,042			(21,042)				
Preferred stock dividends					(22,084)				(22,084)
Common stock dividends					(5,545)				(5,545)
Repurchase of 306,546 shares of Series B preferred stock		(306,488)							(306,488)
BALANCE, DECEMBER 31, 2010	**$**	**$ 83,058**	**$ 156**	**$ 1,434,277**	**$ 720,116**	**$ (111,262)**	**$ (12,414)**		**$ 2,113,931**
Comprehensive income:									
Net income					245,234			$ 245,234	245,234
Net unrealized loss on investment securities available-for-sale, net of tax benefits of $13,007 and reclassification of $12,084 net loss included in net income							(17,961)	(17,961)	(17,961)
Noncredit-related impairment loss on securities, net of taxes of $2,143							(2,960)	(2,960)	(2,960)
Foreign currency translation adjustments, net of tax benefits of $438							(605)	(605)	(605)
Total comprehensive income								$ 223,708	
Stock compensation costs				13,543					13,543
Tax benefit from stock compensation plans, net				717					717
Issuance of 1,024,925 shares of common stock pursuant to various stock compensation plans and agreements			1	5,205					5,206
Conversion of 31 shares of Series A preferred stock into 2,014 shares of common stock		(31)		31					
Issuance of 27,831 shares pursuant to Director retainer fee				520					520
Cancellation of 240,193 shares of common stock due to forfeitures of issued restricted stock				4,090		(4,090)			
Purchase of 29,610 shares of treasury stock due to the vesting of restricted stock						(649)			(649)
Preferred stock dividends					(6,857)				(6,857)
Common stock dividends					(23,876)				(23,876)
Repurchase of 1,517,555 common stock warrants				(14,500)					(14,500)
BALANCE, DECEMBER 31, 2011	**$**	**$ 83,027**	**$ 157**	**$ 1,443,883**	**$ 934,617**	**$ (116,001)**	**$ (33,940)**		**$ 2,311,743**

See accompanying notes to consolidated financial statements.

Table of Contents

EAST WEST BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,		
	2011	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income after extraordinary items	$ 245,234	$ 164,564	$ 76,642
Adjustments to reconcile net income after extraordinary items to net cash provided by operating activities:			
Depreciation and amortization	67,460	57,593	81,901
(Accretion) of discount and amortization of premiums, net	(210,868)	(235,988)	(116,770)
Decrease in FDIC indemnification asset and receivable	100,141	83,213	23,338
Gain on acquisition		(22,874)	(471,009)
Net impairment loss on investment securities available-for-sale recognized in earnings	633	16,669	107,671
Stock compensation costs	13,543	8,761	5,549
Deferred tax expenses	189,497	12,377	127,132
Provision for loan losses	95,006	200,159	528,666
Impairment on other real estate owned	29,266	49,669	7,759
Net gain on sales of investment securities, loans and other assets	(30,998)	(51,776)	(6,340)
Originations and purchases of loans held for sale	(72,761)	(42,985)	(65,047)
Proceeds from sales of loans held for sale	41,388	42,059	37,127
Prepayment penalty for Federal Home Loan Bank advances and other borrowings	12,281	13,832	2,370
Net proceeds from FDIC shared-loss agreements	159,983	331,500	
Net change in accrued interest receivable and other assets	(146,911)	87,009	(143,966)
Net change in accrued expenses and other liabilities	(233,868)	157,275	(39,498)
Other net operating activities	(3,709)	(1,861)	(250)
Total adjustments	10,083	704,632	78,633
Net cash provided by operating activities	255,317	869,196	155,275
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash acquired in acquisitions		67,186	599,036
Net (increase) decrease in loans	(934,773)	498,187	467,149
Net decrease (increase) in short-term investments	81,726	103,285	(18,404)
Purchases of:			
Securities purchased under resale agreements	(1,292,066)	(950,000)	(30,044)
Investment securities held-to-maturity			(551,608)
Investment securities available-for-sale	(2,713,546)	(4,207,000)	(1,976,701)
Loans receivable	(675,298)	(861,490)	(530,345)
Federal Reserve Bank stock	(227)	(10,500)	(9,196)
Premises and equipment	(10,507)	(90,931)	(179)
Investments in affordable housing partnerships	(36,642)	(42,833)	(10,989)
Proceeds from sale of:			
Investment securities available-for-sale	702,616	1,338,910	1,650,680
Loans receivable	188,407	473,961	299,322
Loans held for sale originated for investment	611,291	367,404	
Other real estate owned	177,015	140,710	81,825
Premises and equipment	9,227	112	18
Investments in affordable housing partnerships	7,100	2,000	
Other investments	2,454		
Repayments, maturities and redemptions of investment securities available-for-sale	1,780,457	2,564,157	1,477,470
Paydowns, maturities and termination of securities purchased under resale agreements	1,005,632	680,000	
Redemption of Federal Home Loan Bank stock	25,908	20,075	
Net cash (used in) provided by investing activities	(1,071,226)	93,233	1,448,034
CASH FLOWS FROM FINANCING ACTIVITIES			
Net increase (decrease) in:			
Deposits	1,812,375	254,985	325,211
Short-term borrowings	(63,337)	40,095	(2,215,097)
Proceeds from:			

FHLB advances		550,000	
Issuance of common stock pursuant to various stock plans and agreements	5,726	4,454	949
Issuance of preferred stock, net of stock issuance costs, and common stock warrants			335,047
Issuance of common stock from public offering			80,328
Issuance of common stock from private placement			192,454
Payment for:			
Repayment of FHLB advances	(760,274)	(1,198,312)	
Repayment of long-term debt	(23,918)		
Repayment of notes payable and other borrowings	(11,250)	(43,365)	(51,558)
Repurchase of Series B preferred stock		(306,546)	
Issuance and conversion costs of preferred stock and common stock			(20,320)
Repurchase of common stock warrants	(14,500)		
Cash dividends	(30,679)	(29,605)	(29,662)
Other net financing activities	68	(1,377)	(430)
Net cash provided by (used in) financing activities	914,211	(729,671)	(1,383,078)
Effect of exchange rate changes on cash and cash equivalents	(1,066)	2,107	
NET INCREASE IN CASH AND CASH EQUIVALENTS	97,236	234,865	220,231
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,333,949	1,099,084	878,853
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,431,185	$ 1,333,949	$ 1,099,084
SUPPLEMENTAL CASH FLOW INFORMATION:			
Cash paid during the year for:			
Interest	$ 175,772	$ 206,706	$ 230,667
Income tax payments, net of refunds	326,725	(60,621)	(21,180)
Noncash investing and financing activities:			
Transfers to other real estate owned/affordable housing partnership	175,551	270,995	135,844
Conversion of preferred stock to common stock	31	325,299	
Loans to facilitate sales of other real estate owned	8,882	15,888	40,687
Loans to facilitate sales of loans	27,149	45,522	
Loans to facilitate sale of premises and equipment	11,100		
Loans transferred to loans held for sale	644,915	563,974	
Issuance of common stock in lieu of Board of Directors retainer fees	520	281	219
Transfers from investment securities held-to-maturity to available-for-sale			681,404
Desecuritization of loans receivable			635,614
Transfers from other real estate owned/affordable housing partnership			13,982
Accrued preferred stock dividend			852
Amortization of preferred stock discount		21,042	3,847

See accompanying notes to consolidated financial statements.

EAST WEST BANCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

OPERATIONS SUMMARY

East West Bancorp, Inc. (referred to herein on an unconsolidated basis as "East West" and on a consolidated basis as the "Company" or "we") is a registered bank holding company that offers a full range of banking services to individuals and small to mid-size businesses through its subsidiary bank, East West Bank and its subsidiaries ("East West Bank" or the "Bank"). The Bank is the Company's principal asset. The Bank operates 103 banking locations throughout California, eight branches in New York, five branches in Georgia, three branches in Massachusetts, two branches in Texas, and four branches in Washington. In Greater China, the Bank's presence includes three full-service branches in Hong Kong, in Shanghai, and in Shantou. The Bank also has representative offices in Beijing, Guangzhou, Shanghai and Shenzhen, China and Taipei, Taiwan.

The Bank focuses on commercial lending, including commercial real estate loans, commercial business loans and trade finance loans. The Bank also provides financing for residential loans including single-family and multifamily loans. To a lesser extent, the Bank also makes construction development and consumer loans. Included in the Bank's locations are eleven in-store branches located in 99 Ranch Market stores in Southern and Northern California. The Bank's revenues are derived from providing financing for residential and commercial real estate and business customers, as well as investing activities. Funding for lending and investing activities is obtained through acceptance of customer deposits, Federal Home Loan Bank advances and other borrowing activities.

SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America and general practices within the banking industry. The following is a summary of significant principles used in the preparation of the accompanying financial statements. In preparing the financial statements, management of the Company has made a number of estimates and assumptions pertaining to the reporting of assets and liabilities, including the fair value of assets acquired and liabilities assumed, the FDIC indemnification asset, valuation of OREO, the allowance for loan losses, the disclosure of contingent assets and liabilities and the disclosure of income and expenses for the periods presented in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

Principles of Consolidation The consolidated financial statements include the accounts of East West Bancorp, Inc., and its wholly owned subsidiaries, East West Bank and East West Insurance Services, Inc. Intercompany transactions and accounts have been eliminated in consolidation. East West also has seven wholly owned subsidiaries that are statutory business trusts (the "Trusts"). In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 810, the Trusts are not consolidated into the accounts of East West Bancorp, Inc.

Fair Value Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and, in many cases, may require us to make a number of significant judgments. Based on the observability of the inputs used in the valuation techniques, we classify our assets and liabilities measured and disclosed at fair value in accordance with a three-level hierarchy (e.g., Level 1, Level 2 and Level 3) established under ASC

Table of Contents

820. In determining the fair value of financial instruments, we use market prices of the same or similar instruments whenever such prices are available. We do not use prices involving distressed sellers in determining fair value. If observable market prices are unavailable or impracticable to obtain, then fair value is estimated using modeling techniques such as discounted cash flow analyses. These modeling techniques incorporate our assessments regarding assumptions that market participants would use in pricing the asset or the liability, including assumptions about the risks inherent in a particular valuation technique and the risk of nonperformance.

Securities Purchased Under Resale Agreements ("Resale Agreements") The Company purchases securities under resale agreements with terms that range from one day to several years. These agreements are collateralized by mortgage-backed securities and mortgage or commercial loans that are generally held by a third party custodian. The purchases are over-collateralized to ensure against unfavorable market price movements. In the event that the fair value of the securities decreases below the carrying amount of the related repurchase agreement, the counterparty is required to deliver an equivalent value of additional securities. The counterparties to these agreements are nationally recognized investment banking firms that meet credit eligibility criteria and with whom a master repurchase agreement has been duly executed. Resale agreements which are short-term in nature, or have terms of up to 90 days, are included in cash and cash equivalents. Resale agreements with terms greater than 90 days are separately categorized. The Company had no short-term resale agreements as of December 31, 2011 and 2010.

Investment Securities The Company classifies its investment securities according to their purpose and holding period. Trading account securities are typically investment grade securities which are generally held by the Bank for a period of seven days or less. Trading account securities are carried at fair value. Realized and unrealized gains or losses on trading account securities are included in noninterest income. As of December 31, 2011 and 2010, there were no trading account securities in the investment portfolio. Held-to-maturity debt securities are recorded at amortized cost. As of December 31, 2011 and 2010 there were no held-to-maturity debt securities in the investment portfolio. Investment securities available-for-sale are reported at estimated fair value, with unrealized gains and losses excluded from operations and reported as a separate component of accumulated other comprehensive income or loss, net of tax, in stockholders' equity.

The fair values of the investment securities are generally determined by independent external pricing service providers who have experience in valuing these securities and by comparison to and/or average of quoted market prices obtained from independent external brokers. In obtaining such valuation information from third parties, the Company has evaluated the methodologies used to develop the resulting fair values. The Company performs a monthly analysis on the broker quotes and the third party pricing service quotes to ensure that the prices represent a reasonable estimate of the fair value. The procedures include, but are not limited to, initial and ongoing review of third party pricing methodologies, review of pricing trends, and monitoring of trading volumes. The Company considers whether prices received from independent brokers represent a reasonable estimate of fair value through the use of internal and external cash flow models developed based on spreads, and when available, market indices. As a result of this analysis, if the Company determines there is a more appropriate fair value based upon the available market data, the price received from the third party is adjusted accordingly. Prices from third party pricing services are often unavailable for securities that are rarely traded or are traded only in privately negotiated transactions. As a result, certain securities are priced via independent broker quotations which utilize proprietary models that include observable market based inputs. Additionally, the majority of these independent broker quotations are non-binding.

The Company applies a modified valuation approach to certain investment securities for which it believes the current broker prices obtained are based on forced liquidation or distressed sale values in inactive markets. The fair value of each of these securities is individually determined based on a

Table of Contents

combination of the market approach, reflecting current broker prices, and the income approach, which is a discounted cash flow approach. In calculating the fair value derived from the income approach, the Company makes assumptions related to the implied rate of return, general change in market rates, estimated changes in credit quality and liquidity risk premium, specific non-performance and default experience in the collateral underlying the security; additionally, broker discount rates are taken into consideration in determining the discount rate. The values resulting from each approach (i.e. market and income approaches) are weighted to derive the final fair value of each security trading in an inactive market.

Amortization of premiums and accretion of discounts on securities are recorded as yield adjustments on such securities using the effective interest method. The specific identification method is used for purposes of determining cost in computing realized gains and losses on investment securities sold.

At each reporting date, the Company assesses whether there is an "other-than-temporary" impairment ("OTTI") in its portfolio of investment securities. If we determine that a decline in fair value is other-than-temporary, an impairment loss is recognized in current earnings. When we have the intent and ability to hold debt securities with OTTI for a period necessary to recover the noncredit-related impairment losses, only the credit-related impairment losses are recognized in current earnings. In these instances, the noncredit-related impairment losses are charged to other comprehensive income. The Company examines all individual securities that are in an unrealized loss position at each reporting date for other-than-temporary impairment. Specific investment level factors that are examined to assess impairment include the nature of the investments, the severity and duration of the loss, the probability that the Company will be unable to collect all amounts due, an analysis of the issuers of the securities and whether there has been any cause for default on the securities, and any change in the rating of the securities by the various rating agencies. Additionally, management takes into consideration the Company's financial resources as well as the Company's overall ability and intent to hold the securities until their fair values recover.

The Company considers all available information relevant to the collectability of the security, including information about past events, current conditions, and reasonable and supportable forecasts, when developing the estimate of future cash flows and making its other-than-temporary impairment assessment for its portfolio of trust preferred securities. The Company considers factors such as remaining payment terms of the security, prepayment speeds, expected defaults, the financial condition of the issuer(s), and the value of any underlying collateral.

Loans Receivable Loans receivable that the Company has the intent and ability to hold for the foreseeable future, or until maturity, are stated at their outstanding principal, reduced by an allowance for loan losses and net deferred loan fees or costs on originated loans and unamortized premiums or discounts on purchased loans. Nonrefundable fees and direct costs associated with the origination or purchase of loans are deferred and netted against outstanding loan balances. The deferred net loan fees and costs are recognized in interest income as an adjustment to yield over the loan term using the effective interest method. Discounts or premiums on purchased loans are accreted or amortized to interest income using the effective interest method over the remaining period to contractual maturity adjusted for anticipated prepayments. Interest on loans is calculated using the simple-interest method on daily balances of the principal amounts outstanding. Accrual of interest is discontinued on a loan when management believes, after considering economic and business conditions and collection efforts, that the borrower's financial condition is such that full collection of principal or interest becomes uncertain, regardless of the length of past due status. Generally, loans are placed on nonaccrual status when they become 90 days past due. When interest accrual is discontinued, all unpaid accrued interest is reversed against interest income. In general, subsequent payments received are applied to the outstanding principal balance of the loan. A loan is returned to accrual status when the borrower has demonstrated a satisfactory payment trend subject to management's assessment of the borrower's ability to repay the loan.

Loans held for sale are carried at the lower of aggregate cost or fair value using the aggregate method. Origination fees on loans held for sale, net of certain costs of processing and closing the loans, are deferred until the time of sale and are included in the computation of the gain or loss from the sale of the related loans. A valuation allowance is established if the fair value of such loans is lower than their cost, with a corresponding charge to noninterest income.

Troubled Debt Restructurings ("TDR") A loan is identified as a troubled debt restructure when a borrower is experiencing financial difficulties and for economic or legal reasons related to these difficulties the Company grants a concession to the borrower in the restructuring that it would not otherwise consider. The Company has granted a concession when, as a result of the restructuring, it does not expect to collect all amounts due, including principal and/or interest accrued at the original terms of the loan. The concessions may be granted in various forms, including a below-market change in the stated interest rate, a reduction in the loan balance or accrued interest, an extension of the maturity date, or a note split with principal forgiveness. A restructuring executed at an interest rate that is at or near market interest rates for nontroubled debt is not a TDR. All troubled debt restructurings are reviewed for potential impairment. For modifications where we forgive principal, the entire amount of such principal forgiveness is immediately charged off. Generally, a nonaccrual loan that is restructured remains on nonaccrual status for a period of six months to demonstrate that the borrower can perform under the restructured terms. However, the borrower's performance prior to the restructuring, or other significant events at the time of restructuring may be considered in assessing whether the borrower can meet the new terms and may result in the loan remaining on accrual status or being returned to accrual status after a shorter performance period. If the borrower's performance under the new terms is not reasonably assured, the loan remains classified as a nonaccrual loan. Loans classified as TDRs are reported as impaired loans.

Allowance for Loan Losses The allowance for loan losses is established as management's estimate of probable losses inherent in the loan portfolio. The allowance is increased by the provision for loan losses and decreased by charge-offs when management believes the uncollectability of a loan is confirmed. Subsequent recoveries, if any, are credited to the allowance. The allowance for loan losses is evaluated on a regular basis by management and is based on management's periodic review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, the estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to revision as more information becomes available. Additionally, non-classified loans are also considered in the allowance for loan losses calculation and are factored in based on the historical loss experience adjusted for various qualitative factors.

A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect all scheduled payments of principal or interest due according to the contractual terms of the loan agreement. Factors considered by management in determining and measuring loan impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan-by-loan basis for residential, commercial real estate, and commercial and industrial loans based on the present value of expected future cash flows discounted at the loan's effective interest rate or, as an expedient, at the loan's observable market price or the fair value of

Table of Contents

the collateral, less costs to sell, if the loan is collateral dependent. If the measure of the impaired loan is less than the recorded investment in the loan, the deficiency is charged off against the allowance for loan losses. Consumer loans consist of homogeneous smaller balance loans and are reviewed on a collective basis for impairment.

Acquired Loans Acquired loans are valued as of acquisition date in accordance with ASC 805. Loans purchased with evidence of credit deterioration since origination for which it is probable that all contractually required payments will not be collected are accounted for under ASC 310-30. Further, the Company has elected to account for all other acquired loans within the scope of ASC 310-30 using the same methodology.

Under ASC 805 and ASC 310-30, loans are recorded at fair value at acquisition date, factoring in credit losses expected to be incurred over the life of the loan. Accordingly, an allowance for loan losses is not carried over or recorded as of the acquisition date. In situations where loans have similar risk characteristics, loans are aggregated into pools to estimate cash flows under ASC 310-30. A pool is accounted for as a single asset with a single interest rate, cumulative loss rate and cash flow expectation.

The cash flows expected over the life of the loan or pool are estimated using an internal cash flow model that projects cash flows and calculates the carrying value of the loan or pool, book yield, effective interest income and impairment, if any, based on loan or pool level events, respectively. Assumptions as to default rates, loss severity, loss curves and prepayment speeds are utilized to calculate the expected cash flows.

At acquisition, the excess of the cash flows expected to be collected over the recorded investment is considered to be the accretable yield and is recognized as interest income over the life of the loan or pool. The excess of the contractual cash flows over the cash flows expected to be collected is considered to be the nonaccretable difference. Subsequent to the acquisition date, any increases in expected cash flows over those expected at purchase date in excess of fair that are significant and probable value are adjusted through the accretable difference on a prospective basis. Any subsequent decreases in expected cash flows over those expected at purchase date that are significant and probable are recognized by recording an allowance for loan losses. Any disposals of loans, including sales of loans, payments in full or foreclosures result in the removal of the loan from the ASC 310-30 portfolio at the carrying amount.

Covered Loans Loans acquired in an FDIC-assisted acquisition that are subject to an FDIC shared-loss agreement are referred to as covered loans. Covered loans are reported exclusive of the expected cash flow reimbursements we expect to collect from the FDIC. All covered loans are accounted for under ASC 805 and ASC 310-30.

FDIC Indemnification Asset In conjunction with the FDIC-assisted acquisitions of Washington First International Bank and United Commercial Bank, the Bank entered into shared-loss agreements with the FDIC related to covered loans and covered other real estate owned (see "Covered Other Real Estate Owned" below). The FDIC indemnification asset is initially recorded at fair value, based on the discounted value of expected future cash flows under the shared-loss agreement. The Company has elected to account for amounts receivable under the shared-loss agreements as an indemnification asset in accordance with ASC 805. The difference between the present value and the undiscounted cash flows the Company expects to collect from the FDIC is accreted into noninterest income over the life of the FDIC indemnification asset. The FDIC indemnification asset is reviewed quarterly and adjusted for any changes in expected cash flows based on recent performance and expectations for future performance of the covered portfolio. These adjustments are measured on the same basis as the related covered loans and covered other real estate owned. Any increases in cash flow of the covered loans over those expected will reduce the FDIC indemnification asset and any decreases in cash flow of the covered loans over those expected will increase the FDIC indemnification asset. Over the life of the FDIC indemnification asset, increases and decreases to the are recorded as adjustments to noninterest income. In December 2010, the bank lowered the credit discount on the UCB covered loan portfolio as the credit quality is performing better than originally estimated. By lowering the credit discount, interest income will increase over the life of the loans. Correspondingly, with the lowered credit discount, the expected reimbursement from the FDIC under the loss sharing agreement will also decrease, resulting in amortization on the FDIC indemnification asset which is recorded as a charge to noninterest income.

Other Real Estate Owned Other real estate owned ("OREO") represents properties acquired through foreclosure or through full or partial satisfaction of loans, is considered held for sale, and is recorded at the lower of cost or estimated fair value at the time of foreclosure. Loan balances in excess of the fair value of the real estate acquired at the date of foreclosure are charged against the allowance for loan losses. After foreclosure, the real estate is carried at the lower of carrying value or fair value less costs to sell. Subsequent declines in the fair value of OREO below the carrying value are recorded through the use of a valuation allowance by charges to noninterest expense. Any subsequent operating expenses or income of such properties are also charged to noninterest expense. If the OREO is sold within three months of foreclosure, the Company substitutes the value received in the sale (net of costs to sell) for the fair value (less costs to sell). Any adjustment made to the loss originally recognized at the time of foreclosure is then charged against or credited to the allowance for loan losses, if deemed material. Otherwise, any declines in value, after foreclosure, are recorded in non-interest expense as gains or losses from the sale or disposition of the real estate. Gain recognition upon disposition of a property is dependent on the sale having met certain criteria relating to the buyer's initial investment in the property sold.

Covered Other Real Estate Owned All other real estate owned acquired in an FDIC-assisted acquisition that are subject to an FDIC shared-loss agreement are referred to as covered other real estate owned. Covered other real estate owned is reported exclusive of the expected cash flow reimbursements we expect to collect from the FDIC. Upon transferring covered loan collateral to covered other real estate owned status, acquisition date fair value discounts on the related loan are also transferred to covered other real estate owned. Fair value adjustments on covered other real estate owned result in a reduction of the covered other real estate carrying amount and a corresponding increase in the FDIC reimbursement. the non-reimbursed portion of the estimated loss to the Bank is charged against earnings.

Investment in Affordable Housing Partnerships The Company owns limited partnership interests in projects of affordable housing for lower income tenants. The investments in which the Company has a limited partnership interest that exceeds 5% are recorded using the equity method of accounting. The remaining investments are recorded using the cost method and are being amortized over the life of the related tax credits. The tax credits are being recognized in the consolidated financial statements to the extent they are utilized on the Company's income tax returns. The investments are reviewed for impairment on an annual basis on or on an interim basis if an event occurs that would trigger potential impairment.

Goodwill and Other Intangible Assets The Company has goodwill, which represents the excess of the purchase price over the fair value of net assets acquired, as a result of various past acquisitions. Goodwill is not amortized and is reviewed for impairment on an annual basis or on an interim basis if an event occurs or circumstances change that would reduce the fair value of a reporting unit below its carrying value. Premiums on deposits, which represent the intangible value of depositor relationships resulting from deposit liabilities assumed in acquisitions, are amortized over the projected useful lives of the deposits, which is typically 7 to 15 years. Core deposit intangibles are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Impairment on goodwill

Table of Contents

and premiums on deposits is recognized by writing down the asset to the extent that the carrying value exceeds the estimated fair value.

Investment in Federal Home Loan Bank Stock As a member of the Federal Home Loan Bank ("FHLB") of San Francisco, the Bank is required to own common stock in the FHLB of San Francisco based upon our balance of residential mortgage loans and outstanding FHLB advances. As a result of the acquisition of WFIB, the Bank also owns common stock in the FHLB of Seattle. FHLB stock is carried at cost and may be sold back to the FHLB at its carrying value. Both cash and stock dividends received are reported as dividend income.

Investment in Federal Reserve Bank Stock As a member of the Federal Reserve Bank ("FRB") of San Francisco, the Bank is required to maintain stock in the FRB of San Francisco based on a specified ratio relative to our capital. FRB stock is carried at cost and may be sold back to the FRB at its carrying value. Cash dividends are accrued and are reported as dividend income.

Premises and Equipment The Company's premises and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization are computed based on the straight-line method over the estimated useful lives of the various classes of assets. The ranges of useful lives for the principal classes of assets are as follows:

Buildings and building improvements	25 years
Furniture, fixtures and equipment	3 to 7 years
Leasehold improvements	Term of lease or useful life, whichever is shorter

The Company reviews its long-lived assets for impairment annually or when events or circumstances indicate that the carrying amount of these assets may not be recoverable. An asset is considered impaired when the expected undiscounted cash flows over the remaining useful life is less than the net book value. When impairment is indicated for an asset, the amount of impairment loss is the excess of the net book value over its fair value.

Mortgage Servicing Assets Mortgage servicing assets are initially recorded at fair value. Servicing assets are amortized in proportion to, and over the period of, estimated net servicing income. The fair value of servicing assets is determined based on the present value of estimated net future cash flows related to contractually-specified servicing fees. The primary determinants of the fair value of mortgage servicing assets are prepayment speeds and discount rates. Evaluation of impairment is performed on a quarterly basis using discounted cash flow analysis in combination with mortgage dealer consensus prepayment forecasts. Variations in either or a combination of these factors could materially affect the estimated values of mortgage servicing assets. In conjunction with the valuation process, each class of servicing assets is stratified to evaluate and measure impairment, which is measured as the excess of cost over fair value. Determination of each stratum is based on one or more predominant risk characteristics of the underlying financial assets, including loan type, maturity and interest rates. Impairment, if it occurs, is recognized through a valuation allowance for each stratum.

Securities Sold Under Repurchase Agreements ("Repurchase Agreements") The Company sells securities under repurchase agreements. These transactions are accounted for as collateralized financing transactions and recorded at the amounts at which the securities were sold. The Company may have to provide additional collateral to the counterparty, as necessary.

Long-Term Debt Long-term debt consists of both junior subordinated debt and subordinated debt. The Company has established nine statutory business trusts whereby the Company is the owner of all the

Table of Contents

beneficial interests represented by the common securities of the Trusts, and third parties hold the fixed and variable rate capital securities of the Trusts. The purpose of issuing the capital securities was to provide the Company with a cost-effective means of obtaining Tier I capital for regulatory reporting purposes.

The Trusts are not consolidated by the Company. Two of the nine trusts were dissolved during 2011. Junior subordinated debt represents liabilities of the Company to the Trusts and is included in long-term debt on the accompanying consolidated balance sheets.

Federal Funds Purchased The Company utilizes federal funds purchased as part of its short-term financing strategy. Federal funds purchased are generally overnight borrowings and mature within one business day to six months from the transaction date.

Income Taxes Deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial reporting amounts at each year-end, based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income.

The Company examines its financial statements, its income tax provision, and its federal and state income tax returns and analyzes its tax positions, including permanent and temporary differences, as well as the major components of income and expense to determine whether a tax benefit is more likely than not to be sustained upon examination by tax authorities. In the event a tax position is not more likely than not to be sustained by the tax authorities, a reserve is established by management. The Company recognizes interest and penalties related to tax positions as part of its provision for income taxes.

Stock-Based Compensation The Company issues stock-based compensation to certain employees, officers, and directors and accounts for stock options using the fair value method, which generally results in compensation expense recognition. Prior to December 31, 2005, the Company accounted for its fixed stock options using the intrinsic-value method, as prescribed in Accounting Principles Board ("APB") Opinion No. 25. Accordingly, no stock option expense was recorded in periods prior to December 31, 2005.

In adopting the fair value method discussed above, the Company elected to follow the modified prospective method, which required application of the new standard to new awards and to awards modified, repurchased or cancelled after the required effective date. Accordingly, prior period amounts have not been restated. Additionally, compensation costs for the portion of awards for which the requisite service has not been rendered that are outstanding as of January 1, 2006 are being recognized as the requisite services are rendered on or after January 1, 2006. The compensation cost of that portion of awards is based on the grant-date fair value of those awards as calculated for pro forma disclosures under the original SFAS No. 123.

Transfers and Servicing of Financial Assets and Extinguishments of Liabilities Transfers of financial assets are accounted for as sales, when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company; (2) the transferee has the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets; and (3) the Company does not maintain effective control over the transferred assets through either (a) an agreement that entitles and obligates the Company to repurchase or redeem them before their maturity or (b) an agreement that provides the Company with both the unilateral ability to cause the holder to return specific assets and a more than trivial benefit attributable to that ability. The difference between the net proceeds received and the carrying amount of the financial assets being sold is recognized as a gain or loss on sale.

Table of Contents

Earnings Per Share ("EPS") Basic EPS excludes dilution and is computed by dividing income or loss available to common stockholders by the weighted-average number of shares outstanding during the period. Diluted EPS is calculated on the basis of the weighted average number of shares outstanding during the period plus restricted stock and shares issuable upon the assumed exercise of outstanding convertible preferred stock, common stock options and warrants, unless they have an antidilutive effect.

Comprehensive Income The term "comprehensive income" describes the total of all components of comprehensive income, including net income and other comprehensive income. "Other comprehensive income" refers to revenues, expenses, and gains and losses that are included in comprehensive income but are excluded from net income because they have been recorded directly in equity under the provisions of other Financial Accounting Standards Board statements. The Company presents the comprehensive income disclosure as a part of the statements of changes in stockholders' equity by identifying each element of comprehensive income, including net income.

Derivative Financial Instruments As part of its asset and liability management strategy, the Company uses derivative financial instruments to mitigate exposure to interest rate and foreign currency risks. All derivative instruments, including certain derivative instruments embedded in other contracts, are recognized on the condensed consolidated balance sheet at fair value with the change in fair value reported in earnings. When master netting agreements exist, the Company nets counterparty positions with any cash collateral received or delivered.

The Company's interest rate swaps on certain certificates of deposit qualify for hedge accounting treatment under ASC 815, *Derivatives and Hedging*. The Company documents its hedge relationships, including identification of the hedging instruments and the hedged items, as well as its risk management objectives and strategies for undertaking the hedge transaction at the time the derivative contract is executed. This includes designating the derivative contract as a "fair value hedge" which is a hedge of a recognized asset or liability. All derivatives designated as fair value hedges are linked to specific hedged items or to groups of specific assets and liabilities on the balance sheet. Both at inception and quarterly thereafter, the Company assesses whether the derivatives used in hedging transactions are highly effective (as defined in the guidance) in offsetting changes in the fair value of the hedged item. Retroactive effectiveness is also assessed as well as the continued expectation that the hedge will remain effective prospectively. Any ineffective portion of the changes of fair value hedges is recognized immediately in interest expense in the condensed consolidated statements of income.

The Company discontinues hedge accounting prospectively when (i) a derivative is no longer highly effective in offsetting changes in the fair value, (ii) a derivative expires or is sold, terminated, or exercised, or (iii) the Company determines that designation of a derivative as a hedge is no longer appropriate. If a fair value hedge derivative instrument is terminated or the hedge designation removed, the previous adjustments to the carrying amount of the hedged liability would be subsequently accounted for in the same manner as other components of the carrying amount of that liability. For interest-bearing liabilities, such adjustments would be amortized into earnings over the remaining life of the respective liability.

Reclassifications Certain items in the consolidated balance sheet and the consolidated statements of income for the years ended December 31, 2010 and 2009 were reclassified to conform to the 2011 and 2010 presentation, respectively. These reclassifications did not affect previously reported net income.

RECENT ACCOUNTING STANDARDS

In January 2010, the FASB issued Accounting Standards Update ("ASU") 2010-06, *Improving Disclosures About Fair Value Measurements*. ASU 2010-06 requires separate disclosure of the amounts of

Table of Contents

significant transfers in and out of Level 1 and Level 2 fair value measurements and reasons for the transfers and separate presentation of information about purchases, sales, issuances, and settlements in the reconciliation for Level 3 fair value measurements. Additionally, ASU 2010-06 clarifies existing disclosures regarding level of disaggregation and inputs and valuation techniques. The new disclosures and clarifications of existing disclosures under ASU 2010-06 are effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements which are effective for fiscal years ending after December 15, 2010 and for interim periods within those fiscal years. The adoption of the disclosure requirements did not have a material effect on the Company's condensed consolidated financial statements.

In December 2010, the FASB issued ASU 2010-28, *Intangibles Goodwill and Other (Topic 350): When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts*, which modifies Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. In determining whether it is more likely than not that a goodwill impairment exists, an entity should also consider whether there are any adverse qualitative factors indicating that an impairment may exist. The amendments in ASU 2010-28 are effective for fiscal years beginning after December 15, 2010 and for interim periods within those fiscal years. Upon adoption of the amendments, any resulting goodwill impairment should be recorded as a cumulative-effect adjustment to beginning retained earnings in the period of adoption. Any goodwill impairments occurring after the initial adoption of the amendments should be included in earnings. The adoption of this guidance did not have a material effect on the Company's condensed consolidated financial statements.

In December 2010, the FASB issued ASU 2010-29, *Business Combinations (Topic 805): Disclosure of Supplementary Pro Forma Information for Business Combinations*, which specifies that if a public entity presents comparative financials, the entity should disclose revenue and earnings of the combined entity as though the business combination(s) that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. ASU 2010-29 also expands the supplemental pro forma disclosures to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. The amendments in ASU 2010-29 are effective prospectively for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2010. Early adoption is permitted. The adoption of the disclosure requirements did not have a material effect on the Company's condensed consolidated financial statements.

In April 2011, the FASB issued ASU 2011-02, *Receivables (Topic 310) A Creditor's Determination of Whether a Restructuring Is a Troubled Debt Restructuring*. ASU 2011-02 clarifies the guidance on the two conditions that must exist in evaluating whether a restructuring constitutes a troubled debt restructuring: that the restructuring constitutes a concession and that the debtor is experiencing financial difficulties. In addition, ASU 2011-02 clarifies that a creditor is precluded from using the effective interest rate test in the debtor's guidance on restructuring of payables (paragraph 470-60-55-10) when evaluating whether a restructuring constitutes a troubled debt restructuring. The amendments in ASU 2011-02 are effective for the first interim or annual period beginning on or after June 15, 2011, and should be applied retrospectively to the beginning of the annual period of adoption. Additionally, ASU 2011-02 finalizes the effective date for the disclosures required by paragraphs 310-10-50-33 through 50-34, which were deferred by ASU 2011-01, for interim and annual periods beginning on or after June 15, 2011. The adoption of this guidance did not have a material effect on the Company's condensed consolidated financial statements.

Table of Contents

In April 2011, the FASB issued ASU 2011-03, *Transfers and Servicing (Topic 860): Reconsideration of Effective Control for Repurchase Agreements*. ASU 2011-03 removes the transferor's ability criterion from the consideration of effective control for repos and other agreements that both entitle and obligate the transferor to repurchase or redeem financial assets before their maturity. The amendments in ASU 2011-03 remove from the assessment of effective control (1) the criterion requiring the transferor to have the ability to repurchase or redeem the financial assets on substantially the agreed terms, even in the event of default by the transferee, and (2) the collateral maintenance implementation guidance related to that criterion. The FASB indicates that eliminating the transferor's ability criterion and related implementation guidance from an entity's assessment of effective control should improve the accounting for repos and other similar transactions. The amendments in ASU 2011-03 are effective for the first interim or annual period beginning on or after December 15, 2011 and are to be applied prospectively to transactions or modifications of existing transactions that occur on or after the effective date. Early adoption is not permitted. The Company does not expect the adoption of this guidance to have a material effect on its condensed consolidated financial statements.

In May 2011, the FASB issued ASU 2011-04, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs.* ASU 2011-04 addresses convergence between GAAP and International Financial Reporting Standards ("IFRS") requirements for measurement of and disclosures about fair value. The amendments are not expected to have a significant impact on companies applying GAAP. Key provisions of the amendment include: a prohibition on grouping financial instruments for purposes of determining fair value, except when an entity manages market and credit risks on the basis of the entity's net exposure to the group; an extension of the prohibition against the use of a blockage factor to all fair value measurements (that prohibition currently applies only to financial instruments with quoted prices in active markets); and a requirement that for recurring Level 3 fair value measurements, entities disclose quantitative information about unobservable inputs, a description of the valuation process used and qualitative details about the sensitivity of the measurements. In addition, for items not carried at fair value but for which fair value is disclosed, entities will be required to disclose the level within the fair value hierarchy that applies to the fair value measurement disclosed. The amendments in ASU 2011-04 are effective during interim and annual periods beginning after December 15, 2011. Early adoption is not permitted. The Company does not expect the adoption of this guidance to have a material effect on its condensed consolidated financial statements.

In June 2011, the FASB issued ASU 2011-05, *Comprehensive Income (Topic 220): Presentation of Comprehensive Income.* ASU 2011-05 will require companies to present the components of net income and other comprehensive income either as one continuous statement or as two consecutive statements. It eliminates the option to present components of other comprehensive income as part of the statement of changes in stockholders' equity. The standard does not change the items which must be reported in other comprehensive income, how such items are measured, or when they must be reclassified to net income. The FASB amended ASU 2011-05 in December 2011, with the issuance of ASU 2011-12, *Comprehensive Income (Topic 220): Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05.* ASU 2011-12 defers only changes in ASU 2011-05 that relate to the presentation of reclassification adjustments. Both standards are effective for interim and annual periods beginning after December 15, 2011. The Company does not expect the adoption of either guidance to have a material effect on its condensed consolidated financial statements.

In September 2011, the FASB issued ASU 2011-08, *Intangibles Goodwill and Other (Topic 350): Testing Goodwill for Impairment*. ASU 2011-08 gives both public and nonpublic companies the option to qualitatively determine whether they can bypass the two-step goodwill impairment test under ASC 350-20, *Intangibles Goodwill and Other: Goodwill*. Under ASU 2011-08, if a company chooses to perform a qualitative assessment and determines that it is more likely than not (a more than 50 percent likelihood) that the fair value of a reporting unit is less than its carrying amount, it would then perform Step 1 of the annual goodwill impairment test in ASC 350-20 and, if necessary, proceed to Step 2. Otherwise, no further evaluation would be necessary. The amended guidance is effective for interim and annual periods beginning after December 15, 2011. Early adoption is permitted. The Company does not expect the adoption of this guidance to have a material effect on its condensed consolidated financial statements.

In December 2011, the FASB issued ASU 2011-11, *Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities.* ASU 2011-11 affects all entities that have financial instruments and derivative instruments that are either (1) offset in accordance with either Section 210-20-45 or Section 815-10-45 or (2) subject to an enforceable master netting arrangement or similar agreement. The requirements amend the disclosure requirements on offsetting in Section 210-20-50. This information is intended to enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements on an entity's financial position, including the effect or potential effect of rights of setoff associated with certain financial instruments and derivative instruments in the scope of this ASU. The amended guidance is effective for interim and annual periods beginning after January 1, 2013 and should be applied retrospectively to all periods presented. The Company does not expect the adoption of the disclosure requirements to have a material effect on its condensed consolidated financial statements.

2. BUSINESS COMBINATIONS

Washington First International Bank

On June 11, 2010 the Bank acquired certain assets and assumed certain liabilities of Washington First International Bank ("WFIB") from the FDIC in an FDIC-assisted transaction. As part of the Purchase and Assumption Agreement, the Bank and the FDIC entered into shared-loss agreements, whereby the FDIC will reimburse a substantial portion of any future losses on loans (and related unfunded loan commitments), OREO and accrued interest on loans for up to 90 days. Under the terms of the shared-loss agreements, the FDIC will absorb 80% of losses and share in 80% of loss recoveries. The shared-loss agreements for commercial and single-family residential mortgage loans are in effect for 5 years and 10 years, respectively, from the June 11, 2010 acquisition date and the loss recovery provisions are in effect for 8 years and 10 years, respectively, from the acquisition date.

The net gain represents the excess of the estimated fair value of the assets acquired over the estimated fair value of the liabilities assumed and is influenced significantly by the FDIC-assisted transaction process. Under the FDIC-assisted transaction process, only certain assets and liabilities are transferred to the acquirer and, depending on the nature and amount of the acquirer's bid, the FDIC may be required to make a cash payment to the acquirer. The Bank received a cash payment from the FDIC for $51.7 million. In the WFIB acquisition, the fair value of the assets acquired was $492.6 million and the book value of net assets transferred to the Bank was $486.3 million. The pre-tax gain of $19.5 million or the after-tax gain of $11.3 million recognized by the Company is considered a bargain purchase transaction under ASC 805 since the total acquisition-date fair value of the identifiable net assets acquired exceeded the fair value of the consideration transferred. The gain was recognized as noninterest income in the Company's consolidated statements of income.

During 2010, post acquisition date, the Company recorded an additional $1.6 million purchase price adjustment related to investment securities obtained in the acquisition of WFIB with a corresponding decrease to the gain on acquisition. The adjustment is included in noninterest income in the consolidated statements of income. Under ASC 805, the Company is allowed to recognize additional assets and liabilities related to the acquisition of WFIB if new information is obtained about facts and circumstances that existed as of the acquisition date that, if known, would have resulted in the recognition of those assets and those liabilities as of that date. The measurement period ends as soon as the Company receives the

Table of Contents

information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. However, the measurement period shall not exceed one year from the acquisition date.

United Commercial Bank

On November 6, 2009 the Bank acquired certain assets and assumed certain liabilities of United Commercial Bank ("UCB") from the FDIC in an FDIC-assisted transaction. As part of the Purchase and Assumption Agreement, the Bank and the FDIC entered into a shared-loss agreement, whereby the FDIC will reimburse a substantial portion of any future losses on loans (and related unfunded loan commitments), OREO and accrued interest on loans for up to 90 days. Under the terms of the shared-loss agreement, the FDIC will absorb 80% of losses and share in 80% of loss recoveries on the first $2.05 billion and absorb 95% of losses and share in 95% of loss recoveries exceeding $2.05 billion. The shared-loss agreement for commercial and single family residential mortgage loans is in effect for 5 years and 10 years, respectively, from the November 6, 2009 acquisition date and the loss recovery provisions are in effect for 8 years and 10 years, respectively, from the acquisition date.

In the UCB acquisition, the fair value of assets acquired was $9.86 billion. The Company recorded a pre-tax bargain purchase gain of $471.0 million in noninterest income in the Company's 2009 consolidated statements of income. During 2010, the Company recorded an additional net pre-tax gain of $5.0 million related to the fair value of investments obtained in the acquisition of UCB. The adjustment is included in noninterest income in the 2010 consolidated statements of income.

3. FAIR VALUE

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Company uses various methods including market and income approaches. Based on these approaches, the Company utilizes certain assumptions that market participants would use in pricing the asset or liability. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Company is required to provide the following information according to the fair value hierarchy noted below. The hierarchy is based on the quality and reliability of the information used to determine fair values. The hierarchy gives the highest priority to quoted prices available in active markets and the lowest priority to data lacking transparency. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 Quoted prices for identical instruments that are highly liquid, observable and actively traded in over-the-counter markets. Level 1 financial instruments typically include U.S. Treasury securities.

Level 2 Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable and can be corroborated by market data. Level 2 financial instruments typically include U.S. Government debt and agency mortgage-backed securities, corporate debt securities, municipal securities, single issue trust preferred securities, equity swap agreements, foreign exchange options, interest rate swaps and OREO.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include

Table of Contents

financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category typically includes mortgage servicing assets, impaired loans, private-label mortgage-backed securities, pooled trust preferred securities and derivatives payable.

The Company records investment securities available-for-sale, equity swap agreements, derivatives payable, foreign exchange options and interest rate swaps at fair value on a recurring basis. Certain other assets such as mortgage servicing assets, impaired loans, other real estate owned, goodwill, premiums on acquired deposits and private equity investments are recorded at fair value on a nonrecurring basis. Nonrecurring fair value measurements typically involve assets that are periodically evaluated for impairment and for which any impairment is recorded in the period in which the remeasurement is performed.

Table of Contents

In determining the appropriate hierarchy levels, the Company performs a detailed analysis of assets and liabilities that are subject to fair value disclosure. The following tables present both financial and nonfinancial assets and liabilities that are measured at fair value on a recurring and nonrecurring basis. These assets and liabilities are reported on the consolidated balance sheets at their fair values as of December 31, 2011 and December 31, 2010. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to their fair value measurement. There were no transfers in an out of Levels 1 and 2 during 2011. There were also no transfers in and out of Level 1 and 3 or Levels 2 and 3.

	Assets (Liabilities) Measured at Fair Value on a Recurring Basis as of December 31, 2011			
	Fair Value Measurements December 31, 2011	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
		(In thousands)		
Investment securities available-for-sale:				
U.S. Treasury securities	$ 20,725	$ 20,725	$	$
U.S. Government agency and U.S. Government sponsored enterprise debt securities	576,578		576,578	
U.S. Government agency and U.S. Government sponsored enterprise mortgage-backed securities:				
Commercial mortgage-backed securities	49,315		49,315	
Residential mortgage-backed securities	993,770		993,770	
Municipal securities	79,946		79,946	
Other residential mortgage-backed securities:				
Investment grade				
Non-investment grade				
Corporate debt securities:				
Investment grade	1,322,561		1,322,561	
Non-investment grade	19,615		17,380	2,235
Other securities	10,068		10,068	
Total investment securities available-for-sale	$ 3,072,578	$ 20,725	$ 3,049,618	$ 2,235
Equity swap agreements	$ 202	$	$ 202	$
Foreign exchange options	3,899		3,899	
Interest rate swaps	20,474		20,474	
Short-term foreign exchange contracts	1,403		1,403	
Derivatives liabilities	(24,164)		(21,530)	(2,634)

104

Table of Contents

	Assets (Liabilities) Measured at Fair Value on a Recurring Basis as of December 31, 2010			
	Fair Value Measurements December 31, 2010	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(In thousands)		
Investment securities available-for-sale:				
U.S. Treasury securities	$ 20,454	$ 20,454	$	$
U.S. Government agency and U.S. Government sponsored enterprise debt securities	1,333,465		1,333,465	
U.S. Government agency and U.S. Government sponsored enterprise mortgage-backed securities:				
Commercial mortgage-backed securities	19,132		19,132	
Residential mortgage-backed securities	306,714		306,714	
Municipal securities				
Other residential mortgage-backed securities:				
Investment grade				
Non-investment grade	6,254			6,254
Corporate debt securities:				
Investment grade	1,056,867		1,056,867	
Non-investment grade	38,730		35,957	2,773
Other securities	94,325		94,325	
Total investment securities available-for-sale	$ 2,875,941	$ 20,454	$ 2,846,460	$ 9,027
Equity swap agreements	$ 206	$	$ 206	$
Foreign exchange options	5,084		5,084	
Interest rate swaps	13		13	
Short-term foreign exchange contracts	1,220		1,220	
Derivatives liabilities	(4,498)		(1,049)	(3,449)

105

Table of Contents

	Assets Measured at Fair Value on a Non-Recurring Basis for the Twelve Months Ended December 31, 2011				
	Fair Value Measurements December 31, 2011	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Gains (Losses) for the Twelve Months Ended December 31, 2011
	(In thousands)				
Non-covered impaired loans:					
Total residential	$ 16,626	$	$ 16,626	$	$ (7,380)
Total commercial real estate	45,679		45,679		(39,839)
Total commercial and industrial	12,516			12,516	(14,330)
Total consumer					
Total non-covered impaired loans	$ 74,821	$	$ 62,305	$ 12,516	$ (61,549)
Mortgage servicing assets (single-family, multifamily and commercial)	$ 11,252	$	$	$ 11,252	$ (927)
Non-covered OREO	$ 8,491	$	$ 8,491	$	$ (3,015)
Covered OREO[(1)]	$ 35,926	$	$ 35,926	$	$ (26,251)
Loans held for sale	$ 14,527	$	$	$ 14,527	$ (12,867)
Investment in affordable housing partnerships	$ 7,726	$	$	$ 7,726	$ (1,296)

	Assets Measured at Fair Value on a Non-Recurring Basis for the Twelve Months Ended December 31, 2010				
	Fair Value Measurements December 31, 2010	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Gains (Losses) for the Twelve Months Ended December 31, 2010
	(In thousands)				
Non-covered impaired loans:					
Total residential	$ 7,486	$	$ 7,486	$	$ (2,955)
Total commercial real estate	39,325		39,325		(25,229)
Total commercial and industrial	6,405			6,405	(6,427)
Total consumer	538		538		(641)
Total non-covered impaired loans	$ 53,754	$	$ 47,349	$ 6,405	$ (35,252)
Mortgage servicing assets (single-family, multifamily and commercial)	$ 14,509	$	$	$ 14,509	$ (808)
Non-covered OREO	$ 12,940	$	$ 12,940	$	$ (7,054)
Covered OREO[(1)]	$ 54,919	$	$ 54,919	$	$ (44,002)
Loans held for sale	$ 14,559	$	$	$ 14,559	$ (4,104)
Investment in affordable housing partnerships	$	$	$	$	$

(1) Covered OREO results from the WFIB and UCB FDIC-assisted acquisitions for which the Company entered into shared-loss agreements with the FDIC whereby the FDIC will reimburse the Company for 80% of eligible losses. As such, the Company's liability for losses is 20% of the $26.3 million in losses, or $5.3 million, and 20% of the $44.0 million in losses, or $8.8 million, for the year ended December 31, 2011 and 2010, respectively.

At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3. The following tables provide a reconciliation of the beginning and ending balances for major asset and liability categories measured at fair value on a

106

Table of Contents

recurring basis using significant unobservable inputs (Level 3) for the years ended December 31, 2011 and December 31, 2010:

		Investment Securities Available-for-Sale			
		Other Residential Mortgage-Backed Securities	Corporate Debt Securities		
	Total	**Non-Investment Grade**	**Investment Grade**	**Non-Investment Grade**	**Derivatives Payable**
			(In thousands)		
Beginning balance, January 1, 2011	$ 9,027	$ 6,254	$	$ 2,773	$ (3,449)
Total gains or (losses):[(1)]					
Included in earnings	(6,293)	(5,660)		(633)	815
Included in other comprehensive loss (unrealized)[(2)]	8,567	8,763		(196)	
Purchases, issuances, sales, settlements[(3)]					
Purchases					
Issuances					
Sales	(9,357)	(9,357)			
Settlements	291			291	
Transfer from investment grade to non-investment grade					
Transfers in and/or out of Level 3[(4)]					
Ending balance, December 31, 2011	$ 2,235	$	$	$ 2,235	$ (2,634)
Changes in unrealized losses included in earnings relating to assets and liabilities still held at December 31, 2011	$ 633	$	$	$ 633	$ (815)

		Investment Securities Available-for-Sale			
		Other Residential Mortgage-Backed Securities	Corporate Debt Securities		
	Total	**Non-Investment Grade**	**Investment Grade**	**Non-Investment Grade**	**Derivatives Payable**
			(In thousands)		
Beginning balance, January 1, 2010	$ 15,671	$ 12,738	$ 978	$ 1,955	$ (14,185)
Total gains or (losses):[(1)]					
Included in earnings	(13,996)	(5,903)	5	(8,098)	152
Included in other comprehensive loss (unrealized)[(2)]	7,363	(152)	308	7,207	
Purchases, issuances, sales, settlements[(3)]	(11)	(429)	(9)	427	10,584
Transfer from investment grade to non-investment grade			(1,282)	1,282	
Transfers in and/or out of Level 3[(4)]					
Ending balance, December 31, 2010	$ 9,027	$ 6,254	$	$ 2,773	$ (3,449)
Changes in unrealized losses included in earnings relating to assets and liabilities still held at December 31, 2010	$ (14,447)	$ (6,340)	$	$ (8,107)	$ (152)

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(1) Total gains or losses represent the total realized and unrealized gains and losses recorded for Level 3 assets and liabilities. Realized gains or losses are reported in the consolidated statements of income.

Table of Contents

(2)
Unrealized gains or losses on investment securities are reported in accumulated other comprehensive loss, net of tax in the consolidated statements of changes in stockholders' equity and comprehensive income.

(3)
Purchases, issuances, sales and settlements represent Level 3 assets and liabilities that were either purchased, issued, sold, or settled during the period. The amounts are recorded at their end of period fair values.

(4)
Transfers in and/or out represent existing assets and liabilities that were either previously categorized as a higher level and the inputs to the model became unobservable or assets and liabilities that were previously classified as Level 3 and the lowest significant input became observable during the period. These assets and liabilities are recorded at their end of period fair values.

Valuation Methodologies

Investment Securities Available-for-Sale The fair values of available-for-sale investment securities are generally determined by prices obtained from independent external pricing service providers who have experience in valuing these securities or by comparison to and/or average of at least two quoted market prices obtained from independent external brokers. In obtaining such valuation information from third parties, the Company has reviewed the methodologies used to develop the resulting fair values.

The Company's Level 3 available-for-sale securities include four pooled trust preferred securities. The fair values of these investment securities represent less than 1% of the total available-for-sale investment securities. The fair values of the pooled trust preferred securities have traditionally been based on the average of at least two quoted market prices obtained from independent external brokers since broker quotes in an active market are given the highest priority. However, as a result of the continued illiquidity in the pool trust preferred securities market, the market for these securities has been inactive since mid-2007. It is the Company's view that current broker prices (which are typically non-binding) on certain pooled trust preferred securities are based on forced liquidation or distressed sale values in very inactive markets that are not representative of the fair value of these securities. As such, the Company considered what weight, if any, to place on transactions that are not orderly when estimating fair value.

For the pooled trust preferred securities, the fair value was derived based on discounted cash flow analyses (the income method) prepared by management. In order to determine the appropriate discount rate used in calculating fair values derived from the income method for the pooled trust preferred securities, the Company has made assumptions using an exit price approach related to the implied rate of return which have been adjusted for general changes in market rates, estimated changes in credit quality and liquidity risk premium, specific nonperformance, and default experience in the collateral underlying the securities. The losses recorded in the period are recognized in noninterest income.

Equity Swap Agreements The Company has entered into equity swap agreements to hedge against market fluctuations in a promotional equity index certificate of deposit product offered to bank customers. This deposit product, which has a term of 5 years, pays interest based on the performance of the Hang Seng China Enterprises Index ("HSCEI"). The fair value of these equity swap agreements is based on the income approach. The fair value is based on the change in the value of the HSCEI and the volatility of the call option over the life of the individual swap agreement. The option value is derived based on the volatility, the interest rate and the time remaining to maturity of the call option. The Company's consideration of its counterparty's credit risk resulted in a nominal adjustment to the valuation of the equity swap agreements for the year ended December 31, 2011. The valuation of equity swap agreements falls within Level 2 of the fair value hierarchy due to the observable nature of the inputs used in deriving the fair value of these derivative contracts. The fair value of the derivative contracts is provided by a third party that the Company places reliance on.

Table of Contents

Derivatives Liabilities The Company's derivatives liabilities include derivatives payable that falls within Level 3 and all other derivative liabilities which fall within Level 2. The derivatives payable are recorded in conjunction with certain certificates of deposit ("host instrument"). These CD's pay interest based on changes in either the HSCEI or based on changes in the Chinese currency Renminbi ("RMB"), as designated, and are included in interest-bearing deposits on the condensed consolidated balance sheets. The fair value of these embedded derivatives is based on the income approach. The Company's consideration of its own credit risk resulted in a nominal adjustment to the valuation of the derivative liabilities for the year ended December 31, 2011. The valuation of the derivatives payable falls within Level 3 of the fair value hierarchy since the significant inputs used in deriving the fair value of these derivative contracts are not directly observable. The Level 2 derivative liabilities are mostly comprised of the off-setting interest rate swaps. Refer to "***Interest Rate Swaps***" within this footnote for complete discussion.

Foreign Exchange Options The Company has entered into foreign exchange option contracts with major investment firms. The settlement amount is determined based upon the performance of the Chinese currency RMB relative to the U.S. Dollar ("USD") over the 5-year term of the contract. The performance amount is computed based on the average quarterly value of the RMB per the USD as compared to the initial value. The fair value of the derivative contract is provided by third parties and is determined based on the change in the RMB and the volatility of the option over the life of the agreement. The option value is derived based on the volatility of the option, interest rate, currency rate and time remaining to maturity. The Company's consideration of the counterparty's credit risk resulted in a $0.3 million adjustment to the valuation of the foreign exchange options for the year ended December 31, 2011. The valuation of the option contract falls within Level 2 of the fair value hierarchy due to the observable nature of the inputs used in deriving the fair value of this derivative contract.

Interest Rate Swaps The Company has entered into a pay-fixed, receive-variable swap contracts with institutional counterparties to hedge against interest rate swap products offered to bank customers. This product allows borrowers to lock in attractive intermediate and long-term interest rates by entering into a pay-fixed, receive-variable swap contract with the Company, resulting in the customer obtaining a synthetic fixed rate loan. The Company has also entered into pay-variable, receive-fixed swap contracts with institutional counterparties to hedge against certificates of deposit issued. This product allows the Company to lock in attractive floating rate funding. The fair value of the interest rate swap contracts is based on a discounted cash flow approach. The Company's consideration of the counterparty's credit resulted in a $0.5 million adjustment as of December 31, 2011. The valuation of the interest rate swap falls within Level 2 of the fair value hierarchy due to the observable nature of the inputs used in deriving the fair value of this derivative contract.

Short-term Foreign Exchange Contracts The Company entered into short-term foreign exchange contracts to purchase/sell foreign currencies at set rates in the future. These contracts economically hedge against foreign exchange rate fluctuations. The Company enters into contracts with institutional counterparties to hedge against foreign exchange products offered to bank customers. These products allow customers to hedge the foreign exchange risk of their deposits and loans denominated in foreign currencies. The Company does not assume any foreign exchange rate risk as the contract with the customer and the contract with the institutional party mirror each other. The value is mark to market at each reporting period based on the change in the foreign exchange rate. Given the short term nature of the contracts, the counterparties' credit risks are considered nominal and resulted in no adjustments to the valuation of the short-term foreign exchange contracts for the year ended December 31, 2011. The valuation of the contract falls within Level 2 of the fair value hierarchy due to the observable nature of the inputs used in deriving the fair value of this derivative contract.

Table of Contents

Mortgage Servicing Assets ("MSAs") The Company records MSAs in conjunction with its loan sale and securitization activities since the servicing of the underlying loans is retained by the Bank. MSAs are initially measured at fair value using an income approach. The initial fair value of MSAs is determined based on the present value of estimated net future cash flows related to contractually-specified servicing fees. The valuation for MSAs falls within Level 3 of the fair value hierarchy since there are no quoted prices for MSAs and the significant inputs used to determine fair value are not directly observable. The valuation of MSAs is determined using a discounted cash flow approach utilizing the appropriate yield curve and several market-derived assumptions including prepayment speeds, servicing cost, delinquency and foreclosure costs and behavior, and float earnings rate. Net cash flows are present valued using a market-derived discount rate. The resulting fair value is then compared to recently observed bulk market transactions with similar characteristics.

Impaired Loans The Company's impaired loans are generally measured using the fair value of the underlying collateral, which is determined based on the most recent valuation information received. The fair values may be adjusted as needed based on factors such as the Company's historical knowledge and changes in market conditions from the time of valuation. Impaired loans fall within Level 2 or Level 3 of the fair value hierarchy as appropriate. Level 2 values are measured at fair value based on the most recent valuation information received on the underlying collateral. Level 3 values, additionally include adjustments by the Company for historical knowledge and for changes in market conditions.

Other Real Estate Owned The Company's OREO represents properties acquired through foreclosure or through full or partial satisfaction of loans and are recorded at estimated fair value less cost to sell at the time of foreclosure and at the lower of cost or estimated fair value less cost to sell subsequent to acquisition. The fair values of OREO properties are based on third party appraisals, broker price opinions or accepted written offers. These valuations are reviewed and approved by the Company's appraisal department, credit review department, or OREO department. OREO properties are classified as Level 2 assets in the fair value hierarchy. The non-covered OREO balance of $29.3 million and the covered OREO balance of $63.6 million are included in the consolidated balance sheets as of December 31, 2011.

Loans Held for Sale The Company's loans held for sale are carried at the lower of cost or market value. These loans are currently comprised of mostly student loans. For those loans, the fair value of loans held for sale is derived from current market prices and comparative current sales. For the remainder of the loans held for sale, which fall within Level 3, the fair value is derived from third party sale analysis, existing sale agreements, or appraisal reports on the loans' underlying collateral. As such, the Company records any fair value adjustments on a nonrecurring basis.

Table of Contents

Fair Value of Financial Instruments

The carrying amounts and fair values of the Company's financial instruments at December 31, 2011 and 2010 were as follows:

	December 31,			
	2011		2010	
	Carrying Amount or Notional Amount	Estimated Fair Value	Carrying Amount or Notional Amount	Estimated Fair Value
	(In thousands)			
Financial Assets:				
Cash and cash equivalents	$ 1,431,185	$ 1,431,185	$ 1,333,949	$ 1,333,949
Short-term investments	61,834	61,834	143,560	143,560
Securities purchased under resale agreements	786,434	791,745	500,000	505,826
Investment securities available-for-sale	3,072,578	3,072,578	2,875,941	2,875,941
Loans held for sale	278,603	285,181	220,055	225,221
Loans receivable, net	13,984,930	13,520,712	13,231,075	13,043,932
Investment in Federal Home Loan Bank stock	136,897	136,897	162,805	162,805
Investment in Federal Reserve Bank stock	47,512	47,512	47,285	47,285
Accrued interest receivable	89,686	89,686	82,090	82,090
Equity swap agreements	22,709	202	22,884	206
Foreign exchange options	85,614	3,899	85,614	5,084
Interest rate swaps	585,196	20,474	4,098	13
Short-term foreign exchange contracts	210,295	1,403	92,625	1,220
Financial Liabilities:				
Customer deposit accounts:				
Demand, savings and money market deposits	10,307,001	10,307,001	8,875,806	8,875,806
Time deposits	7,146,001	7,194,125	6,765,453	6,762,892
Federal funds purchased			22	22
Federal Home Loan Bank advances	455,251	479,029	1,214,148	1,199,151
Securities sold under repurchase agreements	1,020,208	1,177,331	1,083,545	1,296,522
Notes payable	85,987	85,987	49,690	49,690
Accrued interest payable	15,447	15,447	13,797	13,797
Long-term debt	212,178	144,392	235,570	125,633
Derivatives liabilities	835,913	24,164	130,752	4,498

The methods and assumptions used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value are explained below:

Cash and Cash Equivalents The carrying amounts approximate fair values due to the short-term nature of these instruments.

Short-Term Investments The fair values of short-term investments generally approximate their book values due to their short maturities.

111

Table of Contents

Securities Purchased Under Resale Agreements Securities purchased under resale agreements with original maturities of 90 days or less are included in cash and cash equivalents. The fair value of securities purchased under resale agreements with original maturities of more than 90 days is estimated by discounting the cash flows based on expected maturities or repricing dates utilizing estimated market discount rates.

Investment Securities Available-For-Sale The fair values of the investment securities available-for-sale are generally determined by reference to the average of at least two quoted market prices obtained from independent external brokers or independent external pricing service providers who have experience in valuing these securities. In obtaining such valuation information from third parties, the Company has reviewed the methodologies used to develop the resulting fair values. For pooled trust preferred securities, fair values are based on discounted cash flow analyses.

Loans Held for Sale The fair value of loans held for sale is derived from current market prices and comparative current sales. For loans held for sale, which fall within Level 3, the fair value is derived from third party sale analysis, existing sale agreements, or appraisal reports.

Loans Receivable, net (includes covered and non-covered loans) The fair value of loans is determined based on the discounted cash flow approach. The discount rate is derived from the associated yield curve plus spreads, and reflects the offering rates in the market for loans with similar financial characteristics. No adjustments have been made for changes in credit within the loan portfolio. It is management's opinion that the allowance for loan losses pertaining to performing and nonperforming loans results in a fair valuation of credit for such loans.

Investment in Federal Home Loan Bank Stock and Federal Reserve Bank Stock The carrying amount approximates fair value, as the stock may be sold back to the Federal Home Loan Bank and the Federal Reserve Bank at carrying value.

Accrued Interest Receivable The carrying amount of accrued interest receivable approximates fair value due to its short-term nature.

Equity Swap Agreements The fair value of the derivative contracts is provided by a third party and is determined based on the change in value of the HSCEI and the volatility of the call option over the life of the individual swap agreement. The option value is derived based on the volatility of the option, interest rate and time remaining to maturity. We also considered the counterparty's credit risk in determining the fair value.

Foreign Exchange Options The fair value of the derivative contracts is provided by third parties and is determined based on the change in the RMB and the volatility of the option over the life of the agreement. The option value is derived based on the volatility of the option, interest rate and time remaining to the maturity. We also considered the counterparty's credit risk in determining the fair value.

Interest Rate Swaps The fair value of the interest rate swap contracts is provided by a third party and is determined based on a discounted cash flow approach. We also considered the counterparty's credit risk in determining the fair value.

Short-term Foreign Exchange Contracts The fair value of short-term foreign exchange contracts is determined based on the change in foreign exchange rate. We also considered the counterparty's credit risk in determining the fair value.

Table of Contents

Customer Deposit Accounts The carrying amounts approximate fair value for demand and interest checking deposits, savings deposits, and certain money market accounts as the amounts are payable on demand at the reporting date. For time deposits, the cash flows are based on the contractual runoff and are discounted by the Bank's current offering rates, plus spread.

Federal Funds Purchased The carrying amounts approximate fair values due to the short-term nature of these instruments.

Federal Home Loan Bank Advances The fair value of FHLB advances is estimated based on the discounted value of contractual cash flows, using rates currently offered by the FHLB of San Francisco for fixed-rate credit advances with similar remaining maturities at each reporting date.

Securities Sold Under Repurchase Agreements For securities sold under repurchase agreements with original maturities of 90 days or less, the carrying amounts approximate fair values due to the short-term nature of these instruments. At December 31, 2011 and 2010, most of the securities sold under repurchase agreements are long-term in nature and the fair values of securities sold under repurchase agreements are calculated by discounting future cash flows based on expected maturities or repricing dates, utilizing estimated market discount rates and taking into consideration the call features of each instrument.

Notes Payable The carrying amount of notes payable approximates fair value as these notes are payable on demand.

Accrued Interest Payable The carrying amount of accrued interest payable approximates fair value due to its short-term nature.

Long-Term Debt The fair values of long-term debt are estimated by discounting the cash flows through maturity based on current market rates the Bank would pay for new issuances.

Derivatives Liabilities The Company's derivatives liabilities include "derivatives payable" and all other derivative liabilities. The Company's derivatives payable are recorded in conjunction with certain certificates of deposit ("host instrument"). These CD's pay interest based on changes in either the HSCEI or based on changes in the RMB, as designated. The fair value of derivatives payable is estimated using the income approach. Additionally, we considered our own credit risk in determining the valuation. The other derivative liabilities are mostly comprised of the off-setting interest rate swaps. The fair value of the interest rate swap contracts is provided by a third party and is determined based on a discounted cash flow approach. The Company also considered the counterparty's credit risk in determining the fair value.

The fair value estimates presented herein are based on pertinent information available to management as of each reporting date. Although we are not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have not been comprehensively revalued for purposes of these financial statements since that date, and therefore, current estimates of fair value may differ significantly from the amounts presented herein.

4. CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

Cash and cash equivalents include cash, amounts due from banks, money-market funds, and other short-term investments with original maturities of less than 90 days. Short-term investments include short-term bank placements and overnight securities purchased under resale agreements, recorded at cost, which approximates market.

Table of Contents

The composition of cash and cash equivalents at December 31, 2011 and 2010 is presented as follows:

	December 31, 2011	December 31, 2010
	(Dollars in thousands)	
Cash and amounts due from banks	$ 761,892	$ 1,028,929
Cash equivalents:		
Money market funds	621	15,008
Other short-term investments	668,672	290,012
Total cash and cash equivalents	$ 1,431,185	$ 1,333,949

Short-term investments include interest-bearing deposits in other banks and other short-term investments with original maturities of greater than 90 days and less than one year.

The following table provides information on short-term investments as of and for the period ended December 31, 2011 and 2010.

	December 31, 2011	December 31, 2010
	(Dollars in thousands)	
Balance at end of year	$ 61,834	$ 143,560
Average balance outstanding during the year	107,893	190,923
Maximum balance outstanding at any month-end	141,627	257,399
Weighted average interest rate at end of year	1.34%	1.45%

5. SECURITIES PURCHASED UNDER RESALE AGREEMENTS

Securities purchased under resale agreements ("resale agreements") increased to $786.4 million as of December 31, 2011, compared with $500.0 million at December 31, 2010. The increase as of December 31, 2011 reflects additions of resale agreements for $1.29 billion entered into during 2011 offset with paydowns and maturities of $1.01 billion.

Resale agreements are recorded at the amounts at which the securities were acquired. The Company's policy is to obtain possession of securities purchased under resale agreements that are equal to or greater than the principal amount loaned. The market value of the underlying securities, which collateralize the related receivable on resale agreements, is monitored, including accrued interest. Additional collateral may be requested from the counterparty when determined to be appropriate.

Total interest income on resale agreements amounted to $19.2 million, $14.2 million, and $8.0 million, for the years ended December 31, 2011, 2010, and 2009, respectively.

Table of Contents

6. INVESTMENT SECURITIES

An analysis of the investment securities available-for-sale portfolio is presented as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
		(In thousands)		
As of December 31, 2011				
Investment securities available-for-sale:				
U.S. Treasury securities	$ 19,892	$ 833	$	$ 20,725
U.S. Government agency and U.S. Government sponsored enterprise debt securities	575,148	1,709	(279)	576,578
U.S. Government agency and U.S. Government sponsored enterprise mortgage-backed securities:				
Commercial mortgage-backed securities	46,008	3,307		49,315
Residential mortgage-backed securities	963,688	30,854	(772)	993,770
Municipal securities	76,255	3,696	(5)	79,946
Other residential mortgage-backed securities:				
Investment grade				
Non-investment grade				
Corporate debt securities:				
Investment grade	1,411,409	6,762	(95,610)	1,322,561
Non-investment grade(1)	30,693		(11,078)	19,615
Other securities	9,875	195	(2)	10,068
Total investment securities available-for-sale	$ 3,132,968	$ 47,356	$ (107,746)	$ 3,072,578

115

Table of Contents

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
		(In thousands)		
As of December 31, 2010				
Investment securities available-for-sale:				
U.S. Treasury securities	$ 19,847	$ 607	$	$ 20,454
U.S. Government agency and U.S. Government sponsored enterprise debt securities	1,349,289	2,297	(18,121)	1,333,465
U.S. Government agency and U.S. Government sponsored enterprise mortgage-backed securities:				
Commercial mortgage-backed securities	18,620	512		19,132
Residential mortgage-backed securities	295,140	11,574		306,714
Municipal securities				
Other residential mortgage-backed securities:				
Investment grade				
Non-investment grade	14,996		(8,742)	6,254
Corporate debt securities:				
Investment grade	1,056,537	9,095	(8,765)	1,056,867
Non-investment grade[(1)]	50,015	31	(11,316)	38,730
Other securities	95,966	267	(1,908)	94,325
Total investment securities available-for-sale	$ 2,900,410	$ 24,383	$ (48,852)	$ 2,875,941

(1) For 2011, the Company recorded $633 thousand, on a pre-tax basis, of OTTI through earnings and $5.1 million of the non-credit portion of OTTI for pooled trust securities and other mortgage-backed securities in other comprehensive income. For 2010, the Company recorded $16.7 million, on a pre-tax basis, of OTTI through earnings and $15.4 million of the non-credit portion of OTTI for pooled trust securities and other mortgage-backed securities in other comprehensive income.

The Company did not have any investment securities held-to-maturity as of December 31, 2011 and December 31, 2010.

The fair values of investment securities are generally determined by reference to the average of at least two quoted market prices obtained from independent external brokers or prices obtained from independent external pricing service providers who have experience in valuing these securities. The Company performs a monthly analysis on the pricing service quotes and the broker quotes received from third parties to ensure that the prices represent a reasonable estimate of fair value. The procedures include, but are not limited to, initial and ongoing review of third party pricing methodologies, review of pricing trends, and monitoring of trading volumes. The Company assesses that prices received from independent brokers represent a reasonable estimate of fair value through the use of internal and external cash flow models developed that are based on spreads and, when available, market indices. As a result of this analysis, if the Company determines there is a more appropriate fair value based upon available market data, the price received from third parties is adjusted accordingly.

Prices from third party pricing services are often unavailable for securities that are rarely traded or are traded only in privately negotiated transactions. As a result, certain securities are priced via independent broker quotations which utilize proprietary models that include observable market based inputs. Additionally, the majority of these independent broker quotations are non-binding.

As a result of the ongoing financial crisis in the U.S. and global markets, the market for the private label mortgage-backed security and certain pooled trust preferred securities has been distressed since mid-2007. It is the Company's view that current broker prices (which are typically non-binding) on these securities are based on forced liquidation or distressed sale values in very inactive markets that are not representative of the fair value of these securities. As such, the Company considered what weight, if any, to place on transactions that are not orderly when estimating fair value. For the pooled trust preferred securities and the private-label mortgage-backed security, the Company determined their fair values using the methodologies set forth in Note 3 to the Company's consolidated financial statements presented elsewhere in this report.

The following table shows the Company's rollforward of the amount related to OTTI credit losses for the years ended December 31, 2011 and 2010:

	2011	2010
	(In thousands)	
Beginning balance	$ 124,340	$ 107,671
Addition of other-than-temporary impairment that was not previously recognized		6,340
Additional increases to the amount related to the credit loss for which an other-than-temporary impairment was previously recognized	633	10,329
Reduction for securities sold	(9,561)	
Ending balance	$ 115,412	$ 124,340

The following tables show the Company's investment portfolio's gross unrealized losses and related fair values, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, for the years ended December 31, 2011 and 2010:

	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
			(In thousands)			
As of December 31, 2011						
Investment securities available-for-sale:						
U.S. Treasury securities	$	$	$	$	$	$
U.S. Government agency and U.S. Government sponsored enterprise debt securities	143,265	(279)			143,265	(279)
U.S. Government agency and U.S. Government sponsored enterprise mortgage-backed securities:						
Commercial mortgage-backed securities						
Residential mortgage-backed securities	195,393	(772)			195,393	(772)
Municipal securities	1,158	(5)			1,158	(5)
Other residential mortgage-backed securities:						
Investment grade						
Non-investment grade						
Corporate debt securities:						
Investment grade	754,055	(61,935)	350,181	(33,675)	1,104,236	(95,610)
Non-investment grade	9,973	(565)	9,595	(10,513)	19,568	(11,078)
Other securities	4,503	(2)			4,503	(2)
Total investment securities available-for-sale	$ 1,108,347	$ (63,558)	$ 359,776	$ (44,188)	$ 1,468,123	$ (107,746)

Table of Contents

	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
			(In thousands)			
As of December 31, 2010						
Investment securities available-for-sale:						
U.S. Treasury securities	$	$	$	$	$	$
U.S. Government agency and U.S. Government sponsored enterprise debt securities	935,654	(18,121)			935,654	(18,121)
U.S. Government agency and U.S. Government sponsored enterprise mortgage-backed securities:						
Commercial mortgage-backed securities						
Residential mortgage-backed securities						
Municipal securities						
Other residential mortgage-backed securities:						
Investment grade						
Non-investment grade			6,254	(8,742)	6,254	(8,742)
Corporate debt securities:						
Investment grade	656,434	(8,765)			656,434	(8,765)
Non-investment grade	24,105	(623)	9,926	(10,693)	34,031	(11,316)
Other securities	76,692	(1,908)			76,692	(1,908)
Total investment securities available-for-sale	$ 1,692,885	$ (29,417)	$ 16,180	$ (19,435)	$ 1,709,065	$ (48,852)

Unrealized Losses

The majority of the unrealized losses related to securities that have been in a continuous loss position for less than twelve months is related to investment grade debt securities. As of December 31, 2011, the Company had $1.32 billion in investment grade corporate debt securities available-for-sale, representing approximately 43% of the total investment securities available-for-sale portfolio.

As of December 31, 2011, there were 24 individual securities that have been in a continuous unrealized loss position for twelve months or more. These securities are comprised of 5 positions in trust preferred securities with a total fair value of $9.6 million and 19 investment grade debt securities with a fair value of $350.2 million. As of December 31, 2011 there were also 116 securities, not including the 24 securities above, which have been in a continuous unrealized loss position for less than twelve months. The securities in an unrealized loss position include 89 investment grade corporate debt securities, 16 residential mortgage-backed securities, 5 government agency securities, 4 non-investment grade corporate debt securities, 1 municipal security, and 1other security. The unrealized losses on these securities are primarily attributed to the market impact to the sovereign debt crisis in Europe. The bank does not have direct holdings of European sovereign debt. However, the bank is indirectly affected through the overall impact to the market and especially to corporate debt securities pricing. The issuers of these securities have not, to our knowledge, established any cause for default on these securities. These securities have fluctuated in value since their purchase dates as market interest rates have fluctuated. The Company does not intend to sell these securities and it is not more likely than not that the Company will be required to sell the investments before recovery of their current amortized cost basis. As such, the Company does not deem these securities, other than those previously stated, to be other-than-temporarily impaired as of December 31, 2011.

As of December 31, 2010, there were six individual securities that have been in a continuous unrealized loss position for twelve months or more. These securities are comprised of five positions in

Table of Contents

pooled trust preferred securities with a total fair value of $9.9 million and one mortgage-backed security with a fair value of $6.3 million. As of December 31, 2010 there were also 129 securities, excluding the 6 securities above, which have been in a continuous unrealized loss position for less than twelve months. The securities in an unrealized loss position include 46 investment grade corporate debt securities, 8 non-investment grade debt securities, 33 government agency securities and 42 other securities. The unrealized losses on these securities are primarily attributed to changes in interest rates as well as the liquidity crisis that has impacted all financial industries. The issuers of these securities have not, to our knowledge, established any cause for default on these securities. These securities have fluctuated in value since their purchase dates as market interest rates have fluctuated. The Company does not intend to sell these securities and it is not more likely than not that the Company will be required to sell the investments before recovery of their current amortized cost basis. As such, the Company does not deem these securities, other than those previously stated, to be other-than-temporarily impaired as of December 31, 2010.

Corporate Debt Securities

The majority of the unrealized losses related to securities that have been in a continuous loss position of twelve months or longer are primarily due to the investment grade debt securities discussed previously as well as five positions in trust preferred debt securities. As of December 31, 2011, these trust preferred securities had an estimated fair value of $9.6 million, representing less than 1% of the total investment securities available-for-sale portfolio. As of December 31, 2011, these non-investment grade debt instruments had gross unrealized losses amounting to $10.5 million, or 52% of the total amortized cost basis of these securities, comprised of $5.4 million in unrealized losses and $5.1 million in noncredit-related impairment losses on securities that are other-than-temporarily impaired as of December 31, 2011 pursuant to the provisions of ASC 320-10-65. As a result of diminishing collateral values, deteriorating cash flows and increasing estimates of future deferrals and defaults, we recorded an impairment loss of $633 thousand on our portfolio of pooled trust preferred securities during 2011 for additional increases to the amount related to the credit loss for which an other-than-temporary impairment was previously recognized.

During 2010 and 2009, the Company recorded $6.7 million and $14.1 million, respectively, in noncredit-related impairment losses on five and fourteen trust preferred securities, respectively, due to rating downgrades caused by increases in market spreads, concerns regarding the housing market and lack of liquidity in the market. None of these securities have experienced any credit-related losses for which OTTI was previously recorded prior to implementation of ASC 320-10-65. Upon the implementation of ASC 320-10-65, the Company reclassified the combined $14.0 million, or $8.1 million on a net of tax basis, in noncredit-related OTTI impairment losses recognized during 2009 and 2008 from the opening balance of retained earnings to other comprehensive income as of December 31, 2009.

Mortgage-Backed Securities

In February 2011, the Company sold its one private-label available-for-sale mortgage-backed security. This security had a fair value of $6.3 million and gross unrealized losses of $8.7 million as of December 31, 2010. The Company had other-than-temporary impairment of $6.3 million recognized in earnings on this security for the year ended December 31, 2010. The security was not deemed other-than-temporarily impaired as of December 31, 2009.

Table of Contents

The scheduled maturities of investment securities at December 31, 2011 are presented as follows:

	Amortized Cost	Estimated Fair Value
	(In thousands)	
Due within one year	$ 708,317	$ 704,059
Due after one year through five years	372,837	357,446
Due after five years through ten years	1,001,425	933,429
Due after ten years	1,050,389	1,077,644
Total investment securities available-for-sale	$ 3,132,968	$ 3,072,578

Actual maturities of mortgage-backed securities can differ from contractual maturities because borrowers have the right to prepay obligations. In addition, such factors as prepayments and interest rates may affect the yields on the carrying values of mortgage-backed securities.

Proceeds from sales of available-for-sale securities during 2011, 2010 and 2009 were $702.6 million, $1.34 billion and $1.65 billion, respectively. Realized gains were $9.7 million, $31.2 million and $11.9 million during 2011, 2010 and 2009, respectively. The tax expense on the sale of investment securities available-for-sale amounted to $4.1 million, $13.1 million and $5.0 million for the years ended December 31, 2011, 2010 and 2009, respectively.

At December 31, 2011 and 2010, investment securities available-for-sale with a par value of $2.17 billion and $1.88 billion, respectively, were pledged to secure public deposits, FHLB advances, repurchase agreements, Federal Reserve Bank's discount window, or for other purposes required or permitted by law.

At December 31, 2011 and 2010, we had no held-to-maturity investment securities. During 2009 and subsequent to the UCB Acquisition, we transferred $681.4 million held-to-maturity investment securities to available-for-sale.

7. DERIVATIVE FINANCIAL INSTRUMENTS

The following table summarizes the fair value and balance sheet classification of derivative instruments as of December 31, 2011 and 2010. The notional amount of the contract is not recorded on the consolidated balance sheets, but is used as the basis for determining the amount of interest payments to be exchanged between the counterparties. If the counterparty fails to perform, the Company's counterparty credit risk is equal to the amount reported as a derivative asset. The valuation methodology of derivative

Table of Contents

instruments is disclosed in Note 3 to the Company's consolidated financial statements presented elsewhere in this report.

Fair Values of Derivative Instruments

	December 31, 2011			December 31, 2010		
	Notional Amount	**Derivative Assets[(1)]**	**Derivative Liabilities[(1)]**	**Notional Amount**	**Derivative Assets[(1)]**	**Derivative Liabilities[(1)]**
	(In thousands)					
Derivatives designated as hedging instruments:						
Interest rate swaps on certificates of deposit fair value	$ 200,000	$ 998	$ 639	$	$	$
Total derivatives designated as hedging instruments	$ 200,000	$ 998	$ 639	$	$	$
Derivatives not designated as hedging instruments:						
Equity swap agreements	$ 22,709	$ 202	$ 204	$ 22,884	$ 206	$ 210
Foreign exchange options	85,614	3,899	2,430	85,614	5,084	3,239
Interest rate swaps	485,196	19,476	19,924	4,098	13	14
Short-term foreign exchange contracts	210,295	1,403	967	92,625	1,220	1,035
Total derivatives not designated as hedging instruments	$ 803,814	$ 24,980	$ 23,525	$ 205,221	$ 6,523	$ 4,498

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(1) Derivative assets include the estimated gain to settle a derivative contract plus net interest receivable. Derivative liabilities include the estimated loss to settle a derivative contract.

Derivatives Designated as Hedging Instruments

Interest Rate Swaps on Certificates of Deposit The Company is exposed to changes in the fair value of certain of its fixed-rate certificates of deposit due to changes in the benchmark interest rate, LIBOR. During 2011, the Company entered into four $50.0 million receive-fixed, pay-variable interest rate swaps with major brokerage firms as fair value hedges of four $50.0 million fixed-rate certificates of deposit with the same maturity dates. Interest rate swaps designated as fair value hedges involve the receipt of fixed-rate amounts from a counterparty in exchange for the Company making variable-rate payments over the life of the agreements without the exchange of the underlying notional amount. As of December 31, 2011 the total notional amount of the interest rate swaps on the certificates of deposit was $200.0 million, respectively. The fair values of the interest rate swaps amounted to a $998 thousand asset and $639 thousand liability as of December 31, 2011. During the year ended December 31, 2011, the Company recognized a net loss of $891 thousand in interest expense related to hedge ineffectiveness. The Company also recognized a net reduction to interest expense of $2.5 million for the year ended December 31, 2011 related to net settlements on the derivatives.

Derivatives Not Designated as Hedging Instruments

Equity Swap Agreements In December 2007, the Company entered into two equity swap agreements with a major investment brokerage firm to economically hedge against market fluctuations in an equity index certificate of deposit product offered to bank customers which has a term of 5 years and pays interest based on the performance of the HSCEI. Under ASC 815, a certificate of deposit that pays interest based on changes in an equity index is a hybrid instrument with an embedded derivative (i.e. equity call option) that must be accounted for separately from the host contract (i.e. the certificate of deposit). In accordance with ASC 815, both the embedded equity call options on the certificates of deposit and the freestanding equity swap agreements are marked-to-market each reporting period with resulting changes in fair value recorded in the condensed consolidated statements of income. As of December 31, 2011 and

Table of Contents

December 31, 2010, the notional amounts of the equity swap agreements totaled $22.7 million and $22.9 million, respectively.

The fair values of the equity swap agreements and embedded derivative liability for these derivative contracts amounted to $202 thousand and $204 thousand, respectively, as of December 31, 2011, compared to $206 thousand and $210 thousand, respectively, as of December 31, 2010.

Foreign Exchange Options During 2010, the Company entered into foreign exchange option contracts with major brokerage firms to economically hedge against currency exchange rate fluctuations in a certificate of deposit product available to bank customers beginning in the first quarter of 2010. This product, which has a term of 5 years, pays interest based on the performance of the Chinese currency Renminbi ("RMB") relative to the U.S. Dollar. Under ASC 815, a certificate of deposit that pays interest based on changes in currency exchange rates is a hybrid instrument with an embedded derivative that must be accounted for separately from the host contract (i.e. the certificate of deposit). In accordance with ASC 815, both the embedded derivative instruments and the freestanding foreign exchange option contracts are marked-to-market each reporting period with resulting changes in fair value reported in the consolidated statements of income.

As of December 31, 2011 and December 31, 2010 the notional amount of the foreign exchange options totaled $85.6 million and $85.6 million, respectively. The fair values of the foreign exchange options and embedded derivative liability for these contracts amounted to a $3.9 million asset and a $2.4 million liability as of December 31, 2011. The fair values of the foreign exchange options and embedded derivative liability for these contracts amounted to a $5.1 million asset and $3.2 million liability as of December 31, 2010.

Interest Rate Swaps Since the fourth quarter of 2010, the Company has entered into pay-fixed, receive-variable swap contracts with institutional counterparties to economically hedge against an interest rate swap product offered to bank customers. This product allows borrowers to lock in attractive intermediate and long-term interest rates by entering into a pay-fixed, receive-variable swap contract with the Company, resulting in the customer obtaining a synthetic fixed rate loan. The Company does not assume any interest rate risk since the swap agreements mirror each other. As of December 31, 2011 and December 31, 2010 the notional amount of the interest rate swaps with the institutional counterparties totaled $485.2 million and $4.1 million, respectively. The interest rate swap agreements are marked-to-market each reporting period with resulting changes in fair value reported in the consolidated statements of income.

The fair values of the interest rate swap contracts with the institutional counterparty and the bank customers amounted to a $19.5 million asset and $19.9 million liability, respectively, as of December 31, 2011. The fair values of the interest rate swap contracts with the institutional counterparty and the bank customers amounted to a $13 thousand asset and $14 thousand liability, respectively, as of December 31, 2010.

Short-term Foreign Exchange Contracts The Company also enters into short-term forward foreign exchange contracts on a regular basis to economically hedge against foreign exchange rate fluctuations. As of December 31, 2011 and December 31, 2010, the notional amount of the foreign exchange contracts totaled $210.3 million and $92.6 million, respectively. The fair values of the short-term foreign exchange contracts amounted to a $1.4 million asset and $1.0 million liability, respectively, as of December 31, 2011. The fair values of the foreign exchange contracts amounted to a $1.2 million asset and $1.0 million liability, respectively, as of December 31, 2010.

Table of Contents

The table below presents the effect of the Company's derivative financial instruments on the consolidated statements of income for the year ended December 31, 2011 and 2010:

	Location in Consolidated Statements of Operations	Year Ended December 31, 2011	2010	2009
		(In thousands)		
Derivatives designated as hedging instruments				
Interest rate swaps on certificates of deposit fair value	Interest expense	$ 2,930	$	$
	Total net income	$ 2,930	$	$
Derivatives not designated as hedging instruments				
Equity swap agreements	Noninterest expense	$ 2	$ (138)	$ 312
Foreign exchange options	Noninterest income	(392)		
Foreign exchange options	Noninterest expense	16		
Interest rate swaps	Noninterest income	(447)		
Short-term foreign exchange contracts	Noninterest income	251	180	
	Total net (expense) income	$ (570)	$ 42	$ 312

Credit Risk-Related Contingent Features The Company has agreements with some of its derivative counterparties that contain a provision where if the Company defaults on any of its indebtedness, including default where repayment of the indebtedness has not been accelerated by the lender, then the Company could also be declared in default on its derivative obligations.

The Company also has agreements with some of its derivative counterparties that contain a provision where if the Company fails to maintain its status as a well/adequately capitalized institution, then the counterparty could terminate the derivative positions and the Company would be required to settle its obligations under the agreements. Similarly, the Company could be required to settle its obligations under certain of its agreements if the Company was issued a notice of prompt corrective action.

As of December 31, 2011 the termination value of applicable derivatives in a net liability position, which includes accrued interest but excludes any adjustment for nonperformance risk, related to these agreements was $18.3 million. If the Company had breached any of these provisions at December 31, 2011, it could have been required to settle its obligations under the agreements at the termination value.

8. COVERED ASSETS AND FDIC INDEMNIFICATION ASSET

Covered Assets

Covered assets consist of loans receivable and OREO that were acquired in the WFIB Acquisition on June 11, 2010 and in the UCB Acquisition on November 6, 2009 for which the Company entered into shared-loss agreements with the FDIC. The shared-loss agreements covered over 99% of the loans originated by WFIB and all of the loans originated by UCB, excluding the loans originated by UCB in China under its United Commercial Bank China (Limited) subsidiary. The Company will share in the losses, which begins with the first dollar of loss incurred, on covered assets under the shared-loss agreements.

Pursuant to the terms of the shared-loss agreements, the FDIC is obligated to reimburse the Company 80% of eligible losses for both WFIB and UCB with respect to covered assets. For the UCB

Table of Contents

covered assets, the FDIC will reimburse the Company for 95% of eligible losses in excess of $2.05 billion. The Company has a corresponding obligation to reimburse the FDIC for 80% or 95%, as applicable, of eligible recoveries with respect to covered assets. The commercial loan shared-loss agreement and single-family residential mortgage loan shared-loss agreement are in effect for 5 years and 10 years, respectively, from the acquisition date and the loss recovery provisions are in effect for 8 years and 10 years, respectively, from the acquisition date.

Forty-five days following the 10th anniversary of the respective acquisition date, the Company will be required to pay to the FDIC a calculated amount, based on the specific thresholds of losses not being reached. The calculation of this potential liability as stated in the shared-loss agreements is 50% of the excess, if any of (i) 20% of the Intrinsic Loss Estimate and (ii) the sum of (A) 25% of the asset discount plus (B) 25% of the Cumulative Shared-Loss Payments plus (C) the Cumulative Servicing Amount if net losses on covered loans subject to the stated threshold is not reached. As of December 31, 2011 and 2010, the Company's estimate for this liability for WFIB and UCB was $10.7 million and $7.1 million, respectively.

At each date of acquisition, we initially recognized for the loan portfolio acquired from the respective bank at fair value. This represents the discounted value of the expected cash flows from the portfolio. In estimating the nonaccretable difference, we (a) calculated the contractual amount and timing of undiscounted principal and interest payments (the "undiscounted contractual cash flows") and (b) estimated the amount and timing of undiscounted expected principal and interest payments (the "undiscounted expected cash flows"). In the determination of contractual cash flows and cash flows expected to be collected, we assume no prepayment on the ASC 310-30 nonaccrual loan pools as we do not anticipate any significant prepayments on credit impaired loans. For the ASC 310-30 accrual loans for single-family, multifamily and commercial real estate, we used a third party vendor to obtain prepayment speeds, in order to be consistent with the market participant's notion of the accounting standards. The third party vendor is recognized in the mortgage-industry for the delivery of prepayment and default models for the secondary market to identify loan level prepayment, delinquency, default, and loss propensities. The prepayment rates for the construction, land, and commercial and consumer pools have historically been low and so we applied the prepayment assumptions of our current portfolio using our internal modeling. The difference between the undiscounted contractual cash flows and the undiscounted expected cash flows is the nonaccretable difference. The nonaccretable difference represents our estimate of the credit losses expected and was considered in determining the fair value of the loans as of the acquisition date. The amount by which the undiscounted expected cash flows exceed the estimated fair value (the "accretable yield") is accreted into interest income over the life of the loans. The Company has elected to account for all covered loans acquired in the FDIC-assisted acquisitions under ASC 310-30.

Table of Contents

The carrying amounts and the composition of the covered loans as of December 31, 2011 and 2010 are as follows:

	December 31,	
	2011	2010
	(In thousands)	
Real estate loans:		
Residential single-family	$ 442,732	$ 553,541
Residential multifamily	918,941	1,093,331
Commercial and industrial real estate	1,773,760	2,085,674
Construction and land	653,045	1,043,717
Total real estate loans	3,788,478	4,776,263
Other loans:		
Commercial business	831,762	1,072,020
Other consumer	97,844	107,490
Total other loans	929,606	1,179,510
Total principal balance	4,718,084	5,955,773
Covered discount	(788,295)	(1,150,672)
Net valuation of loans	3,929,789	4,805,101
Allowance on covered loans	(6,647)	(4,225)
Total covered loans, net	$ 3,923,142	$ 4,800,876

Credit Quality Indicators The covered loans acquired are and will continue to be subject to the Bank's internal and external credit review and monitoring. The same credit quality indicators are reviewed for the covered portfolio as the non-covered portfolio, to enable the monitoring of the borrower's credit and the likelihood of repayment.

Loans are risk rated based on analysis of the current state of the borrower's credit quality. The analysis of credit quality includes review of all sources of repayment, the borrower's current financial and liquidity status and all other relevant information. The Company utilizes an eight grade risk rating system, where a higher grade represents a higher level of credit risk. The eight grade risk rating system can be generally classified by the following categories: Pass or Watch, Special Mention, Substandard, Doubtful and Loss. The risk ratings reflect the relative strength of the sources of repayment. Refer to Footnote 9 for full discussion of risk ratings.

In December 2010, after a year of historical performance of the covered loans acquired through the UCB acquisition, the Company reduced the nonaccretable difference, due to the performance of the portfolio and expectation for the inherent losses in the portfolio. This reduction was primarily calculated based on the risk ratings of the loans. If credit deteriorates beyond the respective acquisition date fair value amount of the covered loans under ASC 310-30, such deterioration will be reserved for and a provision for credit losses will be charged to earnings with a partially offsetting noninterest income item reflected in the increase to the FDIC indemnification asset or receivable. As of December 31, 2011, there is no allowance for the covered loans accounted for under ASC 310-30 related to credit deterioration, as the credit has not deteriorated beyond fair value at acquisition date.

As of the acquisition date, WFIB's and UCB's loan portfolios included unfunded commitments for commercial lines of credit, construction draws and other lending activity. The total commitment outstanding as of the acquisition date is covered under the shared-loss agreements. However, any additional advances on these loans subsequent to acquisition date are not accounted for under ASC

Table of Contents

310-30. Included in the table below are $583.8 million of additional advances, under the shared-loss agreements which are not accounted for under ASC 310-30. The bank has considered these additional advances on commitments covered under the shared-loss agreements in the allowance for loan losses calculation. These additional advances are within our loan segments as follows: $390.3 million of commercial and industrial loans, $149.1 million of commercial real estate loans, $31.6 million of consumer loans and $12.7 million of residential loans. As of December 31, 2011, $6.6 million, or 3.1%, of the total allowance is allocated to these additional advances on loans covered under the shared-loss agreements. This $6.6 million in allowance is allocated within our loan segments as follows: $4.0 million for commercial real estate loans, $2.4 million for commercial and industrial loans, and $174 thousand for consumer loans and $70 thousand for residential loans.

	Pass/Watch	Special Mention	Substandard	Doubtful	Total
			(In thousands)		
December 31, 2011					
Real estate loans:					
Residential single-family	$ 427,918	$ 1,085	$ 13,729	$	$ 442,732
Residential multifamily	779,694	26,124	113,123		918,941
Commercial and industrial real estate	1,249,781	43,810	472,003	8,166	1,773,760
Construction and land	242,996	40,859	362,958	6,232	653,045
Total real estate loans	2,700,389	111,878	961,813	14,398	3,788,478
Other loans:					
Commercial business	643,117	34,707	149,253	4,685	831,762
Other consumer	96,342		1,502		97,844
Total other loans	739,459	34,707	150,755	4,685	929,606
Total principal balance	$ 3,439,848	$ 146,585	$ 1,112,568	$ 19,083	$ 4,718,084

	Pass/Watch	Special Mention	Substandard	Doubtful	Total
			(In thousands)		
December 31, 2010					
Real estate loans:					
Residential single-family	$ 525,979	$ 2,153	$ 25,157	$ 252	$ 553,541
Residential multifamily	1,008,274	15,114	67,366	2,577	1,093,331
Commercial and industrial real estate	1,520,135	89,870	466,588	9,081	2,085,674
Construction and land	328,214	125,688	556,070	33,745	1,043,717
Total real estate loans	3,382,602	232,825	1,115,181	45,655	4,776,263
Other loans:					
Commercial business	834,252	64,702	161,401	11,665	1,072,020
Other consumer	106,232	336	922		107,490
Total other loans	940,484	65,038	162,323	11,665	1,179,510
Total principal balance	$ 4,323,086	$ 297,863	$ 1,277,504	$ 57,320	$ 5,955,773

Credit Risk and Concentrations At each respective acquisition date the covered loans were grouped into pools of loans with similar characteristics and risk factors per ASC 310-30. The pools were first developed based on loan categories and performance status. As of December 31, 2011 UCB covered loans represent approximately 94% of total covered loans. For the UCB acquisition, the loans were further segregated among the former UCB domestic, Hong Kong, and China portfolios, representing the three general geographic regions. In addition, the Company evaluated the make-up of geographic regions within the construction, land, and multi-family loan portfolios and further segregated these pools into distressed and non-distressed regions based on our historical experience of real estate loans within the non-covered portfolio. As of the date of acquisition 64% of the UCB portfolio was located in California, 10% was

located in Hong Kong and 11% was located in New York. This assessment was factored into the day one valuation and discount applied to the loans. As such, geographic concentration risk is considered in the covered loan discount. As of December 31, 2011, credit related to the covered loans has not deteriorated beyond the fair value at acquisition date.

At December 31, 2011 and 2010, $194.5 million and $379.8 million, respectively, of the ASC 310-30 credit impaired loans were considered to be nonaccrual loans.

The following table sets forth information regarding covered nonperforming assets as of the dates indicated:

	December 31, 2011	December 31, 2010
	(In thousands)	
Covered nonaccrual loans[(1)(2)]	$ 194,506	$ 379,797
Covered loans past due 90 days or more but not on nonaccrual		
Total nonperforming loans	194,506	379,797
Other real estate owned covered, net	63,624	123,902
Total covered nonperforming assets	$ 258,130	$ 503,699

(1) Covered nonaccrual loans meet the criteria for nonaccrual but have a yield accreted through interest income under ASC 310-30.

(2) Represents principal balance net of the associated discount.

As of December 31, 2011, we had 82 covered OREO properties with a combined aggregate carrying value of $63.6 million. Approximately 57% and 28% of covered OREO properties as of December 31, 2011 were located in California and Washington, respectively. As of December 31, 2010, we had 114 covered OREO properties with an aggregate carrying value of $123.9 million. During 2011, 131 properties with an aggregate carrying value of $122.2 million were added through foreclosure. The aggregate carrying value at December 31, 2011 includes $26.3 million in net write-downs on covered OREO. During 2011, we sold 163 covered OREO properties for total proceeds of $159.2 million resulting in a total combined net gain on sale of $3.0 million.

Changes in the accretable yield for the covered loans for the years ended December 31, 2011 and 2010 is as follows:

	2011	2010
	(In thousands)	
Balance at beginning of period	$ 1,153,272	$ 983,107
Additions[(1)]		82,997
Accretion	(208,887)	(183,835)
Changes in expected cash flows	(159,220)	271,003
Balance at end of period	$ 785,165	$ 1,153,272

(1) The additions included above for the twelve months ended December 31, 2010, resulted from the June 11, 2010 acquisition of WFIB.

Table of Contents

The excess of cash flows expected to be collected over the recorded investment of acquired loans is referred to as the accretable yield and is accreted into interest income over the estimated life of the acquired loans using the effective yield method. The accretable yield will change due to:

- estimate of the remaining life of acquired loans which may change the amount of future interest income
- estimate of the amount of contractually required principal and interest payments over the estimated life that will not be collected (the nonaccretable difference); and
- indices for acquired loans with variable rates of interest.

In December 2010, after over a year of historical performance of the UCB portfolio, the bank concluded that the credit quality is performing better than originally estimated. As such, the bank reduced the nonaccretable discount on the UCB covered loan portfolio in December 2010. By lowering the nonaccretable discount, the overall accretable yield will increase thus increasing the interest income recognized over the remaining life of the loans.

From December 31, 2010 to December 31, 2011, excluding scheduled principal payments, a total of $778.7 million of loans were removed from the covered loans accounted under ASC 310-30 due to loans being paid in full, sold, or transferred to covered OREO. The loan discount of $102.1 million related to these payoffs and removals was recorded as an adjustment to interest income in 2011.

From December 31, 2009 to December 31, 2010, excluding scheduled principal payments, a total of $1.05 billion of loans were removed from the covered loans accounted under ASC 310-30 due to loans being paid in full, sold, or transferred to covered OREO. The loan discount of $136.5 million related to these payoffs and removals was recorded as an adjustment to interest income in 2010.

From the acquisition date of November 6, 2009 to December 31, 2009, excluding scheduled principal payments, a total of $333.8 million of loans were removed from the covered loans accounted under ASC 310-30 due to loans being paid in full, sold, or transferred to covered OREO. The loan discount of $74.4 million related to these payoffs and removals was recorded as an adjustment to interest income in 2009.

FDIC Indemnification Asset

Due to the fourth quarter 2010 reduction of the nonaccretable difference on the UCB covered loan portfolio, the expected reimbursement from the FDIC under the loss-sharing agreement decreased. The Company is amortizing the difference between the recorded amount of the FDIC indemnification asset and the expected reimbursement from the FDIC over the life of the indemnification asset. The amortization is in line with the improved accretable yield as discussed above. As such, the Company now has net amortization of the FDIC indemnification asset against income. For the year ended December 31, 2011, the Company recorded $59.9 million of amortization against income, compared to $14.7 million of accretion for the year ended December 31, 2010. For the years ended December 31, 2011 and 2010, the Company also recorded $210.4 million and $355.5 million, respectively, reduction to the FDIC indemnification asset resulting from paydowns, payoffs, loan sales, and charge-offs. Additionally, during 2011 and 2010, respectively, $3.6 million and $7.1 million were recorded as the increase in the estimate of liability owed to the FDIC at the completion of the FDIC loss share agreements.

Table of Contents

The table below shows FDIC indemnification asset activity for 2011 and 2010:

	2011	2010
	(In thousands)	
Balance at beginning of period	$ 785,035	$ 1,091,814
Addition due to WFIB acquisition		41,131
(Amortization) Accretion	(59,929)	14,678
Reductions[(1)(2)]	(210,365)	(355,490)
Estimate of FDIC repayment[(3)]	(3,606)	(7,098)
Balance at end of period	$ 511,135	$ 785,035

(1) Reductions relate to higher cash flows received from principal amortization, partial prepayments, loan payoffs and loan sales.

(2) For the twelve months ended December 31, 2011, the reduction amount of $210.4 million also includes charge-offs, of which $126.4 million of these charge-offs are recoverable from the FDIC and recorded in other assets until reimbursement is received. For the twelve months ended December 31, 2010, the reduction amount of $355.5 million also includes charge-offs, of which $227.6 million are recoverable from the FDIC and recorded in other assets. Reductions relate to higher cash flows received from principal amortization, partial prepayments, loan payoffs and loan sales and the reduction of the credit discount.

(3) This represents the change in the calculated estimate the Company will be required to pay the FDIC at the end of the FDIC loss share agreements, due to lower thresholds of losses.

FDIC Receivable

As of December 31, 2011, the FDIC loss sharing receivable was $76.6 million as compared to $62.6 million as of December 31, 2010. This receivable represents 80% of reimbursable amounts from the FDIC that have not yet been received. These reimbursable amounts include net charge-offs, loan-related expenses and OREO-related expenses. 100% of the loan-related and OREO expenses are recorded as noninterest expense, 80% of any reimbursable expense is recorded as noninterest income, netting to the 20% of actual expense paid by the Company. The FDIC shares in 80% of recoveries received. Thus, the FDIC receivable is reduced when we receive payment from the FDIC as well as when recoveries occur. The FDIC loss-sharing receivable is included in other assets on the Consolidated Balance Sheet.

Table of Contents

9. NON-COVERED LOANS AND ALLOWANCE FOR LOAN LOSSES

The following is a summary of year-end loans receivable, excluding covered loans ("non-covered loans"):

	December 31, 2011	December 31, 2010
	(In thousands)	
Residential:		
Single-family	$ 1,796,635	$ 1,119,024
Multifamily	933,168	974,745
Total residential	2,729,803	2,093,769
Commercial Real Estate ("CRE"):		
Income producing	3,487,866	3,392,984
Construction	171,410	278,047
Land	173,089	235,707
Total CRE	3,832,365	3,906,738
Commercial and Industrial ("C&I"):		
Commercial business	2,655,917	1,674,698
Trade finance	486,555	308,657
Total C&I	3,142,472	1,983,355
Consumer:		
Student loans	306,325	490,314
Other consumer	277,461	243,212
Total consumer	583,786	733,526
Total gross loans receivable, excluding covered loans	10,288,426	8,717,388
Unearned fees, premiums, and discounts, net	(16,762)	(56,781)
Allowance for loan losses, excluding covered loans	(209,876)	(230,408)
Loans receivable, excluding covered loans, net	$ 10,061,788	$ 8,430,199

Accrued interest on covered and non-covered loans receivable amounted to $68.5 million and $65.6 million at December 31, 2011 and 2010, respectively.

At December 31, 2011 and 2010, covered and non-covered loans receivable totaling $8.65 billion and $8.14 billion, respectively, were pledged to secure borrowings from the FHLB and the Federal Reserve Bank.

The Bank offers both fixed and adjustable rate ("ARM") first mortgage loans secured by one-to-four unit residential properties located in its primary lending areas. The Bank originated $924.3 million and $430.8 million in new residential single-family loans during 2011 and 2010, respectively.

The Bank also offers both fixed and ARM residential multifamily loan programs. For the years ended December 31, 2011 and 2010, the Bank originated $47.6 million and $26.4 million, respectively, in multifamily residential loans. The Bank primarily offers ARM multifamily loan programs that have six-month, three-year, or five-year initial fixed periods. The Bank considers all of the single-family and multifamily loans originated to be prime loans and underwriting criteria include minimum FICO scores,

Table of Contents

maximum loan-to-value ratios and minimum debt coverage ratios, as applicable. The Bank does have some single-family loans with interest-only features. Single-family loans with interest-only features totaled $5.6 million or 1% and $7.8 million or 1% of total single-family loans at December 31, 2011 and 2010, respectively. Additionally, the Bank owns residential loans that permit different repayment options that were purchased several years ago. For these loans, there is the potential for negative amortization if the borrower chooses so. These residential loans that permit different repayment options totaled $14.0 million, or 1%, and $16.9 million, or 1%, of total residential loans at December 31, 2011 and 2010, respectively. None of these loans were negatively amortizing as of December 31, 2011 and 2010.

In addition to residential lending, the Bank's lending activities also include commercial real estate, commercial and industrial, and consumer lending. Our CRE lending activities include loans to finance income-producing properties and also construction and land loans. Our C&I lending activities include commercial business financing for small and middle-market businesses in a wide spectrum of industries. Included in commercial business loans are loans for working capital, accounts receivable lines, inventory lines, small business administration loans and lease financing. We also offer a variety of international trade finance services and products, including letters of credit, revolving lines of credit, import loans, bankers' acceptances, working capital lines, domestic purchase financing and pre-export financing. Consumer loans are primarily comprised of fully guaranteed student loans, home equity lines of credit and auto loans.

All of the loans that the Bank originates are subject to its underwriting guidelines and loan origination standards. Management believes that the Bank's underwriting criteria and procedures adequately consider the unique risks which may come from these products. The Bank conducts a variety of quality control procedures and periodic audits to ensure compliance with its origination standards, including criteria for lending and legal requirements.

Credit Risk and Concentrations The real estate market in California, including the areas of Los Angeles, Riverside, San Bernardino and Orange counties, where a majority of the Company's loan customers are based, has been negatively impacted over the past few years. As of December 31, 2011, the Company had $3.83 billion in non-covered commercial real estate loans and $2.73 billion in non-covered residential loans, of which approximately 92% are secured by real properties located in California. Potential further deterioration in the real estate market generally and residential homes in particular could result in additional loan charge-offs and provisions for loan losses in the future, which could have a material adverse effect on the Company's financial condition, net income and capital. In addition, although most of the Company's trade finance activities are related to trade with Asian countries, the majority of our loans are made to companies domiciled in the United States. A substantial portion of this business involves California based customers engaged in import activities. We also offer export-import financing to various domestic and foreign customers; the export loans are guaranteed by the Export-Import Bank of the United States.

Purchased Loans During 2011, the Company purchased loans with an unpaid principal balance of $782.8 million and a carrying amount of $740.8 million. 89% of these loans are student loans which are guaranteed by the U.S. Department of Education and pose limited credit risk.

Loans Held for Sale Loans held for sale totaled $278.6 million and $220.1 million as of December 31, 2011 and 2010, respectively. Loans held for sale are recorded at the lower of cost or fair market value. Fair market value, if lower than cost is determined based on valuations obtained from market participants or the value of the underlying collateral. As of December 31, 2011, approximately 90% of these loans were student loans reclassified to loans held for sale. During 2011, in total, loans receivable of $644.9 million were reclassified to loans held for sale. Some of these loans were purchased by the Company with the intent to be held for investment; however, subsequent to their purchase, the Company's intent for these loans changed and they were consequently reclassified to loans held for sale. The

Table of Contents

remainder of loans was immediately classified as loans held for sale. Proceeds from sales of loans held for sale were $652.7 million in 2011, resulting in net gains on sale of $14.5 million. Proceeds from sales of loans held for sale were $409.5 million in 2010, resulting in net gains on sale of $18.5 million. During 2009, proceeds from sales of loans held for sale were $37.1 million with insignificant net gains on sales.

Credit Quality Indicators Loans are risk rated based on analysis of the current state of the borrower's credit quality. The analysis of credit quality includes review of all sources of repayment, the borrower's current payment performance/delinquency, the borrower's current financial and liquidity status, and all other relevant information. For single family residential loans payment performance/delinquency is the driving indicator for the risk ratings. However, the risk ratings remain the overall credit quality indicator for the Company as well as the credit quality indicator utilized for estimating the appropriate allowance for loan losses. The Company utilizes an eight grade risk rating system, where a higher grade represents a higher level of credit risk. The eight grade risk rating system can be generally classified by the following categories: Pass or Watch, Special Mention, Substandard, Doubtful and Loss. The risk ratings reflect the relative strength of the sources of repayment.

Pass or Watch loans are generally considered to have sufficient sources of repayment in order to repay the loan in full in accordance with all terms and conditions. These borrowers may have some credit risk that requires monitoring, but full repayment is expected. Special Mention loans are considered to have potential weaknesses that warrant closer attention by management. Special Mention is considered a transitory grade and generally, the Company does not grade a loan as Special Mention for longer than six months. If any potential weaknesses are resolved, the loan is upgraded to a Pass or Watch grade. If negative trends in the borrower's financial status or other information is presented that indicates the repayment sources may become inadequate, the loan is downgraded to a Substandard grade. Substandard loans are considered to have well-defined weaknesses that jeopardize the full and timely repayment of the loan. Substandard loans have a distinct possibility of loss if the deficiencies are not corrected. Additionally, when management has assessed a potential for loss but a distinct possibility of loss is not recognizable, the loan is still classified as Substandard. Doubtful loans have insufficient sources of repayment and a high probability of loss. Loss loans are considered to be uncollectible and of such little value that they are no longer considered bankable assets. These internal risk ratings are reviewed continuously and adjusted due to changes in borrower status and likelihood of loan repayment. The tables below present the non-covered loan portfolio by credit quality indicator as of December 31, 2011 and 2010. As of December 31, 2011,

Table of Contents

non-covered loans graded Substandard and Doubtful have decreased by $143.0 million, or 21% from December 31, 2010. There were no Loss grade loans as of December 31, 2011 and 2010.

	Pass/Watch	Special Mention	Substandard	Doubtful	Total
			(In thousands)		
December 31, 2011					
Residential:					
Single-family	$ 1,768,149	$ 11,239	$ 17,247	$	$ 1,796,635
Multifamily	810,458	25,531	97,179		933,168
CRE:					
Income producing	3,211,386	63,066	213,414		3,487,866
Construction	109,184		62,226		171,410
Land	125,534	7,954	39,601		173,089
C&I:					
Commercial business	2,492,904	62,409	100,357	247	2,655,917
Trade finance	467,822	7,161	11,572		486,555
Consumer:					
Student loans	305,880	188	257		306,325
Other consumer	273,692		3,769		277,461
Total	$ 9,565,009	$ 177,548	$ 545,622	$ 247	$ 10,288,426

	Pass/Watch	Special Mention	Substandard	Doubtful	Total
			(In thousands)		
December 31, 2010					
Residential:					
Single-family	$ 1,076,281	$ 12,376	$ 30,367	$	$ 1,119,024
Multifamily	789,631	42,887	142,227		974,745
CRE:					
Income producing	3,054,197	80,714	258,073		3,392,984
Construction	202,385		75,662		278,047
Land	146,499	4,656	84,552		235,707
C&I:					
Commercial business	1,553,218	34,449	81,185	5,846	1,674,698
Trade finance	296,430	4,069	8,158		308,657
Consumer:					
Student loans	490,314				490,314
Other consumer	238,964	1,486	2,762		243,212
Total	$ 7,847,919	$ 180,637	$ 682,986	$ 5,846	$ 8,717,388

Table of Contents

Nonaccrual and Past Due Loans Loans are tracked by the number of days borrower payments are past due. The table below presents an age analysis of nonaccrual and past due non-covered loans and loans held for sale, segregated by class of loans, as of December 31, 2011 and 2010:

	Accruing Loans 30-59 Days Past Due	Accruing Loans 60-89 Days Past Due	Total Accruing Past Due Loans	Nonaccrual Loans Less Than 90 Days Past Due	Nonaccrual Loans 90 or More Days Past Due	Total Nonaccrual Past Due Loans	Current Loans	Total
				(In thousands)				
December 31, 2011								
Residential:								
Single-family	$ 6,991	$ 1,198	$ 8,189	$	$ 3,569	$ 3,569	$ 1,784,877	$ 1,796,635
Multifamily	6,366	745	7,111	6,889	11,306	18,195	907,862	933,168
CRE:								
Income producing	18,179	1,549	19,728	6,885	25,690	32,575	3,435,563	3,487,866
Construction				26,482	14,688	41,170	130,240	171,410
Land		573	573	1,136	9,589	10,725	161,791	173,089
C&I:								
Commercial business	342	2,957	3,299	4,394	6,843	11,237	2,641,381	2,655,917
Trade finance							486,555	486,555
Consumer:								
Student loans	109	188	297		257	257	305,771	306,325
Other consumer	1,130		1,130		2,249	2,249	274,082	277,461
Loans held for sale					25,655	25,655	252,948	278,603
Total	$ 33,117	$ 7,210	$ 40,327	$ 45,786	$ 99,846	$ 145,632	$ 10,381,070	10,567,029
Unearned fees, premiums and discounts, net								(16,762)
Total recorded investment in non-covered loans and loans held for sale								$ 10,550,267

	Accruing Loans 30-59 Days Past Due	Accruing Loans 60-89 Days Past Due	Total Accruing Past Due Loans	Nonaccrual Loans Less Than 90 Days Past Due	Nonaccrual Loans 90 or More Days Past Due	Total Nonaccrual Past Due Loans	Current Loans	Total
				(In thousands)				
December 31, 2010								
Residential:								
Single-family	$ 5,449	$ 5,432	$ 10,881	$ 355	$ 7,058	$ 7,413	$ 1,100,730	$ 1,119,024
Multifamily	18,894	4,368	23,262	7,694	9,687	17,381	934,102	974,745
CRE:								
Income producing	27,002	6,034	33,036	7,962	38,454	46,416	3,313,532	3,392,984
Construction		1,486	1,486	25,688	9,778	35,466	241,095	278,047
Land	479		479	20,761	8,138	28,899	206,329	235,707
C&I:								
Commercial business	3,216	1,086	4,302	14,437	8,235	22,672	1,647,724	1,674,698
Trade finance							308,657	308,657
Consumer:								
Student loans							490,314	490,314
Other consumer	781	1,485	2,266		620	620	240,326	243,212
Loans held for sale					14,062	14,062	205,993	220,055
Total	$ 55,821	$ 19,891	$ 75,712	$ 76,897	$ 96,032	$ 172,929	$ 8,688,802	8,937,443
Unearned fees, premiums and discounts, net								(56,781)

Total recorded investment in non-covered loans and loans held for sale	$ 8,880,662

134

Table of Contents

Generally, loans 90 or more days past due are placed on nonaccrual status, at which point interest accrual is discontinued and all unpaid accrued interest is reversed against interest income. Additionally, loans that are not 90 or more days past due but have identified deficiencies, including delinquent TDR loans, are also put on nonaccrual status. Nonaccrual loans totaled $145.6 million and $172.9 million at December 31, 2011 and 2010, respectively. Loans not 90 or more days past due totaled $45.8 million and $76.9 million as of December 31, 2011 and 2010, respectively, were included in non-covered nonaccrual loans.

The following is a summary of interest income foregone on nonaccrual loans:

	For the Year Ended December 31,		
	2011	2010	2009
		(In thousands)	
Interest income that would have been recognized had nonaccrual loans performed in accordance with their original terms	$ 9,384	$ 12,689	$ 13,743
Less: Interest income recognized on nonaccrual loans on a cash basis	(3,519)	(7,880)	(10,231)
Interest income foregone on nonaccrual loans	$ 5,865	$ 4,809	$ 3,512

Troubled debt restructurings A troubled debt restructuring ("TDR") is a modification of the terms of a loan when the lender, for economic or legal reasons related to the borrower's financial difficulties, grants a concession to the borrower. The concessions may be granted in various forms, including a below-market change in the stated interest rate, reduction in the loan balance or accrued interest, extension of the maturity date with a stated interest rate lower than the current market rate or note splits referred to as A/B notes. In A/B note restructurings, the original note is bifurcated into two notes where the A note represents the portion of the original loan which allows for acceptable loan-to-value and debt coverage on the collateral and is expected to be collected in full and the B note represents the portion of the original loan where there is a shortfall in value and is fully charged-off. The A/B note balance is comprised of the A note balances only. A notes are not disclosed as TDRs in years after the restructuring if the restructuring agreement specifies an interest rate equal to or greater than the rate that the Bank was willing to accept at the time of the restructuring for a new loan with comparable risk and the loan is not impaired based on the terms specified by the restructuring agreement.

TDRs may be designated as performing or nonperforming. A TDR may be designated as performing if the loan has demonstrated sustained performance under the modified terms. The period of sustained performance may include the periods prior to modification if prior performance met or exceeded the modified terms. For nonperforming restructured loans, the loan will remain on nonaccrual status until the borrower demonstrates a sustained period of performance, generally six consecutive months of payments. The Company had $99.6 million and $122.1 million in total performing restructured loans as of December 31, 2011 and December 31, 2010, respectively. Nonperforming restructured loans were $38.9 million and $42.1 million at December 31, 2011 and December 31, 2010, respectively. Included as TDRs were $22.8 million and $57.3 million of performing A/B notes as of December 31, 2011 and December 31, 2010, respectively. All TDRs are included in the balance of impaired loans.

Table of Contents

The following table provides information on loans modified as of December 31, 2011 that were modified as TDRs during the year ended December 31, 2011:

	Loans Modified as TDRs During the Year Ended December 31, 2011			
	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment(1)	Financial Impact(2)
		(Dollars in thousands)		
Residential:				
Single-family	13	$ 3,102	$ 2,972	$ 665
Multifamily	15	$ 6,442	$ 4,903	$ 1,279
CRE:				
Income producing	11	$ 32,404	$ 29,933	$ 4,983
Construction	3	$ 3,740	$ 4,221	$ 220
Land	11	$ 35,554	$ 34,381	$ 4,279
C&I:				
Commercial business	24	$ 18,247	$ 16,706	$ 4,443
Trade finance	1	$ 4,127	$ 4,127	$
Consumer:				
Student loans		$	$	$
Other consumer		$	$	$

(1) Includes subsequent payments after modification and reflects the balance as of December 31, 2011.

(2) The financial impact includes chargeoffs at modification date and specific reserves.

Potential TDRs are individually evaluated and the type of restructuring is selected based on the loan type and the circumstances of the borrower's financial difficulty in order to maximize the bank's recovery. As of December 31, 2011, modifications of residential TDRs, including single and multi-family loans, primarily included non-market interest rate reductions, maturity extensions and A/B note splits. A/B note splits result in a partial chargeoff or loss for the bank at the modification date. For the year ended December 31, 2011 residential TDRs modified using non-market interest rate reductions, maturity extensions and/or A/B note splits totaled $7.9 million, as of December 31, 2011. Commercial real estate TDRs, including income producing, construction and land loans, were primarily modified through A/B note splits, maturity extensions, forbearance payments and/or non-market interest rate changes with an impact of a partial chargeoff or loss for the bank and reduction of interest collected over the life of the loan. Commercial real estate TDRs modified through A/B note splits and/or maturity extensions totaled $40.6 million as of December 31, 2011. Commercial real estate TDRs modified through forbearance payments and/or non-market interest changes totaled $27.9 million as of December 31, 2011. Commercial and industrial TDRs, including commercial business and trade finance loans, were restructured in various ways, including A/B note splits, non-market interest rate changes and/or maturity extensions with an impact of both a reduction of interest collected over the life of the loan and/or an extended time period for collection of principal and interest, for a total of $20.8 million as of December 31, 2011. Performing TDRs at December 31, 2011 were comprised of $19.1 million in residential loans, $60.2 million in commercial real estate loans and $20.3 million in commercial and industrial loans. Nonperforming TDRs at December 31, 2011 were comprised of $2.7 million in residential loans, $34.6 million in commercial real estate loans and $1.6 million in commercial and industrial loans.

Subsequent to restructuring, a TDR that becomes delinquent, generally beyond 30 days for commercial and industrial, and commercial real estate and consumer loans, and beyond 90 days for residential loans, becomes nonaccrual and is considered to have defaulted. The following table provides

Table of Contents

information on TDRs that subsequently defaulted as of December 31, 2011 for the year ended December 31, 2011.

	Loans Modified as TDRs that Subsequently Defaulted During the Year Ended December 31, 2011		
	Number of Contracts		Recorded Investment
	(Dollars in thousands)		
Residential:			
Single-family		$	
Multifamily		$	
CRE:			
Income producing		$	
Construction	1	$	890
Land	1	$	11,695
C&I:			
Commercial business	2	$	307
Trade finance		$	
Consumer:			
Student loans		$	
Other consumer		$	

All TDRs are included in the impaired loan quarterly valuation allowance process. See the sections below *Impaired Loans* and *Allowance for Loan Losse*s for the complete discussion. All portfolio segments of TDRs are reviewed for necessary specific reserves in the same manner as impaired loans of the same portfolio segment which have not been identified as TDRs. The modification of the terms of each TDR is considered in the current impairment analysis of the respective TDR. For all portfolio segments of delinquent TDRs and when the restructured loan is less than the recorded investment in the loan, the deficiency is charged-off against the allowance for loan losses. If the loan is a performing TDR the deficiency is included in the specific allowance, as appropriate. As of December 31, 2011, the allowance for loan losses associated with TDRs was $10.5 million for performing TDRs and $139 thousand for nonperforming TDRs.

As a result of adopting the amendments in ASU 2011-02, the Company reassessed all restructurings that occurred on or after the beginning of the current fiscal year (January 1, 2011) for identification as TDRs. The Company identified as TDRs certain loan receivables for which the allowance for credit losses had previously been measured under the general allowance for credit losses methodology. Upon identifying those loan receivables as TDRs, the Company identified them as impaired under the guidance in Section 310-10-35. The amendments in ASU 2011-02 require prospective application of the impairment measurement guidance in Section 310-10-35 for those receivables newly identified as impaired. At the end of the first interim period of adoption (September 30, 2011), the recorded investment in receivables for which the allowance for credit losses was previously measured under the general allowance for credit losses methodology and are now impaired under Section 310-10-35 was $17.8 million, and the allowance for credit losses associated with those loan receivables, on the basis of a current evaluation of loss, was $2.2 million.

Impaired Loans A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect all scheduled payments of principal or interest due according to the original contractual terms of the loan agreement. Impaired loans include noncovered loans held for investment on nonaccrual status, regardless of the collateral coverage, and loans modified in a TDR.

Table of Contents

The Bank's loans are grouped into heterogeneous and homogeneous (mostly consumer loans) categories. The Bank considers loans to be impaired if, based on current information and events, it is probable the Bank will not be able to collect all amounts due according to the original contractual terms of the loan agreement. Nonaccrual loans and performing troubled debt restructurings in the heterogeneous category are selected and evaluated for impairment on an individual basis. For loans determined to be impaired, the bank utilizes the most applicable asset valuation method for the loan from the following valuation methods: fair value of collateral less costs to sell, present value of expected future cash flows, or the loan's observable market price. When the value of an impaired loan is less than the recorded investment in the loan and the loan is 90 or more days delinquent, the deficiency between the current value and the recorded investment is charged-off against the allowance for loan losses. Generally, if the loan is less than 90 days past due or in process of modification, the deficiency will be recorded as a specific reserve.

At December 31, 2011 and December 31, 2010, impaired loans totaled $219.6 million and $281.0 million, respectively. Impaired non-covered loans as of December 31, 2011 and December 31, 2010

Table of Contents

are set forth in the following tables. The interest income recognized on impaired loans, excluding performing TDRs, is recognized on a cash basis when received.

	Unpaid Principal Balance	Recorded Investment With No Allowance	Recorded Investment With Allowance	Total Recorded Investment	Related Allowance	Average Recorded Investment	Interest Income Recognized(1)
				(In thousands)			
As of and for the year ended December 31, 2011							
Residential:							
Single-family	$ 10,248	6,578	2,535	9,113	1,131	9,408	65
Multifamily	37,450	28,272	3,520	31,792	1,124	35,855	473
CRE:							
Income producing	69,664	55,701	7,941	63,642	1,187	68,087	1,030
Construction	75,714	45,413	1,067	46,480	815	64,398	1,099
Land	40,615	25,806	8,692	34,498	3,949	36,002	341
C&I:							
Commercial business	38,857	20,772	6,650	27,422	4,835	32,033	484
Trade finance	4,127	4,127		4,127		4,127	
Consumer:							
Student loans	257	257		257		257	
Other consumer	2,249	2,249		2,249		2,251	27
Total	$ 279,181	$ 189,175	$ 30,405	$ 219,580	$ 13,041	$ 252,418	$ 3,519

	Unpaid Principal Balance	Recorded Investment With No Allowance	Recorded Investment With Allowance	Total Recorded Investment	Related Allowance	Average Recorded Investment	Interest Income Recognized(1)
				(In thousands)			
As of and for the year ended December 31, 2010(2)							
Residential:							
Single-family	$ 19,769	$ 18,521	$ 355	$ 18,876	$ 219	$ 21,212	$ 209
Multifamily	34,708	32,012	631	32,643	90	39,350	540
CRE:							
Income producing	95,899	82,345	6,354	88,699	1,557	100,004	2,174
Construction	88,586	81,789	2,436	84,225	1,366	95,324	1,728
Land	39,937	22,082	6,920	29,002	4,324	32,820	1,326
C&I:							
Commercial business	37,668	23,044	3,897	26,941	2,468	27,378	1,199
Trade finance							
Consumer:							
Student loans							
Other consumer	1,261	620		620		1,072	28
Total	$ 317,828	$ 260,413	$ 20,593	$ 281,006	$ 10,024	$ 317,160	$ 7,204

(1) Excludes interest from performing TDRs.

(2) The table has been corrected to include performing TDRs in the prior period presentation. Previously, the Company did not include performing TDRs as impaired loans. The amount of performing TDR's as of December 31, 2010 totaled approximately $122 million.

Allowance for Loan Losses

The allowance consists of specific reserves and a general reserve. The Bank segregates loans into heterogeneous and homogeneous (mostly consumer loans) categories. Impaired loans in the heterogeneous category are subject to specific reserves. Loans in the homogeneous category, as well as non-impaired loans in the heterogeneous category, are evaluated as part of the general reserve. The general reserve is calculated by utilizing both quantitative and qualitative factors. There are different

139

Table of Contents

qualitative risks for the loans in each portfolio segment. As of December 31, 2011, the Residential and CRE segments' predominant risk characteristic is the collateral and the geographic location of the property collateralizing the loan. The risk is qualitatively assessed based on the change in the real estate market in those geographic areas. The C&I segment's predominant risk characteristics are global cash flows of the guarantors and businesses we lend to and economic and market conditions. Consumer loans, excluding the student loan portfolio guaranteed by the U.S. Department of Education, are largely comprised of home equity lines of credit, for which the predominant risk characteristic is the real estate collateral securing the loan.

Our methodology to determine the overall appropriateness of the allowance is based on a classification migration model and qualitative considerations. The migration analysis examines pools of loans having similar characteristics and analyzes their loss rates over a historical period. We utilize historical loss factors derived from trends and losses associated with each pool over a specified period of time. Based on this process, we assign loss factors to each loan grade within each pool of loans. Loss rates derived by the migration model are based predominantly on historical loss trends that may not be indicative of the actual or inherent loss potential. As such, we utilize qualitative and environmental factors as adjusting mechanisms to supplement the historical results of the classification migration model. Qualitative considerations include, but are not limited to, prevailing economic or market conditions, relative risk profiles of various loan segments, volume concentrations, growth trends, delinquency and nonaccrual status, problem loan trends, and geographic concentrations. Qualitative and environmental factors are reflected as percentage adjustments and are added to the historical loss rates derived from the classified asset migration model to determine the appropriate allowance amount for each loan pool.

Covered Loans As of the respective acquisition dates, WFIB's and UCB's loan portfolios included unfunded commitments for commercial lines of credit, construction draws and other lending activity. The total commitment outstanding as of the respective acquisition dates is covered under the shared-loss agreements. However, any additional advances on these loans subsequent to acquisition date are not accounted for under ASC 310-30. As additional advances on these commitments have occurred, the Bank has considered these amounts in the allowance for loan losses calculation. As of December 31, 2011 and 2010, $6.6 million, or 3.1% and $4.2 million, or 1.8%, of the total allowance is allocated to the allowance for loan losses on covered loans. The covered loans acquired are and will continue to be subject to the Bank's internal and external credit review and monitoring. Credit deterioration, if any, beyond the respective acquisition date fair value amounts of the covered loans under ASC 310-30 will be separately measured and accounted for under ASC 310-30. If required, the establishment of an allowance for covered loans accounted for under ASC 310-30 will result in a charge to earnings with a partially offsetting noninterest income item reflected in the increase to the FDIC indemnification asset or receivable. As of December 31, 2011 and 2010, there is no allowance for the covered loans accounted for under ASC 310-30 due to deterioration of credit quality.

The Company recorded $95.0 million in loan loss provisions during 2011, as compared to $200.2 million during 2010. It is the Company's policy to promptly charge-off the amount of impairment on a loan which represents the difference between the outstanding loan balance and the fair value of the collateral or discounted cash flow. Recoveries are recorded when payment is received on loans that were previously charged-off through the allowance for loan losses. During 2011, the Company recorded $112.1 million in net charge-offs in comparison to $202.5 million during 2010. The following table details activity in the allowance for loan losses, for both non-covered and covered loans, by portfolio segment for

Table of Contents

the year ended December 31, 2011 and 2010. Allocation of a portion of the allowance to one segment of the loan portfolio does not preclude its availability to absorb losses in other segments.

	Residential	CRE	C&I	Consumer	Covered Loans Subject to Allowance for Loan Losses(1)	Unallocated	Total
				(In thousands)			
Year ended December 31, 2011							
Beginning balance	$ 49,491	$ 117,752	$ 59,737	$ 3,428	$ 4,225	$	$ 234,633
Provision for loan losses	15,416	22,817	50,848	2,455	2,422	1,048	95,006
Allowance for unfunded loan commitments and letters of credit						(1,048)	(1,048)
Charge-offs	(13,323)	(78,803)	(30,606)	(1,959)			(124,691)
Recoveries	596	4,691	7,041	295			12,623
Net charge-offs	(12,727)	(74,112)	(23,565)	(1,664)			(112,068)
Ending balance	$ 52,180	$ 66,457	$ 87,020	$ 4,219	$ 6,647	$	$ 216,523
Ending balance allocated to:							
Loans individually evaluated for impairment	$ 2,255	$ 5,951	$ 4,835	$	$	$	$ 13,041
Loans collectively evaluated for impairment	49,925	60,506	82,185	4,219	6,647		203,482
Loans acquired with deteriorated credit quality(2)							
Ending balance	$ 52,180	$ 66,457	$ 87,020	$ 4,219	$ 6,647	$	$ 216,523

	Residential	CRE	C&I	Consumer	Covered Loans Subject to Allowance for Loan Losses(1)	Unallocated	Total
				(In thousands)			
Year ended December 31, 2010							
Beginning balance	$ 38,025	$ 147,591	$ 50,487	$ 2,730	$	$	$ 238,833
Provision for loan losses	59,525	97,548	34,613	2,415	4,225	1,833	200,159
Allowance for unfunded loan commitments and letters of credit						(1,833)	(1,833)
Charge-offs	(49,685)	(137,460)	(35,479)	(2,579)			(225,203)
Recoveries	1,626	10,073	10,116	862			22,677
Net charge-offs	(48,059)	(127,387)	(25,363)	(1,717)			(202,526)
Ending balance	$ 49,491	$ 117,752	$ 59,737	$ 3,428	$ 4,225	$	$ 234,633
Ending balance allocated to:							
Loans individually evaluated for impairment	$ 309	$ 7,247	$ 2,468	$	$	$	$ 10,024
Loans collectively evaluated for impairment	49,182	110,505	57,269	3,428	4,225		224,609
Loans acquired with deteriorated credit quality(2)							

Ending balance	$	49,491	$	117,752	$	59,737	$	3,428	$	4,225	$		$ 234,633

(1) This allowance is related to drawdowns on commitments that were in existence as of the acquisition dates of WFIB and UCB and, therefore, are covered under the shared-loss agreements with the FDIC. Allowance on these subsequent drawdowns is accounted for as part of the allowance for loan losses.

(2) The Company has elected to account for all covered loans acquired in the FDIC-assisted acquisitions under ASC 310-30.

Table of Contents

The Company's recorded investment in total loans receivable as of December 31, 2011and 2010 related to each balance in the allowance for loan losses by portfolio segment and disaggregated on the basis of the Company's impairment methodology is as follows:

	Residential	CRE	C&I	Consumer	Covered Loans Subject to Allowance for Loan Losses	Total
			(In thousands)			
December 31, 2011						
Loans individually evaluated for impairment	$ 43,395	$ 143,631	$ 31,338	$ 2,249	$	$ 220,613
Loans collectively evaluated for impairment	2,686,408	3,688,734	3,111,135	581,536	583,804	10,651,617
Loans acquired with deteriorated credit quality(1)	1,331,615	2,322,062	413,479	67,124		4,134,280
Ending balance	$ 4,061,418	$ 6,154,427	$ 3,555,952	$ 650,909	$ 583,804	$ 15,006,510

	Residential	CRE	C&I	Consumer	Covered Loans Subject to Allowance for Loan Losses	Total
			(In thousands)			
December 31, 2010						
Loans individually evaluated for impairment	$ 51,519	$ 201,926	$ 26,941	$ 620	$	$ 281,006
Loans collectively evaluated for impairment	2,042,250	3,704,812	1,956,415	732,905	561,725	8,998,107
Loans acquired with deteriorated credit quality(1)	1,614,732	3,059,133	634,560	85,623		5,394,048
Ending balance	$ 3,708,501	$ 6,965,871	$ 2,617,916	$ 819,148	$ 561,725	$ 14,673,161

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(1) The Company has elected to account for all covered loans acquired in the FDIC-assisted acquisitions under ASC 310-30. The total principal balance is presented and excludes the purchase discount and any additional advances subsequent to acquisition date.

Allowance for Unfunded Loan Commitments, Off-Balance Sheet Credit Exposures and Recourse Provisions The allowance for unfunded loan commitments, off-balance sheet credit exposures and recourse provisions is maintained at a level believed by management to be sufficient to absorb estimated probable losses related to these unfunded credit facilities. The determination of the adequacy of the allowance is based on periodic evaluations of the unfunded credit facilities including an assessment of the probability of commitment usage, credit risk factors for loans outstanding to these same customers, and the terms and expiration dates of the unfunded credit facilities. As of December 31, 2011 and 2010, the allowance for unfunded loan commitments, off-balance sheet credit exposures, and recourse provisions amounted to $11.0 million and $10.0 million, respectively. Net adjustments to the allowance for unfunded loan commitments, off-balance sheet credit exposures, and recourse provisions are included in the provision for loan losses.

Loans serviced for others amounted to $2.10 billion and $1.81 billion at December 31, 2011 and 2010, respectively. These represent loans that have either been sold or securitized for which the Bank continues to provide servicing and has limited recourse. The majority of these loans are residential and CRE at December 31, 2011. Of the total allowance for unfunded loan commitments, off-balance sheet credit exposures and recourse provisions, $4.4 million and $4.7 million pertain to these loans as of December 31, 2011 and 2010, respectively. These loans are maintained off-balance sheet and are not included in the loans receivable balance.

Table of Contents

10. NON-COVERED OTHER REAL ESTATE OWNED

As of December 31, 2011, the Company had 37 OREO properties with a combined carrying value of $29.3 million. Approximately 62% of the carrying value of OREO properties as of December 31, 2011 were located in California, compared to 75% in 2010. During 2011, the Company foreclosed on 58 properties with an aggregate carrying value of $38.0 million as of the foreclosure date. Additionally, the Company recorded $3.0 million in write-downs. During this period, the Company also sold 51 OREO properties for total proceeds of $26.6 million resulting in a total net loss on sale of $151 thousand and charges against the allowance for loan losses totaling $780 thousand. As of December 31, 2010, the Company had 30 OREO properties with a carrying value of $21.9 million. During 2010, the Company foreclosed on 81 properties with an aggregate carrying value of $57.3 million as of the foreclosure date. Additionally, the Company recorded $7.0 million in write-downs. During this period, the Company also sold 79 OREO properties for total proceeds of $39.5 million resulting in a total net loss on sale of $145 thousand and charges against the allowance for loan losses totaling $2.6 million. During the year ended December 31, 2009, the Company sold 153 OREO properties with a combined carrying value of $112.2 million for a net loss of $5.4 million.

11. INVESTMENTS IN AFFORDABLE HOUSING PARTNERSHIPS

The Company invests in certain limited partnerships that are formed to develop and operate apartment complexes designed as high-quality affordable housing for lower income tenants throughout the United States. The Company's ownership amount in each limited partnership varies. Each of the partnerships must meet the regulatory requirements for affordable housing for a minimum 15-year compliance period to fully utilize the tax credits. Depending on the ownership percentage and the influence the Company has on the limited partnership, the company uses either the equity method or cost method of accounting. The limited partnerships are being amortized over the lives of the related tax credit. If the partnerships cease to qualify during the compliance period, the credits may be denied for any period in which the projects are not in compliance and a portion of the credits previously taken may be subject to recapture with interest.

The Company finances the purchase of certain real estate tax credits generated by partnerships which own multiple properties currently under construction. These transactions were financed with non-recourse notes which are collateralized by the Company's partnership interests in the real estate investment tax credits. The notes are payable upon demand and, if defaulted, interest will be imposed at the annual respective rate or the maximum rate permitted by applicable law. No interest is due if the notes are paid on demand. The Company has no liabilities in addition to these notes payable or any contingent liabilities to the partnerships.

	December 31,			
	2011		2010	
	Amount	Count	Amount	Count
	(Dollars in thousands)			
Tax credit partnerships:				
Equity method	$ 94,874	26	$ 111,593	29
Cost method	48,587	17	43,481	17
Total tax credit partnerships	143,461	43	155,074	46
Tax exempt bonds	984			
Grand total	$ 144,445		$ 155,074	
Notes payable	$ 52,434		$ 49,690	
Remaining tax credits	$ 183,186		$ 168,521	

Table of Contents

The Company's usage of federal tax credits approximated $11.1 million, $12.4 million and $7.1 million during 2011, 2010 and 2009, respectively. Investment amortization amounted to $14.6 million, $9.4 million and $7.0 million for the years ended December 31, 2011, 2010 and 2009, respectively. During 2011 the Company recorded $1.3 million of impairment on certain investments. Also during 2011 the Company sold three investments totaling $25.7 million with a loss of $3.7 million, compared to, one investment sold in 2010 totaling $3.2 million with a loss of $1.2 million. The Company recorded a purchase accounting adjustment in 2010 which reduced the affordable housing investments acquired through the UCB acquisition by $3.0 million.

12. PREMISES AND EQUIPMENT

Premises and equipment consists of the following:

	December 31, 2011	December 31, 2010
	(In thousands)	
Land	$ 15,545	$ 15,545
Office buildings	92,041	108,131
Leasehold improvements	25,084	24,534
Furniture, fixtures and equipment	45,918	48,430
Total cost	178,588	196,640
Accumulated depreciation and amortization	(59,662)	(60,721)
Net book value	$ 118,926	$ 135,919

Depreciation expense on premises and equipment was $12.1 million, $13.8 million and $7.5 million for the years ended December 31, 2011, 2010 and 2009, respectively.

Capitalized assets are depreciated or amortized on a straight-line basis in accordance with the estimated useful life for each fixed asset class. The estimated useful life for furniture and fixtures is seven years, office equipment is for five years, and twenty-five years for buildings and improvements. Leasehold improvements are amortized over the shorter of term of the lease or useful life.

In May 2011, the Bank completed the sale of a building in an effort to consolidate properties acquired through the UCB acquisition. The property was sold for $18.5 million, a portion of which was mortgaged by the buyer, and resulted in a $4.4 million gain on sale after consideration of $0.8 thousand in selling costs. The gain on sale is accounted for using the installment method which apportions the buyer's cash payments and principal payments on the mortgage between cost recovered and profit. Accordingly, $1.8 million of the gain on sale was recognized as noninterest income in the year ended December 31, 2011, and the remaining $2.6 million of the gain on sale will be recognized as the buyer makes principal payments on the mortgage.

Also in May 2011, the Bank sold an additional property for $2.6 million which resulted in a gain on sale of $0.4 million.

During 2011, the Bank purchased new ATM machines with a total net value of $2.5 million.

Table of Contents

13. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

The carrying amount of goodwill remained at $337.4 million as of December 31, 2011 and 2010. Goodwill is tested for impairment on an annual basis as of December 31, or more frequently as events occur, or as circumstances and conditions warrant. The Company records impairment write-downs as charges to noninterest expense and adjustments to the carrying value of goodwill. Subsequent reversals of goodwill impairment are prohibited.

As of December 31, 2011, the Company's market capitalization based on total outstanding common and preferred shares was $2.99 billion and its total stockholders' equity was $2.31 billion. The Company performed its annual impairment test as of December 31, 2011 to determine whether and to what extent, if any, recorded goodwill was impaired. The analysis compared the fair value of each of the reporting units, including goodwill, to the respective carrying amounts. If the carrying amount of the reporting unit, including goodwill exceeds the fair value of that reporting unit, then further testing for goodwill impairment is performed.

During the first quarter of 2010, the Company re-aligned its management reporting structure and identified three business divisions that meet the criteria of an operating segment in accordance with generally accepted accounting principles. The Company's three operating segments are Retail Banking, Commercial Banking, and Other. The Company determined that there were no additional reporting units below each operating segment and therefore the reporting units are equivalent to the operating segments. For complete discussion and disclosure see Note 26 to the Company's consolidated financial statements presented elsewhere in this report.

In order to determine the fair value of the reporting units, a combined income and market approach was used. Under the income approach, the Company provided a net income projection for the next 5 years plus a terminal growth rate was used to calculate the discounted cash flows and the present value of the reporting units. Under the market approach, the fair value was calculated using the current fair values of comparable peer banks of similar size, geographic footprint and focus. The market capitalizations and multiples of these peer banks were used to calculate the market price of the Company and each reporting unit. The fair value was also subject to a control premium adjustment, which is the cost savings that a purchaser of the reporting units could achieve by eliminating duplicative costs. Under the combined income and market approaches, the value from each approach was appropriately weighted to determine the fair value. As a result of this analysis, the Company determined that there was no goodwill impairment at December 31, 2011 as the fair values of all reporting units exceeded the current carrying amounts of the goodwill. No assurance can be given that goodwill will not be written down in future periods.

The changes in the carrying amount of goodwill for the years ended December 31, 2011 and 2010 are summarized in the following table:

	As of December 31,	
	2011	**2010**
Balance, beginning of year	$ 337,438	$ 337,438
Additions to goodwill		
Impairment write-down		
Purchase accounting adjustments		
Balance, end of year	$ 337,438	$ 337,438

145

Table of Contents

Premiums on Acquired Deposits

The Company also has premiums on acquired deposits which represent the intangible value of depositor relationships resulting from deposit liabilities assumed in various acquisitions. These intangibles are tested for impairment on an annual basis, or more frequently as events occur, or as current circumstances and conditions warrant. As of December 31, 2011 and 2010, the gross carrying amount of premiums on acquired deposits totaled $117.6 million and $117.6 million, respectively, and the related accumulated amortization totaled $50.4 million and $38.1 million, respectively. During 2010, the Company recorded $3.1 million in premiums on deposits acquired in the WFIB Acquisition. During 2009, the Company recorded $74.4 million in premiums on deposits acquired in the UCB Acquisition.

The Company amortizes premiums on acquired deposits based on the projected useful lives of the related deposits. Amortization expense of premiums on acquired deposits was $12.3 million, $13.3 million and $5.9 million for the years ended December 31, 2011, 2010 and 2009, respectively. The Company did not record any impairment write-downs on deposit premiums during 2011, 2010 and 2009.

The following table provides the estimated future amortization expense of premiums on acquired deposits for the succeeding five years is as follows:

Estimate For The Year Ending December 31,	**Amount**
	(In thousands)
2012	$ 10,906
2013	9,364
2014	8,454
2015	7,543
2016	6,634
Thereafter	24,289
Total	$ 67,190

14. MORTGAGE SERVICING ASSETS

Mortgage servicing assets are recorded when loans are sold to third parties and the servicing of those loans is retained by the Bank. The Company has the following classes of mortgage servicing assets, which result from sales and securitizations; single-family loans, multifamily loans and SBA loans. Mortgage servicing assets are subject to interest rate risk and may become impaired when interest rates fall and borrowers refinance or prepay their mortgage loans. Mortgage servicing assets are included in other assets.

Income from servicing loans is reported as ancillary loan fee income, a component of noninterest income in the Company's consolidated statements of income, and the amortization of mortgage servicing assets is reported as a reduction to ancillary loan fee income. Late fees and charges collected on delinquent loans are recorded as a component of loans receivable interest income in the consolidated statements of income.

Table of Contents

Information regarding the Company's mortgage servicing assets ("MSAs") for the years ended December 31, 2011 and 2010 is as follows:

	Year ended December 31, 2011	Year ended December 31, 2010
	(In thousands)	
MSAs balance, beginning of year	$ 13,574	$ 16,001
Additions	50	309
Amortization	(2,431)	(2,736)
MSAs before valuation allowance, end of year	11,193	13,574
Valuation allowance	(4,310)	(3,383)
MSAs, end of year	$ 6,883	$ 10,191
Fair value, beginning of year	$ 14,509	$ 16,284
Fair value, end of year	$ 11,252	$ 14,509
Valuation allowance, beginning of year	$ (3,383)	$ (2,575)
Impairment	(927)	(808)
Valuation allowance, end of year	$ (4,310)	$ (3,383)
Key Assumptions:		
Weighted average discount	12.34%	12.43%
Weighted average prepayment speed assumption	11.72%	8.17%

Estimated future amortization of mortgage servicing assets for the succeeding five years and thereafter is as follows:

	Total
	(In thousands)
Estimate for the year ending December 31,	
2012	$ 1,491
2013	1,158
2014	902
2015	704
2016	551
Thereafter	2,077
Total	$ 6,883

The following table shows the hypothetical effect on the fair value of our mortgage servicing assets using various unfavorable variations of the expected levels of certain key assumptions used in the valuations as of December 31, 2011 and 2010. These sensitivities are hypothetical and are presented for illustration purposes only. As the amounts indicate, changes in fair value based on variations in assumptions generally cannot be extrapolated because the relationship of the change in assumption to the change in fair value may not be linear. Also, in this table, the effect of a variation in a particular assumption on the fair value of the interest that continues to be held by the transferor is calculated without

Table of Contents

changing any of the other assumptions. In reality, changes in one factor may result in changes in another factor which might magnify or counteract the sensitivities.

	December 31, 2011	December 31, 2010
	(Dollars in thousands)	
Balance sheet net carrying value	$ 6,883	$ 10,191
CPR assumption	11.72%	8.17%
Impact on fair value of 10% adverse change of prepayment speed	$ (131)	$ (118)
Impact on fair value of 20% adverse change of prepayment speed	$ (256)	$ (232)
Discount rate assumption	12.34%	12.43%
Impact on fair value of 10% adverse change of discount rate	$ (165)	$ (264)
Impact on fair value of 20% adverse change of discount rate	$ (319)	$ (511)

15. CUSTOMER DEPOSIT ACCOUNTS

Customer deposit account balances are summarized as follows:

	December 31, 2011	December 31, 2010
	(In thousands)	
Noninterest-bearing demand	$ 3,492,795	$ 2,676,466
Interest-bearing checking	971,179	757,446
Money market accounts	4,678,409	4,457,376
Savings deposits	1,164,618	984,518
Total core deposits	10,307,001	8,875,806
Time deposits:		
Less than $100,000	2,186,604	2,239,836
$100,000 or greater	4,959,397	4,525,617
Total time deposits	7,146,001	6,765,453
Total deposits	$ 17,453,002	$ 15,641,259

The $4.96 billion and $4.53 billion balance of time deposits $100 thousand or greater at December 31, 2011 and 2010, includes $264.6 million and $481.8 million of deposits held by the Company's foreign branch located in Hong Kong.

Table of Contents

At December 31, 2011, the scheduled maturities of time deposits are as follows:

	$100,000 or Greater	Less Than $100,000	Total
		(In thousands)	
2012	$ 4,241,832	$ 1,962,274	$ 6,204,106
2013	345,327	165,990	511,317
2014	101,042	6,648	107,690
2015	43,151	45,776	88,927
2016	73,520	5,908	79,428
Thereafter	154,525	8	154,533
Total	$ 4,959,397	$ 2,186,604	$ 7,146,001

Accrued interest payable totaled $7.1 million and $2.6 million at December 31, 2011 and 2010, respectively. Interest expense on customer deposits by account type is summarized as follows:

	December 31,		
	2011	2010	2009
		(In thousands)	
Interest-bearing checking	$ 3,009	$ 2,349	$ 1,507
Money market accounts	20,610	29,514	25,583
Savings deposits	2,988	3,986	3,322
Time deposits:			
Less than $100,000	29,329	34,958	32,073
$100,000 or greater	51,174	45,930	66,992
Total	$ 107,110	$ 116,737	$ 129,477

As of December 31, 2011, time deposits within the Certificate of Deposit Account Registry Service ("CDARS") program decreased to $580.9 million, compared to $713.5 million at December 31, 2010. The CDARS program allows customers with deposits in excess of FDIC-insured limits to obtain full coverage on time deposits through a network of banks within the CDARS program. Additionally, the Company is partnered with another financial institution and offers a retail sweep product for non-time deposit accounts to provide added deposit insurance coverage for deposits in excess of FDIC-insured limits. Deposits gathered through these programs are considered brokered deposits under current regulatory reporting guidelines.

16. FEDERAL FUNDS PURCHASED

Federal funds purchased generally mature within one business day to six months from the transaction date. Federal funds purchased are included in notes payable and other borrowings.

Table of Contents

The following table provides information on Federal funds purchased for the periods indicated:

	As of and for the Year Ended December 31,		
	2011	2010	2009
	(Dollars in thousands)		
Balance at end of year	$	$ 22	$ 22
Average balance outstanding during the year	$ 3,496	$ 871	$ 2,379
Maximum balance outstanding at any month-end	$ 100,000	$ 6,023	$ 3,022
Weighted average interest rate during the year	0.10%	0.20%	0.37%
Weighted average interest rate at end of year	%	0.15%	0.06%

As a means of augmenting its liquidity, the Company has established Federal funds lines with several correspondent banks. The Company's available borrowing capacity from Federal funds line facilities amounted to $563.0 million and $313.0 million as of December 31, 2011 and 2010, respectively.

17. FEDERAL HOME LOAN BANK ADVANCES

FHLB advances and their related weighted average interest rates are summarized as follows:

	December 31, 2011		December 31, 2010	
Year of Maturity	Amount	Rate	Amount	Rate
	(Dollars in thousands)			
2011	$	%	$ 246,046	0.97%
2012		%	100,000	1.03%
2013	78,683	4.43%	186,546	4.55%
2014	52,656	4.43%	53,800	4.43%
2015	21,557	4.46%	216,616	4.46%
After 2015	302,355	4.04%	411,140	4.16%
Total	$ 455,251	4.17%	$ 1,214,148	3.38%

Total outstanding FHLB advances amounted to $455.3 million and $1.21 billion at December 31, 2011 and 2010, respectively. Of these amounts, there were no outstanding overnight borrowings at December 31, 2011, and $200.0 million overnight borrowings at December 31, 2010. All advances as of December 31, 2011 and December 31, 2010 are at fixed interest rates and are secured by real estate loans.

The Company's available borrowing capacity from unused FHLB advances totaled $3.61 billion and $2.23 billion at December 31, 2011 and 2010, respectively. The Company's available borrowing capacity from FHLB advances is derived from its outstanding FHLB advances and from its portfolio of loans that are pledged to the FHLB. During 2011, long-term FHLB advances totaling $523.5 million were prepaid, with a related $11.8 million in prepayment penalties. In comparison, we prepaid $1.12 billion of FHLB advances, with a related $13.8 million in prepayment penalties during 2010. Additionally, at December 31, 2011 and 2010, the Company had additional available borrowing capacity of $1.02 billion and $588.8 million, respectively, from the Federal Reserve Bank's discount window derived from its portfolio of loans that are pledged to the Federal Reserve Bank.

18. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Securities sold under repurchase agreements totaled $1.02 billion and $1.08 billion as of December 31, 2011 and 2010, respectively. These balances included $25.2 million and $88.5 million in short-term repurchase agreements as of December 31, 2011 and December 31, 2010, respectively. The

Table of Contents

interest rates on these short-term repurchase agreements were 0.57% and 0.54% as of December 31, 2011 and December 31, 2010, respectively. The remaining repurchase agreements are long-term with interest rates that are largely fixed, ranging from 4.15% to 5.13% as of December 31, 2011. The counterparties have the right to a quarterly call for many of the repurchase agreements.

Long-term repurchase agreements are accounted for as collateralized financing transactions and recorded at the amounts at which the securities were sold. The collateral for these agreements consist of U.S. Government agency and U.S. Government sponsored enterprise debt and mortgage-backed securities. The Company may have to provide additional collateral for the repurchase agreements, as necessary.

The following table provides information on securities sold under repurchase agreements as of December 31, 2011 and 2010:

	December 31, 2011		December 31, 2010	
Year of Maturity	**Amount**	**Rate**	**Amount**	**Rate**
	(Dollars in thousands)			
2011	$	%	$ 88,545	0.54%
2012	25,208	0.57%		%
2015	245,000	4.49%	245,000	4.49%
2016	700,000	4.91%	700,000	4.91%
2017	50,000	4.15%	50,000	4.15%
Total	$ 1,020,208	4.66%	$ 1,083,545	4.42%

Total interest expense recorded on repurchase agreements amounted to $48.6 million, $49.0 million and $49.7 million for the years ended December 31, 2011, 2010 and 2009, respectively.

The Company also has master repurchase agreements with other major brokerage companies. The Company's available borrowing capacity from repurchase agreements totaled $979.8 million and $1.21 billion at December 31, 2011 and 2010, respectively.

19. CAPITAL RESOURCES

Junior Subordinated Debt As of December 31, 2011, the Company has seven statutory business trusts for the purpose of issuing junior subordinated debt to third party investors. Junior subordinated debt is recorded as a component of long-term debt and includes the value of the common stock issued by the Trusts to the Company in conjunction with these transactions. The common stock is recorded in other assets for the amount issued in connection with these junior subordinated debt issuances. Junior subordinated debt outstanding, issued by the Trusts to the Company, was $133.0 million and $155.8 million at December 31, 2011 and 2010, respectively. During 2011, the Company called $21.4 million of junior subordinated debt securities with an associated early repayment penalty of $526 thousand. The related two statutory business trusts were dissolved during 2011 after the repayment of the related debt. The debt securities were repaid in order to reduce higher interest-bearing debt and in anticipation of the phase out of trust preferred securities as Tier I regulatory capital beginning in 2013. The related common stock outstanding, issued by the Trust to the Company was $4.2 million and $4.8 million as of December 31, 2011 and 2010, respectively.

The proceeds from these issuances represent liabilities of the Company to the Trusts and are reported in the consolidated balance sheets as a component of long-term debt. Interest payments on these securities are made either quarterly or semi-annually and are deductible for tax purposes. These securities

Table of Contents

are not registered with the Securities and Exchange Commission. For regulatory reporting purposes, these securities qualify for Tier I capital treatment. Under Dodd-Frank, depository institution holding companies, such as the Company, with more than $15 billion in total consolidated assets as of December 31, 2009, will no longer be able to include trust preferred securities as Tier I regulatory capital as of the end of a phase-out period in 2016, and will be obligated to replace any outstanding trust preferred securities issued prior to May 19, 2010, with qualifying Tier I regulatory capital during the phase-out period.

The table below summarizes pertinent information related to outstanding junior subordinated debt issued by each Trust as of December 31, 2011 and 2010:

Trust Name	Maturity Date(1)	Stated Interest Rate	Rate at December 31, 2011	Balance at December 31, 2011	Balance at December 31, 2010
				(Dollars in thousands)	
East West Capital Trust I	March 2030	10.88%, fixed	%	$	$ 10,750
East West Capital Trust II	July 2030	10.95%, fixed	%		10,000
East West Capital Statutory Trust III	December 2033	3-month Libor + 2.85%	3.41%	10,000	10,000
East West Capital Trust IV	July 2034	3-month Libor + 2.55%	2.97%	10,000	10,000
East West Capital Trust V	November 2034	3-month Libor + 1.80%	2.10%	15,000	15,000
East West Capital Trust VI	September 2035	3-month Libor + 1.50%	2.05%	20,000	20,000
East West Capital Trust VII	June 2036	3-month Libor + 1.35%	1.90%	30,000	30,000
East West Capital Trust VIII	June 2037	3-month Libor + 1.40%	1.93%	18,000	20,000
East West Capital Trust IX	September 2037	3-month Libor + 1.90%	2.45%	30,000	30,000
				$ 133,000	$ 155,750

(1) All of the above debt instruments are subject to various call options.

Subordinated Debt In 2005, the Company issued $75.0 million in subordinated debt in a private placement transaction. For the subordinated debt, the maturity is September 23, 2015 and the interest rate is based on the three-month LIBOR plus 110 basis points, payable on a quarterly basis. At December 31, 2011, the interest rate on this debt instrument was 1.54%. The subordinated debt was issued through the Bank and qualifies as Tier II capital for regulatory reporting purposes and is included as a component of long-term debt in the accompanying consolidated balance sheets.

Table of Contents

20. INCOME TAXES

The provision (benefit) for income taxes consists of the following components:

	Year Ended December 31,		
	2011	2010	2009
	(Dollars in thousands)		
Current income tax expense (benefit):			
Federal	$ (86,157)	$ 9,942	$ (109,092)
State	34,760	69,026	2,916
Foreign			1,758
Total current income tax expense (benefit)	(51,397)	78,968	(104,418)
Deferred income tax expense (benefit):			
Federal	193,834	55,083	127,668
State	(7,706)	(48,273)	11,571
Foreign	3,369	5,567	(12,107)
Total deferred income tax expense (benefit)	189,497	12,377	127,132
Provision (benefit) for income taxes	$ 138,100	$ 91,345	$ 22,714

The difference between the effective tax rate implicit in the consolidated financial statements and the statutory federal income tax rate can be attributed to the following:

	Year Ended December 31,		
	2011	2010	2009
Federal income tax provision at statutory rate	35.0%	35.0%	35.0%
State franchise taxes, net of federal tax effect	4.3	5.3	8.1
Tax credits	(2.7)	(4.8)	(6.9)
Foreign subsidiaries acquisition			(14.4)
Other, net	(0.6)	0.2	(0.1)
Effective income tax rate	36.0%	35.7%	21.7%

The Company recognizes investment tax credits from low income housing and other investments in the year the credit arises under the flow-through method of accounting.

Table of Contents

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets (liabilities) are presented below:

	December 31,							
	2011				2010			
	Federal	State	Foreign	Total	Federal	State	Foreign	Total
	(In thousands)							
Deferred tax liabilities:								
Core deposit intangibles	$ (19,449)	$ (5,537)	$ 133	$ (24,853)	$ (26,574)	$ (8,723)	$ 133	$ (35,164)
Affordable housing partnerships	(15,091)	(3,904)		(18,995)	(14,889)	(4,489)		(19,378)
Fixed assets	(21,640)	(6,305)		(27,945)	(27,053)	(9,504)		(36,557)
FHLB stock	(24,088)	(6,874)		(30,962)	(32,191)	(10,202)		(42,393)
Deferred loan fees	(3,041)	(844)		(3,885)	(3,854)	(1,194)		(5,048)
Purchased loan discounts	(160)	(44)		(204)	(199)	(61)		(260)
State taxes	(10,749)			(10,749)				
Mortgage servicing assets	(2,560)	(711)		(3,271)	(3,227)	(999)		(4,226)
Section 597 gain	(142,934)	(3,588)		(146,522)				
FDIC receivable	(371,049)	(9,314)		(380,363)	(420,752)	31,026		(389,726)
Acquired debt	(10,812)	(1,012)	(300)	(12,124)	(51,070)	(922)	(300)	(52,292)
Other, net	(4,155)	(986)		(5,141)	(2,531)	(454)	(600)	(3,585)
Total gross deferred tax (liabilities)	(625,728)	(39,119)	(167)	(665,014)	(582,340)	(5,522)	(767)	(588,629)
Deferred tax assets:								
Allowance for loan losses and REO reserves	79,269	18,556	(5,220)	92,605	84,337	21,896	(5,220)	101,013
Deferred compensation	14,533	4,101		18,634	15,407	4,854		20,261
State taxes					2,734			2,734
Purchased loan premium	832	231		1,063	966	299		1,265
Unrealized loss on securities	69,239	20,267		89,506	77,760	24,336		102,096
Net operating loss carryforwards	1,052	34,395		35,447	3,057	34,813	2,041	39,911
Acquired loans and REOs	577,883	30,015	7,957	615,855	303,045	(7,298)	11,926	307,673
Other, net	10,016	4,277	97	14,390	12,013	3,751	97	15,861
Total gross deferred tax assets	752,824	111,842	2,834	867,500	499,319	82,651	8,844	590,814
Valuation allowance		(603)		(603)		(624)	(2,041)	(2,665)
Net deferred tax (liabilities) assets	$ 127,096	$ 72,120	$ 2,667	$ 201,883	$ (83,021)	$ 76,505	$ 6,036	$ (480)

Management believes that it is more likely than not that all of the deferred tax assets recorded at December 31, 2011 will be realized (except to the extent of the recorded valuation allowance) because it expects to have sufficient taxable income in future years to fully realize them. A valuation allowance has been provided for the state net operating losses ("NOLs") (for states other than California, Georgia, Massachusetts and New York) since management believes that these NOLs may not be fully utilized. The valuation allowance for China loss has been fully reversed in 2011. In preparing the 2010 federal income tax return, the Bank made adjustments to the purchase price allocation to various assets related to the UCB acquisition which resulted in Section 597 gain of $666.0 million.

At December 31, 2011 and 2010, the Bank had federal net operating loss carryforwards of approximately $3.0 million and $3.3 million, respectively. At December 31, 2011 and 2010, the Bank had state net operating loss carryforwards of approximately $312.3 million and $321.1 million, respectively. Of this amount, $3.0 million of the state net operating loss resulted from the acquisition of Desert Community Bank ("DCB") in 2007 and will expire in 2021. The remaining state net operating loss carryforward expires in various years through 2031. Federal and state tax laws related to a change in ownership, such as that resulting from the acquisition of DCB, place limitations on the annual amount of net operating loss

Table of Contents

carryovers that can be utilized to offset post-acquisition taxable income. Under Internal Revenue Code Section 382, which is also applicable for California tax purposes, certain changes in the ownership of a loss company can result in limitations on the utilization of net operating and any built-in losses. This annual limitation is generally based on the value of the loss company at the ownership change date. In 2010, California suspended the utilization of net operating losses for tax years 2010 and 2011 but allowed taxpayers to carryforward net operating losses for 20 years properly increased for any years in which the loss is suspended.

The following table summarizes the activity related to our unrecognized tax benefits:

	Year Ended December 31,	
	2011	2010
	(Dollars in thousands)	
Balance, beginning of year	$ 4,952	$ 5,763
Additions for tax positions of prior years	794	721
Reductions for tax positions of prior years	(3,208)	(288)
Additions for tax positions of current year	794	634
Settlements		(1,878)
Balance, end of year	$ 3,332	$ 4,952

During 2011, the Company increased the unrecognized tax benefits reserve by $1.6 million for the California enterprise zone net interest deduction. The Company also reduced the unrecognized tax benefits for the California enterprise zone net interest deduction by $3.2 million due to work performed to find additional qualified enterprise zone loans from 2005 to 2008. As of December 31, 2011 and 2010, the liability for uncertain tax positions was $4.8 million and $6.2 million, respectively. Also, as of December 31, 2011 and 2010, the total amount of unrecognized tax benefits that, if recognized, would impact the effective tax rate is $2.2 million and $3.0 million, respectively.

During 2011, the Company finalized the Internal Revenue Service examination for the tax years 2006 to 2009 and for Florida for the tax years ended 2006 to 2008 with no material changes. The Company is currently under examination by California for tax years ended 2003 through 2008. For federal tax purposes, tax years from 2007 and beyond remain open and for California franchise tax purposes tax years from 2003 and beyond remain open. The Company does not believe that there are any other tax jurisdictions in which the outcome of unresolved issues or claims is likely to be material to the Company's financial position, cash flows or results of operations. The Company further believes that adequate provisions have been made for all income tax uncertainties. The Company does not anticipate that the total amount of unrecognized tax benefits will significantly change during the year ending December 31, 2012.

The Company recognizes interest and penalties, if applicable, related to the underpayment of income taxes as a component of income tax expense in the consolidated statement of operations. The Company accrued interest and penalties of $287 thousand, $796 thousand and $1.15 million for its unrecognized tax positions as of December 31, 2011, 2010 and 2009, respectively. Total interest and penalties accrued as of December 31, 2011 and 2010 were $1.5 million and $1.2 million, respectively.

21. COMMITMENTS AND CONTINGENCIES

Credit Extensions In the normal course of business, the Company has various outstanding commitments to extend credit that are not reflected in the accompanying consolidated financial statements. While the Company does not anticipate losses as a result of these transactions, commitments

Table of Contents

to extend credit are included in determining the appropriate level of the allowance for unfunded commitments and credit exposures.

Loan commitments are agreements to lend to a customer provided there is no violation of any condition established in the agreement. Commitments generally have fixed expiration dates or other termination clauses. Because many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future funding requirements. As of December 31, 2011 and 2010, undisbursed loan commitments amounted to $2.19 billion and $1.89 billion, respectively. In addition, the Bank has committed to fund mortgage and commercial loan applications in process amounting to $305.6 million and $349.9 million as of December 31, 2011 and 2010, respectively. Substantially all commitments are for loans to be held for investment.

Commercial letters of credit are issued to facilitate domestic and foreign trade transactions while standby letters of credit are issued to make payments on behalf of customers when certain specified future events occur. As of December 31, 2011 and 2010, commercial and standby letters of credit totaled $1.64 billion and $768.8 million, respectively. The Bank issues standby letters of credit ("SBLCs") and financial guarantees to support the obligations of its customers to beneficiaries. Based on historical trends, the probability that it will have to make payments under standby letters of credit is low. Additionally, in many cases, the Bank holds collateral in various forms against these standby letters of credit. As part of its risk management activities, the Bank continuously monitors the creditworthiness of the customer as well as its SBLC exposure; however, if the customer fails to perform the specified obligation to the beneficiary, the beneficiary may draw upon the standby letters of credit by presenting documents that are in compliance with the letter of credit terms. In that event, the Bank either repays the money borrowed or advanced, makes payment on account of the indebtedness of the customer or makes payment on account of the default by the customer in the performance of an obligation, to the beneficiary up to the full notional amount of the standby letters of credit. The customer is obligated to reimburse the Bank for any such payment. If the customer fails to pay, the Bank would, as applicable, liquidate collateral and/or set off accounts.

Credit card lines are unsecured commitments that are not legally binding. Management reviews credit card lines at least annually and, upon evaluation of the customers' creditworthiness, the Bank has the right to terminate or change certain terms of the credit card lines.

The Bank uses the same credit policies in making commitments and conditional obligations as in extending loan facilities to customers. It evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Bank upon extension of credit, is based on management's credit evaluation of the counterparty. Collateral held varies but may include accounts receivable, inventory, property, plant and equipment, and income-producing commercial properties.

As of December 31, 2011 and 2010, the allowance for unfunded loan commitments, off-balance sheet credit exposures, and recourse provision amounted to $11.0 million and $10.0 million, respectively. These amounts are included in accrued expenses and other liabilities in the accompanying consolidated balance sheets. The increase in the off-balance sheet allowance amount was due to increases in unfunded loan commitments and off-balance sheet exposures.

Guarantees From time to time, the Company sells or securitizes loans with recourse in the ordinary course of business. For loans that have been sold or securitized with recourse, the recourse component is considered a guarantee. When the Company sells or securitizes a loan with recourse, it commits to stand ready to perform if the loan defaults, and to make payments to remedy the default. As of December 31, 2011, total loans sold or securitized with recourse amounted to $589.9 million and were comprised of $54.5 million in single-family loans with full recourse and $535.4 million in multifamily loans with limited recourse. In comparison, total loans sold or securitized with recourse amounted to $699.6 million at December 31, 2010, comprised of $60.9 million in single-family loans with full recourse and $638.7 million in multifamily loans with limited recourse. In conjunction with the UCB Purchase and Assumption Agreement, East West Bank assumed all servicing agreements the prior UCB had entered into. The recourse provision on multifamily loans varies by loan sale and is limited to up to 4% of the top loss on the underlying loans. The Company's recourse reserve related to loan sales and securitizations totaled $4.4 million and $4.7 million as of December 31, 2011 and 2010, respectively, and is included in accrued expenses and other liabilities in the accompanying consolidated balance sheets. Despite the challenging conditions in the real estate market, the Company continues to experience minimal losses from single-family and multifamily loan portfolios.

The Company also sells or securitizes loans without recourse that may have to be subsequently repurchased if a defect that occurred during the loan origination process results in a violation of a representation or warranty made in connection with the securitization or sale of the loan. When a loan sold or securitized to an investor without recourse fails to perform according to its contractual terms, the investor will typically review the loan file to determine whether defects in the origination process occurred and if such defects give rise to a violation of a representation or warranty made to the investor in connection with the sale or securitization. If such a defect is identified, the Company may be required to either repurchase the loan or indemnify the investor for losses sustained. If there are no such defects, the Company has no commitment to repurchase the loan. As of December 31, 2011 and 2010, the amount of loans sold without recourse totaled $1.23 billion and $1.48 billion, respectively. Total loans securitized without recourse amounted to $273.7 million and $325.5 million, respectively, at December 31, 2011 and 2010. The loans sold or securitized without recourse represent the unpaid principal balance of the Company's loans serviced for others portfolio.

Lease Commitments The Company conducts a portion of its operations utilizing leased premises and equipment under operating leases. Rental expense amounted to $22.8 million, $23.2 million and $15.0 million for the years ended December 31, 2011, 2010 and 2009, respectively.

Future minimum rental payments under non-cancelable operating leases are estimated as follows:

Estimate For The Year Ending December 31,	**Amount**
	(In thousands)
2012	$ 22,149
2013	19,801
2014	17,693
2015	13,155
2016	10,051
Thereafter	24,900
Total	$ 107,749

Litigation Neither the Company nor the Bank is involved in any material legal proceedings at December 31, 2011. The Bank, from time to time, is a party to litigation that arises in the ordinary course of business, such as claims to enforce liens, claims involving the origination and servicing of loans, and other issues related to the business of the Bank. After taking into consideration information furnished by counsel to the Company and the Bank, management believes that the resolution of such issues will not have a material adverse impact on the financial position, results of operations or liquidity of the Company or the Bank.

Table of Contents

22. STOCK COMPENSATION PLANS

The Company issues stock options and restricted stock awards to employees under share-based compensation plans. The adoption of ASC 505 and ASC 718 on January 1, 2006 has resulted in incremental stock-based compensation expense. Since the Company has previously recognized compensation expense on restricted stock awards, the incremental stock-based compensation expense recognized pursuant to ASC 505 and ASC 718 relates only to issued and unvested stock option grants. For the years ended December 31, 2011, 2010, and 2009, incremental stock-based compensation expense reduced income before income taxes by $685 thousand, $937 thousand, and $1.4 million, and reduced net income by $397 thousand, $544 thousand, and $841 thousand, respectively. This additional expense reduced both basic and diluted earnings per share by $0.00, $0.00, and $0.01 for the years ended December 31, 2011, 2010, and 2009, respectively.

During the years ended December 31, 2011, 2010 and 2009, total compensation expense related to stock options and restricted stock awards reduced income before taxes by $13.5 million, $8.5 million, and $5.3 million, respectively, and reduced net income by $7.9 million, $4.9 million and $3.1 million, respectively.

The Company received $4.2 million and $3.6 million as of December 31, 2011 and 2010, respectively, in cash proceeds from stock option exercises. The net tax benefit recognized in equity for stock compensation plans was $717 thousand for 2011 compared with a net tax expense of $170 thousand for 2010.

As of December 31, 2011, there are 4,648,828 shares available to be issued, subject to the Company's current 1998 Stock Incentive Plan, as amended.

Stock Options The Company issues fixed stock options to certain employees, officers, and directors. Stock options are issued at the current market price on the date of grant with a three-year or four-year vesting period and contractual terms of 7 or 10 years. The Company issues new shares upon the exercise of stock options.

A summary of activity for the Company's stock options as of and for the year ended December 31, 2011 is presented below:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value (In thousands)
Outstanding at beginning of year	1,438,979	$ 24.21		
Granted	8,654	23.11		
Exercised	(330,756)	12.70		
Forfeited	(171,797)	29.92		
Outstanding at end of year	945,080	$ 27.19	2.28 years	$ 782
Vested or expected to vest at year-end	933,258	$ 27.30	2.26 years	$ 739
Exercisable at year-end	758,166	$ 29.34	1.98 years	$ 350

Table of Contents

A summary of changes in unvested stock options and related information for the year ended December 31, 2011 is presented below:

Unvested Options	**Shares**	**Weighted Average Grant Date Fair Value (per share)**
Unvested at January 1, 2011	416,851	$ 5.04
Granted	8,654	13.21
Vested	(227,813)	5.59
Forfeited	(10,778)	4.56
Unvested at December 31, 2011	186,914	$ 4.77

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions:

	Year Ended December 31,		
	2011	**2010**[(5)]	**2009**
Expected term[(1)]	4 years	N/A	4 years
Expected volatility[(2)]	78.1%	N/A	60.5%
Expected dividend yield[(3)]	0.2%	N/A	0.6%
Risk-free interest rate[(4)]	1.6%	N/A	1.8%

(1) The expected term (estimated period of time outstanding) of stock options granted was estimated using the historical exercise behavior of employees.

(2) The expected volatility was based on historical volatility for a period equal to the stock option's expected term.

(3) The expected dividend yield is based on the Company's prevailing dividend rate at the time of grant.

(4) The risk-free rate is based on the U.S. Treasury strips in effect at the time of grant equal to the stock option's expected term.

(5) The Company did not issue any stock options during the year ended December 31, 2010.

Table of Contents

The following table summarizes information about stock options outstanding as of December 31, 2011:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number of Outstanding Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Number of Exercisable Options	Weighted Average Exercise Price
$0.00 to $4.99	15,530	$ 4.25	4.25 years		$
$5.00 to $9.99	7,292	5.43	4.21 years		
$10.00 to $14.99	32,528	13.62	1.42 years	24,115	13.17
$15.00 to $19.99	117,511	17.73	2.47 years	90,117	17.63
$20.00 to $24.99	364,982	21.14	3.21 years	236,697	21.09
$25.00 to $29.99					
$30.00 to $34.99	18,320	33.82	0.57 years	18,320	33.82
$35.00 to $39.99	382,168	37.83	1.38 years	382,168	37.83
$40.00 to $44.99	6,749	40.36	1.66 years	6,749	40.36
$0.00 to $44.99	945,080	$ 27.19	2.28 years	758,166	$ 29.34

During the years ended December 31, 2011, 2010 and 2009, information related to stock options are presented as follows:

	Year Ended December 31,		
	2011	2010	2009
Weighted average grant date fair value of stock options granted during the year[(1)]	$ 13.21	$	$ 3.00
Total intrinsic value of options exercised (in thousands)	$ 2,650	$ 1,772	$ 53
Total fair value of options vested (in thousands)	$ 1,274	$ 2,137	$ 1,638

(1) The Company did not issue any stock options during the year ended December 31, 2010.

As of December 31, 2011, total unrecognized compensation cost related to stock options amounted to $185 thousand. This cost is expected to be recognized over a weighted average period of 2.8 years.

Restricted Stock In addition to stock options, the Company also grants restricted stock awards to directors, officers and employees. The restricted stock awards fully vest after one to five years of continued employment from the date of grant; some of the awards are also subject to achievement of certain established financial goals. The Company becomes entitled to an income tax deduction in an amount equal to the taxable income reported by the holders of the restricted stock when the restrictions are released and the shares are issued. Restricted stock awards are forfeited if officers and employees terminate employment prior to the lapsing of restrictions or if established financial goals are not achieved. The Company records forfeitures of issued restricted stock as treasury share repurchases.

Table of Contents

A summary of the activity for the Company's time-based and performance-based restricted stock awards as of December 31, 2011, including changes during the year then ended, is presented below:

	2011			
	Restricted Stock			
	Time-Based		Performance-Based	
	Shares	Weighted Average Price	Shares	Weighted Average Price
Outstanding at beginning of year	1,789,498	$ 17.09		$
Granted	502,781	19.17	513,022	22.25
Vested	(242,025)	23.82		
Forfeited	(240,193)	17.05	(32,287)	23.11
Outstanding at end of year	1,810,061	$ 16.77	480,735	$ 22.19

During 2011 there were no restricted stock granted to outside directors.

Restricted stock awards are valued at the closing price of the Company's stock on the date of award. The weighted average fair values of time-based restricted stock awards granted during the years ended December 31, 2011, 2010, and 2009 were $19.17, $17.11, and $7.41, respectively. The weighted average fair value of performance-based restricted stock awards granted during the year ended December 31, 2011, was $22.25. There were no performance-based restricted stock awarded during the years ended December 31, 2010 and 2009. The total fair value of time-based restricted stock awards vested during 2011, 2010 and 2009 was $4.9 million, $4.3 million and $1.0 million, respectively. There were no performance-based restricted stock awards vested during the year ended December 31, 2011, 2010 and 2009.

As of December 31, 2011, total unrecognized compensation cost related to time-based and performance-based restricted stock awards amounted to $16.5 million and $7.4 million, respectively. This cost is expected to be recognized over a weighted average period of 2.13 years and 1.88 years, respectively.

Stock Purchase Plan The Company adopted the 1998 Employee Stock Purchase Plan (the "Purchase Plan") providing eligible employees of the Company and its subsidiaries participation in the ownership of the Company through the right to purchase shares of its common stock at a discount. The Purchase Plan allows employees to purchase shares at 90% of the per share market price at the date of exercise, with an annual common stock value purchase limitation of $25,000. As of December 31, 2011, the Purchase Plan qualifies as a non-compensatory plan under Section 423 of the Internal Revenue Code and, accordingly, no compensation expense is recognized under the Purchase Plan.

The Purchase Plan covers a total of 2,000,000 shares of the Company's common stock. During 2011 and 2010, 64,032 shares totaling $1.0 million and 56,448 shares totaling $849 thousand, respectively, were sold to employees under the Purchase Plan.

23. EMPLOYEE BENEFIT PLANS

The Company sponsors a defined contribution plan for the benefit of its employees. The Company's contributions to the plan are determined annually by the Board of Directors in accordance with plan requirements. For tax purposes, eligible participants may contribute up to a maximum of 15% of their compensation, not to exceed the dollar limit imposed by the Internal Revenue Service. For plan years ended December 31, 2011 and 2010, the Company contributed $3.0 million and $2.0 million, respectively. There were no Company contributions to the plan for the plan year ended December 31, 2009.

During 2002, the Company adopted a Supplemental Executive Retirement Plan ("SERP"). The SERP meets the definition of a pension plan per ASC 715-30, *Compensation Retirement Benefits Defined Benefit Plans Pension*, pursuant to which the Company will pay supplemental pension benefits to certain executive officers designated by the Board of Directors upon retirement based upon the officers' years of service and compensation. For the years ended December 31, 2011, 2010, and 2009, $1.6 million, $2.6 million and $2.3 million, respectively, of benefits were accrued and expensed. The SERP is funded through life insurance contracts on the participating officers, though the plan does not require formal funding. At December 31, 2011, the life insurance contracts related to the SERP had an aggregate cash surrender value of $43.3 million. As of December 31, 2011 and 2010, the vested benefit obligation under the SERP was less than the cash surrender value of the life insurance contracts respectively. In 2011, one executive received the elected lump sum payment of $11.2 million, terminating their SERP benefits.

24. STOCKHOLDERS' EQUITY AND EARNINGS PER SHARE

Series A Preferred Stock Offering In April 2008, the Company issued 200,000 shares of 8% Non-Cumulative Perpetual Convertible Preferred Stock, Series A ("Series A"), with a liquidation preference of $1,000 per share. The Company received $194.1 million of additional Tier 1 qualifying capital, after deducting stock issuance costs. The holders of the Series A preferred stock have the right at any time to convert each share of Series A preferred shares into 64.9942 shares of the Company's common stock, plus cash in lieu of fractional shares. This represents an initial conversion price of approximately $15.39 per share of common stock or a 22.5% conversion premium based on the closing price of the Company's common stock on April 23, 2008 of $12.56 per share. On or after May 1, 2013, the Company will have the right, under certain circumstances, to cause the Series A preferred shares to be converted into shares of the Company's common stock. Dividends on the Series A preferred shares, if declared, will accrue and be payable quarterly in arrears at a rate per annum equal to 8% on the liquidation preference of $1,000 per share. The proceeds from this offering were used to augment the Company's liquidity and capital positions and reduce its borrowings. As of December 31, 2011, 85,710 shares were outstanding.

Series B Preferred Stock Offering On December 5, 2008, the Company issued 306,546 shares of Fixed Rate Cumulative Perpetual Preferred Stock, Series B ("Series B"), with a liquidation preference of $1,000 per share. The Company received $306.5 million of additional Tier 1 qualifying capital from the U.S. Treasury by participating in the U.S. Treasury's Capital Purchase Program ("TCPP"). On December 29, 2010, in accordance with approvals received from the U.S. Treasury and the Federal Reserve Board, the Company repurchased all shares of the Series B preferred stock and the related accrued and unpaid dividends by using $308.4 million of available cash, without raising any capital or debt. As a result of repurchasing the Series B preferred stock, the Company accelerated the remaining accretion of the issuance discount on the Series B preferred stock of $17.5 million and recorded a corresponding charge to stockholders' equity and income available to common stockholders in the calculation of diluted earnings per share. While participating in the TCPP, we recorded $56.9 million in dividends and accretion, including $31.7 million in cash dividends and $25.2 million of accretion on the Series B preferred stock issuance discount. Repayment will save us approximately $15.3 million in annual dividends.

Private Sales of Common Stock On July 14, 2009, in private placement transactions, two customers of the Bank purchased 5,000,000 newly issued shares of the Company's common stock at a price of $5.50 per share. The Company received net proceeds of approximately $26.0 million, net of stock issuance costs, in conjunction with this common stock offering. The Company has registered these shares for resale to the public.

Public Offering of Common Stock On July 24, 2009, the Company completed a public offering of 11 million shares of its common stock priced at $6.35. The underwriter also exercised its option to purchase

Table of Contents

an additional 1.65 million shares of the Company's common stock. The Company received net proceeds of approximately $76.7 million, net of stock issuance costs, in conjunction with this common stock offering.

Private Placement On November 5, 2009, we entered into investment agreements with various investors, pursuant to which the investors purchased an aggregate of $500.0 million of our common stock and newly-issued shares of our Mandatorily Convertible Non-Voting Perpetual Preferred Stock, Series C ("Series C"), with a liquidation preference of $1,000 per share, in a private placement transaction which closed on November 6, 2009. In the private placement, we issued certain qualified institutional buyers and accredited investors, several of whom were already our largest institutional stockholders, an aggregate of 335,047 shares of our Series C preferred stock and an aggregate of 18,247,012 shares of common stock. On March 25, 2010, at a special meeting of the stockholders, our stockholders voted to approve the issuance of 37,103,734 shares of our common stock upon conversion of the 335,047 shares of the Series C preferred stock. Subsequently, on March 30, 2010, each share of the Series C preferred stock was automatically converted into 110.74197 shares of common stock at a per common share conversion price of $9.03, as adjusted in accordance with the terms of the Series C preferred stock. As a result, no shares of the Series C preferred stock remain outstanding as of December 31, 2011 and 2010.

Warrants During 2008, in conjunction with the Series B preferred stock offering, the Company issued to the U.S. Treasury warrants with an initial price of $15.15 per share of common stock for which the warrants may be exercised, with an allocated fair value of $25.2 million. The warrants could be exercised at any time on or before December 5, 2018. As of December 31, 2010, there were 1,517,555 warrants outstanding. On January 26, 2011 the Company repurchased the outstanding warrants for $14.5 million.

Stock Repurchase Program On January 19, 2012, it was announced that the Company's Board of Directors authorized a stock repurchase program to buy back up to $200.0 million of the Company's common stock. The Company did not repurchase any shares during the years ended December 31, 2011, 2010 and 2009.

Quarterly Dividends The Company's Board of Directors declared and paid quarterly preferred stock cash dividends of $20.00 per share on its Series A preferred stock during 2011 and 2010. The Board of Directors has also authorized the payment of quarterly dividends of $12.50 per share on the Company's Series B preferred stock during 2011 and 2010. Cash dividends totaling $6.9 million and $22.1 million were paid to the Company's Series A and Series B preferred stock shareholders during the years ended December 31, 2011 and 2010, respectively.

The Company also paid quarterly dividends on its common stock of $0.01 per share for the first quarter of 2011 and $0.05 per share for the remaining quarters of 2011. In comparison, the Company paid quarterly dividends on its common stock of $0.01 per share for all quarters of 2010. Total quarterly dividends amounting to $23.9 million and $5.5 million were paid to the Company's common shareholders during the years ended December 31, 2011 and 2010, respectively.

Accumulated Other Comprehensive (Loss)/Income As of December 31, 2011, total accumulated other comprehensive loss was ($33.9) million which includes the following components: net unrealized loss on securities available for sale of ($34.8) million and foreign exchange translation adjustment of $908 thousand. As of December 31, 2010, total accumulated other comprehensive loss was ($12.4) million which includes the following components: net unrealized loss on securities available for sale of ($13.9) million and foreign exchange translation adjustment of $1.5 million.

Table of Contents

Earnings Per Share ("EPS") The calculation of basic and diluted earnings (loss) per share for the years ended December 31, 2011, 2010 and 2009 is presented below:

	Net Income Available to Common Stockholders		Number of Shares	Per Share Amounts	
	(In thousands, except per share data)				
2011					
Net income	$	245,234	147,093		
Less:					
Preferred stock dividends and amortization of preferred stock discount		(6,857)			
Basic EPS income available to common stockholders	$	238,377	147,093	$	1.62
Effect of dilutive securities:					
Stock options			62		
Restricted stock		115	718		
Convertible preferred stock		6,857	5,571		
Stock warrants			23		
Diluted EPS income available to common stockholders	$	245,349	153,467	$	1.60
2010					
Net income	$	164,564	137,478		
Less:					
Preferred stock dividends and amortization of preferred stock discount		(43,126)			
Basic EPS income available to common stockholders	$	121,438	137,478	$	0.88
Effect of dilutive securities:					
Stock options			142		
Restricted stock		15	370		
Convertible preferred stock			8,936		
Stock warrants			176		
Diluted EPS income available to common stockholders	$	121,453	147,102	$	0.83
2009					
Net income before extraordinary item	$	82,008	78,770		
Less:					
Preferred stock dividends, amortization of preferred stock discount and inducement of preferred stock conversion		(49,115)			
Income available to common stockholders before extraordinary item		32,893	78,770	$	0.42
Extraordinary item impact of descuritization		(5,366)	78,770		(0.07)
Basic EPS income available to common stockholders after extraordinary item		27,527	78,770	$	0.35
Effect of dilutive securities:					
Stock options			15		
Restricted stock			51		
Convertible preferred stock			5,687		
Stock warrants					
Income available to common stockholders before extraordinary item	$	32,893	84,523	$	0.39
Income impact of assumed conversions		2			
Extraordinary item impact of descuritization		(5,366)	84,523	$	(0.06)
Diluted EPS income available to common stockholders after extraordinary item plus assumed conversions	$	27,529	84,523	$	0.33

Table of Contents

The following outstanding convertible preferred stock, stock options, and restricted stock for years ended December 31, 2011, 2010 and 2009, respectively, were excluded from the computation of diluted EPS because including them would have had an antidilutive effect.

	For the Year Ended		
	2011	2010	2009
	(In thousands)		
Convertible preferred stock		5,573	9,293
Stock options	857	1,043	1,848
Restricted stock	317	326	463

25. REGULATORY REQUIREMENTS

Risk-Based Capital The Bank is a member bank of the Federal Reserve System and the FRB is the Bank's primary regulator. The Company and the Bank are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory actions by regulators that, if undertaken, could have a direct material effect on the Company's financial statements. Under capital adequacy guidelines, the Company and the Bank must meet specific capital guidelines that involve quantitative measures of the assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

As of December 31, 2011 and 2010, the Bank is categorized as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Bank must maintain specific total risk-based, Tier I risk-based, and Tier I leverage ratios as set forth in the table below. There are no conditions or events since December 31, 2011 which management believes have changed the category of the Bank.

Table of Contents

The actual and required capital amounts and ratios at December 31, 2011 and 2010 are presented as follows:

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(Dollars in thousands)					
As of December 31, 2011:						
Total Capital (to Risk-Weighted Assets)						
Consolidated Company	$ 2,296,274	16.4%	$ 1,123,413	8.0%	N/A	N/A
East West Bank	$ 2,283,178	16.3%	$ 1,123,228	8.0%	$ 1,404,035	10.0%
Tier I Capital (to Risk-Weighted Assets)						
Consolidated Company	$ 2,074,963	14.8%	$ 561,706	4.0%	N/A	N/A
East West Bank	$ 2,061,896	14.7%	$ 561,614	4.0%	$ 842,421	6.0%
Tier I Capital (to Average Assets)						
Consolidated Company	$ 2,074,963	9.7%	$ 859,098	4.0%	N/A	N/A
East West Bank	$ 2,061,896	9.6%	$ 858,765	4.0%	$ 1,073,457	5.0%
As of December 31, 2010:						
Total Capital (to Risk-Weighted Assets)						
Consolidated Company	$ 2,075,480	17.5%	$ 950,680	8.0%	N/A	N/A
East West Bank	$ 2,068,922	17.4%	$ 950,301	8.0%	$ 1,187,877	10.0%
Tier I Capital (to Risk-Weighted Assets)						
Consolidated Company	$ 1,865,602	15.7%	$ 475,340	4.0%	N/A	N/A
East West Bank	$ 1,859,102	15.7%	$ 475,151	4.0%	$ 712,726	6.0%
Tier I Capital (to Average Assets)						
Consolidated Company	$ 1,865,602	9.3%	$ 801,850	4.0%	N/A	N/A
East West Bank	$ 1,859,102	9.3%	$ 800,863	4.0%	$ 1,001,079	5.0%

Under the Dodd-Frank Act, bank holding companies with more than $15 billion in total consolidated assets will no longer be able to include trust preferred securities as Tier I regulatory capital as of the end of the phase-out period in 2016. As of December 31, 2011 and 2010, trust preferred securities comprised 6.4% and 8.3%, respectively, of the Company's Tier I capital.

Reserve Requirement The Bank is required to maintain a percentage of its deposits as reserves at the Federal Reserve Bank. The daily average reserve requirement was approximately $186.5 million and $80.9 million for December 31, 2011 and 2010, respectively.

26. SEGMENT INFORMATION

The Company utilizes an internal reporting system to measure the performance of various operating segments within the Bank and the Company overall. We have identified three operating segments for purposes of management reporting: 1) Retail Banking; 2) Commercial Banking; and 3) Other. These three business divisions meet the criteria of an operating segment: the segment engages in business activities from which it earns revenues and incurs expenses and whose operating results are regularly reviewed by the Company's chief operating decision-maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

The Company identified three business divisions as meeting the criteria of an operating segment: Retail Banking, Commercial Banking, and Other. The residential lending segment was combined with the Retail Banking segment due to the consumer-centric nature of the products and services offered by the two segments as well as the synergistic relationship between the two units in generating consumer mortgage

Table of Contents

loans. The remaining centralized functions, including the former treasury segment, and eliminations on intersegment amounts were aggregated and included in "Other." The objective of combining certain segments under a new reporting structure was to better align the Company's service structure with its customer base, and to provide a platform to more efficiently manage the complexities and challenges impacting the Company's business environment.

With the acquisition of UCB in November 2009, a fourth segment was added. During the first quarter of 2010, the Company's management made the decision to fully integrate the UCB segment into its two-segment core business structure: Retail Banking and Commercial Banking. With this integration, effective the first quarter of 2010, the Company's business focus reverted back to a three-segment core business structure: Retail Banking, commercial Banking and Other.

The Retail Banking segment focuses primarily on retail operations through the Bank's branch network. The Commercial Banking segment, which includes commercial real estate, primarily generates commercial loans through the efforts of the commercial lending offices located in the Bank's northern and southern California production offices. Furthermore, the Company's Commercial Banking segment also offers a wide variety of international finance and trade services and products. The remaining centralized functions, including treasury activities and eliminations of inter-segment amounts, have been aggregated and included in the Other segment, which provides broad administrative support to the two core segments.

The Company's funds transfer pricing assumptions are intended to promote core deposit growth and to reflect the current risk profiles of various loan categories within the credit portfolio. Transfer pricing assumptions and methodologies are reviewed at least annually to ensure that the Company's process is reflective of current market conditions. The transfer pricing process is formulated with the goal of incenting loan and deposit growth that is consistent with the Company's overall growth objectives as well as provide a reasonable and consistent basis for the measurement of the Company's business segments and product net interest margins. Changes to the Company's transfer pricing assumptions and methodologies are approved by the Asset Liability Committee.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. Operating segment results are based on the Company's internal management reporting process, which reflects assignments and allocations of capital, certain operating and administrative costs and the provision for loan losses. Net interest income is based on the Company's internal funds transfer pricing system which assigns a cost of funds or a credit for funds to assets or liabilities based on their type, maturity or repricing characteristics. Noninterest income and noninterest expense, including depreciation and amortization, directly attributable to a segment are assigned to that business. Indirect costs, including overhead expense, are allocated to the segments based on several factors, including, but not limited to, full-time equivalent employees, loan volume and deposit volume. The provision for credit losses is allocated based on actual charge-offs for the period as well as average loan balances for each segment during the period. The Company evaluates overall performance based on profit or loss from operations before income taxes excluding nonrecurring gains and losses.

Changes in our management structure or reporting methodologies may result in changes in the measurement of operating segment results. Results for prior periods are generally restated for comparability for changes in management structure or reporting methodologies unless it is not deemed practicable to do so.

Table of Contents

The following tables present the operating results and other key financial measures for the individual operating segments for the years ended December 31, 2011, 2010 and 2009.

	Year Ended December 31, 2011			
	Retail Banking	**Commercial Lending**	**Other**	**Total**
		(In thousands)		
Interest income	$ 358,853	$ 619,766	$ 101,829	$ 1,080,448
Charge for funds used	(94,098)	(142,056)	3,690	(232,464)
Interest spread on funds used	264,755	477,710	105,519	847,984
Interest expense	(85,356)	(31,407)	(60,659)	(177,422)
Credit on funds provided	202,080	13,863	16,521	232,464
Interest spread on funds provided	116,724	(17,544)	(44,138)	55,042
Net interest income	$ 381,479	$ 460,166	$ 61,381	$ 903,026
Provision for loan losses	$ (27,888)	$ (67,118)	$	$ (95,006)
Depreciation, amortization and accretion[(1)]	(43,899)	(62,803)	(21,552)	(128,254)
Goodwill	320,566	16,872		337,438
Segment pre-tax profit	102,217	227,766	53,351	383,334
Segment assets	6,530,138	10,157,195	5,281,334	21,968,667

	Year Ended December 31, 2010			
	Retail Banking	**Commercial Lending**	**Other**	**Total**
		(In thousands)		
Interest income	$ 355,198	$ 659,703	$ 80,930	$ 1,095,831
Charge for funds used	(113,121)	(156,303)	29,514	(239,910)
Interest spread on funds used	242,077	503,400	110,444	855,921
Interest expense	(112,703)	(24,756)	(63,658)	(201,117)
Credit on funds provided	209,040	14,346	16,524	239,910
Interest spread on funds provided	96,337	(10,410)	(47,134)	38,793
Net interest income	$ 338,414	$ 492,990	$ 63,310	$ 894,714
Provision for loan losses	$ (73,021)	$ (127,138)	$	$ (200,159)
Depreciation, amortization and accretion[(1)]	(59,060)	(100,546)	(2,810)	(162,416)
Goodwill	320,566	16,872		337,438
Segment pre-tax profit (loss)	(4,992)	157,932	102,969	255,909
Segment assets	6,580,118	9,856,661	4,263,758	20,700,537

Table of Contents

	Year Ended December 31, 2009			
	Retail Banking	Commercial Lending	Other	Total
		(In thousands)		
Interest income	$ 263,293	$ 343,173	$ 116,352	$ 722,818
Charge for funds used	(69,260)	(75,153)	(186,024)	(330,437)
Interest spread on funds used	194,033	268,020	(69,672)	392,381
Interest expense	(103,778)	(20,156)	(113,195)	(237,129)
Credit on funds provided	165,258	17,854	147,325	330,437
Interest spread on funds provided	61,480	(2,302)	34,130	93,308
Net interest income (expense)	$ 255,513	$ 265,718	$ (35,542)	$ 485,689
Provision for loan losses	$ (175,825)	$ (352,841)	$	$ (528,666)
Depreciation, amortization and accretion[(1)]	(4,949)	17,084	(6,103)	6,032
Goodwill	320,566	16,872		337,438
Segment pre-tax profit (loss)	(23,196)	(173,396)	301,314	104,722
Segment assets	6,697,894	10,404,063	3,457,255	20,559,212

(1) Includes amortization and accretion related to the FDIC indemnification asset.

169

Table of Contents

27. PARENT COMPANY FINANCIAL STATEMENTS

The financial information of East West Bancorp, Inc. as of December 31, 2011 and 2010 and for the years ended December 31, 2011, 2010 and 2009 are as follows:

BALANCE SHEETS

	December 31, 2011	December 31, 2010
	(In thousands)	
ASSETS		
Cash and cash equivalents	$ 9,287	$ 4,973
Certificates of deposit		198
Investment securities available-for-sale		
Investment in subsidiaries	2,436,574	2,268,453
Other investments	538	1,136
Other assets	3,012	5,081
TOTAL	$ 2,449,411	$ 2,279,841
LIABILITIES AND STOCKHOLDERS' EQUITY		
Long-term debt	$ 137,178	$ 160,570
Other liabilities	490	5,340
Total liabilities	137,668	165,910
STOCKHOLDERS' EQUITY		
Preferred stock (par value $0.001 per share)		
Authorized 5,000,000 shares		
Issued 200,000 shares in Series A, non-cumulative convertible preferred stock in 2011 and 2010 Outstanding 85,710 and 85,741 shares in 2011 and 2010	83,027	83,058
Common stock (par value $0.001 per share)		
Authorized 200,000,000 shares		
Issued 156,798,011 shares in 2011 and 155,743,241 shares in 2010 Outstanding 149,327,907 shares in 2011 and 148,542,940 shares in 2010	157	156
Additional paid in capital	1,443,883	1,434,277
Retained earnings	934,617	720,116
Treasury stock, at cost 7,470,104 shares in 2011 and 7,200,301 shares in 2010	(116,001)	(111,262)
Accumulated other comprehensive (loss) income, net of tax	(33,940)	(12,414)
Total stockholders' equity	2,311,743	2,113,931
TOTAL	$ 2,449,411	$ 2,279,841

Table of Contents

STATEMENTS OF INCOME

	Year Ended December 31,		
	2011	2010	2009
	(In thousands)		
Dividends from subsidiaries	$ 72,129	$ 85,158	$ 23,576
Interest income		1,095	794
Gain on sales of investment securities available-for-sale		556	
Impairment writedown on investment securities available-for-sale			(5,863)
Impairment writedown on other investments			(581)
Other income	372	3	
Total income	72,501	86,812	17,926
Interest expense	4,734	5,302	6,197
Compensation and net occupancy reimbursement to subsidiary	2,537	2,921	2,288
Goodwill impairment			
Other expense	2,339	2,132	1,179
Total expense	9,610	10,355	9,664
Income before income taxes and equity in undistributed income of subsidiaries	62,891	76,457	8,262
Income tax benefit	3,830	3,592	6,361
Equity in undistributed income of subsidiaries	178,513	84,515	62,019
Net income	$ 245,234	$ 164,564	$ 76,642

Table of Contents

STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2011	**2010**	**2009**
	(In thousands)		
Cash flows from operating activities:			
Net income	$ 245,234	$ 164,564	$ 76,642
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity in undistributed (income) loss of subsidiaries	(178,513)	(84,515)	(62,019)
Depreciation and amortization	1,034	623	470
Impairment writedown on investment securities available-for-sale			5,863
Impairment writedown on other investments			581
Prepayment penalty on other borrowings	526		
Stock compensation costs	1,767	8,761	5,330
Gain on sale of investment securities available-for-sale		(556)	
Tax provision (benefit) from stock plans	(717)	170	(1,012)
Net change in other assets	1,797	(1,605)	(1,841)
Net change in other liabilities	(3,709)	(596)	4,509
Net cash provided by operating activities	67,419	86,846	28,523
Cash flows from investing activities:			
Purchases of:			
Investment securities available-for-sale		(20,746)	(31,981)
Certificates of deposit			(17,714)
Proceeds from:			
Redemption of certificates of deposit	198	17,516	
Repayments, maturity and redemption of investment			
Sale/call of investment securities available-for-sale		48,224	5,000
Capital contributions to subsidiaries, net			(350,000)
Net cash provided by (used in) investing activities	198	44,994	(394,695)
Cash flows from financing activities:			
Payment for:			
Repayment of long-term debt	(23,918)		
Purchase of treasury shares	(649)	(1,207)	(430)
Cash dividends on preferred stock	(6,857)	(24,060)	(26,076)
Cash dividends on common stock	(23,822)	(5,545)	(3,586)
Repurchase of Series B preferred stock		(306,546)	
Repurchase of common stock warrants	(14,500)		
Proceeds from:			
Issuance of common stock pursuant to various stock plans and agreements	5,726	4,454	263,336
Issuance of preferred stock and common stock warrants			325,120
Tax (provision) benefit from stock plans	717	(170)	
Net cash (used in) provided by financing activities	(63,303)	(333,074)	558,364
Net (decrease) increase in cash and cash equivalents	4,314	(201,234)	192,192
Cash and cash equivalents, beginning of year	4,973	206,207	14,015
Cash and cash equivalents, end of year	$ 9,287	$ 4,973	$ 206,207
Supplemental Cash Flow Information:			
Cash paid during the year for:			
Interest	$ 5,167	$ 5,306	$ 6,373
Noncash financing activities:			
Conversion of preferred stock to common stock	31	325,299	
Amortization of preferred stock discount		21,042	3,847
Issuance of common stock in lieu of Board of Director retainer fees	520	281	219

Table of Contents

28. QUARTERLY FINANCIAL INFORMATION (unaudited)

	Quarters Ended			
	December 31,	September 30,	June 30,	March 31,
	(In thousands, except per share data)			
2011				
Interest and dividend income	$ 268,904	$ 282,741	$ 274,468	$ 254,335
Interest expense	39,830	44,959	47,132	45,501
Net interest income	229,074	237,782	227,336	208,834
Provision for loan losses	20,000	22,000	26,500	26,506
Net interest income after provision for loan losses	209,074	215,782	200,836	182,328
Noninterest income (loss)	937	(13,545)	12,491	11,041
Noninterest expense	106,672	104,552	117,597	106,789
Income before provision for income taxes	103,339	97,685	95,730	86,580
Provision for income taxes	37,133	35,253	35,205	30,509
Net income	$ 66,206	$ 62,432	$ 60,525	$ 56,071
Preferred stock dividends and amortization of preferred stock discount	1,714	1,714	1,714	1,715
Net income available to common stockholders	$ 64,492	$ 60,718	$ 58,811	$ 54,356
Basic earnings per share	$ 0.44	$ 0.41	$ 0.40	$ 0.37
Diluted earnings per share	$ 0.43	$ 0.41	$ 0.39	$ 0.37
2010				
Interest and dividend income	$ 292,195	$ 231,400	$ 253,533	$ 318,703
Interest expense	45,633	48,595	49,910	56,979
Net interest income	246,562	182,805	203,623	261,724
Provision for loan losses	29,834	38,648	55,256	76,421
Net interest income after provision for loan losses	216,728	144,157	148,367	185,303
Noninterest (loss) income	(17,279)	29,315	35,685	(8,451)
Noninterest expense	113,743	99,945	125,318	138,910
Income before provision for income taxes	85,706	73,527	58,734	37,942
Provision for income taxes	29,357	26,576	22,386	13,026
Net income	$ 56,349	$ 46,951	$ 36,348	$ 24,916
Preferred stock dividends and amortization of preferred stock discount	24,109	6,732	6,147	6,138
Net income available to common stockholders	$ 32,240	$ 40,219	$ 30,201	$ 18,778
Basic earnings per share	$ 0.22	$ 0.27	$ 0.21	$ 0.17
Diluted earnings per share	$ 0.22	$ 0.27	$ 0.21	$ 0.13

29. SUBSEQUENT EVENTS

On January 19, 2012, the East West Board of Directors declared first quarter 2012 dividends on the Company's common stock and Series A preferred stock. The common stock dividend of $0.10 per share is payable on or about February 24, 2012 to shareholders of record on February 10, 2012. The dividend on the Series A preferred stock of $20 per share is payable on February 1, 2012 to shareholders on record on January 15, 2012. Additionally, the Board also authorized a new stock repurchase program to buy back up to $200.0 million of the Company's common stock. Subsequent to the authorization from the Board through the filing of this 10-K, the Company has repurchased approximately

$100 million worth of common stock. We have evaluated events and transactions occurring through the date of filing this report on Form 10-K. Such evaluation resulted in no adjustments to the accompanying financial statements.

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: February 28, 2012

EAST WEST BANCORP INC.
(Registrant)

By /s/ DOMINIC NG

Dominic Ng
Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

/s/ DOMINIC NG Dominic Ng	Chairman and Chief Executive Officer (Principal Executive Officer)	February 28, 2012
/s/ JULIA GOUW Julia Gouw	President and Chief Operating Officer	February 28, 2012
/s/ RUDOLPH I. ESTRADA Rudolph I. Estrada	Director	February 28, 2012
/s/ ANDREW S. KANE Andrew S. Kane	Director	February 28, 2012
/s/ JOHN LEE John Lee	Vice-Chairman and Director	February 28, 2012
/s/ HERMAN Y. LI Herman Y. Li	Director	February 28, 2012
/s/ JACK C. LIU Jack C. Liu	Director	February 28, 2012
/s/ IRENE H. OH Irene H. Oh	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	February 28, 2012
/s/ KEITH W. RENKEN	Director	February 28, 2012

Keith W. Renken		
/s/ PAUL H. IRVING		February 28, 2012
Paul H. Irving	Director	

174

Table of Contents

Exhibit No.	Exhibit Description
3.1	Certificate of Incorporation of the Registrant [Incorporated by reference from Registrant's Registration Statement on Form S-4 filed with the Commission on September 17, 1998 (File No. 333-63605).]
3.2	Certificate of Amendment to Certificate of Incorporation of the Registrant [Incorporated by reference from Registrant's Annual Report on Form 10-K for the year ended December 31, 2002 filed with the Commission on March 28, 2003.]
3.3	Amendment to the Certification of Incorporation of the Registrant [Incorporated by reference from Registrant's Definitive Proxy Statement on Schedule 14A filed with the Commission on April 15, 2005.]
3.4	Certificate of Amendment to Certificate of Incorporation of the Registrant [Incorporated by reference from Registrant's Exhibit A of the Registrant's Definitive Proxy Statement on Schedule 14A filed with the Commission on April 24, 2008.]
3.5	Bylaws of the Registrant [Incorporated by reference from Registrant's Registration Statement on Form S-4 filed with the Commission on September 17, 1998 (File No. 333-63605).]
3.6	Amended and Restated Bylaws of the Registrant dated May 29, 2008 [Incorporated by reference from Registrant's Current Report on Form 8-K, filed with the Commission on June 3, 2008.]
3.7	Certificate of Designations of 8.00% Non-Cumulative Perpetual Convertible Preferred Stock, Series A, including Form of Series A Preferred Stock Certificate. [Incorporated by reference from Registrant's Current Report on Form 8-K, filed with the Commission on April 30, 2008.]
3.8	Certificate of Designations of Fixed Rate Cumulative Perpetual Preferred Stock, Series B [Incorporated by reference from Registrant's Current Report on Form 8-K, filed with the Commission on December 9, 2008.]
3.9	Certificate of Designations of Mandatory Convertible Cumulative Non-Voting Perpetual Preferred Stock, Series C [Incorporated by reference from Registrant's Current Report on Form 8-K, filed with the Commission on November 12, 2009.]
4.1	Specimen Common Stock Certificate of Registrant [Incorporated by reference from Registrant's Registration Statement on Form S-4 filed with the Commission on September 17, 1998 (File No. 333-63605).]
4.2	Form of Certificate of the Registrant's 8.00% Non-Cumulative Perpetual Convertible Preferred Stock, Series A [Incorporated by reference from Registrant's Current report on Form 8-K, filed with the Commission on April 30, 2008.]
4.3	Form of Preferred Share Certificate for Fixed Rate Cumulative Perpetual Preferred Stock, Series B. [Incorporated by reference from Registrant's Current report on Form 8-K, filed with the Commission on December 9, 2008.]
4.4	Warrant to purchase up to 3,035,109 shares of Common Stock [Incorporated by reference from Registrant's Current Report on Form 8-K, filed with the Commission on December 9, 2008.]
10.1	Form of July 2011 Executive Compensation Agreement- Dominic Ng+ [Incorporated by reference from Registrant's Current Report on Form 8-K filed with the Commission on July 29, 2011.]
10.2	Form of July 2011 Executive Compensation Agreement- Julia Gouw+ [Incorporated by reference from Registrant's Current Report on Form 8-K filed with the Commission on July 29, 2011.]
10.5	Employment Agreement with Douglas P. Krause+ [Incorporated by reference from Registrant's Annual Report on Form 10-K for the year ended December 31, 2005 filed with the Commission on March 11, 2005.]

Table of Contents

Exhibit No.	Exhibit Description
10.6.1	East West Bancorp, Inc. 1998 Stock Incentive Plan and Forms of Agreements+ [Incorporated by reference from Registrant's Registration Statement on Form S-4 filed with the Commission on November 13, 1998 (File No. 333-63605).]
10.6.2	Amended East West Bancorp, Inc. 1998 Stock Incentive Plan+ [Incorporated by reference from Registrant's Current Report on Form 8-K filed with the Commission on March 9, 2005.]
10.6.3	1998 NonQualified Stock Option Program for Employees and Independent Contractors+ [Incorporated by reference from Registrant's Current Report on Form 8-K filed with the Commission on March 9, 2005.]
10.6.4	Performance-Based Bonus Plan+ [Incorporated by reference from Registrant's Current Report on Form 8-K filed with the Commission on March 9, 2005.]
10.6.5	1999 Spirit of Ownership Restricted Stock Program+ [Incorporated by reference from Registrant's Current Report on Form 8-K filed with the Commission on March 9, 2005.]
10.6.6	2003 Directors' Restricted Stock Program+ [Incorporated by reference from Registrant's Current Report on Form 8-K filed with the Commission on March 9, 2005.]
10.7	East West Bancorp, Inc. 1998 Employee Stock Purchase Plan+ [Incorporated by reference from Registrant's Registration Statement on Form S-4 filed with the Commission on November 13, 1998 (File No. 333-63605).]
10.9.1	Employment Agreement with James T. Schuler%+
10.10	Amended Supplemental Executive Retirement Plans+ [Incorporated by reference from Registrant's Form 10-K for the year ended December 31, 2005 filed with the Commission on March 11, 2005.]
10.12	Director Compensation%+
10.14	Letter Agreement, dated December 5, 2008, including Securities Purchase Agreement Standard Terms incorporated by reference therein, by and between the Registrant and the United States Department of Treasury [Incorporated by reference from Registrant's Current report on Form 8-K, filed with the Commission on December 9, 2008.]
10.15	Form of Investment Agreement by and between the Company and the respective Purchaser thereto [Incorporated by reference from Registrant's Current Report on Form 8-K, filed with the Commission on November 12, 2009.]
10.16	Purchase and Assumption Agreement Whole Bank All Deposits, among the Federal Deposit Insurance Corporation, Receiver of United Commercial Bank, San Francisco, California, the Federal Deposit Insurance Corporation and East West Bank, dated as of November 6, 2009 [Incorporated by reference from Registrant's Current Report on Form 8-K, filed with the Commission on November 12, 2009.]
10.17	Purchase and Assumption Agreement Whole Bank All Deposits, among the Federal Deposit Insurance Corporation, Receiver of Washington First International Bank, Seattle, Washington, the Federal Deposit Insurance Corporation and East West Bank, dated as of June 11, 2010 [Incorporated by reference from Registrant's Current Report on Form 8-K/A, filed with the Commission on August 27, 2010.]
12.1	Computation of Ratio of Earnings to Fixed Charges%
21.1	Subsidiaries of the Registrant%
23.1	Consent of Independent Registered Public Accounting Firm KPMG LLP%
31.1	Chief Executive Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002%
31.2	Chief Financial Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002%
32.1	Chief Executive Officer Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant To Section 906 of the Sarbanes-Oxley Act of 2002%

Table of Contents

Exhibit No.	Exhibit Description
32.2	Chief Financial Officer Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant To Section 906 of the Sarbanes-Oxley Act of 2002%
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Extension Presentation Linkbase
101.DEF	XBRL Extension Definition Linkbase

Forms 8-K, 10-Q and 10-K identified in the exhibit index have SEC file number 000-24939.

+ Denotes management contract or compensatory plan or arrangement.

% A copy of this exhibit is being filed with this Annual Report on Form 10-K.